EDP – ENERGIAS DE PORTUGAL

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Chaired by António Mexia

Company Participants

- **António Mexia**, Chief Executive Officer
- **Miguel Stilwell de Andrade**, Chief Financial Officer
- **Miguel Viana**, Head of Investor Relations

Operator: Thank you for standing by, and welcome to the EDP Conference Call of Results Second Quarter 2018. At this time, all participants are in a listen-only mode. If you wish to ask questions today, you need to submit them via the webcast using the question box on the right of your screen. I must advise this conference is being recorded today on Friday, the 27th of July 2018. I would now like to introduce and hand the conference over to your speaker today, António Mexia. Please go ahead, sir.

Miguel Viana: Hi. Good morning, ladies and gentlemen. First of all, thanks for being with us today in this conference call for the presentation of EDP's 2018 first half results. As usual, we'll begin with the presentation providing an overview of the results, and then the main developments of the first half of the year. Afterwards, we'll move to the Q&A session. Our CEO, António Mexia, and our CFO, Miguel Stilwell, will be available to answer your questions.

We would like to highlight that at this time, we are taking questions submitted via the Web, so please ask your questions only through our Web page, www.edp.com. We expect this call to last no more than 60 minutes.

I now give the floor to our CEO, António Mexia, who will give us an update on the main highlights of the period.

António Mexia: So, good morning, everybody we just had, as usual, our head of IR, Miguel Viana, introducing. First of all, thank you very much for participating in this results' conference call.

Slide 1

I would like to start for highlighting our good performance in the second quarter. It was mainly driven by the stronger-than-expected hydro volumes in Iberia and continuing strong performance in local currency in Brazil. As a result, the first half of our recurrent EBITDA - in the first half of the year - excluding forex, rose by 3% year-on-year reflecting, as I mentioned, strong underlying growth in Brazil and also in renewables.

The 6% negative impact from forex, resulting essentially from the Brazilian real and U.S. dollar depreciation versus the Euro in the period, implied that our recurring EBITDA showed a 3% decline to €1.74 million in the first half.

Also on the positive side, we have a strong year-on-year recovery of hydro production in Iberia versus a very dry first half in 2017 and the positive year-on-year performance on operating costs.

And finally, we need to highlight adverse regulatory changes announced in the second – in the last quarter last year which represented a negative impact of €122 million year-on-year.

Net profit stood at €380 million, with the recurring net profit increasing by 5%. We had a good performance on interest cost following the decline on cost of debt by 40 basis points to 3.7% and the double-digit growth in what concerns the EPS contributions from Brazil and EDP Renewables, while net profit in Iberia remained flat.

Finally, we showed a €14.2 billion net debt by June which represents a 16% decline year-on-year with the adjusted-net-debt-to-EBITDA ratio down from 4.4 times to 4.0 times at the end of June this year. This includes the impact from €600 million of net expansion CapEx in which 93% was allocated to renewables and the €700 million annual dividend paid to our shareholders last month.

Slide 2

So, moving into recurring EBITDA on slide 2 - going into the detail. So, recurring EBITDA was sustained by the underlying growth in Brazil, as I mentioned, also in renewables and hydro improvement despite the adverse forex and regulatory changes in Portugal. As you can see and we mentioned, excluding forex, our recurring EBITDA went up by 3%.

Going item by item. In Brazil EBITDA in local currency grew 17% propelled by the integrated hedging strategy in energy market, lower losses from grids and higher availability in generation namely in Pecém.

In renewables, EBITDA ex-forex went up 1% year-on-year, reflecting a 7% increase on average installed capacity but also lower wind resources in second quarter 2018 (8% below the long-term average).

Finally, in Iberia, recurring EBITDA fell slightly by 1% as the 85% growth of hydro production was mitigated by the €44 million increase of taxes in generation, and the €78 million decline of regulated revenues in distribution that was already announced.

