EDP – ENERGIAS DE PORTUGAL

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Chaired by Miguel Stilwell d' Andrade

Company Participants

• **Miguel Stilwell d'Andrade**, Chief Executive Officer

• **Rui Teixeira**, Chief Financial Officer

• **Miguel Viana**, Head of Investor Relations

Miguel Viana

Good morning, ladies and gentlemen. Thanks for all that are attending the EDP Capital Markets Day 2023, either here in the room or via the webcast. We'll be presenting our EDP plans to contribute to the energy transition and at the same time creating value to all our stakeholders.

In terms of the agenda of the event, so we'll have first part of the presentation in which our CEO, Miguel Stilwell d'Andrade, will be presenting our strategy and outlook in terms of business platforms for the business plan period and the vision for 2030. Then we'll pass to our CFO, Rui Teixeira, which will go through the financials of the plan and how do they work. And finally, coming back again to Miguel Stilwell for the final remarks.

We'll have a second part covering Q&A in which we'll be getting questions both here from the audience in room, but also written questions that you can place right now at the web cast in the platform. So, the event should last all together something between two and two and a half hours.

And without further ado, I'll pass now to our CEO to start the presentation. Thank you.

Miguel Stilwell d'Andrade

So, good morning, everyone. And welcome, everyone, in this room, but also those of you that are watching us online virtually. I think it's good to see a lot of familiar faces. I think last time we presented a strategic update was two years ago and we were still in the middle of the COVID pandemic. And so, it was all done virtually, for those of you that remember that.

So, it's great to be here today. I wanted to thank, obviously, all the investors that are following us, also all the analysts that have been following us, the EDP journey over the last couple of years. I think we've been working hard not only to deliver, and we talked about the 2023 results earlier this morning, but we also wanted to talk about the prospects going forward. So, how we take EDP along this journey.

Also, special word to Joao Talone, our EDP Chairman, also to my colleagues on the Executive Board that are here and the management team of EDPR. I think it's really a privilege to work with such talented people and such a talented team. And I think that's really one of the things that differentiates EDP from many of the other companies.

So, I'll start off by saying this is a great time to be in this sector. I truly believe that. I think we truly believe that. And I'd say that we see two key things.

One, the world is changing, it's changing very fast and very volatile, certainly over the last two years. We see inflation. We see higher interest rates. We see volatility. We see supply chain disruptions. So, that's here to stay.

I mean, we believe that certainly over the foreseeable future, volatility will be here and we need to cope with it. We need to have a resilient business plan, a resilient company

But our sector is also changing. And there is this need to drive the energy transition to have more energy independence in, for example, places like Europe, certainly in the U.S.to have affordable energy. And all of that is going to require a massive amount of investment. And that is, I think, where we come in, where we can add value by contributing to adding this investment which has been done at a time when we are seeing much higher returns than we are seeing in the past.

So, I think we see substantial investment opportunities, certainly going forward over the next couple of years. And I think I'm personally both excited, but also optimistic for what we'll have going forward.

So, if I had to summarize perhaps the business plan, and before I even get into the slides, and I haven't even started passing any slides, but to summarize, and some of that information is out there, I'd say perhaps five key things.

First, we're accelerating our commitment to renewables, to the energy transition, also networks and clients. We think it's a good time to invest. The returns that we will be locking in at this point in time with higher cost of capital will be good projects, good PPAs for the next couple of years.

The second is that we're anticipating the financial targets that we've set out in the previous business plan, back in 2021, by more than a year. So, in 2023, we will exceed the target that we had set back then. And we expect to exceed the '25 target in 2024.

So, this shows a good acceleration of the business plan. And we're then extending the business plan out to 2026. As you know, not many companies are currently doing that, but we are projecting that a further year past 2025 to 2026. And so, committing to improving the targets that we're setting out here versus the previous plan.

The third point is that we're taking EDP Brazil private. I'll talk a bit more about that. But we believe there's a strong industrial rationale for that. It's earnings accretive, it's value-creating, it's also we're putting an attractive price for minorities.

At the end of the day, we think it will be a win-win operation. And we think it'll bring simplification also of our operations in Brazil. But I'll get to that also in the moment, but we see that clearly as making sense for the company.

The fourth point, I'd say, and that's particularly important in the times we live in, is to have an absolute commitment to the BBB rating. So, that's a red line for us. For those of you that are from the credit rating agencies, I can see some of you, that is a commitment for us, and we are absolutely set on doing that.

So, to finance this growth, to finance taking EDP Brazil private, we are doing two equity raises -- one at EDP which is already more than 60% subscribed by institutional investors; and also, one at EDP Renewables which is already fully subscribed by GIC. You have already seen the announcement that came out earlier today. So, both of those capital raisings allowing us to support the growth, allowing us to support taking EDP Brazil private, and ensuring we keep a solid balance sheet so that we can ride out the volatile times.

The fifth is we will be increasing the dividend. So, we are having the payout ratio 60% to70%. And we see that we will be able to have stronger dividend payments over the next couple of years. This is natural, which will follow the increase in the net profit. So, we are expecting double-digit growth in net profit. And that should, obviously, translate then into good dividend payouts.

In a nutshell, and as I say before I even get into the slides, but I think just to keep that in mind, I think EDP is a great investment opportunity. I mean, certainly, it's in a great sector, fast-growing, a lot of good investment opportunities. And I think with the strong support of investors with the commitments that we've already seen, there's no doubt that we will be successful. And I think the team is highly motivated, really infused in executing and delivering on this business plan going forward.

So, I think that's one of the key messages you have. You didn't have to get the CEO doing top down, we've got to reach these targets, this was a bottom-up approach. And I think the team here is absolutely committed to making sure that we get that done.

All right. So, getting into the presentation. So, I'll talk a little bit about what we're seeing in the overall macro world, some of the key highlights. And I'll talk also about our platforms, the different business units. We have already mentioned them, we've just said our financials, and then just some closing remarks.

I'm just going to show this slide. I think you know it, but I think this is basically to say that major push for driving the energy transition continues to be there. And it's very present when we think about, for example, Europe or think about the U.S. in terms of pushing that sort of green transition.

But what I'd say is that, apart from the need to battle climate change, and that's been a big push over the many, many years, over the last couple of years, what we've seen is that certainly the last 12 months, if not to say for the last 18 months, we've seen a lot of changes in the global dynamics. We've seen gas flows into Europe decrease dramatically, as you know, because of the terrible war in Ukraine. So that's had a major impact on Europe.

We've seen an increase in energy prices globally, whether it's gas, but whether it's oil, whether it's electricity prices. So, that's been also something that's been very present. Inflation, higher interest rates so, from a macro perspective, that's also been a big disruption over the last 12 months. Supply chain challenges, that's also been something which has become more present over this period, increasing Capex costs.

So, we've incorporated, obviously, all of these dynamics and we recognize that. I mean, we are perfectly conscious about what's going on in the world. And that's why we've also designed this business plan to on one hand drive growth, but at the same time make sure that we can navigate through these different challenging dynamics.

I think the only thing I'd say is that all of this has just reinforced, and we believe that, the need for energy independence, affordable energy, and reliable supply chains. And that's something that has become very, very clear over the last 12 months.

Now, it's not just us that are seeing this. I mean, the whole sector is seeing this. I think governments are seeing this, certainly, even sort of regions like Europe are seeing that. We can talk about the U.S., we can talk about the Inflation Reduction Act. I mean, I truly believe that's one of the most consequential pieces of legislation tackling climate change that has come out, probably ever. Very simple, very powerful, very clear, sending very specific messages in terms of driving the renewables but also moving the supply chain to the U.S.

I'm not going to get into detail on all the issues around the tax credits and the way it works, I'm sure most of you know that. But what we are seeing is that certainly impacts some of the profitability positively in the short, medium term. And then we think it will drive further growth from 2025 onwards. So, as people, like ourselves, ramp up the investments, as they ramp up the development of the pipeline, those are projects that will start coming in towards the back end of the business plan.

In Europe, REPowerEU, again, came out just shortly after the war in Ukraine. And we've seen additional measures being taken by the European government, whether it's the Green Deal, the industrial plan, whether it's the reflection on the market design, where what we know so far, and we can talk about that as well, but it's basically that how do you accelerate. How do you create sort of an environment where you can have more PPAs, where you can have more penetration of renewables?

Asia Pacific, again, huge, massive area of the world in terms of energy consumption and growth. We are seeing more and more renewable targets also being set up there. And so, I think we've already positioned ourselves there as well.

Now, there are still challenges. So, there are challenges certainly in terms of ensuring that we have predictable, stable regulatory frameworks. That's something that we've been certainly fighting for. I think the whole sector has been challenging the European Commission and other places on making sure that's in place.

Simplifying the permitting processes. That's true in Europe. It's true in the US as well. So, how can we accelerate projects that can take four or five or six years to be developed? They need to be done on a two-three-year maximum. That is being tackled on a country-by-country basis.

So, Europe has already given some guidelines. We are beginning to see specific countries also move on that aspect. And then the interconnections as well, that's an important part that also will be necessary to drive growth of renewables. On this point, I'll also talk a little bit in a little while about how we can take advantage of the fact that we already have a large installed base to leverage on those interconnection points.

But summarizing all of this, I think, are good structural tailwinds for investments in the renewable sector. And that's something that we will continue to bet on.

This is an interesting graph just because two years ago, we showed some numbers about what was expected by the International Energy Agency in terms of growth of renewables, growth of DG, batteries, networks. And so, on the left hand side, you can see what were the targets two years ago, and now you can see the targets that are the most recent targets. In all cases, increases of 30, 70, 40, or doubling. So, 30%, 70%, 40%, or even doubling in the case of the networks' investments. So, we are clearly seeing increased targets just over these two years.

And so, for us, and just summarizing it, let's say, on one side some of the key messages, we are expecting 25 billion of gross investment over the next four years, around 4.5GWs per year. So, this will ramp up, I'll show you in a little bit more detail, but we'll ramp up from about 4 to 4.8. sort of towards the backend.

Overall, 50 GWs by 2030, that's something that we think is achievable if we continue to ramp up. We are also reaffirming some of our ESG credentials in terms of being coal-free by 2025, all green by 2030. And an important point as well, we'll be net zero by2040 and this has already been certified by the Science-based Targets initiative which, as you know, actually validates scientifically, so it's not just greenwashing. This is specific targets that have been validated by that organization.

On the balance sheet, as I mentioned, the BBB rating, the 20%, 21% FFO/Net Debt for '26, which is obviously a solid ratio. Having a significant part of our EBITDA and investments in highly rated markets, whether it's Europe or in the U.S.

And in terms of value creation, we're expecting to grow substantially our EBITDA and our net income. So, our net income on a double-digit basis compounded over the next four years. And with a revised dividend for by 2026 of around 20 cents.

So, let's get into a little bit more specifics. You'll have seen the announcements earlier this morning or some of you may have seen that, which I just saw on the key highlights, actually giving you some of the specifics.

So, in the previous business plan, we had around EUR4.8 billion per year. We're increasing that by around 30%. One of the things I mentioned is that Capex per MW has increased. So, to do the MWs, you need more Capex.

I think one of the interesting things though, is that the returns is on euros, it's not on MWs. And so, that's something else to keep in mind. It's you're investing in you're getting the returns based on the overall investment.

The total was EUR25 billion, as I mentioned, a big chunk of it is in renewables, clients and energy management, around 15% in electricity networks. And then in terms of the mix, as you can see, a balanced mix between Europe and North America, South America, primarily Brazil, and then around 5% growing in Asia Pacific.

