EDP – ENERGIAS DE PORTUGAL

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Chaired by Miguel Stilwell d' Andrade

Company Participants

• **Miguel Stilwell d'Andrade**, Chief Executive Officer

• **Rui Manuel Rodrigues Lopes Teixeira**, Chief Financial Officer

• **Miguel Viana**, Head of Investor Relations

Miguel Viana: Good morning, ladies and gentlemen. Thanks for attending EDP first nine months, 2021 Results Conference Call. We have today, with us our CEO Miguel Stilwell d' Andrade, and our CFO Rui Teixeira which will present you the main highlights of nine months 2021, financial performance and update on strategy execution. We'll then move to the Q&A session in which we'll be taking your questions, both by phone or recent questions that you can insert from now onwards on our webpage. This call should last close to 60 minutes. I'll give now the floor to our CEO, Miguel Stilwell d' Andrade.

Miguel Stilwell d'Andrade: Thank you, Miguel. Good morning everyone and thank you for participating. So I'm sure it's been a long week for all of with a lot of results calls this week. So we're trying to, just a brief presentation and then turn it over for Q&A.

If we go to slide 3 so what we can see that in the first nine months of the year. We continue to accelerate growth. We had gross investments, increasing by 15%, EUR2.7 billion. We remained the third greenest utilities in Europe with over 75% of our total production from renewable energy. And you have seen, for those of you that attended the call on Wednesday, we are planning to expand with the new Asia Pacific platform for the Group out of Singapore, and I'll talk about that. We've ramped up the renewables deployments. We have 3.9 gigawatts of capacity installed or under construction we've also accelerated our growth in electricity networks.

So in Spain integration of Viesgo continues to move forward at a good pace and ahead of the initial plan and in Brazil, the EBITDA growth was supported by the execution of our investments in transmission project greenfield transmission projects. We've also reinforced the CapEx on the distribution networks. And we've had a positive impact from the updates of the regulated revenues in the recent tariff revision.

Overall recurring EBITDA at around EUR2.5 billion in the period 1% decline year-on-year, but that includes a negative ForEx impact of minus 4%. So Strip that out, that's a recurring EBITDA, ex-ForEx increase of around 3%. Obviously, the high energy prices in Europe is something that we've been talking about a lot. There's been a lot of press about this and a lot of you have written about this. It had a negative impact on the results of our energy management division, mostly due to an increase of energy sourcing costs.

Also upfront negative mark-to-market of hedging positions. Note that this should be compensated by higher unhedged operating margins in the near future. For the third, the shorter-term impact which will then unwind. Also worthy of note that from an integrated risk management perspective. Part of the negative energy management performance is offset by the positive results in the hydro generation in Iberia as well as in the supply division.

So it's good to look at this on an integrated perspective in this period, we continue to be affected by the wind resources, which are below average. As we discussed in the EDPR call the asset rotation gains our below the amount recorded last year. Although we expect more gains in the fourth quarter from transactions that we were already but I've already been agreed and that announced we are pending the final approvals for the financial closing. So when we can actually registered on the account overall net profit reaching EUR510 million without any material net impact from non-recurring items and we continue on track to deliver the 2021 guidance of around EUR800 million, net income.

If we move to Slide 4, we're taking a step back and saying, we continue to see a policy environment which is highly supportive of the energy transition and so for EDP, we remain completely committed to this ambition and this is particularly relevant given that the COP26, which is taking place now in Glasgow and just looking at some of the news flow coming out of that clearly, it is solidifying the need to elevate global commitments measures to fight climate change are being put forward. Nobody said this is going to be easy. So this is going to be something, which requires a lot of steps every year, with people coming together, reiterating their targets and continue to increase the level of ambition. So and I think that's also something that's relevant to note. Also note that the Association of Southeast Asian nation also as restated their target of 23% of primary energy coming from renewable sources by 2025 versus the 14% in 2018.

So this global fight against climate change. I mean, it calls for a strong fundamentals, it calls for a huge growth in renewables that was highlighted by the International Energy Agency, which came out with a report saying that should be looking at annual global clean energy investments of around $4 trillion by 2030 per year. four times as much as the EUR1 trillion invested in 2020 to limit the global warming to 1.5 decrease by 2050. So, I mean obviously staggering numbers in Europe, European Commission's toolbox to tackle the increase in energy costs. It has reinforced the need to deploy renewables to develop energy efficiency solutions and also to continue to build that grid across the continent.

So this will depend also on the deployment of the EUR750 billion from the European next generation funds and that process is now moving to the stage of application of projects at the national level, and I'm sure we'll have more visibility on that and talk about that during 2012.

In the US two legislative packages the first, the $1.2 trillion infrastructure bill and also the more recent $1.5 trillion Build Back Better framework this includes good visibility, which is not pretty consolidated of fiscal incentives for the clean energy investments namely the 10-year ITC and PTC extensions and tax credits. Total amount of $320 billion. So, which we believe that that will support the renewables medium-term growth targets in the US okay.

Moving on to slide 5 and just talking a little bit about Sunseap, so we Sunseap. The acquisition of Sunseap on Wednesday and we explained that in-depth on the EDPR conference call we really believe that this solidifies the status of EDP as a truly global clean energy player allows us to expand our presence into Asia-Pacific region. But it becomes the EDP fourth regional hub after to Europe and Europe, North America, South America and now Asia Pacific and just to note about Sunseap, it's a solar focused player. So it's present in 9 Asian markets. Worth highlighting Singapore and Vietnam strong asset base. It's got capabilities on solar DG. But it's also expanding operations and centralized solar. The strategic acquisition has an implied if you of EUR870 million and it gives us around 700MW of secured capacity, so 540MW of operational or under construction capacity and an additional 130MW already contracted, very young assets under two years old and 20-year contracted revenues with 76% of PPAs and 24% regulated with an average price of EUR75 per megawatt hour so low risk stable long-term cash flows fully aligned with our EDPR strategy and the pipeline of around 5 gigawatts which will support the strong growth over the next years. So clearly here price includes not only the operational under construction assets they already contracted assets and also the pipeline that we expect to develop over the next couple of years.

Moving on to Slide 6, so here the If you step back and looking more global EDP Group. We continue to accelerate growth of 2.5 gigawatts of gross capacity added in the last 12 months. 8 gigawatt so far secured. So 75% of our target capacity additions until 2033 and as I've mentioned before, 4.1 gigawatts of PPAs in which we are advanced stages of negotiation so, we'd be able to secure this capacity with attractive returns and in line with our investment criteria of the around 1.4 times WAC or above 2% spread so all in all, spread over WACC for the 8 GW secured is roughly 300 basis points. And from a risk perspective, we continue to focus investments on long-term contracted assets and contracted cash flows, which represent typically around 60% of the NPV of the project. This is absolutely key for the asset rotation strategy and that's I believe why investors come to us and like the portfolio that we put together it's just long-term predictable cash flow.

