04 June 2024 – Neuss, Germany

Rating Action / Update:

Creditreform Rating has affirmed the unsolicited corporate issuer rating of EDP S.A. at BBB / stable

Analysts

Christina Sauerwein
Lead Analyst
C.Sauerwein@creditreform-rating.de

Esra Höffgen
Co-Analyst
E.Hoeffgen@creditreform-rating.de

Neuss, Germany

Creditreform Rating (CRA) has affirmed the unsolicited, public corporate issuer ratings of EDP S.A., EDP Finance B.V. and EDP Servicios Financieros Espana S.A.U.– together referred as EDP or the Company -, as well as the unsolicited corporate issue ratings of long-term local currency senior unsecured notes issued by EDP S.A., EDP Finance B.V. and EDP Servicios Financieros Espana S.A.U. at BBB / stable. In addition, the unsolicited short-term rating was affirmed at L3 (adequate level of liquidity). We also refer to our Rating Update of 21 July 2023 and Rating Report of 28 March 2022, which contain further material information regarding the rating objects.

Current relevant factors for the rating

The following considerations were of specific relevance for the rating assessment:

+ Largest electric utility in Portugal and major player in renewable energy, with an internationally diversified and increasingly sustainability-focused business model aligned with the energy transition
+ Significant share of stable and predictable cash flows from regulated and long-term contracted activities
+ Sound financial profile based on a prudent financial policy and good access to financial markets
+ Strong operating performance in 2023 with recovering profitability ratios largely driven by normalization of hydro resources after the extreme drought in 2022, and improved sourcing conditions in energy management due to lower energy prices
+ On track with its coal exit plan following the stake sale of the Pecém coal plant and the establishment of a partnership in the Aboño thermal plant in Spain to invest in conversion from coal into gas. In addition, the Company has requested authorization to close its last two coal plants in Spain, planning to be coal free by 2025 and therefore reducing climate-related risks
+ In 2023 reinforced regulated networks asset base in Brazil based on successful minority buy-out of EDP Brasil, increasing EDP's earnings
+ Significant improvements in balance sheet structure largely due to a significant reduction in other liabilities in connection with the decrease in energy prices, alleviating derivative financial instruments items and financial supportive measures, such as a share capital increase by EUR 2 billion
+ Despite still challenging market conditions solid outlook based on reduced and efficient investments to protect the Company's credit profile
+ A more moderate dividend policy - target payout of its adj. recurring net income of 60-70% from 2023 onwards (previously: 75-85%) - should also enhance its financial potential

- Operating performance decreased In Q1 2024 compared to Q1 2023, largely due to lower energy prices, nevertheless still showing solid performance benefitting in particular from significant hydro resources and asset gains; the Company expects stable performance for the full year, partly based on more favorable forward contracts and its strong hydro volumes

- Ongoing high investment requirements and integration risks associated with the Company's growth trajectory
- Market conditions still challenging – volatile energy prices, rising interest rates, and uncertainty with regard to geopolitical course and its economic consequences

ESG factors are factors related to environment, social issues, and, governance. For more information, please see the section "Regulatory requirements". CRA generally takes ESG relevant factors into account, when assessing the rating object and discloses them when they have a significant influence on the creditworthiness of the rating object, leading to a change in the rating result or the outlook.

ESG-criteria:

CRA generally takes ESG factors (environment, social and governance) into account within its rating decisions. In the case of EDP S.A., we have not identified any ESG factors with significant influence.

In Q1 2024, 97% of EDP's electricity generation stemmed from renewable resources, showing significant and steady increases in recent years (Q1 2023: 88%). This significant share of renewables in the Group's generation portfolio, and due to lower thermal generation in the wake of the sales of Pécem and Aboño, led to a CO_2 intensity of 20g/kWh (Scope 1 and 2), down by 73.8% compared to Q1 2023. The Company also fares very well in our peer comparison. Both its total CO_2 emissions and its relative CO_2 emissions (in relation to sales) are markedly lower than most peer companies in our rating portfolio. EDP reached important milestones to be on track with its target of being coal-free by 2025. During 2023, EDP sold 80% of the Pecém coal power plant in Brazil, including the option to sell the remaining 20%, and established a partnership in the Aboño thermal plant in Spain to invest in conversion from coal into gas. In addition, the Company has requested authorization to close EDP's last remaining coal plants in Spain, Soto 3 and Los Barrios. In Q1 2024, coal only accounted for a share of 3% of EDP's installed capacities (Q1 2023: 10%).

