



Eletrobras

2Q25

Conference Call Transcript

Conference Call – 2Q25 Results

August 07, 2025

Transcription of the interpreted English

COMPANY'S PARTICIPANTS

Mr. Ivan de Souza Monteiro

Eletrobras' President

Mr. Eduardo Haiama

VP of Finance and Investor Relations

Mr. Antônio Varejão de Godoy

VP of Operations and Security

Ms. Camila Gualda Sampaio Araújo

VP of Governance, Risks, Compliance and Sustainability

Mr. Élio Wolff

VP of Strategy and Business Development

Mr. Ítalo Freitas

VP of Commercialization and Energy Solutions

Mr. Juliano de Carvalho Dantas

VP of Innovation, R&D, Digital and IT

Mr. Marcelo de Siqueira Freitas

VP of Legal Affairs

Mr. Renato Carreira

VP for People and Services

Mr. Robson Pinheiro Rodrigues de Campos

VP of Expansion and Engineering

Mr. Rodrigo Limp

VP of Regulation, Institutional and Markets

RECORDING TIME

48 minutes and 56 seconds

Operator:

Good morning, ladies and gentlemen, and welcome to Eletrobras' earnings call for the 2Q25.

We have with us Mr. Ivan de Souza Monteiro, CEO of Eletrobras; Mr. Eduardo Haiama, VP of Finance and Investor Relations; Mr. Antonio Varejão de Godoy, VP of Operations and Security; Ms. Camila Araujo, VP of Governance, Risk, Compliance and Sustainability; Mr. Elio Wolff, VP of Strategy and Business Development; Mr. Italo Freitas, VP of Trade and Energy Solutions; Mr. Juliano Dantas, VP of Innovation R&D, Digital and IT; Mr. Marcelo de Siqueira Freitas, VP of Legal; Mr. Renato Carreira, VP of People and Services, Mr. Robson Pinheiro De Campos, VP of Expansion Engineering; and Mr. Rodrigo Limp, VP of Regulation, Institutional and Markets.

We would like to inform you that this event is being recorded and will be available on the Company's Investor Relations website, along with the presentation shown here, both in Portuguese and English. If you require simultaneous translation, the interpretation icon is available at the bottom center of your screen. You can select your preferred language, and if you are listening in English, you can mute the original Portuguese language audio by clicking on mute original audio.

For the Q&A session, if you wish to ask a question, please type your name and company through the Q&A button at the bottom of your screen. As per our format, your name will be announced for you to ask your question live. At that time, you will get a request to turn on your microphone on the screen. If you prefer not to speak, you may write your name, company and question in the Q&A field so that our operator can read it aloud.

Before proceeding, we would like to clarify that any statements made during this conference call concerning the Company's business outlook, projections and operational or financial goals are simply the management's beliefs and assumptions based on information that is currently available to the Company. Forward-looking statements are not guarantees of performance as they involve risks and uncertainties and depend on circumstances that may or may not occur. Investors should be aware that general economic conditions and other operating factors may affect the actual results and may be different from those expressed.

I will now turn the floor over to Mr. Ivan Monteiro, CEO, who will begin the presentation. Go ahead, sir.

Ivan de Souza Monteiro:

Good morning, everyone. Thank you for being here. This is a quarter that consolidates several initiatives that the Company adopted since it was privatized. I would like to list four main things.

The first is the simplification of the Company's shareholder structure, and cost reduction was a major example that came from this initiative. Liability management was also an example as we have been able to reduce the Company's compulsory debt from R\$24,3 billion to now under R\$12 billion.

Another highlight is the conclusion of connected works. We have the Coxilha Negra Wind Farm concluded in the 1Q and 1390 Manaus-Boa Vista, which is a connection we will deliver later this year. We are also continuing investments and making record disbursements of nearly R\$2 billion and the consistent improvement in the commercialization area is also a highlight for the quarter.

All of these initiatives aim at increasing the predictability of our results, which allowed us to announce the R\$4 billion dividend payout yesterday. We will continue with this initiative to give

more predictability, increase investments, reduce costs and manage our liabilities.

