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Analyst Briefing Transcript: 2025 Annual Results

Marissa Wong, Director – Investor Relations

Good afternoon. Welcome to CLP Holding's 2025 Annual Results Briefing. I'm Marissa Wong, Director of Investor Relations. Joining us today are Chief Executive Officer, Mr. T.K. Chiang, and Chief Financial Officer, Mr. Alex Keisser.

We've lodged our 2025 Annual Results Announcement with the Hong Kong Exchange at midday today. Both the Announcement and this Presentation are now available on the CLP IR website. This briefing is being recorded, and the archive will be accessible on our website later. Before we begin, please note the disclaimer on slide two.

We've added simultaneous interpretation this year – feel free to choose English or Putonghua. Today's briefing will start with T.K providing a business overview. Followed by Alex presenting our financial results. Then T.K will return to share our strategic outlook. We will conclude with a Q&A session – and we encourage your participation and questions.

With that, I will now hand over to T.K. to commence the briefing. Thank you, T.K.

Chiang Tung Keung, Chief Executive Officer

Good afternoon everyone. Thanks for joining us.

In 2025, our core Hong Kong business performed strongly, providing stability that offset market headwinds on the Chinese Mainland and Australia; and kept our overall results resilient.

The fundamentals of our business remain strong.

Our operational excellence continues to drive value across the Group – advancing critical projects that secure energy reliability and our transition to zero carbon.

In Hong Kong, we completed our smart meter rollout and maintained world class supply reliability despite facing a record black rainstorms and fourteen typhoons.

On the Chinese Mainland, we brought our largest wind farm to date into commercial operation, launched our first independent battery energy storage system and commissioned our second centralised control centre in Shandong.

In India, Apraava Energy achieved full commissioning of its 251 MW Sidhpur wind farm – its biggest wind project to date.

And in Australia, we completed outage programs at Yallourn and Mount Piper, enhancing its flexibility and reliability.

Our growth momentum is aligned with energy transition opportunities in our region. With a disciplined, value driven approach, we're advancing a pipeline of low carbon projects that will secure future earnings.

At the same time, we've taken steps to drive cost efficiency and strengthen our foundations. We completed Phase One of our ERP rollout in Hong Kong, advanced an enterprise-wide transformation at EnergyAustralia, and optimised head office operations.

We closed 2025 with healthy cash flow and a strong balance sheet . This financial resilience, combined with our growth momentum, gave the Board the confidence to increase the dividend, continuing our track record of delivering shareholder returns.

Turning to the highlights.

Financially, the Group's operating earnings before fair value movements were down marginally by 2% to over 10.6 billion Hong Kong dollars.

Total earnings were lower by 11%, driven by coal plant related items affecting comparability. Alex will provide details shortly.

The Board has recommended a final dividend, bringing total dividends for 2025 to three dollars and twenty cents per share, an increase of 1.6% from 2024.

Operationally, we achieved strong performance in safety and reliability, with a lower injury rate and reduced unplanned customer minutes lost in Hong Kong.

On the customer front, we added more accounts in Hong Kong, while competitive dynamics in Australia led to a decline in numbers.

In terms of generation, electricity sent out declined by 3%, reflecting lower coal output. At the same time, non-carbon capacity rose by 3%, driven by renewables and battery investments across the Group.

I'll now hand over to Alex for the financial results.

Alexandre Jean Keisser, Chief Financial Officer

Thank you TK, and good afternoon.

A summary of the key metrics.

Earnings Before Interest, Taxes, Depreciation and Amortisation, and Fair Value Movements, or EBITDAF, was stable year-on-year at 25.7 billion Hong Kong dollars.

Operating earnings before fair value movements decreased slightly by 2% to nearly 10.7 billion.

Adjusted for the fair value movements and items affecting comparability, Total Earnings was close to 10.5 billion, a decrease of 11%.

Capital investments declined 13% to 16.4 billion, with higher growth capex offset by the absence of the headquarters acquisition booked in 2024.

Total dividend for financial year 2025 was three dollar and twenty cents per share, representing an increase of 1.6%.

Let's go now into the details.

The Group's performance was anchored by a strong Hong Kong business performance. Elsewhere, earnings were impacted by market pressures, transformation costs, and one-off items.

Fair value movements on EnergyAustralia's forward energy contracts were less favourable compared to a year ago.

Several non-recurring items also affected comparability in 2025:

A six hundred and eight million impairment on two minority-owned coal plants on the Chinese Mainland was taken, due to lower demand and rising competition from renewables.

A three hundred and forty-five million redundancy for Yallourn's planned closure was also provisioned.

While a positive contribution of three hundred and ninety million was booked from EnergyAustralia's Wooreen battery, following the formation of our 50% joint venture with Banpu.

I'll now take you through the detailed performance and outlook for each business unit.

