



Non-Deal Roadshow June 2006

Hosted by Bear, Stearns

equatorial
equatorial
ENERGIA

Agenda

- ▶ **Company Overview**
- ▶ **Successful Turnaround at CEMAR**
- ▶ **Growth Opportunities**
- ▶ **1Q06 Financial and Operating Results**
- ▶ **Performance at the BOVESPA**
- ▶ **Summary**

Agenda

- ▶ **Company Overview**

- ▶ Successful Turnaround at CEMAR

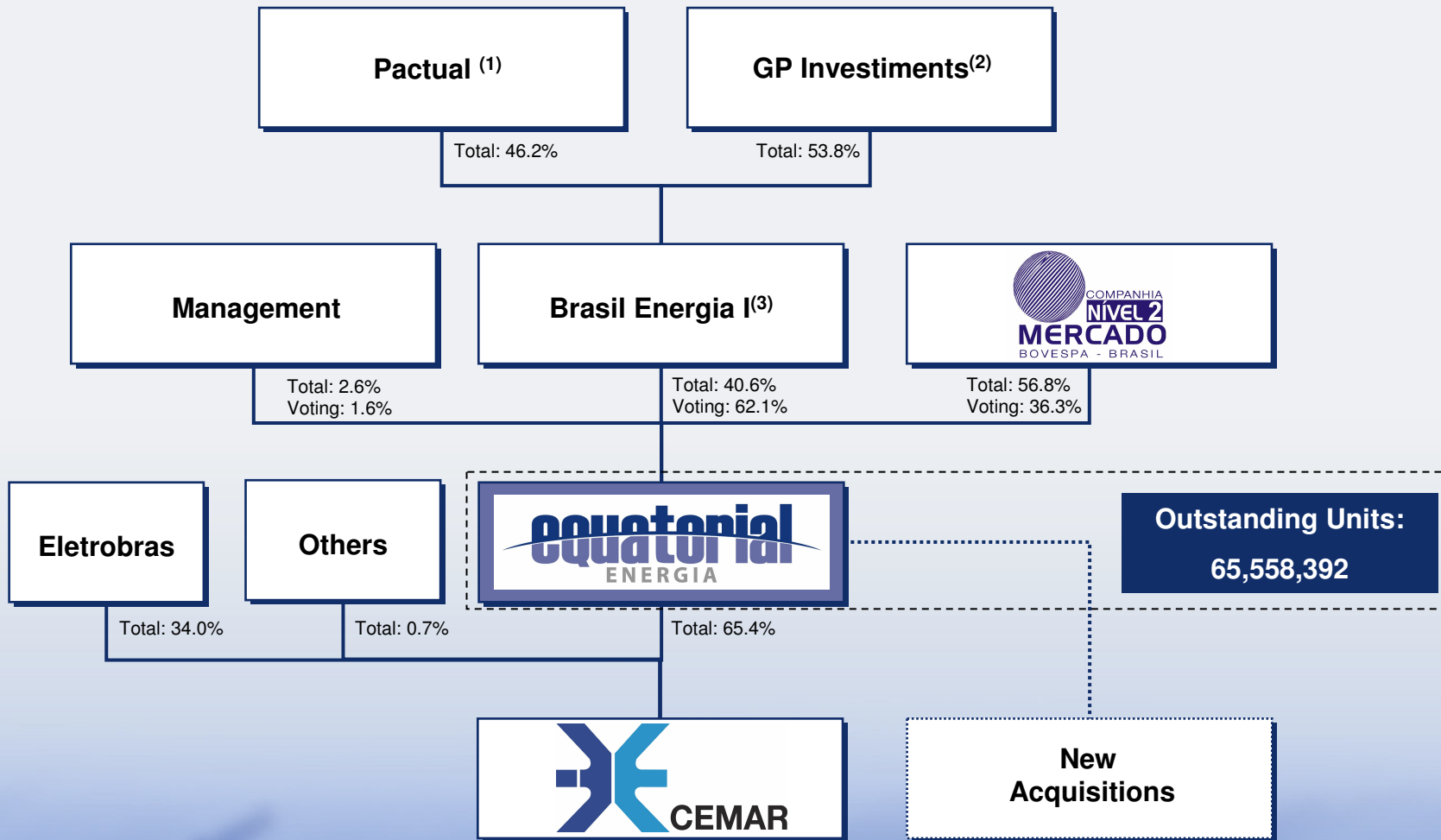
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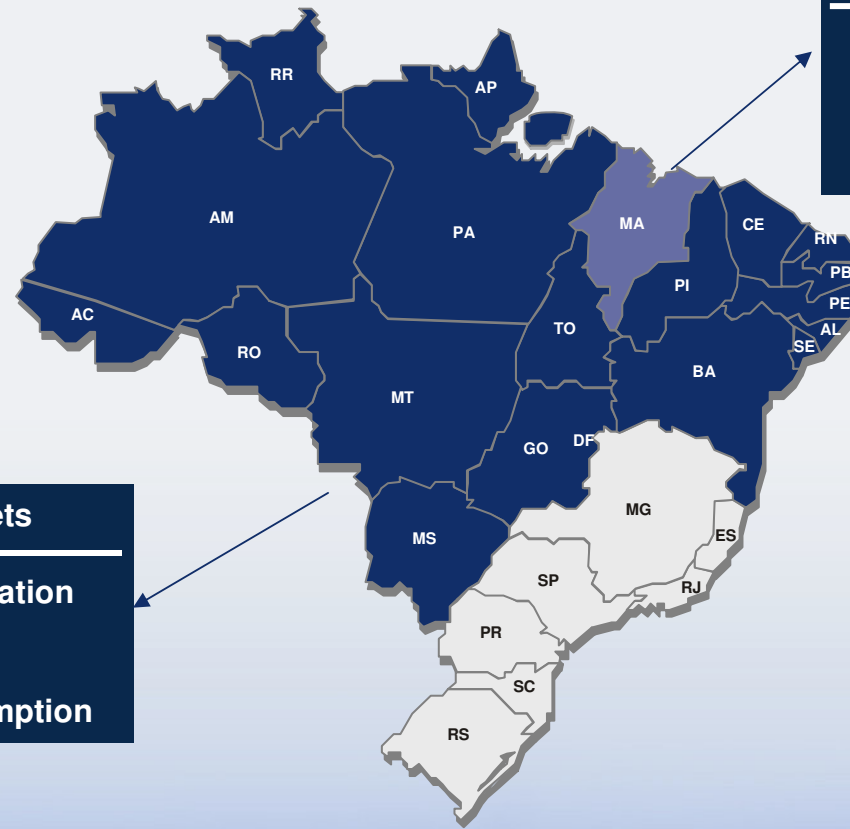
Corporate Structure



(1) Pactual Latin America Power Fund Ltd., fund managed by Pactual
 (2) Funds managed by GP Investments
 (3) Includes shares held through Tordezilhas S.A., whole owned subsidiary of Brasil Energia I



