



# 1H21 Results Presentation

Lisbon, 30 July 2021

*edp*



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# 1H21 Highlights: Delivery of Value Accretive Growth in the Energy Transition

## 1H21 Key Figures<sup>(1)</sup>

Gross  
Investments<sup>(2)</sup>

**€1.6 Bn**  
(+29% YoY)

Recurring  
EBITDA

**€1,678m**  
(ex-forex -1% YoY)

Recurring  
Net Profit

**€326m<sup>(3)</sup>**  
(Reported €343m)

## Highlights

- ▲ 3.6 GW<sup>(4)</sup> renewables added in 1H21 + Capacity U/C
- ▲ Renewables Asset Rotation deals at attractive valuations (new deals announced, €1.9 Bn proceeds)
- ▲ Electricity networks growth Spain (Viesgo) & Brazil
- ▲ Strong Hydro Resources (+11% vs. LT avg.)
- ▼ Energy Management penalised by high prices in 2Q21
- ▼ Below avg. wind resources (-5% vs. LT avg GCF)

(1) 1H20 recurring EBITDA & Net Profit, adjusted for the two disposals closed in December 2020, 6 hydro plants in Portugal and 2 CCGTs and B2C portfolio in Spain, for comparison going forward | (2) Includes Financial Investments | (3) Recurring Net Profit includes extraordinary energy tax/CESE | (4) Equity + EBITDA MW.

# We have accelerated growth and expanded to new geographies across different technologies

edp



## Continued accelerated growth in renewables...

Strong execution on capacity deployment

**+2.1 GW<sup>(1)</sup>** of Wind & Solar Gross capacity added over the last 12 months

**+2.9 GW** Capacity U/C as of June-21

**+6.7 GW** Secured for 2021-2025

LT contracts secured:

**+3.7 GW** PPAs under neg. & shortlisted



2.5 GW



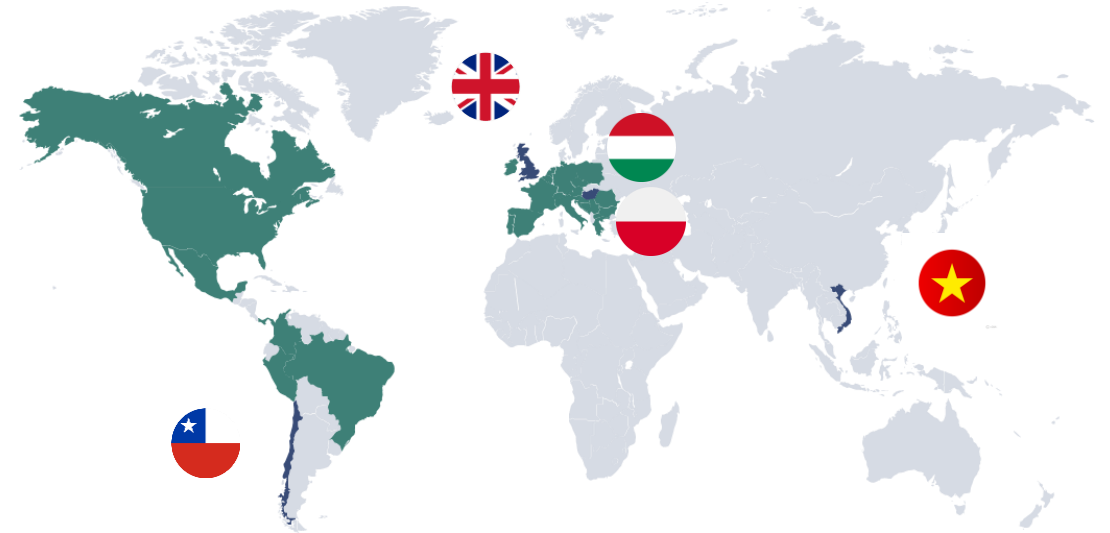
1.1 GW



0.1 GW

**+0.4 GW** 25Y CfD Secured in Offshore<sup>(2)</sup>

...entrance into new markets with regulatory stability & high growth prospects



On track to deliver 20GW Gross Additions by 2025

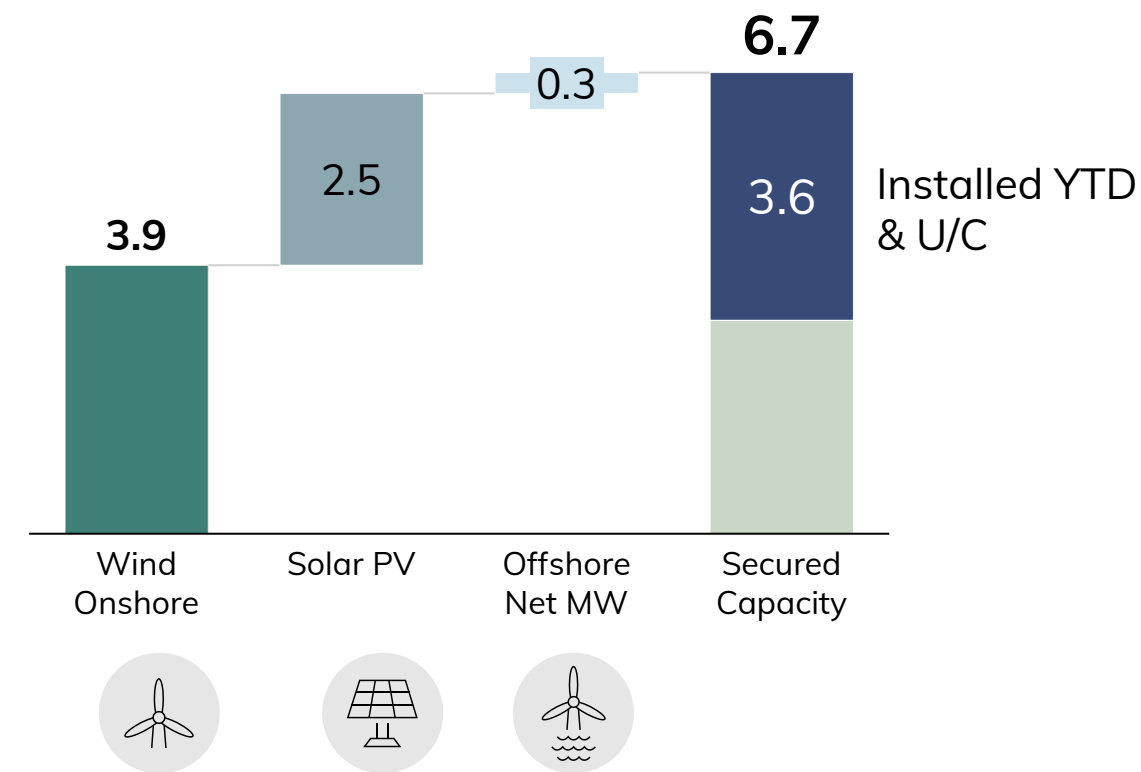
(1) EBITDA MW + Equity MW | (2) COD post 2025 (Poland).

# We have 6.7 GW capacity additions secured for 21-25 while maintaining a disciplined investment criteria



64% of Capacity Secured for 2021-23 additions...

