

Y 2018 Earnings Call

Company Participants

- Paula Prado Rodrigues Couto, Superintendent of Investor Relations
- Unidentified Speaker
- Wilson Ferreira Junior, Chief Executive Officer

Other Participants

- Andre Sampaio, Analyst
- Binicu, Analyst
- Francisco Nachenge, Analyst
- Howie, Analyst
- Maria Carolina Carneiro, Analyst

Presentation

Operator

Ladies and gentlemen, good afternoon, everyone and thank you for waiting. Welcome to the teleconference of Eletrobras for the Income Statements regarding the Fourth Quarter of 2018. We would like to let you know that the participants will just listen to the teleconference. After that, we're going to have the Q&A session, and we will provide you with additional instructions. We'd like to remind you that this presentation is available at the Investor Relations page at Eletrobras website. (Operator Instructions) Before we continue, we'd like to let you know that any kind of statements made in this teleconference regarding perspectives of businesses, operating goals and financial goals are beliefs and assumptions of the Board of Eletrobras as well as information currently available for the Company. Forward-looking statements are not an assurance of development, because they involve risks and uncertainties and therefore they may or may not take place. Investors have to understand that overall economic conditions and other operating factors may influence in these results expressed in such forward-looking statements.

Now, I'd like to hand the mic to Mr. Chairman, Wilson Ferreira Junior. Thank you very much and thanks for the opportunity. You have the floor.

Wilson Ferreira Junior {BIO 20013669 <GO>}

Dear investors and analysts, all of you who are accompanying Eletrobras, we thank you your attention and we are going to start the presentation. From slide number three, we have the main highlights of 2018. It's essential for the restructure of the Company and we have at the helm highlight the privatization of six distributors, five of them have already

been duly transferred and with the reversion of the profit and loss of four, we have an inversion, an amount close to BRL3 million. We also had a reversion of impairment of Angra 3 due to the decision that we made and we had the implementation of this project. That's why we had a reduction of a large amount of money. We highlight as well this slide, the final entry of the Electro plant of Maua 3 of 590 megawatts and also Sao Manoel with 700 megawatt. We continue the operations with turbines of Belo Monte plant.

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It was also important, we had 26 SPEs sold for the amount of BRL1.3 billion, and it's important to mention that we have an amount which exceeds BRL1 billion. And we have an agreement of with Eletropaulo an amount of BRL1.1 billion. That's why we reduced BRL1.1 billion. In terms of cost management of the Company, specifically in terms of personnel, material and so on. We have an improvement of 156%, we are going to provide you more details and then we go to slide number four, when we continue the highlights of 2018, we talked about the end of the investigation. We had an agreement, a settlement with SEC of US\$2.5 million.

And finally, at the end of last year, we had leniency settlement led by the Transparency Minister with CGU and over the branch of the car wash operation. Well we got back BRL161.8 million. I'd like to emphasize that in statement that is impacted by the adoption of IFRS 9 and IFRS 15. In terms of structure of transmission with a positive result of BRL2.8 billion in profit and loss. In the equity of the Company.

This was a positive year and now, I go to Slide 6, talking a little bit about the evolution of the Company, in terms of generation. Last year, we have the incorporation of 1.667 megawatt in our installed capacity and we reached 49.801 megawatts, 30.5% of the Brazilian generation. It's important to emphasis the fact of operations of the Company. And given, everything that we said, we are a Company which have this representation of the generation of every Company and there are direct and indirect generation. We also had -- need an exercise in terms of regulated market and also in operations with Ceal and operations of OEM and the volumes, they are smaller but they opted for corporations, especially in the short and spot market. We see from '17 to '18, a small reduction in the volume and we see an important growth in the market and which is already our main operation which is higher than 6%. In terms of OEM, we have an increase of 23% of BRL2.8 million and also a smaller number of BRL1.7 million reaching 107% regarding the capital.

Now we go to Slide 7, in terms of transmission, we had a small reduction of 616 kilometers in our operation and this is due basically due to sales operations of the investments of the Company of the assets which were sold and we kept an increase of 189 kilometers. And these investments added annual -- allowed revenue which reached above BRL103 million per year. We have important representation of 47.3% of more or less 230 kV.

