

EDP

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Hosted by Miguel Stilwell d' Andrade and Rui Teixeira



Webcast replay: [Link](#)

Company Participants

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

Good morning. Thanks for attending EDP's 2025 results conference call. We have today with us our CEO, Miguel Stilwell d'Andrade, and our CFO, Rui Teixeira, which will present you the main highlights of our strategy execution and 2025 financial performance. We'll then move to the QA session, in which we'll be taking your questions, starting with written questions that you can insert from now onwards at our webcast platform, and then by phone. I'll give now the floor to our CEO, Miguel Stilwell d'Andrade.

Miguel Stilwell d'Andrade

Thank you, Miguel. Good morning, everyone, and welcome to the 2025 results conference call. Just before presenting our results, and as yesterday, I just wanted to address the extreme weather event that impacted Portugal. And, as you know, Portugal was hit by a series of devastating storms starting at the end of January and then well into February, to a certain point had winds over 200 kilometers an hour, which really caused unprecedented physical damage to infrastructure in the country, including our own network infrastructure and also customers. I think the first thing to say is that we immediately responded with a very coordinated and large-scale support from all the internal and external teams. I mean, we had people coming in from Spain, Brazil, France, and Ireland, and I just wanted to thank also all those teams. The networks and the hydropower teams work round the clock to limit the damage caused by the storm and to restore power to all consumers. Now, naturally, the first thing is our thoughts are with the people and the communities affected. We understand the damage that this has caused, the frustration from people that had no power over those weeks. And from the beginning, our first priority was to re-establish power in the quickest, safest, and the most effective way possible. We have now recovered 100% of the customers, only very few specific situations outstanding that will be resolved very shortly, but I think the worst is definitely over.

I also wanted to extend a really sincere word of appreciation for the absolutely extraordinary professionalism and dedication demonstrated by the teams, both internal and external, across all the country. I mean, their response from grid repair to the hydropower management, the community support, emergency logistics, I mean, it was absolutely exemplary. And I think it really showed the best of EDP in terms of the commitment to stand with our customers and with the communities that we serve, especially in the moments where they need us most. So I will come back to this later in the presentation just to talk a little bit about the impacts on us in more detail.

But I would move now into the bulk of the presentation and onto slide three, which essentially shows an overview of our results for 2025. And I'd start off by saying EDP had a very strong set of results for 2025. The recurrent EBITDA reached 5 billion euros, so outperformed the 4.9 billion guidance. It's mostly on the back of a better than expected fourth quarter in the integrated segment in Iberia from above average hydro resources in the fourth quarter. If we compare that with 2024, the EBITDA was

up 1% year on year. So it reflected a rebound in EDPR's performance, which, you know, had record capacity additions towards the end of last year. Recurring net profit came in at 1.3 billion, so also above the guidance, although it's down 8% versus 2024, and that's mostly explained by higher financial expenses. Net debt ended the year very well, so at 15.4 billion, better than the 16 billion guidance, and that led us to have a great FFO over net debt of 21% compared with that 19% guidance. So the upside versus guidance at all levels allowed us to then increase the shareholder return. So we're proposing a dividend of 20.5 cents per share. So that's a small increase which will be paid this year already in 2026, obviously subject to the general shareholders' meeting approval.

If we move forward into the next slide to talk a little bit more detail about the Flex Gen & clients, so here we see a structural uplift in the value flexibility. And I really wanted to highlight, if you see here on the left-hand side, there's a chart from the International Energy Agency recently, and it shows the capture rates in Spain by technology, and it shows how the market's increasingly rewarding assets that can respond to price volatility and the system needs. And you can see natural gas capture prices obviously rising in 2024 and 25, hydro with reservoir also trending upwards, and more intermittent or less flexible technologies, particularly solar, you see obviously a decline in capture rates in 2025. The takeaway here is that flexibility is being structurally priced in and that we expect that to remain a long-term feature of the market.

And you can see that in the figures for EDP for 2025. The hydro net generation was almost 10 terawatt hours. It's down 2% year on year, but still very strong year for that. Hydro premium versus base load increased to 21%, so reinforcing the value of the flexible output. And on pumped hydro, the pumping volumes increased to 2.3 terawatt hours on the year. So up 24% year on year, with the pumping spread versus baseload reaching 75%. If you look at the right-hand side of the slide, we give there an update on the reservoir levels in 2026. So given the heavy rainfall, reservoir levels are at historically all-time highs. They've reached around 96% in February 2026, up from roughly 76% in January. And that's consistent also with the hydro production index in Portugal, which has doubled its historical average year to date. So obviously that's following the heavy storms, which I just talked about in Portugal in January and February. One important thing to note is that the market consequence of these extreme weather conditions is that we also had abnormally depressed pool prices, which, together with higher ancillary services costs in February, you know, it's shown by the Portuguese pool prices going from around 71 euros per megawatt hour in January to roughly 8 euros per megawatt hour until mid-February. So more depressed pool prices in February and higher ancillary service costs.

