



**Tietê**

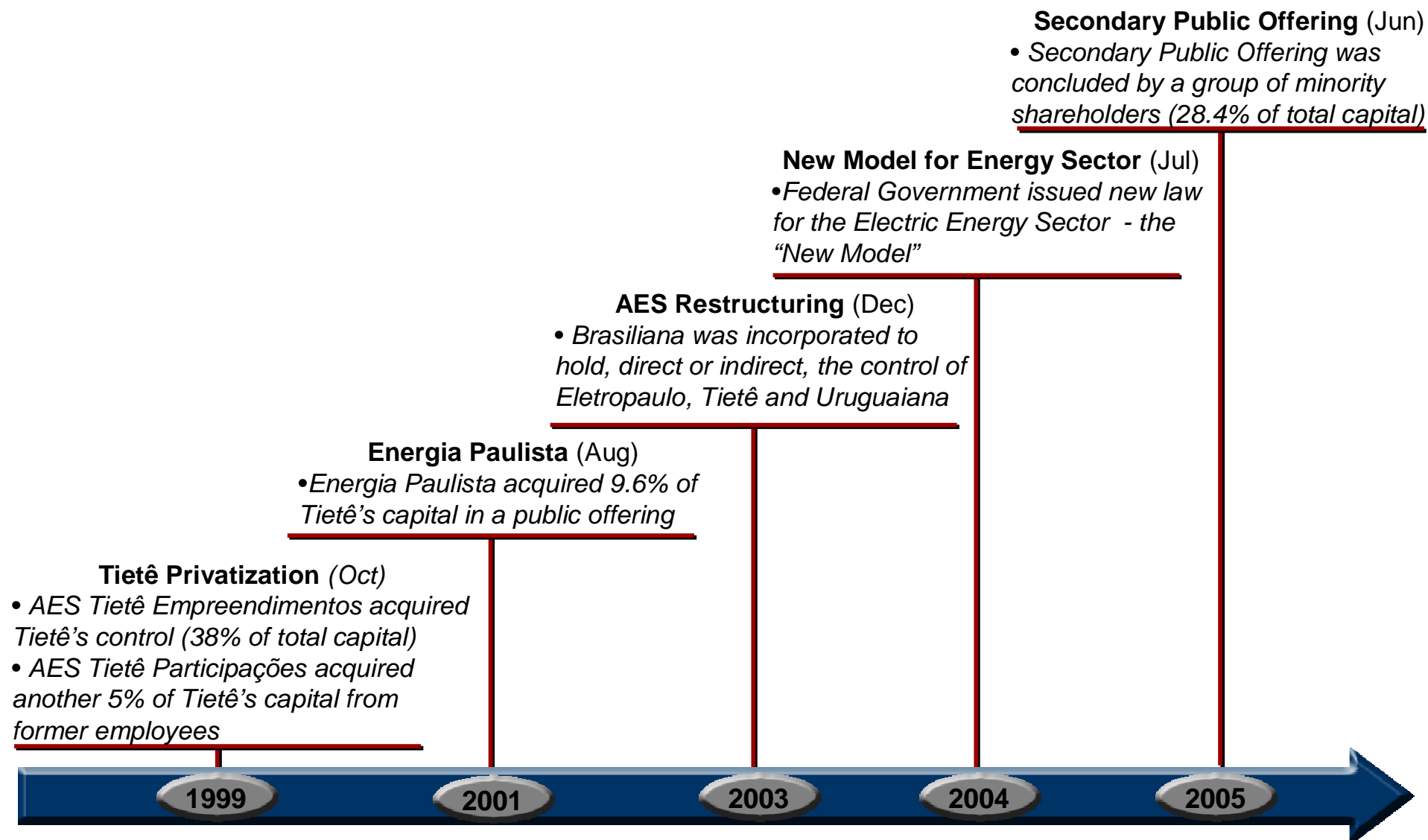


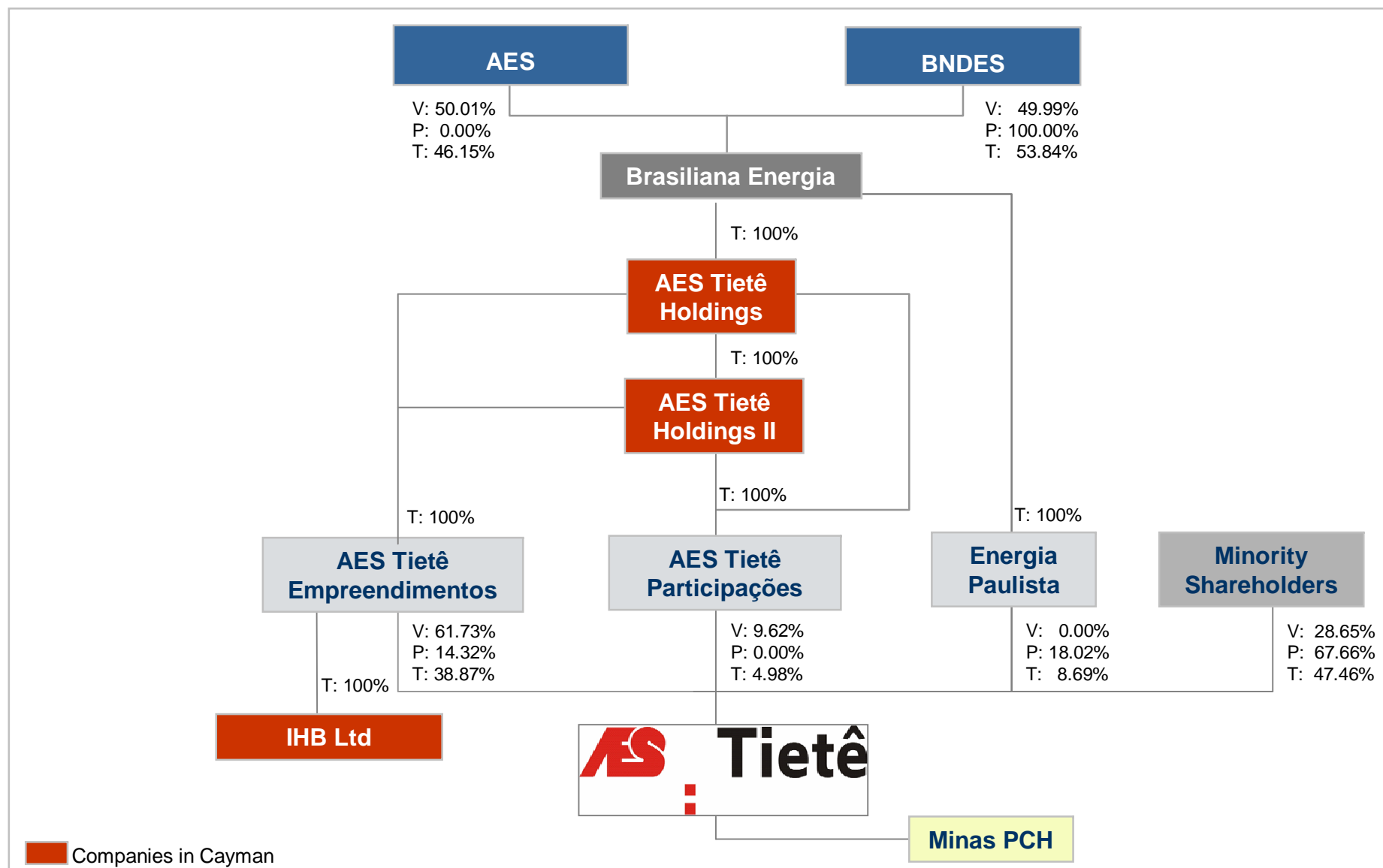
## ***Latin American Small & Mid Cap Forum 2005***

