

## Q1 2009 Earnings Call

### Company Participants

- Antonio Previtali, IR Manager
- Manoel Torres, CEO and Acting IR & Financial Director

### Other Participants

- Felipe Leal, Analyst
- Lilyanna Yang, Analyst
- Luciana Puccetti, Analyst
- Marcio Prado, Analyst
- Pedro Medeiros, Analyst
- Reginaldo Pereira, Analyst
- Sergio Tamashiro, Analyst
- Unidentified Participant, Analyst

### Presentation

#### Operator

Good morning. This is the teleconference of Tractebel Energia. All participants are now connected in the listen-only mode, and later we will open for the Q&A session, when you will receive further instructions. (Operator Instructions). This teleconference is being recorded.

I now turn over to Mr. Antonio Previtali, Investor Relations Manager of Tractebel Energia. You may proceed, Mr. Previtali.

#### Antonio Previtali

Good morning, ladies and gentlemen, and welcome to the teleconference of Tractebel Energia, where we will discuss the results of Q1 2009. This presentation, with the respective slides, will be transmitted simultaneously through the internet on the site [www.tractebelenergia.com.br](http://www.tractebelenergia.com.br) in the Investor section. You can also obtain a copy of the earnings release of the Company.

Before we move forward, I want to clarify that any statements that may be made during this teleconference, relative to the outlook of business for the Company should be treated as forecasts, which depend on the economic scenario of the country, of its performance and the regulation of the electrical industry, in addition to other variables, and may be subject to variations and changes.

Today with us in Florianopolis, we have Mr. Manoel Torres, Financial Director, Investor Relations Director -- Acting Director and CEO. He will make comments on the performance of Tractebel in Q1 2009, and will be later available to questions and answers. Mr. Torres, you may continue now.

## **Manoel Torres** {BIO 20231580 <GO>}

Good morning. It's a pleasure to present our comments on the results of Q1 '09. And I would like to start with the highlights of the quarter, slide number four. The first point is about the energy allocation strategy, which is the main driver of the quarter results and was a factor that made this quarter not as good as Q1 '08, because we changed this strategy.

In Q1 '08, we allocated a large volume of energy and then we had -- we were sold in the energy chamber at very high prices. The average of January 2008 was BRL500 per kilowatt hour. In Q1 '09, we allocated a smaller amount of energy, with an opposite strategy, and we were in a purchasing position. We had been saying that for a long time. If we make an analogy with a marathon, it's like in last year's race, we were very strong in the beginning, with less reserves in the end of the year. Whereas, in 2009, we started at a slower pace to keep energy for the rest of the race.

The result of the quarter was impacted by the generation of thermal energy, which was 40% smaller, approximately, in Q1 '08, in order to guarantee energy security. And you remember that there was a high risk aversion curve, all the thermals dispatched with great intensity, including watt size in order of merit. This is not the case this year. This is taking place in the south, because of the drought in the south of Brazil. Additionally in Q1 '08, we had a non-recurring gain of BRL76m, in view of the recovery of PIS and Cofins after taxes, as we have explained before.

The second point that I would like to highlight is a change in our portfolio. Many people make confusion and attribute this to the financial crisis, but the sales mix of Tractebel Energia is now very different from what it was in the end of last year. Distributor companies increased their share from 45% to 56% in our portfolio. And as of January 2009, we started delivering 867 megawatts (sic; see presentation), on average, to the distributors. We won two auctions held in 2005 and 2006, one for old energy and one for Botox energy, new energy therefore. And part of this energy is coming from contracts with discos and free consumers. These contracts arose after -- these contracts are due after the Second Quarter of 2008.

This change in mix is beneficial for Tractebel Energia, because of the average prices of these new sales is higher. It will be BRL128 megawatt that is sold energy in the regulated market, for eight and 30 years, as compared with BRL113 per megawatt hour for the average contracts that expired and were not renewed. And particularly about free consumers, I would like to clarify that the reduction of sales to these consumers between Q1 '08 and Q1 '09 did not impact Tractebel Energia in a relevant manner.

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As we explained before, we sold 45 megawatts at BRL145 in the adjustment auctions in this year, and the decrease in sales is also liquidated and settled in the fall at the spot price. We can therefore divide the reduction in free consumers in two parts, the drop in consumption, which can naturally be attributed to the worldwide crisis, and the expiry of contracts. This means that, although the volume was reduced from 1,180 megawatts, on average, there was a reduction of 23%, half of this drop can be attributed to the reduction in industrial activity. That is 12%. This figure is very close to our estimation for the year, the estimation that we have released in our meetings, which is 10%. So it's in line with our estimations.