This ramp up, as I mentioned, so we've been doubling every couple of years. So, we went from building around 700 MWs per year between 2010 and 2020. That doubled to around 1.3 towards the back end of that decade, 2.4 over the last year, we now have four GWs under construction as we speak.

And so, that makes us confident in terms of the '23-'24 target. The '23, we'll get the four GWs. And we're working obviously on the '24 as well so to get to around 4.1GWs; '25-'26, we're aiming for around 4.8 GWs. And then '27 and beyond, we'll obviously have to wait and see. But clearly, depending on market conditions, depending on how things are going, we see potential upside there.

So, on average, over the business period of four years, around 4.5 GWs. Of the total -- of the total investment, around 50% is already secured and 50% is still in pipeline that we are developing. And we will, obviously, going and giving visibility to you as we go on securing that over time.

We are keeping our asset rotation strategy. This was an important part of our previous plans. We are keeping it around 30%. At one point, it used to be 50%. We brought it down to 40%. It's now at around 30% but, obviously, on a much bigger volume.

We continue to think that it's -- projects. We are keeping a big part of them, but we are selling some and we're cashing in, we're de risking some of those projects. We're getting basically all that value creation upfront, and then reinvesting it back into the business.

I think we have a fantastic track record in this, I mean, 2023, for sure. But just over the last10 years plus, we've done over EUR20 billion of asset rotations. I'd like to highlight the40% average asset rotation gains over invested capital, good spreads.

So, I think that shows that we have been able to create value with these projects. In some cases, as I say, we'll keep them on the balance sheet. In other cases, we'll sell them and just get those proceeds so we can reinvest and continue to grow faster.

A couple of words on digital and innovation. On digital, this is important for a company that is growing because one thing is to do 700 MWs per year, you can almost do that on an Excel spreadsheet, it's a couple of projects, you're managing it, fewer people, it's relatively straightforward. When you start ramping up a company, you need to really get processes in place that are much more digital so you can automate it so you can get those efficiencies so you can really scale things up on an operational basis.

And so, that's been a big part of the work that's been done, invisible to the outside, but important on the inside in terms of making sure that we are able to scale up and get those efficiencies of that scale. Using all the typical tools, whether it's AI, whether it's using analytics, whether it's just sometimes thinking digital by design when we're redesigning the processes internally. So, that's been a big part and we're spending and we're investing a lot of money on that particularly on the networks, but also on the renewables business.

On innovation, this continues to be an important part of the company because a lot of, I mean, for those of you that have read the International Energy Agency report, some of the technologies that are expected to contribute to the net zero by 2050 are considered to not yet have been invented or not yet commercially available. And so, it's important that we keep up to speed with what is going on in this sector.

Just a couple of examples. I mean, we started investing in floating off shore wind many years ago. We actually have, I think, one of the two operational floating wind projects off the coast of Portugal. We've already got three years of operating data based on that. We've actually seen it work.

So, when we start seeing auctions for offshore wind, whether it's in California, whether it's in Scotland, whether it's in other locations, or South Korea, we're talking about the type of technology, and I'll talk about it in a bit, but type of technology we are already beginning to be familiar with. That start off as an innovation project, but then now it's becoming commercial scale. So, it's important to keep up to speed on these different areas.

Floating solar. Floating solar is actually now being deployed both on dams and also on, for example, in Singapore, on the sea when you don't have a lot of waves. So, that's another area.

Distributed generation. This used to be something which is more or less considered innovation. That's also beginning to take off, we talk about hydrogen. So, many different areas really are beginning to scale up over time. Those used to be innovation projects. We need to keep up to speed with that. And so, we're continuing to invest on that also going forward.

People, typically considered the most important asset of a company. Again, I think one of the statistics I'd like to say, it's actually not on the slide, but 90% of the people at EDP are proud to work at EDP. We have 93% response rates to surveys that people genuinely feel they like to work for the company, that they see themselves in the purpose of the company, and that we are able to not just attract the best, but also retain them over time.

As we go on scaling the company, as we go on attracting people, that's incredibly important, making sure that people are good. And, fortunately, I think we have an incredibly talented team throughout the company, 13,000 people. We'll be hiring around 3,000 people over the course of this business plan.

We have a good diversity. This is a very much an engineering company, typically low levels of female participation, that is increasing substantially. And so, we've gone from around25% in the past and we're expecting to be over 30% by 2026.

So, talent is something that we continue to work on very, very much. We have lower attrition rates than the sector, than many other companies in the sector. So, I think that's also an important point to make. So, this is something, again, invisible to the outside, but very, very important in terms of making sure we can then execute and deliver on the business plan.

ESG. This is something that EDP has been known for in terms of being a reference. We were considered the most sustainable, integrated utility in 2022 according to the Dow Jones Sustainability Index. As I mentioned earlier, the 2040 targets have now been validated by the Science-based Targets initiative.

We've committed to being coal-free. We've committed to being all green, net zero. So, scope one, scope two, and scope three by 2040, as I say validated. For us, it is important to work with the local communities, it's not just a buzzword. But as you know, renewables and networks are very granular, very distributed infrastructure, we impact a lot of local communities.

And we need to have a conscience. This is not something that you say, okay, it's just to tick a box, it's because if you don't do it properly, you can't develop the projects, you can't operate properly. And so, working with the local communities is an incredibly important part for us, going to the town hall meetings when we're developing a project, explaining to people why having wind turbines or a solar project is a good thing for the community and so that you reduce the backlash against that type of thing.

Protecting the planet, particularly in terms of biodiversity, that's becoming more and more important for governments and for the various sort of communities that we work with. Partners, again, the whole value chain is incredibly important. So, that's also something that we've been spending a lot of time in making sure that all our partners, all the supply chain is also aligned with the ESG targets. And so, if we want to get to net zero by2040, we need to work along all of that.

I'll give you a good example, I think, of at least for me when it was most, when I really got the idea of the impact of value chains, I was in Singapore and we're talking to some of the people there about, for example, Indonesia, saying it's not so important renewables targets there. And so, people weren't investing that much in renewables.

But then someone said, that actually the companies that are operating there which are integrated in the supply chain, a lot of them are having to buy renewable energy if they want to be a part of the supply chain into the U.S. or into Europe. And that is what is driving a lot of that change in that part of the world.

It's not necessarily that you need to have a top-down government decree saying you're going to do renewables. Many times, it's just a value chain. People that are integrated along the value chain saying if I want to sell to Amazon, if I want to sell to

GE or someone, then I'm going to need to be compliant with those -- if I'm going to sell to EDP, I'm going to need to be compliant with certain requirements.

And so, that drives also the need, for example, for certainly for things like distributed generation in those types of countries. So, for me, that was an eye-opener in terms of the impact of the value chain and how that will drive growth even in areas which perhaps typically aren't expected.

The balance sheet, I've talked about the commitment to the BBB. FFO/Net Debt, we will obviously give you a lot more detail on that, keeping it above the 20%. And net debt to EBITDA also sort of in the low three times.

I think one of the things that you know about us and we've been around for a while is we have flexibility on the balance sheet, whether it's in terms of asset operations or disposals, we can make sure that we are committed to keeping that balance sheet independently of volatilities and bumps that we may have along the road. It's going to be a bumpy ride, we know that. But we need to make sure we have a solid balance sheet. And that's one of the things we're committed to doing.

Now, getting to two topics, which I'm sure you're very curious about and you have read earlier and partially related to balance sheet, but I think it's more about funding growth and funding some of the industrial logic of taking Brazil private. We are raising EUR1 billion at EDP Renewables. We're also raising EUR1 billion at EDP to finance the delisting of Brazil.

At EDP Renewables, as you know, and we've said this in the last presentation back in 2021, we're committing to have more than 70% of EDP Renewables. It's not just a tax consolidation issue, it's been our commitment. And you can go back and read the presentation and it's there, we wanted to keep more than 70%.

And so, this capital raise keeps us above that level. And it allows us to accelerate the growth within this requirement. As you know and I just showed that, we have a large investment program in EDP Renewables.

We are financing around EUR20 billion over the next couple of years. We have secured investment commitments of around EUR1 billion from GIC. It will have a lock up applicable to all its shares for 90 days after they come in.

The issue price that has been agreed with them is in the range of EUR19.25 and EUR20.5. And we have the option at our discretion to curtail some of that up to EUR150 million to place it with selected long term existing shareholders that believe in the company and at the same terms and conditions as GIC. So, we will be doing an accelerated book build a tan appropriate time. But basically, GIC has the EUR1 billion secured. We can claw back part of it, but we will do it for long term existing shareholders that we think will be there for this ride over the next couple of years.

In Brazil, Brazil, I think it's important to say what we have in Brazil. Normally, people talk about EDP Brazil. And that's the listed company where we have networks, we have generation both hydro and we still have a coal plant there, clients, a big trading platform, one of the biggest ones in sort of commercial platforms in Brazil. But we also have EDP Renewables Brazil where we are developing more than a GW of renewables there.

These are two. So, one is coming down through EDP Renewables, which is a listed company; the other one through EDP Brazil, which is also a listed company. This is not very efficient. You have basically two platforms operating in Brazil.

And so, the idea is that we will delist. Over time, our exposure will reduce in Brazil, this is not an increase in exposure to Brazil. We have already said that in the past, we are selling Pecem, the coal plant, and we are also selling hydro over the next couple of years. We sold one plant last year. We are committed to selling some additional ones.

We see a lot of potential for growth in Brazil. We want to make sure that we keep that exposure within the risk limits that we have defined for Brazil. So, the focus going forward will be much more on networks, solar DG, together with wind and solar. So, getting rid of basically the coal and some of the hydro and so, managing this overall group exposure.

So, you can see there we've got Brazil's contribution to EDP, 25%. It will actually go down by 20%-26% as a percentage of the overall EDP EBITDA. The transaction will be funded with a capital increase at EDP, so, we're not going to take risk on balance sheet in doing that, particularly given these volatile times.

So, the rationale, as I mentioned, is industrial logic. It's got to do with balance sheets. It's got to do with synergies. It has to do just with the optimization of the portfolio. We think we can accelerate it. We think we can also optimize, I'll say, the way we move or manage the cash flows.

If I want to move cash from EDP Brazil, which is a cash flow positive business to the renewables business, I need to upstream it to EDP through dividends and with linkages and I need to downstream it to EDPR in Brazil. That's not very efficient. There are better ways of doing this.

So, we continue to believe in the company. We continue to think it makes sense. We just think EDP Brazil, as a listed company, no longer makes sense and it's better to take it private.

So, we have announced the off er at R$24 per share. It's around 20% premium to yesterday's closing price, has an implied P of around seven, implied EV for EBITDA of around five times on the trailing multiple, will have a net profit contribution of around EUR120 million. The next couple of years will be accretive even after the capital increase.

And as I say, this EUR1 billion of capital increase, we've already got 60% fi rm commitments from very credible institutions -- IGS, CTG, GIC, we're talking about three institutions that are very committed to taking 60%. The rest will be subject to market, depending on market conditions. And so, we have some time to do that.

So, we'll again launch this at an appropriate time. But the point is we're talking about essentially raising EUR400 million of equity on the market which given EDP's market cap should be relatively doable.

So, just technically, we are launching the off er for the remaining 40% of the total shares, slightly over 40%. The R$24 I mentioned, there's no legal limitation to the management rights of EDP Brazil during this period.

And in terms of getting success on the off er, so what is success on the off er so it fi ts? We need to get at least two thirds, I guess, of the free float, shareholders registered for the auction, it's not overall free fl oat. So, it's the people that show up for the auction, two thirds need to vote in favor of the registry, you can then delist the company, and then basically take it off the market.

