

EDP - Energias de Portugal SA

EDP's Net Profit on 9M22 increased 1% to €518m, fully supported by the positive performance of our operations outside Portugal, with emphasis on renewables activity in Europe, and electricity networks operations in Brazil. The extreme drought (with hydro production 63% below LT average) combined with the high prices of electricity in the Iberian wholesale market (€186/MWh, +137%), were the main contribution to the negative net profit in Portugal, which stood at -€181m in 9M22. Gross investments doubled to €5.5 Bn in 9M22, of which 96% allocated to renewable energy and electricity networks, contributing to the energy transition. In renewables, in the last 12 months, EDP added +2.7 GW of capacity, proceeding with the implementation of its Strategic Plan, which targets the installation of 20 GW between 2021 and 2025. Following the entry into Asia Pacific region in early 2022 and the acquisition of Kronos' portfolio of solar projects under development, based in Germany, EDP now counts with projects in operation and development in 29 markets. Recurring EBITDA increased 21% to €3,046m in 9M22, a 15% increase excluding FX, benefitting from a strong growth of EDP Renováveis and electricity networks in Brazil. Recurring EBITDA in Hydro Generation, Client Solutions and Energy Management in Iberia fell 55% to €196m, negatively impacted by the largest drought in decades, that generated a -3.3TWh deviation in hydro production vs. average, in a context of high wholesale energy prices. This impact was partially mitigated by increased thermal production and positive results with portfolio optimization in energy management. EDP Renováveis presented an EBITDA growth of 62% (+€565m YoY) to €1,482m, supported by increased wind resources (+5 p.p. YoY), higher average installed capacity (+9% YoY) and higher gains from the asset rotation strategy (+€112m YoY). Recurring EBITDA in the electricity networks segment registered a +20% growth, reaching €1,136m, mainly driven by the 75% increase in Brazil networks EBITDA, reflecting the update of revenues regulated to inflation, the start of operation of two transmission lines, as well as the positive FX impact in the period. Net financial costs increased by €224m to €580m, with the average cost of debt reaching 4.3%, mainly penalized by rising inflation in Brazil, which more than doubled the cost of debt in BRL. When excluding debt denominated in BRL (14% of consolidated debt), average cost of debt increased from 2.4% to 2.6% in 9M22. In 9M22, net debt totaled €15.3 Bn, reflecting the acceleration of investment, especially in renewables and electricity networks, as defined in the 2021-2025 strategic plan, and the appreciation of the Brazilian Real and the U.S. Dollar. Following the company's prudent financing policy, in 2021 EDP issued two hybrid bonds totaling €2 Bn at an interest rate of 1.7%. In 2022, EDP has already issued €2.3 Bn (of which €1 Bn in October) on 3 green bond issues at an average rate of 3.3%. Financial liquidity at 9M22 stood at €9.3 Bn (€10.3 Bn adjusted for October bond issues), covering expected financing needs beyond 2024.

Corporate Ratings	Periodicity	Fiscal Quarterly	Currency	Default	Parent/Consolidated	C	Data	Adjusted (if Available)
S&P	BBB							
Outlook	Positive							
Moody's	Baa3							
Outlook	Positive							
Fitch	BBB							
Outlook	Positive							

CDS Data	Periodicity	Fiscal Quarterly	Currency	Default	Parent/Consolidated	C	Data	Adjusted (if Available)
5 YR CDS	113.04							
% 3 Months	-0.03							
% 6 Months	1.25							
% 1 Year	84.23							
52 Week Low	61.28							
52 Week High	150.55							

Income Statement Summary	03/23 E	12/22 E	LTM	09/22 Q	06/22 Q	03/22 Q	12/21 Q	09/21 Q	06/21 Q	03/21 Q	12/20 Q
Revenue	--	5,952.0	20,829.0	5,680.0	4,663.5	5,503.2	4,982.4	3,917.3	2,995.2	3,088.0	3,388.9
Operating Income	--	797.0	2,032.8	590.0	821.6	324.7	296.5	343.2	327.5	538.8	587.9
Pretax Income	--	685.0	1,504.8	440.0	649.7	208.3	206.8	251.1	216.2	429.1	421.9
Income bef XO Items	--	422.8	1,414.0	355.0	538.5	124.7	395.8	212.9	239.3	309.9	516.5
Net Income	--	401.0	603.3	212.0	376.5	16.4	-1.6	141.9	77.4	270.6	216.7
Basic EPS Before XO Items	--	--	0.15	0.05	0.09	0.00	0.00	0.04	0.02	0.07	0.05
Basic EPS	--	0.12	0.25	0.05	0.10	0.02	0.08	0.05	0.04	0.05	0.06
Diluted EPS Before XO Items	--	--	0.15	0.05	0.09	0.00	0.00	0.04	0.02	0.07	0.05
Diluted EPS	--	--	0.17	0.05	0.10	-0.02	0.04	0.06	0.06	0.05	0.10
Dividends per Share	0.05	--	--	--	0.00	0.00	0.19	0.00	0.00	0.00	0.19
EBITDA	--	1,032.0	4,263.0	1,052.0	1,285.0	710.0	1,216.0	815.0	828.0	864.0	1,325.0
Return on Common Equity	--	--	6.0	8.3	7.1	4.2	6.9	9.8	9.3	9.0	8.7

