EDPR

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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 & Sustainability

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Miguel Viana: Good afternoon, everyone. Thank you for attending EDPR's Nine Months 2022 Results Conference Call. We have here with us our CEO, Miguel Stilwell d'Andrade; and our CFO, Rui Teixeira, who will run you through the key highlights of our strategy execution and nine months 2022 results. We'll then move to Q&A in which we'll be taking your questions, and this call is expected to last one hour, so I'll give now the floor to our CEO, Miguel Stilwell d'Andrade.

Miguel Stilwell d'Andrade: Thank you, Miguel. Good afternoon everyone. I hope you are all doing well. It was a pleasure to speak to you. So, I'll kick off talking about basically updating on the strategy execution and if we move straight into the presentation. We go to slide four. We can see that our nine months performance for 2022 shows really a strong growth in EBITDA. It's up 62% year-on-year to around EUR1.5 billion and this has been very much supported by expansion of our asset base. So, we increased our installed capacity by 10% year-on-year and the generation overall increases around 14% year-on-year.

We also see a significant improvement in our average selling price of almost 30% year- on-year. So, supported by higher prices in most of the European markets and also some FX. Finally, asset rotation gained around EUR264 million including the transaction in Italy, which was closed in September. Net profit. Net profit increases 180%. So, year-on-year to EUR416 million, so very much impacted by the higher financial cost on the negative side due to higher interest rate. But obviously, it also has a positive upside from the EBITDA that I mentioned earlier. Increase of debt and Forex impact is partially mitigated by the asset rotation gains and we'll talk about that later on in the presentation.

In terms of the 2025 target, both growth and value. On one hand, we have gross investments reaching around EUR4.4 billion. So, this is more than doubling last year period and this reflects the ramp up of our investment plan with renewable projects under construction is reaching a historic record of 4.3 GWs over around 15 countries.

Regarding asset rotations, and if we look back to since 2021, we've already secured a total of nine transactions in six markets and this represented total proceeds of EUR3.4 billion. So

over 40% of the EUR8 billion total asset rotation plan that we had for the business plan period.

Finally, we've secured until now almost 11 GWs of capacity for this period until 2025 and that represents around 55% of total target that we have for capacity additions. So again, moving for -- continuing to move forward on track with that.

Now let's dive into some of the key geographies and if we move to slide five, we can talk about the Inflation Reduction Act. I mentioned this before. So, last time we spoke, just before the summer, I think I mentioned at the time that we were not holding our breaths for this to come out. Well, fortunately, it did come out the day after we spoke, so there was started news on this, and this was finally approved during August. So, I'm sure all of you are aware of the legislation and aware of the impacts and we are just highlighting a couple of key points. First, it brings 10 years the stability for renewables tax credits and in fiscal incentives.

So, I think that will avoid the stop and go and the sort of hesitation also from the market in terms of investments. So, I think that's good. It gives us a long runway to be able to invest in the US over renewables. The IRA also extends PTCs and ITCs into new technologies, so with that, solar PTCs are also now eligible. This will provide better returns for some of the projects. In fact, most of the projects will be able to have some slight increase. The eligibility also depends on some labor and apprenticeship requirements but which we are comfortable that we will be able to meet. Regarding new technologies, the IRA also has a new tax credit for standalone storage, as well as an incentive for green hydrogen, which we think will also contribute strongly to the development of the technologies in the US. So, both storage and hydrogen, I think, get a good boost here, which will be positive, certainly for the US and I think for the market and for ourselves.

Finally, just an interesting point on the IRA. It introduces a new structure of the tax credits, so it adds a bonus rate to the base rate and there are essentially two types of bonus credit, one for domestic content for the US manufacturer content and another which is for projects located in certain disadvantaged communities mainly those that are dealing with the impact of the past and current fossil fuel extraction and pollution. So, for example coal plants that have been shut down in the surrounding areas. If we build a project, we will be able to get an additional bonus credit.

So, this is definitely positive for renewables growth prospects. I don't think there's any question about that in the US and as you know, the US is a key market for us. We are present in 14 states. We have a long track record, reaching all the way back to 2007. We have a significant pipeline of projects under development. And so, the approval with the IRA really provides a stable long-term framework to support the renewables project commercial activity going forward and I think we are well positioned to capture that growth in the US.

Let's move on to Europe. Now, Europe, you've also spoken about this in the past, but the renewables growth potential is definitely being reinforced by the repower EU ambitious targets. So, following the Kronos acquisition that we closed in October, EDPR has reinforced its presence also in these low-risk European markets, namely France and UK. We entered Germany and Netherlands. So now we're in 12 European markets. These markets represent around 90% and 82% of the EU market growth potential for solar PV and wind capacity,

respectively. So clearly, we are all the major markets in Europe and enable to capture that potential growth.

Now, everything is not super rosy. There are obviously bottlenecks and I think we've addressed these very specifically in the last couple of calls and sort of when we talked also to investors and government officials. Things like the length of the permitting processes. I mean this has been a bottleneck. However, we are seeing some movement on this, some traction and trying to actually simplify. We have the Easter package in Germany. This is finally approved in July and so that's got several initiatives to reach the 60 GWs of renewables installed capacity until 2030. In Portugal, the simplex, again, exceptional measures to accelerate renewables like streamlining permit.

