EDP - Energias de Portugal
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Chaired by Antonio Mexia

Company Participants

- **António Mexia, Chief Executive Officer**
- **Nuno Alves, Chief Financial Officer**
- **Miguel Viana, Head of Investor Relations**

António Mexia

Good morning everybody. We are here to make the usual presentation of the first quarter results of 2013. I will start with the highlights and then I will pass to Miguel Viana, and then Nuno Alves, myself and Miguel will be here to answer your questions.

The first word that I would like to say about the first quarter result is solid. We have been talking about resilience in the last quarter. It is a word that you use when it is really challenging and sometimes it is difficult to find things that compensate but here very clearly we have a very solid result. The EBITDA grew 7% year on year; supported both by EDPR but also by very good weather conditions in the Iberian market and also energy management.

So typically what we see in Iberia is favourable weather but also a good energy management by our team that explains the positive side of the liberalized market. This together, so hydro and wind more than compensate the negative regulatory measures. Typically we are talking about things that were already known like the non capacity payment in Portugal. In Spain we include already here the new generation taxes and also the new wind regime that was installed at the beginning of the year.

Besides this weather and energy management, hydro, wind and energy management is positive and regulatory negative. What we have is, in terms of one offs, the €56 million one off, capital gain on disposal of the gas transmission in Spain and on the other side we have the first year without Setubal. As you know it will represent more or less a loss of €100 million on the full year so we are talking about reduction of €25 million with the end of this power plant.

Brazil is 15% down year on year but basically by Forex reason. Why? Because at business level what we have, we have still the negative impact of Pecém, the delay of Pecém, around €27 million. But on the distribution we have a positive impact of the new regulatory measures that allows us to book in Brazil part of the tariff deviations that were created by the weather conditions in Brazil. So it was quite balanced and basically the negatives were Pecém and I would like at this stage to remind you that we have already the two groups, as we speak, working. We have asked the COD of the second group and we expect to have news real soon about the legal authorisation, but both groups are working full steam.

In terms of net profit we see basically flat, a small decrease of 1%, but this basically is because of the very significant change of effective tax rates from 16% to 27%. We will be paying a dividend of €0.185 per share and the ex-dividend date is the 20th May because the dividend will be paid on the 23rd May.

In terms of Capex I would like to mention that the Capex is lower. But basically because we have received a cash grant of €90 million in the US market. We have lower Capex in wind and higher in hydro in Portugal and we have, as we have already stated, the disposal of €258 million in Spain in the gas business.

In terms of receivables, we have seen an increase of around €290 million. It means that the total receivables increased to €2.9 billion but we have already cashed in, in terms of between January and today, €249 million in Spain and as you already know we have closed the second deal private placement yesterday. That adds up to a total €291 million already sold in private placements of the Portuguese deficit since the beginning of the year. And as you know we are working on a market deal that will allow us to have at least a minimum of €500 million that we have been talking to in terms of sales of Portuguese tariff deficit for 2013. With this we have a lower net debt, slightly lower, €100 million, so €18.1 billion compared to €18.2 billion basically supported by growth at the EBITDA level and a good track record on the Capex and disposals but penalised by both Forex and the increase on receivables until the end of March.

A key word also, because it is important even if is less than last year, strong financial liquidity and all the refinancing needs covered already entering into 2015. So basically solid figures, diversified portfolio once again in Spain I would like to highlight the energy management strategy, the regulatory management work, the total control at the Opex level and of course at this stage Brazil will be clearly better because finally we have Pecém working in both groups. So once again risk control, efficiency, and global focused growth on where it makes sense to put our money.

So now I will pass to Miguel Viana and then we will come back to the final remarks.

Miguel Viana

Thanks, António. So starting with weather and market environments in Iberia in the first quarter 2013 we can see that we had an extremely wet and windy first quarter in Iberia versus a very low wind and hydro conditions in first quarter 2012. That implied a favourable position in terms of our generation mix. We also see a significant decline in terms of average pool price with favourable impact in terms of our energy management regarding our long position in clients.

