

**REN – Redes Energéticas Nacionais**  
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**Corporate participants**

- **Rodrigo Costa** – Chairman and CEO
- **Gonçalo Morais Soares** – CFO & Executive Director
- **João Conceição** – COO & Executive Director
- **Ana Fernandes** – Head of Investor Relations

**Ana Fernandes**

Good morning, everybody. Happy Monday. We're very, very happy to be here with you this morning. I'm joined by Rodrigo Costa, our CEO; Gonçalo Soares, our CFO; and Joao Conceicao, our COO. Gonçalo will go through the presentation that we sent on Friday after some words from Rodrigo as usual. And then, we'll be ready to answer any questions you may have. Thank you. Rodrigo?

**Rodrigo Costa**

Thank you, Ana. Good morning. Thank you, all for joining us on the call. As Ana just said, we are going to go through the presentation. Gonçalo will do that after me. And after we will be all available to take any question you may have. Ourselves and our old friend, Board, believes that we just made a good move for our company. This is a move that we do because we believe that it is positive for the company. There is no other motivation or urgency. This is something we had time to think about. We have a lot of thoughts on this transaction, and this is a move that we really believe in. As usual, we didn't run. This is a well-thought decision, is absolutely aligned with our strategy framework, including our objective of keeping our investment grade as well our dividend policy and objectives.

This is an investment that will bring us growth under the same low-risk framework. That was also very important to us. The excess -- the asset we are acquiring has a great strategic fit. We are sector experts. We know the technology. We know the market and all the business complexity it involves. The asset quality is also very high, and it's well managed. With this move, we will improve our critical mass, both in terms of assets as well in terms of human capital, and we believe we can make it even better.

And just as a last note. We believe we did a very reasonable transaction, and we feel quite positive with the results we reached. And with that, I would move to Gonçalo to take us through the presentation. Thank you.

**Gonçalo Morais Soares**

Hi, good morning to you, all. Thank you for joining the call second time in almost a week difference that you are joining a call here from us. Thank you very much. So I'll just go through the presentation and the slides.

So in Slide #1, we just have the overview of the transaction. So we are acquiring 100% of EDP Gas, EDPG. So it's the second-largest Portuguese gas distribution company, with 4,640 kilometers of network and net RAB of EUR 452 million. We view this as a unique opportunity and to grow into this area of the natural gas infrastructure business. And I'll give you some details of what is the perimeter, but we are excluding a small -- a small piece of that company which has clients that we could not have.

The transaction, the EV is EUR 532 million, which implies an 18% premium over RAB and an 11x EV/EBITDA. I'll go through the valuation a lot -- with a lot of details, but we think that it specs quite well in terms of valuation.

In terms of funding, as always the key things here were to maintain dividend policy and to maintain investment-grade. And that's why we are now going for a capital increase, completely approved in the board. This is going to be a rights issue. We've already signed the standby agreement with the group of banks that you see there, Santander, CaixaBI and JPMorgan. We are finalizing the full underwriting. We are finalizing the funding. So everything is in place. There are some approvals that have to be done, and I'll go through those.

In terms of timing. So we have the signature last Friday. Next May 11, we are going to start, I'd say, the regulatory legal approvals. As of now, next May 11, we have the AGM to approve the capital increase. And then, after we have the regulatory

authorizations, we will go as soon as we can with the capital increase followed by a debt issuance. I'll go a little bit more in detail for each of these.

So let me go to Slide #2 to describe you the asset. So as we said, EDP Gas, formerly known as Port Gas, is a gas distribution company, mostly in the northern part of the country. You can see on the right-hand side of the slide the geographical configuration, basically the main cities' ports, of which you also have Braga and Guimaraes gas distribution mostly on the coast and on that front on that area. It's a long-term concession, a little bit like ours, so a 40-year concession that ends in 2047. This is a fully regulated business, very much same kind of remuneration and regulation that we have on our gas assets with 3-year regulatory periods, very consistent with what we do already.

In terms of the perimeter of the transaction, we are buying 100% of everything, excluding as you see, EDP Gas SU, called in Portugal, CUR, but it's basically a last resort gas supply. So this is a piece of the company that actually has clients hanging in there. And this is a condition precedent for the transaction to be closed, that EDP is able to spin off and to put aside this piece of the company and then for that, they will have to ask the state's authorization to do that, and I'll explain to you a little bit more how that would go about.

