EDP – Strategic Update 2021-25

Thursday, 25th February 2021
9:00 Hours UK time
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 and thank you all for joining us that EDP strategic update 2021-2025. We are thrilled to be here today to present you our strategy, we start by kicking-off off with our CEO, Miguel Stilwell de Andrade with an overview of what the world needs to it from us and now we are stepping up to the challenge with our vision and commitments. Our CFO Rui Teixeira will do deep dive on our global business platforms and financials.

And finally, our CEO will do a wrap-up of our positioning for the future. We expect this presentation to last around one hour followed by the usual Q&A in which you can ask their questions by phone after the presentation or you can write your question, starting from right now at the web page of the event. Note that the whole session should take no more than two hours and without further ado, Miguel. Please take the floor.

Miguel Stilwell D' Andrade: Thank you, Miguel. Good morning, everyone and welcome to the EDP Capital Markets Day. It's a pleasure to have you with us today and I hope you're all doing well.

I'd like to start off by talking about one of the major challenges facing the world. We have an increase in population. We have an increase in energy consumption over the next decade and an expected temperature rise approximating 4 degrees by the end of this century We believe this will cause a huge amount of issues with the world. We're going to have an increase in sea level rise, additional migrants, environment migrants approximately 1 billion and an impact in terms of the world's GDP.

So, this is something which is really going to have a major impact on the world and it's something that societies are coming together, politicians and also people at large in terms of facing this. So, we really believe that the world needs to be transformed, and this is a fundamental thesis that we at EDP believe needs to be tackled.

We need a new decarbonized and electrified world. We need an energy sector, which allows the world's not to go above the 1.5 degrees increase, which has been foreseen by the Paris agreement. So, we need to clean, affordable, reliable energy sector where renewables is the vast majority of the production, where we have zero carbon being emitted and that's the commitments that we think the world needs at this moment. This is really the big challenge that society has to face globally.

One of the good things is that, there is a potential amount or a huge amount of opportunity in terms of renewables. We see that the costs are coming down. This is really becoming something that is competitive globally. Whether it's solar PV, whether it's onshore wind or offshore wind. This is now becoming a matured technology, which is able to compete and is even below the wholesale electricity prices.

So clearly renewables are cost competitive and they are able to face up to this challenge, and if you look at the graph on the left-hand side, I think this is really impressive. The past growth has been around 40 gigawatts per year of installed capacity. Today's forecast is expected to grow or expect to grow to around 80 gigawatts over the next couple of years.

To meet the 1.5 degrees challenge, so it doesn't go above that. We need approximately 250 gigawatts to 300 gigawatts per year of renewables over the next decade. So, this is a huge amount of opportunity. It means that we expect this to grow. The most conservative estimate doubling but at a more realistic probably multiplied by six or seven in terms of the renewables capacity that needs to be actually deployed, if we are to meet this challenge in terms of the world, and so I think this is definitely one of the key issues that we have to face. Fortunately, I think the good news is that the renewables are there and they are able to meet this challenge.

Let's also talk about networks. Because in terms of networks there is also a huge and unprecedented amount of investment which needs to be done. Again, by some of the estimates this is going to increase by around EUR100 billion to EUR200 billion per year, and this is going to be, so that you can incorporate the renewables into the networks. So that you can replace aging infrastructure, so you can increase the generation, which is linked to the distribution, increased also the resilience of the networks in particular to face some of extreme climate issues that we face. I mean we've seen wildfires on California. We've seen the polar vortex in Texas. We've seen similar things the world over. So really this network needs to be much more resilient. It needs to be capable of withstanding the challenges over the next couple of decades.

Talk about client solutions, again one of the downstreams the closer connection to the core customer. Were this is not so much the pure commodity, which has been sold to the customers. It's really the issue around decentralized solar, where again the projections in terms of growth are absolutely massive. There's also a massive amount of growth coming through in electric mobility, in flexibility, managing to the intermittency of the renewables. So, this is also a huge area of growth, and hydrogen, again one of the energy vectors which is expected to really grow over the next couple of years.

So again, in all of these different areas of the client solution space, a huge amount of opportunity going forward. So, we really believe that the energy sector is going to explode over the next decade, and over the next multiple decades. We believe this is a secular trend and we, EDP are well placed to take advantage of this.

Unfortunately -- fortunately the world is joining forces in this effort. We had the Paris agreement. We've had the US coming back into the Paris agreement now. So, we have China, Europe, the US representing more than 95 or total number of countries representing more than 95% of the world's GDP. So if there is a very broad alignment in terms of facing this challenge. We look specifically at Europe or the US, we have the Green Deal in Europe with already underway, new regulation already been put in place.

We have the Biden plan, the stimulus plan, which has been discussed around 1.9 trillion, and there is also talk about the infrastructure plan that's coming along. So, all of this driving this idea of more infrastructure in the energy space.

And finally, if you are on the private and social side, we have commitments by companies over 50 trillion already committing to go 100% green, and we have 90% of the younger people believing they can make a difference on climate change. So, all of these once again, a massive secular push to combat and rise up to the challenge of climate, and we EDP are not stopped. We are stepping up to this challenge. We are leading this energy transition and we believe we can create superior value by being at the forefront of this move. We are committing to invest EUR24 billion in CapEx over the next 5 years, until 2025. We will be doubling approximated renewables deployment to 4 gigawatts per year

We will be doubling our solar and wind installed capacity and we will be call free by 2025. By 2030, we expect to have added, and this is obviously more inspiration. We expect to have added 50 gigawatts of renewables additions. We will be 100% renewable generation. We will be carbon-neutral by 2030, again one of our commitments for this next decade.

So, these commitments, what do they boil down to? They boil down to three key commitments. One, we will be accelerating our growth, and it will be a sustainable growth. Will be stepping up in terms of the green growth we will be building out a distinctive resilient portfolio which can rise up and meet these challenges of climate change, and we will have a solid balance sheet. So, when I talk about, sustainable growth. I mean, we will be able to also do it sustainably. Not only investing in sustainable assets, but having a sustainable balance sheet that will allow us to get this growth.

Let's talk about ESG excellence EDP has been a reference for many years in the ESG excellence and we've also been delivering the returns. So, we will continue. We will strive to continue ESG reference. We will have a green leadership position like we've had in the past, we will continue to develop this further. And we will make sure we have a strong return visibility. Making sure that we are delivering value for our various stakeholders, and how are we going to do this by making sure we also have a future proof organization. We're not just talking about today's organization, we're talking about making sure that we have the DNA to take this company forward for the next decade in the next multiple decade, and to do that we need to be global. We need to be agile, we need to be efficient need to make sure we have the most talented people working for the company and that they are empowered to give to rise up to this challenge and to really keep the company going forward. Finally, we will be investing significantly in innovation and we will be driving also the digital agenda within the company. So, these are commitments and this is also what I'm going to talk to you about.

Let's go straight into the accelerated and sustainable growth pillar and I'll give you a little bit more information on this. So first in terms of investment acceleration. We are growing it from around EUR3 billion per year to approximately 5 billion per year. So, cumulative of totaled 24 billion over this period 80% of which will be in renewables 15% in networks, and 5% in client solutions. Where we going to invest 40% in Europe, 40% in North America. So evenly split, and the remaining between Latin America and the rest of the world, which includes some parts of Asia. So this is where the growth of our Capex is going. We have clear visibility on the execution of this plan. So as I said, we already have 60% secured or expected to be secured in the short term. What does this mean secured means the distribution Capex, which is already foreseen or PPAs that we already have secured to build out and that we've talked about in the previous results presentation and secured to be in the short term is expected to be over the next 12 months. That leaves us 40% to

We secured and as you know from our track records. We have been very successful in securing pipeline securing new projects over the course of time and we expect to do that again in this case. So, we are very confident that we will be able to deliver on this CapEx plan. But investment is not just about deploying megawatts, it's not just about deploying Euros. It's about making sure that we're getting the return on that investment for our shareholders.

We will keep the disciplined capital approach that we've had so 1.4 times our WACC will be our threshold. We will be looking to have more than a 2% spread in terms of IRR versus that our cost of capital. We want to create significant value on our CapEx of approximately 30% and then in terms of risk, which is also extremely important, we want to make sure that we have a significant amount of contracted NPV whenever we take an investment decision.

Fortunately, we have a big portfolio to draw form multi technology multi geographies multiproduct and that's where we're drawing basically the project that we will develop over this period. Just give an example 2018 we had, we looked at approximately 40 projects over the year in 2020 last year we looked at double the number of projects and we are continuing to increase the pipeline, so that we can be really selective in terms of the growth.

We will be accelerating this renewables growth as I mentioned, we're taking it up to 20 gigawatts over this period. So basically, doubling from around 2 gigawatts to 4 gigawatts, but we will be keeping more of these megawatts on balance sheet. We will be continue or we will continue to do asset rotations. Not at the same percentage as we were doing in the past. So, we are doing approximately 50-50 we will be doing now more one third, two third in terms of asset rotations.

So we continue to believe in the asset rotation strategy is definitely key pillar in terms of our growth, we like it because it allows us to crystal ball crystallize value upfront. It allows us to recycle the capital back into the business and we are permanently testing the quality of these assets in the market. So, I think it's definitely a great strategy and we will continue to do it, we will be doing approximately one third of the new builds that we do. And obviously for the megawatts that we keep on the balance sheet. We believe they have long-term strategic value and it will allow us to have more scale and synergies associated with that growing fleet.

In terms of overall portfolio, I talked to you about the distinctive portfolio the resilience portfolio. What does this mean over time. First, we will be reducing the amount of thermal we have in our portfolio. So, getting rid of coal by 2025 and by 2030 as I said, we hope to be carbon-neutral. In terms of any transition EBITDA. This will be more than 95% over this period, and in terms of investments. Most of it will be in Europe and in North America. As I mentioned, we will be decreasing our exposure to Iberia and we will keep Brazil below the 20% that has been historically our cap. So, we will keep it well below that, we will be doing approximately 1 billion of disposals, which we expect to come from Brazil, mostly for the entirety of this one billion Will be located in Brazil, associated with our strategy, which I'll talk about for Brazil.

So, let's talk about listed subsidiaries. Renewables, EDP Renewables is a core part of our business and I will stress this again. It is a core part of our business irrespective of it being listed or not listed. The fact that is one of the few listed pure play renewables with scale, we believe is a net positive, and so, we are aiming to reinforce liquidity in the stock and we believe EDPR can be a potential funding vehicle, while EDP always keeping at least 70% control of it.