If we move forward to Slide 7. So we continue to be well protected from a CapEx cost inflation we've discussed that in previous quarters. In terms of material exposure is limited to around 10% of our secured capacity for new projects. We are seeing the PPA market and the option to price adjust so this it's the sector wide increase in CapEx so from that perspective, it's not impacting our competitiveness when bidding for new projects. And so the return thresholds are being preserved because everyone is obviously feeling the same impact in relation to supply chain our scale both in the short and medium term procurement of equipment allows us to continue to have strong long-term relationships with our key suppliers. And so we continue to actively monitor and manage any supply chain disruption, and that's something certainly on the wind side, we have a very good feeling for. And on the solar side, but a bit more uncertainty, but also something that we are managing.

On slide 8 and the asset rotation so 9 months into the business plan, we have 2.3 billion of proceeds transactions already agreed this represents 30% of the target from 2021, 2025 plan so good solid execution by our teams in such a short period importantly, it is a great performance in terms of the multiples achieved so links back to that discipline in terms of investment returns and also in terms of the profile of these assets. So clearly strong appetite from the private markets for these type of renewable asset. Overall, we are on track to deliver the capital gains, north of EUR300 million this year. The final amount it will depend on the exact timing of the regulatory approvals and the closing of the transaction.

If we move on to Slide 9. So talking a little bit about the Portuguese electricity distribution on October 15 of the usual. We had the release of the proposal by for the 2022 to 2025 regulatory framework for electricity distribution remuneration. So for your period in the past and used to be three years it's move to four years. The proposal establishes a slight decline of regulated revenues in 22 around EUR10 million year on year. Which resulted from the decrease in around 45 basis points of the rate of return on the regulated asset base. So, it's now at around 4.3% which is lower than in other neighborhood countries however, this is on a sliding scale with a floor of around 4% and this rate of return can change based on the evolution of the Portuguese 10-year bond yield. So there is a natural hedge on the trend of the long-term interest rates. So they go up there is the adjustment for this rate of return to increase so limited downside and the pending on how bond yields go in Portugal it will follow that bond yields up the regulatory framework proposed also provides an annual update to inflation to the GDP deflator. This is corrected by an efficiency factor of 0.75% which is applied to the regulated asset base of around EUR2.8 billion and also be accepted OpEx and CapEx base.

So overall, despite the low rate of return. We believe that the limited change on the regulated revenues. The medium-term indexation to long-term yields the update to inflation of this reinforces the medium-term visibility. Of the remuneration of this activity. Okay.

Still in Portugal, talking about the regulatory framework. Also, on the they offer for the consumers so the Portuguese regulated presented a proposal with the 0.2% increase for 2022 end user tariffs for residential and SME segment. This is a remarkable achievement if we consider the strong increase of the wholesale electricity prices, both in spot and forward markets the main explanation for this and this is certainly a contrast for some other markets. But the main explanation for this year in Portugal is that there has been a significant volume of generation contracted at stable feed in tariffs with an average price of around EUR90 per megawatt hour.

So what was previously over cost ended being the surplus. These generation volumes mostly from renewables more than cover the consumption in the residential and SME segments in Portugal which means that the residential consumers are the off-takers of this feed in tariffs. So they have a slight long position in the wholesale electricity market, which is benefiting and allowing the tariffs, not to increase So the spread inversion between feed in tariffs in wholesale prices enable the 52% reduction of grid access tariffs and overall 50% system debt decline between 2020 in 2022, I think this is really worth highlighting because certainly I know one of the things that, sometimes we get asked the sustainability of the overall electricity system debt and you can see a very significant decrease in the debt this year. To around EUR1.7 billion.

Moving on to Slide 11. I'm talking about electricity spot prices, I mean these are obviously extremely high where there is a strong backwardation of the forward prices so, we see an increasing demand from corporate clients for longer-term contract to smooth out basically this it's short term spike and lock in these longer term sort of lower prices. The recent spike in energy prices it means that most consumers, especially the industrials are looking for ways to reduce exposure to volatile energy prices. And so we've experienced the increase, a significant increase of multi-annual contracts which give long-term stability to selling prices so currently we have hedged around 50% of the expected baseload generation for 2022 to 2025 at an average of EUR60 per megawatt hour so this is an upside to the average selling price of EUR47 per megawatt hour, which we had assumed in the business plan. So I think this is something which is worth highlighted.

Moving on to Slide 12, a little bit about Brazil. So significant developments in Brazil's portfolio. We talked about the reshuffling be given visibility on that. I think it's good. It shows value crystallization of some of the assets there and also improve the growth prospects for operations in Brazil. So more concretely on the transmission asset rotation strategy in this quarter we bought a controlling stake in Celg-Transmission with almost 760km of lines in the region of Goias. We expect strong electricity demand growth in the coming years here and we sold roughly 440km at a very attractive multiple at a higher multiple than what we were buying. So we've also added two greenfield transmission projects, one in the secondary market. And another in the latest regulatory auction.

So, and I think it's also the value of being some asset rotation in the Brazilian portfolio. In the meantime, we've also engaged in advanced negotiations for the disposal of roughly 0.5 gigawatt hydro assets we've talked about that. So the line with the commitment to reduce hydro exposure in Brazil. Finally, Brazil also announced an additional amount of its share buyback program up to around 4% of its share capital with the objective to optimize capital structure and maximize shareholder value.

Moving on to ESG and before I turn it over to Rui so first absolutely committed to ESG. We've been a top performer across the different metrics internationally recognized the rankings in some of you will have seen the recent event we did on the team both EDP and EDPR maintains top 10 positions in the recent rebalancing of the S&P Global Clean Energy Index. In terms of our developments towards the energy transition, 76% of GDP total generation now comes from renewables in the first nine months of 2021 revenues aligned with the EU taxonomy rose to 66%. So it gives visibility on achieving the 2025 target of 70% so not only if we committed to. ESG The excellence. But we've also been focused on providing transparency regarding EDP, ESG profile. So an example of that was our ESG Day that we did hopefully that enables us to show what our strategy for the coming years and also the top management's engagement with all of these matters at all levels. With that being said, I'll pass the word to Rui Teixeira for more detailed breakdown of the nine months results and then I'll come back to from some closing remarks. Thank you.

Rui Manuel Rodrigues Lopes Teixeira: Thank you, Miguel. And good morning to all. So now let's we'll come to EDP performance for the nine months 2021. Let's move to slide 15. So recurring EBITDA decreased 1% to EUR2.5 billion if you were to exclude the ForEx impact the performance would be a 3% increase year-on-year.