And with that, the Company aims to improve its process and its trading to become a company directed to serving clients. We are demonstrating with the support of the Board that we are concluding the turnaround stage and building a budget for 2026, which will help us to overcome this stage completely.

I will now hand it over to our CFO and thank you for being here.

Eduardo Haiama:

Thank you, Ivan. Good morning, everyone. Looking at today's schedule on slide 3, I will be talking about the main highlights for the quarter, and then we will discuss the financial performance of the Company this quarter, we will discuss our energy trading strategy and finally, our capital allocation strategy.

On slide 5, you see the main highlights for this quarter. Starting with shareholder remuneration, R\$4 billion in dividends. This was due to the reduction in risk, as Ivan said that we were able to execute this quarter. And this is also connected to our long-term vision for energy.

Our second highlight was the contribution from generation to our margins, which went up 21% versus 1Q and 16% versus 2Q24, and this mitigated a drop in transmission revenue.

The third point was this R\$1.2 billion reduction in compulsory loans, which is now below R\$12 billion investments, which grew 116% versus the 1Q25, and we are focusing on investments and reinforcements and improvements. And we concluded the first post-privatization transmission auction, which is the Caladinho project. We also concluded financial and economic rebalancing for Transnorte Energia, as Ivan mentioned, we concluded the last transmission line this year. Finally, in terms of capital allocation, we concluded asset and crossing with Copel and we acquired Eletronorte participation.

Continuing with our financial performance on slide 7. We had a reduction in RAP and this was partially offset by our revenue from generation, as I had mentioned before, discussing our margin from generation. On the EBITDA line, which impacts our generation margin. This helps to offset this reduction, but looking at our regulatory EBITDA, we remind you that we must consider participation, SPEs of other companies and the variation was nearly R\$800 million in equity income, which led to this reduction in EBITDA year-on-year.

Slide 8 discusses our income. We had a reported loss of R\$1.3 billion, and this is basically due to the regulatory remeasurement of our transmission contracts, the RBSE financial component. Adjusting for this effect and other adjustments to our adjusted IFRS, including Eletronorte, our net income would have reached R\$1.4 billion, which is around 40% higher than last year.

Slide 9, as Ivan said, shows our cost reduction journey that is continuing with our PMSO of R\$1.4 billion, a reduction from 1Q and 2Q24. And there was also a reduction in the number of employees, but we contracted a significant number during this time. So, it's a cost reduction with improvements in efficiency for the entire group.

Slide 11 discusses our energy trading strategy. First, we must remind you where our generation resources are present. We are present across Brazil. In the Southeast, for example, during the 2Q, we had 7 gigawatts of physical guarantees, and adding 600 mega in purchases.

And here, we are highlighting our ACR sales. We are doing this because purchases and quotas are not managed by us. The quotas will reduce to zero by 2027, and so we are receiving a fixed

revenue from this.

To understand our trading strategy and how it's changing, we have to look at all of these assured capacities plus purchases and subtract quotas from that. And that shows how much we are really generate per megawatt hour that we have available for trading.

Slide 12 shows this effect. So last year, with the energy we have available for trading, we made R\$1.1 billion in contribution margins. And in the 2Q, this went up to R\$1.6 billion. But it had been R\$1 billion in the 1Q. In addition to that, on the right-hand side graph, we are showing how the resources we have are evolving throughout the year. It's important to remind you that nearly 99% of our generating area is made up of hydroelectric power plants. And this energy production has a seasonal pattern.

So, in the 1Q, we were at 12 gigawatts to be traded, generating R\$1 billion in contribution margin. But for the 2Q, it was at 9. And we still generated R\$1.6 billion. For the 3Q because of the seasonal pattern that we have, this is the dry season in Brazil. So it will go down and then go up again in the 4Q.

On slide 13, we see some of our strategy that we had mentioned in the 1Q, our vision is that after November and December 2024, there was a high expectation that the rainy season from December to April, we will be close to historical average, and that would make prices collapse. At the time, we were concerned about conserving the 1Q, as I showed in the previous slide where we have the most resources available.