And now on Page 8, we talk about our financial highlights. The first column of the fourth quarter, the second is related to the year. I think, it's easier to start talking about the growth revenue, which was directly effected by the new accounting of transmission on the third quarter. We had a negative impact in the comment of conceptualization but on the fourth of 2017 and 2018 there was a reduction comparing 2018 and 2017. A number of BRL7.5 million. Last year, the fourth quarter was negative with BRL1 billion [ph] and this we

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had BRL3 billion. Specifically regarding this, we are going to mention more in a minute, but we have a reversal of provisions. Out from this BRL13 billion, we appoint from the fourth quarter, we had a reduction last year.

And I think, it's reasonable to say, there was a drop of 11% of the gross revenue. It was a bit above BRL30 million, 2018. The transmission, I apologize because the sound is not getting perfect to me. I am doing my best with I am able to listen. And the net profit of 2018 was of BRL13.348 million and we can kind of see how the Company is being restructured.

Now on Page 9, this is a result of privatization from our six distributors, which have already been transferred in yellow. The privatization was complete from the Equatorial part, Energisa and Boa Vista and Amazonas D from Consorcio Oliveira Energia. In the second Amazonas D we signed, we are going to have the transfer in the beginning of April and the results are going to be reflected in the second quarter.

Page 10, we have the results of this program, one essential thing for Eletrobras is what is to the right. We auctioned six distributors of Eletrobras which had loss of BRL4.1 million in 2017, the loss was of BRL1.879 million in 2018. We didn't have enough capacity to operate. As a result of this privatization, we have also -- the mobilization of employees 3.688 and in the total with both -- with all companies we have 6.636 employees less than we used to have. As a result of this dismissal of employees, we are going to have a reduction, now reversal for contingencies of BRL739 million.

On the other hand, well we have also the assumption of debt with Eletrobras in the amount of BRL14.205 million as a counterpart for Eletrobras. And we have BRL3.2 billion of receivables and credits of CCC. And we have BRL2.4 billion of credits from finances receivables. It's important to emphasize that in the case of the CCC in terms of a negative liabilities due to the four main operation, we are still going to have in the first quarter due to the transfer an additional BRL1 billion in the second quarter with the selling of Amazonas an additional amount. So in total, Eletrobras has got a representation technology, in terms of generation of and transmission of energy. Then we have regulatory and operating highlights. In regulation, we have BRL517 million already accounted in 2018, in terms of GAG, an improvement regarding renewable generation in 2019. And homologation of ANEEL of credits of CCC and in efficiency of Amazonas D is of BRL3 billion that happened last year. The reversal of Angra 3 of BRL7.2 billion and in terms of governance, it was important that our inclusion in ISE in 2019, we had the maximum score of IG ceased. We are rated 100 for Eletrobras, the institution with a lot of activity in our statutory risk in auditing committee and the placement of Independent Member not only from the Board, but also from controller. We hired consulting companies to assess it.

And finally, we had a compulsory loan, which is ongoing and regarding the settlement of the superior Court of Justice with the application of interests. In terms of financial performance of 2018, we have already disbalance placed here. You can have a good comparison of 2017 and 2018. So we have already said in terms of net operation and now we are going to have more details. You can see in the line of PM as of operating losses. In this year, we had a loss of 11%. In terms of costs and operating expenses, it's even bigger - but this is an effect that we mentioned before, it goes away from the line of revenue. And

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we have a drop of almost BRL11 billion and we moved from BRL11 billion to BRL7 billion, so it was a reduction of -- and we have -- that was due to energy projects for resale and effects of IFRS 15. In terms of operating provision, we had a variation of 43%, minus 43% and one of the main result is due to the reversal of impairment and Onerous Contract. We are going to explore this matter. And now we go back to working. (Technical Difficulty) and I am not able to listen properly. I am sorry, the board is not receiving response properly. The connection may be not good enough. (Technical Difficulty).

Operator

The leader has left the conference. You will now be placed into the conference.

