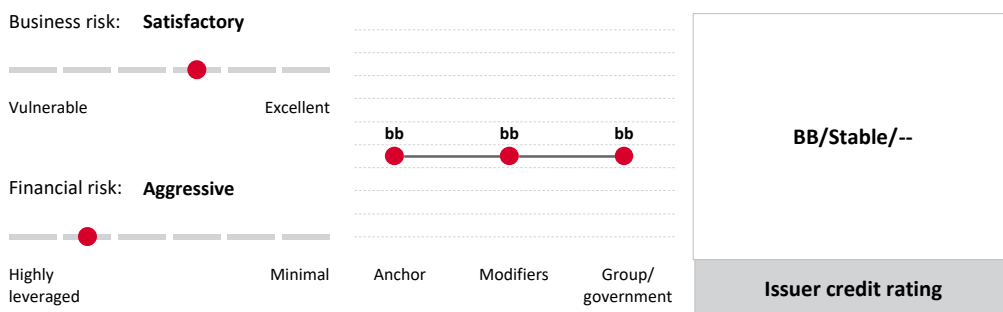


# Centrais Eletricas Brasileiras S.A.

August 28, 2025

This report does not constitute a rating action.

## Ratings Score Snapshot



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## Credit Highlights

### Overview

#### Key strengths

Brazil's largest electricity group, with about 44 gigawatts (GW) of installed power generation capacity (18% market share) and over 74,000 kilometers (km) of transmission lines (37% of the national grid).

Eletrobras derives more than half of its EBITDA from power transmission, under a stable regulatory regime, which brings predictability to EBITDA generation.

Improving efficiency of operations and falling contingency risks post privatization.

Large and uncontracted energy position could represent an upside opportunity for long-term power purchase agreements (PPAs).

#### Key risks

Leverage peak in 2025 amid elevated interest rates, higher dividends, and capital expenditures (capex) of about Brazilian real (R\$) 12 billion per year in 2025-2026.

High domestic interest rates will keep interest expenses costly because half of debt is at floating rates.

Guarantees provided to nonconsolidated companies and privatization obligations pressure adjusted credit metrics.

As Eletrobras increases its exposure to the free energy market, it faces higher volatility risks in energy prices, which could impair cash flows.

**We expect Eletrobras' leverage to peak in 2025 following significant investments and dividends, and gradual deleveraging afterward.** We consider investments of around R\$12 billion annually in 2025-2026. Post its privatization in 2022, Centrais Eletricas Brasileiras S.A. – Eletrobras is prioritizing investments in its transmission networks, focusing on new projects,

reinforcements, and upgrades. This should translate to additional annual permitted revenues (RAP) of more than R\$2 billion in the next few years.

At the same time, the regulator revised down payments from RBSE (Rede Básica do Sistema Existente) by approximately R\$1.3 billion per year. The RBSE payments are indemnification payments for the nondepreciated portion of transmission assets renewed under Law 12,783/2013. As a result, and also due to the high interest burden, we expect negative free operating cash flow (FOCF) of R\$5.5 billion-R\$6.5 billion annually in the next two years, mostly covered by the company's sizable cash position of R\$29.8 billion as of June 2025, although we believe Eletrobras may continue accessing the credit and capital markets opportunistically and for liability management.

The negative FOCF, coupled with Eletrobras' announcement of a record dividends payment of R\$8 billion in 2025, including the R\$4 billion interim dividends related to 2025's results, will lead leverage to peak this year. We forecast net adjusted debt to EBITDA in the 5.0x-5.5x range and funds from operations (FFO) to debt around 10% in 2025, from our previous expectations of 10%-12%. The negative effect of prolonged higher interest rates in Brazil will also impair the FFO-to-debt ratio.

We expect Eletrobras to begin gradually lowering leverage in 2026, with adjusted debt to EBITDA improving to slightly below 5.0x and FFO to debt between 12%-14%, and the same metrics around 4.5x and 15%-17% from 2027 onward. Lower leverage will be fostered by inflation adjustments in the transmission business, additional RAP from ongoing investments, and higher energy sales and prices in the free market, as Eletrobras migrates capacity from regulated quotas following the privatization process until 2027. Finally, expected increasing FFO reflects our view that interest rates should start receding in 2026 to 13%, from 15% in 2025.

**Eletrobras continues to focus on efficiencies and addressing contingent liabilities.** Since privatization, the company has been working on simplifying its corporate structure, as well as upgrading technology and improving internal processes to enhance operating efficiency. Additionally, Eletrobras is negotiating its contingent liabilities, including its compulsory loan amounts, which decreased to R\$12 billion as of June 2025, from R\$17.3 billion in 2023.

We forecast that compulsory loan payments, coupled with other contingencies, will lead to cash disbursements of R\$3.8 billion per year in 2025-2026. Lower provisions and higher profits in the generation segment, along with efficiency gains in personnel, services, materials, and other expenses, should contribute to increased margins in the coming years. In 2025, we forecast EBITDA margins of 54%-55%, slightly below the 55.9% EBITDA margin in 2024, due to the downward revision of RBSE payments. We expect margins expected to grow to 60%-62% from 2026 onward.