In terms of operating figures, our installed capacity decreased 3% following a mixed impact of an increase in new hydro, namely Alqueva II, also 0.5 GW of new wind and also the decommissioning of Setúbal fuel oil plant. On the other hand power production increased 15% due to the referred windy and rainy weather conditions in Iberia in the first quarter 2013. Regarding EBITDA breakdown by division, major growth drivers were liberalised activities in Iberia with 18% growth and EDP Renováveis with 24% growth.

In page seven, looking at EBITDA breakdown by market, we would highlight that the 23% increase of EBITDA in Spain includes €56 million one off from the sale of gas transmission assets. Excluding this impact, our EBITDA at consolidated level would have increased 1% to €1,016 million in the first quarter 2013.

Consolidated operating costs and operating costs in Iberia stood flat year on year while at EDP Renováveis operating costs, excluding Forex impact, went up 12% reflecting the increase of capacity. In Brazil operating costs went up 3% in local currency, well below inflation in the period. These figures reflect the accomplishment of OPEX III target savings in the first quarter 2013 in the amount of €32 million. Consolidated Capex went down 25% as referred before, or 3% increase excluding the cash grant impact reflecting higher expansion Capex in new hydro in Portugal and lower expansion Capex in wind.

Moving to regulatory receivables in page 10, we can see that they increased €313 million versus December 2012 mostly due to Portugal driven by the already known ex-ante tariff deficit; higher special regime production in the first quarter, namely wind which was very strong; the delay in terms of the CO2 cash proceeds for the electricity system and slightly lower demand than expected. In Spain, despite the €74 million increase of tariff deficit positions we benefited from €174 million received from further securitisation. Regarding securitisation options on EDP's regulatory receivables in Portugal, as referred already before, in April and May we securitised €291 million of tariff receivables and further deals should be considered in the near term.

Overall in slide 12 we would comment that we consider that the slight deviations on 2013 tariff deficits in Portugal do no compromise the financial sustainability of the Portuguese electricity system. We now estimate a €500 million increase of total electricity system regulatory receivables in Portugal to €4.5 billion by the end of 2013. The portion of this amount that will be still on EDP's balance sheet will depend on the amount of securitisations to be done by EDP. Given the improvement of credit market conditions EDP intends to fully compensate the 2013 increase in regulatory receivables in Portugal through securitisation deals.

Moving to net debt breakdown in slide 13 we can see that EDP maintained a stable mix with the investment operations funded in local currency to mitigate this Forex risk and floating rates representing 54% weight providing hedging on inflation and also with the positive impact from the recent declines on Euribor rates. Net debt in first quarter 2013 fell by €100 million including regulatory receivables and decreased by €400 million excluding regulatory receivables. This decline was supported on EBITDA growth, lower net Capex, namely Capex less disposals, slight working capital improvement and an adverse Forex impact of €200 million essentially from the dollar.

In terms of debt maturity profile, the €1.6 billion credit facility signed in January helped to extend the average debt maturity and reinforced also financial flexibility putting the adjusted average debt maturity at 4.2 years for EDP.

Financial liquidity by March 2013 amounted to €4.5 billion including €3 billion from available credit lines and €1.5 billion of cash and equivalents. This added to the €360 million securitisations already done in the second quarter 2013 plus the €359 million which was already agreed regarding sale of wind minorities to CTG, which the cash-in is expected still in the second quarter 2013, fully covers our refinancing needs beyond 2014.

Reaching finally to the net profit breakdown, following the 7% growth of EBITDA we had a 3% increase of net depreciations and provisions as the new capacity in EDPR and new hydro in Portugal was partially offset by the decommissioning of Setúbal and disposal of Soporgen. Net financial costs went up by 7% as the cost of debt went up ten basis points to 4.2% in first quarter 2013. And income taxes increased €70 million as in the first quarter 2012 this figure has an impact from some favourable one offs. Overall this resulted in a 1% decline of net profit to €335 million in the first quarter 2013.

