

## Q1 2021 Earnings Call

### Company Participants

- Andre Moreira, Chief Executive Officer
- Cristiano Grangeiro, Investor Relations
- Erik Breyer, Chief Financial Officer
- Fabio Antunes Fernandes, Business and Ownership Interest Management Officer
- Luis Alessandro Alves, Chief Implementation Officer
- Marco Faria, Chief Technical Officer and Chief Legal and Regulatory Officer(Interim)

### Presentation

#### Operator

Good morning and thank you for holding. Welcome to the Taesa earnings video conference for the first quarter of 2021. This event is also being streamed on the web via webcast and can be viewed at [ri.taesa.com.br](http://ri.taesa.com.br) where the respective presentation is also available. The replay of the event will be available right after the call is over. We would like to inform you that this event is being recorded and all participants will hear and see the video conference during the Taesa presentation. Next, we will begin the Q&A session.

The video conference and questions will be made exclusively through the webcast tool considering that some of the speakers are attending remotely, instabilities may occur during the video conference affecting the response time, especially during the Q&A session. We appreciate your understanding. We would like to inform you that this video conference is being simultaneously translated into English. Before we proceed, we would like to clarify that any potential statements made during this video conference related to Taesa business perspectives operating and financial goals and projections are based on the beliefs and assumptions of company management as well as information currently available to Taesa. Future considerations are not guarantees of performance. They involve risks, uncertainties and assumptions as they refer to future events and therefore depending on the circumstances that may or may not occur. Investors must comprehend that the overall economic conditions, industry conditions and other operating factors could affect the future performance of the company, and could lead to results that materially differ from those expressed in future considerations.

Now, I'll turn the conference over to Mr. Cristiano Grangeiro, IR Manager. Mr. Grangeiro, please proceed.

#### **Cristiano Grangeiro** {BIO 20213891 <GO>}

Good morning everyone and thank you for participating in the Taesa 1Q 2021 Earnings Video Conference. I would like to remind you that you may submit your questions exclusively via webcast at any time during the presentation. Before we begin the earnings

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presentation, I would like to introduce the Taesa Executive Board, now complete on Slide 3. I would like to remind you all that we went through some changes in the Executive Board, which started in November last year with the election of Andre Moreira as CEO, Erik Breyer as CFO and IR officer and Fabio Fernandes as Business and Ownership Interest Management Officer. And now more recently on March 12, Luis Alessandro Alves Taesa's new Implementation Officer was appointed through a process of headhunting as well as with the other officers thus completing the Executive Board.

Just a few words about Luis, he's an electrical engineer graduated from UNESP from Bauru in Sao Paulo, has an MBA in business management from FGV 25 years of experience in electrical industry, four of which as C-level. Experience as head of transmission of a large company in the power sector leading areas of planning, construction, operation and maintenance and responsible for 14 SPVs. And as I said, he has been with us at Taesa since March this year.

Now, I'll turn the floor over to Andre, our CEO, to begin the presentation. Thank you all.

## **Andre Moreira** {BIO 19271116 <GO>}

Thank you very much Cristiano and good morning everyone again, we are here again having this opportunity to speak about Taesa, to present the results of the first quarter of 2021 and to clarify any doubts that you may have about the company. It's always a pleasure to be here to talk about this great and solid company that is Taesa. Next, Erik will present the results for the quarter 2021, the first quarter, but first I would like to say a few words. In terms of results we had yet another great quarter for the company, reaffirming the resumption of growth and continuity of our operational excellence. You will see that further into the presentation. As for our projects, we remain dedicated, including the utmost attention to the execution and completion of the works and our new Implementation Officer, Luis Alves, will comment at the end on the progress of the six projects under construction.

I would also like to point out that last week April, 29, during the General Shareholders' Meeting approved the allocation of profit for the fiscal year 2020. Therefore, until the end of this month, we will pay another BRL562 million in dividends with the base date of May 4. That represents an increment of BRL1.63 per unit which accrues a significant amount of BRL4.66 per unit in the last 12 months in earnings, something we should really celebrate. Now, on Slide 4 of the presentation; our sustainability agenda continues with the implementation of several actions that aim at strengthening communication and transparency on the topic in addition to providing a continuous evolution of the environmental social and governance topics inside and outside Taesa.

