



## Energisa Borborema | Results for 3rd quarter of 2012

Campina Grande, November 08, 2012 - The Management of Energisa Borborema - Distribuidora de Energia S/A ("Energisa Borborema" or "Company"), responsible for distributing electricity in six municipalities in Paraíba state (Campina Grande, Lagoa Seca, Queimadas, Fagundes, Massaranduba and Boa Vista) hereby presents its quarterly information for the third quarter of 2012 (9M12), prepared in accordance with International Financial Reporting Standards - IFRS.

### 1 - Headlines

The Company's main economic and financial figures have been summarized below:

Description	9M12	9M11	Change %
<b>Results - R\$ million</b>			
Gross Operating Revenue	197.2	159.8	+ 23.4
Net Operating Revenue	138.9	107.5	+ 29.2
Earnings before interest and tax (EBIT)	23.1	13.2	+ 75.0
Financial result	1.8	0.4	+ 350.0
Net Income	21.0	11.7	+ 79.5
EBITDA	26.5	16.7	+ 58.7
Adjusted EBTIDA	28.3	18.2	+ 55.5
<b>Financial Indicators - R\$ million</b>			
Total Assets	172.1	150.9	+ 14.0
Cash / Cash Equivalents / Short-Term Investments	12.4	12.7	- 2.4
Shareholders' Equity	95.7	86.6	+ 10.5
Net Debt	32.4	22.1	+ 46.6
<b>Operating Indicators</b>			
Number of Captive Consumers	177.6	171.0	+ 3.9
Energy sold to Captive Consumers (GWh)	476.9	444.4	+ 7.3
Total Electricity Distributed (GWh)	488.7	472.0	+ 3.5
Energy Losses (% in past 12 months)	7.07	7.56	- 0.49 p.p
<b>Related indicators</b>			
Adjusted EBITDA / Net Revenue (%)	20.4	16.9	+ 3.5 p.p
Net Debt / Adjusted EBITDA 12 months (times)	0.9	0.8	+ 12.5

### 2 - Economic and Financial Performance

#### 2.1 - Net income up by 55.8% in 3Q12

Net income accumulated in 9 months amounts to R\$ 21.0 million

Energisa Borborema recorded net income of R\$ 21.0 million in 9M12, of which R\$ 6.7 million was recorded in 3Q12. Earnings in 3Q12 up by 55.8% over 3Q11. Net income in 9M12 expanded by 79.5% over 9M11.

This net income growth in 9M12 is partly due to the increase of 29.2% (or R\$ 31.4 million) in net operating revenue in the period, along with smaller growth in operating expenses, which boosted operating cash generation (EBITDA). Operating expenses rose by 22.8% (or R\$ 21.5 million) in the first nine months of 2012. Energisa Borborema consequently presented operating cash generation (adjusted EBITDA) of R\$ 28.3 million, which signifies an increase of 55.5% (or R\$ 10.1 million) over 9M11. The adjusted EBITDA margin rose by 3.5 percentage points to 20.4%.