Another example is Italy. Energy decrease introduced measures to simplify procedures. So, these are positive steps I think to try and eliminate some of the bottlenecks. Obviously, these are only for a limited number of countries. I know that other countries are also working on additional measures which really is the key issue to be able to accelerate, but I'd say that over the next month or so, we should expect more news coming out of that to move forward with the project.

Let's move on to slide seven. So, talking about capacity additions. Since our Capital Markets Day back in February, we've increased by around 80% or almost 5 GWs the secured capacity until 2025. So, we're now at a 55% target of our 20 GWs that we had until 2025 and we continue to increase visibility and execution of the plan. So, we currently have almost 3 GWs of PPAs under negotiation. We continue to accelerate growth across all platforms. So, the 8 GWs installed and under construction. So, we're adding up to 40% of the 20 GWs target until 2025.

As you know, some short-term challenges that we've had in 2022 mainly in the US have moved or transferred some of the projects from 2022 to 2023. I think we've flagged that in previous calls and months and to mention just a couple, the key ones, one in the US got to do with the supply chain delays and the regulatory uncertainty, because of the anti-circumvention investigation and also the new gear of Forced Labor Prevention Act. So, this posed some challenges and it's postponed some additions to 2023. So, we have expected additions to be above 2 GWs in 2022. So, we've indicated 2 to 2.5. We should be above the 2. So, I think coming up to the end of the year relatively comfortable on that and we have 4.3 GWs of projects under construction, so that's 1.1 GW increase over the last quarter.

And I think this will contribute to capacity additions both in the fourth quarter of this year, but primarily to 2023. So, we are expecting more than 4 GWs to be added in 2023 of which 3 GWs are already under construction. I'd just like to highlight this because this means 2023 will be an intense period because as you know we had around 4 GWs of capacity on average being built. So, just with the projects that we have projected for 2023, it will be an intense year of construction, but I think it will also show really the ramp up and what we are able to do with the team that we have been reinforcing.

Also, in terms of the medium, long-term renewables growth opportunities. I think obviously these are reinforced by the REPowerEU and Inflation Reduction Act, so not just the '24, '25 periods but beyond as I say, we are clearly working already on projects even beyond the business plan period and I think that's something that it's good to -- I've been traveling

around a bit to the different geographies and the team is already building up that pipeline for the post business plan period. We'll talk about that I'm sure at other points in time.

Ocean Winds. This has been really fantastic growth over the last year, year-to-year. Ocean Winds has now reached a portfolio of almost 15 GWs it's more than doubled, what we had at the beginning of 2021. We've had some important developments over the last couple of months. First Moray West up in Scotland as contiguous to Moray East, which is already operating. So, Moray West is already under construction. We expect that to probably be a 2024 project. We're coming in 2024. We also have a smaller floating project in France, which is expected to close its financial close in that same month and the equipment is also under construction. So again, will be -- we already had a project here in Portugal, a floating offshore. We'll now also have one in France.

In August, Ocean Winds was also awarded two new floating offshore projects in Scotland. So close to the Shetland Islands. That's more than 2 GWs of potential capacity. And in Poland, just this week, our 400-MW offshore project B&C-Wind obtained its environmental decision. So, I think that's also extremely positive. So total portfolio as of September of 2022 included 1.5 GWs of capacity in operation, 3.6 GWs of projects under development with long-term revenues contracted and almost 10 GWs of projects under development with other seabed or connection rights secured until Ocean Winds is clearly becoming a reference in the wind offshore sector.

So, let's move on to asset rotations. Clearly, asset rotation program continues to deliver value in 2022. We're talking about EUR3.4 billion of assets rotation proceeds secured over the last few years representing over 40% of our EUR8 billion target proceeds for 2025. I think it's important to highlight the following: You can see that quite clearly on the graph. We've sold less than what we were expecting. So 2 GWs below the 1.4-GW per year that we assume that the business plan, yet we have resulted in EUR1 billion of total gains in this period, so exceeding by EUR300 million per year, exceeding the target of the EUR300 million per year. So, we reached an average of around EUR500 million -- or EUR0.5 million per MW in terms of the multiple and clearly with a strong value creation. So, two times the guidance provided in the business plan. We're selling fewer MWs but obtained the same proceeds and much more gains per MW than what we had anticipated in the business plan. So, I think that's definitely good news.

And if we move on to slide 10. Just give you a little bit of detail on both the Italian portfolio and the Brazilian portfolio. So, in relation to the Italian portfolio, this was signed in July, closed in September, 172 MWs of wind capacity talking about a multiple of EUR2.4 million per MW. The total asset rotation gain per MW of around EUR1 million and the 65% gain over Capex. So definitely the higher energy prices were a significant valuation driver in this portfolio. So generated more than two times the thresholds of investment targets for the business plan. So, I think this is a great transaction and shows the value creation potential.

Regarding Brazilian portfolio. So that was signed now in October. We expect it to close before year-end. Again, we're talking about a multiple of EUR1.3 billion but still, we're expecting an asset rotation gain per MW of around EUR0.6 million and a 60% gain over Capex. I think it's important to note that this project had a very low, very competitive Capex per MW. Yes, we had a PPA price which gave us our returns of over 1.4 times IRR over

WACC. So, again, with this transaction, the multiple gaps with multiple lower, but the gain is extremely good, and we're expecting to generate two times the investment targets for the business plan.

