

## Y 2015 Earnings Call

### Company Participants

- Henrique Manuel Marques Faria Lima Freire, Chief Financial Officer
- Michel Nunes Itkes, Vice President, Operations
- Miguel Nuno Simoes Nunes Ferreira Setas, Chief Executive Officer
- Unidentified Speaker

### Other Participants

- Maria Carolina Carneiro, Analyst
- Unidentified Participant
- Vinicius Canheu, Analyst

### Presentation

#### Operator

(Starts abruptly) Energias do Brazil conference call to discuss the earnings of the Fourth Quarter 2015 and year-to-date. All participants are connected as listen-only mode. And later on we are going to start the Q&A session and further instructions will be provided. (Operator Instructions) This presentation as well as slides will be simultaneously webcast on the website [www.edp.com.br/ir](http://www.edp.com.br/ir). And there you can also attend the company's release.

Before going on, EDP Energias Brazil would like to let you know that any statements made during this conference call relative to the company's business outlook as well as operational and financial goals and projections relative to its potential growth are based on assumptions based on the company's expectations with regard to the future of EDP Energias do Brazil. Forward-looking statements depends on the country's economic performance and regulation of the electric industry, in addition to other variables and therefore are subject to change.

Now I'm going to turn the call to Mr. Setas, CEO and IR Officer of EDP Energias do Brazil, just to start the call. Please, Mr. Setas, you may go on.

#### **Miguel Nuno Simoes Nunes Ferreira Setas** {BIO 15901389 <GO>}

Good afternoon, everyone. First of all, I'd like to start by thanking you for joining us in this earnings call relative to the fourth quarter and year of 2015 and I would like to say that with me today are our CFO, Henrique Freire, and also Mayte Albuquerque, our Financial Officer and IR officer.

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The year of 2015 was a year for the company that was quite symbolic, it was the year that returned 20 years in Brazil and we also celebrated the 10th anniversary of the company's IPO. Together with that I think that today, we have the conditions to say that it was a year of particularly positive results and the result were only possible because in 2014, we set out a strategy and those strategy was implemented with very strict focus and we monitored the project of implementation of our strategy, monitoring all the risks the company was exposed too. And somehow we were able along period to convert some of these risks into business opportunities.

I wasn't talking specifically about Pecem, one of our main assets as you know and that was the target of an acquisition last year. 50% of our stake that belonged to Eneva that was in a legal recovery process, and we had to adopt a risk contention margin and that proved to be an excellent business opportunity, because of the turnaround that we had there.

I would like to start the presentation on slide four. Just to summarize in a very brief manner, what we thought were the main accomplishments that we had in the year of 2015 and that somehow reflect this strategy that we adopted as of 2014. So on slide four, we have six important points. The first was corporate governance and here I'm just going to make a very generic comment, because along recent calls, we have been quite explicit about the changes that the company engaged in, in terms of corporate governance.

First, today gives us great stability and satisfaction with the model of governance that we implemented in the company. The second point that I think is important to be highlighted is what we call a portfolio optimization. As you will remember, we had four transactions along the year of 2015. One of them that was completed in 2016, but there were four transactions that were structuring for our portfolio. The first I already mentioned was the acquisition of 50% of the same. The second was the sale of our stake in EDP Renovaveis Brasil and following the decision that we made, we decided to position as a reference hydro thermal operator. So we had to leave our exposure, our investment in the segment of renewable energy. So that's the second operation EDP Renovaveis Brazil.

Third operation was the acquisition of APS, which is an energy efficiency company with 23 years of history in Brazil. And the fourth transaction that I just mentioned, that was completed in 2016, was the sale of our share in the company Pantanal Energetica that has two assets of 51 megawatts of installed capacity. So these four transactions enabled us to optimize our portfolio. And one of them in particular showed relevant capital gains, as we know contributed to the results that we have to show in the end of 2015.

The third point is the commitment that we have with execution that we have been implementing three hydroelectric plant constructions. One of them Jari that was implemented to three months in advance, two are still under construction. Cachoeira Caldeirao that should start by January 1st, 2017. And we, in the end of 2015 were at 95% execution and Sao Manoel, which we have a share of 33% together with Pecem furnace [ph] and right now it has 37% of its execution.

So the focus as you know has been delivering the investments within the established time and budget. So this was the case of Jari and this is what we happen -- we want to happen

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with Cachoeira Caldeirao, and if everything goes as planned this is what's going to happen. In the few weeks to come, we'll see the results of these advanced services that we are having.