We move forward to the next slide and just in a little bit more detail on the on the storms here in Portugal, in February essentially. First, as I mentioned, I just highlighted the efforts made by the team. So huge efforts done to restore power and to make sure that the dams and that the, you know, the flooding was limited. The storms impacted around 6,000 kilometers of grid, damaged around 5,800 towers. We had more than 2,000 people mobilized on the ground, around 2,400 people. And as I said, we were able to restore 100% of the customers already by this week. On hydro, we continuously monitor the rainfall, using advanced hydrological models, so we were able to proactively or sort of anticipate what was coming down the road and sort of be able to also anticipate some of the discharges and coordinated out with the environmental authorities. So I think that was a meaningful role in flood control. Then on the more practical side with customers and communities, you know we have put in place schemes to ensure the payments and invoicing support for the customers impacted, as well as assistance with the solar DG reinstallations. On a more social level, we also delivered over 90 tons of essential materials, including sand, roofing tiles, tarpaulins, you know, basically to help people protect their homes. And obviously, we also helped you know people in more isolated areas get access to communications, including Starlink devices and power banks. In terms of financial impacts, we're expecting that this will result in around 80 million in CapEx of infrastructure to rebuild. It will be partially supported by insurance. We're still evaluating additional costs and impact, and we'll update that in the first quarter results. But clearly shows increasing vulnerability that climate change is causing and the importance above all of resilient, flexible systems and long-term investment and networks. And that takes me to the next slide where I wanted to just stress that already before these events, so as of last year, we're already significantly ramping up the investment to respond to the growing needs of the system. You know, the electrification, the renewables integration, the grid

resilience. Gross investment for the period '26 to 2030 will reach 4.1 billion euros compared to the 2.6 billion in the 21 to 25 period. So that's a 58% increase overall in Iberia, slightly more in Portugal than in Spain. Although both geographies are contributing significantly to this in Portugal, it's around 66%, so almost 70% increase. A big part of this is strengthening grid resilience. We're assuming around or more than 500 million euros for grid resilience to ensure that the network is prepared for higher loads, more distributed generation, and greater system complexity.

And fortunately, this greater investment is underpinned by much stronger regulatory visibility, as we showed here on the right-hand side. So, as you know, the new regulatory framework sets out the 6.7 nominal pre-tax return for this period until 2029 in Portugal. And in Spain, the framework establishes a 6.58% return for the period out of 2031. So importantly, both frameworks closed as of the end of last year, giving us the clarity and stability for the upcoming investment cycle. I think it's also important to note that in Portugal, the 2026 state budget clarifies and the conditions under which new investments in the networks are exempted from the extraordinary tax. So that supports really this incremental investment that we're doing in the networks. Still on networks, if we move forward to the next slide, you can see that the new regulatory terms and approval plans will allow an EBITDA growth in Iberia for networks. So it grows to around over a billion over this period. We have to consider that in this period in Portugal there are legacy revenues that end in 2026 worth around 40 million euros. Removing that means that we'd have a normalized 2025 EBITDA of around 0.89 billion, and that then reaches the 1.05 billion in 2028. So that's an 18% EBITDA growth for 25 to 28 with updated already with the new terms. So this isn't just a one-off step to 2028, this then continues to grow beyond 2028, and that's supported by the approved returns and also the investment plans that we discussed on the previous slide. So all of this gives us confidence in the continuing momentum well beyond 2028 to 2030 and beyond that. If we move on to the next slide and just talking quickly about Iberia, I think what I'd say here is that Iberia is entering a period of much stronger electricity demand growth and driven by electrification. On the left, you can see the power demand growth in 2025 versus '24. Portugal leads at 3.6%, Spain at 2.8%, which means Iberia clearly outperforming several other European markets. And it's not just a one-year effect. I mean, obviously we're seeing strong momentum into 2026. So just in January, the demand was 7.9% in Portugal, then 4.8% in Spain, already adjusted for temperature. And going forward, we see our estimated 2% CAGR in the Iberian electricity demand over the period leading up to 2030. So demand growth should be supported overall, not just by the economies doing well, but by more than 18 gigawatts of data center projects pipeline that have been announced or that are publicly available. I'd have to highlight here that EDP is obviously engaging with a lot of these projects. Two of the more advanced ones that certainly here in Portugal are the Merlin data center north of Lisbon at 180 megawatts. We had an MOU signed with them back in July of 2025. And also the Start Campus project in Sines with an MOU that we signed yesterday. And the Sines project, as you know, is expected to reach 1.2 gigawatts over the next couple of years.