**November 29 – December 02, 2005**

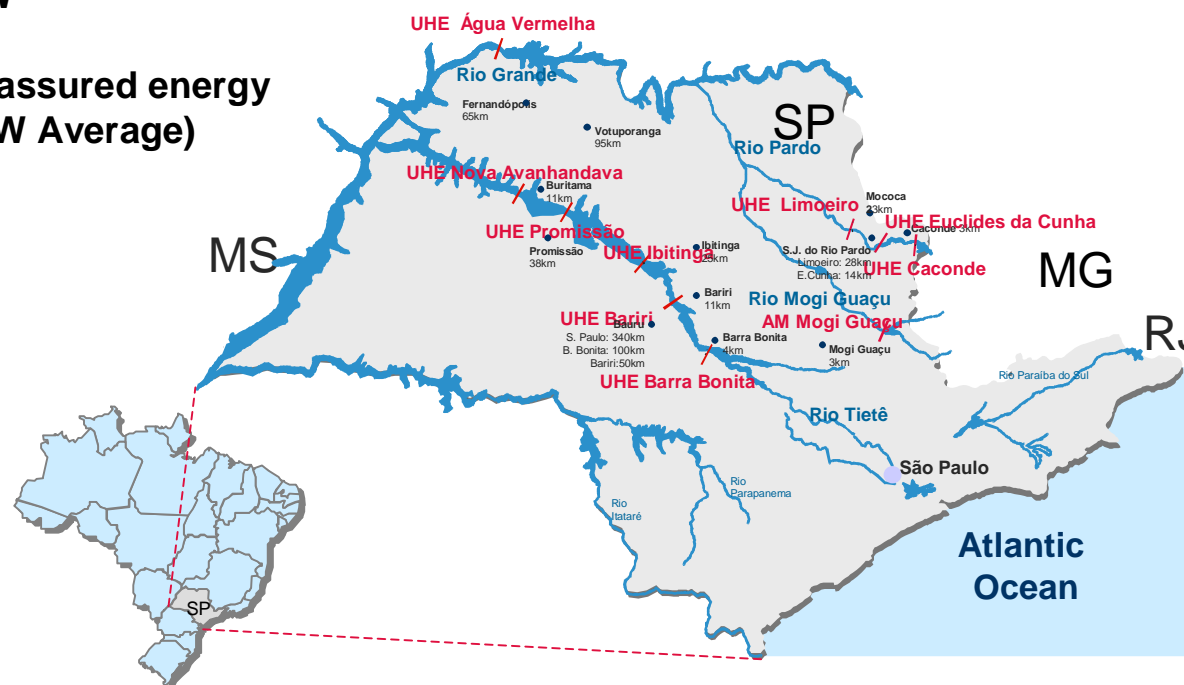


# Historical

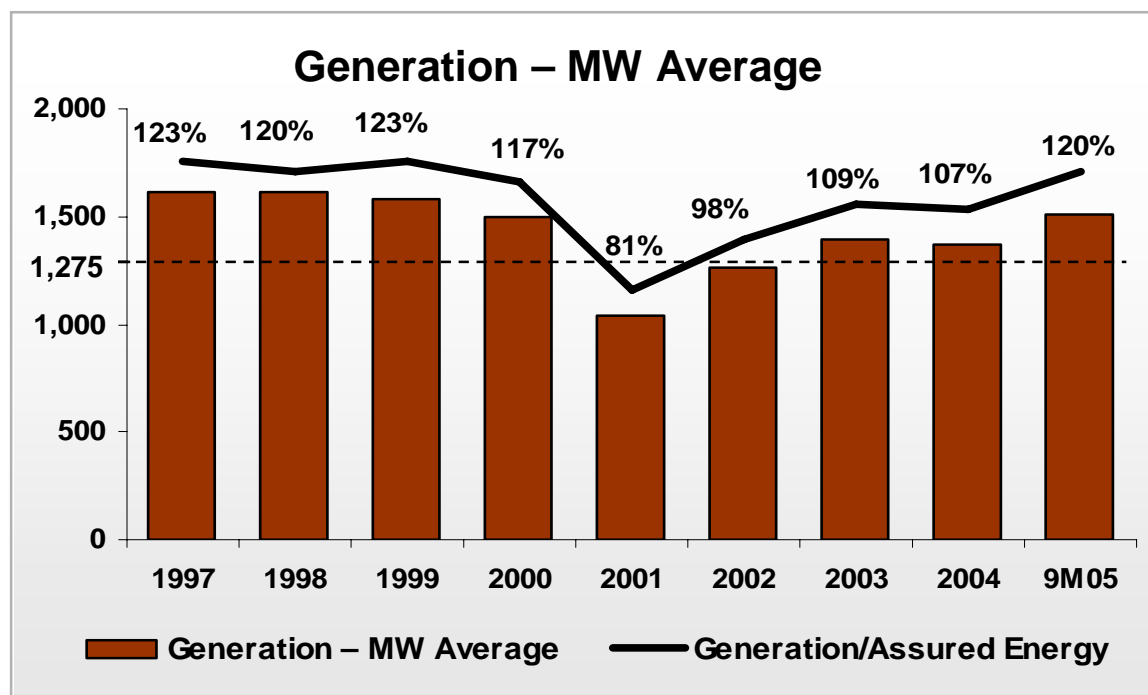




- **Concession Agreement:** 30 years, assures the right of operating the assets, but not their property
- **Assets:** 10 hydroelectric power plants
- **Location:** Rivers Tietê, Grande, Pardo and Mogi Guaçu, located in the State of São Paulo
- **Operation historical:** Power plants started up operation between 1958 and 1997
- **Installed Capacity:** 2,651 MW
- **Capacity sold under long-term contracts (PPAs):** 100% of assured energy (1,275 MW Average)



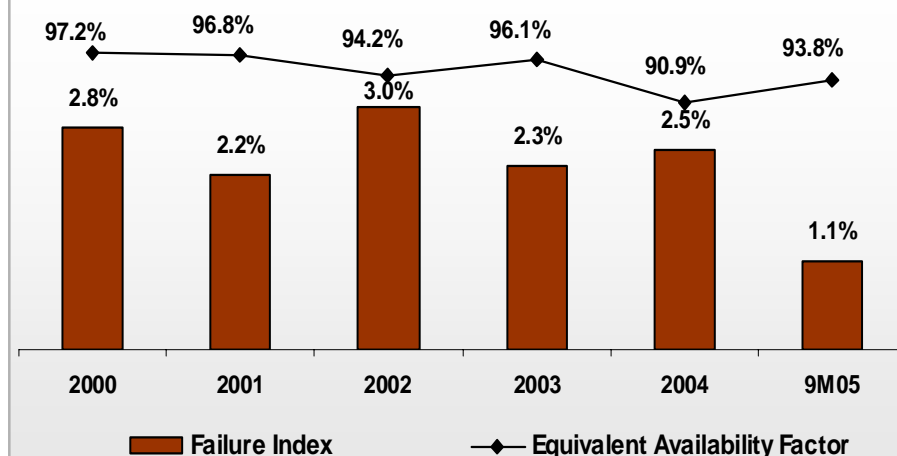
- During the last 20 years, AES Tietê has generated, in average, 18% above the Assured Energy
- The Assured Energy was expected to be revised in 2004, but this revision was postponed to 2014 by the Ministry of Mines and Energy