GW

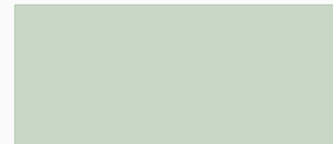


...while maintaining a selective and disciplined investment approach

		Target	Actual
✓	IRR/WACC	>1.4x	~1.5x
✓	IRR - WACC	>200bps	~320bps
✓	NPV/ Capex	>25%	~30%
✓	% NPV contracted	>60%	>60%

# We have a policy of contracting major equipment upfront at fixed price mitigating concerns on capex cost inflation

Major equipment fully contracted<sup>(1)</sup>



~85%



**Fixed price** with no commodity risk for EDPR

Major equipment partially to be contracted<sup>(2)</sup>



~10%



**Mostly for 2023 CODs**, for which prices are under less pressure

Investment decision post increase of Equipment prices



~5%



**Higher equipment prices<sup>(3)</sup> already embedded** in investment decisions based on quotes from suppliers, translating into slight increase in bids

EDPR secured capacity 2021-23



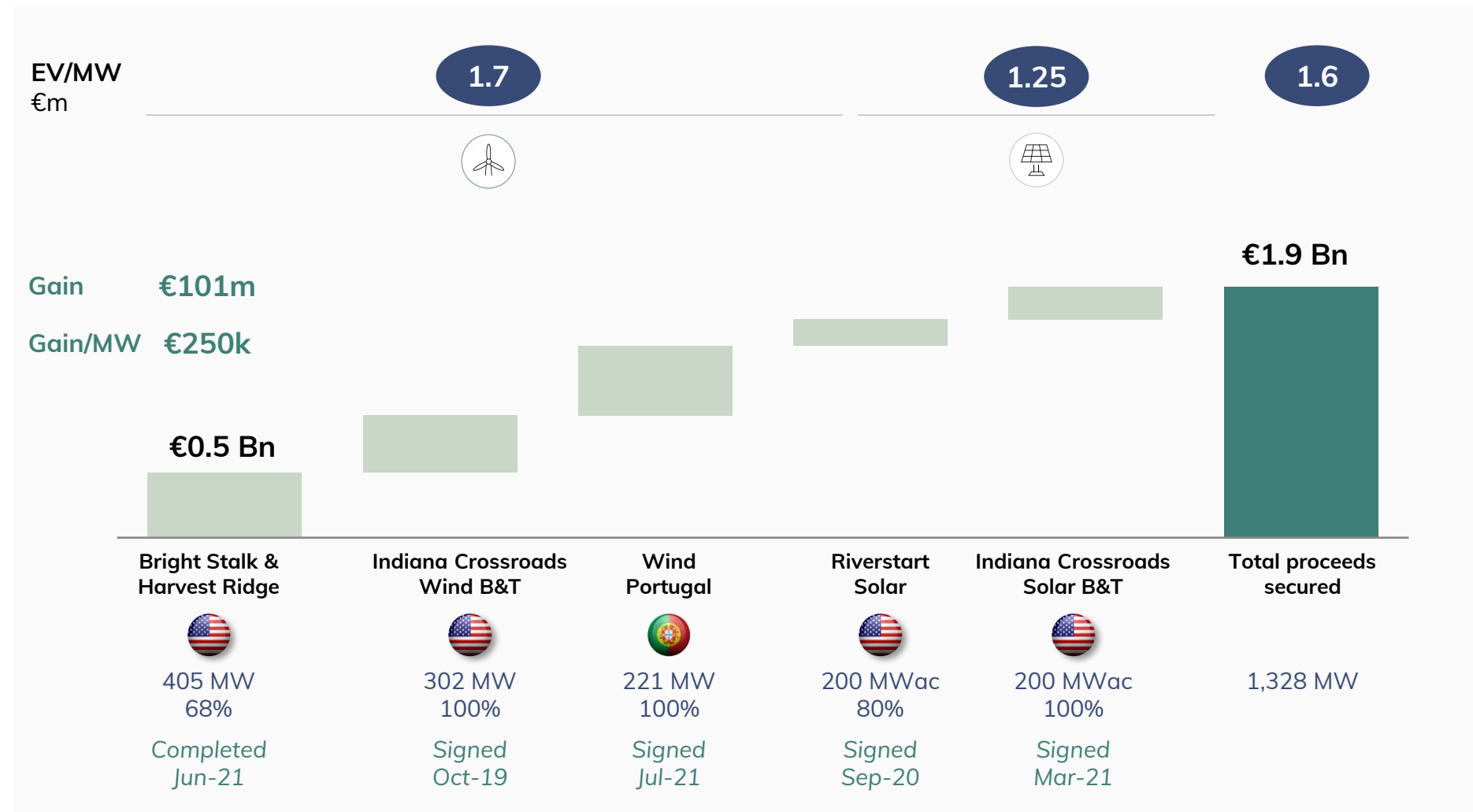
6.7 GW



**Solid returns with ~320bps** spread to WACC

(1) WTG for wind projects; Modules; Trackers and Inverters for solar projects | (2) Capacity which has Major equipment partially contracted, but not fully | (3) Overall impact on project capex of ~5% for wind and ~10% for solar.

# We are delivering on Asset Rotation execution with €1.9 Bn of proceeds secured at attractive multiples



~25%  
€8 Bn target




On track  
+€300m  
capital gains

# We continue to witness a policy environment highly supportive of the energy transition

April-21  Path to **100% carbon-free** electricity by 2035

June-21  **ITC & PTC** eligibility extension



-  **2-year eligibility** extension
-  Phase down schedule pushed forward 2 years
-  Extension based **on safe-harboring**

17-May



**IEA Net-Zero roadmap** calls for **unprecedented growth**, with Renewables representing **~90% of electricity generation by 2050** and Wind and Solar together accounting for 70%

14-Jul



**EU Fit for 55** legislative package focusing in cutting emissions by at least 55% vs. 1990 levels, until 2030



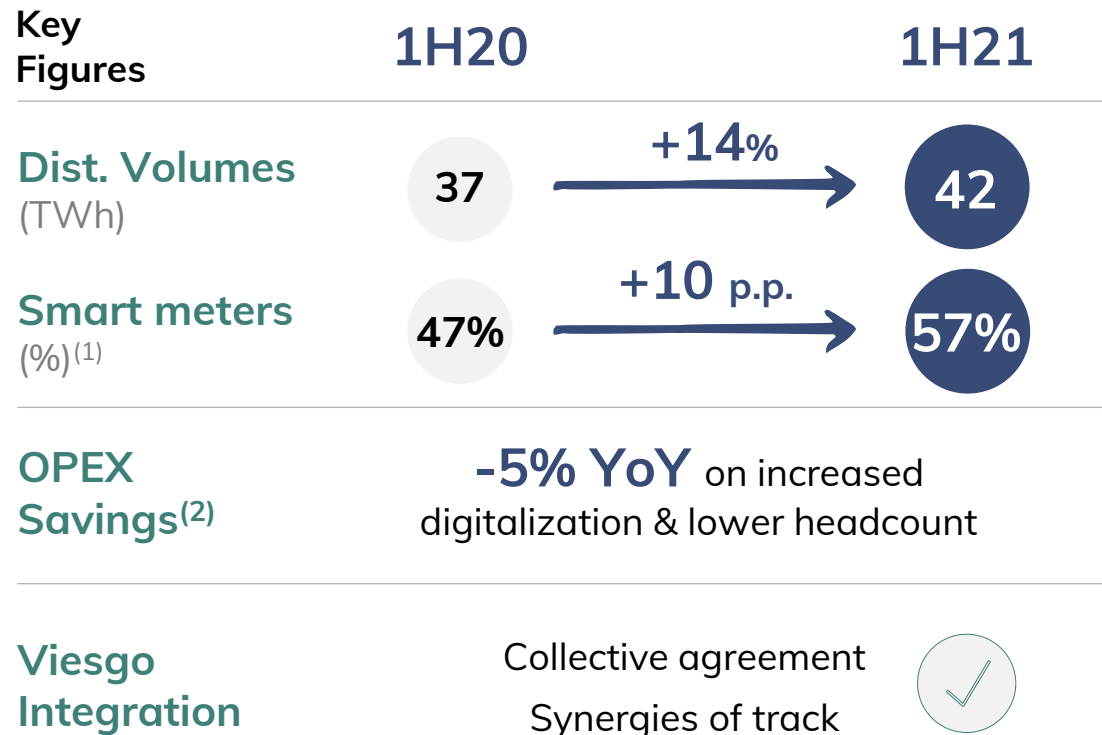
-  Increased share of renewable energy from 32% to **38-40%** by 2030
-  **Additional support on PPAs** to help SMEs engage in such contracts
-  **Reinforce** EU ETS (CO<sub>2</sub> market)