And still about this issue, I would like to admit a fault on our part. In our release, on page four and six, in Portuguese and in English, we inform, wrongly, that the reduction of supply to free consumers was caused by the crisis itself. But it would be correct to say that it was partially, only, caused by the crisis, as I just explained.

It is correct to say also that the reduction of sales to industries and to industrial consumers has reduced the purchasing provision of Tractebel. I remind you that our commercial availability of thermal energy was totally sold, and we almost always generated less than this, which causes us to buy energy in the short term to honor the contracts. So because we sold less, we have to buy less too.

And also among the highlights, I would like to remind you that, in this period, we concluded our offer of debentures. We issued successfully non-convertible debentures for 24 months, worth BRL600m, with a (inaudible) 117% of the CDI, based on a demand that was above BRL2m. Very competitive rate for the current times.

We will now move to slide number eight, and we'll talk about the breakdown of our client portfolio. I highlight that in the portfolio of 2009, you see an estimation of 1% of sales for export. And there was a significant increase of sales to distributors because of the sales in the auctions, as I said before.

In the next slide, number nine, you'll see two things. First, the expectation of sales of 184MW (sic; see presentation) on average for 2009. We will continue to sell energy during the year. And also, that the industry risk for the segments where we sell is diluted in different contracts, with these percentages that you see across different industries. I would also like to highlight that even those customers that wanted a reduction, some of these customers brought in other customers to buy the energy they were making available. And with other clients, we worked in the sense that we can sell the energy that we don't deliver to them in the spot market, and we can then settle that by the end of the year.

But the most important thing was that some contracts that still have to go two or three years forward, these were very good contract for the customers because the prices were very competitive. Contracts closed in 2003 and 2004. And I proposed a reduction for the coming year, none of these clients accepted this reduction. This means that there is an expectation in the recovery of growth in the industrial market, until the end of the year.

That is, there is an expectation that industrial activity will pick up. This is the expectation of the industrial sector. They expect that there will be renewed growth this year.

And now, moving to slide 11, I'll highlight that this slide shows this net result between supply and demand. And for some years, things were very difficult, especially in 2006 and 2007 because of the gas crisis and the prices for contracts went up. And for the coming years, you see that there is a surplus in expensive energy and polluting energy was contracted. Thermal energy that will not be dispatched, obviously. But some of it will, which will contribute to the increase of the short term price. And the short-term pricing Brazil I remind you it does not have to do with the supply. It is a calculated price.

On the right-hand side you see the per capita consumption, relative to the per capita GDP. So as you can see, Brazil is very low in the curve, in terms of per capita consumption. 2,000 here is too -- is not 2 megawatts per hour but 2 kilowatts per hour per consumer, which is very low. If we compare it with the consumption of France or Switzerland, our per capita consumption is approximately 25% of their consumption. And this means that, if the economy improves and if there is better distribution, if we consider that 70% of the market is a captured market, we will have, and we've seen this in the past, an increase in consumption that increases, irrespective of the increase in the GDP.

Moving on to slide 13, I remind you that -- on the left-hand side we see the uncontracted energy. And of course, for 2011 and 2012, and forward, we have included the reserves that we call critical reserves, which are reserves for risks, for contract flexibility and for thermal energy, which we sell gradually. And this is shown on the right-hand side, showing, year-on-year, what our contracting profile was for the end of 2006, 2007, 2008 and so on and so forth. So in 2012, by the end of 2006 we had 38% of uncontracted energy, 2007 17.9% and, in 2008, we had 9.2%.

Moving to slide 14, I highlight the sales in the regulated environment, in the auctions promoted by the government. If you look at the third line, for 2005, 2009-08, 381 megawatts. Plus 2006 new energy, 2009 30 years, 493 megawatts. These contracts start in January, which will contribute to the results we have. If we look on the right, we had 381 megawatts sold at BRL105 for existing energy, and 493 megawatts sold at BRL145. A weighted average of BRL128.3, as I said before.

Now, let's talk about growth. First we have the Estreito plant that we will start to transfer energy next year, and things are on track. In the next slide, number 17, it shows the Andrade project. It is a biomass plant in the State of Sao Paulo. These two projects belong to Tractebel Energia, and they are both within what we expected, Areia Branca and Andrade.