The recurring EBITDA from renewables platform was down 4%. This was penalized by weaker wind resources for asset rotation gains when we of course we compared to last year. Adverse ForEx impact of EUR95 million mainly due to the 11% depreciation of the Brazilian real versus euro on the positive side. This performance in the wind and solar was partially offset by the good performance in the hydro I also on the positive side, electricity networks recurring EBITDA increased by 40% benefiting from the integration of Viesgo which had a EUR148 million EBITDA contribution and then Brazil the inflation update of regulated revenues and execution of the transmission growth.

On the client solutions in energy management platform. This one was penalized by the sharp increase in energy prices in the wholesale markets which implied higher energy sourcing costs. As well as negative gas mark-to-market impact on hedging contracts this also compares to an exceptional positive performance last year.

So moving on to slide 16 EBITDA from EDPR decline 15% year-on-year. So down to EUR917 million despite this, the 13% increase of installed Capacity EBITDA was penalized by overall wind resources. So that's a 5% below average. Lower asset rotation gains when compared to last year, representing around EUR49 million decline year-on-year. Lower average selling price. This reflected the more competitive projects added to our portfolio in the last 12 months, but also the negative impact in the US, namely in the first quarter from the Polar Vortex that we have discussed extensively and in Spain due to weak resource and regulatory in some financials hedges that we have detailed EDPR conference call.

If we move now to slide 17 adjusted by the change in consolidation perimeter the hydro recurring EBITDA increased 25% percent year-on-year to EUR215 million. In Iberia, EBITDA increased EUR73 million year on year. Impacted by a 12% increase in higher production and Of course, this is on the back of very strong hydro resources the realized price increased 13% to EUR61.4 per megawatt hour following an increase on the premium of realized prices over the baseload and higher revenues from ancillary services and of course in general higher pool prices. The results were also positively impacted by the reversion of some hydro leverage is in Spain, in the second quarter, following a court decision, which impact us positively by EUR47 million. In Brazil, the hydro EBITDA increased 30% so despite the current hydro crisis in Brazil. Performance was well supported by the hedging strategy in place we more energy allocated towards the second half of the year. And the hydro EBITDA was also positive impact in the third quarter. Sorry. And by EUR26 million positive impact from the extension of hydro concessions that we also discussed last year.

If you move now on to slide 18, this first nine months of 21 marked by a strong performance of the networks platform with a recurring EBITDA increasing 43% year-on-year. In Iberia EBITDA amounted to EUR682 million. That's a 41% improvement comparing to nine months 2020 and this is happening on the back of the Viesgo integration with some positive impacts from the reversion of a provision on regulated revenues in Spain as well and EUR21million increase in Portugal due to OpEx savings as a result of the gradual increase in digitalization specifically with the rollout of smart meters.

In Brazil, EBITDA went up by 48% to EUR266 million. That's a 66% increase in local currency. And this is mainly due to the increase in volumes of distributed electricity they are up by 9% year-on-year. The positive impact from inflation indexation on distribution annual tariff updates lower losses from the sale of the wholesale in a wholesale market of electricity volume surplus. The so-called So over-contracting. So all in all, EBITDA was positively impacted very positive impact in the distribution and in transmission. There is a positive impact from the full commissioning of the transmission lines.

Let's move to the last platform client solutions & energy management so here is where we have another performance, as you know, EBITDA declined 66% year-on-year. Also compared to an exceptional growth or strong performance in the nine months 2020 which still included a positive EBITDA contribution of around EUR37 million from Sines coal plant, which as you know was shutdown at the end of 2020.

In Iberia, the last two quarters were particularly challenging the energy management activity, penalized by the sharp increase in energy prices to record high levels, which increased our energy sourcing cost. It also implies a negative mark-to-market impact from hedging contracts for future periods. The MTM losses are mostly non-cash and are expected to be offset by higher operating margins in the near term. On this quarter, these negative impacts were partly offset by the increase in client service penetration, which we expect to keep increasing since the energy efficiency is becoming more and more relevant in an environment of surging energy prices.

In Brazil, I think it's also worth mentioning the positive impacts regarding the higher availability of same plain plant that our coal plants in Brazil and a positive mark to market on new client contracts.

So if we move now to slide 20 in this context of very high energy prices in 2021. I think it's important also to, although we show the detail, highlight the value of following integrated portfolio. So we're doing this third quarter, the energy sourcing costs were higher, mainly on the back of a slight short position to satisfy the needs of our energy supply activities but this was more than compensated through our higher hydro production and higher realized price. Additionally, we have optimized our thermal generation assets as a physical hedge so basically, you see that the, some of these now brings us to a very neutral position in terms of the integrated portfolio, but also we have in this period close to EUR110 million of non-cash mark to market in financial hedging position, mostly in gas hedges, implying higher personal margins going forward. But that's not the sum of how it is impacting our third quarter results. But again, highlighting the value of having this integrated portfolio.

Now let's move to slide 21 on financing costs so if we adjust by one-off costs and those are related to the repurchase of outstanding bonds, the acquisition of a minority stake in total for CCGT in Spain and ForEx differences, adjusted net financial interest fell by 6% YoY. These are driven by the decline in average net debt that's around EUR500 million euros and 10 basis point increase in average cost of that. This is mostly driven by the increase in the average cost of Brazilian real denominated debt represents around 12% of our total debt, and so we saw 170 basis point increase in average cost to 8.6%.

I think it's important to highlight as well that we have been issuing green hybrids, the one that was issued this quarter, really solidifies our share of green financing with green bonds now representing 39% of EDP's total financial debt. I believe that really going to these in regarding to these cost competitive funding will contribute to lower recurring net financial costs over the next, next quarters.

On net debt. On page 22. We remain fairly flat decreasing around EUR0.1 billion to EUR2.1 billion. This is impacted by recurring organic cash flow of EUR0.3 billion, strongly penalized by a EUR0.5 billion increase in working capital if you related to the proactive anticipation payment to suppliers that we discussed the beginning of the year, in order to optimize treasury management given the context of the financial liquidity, but also related to be a recent increase in energy prices in terms of collaterals and margin calls. Also, EUR0.75 billion, relative to our annual dividend, that was fully paid in April. EUR1.7 billion of net expansion investments following the acceleration in the build out of our activity we EUR2.3 building expansion investment and the anticipation of some bill payments to fixed asset suppliers of EUR0.4 billion. This was also partly offset by EUR0.6 billion proceeds from the asset rotation deal that we concluded in US already this year. We had also a positive impact from the 1.5 billion proceeds from EDPR capital increase in April. And EUR1 billion relative to 50% of the EUR2 billion hybrid bonds that we issued over 2021. And finally, the effects of exchange fluctuations have a negative impact of EUR0.2 billion on a net debt.

