

Q2 2015 Earnings Call

Company Participants

- Anamelia Medeiros, Market Relations Manager
- Eduardo Sattamini, Finance and Investor Relations Director

Other Participants

- Benicio Subone, Analyst
- Eduardo Cancian, Analyst
- Henrique Peretti, Analyst
- Kaique Vasconcellos, Analyst
- Unidentified Participant
- Vinicius Canheu, Analyst

Presentation

Operator

Good morning. This is Tractebel Energia's Conference Call, where we will discuss results for the second quarter of 2015. All participants are connected in listening mode only and, later we will open the question-and-answer session, when further instructions will be given for you to participate. (Operator Instructions) We would like to remind you that this conference call is being recorded.

This presentation followed by slides will be simultaneously broadcast to internet, through the site www.tractebelenergia.com.br, in the Investors section, where you can also obtain a copy of this presentation and the earnings release of the company.

Before proceeding, we would like to clarify that all statements made during this

conference call regarding business outlook for the company should be treated as forecast that depend on the country's macroeconomic conditions, on the performance and the regulation of the electric sector besides other variables. Therefore, they are subject to changes.

With us we have Eduardo Sattamini, Tractebel's Finance and Investor Relations Director; Mr. Antonio Previtali, Investor Relations Manager, who will speak about the company's performance in the second quarter of 2015 and Ms. Anamelia Medeiros, Market Relations Manager of ENGIE's Energy Latin America, who will present an update on the Jirau Hydropower plant. Ensuing this we will have the Q&A session.

With this, I would like to give the floor over to Mr. Sattamini. Mr. Sattamini, you may proceed.

Eduardo Sattamini {BIO 16648085 <GO>}

Good morning to all of you. It is a pleasure to be here and to speak to you about the results of the second quarter of 2015. We begin on page four of the presentation, where we have the highlights once again for the second quarter.

The net revenue had an increase of 180 million compared to the same quarter last year, thanks to the increase in the average price because of the readjustment that inflation on contracts and a slight improvement in the short-term market.

We had a drop in volumes especially because of a drop in the volume purchase for resale.

In terms of services, we had a substantial increase of almost BRL300 million in EBITDA, an increase of 285 million approximately with an increase in income and 105 million for the expenditures that we will mention further ahead.

Our margin for the second quarter 2014 of 22%. For this quarter went to 33.1%. We had an increase in net income of BRL136 million, especially due to the improvement in our results, but once again with an increase in financial expenses. The main impact in financial expenses was due to the monetary adjustment of what we have to pay in our balance.

Power Production was somewhat lower compared to the same semester. Last year we had 22% less physical generation partially offset with a 12% increase in thermoelectrical non-conventional power. The average net sales price as mentioned, had a substantial increase of 14.8%. There is a component here due to the increase in the trading activities and the prices linked to the PLD causing the average price to have an abnormal increase compared to inflation.

I will now go on to page number five, where we will speak about the highlights for the quarter. GDF SUEZ adopted a new corporate brand name ENGIE. This is a new name we have and this is one of the responses to the energy transition, which is very accelerated into the changes in the electric energy sector worldwide. Beginning in January of the coming year, Brazil will have a business unit that will be separate from Latin America. We also -- we see the authorization for the entrants into operation of number 5 turbogenerator ramping up the installed capacity by 15 megawatt.

We became part of the Euronext-Vigeo EM 70 index, encompassing companies with a premium performance in corporate responsibility in developing countries. And Ibama issued an Installation License for Pampa Sul TPP on June 15.

