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 & ESG

Other Participants

• **Alberto Gandolfi**, Analyst

• **Enrico Bartoli**, Analyst

• **Jorge Guimarães**, Analyst

• **Jose Ruiz**, Analyst

• **Meike Becker**, Analyst

• **Manuel Palomo**, Analyst

Miguel Viana: Good afternoon, everyone. Thank you for attending EDPR first half 2023 Results conference call. Here we have with us our CEO, Miguel Stilwell Andrade; and our CFO, Rui Teixeira, will run you through the key highlights of our first half 2023 execution and financial results. We'll then move to Q&A in which we'll be taking your questions, both by phone and the written questions that you can insert from now onwards in our conference webpage. This call should last no more than one hour.

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

Miguel Stilwell d'Andrade: x Thank you, Miguel. Good afternoon everyone, I hope you're all doing well in this pre- summer period. So I'd start off by going into the presentation and moving straight into Slide 4. And I think it's clear that this was a tough quarter. But I would say that we had some important positives.

As you can see here on the slide we had a secured capacity increase now to almost 9 GWs. We added around 1.7 GWs in the first half of 2023 and reached 52% of our target additions for the period '23 to '26, and all of this meeting our target investment criteria. This growth has definitely been supported by strong demand for renewables PPAs and that's something we will touch on later in the presentation.

On the investment side, in the first half we made gross investments of around EUR2.3 billion, more than 80% focused on the core markets of Europe and North America. And as of June, we had around 5 GWs of renewable projects under construction covering different markets and technologies. On asset rotation so we've definitely increased the visibility on asset rotation execution over 2023, and yesterday we gave clear data points. We close a transaction in Spain. So signed and closed simultaneously transaction in Spain, 257 MWs, multiples around 1.8 times reflecting the renewables asset value and attractive returns.

So this goes to a point that we've made previously on other calls, is that the profile of the buyers and interested parties has changed over time to reflect more strategic, and also the asset profile has changed, assets with some more merchant exposure to pool prices and repowering and hybrid optionality. I mean these assets have a lot of value. So that's something again we can touch on a little bit later on.

But I would also just like to say we're expecting to provide some additional visibility on an additional two attractive asset rotation deals in the next couple of weeks. So you'll see some news flow on that.

On the negative side, as is public and clear from our operating data and others, renewable generation decreased 10% year-on-year in the second quarter. So the wind resources in the US was especially penalized by the El Nino cyclical impact. This is a phenomenon that happens with medium-term cycles, and I'll explain that in the next slide.

But if we compare the very strong first quarter, it was up 11% year-on-year, and then we had obviously a decrease or a significant reduction in generation in the second quarter as a result of the capacity additions, higher 10% year-on-year in the first half. The first-half results also penalized by some short-term costs associated with supply chain delays in the US. We've spoken about that but we will go into that in more detail. Permitting issues in Colombia, EU clawback taxes particularly Poland and Romania.

So these are not structural issues. They are issues relating to the growth of the company. First half recurring EBITDA around $764 million. The asset rotation gains will all be in the second half of the year. And so we closed the first half with a recurring net profit of around $100 million.

We move into the next slide, slide 5, can talk just a little bit about renewable generation and the impact, particularly of the El Nino. So as I mentioned, we had a strong first quarter. The second quarter was much weaker, mostly the US, US Central. The gross capacity factor here was around 82% versus the P50. So it pushed down the whole metric for EDPR for the quarter, but the wind resource was also relatively poor in Europe, and in particularly in Spain. So we're living in El Nino phenomenon. It's normal when talking about weather cycles. It impacts short-term wind resources, but the wind levels then recover when the El Nino ends.

So I think it's important to highlight that these kinds of cycles are included in a project life project lives valuation and they don't impact the fundamentals of the return.

So please look at the graph here on the right side of the slide. You can see how the El Nino over time has impacted our generation. This is stretching back since EDPR was lifted. So this is something that impacts obviously other companies in this sector as well. But I think the important point is that generation recovers when the El Nino ends and the long- term generation average is stable throughout this cycle. So you'll see that over this period the average is zero.

So means that there is volatility around this long-term average, and obviously when the El Nino hits it pushes down the resource, but then it also bounces back up once then. So that's the phenomenon we have to live with it. It's part of being a renewable energy company. I would say that one of EDPR strength is its global diversification and so being able to balance the portfolio on a global basis.

On a quarterly basis, there will be volatility over time. As I say that's an intrinsic part of the business. However these are 30 year projects, 30 year plus projects. And so what matters is that the long-term average is accurate. And I just really wanted to stress this part, the long-term business. I mean obviously we look at the quarterly numbers, but let's also look through those numbers to what the long term average is.

If we move to slide 6 and so on to a different topic. And this is a question we also get asked quite a lot. So what we wanted to highlight on this slide is that we are seeing continued efforts to improve the permitting processes, both at the country level and the European Union level. The Renewable Energy Directive RED III has been endorsed. It's promoting the renewable acceleration areas, with one year permitting deadline. The concept of an overriding public interest for renewable energy assets has been consolidated. This contributes to easing environmental permitting processes where there is a conflict in certain cases.