And just to finalize on my side on page 23 overall reported net profit reached EUR510 million. This represented 21% increase year-on-year. Adjusted by one-off impact in the operations of disposed in Iberian 2020, the recurring net profit decreased 2% year-on-year, benefiting from improved financial results and more minority interest reaching the same EUR510 million as net non-recurring items have a zero contribution to net profit in these nine month 2021. These being said, we continue to be very committed with what's ahead. And I think again, also the opportunity to thank you all for your time today. As Miguel said. Definitely there has been a very intense week So Miguel. I'll pass now the word to you for closing remarks. Thank you.

Miguel Stilwell d'Andrade: Okay, thank you Rui. So just to summarize some of the key points on the call. First we announced the acquisition of Sunseap that it provides us with a fantastic growth platform in a rapidly growing region. It really solidifies I think our status as a global clean energy player and I think it has a fantastic strategic fit the pipeline. So it's got a fantastic pipeline, it's got a great track record. Got a fantastic management got a good footprint in fast growing markets.

And so it will allow us to enter the massive Asia Pacific growth opportunities. So I think definitely good fit it contribute to the execution of our growth plan. It's got to focus on renewables over 8 gigawatts already secured with long-term contracts with attractive returns. So just to reiterate, 75% of our target for 21 to 23.

We've also seen Portugal as new regulatory framework this quarter, which keeps flat residential tariffs, keeps a very strong decline in the system Debt and medium term visibility on the regulated returns and distribution and so given all the circumstances, given all the stress going on in the markets and the high volatility of the wholesale electricity prices. I think this is extremely positive news coming out of Portugal and sort of eliminate a lot of uncertainty that might exist.

We can surge in wholesale prices they have created the conditions to extend the maturity of our contracts with clients so the baseload production between 2022 and 25 is now approximately 50% hedged at an average of EUR60 per megawatt hour, so above EUR47 per megawatt hour, which was assumed in the business plan. I've said it before in this presentation. I just wanted to reiterate this number because I think it is important.

We've also engaged on Brazil portfolio as we talked about in the past we said we're going to do it. We're showing concretely now the transactions coming through in terms of the portfolio reshuffling, decreasing the exposure to hydro generation growing electricity networks asset base and I think that's coming through, certainly in terms of the value of Brazil, so highlighting that has been a commitment that we've done something that we're following through.

As a result of that, we showed the asset rotation in Brazil to the acquisition of Celg-T and disposable few transmission lines to Actis buying and selling at attractive multiples and at the same time advanced in negotiations to dispose of around 500MW of hydro assets in Brazil. So expect to probably have signing before end of the year. We're certainly working towards that. So all in all, nine months driven by the growth we saw in the networks. Good performance in Hydro offset by weak quarter in wind Energy management it does show the value of the diversification of our asset base and also I think a good risk management, because we are probably through some of the most chaotic and uncertain times in terms of volatility in the market and I think the fact that we are continuing to move forward through all of this shows really the risk management that we've been doing having said all of this, we reiterate the confidence in terms of delivering that 21 financial guidance. So just like to leave it there. On that note thank you for the results and we can now move to Q&A.

Miguel Viana: The first question on the phone comes from Harry Wyburd of Bank of America. Harry, please go ahead.

Harry Wyburd: Hi, thanks. Hi, everyone. Three questions from me please. First on working capital it's actually less of a question directed EDP specifically, but I just wanted to understand what you're seeing because a lot of your peers have reported some pretty amazing increases in working capital, specifically in the last quarter. So, I noted that actually your working capital didn't increase by that much. I think that you put about EUR0.5 billion increase in the presentation today and that was already 0.4 the first half. So it doesn't look like, you've seen a big increase in working capital in the third quarter, but I wondered if you could just elaborate a little on what you're seeing in working capital at an industry level. So I'm just trying, understand whether increases in working capital or something that we should be sort of braced for more widely across the sector, after some of your peers reported increases. That's the first one.

And the second one is specifically on energy management and hydro in Iberia. And so that you mentioned. On slide 20. The overall net impact of, I guess you could call it the gas crisis impacts and all the hedges and so on high spot prices is about EUR110 million for the nine months, and then you mentioned you're hedging your power at about EUR13 megawatt hour higher in 2020 to 25 so on sort of just below 10 of hydro output, that's another 100 million or so would I be right to be thinking of about EUR200 million kind of EBITDA year-on-year improvement next year on the current outlook for those businesses.

And then the final one, I apologize for asking this because you must be fed up with this question coming out every single time. But I think it's still very important for investors. So the, I guess the Iberian assets implied valuation is still is very low relative to I guess the intrinsic value reflected in peers. So I wonder if there had been any update in your thinking there. And maybe just ask specifically, I wondered on the hydro assets. Is there a more natural fit both from a valuation and an industrial standpoint for those assets to be perhaps more closely with the wind and solar assets? I guess valuation was obviously but also industrially Pumped Storage Hydro is obviously a natural fit for intermittent renewables. So, I just wondered if, if there's any update on your thinking on that and I'm sorry for the long questions. Thank you.

Rui Manuel Rodrigues Lopes Teixeira: Okay. Hi, Harry. It's Rui here. So, I'll address the first two and then I'll hand over to Miguel for the third one. So, in terms of working capital. So, basically what we have in our books right now until within this nine-month is, well, first of all this, the advanced payments we did to suppliers in the beginning of the year given the liquidity that we have the excess liquidity, and then more recently given the high prices in power markets. I mean, everything which is related just to the payment conditions basically increase working capital just given both the unitary prices higher.

But also we have an impact from cash collaterals that we are called upon or we've margin calls given the hedges that we have in place, particularly the ones in the market that of course, they require us to post this these additional collateral. I would expect in a way everything else being equal, that by Q4, we actually should be reducing and that has to do with the fact that the higher power prices are creating a surplus in terms of the, as you know, the regulated through the regulated retail business.

They are buying from the renewables in Portugal at the tariff which is below the current market prices. So, there is a surplus being generated there. I would expect that to have a positive impact in Q4. So, actually I would expect that we would improve the working capital until the end of the year.

And with regards to second question, I mean I would expect that, yes, but there will be some positive impact in 2022. I would prefer not to comment upon the year the number right now. But yes, I would expect some improvement coming from together the hedges in Hydro.

And I'll hand it over to Miguel.

Miguel Stilwell d'Andrade: Yeah. Thanks, Rui. So, hi, Harry. You're right to ask the question we ask it ourselves. So, definitely. No problem. And I think the answer is probably the same that you've heard in the past. We, I mean clearly when we look at what transactions we've done over the last 12 to 18 months in the hydro in the distribution with Viesgo in the sale of the CCGTs in the customers. Clearly, we think that those are good references. I mean by definition there are good references for intrinsic value of some of those assets. So that is something we would certainly point to in terms of what you can use in terms of the read across. I mean in terms of the hydro EDPR, it's one scenario, definitely we can continue to explore other additional scenarios or it is something we are monitoring and we continue to think about whether there is any additional move we should do or could do. And obviously, we do continue to provide as much information and so I thank you for the question, because it does allow me to reiterate the answer, which I think is obviously quite straightforward. I mean sometimes you don't need to do transactions. We just need to point to evidence that we have, it's very clear as to what is the implicit value of some of these assets.