But if the expected rainfall did not come from the 2Q onwards, we would have a much more positive scenario or pricing. And this is what happened. You can see here are price from January 2 and we drew a line on March 13, which was when we published our results for 4Q24. You can see that prices continued to move. So, the forecasted prices for 2026 and 2027 are a little bit more volatile, but we believe that this will be more constructive.

Slide 14 shows our energy balance as it currently stands. There's a slight evolution in our resources for 2025, we are no longer trading in this band, and this gives us a constructive vision for our prices, as I mentioned before.

Now looking at capital allocation on slide 16. So here we have our methodology guidelines to declare our first dividends in December and then complemented it on March 13 with the 4Q results. We got many questions about how this is being analyzed, so we decided to include these guidelines in more details in this presentation.

So this is our methodology. First, we are always looking at the long-term horizon. We are looking at a 5-year horizon. And for these 5 years, we are assessing how our capital structure will be at the end of the fifth year. We are also analyzing our leverage with this capital structure.

So first, we have to consider financial net debt. So bank debts, market debts and so on, and over that, we add the inventory in compulsory loans. We are reducing these liabilities with payments, and this is all being considered in our cash flow. And finally, we also include our regulatory obligations from the privatization, CDE and basins.

On the EBITDA side, this is just a note, besides regular EBITDA, we are including our proportional equity income into this calculation. For leverage, how we try to define the optimal leverage range for a company like Eletrobras, in generation, we consider it to be between 3x and 3.5x. That would be comfortable, of course, depending on price. And in transmission, between 3.75x and 4.25x.

So, we have a weighted average according to the size of our businesses as predicted for the fifth

year, and that will give us the optimal target leverage. After we do that, we compare our net debt and our optimal leverage projected for the fifth year and see if there's enough space to pay for that. And that's exactly what we did.

Slide 17 shows this calculation. And of course, it takes into account everything I am going to mention in slide 17. And I am referring here to risk. Since 2022, when we had privatization taking place and there was a strong acceleration, especially in the last 6 months, our risk improved significantly.

Compulsory loans started in 2023 at R\$24 billion, and now we are below R\$12 billion. The investment in Transnorte Energia was complex, over R\$3 billion, and it's being concluded this year. We are repositioning the transmission revenue, and we are extending the concession terms.

Cost restructuring is ongoing. We had a simplification when we compare it to the Furnas merger, so the corporate structure was streamlined. We also had an uncertainty for our shareholders about what disbursements we would have. There was a partial completion of the sale of thermal power plants, a completion of the RBSE financial review, and also a release of some credits that were withheld at CCEE due to the GSF auction. That was a release of nearly R\$400 million.

So this all brings us to reduced risks, gains that we had over time with these transactions, better short-term outlooks for an energy company. We are reviewing our methodology, so despite having posted R\$4 billion in dividends for 2024 recently, being able to pay out an additional R\$4 billion in dividends is very significant.

Slide 19 highlights the significant growth we had in investments this quarter, a growth of 116% versus the 1Q, especially in reinforcements and improvements.

And finally, on our ESG agenda, out of the main investments that we have in the Company currently, we are nearly at the end of the Transnorte Energia line. So we are interconnecting the last isolated state in Brazil, which is Roraima. This had been stopped for 10 years. It had a CAPEX of R\$3.3 billion, and it will be within term and within the forecasted costs.

And we repositioned our revenue, our RAP was increased from R\$416 million to R\$560 million, and we expanded our term from 17 to 27 years. This creates 3,500 direct and indirect jobs, and we are interconnecting with Roraima. So that will reduce thermal generation and that its nearly R\$2 billion in costs in CCEE and CDE. We are also reducing carbon emissions by doing this. It's a potential reduction of 600,000 tons of CO₂.

So that concludes my presentation, we can continue with the Q&A.

