EDP

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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. Thanks for attending EDP's First Quarter '26 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 1Q26 financial performance.

We will then move to the Q&A session, in which we will be taking your questions starting with written questions that you can insert from now onwards at our webcast platform and then by phone.

I will give now the floor to our CEO, Miguel Stilwell d'Andrade.

Miguel Stilwell d'Andrade

Thank you, Miguel, and good morning, everyone. Welcome to the EDP First Quarter 2026 Results Conference Call. I'd like to start off by saying that EDP delivered a really solid set of results. This was supported to a large extent by the new regulatory period in Iberian networks, also the continued growth in renewables, particularly in the U.S. Well, this was then partially offset by lower electricity prices in Iberia. If we move to the first slide, we can see that the recurring EBITDA reached around EUR1.4 billion. This was a 3% decline year-on-year because obviously we're comparing this with an abnormally strong first quarter of 2025. But there we had hydro resources well above average combined with high pool prices. This year, we had hydro resources above average, but obviously much lower pool prices.

This performance reflects a very strong contribution also from our electricity networks business. It's up 9% year-on-year, and it's up 16% in Iberia alone, mostly in Portugal, driven by the new regulatory period that started in 2026. EDPR also posted the positive performance. EBITDA was up 2% year-on-year, or 10% excluding FX, mostly supported by new capacity additions in the U.S., and we spoke about that yesterday at some length.

I'd just like to also note that there's been a very strong cost discipline on the OpEx side, decreasing 4% year-on-year and 8% over the last two years.

We spoke a little bit about that yesterday also on EDP renewables, but it's true for the overall EDP group as a whole, a significant improve here in efficiency, and we will talk about that also later on. These positives were, however, offset by the lower electricity prices, as I mentioned, and also higher ancillary services costs on the supply side in Iberia, which weighed on the FlexGen and clients segment.

As a result of all this, recurring net profit for the quarter came in at around EUR0.4 billion, down 9% versus the first quarter of last year, reflecting the EBITDA performance. And also, the challenging comparison with the exceptionally strong first quarter of last year, when, as I mentioned, the hydro resources were high and also the pool price was high.

Now, I wanted to move forward to the next slide about something I think that is really quite interesting and has been we've been following very closely. So, Portugal continues to stand out as one of the fastest-growing countries in Europe.

When we look at the evolution of electricity consumption across the different European countries, Portugal clearly outperforms the broader European trend. And you can see Portugal there on the graph on the left-hand side, the green line, clearly well above not just European average, but sort of a lot of the other European countries that consider their peers. Electricity consumption has increased by around 12% over the last couple of years. It's being supported by population growth on one hand of roughly 4%.

But also by accelerating electrification. So we've had electric mobility going up, industrialization. So all of these trends, so a lot of the consumption is being at the low voltage level.

So this is without the sort of data center consumption that will be on top of this coming in.

Spain has also shown a pretty resilient trajectory. It's also above the European average, which declined 4% over the last 10 years, although it is showing some signs of recovery.

If we look more to the short-term and specifically the first quarter of 2026, demand grew 4% year-on-year in Portugal and 1.2% in the rest of Europe, so 4% significantly above the 1.2% even after adjusting for temperature and working days. So this just reinforces, I think, the structural momentum that we're seeing here.

Looking ahead, we expect the Portuguese electricity demand to grow at around 4.5% CAGR between 2026 and 2035, supported by some of the factors I already mentioned, so electrification, some population growth, but also increasingly by the deployment of data centers.

And here it's important to note that in this CAGR that I just talked about, we're assuming some of the data center projects coming online by 2030. According to the planned date. So it's a significant amount of consumption coming through the pipeline that we're getting pretty good visibility on.

Overall, this is an area that we are engaging with several players here in the sector, positioning ourselves to capture aside from this demand growth and make sure that we can capture also these business opportunities as the ecosystem develops. So I think. Very positive macro trend here, which we intend to be a part of the solution to help make sure it actually comes to fruition.

We move to Slide 5. I think I'd just like to highlight here, something we've talked about also in the past, but the power prices in both Portugal and Spain remain very competitive, not just at the wholesale level, but also for end users, despite the growth in demand that I mentioned earlier.

Look at this chart on the left-hand side, you can see that residential electricity prices in Portugal and Spain remain structurally below the

European average and well below several of the large European economies even after the energy crisis. So this reflects a system that is

much more resilient to fossil fuel shocks. It's supported by relatively low gas exposure and a much higher share of renewables and generation

mix versus some of the other economies. So overall, IBER is reinforcing its electricity competitiveness through a number of these structural

drivers.

First, this demand growth that I talked about, it's above the European average. It allows for dilution of fixed costs, and so that's obviously

positive for the domestic consumer.

Secondly, legacy system costs are also being progressively phased out. Tariff deficits are expected to be fully eliminated by 2028.

And also support schemes such as feed-in tariffs and the record in Spain are gradually rolling off, and so that's also reducing the pressure

on the end-user prices.

Finally, investments in electricity networks are increasing, but this has been done in a disciplined way, so it will have a very limited impact

on final tariffs for the customers, given that they will be diluted with increasing demand.

On a more macro perspective, public finance has remained very sound. Declining tax burden on electricity, including generation taxes

coming down, investment incentives, corporation tax also decreasing. So, all of this is further supporting the affordability of the sector.

Combination of rising demand, structurally competitive prices, improving systems fundamentals, significantly reduces the regulatory and political intervention risk and supports the sustainable growth in electricity consumption over the medium and long-term. So, I just wanted to make that very clear that the prices are very competitive versus the rest of Europe and with a positive trend coming down over time for structural reasons.

If we move forward to talk a little bit about networks, and specifically, let's talk about Iberian electricity networks.