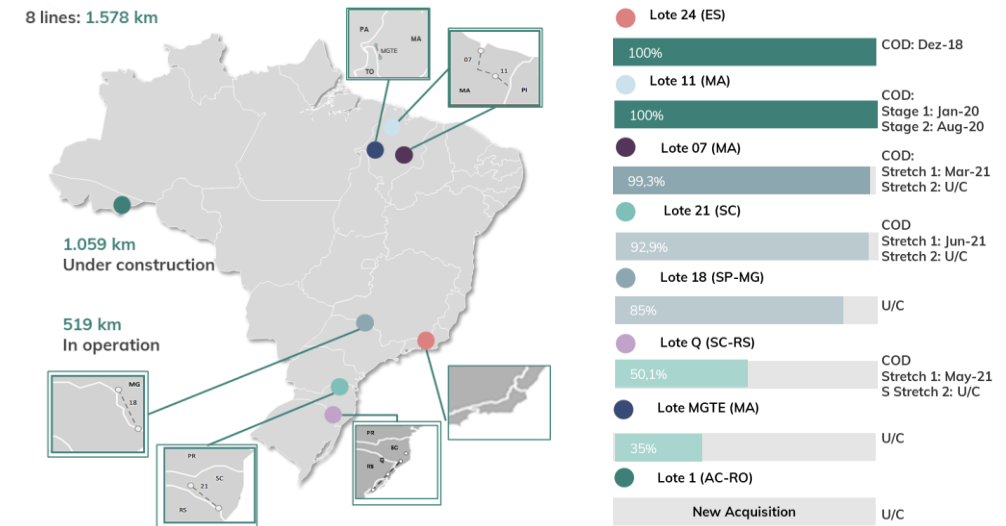
# We are delivering strong operational performance in Networks, on track *edp* to crystalize value in a high-quality assets' portfolio



Strong performance in Network driven by growth, efficiency & digitalization



Working on an Asset Rotation business model in Transmission in Brazil



Distinctive competencies on development with pipeline execution ahead of schedule

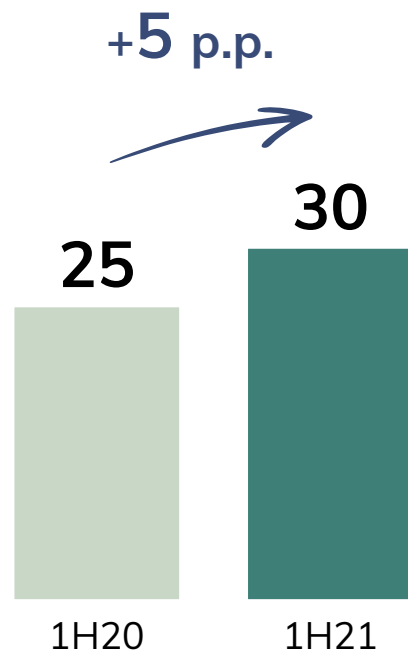
(1) Portugal | (2) OPEX cash recurring on a like-for-like base (ex-growth).

# We continue to accelerate services penetration in Client Solutions leveraging on our customer portfolio

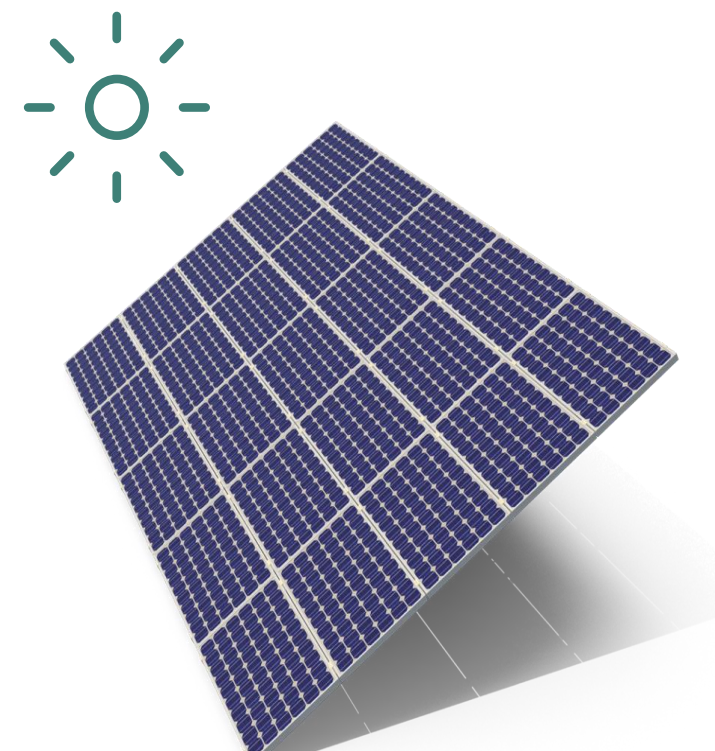
## Maximizing value of existing portfolio...

### Services contracts

%<sup>(1)</sup>



## ... scaling up footprint on new services...

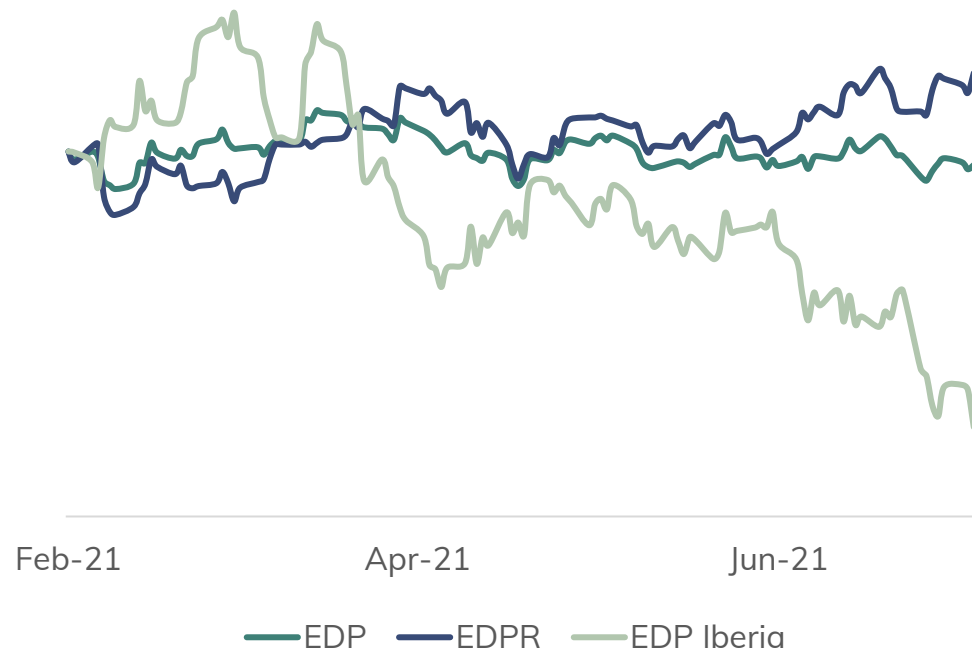


(1) Portugal | (2) Includes under management and entirely sold to customers (excludes US).

