EDP - Energias de Portugal
Wednesday, 2nd March 2018
11:30 Hrs UK time
Chaired by António Mexia

Company Participants

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

Slide 1

António Mexia: Thank you very much. Good morning, everybody. Thanks for being present here on the conference for our 2017 results. As usual, I will begin with the key highlights. I will also talk about the, a bit about the future, but especially about what's our vision of resilience and business model of EDP.

Let's start with the key highlights. The first word I would like to choose is resilience, resilience in a difficult context. And we have seen our EBITDA increasing by 6 percent year-on-year to around EUR 4 billion, EUR 500 million on net positive nonrecurring results, which of course include the gain of the very successful disposal of Naturgas at attractive valuation multiples, clearly crystalizing value for shareholders.

Recurring EBITDA fell by 5 percent to 3.5 (billion euros), clearly, strongly penalised by the severe drought in Iberia, which had a negative impact of around EUR 300 million, so it's a huge impact on the low hydro last year; and also by some negative regulatory developments in Portugal.

On the positive side, we continued delivering our growth strategy, focused on renewables, commissioning 600 megawatts of new wind and solar capacity. On efficiency, savings of our OpEx program was 26 percent above the target, achieving more than EUR 100 million. I think it's a very impressive figure.

Moreover, we cut our net debt significantly, a 13 percent decline to EUR 13.9 billion, which led to an adjusted net debt to recurring EBITDA, clear improvement of 3.7x even including the adverse effect from the low hydro production. This compares, as we remind, with 4x in 2016.

The decline in net debt was more meaningful in the last part of the year. This, combined with a reduction of our average cost of debt from 4.4% to 4.1%, it resulted in a 13 percent reduction of our net interest cost and expected to continue over this year.

Overall, net profit grew 16 percent year-on-year to EUR 1.1 billion, while our recurring net profit decreased to 8 percent to EUR 845 million, impacted by the beforementioned abnormally lower hydro in the period.

And now it's important regarding 2017 dividend, the management is proposing to our AGM, which will take place next 1st of April, a dividend per share of EUR 0.19 fully in cash. That is expected to be paid in May, in line with our well-known predictable accounts.

Slide 2

Let's move to Slide 2, where, clearly, I would like to stress the fact that our portfolio diversification allowed this achievement of the guidance. So during the first quarter of 2017, the drought intensified, with a larger than anticipated magnitude.

As a result, the first quarter alone represent a negative impact of EUR 100 million, taking recurring EBITDA and net profit in 2017 to the low end of our previous guidance range. But we are, as you see, in the range.

Having said this, we saw once again the value of our portfolio diversification with strong performance of renewables, strong performance in Brazil and overall operating cost giving some support.

Finally, net debt in 2017 was below our guidance, as a result of the cash-in, in the fourth quarter of the total amount of EUR 1.2 billion pending from the third quarter, namely: the refund of VAT in Spain, the conclusion of the tariff deficit sales in Portugal, and finally, the full collection of tax equity deals for 2017 renewals project in U.S. And I think it’s good news especially with uncertainty that was hanging there but is no longer the case.

Slide 3

Moving to Slide 3, what you can see, the idea that I really want to convey is the sound performance of recurring EBITDA, excluding weather effects. Things that depend on us basically. Let’s see, I would like to start by highlighting EDPR EBITDA, which already represent nearly 40 percent of the group, growing by 17 percent, supported by a 9 percent increase in average capacity, mainly in U.S., Mexico and Brazil. But the performance in '17 benefited also from stronger wind resources and higher efficiency, supported by O&M initiatives and tight cost control. And, as you know, also at EDPR, we delivered the first farm-down in our U.K. offshore projects. So those in pipeline efficiency, farm-downs, time-to-market, everything went well in renewables.

On regulated networks in Iberia, as expected, posted a slight decline following, what, EUR 83 million negative impact from the deconsolidation of gas distribution in Iberia. This was partially compensated by our electricity distribution network, posting efficiency advancement and previous years adjustments.

