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
- **Arthur Sitbon**, Analyst
- **Enrico Bartoli**, Analyst
- **Fernando Garcia**, Analyst
- **Jenny Ping**, Analyst
- **Jorge Alonso**, Analyst
- **Jorge Guimaraes**, Analyst
- **Jose Ruiz**, Analyst
- **Manuel Palomo**, Analyst
- **Olly Jeffery**, Analyst

Miguel Viana: Good afternoon, everyone. Thank you for joining us for EDPR first quarter 2025 results conference call. Today we have with us our CEO, Miguel Stilwell d'Andrade; and our CFO, Rui Teixeira. They will present an overview of the financial performance for the first quarter and also provide guidelines for the full year outlook.

Following their presentation, there will be an opportunity for a Q&A session. Questions can be submitted through the conference chat or over the phone. The call is set to run for 60 minutes.

And I'll now hand over to our CEO, Miguel Stilwell d'Andrade.

Miguel Stilwell d'Andrade: Thank you, Miguel. Good afternoon, everyone. Yes. I'd like to start off just by giving a brief word on the blackout last week, which is obviously a highly exceptional and impactful event for Portugal and Spain. I really want to take this opportunity to both recognize and also congratulate the great work done by the EDP and (inaudible) teams, the distribution business teams in Portugal and Spain, just for the really swift and efficient restoring of the energy to the customer.

So as I say this is really an unprecedented event, one can ever really fully simulate this I believe the teams reacted very well in difficult circumstances. As you know the root cause of the event is still under evaluation.

I think it's safe to say that this incident really highlights the importance of ensuring the robustness, reliability and adaptability of the electricity system. This includes continued investment in grid infrastructure, energy storage, and other flexibility sources and also advanced control and frequency response mechanisms including ancillary services.

I think it's very clear for us, and I think for most people in the sector that renewable energy will play a crucial role in the energy system with both the present and the future. So the energy transition is happening and the increased penetration of renewables must be accompanied by an increased sophistication of the electricity system to create a system that is clean, reliable, and affordable.

And I think that's a good starting point to move over and talk about our first quarter 2025 and give a brief update on our business performance. So I turn over two slides for and talk about just a quick summary. First, I think the solid first quarter results for EDP renewals. They were supported by capacity expansion, operational efficiency. I'll talk a bit more about that later on.

Installed capacity reached 19 GWs -- 19.3 GWs, reflects a 17% increase year-on-year. Net additions of 2.8 GWs including 3.4 GWs of gross additions and around 0.5 GW of asset rotations. So we're talking about almost 20 GWs of wind, solar, and batteries.

I think this gives us a scale and the corresponding economies of scale, but very few other renewable companies have. Electricity generation grew 10% year-on-year, totaling around 10.9 terawatt hours, benefiting from renewable resources that was around 1% above the long-term average.

This compares to around minus 2% in the first quarter of last year. Onshore wind remains our primary assets. It represents 82% of our generation. We had good wind resource in the U.S. In Brazil, certainly compared to last year.

But we had a very weak quarter of wind in Europe. In fact, it was the weakest quarter in the last 86 years. So this is relevant when we also talk about the average selling price for EDPR as a whole.

About pricing dynamics. We saw an average selling price decrease of around 5% year-on-year, so it was around EUR 57 per MW hour. And as I mentioned, it was impacted by lower prices in Europe and South America, although it was partially offset a better price performance in North America.

On the cost side, I think impressive numbers, core OpEx per average MW in operation decreased 9% year-on-year. That's reflecting an improved efficiency and very strong cost control measures.

Excluding asset rotation gains, our underlying recurring EBITDA saw a 20% increase year-on-year, so that's significant. It highlights a really strong business execution. So overall, recurring EBITDA reached around EUR 477 million and 5% up versus last year.

Finally, recurring net income reached EUR 66 million, EUR 44 million more than last year, excluding the asset rotation gains we had last year that underscores EDPR's profitable growth despite market challenges.

If we look at Slide Five and then take a step back and just talk a little bit more about our premium existing asset base.

We've got a very strong position with high-quality, diversified asset base. Our installed capacity, as I mentioned, 19.3 GWs, almost 19 GWs, primarily focused on North America and Europe. These two regions represent around 85% of our global footprint.

Looking at our technology mix, onshore wind, as I say is the main pillar, and 80% of our asset generation base than around 20% of solar. Contracted profile also remaining robust. Talking about 70% of our portfolio is secured on the long-term agreements averaging around 11 years of remaining maturity. I think this gives us good stability and predictability for our operations moving forward.

So beyond our existing capacity, we remain well-positioned for future growth opportunities. I think this diversified strategy, we're also reinforcing our commitments to sustainable development and long-term value creation for the shareholders.

If we look at Slide Six and talking about delivery of the 2 GWs for 2025, so we're very focused on disciplined execution, making sure we've got -- delivering on time and on budget.

For this year, we have clear visibility on the delivery of the 2 GWs of new capacity with all projects already under construction and approximately 70% scheduled for commissioning in the fourth quarter. To break this down by region and technology, U.S. and Europe will have about 80% of the total additions.

So we'll keep this sort of balanced strategy across the geographies. In terms of generation mix, talking about approximately two-thirds of our new capacity will come from solar and storage, so that reinforcing our diversification.

In North America, around 80% of new installations will focus on solar and storage. In Europe, it will be a combination of solar and wind projects to -- and we're deploying that in markets like Italy, Germany, and France.

So as I say all projects actively progressing, scheduled for completion by the end of 2025, with most of them coming in towards the end of the year. And really strong focus here on just making sure we're delivering them on time and on budget. I think we have a good reason to believe that, that will be the case, given the stage of progress that we've seen on the projects.

On Slide Seven, talking about supply chain because I know this is something that comes up often in discussions with investors and with many of you on the call. So taking a step back.

Since our -- as you know we had issues in the U.S. a couple of years ago with the supply chain, we completely reconfigured our procurement strategy to focus on the supply chain, making sure it was more resilient given the trade dynamics. So we've prioritized domestically manufactured equipment, particularly in the U.S., and I think we've developed strong relationships and partnerships with the U.S.-based suppliers. This really helps us mitigate the risks associated with the import tariffs over the last couple of weeks.

