Tractebel Energia
GDF SUEZ



Results Presentation – 3Q10

Tractebel Energia | GDF SUEZ – all rights reserved

Disclaimer

The information contained herein has been prepared by Tractebel Energia S.A. ("Tractebel Energia", "Tractebel" or "the Company") solely for meetings to be held with investors and/or potential investors. This material does not constitute offering material in whole or part, and you must obtain further information before making an investment decision in respect of the common shares of the Company.

This material has been prepared solely for informational purposes and is not to be construed as a solicitation or an offer to buy or sell any securities and should not be treated as giving investment advice. It is not targeted to the specific investment objectives, financial situation or particular needs of any recipient. No representation or warranty, either express or implied, is made as to the accuracy, completeness or reliability of the information contained herein. It should not be regarded by recipients as a substitute for the exercise of their own judgment. Any opinions expressed in this material are subject to change without notice and Tractebel Energia is not under obligation to update or keep current the information contained herein. The Company and their respective affiliates, agents, directors, partners and employees accept no liability whatsoever for any loss or damage of any kind arising out of the use of all or any part of this material.

You should consult your own legal, regulatory, tax, business, investment, financial and accounting advisers to the extent that you deem necessary, and you must make your own investment, hedging or trading decision based upon your own judgment and advice from such advisers as you deem necessary and not upon any view expressed in this material.

This material includes forward-looking statements subject to risks and uncertainties, which are based on current expectations and projections about future events and trends that may affect the Company's business. These statements include projections of economic growth and energy demand and supply, as well as information about competitive position, the regulatory environment, potential opportunities for growth and other matters. Several factors may adversely affect the estimates and assumptions on which these statements are based, many of which are beyond our control.

Highlights, Shareholding Structure, Market Share, Assets and Sales

Quarter highlights

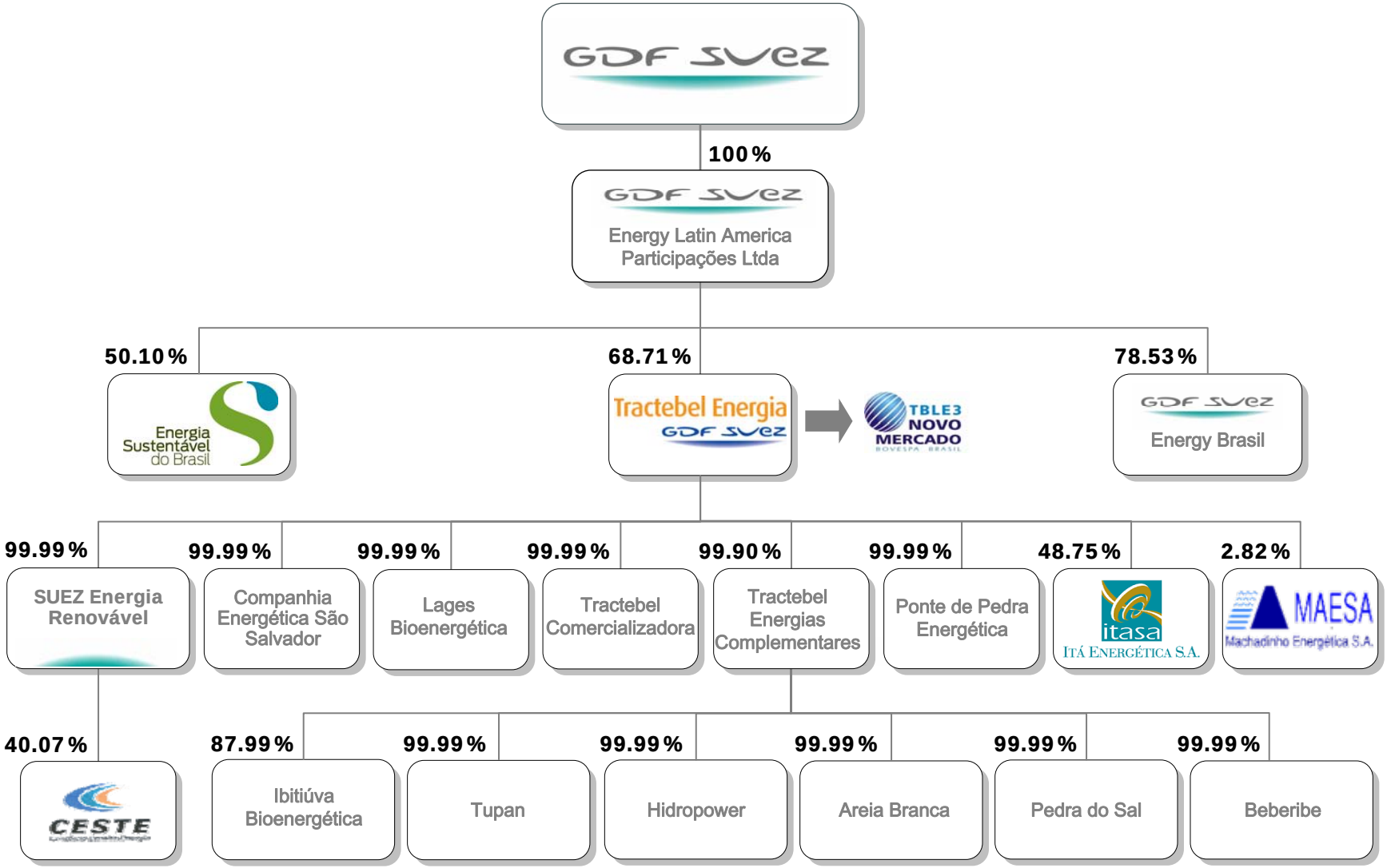
- Financial and operational indexes:

(in millions of R$)	3Q10	3Q09	Chg.
Net Operating Revenue (NOR)	1,083.0	886.7	22.1%
EBITDA [1]	669.7	572.5	17.0%
EBITDA / NOR - (%)	61.8	64.6	-2.8 p.p.
Net Income	324.1	285.7	13.4%
Energy Sold (avg. MW)	3,722	3,534	5.3%
Average Price of Energy Contracts (R$/MWh)	117.9	109.8	7.4%
Production (avg. MW)	5,223	4,589	13.8%

[1] EBITDA represents: operational results + financial results + depreciation and amortization.

- Broken again the instantaneous generation record: 5,470 aMW (capacity factor of 93.8%).
- Approved a R$ 220.0 million interest on shareholders' equity (R$ 0.337/share). The payout guidance for 2010 as a whole is still 55% of the net income.
- On October 19th it was approved unanimously by the shareholders the acquisition of SUEZ Energia Renovável S.A., which holds 40.07% of the Consórcio Estreito Energia, in charge of the construction of Estreito HPP.

Tractebel is controlled by GDF SUEZ, world leader in energy



Note: Simplified version

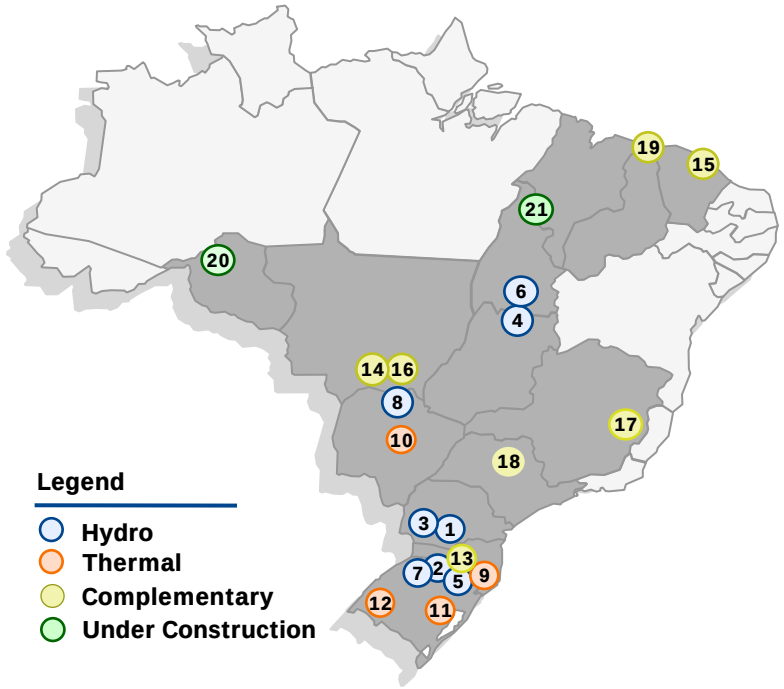
Diversified portfolio of assets, with strategic location

Installed capacity of 6,469.1 MW from 21 plants operated by Tractebel Energia: 79% hydro, 18% thermal e 3% complementary. This capacity stands for a 74% increase since 1998.

Hydro Power Plants	Installed Capacity (MW)	Commercial Capacity (aMW)[1]
1 Salto Santiago	1,420.0	723.0
2 Itá	1,126.9[2]	544.2[2]
3 Salto Osório	1,078.0	522.0
4 Cana Brava	450.0	273.5
5 Machadinho	403.9[2]	147.2[2]
6 São Salvador	243.2	148.5
7 Passo Fundo	226.0	119.0
8 Ponte de Pedra	176.1	131.6
Total	**5,124.1**	**2,609.0**

Thermal Power Plants	Installed Capacity (MW)	Commercial Capacity (aMW)[1]
9 Jorge Lacerda Complex[3]	857.0	649.9
10 William Arjona	190.0	136.1
11 Charqueadas	72.0	45.7
12 Alegrete	66.0	21.1
Total	**1,185.0**	**852.8**

Complementary Power Plants	Installed Capacity (MW)	Commercial Capacity (aMW)[1]
13 Lages (Biomass)	28.0	25.0
14 Rondonópolis (SHP)	26.6	14.0
15 Beberibe (Wind)	25.6	9.8
16 José Gelazio da Rocha (SHP)	23.7	11.9
17 Areia Branca (SHP)	19.8	10.9
18 Ibitiúva (Biomass)	18.3[2]	11.1[2]
19 Pedra do Sal (Wind)	18.0	7.8
Total	**160.0**	**90.5**



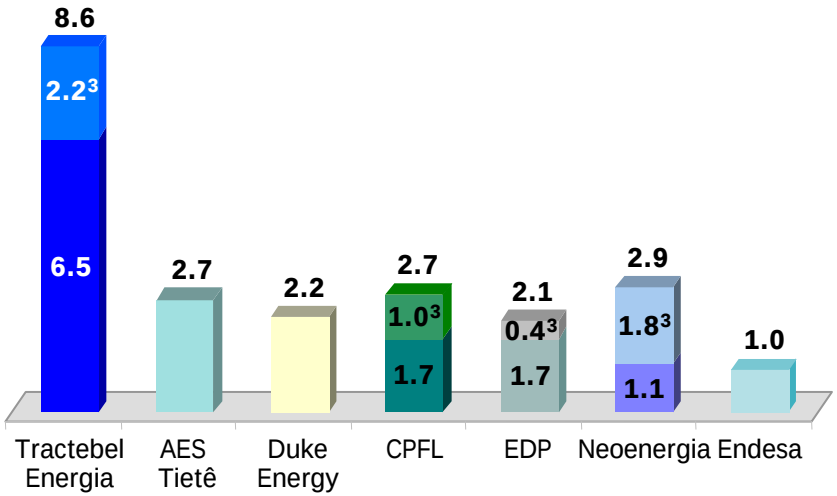
Power Plants Under Construction	Installed Capacity (MW)	Commercial Capacity (aMW)[1]
20 Jirau (Hydro)	1,728.5[4]	1,024.9[4]
21 Estreito (Hydro)	435.6[2]	256.9[2]
Total	**2,164.1**	**1,281.8**

Notes: [1] Figures following specific legislation.
[2] Portion owned by Tractebel Energia.
[3] Complex comprised of 3 power plants.
[4] Portion owned by GDF SUEZ, based on 3,450 MW total inst. capacity.