So we've had the start of new regulatory periods at the beginning of the year for both Portugal and Spain. It's already delivering a clear impact on both investments and earnings.

The CapEx in the Iberian electricity networks has increased 40% year-on-year in the first quarter of 2026, reaching EUR164 million, so this reflects our commitment to accelerating the investment under the new regulatory frameworks in both Portugal and Spain.

This does include around eur20 millions of net impact related to infrastructure rebuilding following the severe storms in Portugal in early 2026, but again, highlighting this increase in networks, which, as we know, is well needed in these economies.

Importantly, this ramp-up in investment is being achieved while maintaining strict cost discipline. So the OpEx per supply point remains flat year-on-year at around €13.

Looking ahead for 2026, we're planning around EUR0.7 billion of CapEx in Iberian electricity networks. So this is a 13% increase year-on-year and a 4% uplift versus our December assumptions.

We will be ramping up over the following years, and this will be a significant amount of investment. So it's increasing this year. It will increase even more in '27, even more than that, and then in 2028 and so on, particularly in Portugal. These investments should be supported by the Electricity Networks Resilience Study requested by the government.

That's expected to be released before the end of the year, and it could provide additional clarity on future investment needs. There's a lot of debate about whether we should be bearing more of the power lines. I think that really requires a good cost-benefit analysis to make sure that there's not an additional burden on the consumer that it really makes sense from a resiliency perspective.

On efficiency, TOTEX will be updated using a GDP deflator in 2027 tariffs. The GDP deflator is currently running at 3.2% for 2026, according to the IMF. And finally, on returns, we remain fully on track to deliver our targets, all-in returns on lab, around 8% in Portugal, around 9% in Spain.

In Portugal, specifically, the regulated rate of return for 2026 has increased by 8 basis points versus our December assumptions, reflecting an evolution in the 10-year bond yields.

Overall, the start of the new regulatory period is doing exactly what it was designed to do, enabling higher investment and resiliency and modernization of the grid, preserving efficiency and delivering stable and attractive returns with a clear impact on EBITDA, which increases 16% year-on-year in the first quarter.

We now move to FlexGen and the outlook also for the rest of 2026. So the first quarter of 2026 was impacted by exceptionally strong hydro conditions across Iberia. Hydro resources were more than 50% above the historical average. In Portugal specifically, the hydro availability was well above normal levels, reaching close to 100% above the historical average in February, following the Kristin and the subsequent storms.

Now, although these volumes were very strong, this translated into lower average electricity prices, particularly during February, which was the peak of those storms, and where the Portuguese pool prices were at €11 per megawatt hour.

So as you can see on the left-hand side, final electricity prices in Portugal declined around from €100 per megawatt hour in the first quarter of '25 to around €63 per megawatt hour in the first quarter of 2026. And this reflected the decrease in the base load price.

But then this was compensated by a much higher component attributable to ancillary services and restrictions. So ancillary services for the quarter were much higher than last year. Looking at the monthly evolution, prices progressively adjusted as we moved through the quarter. March already showed some stabilization compared to the very low levels seen in February. Now, let's talk about the outlook for 2026. So hydro reservoir levels are exceptionally strong. At the end of March, the reservoir stood at a historical high of 94%, which is 20 percentage points above the historical average. And by the end of April, levels remained close to 90%, still around 16% percentage points above average. So very strong visibility on hydro availability for the coming months.

At the same time, on pricing, Ford baseload electricity prices in Nigeria for the second half of 2026 are currently in the range of 70 to €80 per megawatt hour, and they point to a clear recovery versus a very low price environment seen in the first quarter. And then also, just to mention, ancillary services costs are expected to normalize over the remainder of the year as the pool price also improves.

Now about the U.S., Mentioned some of this on the EDPR call, but our demand growth in the U.S., we see as staying structurally strong. Over the 2025 to 2035 period, the electricity demand is expected to grow at around 3% per year, driven primarily by tech and electrification.

And I think very importantly, this increase in demand needs to be met by reliable and clean energy sources. So we're expecting that renewable generation will be growing faster than certainly than non-renewable sources, and we're expecting around 8% CAGR between 2025 and 2030 for the growth of renewables in this period.

This trend is already visible in the current system data. So in March, renewables accounted for more than one-third of U.S. Electricity generation overtaking gas the first time.

PPA prices have also continued to increase, and they're reflecting the increased value of reliable clean power. PPA prices are meaningfully higher than in previous cycles, and they're supporting really strong returns for new investments. So you see here on the right-hand side, EDPR's strategy continues to benefit really from this constructive market context.

Over the last nine months, following the signing of the OBBB, EDPR secured 1.4 gigawatts of new capacity in the U.S. We have strong commercial execution. We're also prospective for the next couple of months. And so we actually expect this 1.4 gigawatts to grow significantly over the next couple of months.

In parallel, we are actively capturing data center optionality. We currently control around 2 gigawatts of powered land, approximately 0.8 gigawatts already in advanced permitting, primarily located in ERCOT and PGM. Finally, we are advancing with repowering opportunities acrossing our existing portfolio.

These projects benefit from life extension, renewed tax credits, lower CapEx and attractive repricing potential with around 1.6 gigawatts currently in the marketing phase. This is not incorporated in our business plan numbers, so this would all be upside either within the business plan period or even just following the business plan period, so post-2028.

Overall, combination of strong demand growth, attractive PPA pricing, disciplined execution, I think that positions us really well to continue to deliver profitable growth in the U.S. If we move to the next slide to talk about the business plan targets. So just a quick recap on secured capacity. So EDPR fully on track to deliver business plan targets. 60% of the business plan target for the 2026 to '28 period is already secured. In terms of geographical mix, North America is around 60% of secured capacity, Europe around 30%, and APAC and offshore, the remaining share.