And so I think this will help unlock a lot of cases where there is situations that are deadlocked in many countries around Europe. We already noticed these advancements in our development projects in different countries. And so we'll probably be having some anticipation of projects from '25 to '26 period to the '24 to '25 period.

Regarding auctions governments have made also significant progress in adapting schemes and prices to the current macro situation. For example, France has already had auctions under the new scheme that introduces indexation from the moment the project was awarded, indexed to the PPI, metals cost of financing. You can also look at, for example Germany, they've done an upward revision of cap prices for the 2020 auctions. We see flexibility on timing between expected start of operations and start of PPA contracts for certain countries directives.

And another area I think is important to highlight is that we are seeing an acceleration in the hybridization of projects. As you know this is when we put together MWs of different technologies on the same grid connection and substation. And this leads to savings in Capex and permitting times and gets around connection bottlenecks. So we commissioned in 2022 our first hybrid solar and wind project in Portugal. We're finalizing one now in

September in Spain and essentially being able to leverage on this I think will also allow us to accelerate the growth.

Just a final comment, I mean, definitely the investments in grid connection are important to support the accelerated growth of renewables in the energy mix. I know that this is a priority and the message has been received by government sector associations and utilities. So that's something we should see also ramping up.

Movie to Slide 7, so here capacity execution well on track around 19 GWs as I mentioned. We expect to install the bulk of this year's capacity towards the end of the year. I mean, as you know this is typically asymmetric, so it's concentrated very much towards the back end. It is a big effort which is leading to short-term higher cost of development that we will explain later. But all-in-all, I'd say that for the '23, '24 cumulative period we're expecting installation range of between 3.5 and 3.9 GWs on average depending on the US solar supply chain evolution and also in particular, we have a large project in Colombia, or two projects in Colombia totaling around 500MW. And so the licensing permit for the transmission line there.

In terms of supplier base, again important points, certainly for us, we've been diversifying this. And we continue to negotiate new equipment for 2024, we have diversified. So we now have around eight different module suppliers in the US and five for Europe. And in 2025, we have more than four suppliers already per region. So in general, we're also counting on having diversification of the supplier base for the portfolio. We have over 20 manufacturers for solar, more than 10 for wind, are well diversified in terms of equipment types and that essentially allows us to balance our operational portfolio and reduce risk of specific models or specific issues that might impact us.

So as I mentioned earlier, we have overall 5 GWs under construction. Some of these are sizable projects that are expected for the post 2023 period, namely, we've got about 700 MWs of offshore in the UK and France and also as I mentioned around 500 MW of wind onshore in Colombia, which will be coming online later over the business plan period.

We move to asset rotation. So here, as I mentioned, clear positives here, attractive multiples despite the higher interest rate environment. These are assets which came from the acquisition in 2020 of Viesgo. So together with the distribution networks, there's also some renewables operations in Spain. Once again, I think it shows the value creation within the EDPR portfolio. So year-after-year, transaction-after-transaction, we've shown that we can deliver proceeds and value creation

And you can see in the graph, the multiple achieved is in line with the average of previous transactions in Spain. As I mentioned what we see is an increasing interest from strategic investors with a focus on renewable assets linked to ESG targets versus some of the usual sort of infra funds and financial institutions that we had in the past.

Last year, as you'll remember, we also had COPEL in Brazil, ERG in Italy. So really the mix of investors is changing over time, but I think that's a good thing and the type of assets is also changing. As I mentioned, we have other transactions under negotiation. We expect to give visibility on that in the very short term both in Europe, LatAm and North America. So we're upgrading the guidance, the capital gains for the end of the year to more than EUR300 million and proceeds of more than $1.5 billion. So achieving around 25% of the target proceeds for the full business plan period.

If we move on to Slide 9, again I think this is an interesting slide as well, because what it shows is that we're seeing strong energy prices supporting long-term revenues and these are resulting from government organized auctions in some cases inflation updated, but in many cases also corporate PPAs. As an example, certainly of the first of the auctions, we were awarded 43% of the total Italian auction, with a 20 year CfD at EUR65 per MW hour. And in France, we were awarded 20 year CfD at EUR85 per MW hour on average. So good healthy pricing for projects with good returns.

The demand for renewable energy generation continues to accelerate in various different industries that we interact with. So 60% of our total capacity secured right now is through PPAs and 63% of them are closed with C&I companies, commercial and industrial companies. And in fact, and this is I think an interesting data point. When we compare the PPA prices between 2020 and 2023, we see approximately 70% increase on average of these PPA prices. So yes, cost of capital has gone up. Some of the Capex and inflation has gone up. But you look at the PPA prices and this is independent entity that provides this information, and in our case also we have the PPA prices. So both independent entities and our own PPA pricing reflecting the structural increase in energy prices. On the other hand, we have the positive we have equipment prices going down.

So this trend is more striking in solar than in wind. You can see in the graph there polysilicon prices had a very strong increase in 2021 and 2022, but they are now back to normalized levels and this is already material in our recent contracts. So this obviously excludes the US where there are some particularities. Solar module prices are still higher than in the rest of the world given difficulties in imports, tariffs people moving the manufacturing base back to the USA.

But I think importantly is outside of that, certainly in Europe and LATAM and Southeast Asia, we are seeing the polysilicon prices, the much lower polysilicon prices translating already into normalized module prices. So that's an important data point I think as well.