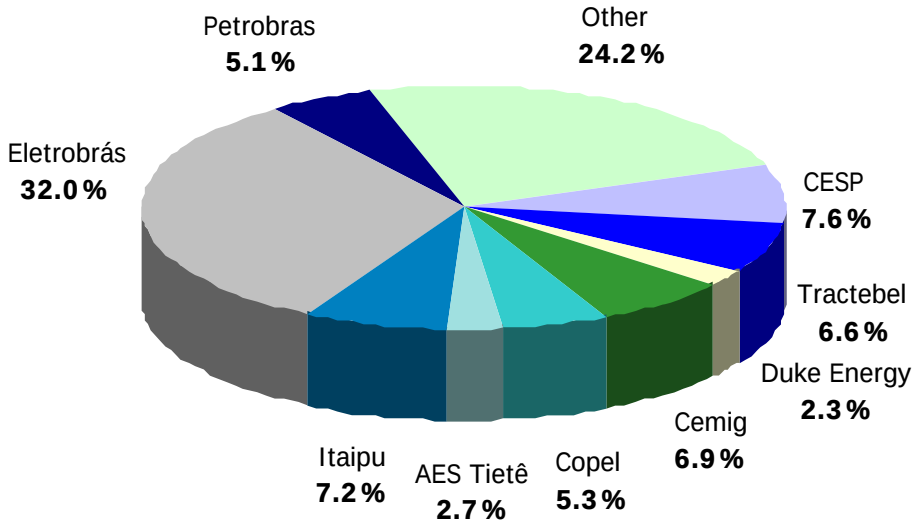
Leading position in the generation sector

Tractebel Energia is the largest private player in the Brazilian generating market...

Private Sector – Installed Capacity (GW)



Brazil – Installed Capacity[1,2]



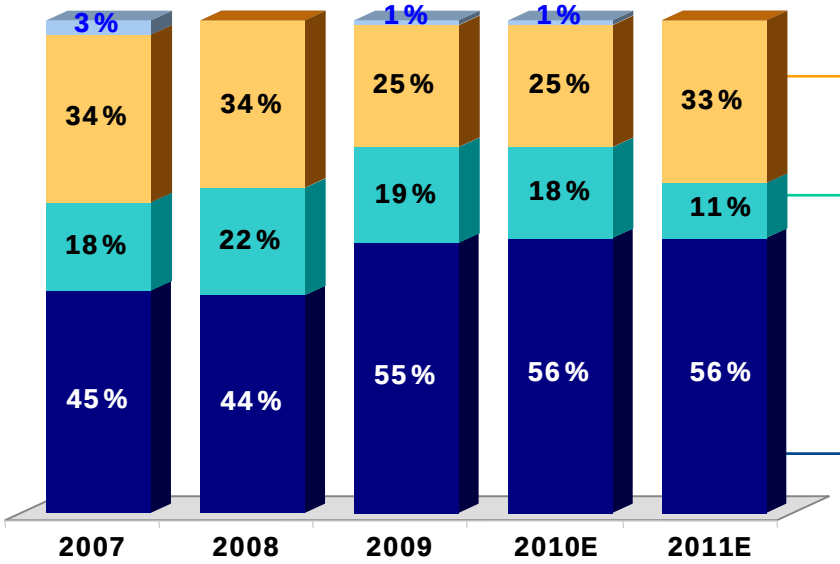
Source: Aneel and Companies' websites.

Notes:
[1] Amount corresponding to SIN – National Interlinked System.
[2] Includes only the Brazilian part of Itaipu.
[3] Installed capacity under construction informed by the Companies.

...and is well positioned to play a consolidating role.

Diversified portfolio among free customers, distribution and trading companies

Client Breakdown (based on contracted energy)



First to consistently serve the free market...

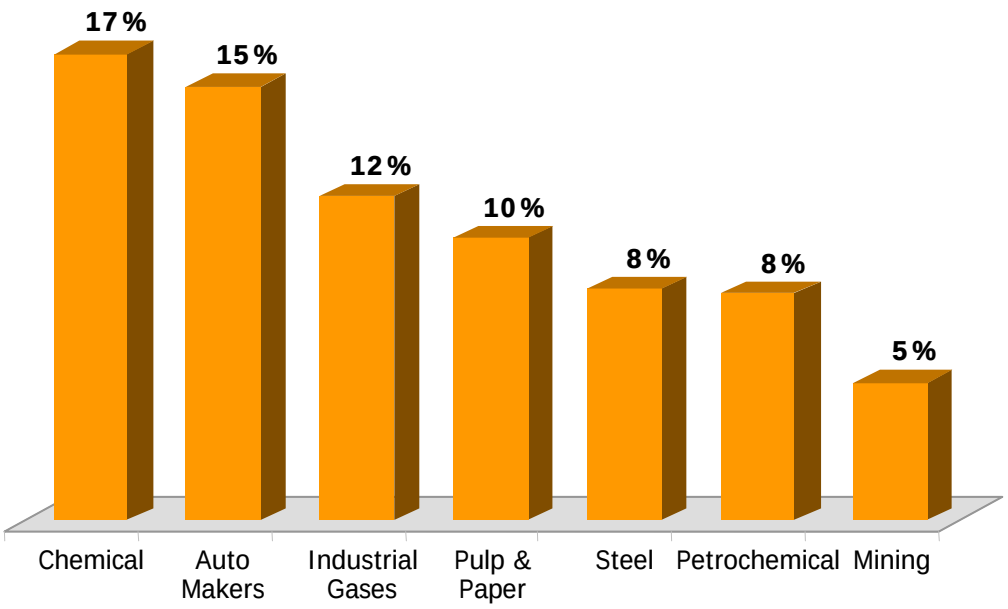
- Flexibility (prices, terms and conditions) → Maximizes portfolio's efficiency
- Solid client relationship → Liaison with some free customers
- Largest consumer market
- Regulated and unregulated contracts → Long-term cash flow predictability

...to maximize portfolio's efficiency.

Diversification also inside of free customers portfolio

Free customer industry diversification and a strict credit assessment policy allow for a zero default reality.

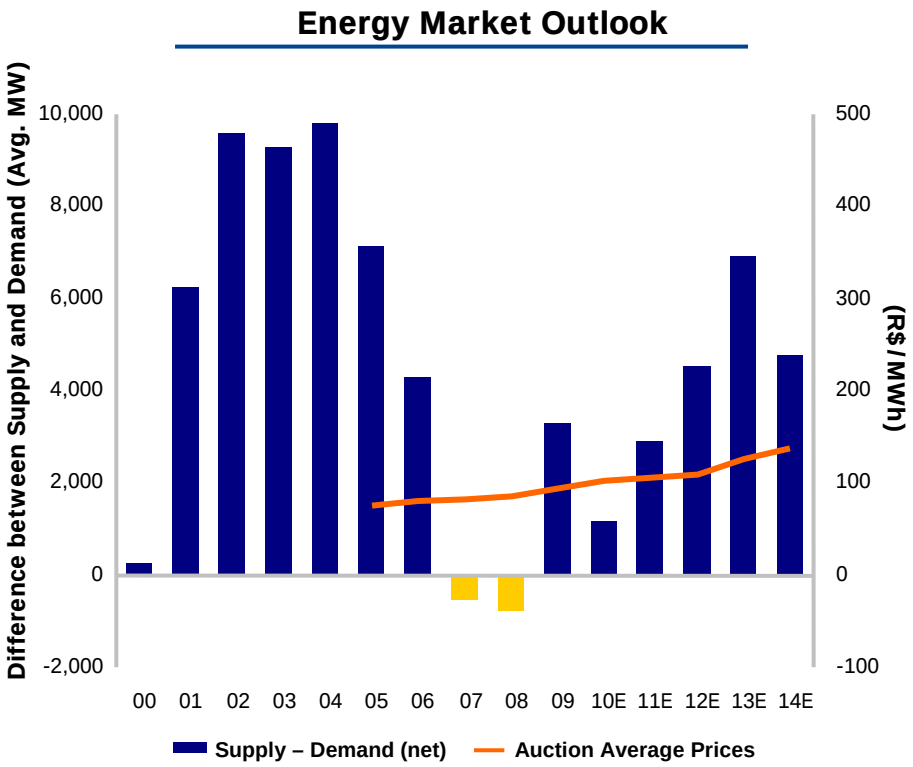
Free customers total sales volume for 2010:
981 average MW



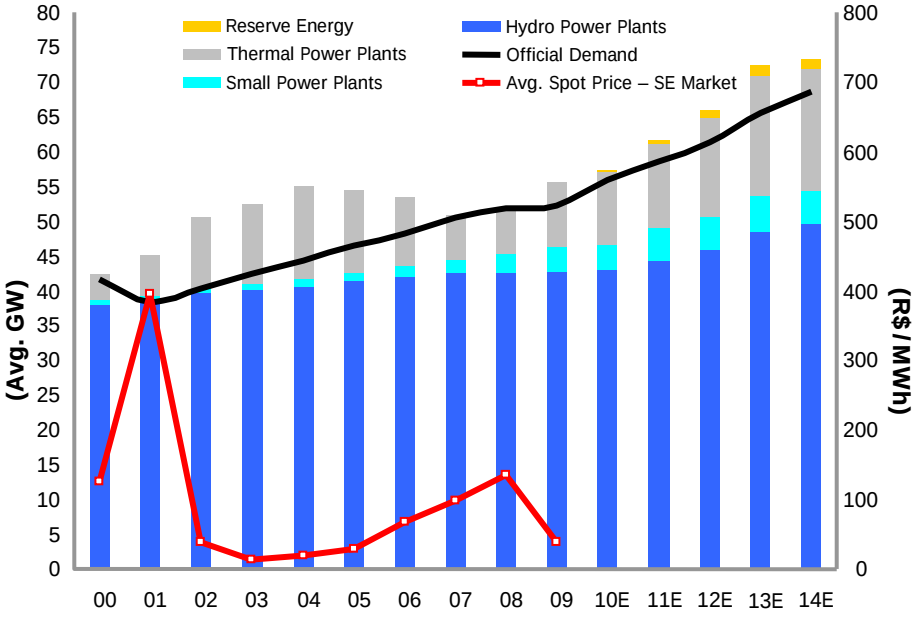
Energy Market in Brazil

Strong economic growth will increase demand for electric energy, thus bringing prices up

However, demand fulfillment is contingent on a timely supply increment.



Source: Tractebel Energia's internal study based on ONS' Operations Monthly Program of July 2010.



Source: Internal study based on information provided by Aneel and ONS.

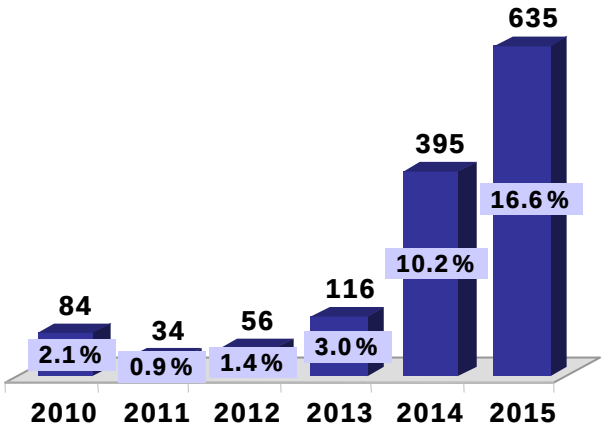
Sales Strategy

The energy for delivery in the medium term is almost fully contracted

Tractebel's commercial strategy considers, among others aspects, the gradual sale of future availability. As the time goes by, the Company is able to better foresee the market conditions in a given year ahead and, as a result, to fine tune the amount of uncontracted energy.

