

Q3 2016 Earnings Call

Company Participants

- Wilson Ferreira, President

Other Participants

- Carolina Carneiro, Analyst
- Vladimir Pinto, Analyst

Presentation

Operator

Good afternoon, ladies and gentlemen. And thank you for waiting. You are welcome to our Eletrobras conference to inform results for the Third Quarter 2016. We inform that all participants are going to listen to the conference during the presentation. Later on, we are going to have a Q&A session and we will give you more instructions to that. We inform you that this presentation will be in the website of Eletrobras.

Before we move on, we have to say that if you need any clarification about the perspectives of the Company's business and about financial objectives, will have to do with premises of Eletrobras and this is information that is available to the Company nowadays.

Future considerations are not -- are going to involve risks and they depend on circumstances that may or may not happen. Investors must understand that the economic conditions and other operational conditions may influence the results that we are disclosing.

Now, I have to pass the floor to Armando de Araujo, Financial Director for Investors in Eletrobras. Good afternoon, Armando. You have the mic.

Wilson Ferreira {BIO 1528124 <GO>}

This is actually Wilson Ferreira here. I would like to say hello to all of our investors, all of our participants in this conference for the Third Quarter of 2016. We have a presentation that is available to everyone. I'm trying to look at the main points here, things that are the most important to all of you I believe.

In this Third Quarter 2016, we are looking at all of the forms, 2014, 2015, the amalgamation of the final value that we had. It was not final. But now it is over BRL1 billion. It is BRL6 million more than what we had expected in the Second Quarter. We also

recognized the accounting balances for the Third Quarter. We see a participation better than we expected. We've seen a more relevant participation in Eletrobras and CTEEP in the Third Quarter of around BRL1 billion, over BRL1 billion.

The announcement of the bid for CELG-D for November 30th has also been announced with around BRL1.7 billion value instead of BRL700 million. We also have the generation of transmission around 3% to 3.5% of that. We also have a value of BRL273 million that's going to be highlighted in the future.

The findings that have been announced in the investigation are of BRL159 million. We're going to have a reinforcement of around BRL300 million and around BRL1.5 billion negative for the compulsory values and at the end we are going to have a preview for RBSE around BRL500 million. So there are many highlights that you are going to find for the Third Quarter in our presentation.

We have a consolidated result in the Third Quarter. In this result, we have considered what we had in the previous quarter. In the first line, you will see everything that we have for RBSE and in the second line you will see the managing values, the managing results. These are recurring values in our activity which is going to make it easier for analysts, for investment analysts to work.

So now we see our revenue going up around 9% and that went to over BRL8 billion. The EBITDA is around BRL6 million, (sic-see slide 4, "BRL3.237 billion") and has seen also a growth for this third growth for this Third Quarter. We don't have the same negative value as we had last year. In this Third Quarter, we've also seen a growth of BRL4 billion approximately instead of the negative result that we had in the Third Quarter 2015. This is what we have reported.

We can also see here the difference between the managing results. I wanted to highlight a few things here that are incorporated in this value. For RBSE, we have around -- with the taxes on that effect, we have the contingencies and onerous contracts, the findings of the investigation and what is important for CTEEP, as well as the financial corrections that we had. So these are results that are non-recurrent and they are positive or negative according to their scenario.

This takes us to the managing results for those non-recurring values. We are also reporting a growth of 8% in our net revenue. So that takes us to BRL6.639 billion in this quarter. I also wanted to mention that we are looking at BRL15 million more in the results going to BRL675. And in this last line here, we have BRL427 million negative in this quarter. So that leads us to BRL11 million growth; that is the impact on the financial negative results that I mentioned before.

So for Eletrobras, on pages 5 and 6, you can see our strategic decision to focus on transmission and generation. Here you can see our new focus and our consolidated result for generation and transmission in this semester -- in this quarter actually and the results of our distributors as well.