So, two good examples. As I say, signed one in July, one now in October. So, in the middle of the increase of interest rates, but showing that we have been able to create value with the projects that we are building and then. So, two good examples. And also, I think it shows in terms of diversification, both in terms of countries and technologies that we are able to create value from this.

Let's move on to talk a little bit about regulation in Europe. Here, just a couple of comments. Recognize that Europe has tried to create a transversal regulation. So trying to define a common tool kit, a common set of policies for the different European countries to react with the higher energy prices; however, what we're seeing in practice is that the different member States are all going out on their own and many of them are implementing their own policies, their own measures, obviously, aiming to provide stability for consumers essentially through either higher taxation for companies or through caps.

Europe defined a revenue cap at EUR180 per MW hour. But the member states have the possibility of establishing lower levels. And that's what some governments are doing.

Now, there are many differences between the different European countries, and I don't think it's worth going through all of them individually. But I would just highlight that definitely Romania and Poland, there are current legislative drafts on price caps and windfall taxes which do raise relevant concerns. We hope that there will be a more balanced final outcome towards the end of 2022. I think over the last a couple of days, we've seen some positive evolution because quite frankly what was coming out of both primarily Romania but also Poland to circumstance. We're certainly not even really compatible with the EU directives so included things like not a legislation did not incorporate some sample hedges in the calculations of the cap.

So, I think it's just worth highlighting that because we are seeing quite a lot of different regulatory production or work going on in the different countries and to just give you an overview of what's going on. We move on to slide 12 and just talking about energy prices, because obviously, that's also a key issue I think for everyone. So, over the first nine months, we had an increase in the average selling price of around 29% year-on-year, obviously impacted by the higher prices in Europe for those projects that were more exposed to merchants. We expect this level of prices per MW hour to be maintained until the end of the year so that would be our view or our guidance for this.

Regarding hedging strategy. We are optimizing it by reducing the volume of long-term contracts. We are around 90% in 2023 and then closer to 80% in '24, '25 period. As you know, we have a lot of it is still lot fixed or hedged but we are slightly increasing the exposure over this period. And so, I think that should allow us to benefit from a favorable repricing as the hedges rollover. Move on to slide 13 and just before I turn it over to Rui, just making a couple of comments on ESG and you've got here some of the key metrics. Maybe just going through a couple of them. So, 100% of the eligible Capex is aligned with the EU taxonomy.

So, our core business is totally focused on renewables avoiding emission of 50 million tons of CO2 that benefits obviously with the increase in the energy production and a good contribution to the global challenge of net zero. In relation to circularity, we've improved our waste recovery ratio to 79% mostly due to the recovery of turbine blades that had to be replaced. Again, good contribution to the circular economy target in the business plan. We continue to work with the turbine manufacturers and other suppliers and just based on recent meetings we had with them, we are quite positive, that this will continue to develop favorably over the next couple of years.

On the social dimension, three key points. One, percentage of female employees increased to 34%, 2% improvement versus last year. Definitely showing our commitment to equal opportunities and promoting diversity throughout the organization. Regarding health and safety, we had an average of 2.3 work-related injuries per million work hours. Unfortunately, this is good for the development on the negative point. Health and safety, I have talked about this in the past, but it is a top priority for us. We have -- we are implementing a safety program. We called it Play It Safe, which has transversal to the entire EDP Group, but obviously, impact EDP renewables and its key objective is really to improve the company and its procedures focused on accident prevention. So that's something that we have been very focused on.

Regarding communities, just a small highlight. I mean we've already contributed around EUR1.4 million. This year-on-year variation is mostly related to a donation we've made to support the humanitarian crisis in Ukraine. So mostly through our operations in Poland and throughout the Romania. Finally, just a quick note in terms of our governance. So, we've created an independent ESG committee led by our Board of Directors, chaired by the Chairman of the Board of Directors and we already highlighted the importance of corporate governance matters. So, we're now extending it also to the, but all the remaining ESG dimension.

Regarding the social dimension, specifically, we just recently approved our human and labor rights policy and obviously, we're committed to that through our code of ethics, but we've now made it much more explicit just given the importance of this issue. And we've also really increased the commitment to guarantee responsible operations throughout the whole value chain. I think this is something that we're feeling throughout the sector and it made sense just to make it more explicit that we really take seriously all of our value chain and making sure that we are being responsible about how we manage that.

I'll stop here. I'll turn it over to Rui for the next section and then I'll come back again.

Rui Teixeira: Thank you, Miguel, and good afternoon to you all. So, I will now ask you to move into the nine months' results. So, if we move to slide 15. I think it shows that EDPR continues to deliver a very solid operational performance first on the back of a growing installed capacity. So, by the end of the third quarter, EDPR has a record capacity under construction with 4.3 GWs under construction balanced between solar and wind and therefore this means that we are effectively evolving in terms of the portfolio diversification. During this year. We have installed 1.3 GWs. So that's an additional 700MW approximately just in Q3. Asset rotation amounted to 0.5 GWs in Europe, and therefore we arrived at a portfolio of 14.3

GWs of installed capacity and also with a very balanced mix across North America with around 49%, Europe 38%, Brazil 8%, and APAC naturally already representing 5% of the entire portfolio.