The fourth point, I already mentioned in the beginning is the consolidation of the same turnaround and here I think, quite very important to talk about our operational efficiency namely, the rate of availability, 88% that we reached this year, two percentage points above the previous year of 2014 and that leads us to a level of operation that is very close to the best international practices. Then also gives us, I believe, comforts or the reassurance about the company's operational stability in this asset.

Also talking about the EBITDA of this plant, we had 523 million in the end of the year with a liquid positive result. It was the first time that we had a net positive result of 22 million. So clearly, at this time in the history of EDP and we are talking about the year of 2015, this is a call, but anyway in the history of EDP, this is something that should be highly emphasized.

The first point is the improvement in our operating efficiency and reduction of losses minus 3 percentage points in Escelsa and one in Bandeirante. These are results in our point of view with increase of tariffs above 50% in the year 2015 are considered remarkable results. Also cost controls, I could not fail to mention, we had 8% increased inflation, accumulated inflation removing the thing of the comparison, which positions us below the January inflation rate in Brazil.

And finally, our sixth point is what we call a control of risk factors. In terms of credit, our plans of -- to avoid default rate, the renegotiation that we engaged in because of the hydrological risk and also financial risk with a maintenance of a very cautious leverage level. And with that we have an EBITDA net debt ratio of 1.7 times. All that shows us that we are delivering this commitment that we have taken in the past and I think that what we said in 2014, contributed to the success that we had in 2015 in this market.

On page five, I would like to talk about a summary of the advances that we had in Cachoeira Caldeirao and Sao Manoel.

Sao Manoel, as I mentioned we are in the commissioning of unit I and now already gave us authorization to start the tests. And so very soon we are going to be able to announce asynchrony of the first machine with the network, and again representing an advance, a significant advance compared to the schedule of that work. As for Sao Manoel, I mentioned, we have physical evolution of 37% on time and cost.

On the next page, page six, we have again summarized information about what I mentioned in the first slide on page four about the same turnaround. Operationally and regulatory wise, we have availability from 63% in 2013 to 76% in 2014 and 88% in 2015. So quite a significant evolution that places us in stability levels in that the same plant and regulatory wise a significant set of claims that were taken by the regulating agency and that enabled us to rebalance the company's economic model. The plant today operates

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in more stable operation and with a regulatory framework that is much more optimized. You see results that were 523 million of EBITDA and 22 million of net income.

On page seven, are also some other information about losses. Here I would like to highlight the evolution of Bandeirante and Escelsa, again was the result that are going down. In Escelsa, that was the best amount that we had in the last 13 years in the history of the company. We are so not completely satisfied because the target for Aneel is 7.87%, so we still have a gap that should be shortened. And that is the target of investments the company is going to make along the year. And by the way, I would like to say that EDP has all the intentions to reinforce its distribution CapEx for the year of 2016 and this will be partially directed to restructuring investments to reduce non-technical losses.

Investments related to Telemetry and capacity to have information of the clients in a more trustworthy and instant manner and this is very important for the steps that we took in 2015. So constructions; on time, on budget, this saying with a very good turnaround, very good evolution in losses in the context of an increase of tariff.

Now I'm going to turn the call to Henrique Freire, and I'll come back in the end of our presentation.

### **Henrique Manuel Marques Faria Lima Freire** {BIO 19117781 <GO>}

Good afternoon, everyone. I'm going to go to slide number eight. Here we have an analysis of the last quarter 2015 compared to the last quarter 2014. And in the following slides, we're going to have a more annualized basis of '14 and '15. So on slide eight, the first chart on the left, we have gross margin in the last quarter '15 where we had the drop of 14% compared to the last quarter '14. It's an apparent drop, but here we have to highlight that in the last quarter of '14, we had the reporting of regulatory liabilities of 540 million with the relative to previous period, from '14 and '13.

If we correct the fact and we correct the comparison of '15 that in the period of consolidation of '14. We didn't have to say, in '15 we had the thing as of May, we would have comparison of 535 against 681 for 2015. So an increase of approximately 150 million and this increase is because of a lower impact of GSF, because of the decrease of spot prices in the end of '15 had that impact and justifies those numbers and also it was a quarter in which we had the renegotiation of the hydrological risks with the contribution of 141 million.

In terms of PMTO, with the last quarter '14 we had 282 million compared to 315 in the last quarter of '15, an increase of about 11% above inflation, but again if we don't consider Pecem 27.7 million, we would be at about 2%, clearly below the inflation of the year.

