Company Presentation – 3Q15

December • 2015

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01

Grupo Energisa – Overview

Grupo Energisa

With more than 110 years of history, Grupo Energisa is the sixth largest electric utility company in Brazil

ENERGISA GROUP COVERAGE AREA

13 power distribution concessions across Brazil

788
municipalities served

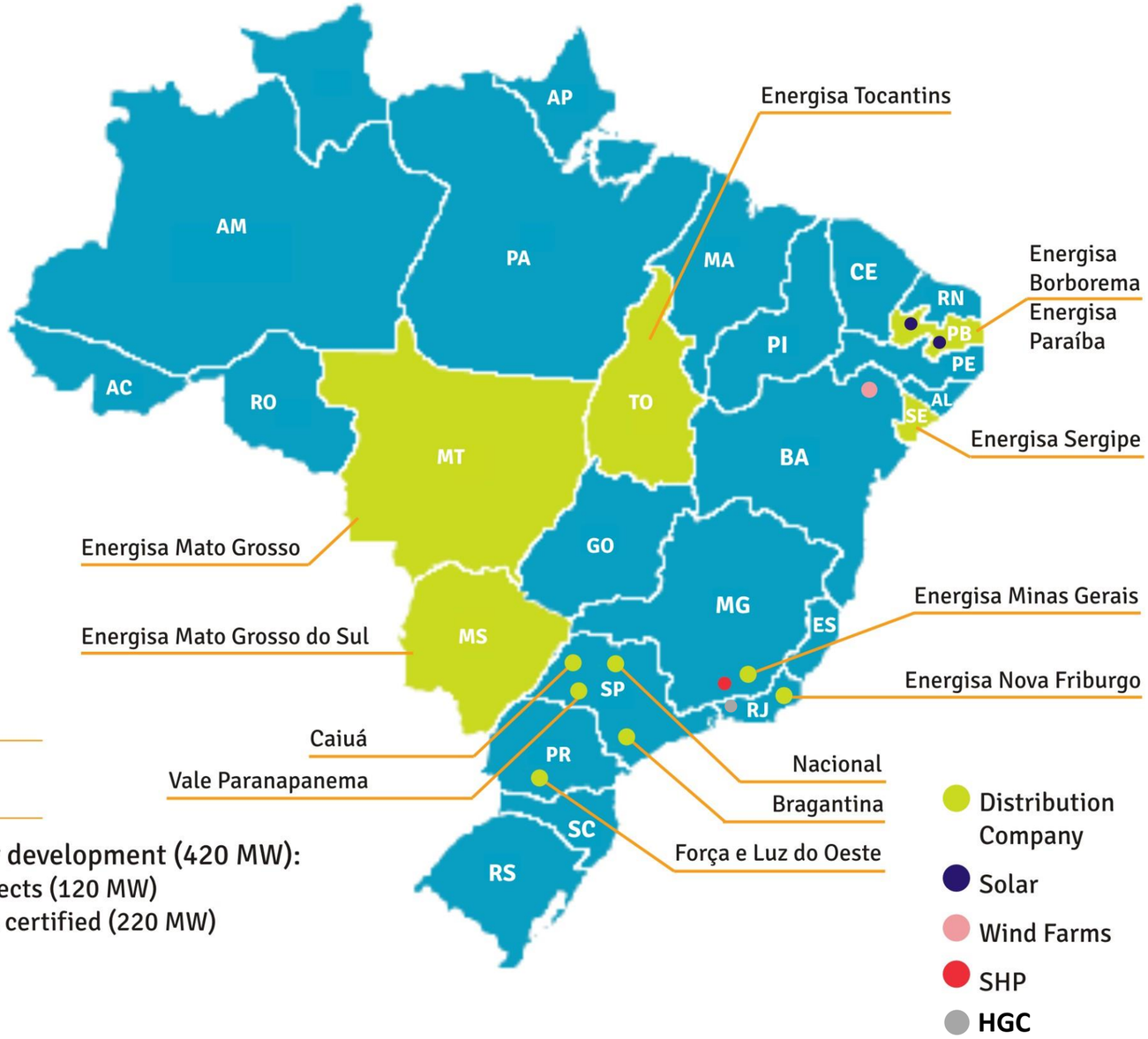
6.3 milhões
clients

16.0 million
people served
(8.2% of Brazil population)