**Conciliation with the federal government is ongoing.** The lawsuit initiated by the federal government in 2023 about disputes in Eletrobras' privatization process has been settled and is now awaiting approval by the Supreme Court. As part of the agreement, Eletrobras is selling its remaining minority stake in Eletronuclear (36% voting, 68% capital), while it will exempt from making new capital contributions to finalize the construction of the nuclear plant Angra III. In exchange, the government secured expanded representation on Eletrobras' board of directors. It now holds three seats from two, out of 10 board members.

Finally, the agreement ratifies the government's 10% voting cap despite its 45.9% current ownership. Although the agreement increases government influence, considering its broader presence on the board, the agreement also allows Eletrobras to continue focusing on its core

businesses (power transmission and generation), reducing its exposure to the high investment needs of more than R\$25 billion and execution risks of the Angra III project.

## Outlook

The stable outlook reflects our view that Eletrobras should continue benefiting from its competitive position as the largest electricity utility in the country, with predictable cash flows, as over 50% its EBITDA comes from power transmission. In addition, we expect the company to successfully implement its R\$12 billion investments annually in the next two years, leading to debt to EBITDA between 5.0x-5.5x in 2025 and slightly below 5.0x in 2026, and FFO to debt around 10% in 2025 and improving to 12%-14% in 2026.

### Downside scenario

We could lower our ratings on Eletrobras in the next 12 months if we lower the rating on Brazil. Absent any sovereign rating action, a downgrade could result from weaker operational performance coupled with the company failing to capture efficiencies and settling its contingencies, leading to debt to EBITDA consistently above 5.5x and FFO to debt below 9%. That could happen, for instance, in a scenario of persistently low energy prices, while the company pursues a more aggressive investment plan or debt-financed acquisitions without offsetting cash flows, or if Eletrobras pursues a more aggressive dividend payout.

### Upside scenario

An upgrade of Eletrobras in the next 12 months would rely on an upgrade of Brazil and an improvement in Eletrobras' stand-alone credit profile (SACP). We could revise upward Eletrobras' SACP if the company reduces its leverage more quickly than we expect, with adjusted debt to EBITDA below 4.5x and FFO to adjusted debt above 13% consistently, while it generates positive FOCF. That could happen if the company sells its uncontracted energy with long-term PPAs at favorable prices. In addition, we believe initiatives to settle contingency liabilities or sale of equity affiliates for which the company provides financial guarantees could strengthen Eletrobras' credit metrics.

## Our Base-Case Scenario

### Assumptions

- Brazil's GDP to grow 2.2% in 2025, 1.7% in 2026, and 2.1% in 2027, according to our report: "[Economic Outlook Emerging Markets Q3 2025: Tariffs' Direct Impact Is Modest So Far, But Indirect Effect Will Feed Through](#)", June 24, 2025.
- Brazil's average inflation of 5.1% in 2025, 4.5% in 2026, and 3.5% in 2027.
- Brazilian central bank's average policy interest rates at 14.8% in 2025, 13.0% in 2026, and 9.5% in 2027.
- Annual migration of 1.3 GW of assured energy of hydropower plants currently operating under the quota regime to independent regime, completing the transition by mid-2027.
- A generation scaling factor (GSF) of 85% from 2025 onward, based on the reservoir's adequate capacity.

## Centrais Eletricas Brasileiras S.A.

- Following the sale of its thermal plants, Eletrobras' assured energy volume including quota regime capacity is 17,200-17,300 MW in the next few years. That and the GSF determine energy sale volumes.
- We also incorporate energy purchases of about 2,000 MW in 2025, and between 1,100 MW and 1,200 MW from 2026 onward, and assume the company will sell its energy in both the regulated and free markets, following its commercial strategy after privatization.
- Average spot price at R\$180 per megawatt hour (MWh) in 2025 and R\$150 per MWh in 2026 and beyond.
- We forecast transmission revenues after taxes of about R\$17.5 billion in 2025 and R\$19 billion in 2026 and 2027. This amount includes roughly R\$5.5 billion in annual compensation for nondepreciated transmission assets.
- Capex of about R\$12 billion per year in 2025-2026, and lowering to about R\$8.5 billion in 2027, as the company reduces its transmission-related capex.
- Cash disbursements related to contingencies, including compulsory loan payments of R\$3.8 billion-R\$3.9 billion annually in 2025-2026 and R\$2.7 billion in 2027.
- Contributions to the Energy Development Account (CDE) and for the revitalization of river basins, in line with the privatization framework, of R\$2.9 billion in 2025, R\$3.3 billion in 2026, and R\$3.7 billion in 2027.
- Dividend payment of R\$8 billion in 2025, which Eletrobras has already paid. Half of the payments relates to 2024's results, and the other half relates to 2025's interim results. We assume dividends around R\$400 million-R\$500 million in 2026 and between R\$1.3 billion and R\$1.7 billion from 2027 onward, tied to our forecast for energy prices.
- As of June 30, 2025, we adjust as debt R\$3.7 billion in pension plan deficits, R\$20.2 billion in financial guarantees provided to equity affiliates, and R\$35.9 billion in contributions to the CDE.

