EDP

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Chaired by Miguel Stilwell d' Andrade

Link for conference call replay

Company Participants

- **Miguel Stilwell d'Andrade**, Chief Executive Officer
- **Rui Teixeira,** Chief Financial Officer
- **Miguel Viana,** Head of Investor Relations and ESG

Miguel Viana

Good morning, ladies and gentlemen. Welcome to all of you, both here in the room, and virtually that are following us in the webcast. We have today here the Capital Markets Presentation 2025 of EDP, in which we'll start with the presentation by our CEO, Miguel Stilwell d'Andrade, of our vision and commitments and our platforms, followed by the presentation of our financials by our CFO, Rui Teixeira, and then closing remarks by our CEO.

The presentation will be followed by a Q&A session, in which we'll have the opportunity to discuss the plan with you. You can place your questions or read them through the webcast or live here in the room. Without further ado, I'll pass now the floor to our CEO, Miguel Stilwell d'Andrade.

Miguel Stilwell d'Andrade

Thank you, Miguel. Good morning, everyone. It's really great to see so many of you in person.

I know we've spoken a lot over the last couple of quarters or sometimes on one-on-ones, but it's actually great to finally be here and to be able to talk about EDP and about EDP Renewables.

We're going to be talking about 2028, but we're going to be talking about a lot more than 2028 and how we see the company develop over the next couple of years. And I think it's a particularly good time to be talking about EDP and EDP Renewables.

I think over the first sort of six months of the year, a lot of dark clouds in terms of what was going to happen to renewables in the U.S., what was going to be the framework for the regulatory, for the distribution in Portugal and Spain, what was happening with the blackout and what was happening sort of in terms of ancillary services. And I think today we can confidently say that we have much more clarity on the renewables in

the U.S. We have much more clarity on the FlexGen and on the value, the structural value of that. And we have much more clarity on the framework for the distribution in Portugal and also in Spain.

So, with that, I think we have the conditions to actually be able to talk credibly about what we see for 2028 but also talk very much about the trends that we see over the next couple of years. And with that, I'd start by talking about some of those key trends. I think one of the first things to note is really this incredible growth in demand that we're seeing.

And this is not just PowerPoint. I'll just give you one specific data point, which, at least for me, really impressed me. There's a data center being built in Portugal, which is about 1.2 gigawatts in six phases, if it gets all built out. Just that one data center could represent 10 terawatt hours of energy. That's 20% of Portugal's energy demand. That's one data center.

So, I think this is just an interesting data point, because when I first learned about it and sort of started thinking about it, I mean I was just blown away. 1.2 gigawatts, 20% of Portugal's demand, one data center. And this is happening the world over.

We're seeing that in the U.S. We're seeing that in Portugal. We're seeing that in Spain. We're seeing that pretty much everywhere.

So, if this builds up, we will see this incredible amount of demand that will drive electrification. It will drive the build-out of renewables over the next couple of years. But we're also seeing other things.

We're seeing EVs. We're seeing electrification, heating, pumping. So, there does seem to be, and again a specific data point.

We're actually seeing demand in Portugal and Spain after many, many years of stagnant growth actually growing 2-3% plus. That's concrete data. That's not PowerPoint.

That's not something that we're reading about. And that excludes sort of temperature effects and others. So concrete demand, we're seeing it.

Renewables, we continue to believe that they are the most cheapest, certainly fastest, most scalable technologies that you can deploy. And again I don't think that's very much debated. I know there's a lot of talk about nuclear.

We're quite agnostic, to be honest, in relation to technologies. We've had coal. We've had nuclear. We have a small stake. We have gas. We have renewables.

So objectively, we believe renewables continues to be the fastest to deploy, the cheapest, most affordable and reliable. And we see that, again one to three years to deploy it in many of the different markets. I mean if you're trying to get new gas turbines built, for example, in the U.S., I think we all know that still take quite a number of years. They're not increasing manufacturing capacity. And in terms of nuclear, again 2035 and beyond, it's not going to solve the short, medium term issue around the energy demand.

Then we can talk about flexibility. I mean as you have more renewables coming into the mix, you're going to have a greater need for flexibility. And so, whether that's batteries, whether that's pumped storage, so we have in Iberia, again I think that's a source of increasing value. And I'll show in a couple of slides that value, how it's increased over the last couple of years and why we believe that that's a structural trend that will continue going forward.

Then that's driving networks investment as well. And again this is just a macro trend. I'll then show you specifically for Portugal and Spain.

In particular for Portugal, this is going to be driven by demand, but very much about modernization of the networks. And there are a couple of data points, but I'll come back to this. Again 55% of the transformers in Portugal, high and medium voltage, will be over 40 years old, which is their typical useful life, by 2030, over half.

There was a huge electrification back in the 2070s and 2080s, and that wave of investment is coming. And that's a trend that will carry well beyond 2030 until 2040. So again, a massive wave of investment that's necessary in networks, certainly in Iberia, which is where we have a big part of our networks.

Regulation, I talked about regulation. The U.S., PTCs, ITCs, we know that that's locked in a lot of stress in the first half of the year, I think for investors, for us, about what would happen there. But we have visibility on ITCs.

We have visibility on the PTCs. We have visibility on the IRS guidance. So, I think we have a good roadmap now in terms of growth for the next couple of years.

In Europe, there's been a lot of movement there, continuing to incentivize CFTs, continuing to incentivize PPAs, action plan also in terms of networks investments. The actual recognition that you should have capacity payments in the mix, that's something that's being worked on in Spain and also Portugal that will have an impact also on our portfolio. Again capacity payments have been talked about for many years.

That's now becoming a reality. We expect that to happen already in 2026 for Spain and in 2027 for Portugal. Then Brazil, I think one of the key things to highlight in Brazil was the extension of our concessions, our two distribution concessions.

We now have visibility for the next 30 years. That was a question mark we had last year and the beginning of this year. That's now signed.

That's now agreed. There's no doubt about that. And I think that was also a major step in terms of visibility.

So wrapping up in terms of trends, growth and demand, I think that's undeniable. Renewables continues to be the fastest, cheapest source of generation to meet that demand. More flexibility in increasing the value of our generation portfolio in Iberia.

Networks investment, regulatory tailwinds, I think we're all set up. Then EDP, leader renewables, resilient integrated position in Iberia and really extracting maximum value from that. Then the strong electricity networks business going forward.

So, I think it's a really strong story. I think it's a particularly good moment in time to really capture that growth going forward. And these are trends, again our business plan goes to 2028. But I think these are macro trends that last well beyond 2028.

Okay let's get into the commitments. So, what are we committing to? I know we already put out the presentation. So some of these numbers you'll know.

But three key pillars, focused growth, optimizing the business, and having a distinctive resilient portfolio. On the investment side, 12 billion of investment, mostly focused on networks in Iberia and U.S. renewables. Net, 7 billion. We are doing asset rotations.

And we are also doing disposals of about €1 billion to refocus on more core markets. We are seeing an uptick in returns. And I'll talk a little bit more about that.

So the investments that we do in renewables, we expect to have higher returns than in the past. We're keeping a very strong discipline on efficiency. And so, 26% OPEX over gross profit.

I think that's best in class, frankly. But we will be keeping that sort of commitment. A very important thing, a 1 billion net debt reduction.

This doesn't have any tax equity effects or any others. This is a real 1 billion net debt reduction. And with all of this, you end up with an increase in EBITDA, an increase in earnings, and decrease in net debt.

So we are positioning our balance sheet for 2028 to capture that optionality going forward. We're building in optionality. We're building in headroom.

We're taking a prudent approach to make sure that all the projects that we approved are bulletproof from a returns perspective, from a risk perspective. So when we take those investment decisions, we are comfortable. We've de-risked the supply chain and that we can capture that going forward.

And so, this headroom will allow us and will give us that flexibility going forward. All of this powered by an extremely talented team in this room. And I think I'm standing here just representing sort of the 12,000 people at EDP, but also the leadership team, which is really going to help drive this. And leveraging also on all the digital and AI applications, which I think is really making a huge difference, translating it to efficiency and much better availability also of our assets.

Going into a little bit more depth now. So the 12 billion years of investment. Interesting fact, 90% in A-rated markets. Portugal is now A-rated. Last time we spoke back in 2003, it was BBB.

It's had a remarkable improvement. I think we will talk more about that. But it's now at around 90% debt-to-GDP.

It's got the lowest spreads to the German Bund ever. So it's now a solid A rating, together with the other countries, like the U.S., like Spain, like many others, including Singapore. We're keeping the around 5 billion investment rotation, mostly renewables, a little bit of transmission in Brazil.

Net investment networks increasing from 25% to 45% on a net basis. And renewables increasing from 50% to 60% in the U.S. So, there is this greater focus on networks and on U.S. renewables. And as I say with the optionality to accelerate throughout the plan and beyond. I think that's really a key thing.

Returns. We're seeing returns relatively stable in Europe. We're seeing them increasing in the U.S. Again many data points we can give you. And we've got Sandhya Ganapathy here, also the CEO of the U.S. We can talk about that in more detail, but we really are seeing increasing prices and increasing returns on the investments on renewables in the U.S.

But also on the network side, this is just a regulatory improvement that we've seen. We think there's still potential for more. That's what we're assuming.

But very importantly, particularly in the case of Portugal, is that we used to have the extraordinary tax on networks as well, which was a big reduction, if you want, in terms of the profitability of the networks. That is now exempt. So, networks in Portugal are exempt from the extraordinary tax.

That's an uplift in return of about 0.85% IRR just on that basis alone. So that's a big improvement, certainly on the networks, and not even talking about other things like the incentives and regulatory parameters that I can get into in a bit more detail.

Asset rotation. This is something I think that has distinguished us over the years. We've done already 35 transactions, 13 billion of proceeds, 3 billion of cumulative gains, more than 8 gigawatts of capacity rotated. Every year we get asked this.

Every year there's some skepticism. Are you guys going to be able to do it? And every year we have delivered.

Every year we have delivered on the asset rotations. We continue to see great demand for our assets, and we continue to see great multiples for assets. I mean even this morning you were asking about the capital gains in our French portfolio.

Yes, it's true. Great capital gains. Great multiples.

It's true. These are scarce assets, and people continue to want to buy them. So that, I mean look at our U.S. rotation, our asset rotation, what we call our pioneer portfolio. 1.6 gigawatts. We sold 49%. Common equity.

No structured equity. Fancy structures. No. Straight common equity. Great multiple. Great partner.

So that's going to drive our asset rotation going forward of around 5 billion and then of around 200 million of asset rotation gains per year.

Efficiency. Listen, I think this is something that some of you have to comment on. We've managed to actually bring down nominal costs as we drive growth. We're increasing megawatts. We're increasing RAB, and yet we're driving down costs.

As I say bringing down the OPEX of gross profits, increasing the megawatts and the RAB, and we're doing this by staying focused. We reorganize ourselves. We took out a lot of duplications.

We took out a lot of redundancies. We've been focusing very much on digital automation. We've really been going deep on that to make sure that we can strip out all the costs, leveraging on those back offices to drive costs.

We know that this is a competitive business. We have the skill we have, and we need to be better and faster and more productive than others. And so that's been a big part of our drive as well.

ESG. I know this is not a forbidden word in some places nowadays, but this goes in cycles. So I don't think we've abandoned ESG. On the contrary, I think we're leading, still leading on the ESG side.

I just call highlight a couple of points. Revenues from coal pretty much is zero. We're just waiting for final permission from the Spanish government to decommission some plants. But we sold Pecém. We closed Sines.

We converted Aboño, which is a major coal plant, to gas, and very profitably. So coal phasing out, renewable generation more than 90%, emissions intensity. I mean when I saw these numbers, I myself was surprised, to be honest, just how far we've come in terms of reducing emissions intensity in our portfolio. So committed still to net zero by 2040 and continue to going down that path.

In terms of our other commitments, climate adaptation, communities, biodiversity, supply chain, making sure we comply with the ESG standards, safety, and leadership diversity. So, we're keeping our ESG commitments. We're reinforcing them. We continue to think that it's an important part and value for the business and for the company going forward.