Slide 3

Moving into slide 3, we see hydro resources in Portugal changed a lot in this first half. We have a significant improvement of hydro which were 15% above historical average being particularly strong in March and April. This compares to an extremely dry first half as I mentioned. But I would like to note that a significant part of this improvement of hydro resources was allocated to refill hydro reservoirs instead of being used on electricity production. Hydro reservoirs storage, increased by 1TWh in the first half of the year, significantly more than what is normal for this time of the year, as a result of very low reservoirs at the beginning of the semester and reservoirs clearly now above average by the end of June.

So, if you start with beginning of the year, you will be €30 million below negative and now we are €20 million above. So, we have recovered by these at least €50 million.

Slide 4

Slide performance on operating cost. I think it's – we need always to stress this and clearly the figures are very strong.

In Iberia OpEx fell by 2% percent, in nominal terms and almost 3% in real terms. Particularly remarkable as we regard 2% increase in average capacity installed, an enlarged portfolio of customers.

In Brazil, OpEx in local currency decreased 1% in nominal terms or more than 4% in real terms. As you know inflation stood at 3%. A noticeable performance on the back of several cross-cutting initiatives, namely the third year in a row of a “zero-based budget”.

At EDPR, core OpEx per megawatt improved by 1%, which includes the positive forex impact. If adjusted, it was 2% higher reflecting the build-up of O&M internalisation that will allow us to get further efficiency improvements.

Slide 5

Moving to net profit. It increased 5% benefiting from double-digit growth contributions from EDPR and Brazil. Renewables contribution grew 10% combining the impact from increase in our equity stake to 82.6% and EDPR’s net profit growth of 4%. The contribution of Brazil to EDP’s net profit increased by 32% in euro terms following EDP Brazil 59% increase in net profit, in local currency.

In Iberia, recurring net profit fell by 1% as the positive impact from hydro recovery was offset by the adverse regulatory changes in Portugal.

At this level, I would like to note that the weight of Portuguese operations on reported net profit went down from 31% in the first of 2017 to 22% in the first half of 2018. So, basically we are more and more out of Portugal in terms of results.

Slide 6

Slide 6, growth. We continued focused on the execution of our organic growth focused on long-term contract renewables and on regulated networks in Brazil.

In renewables, we have currently secured 3.8GW of PPA and Feed-in-Tariffs for new wind and solar capacity to be commissioned over the next years: 2.9GW of these long-term contracts secured are referent to new wind onshore and solar projects spread between U.S., Canada, Brazil, and the European Union, of which 1.2GW were secured since the beginning of the year with a strong participation of the new PPAs in U.S. Of all these projects, we have currently 1.1GW in construction stage.

On the other hand, 900 megawatts are referring to our current equity stakes in the three wind offshore projects, one in UK, Moray East, and two in France, which are already secured a contract for differences and feed-in-tariffs respectively. As you know, agreeing on these intentions, I think it's very important result.

Moving to Brazil. We have five greenfield projects for our new transmission lines, to be built until 2021-2022, which represents an expected investment of R$3 billion or more or less €700 million and that are expected to provide a return on equity in the range of 12% to 14%. The licensing and construction process is moving ahead of schedule. With the first line that we have started to build, the one that was awarded in 2016 already 17 months ahead of schedule and with almost 50% of construction works already concluded. So, I think very – performing - very, very well.

Slide 7

On slide 7, guidance. What we have said in the time of the presentation of the first quarter results made, we are now slightly more positive on Generation & Supply given the recent performance of hydro generation and despite a very difficult environment for thermal generation and the supply business which continue to face significant pressure on margins.

On the other hand, the recent devaluation of the Brazilian real may erode the performance in Euro in terms of the Brazilian operation. So, overall, we have no reason to change our 2018 guidance, and we reiterate our expectation of EBITDA in the region of €3.4 billion and net profit around €800 million fully in line with what we said in the first quarter presentation.