So, in the nine months of 2022, we achieved a sound operational performance with 30% load factor. That's 1.3 percentage point increase versus last year and this reflects a renewables index in line with the expected long-term average gross capacity factor.

Electricity output, as a result of this, increased 14% year-on-year. Naturally also benefiting from the higher capacity additions and this compares with the nine months of 2021 in which renewable resources were 5% below the long-term average. So effectively an improvement in terms of the resource mostly wind but also starting to have an impact, a positive impact from the solar. As a result, EDPR generated 24.4 terawatt hours of clean energy in the nine months this year, therefore avoiding 15 million tonnes of CO2 emissions.

If we now move to slide 16. As we look into the EBITDA increased 62% year-on-year to EUR1.5 billion with Europe representing 66%, North America 32%, and the remaining 2% South America, APAC, and others of them growing versus the nine months 2021. Our EBITDA was positively driven by 10% growth in installed capacity and the 5 percentage point improvement in resources year-on-year which improved to be in line with the long-term average as I mentioned before, 14% increase in electricity generation that was sold at an average selling price 59% higher year-on-year. And finally, as we closed three asset rotation deals in 2022, we generated gains of EUR264 million.

As we move now to slide 17 on the net debt, EDPR net debt is at EUR5.6 billion and is well protected against interest rate rises with 65% of fixed rate and pricing mitigated by a pre-hedging strategy and this was very important because we decided to pre-hedge our debt maturity over the next five years in the total amount of 1.5 billion and therefore, we have effectively eliminated the exposure to interest rate prices in this period as these have already been locked in June. Now, please note that we also fund our investments in local currency, with US dollar denominated debt, representing 71% of our total debt and with an average cost of debt increasing 2 percentage points year-on-year to 3.7% for the nine months this year.

Also, regarding the majority. As you can see in the slide, more than 50% of our debt matures post 2025. One final note, there is EUR1 billion of variable rate that will be converted with EDP during the fourth quarter this year and as you may have seen EDP just raised recently senior bonds, about 1 billion: EUR0.5 billion and $0.5 billion. So, it gives us very clear visibility of interest rates that we'll have to lock in this the variable rate doesn't move into the fourth quarter this year.

On the next slide, on slide 18, the net debt evolution is effectively driven by the expansion in investments that we are having in installed capacity. The asset rotations but also FX and others. So as of September 2022, net debt was EUR5.6 billion, that's EUR2.6 billion higher than December last year, reflecting the EUR2.5 billion in expansion investments. This includes of course Capex, the acquisition of Sunseap and the solar portfolio in Vietnam and equity investments at Ocean Winds JV, as well as the FX impact. This was compensated by asset cash flow generation and the asset rotation strategy where the proceeds reached

EUR1.3 billion in the first nine months of this year on the back of the asset rotation deals that adjusted Miguel just presented before.

All in all, the increase in net debt is supporting EDPR growth in line with the strong target additions that we have set forth for our business plan '21-'25. So, on slide 19, net profit totalled EUR460 million. That's an increase of 181% year-on-year. This is supported by the top-line performance, partly offset by higher financial cost and controlling interest.

Financial costs up by EUR108 million mainly due to the increase in net debt, the increase in average cost of debt year-on-year and this year some negative impact of the effects. On taxes, we have an effective tax rate of 13%, that's a reduction of 4 percentage points year-on-year. And just final note on minorities, EUR167 million, increasing EUR79 million year-on-year and that's definitely on the back of the good top-line performance in the portfolio in some of these assets. We do have some minority partners and that's reflected here.

So, with this, I would conclude the financial section and I would hand back to Miguel for closing remarks. Thank you.

Miguel Stilwell d'Andrade: Thank you, Rui. So just quick comments and then we can turn it over to Q&A. First, strong nine months results and that's driven by the generation increase of 14%, the increase in the average selling price of 29% and that resulted in the overall EBITDA going up around 62% and the net profit going up to EUR460 million, so that's definitely positive. Also out of the second point, I'd say, out of the 20 GWs, we've already have more than 40% installed or under construction and secured. We've already got close to 55% overall. The third point I'd say is that in terms of the asset rotation strategy, clearly showing a very strong upfront execution and continue to create value even in the most recent deal announced so reaching more than 300 million gain that we had in 2022.

The fourth point to say is recognizing that interest rate increase, we think we are well protected with 65% fixed rate and pricing risk mitigated also by the pre-hedging strategy. So, I think that's something that we've at EDPR has quite strong. The fifth point is, it seems that the growth outlook continues to be strong. I mean, we are well positioned to capture it globally already in many markets and in the key markets we have been reinforced by the Inflation Reduction Act and being reinforced by the REPowerEU so strong tailwinds and that allows me to move on to sixth point which is really the structural tailwind, which we've talked about which is clearly very favorable to renewables. Now, we need to deal with the regulatory uncertainty, but clearly, EDPR is well positioned to capture this additional growth and to continue to create value.

And so, with that, thank you for attending these results call and I think we can move to Q&A. Thanks.

Q&A

Operator: (Operator Instructions) The first question comes from the line of Javier Garrido of JP Morgan. Please go ahead.

