



Energisa Nova Friburgo | Results for 3rd quarter of 2013

Nova Friburgo, November 08, 2013 - The management of Nova Friburgo - 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 and economic-financial headlines

Energisa Nova Friburgo is an electricity distribution companies which serves approximately 97 consumers in the municipality of Nova Friburgo in Rio de Janeiro state.

The Company's main economic and financial figures for the first nine months have been summarized below:

Description	9M13	9M12	Change %
Results - R\$ million			
Gross Operating Revenue	107.8	120.1	- 10.2
Net Operating Revenue	73.4	75.7	- 3.0
Net Operating Revenue, with construction revenue	67.0	68.6	- 2.3
Earnings before interest and tax (EBIT)	10.0	7.6	+ 31.6
EBITDA	13.4	10.8	+ 24.1
Adjusted EBITDA	14.4	12.0	+ 20.0
Net Income	6.8	3.9	+ 74.4
Financial Indicators - R\$ million			
Total Assets	144.9	119.0	+ 21.8
Cash / Cash Equivalents / Short-Term Investments	10.0	5.0	+ 100.0
Shareholders' Equity	53.4	49.4	+ 8.1
Net Debt	50.3	45.5	+ 10.5
Operating Indicators			
Number of Captive Consumers (thousands)	97.5	95.5	+ 2.1
Sales of energy to captive consumers (GWh)	253.1	243.9	+ 3.8
Total Electricity Distributed (GWh)	253.2	243.5	+ 4.0
Relative Indicators			
Adjusted EBITDA / Net Revenue (%)	19.6	15.8	+ 3.8 p.p
Net Debt / Adjusted EBITDA for 12 months (times)	3.4	2.6	+ 30.8

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

2 - Financial performance

2.1 - Gross and net operating revenue

In 9M13 Energisa Nova Friburgo presented gross operating revenue, not including construction cost revenue (R\$ 6.4 million), which is attributed a margin of zero, of R\$ 101.4 million, compared with R\$ 113.0 million in 9M12, a decrease of 10.3% (R\$ 11.6 million). Also excluding construction revenue, net operating revenue fell by 2.3% (R\$ 1.6 million) in the period, to R\$ 67.0 million.

Results for the 3rd quarter of 2013

2.2 - Net income and cash generation

Energisa Nova Friburgo recorded net income of R\$ 4.3 million in 3Q13 compared with R\$ 0.9 million in 3Q12. This denotes an increase of 377.8%. This performance in the quarter is primarily due to the following factors:

- 1) decrease of 9.3% of operating expenses, not including construction costs
- 2) increase of 4.6% in energy sold to captive consumers.

The net income amounted to R\$ 6.8 million in YTD 9M13, compared with R\$ 3.9 million in the first nine months of the previous year. The operating cash generation (Adjusted EBITDA) amounted to R\$ 14.4 million in 3Q13, compared with R\$ 12.0 million in 9M12, an increase of R\$ 20.0%.

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	4.3	0.9	+ 377.8	6.8	3.9	+ 74.4
(-) Income and social contribution taxes	(2.1)	(0.3)	+ 600.0	(3.0)	(1.8)	+ 66.7
(-) Financial result	0.9	(0.2)	-	(0.3)	(1.9)	- 84.2
(-) Depreciation and amortization	(1.1)	(1.0)	+ 10.0	(3.3)	(3.2)	+ 3.1
(=) Cash generation (EBITDA)	6.6	2.4	+ 175.0	13.4	10.8	+ 24.1
(+) Late charges revenue	0.3	0.5	- 40.0	1.0	1.2	- 16.7
(=) Adjusted cash generation (Adjusted EBITDA)	6.9	2.9	+ 137.9	14.4	12.0	+ 20.0
Adjusted EBITDA Margin	25.1	11.4	+ 13.7 p.p	19.6	15.9	+ 3.7 p.p

