António Mexia

So, I'm back again for the final part. I think that what I would like to stress is – start stressing in this last part is: we are aware that the environment is tough. We are aware of the risks. Avoiding denial is critical as I've mentioned at the beginning in this sector. We know what we face. We know how to solve the issues. We know what we have to do. And the basic thing is if we split this in terms of energy, political and regulatory developments, financial markets, and economic environment, of course, the risk being bigger because it's still bigger the size of the cake in Iberia, we understand that in terms of our market positioning we are where we should be to cope with these risks and to believe in what – firmly believe being firmly convinced – about what we are committing here today.

In addition by the way, we like to be committed and we like to be then evaluated and tested by this. So, the hedging in long positioning clients, also in terms of Brazil, it shows that our positioning toward those market risk is quite adequate. I believe that we start even in the political risk environment in seven countries.

We see that both Portugal and Spain have today balanced systems that don't need new measures – it's the opposite, if anything, it should be the opposite. We have been able to focus in the market where, by the way, the returns are better and where you have strong fundamentals, structurally in U.S – it's where, basically, we are focus with two-thirds of the new additional in renewables. And the recent news as João Manso Neto mentioned they are good. The financial markets, the financial liquidity – even if as Nuno mentioned today is less exciting to have a lot of cash – but also the ring-fencing, the inflation linked revenues in terms of what concerns economic environment, and also it was already stressed today the low exposure to demand dynamics. I think this is good. But this slide was to mention we know what we are facing.

So, the idea is, we have five-key drivers, five-key elements for the strategy. The focused growth, the financial deleveraging, keeping the low-risk profile, reinforcing efficiency, and deliver attractive returns. And these are the principles; long-term contracted renewables, reinforce visibility on cash flow, strong weights of regulated and long-term contracted, efforts on efficiency, and sustainable and predictable dividend policy, consistent policy. So, balancing growth and leverage, focus on profitability and shareholder return. It should – it looks somewhat obvious, the question is to do it. First to understand it and then to do it, and we have been able to do it.

Let's go around growth of the five steps to remind some of the key elements and some of the key figures. For growth focus: renewables. As we have seen 84% of the net investment between 2016 and 2020 is regulated and long-term contracted. The only part that is not there is the conclusion of the hydro project in Portugal and also as Miguel Stilwell mentioned, the upgrade that we are doing – by the way, with double-digit return and the first figure is not the one – in what concerns the coal-fired plant in Spain.

So, clearly we have – we keep our nature. We keep what we like. We are focused in what we really want. And out of this, we have already visibility on 55%. We now already earmarked who is supposed to do what – in which place in which moment with dates, names and dates. So, this is very important in hydro in Brazil, in Europe, wind Brazil and Mexico, U.S. and Canada, and we are currently already negotiating a big chunk what is supposed to be the additional growths on the U.S. So, the €1.4 billion in the period in a profile both secure and visible.

Financial discipline. The order in the document is different but I prefer to start here. Typically, what I see is we have – our vision is we are going to invest in the next two years, 33% of the EBITDA then around 39% but clearly below the average of the period between 2012 and 2020. So, we are pragmatic. And by the way, I think that this sector really needs pragmatism. So, clearly we understand that being focused on where we invest and I would like again to stress we are not shooting everywhere. We are not in a stressed situation to avoid or to give the image that we are leaving the old part of the business and running into a new one, namely renewables because we have started rather sooner than others and at any cost in any market. So even there, I think that we are different from other players. And I don't mind to strap that difference because I think it's a very important difference that will payout in the future. Because it's not just winning, it's earning cashing in from the wins that you have. So, clearly, this is important.

The asset rotation is part of this, its crystallizing value is, of course, being able to – as João explained – sell with this return and reinvest at this return. I think it's a really no brainer in a dose that is basically established and at the same level that we have anticipated in the last months, and most of it already done.

The partnership of CTG, once again, important. We are doing what we have committed to: giving visibility until the end of the year of all the framework agreement and having cashed in or visibility about at least €1.7 billion and the rest already foreseen in what concerns a total of the €2 billion.

And of course, some potential small scale, we have been – I think we have been smart on these moves and of course, we intend to be awaken. So, lower net investment and the pragmatic approach and very focused approach – so financial discipline.

