

Marília Nogueira:

Hello, and good morning, everyone. Welcome to the web conference for reporting the results of the 4Q20 and the year of 2020. I am the IR Director of EDP, and our presentation is going to be made by Miguel Setas, current Chair of the Board of Directors, Henrique Freire, VP of Finance and Investor Relations Officer, and João Marques da Cruz, President of EDP Brazil.

This webcast is being broadcasted exclusively on the Internet, and later on it is going to be made available on the Company's IR website. In the end of the presentation, we are going to have a Q&A session when you can ask your questions on the webcast platform.

Before moving on, I would like to let you know that any statements made during the event relative to the business outlooks are based on the beliefs and assumptions of EDP's management. Forward-looking statements are not a guarantee of performance. They involve risks, uncertainties and future assumptions and, therefore, depend on circumstances that may or may not occur.

In this way, I am going to give the word to Miguel, so that we can start. Miguel, you can go on.

Miguel Setas:

Thank you, Marilia. Good morning, everyone. I would like to welcome you to this webinar that summarizes the results of the year and the 4Q20.

As it was announced, I am here as the Chair of the Board of Directors. Last Friday, as you know, we had a shareholders meeting and a board meeting, and we carried on with the transition that was already announced. João Marques da Cruz was appointed as CEO of the Company and the Board was reconfigured, as I will detail below.

I am going to make a brief presentation of our historical results, and then I am going to turn the call to the CFO and the CEO of the Company that is going to make his first presentation before the market.

So we are going to go to the first slide. This is our agenda for today. Basically, we are going to talk about our new governance structure, then we are going to briefly talk about the pandemic scenario. In this point of the agenda, we are also going to talk about the highlights of 2020, then a brief review of my term as CEO of the Company between 2014 and 2020, then the results of 2020 per se and the introduction of the new CEO that is joining us in this call.

So let's go on. As we mentioned last week, we started to have a Board of Directors with nine members. I took over as Chairman of the Board, Joao Marques da Cruz as the Deputy Chairman, we also appointed three members on EDP's side, Rui Teixeira, Vera Pereira and Ana Marques, which are appointed by the controller shareholder, and Pedro Marlan, Modesto Carvalhosa, Francisco Pitella and Juliana Rozenbaum were kept as independent members.

In the Executive Board, we have then João Marques da Cruz as our CEO, and now we have a new chair in our Executive Board, focused on people and ESG. And we are going to talk about that further on more towards the end of the presentation when we are going to talk about ESG issues and the highlights for 2020.

So let's move on. I would like to have a word on the pandemic context. As you know, we implemented a strategy that we call 3R. One is react to the pandemic, basically focusing on all employee protection measures. As you can see in the presentation, we had the liquidity reinforcement at the beginning of the pandemic of R\$3.1 billion. So the Company went through the pandemic in 2020 quite smoothly, and all the due measures to protect our workforce. So we have a crisis committee that met every week to make sure that we would make timely measures to fight the pandemic.

The second R, recovery. We had a results recovery plan with 57 initiatives that enabled us to recover R\$745 million of potential losses, had we not had the results recovery plan.

And the third R, reshape where we had the growth agenda for the Company. Customer relationships, digital transformation, innovation, the green recovery, a green investment for this green recovery that is needed in the post-pandemic, diversity and inclusiveness and new working models.

Some highlights of 2020. I am not going to go into detail because our CFO is going to give you detailed information about the year. But obviously, in generation and commercialization, we could not fail to mention the renegotiation of GSF with an impact of R\$388 million on our EBITDA, which is quite significant for this recovery that we saw in the 4Q20.

Also very good results in the commercialization company, the trading company that we are going to see in a bit. In transmission, 80% of the total CAPEX already executed, we did have some downtime, but all the work was resumed. And today, we have 80% of the R\$4 billion, approximately, of this investment, R\$3.3 billion already completed to lots in operation and four lots under construction. And the seventh lot that was acquired, lot 18 of Maranhão that was acquired and we are in the process of closing the transaction for it to be part of our portfolio in transmission processes.