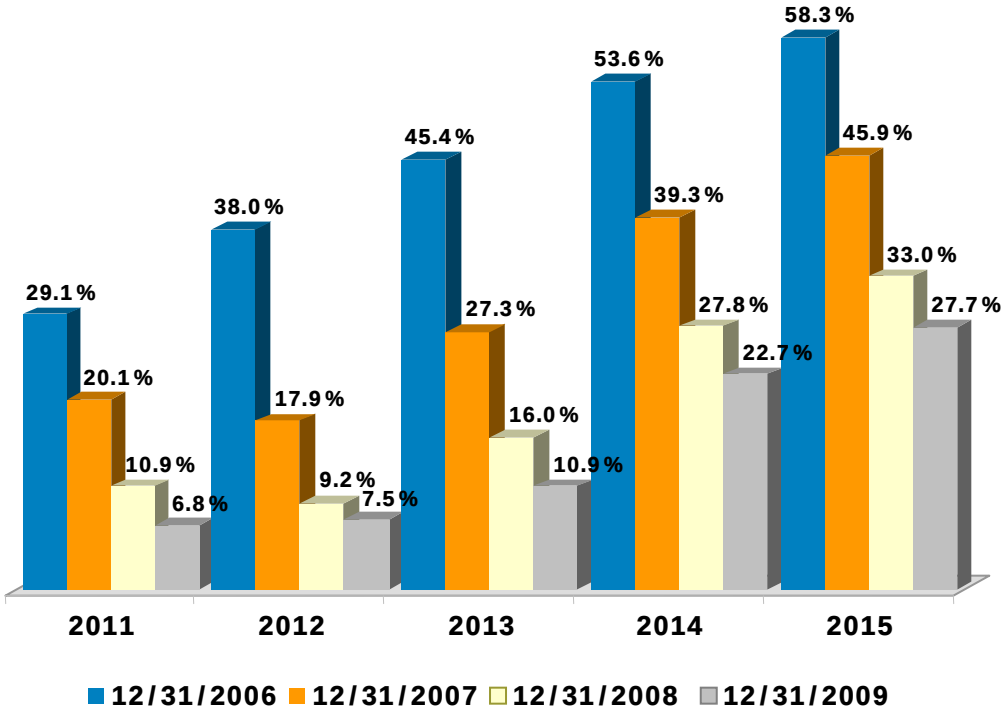
Tractebel Energia's Uncontracted Energy[1]

(average MW)



Note:
[1] Percentage of total resources.

Tractebel: Uncontracted Energy Compared to the Availability of a Given Year



Energy balance

As of September 30, 2010

	(in average MW)	2010	2011	2012	2013	2014	2015	Auction **Gross** Price (R$/MWh)	Reference Date	**Gross** Price Adjusted as of September 30, 2010 (R$/MWh)
	Own Resources	3,365	3,504	3,617	3,617	3,617	3,617			
+	Purchases for Resale	649	308	306	278	253	200			
=	**Total Resources (A)**	**4,014**	**3,812**	**3,923**	**3,895**	**3,870**	**3,817**			
	Government Auction Sales*	1,298	1,446	1,701	1,702	1,702	1,692			
	2004-EE-2007-08	10	10	10	10	10	-	70.9	Dec-04	90.9
	2005-EE-2008-08	150	150	150	150	150	150	81.6	Apr-05	102.0
	2005-EE-2009-08	381	381	381	381	381	381	94.0	Oct-05	115.7
	2005-NE-2010-30	200	200	200	200	200	200	115.1	Dec-05	139.9
	2006-NE-2009-30	493	493	493	493	493	493	128.4	Jun-06	153.9
	2006-NE-2011-30	-	148	148	148	148	148	135.0	Nov-06	162.7
	2007-NE-2012-30	-	-	256	256	256	256	126.6	Jun-07	146.5
	Proinfa	53	53	52	53	53	53	147.8	Jun-04	199.2
	1st Reserve Energy Auction	11	11	11	11	11	11	158.1	Aug-08	169.7
+	Bilateral Sales	2,632	2,332	2,166	2,077	1,773	1,490			
=	**Total Sales (B)**	**3,930**	**3,778**	**3,867**	**3,779**	**3,475**	**3,182**			
	Balance (A - B)	**84**	**34**	**56**	**116**	**395**	**635**			
	Sales Average Price (R$/MWh) **(Net)***[1]:	113.8	118.7	119.6						
	Purchases Average Price (R$/MWh) **(Net)***[2]:	117.3	118.1	115.5						

* XXXX-YY-WWW-ZZ, where:
XXXX⇨ year of auction
YY ⇨ EE = existing energy or NE = new energy
WWWW ⇨ year of delivery start
ZZ ⇨ supply contract duration (in years)

*1: Sales price is net of ICMS and taxes over revenues (PIS/Cofins, R&D), as of 09/30/10.
*2: Purchase net price, considering benefits from PIS/Cofins credits, as of 09/30/10.

Note: The balance refers to the settlement point. It considers the energy generated by the Estreito, which start of operations is scheduled for 1Q11.

Growth

Hydro project under construction: Estreito

The asset transfer to Tractebel was unanimously approved by the Extraordinary Shareholders Meeting on Oct. 19, 2010.

Project Description



Estreito Hydro Plant	
Installed Capacity:	1,087.0 MW
Assured Energy:	641.0 MW
Ownership:	40.1%
Total investment (R$ mm):	2,181
Start of construction:	2007
Start of operations:	2011

* Note (in R$ mm):	
Previously informed CAPEX:	2,090
Inflation-adjusted expenditure after Dec/09 (informed in Valuation Report)	+ 48
Social investment (100% TJLP):	+ 32
Net real-term CAPEX adjustments:	+ 11
3T10 updated CAPEX:	2,181

The commercial capacity associated to that share, 256 aMW, was sold at the new energy auction held in October 2007, for a 30-year period, as from 2012, at R$ 146.50/MWh as of September 30, 2010.

Hydro project under construction: Estreito



Kaplan 01 turbine axis



General view of the spillway



Water intake



General view of the project: substation, power house, dam and spillway

Hydro project under construction: Jirau

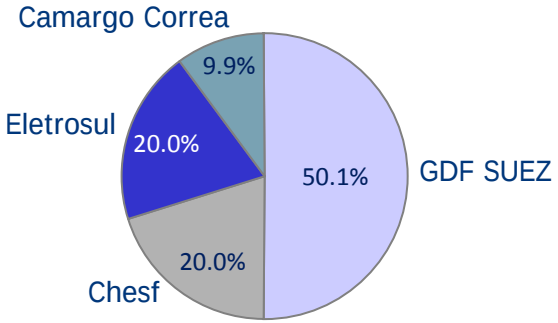
Technical Data

Location:	Madeira River
Reservoir:	269 km2
Capacity:	3,300 MW (44) + 150 MW (committed) + 300 MW (under analysis)
Assured Energy (avg):	1,975 MW (44 turbines[1])
Bulb turbines:	44 + 2 (committed) + 4 (under analysis)

Note:

[1] Additional Assured Energy under analysis

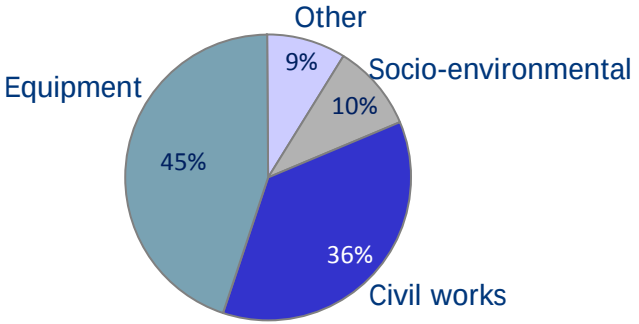
The company: ESBR



Relevant Facts

CAPEX:	R$ 11.4 billion (as of Jun/10) R$ 3.5 billion hard cost already invested
BNDES current financing:	25-year term (20-year amortization) R$ 7.2 billion Grace period (1st credit line): Sep/12 Average financing costs: TJLP + 2.35% Additional financing under discussion

CAPEX breakdown

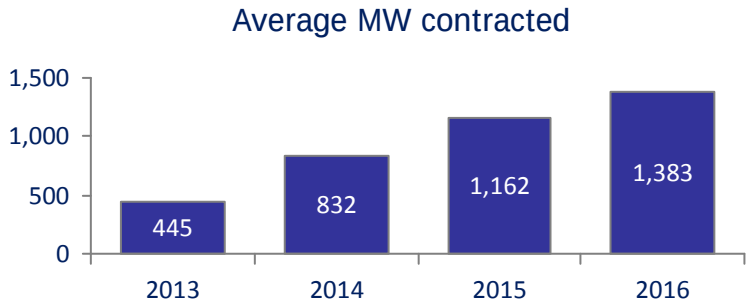


Hydro project under construction: Jirau

Energy commercialization

30-Year Power Purchase Agreement (PPA)

- ✓ PPA price (indexed to IPCA): R$ 71.37/MWh (as of May/08) equivalent to R$ 79.00/MWh (as of Jun/10)
- ✓ 30-year PPA for 70% of the energy, from 2013 onwards
- ✓ After 2016 the energy amount under the PPA is flat until 2042

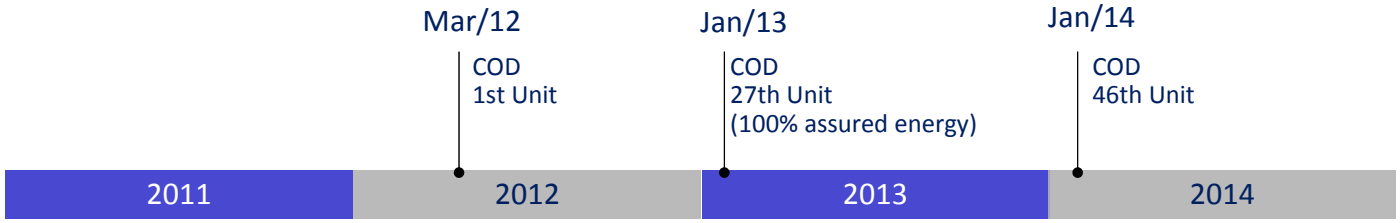


Free Energy

October 20, 2010 – auction details/outcome:

- ✓ 23 players (generators, traders and free customers
- ✓ Auction minimum price between R$ 130/MWh and R$ 140/MWh
- ✓ No additional energy commercialized yet

Project Schedule



Hydro project under construction: Jirau



Spillway



Power house 1 (right bank)



Right bank lodging



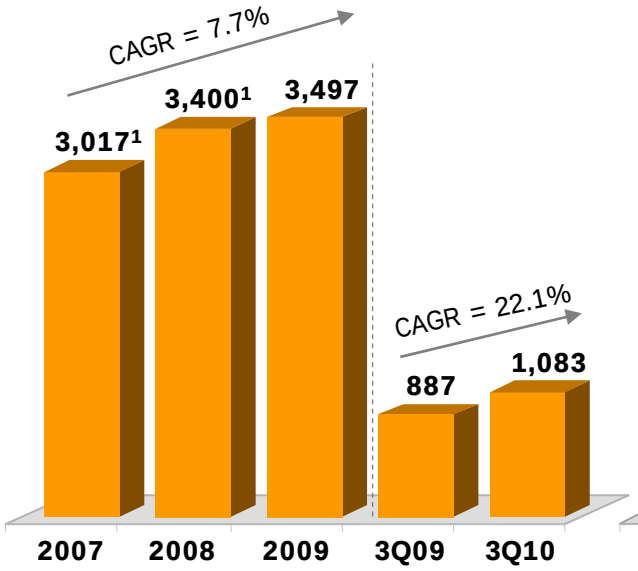
New Mutum Paraná

Financial Performance

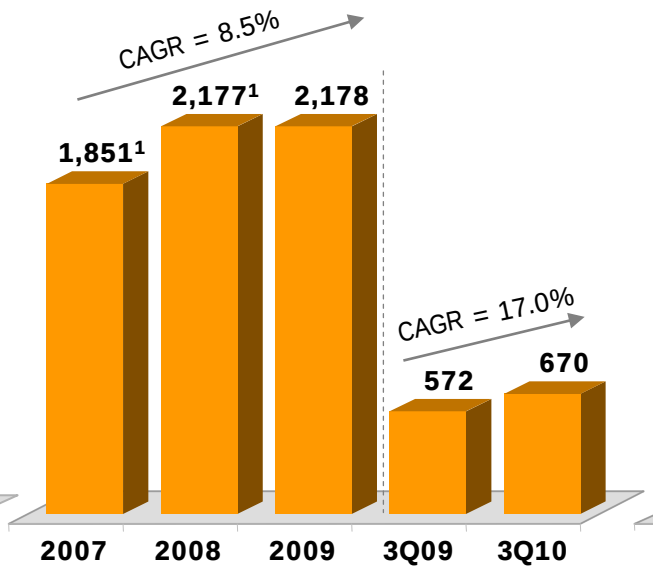
Consistent and constant growth of the financial performance

Efficient management of its client portfolio and focus on contracting strategies have paved the way for a substantial top line growth of both revenues and EBITDA over the years. Consistent net income has supported the Company's investment plan.