So, we have a large CapEx plan. As I mentioned, approximately 19 billion just in renewables, with 20 gigawatts that I mentioned. So, to partially finance this CapEx plan, EDPR is considering the issuance of equity between EUR1.5 billion to EUR2 billion, to be placed with institutional investors at an appropriate time, and we believe that this equity issuance will meaningfully increase the free float and liquidity of the EDPR shares. We will also obviously consider additional asset rotation and other funding alternatives. So, we are evaluating all possibilities including this equity issuance.

In relation to Brazil, as I mentioned, we will be rebalancing the portfolio, refocusing more on networks, more on new downstream, selling some of the hydro. That's something we've talked about in the past and that's something we're also committing to in this business plan. We will ensure, we keep the majority controlled, while optimizing our equity exposures. So the exact percentage may vary over time, but we will keep a majority control.

Finally, I talked to you about sustainable growth. We are fully committed to BBB and I will reiterate that that's been a strong commitment by EDP to get to the BBB. We believe we will get there in the short term, As you will have seen from our results presentation, we are at the lowest level of absolute debt, and also the lowest level in terms of the ratio net debt to EBITDA. So we believe we are well placed to get there, and we also have the flexibility to continue to reinforce the balance sheet. Whether through hybrids or asset rotations, portfolio optimizations. As you know we did recently a hybrid of 750 million. We are able to do more. We will make sure that we get to the BBB and that we have an FFO to net debt, which is typically the metric that rating agencies look at of around 20%. So this is also one of the hard commitments that we have in relation to the EDP.

Let's talk about organization and talk about some of the challenges there. Now this is a pillar, which typically companies don't talk so much about. I mean it's not a particularly hard pillar, sometimes a little bit softer. But I think it's something that we believe passionately about at EDP. We believe we are human centered and that we need to keep our people empowered to really develop the best projects in the best business as possible, and we need to make sure that the company is prepared for the future. I think one of the really good things about EDP is that we have a lot of talent internally. We have been considered top employer for many years and a number of different both in Iberia and in the US, and various other European geographies, and so I think people like working at EDP and we can attract talent and we can retain talent, and that's absolutely critical when you're growing a business and it's a very competitive business. So we will make sure that we continue to have the best conditions possible, that we have a lot of diversity in the company, that we have a lot of inclusion, not just for the sake of statistics, but simply because we truly believe that it triggers more innovation and it allows us to be a better company, and so that's something that we are definitely working on and will continue to do that over the future.

In terms of our organization. We're also pivoting in terms of workforce. So we have obviously our business or core businesses, things like networks in some of the conventional generation. We will continue to streamline that and make that increasingly more efficient, that will mean a slight reduction in the number of people that work there, simply as a function of increased automation and increased digitalization, and we will be growing obviously our newer businesses, things like solar and wind and obviously new growth avenues, new business units, which we've also talked about. So there will be this pivot in this re-shift and that is part of simply growing the company.

We believe, we have a really strong world-class wind and solar team, and by 2025, we expect to have a large number of people in the operation and maintenance. So we are best in class. We'll continue to have a lot of development people, obviously because that's critical to develop the portfolio. But also in the new growth avenues. We're also going to have approximately 700 people developing the business in this area. So this is something, making sure we are tracking this talent and that we are getting them to build out this business I think is absolutely fundamental.

All of this, but we will be driving efficiency as well, and as I mentioned in relation to some of the core businesses and some of more mature businesses. We want to make sure that we are still delivering on the targets that we set ourselves. So we said us of 100 million by 2022. We are keeping that and we're taking you to step further. So by 205, we will continue to bring the cost. The nominal cost down over the entirety of the business on a like-for-like basis. So again, efficiency is definitely a key factor that we will continue to drive.

In terms of innovation. Again, we're expecting to double the number of people and innovation, investing more, investing approximately EUR1 billion in total cost between CapEx and OpEx in innovation, and basically structure innovation around four key pillars. Cleaner energy, which includes not only improving our renewables portfolio, but also things like hydrogen smarter grids, how to make our grids much more resilient, more efficient, more automated, and also in terms of storage, flexibility, how we manage that intermittency on the network in client solutions, how we are able to have newer business models, including many of the new technologies that I've already talked about. So these are some of the -- These are the four pillars that we typically talk about when we talk about innovation and we're making sure that we have a strong on this and we've also done some recent changes to make this more evident within the group.

In terms of digital. It's impossible not to talk about digital is just such a major part of our strategy. We are going to be investing approximately 1 billion over the five years approximately 200 million per year in digital one of the key things is making sure we think about digital from the bottom up. So it's not by the way, it means, we actually think digital first in the way we organize ourselves and in the way we set up our processes another thing, which I'm very passionate about which is the data centric decision making. We have billions of data points every day. we are producing data points, whether it's in the network with all of our customers, whether it's in the renewables with all the different turbines that we have throughout the world, and all the signals that they're sending us, whether it's in conventional generation whether it's distributed generation. It was just a massive amount of data. So making sure that we are using the analytics and taking decisions based on hard data that's definitely one of the key for us and we want to make sure that's transversal across the organization.

In terms of up efficiency in the operations, again, we can use that data to become more efficient and more automative, and then in terms of our actual digital culture and making sure that everyone within the organization. No matter how old you are younger no matter what business you are working making sure you have the minimum competencies in terms of digital that you are able to use of the tools at our disposal. And finally, and this is a critical point for us, making sure we have zero trust security which means having our cyber security at a top standard advanced level we manage critical infrastructure we need to be absolutely comfortable that we are managing our infrastructure carefully and that it is not subject to any external threat, and so that is obviously a key part of our digital strategy and we have fully dedicated teams to that.

So, that was the pillar in organization. Let me talk to you now ESG about excellence and attractive returns. I think one of the key things here, I'd like to talk about is our ESG reference we have been and we will continue to be a reference in ESG. For over 10 years now, we've been the number one or number two in the Dow Jones Sustainability Index and we have multiple other awards as well. I mean we've been top in the ethics committee, ethics companies we've been sustained analytics. We have multiple award in the sustainable area in terms of ESG and we will continue to be committed to be in top in these various in this is going forward and that means also being a part of the UN sustainable development goals on the various dimensions, typically we focus more on nine of them, but these are nine are absolutely critical for us. And obviously, we can go into more detail afterwards the Q&A on decision.

And we will be accelerating our efforts on the ESG dimension I think now it is, it's not a nice to have. It's an absolutely must have on the environmental dimension, as I mentioned, we are going to carbon-neutral by 2030. We are continuing to transition our portfolio to 100% energy transition EBITDA in terms of social, we continue to focus on making sure we have more diversity within the organization, whether it's gender or different geographies in terms of social investments over 100 million of social investment over this period, and in terms of governance, making sure that everyone is aligned and is linked to the different stakeholders that we have, making sure that our compensation at all levels is linked also with the ESG standards and that we have reinforced risk management and that we are taking this seriously at all levels. So, we want to make sure that we guarantee best ethical and compliance principles

And we're doing this how we're doing. This also by making sure that we are ahead of the curve in terms of taking the company to another level on the environmental side so we are committing ourselves to be in carbon-neutral by 2030. As I mentioned already, we will be coal free by 2025 and we want to go down to zero specific emissions by 2030 and so this is one of the commitments that we set out in this business plan that will work towards over the next decade.

And finally, we will continue to deliver superior value to our shareholders. We want to go all green by 2030. We want to double the installed capacity as I mentioned, we will be invested in EUR24 billion to get there and we will be also having the ESG leadership as one of the key pillars of the company. All of this will translate into hard numbers and obviously we will also talk to you more about that, but we are seeing basically an 8% growth in net income over the next couple of years to reach a EUR1.2 billion by 2025. And we will be keeping our attractive dividend policy. So approximately EUR0.19 per share. That's all our hard floor. As you know, this has been something we've been committing to for many years. We will keep the 75%, 85% target payout and we expect to be able to see some dividend increase over this business plan period as the EPS continues to grow. So this is also one of the commitments that we are keeping in relation to the company interested to the shareholder.

Finally, who is going to deliver this, we are the management team. This is a renewed team the five of us as you know, we've made it a smaller, more agile team. We have a global ownership of the business, and obviously we have specific ownership then for different platforms, but we have a unified and integrated view of all of this many familiar faces that you will know because of transition from the previous team also in the case of Ana Paula Marques a newer face with a very seasoned and experienced executive, also from a listed company here in Portugal. So you will continue to see this team dedicated and accountable to delivering these results that I've been talking about, and now I pass here I'll pass over now to Rui Teixeira to deep dive into the different platforms into the numbers. Thank you, and I'll be back then for closing remarks.

Rui Manuel Rodrigues Lopes Teixeira: Thank you very much Miguel good morning to you all happy to be, with you even at the distance. I hope you're all safe. I would like now to go through what are how we look into the group in how we manage the group through three different platforms. So basically, we look at first platform the renewables which we of course consider to be the clean energy growth engine, the second platform, which is the networks, what we call the energy transition enabler, and the third platform client solutions and energy management of course to manage all our client base and our energy management portfolio, and of course the way we will be looking into the three different platforms, is naturally on a business level, but very integrated in how we manage understanding that they of course through that we have an ability to capture different investment cycles and of course we will be leveraging on the three of them to capture synergies.

So now. I would like to go through the first platform the renewables platform. So we start this period 21-25 with 20 gigas of installed capacity. The majority of which in wind, but also a significant component in hydro. Of course, plenty of experience in both of these technologies. As you know, we have built competitive advantages through our capabilities not only in the hydro, but all, very much in wind. So very comfortable to keep delivering value for the future to come, and I would like to talk about a little bit about this short-term future, let's say, the 21 and 22. What we are showing in this chart is the capacity, which is already secured in terms of taking arrangements, so PPAs or CFDs or tariffs that have been awarded through EDPR projects into EDP Renewable platform through the different auctions and effectively when we look to this, we see that we've delivered 1.6 gigas in 2020. But we will already be ramping up to 3 gigas by 2022, and of course, we see this, we are very comfortable that we will be meeting this and it shows already that we are stepping up growth with the secured project.