If you look at slide 10, we are on DG. So some of you may have participated in the recent event we did in Madrid to talk about distributed generation. I think is a great event. The team definitely did a good job there. We actually showed, sort of the business model, we should concrete cases where it's been done. And this is having a solid growth also with a stable rhythm. I mean it's increased 86% year-on-year in terms of capacity additions.

Growth in the US driven by combination of behind the meter and community solar. We tripled our installed capacity in the last 12 months and we closed important partnerships like the one with Google for 650 MW peak to be installed in local disadvantaged communities. So I think not only good business sense, but also I think a lot of social impact in this case.

In APAC, the growth has been supported by rising decarbonization targets and strong manufacturing in the region. So part of the global supply chain. And so as we -- sort of the industry and companies throughout the world go on decarbonizing their supply chain, that stretches all the way back into Southeast Asia. And so installed capacity has increased 54% in the last 12 months. This included one of the largest single site solar DG projects that we've commissioned. It was around 20 MWs peak in China under a 20-year PPA with healthy cash yields.

I think in general, it's worth highlighting, and we've said that before, but just to reiterate solar DG have shorter payback periods. It's good optimizer of capital employed. It has high contracted revenues, and agile installation process. So that shortens the time to market. So many times these projects can be started and finished in the same calendar year. And so even when we talk about the 5 GWs, it's an important point for a lot of the DG projects, those could be started for example 2024 and finished in '24 and so that wouldn't show up in those 5 GWs number.

In general, I think just in relation to the technology, so it's not exposed to the wholesale market, not exposed to the solar adjustment factor, which is obviously something which is coming up quite a lot in many different markets. And the real competition here is against the final customer tariffs. So it diversifies risk by market project client contract and business segment. And I think it's complementing really the wider EDP clients portfolio. So you have that global presence with the local region and also a strong track record on the utility scale renewables with also the client solutions operations. I think it's a good synergy here.

Moving on to slide 11, and let's talk about offshore for a second. So offshore, the first half our operating capacity delivered normalized revenues versus last year. So there was lower prices mainly in the UK project, Moray East. I think this project's contribution in 2022 was extraordinary and extraordinarily good but taking advantage of the higher pulp prices. We currently have two GWs of gross capacity under construction in France and in the UK. So we have good visibility on inflation-linked revenues and Capex. And these projects will be installed in 2024 and 2026.

So I think again, inflation-linked revenues, and also fixed Capex, these will be good projects. In terms of other developments, we canceled the PPA of the South Coast project in Massachusetts. So, as you know, we were and we have explored many different avenues and options to get to our target returns in that project. However ultimately, we concluded that really the best alternative was to exit the project. And so there was a EUR68 million break fee for the full project. So 50-50 owned by Shell and OW of which we have 50% as you know. So net impact for EDPR was a $10 million post-tax impact.

But again, here we were disciplined. We looked at the different options. We explored everything with all the relevant stakeholders and authorities and ultimately, we concluded that it was the best interest of shareholders to just break that PPA. We see there is high demand, we see there is state appetite for offshore wind capacity in the available leases. I mean this is one of the early leases. Massachusetts is the most natural market for South Coast but there are other markets available like Connecticut and New York and potentially even others like New Jersey or Richmond. So we are committed to participating in the Massachusetts round 4 in January of 2024, but we have other options if we're not successful there.

Overall, just to remind you, as you know, the US administration has 30-GW offshore wind target by 2030. And this project is one of the best placed ones to deliver the capacity within that timeframe.

And finally, just before I hand over to Rui to go through the P&L and the financials, just a topic just on touching on the ESG. So 99.5% of our eligible turnover aligned with EU taxonomy as well as our Capex, are totally focused on renewables. During even little things like 44% of our service fleet is already electric and hybrid vehicles, an increase of 12 percentage points year on year. So definitely focusing not just on producing green energy, but actually also consuming green energy, and so having a sort of a very rational use of resources.

I think it's also important, and this is something I mentioned, but just to reinforce. We have submitted a near-term reduction of targets by 2030 and a net zero target by 2040. So as I say, it's not just about producing green electricity, is by being, let's say our whole supply chain also been aligned with that commitment and therefore the net zero target by 2040 according to the Science Based Targets initiative that's something which has been validated.

A point, which is important on employee well-being, engagement of our employee climate survey that 86% is a good increase versus last year. So it was a very strong commitment, we've been hiring significantly over time, as you know, to deliver this growth. We have a strong commitment to our people. We have this ambition to be really a global agile and very efficient organization and I think that's also come through in the feedback from our employees.

And finally, just a quick point on hydrogen. So I think just to highlight we were recently selected by the EU Innovation Fund grants for two projects, (inaudible). It's a hydrogen, green hydrogen projects. These were 2 out of 13 awarded in Europe overall. So a very high hit ratio. And actually, of those 13, I think, only about 6 were to actually produce directly hydrogen for offtakers. And so with this, we've reached close to EUR200 million of grants attributed to EDPR hydrogen projects under development in Iberia.