Slide 9

Moving for the bid, that is on slide 9. As you know, we are in a period of strong regulatory restrictions regarding what we can comment with the market on everything that is somehow related to the preliminary offer presented by CTG on May 11th. Even so, I would like to take this opportunity to summarize what the EDP's executive board of directors stated in that report and only this, which was released in the market at the 9th of June. I remind you that for a more detailed analysis, and I'm sure that you already visited, you can find the full 91-pages report at the website of CMVM.

First of all, the report concludes that the price offered does not adequately reflect the value of EDP and that the implied offer premium is low, considering four customary valuation methodologies extensively exposed in the report. And on the other hand, EDP's executive board of directors considers that there are merits in the strategic intention of the offeror, although given the uncertainties we will seek more information from CTG, in order to be in a position to form a more considered view. Such an update - we have been working on this front and we will share information with you in the appropriate time. So, we are we are doing exactly what was mentioned in the report.

Slide 10

Slide 10. In terms of the potential implication on the strategic intention of CTG for EDP, I would start referring the significant amount of regulatory approvals' in several countries where EDP operates to which the offer is conditioned. And among these, we highlight in the report the clearance by CFIUS in US.

And so we need to be working on this front and to understand more of this and that the transaction, as EDP management noticed already, that this is the main thing in which everything needs to be clarified. And also in what concerns the contribution of potential asset sales of CTG in overlapping markets namely in Brazil, the offshore in Germany, and also the minority stake in

EDPR project in Portugal. So, at this stage, EDP management considered that these intentions could be positive and represents a relevant value creation alternative, benefiting all the shareholders if executed under appropriate corporate governance, also in relation with related parties.

So, we stated in the report that a framework agreement, conditional to CTG obtaining of control of EDP, containing full financial and economic detail on said asset contributions, should ideally be presented to shareholders before them having to decide on tendering their shares.

Regarding CTG intention to favour the entrance of EDP into Chinese offshore market, we're analyzing this and, of course, we will try to understand if this potential platform makes sense and it will enhance our portfolio.

Slide 11

In slide 11, finally we would like to stress this. CTG present the intention of preserving the autonomous decision-making based on highest international corporate governance standards. The intention to reinforce EDP’s financial profile by committing to maintain the leverage reduction trend at EDP level and ensure at least an investment grade rating. At the same time, having to retain flexibility to pursue growth and to maintain a stable dividend pay-out policy with dividend pay-out not below what has been disclosed by EDP.

In our view, the merits of this described intentions depending on their implementation model which is, of course, not clear at this stage.

So, the executive board believes that the scope of a potential framework agreement should be also extended the other relevant commitments presenting, namely identity, corporate governance to ensure proper minority protection, financial strategy, and stable dividend policy as we mentioned already. So, the extended framework would allow the required visibility for investment decision prior to the Offer registration. Potentially conditional only to the acquisition of control of EDP under the Offer.

With this, I conclude the summary of content of EDP’s executive board of directors, noting that the report contains all the consideration that we can share with you in this subject at this stage. And now I would pass to Miguel Stilwell for a more detailed analysis, and I will come back to the Q&A. Thank you.

Slide 13

Miguel Stilwell: Good morning, everyone. I will now move back to the first half results and walk you through some of the additional slides. So, if we move to slide 13, essentially what we have is that the focus continued to be on the renewable energy having added approximately 600 megawatts of additional solar and wind capacity. So with this, the renewable energy has now reached the weight of 74% of the Group's installed capacity and 71% of the electricity production.

I'd like to highlight that the increase in hydro production of this first half, particularly the second quarter, of around 72% year-on-year, 85% in Iberia, is due to the strong recovery of hydro conditions. But, essentially, we see this continuous growth in renewable generation as we move forward.