Going into Brazil, we see EBITDA growing 14 percent in euro terms, including a 7 percent positive impact from ForEx. Locally, EBITDA rose 8 percent, driven by a successful integrated hedging strategy for the whole portfolio, which allowed to mitigate the effect of weak hydro level.

So I think that's a very good job well done here, but also in terms of efficiency, in terms of delivering the projects on time or even before time like the hydro and also remind the performance of Pecém with an available, average availability of 92 percent, that is above the threshold that regulatory shareholders on 90 percent, so clearly, a huge turnaround on Pecém.

Finally, on Generation & Supply EBITDA: we see a decline by 42 percent, penalized by what we have mentioned that we had on this process, higher fuel costs and adverse regulatory changes that I will explain in more detail and I'm sure that there will be questions about.

Overall, what we see in EBITDA with the positive contribution: strong renewables capacity growth, efficiency improvement, and Brazil especially on the risk management, partially mitigating the impact from severe drought and the deconsolidation of gas network in Iberia. All in all, if '17 was a normal '17 hydro, we would have seen a growth at the recurrent EBITDA. So with a normalized year, it would be clear positive.

Slide 4

On Slide 4, '17, just going in more detail in terms of drought in hydro. The drought have neutralized in the first 9 months, we talked about this in our last conference call, but the drought intensified in the fourth quarter. Hydro production fell 82 percent shorter than historical average, driving full year hydro production 53 percent lower than average.

2017 was one of the four driest years since 1931, and this compares to a strong hydro resources in '16, so very different from '16. As a result, the negative financial impact of low hydro grows from, as I mentioned, from EUR 200 million in the first 9 months to around EUR 300 million for the full year, looking at '17.

Today, January, February were again dry, but heavy rain and snow over the last week, and we expect a good March will finally lead to a clear improvement dryer conditions in Iberia.

Slide 5

In Slide 5, regulatory changes to impact 2018 figures. Our 2018 figures are clearly impacted by the adverse regulatory changes in Portugal that were announced at the end of '17.

The major change on EBITDA is referred to the expected EUR 150 million decline in electricity distribution regulated revenues, which was preliminary announced by ERSE in October and finally confirmed in 15th of December.

So we have now good visibility on regulatory framework for the '18 to '20, during which we will focus on our efficiency levers namely: reduction of grid losses, our OpEx control, digitalization in to improve profitability. All of this is clear what we have to do, and I will remind that it's 150. It's not losing value.

It's basically, in a big change, just postponing revenues for the 10 years instead of the three years growth consensus during the process. In generation business, we will see an increase in taxes under the clawback in the actual form, which was changed in August 2017.

This changes should imply an increase of our cost with levies of around EUR 60 million versus 2017. Here, we consider that the current level of tax is questionable, totally disproportional and this justify the several ongoing appeals namely in courts. Overall, I would also like to stress these adverse regulatory development are already fully reflected on earnings consensus.

Slide 6

So Slide 6, capital allocation. I think this is a critical element. I would like to highlight our firm conviction on the visibility on the steady portfolio transformation.

Over 2017, we reinforce our commitment to long-term contracted renewables energy. And I think this is an important statement, long-term contracted renewables and visibility on the cash front.

We invested around EUR 1.1 billion in renewable assets with long-term contracts: wind and solar mostly in U.S., hydro and wind capacity in Brazil. We, even there, commissioned with more than four months ahead of schedule São Manoel. We have also reinforced our exposure to renewables, paying EUR 300 million for an additional 5 percent stake in EDPR through the public tender offer, raising our stake to 82.6%.

Also, in '17, we also sold our gas distribution network in Iberia and the minority stake in wind farms in Portugal. So the portfolio reshuffling deals in '17, combined with our consistent growth strategy, is expected to translate into a steady reduction in the weights of Iberia in our EBITDA, with remaining markets, mainly U.S. and Brazil, increasing its weights to 60 percent of our total EBITDA by 2018.