Wilson Ferreira Junior {BIO 20013669 <GO>}

Okay. We are back. Okay, I apologize for all our colleagues who are hearing the call. Okay, so let's continue. Let's keep our good humor, okay. So Slide 13, we're talking about our performance in the Company. I had already mentioned, the drop in operating net result due to the effects of IFRS 15 in the systems of transmission and we emphasize the block of personnel, materials and others and we had a drop of 11% in variation. This reflect the reduction of cost of personnel. In terms of operating (Technical Difficulty) and we will be able to talk a little bit more. Afterwards, it's a real decrease, but it's smaller than 34%. In terms of operating provisions, we mentioned some of them. We had a variation of minus 43%. We are going to provide you more details. And we have also shareholdings equity, which is the main element here of variation in terms of results. We were negative BRL130 million and we had the reversion of 7.900 and also in terms of CGTEE. And now we start operating new plant from April. And we add 7.900. In terms of shareholdings' equity, we have a variation of 62% from 2.692 to 4.352 and we had a reversal of the negative net equity of distributors of 2.90 billion [ph]. That means that operations NSPs, they had a reduction of -- to a little bit less of BRL2 billion.

And now, we're going to talk about our EBITDA. We had a variation of 158% and 19.990 this year compared to 7.743 compared to 2017. The recurring EBITDA, talking about the variations that we had in the system. We had 6.705 in 2017 compared to 8.456 this year. We had a financial result, the improvement of macroeconomical result, amortization of loans and when the transfers and the distributors, we had a reduction in our operation. And also the settlement we had with Eletropaulo in the amount of BRL1 billion. In here, we just have the addition of the EBITDA. And also in this line, we have the leniency agreement with Odebrecht in the amount of BRL162 million and we have -- in one line the result of discontinued operations which this year is minus 1.879. We had a net result compared to 2017, which was minus 1.72, this year we have BRL13.348 million. And 2018, we have more than BRL5 billion of recurrent net result. The next page, we would have our quarterly comparison.

And Page 15, I will consider the variation not only from our gross revenue. We have an increase of almost BRL1 billion from 25 to 26.5 in gross revenue, pro forma. To our left, we have an evolution of almost BRL1 billion. As I said, is due to the growth of our generation, operations and the impact of OEM. And then we have three blocks, positive ones. Operating revenue, investments -- the application of IFRS and the reduction of the

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construction revenue. In the update of this revenue, we had a return and basically here. The services of ranging of restructure optic fiber happened in the last year. So we have a variation in the revenues and we have detailing in the next page of our operating costs. The total cost had a drop of 40% of high -- and 53% in the annual base. Thus as I mentioned, the start of this new change most variables that we have here, we have more cost to operate the thermal electrical Maua 3, used more fuel. We had GAG and we can notice that we had an important reduction.

On next Page 17. We have here personnel, material, services and others. And we have the non-recurrent ones. So the recurrent and non-recurrent. In the non-recurrent are the cost of completion of the niches plan. And these colors here to the right, we have the total. And the NOB [ph] we have a reduction of 12.8% and in the pro forma, we had a reduction of 12.4%. In highlight in the blue part, we have personnel which have on the annual base, had a reduction of 12% and if you compare to the quarter comparison, it had a great reduction.

Now Page 18, just to reinforce the provision. Here are the main highlights of the provisions and contingencies. We had a reduction from minus BRL1.381 million to BRL500 million and in contingencies of compulsory loans. We reduced from minus BRL2.337 million to minus BRL1.319 million. In Onerous Contracts of Angra, they varied from BRL594 million to BRL1.354 million [ph]. We had a reversal for specific cases of Angra in the amount of BRL5.854 million. And also the credits provision for CCC granted to Ceron due to the current position of Aneel. In total, in 2017 we had a provision -- a negative provision for BRL4.646 million and this year is positive. And this is due to the process of Angra.

