Hi, everyone. Thank you for attending the call. Rodrigo will make his usual opening remarks and then Gonçalo will go through the presentation. In the end, the two of them together with João will be available to answer any questions you may have. Rodrigo?

Thank you, Ana. Good afternoon, all, and thank you for joining our results conference call. As usual, the quarter is not bringing much surprises. Since the majority of our revenues result from regulated assets, we have an expected drop in our EBITDA due to the Portuguese bond yields evolution and from the reduction in the asset base. On the positive side, we had a small reduction in financial costs as a result of the decrease of total debt and lower average interest rate.

While we are waiting for the next year’s government budget and this should happen in the next 30 to 60 days, we keep paying a very high level of corporate taxes, close to 40% now, including the extraordinary energy tax over assets. And I’m sure we will come back to this topic during the Q&A, of course.

We are now very focused on supporting the government commitment to the energy transition that will bring important transformation in our sector. This is going on across Europe, and Portugal is no exception, and this is going to become a big topic in the next 10 years. Decommissioning of the coal plants very important investment in solar and wind generation, new dams, all that will require new transmission lines and substations upgrades over the next few years. We will have more visibility on the projects as we start the year of 2020, and as the projects are going to be approved and disclosed.

The CapEx evolution is positive and aligned with our internal targets for the end of the year, and also on that one, we should be able to make a few comments. The Chile and Transemel investment is now closed, but it's still not part of the accounts because the acquisition only took part in October. While Chile is going through some internal challenges that are of concern to us, we remain optimistic and our operations are running smoothly.

On the operations front, here in Portugal, we can report a normal quarter with the regular summer challenges, although we had less fires than we had last year, and our service quality remains quite high.
2019 has been a very dry year, 45% of consumption came from renewable sources, with the wind representing 24%, hydro 14%, biomass 5% and solar 2.3%. Natural gas is having an important contribution. Just a note that our Sines terminal registered a record-breaking activity this year. Coal has been steadily going down, and it only represented 12% of all consumption.

And with that, I will move to Gonçalo, and he will guide us through the number details. After, we will take the questions, as usual, as Ana said.

**Gonçalo Morais Soares**

Good afternoon to you all, and thank you for joining this call today. So relative to and looking at our first slide, Slide #2, and looking at the highlights, you can see that EBITDA reached a value of around EUR 368 million, which is a decrease versus last year of a little bit below 3%. And this is mainly on the back both of a decrease in the rates of return and of the regulated asset base. So this was completely expected and within what we have in our own budget.

In terms of net profit, again, it reached EUR 86.3 million, decrease of 5%, impacted both by -- negatively by the EBITDA, as I said, and slightly -- and positively by the financial results, where we still have at this quarter, positive evolution of net debt and a small decrease -- improvement of the cost of debt to 2.2%, although we were still hindered very negatively by the extraordinary energy sector levy.

In terms of CapEx, I think we have good news. So we have an increase of 64% to EUR 110 million versus last year. And I think these are good news. We are a little bit ahead of schedule. Normally, as you know, most of the CapEx is done in the last quarter. This year, we're actually able to smooth it out a little bit more. And it's proving to be good news that we hope we'll be able to repeat next year.

Finally, in the final note, as Rodrigo said, we concluded the transaction of Transemel, and we'll be happy to talk about it a little bit more in the following slides.

Slide #3 is just the main indicators. So nothing in particular, but if you want to move to -- and is more for your reference, if you want to move to Slide #4. What you can see is this completely, I'd say, abnormal evolution of the rates or more normal, perhaps nowadays, due to these unprecedented levels. So we are lower than we were even in the 2001 period where rates were very low. They were never this low. And so I think that of course, this starts to have a certain effect. Part of the effect we felt this year, part of the effect we will feel next year. We are, I think, in my opinion, doing a good job in terms of trying to protect net income via the funding strategy. But as you know, there are some limits to what you can compensate and -- with that instrument, okay?

Going to the next slide and going to Slide #5 and looking at CapEx. So as I said, I think these are good news. It's true that part of the increase this year is connected to a specific CapEx, which is the Windfloat project. But not only that, I think that the evolution you are seeing this year is a little bit more sustainable. I think we are seeing it showing some trends towards next year, also maintaining a higher CapEx than we had. So last year, we had a CapEx of EUR 122 million. The business plan interval was EUR 120 million to EUR 145 million.

This year, we are going to clearly be above that range at the end of the year. And I think it will be interesting. And João, I think, will give you a little bit more color and detail and going into -- little bit more into detail in the Q&A phase to explain you why this happened and why we are seeing these more projects coming along and what are the investors in the sector, because I think it's a good news for the company and for the sector.
Slide #6 just shows the evolution of net RAB. Of course, I think that as you go along the -- as you move towards the end of the year, you'll see a smoother decrease in terms of electricity, but you'll still see some decrease in terms of gas, and you'll continue to see the only positive one, which we have in terms of evolution, which is Portgás, and which has been, again, evolving in terms of what we have in plan.

