

Y 2011 Earnings Call

Company Participants

- Corporate Participant
- Wilson Ferreira Junior, Chief Executive Officer

Other Participants

- Analyst
- Diego Moreno
- Marco Sivini

Presentation

Operator

Good morning and thank you for standing-by. Welcome to CPFL Energia Fourth Quarter of 2011 Earnings Conference Call. Today with us we have Mr. Wilson Ferreira Junior, CEO of CPFL Energia and other officers of the company.

This call is been broadcasted simultaneously on the Internet at the Investor Relations website of CPFL Energia at www.cpfl.com.br/ir where you will find the banner for the presentation.

We inform that all participants will be in listen-only mode during the company's presentation.

Afterwards there will be a Q&A session when further instructions will be given. [Operator Instructions]. I would like to remind you that this call is being recorded. Before proceeding let mention that forward-looking statements are being made under the Safe Harbor of the Securities Litigation Reform Act of 1996.

Forward-looking statements are based on the beliefs and assumptions CPFL Energia management and our information currently available to the company. Forward-looking statements are not grantees performance involve risks, uncertainties and assumption because we believe future events and therefore depend on circumstance that may or may not occur. Investor should understand the general economic conditions, the industry conditions, and other operating factors could also affect the future results of CPFL Energia and could cause results to differ materially from those expressed in such forward-looking statements.

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Now I would like to turn the conference over to Mr. Wilson Ferreira Junior. Mr. Ferreira, you may proceed.

Wilson Ferreira Junior {BIO 20013669 <GO>}

Good morning everybody analysts and investors that follow us in our conference to present the Q4 of 2011 results. I would like first to mention the highlights for Q4 of 2011 on page number three. Our results is very much driven by these highlights. The first one is the growth in sales in our concession area of our A distribution company, the strong growth in Q4 for 0.6% growth. And you can also see some difference between our concession area of distribution companies and the behavior in the regions where they operate. And the second block of remarks has to do with the transactions made by CPFL Renováveis, the company that we pre-entered during last year and that is very active since its inception. Here we highlight not only the conclusion of the acquisition of the Santa Luzia SPP in December but also the conclusion of the integration of CP at the end of the year. And this year already some other transactions, one was recently announced two days ago, co-generation of biomass assets within Ester a R\$111 million that was closed in March this year.

And the Bons Ventos wind farm a 157.5 megawatts in operation for R\$1.62 billion closed in February and the acquisition of the Atlântica wind farm 120 megawatts in under construction by CPLFL Renováveis and the transaction happened in January. And by announcing these results we are proposing a payout of R\$1.506 billion in dividend related to 2011 which means a dividend yield of 7.1%. And during the period we concluded R\$703 million investment in Q4 2011 and R\$1.900 billion in 2011 overall with a CapEx estimated for the next five years of R\$8.3 billion between 2012 and 2016.

We believe it's important standing from the integration of CP I would like to mention the increase in the stake of CPFL Renováveis by means of two of our subsidiaries and now our stake is 63%. And also in the case of the Epasa due to a decision at the beginning of the year we had an adjustment in our stake going to 52.75%. We highlight some financing obtained in the case of BNDES for the Salto Góes and as a consequence of these actions in distribution and generation. The appreciation of our stock by 34% exceeding the Ibovespa and the IEE and this also occurred in the United States at the New York Stock Exchange with 26% exceeding Dow Jones which was 5.5% and for the seventh consecutive year our company participates.

In the -- sustainability index. And during this presentation, we will have the opportunity to go into details on page number four just to update you on our business new variation in our free float in our control block and maybe some other details about the businesses where we are involved already highlighting there is a 60% to 80% in the company, and also more details about the division between commercialization and services.