- Failure Index and Equivalent Availability Factor much better than the maximum ratios established by Aneel due to the preventive maintenance program

- Average of 7.2 years with no LTA (Lost Time Accident)

## Failure Index x Equivalent Availability Factor



## Period without Accidents

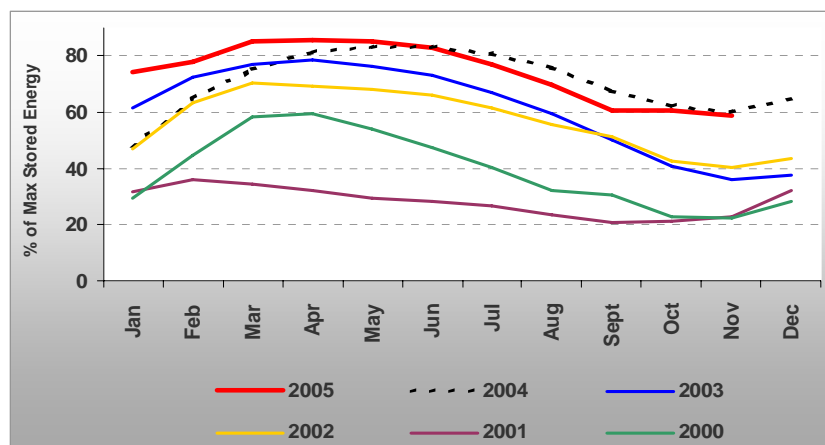
Power plant	Period without accidents - Years
Ibitinga	17.4
MogiGuaçu	10.8
Bariri	9.4
Nova Avanhandava	7.9
Água Vermelha	7.3
Limoeiro	5.3
Barra Bonita	5.2
Promissão	3.7
Caconde	2.6
Euclides da Cunha	2.3



# Stored Energy

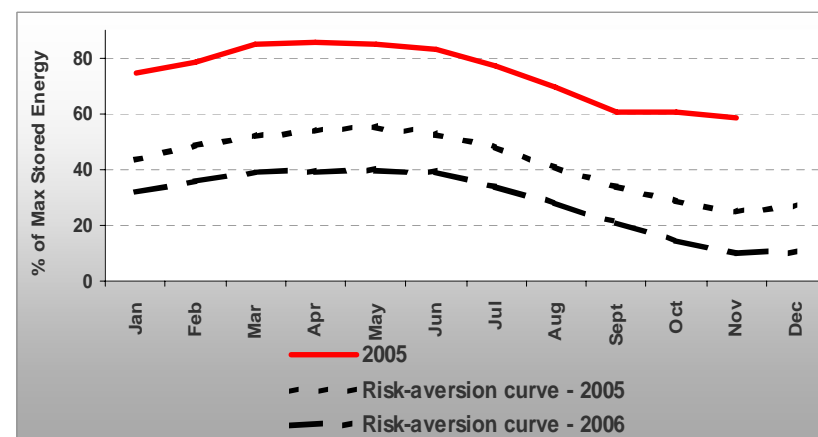
- The energy storage levels in the Southeast region are comfortable in comparison of the risk aversion curve

Historical



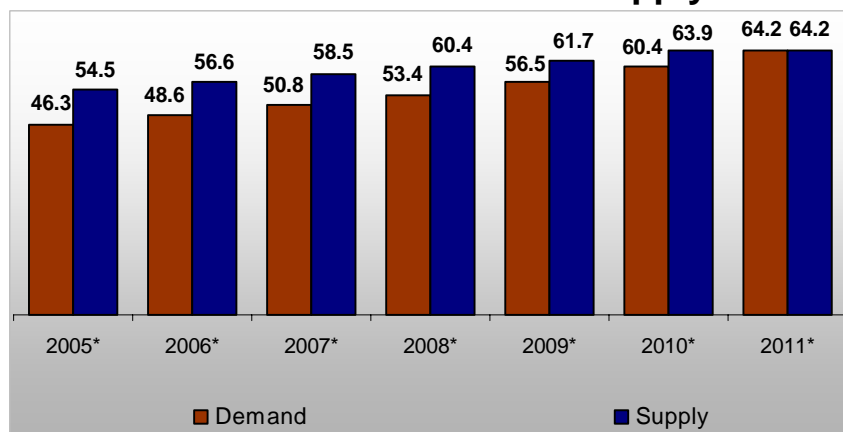
Source: Operador Nacional do Sistema – Nov/05