They are actually -- they have this year increased a little bit the rating at which they were deploying (inaudible) in CapEx. So I think it is clearly evolving in line with what we have in mind even a little bit better when we bought this asset a few years ago.

Slide #7 and looking at RAB remuneration. So this is clearly where you see the impact of both things coming together. In electricity, both are negative, so both the evolution of the rate from around, if you want, and looking at the base rate, 5.92% -- actually, for the asset with premium to 5.63% or in terms of assets rates from 5.17% to 4.88% that has significant impact. And then you have the other impact, which is the decrease of the asset base, which is close to EUR 70 million at this stage.

In gas transmission, you see the same kind of logic. Actually, you see the evolution of the assets being a little bit more negative than the evolutions of the rates, which is what allows us in terms of gas distribution to basically compensate. It's more or less balanced. So what you lose in terms of rates this year, you are able more or less to compensate in terms of evolution of the asset base.

Moving on to costs. So you can see in Slide #8 that costs are going up. And you're going to see the next slide that's actually, it's mainly if you look at only core OpEx, it is actually coming down EUR 1 million and not going up EUR 1.4 million. So there are several costs which we'll look at in the next slide. Part of the first -- the external supplies is related to that. And the others are also related to businesses, namely electricity costs given the cost structure of the terminal. So our LNG terminal is having much more activity, that it also has regulated revenues associated with that. So you actually see an increase in cost but has a reflection in terms of revenues that you don't see in this chart. We also have a little bit more costs in terms of forest cleaning, so this is an activity that we've been taking as always, but we've been investing even more than we have in the past. And so that represented and also added a little bit of costs since the last year.

In terms of personnel costs, we see there's an increase of 3.2%. But that has to partially do with the fact that in Portgás, you have a decrease also of around EUR 600,000 personnel costs that you notice. So if you put those 2 together, you'll actually have an increase of EUR 1.2 million. And I'd say that is completely in line. We are now with around 685 people in all of the companies together. I'd say this is also within what we had expected, nothing new. So -- and in terms of Portgás, you see this big decrease, part of it is related to this. So this cost savings as we concentrate the shared services in the REN's shared services and this is also related to the sale of the LPG business that we have last year and it has, in the cost part, a positive impact and it is also related to savings that we are having in the company as we have -- that we will have.

So in Slide #9. You see that, that increase in costs is mainly driven by these pass-through costs because in terms of core OpEx, they are actually not increasing, they are decreasing, part of it comes from the ITC mechanism. As you know, this depends on the exports that we make to Spain, and that is a good sign in a certain way for the country. You can also see that part of it also comes from an increase in the costs with ERSE and the rest, I'd say, more or less [Technical Difficulty].

Now going to Slide #10, you have a summary of the EBITDA changes. As you see, most of the change comes from the assets' remuneration. And this allows me just to give you a few notes in terms of Portgás and Chile. So Portgás, I'd say, is doing well. No major news. I'd say -- as we said, we completely integrated the company. And I think that in terms of the financials and of the profitability, it is performing as we expected in our business plan, and we've been able to extract that, although limited the objective savings that we have for the company. Electrogas in Chile is also doing well. It's actually growing a little bit versus last year. It is benefiting from the export of gas from Argentina. The previous year, it has actually been the reverse, but this year it is benefiting from that. And Transemel, as Rodrigo said, you don't see anything in the
accounts. We can give you a little bit more color, if you want, in the Q&A. But basically, in terms of business, as usual, it is
going fine. We are coordinating on a daily, weekly basis with CG, the sellers who are the ones that during this transition phase
are still managing the company, but we are already making the key decisions in relation to the asset. And at the same time,
we are with several teams preparing and setting up the transition, both in terms of systems, of operations and of the
organization, local organization that we want to put in place.
In terms of the country itself, as Rodrigo mentioned, we have teams coming back from it last week, the previous week. Myself
and João will probably go there if nothing happens in a couple of weeks. So I think that the situation is calmer, is okay. So it
was something that we didn't expect as, I think, anybody, but I think that now it didn't affect in any way our assets, in any
moment where -- was there any situation relating to our assets, so I think we are, I'd say, very calm relating to this.