# We continue to reinforce our assets' portfolio towards the energy transition: Renewables, Networks & Clients

## EDP, EDPR & EDP Iberia<sup>(1)</sup> Performance

Rebased post-Strategic Update



**High Quality of Assets' Portfolio** not reflected in current market price

## Main Iberian Assets at EDP

(ex-EDPR & EDPB)



### Hydro Iberia >40% with pumping

5.5  
GW

Value of flexibility & cash generation  
Dec-19 Deal @ €2.2 Bn (1.7 GW)

### Electricity Networks

€4.6<sub>Bn</sub>  
RAB

Key enabler of the Energy Transition  
Viesgo integration on track

### Client Solutions

~4m  
clients<sup>(2)</sup>

Increasing penetration of new value added services (eg. Solar DG, E-mobility)  
Disposal 2 CCGTs & B2C Supply in Spain  
~13.5x EBITDA 2019



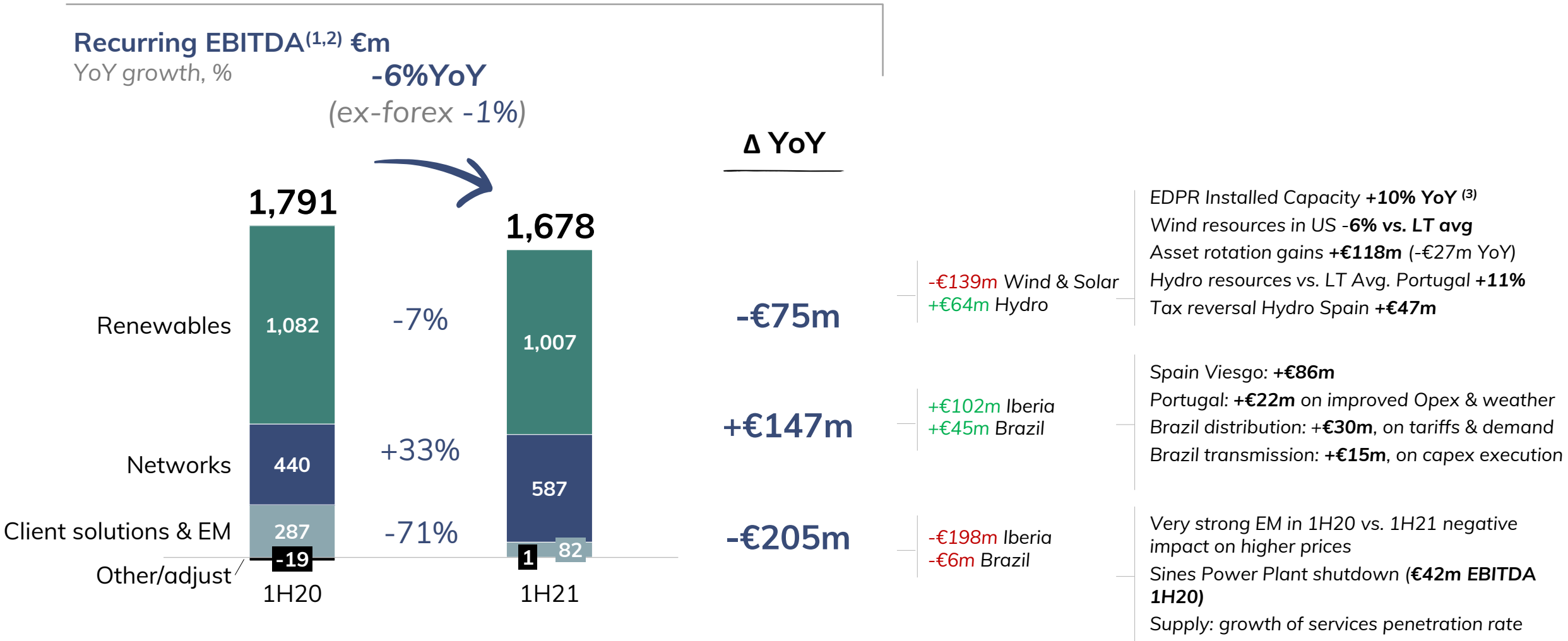


1H21 Results





# Recurring EBITDA -6% YoY (-1% ex-forex), US RES penalized by ERCOT *edp* event/ load factors & weak EM partially offset by stronger Networks



(1) Adjustments and Non-recurring items include: (i) 1H20 of +€80m, namely, EBITDA correspondent to the 6 hydro plants sold in Portugal (+€81m), EBITDA correspondent to 2 CCGTs and B2C portfolio in Spain sold to Total (+€21m), and non-recurring costs related to Sines Shut-down (-€22m); (ii) 1H21 of +€14m, namely, non-recurring of +€21m related to the gain from the sale of a 50% stake in the energy supplier CHC in Spain to our partner CIDE, non-recurring curtailment costs in networks platform related to Viesgo (-€7m) | (2) FX impact on EBITDA -€97m | (3) EBITDA + Equity MW.

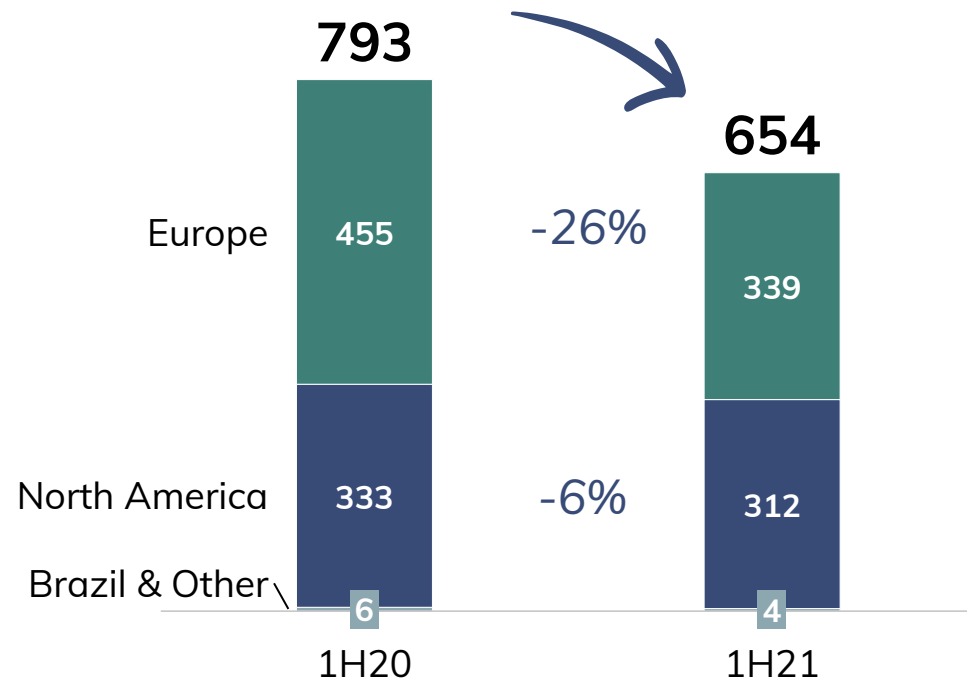
1H21 Results 13

# Wind & Solar EBITDA -18% YoY impacted by ERCOT event and wind conditions in the US

## Wind & Solar EBITDA €m

YoY growth, %

-18% YoY  
(ex-forex -13%)



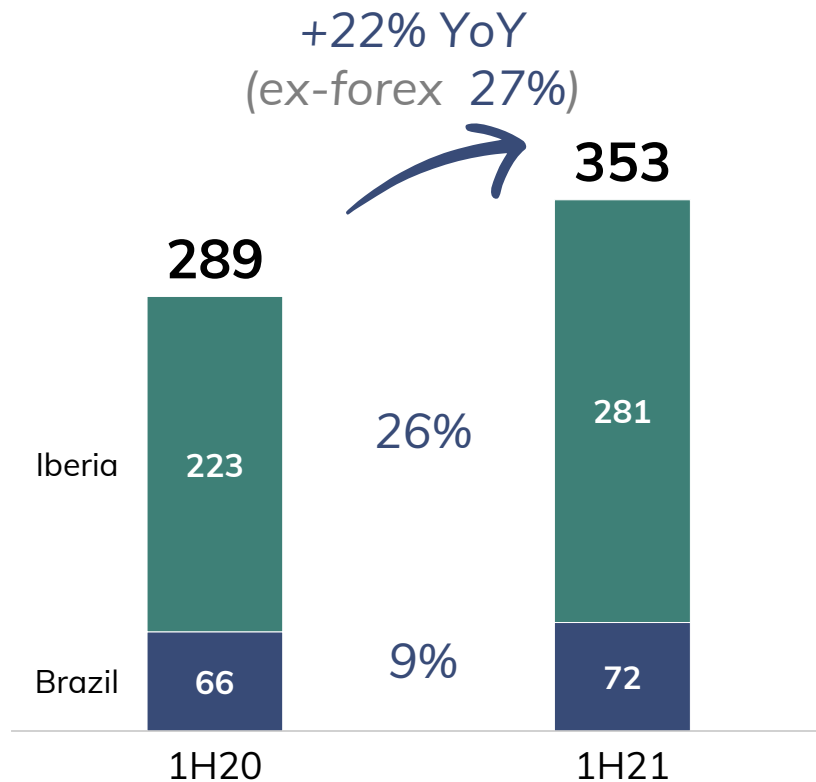
	1H20	1H21	YoY	
Installed Capacity <sup>(1)</sup> , GW	11.4	12.6	+10%	▲
Prod. deviation vs exp LT Gross Capacity Factor, %	-6%	-5%	+1 p.p.	▲
Electricity Production, TWh	14.7	15.3	+5%	▲
Asset Rotation Gains, €m	145	118	-18%	▼
Avg. Selling price €/MWh	55.0	51.4	-7%*	▼