In distributed generation, the acquisition of a company called Blue Sol, which is a franchise for distribution generation projects. It is present in seven states in Brazil. We acquired an equity stake of 40%, and we have the possibility of increased the share further on, and we will certainly continue our plan. It is the first investment in those areas, and we already have 65 MWp of projects contracted in the area.

In distribution, the highlight is the tariff readjustments that enabled us to adjust Parcel B of the two distribution companies: in São Paulo by approximately 21%, and in Espírito Santo by 2.55%. Also, we had historical record investments in distribution, with an increase of 16% compared to investments of the previous year. So quite an important investment to increasing organic investments in our distribution companies.

On the financial side, again, we are going to see that further on. But again, the highest EBITDA reached by the Company, R\$3.4 billion, 16% above the previous year, with a very stable leverage in the interval that we want between, at least, 2x and 3x. We are at 2.4x, so within our policy.

A recurring PMSO that had a decrease of 3.7% so you are going to see that improves Company efficiency, and the implementation of a new dividend policy that gives a minimum payout of R\$1 per share.

We declared dividends and interest on equity of R\$599 million, the highest ever in the Company, with a dividend yield of plus 5%.

ESG and innovation, listed as environmentally sound companies with Ibovespa, and commitments to reduce emissions, public commitments. So we saw highlights in innovation in all areas that are part of our ESG agenda. That is increasingly important, so much so that now we have a care that is focused on ESG.

And here, just to give you a bit of history that you already know, but along seven years, the Company has invested R\$10 billion, of which R\$6.6 billion in mature businesses, three Hydro plant delivered ahead of schedule, a thermal company with very stabilized results and CAPEX in distribution companies, organic below the 2x. That is the CAPEX over the QRR. In terms of growth, the focus is transmission.

As you know, we are making investments of R\$4 billion. We already invested EUR 8.3 billion, as I mentioned. And in terms of the stake of CELESC, today, we have 29.9% of equity stake the most relevant shareholder in the Santa Catarina distribution. And future businesses, about R\$300 million. You see the blue curve, left part of the chart is still limited, but we believe that this blue curve is going to take an important share of our investments for the future.

As for our results, you remember our strategy to really double-digit growth, distinctive execution, de-risking discipline and driven by technology. These were the pillars we worked with in recent years, and you see a double-digit growth in EBITDA growing 10% a year.

Net income, 13% a year. So we doubled our net income between 2014 and 2020, and our PMSO, with a decrease of 26% between 2014 and 2020. And the PMSO going down from 36% to 26%, which is a result of the implementation of the programs that we had along the years.

The next slide, I am almost finishing my presentation, is basically a consistent dividend payout. You see a growing dividend of R\$1 per share in 2020 R\$197 million that went to R\$600 million in 2020 with a dividend yield of 5.1%, which has to do with the dividend policy that we implemented in the Company last year.

So let's move on. And therefore, you see a history that is very consistent in terms of results, return to shareholders. So you see that in 2020, very good results.

Now I am going to turn to Henrique to go to slide number ten.

Henrique Freire:

I am going to give you a bit of results, starting with EBITDA. No matter how we look at the results of 2020, you are going to see quite good results in the year to show, and I think in all business lines. So I am going to start with our corporate EBITDA, with an evolution of 16% going from R\$2.9 billion to R\$3.3 billion adjusted EBITDA, an increase of 12%.

Talking about businesses, in transmission, we had a drop, which is easy to explain. Basically, it accounts for two events. First, because of the replacement of volume, VNR, in 2019, it was a very high amount compared to 2020. It was the year of the tariff review. So there is a delta of more than R\$100 million in VNR.

And also, you remember, in the end of 2019, we have an extraordinary event that has an impact of R\$74 million in the base to favorable to EDP when we had the restructuring of our service provider. And that there was an actuarial review and impact. If it weren't for this nonrecurring effect, we had an adjusted EBITDA of R\$115 million.

And that again has to do with the Eritrea adjustments that we had in 2019 and 2020. Remember that in the end of 2020, in the last quarter, we did have a tariff adjustment of EDP São Paulo with an increase of Parcel B of about 17%, and that again shows in our financial results.