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So we are looking at a Company of transmission and generation with expressive, with significant results. We are looking at a Company -- and I am going to show you the managing results here with the same criteria -- a Company that in this quarter would have BRL5.6 million or BRL5.5 million turnover in this quarter and that would lead us to over BRL1 billion with a reduction of 14% comparing to the previous year. And we have here a profit of BRL161 million with a reduction of BRL1 million according to the previous year.

On page 6, you can see the managing criteria and the result for our distributors. They had a turnover going down around 1%. They also had an increase in their operational efficiency -- actually a reduction or reduction of 8%, BRL81 million. And as for the net profit, if we look at the difference from one year to the other, we had a reduction of BRL230 million. This slide really shows you on page six how Eletrobras has changed the focus and the results that we had in the distributors.

Let's look at page seven now to detail a little bit more of the consolidated results. Here we are looking at the gross revenue of every operation. Here we start with the comparison with the Third Quarter of 2016 and 2015. And also a comparison of the first nine months in 2016 and in 2015. Here we can observe in different areas, for instance generation, transmission and distributions, the results that we've had so far.

For generation for O&M and energy sales, we've seen a little bit of a growth if we look at the first nine months. And we are going to have resource transfers for Itaipu. These are the results that you can see in the slide; it's number 7.

As for transmission, we've seen a return rate [ph] that is different. Here we have the comparison 2015, 2016. We also have the revenue for O&M that basically went up around 10%, a little bit over 10%. And a reduction in the construction revenue. We've seen how people stop investing in this area from 2015 to 2016.

And for distribution, we see here supply, construction revenue and also CVA. In construction revenue, I think it is interesting to see that there was a small reduction, BRL222 million against BRL263 million in the third of 2015.

And for CVA, these are the results. We see that there was a more significant reduction in the Third Quarter of 2016 than in the Third Quarter of 2015. And there was an expressive increase in the gross revenue for the first nine months of this year if we compare it to the previous year. So we see the impact of the recognition that we've had in the Third Quarter of this year in the operations of Eletrobras.

This is the graph that you can see to right to see what the revenue is according to each business segment. Here we can clearly see the importance of the participation of generation. We've seen this green part going up. Transmission as well, it went up to -- not transmission, distribution went up to 39% and transmission went from 13% to 25%. So clearly we see here our position changing in generation, going up in distribution and transmission.

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Let's look at slide number 8 now. We are going to see the details on everything that is staff, material, services and other elements. Here we have a few observations. We see a reduction in staff, around 4.5%. In material there was an increase of almost 15%. In services we have a difference of around 14%, going up. And as for non-recurring services, it was a little bit under 1%. These are already contracted services until the second semester of next year probably. So we are going to exclude those values to make our next calculations. And so again, it's 0.9%, a little bit under 1%.

And for other elements, we've seen an increase of 158%. Here we decided -- so look at the 2015, 2016 MME decree and understand the cost for equipment, equipment that we generate or distribute. This account would go up 65% if we consider these other non-recurring elements.

The effort that we are going to have here is obviously to show you that we are complying with these values. In our quarter results, we observed -- against the first few month of the year, we observed that the staff went up 7%; services went up 16%; non-recurring, 3.8%; other elements, 30%; and non-recurring according to the MM decree would be under or a reduction of 13.3%. So I would see here these aspects take us to a managing result of 2.4%.

Now on page 9, we can see a little bit of the operational provisions. We start here with the contingencies, one of the main things that we have here. We see the Third Quarter of 2016 compared with the Third Quarter of 2015. Here we have around BRL38 billion in our provisions total and this had a reinforcement between positive and negative around BRL549 million. We've seen a reversion here of BRL388 million in onerous contracts and for impairments we see BRL263 million and for contingencies we see BRL434 million in the Third Quarter of 2016.

As for the investments, going to the next slide, we are looking at around BRL14 billion and we had a provision forecast of around BR10 billion for the year. So it was superior to what we thought. And what we had here is BRL6 billion in generation approximately until this quarter -- actually we had forecasted BRL6 billion and we actually executed around BRL4 billion until the nine months after Santo Antonio and Belo Monte and all of the initiatives that we had. So the percentage we know is up 61% approximately that we have already executed in generation.