So, that's something that will happen probably towards August, so, beginning of the second half of the year. Obviously, the final offer and the timings are subject to the CVM, which is the local market regulator, approval. So, that's in Brazil.

Where does it all leave us at the end of the day? The growth, capital raisings, the investments, we are expecting double-digit net income growth. So, for 2024, we will be already overachieving versus the '25 target that we had previously.

So, we're anticipating the 2025 target to '24 and then some. And we're expecting it to beat around EUR1.4 billion to EUR1.5 billion of net income by 2026.

We think we have an attractive dividend policy. We're making it sustainable and aligned with our peers, considering that there's a mix between dividends and growth. And so, we're having a target payout ratio of around 60% to 70%. Obviously, as the earnings start increasing, we believe dividends also increase and so, we're projecting around a 20-cent dividend in 2026.

Okay. So, I'll talk about the platforms. The platforms, basically, we're presenting it in as lightly different way. This is essentially in the previous business plan, we had renewables, which included both hydro, wind, and solar. And then we had energy management and customers.

And then we had electricity networks. The way we think about it is increasingly this is an integrated business, particularly in terms of renewables clients, and energy management. We are generating energy. We're managing that and then either placing it with customers with corporates, importantly we have sold B2C, but mostly corporates or in the market.

And so that's, let's say the some of the way we'll be presenting this platform, and we'll also be presenting the electricity networks, which continues to represent a substantial amount of our EBITDA, so about a third in renewables around 67% based on the 2022numbers.

We talk about renewables, so we've been scaling up, let's say the renewables, including hydro over the last couple of years. We currently have 22 GWs, including hydro in Portugal and in Brazil, but then wind and solar in many of the other geographies.

So, we've got four GWs already under construction. We also have ocean winds with already 1.5 GWs, also operational. All of this I think positions us very strongly, certainly in the U.S. Also, in Europe, we scaled up our European position, we bought Kronos, which gives us very good growth options and opportunities in Germany, and also in the Netherlands, particularly in solar.

We've established a position in Asia Pacific through Sunseap. We've tripled our offshore portfolio to 16.6 GWs. And we're also developing these new business models, whether it's DG, whether it's hybridization, storage, or hydrogen, and I'll talk about that in just a couple of slides.

So this shows a little bit of the growth. Perhaps since I already show that a little behind, what I'll focus on is what's at the bottom of the slide, in terms of pipeline, so increasing the pipeline that we have available to deliver on the MWs.

In terms of technologies, so we went from being primarily a wind and hydro company to also having a large percentage of solar, and also increasing the number of people to make sure that we can execute on this. So that's also what's going to drive, let's say this growth going forward. And we have a good pipeline that will allow us to adjust this growth rate in the future.

Speaking specifically about the pipeline, we have around 18 GWs projected over these four years. Eight of that is already secured. So it's a higher percentage than what we had in the previous business plan.

And we have 10 GWs approximately still to be secured. As you can see, we substantially grow the pipeline over these years. We've been investing over the last two, three years in developing this pipeline to make sure that we can then deliver on these projects, so to be secure. As I say, both Asia Pacific, Kronos, but also our existing organic in-house development has really allowed us to build up this pipeline to make sure we can then deliver on that.

In terms of the split of investments, so we talk about the 21 billion, specifically in this platform, the other 4 billion is for networks, but the 21 billion, it's broken down roughly 40% wind, 40% solar.

Interesting to note the MWs associated, so we're talking about 5 GWs in wind,9.4 GWs in solar. So you can quickly do the math in terms of what is the average Capex per MW for the different technologies.

It shows, we can do more MWs, or the Capex per MW for solar continues to be lower than wind. We continue to develop Solar DG. I think this is an interesting platform. It's probably the fastest growing piece of our business individually, Solar DG.

So, we're expecting to have about 2 GWs built over the next couple of years, mostly corporate, and I'll talk a little bit more about that in just a couple of slides. But I think this is an interesting part of the business that we are beginning to get quite good visibility on.

Offshore, a lot of the projects will be coming in post business plan, but we'll still be getting around 2 GWs of gross additions in this period. And then storage and hydrogen still coming in at about 500 MWs over this period.

Now talking about the different hubs, so where are we expecting these additions and this growth to come from? A big chunk of it coming from the U.S. We're talking about more than 7 GWs, 40% or just slightly over 40%.

Let's say we see great opportunities there. We have Sandhya who's leading our U.S. operations here. We can -- then for coffee if you want to talk to her about what we're seeing there, but very strong, corporate market. A lot of PPAs. A lot of demand for these types of projects, and we will see this scaling up.

So we're expecting this to grow probably 50% to -- and then doubling over the next three to five years. We also have a diversified geographical footprint, even within the U.S. I mean, the U.S. is a continent.

I mean you have East Coast, West Coast, Midwest, Texas, I mean, depending on where we are, we'll either use wind, solar, or combination. And I think having that geographic mix within the U.S. is very attractive.

So, we're doing offshore wind on the East Coast where there's not that much land, but they want green energy. Wind in the Midwest where there's a lot of wind and farmers like to have the turbines there. They can continue to do their agriculture. Down in Texas, you can have both wind and solar. California, they like the green energy. They don't have winds. They have some solar, but it's -- they're now moving to offshore. And so, they just ran an auction there. So really having these multiple technologies allows you to make sure that you can get the best technology and optimize the resources for the different areas of the country.

Europe, I mean, a huge market as well, around 6 GWs. As I say, a lot of tailwinds, obviously, also some regulatory issues that we are still working through as a sector. But generally, that's a very positive tailwinds pushing the growth there. We enforced with the Kronos acquisition. But just generally, I think we already had a strong base there.

South America, around 2.5 GWs, around 15% overall. A big chunk of that coming in Brazil, but also we have a project in Colombia and we're developing something in Chile. Stable markets, actually the Brazilian market. And I say that a lot for those of you that have heard me. The Brazilian market has incredibly stable and predictable regulation.

And it's got issues around FX. And it's got issues around, sort of, macro interest rates and inflation, although everything is typically inflation linked. So that ends up not being a problem.

At the regulatory level, electricity is one of the most sophisticated systems that we see in the various markets that we operate in. So, for example, for wind, it continues to have long-term PPAs with a system for renewable energy, but also increasingly, we're seeing more and more corporate PPAs being done in Brazil.

And that's why I think also the fact that we have a trading platform in Energias de Brasil or EDP Brazil allows us to then leverage that by combining the businesses.

Asia Pacific, I already mentioned that in terms of Sunseap. So based out of Singapore, but present in a couple of markets and in Southeast Asia, we've seen a lot of potential growth there. It will be primarily corporate DG, but moving also into utility solar. So in South East Asia will be mostly solar, but potentially with some wind also coming online.

So now, two slides about distributed generation. Normally, when we talk about renewables, we're thinking about utility scale, large projects. Certainly in the U.S. they'd be100, 200 MW projects.

DG is actually considered to be one of the highest growth markets globally, in terms of renewables, in terms of putting panels, for example, for corporates. We're talking about 40% to 50% of the overall solar additions globally, over the next couple of years.

Very strong intrinsics, short time to cash, typically smaller projects with no issues on permitting, as long as you have the corporate's okay for it. Good savings for the customer. So you can lock them in. Short payback periods, nice project cash yields. So it's a good business. And we've been scaling that up with more than a GW over the last couple of years. And we believe we have the capabilities to continue to scale that up going forward. Already with a global footprint. So not just in Europe, but also in the U.S. Brazil, and also Southeast Asia.

Competitive advantage, as I said, we've been doing this already. It was a smaller part of our business, as it scales up, becomes more visible, that's why I'm taking the time to also give you some additional information on it, because I think it now begins to be more material. And I think it will become more material as time goes by.

So, we have that capability. We have the global footprint. I mean, just recently, well recently was last year, but we won a project with (inaudible) for 100 MWs globally, that already becomes -- started becoming sizable, but in multiple different geographies and with attractive returns.

So, it also has some synergies in terms of procurement because you're essentially buying the same type of solar panels as utility scale. And as I say, we're expecting to do about 2GWs over the next couple of years just on this model, which is not a transactional model. So this is on almost a PPA type model, where you lock in with the customer – a PPA for 10, 15 years as well, and you get a good cash payback on that.

That's a split between U.S., Asia Pacific, Europe, Brazil. We're also doing transactional DG to where you just sell -- you set it up and you sell them and you get cash, 1.4 GWs. That's what we're expecting.

But I'd just like to differentiate the two business models. One is, you're setting up -- it's more utility style PPA and business, because there's more of an infrastructure business. And the other one is much more transactional business. Can be very interesting margins. It's just a slightly different business because you're installing it, getting the cash, and moving on, but still with nice margins.

On offshore. Offshore, I think it's been a very pleasant surprise. We did a partnership with ENGIE, Ocean Winds, 50/50 as you know. When we last presented two years ago, we had around 6.6 GWs of pipeline. We set some targets.

We've already exceeded those targets in terms of pipeline. We're already at almost 17GWs of secured. Part of that is already operating, so more East came into operation. We had a fantastic operate -- fantastic results based on that, given where energy price was where it was. Some of that is under construction and development. And the rest is still secured and being developed over the next couple of years.

So on the right hand side, you can see basically how this -- those 16 GWs come in over the next couple of years. We'll have around 9 GWs by 2030. And also the 17GWs by 2035.

Interesting to note also, the bottom fixed versus the floating component, so you already begin to see scale, also on the floating off shore, which will require a significant Capex deployment. Interesting also, that we've been doing this with partners.

So offshore projects are typically GW plus sized projects. We don't want to have100% of those projects. I don't think it's good risk management to have. We prefer to have smaller stakes of many more projects than to have just one project with 100%.

So we partnered up with GIP, and then Europe bytes, with Shell,, then the Mayflower in Massachusetts, with CCP, CPPIB in California, on 50/50 basis. And so, we've been finding partners to essentially drive this off shore potential, limiting our risk but allowing us to do more projects and to scale up.

You can see here the seabed tenders, so we're at a GW, but just the seabed tenders until 2026. We're talking about more than 50 GWs in Europe alone, primarily places like Netherlands, Germany, Poland, I mean, even places like Spain and Portugal, they're talking about that.

In Asia, and the U.S. around 17 GWs up to 26, but then 60 until 2030. So massive, massive potential. So I think we continue to see -- Ocean Winds has been very successful in securing projects so far. We continue to see a huge upside there.

And on the right-hand side, just to show that some of this will be bottom-fixed. But some of it will also be floating. And again, what I mentioned a little bit earlier when I was talking about the innovation piece, but we have already some experience in floating, which I don't think many companies can say that. And I think that's something that we will continue to be investing in. Because we see that as an interesting business.

Now, I wanted to touch on an issue around infrastructure. And what I want to say is that if you have an installed base, you can leverage it to create much more additional value.

If you actually have an installed base, you can do things like hybridization. If I have a wind project, and I already have the interconnection to the network, I can put a solar project as long as I get the permit on that same interconnection point.

I don't need another interconnection point. And as you know, in some places that's scarce. I can get a better energy management because wind and solar many times are complementary, so I get a better shaped energy production.

I reduce the costs on a per MW basis, because I can manage it in a much more efficient way. So having that installed base, being able to do hybridization, we think is one of the easiest and fastest ways of scaling up renewables.