Risk-Aversion Curve

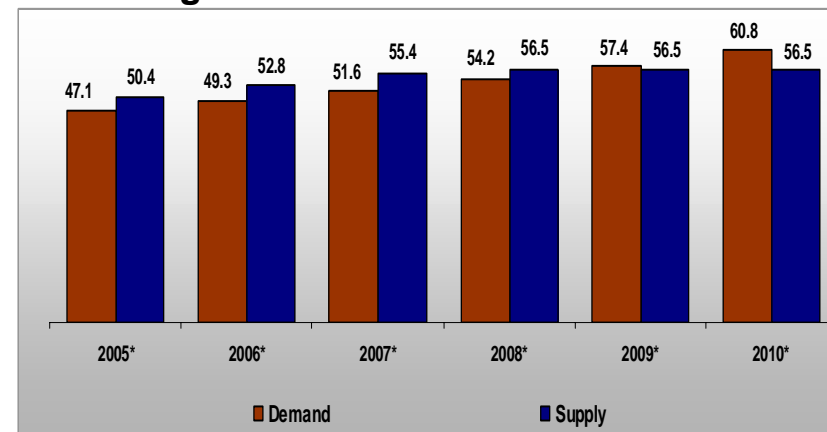


Source: Operador Nacional do Sistema – Nov/05

Supply x Demand – GW Average

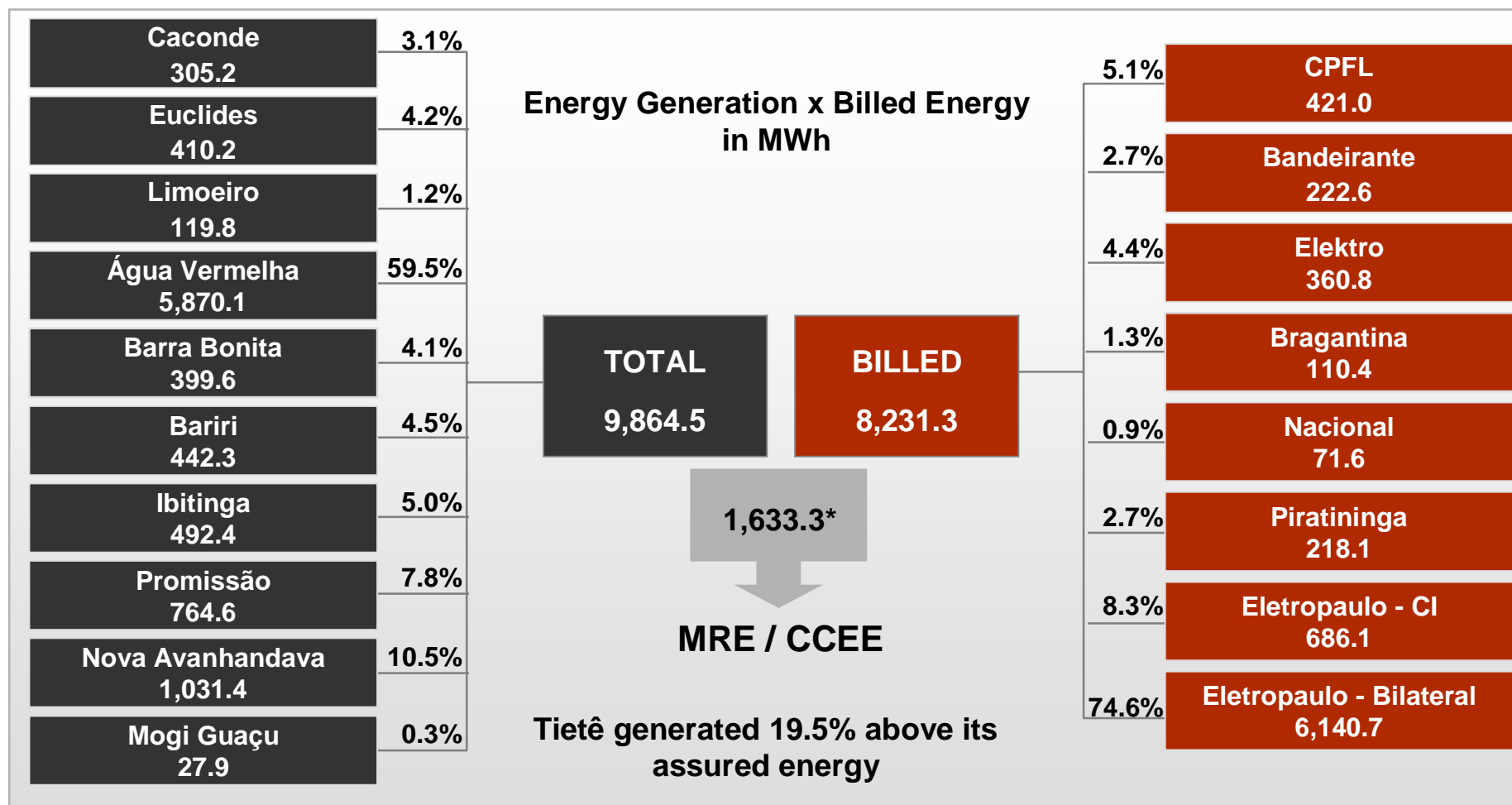


\*Forecast - Source: Apine



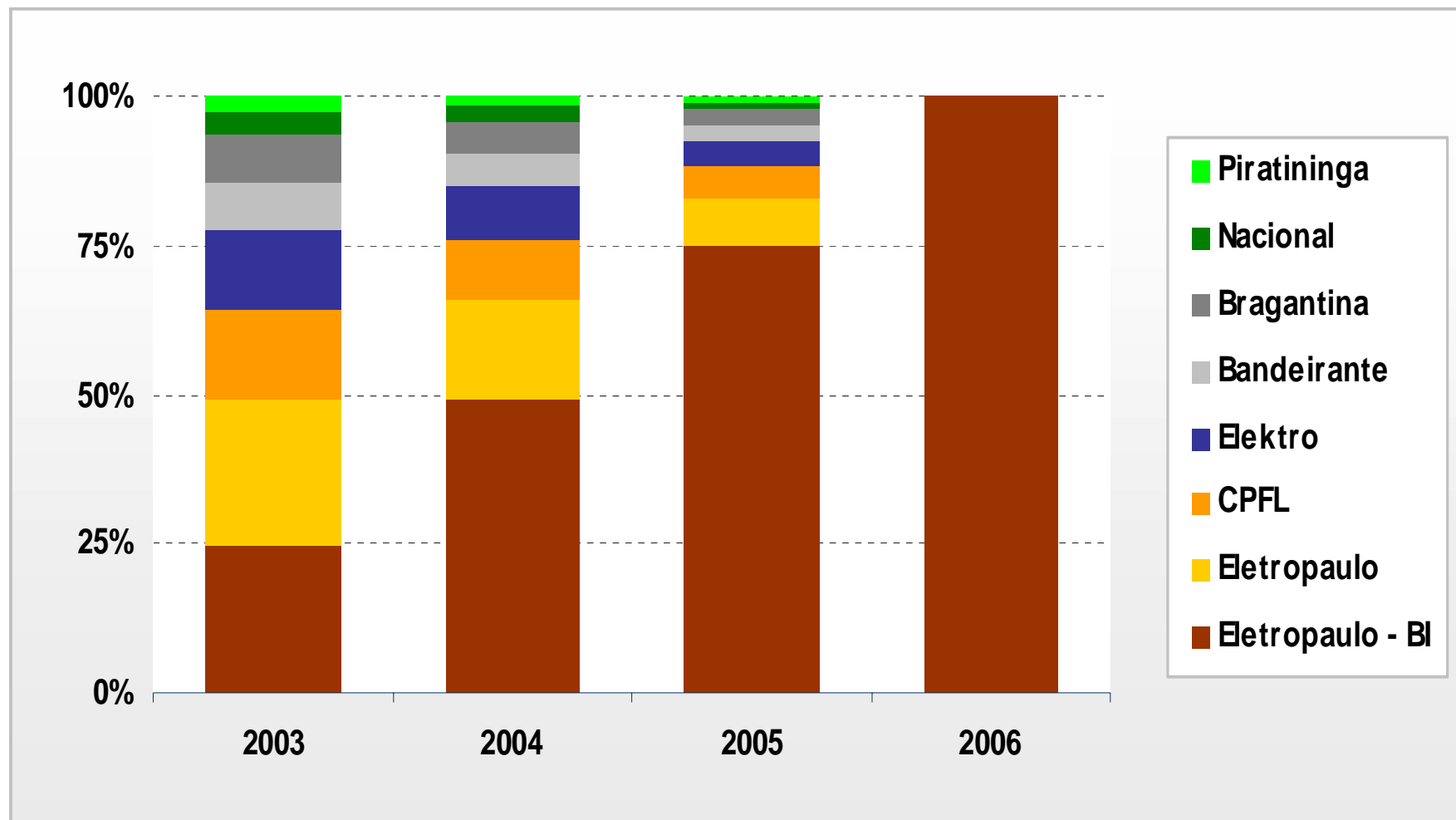
\*Forecast - Source: IBP – Instituto Brasileiro do Petróleo

# Energy Balance – 9M05



\*After deducting own consumption and transmission losses, the difference is directed to the Energy Reallocation Mechanism – MRE and Chamber of Energy Marketing – CCEE.