As part of this important agenda, we announced on April 28, our sustainability report formally called the social and environmental report, which is completely redesigned following the international standards of the GRI, the well-known global reporting initiative and including the sustainable development goals of the UN. The principles of the UN Global Compact, in addition to presenting relevant actions and indicators within each material theme, identified as priority by our stakeholders. The report is divided into five

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dimensions; the general dimension presents the company and the transmission sector, our values, the highlights for the year, the awards and how we face the pandemic in 2020.

The corporate governance I mentioned talks about the corporate structure and best governance -- corporate governance practices. In this regard, we highlight the fact that Taesa complies with several requirements of the Novo Mercado or the new market listings segment even though it belongs to B3's Level 2 corporate governance. It's worth mentioning that the report prepared according to international standards serves as a compulsory report called the Comunicacao de Progresso or COP in which the company publicly demonstrates its progress in relation to the principles of the Global Compact and the SG's to be periodically submitted to the UN. We also present the economic and financial dimension where we highlight the solid financial and operating performance of the company in an extremely difficult year. In addition to the various economic and financial indicators and the commitment to the strategic pillars of sustainable growth and financial discipline.

In the social and sectoral dimension, we list the initiatives and programs that aim to guarantee the personal and professional development as well as our employees' wellness. They are our greatest asset. The company has always stood out for its genuine care for people, as the company believes that human capital is an essential asset for the development of its business and the recognition of that is the noteworthy mention of the award Great Place to Work as first place in the generation, transmission and distribution segment in 2020 among 41 companies that participated.

We also have a diversity and inclusion program that was completely conceived in 2020 and began in 2021 with the aim of establishing guidelines for the respect and valuing differences whether they be cultural, social, religious or ethnic. The program has a number of initiatives and objective goals to advance the agenda of diversity and inclusion in the company. We know how challenging that is, but at the same time, it's very motivating as diversity alone has the power to generate great value in organizations and we truly believe in that.

In this sense, Taesa has also adhered to the women's empowerment principles WEPs from the UN an initiative of UN Women and the International Labor Organization. This principle aims at supporting and promoting gender equality and the empowerment of women in the workplace, market and community. The report also provides information on the management system, help promotion programs and greater transparency of indicators. Finally, we highlight the environmental dimension which talks about the company's environmental management and provides an overview of the initiatives of the sustainability project that has been developed and improved in the company.

It also highlights important measures in relation to biodiversity, eco-efficiency, climate change among other environmental issues. In this perspective of climate impacts, one of the most relevant and discussed topics in the world the company started to survey the greenhouse gas emissions inventory based on the greenhouse gas protocol, the GHG Protocol and the implementation of the (inaudible) collection management and reporting system in the companies that were 100% controlled by Taesa.

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In addition, the report presents the first goal of reducing the consumption of fossil fuels in the company's (inaudible) with the objective of optimizing the consumption of natural resources. So, that's eco-efficiency and acting responsibly reducing the volume of emissions that contribute to climate change. Finally, I would like to mention that sustainability is one of the fundamental vectors on which the company's long-term strategic planning was prepared and recently approved by our Board of Directors. It talks a lot about the sustainability plan and includes the goals to compensate our executives.

Therefore, the execution of our strategy and Taesa's decision making processes will always have sustainability as one of its principles and we hope to be able to show you a little more of the evolution of this important agenda every quarter.

Thank you all. Now, I'd like to hand over to Erik, who will present the 1Q 2021 results.

### **Erik Breyer** {BIO 3589933 <GO>}

Thank you Andre, good morning everyone. I'm going to start on Slide 5, with the -- thank you Cristiano. That's the most common word nowadays right, we're on mute. Thank you Andre. Thank you everyone, thank you Cristiano for letting me know. I'll start off on Slide 5 with the highlights of the earnings of 1Q 2021. On this slide, we can see a 3.6% growth in net regulatory revenue year-over-year.

