



Energisa Borborema | Results for 3rd quarter of 2013

Cataguases, November 08, 2013 - The management of Energisa Borborema - Distribuidora de Energia S/A (“Company”) hereby presents its results for the third quarter (3Q13) and the first nine months of 2013 (9M13). The following financial and operational information is presented in accordance with international financial reporting standards (IFRS), except when stated otherwise.

1 - Business profile, awards and economic-financial headlines

Energisa Borborema is an electricity distribution company, operating in the municipalities of Campina Grande, Lagoa Seca, Queimadas, Fagundes, Massaranduba and Boa Vista in the state of Paraíba, serving 185,225 captive consumers, 4.3 more than at the end of September 2012.

Awards:

Energisa Borborema was also awarded the Sustainable Energy Seal Gold medal in October 2013 by the Institute Instituto Acende Brasil, a study center that implements projects and initiatives to enhance the transparency and sustainability of Brazil's energy sector. Created in 2007, the Sustainable Energy Seal rates the performance of ventures in the sector and ranks them in terms of social and environmental responsibility, based on their proven social and environmental initiatives in addition to compliance with legislation and the environmental licensing process. There are three levels of certification: Bronze, from 18 to 22 points; Silver, 23 to 27, and Gold, 28 to 33 points.

Highlights

See below a summary of the Company's economic and financial performance in the first nine months of 2013 and 2012:

Description	9M13	9M12	Change %
Earnings - R\$ million			
Gross Operating Revenue	183.0	197.2	- 7.2
Net Operating Revenue	128.2	138.9	- 7.7
Net Operating Revenue, with construction revenue	118.8	116.3	+ 2.2
Earnings before interest and tax (EBIT)	9.8	23.1	- 57.6
EBITDA	13.8	26.5	- 47.9
Adjusted EBITDA	15.8	28.3	- 44.2
Net Income	7.5	21.0	- 64.3
Financial Indicators - R\$ million			
Total Assets	188.4	172.1	+ 9.5
Cash / Cash Equivalents / Short-Term Investments	24.7	12.4	+ 99.2
Shareholders' Equity	93.2	95.7	- 2.6
Net Debt	29.4	32.4	- 9.3
Operating Indicators			
Number of Captive Consumers (thousands)	185.2	177.6	+ 4.3
Sales of Energy to Captive Consumers (GWh)	506.3	476.9	+ 6.2
Total Electricity Distributed (GWh)	505.1	488.7	+ 3.4
Relative Indicators			
Adjusted EBITDA / Net Revenue (%)	12.3	20.4	- 8.1 p.p
Net Debt / Adjusted EBITDA for 12 months (times)	1.1	0.9	+ 22.2

NB: Adjusted EBITDA: EBITDA plus arrears charges on electricity bills.

Results for the 3rd quarter of 2013

2 - Financial performance

2.1 - Gross and net operating revenue

In 9M13 Energisa Borborema presented gross operating revenue, not including construction cost revenue (R\$ 9.4 million), which is attributed a margin of zero, of R\$ 173.6 million, compared with R\$ 174.7 million in 9M12, a decrease of 0.6% (R\$ 1.1 million). Also excluding construction revenue, net operating revenue rose by 2.2% (R\$ 2.5 million) in the period, to R\$ 118.8 million.

2.2 - Net income and cash generation

Energisa Borborema recorded net income of R\$ 7.5 million in the first nine months of 2013, compared with R\$ 21.0 million in the same period last year. The operating cash generation (Adjusted EBITDA) amounted to R\$ 15.8 million in 9M13, compared with R\$ 28.3 million in 9M12.

See below the change in the Company's cash generation:

Breakdown of cash generation (EBITDA) Amounts in R\$ million	Quarter			9 months		
	3Q13	3Q12	Change %	9M13	9M12	Change %
(=) Net Income	(1,8)	6,7	-	7,5	21,0	- 64,3
(-) Income and social contribution taxes	(0,2)	(0,6)	- 66,7	(2,3)	(3,9)	- 41,0
(-) Financial result	(0,7)	0,5	-	-	1,8	-
(-) Depreciation and amortization	(1,3)	(1,2)	+ 8,3	(4,0)	(3,4)	+ 17,6
(=) Cash generation (EBITDA)	0,4	8,0	- 95,0	13,8	26,5	- 47,9
(+) Late charges revenue	0,7	0,7	-	2,0	1,8	+ 11,1
(=) Adjusted cash generation (Adjusted EBITDA)	1,1	8,7	- 87,4	15,8	28,3	- 44,2
Adjusted EBITDA Margin	2,6	18,4	- 15,8 p.p	12,3	20,4	- 8,1

2.3 - Operating expenses

Operating expenses excluding construction costs amounted to R\$ 108.8 million in 9M13, an increase of 21.2% (R\$ 15.5 million) over 9M12. Controllable expenses contracted by R\$ 0.5 million. Noncontrollable expenses on electricity and transportation purchases expanded by R\$ 14.2 million in 9M13 (R\$ 7.0 million in 3Q13), an increase of 21.2% (increase of 29.7% in 3Q13).

