

UBS Investment Research

LatAm Utilities

Latin America

Utilities

Sector Comment

LIGHT: upped PT post-tariff reset/ ENEVA: lower estimates/ SABESP: tariff reset/ 3Q13

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Highlight: LIGHT remains one of our top picks within Brazilian utilities

We upped our PT to R\$26/sh (was R\$22) following the confirmation of a benign tariff reset outcome. Earnings visibility in the Disco business (75% of EBITDA) is now much higher thru 2018, i.e., until the 4th tariff reset cycle, and we see profitability upside if mgmt is able to reduce losses as targeted (challenging for now, but doable). Finally, Light Genco/Trading should benefit from higher power prices towards R\$150 by 2015 and R\$110 in 2016+ from current c.0R\$75. We also like **Tiete ON** as a pure dividend play, **Copel** as a value play (but note higher political risks due to 2014 nationwide elections), **Energias do Brasil** as a balanced growth/dividend play w/ above-average quality, and **ENEVA** as a restructuring/growth story (but note high operational risks for now).

What's New: ENEVA, SABESP, COPEL, TIETE, ELETROPAULO

ENEVA: lower EPS on higher operational/logistics costs (-). **SABESP:** 3.1% tariff adjustment now; reset process back in the 1Q14 agenda, upped PT (+). **COPEL:** to bid for gas licenses (-). **TIETE:** new 2016+ PPAs (-). **ELETROPAULO:** higher cost savings (+). **ELETROBRAS:** is indeed alone in Sinop (-). **3Q13 BEATS:** Light, Tiete, Eletropaulo; **MISSSES:** Copel, Copasa. Catalyst calendar on page 9.

Weekly Performance (US\$ terms, closing prices as of November 12th)

Bz ute (-5.0%) outperformed IBOV (-5.6%) while Chilean utilities (+0.3%) slightly underperformed IPSA (+0.5%). **BEST:** Copasa (+1.2%), Celesc (+0.3%), Colbun (-0.2%). **WORST:** AES Tiete (-12.6% PN, -10.7% ON), Taesa (-8.9%).

Table 1: Summary Ratings and Multiples

We favour Light, Energias do Brasil, Copel, Tiete ON, Eneva

In nominal local currency

Company	Local Ticker	UBS Rating	Price 12-Nov-13	Price Target	13e	P/E 14e	15e	13e	EV/EBITDA 14e	15e	13e	14e	15e	Div Yield 14e	15e
AES Tiete ON	GETI3	Buy	17.5	21.0	7.8	7.3	6.2	5.1	4.8	4.2	13.2%	14.0%	16.2%		
AES Tiete PN	GETI4	Neutral	19.7	21.0	8.7	8.2	7.0	5.1	4.8	4.2	12.9%	13.7%	15.9%		
Cemig PN	CMIG4	Neutral	18.9	20.0	7.8	6.1	11.6	5.0	4.1	5.4	6.4%	8.2%	4.3%		
CESP	CESP6	Neutral	22.2	22.0	6.4	4.2	7.1	4.1	3.1	5.7	8.2%	8.2%	8.2%		
COPASA	CSMG3	Neutral	37.0	32.0	9.6	8.9	7.0	5.9	5.3	4.8	3.4%	3.7%	4.6%		
Copel PN	CPLE6	Buy	29.9	38.0	6.0	5.4	5.7	4.9	4.3	4.3	6.6%	7.4%	7.0%		
CPFL Energia	CPFE3	Neutral	18.9	21.0	20.3	12.6	11.9	10.4	8.3	7.9	3.7%	6.0%	8.0%		
CTEEP	TRPL4	Neutral	28.9	35.0	15.3	18.3	12.9	14.0	8.0	7.2	4.6%	4.6%	4.6%		
Eletrobras ON	ELET3	Not Rated	6.0	Not Rated	16.7	5.0	2.0	15.9	10.7	5.4	1.1%	1.0%	n.a.		
Eletrobras PNb	ELET6	Not Rated	10.5	Not Rated	29.1	8.7	3.6	18.5	12.4	6.3	13.2%	13.2%	13.2%		
Eletropaulo	ELPL4	Sell	9.4	7.0	n.m.	n.m.	8.4	n.m.	n.m.	6.2	0.0%	0.0%	6.2%		
Energias do Brasil	ENBR3	Buy	12.1	14.0	10.6	9.6	8.1	6.7	6.5	5.6	6.4%	6.4%	7.4%		
Eneva	ENEV3	Buy	3.5	7.0	n.m.	n.m.	n.m.	n.m.	11.9	10.5	0.0%	1.3%	2.6%		
Equatorial	EOTL3	Sell	22.0	21.0	11.9	18.3	12.4	12.3	10.9	7.9	2.1%	1.4%	2.0%		
Light	LIGT3	Buy	20.6	26.0	6.5	8.1	7.5	5.5	6.5	6.0	7.7%	6.2%	6.7%		
SABESP	SBSP3	Neutral	23.9	25.0	8.1	8.2	6.8	6.7	6.3	5.6	6.1%	6.1%	7.4%		
Tractebel Energia	TBLE3	Buy	38.3	38.0	16.3	13.5	12.8	9.0	7.6	7.4	5.8%	7.0%	7.4%		
Brazilian Utilities (simple average of rated stocks)					10.5	9.4	8.9	6.9	6.3	6.1	6.2%	6.7%	7.7%		

Source: Bloomberg and UBS estimates.

Summary of material changes

Company	Ticker	Price 11/12/2013	Rating	Price Target	2013E EPS Old	2013E EPS New	2014E EPS Old	2014E EPS New	2015E EPS Old	2015E EPS New
Eneva	ENEV3	R\$3.50	Buy	R\$7.00	R\$(0.68)	R\$(0.82)	R\$0.17	R\$(0.05)	R\$0.35	R\$0.26

Source: UBS estimates

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ANALYST CERTIFICATION AND REQUIRED DISCLOSURES BEGIN ON PAGE 15.

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Highlights and Performance (closing price of Tuesday, November 12th)

Brazilian Utilities (-5.0%) outperformed IBOV (-5.6%), amid no specific or relevant newsflows. The next mini-sector catalysts include: 3Q13 earnings season (most companies are reporting this week, by the November 15th deadline), November 14th transmission auction, November 20th public hearing on Discos' 4th tariff reset process, December 13th A-5 pool auction for energy delivery within five years, Dec 17th A-1 existing energy auction for delivery within one year. M&A continues to be a recurring driver, as well as potential changes in the regulatory framework.

TIETE (-12.6% PN, -10.7% ON) was the worst performer within Brazilian utilities despite 3Q13 results that were good and a beat to UBSe, on the back of management indications in the 3Q13 earnings call and presentation that company has sold energy contracts for 2016 onwards at below R\$100/MWh net of taxes – this is slightly off the R\$110/MWh assumption we carry in our model. Tiete's CFO has however clarified that more recently-signed power purchase agreements point to R\$110-115/MWh net of taxes. Please see our November 6th report *AES TIETE (ON): 3Q13 good and slightly above UBSe* for more details.

CTEEP (-8.3%) underperformed Brazilian utilities and IBOV, following the write-off (in late October) of R\$516m (gross of taxes) receivables from the Sao Paulo State Govt. regarding pension dispute on benefits to state employees pre-1974. While in the late October conference call with CFO and soon-to-be CEO Reynaldo Passenezi Filho we learned that the company might soon (within 12 months, hopefully) stop payments of c.R\$160m p.a. to state employees (this payment should be reimbursed by the State but has not – i.e., CTEEP has accrued a growing receivable from the state); we could not get further clarity about the topic. Regardless, if these payments can be halted, it could mean upside of >R\$5/sh to our recently-revised fair value estimate of R\$35/sh (down from R\$39/sh – please see our October 28th report *3Q13: R\$338m net provision for pension dispute w/ SP state: down to Neutral* for details.

ELETRORAS was down (-6.9%) amid no new news in our view. The only newsflows of the recent days was that Alupar will indeed not participate in the Sinop project from its start – Alupar failed to contribute with the R\$85m required to guarantee its participation in the Sinop consortium (not surprisingly – please see our September 4th sector note *Alupar gives up 400MW Sinop/SABESP tariff adjustment at risk/ MPX M&A/ More* for details). This means that Eletrobras subsidiaries Chesf and Furnas will assume the cost of its departing partner in Sinop – we assume that Eletrobras is not giving up the project....