Also in 2014, in terms of distribution, we had some regulation in terms of provisions for bad credit. And so the last quarter of '14, we had some provisions reversions and that had an impact of about 18 million.

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And to summarize, we can say that PMTO is basically in line with what we had in the last quarter of '14. The two effects combined resulted in what we see here reported EBITDA of 785 compared to 760 EBITDA. Thinking of the margins of PMTO, in this quarter we had the completion of the sale of 45% of EDP Renovaveis Brasil. That belong to EDP Energias do Brazil, which accounted for an accounting increase of BRL68 million

And also in distribution, we had new replacement value of our assets of 111 million and that brought us an increase in our numbers. And also in Pecem, we had also a regulatory claim that we already talked about of BRL135 million in this last quarter also relative to our effective cash of the first quarter of 2016. And with that we have our EBITDA in the quarter.

Now we are going to go on slide number nine, we have an analysis of gross margin and PMTO for 2015. What we try to do here is to show the gross margin in the sector, and what we saw from one year to the other based on the different lines of business. So in terms of generation, we have an increase that has to do with a gain in gross margin of the same, remember 534 million, this is in the period of consolidation of this thing as of 15th of May 2015 and also whole of the year. Another effect was a lesser impact of GSF, although GSF has an impact all over the year of 379 million that compared to 2014, we had 108 million of lower loss and this is positive to say. And also we had the renegotiation of hydrological risks and in the period we also had the sale of Pantanal. We also had the renegotiation in Jari and you have an additional increment of 15 million.

Also in distribution, we have the impact that I mentioned of the regulatory assets that were recorded in the end of the year, 599 million; 199 were relative to the last year. So when we compare to the numbers last year that was an additional gain to factor. Then we had the Parcel B execution that benefited from the current situation. And that we also had a market retraction of 3% in all of our distribution companies. And that also caused an impact on our margin of, I believe, 66 million. Also over-contracting 36 million of gains specially for Bandeirante over-contracting close to 110% and that gives us a gain of 36 million.

As for commercialization, compared to the industry, we had a reduction of 46 million, although the year of 2014 was exceptionally good for our commercialization operation. And so we started the year with gross margin of BRL380 million. In the bottom part of the slide, we have the PMSO -- PMTO. So you see an evolution of 16% and here we tried to break down the information. First the 16%, just for you to have an analyze, would have to subtracted the 76 million of Pecem. Without the 76 million we would have the 8% of growth of PMTO in the period.

And then the major highlight goes to the growth of provisions. In provision, we have a provision for doubtful credit, BRL75 million and so levels are so high. Later on, we are going to talk about these levels. But it's important to say 0.6% of Bandeirante and 0.5 of Escelsa, much impacted by the tariff. And in 2014, the reversal amount made our provision for bad credit to be excessively low compared to historical level. So PMTO, we finished at 1.116 billion.

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Now we are going to go to slide number 10, where we show the impact in terms of EBITDA and net income. EBITDA of 2015 closed to 3.002 billion and here you have a summarized impact. So, just remembering the previous slide, gross margin, the main impact was Pecem with 534 million. We had an increase in PMTO of 76 million provisions and other combined effects and we also have 544 million, which is the balance compares to 2014 in the gains of sales and acquisitions of investments. So 885 was the gain for EBITDA in Pecem when we incorporate Pecem. And in sales 108 million and remember that last year when we had the sale of Jari, we also had an accounting gain in the sale of 50% of Jari and a reassessment, a re-evaluation of our asset. So the final balance was 544.

In terms of net income we closed the year with 1.266 billion round number. And highlights here are the increase of our financial result. When we consider Pecem, we started to bring to our balance sheet a debt of 118 and this is a result of TJLP and dollars that were hedged that anyway we had an impact of CDI against LIBOR, and we brought to our balance sheet, an increase of about 200 million gross TJLP, and we have an analysis of the evolution of our debt a bit further on.

On slide 11, we show you an analysis of an adjusted EBITDA that is excluding some non-recurring items in both periods. So we know we have the effect of the acquisition of the same and we try to just show what evolution we would have of EBITDA, if we didn't have any recurring or non-recurring event. So 199 million of balance asset and also the re-evaluation of Jari. The re-evaluation of the 50% remaining that we still have to account for.