Slide 14

Moving on to slide 14, here we see that EBITDA EDPR decreased 5% year-on-year to around €686 million. This is the result of several different variables. On one hand, the EDPR average portfolio expands by around 7%; however, benefits from this expansion are reduced by the negative impact from forex around 6%. It's also a 6% decrease in the average selling price including forex both for the U.S., Poland and Romania. And also the termination of some 10-year-old PTCs in the U.S. which led to a 15% decrease in the PTC revenue which you can see here we've highlighted on slide 14.

The wind resource across geographies was approximately 1% below the P50 scenario in the first half and mostly or almost entirely in the second quarter when the wind resources fell 8% short of average.

So, we had a strong hydro production on one hand, in terms of wind resources slightly below average. So, all in all, motion to EDPR and excluding the forex, the EBITDA was up 1% year-on-year.

Slide 15

Moving on to slide 15, here excluding the 2017 share of lower CMEC final adjustment, the EBITDA increased by 26% to €455 million boosted by a 58% year-on-year increase in the second quarter of 2018. So this is in relation to Generation and Supply Iberia.

So this growth was fueled by, as I mentioned, the 85% increase in the hydro production so around 8.7TWh in this first half, which accounted for approximately 50% of EDP owned production and which also resulted in the decrease in the average sourcing cost which can also be seen here, the average production cost falls to €22 per megawatt hour.

So having said all of these, the performance in the generation and supply ended up although cap limited by the increase of regulatory cost which was up 22% and António has already talked about that. And the end of the CMEC deviation revenues which were still in place in the first half of 2017.

Slide 16

Moving on to slide 16 and our operations in Brazil. So, as mentioned, they had a strong performance. EBITDA in local currency increased by 17% to R$1.3 billion approximately, mostly due to efficiency improvement and also to the well-managed, successful, integrated hedging strategy in the energy markets.

Regarding efficiency gains, I would just like to stress the reduction in the non-technical losses in the low-voltage segment with around €30 million impact in results. And also the increase in 6 percentage points to 98% of availability of Pecém, our coal power plant. I've also highlighted here on slide 16.

Finally, I think it's worth noting that the management, successful management of regulatory agenda resulted in a reduction of penalties for unavailability linked to the second quarter so that has also helped increase the results which essentially if you look here in Pecém, from around R$200 million to R$300 million in the first half.

Slide 17

Moving on to regulated networks in Iberia, slide 17. So, excluding the gas distribution networks which were sold last year, the EBITDA from regulated energy networks fell 23% year-on-year to approximately €314 million. This decrease reflects mainly the performance in Portugal that represents 78% of EBITDA on the segment. So, the OpEx performance in Portugal was very good, improving 5% year-on-year despite the 5% growth in volume distributed. But this was not enough to compensate the impact from the regulatory review in Portugal, which justified a 13% decrease on the regulated revenues.

Additionally, the EBITDA from our electricity distribution activity in Spain amounted to €70 million reflecting, if you want, a prudent accounting approach to possible regulatory change in the asset base - what we call the Lesividad. So, that's something we talked about in previous calls and that's already incorporated.

Slide 18

In relation to net debt, moving on to slide 18. So, this stood at €14.2 billion in June. And again June, recurring organic cash flow around €600 million, expansion CapEx also of around €600 million. Just in terms of this expansion CapEx, important to note this includes the construction of new wind capacity, investments in Celesc in Brazil and also the sale of the 20% stake in the Moray offshore wind farm in Scotland. So, this means the net debt was also impacted by the €400 million reduction in regulatory receivables during the period, resulting from the sale of the tariff deficit and the securitization and also the good performance of the electricity system debt which also had a €300 million reduction in the period.

So, as a result, the stock of debt in the electricity system reached €4.3 billion as of the end of June, benefiting from this demand growth in Portugal and past cost cuts. I think this is a good sign of the continued reduction in the system debt over time. So, we also paid our dividend, obviously in May of around €700 million. And, overall, the net debt to recurring EBITDA is approximately 4 times as of the end of June.