Profitability	Periodicity	Fiscal Quarterly	Currency	Default	Parent/Consolidated	C	Data	Adjusted (if Available)
EBIT	2,033							
Operating Margin	9.76							
Pretax Margin	7.22							
Return on Assets	1.10							
Return on Common Equity	5.43							
Return on Capital	5.47							
Asset turnover	0.38							

Balance Sheet Summary	03/23 E	12/22 E	LTM	09/22 Q	06/22 Q	03/22 Q	12/21 Q	09/21 Q	06/21 Q	03/21 Q	12/20 Q
Total Current Assets		7,469.0	7,469.0	15,425.7	16,576.0	13,816.4	11,354.6	8,103.3	7,099.1	8,121.2	
Total Long-Term Assets		54,493.0	54,493.0	41,259.0	40,854.4	37,177.7	36,774.7	36,026.0	35,360.9	35,150.2	
Total Assets		61,962.0	61,962.0	56,684.7	57,430.4	50,994.2	48,129.3	44,129.3	42,460.0	43,271.4	
Total Current Liabilities		3,459.0	3,459.0	13,473.7	13,754.5	11,580.1	9,793.7	7,862.1	7,072.2	7,675.2	
Total Long-Term Liabilities		46,479.0	46,479.0	30,534.1	29,576.0	25,436.5	24,659.0	21,920.6	22,098.2	22,525.3	
Total Liabilities		49,938.0	49,938.0	44,007.7	43,330.5	37,016.6	34,452.7	29,782.7	29,170.4	30,200.4	
Total Shareholders' Equity		18,234.5	12,024.0	12,676.9	14,099.9	13,977.6	13,676.6	14,346.6	13,289.7	13,071.0	
Shares Outstanding		3,947.4	3,947.4	3,947.1	3,946.6	3,946.6	3,946.7	3,946.7	3,946.1	3,946.1	
Book Value per Share	--	--	1.7	1.7	2.0	2.3	2.4	2.3	2.5	2.5	
Tangible Book Value / Sh			1.3	-0.3	0.0	0.2	0.5	0.5	0.7	0.6	
Shareholder Equity/Total Liab			26.7	19.4	22.4	24.6	27.4	28.4	32.5	31.3	

Cash Flow Summary	03/23 E	12/22 E	LTM	09/22 Q	06/22 Q	03/22 Q	12/21 Q	09/21 Q	06/21 Q	03/21 Q	12/20 Q
Net Income	--	422.8	663.7	211.0	382.8	-76.4	146.2	167.2	163.8	179.5	378.4
Depreciation and Amortization		--	--	--	289.5	275.6	493.8	266.6	259.0	250.3	371.2
Change in Working Capital			2,449.1	2,058.0	-869.5	585.2	675.5	1,319.7	214.3	-419.1	-1,256.0
Cash - Operating Activities			2,441.7	6.0	1,165.4	370.3	900.0	418.6	159.7	118.6	372.1
Capital Expenditures		--	-3,607.8	-1,289.0	-714.1	-897.0	-707.7	-602.3	-925.9	-1,115.6	-662.7
Cash - Investing Activities			-3,916.6	-937.0	-966.8	-1,728.5	-284.3	-591.1	-755.1	-1,224.0	1,362.5
Cash - Financing Activities			897.9	-204.0	-862.7	1,860.3	104.3	1,143.7	747.1	-469.4	-532.0
Net Changes in Cash			-577.0	-1,135.0	-664.1	502.0	720.0	971.2	151.7	-1,574.8	1,202.7
Free Cash Flow		--	-1,166.1	-1,283.0	451.3	-526.7	192.3	-183.7	-766.2	-997.0	-290.6

Prevenções:
 Este documento é confidencial, propriedade da Hawkclaw Capital Advisors Lda ("a Hawkclaw"), e apenas para seu uso interno. Este documento não constitui uma oferta para vender ou comprar nenhum tipo de ativo. Qualquer oferta feita no futuro será objecto de documentação contractual adequada. Qualquer decisão para a compra de qualquer produto mencionado apenas deverá ser tomada com base na informação contida nos documentos oficiais dos produtos. Os termos e condições contidos neste documento interno são meramente indicativos e sujeitas a alterações a todo o momento e sem aviso prévio. Numerosos pressupostos foram assumidos na preparação deste documento interno e não é dada qualquer garantia da sua exactidão. Nenhuma informação deverá ser considerada como projecção, antevisto ou garantia da performance, bem como constituir aconselhamento/conselho legal, fiscal, contabilístico, financeiro ou de outra índole. A Hawkclaw não assume nenhuma obrigação de aconselhar a oportunidade ou inoportunidade das informações contidas neste documento. A Hawkclaw age em exclusivo partindo do princípio que o Cliente tem um conhecimento mínimo, experiência pessoal e/ou profissional que permitam fazer uma correcta avaliação dos riscos envolvidos quer financeiros, legais, fiscais ou de outra índole.

Importante:
 Todas as estimativas ou previsões são baseadas em dados retirados de bases de dados informativas diversas e não consubstanciam qualquer tipo de aconselhamento nem deverão estar na base de qualquer decisão de investimento.