\*-2% Adjusted by Sell-down, forex and weather event

# Hydro recurring EBITDA<sup>(1)</sup> up by 22%, prompted by strong hydro resources in Iberia and tax reversal in Spain

## Hydro Recurring EBITDA<sup>(1)</sup> €m

YoY growth, %



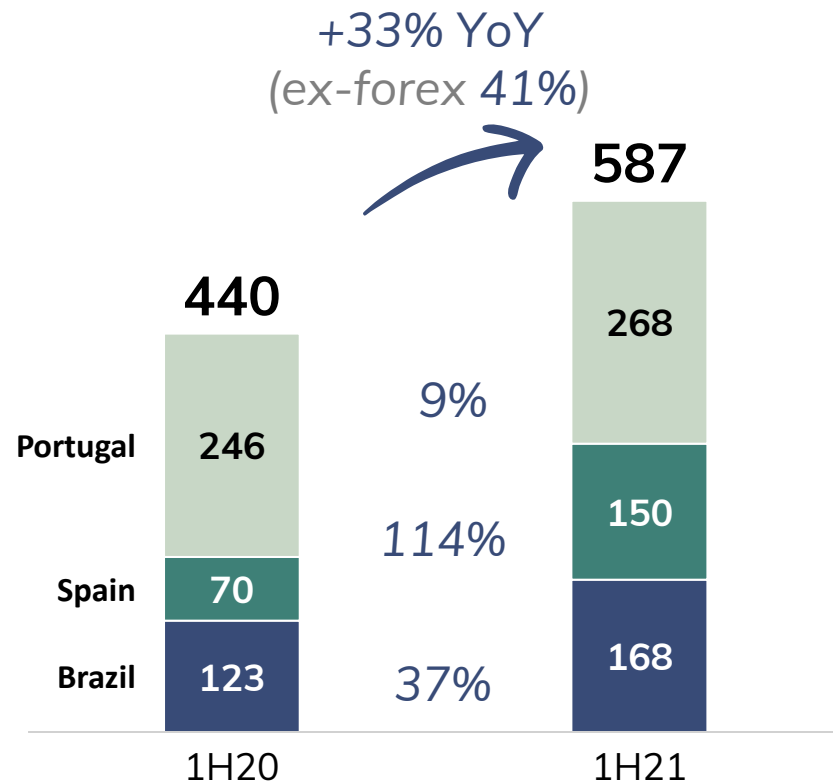
	1H20	1H21	YoY	
Hydro Production <sup>(2,3)</sup> , TWh	5.5	6.1	+10%	▲
Hydro resources vs. LT Avg <sup>(4)</sup> , %	-4%	+11%	+15 p.p.	▲
Avg selling price <sup>(3,5)</sup> , €/MWh	57.5	56.5	-2%	▼
Volumes Sold, TWh	3.2	3.3	+1.2%	▲
Avg selling price, R\$/MWh	197.7	230.6	+17%	▲










(1) 1H20 adjusted by the EBITDA correspondent to the 6 hydro plants sold in Portugal (€81m) | (2) Excludes small hydro plants | (3) 1H20 adjusted by sale of 6 hydro plants in Portugal | (4) Source: REN. Hydro resources reference from Portugal only | (5) Including hedging and excl. pumping costs.

# Electricity Networks Recurring EBITDA +33% YoY with the integration of Viesgo, OPEX savings and positive developments in Brasil

## Elec. Networks Recurring EBITDA<sup>(1)</sup> €m

YoY growth, %



		1H20	1H21	YoY	
	Return on RAB Portugal <sup>(2)</sup> , %	4.86%	4.76%	-11 bps	
	Return on RAB Spain, %	6.00%	5.58%	-42 bps	
	OPEX/ Supply Point Iberia, €	25.7	20.4	-21%	
	Electricity distributed <sup>(3)</sup> , TWh	11.8	13.1	+10.0 %	
	Distribution EBITDA, R\$m	483	780	61%	
	Transmission EBITDA, R\$m	313	177	77%	

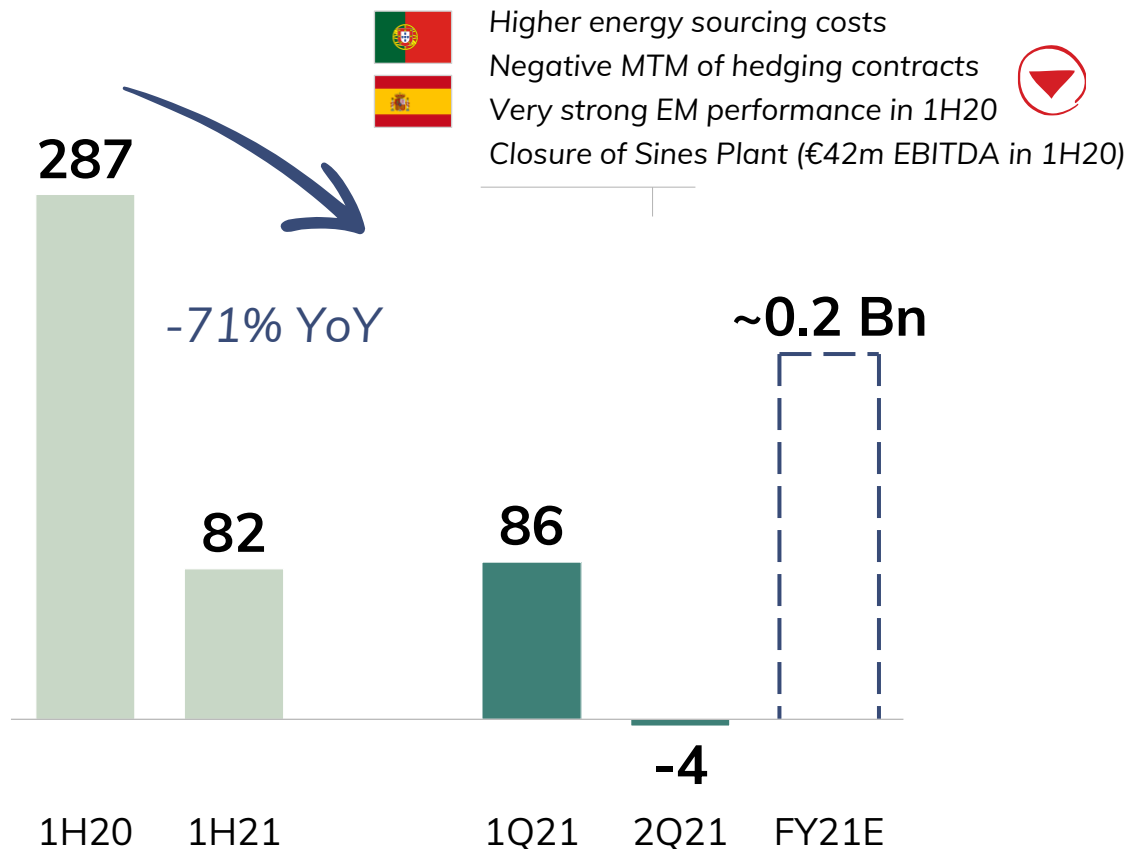
(1) Non-recurring items include -€7m curtailment costs in Spain | (2) RoRAB of HV/MV | (3) Change in reporting to impact 1H20.