Equatorial Target Markets and Cemar Concession Area



Cemar Concession Area

3.3% of national population

0.9% of GDP

1.2% of energy consumption

Equatorial Target Markets

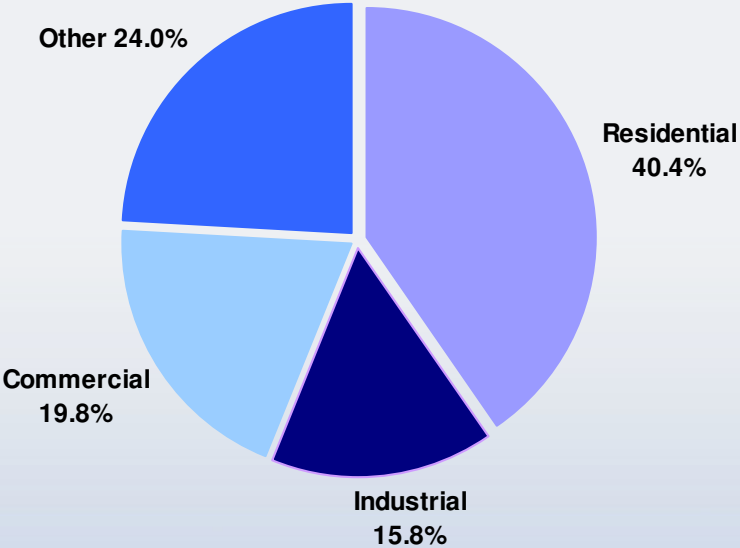
43.0% of national population

26.3% of GDP

28.9% of energy consumption

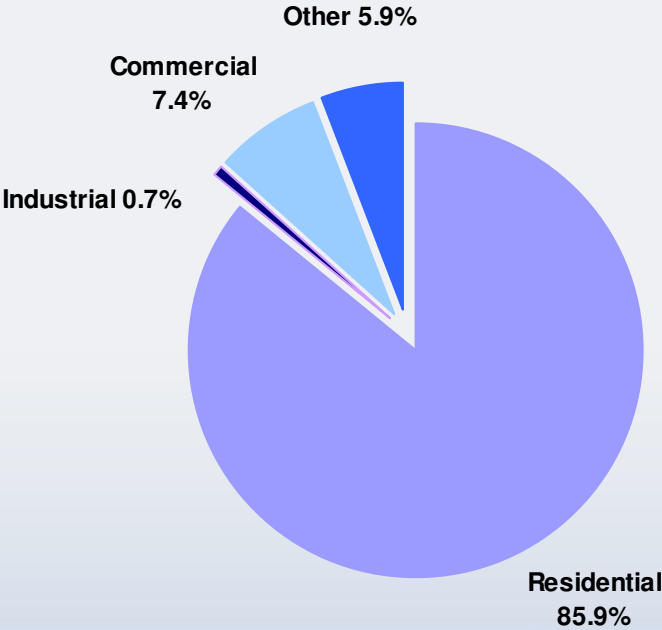
Cemar Energy Sales

Volume Breakdown (GWh)



2,793 GWh

Consumers Breakdown



1.3 million consumers



Note: Data from ABRADÉE, CEMAR reports. Data as of 2005.

Strategy

Consolidation of distributors located in the North / Northeast / Center-West

- ▶ Acquisition of control, independently or jointly
- ▶ Opportunities for gains through: operational and financial restructuring, reduction of losses, synergy gains and above-average market growth

Increased operational efficiency and reduction of losses

- ▶ Continuation of CEMAR's restructuring program, increasing productivity gains, seeking new cost reductions and reducing commercial losses

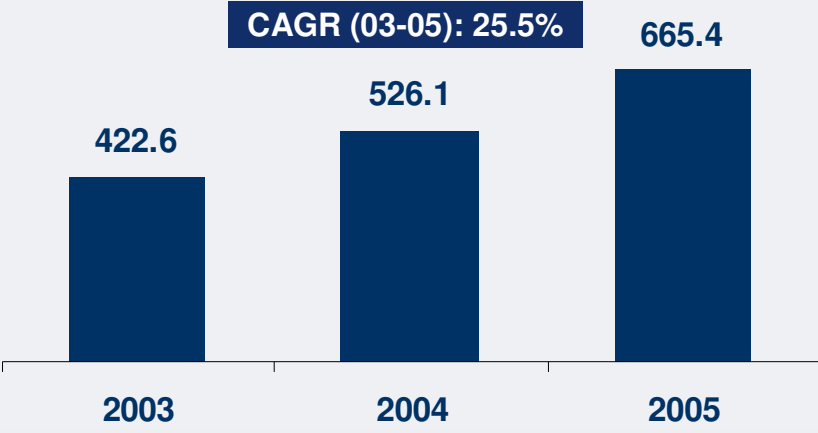
Selective assessment of investments in generation

- ▶ Heavy investments in generation will be necessary over the next few years in Brazil
- ▶ This scenario could generate attractive investment opportunities that will be analyzed by Equatorial

Outstanding Financial Performance

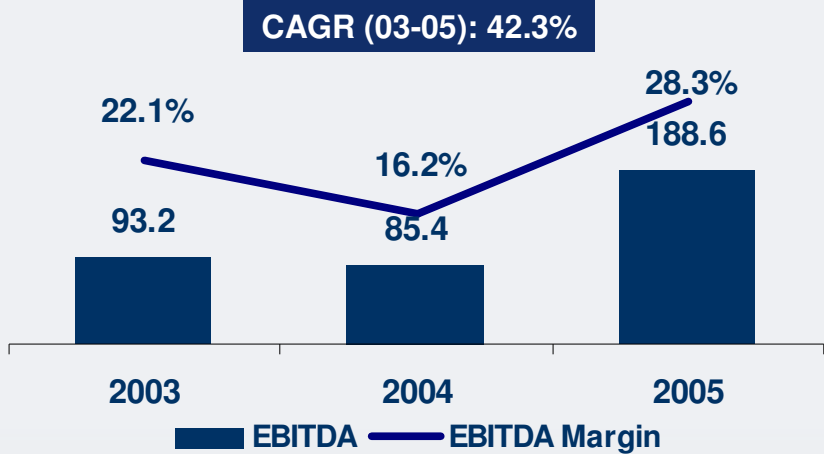
NET REVENUES (R\$ Million)

CAGR (03-05): 25.5%

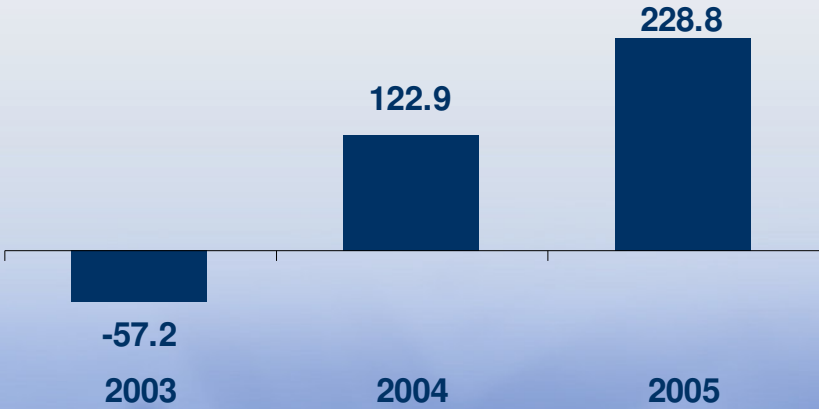


EBITDA (R\$ Million)

CAGR (03-05): 42.3%



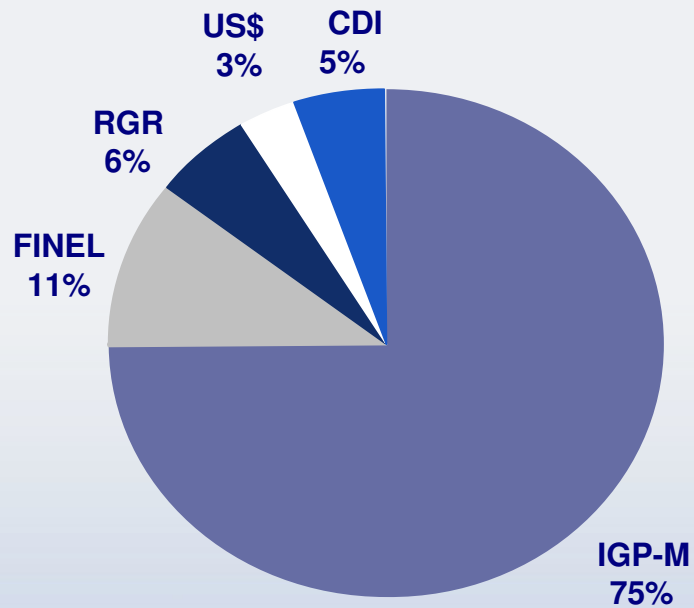
NET INCOME (R\$ Million)



Source: Equatorial reports

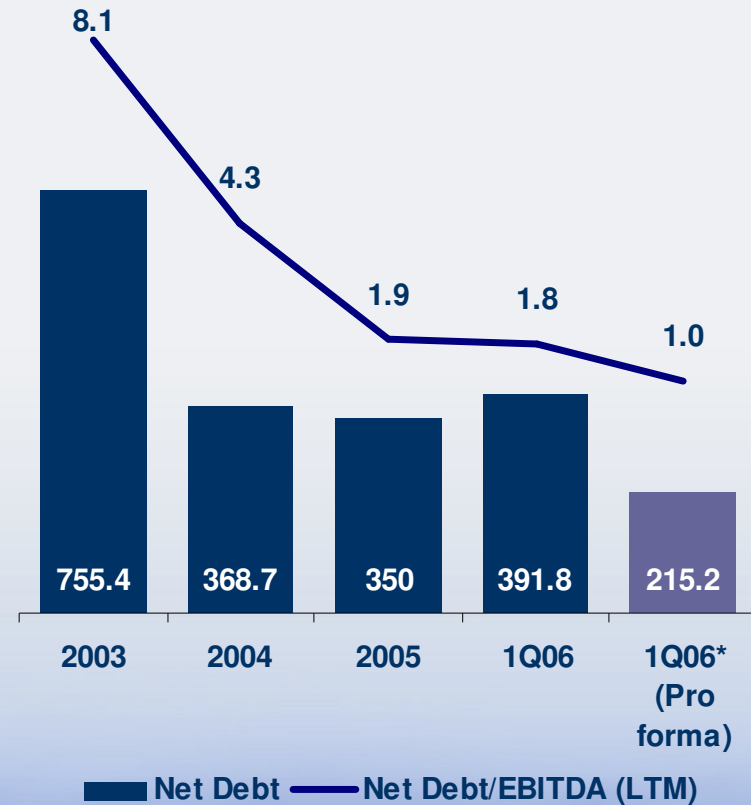
Solid Balance Sheet

TOTAL DEBT (1Q06)
R\$514.9 million



Duration: 10.1 years

NET DEBT (R\$ Million)