1,630,000 km²
total area covered
(19.1% of Brazil's territory)

6 Service companies

15 Generation projects under development (420 MW):
- ✶ 4 certified wind power projects (120 MW)
- ✶ 8 wind power projects to be certified (220 MW)
- ✶ 2 solar projects (60 MW)
- ✶ 1 hydro project (20 MW)



Grupo Energisa

9M15 Highlights

OPERATIONAL

- Consolidated energy consumption at Energisa's discos grew by 1.1% in the first 9 months of 2015, while the consumption in Brazil (according to EPE) decreased by 1.7%;
- Technical and non-technical losses (LTM) of 11.82%, a 0.02 pp increase when compared with Sep/14;
- Past due rate at 2.28% in 3Q15 versus 1.71% in 3Q14, impacted by the extraordinary tariff review and the adoption of rate flags;
- Average discos DEC in 9M15 reduced by 3.2% compared to 9M14. On the other side, FEC improved by 2.4% in the same period.

REGULATORY

- R$ 835.9 million in revenues derived from "rate flags" in the 9M15 (R$320.5 million in the 3Q15);
- R$ 145.8 million received from the "rate flags" Centralized Resource Account (June to August/15);
- R$583 million received from the ACR account (R$146.3MM) as well as resources from the 7.891 Decree (R$436.7 million);
- CVAs' outstanding balance (regulatory asset) of R$508.8 million;
- Sector grants outstanding balance of R$410.6 million, of which R$373.3 million derived from CDE and R$37.3 million from CCC.

FINANCIAL

- 9M15 net revenues, excluding construction revenues, improved by 44.3% compared to 9M14, reaching R$ 7,179.0 million;
- Consolidated adjusted EBITDA in 9M15 of R$ 1,993.7 million, a 86.3% increase compared to the same period of 2014;
- 9M15 net earnings of R$ 193.0 million, a 16.8% increase compared to the same period of 9M14;
- Consolidated net debt of R$ 6,707.4 million, 0,2% higher than the outstanding balance as of Dec/14;
- Net debt/EBITDA at 2.58x.