2.3 - Operating expenses

Operating expenses excluding construction costs amounted to R\$ 57.0 million in 9M13 (R\$ 19.4 million in 3Q13), a decrease of 6.6% or R\$ 4.0 million over 9M12 (decrease of 9.3% or R\$ 2.0 million in 3Q13). Controllable expenses increased by R\$ 0.3 million (decrease of R\$ 0.1 million in 3Q13). Noncontrollable expenses on electricity and transportation purchases fell by R\$ 1.9 million in the period, a decrease of 5.0% (increase of 1.5% or R\$ 0.2 million 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	6.3	6.4	- 0.1	18.8	18.5	+ 0.3
1.1 Personnel (includes pension fund)	1.9	2.0	- 0.1	6.0	5.9	+ 0.1
1.2 Material	0.3	0.3	-	0.7	0.7	-
1.3 Services	4.1	4.1	-	12.1	11.9	+ 0.2
2 - Uncontrollable expenses (acquisition of energy and transmission)	13.6	13.4	+ 0.2	36.2	38.1	- 1.9
3 - Depreciation and amortization	1.1	0.9	+ 0.2	3.3	3.1	+ 0.2
4 - Allowance for doubtful accounts and contingencies	(0.2)	0.2	- 0.4	(0.2)	0.1	- 0.3
5 - Other expenses / revenue	(1.4)	0.5	- 1.9	(1.1)	1.2	- 2.3
Subtotal	19.4	21.4	- 2.0	57.0	61.0	- 4.0
6 - Construction cost	2.7	2.7	-	6.4	7.1	- 0.7
Total	22.1	24.1	- 2.0	63.4	68.1	- 4.7

2.3 - Debt

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

Description	09/30/2013	12/31/2012
Amount in R\$ million		
Short-term	31.2	2.8
Loans, financing and debentures	30.9	2.1
Debt charges	0.2	0.6
Financing of taxes and actuarial deficit	0.1	0.1
Long-term	29.1	52.9
Loans, financing and debentures	28.5	52.6
Financing of taxes and actuarial deficit	0.5	0.3
Total debts	60.3	55.7
(-) Cash and cash equivalents	10.0	9.2
Total net debts	50.3	46.5

3 - Electricity sales

3.1 - Total electricity distributed

In the first nine months of 2013, electricity sales to end consumers (captive market), located in Energisa Nova Friburgo's concession area, amounted to 253.1 GWh (86.6 GWh in 3Q13), an increase of 3.8% (increase of 4.6% in 3Q13) over the same period last year. Consumption was driven by the industrial sector, which expanded by 4.9% (an increase of 3.8% in 3Q13) in the period. In turn, residential consumption expanded by 4.1% in 9M13 (growth of 5.4% in 3Q13). Total energy distributed in 9M13 was 253.2 GWh, compared with 243.5 GWh in the same period last year, as follows:

Total Electricity Distributed by Consumption Sector (in GWh)

Description	Quarter			9 months		
	3Q13	3Q12	Change %	9M13	9M12	Change %
1) Energy sales to captive consumers	86.6	82.8	+ 4.6	253.1	243.9	+ 3.8
✓ Residential	41.3	39.2	+ 5.4	119.9	115.2	+ 4.1
✓ Industrial	16.6	16.0	+ 3.8	47.1	44.9	+ 4.9
✓ Commercial	17.5	16.9	+ 3.6	53.6	51.7	+ 3.7
✓ Rural	1.4	1.3	+ 7.7	3.8	3.7	+ 2.7
✓ Other Sectors	9.8	9.4	+ 4.3	28.7	28.4	+ 1.1
2) Sales to distributors and unbilled sales	-	(0.2)	-	0.1	(0.4)	-
3) Total Electricity Distributed (1+2)	86.6	82.6	+ 4.8	253.2	243.5	+ 4.0

4 - Investment

Energisa Nova Friburgo invested a total of R\$ 6.6 million in the first nine months of 2013, compared with R\$ 7.8 million in the same period last year.

5- Services rendered by the independent auditor

The total remuneration of Deloitte Touche Tohmatsu Auditores Independentes for the services provided to Energisa Nova Friburgo in the first nine months of 2013 was R\$ 42,000 for reviewing the financial statements.