Slide 19

So, just a comment also on slide 19 around net debt issues and liquidity. So, the total available liquidity is around €6.7 billion, including €1.6 billion of cash and equivalents and €5.1 billion of available credit line, so this covers our refinancing needs beyond 2020 so that puts us in a comfortable position. I think I would particularly like to highlight our bond issue in June of €750 million with a yield of around 1.67. I think it's a successful issue, taking advantage of a very specific window in the market as the bond matures in January 2026, and also the securitization of €900 million between sales and securitization of €900 million of electricity tariff deficits in Portugal. And then, I think also important so that we can continue to successfully place the system debt in the market.

Slide 20

Moving on to slide 20, so here we have a 15% decline in the net interest costs of around €51 million, which is consistent with the trend of the last quarter. So, clearly this graph on the left-hand side as you can see, every semester a reduction in the net interest costs. So, this decrease was prompted, on one hand, by a 40 basis points lower cost of debt and also by obviously lower average debt year-on-year.

Slide 21

Moving on to slide 21. So, the 25% decline in net financial costs backed by the lower interest costs, as I just mentioned, and also a positive forex impact. So, there was the decrease in the net interest costs of 15%, the €51 million - I've already mentioned that in the previous slide. There was also a positive impact of €31 million from results with forex and derivatives, which are essentially tied with energy contracts.

Finally, just mentioning the others, a €15 million gain on the sale of 20% stake in the UK wind offshore project, which is part of our recurring sell-down strategy, and the €15 million from badwill related to the acquisition of Celesc, which has also been disclosed in the Brazil call.

Slide 22

Finally, moving on to slide 22. Net profit, €380 million reported net profit, a €12 million decrease year-on-year excluding the gas operations in Iberia and largely justified by the €66 million year-on-year decrease in EBITDA.

However, financial results in associates have a positive evolution. In other words, the decrease of around €76 million due to lower interest costs and the net positive impact of forex and energy derivatives.

Income taxes, €19 million higher due to an increase in the effective tax rates from 15% to 16% but still below the guidance that we provided in the previous call, the first quarter of below 20%.

Overall, as I mentioned, the decline in net profit in the first half was essentially due to the decrease in EBITDA that was prompted by negative impact of regulatory changes in Portugal. So, this was more than offset by the better results from EDPR and EDP Brazil and the market operations in Iberia. So, as António mentioned, I think globally, a good underlying second quarter performance impacted by forex.

So, with this, we'll conclude our presentation. We'll now take just a very brief break before we move on to the Q&A. So, thank you very much.

Q&A

Miguel Viana: We'll start with the questions. First question that we have, comes from Philippe Ourpatian from Oddo BHF: "What level of tax rates are you expecting for 2018 and beyond?" So, I'll pass the question for the CFO.

Miguel Stilwell: So, thank you for it. In relation to the tax rates, as I mentioned, we expect it to be below 20% in 2018. And then beyond, I mean we expect to progressively, over time, to increasing to what would be the normal marginal corporate tax rate. But certainly, for 2018 below 20%, and 2019 probably off a relatively low.

Miguel Viana: Okay. Our next question comes from Jorge Guimarães, Haitong, and also from Stefano Bezzato from Credit Suisse on regulation in Spain. The first question is on how do we view today's news in Spanish press about the CNMC proposal on remuneration of electricity activities after 2020. And also, Stefano, regarding our prudent approach, how do we see this prudent approach that we wish for, in our account? If we can relate somehow with this.

Miguel Stilwell: So Jorge, in relation to news today about the CNMC proposal on remuneration of the electricity activities after 2020 - I think globally, positive. I think the number they are indicating are certainly above probably some expectations that has been created in the past. So, we are comfortable that that is the floor. That would be positive for the distribution activities in Spain. So, let's see obviously how this progresses. It's just a proposal. It still need to be discussed with the government and will need to be probably passed through Parliament or Congress in Spain. So, this is still a lengthy process but I would say, generally, in terms of expectations, this is fairly good news.