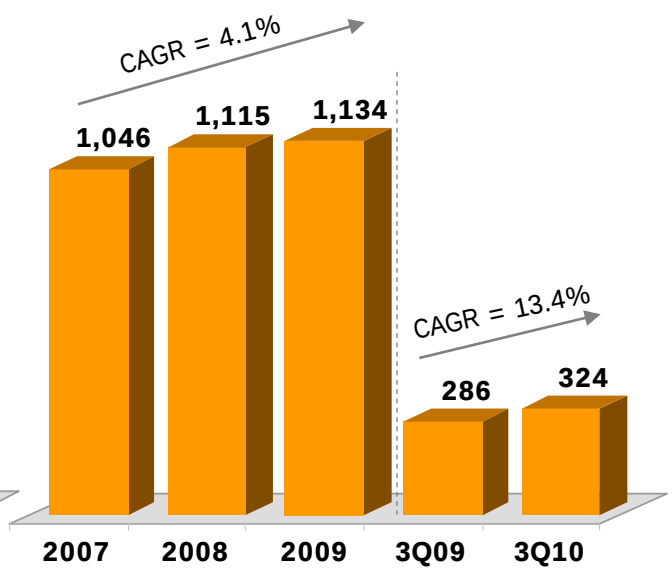
Net Revenues (R$ million)



EBITDA (R$ million)



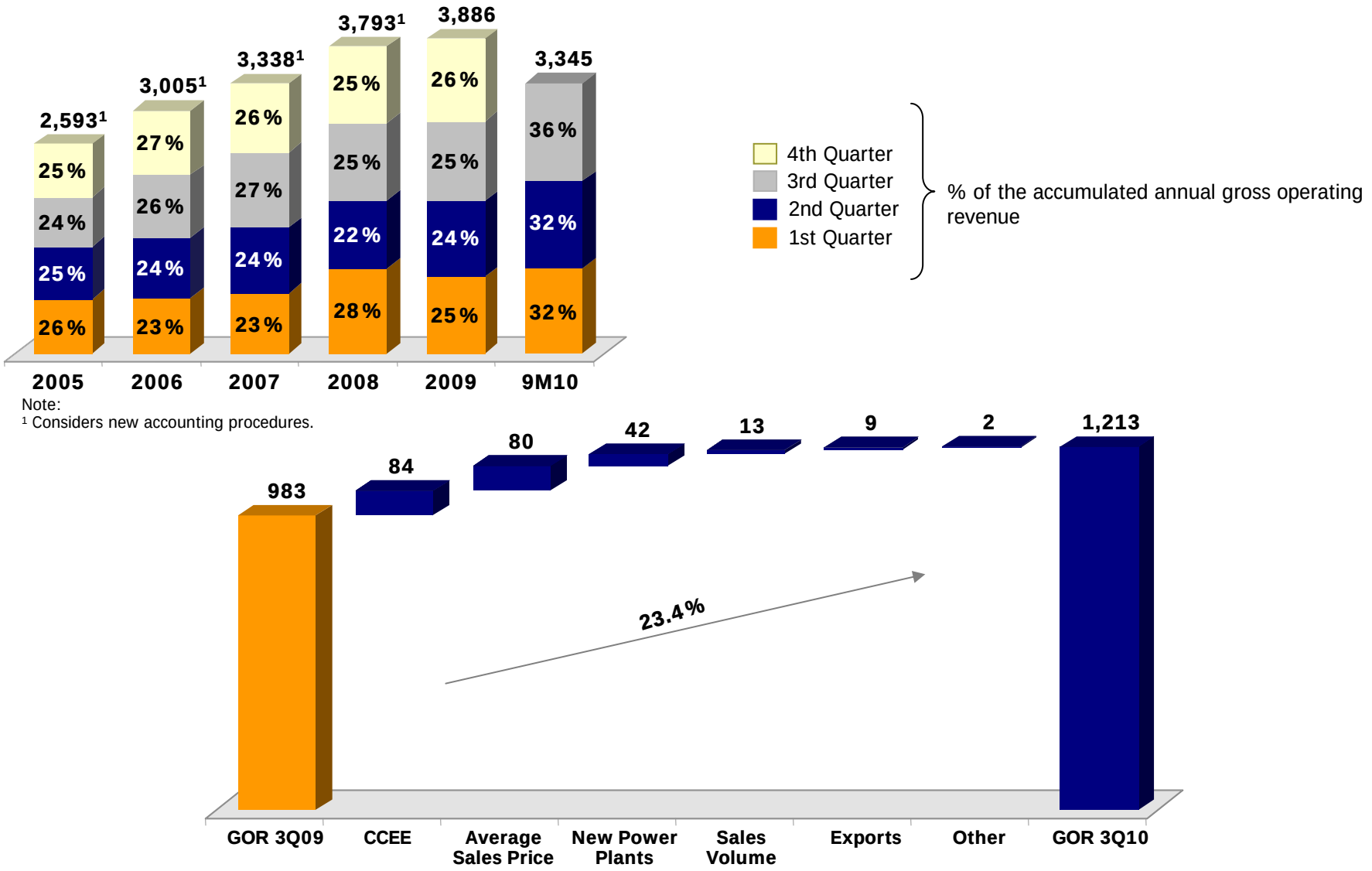
Net Income (R$ million)



Note:
[1] Considers new accounting procedures.

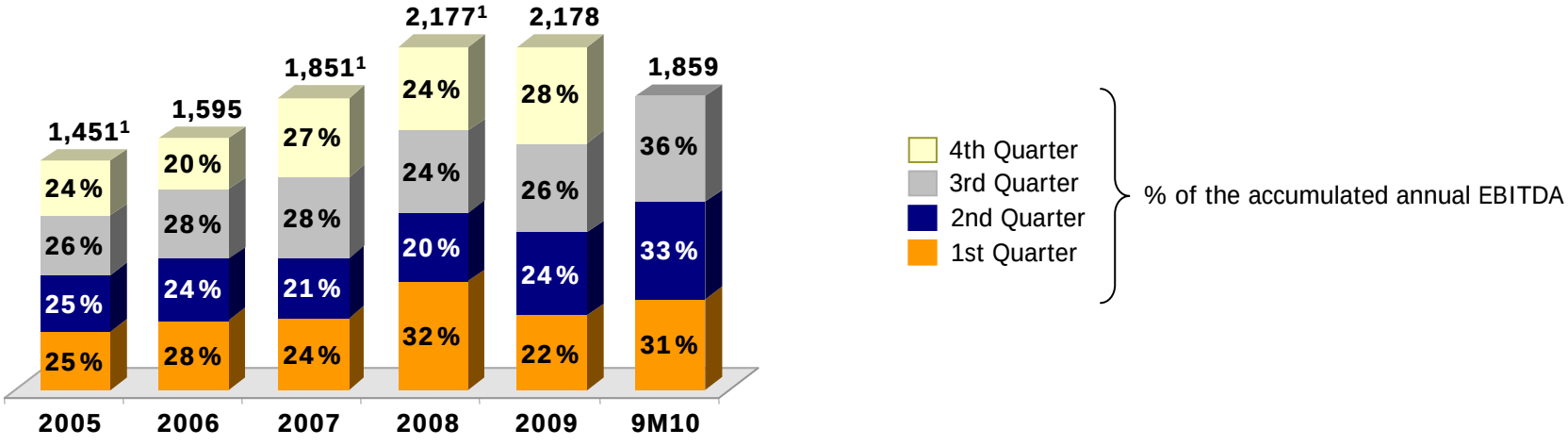
Results for 3Q10 were mainly impacted on a year-on-year basis by: (i) startup of new power plants; (ii) increase in average sales price; (iii) rise in volume purchased for resale; (iv) CCEE result growth; (v) increased in exports.

Gross operating revenues change (R$ million)

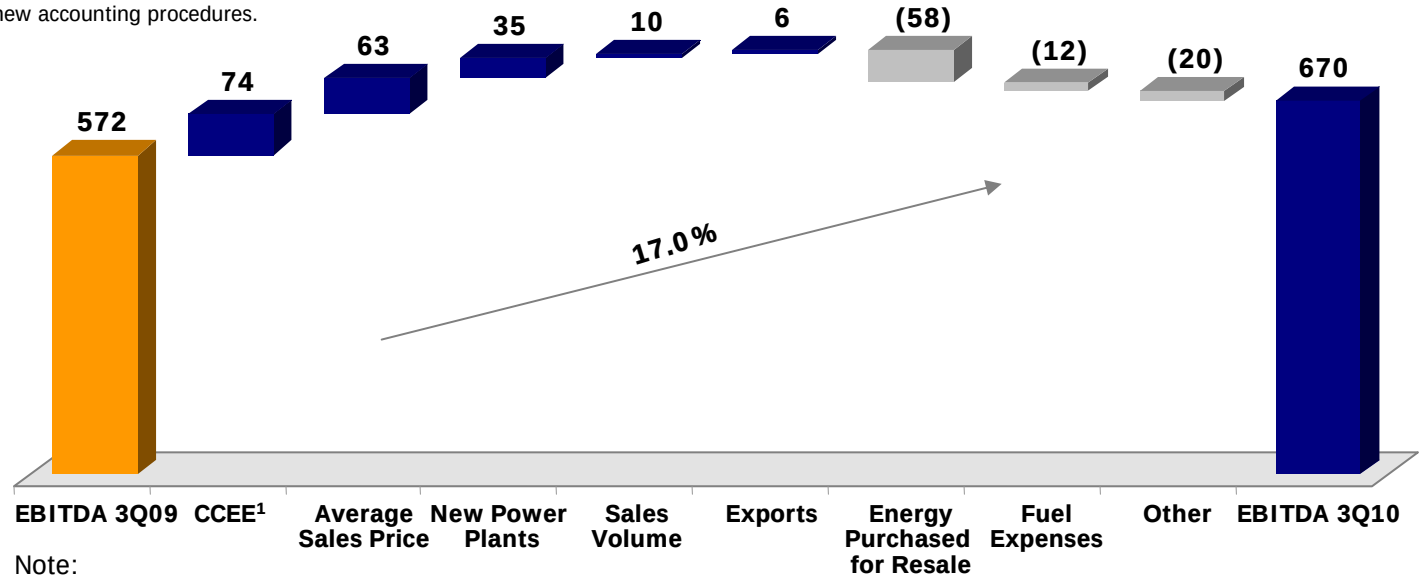


Note:
[1] Considers new accounting procedures.