So this just reflects our focus on core growth markets, attractive fundamentals and strong demand visibility. From a technology perspective, the security capacity is well balanced, it's got a good mix of wind, solar, storage, and importantly, the security capacity delivers an attractive value profile that's going to spread to WAC of around 285 basis points. This visibility that we have already for the security is complemented by reliable commercial execution. So, I mentioned earlier, we currently have around 1 gigawatt of PPAs under active commercial discussions.

We have a pipeline of around 20 gigawatts, around half of that located in my zone PGM, which is, a very attractive market, particularly for data centers and others.

In Europe, we have approximately 0.8 gigawatts of PPAs under discussion, and here again, 15 gigawatts of pipeline in the core markets.

And in addition, we have significant optionality in APAC in a rated countries, namely Australia, Singapore, and Japan. So overall, a high level of secured capacity, attractive returns, and a strong commercial pipeline to give us visibility on growth, and this just underpins our confidence in delivering the business plan targets.

Now, a quick comment on Brazil. Brazil, I mean, the real, as some of you may have seen, has appreciated meaningfully versus the euro. The current exchange rate of 5.8 compared to the 6.5 level that was assumed in the capital markets today back in November for 2028. And so as per our sensitivity now, this 0.50 change in the Euro-Brazilian real exchange rate, which translates into a positive EUR15 million impact on net income in 2028. At the same time, interest rates in Brazil are clearly on a declining path. I mean, the SELIC rate is expected to decrease to around 13% by December 2026, with further normalization expected into 2027, supporting economic activity and sector fundamentals. The rates are coming down a little bit slower than that may be unexpected, but we are seeing them decrease. If you look at the right-hand side of the slides, just a couple of comments, the macro, the improving macro backdrop is also complemented by a very sound regulatory framework.

On electricity distribution concessions, as the concession has been extended by 30 years. That's providing us good long-term visibility and stability. The concession of Sao Paulo is on track to be renewed very soon. In fact, I think the signing is taking place tomorrow. And I think we have very strong visibility on that. So we'll have both of these signs within this month. Importantly, revenues under this framework are 100% inflation-linked. In parallel, and I think this is an important point, there are ongoing regulatory discussions that include the anticipation of CapEx recognition in the regulated asset base as well as the regulatory treatment of wind curtailment.

So that's an ongoing discussion with the regulator on 2 critical points for the Brazilian business. Finally, just a point on the Brazilian electricity market, it's becoming more and more dynamic. There is a strong push to liberalize the Brazilian market, and that's going to enhance the value of our integrated position across generation and clients. So the value of having an integrated position in Brazil, I think, is going to become more and more important over time as the sector becomes more levelized.

I'll just stop there and pass it over to Rui to give you an overview of the first quarter financial performance and then come back at the end for closing remarks.

Thank you.

Rui Teixeira

Thank you, Miguel, and good morning to all. So let's go through the first quarter results. So we delivered nearly €1.4 billion of recurring EBITDA in the first quarter of '26. This is down 2% year-on-year or I would say broadly stable with minus 1% if we exclude the FX. Again, and as Miguel said just previously, it is important to highlight that there is a normalization from the exceptionally strong '25, the first quarter in '25, rather than any deterioration in the underlying performance of the business as of now.

But let me write this down, so electricity networks delivered a strong performance with EBITDA at +36 million year-on-year, reaching 438 million and representing about 32% of group EBITDA. This was driven by the start of the new regulatory period in Iberia, combined with a continued rapid growth and obviously operational discipline.

FleGen & Clients EBITDA declined by EUR81 million to EUR445 million, also representing about 32% of the group EBITDA. And again, this was primarily driven by the lower electricity prices that we experienced in Iberia, but also the higher ancillary services costs in the supply business.

These effects follow exceptionally strong conditions in the first quarter last year, as you may remember, when they benefited from not only very good hydro resources, but also high power prices.

EDPR delivered an EBITDA of 489 million, that's up 12 million year-on-year. It's a 10% growth, excluding FX, and supported by capacity additions and the operational efficiency, and again, particularly good contribution from our US business.

Geographically, our earnings remain highly concentrated in low-risk core markets with Iberia, USA, and Brazil representing over 90% of our EBITDA.

Let's move to costs now on Slide 13.

Recurring OpEx down 4% year-on-year and 8% over the last two years on an inflation and FX-adjusted basis. And I want to highlight this because this is obviously the result of a very strong cost discipline. The structural efficiency improvements that we have across the group, they cover. Reduction of OpEx per megawatt in EDPR at about 3%, and this is in the context of the portfolio growing, the continuous deployment of digital and AI tools that obviously improve overall efficiency and particularly O&M efficiency, workforce optimization that enables to scale.

But without a proportional cost increase. So as a result, productivity continues improving and the EBITDA per headcount is increasing to EUR119,000, so obviously a very good performance and a very good contribution on the efficiency side to the value creation at the Group level.

Let's move now to the following slide with Flex Gen. & Clients, EBITDA decreasing 15% year-on-year, reaching EUR445 million in the first quarter, and this is breaking this down, so we have lower electricity prices in Iberia.

With the average pool price in Spain declining 48% year-on-year from EUR85 per megawatt hour to EUR44 per megawatt hour.

And obviously, this is also a result of the very strong hydro and wind conditions that we have that that we experienced in the first quarter of this year.