## Key metrics

### Eletrobras - Centrais Eletricas Brasileiras S.A.--Forecast summary

Period ending	Dec-31-2021	Dec-31-2022	Dec-31-2023	Dec-31-2024	Dec-31-2025	Dec-31-2026	Dec-31-2027	Dec-31-2028
(Mil. BRL)	2021a	2022a	2023a	2024a	2025e	2026f	2027f	2028f
Revenue	34,916	32,916	38,015	40,137	37,708	38,679	40,452	39,454
Gross profit	25,857	24,966	29,462	29,122	27,513	30,886	32,767	32,141
EBITDA (reported)	10,370	10,771	18,700	25,499	16,900	20,328	22,592	21,937
Plus: Operating lease adjustment (OLA) rent	--	--	--	--	--	--	--	--
Plus/(less): Other	(889)	(355)	1,028	(3,050)	4,862	4,562	4,262	4,262
EBITDA	9,481	10,416	19,728	22,449	21,762	24,890	26,854	26,199
Less: Cash interest paid	(2,545)	(3,211)	(5,173)	(6,651)	(9,523)	(8,374)	(6,539)	(5,739)
Less: Cash taxes paid	(2,483)	(2,607)	(2,931)	(1,488)	(782)	(859)	(1,308)	(1,686)
Plus/(less): Other	--	--	--	--	--	--	--	--
Funds from operations (FFO)	4,452	4,597	11,624	14,310	11,456	15,657	19,007	18,774
EBIT	15,149	11,300	20,162	24,863	20,102	21,740	22,966	22,205
Interest expense	4,352	5,510	7,573	7,316	9,523	8,374	6,539	5,739
Cash flow from operations (CFO)	8,231	9,276	8,243	12,386	5,169	6,355	9,370	10,757
Capital expenditure (capex)	2,692	3,239	7,390	7,386	11,600	12,300	8,500	7,200
Free operating cash flow (FOCF)	5,538	6,037	852	4,999	(6,431)	(5,945)	870	3,557
Dividends	3,748	1,490	864	1,308	8,000	431	1,327	1,703

**Eletrobras - Centrais Eletricas Brasileiras S.A.--Forecast summary**

Share repurchases (reported)	--	--	1,967	115	--	--	--	--
Discretionary cash flow (DCF)	1,791	4,547	(1,979)	3,576	(14,431)	(6,377)	(456)	1,855
Debt (reported)	44,016	59,107	60,780	75,621	72,035	69,035	67,177	66,185
Plus: Lease liabilities debt	903	753	217	183	183	183	183	183
Plus: Pension and other postretirement debt	--	--	--	--	--	--	--	--
Less: Accessible cash and liquid investments	(15,833)	(22,933)	(18,967)	(35,524)	(18,875)	(8,286)	(5,000)	(5,000)
Plus/(less): Other	29,883	58,984	60,503	60,112	59,976	59,154	57,556	55,936
Debt	58,968	95,911	102,534	100,391	113,319	120,086	119,916	117,303
Equity	76,417	111,029	112,465	122,000	118,228	124,670	132,858	140,789
FOCF (adjusted for lease capex)	5,538	6,037	852	4,999	(6,431)	(5,945)	870	3,557
Interest expense (reported)	4,352	5,510	7,573	7,316	9,523	8,374	6,539	5,739
Capex (reported)	2,692	3,239	7,390	7,386	11,600	12,300	8,500	7,200
Cash and short-term investments (reported)	18,378	22,933	18,967	35,524	18,875	8,286	5,000	5,000
<b>Adjusted ratios</b>								
Debt/EBITDA (x)	6.2	9.2	5.2	4.5	5.2	4.8	4.5	4.5
FFO/debt (%)	7.6	4.8	11.3	14.3	10.1	13.0	15.9	16.0
FFO cash interest coverage (x)	2.7	2.4	3.2	3.2	2.2	2.9	3.9	4.3
EBITDA interest coverage (x)	2.2	1.9	2.6	3.1	2.3	3.0	4.1	4.6
CFO/debt (%)	14.0	9.7	8.0	12.3	4.6	5.3	7.8	9.2
FOCF/debt (%)	9.4	6.3	0.8	5.0	(5.7)	(5.0)	0.7	3.0
DCF/debt (%)	3.0	4.7	(1.9)	3.6	(12.7)	(5.3)	(0.4)	1.6
Lease capex-adjusted FOCF/debt (%)	9.4	6.3	0.8	5.0	(5.7)	(5.0)	0.7	3.0
Annual revenue growth (%)	11.2	(5.7)	15.5	5.6	(6.1)	2.6	4.6	(2.5)
Gross margin (%)	74.1	75.8	77.5	72.6	73.0	79.9	81.0	81.5
EBITDA margin (%)	27.2	31.6	51.9	55.9	57.7	64.3	66.4	66.4
Return on capital (%)	10.9	6.6	9.6	11.4	8.9	9.1	9.2	8.7
Return on total assets (%)	8.2	4.9	7.5	8.9	7.2	8.1	8.4	7.9
EBITDA/cash interest (x)	3.7	3.2	3.8	3.4	2.3	3.0	4.1	4.6
EBIT interest coverage (x)	3.5	2.1	2.7	3.4	2.1	2.6	3.5	3.9
Debt/debt and equity (%)	43.6	46.3	47.7	45.1	48.9	49.1	47.4	45.5
Debt fixed-charge coverage (x)	2.2	1.9	2.6	3.1	1.0	1.6	2.0	2.2
Debt/debt and undepreciated equity (%)	43.6	46.3	47.7	45.1	48.9	49.1	47.4	45.5

All figures are adjusted by S&P Global Ratings, unless stated as reported. a--Actual. e--Estimate. f--Forecast. R\$--Brazilian real.