I think this is really a testament to the maturity of these projects, not just PowerPoints, it's good projects that we are continuing to develop and we're moving forward with the technical and financial analysis and we expect to be in a position to take FID later this year or early next year for a couple of projects and I think we obviously give visibility on that at the time, but I think it just shows that our hydrogen strategy is beginning to take some steps, some important steps in terms of securing the necessary financial support.

With that, let's stop there and then I'll come back later for closing remarks and then the Q&A, but I'll turn it over now to Rui. Thank you.

Rui Teixeira: Thank you, Miguel and good afternoon to you. Now let's move into the first half results.

On slide 14, maybe, I would like to start by showing that the second quarter performance has been particularly impacted by short term headwinds that we expect to be temporary, and therefore not affecting the medium term earnings prospects. So the most significant ones are those related to the low wind generation reflecting the impact of around EUR80 million in the first half results. As Miguel already explained these weather cycles affect quarterly results. But there is no impact on asset valuation as we already include or embed these into our projections, the cyclicality.

So and the second one is related to something that we announced in the beginning of the year, the Romania and Poland clawbacks still having an impact in our accounts. For the first half, it represented about EUR34 million at EBITDA level, much lower than what was expected on the back of the lower prices that we are seeing in the market.

This impact is related mostly to the tax in Poland, which is currently scheduled to end by December 2023. We also have some costs incurred with capacity addition delays in US and Colombia. They total about EUR41 million in the first half of the year and we are working on ways to limit the short-term impact. And this is mainly through the PPA terms and renegotiations.

And the fourth element to bear in mind is the Spanish government updated, or as you know, the Spanish government updated the reference price for the record assets where the 2023 reference price is now EUR109.3 per MW hour. And this is versus the previous EUR207.88 per MW hour. Also the bands were adjusted accordingly.

This impacts a total of 0.8 terawatt hours of our generation and this is already net of the asset rotation that we announced. And these assets, they are having a retroactive change from January 2023 and this is leading to this negative accounting impact of EUR52 million in the first half. Again this is a non-cash impact, has no impact in the valuation nor on the project returns.

I think it's important to also to say that we don't expect these drivers to continue in the upcoming years. So we don't really see a reason for not having a big recovery here. So note that at the consolidated EBITDA we expect to mostly compensate this short term headwinds this year with a very positive and significantly higher than expected asset rotation gains in 2023 of more than EUR300 million as a result of higher than initially expected gains per MW. And also as Miguel said, this will be concentrated in the second half of the year.

Now if we move to slide 15, recurring EBITDA was EUR764 million, a decrease of 13% year-on-year if we exclude the asset rotation gains from last year, on a like-for-like basis. Asset rotation in this year we'll see that flowing through our books in the second quarter and in third quarter and the fourth quarter. In this period, we had a 10% increase year-on-year of new additions, naturally penalized by the low resource mainly on the back of the El Nino in US and some temporary headwinds in Europe and the Americas that we have already explained, along with some lower average selling price at some minus 4% year-on-year.

But Brazil with a sound growth, new capacity in operation contributing positively with a 50.1% year-on-year performance, 61% increase. APAC EBITDA also growing driven by new capacity in operation, along with the full contribution from Sunseap during the last 12 months. The share of profits from associates contribution was completely extraordinary in 2022. Therefore in the first half of this year we are seeing these levels return to normalization, but it was also impacted by the EUR10 million related to the PPA cancellation in Massachusetts.

If we move now to slide 16 for the net debt, as of June 2023, net debt was EUR5.7 billion. That's $0.7 billion above December 2022 and this is driven by EDPR's organic cash flow that is mainly allocated to fund the growth of the business. The asset rotation proceeds from the deal closed in Brazil, and of course the EUR1 billion capital increase which partially compensated the EUR1.8 billion of net expansion investments, and including the Capex and financial investments.

In the first half this year working capital differences were mainly driven by non-cash regulatory adjustments and timing differences between the revenues that are booked in the P&L and the amounts that are effectively collected. Average gross debt in the period increased year-on-year from EUR5.6 billion in the first half last year to EUR6.4 billion in the first half of this year, and this is fully aligned with our cash management strategy. So all-in-all, this level of debt is supporting EDPR growth, in line with the strong target revisions that we have.

On the financial results on slide 17, we achieved EUR159 million in the first half. This includes a EUR37 million positive impact booked in the second quarter from unwinding the pre-hedge of benchmark interest rates for a $1 billion amount and a five year maturity.

And this is on the back of a decision that we will be reducing the weight of US dollars in our debt currency structure.

So excluding Forex and derivatives, financial increased 30% following higher average cost of debt to 4.8% and this of course is mainly impacted by the higher cost of US dollar and its weight on our balance sheet. Although 81% of EDPR debt is at fixed rate and higher average gross debt to support growth. So just to finalize on slide 18, the net profit totalled EUR102 million and EUR80 million versus the first half of 2022 excluding asset rotation gains for like-for-like basis.

So basically these are explained by the already mentioned drivers along with the non-recurrent accounted events such as the PPA cancellation in Massachusetts and also a provision in D&A related to a tax clawback of EUR12 million in Romania. Also lower financials year-on-year, and the lower income tax despite higher tax rates mainly driven by the Spanish retroactive adjustment in the second quarter this year. Also minorities decreased 35 million year-on-year on the back of the topline performance.

