

## Q4 2014 Earnings Call

### Company Participants

- Anamelia Medeiros, Market Relations Manager of GDF SUEZ Latin America
- Eduardo Sattamini, CFO and IR Officer

### Other Participants

- Benicio Subone, Analyst
- Marcos Severine, Analyst
- Vinicius Canheu, Analyst

### Presentation

#### Operator

Good morning. This is the Tractebel Energia conference call where we will discuss the results of the Fourth Quarter and full-year 2014. (Operator Instructions) We would like to remind you that this teleconference is being recorded. This presentation followed by slides will be simultaneously transmitted to Internet at [www.TractebelEnergia.com.br](http://www.TractebelEnergia.com.br) investor section. A slide presentation and the Company's earnings release are also available on that website.

Before proceeding, I would like to clarify that any statements made during this teleconference regarding the business outlooks of the Company, should be dealt with as forecasts that depend on the country's macroeconomic condition and the performance and regulation of the investor sector besides other variables. They are therefore subject to changes.

We have with us today Mr. Eduardo Sattamini, CFO and IRO for Tractebel Energia who will talk about the Company's performance in the Fourth Quarter and full year of 2014. And Ms. Anamelia Medeiros, Market Relations Manager from GDF SUEZ Energy Latin America, who will present an update on the development of Jirau hydropower plant. Ensuing this we will have the question-and-answer session. It is now my pleasure to turn the call over to Mr. Eduardo Sattamini. You have the floor, sir.

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

Good morning, to all of you. Initially, I would like to apologize for our slight delay. We had a disconnection of our web conference start and it took some time to begin again.

We're going to go on to the slide on page number 4 where we have our performance highlights in the Fourth Quarter and for the year 2014. You can see that the recovery that

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we announced in the Second Quarter that should take place during the third and Fourth Quarter of 2014 did in fact materialize. The Company recovered its results in terms of results until the Second Quarter. We had BRL380 million of reais and the company ends the year with BRL1.333 billion. This is proof of the recovery and the strategy of allocation during the Second Quarter, maintaining the price settlement difference at a very high level once again during the Second Quarter, enabling the Company to once again regain good results.

We're going to speak about revenue, their income, they had an increase of 4.8%, quite high because of an increase in the average price of energy contracts for the Company. We have an increase in the sales volume of the Company and the short-term operations also contribute when we think about specific months because it works as if it were trading and therefore it also leverages the Company's sales, sometimes showing that the sales are higher compared to other indicators.

The EBITDA for this year had a reduction of 4.8%, especially due to the stoppage that we had and a deficit of energy. This is an indicator of energy deficit when it goes below one as a set of the generation -- in the plants we see that we are generating less than the commercial capacity of the Company. Last year we had a GFS of 0.96, a deficit of 9.4% and once again, this reflected the need to contract some energy to be able to honor the contracts. But this wasn't the amount uncontracted by the Company. We were forced to go to the market to buy energy to be able to cover our position.

Our margin between 2013 and 2014 was reduced, once again because of this GSF and the high prices paid to be able to recover the energy. The average prices last year were higher than 750 megawatts per hour. And because of this, we have a drop of 54.6% in 2013 to 47.7% in 2014. Net income was a loss of 3.7%. We went from BRL1.383 billion in 2014 compared to BRL1.4 billion in 2013. We had a slight increase in megawatts per year and a reduction to 4,232 in 2014 compared to the average price going to BRL149.2 per megawatt from BRL152 before and the production well above what we had last year but once again not necessarily reflecting in income.

When the system as a whole does not respond as it should, we are forced to carry out energy transfers, based on different rates. We had a greater production between 2014 and 2013. But this not necessarily has an impact on our results.

We go on to slide number 5 where we continue to refer to our performance highlights for 2014. In the Fourth Quarter, in November, the Company sold or participated in the generation auction A-5 with three projects with three projects, the Campo Largo 1, the CIO [ph] project, trading a total of 386.9 average megawatts. Additionally, we are going through the first phase of Campo Lindo, this under a regulated environment. And another five projects have undergone construction and they are destined to the free market part of this has already been traded.

These new constructions will enable us a growth of 12.7% in the Company's installed capacity. Once again enabling the Company to grow to these generation auctions. And the price levels will once again be compatible with the risk levels and the return for

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investors. We did spend some years with poor results because the environment did not present attractive returns because of the risk profile. Another highlight for the Fourth Quarter due to the consecutive deficits.