## Company Description

Eletrobras is Brazil's largest integrated electricity utility, with adjusted revenues of R\$41.2 billion and EBITDA of R\$22.5 billion in the last 12 months as of June 30, 2025. It operates in the power generation and transmission segments, with roughly 44.4 GW in installed capacity and 74,097 km of transmission lines. Since the privatization in June 2022, the government has 10% of voting rights (down from 72%) and 45.2% of total shares (down from 61% directly and indirectly).

## Peer Comparison

We selected Comision Federal de Electricidad (CFE), Colbun, and Companhia de Saneamento Básico do Estado de São Paulo (SABESP) as peers for Eletrobras because of their large scales and operations. Also, like Eletrobras, CFE and SABESP are government-related entities (GRES).

CFE is the largest energy producer in Mexico and the sole company responsible for electricity transmission and distribution in the country. It benefits from an almost certain likelihood of government support if needed, given its continued role as a policy instrument. However, this dependence constrains its leverage and its SACP, which is currently 'b'.

Colbun ranks as Chile's second-largest power generator, holding about 14% market share in the first half of 2025 and operating over 5.0 GW of installed capacity. As Eletrobras advances its efficiency gains post-privatization, we expect it to deliver stronger operating margins than Colbun. This is because unlike Colbun, Eletrobras also participates in the transmission segment, which generally has higher margins.

SABESP is the leading water and sewage utility in Latin America, serving 28.1 million people with water supply and 24.9 million with sewage services in the state of São Paulo. Although recently privatized, the state government retains an 18% stake in SABESP, and we continue to consider the company continues a GRE. While both SABESP and Eletrobras share similarities in terms of their transition to private control, Eletrobras operates with higher financial leverage than SABESP.

### Eletrobras - Centrais Eletricas Brasileiras S.A.--Peer Comparisons

	<b>Eletrobras-Centrais Eletricas Brasileiras S.A.</b>	<b>Comision Federal de Electricidad</b>	<b>Colbun S.A.</b>	<b>Companhia de Saneamento Basico do Estado de Sao Paulo</b>
Foreign currency issuer credit rating	BB/Stable/--	BBB/Stable/--	BBB/Stable/--	BB/Stable/--
Local currency issuer credit rating	BB/Stable/--	BBB+/Stable/--	BBB/Stable/--	BB/Stable/--
Period	Annual	Annual	Annual	Annual
Period ending	2024-12-31	2024-12-31	2024-12-31	2024-12-31
Mil.	R\$	R\$	R\$	R\$
Revenue	40,137	198,049	9,747	21,614
EBITDA	22,449	83,905	3,973	10,093
Funds from operations (FFO)	14,310	67,554	2,570	5,789
Interest	7,316	32,935	544	2,910
Cash interest paid	6,651	16,351	540	2,541
Operating cash flow (OCF)	12,386	54,444	2,338	6,840
Capital expenditure	7,386	31,442	1,460	7,466
Free operating cash flow (FOCF)	4,999	23,001	878	(626)
Discretionary cash flow (DCF)	3,576	22,274	45	(1,555)
Cash and short-term investments	35,524	39,011	4,795	5,382
Gross available cash	35,524	39,011	4,795	5,382
Debt	100,391	486,773	9,429	21,740
Equity	122,000	163,696	19,980	36,928
EBITDA margin (%)	55.9	42.4	40.8	46.7
Return on capital (%)	11.4	7.9	9.3	15.5
EBITDA interest coverage (x)	3.1	2.5	7.3	3.5

**Eletrobras - Centrais Eletricas Brasileiras S.A.--Peer Comparisons**

FFO cash interest coverage (x)	3.2	5.1	5.8	3.3
Debt/EBITDA (x)	4.5	5.8	2.4	2.2
FFO/debt (%)	14.3	13.9	27.3	26.6
OCF/debt (%)	12.3	11.2	24.8	31.5
FOCF/debt (%)	5.0	4.7	9.3	(2.9)
DCF/debt (%)	3.6	4.6	0.5	(7.2)