Going to slide number 19, we see the results. Net income -- or net revenues, went down 9.7%. EBITDA dropped 32%, especially due to the provision of energy allocation in the electricity to the Chamber. And net income dropped 40.3%, due to the depreciation and some taxes, and the depreciation of these assets.

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Now, going to slide number 20, we have a breakdown in our revenues and EBITDA. Slide number 20 shows the first trimester -- First Quarter of '08, from BRL1,059 million to BRL955m. We have a volume sales decrease equivalent to BRL74m, a drop in the trading chamber of BRL194 million negative. Because we were sellers in 2008, we gained BRL70 million in sales average price. 73 companies purchased but in this first trimester they were not present (inaudible) as Gelaju [ph] neither EcoEnergy [ph]. Export BRL1 million and BRL41m. And with new acquisitions we increased our expenses.

If we go to EBITDA, we went from BRL69 million (sic; see presentation) to BRL469m. The impact is on this -- the chamber. EBITDA is rationed between revenue and expenses. Our revenues dropped a lot but our expenses increased due to allocation. This helped us or affected the EBITDA into BRL200m.

As for exports, 19 companies. And we have BRL5 million -- a drop of BRL5 million in operations. And slide 22 shows the net income resulting from the same reasons already mentioned in EBITDA variation. BRL392 million to BRL235m. PIS/Cofins taxes plus the trading chamber corresponding to a drop of BRL172m.

Slide number 23, once again I'd like to highlight that we do not motivate the comparison in quarterly basis because we have this issue of offering and allocation of hydraulic energy. So to compare this in quarterly base is difficult because the volume increase is due to new (inaudible) but decrease is due to new allocations. Average price is the contract price and this is the basis of the Company.

If you have a constant annual volume increasing with new acquisitions, new processes and the sales price increase, it means you have a higher revenue by the end of the year with a marginal variation lower than 10% at the changing chamber, up or down.

Now I'd like to go to slide number 24 and talk about the debt. Our debt with exchange exposure is about of 22% [ph]. We have an increase comparing the year of 2008 with the First Quarter. Basically due to the operating capital, especially with a loan of BRL300 million as a bridge loan.

In slide 25 we have a breakdown that we went from BRL2 billion to this net debt of BRL2,802m. Basically BRL73 million of investment and the remaining corresponds to variations in working capital and variations in flow cash exchange variation that gave us only BRL11m.

Slide number 26, well, we made a change again. Our EBITDA variation where we have it as ascending curve. Ascending curve also for net income. But we decided not to show the split by project in this slide because it was creating misunderstanding in spite of not having any increase. If you compare to '08, in '08 we haven't included the assumed debt of Ponte de Pedra and other projects. And with greenfield projects, we included the value of the project. That included equity plus debt. So from now on, not to have any misunderstanding, we will show our equity and our debt by year.

And so what is happening here is that there was no change in CapEx. And we are including the debts recurring from the acquisitions.

Slide 27 show medium and long-term debts with indicators. At the end of the year -- of last year, we have a debt of BRL699m. And now we have BRL1,044 million plus BRL40m. So basically these are the interest rate plus this bridge loan that we had for the settlement of debentures. Then in the next quarter this will change because we'll have debentures with a longer debt for 2011. In the Second Quarter of 2009 we'll have a decrease in debt, but we'll have the profile. But we have good indicators that our -- the cost of our debt is still low.

As for dividends, we follow the same policy. Nothing has changed. 68% of the profit that was mentioned in the last presentation. For 2009, we are not expecting any surprises. We have our sales volumes increased. 55% will be our payout, depending on the Board approval. We need the approval of the shareholders. And we are aligned with our projections. We will have a sales increase in the year and increase in price. Variations will depend on what happens in the trading chamber and thermal generation.

So with this, I close -- I conclude my presentation. I thank you for your attention. And we are at your disposal to answer any questions you may have.

## Questions And Answers

### Operator

Ladies and gentlemen, we will begin the Q&A session. (Operator Instructions). Our first question is from Marcio Prado, Santander.

#### Q - Marcio Prado {BIO 15398968 <GO>}

Good morning. Thank you for this call. I have two questions. First, the results on the trading chamber and expectations on spot price and seasonally. You have lots of price -- a strategy focused on the first semester. And this year it is more aligned with the usual. When you think about seasonality for 2009 with this outlook of a drop in consumption, do you have this in mind, because we have a very low consumption in April and May? Could you share with us your price expectations? Do you think that the prices will recover in the second half of the year or will you have spot prices lower than the average?