I would also highlight EDP Renováveis continues to reinforce its role as our major division, which should reach a weight on EBITDA of around 40 percent this year.

So yes, basically moving investment from areas where we crystallize value, and we have been able, clearly, to create new options in the short term where we create more value for the shareholders.

Slide 7

Going into this visibility, 3.1 gigawatt of renewables growth secured for '18 and the following years. So looking into detail: we have already this 3.1 with PPA or feed-in tariff, of which 800 megawatts under construction and to be commissioned in 2018.

And our main growth market for next year will be the U.S., Canada, Brazil and some European markets namely, France, Italy, Portugal, and Spain.

And I believe and I would like to highlight this, in the U.S., our main growth market, the clarification of the tax reform, helped PPA and tax assets markets to be back to normal. And I think it's important, it's one of the uncertainty that was hanging there, and now it's gone.

On the top of the wind onshore and solar, we have also our wind offshore platform, with secured projects in U.K., secured projects in France, which will be a relevant source of growth post-2020.

In the Moray East project in the U.K., 77 percent owned by EDPR, we expect to have a final investment decision during 2018 in order to achieve commissioning in 2022. In France, the 2 wind offshore projects, 43 percent held by EDPR on a less mature stage with the final decision investment expected to occur by 2020 and commissioning expected by 2023.

Moreover, we'll pursuit our asset rotation strategy, our farm-down strategy, whenever it makes sense through minority stakes, of course, as I mentioned on BOT perspective through majority stakes, enhancing the value of our assets.

I think that we have already discussed this in prior meeting, and I think it's obvious that's the right strategy. So basically, we think that we have strong visibility on growth at very attractive returns.

Slide 8

Going into growth in Brazil on the Slide 8. Our main growth area is regulated networks in Brazil, in which we have created value through our track record on efficiency improvements under regulatory frameworks, which are considerably reliable, and in a favourable macro interest rate cycle.

As you remember, we were awarded last April the concessions to build 5 transmission lines be fully operational by 2022, which represents an overall investment of nearly EUR 800 million, with an expected return on equity between 12 percent and 14 percent in real terms. So comparing to our initial assumption, we currently see upside potential regarding the funding cost of these projects given the recent evolution of interest rates in Brazil, and especially on the anticipation of the construction schedule of these lines, with our most advanced transmission line project being currently 17 months ahead of schedule, and of course, this represents anticipation of EBITDA.

More recently, we have announced acquisition of a minority stake in electricity distribution company in the state of Santa Catarina, CELESC. We have already received all the required authorization for the acquisition of 33 percent of the ordinary shares, after which we plan to launch a voluntary public offer for the acquisition of up to 32 percent of the preferred shares, which will allow us to reach one third of the total share capital of the company for the total investment of around EUR 100 million, representing EV RAB of 0.7x.

This stake will provide us a significant involvement in management decision, giving us opportunity to extract value from potential efficiency improvements. Finally, we, in this market, we will continue to look for further small-sized opportunities of portfolio restructuring.

Slide 9

On Slide 9, basically, I would like, summarizing, saying that I believe that we have a consistent strategy, supported in delivering of the results in 2017 of our commitment and giving clear visibility for the future. To conclude, I think it's the strong message.

So in order to deliver a profitable and focused growth, we count on 3.1 GW of renewable projects already secured; regulated networks growth in Brazil to 5 new transmission lines; and through our equity stake in CELESC. So visibility is the key word.

Another important element in our strategy is financial discipline. Our current adjusted net debt over EBITDA is 3.7x, supports our investment-grade profile, which will continue to be enhanced by value enhancing deals such as rotation, especially BOTs, providing a sound capital structure to support the growth.

We will also reinforce our efficiency namely through the execution of the OpEx efficiency program, targeting to double its outperformance in '18 to EUR 180 million of annual savings in order to continue to be best-in-class utility on the efficiency front.