And despite the drop in the market, the impact in terms of margin is not so high because somehow, we have the effect mitigated because we have the industrial and commercial going down, although residential goes up.

In transmission, we have an evolution that follows the constructions that we are having. In hydrogeneration, corporate speaking, we had the repactuation of GSF in ASL that led to R\$388 million in gap. If it weren't for this effect, we would have a comparison of R\$-9 million compared to the previous year, which is more or less in line with the previous year.

Remember that hydro results adjusted numbers were less positive in the 3Q, and then we had a recovery in all the other quarters. So in terms of energy allocated and strategy, it followed our position. So we had a year that was quite equivalent to the previous year.

Pecém, a positive year compared to the previous year, strong cash generation. And here, we had an improvement in variable income, a better purchases of coal with better results. In the trading company, as you know, we are following the mark-to-market, which is four years.

And we are quite comfortable, which is a way to capture the work that we do throughout the year, recording R\$93 million favorable compared to previous year. So quite expected results, much more concentrated in the 4Q.

Going on to the next slide. So here it's just a note on distribution. Just for you to understand what we faced this year, which is not the best scenario because of the pandemic, but giving you an idea of the impact that we had and the mitigating actions that we developed along the year.

First, energy volume. We did have a drop in volume of 3.4% in São Paulo, 6.3% in Espírito Santo, but in the residential segment, we had an increase of almost 4%, both distribution companies together. And more important than that, we did see a recovery in the 4Q in both distribution companies, in line or above the 4Q19. And when we compare 3Qs, we have an increase of more than 10%. So we clearly see a scenario of recovery for these numbers.

In terms of losses, we did have a degradation of losses. It's a bit uncontrollable, but we have to talk about that. First, because of the market. When the market drops, it drops in segments with less losses, technical or nontechnical, that is commercial industrial segments, which have lower losses. And therefore, when we see losses percentage-wise, we have a higher number.

A note about Espírito Santo. It is no longer calculating energy from Santa Maria. And we also have the impact of free clients, they left the base. Without this to effect, the R\$13.4 million in losses of 2020 would be 12.26%. And that is the effective value of our working in Espírito Santo with regard to losses, so a slight reduction compared to 2019.

But those distribution companies are above the regulatory target, and we continue to invest to mitigate these numbers. This year, we invested more than R\$750 million on that. That is a growing amount and higher than the previous year.

In terms of delinquency and specifically about PECLD to overgrowth revenue. Also, we have a change from 0.8% to 1.2%, which is quite a relevant delegation. But as I mentioned in the last call, this is far from being a number that is outside control. And if you take a look at the evolution of this indicator compared to the previous quarter, it is even positive. It is better than the 3Q.

So the trend is right. I'd like to mention that when we talk about delinquency rates going up, and we have several clients that pay in arrears, and we also have a higher number in terms of fines and interest revenues, up to R\$163 million in 2020.

Next slide, please. Talking a bit about recovery measures for our revenue. Our focus since the pandemic started, the visibility that we started to have as of April and up to August. First, we were prevented from cutoffs in the period of the mid- of those clients with social therapy until the end of November and all the others up to August. And as of August, we started to focus on recovering revenues.

We were very active with the cutoffs. We have 162,000 cuts with a recovery of R\$225 million, quite a certain action. Also debt negotiation, collection lawsuits. So in the period, we were able to recover R\$832 million, which is a high number but not very different from 2019 in the whole of the year.

More relevant is the chart in the middle that shows our efficiency in recovery. And you see that the ratio recovered BRL to invested BRL, and you see that we have more efficient processes in place. During the time we had the freeze of cuts, we were more efficient.

And another relevant topic is to increase our customer social tariff base. We did not have as many customers that were enrolled in the program. And with our actions, we were able to increase the base. This is important work to mitigate delinquency rates so that the energy bill fits our clients' pockets.

Next slide, please. Slide 13. And this is something that I already mentioned before, but it is the increase in parts of B with reinforced investments. You know that we are growing investments. And I think that there was a very right move in 2019, we were about R\$300 million, and now we are at R\$750 million. And from now on, we expect to continue to invest to enhance, our network and even increase our CAPEX and really go to a Parcel B for the new cycle with investment over to or of more than 2.5x.