That's what we've been pushing. That's what's being done in places like Portugal and Spain. We believe that we'll continue to expand even to places potentially like in the U.S., why wouldn't you do it? It's a much more efficient use of the interconnection point to have multiple different technologies on that same point. So if you have that point, that's an important, I think, value creation lever that we have. And that's something that we will continue to push going forward.

So hybridization is something that we believe in very much. You can't do it everywhere. Obviously, it depends then on the geographic terrain, et cetera. But if you have that installed base, you can certainly leverage much more on it.

Repowering. Repowering is also something that's very interesting. If you've got all the projects. Over this decade, you will be able to bring on newer models of turbines that are more efficient and you will be able to scale that up.

Storage. Again, putting storage co-located with solar, that's also very interesting, as, you know, particularly in the U.S., less so in Europe, at least for the moment, and a word here, in hydrogen, because hydrogen can also be an interesting way.

Some of you may have seen some announcements in terms of partnerships, an interesting way of scaling up the renewables business. At the end of the day, hydrogen is70%, electric -- green electricity.

So you can think about it, almost as hydrogen is electricity, green electricity, turned into gas. So I think having that ability to turn your renewable projects into hydrogen and partner up, whether with Cepsa or others, or many others, I think that can be a very interesting value creation mechanism as well.

Plus, also on existing industrial sites, or reconverting coal plants, for example, like we're doing together, getting EU support to convert those into renewables plus hydrogen site. So, I think there's a lot of buzz around hydrogen, certainly in Europe and in the U.S. I think it will take time to scale up. But I think it can represent good opportunities for the growth also of the renewables business.

Hydro, it's a renewables business, not easy to build new hydro in most of the places where we're in. But if you have it, it's a good business, particularly in Iberia, where it's exposed to market, obviously, you have volume risks.

We suffered some of that last year. But it is a valuable technology. It has a realized price which is much higher than the base load, because you can decide exactly what hours you produce. We have a lot of pumping there as well. So we can take advantage of the arbitration between peak and off peak and long term concessions.

Brazil, we have good hydro plants, very high quality, long-term contracts that we've announced, we sold one last year. We've announced we may be selling some additional hydro plants over the course of this business plan.

Good strong cash flow generation, very good. I mean, all the Capex is done, so it's just generating cash, long-term storage, it adds value, particularly where we have other renewable technologies, particularly I think, in places like Iberia.

Overall, and just a quick note, I think on the overall procurements, O&M procurement and construction, that is an area where if you have scale, you can get additional advantages, certainly versus smaller developers, independent developers, having that type of scale, whether it's for turbines, whether it's for solar panels, whether it's having the engineering expertise to do these projects at scale, that's something that we believe we have.

We have a sizable portfolio already. We're developing many more MWs. And so, I think managing all of that value chain, whether it's from the development, the procurement, the construction, all the way to the O&M, that will bring us a competitive advantage in and of itself, versus many other players.

Overall, we've also got a big chunk of our solar panels and our turbines already locked in for the next, let's say, a year or two. We can go into more detail on that a little bit later. But basically, most of that is already isolated.

On energy management, just a quick note here. This is something that we've also adjusted over time. We used to have energy management where we would balance basically our expected production.

So, for example, hydro, and we would forward sell that. Currently, we are doing at around80% to 90% of our forward production or 70% to 80% on hydro. So, we don't take the volume risk. So that as the hydro reduces, we are not taking that exposure, unlike what happened last year.

So, we've adjusted our hedging strategy to take that into consideration 80% to 90% for wind and solar because wind and solar has much lower volatility than hydro. So hydro has a higher volatility. We have lower hedging in place. Wind and solar has a much lower standard deviation around the, let's say, the expected mean, and so we have a higher hedging position in place.

Reducing also the exposure to gas both in terms of sales to customers, but also CCGTs, and just generally making sure we have, let's say, a good hedging strategy in place to actually manage on a risk return basis, so that's what we're optimizing for

So, it doesn't mean we have -- want zero risk, because if you have zero risk, you have zero return. We also don't want too much risk. So we're just trying to optimize on those typical risk return curves, where we want to be on an optimal basis. There will also be some outliers, but we try and do it in a very scientific way.

In customers here, we talked about Solar DG, that's obviously a big part of it. Corporate PPAs, it's very important because more and more emphasis has been given not just on auctions, but on doing actual corporate PPAs, so having that relationship with corporate customers is very important.

In the U.S. more than half of our projects are done with corporates. So at the end of the day, it is a B2B business. You may not typically consider it as such, but you are developing these relationships, whether it's with Amazon or Microsoft or Walmart, or whether it's a steel company. Those are customer relationships where you're locking in long term contracts. And so, these corporate PPAs, we already have a big chunk of our B2B supply locked in, under long term contracts. Services as well, that's particularly relevant I think in Iberia. Increasing the penetration of services to our retail customers, to more than 35%.

So finally, where will we end up? This is the overall photograph, I mean, in a simplified way, in terms of our overall MWs.

We started off 2022 with 22 GWs, increase it by 18, sell 7 through the asset rotation program, and end up with 33 by 2026. So a 50% increase over the next four years, split roughly between U.S. and Europe, 85% of it. The rest of it, South America and Asia.

From a technological mix, as you know, we were primarily wind, that legacy continues here. We continue to have 50%, in wind; solar increasing, around 25%; solar DG around9%; 17% hydro.

So a nice mix of the different technologies with solar, beginning to take more space. I think if you ask me on the business plan, you'll see more solar, I think, in the next couple of years. Those are typically faster projects time to market.

You'll see more wind coming in around '25, '26. Because permitting takes a little bit more time, because you didn't have the IRA before and so people were counting the wind would decrease. Now, with the IRA, people are beginning to ramp up wind again, that will start coming in towards the back end. And I think you'll see the same thing also in Europe.

So, wind, I think went through a slump, and you've seen that in the turbine manufacturers. They're all suffering quite a bit. I do believe that that will ramp up as the permitting starts to get in place and you start sort of seeing those incentives come in, both in Europe and in the U.S. So, a nice balanced mix of technologies by 2026.

So that's the first platform. Now, just a couple of slides on networks, because I think it is an important part of our business. It continues to have a lot of value. It is a portfolio stabilizer. It is very attractive in terms of cash fl ow generation.

So, the first thing to say is just recognizing what we have in terms of networks. We have a very strong base in Iberia, Portuguese networks, and also the north of Spain, particularly post the Viesgo acquisition. We doubled our size in Spain.

We've done this very successful integration of Viesgo. I think we more than achieved our synergies on that. So we're a top three Iberian distribution company. We're a reference player also in Brazil, both in Espirito Santo, in the states and in Sao Paulo state, top tier operator.

One thing to note is the operational efficiency. We've actually managed to bring down the Opex for clients by around 17% over the last four years. So I think it's quite an interesting number in terms of the efficiencies we've managed to get from the distribution networks, and continue to invest in digitalization over the next couple of years as well.

How we expect this to evolve, growing from around 6 billion of RAB to 6.6 billion RAB. I think this is a realistic target, potentially could do more than that. It has a nice rate of return, 5% to 6%. It's indexed to bond yields in Portugal, so the rate of return goes up as the bond yields go up, 6 in Spain until 2026.

And on a real basis, 7% to 8% in Brazil, indexed to inflation. So again, immune to a lot of that macro volatility, and I think it makes it a very nice business in Brazil. Overall, investing about 3 billion over the period over the next four years.

Networks are very much a question of efficiency. And that comes through digitization, automation of processes, making sure that we can do things remotely, automating it, repairing the grid without necessarily having to have people go out onto the fi eld.

So, we are investing a lot in digital. We are investing a lot in improving the quality of service, investing in reducing the losses and continue to bring those efficiencies down. And so reducing it by around 13%, Opex of our client reduction over the next four years, so continue to drive that efficiency over the next years.

In transmission, just a word on transmission, very nice business. We can't own transmission in Europe, but we can own it in Brazil. So, we are expecting to see interesting transmission operations in Brazil, around a billion of RAB by 2026.

And overall investment of around 800 million over this period, but then rotating it as well. I mean, once you've built a transmission line, I mean, you don't need to do very much with it. It basically will be just there.

You can sell it to people who want to have a lower cost of capital. And you can redeploy that back into new transmission lines. So that's something that we believe makes sense. And it creates value. In the transmission business in Brazil, we've already done that. To a certain extent, we believe we can continue to do that going forward.

So this is it on the platforms. Renewables, clients, energy management, and electricity networks, growing substantially on the renewables front, including DG, large investment program, 21 billion, doubling the installed capacity by 2026.

More than 70 terawatt hours overall on a global basis, and on the electricity networks, 4billion of investment over the next four years, and a RAB of about 7.5 billion by the end of that period. So, I say, sort of, some of the key numbers in a summarized way, but basically, hopefully, I've walked you through these different platforms, and allowed you to understand a little bit better the assets that are behind each of these.

So I'll pause there, pass it over to Rui, and then I'll come back for closing remarks. Thank you.

Rui Teixeira

Thank you very much, Miguel.

Good morning to all. Once again, I'd like to take you now through the financials of this business plan. So first of all, start by saying that we currently have and we believe that we will have in this business plan, a very distinctive portfolio, 95% of our EBITDA will be at the core of the business in the energy transition, 80% of our EBITDA will be coming from core-low risk geographies, like the U.S. and Europe.

You may see that also on the slide you have a -- the LATAM or Brazil and effectively below the 15%. So effectively managing the exposure in Brazil until the end of the period. And the substantial part of our gross profit will come from either long contracts with inflation linked escalators, even some collars.

And importantly, that component of the merchant exposure, the 45% will be hedged overtime. As you look now to 2023, we have about 80% of our merchant exposure hedged. And this is how we will be managing as also Miguel explained, our hedges, hedging strategies into the future. So, I would say distinctive portfolio, diversified and low risk profile.

The way we'll build this is, of course, by keeping a very selective investment approach, looking at investments that not only target returns, the 1.4 times WACC or the minimum200 basis points spread IRR to WACC, but also the risk profile with at least 60% of the NPV of the new projects being fully contracted, or long term contracted.

But I think it's important also not looking at the metrics in itself. But the absolute returns because at the end of the day, yes, we will have a higher Capex involved in this business plan. And the returns come from the Capex.

And what we are seeing right now is that we are targeting around 8%, 9% IRRs. And this is coming from U.S. and Europe, both in wind and solar. And not only on the IRR level, but really on the cash yields, because we need to manage, of course, for cash.

And the cash yields that we are observing for the contracted period are also very strong. It is very high single digit numbers. So at the project level, we'll definitely keep on selecting investments that support these investment metrics. And this will, of course, be contributing positively to the financials of the company.

Naturally, this comes on the back of, in one hand, higher interest rates, but also higher Capex, so what we are seeing is that Capex on a per MW basis is increasing by20% to 30%. So the reflection of this is on the PPA pricing.

The chart that you see here on the right of the slide is by a third party, an independent party that is showing that PPA pricing both in U.S. and Europe increased by 50% over the last year.

We have actually been negotiating PPAs in the U.S. in the range of the $60 to $70 per MW hour. And that compares to the $20 to $30 per MW hour that we were negotiating about a year ago.

So effectively, there is a reflection of this higher Capex and higher cost of capital into the PPA pricing that ultimately translates into very solid absolute returns in the range of the8%, 9% that I've shown before.

In parallel, we'll, of course, keep on our asset rotation strategy. I think that we have been rather successful. What we consider in this business plan is pretty much the same volumes that we considered in the previous business plan.

And in terms of the capital gains contribution around the same 300 million per annum, as we were considering previously, although the actuals, as we have been showing in our results, are around the 500 million per annum.