So that's why, when we look to what we are committing to do next is effectively to step up this growth. So we, are committing ourselves to deliver 4 gigas on average per annum in terms of renewable capacity renewable additions, of course, it will be ramping up the period 21 to 23 3.2 gigas in the period, 24 to 25 4.6 years of new additions per annum, and the reason why we are very comfortable that we can do this is because for the entire 20 gigas that we are committing to build within this five years, 45% of that is already secured, or will be secured in the short term, we expect over the next 12 months, around 55% will be built throughout the remaining period of this business plan. But for which we have around 36 gigas of pipelines. So, we have pipeline development from which we can select the most competitive and beneficiate from our geographical diversification. So truly committed and very comfortable that we will be achieving this ambitious growth target of the 4 gigas per annum on average until 2025.

But also, I would like to highlight, that where we are going to do that is effectively pretty much in using the same geographies where we have been developing our efforts so far. So right now, looking at the 21, 25 period, 80% of our new additions will be in geographies, which we know extremely well both in US and or North America and in Europe, of course, would some presence in Brazil and Latin America, but also exploring to a limited extent some opportunities elsewhere in the world, creating an opening new different markets.

Now I think it's important also to highlight that from a technology perspective, more than

50% of our new additions will be in wind, which is where of course we believe we have differentiating capabilities, really see ourselves as someone that has a competitive edge vis-a-vis the rest of the market, and of course that is built on all the different knowledge that and different relationship with suppliers and the entire supply chain that we have built over time and a very credible way. Naturally, we will also be investing in significantly in solar, not only utility scale level but as well as on the decentralized basis, and we will also be tapping storage, what we call the standalone storage with some PPAs. So, making sure that we keep our low risk profile. But all in all, more than 50% of our capacity in terms of new additions will be in wind, and I will address later, a little bit, the remaining technologies of course that will be tapping in or we managing in our portfolio and the hydro and some potential opportunities in the future for hydrogen.

But I think it's also fair to share that when we look to the different technologies, again, we see the same profile and the same pattern that I mentioned before. Around 70% of the wind capacity will be installed in both Europe and United States. So, our core geographies, low risk geographies. If you look to solar, the same 85%, of that new capacity will be installed in Europe and United States. Here more into the North American platform. Again, with the smaller exposure from Latin America and new geographies. When we talk about offshore, which as you know is a developed and executed through our JV Ocean Winds, JV with Engie that is much more project by project related. But what I would like to highlight is that we do have already secured PPAs are off taking arrangement for most of the projects or the projects that are due to become, or to be online by 2025 or 2026. So very comfortable that the team not only will be developing new growth opportunities. Effectively deploying this capital and delivering on these offshore projects in the different geographies, which again include Europe, United States and some Asian markets, but also with low risk profile.

And here, I'd just pause for a second on the hydro because I would like really to highlight that the tremendous value that we have from these assets. The ability to generate strong cash flows from this renewable technology, but also the 2.4 gigas of pumping capacity that we have in Iberia through which we of course can manage very, very well the flexibility of these assets. We can imagine how we link this to the load profiles to solar penetration, arbitraging peak and off peak.

So, it's important to understand that there is significant value coming from these assets, and of course in Brazil, I mean you're managing for value. The projects are the assets that we have there with PPAs.

Now storage and hydrogen definitely, two new technologies. Storage is something that we are seeing evolving quite rapidly in the United States, and again, it's a business model, where we do see that it could meet the low risk profile that we are looking always for our portfolio. So basically, taking investment decisions, supported by PPAs or by long-term contracting, and of course, there will be some storage also coupled with some solar installations as a request, just answering to requests from clients.

But on a standalone basis, we would -- we see that we can invest or can grow up to 400 megawatts within this period, namely in the United States. Also, a word to hydrogen, as you know, hydrogen is acknowledged today as -- or there is a consensus a wide consensus, that it's a technology that will take us to that last mile of decarbonization. Europe has set very ambitious strategic targets for growth in hydrogen, and naturally, we see ourselves as having a role. The key role within this sector, and of course capturing the value from this potential growth opportunities.

So as of today, we have created a unit for storage and we have created a business unit for hydrogen, through which will be developing different projects in different partnerships. Today we have more than 20 projects in our pipeline. Ongoing discussions with the potential off takers. So, depending on how the technology ramp up, we could see ourselves installed being somewhere in the range of 250 megawatts of electrolyzers by 2025, that was represent and 500 megawatts to 1 giga of renewable capacity. So, this is something that we will be following and dedicating teams specifically to develop this business model.

I've talked about growth, but definitely I'd like to talk about also asset rotation because as you know, they go hand in hand, and while in the past we were looking at selling around 50% of our gross additions through asset rotation transactions for the remainder for this period for the 21 to 25 where we expect to sell about 1.4 gigawatts to 1.5 gigawatts of capacity this in terms of the relative weight of the gross additions will be decreasing. So that 50% that we had in the previous business plan will go down to 30% by 2025. So actually a less weight of that the asset rotation vis-a-vis the gross additions, and I think two important messages that I always like to convey is, I mean we have a credible execution track record the executing these deals since 2012, 12 billion euros in Enterprise value and also we do see that I mean to some extent we are a bit conservative in the financials because we are considering that the capital gains from the asset rotations will decrease vis-à-vis the last 2 years where we estimated around EUR300 million - EUR400million per annum, and we are estimating for this period around $300 million per annum. So, this will keep an important role but decreasing in relevant relative terms over time. Now main highlights of this platform. Naturally, it's a platform where we will be deploying the majority of the capital, so it's a EUR19 billion capital allocation to renewables platform and of course with an important impact in terms of EBITDA growth, our EBITDA should go from EUR2.2 billion in 2020 to EUR2.9 billion in further 2025. So that's a very important growth it's a 5% per annum in terms of following very much what is the installed capacity.

Now on networks, as I said before this is the enable and why is this? I mean it's important for the transition, as you know, but in what concerns our portfolio, it's a strong cash flow profile, generator low risk profile. So effectively, this is something that we look very carefully to hold into the portfolio but also acknowledging that we will have to differentiate how is what is the strategy for distribution and what is the strategy for transmission, because both the 2 class asset classes they we treat them differently and how we are going to do that.

In what concerns the distribution basically the I think one of the main figures is that we are increasing significantly our regulated asset base it jumps from EUR4.5 billion to EUR6.1 billion of course, this is very much driven by the acquisition of years ago. and within this new business or within this platform or the distribution within the networks platform. Of course, we will be deploying capital in a recurrent basis. So that's a EUR3.2 billion CapEx to be deployed over this

This period and actually, we are doing so because we have very good visibility about the regulatory frameworks in each of the different geographies, where we have our operations, namely in Spain, in Portugal and as well in Brazil. So that visibility supports that investment decision in terms of organic CapEx for the networks.

In Iberia, of course we become a leading player with the acquisition of Viesgo we become the third largest DSO in Iberia, Peninsula, with a more balanced EBITDA contribution from both networks. Portugal, accounting for 60% and Spain accounting for 40%, and of course we are absolutely committed to deliver the savings and capturing the synergies, the operational synergies that we have committed when in the summer of 2020, we acquired Viesgo. So, we are fully committed to deliver this EUR200 million of savings from the integration of Viesgo and E-Redes our business in Spain.

When we look of course to overall how we will be deploying also capital into the distribution business, naturally we will be investing significantly in modernization, in digitalization, in how we deal with the network, which will be more complex, but also has to be more resilient. That means that we will naturally be targeting. How can we improve the quality of service, how can we improve the losses in the grids, because as you know in the regulation this is actually a lever to capture additional value. But also, very focused in terms of improving efficiencies with a strong reduction in terms of our OpEx per connection point. So that is how we will be creating value in our distribution business across different -- the different geographies.

And now on the transmission asset class, of course this is different. It starts with the ability that -- I mean, it starts actually with the anticipation that we had about the growth potential of this market in Brazil, where we participated in the first auctions, where we were able to be at the return on equities around 12% to 14%. But it is very important now that we have to execute and the team in Brazil has been executing extremely well, actually ahead of time below budget, which is a source of value creation for these CapEx or these capital allocations. So, all in all we are right now expecting a higher return from these assets than we had in the bid, and of course, I mean, we will be looking for potential consolidation as well as the value crystallization through these type of assets.

Naturally, the highlights of this second platform, the networks is of course still a significant amount of capital being allocated about 3.4 billion in total. The regulated asset base, increasing significantly. So, for the three geographies going from EUR5.1 billion to EUR7.1 billion and of course a very important EBITDA increased contribution going from EUR0.9 so slightly below EUR1 billion to approximately EUR1.3 billion in 2025, so a very important growth from the networks platform.

And in the third platform within the EDP group is the client solutions and energy management and of course here, the first thing that we acknowledge that we have a large customer client base of 8 million, and of course what we have to do is make sure that we are creating value based on this, of course we different strategies related to the segments. But very importantly, also looking at what are what is innovation in terms of new products and new services to this client base, but also on the energy management side which is absolutely key to make sure that we keep managing the portfolio implementing hedging strategies. Also, being successful in the PPA origination, which is critical for to support the growth in the, -- particularly in the renewables.

So how are we looking to the client solutions. Of course, increasing the margin on the client base how we are going to do that we'll be doing that for, applying different services. But very much based on a growth that we expect to have on the decentralized generation actually increasing tenfold also in mobility services and of course also understanding that we need to be more efficient, reducing the cost to serve, becoming more digital and having a much, much better engagement with our client ways and really improving that digital connection.

On the energy management side, I would basically highlight three blocks. I mean, there is one which has to do with understanding really well what are the risk profile, often of the different decisions that we have to make either on the understanding rules wind hedges profile shapes we really need to have a good understanding about that risk profile we have built that internally within our teams. A second one, which has to do with how we are originating and structuring PPAs, and again, this is very important because this gives credibility to that earlier slide into that ambition of growing for gigas per annum, with a low risk profile. And what I'd like to share is that we have been extremely successful top six, top five player in the US and in Europe in terms of adding new PPAs to our portfolio, but of course also understanding that we will not win all, we don't want to feel a winners curse and in effective will be very selective in how we structure and how we ultimately agree upon the PPAs making sure they are profitable and with the appropriate risk profile, and last but not least, naturally all and the way that we are monetizing the flexibility that we have embedded into our portfolio. The combination of hydro pumping and renewables combined gas cycles in the option value allocated to that. So effectively managing this in this portfolio, as we have been doing so far with great expertise and great excellence.

So, the key highlights for this platform is on a CapEx basis, of course, is the more capital light net capital-light platform about EUR1 billion investment within this business plan. But very importantly this potential growth that we estimate that we will deliver in terms of DG decentralized generation and of course an important contribution in terms of EBITDA from this platform from EUR0.4 to EUR0.5 billion within this period. So again, looking at EDP Group as a whole three platforms working on business lines, but combined to make sure that we capture that portfolio value, but also there is the synergies of managing these in a very intelligent way.