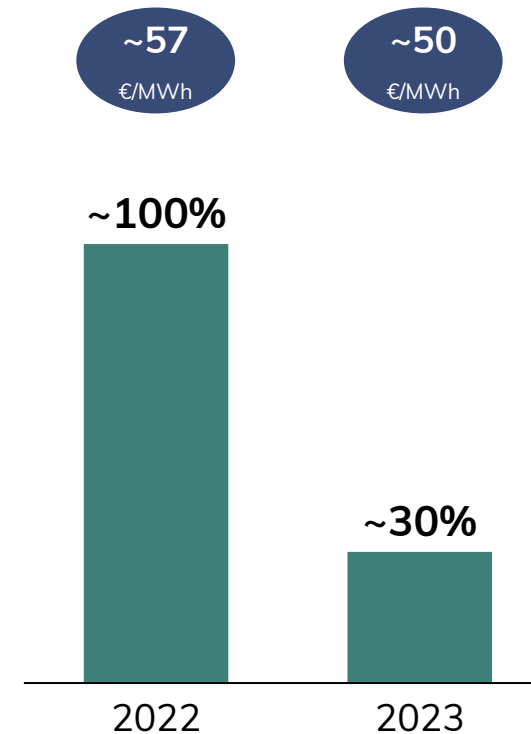
# Client Solutions & EM Recurring EBITDA<sup>(1)</sup> penalized by strong increase of energy prices and negative MTM of hedging contracts edp

## Recurring CS&EM EBITDA<sup>(1)</sup> €m

YoY growth, %



## % Expected Output Iberia<sup>(2)</sup> hedged

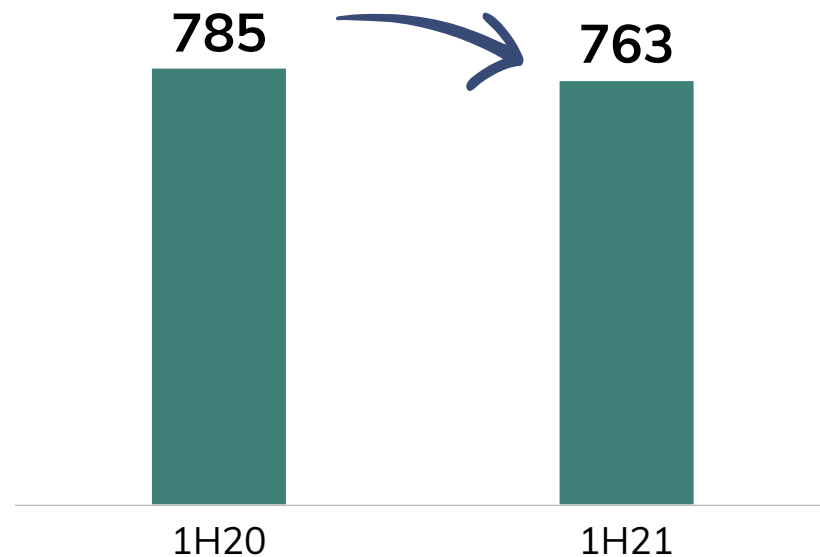


(1) Adjustments and Non-recurring items include: (i) 1H20 adjusted by the EBITDA correspondent to 2 CCGTs and B2C portfolio in Spain sold to Total (€21m) and non-recurring costs related to Sines Shut-down (-€22m); (ii) 1H21 non-recurring of +€21m related to the gain from the sale of a 50% stake in the energy supplier CHC in Spain to our partner CIDE | (2) Baseload production excluding ancillary services (hydro & nuclear) c.9 TWh.

# OPEX cash recurring -3% on a like-for-like base (ex-growth) as we continue to drive efficiency across the Group

OPEX Cash Recurring (ex-growth) €m  
YoY growth, %

-3% Like-for-Like



## Key Highlights

**Higher headcount** in Renewables and Clients services (+199 YTD) more than compensated by a **leaner organization in other businesses (-224 YTD)**

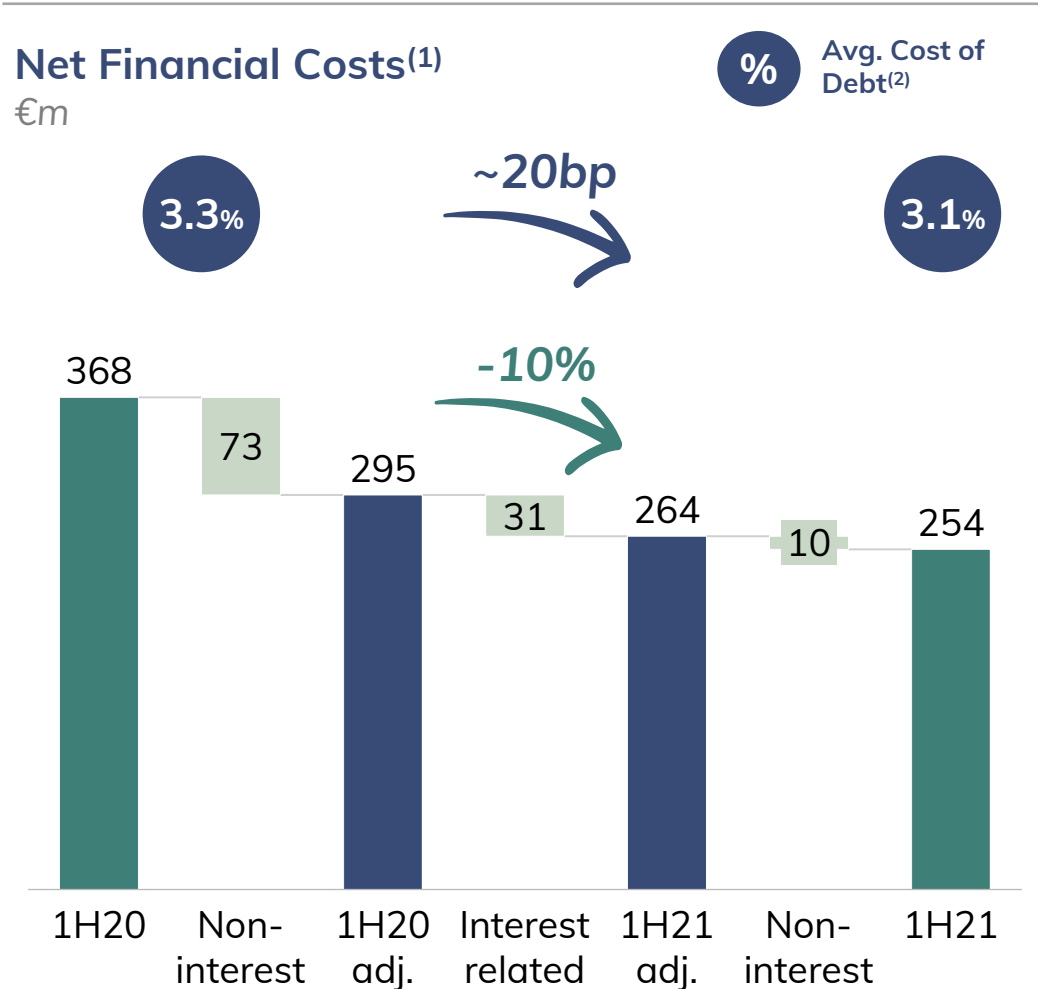
**Networks ex. Growth -5% YoY**, increased digitalization & lower headcount

**Efficiency program bringing €24 M savings** in 1H21, mainly from HR initiatives & procurement optimization in Brazil

**New efficiency program launched ~330 initiatives already identified covering 80% of OPEX target until 2025**

(1) Operating Costs Cash Recurring: Opex excluding caps, one-offs and forex impact. 1H20: Caps (+€72.9m), one-offs (-€24.5m); 1H21: Caps (+€86.2.M), one-offs (-€15.1m).