In the next page, we speak about the highlights as well. The first highlight, we hired consultancy for the Beberibe plant and Areia Branca. The company's intention is to disinvest -- that is to disinvest with the aim of creating resources for the new enterprises,

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where we will have greater synergy over the project that are underway. For example, the Santa Monica Wind Farm, where we have synergy with (inaudible) Campo Largo, where we have three phases of the project with almost 900 megawatts installed. And once again to work in areas, where we have an isolated plant without any other synergy or plant nearby. The idea is not to reduce the size of the company, quite the contrary, intends to optimize our access. We also approved the payout of dividend and this corresponds to 55% for the third semester of 2015. As we mentioned this in the first quarter due to the uncertainties in the sector in 2015, the company's intention is to pay the minimum contracted with the market, which is 55% of dividend.

The last highlight; we received a decision from ANEEL that was charging [ph] an action and the idea is to abstain from taking steps to adjust the MRE should there be total generation of Energy Reallocation Mechanism in an amount less than the physical guarantee of these members. Therefore, the companies are protected against this and this has accelerated the discussions with the Ministry of Mines and Energy.

And I'm now on page number seven. We speak of the shareholding structure of Tractebel Energia without any significant changes. We simply have the brand name ENGIE at present. Before we go to remind you that we are part of several groups and we have the award transparency for 2014 and last week we were informed that we will be receiving the transparency award once again for 2016. We are one of the five companies selected with invoice of up to 5 billion and once again our invoicing is higher due to the invoicing of the parent company. This is the only novelty in terms of slide number seven.

In slide number eight, we work with 28 plants, 7,044 megawatts installed. We had an increase of 70 megawatts from the last quarter because of the Ferrari plant and we also have a pilot plant in our PBA program, which is wind farm, with an aero generator. It has 2.1 mega installed and it is in commercial operation, nevertheless this a turbine aims to research and development four other turbo generators in the future. We have a very balanced portfolio and our capacity once again grows based on prudence. We make the most of opportunity. At sometimes we speed up our growth or we stop and wait for better opportunities and the prudence has proved to be very interesting in the auction.

At the end of last year, we sold Pampa 1, the first Pampa unit with 40 megawatts installed and the first phase of Campo Largo. And we believe that the situation is propitious [ph] for new investments and the company will go back to a greater growth.

On slide number nine, we speak about our market share, where we have a leading position in the generating sector. We are the largest player in the Brazilian generating market. We have 7 gigawatts installed and 2.3 that are underway. Here we are also including 1.5 megawatts from Jirau, which is a project that is being developed by ENGIE. And the stake from ENGIE will be transferred to Tractebel eventually we are very well-positioned to capture business opportunities in the market.

In slide number 10, once again we have a very balanced and diversified portfolio, part of our energy is in the regulated market, part of it in the free market. This allows us to have long-term credibility and we can value the energy of our existing power portfolio. We are

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the greatest company commercializing energy approximately 21% of the power market in Brazil.

In slide number 11, and because of the importance of the market, we have a very stringent credit policy and we have a policy for protection especially in some sectors. We have a normal industrial diversification. We work with companies that has excellent credit ratings and the maximum limit for us is 15%, but once again this limit is well protected thanks to the quality of the clients that we work with.

We'll go on to slide number 13 and at the lower left side, we can see that there was a substantial movement where power available in the market. We had a structural surplus compared to the previous semester because of a forecast of demand.

There has been a reduction in economic activity and once again this reflects in our forecast for future years. When we work with demand forecast, we begin to think about the reduction of demand and then begin to think about new level. And as you can see, we have made a forecast for all years after 2015 with a substantial increase in power surplus. Of course, this will have an impact on future forecast, but as soon as there is a resumption of growth in our economy, this surplus should be reduced.

We would also like to remind you that when we speak about the hydroelectric generator that still have a share in the power deficit. This power tends not to be commercialized and it has a potential high cost for generators. We are not thinking of any adjustments for participation of this power balance.

We go on to slide number 15, where we will specifically consider the Tractebel's power balance. We have a slight improvement in 2015 because of reduction in industrial demand. Some clients are producing their own demand and this increase is the availability of our energy, because this energy is measured. If they do not consume the energy, this energy is available for Tractebel to sell this in the short-term market and once again we are -- this is good for us. We are in a better position in the electrical energy trade board. We have a reasonable amount of energy as if it were with there for 2016-2017 and 2018-2019. We will go back to our normal commercial levels and we will have more power.