Going now through business areas, we can see that electricity demand in the first quarter went down in Portugal by 2.3% and it went down by 4.3% in Spain showing some slow down in electricity demand decline in Portugal and some deterioration in Spain during this period. Thermal power production decreased 50% on the referred lower demand and also the previously referred strong wind and hydro resources in the first quarter 2013. In terms of operating performance of our liberalised energy activities in Iberia, production went up 2% with the hydro weight up from 11% to 44% on rainy first quarter 2013 and new hydro capacity, namely Alqueva II. And also we saw a strong decline in thermal load factors on the back of lower residual thermal demand.

The 18% EBITDA growth of this division was achieved through hydro capacity additions, improvement of hydro conditions and also a strong position in final clients and active energy management. EBITDA in long term contract generation went down by 1% as the special regime increased in mini hydro production compensated the impact of the decommissioning of Setubal fuel oil plant in December 2012. EBITDA at regulated energy networks in Iberia went up by 5% excluding the impact from the disposal of gas transmission in Spain the EBITDA of this area went down by 12%. At EDP Renováveis EBITDA went up by 24% benefiting not only from the 7% increase of installed capacity, but very material the 42% increase of output in Iberia on extremely windy first quarter 2013. EBITDA in this quarter in EDP Renováveis also includes new generation taxes in Spain, €11 million; and a one off gain in US, €14 million.

Moving to Brazil, market conditions and regulatory developments, in the first quarter 2013 spot electricity prices persisted at high levels but we see now positive news with the hydro reservoirs by April 2013 at the more safe level of 62%. EBITDA at EDP Brasil fell by 15% in Euro terms or decreased by 4% in local currency following the 12% depreciation of the Brazilian Real versus the Euro.

Per division, in distribution the EBITDA went down by 11%, essentially penalised by negative tariff deviations on higher than expected electricity acquisition costs. Note that adjusted EBITDA went up 5% on cost efficiency and annual tariff updates, namely at level of our distribution company, Escelsa, which saw a tariff increase of 14.3% in August and a 7.3% increase of our tariffs in Bandeirante.

Finally in generation in Brazil our EBITDA went up by 2% including a negative impact from Pecém of R$72 million in the first quarter as we had a lower than expected availability at group one of this facility while group two was still in tests during all the quarter, so not yet in commercial operations although we expect news very soon on this front. Excluding Pecém, EBITDA went up 33% in generation in Brazil on higher volumes sold to in first quarter, so 29% of annual contracted volumes, improving our exposure to high spot prices in this period.

I will pass now to António Mexia for final remarks.

António Mexia

Thank you, Miguel. So what we have clearly is an improvement on the visibility of EDP's medium term free cash flow potential. I think that the quality of our asset mix and the returns, diversified markets and especially also the risk management is providing what we wanted. And so at this stage in what concerns the prospect for 2013, in terms of operating outlook we see of course that it is difficult, it will be hard and very difficult to expect all the quarters to be as the same quarter in what concerns hydro and wind. That is obvious. So we, hopefully for the rest of the year will have a normal year. We see the liberalised activities keeping a good position also because of our strong hedging, but of course as you know we don't also expect that the price stays so low so that hedging policy is more difficult to reproduce each quarter, so in any case it is already in the pocket so it is good news. We see a resilient performance of regulated networks in Iberia, we see a recovery of Brazil because of the full commissioning of Pecém, the two groups. So overall in terms of EBITDA for 2013 we keep the same guidance, we expect it to be flat year on year.

When you get down the P&L, we still expect the average cost of debt to be below the 4.5%, clearly. We feel very comfortable with that figure, being below that figure. We expect the effective tax rate to be more or less in line with 2012, probably close to 22%. Last year it was around 20% and this year we expect to be around 22%. In terms of course of other good news in the short term, we will be paying dividend full-cash, the €676 million on the 23rd May as I mentioned at the beginning. We see free cash flow flat year on year after dividends and before disposals, that is important, and changes in regulatory receivables. At this stage as you know and I think that the move that we have done until today since the beginning of the year are very clear in what concerns the strong commitment in terms of deleveraging at the business level, doing the sales of the assets that were programmed and also to proceed with the sales of regulatory receivables of a minimum of €500 million.