Source: Equatorial reports

* Including net proceeds of R\$176.6 million, received in April, 2006, from the primary portion of the IPO

Strengths

**Growth prospects and
consolidation
opportunities**

**Financial strength and
solid management team
with turnaround experience**

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**Result-oriented
management model**

**High level of
Corporate Governance**

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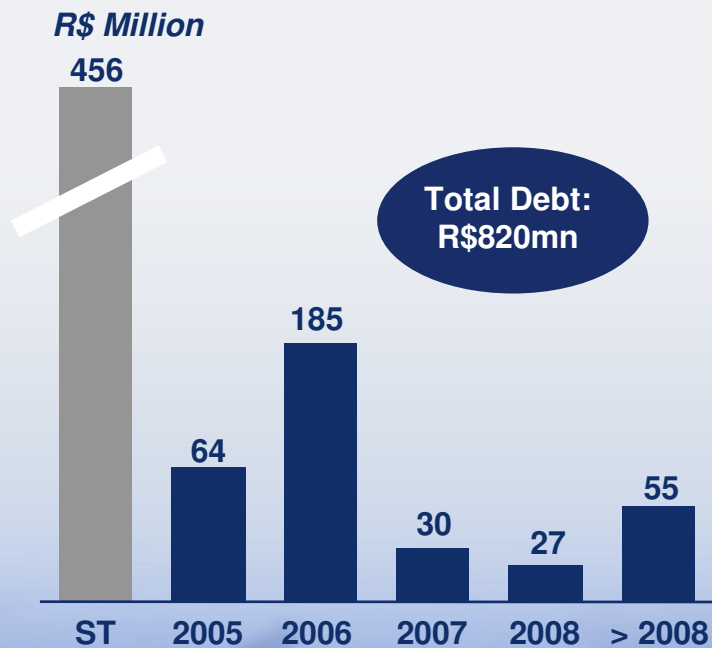
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CEMAR Financial Restructuring

- ▶ Capitalization of R\$155 million
- ▶ Renegotiation of CEMAR's debt
 - Average debt duration of 10 years
 - Around 90% of debt pegged to the IGP-M (same index used to adjust tariffs), of which 22% with 18-year maturity and cost of IGP-M + 4%