As for transmission, it is BRL1.9 billion and we had forecasted BRL2.3 billion. And for distribution for the first nine months it was BRL664 million and we expect to have -- we were expecting to have little bit under BRL1.4 billion.

Let's look now at the net debt in million reais. Here we have the consolidated against the controlled debt. We are going to use this later on to have a better reference of our final result. And here we want to show you that the financements that we have in the consolidated area are around BRL30 million. For RGR in the control debt we have around BRL5.7 million. In bonus we have BRL9.1 million and in the financial intuitions BRL10.3 million. So the total would be a little bit under BRL26 billion nowadays. On page 11 then, that's what I wanted to highlight.

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And for the next slide, we are going to look at the business segments that we've had in the first nine months. Now, we are getting to more megawatts. We're reaching around 46,000 megawatts or 47,000 megawatts, 52% of those megawatts are in non continuous concessions, 28% of those megawatts are in those continued according to Law 12,783, 6.6% of the megawatts are in continued concessions according Law 13,182 and a little bit over 13% have to do with the SPE participation that is in our structure of generation.

Now we have 70,000 more kilometers that were added, 9.6% in non-continued concessions, 81% in continued concessions according to Law 12,783 and 9% according to the SPE participation. So these two first blocks have to do with the new focus that Eletrobras is going to have from now on.

As for the distribution, we're looking at a different number of consumers now. We are adding all those kilometers and megawatts. So we're reaching a little bit over 4 million consumers with over 260,000 kilometers of lines and networks. That brings a lot of recognition to our base and we're working to make a better effort and to be recognized for reaching even more consumers.

Next slide we're going to show you a little bit of the evolution of our stock -- of our shares in the market. Here we're looking at IEE and Ibovespa indexes. We've seen that in -- over this past year, we've seen some growth. After June and July, we've seen some recovery. And it's reflecting a little bit of the strategies that we have started implementing.

We see a growth in our market value that is seen by the Company in all the operations. And we're looking at -- we were looking at around BRL9 million and now we're going to almost BRL28 million. So that was a very good growth. It was around 202%. And we see the negotiations in New York -- in the New York Stock Exchange and that also shows a very good growth. Especially in EBR, we see here over 300 million growth -- or 300% growth.

Now, I want to pass on to another element that I wanted to show you, which is more of the diagnosis that we're going to have for the Company between 2017 and 2021. I start this new approach sharing with you a little bit of the views that the Group has and we have three main things here.

From 2012 until now, until 2016, we've seen that in our process there was a lot of operational inefficiency with operational costs for generation and transmission which were actually higher than benchmarking, as well as those distribution costs which were higher than regulatory costs. Same things with the distributors with quality indicators and total loss that are not according to ANEEL requisites, requirements.

So I wanted to show you -- well, there's a mistake in the last line here about the sales that Eletrobras had in ACL and ACR. It was BRL165 megawatt per hour against BRL173 megawatt per hour for private companies. So we want to improve our numbers as while in our activities.

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The investment that we have here for governance and compliance show there was little efficacy in the holding over controlled companies and there were also material problems that had to be remediated.

As for people management, in the operations we had around 22,000 employees and we want to change that approach that we have with staff. Like I said, it's 23,000 [ph] employees, approximately a third of them can be retired or are in those retirement positions. And we have a few important experts that are fundamental in our operations, which would be a number of around 1,500 managers in the holding plus G&T. And out of those 1,500, 30% could be also in a retirement position, which makes the situation a little bit difficult because these people are essential to our operations.

So these are important aspects. So we also have to think about the main elements in our strategy. We have to look at the problem of the debt that has gone up. And now we have an EBITDA (sic-see slide 16, "net debt/EBITDA") of around 8.7. So just like I can show you here in this graph and this is actually this table, we have a net debt of around -- that was around 13 and it went up all the way to this quarter to 19. And the EBITDA was 2.3 and now it is 2.2.

So besides those elements that I highlighted, there are a few things that have to be addressed in the future, some challenges that we're going to face in the future. From 2012 to 2016, we see compulsory of around BRL13.44 billion -- that was the total provision -- and we have a monetary update estimated per quarter of BRL700 million. So that is the problem that we're going to have to face to avoid more debt and more problems until 2017 -- or from 2017 on.