So in our opinion, this is an asset that we know. We know the key things. We know how it works. It's very similar kind of, with some differences, yes, but very similar kind of infrastructure, O&M-based infrastructure business with the same kind of regulation and enforcement with a good management already in place, but we also, I think, have good knowledge of how this business works from our side.

Going to Slide #3. So just some key numbers. As I told you, this is a pretty wide network, 4,640 kilometers. It connects almost 340,000 clients or connection points.

In terms of key financial data, it has an EBITDA last year 2016 of EUR 48.5 million, a net income of close to EUR 21 million. As we told you the regulated asset base is almost EUR 452 million. It's doing CapEx of a little bit above EUR 20 million. In terms of the rates of return in '15, '16, they were 7.85%.

The spread now, as you may know, if you accompany this, the spread between the transportation or the transmission assets, which is the one that's REN currently owns, and the distribution assets came down from 50 to 30 basis points in terms of difference. So they will be making 30 basis points above what we have on our own gas assets.

Going to Slide #4 and looking at how we think -- why we think this is a good transaction and a good asset. So first of all, this is a growth opportunity for us, and not only for the immediate risk or the immediate growth that it has to us, all of these EUR 450 million to our RAB, but also because EDPG has a strong growth potential. This is the second-largest gas distributor, but compared to Lisboagas has a much lower for historical reasons, much lower gas penetration and it has been in the last 5 years growing at a faster pace than the other DSOs. So Lisboagas has a gas penetration of around 45%. This company has a gas penetration of around 27%. So there is a good opportunity to grow in this sector, and in this company and we are foreseeing at least a 4% a year growth in the next 5 years.

It will increase, as I said, our own RAB by 13% immediately with the EUR 452 million. So we think that on the growth side, it is a positive transaction.

It is also a low risk transaction. So there is, in terms of integration, very low risk. You see the same kind of regulation. So we know it well. We do not think that there is any major risks integrating this company. The regulatory framework is very similar, very aligned with what we have, very long-term concession. So we believe that it is extremely low risk in terms of transaction. We also believe that it has a good valuation. So the EV/EBITDA was around 11%, which is below what our recent transaction, I mean, actually it is the lowest of the recent transactions in the market, especially in the transaction where we are gaining full control. I'll be happy then to go into a bit more into detail of why we also think this bodes well against our own multiples currently in the markets and because of the differences that this company has namely. We have growth moving forward, and I think that clearly explains about that difference.

In terms of the SPA, although we cannot go into a lot of details, I can tell you that it protects us really well against transaction risks. We don't have any contingent payment moving forward, and we do feel that over the long term -- medium to long term, we will have opportunities to gain some synergies. So of course, we still have to go inside the company to know it well, but from what we know from the structure itself, we do believe that it has some potential either in personnel or [INM] to achieve some synergies.

In terms of funding, as I said, it was important to us to maintain the investment-grade credit metrics, that is why, as well as to maintain the dividend

policy that we have in place. That is why we are proposing this capital increase, so that we can maintain an FFO method, which is unchanged or actually even improves a little bit and so that we can actually also maintain the same level of dividends that we are proposing. Although we think that this even, in the medium term, positions the company better than it is now to change that dividend policy. As of now, it is very important to us that we are maintaining the dividend policy that we have in place, which is a key commitment that the company has with the markets.

I think that finally, this could have a potentially positive impact, not only on the free float, but on the liquidity of the shares. And so I think that's another slight positive that the transaction may have.

Moving to Slide #5 and looking more at the growth. So you can see here this penetration. This has more or less the same kind of households that Lisboagas in Portugal has, so close to 22%, but a much lower penetration rate. So we are at 26.4% versus 45.3%. So that is why the former owner was already forecasting debt and we are also forecasting debt and that the connection points will be increasing in the next few years at a good pace around 4% a year. And that it is completely in line with what was already the expectation.