I just add one additional point, which I think has come out over the last couple of weeks, and I think it's very relevant also in relation to the intrinsic value of the Iberian assets, not that we have a lot more visibility now on the regulation in Portugal and Spain. Now with the proposal by ERSE in Portugal with the measures, which are outlined by the Portuguese Government, the fact that the tariffs in 2022 aren't expected to increase, so now we have good visibility on the distribution remuneration. We have good visibility on the reduction in the system debt.

So I think if there was uncertainty there, that should certainly allowed to sort of be mitigated and in relation to Spain as well. I mean I can appreciate there was some uncertainty in Spain that also seems to have reduced you will know that, as well as I do that sort of the points that have or the the evolution that's been done in terms of the negotiation and the proposal by the Spanish government. So, clearly I think these are all or it's been relatively positive news flow that should reduce the uncertainty around those assets. So listen, I think that's the best answer I can give you can keep asking the question. And I'll keep giving you the answer, but I think it is worth giving it because what is to try and contribute to more information on this.

Harry Wyburd: Okay. Thank you very much.

Miguel Viana: Next question comes from Stefan Bezzato from Credit Suisse.

Stefan Bezzato: Yes, hi good morning Stefan Bezzato from Credit Suisse. Three questions if I may. The first one for the CEO, I guess, your expectations for European energy policy in 2022 what steps we expect Europe to take following the use toolbox next year. And in particular any chance we're seeing a reform of the power price mechanism of the, on the power market.

And the second question on your hedging the strategy. You gave us 50% over 2020-2025. Can you elaborate a bit more on how this percentage how the percentage is moving across the years from the beginning of 2020 towards the end of this timeframe?

And finally, the last question on asset rotation. Can you elaborate a bit on how, what you're achieving as comparing to your expectations at the beginning of the year? And how is the pipeline for us at (inaudible) shaping up for 2022?

Miguel Stilwell d'Andrade: Thanks, Stefan. And so in relation to the first one EU policy. So, I think, first a couple of key legislation has been coming out or at least the case of the fit for 55 and also in terms of guidelines around the toolbox. The fit for 55 I think is good because it does provide additional visibility and ambition in relation to the rollout of renewables energy efficiency.

I mean a bunch of different things which are important for the medium to long-term growth expectations in Europe. So, I think that's important. The toolbox is a short-term guideline really as to how governments should try and mitigate the impact of the wholesale prices in the short term.

And again, Spanish government came out with some measures that was highly contested. Europe also came out with this toolbox Spain seems to be evolving in the right direction. I expect that will continue to be discussion around this issue of obviously then prices start coming down, I think that will disappear or be mitigated and so that leads onto the other part of your question which is reforming the power price market.

First, I don't think it's a good idea to try and talk about reforms whenever is in high-stress because normally that means you have a more reactive approach to how people deal with it and policy should be set out and thought through carefully particularly when you're talking about something like the energy sector. I'd say that the current model works. The marginal pricing system is good for short-term dispatching. I think what we need to do and that's something we've talked about also in the past and various policy makers in Europe is make sure that we are incorporating long-term price signals.

So, if you can continue to build out renewables whether that's through PPAs, CfDs, feed-in tariffs. I mean there can be a lot of options but you need to provide those long-term price signals it's important also capacity payments for availability. So, I think those are some of the refinements which can be done. I would be hesitant to talk about full reform of the power price. In fact, I think some of the countries in Europe have come out and said that they certainly don't want to go down that path. So think there are definitely areas they can work on to improve it into a adapted to a world, which will have more renewables more intermittency and how to deal with that. I

In relation to the second point, the hedging strategy so I don't want to comment too much on a quantitative basis, I'd say, obviously in the shorter term, 2022. We have a higher percentage hedged and at a higher price. And towards the back end will have less hedged and at a lower price. Overall, as I say 50% over this periods at around EUR60 per megawatt per hour.

In relation to third point asset rotations. It is coming in above expectations. I think, interest rates have also stayed low and we continue to see a lot of good demand from investors. So it is above our expectations for now we had multiple implicit in the business plan of around EUR200,000 per megawatt and so, we're comfortable with that and we actually see multiples above that for the transactions that we've done on average we are now already preparing asset rotation deals for 2022 and we might even be announced in one or two in the short term. But because this is a continuous process. So we keep working on, the so hopefully that answers your question.

Stefan Bezzato: Thank you very much.

Miguel Viana: Our next question comes from Manuel Palomo of BNP Paribas.

Manuel Palomo: Hello, good morning everyone. I've got also three questions, first question is about yesterday's announcement and election in Portugal, potential impacts that you could see on the company CapEx plan, could the election lead to any CapEx delays at least in Portugal that would be my first one.

Second one is about M&A renewables where the company has a very, has been very active in 2020, Viesgo into 2021, now Sunseap. My understanding is that those acquisitions are consider as part of the existing installation targets. My question is whether future installation targets include any additional M&A or should potential additional M&A be considered on top of the current targets, and lastly confirmation, you mentioned that you reaffirmed your guidance for the year that's My question is whether you confirm the full guidance, I mean, the net profit being above it 800 EBITDA being at the EUR3.7 billion in net debt between 11 million and 11.5 billion.

Thank you very much.

Miguel Stilwell d'Andrade: Hi. So, in relation to this election. I don't believe we'll have any and the impact on the company's CapEx plan. I mean obviously this CapEx plans are long-term plans in the sense that they are taken with a lot in advance. Most of the CapEx in Portugal is relating to the distribution networks. I mean we have some in the generation side, but mostly sort of relating to upkeep of the existing power plants, and then we also have 140 megawatts of solar. So, I wouldn't expect any delays or any changes to the CapEx plans in Portugal as a result of this. In fact, I wouldn't expect really any impact also on any other issue as a result of this in relation to Portugal.

On the second point, so M&A… I mean M&A is part of growth, I mean we may do it particularly if it brings portfolios which is certainly the case of Sunseap, in the case of Viesgo, I think it's just because of a great fit with our existing networks in Spain.

So, we saw a good value creation perspective there. So, I think it's, it's an instrument in the toolbox obviously it's something that we look at, I mean that's also part of our fiduciary duty. But I mean okay, It's part of the way of doing business. In terms of the actual targets, I think Rui were pointing or alluding to that as well. So, for example, in the case of Sunseap that CapEx associated with the acquisition of Sunseap is included in the overall CapEx of that we have. So, it's not on top of it within the around EUR19 billion of CapEx that we had for the 2021 to 2025 period.