COPEL (-6.3%) was down, on the back of below-expectation 3Q13 earnings results and disclosed plans to bid as non-operator in the 12th oil & gas bid round (set for Nov 28th). 3Q13 EBITDA of R\$438m (-8.2% y/y) were a miss to UBSe of R\$509m and Net Income of R\$266m (R\$0.97/sh, US\$0.45/ADR, -15.5% y/y in local currency) was a smaller miss to UBSe of R\$284m. The miss came mostly from weak revenues from the Disco unit and the Araucaria thermo generation plant. As a partial offset, we note that

controllable costs came out R\$38m lower than anticipated, underscoring co's cost cutting upside of c.R\$300m in the Disco unit alone thru 2015. Please see our November 11th report *Key Call: COPEL: 3Q13 a miss: lower controllable costs did not offset weaker revenues* for details. On the plans to bid in the 12th oil&gas bid round of Nov 28 as a non-operator, we note that this strategy is similar to that of Cemig, and aims to get access to gas resources for gas-fired thermo generation greenfield projects. Even if Copel were to win, capex in coming five years would be minimal - regardless, at this point we would rather see management focus on upstreaming dividends as opposed to finding new ways to invest its cash.

SABESP was down (-6.2%), despite the good news that co's first tariff reset process was resumed for pre-elections - March 2014, said the regulatory agency ARSESP. SABESP also got, effective Dec 11th, a 3.1% tariff adjustment that combined with the 1Q13 increase of 2.35% was in line with inflation. We upped our PT to R\$25 from R\$24 to reflect higher optimism of a benign process with tariff upside, but note that in our Base Case the process will still be delayed to 2015, post-elections. Please see our November 4th report *Rate review process resumed for Mar. 2014* for details.

ENEVA (-4.9%) outperformed Brazilian Utilities but was still down, amid no specific newsflows but: i) expectations of poor 3Q13 (to be disclosed on Nov. 13th after the markets close) given operational problems and logistics issues with the coal-fired plants that have increased costs of handling the raw material; and ii) continued negative headline regarding the financial restructuring of EBX companies – OGX sister and main supplier OSX filed this week for Chapter 11, as anticipated widely by the press. We cut today our 2013-14e numbers significantly by above 10% to mainly reflect higher near-term costs, and now expect the company to post positive earnings only in 2015 as opposed to 2014. While execution risks are mostly behind, operational risks remain elevated albeit subsidizing. The impact of lower estimates to our valuation was of less than R\$0.3/sh of our R\$7/sh PT, so we keep it unchanged.

LIGHT (-2.2%) outperformed Brazilian utilities due to above-expectation 3Q13 earnings results and the conclusion of its Disco's tariff reset process in a benign view. 3Q13 numbers were a beat even when excluding one-off gains, and we upped our PT to R\$26 (was R\$22) following the conclusion of its Disco tariff reset (next one in 2018e only) wherein the regulatory agency recognized all loss-fighting investments in the Regulatory Asset Base and gave the company a regulatory tariff curve that does incentivize loss reduction thru 2018e. Light Disco end-users got an average 3.65% tariff reset-related hike effective November 7th. For details please see our 11/11/13 report *Key Call: LIGHT: 3Q13 a beat; upping PT to R\$26/sh on benign tariff reset process – reiterate Buy.*

ELETPAULO (-1.0%) outperformed Brazilian utilities in the week, on above-expectation 3Q13 results (a beat) and higher cost savings target. EBITDA and EPS beat UBSe on strong top line and low opex, and mgmt has increased cost savings guidance to R\$140m (was R\$100m), which translates into R\$50c/sh upside if successful. Co. has also reported lower energy losses (now below 10%) and improved service quality ratios, plus declining leverage

which now seems at reasonable level. But these come from a low base, and valuation is expensive. Please see our November 7th report *3Q13 a beat w/ higher opex savings ahead but still unattractive – reiterate Sell* for details.

COPASA (+1.2%) was the top Brazilian utilities performer with no relevant news other than 3Q13 numbers, released last week. 3Q13 EBITDA of R\$309m (+5.8% y/y) was in line with UBSe of R\$309m. Net income of R\$126m (R\$1.05/sh, -1.7% y/y) was also in line with UBSe of R\$120m. However, excluding a R\$20m gain from reversal of write-off of receivables from Teófilo Otoni municipality, EBITDA and EPS would be a small miss on higher than anticipated costs as company expands to increase service penetration but with no corresponding tariff hike to pay for higher capex (capex was c.2.4x depreciation). For details please see our November 5th note: *3Q13 miss if excluding R\$20m one-off gain; still high capex despite low tariff visibility*.

Stock Picks

Buy ratings: COPEL, LIGHT, ENERGIAS DO BRASIL, TIETE ON, ENEVA.

LIGHT: We see the stock as attractive, with lower regulatory risks vs. peers on long-term expiring concessions (year 2027 for genco and hence not impacted by MP579, year 2026 for disco) and quality management team. In our view, the current share price does not yet reflect: a) volume growth at reasonable returns into the less-regulated, more defensive generation business thru Renova pure renewable subsidiary (22% stake) and Greenfield hydro projects (2.5% stake in 11.2GW Belo Monte, for instance); b) generation price upside from company's 537MW avg capacity, of which 17-34-48% is not yet contracted to sell in years 2014-15-16e and hence could be priced upwards from current R\$75/MWh to R\$150-110/MWh (we assume R\$110/MWh in our valuation for energy that is not yet contracted to sell).

ENERGIAS DO BRASIL: Quality name with 50/50 exposure to genco/disco offering genco volume growth upside from new projects and already priced-in reduction in short term cash flows coming from the 3rd tariff reset at Discos and delays in the start-up of the coal-fired Pecém I plant. With the parent's 2012 corporate restructuring we believe the local ENERGIAS DO BRASIL management team will increase focus on growth generation projects at a similar, positive investment discipline we have seen in the past. The recent bid for the R\$1.1bn Caldeirão hydro project is coming at a 7% targeted ROE, which seems reasonable under current global environment for a 30-yr period, assuming execution risks turn out to be low and overcome as guided by management.

COPEL: Trading at compelling valuation multiples, we see COPEL attractive within ADR Level III stocks in the Brazilian utilities sector, with the stock price not currently reflecting potential improvement in use of cash and leverage upside, or even: i) co's strong gains with genco sales to spot market in January 2013 and also in 2014+; ii) relatively high prices for free market contracts in 2013-17e; iii) potential gains with an upfront receipt of CRC receivables, including payment of extraordinary dividends.

AES TIETE ON: Strongest and most defensive cash flow and high payout/yield through 2015YE, and even a Bear case of poor hydrology wherein TIETE would have to unfairly pay for a higher safety in the Brazilian system.

With dividend yields of c.11-13% thru 2015e, we remain comfortable that the company will still be able to offer 7.5% yield (in real R\$ terms) for 2016+, based on re-pricing of its energy contracts at gross R\$110/MWh price (down from current >R\$170/MWh). Finally, with changes in the rules of the game caused by MP579 and poor hydrology, we see upside to this long-term power price assumption. ADTV remains a concern under the current market environment, and rising rationing risks seem to be already reflected in the stock price with the recent poor performance.

ENEVA: Buy with a R\$7/sh 12-month PT. The stock seems attractive to us, as its current price doesn't fully reflect the start-up of its main core assets plus chances of getting gas supply (GSAs) and long-term power purchase agreements (PPAs) for some of its thermo projects in upcoming energy auctions. These projects can be accretive, contingent on successful execution and restructuring at OGX Maranhao who owns the Parnaiba gas resources. Although to-date co's track record suggest capex over-run and near-term operational risks for many of its projects, we believe we have already fairly reflected them into our valuation by using higher discount rates – we use c.7-10% K_e in real R\$ for ENEVA assets.

Neutral: CEMIG, CTEEP, CPFL ENERGIA, CESP, AES TIETE PN, SABESP, COPASA.

Sell: ELETROPAULO, EQUATORIAL ENERGIA.