We have a negotiation ongoing, especially with the president and consultants. We're working with Petrobras and other companies as well. We're going to have more internal controls of Eletrobras to avoid the material problems that we've seen so far. We want all of our employees to have retirement plans that are correct. But we have to really equation all of that deficit and how that's going to work with our new plan. These are very onerous contracts.

So in Angra 3 we have that problem with the onerous contracts. We have impairment. We have billions in investments, approximately BRL8 billion. CGTEE, we're going to equation the performance and all of the debt. In Amazonas GT, we want to conclude the initiatives that we have there.

As for the delay in transmission construction, we also have around 100 places with environmental issues that have been delayed. And as for SAP, ERP, we want to adopt the same version of the system for all of the Eletrobras companies to make it more standardized. Half of them will have it, half of them won't. So the versions are different. We really have to look at this and standardize everything everywhere.

So to conclude that diagnosis, I want to show you a little bit more of the structural challenges that we're going to change until 2021. One of our priorities is going to be to

work on the reduction of the net and gross debt through privatization, working with operational assets and also non-operational assets especially.

We are always going to focus on the operational efficiency and corporate efficiency increase; to an organization restructuring; also an incentive retirement plan, which has what I mentioned before; and a shared services center; as well as automation of a few plant that we have especially in a few regions of Brazil. We've seen some initiatives ongoing already in that sense. And finally we're going to have a corporate alignment.

We want more efficacy in the governance of the holding so that we can work better and align better thinking about risk management and compliance. That can be seen in a summarized view in the next page, where we have those three main strategies. We're looking at the directive plan for business and for management 2017 to 2021. Like I said, three main strategies and 18 initiatives. This is what we're going to focus on so that we can measure the results in the future. This is clearly the program that Eletrobras is going to really focus on from now on.

On next page, we can see the strategic ambition of the Company for this period of time. We're going to try and potentialize competitive advantages for generation, transmission and marketing that product to have sustainability enough for all of the interested parts -- for all of the stakeholders. We really want to have efficacy recognized by all of the stakeholders that we work with.

Next page we're going to see the first initiatives that we're going to have related to operational efficiency. Here we're looking at eight main things that we're going to start with. The PMSO has to be under one. This is the indicator that we're going to follow in a macro way.

And here we have, like I said, a set of initiatives. We're going to start with organizational restructuring, like I said before; as well the retirement plan; the PRO-ERP implementation, which was a system for all of the companies in the network; the shared services center; a reduction in management costs, since we're going to look at our staff and see how the retirement plans are going to work better; also a reduction in over time, which is important for the Company.

And these first six measures are the main ones that we're going to start working with, especially to increase our revenue. Then later on we have the regulatory strategy that's going to be determined to understand the assets that we're going to have in generation especially and also have to integrate the commercialization of energy. We're going to try and maximize our operations and also mitigate any problems that we may have.

If we detail all of the measures -- well, if you want more details on the measures, you can see them on the next few pages. The organizational restructuring is going to happen until February 2017. Here we're looking at a reduction of the gratified functions for assistance and consultants. We're going to also avoid one of the hierarchy groups in the Company. We're going to have an important reduction in this area. They are called division

managers nowadays here. We're going to have a reduction that is going to be very important in the holding and in the controlled companies as well for that hierarchy level.

We're going to reduce the commission roles according Article 37. There will be a reassessment for the requisite roles. And finally we're going to look at the gratified roles for project management, which is called the Why Career [ph]. We're going to have professionals better dedicated to the projects that we need. But in a different way than we're working nowadays.

Here you can see the demographics of the groups. Unfortunately, we don't have the legend for everything here. But we're looking at an age group on one edge and holdings versus controlled on the other edge. I wanted to tell you about the participations. What is important to see here is that out of around 60 -- in the group around 60 years old that means 34% of our professionals in Eletrobras. That's why we want to look at the retirement plans and we want to look at the potential that we have in our staff. And that's why we really have to think about the costs that we're going to have in the future. We're looking at around 500 eligible professionals for our retirement planned execution. Our main idea is that if approved is to start in December implement that plan with all of those eligible colleagues until February 2017.