We, for the 10th consecutive year the Company's shares have been included in the BM&FBOVESPA's Corporate Sustainability Index. In December 2014 Standard & Poor's reiterated the AAA for the Company as credit rating for the Brazil national scale. The Company once again remains stable and this is the outlook for the future.

At the board meeting, the Board of Directors approved the proposal to pay out additional dividends for 2014. Once again with a complementary payment referring to 2014 of BRL172 million, an increase of 0.2636% subject to ratification by the annual general meeting.

We go on to slide 6. We would like to remind you that we are part of GDF SUEZ with 99.12% of energy. Since the beginning we have been in the market for 10 years and we entered BOVESPA in 2014. So we expect a good year in 2015 and slide number 7 you can observe our very diversified asset portfolio. Once again with very strategic locations we are growing in terms of the complementary sources, wind farms, biomass. And hydroelectric plants. And we are somewhat stagnated in terms of hydroelectric plants. This should change at present with the new opportunities that we have ahead of us.

Our policy is to grow in a very safe way which means that we have lost capacity but we haven't lost market share. We make investments to offer greater profitability to our shareholders.

We go on to slide number 8. That shows you our leading position in the generation sector. We are the largest private player, with 5.7% of installed capacity. Between the private sector by far we are the largest player and we intend to continue on with a growth of 2.3 gigawatts as you can see in the graph to the left. Here you have the composition of 2.3 goes out to 327 [ph] Santa Monica Ferrari with 15. And Jirau with 1,500 megawatts. And once again, through the controlling company, the idea is to probably print for [ph] all of this to Tractebel Energia.

In slide number 9, we present to you a very balanced portfolio and the breakdown of our clients. We remind you that there has not been any plans. We only had access to the regulated market through auctions. And the possibility of selling to the regulated market generated a great deal of uncertainty in terms of the Company cash flow. And because of this, the Company has decided to have greater predictability of its cash flow. And that is why we are selling our energy in advance of the free market with the changes in regulation and with the possibility of having future auctions that possibility of selling to the free market becomes ever more concrete. Once again, there will be possibility to sell the existing energy as well to the regulated market in a very competitive way.

We go on to slide number 10 where we speak about the diversification of our free customer portfolio. The Company seeks to diversify among the different segments of the

economy to avoid the specific risk of specific sectors. And we are focused heavily on the free customers.

In 2014, we had approximately 1.5 average megawatts. This year our customer portfolio should allow us to get to 2,100 average megawatts with an average price of BRL200 per megawatt between 2014 and 2015.

We go on to slide number 12 where we comment on the market situation. You observe that there is an ever-growing dependence on electric powered system. To the right, you can see the supply of thermoelectric plants which is -- and the reduction in the orange bars -- and we already identified the characteristic of this system since 2013 when we see the even with our production, this system is no longer fully serviced by hydroelectric plants. There has been a shortfall and a systemic shortfall in this. And all of this is exerting pressure in energy prices and of course greater volatility in the short term prices.

In terms of the market balance, to the left of the slide you can see that there is some structural surplus -- theoretical surplus -- and this surplus will depend on the coming into operation of our projects this year. For example, evidently there will be a shortfall in delivery. And this is what we have observed during the last few months.

We go on to slide number 14. We refer specifically to the Company situation in the short and medium term. To the left we have a position that is not very comfortable but it is improving. We have 99 megawatts free. And to this portfolio we can also add the thermoelectric surplus and we have good commercial capacity. And we're always generating more energy that is always being settled through that price difference. We have not included in our energy balance the gas supply that represents approximately 130 megawatts. And therefore this group of sources offsets any shortfall that we may have, perhaps not totally. We see a more comfortable position.

To the right, we have 378 average megawatts. And this is what would be considered normal for our operations. We do have a growing amount of energy for future use thanks to our trading in the period of 4 to six years as you can see in our contracts and because of our free customers; therefore, we will have this gradual growth. And this way of trading enables us to capture price rises and protect ourselves from the increase in spot prices. There is a price cycle of course. And this has enabled us to optimize the prices through this way of trading.

In slide number 15, our energy balance and perhaps the most important point here that you are very familiar with, this is the information that we convey so that the analysts can work with the figures of the Company. The most important figure here refers to the year 2019 and the coming into operation of the new projects. You can see that we will have 225 megawatts, once again from our three projects. Please observe as well that there is a sales activity for a considerable amount of energy with very interesting prices that we will be selling during the coming four years. We sold 50 and some megawatts only during the last quarter.