DEBT AMORTIZATION PROFILE – DEC 2003



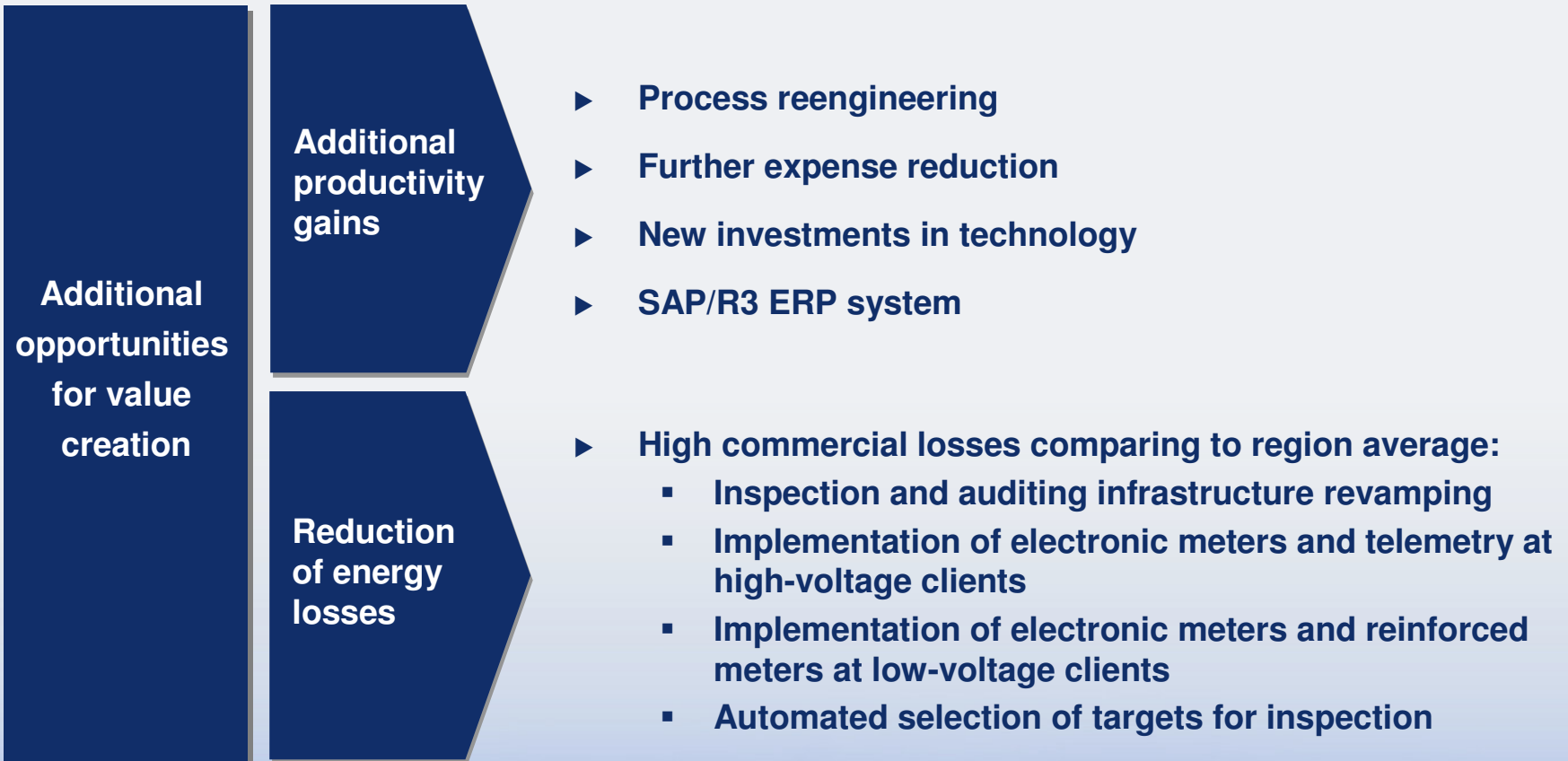
DEBT AMORTIZATION PROFILE – DEC 2005



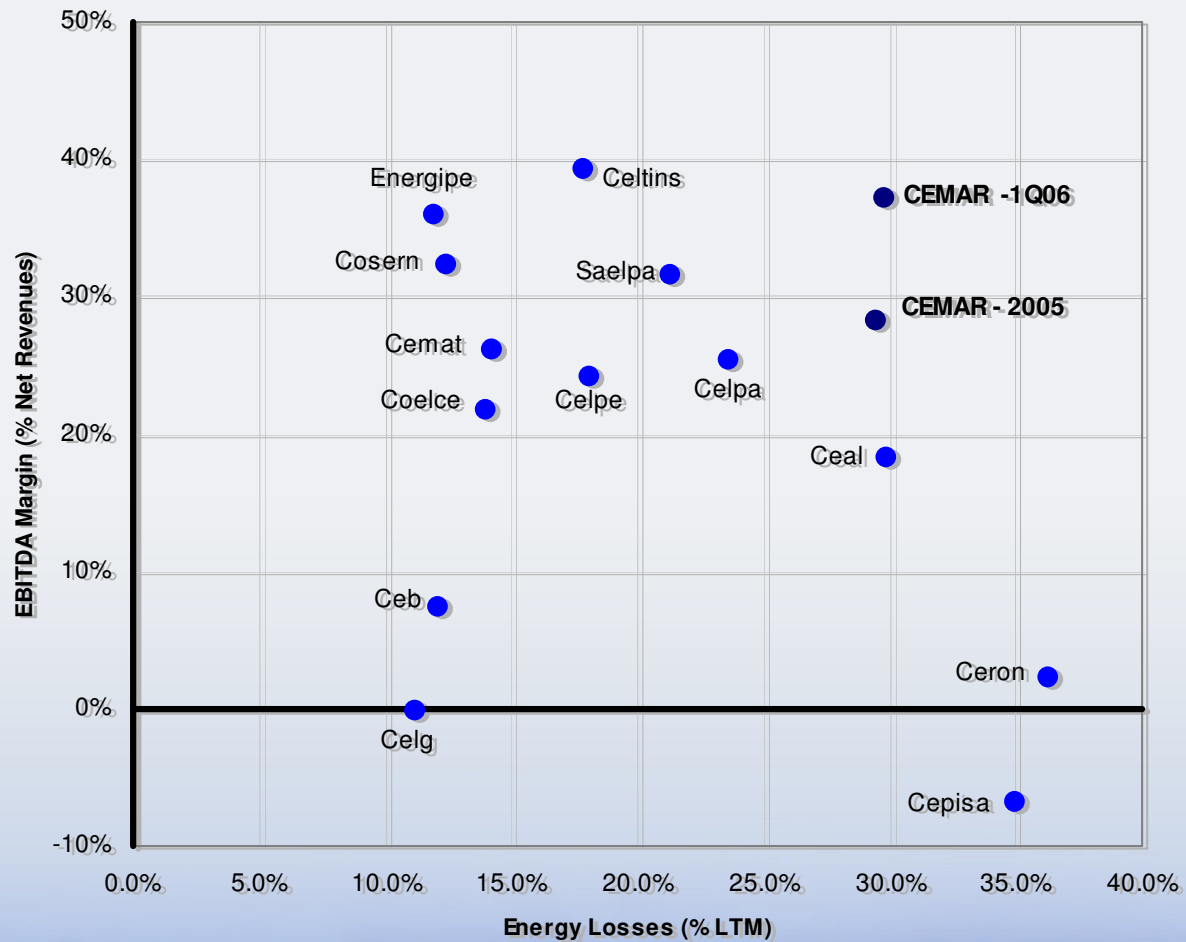
CEMAR Operational Restructuring



Additional Opportunities for Value Creation at CEMAR



Energy Losses vs. EBITDA margin



Source: ABRADÉE, Distributors from North / Northeast / Center-West regions - 2005 data

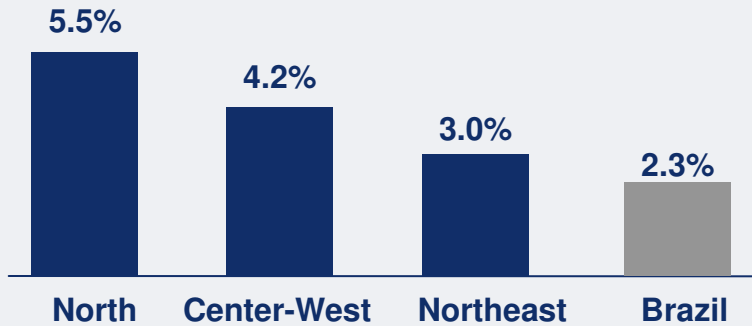
* Figures refer to 2004 Electricity Losses

Agenda

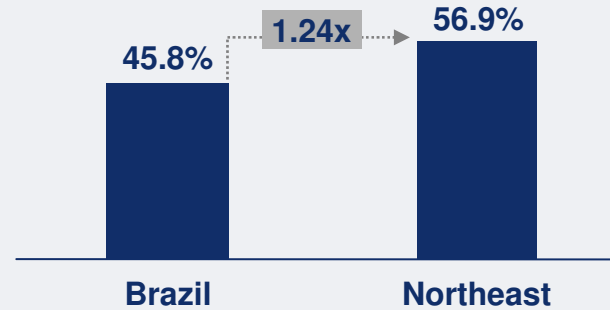
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Focus on Regions with Higher Electricity Consumption Growth

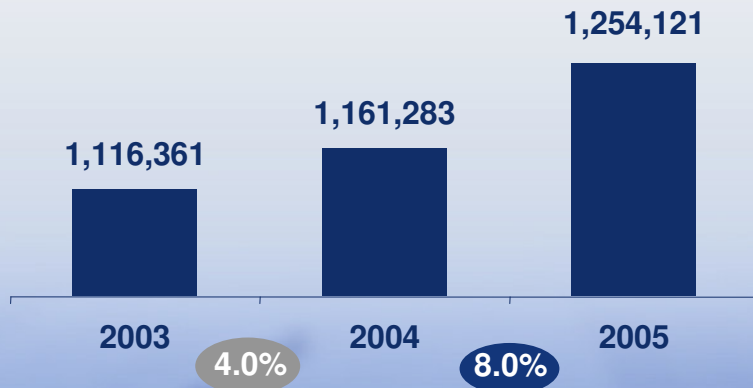
ORGANIC MARKET GROWTH
Avg Growth (p.a.) in Energy Consumption -99/05



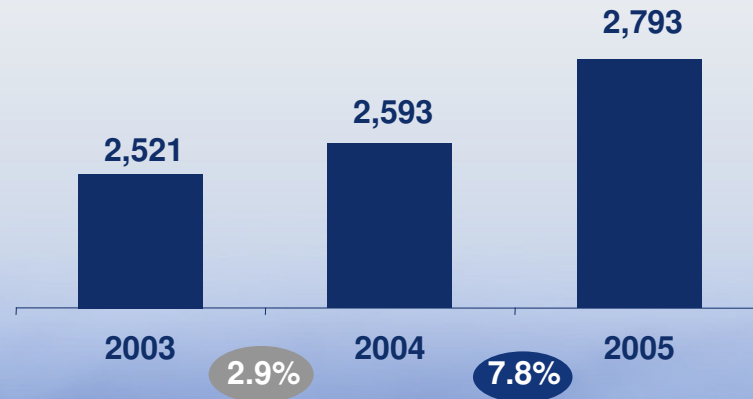
REAL GDP GROWTH – 90/04



CEMAR – NUMBER OF CONSUMERS



CEMAR – ENERGY SOLD (GWh)



Potential Acquisition Targets

| Company | Control | Net Revenues (R\$ 000) | Energy Sold (GWh) | EBITDA (R\$ 000) | EBITDA Margin (%) |
|--------------|---------------------------|------------------------|-------------------|------------------|-------------------|
| CELPE | Neoenergia | 1,603,646 | 7,860 | 388,362 | 24.2% |
| COELCE | Endesa | 1,581,522 | 6,397 | 344,821 | 21.8% |
| CEMAT | Grupo Rede | 1,233,464 | 4,006 | 322,201 | 26.1% |
| CELPA | Grupo Rede | 1,124,792 | 4,661 | 284,398 | 25.3% |
| COSERN | Neoenergia | 619,655 | 3,163 | 199,931 | 32.3% |
| CEMAR | Equatorial Energia | 665,444 | 2,793 | 188,578 | 28.3% |
| SAELPA | Cataguazes | 492,552 | 2,227 | 155,074 | 31.5% |
| ENERGIPE | Cataguazes | 381,159 | 1,647 | 137,072 | 36.0% |
| CELTINS | Grupo Rede | 265,661 | 932 | 104,226 | 39.2% |
| CEAL | Eletrobrás | 468,795 | 2,159 | 85,795 | 18.3% |
| CEB | State Govt. | 859,050 | 3,799 | 63,846 | 7.4% |
| CERON | Eletrobrás | 452,418 | 1,439 | 10,177 | 2.2% |
| CELG | State Govt. | 1,556,176 | 7,050 | (3,084) | -0.2% |
| CEPISA | Eletrobrás | 376,708 | 1,583 | (25,908) | -6.9% |



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1Q06 - Highlights

- ▶ Proceeds of R\$185.6 MM with the primary portion of Equatorial Energia's IPO
- ▶ EBITDA of R\$67.6 MM, 94.6% higher than 1Q05
- ▶ EBITDA Margin of 37.1%, compared to 24.5% no 1Q05
- ▶ Pro Forma* Net Income of R\$21.8 MM, 127.4% higher than 1Q05, adjusted by IPO-related expenses
- ▶ Signed the 2nd contract of the "Light for Everyone" Federal Government Program, worth R\$275.4 MM