I can tell a little bit more what that means in the QA if you think that's appropriate. We move forward to still to talking about Iberia. And this is a slide which I think is also extremely important because it's not just about demand growth, it's also that Iberia combines this demand growth with structurally affordable power prices. And that's supported by improving system fundamentals, and that's really an important advantage for customers, for electrification, for the broader competitiveness of the economy. So when there's so much talk in Europe and elsewhere about affordability and about competitiveness, Iberia has a really distinctive advantage in Europe, and I think we will benefit from that sort of on the electrification fund.

On the left-hand side, you can see the evolution of the B2C electricity prices. And the key takeaway is that Portugal and Spain sit among the most affordable markets in Europe, around 17% below the European average. Going forward at the European level, Northern Europe faces higher expected network investments. That typically puts upward pressure on end user prices over time. But by contrast, in Portugal and Spain, we have several structural elements that we think will support the affordability. One is that the historical electricity system debt is expected to be fully paid by 2028. That means that there will be significant cost reductions in the tariff structure going forward. Second, there's a gradual phase out of legacy support schemes like the feed-in tariffs in Portugal and the record scheme in Spain. That also reduces access tariff costs. And so in Portugal specifically, the

regulator ERSE has simulated annualized reductions in the B2C reference end user tariffs from 2026 to 2030. So that helps create room to accommodate new system needs like ancillary services, capacity mechanisms, additional investments and networks without compromising competitiveness. So I think it's we are able to get the best of both worlds, which is more investment, more ancillary services, more capacity mechanisms to make sure that we have a stronger, more resilient system and still have analyzed reductions in the end user tariffs.

Moving on to EDPR. Again, you had more detail on that yesterday, so just a quick note here. We are seeing really strong execution momentum and better visibility on the business plan delivery. Over the last six months, EDPR secured 1.3 gigawatts of capacity. And on the left hand side, you can see the main project secured during this period. It's a combination of PPAs with utilities, global tech companies. You also have build and transfer agreements in the US. So it's really a diversified set of off-takers and structures. And across the 26 to 28 period, we already have 2.8 gigawatts secured, and we expect to continue on securing more projects over the coming weeks and months. If we break it down year by year, 2026 is already 100% secured. So almost all of that under construction, a couple of projects coming under into construction in the very short term. So that gives us very good confidence on the 2026. '27 is already 65% secured, and 2028 is at 10% secured. So that gives us roughly already 55% secured for '26 to '28. As I say, we have good visibility on additional projects that are coming down the pipeline to help us meet the rest of this project.

And with that, I'd stop here. I pass it over to Rui to go through the '25 results in more detail, and I'll come back for closing remarks. Thank you.

Rui Teixeira

Thank you, Miguel, and good morning to you all. So let me start with the EDP's results. Recurring EBITDA reached 5.0 billion in 2025. It's up 1%. But if we exclude asset rotation gains and FX, the underlying growth was 7% year on year, driven by strong EDPR performance and resilient networks. So look at recurring figures by segment: renewables, clients, and energy management increased by 65 million year on year, reaching 3.4 billion, and now represent 69% of group EBITDA. Within this segment, the hydro clients and energy management declined to 160 million year-on-year, mainly reflecting the normalization of gas sourcing conditions in Iberia versus the extraordinary environment that we had in 2024.

This was more than offset by strong EDPR performance up 190 million euro-year, reflecting 2024 record additions, translating into higher generation. On the network side, recurring EBITDA stood at 1.54 billion, now representing 31% of group EBITDA. While EBITDA decreased 68 million in year on year, this is mainly explained by Brazil FX impact and the access of capital gains. Again, excluding FX and asset rotation, the underlying networks EBITDA increased 3%, supported by a positive performance in Iberia, both from regulatory framework and reinforced operating discipline. So finally, recurring OPEX decreased 2% year on year or 5% in real terms, reinforcing also the operational discipline, which I will detail in the next slide.