We still expect EDP's balance sheet to have less receivables at the end of the year compared to the previous year and in what concerns the CTG partnership that I anticipate that it will be and in any case a question from you, the first deal will have the financial closing, we met this week, and the financial closing will be in the second quarter, so it will be before the end of June. We are in detailed negotiations in the second process and as I have already mentioned, we want to have the visibility to reach the end of the year with half of the disposal commitments of EDP agreed until the end of 2013. And we expect to have a clear statement about this until the end of this month. But we feel very comfortable with the fact that by 2013, by the end of 2013 we will have clear visibility and the agreement about half of the €2 billion disposals that were agreed and are foreseen until 2015. So we want really in 2013 to give that credibility and visibility to the markets.

We keep, it is very important, the guidance net debt in 2013 below the 2012 going in the direction of our commitment of having it at 3x net debt over EBITDA in 2015 ex-receivables. So we have not changed that commitment and everything from risk management to disposals to regulatory receivables, sales in the market, everything clearly goes into supporting this vision and if it is the case we will use flexibility at the investment level to keep this discipline. So focus on what we have to do to deliver all we have stated at the business level and also at the balance sheet level. And I think that the first quarter is basically very solid, gives us at this stage a very good move towards 2013.

Thank you and let's go for the Q&A.

Questions and Answers

Stefano Bezzato – Credit Suisse

Three questions if I can; the first one is in relation to the Capex flexibility you have highlighted in the past. What is your current view on 2014 Capex especially for wind and when do you expect to make a decision on the final Capex level for 2014. Also is the fully maintenance Capex that we have seen this quarter a recurring element? The second question on the tariff deficit securitisation in Portugal, can you give some colour on the cost? And also am I correct in understanding that your previous indication of a €500 million securitisation for this year is now moved up to €600 to €800 million looking at the Annex on the evolution of regulatory receivables in Portugal to keep it in line? And finally on the Spanish energy reform, what is the timing you expect and which areas do you expect the government to target? Thank you.

António Mexia

So 2014 in play using the flexibility; as we are now seeing with additional visibility on what concerns the Chinese partnership with CTG and sale of minority stakes also, the fact that we have been working well at the disposal front, we have always mentioned if these two things were going as expected, plus reinforced by strong cash from the operations, I think that the decision was that around mid of 2013 we would be changing or not the amount expected in terms of investment for 2014 if we have the wrong signs at the disposals, at the business level, or at the regulatory receivables front. At this stage we have basically positive news in all of those and we don't see any need to change, but if anything we will just after summer take the decisions that will be necessarily for this. So we keep exactly as we have stated six months ago.

So the Spanish reform, so then I will pass to Nuno. The Spanish reform, guessing what is going to be the first wave, because now we have already seen three waves in changes in Spain, is very difficult. Typically we will expect what? At the regulated assets in terms of revision of the remuneration rates, I think eventually it makes sense. Why? Because the cost of capital in Spain has been decreasing, so it makes eventually sense for the decision makers to consider this. We have seen, besides this, some strange ideas flying around but they are so absurd and especially don't make any sense economic wise and so I would like just to stick at those that make economic sense. In terms of timing we expect this by, it was first stated by the end of June. I don't know if it is June or July but probably around summer we will have this first wave of Spanish reforms. In terms of tariff deficit, Nuno?

Nuno Alves

There were several questions on the tariff deficit, I will try to address them all as I can. In as far as the cost of the sales or which cost we sold the transactions, obviously we haven't talked about it because when you are doing bilateral negotiations it is good that the other parties don't know at which price you are closing, otherwise your bargaining power disappears. What I think you can assume and I will guide you to it is as we have seen the further transactions which do have a State guarantee have been paying a spread over the duration of the Spanish public debt. Since we don't have a State guarantee, ours or the transactions we have done so far do have an extra spread on top of it.

Having said that, clearly it is well below the 6.3% at which the tariff deficit is being remunerated. In as far as the market transaction, we are very close to being ready for that transaction. I just cannot give you an exact date, but I would expect it to be still during May or at least to be ready during May and once it is ready, which is imminent, we would probably advance with the transaction. Size of it is still in the domain of the intelligence but I guess you probably are right in assuming that the overall amount after that transaction, if successful, is that it is going to be higher than the €500 million. What we have committed is at least €500 million, if it is a little bit more, so be it. And obviously out of that institutional transaction then you will see what price we feel it is reasonable to do or not to do. I guess that covers everything.