Overall, in terms of our results, EBITDA, a big part of it, still coming from Europe. Obviously North America increasing from 20% to 30%. As I said earlier, 80% in A-rated markets, 30% the U.S., 30% electricity networks. A big part of it regulated and long-term contracted.

Part of it is merchant, and this will allow us to reprice going forward. I'll come back to that, particularly in the U.S. But that's basically how our portfolio looks overall.

Net debt, strong commitment to the BBB. We maintain that. We're seeing a decrease or improvement in the ratio. A lot of organic cash flow.You'll have seen that in our results for the third quarter. We're having record organic cash flow. That's important. Keeping the low-risk business and the absolute net reduction over this period as we also increase earnings.

So overall, in summary, in terms of the commitments, earnings growth, and slightly better quality as well, I think. I mean back in 2019, we had a higher percentage of asset rotation gain.

We'll still have some asset rotation gains, but they're going to be a smaller percentage. Increasing earnings, better quality, increasing dividends, stable script dividend also at EDPR. Keeping our payout ratio between 60% to 70% slightly towards the higher end, but having that increase in dividend also to €0.21 over the period.

So that's it in terms of commitments. Now let's talk about the platforms, and I'll go in a little bit deeper on each of these platforms.

The first one I'll talk about is the networks business. Again many of you know and you've followed us for many years. Networks business, we basically manage the high, medium, and low voltage networks business in Portugal. We also have the networks up in the north of Spain, Asturias and Cantabria.Then we have networks in Espirito Santo state in Brazil, and also Sao Paulo, Brazil. So about 7 billion of RAB and a recurring EBITDA of around 1.5 billion. Continue to work on efficiency.

Obviously the distribution business efficiency is absolutely critical together with an improvement in quality of service. So this is what we've done so far. We've improved quality of service and improved efficiency.

We are good managers of our distribution concessions. We got the 30-year extension. We're the first company to get the 30-year extension of the concessions in Brazil.

Why? Because we delivered on quality of service, on investment, and on efficiency. We delivered on the criteria.

So why wouldn't you extend the concession if you're doing a good job in managing it? And that's what we did. And we did it by leveraging technology, by leveraging on the people, and making sure we were managing well those concessions.

Investment, around 3.6 billion of investment, over this period. This is already based on improved investment plans, so approved by the regulators. RAB increasing over the course of this period.

EBITDA is also increasing. We can go into a little bit more depth there. EBITDA in 2025 in Brazil has some effects that have to do with the extension of the Brazilian distribution networks.

And in RAB, we're also selling some of the transmission lines this year. So, you have a slightly lower starting point in Brazil of the 2.3, which then grows over the period.

Most of these already locked in. So, the regulatory context, as you know, in Portugal will be closed on the 15th of December. We're a couple of weeks away. But we already have a first proposal that will represent about 1.7 billion gross investments over this period. Spain, ongoing discussion. Many of you are following that around what is the regulatory context there. But one way or the other, it will be closed in the next couple of weeks, certainly by year end. And we've got about 0.6 billion over the course of this period. Then in Brazil, at least for Espirito Santo, already locked in until 2030. And for Sao Paulo, at least the return on RAB is already fixed for this next period.

And so that's also helping us define what are the returns. Overall, what you see is around a 10.5% return on equity for the distribution business, sort of as the weighted average of these different businesses.

We are assuming versus the current proposals, a slight increase on the returns still versus where they are, at least in Portugal and Spain.

And I'll just talk about that in a second. On the investment side, and I just wanted to pause here just a little bit on this slide because I think it's an important one. Investment in Iberia is going to be driven partially by demand.

But even if you ignore the demand, this is what I was talking about earlier. This is the profile of the transformers in Portugal, their useful life. If you see here, there's a huge jump from 2026 to 2030, and it jumps even more from 2031 to 2035.

This is the end of the useful life of most of these transformers. This means that this wave that we're seeing of increased investment in Portugal is going to continue well into 2040 because these assets need to be substituted. They need to be modernized.

They need to be replaced. And so this will drive this investment well over the next 15 years. So this is not predicated just on demand.

This is driven very much by modernization. And I think that's what gives us that long-term visibility, which is a break from the past. It's true we weren't growing in Portugal because there wasn't a lot of need, but also the returns weren't there.

I think the government and the regulators have recognized the need to incentivize greater returns on the distribution, and we have the prospects for that over the next couple of years.

In terms of returns, so we're seeing, as I say increased investments in Portugal, low voltage and the high, medium voltage. This is already approved by the regulators, so we have pretty good visibility on this.

In Spain as well, we can then get into that. But essentially, there is a cap on investment that's being increased. We may take advantage of that to a certain extent.

But then in returns, as you know, in Spain, it's been revised upside to 6.58%. Maybe it'll go up a little bit further. It would be great. In Portugal, the first proposal was 6.33%. We think it will still go up further. We're advocating for that. We think there are methodological issues with the calculation, which would allow us to still hope for a higher return. We'll know that on the 15th of December.

But in any case, we believe that that's going to be the case. Importantly, there are add-ons on top of these returns in terms of the incentives, around 100 to 200 basis points, whether it's because you're beating the protects or deficiency or the quality of service or the improvement in losses.

There are additional add-ons in terms of returns on the distribution in both Portugal and Spain.

The other thing to highlight, which is particular to Portugal versus Spain, is that the returns are indexed to the bonds, which means there is some de-risking of that. So, if the yields were to go up, the returns will go up. If they were to go down, they would go down. But basically, what's important is the spread stays relatively constant. So, there's some de-risking of the returns in that sense.

In terms of Brazil, so as I mentioned, I think the key thing to highlight here is the extension, which gives us a long sort of road ahead in terms of managing that. The rate of return, as I mentioned, fixed for Espirito Santo, already fixed for Sao Palo as

well. This one is already signed. This one expected to be signed before the end of the year, but we've already got the approval from the regulator.

And that will help us drive this sustained growth on the distribution side. On the transmission, we also continue to see good opportunities coming up. And as you know, in Brazil, there's a very regular auctions, sort of every six months, 12 months of transmission lines.

We just won another small lot recently with good returns. And so, this is a repeated game. It means you can stay disciplined, and you don't need to worry about losing a bid or losing.

You can just keep your returns and make sure that you're capturing the best opportunities there. So that will also drive a big part of the RAB growth going forward. As you know, the transmission in Brazil is particularly attractive.

It's typically 30-year locked in, almost like a bond, as long as you can build it on time and on budget. And we've done that. We've typically built it under budget and ahead of time. So I think feeling very comfortable about the transmission growth also going forward.

So in summary, for networks, EDP Group, step change in investment, and this is something that we have good visibility on well beyond the business plan, increasing investment visibility, improvement of regulatory returns, improved efficiency and growing EBITDA throughout the business plan period. These are the key numbers, and we can get into sort of more detail afterwards in the Q&A.

Now I'll talk about clients, renewables, FlexGen. And before I just get into more depth on that, I just wanted to put up this slide because I'll just deconstruct the slide. What it's showing us is on one side we have, let's say the Iberian FlexGen and clients, where essentially we have our hydro.

We have our CCTs in Iberia. We have our customers. We have our integrated position.

And on EDPR side, we have 20 gigawatts of generation assets with a lot of customers, PPAs, CFTs, big tech. So EDPR is here on the right-hand side. But we try to manage as much as possible in an integrated way.

Why? Because we think that that creates value. So, generation assets run in terms of systems, in terms of managing availabilities, really trying to squeeze out as much efficiency as we can out of all of this operating technology.

In terms of energy management, again we're managing energy in multiple different markets. There are correlations. There are issues.

It's much better to manage an integrated portfolio than to just manage it piece by piece. So, from a risk-return perspective, we can optimize it here, obviously safeguarding the interests of the minorities of EDP Renewables. But this allows us to have a much more holistic view of energy management across the Group.

Then client solutions. Again, it cuts across many of the different geographies, because in many cases, some of these customers can be customers in the U.S. They can be in Iberia, in Japan. And this is a true story.

We have for Amazon, it's in the U.S., in Europe, Brazil and Japan. We literally have contracts with all of these people. So, client solutions, it also makes sense to have a transversal view across the company.

So, getting to a little bit more depth on FlexGen. You know our existing portfolio, so I won't get into much depth there. I mean in terms of megawatts, it's 5.5 of hydro and then installed capacitive gas, 12 terawatt hours of electricity generation, about 8 terawatt hours of hydro.

In Brazil, it's mostly contracted, so I won't spend too much time there because it's basically a relatively fixed value. What I did want to talk about is the efficiency on one side, on the FlexGen. So for example, customers continue to bring down that OPEX per year, per customer per year.

And in terms of the renewable generation assets, also keeping relatively high rates of efficiency. We're doing targeted investments around 100 million of CAPEX, double-digit IRRs, improving the output of some of these targets, of some of these power plants. And using robots, automation, technology to really try to drive that efficiency going forward.

And I'll get into two important slides that I wanted to just spend a little bit of time on. As Iberia gets more solar, you start getting more duct curve. I think most of you are pretty familiar with that.

And that's driving more ancillary services. This is 2020 to 2024, and you can see this increase. I'm not putting 2025 where the number is actually 17 years per megawatt hour because I think that's pretty extraordinary.

So we're not assuming that level. We're assuming somewhere in between the 2020 to 2024 number sort of as a structural ancillary services value going forward. It's still going to be higher than what it used to be in the past. But that's, let's say an assumption that we're making for the business plan going forward.

And in terms of hydro, what you can see here is that the price premium for hydro versus the baseload is increasing over time. So, we're assuming around 20% of premium over baseload.

And on the pumped storage, we're also assuming more pumped storage in terms of megawatt hours and also slightly higher spreads versus the baseload. So, the pumped storage over baseload. All of that driving, and this is the last slide on this section, driving this profile of returns on the integrated Iberian business.

This has been normalized to help guide you in terms of how we see the business evolve. So we've backed out, let's say price and volume differences. And what you see here is essentially a growth of the flexible generation of the flexible services growing between 2025 and 2028.

It is important to note that 2025 has a negative, which is offsetting some of the positives on the FlexGen coming from the retail, because you can't pass all of the ancillary costs onto the customers, onto the market in the first instance. That will come off over 2026 and 2027. And so, you see that uplift in the flexible services over the next couple of years.

We're assuming a baseload reference of around €64 over this period, 2026 to 2028 period. And so, as I say normalization of prices and volumes, 2026 and 2028, P50 for most cases in around 64, the increase in margins from flexible services, also partially offset by lower gas margins. So we have one of the gas contracts, which have slightly lower margin.

The 3.4 million retail clients, here we're assuming a relatively flat sort of margin coming from the customers. But all in all, if you want to focus, it's more on this side about where a big part of the growth is coming from in the flexible generation. So that's FlexGen and customers.

Moving on to EDP Renewables. Again most of you know EDP Renewables well, 20 gigawatts, pretty much spread globally with very strong emphasis on North America. Long track record, 22 states, 10 gigawatts in the U.S. specifically.

And I'll give you, we'll go deeper on the U.S. in just a couple of slides. But before I go there, efficiencies come down as improved dramatically. I think as we scaled, we managed to get economies of scale.

And so, you can see the OPEX per megawatt coming down. We assume that stays relatively flat, continues to improve slightly until 2028. Assuming improved renewables availability from some of the projects that we're able to solve, some of the ones that had some technical issues.

And so, be very targeted in terms of the way that we allocate our resources to solving the issues that have the highest payback, the fastest. And so, that driving AI, digital technology, just using that to really drive this efficiency and availability.

Investment plan, 7.5 billion over this period, 4.5 billion in terms of asset rotations. Net investment of around 3 billion. In terms of growth, around 1.5 gigawatts per year for 2026 and 2027. 2026 is locked.

2027 is mostly locked. We have flexibility on 2028 and beyond. And that's why when I talk about flexibility, we're talking about 2028 and beyond as having the potential to capture that upside going forward as the projects go on arising.

2025 on time and on budget, as I mentioned earlier. Overall, the 5 gigawatts, so it's slightly more than 1.5 over this period. Obviously it's accelerating towards the back end of 2028.