Now going to page number five. In the next couple of pages, we tell you about the energy sales by the company in Q4 and in 2011 as a whole. On page number five, we have the sales performance in our concession area of 4.6% growth which is the weighted submission of growth in the captive market 3.2% and also the growth in sale to two consumers in the concession area of the distribution companies, a 8.5% increase. Besides

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the captive sales in the pre-captive market, we have the behavior of 2.3% growth and we've practically maintained our energy sales stable in the free market and 4.6% growth in energy in our concession area. The highlight year is in commercial segment, 6.8% growth, residential segment 5.3% growth and also industrial 2.8% growth in this quarter. Overall together with others 6.6%, 4.6% and here on the right there is an important comparison about the potential of our concession area for the eight distribution companies in the region of comparison and in the national comparison of Brazil last year in the SKU grew by 2.8% and our sales was 4.6% and this is driven by an expected growth in the southeast region of our seven distribution companies 4.2 vis-à-vis 1.6 in other distribution companies in the same region and also important behavior of RGE in the south 6.4% the south region went up by 4.5%.

In the next slide on page number six, you can see a similar behavior of 4.9% in the total areas of concession slightly higher and here we are talking about 1.7% in the captive market and free consumers 14.7.

4.9 at the end of the page. You have the concession sales, a similar behavior than the one in the Q4 commercial 6.6%, the strongest, residential close to five, others led by --and public 6.1% and industrial 3.9 amounted to 4.9% total and in sales of energy a 1.1% growth, 1.7% in the captive market and the drop of 0.7 in Commercialization, 52,090 gigawatts 1.1% growth year-on-year.

And on the right in a comparison per region you can see a similar behavior. The Group growth 4.9% whereas Brazil 3.6% in the Southeast. The Group growth 4.6% vis-à-vis 3.5% in the Southeast and then the South 6.5%, and 4.2% the region. So it's a very important performance in the region where we operate, which reveals some evidence on page seven the potential of our concession areas where we have our assets. On the upper part in plenty the projection of opening of new shopping malls in the next few years. 25 shops being constructed and we have 14 in our concession area and on the right we see the behavior of the residential segment.

And comparing the last 10 years up to 2010 and a projection for the next 12 years. You can see from São Paulo state, 11.4% growth in this period and in our area 14.1%. On the lower part of the slide you can see that this behavioral should be maintained 7.7% growth estimate for São Paulo and in our concession area 9.5% estimate. From IBGE and LCA behavior a similar behavior in --. Two of the six shopping malls in our concession area and a higher growth into number of consumers be it in the recent past or in the future that is projected here. So you can see that the two segments that drives and that have lower voltage that is to say higher average tariff, they have a differentiated behavior in the concession area of our distribution company. So having made this introduction, let's talk about the results of page eight. We have an IFRS, the format reported and published and the format that we believe is more adequate especially for analyst in terms of evaluation of the recurrent earnings and here we have a table on the lower part of the slide with what was considered non-recurrent in EBITDA and net income.

IFRS we report a growth in our net revenues of 7.1% reaching R\$3.4 billion in Q4. There was a growth in the EBITDA close to 1% reaching R\$978 million in this quarter and net income growing by 22.6% reaching R\$443 million in this quarter. When we talk about the

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recurrent results considering the expenses regarding restructuring of our operations be it because the merger with -- or integration of -- the sale of assets that we sold in Q4 2010. So the non-recurring events are quite low when they impact. On the EBITDA's line for our net income results beside the provision of our IPO of CPFL Piratininga in terms of net revenues and other regulatory assets and liabilities with smaller variations.

But considering all these non-recurring events of this year they are of a lower magnitude and we have practically the same behavior in terms of our net revenues reaching 370 and recurrent EBITDA slightly higher R\$989 million in Q4, 18.6% growth year-on-year and net income R\$448 million slightly higher than the one reported 19.8% growth. So be it in the recurrent result or the report of result, here we are talking about very important results coming from the activities of our group. And when we go through the next page, the result for 2011 as a whole, the whole year, we have an additional non-recurring events here.

And here I would like to mention first the incentive based redundancy program and initiative that was negotiated with the labor units in order to make retirements feasible 450 people more or less are being impacted R\$450 million investment which allows us to reduce our cost already with this amount of R\$225 million annually. So, this is a major investment not only in terms of economic result, but also the modernization that we will be able to have and change in our CAGR as right now when we will have the periodical tariff reviews.