Higher ancillary service costs in the electricity supply business, and this is particularly in Portugal as a result of the Christine storm impacting the very high voltage lines and obviously having an important impact on the ancillary services costs. The lower pumping revenues and also because of the flood management actions that include some spillway releases that temporarily limited the pumping activity and this is related to the weather events in part for both the storms and then the sequence rainfall. There was also. I mean, these were partly offset by, obviously, the overall good hydro condition, but also the CCGT generation. So overall, the segment FlexGen and clients reflect that the performance reflects the price-driven normalization following an exceptional good first quarter 2025.

Networks, if we move to the following slide, recurring EBITDA increased 9% year-on-year, reaching 438 million.

Iberia was the main contributor, with EBITDA up 16% year-on-year, on the basis of new regulatory framework, the growth, and continued efficiency. Brazil remained resilient with a stable EBITDA of eur173 millions. So there is a strong operational performance in distribution. An uplift in the region's economic activity where we have the two concessions and also lower losses, offsetting the lower inflation upgrade on the concession after the renewal, also some growth in transmission, offsetting the deconsolidation of the lots that we sold last year.

Overall, networks continue to be a high visibility, low risk and growth pillar and continually increasing the contribution to the Group's earnings. Moving to EDPR, which we commented in more detail yesterday, we reported a 2% EBITDA growth or a 10% if we exclude the FX. This is on the back of continued capacity additions and obviously here in the U.S. With the biggest contribution, 3% increase in generation and the operational efficiency improvements overall.

This is partly offset by lower renewable resource and the normalization of the selling prices in Europe, but overall a very good performance on the EBITDA growth.

So if we now move to financial costs, so the net financial costs increased to eur253 millions. That's up 16 million year-on-year. So there's the first one related to net interest costs, which have 8 million. And this is a reflection of, in one hand, the higher weight of the debt denominated in Brazilian reals.

And this is mostly reflecting the FX impact, but also the slightly higher cost of debt in euro, with the average cost of debt, excluding Brazil, going from 3.3% to 3.4%. Secondly, lower capitalization and other effects that contribute with an additional 8 million. The debt portfolio continues to be predominantly euro-denominated, at 64%, followed by the U.S. Dollar rate 16% and Brazilian real at 15%, increasing from 13% in the first quarter last year.

Well, looking to the net debt, so that's 15.7 billion from the 15.4 billion at year-end 2025. Key drivers for the change in net debt include 0.6 billion of organic cash flow, 0.6 billion of net cash. Investments, about 0.2 billion of FX impact, mostly the Brazilian real depreciation, about $0.1 billion from other impacts, mainly regulatory receivables. We keep very strong credit metrics with 20.5% FFO/net debt and 3.4 times net debt to EBITDA.

Towards the year-end, we are comfortable with the guidance of the $16 billion.

Bearing in mind that, obviously, throughout the year, actually today, we just paid 0.9 billion of annual dividend. We'll obviously have the asset rotation and tax equity proceeds being more concentrated into the second-half and later part of the year. So there will be some evolution or fluctuation into the overall debt, but the guidance remains the 16 billion towards the year-end. Now on the net profit, it reached EUR399 billion. It's a 9% reduction year-on-year, or 8% if we exclude the FX. Again, this is a reflection of the lower EBITDA versus that very strong performance in the first quarter of '25 higher D&A and provisions in line with our investment profile higher net financial costs due to the higher average cost of debt and lower capitalizations and lower income taxes. So while. The first quarter of this year is a very strong quarter. Obviously, the comparison year-on-year is a reduction, again, highlighting the exceptional performance that we had in the first quarter of or the first quarter of '25.

The year-on-year also reflects that normalization between these two quarters. But again, I highlight what I said in the beginning. It does not mean any deterioration of today's performance. It just means that we have an exceptionally good 2025 first quarter. So if we compare the last two years, excluding asset rotation gains, the underlying net profit increased 53% versus the first quarter 24. So again, highlighting the very solid performance that we are seeing now.

In reported terms, net profit reached EUR378 million, decreasing 12% year-on-year. This includes EUR21 million of non-recurring items, and those are mostly related with Kristin Storm, approximately EUR11 million and other smaller impacts.

Now, to finalize, before I hand over to Miguel, I would like to highlight the resilience of our business model and the business portfolio, particularly in the current market context. So if you look to the left-hand side of the slide, we are showing the sensitivity of our 2028 net profit guidance to changes in energy prices. And this is versus what we assume as forward prices when we presented the capital markets date back in November.

As you can see. The net impact of using today's forwards compared to the business plan assumption is about 1%, which is immaterial and is a good reflection of EDP's diversified portfolio, both from a business but also a regional perspective, with U.S. And Brazil positive revolutions on the forward prices offsetting Europe's and particularly those in Iberia Peninsula. In Iberia, on the other hand, acillary markets and our hydro and pumping profile provide a natural upside in volatile conditions. Also, our supply business acts as a natural hedge against wholesale price movements. So, structurally, those are two important elements on our portfolio in this market.

But additionally, there are some structural elements to the portfolio that support this resilience, and I would just like to name a few. So, first of all, long-term gas contracting, we have a large contract, which here in U.S., no exposure to the Middle East.

Local political intervention risk, I mean, we are exposed mostly to Iberia, where we benefit from the tax relief measures and reduced regulatory risk. There is a very limited exposure to U.K. And Italy merchant markets, and therefore, I mean, this potential political intervention is not impacting materially our portfolio.

Financing position remains very strong, around 80% of the debt interest rates and very solid liquidity and goodly competitive new issues as I just mentioned, the one we did in January.

Significant share of our revenues, particularly in the networks in Portugal and Brazil, and in renewables through the PTCs in the U.S., is indexed to inflation. It's a very good relation or a very good indexation and protection against inflation swings. And also robust supply chain, particularly the one for the U.S. Growth, but also for the network's CapEx execution. So overall, I want to highlight that this shows the resilience of not only having a very diversified portfolio from a business perspective, from an integrated perspective, and from a regional perspective.