# Net financial costs decline in 1H21 due to lower cost of debt, successful cash tender offer for outstanding debt to impact 2H21 *edp*



End of June Cash tender offer for outstanding debt instruments (€647m)



Proactive liability management to **lower recurrent net financial costs**



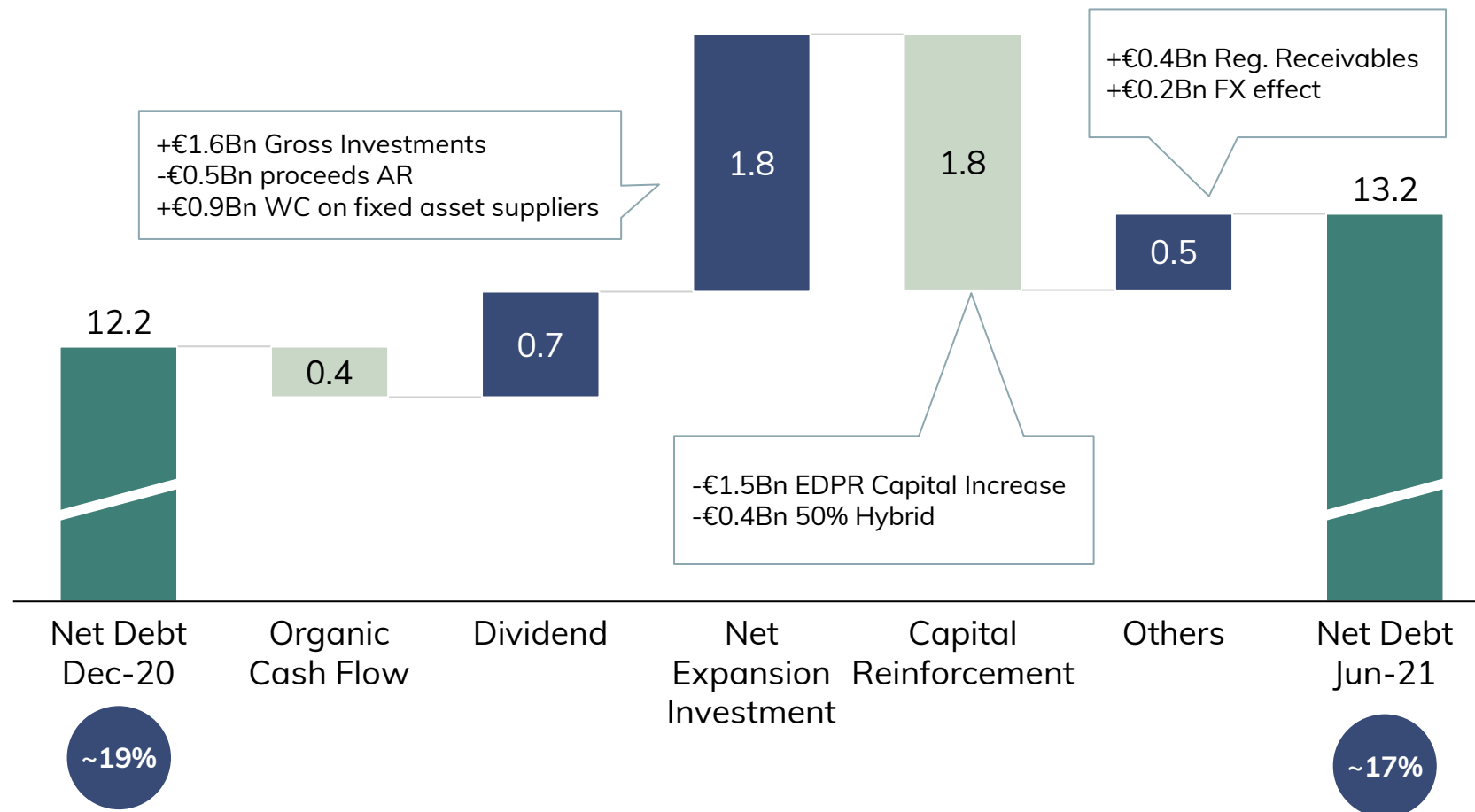
Increase the **% of Green financing**  
33% of total financial debt as of June-21

(1) Non-interest items in 1H20 includes: -€16m net foreign exchange and derivatives differences and -€57m related with one-off cost related to the repurchase of some outstanding debt in 2020. Non-interest items in 1H21 includes +€10m net foreign exchange and derivatives differences; (2) Annualized gross interests / Avg Gross Debt.

# Net Debt increase mostly explained by cash capex & working capital optimization in the context of high financial liquidity

## Change in Net Debt <sup>(1)</sup>

€ Bn



(1) Net Debt Adjusted by Regulatory Receivables/(Liabilities) and including Lease liabilities / EBITDA Recurring | (2) FFO/ND formula consistent with rating agencies methodologies, considering EDP definition of EBITDA Recurring.

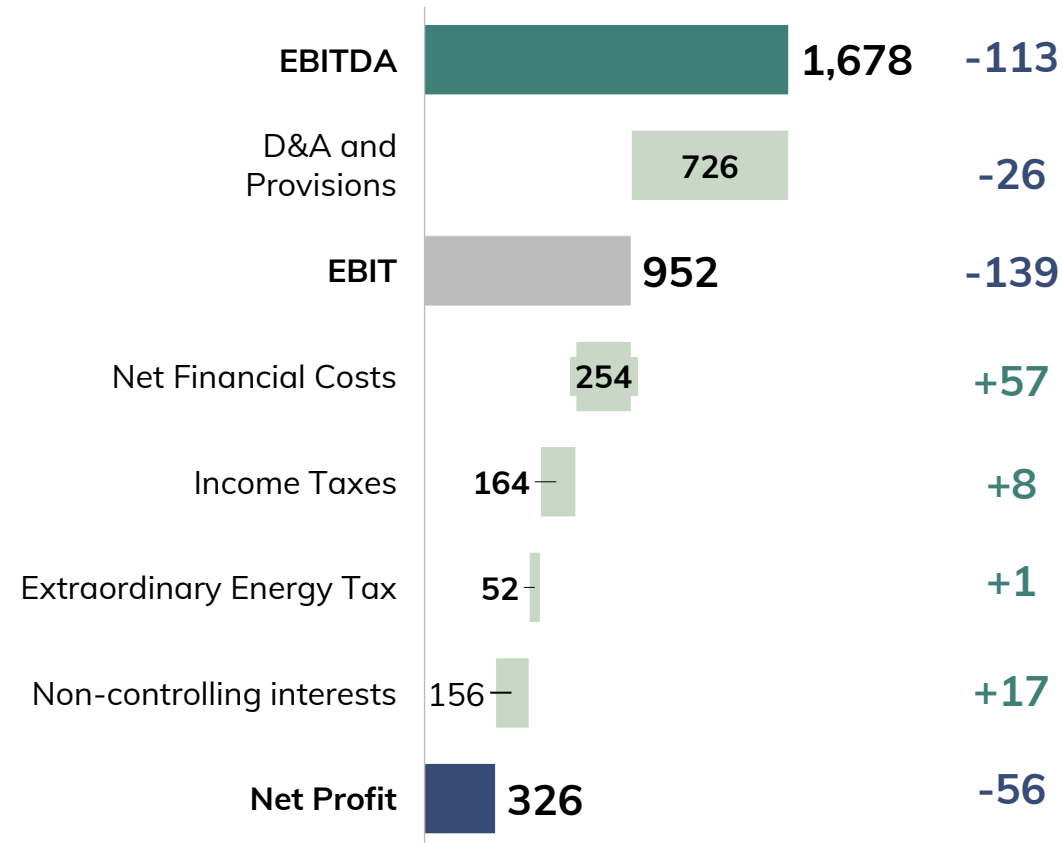


# Net Profit +9% benefitting from improved financial results and lower taxes and positively impacted by non-recurring items