In terms of split, again the 5 gigawatts, maybe things to highlight, already a big percentage of solar and co-located batteries. So, this is becoming more and more one of sort of the key issues here. So not just doing naked solar but really doing it with batteries.

This is particularly relevant in the U.S. And the batteries in the U.S., we are getting great returns on them. So you're getting tolling agreements with double-digit IRRs, and that's really helping sort of the economics of the case. But even solar PV just in general, we're still seeing a huge amount of demand coming through and helping drive those returns.

Most of these technologies are, let's say under CfDs or PPAs. So as you know, we contract most of these. We don't, let's say take merchant risk on these projects, only in the back end once the PPAs have come off.

Okay. This slide, I think it's relevant just to spend some time on, because a lot of you have raised questions about how we see repricing. So this one and then another slide in the U.S. About 70%, we're assuming about 70% will be long-term contracted. We have about 25% by the end of 2028. Part of that in the U.S., part of that in Europe. We're seeing different trends in the U.S., increasing PPA contracts and increasing merchant prices.

In Europe, we're seeing slightly decreasing prices, at least until 2028. So we're assuming an average selling price, which is about flat over this period, between 2026 and 2028, on the combined portfolio. Brazil and APAC has a lower weight in this, but we're still seeing upper trending prices on that.

I wanted to talk to you just a bit about data centers, because I know this is a topic that also comes up very often. We really gave you that data point at the beginning. We really are seeing this incredible demand and growth coming from data centers, big tech asking for more PPAs and more power.

And even today we continue to get that type of inbound calls. It's coming through either directly through our contacts, and we have more than three gigawatts already contracted with these guys, with the big tech. So they have our direct line.

They know who we are at the highest level. We interact with them. But it's also coming through very much with U.S. utilities, because a lot of the big tech are setting up in utilities centers in sort of in the regional space, and the utilities are having to procure that power. So we're seeing more and more build and transfer agreements where the utility is essentially saying, I'll buy the project from you. You build it, and I'll buy it, and I'll pre-agree with a margin on that project. So that's almost like an accelerated asset rotation in which we know up front that if we build it, we'll get that margin, and we're able to lock that in.

So, we're seeing that demand coming through not just directly, but also indirectly through the utilities, and that's helping drive. So those types of contacts and relationships that we have are extremely important. And I'll go in deeper, as I said, in the U.S., but I just wanted to highlight that here. On the new assets, opportunities to contract PPAs for longer terms. As we've seen yesterday, we put out a press release, 30-year PPA. So it's interesting how we've seen actually the contracts extending throughout the U.S., and the existing assets opportunities we contract.

Just a second here on powered land, because what is powered land? Powered land is basically where we have access to the network, which can be used to either inject

power into the network, or it can be used to consume power from the network. And in some cases, we have some projects, whether it's because they're older projects or they're more curtailed, where we can actually be a window into the network.

And so, we can have, let's say talk about co-locating data centers with our projects. So, for example, in the case here, we're talking about a 400-megawatt Lone Star project in the U.S., where potentially you can have this co-location of a data center with an existing asset, which has curtailment issues, or which has lower merchant prices. And you can reprice those projects higher up.

So we're looking and we're exploring our existing assets to see how we can extract more value from these assets. And so, that gets me into the U.S. The U.S., I think you just have here an overview of where we are in the U.S. in terms of installed capacity. So pretty much spread out, but with a big concentration in MISO, PJM.

We have quite a bit in CAISO, a little bit in ERCOT. MISO and PJM, as you can see, are where we have a big part of our pipeline. It's also some of the area where there's biggest growth in terms of demand coming through from the data center.

So I think we're particularly well-positioned to take advantage of that. And that wasn't by design. This is something we've been doing for many years. It just so happens that that's where a big part of the demand is coming. So we're fortunate to be able to line up, let's say the demand with our pipeline.

Miguel Viana told me, spend more time on this slide. So I'm going to spend more time on this slide.

This is the evolution of the PPA prices over the last couple of years. This is market data. This is not our data. This is, I think some of you will know, level 10 data.

In 2018, 2019, 2020, contracting at around $30 per megawatt hour. These PPAs will run off, let's say in 2035. 2030's - 2035. First, if you're contracting here, you're contracting much higher prices.

This is a fact. I know you have higher CAPEX. I know you have higher cost of capital. But we also have higher returns. You're contracting new assets at these higher prices. But then, you're also going to have these PPAs, or the PPAs that we contracted a couple of years ago, running off, and that will allow us to reprice.

So, we don't expect any impact in the context of this business plan up to 2028, because a lot of the PPAs are already locked in. We do expect to already be signing, let's say contracting power at a premium to merchant price. This is not theoretical.

This is a fact. We've already signed, for example, a 10-year PPA at $11 premium to merchant prices. Why? Because people are willing to pay a premium to lock in long-term energy.

So, we've got energy, for example, from one of our projects, Rail Splitter, $11 for the next 10 years, starting in 2029. In 2031 to 2035, that's when some of the PPAs that we signed back sort of pre-2020 at around $20, $30 per megawatt hour are coming off.

And that's where you see the 12 terawatt hours of energy that becomes available that you could potentially recontract at higher prices going forward. So I think higher prices for what we're contracting today and the potential for repricing of contracts as they come off towards post-business plan period, but towards the end of the decade and beginning of early next decade.

So in the U.S., what are we expecting? Well 2025 is obviously locked in. 2026 is locked in. A big part of 2027 is locked in. So what we're looking at is 2028 and beyond as being where we can position ourselves to capture those opportunities.

And that must do but what we didn't want to do is to commit to a lot of megawatts, where we're then in a position where it's a lose-lose. Either we comply with the megawatts and maybe have to sacrifice returns, or we comply with the returns and we sacrifice the megawatts. So, we're not going to put ourselves in a lose-lose situation. When we get the projects and we believe we will, we'll communicate them, and that will be an upside.

So that's what we're driving at. We're taking solid investment decisions to make sure that as those projects come through, we will be able to surprise hopefully on the upside and not be in this potential lose-lose situation.

As I say we have good visibility on the safe harbor. We're going to go into that in more detail, but we already have about 5 gigawatts-plus that are either safe harbored or already on track. We have the supply chain.

You know about our contract with First Solar. You know about the relationships that we have, for example, with Longi, with the factory that they have in the U.S. So, we feel pretty good about the supply chain setup. I don't think there's a lot of tariff risk there.

And we have a good pipeline, and I talked about that a little earlier on. So honestly, we're feeling pretty good about the U.S. I know we had a first couple of months of huge uncertainty, but we are in a different position now from where we were.

Let's talk about Europe. So, Europe continues to be an interesting market. We got that question this morning about the capital gains in our portfolios. There's lots of volume, but they are really good projects when you can get them, and we're making sure we're getting those good projects and rotating them.

We did the French rotation. We did the Italian rotation. We did the Greek rotation.

So, these are good projects. There's an issue about how you can scale them up and make sure we get more. I think we're well positioned in terms of pipeline.

I mean particularly places like Italy, France, Poland, Germany, Portugal, and Spain. Let's see how the demand picks up there. But I'd say there are key markets, or we are in the key markets that we want to be, and these are the ones that we'll be focusing on going forward.

We're assuming about half a gigawatt over the next couple of years, but the same thing. Again, we have the opportunity to flex up. If you see those opportunities, most of these CfDs and pay is produced.

A lot of hybridization also going on, so using our installed base and putting on multiple different technologies on the same interconnection point. Then in APAC, what we're seeing in APAC is actually we've opened up Australia, and that's potentially bringing through a pretty big growth towards the back end of this plan or towards the back end of this decade. In the meantime, we continue to have a pretty solid growth in Singapore, a place like Japan.

Those continue to be, let's say, the places where we will be delivering growth and keeping that optionality also in Southeast Asia, which I think is an interesting market to be in. Like, it's a relatively high-return option in the sense that there's a huge amount of consumption there, a huge amount of potential growth there. So being able to even capture part of that, I think, is a great option.

It's a question of finding the right projects, being in the right countries, and I think we've refocused significantly over the last couple of months to be really in the key markets we want to be.

On Ocean Winds, the key word here is discipline, focused on extracting value from our existing pipeline. We're not going to go for huge growth.

I know we have a partner, 50-50, that we also need to manage or we need to work with, but our objective is to extract value from our existing portfolio. So, we finished Moray West. We're doing the Polish project, which was already under, so we've taken FID on the Polish project.

We're finishing up the French project. We continue to evolve our existing pipeline also, for example, in Australia and South Korea. But I'd say the key focus is getting the existing projects done and just being very disciplined about additional projects that we take on.

And so that takes us globally to EDP Renewables. Just a sort of overall summary. €7.5 billion of gross investment, of which 60% in the U.S., good equity returns, strong asset rotation plan, 4.5 billion, 1 billion of disposals, basically refocusing to more core markets, continue to drive efficiency. And with that, you get an increase in recurring EBITDA, a doubling of recurring net profits. We get the net debt down, and we build up also that optionality in that headroom, and we keep the stable script dividend at around 30% to 50% throughout 2026 to 2028. So that's basically a summary of EDPR. I think good optionality, good growth. We're in the right markets. We've refocused, and we have it very, very clear what we need to do here to create value.

And with that, I pass it over now to a video just before I then turn it over to Rui. It's on technology, on engineering, on innovation, because I know a lot of these slides, we talked about AI, we talked about technology, and it's very dry. It's difficult to sort of actually show what we're talking about.

And I could spend hours talking about it, but there's nothing better than to actually see it. So, we have a short video. We'll put it on, and then Rui will take over for the financials.

Thank you.

Rui Teixeira

So again, good morning. Thank you for your time today. I'm afraid I have to be apologetic with the people remotely, because there is a lag in terms of both the voice and the slides, so it's just a bit awkward that we just saw the video about what we are doing in innovation, but today unfortunately, it's not working as well as we'd like to, so apologies for that.

What I would like now to take you through is to show how the strategy that Miguel just presented turns into solid financials for EDP as well as EDPR. Maybe starting by looking at the 5.2 billion EBITDA that we commit to this business plan, the 1.3 billion that we commit to this business plan, but looking also over a longer period of time. If you look on a nine-year basis, so let's say from 2019 all the way down to the end of the period, this is actually showing a stable 4% CAGR on earnings.

So, I think it's important to highlight that looking backwards, we have a company, or we had a company that was around 0.8, 0.9 billion in net profit, and then it stepped up to become a €1.2 billion up to €1.3 billion of net profit by the end of 2028. Also, highlighting that we keep a very stable dividend policy, DPS floor increasing to 21 cents by the end of the period, but also in something that we always highlighted as being a strategic pillar in the company's business plans is that we are very keen to keep our triple B balance sheet. And this is shown by the ratios, the leverage ratios improving.

So, from 3.7 times net debt to EBITDA in 2019 to 3.2 net debt to EBITDA ratio by the end of this period of 2028. What I would like now to take you through is really how we look at the quality of the portfolio and how the different segments are playing within this period and the evolution that we expected. So obviously the renewable segment is where we see an important growth contribution up to 2.2 billion of EBITDA by 2028. And this is on the back of the growth that we are seeing in the U.S. and obviously resulting from the capital location towards the U.S. given the opportunities that we are seeing in the renewables.

The networks reaching 1.6 billion of EBITDA by the end of this period, which is a consequence not only of higher CAPEX, but also improved returns, improved incentives, and even in particular case of Portugal, the fact that we are not longer having the sales, the special tax for new investments. And let's say that normalization impact that we are expecting in the flex generation segment.

So, if you normalize from high hydro years and high prices in Iberia, that is being compensated by higher value coming from the flex gen. So, there is a pool of value there that is increasing its contribution and that gives us the expectation that we get to the 1.3 billion of flex gen EBITDA contribution by the end of 2028.

Capital location. So, it's a plan where we will be investing on average €4 billion per annum. The bulk of it obviously continues to go to renewables, where I would like to highlight that 60% of the investment in renewables is going to be allocated to the U.S. In the past, we used to have around 50%. So that's an increase, obviously taking the opportunity to capture higher returns in the projects that we are seeing available in the U.S.