## Business Risk

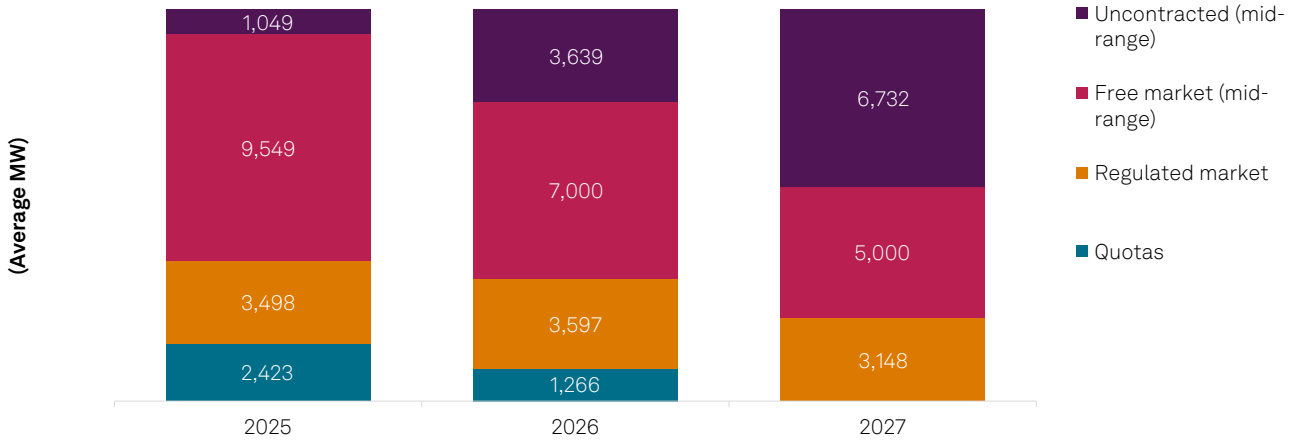
In our view, Eletrobras' main business strengths stem from its dominant position as the largest generation and transmission utility in Brazil. The company's cash flow remains very stable and predictable because transmission and regulated generation contracts account for more than 50% of consolidated revenue. The company operates under an adequate regulatory framework, with annual tariff adjustments and growing demand, which should result in consistent revenue generation in the coming years.

In the transmission segment, the company has been receiving RBSE payments under Law 12,783/2013, which were recently revised downwards by ANEEL by approximately R\$1.3 billion per year, resulting in a total estimated RBSE contribution of R\$5.5 billion annually through 2028. Despite this reduction, RBSE remains an important stabilizing component of the company's cash flows.

In generation, Eletrobras has increased its exposure to the free energy market following the privatization, with annual migration of 1.3 GW of assured energy to the free market by 2027. While regulated contracts provides stable but relatively lower returns, especially under the quota regime, uncontracted capacity exposes the company to price volatility, but offers upside potential, as higher spot market prices can increase revenues beyond regulated levels.

### Eletrobras' energy balance

Hedged from GSF variation, second-quarter 2025



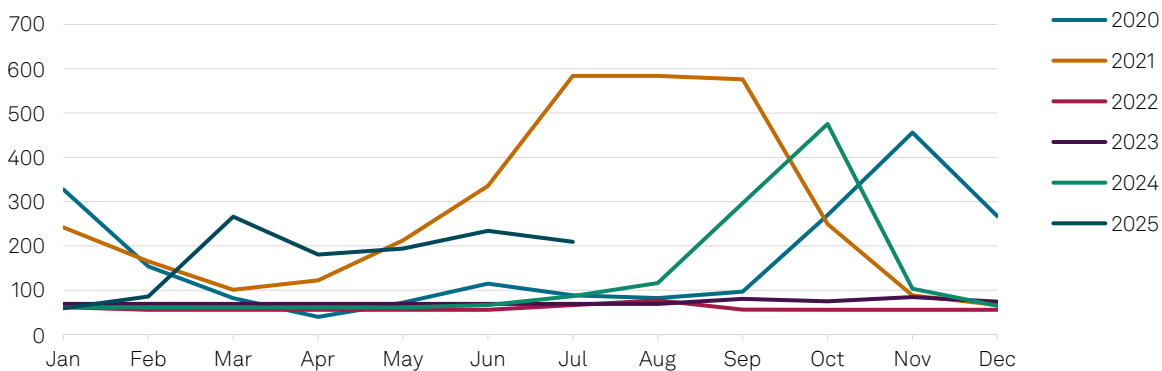
Source: Eletrobras' 2025 results presentation.

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As an example, the average price of quotas is about R\$100/MWh, while regulated contracts awarded in auctions and in the free market are around R\$220/MWh and higher than R\$150/MWh, respectively, especially considering that energy spot prices are now above R\$200/MWh, considering more risk-averse statistical models and operations in the Brazilian market. Consequently, Eletrobras balances predictable income from regulated contracts with the opportunity for higher margins through market-driven sales, which represent 35% and 65% of generation revenues in 2025, respectively.

### Energy spot prices in Brazil

R\$/MWh



Source: CCEE; S&P Global Ratings.

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## Financial Risk

We incorporate in our financial analysis of Eletrobras its sizable capex plan of R\$12 billion annually in 2025 and 2026, lowering to about R\$8.5 billion in 2027 as the company reduces investments in transmission works. We don't assume additional asset sales or acquisitions in our base case following the sale of six thermal assets to Eletronorte for R\$2.6 billion to Ambar Energia (not rated) in May 2025, the asset exchange with Copel that added 300 MW of hydro capacity to the portfolio, and the acquisition of Eletronet's 51% stake. However, we believe Eletrobras will continue evaluating opportunities to simplify its organization structure and to divest noncore assets.