So for 2025 and '26 secure capacity, we've already ensured that we have the infrastructure to keep the projects on track. Most of the equipment is either already in the U.S. Or not subject to tariffs, either because they're domestically made or because they're specifically exempt.

So we've done a relatively detailed analysis based on the information that we have at the moment. So looking in terms of financial impact, we're estimating the tariffs, a relatively immaterial impact on our revenues and secured capacity.

I mean talking about less than $25 million, around 1% of CapEx for these projects. They're mostly related to non-major components imported mainly from either Europe, Canada, or Mexico.

So I think having looked at where the tariffs are and sort of -- I think it was really important that we did this restructuring of the supply chain a couple of years ago too, so that we can go through this time of uncertainty with much lower risk.

Talking about the IRA. So the tax credits framework, that's a key pillar for our investment strategy. We have more than 1.5 GWs of projects secured under safe harbored agreements. We've protected our developments from changes to legislation with this safe harbor.

Also and I think I'd mentioned this on previous calls, new PPAs under negotiation. We are including causes for changes to the IRA and potential tariff impact. So we see continued resilient PPA demand, good pricing levels across the markets.

We see strong support coming from regulated utilities and corporate entities that are demanding good PPAs and renewable energy from either because they're reshoring manufacturing or building new data centers, electrifying installations.

I think all of this is contributing to strong demand. So given these dynamics, we think that there will be reasonable flexibility in the market to adjust to prices depending on any changes to the ROA, which are done.

At the same time we're also leveraging our U.S. supply chain, as I said, given the procurement adjustments that we did in the past. We have flexibility. We've mitigated the impact from import duties and tariffs.

We've got a multi-year agreement with First Solar. It was announced back in March of 2023, and that gives us access to U.S. manufactured solar modules. So it gives us good confidence on our project pipeline for '26 and '27.

So given all of this, I think EDPR remains well-positioned to capture growth opportunities in the U.S. market, while maintaining financial discipline and supply chain resilience in the years ahead.

If we move on to Slide Eight, I'd just like to give a word on electrification needs. First, just to say the global energy landscape, it really continues to evolve very quickly. But one thing is very clear. There is -- electrification is at the center of this transformation. I think we're seeing that very clearly.

In the U.S., we're seeing growing demand for power. There have been various reports coming out even more recently talking about this demand. This is requiring accelerated renewable development despite the current market uncertainties. Renewables, and this has also been discussed.

It's really the only technology that's ready to meet this demand today. I mean you talk about other technologies, most of them are talking about 2030, 2035 and beyond. Truth is, if you want, power delivered '25, '26, '27.

I mean you're talking about solar, you're talking about wind, you're talking about battery storage. These are immediate solutions and some of the other conventional alternatives are still a way away sort of in the decade of 2030s. That's in the U.S.

In Europe, electrification continues to be a top priority. It's been reinforced by the European Commission mandate and particularly given energy independence and reducing the dependency on gas.

So I think there will be a strong push for industrialization and energy security. You've had strategic plans like the clean and industrial deal, you've had things like the affordable energy action plan, all this driving decarbonization. They've set up targets.

So we continue to see electrification rates continue to increase. We're estimating around 32% by 2030 and around 100 GWs of renewable energy annually until then.

So definitely also progress here in Europe. We still think that the issue is not at the European macro level. It's very much more at the country level, which still needs to -- where you still need some regulatory action to drive further investment.

But all in all, I think we strongly believe that renewables and storage remain critical technologies for satisfying the electricity demand, both in the short and the medium term and to reinforce security supply and autonomy. With that, let's move on to Slide Nine and talk about gross investment.

So we're estimating for '25 gross investment at around EUR 3 billion. That includes financial investments relating to Ocean winds. Most of this, obviously is directed towards capacity expansion and portfolio optimization.

We will have a decline in the payables to fixed asset suppliers, in line with the decrease of construction activities. A big part of our investment strategy is the asset rotation program.

As you know we're expecting to generate around EUR 2 billion in proceeds throughout the year. So that's helping finance this growth investment. We're expecting proceeds of around

EUR 1 billion from tax equity. That's obviously also an important point. I'm sure we can then talk about that as well.

We also expect a stronger year-on-year organic cash flow driven by operational efficiency and revenue growth. So that will also provide further support for investment execution.

So the combination of all of these things make us believe that we'll have a good growth over the next couple of quarters. Disciplined, keeping net debt at a stable level of approximately $8 billion by year-end. Obviously there will be a fluctuation on a quarterly basis, but by year-end, we think that we'll have it around $8 billion.

As we move forward, the focus is clearly on balancing growth and financial resilience, the balance sheet, just keeping a robust investment framework for the following years. On that I talk about Slide 10, just on asset rotation.

I think sitting here today sort of 8th of May saying that we're feeling good about the asset rotation program. It's progressing well.

We've had solid demand in the various different regions despite the prevailing high interest rate environment. So to be honest, we're feeling pretty confident about this. We secured already around 0.2 billion in proceeds from asset rotation transactions already.

We have some additional processes, which are advancing, and we expect to be able to announce them this summer, some of them even in a much shorter term. The remaining transactions will be finalized towards the second half of 2025.

Overall, we are also planning to sell some 49% stakes in some cases, more in the U.S., in Europe, keeping sort of the 100% stakes.

In terms of asset rotation gains, we're expecting a contribution of around EUR 0.1 billion this year. Let's say 2025 includes some high CapEx assets, but we'll also be selling some minority 49% stakes that will optimize our investment profile, and we will also have some specific balance sheet advantages for that. So all in all, I think feeling good about asset rotation program, seeing strong demand and good pricing.

So I think that's certainly a positive note there. For 2025 guidance, so our recurring EBITDA guidance for '25, we're guiding as of today at around EUR 1.9 billion. That includes approximately EUR 0.1 billion in asset rotation gains.

In terms of generation, talking about 41 to 43 terawatt hours expected for the year, this compares with 36.6 in 2024. Obviously this growth is driven by increased capacity, renewable resources seem to be more normalized.

So basically in terms of volume, that's our base case at the moment. Average selling price, we're expecting it at around EUR 55 per MW hour, slightly lower than the EUR 57 per MW hour in the first quarter, and that's assuming lower European wholesale prices.