So if you look to the OPEX, this slide highlights an important enabler of our EBITDA performance, which is sustained cost discipline. Recurring OPEX decreased to 1.88 billion, trending down year by year, a total reduction of 116 million euros in 25 versus 23. Over the last 12 months, inflation was around 3%, and yet we still delivered a 2% nominal reduction in recurring OPEX, excluding FX, OPEX is slightly below, which means that we are effectively absorbing inflation through efficiency and productivity gains. This is translating into improved efficiency ratios. OPEX has a share of Gross-profit improved from 28% in 23 down to 26% in 25. Key drivers for this: EDPR delivering efficient growth. We're reducing adjusted OPEX per megawatt by 12% year on year to 40,000 euros per megawatt. This while scaling capacity. A leaner, more focused workforce aligned with the company's growth priorities, digital and AI-driven initiatives to improve OM efficiency, decision making, and customer experience. So I think the message is very clear. We are growing and investing while structurally improving the cost base. And obviously, this supports cash generation as we deliver the plan.

So now let me move to flex gen and client segment. EBITDA for '25 stood at 1.46 billion. This is down 13% year on year. And this reflects normalization versus an extraordinary 2024, but also flexibility revenues structurally increasing. In Iberia, 2024, as you know, was impacted by extraordinary gas sourcing costs. 2025, a base load hedging price normalized from 90 euros per megawatt hour to 70 euros per megawatt hour.

However, this was partially offset by stronger flexible generation revenues. Pumping generation increasing by 24%, pumping spreads reaching 75% over base load prices, hydro premium improving to 21%, and CCGT generation increasing by approximately 3 terawatt hours, reflecting the system operator needs. In Brazil, EBITDA declined from 184 million to 156 million, mainly due to FX impacts. So overall, while the headline EBITDA reflects normalization, the structural uplifting flexibility was very solid with 0.3 billion contribution to overall group.

So now we move to slide 15, turning to EDPR, which we also commented yesterday's call. Recurring underlying EBITADA grew by 27% year on year. This growth, very robust growth, reflects a significant step up in the generation following the record capacity additions in 24, offsetting worse renewable resources and also normalization of selling prices, primarily in Europe. Overall, EDPR continues to deliver strong operational momentum and translates capacity growth into earnings growth. Now looking at the network's EBITDA on slide 16, recurring EBITDA reached 1.54 billion euros in 2025, representing a 4% decrease year on year, but this is primarily explained by devaluation of the Brazilian real, the absence of asset rotation gains in Brazil, which amounted to 71 million in '24, combination of deconsolidation of transmission assets, the decrease on the distribution company's residual value update, and on transmission inflation update. But this is compensated overall by improving operating performance. Again, excluding FX and asset rotation, underlying EBITDA increased 3%. It has an important contribution of 56 million euros in EBITDA from Iberia following inflation update in Portugal and RAB growth overall. So all in all, the network segment is showing a resilient operational performance with very supportive regulatory frameworks, as Miguel just described going into the future.

On financial costs, following slide. Next, the net financial costs increased from 865 million to 989 million. There are two main drivers to this. The first one is that net interest costs, which add about 54 million, they reflect higher average debt and a higher cost of debt in Brazilian Reals, where the average cost rose from 11.7 to 14.1%, reflecting the macro conditions in the country. Excluding Brazil, the average cost of debt reduced to 3.3%. Second, lower capitalizations and other effects, contributing to with an additional 69 million. This is largely explained by the 1.2 billion reduction in works in progress as projects enter operation and therefore reducing capitalizing interests. If you look to the right-hand side, average nominal debt by currency remains broadly stable year on year. The portfolio continues to be predominantly euro denominated with 64%, followed by US dollar, 16%, and Brazilian real at 15%.

Finally, in terms of recent financing activity, we issued a six-year senior bond, €650 million in January, with a 3.25 coupon. So this confirms the competitive access of EDP to funding in the debt markets.

Now let's look to the cash flow on the following slide. Organic cash flow reached €3.3 billion, up 0.5 billion year on year, driven by EBITDA improvement and working capital management. Net interest paid amount to 0.8 billion, partially offset in the operating improvement. And on investments, gross investments totaled 3.9 billion, mainly 2.4 billion in EDPR and 1.1 billion in electricity networks. Also 0.4 billion in FlexGen and Clients. These gross investments were funded through 1.6 billion of asset rotation and 0.8 billion of tax equity proceeds. There are also 0.5 billion of other impacts mainly related with payments to fixed asset suppliers. So as a result, a total of 1.7 billion of net cash investments, of which close to 50% in electricity networks and around 40% in EDPR.