Operating expenses break down as follows:

Breakdown of operating expenses (R\$ million)	Quarter			9 months		
	3Q13	3Q12	Change in R\$ millions	9M13	9M12	Change in R\$ millions
1 - Controllable expenses	6.7	6.8	- 0.1	19.9	20.4	- 0.5
1.1 Personnel (includes pension fund)	3.4	3.5	- 0.1	10.2	10.3	- 0.1
1.2 Material	0.3	0.4	- 0.1	1.0	1.1	- 0.1
1.3 Services	3.0	2.9	+ 0.1	8.7	9.0	- 0.3
2 - Uncontrollable expenses (acquisition of energy and transmission)	30.6	23.6	+ 7.0	81.1	66.9	+ 14.2
3 - Depreciation and amortization	1.3	1.2	+ 0.1	4.0	3.4	+ 0.6
4 - Allowance for doubtful accounts and contingencies	0.5	0.3	+ 0.2	2.4	0.8	+ 1.6
5 - Other expenses / revenue	0.4	0.8	- 0.4	1.4	1.8	- 0.4
Subtotal	39.5	32.7	- 6.8	108.8	93.3	+ 15.5
6 - Construction cost	3.5	7.9	- 4.4	9.4	22.5	- 13.1
Total	43.0	40.6	+ 2.4	118.2	115.8	+ 2.4

2.4 - Debt

The table below denotes the short- and long-term debt net of financial resources (cash, cash equivalents and short-term investments) of Energisa Borborema as of September 30, 2013 and December 31, 2012:

Description	09/30/2013	12/31/2012
Amount in R\$ million		
Short-term	11.4	4.0
Loans, financing and debentures	11.3	3.6
Debt charges	0.1	0.4
Long-term	42.7	39.5
Loans, financing and debentures	42.7	39.5
Total debts	54.1	43.5
(-) Cash and cash equivalents	24.7	14.0
Total net debts	29.4	29.5

3 - Electricity sales

3.1 - Total electricity distributed

In the first nine months of 2013 (9M13), electricity sales to end consumers (captive market), located in Energisa Borborema's concession area, including energy associated with free consumers (TUSD), amounted to 509.1 GWh (165.8 GWh in 3Q13), an increase of 6.7% (increase of 5.1% in 3Q13) over the same period last year. Consumption was driven by the residential sector, which expanded by 10.0% (an increase of 8.3% in 3Q13) in the period. Industrial consumption, including captive and free sales, rose by 1.1% in 9M13. Total energy distributed in 9M13 was 505.1 GWh, compared with 488.7 GWh in the same period last year, as follows:

Total Electricity Distributed by Consumption Sector (in GWh)

Descrição	Quarter			9 months		
	3T13	3T12	Change %	9M13	9M12	Change %
1) Energy sales to captive consumers	164.7	157.4	+ 4.6	506.3	476.9	+ 6.2
✓ Residential	53.6	49.5	+ 8.3	165.6	150.6	+ 10.0
✓ Industrial	54.8	55.5	- 1.3	162.2	162.8	- 0.4
✓ Commercial	33.2	31.0	+ 7.1	106.7	98.3	+ 8.5
✓ Rural	5.5	5.4	+ 1.9	18.2	16.9	+ 7.7
✓ Other Sectors	17.6	16.0	+ 10.0	53.6	48.3	+ 11.0
2) Energy associated with free consumers (TUSD)	1.1	0.4	+ 175.0	2.8	0.4	+ 600.0
3) Captive sales + TUSD (1+2)	165.8	157.8	+ 5.1	509.1	477.3	+ 6.7
4) Sales to distributors and unbilled sales	1.0	3.3	- 69.7	(4.0)	11.4	-
5) Total Electricity Distributed (3+4)	166.8	161.1	+ 3.5	505.1	488.7	+ 3.4

4 - Investment

Energisa Borborema invested a total of R\$ 10.9 million in the first nine months of half of 2013, compared with R\$ 19.9 million in 9M12.

5- Services rendered by the independent auditor

The total remuneration of Deloitte Touche Tohmatsu Auditores Independentes for the services provided to Energisa Borborema in the first nine months of 2013 was R\$ 159,000 for reviewing the financial statements and for reviewing the processes and procedures implemented to obtain corporate income tax incentives - Sudene.

The Company's engagement policy complies with the principles that sustain the auditor's independence, in accordance with existing standards, which mainly determine that the auditor should not audit its own work, perform managerial duties for its client or pursue its interests.

Management.

