

## Y 2012 Earnings Call

### Company Participants

- Mauricio Perez Botelho, Chief Financial Officer and Investor Relations Officer

### Presentation

#### Operator

Good morning. Welcome everyone to Energisa's Fourth Quarter 2012 Earnings Conference Call. Today, we have with us, Mr. Mauricio Botelho, Investor Relations and Financial Vice President at Energisa.

We would like to inform you that this event is recorded and all participants will be in a listen-only mode during the Company's presentation. After the Company's remarks, there will be a question-and-answer session; at that time further instructions will be given. (Operator Instructions).

Before proceeding, let me mention that forward-looking statements are based on the beliefs and assumptions of Energisa's management and on information currently available to the Company. They involve risks and uncertainties, because they relate to future events and therefore depend on circumstances that may or may not occur. Investors should understand that conditions related to the macroeconomic scenario, industry and other factors could also cause results to differ materially from those expressed in such forward-looking statements.

Now, I'll turn the conference over to Mr. Mauricio Botelho. Mr. Botelho, you may begin your conference.

#### **Mauricio Perez Botelho** {BIO 2105889 <GO>}

Thank you, operator. Good afternoon, everybody. It's a pleasure to announce the 2012 results. We posted BRL291 million in 2012; that represents an increase of 37.2% in relation to 2011. I think the reason that we posted this result is basically the increment that we had in net revenues of 20.3%. So, we finished with the net revenues of BRL2.9 billion in the year, as well with control of operating expenses, specifically and with the control of expenses that we grew only 10% and as well the start up of a field generation project that we had along the year. Also, the sustainable growth of energy sales of 8.8% during the year has a great impact as well.

Specifically in the fourth quarter of 2012, we had BRL138.2 million of net income. This represents an expansion of 52.9% in relation to the fourth quarter of 2011. Total operating net sales in the fourth quarter was 892 million, represents an increase of 31.5% in the fourth quarter. As an example for the results of the subsidiaries, I've pointed out the

FINAL

initiatives of Paraiba, that has a great increase of 70%, finished the year with BRL209.3 million. The subsidiary Energisa Sergipe, our second largest company had an increase of 29.9% in net income, posting BRL69.1 million. Energisa Minas Gerais had an increase of 87.6%, but finished the year with 66.6 million. Energisa Borborema finished the year with BRL29 million of net income, representing 62% of increase. And Energisa Nova Friburgo had an increase of 129.5%, finished the year with 14 million. We also have the start up of some of the power plants. So, Energisa Rio Grande increased the result 192%, but only BRL3.8 million.

In terms of EBITDA, EBITDA had a good increase, total increment of 15.7% compared to last year. So the adjusted EBITDA was 684 million in the year. In the fourth quarter of 2012, the adjusted EBITDA was 199 million against 176 million that we registered on the previous quarter of 2011. So, representing 12.9%.

In terms of investment, we invested quite substantially in the year. We had 674 million of investment. This represents 42% increase in relation that we invested in 2011. The highlights of those investments mainly in the green energy. We invested BRL108 million in the windfarm in the state of Rio Grande do Norte. This investment specifically will have an investment of 560 million. Also, we invested 238 million in the distribution and as well about 150 million in biomass.

In terms of line losses also we had a pretty good improvement. In 2012, line losses finished with 10.43%. This represents 62 basis point improvement in relation to the 2011.

We finished with a record capital structure during the year. The year-end cash was 923 million; I guess 747 million that we had in 2011. This cash represents 1.5 times the short-term debt due for the next 12 months, which represent about 21% of the total debt. Total debt, net debt in the 2012 was 1.9 billion; I guess, 1.6 billion of 2011. The ratio of net debt to EBITDA is being quite stable at 2.8 times.

Well, I'll finish here the call basically to announce as well the Capital Call, the same day that we announce the results. The management of company promoted capital calls 350 million, this is a -- we started today -- as a matter of fact, yesterday prior to subscribe the share. It'll be a 30 days period. The share subscription will be at BRL12 per unit. And are we are going to be issuing the 145, almost 145 million new shares. This represent about a dilution of 13.5% for this capital call. This capital call was necessary, basically, because we have a very intensive CapEx program for the next three years, we have BRL1.6 billion to be invested in 2013 until 2015; of which, 900 million will be invested in the green energy.

That completes the call of today. I'll leave -- open for question and answers.

## Questions And Answers

### Operator

Thank you. The floor is now open for questions. (Operator Instructions). It appears to be no further questions. I will now turn the conference back over to Mr. Botelho for final

consideration. Mr. Botelho, you may continue with your final consideration.

## **A - Mauricio Perez Botelho** {BIO 2105889 <GO>}

Thank you, operator. Not having any questions, just to finalize, we would still believe that it's going to be a very successful capital call. The main shareholders have been announced that they will support 100% of the capital call. So, it will happen anyway. So, that complete my conference call today. Thanks so much. Bye-bye.

## **Operator**

Thank you. This concludes today's Energisa's Third Quarter 2012 Earnings Conference Call. You may now disconnect your lines.

*This transcript may not be 100 percent accurate and may contain misspellings and other inaccuracies. This transcript is provided "as is", without express or implied warranties of any kind. Bloomberg retains all rights to this transcript and provides it solely for your personal, non-commercial use. Bloomberg, its suppliers and third-party agents shall have no liability for errors in this transcript or for lost profits, losses, or direct, indirect, incidental, consequential, special or punitive damages in connection with the furnishing, performance or use of such transcript. Neither the information nor any opinion expressed in this transcript constitutes a solicitation of the purchase or sale of securities or commodities. Any opinion expressed in the transcript does not necessarily reflect the views of Bloomberg LP. © COPYRIGHT 2022, BLOOMBERG LP. All rights reserved. Any reproduction, redistribution or retransmission is expressly prohibited.*

FINAL

Bloomberg Transcript