

Y 2020 Earnings Call

Company Participants

- Augusto Miranda da Paz Junior, Chief Executive Officer
- Leonardo da Silva Lucas Tavares de Lima, Chief Financial Officer and Investor Relations Officer

Other Participants

- Analyst
- Marcelo Sa
- Maria Carolina Carneiro

Presentation

Operator

Good morning, everyone, and thank you for holding. At this time, we would like to welcome you to Equatorial Energia S.A. Fourth Quarter 2020 Results Conference Call. We have with us today, Mr. Augusto Miranda, the Chief Executive Officer; and Mr. Leonardo Lucas, the Chief Financial Officer and Investor Relations Officer. This event is being recorded and all participants will be in listen-only mode during the company presentation. And during this, we will go on to the question-and-answer session when further instructions will be given. (Operator Instructions)

This event is also being broadcast live via webcast and maybe accessed through Equatorial Energia's website, www.equatorialenergia.com.br, where the presentation is also available. Participants may flip through the slides at their own convenience. The replay will be available shortly after the event is concluded. The webcast participants may post their questions on our website. They will be answered by the IR team after the conference is finished.

Before proceeding, we would like to mention that forward-looking statements made during the conference call refer to the Equatorial Energia's projections, operational and financial goals are based on the assumptions and beliefs of the company management as well as on information currently available to the company. These statements are no guarantee of performance as they involve risks and uncertainties as they relate to future events, and therefore, depend on circumstances that may or may not occur.

Investors and analysts should understand that macroeconomic conditions, industry and other factors could also affect the future results of the company and lead to results that differ materially from those expressed in these forward-looking statements.

I would now like to turn the conference over to Mr. Augusto Miranda, who will begin the presentation. You may proceed, sir.

Augusto Miranda da Paz Junior {BIO 17178608 <GO>}

A good day to all of you, and thank you for your presence. It is a pleasure to present the results for the fourth quarter '20. I can now begin mentioning the challenges imposed by the pandemic that led the company to the need of adapting and evolving to face this new reality.

In this sense, we were very attentive to the demand and needs of all of the states where we have a foothold, and we carried out donations, totaling more than BRL10 million to fight the COVID-19 pandemic. We made strides in the digital transformation process of the company, offering new services through our websites, apps and digital service. For example, installments for the digital bills and payment with credit cards. With the use of digital means, we intensify the registry of low-income consumers, a very important measure in the present day scenario with more than 280,000 clients registered under the social tariff with our WhatsApp tool.

We have put in place biosecurity protocols and field and commercial service teams, observing the guidance and restrictions of each location. And we continue with a mix regime of in-person and home office in our support structures, always prioritizing the quality of our services and the health and well-being of our associates.

In this context of adversity, it is a pleasure to communicate a quarter with a very sound performance as we will see in the coming slides in which we made strides in the turnaround processes of Piauí and Alagoas and in the execution and operation of our transmission projects, this is something that is becoming consolidated, and it is a pleasure to communicate this. I speak about the highlights of the quarter, and Leo will speak about financial and operating results. We will then go on to our closing remarks, and then of course, the question-and-answer session.

We now go on to Slide number 3, where I address the highlights of the period. We ended the year 2020 with a recurrent consolidated EBITDA for the company obtaining BRL1.7 billion in the fourth quarter '20, a growth of 34.8% year-on-year. A strong performance, the result of the gradual economic recovery in the areas of consumption and the efficient management of our OpEx. Further ahead, Leo will give you more details on this evolution.

In terms of investments, we invested BRL917 million in the quarter in our distribution and transmission assets, a volume 59% higher than the quarter before despite the challenges of the pandemic. And I would like to highlight that we ended the year with a consolidated cash position that is very robust of BRL7.7 billion. This amount is 8% higher than the previous quarter and 30% more than in 2019, giving us greater calmness to navigate [ph] through the uncertainties in the present pandemic context and positions us very competitively to make the most of eventual capital allocation opportunities. As a result, we ended the period with a leverage of 2.1 times in the quarter compared to the third quarter '20.

When it comes to the performance of our DisCos, I highlight the consolidated volume of growth in energy with 1.7%, plus 3.4% in Equatorial Maranhao, and 2.5% in Equatorial Piaui, an excellent result if we take into account the present day context.