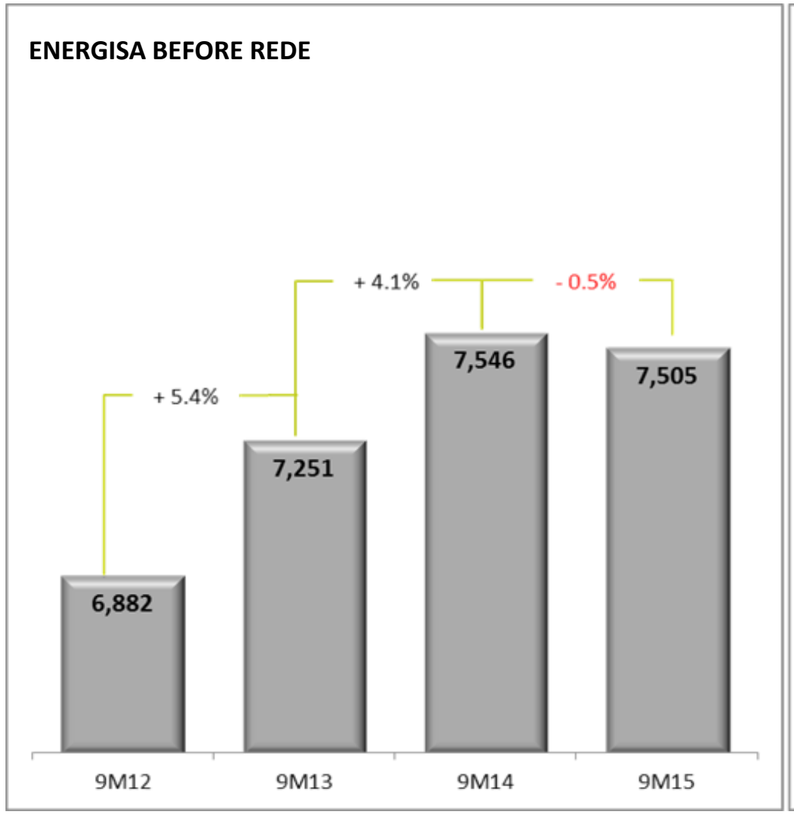
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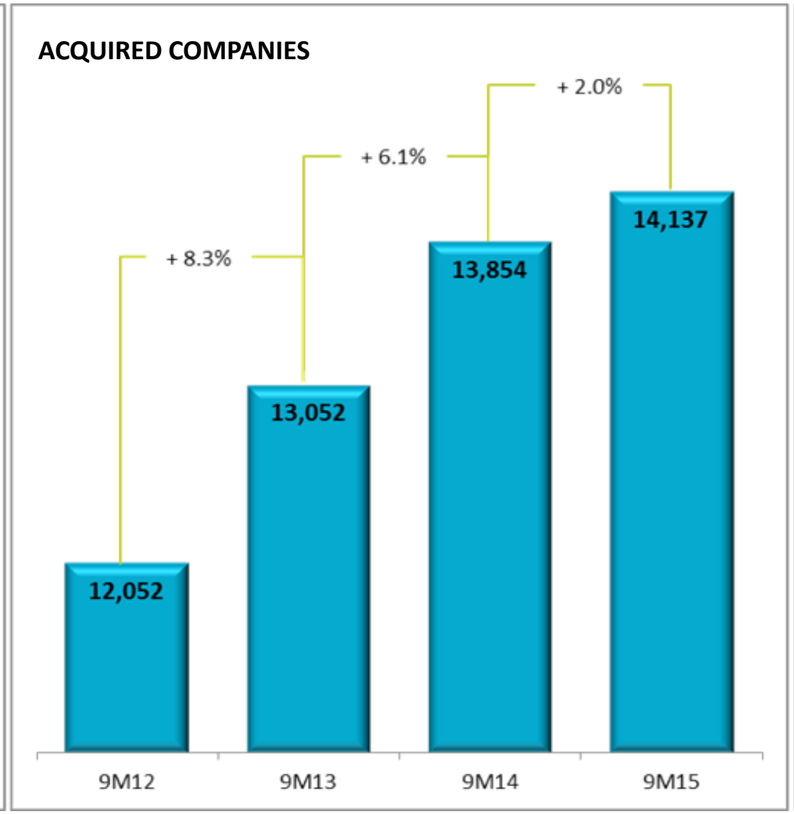
Consumer Market, Technical and Operational Efficiency