This increase is explained by the start up of Mariana, acquisition of Sao Joao and Sao Pedro, Lagoa Nova other concessions and by the inflationary correction the effects that partially offset by default in RAP annual permitted revenues of some category to concessions. If we exclude the non-recurring effects of net regulatory revenue in 1Q 2021 the revenue would have been BRL395.4 billion with an annual increase of 6.1%. These effects will be detailed further into the presentation. Regulatory EBIT achieved BRL316.7 million in the quarter 1.3% higher year-over-year with an 82% margin.

As I mentioned before, the 50% drop in RAP of some concessions was offset by the acquisitions and the start-up of new assets and inflation correction. If we also exclude non-recurring effects on EBIT, we would have an increase of 6.9% year-over-year and an EBITDA margin of 84.5%. I'll talk more about this later. Well, we had yet another strong quarter in new profit performance in IFRS presenting a 42.1% increase year-over-year, amounting to BRL555.9 million. Later on, I will also explain the main effects on IFRS net income. On the operational side with the strong and consistent performance over the years Taesa presented a 1Q 2021 with line availability index of 99.96% practically in line with that recorded in the first quarter of 2020.

Additionally, the variable portion decreased by more than 30% in the annual comparison and close below 1% of the quarter's RAP, which is an excellent result and demonstrates our operating efficiency and commitment to energy transmission to all of society with quality efficiency and availability. Now, moving on to Slide 6, where we present further detail of regulatory EBITDA. On the left part of this slide, I would like to highlight the higher growth in net regulatory revenue in relation to regulatory costs when we exclude the non-recurring events that occurred in this quarter.

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Revenue increased by 6.1% excluding non-recurring effects while cost rose by only 1.6%. An important difference that demonstrates the positive effect of new projects at Taesa and our financial discipline. Two non-recurring effects affected regulatory EBITDA for this quarter in terms of revenue, we had a negative impact of BRL9 million related to the Sao Joao's adjustment portion related to an annual administrative proceeding initiated before the conclusion of the acquisition of this concession. This effect will extend until 3Q 2021 when Sao Joao's revenue will turn back to normal. In the cost line, we also had events related to the assets of Amber which in net terms increased one-off cost by BRL8.6 million. It's also important to note that all these events had no effect from the financial point of view, given that they were settled via an escrow account, under the terms of purchase and sale agreement with Amber. So, on the right part of the slide, in summary, if we do not consider the non-recurring effects of revenue and cost that I detailed previously, the EBITDA for the quarter would amount to BRL334.3 million and the EBITDA margin would be 84.5%, a superior performance year-over-year which was 83.9%. This performance is an important indicator of recovery even of the EBITDA margin, given the significant impact of the 50% reduction in the RAP of Category 2 concessions in recent years. Now moving on to slide number 7.

We break down the performance of IFRS net income in the main lines. As you can see in the chart, the main factors that explain the 42.1% increase in IFRS net income were first, increase of BRL241.5 million in monetary correction revenue and BRL31.2 million in the equity method due to the higher macroeconomic indexes, both inflation indexes, not only the IGP-M but also the IPCA had a high quarter over quarter.

The most significant increase occurred in the IGP-M, which recorded 6.18% in 1Q 2021 versus 2.54% recorded in 1Q 2020 positively affecting the monetary correction revenue of all Taesa group concessions. I'd like to remind you here that our exposure to the IGP-M is greater since around 65% of the balance of Taesa's contractual asset is proportionately considering all of its interest belongs to Category 2 concessions. You can see that on the pie chart on the right.

The second reason was the consolidation of the new assets brownfield and greenfield concluded last year, which had a positive impact on different Taesa income statement lines such as remuneration revenue line and with the net impact on profit of approximately BRL30 million between the quarters and then the opposite direction, we had a negative effect of BRL63.7 million in the implementation margin due to the lower investments in general between the periods compared. And the increase in net financial expenses by BRL48.2 million due to the higher net debt associated to a higher IPCA. Now, moving on to Slide 8, we'll present the Taesa Group indebtedness. So in 1Q 2021 there is this net debt in the proportional consolidated totaled BRL6.4 billion reaching the leverage level of net debt over EBITDA of 3.9 times.

So, we are at the peak of our leverage, which is already expected as we expedited investments in projects under construction in 2020 and the start-up has not yet occurred as these projects have completion date for 2022. So, we're in a moment where the debt carries most of the investment and it hasn't been carrying revenues -- that will be adjusted as of 2022. So, even in view of this higher level our debt profile is quite adequate and competitive with low costs around 4.4% actual and very long terms.