In relation to Stefano - for the Spanish power network, given the prudent approach on regulations, what is the upside if new government actually leave returns unchanged? Just to be clear our, if you want, prudent approach is in relation to Lesividad, which is an adjustment that they're proposing to the assets base related to the residual life. So, it's not necessarily relating to the returns. So, I'll distinguish the return discussion which is what I mentioned on the previous question with adjustments which is currently being discussed with the government and in court on the Lesividad. So, even if the government decides to leave the returns unchanged, that would be good news for the overall rate of return on the distribution, but it would not necessarily impact this prudent approach to Lesividad which I mentioned from distribution.

Miguel Viana: Our next question comes from Jorge Guimarães from Haitong, regarding the regulation in Portugal. The question is regarding - there have been some comments from ERSE chairwoman about a study on past overcompensation of some technologies in Portugal, could EDP be the effect for it? António, I will pass to you.

António Mexia: Thank you, Miguel. I think that these comments were not new. As you know, they were already there at the end of last year and we were very clear since the beginning. Our positioning is that EDP has acted clearly. It's not up to us to decide, it was decided according to the law, according to the contract. And in every year, it was checked and approved by the regulator. So, for me, it's something that I really – we are very, very clear on this. We stand for what is the respect of contractor and law.

And I take the opportunity, that's another question of Jorge: “is it possible to quantify the impact on EBITDA from lower pumping activity from the current reduced intraday price range in Iberian pool”? Just to tell you, as know, we like volatility, and pumping like this volatility and differences it had a very limited impact in 2018. So, probably around 10 million, probably slightly below. So, it means that in a normal world, this minus 10 million would disappear.

Miguel Viana: So, we have then a question also on Brazil from Rui Dias of UBS. So, how attractive do we see the fundamentals of Brazilian markets and where do we see the major pockets of opportunity over the mid long term.

António Mexia: I think that what we have seen in the recent past on Brazil is that we like the fundamentals and a lot of people that like the fundamentals of Brazil. So, eventually, the only thing will be a competition on that market because everybody seems to like the fundamentals, as we have been telling for the last more than 10 years. So, we have been consistent. So what we have been doing is clearly, as we have shown in transmission, being in the right moment with the right proposal. It creates, I think, very exciting return for the shareholder. We have been avoiding to go into any crazy as we did in the past, in other moments where everybody is overexcited going into places and offers that don't make sense like it was the case in the last auction of transmission.

In distribution, we have been also being very rational. We have been creating optionality as we have seen in Celesc. We have also been strong in trading/positioning. We went into the solar also, I think that we have been proving very ambitious but rational structuring a country that we appreciate very much since the beginning.

Miguel Viana: Okay. We have then one question on generation in Iberia from Jorge Guimarães, Haitong, on pumping, if it's possible to quantify the impact on EBITDA...

António Mexia: Already provide the answer to this, Miguel.

Miguel Viana: Okay. Sorry.

António Mexia: Sorry.

Miguel Viana: And so I will pass now for the question on target or guidance for net debt to EBITDA for the end of the year from – a question from Philippe Ourpatian. I'll pass now to Miguel Stilwell.

Miguel Stilwell: Okay. Thanks for the question. So, in terms of target, I think the exact amount of net debt will obviously depend to a certain extent on the timing of execution of disposals which are currently underway. And we expect the number to be in the region of 3.8, around that. So – but as I said, that is dependent on some specific disposals but we're on track.

Miguel Viana: Okay and we have then a question from Rui Dias regarding generation Iberia. If we can take it through the hedging policy for 2018 and 2019 so where do we see, expected average gross margin for Generation in Iberia?