Renewables, the growth engine, so what we call this clean energy growth engine, EBITDA going from EUR2.2 to EUR2.9 billion. So that will represent 60% of our EBITDA and 80% of our CapEx for this period. Networks, the energy transition enabler EBITDA going from EUR0.9 to EUR1.3 billion by 2025, that's a 30% of our EBITDA by 2025 allocating around 30% of the 15% of the CapEx into the networks, and finally, the client and energy, client solutions and energy management where we will be allocating 5% of the CapEx and would be contributing with 10% of our EBITDA by 2025 with approximately EUR500 million by the end of this period.

So, now just going through the financials of this business plan what these represent in terms of aggregate numbers in consolidated numbers. So, the first, I think it's to highlight the ambition in terms of capital allocation. We will be investing in this period starting 3.7 billion in FY 20 reaching 4.6 billion of investment in 2025. So, if you compare the two years is a 1 billion growth in terms of investment from one year to the last year of this plan.

EBITDA growing at 6% CAGR between 20 and 25. So reaching the 4.7 consolidated EBITDA EUR4.7 billion EBITDA by the end of 25. Net income of course, reflecting the accretive nature of the investment program with an 8% CAGR between 2020 and 2025 reaching EUR1.2 billion by the end of this period, and of course, very, very strongly committed, committed to achieving a solid investment grade, BBB rating. So, our FFO to net debt going from an around 19% to 21% within this business plan, and actually, I would like to address a little bit, how we strategically and look at the financing? again very committed, strongly committed with the BBB rating and reaching this 21% FFO to net debt by 2025. Green financing will be the way that we will keep on issuing new bonds, new hybrid, new instruments. This rule from novel, we have started doing that in the past, we will keep on doing that for the future. Of course, that we will keep a very active management in our debt position, particularly the liquidity position ensuring that we have visibility for the next 12 to 24 months in terms of liquidity. So again, a prudent financial policy. We will keep centralized debt management, of course, Brazil, as you know is ring-fenced but otherwise in that will be managed mostly at the, at the corporate level at the holding level. Of course, we keep a very active management in terms of FX and interest rate and making sure that we are matching our assets and liabilities, both in terms of duration, but also in terms of FX exposure. And finally, also considering a reduction in terms of cost of debt of around 40 basis points by 2025. But I would like to end my part now with how from where we are taking the cash that we need for this ambitious plan. So, as you see, we will be in terms of cash uses, we will use around 28% of, EUR28 billion of cash, most of that of course is for the CapEx, there is EUR4 billion for dividends as Miguel said previously, we are keeping the same dividend policy as exists as of today.

How we are going to fund this EUR28 billion cash needs? The most, the majority of it will be project related. So EUR22 billion, it will be either actually be a cumulative of cash from operations from the different, from the entire portfolio, EUR8 million of asset rotation, something that we are definitely committed to, and EUR2 billion from tax equity which as you know, is creating value through the monetization of the investment and the production tax credits we have in US. Then EUR2 billion, additional EUR2 billion debt. EUR2 billion of some portfolio optimization alternatives such as new hybrids, of course, some regulatory receivables and also EUR2 billion from what we call these flexible funding sources as we also mentioned before, EDPR capital increase and our additional hybrids those asset rotations, and all these are being in evaluated.

And with this I would like to thank you for your attention and ow hand over to Miguel. Thank you very much.

Miguel Stilwell D' Andrade: Thank you Rui. Okay. So, some final remarks, and I would like to share with you, I think we've seen obviously a lot of numbers, but I would just like to take a step back talk to you about what we've already done in the past, because I think it's this track record this issue, which allows us to be confident about delivering the future. We have consistently delivered on target, and if we look at the business plan that we presented to the market in March of 2019. We have delivered on the key targets we have the 7 gigawatts of secured capacity we've delivered already by the end of 2020 7.7 gigawatt we had around 1 billion of proceeds per year. We've already delivered 2.3 billion over the last 2 years with premium 50% above target, if you remember that was one of the issues and many of you challenged us or at least wanted to know more about that, and this is something that we've delivered consistently above the expectations. In terms of portfolio, again, we've delivered in terms of having a low risk regulated portfolio, this has been enhanced obviously by the Viesgo acquisition, which we did last year, which brought in more regular that is long-term assets into the portfolio.

The Disposals, we talked about the 2 billion of disposals in Iberia we've done well over 2 billion. We've done 2.7 billion swapping out some of the hydro's in Portugal, some of the B2C in Spain and the thermal, the CCGTs and trading that out for Viesgo regulated assets, at a very attractive multiple, and I think that was clearly recognized also by the market and investor there. In terms of balance sheet we've delivered again and obviously we've talked about that also on the 2020 results, but we are at the lowest level in terms of net debt and the lowest level in terms of net debt to EBITDA of the last 13 years, and so, I think clearly taking the big step forward in terms of balance sheet.

And finally, obviously, this translated into good strong total shareholder returns over this period, 65% clearly above the rest of the index. The utilities. So, I think by taking a step back. Looking at what we've done and it's essentially the same core team. But we are confident about also delivering on our ambitions going forward and that's why we believe and we are confident with this business plan the accelerated and sustainable growth have my both myself and who have talked already about that a big step-up of growth in renewables, accelerating the ownership or of the assets that we keep but also keeping the asset rotation strategy, 24 billion in CapEx over this period, 20 gigawatts of gross additions 8 billion of asset rotation. So, I think these are some of the key numbers. Obviously, a lot of numbers in this presentation, but I think these are really some of the key numbers to bear in mind, continue to focus the investments on renewables and networks both in Europe and in the US or around 80% of the investments that we're going to be doing and targeting to BBB keeping that in the short term. So, we're definitely want to keep a sustainable leverage going forward. EUR4.7 billion of EBITDA, Rui already talked to you about that in keeping roughly 20% FFO net debt in the short term, as I said, to get to that BBB. So, these are the key targets that we are committing to over this period. I've also talked to you about organization and again this is something, which we believe very strongly about is making sure that we are continuing to attract the talent that we are global, agile, efficient, that we are seen as a top employer and that is seen as a competitive advantage to take this company forward.

We are continuing to focus and will reinforce the investment in innovation and we will also continue to press forward with a digital agenda, so clearly here also some big numbers, we've talked about EUR100 million in OpEx savings and also the EUR2 billion, including both digital and innovation. So again, a strong focus here on this idea of keeping the company future proof. Finally, ESG excellence, this is something that again we've been very strong about not only in the recent past, but also going forward. We will definitely keep up the strong green leadership positioning, we will be referencing the ESG we want to be coal free by 2025, we want to be carbon-neutral by 2030, and we want to then deliver good returns -- a great returns for our shareholders, reaching the EUR1.2 billion net income by 2025 and keeping obviously the minimum €0.19 floor for this period with the potential for an increase.

Finally, but not the least, we are really stepping up our commitments and I just wanted to go back to the beginning of the presentation. We're talking about a major secular trend. This is something which is impacting the globe it's impacting all the different economies. This is transversal to all of society and everyone is stepping up and so when one of the key numbers, I think, which really stands out. Certainly, for me is when we talk about having more than 95% of the global GDP committed to the Paris agreement. So, this is not something, which is a niche play this is a major secular trend until we are firmly committed, we are well positioned to take advantage of this opportunity. We are committing to 2030 or we have this aspiration of the 50 gigawatts the 100% energy transition EBITDA, making sure that we are fully aligned with that secular trend and that we are carbon-neutral also by 2030. So, stepping up growth and scale going all green by 2030 and creating superior value for our stakeholders. So these are some of the commitments that we are taking as a team, it seems that you know. Well, it's not just the 12,000 people that work at EDP every day and that have been delivering over the many years. It's also obviously the team that you have in front of you and -- that -- also from other areas and this is what is going to allow us take EDP fourth over this next decade, and continue to deliver value superior value for all stakeholders. So, we definitely want to catch up with you over the -- not only in the Q&A, which will have following the session, but also in many future iterations that we'll have in terms of the results to keep you up to speed. We are saying and I think this is really we believe passionately as a team about this is an unprecedented challenge globally. It requires ambitious commitments and at EDP we are passionately committed to delivering on this plan, and making a difference in the world, and so I'd stop there, and obviously we'll then open it up for Q&A. So, thank you very much for taking the time.

Operator: Let's begin the Q&A. We will a few words by Mr. Miguel Henriques Viana, Head of IR.

Miguel Viana: So thank you everybody. So we'll start now with our Q&A session. We'll start with the questions by the phone and then we'll move to the questions that we got from the web. We'll start with a question from Harry from Bank of America Merrill Lynch.

Harry Wyburd: Hi Good morning, everyone. Thanks very much for taking my questions. So I've got three: On the Earnings Guidance and you've given us very clear guidance for 2023 and 2025. I was wondering could you just comments a little bit on what you expect for this year. I believe your company compiled consensus for 2021 statutory net income, which is the headline figure is about €900 million. So very useful. If you could let us know you're comfortable with that value. And secondly, I wanted to ask on the Brazilian disposals that you mentioned whether you could give any kind of sense of timing there and what assets you might be looking at selling maybe comment a little bit about valuation relative to what you think the market has in some of the parts of those assets and then Importantly, how would you actually use that cash because obviously got a follow quite complicated path to get to the end reinvestment objective you got to take it out of the Brazilian entity upstream it to Portugal. And then I guess downstream back to EDPR, if you want to spend it on renewables. So you sort of get a bit of color that. And then just final one on the EDPR Capital raise suggest for me and from an EDP perspective. You mentioned that you take us take about 70%. So can I just understand a bit about how that's that might work. So is that suggesting that you may not fully subscribed pro rata at any capital raise and now we effectively saying that you are planning to release a stake to 70% have more of sort of primary focus to raise. Thank you.