The second thing, financial discipline. Miguel Setas has already explained this. This is immediately accretive in Brazil. Of course, we are in a very different environment from what happens in Europe because I'm replacing debt at this costs and not costs almost close to zero. So, it's a very different framework where you can consider about rights issue here or elsewhere, so very, very, very different. So, the strengthening of the capital structure also the strengthening of the rating that is important to that country to reduce the financial cost, to capture fiscal inefficiencies. So all of these is very clear, but it shows also that we are committed to this market.

We have always stated, we have been there for the last 20 years. We did the IPO 10 years ago. We like the design of the market much better than the European markets overall. It was sometimes ill-implemented. But clearly, the sector today has really good fundamentals and we are committed to the Brazilian market. And I believe that instead of being overexcited when everybody is overexcited or depressed whenever everybody is depressed, we like to get in when people like to get out and we like to get out when people like to get in. So typically, we've been consistent, and I think it's a moment where typically we have a positive vision in what's concerned in the medium-term consistency of the market.

Now, going on the third block: low risk. We are young, young in a sense that average residual life of EDP is clearly one of the longest average residual life among European utilities. A lot of the discussions that we have been seeing in the last year in Europe is about how you deal with your old stuff. And clearly, we have – it's a problem that we don't have. And the fact, that we have this average residual life also gives additional visibility about the cash flows into the future. We have just cropped in into an analysis of one of the people in the room and we see that we are moving our net debt – our EBITDA in the right direction. And at the same time, increasing the residual asset life in a very – and even considering here only 25 years for wind, okay? But I think it's an important thing that sometimes is forgotten, but it was already mentioned when we talked about write-offs. But it also has to do about the visibility into the future.

Low risk, I don't want to repeat. This was already told several times, but what is interesting to see in this graph is that we started in a company that was basically the long-term part contracted was mainly the CMECs. And we have been able to replace this with a strategy with other – in a totally new – it was at that time totally new portion of the business with renewables. And we will be still at the top in what concerns utility, integrated utility sector and what concerns regulated activities.

So, we – and by the way, at the same time, we have improved geographic diversification, high rates of renewables and the regulated networks in Iberia and Brazil are also key contributors. So, I believe that the journey until 2020 confirms what we have always stated. But I think it's an interesting chart.

Low risk again, renewables increasing from 71% to 76% by 2020 and also the CO2 emission reduction.

This was a side slide some years ago. Now, it's at the core. In any case, we need always to understand exactly what is our position towards this issue because we believe that sometimes people believe that the pressure will not be for tomorrow, but it's good that we will be sure for the day after tomorrow. And I'm not talking about years, I'm talking about days. So, clearly, that strategy is paying off and the fact that together, this treatment with long-term contracted, I think it's the right mix.

Low risk again, sustainability. Sustainability – another, sometimes difficult world like strategy. Strategy, there was – eventually have lost part of their meaning because people have used them so often and sometimes so wrongly that they have lost part of their power, but I think that strategy is about the right choices. And I think that sustainability is about what? Creating the conditions to face all those challenges: market, political, regulatory, technological.

We have an enormous amount of items that puts ourselves in middle of the revolution in the sector. If you are in a revolution, the best way is to be preparing for the revolution. Namely in technology, a client-centric system clearly compare to what was even five years ago. And for this, you need to have this totally incorporated in our culture, in your mindset, in all your items, in your all process, in all the decisions that you take and in all the teams that work in the company. And today, that's obvious, we have here today not only the board but IR, Energy Management, Regulation, Consolidation. We have here with us the key people not because it's sunny in London, but also because they have worked – we have been working together at different levels in the company to be able to develop always this vision but also the execution capabilities. That's critical.

So, achieve, we have change our commitment to achieve 75% of clean capacity by 2020, surpass 90% of smart meters in Iberia, invest in innovation, energy efficiency product to reduce consumption from our clients.

All this is clear, the behavior today is totally related with reputation and reputation is related to credibility, and I think that this link is today important: reduce emissions by 75% until 2030 versus 2005; environment certification; circular economy and promote energy efficiency; valuate environment externalities; keep employment engagement always above 75%.

A detail, each two years typically we do a survey with the 12,000 people that work with us. 95% of the people answer the test – so that takes at least one hour to answer and giving their opinion and anonymously, by the way, we are not checking on a case by case. But now exactly what is going inside the company and how people live the change and how people meet the challenges and live the commitments. Because if not, if we make commitments in this kind of rooms and then elsewhere the decency is enormous, it will be much more difficult.