The energy sector in Europe currently faces a comprehensive transition linked to EU targets for achieving climate neutrality by 2050, which can result in substantial risk for individual companies. As EDP's share of energy generation from renewable resources accounts for almost the entire energy mix, and as the Group aims to be coal-free by 2025, as well as carbon-neutral by 2030 (Scope 1and 2) and net zero by 2040, we do not see EDP's business model as being at risk with regard to the energy transition. In Q1 2024, 98% of its CAPEX was aligned with the EU Taxonomy. For the period 2024 -2026, EDP plans to invest EUR 17 billion, of which approx. 80% is to be allocated to the Renewables, Clients, and Energy Management segment, expecting approximately 10 GW of gross additions in renewable installed capacity. 70% of the 2024-26 planned growth is already secured and on track to be deployed. As of 31.03.2024, renewable installed capacity amounted 24.4 GW 2024, and 4.6 GW under construction.

Nevertheless, despite favorable medium-to-long-term growth prospects and the Company's full alignment with the Paris agreement, the implementation of these goals requires significant investment, potentially leading to higher leverage, thus dampening the rating. According to EDP, its plan is fully funded. With the aim of keeping its commitment to maintaining the strength of its balance sheet, the majority of EDP's investments will be funded by its organic cash flow generation, tax equity proceeds and its proceeds from its asset rotation strategy, which is aimed to crystalize the value of a project by selling and reinvesting the proceeds in other projects, thus enabling growth and mitigating leverage pressure. The Company expects to limit the change in net debt to one billion euros. In addition, the current regulatory and financial framework conditions for companies providing renewable energy and investing in this sector can be considered favorable and attractive, with the aim of accelerating the energy transition through the design of more favorable financing conditions. The use of green financial debt has also progressed: As of 31 March 2024, 69% of the Company's total bonds were green bonds, while green debt represented 61% of total financial debt as the Company is very well-positioned based on its green projects and improving KPIs. In 2023, EDP ranked again as the world's most sustainable electric utility in the Dow Jones Sustainability Index.

Overall, the Company is also well-positioned in terms of S- and G-factors, displaying a strongly integrated and improving ESG culture, partly based on its ESG-linked management compensation and the promotion of gender diversity.

A general valid description of Creditreform Rating AG, as well as a valid description of corporate ratings for understanding and assessing ESG factors in the context of the credit rating process, can be found here.

Rating result

The rating of BBB attests EDP S.A. a highly satisfactory level of creditworthiness, representing a low to medium default risk. The main positive factors contributing to the rating are EDP's solid financial profile, a large share of regulated and long-term contracted EBITDA, its geographically diversified asset and concession base, and its diversified income and cash generation. Thanks to better market conditions in 2023, and the Company's expansion and portfolio optimization measures, EDP was able to significantly improve its profitability compared to the previous year. In 2022, its margins had deteriorated significantly due to extreme drought in Iberia in that year, coupled with a high degree of electricity and gas outsourcing costs amid the energy crisis. However, there were still adverse impacts affecting business development in 2023, such as the steep decreasing wholesale prices, lower wind resources and the persisting effects of the current inflationary environment. The Company was able to partly offset the increased interest expenses by higher financial income, enabling a flat reported financial result. EDP's exposure to higher interest rates is mitigated by a high share of fixed rates, which is over 70% (as of 31.12.2023 and as of 31.03.2024: 79%) coupled with hedging and rebalancing measures on its debt currency mix. EDP also reached important milestones in its expansion path such as the minority buy-out of EDP Brasil, reinforcing its regulated asset base.

In line with its revised strategic plan 2024-2026, the Company still faces high investment requirements. Although we regard these investments as favorable, strengthening the Group's business profile largely by increasing its installed renewable capacity (meeting higher demand and the requirements for the energy transition) and its regulated asset base, increasing funding requirements put pressure on EDP's financials, thus constraining the rating. Its exposure to adverse weather conditions (wind and water resources), energy price volatility risks, even if limited based on a high share of regulated and long-term contracted activities, as well as its still substantial dividend payments and activities in Brazil, also have a dampening effect on the rating.

Outlook

Please note:

The scenarios are based on information available at the time of the rating. Within the forecast horizon, circumstances may occur that could lead to a change of the rating out of the indicated range.

The one-year outlook of the rating is stable. Based on the Company's strategic progress, its strong hydro base and its updated guidance in the first quarter of 2024, we expect relatively stable operating performance as compared to 2023 and key financials roughly at current level, in line with EDP's outlook. The Company's measures to support its financials within its asset rotation strategy, and the sale of regulatory receivables, will also help to offset adverse effects from the ongoing challenging market conditions, and to meet its high investment requirements.

Best-case scenario: BBB

In our best-case scenario for one year, we assume a rating of BBB. We see an upgrade within the period of a year as unlikely, due to the investment requirements in connection with the Group's strategic plan, which dampen potential improvements on credit metrics in the short term. The Company's investments, in combination with significant dividend payments, put pressure on its cash flows. Adverse market conditions, such as continuing high interest rates, volatile energy prices, and geopolitical tensions also dampen the likelihood of an upgrade.