We're also assuming a ForEx at around EUR 1.1 (sic) (EUR 1.10) to dollar. So obviously there's been some devaluation in the dollar more recently.

And so we had around 1.05 in the first quarter, but we're assuming sort of for the year at EUR 1.10. Regarding net debt, where, as I mentioned earlier, assuming around EUR 8 billion for the end of the year, EUR 3 billion in gross investments, offset by the EUR 2 billion in asset rotations and EUR 1 billion in tax equity financing.

Simplistically, that's how we're looking at it. Moving forward, very strong commitment to cash flow discipline, executing growth strategy, leveraging our scale, leveraging our competitive advantages in the different markets, and just making sure that we'll deliver our 2025 target successfully. And's with that, I'd hand over to Rui to walk you through the first quarter financial results.

Rui Teixeira: Thank you very much, Miguel. Good afternoon, to all. So let's go through the first quarter results. So if you go to Slide 13, and starting with the operational performance, EDPR delivered strong operational results, obviously underpinned by our growing installed capacity and also a normalized renewable resource.

So let's break this down, the capacity addition or the capacity evolution. EDPR's installed capacity reached 19.3 GWs, up from 16.5 GWs in the first quarter last year.

So this is a 2.9 GW increase year-on-year. The growth was primarily driven by capacity additions in North America and Brazil, complemented by new projects in Europe, particularly Spain, Italy, and Greece.

In the first quarter of 2025, our output increased by 10% year-on-year, reaching 10.9 terawatt hours generated, supported by a higher installed capacity, but also stronger resource in U.S. The renewables generation index, as you know we reflect deviations of renewables resource versus the long-term average gross capacity factor, stood at 101% for the first quarter this year compared with 98% in the first quarter last year.

I would highlight the notable recovery in North America. This improvement offset the lower resource in Europe and resulted at the end of the day in a stable output across our portfolio.

So if you move now to Slide 14, and we look to sales, EDPR continues to see growth in electricity sales and supported by increased generation capacity, also improved operational performance despite some pricing variations.

In the first quarter of 2025, total electricity sales reached EUR 624 million. This is a 5% increase year-on-year. The growth was primarily supported by the 10% increase in electricity generation.

As I mentioned, total nearly 11 terawatt hours for the quarter. This very strong performance is partially offset by a 5% decrease in the average selling price, which dropped to EUR 57 (sic) (57.1) per MW hour and it reflects weaker pricing in Europe and Brazil.

So if you look at the realized price in Europe year-on-year, we observed a 6% decrease. This is basically the decrease year-on-year, and this is reflecting that hedging prices, mainly in Spain came down from EUR 86 to EUR 72 per MW hour.

There is also some adjustments in the feeding tariff in Portugal that has a partial indexation to the average pooled price of the last 12 months. And also the higher rate of solar versus wind in the generation mix and this is partly offset by the higher electricity prices that we observed in Italy, Romania, and Greece.

On the other hand, North America saw a 12% increase in pricing, mainly driven by higher wind generation and better REC performance.

South America, the average price dropped 22% and impacted by market dynamics, the solar mix, but also because of the ForEx translation that impacted negatively. So if you exclude the ForEx, the price performance dropped 10% versus the minus 22%.

So moving now to Slide 15 on EBITDA. Recurring EBITDA increased 5% year-on-year, reaching EUR 477 million in the first quarter. More importantly, when excluding the asset rotation gains, the underlying EBITDA increased 20% year-on-year, reflecting a very solid operational and also commercial execution.

So breaking down the key drivers, electricity sales contributed positively supported by the higher generation output. Additionally, tax equity revenues increased by EUR 41 million.

In terms of asset rotation, as already said, there is no asset rotation gain in the first quarter of '25 compared to EUR 58 million that we booked in the first quarter of last year, '24. Core OpEx nominal costs increased year-on-year on higher MWs in operation.

However in relative terms, the core OpEx per average MW in operation improved or decreased 9% year-on-year. Regarding other costs, net of other revenues, we see a positive EUR 20 million impact year-on-year, driven by the headwinds that we booked in the first quarter last year that we shared with the market by then.

If we now look to Page 16, EDPR continues to enhance operational efficiency, maintaining a very disciplined cost control strategy while we keep on expanding the installed capacity.

So as I commented in the previous slide, the core OpEx per average MW in operation decreased by 9% year-on-year and reflects a persistent introduction of efficiency measures and cost synergies. This improvement was driven by strong cost control, allowing to capture economies of scale across the different regions and some intercompany synergies as well particularly in North America and Europe.

As a result, the core OpEx as a percentage of revenues decreased by 4percentage points, dropping from -- to 25% compared to the nearly 29% in the first quarter last year.

So we will continue to adjust the organization according to the current growth outlook. Employees numbers decreasing already by 4%, and we obviously target a very high -- highly efficient workforce.

EDPR remains committed to execution of this strategy so that we keep a very focused -- a strong focus on operational excellence, ensuring sustained efficiency gains and obviously maintaining a very strong financial discipline into the future.

So now let's move to Slide 17 and talk about financials.

Financial costs increased by EUR 17 million year-on-year to EUR 125 million, and this is primarily driven by a EUR 2.3 billion increase in nominal financial debt as we execute the growth targets. A key highlight here is that 76% of EDPR's financial debt is at the fixed rate, providing resilience against potential interest rate fluctuations in the short term.

Additionally, we maintained a well-balanced debt maturity profile with 57% of our debt maturing beyond 2028, we're foreseeing long-term stability.

In terms of currency exposure, debt remains diversified 45% in U.S. dollar-denominated and 37% in euro-denominated terms.

So we actually ensure a natural hedge against some market volatility. So if you now move to Slide 18. EDPR remains committed to strategic capital allocation.

So we look at and keep the investment focused in the core markets. The first quarter 2025, total investments amounted to EUR 0.6 billion. This is a 60% drop year-on-year, with North America accounting for 60% of the investment with 1.1 GWs of projects under construction. In Europe, 34% of investments, mainly in Spain, Germany and Italy.

South America investment was predominantly in Brazil, supporting ongoing wind and solar expansion. From a technology perspective, 45% of investment focused on wind projects, 36% allocated to solar projects, and this obviously reflects the diversified strategy that we have in terms of technology.