The details in the next page are related to the compulsory loan. We have impact given the constitution of BRL2.670 million and the reversal of BRL1.351 million that was the change from the financial result we have in 2017, BRL949 million, net reduction in 2018 to BRL884 million. In compulsory loans, we reduced from BRL3.286 million to BRL2.203 million. And the total balance moved from BRL16.596 million to BRL17.942 million. We have monetary adjustments and other impacts. In the Company's EBITDA, Page 20, we have the same concept to the left, we have some points emphasized. We have contingencies, sales of CELG last year, Onerous Contracts, impairment. And the last one, it's the water resources inspection fee. So given the variations that we had in red, BRL1 billion last year and BRL11 billion, we are showing the development of EBITDA to BRL8 million from BRL6.705 million to BRL8.456 million. And we had a growth in shareholding. And the highlight is the operating cost in the amount of 23% and reduction of pro forma using the calls of mobilization and people. Here, more than BRL1.5 million, so we had a growth of 23% EBITDA.

In the variation, we have a great variation and this is what determine the variation that we had. You have the revenues of income. SELIC was accumulated -- SELIC accumulated to 10% a year in 2020 from 6.5% in 2018. And this year, the financial result reduced from minus BRL1.736 million to minus BRL578 million. From annual base, we moved from the last quarter from BRL12.073 million to BRL13.348 million.

Page 23, we have the impact from our indebtedness. We are reaching this number close to 3. We added net debt to EBITDA to 26.06. And we were able to defer sales to the

distributors. This is positive.

Next page, we have the profile of our indebtedness. We are reaching BRL54 million, financings and loan, 11.285 non-indexed US dollars , and we have 14% of LGL.

Page 25, just to show you the results. Is the result which is for the first time in the last years, a result of all controlled operations of Eletrobras. I then, I would say that in the nuclear field, Furnas we had a dropped from, a small drop, a slight one, Chesf, we had a great drop in the number. Amazonas GT from the beginning of the year, it has a new agreement. Already with profit. Eletrosul, we reached BRL130 million, SPE BRL109 million, CGTEE, we have also BRL28 million and Eletropar BRL13 million and discontinued operations, we had this number BRL1.879 million.

I'd like to mention something because we have, there is more failure, so we are talking about results destination. We have 13.081964 in net profit. This is our distributable base. This is like I have to show you now, the shareholders' compensation 300 [ph]. Is the realization of reserve for revaluation is BRL22.434 million and we get the base of calculation of 12.450.662 [ph]. A mandatory dividend in this condition of BRL 3 billion -- 3.12665 and total distributed in the year 2018 is 9.337996. Mandatory dividend in 2018, how we are going to deal with it?. We had analyzed dividend and reserve to be realized. And then we get to the total of three point -- from the 3.500. We will have the payment of BRL368.868 million to preferred dividend and BRL881.132 million to common dividend. They somehow respects our position and we have investment and we need enough cash to do the distribution. In order to be able to pay these BRL3.500 million. So you are working with this perspective of paying this amount for preferred and common shareholders. And especially for retained mandatory dividend in the amount of BRL2.299 million and this is the balance of the distribution from this special reserve for dividends.

Okay, just a consideration for the master plan of business and management. After those few years, we estimate that with this mobilization of people, 45% less people in the Company which have a compensation fund, have appealed to it and it's also a result of privatization of the companies and we have a number of 14,275 people this year and we are coming from a cost of BRL6.8 billion and we are taking -- estimating a recurrent cost of BRL3.7 billion. So we are reducing the cost of personnel in half, during this restructuring process.

Next page, we also have the impact of this reduction of MSO of 5.876 to -- and we are trying to estimate a cost of 2.900 in terms of cost of MSO. Also a reduction of above 50%. I'm just showing this because we had considerable change in our Company flow chart and I'd like to emphasize that in the activities of generation as for Itaipu. We had Amazonas GT. We had part of our Company reorganization and CGTEE. And we had four operations of GT, Eletronorte, Eletrosul.

And also I would like to talk, we can show you how we are in terms of SPEs. We had several operations here. We had -- our return position is 172 and sold in auctions of Eletrobras, 25. We still have SPS -- SPEs to be sold, 47. We are incorporating 14, we are

distinguishing 35 and the idea is that until the end of next year, we are going to have only 51 operations of SPEs.