Also grids. The network is increasing in terms of relative weight. So in the past two years, we allocated about 21% of capital to the grids. In this plan until 2028, we are getting to 30%. But I would also like to highlight that it's as well about focus.

We are reducing the number of markets where we are investing. So 95% of the CAPEX will be allocated to less than 10 markets. And 90% of those are A rated. So, it's also a question about management focus and the quality of this capital location across the different markets.

I would like to spend a couple of, well, not minutes, but at least a minute or so on the asset rotation, because as you know, and Miguel said it very clearly, I think that we have shown that we have been executing for the past 10 years. But even if we look to the 2025 asset rotation program, we knew that many people were doubtful that we would be able to execute.

We committed to a 2 billion asset rotation proceeds program. And we are delivering that. It's a combination of mostly coming from the renewables, different portfolios in Spain, in Europe, United States, also asset rotation in Brazil and the transmission. So, we are delivering that 2 billion.

The asset rotation in U.S., I think is worthwhile highlighting what Miguel said before. It's a very large portfolio, 1.6 gigawatts, 49% sale, straight equity, common equity. There is no structured cash flow allocation. We sell 49% of the cash flows. Very importantly, this was a competitive process, with very large investors, high quality investors.

So, we're really happy that we are delivering this with such a quality, not only quantitative, but quality outcome. And that is giving us confidence for the future. So as we look at the €5 billion asset rotation target for the remaining of the period, so 2026 to 2028, approximately 4.5 in renewables. The rest will come from the rest of the EDP's business, namely in the transmission.

We are including in this asset rotation; those build and transfer projects that Miguel referred to. So, this also helps not only to de-risk in the sense of once you sign the contract, you pretty much signed already the asset rotation as well.

And in terms of capital gains, we consider that throughout the plan, we'll go back to a normalized capital gain of around 15% over invested capital. And that pretty much should give us a 0.2 billion capital gains on average per annum.

The funding also has two important contributions. There are 1 billion disposals that we are considering in this plan. This means that we will be exiting countries and businesses that as of now, we don't feel that they are core to the growth of the company to 2028 and even beyond 2028. Those are markets either where we have established very small positions or we are not seeing the synergies. We are not capturing the synergies from being there. So that's one element.

There's another element, which is not new to us and not new to the market, which is the tax equity market. So, we target to raise about 1.5 billion of tax equity in the U.S. And maybe here, just a couple of notes. So, the first one is given that we'll have more

investment in solar battery storage as opposed to wind, this skews the tax equity to ITC-based tax equity, not PTC-based tax equity.

We estimate that we have about 40% of our invested capital in the U.S. in the next few years raised through tax equity structures. The fact that these are ITC-based structures has some implications. The first one is on earnings.

As you know, we depreciate this over a five-year period. But very importantly, from an economic exposure perspective, the moment the investor locks in or closes the project, he gets the ITC in full. So if you look to our economic liabilities, we'll go from around $1.6 billion in 2025 to around $1.4 billion in 2028. So there's actually a decrease. And it's just because of the dynamics on how the ITC works.

So, we feel really comfortable that we will be able to raise this 1.5 billion. We have been doing that since 2007. We have an excellent relationship with the largest investors and even the new ones that are coming into the market. So really comfortable that we will be delivering this one.

So, this is how we see the plan being fully funded. So, we have a 12 billion investment program, a gross investment, an additional 2.5 billion in terms of dividend distribution. This is funded primarily through organic cash flow, €9 billion cumulative throughout three years.

Then we have another block, which is a combination of the asset rotation, the disposals, as well as the tax equity funding. So, at the end of the period, what we are seeing is a reduction of our net debt. So our target is to end this year with around 16 billion.

And the plan is to be at 15 billion by the end of 2028. So, there is a net debt reduction. And again, I just remind that we are showing a EBITDA increase paired with a net debt reduction, which obviously supports the improvement of our financial ratios and our debt ratios.

Our FFO net debt is expected to go from around 19% as we close this year to 22% by the end of 2028. So again this shows that not only we are completely committed to our triple B balance sheet, but we are also improving the ratios. And this is also what gives additional flexibility from a balance sheet perspective to think in 2028 and beyond. So life doesn't end in 2028. Actually, there's much more life to come after 2028. And it's super important to have this balance sheet reinforced by that moment.

I'll spend a minute, if you don't mind, in Portugal, but I think we definitely see this as really positive. Portugal came from being a triple B company, sorry, country in 2022 to an A plus rated in 2025.

The spreads are close to the minimum, if you compare it to the German bond, the public financing net debt or debt over GDP is below 100%, is at 91%.

This obviously reflects in terms of the overall public accounts and the budget. So, the government already approved that throughout these years until 2028, there will be a reduction in corporate income tax. It will go down to 27.5% by 2028. That has a positive impact in terms of our earnings.

Secondly, also already announced that it's included in 2026 budget, that special tax that is applicable to investments in what concerns new investments will not be applicable. So, we want to have that burden in our books.

We still believe that by the end of this period, we should also have a positive court ruling and that will, that special tax will go away in 2028. But in what concerns the public financing, it's in a very, very well position. And obviously this has also implications in terms of consumption, in terms of how the economy is growing, but also on the electricity system, because not only Portugal today is one of the most affordable places in Europe, in terms of end consumer tariff, it's 25% below the European average, but also in terms of the system depth, which is converging to zero within this period, again shows how sustainable the system is even today and moving forward.

Cost of debt. And I will spend a little bit of time here on this slide just to explain the different building blocks on how cost of debt is evolving. So overall numbers, it will move from around 5% to 5.1%. I'll break this down into three different dynamics or blocks.

So, there's one coming from Brazilian real nominated debt. Brazilian real today is at 14% or the interest rate. We are looking at the forwards coming down to 11%. Actually, today probably is around 10%. All our debt in Brazil is floating. So we will benefit from this in terms of weight of the Brazilian debt into the overall portfolio is also reducing from 32% to 27%.

Second building block, what's happening to the Euro and the U.S. dollar denominated debt. What's happening here is that we do have bonds that were issued some years back with extremely good coupons. So if you look to the bonds that are maturing in 2026 and 2027, the coupons are 1.7% and 1.8%. As we refinance these bonds. And if you consider, for example, what are we issued already in 2025?

So senior bonds were issued at 3.4%. Hybrid bonds were issued at 4.5%. Naturally, as we refinance the maturing bonds in 2026, 2027, what we are assuming is that there will be an increased cost of funding.

The third one, however the building block is that when we get to 2028, our bonds maturing in 2028 are at the 4.1%, which are higher than today's refinancing costs. So what we are expecting is that we would see an increase in terms of the cost of funding for 2026, 2027, and then starting to decrease from 2028 onwards. And that is basically what is justifying or these dynamics around the cost of funding.

No big changes on our funding policies. We keep 80% of our funding through holding. We keep 80% are that fixed. The 20% is primarily Brazil. And we have funding according to the currency that we operate in the different countries.

Again just to highlight that U.S. there is a big funding coming through the tax equity. And that obviously you don't see this year on this data allocated by, by currency.

No change whatsoever in terms of our new issuances. We will all our new issuances will be both green and or sustainable.

That means that when we get to the end of 2028, 90% of our stock will already be under this taxonomy. And it follows obviously the investment, as you saw the investment is fundamentally into networks and renewables. And I think this is widely recognized by the investor community on the bond side, as well as a different indexes.

One last word on the financials liquidity. We will keep our strong liquidity position and conservative policy. So, we have, but at the end of September 2025, 9.4 billion cash and equivalents. So, plenty of space to refinance all our needs throughout the period. The charge also includes hybrids. As you know, the hybrids is different.

We will be issuing new hybrids to refinance the existing ones so that we preserve the equity content that we currently have in the stock. So, to finalize, and just before I hand over to Miguel again this is showing strong financials. As we deliver the strategy, we get our net profit to 1.3 billion. If you compare straight to 2025, that's an additional 8%. Six percent up in terms of EBITDA compared to 2025 as well. Net debt coming down.

So, increasing PPA, reducing net debt from 16 to 15 billion. That supports that strong improvement on the FFO net debt. And they're for super keen to meet the triple B criteria and keep that as strategic part of the plan. And last but not least dividend also improving to the 21 cents at the floor in 2028.

And with this, I would hand over to Miguel for final remarks and happy to take questions later. Thank you.

Miguel Stilwell d'Andrade

Thank you, Rui.

Okay. So, three final slides, just really to wrap up and then to pass the Q&A. The first is to wrap up the commitments, the 12 billion investments, the focus on us renewables and networks, the 5 billion of asset rotation. And I think again the credibility to deliver on this, the 1 billion of disposals. I think this is an important part also of the funding and the refocusing that we're doing.

Efficiency, again I think best in class. I would love to know others that are getting there. Eighty percent EBITDA and A-rated markets, highly contracted profile triple B rating. So, these are some of the commitments, but very importantly, increasing EBITDA while decreasing net debt.

And that gives us that optionality, increasing net income and increasing dividends. Okay. So, this is not, I'll say something that is not clear because I think there were some sort of doubts about whether we are reducing debt or not.

No. We are reducing debt, keeping that optionality. Then we can manage that over the next couple of years. Why are we comfortable with this?

As I say, a big part of the framework on the electricity side is already defined for distribution. So, there's not really very much risk there. There's only some potential upside over the next couple of weeks.

We already have more than five gigawatts. We can still work on that. We have until June to continue working on that. If we want to upsize that two gigawatts already secured for 2026 and part of 2027 and the supply chain, as I said, with good long-term visibility. So we feel comfortable about the assumptions, both on the distribution side and also on the renewable side.

Then we have the optionality. As I say I think we need to think we're running a business for the long term. This doesn't stop in 2028. This trend in the distribution business will go well beyond 2028 and up to 2030. I think I showed you that slide on the distribution, the assets that are sort of coming to the end of their useful life for 2040. That's a major step up versus the past that will stay there for the next coming years.

On the flex gen, we're in a great position to capture that. And that's a structural change also versus what happened in the past. We're not saying assume what happened in 2025. So, you can be a little bit more prudent than that, but it's certainly not going to go back to what it was when there wasn't that much solar or wind in the sector.

And finally, EDPR, structural demand growth in the U.S. and Europe, we're seeing that today. Repricing in the U.S., we're seeing that and we already have a concrete data point and then a solid pipeline in the various different markets and the ability to leverage more on our existing assets, whether it's our hybridization strategy, whether it's on even, for example, thermal assets in Iberia, there is, let's say that optionality that we can take advantage of that.

And so, we can continue to grow well beyond the business plan. And people may say why are you not being even more aggressive in your growth? And I think what the message I really wanted to pass here is that we are taking solid steps to invest with great projects and as we go on seeing that optionality and catching the optionality, we will then be able to accelerate.

So, we're not going to promise you things that we cannot deliver on. As we see those projects coming in, we will take advantage of that, and we will have the flexibility to be able to take on those projects and upsize that. So that's essentially, in a nutshell, the presentation.

You'll see a moderate growth in networks over the many coming years, well beyond 2028. You'll see high growth in EDP Renewables over the next coming years, particularly on the earnings side. You see FlexGen capturing that optionality, that structural ancillary services in Iberia.

And that's also something that we think is a long-term trend. And we'll have the balance sheet flexibility to then go on capturing growth beyond 2028. So that's a little bit the thesis of EDP. The focus is on profitable growth, focuses on value creation for shareholders.

I just wanted to end with a thank you to all the teams that have worked on this and a lot of people here on the sidelines, leadership team, the various different corporate bodies. But above all, I think that 12,000 people at EDP, I know this represents a lot of

work that's come bottom up, not just to get EDP to where we are today and through the many different sort of crises and issues, but I think also to then work on the execution going forward.

And I think it's really a privilege like highly talented team, I really am privileged myself and Rui to be here representing the wider team, but I think we really do have the right conditions to carry the company forward. So it's great to talk to you. Looking forward to the next couple of years of execution and delivery.

And I think we can now turn it over to Q&A. So thank you. I'll pass it back to Miguel Viana and then we can take Q&A. Thanks.