LatAm Valuation Comps

Table 2: Valuation Comps in nominal local currency (data for ADRs in the currency of the lead stock)

Company	Stock/ADR	Country	UBS Rating	Price 12-Nov-13	12-month Target (Lc\$)	Total Stock Return	Mkt Cap Lc\$m	EV Lc\$m	ADTV Lc\$m	P/BV last	13e	14e	15e	13e	14e	15e	13e	14e	15e	13e	14e	15e	Payout 13e
AES Tiete ON	GETI3	Brazil	Buy	17.5	21.0	33.7%	6,672	7,620	5.7	3.7	7.8	7.3	6.2	5.1	4.8	4.2	12.1%	13.3%	16.0%	13.2%	14.0%	16.2%	107%
AES Tiete PN	GETI4	Brazil	Neutral	19.7	21.0	22.2%	7,492	7,603	18.7	4.1	8.7	8.2	7.0	5.1	4.8	4.2	10.7%	11.8%	14.3%	12.9%	13.7%	15.9%	107%
Aguas Andinas	AGUAS/A CI	Chile	Not Rated	325.4			1,890,611	2,560,705	2,255.4	2.8	13.3	12.8	11.8	9.6	9.2	8.8	n.a.	n.a.	n.a.	7.2%	7.7%	8.1%	96%
Celelesc	CLSC4	Brazil	Not Rated	18.0			694	2,146	0.4	0.4	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Cemig ON	CMIG3	Brazil	Not Rated	18.9			18,195	33,696	3.8	1.5	7.8	6.1	11.6	5.9	4.8	6.4	3.8%	12.7%	8.6%	6.4%	8.2%	4.3%	50%
Cemig ON ADR	CIG/C	Brazil	Not Rated	3.5			7,894	23,395	0.1	0.7	3.4	2.6	5.0	4.1	3.3	4.4	8.7%	29.2%	19.7%	6.4%	8.2%	4.3%	50%
Cemig PN	CMIG4	Brazil	Neutral	18.9	20.0	11.1%	18,166	28,757	85.7	1.5	7.8	6.1	11.6	5.0	4.1	5.4	3.8%	12.7%	8.6%	6.4%	8.2%	4.3%	50%
Cemig PN ADR	CIG	Brazil	Neutral	8.1			18,298	33,799	66.0	1.5	7.8	6.1	11.6	5.9	4.8	6.4	3.8%	12.6%	8.5%	6.4%	8.2%	4.3%	50%
CESP	CESP6	Brazil	Neutral	22.2	22.0	7.6%	7,257	10,915	23.2	0.7	6.4	4.2	7.1	4.1	3.1	5.7	28.7%	36.0%	28.1%	8.2%	8.2%	8.2%	53%
Coelce	COCE5	Brazil	Not Rated	39.7			3,090	4,553	3.5	2.0	11.8	12.4	8.2	6.2	6.4	6.3	n.a.	n.a.	n.a.	10.1%	9.8%	9.8%	119%
Colbun	COLBUN CI	Chile	Not Rated	126.0			2,209,557	2,948,276	1,092.5	1.3	24.0	15.3	12.9	13.2	10.3	9.8	n.a.	n.a.	n.a.	0.3%	1.9%	3.7%	7%
COMGAS	CGAS5	Brazil	Not Rated	58.9			7,058	9,574	2.8	3.1	13.5	12.4	11.8	7.8	7.1	6.8	n.a.	n.a.	n.a.	5.9%	5.7%	5.9%	80%
COPASA	CSMG3	Brazil	Neutral	37.0	32.0	-6.9%	4,419	7,130	13.6	0.9	9.6	8.9	7.0	5.9	5.3	4.8	n.m.	n.m.	3.2%	3.4%	3.7%	4.6%	33%
Copel PN	CPL6	Brazil	Buy	29.9	38.0	33.3%	8,169	10,721	23.3	0.7	6.0	5.4	5.7	4.9	4.3	4.3	n.m.	1.7%	10.0%	6.6%	7.4%	7.0%	38%
Copel ADR	ELP	Brazil	Buy	12.8			8,142	10,018	14.7	0.7	6.0	5.4	5.7	4.6	4.0	4.0	n.m.	1.7%	10.0%	6.7%	7.4%	7.0%	38%
CPFL Energia	CPFE3	Brazil	Neutral	18.9	21.0	16.6%	18,197	32,566	23.3	2.6	20.3	12.6	11.9	10.4	8.3	7.9	n.m.	2.0%	4.1%	3.7%	6.0%	8.0%	75%
CPFL Energia ADR	CPL	Brazil	Neutral	16.1			18,077	33,122	16.7	2.6	20.1	12.5	11.8	10.6	8.5	8.0	n.m.	2.0%	4.1%	3.7%	6.0%	8.1%	75%
CTEEP	TRPL4	Brazil	Neutral	28.9	35.0	24.2%	4,412	6,403	8.0	0.9	15.3	18.3	12.9	14.0	8.0	7.2	1.1%	3.5%	9.4%	4.6%	4.6%	4.6%	70%
E-CL	ECL CI	Chile	Not Rated	739.0			778,396	1,125,343	1,096.0	1.0	16.3	14.4	12.6	8.1	7.7	7.5	n.a.	n.a.	n.a.	3.0%	3.7%	3.8%	49%
Edenor	EDN AR	Argentina	Not Rated	2.5			2,284	3,779	1.7	4.7	n.m.	n.m.	n.m.	4.9	n.m.	n.m.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Edenor ADR	EDN	Argentina	Not Rated	5.6			1,527	3,022	0.7	3.1	n.m.	n.m.	n.m.	4.0	n.m.	n.m.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Eletrobras ON	ELET3	Brazil	Not Rated	6.0			8,143	37,475	16.2	0.1	16.7	5.0	2.0	15.9	10.7	5.4	n.a.	n.a.	n.a.	1.1%	1.0%	n.a.	n.a.
Eletrobras ON ADR	EBR	Brazil	Not Rated	2.6			8,238	37,571	7.5	0.1	16.9	5.0	2.1	16.0	10.7	5.4	n.a.	n.a.	n.a.	1.1%	1.0%	n.a.	n.a.
Eletrobras PNb	ELET6	Brazil	Not Rated	10.5			14,203	43,535	23.4	0.2	29.1	8.7	3.6	18.5	12.4	6.3	n.a.	n.a.	n.a.	13.2%	13.2%	13.2%	n.a.
Eletrobras PNb ADR	EBR/B	Brazil	Not Rated	4.5			14,299	43,631	2.8	0.2	29.3	8.7	3.6	18.6	12.5	6.3	n.a.	n.a.	n.a.	13.1%	13.1%	13.1%	n.a.
Eletropaulo	ELPL4	Brazil	Sell	9.4	7.0	-25.3%	1,580	5,445	19.7	0.4	n.m.	n.m.	8.4	n.m.	n.m.	6.2	n.m.	n.m.	7.0%	0.0%	0.0%	6.2%	25%
ENDESA	ENDESA CI	Chile	Not Rated	772.7			6,337,496	7,860,574	4,611.6	1.8	13.7	12.7	10.8	8.1	7.8	6.7	n.a.	n.a.	n.a.	3.5%	3.4%	3.5%	48%
ENDESA ADR	EOC	Chile	Not Rated	44.5			6,329,899	7,852,977	2,467.8	1.8	13.7	12.7	10.8	8.1	7.7	6.7	n.a.	n.a.	n.a.	3.5%	3.4%	3.5%	48%
Energias do Brasil	ENBR3	Brazil	Buy	12.1	14.0	24.2%	5,750	10,019	25.1	1.3	10.6	9.6	8.1	6.7	6.5	5.6	1.8%	3.4%	7.5%	6.4%	6.4%	7.4%	68%
ENERSIS	ENERSIS CI	Chile	Not Rated	163.0			8,002,122	10,016,135	7,157.1	1.1	16.8	15.5	12.4	8.3	7.9	6.3	n.a.	n.a.	n.a.	3.9%	5.8%	4.7%	65%
ENERSIS ADR	ENI	Chile	Not Rated	15.7			7,998,264	10,012,277	6,578.6	1.1	16.8	15.5	12.4	8.3	7.9	6.3	n.a.	n.a.	n.a.	3.9%	5.8%	4.7%	65%
Eneva	ENEV3	Brazil	Buy	3.5	7.0	88.8%	2,024	7,567	12.6	0.8	n.m.	n.m.	n.m.	n.m.	11.9	10.5	n.m.	10.9%	14.8%	0.0%	1.3%	2.6%	25%
Equatorial	EQTL3	Brazil	Sell	22.0	21.0	-4.2%	4,374	6,297	17.7	2.0	11.9	18.3	12.4	12.3	10.9	7.9	n.m.	n.m.	1.8%	2.1%	1.4%	2.0%	25%
IAM	IAM CI	Chile	Not Rated	894.0			894,000	1,228,968	944.9	1.5	12.5	12.3	11.4	7.3	6.9	6.8	n.a.	n.a.	n.a.	7.5%	8.4%	8.8%	95%
Light	LIGT3	Brazil	Buy	20.6	26.0	34.3%	4,199	9,916	20.7	1.4	6.5	8.1	7.5	5.5	6.5	6.0	8.9%	7.1%	9.6%	7.7%	6.2%	6.7%	25%
Pampa Energia	PAMP AR	Argentina	Not Rated	1.9			2,497	5,369	3.0	1.1	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	25%
Pampa Energia ADR	PAM	Argentina	Not Rated	5.1			1,595	4,467	2.7	0.7	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	25%
Renova Energia	RNEW11	Brazil	Not Rated	48.0			3,681	4,576	0.3	3.7	n.m.	63.5	n.m.	n.m.	n.m.	n.m.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	25%
SABESP	S BSP3	Brazil	Neutral	23.9	25.0	10.6%	16,343	26,754	50.9	1.4	8.1	8.2	6.8	6.7	6.3	5.6	n.m.	n.m.	2.1%	6.1%	6.1%	7.4%	50%
SABESP ADR	SBS	Brazil	Neutral	10.4			16,509	26,195	53.8	1.4	8.2	8.3	6.9	6.6	6.1	5.5	n.m.	n.m.	2.1%	6.1%	6.0%	7.3%	50%
Sanepar	SAPR4	Brazil	Not Rated	6.7			2,774	4,497	0.4	1.1	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
TAESA	TAE E11	Brazil	Not Rated	20.1			6,924	9,313	16.6	1.7	13.9	11.7	11.0	11.8	11.0	10.4	n.m.	4.5%	5.1%	6.3%	8.1%	8.6%	88%
Tractebel Energia	TBLE3	Brazil	Buy	38.3	38.0	6.8%	24,967	27,877	25.5	4.6	16.3	13.5	12.8	9.0	7.6	7.4	5.9%	9.3%	9.7%	5.8%	7.0%	7.4%	95%

