

## Q1 2012 Earnings Call

### Company Participants

- Antonio Previtali, Investor Relations Manager
- Corporate Participant
- Eduardo Sattamini, Chief Financial Officer and Investor Relations
- Elio Wolff, Market Relations Manager

### Other Participants

- Analyst
- Enrique Barreto
- Lilyanna Yang
- Sandra Boente
- Sergio Tamashiro

### Presentation

#### Operator

Good afternoon. This is the Tractebel Conference Call. All participants are in a listen-only mode. [Operator Instructions]. Just as a reminder this conference call is being recorded. Now I would like to turn over the conference to Mr. Antonio Previtali, Tractebel's Investor Relations Manager. Please Mr. Previtali, go ahead.

#### Antonio Previtali

Good afternoon ladies and gentlemen. You are almost welcome to the Conference Call of Tractebel Energia to announce the Results of the First Quarter of 2012. This presentation along with the slides will be simultaneously webcast on the website at [www.tractebelenergia.com.br](http://www.tractebelenergia.com.br) in the Investor Relations section. Over there you can also have a copy of the presentation and the earnings release of the company.

Before proceeding I would like to clarify that any forward-looking statements made during this conference call regarding the business outlook of the company should be regarded as forecast depending on the country macroeconomic condition, performance and regulation of the electric industry, in addition to other variable and therefore they are subject to changing.

Today with us we have Eduardo Sattamini, Finance and Investor Relations Officer who will talk about the performance of Tractebel Energia in the first quarter of 2012 and Mr. Elio Wolff, Market Relations for IPR and GDF Suez energy in Latin America will present an

update of the development of Jirau hydropower plant. Afterwards we are going to have a Q&A session.

Now I would like to turn it over to Mr. Sattamini. Please Mr. Sattamini.

## **Eduardo Sattamini** {BIO 16648085 <GO>}

Good morning everyone. This is the first quarter of the year 2012. Its quite small, so there weren't any relevant changes and we are going to go straight to slide number four of the quarter highlights, especially the financial highlights. So we have had a net revenue of 12.8%. This was a variation in relation to the same quarter last year. As a reflex of the price increase, because of inflation, we also have a price adjustment to compensate this variation of R\$ 73 million quarter-on-quarter and representing an 8% increase.

We also had the operations in the Chamber of Trade of Electric Power R\$42 million contributing to the increase in net revenue. And we have also had a small increase in volume.

Our EBITDA went up by 3.2%, didn't have the same performance as net revenues and especially because of increase in the Energia accounts per se which increased 77 million quarter-on-quarter. We have also had an increase in connection expenses especially with regard to the operation of -- turbines. And the margin as a result of the increase in trading activity went down by 77.7 to 71.1 in the first quarter of 2012 compared to last year. So we have had a final reflect in net income of 7.4% increase comparing the same quarter. Of course the first quarter usually is a quarter in which our performance slightly weaker as compared to the other quarters in the year because we have seasonal strategy to which we try to capture the benefit the opportunities to buy energy at lower prices in the spot market.

So the prices as we mentioned before went up by 8% above the inflation, thereby showing that even though the market is weak, the new contracts are being renewed at slightly greater prices than those that are maturing now that were signed five or six years ago. In terms of production we have had a smaller production as a result basically of a lower affluence in the power plants of the company that most of them are in the South and there is a severe drought in the South and prices in the spot market.

As a highlight, an operational highlight, so we have had the fifth machine in -- will start operating in March and thereby we've got 72.2%, 75.2% of the power plant working. So, we received a AAA rating by Fitch which took place in the last week of April.

Now on slide number five you can see the organization chart of our company. Maybe what is important here is to talk about the offer for the acquisition of minority shareholders than by GDF as with international powers,. This offer has been accepted at 418 pence per share and this is somehow more and present this to give you a positive vision on some aspects and you are going to see that in Mr. Wolfe's presentation. We have a takeover -, and we are limited in terms of announcing because there is a disclosure agreement.