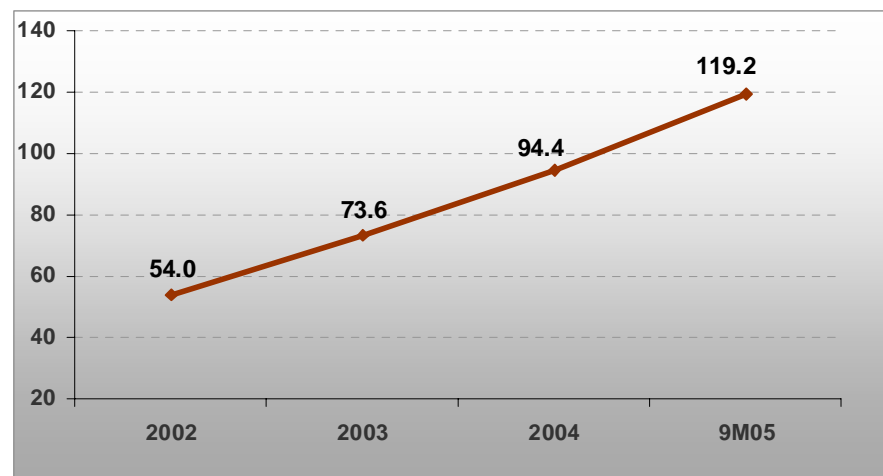
- The Initial Contracts are readjusted annually according to the following pre-established formula :

$$\text{Tariff Readjustment Ratio} = \frac{\text{VPA} + \text{VPB} \times \text{IGP-M}}{\text{Revenue}}$$

- The Bilateral Contract with Eletropaulo is adjusted each July according to the IGP-M (general price index - market) variation

Company	Month of Adjustment	% of adjustment	Tariff after adjustment (R\$ / MWh)
<b>Initial Contracts</b>			
Bragantina	February	12.4%	65.30
Nacional	February	12.4%	69.42
CPFL	April	10.6%	73.76
AES Eletropaulo	July	9.0%	75.99
Elektro	August	5.3%	61.68
Bandeirante	October	1.4%	72.77
Piratiniga	October	1.5%	72.81
<b>Bilateral</b>			
AES Eletropaulo	July	7.1%	132.73

Average Tariff – R\$/ MWh



in R\$ million	9M04	9M05	
<b>Net Revenue</b>	<b>740.9</b>	<b>899.4</b>	<b>21.4%</b>
			<ul style="list-style-type: none"> <li>✓ Initial Contracts were adjusted in 8.1%, in average</li> <li>✓ Increase from 4,0 GWh to 6.1 GWh of energy sold through the bilateral contract</li> <li>✓ R\$ 50.5 mi reversal of the provision regarding Pis/Cofins rate increase on the bilateral and initial contracts</li> </ul>
<b>Operating Expenses</b>	<b>(201.6)</b>	<b>(213.3)</b>	<b>5.8%</b>
			<ul style="list-style-type: none"> <li>✓ Increase in the Financial Compensation for Use of Water Resources in 29.5%</li> <li>✓ Operating provisions – R\$ 18.3 mi</li> </ul>
<b>Ebitda</b>	<b>587.0</b>	<b>734.1</b>	<b>25.1%</b>
<i>Ebitda Margin</i>	<i>79.2%</i>	<i>81.6%</i>	
<b>Financial Expenses</b>	<b>(221.1)</b>	<b>(68.9)</b>	<b>- 68.8%</b>
			<ul style="list-style-type: none"> <li>✓ Lower IGP-M index (10.3% in 9M04 versus 0.2% in 9M05) impact on the Eletrobras Debt</li> <li>✓ Increase in financial income due to a greater cash balance and increased interest rates</li> </ul>
<b>Net Income</b>	<b>209.9</b>	<b>411.1</b>	<b>95.8%</b>
<i>Net Margin</i>	<i>28.3%</i>	<i>45.7%</i>	<ul style="list-style-type: none"> <li>✓ Net income increase due to better operating and financial performance</li> </ul>

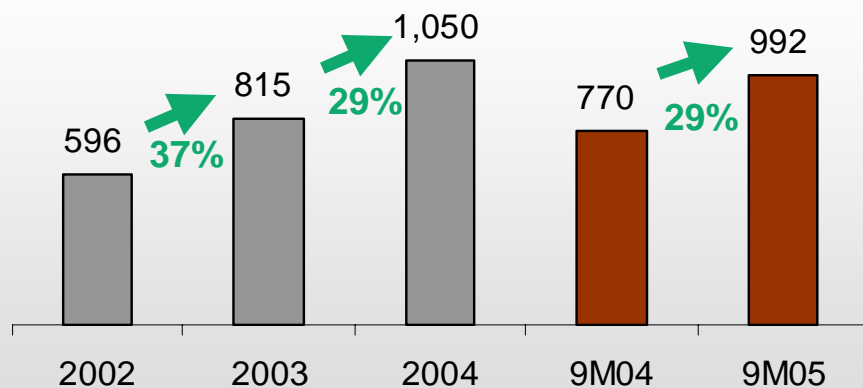
# Operating Costs and Expenses

in R\$ million	9M04	9M05	
Personnel	21.0	23.7	12.9% ✓ 8.25% in payroll increase resulting from the collective bargain
Outsourced Services	15.5	16.8	
Financial Compensation	27.0	34.9	29.3% ✓ Increase of Reference Tariff – TAR, to R\$ 52,67MW/h in 1Q05 (TAR x 6.75% x Generated Energy) Increase in the volume of energy generated
Connection and Distrib. Network Charges	34.0	37.9	11.5% ✓ Decrease in connection charges established by Aneel ✓ Increase in transmission costs due to greater volume of energy sold under the bilateral contract
Purchased Power	29.8	18.1	- 39.3% ✓ End of energy purchase from Itaipu ✓ R\$ 7.3 million relative to "Financial Surplus" MAE expense, which was accounted in 1Q04
Depreciation and Amortization	47.7	48.0	
Operating Provisions	0	18.3	n.a. ✓ Provision for loss of financial investments held at Banco Santos ( R\$16.9 mi recorded in 1Q05)
Others	26.8	15.5	- 42.0% ✓ End of the obligation of payment of the Public Asset Tax (UBP) in 2004 ✓ Insurance ✓ Waterway ✓ R&D
<b>Total</b>	<b>201.6</b>	<b>213.3</b>	