But here we prefer to be prudent and target a 300 million per annum of capital gains contribution, as earnings are increasing, the relative contribution of the capital gains from the asset rotation will decrease over the business plan period.

Now, I would like also to give you some views about what we continue to have as a very sound, and I would say prudent financial policy. We are fully committed to the triple B. And we'll repeat this over and over again, because we are fully committed to that.

We achieved that in 2021. And we want to keep it for the future as we see it as strategic for the balance sheet to be ready to capture this growth cycle that we have ahead. 80% of our financing will be managed on a centralized basis at the holding level.

But very importantly, we want to make sure that we keep a strong liquidity management and therefore we have financing – our refinancing needs covered for the next 12 to 24 months. So managing cash in the company is absolutely key.

And what we are seeing in terms of the cost of debt is that on average, it will evolve around the 4.3% throughout the period of this business plan. Now, I want to also just remind us all about what we did a bit since 2021, in terms of issuance in the market.

So in total was 5.3 billion at around 3.2% and 6.5 years average maturity. The reason why I want to highlight this is because this was done so that we would be refinancing the future maturity bonds and we are effectively already working on the cost of capital for EDP well in advance.

All of these issuances were green. For the future, all of it will be green as well. So 100% of our previous and forthcoming issues will be green. And therefore we aim to get to 2026 with about 60% of our stock of that evergreen financing.

And this led us to a very strong liquidity position. So by the end of 2022, we have more than EUR11 billion of cash available. This is providing us visibility that we will be able to refinance all our needs beyond 2025.

But more importantly, on the right hand side of this slide, you can see that we worked through the recent past to actually take or mitigate -- take off or mitigate the repricing risk of the 2023 and 2024 maturities.

So more than 70% of our refinancing needs are already covered in terms of cost, because we pre-hedged the mid swaps back in summer. So we did EUR1 billion at 1.8%and $1 billion at 2.6%. Those pre-hedges will be used to -- for the refinancing of the ' 23,'24 maturities.

And also we issued senior bonds at the end of the period, at the end of the year, a billion in total, so half in dollars and half in euros. And this, again, was done so that we will be preparing ourselves and taking away or mitigating that repricing risk of, let's say, the two years ahead maturities.

This, of course, is part of the overall risk profile of how we manage that. As you know, we have a target of about 75% of our debt being a fixed rate, the 25% floating is primarily coming from Brazil where, of course, the assets are linked to inflation and therefore, we match the asset liability from a rate perspective.

We get the same FX policy and strategy than before, matching assets and liabilities in the same currencies. So again, this works towards building a very strong and prudent balance sheet, which will evolve over time.

So our net debt will grow to the 17 billion that you see here, so it's an additional 4 billion of net debt. But the FFO net debt will go from 20% to 21%. So again, working on the robustness of the balance sheet and making sure that we are reaching now our commitments towards the shareholders, but also to the debt holders and to credit agencies, how committed we are to this BBB balance sheet.

And of course, over time, we will always be flexible about portfolio optimization, asset rotation in a way that we will always be working to meet this important target. And, of course, there's also a big question when we present a business plan is how we fund the business plan. And I want to highlight that the business plan is fully funded.

So all in all, we'll be needing EUR27 billion of cash, mostly, of course, for the expansion Capex, but we'll have strong cash flow generation from our operating assets. So it's more than 9 billion as you can see on the slide. Naturally, we'll have some asset rotation and disposals totaling around EUR8 billion and raising tax equity in the US, as you know, to capture the full value of the tax credits in the US of around EUR4 billion.

We'll have these additional EUR4 billion in debt that I just mentioned before and of course, the 2 billion of equity raising that Miguel already explained. And that will be hereto support effectively the growth that we have ahead in our business plan.

Then how we look at the profitability and how we'll look in terms of the value creation to the different stakeholders indefinitely to shareholders. So we see a net profit increasing in this business plan around 12% to 14% per annum. We would get to 2026 with EUR1.4 billion to EUR1.5 billion of net prof t. So it's definitely a significant growth from where we depart in2022.

EBITDA as well, reaching EUR5.7 billion, 86% growth on an annual basis from 2022 to2026. And also importantly, the platform that will be contributing significantly are mostly to this growth will be the wind solar, so effectively the renewables, clients and energy management. And this will grow soundly through the period.

And I'd like to end before I hand over to Miguel for final remarks, with just also a comparison to what we presented two years ago, because I think it's important to highlight that we are actually anticipating some of the targets and stepping up some of the targets.

So as we look to our deliveries, we said that we will be building around 4 GWs per annum. This plan, we are committing to deliver 4.5 GWs per annum. We said that we wanted to be a carbon or actually coal free and we are working to be coal free by 2025.We'll know that we'll have that viewed to be carbon neutral by 2030. But, we are now committed to have the net zero by 2040 and that is already confirmed by SBTI as a credible target.

Balance sheets, we were committing to become a BBB. We became a BBB in 2021 and we are fully committed to maintain this BBB strong balance sheet into 2026. And on our financials, when we presented our business plan two years ago, we were targeting around 4.7 billion EBITDA by 2025. If you look now, our numbers for 2024, what we are showing is a 5.3 billion EBITDA. So above already the '25 target.

The same happening at the net profit. So we were committing to 1.2 billion in 2025 and already by 2024, we expect to reach 1.2 billion to 1.3 billion, so effectively here anticipating what we committed to in the previous business plan.

And last but not least, improving retribution to shareholders. Not only we adjust the payout ratio, but also, we're consistent with the business plan commitments, we also have a steady increase on the dividend per share floor up to 20 cents per share by 2026.

So, again, I just like to share that how committed we are with this business plan and how we are seeing it actually anticipating some of the targets that we committed before in2021. But with that, I would hand over to Miguel for the final remarks.

Thank you.

Miguel Stilwell d'Andrade

Okay. So very quickly, just two slides, but I think they're important just to try and wrap up.

So we are stepping up the green growth of the company. We'll have a strong balance sheet and a simplified future proof organization. We're anticipating the targets from '25 to'24. I already mentioned that the '23 targets we also expect to be clearly above what we indicated two years ago, and this is done on the back of good positive market tailwinds.

We're accelerating the growth, as I said, to around 4.5 GWs per year and that will scale up over time, it will be around 4.8 towards the back end. We're consolidating a leading role in ESG. We already, had already said coal free by 2025, all green by 2030.2040, we are now validated and certified by the Science-Based Target initiative to be net zero.

We're driving the corporate simplification, delisting EDP Brazil, we're raising capital for that. It is an accretive transaction, both on a value basis and on a net income basis, even post the transaction. And that's going to drive the simplification and also synergies in the business. And so we think it has industrial rationale and it has financial rationale.

We're keeping a solid balance sheet coming into our BBB rating. We've reiterated that several times, but just so there's absolutely no misunderstanding. And we're ensuring that we have a solid and sustainable dividend policy with a 60% to 70% payout and a floor of around 20% by 2026.

We're doing the capital raising at EDPR, a billion already fully subscribed on the terms that I already mentioned. So we think this is a fantastic package on the various different dimensions in terms of growth, in terms of balance sheet and in terms of dividend policy.

And just in terms of general strategy, I think this has got a lot of future proof. I mean, when we talk about will this company be around in 5, 10, 15, 20 years' time? Yes, we continue to see that tailwind, it's going stretching into future. We can't do a business plan for the next 10, 20 years, but I can tell you, I'm sure it will be fantastic growth going forward.

And so really just we're scaling up the business, we're stepping up the growth, we're committing to leading the energy transition, whether it's in renewables, whether it's in networks, whether it's in clients, making sure that we're getting to that 100% green by2030. And I truly believe, and I think, as a team, we truly believe that this will leverage the structural tailwinds to deliver the required green growth and we will create value for shareholders and other stakeholders. But we're very clear that we'll be generating value for shareholders and that's what we've designed this business plan to do.

I just wanted to end the notes by thanking the teams that helped put not just the business plan together, but all the different transactions that were presented earlier today. As you can imagine, a lot of sleepless nights, a lot of work, a lot of people that had to sort of get together to make this happen.

But what I can say is that, I think it just shows the ability of the team to put together, not just the business plan, but all of these which are very complex transactions, as all of you know, to put this together. And that's why I say I have no doubt that the biggest asset this company has is its people, the ability to attract fantastic people, to retain fantastic people. And for me, it's truly a privilege and an honor to be able to work with this team. So thank you very much to the team. And I hope you enjoyed it.

And we'll be taking Q&A, I guess in the next step. Thank you.

Questions And Answers

Miguel Viana

Well, thank you all. We will now open for our session of Q&A. We will start here with the questions in the room. Maybe we start with Javier Garrido from JPMorgan.

Q – Javier Garrido

Thank you and good morning, everyone. I will have three questions to start. The fi rst one, I would like to insist, if you could provide a bit more visibility the near term. I mean '22 was a strange year for many reasons, so if you could provide some guidance on what you are expecting to see in 2023 as this is probably a more realistic basis of what we should see in the rest of the business plan period.

The second question is on the tax equity instruments. You're looking at 4 billion in the plan period. I wonder if you could comment on the cost that you're assuming for those instruments. And also, you can make a more qualitative comment on how your view on these instruments has changed with a US IRA, whether you have full visibility now or you are still expecting more clarification on the specific issues?

And then the third question would be on the chief prices in Iberia. You have in the appendix, your assumptions for wholesale prices, but what really matters is the retail price. So I was wondering if you could give us some clarity of what is the trajectory of retail prices that you're assuming in the business plan? Thank you.

A – Miguel Stilwell d'Andrade

Okay, so on 2023, I think what we're seeing is, as I mentioned, a good start to the year in terms of hydro. We're seeing a lot of the positions that we had, which impacted us.

Let me put it this way, if you took 2022, which we ended up with 870 million and you think that we had a terrible hydro year, absolutely dreadful. If you factor that in, imagine what it would have been. So I'm not saying that that's 2023. What I'm saying is that if we assume an average hydro a year, you can certainly assume a pretty good basis for 2023.

Obviously, there are other things like you know, the, let's say on the gas side, the fact you have lower costs there because if you have a short position, then you're basically taking that as well. So that's also a hit that we had in 22, which we're not expecting that will happen certainly as intense in '23. We ended up not expecting such negative impact on places like Romania and Poland.

So if you unwind some of those negatives that we had in '22, and even so as I said, we had a fantastic EBITDA for '22 and even the net income, we ended up being quite well inline with our guidance. So if you take out some of those negatives and look at '23, I think you can get a sense that we'll have a pretty or we're expecting a pretty good year.

On the second comment, you can take it.

A – Rui Teixeira

Thank you, Miguel. So Javier, on the tax equity. So fi rst of all, what we are seeing in terms of pricing right now, ranging 6.7%, 7%, maybe slightly above 7%. Typically, what we saw over the last 10, 15 years of experience there is that the tax equity market never swings, as you know, with the same amplitude as you see it on the swaps or the mid swaps on the interest rates. It has its own different dynamics in terms of supply and demand. And I think right now, we will be landing within these 6.5%, 7% numbers.

What we are seeing in the market is actually very good dynamics and a couple of good dynamics. First, the introduction of PTC for solar enables some banks to actually manage better or manage differently their tax capacity instead of having to lock it in, in a single year as they have to do it for the ITC. So actually, we are seeing some banks very keen to work on PTC deals and looking on putting that, 10 years forward.