Source: Bloomberg; Companies; UBS estimates and Bloomberg consensus for not covered companies. Note: Total Stock Return = Price Target Upside + Next 12 month dividend yield

Table 3: Valuation Comps in nominal US\$ (data for ADRs in the currency of the lead stock)

Company	Stock/ADR	Country	UBS Rating	Price 12-Nov-13	12-month Target (Lc\$)	Total Stock Return	Mkt Cap \$mn	EV \$mn	ADTV \$mn	P/BV last	13e	14e	15e	EV/EBITDA 13e	14e	15e	FCF Yield 13e	14e	15e	Div Yield 13e	14e	15e	Payout 13e
AES Tiele ON	GETI3	Brazil	Buy	17.5	21.0	33.7%	2,859	3,124	2.5	3.2	7.2	7.2	6.1	4.5	4.6	3.9	13.1%	13.5%	16.3%	14.3%	14.2%	16.5%	107%
AES Tiele PN	GETI4	Brazil	Neutral	19.7	21.0	22.2%	3,210	3,475	8.0	3.6	8.1	8.1	6.9	5.0	5.1	4.4	11.6%	12.0%	14.5%	14.0%	13.9%	16.1%	107%
Agua Andinas	AGUASIA CI	Chile	Not Rated	325.4			3,635	5,031	4.3	2.5	12.3	12.2	11.5	18.2	17.9	n.m.	n.a.	n.a.	n.a.	7.8%	8.1%	8.2%	96%
Cellesc	CLSC4	Brazil	Not Rated	18.0			298	1,005	0.2	0.3	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Cemig ON	CMIG3	Brazil	Not Rated	18.9			7,797	15,352	1.6	1.3	7.2	6.0	11.4	5.8	5.0	6.7	4.1%	12.9%	8.7%	7.0%	8.3%	4.4%	50%
Cemig ON ADR	CIG/C	Brazil	Not Rated	3.5			3,383	10,938	0.0	0.6	3.1	2.6	5.0	4.1	3.6	4.8	4.2%	12.8%	8.6%	6.9%	8.3%	4.4%	50%
Cemig PN	CMIG4	Brazil	Neutral	18.9	20.0	11.1%	7,784	15,340	36.7	1.3	7.2	6.0	11.4	5.8	5.0	6.7	4.1%	12.9%	8.7%	7.0%	8.3%	4.4%	50%
Cemig PN ADR	CIG	Brazil	Neutral	8.1			7,841	15,397	28.3	1.3	7.2	6.0	11.5	5.8	5.1	6.7	4.1%	12.8%	8.6%	6.9%	8.3%	4.4%	50%
CESP	CESP6	Brazil	Neutral	22.2	22.0	7.6%	3,110	4,893	10.0	0.6	5.9	4.1	7.0	3.9	3.2	5.9	31.2%	36.5%	28.5%	8.9%	8.4%	8.4%	53%
Coelce	COCE5	Brazil	Not Rated	39.7			1,324	2,037	1.5	1.7	10.9	12.3	8.1	6.0	6.6	6.5	n.a.	n.a.	n.a.	10.9%	10.0%	9.9%	119%
Colbun	COLBUN CI	Chile	Not Rated	126.0			4,248	5,787	2.1	1.2	22.1	14.5	12.7	12.5	10.0	9.8	n.a.	n.a.	n.a.	0.3%	2.0%	3.8%	7%
COMGAS	CGAS5	Brazil	Not Rated	58.9			3,024	3,639	1.2	2.7	12.5	12.2	11.6	6.3	6.2	6.0	n.a.	n.a.	n.a.	6.4%	5.8%	6.0%	80%
COPASA	CSMG3	Brazil	Neutral	37.0	32.0	-6.9%	1,894	3,247	5.8	0.8	8.8	8.8	6.9	5.8	5.6	5.1	n.m.	n.m.	3.2%	3.7%	3.7%	4.7%	33%
Copel PN	CPLE6	Brazil	Buy	29.9	38.0	33.3%	3,500	4,415	10.0	0.6	5.5	5.3	5.6	4.3	4.1	4.1	n.m.	1.8%	10.1%	7.2%	7.5%	7.1%	38%
Copel ADR	ELP	Brazil	Buy	12.8			3,489	4,404	6.3	0.6	5.5	5.3	5.6	4.3	4.1	4.0	n.m.	1.8%	10.2%	3.1%	3.2%	3.0%	38%
CPFL Energia	CPFE3	Brazil	Neutral	18.9	21.0	16.6%	7,798	15,131	10.0	2.3	18.7	12.4	11.7	10.4	8.9	8.4	n.m.	2.1%	4.1%	4.0%	6.1%	8.1%	75%
CPFL Energia ADR	CPL	Brazil	Neutral	16.1			7,746	15,080	7.2	2.3	18.5	12.3	11.6	10.3	8.9	8.4	n.m.	2.1%	4.2%	4.0%	6.1%	8.2%	75%
CTEEP	TRPL4	Brazil	Neutral	28.9	35.0	24.2%	1,891	3,488	3.4	0.8	14.1	18.0	12.7	19.4	12.0	10.8	1.2%	3.6%	9.5%	5.0%	4.7%	4.7%	70%
E-CL	ECL CI	Chile	Not Rated	739.0			1,496	2,219	2.1	0.9	15.0	13.7	12.4	7.7	7.5	7.5	n.a.	n.a.	n.a.	3.3%	3.8%	3.9%	n.a.
Edenor	EDN AR	Argentina	Not Rated	2.5			382	687	0.3	3.8	n.m.	n.m.	n.m.	5.2	n.m.	n.m.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Edenor ADR	EDN	Argentina	Not Rated	5.6			256	560	0.1	2.6	n.m.	n.m.	n.m.	4.2	n.m.	n.m.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Eletrobras ON	ELET3	Brazil	Not Rated	6.0			3,489	16,059	7.0	0.1	15.4	4.9	2.0	14.7	10.6	5.3	n.a.	n.a.	n.a.	1.2%	1.0%	n.a.	n.a.
Eletrobras ON ADR	EBR	Brazil	Not Rated	2.6			3,530	16,100	3.2	0.1	15.6	5.0	2.0	14.7	10.6	5.4	n.a.	n.a.	n.a.	1.2%	1.0%	n.a.	n.a.
Eletrobras Pnb	ELET6	Brazil	Not Rated	10.5			6,086	18,656	10.0	0.2	26.8	8.5	3.5	17.1	12.3	6.2	n.a.	n.a.	n.a.	14.4%	13.4%	13.4%	n.a.
Eletrobras Pnb ADR	EBR/B	Brazil	Not Rated	4.5			6,127	18,697	1.2	0.2	27.0	8.6	3.5	17.1	12.3	6.2	n.a.	n.a.	n.a.	14.3%	13.3%	13.3%	n.a.
Eletropaulo	ELPL4	Brazil	Sell	9.4	7.0	-25.3%	677	2,214	8.4	0.4	n.m.	n.m.	8.3	n.m.	n.m.	5.8	n.m.	n.m.	7.1%	0.0%	0.0%	6.3%	25%
ENDESA	ENDESA CI	Chile	Not Rated	772.7			12,183	15,357	8.9	1.7	12.7	12.1	10.6	7.6	7.5	6.6	n.a.	n.a.	n.a.	3.8%	3.5%	3.6%	48%
ENDESA ADR	EOC	Chile	Not Rated	44.5			12,169	15,342	4.7	1.7	12.7	12.1	10.6	7.6	7.5	6.6	n.a.	n.a.	n.a.	3.8%	3.5%	3.6%	48%
Energias do Brasil	ENBR3	Brazil	Buy	12.1	14.0	24.2%	2,464	4,627	10.8	1.1	9.8	9.5	8.0	6.6	6.9	5.9	2.0%	3.5%	7.6%	7.0%	6.5%	7.5%	68%
ENERSIS	ENERSIS CI	Chile	Not Rated	163.0			15,383	19,580	13.8	1.1	15.5	14.7	12.2	7.8	7.6	6.3	n.a.	n.a.	n.a.	4.2%	6.1%	4.8%	65%
ENERSIS ADR	ENI	Chile	Not Rated	15.7			15,376	19,572	12.6	1.1	15.5	14.7	12.2	7.8	7.6	6.3	n.a.	n.a.	n.a.	4.2%	6.1%	4.8%	65%
Eneva	ENEV3	Brazil	Buy	3.5	7.0	88.8%	867	3,618	5.4	0.7	n.m.	n.m.	n.m.	23.3	13.0	11.6	n.m.	11.1%	15.0%	0.0%	1.3%	2.6%	25%
Equatorial	EQTL3	Brazil	Sell	22.0	21.0	-4.2%	1,874	2,997	7.6	1.8	10.9	18.1	12.2	12.6	11.9	8.7	n.m.	n.m.	1.9%	2.3%	1.4%	2.1%	25%
IAM	IAM CI	Chile	Not Rated	894.0			1,719	2,417	1.8	1.4	11.6	11.7	11.1	8.7	8.5	n.m.	n.a.	n.a.	n.a.	8.2%	8.8%	9.0%	95%
Light	LIGT3	Brazil	Buy	20.6	26.0	34.3%	1,799	4,587	8.9	1.2	6.0	8.0	7.4	5.5	6.9	6.4	9.7%	7.2%	9.7%	8.3%	6.3%	6.8%	25%
Pampa Energia	PAMP AR	Argentina	Not Rated	1.9			418	1,002	0.5	0.9	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	25%
Pampa Energia ADR	PAM	Argentina	Not Rated	5.1			267	851	0.5	0.6	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	25%
Renova Energia	RNEW11	Brazil	Not Rated	48.0			1,577	2,014	0.1	3.3	n.m.	62.5	n.m.	n.m.	n.m.	n.m.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	25%
SABESP	SBSP3	Brazil	Neutral	23.9	25.0	10.6%	7,003	11,725	21.8	1.2	7.5	8.1	6.7	6.3	6.3	5.7	n.m.	n.m.	2.1%	6.7%	6.2%	7.5%	50%
SABESP ADR	SBS	Brazil	Neutral	10.4			7,074	11,796	23.1	1.2	7.6	8.2	6.8	6.4	6.3	5.7	n.m.	n.m.	2.1%	6.6%	6.1%	7.4%	50%
Sanepar	SAPR4	Brazil	Not Rated	6.7			1,189	1,610	0.2	1.0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
TAESA	TAE11	Brazil	Not Rated	20.1			2,967	4,132	7.1	1.5	12.8	11.5	10.9	n.m.	11.3	10.6	n.m.	4.6%	5.2%	6.9%	8.2%	8.7%	88%
Tractebel Energia	TBLE3	Brazil	Buy	38.3	38.0	6.8%	10,699	12,117	10.9	4.0	15.0	13.3	12.6	8.4	7.6	7.4	6.4%	9.4%	9.9%	6.3%	7.2%	7.5%	95%