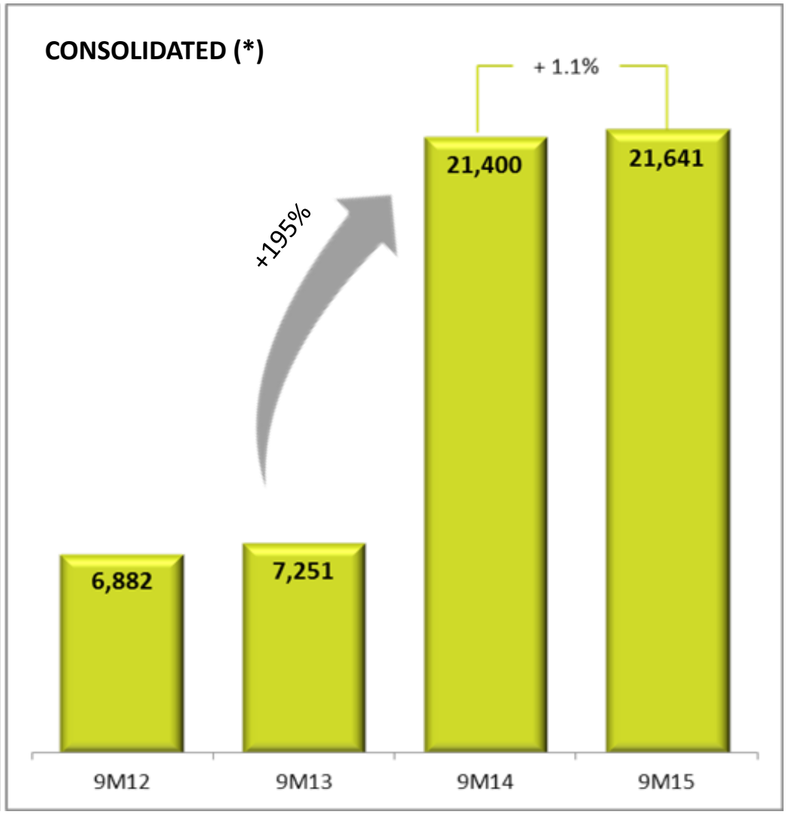
Captive + Wholesale Market (GWh)

Energy consumption in the discos improved by 1.1% in the first nine months of 2015(*)

- ✓ Given the current macroeconomic situation in Brazil, Energisa's discos consumption will be impacted by a slower economic growth. Nevertheless, Energisa's concession area are somewhat protected due to geographic diversification, as the agribusiness sector has shown some resilience against economic turmoil.







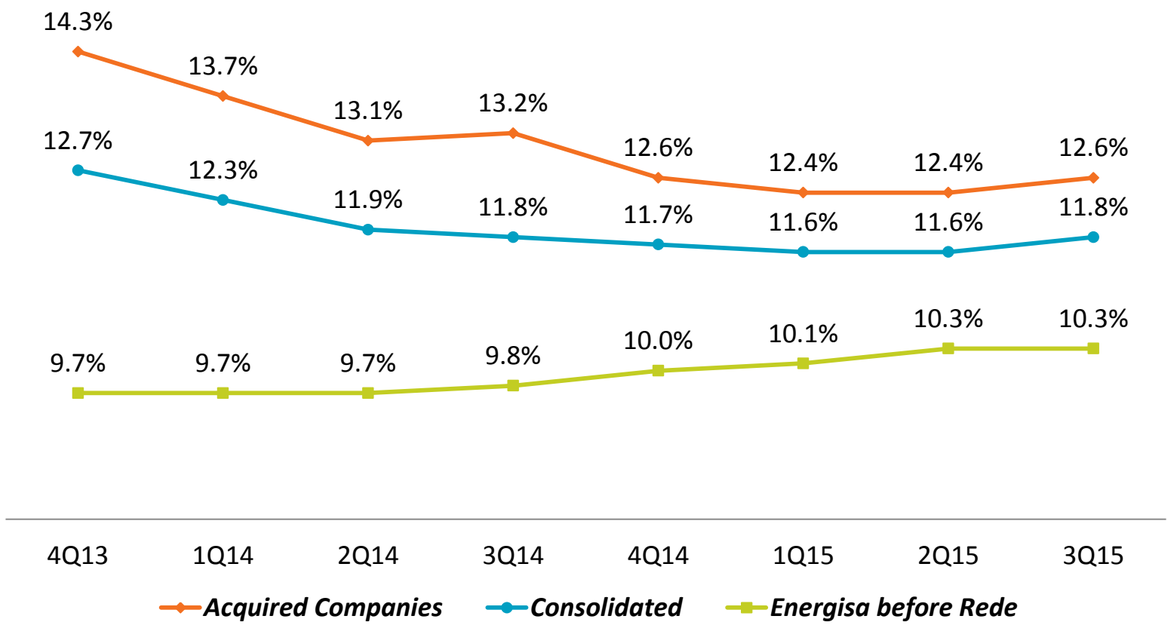
(*) For calculation purposes, energy sales in all of Energisa's discos were considered as if controlled by Energisa in the first 9 months of 2014.