And so the adjusted EBITDA of 2014 of 1.512 billion against this year 2.117 billion. So gross of approximately 40%, still 557 million of this EBITDA are relative to Pecem, remember as of May, 2015. But we still have growth of EBITDA in our base, this considering the effects I just mentioned.

On slide 12, we have an analysis of our indebtedness level. And as I mentioned, we had an increase of our cost. You can see in the upper left chart, the evolution of our gross debt that that went from 3.30 to 6.2, remember 2.4 were relative to Pecem. And in terms of net debt, we had an increase of 2.5 billion to 5 billion. So we almost doubled our levels of indebtedness.

If you think of leverage, we have a level of leverage that we consider prudent which is 1.7 times -- 1.7 times, so our net debt-EBITDA ratio. If we did consider the 885 million of Bandeirante we would have 2.4 times. So there we brought from the 3.5 times that are the debt covenants that we typically have. So we believe we are at a very comfortable level.

And this strategy is to keep a high cash level. We try to bring the analysis in terms of maturity profile. We see that for 2016, we have the maturity of 810 million. In 2015 when we closed from '14 to '15, the amount was 1.150 billion. So somehow we elongated our debt. And today we have a lower risk of refinancing or renegotiation for this year.

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Also to mention is that under current market conditions, and talking about the subsequent events, we had two issues of debentures in this year. In Bandeirante and Escelsa, we had 100 million and 120 million completed in January with an issuance of CDI+ 2.30. And in Sao Manoel, we have a source financing until the end of the year, which is the maturity of B&S [ph]. We had 532 million with nominal cost of 120.5% of the CDI.

I'm going to go to slide number 13 now, where we have the outlook about the doubtful accounts. Remember that as percentage of our gross revenues this year is 0.59 and 0.75 for Bandeirante and Escelsa. If you compare to 2014, you see an evolution, but if you compare to 2013, you'll see that the amount are in line even a bit below. So much of the growth that we saw has to do with the increase in (inaudible) rates.

But somehow we have an increase of accounts below BRL250, below 250 with default rate, which is a threat to our doubtful accounts. We have been taking actions along 2015 to prevent this effect. First, we are working with collection policies to be closer to the client. We are also being more effective with protest agencies. We are also having a more strict cutting strategy that has been quite effective and it has a greater impact on customers.

And also trying to negotiate with our clients of working in negotiation campaigns to negotiate that. And that has been very good and the population has been quite receptive to that. And this somehow has been helping us to keep our doubtful accounts levels at the level we find comfortable.

I'm going to pass that on back to Miguel.

**Miguel Nuno Simoes Nunes Ferreira Setas** {BIO 15901389 <GO>}

Well, thanks, Henrique. Before going to page 14, I would like to say in addition to what our CFO mentioned is that yesterday, our Board of Directors decided to this payout dividend of BRL330 million. In practice is represent an increase of 54% compared to payouts we had in the year of 2014 and corresponds to 25% of our net income.

In this calculation as you understand, we were not removing any of the non-recurring or non-cash event. Dividends were calculated on the payout of 25% with all net income recorded by the company in the presentation of its financial statements. So this is something that deserves note. We had in a very complex year, with a challenging microeconomic environment, we are able to increase the payout of dividends to our shareholders and investors.

As for the next year, well, this year of 2016, we have four focus that has to do with what we have been doing in the last two years, 2014 and 2015. Commitment to execution, more specifically, we are talking about the generation with the projects that are ongoing to meet times and costs estimated, but also to enhance our investments in distribution. This is a year in which we have two constructions ongoing. In the past we had three in generation and the completion of Jari enabled us to equation our CapEx and increase

investments in distribution. And this increase in distribution, as I did mention in the beginning of this call, to reinforce our fight against commercial losses.

The second is the consolidation of Pecem turnaround; operationally speaking in terms of the regulations and also which is referred to in the fourth bullet, financial controls. And possibly restructuring of the exchange ran to hedge a part of our debt that is in dollars. One-third of the debt that is in dollars. This is referred to in the fourth bullet of page 14, and that will contribute 2% consolidation.

And the third bullet is to continue with our work to reduce losses, especially in EDP Escelsa, I'd like to highlight that as of August 2016, we want to get closer to the regular target curve, so the 779% [ph] and we want to get closer to that in non-technical losses. So with the correction of the amounts that we have for this curve.

And then in terms of doubtful accounts and delinquency, we are going to continue, with that as focus for 2016 and all the budget cost control program that led to our budget zero based and today, we have a project with 110 initiatives that are listed and are being controlled in a specific project of the company.