I had already mentioned these expenses regarding distraction of ASA incentives, the ISS positions for company -- HPP non-recurrent in Q3. The difference in the cost of energy in 2010, it was reported to you already in the last few meetings. The accounting adjustments because of depreciation and the UBP of the plans, because of the IFRS provision for labor contingency of CPFL Paulista 2010 and the action that we had was paid for it and Piratininga -- the net positive effect that we had over 2010 and the sale of assets of Piratininga 11 million in the last quarter of the previous year. The total non-recurrent at 31 million for EBITDA effect in 2010 and 68 million negative in 2011. And the same behavior here 23 in 2010 and 58 here net income, but we are reporting as I said before results for the year a growth in our net revenue of 6.2% reaching 12.764 billion, 12.5% growth in the EBITDA 3.789 billion and on the last slide net income R\$1.582 billion and the recurring amount means 4.2% increase -- 4.2% in net income increase, 14.8% increasing EBITDA reaching 3.786 billion slightly higher than what was reported on the last line 1.583 billion, a 4.4% increase.

Okay. Now lets talk into details about EBITDA and net income. Lets turn to page 10. Our EBITDA as you can see on the slide. Here we are considering the inner part of the source reporting R\$810 million to R\$978 million.

And the major driver here is the increase in our net revenues, which is made up by sales in the captive market and the tariff adjustments, 3.2% increase in sales to the captive market and the tariff adjustment 7.4% accounted for 214 million increase in the --, R\$ 13 million, 4.1% and which are the additional revenue of the HPP at the end of 2010 from the Chapecó and over 2011 CFFL -- amounted to 18 million outside the Group and the total is 108 million and these 18 million are posted under the -- offsetting an 11.7% increase in

revenue deductions from this great growth in these three elements of growth 166 million overall. Mainly the increase in -- charges R\$ 65 million.

So we had an important increase here of R\$ 219 million in our net revenues and followed by a very slight increase of 0.1% in the cost of energy and charges R\$ 2 million. And also followed by a 12.5% increase in operating expenses and costs amounted to 48 million, the recurrent results mainly to the start of Piratininga and CPFL Renováveis due to consolidation effects. The gain with the sale of assets of Piratininga that I have already mentioned before last year. And the expenses for restructuring of the -- which are non-recurrent reduction of Piratininga generation and a higher recovery of bad debts of --. These are non-recurrent. So except the major the non-recurrent effect between the first one, we have a personnel PMSO recurrent dropping by 2.4% or R\$9 million and we are doing this on a comparison with the IGPM of 5.1%. So, this is a very important result of growth in the market volume and revenues that accompanied by a slight increase in the purchase of energy and charges and a reduction in the recurrent operating costs of 2.4%.

So, you can see this is a very clear picture of our strategy and the efficiency or the search for efficiency by the Group.

When we go to page 11, you can see the net income details and the major driver for the growth 262 million to 443 stands especially from the increase of the EBITDA 20.8% to 168 million. And on the other hand there is a reduction in this variation due to the deterioration in the financial results 56 million and we try to separate them in order to facilitate the 49% increase in financial expenses 131 million especially focus on investment that we made and the acquisitions and the pre-funding as well reminding you that we have the whole set of deals especially in last year, we were able to settle beforehand some of our commitment and in 2011 we are having a -- of R\$ 200 million.

So, this is a very adequate strategy by means of which we were able to borrow resources in very favorable condition and -- of our commitment and increase the turn of our debt which is very important. And on the other hand the increase in the CDI for our financial expenses, this is an important factor 0.11 percentage points R\$ 9 million and the effect of the exchange rate and the Itaipu bills R\$ 13 million besides the start up of Chapecó APP and Renováveis which are followed by the financial expenses of these investments that were over the construction period.

We had a great period for these financial expenses up to the moment they are started up. So here we already see the financial expenses of these investments already occurring on a current basis and besides we see the increase in charges and debt, an update of debt with the acquisition of Jantus and 58 million. And on the other hand the 49% increase in our financial expenses, we had a 50.1% increase in our financial revenues exactly because we had more cash during this period and we had a R\$ 76 million increase. Therefore and between the 131 of the expenses, 76 in revenues gives us 56 of deterioration in the financial results.