Javier Garrido – JP Morgan

Hi, good afternoon, everyone. Thanks for taking my questions. Actually, would have two, the first one would be to have an updated view due on the financing of your investment plan. Given that the bond yields have moved aggressively since the last call and you clearly flagging that you see opportunities for further growth. How do you see the different inputs into your financing asset rotations, equity that playing out?

And then the second question would be, if you could comment on the trends in the contracting with equivalent suppliers particularly you could discuss if there are any changes going on with wind turbine manufacturers, if they could in pressure to share the proportion of risk on input costs with the developers versus what we have seen historically. And also, if you can comment on solar, whether you have seen any meaningful change in the bottlenecks in the supply chain in the last three months? Thank you very much.

Miguel Stilwell d'Andrade

Thanks, Javier. So, in relation to the investment plan, as we've shown, we are well on track, both in terms of growth, but also in terms of the financing. And I think the asset rotation strategy for us is obviously a key part of that and you can see that continues to do very well. I mean we also raised equity last year and so we think that the business plan 2025 is fully funded and we're comfortable with that. So, between them the cash flow, the asset rotation, we are okay with that and the fact that the bond yields go up, I mean, don't forget that also the energy prices are going up. So, what's most relevant is really the ratios, net debt to EBITDA, FFO to net debt, to keep an eye on that. But if both go up or if both are moving in tandem, then we should be okay.

In relation to trends of equipment contracting, I'd say that, well, I don't really feel that I want to comment on this, but wind turbines, I mean, definitely they're going through a tough time. I think you guys know that well, negative EBIT margins and so they've been pressured over the last couple of months or years. Just given a slight reduction in capacity in wind and then I think also the dislocation in the commodity prices which has squeezed them in terms of margin. So, I think there has been a repricing to incorporate this dislocation in the commodity prices and that obviously has an impact on the LCOE which we then pass on when we contract new PPAs.

So, there is also a discussion of risk sharing. I think that's a natural discussion. I think it can actually be positive for both sides, make sure we have a more integrated approach to the project development. I mean we want a successful and sustainable supply chain and sort of also on successful and sustainable development part. So, I think we are aligned in making sure that we are having a good risk sharing and that we are able to really maximize the opportunities that are out there. So, I think we're aligned in terms of those objectives.

In terms of solar, I'd say that the key bottlenecks in solar are really primarily in the US. I think there is a short-term issue around solar, which had to do with everyone stopping and pausing while we try to get more clarity on the anti-circumvention investigation on one hand and now an increased scrutiny, it's necessary to do an additional certification of the panels.

I mean, all the way back to the polysilicon, making sure it's not produced in Xinjiang and so that's producing additional administrative and bureaucratic burden, which has really slowed down the imports of panels into the US, but I'd say that's a short term issue which will solve itself. It does have delays or does it mean delays in the project, but it's something which will sort itself out.

I think there a more medium, long-term discussion around supply chain for solar in the US, which has to do with moving the supply chain back to the US and driven by incentives from the IRS. So, as I mentioned, if it's domestically produced, you get a bonus and so I think there will be an incentive to escalate to scale up manufacturing and supply chain of solar in the US. I think we'll see that sort of in the medium term and that's something that we obviously would be mindful about. Rui, if you also want to comment.

Rui Teixeira

Yeah. Maybe just a couple of comments on the - and I guess the question is also about indexation on the turbine prices. I mean just, yes, I think that will have some indexation, which is effectively because even though the fuel prices, for example, which is a big indicator in the selling price came down significantly, I mean if you looked at the last 12 months, you will see that there is a big reduction, around 40% reduction over a 12-month period in Europe and in China, even higher in the US on steel prices. So that means that by having this in exception, of course, we would also benefit from that further reduction. Then there is a discussion also to be held with some of the key focus because some of that indexation actually can be shared as well. So yes, I think that's something that we should see going forward.

Pricing on the solar PV, and as Miguel said, I mean in the US, given these restrictions, we are not expecting any decrease in the short term. Elsewhere, what I have to say that, I mean, we have seen sort of a stability in the polysilicon prices and therefore from that angle, we should not -- we should expect as well a stabilization on the panel free on board but transportation costs reduced significantly. So, I'd say again one year ago, we would be seeing container prices. Actually, in some cases reaching above $15,000 or $20,000 but nowadays, they are back to a more normal range and therefore, the cost of transportation is coming down back to the sort of a 0.8 cents per watt and this is impacting positively the overall Capex.

Again, I think it's still too early to say that we are seeing this as a further downward trend on the Capex. But I would say at least stabilizing and with some signals that some parts of the Capex could have some deviation as we go forward and some of the supply chain gets -- the constraints get solved. Also, transportation-wise, we would see 100 days of transportation now, going back to 30 days. So, I think the things are improving in some areas.

Manuel Palomo – BNP Paribas

Good afternoon. I've got three questions, if I may. First of all, it's on the evolution of the debt country. We've got 35% variable debt, 65% fix debt. And I wonder whether you could tell us what's the -- what do you think is the longer term idea of the structure and on the debt and

given that you referred that's part of the floating, that will be how just to the CBP bonds that if I recall, were well below 4% for the euro tranche and both 6% for the US delayed tranche. I wonder whether you could tell us what do you think will be the impact on the evolution of the cost of debt for the year 2023. And also I have got question on the average selling prices, particularly for 2023 given that one maybe there a bit higher merchant exposure, but also that I understand that the level of the hedges are going to be impacted positively at prices. I wonder whether you could tell us best estimate of what do you think the price for the year '23 will be on average. Thank you.