In relation to the guidance, yes. So, it's on both. I wasn't trying to like avoids any particular point. So, guidance on EBITDA and guidance on net income comfortable with that. Obviously, it does depend on the closing of the different asset rotation transactions we have in place. We see good progress. So, that certainly that's the base case and I'd say we feel comfortable with that guidance at this point.

Manuel Palomo: Thank you.

Miguel Viana: Our next question comes from Alberto Gandolfi of Goldman Sachs. Alberto, your line is now open.

Alberto Gandolfi: Miguel, thank you for taking my questions and good afternoon. Congratulations on the hedges. It sounds very intelligent and promising. Maybe questions three on my side. We debated this yesterday, but considering there's quite a lot of skepticism out there. Could I ask you maybe to reiterate once again your procurement policy? And any concerns you may have on cost inflation across the supply chain and or potential delay due to bottlenecks in the supply chain? I'm talking about CapEx procurement, freight… anything that could increase CapEx and potentially squeeze returns or if you can tell us for how long you have visibility on those and I know you discuss this briefly yesterday, but will be great to kind of kill that debate once for all.

The second question is if you can help me with a couple of adjustments from net income considering you had positive hydro in Portugal and kind of negative across the portfolio, it generation would you able to give us a million euro impact in nine month 21 from volumes, ie, if we were to normalize hydro and wind and I know I can do my calculation as well, but I was wondering if you can give us what you think it is for 21 nine months, what would be the impact on your accounts on normalized load factors and normalize energy management and the supply trend. So I'm trying to understand what should be more through the cycle on those two.

Last questions. I couldn't help notice that you had a great cost control and reduction in networks, and I know you talked about Portugal. But I was wondering a few quarters into it, maybe could you tell us how many cost reductions/synergies we may see from here. Thanks for the integration of the Viesgo into your wider portfolio. Thank you.

Miguel Stilwell d'Andrade: Yeah, so. Hi Alberto. And so in relation to your first question, the procurement. So just to try and close this again, we have around 90% of our procurement to close and protected. So what we don't have this is obviously limited by definition or limited in terms of the impact it can have both on returns and on in terms of the implementation of the project. And so that's for the existing under construction projects obviously the operations by definition is not an issue.

For future projects that we are looking at locking in, or that we are discussing sort of RFPs or PPAs. We are passing through any cost inflation into those prices and so I've given this example before you can see in Spain, the increase of the average price of the recent auction vs the auction earlier this year. And so there was an increase there both on the solar and the wind. So that is a result I believe of that cost inflation, but it translates into higher PPA prices are higher auction prices and we see that even in bilateral PPAs that we have.

And I can give you a couple of examples where we have gone back to the clients and we have said, listen, we are seeing higher CapEx for the future. And for us to keep our returns the PPA price has to be X and by the way This is happening across the sector. So, the competitive advantage we have is maintained because people see that. So, that is translating into two to four dollars or euros per megawatt hour potentially increased. So, it's something which is manageable and which we have felt that from customers, they are able to absorb that. So, that is something that we've seen obviously for new project it's something that we are passing through. Just in terms of delays. I would definitely differentiate between turbines and panel. So, the reason I do that is because turbine, there is a lot more production capacity certainly in the US and Europe but touch, it's more distributed even Brazil it's more distributed. And so there we have no indication of delays there. In terms of solar panels, there is more uncertainty, because I mean there will be delays but I think the suppliers themselves are a little bit more cautious about giving out sort of committing right at the moment. So and we don't see any material delays there. That's on just on the solar side. So, it's not so much a question of the price because I said, that's something that you can pass-through in terms of delays, again, don't have any material feedback on that. In terms of the second point, probably pass it to Rui, if you want to just comment here on the adjustments and then comment on the cost reductions.

Rui Manuel Rodrigues Lopes Teixeira: Thank you, Miguel. So, Alberto, if you want to, we can then we'll post follow up with you with some more precise numbers. But just to give you some reference point. So, the hydro total outperformance 70% of that is coming from price around 30% is coming from volume. So, that's so let's say I have from the EUR110 million outperformance around 30% should be volume I mean from wind. I mean there is sort of a negative impact, which is volume-wise is around 5% below average again bear in mind that we have the specific situations from the ERCOT and the Spanish hedges.

So, definitely we can follow up more precisely on based on this aggregation. In terms of the energy management and what we expect is that on a runway it should be delivering an EBITDA around EUR300 million, EUR400 million I mean towards the end of the year, the business plan around the EUR400 million.

And follow up, we do so that we can give you some more precise data points. And on the cost control, I mean what we've said is that there was some consensus ample titled operational synergies we would capture from the Viesgo integration that consensus is coming from the market from yourselves. We feel that pretty much in line with what we would expect, things are going according to plan. 2021 is the ramp-up year. So, typically is where we bear some of the costs in terms of the restructuring that of course, we'll be, we will see the positive side in closing 22 going forward. I would expect that 22 would have sort of a almost full speed this the synergies being captured and the progress. I mean, the plan is going according to plan, actually slightly better than we were anticipating in terms of timing.

Alberto Gandolfi: Great answer. Thank you.

Miguel Viana: Our next question comes from Fernando Garcia from RBC. Fernando, your line is now open.

Fernando Garcia: Hi. Good morning. I have a couple of questions on the, on your rough situation there are, can you remind us your expected (inaudible) for example, let's say 2022 and 2023 versus say gas contracts going forward and they are, what is your referencing price in your gas contracts and for how long. I think that you mentioned in the past that you have the Henry Hub reference to the TTF for they wanted to ask you for how many years these TTF reference. And then that is the first question.

On the second question is follow the rest of Bourdain's robust sell off these EUR130 million, gas (inaudible). This is because US two years all these in 2022 or he says, well, because your expectations PPA pricing. Thank you.

Rui Manuel Rodrigues Lopes Teixeira: So let me maybe start by the last one. So the mark to market again just to recover what this is, so just remind you what it is. So basically we have large contract indexed to Henry Hub, our hedging policy through that what we do is that, knowing that we will be selling these gas are just, I mean these gas in Iberia basically we want to close the TTF indexation, and therefore we close the hedge of Henry Hub to TTF.

I mean throughout this process of course, we also look to optimizing the positions and we also do some and JKM indexation and basically the mark to market that we currently have is given that some of these contracts would imply that there would be some gas being shipped for example to, So if I'm closing if I'm hedging a JKM that would imply that we, there would be a physical sale of these gas to Japan or into Asia. if that doesn't happen because what we are doing is just an optimization from an accounting perspective, we have to book these as if it was a speculative and therefore a mark to market, but is not, I mean we are not speculating is just how we are optimizing this relationship in terms of spreads between Henry Hub TTF, which is a primary goal but also including the JKM.