Source: Bloomberg and UBS calculation.

Catalyst Calendar

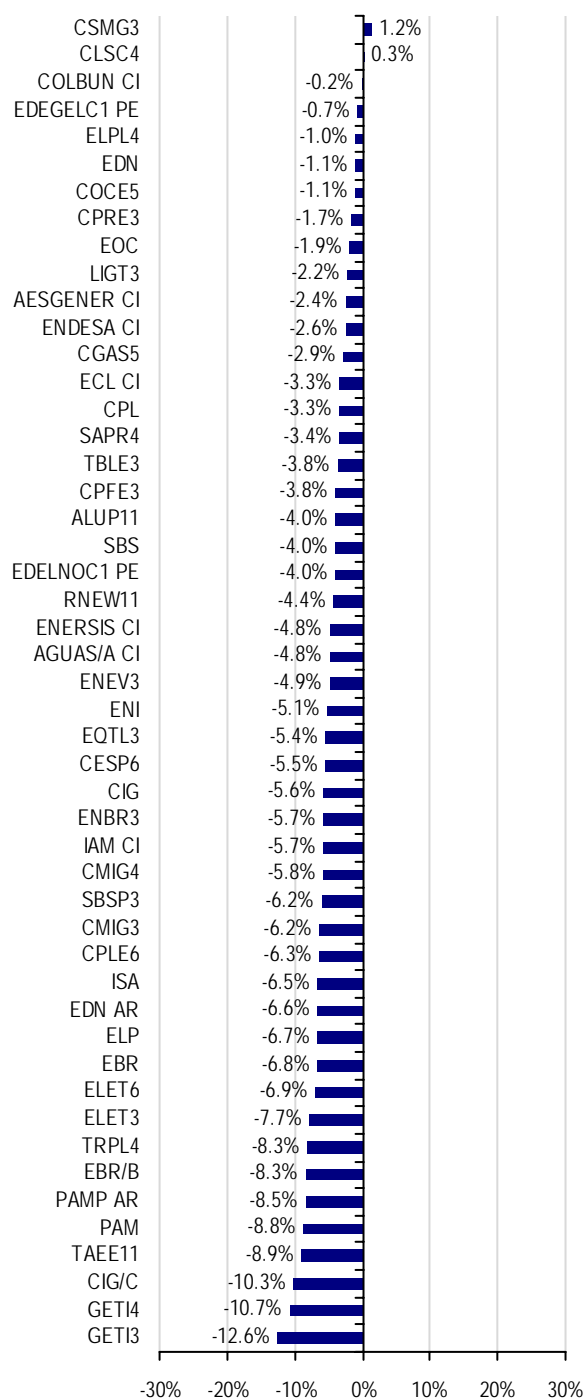
Table 4: Latin America Utilities Catalyst Calendar

THIS WEEK				
Monday, November 11	Tuesday, November 12	Wednesday, November 13	Thursday, November 14	Friday, November 15
■ Light: 3Q13 Conf Call at 01pm EST Port	■ Copel: 3Q13 Conf Call at 11:30am EST Port	■ CPFL: 3Q13 Results after market close ■ Eneva: 3Q13 Results after market close ■ CEMIG: 3Q13 Results after market close	■ BRAZIL: energy transmission auction ■ CPFL: 3Q13 Conf Call ■ Eneva: 3Q13 Conf Call at 08am EST Port ■ CEMIG: 3Q13 Conf Call at 11am EST Port/Eng ■ Sabesp: 3Q13 Results after market close ■ CESP: 3Q13 Results after market close	
NEXT WEEK				
Monday, November 18	Tuesday, November 19	Wednesday, November 20	Thursday, November 21	Friday, November 22
■ Sabesp: 3Q13 Conf Call at 07am EST Port/ 09am EST Eng	■ CESP: 3Q13 Conf Call at 09am EST Port			
FOLLOWING WEEK				
Monday, November 25	Tuesday, November 26	Wednesday, November 27	Thursday, November 28	Friday, November 29
2013				
November	December	January	February	
	■ BRAZIL: energy pool auction, A-5 (13) ■ BRAZIL: existing energy auction, A-1 (17)			

Source: UBS and Company Data.