Rui Teixeira

So on the first one. I'm afraid I was not hearing completely, but I just -- I understand that you're asking about the floating versus fixed and how we're thinking about the cost of debt evolving for 2023. So yes, I mean just to be clear, this on the fixed part of the debt as of today, as we are refinancing this debt because we have these maturities that go in '23, '24, '25. What we did back in June was that we pre-hedged EUR1.5 billion of that. So basically, back in June, we fixed approximately $1 billion at 2.6%, that's a sort of five year and then EUR0.5 billion at 1.8%, so basically as now debt matures in forthcoming years, we have already fixed the yields for this maturity.

So basically, we are effectively not exposed to the current yields for the refinancing of this 1.5 billion. As for the floating component, we have -- we will be closing one between EDPR and EDP 1 billion. It will be mostly dollars in the fourth quarter and that of course will be based on the last senior bonds that EDP usage in the market, the $500 million and the EUR500 million, that's 6.3% in dollars and the EUR3.875. So that will be the basis for the pricing of this floating to fixed that will do in the fourth quarter.

Miguel Stilwell d'Andrade

I mean you had a question; I think it was on the pricing, the energy prices going forward. So we've talked about until the end of the year in relation to 2023, I mean what is still merchant, I mean assume market, I wouldn't give you any specific price just because there is so much volatility going on probably your guess will be as good as mine in terms of the energy price for next year. I mean if you look at the markets at the moment solvency positive and higher than what it is at the moment for sure. I'm sorry, higher than what we had in the past for sure.

Manuel Palomo – BNP Paribas

If I may ask a follow-up here. I was rather than referring to the merchant portion, I was referring to the hedged portion because I understand that you know what do you see the evolution of the hedges and what could be the impact from the average selling price.

Rui Teixeira

So, the component, which is hedged is also higher than our current price, but it was EDPR. We're not giving out the specific numbers, but you can see with a higher price than what we have. So, for the parts which has been hedged in, let's say, in the recent past, because obviously we have long-term PPAs and those are not, those don't vary, the outlook.

Alberto Gandolfi – Goldman Sachs

Hi, thanks for taking my questions and afternoon to you. My first question is similar, but I was wondering when we look at the relationship between margin and interest rate and returns. Considering the expensive green bonds, we have seen in the US considering the cost of debt in Europe, besides the short-term refinancing, you may have to do. I'm thinking, you're going to stay negative cash flow for quite some time because you're growing so much. So, I guess my question is in your PPA negotiations in your auctions, are you seeing prices going up to reflect higher marginal borrowing cost and clearly, it's early days because the half of the move happens in Southwest. But I was wondering are you already seeing that how many euros a MW hour do we need to see to compensate 200 to 300 basis points increase in cost of borrowing? You talked about EUR3 to EUR5 MW hour to offset the Capex cost inflation. I wonder if you can quantify. I mean, we've done our calculations, but if you can tell us your view about it and that will be the first question.

The second question is again going back to capital structure. It's a great problem to have. It's a quality problem to have. The fact that you are already outperforming your own business plan. Not many companies can claim they're doing that despite of the issues with bottlenecks and permitting and what have you, obviously this is coming, though, other cost of the rise in net debt to EBITDA or at least sustain at relatively elevated level. If I look at it before any capital gains, you had on about five times. So distorted or not by offshore, I would argue this type of leverage is higher than peers. So, given the increasing rate given the potential pressure on farm down exit multiples, I wonder why not take in a short-term a bit more painful approach of raising equity or suspend the dividend until the credit market normalize a little bit because I agree if you generate a return above WACC, you should continue to invest in even if rates have gone higher but I wonder isn't there may be short-term pain to take your to have a bit of a medium longer term brighter future. And the last question is considering the timing of disposals in addition is always a bit tricky. I know you're going to update us next February, March but can you tell us net addition that you expect to have at least in 2023 and if you could push it to '24? So not the gross one. I see that you have outstanding capacity under construction, but what would be net? Thank you so much.

Miguel Stilwell d'Andrade

Thank you. So let me try and answer your three questions. In relation to the first question, I'm glad you asked that today or at least we are having the call today because just over the last couple of days, I've seen three PPAs or in some cases 9% cash yield in the US with PPA prices of $50 to $60 per MW hour so I think that gives me quite a lot of comfort that we are seeing a repricing of the projects to incorporate the increase in cost of capital. So, I'm glad you asked the question. We didn't talk obviously before, but I think I can quite comfortably

answer that we are seeing that repricing and it is, but it does give us confidence on the business going forward.

And as I said, three very credible offtakers, very credible projects, so fully complying with our investment metrics. I think that's good incorporating their most recent Capex estimates and everything. So, I think that's good news and as I say, if we've spoken maybe a week or two weeks ago, I will now have those data points as of now I do. The second, on the second one, listen, we are performing the business plan. That we already talked about. I mean we have short-term sometimes volatility in debt from quarter to quarter. But we need to think about this on a medium-term basis. And so how our ratios evolve over the medium term. And in that sense as long as we are meeting our business plan, both in terms of EBITDA and in terms of net debt, we should not worry too much about the short- term or let's say the quarterly volatility on those ratios.