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 NOVA FRIBURGO - 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
		(Adjusted)
Assets		
Current		
Cash and cash equivalents	4,679	5,260
Money market and secured funds	5,086	3,007
Consumers and concessionaires	13,680	14,623
Credit receivables	203	354
Inventory	338	377
Recoverable taxes	7,418	6,128
Low income and other receivables	4,355	5,065
Total current	35,759	34,814
Noncurrent		
Noncurrent assets		
Money market and secured funds	237	900
Consumers and concessionaires	368	368
Credit receivables	9	19
Related-party transactions	-	558
Tax credits	5,230	1,585
Recoverable taxes	3,343	3,529
Restricted deposits and escrows	2,488	1,730
Derivative financial instruments	6,452	4,082
Accounts receivable from the concession	80,533	68,786
Other	2	-
	98,662	81,557
Investments	71	47
Property, plant and equipment	6,637	13,348
Intangible assets	3,773	3,812
Total noncurrent	109,143	98,764
Total Assets	144,902	133,578

2. Balance Sheet - Liabilities

ENERGISA NOVA FRIBURGO - 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
		(Adjusted)
Liabilities		
Current		
Suppliers payable	8,075	7,170
Debt charges	180	591
Loans and financing	30,926	2,061
Taxes and social contributions	1,492	1,584
Dividends	7,093	-
Profit Shares	428	1,039
Consumer charges payable	80	1,142
Employee benefits - pension plan	115	115
Estimated obligations	845	601
Intrasector Obligations	1,605	3,251
Other accounts payable	1,209	838
Total current	52,048	18,392
Noncurrent		
Suppliers payable	116	113
Loans and financing	28,538	52,560
Deferred income and social contribution taxes	8,118	1,331
Employee benefits - pension plan	536	451
Provision for labor, civil and tax risks	2,048	2,260
Other accounts payable	99	7
Total noncurrent	39,455	56,722
Shareholders' equity		
Capital	32,650	32,650
Capital reserve	11,250	11,248
Profit reserves	2,773	5,126
Comprehensive Income other	(45)	(45)
Additional dividends proposed	-	9,485
Net incomes for the period	6,771	-
	53,399	58,464
Total liabilities	144,902	133,578

3. Statements of Income

ENERGISA NOVA FRIBURGO - DISTRIBUIDORA DE ENERGIA S/A
STATEMENT OF INCOME
NINE MONTHS ENDED SEPTEMBER 30, 2013 AND 2012
(In thousands of reais, except for net income per share)

	9M13	9M12
Revenues		
Electricity sales to consumers	97,197	107,901
Construction revenue	6,448	7,100
Other revenue	4,136	5,102
	107,781	120,103
Deductions from operating revenue		
ICMS on billing	23,414	26,195
PIS, Cofins and ISS	9,552	10,453
Quotas for global reversal reserve	(544)	1,024
Others (CCC, CDE, PEE and P&D)	1,916	6,745
	34,338	44,417
Net operating revenue	73,443	75,686
Operating expenses		
Personnel (includes pension fund)	6,044	5,895
Material	682	720
Outsourced services	12,114	11,929
Electricity purchased for resale	29,891	27,836
Electricity purchased for resale	6,307	10,216
Depreciation and amortization	3,319	3,136
Allowance for doubtful accounts / contingencies	(207)	71
Construction cost	6,448	7,100
Other expenses / revenue	(1,194)	1,162
	63,404	68,065
Earnings before interest and tax	10,039	7,621
Financial Result		
Income on short-term investments	432	464
Arrears surcharge on energy sold	1,041	1,194
Other revenue	3,510	73
Debt charges - interest	(2,261)	(2,075)
Debt charges - monetary and exchange variance	(3,323)	(2,771)
Mark-to-market of derivatives	(954)	621
Derivative financial instruments	2,390	1,936
Restatement of assets	8	6
(-) Transfer to orders in progress	127	146
Other financial expenses	(1,232)	(1,512)
	(262)	(1,918)
Net income before tax	9,777	5,703
Income and social contribution taxes	(3,006)	(1,761)
Net income for the period	6,771	3,942

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