In terms of operation, we delivered one more quarter with a continuous evolution of our duration and frequency of interruption indicators, DEC and FEC in our mature assets as well as in Piaui and Alagoas, which are in a process of turnaround. In this sense, I would like to highlight the ranking of continuity of ANEEL that measures the performance of supply of energy within regulatory limits in 2020, Equatorial Para was the second best company in the country with more than 400,000 clients, and along with Equatorial Maranhao is in the first quartile of the ranking. This shows our commitment of delivering ever better quality to our clients, and this is a recurrent fact, as throughout the years we have always been among the best four.

Another highlight for the period was the approval of the extraordinary tariff revision for Equatorial Piaui in December, an important step in value creation that will increase our asset base for a total of BRL1.7 billion in approximate values. Besides the indemnities of the physical overcut [ph] that we have of BRL356 million net of the taxes of RGR. In terms of transmission, the physical advance of the projects reached 100% in February of 2021 with 75% of the annual revenue in operation or being received through the revenue liberation turn. We have the expectation that it will come into operation for the SPE 3. This depends on the conclusion of a Lot 10 of the same system that is still not under the responsibility of Equatorial and SPE 6.

Finally, I would like to highlight the approval in December of the buyback of the Equatorial Energia shares with the goal of maximizing value generation for our shareholder. The operation is limited to 5% of the shares in circulation and up to present 28 million shares have been acquired 57% of the program. As these shares in treasury do not receive dividends, our shareholders in 2020 will receive a proportionally higher dividend.

I will now give the floor to Leo, who will speak about our operating performance and the economic and financial highlights of the company. Thank you very much.

Leonardo da Silva Lucas Tavares de Lima {BIO 17560076 <GO>}

Thank you, Augusto. A good day to all of you. I hope you are all well. We're now going to speak about the evolution of injected energy in Slide number 5. The energy volume injected and build continues to present an evolution growing 3% and 1.7% respectively in the fourth quarter '20 with a highlight to the strides in Para and Maranhao.

The injected energy of Maranhao grew 4.4%, thanks to the favorable climate conditions in the period and due to the continuity of the economic resumption since June of last year, contributing to an increase in distributed energy. In Para, the injected energy grew 5%, also favored by the climate conditions in the state. The build energy, nevertheless, remained stable due to a lower number of build days and the effect of reduction of

actions to fight against losses in the year 2020 due to the restrictions imposed by COVID-19.

The other distributors, Piaui and Alagoas, have had a growth in distributed energy of 2.5% and 2.1%, respectively, a result of the reduction of losses, and because of the social isolation and the impact on residential consumption, the largest class of consumers for the company.

To the right of the slide, I would like to underscore that we continue growing strongly in number of low-income consumers. There are more than 461,000 clients added in the last year. We ended the year 2020 in a position of highlight with 76.6% of adherence of our client base and with the best payments in terms of low-income adherence in the country. We carried out a survey among the low-income clients registered and the potential of these clients throughout the country, and we verified that our distributors are among the five most adherent in the country, with a highlight for Piaui, the first in the ranking. These actions of registration were the main focus of the company in 2020.

As we mentioned before, we enabled the registry via WhatsApp besides holding specific campaigns in municipalities and the development of tools that put together information and facilitate the registration, all geared to guarantee broad access to families that deserve this social tariff.

We would like to remind you that the deregistration of low-income bracket consumers has been suspended until March 2021 according to ANEEL Resolution 891. The behavior among classes shows an acceleration of residential consumption in detriment of contracting of consumption and other segments, once again, due to the restriction measures imposed by the pandemic.

We now go on to the next slide. In this slide, I would like to highlight the improvement in the default based on revenue in all the distributors. Now this evolution is due to the annual update of our provision metrics that captured the best profile, especially, of the new assets in Piaui and Alagoas. In the specific case of Para, the same process generated a negative impact, and all of the value of this provision were not for the update of the matrix, Piaui would have been very close to zero this quarter.

Another highlight is the excellent result in the levels of collection that remained above 100% this quarter for all of our DisCos, especially, Para and Piaui with an IAR above 103%. This effect is thanks to the work that the company has been carrying out to renegotiate debit and the possibility of resuming commercial action since the third quarter '20.