Now on Slide 31. Let's talk little bit about the future. Continued need -- used to say that cost is like your nails, you have to be trimming it and cutting it, all the time. And we have to continue our program of reduction of cost using the directive PDNG 2019-2023. We decided to restore and to restart with the deliberation to resort the UTN Angra 3 because it's going to accumulate 1.4 gigawatts of installed capacity in the Brazilian field and especially in Sao Paulo, Rio and Minas. It's important for the system. So that's why this plant was a good decision to restart business. And we are saying if you can find our private partner to complete the building. We had a restructuring of Amazonas D and Eletronorte in CGTEE with Eletrosul and we are going to continue our second program of sales of SPEs and other assets from April 1 and we have seen the conclusion of the largest plant in Belo Monte, it's going to become the largest one with 11,233 megawatts. We have more wind farms to complete.

So we have excellent perspectives for the Company. And all of them have been really important for the economic activity. And now. I open for Q&A.

Questions And Answers

Operator

(Operator Instructions) First question from Andre Sampaio from Santander.

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

Andre. good afternoon.

Q - Andre Sampaio {BIO 19422379 <GO>}

I'd like to ask two questions, first of all regarding the provisional measure, do you understand that even if it's not approved. Do you believe that the impact on CCC is not going to be reversed. I'd like to confirm this topic. And my second question is regarding the distributors, which were privatized, do you have -- already have a position and the possibility of addition?

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

Regarding the second part of your question, we are working and now have to have a position with Reno Citiza to be presented. We require the -- an objects of presentation and we are still assessing it. We haven't completed the assessment yet. Regarding the O&P, certainly it has the power of law and this was used now only for Amazonas GT but also regarding the BRL3 billion which for now object of assessment, so during the investment of the provisional measure, it has the power of law.

Q - Andre Sampaio {BIO 19422379 <GO>}

Okay, thank you for your answer.

Operator

Next question is from Howie from Itau BBA.

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

Howie, good afternoon.

Q - Howie {BIO 7438804 <GO>}

Hi, my first question. To start we've been seeing statements from people from the sector and people from the government that another capitalization and privatization of the Company would a privatization of the subsidiaries, is this being discussed or is not? And the second question is regarding of the compulsory, is there any term for you to settle in the courts and in case there is a loss, do you know how much would be the next provision for the next balance?

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

Hi Howie. Regarding the first statement that you mentioned, what we have today in the Minister of Energy and Economy is a really broad assessment of the alternatives of capitalization of Eletrobras. It's pretty clear that the Company needs to be privatized. So, yes, there is a consensus in the sense, and the need of privatizing the Company. We are analyzing many alternatives and we haven't decided yet. We didn't -- we have until June to have the completion of these assessments, but we understand that this capitalization has to be attractive, to attract money and to privatize the Company and maybe this is the battle that we have due to the water waste into one. That's why we are working and we hope until this -- the beginning of the second quarter, we are going to complete it. Regarding the compulsory environment, I'm going to pass the word to our legal superintendent but I would like to mention that we are talking about one action which has not had any repercussion.

A - Unidentified Speaker

Hi, everyone. As Mr. Ferreira Junior said, it's a specific case which has not been agreed under the terms of law due to a repetitive result. Therefore, this segment was taken to the first session of the Superior Court of Justice. It's going to be doubtful. There is no binding effect with other cases, but the Company is following up closely and following every work with all the ministers. We are talking about an grievance an embargo within the special resource with the special NPL. So although the settlement and judgment is suspended at the moment, we understand the region -- board given by Grushale [ph] last year is the only one in place.

Grushale once again which agrees with the government. So we're going to have a joint work with BGS Hal and Herman Blot favors Eletrobras case. The oral votes preferred on February 27 according to Mr. Francisco Fulcrum and Minister, Angelina Costa has to hedged the President of the chair of the session. Only votes in case of a tie can in this case can prove that to nine ministers, justice are able to -- they are going to vote. So Eletrobras and then we believe that after all these votes, we can have an appeal if necessary because it fail from the compulsory contingency provision.