Moving to Slide #11. So in terms of taxes. Not going to add anything in relation to the special levy. We've already commented.
Let's wait for the state budget. And in relation to the rest, we will see -- I think it's, I'd say, business as usual. You will see what
comes out of the state budget in the next few weeks.
In terms of financial results, it's still improving slightly, although at a slower pace, of course. And this has to do with the fact
that debt came down -- net debt came down year-on-year on average terms. Of course, at the end of the year, it will increase
because of the acquisition of Transemel, but as of the third quarter, it was down. Our metrics -- all of our credit metrics are
comfortable within our own target. So I'd say that we are also okay there. In terms of strategy, I think that the way that we fixed
and we managed the fixed and variable mix was a pretty good decision that we made a few years ago. It allowed us to
compensate, and it is allowing us to compensate a little bit now. So I think we will continue to refinance and try and improve
the average cost of debt a little bit, but it will not be as easy as before.

Slide #12, we see the evolution of net debt. So you see that net debt came down almost 2.5%, and it shows the strength of the
cash flow of the company. Of course, next quarter, we will have the acquisition, and this will change a little bit, but this is, I'd
say, the organic and normal evolution in terms of cash flow discount.

Slide #13 summarizes the evolution of net profit. So that's it. So what you can see is that below EBITDA, you can compensate
a little bit, but not a lot in terms of the decrease that you have in EBITDA, and this is probably what will happen next year also.
So finalizing anything, Slide 14. So I think these were good results. And good results for us are also results that are basically
the expected results. We don't like surprises, I think which was the case. Again, we are still being penalized by the very high
effective tax rate that we have. We feel little unfair, but we will see what the next few weeks will bring in terms of debt.
And apart from that, I'd say that there is no major -- no other major news. So thank you very much for listening, and we now
open the floor to any questions that you may have. Thank you.

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**Q&A**

**Sara Piccinini** - Mediobanca - Analyst

The first question is on CapEx. So where do you -- if you can repeat where do you see the CapEx positioning by year-end?
And also, if you can give a guidance on the RAB? And still on the CapEx, more general question, given the opportunity of the
energy transition that you see, what would be the level of CapEx that you see in the long term? And could we see a situation
in which the CapEx becomes higher than your RAB -- sorry, than your depreciation and so your RAB comes to growth again?

So this is the first question.

The second is on the regulation, in 2020, there will be the review of the Electricity business. Shall we stick to the usual deadline of 15 October? Or do you expect any update during the year-end -- the year? And still on regulation, if you expect the regulator to change either the duration of the regulatory framework or to modify the WACC, just a sense on that?

And finally, on Chile, you say that the situation is under control. But do you see -- what is the risk that you see impacted your operations?

Or if there can be any implications on the growth on your business, especially in Transemel, since the growth there is very strong?

Gonçalo Morais Soares

Thank you, Sara. I'll pass to João to comment on the CapEx? Just to tell you. So when I say that the limit in the business went up 145%, and we were expecting to be above, not going to be $5 million. And so we are going to be a couple of tens of million above that number. So we are very comfortable with the range that we are giving.

That being said, that is not the case that we are going to see the CapEx moving close to the value of amortization. So the news are good, but they are not, I'd say, still that good. But João can you give a little bit more detail on what will happen with CapEx?

João Conceição

Sure. So regarding the CapEx side, starting by Portgás, what we can say is that we are forecasting Portgás to be stable in terms of the investment plans. In fact, we got already some good news from the regulator, which we accepted the 5-year plan that was presented.

Last year, which means that apart from a couple of adjustments, it's positive that we can fulfill the plans on the Portgás side. The improvement Gonçalo was mentioning is related to the electricity transmission and has to do with -- first, with the plans of the government to implement the Energy and Climate Change 2030 plan. As you know, this envisage some very ambitious targets on renewables integration, basically to double the wind installed capacity and to reach something like almost 10 gigawatts of solar capacity.

So lots needs to be done to allow this connection to be a reality. And then you have also, in addition to that, the announcement of the government that they want to anticipate the closure of the carbon power plants. And those, of course, will imply also some green reinforcements, mostly for security of supply purposes. So we are speaking about several big projects that we have reviewed in our investment plan, which until now, they were from our side presented to the government. And now we are very much confident that they can become a reality. I'm speaking about all the important axis in the south of Portugal, (inaudible) axis, the axis of Fundão, the new underground cable around -- in the south of Lisbon, the new axis to connect the Tâmega and Iberdrola dams and so far. So this is complementing what Gonçalo has just said. It does not necessarily mean that we're going to be close to depreciation, although it's a solid improvement until what we have in the last few years.