Overall, basically, we maintain our focus on profitability and shareholder return, with a firm commitment on dividend policy on a dividend per share of EUR 0.19 as a floor, that makes all the sense giving the visibility on our portfolio and all the assets reshuffling we have been doing. So thank you. I will pass to Miguel for the more detailed presentation, and then I'll come back together with Nuno for the Q&A.

Miguel Viana: Thank you, Antonio.

Slide 11

So moving to Slide 11, we can see that in 2017, EDP continued investing in renewables. We have commissioned 1 GW of new hydro with pumping and storage in Portugal, which, as you know, is highly complementary with wind and solar generation.

With this, added also by the 0.6 gigawatts of additional wind and solar capacity, we reached 73 percent weight of renewable energy in our installed capacity. Regarding production, in 2017, which was very dry year in Iberia, even so, we have achieved a significant weight of renewables, which achieved 55 percent.

Slide 12

Our wind and solar power subsidiary, EDP Renováveis, was the main contributor of our recurring EBITDA in absolute terms. It was also the major contributor in terms of growth, with the recurring EBITDA increasing by EUR 0.2 billion or 17 percent year-on-year.

This has a significant contribution following the increase of average installed capacity, mostly driven by U.S., Mexico and Brazil and also the positive impact from the first farm down in our U.K. wind offshore project, Moray East.

Slide 13

Regarding our operations of the regulated energy networks in Iberia, following the disposal of gas distribution in Spain in late July and the gas distribution in Portugal in the beginning of October, we are now fully concentrated in electric distribution in Portugal and Spain. Here, the recurring EBITDA has increased by 6 percent on lower OpEx and some adjustments from previous year.

Slide 14

Moving to our operations in Brazil. They showed also a positive performance in 2017, with EBITDA in local currency increasing by 8 percent, following the good results from our integrated hedging strategy in energy markets and improved operational performance, namely in Pecém power plant and in our distribution divisions.

Slide 15

Finally, the decline of EDP's recurring EBITDA in 2017 was essentially driven by the weak performance of the Generation & Supply division in Iberia, which showed a 44 percent decline of recurring EBITDA.

This weak performance can be understood by the evolution of some key indicators, namely: a decline by 1 percent of the average selling price to customers; lower hydro production, which has reduced the weight of hydro in our generation mix from 45 percent to 22 percent, which together with the increase in fuel costs justify the increase by 70 percent of the average fuel mix for the entire generation portfolio.

Moreover, we had also a significant increase in regulatory costs in Portugal and Spain by almost EUR 100 million, and a reduction in CMEC related revenues following the end of the next annual compensation system since July 2017.

Slide 16

The company has also continued to deliver good results regarding control of operating costs. In our Iberian operations, pro forma operating cost fell 1 percent year-on-year on a comparable basis even considering some growth in operations, namely, the 7 percent increase in average MW installed and the 2 percent increase in the number of contracts to customers.

In the renewables division, core OpEx per megawatt has also decreased by 1 percent as the 8 percent increase of OpEx was smaller than the 9 percent increase in average installed capacity.

Finally, in Brazil, we have also done well in costs, with operating costs in local currency and in real terms, so inflation adjusted, declining by 1.5 percent as the operating costs nominal growth of 2 percent was below the average inflation in the period of 3.5 percent.

These strong performance have been supported by the success of the corporate-wide efficiency program, OpEx IV, that provided EUR 141 million of spending in 2017, 26 percent above the initial guidance.

And we want to double the outperformance of the program in 2018 from EUR 25 million to EUR 50 million, a process that is well on track with additional initiatives already launched, namely, the Zero Base budgeting in Spain and in our IT division, also the recently launched in January of the group-wide digitalization program, EDPX. We have also further steps in terms of HR restructuring program in Iberia, with so far a reduction of 150 FTEs; and some relevant development regarding remote management of power plant in Iberia, namely a recent contract signed for preventive maintenance.