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To speak about expansion on slide 17, we have Anamelia who will present to you the uptake for the Jirau project.

### **Anamelia Medeiros** {BIO 16881348 <GO>}

Good morning, to all of you. And I would like to give you an update on the Jirau project. This is a project that is well known in the market with 3,750 megawatts of installed capacity. 50 units with a total of 75 megawatts each with assured energy of 2,185 average megawatts. 73% contracted under a 30-year PPA, indexed by inflation. And the balance of energy that is available will be sold by shareholders. We are awaiting the final decision, regarding our waiver discussions with Aneel and Federal Justice has been going on for some years. Once again, we are awaiting. We continue to negotiate, presenting our proposal based on the new guidelines.

In terms of the financing conditions for this project, from BNDES, a total financing of \$9.5 billion, amortization at 20 years, interest rate TJLP plus spread. And spread from 2.1% to 2.6%.

On slide 18, we have very good news to give you. 26 units are in commercial operation with 1,950 megawatts installed and two additional units that are synchronized, increasing the capacity to 2,100 megawatts. Another four units currently are under commissioning. You will see that we have 12 additional units since our last report at this plant. And this enables us that the full assured energy will be achieved in the Second Quarter of 2015 with the coming into delivery of the 33rd unit.

The Jirau units have presented successful operations with good overall performance. Some of the units presently are operating normally and they have been connected to the national grid.

In terms of -- we have commercial obligations with the regulated market that have been achieved since November 2014. And we have 95% of overall project process. And in the last call, we have referred to the additional value. And we do have a methodology that has been changed and other forms of compensation proposed by the regulators that are potentially available. Furthermore, we have additional long-term tax incentives in the region to make this project feasible.

On slide 19 you can see the physical advance of these works, differently from what we saw in the past. You can see that the construction is well advanced. On the right bank, the downstream view for October 2014 and the view for January 2015 besides this. To the left the first and second phase of the powerhouse downstream view. And the second phase that is being concluded and is well advanced. I once again give the floor to our CFO to continue with the presentation of our results.

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

We are on slide number 20 where we are going to refer to the projects Pampa Sul. It is fired with thermal coal. In Candiota in Rio Grande do Sul. Once again, it will be using as

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facility thermal coal from the reserve located in Candiota. We will connect it to the national power grid system through a short and existing transmission line which is under our responsibility. 294.5 average megawatts have been sold at an average price of BRL201.98 for a term of 25 years as of January 1, 2019. This will allow us to have income of BRL432 million. And the project should be concluded at the end of 2018 and come under commissioning and be connected to the national power grid system beginning in 2019.

Once again, this is a plant with 680 average megawatts. The first part has been fully sold and in the future, in that second development stage we will offer an additional 340 average megawatts to the system through a regional auction.

On page 21, you have the project Campo Largo wind complex. This is a project for the regulated market as well as for the free market. For the regulated market, we have six units totaling 82.2 average megawatts. Once again, selling at -- selling 135.47 megawatts for a 20-year term. At the same time, we have an additional five units with 148.5 megawatts installed, approximately 70 average megawatts and totaling 326.7 megawatts installed at 150 average megawatts. These wind complexes were sold in regulated auction and they will generate BRL1.7 billion revenue and, once again, the investment is approximately BRL1.7 billion.

We go on to page 22, the Santa Monica wind complex where we have four new units being Triari wind complex and there has been a transfer of eight wind complexes in the same region. Once again, all of this is destined to the free market. They were approved last year. And the construction is due to the intention to service new clients. It works with nonrenewable conventional power, once again to service clients -- new clients with nonrenewable conventional power.

On page 23, we refer to our Ferrari project that was acquired last year. The installed capacity at present is 65.5 megawatts with 23.2 average megawatts of commercial capacity. We are going to add 15 megawatts of installed capacity. This thermal power plant will begin operating in mid-2015. And we acquired part of this through an auction. And we have a 25-year contract that will begin in January 1, 2019.

We further have a project pipeline as can see on page 24. We have a farm wins complex of Santo Agostinho with 600 megawatts of installed capacity. Campo Largo with an additional 300 megawatts in Bahia Norte Catarinense with installed capacity of 600 megawatts, commercial capacity of 400 average megawatts fueled by natural gas. And the second phase of Pampa Sul TPP. This is a project that is attaining its maturity level and evidently, we have several other projects with a more advanced maturity stage.