And besides we have 12.1% increase in depreciation and amortization, very clearly because of the start-up of new investment for the Chapecó, EPASA and CPFL Renováveis.

And plus was a change in legislation regarding the PIS/COFINS credit on depreciation and 15 million favorable impact and 18 million and a increase of social contribution and income tax, which we already had during this quarter and increase in the use of the fiscal project tax credit R\$18 million. So, the increase in income tax and social contribution was R\$8 million and the improvement was 18. So 35 in 2011. So the variation is R\$18 million or almost twice.

An important operation in this sense of cash preservation. With this we justify the growth of 22.6% on the basis reported of our net income for Q4 for IFRS year-on-year.

Now let's go to page number 12. And see the destination of our net income, R\$ 758 million we proposed in terms of dividend payout, a 7.1% dividend yield, and since the IPO since September 2004 the company has been paying out 95% of it's net income as dividend in this period it was slightly higher than R\$ 9 million one of the most important dividend payers listed at the FBOVESPA.

Now, on page 13 just to follow the acquisition and then project that are other way at the company and namely in the renewables area. So the first consideration had to do with the Bons Ventos Wind Farm which is already in operation. This is the snapshot of the site in -- slightly higher than R\$ 1 billion invested in 157 megawatts installed start-up was in 2008, in 2010 during these quarters that you see on the slide. And the asset is very important due to the proximity with assets owned by the Group in the " Sierra state and because of the PPAs, the 20 year PPAs of in fact R\$290 per megawatt hour and we also made two acquisitions, one already meeting a strategy of diversification by the company Renováveis and the different characteristics vis-e-vie all the other comparable companies. The diversification of sources of generation, so the company has more balanced portfolio between wind, biomass and SPPs and this is a difference characteristic from other company's of CPFL Renováveis and another characteristics that is we develop is we do the diversification the Atlântica Wind Farms that acquired at the end of the year already diversifies the region. So you can see that we have wind farms in the Northeast of Brazil. And in the South of Brazil with this acquisition a 120 megawatts under construction with the PPA from August 2010 amounting to R\$ 147 and R\$ 0.44 per megawatt hour.

So this diversification in terms of regions is important and I would like to remind you that in terms of biomass we have been doing exactly the same. So we have biomass assets in the Northeast. In the Southeast region and under construction in the South the -- branch with the long standing relationship with CPFL biomass in operation with very important growth perspective for growth for volume and some investments will be made in order to increase by 50% the volume produced by this plant in the next 10 years installed capacity 40 megawatt, a PPA of 7 megawatt, average megawatt of '11 of energy assured and R\$177 in 15 years than in the ASA of 2007 and 4 average megawatts are being commercialized.

In the free market and here once again it's important to see that we have wind assets in the Northeast of Brazil and in the South we have biomass asset. In the Northeast of Brazil and the Southeast and the South that are under construction. We also have SPPs mainly in the Southeast and the South regions. So this is a second difference. And the third difference is the fact that all the assets of the company that our under construction or in

operation have long-term PPAs. Over 80% of the PPAs are PPAs with the system that Brazilian system coming from the auctions and 15% to 20% of our PPAs are with CPFL Brazil with the free market.

And on page 14 I would like to talk about the stalk of our assets here. The next one to be stalked up are by -- which was started in Q2 finance by the BNDES with the -- in the free market. 95% is concluded already. Bio Pedra which commenced already also by the -- and in Santa Clara Wind Farm with the major capacity of 188 megawatts financed by the BNDES as well. And this was our first operation in terms of the regulated market in the year of December 2009 and the LER of December and the that averages R\$ 168.32, at the time it was R\$ 150 per megawatt hour.