Slide 17

I would like now to move to the financial costs and their performance. We can see that our net interest costs decreased by 13 percent, continuing to show a clear downward trend on a quarterly basis.

Note that this very positive evolution was supported by a decline of net debt, which in 2017 was more concentrated at the end of the year, and also a decline in average cost of debt from 4.4 percent in 2016 to 4.1 percent in 2017.

Note that the very positive evolution of EDP's currency weighted marginal cost of debt, which stood at 2.8 percent at the end of '16 and that declined to 1.9 percent at the end of '17, lead us to be confident on further declines on average cost of debt going forward.

Slide 18

Regarding recurring net financial cost, which include not only what we have seen previously regarding interest cost, but also financial revenues not directly related to debt; it have showed a more moderate 1 percent net decline, helped by the very positive performance in terms of net interest cost with the EUR 100 million decline was mitigated by a reduction in financial revenues, namely the ones related with regulatory receivables due to low interest rate; and also the ones related to capitalized interest, following the full commissioning of hydro plants in Portugal. Moreover, we had also some negative impacts from ForEx and energy market derivatives, amounting to EUR 35 million in 2017.

Slide 19

At the bottom line, our reported net profit of EUR 1.1 billion in 2017 was significantly impacted by the nonrecurring items, of which highlight the capital gain of Naturgas, with an impact of almost EUR 0.6 billion and some impairments in our coal plants in Portugal and Spain; and regarding EDPR's impairments at some Polish assets. Excluding these nonrecurring items, we can see that recurring net profit stood at EUR 845 million, which represents 8 percent decline year-on-year.

This 8 percent decline justified, as we saw before, essentially by a decline of recurring EBITDA, driven by lower hydro volume; and also a decline of D&A following the disposal of gas networks; and also the extension of wind asset life at EDPR level.

Slide 20

Moving to net debt. Our financial leverage showed a very positive evolution, with the net debt decreasing by EUR 2 bn or 13 percent year-on-year, having a positive impact from the portfolio reshuffling, which includes the combined effects of the disposal of gas distribution in Spain and Portugal and investments of EUR 0.3 billion to increase our stake in EDPR from 77.5 to 82.6 percent.

This portfolio reshuffling impacts had a material impact on the improvement of the adjusted net debt-to-recurring-EBITDA ratio, which decreased from 4x in '16 to 3.7x in 2017, even including the negative hydro impacts of EUR 300 million on 2017 recurring EBITDA.

Slide 21

Finally, moving to financial liquidity and debt maturity profile. We can see that over 2017, we have made significant developments regarding the extension of average debt maturity and the decrease of the weight of fixed debt rates in our portfolio, mainly through long-term bond issues above 7 years, securitization of tariff deficits and bond buybacks that we closed in the fourth quarter '17.

By December 2017, we had EUR 6.6 billion of available liquidity, which covers refinancing it beyond 2019. With this, we'll conclude our presentation, and we'll have a small talk before we go to the Q&A session. Thank you very much.

Q&A

Miguel Viana: So we'll start with the first questions. We have from Jorge Guimarães, Haitong on our non-recurrent impact on EBITDA of distribution of electricity in Spain. Could you elaborate on the regulatory provision in Spain, namely considering your competitors didn't do it?

Antonio Mexia:OK. In Spanish, we basically follow the discussion with the auditors, it's very simple, what is in the report on CNMC, and we were prudent in a way that we have provisioned things there. And let's see what happens, but we were on cautious side.

In what concerns, also I believe the restructuring costs, what will be the impact on future of EUR 30 million extra provisions, it will be positive between EUR 8 million and EUR 10 million, so less cost of EUR 8/10 million than a year ago. Then in terms of impairments, the impairments, it's EUR 105 million in Sines, EUR 91 million in Soto and EUR 42 million in Poland.