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So now going to page six, you can see our growth. We are a company that has been growing along the years steadily through the implementation of new projects, especially in area of renewable hydro plants and complementary. And these two sources accounts for 83% of our total capacity complemented 17% by thermal power plant. We also make an effort to become a national company presenting good results of our power plant. We're before more concentrated in the south of the country. We thought of spreading them throughout the country and today we operate in more than 16 different states.

On page seven, we talk about our leadership as a private generator. We are the leading private generator in Brazil with 8.9 gigawatts installed after the acquisition of Jirau. Today our installed capacity is 6.9 gigawatts. It's more than twice as much as the second runner up, the closest one to us, whereby showing that we have a sound position and well established leadership.

On slide number eight, we are here reenforcing our action in the free market. In 2012 we are going to have 43% of our energy will be sold in the free market. We have had a slightly increase in the percentage in distribution companies especially as a result of the entry of the series of PPAs. They are contracts in a regulated environment for - and there were sold in that environment. And it is important for us to have a focus on the freight market, or the market of free customers so as to sell this energy in A minus 1 auctions where the competition was faced with held companies was very strong.

On slide number nine, we are talking about our diversification. Today we try to diversify in different segments in the industry so we don't concentrate risks in a single industry and we have a credit policy that is very good. We have very sound our trade guarantee systems to deal with the forwards to protect us against default. And because of this strict process of credit assessment and this process has been very good and we have close to zero default.

On the slide number 11, here you can see the market outlook and our vision for prices is that we are going to pick up growth in Brazil. This is somehow is the -- in terms of expectations for growth from European countries, even though we have had a reduction in our growth because of slowdown in China but this growth will drive prices in the market and demand for energy. And probably we're going to experience higher prices because of the increase of the share of thermal power and the implementation and the delay in implementation of new projects, and the preference of small hydro power plants to small storage capacity and procedures in terms of risk aversion which might affect prices.

If you look at the chart on the left, you will see that there is an excess supply and this excess supply we have mentioned it already and our team identified it in late 2010 and so we expedited contracting so as to as to avoid sales in the market with excess surplus. So we've got good price back then and we contracted for the next month on the next slide. But what we can see here if we compare what we showed to you last quarter and this quarter in terms of excess volume here on the left you will be able to see that you can very clearly see the delay of some projects as compared in terms of 2012.

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If you look at the chart of last quarter we have something like 400 average megawatts that are late. In 2013 more than 2,000 mega that are late. And this will lead to the fact that we won't have such high surpluses as we used to have in the past. And this will affect prices in the medium and short term. And in terms of demand, demand is related to thermal offer and this will impact and increase the sales of thermal power and thereby also affecting average prices.

Now on slide number 14. We will continue talking about marketing strategies or commercial strategies. On the left you can clearly see the amount of energy that is available for sale. So uncontracted energy, it's very small until 2015. And then after that it's slightly greater. And this provides us a possibility of combining with Jirau project which we'll talk more about further ahead.

The combination of Jirau and un-contracted energy, this may provide an advantage to the company. This is why we resumed the option contract or the purchase of energy which we had approved in the related -- committee last year.

And speaking a little bit about sales strategy, the idea, our idea at Tractebel is to take advantage of windows of opportunity and sell energy, when the market is a demand market.

And as regards our energy balance on page 14, there is no major change. This is a tool for analysts to make their projections and in a certain way in the previous slide we have compared our position regarding uncontracted energy. As regards growth the Estreito project the units starts about '14 in March. The sixth one will begin to work in mid June. And in this slide I would like to highlight, if you have look on this slide of Q4 2011 the price for the sale of -- was R\$159 per megawatt hour on this slide it's 155. It doesn't have to do with deflation.

It's just the way we calculate the price for distributors and the dates are different. We had been adjusting those prices as if it were a single contract until the date of our presentation. But what happened is when the -- and in fact we have to calculate according to the average of contract. Some have been increased above inflation and therefore when the contracts with distributors are subject to adjustments in April, and then in July and then in October, we will probably see increases above the inflation from December up to the adjustment date, because we will take 12 months of variation to readjust the contract.