Additionally, 12% of our capital was allocated to offshore wind, mainly in France, supporting the projects such as in Noirmountier and Le Treport.

Overall, EDPR's investment strategy, as I said before, remains disciplined, and we will prioritize markets with the strong growth potential and obviously ensuring that we are allocating capital as efficient as possible. Net debt and looking at the cash flow evolution on Slide 19.

Organic cash flow totaled EUR 140 million, that's an increase of EUR 81 million year-on-year showing growth in line with our recurring EBITDA performance, partially offset by non-cash items, mainly the tax equity revenues and some changes in working capital and distribution to minorities and partnerships related to tax equity structures. Here, I would like to highlight the following.

In the organic cash flow, it's not including the tax equity proceeds from U.S. projects. So again just to be clear, organic cash flow excludes tax equity proceeds from U.S. projects, which, as you know is cash flow that we typically receive around COD of the plant, of the project, and has an immediate positive impact of reducing net debt.

In the first quarter, '25, we received EUR 74 million from tax equity proceeds. As Miguel mentioned, we expect to collect about EUR 1 billion by the end of this year. So as of March 2025, net debt amounted to EUR 8.9 billion.

So that's an increase of EUR 0.6 billion since closing of December '24. This increase was mainly driven by EUR 0.9 billion in net expansion investments supporting the company's growth.

Throughout the year, we will -- we are expecting that the debt increase and then converts to about EUR 8 billion, as also Miguel stated, and this is much of a -- it's a result of the timing of the different asset rotation closing that we'll have throughout the year.

Overall, financial strategy remains focused, balancing growth with efficiency and obviously ensuring that we keep a very healthy cash flow generation and long-term liquidity position.

Finally, on the net profit. So if you look to recurring EBITDA increased EUR 23 million year-on-year compared with last year EBITDA, accounting capital guidance.

If we exclude capital guidance, it increased $81 million year-on-year. There is a higher depreciation that reflected new capacity additions and the non-recurring effect from an accelerated depreciation of an ongoing repowering wind farm in U.S.

Additionally, the effective tax rate stood normalized at 30%, slightly higher than previous quarters due to the absence of asset rotation gains and the corresponding tax treatment.

Minorities had a positive effect year-on-year due to the CDG minorities buyback completion in late 2024, further optimizing our portfolio structure and ensuring the long-term value creation for shareholders.

So all in all, recurring net profit reached EUR 66 million. So to compare apples-to-apples, underlying ex capital gains, this figure increased 3x versus last year. Just before ending, Scrip Dividend Process will conclude on May 14th, and the 2025 share option acceptance rate is more than 95% in line with what we had last year, obviously pending final execution. So now Miguel, back to you for any closing remarks. Thank you.

Miguel Stilwell d'Andrade: Thank you, Rui. So just to close -- close up before we move to Q&A. I think first of all, as we mentioned, good first quarter results for EDPR and solid financial and operational performance.

Operational generation increasing 10% year-on-year. Financially recurring EBITDA, excluding asset rotation gains growing 20% year-on-year. Much improved efficiency and scale.

I mean we're talking about 9% OpEx per MW down versus last year. Recurring net profit reaching EUR 66 million and having good underlying visibility and performance for -- certainly for the year-on-year and big part going forward.

Looking ahead, good visibility on the delivery of the 2 GWs. All projects under construction, 70% expected to be commissioned in the fourth quarter. In the U.S., 1 GW of capacity additions remains almost unaffected by import tariffs. I think that's really important. So we have a smooth execution of our expansion plans.

Asset rotation, we're anticipating around EUR 1 billion in transactions to be signed by the summer. Total target proceeds of around EUR 2 billion concentrated then towards the second half of the year.

And these transactions will obviously support our 2025 financial guidance. So we'll be targeting recurring EBITDA around EUR 1.9 billion including around EUR 0.1 billion in asset rotation gains. Net debt guidance, as we've mentioned, at around EUR 8 billion, supported by the EUR 2 billion in asset rotations and the $1 billion in tax equity financing. Beyond 2025, what I'd say is we're well- positioned to capture growth.

We're backed by around 1.5 GWs of projects secured under safe harbor agreements in the U.S. for 2026 and '27. And just as a final note, and you've heard us say this often, but I think we certainly believe it to be true.

Ultimately, renewables, together with storage remain absolutely critical technologies to satisfy the electricity demand growth in the short to medium term and in the long term, and to reinforce the security of supply for the years to come. So I think a relatively solid start to the year. With that, I think we can turn it over to Q&A. Thank you.

Q&A

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

Miguel Viana: Thank you, so much. I will ask everyone to limit two questions in order to allow everybody to make it's question. So the first question comes from the line of Manuel Palomo from BNP.

Manuel Palomo – BNP: I thought -- two questions, then -- Miguel, I will stick to two questions. First thing is, in the Q1, you had a negative one-off of EUR 13 million impact, which is related to the recovering of Meadow Lake Farm wind project.

You talked about accelerated depreciation, but my question is whether it is equivalent to bring down to zero the value of the asset before repowering? I mean can we consider it kind of an impairment? And should we consider the asset is now fully amortized?

Or should we expect additional impacts in coming quarters? And if you could please quantify. That is the first thing. Second one, you've been very clear about the net target EUR 8 billion.

However if I'm not wrong, usually, that target does not include (inaudible) and IFRS 16.

So I wonder whether you could also give us a guidance on (inaudible), are they going to be stable around the EUR 1.5 billion and same how about IFRS 16, whether they will be stable at around EUR 1 billion.

Rui Teixeira: Okay. So maybe on the first one. So just to be clear, the way -- so when we decided a repowering of a U.S. Asset, basically, you look at the components that will be replaced.

So let's say a tower is replaced -- or sorry, you keep the tower, you replace the nacelle and then you basically have to do sort of an acceleration depreciation of the item being replaced. So that's what's happening here. Then there's -- effectively, this has to go according with the timeline of the project.

So to your point -- so today we have already -- so by the end of Q1, we have accumulated about EUR 20 million of depreciation or accelerated depreciation for this asset. The total depreciation will be around 30%.

So throughout the next quarters, we'll -- according to the timeline of the project, we'll have an additional, let's say give or say EUR 10 million for this project.