So like I said before, the system is going to be very important so that we can implement everything in all of the areas just like supply and all of the other ones starting January 2018. Here we see how it's going to change the finances, data unification, asset and supply management and it's going to make possible to work with the CSC.

On the next page, we see the creation of the shared services center until December 2017. Here we identify other solutions on the right, treasury, finances, accountability, human resources, supply logistics, infrastructures, general services, IT, legal department and SPE management. All of these functions are going to be optimized thanks to the standardization of these processes. This is going to happen starting first semester next year. And until the end of the year, we're going to incorporate other companies that are not in Rio de Janeiro where this is going to start.

So the idea is for the companies work with their own integrated system but knowing that it is standardized with every other company. We're looking at a set of around 18,000 employees and out of those, 5,226 employees will be involved in the transactional processes for the SCS or shared services center.

Like I said before, our regulatory strategy will review the Angra 1 and the Angra 2 rates. The values coming from indemnization of generation are going to be around BRL7 billion December 12th and we're going to increment the RAP of these renewed assets for reactive energy.

And finally, we're going to market the integrated energy. We want to maximize our results thanks to that. When we market integrated energy, we will create a committee for this marketing in the holding and with all of the representatives of the controlled companies

to optimize the energy market transactions. This way we will be able to have a better revenue in the regulatory ending markets or commercialization areas.

Our next idea is going to be focused on six main things, six initiatives. Here we're going to reduce investments starting next year. We want to have a net debt that under 4. And again, we're going to reduce investments to start with, that's going to be the first thing. The second thing will be the privatization of distributors, something that we have already decided to do.

The third would be to sell the administrative constructions. The fourth would be to sell participations in SPE that are not strategic. Number five would be the optimization of fees and taxes. And number six would be the societary restructuring to better improve the fiscal credit that we are going to have. I think this is going to change the whole scenario in our operations.

Since we are already talking about the debt and how to reduce debt, let's take a look at the next page. Here until December -- until November 30 actually, we will have the privatization of CELG. And the other ones in the graph are going to happen until December 17. We've seen a good chronology already. We have a good program working with many different teams to do so, with Minas e Energia as well. So we are going to have a preparation first going from November this year until January 17.

We are going to hire a consultancy company until February next year as well and we are going to start with the next phase, which is going to be a study. In February, then, in the studies we are going to have the accounting due diligence, the legal due diligence, the economical and financial assessments and the Company adjustments that are necessary until October 2017. And finally we proceed to the sales, which is data room for potential investors and the bid execution until December 2017.

If we look at our assets, we are looking at a great potential of almost BRL5 million. This has to do with the administrative buildings or constructions and we are going to try and concentrate on those buildings and on the SPEs, like I said before, with the tag along exercise.

Our next page is a little bit more detailed. Here we can see over the left side how different it is from the other side, where we have our target, which is to reduce 2,500 in the gross debt or around 7%. Here we see we have the curve going up to around 40. The blue curve is in 40% and the green one is in 20%.

So we see that the initiatives that we started taking last year until mid-year 2016, there was a difference in the interest rate charged around 10% to 20% and then that brings our average cost to a difference of 6%. With the reduction of 13% in the gross debt around BRL3 billion influenced by the gross revenue reduction and the cash availability increase, we want to reach the target of 4 for the EBITDA.

In the page, we see a little bit more of that investment reduction plan. The plan here, the PDNG, the directive plan 2015 to 2019, is a little bit different than that of 2017 to 2021. We

have a different value. We were looking before at around BRL50 billion and now we are looking at BRL35 billion, which is a 29% reduction. This infrastructure generation, distribution and transmission as well. And the sources here would be indemnization, own resources, contracted financing plans, RGR distributor with around 4% and new financing plans which would be a third of this value, 32%.