Questions And Answers

Miguel Viana

Well again like we said, sorry for the initial issues in terms of webcast. We have 2,500 people connected. So, the beginning was a little bit more trouble, but then all the presentation, I think it went quite well.

And so, we will move now to the Q&A. Again, from the website, if you want to make your questions, you can insert it in the text box, and we'll address here also the questions in the room to discuss all the themes around the business plan presentation.

I'll invite Miguel and Rui to come to the stage. And maybe we'll start with the first question. Maybe here, Javier Garrido.

Q – Javier Garrido

Thank you. Good morning and thank you for the presentation. Well, I have thousands of questions, but I will try to limit myself to three.

First, on 2030, I agree with you that there is a lot of potential beyond 2028. So two questions about that 2030 potential. Firstly, you show the chart, a bar chart with your capacity additions to 2028 and illustrating an increase in gross capacity additions for 2029, 2030.

How much capacity will you have by then with the increase in FFO to net debt with a reduction in net debt? How much capacity will you have to add megawatts in 2029 and 2030?

Second question about 2030. Previously your strategy and you mentioned ESG is not there. Your strategy was to be 100% renewables company in 2030. Has that changed?

What is your view on your gas assets for 2030 and beyond? Because the future of renewable gases is, let's say a bit questionable.

Then the third question for this planned period, 2026–'28. You're talking of €7.5 billion gross CAPEX in EDPR to build 5 gigawatts of gross capacity. That's €1.5

million per megawatt when you are building a lot of solar and batteries. How much I mean there has been a lot of debate with your CAPEX 2025, 2026.

You have contributions to Ocean Winds, et cetera. But now, this is starting to be more a cleaner number. So can you elaborate first on what is your assumption for CAPEX per megawatt per technology?

And second, how much work in progress would you have at the end of the planned period? Because if I am correct, there might be a decent amount of work in progress at the end of this planned period. Thank you.

A – Miguel Stilwell d'Andrade

Thank you, Javier. So capacity additions beyond 2028, I think we'll see from the 5 gigawatts, so we're already assuming something more than one and a half already in the business plan. And even so, we're having that balance sheet net debt reduction.

And so, I think if you do the math, it will probably be like 1.7 or 1.8 that you'll have in 2028. I think going forward, we can upsize that two plus. That will depend then also on the asset rotation strategy that we have at that time. So I think we can do the math on the multiples per megawatt to calculate the number of megawatts.

But I could see us clearly going. If we're already at, let's say 1.7, 1.8 in 2028, we could go higher than that because we'll have the balance sheet flexibility for that. Specific numbers will then depend on our strategy for funding and the asset rotation.

On the ESG, it's a great question. I think we're still five years away from 2030, but I think one thing is for sure, I mean gas continues to be very important part of the mix, and it's not going to go away for the next many years.

But it's, I think you can see that we've probably been the company's decarbonized our generation most already in terms of emissions intensity, in terms of the percentage of renewables in our mix. So, we're not in a rush to sell the gas assets. And there are many different ways. I don't think the gas assets will go away. They'll certainly be in the system. The question is then whether you want to consolidate them or not, but I don't think it's a short-term question. So I have time to manage that. I think the most important is the road that we've been going down, which is to decarbonize our generation. And I think that track record is best in class. And I think that's our commitment.

For the question on the CAPEX per megawatt, so bear in mind that a big part of the CAPEX in renewables is now going or more is going into the U.S. and the U.S. has structurally higher CAPEX per megawatt. And so, even solar in the U.S. is at high multiples. And I probably say around 1.5 million per megawatt. Europe will be lower, maybe 0.7.

But then you also have some wind assets, which will also be higher. And so, I don't know if you have any specific numbers, but that structural shift to the U.S. is already going to be pushing up your CAPEX per megawatt sort of numbers, yes.

A – Rui Teixeira

So if I break it down, technology and markets. So as Miguel said, maybe starting with the solar in Europe, average is 0.7, in the U.S., 1.5, in some projects, could be a bit higher than that, in euro terms, I'm giving all in euro just to be comparable.

Wind U.S. is likely to be around the 1.5 because it's a repowering what we are doing. It also shows how valuable can be a repowering in the U.S. is not only about the repricing, but really the reduction on the cost per megawatt.

Battery storage, I think it's ranging somewhere between 0.6-0.7 in Europe and around 1.3 in U.S. That's full cost, all in cost, okay?

Regarding your question on working capital, I would say probably around the 4 billion by 2028. So looking into what is the construction going into 2029 and onwards so give or take around the four.

Miguel Viana

The next question here from Arthur Sitbon.

Q – Arthur Sitbon

Hello. Thanks for taking my question. Just a first question, a follow up to Javier's question on the unitary CAPEX. I was wondering if there is any upside risk to this unitary CAPEX assumption that could potentially change a bit on the diverging trajectory, knowing that there are still question marks in the U.S. on FEOC on, I think anti-dumping investigation as well. So that would be the first question.

The second one was you touched in the presentation on the power land opportunities for data center. I was wondering if there is anything on that included in your guidance to 2028 or if that's just optionality on top of your numbers. And what can we hope there, are there deals that could materialize in that timeframe? What are your expectations around that? Thank you.

A – Miguel Stilwell d'Andrade

So your second question was the guidance beyond 2028 on.

Q – Arthur Sitbon

The question on power land.

A – Miguel Stilwell d'Andrade

On the power of land. Yes. On the powered land, I mean those are opportunities that we're working on. Those could translate into two things, either one is new projects, but it can also, and that would probably be the primary value driver, would be existing projects that we have, that we can share with a data center, and that can result in a slightly higher pricing, lower curtailment, particularly if it's co-located, better ancillary services, I mean but it's basically having some synergies with actually that co-location. And so, I talked about, for example, the U.S. project, because that's a good case. It's a project which is a little bit less performing, but it would actually be a

good place in terms of land and et cetera. So that's on the powered land, I think. In terms of the CAPEX, the additional guidance.

A – Rui Teixeira

So to be clear, whatever is secured that we are presenting is secured, we see no risk on that CAPEX for several different reasons. A, that we take no tariff risk. So that is by contract with the supplier, with the OEM, the prices are locked in. There is no indexation. So that's clear.

Even if you think now what is still not contracted, all that the contract that we have with the First Solar is yet to be starting to be deployed in, I mean we get the panels in 2026, for delivery in 2027, 2028. So, all of that is not subject to tariffs and definitely not subject to any FEOC rules.

The contracts that we have in place that we could start closing or that are negotiated to start closing with other solar manufacturers, they will be from U.S. facilities. So, as you know, we have been working with LONGi and off taking from their facilities in Ohio. We'll continue to do so. Again we take no tariff risks. I think that we will still need to wait and see the clarification on the FEOC. But I would say probably more to the battery storage side.

Definitely, we don't see many issues on the on the solar side. So that's why we feel really comfortable with this CAPEX plan. And of course we'll see what the rules are in terms of FEOC, which is of today probably what we expect is that not before the end of 2026, we'll have that clarity.

Miguel Viana

Jenny Ping from Citi here in front.

Q – Jenny Ping

Thanks very much. Thank you for the presentation. So, a couple of questions from me, please. Just firstly, Miguel, you talked several times about how conservative this plan is. Can you just kind of give us a feel of where you could be wrong, both on the upside, sounds more likely, and on the downside? So where are the moving parts where things could change from what you've set out?

Then secondly, one of the things that we've noticed in your results is, obviously several impairments coming through one-offs. And that's you tidying up, I presume, some of this sort of assets for non-core countries. Can you give us a sense of how much more of that is still to come? And I presume the sort of guidance you've set out today on the net income level is excluding any further adjustments as we look through into 2028.

Then lastly, just on the FFO net debt numbers you talked to, this is more applicable for EDPR than EDP. But there are quite a bit of debate around the methodology rating agencies going to use looking forward around off-balance sheet debt, project

financing debt. Has that been taken into account when you look at your FFO debt ratios and, therefore, your net debt reduction targets? Thank you.

A – Miguel Stilwell d'Andrade

Okay. I don't think I said conservative. I think I said we feel good about the plan and that we have the optionality as the projects arise to be able to commit to them and take them up.

And so, I think I did mention is what we don't want is to be in a situation where we're either pressured to do the megawatts and sacrifice returns. Or we keep the returns and then you'll tell us, oh, we missed the megawatts.

And so, I think by taking this approach, what we're saying is we're seeing good prices and you saw the PPA prices. We're seeing good repricing opportunities. And so, we'll go on taking advantage of that.

And as we go on locking in those projects, we'll give you visibility on that. And we think that the sort of the 5 gigawatts is a pretty healthy number. As we go on locking in additional projects, we'll be able to upsize that.

If the projects aren't there because the market crashes or whatever okay we haven't committed to doing those megawatts. But fortunately, at the moment, I think we are seeing that demand and we are seeing the projects and we are seeing the Googles and the Amazons calling us up.

And afterwards we can talk about that. But like, even this evening, we were talking about like getting like two big tech, which who do we go with like the project? So it is literally a seller's market.

It's a great market to be in. But let's go step by step and then take advantage of that over the coming months and years. I'm not suggesting that it's conservative in that in the sense of like we're holding back or something.

A – Rui Teixeira

So, starting with the first question on the non-recurring, yes, we did that. I mean it's normal that one every quarter and definitely every year. And we'll just review not only the viability of the pipeline that we have in the different countries.

And if we feel that it is not moving forward, then if there is in write off, we do it. I mean we've done that in the past. This time around, we do the same.

When we think about those disposals, the 1 billion disposals, we are not really considering any material impact in terms of additional write offs. It will depend, obviously on the price at which we sell. But we are not considering, or we are not expecting anything material.

On the project finance, we don't use a lot of project finance. As you know, the project finance that we use in projects that are consolidated by EDP, that is treated as debt as normal. So, we fully consolidate that debt and we don't treat that as non-recurring.

So basically, we know that we will not or the rating agencies already know that we will not let those projects default and, therefore, they are part of the ratios.

Where the increase in the inception of the JV in offshore, Ocean Winds, I mean those projects which we own at 50%. And actually, at the project level, Ocean Winds sells down. Those are funded through project finance and we are only booking whatever is the net contribution from Ocean Winds.

We are not expecting any change whatsoever as of now. So we know that there is this report out. But right now, we don't have any different view from what we had in the past.

So we continue to treat that as off-balance sheet. And of course we have that equity injection into our books.

A – Miguel Stilwell d'Andrade

And, Jenny, sorry, I just realized I missed the second part of your question, which was the upsides and the downsides. So there are certain sensitivities and actually you find them also in the appendix of the document.

But in terms of some of the key sensitivities, as you know, one is hydro. That can be up or down. That's that typically levels out over the long term. There are power prices that, obviously impact our sort of our integrated margin principally.

I'd say on the upsides, there are certain things that are not in the context of this business plan, but we pointed to in terms of the repricing post 2028. I think those are some of the upsides that we're seeing. We're not capturing that within this business plan. But that could be, obviously quite material in terms of the megawatts is what I said.

So I think we prefer to build up. So I wouldn't say that there's an upside. There's an upside there, of course. But yes, that's what I'd say about that.

Miguel Viana

Next question here from Manuel Palomo from BNP.

Q – Manuel Palomo

Hello. Good morning. Thanks for taking questions. I'll stick to three. The first one. I'm sorry to go back to the investments. Renewables historically, I think has proven to be quite a cyclical business. As of today it looks like there's good opportunity, good prices. Pretty much everything looks pretty positive.

So why sorry why not accelerating now? Why waiting up to 2028? That would be my first question.

Second one and somehow linked to this, we all agree about these increases in demand, increasing power prices, particularly in the U.S., thanks to AI and data centers. And you've shown that slide with the PPA prices going up materially.

So I think in the case of the U.S., the reserve margin is already pretty tight, so there is need for electricity. So my question is, what's preventing offtakers from signing PPAs or maybe developers? So that would be the question.

And lastly, I'd like to ask you about the installed capacity in renewables because you're pointing to five gigawatts over the period 2026, 2028, that's the gross installation capacity. I don't know if deliberately you decided not to give us the net, but I'm going to ask about it. And just following up on that net capacity, I would like also to know whether that gigawatt of disposals is included there. Thank you very much.