So despite our 283 megawatts, we started up in 2012, a 109 average megawatt and part of that case in the -- auctions. In 2013, we continue to deliver our project, 348 megawatts over 144 average megawatts, the south Salto Góes SPP here in the end of the 2010 at R\$ 160 megawatt hour with an installed capacity of 20 megawatt and the two biomass TPPs Coopcana and Alvorada in Minas and Paraná already with this diversification that we mentioned and already under construction 8% started and with agreements with the BNDES already and the two supplementary complexes of the Macacos complex and the Campo dos Ventos II both for Q3 2013 with over 100 megawatts each one of them also commercialized in auctions of the system with the LER of August 2010 a 133.7. And Campo dos Ventos and Macacos a 137.3.

Here we have the deliveries of 2014, 250 megawatts, 254, 128 Campo dos Ventos operating in the free market and the São Benedito Complex for Q4 2014 in addition to 116 megawatt already for an operation in the free market of pioneer and the group.

And with that on page 17, we have the details of our CapEx. The CapEx 8,300 million for five years, 2,143 million for 2012 and you see the breakdown of these operations and here it's important to stress especially regarding the consolidation of our operation of renewables 2,943 includes a 100% of the CapEx that was announced by CPFL Renováveis 1,683 but the Group CPFL has 63% of that. And on the same comparison the two 943 SPP like 350 viz-e-vie 905 for 2011 and we continue to be very active in the growth of our distribution company, 1.207 billion investments in conventional and renewable generation 1683 and commercialization of services 54 for the year and 230 for the period.

Now lets go to page 18, just to give you details about our debt, a slight growth in Q4 coming from the CDF 4.3%. Our debt is decreasing consistently and break-down you can see here 59% CDI dropping slightly coming from the growth in long term interest rate 34%, fixed 4%, so 38% of our credit volume is the BNDES and 3% long term interest rate 34%, pre-fixed 4%, so 38% of our the credit volume is the BNDES, and 3% the IGP, the indexation factor of the pension fund 3%. Because of that our net debt closes the year at R\$ 10.7 million with the cash availability of R\$ 2.7 billion.

Debt-to-EBITDA at 2.84. Excluding the debt of the projects that are under construction and therefore do not produce EBITDA would be 2.55 times and the way is the same in the two agencies that cover CPFL.

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And finally on page 19 just to tell you the performance of our stock. I had already said that the beginning CPFL exceeding IEE IBOVESPA in IEE IBOVESPA in Brazil and Dow Jones Br20. In the United States you can see the performance of our stock is higher and the average daily trading volume IBOVESPA and New York Stock Exchange reaching R\$ 31 million daily. And it is private company with the highest liquidity among all the companies listed And on page 20 we in the ISE index for the seven consecutive year And it has very relevant participation in the electric sector at 29% at BSO is one of the 13 companies that remain since the first addition in December 2005.

And as I've said before it's a major presence and participation is 1.8% in the ISE and I would like to conclude presentation telling you about our satisfaction in receiving the yield money best managed company in Latin America in the utilities area, utility sector. So to go with my team, we are available to answer any questions that you might have. Thank you very much.

Questions And Answers

Operator

Starting now the Q&A Session. [Operator Instructions]. Our first question comes from Diego Moreno from Merrill Lynch.

Q - Diego Moreno {BIO 16605588 <GO>}

Good morning, everyone. Just a question on acquisitions, renewable assets. I can see you are very aggressive when it comes to acquisitions delivering a lot of M&A in this factor. So what is the Groups views when it comes to future M&As. Is there a lot of room for new acquisitions, particularly with small groups or at about infra assets or even assets that sold energy in the auctions that are nor under constructions are being defeated.

A - Corporate Participant

Diego, thank you for your question. What we can see right now is there is still a lot of room for consolidation. The sector has been growing very recently, but it was very diluted. So no longer do we have assets, these are small assets but no scale and the outlook according to investors was to monetize after some time once they were concluded. But we also consider assets some of you are familiar, the company has some of these assets they are delayed and we have a hard time to make them effective.

And for each and everyone of them naturally the company have been very selective in terms of opportunities. And we try to be very selective when it comes to the quality of these assets and also the outlook in the future if they are in extent from the synergy viewpoint. Some of the operations that we'll announce take for instance wind energy in the Northeast was just announced that there is a possibility to have a join management with our city assets.