With this, I will now hand over to Miguel for closing remarks.

Miguel Stilwell d'Andrade

So just moving on to Slide 22.

Based on the performance of this first quarter and also the better visibility we have for the remainder of the year, we are increasing our 2026 guidance by around 5%, EBITDA ar EUR5.2 billion and a net profit of around EUR1.3 billion.

So to highlight that this upgrade is broad-based across the group, so it's not only one specific area. On the network side, there's a positive contribution from higher investments, continuing efficiency and detractive returns in Iberia. There's also an improved euro-denominated contribution in Brazil, driven by the stronger exchange rate.

In FlexGen and clients, the performance is supported by obviously higher hydro reservoir levels and an expected recovery in electricity prices in the second-half of the year. Obviously, this was partially offset by the higher ancillary services that we had, but that's already built into this forecast.

At EDPR, the upgrade reflects the updated market and political context, the continued cost efficiency, and also the higher asset rotation gains now expected at around EUR200 million to EUR300 million.

Finally, the guidance also incorporates updated assumptions for the financial markets, including FX and interest rates. So overall, strong beginning to the year.

Good and improved fundamentals across the key businesses and geographies. And so it gives us the confidence not just to upgrade our 2026 guidance, but also it reinforces our resilience and visibility on the earnings trajectory going forward. And I'll detail that on the next slide.

So on Slide 23, just giving you a quick overview of the business plan period and the post-2028 prospects. Overall, I'd say we're well on track to deliver the targets.

For 2028. Demand growth remains a central pillar, both in Iberia and the U.S., and demand growth is also a positive thing.

This growth has been driven by long-term electrification trends, as I mentioned earlier, artificial intelligence, data centers, electrical vehicles, industrial electrification, so it's pretty broad-based.

In networks, we benefit from a very high regulatory visibility. The Spanish regulatory framework is set until 2031, Portugal until 2029, and in Brazil, EDP or the concessions that we have in Brazil have been extended by 30 years, as I said, it's already done, signed, Sao Paulo signing tomorrow, and that gives us long-term stability and earnings visibility We also see a growing role for flexible generation, so ancillary services, hydro pumping, battery storage, battery and energy storage systems are becoming increasingly valuable, particularly from having realized price premiums in peak hours.

On the renewable side, the 5-gigawatt target for 2028 reflects sustained demand for new renewable capacity and storage. And also the need for continued investment. And as I said earlier, we're not looking to maximize volumes, we're just looking to maximize this balance between volume and risk-return projects, making sure we get good projects rather than just volumes. In the U.S. Also, just it's important to highlight that we're seeing higher PPA prices, we're seeing recontracting upside, and we're also seeing the repowering of existing wind farms. So, additional value creation opportunities beyond the current plan.

Finally, they focus on leveraging digitalization and AI to improve efficiency and asset performance. You're seeing that in the numbers. And overall, just strengthening the operational execution across the portfolio.

With that, I'll probably stop there and happy to move over to Q&A and to take your questions

Questions And Answers

Miguel Viana

Thank you, Miguel. So we start with the questions from the website. So, we'll start from several questions that we get from analysts. So, Olly Jeffery from Deutsche Bank, Alex from Bank of America and Javier from JP Morgan.

Why are we, EDP, why is EDP increasing EBITDA guidance around eur150 millions on EBITDA and in terms of guidance on net profits is smaller, more in the region of eur50 millions in the midpoint.

Miguel Stilwell d'Andrade

It's essentially on tax and financial costs. The FX assumptions for the Real, they're going from 6.4 that we had in the business plan to around 6.2, so more positive in EBITDA than in net profit.

Financial costs are slightly higher also due to a slower pace of the decline in the interest rates in Brazil, so we're expecting a slightly faster decrease. So this is giving us slightly higher interest costs in Brazil. There's also concentration of tax equity and asset rotation proceeds in the second-half of 2026 towards the back end of the year. So that's impacting the average net debt that we're assuming over the year.

So that's on the financial cost side. On the tax side, we are assuming an effective rate more in the mid-20s rather than the low 20s. And that's due to a change in mix also of where the EBITDA is coming from. So essentially, financial cost and tax is what's explaining that sort of cascade from EBITDA to net profit.

Miguel Viana

Second question, still around the issues, the news of last few days in terms of potential windfall taxes in energy companies in Portugal and how we see it in terms of potential impacts for EDP?

Miguel Stilwell d'Andrade

So to be clear, this is a discussion that's happening all across Europe, and we've seen that also in the past, post the crisis back in 2022.

And we understand that there are measures aiming to address extraordinary profits that might exist in the fossil fuel sector following price shocks.

What I really wanted to highlight is that renewables and just the broader power electricity generation sector has not benefited from any windfall.

And the evidence for that is that power prices have actually been very low since the start of the year despite the war in Iran. And in particularly in Iberia, that's the case, and that's largely driven by strong renewable generation. So it really we we don't see any case for having sort of any taxes or extraordinary taxes on windfall profits because there aren't any.

Certainly not in the case of EDP, certainly not in the case of the power sector here. So certainly in the process, I think there's only very limited comments made about this, so we'll wait for further clarity for additional conclusions.

Miguel Viana

We have also questioned around the treasury of net debt over 2026 until the end of the year. How do we see this evolution of net debt?

Rui Teixeira

Thank you, Miguel. So again, reiterate the 16 billion target for the end of the year. Typically, we are expecting to have some of the peak throughout mid-year, reflecting what is the typical closed CapEx execution and also the dividend payment today being paid already. And then the asset rotation proceeds and tax equity may be coming in the second-half of the year. So 16 billion byy the end of the year, but with this evolution over the quarter.