So I will hand over to Miguel for the closing remarks. Thank you

Miguel Stilwell d'Andrade: Thank you, Rui. So just to finalize the presentation, I just wanted to reiterate some key messages in relation to EDPR's performance and say a few words on the overall environment and outlook. First, the short-term financial performance was penalized on one hand by lower wind volumes in the second quarter. As we mentioned, this is expected natural volatility.

And so it's incorporated in the long term average assumptions. It's also impacted by the capacity delays in the Americas, in North America, as you know, in the Americas in general but I think that's something we flagged in particular the 900 MWs, we're still awaiting importing those Longyi panels, political intervention in Europe on the clawback something that was relevant also for the first half.

So we don't see this as impacting medium term earnings prospects, and I think that's an important note. Second is that we continue to see attractive valuations in asset rotation transactions. I mean we highlighted the one yesterday in Spain. I think it shows the returns, it shows the value creation within the portfolio. It shows the interest from strategic investors focusing on renewables versus the usual financial institutions. We believe that other transactions ongoing will lead us to upgrade the asset rotation gains guidance to more than EUR300 million in 2023.

Another point is the focus on the renewables capacity delivery. So we are targeting around 3 GWs in 2023, concentrated at the end of the year. And the average of 3.5 to 3.9 over the cumulated 2024 period. Five GWs under construction. Additional DG coming online, certainly over the year '23 and '24, all of this well diversified in geography and in technology.

And finally, one point which I mentioned, I just wanted to reiterate, increase of contracted long term PPA prices. 70%, 2023 year-to-date projects versus 2020. Anticipating some delivery or delivery of some projects in Europe supported by the regulatory and permitting process update. And in general a downward trend in global solar equipment costs outside of the US. So all of this supporting value enhancing growth.

And I'll stop there. I'm sure we'll have Q&A. So thank you and let's turn it over to Q&A.

Q&A

Operator: Thank you. Ladies and gentlemen, the Q&A session starts now. (Operator Instruction).

Miguel Viana: Okay. So we have the first question coming from the phone from Alberto Gandolfi, Goldman Sachs. Alberto, go ahead.

Alberto Gandolfi – Goldman Sachs: Miguel, thank you, and hi, Miguel and Rui. I have three questions please. The first one is going back to the statistic mentioned by Miguel, we have recently come back with very similar analysis with the same outcome, that PPA prices in 2.5 years are up 70%. I guess the question is how much have your cost gone up by? So are we seeing pricing power in the industry and actually not only absolute returns going up, but is the value creation slightly better or not?

I mean, simply, was it simply pass-through of course? It would be great if you could maybe talk about and also for IRRs or return on capital employed seems to have gone up to me. The second question is on slide 6, plus considering that the European response area is going a bit more quiet, maybe with the exception of Germany, notable exception, but the US area momentum is accelerating.

So I guess what I was trying to understand here, are these developments in European permitting embedded already in your recent CMD, or are these coming on top, which means that maybe in 2025-'26 or maybe '24-'25 and '26 we might actually see a faster conversion in the pipeline.

And the last question is, I mean some investors have claimed during the first half that perhaps you're growing a little bit too fast, or too quickly. You had a capital increase and the debt has gone up already a lot, and you are planning to build even more next year by the sounds of things. So can I ask you what replay would you give to that. And maybe any visibility, any bridge you can help us build for the year-end net debt. Thank you so much.

Miguel Stilwell d'Andrade: Thank you, Alberto. No, was great questions. So in relation to the first question, what I'd say is IRRs, absolute returns are clearly up. Cash yields are up. I'd say the delta spread, it depends on the geographies. So it maybe a broad generalization. But I'd say certainly on a portfolio level, let's say the value creation spread continues to be there. Maybe it's widened a little bit, but I wouldn't -- I certainly wouldn't say that we have pricing power. But I'd certainly say that we have -- well, we have pricing power and the ability to pass through costs, but it is a competitive market.

So I wouldn't want to insinuate that there was not a competitive market out there. But what I would say is that if rates do go down in the mid-term or anything. I think we'll find these are extremely attractive projects with solid, very solid absolute returns. On the second point, so the way we look at it is yes, we are anticipating some projects for example from the '25, '26 period to '24, '25. This is offsetting certainly to the extent any delays that we also have.

So we have some projects that have been delayed because of execution issues. The Longyi panels in the US that pushes projects from '22 -- or from '23 into '24. That has knock-on effect in some projects in the US. But on the other hand than in Europe, we can anticipate some projects, for example earlier into 2024. And so I think that means that certainly in 2024 we will have a record amount of projects being delivered over the year. That's for sure.

So in Europe, we are managing to anticipate above and beyond what was foreseen in the Capital Markets Day. But that's offsetting some delays that we had in projects in other parts. Okay. So that's done.

On the third point, well what I'd say is that we are executing on the plan which we set out, I think very clearly and very in a very detailed manner in the Capital Markets Day. And that already incorporated, not only the amount of investment that we're going to do but all the costs that we're going to have to take on to grow. So I mean we have a plan and we're executing it. And so the debt, I think is perfectly in line with, let's say what we're expecting, I mean they're obviously there'll be volatility around working capital, at certain stages or asset rotations, when, what quarter they come in. But I'd say that it's certainly very much aligned with the broad plan that we set out. So no surprises there, and I think it's very much aligned.