We're going to go on to the Company's financial performance for 2014 on page 26. We give you a solid financial performance for the entire year. We have an increase of net revenues with a compounded annual growth of 14.4% or BRL6.4 million. But a decrease in EBITDA of 0.2% and 1.5% accumulated once again due to the difficulties that this sector has faced in the last few years. We hope that this can be changed as the regulatory changes come into action, once again giving a boost to our shareholders.

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We go on to slide number 27 where we refer to net revenue. We have already mentioned some of these aspects at the beginning of the presentation. Net revenue increasing from BRL5.5 million to BRL6.4 million due to an increase in the average net prices of the Company, an increase in the average volume. Once again, these are in the short term. We had 743 megawatts per megawatt that leverage this operation.

Here we have the recovery of CCEE revenues as you can see. A recovery of the losses due to a stoppage in the business, due to a problem in machines A and B that we had in June of last year. We recorded the claims of the insurance companies so as not to have to post a loss in our balance.

It is important to mention that we have BRL1.240 billion in 2014, partly written down to income and to expenses. From those BRL240 million, we have already received BRL220 million which is according to our expectation. And we imagine that until the end of the Second Quarter we will have received all of the resources. This is a normal procedure, once again, that was distorting the Company figures at the end of 2014.

In slide 28, the EBITDA evolution, once again, you can see that we had dropped from BRL3.043 million to BRL2.895 million. The main effects are due to operations. We had our revenue of costs, once again, the insurance claims. We had some nonrecurring expenses. We reverted the forecast made last year. We had some positive rulings in some lawsuits. And we also had a reversion of provision in a suit that we had in Portobello. At the beginning of the year, once again, an initial victory changing our risk profile. And you can see that we have a provision that comes from previous years.

We had BRL55 million of nonrecurring gains from a collection that we made from a Company. This is something that was ongoing for five years. And as this should no longer happen, this liability will disappear. Once again, these are the nonrecurring events. Had we not had the nonrecurring events, our drop in EBITDA would have been much lower. You can see this in the release in greater details.

It is important to mention as we have reiterated in the presentation, the information for the quarters, the EBITDA that we had for the First Quarter and the recovery in the Second Quarter thanks to our allocation strategy. And it is very typical to compare quarter on quarter because of the inflows of several factors that may cause a distortion in results.

Page 29, the net income changes in the Company. We went from BRL1.437 billion in 2013. And the nonrecurring events happened again in the first block, the 169, the same effects causing a drop in EBITDA. We have compared to 2013 BRL48 million of deal that was done in Charqueadas [ph]. A loss and the amount that was not recovered at the Charqueadas wind plant and a reversal of credit, once again, due to the same causes having an effect on EBITDA and resulted that affected our financial results.

Besides these nonrecurring events that took place in 2014, they reduced the comparison of EBITDA between 2013 and 2014. We had BRL90 million from a lawsuit in 2013 that did not occur in 2014. And a gain in 2013 something that we have mentioned in previous years -- a gain of BRL32 million. Now, if we put together all of these nonrecurring effects and

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compare the results of 2013 to 2014, instead of having an EBITDA of 23%, it would be much lower in 2014. Nevertheless, the reduction was significant and the main effect has been the impact of GSF, among others that we have mentioned.

We go on to page number 30 refer to our indebtedness. We have a somewhat higher indebtedness because of our decision at the end of the year to work with some operations that are called 4131. These are investments through which we work with a swap. As the Company has an excellent credit rating, we are normally able to obtain credit for three or four years at rates that are below the CDI. We have had four small operations totaling \$280 million in the last quarter, all with rates below the CDI of 96 and 98 rates.

We were concerned with what would happen in the year 2015. We would like to enter the year with a somewhat more robust position. Although our total indebtedness has increased since the last quarter compared to this quarter, we had a reduction in our net debt. A drop from BRL300 million some to BRL2.238 million and the indicator net debt EBITDA which is the indicator you see in orange is at 1.7, 1.8 times EBITDA. And this shows you that substantial reduction of EBITDA that we had between 2014 and this year. 8% in nominal terms.

In slide 31, you see the change in net debt, the evolution. We went from BRL2.580 million to BRL2.238 million. We have paid dividends. The income tax and the social contribution investments and other changes in foreign exchange that have contributed to this change of net debt of 13.3%.