Miguel Stilwell d'Andrade: Okay. So, Harry. Thanks for the questions. And I hope you're well. In relation to the earnings guidance typically as you know at the beginning of the year we don't provide that much guidance for the year. Obviously, as you know we are still very dependent on the hydro typically for the first 3, 4 months, so we will be probably providing more concrete guidance at the first quarter results. In any case, we are expecting some growth versus 2020 at the net income and EBITDA level and so, as I said, will come back to that, probably in the first quarter, but we would expect some growth versus 2020. In relation to the second question Brazilian disposals, so I wouldn't like to necessarily comment on value but in terms of timeframe. We are moving ahead with the, with the transactions are with the processes, so it's something that we would expect would happen or that we would try to front load it certainly in the first part of the, this time frame of the business plan and we will obviously provide visibility whatever is appropriate and as possible, but it is, it's not back loaded. It's front-loaded. In terms of what we do with it. Again, great question. I mean first, Brazil, as you know has implemented a dividend policy and also our buyback policy. So that's certainly one way of using it another way is to reinvest back into transmission projects new transmission projects or in the downstream, for example, the developing more their solar platform there. And so that's obviously also a certain parts can be reinvested. So part can be reinvested in Brazil as we've always mentioned, we would like to keep the Brazilian exposure below 20% and that's sort of the number where we keep looking at. So we'll keep it below that level will reinvest part of it back in Brazil and the rest will either be dividends or buybacks. In relation to the EDPR capital raise, so that is one of the possibilities that we are looking at. And we've obviously flagged that in the presentation. We would do it at the appropriate time and in conditions where we would place at essentially with institutional investors only and obviously the idea there is because we are raising we would be raising fresh capital and that's in that situation.

So, if we subscribed, obviously that would not that partially defeat the purpose, given we have such a large percentage. We don't go expect to go down to the 70%. We expect to stay above that and I think we just simply highlighted, what was, let's say, the lower bound of what we thought was appropriate. In terms of our stake in EDPR, but we would expect to stay above that in any scenario. So hopefully that answered your questions. Perhaps you can go onto the next one.

Miguel Viana: We have now a question from Alberto Gandolfi from Goldman Sachs. Alberto, please go ahead.

Alberto Gandolfi: Miguel. Thank you and good morning and thank welcome competition from becoming on the path of becoming green energy super if you really execute. So, that's the first question really. Can you please talk about the main challenges to do something like 4 gigawatt growth and what seems to be 6 gigawatt growth per year in the second half of the decade. And maybe, can you tell us what type of main bottlenecks? Do you monitor, in terms of the no cables of the availability, equipment availability personnel. What are you assuming, in terms of policy, like what do you think Biden is going to do, given that big chunk of your investments if I'm not saying 45% in the US. The second question is about a little bit. Apologies, a bit boring here, but the net income you presented last night and the net income goals you're presenting today, the €1 billion target and the €1.2 billion target. Can you, now changed the definition of recurring, which I think is way clearer is the €1.2 billion, excluding any capital gains, let's say, in the €1 billion, as well from rotation or from whatever and maybe taking a long of that, you just replied to Harry saying, you expect EBITDA growth. I guess, you're assuming EBITDA before capital gain that 3.5 billion, would you also expect underlying growth in net income for 2021. And no, that's it. The third question was in the capital increase would be you've already replied to that. Thank you so much.

Miguel Stilwell d'Andrade: So, hi, Alberto. Sorry. Thanks for the question. So, we definitely see ourselves, we believe, we already are one of the majors. One of them, the green energy majors, and that's for sure. I think our track record, the installed capacity. We already have, the scale we have the

global footprint. I think, certainly places up, us up on the podium and we intend to stay there. We are aiming for the 4 gigawatts per year over this period. One of, and I think you actually on the call. Yesterday in the EDPR and we pointed to the graph where we already have secured around 3 gigawatts in 2022 and I think, we saw that ramp. So, we are I think well placed to get there. And that means that we would sort of be more towards the 5 gigawatts in 2025 around 4.6 GW, If I'm not mistaken that last period and – we think we can take it from there. And I really want to take a step back and -- go back to one of the messages. I mentioned at the beginning of the, of the call, which is the incredible amount of growth that we expect over the next 10 years, that we hope will come in the

next 10 years, next 10-20 years associated with the build-out to achieve the Paris agreement and the 1.5 degrees and I wanted to one of the graphs, which is, we had approximately 40 gigawatts per year, being installed over the last year or so or the last years per annum and going forward, that would need to multiplied by six seven times if you wanted to reach the 1.5 degrees.

So we really do think there is a huge amount of upside. Obviously, we're not necessarily projecting for that we're projecting for something which is used by independent analysts etc, but I do think there is a possibility to even ramp that up further, so it is a big market and it's definitely growing very fast and we are going to be a part of that. In terms of the challenges I mean, quite frankly, I think we're in a good phase now, so we are seeing a lot of regulatory and political support both in the EU also in the US and I think there's been a lot of positive signals in that sense, but also elsewhere in the world.

And so, you know I've pointed that out. We've seen places like Brazil, Colombia, where we already have 500MW we've seen places in Asia. All of those, and take the example of Brazil and Colombia, which typically were hydro countries and you see them also opening up very strongly to renewables in wind and solar. And that's true of a lot of other geographies, because essentially renewables is now more competitive than the more conventional technologies. And so I think that's what gives us comfort that this is really something that will continue to grow over the next couple of years. But obviously, there are challenges. I won't deny that, one of them is to make sure that we have the best team possible that I think we have definitely a good solid core team and we need to continue to build that out. We need to make sure that the supply chain is all in place and it keeps moving forward, but that's part of this ramp up and I think there will also be some issues to solve some problems otherwise life would be too easy, but I think that's just simply part of, of this macro trend of growth and I'm sure we'll all be able to, to solve for that In terms of the net income, I think I'll be answering your questions. So the recurring €1.2 billion includes asset rotation gains as we've been doing. So that is part of our, the way we are looking at the numbers, it doesn't include obviously capital gains associated with disposals, for example. So that's something that we treat as extraordinary. But the asset rotation gains we are assuming and we will continue to have that as a recurrent feature over the next a couple of years. And that's also in the EBITDA so it's, we'll continue to present the numbers as we have until now. So the asset rotation gains within the recurring any disposals that we do would be, let's say, an extraordinary. Does that answer your question?

Alberto Gandolfi: Yeah, it does. Thank you. Yeah, I guess you're not going to say. Now, I mean, that how much broadly you include of that.

Miguel Stilwell d'Andrade: I can answer broadly. So in the previous plan we had around €0.2 billion. We're now expecting around €0.3 billion in line with what we've seen. In 2019 and 2020 were actually above that around €0.4 billion. But we're assuming on average about €0.3 billion over this period.

Alberto Gandolfi: Thank you.

Miguel Stilwell d'Andrade: Okay. We can go to the next question. Sorry. And it was EUR0.3 billion. So in terms of the per megawatt number you can then do the math, but obviously it's lower over time

Miguel Viana: Okay. We can go to the next question from Stefano Bezzato Credit Suisse, Stefano. Please go ahead.

Stefano Bezzato: Yes, hi. Thank you, Miguel and good morning all, three questions for me. First one on renewables growth and in particular yesterday during the 2020 results call you pointed out that the peculiar challenges of the offshore wind business and in particular the rising competition from oil companies do you think this kind of challenge could extend eventually also to onshore wind and solar and if not, why not? The second question is on the, -- on your 20 gigawatt of renewable growth and by 2025. Can you give us an indication of how that is split between merchant projects government auctions and corporate PPAs? And finally, the third question, going back on the net income, EUR1.2 billion target for 2025. Can you give us a flavor of the evolution of minorities that is embedded in that target. Thank you.

Miguel Stilwell d'Andrade: Good morning. Stefano so in terms of the first one the renewables growth and the offshore, the oil and gas that and I talked about. So clearly, we saw prices which we didn't which we thought were extremely aggressive in that round 4 and I think that's already been commented on I also did comment on the onshore in the solar, I think we are talking about something different business models, it's much more granular much more, much smaller projects you have to have had a long period of development to actually bring these projects online typically four five six years depending on the geography to be able to implemented and so we continue to see and we have seen good returns on those projects that we are developing and so one of the size that we pointed to was what we saw is up on 2020 and I would just like to remind it's project we took an investment decision in 2020 but that relates to projects that will be deployed in '21 '22 and '23 and so we're already talking about future um returns that we've already been locking in for that period, and so, as I said, we do see, we continue to see that and it's much more let's say granular, you need to be on the ground and you need to have development teams and you need to have spent the time and the resources to develop that pipeline. I would also just reiterate, one of the comments that I made to Alberto, which is this is a huge market, and so I do believe that there is going to be rationality in terms of the returns and there is so much capital that needs to be deployed they would make sense that to achieve that. As we have seen, for example, even in the recent Spanish solar auction I think the result was, made sense. I mean, it made sense, I think for the various different players there you had numbers that we're sort of in the mid '20s, euros per megawatt hour for solar, which I think gave a reasonable return to the people that are participating. So I would expect that in general for the onshore and solar going forward and even in the offshore, I think you have a lot of different models. So I certainly wouldn't want to extrapolate from the round four we've seen for example the Mayflower project. We have a lot of other pipeline that's been developing countries like Poland or in Northern Europe or even in Asia, where and obviously, apart from the US where I think that it's not just a price driven, there's also certain amount of beauty contest in some cases, and so I think that, well, it will make sense and it has to make sense in terms of returns for the sector. In terms of the renewables growth. So we don't invest on a merchant basis. We certainly wouldn't take an investment decision based on that and you know that from our history, we. That's not what we do. So all of that would either be government or so the system PPAs or corporate PPAs. The exact percentage, I don't know who if we haven't given out.

Rui Manuel Rodrigues Lopes Teixeira: No, we are not giving out that sort of percentage, but again what we can highlight is, I mean we are not running and we are not doing any of the growth on a merchant basis in US is most of it is PPA and of course we work very much with unit contingent thus far, although of course also working in some more complex structures as long as we feel comfortable with the risk profile and in Europe, as you know is mostly through government led auctions such as in Italy now in Spain as again, Poland, but we are already working very actively in the corporate PPAs and there again, it's a combination of it's pay is produced in some other case, we could have some bit more complex structure. But then again, always within the control risk profile.

Miguel Stilwell D' Andrade: Okay, and the in relation to the third question. Good question. In terms of minorities so what I would say here is that we've built in already into these numbers sort of all the different estimates, including the asset rotation sales and any other financing instruments that we might use to underpin the financing of this business plan. So that's already built into the estimates that we've already provided I don't think we're giving out specific numbers.

Stefano Bezzato: Yeah. Thank you. Okay. So thank you very much.

Miguel Viana: Yeah, thanks. I think we can go to the next question. I think it's from Javier Garrido from JP Morgan. Javier. Please go ahead.