Filipe Andrade, Itaú BBA:

Good morning. Thank you for taking my question. I would like to ask you to give us some more details on your trading strategy for the 2Q. In your release, you mentioned this, but I would like to understand how each subsidiary is participating in building the ACL margins for the short-term market. If you can, tell us a little bit more about that. And I would also like to know what the recurring CAPEX is that you are expecting improvements for the next quarter.

Ítalo Freitas:

Thank you. About our trading strategy, obviously, we are working on trading energy for each submarket. So, we have distributed teams in each of the regions, and their focus is on finding clients that will add value to the Company.

The sales strategy for final customers and for traders is based on a portfolio analysis that's made by our portfolio department, where they see the highest added value for the Company's revenue.

So, we can split this into two parts. My area looks at the market and sees what demands are being created, and we also have the supply area, which is Limp's area, and he's going to tell us about how he forecast supply of energy through with Eletrobras.

Rodrigo Limp:

Thank you for that question. One of the points we mentioned in the 1Q's call is that in our strategy, looking at the entire year, we had a higher volume of sales in the 1Q. We had strong rainfall patterns in December, in November and January, and our strategy was to leave less energy contracted for the following quarters. And of course, resources are a little bit less available because of the seasonal patterns. So, if this had been lower, we would have been pleased with lower sales level.

In March, we saw a huge rise in the Southeast with the North and Northeast being left behind by about R\$260. So, for March specifically, the biggest volume in sales led to a result that was not as satisfactory for March. But since we consider this strategy for the entire year, our vision for the entire scenario, whether it was for low or high prices, having more uncontracted energy would have been favorable for the rest of the year because that would have reduced that gap.

We mentioned during the last call that we were already seeing a reduction from June onwards. And this is exactly what happened. In the Northeast, we still see a relevant gap of about R\$30 to R\$35 in some days of the 3Q, but the North is already close to it. So actual sales for the 2H25 are offset by the energy available in the North and Northeast. So, we are already seeing some results for the 2Q, and the strategy was the same for the rest of the year.

With regards to margins, this is seen on a global basis by grouping all the different companies.

Elio Wolff:

Hi, Fillipe, thank you for your question. So first, I would just like to highlight the importance of the investments that we are making. We have been mentioning this in the last few years. We are investing in our own assets. So it's extremely pertinent and appropriate for the group, and it provides the right level of returns for our shareholders. And more than that, it's creating resilience for our transmission assets.

This is an essential investment. As for volume, we have been growing constantly since 2022, when the Company was close to R\$1 billion. In 2023, we were nearly R\$3 billion, in 2024, it was at R\$3.3 billion investments in reinforcements and improvements. And clearly, for 2025, we are seeing some additional growth. We are above R\$4 billion. I think it's at R\$4.5 billion or thereabouts to be executed throughout 2025.

Our ambition is to truly continue growing. We must see what the goals will be for 2026 and 2027. Of course, there's a process that we must go through with our regulators, but we see a lot of potential for investments. We see that this is important and relevant.

So, our goal is to continue growing. So, it's R\$4.5 billion this year, and for the future, we believe it will continue to be higher. In the 1Q, it was a bit below in execution, but we already recovered significantly in the 2Q, and we will do even more in the next quarters.

André Sampaio, Santander:

Good morning. First, I would like to ask a follow-up question on reinforcements and improvements. You mentioned that you still needed an internal effort to accelerate investments. I would like to understand if this internal process has already been concluded.

And I would also like to confirm something. We have seen a difference in IFRS and regulatory. I would just like to confirm if there's anything else that we should pay attention to for our models. Thank you.

Elio Wolff:

The engineering team, of course, is implementing this expansion. But in summary, regarding the approval process and how we identify and pre-execute this, this is very aligned in the Company. We have a robust process first to identify what assets we think are important for our regulators to consider for our investments, and then in assessing these investments and planning for them. We can't only identify them, we have to include them in our budget.

So the previous stages are very well laid out in the Company. Of course, it's a continuous operation. We always try to improve things. And when it comes to executing these improvements, I think the numbers speak for themselves. Our 2Q was much stronger than the 1Q.

And I must reiterate that question of Caladinho. We delivered on time and within budget. It's small, but it's the first transmission line that we are delivering. And it was within budget and within the terms.