And on page 17 you have an update in Estreito. With unit five we achieved 82.2%. And as new machines start working the individual contribution of the units will decrease. Only 18.5 average megawatt for the six machine and then 12.51 for the seven and then seven megawatts of contribution for the eight machine.

On page 18, Elio is going to make some comments about the Jirau project.

**Elio Wolff** {BIO 17147591 <GO>}

Bloomberg Transcript

Thank you very much, Eduardo. Good morning to all.

I'm just going to repeat what Eduardo said. In view of the acquisition of minority shareholders and we will have to limit our comments about the Jirau project and other subject. This is why we have less news this quarter but as the process comes towards its end, the quiet period will end and we will be able to give you more news and interact more in meetings and calls like this one.

On slide 18, there is some relevant information. An important update about some facts. The first is capacity, 3,750 megawatt average. More than 70% of the energy has been contracted under PPA. One for 2016 for 1,383 average megawatt or R\$82 in March 2012. The second PPA starts on March 2014 and this has to do with the expansion of the plant.

It's for 209 average megawatt, for R\$ 105 per megawatt.

We very recently in March 2012 had strikes on the site. This strike took place in the first fortnight of March, was considered illegal. Everybody is aware of that. The labor court found this strike illegal. And the works have been resumed. Today we are working in full force and full blown and work continue.

WE are assessing any impact that may have happened. This was a smaller strike. It began in the beginning of March and ended on the 15th of March. We also had some problems with lodging. But has been overcome and we are working at full capacity and we are going to finish by the end of 2013.

And as regards the process to obtain carbon credit we are still -- this is still under way. We should transfer the project to Tractebel Energia in early 2013 at the most and we are also working on alternatives to increase the value of the project for additional assured energy of 90 average megawatt, additional tax incentive for the region and funding with BNDES which is being discussed, on the right bank powerhouse and on the left bank powerhouse and this is what we had to say about Jirau.

I would like to pass the word to Eduardo Sattamini.

**Eduardo Sattamini** {BIO 16648085 <GO>}

So I have talked with you all here, I would like to review. I apologize for the technical problem.

On slide 19 we see our wind projects. These projects are being developed for selling energy in the free market. Of the five projects four are already being constructed. These are the ones in Ceará and the fifth one in Trairi. We are having some licensing problems there.

And as regard the sale of the energy, 70% of the total of these five projects has been sold for mid-term contracts. And with the delays in this fifth project we can say that we

have sold almost 100% of the energy. So until we start developing this new project by 2012, we are going to begin building 2013 or 2014, we will be limited regarding the supply of this type of energy.

The contracts are contracts that run for two to six years. And in some years we will have non-conventional energy available for our special client markets. And for some years we will have no extra capacity. We can go to the market, we can purchase some non-conventional energy but the delay in this project is limiting us a little bit in terms of the flexibility to sell to the special clients.

We are going to move on to slide 21 when we talk about our financial performance. On the first slide, slide 21 you have an overview that shows how sound the performance of the company has been in the last few years. Last year we had our eight consecutive record in terms of earnings and we expect that we should continue to have a better performance year-on-year.

Let us move to slide 22, where I will give you more detail about the net operating revenues and the trends for net operating revenues. Most of the 12.8% growth in our net operating revenues comes from an increase in the average selling price, which increased by 8%. It also comes from the new Estreito plant which contributed 59 million to this increase. 42 million came from the different quarter-on-quarter in the CCEE and the total volume of revenue in the CCEE was 58 million relative to 60 million in 2011. And if we exclude Estreito we have a reduction by 42 million in volume. So the net increase would be 16.

If we move to slide 23 we see the change in EBITDA. It goes from 692 million to 714 million. In the first quarter of 2012 relative to the first quarter of 2011 Estreito contributed 51 million at 72% EBITDA margin, 38 million from the CCEE and there was reduction by 67% in operations. This reduction on the contribution of operations has to do with the purchase of energy for resale to form -- and to form a ballast that will allow us to work on the seasonalization.

And also it has to do with Estreito because last year we were unsure on when the turbines would start working.