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Currently, we're at 5.5 years in average term, so the debt situation is very comfortable. We don't have financial covenants for leverage and we have excellent credibility with the fixed income market agents. We're even AAA on a national scale, both at Moody's and at Fitch rating agencies, so that puts us in a very favorable and competitive position to pursue funding that adds more value to our business. It's also worth noting that in our business in the scenario without new acquisitions, leverage tends to fall rapidly due to the continuous flow of operating cash generation.

And that's a great differential for us, as we can maximize the use of the balance sheet as cheaper capital to finance our growth. Obviously, always maintaining balance and disciplined in financial management, which -- that is one of our features. With that, I conclude my presentation, and now I will turn the floor over to Luis, and welcoming Luis who will end with an update on our projects under construction.

### **Luis Alessandro Alves** {BIO 17283510 <GO>}

Thank you Erik. Good morning everyone. As I have already been introduced I'm Luis Alessandro Alves Taesa's Implementation Officer. It's a great pleasure to be here participating in the Taesa's earnings release and I'm very happy to be a part of this team interacting with you and part of this very competitive team. In a bit over 40 days here at Taesa, I have already been able to identify how unique this company is, identifying the high capability of team delivery and high level of collaboration among everyone, which is definitely a differential in this great company.

So, moving on into my presentation, let's move on to Slide 9 where I will present the status of the projects currently under construction at Taesa. We remain dedicated in prioritizing our six projects under construction. As you can see on slide, we have already obtained, all the licenses for construction of the projects and we have made the respective funding. The land issues are practically resolved and another point of importance is all of the CapEx have been contracted materials, equipment and services which is essential as the works evolve.

At this time, we've been focusing on evolving the works and the schedules of each project, all of them are underway in full swing, and some of them are already at a very advanced stage with expectations of delivery before deadline as Erik well mentioned some in February, 22 and the possibility of even completing these works in 2021. We can see the investments made in the first quarter of this year and see a drop of 7% year-over-year.

As 2020 was a year of major investments to move forward with the works and then naturally in 2021, we expect less volume invested as the works reach an end based on their evolution. It's also important to note that the company remains fully focused on the execution and delivery of its projects under construction, seeking CapEx and schedule efficiency with the objective of further increasing the returns of these projects.

Now, I conclude my presentation and hand over to Cristiano who will moderate the Q&A session. Thank you everyone.

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## Questions And Answers

### A - Cristiano Grangeiro {BIO 20213891 <GO>}

Thank you Luis. Thank you for your presentation. We already have some questions. So, I'd like to stress that you please ask your questions through the webcast and I'll ask them accordingly here to the officers. We have a question from Danilo Campos [ph], he is asking if the company has plans to migrate to the new market, a new market governance level. I'm going to hand over to Andre Moreira for his answer.

### A - Andre Moreira {BIO 19271116 <GO>}

Thank you for your question Danilo. As you saw in the presentation, in our sustainability report we're working strongly to the highest level of governance, but that decision depends on the company and us. So, we're making all the efforts possible, so it could be ready for the highest level of governance. Thank you for your question. Great. I have some things in finance that I'm going to hand over to Erik.

### A - Cristiano Grangeiro {BIO 20213891 <GO>}

Let me try to summarize some of these. So it's about dividends. The company -- does the company have a strategy of announcing the dividends, when will the dividend distribution be relating to 1Q 2021, Erik, could you answer, please?

### A - Erik Breyer {BIO 3589933 <GO>}

Thank you Cristiano well it's part of Taesa's nature to have important dividend distribution. We have statutory policies of paying at least 50% minimum dividends, so that's minimum payout 50%. We have two dividend management instruments so it's working at 56% [ph] or advancing them and decided by the shareholders meeting, traditionally after the closing of the balance sheet, but our regulations and bylaws enables us to pay out interim dividends, so usually traditionally we do that on a quarterly basis and deliberate the payment.