And if you take a look at our distribution companies, we had a positive review of 21%. The average effect perceived by consumers was below 5%. In Espírito Santo, Parcel B had a much more modest increase of 2.55%. That started as of August, but with a reference of previous years in terms of inflation.

Let's go to the next slide. In Transmission, we have the evolution of our timeline. Today, we have 80% of our CAPEX executed, R\$3.3 million. This is a key year for us to complete many of our constructions. You have Lot 7 that is going to be completed in the beginning of the 2Q. That's what we expect, Lot 18 in the end of the year, Lot 21, one of the parts in the beginning of the 3Q and the other part in the end of the year. And Lot Q, which is already at a very good pace, and we expect it to be completed by the end of 2021, beginning of 2022.

I think that here, we have very good prospects, and with this work we really recover our productivity that was a bit lost in the middle of the pandemic. As you know, Lot 18 and Lot 21 had a downtime of almost two months. And then, when you resume work, there's a bit of a loss of productivity, but that's all past, we are going to continue to deliver these lots in advance.

This quarter, we have an acquisition of an extra lot in Maranhão, it's called a Lot 18, but it's a different Lot 18 because it's a different action in Maranhão, and that will certainly add to our portfolio. And the idea is for September 2022.

On the next slide, please. And here, just for you to have an idea, other generation and trading. Here we had a higher gross margin of about 10%, very much impacted by the trading. But this is the effect of four years' work and expressive gains along these years. Energy allocation was more concentrated in the 3Q; certainly in the 2H of the year, but more so in the 3Q.

As for the GSF renegotiation, we had R\$388 million in the consolidated numbers, but you also had São Manuel and Jari that were adjusted to our proportions, in terms of our proportion stake.

Pecém, I think this is a very important point that I would like to highlight. You see how much we produced the year, then the plant availability. We continue with excellent performance. This is a coal plant. It is not ESG friendly, but it has had operational performance that is really excellent. And as a consequence, also excellent financial performance. We have a contract to 2027, and now we are going to go into a cycle of very strong cash generation.

This year, we had a financial closing with the BNDES. This process was a bit delayed because of the problems that the plant had in the past, but it was completed. So as of now, there are no limitations for the payout of full dividends by the Company.

So for this year, we already have announced R\$280 million in 2020. In 2019, it was already the payout of 100%, but still with BNDES problem. Net debt-to-EBITDA with a strong de-leverage now at 1.2x. So you can see that we are going to have very strong cash generation for the coming years.

Next, talking about distributed generation. While this is a growing market, we still will see much growth for the future. Today, we have R\$34.5 million in installed capacity, and we have more than 30 megawatts in projects under construction. So a very good portfolio, and it is something that we have been investing, and it will gain traction in 2021 and from now onwards.

We have the acquisition of a minority stake, Miguel has just told us about Blue Sol, which is very important that reinforces our residential segment operation, and it's going to be quite important. And we will continue to invest in distributed generation and in the utility scale, that will enable us to have a higher weight of the segment in our portfolio.

Leverage. We got to the end of 2020 with a net debt to adjusted EBITDA of 2.4x. As it was mentioned before, with the payout of dividends of about R\$598 million, so according to our policy of R\$1 per share, and this indicator of 2.4x after dividends is going to be 2.6x. So still within our cap in terms of leverage.

So I think this is a very important point for you to note. The market, and we had several issuances for a cash reinforcement in 2020 to go through more complex times in terms of delinquency of the business. But quite fortunately, these operations took place one, two years ago. And this year, we already started with the financing process.

And in February, we already announced R\$1.5 billion raised at distribution companies at an average cost of CDI plus R\$1.3 million. So prices are still not as they were before the pandemic. Before the pandemic, we had CDI + 0.1 but we were not at the levels that we were at the peak of the pandemic.

Next slide. Now I am going to turn back to Miguel to talk a bit about our ESG agenda. Miguel?

Miguel Setas:

Thank you, Henrique. It is very a brief comment, then I am going to turn to Joao Marques da Cruz. But just to tell you that the Company is reinforcing its affirmative actions in the environmental, social and governance agenda. Some highlights in environmental.