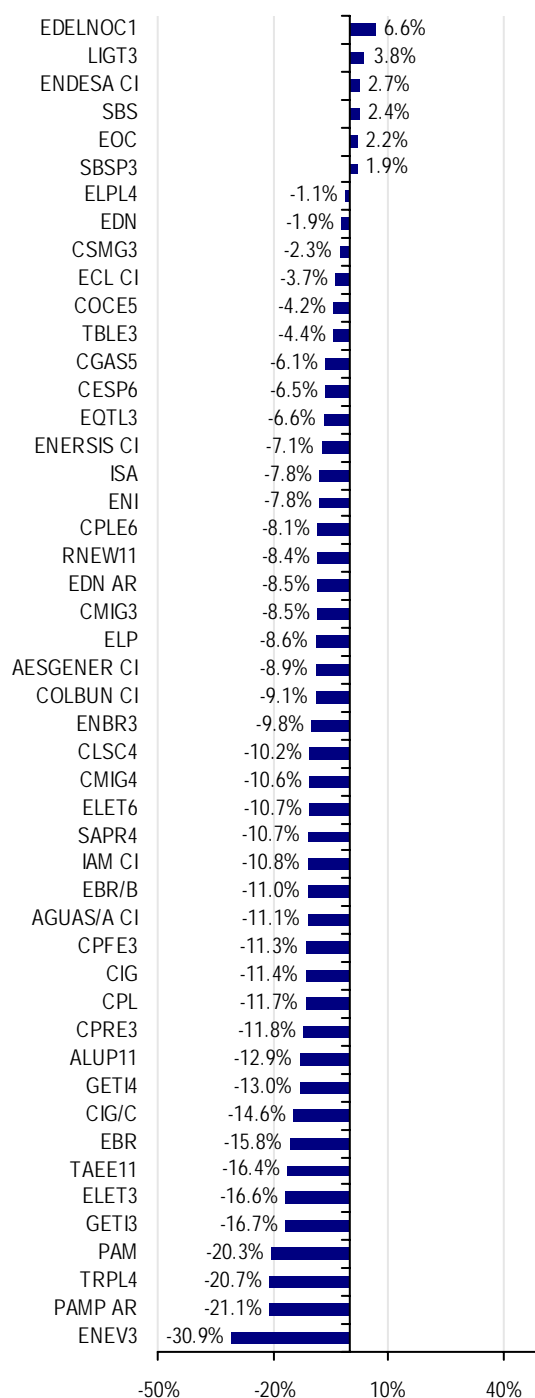
Source: Bloomberg and UBS calculation.