Reduction in Energy Loss

Losses remained stable at 11.82%. Losses at acquired companies already show improvement.

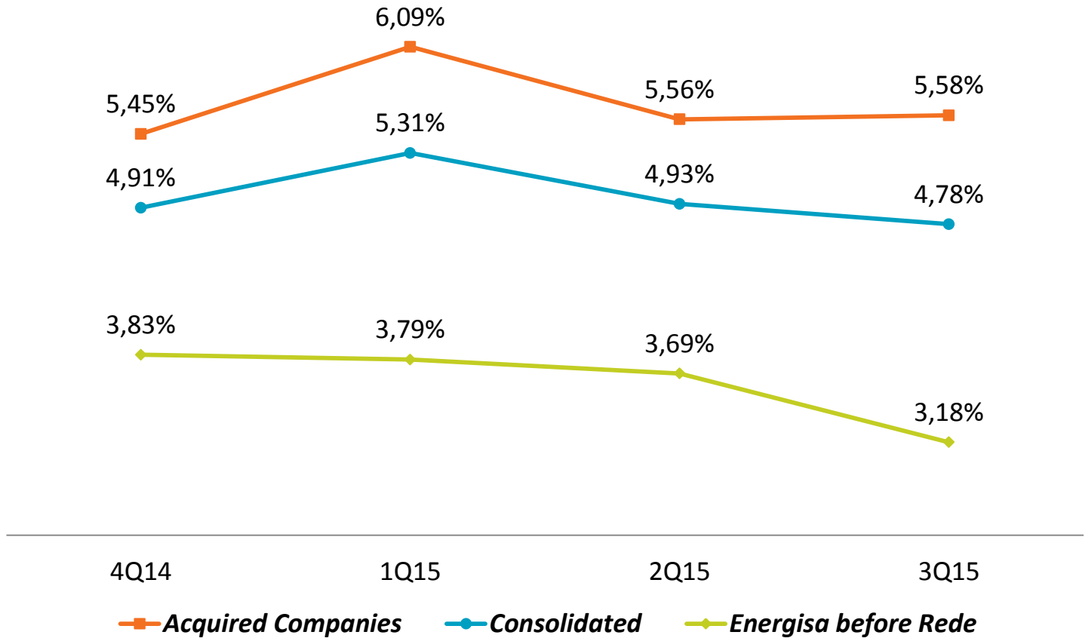
Historical Total Energy Losses (Last Twelve Months)

- ✓ The Group has been heavily investing in inspection and maintenance programs, specially in Rede's acquired companies, in order to prevent energy theft and fraud in electricity consumption.



Historical Non-Technical Energy Losses (Last Twelve Months)

- ✓ As of September 2015, non-technical losses have demonstrated an improving path, specially at the acquired companies, i.e. Energisa Mato Grosso do Sul and Tocantins.



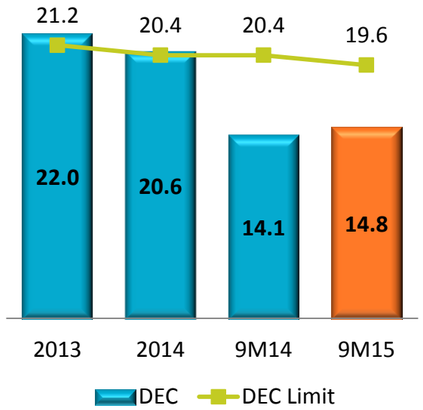
DEC and FEC

Average DEC as of 9M15 reduced by 3.2% compared to 9M14.