EBITDA change (R$ million)

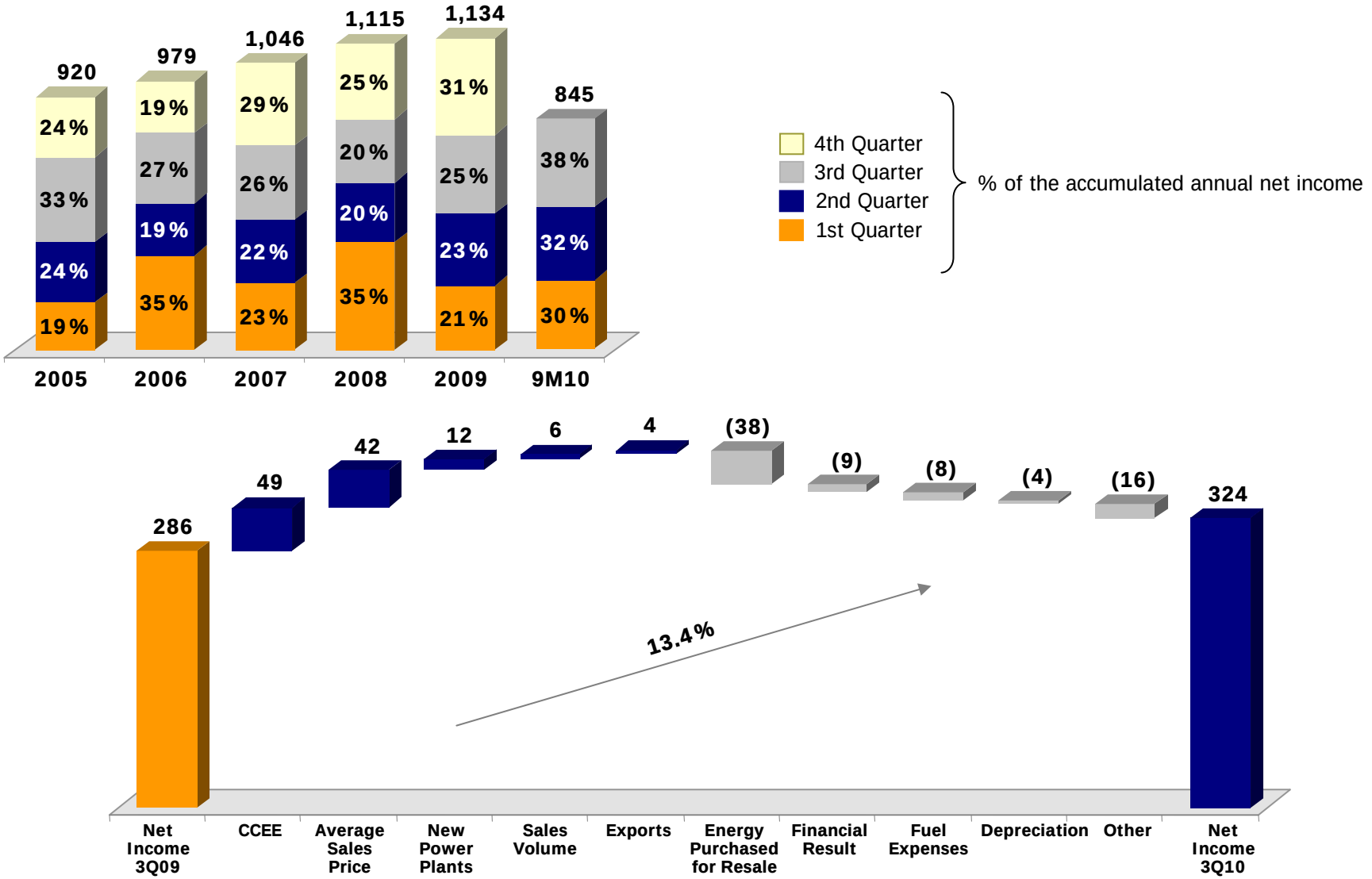


Note:
[1] Considers new accounting procedures.



Note:
[1] Considers the combined effect of changes in revenue and expenses.

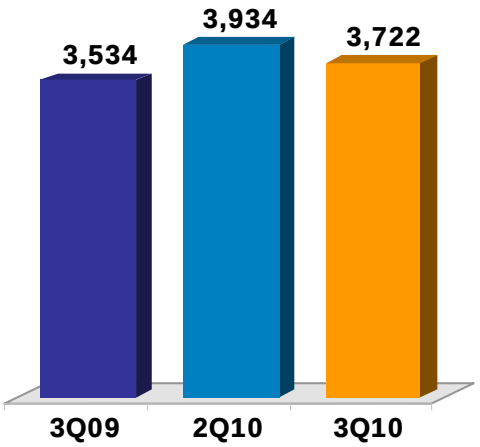
Net income change (R$ million)



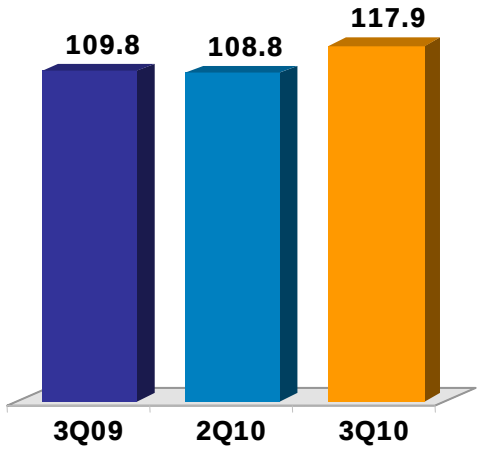
Quarterly financial drivers

Quarterly performance could be affected by allocation strategy of assured energy.

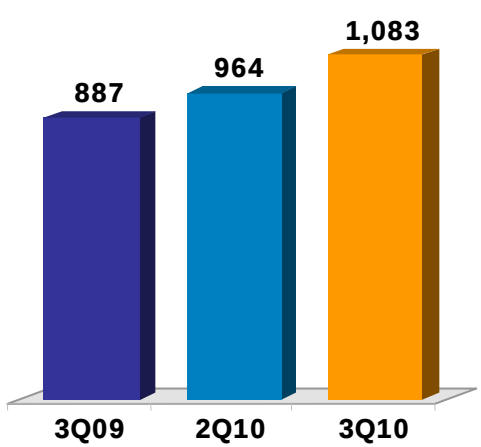
Energy Sold (avg. MW)



Average Price of Energy Sold (R$ / MWh)

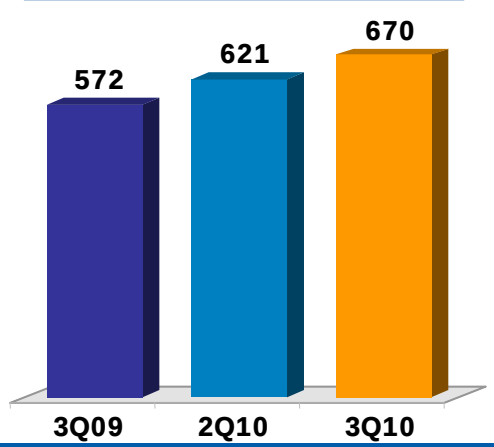


Net Revenues (R$ million)

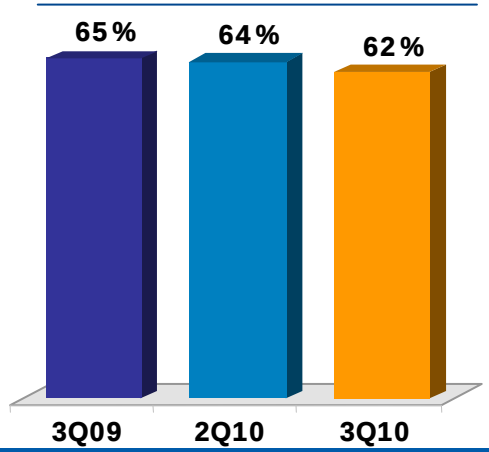


Note: Figures are net of deductions.

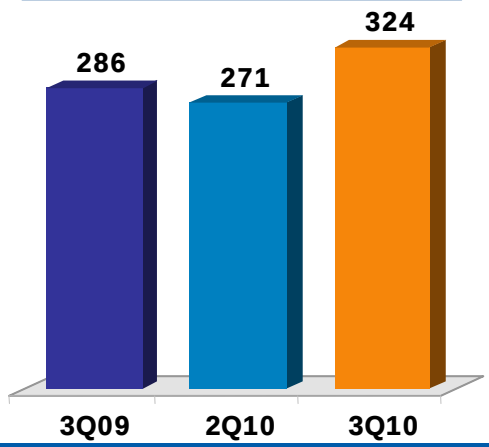
EBITDA (R$ million)



EBITDA Margin



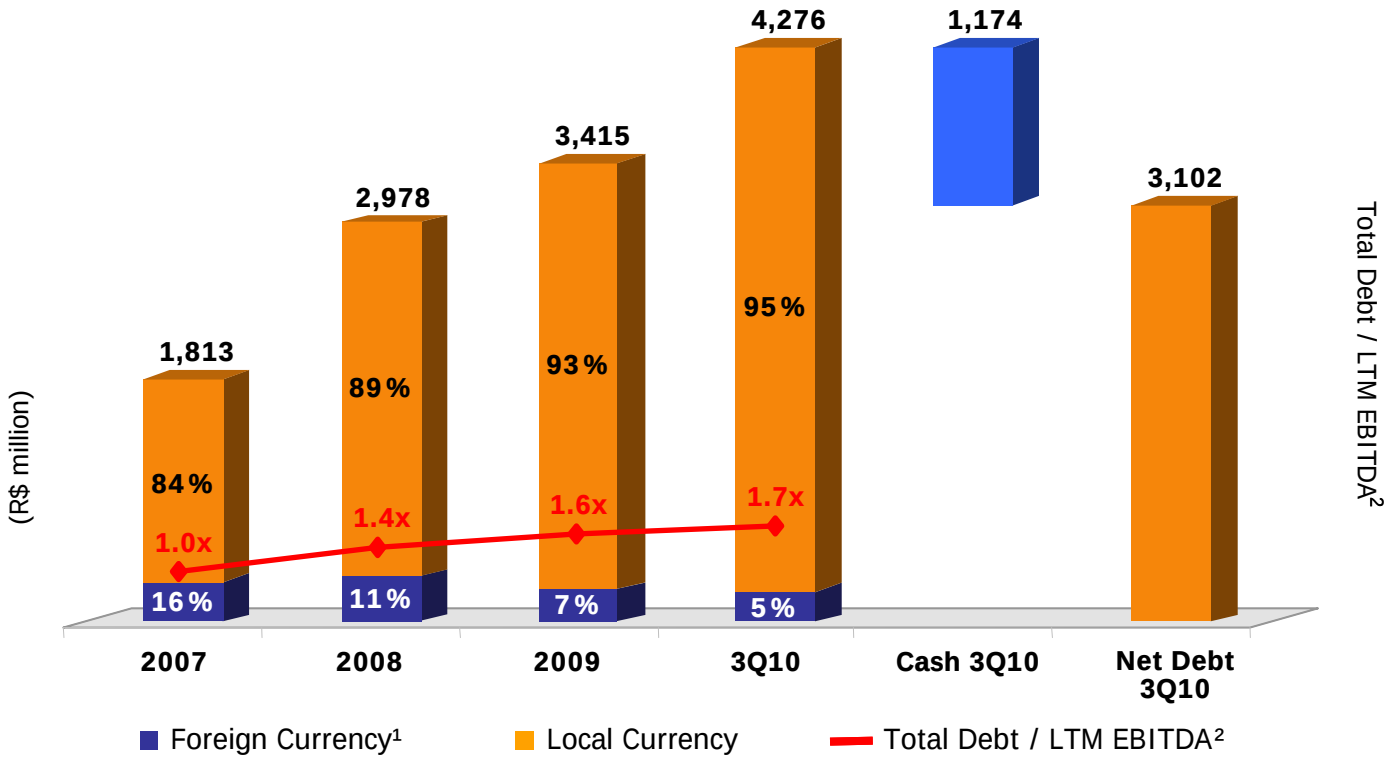
Net Income (R$ million)