A – Miguel Stilwell d'Andrade

Okay. So just on the first, just to be very clear, 2026 is locked. Well 2025 is locked. Obviously 2026 is locked. Big part of 2027 is locked in the sense that it's very difficult. Don't forget that the last 12 months we were risk-off. There was a huge amount of uncertainty in the sector.

Particularly in the U.S., a huge amount of like volatility about Big Beautiful Bill, about the IRS, about all that. And so, we held off from signing PPAs for the future. So we are resuming that and making sure that the PPAs we are signing now and as I say we just came out with two yesterday I'm sure we'll come out with more. So that's happened, let's say post summer. And so, we're picking up basically to see now signing 2027 and 2028.

So in terms of acceleration, we hope to be able to accelerate, let's say more towards 2028 and beyond. That doesn't mean that you won't see those being announced maybe over the 12, 18 months, because that's when we would be signing them. So you won't need to wait till 2028 to know if there's been an acceleration or not.

You will know probably over the next 12, 18 months how those megawatts for 2028 and beyond are beginning to pan out. So I think the accelerating, we are accelerating, but you'll start seeing that probably from 2028 and beyond.

On the second point on the PPA prices, I'm not sure I quite understood. The PPA price yes, the merchant has been trending up. So for example, I gave you that data point for one of the projects where we're signing a new PPA for 10 years starting in 2029 already at a premium, like I think it's an $11 per megawatt premium to the merchant price.

I mean we have only about 4 terawatt hours merchants in 2029, 2030, and then about 12 terawatt hours from 2030 onwards. So a big part of the energy will only become available from 2030 onwards. And so, that's where you can then see a more material, let's say increase in the number of megawatt hours that we can contract. But is that was that what you're asking?

Q – Manuel Palomo

My question was more on the PPAs on why you are not signing more PPAs as the (inaudible) that you are now (inaudible).

A – Miguel Stilwell d'Andrade

Well we've resumed. So don't forget that we weren't signing PPAs until end of August. Like we were not moving forward in negotiation because until we had firm visibility on how the safe harbor was going to be, on how the tariffs were going to be, and sort

of on the Big Beautiful Bill, until we had good visibility on that. It was difficult in terms of negotiations to be able to sit down with the offtaker and say who's going to pay for the risk?

Because six months ago, like if you didn't know if the PTCs and ITCs were going to be around, like you're not going to commit to a PPA in that. And so, basically, that's resumed post-summer. These things then take time to be able to develop the projects and to develop the negotiations on the projects with the offtakers.

So these things also take time. And that's basically started post-summer. As I say these are negotiations where we want to make sure that we are de-risking.

And so, we are comfortable on the project that we have the permitting all in place. We don't want to take risk on permitting in the U.S. Trust me, it's not a good time to go out and commit to doing PPAs and then you suddenly look around and, okay well, actually, permits are not there or the interconnection is not there.

So even in terms of the way we are approaching the project, we're taking a lower risk approach to make sure that when we're locking in, we're locking in the CAPEX, we're locking in the we've got perfect line of sight on the permitting, on the interconnection.

So we're not going to commit to PPAs in this current context. We're not going to be committing to PPAs without certainty that we will then be able to deliver the project as well. And so, I think that's something which maybe will take a little bit more time. But we don't we will not put ourselves in a position where we are taking on a liability that we can't then deliver on.

On the installed capacity, it's very straightforward, 5 gigawatts gross, about 2.5 gigawatts net asset rotations. So 2.5 net installed capacity and then about 1 gigawatt disposals. So we are let's say disposals is also a relevant part, not just of the funding, but also in terms of the megawatts that we're assuming we will be divesting to then reinvest in the core markets.

Miguel Viana

And Pablo Cuadrado there from JB Capital.

Q – Pablo Cuadrado

Hi. Thank you for taking the questions. Two questions on my side. One will be on the regulatory reviews, particularly on the Portuguese one. You hinted before that all the 633 is not enough, but you have allocated 1.7 billion of CAPEX. So I was wondering whether that figure is written on a stone or basically you can be touching that during the plan, whatever you see on December.

And also, it would be good if you can also share a little bit of details on the 100 basic points of, let's say additional return that you are seeing looking efficiencies, quality of services and et cetera.

And the second question is also, I don't know if you can comment a little bit on how you see the integrated margin on liberalized activities. I think you mentioned as well

that you are seeing clients in somehow not growing. Clearly, the competitive landscape has been difficult in Spain, at least what we have seen in the last few quarters.

And, yes, power prices, if we look at the forward curves, probably they're going down a little bit. But how have you reflected that in the assumption of the plan? And it will be good to have an idea. Thank you.

A – Miguel Stilwell d'Andrade

Sure. So in the regulatory review, so we are allocating about the 1.7. That's we have some flexibility. The 633, we don't believe, will be the final number.

We think that there are good rational arguments to make to the regulator to have a bump in that in the final proposal. But in any case, we can adjust somewhat the CAPEX. This is the headline number.

I mean this is what typically most of us focus on. But there are a lot of other parameters which have improved. For example, efficiency gains are now split 50-50, before they were 75-25. So that's an additional upside.

In terms of the actual efficiency used to be inflation minus 0.75%. It's now minus 0.5%. There's a little bit more upside there.

So there are other regulatory parameters which typically we don't talk about as much, but that has improved as well. So it's important not just to take the headline number, but let's say the expected overall return. And that has improved.

Then the other thing that's also improved significantly is the fact that we don't have the extraordinary tax. And so, that's also a big bump in our returns in Portugal versus where we were in the past. So between 0.85 of the non-extraordinary tax plus the also about 0.8 of the already improvement to the 633 plus, if it goes even a little bit higher, we could be talking about closer to 2% bump in terms of returns on the on the regulation in Portugal.

But this is playing out. I think the regulators being constructive. There's still room to play over the next couple of weeks and we'll see what happens. Sorry. So that was on the regulation.

On the integrated margin, look, I don't know if I completely answer your question. The clients are relatively flat, but I think the team has done a great work. And just like in this year, in particular, we've completely changed our game in Portugal in terms of the competitiveness of our strategy, in terms of like stabilizing the net adds. Obviously we're the incumbent in Portugal, and so it's natural that you go on losing some market share.

That's pretty stabilized or stabilized much more. We actually had some net adds over the last couple of weeks versus the past. So we're stable sort of around 60% market share.

I think we've managed to find a good balance between being competitive and having a reasonable margin in our business. Is that I'm not sure Is that what you're asking about in terms of okay. Great.

Miguel Viana

I think we have here Gonzalo from UBS.

Q – Gonzalo Sanchez Bordona

Hi. Good morning, everyone. And thank you for the presentation. I have a couple of, well, I'll say themes to go through. I'd like to go a little bit deeper on the U.S. side of things. First, a clarification on the 5 gigawatts that you have safe harbor, is that including both the old and the new regime. And I guess the question there is how much more you think you can add or how much more are you working to add in before the end of the safe harboring period? That's one.

Then the follow up of that, which links a little bit with what we've been talking about before is whether that would drive higher additions, I guess in 2028 within the plan. So very clearly not in 2026, 2027 as you've already mentioned. But whether it is soon enough in 2028 to get more out of that or not.

Then the next question on the U.S. side would also be on I'm quite curious about the conversation you're having. I mean you've mentioned the socialist market and that you're having these debates with which hyperscaler going with or not.

Traditionally, if I'm not wrong, and I guess that's a question you've been focused more on signing PPAs with utilities rather than hyperscalers or tech companies, although you've had a good combination of both. But there's been more on one side than the other.

I'm curious about how you think about this, whether the market is changing, whether you are seeing different dynamics based on, obviously the demand increase and how this is going. So that's the first kind of group.

Second group of questions, sorry, it's going to be long. This one is shorter. I'm going to make the question anyway. I'm anticipating this, I guess but are you seeing any changes in the corporate structure between EDP, EDPR and Ocean Winds?

And I guess a follow up there, which I think might change your view in some years is if you are thinking about all of these increases in prices, PPAs, renegotiating all the contracts in the next 5 to 10 years, particularly in the U.S., whether you're leaving some money in the table with all these minorities within the structure at different levels. So, yes, those are the very long questions. Thank you.

A – Miguel Stilwell d'Andrade

Thank you, also. So in terms of safe harboring, you mean old regime, new regime, the 5% like working. So what we had in so we have about 1.5 gigawatts that was safe harbored already at the end of 2024. That's probably that's mostly old regime. Let's call it a sort of 5%.

Since we when we started getting more visibility sort of before the summer about how the safe harboring rules were going to change for the summer, sort of, June, July and then August, we also started moving much more towards the specific assets

metric. That's actually an easier one to do than the 5%, because it actually is cheaper.

I mean to be honest, in terms of the optionality, you need to put in less money to get the same basic outcome. So what we did do is make sure and working obviously with the team and the lawyers and the regulation guys to make sure that there's no doubt about our qualification for those safe harboring, so you need to have a specific asset.

Let's say you ask for a specific transformer needs to be allocated to a specific project and that's being worked on. So I'd say the remaining 1.5 was in 2024, a big part of the rest is probably under the newer regime.

And Rui , correct me if I'm wrong, but or Miguel but and then what we do going forward until mid-2026, which is when we can still go on safe harboring additional projects that will be under the new regime. That was the first one.

More additions 2028. I think the question there, I mean I think I've talked about it, but so we're assuming about 1.7, 1.8. Your question is, can we do more like

Q – Gonzalo Sanchez Bordona

I guess let's mention the 5 gigawatts.

A – Miguel Stilwell d'Andrade

Yes.

Q – Gonzalo Sanchez Bordona

So 7 gigawatts is covered by (inaudible).

A – Miguel Stilwell d'Andrade

It'll be towards the end of the decade, in the 2028, 2029, 2030. That would be sort of the range when we would start getting projects locked in. So as we go on getting more visibility on the we'll have visibility on the safe harboring and we have to try to tie that up with PPAs and with the negotiations that are ongoing and with our existing pipeline of project to make sure we can triangulate between all of those.

Then, as I say over the next month or so, we'll be giving more visibility on what we're already locking for 2027, 2028. And beyond that, we'll need to wait till end of 2026, 2027 to then start getting visibility on 2029 and 2030.

So I think that's one of the things that typically we don't lock in things with three years in advance, because then that also puts you in a big position of risk unless you can because you're not going to lock in also the CAPEX with all of that sort of time ahead. So as I say I think the point here is to make sure we're getting good returns, but also de-risking the projects so that we can deliver them with the returns that we want.

The conversations with the high tech, I think I showed the slide. We have more than 3 gigawatts already signed with the high tech. And a lot of the conversations are going on also with the high tech.

It's true that we also have good relationships with the utilities. I wouldn't say necessarily the dynamics have changed. I mean let's say the intensity has probably changed.

We're seeing the utilities being very aggressive now about their demand growth. You saw AEP. You can talk about the NIPSCOs. I mean they are seeing a lot of load growth in their region and they are having to procure. And as I mentioned, a lot of them are then resorting to BTAs and bill transfer agreements. And so, we're seeing more of those.

But I'd say we have pretty good relationships with both the big tech and the utilities. Then it's a question of what are the projects that they are most interested in? And sort of we'll feed that through in the discussions. On the issue on the corporate structures. I mean you can probably guess the answer of it. I'd say don't assume any changes keeping the current structure.

I don't think it's a question of leaving money on the table. I mean we have more than 70%. EDP has more than 70% of EDPR. So that will flow through naturally to GDP. And at the W level, as I say our focus there is extracting value. So it's not taking risky growth or sort of merchant positions.

Or I mean we've seen a lot of auctions actually go deserted with no one actually showing up to those auctions. So I think there is also a fundamental just change in mindset about the way that people are approaching those types of auctions. And certainly in our case, we are very conscious of the fact that these are very long. I mean if people are worried about solar and wind, I mean which take maybe 18 months, 24 months, between sort of starting to get a CAPEX to time to cash. I mean in the case of offshore, it's really long. So you need to be very comfortable that you've locked in all of those risks, whether it's on the CAPEX side, whether it's on the interest rate side, to make sure you don't lose money in that process, because if you're out for four or five, six years just in the development of those projects. Well and I don't need to mention names, but you can be out by a lot of money very, very quickly. So we don't want to take that type of risk on the offshore business. And that's been our position in our OW partnership.