I think as I say with yet -- well, the capital increase, but the asset rotations that we're doing, that will keep us well within what we consider to be very reasonable ratios for this type of business. So we'll keep on providing visibility for that. But I would say it's nothing extraordinary there. It's very much part of business as usual.

Miguel Viana: Okay, thank you. Alberto. So next question comes from Enrico Bartoli from Mediobanca. Enrico, please go ahead.

Enrico Bartoli – Mediobanca: Hi. Good afternoon, and thanks for taking my question. I have three as well. The first one is on the Spanish market. There was interest in your view on the evolution there, because on one hand we are seeing the government increasing significantly the targets for 2030. On the other hand also, you saw some curtailment of your wind production because of bottlenecks in the transmission grid. And we are seeing the impact of PV evolution on prices.

So I was wondering what you see there in terms of threats and opportunities in terms of opportunities, particularly if you think that there is the chance to accelerate investments in storage in that market.

Second question is relating on offshore. Actually, you highlighted that you canceled the PPA related to South Coast. I was also here interested in your view on the prospects for EDPR in this business, considering that you are seen some other operators canceling projects or asking for revision of the economic terms of the existing one?

And the third one is regarding Slide 14. You highlighted these headwinds from factors from regulatory clawbacks and so on 2023. On the other hand you're raising your guidance for asset rotation gains. So I was wondering if we seeing, let's say, an EBITDA from the consensus slightly above $2 billion, if you think that. I mean these moving parts you feel confident on that figure. And also if you can give us some indication what to expect in terms of net debt for the yearend? Thank you very much.

Miguel Stilwell d'Andrade: Okay, thank you, Enrico. So listen, just a couple of comments, and maybe Rui then can also comment, but on the Spanish market evolution. So first, the reason for curtailment in Spain is clearly there is a mix of, on one hand low electricity demand. So hasn't recovered to pre-pandemic levels. It's obviously higher penetration of EV for four times increase in the last five years, together with soft consumption in PV and distribution networks where the current distribution transmission networks still doesn't support sort of such a high level. But I think importantly is that there is a lot of available demand in Spain still to expand renewables in general.

So we continue to believe in the market. I mean you've seen coal shutting down. I mean you can debate whether nuclear will come down or not as fast as was expected. But still, you look at the recent energy plan set out by the Spanish and the Portuguese Government and there's obviously a huge potential there.

Now obviously this will raise like specific issues in specific areas at certain times. But I'm sure the networks operators will work through those and will be incentivized to get that done. Storage is definitely something we're looking at. I mean, obviously as you know it's very much part of the business as usual in the US nowadays. Still not so much a part of the business as usual in Europe. It is much more in the UK, but let's say Continental Europe still not very much. We've looked at this in quite a lot of detail. I think it might make sense in very specific situations. I don't think it's still a generalized solution. The economics still don't fully work out but it is something that we are following very closely and continue to run an analysis to see if we can -- if it makes sense to step up storage.

Maybe just on -- moving onto the offshore, the prospects, if I understood your question. So we're very happy with the projects that we have. I mean we have the South Coast. I think that was flagged for quite a while. But we look at Moray East you look at Moray West, you look at the French projects that I mentioned, all of these are inflation- linked. The Capex is secured. We took the FID already knowing fully well, what was -- that we were in inflationary environment. And so we went into those projects with our eyes wide open and so we're very comfortable with the returns on that.

So we don't have any expectation of additional projects where we have these issues on the offshore side. A lot of the other projects still don't have PPAs locked in. So apart from the ones I mentioned which do, the others are still in development phase. And so we'd be locking in PPAs once you have more visibility on the development and on the Capex. So we can take an FID on those projects.

But so I'd split into operating of projects very good, Moray East in particular, and CEMED [ph], and the ones which are being built. So Moray West and the French ones. And those, as I say, very clear about the returns and we're very comfortable there. And the others don't have PPAs yet. We're developing them. And so when we take that investment decision. I think it will be with full information. So we won't have any issues around having to cancel projects or contracts.

And the third point to be clear, so yes, we have positives, we have negatives. I'd say that we are comfortable with the guidance on the EBITDA. The mix will be different probably from what we originally expected. But I'd say we're comfortable with overall, let's say, consensus on EBITDA. I wouldn't want to comment specifically on net income. It's just generally more volatile given the different moving pieces. But yes, comfortable with consensus EBITDA with a slightly different mix than what was expected. Rui, you want to make comments there.

Rui Texeira: Yeah, maybe just adding building on what Miguel said about the offshore, also bearing in mind that in the US this project that we have developed in Massachusetts actually can be interconnected. It can be linked to New York, ultimately could be true Rhode Island, New Jersey. So there is actually a quite wide range of alternatives, other than the Massachusetts that we are preparing ourselves to be, I think in January. That's the new date. So I think the point is that this project is perhaps one of the most advanced projects in terms of development, that will be there to meet by 2030 targets.

Actually now the team will be looking for what maximizes value and therefore incorporating into those with whatever the current cost and interest rate scenario is. In that sense I think that is likely to have a positive impact and upside in terms of the expected returns for the project in the future.