Carolina Dores – Morgan Stanley

Good morning everyone. Thanks for having my questions. I have two: the first one is regarding the 2013 EBITDA guidance. I think the first quarter was good as a beat versus consensus. You just announced that your cost cutting efforts are ahead of schedule, yet you maintained target and consensus is roughly close to it. So my question is, are you being conservative in your guidance just waiting for something like this Spanish energy reform? Or you are seeing some other negative effects which could hurt your good performance year to date? My second question is regarding Pecém, for the second quarter do you expect losses in the same ballpark as the first quarter? And could you give some guidance of Pecém's results for the year? Thank you very much.

António Mexia

Carolina, thank you for your question. By the way your first question was the answer. It means that we feel today more comfortable than eventually three months ago, at the beginning of the year. It is clear that we don't see any major changes arising anywhere except of course having this first wave of the Spanish market still to be identified. So typically we are slightly more comfortable at the beginning of the year, but we never know so eventually we have been slightly conservative.

In what concerns Pecém: Pecém, if you see the biggest impact was already in the first quarter. We have now, if we receive today, quite soon, the COD, we would then apply a normal year for Pecém. In what concerns the distribution, we expect the year to be quite normal. So what we see today is the levels of the reservoirs will probably make sense for the government to take a decision to disconnect the most expensive thermals, the ones that cost R$800/MWh. So we have the same vision of a rather tight but not crazy year for the rest. Pecém will be on a pro rata basis instead of twelve plus nine months, it will be around twelve plus six and a half months. So it is on a pro rata basis we expect to have those results of Pecém.

Miguel Viana

Just to follow up, so I would say if you assume from middle of May for normalised EBITDA of Pecém and you assume the same level of losses that we had in the first quarter until this mid of May, so for this month and a half you should reach more or less to a EBITDA contribution of Pecém for the total of 2013.

Fernando Garcia – Espirito Santo Investment

Hi, good morning it's Fernando Garcia from Espirito Santo Investment. Thank you for taking my questions. I have two; first do you still maintain the €500 million Portuguese regulatory receivables increase. Could you please elaborate on your key assumptions of page 34 of the presentation given that almost €400 million increase in first quarter of the *year? And second your liberalised business EBITDA was very strong, given some of positive factors, strong hydro and long supply position, could probably play very positively for the whole year or at least in the second quarter. Do you think you could be increasing your participation in these liberalised divisions for the whole year? Thank you.*

Nuno Alves

Well, the tariff deficit, I just answered. I tried to answer the whole thing in one, obviously it escaped. There were basically two items that we stated at the beginning of the year and we will maintain. A minimum of €500 million of tariff deficit to be sold, it doesn't mean we won't sell more, but the minimum. And also that we would want in terms of balance sheet by the end of 2013 a number in regulatory receivables which would be less than the end of 2012. So those two items will dictate at least a Portuguese speediness or not speediness in the sale of the tariff deficit. But I think we are well on our way to accomplish both of those guidance levels.

António Mexia

In what concerns the regulatory receivables also, the question is I would like to stress that we see clearly the sustainability of the Portuguese electricity system. It doesn't change. As of course what we have seen was a big increase in the first quarter of the special regime production because of an enormous amount of wind and of course lower prices, so the premium looks bigger because the renewables make the price go down whenever they are very strong. So it is the case. The other thing is of course deviations are on the CO_2 price. But globally what we have is an intention to fully compensate any increase in 2013 of regulatory receivables in Portugal with securitisation deals, so basically we want to keep this balance and I believe that the first quarter shows that we have been able to work on this front.

In what concerns liberalised market, it is impossible to predict what it will be, it will be very difficult to repeat the first quarter.

Miguel Viana

Yes, I would only add that April, the month of April, the market conditions were very in line with the first quarter, but May, if you look to May, of course that has changed and the power prices are much higher again and the hydro and wind volumes are going down so we don't expect to have months in the summer as we had in the first quarter.