Santa Luzia for instance is closer to Santa Catarina so that allows you to have more efficient management of these assets lowering costs and by doing so, adding more value.

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So there is a direct relationship between the value of these PPAs and obviously when we compare them with what is being considered by current auctions. So there is a lot of opportunities. Think about the acquisition of Atlantica with PPA amounting to R\$ 175 megawatt per hour. The construction work has already started. And therefore our level of return will be far more adequate compared to what we would have for instance in the current market.

So the company is keeping an eye on it. It is very active. But we have a clear perspective either by adding value because of the quality of the asset, but also by the synergy that can be brought with the other assets in the group. Thank you.

Operator

Our next question comes from Marco Sivini from Itau.

Q - Marco Sivini

Good morning everyone. Good morning Wilson. My question has to do with energy prices in the free market. It's a strong market. The pricing in the stock market is very high particularly if you consider that area to in the rainy season, R\$139 or R\$117 in the rainy season. So what is your expectations viz-e-vie price in the free market. Do you believe that we can expect a recovery in this prices particularly when it comes to the industrial activity. Please note that for commercial and residential, these activities are faster compared to industrial. So has anything changed or are we in the same scenario of surplus energy prices in the free market going down and maybe you could delay that with energy prices, what about this link, incentivised energy? Thank you.

A - Wilson Ferreira Junior {BIO 20013669 <GO>}

Marcos. Thank you for your question. Happily we have we will have -- with us. He is our planning officer and you can get into get into more details on the topic. So the first concept is now we are in an typical phase going slowly and that has an impact on the stock market prices as you mentioned. Our expectation is for the so called short to mid term is R\$ 103 or R\$ 110 for conventional and R\$ 120 to R\$ 130 to incentive, but I'll ask but I will ask -- to go into more details right now.

A - Corporate Participant

Good morning. Your comment was quite interesting. As for your business and atypical time flow is lower than expected. Please know that storage is due in the expected range around 80% in March, 80% of the useful rate for the interconnected system. So that will allow us not to have price spreads in the dry season and this closing rate is crucial for the other period, but we expect to have stable prices and that's why we understand that the market prices are from R\$ 100 to R\$ 110 megawatt per hour.

Q - Marco Sivini

Well, that was exactly what I wanted to know. But just another comment, what about the average. Do you think we should have higher thermal charges this year compared to last year?

A - Corporate Participant

We're already considering orders for operation purposes. But in 2011, 2011 was a typical milestone. We had a rainfall in March, it was very positive and we closed 2011 well. So probably the agency will be working on this thermal dispatch.

Q - Marco Sivini

So, that's the standard procedure in order to have the same figures in November. Thank you.

Operator

Next question from Alessandro Garcia, Citigroup.

Q - Analyst

Good morning, Wilson. Good morning, everyone. My first question has to do with other revenues. We could see that you're not Piratininga based on -- process. So actually I have two questions first what is the amount of the provision?

Had it occurred in the Piratininga, in addition maybe you could do this in more details on the process development arguments on the company's expectation?

A - Corporate Participant

First question. Okay. No provisions, it would be R\$ 4 actually and no provisions is based on the premium of the -- on the probability of success for the classes which is very high.

So that's the reason why we had no provisioning.

Q - Analyst

Okay, so the amount would be R\$ 4 million?

Wilson, can you hear me? So can we ask a second question?

What about invest demands Wind Farm, Atlantica that were acquired early this year? I'd like to know if you could give us CapEx figures and also the conclusion of the process? Did you have any gain of scale through the process, do you have a chance to renegotiate the agreement or what CapEx already closed?

A - Corporate Participant

I cannot share any information on CapEx unfortunately, but I can tell you thought we expect this CapEx enures rates of return that are equivalent to what we had in our bonds when we started our construction work. And we did not close the -- we only closed with process upon acquisition. So the process is already concluded now.

Q - Analyst

Got it. Perfect, thank you.

Operator

Next question from --.

Q - Analyst

Good morning, I have a couple of questions. My first question has to do with the figure effect you mentioned about the impact of --. If you look on the map, we come to an impact by the full quarter around 40% in EBITDA. I would like to know if this order of magnitude or impact can also applied two NREGA distribution companies?