In terms of dividends, the company paid R\$4 billion in the first half of 2025 related to 2024's results, and an additional R\$4 billion in August 2025, related to 2025's interim results. As a result, we expect lower dividends payment in 2026 and, going forward, we expect the company to align dividend payments with profits mostly from the generation segment, as its cash flows will become more exposed to energy price swings. Management plans investments and dividends distribution on a five-year horizon, considering 3.0x-3.5x leverage in the generation business and 3.75x-4.25x leverage in the transmission business.

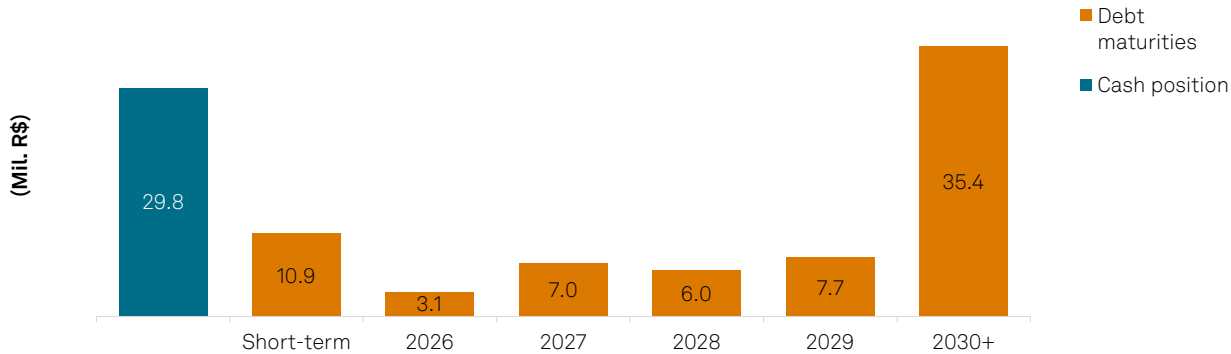
Post-privatization, the company continues to prioritize investments in its transmission networks, focusing on reinforcements, upgrades, and efficiency improvements, while in generation, capex is primarily directed toward maintenance of existing assets. We also expect Eletrobras to actively participate in upcoming transmission auctions, supporting long-term growth and stable cash flows and EBITDA. In addition, Eletrobras has been implementing operational improvements and cost optimization measures, alongside organizational simplification, which support its long-term efficiency and profitability.

We expect Eletrobras to repay its debt mostly with its cash position of about R\$29.8 billion as of June 30, 2025, and to access credit markets only opportunistically. After raising approximately R\$30 billion of debt in credit markets throughout 2024, including US\$750 million international notes, in 2025 the company raised additional R\$2.0 billion in new debentures. It amortized over R\$5.8 billion in debt in the first half of 2025, reaching gross debt of R\$70.3 billion, down from R\$75.6 billion in December 2024.

## Debt maturities

## Debt maturity profile

As of June 30, 2025



Source: S&amp;P Global Ratings.

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## Eletrobras - Centrais Eletricas Brasileiras S.A.--Financial Summary

Period ending	Dec-31-2019	Dec-31-2020	Dec-31-2021	Dec-31-2022	Dec-31-2023	Dec-31-2024
Reporting period	2019a	2020a	2021a	2022a	2023a	2024a
Display currency (mil.)	R\$	R\$	R\$	R\$	R\$	R\$
Revenues	30,429	31,392	34,916	32,916	38,015	40,137
EBITDA	14,033	13,621	9,481	10,416	19,728	22,449
Funds from operations (FFO)	6,997	8,382	4,452	4,597	11,624	14,310
Interest expense	4,996	4,183	4,352	5,510	7,573	7,316
Cash interest paid	3,651	1,701	2,545	3,211	5,173	6,651
Operating cash flow (OCF)	(86)	4,199	8,231	9,276	8,243	12,386
Capital expenditure	2,020	2,397	2,692	3,239	7,390	7,386
Free operating cash flow (FOCF)	(2,107)	1,802	5,538	6,037	852	4,999
Discretionary cash flow (DCF)	(3,290)	(792)	1,791	4,547	(1,979)	3,576
Cash and short-term investments	10,762	14,326	15,833	22,933	18,967	35,524
Gross available cash	10,762	14,326	15,833	22,933	18,967	35,524
Debt	73,023	69,199	58,968	95,911	102,534	100,391
Common equity	71,159	73,751	76,417	111,029	112,465	122,000
<b>Adjusted ratios</b>						
EBITDA margin (%)	46.1	43.4	27.2	31.6	51.9	55.9
Return on capital (%)	10.3	10.4	10.9	6.6	9.6	11.4
EBITDA interest coverage (x)	2.8	3.3	2.2	1.9	2.6	3.1
FFO cash interest coverage (x)	2.9	5.9	2.7	2.4	3.2	3.2
Debt/EBITDA (x)	5.2	5.1	6.2	9.2	5.2	4.5
FFO/debt (%)	9.6	12.1	7.6	4.8	11.3	14.3
OCF/debt (%)	(0.1)	6.1	14.0	9.7	8.0	12.3
FOCF/debt (%)	(2.9)	2.6	9.4	6.3	0.8	5.0