Worst-case scenario: BBB-

In the worst-case scenario for one year, we assume a rating of BBB-. In this scenario, we assume a significant increase in debt, e.g., in connection with higher capital expenditure, causing a deterioration in net total debt to EBITDA adj. Severe disruptions in its growth trajectory, higher interest expenses, declining market prices, as well as significant adverse regulatory adaptions, competitive pressure, or an economic slowdown in its core markets with declining results could also lead to a downgrade.

Business development and outlook

In 2023, the Company recorded strong and significantly improved operating performance, with overall more favorable profitability ratios. CRA structured EBITDA grew to EUR 4,871 million (2022: EUR 4,248 million), up by 14.7% compared to 2022 and the reported EBITDA amounted to EUR 5,020 million (2022: EUR 4,524 million), up by 11.0%.

Growth was driven primarily by EDP's segment Renewables, Clients, and Energy Management, (see Table 2), largely as a result of the recovery in hydro resources in Iberia, which were severely impacted by an extreme drought and significantly higher sourcing costs in 2022. Dampening factors were such as lower average selling prices on wind and solar, a decrease in thermal production, and lower wind resources, as well as capacity addition delays. Its second largest segment, Networks, accounting for 29.9% of reported EBITDA generation, remained broadly stable. CRA's operating margin improved to 17.2% (2022 10.8%), partly enhanced by EDP's cost-saving and efficiency measures dampening inflationary effects on OPEX.

Table 1: Financials of EDP S.A.I Source: Annual report 2023, standardized by CRA

EDP S.A. Selected key figures of the financial statement analysis Basis: Annual accounts and report of 31.12. (IAS, Group)	CRA standardized figures[1]	
	2022	2023
Sales (EUR million)	20,621	16,202
EBITDA (EUR million)	4,248	4,871
EBIT (EUR million)	2,240	2,804
EAT (EUR million)	1,170	1,331
EAT after transfer (EUR million)	679	952
Total assets (EUR million)	56,777	53,915
Equity ratio (%)	26.22	32.79
Capital lock-up period (days)	70.85	91.41
Short-term capital lock-up (%)	59.60	51.07
Net total debt / EBITDA adj. (factor)	9.46	7.13
Ratio of interest expenses to total debt (%)	2.40	2.92
Return on Investment (%)	3.67	4.40

Table 2: Reported EBITDA of corporate segments I Source: EDP Results Handout 2023, reported information

EUR million	2022	2023	Δ	Δ %
Renewables, Client Solutions and Energy Management	3,014	3,552	538	18
Of which: Wind and Solar	*2,157*	*1,835*	*-323*	*-15*
Of which: Hydro, Client solutions and Energy Management	*864*	*1,718*	*854*	*99*
Electricity Networks	1,506	1,501	-5	-0%

CRA's evaluated ratio of interest expenses to total debt deteriorated to 2.9% (2022: 2.4%), largely as a result of the higher interest rate environment. EDP's reported average cost of debt continued to rise compared to previous years, amounting to 5.0% (31.12.2022: 4.4%); however, excluding Brazil, the average cost of debt was 3.4% (31.12.2022: 2.7 %). In Brazil, the inflation rate has recovered markedly since 2023, followed by interest rate cuts. While in June 2023 interest rates amounted to 13.75%, as of 20 March 2024 the rate amounted 10.75%, thus still high. However, compared to 2022, reported net financial expenses remained flat, amounting to EUR 910 million. EDP's exposure to higher interest rates is mitigated by a high share of fixed rates, which was about 79% as of 31.12.2023, coupled with hedging activities. In addition, currently, the Company is taking measures to decrease financial expense increases by rebalancing its debt currency mix as in Q1 2024 development described (see below). The net profit margin improved to a solid 8.2% (2022: 5.6x).

[1] For analytical purposes, CRA adjusted the original values in the financial statements in the context of its financial ratio analysis. For example, when calculating the analytical equity ratio, deferred tax assets, goodwill (entirely or partly), and internally-generated intangible assets are subtracted from the original equity, whilst deferred tax liabilities are added. Net total debt takes all balance sheet liabilities into account. Therefore, the key financial figures shown often deviate from the original values of the company.

Despite still challenging economic environment and market conditions, the Company reached several milestones in its expansion plan. EDP's consolidated CAPEX[2] increased to EUR 5.8 billion (2022: EUR 4.6 billion), up by 28.3% compared to 2022. The higher capex were due to higher investments in expansion of its Renewables and Network business; thereby renewables expansion comprised 80% of consolidated CAPEX. EDP Renováveis added 2.5 GW, mostly investing in onshore wind technology and solar photovoltaic technology, mostly allocated in North America and Europe in line with its strategy, focussing on markets with low-risk profile (~80%). Wind and solar capacity under construction totalled 4.4 GW. As of 31.12.2023 Renewables installed capacity amounted to 24.0 GW (including 1.6 GW equity based), representing 86% of EDP's total installed capacity. EDPR is becoming one of the largest wind and solar operators in North America.