Now on slide 19, net debt stood at 15.4 billion, down from 15.6 billion at the end of 2024, and outperforming the 16 billion guidance that we gave to the market. The key drivers for the change in net debt include 3.3 billion of organic cash flow, obviously the dividend payment and the 100m euros share buyback throughout '25, the 1.7 billion of net cash investments that I just explained. Also 0.8 billion of regulatory receivables, and about 0.3 billion from FX and other, mostly related to US denominated debt. So as a result of cash flow management, balance sheet discipline, and obviously

very strong operational cash flow, we do have solid credit metrics with 20.9% FFO net debt and 3.3 times net debt EBITDA.

Now on the net profit. Net profit reached 1.28 billion euros. That's a reduction of 8% year on year, and this is mostly reflected or driven by the higher EBITDA, 74 million, higher D&A and provisions, increasing 60 million year on year, reflecting the investment path.

Higher net financial costs due to higher cost of debt and lower capitalizations, slightly higher income taxes, and lower non-controlling interests, excluding asset rotation gains and the Forex, the underlying net profit increased 3%, confirming a very solid operational performance as we just described.

Reported terms, net profit reached 1.15 billion, including the negative impact of 130 million, mostly related with some non-recurring items in EDPR. Year-on-year, reported net profit, therefore increased 44%, also driven by EDPR performance rebound compared to a negative 2024.

This improvement in net profit supports our proposal to increase the dividend to 20.5 cents per share, up 2.5% versus the guidance to be paid in 2026, obviously subject to the approval at the shareholders' meeting.

And now let me just address a topic which I think is relevant regarding the net income sensitivity to power prices versus what we presented at the CMD. So on this slide, just again to remind everybody, so our exposure to energy markets is well diversified. And as you know, we have a very active energy management. The portfolio is predominantly long-term contracted. This provides strong cash flow visibility and obviously reduces short-term impact from price volatility. In Iberia and Brazil, we have a structural short position in generation which is hedged through our supply business, so partially offsetting wholesale price movements. At the CMD, we disclosed that a simultaneous 5 euros per megawatt hour movement in all markets would imply approximately 60 million impact on 2028 net income. Since then, Iberia 2028 forwards have declined around 10 euros per megawatt hour, but on the other hand, US and Brazil forward curves are moving upwards. So this portfolio diversification plus an active energy management have actually reduced the sensitivity. So today, the same 5 euros per megawatt hour movement across all markets in the same direction would imply approximately 45 million impact on net thinking 2028, again versus the 60 million that we presented at the CMD. So a reduction on the sensitivity.

Miguel Stilwell d'Andrade

Thank you, Rui. And as you say, I think the session on the sensitivity to power price is an important point to note because I know there are questions on that. Anyway, if we move forward to the final slide, just before we open it up for QA.

So summarizing the 2025 results and how we're seeing 26 and beyond. First, in relation to 25, I think it's undeniable that it was very strong execution and delivery of what we'd promised. Across the group, we delivered ahead of guidance, and we're seeing a clear structural change in FlexGen and clients with the value flexibility coming through very strongly. At the same time, EDPR also improved its performance as its continued focus on A-rated markets, it's got better visibility on the business plan execution. In networks, we have significantly improved visibility with the regulatory periods closed in Portugal and Spain, and we also advanced in Brazil with the extension of the concessions. And importantly, all of this was delivered with financial discipline and increased efficiency, and as Rui spoke about, particularly on the cost side, but also on the debt side, supporting the maintenance of sound credit ratios.

Second, looking at the 2026 guidance, we expect to recurring EBITDA of around 4.9 to 5 billion, and this is supported by the balanced contribution across the portfolio. We have the networks around 1.5 to 1.6 billion, EDPR at around 2.1 billion, as mentioned yesterday, flexgen and clients at around 1.3 to 1.4 billion, and we reaffirm our recurring net profit of 1.2 to 1.3 billion.

On the 2028 targets, and over the course of the next couple of years, we continue to expect around 12 billion of gross investments, and as I say, this will be funded with discipline and supported by around 6 billion of asset rotations and disposals. We'll keep our balance sheet targets unchanged, so we're targeting the FFO over net debt of around 22%. And in terms of earnings delivery, we remain committed to the 5.2 billion of recurring EBITDA and the 1.3 billion of recurring net profit by 2028. So overall the message is consistent. We executed strongly in 2025. We have very clear visibility for 26, and we are reiterating our 2028 guidance. And with that, happy to turn it over to QA and back to you, Miguel. Thanks.