Limited indebtedness and low exposure to foreign exchange

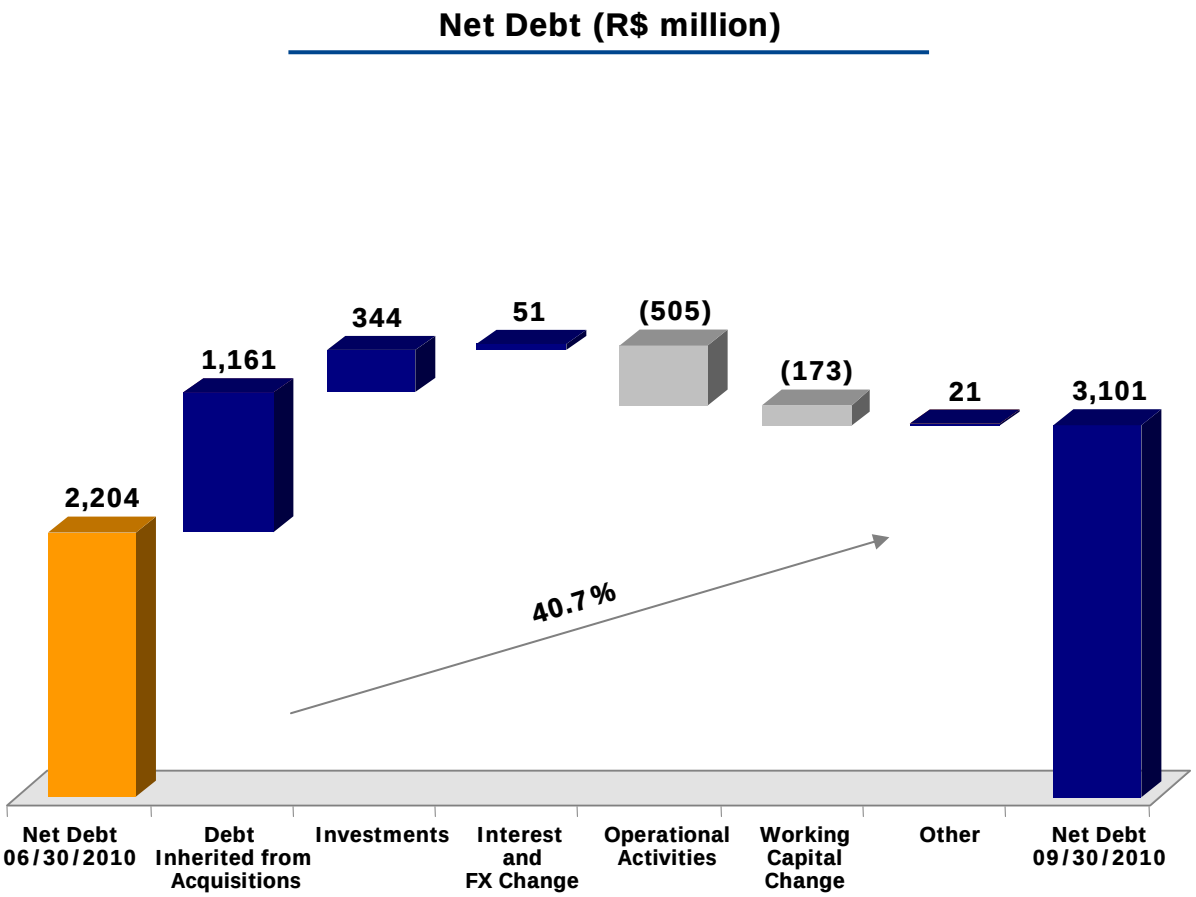
Low leverage enables Tractebel to benefit from growth opportunities.

Debt Overview (R$ million)



Note:
¹ Not hedged.
² LTM EBITDA = last-twelve-month EBITDA.

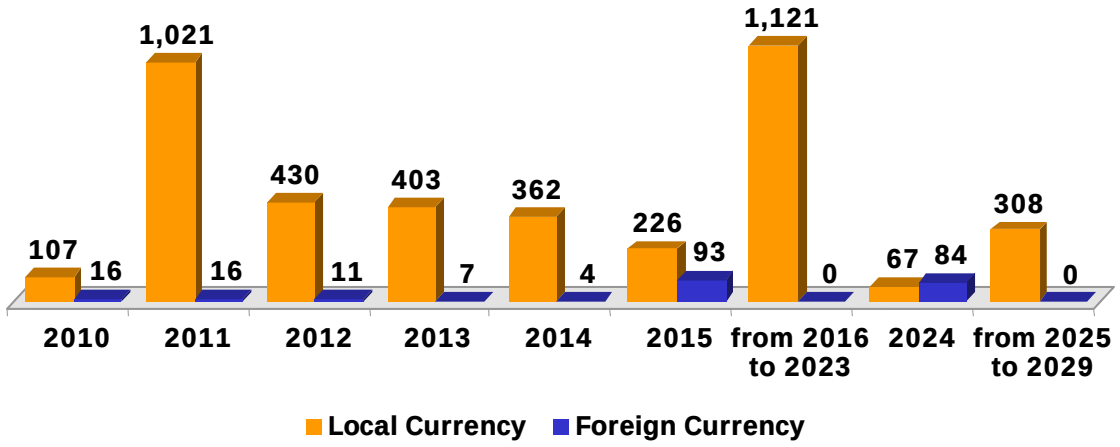
Net debt change



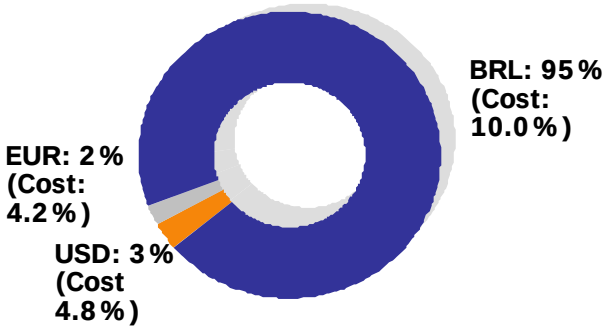
Medium and long-term debt, with low costs and defensive indexes

Debt profile and strong cash generation reduce refinancing risk.

Maturity Term Loans – R$ million



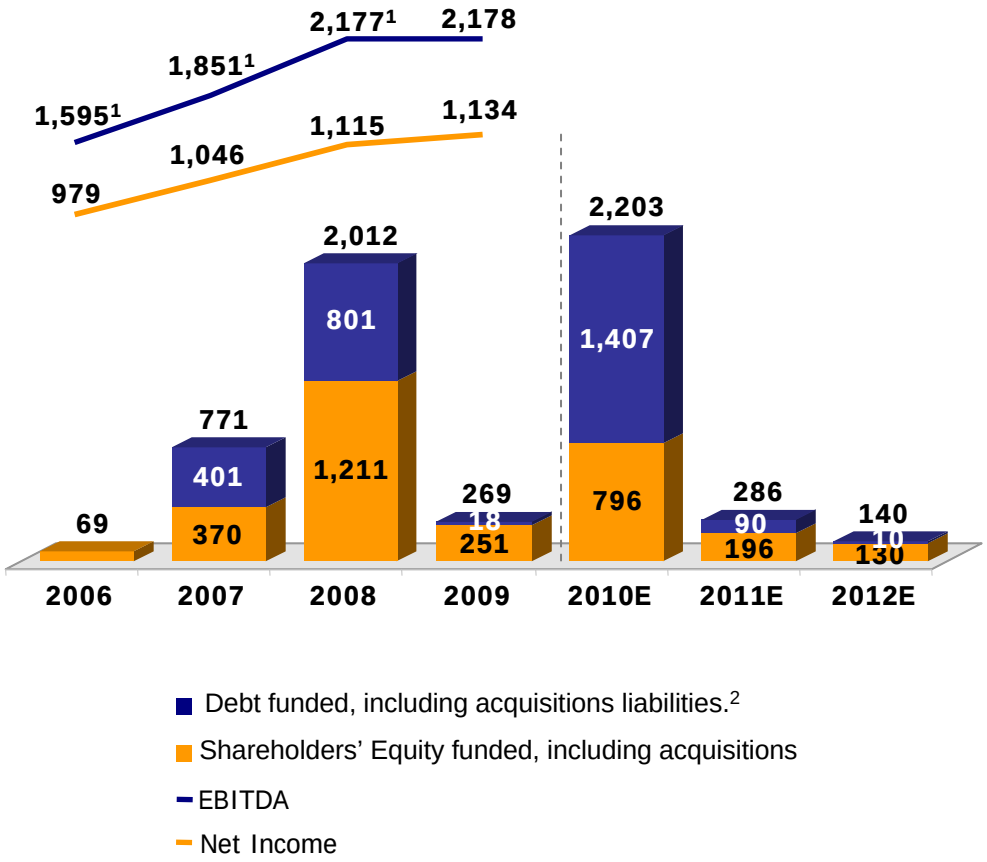
Cost of Debt



Composition of Debt			
Foreign Currency		**Local Currency**	
Fixed	51%	Fixed	2%
Floating	49%	TJLP	57%
Total	**100%**	IGPM	5%
		CDI	26%
		IPCA	10%
		Total	**100%**

Expansion plan and low maintenance CAPEX are supported by a high cash flow

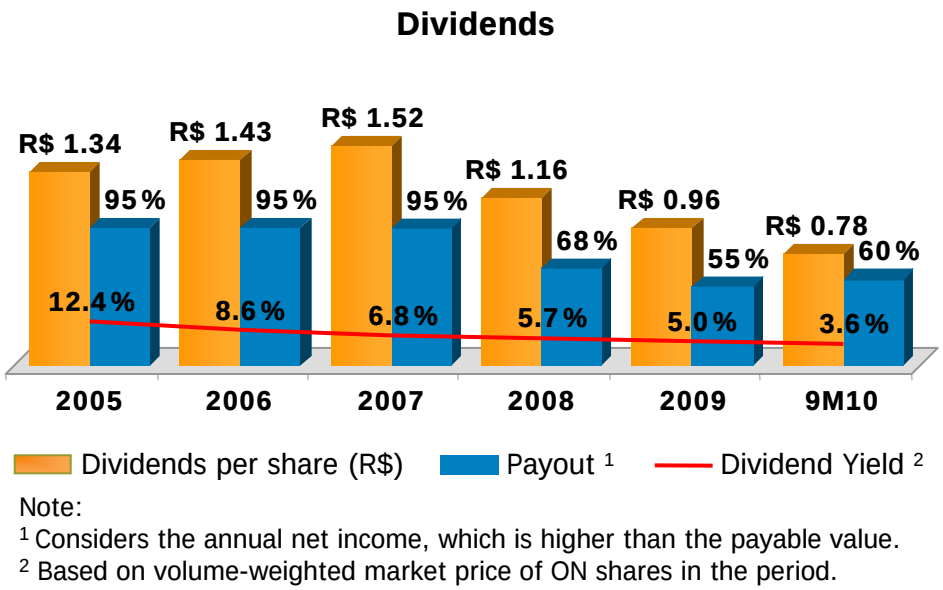
Accomplished / expected CAPEX and corresponding financing sources (R$ million)



Note:
[1] Considers new accounting procedures.
[2] Does not consider interests incurred during the construction.

Dividend policy

- By-law minimum payout: 30% of payable net income.
- Management commitment: minimum payout of 55% of payable net income.
- Payment frequency: semi-annual.



Note:
[1] Considers the annual net income, which is higher than the payable value.
[2] Based on volume-weighted market price of ON shares in the period.

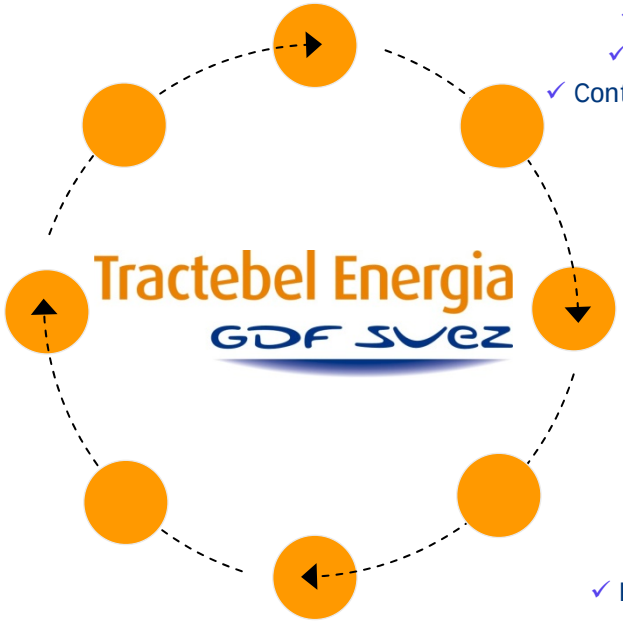
- Announced the distribution of interest on shareholders' equity of R$ 220.0 million (0.337 per share). The Executive Board is to define the payments date. Being that, year-to-date announced dividends stand for a 60% payout for 9M10 net income, which totaled R$ 844.2 million. The payout guidance for 2010 as a whole is kept at 55% of the net income.