But again it's just following the accounting rules for these events. On the net debt guidance. So yes, net debt is targeting EUR 8 billion. It's not including the tax equity investment. So what we will have to tax equity.

So this year, we are thinking that we'll be cashing in about EUR 1 billion. Then we have the typical reduction on the liabilities that follow also the -- what we have in the P&L. So I mean nothing out of the ordinary there.

Miguel Stilwell d'Andrade: Manuel, just to follow up on Meadow Lake because I think this is a good example. As a result of the repowering, we're expecting the project to see an increase of around 50% in general energy production. I mean it's a really massive improvement in sort of the generation that we expect.

We'll be able to get an additional 10 years of PTCs.

We'll obviously be fully contracting 100% of the project for 20 years going forward, so we'll avoid sort of the merchant revenue. We're contacting the PPA at bus bar and so this will have a significant increase in EBITDA.

I mean the combination of increased generation of the additional PTCs, so a significant increase in EBITDA and potentially also a candidate for an asset rotation in a project that wouldn't have been otherwise possible because of the merchant exposure.

We're talking also about a PPA that's in the high 60s, so a really good wind project. So definitely worth doing sort of this accelerated depreciation to be able to do this repowering.

Miguel Viana: Thank you, Manuel. So the next questions come from the line of Fernando Garcia from RBC. Fernando, please go ahead.

Fernando Garcia – RBC: My first question is on your comment about CapEx optionality and disciplined risk return criteria. So I wanted to know there how this is working so far and how you see 2026 and 2027 in terms of installations? Then my second question is after Empire wind offshore project in the U.S. stop, how secure you are from the legal point of view about existing PTCs and if you can quantify the potential level of risk there.

Miguel Stilwell d'Andrade: Okay. Thank you, Fernando. So what -- in relation to the second and then I'll talk about the first (inaudible). But in relation to -- if I understood your question, it's the PTCs, how comfortable are we that they'll stay.

I think listen, there's no precedent really of retroactivity in sort of these issues around the PTCs. You can discuss whether there's any phase down in the future and stuff like that. Obviously the inflation reduction act has been discussed as we speak.

But certainly, there's no track record or a precedent of retroactive effect. So I think we're feeling very comfortable there. It's also important to note that you have a lot of Republicans, both in the Congress and in the Senate that are supportive of the IRA.

So -- and particularly with the investments that come out of the IRA in a lot of Republican states, I mean 70% of new solar installations were in Republican states in 2024. So I think there's a lot of interest in keeping this going forward.

So I certainly wouldn't read any parallel or any read across or anything like that between what happened to Empire Wind and anything sort of surrounding the IRA sort of discussion on PTCs and ITCs.

In relation to CapEx, so for 2026, what we said is round up to 1.5 GWs that we'd be building. We've already got about half of that secured. We're working on the remaining half and obviously making sure that we are very disciplined about the returns that we lock in for the remaining half.

For 2027, as you know we're working on the business plan, we expect to do Capital Markets Day in November, and so we'll give more visibility going forward on that. But in any case, I think you can expect renewables to continue to grow profitably in the various different regions where it is.

Miguel Viana: Thank you, Fernando. So the next question comes from the line of Alberto Gandolfi from Goldman Sachs. Alberto, please go ahead.

Alberto Gandolfi – Goldman Sachs: So my two questions are the following. First one is on free cash flow. I was wondering only recently, you really meaningfully reduced net CapEx.

So can you tell us how much you expect to be free cash flow positive in '25, '26. If you can give us a bit of a feel for beyond 2026, and how long do you intend or do you need to be free cash flow positive for?

I know you'll tell us much more at year-end, but given how eventful the start of the year has been, if you can give us any indication of when EDPR might begin to increase investments back again or perhaps given the share price if you can comment on any potential medium-term buyback, openness. That would be very helpful. The second question is on power demand. Spanish power demand is growing very nicely. U.S.

power demand has been growing, how is growing power demand affecting your business, when it comes to returns, when it comes to incremental MW needs, given you have cut CapEx, I guess it's more about returns, but can you please tell us about this driver that seems not to be debated too much, if I might say.

Miguel Stilwell d'Andrade: Thank you, Alberto. So I don't have the specific numbers here on free cash flow, but maybe can then follow up on that. But maybe just a more general comment on your first question, which is how to increase investments.

As you know we have a couple of different levers. And part of the asset rotation, it's not just about the cash flow coming out of the business.

It's also about the ability to do the asset rotations and free up capital to reinvest back into the business and go on generating capital gains or go and generating proceeds to invest in good profitable projects. That's really what we try to sort of also use as one of the levers to calibrate the level of investment and growth going forward.

Obviously we'll always do a trade-off between new investments or other -- the opportunity cost of that investment. So you mentioned buybacks.

As you know we haven't taken any decision to any buyback now but that will also depend on how the balance sheet evolves and it depends on how the opportunities for additional growth evolve.

I think it will be important to just let the dust settle a little bit on this discussion around the IRA in the U.S., because that will obviously be a driver for how we see the, let's say the demand or the profitability of the project going forward.

I think in Europe, we continue to see good opportunities, certainly profitable opportunities. So it's a question then of having the capital to invest in them or if we aren't getting the sufficient spread that we want, what else can we do with that, whether it's the buybacks or dividends or other things.

So maybe that's just a more general comment on your first question. Then in terms of specific numbers, we can see if we come back to that, but I'll just turn it over to Rui.

On the Spanish power demand, just a quick comment here. You know obviously increased power demand is good for business. Let's be very clear. I mean this is a question of supply and demand.

I think it's going to depend obviously on what happens also, let's say to the rest of the generation mix. So is nuclear phased down or not on one hand, how much renewables continue to develop.

But for our business, I mean more demand is obviously better than not. So that will drive in principle prices that will drive certainly a lot of value for opportunities like in batteries, certainly that we think will be a major -- not as of today but probably given -- or not as of today like we're not -- given what happened last week, I think there will be a strong push to also start thinking about how to invest more in batteries in Iberia and probably elsewhere in Europe as well. I'll probably stop here. Rui, you want to comment here?

Rui Teixeira: Thank you, Miguel and hi, Alberto. Maybe on the cash flow and again highlighting the following and as Miguel presented on Page 9, I mean the portfolio -- operating portfolio by year-end.