Javier Garrido: Thank you Miguel. Good morning. I have a few questions about the equity issuance at EDPR and it seems to be clearly your center case scenario, but you mentioned you still consider other options, what, is there the rationale for going for one option like equity vs additional asset rotation or why not hybrids at the EDPR level. If you be at levels. So what is the rationale behind making equity as the first option? Secondly coming back to the returns in renewables, apologies if you specifically mentioned that do you used to believe 1.4 times WACC is sustainable in this marketplace and is this, will this still that mean, I guess lower IRR in relation to WACC has decreased materially 2018. Is that the way to look at it. And the final question everybody small one is what are you assuming for financial costs in this projection for this net income of 1.2 billion in 25. What is your assumption for all of your cost of financing. Thank you.

Miguel Stilwell D' Andrade: So thanks Javier. Yeah, good morning. So the rationale. First this is an ambitious growth plan, and so there's a lot of investment that we're projecting to do over the next 5 years. We have stress that we want to keep a solid balance sheet and until the triple B is definitely something that we want to make sure we are targeting and achieving and we are considering the various options that you mentioned. So we have also considered hybrids. In fact, we recently launched our placed a 750 million hybrid we could consider doing more we've thought we will also continue to do the asset rotation. So we will also have seen that and we are also considering the equity. So we look at all the instruments, depending on which one is the most efficient at any particular time and to make sure that we also keep the solid balance sheet, but we're also able to find as the plan and that's essentially because we think that this plan is value accretive to the shareholders, and so we think it makes sense to make sure that we complete the plan and that we can finance it adequately and build out those projects with those returns, and using the various instruments that we have to finance that so, we will use the most efficient one at any particular time making sure that we keep that solid balance sheet. In terms of the returns in the renewables, I mean the answer is yes and our track record over many years is that we have managed to keep those returns --and obviously as I say, --this has been a, --this is a market which is growing is growing very fast and I just keep reiterating that obviously, --the cost of capital has come down as you rightly point out and so, the returns in absolute terms also come down but that spread that sort of IRR minus the WACC spread continues to be very attractive and that's reflected sorry, --and that's reflected in the capital gains that we're getting, when you do the asset rotation. So I think that's one of the market tests that we used to make sure that we're continuing to create value when we build this project and take these investment decisions and I think that's one of the best indicators that I can give you for that. For example, the recent portfolio we have another portfolio that we expect to come that will be able to communicate or expect to sign in the short term and again, I think you'll see again interesting returns in these are for projects that are being built as of now. So we continue to see that coming through. And I think at the end of the day, why because and I will reiterate this again, you need a lot of capital to be deployed and people are rational at the end of the day, they need to be accountable loss of --to their shareholders, we certainly are and we will continue to stay disciplined and make sure we get those returns. Then obviously we have an additional scale, we have a footprint, which allows us to be in the different markets and so make sure that we're optimizing that portfolio, the scale allows us to be, but to get better returns than the others still win the projects because we have better access to the turbine manufacturers or we have better locations in terms of land or the interconnection and so that edge I think gives us that additional delta of a return. In relation to the third question I will probably pass it to Rui.

Rui Manuel Rodrigues Lopes Teixeira: Thank you Miguel, and effectively looking to this plan, we are estimating a cost of debt at around 2.9% by 2025, of course in the next 2 years, we will have some refinancing ongoing that we currently have with the higher cost, so there will be, although we are foreseeing some increase in terms of --the interest rates within this period. Given that we will be refinancing and again, I stress, we will do that through green instrument but again through this refinancing, we expect cost of debt to go down by 2025 just below 3%, 2.9%.

Javier Garrido: Miguel Viana: Hi. So we can have the next question from Jose Ruíz from Barclays. Please, go ahead.

Jose Ruíz: Yeah. Good morning, and congratulations for the presentation. I just have three quick questions. The first one is to confirm or deny in the previous in the recent history of the company you kept the independency, a financial independency of affiliates, is this principle going to be maintained? I'm asking this, because I was not very sure about any raise of capital at EDPR level, it's going to be subscribe partially by the parent company? Related to this second question, is basically related to the role of the parent company. I mean you're growing massively on renewables and the Iberian presence, for example, is going to be diluted within the company. How are you going to prevent in the future? Seen again, the parent company business trading at a discount? And thirdly, a clarification on the asset sell down, are you still maintaining the same criterias before which is selling majority stakes? Thank you very much.

Miguel Stilwell D' Andrade: Thank you, Ruíz. Perhaps the first one Rui will talk about the Finance.

Rui Manuel Rodrigues Lopes Teixeira: Yes, of course. So to be absolutely clear, we will keep the same approach in terms of financing policies within the Group, as we have done so far. So primarily this is controlled on a centralized basis at the Group level at the corporate level. So it's from the corporate, we will be managing the debt and managing all the new issuances of the different debt instruments. But of course, at the Brazilian level, as you know it is ring-fenced and therefore, the

Brazilian business unit will keep addressing the market and raising fundings and in the Brazilian Real, as needed, and thirdly, at EDPR level, at the renewables entity and of course, we will still be using some project finance, where it makes sense, a typically very limited in what compares to the remaining balance sheet. Of course, taking advantage of some local characteristics after the different markets, raising debt in local currency, which may not be so strong currency. So it is appropriate to use project finance or in some special case is taking advantage of low-interest rates, as sponsored by national development banks, for example, the case in Brazil. So it's, we are maintaining the same policy fully centralized at the corporate level, and then, with this smaller exceptions.

Miguel Stilwell D' Andrade: So in relation to the second one, It's also a great question. First, I think the group, the EDP group creates additional value by being more than just a simple, some of the parts and the fact that EDP continues to invest in networks continues to invest in downstream. You know we are seeing a lot of growth also there obviously and to more of the distributed generation in our supply business. But we also have a very strong presence in the networks and all of that I think gives us a lot of optionality in a lot of additional value very much aligned with this idea of the energy transition story. So we clearly believe that there is this trend, which is going on and which is reshaping the sector and we are part of that and the EDP group as a whole benefits. It has a very strong growth pillar through EDP but EDPR also benefits by being integrated EDP group by also having that balance sheet and having access to other optionality's so, that's certainly 1, EDP is also converging in a way to be a much more renewables, we are going a 100% green by 2030. So I think that's obviously an important part and EDPR is on is an integral part of EDP. So that's something that we stressed the fact that we are now have the same CEO and CFO. It means that we will keep a very aligned strategy in relation to that group structure. So I don't see any reason for discount on the country. I would see sort of value-added by having this integrated view of the energy transition in relation to third question the asset rotation. We are definitely keeping the majority stakes. So we are continuing to the same strategy of selling majority stakes typically 100% in Europe and probably 80% in the US, which also relating pass it to the fact that we do some tax equity in the US, but definitely selling the majority stakes is what we've built into the business plan and it's what's underlying the numbers that you're seeing.

Jose Ruíz: Thank you

Miguel Viana: Okay. We have now a question from Meike Becker from Bernstein. Please make it go ahead.

Meiker Becker: Thank you so much and 2 questions from my side. Can, could you put, if possible in dollar or euro per megawatt hour terms the competitive advantage, do you think a large player with scale would have compared to a smaller local player in onshore wind and solar if that possible and I believe if I heard correctly, you said you're expecting a 200 basis points spread over the WACC between IRR and WACC. Could you just elaborate again apologies for that question. What makes you so confident that is that if we can maintain that for the next 10 years, and the second question is on the coal sales and your net income assumptions and guidance for 2025. So should we assume that has been included, for example, stepping out of Brazil and your coal plant there, and what do you actually consider to be the exit strategy so is that going to be a sale, most likely thank you?

Miguel Stilwell D' Andrade: Thanks so in relation to the first question, I'm not sure I can pin a particular dollar-euro number but I would certainly say for local players or smaller players, many times they may not even have access to financing your access to turbine manufacturers at competitive costs, and so what we've typically seen is that we can actually partner up with many of them with some of these is -- let's say smaller local developers to actually take the projects forward, so they will, let's say, do some of the initial work in terms of development and the permitting and we will then take it on into the next phase, bringing it to the auction and ensuring that we have, let's say, all the infrastructure in terms of the BOP, the financing and the turbines attached to actually make it a reality and then there is sometimes we work on a success fee basis or will actually have incorporate that local player so I can't pick a specific number but I would say some of those local players might not even -- they just simply would even be able to get that project done without stepping in and then there's also just to be precise. So what we've indicated is that 200 basis point spread as typically what we would aim for or the 1.4 times our cost of capital, which is also one of the metrics, we've typically used in the past. So and as I say, and you've got that in the presentation, the numbers that you've seen, we have been above that certainly over the last couple of years.

In relation to the coal phase-out. the -- So we are assuming Sine and Soto are already not in the numbers going forward we will be left with Abono and Pecém, which will then phase out by the end of this period, and so that's expected. I don't know Rui if you have any specific numbers I don't think we've given that. So just expecting that the coal will be phased out by the end of 2025, but it will still be there for a while.

Meike Becker: Thank you.

Miguel Viana: Thank you. Okay. So we can go to the next question from Sara Piccinini from Mediobanca. Sara, Please go ahead.

Sara Piccinini: Hi, good morning and thanks for taking my questions and thanks for the detailed presentation, I have three. The first one on the dividend policies, you say that there could be a possible increase in the DPS following the delivery on the EPS growth. So my question would be, should we see this increase in DPS eventually to follow the payout rule, so you will pay the dividend based strictly to the payout or just related to that EPS growth. So this is the first question, if you can provide some details on this eventual DPS growth. The second question is on the evolution of CapEx per megawatt for wind and solar. How do you see that the trend in the future. If you have a figure of the CapEx per megawatt, and also, what is your view on the trend in power prices we are with more renewables into the system. Do you see power prices to significantly suffer downward pressure and how these would affect your portfolio both in terms of the merchant plants that you have and also on your ability to sign PPAs. And the last question is on networks if you are considering any regulatory impact given that we will have in Portugal the regulatory review this year or any impact on the networks in Brazil also following some recent in statements by the President. Many thanks.