Eduardo Haiama:

So, André, this adjustment is basically based on elimination, looking at revenue and cost between companies. Nothing noteworthy.

Bruno Amorim, Goldman Sachs:

Good morning, everyone. Thank you for answering my questions. I have two. First, I would like to ask a follow-up question on reinforcements and improvements. If you can tell us to whatever extent, you can about what returns you expect for the investments made in this area. With NTN-B and Selic rates at the current levels, what returns do you expect, and what are the odds of having an outperformance with the regulatory?

I would also like to ask you to talk about liquidity in the energy market to the extent that you can. You have shown prices for 2026 were at very attractive levels. And my question is whether the decision of not selling more has been made by the Company, or if there are restrictions on liquidity at these price levels. Thank you.

Eduardo Haiama:

Thank you, Bruno. On reinforcements and improvements, as with any regulated investment, it will change over time. Our vision is that over time, there can always be divergences between the real interest rates, but looking at a 20-year history where regulations have been robust, this has always been constructive. So, if there are any differences over time, regulators are concerned with that, and this is adjusted quickly.

So we have a robust methodology. We are constantly analyzing these parameters. And with time, we see that they tend to converge. I do not like to compare prefixed and post fixed rates. If it's a

30-year investment, it's important to look at the regulations that we have so that we can deliver what is expected.

Italo Freitas:

Thank you for your question, Bruno. When it comes to liquidity, there is some liquidity because we are analyzing whether the market will be open, and this liquidity will happen organically. When it comes to the market, we do see that liquidity will be slightly better. And of course, the Company's strategy of allocating energy will depend on what we did in all the studies that in this area has been doing.

So, in summary, there will be some organic liquidity, and the wholesale market, of course, see an improvement there for many reasons.

I will let Rodrigo answer your question about the portfolio.

Rodrigo Limp:

Thank you for your question, Bruno. So we talked about liquidity and how the market is doing. For 2026, we see some significant liquidity. It's slightly lower than last year. Looking at A1, maybe our prices can affect our liquidity, but we have significant liquidity, especially in the Southeast and this is related to the strategy that was discussed before.

We are trading for 2026 and 2027, but, we are always keeping a technical analysis to see if there's a risk of a gap here. Of course, liquidity is more concentrated in the Southeast so we are trying to strengthen our sales in the North and Northeast. We have had some operations in the Northeast and these are sales that contribute to reducing risk and to helping us make use of the increase in energy prices.

Daniel Travitzky, Safra:

Thank you for taking my question. I would like to ask about your vision for the future of the Company. You explained many of the risks that were mitigated, you mentioned several of these elements. And looking towards the future, what will be the Company's focus? Are we looking at the reduction and other risks, or are we focusing on risk reduction and capital allocation? That's my first question.

And I would also like to ask about your recent announcement of dividends. Shall we see this as a change in the dividend payout practice, that you will now do more frequent dividend payouts, or are we continuing with the same previous strategy? Thank you.

Ivan de Souza Monteiro:

Our vision for the future is to consolidate all of these initiatives, and our dividend strategy follows in the same line. We are now through the classic turnaround phase, and we are looking at the Company in the medium and long term.

M&As will basically be about finding new opportunities for growth. The auctions for this year and for next year are also opportunities for growth. We will grow for some time, and then we will reach a more stable investment pace for the Company, and this capital allocation is allowing us to give more predictable dividends for our shareholders.

So we expect to consolidate these initiatives, make our results more predictable, and we hope to, through that, make frequent payments. Of course, there's a number of initiatives behind that,

involving AI and other things.

In the beginning, we had a holding with 4 subsidiaries, including Furnas, and we now have one single back office for that, but one specific part of it is relationship with suppliers. We are managing the Company as one company, and that gives us a better partnership with our suppliers.

But I would like to ask Juliano to talk about his vision for the future, specifically on using new technologies.