**Centrais Eletricas Brasileiras S.A.**

**Eletrobras - Centrais Eletricas Brasileiras S.A.--Financial Summary**

DCF/debt (%)	(4.5)	(1.1)	3.0	4.7	(1.9)	3.6
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**Reconciliation Of Eletrobras - Centrais Eletricas Brasileiras S.A. Reported Amounts With S&P Global Adjusted Amounts (Mil. R\$)**

	Debt	Shareholder Equity	Revenue	EBITDA	Operating income	Interest expense	S&PGR adjusted EBITDA	Operating cash flow	Dividends	Capital expenditure
Financial year	Dec-31-2024									
Company reported amounts	75,621	121,863	40,182	25,499	22,249	7,316	22,449	12,386	1,308	7,386
Cash taxes paid	-	-	-	-	-	-	(1,488)	-	-	-
Cash interest paid	-	-	-	-	-	-	(6,651)	-	-	-
Lease liabilities	183	-	-	-	-	-	-	-	-	-
Accessible cash and liquid investments	(35,524)	-	-	-	-	-	-	-	-	-
Income (expense) of unconsolid. cos.	-	-	-	(2,503)	-	-	-	-	-	-
Nonoperating income (expense)	-	-	-	-	3,161	-	-	-	-	-
Noncontrolling/ minority interest	-	137	-	-	-	-	-	-	-	-
Debt: Guarantees	22,627	-	-	-	-	-	-	-	-	-
Debt: Workers comp/ self insurance	3,706	-	-	-	-	-	-	-	-	-
Debt: Foreign currency hedges	(1,059)	-	-	-	-	-	-	-	-	-
Debt: Contingent considerations	35,611	-	-	-	-	-	-	-	-	-
Debt: Tax liabilities	159	-	-	-	-	-	-	-	-	-
Debt: other	(932)	-	-	-	-	-	-	-	-	-
Revenue: other	-	-	(44)	(44)	(44)	-	-	-	-	-
COGS: other nonoperating nonrecurring items	-	-	-	4,287	4,287	-	-	-	-	-
EBITDA - Gain/(loss) on disposals of PP&E	-	-	-	(6)	(6)	-	-	-	-	-
EBITDA: Fair value changes of contingent consideration	-	-	-	(160)	(160)	-	-	-	-	-

Reconciliation Of Eletrobras - Centrais Eletricas Brasileiras S.A. Reported Amounts With S&P Global Adjusted Amounts (Mil. R\$)

	Debt	Shareholder Equity	Revenue	EBITDA	Operating income	Interest expense	S&PGR adjusted EBITDA	Operating cash flow	Dividends	Capital expenditure
EBITDA: Valuation gains/(losses)	-	-	-	(6,130)	(6,130)	-	-	-	-	-
EBITDA: other	-	-	-	1,506	1,506	-	-	-	-	-
Working capital: Taxes	-	-	-	-	-	-	-	1,488	-	-
Working capital: other	-	-	-	-	-	-	-	(10,093)	-	-
OCF: Taxes	-	-	-	-	-	-	-	(1,488)	-	-
OCF: other	-	-	-	-	-	-	-	10,093	-	-
Total adjustments	24,770	137	(44)	(3,050)	2,615	-	(8,139)	-	-	-
S&P Global Ratings adjusted	Debt	Equity	Revenue	EBITDA	EBIT	Interest expense	Funds from Operations	Operating cash flow	Dividends	Capital expenditure
	100,391	122,000	40,137	22,449	24,863	7,316	14,310	12,386	1,308	7,386

## Liquidity

We continue assessing Eletrobras' liquidity as adequate. We expect the group's sources of liquidity to exceed its uses by more than 20% comfortably in the next 12 months, supported by the company's robust cash position of R\$29.8 billion in the second quarter of 2025 and despite growing capex, higher interest expenses, and dividends. Despite its sizable cash position, we expect the company to continue accessing capital and debt markets opportunistically to finance its investment plan and for liability management. In our view this is possible thanks to Eletrobras' sound relationships with banks and high standing in credit markets, as shown by roughly R\$30 billion raised in new debt in 2024.

### Principal liquidity sources

- Cash and equivalents of R\$29.8 billion as of June 30, 2025.
- Cash FFO of around R\$6 billion in the next 12 months from June 30, net of contingencies payments and CDE contributions.
- New debt issuance of R\$2 billion, already issued.

### Principal liquidity uses

- Short term debt maturities of R\$10.0 billion as of June 30, 2025.
- Working capital outflows of R\$1.0 billion in the next 12 months.
- Capex of R\$12 billion.
- Dividends distribution of R\$4.0 billion.