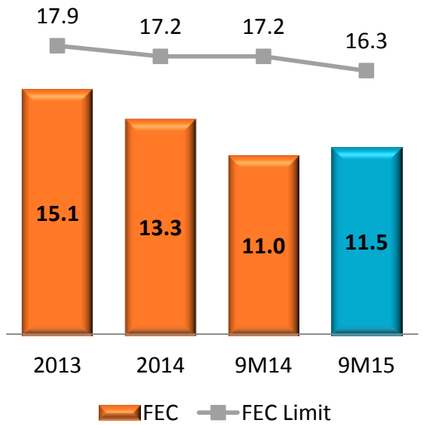
✓ Energisa's distribution companies have invested in various actions in order to improve the service quality provided to end consumers (DEC and FEC).

ENERGISA BEFORE REDE

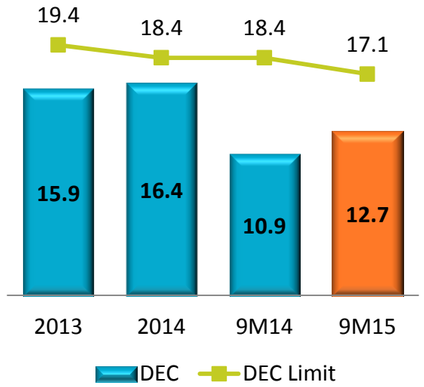
DEC

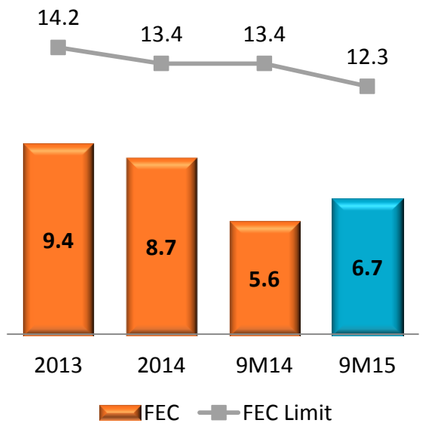


FEC

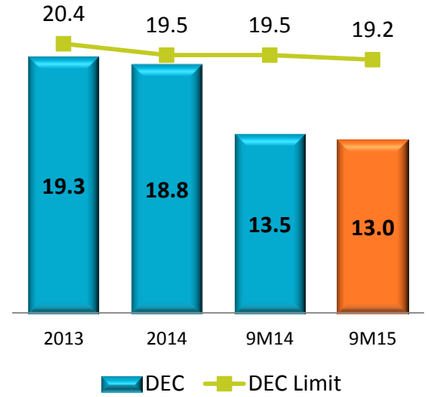


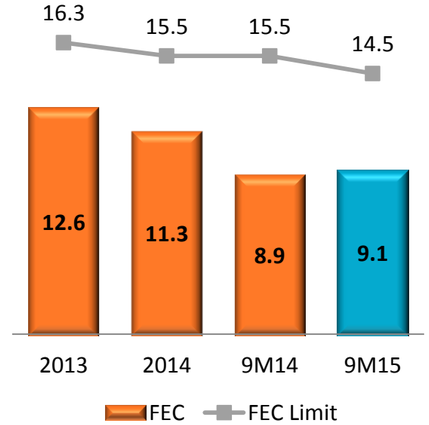
ACQUIRED COMPANIES





CONSOLIDATED



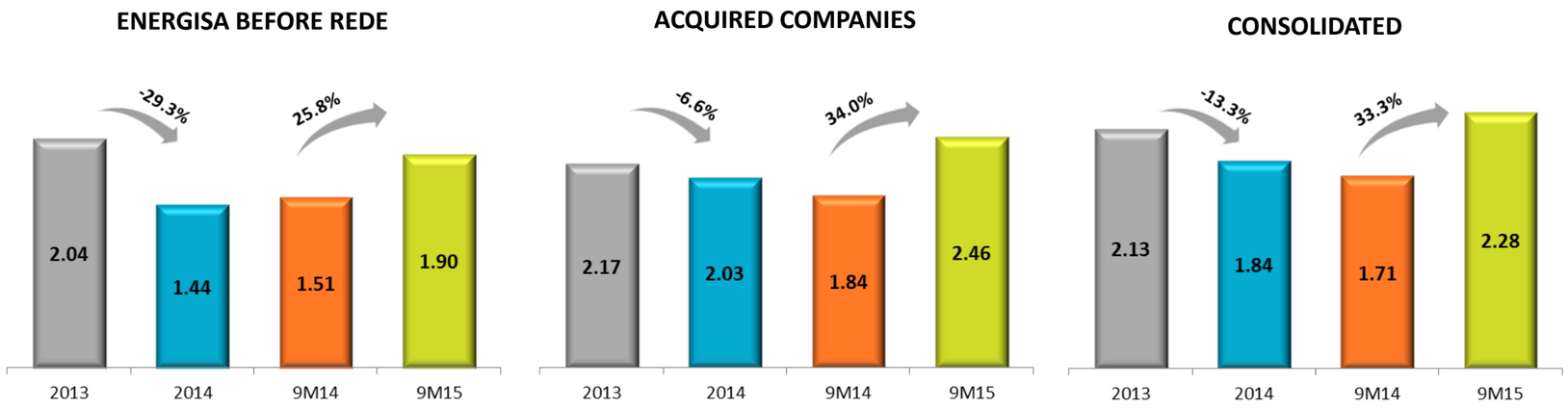


Past Due Rates

Increase in past due rates caused by tariff increases.

- ✓ The extraordinary tariff reviews and rate flags that were stablished in the first quarter of 2015 contributed to the increase in past due rates, which increased from 1.71% in 3Q14 to 2.28% in 3Q15 (last twelve months), representing a R$ 141.3 million increase.
- ✓ The Company has largely invested in enforcing collection actions to contain the increase in past due rates, with mechanisms to accelerate debt payment, intensify power cuts and including overdue debts in credit reports.

Historical Over Due Rates (Last Twelve Months) (%)



Controllable Costs and Investments

Focus on tight cost control and increase in Regulatory Asset Base.

- ✓ Seeking to maximize value, the Company focus its resources in investments, specially those added to the Regulatory Asset Base, over those power network O&M expenses.