The second question has to do with Wind Farms. So you can based on contracting in the three markets through the commercialization company, right?

In this case, you have a long-term agreement by the commercialization company and sometimes it become shorter in the end and you have the risk for commercialization company when it privacy or so. So what about the scalability by our commercialization in the free market for Wind Farms?

Let me begin Marcello by addressing the impact of Piratininga on other companies. Piratininga was the company that has a highest market over four years. In other words as we expected, it was the Group company that theoretically was more affected by the review, as I mentioned from 25% to 30%.

The impact that we expect in other companies with lower market gains as they only have the reviewing 2013 ranges between 15% and 20%. And the total for the Group will also be around this range Piratininga stake is lower than 15% for the whole group. So the largest company should have lower impact, lower market gains and review will only take place 2013.

The second topic about wind farms. To begin with how should I proceed. We were shy when it comes to making positions in the free market on a long term basis for the Group price wise. We have a bubble right now, supply of wind energy. And therefore prices are very low. We don't believe we will be maintaining these prices on a perennial basis. In addition we should also keep an eye on the volume that we are taking and compared to the size of the it is very small. We have a chance to share this market, the incentivize energy market. This market -- the demand is not fully matched. There is market speculation that from five to eight times the volume that we can see at CCE today.

In other words, we do have our positions and our stake is small when it comes to the renewables operations. As I said before it is very small around 15%. It is broken down into wind farms, biomass and small hydro plants. Our systems are high end. So we can be very -- when it comes to our positions. The main remark has to do with the size of the market. Our position was very favorable when it comes to the growth of the market that is not

fully met. As to the demand and that what we offer, we are conscious enough and we keep an eye on our risk position, that's what we've been doing. Thank you.

Operator

[Operator Instructions].

We're closing the Q&A session. I'd like to give the floor back to Mr. Wilson Ferreira Junior for his final remarks. You may proceed sir.

A - Wilson Ferreira Junior {BIO 20013669 <GO>}

Once again I would like to thank you all for joining us in this conference call for the fourth quarter.

Just highlighting the strategy right now. Over the last few years, the company has been very much focused on a efficient, synergistic operation, and distribution. There is no doubt that every four to five years we have the impact of the -- review and those impact. In addition to the drivers already, we have to highlight the actions taken by the group in order to mitigate fully or partially this impact. Obviously we are getting ourselves ready not only through operating actions but also corporate actions in order to face the process, which is a regular standard projects related to our activities. So it is true that the impact of -- brings tariff down. And it's also true that the company should provide further efficiency in the market. Actions like the incentivized retirement program or to expand the service center actions in the group not including financial activities. Other actions such as the integration of technologies particularly in the Group and connected to our labor force management not to mention the integration of our euro based budget as a basic tool for all the group activities and these are all actions that can yield higher results for the group in the years to come, so much so that we can synchronize and mitigate any impacts stemming from the review. On the other hand, it is also important to highlight the actions taken by the Group when it comes to renewables.

Considering the projections for the future that's the -- that grows faster when it comes to demand in Brazil and that's very good for Brazil it's a point of uniqueness we have a very cleaner which will become even cleaner when it comes to the development of this versus we're very proud to say that we've heard about this three to four years ago and it takes about half investment in the Group, it's a new activity with a different perspective for growth and we're absolutely committed and delivering these projects on a timely basis when it comes to our early forecast.

So, that's a very important topic and we are very bullish about the future, because we believe there was potential and particularly the potential of the areas and business we are currently involved in and now more recently. Now, if we had a repetitive behavior or the same thing about half with CDI comps in 2011 and 2010 then the bottom-line will bring about R\$120 better. So that's the view we have today.

CDI once again if at one digits. If you think of the company that run businesses in order to optimize it's capital structure with the right diligence, it will also bring additional benefits to

the Group. So that's a very positive outlook for the year and also for the company's business. Thank you very much once again for joining us at this conference call.

Operator

If you have any issues with this conference call -- it's coming to an end, well thank you all for joining us, enjoy the afternoon. Thank you.

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