All variances will exclude foreign exchange to reflect underlying performance of the business.

Let's begin with Hong Kong.

It was another solid year.

Core earnings rose 7% to just over 9.5 billion, driven by continued capital investment and high operational reliability.

We also proactively refinanced debt in a favourable interest rate environment to lower interest costs.

Capital expenditure was 10.6 billion, focused on growth and decarbonisation, supporting the Northern Metropolis development, data centre expansion, grid upgrades, and completing the smart meter rollout.

Electricity sales dipped slightly, reflecting milder weather and a high base in 2024.

However, demand from data centres continued to grow, reinforcing their role as a key structural growth driver.

We continue leading Hong Kong's low-carbon transition – investing and partnering across sectors from transport and shipping to buildings.

Looking ahead, our focus remains on three priorities.

First, continue delivering safe, reliable electricity at a reasonable tariff.

Second, deliver the 52.9 billion Development Plan – expanding infrastructure in growth areas and strengthening grid resilience to support Hong Kong's future.

And third, support Hong Kong's zero carbon goal by completing the Clean Energy Transmission System and working closely with Government to increase zero carbon imports.

Now turning to Chinese Mainland.

It was a challenging year, shaped by transitional supply-demand imbalances: softer demand and resource variability.

Earnings declined 12% to 1.6 billion, mainly from Yangjiang nuclear and renewables.

Yangjiang's contribution fell due to a higher share of output sold at market tariffs, where prices were lower.

Renewables were impacted by historically low wind resources and higher curtailment of approximately nine percent across the portfolio, particularly in Jilin and Gansu. Conditions improved as the year progressed in key provinces like Shandong and Jiangsu, with easing tariff pressure.

Our minority coal portfolio saw reduced dispatch from lower demand.

Nevertheless, operational performance continued to be strong. Energy sold increased across the portfolio, with Daya Bay nuclear delivering another standout year.

We also commissioned one new wind and three new solar projects – adding to earnings.

And we received a record amount of renewable energy subsidies – boosting our cash flow.

While our annual contracted GEC and PPA volumes with corporate customers increased, supporting short term earnings visibility despite a softer pricing environment.

And finally on the development side, out pipeline remains healthy at over one gigawatt.

Looking ahead, Daya Bay will remain a stable contributor, while Yangjiang will face increasing market tariff exposure.

For our minority coal assets, earnings should remain stable. Higher capacity charges under Policy 114 are expected to offset the removal of the floor price.

The outlook for renewables is sound. Market fundamentals are stabilising, and tariff pressure looks manageable.

Importantly, we've had success under Document 136. We secured full eligible mechanism tariff volumes for four projects, locking in attractive rates for the next 10 to 12 years, providing solid, long-term revenue visibility.

Our capital strategy remains disciplined. And we're exploring efficient funding options, including onshore Panda bonds and strategic capital partnerships.

To EnergyAustralia.

Overall performance was impacted by tough retail conditions, and a combined 300 million impact from a one-off tax expense and upfront transformation costs.

In generation, the fleet performed well. Mount Piper ran reliably, and our fleet operated flexibly to capture optimal pricing outcomes in a period of less volatility, effectively offsetting Yallourn's lower output and Mount Piper's higher coal costs.

Retail remained challenging. Intense competition and cost of living pressures led to margin compression, loss of customer accounts, and higher bad and doubtful debts.

That said, we saw improvement in the second half, with early benefits from cost initiatives and re-contracting activities starting to materialise.

We booked upfront costs under the Enterprise segment, tied to the multi-year transformation program launched in 2025. This strategic investment includes our partnership with Tata to streamline IT operations and corporate functions. Separately, we are evaluating billing and CRM platforms to simplify and digitise the business.

Earnings were also impacted by the one-off tax expense arising from changes in tax law that limits the deductibility of interest expenses on shareholder loan.

On the positive side, finance costs declined, driven by lower average debt levels and reduced interest rates.

We also settled the maturing shareholder loan and put in place a smaller, more flexible perpetual note, an equity classified instrument with no fixed repayment obligation – to strengthen EA's balance sheet.

The net result was operating earnings of 85 million, reflecting the combined weight of retail performance, transformation investments, and the tax one-off.

Looking ahead, EnergyAustralia is focused on four key actions.

First, optimising our generation portfolio. Leveraging our flexible fleet to respond to demand and capture value, in an evolving NEM with high volatility.

Second, building on second half momentum in retail to improve margins through targeted customer strategies, ongoing cost-out and platform transformation.

Third, executing our enterprise-wide transformation to deliver a leaner, more efficient operating model by 2028.

And lastly, delivering new flexible capacity. We're advancing over a gigawatt of new batteries and pumped hydro projects, with Wooreen on track for 2027, laying the foundation for stability and earnings growth.

Moving to India.