José Ruiz – Barclays: Yeah, good afternoon, and thanks for taking my questions. I just have only two, and they're very specific. Can you share with us, would be possible to share what is the upfront investment per MW in solar PV in Southern Europe after this collapse of polysilicon prices.

And the second one, would it be possible to share with you, your net capacity additions for this year? We know the gross $3 billion and now you have increased the guidance for capital gains. I was wondering if you could share the net capacity additions for 2023.

Thank you.

Rui Texeira: Great. Hi, Jose it's Rui here. Just to give you some references for the cost per MW. On the cost of the modules, on the PV modules which is still the largest contributor to the overall investment, we saw over the last months prices coming down in Europe from around $0.20 per watt to roundabout $0.17. So that's a substantial reduction that we saw just happening effectively within the last quarter.

What we are seeing is that then depending on the geography, elements like the balance of system can be stable, rather stable. So at least, everything else being equal, we would see the cost reduction driven by this panels.

Miguel Stilwell d'Andrade: Okay. And then regarding the second one, the second question, on a net basis, so what we are presenting here is that roughly speaking 3 GWs of additions in gross terms and that about one GW asset rotation sales. So roughly speaking around two. Thank you.

Manuel Palomo – BNP: Yeah, hello. Thanks for taking my question. Good afternoon all. I've got well, one question actually and a couple of clarifications. The question is, you mentioned that PPA prices are significantly going up on inflation and interest rates, which makes a lot of sense. I wonder would you have perceived any trend on the duration of the PPAs, whether short maybe on additional volatility or maybe concerns by offtakers on deciding not to take a very long- term risk of forward prices.

Then the clarifications are as follows. The first one is in the Slide number 20, I see that you are targeting, if I'm correct, it's 3 GWs in 2023. It says between 3.5 and 3.9 GWs in '23, '24. Is that '24, '25, that would be my question? And the other clarification is on the asset rotation deal that you announced today. You were talking about the EUR1.8 million per MW, EV per MW. Is it considering the 30-year useful life of the asset or only then may be remaining 16-year life of the asset? Thank you.

Miguel Stilwell d'Andrade: Okay. And on the third point, so this is for the remaining useful life. I think listen, these are good assets, let's be clear. So there are 14-year-old assets. It's about 16 years left of useful life, but there is the possibility for either repowering or hybrids or they've got the optionality around merchants full price. So these are good assets. And I think it's one of the things, which is becoming clearer and clearer the optionality, around these assets.

It used to be, you had a plain vanilla or you value the plain vanilla wind projects and you just look at pure wind, it was 100 MWs, you just value the 100 MWs.I think now more and more investors are looking at the 100 MWs of wind. But what can you do also with additional MWs of solar? What's the merchant profile looked like, what optionality has that given me? So that's all baked into these into these multiples, right? So just your clarification specifically is, yes, it's the 16 years of useful lives left.

Jorge Guimaraes – JB Capital: Hi, good afternoon. I have two questions. Two are follow-ups. The first one, it's a follow- up on the offshore question. I believe there are relevant concerns about the cost, Capex cost of offshore projects. And do you share the view that as of today between onshore- offshore and solar photovoltaic, offshore is the one with the returns are more under pressure. And if so, do you believe these will impact the development going forward. So these would be the first one.

The second one, regarding the curtailment questions in Spain, do you believe that this will become more of a problem in next year? And to be more precise, do you believe we should reduce the load factors to consider in estimates going forward? And thirdly, it's related to offshore. Does EDP plan to participate in the offshore auctions in Portugal assuming they're going ahead, because the objectives are very optimistic to say the least? Thank you very much.

Miguel Stilwell d'Andrade: Thank you, George. So concerns around Capex. Well, I think whenever taking investment decisions we are obviously trying to do the best estimate possible of future energy prices and Capex costs, and baking that into what is required PPA that you need to get your investment returns. And so what I'd say is that offshore is the same thing. I mean we're going to be looking at what are the expected Capex. It may have increased and it has increased. Let's be very clear about that. But certainly for new PPAs that we would be locking in we would be incorporating that.

I think so I'm not sure if this is, let's say, answering your question specifically. But I think it's not a question of whether it's more or less pressure. I think it's just a question on, are you incorporating. If you already have a PPA locked in like we did for the Mayflower then yes that it's a problem and you either decide to break the contract or then you have to take a decision to move forward or not, you have to look at it, what are the different options.

In our case, we looked at all the different options and we decided to walk away from the contract. I think it's clear that the energy prices, the PPAs for offshore have to increase as well, and they are increasing the same way as onshore and solar. As I mentioned, so the

PPAs, I don't think they included offshore in the numbers that we give you, but certainly offshore PPA prices now in the US would have to go up substantially versus where they were two or three years ago to -- for the projects to be economical.

On the second point, on the curtailments. So these are typically local issues, I mean in our case, for examples it's Galveston and Locke I believe. They can be sorted out with local investments, and they can also be certain optimizations or certain, let's say, automations links that we can do with the system operator to improve or to reduce the curtailment. Some of this curtailments is remunerated by the way. So it's not that it's all lost production. It can be production, which is actually still remunerated even though it's been curtailed.

It will be local issues, but obviously this will become a feature as time goes on. And so I think the question on storage earlier from Enrico I think was relevant and it's something that definitely we are looking at.