So pretty much excluding all of the new capacity coming online in '25 and obviously '26. So we are expecting it to generate around EUR 0.8 billion in terms of organic cash flow. So that's after interest and that, et cetera.

So I think it shows that healthy cash flow generation out of the operating assets. Then it will depend, obviously on the asset rotation execution, which is something that we are very focused on executing in terms of capacity additions. And actually, as we are highlighting here, we are expecting an improvement in terms of the net debt and getting us to the EUR 8 billion by year- end. If you ask me for 2026, I will probably say slightly reduction versus the 2024, sorry, the 2025 number.

So yes, on the back of strong cash flow generation and obviously the asset rotation execution. But yes, I mean definitely, as we do some strategic update, we can provide more visibility on future cash flow generation.

Alberto Gandolfi – Goldman Sachs: Sorry, just to be clear, the EUR 800 million you gave us, you said it's after interest, right? Then your net additions are -- we're talking about 500 MWs, and it's largely solar. So you're going to be comfortably free cash flow positive, right, for the next couple of years, even -- I mean clearly net of disposals.

Rui Teixeira: Again so to be clear, the organic cash flow is after interest. It does not include the investments.

So as you know we show the net investment, so the gross investment minus the tax equity and the cash from the asset rotations. Then what is the cash flow generated by the operations after interest. So basically, what is available to either invest, to distribute to shareholders, et cetera. That's how we will be, how we manage that throughout the '25 and '26.

Alberto Gandolfi – Goldman Sachs: That is really clear. What I meant is, on a net basis, EDPR is probably going to add 500 MWs, right, and mostly solar. So it means the EUR 800 million will comfortably cover for net additions and you will have quite a bit of a leftover. That's what I'm trying to figure out.

Rui Teixeira: Yes. I understand it. It will depend on the sort of mix between the gross additions, wind and solar and what we are selling in terms of wind and solar as well. But yes, if you want to Alberto, we can follow up offline. Yes. I get your point.

Miguel Viana: Thanks Alberto. So the next question comes from the line of Jenny Ping from Citi. Jenny, please go ahead.

Jenny Ping – Citi: Two questions, please. Just firstly, on the U.S. tax credit transferability, I think this is more of a topic that the U.S. investor has been a bit more focused on. Can you just give us a sense of where the discussions got to on the transferability.

And is there any risk to the EUR 1 billion that you're talking to the end of the year in terms of -- if there's further changes here? Then just secondly, and Miguel, you said earlier that you're going to be coming back to us in November with an update. Just obviously we still have a big unknown in the US, but rest of the world, the growth you're talking about in terms of opportunities, are we still -- what are you feeling good about as we stand today? What's got better, what's got worse in terms of supply chain returns. Just give us a feel of the direction of travel as we stand today that would be helpful.

Miguel Stilwell d'Andrade: Thank you, Jenny. So in the U.S. relating to the tax credit transferability, I mean to my knowledge, there's not any issue around that.

I mean it's -- well maybe as part of the IRA, you can have a more general discussion around, there's the phase down of the tax credits, et cetera.

But as far as I know there's not any discussion -- specific discussion on the transferability, which was something that was introduced under the current IRA, which I think is was a good measure because it allows in certain cases to simplify the sort of the monetization of those tax credits.

So I don't see the risk there or specifically on this mechanism, which is introduced. But if anything comes up, obviously we can get back to you. On the growth opportunities. So listen, we think Europe has some great opportunities. Quite frankly, it's obviously a more fragmented market.

We would love -- supply chain is good, as you know sort of outside of the U.S. where you have all these issues around tariffs and sort of much higher solar panel prices and all that.

I mean in Europe, we're seeing super low solar panel prices and you're seeing good supply chain dynamics. So obviously you need to plan with thinking ahead.

But when we look at our projects that are being delivered, they are all on time and on budget. I mean with absolutely no deviations in some cases, projects even coming in under budget. So I think in a general way we feel good about that part of sort of the supply chain.

In terms of profitability, I mean we continue to like markets here in Europe, whether it's you're talking about Italy or France or Poland or Germany, I mean we wish we could do even more. I think some of -- sometimes and we've talked about this often, but the frustration of sometimes of the permitting licensing.

But when we get good projects, they are good projects. I think you'll see that when we do our asset rotations, when we come out with those numbers, you'll see good multiples, you'll see we've had strong demand.

And that for me is also a good market test, right? When you can -- the fact that we're -- these are projects that are -- have been developed over the last couple of years. So it's not like we're talking about the, let's say recent projects. I think that gives me confidence that we are able to generate significant value with the projects here in Europe. So I feel pretty good about those.

Brazil, so just maybe going a little bit around the world. Brazil is very slow at the moment. Honestly, no real developments on renewables in Brazil, it's pretty slow. Maybe some auctions will come back at some point.

But for now there aren't really -- there isn't a lot of PPAs around, so not lot of conditions to build new projects.

So we're just basically got our operational ones or finishing up older ones that we had sort of -- that we'd already started developing earlier. Asia Pacific, I think we continue to see some good opportunities.

I mean obviously places like Singapore, Japan, you saw one of those projects there. Australia, I think we've got a good project under development that we'll see how that comes out.

With good, very solid returns and that we think will create significant value that we'll be able to rotate if you want to at a later stage. So I'd say the rest of the world doesn't have that uncertainty that the U.S. does. And as -- and I think you're right to point it out.

I mean that's -- the U.S. is obviously a big part of our business, but we've got over half of our growth in EDPR outside of the U.S., and that continues to be a good driver. Rui, do you want to comment?

Rui Teixeira: I think your question on the first one was also if we have risks for the EUR 1 billion tax equity that we are expecting to close this year.

So because of the transferability, so the answer is no. This year, '25 most, if not all, of the transactions are sort of traditional tax equity structures with banks. So we are not relying on our transferability bill.

Miguel Viana: Thank you, Jenny. So the next question comes from the line of Jorge Guimaraes from JB Capital. Jorge, please go ahead.

Jorge Guimaraes – JB Capital: I have two questions. One is a clarification on the price evolution in the U.S. I understood that part of the increase in prices comes from having more wind energy in the mix and also from the evolution of green certificates.