In terms of EBITDA, this adds immediately around 10%. This is a kind of a pro forma numbers that we put together just to give you a rough idea, but it's just to give you an idea of how much it adds to REN, so around 10% in EBITDA and around 13% on the RAB side. So not only does it give future growth in terms of looking forward, but it gives us also the immediate growth on the financials and on the asset base.

Moving to Slide #6 to the transaction multiple. So we have a transaction multiple of around 11x net debt-to-EBITDA. You can see that this is the lowest compared to all other transactions done in the recent past, even in comparing to the Galp Gas Natural distribution transaction that was done last year. It's also lower than that. I can tell you that if you take into account the fact that we have certain protections in place, the fact that we should have certain synergies in the coming years, and the fact that this has a growth profile versus what REN has now, which is a non-growth or even a slight decrease, you can understand well the difference between the level of multiples that we are trading now in this fund. And if you look at the EV-to-RAB multiple, we are actually trading at around 14% premium right now. And if you have some of these things that I told you about, namely the synergies, you start to get and to see that the multiple that we paid for in this transaction is very much aligned with what we actually already have in our own company. That being also -- and adding to the fact that in terms of when comparing with other transactions. For instance, in terms of the Galp Gas distribution, this is a company that has lower growth because it has much higher penetration. So when you compare in terms of multiples, I think it's very important to note that, one thing is to pay one multiple which is even lower but which has a lot of growth.

Let me just say this, as I told you that the contract has a lot of protections in place. No contingent payments that we have in our contract in the future. So I think that it is also important to note that because sometimes the prices do not tell the entire story that the contracts then contain in themselves.

Moving to Slide #7 and talking about the funding of the operation. So we are going -- and this is already board approved, where most of our key shareholders are represented. We are going ahead with a net to EUR 250 million principal, which is going to be the number, EUR 150 million capital increase. This was completely approved by the Board of Directors. This is the rights issue that we will be approving in the AGM on May 11. This is expected to be fully underwritten by this group. So I think we already have in place a standby underwriting agreement. And so that we -- and we have the flexibility to go to market in the next few months. The debt issuance is going to be made in the market also, shortly after we complete the capital increase. Until then and to preserve the available liquidity, which is actually enough for us to do the transaction, but in order to preserve it, we are actually concluding also a bridge loan so that we do not consume that available liquidity. The timings of all of these, of course, are dependent on the approvals that we have to do. And so on one side, we have to ask for approval from the Competition Authority, which in our view should not be a major hurdle in the sense that this is a completely regulated company as we are like the caverns that we brought from Galp a couple of years ago, also did not warrant any major concerns from the Competition Authority. Secondly, we all have to inform the regulator because of certification issue. We do not think of that it should be a major hurdle. And finally, and this is not on our side, the seller we will have to ask 2 things, we will have to ask the concessionaire, the Portuguese state, authorization to sell because this is a concession given by the state. And at the same time, we will have to ask the permission to do that spinoff of the last resort seller. We do not really know the exact date that these authorizations are going to be done. Of course, we hope to do the capital increase and close the transaction as soon as possible, and hopefully we could do it before the summer if these are swift and done in the next couple of months, but that is exactly why we are also using the standby agreement is that we have a certain flexibility in terms of timing, being sure that if when we go, it's not exactly the best time to do the capital increase, we have flexibility of some months so that we can kind of optimize the timing of that capital increase. At the same time so that investors know that this is already fully guaranteed and fully underwritten by banks and that we have the funding in place. So we try to do things so that the implementation in terms of funding for you seems very seamless and low-risk.

Slide #8 and moving forward just to reinstate what were the 2 main pillars of the funding policy. So we want to maintain the dividend policy which is the one that we have in place. We are maintaining it at the EUR 0.171 per share. This is extremely important and we also want to maintain the investment-grade ratings. We have already informed and we have conversations during the transaction with rating agencies to be certain that we could be able to calibrate the capital increase and to be able to get their comments beforehand. So we are, although we do not have their formal reactions, we are confident that given these -- this effort and commissions from the shareholders to make a capital increase, that would -- that should and given that the credit metrics are maintained and that should be enough to be able to maintain the investment-grade rating on our company, which as you know is a critical component.