Let's move to page 24 about the net income. And it went from 307 to 330, that's comparing the third quarter of 2011 to 2012. We have had 26 million coming from financial results, 25 million coming from CCEE and 13 million coming from Estreito and the net revenue of -- to drop quite considerably because this is a new project with the high volume of 14 million, 15 million in terms of investment and also financial cost amounting to 16 million. And then the margin in terms of EBITDA which was 51 translate and when it becomes net it has 13 million contribution to the net income.

Now going to financial drivers, usually we don't compare it quarter-on-quarter. We don't really like doing that and we have seen the evolution of average prices of energy comparing 2012 to 2011. And in the fourth quarter from 2011 to the first quarter of 2012 we had 4.4. So there is a positive price evolution.

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Now our debt on page 26 and the most important is to keep our policy for the reduction of our debt as compared to our EBITDA generation reducing this ratio, trying to find more room for Jirau projects to be this 1.2 times EBITDA and in this manner we opened space for the acquisition. It's important to emphasize that our most limited covenant is 2.5. In the last board meeting, we approved a negotiation of this covenant with our shareholders. We are going to have a general shareholders meeting on the 10 and we hope to be successful to approve it so that Tractebel has more flexibility once we acquire so as to structure the acquisition in the most convenient way or optimizing our capital structure.

Obviously, if the negotiation is successful, this doesn't mean that if we do not succeed then it doesn't mean that we are not going to acquire. Yes, we are but then we will have less flexibility. So it's easier to negotiate with the controller and then negotiation with the shareholders, it's easier for us to find a common ground and because we know that if we don't do that we have other ways to adjust the acquisition. What we are trying too sign fine in this negotiation of the covenants is to provide greater flexibility so that we may structure the acquisition without needing to use strategies that might delay or be not so good.

And then in the end of the quarter we got this 2 million, more than two billion and this is the debt. Our income tax and social contribution we paid in the beginning of this year, 394 million on this return on capital we paid in February and then we have investment in the new projects such as the Estreito. In wind farms we invested in maintenance, the maintenance CapEx, we accrued interest rates and then we have changes in the working capital, capitalized interest and obviously we generated operational cash in 731 so our net debt went from 2.864 billion to 2.974 billion an increase of 3.7% which is quite reasonable.

Now on page 28, where you can see the debt profile in the first three years. We have 362 million to be paid in 2012, 492 in 2013 and 602 million in 2014 which is fully compatible with our cash generation. We generate approximately 3 billion EBITDA a year. So our coverage rate for our debt is quite high but there is a slight concentration of operations that will take place along coming years in terms of the debt will mature over the next three years.

And then we are fully unleveraged. It's the normal leverage for our long-term project and this is the affecting the increase in the share of the debt, as you can see on the table on the lower part, on the right hand side. And here you can see our rates and how they are indexed and today 71% is the TJLP in this index. We expect this to grow as after the acquisition of Jirau and the growth of the company through the development of project in the future.

We have had a reduction in the cost of debt comparing the last quarter of 2012 to the first quarter of 2012 we have a slight reduction in the cost of foreign currency. It went down from 4.2% to 4.1% and the dollar cost has remained practically stable.

In terms of our CapEx on page 29, we have had a slight -- of wind farm. And if you remember last year we had some problems in capturing or with the embargo of our construction and it took a while to approve and to prove to the judge that the entire

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environmental process has been done and we are compliant with everything and this is normal hindrances in our project. But the project today is evolving normally. This led to a slight delay without a significant impact in our future energy impact however, but it delayed slightly our investment. If you compare the quarters there has been a reduction this year. So in 2012 we've had -, we complemented it. As part of the cost we have the wind power plant and we also have something related to maintenance for the refurbishment of South - power plant, which will take place at the end of the year.

In terms of CapEx budget for 2013, we have a complement for the wind power plant and there is some expenses related to maintenance, the continuation of the renovation of the power plant - and to remember our capital investment in 2010, which moves for cash generation to pay the acquisition of Jirau. 2014 which you can see here is the value of investment in maintainable and maintenance CapEx.