Competitive advantages

ATTRACTIVE INDUSTRY
- ✓ Defensive profile in critical times
- ✓ Growing energy prices

PREMIUM RATING
- ✓ "brAA+" and "AA+(bra)" – Debentures rated by S&P and Fitch, respectively
- ✓ Also corporate AA+

INDUSTRY LEADERSHIP
- ✓ Largest private generator
- ✓ Market cap: R$ 16.5 billion
- ✓ Controlled by GDF SUEZ, world leader in energy



HIGH-CALIBER CORPORATE GOVERNANCE
- ✓ Experienced executives
- ✓ Discipline track record in investment decisions

CLEAR COMMERCIAL STRATEGY
- ✓ Heavy contracting in the next years
- ✓ Diversified portfolio between free customers (over different industries) and regulated ones (distribution companies)

STABLE FINANCIAL PERFORMANCE
- ✓ Strong cash flow
- ✓ Average EBITDA margin at 60% +
- ✓ Consistent net income

CASH FLOW PREDICABILITY
- ✓ Inflation-indexed contracts
- ✓ Hydro basis, complemented by thermal and wind

HIGH OPERATIONAL PERFORMANCE
- ✓ Benchmark indexes of availability
- ✓ ISO 9001 (quality management) and 14001 (environment management) certified plants

Contacts

Tractebel Energia:

Eduardo Sattamini
Finance and Investor Relations Director
sattamini@tractebelenergia.com.br

Antonio Previtali Jr.
Investor Relations Manager
previtali@tractebelenergia.com.br
+55 48 3221 7221

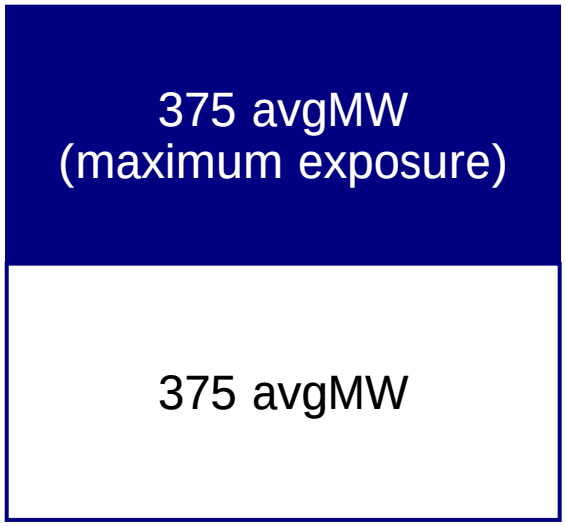
www.tractebelenergia.com.br

GDF SUEZ Latin America (pre-transfer projects):

Elio Wolff
Market Relations Manager
elio.wolff@gdfsuezla.com
+55 21 3974 5400

Attachments

Thermal side: exposure to spot prices



→ Estimated commercial capacity (on a yearly basis)

→ Thermal substitution energy → purchase in spot market

→ Expected minimum dispatch due to an annual inflexibility (based on the purchase of some 230,000 tons of coal a month)

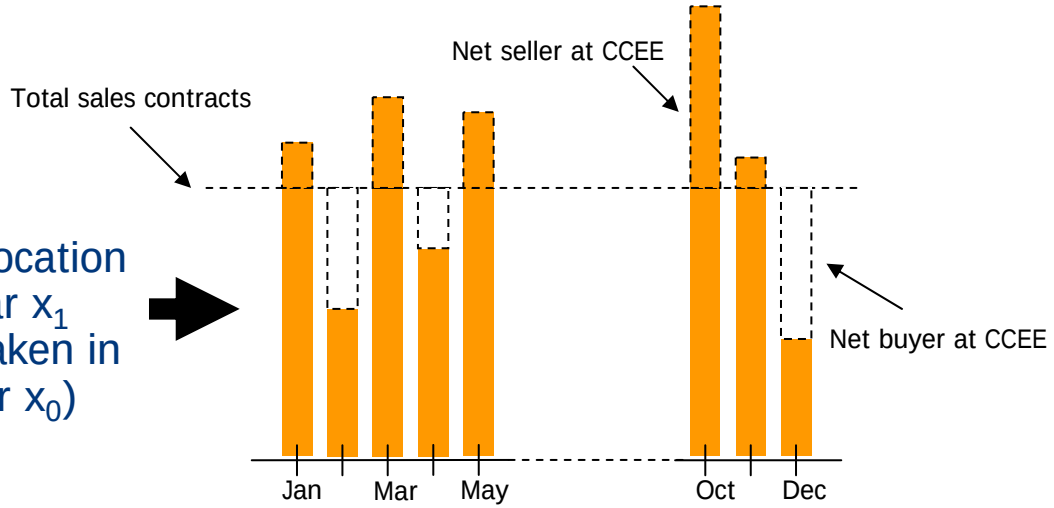
Notes: 1) Tractebel Energia has been fully contracted → purchase of thermal substitution energy.
2) On a monthly basis, inflexibility variations may occur.
3) Figures related to the Energy Trading Board (CCEE) settlement point.

Hydro gencos monthly allocation of resources

How does the allocation of resources at CCEE (the energy trading board) over the months interfere with a hydro genco quarterly results?

Annual Hydro Resources

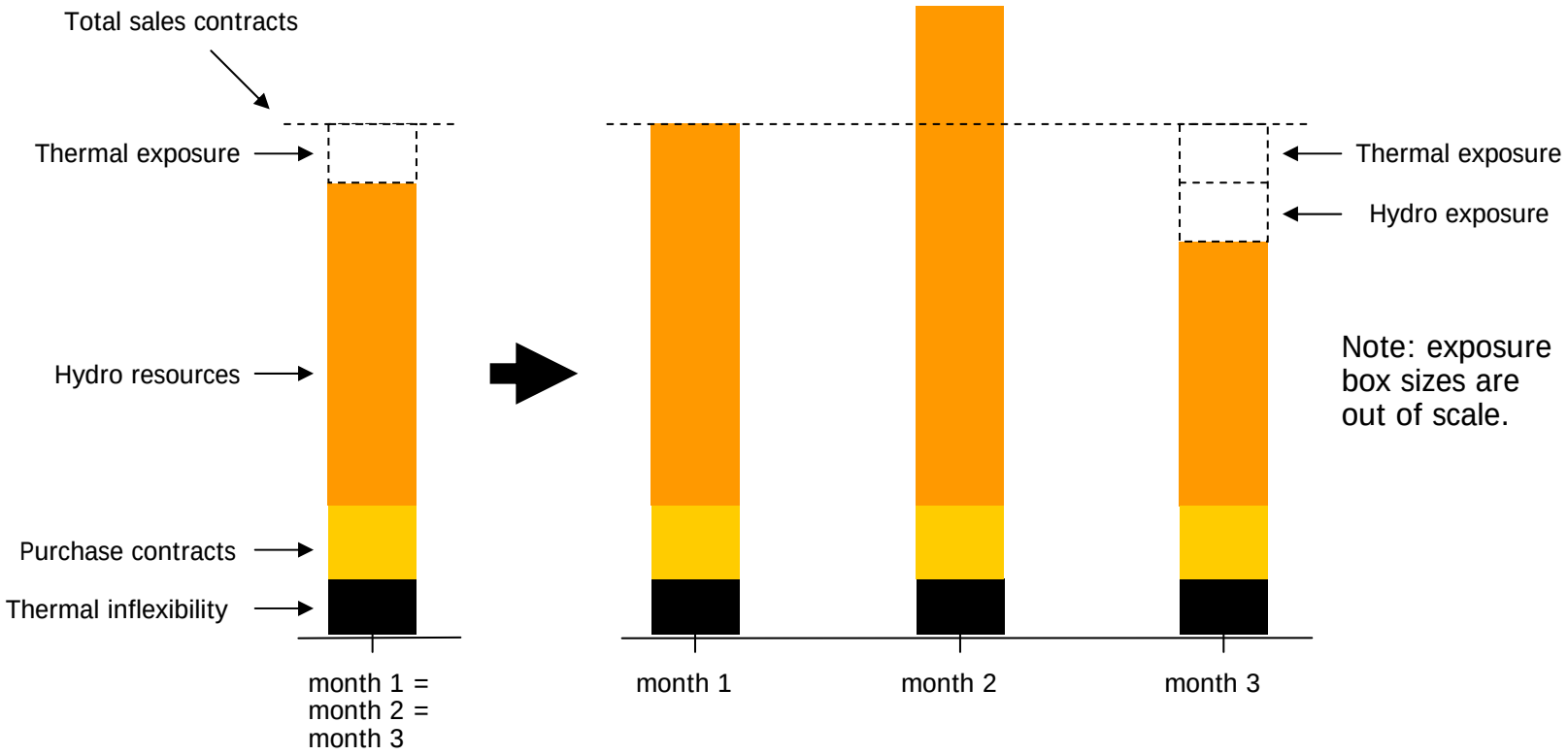
monthly allocation over year x_1 (decision taken in Dec. year x_0)



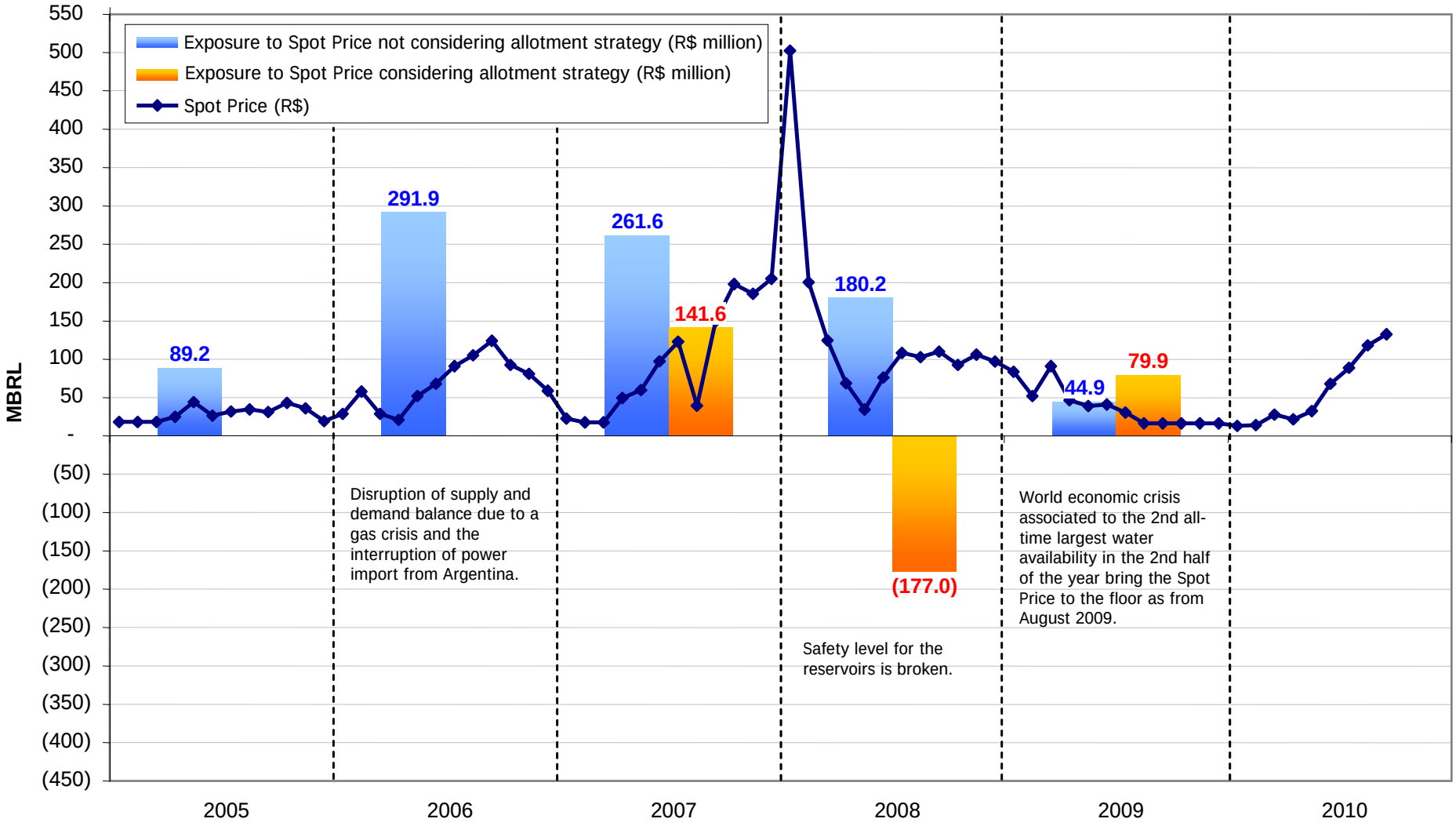
- Hydro gencos can freely allocate their resources over the following year's months;
- Monthly fluctuations on sales is also a driver for exposure to spot price;
- Monthly energy differences are settled at spot price, i.e., PLD (Price for Settlement of Differences);
- As penalties apply for a net buyer, a "monthly closing" market is available for those gencos who need to cover up their position;
- The pricing for the "monthly closing" market is strongly linked to the spot price.