Our joint venture platform, Apraava Energy, delivered solid underlying performance, however reported earnings were impacted by one-offs.

Headline results were down 29% primarily due to an 82 million one off impairment on KMTL transmission. This compares to 2024 results that included one-off gains totalling 55 million.

Excluding these one-offs, our underlying operating earnings improved.

Renewables delivered higher output, thanks to higher wind generation and the full commissioning of the 251 MW Sidhpur wind farm. Solar remained stable, and we saw additional interest income from delayed payments.

Transmission had solid availability and earnings from our two operating lines.

Our smart meter portfolio is scaling up, with more than 2.5 million meters installed and growing contributions as rollout accelerates, with another 7.2 million meters to be installed.

Jhajjar's thermal output was lower, but the plant maintained high operational efficiency and reliability.

We continued to drive an ambitious growth pipeline. Eighteen projects won within three years across a diversified portfolio, for an equivalent of close to two gigawatt capacity.

Looking ahead, we remain focused on portfolio decarbonisation and sustainable growth.

A key milestone will be the sale of our Jhajjar coal plant, which is on track to complete in the first quarter. This sale will unlock capital for reinvestment and is expected to generate a gain.

With a clear path to decarbonise and a robust pipeline, Apraava is well positioned to capture India's significant energy transition opportunities – and continue to deliver value to shareholders.

Finally to Taiwan Region and Southeast Asia.

Earnings declined to 179 million.

Ho-Ping's contribution in Taiwan was lower due to lower recovery of coal costs, while Lopburi solar in Thailand remained stable.

We also incurred higher development and corporate expenses as we explore new opportunities in the region.

Looking ahead, Ho Ping will focus on managing fuel costs.

More broadly, we're assessing opportunities with long term contracts across Taiwan Region and Southeast Asia as part of our growth strategy.

These markets benefit from strong economic growth, supportive policy settings, and utility scale projects offer attractive potential.

We're currently evaluating opportunities including renewable energy projects in Taiwan and cross border development linking Laos and Vietnam, and will proceed with the right partners and funding structures in place.

Turning to cashflow.

Free cash flow generation was strong, up 1.6 billion to 22.6 billion, driven by solid EBITDAF and fuel cost recovery from declining fuel prices from our Hong Kong SoC business, alongside receipt of renewable subsidies from the Mainland.

With our new headquarters completed in 2024, overall capital spend came down.

Total cash outflows were 22.6 billion, made up of 14.6 billion of capital investments and 8 billion of dividend payments.

Of the 14.6 billion of capital investments, 11.2 billion was invested in our Hong Kong SoC business, and 3.4 billion was spent on renewable projects on the Chinese Mainland and Wooreen battery in Australia.

Cash payment for dividends was higher, as a result of the higher final dividend for financial year 2024.

Finally, our financial structure remains strong, with a slight increase in Net Debt.

Our liquidity remains sound with around 29 billion in available facilities to meet business needs and contingency.

The team has successfully raised over 17 billion Hong Kong dollars debt for the Hong Kong SoC business, in addition to the re-financing of the 500 million US dollar perpetual capital securities, all with competitive credit spread.

Our prudent financial management continues to be recognised by rating agencies. S&P and Moody's reaffirmed our strong investment-grade ratings for CLP Holdings, CLP Power, and CAPCO, all with stable outlooks.

And finally Moody's has upgraded EnergyAustralia's outlook to Positive on its investment-grade Baa2 rating.

I'll now pass it over to TK for the strategy update.

Chiang Tung Keung, Chief Executive Officer

Thanks Alex.

Energy security and decarbonisation are the critical forces shaping our industry's future, and CLP is committed to leading this transition.

Our strategic priorities are clear and centred on: balanced growth, decarbonisation, and financial discipline.

Hong Kong remains our cornerstone. It's stable, regulated framework provides predictable returns and dependable earnings that are fundamental to our strength.

We're executing the 52.9 billion, 5-year Development Plan to deliver safe, reliable, and affordable power while supporting government's economic and infrastructure agenda, and accelerating the city's energy transition.

A major focus is modernising and expanding our power system to meet future demand – from the Northern Metropolis, a 300-square-kilometre development that will house 2.5 million people, to the rising needs of data centres and electrified transport.

This disciplined investment delivers for Hong Kong, and builds a solid platform for sustainable growth.

Building on that foundation, we're targeting growth in fast-growing energy transition markets in our region – and doing it with discipline.

Our strategy is firmly value-over-volume. Each investment must meet our minimum return requirement.

The goal is to build durable, recurring earnings while ensuring diversification.

China led global renewable energy in 2025, adding nearly 450 gigawatts of solar and wind; and now reinforced by the Government's landmark pledge to reduce emissions by seven to ten percent from peak levels.

We're participating in that growth — but selectively.