As you know that there is some alternative and just also to your question, it's not yet 100%clarifi ed some of the stuff from IRS, but we believe it will come through the next months. But one alternative, which is not to use tax equity structures, we believe that will be available. Maybe not so efficient because the accelerated depreciation component, you would still have to monetize it. So it's likely that we will still prefer the full structure of the tax equity transactions, but we'll have to have that clarification going forward.

One last comment about this is I think that over time, we have built a very, very good relationship with the main tax equity providers, also tap into new tax equity providers. They recognize the value of our plants of both wind and solar plants. We typically work with them one year in advance of actually having to lock in the transaction and typically on a portfolio basis. So, I'm really confident that we will be able to work well and capture or raise those 4 billion through tax equity.

A – Miguel Stilwell d'Andrade

Maybe on the third point, Javier, if I understood it, so achieved prices in Iberia, you mean, for the customers. So the way we normally do it is, let's say, when you're hedging or when you're forward selling, you take that and then you put a supply margin or a commercial margin on top of that.

And so what I can say is, let's say, on this energy, which has been sold, we're doing that close to the wholesale prices or certainly sort of in that, let's say, 100 plus prices and then you have the retail margins on top of that. So I don't know that helps you get to that.

Q- Javier Garrido

What about the trajectory?

A – Miguel Stilwell d'Andrade

The trajectory we're locking in a lot of the B2B customers with longer-term contracts. So when we've seen an increase substantially over the last year that my colleague takes sort of all the supply business, a lot of them are locking in 5, 7, 10-year contracts, sort of the average wholesale price for the next couple of years.

So that, in a certain way, you can expect that for a certain part of the energy going forward, 60%.

A – Rui Teixeira

Around 60%.

A – Miguel Stilwell d'Andrade

But in terms of the trajectories, if you're taking it on the spot basis, let's say on a yearly basis, you get the whatever is the wholesale price that we're assuming for that particular year. In some cases, we'll level it out and sort of get an average price over that to that period.

A – Miguel Viana

We can go to the next question from Manuel Palomo from BNP.

Q – Manuel Palomo

Hello. Sorry, good morning, Manuel Palomo from BNP. I will stick to three questions.

Well, first of all, you mentioned the dreadful hydro year, last year and I could not agree more. And something that I understand that we learned is that the hydro resource is very volatile. So my question, my first question is what's your expectation about those factors for the coming period and whether there's any leverage to offset potential volatility in the hydro as we saw last year and we've seen in history?

Second question is about distributed generation. If I recall, well, this business splits in three between EDP, EDPR, EDP Brazil. With the move of EDP by now to EDP Brazil, I understand now stays in two. But longer term, does it make sense to be in two separate entities? Would it make sense to put it under only one company? Is there any plan to do so? And I guess that maybe EDPR would be the one owning this. but just guessing.

And the third question is on returns. You still target very, very, I would say, strong returns despite the visibility on the cash flows, I would argue it's a bit lower. I mean, you continue to target the 1.4 times historical WACC equal IRR. However, in this presentation, you said that above 60% of the NPV of the cash flows is already there versus two years ago, it was70%.

May I ask about what are the price assumptions beyond the duration of the PPAs given those cash flows now explain a higher percentage of the NPV? Thank you.

A – Rui Teixeira

Okay, so Manolo, on the hydro, yes, I mean, there's a higher volatility. Again, just to remind us all, 2022 was the worst of the years, not only we had the worst of the drought, but we also have the highest of the prices. So it was -- I'm not sure if I call it a black swan event or but effectively it was there.

Going forward, what we are adjusting is the hedging policy so that we don't hedge more than around 80% of the hydro on the P50 basis. That should account for what we consider to be normal volatility on their hydro coefficients.

I mean, naturally, it's impossible to predict. Unfortunately, it's impossible to predict these extreme case scenarios as we experienced in 2022, but with this policy in place, with this hedging, the 80% of the P50, we expect to cover pretty much the bulk of the scenarios.

What we consider going forward is around the 9-terawatt hours of baseload generation in Iberia, and that is our P50. So again, you could consider that 80% of that would be locked in through the period. I mean, it's not immediately at front, but through the period and then the remaining would be, of course, exposed to merchant.

A – Miguel Stilwell d'Andrade

On the DT, so you're absolutely right, we do operate. But what we're interested in is value and making sure that you can keep local what is local and global what is global. And if we have, for example, an operation in Brazil, which has commercial capabilities, it's currently under EDP Brazil, they should be the ones that are driving that.

Similarly, for example, in the US, we have EDP Renewables operating in the US, we don't have anything else apart from EDP Renewables operating in the US, we're not going to create a separate platform there. So we're going to leverage on the existing platform. So that was the, let's say, the philosophy which has basically allowed it to grow up to now.

I think we're already doing a lot in terms of coordination. So for example, I mentioned the(inaudible) example, that was actually coordinated across both EDP, EDP Brazil and EDP Renewables. So obviously, internally, we can then leverage on that and make sure that we're getting the synergies in terms of procurement, that we're getting the synergies in terms of whether it's engineering and design.

We don't have any plans to bring it under a single company. I mean, that's something we can continue to go on analyzing, but only if it makes -- if it adds value, if it creates value. Otherwise, it's just reorganization for reorganization, then it's better to keep the teams motivated and focused on delivering than to be too worried about what's changing especially at the corporate sector. So local what is local, global where you can get the synergies. Maybe that's what I'd say there.

A – Rui Teixeira

And Manuel, maybe on the last question, then. So the target that we commit is that we are looking to new projects. We'll look, of course to the risk profile and we want to make sure that at least 60% is under the long-term contracting nature of the project or the cashflows of the project. We have been achieving that in excess of the 60%.

The power curves that we use for the uncontracted period and we have two uncontracted periods. So the nose, let's say the earlier cash flows because of the difference in timing of COD and PPA COD, we may have some short term, but that's effectively it's sort of forward curves that you will see in the market and that will account for a small percentage. But importantly, the later parts of beyond the contracted period, of course, we have our own views and we compare always with third-party views, from the typical consultants that the market uses as a reference and make sure that we are never far apart from whatever those views are.

And to build out, of course, what we consider is fundamentally what is a potential market design and I know that nowadays we will be discussing about market design, it involves evolution for Europe. Although I can upfront say we are not expecting a revolution. So I think that we know the dynamics may still hold and definitely is what we're considering for those long-term curves.

But basically, what we're considering is sort of the type, the current market design and very importantly, the renewables penetration. And what we typically are, are very prudent, as we consider that these renewables penetration will effectively have what we call the solar adjusted factor or the wind adjusted factor, the SAF and WAF, with high percentages in solar.

We, in many markets, we reach more than 50%. That means that the assets, the realized price of the asset will be 50% below the average price that comes out from the market. So it's a combination of both. But as I said if you take the third-party views, our curves will not diff er materially from those on the long term.

A – Miguel Viana

So now, Alberto Gandolfi from Goldman.

Q - Alberto Gandolfi

Thank you, and good morning. Three questions on my side. Definitely one of the three is very confusing even to me, lots of process today, so I apologize in advance.

The first one is on returns. What are you seeing in terms of the competitive tension out there? We started to see a change in narrative with the big oils talking about large green molecule USRA, much less about green electrons. Do you see that? Is that helping? It doesn't look like it's in your guidance if I'm right. And maybe if you can give us a bit of coloron what EBITDA over Capex you now expect, given that the WACC is higher, so expect the absolute ratio should be moving higher.

And maybe any light on work in progress. Your Capex is going up vertical. So a lot of the26 Capex, I assume, has almost no contribution to 2026 EBITDA, just to be clear on that. Because somebody out there may be thinking of returns that applies implied are quite bad, so just to dispel that.

The second question is sort of going back to Javier, 2023, right, we understand you have a Romania-Poland tax that is now more manageable because prices are down. The hydro production is already above average. Hedging prices are really good. So the question here is what are the chances you achieve your '24 target in '23? But what could go wrong for you not to achieved your '24 and '23? Consensus is close to 1.1, comfortable, very comfortable with that.

The last one, sorry, I'll slow down because I see you're taking notes and apologies for the very long questions. But your Capex plan is up 25%, which is essentially 100% cost inflation, if I'm not mistaken. That's your Capex. So you've put how much of the US IRA repowering of wind is in the plan? Europe IRA doesn't even exist yet.

So in two years' time, '25, I know you just presented '23, but two years' time you come here, let's say the Capex cost equipment is the same, should we expect those curves, hypothetically, if those plans get fully implemented, those curves move up again? And clearly, you're not fully funded for the next three to five years. Is that how we should be thinking about where you're taking the business?

A – Miguel Stilwell d'Andrade

Sorry about that, I didn't quite catch the end of the third question so much.

Q – Alberto Gandolfi

The end of that question is should we expect two years from now those GWs curves to start to go up, not the Capex necessarily, the GWs curves to go up. Because now you have a Capex per GW upgrade driven and again, investments are driving EBITDA, so I'm very happy it comes from that. But I was wondering if on top of Capex cost inflation, you also have more GWs two years from now.

A – Miguel Stilwell d'Andrade

Okay, let me try and take it maybe backwards. So on the third point, clearly, we saw a very high increase in Capex per MW. I mean, that's the fact, whether it's turbines whether it's solar panels, there was a material jump at the end of 2021. And then throughout '22, we're actually beginning to see, for example, on the solar side, prices begin to comedown outside of the US. The US has got slightly diff erent dynamics.

So going straight to your points, I think we have the flexibility. And that's where we tried to sort of indicate that depending on where, let's say, the Capex per MW goes, we can flex the number of MWs. So if it comes down materially over the next couple of years, then you can do more MWs.

So we size it by euros and then the result, sort of MWs of keeping the same number of euros, you have more MWs that that would be the fl ex they could have, either up or down, to be honest. But obviously, it's gone up a lot and now we're in to see it go down.

So I would say the US is a specific case, just particularly in terms of solar so just also to be clear. The cost, the Capex per MW in the US, is materially higher than, for example, the rest of the world.

I mean, I think there will be a transitional period where the manufacturing, industry readjusts to producing either more in the US or just in terms of sort of importing plus tax tariffs, those sort of end up leveling up. I think it will stay relatively high Capex per MW in the US, but it could come down. The thing is that then you have the ITCs and the PTC is, which obviously, let's say, make the profitability work out even with the higher Capex. So maybe I hope that answers the third question.

I think on the second question, again, going to – I'm not going to comment on '24 versus'23. But I'd say we're very comfortable with consensus. Again, you ask us, when you ask us that on a recurring basis, and it depends on how the year goes. So expect the unexpected, I mean, in terms of geopolitics and macro, et cetera.

But what I'd say is we are comfortable with, or we think, we can even exceed the consensus out there for 2023.

In relation to the first point, do you want to take that?

A – Rui Teixeira

So I mean, we see competition out there. We saw it in the past and we still see it. So I will not say that we are seeing reduced competition from other developers, regardless of being the typical ones in the sector or coming from the oil and gas. In the past where we saw oil and gas being a bit more aggressive is typically on the offshore, not so much on the onshore.

Honestly, we haven't seen any dramatic change in terms of the competitiveness or the competitive dynamics within the sector over the last three to six months. Maybe those that are really the small developers at this point, we have seen them a bit more willing to actually come up and agree on selling their projects on a ready to build stage, which is normal, because capital has been harder to fi nd or at least for them at the appropriate cost.

And that's why when we look now to this project and to the project returns, and I mean really what we are seeing is we are able to meet our target returns, but at the higher absolute return value. So this 8% to 9% is something that, of course, we were not seeing maybe 6 or 9 months or 12 months ago.