So now we have concluded that debt area. But now we are going to look at compliance, how are we going to increase the credibility for our stakeholders. To do so, we are going to start working with four main initiatives for this target. We really want to have a better market value to present to our stakeholders.

To do so, the four initiatives that we are going to implement would be the five dimension compliance model, an alignment of all of the statutes and approval models. We are going to avoid the material stabilities or problems, like I said before, throughout 2017 -- well, starting now. We are going to implement actions to list the indexes and to obtain GC Seals as well.

This way we believe we are going to be recognized in the market and we are going to measure this according to the multiples and to the averages that we are going to see in the future.

We've already started qualifying governance already in our Company. We've worked with Vicenti Falconi, with Elena Landau, with Jose Rangel, Carlos Eduardo, Ana Vescovi, Mozart Araujo, Esteves Pedro and Jose Luiz Alqueres. We've all started working with that. We are making a great effort. Esteves is working a lot on the planning and Mozart and Rangel are more applied to the independent consultancy. Carlos Eduardo is focusing more on the staff. He brought a lot of talent to the Company. So you see everyone in the team is going to work on this governance to improve our results in the future and to align all of statutes.

In the next page, we see a little bit more of that, especially on the five dimension compliance model. We are also mentioning the alignment of statutes and the elimination of the material problems as well as the implementation of actions for the indexes and the GC Seals here too.

I think here we have to highlight that we already started working on some things here. As you can observe, the governance of the Board is now complying Law 13,603 (sic-see slide 31, "Law 13,303"). This way we have been able to discuss an RAP of BRL7.5 billion a year. This has to do with the RBSE indemnization.

With the distributors privatization we've also had some progress. For instance, we have the privatization of CELG-D at a price of BRL1.7 billion and out of those, BRL913 million have to do with the participation of Eletrobras. And we had temporary services as well. Later on we are going to restructure our organizational holding. We are going to have a reduction of 228 managing roles. We are going to reduce 57%. We are going down to 98 positions only.

We also have the addition of Belo Monte to MCSD with a savings of BRL316 million. We are going to also make more resources available, AFAC [ph]. And the government will obtain BRL970 million additional, which is going to make it easier to work with SPEs in generation. Sinop, Sao Manuel and Belo Monte are also very important financing plans that we have ongoing now. And finally, we are going to have a differentiation in our international investments, around 50%.

Thanks to all of those strategies, I conclude. And I would like to forgive myself for passing on so quickly through all these details. But this is our mission now. We want to act on the market in an integrated way, in a profitable and sustainable way.

Our future vision is to be among main global companies for clean energy. We want to be a top 10 in electricity with good profitability and we want to be recognized by our stakeholders, like I said before. And we have good solid values, FX transparency. We're focused on results and we value, we're committed to our people. And finally, sustainability -- I think sustainability is a key thing here.

So let's proceed to our Q&A session.

Questions And Answers

Operator

(Operator Instructions) Carolina Carneiro, Santander.

Q - Carolina Carneiro

I have two questions about the parameters. The initial parameters that you mentioned on the directive plan -- on the strategic plan, the first would be about the retirement plan, we want to encourage people to retire. And you showed an estimation of how many people would be eligible. I wanted to know an idea of how much that would cost? And in that plan what is the payback?

And my second question would be about a program or a calendar on the sales that you have mentioned. Is that something that we can potentially see short term or just in the second half of 2017?

A - Wilson Ferreira {BIO 1528124 <GO>}

Thank you for the question, Carolina. About the retirement plan, right now we are sending a proposal to the planning ministry to the right institution. And whenever we have the approval of this plan, which is supposedly going to happen very soon -- of course we're going to have an attractive plan to really have a lot of adherence. But I really cannot give you an estimation right now, only after it is approved. We do know who the eligible ones are and we have a target already. But that has to be approved first. So whenever we have that, we are going to disclose the conditions.

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It's going to involve a fourth of our staff. So I think it would be around 30%, 34%, 35% approximately in our payroll. It is an important contribution of course. I can also tell you already that we're -- in all cases, we're looking at a payback of around 18% or 20%. So you can start having an idea of how it's going to work.