## Covenant Analysis

### Requirements

The most restrictive financial covenant that the company must comply with is maximum net debt to adjusted EBITDA of 3.75x, although recent issuances have a 4.25x threshold. This is measured on an annual basis in December, and the calculation methodology is different from the credit metrics we consider because financial metrics related to the debt exclude guarantees provided to unconsolidated projects, CDE liabilities, and pension-related liabilities that we adjust in our analysis. In addition, the financial covenants' EBITDA includes financial assets related to transmission concessions. Therefore, the credit metrics we mention in this report don't relate to our expectation of the company's covenant compliance.

### Compliance expectations

We think Eletrobras will comply with this covenant with around 15%-20% cushion in the next two years, increasing to 25% in 2027.

## Environmental, Social, And Governance

Environmental factors are a negative consideration in our credit analysis of Eletrobras because most of the company's generation capacity is exposed to hydrological risks.

Social factors are a neutral consideration in our analysis of the company, since health and safety issues related to nuclear plants are no longer its responsibility. Control of Eletronuclear was transferred to ENBPar, which is government-owned.

Despite a governance structure that caps each shareholder's voting power at 10%, including the government, we view governance as a moderately negative factor in our credit analysis due to recent government initiatives to increase its influence over Eletrobras. The settlement agreement with the government formalizes the voting limit, but we will reassess our view once the agreement is approved by Brazil's Supreme Court and there is a track record of the company operating independently at arm's length.

## Government Influence

We view Eletrobras' likelihood of receiving extraordinary support from the government as high, considering the company's position as the largest electricity generation and transmission utility in Brazil. This backs its critical role and strong link to the government, which remains a major shareholder.

Following the settlement agreement with the government, which formalizes the 10% voting cap despite the government's 45.9% shareholding, we currently see limited incentives for direct interference in Eletrobras' operations. The company remains a critical player in Brazil's electricity sector, and any operational underperformance could have significant implications for the national power system and the broader economy. We will continue to monitor governance and operational independence as the agreement is approved and implemented and its effects on board decisions become observable.

## Issue Ratings--Subordination Risk Analysis

### Capital structure

We rate Eletrobras' senior unsecured notes below. As of June 30, 2025, Eletrobras reported R\$70.3 billion of financial debt, of which R\$16.6 billion was secured.

#### Centrais Eletricas Brasileiras S.A. - Eletrobras

Issue	Maturity	Rating
4.625% \$750 million notes	February 2030	BB
6.5% \$750 million notes	January 2035	BB

### Analytical conclusions

Our ratings on the senior unsecured debts are at the same level as the issuer credit rating because debt issued by subsidiaries is mostly unsecured and guaranteed by the holding company, Eletrobras. The company's secured debt ratio is below 50% of its consolidated debt.

#### Rating Component Scores

<b>Foreign currency issuer credit rating</b>	<b>BB/Stable/--</b>
<b>Local currency issuer credit rating</b>	<b>BB/Stable/--</b>
<b>Business risk</b>	<b>Satisfactory</b>
Country risk	Moderately High
Industry risk	Low
Competitive position	Satisfactory
<b>Financial risk</b>	<b>Aggressive</b>
Cash flow/leverage	Aggressive
<b>Anchor</b>	<b>bb</b>
<b>Modifiers</b>	
Diversification/portfolio effect	Neutral (no impact)
Capital structure	Neutral (no impact)
Financial policy	Neutral (no impact)
Liquidity	Adequate (no impact)
Management and governance	Moderately Negative (no impact)
Comparable rating analysis	Neutral (no impact)
<b>Stand-alone credit profile</b>	<b>bb</b>

## Related Criteria

- [Criteria | Corporates | General: Sector-Specific Corporate Methodology](#), July 7, 2025
- [Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities](#), Jan. 7, 2024
- [Criteria | Corporates | General: Corporate Methodology](#), Jan. 7, 2024
- [General Criteria: Environmental, Social, And Governance Principles In Credit Ratings](#), Oct. 10, 2021

## Centrais Eletricas Brasileiras S.A.

- [General Criteria: Group Rating Methodology](#), July 1, 2019
- [Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments](#), April 1, 2019
- [Criteria | Corporates | General: Reflecting Subordination Risk In Corporate Issue Ratings](#), March 28, 2018
- [General Criteria: Rating Government-Related Entities: Methodology And Assumptions](#), March 25, 2015
- [Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers](#), Dec. 16, 2014
- [General Criteria: Country Risk Assessment Methodology And Assumptions](#), Nov. 19, 2013
- [General Criteria: Methodology: Industry Risk](#), Nov. 19, 2013
- [General Criteria: Principles Of Credit Ratings](#), Feb. 16, 2011

### Ratings Detail (as of August 28, 2025)\*

#### Eletrobras-Centrais Eletricas Brasileiras S.A.

Issuer Credit Rating	BB/Stable/--
Senior Unsecured	BB

#### Issuer Credit Ratings History

29-Aug-2024	<i>Foreign Currency</i>	BB/Stable/--
07-Apr-2020		BB-/Stable/--
12-Dec-2019		BB-/Positive/--
29-Aug-2024	<i>Local Currency</i>	BB/Stable/--
07-Apr-2020		BB-/Stable/--
12-Dec-2019		BB-/Positive/--

\*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

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