Our strategy is the gradual sale of future availability as you can see to the right. So, we sell the energy previous years and the coming year always servicing our contracts. A contract tends to extend for four or five years and this means that we will be renewing 20% or 25% of our contracts every year.

In slide number 16 you can see the position of our contracts in the regulated market. We also have more color, more details of our contractual position. Perhaps the only important factor is the growth of the average price that will have a reduction in 2015, 2016 and 157 in 2017.

The trend is to have higher prices, once again due to the energy crisis that we had in 2014-2015 and that is a contracting for the coming years, will tend to be somewhat higher. This has had an impact, therefore, on the average price and we mentioned the net

average price, net of taxes and there will be an increase of 10% also because of (inaudible).

We go on to expansion, our first expansion project is that of Jirau. And I would like to give the floor to Anamelia to speak about this.

Anamelia Medeiros {BIO 16881348 <GO>}

Good morning, and thank you again for being present with us in this conference call. I would like to convey to you the information on the project that has 3,750 megawatt. We have 50 turbines and as you know 73% is contracted to long-term PPAs, indexed by inflation in two auctions, the minus 5 and minus 3 in 2011. The balance of energy available will be sold by shareholders and with the advance of the last conference that we had three months ago. We received ANEEL's decision that approved 52 days without responsibility and synchronization with high-voltage transmission lines connected (inaudible).

After the legal decision, we have the first instance decision recognizing 535 days of force majeure. This is a scenario that we are working with, when it comes to the vandalism events that we had in 2011-2012. You are aware of our financing conditions of 9.5 billion. The interest rate is TJLP plus spread and an amortization in 20 years.

We go on to slide number 19, and we have good news about this project. We have 32 units in commercial operation and two units are synchronized to the national interconnected system. At the end of the week we will have 33 units in operation, and we will reach our maximum energy. We will come to 2,185 megawatts of ensured energy and we will be able to comply with all of our obligations in the regulated market.

At present Jirau work with high performance with several different levels of loads. The system is operating very well and it is responsible for 10% of the demand in the Southeast. It is the second or third largest generator in Brazil.

When it comes to the options to create additional value, we are still speaking about the recalculation of hydraulic losses using a new methodology that can generate additional ensured power for the project. And we have an agreement signed between the Brazilian Government and the Bolivian Government to use the hydroelectric power from the basin, which will allow us to have additional power for the project and other long-term tax incentives in the region that will be discussed in the future.

On slide number 20; here you have a picture update with the advancement of the project. It is easier to observe the changes. We are focusing on the second phase to the last. The first stage has been fully concluded. The second stage has advanced quite rapidly. We are working with a consultancy. We have interesting advancement between March and present and in the picture you can observe the strides that we have made this year. This is the update on the project and at the end of the conference, I am at your disposal to answer your questions.

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We will go back to slide number 21 to speak about Pampa Sul project. We sold this power in the last auction at a price of BRL201 megawatt hour for 25 years beginning in January 1, 2019. The project is advancing according to our schedule. The work on site has already begun in June and our contractor is Chinese and they have good quality. Once again, in their initial work we have a team in China following up on the project with diligences, carrying out their approvals and once again approving the stage of the project to guarantee the quality of this facility.

On slide number 22, we have the Campo Largo Wind Complex, the first phase, where we carried out a project, where 11 farms will be built, six for the free market, the rest for the regulated market. And here you see the manufacturer of the wind turbine, which is Alstom and coming into operation in 2019 to comply with the agreement that was signed.

On slide number 23, we speak about the Santa Monica Wind Complex that is being built alongside the Trairi Wind Complex. That is a project that has four plants under operation. Santa Monica has 97.2 megawatts installed and a commercial capacity at 47.8. The beginning of the operation is for the beginning up to '16 and once again the (inaudible) are from Alstom.