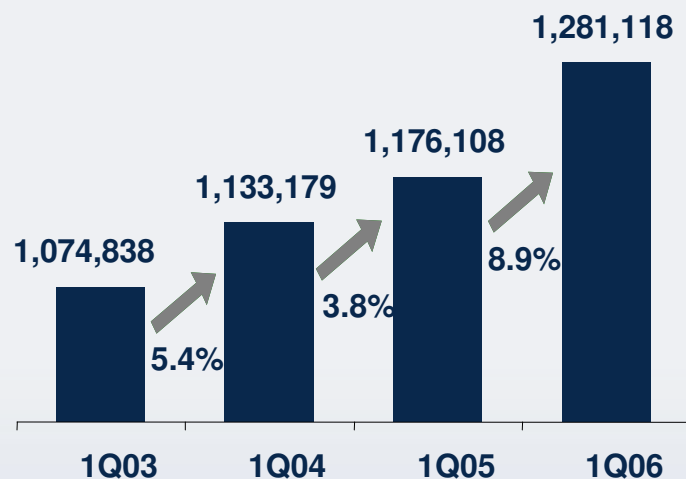


* Excluding non-recurring IPO-related expenses

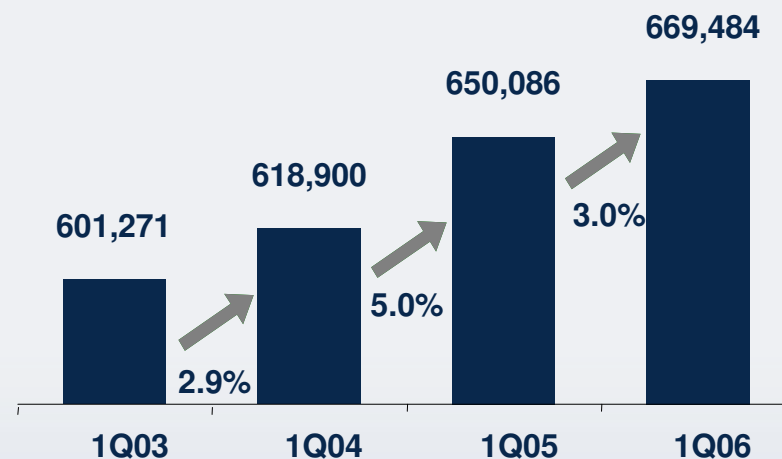
Market

Consistent growth in spite of isolated events in the industrial class

CLIENTS



MWh SALES



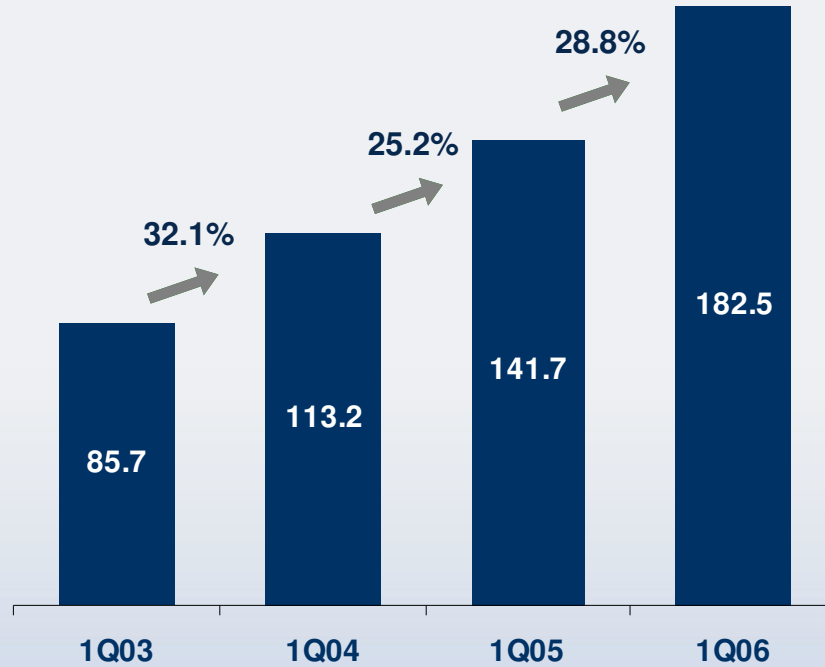
CONSUMPTION BY CONSUMER CLASS (MWh)

| | 1Q03 | 1Q04 | 1Q05 | 1Q06 | % 06-05 |
|--------------------|----------------|----------------|----------------|----------------|-------------|
| Residential | 247,756 | 254,294 | 271,076 | 282,450 | 4.2% |
| Industrial | 102,781 | 102,036 | 101,239 | 85,931 | -15.1% |
| Comercial | 112,086 | 119,249 | 128,932 | 137,979 | 7.0% |
| Rural | 15,821 | 18,575 | 20,305 | 21,044 | 3.6% |
| Others | 122,826 | 124,745 | 128,533 | 142,080 | 10.5% |
| Total | 601,271 | 618,900 | 650,086 | 669,484 | 3.0% |

Net Revenues

Continued growth

NET REVENUES (R\$ MM)



| R\$ | 1Q03 | 1Q04 | 1Q05 | 1Q06 | CAGR (03-06) |
|-----------------------|-------|-------|-------|-------|--------------|
| Net Revenues/Consumer | 79.7 | 99.9 | 120.5 | 142.5 | 21.3% |
| Net Revenues/MWh | 142.5 | 182.9 | 218.0 | 272.6 | 24.1% |



Manageable Expenses

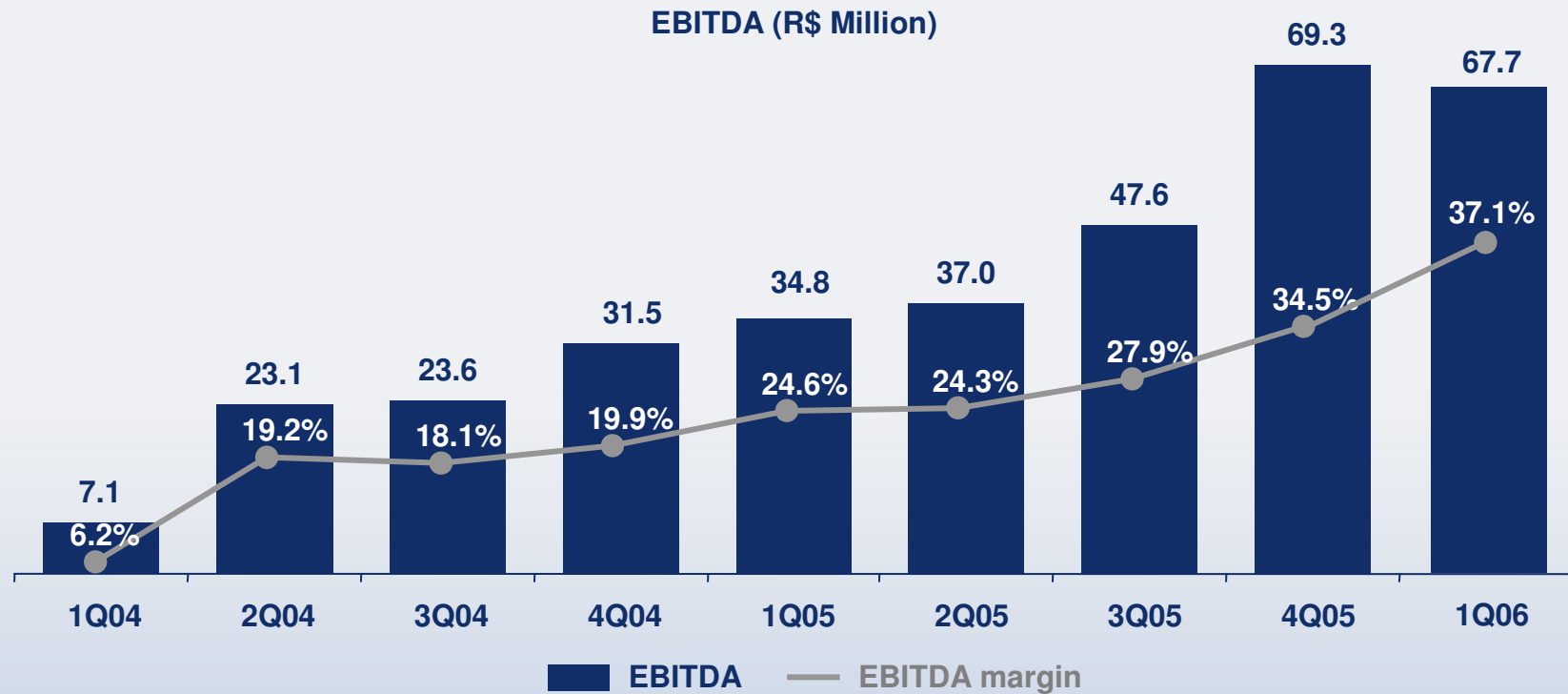
Operational Efficiency Gains

MANAGEABLE EXPENSES (R\$ MM)

| R\$ million | 1Q05 | Avg 05 | 1Q06 |
|----------------------|-------------|-------------|-------------|
| Personnel | 11.6 | 14.2 | 15.2 |
| Material | 1.2 | 1.4 | 1.4 |
| Services | 15.0 | 15 | 13.4 |
| Other | 10.4 | 15.3 | 11.2 |
| Total | 38.1 | 45.9 | 41.2 |
| <hr/> | | | |
| PMSO (R\$)/Consumers | 32.4 | 37.4 | 32.1 |
| PMSO / Net Revenue | 26.9% | 30.8% | 22.6% |