You have been following us along the year of 2020. We made public commitments with the UN with the science-based targets initiative to reduce CO2 emissions to ensuring that the targets are based on science. So this is a very important topic in the ESG context. We are the first company in Latin America, large company that has its targets approved by the initiative, our best base target.

In the past 15 years, we have been investing that, and we are a referencing five of the seven dimensions of the ISE. So we have a very strong agenda in sustainability, also recognized by IBOVESPA.

In the social area, all investments that have been made in social and cultural areas, particularly those amidst the pandemic. As you know, we had donations to the most deprived communities, hospitals, entities that needed some kind of support, more than R\$10 million, and a whole agenda that has been really focused on the Company in terms of diversity and inclusiveness.

Going on to the next slide, that led us to have, for the first time, a woman in EDP Brazil Executive Board, Fernanda Pires. She was HR Director and now she was promoted to People and ESG VP. So we created a specific chair in ESG.

In the Board of Directors, we have 33% of women. I will remind you that there was a study that was released by a renowned human resource consulting that says that the Brazilian average is 11% for public companies. And EDP has 33% of women on its Board.

And also, a note of the determinant action of independent members. We have four independent members, nine members altogether, and each one of them leads one area: sustainability, governance, related parties, and inclusion and diversity, four committees led by our independent members.

So this is a clear sign of the importance that the Company gives to governance. This is something that EDP Brazil has reinforced along this history.

This is my final conference call in this webinar format as CEO; well, not as a CEO, today as Chairman of the Board, but it is the last time that I talk to you. I would like to tell all market members, analyst investors, individuals, institutional investors and analysts. I would like to thank you all for the quality of interaction that we had in the last seven years. For me, it was a very gratifying experience, and I wish all the best for my successor as CEO, Joao Marques da Cruz. And now I am going to turn the call to Joao Marques da Cruz for him to close the presentation. Thank you very much.

João Marques da Cruz:

Thank you, Miguel. My first words to you, even before good morning, have to do with continuity, which I think is so important. Companies are long-lasting structures. We all have to contribute to them, and the contribution of my colleague and friend, Miguel Setas, in seven years as EDP's CEO was fantastic.

So now, good morning, everyone. It is usual when there is a new phase, a new role, people always ask, will there be changes or will there be continuity? Just to quote a British citizen that in 1859, in his Theory of Species Evolution, he said it all.

And why? Because there is always evolution. But evolution is not disruption. Disruption sometimes happens, but it's not good. Evolution certainly will happen, but it is the evolution of continuity.

So we are going to meet several times in these conference calls. Now I am going to be a bit more qualitative because I joined the Company as a CEO on Friday, and today is Monday, but the idea is to have evolutionary continuity.

As species adapt, companies have to adapt. We are in a sector that is going through an energy transition. And that obliges us to evolve. So you see I like this topic, I am not going to mention the book that you have for you to read things a bit beyond business.

But what I wanted to give you in qualitative terms are these nine messages. I am not going to read them all. I am going to go through them.

The first message for investors, we are a public company, listed, and we are going to continue to deliver our business plan. If I only had ten seconds to say something, this is what I would say. We will continue to deliver the business plan.

As always, of course, delivery is very much related to the dividend policy that was announced recently. It is a dividend policy that the market sought and we are going to carry on. And it's very important for us to continue to have effective communication with you. We have a strategy of growth, a strategy to continue to create value.

And therefore, we have to be effective in our communication with you because we clearly believe that our value to be perceived by the market sometimes is lower than the real value of the

Company. We believe the Company has greater value. And therefore, we have to be more effective in communicating our strategy to create value. And of course, to have our shareholders and public to understand that is more and more important.

And we are a Company that is a trader. Energy trading is growing, so we have to be more and more traders, and we have to invest in our marketing initiatives.

And going through the several of our businesses, at least three of them in distribution. Distribution business is our bet. There are always two important topics, which is to deliver quality services and to manage the regulatory agenda, which is always present in all distribution businesses in Brazil or outside, and we have to manage things to find balance.