We go to Slide number 7, where we will speak about our losses in our distributing companies. Here I highlight the state of Piaui and Alagoas that continue to move forward consistently in their turnaround processes, including the combat to losses. And for the seventh consecutive quarter, it is possible to observe a drop in the loss percentages of Piaui and for the fifth consecutive quarter in Alagoas.

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In Maranhao, the energy losses in the fourth quarter '20 had a slight increase because of the more adverse scenario imposed by the pandemic. In Para, the increase of 0.9 percentage points compared to the previous quarter brings an effect of adapting to Resolution 863 of ANEEL that took place in the third quarter '20 that alter the calendar for the Group A clients, where billing will take place in the following month. As a result, the process of adapting to the resolution made part of the billing process to be anticipated to the third quarter '20.

Now besides this effect, we also have the impact of the interruption of the loss actions during the effect of this Resolution 878 of ANEEL. These technical losses are one of the great problems in the results of Para, and our plan in 2020 was compromised because of restrictions in activity. We have ambitious goals in the implementation of SMC in 2021 in two very important areas. We're attentive following up on the evolution of cases and state government measures to contain the advance of the pandemic. The good news is that Berlin's [ph] vaccination calendar has reached the age bracket of 60 to 67 years. It is to say they are ahead of the other capitals in the country.

We go on to the next Slide number 8, where we see the quality indicators. Para and Maranhao continue below the regulatory goals. Para had a strong reduction of 21.3 hours to 20.2 hours, an improvement of 5.2%. And I would like to underscore once again the excellent performance obtained in the continuity ranking of ANEEL that measures the performance of energy supply and compares it to regulatory limits with Para and Maranhao following with the second and eighth best results in the country within the first quartile among concessioners with more than 400,000 clients.

Regarding our new assets, the turnaround is going ahead at full steam, and we're surprised with the speed of improvement of our indicators. This has only been possible because we have more mature processes and we have strengthened the structure. The new distributors also have an improvement with the highlight for Equatorial Alagoas with a reduction of 1.3, 21.8 hours to 19.3 hours in the fourth quarter '20 vis-a-vis the previous quarter. During the quarter, the new distributors also had an evolution in FEC, both with a performance below the regulatory limit as we can see on the next slide.

We now speak about FEC on Slide number 9. And it's important to observe that for the fourth consecutive quarter, all of our concessions sit within the regulatory levels. The main highlight is for Equatorial Alagoas, presenting a decline of 14% in the fourth quarter '20 vis-a-vis the third quarter '20, and 41% compared to the third quarter '19.

We will now go on to our economic and financial performance. On Slide number 11, we show the evolution of manageable expenses that PMSO adjusted, consolidated and variation per asset. We have an increase in Equatorial Alagoas because of a reversion in 2019 of the personnel line item referring to health plans of approximately BRL9 million and an increase in third-party services in 2020 because of the outsourcing process. In Para and Piaui, manageable cost had a decline vis-a-vis the previous year. Both concessions had savings because of the pandemic. And Equatorial Piaui also had a reduction in personnel because of the turnaround process.

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I would like to underscore the recurrent levels of PMSO per consumer in Piauí and Alagoas for 12 months. And they are equivalent to those of our more mature assets, an important step in the value creation process, especially if we take into account that it has only been two years since we acquired these assets.

We now go on to Slide number 12. The adjusted EBITDA for the fourth quarter '20 reached BRL1.7 billion, an increase of 34.8% vis-a-vis the one we had in the fourth quarter '19. If we adjust the EBITDA without the effects of the corrections or restatement of the financial asset and without the IFRS 15 in transmission, it is closer to EBITDA cash. The growth in the quarter is 64.1%, going from BRL770 million in the fourth quarter '19 to BRL1.264 billion this quarter. This expressive growth is due to the growth of EBITDA of the distributing companies as we will show you further ahead and the coming into commercial operation of the new transmission assets SPEs 1, 2, 4, 5, 7 and 8.

We go on to the next slide. On this slide, we can observe the contribution per asset to adjusted EBITDA because of non-recurrent effects. The highlight is for the strong growth of adjusted EBITDA presented by all the DisCos. And they contributed jointly to an increase of BRL426 million year-on-year.