Miguel Viana

Then we have from Skye Landon from Redburn, if you could elaborate a little bit on this mechanism of ancillary service cost and how it's priced and our ability to incorporate these additional costs on our pricing of our offers and also the timing of this incorporation.

Miguel Stilwell d'Andrade

Okay. So maybe just taking a step back. I mean, these ancillary costs are normally driven by, and in the past, it used to be very much by hydro more recently over the last year or so since the blackout driven very much by a combined cycle plants, so CCGTs, which have a higher marginal cost. And those are being requested by the system operator to provide backups to the system.

That's what's been driving higher ancillary costs over the past year or so. There's a particular spike in this first quarter. Part of that is specific to the fact that there was very low pool prices and so the ancillary services as an additional premium when that happened.

But it was also due to a very specific circumstance that in the case of those storms in Portugal, there was a power cable that was sort of out of line. And so basically the country was almost like cut in half and you had to have additional backup services to make sure that in both sides of the country, you could keep that backup services in place. So that drove a much higher cost of ancillary services in the first quarter.

We estimate that that could be around eur50 millions of costs in that first period. We expect the normalization of these services in the electricity prices. So it's around €23 per megawatt hour in Portugal in the first quarter, in April, it's been 23 euros for megawatt hour in April in Spain.

What we've done is to go on incorporating these prices into our offering and we expect to gradually be repricing it 60% of it in 2026 and 80% in 2027. So we are reflecting these higher costs in basically in the pricing to to customers. So that's essentially where we are going forward.

Miguel Viana

And we have a question also around retail. So regarding the electricity retail supply business in Portugal, how it's evolving regarding clients and volumes.

Miguel Stilwell d'Andrade

I mean, the retail business in Portugal is extremely important to us. I think it provides us a solid base in terms of the volumes of energy that we place from our generation, and it gives us a sort of integrated margin, which has a lot of advantages in terms of the stability, I think, of these earnings.

For the first, so we're obviously the incumbent, we had an extremely high market share back many years ago, or sort of in the high 80s percent market share. That's been coming down naturally over time. But actually, for the first time in five years, we're actually seeing positive monthly net client additions. That's been very much supported by reinforcement on the offering that we're doing, competitive pricing.

And so. As I say, for the first time, we're actually seeing a net client additions, which is obviously extremely positive. Overall, the volumes, our B2C volumes in the free market have actually increased 8% year-on-year. So, as I say, the number of clients is stabilized and the volumes are actually increasing. I talked earlier about the increasing demand in Portugal, that a lot of it was coming from the low-voltage. And that's a lot of it is domestic customers, of which we have a large share. I also wanted to just reinforce that we are also doing a lot of cross-selling of services to contracts. So we're currently at around 43% of customers have not just energy, but also additional services, which we think add a lot of value to our customers. So I think it's a good value proposition. And that overall means that our retail business is delivering significant value.

Miguel Viana

We have a question from Alex from Bank of America regarding the CapEx plan in Iberia. So, 0.7 in 2026, but it's being revised up. The question is more around clarity on '27 and '28 CapEx and if we see upside here, both in Portugal and in Spain?

Miguel Stilwell d'Andrade

So to be clear, yes, we're expecting an increase in Iberian CapEx for '26 versus the previous plan. In the outlook, so we're obviously going to deliver what's in the PDIRD which is the Portuguese CapEx plan, which is for this next five-year period. The outlook on whether there is any additional CapEx will depend on the conclusions of the Network Resilience Study, which is being done in Portugal. This was requested by the government after the February storms. It's currently with the DGEG to be done over the next couple of months. I mean, expect it to be concluded before the year-end, but let's see.

But I just wanted to reinforce one thing, which is that we are expecting a ramp-up in CapEx over the next couple of years. Overall, for this period, it's around 60-plus percent of increase in investment. But you obviously don't just flip a switch and immediately increase the CapEx by 60% from one year to the next. So there will be a ramp-up over the period. It's expected to be over 60% higher than over the previous five-year period.

Miguel Viana

We have then a question around the post '28, how do we see over the last six months for CMD if we see developments of more visibility on growth post '28?

Miguel Stilwell d'Andrade

So post '28, I think it's still early. To talk a lot about that. I mean, as I mentioned earlier, we're six months into the plan. We came up with Capital Markets Day in November. We're in May. So what I would say is that we are focused on strengthening our renewables pipeline further, obviously not just until '28, but beyond, out until 2030. We are seeing opportunities for repowering. They weren't incorporated into the 2028 numbers. But certainly we think that they are viable post 2028, and so that's something that we are also working on. We're also seeing good asset rotation support from investors, so there's a lot of demand and also good pricing. We have a very strong execution track record here, so I think like we have a pretty good sense for where the market is at any particular moment in time. And as I say, we're seeing sort of pretty good demand for this, certainly in the U.S.

Networks acceleration under the regulatory frameworks, I just talked about that, but that maybe is an option as well. And then just generally growing optionality from flexibility, co-location, hybridization, storage. I mean, there's a lot of different optionality that we are looking at and working on. So, I mean, we have no doubt about the growth post-2028. I think just putting numbers to it is something we're and we'll be looking at over the course of this year, and obviously we'll come back to you as soon as we have sort of a more defined view on that.

Miguel Viana

We'll move now to the questions on the phone, and the first question on the phone comes from the line of Arthur Sitbon from Morgan Stanley. Arthur, please go ahead.