Questions And Answers

Operator

We will begin by addressing the questions submitted in writing. After that, we will move on to the last questions by phone. As a reminder, if you wish to ask a question by phone, please press star 1-1 and you'll tap on keypad and wait for your name to be announced. Please ensure your line is unmuted when your name is announced. Alternatively, you can submit questions while they were cast. We'll now begin with the written questions.

Miguel Viana

Thank you. So we start with the written questions, and we have a first question from JB Capital, Deutsche Bank, Caixa Bank, other analysts regarding the guidance for 2026 that we provide.

Miguel Stilwell d'Andrade

Sure. So as I mentioned, I think 2026 we're very comfortable with it. I mean a couple of points that have improved since the capital markets day last November. The regulated rate of return for the distribution in Portugal was better than the initial proposal, so that was an upside.

The clawback was suspended as of December, and previously we were assuming that we would have that over the next couple of years, so that's also positive. January and February, we saw obviously very strong hydro inflows, and you know, I showed you the numbers in terms of how the reservoirs are, they're sort of all-time highs, so full capacity there, so good visibility also the next couple of months in terms of the hydro.

On the negative side, low wholesale prices in February and higher than normal ancillary services in terms of supply, also some transmission grid restrictions due to the storms still being fixed, so that's on the negative side. But we are expecting these to decline over the next couple of months, and also the wholesale prices in Iberia to normalize again over the next couple of months. On Forex, we have a slightly lower dollar versus the euro as we commented yesterday on the EDPR level. But on the other hand, we're seeing a positive rebound of the Brazilian real. So, we're now seeing at you know six reais per euro versus our business plan assumptions of 6.6 reais per euro for 2026. So, you know, quite a few positives, a couple of negatives, but all in, quite frankly, we feel very confident with the 2026 guidance.

Miguel Viana

We have then a second question about the net debt. So, what contributed to the positive deviation of our net debt figure in 2025? So the 15.4 billion euros versus the 16 billion euros guidance that we had provided, and also a question around update for net debt expected evolution over 2026.

Miguel Stilwell d'Andrade

Thank you, Miguel. So first of all, you know, Q4 was very good in terms of operational cash flow, strong contribution from the integrated segment in Iberia. That's the first one. Obviously, there is some impact from working capital that we'll see then reverting in the now in 2026. So what I would say is that first of all, 2026, you know, we should we are looking at around 16 billion of net debt towards the year end. Typically, as you know, we have during the first half, a rise in net debt coming either from this working capital, also bear in mind that we have the Greek transaction, but also dividend payment in the second quarter. And then as we start having also the cash in from asset rotation, tax account proceeds towards the end of the year, it tends to go down again. So that's why we are looking at around the 16 billion by 2026.

Miguel Viana

We have then a question from Pedro from Caixa Bank regarding if we can explain a little bit better the inflation update in terms of the impact in our EBITDA in Brazilian networks in 2025, and how do we see it evolving for 26-28?

Miguel Stilwell d'Andrade

So in 2025, we had the extension of the concession in Espírito Santo for another 30 years and we expect to have that extension as well for São Paulo as you know, it's been sort of approved by the regulator or just pending the final signature in the next couple of weeks.

So there's a positive impact from the inflation update of this residual value which existed in 25, which becomes immaterial from 2026 onwards. To be specific, in 25, in the electricity networks in Brazil, we had around 70 million euros of EBITDA from inflation updates in both the distribution companies and the transmission companies. And we had around 20 million euros from EBITDA from the two transmission lines that we then sold in the fourth quarter of 2025. So the impact of this inflation update in the networks has declined in 2025 already versus 24, but in 26 it'll it will be immaterial. I think it's important to note the following. We are under discussion with Anel, which is the regulator in Brazil, we and the other distributors, but we are more advanced in this process because we're the first ones to have our concessions renewed, but to change the recognition of investments in the company's asset base.

As I mentioned, I think in the capital markets today, and I'll just reiterate, they're currently only recognized every five years with tariff revisions. So, there's still no conclusion, but we see a positive sign that at least the regulator is willing to consider this, and that would allow us to have this intercycle recognition of investments rather than having to wait for the end of the regulatory period. So that's work in progress. We're certainly very committed to it, and we think others will be as well as soon as they start seeing their concessions being renewed as well.