In Maranhão, the increase of 39% can be explained partially by the average effect of the B tariff, where the annual readjustment was 7.5% due to a market growth, a reduction in default and an increase in the revenues for restatement of this asset. In Pará, the EBITDA of BRL462 million had an increase of 44%, thanks to the annual readjustment that had an average effect on tariff B of 13.3%, an increase in the updating of revenues of this financial asset of BRL98 million for the quarter.

In the case of Piauí, EBITDA reached BRL185 million, an increase of 175%, explained by a reduction in losses, reduction in default, PMSO and the implementation of the extraordinary review of tariff. In Alagoas, the variation can be explained by the extraordinary review of tariffs, the RTE and a reduction of doubtful loans reaching BRL143 million of EBITDA compared to BRL87 million in the fourth quarter '19, an increase of 64%.

In transmission, the slowdown of CapEx generated a reduction in the asset because of IFRS 15 and the other businesses, the increase of BRL125 million have a positive effect in our trading company (Technical Difficulty) mark-to-market and energy contracts. In the graph below, we show the contribution per asset to adjusted EBITDA, not taking into effects the VNR and IFRS 15 effects. We observed the evolution of EBITDA and transmission because of the coming into commercial operation of part of our assets.

We now go on to Slide number 14, where we present our proposal for the payout of dividends. Based on the results obtained in 2020, we have proposed a distribution of BRL707 million, pending approval in the next assembly, an amount 119% higher than that of last year. This deserves highlight Equatorial Alagoas, which this year will carry out its first dividend payout under our management, proposing a total of BRL71 million [ph] thanks to the turnaround program that began less than two years ago in February of 2019.

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We now go on to the next Slide number 15. As can be observed in this slide, even in the present day context of a pandemic and with a reduction of investments in transmission, we invested BRL2.9 billion during 2020. In the quarter, we allocated BRL917 million, 59% higher than the previous quarter, thanks to the execution of investments in distribution in Piauí and Maranhão. The investments in the transmission segment attained a peak in 2019 and have been slowing down because of the conclusion of the projects. There was a drop in the value in the fourth quarter going to BRL269 million in the quarter compared to BRL570 million in the same quarter in the previous year. More than BRL5 billion have already been invested in our transmission projects.

It is important to underscore that in December 2020, Equatorial Maranhão and Equatorial Pará have contracted with the National Development Bank, the funding of their CapEx for coming years. And this ensures investments from 2021 to 2023 for all of our DisCos.

We go on to Slide 16. In Slide 16, we show you that net debt was reduced by a little more than BRL200 million vis-a-vis the previous quarter. It now totals BRL10.2 billion. And when it comes to net debt to EBITDA, we have reached 2.1 times this quarter, enabling our sufficient flexibility to make the most of market opportunities when it comes to capital allocation. The group maintains a sound cash position, closing the quarter with BRL7.7 billion in cash, sufficient to pay for more than two years of the debt maturities.

We go on to the next slide. In Slide 17, we can see that 100% of the physical work of transmission projects has been concluded. Nowadays, 75% of the annual amount revenue is already operational, representing a revenue of BRL721 million. We remind you that we have another operational transmission asset, Intesa, with a BRL169 million in RAP. It is important to highlight that beginning this year, cash -- free cash generation will come from the transmission segment, contributing to greater stability of our cash flows. And this generates liquidity that we can use for new growth opportunities.

I would now like to return the floor to Augusto Miranda for his closing remarks. Thank you very much.

Augusto Miranda da Paz Junior {BIO 17178608 <GO>}

Thank you, Leo. And if you could just give me a second here, please. Thank you, Leo, and I would like to close by reinforcing our recent achievements. I do apologize, if you could please hold for a few seconds.

Once again, I would like to close by reinforcing our recent achievements and outlook for the year 2021. We were able to conclude the transmission works beforehand when it comes to the regulatory deadlines. And presently, we have BRL721 million of operating revenues from the new projects. This of course is extremely interesting for us.

In the fourth quarter, we concluded an important stage for the repositioning of Equatorial Piauí, the extraordinary tariff review that increased the value of the asset from BRL317 million to BRL1.671 billion and EBITDA to BRL387 million based on BRL54 million, besides

receiving BRL356 million in taxes because of physical leftovers. All of these, of course, help us a great deal.