On page 24; projects for the future under development. We have this Santo Agostinho project in Rio Grande do Norte Phase II and III from Campo Largo. And in Campo Largo the intention is to evaluate the possibility of implementing solar projects as well and the Norte Catarinense in Santa Catarina. And perhaps you missed not hearing about Pampa Sul that we have removed from our portfolio for the time being.

We are part of the ENGIE Group and at present we're evaluating the right moment to end this project perhaps when we are able to deactivate one of the older Tractebel plant. For the time being, we're still assessing how to carry out this step.

We go on to our financial performance. We begin on slide number 26, where you see the main financial indicators. The message is that we have had a substantial improvement quarter-on-quarter every year. We are impacted by changes that leads in the last two years. You see a reduction from 2012 to 2014, regulatory changes in 2013 and others. And we hope to go back to a situation of normal feature, have a more receptive regulatory environment and this is important for the sector and because of all of this the results of the company should return to their normal levels allowing us to be a company with a growth in result, especially because of that characteristic of indexation for energy.

On slide number 27, we have the net revenue evolution. We have referred to the increase of net revenue because of the average price that went from 148% to 170%, an increase of 14%. We had an increase in the revenue of CCEE of 11 million and a drop because of a reduction in volumes, we had less contracts. We have decided not to renew some contracts because we would be in a long position in the short-term market. At present we have 180 million from semester to semester vis-a-vis 2014; that evolution, the main component is the Electrical Energy Trade Board with a reduction in purchases. Our energy location in 2015 was much more generous compared to the same quarter in 2014.

Because of this we had a greater amount of energy to sell, and because of the high GSF our short position was less than in 2014.

The expenses for the purchase of energy in the second quarter of 2014 were 475 million, and in the second quarter, I'm sorry, first quarter of 2015 a reduction once again of 27%. We also had the 11 million of increase, getting to 238 million in the short-term in CCEE. We had an increase in net income that we showed you previously.

We also had a reduction in the energy that we buy to resell. We had a greater volume of purchases and in our EBITDA result a reversion of liabilities in 2014 that our non-recurring events in 2015 with this, we have had an increase in EBITDA of 94.4%.

In terms of net income, page 29, the same components of EBITDA. The 285 million of increase in EBITDA that we observed in the previous slide, net of taxes that would give us the BRL187 million that you see on slide 29. We had a small component based on our own profit and in the financial result its loss of 65 million because of interest on the concessions, a much higher inflation in 2015 compared to 2014 for the same semester and increase of 19 million for regular debt. These are the two main components for the increase in financial expenses and worsening of our financial result.

We go on to slide number five [ph] to speak about our indebtedness, growth indebtedness without any changes. If you look at the position at the end of 2014 and at present the difference is of only 1 million. We had an improvement in EBITDA in the generation of EBITDA because the second semester 2014, well had an improvement of indicated it improved our funds from operation and our indicator went from 0.48 to 0.63.

Our net debt also dropped from 0.8 to 0.7 of EBITDA and our net debt over EBITDA dropped from 2.4 to 2.3. We have maintained a high cash volume to be able to work with the investment projects that we have. We have had a somewhat low process due to the financing coming from the National Development Bank, because of the excess of work at the bank and that is why we are retaining cash to pay for our obligations. We also have uncertainty in terms of the solutions for GSF and because of this, we have decided to have a more robust cash.

On page 31, There is a drop in net debt as you will see. At the end of last year 2 billion sum, as we have had a reduction of 150 million. Here you see all of the components. We paid out dividends, we carried out investments and other components that have an impact on our net debt. There has been a drop of 6.7%.

If we go on to page 32, we show you the debt profile and the cost, nominal cost. We have a concentration in 2016. These are debts that were taken on in 2014 in operations that are linked to CDI and the carrying cost is negative operations below the CDI, and these operations were carried out precisely to allow us cash stability and more tranquility for the company in 2015.