So the view that we have is with the current forward curves that we have for the fourth quarter and the following this year in the fourth quarters in the following quarters throughout in '22. And considering the physical consumption, that we will effectively have for these gas throughout this period, what we are expecting is that this mark-to-market or the gas that is now or these hedges that are now being booked in a mark-to-market, we'll be unwinding those and therefore this will pretty much disappear over the course of the over the next quarters. In terms of the gas, I mean, right now it's mostly long-term gas is mostly the one Bcm that we have from our Cheniere contract in US, which is as I said, I mean the one if which is priced at Henry Hub. And then of course we indexed back to TTF.

Miguel Viana: Our next question comes from Sara Piccinini of Mediobanca. Sara your

line is now open.

Sara Piccinini: Thank you, Miguel, and thank you for taking my questions. The first question about the regulatory impact starting from Spain. What do you think would be the impact for the EDPR regarding the proposal of the government to set a price uncorrelated to their wholesale price?

I know that this is still under discussion, but would you expect a negative impact giving your hedging position in Spain for renewables. And the second question, is there an update about the possibility to pay stamp duty for the sale of assets in Portugal?

And also, regarding the measures that you comes about from the government to set up a 0.2% increase and also the reduction in the system deficit. Can you clarify that these measures would be entirely financed through the state budget and therefore there is no impact for EDP? And then on the networks in Portugal. Regarding the proposal of ERSE, how do you see the introduction of the topics system?

And finally, just a clarification on the guidance. I'm sorry for that. About the net debt, do you expect the net debt for 2021 to be at the upper end of the guidance range of 11, 11.5? And shall we include the impact from the Sunseap acquisition on that from 2022 so after the closing? Many thanks.

Miguel Stilwell d'Andrade: Thanks, Sara. Quite a few questions, I'll take some of them and then also pass it to Rui. So, Stamp duty, no additional information on that. I think.

So probably the relatively long process. As you know, we continue to maintain that we've done absolutely by the book. We have all the usual financial legal accounting advisers so working with us and so it's a very plain vanilla transaction, in relation to the measures of the government just to clarify these measures don't have an impact on the company. So we are essentially talking about measures while some, in some cases it's things like lower cost because, for example, the power plant, which had a PPA so we took it over cost for the system rolled off.

So that's less you have higher CO2 revenues coming in, you have the fact that the renewables are there and so are putting a dampening effect on the increase of the wholesale price. There the bunch of different measures, there is also some funds coming from the environmental funds which are being channeled into them into the tariffs.

So in general it's several different measures which all add up to say to an amount, which allows the mitigation of and the impact, but I guess the key one or certainly one of the key ones, is that the fact that there is a lot of renewables in Portugal in this case is serving as a dampener on the impact, because as we mentioned earlier let's say there is so much renewables in Portugal already producing at an average tariff of 90 euros that when you have higher prices and that it actually works, sort of, not as a cost, but as of the surplus.

In terms of the asset totex. Yes, we think it makes sense, I mean it has an inflation updates where the and also the efficiency factor has gone down to 0.75%. It was previously at 2% so there it's. I think it's an evolution of the regulation and quite frankly we are okay with, we don't see a problem, in fact, it's already something, which had been discussed and implemented at least for part of the asset base previously.

In terms of the guidance. So we expect to be closed and so that Sunseap transaction is not expected to be in the end of the year. Net debt. So when we give guidance on the net debt we are expecting that Sunseap will be closed in 2022. And so I think that's in relation to the regulatory impact in Spain, the proposal of the renewables. I don't think we're assuming any major impact there

Rui Manuel Rodrigues Lopes Teixeira: But we yeah, I mean, that's right. So I mean, I mean it's still quite premature in the sense that there has been this ongoing discussion between the government and the renewable sector I mean for us would be fairly neutral. So I would not expect any material change within this, but it will have to see, I mean what exactly is the if and what exactly is published. Again, I think it's one of the important features that in our view this ideally should be voluntary in the sense that it's at the end of the day, the government asks for their renewables to sell at the regulatory cap that the different players decide whether or not they want to adhere to that or and just follow basically be on a voluntary basis, but I would say, I mean let's wait for the final what is the final draft up on that, but at this point, I would not expect any material impact.

Miguel Viana: Next question comes from Jorge Guimarães of JB Capital. Jorge, your line is now open.

Jorge Guimarães: Hi, good morning everyone. I have two questions, also on the regulatory front. So the first one would be, and this is a follow-up to Sara's question if it still makes sense to hedge the production of regulated renewables in fine if this this mechanism for selling the cap or at the floor is in place.

The second one is related to the hydro Canon, all the companies in Spain are talking about a full recovery of past hydro Canon in this is the case with you, I believe so going for new planning to continue to buy the hydro canon or just stop paying it. And the final one is related to Portugal, what do you believe is the impact of the elections in more precisely of not having a budget proposal on the sales or the special energy tax for 2022 CCGT's (inaudible) should go down, but there is no budget. So what should we expect for CESE in 2022. Many thanks.

Miguel Stilwell d'Andrade: Thanks. So in relation to the sales and then I'll pass it over to Rui. I mean it's a good question. To be honest, I don't have the exact answer. I'd say that probably the worst case scenario is it stays and I'm sure there will be counting on it. So if it's not in place by the end of the year, they will find a way probably next year to insure it is in place. So I mean, I have no it's a information that leave me to believe that they would eliminate the CESE next year or not find a way of keeping it, so perhaps just to manage expectations on that side. In relation to the first two questions.

Rui Manuel Rodrigues Lopes Teixeira: So it related to the first question, I mean if I understood properly. So if, does it make sense to keep on having some hedging strategies for the renewables in the context of this proposal. I mean if the pricing around at the cap. Yeah, I mean if the price. You said that the gap of course, I mean it's not important to be hedging, the hedging In our view, because we currently have a color. And if you don't want to have the entire generation exposed to volatility within the color then we decide to hedge. But I mean if it is sold at the cap, then of course it's no longer relevant to keep the hedging.

In what concerns the second question on the hydro tax. I mean, just to be clear, there are two different court decisions on the hydro taxes in Spain. There is one which is on the recovery of tax paid in (inaudible) in 13 and 14 and I would say those are more relevant two main hydro players in Spain, but to our peers. But it's rather immaterial for EDP, and then there is another court decision that clarifies that the hydro plants in river basins that are located in single in a single community should not pay the hydro tax. And this was much more relevant to EDP because most of the hydro plants that we have are located in Nalon the River Basin, which is located only in Asturias. So, therefore related to these hydro plants to look at it in the river in this, Nalon River EDP, we have paid hydro taxes of EUR19 million between 2013 and 17 and we provision EUR28 billion on the potential hydro taxes between EUR28 million and beginning of '21. So, basically given this positive outcome we are reverting EUR47 million of the costs incurred in our P&L between 2012 and 2021.