Miguel Stilwell D' Andrade: So in relation to the dividend, you know, our strong commitment and has been is to the floor, and we will consider the DPS growth also as a function of a sustainable EPS growth going forward. So, we are not giving any specific numbers, we've given out a payout ratio, but let's say, it's a hard floor and will then, we will consider potential growth going forward. In terms of CAPEX per megawatt in wind and solar, again we don't give specific numbers, what I can comment on that is that, so wind essentially, the CAPEX per megawatt has been relatively stable, but what has been improving is being the cost MWh, because at the end of the day is not just per MW, what you are actually producing in terms of energy, and what you are seeing is turbines which are becoming more efficient and managing to produce more, but they are bigger turbines, and so you are managing to get more MWh out of the same MW installed, and that is one of the things which then lowers the price per MWh. So I actually think that one of the more relevant metrics is actually looking at the, per MWh and that continues to trend downwards and the prices we are seeing in the market in the auctions are obviously reflecting that,, and so when you see solar bidding in Spain in the mid's 20 obviously it's reflecting this downwards trend that we are seeing in the cost per MWh for these technologies, and it's also why I mentioned in the beginning of the presentation, this is already more competitive, this is already lower than the wholesale prices, and it's what is driving, let's say this big increase in globally.

In terms of power prices just a comments, a couple of comments here. So we first in terms of what we're assuming for the short term. We're assuming below EUR50 per megawatt hour, but more importantly if we look in the medium to long term, we continue to see the marginal price has been set mostly by thermal, even when you get a high penetration of renewables let's say you get 100% and let's say 20 40 but have solar working and producing all the energy for a couple of hours during the day. We still expect thermal to be selling it for the remaining number of hours. I've given this example a couple of times if you have 24 hours and you have maybe solar it's even if was 0 for four hours and you have the remaining 20 hours has been set, let's say 60-70 80 years, whatever number you want to take in terms of gas prices. The average price will still be quite high. So there, it's important to take into consideration what are the solar adjustment factors the discount or the realized prices that each different technology will be getting, and we are obviously factoring in those discounts when we do the analysis and when we do the, when we have the sort of look at the returns that we're expecting for the projects going forward.

In terms of networks regulatory impact in Portugal. So we're not expecting any regulatory impact, I mean I think it's well known that 2/3 of the RAB has a long-term concession until 2044 1/3 or around EUR1.2 billion is the low voltage concessions, which are up for tender, I believe the government is still preparing the framework to exactly see on what terms that tender would be done. In the meantime, we will obviously continue to manage it on an ongoing business as usual basis in what happens there is if for some reason there was a tender and we don't, when we get RAB back which we can redeploy elsewhere, or if we when we would obviously continue to manage it on whatever conditions are defined at the time. In Spain. As you know, it's a perpetual license and in Brazil, we don't expect any regulatory impact I discussed this also yesterday I think Brazil has been a very stable and sophisticated framework for many, many years, we've been investing in Brazil now for over 20 years and I actually think it's extremely predictable obviously Brazil has FX risk, has political risk, has macro risk, all of those are well known, but from the actual Electricity sector point of view, it's actually very sophisticated and And has worked very well in the past, and so I wouldn't expect that to change. Let's go to going to comment on pulp.

Rui Manuel Rodrigues Lopes Teixeira: Maybe just, I would just add on the, on the merchant prices as Michelle said, we are targeting need within this business plan, we are considering below 50 MWh actually getting to 48 by 2025. Given the importance of the combined cycle as a marginal technologies but also highlighting as we look to beyond this business plan and we look to the long-term estimates. I mean our internal curves are within what you see in terms of third parties long-term estimates using their conservative views. So again we know who being prudent in how we estimates to be not only the medium term but also the long-term power prices.

Sara Piccinini: Many Thanks

Miguel Viana: Okay. Okay, sir. I think we can go to the next question is comes from Gonzalo Bordona from UBS. Gonzalo, Please go ahead.

Gonzalo Bordona: Hi, good morning. Thank you for this very good presentation. Have a couple of clarifications, if I may on, on your NPV and IRR, WACC targets. I think you mentioned on 70% of contracted and sorry 60% of contracted NPV with 70% achieved. I just wanted to understand on this point. This is basically related to the fact that you contract the PPA or the auction for the first few years, and basically that the remaining 30% of the NPV is retail or is it related to the fact that our portion of your new projects is as opposed to merchant prices somehow. So I just wanted to clarify that.

Then on, as a follow-up on the Pecém phase out that you mentioned earlier, just wanted to on the sample. Is that, meaning that you might consider shutting down the plant or is in, when you say phase out, it means that the phase out for you, that you may sell a bunch of somebody else.

And then one on my side would be. I understand you want to keep that weight of Brazil below 20%, would you consider going below 50% stake that you currently have in the company. Just to give the weight within net income below your threshold if right consolidation opportunity arises or you do capital increase to buy some assets our invest some or is that a kind of something that you want to avoid and always maintain think above 50%. Thank you.

Miguel Stilwell D' Andrade: Thank you Gonzalo, so in relation to the first one the clarification. So when we talk about contracted NPV means that we've, let's say, typically have a 30-year project, let's say, or 30, 35-year project, and we have a PPA and let's say for 15 years, and so that Contracted NPV as a percentage of the total NPV of the project. So obviously, if we have that front loaded. A big part of the value will be in that initial PPA, then there'll be some additional value in the back-end in terms of which might be exposed to merchant, and so what that's the definition that we use that the value of that PPA with that regulated tariff, if that's the case or CFDA or whatever. As a percentage of the total NPV that we think will be created by the project so that's the that first definition in terms of Pecém phase out and it's a good question. I'm asking and I'm glad you asked it. So we're not saying we're percentage going to close again to be clear, say it has a PPA which finishes I believe in 2026 what we need is to get visibility on the value of Pecém post that PPA and so we are expecting to either close another PPA or have more visibility on the cash flows post that period, so then we can take a decision on what to do with Pecém, which could be multiple options it could be simply deconsolidated, selling it, I mean there are different options that we would look at. But basically, we're not talking about closing it down necessarily that timeframe, it just would not be on our balance sheet and would not be belong to us in relation to Brazil and the 20%. So first, the 20% references to EBITDA on a net income basis, it's actually even less than that, because as you know, we have only 51% or we have 53% I think at the moment of Brazil, and so that's the commitment is to keep it below that. It doesn't mean that we would sell below the 51%. So I think we would want to keep the majority stake to keep consolidating Brazil what we would do is perhaps sell assets in Brazil and that's what we indicated. So we have around a 1 billion of disposals, which we could then either reinvest back into the business or use part of that for buybacks or dividends or some other source so that reinvestment would it be done in other networks are downstream. But the overall exposure of Brazil would stay within that less than 20% of EBITDA.

Gonzalo Bordona – Very clear thank you very much.

Miguel Viana: Okay. So we can go to the next question from Jorge Guimaraes give a range from JB Capital. Jorge Please go ahead.

Jorge Guimaraes: Hi, Good morning, everyone. Thank you for taking my questions. They are mostly detailed questions as most of the questions have been given so far. I have four small one. Firstly you mentioned in your presentation, growing in distributed generation, and do you expect any acceleration in the CapEx of this, of this area and how could you consder growing it significantly If you find it attractive in enough? This would be the first one. The second one is a follow-up on the question from both Gonzalo on Brazil, you just mentioned that you expect 1 billion proceeds it does your partner CTG has any preemptive right of preference rights on the assets to be sold. If these are the hydro plant, it will be second one. The third one is a clarification on the value mentioned about the synergies of in you mention that you get 100 million of OpEx improvements in distribution. Part of that is synergies from Viesgo I don't know if possible or not for you to mentioned to give more clarity about that value and the final one would be as we sell about the thermal forecast you are giving you are forecasting the pool price of 48. But yes, we CO2 at 29 if I'm not mistaken. So you are giving we lower CO2 prices are higher pool price in what is currently forward price what would be the difference, the reason for the difference? if there is a difference thank you very much.

Miguel Stilwell D' Andrade: Thank you, Jorge. I'll take the first 2 and Rui can take the second. So in relation to. So the first one distributed generation. So I mean we like very much distributed generation. We think it has a lot of potential and we are building in a very ambitious growth plan for distributed generation, and that's something we are exploring, not only in Portugal, but Spain and more recently also in Italy and other European geographies, also more recently in the US we also moved forward with the acquisition of C2 which the C&I and which we think will be a good complement also to the utility-scale projects that we're doing in the US, so there is quite a lot of growth in DG um but we are incorporating in the plant and we think it's a very interesting area also to be present and so that's part of our growth in renewables, if you want and we can provide them more visibility on that we have a very gigawatt foreseen in the plan associated with that particular area. In relation to Brazil and to CTG. So, yes, some of the plants are related to CTG I believe that you have preemptive rights. We are discussing that obviously to see what would be the most appropriate structure and in that case but it is something that would always be agreed with CTG in relation to any plans to divest those assets, but that is also part of the plan and something that we are working. In relation to the 3rd question, I think I believe it was the synergies on Viesgo but…

Rui Manuel Rodrigues Lopes Teixeira: I can address that, thank you. So, as you know, when we acquired Visgo, we committed to capturing operational synergies with the integration of Viesgo and E-Redes our distribution in Spain, we are fully committed to that so we are estimating above EUR200 million of cumulative of operational efficiencies between 2021 and 2025, what are we doing actually prior to closing the acquisition, we are ready, we set up a dedicated team, we have said in drawn, what is our 100 day implementation plan right now we discovered through different drivers and that has to do with the organization in itself naturally some implications in terms of the headcount, it has to do on some of the, contracting and purchasing activities it has to do with the IT structures and convergence of IT structures so all of those different building blocks are clearly defined very detail program to go through the, the implementation so very comfortable and it's ongoing, so we are very comfortable that we will be delivering these 200 million cumulative operational efficiencies until 2025. I'm afraid I didn't fully understand your last question. So if you could please repeat, I would appreciate it.

Jorge Guimaraes: Yes, of course, it is about your pool price forecast because your forecasting a pool price of EUR48 megawatt hour and the CO2 price of 29 and I believe that both our the CO2 is below where the market consensus is and forward curve is and in the pool price is above where forward curve is and so I would like to understand what you are seeing differently from the market. In terms of the pool price evolution when compared to before.

Rui Manuel Rodrigues Lopes Teixeira: Okay. Now I understood thank you very much. So effectively when we look to our estimate in terms of full price as you said up to 25 and we are considering around EUR48 per megawatt hour. That's actually below what we are seeing in terms of our peers estimates for this period. So in that sense, I would say also a bit more conservative. We are having this estimated that CO2 prices will go up to around EUR29 per tonne, and on the gas side, on the TTF around the EUR15 per megawatt hour. So it's based on these inputs that we come out with these estimates on the, pool price but as you've seen, I mean recently through the first months of 2020. There is some volatility embedded into this. So, of course, that is also reflected in the forward. So if you look to how the forwards have evolved since January until now you will see some volatility in there but. In what concerns our modeling and how we are projecting the pool prices based on these, on these variables we are comfortable that we should be getting to around this 48 again, and as we said before. Now, we need to definitely to bear in mind that in particularly, in the Iberian market gas will be on the margin there will be this volatility driven by whether there is or not available hydro resources what is availability in terms of wind and of course now on the demand side. So it is expected that we will, get this volatility over this period, but on average we are considering that we would be at around these levels.