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We don't believe this sentence is going to be approved because it goes against the repetitive resource from 29. We are talking about one specific case in terms of embargoes and emergencies, in terms of internal embargo. Regarding term. The internal from STJ, they can stay with the process for six days for examination. They can extend it for additional 30 and this is due to the regiment. Nothing prevent the justice not to percolate the last request of examinations to more than 100 days to go back to judgment. But if you follow it really closely because we believe -- because it's not repetitive from 2019 to '29. Another comment that we are going to work to reverse the vote overly preferred because sometimes they just -- they follows one or other provision without having the time to analyze it closely.

I'd like to take the opportunity to highlight Alveri [ph] who took over the Financial board of Eletrobras and Investor Relations.

Q - Howie {BIO 7438804 <GO>}

Okay. Okay, thank you very much. It was crystal clear.

Operator

Okay, next question is from Carolina from Credit Suisse.

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

Good afternoon. Thank you for the call. I also have two questions. One is just from stated approval of transfer from Amazonas Distribution, you also announced that there was a postponement of the period of designation until April 15. Since it's a really short period of time, I would like to check with you, a few fact you believe that until April 15, the transfer is going to take place. And what is missing? What were you waiting for? Just for us to understand when we are going to have the transfer does it transfer Itaipu. And second question, I am not sure if you answer that. But since the call was cutting in terms of the internal of Angra, you -- due to the reversal, due to the redefinition of the new sales of power, can now redefinition of the performance of the partnership was it the thing due to price and used to depend on the format of the possible partnership of the project. Am I right?

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

Okay. I will start by answering the first one. Am sorry, the second one. We're not just thinking about the cash but also the investments. We have more than BRL11 billion invested in the plant and would not reverse that. We believe there is a process ongoing. And this is the corporate model that we are going to receive partners and we have to think about the capital and then we have an impact of each of them regarding the structure of check and budget. We had a capital of BRL15 billion. We have the new tariff. We also had new cost of financing regional for everything we need, new structure, new cost and with it we used a premium that the first moment we want to be more safe in terms of internal reversal. That's why it was approved by the auditor. Regarding Amazonas, tomorrow we have a meeting and we expect the transfer until April 15, we have this term. This delay took place as you may know due to Ascadi [ph] request from

the region from one competitor. This is the main reason of the delay and tomorrow, we are going to check, 15th -- April 15 is really going to be the date.

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

Thank you very much.

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

Okay.

Operator

The next question is from Binicu [ph] from HSBC.

Q - Binicu

Good afternoon. Thank you very much for the opportunity. Regarding divestment, I would like to know Eletrobras is thinking about selling minority shares that in company like Copel, explain and thank you.

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

Binicu, just consideration first. We have a portfolio of Holigate. We have an amount of BRL10 million and about 40% of testing. A great deal of the actions, they are actions of compulsory results. Last year, we had an sensitization of this compulsory agreement and we paid and we started to release the respective part for these losses. So of course in a certain moment, we wanted the Company to be able to use it with liquidity. We still have nothing defined. But last year we had something with Energy Zamatabroso and may do this here as well. But it still has not been decided yet. We are working four days and working to release from some active shares that can be released in the future.

Q - Binicu

Okay, thank you.

Operator

(Operator Instructions) Next question is from Francisco Nachenge from Bradesco.

Q - Francisco Nachenge

Good afternoon, thank you. I have two questions. One, I'd like to hear your opinion about the discussion, maybe you can call it out Itaipu. There is a negotiation going on regarding tariff Itaipu. How we are going to see Itaipu in 2023? And we have different views from Eletrobras department. How we can include Itaipu in the restructuring of this privatization?. I'd like to know your opinion about it. And also I would like to know if you see any kind of advancement in the reimbursement of investments above the basic price. Do you believe that these -- do you think there is a solution or is it a system which is not too visible yet?