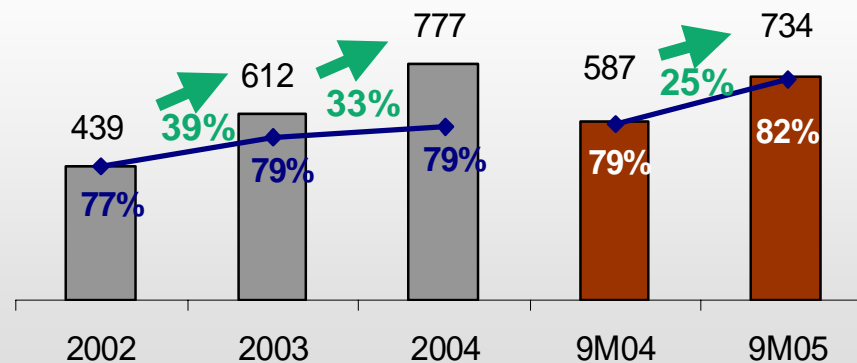
# Financial Highlights – 9M05

R\$ million

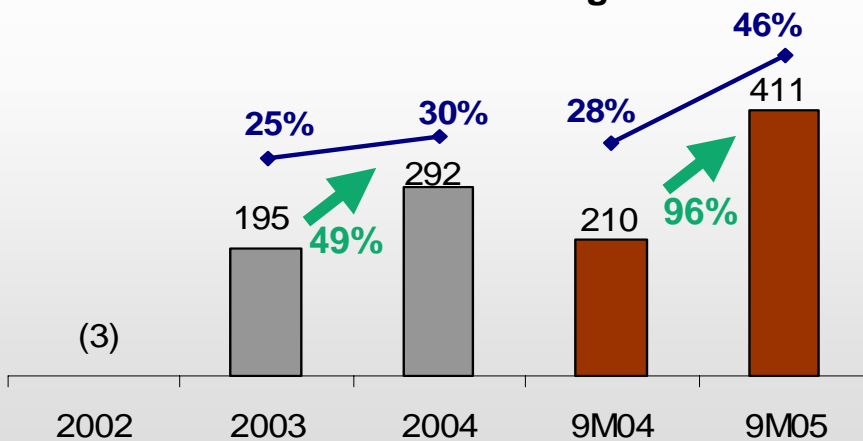
**Gross Revenue**



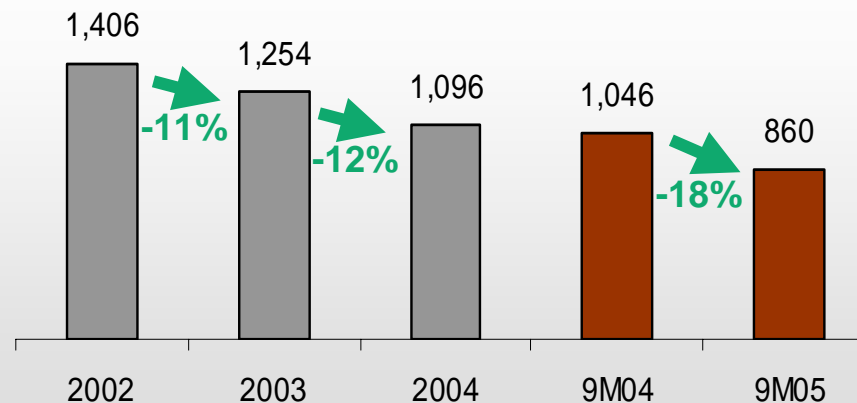
**EBITDA x EBITDA Margin**



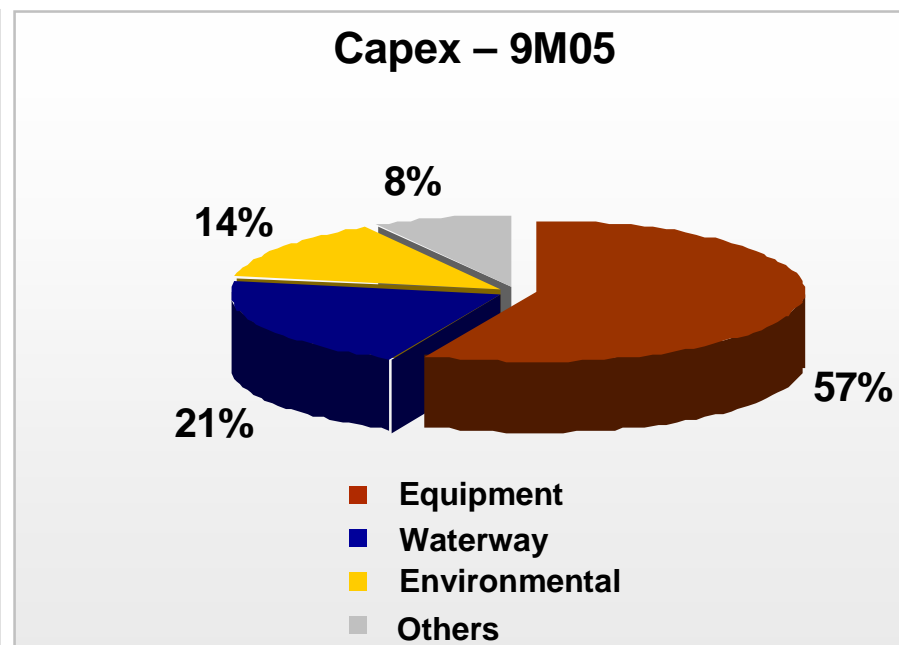
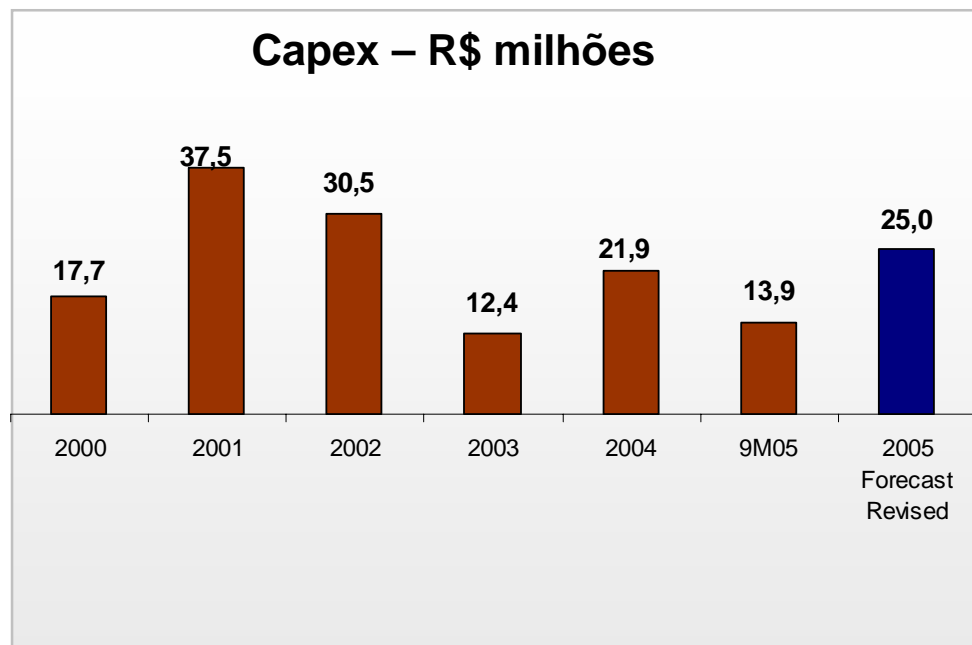
**Net Profit x Net Margin**



**Net Debt**

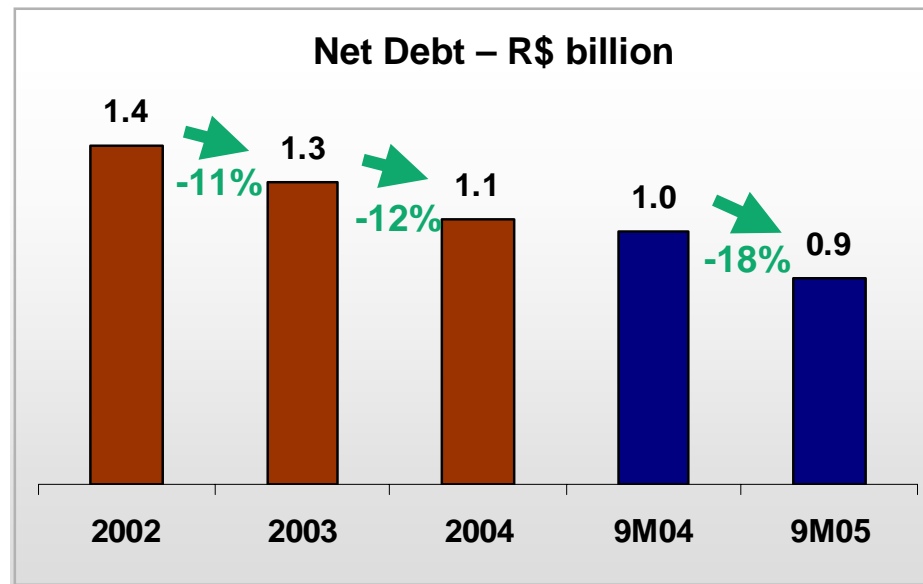
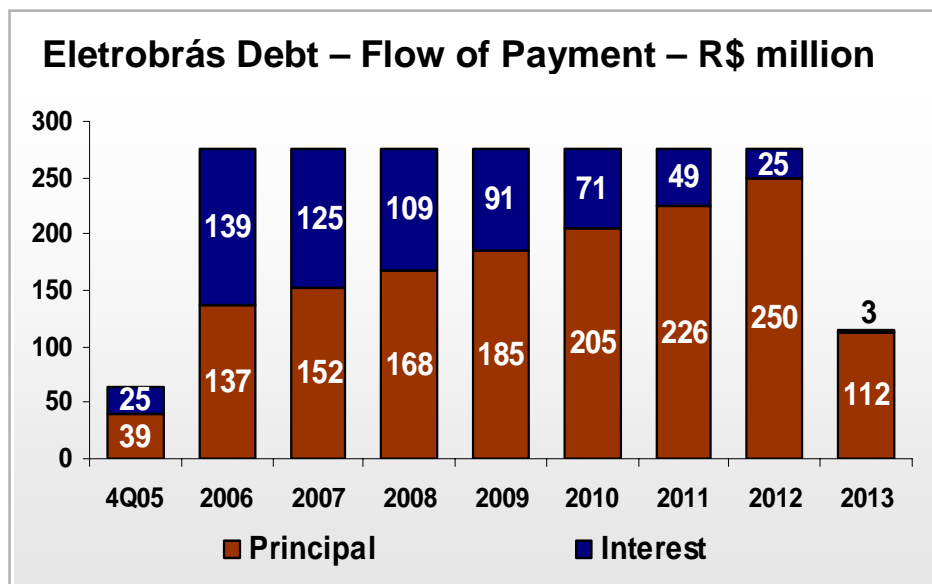