Financial Statements

1. Balance Sheet - Assets

ENERGISA BORBOREMA - DISTRIBUIDORA DE ENERGIA S/A
BALANCE SHEET
AS OF SEPTEMBER 30, 2013 AND DECEMBER 31, 2012
(In thousands of reais)

	30/09/2013	31/12/2012
Assets		
Current		
Cash and cash equivalents	12,804	7,968
Money market and secured funds	3,046	2,353
Consumers and concessionaires	22,257	33,644
Credit receivables	2,556	2,828
Inventory	578	578
Recoverable taxes	5,006	4,037
Prepaid expenses	325	400
Low income	1,457	1,580
Other receivables	5,461	2,673
Total current	53,490	56,061
Noncurrent		
Noncurrent assets		
Money market and secured funds	8,899	3,662
Credit receivables	3,671	4,159
Recoverable taxes	3,426	3,818
Tax credits	21,660	23,166
Restricted deposits and escrows	5,250	5,313
Derivative financial instruments	2,882	1,621
Accounts receivable from the concession	19,678	19,527
Other	58	-
	65,524	61,266
Investments	82	82
Property, plant and equipment	67,933	65,165
Intangible assets	757	868
Total noncurrent	134,296	127,381
Total Assets	187,786	183,442

2. Balance Sheet - Liabilities

ENERGISA BORBOREMA - DISTRIBUIDORA DE ENERGIA S/A
BALANCE SHEET
AS OF SEPTEMBER 30, 2013 AND DECEMBER 31, 2012
(In thousands of reais)

	30/09/2013	31/12/2012
Liabilities		
Current		
Suppliers payable	18,337	14,100
Debt charges	142	362
Loans and financing	11,251	3,644
Payroll	247	232
Taxes and social contributions	8,283	9,475
Dividends	-	4,000
Consumer charges payable	34	947
Estimated obligations	1,263	903
Public lighting fee received	678	747
Intrasector Obligations	4,082	3,343
Other accounts payable	1,029	2,661
Total current	45,346	40,414
Noncurrent		
Noncurrent liabilities		
Suppliers payable	403	391
Loans and financing	42,718	39,450
Deferred income and social contribution taxes	2,507	1,854
Provision for labor, civil and tax risks	3,602	3,143
Other accounts payable	5	-
Total noncurrent	49,235	44,838
Shareholders' equity		
Capital	62,753	57,017
Treasury stock	-	(50)
Capital reserve	24,099	24,148
Profit reserves	(1,123)	11,831
Additional dividends proposed	-	5,244
Net incomes for the period	7,476	-
	93,205	98,190
Total liabilities	187,786	183,442

3. Statements of Income

ENERGISA BORBOREMA - DISTRIBUIDORA DE ENERGIA S/A
 INCOME STATEMENT
 NINE MONTHS ENDED SEPTEMBER 30, 2013 AND 2012
 (In thousands of reais)

	9M13	9M12
Revenues		
Electricity Sales to Consumers	166,123	172,338
Construction revenue	9,376	22,527
Other operating revenue	7,486	2,364
	182,985	197,229
Deductions from operating revenue		
ICMS on billing	36,710	34,858
PIS, Cofins and ISS	15,728	16,188
Others (CCC, CDE, PEE and P&D)	(460)	1,045
	2,814	6,277
	54,792	58,368
Net operating revenue	128,193	138,861
Operating expenses		
Personnel (includes pension fund)	10,222	10,343
Material	1,045	1,059
Outsourced services	8,710	8,972
Electricity purchased	71,793	54,184
Transmission of electricity	9,313	12,714
Depreciation and amortization (includes goodwill)	4,031	3,423
Allowance for possible loan losses / contingencies	2,419	740
Construction cost	9,376	22,527
Other expenses / revenue	1,478	1,830
	118,387	115,792
Earnings before interest and tax	9,806	23,069
Financial income		
Revenue on short-term investments	964	938
Arrears charge on power sales	1,945	1,825
Other revenue	557	782
Debt charges - Interest	(1,933)	(1,898)
Debt charges - monetary and exchange variance	(1,738)	(1,002)
Adjustment to present value	528	458
Mark-to-market of derivatives	(694)	599
Derivative financial instruments	1,387	433
(-) Transfers to work in progress	151	627
Other financial expenses	(1,205)	(1,006)
	(38)	1,756
Net income before tax	9,768	24,825
Income and social contribution taxes	(2,292)	(3,841)
Net income for the period	7,476	20,984

Please do not hesitate to contact us should you require any further information:

- ✓ **Maurício Perez Botelho**
Investor Relations Director
E-mail: mbotelho@energisa.com.br
- ✓ **Cláudio Brandão Silveira**
Corporate Finances Director
E-mail: claudiobrandao@energisa.com.br
- ✓ **Carlos Aurélio Martins Pimentel**
Investor Relations Manager
E-mail: caurelio@energisa.com.br
- ✓ **In Rio de Janeiro (Rio de Janeiro state): Av. Pasteur, 110 / 5º e 6º andares**
Tel.: (21) 2122-6900 / 6902
Fax: (21) 2122-6980 / 6931
- ✓ **In Cataguases (Minas Gerais state): Praça Rui Barbosa, 80**
Tel.: (32) 3429-6226 / 6000
Fax: (32) 3429-6317 / 6480
- ✓ **Internet: www.energisa.com.br**
E-mail: stockinfo@energisa.com.br