The third point, so we haven't taken a decision yet in relation to participating in the Portuguese offshore. It's -- we are part of JV with ENGIE and OW. So it would be an OW decision. OW itself may decide to partner. So I think it's still early to give you a specific answer on that, but obviously we will analyze the process and then we'll take a view on whether it makes sense or not to participate.

Meike Becker – HSBC: Thank you very much for taking my question. I have a broader picture question on onshore wind. There has been a lot of news on solar also from your peers in line with what you were saying about the cost turning, and also the volumes picking up. I have heard less comments on onshore wind. So it would be great if you could expand on both, on your views when volumes will pick up or why they are not picking up and the developers are focused on solar, as well as when you see a turning point on the costs, or how that is playing out? Thank you.

Miguel Stilwell d'Andrade: Thank you. So great question. So I think, first onshore wind is a premium product in the sense that it typically has more variability over geographies and locations. It has less predictable profile, and so it doesn't have such a large discount to, let's say, your average base load profile. So these are good projects. I think people will continue to invest in developing onshore wind.

I think over the last couple of years, particularly in places like in the US, the expectation was that all onshore wind would lose competitiveness versus solar, certainly in the US because of the way the tax credits were set up and the PTCs and the ITCs. And so there was less development of onshore wind projects. Now that's inverted in the US. Clearly now the PTCs for onshore wind has come back up, and in Europe people are again trying to push more for onshore wind.

But it takes time to develop an onshore wind project. You need find sort of good locations, sufficiently far from houses and other restrictions, environmental and others that you have. So it take -- these are projects which do take a couple of years. So I think we're seeing a ramp up. Certainly, I can't speak for ourselves. We are investing time and money from people in our team and our development teams to build up these onshore wind projects, but it's not something that you just flick a switch and overnight you suddenly have wind project.

So at one point, I think in one of the previous calls that we had, I think I mentioned that typically these projects will be coming on more towards the back end of our business plan, so more around '25, '26. So when you see a sort of bigger pickup in onshore wind projects. So maybe that's -- hopefully that's useful.

Rui Texeira: Yeah. I mean, maybe I would just add a couple of data points. So one is, if I could -- if you look to our last 12 months indexes on steel like Platts or ARGUS, you see that steel came down, I don't know, maybe 20%, 25% depending on the regions, North America, Europe, China. So at some point, and as you know, the manufacturers, they are quite sensitive to this and they have also been asking for some indexation depending on the Europe delivery.

So at some point we should definitely see a reflection of the raw materials coming down. But secondly, it's still quite depending on the geography. So we are talking about the levers for Brazil or for North America or for Europe, we will see different prices. So just these two are data points. So I think we will still see the prices very much level where they are right now, but into the future. I would say that we have a case for those to go down.

Arthur Sitbon – Morgan Stanley: Could you provide more details on the EUR41 million extra cost on US and Columbian projects? Rui discuss these extra costs impacting P&L and not Capex and if they have some PPAs associated?

Rui Texeira: Sure. So here the costs are mostly related to energy delivery commitments that were associated with these projects. So PPAs for example, certainly in the case of the US and their commitment in terms of volumes and starting dates. And so we have liquidated damages or are we have certain commitments to provide that energy. And so those are the costs that I mentioned there.

We are working to renegotiate PPA terms in order to limit those impacts. In the US that's been possible. So these numbers have already been revised down significantly over the last year and over the last month. And in Colombia we're also working on that. So to try and renegotiate the PPA terms.

Pedro Alves – Caixabank: Regarding the capital gains in the asset rotation announced yesterday, if we can assume a lot of questions around if it can represent 50% or more of the EUR300 million in previous capital gain guidance. So a little bit asking about guidance on asset rotation gain in the deal?

Miguel Stilwell d'Andrade: So in addition to what I mentioned on previously about the guidance of EBITDA. In relation to the specific capital gains I think it would be better to wait for the nine months presentation in October. So the capital gains will be, let's say, fully defined at that point because there's still a lot of adjustments which are done typically just to get the correct number. And so we can provide you with a firm number and not just high-level number.

In this particular case, we did provide information on the acquisition price of Viesgo renewable assets in December of 2020. And hopefully that will help you get close to the final figures. So I think -- I mean the number -- I think you said roughly 50% of the EUR300 million previous capital gain. You probably won't be far off from that number.

Miguel Viana: Okay. You have some additional questions that we will follow-up then from IR level. So I'll move now to final remarks for our CEO.

Miguel Stilwell d'Andrade: Thank you, Miguel. Listen just final remarks, just to reiterate, it was a tough quarter. I am not going to hide that. I think we need to look through the quarterly volatility. We are developing long term projects, projects themselves take many years to develop and then they operate for 30 years plus. So we are managing the company on a quarterly basis, but it's a long-term business.

And then I think, just wanted to reiterate that on one hand. And obviously I just wanted to wish you all a good summer. If you do get a vacation break, I hope you get rested and I'm sure we'll meet again in September, either in the roadshows or in meetings. And then also, for the nine month results towards the end of October and so I think we'll be able to provide additional visibility there. But listen overall, globally tough quarter. But I think things are getting done. Thank you.