So just concluding before the Q&A and to give you ample time in terms of Q&A. So this is a unique opportunity for us to grow in a low-risk way. It gives us an immediate increase of our regulated asset base. It focuses in Portugal, or which is, as you know and continues to be our main focus. It provides not only growth now but in the future and it provides also the opportunity to add value with some long-term synergies.

We are contributing to our own financial position with a company that actually has strong free cash flow growth in the coming years. In the coming 5 years, we are expecting free cash flow growth about 6%, 6%, 7% for this asset. So I think it will contribute very positively to our cash flow generation.

We think that the valuation, as I told you, and we basically based ourselves on the CF, is attractive and is not only attractive given the CF, but in line with multiples in the market and we think that acquisition funding in place has low execution risks and provides a good strategy in order to maintain dividend and investment-grade credit metric.

So not to talk too much, I'll conclude the presentation. I'm sure that you have many questions. And so with that, we would open the floor to any questions that you may have. Thank you.

## Q&A

**Fraser Andrew McLaren** - BofA Merrill Lynch, Research Division - Director

Just wondering, please, if you can add a little bit more color for us on the scale and the timing of the synergies that you envisage. Are these likely to be mainly OpEx synergies? You specifically mentioned in the presentation these may be available over the longer term. So just wondering when we can expect to see those making an impact and what the costs achieved might be, please.

**Gonçalo Morais Soares**

Hello. Thank you for the question. I mean, I think that Ana can give you a little bit more color. These are basically synergies of, I'd say, 3 types. One is on central function contract, we believe that we may achieve some synergies there. Secondly, some of these synergies related to personnel, either again, more support functions personnel or other personnel. And thirdly, it's O&M contracts not only on the size of EDPG as well as REN.

We are -- I don't want to give you an exact number, I can give you that it has a sizable amount in terms of value. Our COO, Joao Conceicao, is also going over it. It's a little bit premature to give you an exact number of that. What we can tell is that there are several suppliers that's in terms of CapEx and O&M are common, so we think that we can optimize things on that front. And so I think that there is a good size in terms of synergies on a per annum basis. And some of them we may achieve more on the medium term, shorter to medium term, others will take a little bit longer.

And but we do believe that it has a nice impact on the accounts. And I will give you a little bit more color. I'd say then on a personal level, but we do believe that this is a good component in terms of valuation.

**António Seladas - Intermoney**

My question related within -- with capital increase. So I think that if you cancel the dividend this year and next year to be probably enough to avoid the capital increase. So I would like to hear your comments. And the second one is related with -- why you kept -- I'm puzzled why capital increase has to be underwritten because I think that you are buying assets as you mentioned that are very -- you are very keen on the asset. So I don't see the point to return this capital increase. I think as a result to shareholders, I'm assuming these shareholders or the cost shareholders will enjoy the capital increase. So I don't see the point. Could you comment on it, please?

**Gonçalo Morais Soares**

Sure. Thank you for the questions, Antonio. I mean, as I told you, maintaining the dividend policy for us is a key component in terms of our public business plan. So we didn't really go through our mind to cancel it. I understand your point, but I think that a lot of the investors would not appreciate that strategy.

It makes more sense for us to do that and to show that commitment and our main shareholders that are in the board and that voted this -- this decision also have that view that they would prefer to reinforce their commitment and vote this capital increase rather than to go down that route.

We had other routes, but we think that this was the one that fits best with our public commitments and with our investor base. The second thing in terms of the underwriting, is to give an additional safety for the investors. I tend to agree with you that this is not a very large capital increase and this is, I'd say, a low-risk in size capital increase. And we also talked about it and considered it. The main thing is that since there is a few months of delay and that we sell, that we have to wait for those authorizations coming from the regulatory side, we felt that we really wanted to avoid at any cost the risk of execution and be certain that on the investor side, you feel that this is a very out-of-the-box kind of safe funding alternative and capital increase that we are already kind of -- it's already done, so it's already guaranteed. And so that we don't really have that overhang and that concern in terms of waiting for the capital increase to be done.

So that's why we have done it. And we hope that with this capital increase in this way, instead of reducing the dividend we can actually increase the size and the market cap of the company, we can increase the free float and we can increase the liquidity, which I think at the end of the day is all good things for the investors versus using -- not paying dividends for that part.