## Results for 3rd quarter of 2012

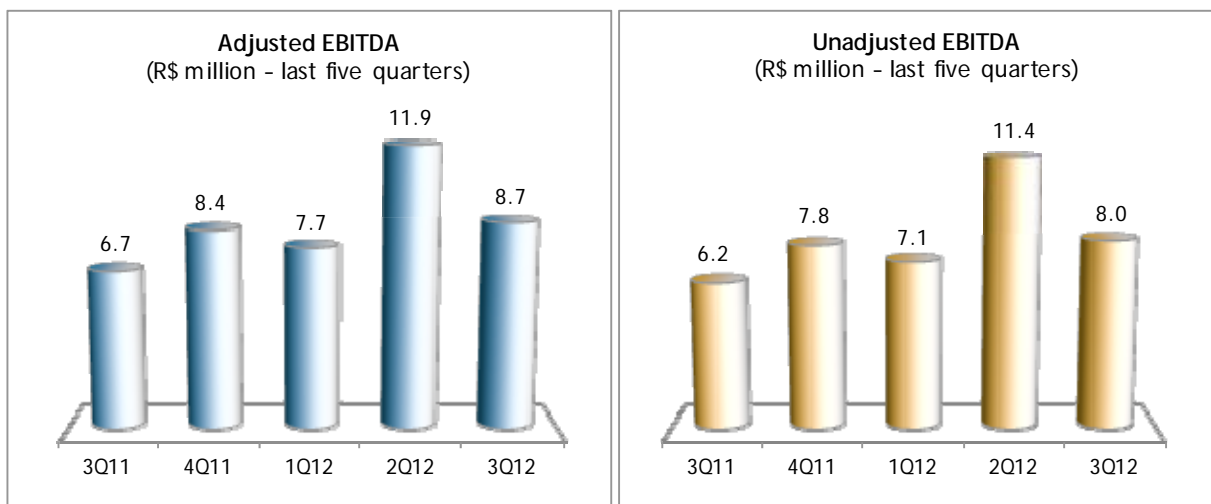
See below the breakdown of the Company's net income and cash:

Breakdown and change of net income (R\$ millions)	Quarter			9 months		
	3Q12	3Q11	Change %	9M12	9M11	Change %
(=) Net operating revenue	47.4	35.8	+ 32.4	138.9	107.5	+ 29.2
(=) Earnings before interest and tax (EBIT)	6.8	5.0	+ 36.0	23.1	13.2	+ 75.0
(+) Financial result (revenue minus financial expenses)	0.5	0.4	+ 25.0	1.8	0.4	+ 350.0
(+) Income and social contribution taxes	(0.6)	(1.1)	- 45.5	(3.9)	(1.9)	+ 105.3
<b>(=) Net Income</b>	<b>6.7</b>	<b>4.3</b>	<b>+ 55.8</b>	<b>21.0</b>	<b>11.7</b>	<b>+ 79.5</b>

### Change in cash generation

Breakdown of cash generation (EBITDA) (R\$ millions)	Quarter			9 months		
	3Q12	3Q11	Change %	9M12	9M11	Change %
<b>(=) Net Income</b>	<b>6.7</b>	<b>4.3</b>	<b>+ 55.8</b>	<b>21.0</b>	<b>11.7</b>	<b>+ 79.5</b>
(-) Income and social contribution taxes	(0.6)	(1.1)	- 45.5	(3.9)	(1.9)	+ 105.3
(-) Financial result	0.5	0.4	+ 25.0	1.8	0.4	+ 350.0
(-) Depreciation and amortization	(1.2)	(1.2)	-	(3.4)	(3.5)	- 2.9
<b>(=) Cash generation (EBITDA)</b>	<b>8.0</b>	<b>6.2</b>	<b>+ 29.0</b>	<b>26.5</b>	<b>16.7</b>	<b>+ 58.7</b>
(+) Late charges revenue	0.7	0.5	+ 40.0	1.8	1.5	+ 20.0
<b>(=) Adjusted cash generation (Adjusted EBITDA)</b>	<b>8.7</b>	<b>6.7</b>	<b>+ 29.9</b>	<b>28.3</b>	<b>18.2</b>	<b>+ 55.5</b>
EBITDA Adjusted Margin	18.4	18.7	- 0.3 p.p	20.4	16.9	+ 3.5 p.p

The flow of EBITDA and adjusted EBITDA in the past five quarters can be demonstrated as follows:



## 2.2 - Gross and net operating revenue

The increase in energy sales and services of Energisa Borborema led to an increase in the Company's gross operating revenue of 23.4% (or R\$ 37.4 million), which amounted to R\$ 197.2 million in 9M12 compared with R\$ 159.8 million in the same period the previous year. Gross revenue amounted to R\$ 66.4 million in 3Q12, an increase of 24.1% (or R\$ 12.9 million) over 3Q11.

Net operating revenue, in turn, rose by 29.2% (or R\$ 31.4 million) in 9M12 to R\$ 138.9 million. In 3Q12 net operating revenue rose by 32.4% (or R\$ 11.6 million) over 3Q11, to R\$ 47.4 million.