By the way, one of the good things in this company is that the time lag between somebody have an idea, or a good or bad or what's the reaction or instruction between these and the CEO of any company of the group or CEO of any, and or the CEO of the group, is much small than any other company in Europe. And I think it's very important this. You can check there are people in the room that can certify for this.

But then promotes diversity, it's, of course, important. We want to increase the number by 15% of women in this period, achieved 100% of health and safety certification, we call above 80% of clients, full feedback assessment for stakeholders. We have I think a very strong and powerful stakeholder and reportage, and also volunteering. So value, economic value, climate, people, trust, this is today totally indispensable.

Reinforce efficiency, annual savings. It goes along culture, but let's keep the old part of cost savings. This has been really there. We have a commitment to reach the €200 million that will until now, between now and 2020 will present €700 million of cost savings as a stock. But on an annual basis, it will be €200 million in 2020. With an effort that is marked, earmarked for each company and business segment, business unit. And also, between HR, O&M, IT, and clients. So, typically we have identified on this terminated for what everybody has to do to cope with this agenda.

Then number five, sustainable dividend policy. Here the key word is consistency and credibility. It needs to be consistent, consistent with what we believe, consistent with what we have been doing, but especially, consistent with the business plan. And I believe that the three key elements – the payout ratio between 65% and 75%, first element.

The second, we are going to propose, of course the shareholders will decide in annual meeting, but we will propose an increase by 3% to €0.19. And whenever we move the floor, by the way, we weren't the first when, I believe, not the first the second to introduce the concept of a floor and we have respected the floor. We didn't went underground. We have respected the floor. We will move and this will be the new floor. And then, we will grow accordingly to the EPS growth.

So, we want a sustainable approach, credible. We are not trying to have short-term solutions or whatever. We are really committed to something that make sense, sustainable and consistent. And by the way, as Nuno mentioned, this represents between 40% and 45% of our organic free cash flow. So, it makes sense. So, it makes sense.

So, this is the final page. By the way, as soon as the document was delivered, everybody start flipping from the end. It's normal. So, probably you have already seen this page. But before making the resume of this page, I wanted to talk about when you look into the future, you need to be sure that people tend to do what they have stated. And clearly, until now, we said no to expensive acquisitions. We have said no to rights issue. We have said no to script dividends. We have said no to acquisition to disguise our mistakes. Everybody does mistake. The question is to minimize them. We have not entered into fashion geographies namely, in some countries, more to the right where people have lost enormous amount of money but everybody was rushing there. We have not play the game of write offs. We didn't went to the upstream and I must confess that we have considered some of these, because we need to consider even if to say no, then we have to say no but we need to think if it makes sense to say no.

We said yes to renewables I think in a good moment, acquiring debt to those positions. We said yes to take opportunities where everybody saw problems like Pecém. We said yes to non-regret decisions like selling some gas assets, regulated gas assets last year, to be able to reinvest them in the same area with a huge-value difference.

We said yes to asset rotation in a moment where eventually that instrument was not perceived by everybody as something that would make terms. But we preferred, by the way, these to some our other alternatives that I remember in certain moments in roadshows everybody was pushing, why are not you doing exactly what everybody is doing in terms of YieldCos, for example?

I think that we have proven that this solution is better. And I think by the way, it's probably the third time that you have mentioned this but I'm still very pleased with the results namely of the last deal of champions, that João already mentioned.

We said yes when everybody was hesitating on U.S. market saying that U.S. market is going to die, it's not going to be interest because it depends, it's so cyclical. And then we were ready to be – we are ready to as soon as the demand was there to answer on a very quick way. It's better this than just be in a rest to find a new market more exotic, where sometimes, basically, you get paid 5% or 6% instead of 9% or 10%. I prefer 9% or 10% in the U.S than 5% or 6% in other geographies that I don't mention.

So, typically, I think that the yes and nos have been consistent with what we are targeting here. The yes and nos reflect exactly what we are going to do between now and 2020. The choices and the way how to do those choices, and how to execute those choices are basically respecting our culture. And hopefully, before we go this I have picked some items that people were expecting to be – have clear answers in a day like this.