In August 2023, EDP acquired the remaining stake in EDP - Energias do Brasil S.A. The acquisition was in order to simplify the complexity of EDP's corporate structure and enabling more flexibility in managing its Brazilian market, as well as reinforcing its earnings. Due to its portfolio optimization and expansion progresses in Renewables and Networks, the Company achieved self-set targets for its adjusted results in 2023 (recurring net income in 2023 EUR 1.3 billion; expected EUR 1.2-1.3 billion).

EDP's adjusted net financial debt/EBITDA ratio stood at 3.3x (2022: 3.4x) in 2023 based on EDP's improved operating performance in that year. EDP's reported net financial debt increased by EUR 2.1 billion to EUR 15.3 billion. This increase was in the context of the planned acceleration in its investments, the minority buy out of EDP Brasil (EUR 1.1 billion) as well as its dividend payments (EUR 0.9 billion[3]), more than offsetting cash flow from operating activities, cash flows with asset rotations of EUR 2 billion, and its share capital increase at EDP and EDP Renováveis of EUR 2 billion. The capital increase was to finance the buy-out and higher investments in Renewables. According to EDP's expectations, the Company recorded a lower net cash flow from operating activities (2023: EUR 2.2 billion vs. 2022: EUR 3.8 billion) as a result of a negative working capital change, largely related to advanced payments in the previous year and increased tariff deficits in Portugal due to deviations in the regulator's assumptions related to volatile wholesale prices. In order to counteract these deviations, the Portuguese energy regulator (ERSE) rectified its assumptions, adapting them to current market conditions, and made an exceptional update on tariffs in July 2023, mitigating regulatory working capital growth in the second half of the year. In addition, the Company was able to mitigate the impact with a securitization of EUR 2 billion in December 2023 following the ERSE announcement of its final proposal for electricity tariffs in Portugal for 2024. Especially in Q1 2024, EDP saw a lower impact by tariff deviations driven by the approximation of the assumptions to the whole prices in 2024 and further securitization, but there are still deviations. To mitigate these deviations the regulator ERSE has presented an extraordinary proposal in the second half of 2024.

CRA's net total debt / EBITDA adjusted improved significantly to 7.1x (2022: 9.5x), as in addition to the improved performance, other liabilities decreased by EUR 5.3 billion, thus alleviating net total debt. The reduction was largely according to mark to market of energy contracts in the wake of lower energy prices as compared to 2022.

[2] Capex includes increases in Property, Plant and Equipment and in Intangible Assets, excluding CO2 licenses and Green certificates, net of increases in Government grants, Customer's contributions for investment and Sales of properties in the period.

[3] Including non-controlling interests total dividend payments

We also see improvements in the Company's balance sheet structure, reflected in a solid CRA adjusted equity ratio of 32.8% (2022: 26.2%) due to higher equity and a reduction in total liabilities. CRA structured equity rose from EUR 14.9 billion in 2022 to EUR to 17.7 billion in 2023, largely as result of EDP's net profit (EUR 1.3 billion), the capital increase at EDP and EDP Renováveis (EUR 2 billion) and deferred tax effects structured by CRA. These aspects more than offset dividend payments (EUR 949 million, including non-controlling interests dividend payments) and the acquisition of EDP Brasil's minority interests (EUR 1.1 billion). In January 2023, EDP launched a EUR 1.0 billion green hybrid bond with a maturity in April 2083. The launch of the hybrid green bond was to fully replace a hybrid bond issued in 2019. CRA structured total liabilities decreased by EUR 5.6 billion, largely due to a significant reduction in other liabilities in connection with the decrease in energy prices, alleviating derivative financial instruments items. EDP's sound financial profile is also underpinned by a well-balanced maturity profile.

With regard to the first quarter of 2024, the Company also recorded strong operating performance, despite an EBITDA decrease compared to Q1 2023, largely as a result of lower prices. Net profit improved however, benefitting from the Company's measures to reduce interest expenses, EDP Brasil's minority buyout, concluded in August 2023 and lower income taxes.