Gonçalo Morais Soares

Let me just add one thing, João, before you go to regulation because, I think, we was -- perhaps we didn't understand what Sara was asking, which is, if you only look at electricity, then the CapEx level starts to be close to depreciation. What we, myself and João were referring to was as a whole, the company saw everything together because when I was looking at -- I didn't understand it and I think, João didn't understand it like that. But if you look only at electricity transmission, this and next year, it's not the same, but it starts to be very close. Sorry, João.
João Conceição
No, it's true. And just to complement, the issue here, as expected, is on the natural gas side, the transmission assets. Well, coming -- going to your question regarding regulation, about -- specifically about the calendar, we are not expecting any change. So we are foreseeing this to be maintained on the 15th of October next year. And regarding the length of the regulatory period, you have to bear in mind that the first time the regulator considered the issue of the 4 years was exactly the last electricity period when they launched the public consultation. They put this into the public consultation last time they launched the regulatory period for electricity. In the end, they didn't implement these 4 years for the electricity, and they did afterwards on the natural gas side. So here, they are -- I must say that we somehow have some expectation that in order to be consistent with what they put into discussion last time in the electricity and most important, what they did in the natural gas side, we've somehow the expectation that the period could be -- could change into a 4-year period.

Rodrigo Costa
Regarding the Chilean political situation, I'm sure you all saw that the government or the President announced an agreement among almost all political parties. Only one political party was left out because they decided not to sign the agreement. I think it's a good sign. They are going to do a referendum in April 2020. And after they'll deal with whatever is the result of the referendum. They may change the constitution, they may not do it, really depending on those votes. And I think all this is good news. It shows that all political parties are committed to find an agreed solution. We can already see that the pressure is being reduced. But of course, as I said in the beginning, this is a situation of concern. We would rather not see something like this happening. But at the same time, it shows that the country is on maturity and we are not expecting, honestly, any impact in the business. And we'll keep going. We are -- Gonçalo mentioned that we are dealing with -- it's -- we are talking about small, very small companies with very focused assets. And we feel that the government is supporting the operations of these type of companies. And with that, I don't think we have much to comment.

Gonçalo Morais Soares
Just to add that specifically on anyone what Rodrigo said on the energy sector. The issue was more related when you talk about the costs and the tariffs and to the revision of the tariff itself, which comes on the back of the costs of the PPAs that were recently signed. They are increasing and tied also to the exchange rate. The CapEx itself of the transmission companies are actually helping the Chilean government, that Chilean market, bringing renewables in and actually lowering the cost. So it was more the cost of energy itself that was the issue, not so much the cost of the infrastructure. And in relation to that, they actually already put in place a sort of mechanism to delay the impact in time that will create some depth to the generators. So this is something that will, for a period of a few years, impact the generators, but we are not seeing that it will have any impact on the infrastructure company. Okay.

Sara Piccinini - Mediobanca - Analyst
Yes. Sorry, if there is -- if I can make a follow-up. It's actually on the evolution of the electricity system in Portugal. So do you expect significant raise in renewables in the coming years and especially on solar? How do you think this will effect the system and especially the electricity prices? And also, what is, in your view, the role of gas in this energy mix?

Rodrigo Costa
Well, as we've been saying, it's still a little bit early to understand all the impact because we need to understand the timing of the projects and when these investments will basically start. I think one important -- regarding the new mix and João said that,
we will see the wind generation capacity to double in 10 years. We will see the solar generation being multiplied by more than 10 in the next 10 years.
We will have the decommissioning of the coal generation, which was -- it's not that it is very big today in Portugal because there is only 2 units and -- but it will go away. It will be necessary to make sure that the system that we have in place to generate the energy can support the country. And this is going on as we speak. The government is announcing or already did a series of auctions. The auctions went -- I would say, in the perspective of the government and the consumer, they went well. The prices were extremely interesting from a procurement perspective, but it's still very early to understand. The timing, the amounts and because all these projects that some need environment licensees, they will have to have, of course, the energy agency approvals, it will take time. I think maybe João wants to comment a little bit more on the schedule, what we can expect in terms of timing. But this is something that is -- I think it will come to fruition in the next, let's say, 3 to 6 months. João.

João Conceição
Just to complement that the auctionings, for instance, that have been done in the part of new solar plant. They are forecasting these projects to go in for operation by 2022, 2023. So this is something that we will see the impacts on these developments in a couple of – 2 or 3 years. Regarding your specific question on the role of natural gas, I would highlight 2 issues. First, as a backup for all these renewable plant, this 2019 year is a good example of that. The natural gas power plants are having an important as role to compensate the big reduction on the hydro generation as we are going through in Portugal quite a dry year. And the second role is for conventional consumers, namely industry, because even if you see a trend on the electrification on several sectors, the big consumption on natural gas, apart from the combined cycle plants, are the big industries. And those, in our opinion, are not going to be suddenly to change into electricity. They will continue to be consumers on the natural gas side.

Ana Fernandes
Okay. If there's no questions, you know where to find me. Have a nice Monday, and I'll see you soon. Bye.

Rodrigo Costa
Thank you. Bye.

Gonçalo Morais Soares
Bye-bye.