A – Rui Teixeira

Maybe I would just also compliment on the minorities, just to be clear.

So the 49% sale that we did this year in the U.S. in the plan, we are not considering to replicate that. So in the plan, what you can find is in U.S. we typically sell 80%.

That has been the structure, but we need to keep some skin in the game in Europe or elsewhere. We'll sell 100%. So there is no new minorities coming in through the asset rotation.

Miguel Viana

We have here Pedro Alves from CaixaBank.

Q – Pedro Alves

Hi. Good morning. Thank you for the presentations and taking my questions. The first one and coming back to the balance sheet optionality, because I'm pretty sure that people looking at 12 to 14 equity are significantly higher than your cost of capital.

So there is this potential. Can you please quantify what is, because for us, sometimes difficult to triangulate according to different rating agencies, metrics, the firepower, how much headroom do you have to invest by 2028 more and still comply with the BBB? And if eventually that firepower can even increase if you are suddenly more aggressive also on the asset rotation side.

You mentioned the build and transfer agreements, for instance, in the U.S. and utilities continue to see this massive load growth. If you have opportunities to increase asset rotations. And the second question is how much of your CAPEX in this plan is really secured, is really closed.

And so, it's most most of it. But if you can provide a rough figure would be helpful. And if eventually if you see the risk of an increasing shift towards domestic manufacturers in the U.S., putting your cost inflation up to a prohibitive level at some point, BPA is not compensating for that. Thank you.

A – Rui Teixeira

Okay. So maybe starting with the balance sheet optionality. So what we shared was this FFO net debt, 22% by the end of 2028. I mean S&P and Moody's, then they have different adjustments.

So the number will be lower than that when you look to the different numbers. But we are comfortable comfortably above the minimum threshold on those metrics. If you take as a reference, I mean we are going from this 19%.

In the past, we said that the bare minimum would be 20%. So consider that we have this sort of two percentile points of additional headroom, yes, we are creating on the FFO net debt towards the 2028. On the CAPEX, and I believe that we share a slide where actually we show how much capacity we have already secured.

But on the domestic content, and again I just want to clarify a few topics here in the U.S. And this is something that we decided back in 2022. We completely shift our procurement strategy and supply chain strategy.

We went from having a global supply chain strategy towards having a U.S.-centric and U.S. domestic supply chain and then the rest of the world. And that was what enabled us to then sign the contracts with First Solar. The prices are locked in until 2028.

It enabled us as well to build that relationship and lock in the contracts with the manufacturers indeed that have brought their factories in the U.S., namely the case of De'Longhi in the higher factories, South Koreans as well. Since then, we have been

also creating stronger relationships with the main EPC contractors. So you can think that we buy the main equipment and then the EPC contractor will be buying the rest.

We'll also buy some of the main transformers, the main part transformers. They may buy themselves on our behalf. But that is also a U.S. supply chain and that has been built over time. CAPEX is higher. Yes, if you're and I think I may have shared this example in the past. Exactly the same module, the solar module in Europe may cost us around €0.9 per watt.

In the U.S. is going to cost us 30, 10 (inaudible) to the 30. And that's why you have a CAPEX per megawatt higher. That's why then it drives higher PPA prices and domestic content on the ITC.

So if you recall that we shared that we target around 40% of our invested capital in the U.S. being funded through tax equity. That means that not only are capturing the base 30% for the ITC, but that additional 10% other from domestic content.

Project by project, we may have an additional 10% from local, the local communities, the energy communities. So that's why, yes, there is this higher CAPEX in the U.S. getting reflecting to the economics of the project and therefore meeting the return targets.

Miguel Viana

We have a question there from Meike Becker from HSBC. Please go ahead.

Q – Meike Becker

Yes. Thank you for taking my question. I keep it to one. You're going for a spread over a back of 250 basis points going forward. Can we think of a higher number post 2028? I think that's the question in a nutshell. And why?

I find that the absolute level of PPA prices in the U.S. hasn't been very indicative of your margin, because when those prices were low, you had one of your best spreads of more than 300 basis points over the back . As the prices have gone up, you've actually had one of your worst spreads because everyone needed to reprice as the costs went up and then we needed to follow up with the pricing. Now, if it's such a seller's market, why are we not above 300 or is it the same as you already explained?

Now, we're still half the project that have been locked in during the difficult phases and actually post 2028. We could be looking at 300 or actually if it if the U.S. is so eager, shouldn't it actually be 400? So just wondering where you see the long term spread over what's going for the project.

A – Miguel Stilwell d'Andrade

Yes . So first of all, we said more than 250 across the portfolio and across the different geographies. And so, I think if and actually we've got even better than that. I don't know if you have that number, but that currently is about 280 basis points across the portfolio, which means that in some geographies it's better and others slightly worse.

And in the U.S. we've typically been above the 250. It is a competitive market. Also, I mean it's a good market to be in, but it doesn't mean that you can ask for any price you want. So I think that 250 keeps us competitive. It keeps us having a good growth profile. It gives us a good margin that allows us when we asset rotates to still make a good capital gain.

And so, I'd say we're relatively comfortable with that range. So above 250 on the overall portfolio. And as I say whether it's in the U.S. with the asset rotations, whether it's in Europe, we've then been able to capture good percentages of asset rotation gains. So for my question of competitiveness and trying to find this balance between returns and growth, I think that's where we feel it's a good balance.

The issue that you mentioned about the margins in the past, cost of capital has gone up substantially. And I think even when he was talking about, for example, debt, we used to have a cost of capital where we were financing ourselves the hybrid at $1.5.

And that was pretty much nothing. So obviously you had much lower. You're having a good spread, but it was a lower cost of capital. Now, we're having a higher spread, but let's say the high point of the cycle. So hopefully that is a spread that if anything, it can only expand if interest rates were to come down over time. So we feel comfortable about that.

Miguel Viana

Here from the room from Fernando Lafuente, from Alantra.

Q – Fernando Lafuente

Good morning, Fernando Lafuente, Alantra. Just a couple of follow-ups, please.

The first one is on the PPAs that you were mentioning employ in the U.S. especially. Do you have any kind of protection clause? Because the U.S. is a market that has proven very volatile for obvious reasons, no?

Any kind of protection clause in those PPAs that you are signing now in terms of, I don't know, permitting or whatever the current administration changes during the game? And the second one is on asset rotations. Just have a view on what you believe it's going to be easier, between commerce in terms of technologies and countries or regions where you believe you could sell all these asset rotations that you are targeting. Thank you, so much.

A - Miguel Stilwell d'Andrade

Sure. So on the PPAs, on the protection clauses, yes, I think that's, when I was talking earlier about why we also hadn't been signing PPAs in the first half of the year is because we're having those discussions around how we could protect ourselves in the PPAs, either issues of tariffs, issues of being able to walk away.

For example, if there was some CP, some permitting issue that comes up, making sure that we can step out of those contracts. So as I say de-risking the contracts.

So that's been part of the discussions that have been going on is to try to share the risk with the off takers and protect ourselves also from a was I making sure we're not out of pocket with some liability on some PPA.

On the asset rotation side, I think what we've shown is that we've been able to do that across geographies and across technologies. Whether it's wind, solar, Europe, U.S. I mean the truth is we've managed to do a bit of both a bit of everything over time. And this year is a good example of that. As I say many portfolios in Europe, a big portfolio in the U.S. and all done successfully. You get different types of appetite, different types of investors sometimes in different geographies.

So probably more financial investors in the U.S. at the moment. You get quite a few strategics also in Europe. Obviously everyone likes wind, but that's also a scarce asset.

You know, people like assets here in Europe very much, certainly places like Italy and France and all that. That always gets a lot of attention. So I think we've shown that across the board, we are able to find sort of good buyers and good multiples.

Miguel Viana

Jorge Alonso here from Bernstein.

Q – Jorge Alonso

Hi. Thank you for taking my questions. The first one is a clarification on the capital gains of the asset rotations. That is only linked to the asset rotation capacity or the disposals as well. If so, if you expect some capital gains as well on the disposals. The second one is on the ocean winds. The main question is why keeping ocean wind in the portfolio?

You are exiting or rationalizing the portfolio. Why is ocean wind so core for the company? And what is the contribution in terms of CAPEX that you have to put in the plan and the contribution of ocean wind to the earnings of EDPR?

And the last one is regarding the flex yen hydro and supply in Iberia. If you can give us some more color because, I mean normalization of hydro production is going to be material, probably maybe two terawatt hours. Normalization of power prices as well, especially because not the wholesale price, but as well the hedges that you had in the past. So you can guide us. I mean how can you really offset that big impact on that? Is it through supply or simply, I mean pumping is providing much more probability or the CCDE plans? Thank you.

A - Miguel Stilwell d'Andrade

So capital gains, mostly coming from asset rotation. We're not assuming any material gains on the disposals. So we're just assuming we're refocusing and using that capital back into sort of core markets, but we're not assuming capital gains coming out of that. So that's one. On OW, we have a stable, long-term partnership with Anji. There's even a lockup associated with a part of that. So it is a stable partnership. I would keep it at that and say that that's, I mean if you can get good projects, they give

you good money. So it's just a question about staying disciplined on those projects and making sure that it's delivering what you expect to deliver, and we're not taking sort of risks that we're not comfortable with.

So in terms of contribution to CAPEX and to earnings, maybe then you can get that. But I'd say with OW, it's the partnership that we have for offshore. It did open up a new technology. I think it's been interesting to also follow that. We've had some great projects there. For example, the French project, we're talking about double-digit equity IRRs. I mean super attractive. We had Moray East , super attractive project, and we got a huge windfall on the, let's say on the when the energy crisis came up. So I think it's given us also some positive surprises over time, the offshore business.

We just need to make sur e we're managing that from a risk perspective. On FlexGen and Hydro, so actually on the slides, I think one of the slides we had, we had already that normalization effect. And so, I think it's closer to one and a half terawatt hours, if I'm not mistaken, in terms of delta, for example, for 2025.

And in terms of prices, again if memory serves me right, we're going from 70 to 64, and that's sort of the type of range. So we're already assuming a certain normalization in the numbers that we're giving you. Then what we're saying is on a normalized basis, you're seeing the unwinding, let's say of that retail piece, of let's say the ancillary services being passed on, and you're seeing sort of that flexibility piece increasing.

And so you have actually an increase on the integrated margin on a normalized basis going forward. But again we try to decode it for you on the slide. If you need, we can then go in deeper offline. Miguel?

A – Rui Teixeira

So just to clarify, on the offshore, in the plan, we are considering about 0.8 billion. And that's the combination of the kicking off the construction of the project in Poland, some final equity contributions to the French projects, which are finalizing construction. Then in 2026, we'll have the equity bridge loan repayments for the Moray West project in the U.K.

So altogether, which is the biggest chunk of that, the 0.8. So all in all, that's the 0.8. And Pedro, I'm afraid I referred to the presentation about the secured capacity. Out of the 5 giga, 2 gigawatts are secured. So then the rest will come.

Miguel Viana

I think we have here Olly from Deutsche Bank.

Q – Olly Jeffery

Thanks. Just a question on the gains. I think in 2023, you achieved gains over investments of about 60%.

This year and last year, I think it was closer to 10%. And in the plan, it's greater than 15%. What's the reason why we're not seeing that return to high numbers? Because I

think from 2026 onward, I thought you were selling vintages again but there's higher returns versus what you've achieved. Thanks.

A - Miguel Stilwell d'Andrade

Talking about the 15% capital gains, it's a great question. So I think two things to bear in mind. One, we're going to have more U.S., which has a higher CAPEX. And so if you think about it in terms of absolute, let's say take a simple example. But if you had 200,000 euros per megawatt gain if it's on a 2 million euro per megawatt CAPEX, that's 10%. If it was on a 1 million euro per megawatt hour per megawatt, that would be a 20% gain.