We are not worried about managing the regulatory agenda. This is something that we have always done, and we are going to continue to do in an open way with a good relationship with all the public parties.

In generation, generation business is under transformation. You all know that in the past, we had the traditional generation in Brazil, very much focused on hydro and thermal generation. But this generation is changing, and we have to adapt to changes. Therefore, we will continue to manage our efforts, all of them.

Our assets are assets that belong to us. We do not have an immediate agenda of divesting in any of our assets, but we want to transform our portfolio. And transforming our portfolio means to give more relative weight and greater relevance to solar energy; decentralized solar energy, particularly in the B2B segment, but also a more centralized solar energy, so to speak, that is what we call utility scale, which we are very much interested in serving, obviously with PPA contracts with the market.

In the transmission business, we want to expand. That's quite straightforward. We want to be active in primary, various options, and secondary markets. As Henrique mentioned, we did close an operation in the secondary market, but we want to have assets in both markets.

And also, we want to have a rotation of assets. We think that what is important is to gain transmission businesses in the primary and secondary markets, executing them with efficiency, creating value, make them operational and then rotate the assets.

This is part of our DNA of this controlling group. And we believe that we should implement because this is how we are going to increase the total return of our shareholders. And then we have our people.

We are always talking to the market. Our people are essential to deliver everything that we promise to the market. And we want to have an ESG strategy that again, is not something that is new. This is part of our DNA, and we want to put into practice a more efficient agenda there. Because the best way to be efficient is to have a coordinated action with our people being always motivated.

In EDP Group as a whole, but also EDP Brazil, we have great respect to our people and also to ethics with an excellent guide to our actions, and also diversity and society. We are all different. There are no people that are alike, and we have to enjoy the diversity to really have equal opportunities to all.

And innovation, finally, is very important. This is a company that is very active in terms of innovation. Digital transformation that is part of innovation is key to the business. So I thought that in those nine topics, innovation should be one of them.

So these are my key messages. As I mentioned, evolving, continuity, adapting to the responses the Company has to get to a sector that is in constant innovation.

So we are going to continue meeting, but before that, we are going to start our Q&A.

Andre Sampaio, Santander (via webcast):

Good morning. Did you have any news about the possible influence of the government on the electric sector?

João Marques da Cruz:

Thanks for your question. Yes, we did hear that. I think the easiest answer is that we are not deaf, so we heard it. But what is most relevant is to give you a message of complete tranquility.

We are in several continents in the electric business and in several components. We have transmission business, which is highly regulated. We have contracts. And contracts, I would say, are sacred. They are valid, they are in effect. We respect our contracts. We have a commitment with regard to contracts.

So there are rumors, there are ideas about the noncompliance of contracts. I really do not believe this is going to go on. We are fully confident that Brazilian institutions are not going to go there. This is not going to happen.

So we think that the subject that is implied in your question is a non subject. But again, our standing is a constructive standing. And therefore, we believe at the right place at the right time, we are always willing to talk to people. EDP is in Brazil forever.

And because this is a company with a long-term standing, we will partner with our authorities to solve any problems that may occur.

Marília Nogueira:

I apologize. I would like to mention that we have other officers to answer the questions, Luiz Otavio Henriques, our VP of Generation, Trading and Transmission; our VP of Distribution, João Brito; and our Regulation Officer, Luiz Felipe Falcone.

Vinícius Esteves (via webcast):

Congratulations on your excellent results. I would like to talk about your prospects for the transmission line. I know you cannot give guidance, but what is your prospect for that business line?

João Marques da Cruz:

Thanks for your question, Vinicius. Somehow, I think I already answered your question, to say that transmission is a bet of ours. I do not know if we are going to win bids or not, processes, auctions, new lots.

But there is something I know: we are going to be paying attention to all market opportunities in the primary and secondary market, doing our best within a rationale that is our baseline. It's not to win at any cost, but winning at the price that adds value to the Company.

And we believe other opportunities will show this year. For example, in the last bid, we did not win any lots. But now with did, a transmission line in the secondary market.

So we are active. We are paying attention, and this is a business that interests us.

Erico Saloutti, Velvia Futuro (via webcast):

What is the Company's view with regard to nuclear generation? Are you considering that for the future?