The second question is that if the PCA, PCH and Areia Branca and Andrade are in the energy balance sheet that was published or and if they are in percentage according to the participation or in Tractebel.

#### A - Manoel Torres {BIO 20231580 <GO>}

Well as for the trading chamber, we ran some studies. But we didn't have a different strategy last year. We did what we usually do. In fact, a higher volatility in prices allow for better gains. The strategy of this year was very similar to 2007. We're short in the beginning and long at the end of the year because we had this expectation of lower

prices. So when you have less variation you get -- you gain more through your strategy. But could you -- I'd like to complement.

Usually the first half has lower prices. But we are seeing now lower prices in the second half due to two major factors, this projection of consumption of the EPE. Well I can anticipate that the consumption compared to flow is marginal. It's market variation flows that are really drivers of prices. Since we are experiencing a streamline, we see the north and northeast, transferring energy blocks to the southeast with a volume above the average history. So much more capacity to transferring energy from the southeast to the south. This dropped the price. But it doesn't mean that we'll have low prices in the second half.

It's inadequate to say that because today, reservoirs, they have a very fast depreciation. We should wait to see. We are generating all [ph] thermals here in the south. We will hardly have results like last year's. Last year we had BRL500 in January, with an average of BRL275. And we've never seen such a variation. It was in the beginning of the year. And we were able to capture this very well. So we were in a selling position that was very good. We gained [ph] the year in January and February. This year it will increase slightly in the second half. It's normal. It is expected. Our seasonality is aligned. We will have gain but we'll be, in an average, quite similar to '07, slightly better I think.

#### **Q - Marcio Prado** {BIO 15398968 <GO>}

Okay. Thank you. About energy balance. Do you have these projects in proportional showing [ph]?

#### **A - Manoel Torres** {BIO 20231580 <GO>}

Well PCH and Areia Branca enter in the second half. And Andrade from April next year. And complementing then on his answer, all projects were considered except for Jirau but the other ones were considered in the percentage that Tractebel holds for each of them.

#### **Operator**

Our next question comes from Mr. Felipe Leal from Merrill Lynch.

#### **Q - Felipe Leal** {BIO 2015017 <GO>}

Good morning. I have two questions. The first -- first I would like to hear from you what the outlook is for the second semester, relative to exports. You earned revenues from exports in Q1.

And I would also like to know if there is any possibility of bringing forward the contracts for energy signed for with the pool for Sao Salvador and Estreito since they are going to begin operating before the date of the contract. Can you push this forward? And is it -- and what is the potential strategy for you if you don't find a buyer for this energy for the next years?

## **A - Manoel Torres** {BIO 20231580 <GO>}

As for the first question, regarding exports for Q2, there have been no signals about it. We also look at Argentina. And it depends on the situation in Brazil. It's a decision that the government makes when negotiating with Argentina. There might be exports and we might not be able to export if the drought continues in the south. We are generating energy in our thermals in the south so as to spare the reservoirs. So in terms of exports today, our plants would not be exporting, I would say. It's too early to say.

And as regards the anticipation of the contract with the pool, I would like to say that the law allows this. There is a decree law that allows it. But we have to go to the electrical energy -- the regulatory agency and they have to approve it. But this energy has been sold so we are not interested in that.

## **Q - Felipe Leal** {BIO 2015017 <GO>}

Thank you.

## **Operator**

Our next question comes from Mr. Sergio Tamashiro from Itau Bank.

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

Good morning. I have two questions. One has to do with the re-contracting of energy. In the presentation you informed that in time there's going to be greater predictability relative to the market. But in the previous slide we see that in the long term, as of 2010, you forecast a higher demand than the supply of energy in the market. So you are not closing contracts anymore. The uncontracted energy from Q4 to Q1 to '09 has remained unchanged. But do you think the market will be strong with an upwards trend relative to prices?

And the second one regards the policy for dividends. You don't plan to raise any more funds, but if the cost of the debt in the market, if it goes down substantially, are you going to raise funds to pay this BRL1 billion that are due and raise another BRL400m? And if this is so, will you change the dividend policy?