We may have one or another distributor with a CapEx weakness, but we can offer ever better quality to our clients. The new distributors, and I refer to Piauí and Alagoas, are advanced in their turnaround process. And they're presenting consistent evolution in their quality indicators besides their PMSO per consumer levels. Similar to our more mature concessions, when we acquired them, we were able to show that we would make strides, and the advance we have made is very surprising. We have accelerated and with good quality. As main outlooks for the year end in distribution, we will have a tariff review in Equatorial Maranhão that will take place in the third quarter.

In the transmission segment, this year, all of our SPEs will come into operation, strengthening our EBITDA and cash generation. The EBITDA will be equivalent to Equatorial Maranhão, generating net cash. In the transmission segment, we continue with a strong growth agenda. We recently restructured the M&A area, giving it more solidity. And we have a senior team, and we're analyzing a project pipeline that is much broader. We're also working with regional superintendencies to work closer to the operation to support growth, which means that I would like to highlight that because of the growth of Equatorial, we have invested heavily on people. They are a very important asset. I spend a great part of my time in people, managing people and with the operating areas, along with human resources.

On January 4, we put into operation a very large project, a structure for the future to anchor all of our businesses in a sound corporate structure. In Pará, for example, we have four directors, one in Marabá, Santarém, one in Belém, Marcos Armada [ph]. We did the same in Pará as we had in Maranhão. We're putting in directors in Timon, in Paraty. And it's the same as we did in Piauí, putting one in Floriano and Teresina. And in the case of Alagoas, where we have lower hiring because of our radius of action, the concentration is in Maceió. This all geared to reinforcing our structure, and it enables us to manage our business and move forward in an expansion platform.

With this, I would like to return the floor to the operator so that we can begin the question-and-answer session. Thank you very much.

Questions And Answers

Operator

(Question And Answer)

Thank you very much. We will now go on to the question-and-answer session. (Operator Instructions) Our first question comes from Marcelo Sá, Itau Bank.

Q - Marcelo Sá {BIO 16454581 <GO>}

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A good day to all of you, and thank you for the call. My first question refers to your growth strategy you have invested in an M&A structure, which is your expectation, where are you focused, is there a specific goal? More recently, the Governor of Rio Grande do Sul is going to begin offering facilities and plant there. Are you going to be interested in this? And in this year, you will have a 100% of your projects coming into operation perhaps you will work more with transmission or hold an IPO because of your growth. This is the first question.

The second question refers to the news that on Friday, there will be an Annual Meeting to discuss a second wave of COVID. My question is if you imagine that you will once again have very stringent restrictions as we had in the first wave. Thank you.

A - Augusto Miranda da Paz Junior {BIO 17178608 <GO>}

Marcelo, thank you for your participation and your questions. Leo, I will begin, and please feel at ease to add whatever you want.

In terms of our growth, it's not a -- Equatorial has structured itself to think of this. Equatorial was somewhat reactive to this. Nowadays, we have a very structured portfolio of new business, and of course, we're seeking opportunities. The -- that you mentioned you perhaps observed some movements in terms of this. Why? Because, we have analyzed that as specifically, it was worthwhile; and within the regulatory limits, it still has value. There is nothing defined in terms of -- so far. We have to follow all of the rituals of the board, go through all of the commitments and escalators back to the board.

Of course, we have to look at these assets. We do that, but nothing has been done so far. The same thing refers to C3 as you mentioned. Because of these segments, we are forced to look at it; and of course, if the business is prudent and if it makes sense for Equatorial, we will look at it. And once again, this has not gone through all of our instances and we still have not attained the deliberation of the board. We have nothing formal so far. In terms of transmission, transmission is a problem. Until the end of the month, our SPEs will all be operational. It represents at least BRL1 billion in terms of annual revenue. It is a good problem, a positive problem. It wouldn't make sense to sell this off if we don't have a good reason, especially because of capital and tax collection. There has to be a good reason. Now, we have debated this with the Board of investment as well as with our management board. At present, there is no motivation whatsoever to sell off this asset, because it has good cash generation.