Deleveraging strategy at the core and very clear. Just one sentence for each one. Dividend sustainability. I think the answer is clear: consistency. Tariff deficits in Portugal: sustainability. Growth in renewals: focus and visibility. New efficiency plans in regulated business: discipline. The figures are there. Profitability and generation activities in Iberia: premium mix and visibility on the post-CMECs, and I think that clearly the information was very detailed today. Brazil: prepared, ready. Regulatory risk: daily agenda, we are focused. Partnership with CTG: on time, win-win situations.

So, if I list some of the questions at people around the room would have, I think that we have given figures and clear answer, hopefully. At least it’s my interpretation of all of these. So, the figures are clear. Some of those were already mentioned by the team, by everybody, by João, by Miguel, by Miguel, by Nuno. And here, I think it's a good slide: focused growth, EBITDA 3% with a net investment. The deleveraging: the three times with FFO over net debt of 24%, the average cost of debt 4.2%. Keep low risk profile: renewables 75%. Reinforce efficiency: strong commitments €700 million, and €200 million on 2020, and the OpEx over gross margin going – it was 38% in 2005 to 26%. And the payout: 65% to 75%. The dividend floor – the new dividend floor in 2016 ended – increasing by 3% next year and the earnings per share along the period to increase by 4%.

I think the message hopefully is clear. I thank everybody attention. And now, the only thing that I would like to share with you is we have also changed our signature. We have some clients of EDP in the room. But it shows that always present, always future. But also because we are turning 40. We don't have a middle age crisis. You can be sure. I think the sector is leaving – a lot of companies in the sector are leaving that middle age crisis. We are not leaving that middle age crisis. I can assure you we know exactly how – and I think the residual life shows how we feel strongly about this and all the choices. But we are turning 40 years in any case.

And before we go to the Q&A that eventually, it would be rather short because you're hungry and you want to have lunch because we have also to spend the afternoon with us, unless you are so satisfied that no doubt that you want to leave and take advantage of the sun in London that we've brought from Lisbon, by the way.

So, clearly, let's just see a moment where it shows how involved we are with our client basis and shows – it was discussed internally and it translates what we want to give always. The right light signals inside the company, to the clients, to the shareholders, basically to all the stakeholders. This is about giving the right light signals. It's a commercial that has started two days ago in Portugal TV. Thank you very much.

[Video Presentation] (02:54:07-02:55:33)

Miguel Viana
So, we can start now the Q&A section. Just waiting for the rest of the presenters to join. First question, from Macquarie, José Ruiz, please.

José Javier Ruiz
Thank you. Just two very quick questions for Mr. João Manso. Can you share with us what has been the share of minorities in the post-tax earnings by 2020 in EDPR?

And second question is if you can confirm that you are not including in your target of growth of net earnings the extension of useful life of wind farms? Thank you.

João Manso Neto
So, regarding the first question. So, the weight of minorities will be rather stable in terms of during this business plan, will be about 35%.

Regarding the second question. Yes, I confirm. The numbers I gave don't include any possible extensions.

António Mexia

Just in what concern shares of minorities at EDP level what we have seen for – what we anticipate for 2020 was – is at the same level what was already presented two years ago for 2017. So, it's a clarification that I want to give. So, in 2020, we will be as expected in 2017. So, it's not growing in the group.

Miguel Viana

Martin Young from Royal Bank of Canada.

Martin Young

Yeah. Two quick questions from me as well. You didn't mention the assumptions around tax and it's growth through to 2020. So, could you say something about your expected tax rate, that cost that period, and also what you expect for 2016 tax rate given the movements that we saw last night in your Q1. And then, the second question is about the extraordinary contribution that you're currently paying in Portugal. What are your latest assumptions about the evolution of that across your business plan period. Thank you.

Nuno Alves

Corporate tax – average for the period should be 26% and then in a couple of years, there will be some benefits but you'd have to deduct to the 26%. But typically if there's nothing special, that's the average rate you should use, 25% to 26%.

António Mexia

In what concerns extraordinary contribution let's be clear: this tax should already be out of the system. We are aware that, of course, it's already in 2016. In our basic figures, not because we accepted to be, but we consider that it will stay in 2017 and it will have a progressive reduction as it was already anticipated prior to this, on a phase out until 2020.