**2.2.1 - Annual rate adjustment:** Energisa Borborema's electricity rates were increased by an average 8.93% on February 07, 2012.

## 2.3 - Operating expenses

### 2.3.1 - Operating expenses in electricity distribution and services

Operating expenses in electricity distribution and services amounted to R\$ 93.3 million at Energisa Borborema in 9M12, an increase of 16.8% (or R\$ 13.4 million) over the amount recorded in 9M11. In 3Q12 the increase in these expenses was 23.4% (or R\$ 6.2 million) over the same period last year.

#### 2.3.1.1 - Controllable expenses in electricity distribution and services

The controllable expenses (personnel, material and outsourced services) in electricity distribution and services rose by 10.9% (or R\$ 2.0 million) in 9M12, to R\$ 20.4 million. The controllable expenses rose by 7.9% (or R\$ 0.5 million) in 3Q12 over 3Q11.

### 2.3.2 - Construction costs

Energisa Borborema recognizes revenue and costs deriving from the construction of infrastructure used in public energy concessions, attributing a margin of zero to this activity. Construction costs amounted to R\$ 22.5 million in 9M12 (R\$ 7.9 million in 3Q12), compared with R\$ 14.4 million in 9M11 (R\$ 4.3 million in 3Q11).

### 2.3.3 - Total operating expenses

Energisa Borborema's operating expenses amounted to R\$ 115.8 million in 9M12, an increase of 22.8% (or R\$ 21.5 million) over 9M11. Total operating expenses rose by 31.8% (or R\$ 9.8 million) in 3Q12 over 3Q11.

Operating expenses break down as follows:

Breakdown of operating expenses (R\$ million)	3Q12	3Q11	Change in R\$ million	9M12	9M11	Change in R\$ million
<b>1 - Controllable expenses</b>	<b>6.8</b>	<b>6.3</b>	<b>+ 0.5</b>	<b>20.4</b>	<b>18.4</b>	<b>+ 2.0</b>
1.1 - Personnel (includes pension fund)	3.5	3.1	+ 0.4	10.3	9.1	+ 1.2
1.2 - Material	0.4	0.4	-	1.1	1.2	- 0.1
1.3 - Services	2.9	2.8	+ 0.1	9.0	8.1	+ 0.9
<b>2 - Uncontrollable expenses (acquisition of energy and transmission)</b>	<b>23.6</b>	<b>18.6</b>	<b>+ 5.0</b>	<b>66.9</b>	<b>56.1</b>	<b>+ 10.8</b>
3 - Depreciation and amortization	1.2	1.2	-	3.4	3.5	- 0.1
4 - Allowance for doubtful accounts and contingencies	0.3	0.3	-	0.8	0.8	-
5 - Other expenses / revenue	0.8	0.1	+ 0.7	1.8	1.1	+ 0.7
<b>Subtotal (1+2+3+4+5)</b>	<b>32.7</b>	<b>26.5</b>	<b>+ 6.2</b>	<b>93.3</b>	<b>79.9</b>	<b>+ 13.4</b>
6 - Construction cost	7.9	4.3	+ 3.6	22.5	14.4	+ 8.1
<b>Total</b>	<b>40.6</b>	<b>30.8</b>	<b>+ 9.8</b>	<b>115.8</b>	<b>94.3</b>	<b>+ 21.5</b>

## 2.4 - Financial result

The net financial result (financial revenue minus financial expenses) amounted to net financial revenue of R\$ 1.8 million in 9M12 (R\$ 0.5 million in 3Q12), as compared to a net financial expense of R\$ 0.4 million in 9M11 (R\$ 0.4 million of financial revenue in 3Q11).