Jorge Guimaraes: Okay, many thanks.

Miguel Viana: Okay. So we can go to the next question from the phone from Arthur Sitbon from Morgan Stanley. Arthur, please go ahead.

Artur Sitbon: So good morning. Thank you for taking my questions. So my first question is if you could provide us by any chance an update on the position of offshore shareholder CTG and whether or not to, we should expect the current ownership to remain stable over the long term, I don't know how much detail you can provide on that, that would be helpful.

The second question I is on is on the municipal concessions in the electricity distribution in Portugal I was wondering if ever there is an auction and if the outcome is a loss of the concessions for you. Would you be willing to keep the share of networks profit stable and first reinvest in networks could it actually go towards over activities and potentially be an alternative to do capital increase at the EDPR level and that's it from me. Thank you very much.

Miguel Stilwell D' Andrade: Okay. Thank you, Arthur. So in relation to the CTG position I mean there are currently at 19%. I think that's public of a sec. I can't speak for CTG so perhaps what I would just point you to our press release, which I did at the time when they did their ABB about a month ago. All right. Sorry over a month ago where I think they indicated they continue to have a stable long-term view on their shareholding in EDP and the partnership. So they have been with the company now for a long, while they've had their history, but I think they are stable and so that as far as I can tell from I would point you to that press release as the best reference for that.

In relation to municipal concessions so final, the question correctly, that if we didn't win the concessions would we redeploy that capital that let's say that RAB would get back into other areas of the business or would we redeploy it into networks is that the question?

Artur Sitbon: Exactly. Yes, thank you

Miguel Stilwell D' Andrade: Exactly. Yes, listen, I don't want to speculate on something which hasn't happened. So we would, we would have to evaluated at the time we don't even know on what terms the the tender, if there is a tender, how that's going to take place, and so we would look at that we would see what the results of any processes and then we would obviously take a view on how best to use the proceeds, at that time. Looking basically at what is in the best interest of the shareholders. So how we would best use that but we wouldn't count on it for the purposes of any capital increase or any financing of the plan. So we don't. Since we don't even know on what terms is going to be done and whether we win or don't win or anything. We're not factoring that into obviously our financing plan. So we're assuming business as usual going forward and that's the base case that we have.

Artur Sitbon: Thank you.

Miguel Viana: Okay. We have 2 more questions on the phone. So this are second round already so Alberto Gandolfi from Goldman Sachs. Please go-ahead Alberto.

Alberto Gandolfi: Miguel. Thank you for your patience and for taking a follow-up. I was just reflecting a little bit more on this 300 million capital gain inclusion. So I've been very sick. But I wanted to ask if my math to work. Slide 46. I mean the capital gains are clearly in renewables, right, you are using as a starting point in 2020 at 2.2 billion EBITDA renewables, which seems to me, to exclude all the capital gains. You had in 2020. I mean the hydro and the farm down so I just wanted to ask you if this is correct, because then you were expecting. Let's be focused on 2025 2.9 billion, in 25 I mean, considering you're investing like well above 10 billion of the time frame, but let's say maybe about 10 billion contribute to growth in 2025. There is lots of capital spend in that year. That would probably drive EBITDA later on how cannot that 10 billion something like next call it invested capital not contribute between 700 million to 1 billion EBITDA already. So if that 2.9 billion includes the 300 million gains. It means there another 300 million. I'm losing somewhere now your power price assumptions seem to be proud is flattish in the renewal, the hydro blueprint is also flat in fact, and so I wonder are you baking in some maybe lapsing of contracts or subsidies, we were not aware of or I don't know because that into the numbers. If you really put 300 million gain in that guidance. The quick back of the envelope would suggest much higher numbers. Thank you.

Alberto Gandolfi: But do you agree that there should be 700 million to a billion increase in EBITDA justify isolate only the contribution from the new assets that you are building.

Miguel Stilwell D' Andrade: Those I can say that, so our project proposal we follow up with you on that specific. I don't want to be saying something, I haven't worked through the math.

Alberto Gandolfi: Thank you. Okay, thank you. Thank you. Thank you.

Miguel Viana: Thank you Alberto. Then we can go to the last question on the phone from Stefan Bezzato from Credit Suisse.

Stefano Bezzato: Yes, hi, and thank you to take, for taking my follow-up question. I apologize in advance if it was already mentioned during the presentation, but I missed it, if it was, it's regarding the the special energy tax in Portugal in the past you were assuming it gradual reduction over the best business plan period, if I remember correctly, I wanted to know if you are assuming any cost reduction or elimination of the energy tax set by 2025. Thank you.

Miguel Stilwell D' Andrade: Yeah, Stefano. So again, glad you asked the question. Yes, we are assuming that reduction of the energy tax and basically by 2025. We're assuming it will phase out over this period, in line with the with the ystem debt, which is one of the things I think that's been committed to in the past, and so that's one of the assumptions that built into the business plan.

Stefano Bezzato: Thank you very much for you.

Miguel Viana: Okay. Now we will go through the questions on the web. Okay. So maybe starting from the beginning, and so we have some questions around the capital increase at EDPR, will EDP subscribing to EDPR capital increase or dilute itself, and what is the expected time timetable for the capital increase, and then also, one with the same scope, EDPR refinance separately from the parent company going forward. So I don't know if you want answer.

Miguel Stilwell D' Andrade: I think we've touched on some of these questions, so we are in that capital increase to be done at the appropriate time and conditions. It would be placed only with institutional investors. EDPR in that case, we obviously would be raising the equity but in relation to the rest of the financing debt et cetera, that is still coming from the parent, as it has been done in the past. So, as you know, the corporate, the EDP corporate group structure basically channels that raising debt hybrids at such at the corporate level, and then the funnels it down to the subsidiaries, except for the case of Brazil, which is standalone or some project finance, which has done only the for some specific geographies yes, I think that's okay.

Miguel Viana: So another additional question also on this subject from Jorge Guimaraes JB Capital capital if this this intention as in some mean effects the JV with Engie?

Miguel Stilwell D' Andrade: No, we don't expect this to have any impact on the JV with Engie as you know, that's between EDPR and energy to 50% 50% JV. So whatever we do this business plan in particular continues to assume that we will have that 50% JV and the offshore will continue to be developed through that company and obviously we will be more capitalized. We will have will be stronger. We will be able to continue to invest in the different technologies, including in offshore.

Miguel Viana: Okay. From Alberto Gandolfi, we have already answered. So now from Manuel Palomo more in terms of the mix of asset rotation, if we are seeing that mix in terms of technology, country, if we are assuming also offshore?

Miguel Stilwell D' Andrade: So in terms of the mix. I believe Rui touched on that, so we will be doing around EUR1.5 billion ramping up to around EUR1.5 billion in the course of this business plan technologies countries typically we're talking about onshore and solar, and we've done it in all the different geographies, so, the US and Europe. We've done in Brazil.So we will continue to look at it at our portfolio and what is coming on line or has been built. What we have already installed base and optimizing then the portfolios for any given year, or any given time. So we don't have a specific breakdown for that but it's obviously something we will go on keeping you updated on that. In offshore, I mean obviously offshore by definition continues to sell downs. But we don't consolidate the offshore, and so that's not also not coming through. But in the offshore, by definition, we've always said that we want to be minority partners in the offshore in the sense of even the JV itself will go on diluting itself selling stakes as the projects go on advancing and basically bringing that down to below 50% of the overall project as it comes down to COD. In terms of the criteria. I mean we will always be reinvested investment projects was trying to get spread of 2% and then crystallizing that value in the asset rotations.

Miguel Viana: Okay. Some of the questions on the way already answered, but we have heard from Flora from Caixabank BPI, already partially answered, but the question is disposals. On top of Brazil Brazilian hydro could you consider sale of other assets. What is your stance regarding the remaining third our portfolio.

Miguel Stilwell D’ Andrade: I mean, I will just give you an answer which is we'll look at any opportunity that comes up, that's for sure. So on top of the Brazilian hydro in real and we will manage for long-term value. So we don't need to go in rush to do anything, but we will consider the various options and we will decide and take advantage of them, if they come up. I think the clearest example I can give you of how we've acted in the past when we sold the Spanish asstes last year the CCGTs and B2C portfolio. A very concrete very good transaction for EDP and for the shareholders, and obviously we moved forward with it sell. If other opportunities come up we will obviously look at them analyze them in if they makes sense, we'll do them.

Miguel Viana: Okay. We have also a question from Manuel Palomo partially answered, but if the 4 gigawatt per year target considers some inorganic opportunities. If so, could you give us any reference on how many megawatts will be added in our inorganically.

Miguel Stilwell D’ Andrade: So we've mostly focused on organic growth in the past and we will, that's what we're assuming going forward as well. This includes also doing for example what we call quasi greenfield opportunities where it's partnerships with the small developers. I talked a little bit about that before, and there are lots of smaller developers that perhaps are doing permitting that are getting interconnection but they don't necessarily have the relationship with the turbine manufacturers are the financing relationships and so we'll work with them and bring them let's say into an auction or the corporate PPA and bring that online. So I wouldn't quite call that inorganic that's more like partnerships I would say.

Miguel Viana: So I think most of the other questions have already been answered. So I think we have reached the 2 hours that we were targeting for the event. I think it was quite efficient, I'll pass now to our CEO, Miguel Stilwell D’ Andrade to for the closing remarks.

Miguel Stilwell D’ Andrade: So listen thanks all of you. It's been two hours, but hopefully it's been interesting, we've managed to give you a good view on what we intend to do what we're committing to both in terms of numbers in terms of the operational component, both in terms of organization and our commitment to ESG. We are very excited about the prospects of taking the company forward, and we do see a huge amount of growth in the sector in all areas. Whether it's renewables, whether it's networks or whether it's in more of the client solutions business. So that's something that we are actively working on. We'll be happy to keep in touch with you, going to answering any questions. Obviously, you always have Miguel Viana available and we have ourselves as well. So I guess we'll be in touch also to clarify any additional questions or doubts that you might have. But bottom line is we see tremendous amount of opportunity. Tremendous amount of growth and we're very motivated to go out and take advantage of that. So thank you