But let's be clear, it's a tax that is non-efficient, discriminatory and we will of course do what we have to do in what concerns removing what some think that does not make any sense or fair positioning. It's because it's not only our company. It's the sector by, as a whole, the energy sector. So, but we have been – not to be – to give figures that are based on optimistic vision but it's not to say that we are not working, we are not doing what we need to do to fight for what is fair and efficient.

Miguel Viana

Next question from Lawson Steele from Berenberg.

Lawson Steele

Thank you. First of all, perhaps, António, could you comment on carbon? I know you've been very positive in the past coming through your Eurelectric presidency. And you sort of, at that time, go back a couple of years or so hoping that the carbon might reach €15 per tonne. Obviously, you haven't saw, as kind of disappointed to both. Just a general comments on how you think the French decision on 1st of July may sort of spill over to Spain and Portugal, et cetera?

Secondly, on cost cutting, could you mention the implementation cost please and how does this split over the five years and whether or not you're treating those as ordinary or extraordinary in your net income guidance?

And then on the tariff deficits receivable in Portugal, what could derail the production in receivables in other words what commitment is there to allow or grant tariff increases of 1% to 2% per annum as you’ve said? Thank you.

António Luís Guerra Nunes Mexia

Okay. We'll talk about CO2 and tariff deficits, and then Nuno is the gatekeeper of the cost cutting, of the team of the cost cutting. CO2 is the variable that has changed last and fortunately compared to what we expected two years ago. I think that everybody believes that it will move – when it starts moving it will start moving faster than expected. So, the question is exactly when.

I believe measures like the French one are good, they put pressure to have a more global approach at this at the European level. So, I think the fact that you have already in UK, the fact that we are considering this in France is really the signal that if you want the market, the so called markets we have a role in – in taking carbon out of economy, the first ideas to have the right price. So clearly, hopefully, this will put additional pressure.

Whenever we talk in Brussels, everybody understands that we should be talking to the easily between – at least in the corridor but even in the official meetings – between 15 and 20, sometimes people talk about 20 in 20 but we have already even commissioners talking about 20 next year. What they would like to see. But it's a question that clearly, I have no answer, but I think also MSR as being underestimated the power, so we it will start having more impact on this. So, if anything, we will be contributing to a debate on a most dispensable CO2 price increase in the market. I don't know if you want to answer João.

In what concerns the cost cutting – tariff deficit, how it derails. Miguel Stilwell has already mentioned one thing that is important. The fact that you have a social tariff keeps also the discussion about any tariff increase but much more rational and much more framed in what concerns on an average bill in a country where you have 55 – an average bill that's a round figure 55 at 2% increase means 1€ a month.

So, even if the inflation is – would be zero, if we increase 2% above the inflation, we are talking about €1. So, I think the system is design in a way that you can have a normal discussion – normal decisions in what concerns these, these variables. By the way, we have proven that it was the case in the last three years in a row. With increases that respected that principles so I don't anticipate any need if the tariff deficit is supposed to be unwind until 2021 and when you compare to Spain where it's supposed to stay for longer. It's supposed to stay until the end of the next decade. You could move differently but I don't see any reason why to change this now because we are talking totally manageable tariff increases.

Costs?

Nuno Alves
Lawson, I don't know if I understood your question. Essentially the way we measure the cost is straightforward. It's – you do – you calculate what the cost should be under doing nothing, so you would include inflation and the upscale in the cost, and then by doing something you reduce those cost. So, you compare those lines and that's the cost you save and that's what we've been doing in the past. None of this cost are considered as extraordinary, okay? So, they come clearly from the accounting page of services and personnel. Those are the two lines that count.

Lawson Steele
Sorry. Just to give a clarification. What are the costs involved, implementation costs involved?

Nuno Alves
I would say that the cost already exist because it's totally developed in-house. So, we've clearly in the first round of this we had external consultants involved but they left us the

tools, so we've got the software and since then it's sure. It caused a bunch of meetings between people, but it's all internal. So, we have no external cost for that.

Miguel Viana
And next question, Antonella Bianchessi from Citi.

Antonella Bianchessi
Yes. Hello. Good morning. Just three questions. The first one is that you mentioned that there is a lot of risk over the next few years also related to the rates. Why don't you accelerate the securitization of the tariff deficit? Is this a possibility, is this something that you are considering?