In terms of our dividend policy, we remind you that our minimum according to the bylaws is 30%. So a payout of 50% of payable net income has been the commitment of the management of the management of the company considering all negotiations in terms of the transfer of Jirau. And the way we do it, we will be at least 55% and as it happened last year, if the acquisition is late or we do something that will not cause any pressures on the company's cash. We may increase the EBITDA. Well, basically that is all we had to announce in terms of the first quarter of 2012 and I think that we are open for questions and answers.

## Questions And Answers

### Operator

Ladies and gentlemen, we are now going to start our question-and-answer session. [Operator Instructions]. Excuse me our first question comes from Ms. Lilyanna Yang from UBS.

### Q - Lilyanna Yang {BIO 14003234 <GO>}

Thank you for the opportunity. One of the options of the purchase of energy of 70% from Jirau and how much more needs to be determined when this asset can be booked by Tractebel?

### A - Elio Wolff {BIO 17147591 <GO>}

I am going to answer the question. This is Mr. Wolff. Well, Lilyanna the option is not 30% of the purchase of the energy from Jirau. The option is basically covering the two years of 2013 and 2014 when there is anticipation of energy, energy that will be generated in addition to the energy there been contracted in the regulated environment. So this is specific for this volume of energy for the years of 2013 and 2014.

I think the second answer that might answer your question is that if the 30% of the energy from Jirau will be fundamental for us to define the timing for the negotiation. Well actually this is to say that this in non-recognition for the sale of the energy from Jirau leads to



greater uncertainty in terms of defining of the final price. But whether this will be an impediment well maybe not. We might need to create some sort of system to deal with this uncertainty. The idea is for us to work with this, with the interrelated parties --. So when we got the proposal from our controller, -- expense with and we want to address that in the related parties, in terms of how we are going to address this.

**Q - Lilyanna Yang** {BIO 14003234 <GO>}

Just to clarify so today you are still negotiating for the potential sale of this energy with the group or would you say that right now the price is not interesting for you in terms of selling the energy.

**A - Corporate Participant**

I don't understand your question. Could you rephrase it?

**Q - Lilyanna Yang** {BIO 14003234 <GO>}

You still have 30% of the energy has not yet been sold. And you are indicating whether it will -- we are not really sure whether it will sold as a part of the portfolio of the joint venture or as the part of Tractebel Energia in Jirau. Is that right?

**A - Corporate Participant**

Yes, yes. That's accurate. Obviously ESBR the specific purpose company is trying to find a way to sell this excess 30% but this volume of energy is not excess, in the free market. But if this energy is not sold at the time when we transfer to Tractebel Energia, Tractebel might find it interesting to take it over, especially the part of the energy that today is held by --. -- is the controller of GDF SUEZ Energy Latin America. Thank you very much.

**Operator**

Our next question comes from Mr. Sergio Tamashiro with Safra.

**Q - Sergio Tamashiro** {BIO 2274485 <GO>}

Good morning to all. First as regards Jirau I wanted to have a bit color about it. So my understanding is the transfer should not occur while the production did not start otherwise you won't know how much surplus energy you will have. Is that correct?

Can it be decoupled?

**A - Corporate Participant**

Yeah. On the right direction, but maybe you are missing the right point here. The idea is that it should be closed to the commercial operation. This might take place before one or two months before. But what is important for us is to have a visibility about the commercial operation. It might take place later, okay, Tamashiro. We might start operating and the related party committee might not have been able yet to decide with the controller of the final condition or what these final conditions will be. That is the idea, the

idea is to reduce uncertainty. There is an uncertainty relating to the schedule and to reduce this uncertainty about the project. We want that to close to COD, but not after the COD. It might be a bit before. These few months won't affect the whole thing, but the concept is the transfer should take place, very close to the commercial operations setback.

**Q - Sergio Tamashiro** {BIO 2274485 <GO>}

In the previous quarter you expected the COD for second half of 2012. I saw no mention have you change the schedule. What is it like?