In slide 32, the medium and long-term debt, this is the debt denominated in local currency. We do have loans in foreign currency at rates below the CDI. The -- we are of course hedging this and the debt as a whole in reais is in local currency. When it comes to our profile, we are very comfortable; most of our operations are in the short term. The maturity will be in 2016. And it is very probable that 2016 will have a somewhat calmer market and perhaps we can lengthen the profile of this debt by raising funds for the long-term for the investments that we intend to make.

And the reason why we had to obtain resources at the end of 2014 was to be able to honor the commitment for the new projects that we have so that we can work calmly until 2019. The breakdown in local currency -- once again, some that is dependent on CDI and a decrease in the installment based on TJLP.

This was a loan that was obtained in December of last year with a period of 10 years. And we're going to pay the investors at the same cost of the treasury bill.

In slide 33, you can see our expectations for investments, our CapEx. In 2014, BRL619 million of investments. Part of this went for maintenance. And we are now going on to a phase where we are streamlining not only to service our eventual operation on these with generators but also aimed at operational enhancements. One of the works that is being carried out in Salto Santiago will enable us to have an increase of 2.5 average megawatts on the average. As the turbines are modernized, each turbine will contribute to an



increase of capacity by 2.5 average megawatts. Therefore, you will observe higher investments in 2015, 2016. And 2017 of approximately BRL300 million. Once again, investment broken down in the traditional expansion and maintenance CapEx.

For heat exchangers and other equipment that have a shorter lifespan, lifespan than other equipment that we have to invest in but also investments in new machines such as generators and turbines, which evidently are long-term investments, allowing us an increase in capacity.

So in 2015, BRL953 million of CapEx foreseen. BRL320 million we have already taken. Investments in Pampa Sul and Santa Monica. A large part of the investment -- BRL250 million will be invested in 2015 and then in Ferrari and Campo Largo with BRL40 million of investment each.

In 2016, we continue on with our normal investments -- Campo Largo, Pampa Sul, Santa Monica. And a part of the profit of 2010 that we have retained and that will be applied as an investment in 2016. And we're going to present this project for discussion at the Board of Directors in the Company. And we imagine that all of these investments will be made after the approval.

We go on to slide 34. This, I believe, is the last slide of this presentation. And I would like to refer to our dividend policy. Our minimum payout according to bylaws is a 30% payable of net income. Our management commitment is a minimum payout of 55% of payable net income. And we have been paying out 100% of the dividends.

Due to the lack of definition for the year 2015. And due to the investments that we are making, because the market is undergoing a fiscal adjustment this year, very prudently we have decided not to impact this payout that we normally have. And we hope that our situation will become normalized. And we will be able to payout 100% of dividends. We have simply reduced our payout very little because of the market situation.

Once again, this is my presentation. And I would now like to entertain your questions and answers.

## Questions And Answers

### Operator

(Operator Instructions) Marcos Severine, JPMorgan.

### Q - Marcos Severine {BIO 3322666 <GO>}

Good morning. Good morning, to all of you. The first question I have refers to the Pampa Sul project. You were very successful in the last auction. And we observed a top prize for several projects, especially thermoelectric plants. In the last auction, your remuneration was BRL170. If we base ourselves on those same variables and if we think that fixed remuneration is from BRL240 megawatt per hour, your variables will remain the same.

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And this may represent a rather interesting return scenario for you. Is there a significant difference in terms of CapEx for the first phase -- the BRL1,800 or not? And which will be the funding for this project Pampa Sul for projects one and two?

Something I would like to explore further, if you allow me, refers to your project portfolio. You have more wind farms. A total of 900 megawatts. And you have a reserve of 179. What is happening with the turbine market, which is your appetite for this market? Are you reserving CapEx for this? And which will be the performance for this auction? The third question refers to the Catarinense thermal plant of 600 megawatts. Do you have anything ready in terms of the supply of fuel? Can you take part in the auction at present? Or will this project take longer?

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

What we have observed is an internal rate of return that will improve. And perhaps this is an opportunity for those who have projects once again to work with a much higher rate of return compared to what we have observed in the last 10 years.

Let me attempt to respond to your questions. The first question about the thermal coal and if there was a change in CapEx, I would say that the answer is yes. If you look at our Pampa project, 50% for the cost came from foreign currency. I remind you that we had a hedge, a perfect hedge.