The second question is on EDPR. We see the CapEx skew towards the end of the decade. If you were to see an opportunity, a value-creative opportunity, would you reconsider the stake EDP owns in EDPR to, maybe, favoring the acceleration of the CapEx and the acceleration of the growth of EDPR?

And finally, on your generation strategy in Portugal, you are discussing about the coal margins and also the pump storage opportunity. Do you see any risk that the technology and the CO2 and some – will kind of reduce the contribution of those assets to your profitability in the medium term? Thank you.

Nuno Alves
So, securitization, as shown on the business plan, I think it was €800 million this year and the next. And then, going down to €500 million a year. What I can say today is that €800 million has been done. And at least for 2016, we can revise the guidance to well over €1 billion. So, as – we can have that. I think that answers your question more directly.

António Mexia
In what concerns changing our stake in EDPR. At this stage, changing anything is not in our agenda. In what concerns pump storage, the only thing is: in any case is always the cheapest technology. So, if anything in the world where you have renewables and water together they – by the way, they work very well together: it's good to have pumping when you have, in countries where you have a lot of wind and as you know Portugal has the second in Europe in terms of share – so, I think it's important to – there are things that will live happily together, hopefully forever.

Miguel Viana

Next question, Carolina Dores from Morgan Stanley, there.

Carolina Dores

Okay. Hi. Hello. I have three questions. First one, I just wanted to understand a little bit better the adjustment from the CMECs by the end of – by the mid-2017. One, what is the schedule? So, one, we want to know the size of the adjustment. And two, if these adjustments will flow through the P&L from 2017 to 2027?

Second question is regards to not sure if for João or Nuno, EDPR leveraged or we don't have targets, but if you then calculate EDPR is net-debt-to-EBITDA, you will get 2.3 times. If you don't want to be overly conservative, what is the cost of social tariff that it's included your business plan from now to 2020?

António Mexia

So, Miguel, you want to start the CMEC?

Miguel Stilwell de Andrade

Yeah. So the – on the CMECs, basically as I mentioned, we already have a certain part of the receivable, approximately €517 thousand in 2016. The final adjustments is done then in mid-2017. And as I mentioned, that value is going to be basically calculated as a difference the €61 million which was implicit in the original calculations, €61 million increasing to €70 million in 2024 and basically what the price, what the sort of price would be calculated now for the same period. That will flow through to the P&L. It's basically in annuity, which will then be received until 2027. So, yes, that will impact the P&L. It will be basically on top of the market revenue.

João Manso Neto

Okay. So, regarding the leverage, I see in the case of EDPR, when we look at the leverage, we cannot look just for the debt, the financial debt. We have to add always the debt plus the tax equity. And in that case, I would say that the plan that we present gives a comfortable one but not an excessive one. So, but again, looking again only to the debt and not adding the tax equity investments, I would say would not give the right answer. So, the balance sheet is solid but not strong in that way, not if you add both things.

António Mexia

Carolina, last. By the way, the previous question, you didn’t know to ask if it was João or Nuno? It's the same. In what concerns the cost of social tariff, we have considered more than €40 million a year starting with 0.5 million families so more than 1 million people at the end of this year but for us it's clear that – we have already stated this, it was already in the presentation – I think that the rule falls in Portugal. By the way, it's a standalone solution. It's the only country that adopted this. It's really not in those, it's not fair, it's not efficient and if we like the idea of social tariff but it should follow the rules that are proposed by the European commission, by the European parliament and so we will be working in order for Portugal to adopt something that is European philosophy and not just local philosophy.

Miguel Viana
Okay. Just for the sake of time we will take more one or two questions. Maybe here, Stefan Bezzato from Credit Suisse and then last one afterwards.

Stefano Bezzato
Yeah. It's Stefano Bezzato, Credit Suisse. Three questions if I may. First of all, in the planning presented today, do you have any room for non-organic growth should you see distressed assets or attractive valuations in the markets where you are already present.

Second question, can you provide the split of the net investments for 2016 and 2017 between the gross part, the gross CapEx and the asset rotation.

And one more question on your assumptions in terms of power prices. You're assuming the Iberia recovery to €50 per megawatt hour, what would be the impact of your EBITDA if we don't see this recovery coming? Thank you.