And so, what I say is we have a fully funded business plan. We obviously are outperforming on the asset rotation, as you say. We will update you at the beginning of next year and obviously then give you more visibility on capital structure and so forth, but as of today, I don't think it's quarterly volatility on net debt-EBITDA that would make us take an important decision or serious decisions like the ones that you suggested. So, fully funded business plan, we are comfortable with it.

On the third point, I don't have the specifics. Maybe you can then follow up. I mean, as I mentioned we're doing over four GWs next year. We don't have close sort of the asset rotations. So that's something we would basically do over the course of next year. But as I say, we are ready quite well ahead or we already 40% of our total asset rotations. We will obviously have additional product next year to sell. So on the growth side, you can assume the four GWs plus on the, let's say on the asset rotation side you can take some proxy maybe of what we've done in recent years, but I'd say that's probably the best guess that I have at the moment.

Jorge Guimaraes – JB Capital

Good afternoon. I have three questions, if I may. The first one is related to the impact of rising interest rates on your asset rotation program. If you are already feeling any reduction in terms of volume and/or prices and sorry to be so detailed on this, but this is - this has been a very important driver for the stock price lately. So, we've seen quarter two to have your opinion on this. The second one is related to the permitting process in Europe. Is this permit acceleration still a desire for European authorities or already something that can be felt on the ground? And the final is related to still to the asset rotation program. From looking at your presentation, I get the idea that you are guiding for a full-year gain of EUR430 million or close to EUR500 million if the deal in the US is still closed this year. So, if you can comment on these numbers or to clarify if the US is still in 2022 or not? Thank you very much.

Rui Teixeira

So, as I can definitely take the asset rotation. So I mean, the first is that the interest rate environment, we have seen it going up very rapidly through the year and what we presented

also in this presentation is that those transactions that were signed already this year and not very far ago. I mean they were signed with very interesting multiples, both in Europe and also in Brazil. Brazil has been suffering from high interest rate environment, even earlier than euro and dollar. So this also shows that there are other elements that investors are looking for either the exposure to the ESG or to the quality assets that we build and of course following the same scenario swing terms of power prices on the merchant component of this projects and therefore we're still able to achieve very strong valuations.

My only point being that we know that with higher interest rates, everything else being equal reduces the value of the asset rotation, but we are seeing other elements, both on the demand side, on the quality side and both on the valuation side. There are still supporting very strong multiples for these transactions. And just to be clear on the asset rotation gain for this year, likely to be above the 400 for sure. The US transaction is expected to close by the end of this year. According to contract, we may book 100% or less than 100% depending on some of the cities but in any case, we expect that to be closed by the end of the year. So that gives us more than 400s, but I would say there.

Miguel Stilwell d'Andrade

Jorge, perhaps I understood your question was on the permitting in Europe and whether we are seeing additional progress there. I think people who have this, well the politicians they clearly recognize that this is an issue. They are very busy trying to deal also with the issue of the energy prices and so I think it's one of those cases where the urgent versus the important is happening. They are focused on the urgent issue of how to manage the higher energy prices and mitigate the impact on consumers. They need to also dedicate themselves to dealing with the important issues of how to simplify the permitting and licensing processes so that actually can have a more structural solution to the energy problem in Europe.

So, I think people have got that. As I say, some governments have already moved. Others are moving so we should see progress over time. I think one of the key things that we see is that the public administration authorities are swamped in projects. They are swamped in requests for projects. It's not like people aren't asking for interconnection or they're not asking for the licenses or permitting. It's just that, I give this example and maybe I am repeating myself, but I was in the US a couple of weeks ago and talking about, in one of the US regions, just in September, there were 170 GWs of requests for interconnection just for a region, which has a 120 GWs of peak demand.

The question is, if you're a public administration official and you're sitting there and then you get 170 GWs of requests for interconnection, how do you deal with that and I think that's the key issue that various public administrations whether it's in the US or in Europe are dealing with, is how to sort of sort through -- sort out the garbage from speculators from what our credible projects and credible company. So that's the challenge. Nothing is easy to solve, but I think that's the key challenge to get it done. I hope that answers your questions.

Arthur Sitbon – Morgan Stanley

Thank you very much for taking my question. The first one is again on asset rotation. Actually, I was wondering if ever we have the premium to Capex dropping below the 35% level, which is your NPV to Capex target. I was wondering if in such case you would have to give up on your asset rotation strategy and if it is the case, then would you just look for overfinancing option, potentially equity or would you have to reduce your growth? I understand this can be a bit of an extreme scenario compared to the level of valuation you secure now, but I was interested in your thoughts.

My second question is just that I have noticed that the other division is quite strong in the third quarter both in revenues, but also in associates. I was wondering if we could have a bit more details on that to understand where it's coming from.

And the last question I was wondering if you would be confident to reach a net income above EUR800 million in 2022 given what you've managed to do so far this year? Thank you.