Quarterly EBITDA

Growth in Equatorial's EBITDA Margin

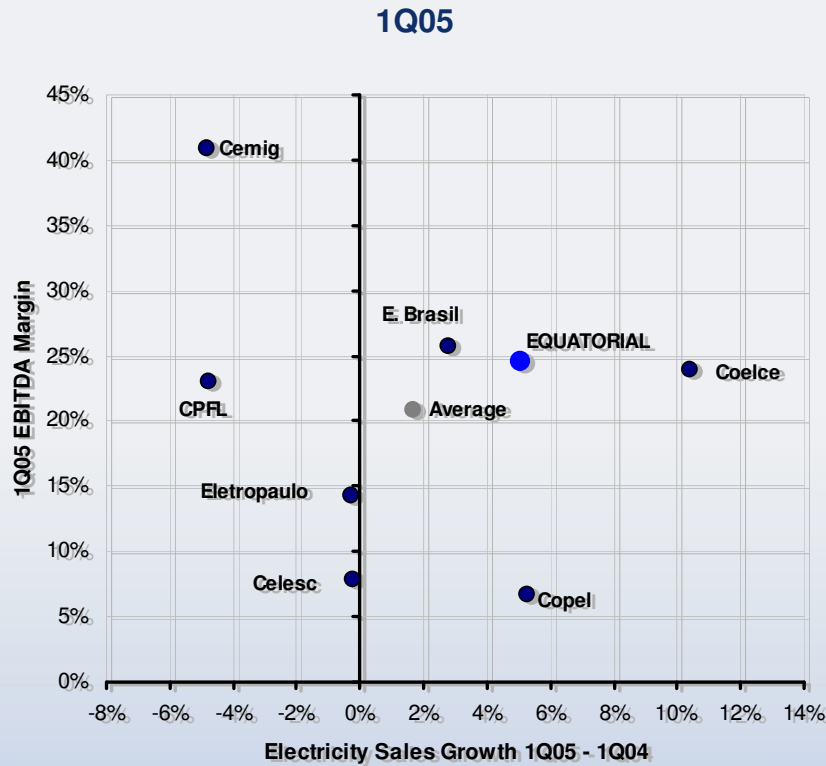


| R\$ | 1Q04 | 2Q04 | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | CAGR (04-06) |
|-----------------|-------|-------|-------|-------|-------|-------|-------|-------|--------|--------------|
| EBITDA/MWh | 11.47 | 36.05 | 35.70 | 47.21 | 53.53 | 54.64 | 67.14 | 92.21 | 100.14 | 195.4% |
| EBITDA/Consumer | 6.27 | 20.22 | 20.45 | 27.13 | 29.59 | 30.78 | 39.05 | 55.25 | 52.84 | 190.4% |

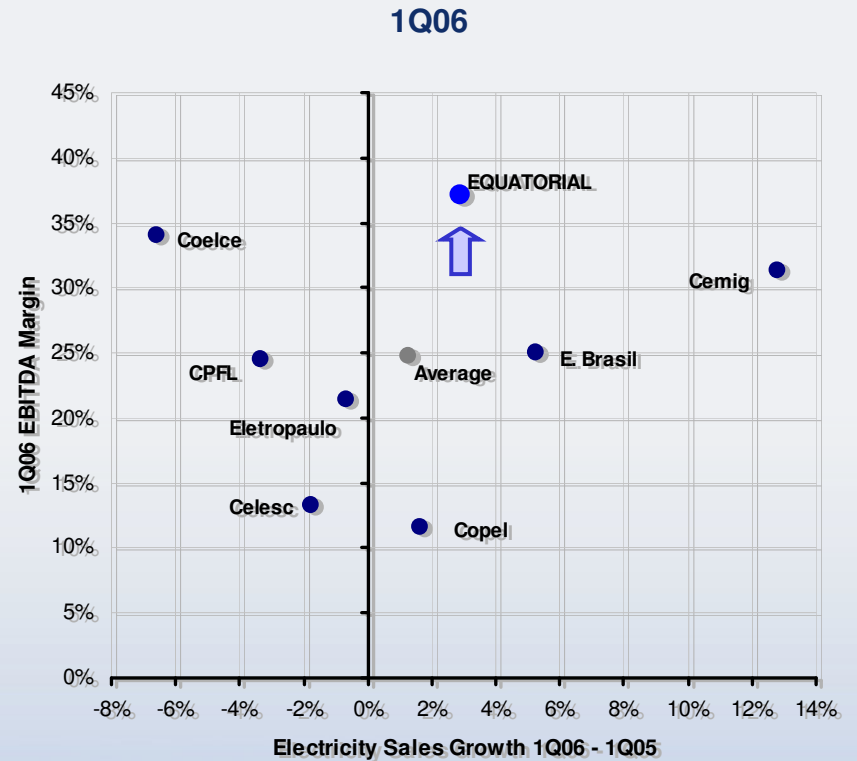


Benchmark

EBITDA Margin vs. Electricity Growth



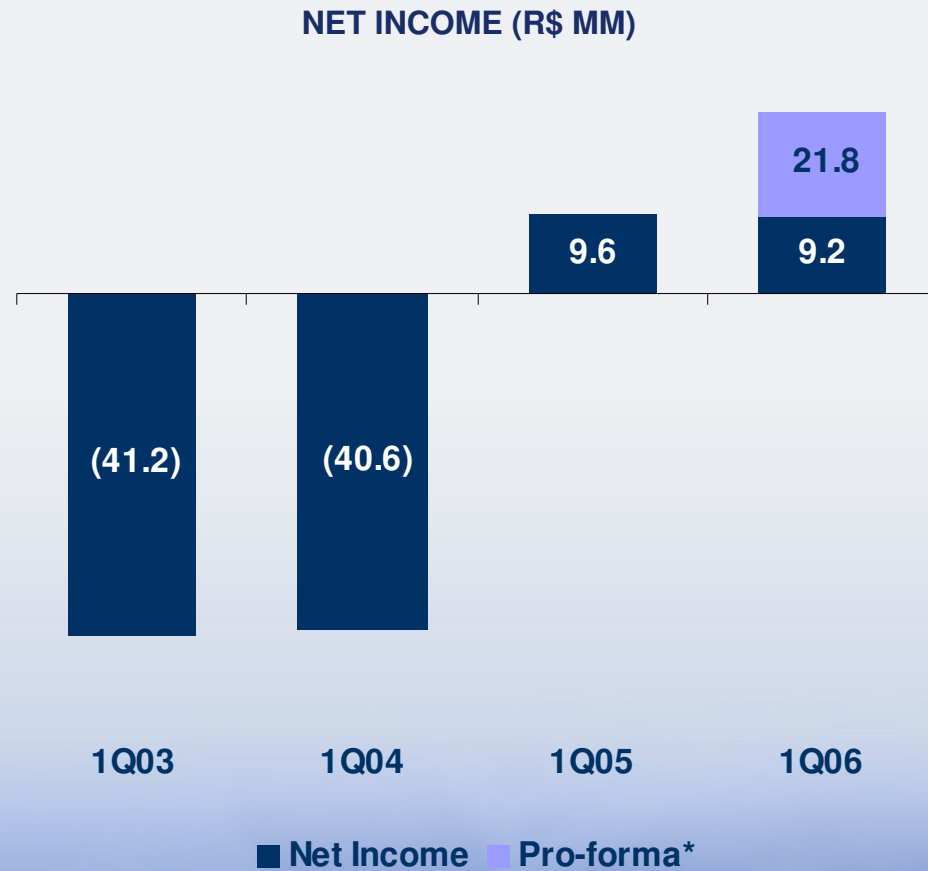
| 1Q05 | Equatorial | Average | ▲ |
|----------------------|------------|---------|----------|
| EBITDA Margin | 24.5% | 20.9% | 3.6 p.p. |
| Energy Sales (y-o-y) | 5.0% | 1.7% | 3.3 p.p. |



| 1Q06 | Equatorial | Average | ▲ |
|----------------------|------------|---------|-----------|
| EBITDA Margin | 37.1% | 24.8% | 12.3 p.p. |
| Energy Sales (y-o-y) | 2.9% | 1.3% | 1.6 p.p. |