Miguel Viana

We have a question from Jorge Alonso from Bernstein. Also, regarding the current power price environment, how confident are we to maintain our 2028 guidance and regarding the assumptions that we provided at CMD and the current forwards? How do we see the guidance for 28?

Rui Teixeira

So as I also briefly explain with that slide on sensitivity. I mean, effectively we do have, as you know, short positions in both structurally short positions in generation in both Iberia and Brazil. This we hedge primarily through our clients' business but we also have a very active energy management, and then on the rest of the markets, um, as you know, we have from an EDPR standpoint 85% is actually long-term contracted.

On this basically what we have done since the CMD is obviously to increase the hedging. So we have been working actively on hedging, energy management.

So for 2026, 85% of the volumes are hedged at a price which is north of 64 euros per megawatt hour. For 27-28, we have about 50% of base load volumes hedged above the current forward prices. So obviously, this gives us you know stability and predictability versus the changes in the forward curves.

But also on the other markets, US, the exposure is mostly concentrated in PGM and NYISO. We are seeing forward prices going up by around five dollars per megawatt hour. Also in Brazil, where we have lower exposure but still relevant, the PLD has been rising significantly since the CMD. So that's why, all in all, again, this portfolio diversification, the very active energy management is giving us confidence towards the 2028 guidance. So, more importantly, as I said, we actually reduced the portfolio exposure to the price movements. So in at the CMD in November, we were estimating around 60 million. And now we are looking at you know a substantially lower number.

Miguel Viana

We have now a question from Manuel Palomo of BNP. What is your take about increasing concerns about affordability and the approval of the energy decree to reduce price by the Italian government and if you could expect any contagion effect?

Miguel Stilwell d' Andrade

So I think this is an important point in just taking this to take a step back. I think we are all always focused on competitiveness of the economy, and, you know, what's good for the overall economy is good for the companies.

As I mentioned, most of our exposure is in Iberia, and you know we specifically put up a slide which showed that in Iberia, you know, Portugal and Spain, we already have some of the lowest prices in Europe, and they are expected to even trend lower as some of the existing costs in the system come to an end, like the tariff deficit payments which are being amortized, and like the the feed-in tariffs, for example.

So the trend it's already much lower than the rest of Europe and trending lower. So the affordability and competitiveness, I think, in Iberia is actually a positive. And it means it can take additional investment, it can take sort of some of the ancillary services without impacting the affordability. On the Italian case, I think it still has to go through, you know, let's say finally promulgated, and I'm sure it'll have a lot of discussion at the European level. Conceptually we sort of understand but disagree with with what it's doing, you know, there's been a lot of discussion already two years ago about market design, about how to make things competitive, you know, make the wholesale market work differently, and ultimately it also always comes back to the marginal pricing system, is the system that works best. CO2 has to be internalized, and that continues to be a key priority for Europe. And so it's something to watch, but we don't expect it to have any material impact in Iberia.

Miguel Viana

So we move now to the questions on the phone, and we start for the first question that comes from the line of Fernand Garcia from Royal Bank of Canada. Fernando, please go ahead.

Fernando Garcia

Good morning. Thank you for the presentation and for taking my follow-up question. I'm curious because I am seeing a significant increase in CCGT's output in Portugal and this despite the strong hydro and wind output so far in the year, particularly in February. So my question here is this is

explained by the elimination of the Portuguese clawback? And if this could be a potential upside to your estimated positive impact, I think you mentioned 25 million for 2026. Thank you.

Miguel Stilwell d'Andrade

Hi Fernando. So you're right, CCGT output has increased. It's more related to so the ancillary services means the system operators wanted to keep these working sort of as as backup to the system. There's already this trend, as you know, following the blackout of last year, it then started to decrease. Now it's increased significantly because of some specific issues here in Portugal relating to all the storms that happened and sort of the disruption to the network. I wouldn't say it's an upside, probably it's a downside in the sense that higher-end salary costs would have a knock-on impact if they're not passed on to the suppliers.

So anyway, it's something to watch. We expect this to normalize over the next couple of weeks, but it's basically the CCGT working overtime, basically over the month of February.

Miguel Viana

Thank you, Fernando. And we have a final question from the line of Alberto Gandolfi from Goldman Sachs. Alberto, please go ahead.