When it comes to the debt composition, most of the debt is in TJLP. We no longer have foreign denominated debt. Last year we settled our debt that we had in euros and our

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debt with China in dollars. We paid these debts beforehand, because we thought there would be a devaluation of real compared to those currencies. 61% of the debt is paid to the TJLP, 29% for CDI, because of the short-term debt that our swap in foreign currency to CDI with a negative carrying cost. We have an IPCA of 9%, one for the long-term, for the investment bank and a future debenture that we took on at the end of last year with a second TMB [ph] and a very small part of fixed debt for some of our projects in the Central West.

On page 33, we are speaking about our CapEx and investment plans. The new profile will be sufficient for our new projects. All of the projects that we have referred to in terms of streamlining and the amount of maintenance is relatively high. We are revitalizing some of our plans, an average of BRL250 million in year for the next coming years to be able to work with the normal maintenance of our parks. We have a reasonable volume for the Pampa plant 1.800 [ph] billion. I believe that debenture is for a three year period. Campo Largo, Santa Monica and Ferrari also with investment plans.

We go on to page 34 and we would like to remind you that the dividend policy by-laws allows a minimum payment or payout, excuse me, a 30% and we're paying out 55% of payable net income, and this was agreed informally during the follow-up on and we have paid three payouts per year, one at the semester and one at the end of the year. In 2013, the payment of 311 and once again, because of the volume of income during the first semester.

With this, we conclude the presentation and we are at your disposal for questions and answer.

Questions And Answers

Operator

Ladies and gentlemen, we will now go on to the question-and answer session. (Operator Instructions) Our first question, Vinicius Canheu from Credit Suisse.

Q - Vinicius Canheu {BIO 6300903 <GO>}

Good morning and I have two questions. First the issue that is more evident at present the GSF, I wanted to check something with you. What minister Braga has remarked about the proposal is that to maintain the GSF protection, they would have to increase capacity by 25% that is they increased the physical capacity of power plants.

When I look at your hydro capacity and thinking of the marginal cost of expansion, the calculation that I have made is that to adhere to this proposal, you would have to invest BRL400 and some to increase your capacity.

This is what we see for the Santa Monica Wind Farm, and which would be the investment that you would use to create this hedge? This is the first question.

The second question refers to the comment that you made for Pampa Sul. I would like to understand this better. You said that you are an energy company, you were concerned with issuing --

Operator

I think we seem to have lost connection with Vinicius. You may proceed, Vinicius. Very well, we did not cut you off.

Q - Vinicius Canheu {BIO 6300903 <GO>}

No, I can hear myself speaking here and I can hear you as well. The first question, I believe you got. The second question, I would like to understand the company's stand, historically you said there would be no problem in terms of the energy source as long as you could have minimum emissions and sufficient investments. I would like to know if this still holds true?

A - Eduardo Sattamini {BIO 16648085 <GO>}

The first question, in terms of GSF your calculation make sense. The only issue that has not been clearly defined is how this 25% compensation will take place. Perhaps we will do this with existing energy and we have accepted that those, who have been investing may receive a different treatment, which is our case.

Once again, we cannot stand still. We cannot afford to do this we're investing another sources to increase our capacity. Now this discussion on whether there will be new projects or if we are going to use the existing energy still has not been clearly defined.

In terms of values your calculation is correct, a 150 megas. On the average of wind energy would represent Campo Largo Wind for example, an investment of BRL1.8 billion. However, what we have debated is, whether we could perhaps replace this with energy with zero CBA [ph]. That is to say with our non-commercialized capacity. This is pending further debate and has not been properly defined.

Regarding Pampa Sul, there is a concern at present with the machines and this may have an impact on our investment decision. What we do have in mind is that eventually at some point in time, we will have a reduction in our capacity of generating coal, because of the age of our plants and this could be to the expansion of Pampa II. Basically this is the scenario we are working with.