Net Income

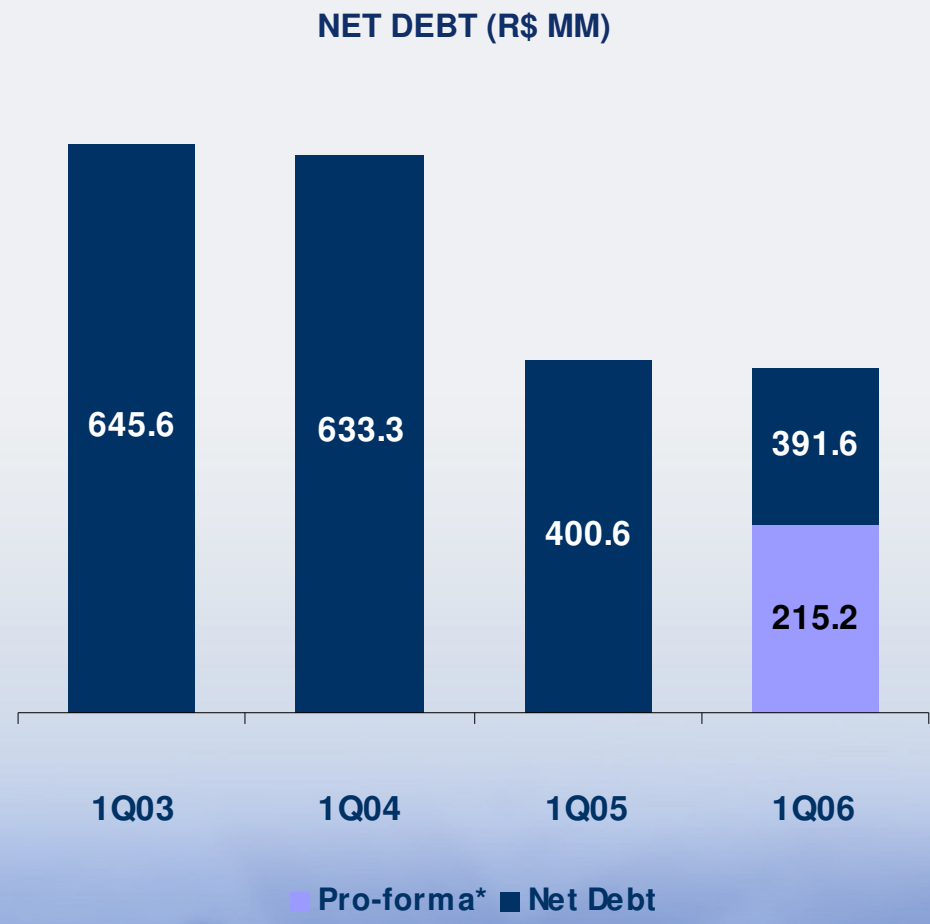
Profitability growth, excluding non-recurring IPO-related expenses



* Excluding non-recurring IPO-related expenses

Net Debt

Reduced net debt year-over-year

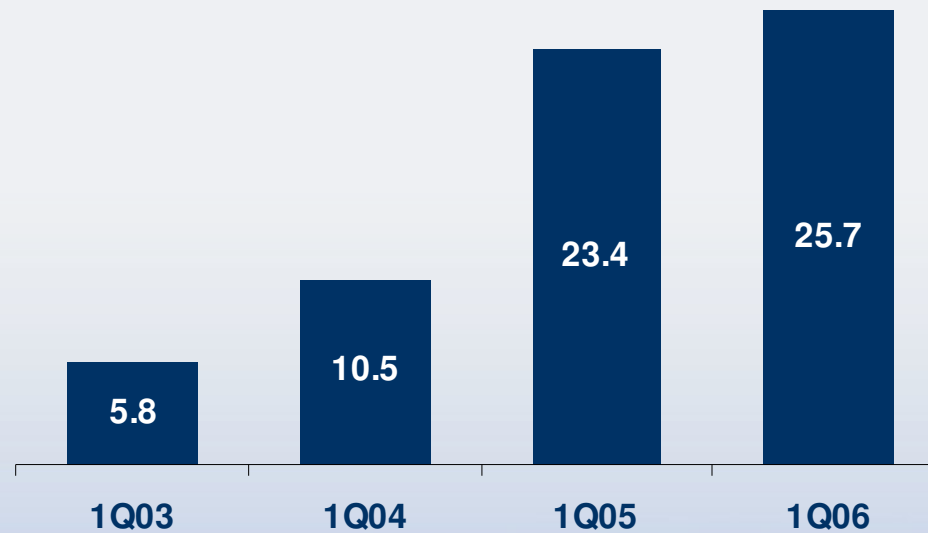


* Considering the proceeds of the IPO (primar offer)

CAPEX

Constant investment pace

CAPEX* (R\$ MM)



CEMAR expects to invest approximately R\$120 million per year for the next 3 years.



Source: CEMAR Reports

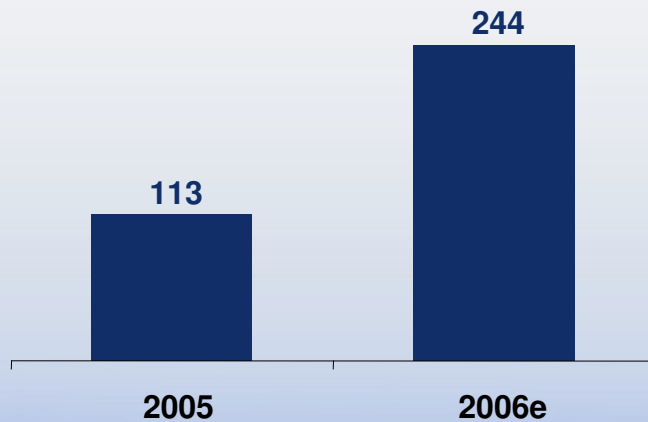
* Excludes Light for Everyone Program related investments

Light for Everyone Program

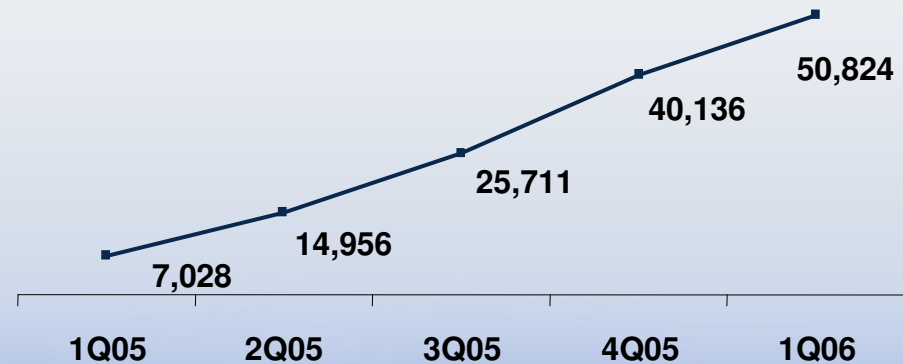
Second contract signed in March 2006

- Light for Everyone Program 2006 contract (60K connections): R\$275.4 million
 - Non-refundable Portion – CDE: R\$238.7 million
 - Financed Portion – RGR: R\$36.7 million
- Funds received in 03/31/06: R\$83.6 million

DIRECT INVESTMENTS (R\$ Million)



