



Investors & Analysts' Briefing

Reuters: EDP.LS
Bloomberg: EDP PL

EDP agrees to sell 80% of Pecém coal plant in Brazil

Lisbon, September 20th, 2023: EDP - Energias de Portugal, S.A. ("EDP"), through its fully owned subsidiary EDP - Energias do Brasil S.A. ("EDP Brasil"), has signed a Sale and Purchase Agreement with a group of Brazilian investors coordinated by Mercurio Asset for the sale of an 80% stake in the Pecém Geração de Energia S.A. ("Pecém") and, under certain conditions, a put option for the sale of the remaining 20% equity stake up to the end of the PPA contract, reflecting an implicit Enterprise Value of BRL1.9bn for 100% of the plant.

Pecém coal power plant, located at Pecém harbour in the state of Ceará in Brazil, has a 720 MW capacity and plays a backup function supporting the security of electricity supply to the Northeast region of Brazil, in which electricity consumption and renewables generation capacity have been growing steadily. The plant is contracted through a regulated capacity PPA that runs until July 2027, with revenues updated to inflation and adjusted for technical availability and dispatch decided by ONS, the Brazilian electricity system operator. Following a peak of high utilisation rate in 2021, due to the extreme drought in Brazil, the plant has not been dispatched by ONS over the last 16 months, given the recent high hydro reservoir levels in the region. The buyers have started studies for the conversion of the plant to other sources of fuel, such as natural gas and blends with hydrogen or biomass, through an Energy Transition Plan based on the best international decarbonization practices.

EDP will keep 100% management of the 1.25 MW renewable hydrogen project that was commissioned in December 2022 in the Pecém complex. EDP will continue to assess the potential to develop larger scale renewable hydrogen projects in the region.

This transaction is an important step forward on the delivery of EDP's strategic plan to be coal free by the end of 2025. Regarding EDP's last remaining 3 coal plants, located in Spain, EDP is actively working on the decommissioning plans for Soto and Los Barrios plants, which will require authorization granted by the electricity system operator, and also on the conversion of Aboño plant from coal to gas fired. In the meanwhile, EDP is developing just transition projects in these sites, in particular renewable hydrogen projects.

EDP's capex (97% aligned with EU taxonomy in 1H23) is focused on renewables and electricity grids. EDP aims to be all green by 2030 and is committed to a net zero target by 2040, which was approved by the Science Based Targets Initiative (SBTi) in March 2023.

The transaction is subject to customary precedent conditions.

This information is disclosed pursuant to the terms and for the purposes of the article 17 of Regulation (EU) No. 596/2014 of the European Parliament and of the Council.

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