**A - Corporate Participant**

There is no formal notice about that. This notice would be a new element and we can not disclose it now because of the over close okay but some what said what happened in March this year was completely different or what happened in March last year. There was a smaller impact at this stage of the work. So maybe the impact won't be significant.

The impact of this strike that took place in March.

**Q - Sergio Tamashiro** {BIO 2274485 <GO>}

And what about the guarantee of the 30% of assured energy that was not sold in the regulated market, this was given by GDF. What about this 30% that should be guaranteed for R\$130 if I'm not wrong. Does this have to do only to the 50.1% that you have, or does it relate to the total project?

**A - Corporate Participant**

I am going to answer this question from a conceptual point of view. The process of the project had their proportional responsibility, okay.

**Q - Sergio Tamashiro** {BIO 2274485 <GO>}

And lastly as regards the wind project. There are a lots of delays. I think you have reviewed the measurement. Has there been any significant change or what about those figures that you envision in the beginning. Have they been confirmed?

**A - Corporate Participant**

You are talking about the five projects that we are developing now?

**Q - Sergio Tamashiro** {BIO 2274485 <GO>}

Yes.

**A - Corporate Participant**

Even though that are underway, These projects have been in our portfolio for many years. We took this projects many time to the auction. And we were never able to compete with those who sold in those auctions. Maybe we were not as aggressive, maybe we were too

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conservative. But these projects have a level of observations that is very long. And when we decided to invest, we considered some factors to correct the studies, because of what we saw in those wind farms that had began to operate already. There was a lot of talk in this first quarter about wind projects generating energy below their capacity factors. In 2011 this was true and this is what we are seeing 2011 was an year with very good hydrology and rain, there was no wind and I believe that this projects will perform better from this year. The rainfall has been very low in the Northeast and the wind farms are generating a lot more than in the last three years.

So the story that when it rains it doesn't, the wind doesn't blow. I mean it makes a lot of sense.

**Q - Sergio Tamashiro {BIO 2274485 <GO>}**

That's regards the price. You talked about the commercialization, 50% are commercialized. What about the spreads of these non-conventional energy in your portfolio. What is the premium? You don't have the spot price and is there a difference in prices, is there a premium?

**A - Corporate Participant**

70% of the five wind farms just for you to be sure about the figures we're talking about. As regards prices, these three have been selling that energy for sometime. The prices are in line with what we mentioned, the price way above the price of auctions, and in line with the prices that three consumers were seeing in their distributors.

The margin is very reasonable, and the margins offsets the risk of re-contracting in these projects. Since we don't have 20 year PPAs as is the case in auctions and regulated energy reserve contract, we have to have our margin that justifies the risk of re-contracting energy.

**Q - Sergio Tamashiro {BIO 2274485 <GO>}**

And what about your portfolio and this wind project. You talk about compensating risk. Are you increasing prices relative to what you are having to previous quarter. Can you give us a little bit more color like the ones that are becoming shorter?

**A - Corporate Participant**

We have rising price by 5% and Tamashiro, I would really like to talk about this part in a certain way the information that I give you also reaches my competitors. What I can say is that in a certain way when this spot prices is at higher prices, this give protection to some players. I mean they are exposed and they are unable to getting to longer contract. The fact that is spot price has gone up those consumer that are exposed to the PLV, they can take it, but they can see that they have to cover positions with very high volume and with no perspective basically. The dry period is beginning and this is not going to be reversing in the short-term. So, these consumers are a bit more weary about it. Something also that is increasing the appetite for contracts and these are the opportunities that we look for when we say that we take advantage of windows on opportunities is the delays in projects. We have been seeing ONS and - reviewing the schedules of the start up of

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projects. We are not going to name any project here, but - recently canceled and even the Jirau project it was expected for May 2012 and we are talking now about the end of 2012. Some other projects had problems with their machines, some had problems with the operational license, some had not been able to secure funding, because they had a reasonable amount of energy in the free market and BMV is looking for perfection against exposure in the free markets. So this is making those free consumers who were taking more exposure to the spot price. They are now more concerned and looking for contract, and this is beginning to happen. I think that the fact that the stock price remains at higher levels, I mean there is going to be more demand for contracts.