Jorge Guimarães: Sorry, just let me ask you to clarify, so you had total cost of EUR19 million until now, and you just reverted EUR47 is that so?

Rui Manuel Rodrigues Lopes Teixeira: So, we have between 2013 and '17, EUR19 million and then we have provision EUR28 for the period between 2018 and '21, right. So, basically we are now reverting both provisions. But those are best. So, basically, these EUR47 million were hitting our P&L until now.

Jorge Guimarães: Thank you.

Miguel Viana: So we have more two questions over the telephone. Olly Jeffrey of Deutsche Bank. Olly, your line is now open.

Olly Jeffrey: Hey, thanks very much, and good afternoon. So, a few questions, please. The first one is going back to the gas financial market hedging. The question is, if you had, if you didn't have to incur that this non-cash item, would you be lifting guidance for the CS&EM, the EUR200 million EBITDA that you spoke about last quarter? Would you potentially lifting that hadn´t it happened, Being more confident about your full year guidance the first question. The second one is going back the procurement cost you mentioned the 10% of the procurement cost of open of partially open can you give any indication if you add that to have any impact on the spreads, you're making from the projects under construction or is it so minimal but it doesn't register.

On the last question and is looking forward a bit more. So if you look at the pipeline that you guys have, that has increased a lot, it's now 20% 55 gigawatt the proceeds that you guys are making from your asset sales are ahead of plan. First, it looks like you won't need to sell nearly as much gigawatts wise need expected to hit the 8 billion number so my question is, do you feel like you're ahead of plan in terms of the pipeline and therefore potentially might be looking to at some point increase targets in the end of the year, the opportunity are really there and you have the finances to do that. based the three questions. Thank you.

Miguel Stilwell d'Andrade: Okay so thanks for the questions. I think I mean probably, the answer to your first question is, yes, in the, if you didn't have that impact we would be above the guidance I think by definition. So the answer is yes. In terms of the second. The 10% procurement costs. The 10% open from… that is still open to be adjusted for procurement. I mean it is relatively limited, to be honest. So we talk about the 300 basis point of spreads.

I think it would be relatively residuals on that, on that amount and still well above the 200 basis point spread. So we'll be very close to 300 I mean, bear in mind that we're talking about particularly placed in the context of a EUR19 billion investment program over the five years and renewables. So we're talking about something, which is going to be completely diluted in the overall context.

In relations with third Point and I mean, yes, it's also a great question. So proceeds are ahead of plan. We do feel we are delivering. Well, you know, we talked about the 75% already closed for the 21 to 23 period and if we don't need to sell as many gigawatts and I've mentioned that I think in the past to get, if we get to the 8 billion, then with fewer megawatt then. That's great. And that's really what we're solving for so we are solving for a balance sheet issue, making sure that we keep a BBB and are able to execute investment plan. So I don't want to get ahead of myself head

The company in terms of pointing out whether we're going to revise targets or do anything like that, but certainly things are going well and on track in the fact that we we built 2.5 gigawatts year-on-year. So that's a huge ramp up versus what we are building in the path. Now, let's say, we've got a huge amount of megawatts already under construction over the next couple of months. So we are really seeing this big ramp-up, we are seeing a good multiples on the asset rotation. So we'll take that all into consideration at some point and sit down and look at the plan and think about where we want to go from there.

Miguel Viana: We have a last question from the phone from Arthur. We have some other questions on the way, but given that we are really quite long. I think then we will if you questions that we have underway we have offline. And so this last question from Arthur Sitbon from Morgan Stanley, please go ahead.

Arthur Sitbon: Thank you. Thank you for taking my question. First, just a quick clarification on the provision reversal of the hydro Canon. You're talking offshore to 7 million, is that already booked or will it be booked in Q4 or will it be for next year. So that's the first question.

The second one is, just to follow up one on the $800 million recurring net income guidance for this year. I just wanted to have confirmation that this assuming the $300 million of asset rotation. So essentially, anything that comes on top of those around $300 million would lead to going above the net income guidance.

And my third question is just on the EU taxonomy exposure that you're talking about the 66%. I was a bit surprised by the essentially the 34% that are not included not compatible with the and I was wondering what are those assets, Is it to gas and coal plants or are there over assets that are not included. Thank you.

Rui Manuel Rodrigues Lopes Teixeira: Arthur So it's Rick here. So just to be clear, this provision reversal was done in booked in the first half so what you're seeing now is already coming from the first half results then I mean in what concerns the guidance, I mean, yes, we are at this point to targeting above EUR300 million asset rotation capital gains. I mean, but we are also then comfortable with this as you know $0.8 billion in terms of net profit guidance so with regard to that. Actually I ask clarification on the third question.

Arthur Sitbon: I think you mentioned that you have a 66% of your revenues compatible with the EU taxonomy in the presentation. And I was wondering what, are those that are not compatible essentially what other revenue streams that are not compatible.

Miguel Viana: Hi Arthur, just to clarify, so I think on the EU taxonomy revenue. So we think the more restrictive criteria right now. As you know there are discussions going on in Europe. But, so we exclude everything that is gas or nuclear and even obviously on the energy supply business. So we only take into consideration to energy efficiency services, as you know these activity of supply as a big weight in terms of revenues. Although much more limited in terms of EBITDA.

And because margin is much smaller. So, and so that's the main reason I would say I would highlight the more restrictive criteria and the issue of supply and this increase in terms of change is also related with the change in terms of the mix. So we have reduced a lot of supply. With the sale to Total of the supply business in Spain, we have reduced the weight of coal with the shutdown and gas also, with the sale of Castejon. And so we have been growing in renewables. So that's the main, the change in terms of year-on-year evolution.

Arthur Sitbon: Thank you very much.

Miguel Viana: So I think, I'll just pass to Miguel for some final remarks.

Miguel Stilwell d'Andrade: No, I think again it's been a long week. It's been a long call. So, out of very brief, I think, just wanted to reiterate some of the comments. Going back to not only in terms of the growth in renewables. The transaction visibility on Iberia both in Portugal and Spain. So I think these last couple of months have been, have brought them good news flow and strategically. I think definitely in the right place obviously turbulent markets. So this is around the mark-to-market of the gas contracts. And I can see there a lot of questions around that. And we'll certainly continue to provide information and guidance on that sort of, you can go and work through your analysis, but overall I think we are doing well and definitely things are keeping our moving forward. It is on procurement also something that kept coming up or keeps coming up I mean, we will continue to keep you updated on anything there, but as I say, we have all the visibility we have point to very limited impact, if any, on profitability. And completely diluted in the overall CapEx of the company, so that we don't see that of an issue. Anyway I'm sure we'll be talking soon, many of you, so… Look forward to it and take care, have a good weekend. Thanks.