Internet Questions

Nuno Alves

Maybe I can go to some of the questions on the internet…we have a question on the changes of reviews in Spain. I think António has answered that. We have a question from Florence from MFS regarding the deficit. As I have answered a couple of times, no we are not changing the guidance. The guidance will still be minimum €500 million, which doesn't mean we will not sell more. But the minimum is €500 million and that is the commitment. We have a question also from Andrew Moulder regarding the working capital improvement. There is one or two unusuals there, which improved it. One has to do with the VAT recoveries from the State which the government was supposed to give us last year only paid it in February. So we had about €100 million of taxes that the government postponed the payment to us so obviously it improved the first quarter this year at an expense of last year. And also we had pre bought a very large amount of coal last year which we are utilising at this moment, so we had the cash to go out last year and so we are running the coal plants without having to spend that cash. But those I would say are the two main items that change the working capital.

So we can go back to questions now.

Richard Smith – Citi

Just a quick follow up on the tariff deficit: as at the end of March you are showing about €3 billion of regulatory receivables, obviously you have done a couple of transactions since the end of March. Do you consider that full balance to be potentially securitisable? Or are there certain bits that you wouldn't be able to do?

Nuno Alves

So if we go back to page 11 on the presentation, now I think you have it on your screen there. We do have several tranches of the tariff deficit, okay? We are not going to get into the detail of it, because you can see by the colours we have several tranches of tariff deficit. Some are related to the CMECs, some are related to the special regime. The one that we have selling throughout this year and the one that we are preparing an institutional transaction has to do with the 2012 receivable of special regime which initially was €1.2 billion and today if we had not sold would be worth about €900 million because monthly it pays principal plus cost, so we have received all the 2012 plus the first fourth months of 2013 already, so the principal is no longer €1.2 billion, it would be around €900 million. Now we have sold €290 million so we have left I would say in the region of €600 and €650 million.

Now we will also have a similar deficit which is the 2013 special regime deficit which now we have the conditions to sell it but we have not started to look at it and we don't have a plan yet to sell it in the market. So we are just concentrating on the 2012. Once we have done with that one then we will see what to do with the other deficits that we have.

Manuel Palomo – Exane BNP Paribas

Sorry but I will ask you another question on the Portuguese tariff deficit. It is not just on the securitisation but my question is more on what is your view on what is going to be the deficit in Portugal and the electricity sector by the year end? If I am not wrong ERSE was targeting something like €1.4 billion and it is €392 million in first quarter. I wonder whether this could be executable and whether the figure will be more in the region of €1.6 billion? I wonder what is your working assumption? The second question is on D&A: D&A figure it is pretty flattish despite almost €2 billion Capex in 2012, I am wondering whether you have already considered any different useful life for depreciation purposes for the CCGT fleet? If so what is the new useful life that you are assuming and what is the positive impact on D&A? And a third question, it is on Brazil, hydro reservoirs, it showed that they have recovered significantly, but accordingly to slide 26 not as much as in previous years. So my question is, should we consider the same overcost impact in the distribution will remain across 2013? Thank you very much.

Nuno Alves

Okay, let me go to the tariff deficit. I guess the answer is on page 12 of the presentation. So basically what our expectation is today is that the total system deficit, and that is why this slide is important, is the total system deficit will go up from €4.0 billion to €4.5 billion at the end of the year. Now what we don't know is the breakdown. But that is our expectation which is significantly less than what we had last year as we had mentioned that would be the expectation for this year. And going forward the yearly increase of the deficit would be next year less than the €500 million and then start recovering and go down to zero sometime around the end of the decade. That is what we continue to believe. It is possible and our expectation is maintained despite the CO2 prices which obviously will have an impact on this expectation. So I guess this slide helps and we will keep on presenting this slide so that you can follow, not what we have on the balance sheet because that can go up or down, but the total system deficit so that you can control that.

In terms of D&A, no there has been no changes in it. We have been analysing the possibility of the depreciation on the CCGTs. No decision has been made. We are doing some studies, we will have to talk to the auditors, so we have no idea right now what could be the impact or not, but it would never be very material in any way.