Mechanisms to mitigate exposure from the thermal side

As a consequence of the two previous slides, an appropriate monthly allocation of the hydro resources over the year can mitigate the exposure arising from the thermal substitution energy to be purchased at spot price. An example follows:

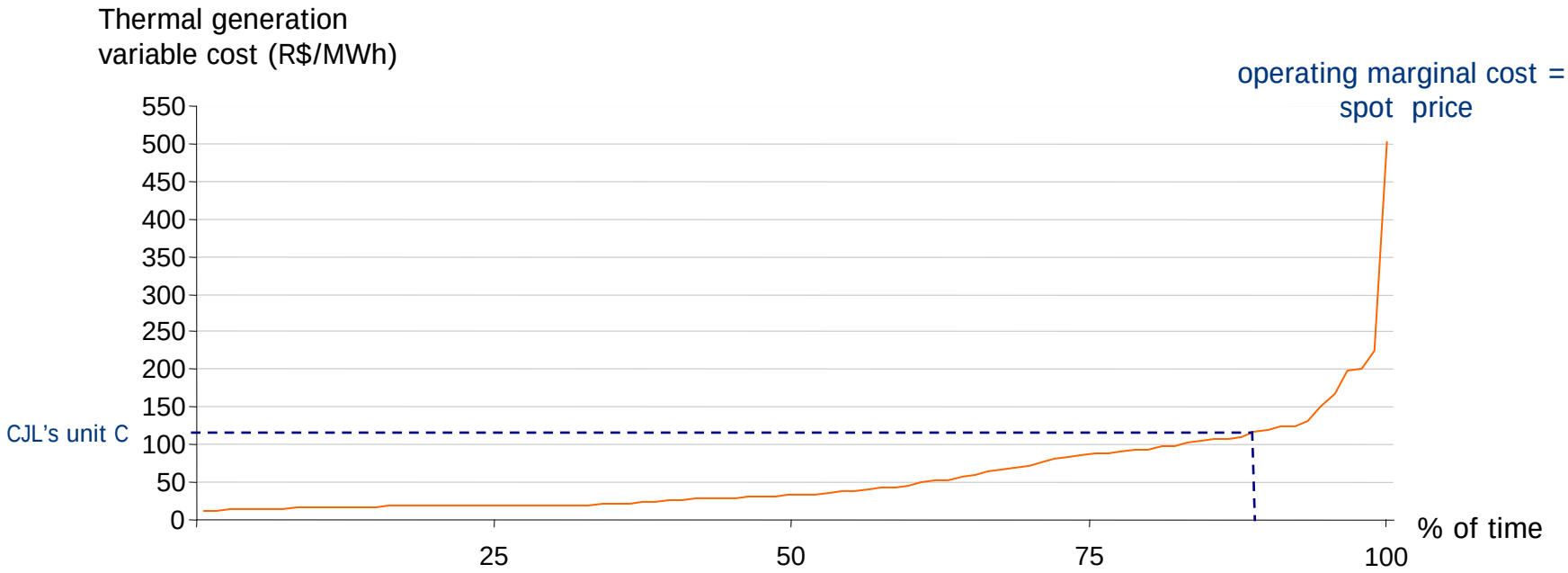


Expenses: impacts of energy allotment (2007 thru 2009)



Main drivers and distribution curve of spot prices

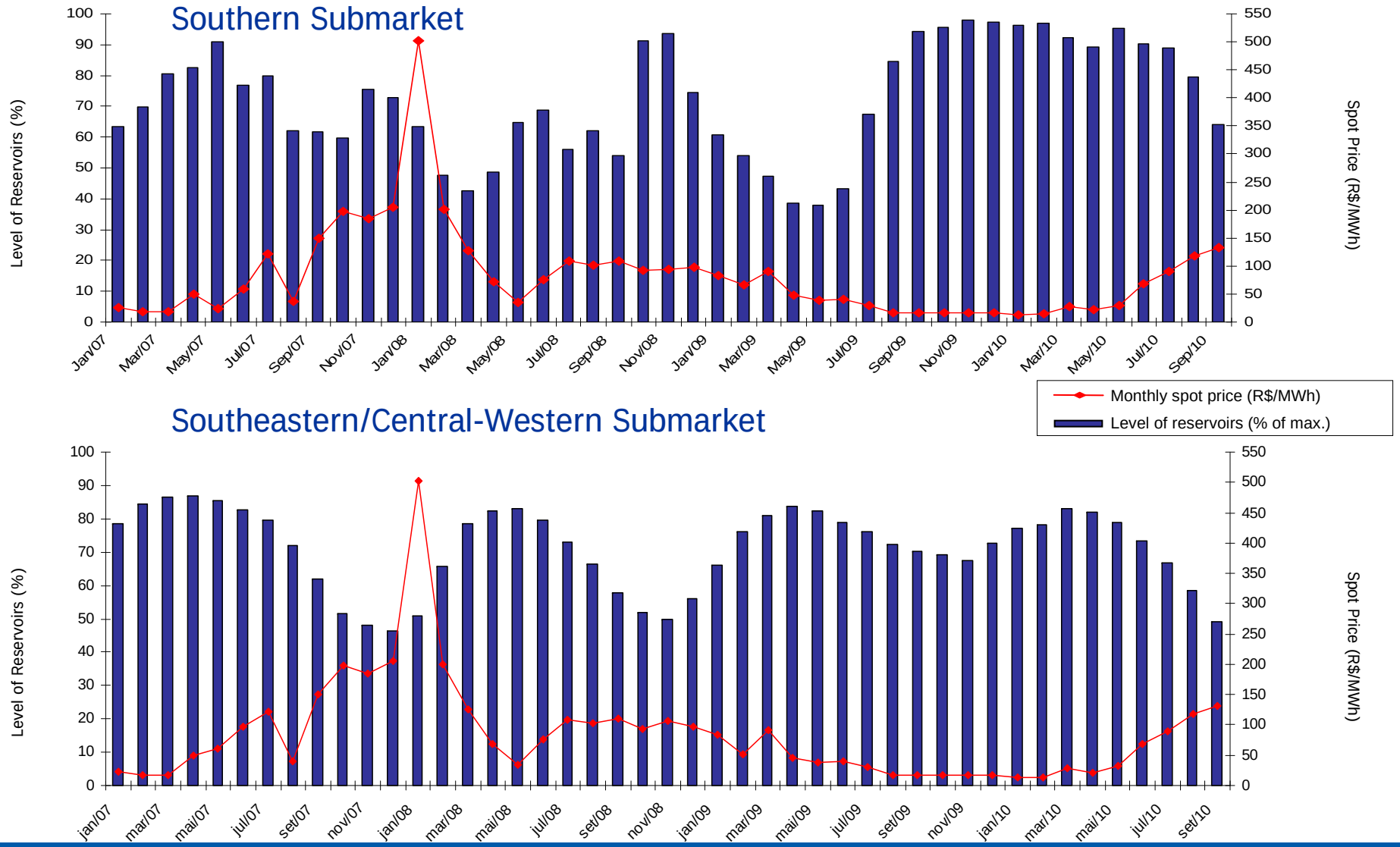
- Reservoir levels of hydro plants;
- Rainfall behavior;
- Forecast of demand for power;
- Current and future availability of power plants and transmission lines;
- Availability of natural gas.



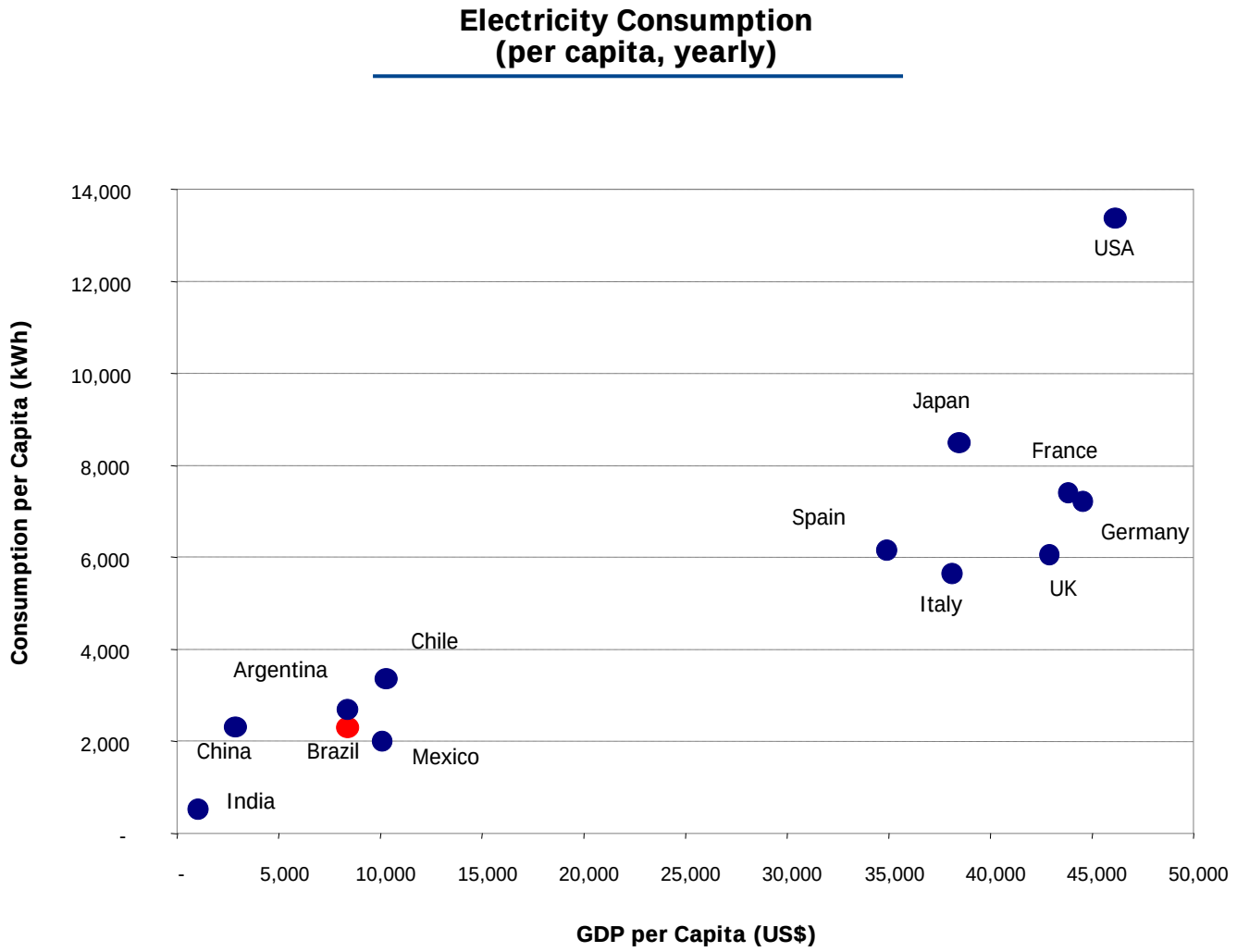
Note: spot market monthly prices for SE-CW submarket from May 2003 to September 2010.

Conclusion: For 61% of the time the spot price is lower than R$50/MWh, and for 88% of the time it is lower than R$110/MWh.

Correlation between reservoir levels and spot prices



Electricity: large growth potential



Source: IEA Energy Statistics, 2009.