The company has always been studying the interim payments, so it is a possibility, but we still do not have deliberation for that, for 1Q, but we're always studying the possibility of using interim payment to maximize our shares, that's constant and that could happen, but we still don't have that deliberated. What's deliberated is the BRL562 million approved by the shareholder as supplementary dividends for 2020 and at any time, the company -- we're setting the possibility of giving interim payments based on 2021 results.

### A - Cristiano Grangeiro {BIO 20213891 <GO>}

Thank you Erik. We have another one for you about leverage, so we have one or two questions about leverage here. So the increase of the ratio of net debt over EBITDA, almost 4 times. Can you talk about that high of company leverage?

### A - Erik Breyer {BIO 3589933 <GO>}

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Well, most of my life, I have been discussing optimum level of leverage in the electric industry -- electrical industry -- and this industry so obviously that is an important indicator. But it's not the only one, so we also have to look at cash flow stability and the indebtedness profile. So here in our case at Taesa, we have operating cash flow that's very robust, strong predictability and high stability. So, our challenge is not about lowering our leverage. Our challenge is to maintain leverage, we have to have investment opportunities to create value with disciplined good operations in greenfield or brownfield operations to generate value for the company, so we can maintain that otherwise our leverage will drop fast with the cash generation that we have, if we don't have new investments, it drops too fast in the upcoming years.

I can't give you guidance on future leverage because we don't know what our success will be in the expansion auctions of transmission and brownfield expansion where we're always looking for opportunities to generate value. If we don't do that, leverage drops fast and today we're working at very adequate and comfortable levels for the level of cash generation that we have, so it's long-term debt, very competitive debt in terms of cost without pressure of amortization or indicators with very strong cash generation. So, our strategy is to pursue new investment opportunities to generate value so that we can maintain high leverage, if that does not happen, leverage will drop drastically.

And we're working to maintain that level, so that is not a concern for us. I've been discussing for years what the idea would be for our industry 3, 3.5. We always answered that based on the company's strategic actions and the ability to generate cash, so our ability to generate cash in relation to the debt is very tranquil, so our challenge is actually the opposite. It's not about decreasing leverage, it's about finding opportunities for growth and creating value with financial discipline, so that we can maintain high leverage levels that will maximize our value.

#### **A - Cristiano Grangeiro** {BIO 20213891 <GO>}

Thank you Erik. I've been getting some questions here, so I'm trying to organize this. There is one in construction it's from Cesar [ph]. Good morning. With the completion of the works, when does the revenues come in for RAP annual permitted revenues. Luis?

#### **A - Luis Alessandro Alves** {BIO 17283510 <GO>}

Thank you Cristiano and Cesar for the question that usually generates a lot of doubt in the industry. This type of work in transmission auctions as soon as we conclude, the works and go into commercial operations you're already entitled to RAP so right after the first subsequent month, you're entitled to revenues. Thank you Cristiano.

#### **A - Cristiano Grangeiro** {BIO 20213891 <GO>}

Thank you Luis. I have some questions about growth about looking for options, M&A I'm going to hand over to Andre first, so he can talk about the plan. I think it makes sense to talk about strategic plan and if Fabio wants to add, feel free. So Andre, can you address company's strategic growth.

#### **A - Andre Moreira** {BIO 19271116 <GO>}



Okay, thank you Cristiano. In strategy as I mentioned the shareholders -- the Board of Directors meeting approved a visibility of 10 years, 2021 to 2030 and based on one of the big pillars is based on growth -- mainly on three fronts. First of all auctions we're always going to look at them carefully and assess the opportunities, not to mention that we are not just going to enter an auction for the conception, we want profitability for the company so that's essential.

We're looking at all the opportunities -- brownfield opportunities M&A as Erik mentioned and also opportunities for improvement. Those are the three areas that comprise the pillars for growth and strategy, so I've talked a lot about other things as well. That's the summary our strategic planning and what's coming. Thank you Cristiano.

#### **A - Cristiano Grangeiro** {BIO 20213891 <GO>}

Thank you Andre. We have a question that although it's not related to transmission but it's worth clarifying -- we received this from (inaudible). Do the low water levels impact transmissions as spoken by about by the press Andre?