Arthur Sitbon

Hello, thank you for taking my question. The first one is you touched on during the presentation on the progress made by the Start Campus Data Center project in Portugal with the second building expected to be built by mid-2027. I know you have an MOU with Start Campus. I'd like to understand a little bit better what this Start Campus second building could mean for EDP basically. So if it's correct, then is it about PPA negotiations? Are you negotiating a PPA with that second data center building? Would the negotiation be directly with start campus or more with Microsoft? So yeah, any color on that would be helpful. And the second question was more detailed. I think you mentioned in the report from yesterday, a gain linked to an acquisition in Brazilian networks. I was wondering if you could quantify that effect and if it only impacts Q1. Thank you very much.

Miguel Stilwell d'Andrade

Thanks, Arthur. So on Start Campus, I mean, there's only a limited amount I can say at this moment, but what I can say is the following. It's around 1.2 gigawatts, which would translate if everything was built into around 10 terawatt hours, 8 to 10 terawatt hours of demand, if all six phases were built. So it's six phases. We're now talking about the second phase and potentially then moving on to the third phase.

So the second phase would be, obviously around 200 megawatts. So that's around, let's call it, one and a half terawatt hours that can be supplied from the market, and so that's what we're engaging with them to do. In terms of additional demand, just in general, this will contribute to the growth in demand in Portugal, which I think has a lot of positive ramifications, as I've mentioned, I think, over the call. There could be additional optionality around. Our land or other opportunities that we could do together. So we're exploring that. I'm not going to elaborate much more on it except to say that obviously we want to be part of the solution and to be constructive and help contribute to more investment in Portugal and anything which creates value here. I think we obviously want to be a part of that.

Rui Teixeira

On the second question, hi, Arthur. So basically, this is related to a small acquisition that we did in Brazil.

Then discussing with the United States, they feel that we actually acquire this below what is the market value, and therefore we have to book a positive of €8 million, so it's sort of immaterial.

Arthur Sitbon

Thank you very much.

Miguel Viana

Thank you, Arthur. The next question comes from the line of Alberto Gandolfi from Goldman Sachs. Alberto, please go ahead.

Alberto Gandolfi

Miguel, thank you for taking my questions. The first one is about the backdrop, the industry backdrop. Considering rising focus on energy security, electrification, artificial intelligence, adoption rates, I was wondering if at the EDP level you might not be tempted to perhaps shrink to grow or think about some external funding, considering that it looks like the plan you presented in November last year is really still focused on deleveraging. So, at what point you might change your view from deleveraging to growth? What do you need to see? Last night you talked about extremely attractive returns in U.S. Renewables. You have data centers, networks seem to be growing and inflecting positively.

Don't you feel constrained, and are you thinking about potentially something beyond the twenty-eight? The second question is just to be clear on slide 6 in networks, the 20 million you talk about, is that a permanent increase in revenues or is it just 20 million from this quarter and then would be 20 million lower revenues from the following quarters? And lastly, given we are nearly halfway through the year. Is there anything you can tell us about FlexGen for the year? What are the key levers that could impact this business or really should we just expect? What I'm trying to say is that, you gave us a guidance of about 1.4 billion, but I was trying to understand if we were to flex it, if demand keeps growing 3%, will you make more money in FlexGen? If it rains more, what do you think happens? So how do we think about the sensitivities to that business, particularly to the upside? Thank you so much.

Miguel Stilwell d'Andrade

So I'll take the first one. So we are focused on growth, very much so. We're not focused on deleverage. What we're focused on is making sure we have a solid balance sheet and so that we keep the BBB rating. What we want is also to have the optionality to take advantage of good opportunities as they come. And that's what we've also built in. And so we're focused on being able to do that. We don't see the need for additional funding. I think we have precisely the amount of flexibility, I think, that we need. The fact that the asset rotations are going well, disposals, I think, are also on track. So that allows us to basically keep the solid balance sheet and at the same time take advantage of the growth opportunities that we see. But as I say, I stressed this before and I'll just stress it again. We want to make sure we get good value-creating opportunities with good risk-adjusted returns.

And so not just do volume for volume sake. So we'll continue to invest heavily in the network side because we're seeing now after many years, decent returns, and so that obviously gives us an incentive to invest more there. And on the renewables side, we want to make sure that we are getting these good, high-quality projects that we can then rotate and then reinvest that capital back in. So that's our focus, and we don't see the need for additional external funding. We'll be able to, I think, do what we want with the balance sheet and with the business plan that we have. I'll just jump to the third one on FlexGen for the year. So what are the key issues here? Obviously, on one side, hydro, for sure. We obviously have the dams very full. And so that's simply a question of price, time, and volume. A big part of the price is locked in and already hedged for the year. To the extent that there is additional rainfall over the year. You could monetize that as well, depending on the prices at the time. What I would just stress is that in the first quarter, we have had much higher ancillary costs. So that's on a negative side. That's already also incorporated. But we're expecting some normalization of that also over the course of the year. But in any case, there was that negative, let's say, costs that we had. So basically, that's that. I mean, if you break it down into hydro price times volume and the ancillary services normalizing, but with this additional cost. On the second point, Rui.

Rui Teixeira

Hi, Alberto. So you're referring to that call out that we have the 20 million net impact from the infrastructure rebuilding, correct?

Alberto Gandolfi

Yes, that is correct.

Rui Teixeira

Okay. So again, so these are on a net basis the investments that were carried out by the networks business to replace the destroyed assets throughout the Kristin storm and the significant weather events. So it's an addition to the plan. Which obviously is a positive and it will flow through the revenues and through the period, but that's an additional revenue increase just driven by what happened.

Alberto Gandolfi

Thank you so much. Very clear.

Rui Teixeira

Thank you.

Miguel Viana

Next question comes from the line of Pedro Alves from CaixaBank. Pedro, please go ahead.