Chart 1: Weekly performance in US\$



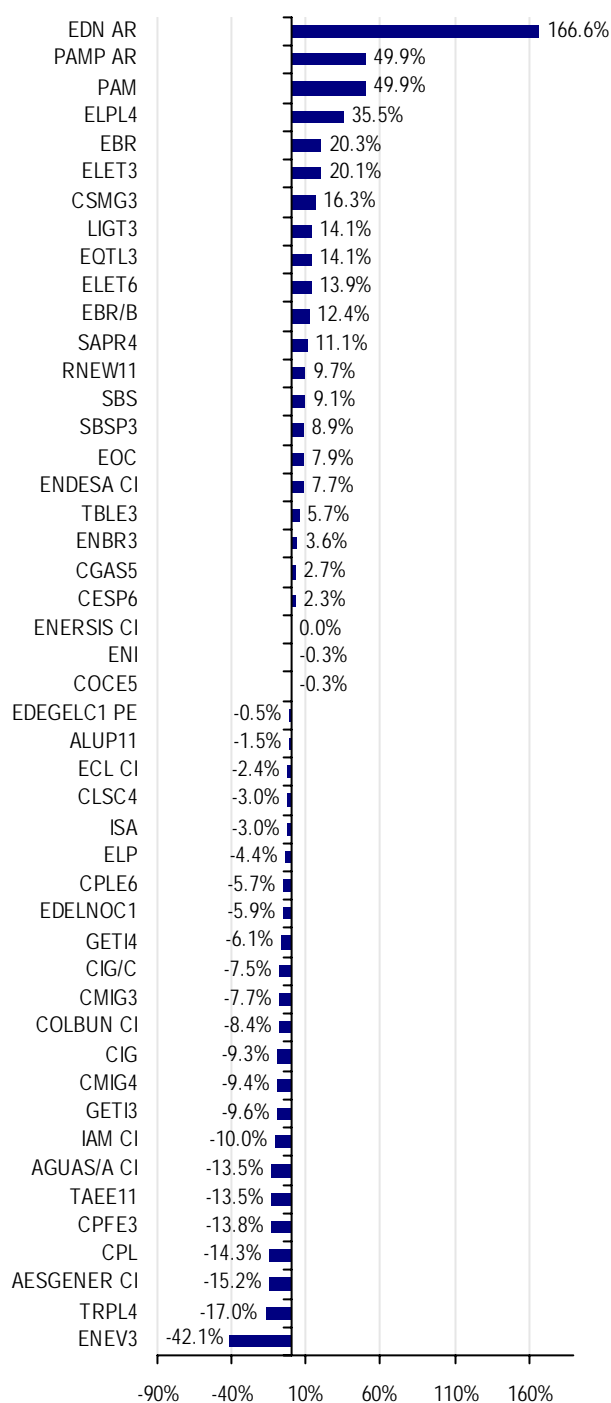
Source: Bloomberg and UBS estimates

Chart 2: Monthly performance in US\$



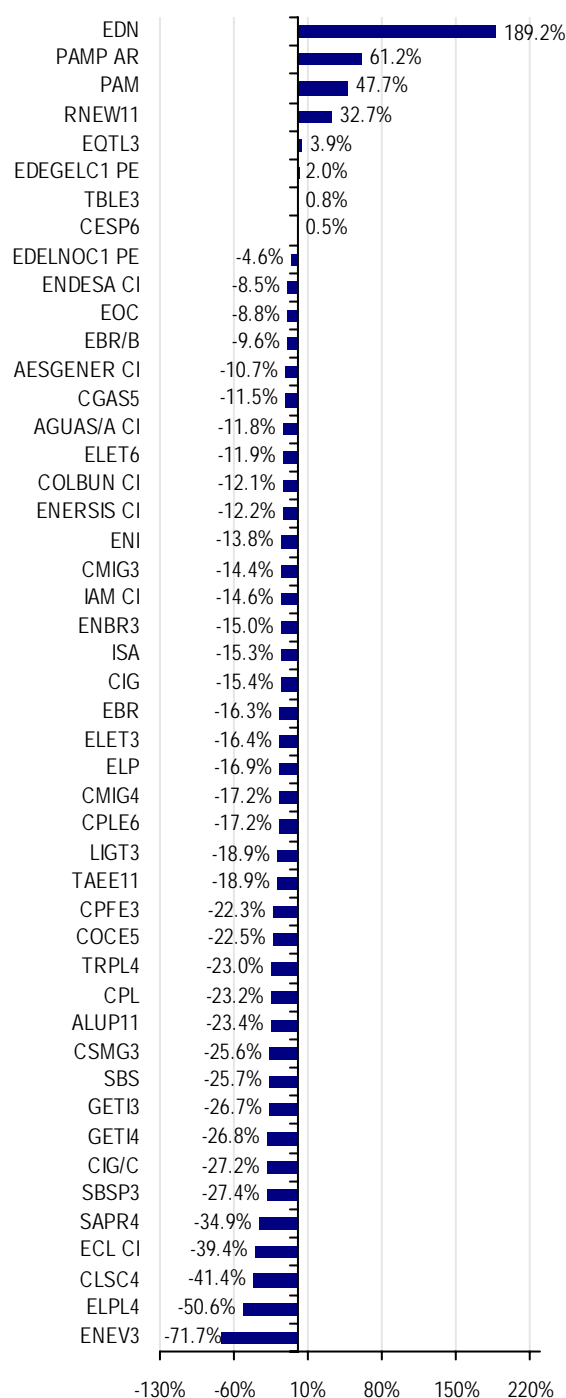
Source: Bloomberg and UBS estimates

Chart 3: 3-Month performance in US\$



Source: Bloomberg and UBS estimates

Chart 4: YTD performance in US\$



Source: Bloomberg and UBS estimates

Recent Publications - LatAm and Global Utilities

Table 6: Latin America Utilities Latest Publications

Our Latest Publications	Date
Key Call: LIGHT "3Q13 a beat; upping PT to R\$26/sh on benign tariff reset process - reiterate Buy"	11-Nov-13
Key Call: COPEL "3Q13 a miss: lower controllable costs did not offset weaker revenues"	11-Nov-13
ELETROPAULO "3Q13 a beat w/ higher opex savings ahead but still unattractive - reiterate Sell"	7-Nov-13
AES TIETE (ON) "3Q13 good and slightly above UBSe"	6-Nov-13
COPASA "3Q13 miss if excluding R\$20m one-off gain; still high capex despite low tariff visibility"	5-Nov-13
SABESP "Rate review process resumed for Mar. 2014" (Neutral) Yang	4-Nov-13
Sector Keys "Brazilian Utilities"	1-Nov-13
ENEVA "OGX Maranhao restructuring: not as bad as anticipated; Buy despite lower R\$7/sh PT"	31-Oct-13
LatAm Utilities "ENEVA: might buy 100% of OGX gas assets/ CTEEP: down to Neutral/3Q13"	31-Oct-13
EdB "3Q13 in line if excl. all extraordinary items" (Buy) Yang	31-Oct-13
Transmissão Paulista "3Q13: R\$338m net provision for pension dispute w/ SP state: down to Neutral"	28-Oct-13
Tractebel "3Q13 EPS in line: stronger top line offset by higher financial expense - neutral impact"	27-Oct-13
LatAm Utilities "Light: final RAB/ CTEEP: lower PT/ ENEVA M&A/ Equatorial: disco privatization/ More"	24-Oct-13
Equatorial "Meeting Eletrobras: we see privatization of discos on the way, but 2015e more likely"	23-Oct-13
Tractebel "Jirau trip notes: poor returns, offset by quality mgmt team/ governance standards" (Buy) Yang	21-Oct-13
Transmissão Paulista "Brazil field trip: cutting PT by R\$1/sh" (Buy) Yang	18-Oct-13
Sector Keys "Brazilian Utilities"	16-Oct-13
LatAm Utilities "Brazil trip feedback: still cautious/ More" Yang	16-Oct-13
LatAm Utilities "Bz discos concessions/ Eneva: eyeing OGX assets/ Light: CFO mtg/ Sabesp: Arsesp head"	30-Sep-13
LatAm Utilities "Eneva: co-control transfer, nat gas asset/ Tractebel Jirau update/ Tiete price outlook"	18-Sep-13
Sector Keys "Brazilian Utilities"	11-Sep-13
LatAm Utilities "Not bad vs. global / Sabesp: tariff update / Copasa: up to Neutral/ EPS changes"	10-Sep-13
Global Utilities "Impact from potential rise in interest rates" Oldfield	9-Sep-13
COPASA "Upgrading to Neutral on steep price decline; lower PT on cost pressure"	4-Sep-13
LatAm Utilities "Alupar gives up 400MW Sinop/ SABESP tariff adjustment at risk/ MPX M&A/ More"	4-Sep-13
LatAm Utilities "Bz: auction for windfarms at R\$110.5/MWh, 10% ROEs/ COPEL meeting / More"	28-Aug-13
LatAm Utilities "2Q13: more Misses than Beats / More" Yang	19-Aug-13
Equatorial "2Q13 miss on challenging Celpa turnaround" (Sell) Yang	15-Aug-13
CPFL "2Q13: the first big miss, on provisions for contingencies and legal disputes"	15-Aug-13
Key Call: COPEL "2Q13 strong and a beat to UBSe, in line w/ consensus ? Reiterate Buy w/ same R\$38PT"	14-Aug-13
CESP "2Q13 strong and a beat to UBS/consensus" (Neutral) Yang	14-Aug-13
Transmissão Paulista "2Q13: miss on provisions for contingencies" (Buy) Yang	14-Aug-13
CEMIG "2Q13: big miss to UBSe and consensus" (Neutral) Yang	14-Aug-13
MPX "2Q13: a R\$130-190m miss; lower R\$8.5 PT" (Buy) Yang	14-Aug-13
SABESP "2Q13 EBITDA in line but EPS a good beat on lower financial expenses; still Neutral"	13-Aug-13
Key Call: LIGHT "2Q13 in line; Disco tariff reset and Genco price upside the next valuation drivers; Buy"	13-Aug-13
LatAm Utilities "Cemig: buys Renova?s co-control/ LIGHT: tariff reset proposal/ 2Q13/ More"	12-Aug-13
CEMIG "Buys Renova?s co-control via asset transfer" (Neutral) Yang	9-Aug-13
Key Call: LIGHT "Disco tariff reset: not as bad as thought" (Buy) Yang	9-Aug-13
ELETROPAULO "2Q13 mixed: weak demand growth & higher costs but lower pension fund debt"	8-Aug-13
AES TIETE (ON) "2Q13 positive: small beat + new contracts" (Buy) Yang	7-Aug-13
Key Call: LIGHT "Disco tariff reset: negative preliminary numbers at first glance; new R\$22 PT"	7-Aug-13
Key Call: COPASA "Update: lower R\$35/sh PT; still a Sell" (Sell)	7-Aug-13
2Q13 a miss on costs/opex; reiterate Sell	5-Aug-13
Tractebel "2Q13 EPS in line on small one-off gain; reiterate Buy on quality + dividend yield"	30-Jul-13
EdB "2Q13: small miss on slightly higher opex & non-recurring provision for labour dispute"	25-Jul-13

Source: UBS.