#### **A - Andre Moreira** {BIO 19271116 <GO>}

Yes, that's true. There always leads to confusion in the industry. It's worth reminding that the electrical sector basically comprised of four pillars so, plus three operational -- so generation, transmission and distribution right, distributions at the end. So, transmission since it's right in the middle, it's somehow protected from consumption variations or water variation. So for us, generating more energy or less energy doesn't really make a difference. Given that our revenues are the annual permitted revenues and it's irrespective of the amount of electricity that goes through and the fourth part is the sale. So we have generation, transmission, distribution and there is also the sale. So basically, on the operational point of view, we're in the middle of the way between generation and distribution and therefore, we do not depend on consumption levels. Thank you Jacques [ph] for the question.

#### **A - Cristiano Grangeiro** {BIO 20213891 <GO>}

We have a question about Rafael Barretto who is asking when we talk about dividends, should we analyze IFRS or regulatory results? In transmission we have two accounting centers regulatory IFRS regulatory is based off RAP, IFRS as follows a different concept, but it's the base for dividends. So, you can observe that dividends will already always be based on the IFRS. Another question asking about our shareholder base we can't really share that but it's in relation to individuals. So, we in fact have had an increment in individuals in our shareholder base and we're very satisfied about that, given that the market has been following people that are not qualified investors we see them taking part in this process. So, we're very satisfied to having that in our shareholder base. We have a question about CEMIG. Some questions I'll mention one of them, has CEMIG decided to separate it or sell its share, how does Taesa see that? I'm going to hand over to Andre, I think it's important for us to answer this question for the participants.

#### **A - Andre Moreira** {BIO 19271116 <GO>}

Great question. We've also received these questions from other sources outside this event. So, shareholders movements, we don't talk about that. We receive the information and Taesa hasn't changed anything internally, we're still working and we have the support of our shareholders to maintain our focus and consolidate the industry and our strategic planning, so it's good to clarify. So, we still work with the same motivation and efforts to increase the value of the company to all stakeholders. Thank you for your question.

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**A - Cristiano Grangeiro** {BIO 20213891 <GO>}

Another question that we got for Erik. Does company have maximum level of indebtedness although, you don't have debt financial covenants?

**A - Erik Breyer** {BIO 3589933 <GO>}

Hi Philip [ph] thank you for your question. The answer is no. As I was mentioning, the debt over EBITDA is a good indicator. It's good to monitor, but it's not the only thing that's relevant. You have to identify what moment the company is going through. So, the ratio of 2 for a company in a given situation is different than another company that has 4 as a ratio when it has predictable cash generation and can handle that sort of debt.

So, we don't have the covenant or leverage policies. We discussed this a lot and we reached the conclusion that leverage and investment are two sides of the same coin. So, we have a clear focus of generating value through the company and maximizing the value per site for Taesa that's our objective and we decided that it's best to make decisions on opportunities. So, if we have an opportunity for growth I assess that -- we assess the risk of that opportunity and at that time we decide if it's worth it or not, having more leverage for that, using own capital or third-party capital, we have the freedom to do that given the opportunities that we choose.

Our company is a specialized company focused on transmission in Brazil. It's transmission is our core business so we decided that not only the dividends, but also the leverage and using our own capital -- third-party capital is decided on a case-by-case basis. According to each opportunity and that gives us a higher capability to create value than having pre-defined criteria that will not consider concrete cases. So, when we consider the concrete case, we define each event.

**A - Cristiano Grangeiro** {BIO 20213891 <GO>}

Thank you Erik. I'm waiting for other questions -- I see some here that are very similar to what we've already answered, so please feel free to ask your questions via webcast. So far, we have no further new questions -- I'll wait another minute to give people time to ask their questions. We have one here that's specific about auctions, this year's auction. So, is Taesa is interested in taking part in auctions? I think Andre gave you a high level view of that so, I'm going to hand over to Fabio to talk about our interest in the auctions this year. Fabio, the floor is yours.

**A - Fabio Antunes Fernandes** {BIO 21749197 <GO>}

Thank you Cristiano. Good morning everyone. Thank you for taking part in our conference. And Taesa as Andre and Erik mentioned before Taesa has the pillars -- among its pillars

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has growth and we're able to differentiate ourselves in this market. So, not only in the greenfield market, which are the actions that will be in June and December, Taesa is already studying them, is getting ready so that in a very conscious manner and always observing our pillars of financial discipline and sustainable growth, as well as observing the return as Andre mentioned before that should be compatible with the level of risk associated to each event, we will take part in a competitive manner, so that we can generate value for our stakeholders.