Table 3: The development of business of EDP S.A.I Source: Interim Report First Quarter 2024, reported information

EDP S.A.				
In million EUR	**Q1 2023**	**Q1 2024**	**Δ**	**Δ %**
EBITDA	1,415	1,341	-75	-5
EBIT	990	912	-78	-8
EAT	453	469	16	4
EAT after transfer	303	354	52	17

Reported EBITDA amounted to EUR 1,341 million (Q1 2023: EUR 1,415 million), down by 5.2%. The decrease in operating performance driven by Hydro, Clients and Energy Management segment was due to the normalization of integrated margin vs. exceptionally positive 1Q 2023 mostly from strong hydro volumes (+37% YoY) offset by lower electricity prices, and lower supply margin, back to normal levels vs. high prices environment in 1Q 2023. Deconsolidation effects related to the sale of Pécem also reinforced the decline. Hydro Clients & Energy Management EBITDA (including Iberia and Brazil business) decreased to EUR 415 million (Q1 2023: EUR 605 million), down by about 32%. The Company is confident about its further development based on its strong hydro base in Portugal, with hydro resources at record levels - 38% above historical average - and due to favorable hedges with higher prices for the rest of 2024, expecting no significant deviations in EBITDA performance compared to 2023. Wind and Solar recorded a slight increase in EBITDA of 1% due to asset rotation gains, offsetting lower wind resources (2% below average) and lower average selling prices. Network business recorded the strongest positive contribution, up by 24%, largely thanks to its business in Brazil as a result of asset rotation gains (EUR 76 million) after the sale of a transmission line, as well as market growth and lower overcontracting in distribution as in Q1 2023.

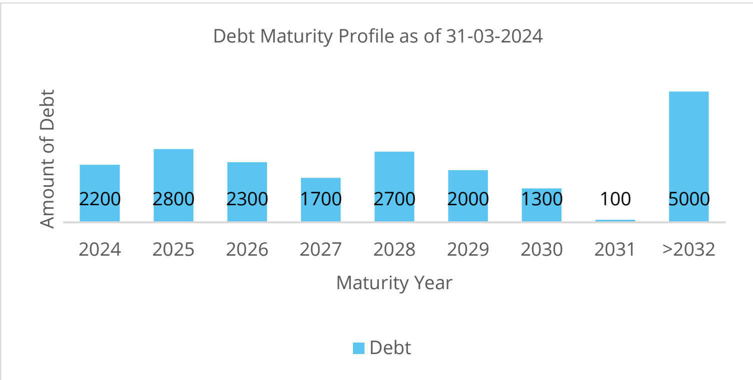
Table 4: EBITDA development of reported corporate segments in Q1 2024 I Source: EDP Results Report 1Q 2024, reported information

EUR million	Q1 2023	Q1 2024	Δ	Δ %
Renewables, Client Solutions and Energy Management	1,052	865	-187	18
Of which Wind & Solar	*448*	*454*	*6*	*1*
Of which Hydro Clients & EM	*605*	*415*	*-191*	*-32*
Electricity Networks	381	473	92	24

Net profit to equity holders improved to EUR 354 million (Q1 2023: EUR 303 million), up by 17.1%, primarily due to lower net financial expenses, tax expenses, and minority interest after EDP's Brasil minorities buy-out. Net financial expenses decreased by 9.2%, amounting to EUR 236 million (Q1 2023: EUR 260 million), as result of the Company's interest savings after decreasing debt in USD and BRL, while increased weight of debt in EUR. Among other things, in January 2024, EDP issued EUR 750 million green debt instruments with a 3.5% coupon and a maturity in July 2030 and repurchased USD 367 million over a USD 500 million bond with a 6.3% coupon and a maturity in 2027.

We consider EDP's liquidity position as adequate, taking into consideration its liquidity reserves as well as its strong and largely stable operating cash flows based on regulated and long-term contracted activities. As of 31 March 2024, EDP had cash and cash equivalents of EUR 2.3 billion, undrawn committed credit lines of EUR 6.9 billion, covering current financial liabilities roughly 3.5x times, or at least until 2027, see figure 1. In addition, the Company has Commercial Paper programs amounting to EUR 535 million, of which EUR 200 million were available as of 31 March 2024.

Figure 1: Debt maturity profile as of 31.03.2024 I Source: EDP Results Report 1Q 2024, reported information



In Q1 2024 based on the current market conditions, marked by decreasing energy prices and still high interest rates, EDP has revised its updated Business plan of 2023-2026, which was presented in March 2023. With the aim of maintaining the strength of its balance sheet and within its solid credit profile under the still challenging market conditions, the Company has reduced its gross investment plan by EUR 2 billion, amounting now to EUR 17 billion, i.e., roughly EUR 5.6 billion in annual gross investments (previously about EUR 6.2 million per year). The bulk of the investments will still focusing on Renewables business, making up a share of 80% and the remaining percentage for the expansion and maintenance of network business, which is a stabilizing factor in the Company's cash generation due to regulated cash flows of this business. Thus, the share of investments in networks has increased from 15 % to 20 % as compared to the previous plan, maintaining regulated EBITDA contribution broadly stable – expecting weight of electric networks over total EBITDA of 31% by 2026 (2023: 30%). The geography focus of investments will primarily remain on countries with low risk profile; 33% of the investments in North America, 45% in Europe. Brazil will remain a key market for regulated and contracted activities, making up 14% of the investments. The concession period in Espirito Santo State in Brazil will finished in 2025. The renewal process is still ongoing. The Company expects the terms of the renewal to be published soon.