Miguel Viana

In Brazil, so it is true, the idea is that some thermal plants should continue to operate, at least the cheaper ones, namely coal and gas. Our expectation is that there should be some higher energy costs. Nevertheless the decision that CDE will support that extra cost will neutralise any impact for us in terms of cash flow and also in terms of EBITDA, so that was the important positive news that we got in the first quarter is that it will be paid by CDE.

Internet questions

Nuno Alves

I have some more questions here from the internet.

António Mexia

Okay, Florence, the CTG deal, what is the timing for the second transaction now, is it still May or being postponed? The question is we have been analysing the country for the second deal. For me the key issue is that I want to reach the €1 billion agreed and closed by the year end. So as the second package it will be probably a big package and as the financial closing as we have seen then takes a long time because of all the regulatory and legal authorisations, the one that we have closed in December we will have the financial closing by end of May, beginning of June. And the key issue is that until the end of May we will have exactly what was expected, mentioning what will be the region, what will be the typical amount and the formal agreement should follow and the key issue is that before the year-end we want to reach that €1 billion visible agreement and close it.

Nuno Alves

Two other questions here: one about if we still intend to issue dollar bonds this year? Yes, we intend to do so. That is part of the financing plan for the year. Let me say that we are ready or we will be ready very soon. We needed the accounts and we needed the auditor's comfort letter. We closed yesterday so we will have that next week. We have, as you mentioned, two windows to issue. If things stay as they are, I guess you can expect a transaction before the end of the semester, but yes we plan to issue in dollars still this year.

There is a question here: given that the Portuguese bond yield has been falling strongly would you expect that the 6.3% remuneration on the tariff deficit could be reduced? No. Simply no. There is no chance of that interest rate being changed at all. That is contractual. You have to see that this was defined, it was EDP that financed the tariff deficit back in 2012 when rates where different. And we have to support it in our balance sheet throughout this period, so if rates went down, fine, we profit from it, but we took the risk. If they had gone up they wouldn't change the rate either, so those rates are not changing.

Charles Fishman – Morningstar

I had a question on slide 20, this is Charles Fishman from Morningstar, on the electricity demand: any predictions on your part when we are going to see a bottoming of the demand decrease? Do you see that that may be occurring this year? And my second question would be on the Pecém coal plant. Is any portion of the cost associated with delay recoverable because of a problem with the contractor or supplier?

Nuno Alves

Okay, let me answer the first question, António will answer your second. In as far as electricity consumption in Iberia is concerned, what we have seen is that the electricity consumption has been less negative every month since September/October last year. It actually was positive in March. It was zero in April or 0.1%, so we have seen a slowing down of the demand destruction in Portugal, so our expectation is it probably will flatten out throughout the rest of the year. In terms of Spain, we are still seeing demand destruction increasing or at least not getting any better, so I think it is probably going to start the same move as Portugal, but later on, so we probably would expect Spain to start not having negative consumption by the end of the year. So nine months after the Portuguese one.

António Mexia

In what concerns the second question, I believe you were talking about Pecém and the suppliers. What I would like to stress is the following: our first priority was of course to put the machines running and finally we are there but I can assure you that we will go back to the desk and work, and we are already working on what revenue that we can recover from the suppliers because we have seen clearly a significant responsibility from different suppliers, some of those suppliers worldwide. And I am sure that we will reach an agreement in what concerns them participating in the process of compensating EDP Brasil for some of the losses because we have seen some work that was not let's say top work. So we expect to work on this and have some, along the year, until the year of the year we expect to have some visibility and we will share as soon as we have it.

Closing Comments

António Mexia

So once again thank you for everybody being there. We have been changing the top ten of the questions. We have talked about tariff deficits. We don't talk any longer about liquidity, that is good. We are moving into different items. I think that it is obvious that we have a resilient portfolio. We have been clearly doing what we have to do in the different fronts, business and regulations. I think that we have been clear in what concerns the guidance. I think that we have also been very detailed and clear in what concerns the sustainability and what we expect for that regulatory receivables profile in the next two years and what we are doing in the market. So I think that we are very transparent in the good news and on the challenging ones also. So see you soon and thank you again for sharing this moment with us.