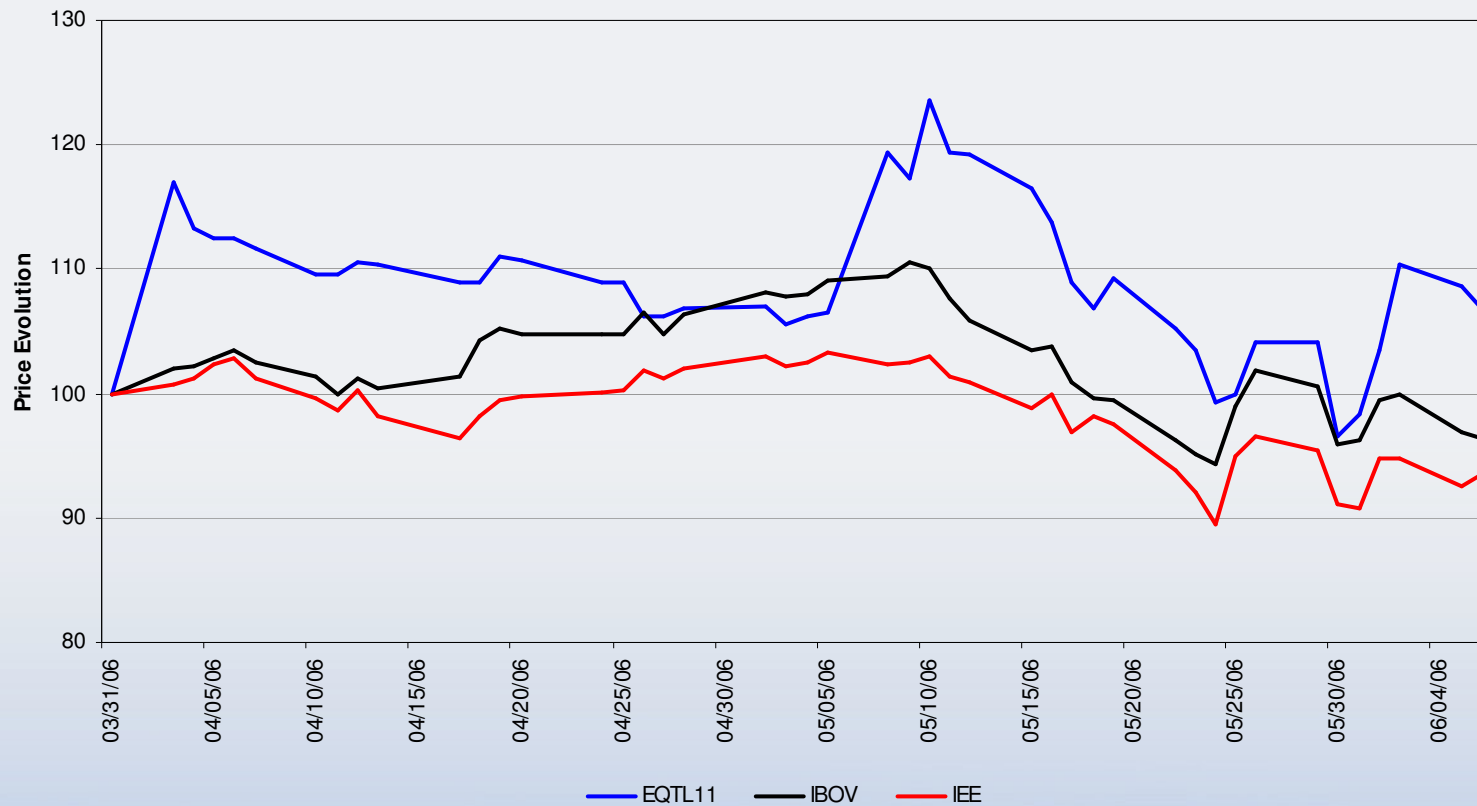
TOTAL CONNECTIONS



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Performance at the BOVESPA*



Average daily volume traded since IPO: R\$ 4.0 million**



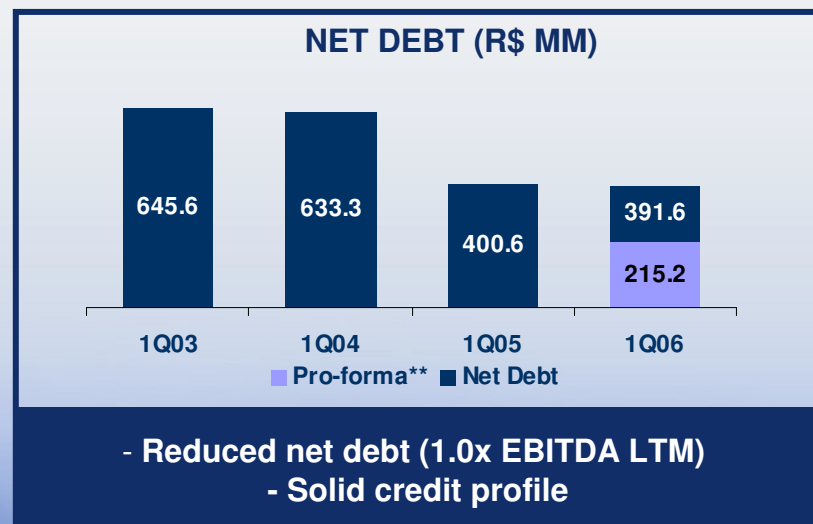
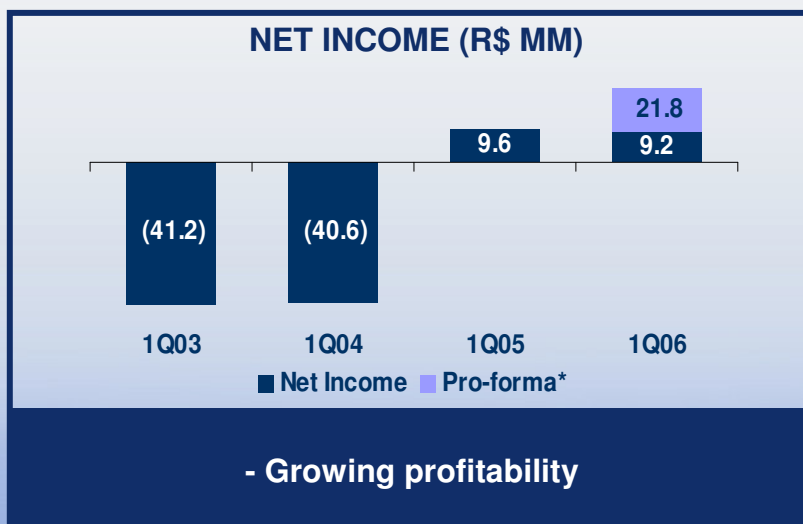
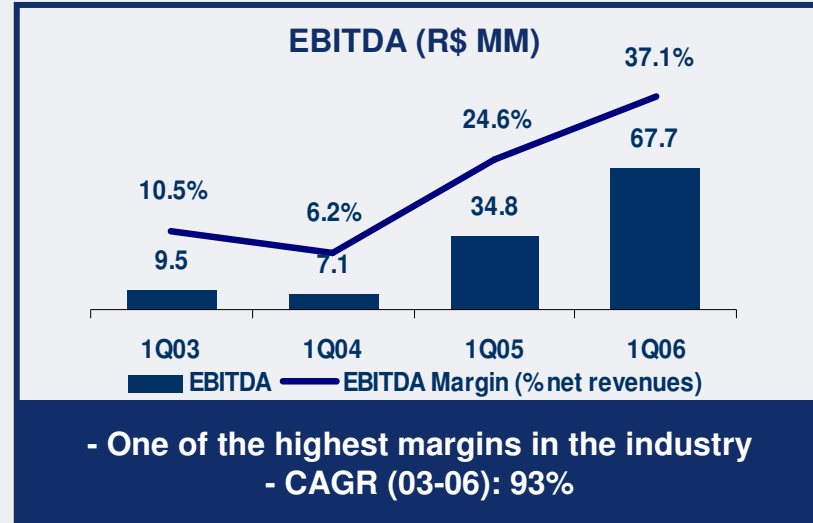
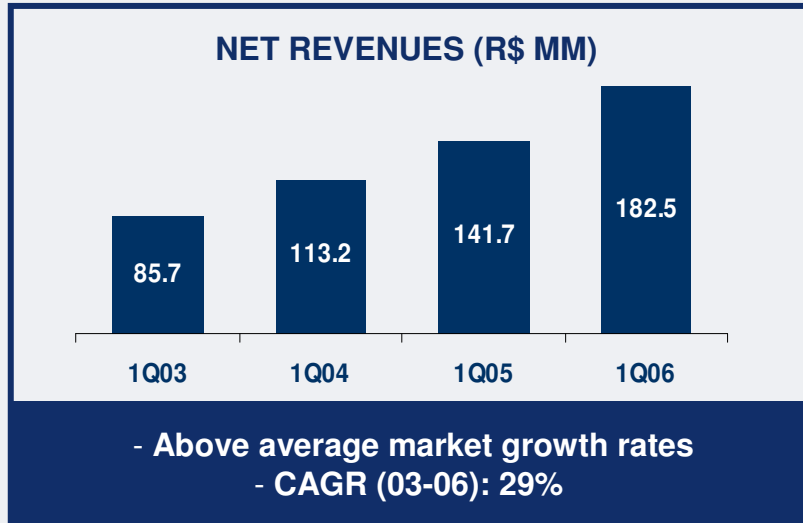
* 03/31/06 – 05/06/06.

** Does not include the primary offer proceeds.

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Summary



* Excluding non-recurring IPO-related expenses
** Considering the proceeds of the IPO (primar offer)

Contact

Phone: + 55 98 3217 2245

E-mail: ri@equatorialenergia.com.br

Website: www.equatorialenergia.com.br/ri/

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