Not to mention the M&A opportunities in the secondary market, which is another pillar, as Andre mentioned. All of that, bearing in mind our geographical capillarity, the presence of Taesa in 18 states plus the Federal District and operation centers spread across Brazil gives us very interesting differential and competitiveness for Taesa to take part in the auctions. Thank you for your question. Good morning, everyone.

**A - Cristiano Grangeiro** {BIO 20213891 <GO>}

Thank you Fabio I have another question. From Raphael Ogliari [ph] does the company have plans for share buyback. Erik?

**A - Erik Breyer** {BIO 3589933 <GO>}

Thank you, Raphael for that question. That's a great question, because it's highly related to what I explained of our growth strategy, predictable cash generation and our challenge to maintain high leverage to maximize value. So, your question is very coherent and the question is, no, we do not have that plan, but it is a hard question to answer because you asked me if we have a plan, I say no, but there is always the possibility of some day having that plan.

Today, we do not have a plan to buy back shares, but we do believe in growth opportunities in the transmission sector in Brazil. We believe in our operating excellence, capability of a player that can generate value through excellence in operations, in transmission, in Brazil. So, we always try to maximize our value. No, we do not have a plan that doesn't hinder us from having a plan some day, so that's why that's a great question, hard to answer though because today, the answer is no. But someday we may have a plan and it's always a tool to create value that exists and is available. Today though we do trust that Taesa has a high capability of creating value in investing in transmission.

We have operating excellence that is able to operate and build transmission operations with excellence while we still have opportunities for growth in Brazil.

**A - Cristiano Grangeiro** {BIO 20213891 <GO>}

Great Erik. I'm getting a couple of more questions, some are same, we won't answer them again and any question that we do not answer, we'll answer them individually. We also received some praise I'll send that to the Executive Board afterwards. We have a question from Paolo [ph]. In terms of technology, what are the next steps for the transmission sector and how is Taesa getting ready for that? I'm going to ask Marco Faria, he is the Technical Officer for operations.

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## A - Marco Faria {BIO 16679297 <GO>}

Thank you everyone. That's an excellent question. Technology is our major ally to support Taesa's growth to support our operating efficiency. So, we've been investing a lot in those processes and new technologies, especially in management technologies and making our processes more efficient, given the diversity of the assets across Brazil Taesa strongly invests in that field of technology to enable the integration of our assets in a very efficient manner.

So, we participate in development with many suppliers to develop our technology that can support our growth and help Taesa in that sense because it's essential for our growth and for the entire market in transmission. I think that's it.

## A - Cristiano Grangeiro {BIO 20213891 <GO>}

Thank you, Marco. I'm getting a couple of more questions but once again many things were already answered. So, we have no further questions. We're reaching the end of the event. I would like to thank everyone for your participation. We have very relevant participation. I'm going to hand over to Andre, our CEO for his final remarks.

Thank you everyone.

## A - Andre Moreira {BIO 19271116 <GO>}

Thank you Cristiano. Thank you to all our officers Luis, Fabio, Erik, Marco this interaction is always very rich, I'm glad we received many questions. It's always very important and as Cristiano mentioned our shareholder base has increased a lot and that increases our responsibility a lot and accountability we're going to do that every quarter. Obviously we're open for discussion in between. We had over 360 people taking part in this event that's very important for us. This kind of feedback is excellent and that will be part of our continuous improvement plan. You can rest assure that Taesa is still focused on strategic plan and we have the sustainability plan as one of our pillars. We are aiming at integrated certification with ISO 9001, 14001, 50001 among other ISO standards. I know it's a lot, but at the end of the day, we want to guarantee operating excellence, management excellence and the financial balance of the company, and at the end of the day guarantee a long lasting company and its sustainability. That is our commitment. Well, I'll talk to you next quarter. Thank you very much and a good day to everyone.

## Operator

This 1Q 2021 Taesa earnings call is now adjourned. Thank you for your participation and have a great afternoon.

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