And obviously in 2016, we are going to pay special attention to that. Also worth highlight, we don't here on the slide, but yesterday we made the decision in the Board of Directors of evolving to the installation what we call shared services center, as you know in recent weeks, regulation enabled something that was not possible before, which is sharing human resources and that leads us to going on to a shared services center focusing on having more efficient backup processes and also reducing costs.

And as for the control of financial risks, we want to finish the long-term debt contracting of (inaudible) with the MDS [ph], the rollover of the same hedge that I mentioned and find the regulatory solution to minimize the impact that we have today. We have already been discussing that of what we call the over contracting of distributors, the retraction of demand brought the situation that this in the whole of the Brazilian Electric industry, we have 7.1% on average of our contracting in Brazil as a whole. So this is the situation that does not only affect the company's EDP, but all distributors in Brazil.

So to conclude, I would say that from here on we'll continue to have what we call a strategic consistency, that is, we are going to persist on the strategic focus that we defined for 2016, a special concern to really following our strategy by the book and controlling as much as possible all the risk factors. I think these are the three main highlights for the company in terms of its management model.

With that I close my presentation. Again, thank you very much for your attention, and we are going to open for Q&A.

## Questions And Answers

### Operator



Ladies and gentlemen we will now start the Q&A session. (Operator Instructions) We would like to let you know that any questions in English are going to be answered in Portuguese and translated simultaneously into English. Our first question comes from Credit Suisse.

**Q - Vinicius Canheu** {BIO 6300903 <GO>}

Hello, good afternoon, everyone. Thanks for the presentation. I have two questions. First, I'd like to understand what you call a restructuring the same hedge, is this a renewal, what kind of a strategy you are thinking about? And also, I would like to know about Escelsa's losses. You had and improved in non-technical losses, but in terms of total losses, the number was very similar to the previous year. We had an increase in technical offers that almost offset the difference of commercial losses. I would like to know if there is any specific reason, if it was due to one specific thing for the technical losses, (inaudible) to go up?

**A - Miguel Nuno Simoes Nunes Ferreira Setas** {BIO 15901389 <GO>}

Vinicius, thanks for your call and for your questions. The first is going to be answered by Henrique first and then our Vice President of Distribution, Michel is going to answer your second question.

**A - Henrique Manuel Marques Faria Lima Freire** {BIO 19117781 <GO>}

As for the restructuring of the hedge that we have, in the same way have a debt that is led by the IDB, so it is a debt in dollars of \$150 million and the coverage instrument was NDF that are updated yearly in line and with a swap in LIBOR pre-fixed. The swap was in dollars. Today it's about \$40 million and so somehow what we think is that this restructuring, Canheu, brings some risk and we want to find a long-term solution to mitigate this effect. In practice what we wanted to turn this debt in CDI + spreading as if it were debt in Brazilian reals, taking all the problems that we have discouraged, because we have the impact of the dollar fluctuation and the pre-tax LIBOR rates. So we want to revert all that into local currency.

This is what we have decided, we are discussing with creditors what we are going to do, but along the year of 2016, we are going to let you know more. It's a very complex process, especially by the times we're going through, but we believe we will get to a long-term solution that is going to be very good for the company.

**Q - Vinicius Canheu** {BIO 6300903 <GO>}

Okay. Thank you very much. I understood the first question.

**A - Michel Nunes Itkes** {BIO 17701090 <GO>}

This is Michel, talking about the technical losses in Escelsa, the year of 2015 was a year with the hydrological problems in the whole of Brazil, and especially in city centers. So all the water plants that were connected to Escelsa generated very little, almost zero. So this is a generation that was very little and so most of the energy that was used for Espirito Santo from Escelsa came from outside. With that we had an increase of technical losses.

If the water plants were working normally, we would go back to historical levels. So basically that said, we had a low generation of the plants in this system that we had more circulation of energy and then we had higher technical losses. So this year because hydrologically speaking, are much better, we should expect technical losses to go back to 2014.

Well, hydrology is better in the Southeast Brazil, but not in the Northeast. We have to wait until the rain period finishes for us to know, especially because we had the problem with Samarco and so the plants are not generating. They are generating that we have to wait to know exactly how we're going to close the rain period, but it seems to be better than last year.

**Q - Vinicius Canheu** {BIO 6300903 <GO>}

Okay. Thank you very much.