By envisaging more efficient capital allocation, streamlining its organization, and taking efficiency measures on OPEX, the Company expects recurring EBITDA of approximately EUR 5.0 - 5.1 billion for 2026, in contrast to its previous expectation of EUR 5.7 billion for 2026, representing a CAGR of 3% in 2022-2026. Under the current market conditions, the recurring net income to equity investors is expected to amount to EUR 1.2-1.3 billion for 2026 (the previous forecast was set at EUR 1.4-1.5 billion), representing a CAGR of 10%. Thus the adjusted results will broadly remain at the level of 2023. In terms of dividend policy, the dividends will increase due to a better net profit compared to 2022, however based on its strategic update of March 2023 the target payout ratio will be in a range of 60-70% (Approved dividend payout for 2023: 63%) enhancing its financial potential as before the range was at 75-85%. FFO/net financial debt is expected to be roughly 20% and net debt to be roughly EUR 16 billion.

Overall in 2023 and in the first quarter of 2024, the Company showed a strong performance with recovered profitability ratios and reached important milestones in its expansion path, reinforcing its position in renewable and network business. We also see improvements in its balance sheet structure, in particular due to decreasing commodity prices but also due to EDP's credit protective measures. In course of the current market conditions - still high interest rates and volatile energy prices - EDP directly reacted, revising its strategic plan for 2024-2026. The downward adjustments based on a visible and plausible financial plan still display a solid business development with prudent financial policy. However, market conditions could still worsen, in the wake of geopolitical tensions, or construction delays could put pressure on cash flows and within on its investments. Nevertheless, due to its well-diversified and predominantly on Renewables energy based portfolio and its track record, we see the Company as well-positioned to face ongoing challenging conditions and with favorable growth prospects in the mid- to long-term.

Further ratings

In addition to the rating of EDP S.A. the following Issuers and its issues (see below), have been rated.

- EDP Finance B.V.
- EDP Servicios Financieros Espana S.A.U.

Due to the corporate, strategic, liability, financial, economic and performance-related interdependencies of the aforementioned subsidiaries (both direct 100% subsidiaries of EDP S.A. - EDP Servicios Financieros Espana S.A.U. through its Spanish branch – and which have been consolidated into the group annual accounts) we derive the unsolicited corporate issuer ratings of these subsidiaries from the unsolicited issuer rating of EDP S.A. and set them equal to EDP's rating of BBB / stable.

Based on the unsolicited corporate long-term issuer rating of EDP S.A. and taking into account our liquidity analysis, the short-term rating of EDP S.A. and the above-mentioned subsidiaries was set at L3 (standard mapping), which corresponds to an adequate liquidity assessment for one year.

The rating objects of the unsolicited corporate issue ratings are exclusively long-term senior unsecured issues, denominated in euro, issued by EDP S.A. and the above-mentioned subsidiaries, which are included in the list of ECB-eligible marketable assets.

The issues that have been issued by EDP Finance B.V. and EDP Servicios Financieros Espana S.A.U. under the Programme for the Issuance of Debt Instruments with the last basis prospectus of 20.05.2024 are not guaranteed by EDP S.A., however EDP Finance B.V. and EDP Servicios Financieros Espana S.A.U. have the benefit of a Keep Well Agreement executed by English Law with EDP S.A. The Keep Well Agreement in not a guarantee by EDP S.A., but in an event of default, the trustee will be entitled, on behalf of the Holders, to enforce EDP Finance B.V.'s rights under the Keep Well Agreement against EDP S.A., in accordance with the terms of the Trust Deed. EDP S.A. has entered with EDP Finance B.V. into a trust deed relating to the Programme for the Issuance of Debt Instruments in 2001 and with EDP Servicios Financieros Espana S.A.U. in 2023. The last supplemental trust deed of EDP S.A. with both companies was made on 20 May 2024.

Based on the predominantly centralized borrowing of financial liabilities at holding level or its financing companies, we classify the existence of structural subordination as not significant. Therefore, this has no impact on the issue ratings of EDP S.A., EDP Finance B.V. and EDP Servicios Financieros Espana S.A.U.

We have provided the long-term local currency senior unsecured notes issued by EDP S.A.and the above-mentioned subsidiaries with an unsolicited corporate issue rating of BBB / stable.