Q - Vinicius Canheu {BIO 6300903 <GO>}

Very well. Thank you very much. Your responses have been very clear.

Operator

The next question from Renato (inaudible) Banco Fator [ph].

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Q - Unidentified Participant

Hey, good morning to all of you. I would like to hear from you the outlook for energy prices in the free market?

A - Eduardo Sattamini {BIO 16648085 <GO>}

Last year the market was very dynamic with very high prices with less consumption of energy and less availability of water. We have a per se drop in this.

Q - Unidentified Participant

Which is your outlook and would it make sense to begin to commercialize energy in the more asset base for future years? Is it true there is an enormous influence of the short-term on the prices for the coming years?

A - Eduardo Sattamini {BIO 16648085 <GO>}

The improvement in demand and supply in energy, especially because of the drop in demand. And the repercussions of this is projecting a lower demand in the spot market and this has reduced the prices for the coming years for 2016 and 2017. We have a very little portfolio for this. Now when we go back to 2018 our prices will be more aligned until 2020. Although we do have a reduction in 2016, 2017 compared to what we were doing three months ago, we're not expecting a huge drop in the longer term.

We were referring of 155 to 160 for 2020-2021. In 2016 the price will be above 200 [ph], 2013 and 2017 somewhat below 200, that is to say a slight reduction reflecting the reduction in demand and a reduction in the PLD.

And once again, this is happening in the short-term, and the medium and long-term, where our energy is less contracted, the prices will not have such a significant drop. We are continuing with our commercial activity. At present the reality is somewhat different.

We have a system that even with a historical average show that that we will have greater volatility. We will have moment with higher prices, and structurally the prices will increase and because of this our concern is to maintain future reserve. We at present have a reasonable level of reserve for the coming two years. We cannot sell more energy in 2016-2017, while we are selling more about it is based on the makeup of our portfolio. We sell for 2016-2017 using the portfolio of clients and keeping our reserve for the years after 2017, while we are capturing sales with very balanced prices beginning on 2018-2019.

Q - Unidentified Participant

Thank you. Thank you very much.

Operator

The next question is from Benicio from UBS.

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Q - Benicio Subone

Good morning and thank you for the call. The press has stated that the Apine would be valid for the month of May, is this true? And when will it be eliminated?

A - Eduardo Sattamini {BIO 16648085 <GO>}

The settlement that was carried out in July should have been done with this injunction it refers to May and it was not possible to make this injunction because accounting had already been done and we did not have sufficient time to recalculate everything and settle everything off in the second week of July. This settlement is -- will be done and will appear at the beginning of August.

Operator

The next question is from Kaique Vasconcellos from Citi Bank.

Q - Kaique Vasconcellos {BIO 17317373 <GO>}

Hey, good morning to all of you. Once again, another question on prices in the long-term market, which is your idea of liquidity and the free market, which is your vision of this?

A - Eduardo Sattamini {BIO 16648085 <GO>}

I will say to you that the free market at present is not very liquid. Whenever you have this rapid movement the agent tend to stop and freeze the (inaudible) or permanent effect for the short-term. There is no great liquidity in the market. We do not see very much happening, especially for 2016-2017. I'm not going to say that we have a risk of migration from the regulated markets or the free market. It could happen. There is a rationale for this because the regulated market may have a price increase, but so far we have not identified this as a trend per se. This is not something as a state of presence.

Q - Kaique Vasconcellos {BIO 17317373 <GO>}

Thank you very much.

Operator

The next question Henrique Peretti from JP Morgan.

Q - Henrique Peretti {BIO 18446440 <GO>}

Good afternoon, and thank you for the call. I have a doubt about the end of the semester. You spoke about your provision and in this quarter you made an adjustment in your provisions. We were expecting you to make another provision as you have mentioned that provisions would be made quarter-on-quarter, while you were faced with this injunction. What do we expect for the coming quarter?