### Operator

(Operator Instructions) Our next question comes from Gabriel (inaudible).

**Q - Unidentified Participant**

Good afternoon, everyone. I'd like to ask a question in CapEx. You approved yesterday an amount of approximately 1 billion for 2016. I would like to know how much is that for per saying. I had about 180 million. If it is about this amount, what is the CapEx for, is it replacement of equipment, acquisition of new equipment, where is it going to? Just to understand if in the future you can reverse the plants physical guarantee?

**A - Henrique Manuel Marques Faria Lima Freire** {BIO 19117781 <GO>}

This is Henrique. Don't know if I understood your question, you are talking about the CapEx component that is directed 2%, yes. To know, if it's about 180 million that I had for the year, no, it's lower, it's 100 million, 98 to be more exact that we have for next year. And we don't have anything that is really transformative. It's basically maintenance, the redundancy of some systems, but nothing really that is transformative, much lower than the amount you mentioned.

**Q - Unidentified Participant**

Okay. Thank you very much.

### Operator

The next question comes from Carolina Carneiro from Santander.

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

Hello, good afternoon, everyone. Thanks for the call. This year we have the discussion of Escelsa and I remember that the last time we talked there were questions about methodologies for the calculation of non-technical losses that Aneel had defined for

Escelsa. I would like to know if there was any solution about that and if you have any specific expectation for Escelsa's review process, if this topic is going to be addressed or not?

**A - Miguel Nuno Simoes Nunes Ferreira Setas** {BIO 15901389 <GO>}

Carolina, good afternoon. We have our Regulatory Director here, Ronaldo Seroa [ph], that will answer your question.

**Q - Unidentified Participant**

Thank you, very much.

**A - Unidentified Speaker**

Hi, Carolina. Well, in terms of the loss methodology, the methodology that was approved last year included two claims from Escelsa. One was the characterization of subnormal homes, including the data from any 2010 sensors, which increases Escelsa complexity.

And the other claim is for the definition of regulatory losses, just think of the percentage of low-income population and so we have this population and very few families are in the low income registration records of the government, but the claim was also accepted. So it also had this complexity increased by 12 positions and the more complex, the better, in terms of passing on losses. And we think that it's going to be -- the percentage is going to be between 10% and 11%. We don't know yet, because we need all this technical losses to be published, but we expect it to be between 10% and 12%, the amount to pass on.

**Q - Unidentified Participant**

Okay. Thank you very much. If you enable me, I would like to ask you another question. I don't know, if you said that in the call, I took sometimes to connect, that we saw an increase in the level of your provisions, especially for contingencies. And I would just like to understand if there was any non-recurring events that will add to that? And if there is increase of provisions is something that we should see along this year of 2016?

**A - Miguel Nuno Simoes Nunes Ferreira Setas** {BIO 15901389 <GO>}

As for provisions, we did explain that there is an impact of provision, because an increase of spot prices and increase of (inaudible). If you look at 2014 to 2015, we had an increase of 0.75 in Escelsa and also an increasing Bandeirante, but if you compare to 2013 and you have that in our presentation, you see that the amounts are much more in line with the year, even a little bit low.

So it is a variable, because of reversal of provisions, so, which was exceptionally low in 2015. But I think that we are seeing some delinquency at this year, we have been taking different measures to cope with that. We already mentioned this. But the idea is to keep the default levels at reasonable parameters, so which is something of concern, we are focusing on that. But it's not really a variable that is outside our control. I don't know, if I answered your question.

## Q - Unidentified Participant

Oh! Yes, you have. Thank you very much.

## Operator

(Operator Instructions) Our next question comes from Marcelo Sa [ph] from UBS.

## Q - Unidentified Participant

Hello, everyone. I would just like to understand, if you participate in the auction with China Three Gorges, if you bought energy to sell in the future. And if you had -- have any details about what happened in this auction, if CTG sold most of its energy and at what price? Thank you.

## A - Miguel Nuno Simoes Nunes Ferreira Setas {BIO 15901389 <GO>}

Hi, Marcelo. We did take part of the auction in the sale of CTG, we contracted the volume in this auction that was quite reduced basically just one average megawatt. So it was a very, very little share.

## Q - Unidentified Participant

Okay. Thank you very much.

## Operator

(Operator Instructions). As there are no further questions, the conference call of EDP Energias do Brasil is now closed. Any questions taken on the webcast are going to be answered by the IR team. We thank you very much for your joining us and wish to a good afternoon. Thank you very much.

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