As for the calendar, in the first semester of this year we had a very good result. And later what we're going to have is decisions over the controlled companies with the tag along exercise, like I mentioned in the presentation. We're going to have participations where the controllers are manifesting and we have a great potential in that operation as well. We have to see what kind of assets are going to be of interest and we will assess the situation as it is when the time comes.

And like you said, the second semester -- in the second semester, we're going to have to see the amount we're going to be working on. We're going to assess the main alternatives and in the first semester the tag along exercise will take place and we will see how everything is after that.

Q - Carolina Carneiro

Okay. Thank you.

Operator

(Operator Instructions) Vladimir Pinto, GrandPrix.

Q - Vladimir Pinto {BIO 1554020 <GO>}

I have two questions; the first about CELG. We've seen a few comments in the market talking about it being expensive still. Those of you who are working with the asset, did you also see a reaction in that sense?

And the other thing was about the compulsory that you mentioned. What is being planned now to tackle that issue? What are you planning to solve that problem with the asset?

A - Wilson Ferreira {BIO 1528124 <GO>}

Thank you for the questions, Vladimir. Let's start with CELG, right now in Brazil the market is improving some macroeconomic elements. So around two months ago, we had a recognition of the prices, especially during the first semester because we had an important crisis. And I think we're now going to leave, to exit that crisis. And what determined last year was the macroeconomic situation really.

I understand why that happens and buyers do that all the time. And I've been working on this for many years. So I think it is a very good opportunity to have a 70% reduction in price from last year to this year and that has to do with, like I said, macroeconomic variables that were aggravated. And because of that, the market is completely different.

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So what we wanted to clarify is, well, people say that the price was not okay for CELG-D. But I think that this company is actually worth more than people think, first of all because it grows twice as much as the average in Brazil, as the average companies in the same sector in Brazil. Most companies have faced a reduction actually in growth over the past few years -- over the past few months. So to have a better asset pace is very important and that happens in the case of this Company, especially in the West region of Brazil, Central West.

And now we are going to have a few more months to improve the pace that we already have with a better pace. We are going to have a very good volume, a very good growth volume I believe. So the next five years are going to be better than the previous ones.

Also, it's all linked to strategy. It's like we were playing chess. This company is the main company that we have in terms of profitability in the Central or West region of Brazil. It offers buyers a very good corporate advantage for any kind of concession. So we've seen a lot of interest from buyers. We've seen a great movement. And of course it is natural to have some concerns. But we are extremely optimistic about this operation until November 30.

As for the compulsory values that you mentioned, that I had shown in my presentation, I think it has to be a priority, because the Company is working a lot on that aspect. And of course I don't have any final figures to show right now. But we are going to have two more actions during the next quarter and I am going to show you that later during the next quarter.

Our main goal here strategically is to develop an exciting proposal to solve that problem during the First Quarter of the next year.

Q - Vladimir Pinto {BIO 1554020 <GO>}

Thank you.

Operator

We now conclude our Q&A session. And we pass the mic to Wilson Ferreira for final comments.

A - Wilson Ferreira {BIO 1528124 <GO>}

I wanted to thank you again. I wanted to thank all of our participants today. We have many people listening to the presentation. It is a satisfaction to have you here with us and on behalf of all of the colleagues in Eletrobras I thank you for being interested in our strategies. I think now we are looking at the main problems of the Company and trying to solve them as soon as possible to have competitive advantage.

Every day I come to work here, I believe more and more in this Company. I believe in our talent, in our potential. I am certain that this Company has all of the recognition that it has in the market because it deserves it. It is a very good Company that is going to add even

more value, especially through the improvement of the operational efficiency, its product, its services and its focus on financial discipline, which is going to be, like I said, one of the main things that we are going to work on. And of course, like I said, as well we are going to work with ethics and transparency all the time in our segment.

These are the seeds that we are planting so that we are going to harvest a very sustainable and good quality Company. Every quarter we show you the result of our efforts. So thank you once again for participating.

Operator

Eletrobras session has now finished. Thank you very much for your participation. Good afternoon.

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