The reason in Poland is because of the change on the grid certificate rules and Sines and Soto, basically, we always been, we have been consistent in a sense that perspective about coal in the medium term has changed, by the way confirming our vision and what concerns importance of economy transition, so we have decided, bearing in mind what is the burden today on those coal-fired power plants to do these impairments.

Miguel Viana: We have also question from Jorge Guimarães, Haitong and Carolina Dores from Morgan Stanley regarding the clawback. So when and what to expect about the clawback rate in Portugal? And are you expecting to pay EUR 60 million from clawback in 2018?

Antonio Mexia: So we, as you know, we paid on an annual basis, EUR 10 million of clawback in 2017. So we explained in the presentation since the beginning that the change would be the amount of EUR 60 million compared to the previous year. As you know, we consider this clawback a measure that needs to be revised. We don't have a final frame for this, so this is the worst-case scenario. Why? Because when the clawback was introduced was to avoid any possible windfall profit in Portugal because of the tax that exists in Spain. But at the same time, you have taxes in Portugal now that you don't have in Spain based on the generator. So to keep the same level of playing field, we need to redesign the clawback as it is today as a new version. So we expect this to be done. We have here introduced in the worst-case scenario.

Miguel Viana: We have then a group of questions that come from Rui Dias from UBS, Carolina Dores Morgan Stanley, Harry Wyburd from Merrill Lynch, Stefano Bezzato from Credit Suisse regarding the outlook for '18. The questions are concentrated in terms of how do we see the consensus currently for EBITDA and net profit, and also essentially what there are our assumptions for '18 regarding financial costs, average financial costs for 2018.

Antonio Mexia: We've already talked about consensus, about also EBITDA recovery on things that are not normal in 2017, and then I'll pass to Nuno to talk about financial costs and tax rates.

So clearly, we are comfortable with the consensus compiled by our team based on estimation of 19 analysts. Comfortable with the EBITDA, comfortable with the net profit. By the way, we are talking of a net profit recurring of EUR 850 million, including the CESE tax. But we expect the net debt to be below the consensus that is today at EUR 14.2 billion, we expect to be below. We are already below. And if anything, we would like, we would expect a moderate decrease versus the end of 2017, even if 2017 already include the reimbursement of VAT trend. So we are comfortable with this, and we expect better in terms of net debt.

In what concerns also the question of out of the EUR 300 million potential recovery, how much do we think that this currently assume the consensus. And the answer is, 200. In other words, we would, in a normal year, we have EUR 900 million EBITDA on generation and supply; the consensus now considers around EUR 800 million. It's the figure that we consider today in our expectations for the year. So already slightly below a normal year. Nuno, tax rate and...

Nuno Alves: So 2018 our expectation for financial cost between around EUR 600 million for the full year and the tax rate to be slightly below 20 percent.

Miguel Viana: Moving to the group of questions on leverage, Rui Dias of UBS and Carolina Dores from Morgan Stanley. Regarding deleveraging targets, if we think that this current net debt to EBITDA level of 3.7x is a comfortable level? And what is our view of evolution of this ratio for 2019?

Antonio Mexia: So we expect the net debt-to-EBITDA in 2018 to be 3.5x. And what I would like to stress is that deleveraging is a commitment. So clearly, we will keep the same discipline that is, by the way, translated in the figures of net investment for next years and everything else. Always to be sure that we will be doing asset rotation, asset reshuffling in a way to give visibility to grow in the right direction and at the same time, redeploying the sound base that we got from the disposal in 2017, the clear net disposal; and always to protect the dividend policy that is our very strong commitment to respect this floor and then to grow as the business grows.

Miguel Viana: An additional question from Rui Dias from UBS regarding CELESC: what is the strategic rationale for EDP to buy minority stake in a state-owned company?

Antonio Mexia: So what makes sense, as you know, we like distribution or we like now, and we proved to be one of the first to like transmission in Brazil. And the question is how can we approach opportunities at creating value at a competitive environment in certain opportunities is going to through less obvious path, but clear, here, we have protected our stake in terms of dividend policy and everything and we, of course, create an option for the privatization of this company.