In 2025, we added half a gigawatt of renewable, which is modest compared to the national scale.

Reflecting our calibration to ongoing market reforms, we have adjusted our development target from six to five gigawatts of renewable energy by 2030.

We're prioritising quality opportunities with long term earnings visibility.

This means focusing on high demand regions with strong resources and grid access, expanding at existing sites where we already have scale, and securing long-term green power contracts or GECs with corporate customers.

Encouragingly, we've had success post Document 136 implementation, with four projects across Hebei, Yunnan and Shandong, each securing full eligible mechanism tariff volumes, totalling around one gigawatt, at attractive prices and long tenors, supporting long term revenue stability.

Importantly, our growth in China is being structured to be self-funded. From 2026, we plan to tap into onshore financing, like Panda bonds, and bring in strategic partners through a Clean Energy Fund.

It's a model we've already proven in Apraava, and we're applying that same capital discipline here.

India's commitment to clean energy is clear – targeting 500 gigawatts of non-carbon capacity by 2030, alongside massive grid modernisation for greater efficiency.

This creates a powerful backdrop for Apraava's growth.

As our self-funding joint venture, Apraava is scaling up across the low-carbon value chain: wind, solar, transmission, and smart meters.

In the last three years, Apraava secured 18 projects across a diversified portfolio. All backed by long-term contracts that lock in stable, attractive returns.

Today, it has around 2 gigawatts of low-carbon projects underway, targeting 9 gigawatts by 2030. As part of a diversified portfolio, the business will begin to explore opportunities across commercial and industrial customers and battery storage.

Apraava Energy is a capital efficient growth platform, enhancing both our earnings and long term growth profile.

To Australia.

In 2025, solar and wind hit new milestones, supplying over 50% of the National Electricity Market in quarter four.

This is a clear sign of where the market is heading.

Our focus is on firming this increasingly renewables heavy grid. We're investing in flexible capacity that supports reliability and captures value as volatility grows through Australia's decarbonisation.

EnergyAustralia has over one gigawatt of new dispatchable and firming capacity slated to come online in the next three years.

We've made strong progress on multiple fronts.

Over the last two years, we've secured government support for three key battery projects – Wooreen, Hallett, and Mount Piper – under the Federal Government's Capacity Investment Scheme.

These projects benefit not just from policy tailwinds, but also from existing land, grid connections, skilled local workforces, and EnergyAustralia's growing development capabilities.

Our partnership model is delivering results. We launched two major collaborations in 2025: the 351 MW Wooreen battery with Banpu, now under construction, and the 335 MW Lake Lyell pumped hydro project with EDF, in development.

EnergyAustralia will remain self-funded, using partnerships and project financing for large projects, EA's balance sheet for smaller ones, and long-term contracts for projects outside our asset footprint.

With a clear plan to reduce costs, a more flexible fleet, and a strong pipeline of new capacity, EnergyAustralia is well-positioned to deliver reliability, resilience, and value in Australia's evolving energy market.

Let me touch on our capital allocation approach.

It can be summarised as: invest for growth but within our means, while protecting financial strength and delivering shareholder returns.

Our foundation is solid: A strong cash generation profile and solid investment-grade credit rating give us the flexibility to fund both operations and growth.

Hong Kong's sustained asset growth underpins stable and predictable cash flow, supporting our consistent dividend.

Beyond Hong Kong, we apply a disciplined lens to every investment. We prioritise capital for projects that are strategically aligned and meet our return thresholds.

We also run our established businesses with the objective of financial independence – maintaining standalone credit profiles and tapping diverse funding sources.

We will leverage capital recycling and business model options, including partnerships such as the Clean Energy Fund on the Chinese Mainland, for efficient use of capital.

By adhering to these principles of discipline and diversification, we'll drive steady, long-term earnings growth.

Finally, our core capabilities are what enable everything I've described.

For CLP, it starts with operational excellence. That means consistently delivering strong performance across the energy value chain — through efficient operations, reliable networks, and great customer experience.

We've strengthened grid resiliency, modernised our infrastructure, and leveraged technology to improve efficiency – all of which underpin our reliability, cost discipline, and safety performance.

Two critical enablers support our strategy: our people and our digital transformation.

We're investing in our teams — reskilling and upskilling our workforce, and fostering a culture that embraces change.

At the same time, we're embedding digital solutions across the business. A key milestone was deploying our ERP system in Hong Kong, alongside a digital literacy program that has reached thousands of employees, helping to improve efficiency and decision-making.

These capabilities are interconnected and reinforcing. Together they give us the competitive edge to meet the demands of a rapidly evolving energy sector.

We face the opportunities of energy security and decarbonisation with discipline and purpose, and with a clear focus on delivering sustainable, long-term value for our shareholders.

I'll now hand over to Marissa to facilitate our Q&A session.