On the same day that we left the auction, we received the news and one hour later, we had covered the hedge for Campo Largo and Pampa. This was an extremely positive decision if we think about it. But since that time, we have had an increase of 2.5 to 3.30 in the dollar rate, an increase of 30% or somewhat more in the exchange rate. And in truth, it represents a 15% of change that comes from this exchange variation. And we have to take this into account in CapEx.

There is no clear definitions so far. We do know which is the stance of the National Development Bank. Their policy has not changed. But I don't know what we will be funding in the future. And perhaps the higher prices will also have an impact on CapEx because of the imported component for wind farms. We will have this increase in price. And there will be a change in the weighted cost of capital as well.

Our portfolio is based on a great deal of wind farm energy. We have had an increase in our need for generators. And the margin for generators will evidently change a great deal. I'm not sure how much. I do remind you that we are a world player. We supply not only air generators but also hydro and thermal generators. Often is present with us in several locations in the world and several different energy markets. And of course, this could represent a competitive edge when it comes to negotiating equipment.

In the case of Norte Catarinense, our thermal plant, this does exist. The main constraint is the fuel supply. Nowadays we can work with liquid gas. And we could work with other structures -- long-term contracts with the purchase of natural liquid type gas. Once again, we still have not found the right equation to work here.

Our interest is ever-growing because we are the main player in energy in this field. We have a presence in several countries. And we are in a rather interesting position to work with this possibility. But once again, we require a better definition of what we're going to do. We're still working on improving the structure. And we are attempting to reduce the excessive power that some of the players have in the country. And this tends to inhibit the initiative of third parties who wish to enter the market.

So the National Development Bank is financing 50%. In other case, of 46% with a higher debenture structure. I do believe that of course the returns can be quite high there.

**Q - Marcos Severine** {BIO 3322666 <GO>}

Thank you, then.

**Operator**

Benicio Subone [ph], UBS.

**Q - Benicio Subone**

Good morning. In the free price, you're stating that you may work with more uncontracted energy to absorb the contracts or the deficit of GSF, which would be this level. And could you give us greater color in terms of the use of energy throughout 2015?

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

I'm sorry, if you could repeat the second part of your question. Regarding your first question, it is very difficult to respond to at this point in time. It all depends on how the government will deal with the GSF from now onwards. Evidently, if we see any shortfall in reserves, we will proceed in terms of this limitation of risk in generation. And this will also depend on the risk perception of the Company -- the risk going forward and at present.

Normally, we leave a growing amount of energy for the future. Now, if we imagine that we will have a permanent GSF shortfall, this reserve may increase. I'm giving you a half response. I can't give you a full response because of the number of variables involved here.

Regarding your second question about seasonality, we don't refer to this as a commercial issue. And normally, we do not convey any information on this. During the year, you will observe how we have positioned ourselves.

**Q - Benicio Subone**

Thank you, thank you very much.

**Operator**

(Operator Instructions) Vinicius Canheu, Credit Suisse.

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## Q - Vinicius Canheu {BIO 6300903 <GO>}

You spoke about a growth, all of the opportunities and options that you will have this year and the discussions that are ongoing. But there are several other assets available in the market for M&A. Do you have a balance, an appetite for assets that are not part of the auctions? General assets that are in the hands of other operators?

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

Tractebel and GDF [ph] are always keen on greenfield opportunities in the secondary asset market -- what appears in the market. There are several opportunities this year. It seems to be specifically strong in terms of opportunities. And we are simply analyzing them. And as you know, we tend to have a rather conservative sense. We do have that appetite. And if the assets have a justifiable return, without a doubt we will take part in these opportunities and help [ph] acquiring them. In terms of our balance, we do have low leveraging. But we do think about opportunities. Once again, we can always convince our investors if we find good opportunities and we may enter into an M&A.

## Q - Vinicius Canheu {BIO 6300903 <GO>}

Thank you very much.

## Operator

(Operator Instructions) We would now like to close the question-and-answer period. I would like to give the floor to Eduardo for his final remarks. You may proceed Eduardo.

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

I would like to thank all of you for your presence. I hope that this year will become somewhat more palatable that we will have a better situation. And that we don't only have to have expectations for 2015. And the message that we would like to convey is that investors in electrical energy are investing in capital-intensive assets and that we need cash to be able to make these investments feasible. And if we have good system service charges, I'm sure that we will be able to continue on. Well thank you very much for your presence.

## Operator

The Tractebel Energia web conference ends here. We would like to thank all of you for your participation. Have a good day. And thank you for using Chorus Call.

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