## Results for 3rd quarter of 2012

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, 2012 and December 31, 2011:

Description	09/30/2012	12/31/2011
Amount in R\$ million		
<b>Short-term (ST)</b>	<b>4.8</b>	<b>8.9</b>
. Loans and financing	4.5	8.6
. Debt charges and financing of taxes	0.3	0.3
<b>Long-term (LT)</b>	<b>40.0</b>	<b>21.6</b>
. Loans and financing	40.0	21.6
<b>Total debts (ST + LT)</b>	<b>44.8</b>	<b>30.5</b>
(-) Cash and cash equivalents	12.4	14.0
<b>Total net debts</b>	<b>32.4</b>	<b>16.5</b>

(\*) R\$ 20.5 million (45.8%) of the total debt as of September 30, 2012 is denominated in US dollars.

### 3 - Operating Performance

#### 3.1 - Electricity Sales

Electricity sales to the captive consumers served by Energisa Borborema in 3Q12 rose by 5.3%, to 157.4 GWh. Total energy distributed, including captive consumers, sales to distributors, free consumers and unbilled sales, stood at 161.1 GWh in 3Q12, an expansion of 4.7% over the same quarter last year.

Captive consumption rose by an accumulated 7.3% in 9M12 over 9M11 and total energy distributed stood at 488.7 GWh, i.e. 3.5% more than in 9M11. The table below shows the change in electricity sales by segment over the half:

#### Electricity Sales by Segment (In GWh)

Description	Quarter			9 months		
	3Q12	3Q11	Change %	9M12	9M11	Change %
<b>a) Energy Sales in the Retail Market</b>	<b>157.4</b>	<b>149.5</b>	<b>+ 5.3</b>	<b>476.9</b>	<b>444.4</b>	<b>+ 7.3</b>
. Residential	49.5	47.0	+ 5.3	150.6	141.8	+ 6.2
. Industrial	55.5	54.0	+ 2.8	162.8	154.2	+ 5.6
. Commercial	31.0	28.8	+ 7.6	98.3	88.4	+ 11.2
. Rural	5.4	4.5	+ 20.0	16.9	14.6	+ 15.8
. Other sectors	16.0	15.2	+ 5.3	48.3	45.4	+ 6.4
b) Electricity Sales to Distributors	4.2	5.5	-23.6	11.6	27.8	- 58.3
c) Net Unbilled Sales	(0.9)	(1.1)	- 18.2	(0.2)	(0.2)	-
<b>d) Total Electricity Distributed (a+b+c)</b>	<b>160.7</b>	<b>153.9</b>	<b>+ 4.4</b>	<b>488.3</b>	<b>472.0</b>	<b>+ 3.5</b>
e) Energy associated with Free Consumers	0.4	-	-	0.4	-	-
<b>f) Total Electricity Distributed (d+e)</b>	<b>161.1</b>	<b>153.9</b>	<b>+ 4.7</b>	<b>488.7</b>	<b>472.0</b>	<b>+ 3.5</b>

### 3.2 - Energy losses

Energisa Borborema's energy losses were recorded at 7.07% in the past 12 months ended September 2012, a decrease of 0.49 percentage points over the same period ended September last year.

<b>4 - Investment</b>
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In the first nine months of 2012 Energisa Borborema invested R\$ 19.9 million to fully meet the demand resulting from the growth of its market and to improve the quality of services provided. This amount is an increase of 30.1% over the same period last year, when R\$ 15.3 million was invested.

Management.

Financial Statements
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## 1. Balance Sheet - Assets

Energisa Borborema		
Balance Sheet		
September 30, 2012 and December 31, 2011		
(In thousands of reais)		
	<u>9/30/2012</u>	<u>12/31/2011</u>
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents	7,054	8,699
Money market and secured funds	3,722	3,639
Consumers and concessionaires	24,143	23,290
Credit receivables	2,536	2,213
Inventory	637	621
Recoverable taxes	4,809	7,954
Prepaid expenses	621	455
Low income and other receivables	4,336	3,125
<b>Total current</b>	<u>47,858</u>	<u>49,996</u>
<b>Noncurrent</b>		
<b>Noncurrent assets</b>		
Money market and secured funds	1,614	1,692
Credit receivables	3,646	3,547
Recoverable taxes	4,107	1,861
Tax credits	22,745	23,337
Escrow deposits	5,299	5,487
Derivative financial instruments	1,312	-
Accounts receivable from the concession	19,748	5,556
	<u>58,471</u>	<u>41,480</u>
Investments	81	84
Intangible assets	65,686	64,492
<b>Total noncurrent</b>	<u>124,238</u>	<u>106,056</u>
<b>Total Assets</b>	<u>172,096</u>	<u>156,052</u>