António Mexia: Thank you for your question. I will go through the, I will guide you through the EBITDA guidance for this area and also the other position, I'll take the opportunity. So, starting on first of January, in terms of reservoirs as you have seen, we were 44% so well below the average of 61. Now we are the opposite, we are 79 compared to 67. All in all, this growth, as I did in the beginning, it corresponds to a €50 million EBITDA. That is still a part of the first half. Our guidance in early May already considered strong months of April. So, we have already improved part of it. So, whenever we talked the last time, the rain was already going very well.

Improvement in hydro volumes did not come with lower prices, as one would expect. Steady prices and lack of price volatility hindered the result at energy management level. Thermal spreads were also weak so we are comfortable within the consensus that is today I think at €820 for 2018.

In terms of hedging policy, we have for the full year today 26 TWh forward contracted that €58/MWh. I would like to stress that this €58 basically is what you see on the financial handout we talked about, corresponds to €66 final price. And sometimes different players talk about different prices. So, we have a pair of €58/€66 per MWh that last year was €55/€63 per MWh. This does not include around 7 TWh of indexed volumes. So, the spread is locked up for 82% of coal expected output and 100% gas. The fact that if we see the pool prices still really not too hedged for 2019, it sounds optimistic for 2019. So, hopefully, with this long answer, I gave you what you needed.

Miguel Viana: We have a final question from João Pinto from JB Capital, regarding strategic update, so if you have any news on a potential investor day, as discussed in the previous call. I'll pass to the CEO the question.

António Mexia: Concerning this question, it does not make sense and we wouldn't even be credible to present a new business plan to the market when we are going through an offer process. So, when we finish this process and dependent on the offer beeing successful or not, we will be ready to quickly present the business plan to the market. It means that we have been doing all our homework, as you can imagine.

In terms of execution of our targets continue, the company remains focused - that is very important to share with you. Everybody is focused on their business case. We have a business plan that, by the way, presented until 2020. We are focused on delivery, as you see, of the budget of the guidance of 2018. And so, everything is normal and we will share it as soon as it makes sense.

Miguel Viana: So, we have still a few questions on – more related with the tender offer which for obvious reasons we are not answering at this moment. So, given that we don't have any more questions on strategy and on results, I will pass now to our CEO for final remarks.

António Mexia: Typically, I understand that not only the results were – we don't have any surprise, so the questions are left as they usually are, but I understand probably you had more questions on things that we cannot share with you, of course, it will not make sense to share with you today. But talking about the results highlighting, I would like to really stress very strong Brazil, very strong renewables in what concerns especially full visibility on the growth namely with all the PPAs that were signed, 1.2GW, since the beginning of the year. I think it is an amazing result, very strong in efficiency all over.

And by the way, Brazil, good in generation, good in distribution, good in creating optionality. So, I think it's obvious that we are doing what is expected in those markets.

In Iberia, finally, good rain. Visibility on the regulatory issues that were raised last year, at the end of last year. Good sound financial. Also, the debt of the system reducing more than expected. So clearly in line for probably above €700 million reduction on tariff system deficit. I think it's important because this gives additional comfort for reducing tariffs for next year without any new measures. So, very strong demand growth in Portugal, more than 4% driven by domestic. So, the structural things are there to support a smooth evolution of the system that I believe it’s critical. So, the recent news that Miguel mentioned in Spain that were disturbing a lot of people a few months ago, I think, it gives additional comfort, the news this morning was already raised in the conference call.

And so business wise, we are there. In what concerns the offer, I just wanted to tell you we cannot talk more than I did in the presentation. But I would everybody – we feel confident in the sense that we are doing what you should expect, everybody should expect in this moment. We are doing what we mentioned in the report. We are working, in what concerns, in understanding the implications of any regulatory positioning in Europe or in the U.S. and all the implications that will come from that. So, we are doing what – basically we are doing what was expected. And we will share this with you of course when we can and when it makes sense.

So, thank you very much for your presence, and see you soon.

Operator: And that does conclude your conference for today. Thank you for participating. You may all now disconnect.