Pedro Alves

Hi, good morning. Thank you for taking my questions and congratulations for the solid start to the year.

Looking at your 2028 target and given the upgrade this morning on the 2026, recurring net profit guidance to the 1.3 billion, which is already in line with the 2028 target of the CMD. Which I understand excludes the EUR40 million of extraordinary energy tax that's still impacting this year results. Can you please explain to us what still prevents you from revisiting at this stage net income targets for 2028? And the second question is on Iberian networks EBITDA. Which was strongly up with the new regulatory frameworks. Can you tell us your most updated view on the underlying run rate expectation for Iberia Networks by 2028, so including the expected capture of incentives and efficiencies? And just related to this, can you elaborate a bit on the potential financial details coming from the Portuguese government's resilience plan? And if this could create any kind of upside to the current business plan target. Thank you.

Miguel Stilwell d'Andrade

Sorry, just on the third question, just could you just repeat it because I didn't catch it.

Pedro Alves

Yes, just related to the heavy storms that affected Portugal earlier this year and the resilience plan and the study by the Portuguese government.

Miguel Stilwell d'Andrade

Okay, got it. So maybe just starting from there, so the resilience study, there was a big debate in Portugal following the storms about whether you should have more lines buried to sort of increase the resilience and not have such a strong impact when we have some of these storms. First thing I'd say is that the Kristin storm and that whole period was absolutely exceptional with exceptionally high winds and well above unprecedented. So this infrastructure has been in place for decades and it's gone through a lot of very heavy storms and stuff like that without this type of impact. So, in any case, obviously, it is important to revisit and to look at the resiliency of these networks, and so that's what's being requested. I think the big debate that opened up was whether we should bury more lines. I mean, our view is that, in some cases, maybe it will make sense, in others, not so much, but there are other ways of increasing resilience, which isn't just to bury lines. You can have redundancies, you can have different types of technologies. In any case, the point is, you need to do a good cost-benefit analysis because you want to increase resiliency, but that comes at a cost. And so you want to keep that under control to make sure consumers are not bearing undue costs. So that's our position on this. It will probably come out by the end of the year. That's more or less the time it's being requested. We'll see if it suggests additional CapEx or additional investments to be done, which our assumption is it would be on top of the existing CapEx plan, which already is defined. On the 2028 numbers, what I'd say is it's still early. So the key assumptions in terms of pool prices for 2028, in terms of FX and others, I mean, we're not revisiting those on a daily basis. And so assuming the normal highs every year, assuming the pool price is where they are for 2028, assuming all of those different factors, assuming what the secured number of megawatts that we have and what we're still planning to do for 2028. Materially, there have been some upsides, some downsides, but nothing too much. So that we think that overall, we're still comfortable with that 2028 target. Obviously, we're off to a good start, but some of these things are obviously having more hydro this year is obviously a positive, which we're not assuming for the 2028 numbers. On the second point, on the returns, we're going to take that

Rui Teixeira

Thank you. So, it's about 8% in Portugal, 9% in Spain. So, again, that includes the return on that, but also all the efficiencies, benefits, et cetera, that we are able to gather in both of the geographies.

Pedro Alves

Thank you.

Miguel Viana

So, thank you, Pedro. And the last question comes from the line of Pierre-Alexandre Ramondenc from Alphavalue.

Pierre-Alexandre Ramondenc

Hi, thanks for taking my question. To my side, if I may, the first one is regarding the 20 gigawatts pipeline in the U.S. I wonder if you could confirm what proportion is expected to be safe onboard before the end of July 2026, therefore eligible for IRA incentives.

And secondly, looking at hydro reservoir in Spain, I assume such levels of reserves were not anticipated. So I was wondering if you could have any visibility on the proportion that is hedged.

And what upside potential we might expect from these historically high levels, whether in terms of earnings or market spreads?

Thank you

Miguel Stilwell d'Andrade

Thanks, Pierre. So on the first question, so we already have most of that, or we have all of it at Safe Harbor. And we were doing that already since the summer. So it's around 6 gigawatts at Safe Harbor. And bear in mind that this excludes batteries, because batteries have a much longer time frame in which they'll be able to get the tax credit, so you don't need to safe harbor them. So you can put on top of this additional, let's say, battery megawatts. On the second question, it's mostly hedged. Obviously, there's still exposure to the upside from the realized premium over base load. We never hedged 100%. That was one of the changes we did a few years ago. We slightly under hedged, just in case, for example, there was a drought or anything like that. We typically hedge the base load. So the premium, let's say the realized price is an upside. The upgrade in the guidance that we've given already includes that. And so just to be clear on that.

Miguel Viana

Thank you, Pierre. So we finished here the Q&A, and so I'll hand over back to you, Miguel, for some final words to close this call.

<u>Closing Remarks</u>

Miguel Stilwell d'Andrade

I think just two messages. One, solid start to the year, which gives us good confidence on the full year. And that's why I think we feel comfortable also in doing the upgrade and the guidance for the year.

The first one. The second one is that we recognize there's a lot of interest in what could happen in 2028 and beyond. I think it's still early to start talking about that. But certainly over the next couple of quarters as we go on getting more visibility, we'll be happy to come back and provide you additional guidance on 2028 and beyond. I think we obviously have an optimistic view on the growth and driven by the fundamentals that I talked about, the strong demand growth, that's absolutely key. So good pricing, both in the U.S., certainly, which is like the key market for the renewals, good prospects in terms of the networks and even potentially some upsizing on the investment there. But I'd rather that we were able to really go on consolidating this before coming out with any specific numbers for, or any revisions for 2028 or beyond that, which, we're already beginning to look at what 2030 could look like, and we'll talk about that in the future.

So, thank you very much, and look forward to talking to you again soon.