A - Eduardo Sattamini {BIO 16648085 <GO>}

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We continue making the provision. Once again we have not received any certainty, anything that would grant us greater comfort, while we are doing is that the value that is between the cost declared at ANEEL and PLD has been provision.

There is a certain adjustment, because of the (inaudible) award have an incidence on this amount. This is the only adjustment. We do continue to make this provision prudently, when it comes to the difference between the cost declared by ANEEL and the PLD that we have received.

If the PLD drop, our provision will also be reduced. And if the PLD drop below the CDU value informed, but there should be a provision at this part becomes 388 or a provision similar to what we did in the first semester.

Q - Henrique Peretti {BIO 18446440 <GO>}

Yes. Thank you.

Operator

The next question is Eduardo Cancian from Banco Votorantim.

Q - Eduardo Cancian {BIO 18264143 <GO>}

Hey. Good day to all of you. You're referring to the GSF, I would like know if your expectations are for the agreements that come about this week or the coming week, there is still time for this to happen, for the settlement or do you think that there will be a postponement in this?

The second question referring to the agreement if you think that there is a chance for this to become retroactive to be considered as of the beginning of 2015 or only as of from this moment?

A - Eduardo Sattamini {BIO 16648085 <GO>}

For the first part of your question, this is not a simple solution. It is a rather complex one. The information that we have received is that we will need to make investment. We will perhaps have to do it through concessions, all of this is under discussion. These are complex solutions with a very difficult implementation. And when we think about the details, we're going to have to make multiple adjustments. This is not something that can be implemented in one or two weeks in my opinion. It will be a lengthier process. And I don't believe that everything will be simplified and will happen immediately. This is not my impression.

Your second question is this agreement will be retroactive to the beginning of 2015. The injunction begins in May, but once again the intention was to be retroactive and this discussion is still pending. Everything began in 2014 and once again, it is still under discussion.

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Q - Eduardo Cancian {BIO 18264143 <GO>}

Thank you.

Operator

The next question, Marcelo (inaudible) from UBS.

Q - Unidentified Participant

Hi. Good morning to all of you. I have a question about the results. I would like to understand the thermal plant. What was the result of the surplus production of thermal plant, understand the hedge that you did and the average megawatt?

A - Eduardo Sattamini {BIO 16648085 <GO>}

I don't have the figures at hand, but on the average we have 60 to 80 megawatts on the average when we're generating at all the thermal plants. And this will depend on temperature, dispatch and the fueling time, but between 60 and 80 megawatts of thermal surplus. Once again, I don't remember the figure precisely and I can send this to you later.

Q - Unidentified Participant

Thank you very much. When I was reading the result there was a great difference compared to the thermal generation between this semester and the semester of 2014.

A - Eduardo Sattamini {BIO 16648085 <GO>}

We generated 841 megawatts on the average, but I have to breakdown this generation because each plant has a different internal consumption. Once again to be able to give you a well founded answer, we have to breakdown the figures. At the end of the second quarter what happened were the incidence with the two turbines in plant A and B that took away approximately 150 megawatts of generation at the end of the second quarter 2014. These plants are operating well today and perhaps they may have contributed to this difference.

And the difference between 2015 and 2014 will be more evident because the plants only resumed their generation, plant B with 120 some megawatt only went back to operation at the beginning of 2015. And in the third and fourth quarter, thermal generation should be greater than in 2014.

Q - Unidentified Participant

Very well. Thank you.

Operator

(Operator Instructions) We would like to end the question-and-answer session. And I would now give the floor to Mr. Sattamini for his final remarks. You may proceed Mr.

Sattamini.

A - Eduardo Sattamini {BIO 16648085 <GO>}

I would like to thank all of you for your participation, for your questions. And I hope that, we will be able to maintain your interest in the company.

Thank you very much and have a good day.

Operator

The Tractebel Energia Conference Call ends here. We would like to thank you all for your participation. Have a good day and thank you for using Chorus Call.

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