Miguel Stilwell d'Andrade

Okay. So, I'll take the first one and the third one, and Rui take the second one. On the asset rotation, so trying to answer your questions. So, if the premium for Capex dropped below 25% would we drop the asset rotation strategy. I mean if we are still creating value, 25% is when we invest. We don't have a metric for when we divest. As you say, we seem to have quite a lot of buffer in some of these projects, but that's not, let's say, the guiding principle. So as long as we are creating value and we don't have a specific metric for that, we will also look at what it's doing to our balance sheet. So, is it helping also, are we creating value and being able to reinvest that into new projects where we will also create value? I think that's the way we think about the asset-rotation strategy. So, as you say, I don't see a scenario where we drop it. I think we can adapt it. We can adjust it in terms of pace. We have front-loaded quite a lot of it, which is good. So, we can adapt it. I don't see us completely talking. In relation to your third question on net income. It seems high, to be honest. We don't give specific guidance, as you know, for EDP renewables, but I would just say that.

Rui Teixeira

Arthur, on the other divisions. I mean, it does include an intragroup transaction with the European platform. So basically, on the presentation, we actually allocate that number into the European platform numbers but also includes that this is quite relevant. The contribution from Ocean Winds profits that were high in the nine months 2022, given first six projects as currently to merchants in UK, but that's primarily.

Miguel Viana

Can go to the last question, please.

Jorge Alonso – Societe General

Hi, good afternoon to everyone. Yes, it's still couple of questions please on my side, I would like to ask about the annual installation going forward because to reach 2025 target on the 20 gigas gross if you are about to install 2 gigas this year, 4 gigas next year, that means that you will be installing 5.5 in 2024 and 2025. I was wondering if you are thinking that this will be fully organic or if you're seeing you could make some acquisitions. And what would be the catalyst or what would really make the step-up in the annual installation considering that already putting 4 gigas in 2023 is going to be a challenge? So just to understand what are the dynamics that will make you to put 5.5 in each of those years?

The next question is related to Ocean Winds. I've seen that you have contributed in the Capex the EUR600 million contribution for Ocean Winds. If you can provide your view about what could be the annual contributions to Ocean Winds in the next couple of years at least adjusted to take into consideration. And the last one is if you can provide some kind of guidance about the net debt for the end of 2022. Thank you very much.

Miguel Stilwell d'Andrade

Thank you, Jorge. So, I'll take the first one, maybe Rui will take the second question. On the annual installation. So, what we will do more than to this year and we'll do more than for next year. And so we think we won't need necessarily the 5.5, but the touch not necessarily the point I think given what we are given what we've seen today, we think that over to this year and over four next year, we would be quite comfortable with that because most of it is already under construction for 2023. In relation to '24, '25, as I said we are ramping up and already in the original business plan from last year. We were already expecting to ramp up above the four on average. So, we are already going to be close to the five in the back end of the project -- of the business plan. And I think that that's something that structurally we would have going forward so that we would be able to go above for per year.

We have been getting the teams together. So, I think that is definitely we have grown also a number of people, the different markets. But I'd say we're quite comfortable in relation to the team we already have. We're delivering the 2023 numbers and then just a question of continuing to scale it up to deliver. If you think about it in percentage terms, I mean, in the past decade from 2010 to 2020, we are building around 800. Last year, we did 2.6. As I said, this year for specific reasons, we talked about, it should be above two, but next year four, but in percentage terms, the jump is less than in previous and so going from 800 to 2.6 was already what multiplying by more than 3x, going from the 0.6 to four, you are already not even doubling it and going from four to five, that's an additional 25%. So, I think the challenge, we've already gone through the bigger -- worst parts in terms of the growth part. In terms of Ocean Winds and guidance, Rui, do you want to comment on that?

Rui Teixeira

Sure, Miguel. Thank you for the question. So on the Ocean Winds, I mean the guidance we gave at the Capital Markets Day was that for the period 2021 to 2025 out of the EUR19 billion of gross investments from renewables level, about 3% would be to the offshore so I would probably say more towards the 500. So, this what we are spending this year, but

again I think that if you take the 2% of capital allocation of the EUR19 billion for the period, it's probably a good number.

On the net debt, again, we don't provide specific guidance, but I can say that we should expect somewhere below where we are today, a little bit below where we are today.

Miguel Viana

So, with this, we will conclude now with our CEO for some final remarks.

Miguel Stilwell d'Andrade

Thank you. I mean essentially just wrapping up as I finish the presentation. It's been a strong nine months. I think we continue to do well and deliver, front load as much as possible the business plan and I think that was done particularly an important part of it, which was the asset rotation program because I think taking advantage of the lower interest rate. Going forward, we'd be delivering good execution. Part of it moved from 2022 to 2023 but as I say, we already have all time high under construction of around 4.3 GWs under construction and we will be bringing on additional MWs into construction over the next couple of months.

Tailwinds, good, and obviously some bottlenecks that we need to sort out. I think those are all solvable problems. And so, I think we continue to see both the sector and EDPR continue to scale up over the next couple of months and years. And I'm sure we'll be talking again soon at the beginning of next year on the, not just for the results, but also the EDPR results for the full year numbers. But in any case, if you have any questions, please feel free to talk with the Investor Relations. Thanks very much and have a good rest of the day. Take care.

Operator: Thank you for joining today's call. You may now disconnect your lines.