When it comes to your question about ANEEL and COVID, the crisis continues on. I truly do not know what ANEEL is thinking. What I can say is -- well, and I'm looking upon this positively. There is a vaccine. The vaccination process is moving ahead. The trend is for it to gain speed. And initially in March of last year, the moment was more critical, because in the digital part, we were lacking some devices. It was a period that encompass several strategic projects in Equatorial in terms of structure, the digital platform. We were somewhat surprised with the advance. We wanted to deal with our clients through the tool. And the pandemic has forced clients to do this as they have had a positive experience, all of this ended up being positive.

And Marcelo, if ANEEL does decree another restriction, they will have to offer some compensatory measures and we hope that all of this will be done with good sense, and that there will be compensatory measures if ANEEL adopt a new restriction.

Q - Marcelo Sa {BIO 16454581 <GO>}

Thank you. Thank you very much. And as we're dwelling on the issue of ANEEL, which has been the magnitude of the tariff readjustment, because of the IGP-M and this has had an impact on the rest of those sector. Can there be a measure on the part of the companies, may there be a deferment, and will companies have to resort to the regulator to go against these measures perhaps a deferment in the payment of Itaipu with all the -- will all of this mitigate the tariff effect?

A - Augusto Miranda da Paz Junior {BIO 17178608 <GO>}

We're speaking about readjustment of more than two digits and of course this has an impact because of the moment and the scenario that we're undergoing because of the backdrop that we are faced with, which is one of a concern. My experience with ANEEL is that, it has been quite calm. It debated -- calls upon looks for new ways jointly with us, and of course, we have to formalize our opinion. What I would like to highlight is that Equatorial is very aware of our field of action, our social role, and whenever possible, we will try to mitigate this impact.

Now, what do I see in this issue? We have the issue of PIS & Cofins, social taxes and the stance of Equatorial when it came to PIS & Cofins was a very common. We were very conservative. It is our understanding that we have a parcel that is no longer debatable. I have seen ANEEL manifesting itself in the press saying that this parcel is very small, it can support this balance. And I have seen the intention of involving other actors in the chain, which makes full sense to me so that we can mitigate this entire process.

A - Leonardo da Silva Lucas Tavares de Lima {BIO 17560076 <GO>}

Now simply to complement this, I think it's worthwhile speaking about the size that is the parcel has in our tariff as a whole. It's a size of approximately 30%, somewhat below that, and it is also worthwhile mentioning as we did in the presentation how we have striven with the four distribution companies there among the first four of the ranking to work with this low income social tariff. This has been a very significant and important move forward. And when we begin to speak about the reform of the sector, we believe that the low income tariff should be spread out equally throughout the country without having to work with discounts. And as Augusto mentioned, we have the PIS & Cofins credits, this is going through courts, we have already recovered BRL630 million highs only in the year 2020. Now, these are mechanisms along with the recently launched provisional measure that will be able to attenuate all of this, but all of this has to be done with a great deal of balance in mind.

Q - Marcelo Sa {BIO 16454581 <GO>}

Thank you. Thank you very much.

A - Augusto Miranda da Paz Junior {BIO 17178608 <GO>}

Marcelo, you also spoke about Cosan, and this also fits into the context of my answer. If we look at this, we can -- now we have to go through all of these steps and instances that we have in Equatorial. The new business committee made up of board members, the board and then escalate this to the board so that we can deliberate on this matter.

Operator

Our next question comes from Carolina Carneiro from Credit Suisse.

Q - Maria Carolina Carneiro {BIO 16342681 <GO>}

Good morning, everybody. Thank you for the call. And I have two questions at my end. The first refers to the PMSO performance. You have had a very good sequence of quarters and clearly you have been able to reduce and optimize your structure. If you could remark on the PMSO structure throughout 2020, the recurrent structure and perhaps this is due to the adaptation to the pandemic, something that we can conceive looking forward.

And the second question the 998 and the decisions that have been taken, the provisional measure. There's an article that was withdrawn and it could have caused some discomfort because of the retroactive payments. The payments dating back to 2019. If you could speak about this entire process, if there's something that is no longer valid or if the country -- company can continue to seek out this right with ANEEL.