## **A - Manoel Torres** {BIO 20231580 <GO>}

As regards the first question, there is always somebody wanting to buy energy. So what is happening today is that the market is very accessible and it's affected by things like a low spot price. So an industry owner might think that he will be able to buy at a low price. You're talking about prices. Everybody is putting pressure to lower the prices. So people come to us to negotiate, but we don't sell. We have our own method of working. We have our prices. And we will sell at the right time. So you can rest assured that we are active. We have an excellent planning and sales team. And this has been -- their competence has been proven. And at the right time, we are going to sell.



The energy price goes up because the best sources have been used by us engineers. But sometimes the prices are higher or sometimes they are lower, depending on the market basically. So we sell at the right time.

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

What about the volatility? What type of comparison can I make between the current price relative to last year's? The long-term price, has it been reduced? How is it behaving?

**A - Manoel Torres** {BIO 20231580 <GO>}

In some days we are going to close some contracts and at the same price we closed the latest contract, the last contract. As regards debt, raising funds and increasing dividends, this is a dynamic thing. Today, this is our position. We do have a margin to deal with our debt. And we can also raise funds to swap debt, to prepay expensive debt, to make investments, to use our cash flow. Today this is our position. But in three months' time or in six months' time -- we are always reassessing things.

So it's not something that you can assess today, are we going to increase dividends, because there's going to be cheap money. We are going to pay the debts up. It's difficult to say today. Today this is our position. This is what we can say. We are not going to raise other funds and we are going to pay out 55% in dividends. And when I say we are going to pay, this is what we are proposing, we, the management. But the Board or the shareholders might decide otherwise. And we would have to adapt to their decision.

**Operator**

Our next question comes from Mr. Reginaldo Pereira from HSBC.

**Q - Reginaldo Pereira** {BIO 15754056 <GO>}

Good morning. I have just one question that has to do with the results of the energy allocation strategy in Q1. Can you tell us what the impact on the result would be if you had adopted a flat strategy for energy allocation due to seasonality?

**A - Manoel Torres** {BIO 20231580 <GO>}

It's very difficult to talk about it because -- let me have a look at it. With respect to disclosures at the end of the year, as we did in 2008, yes, that's correct.

**Q - Reginaldo Pereira** {BIO 15754056 <GO>}

I was just curious about it. Thank you.

**Operator**

Our next question comes from Miss Luciana Puccetti from Itau Asset.

**Q - Luciana Puccetti** {BIO 3793621 <GO>}

Good morning. As regards the change in the way you present the investments, could you give us more details about what exactly has changed? What are these additional debts that came together with the acquired projects? What is different now from what we saw in Q4?

**A - Manoel Torres** {BIO 20231580 <GO>}

When we made these acquisitions we made a release on the debts we had assumed and what we acquired. So this is the way we are going to do it. And I will give you just an example. Ponte de Pedra, for example, we -- there were no debts -- some of the debts were not included and we included these debts now.

**Q - Luciana Puccetti** {BIO 3793621 <GO>}

So you would say that maybe the most relevant thing would be Ponte de Pedra, relative to this difference.

**A - Manoel Torres** {BIO 20231580 <GO>}

No. I'm sorry. We will not go into --

**Q - Luciana Puccetti** {BIO 3793621 <GO>}

Thank you very much anyway.

**Operator**

Our next question comes from Ms. Lilyanna Yang from JP Morgan.

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

Good morning. Could you please give us the status of the cost of the new projects, not only in the final part of Estreito but also on Jirau? I would like to know if we are -- you are within the cost expected, if you expect costs to rise above inflation.

**A - Manoel Torres** {BIO 20231580 <GO>}

We are contracting Jirau and we are not going to talk about Jirau. The project will be transferred only in 2011 or 2012. And so we are not going to talk about the Jirau project in conference or throughout the year. We are going to make comments about Jirau further ahead. And as regards Estreito, you have here the amount. And this is the amount that we are going to disclose. Once it's transferred, we will then disclose all the values.

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

Why is the transfer going to take over -- going to be done in 2009 or 2010? I understood that it would be in Q2.

**A - Manoel Torres** {BIO 20231580 <GO>}

No. I said it would be in the last quarter of the year.

## Operator

Our next question comes from Mr. Pedro Medeiros from UBS Pactual.

### Q - Pedro Medeiros {BIO 16187063 <GO>}

Good morning. I came late to the call, but I would like to make two brief questions. The first one has to do with the contracting in Q1. And just for me to understand, so you adopted an energy allocation strategy to be short. But I would like to understand if you saw a drop of demand in like-for-like and if you were able to re-contract all that. Or were you, despite all this, unable to maintain a higher level of contracts.