So the fact that you have a bigger CAPEX base means that percentages ends up being a bit lower. The second thing to note is that there's a lot of tax equity. Obviously in the U.S., you have tax equity. And so the gain is really, if you take out the tax equity, our net equity is lower.

So then if you do that percentage on your net equity, effectively, it's a higher percentage. So let's say the fact that there is a more bigger SKU to the U.S. ends up distorting a little bit that metric. But I mean in terms of underlying, let's say in this case, dollars per megawatt of gain it's still a pretty healthy gain.

Miguel Viana

Okay. We have there Alex from Bank of America.

Q – Alexandre Roncier

Thanks for taking my question. Just one follow-up on Ocean Winds and another one on tax equity. On Ocean Wind, I think you were talking about extracting value. But can we assume that you're keeping the current perimeter as it is, i.e. no further sell-down, perhaps, of your stakes in Ocean Wind? And just to follow up on the previous question, how much earnings are you expecting incrementally from Ocean Wind by 2028 compared to today?

Then the second question on tax equity, similar on earnings, just wondering, given that you're deploying more capacity in the U.S. and there's more, I think ITC being contributing, how much income from tax credit should we expect in that income from institutional partnership that you've got still consolidating, I think at the EBITDA level?

I think you had a guidance for 450 million for this year. What would it be in 2028? And just a clarification on how much of that flows to net income. I think there's nothing in the free cash flow because you've monetized that. But just a clarification on that. Thank you.

A - Miguel Stilwell d'Andrade

Okay. So on OW, I think I've talked about the discipline. In terms of no sell-downs, you're talking about at the. Or you're talking about because in the projects we'll continue to do sell-downs of stakes. And we recently announced, for example, the

sell-down of one of the French projects to Allianz. So we will continue to sell down at the project level. At the corporate level, we have no plans to sell. On the tax equity side, so we've given some visibility on that. I think we even put in the appendix.

We put in a specific slide on that. I think the biggest jump in terms of the contribution of tax equity income at this point was from 2025, actually 2024 to 2025. Because you had a big, you had almost 2 gigawatts coming in from the U.S. at the end of 2025. And that's reflected, sorry, end of 2024 that's reflected in the 2025 numbers.

So again, if memory serves me right, I don't think there's a very big increase from 2025 versus 2028. The big jump was from 2024 versus 2025. But again, I think we've given some visibility to that and in the appendix.

A – Rui Teixeira

Alex , so on that, that 450 reference set is going to be around 500 across the years on the plan. So there's, the jump, as Miguel said, was to 2025. Then from here onwards, it isn't. Also because there is some we sell some of the assets. So that basically sort of stabilizing around the 500. The cash in was upfront.

So the moment you commission the project, you lock in the tax equity, ITC or PTC. And basically you have that. Where we do have is that some of the financial costs, and this is actually quite relevant from moving from PTC to ITC.

Because in the organic cash flow, actually there is an improvement. Because some of the financial costs that we still bear over 10 years on the PTC-based transactions, they do not exist on the ITC base. Because basically we just it's much more shorter.

So there is actually an improvement in the organic cash flow coming from reducing the financial costs on the tax equity structures. I think you asked a question as well on the contribution to earnings from Ocean Winds. I would say it will range somewhere between $30 million to $50 million.

Some years it will depend on if there is an asset rotation on one of those projects or reducing minority portion from an Ocean Winds perspective. Then it may pick up. So depending on when that happens, it might have a pickup. But give or take somewhere between $30 million to $50 million.

Miguel Viana

I think we have here a question from Zach from Jefferies.

Q – Zach Ho

Hi, thanks for taking my questions. I have three. Firstly, on repricing.

I think you shared some information on the slides about the extent of the repricing impact from 2029 onwards. Are you able to share what the length of the repricing contract would be during that time? Then secondly, on power prices, I'm thinking about the 25% roughly of merchant exposure you have on 2028. I know you assume some upside from wholesale power prices in the U.S. But if you think about the potential kind of like where power market fundamentals are in the U.S., there's an

argument to be had that maybe power prices in the U.S. could go up even further. I was wondering if you were able to provide any sensitivities on U.S. power prices.

I think at the end of the slides you provide sensitivity to pool prices, but not necessarily U.S. power prices. Then finally, just I think a clarification on Jenny's question about impairments. I'm not sure if you addressed it, but when it comes to the $1 billion of disposals, are you expecting any kind of impairments? Or is the message from you guys that we've done what we need to do from this year onwards. And going forward, you can expect the streamlined business to not have any more of these kind of negative speed bumps. But yes, thank you.

A - Miguel Stilwell d'Andrade

Yes. Thanks. So on repricing, I think the length of the contracts that we've been seeing is typically 10 years when you get them sort of extended. But obviously that's something to be discussed sort of ongoing.

But at least the data point that we have was like a 10-year contract. Bear in mind that often this is post the end of the PPA, and therefore if the useful life is 30 or 35 years, you also can't extend it too much because then you bump up against the end of the project life. So I'd say that that's sort of I would assume that that's more or less the length of the contract.

In terms of the merchants post 2028, I mean yes, for sure. And we've seen sort of a lot of also independent analysis pointing that there could be, let's say a surge demand. If the generation is not increasing, you get a push up in prices. And we are seeing that, and also sort of in the capacity, the revenue assurance, I mean in some of the markets. And I'm sure you've seen that as well. What we did say is that we've got about 4 terawatt-hours that could be coming.

Let's say there are merchants in that period. And that typically, we go on hedging forward. So as we go on getting closer to that time, we will be on hedging at whatever prices at the time. If they're higher, even better.

A - Miguel Stilwell d'Andrade

And it's 12 terawatt-hours post-2030. So that's the volume of merchant that we have in the U.S. of PPAs that have already expired or that sort of are in hedges that will also go on expiring. So it's the energy that we can play around with in terms of future power prices. On the disposals, I mean we're not assuming gains. We're not assuming impairments. But we'll run processes, and the price will be what it will be. I think our focus here is really to just maximize value that we get from either getting out of certain markets or certain businesses and redeploying that capital back in. But at the moment, we don't have neither positive or negative. We're not assuming anything. We're just saying, let's refocus.

Miguel Viana

I think we have here a last question from the room, from Skye Landon from Redburn.

Q – Skye Landon

Thanks, guys. First question on FlexGen prices in Iberia. You mentioned duck curves and the impact of solar, deeper troughs, high peaks, et cetera. Ultimately, what this means is your hydro generation can capture prices above peak above base prices at peak times. So how do you see those capture price abilities changing as more and more solar continues to be added to the grid? And can you provide some details around what assumptions are embedded within your forward guidance for the integrated business?

Then secondly, battery storage. You mentioned very good returns in the U.S., tolling agreements. You also noted that battery CAPEX is around half the U.S. in Europe. So can you talk about a little bit about your European battery plans? Is this more of a 29-30 thing, or is there a particular reason why batteries aren't a bigger part of the motor mix? Thanks.

A - Miguel Stilwell d'Andrade

Yes. Okay so on FlexGen, I think I actually put up a slide in the presentation which talks about the realized price that we expect or premium that we expect to get from the hydro. It's about 20%. I think it's gone from like 10%, 15%, 20%. So that was on the left-hand side of one of the slides, you've got that data point. Then you've got the hydro pumping, which has increasing volume of hydro pumping and an increase of the spread.

So I think on based on those two data points, you should be able to get to a relatively good approximation of the value from, let's say both on the realized price of hydro and also on the ancillary services from pump storage. On storage, so great question. I mean we have a lot of debate internally about batteries in Europe, particularly in places like Iberia, for example, where you've seen really high penetration of renewables. It's great that we have the storage, the pump storage. I mean it's a fantastic asset, but why haven't batteries taken off? And the simple reason is that there hasn't really been a business case for it yet. There aren't capacity payments in a lot of the markets. If they start introducing them, as I said we're expecting Spain to introduce them in 2026 and Portugal probably in 2027. Then you start seeing sort of the batteries.

I mean at least in our case, we're not going to invest in batteries just based on a pure arbitrage because that can get competed away very quickly. So it should have a certain amount of regulated, certain regulated piece or other revenue streams to make the business case work. That exists in places like the U.K., it exists in some places in, for example, in the U.S.

Italy and Poland have also come out with some schemes which now are incentivizing batteries. And so, we're looking at that and we've been participating in some of those auctions. So I think you will see that begin to develop. It's not a major part of our plan, but I'd say it's an upside to it. I have some very bullish people on the team who believe a lot that that will happen. And so we're keep looking at it, looking at business case and just making sure we can get comfortable with the risk return profile. But I would say it's probably a piece that we believe will happen, but we're not incorporating in the plan yet.

Q – Miguel Viana (question from Alberto Gandolfi)

So we have time just to address just two final questions from the web, from Alberto Gandolfi, from Goldman, which, it was not able to be here today with us and I hope it is better. And the first question comes from what do you think is the outlook from data centers in Europe? And what is the business opportunity that brings to GDP?

A – Miguel Stilwell d'Andrade

I mean I think Europe is clearly behind the U.S. in terms of the build out of data centers, but we do see movement. And so one of the first things I think I talked to you about was the one example, let's say that we have in Portugal of that 1.2 gigawatt, 10 terawatt hour data center that is being built up in six phases. And they're already on the second phase moving on to the third.

So things are happening. There's a second data point I could point to, which is the partnership we did with Merlin also in Portugal, 100 megawatts. You know, we're actually doing 100 megawatts behind the meter. So actually direct line into the data center. That's something that's being worked on. Looking at another opportunity near Madrid, that's also happening. So we're seeing movement, obviously maybe not of the same scale at the same speed that we've seen in the U.S. But when I talk to a lot of these guys, one of the things that they say which is quite interesting, is that, I mean the world's becoming more protectionist, more fragmented. People will want to control their data.

And I'm sure you've heard comments also even by European politicians talking about Europe doesn't want to be a digital colony of the U.S. So there is a mindset at the moment in Europe that and also because of the Data Protection Act that you need to store some of this data in Europe.

Again, I don't know if some of you guys saw the news flow when the Amazon data center went down in Virginia and people weren't able to post their WhatsApp in Spain. And it's like, guys, we're depending on a data center in Virginia for the WhatsApp in Spain. Like, how does this work?

So, I think there's this realization that we need to build up capacity in Europe as well. And that will drive some of that data center demand also in Europe. Well certainly see a lot of people betting on that and sort of taking positions on that. That should flow through also to us.

Q – Miguel Viana

And the final question was around the potential for acceleration of net also from others (inaudible) potential for acceleration of net profit growth of EDPR post 2028. What would be the drivers that we see?

A – Miguel Stilwell d'Andrade

I mean the drivers for EDPR, we talked about them to a certain extent. So, it would be the megawatts, additional megawatts that you bring in and the repricing. I think those are the two key drivers. I mean EDPR at the end of the day is a relatively simple business. It's installed capacity times a net capacity factor gives you a certain generation times a price. And so, you either have more megawatt hours or you have a better price. And that's what drives the net income at the end of the day. Obviously, you need to manage your costs, financial costs, OpEx. You need to be best in class on that. But what's going to drive the top line is either volume or price. And so, one of those two. I mean to see that acceleration; you need to have one of those two moving. But I think we have time for it.

Miguel Viana

I think we conclude the Q&A session with this question from the web. Miguel?

Closing Remarks

Miguel Stilwell d'Andrade

Thank you very much. Thank you for your patience. Thank you for coming here in person. It's great to see you. And I think we have an interesting story. I think we're in a much better time to be talking about this.

We're thinking about doing this at the beginning of the year, but I think the right decision was to do it now. We can give you credibility on the framework for distribution. Can give you credibility in terms of the flex gen and the ancillary services. I think that's stabilized and we can give you much more visibility, certainly on renewables growth going forward.

So I think it's a good moment. I think there's a lot of excitement, a lot of enthusiasm, a lot of potential. We obviously have to manage the next couple of years, but I think it's going to be an interesting time. So thank you very much for coming and I hope to speak to you soon.