**Sara Piccinini – Mediobanca**

The first question is on EDP Gas financials for 2017. Can we assume a lower contribution of EBITDA for 2017 following the gas regulatory review?

And therefore an EBITDA closer to EUR 45 million than EUR 50 million? And can we also assume -- this is the data from EDP presentation -- that the D&A are at about EUR 15 million. And finally, if it is possible to have an indication of the net debt to EBITDA of the company. And another question is, when the company will be consolidated and when we can expect the full EPS contribution. From 2018?

**Gonçalo Morais Soares**

So I mean, there is some, I'd say nonrecurring and things that move from one year to other. We are not going to give you specific guidance on 2017. But -- Ana will be able to give -- to go through with you on that figure. In terms of the net debt, it has basically no net debt, the company, so it has around, let's say, less than EUR 10 million or around EUR 10 million of net debt, so it's basically 0 net debt that the company has. And I think that in terms of EPS, yes, I think that only in '18 you'll be able to because even if we close in June or July then you will not have the full EPS in place for this year.

So I don't know if the question of about the retail related also in terms of what you are calculating in terms of multiple or not. I can tell you that in terms of multiple, we are pretty comfortable with that 11x multiple, and I think that when you compare it with our own multiple, not only are we having synergies that you should have, there are certain protections in the contract that actually makes that multiple slightly more attractive. And then I think that the key thing is that you are comparing a company,

REN, in this case that has no growth embedded in it with a company which actually has a 6% to 7% free cash flow growth in the coming years. And that as you know, when you change that and you put that in the multiples, actually we did that exercise, we actually went to our model and actually did that exercise to see what the impact would be on our own multiple at REN. It has a significant effect, and that makes this transaction and this price be, in our opinion, quite attractive and quite in line not only with our below recent transactions, but also quite in line with the multiples which REN is actually trading in the market right now.

**Sara Piccinini**

And sorry, if I may, as a follow-up -- as a follow -- I apologize if you had said, already, but the RAB growth of EDP Gas, you said about 4%, correct?

**Gonçalo Morais Soares**

No, this is not what we said. It's not the RAB growth. What I was saying to the 4% is the growth in terms of the connection points. Okay.

**Sara Piccinini**

Okay.

**Gonçalo Morais Soares**

So every year the connection points are going to be growing in the next 5 years around 4%.

**Sara Piccinini**

Okay. And the RAB growth...

**Rodrigo Costa**

In that penetration -- with that penetration that we were referring to in terms of LisboaGas, we do not think that it will reach the penetration, and that is not what we have in our model. We are not foreseeing that it will reach the same penetration that we have in Lisbon because in Lisbon historically, we had natural gas already infrastructure for many more years. But I think it will in the next 10, 15 years catch up to it quite well. You were going to ask something, I'm sorry?

**Sara Piccinini**

No, sorry. If it's possible to know the RAB growth, but...

**Gonçalo Morais Soares**

We can send you that figure later, but it doesn't grow that much because you are growing the connection points, but you are already amortizing the older CapEx. So what you'd see as RAB growth is mostly with the transaction itself, we got EUR 450 million on that order. It's not -- you will not see as much in RAB growth. But as I told you, what you will see is on free cash flow growth, that is going to be growing at a very nice pace, 7-something-percent in the next few years.

**António Seladas – Intermoney**

Sorry, just I'm assuming that when we booked Electrogas 2 or 3 months ago, you were all having studying these projects. So that is not the kind of asset that just appears right now. Can you confirm it, please?

**Rodrigo Costa**

Well, Antonio, we don't think the time to -- sometimes to do a precise transaction. We have been in the market for a long, long time researching and we always said that we would never compromise on our strategy principles to get the deal done. It's, of course, this was something that was in our radar, especially in the last few months. And today, the only thing we can tell you is, we are very, very happy with the natural gas investment.

We believe and we went through that, that makes a lot of sense.

But the same way, this one does and we could not -- there was no reason for us to try to abort the first one neither to go and into this ones. We had time to negotiate. It was a quite dynamic process, we believe for the reasons that Gonçalo already went through, we believe we did, we came to a good solution in at least on our side and we believe it should be on the other side the same, otherwise we would not be able to sign it. And it's absolutely aligned with what -- with our mission as a board. We need to make sure we create long-term value. We know the characteristics of the

REN main business that will still be the REN main business. It's not a growing business and then that's why we decided into be very serious about signing the right type of offering.