António Mexia
Okay. In any case, these plans and business plan never include non-organic. But obviously Setfano, I was clear in the sense that we – discipline is the key word and by the way stress assets is something that a lot of people have talked a lot in the last since 2008 but I have not seen a lot of cases where people basically did good decisions in acquiring those assets. So, it's not included and at this stage we don't see any reason to spend time in Iberia or considering – in Europe considering about this. And in concerns net investment growth, João?

Nuno Alves
Gross for the group. So, talking roughly about well over €4 billion gross and then asset rotation of €1.4 billion. Of those €1.4 billion, €1 billion is done.

João Manso Neto

€1.1 billion.

António Mexia
Assumptions in Iberia, Miguel?

Miguel Stilwell de Andrade
On power prices, so I think first in terms of thermal, it doesn't really have any impact because we're not assuming any difference in thermal prices from now, so we're assuming that growth or that state is sort of constant throughout the period. Regarding pumping, obviously as I mentioned what's important is the peak/off-peak spread not independent again of absolute prices. In fact, as we see increasing volatility from renewables, we think that stays constant.

In terms of the hydro, I mean naturally in what I mentioned in the presentation, we expect to have a good hedging in place also through our client portfolio. So, I don't have the exact number but well because it depends obviously on the sensibility of the impact but it should be relatively low or lower.

Miguel Viana
To the last question, Javier Garrido here. I don't see it very well. Sorry.

Javier Garrido
Good morning. It's Javier Garrido, JPMorgan. I have three questions. The first one would be on the Brazil. I still struggle to see the relative merits of a capital increase versus options particularly a disposal of Pecém – given that that could allow you to crystalize immediately also the tax benefits that you are chasing with the capital increase, could be the tax benefits that you are chasing with the capital increase – so, what is the relative merit particularly in light of Pecém status as not fitting in your portfolio of renewables?

The second question will be on an – I mean, back to the topic on minorities. I'm more interested if you have a figure of what is the FFO to net debt adjusted for minorities. Because in the – my sense is that the amount of FFO captured by minorities is bigger than the amount of net debt. So, if you have any guidance on the adjusted figure, that would be very useful.

Finally, apologies in advance because it's a sensitive topic, I guess. But is there any consideration about the role of China Three Gorges in a sense that it's regarded as a partner but it is becoming also a competitor in Brazil. Is there any consideration in the board about how the role of CTG can be considered in the future? And what would be needed to change this consideration as a partner versus a competitor? Thank you.

António Mexia

Miguel, they want to start with the…

Miguel Setas

Yeah. Concerning Pecém, we've focused our strategy in the last two years in consolidating its performance as I've shown you, we had a very sluggish ramp up of that power plant. So we are in the middle of that stability program. So, we understand that this power plant is under consolidation process.

We've improved operational – in operational terms as you've seen and we've reached the 90% threshold that is required by the regulatory commitment. We are working also in the regulatory engines to fine-tune all the rules that are applied to this power plant and to optimize its economic results. You've seen that we've been able to reverse the negative results of the last two years. But we consider that Pecém is still under consolidation process, is not yet ready to be considered for disposal.

António Mexia

In what concerns the minorities, we will give you to the exact figure later on. I think it's a good question. We'll give the detail. Consideration about CTG as partner or competitor. We don't have any issue. Since the beginning, we have proven that both parties would want to work together in Brazil. It's a market considered important for both companies. But we have always worked together to know when we should be together or when we should not be together, and an example was the auction of the old hydro power plants, both the scale and obviously the nature would not make sense for us but it was very meaningful and important for CTG. By the way, interesting also because companies with different refinancing issues down the road, that's obvious. So, this has been very transparent, very pragmatic and we don't see any risk. By the way, the nature of design of the Brazilian market reduces considerably any problem of confusion between a partnership and competition. So, we see ourselves clearly as partners.

Miguel Viana

So, we conclude now. We have the lunch out there. Just for the workshops at 2:00 PM in your badges you have a color. And so, the color corresponds to the color of four rooms which is the room where you'll stay. So, we'll have four workshops; one on strategy and financials, another one on Iberian business; another one on EDP renewables; another one at level of EDP Brazil. So, you'll stay – it's going to be half an hour, each workshop – so, you'll stay in the same room and EDP teams will move for each of these four teams, half an hour for each team.

So, thanks very much for your presence and please join us for lunch in the next room.