And the reason why, we said, it's really important to actually now play the cycle because this is where the moment in time where we will be able to have higher Capex, but higher absolute returns. At some point, we'll see a downturn in terms of the cost of capital, but by then we have already locked in long-term contracts that fulfill this higher Capex, so higher PPA prices, higher returns. And then we will be in a very, I think, I would say in a strong position.

I'm sorry? Oh, the work in progress. For '26, we are estimating above a billion, so maybe a billion, between a billion, a billion and a half working progress for 2026.

A – Miguel Stilwell d'Andrade

And Javier Ruiz from Barclays. There, in the middle.

Q – Javier Ruiz

Thank you and thanks for the presentation. I have only two questions.

The first one is, I mean, you're relying very much on covering the cost inflation by passing through to final consumers. And last year, we saw a total decoupling between PPA prices and marginal prices. And going forward, you seem to be relying on that decoupling but the inverse way. Power prices are coming down and you're expecting power, PPA prices to increase.

Can you please explain to me from a client point of view why would you pay a higher PPA price?

And the second question is about the scrip dividend at EDP (inaudible). I understand the scrip dividend, you want to keep the cash because you want to reinvest. But why increase the dividend payout? The only explanation I can find is that you're expecting minority shareholders to go for cash and therefore increase your stake in EDPR. Maybe I'm wrong. Please give me an explanation. Thank you very much.

A – Miguel Stilwell d'Andrade

Okay. So on the cost inflation, I mean, that translates into higher PPA prices, as you say. But I think what we've seen certainly over the last year is that renewables continues to be materially cheaper than the alternatives, certainly than gas, oil, coal. And that's why you have this decoupling.

But the PPA prices are done not based on what is the margin -- let's say, on the marginal pricing. That just makes it look more attractive or more competitive. It's done on, let's say, the levelized cost of energy of that specific project. So you get your typical Excel spreadsheet, you put in the Capex, you put in your cost of capital, your assumptions for price of energy and your target returns and that will be the PPA price that you ask for the customer.

So I think energy prices would have to come down a lot before the PPA prices stop being competitive. And I think what we've seen in the past is that, even before the crisis and before energy prices, the PPA prices were already competitive. Now they've gone up, but still, as I say significantly below on a relative basis, much below the alternatives. So even if the alternatives come down, I think and we're just talking about whether Capex also starts coming down, you'll also see the PPA prices coming down.

So for customers why it makes sense, because it's the cheapest form of energy at the moment out there. Depending on whether its pay is produced, et cetera, maybe you have to complement it with other energy, but on the levelized cost of energy is undoubtedly the cheapest energy out there, certainly in Europe and in many other parts of the world.

On the scrip dividend, I mean, we increased the payout because quite frankly, it was very, very low. I mean the peers, whether you're talking about Acciona, Orsted, or WEs, I mean, I can give you a list, we had a 13% payout. And so I think it's important that we'd be aligned with the market. I mean, we want it to be a responsible company, responsible to its shareholders, give the option.

I think we don't know what percentage of minorities will take it up, but we've seen precedents in the market where 70% end up opting for shares, not cash. So that's the present. I have no idea what the EDPR minorities will do. But the intention was not that they should get the cash or not, I mean they have the option, that's why we've given it to them. We will not be taking the cash, we will be reinvesting it back in the business.

But what I say, there's no, let's say, hidden agenda there. It's simply saying, listen, EDPR is a growing up company, it should have a dividend policy like a grown-up company. The payout ratio and then give the option to the shareholders.

A – Miguel Viana

Gonzalo from UBS over there.

Q – Gonzalo Sánchez-Bordona

Hi, good morning everyone. Couple of follow-ups on what you mentioned on the Q&A.

So basically you set the targets based on the Capex and then you can do more MWs on the Capex then you will do it. So my question here, I guess, is if we see a situation which you said you're not anticipating but in a situation which basically merchant power prices come down faster than the PPAs, this is not as attractive for customers as you have seen today. And then you have to do less MWs. So what would you do?

Basically, what is the priority keeping the amount of Capex you are doing in terms of MWs that you're adding gross, net? How does that play out in terms of as a rotation and other balance within the two?

Second follow-up would be, quite literally, basically what do you see the risk for the deliveries of the growth that you're seeing in the plan? I will ask you maybe risk here at the moment, Europe because of the permitting issue you've been mentioning than the rest of regions, but I would appreciate your views on that.

And then if I may, a question on the status of the coal plans and the commissioning or sales? If you could update us on the situation You've done quite a few impairments there but also assuming on the Iberian plants, so what is the status and what do you expect to happen with those? Thank you.

A – Miguel Stilwell d'Andrade

Okay. So as you said, the targets are based on the Capex so that's what we're sizing given the balance sheet, given the, let's say, the expectations.

So depending on how that Capex evolves, you get the different MWs. I mean, I think that was Alberto's question. In terms of, if I understood it, the merchant comes down and the question was, is it still competitive? Like I think if you look at the forward, let's say, TTFs, et cetera, for even for 2026, we're still talking about EUR80 per MW hour implied power prices. So I think with the current levelized cost of energy that we're getting for solar and wind, those would continue to be competitive. The renewables would continue to be competitive versus those gas prices and the implied coal prices.

So am I answering your question?

Q – Gonzalo Sánchez-Bordona

Sorry, I will repeat. So the question is if what I was meaning if, that is your base case but if that happens earlier than you're expecting, so basically you get a situation in which you cannot invest as much as you would like because it's not longer competitive for your customers to sign PPAs. So basically what is the decision whether you just invest less, do less as a rotation and...?

A – Miguel Stilwell d'Andrade

So, it's a good question. I think there what you've seen and you've seen that in the past, I mean this is also a question about greening the economy and about decarbonization.

And so what you've seen whether it's the IRA, whether it's the repower, you will see governments kicking in, particularly in the key hubs where we are, the key regions to make sure that they are driving that. Whether it's through specific auctions that you've seen in the past where you do auction for renewables, wind or solar and you get the price that you get and you'll be selling to the system.

I think there are three reasons why people are investing in renewables. One of them is because they want to go green and that's one of the issues, that's been sort of one of the key reasons why Europe has done it in the past, getting to net zero by 2050. The other one is energy independence, and so thy want to force more renewable energy, particularly in countries that don't have their own endogenous sources. Europe, again, is an example, particularly given the crisis we just had with gas coming from Russia. So I think they will want to drive renewables in Europe because it's really the only thing that's available at the moment.

And the third is in terms of costs. So if the costs are lower. But these fi rst two are political and they're very like ingrained, I think in society and other political level. So even if the prices are not there, let's say, take a stress test and you bring the merchant prices there, I mean renewables are more expensive than fossil fuels in the past at some point. And there was a drive to implement that. So I continue to see that there will be that push whether it's here, whether it's in the US to make that happen.

In terms of delivery, listen, obviously, I mean all business plans have risks, but risks could be on the upside or the downside. In terms of delivery of actual MWs, I say that in Europe, it's more a question of continued to drive the corporate PPAs and making sure that's happening. But in terms of permitting, we're actually expecting things to be relatively straightforward. I'm here looking at (inaudible) who runs Europe for EPR.

And I think they'll tell you or you told me he's quite comfortable with hitting those type of targets. I think in the US, it's not so much. The US is probably more about supply chain, so there, as you move, so the demand will be there. The question is, will the supply chain be there in the short-term? On the solar side. I think on the wind side that will be much easier to manage because a big part of the supply chain is already there in the US.

On the solar side, we're seeing sort of the disruption that we're currently living. I think that will sort itself out because I think otherwise the US, they don't have panels they won't be able to drive that. But it is something which is obviously a risk. I'd say maybe those are the two. I don't know, I don't see any. But I'd say those are probably sort of maybe some of the key risks we're seeing there.

On the status of the coal plants, the sale -- the process is ongoing. We will provide news as soon as possible. In Iberia, it's more a question about, well actually because of just even security of supply, some of those coal plants had to come back online last year. But I'd say that those will be reconverted, we've already been awarded specific support and subsidies by the European Union to be able to reconvert them using what they call the Just Transition Funds and others, innovation funds to convert them into renewables plus hydrogen projects.

And so there's a big push by Europe using a little bit to catch phrases but leave no one behind, right? You don't want to just shut down a coal plant and the whole community goes under, right? These coal plants employ hundreds of people. So we are committed and I think the national governments are committed and Europe is committed to making sure that they are, let's say, reconvert these and we can transition these into sort of hubs, we can create employment and that are, let's say, more aligned with the energy transition.

So that I would say is the Iberian case and that's what we're assuming over the next couple of years.

A – Miguel Viana

Gonzalo from UBS over there.

Q – Gonzalo Sánchez-Bordona

Hi, good morning. I have two questions. One is a follow-up from Gonzalo´s one.

Firstly, how would you see a strategy in an environment where the price mechanism in Europe changes from marginalist markets to every other alternative, namely for your either exposure, so this would be the first one. And the second one, sorry, the second one has already been answered.

A – Miguel Stilwell d'Andrade

Interesting question. I could give you a very long answer, a very sort of shorter answer.

The marginal pricing system is not going to change in Europe. But I can elaborate on that. Given the consultation that the European Union is doing now and they've set out those questions to everyone, they're not questioning the marginal pricing system, certainly for the short-term dispatching, an efficient method, it's proven. They spent 20 years developing it. And I think Europe and the various and many European countries are committed to that and to keeping that as a core part of the energy market. Make sure it's an integrated market because if you don't have something like that, you get a total fragmentation and a reregulation of the sector. And I don't think that that's the point.

Maybe there's some scenarios, there's some known papers out there but I don't think that's where consensus is and I don't think that's where the European Union is at. And, you know, we spent a lot of time in Brussels talking to them. So that doesn't mean that they're not going to want to incentive more long-term PPAs, more long-term contracts to get more stability and take out less volatility. And I think there's a lot of improvements that can be done there.

We as a company have defend that for many years that we should have longer term contracts and for renewables, we contract typically 10, 15 or plus years of PPAs or in the auctions. So we actually like that type of mechanism. But I don't think you have a whole market based on that. You have the complement of the short-term marginal pricing system to dispatch on a daily basis or sort of day ahead, couple weeks ahead. And then you have complemented that with a forward sell of PPAs directly to customers or with the centralized systems to do that.

That's how we're seeing sort of the conversation evolve. I think I know Spanish government has a slightly more radical approach, but I think they've gone one extreme, I think there will be improvements. You've seen sort of a bunch of different Central and Northern European countries coming out quite strongly with, let's say, it's an evolution, not a revolution of the market design scheme. So I don't expect that that would have an impact on our hybrid is basically the bottom line.

A – Rui Teixeira

And just complement one thing, when you ask about how, for example, our hydro would be have.

For the numbers of the business plan, what we are considering is that having a mechanism or not in '24, no, it could not be active because we are considering declining in the power prices. So it's not that we are expecting that some sort of mechanism will disappear and then we get exposed to much higher power prices than we have today.

Actually, even if it was to hold for a longer period of time, it would not be active, it would be already above the power prices. So that's I think is a more conservative set of financials.

A – Miguel Viana

Jenny Ping from Citi.

Q – Jenny Ping

Thanks so much. Three questions please.

Just following up your comments earlier around going upstream and some of the supply chain restrictions in the US. Can you talk a little bit about whether you've thought about going upstream yourself given the incentive there is available? So that would be my first question.

Secondly, just looking at your portfolio, Sunseap obviously was one gap that was left in APAC that you effectively filled. Is there any other areas where we should think about inorganic growth as we look forward into the next couple of years? And then one last one for I just wondered whether there is any fiscal benefits in terms of taxes with the restructuring of EDPR Brazil because obviously you're no longer repatriating dividends and reinjecting it whether we should see benefits coming through the tax line. Thanks.