Alberto Gandolfi

Thank you and good morning. So my first question is, I wanted to ask you about Brazil. Is it a region where you think you might be growing exposure, there are potentially assets for sale? You're happy with the status quo or is it something that given the better returns in Portugal and the clarity in Spanish networks, you might think about de-emphasizing a little bit? The second question is a clarification on slide 21. Am I right in saying that the 45 million in income is therefore adjusted for 50% hedging? So in other words, without hedging, do we just double the 45 million or is it, so can you maybe help us on that a little bit? And last, one on this data center opportunity seems you're very active in, in this booming, Portuguese market. Can I ask you if you are planning to build potential incremental capacity if you were to sign a PPA there, or would it be from existing and would it be done at EDP or EDPR level if it were to happen? Thank you so much.

Miguel Stilwell d'Andrade

Good questions. I think in relation to Brazil, listen, we have a long track record in Brazil over 30 years. I think we have a great business there. You know, we continue to look at opportunities for growth there to the extent that it makes sense within the overall Brazilian exposure that's sort of cap that we've always talked about. Obviously you know we continue to see how best to allocate capital, and so we've sold assets in Brazil in the past. I mean, even recently we did the asset rotations of the transmission lines, we sold the hydro. So we will continue to adjust and fine-tune our exposure to Brazil, and obviously we allocate capital to wherever we think is best at any particular time, whether it's Europe or the US at the moment.

But, but I'd say that we like having this diversification of geographies because it does allow us to allocate capital quite well depending on the different cycles in the different geographies.

On the third question, and then I'll let Rui take the second question. On the third question, so essentially what we're saying is that there's a certain amount of power that can probably be supplied just as is, because there's sufficient reserve margin in the system to be able to supply these data centers without necessarily having to go and build new power plants. And so that's a positive, I think, for the system. We just need to make sure the networks are there, you know, but that's essentially the key issue because as long as there's reserve margin, you can feed it. If the demand then starts getting above a

certain level, and you know, if you start having Start Campus and Merlin and others, then yes, then we need to think about incremental capacity of different technologies. And then depending on what that incremental technology is, you know, if it's renewables, it will definitely be done through EDP renewables, which as you know has the exclusivity for renewable development. Well, certainly in Iberia, but elsewhere in the world as well. If it's, for example, if it was to be like a thermal technology, then obviously it would be, for example, with EDP, or if it was hydro, for example, it would be through EDP.

But so there's a certain amount that can be done with existing capacity or you know, supplied with existing capacity, and then above that level, then you start getting into having to build incremental capacity, and we're obviously looking at that and thinking about when that would come down the pipeline. But it'll depend on also how the demand is evolving.

Rui Teixeira

Thank you, Miguel. Alberto, so on the on the second one, this I mean this is also the result of different diversification effects. So, looking at the portfolio as a whole to the different trends, again, the active management that we run on every single market.

This is you know how we are bringing down the sensitivity from the 60 to the 45 million, again, just bearing in mind this is if all markets would move in the same direction for during this period of reason plan. So no, you cannot sort of double the sensitivity if the hedging was coming down to zero. It's a bit more complex than that.

Miguel Viana

Thank you, Alberto. So I'll pass now back to our CEO for final remarks.

Closing Remarks

Miguel Stilwell d'Andrade

Okay, so final remarks. I just reiterate again 2025 was a great year for EDP. I think we delivered and delivered solidly on all of the different metrics, whether it was on EBITDA, net income, net debt, the credit ratios, improving the dividends. So a really solid, solid year for 25. And I think we come into 2026 also on a good footing, you know, with record high hydro levels and reserves, you know, with improved regulation, improved you know perspectives in both Portugal, Spain, and many of the other geographies we're in, like the US. So really I think we are very confident also on the guidance for 2026. And I think that's one of the messages I really wanted to reiterate. And going forward, we continue to see you know great projects coming down the pipeline, certainly on the EDPR side, which makes us feel confident in relation to 2028. I mean, obviously we'll go on monitoring these issues around the power prices, but as Rui's mentioned, we are relatively protected in relation to that and we think that it's a discussion that will play out over the next couple of months in Europe.

But at the end of the day, we're all aligned that competitiveness is important, but it's also important to keep the stability of the rules and make sure that you know there's space to invest or for investors to you know to do capital allocation and feel safe about their investments, whether it's on the network side or on the generation side. So listen, good 25, good prospects for 2026, and reiterating the guidance with confidence and looking forward also to the next couple of years, reiterating also our 2028 guidance.

With that, thank you very much. Look forward to seeing you soon and keep in touch with you.