So I wanted to understand how much is mix, how much is green certificates and how much could be underlying price increases either from new PPAs or merchant price evolution? And the second is related with the Spanish market, if you see any risk of more curtailment in Spain after the blackout.

Rui Teixeira: Let me follow up on that. I think there is a bit of detail here on the mix, et cetera. So maybe it's better to follow up online -- offline, sorry.

Miguel Stilwell d'Andrade: Okay. On the Spanish market. I think in general, honestly, we don't see any reason for more curtailment. I think if your references in relation to the blackout last week, we don't see a reason for that.

So we're seeing a little bit more thermal being included in the mix is sort of over the last couple of days by the network operators, but you're still seeing very, very high penetrations of renewals and we haven't had any recent curtailment over the last couple of days.

And if they were going to be more conservative, I guess they would have been immediately after the blackout. Over the last week, we haven't seen that. So -- but we can go on, obviously touching base on this issue, but so far, no signal in that sense.

Miguel Viana: Thank you, Jorge. Next question comes from the line of Arthur Sitbon from Morgan Stanley.

Arthur Sitbon – Morgan Stanley: The first one was a follow-up on actually on revenues in the U.S. I think the previous question was on the realized prices. But there was also a very significant pickup in income from institutional partnerships.

I was wondering if this is a trend that we're going to see also for the rest of the year. And basically, if you could give a bit of an indication of how much revenues you expect there for 2025?

And if this is going to be sustainable for the coming years or given well maybe past the peak in installations this might come down.

So that's the first question. The second one is on asset rotation, more broadly speaking. I know there was an unconfirmed press article a few weeks ago, saying that you might consider selling a stake in Ocean Winds.

I don't know if you can comment on that, but more generally speaking, would you be open or would you consider conducting larger disposals than the ones you've conducted so far in order to accelerate deleveraging? Or do you think that you can basically make it work sticking to the same strategy that has been successful in the past?

Miguel Stilwell d'Andrade: Okay. Thank you, Arthur. So in relation to your second question, and then I'll get back to your first one. But in relation to asset rotation.

So I also said -- I saw that speculation, and I think I said it then publicly that we consider the stake in OW to be strategic. So -- we like the JV. We like -- I mean obviously we need to be very disciplined about offshore.

But yes, I mean that's -- we're comfortable with that position, and that's something we've been developing. We have to be just very disciplined about the way that we invest in offshore. I think we have been.

So we have good examples in France and up in Scotland, some more in East and some more in West. The U.S., as you know is now paused, but I don't think we had any major issues there.

So maybe that's what I'd say in relation to OW. Open to do larger disposals. Well first, what I'd say is we're still very comfortable with our the processes that we've run and the way we've run them.

There are sort of decent-sized portfolios in specific countries, and we continue to see good demand for those portfolios and good pricing. So as I said earlier, I think you'll see that coming

out over the next couple of months before the summer and then after that as well. Would we do larger disposals? Yes. We could -- we would think about doing larger disposals.

In that case, we might do like 49% stakes in larger disposals if we think that, that is a way of accelerating the asset rotation.

And if it gets us -- we still have good demand for larger transactions and with good pricing, then that's something we could consider. So it's something sort of in the GW plus type range. In relation to your first question, Rui go with that.

Rui Teixeira: Hi, Arthur. So just to take you through the tax equity revenues. So first quarter, '25, let's say about two-thirds coming from PTCs, a third coming from ITCs. The biggest driver in terms of increase is the fact that we have more ITCs contributing from last year installations, given it was predominantly an ITC type of project.

So as you know we book ITCs in five years. We booked PTCs in 10 years. Full year of 2025, I think that you can consider something like USD 450 million as the contribution coming from this line.

Miguel Viana: Thank you, Arthur. The next question comes from the line of Olly Jeffery. Olly, please go ahead.

Olly Jeffery – Deutsche Bank: First question for me is just on the sell-down process. So for this year, you've commented you think you might see -- potentially seeing good pricing. Just thinking about your comments around previously around this year also still selling vintages, where returns weren't as good as they have been in previous years.

Are you now seeing those potential returns and kind of NPV over CapEx may be slightly better than you envisaged at the start of the year.

So first question on that. The second one is just on the IRA, from your kind of conversations with potential off-takers.

If we did see a kind of worst-case scenario where ITCs and PTCs were removed for new projects, do you think that demand will sufficient from offtakers in the U.S. that you'd be able to offset that fully from higher PPA prices. Your thoughts on that would be great.

Miguel Stilwell d'Andrade: Yes. So great question. On the first one, I think when I say we're seeing good processes, it means we're getting a lot of demand and I think good multiples. But as I mentioned, these are some of these projects are high CapEx projects, high CapEx projects. So the capital gains, we expect might be lower.

So good multiples, but higher CapEx and so lower capital gains. Having said that, we are also considering doing the 49% stakes in some cases, if we do larger transactions. So that also means that we could get good multiples.

But the capital gains don't necessarily flow through the P&L. So that's also why we guided to the EUR 0.1 billion of asset rotation gains. We'll see if we can beat that, but I'd say that's what we're using as guidance for now. In relation to the second.

I mean the thinking has always been over the many, many years that ourselves and other players have been in the U.S. that if the ITCs and the PTCs were removed. And as you know even before the IRA, there are many, many years when that was a possibility that the market would adjust.

I think particularly now more so than in the past, when there's such strong demand for power, and that's demonstrable. You can sort of actually see that coming out in the statistics. Yes. I think the answer is yes. There is demand for renewable power. Even if the ITCs and the PTCs were removed, you would have an increase in the PPA prices.

But I think it would still continue to be a competitive source of energy and that could be delivered in the short, medium term. In that sense, I think it's something that could be manageable. So that's our base case assumption.

Miguel Viana: Thank you, Olly. So moving to the next question from Enrico Bartoli from Mediobanca. Enrico, please go ahead.

Enrico Bartoli – Mediobanca: I have two questions as well. I would like to go back on the possible returns evolution in the U.S. for project '26, '27, considering the inflation. The possible inflation from tariffs on the procurement.

It was linked to the previous question, if you think that also in this case, the offtake would be open to translate the higher CapEx cost into higher PPA prices?

Second question is related to the indication for EUR 55 per MW hour, the average price this year, which is lower than the EUR 57 million in the first quarter.