A - Augusto Miranda da Paz Junior {BIO 17178608 <GO>}

Carolina, thank you very much. And now what happened when there was this provisional measure? Well, everything that comes is good, but since the beginning, this is an item that we're very calm with and this is something we have been harping on since the beginning the review of the Piaui was the most perfect and we have been doing this since 2005 in Maranhao. Now this is an opportunity, because the rest are simply complementary basis in Piaui and Alagoas. We were able to survey a 100% of our base, and we're very calm about this.

Now, this has not caused an impact on us. We are sure that we have a very sound, bright considering that the RTF in December has supported this. It shows us the same base that we have shown them and this review has reaffirmed our certainty, there are basis sound and solid. Therefore, we're very calm. 8 or 15 days ago, we resumed our conversations with ANEEL. We're talking with the (inaudible) he requested some data, we set up a new meeting with him to discuss this. And I truly believe in the good sense of ANEEL and I have no doubt whatsoever that administratively because of very clear reasons, we will be able to move forward.

When it comes to PMSO, we continue on of course. During the pandemic, we have to hold back some actions. We have some natural breaks. But I would like to highlight that PMSO per customer is what Leo highlighted in his presentation. I remember, when we acquired these assets, we saw we have the possibility of moving forward. The figures were falling very quickly, and perhaps Leo can comment on this.

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A - Leonardo da Silva Lucas Tavares de Lima {BIO 17560076 <GO>}

Thank you Carolina for the question. We haven't seen anything very relevant in terms of the pandemic of the fourth quarter. Perhaps something between BRL5 million to BRL6 million and between the second and third quarter approximately 6 [ph]. So, the fourth quarter is clean from the pandemic effects, except for those BRL5 million to BRL6 million, Carolina.

Q - Maria Carolina Carneiro {BIO 16342681 <GO>}

Thank you. Thank you very much for your responses.

A - Augusto Miranda da Paz Junior {BIO 17178608 <GO>}

We thank you for the question.

Operator

Our next question comes from Goldman Sachs.

Q - Analyst

Good morning. Thank you for the call. I have a question. The -- still -- to the issue of the pandemic, if you have felt any effect during the first quarter, relating to the cash transfers that you had last year, for example, if there's anything worth remarking with us.

A - Augusto Miranda da Paz Junior {BIO 17178608 <GO>}

Very quickly, I will speak about this and Leo will add to this. First of all, thank you for your question. You saw that Leo showed you a fourth quarter with a collection of above a 100% in all of the companies and this is thanks to the smart tools, the analytics that we have put in place. Now in terms of accounts receivables, you don't want to divide them into a 1,000 times. What you want to do is work with installments that are in accordance with the customers' pockets. This is what we have been doing with good results.

Now, when it comes to the impact now in January, we see that January has had a minor effect in January, and we have a large part of your revenue coming from the public power as well. And when we speak about the public power, we had a change in Mayors, we have a change in Managers, and sometimes they are forgetful. But I truly believe in our tools. And because of the structure that we have put in place, we are closer to the owners of the companies, we're going to go after them and we are going to recover all of this.

Now to add to this what we have also seen in the market, in an interesting way at the beginning of the year and when it comes to collection in January, of course, the collection was somewhat lower with a good recovery in February, and a good opportunity for recovery in March. But we highlight the issue of the public power and the change of management in the City Halls. And historically, we have a good management, but this is a classical problem. And of course, there could be the possibility of having a short-term effect because of this. Thank you.

Q - Analyst

Thank you very much.

Operator

(Operator Instructions) As we have no further questions, we would like to end the question-and-answer session. We will return the floor to Mr. Augusto Miranda for his closing remarks. You may proceed, sir.

A - Augusto Miranda da Paz Junior {BIO 17178608 <GO>}

To close, I would like to reinforce our commitment in delivering a differentiated value to the investors through operational and financial excellence of our results as well as rigor and efficiency in our capital allocation. What I like to highlight is to say what we have done in Piauí and Alagoas, we're beginning this in Pará as well as in our other concessions. We would like to highlight our adherence to the highest levels of transparency and corporate governance, and our Investor Relations team is at your entire disposal to help you with possible doubts.

Once again, thank you very much for participating in our fourth quarter '20 results call, and have a good day.

Operator

The Equatorial Energy as a conference call ends here. We would like to thank all of you for your participation. Have a good day.

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