Both Electrogas and EDP Gas are 2 operations that they are absolutely in line with what we announced, we want to do it. And for sure, there is always different solutions for financing for the long term. But this is the ones we picked. We evaluated all the options, we decided going through the strategy that we described and you have it on your desks and we feel very happy with that, and we are really very committed to make it work.

It's good to be in a situation where we are because we have very open discussions about the topic. And as I said in the very beginning, there was no urgency for us to go left or right. We had time to decide, we had time to negotiate. We are doing something that we believe it's going to create value and it's on the best interests for all our shareholders and stakeholders to be honest.

**Sofia Cordeiro – CaixaBI**

I would like to ask a couple of questions. Can you elaborate a little bit on the CapEx expected you would address the assets. You referred EUR 20 million per year. Is it the same similar level you expect to keep? Can you elaborate on growth CapEx and maintenance CapEx going forward? And in terms of the market share that this asset represents, does it pose any risk in terms -- do you see any risk coming from regulatory issues on the approval of the deal? Regarding the comparable multiples, can you actually give us some colors of comparable RoR is of the other transaction? Meaning, to put the deal-to-deal into perspective in terms of the returns. And regarding the current main shareholders, you mentioned that the deal was actually sanctioned or approved by the board. Do you have any comments whatsoever regarding the commitment for the current shareholders to come through on the rights issue? And that's basically it.

**Gonçalo Morais Soares**

Let me address the first questions and Rodrigo will take the last one. So basically CapEx, which was around EUR 22 million-EUR 23 million last year, should be more or less on average around EUR 17 million in the next few years. I would say those are mostly expansion CapEx, maintenance CapEx is very low and IT CapEx is very low also. So I would say 90-something-percent should be more or less expansion CapEx. '17, '16 should be more or less if not completely flat number, but should be more or less. Second thing on the market share, I mean, these are regulated concessions. They don't really have market share. So they are concessions that where you operate, you are completely, I'd say, small monopoly in terms of it, that's why they are regulated. So in Lisbon, you only have 1 company. In Porto, you only have 1 company. So these are by regions, we are not competing and that being said, and if that was also the intent of your question, since this is a completely regulated - this is a completely regulated transaction and assets, we don't foresee any issues from the competition. So this is something, which are own assets is regulated. Everything is approved, regulated in terms of remuneration, approved in terms of investments. So actually it's perhaps the best place for it to be, is with us. I think we are already a regulated company with no agility or we cannot be present in the market to sell. So I think actually in terms of approvals, it's a better situation now than it is before. But that is for the regulator and for the government to comment.

In terms of multiples, to let you know, so in terms of and these sales, basically, as I told you the rates of return in using the model are very similar to our owns with a small spread. We looked at many comparable multiples in terms of comparable transactions, as we showed you. I'd say that the most comparable one is the one with the Galp Gas distribution company. As we said, in that case, we are actually with a lower multiple in a company with a higher growth. And we believe actually the contract is perhaps even on the safer side, but that we don't know and we bought control. So we're actually with many things that work in favor in terms of valuation towards this comparable transaction. And we have at the same time a lower multiple, not only in terms of EV/EBITDA, but also in terms of RAB.

In terms of the other multiples, as I told you, I think we looked at what this asset was being valued by analysts before when it was in EDP and the transaction sales bode well and spec well against those value. And of course, analysts in those cases tend to undervalue a little bit to the asset. But in the cases where they actually valued the asset as a transaction potential, we are well below those numbers that those analysts considered.

I already explained to you why, in looking at our own sector, the EV/EBITDA looking at our multiples -- at our comparables in Europe is below. Our own is at those 8.4x or 8.5x, and I explained to you why this multiple actually is also pretty good compared to that, namely because of the growth, and as I said, and to reinforce, we simulated our own model and we simulated with these kinds of growth perspectives and the multiple moves enormously and not only because of that, but because of the cost savings and other protections that we have in the contract.