If you can provide some details on the evolution over the next quarters, if we can expect the same trend that we saw this quarter with U.S. prices going up and downward pressure on the European prices.

Rui Teixeira: Hi, Enrico. It is Rui here. Thank you very much for the questions. So on the U.S. PPA prices and as Miguel said, I think at the end, the way that we have observed how the market works is that price

-- PPA price adjusted to the levelized cost of energy effectively. So interest rates, CapEx and obviously the IRA.

So on the tariffs, basically this has an impact in terms of the CapEx. Yes. What we have seen is that actually offtakers are being willing even to take some of that risk, obviously up to a certain limit.

But that means that if there is a tariff then imposed to a CapEx element, then this would translate into high PPA prices. Again here, I would like to highlight the following.

Back in '23, we changed completely our strategy -- our supply chain strategy. Basically, we have now 100% U.S. supply chain for U.S. deliveries. It means that we work with -- so we have this framework agreement with First Solar for our U.S. domestic panels.

I mean there are other components that have like the inverters or the racking system that we take through contractors. I would say most of those right now are being also sourced from U.S. suppliers. So we have mitigated substantially this tariff risk on our supply chain strategy.

But ultimately, I would say that there will be a price adjustment overall and specifically in our case, PPAs being negotiated including those adjustment mechanisms. As we look about the, I would say the rest of the year.

I think it's also fair to say that in Q1, we have a generation mix where wind took a different role as opposed to what we are going to expect throughout namely Q2 and Q3, where it's obvious that we'll have probably a bit more of the solar in the mix, and that would lower the price because it has lower prices.

So I think it's going to be also a -- It's not only about some of these elements that we just stressed on the rights, et cetera, is also about the mix as we expect Q2, Q3 to be more solar and less wind and then the reverse again back in Q4.

Miguel Viana: Thank you. So the next question comes from the line of Jorge Alonso from Bernstein. Jorge, please go ahead.

Jorge Alonso – Bernstein: My two questions are the following, please. The first one is related to the asset rotation. Just to understand if with the asset rotation expected in 2025, the portfolio of this higher-than-expected CapEx projects and higher-than-expected cost of equity projects would be clean up.

So basically, the price affected by those issues would have been already rotated and would be outside of the -- or the majority of them would be outside of the portfolio already.

So we can think that from 2026, the capital gains that we will see will be the ones according to the market conditions, the appetite, et cetera, et cetera? And the second question is related to Ocean Winds. I know that you have highlighted that it's very strategic for you.

But if you can provide some color about how do you see Ocean Winds fitting in the current moment of the company where it seems that restoring profitability, meaning getting more free cash flow, getting more cash from the assets from the beginning.

It's what it seems is what you are looking for? Because it seems that Ocean Winds contribution to free cash flow or to the earnings will take some time still.

Miguel Stilwell d'Andrade: So thanks for the questions. I think what I'd say is -- yes, what we said before is that in 2026, we expect the capital gains to sort of have normalized. So we'd have an improving asset rotation gains per MW in 2026.

Obviously, we might just have lower volumes of asset rotations at that time. But we certainly expect the gain per MW to have normalized.

And so -- as you know most of that sort of bad vintage is concentrated from the 2021 sort of -- or before FIDs. Part of that was already rotated last year. Part of that were rotating it this year. So '26, we expect would be a clean year or certainly much cleaner.

On OW. So I would just go back to the point. So first, the structure that we have, the JV with ENGIE, I think that gives us the ability. So it's not consolidated on our balance sheet. Obviously it does consume some balance sheet between guarantees and the equity contributions.

But when we actually start moving forward with projects, most of it is project financed, and it's not consolidated. So yes, it does require some balance sheet strength, but still versus the amount of investment at stake, it's a relatively efficient structure.

What I'd say also is that what I mentioned earlier, I mean we have to be very disciplined about the returns in offshore, and we have to be very careful in managing the risk around these projects. I think so far, we've avoided pitfalls and mine fields.

We've managed to sort of in the U.S., avoid taking on large CapEx commitments. We've managed to -- the projects that we have moved forward with.

We've had them being able to deliver them on time and on budget and with good returns. We're talking about, for example, the French projects are fantastic projects. Moray East is a fantastic project and Moray West is a decent project.

So these we've being able to deliver and rotate in some cases into sort of sell downs as well. So I'd say that it is one of the technologies that we have in a relatively -- or in a very efficient corporate structure to avoid stressing our balance sheet.

Miguel Viana: So we are reaching one hour and 10 minutes, so we'll go to the last question from Jose Ruiz from Barclays. Jose, please go ahead.

Jose Ruiz – Barclays: Just one question left. Can you explain what is the potential impact on your EUR 1.9 billion EBITDA target of the volatility of the U.S. dollar?

I'm trying to guess a little bit if you benefited from the strength of the U.S. dollar in the first quarter and considering that we have seen a devaluation or depreciation sorry, in Q2 if that is going to move a little bit the balance in terms of achieving the EBITDA target?

Rui Teixeira: Hi, Jose, it's Rui Teixeira here. So what I would say is the following. So if you take, for example, out of the EUR 1.9 billion, probably, I would say if you take today's FX, it could be sort of a EUR 30 million impact give or take. So less than EUR 50 million, less than EUR 50 million. That's what I would say.

Miguel Viana: Thank you. So we move now just for some final remarks from our CEO, just to conclude the call.

Miguel Stilwell d'Andrade: I mean very briefly. So I think a solid start to the year, good underlying growth, both in terms of generation and in terms of EBITDA and even net income, excluding asset rotation gains and seeing good progress in terms of the processes, the asset rotation processes.

And so hopefully, we'll be able to give you some news on that over the next couple of months. In general, I think one of the things that came out in this call is that we continue to see strong demand for power. That renewables is one of the sources or one of the chief technologies that can actually supply that power, whether it's in Europe, whether it's in the U.S., whether it's in Southeast Asia or even South America.

So some regions are showing more dynamics now. Some areas have some uncertainty like in the U.S., but globally, I think we continue to see good prospects for growth going forward.

So over the course of the year, I'm sure we'll give you more visibility on not just how 2025 is going, but also how we're seeing '26 and beyond. With that, thank you very much, and talk to you soon. Take care.