

## Q2 2012 Earnings Call

### Company Participants

- Arlindo Magno de Oliveira, Independent Director
- Armando Casado de Araujo, CFO, IRO
- Unidentified Speaker, Interpreter

### Other Participants

- Marcio Prado, Analyst
- Unidentified Participant, Analyst

### Presentation

#### Operator

Thanks for waiting ladies and gentlemen. Welcome to Eletrobras conference for divulgence of results of the Second Quarter of 2012.

All participants will be in listen-only mode and afterwards we will have a question-and-answer session when more instructions will be supplied.

Before beginning, we would like to say that the eventual declarations and perspectives of business projections, objective goals and financial goals are -- on information currently available to the Company. They do not guarantee results because they consider risks and certain circumstances that may or may not happen in terms of risk.

The investors should comprehend that certain operational factors can impact on future decisions and risks. Now I would like to pass the word to Armando Casado de Araujo. Please Mr. Armando, you may proceed.

#### Armando Casado de Araujo {BIO 16673880 <GO>}

Good morning. It's a great pleasure to be here, pass on information to you investors about the results that we obtained in the Second Quarter of 2012. We have the opportunity to talk and the question and answer session and we will do a good presentation to be more objective.

BRL1.3 billion was the profit -- net profit. 312%, BRL320 million. This can be shown on slide number five. BRL6 billion is the result, 52% higher than 1.6% of the profits higher than 2011. 14.8% was a BRL3.7 billion to BRL4.3 billion of the First Quarter of 2012 and we notice improvement in the Company's performance.

On slide number three the evolution of the results have shown since 2010. We are implementing the new accounting procedures where we can see the quarterly results present in 2010, 2011, 2012, BRL1.53 billion to BRL6.13 billion, the evolution. The growth of the net profit detailed the productivity.

The PMS value has been slightly decreased as shown on slide six where we can see that the operating net gross had an increase of 19%. The PMS had a variation of 7.3% to BRL3.930 billion and when we confirm the participation of PMS we see improvement of 27.3% to 24.5% was 19% toward 17%, 6.7% to 6.5% in services.

There was an increase of 1.8% in the volume of sales that 1.9%, the same way we talk about there was a growth of 3.6% with 6.1% in the same period of 2011.

On slide four, we show several results as shown BRL19 billion in net profit and the operational revenue BRL3.063 billion. The PMS as I said BRL3.93 billion, superior to the First Quarter 24.5% 2 percentage points inferior to the First Quarter BRL4.3 billion is the first 15% higher. The EBIT showed an increase of 28% falling from BRL4.3 billion. The EBIT had a increase in 2011 was negative to 19 and to 119 so we can continue to better the situation.

The exchange rate was inferior to the First Quarter. 2.7 was the net profit 50% higher than the First Quarter of 2011.

Now I put myself for the questions together with Arlindo, talk to our investors for the teleconference. Thank you.

## Questions And Answers

### Operator

The question-and-answer session will now begin. (Operator Instructions) First, Marcio Prado from Banco Santander. Please, you may proceed Marcio.

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

Good morning. Good morning, Arlindo. Two questions. Firstly, is about the accounting of Itaipu. You mentioned in the release of the results there was a change in the way of accounting and the CPIs to the PPI. BRL500 million negative. If you could explain -- detail this accounting change of this model.

And the second question is about Eletrobras says they presented a very strong accounting result in the First Quarter of the year. You have paid 50% of your net profit which the clients may see. We have been seeing this in the media that the federal government and the treasury has been talking about super assets profits and talking -- and the dividends that will be paid by state owned companies to shareholders.

Is there a possibility of Eletrobras paying a dividend still in the First Quarter -- in the Second Quarter of 2012.

**A - Armando Casado de Araujo** {BIO 16673880 <GO>}

Hi, Marcio, good talking to you. About Itaipu, the methodology of impact is about -- is a reality. Arlindo is preparing in the modes memory -- memorandum of how the evaluation will be done and how the new methodology will be done from now on. I would like to tell you the furthermore.

The final results when we confront 2000 there was a methodology, there was a change in the detection mode so we analyzed by quarter what was detected. So it's proportional to six months of the two quarters. The memory of calculation will be done and to show in the projection of how this project will evolve during the period.

I can pass it on to Arlindo.

**A - Arlindo Magno de Oliveira** {BIO 2125555 <GO>}

But a calculation we will have a memory base. From now on the new methodologies you can make your own analysis. Eletrobras is out of the profits of super assets. We will pay the first installments of dividends.

We don't have a policy yet of dividends but there is a sum of 50% to be paid. And in the political forum we have been very transparent about this and we are elaborating a business plan which is awaiting the concessions. And we will have further information in the future about dividends. We anticipate dividends for the primary super asset, yes the liquid dividends we will try to anticipate.

Thank you, Marcio for your question.

**Operator**

(Operator Instructions) Next question. Luciano from Gerar Energia.

**Q - Unidentified Participant**

Good morning, thanks for the call. I would like to ask you about an update about the Topajaus [ph]. If you could update it please the situation. Thank you.

**A - Unidentified Speaker**

Luciano, the study of Topajaus, some is inventory and the best person to answer this is our generation manager.

The studies are being updated and that's being updated for -- that's the no plan. I'm going to do the following. I am going to write down your question and consult our generation manager. I cannot tell you more details because I do not know.

## Q - Unidentified Participant

Thank you.

## A - Unidentified Speaker

Okay, no problem.

## Operator

Back to Armando Casado de Araujo. Please for the final considerations.

## A - Armando Casado de Araujo {BIO 16673880 <GO>}

As I said, it's a great pleasure to be here seeing our results. We have total transparency and information in which to give the business to comment on and not having many questions, but it's a good sign.

It means that our decisions are being well explained and we are waiting further. It shows our job is on the right track for the market. Me and Arlindo are totally available for your questions, answering your questions and at any time we are available to answer.

I would like to thank everyone. Thank you for the attention. Have a good morning.

## Operator

And the Eletrobras conference has come to an end. We would like to thank your presence here and have everyone a good day. Thank you.

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