## 2. Balance Sheet - Liabilities

Energisa Borborema		
Balance Sheet		
September 30, 2012 and December 31, 2011		
(In thousands of reais)		
	<u>9/30/2012</u>	<u>12/31/2011</u>
<b>Liabilities</b>		
<b>Current</b>		
Suppliers payable	11,789	11,677
Debt charges	227	229
Loans and financing	4,545	8,646
Payroll	205	193
Taxes and social contributions	8,223	8,637
Dividends	72	3,487
Consumer charges payable	844	1,050
Estimated obligations	1,175	899
Public lighting fee received	688	672
Other accounts payable	3,557	5,194
<b>Total current</b>	<u>31,325</u>	<u>40,684</u>
<b>Noncurrent</b>		
<b>Noncurrent liabilities</b>		
Suppliers payable	385	361
Loans and financing	39,990	21,596
Taxes and social contributions	531	153
Deferred income and social contribution taxes	1,097	865
Provisions for contingencies	3,105	2,910
<b>Total noncurrent</b>	<u>45,108</u>	<u>25,885</u>
<b>Shareholders' equity</b>		
Capital	57,018	52,239
Treasury stock	(50)	(50)
Capital reserves	24,148	24,148
Profit reserves	(6,437)	9,426
Additional dividends proposed	-	3,720
Net incomes for the period	20,984	-
	<u>95,663</u>	<u>89,483</u>
<b>Total Liabilities</b>	<u>172,096</u>	<u>156,052</u>

## 3. Income Statement

Energisa Borborema - Distribuidora de Energia S/A  
Income Statement  
Nine months ended September 30, 2012 and 2011  
(In thousands of reais)

	9M12	9M11
<b>Revenues</b>		
Electricity sales to consumers	172,338	144,141
Construction revenue	22,527	14,359
Other revenue	2,364	1,307
	<u>197,229</u>	<u>159,807</u>
<b>Deductions from operating revenue</b>		
ICMS on billing	34,858	29,972
PIS, Cofins and ISS	16,188	13,885
Quotas for global reversal reserve	1,045	725
Others (CCC, CDE, P&D and PEE)	6,277	7,713
	<u>58,368</u>	<u>52,295</u>
<b>Net operating revenue</b>	<u>138,861</u>	<u>107,512</u>
<b>Operating expenses</b>		
Personnel (includes pension fund expenses)	10,343	9,070
Material	1,059	1,246
Outsourced services	8,972	8,143
Electricity purchased for resale	54,184	47,629
Transmission of electricity	12,714	8,467
Depreciation and amortization (includes goodwill)	3,423	3,516
Allowance for possible loan losses / contingencies	740	799
Construction cost	22,527	14,359
Other revenue/expenses	1,830	1,097
	<u>115,792</u>	<u>94,326</u>
<b>Net income before other revenue and expenses</b>	<u>23,069</u>	<u>13,186</u>
<b>Financial income</b>		
Revenue on short-term investments	938	1,258
Arrears charge on power sales	1,825	1,526
Other revenue	782	482
Debt charges - Interest	(1,898)	(2,382)
Debt charges - monetary and exchange variance	(1,002)	-
Adjustment to present value	458	(348)
Mark-to-market of derivatives	599	-
Derivative financial instruments	433	-
(-) Transfers to work in progress	627	631
Other financial expenses	(1,006)	(810)
	<u>1,756</u>	<u>357</u>
<b>Net income before tax</b>	<u>24,825</u>	<u>13,543</u>
Income and social contribution taxes	(3,841)	(1,843)
<b>Net income for the period</b>	<u>20,984</u>	<u>11,700</u>



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