- **Capex 9M05: R\$ 13.9 million for equipments modernization, enviromental and waterway improvement**
- **Main Capex destination:**
  - ✓ Bariri - re-equipping and modernization of the Generating Unit 2
  - ✓ Reforestation of boarders – Ibitinga, Bariri, Barra Bonita and Promissão
  - ✓ Improvement of the waterway

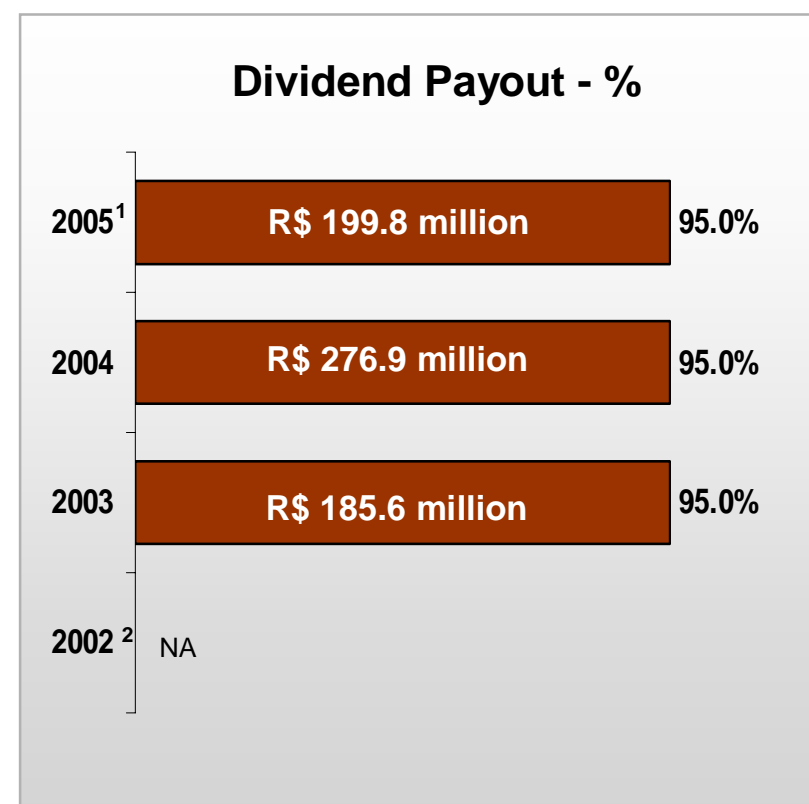
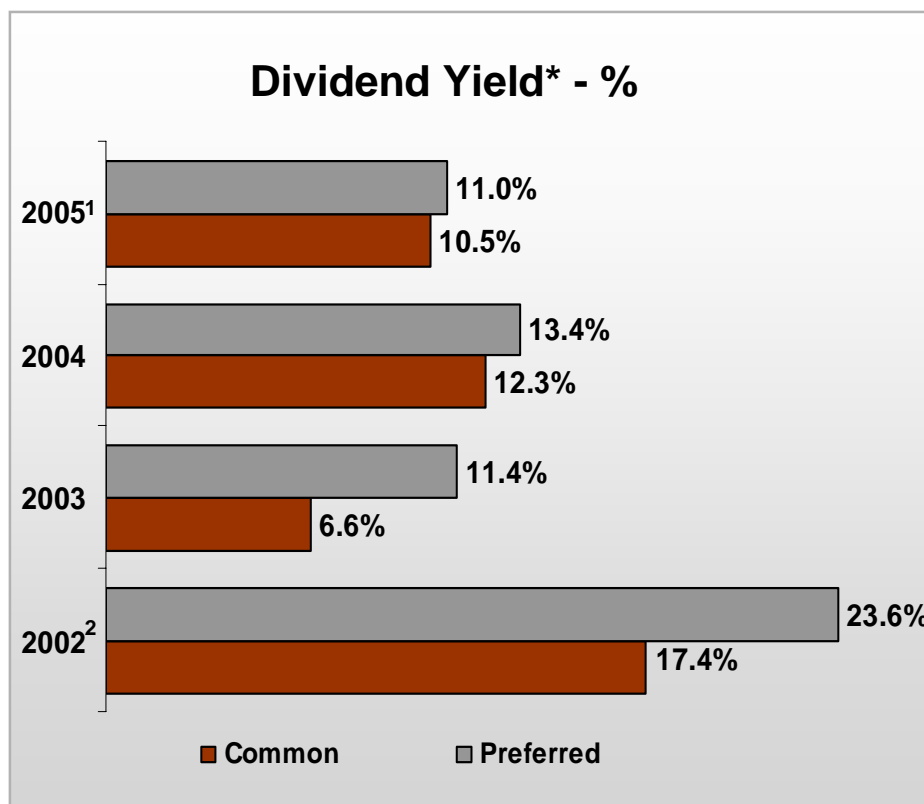




Creditor	Amount - R\$ million	Maturity	Terms	Collateral
Eletrobras	1,472.7	May/13	IGP-M + 10% p.a.	Receivables
FunCesp II	0.9	Nov/05	TR + 8% p.a.	Receivables
FunCesp III	19.8	Nov/17	IGP-DI + 6% p.a.	Receivables