## Recurring Net Profit <sup>(1)</sup>

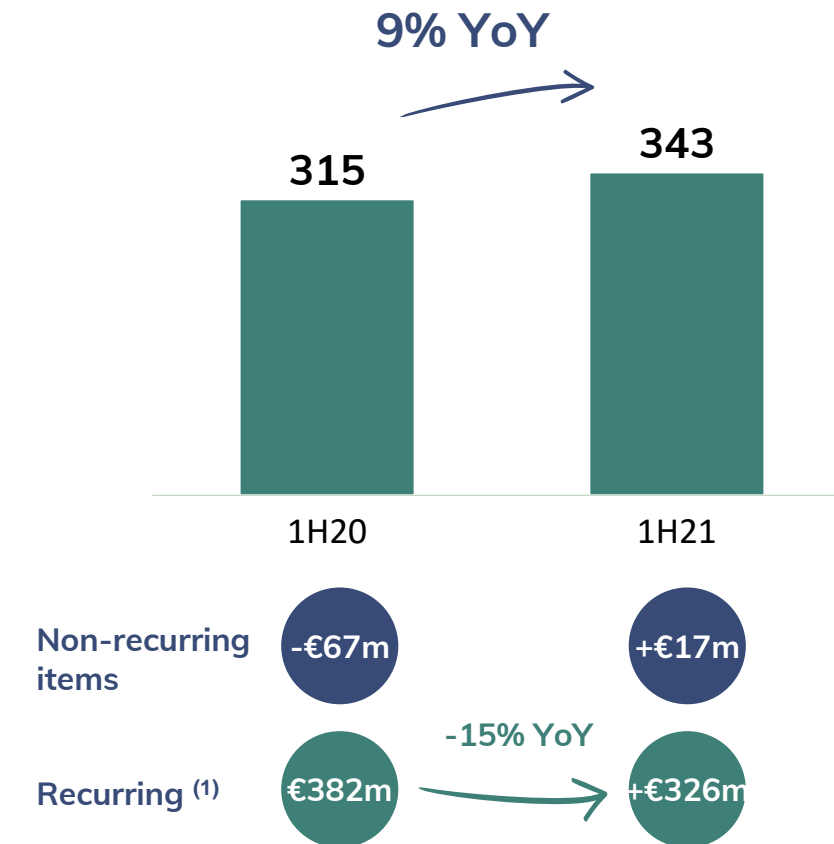
€m

Δ YoY



## Reported Net Profit

€m



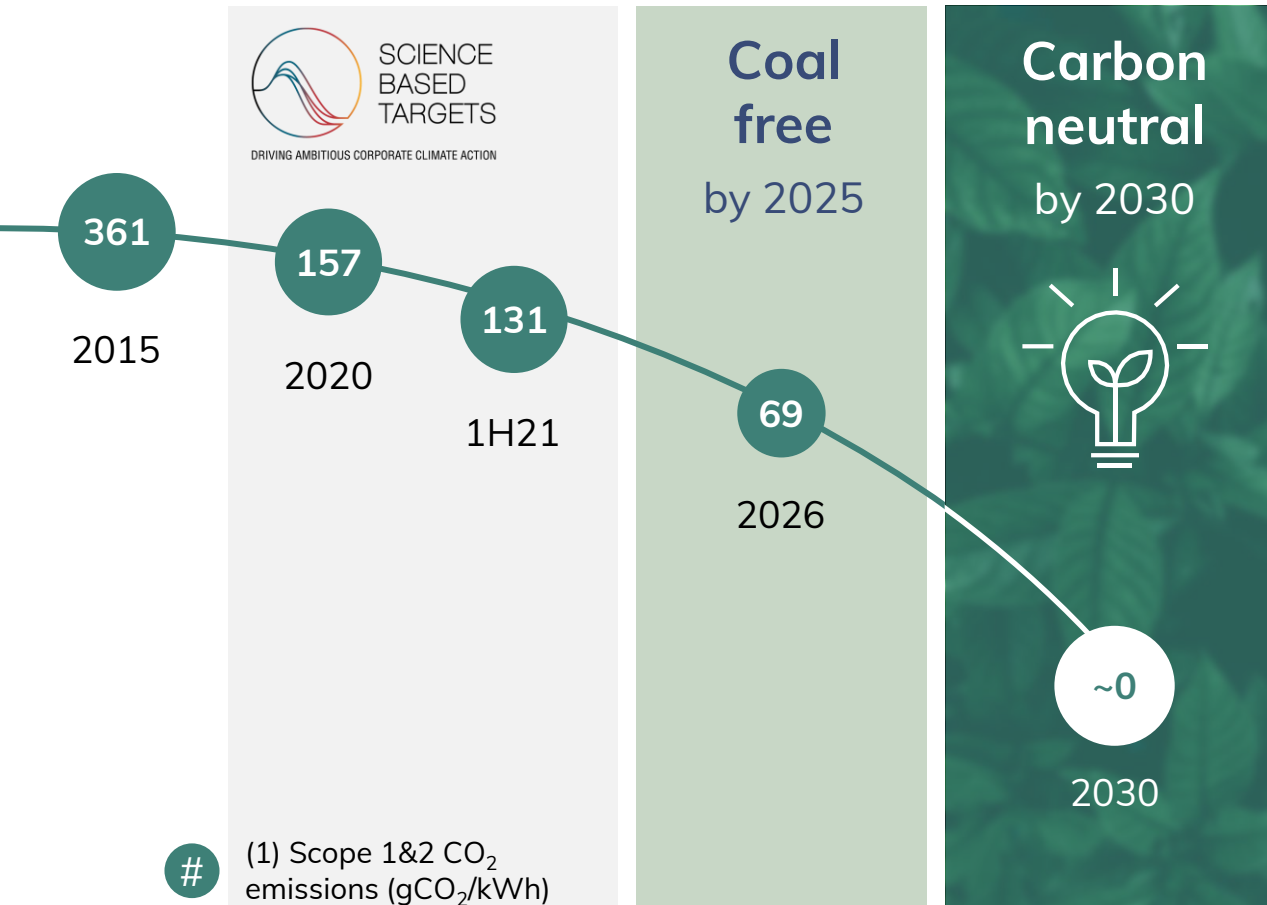
(1) Adjustments and non-recurring items impact at net profit level: -€67m in 1H20 including the adjustment for the net profit contribution of 6 hydro plants in Portugal and CCGT and B2C supply sold in December 2020 (+€66m), early shutdown of Sines (-€89m) and one-off liability management cost (-€45m); +€17m in 1H21 including the net gain from CIDE disposal and curtailment costs in Spain.

# On ESG we have been validated by SBTi on our carbon neutral targets as we continue to pave the way towards decarbonization

edp



ESG excellence  
and attractive  
returns



## Environment

- ✓ **81%** renewables generation in 1H21
- ✓ **-64%** CO<sub>2</sub> Specific Emissions<sup>(1)</sup> vs. 2015
- ✓ **69%** Revenues aligned w/ EU Taxonomy (+19% vs. 1H20)

## Social

- ✓ **26%** female employees (+1 p.p vs. 1H20)
- ✓ **1.11** total recordable injury rate EDP
- ✓ **~€6m** in Social Investment





Closing Remarks





# We reiterate our positive outlook for 2021 YE as we continue focused on execution and delivering results

## Guidance 2021YE

## Highlights

Recurring  
EBITDA

~€3.7 Bn

Recurring  
Net Profit

>€800m

Net Debt

~€11.0-11.5 Bn



Wind & Solar Asset Rotation gains (>€300m)



Ramp-up in Renewables deployment



**Networks** annual tariff updates in Brazil (Aug-21 and Oct-21), potential Asset Rotation in Transmission



**Pressure on Client Solutions & Energy Management** on high energy prices



Assuming normalized Hydro & Wind Resources in 2H21

# Strategic commitments on track as we step up to the challenge to deliver superior value creation



## Key figures and targets

€24 Bn CAPEX in energy transition<sup>(1)</sup>

20 GW gross additions<sup>(1)</sup>

€8 Bn asset rotation

Improve financial strength

## 1H21

€1.6 Bn (94% in RES + Networks)

6.7GW secured (34%) with 3.6 GW added YTD+U/C

~€1.9 Bn signed (~25% target)

~-20 bps avg cost of debt



Contracting major equipment upfront at fixed price

Scale-up organization to support growth



ESG excellence and attractive returns

Coal free by 2025

Carbon neutral by 2030

€0.19/share dividend floor

Coal Revenues 4.5%

81% Renewables Generation

€0.19/share dividend paid April 26<sup>th</sup>

## IR Contacts

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The logo for EDP, featuring the lowercase letters 'edp' in a bold, italicized, sans-serif font.