Table 7: Global Utilities Publications – Latest Highlighted Publications

Latest Highlighted Publications	Analyst	Date
EDF "Nuclear life extension already fully discounted" (Neutral) Hummel	Hummel	11-Nov-13
Enel "The only €-Utility big-cap to Buy: PT €3.70" (Buy) Gandolfi	Gandolfi	8-Nov-13
AES Corporation "Delivering Results on All Fronts" (Neutral) Dumoulin-Smith	Dumoulin-Smith	7-Nov-13
Key Call: E.ON "9M results preview: Just a foreshock?" (Sell) Hummel	Hummel	1-Nov-13
Iberdrola "Dividend cut expected but earnings power suggests consensus EPS downgrades - Neutral"	Gandolfi	23-Oct-13
GDF Suez "EPS outlook, divi-cut, premium multiples: Neutral" (Neutral) Gandolfi	Gandolfi	16-Oct-13
Key Call: E.ON "Sell on 2014E EPS drop to €0.86 – the new normal" (Sell)	Hummel	16-Oct-13
German Utilities "E.ON/RWE: German regulation update" Hummel	Hummel	10-Oct-13
Enel "B/S and FCF transformation well under way?Buy" (Buy) Gandolfi	Gandolfi	2-Oct-13
First Read: Enel "Strategy shift ? already tangible results?" (Buy) Gandolfi	Gandolfi	24-Sep-13
AES Corporation "Road to Deregulation in Ohio" (Neutral) Dumoulin-Smith	Dumoulin-Smith	6-Sep-13
Enel "Strategy shift to unlock 30% of value: Buy" (Buy) Gandolfi	Gandolfi	5-Sep-13
AES Corporation "Shifting the Cost Cut Emphasis" (Neutral) Dumoulin-Smith	Dumoulin-Smith	23-Aug-13
First Read: E.ON "Small beat in H1, FY13 guidance confirmed" (Neutral)	Hummel	13-Aug-13
AES Corporation "Delivering on the Strategy w/ More to Come" (Neutral)	Dumoulin-Smith	9-Aug-13
First Read: AES Corporation "Beats on 2Q, Outpaces Cost Cut Targets" (Neutral)	Dumoulin-Smith	8-Aug-13
Enel "FY guidance intact provides slight relief" (Neutral)	Gandolfi	2-Aug-13
GDF Suez "H1 implies upside risk to FY forecasts" (Buy)	Gandolfi	19-Jul-13
Suez Environnement "Mixed 1H results ahead" (Neutral)	Hummel	16-Jul-13
European Utilities "Veolia/Suez E: Mixed 1H results ahead"	Hummel	16-Jul-13
First Read: EDF "5% tariff increase announced" (Neutral)	Hummel	9-Jul-13
EDF "Upgrade on catalysts, CF still the key issue" (Neutral)	Hummel	9-Jul-13
Duke Energy "Simplifying the Story" (Buy)	Dumoulin-Smith	21-Jun-13
Global Utilities Conference 2013, New York "Seeking safety from structural challenges"	Oldfield	5-Jun-13
Global Infrastructure & Utilities "Cautious, following good performance"	Oldfield	3-Jun-13
E.ON "Little downside left ? upgrade to Neutral" (Neutral)	Hummel	31-May-13
European Utilities "E.ON/RWE stress test ? generation at zero"	Hummel	31-May-13
EDP "Growing EV, falling debt: equity to double" (Buy)	Gandolfi	24-May-13
AES Corporation "No Longer Undervalued" (Neutral)	Dumoulin-Smith	10-May-13
E.ON "Stay cautious - 2014/15 EPS cut by 6%" (Sell)	Hummel	9-May-13
Duke Energy "The Carolinas and Beyond" (Buy)	Dumoulin-Smith	8-May-13
EDP Renovaveis "BUY on valuation: higher estimates and PT" (Buy)	Gandolfi	8-May-13
Enel "Targets reaffirmed, but still FCF negative" (Neutral)	Gandolfi	7-May-13
First Read: Duke Energy "Demonstrating the Merger Benefits" (Buy)	Dumoulin-Smith	3-May-13
GDF Suez "Re-gearing and sustainable DPS - BUY" (Buy)	Gandolfi	1-May-13
GDF Suez "FY tgts reaffirmed and deleveraging ? Buy" (Buy)	Gandolfi	23-Apr-13
First Read: E.ON "More eggs in Brazilian basket" (Sell)	Hummel	2-Apr-13
Terna "BY comparison shows large undervaluation" (Buy)	Gandolfi	25-Mar-13
Enel "Upgrade on value & action but still caution" (Neutral)	Gandolfi	14-Mar-13
First Read: Enel "Industrial plan: d'grades and poor DPS. Sell" (Sell)	Gandolfi	13-Mar-13
First Read: E.ON "Final results in line ? we stay cautious" (Sell)	Hummel	12-Mar-13
First Read: Southern European Utilities "Enel & Endesa integration – getting ready..."	Gandolfi	12-Mar-13
First Read: AES Corporation "Another Step Towards DPL Clarity in Ohio" (Buy)	Dumoulin-Smith	12-Mar-13
First Read: Iberdrola "Neoenergia IPO would be seen as positive" (Neutral)	Gandolfi	11-Mar-13
Enel "Industrial plan preview ? downbeat tone, although mostly in the price"	Gandolfi	8-Mar-13
EDP "Lowering estimates and PT: still a Buy" (Buy)	Gandolfi	5-Mar-13

Source: UBS.

■ ENEVA Investment Case

The stock seems attractive to us, as its current price doesn't fully reflect the start-up of its main core assets plus chances of getting gas supply (GSAs) and long-term power purchase agreements (PPAs) for some of its thermo projects in upcoming energy auctions. These projects can be accretive, contingent on successful execution and restructuring at OGX Maranhao who owns the Parnaiba gas resources. Although to-date co's track record suggest capex over-run and near-term operational risks for many of its projects, we believe we have already fairly reflected them into our valuation by using higher discount rates – we use c.7-10% K_e in real R\$ for ENEVA assets.

■ Statement of Risk

Given its regulated nature, the electricity sector is subjected to political or legal interference. The federal and state governments could implement changes or apply more severe rules to the tariff reset process that could negatively affect companies' cash flows, and/or incentivize/penalize new-builds in renewables and solar as opposed to gas or coal, for instance. Finally, an abrupt change in the macroeconomic scenario including FX weakness could negatively impact valuation for foreign investors, as tariffs are basically denominated in local currency (although adjusted by inflation annually).

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UBS 12-Month Rating	Rating Category	Coverage ¹	IB Services ²
Buy	Buy	44%	32%
Neutral	Hold/Neutral	46%	32%
Sell	Sell	10%	19%
UBS Short-Term Rating	Rating Category	Coverage ³	IB Services ⁴
Buy	Buy	less than 1%	less than 1%
Sell	Sell	less than 1%	less than 1%

1:Percentage of companies under coverage globally within the 12-month rating category.

2:Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.

3:Percentage of companies under coverage globally within the Short-Term rating category.

4:Percentage of companies within the Short-Term rating category for which investment banking (IB) services were provided within the past 12 months.

Source: UBS. Rating allocations are as of 30 September 2013.

UBS Investment Research: Global Equity Rating Definitions

UBS 12-Month Rating	Definition
Buy	FSR is > 6% above the MRA.
Neutral	FSR is between -6% and 6% of the MRA.
Sell	FSR is > 6% below the MRA.
UBS Short-Term Rating	Definition
Buy	Buy: Stock price expected to rise within three months from the time the rating was assigned because of a specific catalyst or event.
Sell	Sell: Stock price expected to fall within three months from the time the rating was assigned because of a specific catalyst or event.

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Market Return Assumption (MRA) is defined as the one-year local market interest rate plus 5% (a proxy for, and not a forecast of, the equity risk premium).

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UBS Brasil CCTVM S.A.: Lilyanna Yang, CFA.

Company Disclosures

Company Name	Reuters	12-mo rating	Short-term rating	Price	Price date
AES TIETE (ON) ¹⁶	GETI3.SA	Buy	N/A	R\$17.50	12 Nov 2013
AES TIETE (PN) ¹⁶	GETI4.SA	Neutral	N/A	R\$19.65	12 Nov 2013
CEMIG ¹⁶	CMIG4.SA	Neutral	N/A	R\$18.87	12 Nov 2013
CESP ^{5, 13, 16}	CESP6.SA	Neutral	N/A	R\$22.16	12 Nov 2013
COPASA ¹³	CSMG3.SA	Neutral	N/A	R\$37.04	12 Nov 2013
COPEL ¹⁶	CPL6.SA	Buy	N/A	R\$29.85	12 Nov 2013
CPFL Energia ¹⁶	CPFE3.SA	Neutral	N/A	R\$18.91	12 Nov 2013
ELETROPAULO	ELPL4.SA	Sell	N/A	R\$9.44	12 Nov 2013
ENERGIAS DO BRASIL	ENBR3.SA	Buy	N/A	R\$12.07	12 Nov 2013
ENEVA ¹⁶	ENEV3.SA	Buy	N/A	R\$3.50	12 Nov 2013
Equatorial Energia ¹⁶	EQTL3.SA	Sell	N/A	R\$22.04	12 Nov 2013
LIGHT	LIGT3.SA	Buy	N/A	R\$20.59	12 Nov 2013
SABESP ¹⁶	SBSP3.SA	Neutral	N/A	R\$23.91	12 Nov 2013
Tractebel Energia ¹⁶	TBLE3.SA	Buy	N/A	R\$38.25	12 Nov 2013
Transmissão Paulista ¹⁶	TRPL4.SA	Neutral	N/A	R\$28.90	12 Nov 2013

Source: UBS. All prices as of local market close.

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