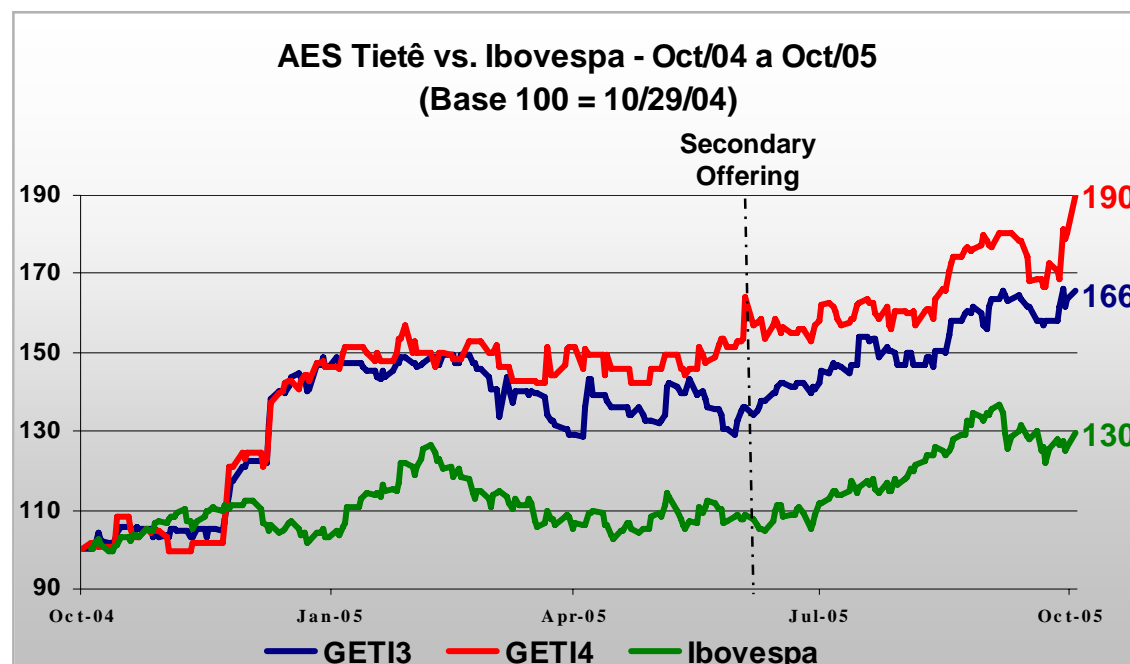


➤ On September 27, payment of dividends was made in the amount of R\$ 199.8 million, representing a pay-out of 95.0% on net income for the first half of 2005.

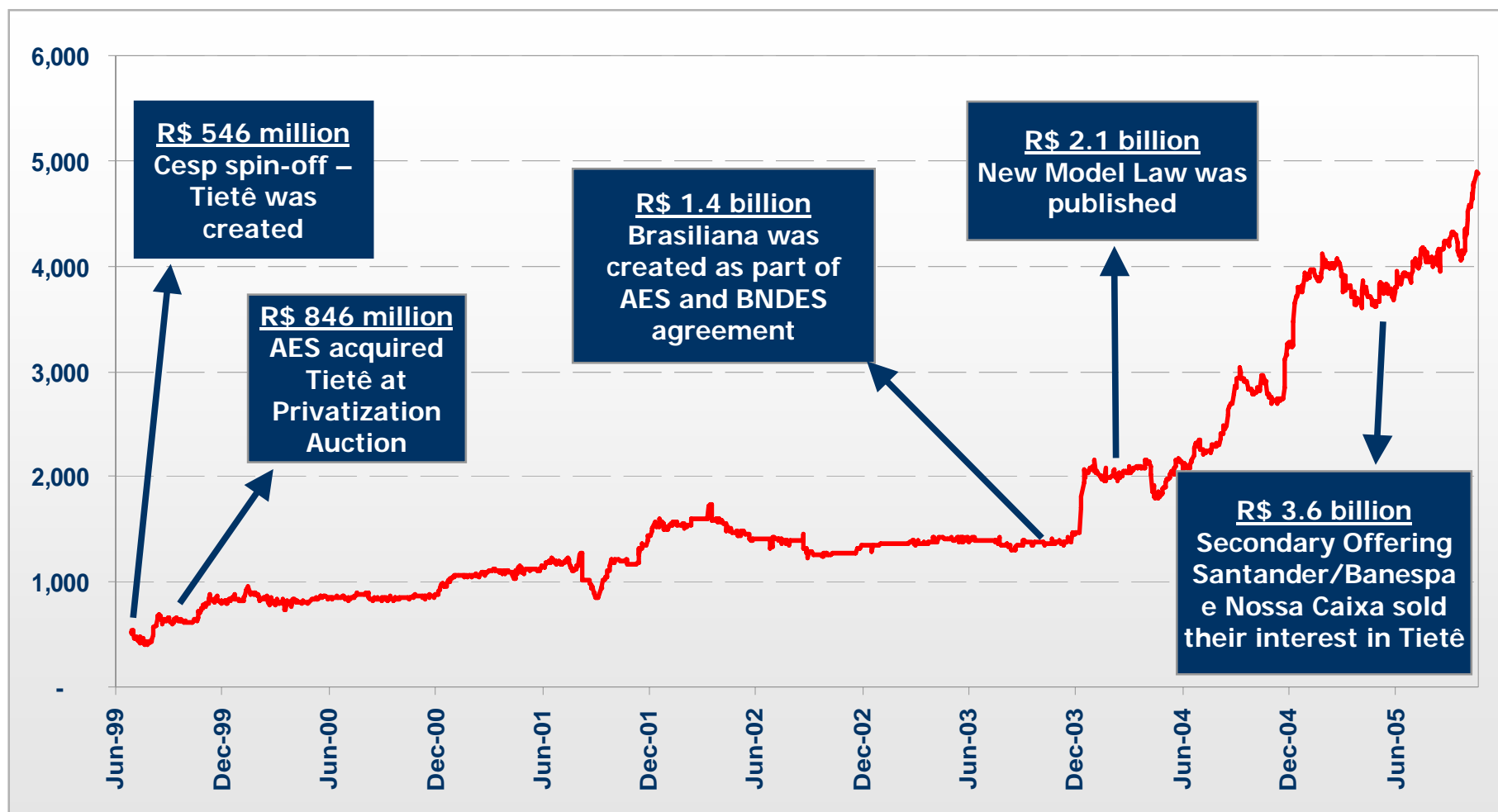


\* Based on average quotation for the period  
 1- Annualized dividends proposed during 1H05  
 2- Values distributed in 2002 refer to capital reduction

- In the last 12 months GETI4 (non-voting) shares rose 89.8%, while the GETI3 (voting) shares appreciated by 65.5% and the Bovespa Index rose 29.7% in the same period.
- After the secondary public offer:
  - ✓ GETI4 – average daily trading volume increased 562% (R\$ 336 thousand in 3Q04 to R\$ 2.223 million in 3Q05)
  - ✓ GETI3 – average daily trading volume increased 103% (R\$ 959 thousand in 3Q04, to R\$ 1.949 million in 3Q05)



✓ **Current Market Capitalization – R\$ 4.9 billion (as 14<sup>th</sup> of November, 2005)**



- **AES Tietê ended up the 9M05 with highly positive results, highlighting:**
  - ✓ **Ebitda of R\$ 734.1 million, 25.1% above the 9M04, and Ebitda margin of 81.6%.**
  - ✓ **Net profit amounted to R\$ 411.1 million, with a 95.8% increase due to the better operating, financial results and the reversion of Pis/Cofins provision.**
  - ✓ **Net margin increased from 28.3% in 9M4 to 45.7% in 9M05.**



**Tietê**



## **Latin American Small & Mid Cap Forum 2005**

**November 29 – December 02, 2005**

**Representations contained herein relating to perspective of Company business, projections of operating and financial income, as well as those relating potential growth of the Company constitute mere projections and were based on Management expectations in regard to the future of the Company. Those expectations are highly dependent on market changes, overall economic performance of Brazil, in the Segment, International Markets, being thus subject to change.**