Long-term local currency senior unsecured notes issued by EDP S.A. and the above-mentioned subsidiaries, which have similar conditions to the current Programme for the Issuance of Debt Instruments, denominated in Euro and included in the list of ECB-eligible marketable assets, generally receive the same ratings as the current LT LC senior unsecured notes issued under the Programme for the Issuance of Debt Instruments. Notes issued in any currency other than euro, or other types of debt instruments, have not yet been rated by CRA. For a list of all currently valid ratings and additional information, please consult the website of Creditreform Rating AG.

Table 5: Overview of CRA Ratings I Source: CRA

Rating Category	**Details**	
	Date of rating committee	Rating
EDP S.A.	04.06.2024	BBB / stable / L3
EDP Finance B.V.	04.06.2024	BBB / stable / L3
EDP Servicios Financieros Espana S.A.U.	04.06.2024	BBB / stable / L3
Long-term Local Currency (LC) Senior Unsecured Issues issued by EDP Finance B.V.	04.06.2024	BBB / stable
Long-term Local Currency (LC) Senior Unsecured Issues issued by EDP S.A.	04.06.2024	BBB / stable
Long-term Local Currency (LC) Senior Unsecured Issues issued by EDP Servicios Financieros Espana S.A.	04.06.2024	BBB / stable
Other	--	n.r.

Creditreform Rating

Appendix

Rating history

The rating history is available under the following link.

Table 6: Corporate Issuer Rating of EDP S.A.

Event	Rating created	Publication date	Result
Initial rating	28.03.2022	07.04.2022	BBB / stable

Table 7: Corporate Issuer Rating of EDP Finance B.V.

Event	Rating created	Publication date	Result
Initial rating	28.03.2022	07.04.2022	BBB / stable

Table 8: Corporate Issuer Rating of EDP Servicios Financieros Espana S.A.U.

Event	Rating created	Publication date	Result
Initial rating	23.10.2023	27.10.2023	BBB / stable

Table 9: LT LC Senior Unsecured Issues issued by EDP S.A.

Event	Rating created	Publication date	Result
Initial rating	28.03.2022	07.04.2022	BBB / stable

Table 10: LT LC Senior Unsecured Issues issued by EDP Finance B.V.

Event	Rating created	Publication date	Result
Initial rating	28.03.2022	07.04.2022	BBB / stable

Table 11: LT LC Senior Unsecured Issues issued by EDP Servicios Financieros Espana S.A.U.

Event	Rating created	Publication date	Result
Initial rating	23.10.2023	27.10.2023	BBB / stable

Table 11: Short-term issuer ratings of EDP S.A. and EDP Finance B.V.

Event	Rating created	Publication date	Result
Initial rating	21.07.2023	02.08.2023	L3

Table 11: Short-term issuer rating of EDP Servicios Financieros Espana S.A.U.

Event	Rating created	Publication date	Result
Initial rating	23.10.2023	27.10.2023	L3

Regulatory requirements

The rating[4] was not endorsed by Creditreform Rating AG (Article 4 (3) of the CRA-Regulation).

The present rating is, in the regulatory sense, an unsolicited rating that is public. The analysis was carried out on a voluntary basis by Creditreform Rating AG, which was not commissioned by the Issuer or any other third party to prepare the present rating.

The rating is based on the analysis of published information and on internal evaluation methods for the assessment of companies and issues. The rating object was informed of the intention of creating or updating an unsolicited rating before the rating was determined.

The rating object participated in the creation of the rating as follows:

With Rated Entity or Related Third Party Participation	No
With access to Internal Documents	No
With Access to Management	No

A management meeting did not take place within the framework of the rating process.

The documents and information gathered were sufficient to meet the requirements of Creditreform Rating AG's rating methodologies.

The rating was conducted based on the following rating methodologies and the basic document.

Rating methodology	Version number	Date
Corporate Ratings	2.4	July 2022
Corporate Short-Term Ratings	1.0	June 2023
Non-financial Corporate Issue Ratings	2.0	March 2024
Rating Criteria and Definitions	1.3	January 2018

The documents contain a description of the rating categories and a definition of default.

The rating was carried out by the following analysts:

Name	Function	Mail-Address
Christina Sauerwein	Lead-analyst	C.Sauerwein@creditreform-rating.de
Esra Höffgen	Analyst	E.Hoeffgen@creditreform-rating.de

The rating was approved by the following person (person approving credit ratings, PAC):

Name	Function	Mail-Address
Philip Michaelis	PAC	P.Michaelis@creditreform-rating.de

On 4 June 2024, the analysts presented the rating to the rating committee and the rating was determined. The rating result was communicated to the company on 4 June 2024. There has not been a subsequent change to the rating.

[4] In these regulatory requirements the term "rating" is used in relation to all ratings issued by Creditreform Rating AG in connection to this report. This may concern several companies and their various issues.