Miguel Viana: We have two questions from Stefano Bezzato, Credit Suisse on EDPR. Following 2017 takeover, can we consider the current shareholders' structure as the final one?

Antonio Mexia: We don't anticipate any changes on 2018. (inaudible). So the clear answer is there.

Miguel Viana: Also from Stefano on Spanish regulation, did you expect any changes already in 2018? And in relation to the 2019 review, do you expect the return format to change?

Antonio Mexia: No changes. No discussion. It's about the rate and not about the form. I think I already answered this.

Miguel Viana: Regarding the Naturgas capital gain.

Antonio Mexia: So first, let's go, Miguel, in order. Rui Dias: hedging 2018, I think it's important to talk about this. We have already, I'm just following the order of the question that I was sent. We have already sales forward contracted with clients. We have 24 TWh at an average of price of 54 per MWh. And this does not include naturally hedged price in the sales of 6 TWh already in 2018.

We have spreads close of 60 percent of the expected coal output in 2018. And for EDPR, the overall portfolio, 94 percent of the revenues are already fixed. So we have a strong hedging policy for 2018. Now about capital gain.

Miguel Viana: Yes, question about capital gain on Naturgas.

Nuno Alves: As far as Naturgas capital gain, I just try to be clear on this, as you know, the transaction had a firm price, plus a deferred price. Both of them are booked, obviously the firm price by full, and the deferred price at fair value that the auditor decided to recognize, which is the majority of the deferred price. So from an accounting standpoint of view, the capital gain and the contingencies are already fully booked. You should not expect any more accounting changes going forward. What we still need, that's missing, is the EUR 200 million before payment in cash, which is to be decided by the buyer when to pay. If time to pay, he can pay it in 1 year or pay as you go. But as far as accounting-wise, all the gain has been put already in 2017.

Miguel Viana: We have more questions essentially on regulated networks from José Soares, JB Capital already answered. Also on the 2018 outlook, already answered. The leverage, we have already referred also. Regulatory issues in Spain... Maybe let's move to Javier Garrido JPMorgan on CMEC. On December 2017, ERSE announced that the estimated CMEC revenues were under discussion, so essentially, it's about how is the process?

Antonio Mexia: The process is very clear. It's clear that on our side, we have respected the contracts and the law, and we have been communicating these in the right spots. So we don't see any issue at this stage and this, by the way, are rules and contracts established in 2004 by law and by contract.

So in what concerns also a question of wildfires, do we see any risk of needing to pay compensation of fines? No. By the way, we have insurance, but it's clear for us and clear for people involved in this method that we had nothing to do with this. We have reacted timely, so it's clear and nonissue for us now.

In what concerns also… the dividends. People are asking about the dividend, Antonnella and others: is the (EUR 0.19) dividend commitment and should we expect a revision of the dividend policy with the new business management?

Clearly, the only thing that we'll not see is a reduction of the EUR 0.19. The EUR 0.19 is a very strong commitment as a floor. We see and I believe that one of the key messages that I want to give in my initial presentation is that those; the asset reshuffling, the farm-downs, all the asset allocation policy plus efficiency, plus everything, including even, including the regulatory discussions and the regulatory deals give us a very confident positioning for the future that will sustain the dividend policy with the floor of EUR 0.19. It's not a big question. And clearly, we are going to grow it as soon as it makes sense. Additional?

Miguel Viana: We don't have additional questions. I think all the remaining ones were answered.

Antonio Mexia: So thank you again for all the questions. I think that I will finish as I started. We have been facing extraordinary impacts, mainly rain last year. As you see, we expect, we are already cautious this year, but we see a recovery. We have already did it in the consensus. We are comfortable with the consensus. We're even better than consensus and feel more confident on the debt side. We are firmly committed to our asset allocation policy, and we are committed to our dividend policy. So thank you again and hope to see you soon. Bye-bye.