**Q - Sergio Tamashiro** {BIO 2274485 <GO>}

And this is exactly what I needed, some direction.

## Operator

our next question comes from Sandra Boente from Deutsche Bank. Thank you.

**Q - Sandra Boente** {BIO 1511861 <GO>}

I have a question about those R\$17 million for the CapEx, as you mentioned for the first quarter, is it still the official CapEx for the project or been an update in that amount?

## A - Corporate Participant

The number we announced in December the CapEx of 15.1 and this is the information that is valid.

**Q - Analyst**

So, it's still above the 17 million now?

## A - Corporate Participant

The number is 15.1.

**Q - Analyst**

So, what are you referring to what is your source, the CapEx, the effective CapEx as we announced in December, in December 31, 2011, was 15.1.

## A - Corporate Participant

Yes.

**Q - Analyst**

But in the conference call of the first quarter, you are already talking about almost 17, weren't you?

## A - Corporate Participant

No. The number is 15.1. Maybe the confusion -- is because we ended the funding is for 7 and not 17, 7. And what we are trying to get is an increase in the facility of BNDES and the total volume of loan, which is being discussed today at the MDS. But the number has always been 15, there has never been any 17.

## Operator

Next question comes from Mr. Enrique Barreto from UBS.

## Q - Enrique Barreto

Good morning. My question is about the wind farms. As far as I understand, you have contract with that trading and this -- would be entitled to have the project finance from the BNDES. If the plans are late, what about the delivery of the energy and what are you going to do about that?

Second question is to - what about the expansion in - ? Are you going to participate in the A minus 3, if they have it? And also the other share that has been contracted.

## A - Corporate Participant

Well, the delay, we already included it in our energy balance. We accounted for it. So some purchases have been made to deal with the slight delay, to address it. Our contracts most of them will start in 2013 when the projects will already be in operation. So this balance is constantly being monitored by our people in any possible adjustment are being made or they have already been made.

## Q - Enrique Barreto

Now, as to the question about Jirau which is actually expansion on 100% of the energy allocators to the expansion, it has already been sold hasn't it? So, what is your - of the expansion of the additional 200 acreage megawatt. So, any participation in any auctions - then on the - and on your in terms what they define in terms of those additional energy? This 90 megawatts can they go to the auction now is there any prospects.

## A - Corporate Participant

We would think that very soon it will be out, but not in a very short term. Not on the first option, it's a difficult answer for us to give.

## Q - Enrique Barreto

Just to clarify the contract with -- trading, can you have a long-term contract to show to BNDES, and will it facilitate a project finance?

## A - Corporate Participant

Well, it's not so simple. Yes we are in comfort business trading. So, it's to ensure flow. But we also have to show contracts, long-term contracts, so as to balance the funding. To

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further our collateral. So, the distance in terms of -- we are very hesitant in terms of giving in the -- just wanted to show contracts backing providing, enough backing in the long-term for the -- they are going to give us. So in this manner this can led us to take quite a long time, almost 12 months discussing with BNDES but we have come to a structure that is feasible. Yes, we are in contact with the trading, but the trading has to show direct contract with three customers and to back up and directing the energy of those projects to potentially serve those three customers. So it's not a simple structure and it's not something that you would imagine that any wind project developer could do, because this is calling you for the binding of our contract portfolio for these projects. I don't know whether this is good or bad for the development for the for market for wind energy

## Q - Enrique Barreto

Okay. Thank you very much.

## Operator

[Operator Instructions]. Since there are no further questions I would like to pass the floor again to Mr. Sattamini for his final remarks. You may proceed sir.

## A - Eduardo Sattamini {BIO 16648085 <GO>}

I would like to thank you very much again for attending, for listening to the presentation. We know that it's a bit repetitive but we try to give the same type of information on the slide so as not to compound analysts and investors. And thank you very much for your questions.

## Operator

The conference call of Tractebel Energia is now closed. And we would like to thank you all for attending. And have a nice day. Thank you.

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