The rating will be monitored until Creditreform Rating AG withdraws the rating. The rating can be adjusted as part of the monitoring, if crucial assessment parameters change.

In 2011, Creditreform Rating AG was registered within the European Union according to EU Regulation 1060/2009 (CRA-Regulation). Based on this registration, Creditreform Rating AG is allowed to issue credit ratings within the EU and is bound to comply with the provisions of the CRA-Regulation.

ESG-factors

You can find out whether ESG factors were relevant to the rating in the upper section of this rating report "Relevant rating factors".

A general valid description for Creditreform Rating AG, as well as a valid description of corporate ratings for understanding and assessing ESG factors in the context of the credit rating process, can be found here.

Conflict of interests

No conflicts of interest were identified during the rating process that might influence the analyses and judgements of the rating analysts involved or any other natural person whose services are placed at the disposal or under the control of Creditreform Rating AG and who are directly involved in credit rating activities or in approving credit ratings and rating outlooks.

Creditreform Rating AG ensures that the provision of ancillary services does not present conflicts of interest with its credit rating activities and discloses in the final rating reports any ancillary services provided for the rated entity or any related third party. The following ancillary services were provided for the rating entity or for third parties associated with the rated entity:

No ancillary services in the regulatory sense were carried out for this rating object.

For the complete list of provided rating and credit service ancillaries please refer to the Creditreform Rating AG's website.

Rules on the presentation of credit ratings and rating outlooks

The approval of credit ratings and rating outlooks follows our internal policies and procedures. In line with our "Rating Committee Policy", all credit ratings and rating outlooks are approved by a rating committee based on the principle of unanimity.

To prepare this credit rating, Creditreform Rating AG has used following substantially material sources:

Corporate issuer rating:

1. Annual report
2. Website
3. Internet research

Corporate issue rating:

1. Corporate issuer rating incl. information used for the corporate issuer rating
2. Documents on issues / instruments

There are no other attributes and limitations of the credit rating or rating outlook other than those displayed on the Creditreform Rating AG website. Furthermore, Creditreform Rating AG considers as satisfactory the quality and extent of information available on the rated entity. With respect to the rated entity, Creditreform Rating AG regarded available historical data as sufficient.

Between the time of disclosure of the credit rating to the rated entity and the public disclosure, no amendments were made to the credit rating.

The Basic Data Information Card indicates the principal methodology or version of methodology that was used in determining the rating, with a reference to its comprehensive description.

In cases where the credit rating is based on more than one methodology or where reference only to the principal methodology might cause investors to overlook other important aspects of the credit rating, including any significant adjustments and deviations, Creditreform Rating AG explains this fact in the credit rating report and indicates how the different methodologies or other aspects are taken into account in the credit rating. This information is integrated in the credit rating report.

The meaning of each rating category, the definition of default or recovery and any appropriate risk warning, including a sensitivity analysis of the relevant key rating assumptions such as mathematical or correlation assumptions, accompanied by worst-case scenario credit ratings and best-case scenario credit ratings are explained.

The date at which the credit rating was initially released for distribution and the date when it was last updated, including any rating outlooks, is indicated clearly and prominently in the Basic Data Information Card as a “rating action”; initial release is indicated as “initial rating”, other updates are indicated as an “update”, “upgrade” or “downgrade”, “not rated”, “confirmed”, “selective default” or “default”.

In the case of a rating outlook, the time horizon is provided during which a change in the credit rating is expected. This information is available within the Basic Data Information Card.

In accordance with Article 11 (2) EU-Regulation (EC) No 1060/2009, a registered or certified credit rating agency shall make available, in a central repository established by ESMA, information on its historical performance data including the rating transition frequency and information about credit ratings issued in the past and on their changes. Requested data are available at the ESMA website.

An explanatory statement of the meaning of Creditreform Rating AG’s default rates are available in the credit rating methodologies disclosed on the website.

Disclaimer

Any rating performed by Creditreform Rating AG is subject to the Creditreform Rating AG Code of Conduct, which has been published on the web pages of Creditreform Rating AG. In this Code of Conduct, Creditreform Rating AG commits itself – systematically and with due diligence – to establish its independent and objective opinion as to the sustainability, risks and opportunities concerning the enterprise or the issue under review.

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We have assumed that the documents and information made available to us by the client are complete and accurate and that the copies provided to us represent the full and unchanged contents of the original documents. Creditreform Rating AG assumes no responsibility for the true and fair representation of the original information.

Creditreform Rating AG

Contact information

Creditreform Rating AG

Europadamm 2-6
D-41460 Neuss

Phone: +49 (0) 2131 / 109-626
Telefax: +49 (0) 2131 / 109-627

E-Mail: info@creditreform-rating.de
Web: www.creditreform-rating.de

CEO: Dr. Michael Munsch
Chairman of the Board: Michael Bruns

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