### A - Manoel Torres {BIO 20231580 <GO>}

We sold part of the drop of demand in an adjustment auction. We sold 45 megawatts.

### Q - Pedro Medeiros {BIO 16187063 <GO>}

And this as of March. Is it correct?

### A - Manoel Torres {BIO 20231580 <GO>}

Yes. No, my doubt had to do with the beginning of the year, January and February. The country was short in our energy allocation due to seasonal reasons. We have more energy for the rest of the year than in the first two months. So this is something we take into account, that it's a drop in demand that's less negative, less short than what we were.

And as of January, we are selling, what, 874 megawatts more to the distributor companies. So we cannot analyze that per se. We had more sales to distributor. There was a drop in demand. But also, we purchased less because we had some contracts with CST and CSA. And so the supply to us decreased. We had to buy less. So it's a combination of things.

### Q - Pedro Medeiros {BIO 16187063 <GO>}

And my second question has to do with the contracts of the adjustment auction. Did you place all the additional availability there? When I think about the future and your seasonality strategy, you are still long in energy for the next quarters, or have you covered that in the contracts you closed in the adjustment auction?

### A - Manoel Torres {BIO 20231580 <GO>}

This adjustment auction was just for this year. So we sold only a part of the energy. We are very prudent and cautious. We could have sold more but we sold -- because you see, those who come to us negotiate. We sold according to the reduction of consumption. We knew about this reduction until March. We don't know what this reduction will be. This is at a slower pace because the activities in the industry are increasing. So we've only partially sold this reduction.

### Q - Pedro Medeiros {BIO 16187063 <GO>}

So the assumption there is that you're going to be able to close contracts above BRL145?

**A - Manoel Torres** {BIO 20231580 <GO>}

No. We don't think we are going to sell contracts above BRL145. But we can have a spot price above BRL145 or not have the reduction we expected and then become in a short position and have to buy or even pay a penalty. So since we are very cautious and prudent, we leave a buffer, a margin there.

**Operator**

(Operator Instructions). Our next question comes from Mr. Edoardo Cancial [ph] from Itau Unibanco.

**Q - Unidentified Participant**

Good morning. I have two questions. First one, I would like to know if you could give us an update relative to the schedule of Estreito and the startup of the plant. And also, I would like to know, in the new energy balance there is a reduction in the average megawatts of your own resources. What is this small reduction and why was this reduction placed here? Why did it occur?

**A - Manoel Torres** {BIO 20231580 <GO>}

The Estreito schedule, although last week the flow was higher than in the last 50 years, because the rain in Maranhao will continue to stay, we are still working with the original schedule.

As regards the reduction by 24 megawatts on average that you see in the item on resources, it's a small delay in the startup of operations in Sao Salvador. We had some technical problems in the acceptance of Sao Salvador. This is -- more and more it's common to happen. So we had to delay the startup of operations. And in the average of the year, there was an impact.

**Q - Unidentified Participant**

Thank you very much.

**A - Manoel Torres** {BIO 20231580 <GO>}

If you want to know how long, you multiply 145 per 12 or by the 24 per 12 and you will see how many months. Okay?

**Q - Unidentified Participant**

Thank you very much.

**Operator**

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We now close our Q&A session. I would like to give the floor to Mr. Manoel Torres for his final comments.

## A - Manoel Torres {BIO 20231580 <GO>}

I'd like to say that first, the effects of the crisis and decline in economic activity is marginal at Tractebel. We have 30% of the energy sold in the free market with a 20% anticipated reduction in the consumption. 10% of 30 corresponds to 3%. And this can be a market to the spot market. So the effect on the revenue is marginal and can be positive or negative.

Secondly, the result of the Company is not based on the trading chamber. It's based on the trading what we do. And it's fascinating. And we want to discuss the variation on CCEE because we have this gain. Our price is increasing and we have virtually 100% of the capital. This what gives our high results and our costs are totally controlled. We have a low debt and low exposure. You know the trading chamber is upside or downside and it's marginal.

I thank you for your attention. And we have our telephone numbers, our email if you have any questions that I can further answer. Thank you very much.

## Operator

Tractebel teleconference is concluded. We thank you for your participation. Have a nice day and thank you very much.

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