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

Okay regarding Itaipu, there is a repercussion in the affairs. In August last year, we improved our numbers and we wanted to see again if you are going to have something as we call annex fee in terms of. Okay and we started this work last year. And during this period, we anticipated the part of plant, we had some alternatives. I'd like to make clear that the plant sales bottom and it stays on the private services. So until 20 [ph] -- August 2023, it's going to be amortized. And in Paraguay has got a quarter to use. The discussion is still in the beginning. The President of Paraguay and is being here talking to the Brazilian one and we are still having lot of discussion. But as I mentioned, is still preliminary. And regarding the capitalization process. It's a process which can have the weight of control. They cannot lose control Electro Gia. This is controlled by the government and Itaipu the same. It's not like a concession. It's a plant by national and there is a treaty. The governance of this plant is by both countries. So we are also still defining the governance and working on these, and Itaipu is really important in Brazil, and it's a competitive advantage for us. Obviously, we are looking into it with a lot of care. But you have all this information as well on the presentation. Itaipu is connected to Electrobras. It's part of our -- we made the decision this year, everything is really important. It's one and half years already into this operation. I am sorry, the sound is still cutting.

Q - Francisco Nachenge

Thank you. My question was more regarding of assets, the basic investments, if they were renewed from 2012. If you had any kind of comments regarding it.

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

Francisco, the connection is not good enough. But I will ask Paula to talk a little bit about it.

A - Paula Prado Rodrigues Couto {BIO 17615764 <GO>}

Hi. How are you doing? Regarding indemnification, there is a public audience from Aneel. And so how they are going to present an audio , audiovisual and they are going to have the base of 2012. And they are going to consider all consideration in this public audience but the improvement is going to be made in consideration with it because these brings investments for the clients. Which having a concession, they have to be considered in our report. Thus you know the definition and expectation of payments and of the regulation, there is a public audience and we are still waiting the result of the regulation for this year. But the expectation of payments is not in place yet.

Operator

We are now ending our Q&A session. Therefore, we handing the mic to Mr. Wilson Ferreira Junior for his final consideration.

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

I would like to hand the mic to Alveri for her to introduce herself. And then I'll wrap up afterwards.

A - Unidentified Speaker

Good afternoon, everyone. It's a great pleasure talking to you. I would like to introduce myself briefly. Last year, I joined Eletrobras as a member of the board and also from the Secretary Committee and recently I took over the financial board for more than 15 days. That's why, I didn't take part at all the call personally and when the next month, I am going to have the opportunity to meet you closely.

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

Welcome Alveri, it's a great expectation to have you with us. Not only just your experience but to allow Energisa, to light Energisa. She was here with us already with an auditing position and it's a privilege of having her now. She is going to make our work a lot easier. I would like to apologize because -- the confusion of this balance was hard for us many people have spent the night, working, that's why I apologize because I know the presentation had some problem. I'll correct some of them and the comparison of the quarter. And also from the investments carried out in 2018. The Company had a great effort and investing BRL4.599 billion, it's an investment which is large. But not the largest one in overseas.

That's why we are able to complete all and -- everything that was ongoing. We accomplished 75% of our goals and I'd like to mention that the part that we elect out from Eletrosul, the transmission line, we still were able to advance and we had -- we could mobilize the Company in the current committees of Belo Monte. We have -- we performance -- we delivered 75%, it's one of the largest indexes we had. And -- but this is still small comparing our size. But the Company had to deleverage to be able to invest new projects. So this presentation provides that to us. Shows that our -- now we are going to be more comfortable in terms of leveraging more than three times. We have our management capacity, not only due to the structure but also perspective -- of controlled an SDAs which is also essential for the Company to be efficient. We have programs which are structuring our businesses and we expect to have a reduction of additional 2000 employees. We are going to a different moment -- at some years ago. Everybody is on the same page and this helps a lot the Company. There's a special mission of the Mines and Energy Ministry regarding the Company's businesses. It's important to mark the end of 2018, as an year when we started focusing in generation, transmission and improve productivity, quality, good governance, and it's a privilege to have this level of businesses.

We are happy and we are hopeful with everything that comes in the future. We planted all the seeds and we hope to be harvesting good fruits of this work that is being done and will continue to be done, and thanks again all your attention, for your -- this conference. We are going to disclose this website -- this presentation on our site and we remain at your disposal in case you have any kind of question. Thank you very much and good afternoon, everyone.

Operator

Okay, therefore Eletrobras conference is closed. We would like to thank your participation and have a great afternoon.

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