And the EV to RAB is, as I told you, completely in line with our own trading multiple as of now and very much below what other transactions were recently done. So in terms of valuation, we are, I'd say, pretty comfortable. We think that the model that we used is not an aggressive model in terms of assumptions, actually is in some cases a little bit conservative. So we are very kind of safe and we believe in the valuations that we buy it.

Relative to the shareholders (inaudible) want to comment?

**Rodrigo Costa**

Yes. And as we said, what we can share is the fact that we have full support from the board, and of course, some of the board members they are close some of the shareholders who proposed them, they are not independent. And what we can say is that we have full support, we are all excited about moving forward. And we approved the proposals we have in the table today. Other than that, it's up to the shareholders to decide how they want to communicate, what they want to do. For sure, we are very optimistic in all the process. And we are set to have something smooth going on. And again, this is -- this was a board decision.

**Fraser Andrew McLaren - BofA Merrill Lynch, Research Division - Director**

Just a quick follow-up please, if I may. At the time of the Electrogas acquisition, you very helpfully gave us a steer for the level of earnings accretion that you expected. Can you share with us your thoughts on this acquisition, please?

**Rodrigo Costa**

Can you answer the question?

**Gonçalo Morais Soares**

Yes, we can give you. So there isn't a lot of earnings accretion. So there is a very small -- actually a reduction in EPS for this transaction, which is not in our view very relevant. The relevant thing is that we are maintaining the dividend policy, which given the capital increase will actually increase the dividend yields that investors will get out of this investment, that's on the short, medium-term kind of perspective. So we are maintaining and fulfilling that.

Secondly, I think that as we move forward, having this asset on board and given their profile in terms of free cash flow actually makes our credit metrics improve better on the medium term. And actually we will -- it positions us in a way that on a medium term, we can consider improvements on that side, but as of now, we are maintaining and that is what is important. We are committed to maintaining the dividends and we have the cash flow and the metrics to do that and the EPS is not really the constraint of that. We simulated in the stress test the dividend payout for that too, so that we would be certain under certain different scenario that would not put the dividend thing in jeopardy, and everything came out okay. So we are very confident in maintaining the EUR 0.171 per share that we have now announced as our dividend policy.

**Sofia Cordeiro** – CaixaBI

I'm sorry, just a small -- you touched some elements to some protections on -- you slightly mentioned it on one of your comments that you apart from the synergies and the growth profile of free cash flow, you mentioned that you had some protections on the contract that you signed with the EDP. Can you elaborate a little bit or give us a little bit more color on that?

**Rodrigo Costa**

We cannot give you a lot of color because of confidentiality issue. What I can give you -- I can tell you that we do not have any contingent payment moving forward in this transaction. So there is nothing that we have to pay in the future. And that we have certain key risks, business risks pertaining to this company that are protected under that SPA.

Yes, I can tell you that you should not expect any bad news. You should only expect it more upside than downside. But I cannot go into a lot of detail. But I can assure you that very clearly that we are very well protected in terms of the business risk regarding this asset.

**Sofia Cordeiro** – CaixaBI

Okay. Ask you then, upon completion of the transaction, do you expect to give -- to have an Investor Day where you can actually clarify a little bit more on the figures of the enhancement of the asset or, or it's something that is going to be closing bluff on the contract and we will have to expect good news on results reporting?

**Rodrigo Costa**

I mean, the normal timing, as you know, of this would be to do the business plan update next year, which is the normal rolling. We tend to agree that this is a kind of an unusual and special step and transaction. So we are thinking about what to do and in what timing at least for to clarify exactly what you are doing. So we haven't made that decision yet. If we would make it, it's a little bit of our timing, but we are clearly thinking about how to address that more detail that you would need relating to the -- to this acquisition.

And upon its completion, we'll give you a little bit more color and we'll give you a little bit more -- what's our idea would be moving forward.

Meanwhile, Ana will be calling you guys and give you, giving you a lot of color, a lot of numbers, giving you a lot of details relating to what we could do. Of course, until the transaction is closed, we have certain limitations, but that being said, I think that Ana will be able to provide a lot of insight of how you should view this transaction. Thank you for the question.

**Ana Fernandes** Okay. Please, if you have any further questions, you know where I am. If not, see you later, and have a great Monday. Thank you.