João Marques da Cruz:

Thanks for the question. The straightforward answer is no. We are not looking into that. We are not interested. We do not have anything against it. But we do not have any specific targets or know-how in the business. We do not think that we are qualified to be a good player in the business, so we are not interested.

Pedro (via webcast):

I would like to know what the Company's positioning is going to be with regard to M&As.

João Marques da Cruz:

We are interested. Interested means lots of things, but we are interested. We are going to be active in M&A operations. I gave you an example in transmission lines in the secondary market, which is a form of M&A. And also solar generation, another area that interests us, and I already gave you signs, even more than that, that we have to transform our generation. And transforming generation implies the rotation of assets.

Therefore, we are going to be active in what I call the secondary market. So if you are talking about these M&As, that's the answer. If it's another type of M&A, that is the Company itself in its whole is involved in other operations, other mergers and acquisitions, then no. I would say that we are interested in operational M&As for an active management of our portfolio.

Sara, Mediobanca (via webcast):

How does the Company consider the multiple paid in recent operations in Latin America? Do you think they are too expensive?

João Marques da Cruz:

That's a very interesting question. My comment is if the multiple happened, there was some kind of agreement between sellers and buyers. We do have a very strict financial discipline. And we showed that in the past. I gave you an example of transmission options, and we are going to continue with our discipline in the future. Financial discipline with investments that really add value to the Company. This is essential.

But I do not talk about operations of multiples of other companies. Certainly, other companies, according to their capacities to deliver and generate value, understood that the multiples were right.

Alessandro (via webcast):

What is the prospect for the transmission sector in the two auctions that are expected for this year, auctions, one and two of 2021? And also, I would like to congratulate the new CEO of the Company. Let's be wise and profitable.

João Marques da Cruz:

I am going to start with the end. You are right. Profit is very important. But without wisdom, there is no profit. So things walk hand-in-hand.

As for transmission, I think I already answered. We want to be active, certainly actions that will take place this year are going to be clearly analyzed by us. We want to take product because this is part of our core business. I do not know if we are going to win, that will depend on the market dynamics, but we will certainly take part and analyze the dossiers in detail.

Thiago (via webcast):

What is the strategy to increase the relevance of solar energy in the Company's portfolio for the coming years?

João Marques da Cruz:

Two: organic growth and inorganic growth. Said differently, we believe in our internal capacity of getting more clients. We are getting new clients every day. Every day, our sales force talks to clients, contact clients and shows our value to clients. And with that, we are gaining businesses in organic growth in the solar segment. But I do not rule out inorganic transactions. The M&A, I mentioned shortly, we want to grow in solar generation because this is part of the restructuring of our generation portfolio.

Participant:

How do you see possible privatizations of distribution companies? And how can the covid pandemic affect cash generation in the long term, especially because tariff readjustments may not take place as expected?

João Marques da Cruz:

As a rule, we should always think of strategies in the long term. You should not make strategic readjustment or adjustments for the short term. I hope in some months in the end of the year, when we get to spring, COVID is going to be just a memory of the past, and people and the economy are going to be back to normal.

The question was focused on distribution. Distribution is something that, for us, is very important. Distribution is a priority. Therefore, if it is a priority, we have to pay attention to privatizations. Are all privatizations of distribution companies equal? No, they are not. One is different from the other. And the one that is different is CELESC.

In a timely manner, we joined as shareholders. We have 30% of the Company's stake today. We have a very good relationship with other shareholders. We do not hide our strategy of being able to consolidate the investments that we made in CELESC, and we can say that we have three distribution companies that we are going to work with, and we will try to put the good practices of EDP business in distribution.

I am not excluding other distribution companies, but I am highlighting that one is more obvious than any other.

Marília Nogueira:

Thank you, everyone. We are in the call for more than one hour. The questions that were taken are going to be answered by the IR team, but we would like to thank you very much for joining. We are closing the Q&A, and we are closing our conference call for the year of 2020.

Good day, everyone.

**Conference Call Transcript
4Q20 Results
EDP (ENBR3 BZ)
February 22, 2021**

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