Juliano de Carvalho Dantas:

Thank you Ivan. The Company has been modernizing and improving very quickly. So we are now among the top 10 most innovative companies in Brazil, and this will be published in the next few days. This is due to how we are modernizing the Company's infrastructure, and this includes AI, our monitoring centers and how we have integrated these technologies in the Company from commercialization, engineering, and corporate businesses.

We aim at expanding this process, doing the basics very well, and we also hope to apply these technologies to generate more value for our business.

João Pimentel, Citi:

Good morning. Thank you. I have 2 questions on my side. First, I would like to understand something. In 1Q, you mentioned that you had a longer position for the 2H25 so that you could benefit from the higher energy prices, which is what we have been seeing in price curves. Considering that we are facing a challenging scenario in GSF, and the hedge and the energy balance seems to be insufficient to mitigate this impact. I would just like to understand how much of the gains that you would potentially have been affected, given that GSF is challenging. That's my first question.

The second question is about this decision to sell your portfolio, given the restrictions you have on liquidity and so on, is the Company's option based on sales for the short-term market, or do you think you will have space to monetize things with contracts? I am asking this not only for liquidity, but due to the market risks. We are going to continue seeing them for the next few months, and I think this affected you significantly in the 1Q. So, do you expect to hold back on trading and have liquidations of PLD in your own market?

Eduardo Haiama:

Thank you. What we mentioned in that slide that showed the seasonal pattern for GSF throughout the year, of course, when you have more energy, and this is usually in the 1Q, our position is that if we truly had a good rainfall and prices went down, that this could be used to mitigate the rest of the year. So that's why we concentrated sales in the 1Q.

From the 2Q onwards, we did the opposite. So it seemed that the risk was asymmetrical to the price being used, and that was the next graph we showed, which was the price curve for the 2H25, which was around R\$100 to R\$300 or R\$360. And now it is at R\$300.

With that being said, when we said that we were sold in the 1Q and bought from the 2Q onwards, of course, we were running many simulations to see how GSF would behave so that this energy would be available for the poor scenarios, not for any scenario. That energy balance we showed was for the year. It was not the negative exposures that we could have later, it was for the year. So that also involves the period in which we had been more contracted.

And this was done purposefully. But that being said, given that GSF is lower in the 3Q, you have to expect that although prices are high, financially, it will be spectacular, it would be very good, but not to the same magnitude as if we have the volumes in the 1Q. But the strategy we were using had already been foreseen in all of these scenarios, on GSF and price.

Ivan de Souza Monteiro:

And to answer your question on the trading strategy, our focus is expanding our client base, whether they are large clients where we have direct connections or smaller clients that can be reached through partnerships. And of course, this is our focus. If we cannot do something at the price that would be better, then we will move on to liquidation.

But I will ask Italo to complement that.

Ítalo Freitas:

Thank you. João, as Ivan said, we had a very detailed study of our clients based on size, market and so on. And we mapped the best tools we could use to access these clients. Like Ivan said, partnerships, speaking to major clients, open market channels. So, our strategy for this is well defined.

As we see better options for allocating energy, we are using these tools that we have prepared and are currently available to allocate energy to whatever provides the most value for the Company.

Operator:

This concludes the question-and-answer session. We will now hand it over to Mr. Ivan Monteiro for his closing remarks.

Ivan de Souza Monteiro:

Thank you, everyone. If you have any questions, please contact our Investor Relations department. Thank you and have a good day.

Operator:

This concludes Eletrobras' conference call. Thank you and have a good day.

"This document is a transcript produced by MZ. MZ uses its best efforts to guarantee the quality (current, accurate and complete) of the transcript. However, it is not responsible for possible flaws, as outputs depend on the quality of the audio and on the clarity of speech of participants. Therefore, MZ is not responsible or liable, contingent or otherwise, for any injury or damages, arising in connection with the use, access, security, maintenance, distribution or transmission of this transcript. This document is a simple transcript and does not reflect any investment opinion of MZ. The entire content of this document is sole and total responsibility of The Company hosting this event, which was transcribed by MZ. Please, refer to The Company's Investor Relations (and/or institutional) website for further specific and important terms and conditions related to the usage of this transcript"