A – Miguel Stilwell d'Andrade

So on just upstream supply chain and if we take procurement, I can also give a view on that.

But if your question is in the sense of would we take equity or would we sort of actually move physically up? The answer is no, that's not our base case. We are seeing different players establish themselves or setting these plans to establish themselves in the US. And also existing players wanting to scale up. I think there it's more question of can we give visibility on off taking which gives more certainty to actually implement those plans?

And as, let's say, the reverses that we then get guarantee offtake or sort of the preferential rights on those solar panels I think that is an example. So I think those type of agreements maybe larger framework agreements will exist. Going upstream in a sense of actually buying, I don't think that's necessarily good philosophy or good strategy because you become either dependent on the technology or dependent on a particular supplier, that's not our business. We haven't done that in the past and it's not on the agenda.

So on Sunseap, no, the answer is I think we've got a very fantastic portfolio quite frankly. I think we are touching all the different global regions and we now have the four hubs, Europe, US, South America, Asia Pacific. We're very comfortable with that, we don't see any gaps. The countries that we are in cover 80% of all the renewables growth that is expected over the next couple of years. And for me that's the 80-20 parietal rule. If you're in 20% of the countries that represent 80% of the growth, that's good enough. You don't need to go into additional countries or into additional areas.

I think it will bring marginal additional growth and greater complexities. So I think we're are at the right place. If anything, it's more about going deeper, consolidating where we are and making sure we are driving efficiencies in those areas. In terms of technologies as well, we've widened our technologies, we've gone from primarily wind and hydro, now solar, DG, we have to keep our eyes open. As I mentioned, sort of maybe there are new technologies out there that will come up over time so we'll keep our eyes open to make sure that if that happens we are a part of that.

But we haven't identified anything, nothing's on the agenda. I think we're covering all of the key technologies that we want to be in. So I think in terms of gaps, I think we filled out our portfolio. Germany was an area which was missing for us, I think we did that with the Kronos and so we're very comfortable with that as well. In terms of fiscal benefits, I mean nothing particular that we'll comment on. I just say that just general optimization we're assuming that there will be synergies which will flow through, not specifically just tax which will drive, let's say, earnings accretion apart from the intrinsic earnings accretion of the transaction just given the relative multiples also there will be, I think additional value that we can release.

But I won't comment more on that just given there is an offer over Brazil.

A – Miguel Viana

Skye Landon from Jefferies.

Q – Skye Landon

All right. Thank you. A few from me.

Firstly, on offshore winds you gave some really good color around the growth profile there, but in terms of returns, Capex have been going up significantly. So what do we need to see in upcoming auctions? I'm thinking US east coast and UK on the revenue side in order to protect better returns?

Secondly, again, on offshore wind, what percentage of the 2026 EBITDA is from offshore wind? And then thirdly, more generally, on renewables, I think last time around at the 2021, 2025 plan you gave NPV to Capex threshold of 25% what's the assumptions in the near 2023 to 2026? Thanks.

A – Rui Teixeira

So in terms of ocean or the offshore and returns, what we are expecting to see is similar to what we saw on the onshore, the PPA prices or the CFT prices going up. And I think we have started already seeing some of that dynamics in US when you're bidding for the PPA.

So as you know US actually have bids where you typically bid two different things or different moments in time. One is to be for the seabed lease and the other one is to be for the long-term contracting where the PPAs are the CFE. I think just, so the last option where we participated in California and versus what some people in the market were expecting in terms of very high bids upfront, actually it became below and actually I think seven bidders only show up for six zone.

So it shows that people are, of course, the sector has evolved, being cautious about what does it mean to commit itself upfront for the seabed lease, let's see how the UK will evolve and on the US side as well. On the PPA side we are seeing prices going up and, in fact, we'd be compensating for that higher Capex. Also to the clear in terms of what we have already contracted our PPAs, only 20% is for the project in the US and this actually for half of the project in US and I think we shared that information a couple days ago at the EDPR year-end conference call because that is the project that as of now we would say probably get the project as a whole, the returns are still there. For that half, the returns are a bit larger but then we are compensating for the second half.

And as we go forward, I think that we'll see that improvement in terms of the more increasing terms of the PPAs reflecting the higher capital and cost of debt. On the NPV per MW or per Capex, I think there, we are not showing the number. I'll follow-up. We are seeing a slightly higher number, of course, because as the overall Capex, you give the Capex but also you have better return. So overall, the NPV is improving 100% (inaudible) follow-up exactly on that number.

And I believe that from the offshore, the contribution to EBITDA on the percentage, because I don't have that number here. But I will definitely follow-up before we end the meeting. Okay.

A – Miguel Viana

We can go to the next question, maybe if we don't have more in the room. Javier Garrido, just finish here.

Q – Javier Garrido

Sorry, yes a quick one on IRRs. It was very useful to see the slide with a 9, 8, 7% but those numbers if I understand correctly for solar apply for utility scale solar.

So we put together sort of DG plus the investment outside the US and the European Union we get to a decent amount of your Capex, probably around 30% if we put together Asia, South America and DG. Am I right in thinking that in those areas that you are targeting a double digit IRR just given the comments you made on solar DG cash returns and the risk profile of the other geographies, is it fair to say that you would be targeting more than 9% IRR in that portion of Capex? Thank you.

A – Miguel Stilwell d'Andrade

For DG and what was the other part? For?

Q – Javier Garrido

DG, Sunseap, Asia, and South America.

A – Miguel Stilwell d'Andrade

South America, for sure. DG in some cases are very high single digit and Sunseap as well depending on the markets. So Vietnam, China, Taiwan, Japan, I mean they have slightly different profiles, so they have different but high single digit, low double digit, that would be sort of the range we would look for.

A – Miguel Viana

We have one more here from the room from Jorge Guimaraes.

Q – Jorge Guimaraes

Sorry, just a follow-up and going back to the beginning of the presentation. Is it possible to (inaudible) the capital increase on the parent company on EDP mainly on the part of the capital that is not closed yet? And what type of pricing approach will useful? Thank you very much.

A – Miguel Stilwell d'Andrade

Pricing will be a typical accelerated book build and so it will be based on volumes, prices and what is an appropriate discount if any for new investors to come in. Knowing that 60% of the book is already filled up. So it will be based on what is left over.

A – Miguel Viana

We have one more here from the room from Alberto Gandolfi.

Q – Alberto

I think we'll need to see the specifics. I think in general, obviously anything that is an incentive to profitability, I mean a part of it always ends up flowing through to the customer, like in the US, right?

A – Miguel Stilwell d'Andrade

I think we'll need to see the specifics. I think in general, obviously anything that is an incentive to profitability, I mean a part of it always ends up flowing through to the customer, like in the US, right?

So the US, the PTCs is basically a subsidy to the consumer at the end of the day. I mean, you incorporate it in your calculations, it makes it cheaper for the consumer and which ends up in incentivizing more demand, if you want.

So in Europe, it would be another way of incentivizing demand for renewables. So potentially would accelerate that demand on the corporate side, I think we need to see the specifics in terms of how that's actually implemented on a country-to-country basis. I mean, I think it will still take some time, maybe over the course of this business plan we'll see that but I think we need to see it in more detail.

A – Miguel Viana

We don't have more questions in the room. We have a couple of questions in the net. Some of them have been already answered, also by questions in the room but starting here from Enrico Bartobi from Mediobanca.

The question is regarding distributed generation. It is a significant part of investments as in the business plan and we tried the most effective markets which returns do you expect from these segments?

A – Miguel Stilwell d'Andrade

The returns I think we already touched on which are the most attractive markets. I mean, Europe is very attractive at the moment. Brazil is very attractive at the moment. Southeast Asia is very attractive at the moment.

The US is very attractive, so I mean that's why it's representing 40% to 50% of the growth of solar in the next couple of years. I mean, you can vary a little bit on the dynamics on a country-by-country basis but basically it is I think a very nice business. Obviously, it's has some slightly different dynamics much more customer facing, obviously, but there is a lot of demand there. And I think it's a question of how you scale it up.

It requires a more granular operations, it requires much more sort of people on the ground in terms of operations, setting up that sort of implementation model. But still there are some synergies with a utility scale, and I think once you've got that in place, once you've got that machine set up, then it becomes I think quite interesting.

A – Miguel Viana

Okay. We have one more which was more or less a question from Mediobanca and also from Bernstein on, just a second, on US offshore in terms of what is the growth potential. And how do we see the evolution of the market in the US?

A – Miguel Stilwell d'Andrade

Future. So apart from the few projects that we have, I mean I think there will be a lot of tenders there still coming up over the next couple of years, we pointed to that.

So OW I think is also evolving in terms of strategy. We would prioritize participating in processes which don't have upfront auctions, and so to the extent that there are beauty contests or have lower option payments upfront. I think we've already managed to develop a large portfolio over this last 12, 24 months and so we don't need or depending on the countries to go in for those fantastic, great auctions up front for the government which aren't necessarily fantastic for the consumer.

So we prioritize those but in some cases we will go for those. So in the US, typically you'll have, the California example is actually a great example for us in which we did go for one of these auction type processes but it worked out very well because there are several bidders for six sites. I mean, we got a lot of calls after for people that were very surprised because there had been 40 bidders originally signed up, actually only seven showed up, and so I think we got a very attractive concession, sort of a very low option price.

So on a case-by-base basis, we'll consider it, otherwise we'll try and prioritize more sort of open processes, so the US, it will depend on the processes but if they keep this current, we might not increase that much more.

A – Rui Teixeira

I would just the opportunity to go back to the question about although we're just waiting the financials. So it's less than 5% of the net income of the period because it's an equity consolidation and it's development stage.

So the operational capacity is the one that we have here, so it will be less than 5%.

A – Miguel Viana

Okay. I think we was just running through the questions. I think most of them have already been covered in the previous questions that we have here last one, also from Enrico Bartobi from Mediobanca.

Could you please provide details on how you think you allocate new renewable capacity in Europe to different countries? In particular, what level of potential capacity growth is offered by entering the German market?

A – Miguel Stilwell d'Andrade

So I think the fact that we are already present in 12 European markets means we can take advantage of the different dynamics in each markets as auctions come up or as the corporates develop.

We have obviously strong presence already in Spain, we have in Portugal. I think Kronos specifically, we're expecting around year-on-year if I'm not mistaken just looking at the numbers here, I think around half GW per year. Rui, can you correct me? Okay. So that leaves us some optionality.

One of the things we're also doing with Kronos is mostly solar is that we're also developing the wind part. So that's what I think we bring to the table, a little like Sunseap as well. We have quite a lot of wind expertise, these are mostly solar companies, so we continue developing the solar but we bring on top of that platform also the ability to do onshore wind. And I think in Germany, that will also have an interesting upside depending on permitting.

A – Miguel Viana

Well, we don't have any final question, I will pass to Miguel for our closing remarks.

A – Miguel Stilwell d'Andrade

I mean, what I have to say is thank you very much for the time that you've taken to be here today.

I know it's been a long session but hopefully useful and interesting. We really wanted to share with you and I think the excitement that we have about the prospects because we truly believe in the sector, we believe in the company and I think in that sense be able to share with you what our views about the sector and about what we can do in the next couple of years.

So as I mentioned, I think on a previous call, it might be a bumpy ride but I have no doubt that it will be a very successful one. And I'm sure we'll keep in touch over the next coming quarters and let you know how things are going. So thank you very much.