- ✓ This strategy has proven successful as distribution companies have been able to reduce costs by 0.2% given a 9.5% accumulated inflation. The 9M15 investments have significantly improved (94.2%) compared to the same period of 2014.

Controllable Costs in Business Units	9M15	
	R$ MM	Var %(1)
Distribution Companies		
Energisa Mato Grosso	321.3	5.1%
Energisa Mato Grosso do Sul	217.1	3.7%
Energisa Paraíba	157.6	8.0%
Energisa Sergipe	102.4	5.1%
Energisa Tocantins	138.9	-6.6%
Energisa Minas Gerais	76.0	2.5%
Energisa Nova Friburgo	21.1	0.1%
Caiuá	35.9	-9.0%
Vale Paranapanema	26.0	-14.1%
Bragantina	24.6	-12.6%
Nacional	18.1	-12.3%
Energisa Borborema	22.6	4.1%
Força e Luz do Oeste	8.6	-13.6%
Total	**1,170.0**	**1.6%**
Energisa before Rede	**379.6**	**5.4%**
Acquired Companies	**790.4**	**-0.2%**

Investments	9M15	
	R$ MM	Var %(1)
Distribution Companies		
Energisa Mato Grosso	335.6	82.7%
Energisa Mato Grosso do Sul	152.1	36.2%
Energisa Paraíba	101.5	-13.4%
Energisa Sergipe	58.0	-15.5%
Energisa Tocantins	203.5	225.1%
Energisa Minas Gerais	49.4	35.3%
Energisa Nova Friburgo	15.3	146.8%
Caiuá	31.3	98.1%
Vale Paranapanema	16.8	82.6%
Bragantina	21.6	105.7%
Nacional	20.2	165.8%
Energisa Borborema	25.6	81.6%
Força e Luz do Oeste	4.1	28.1%
Total	**1,035.0**	**60.0%**
Energisa before Rede	**249.8**	**3.0%**
Acquired Companies	**785.2**	**94.2%**

(1) Compared to the same period in 2014.

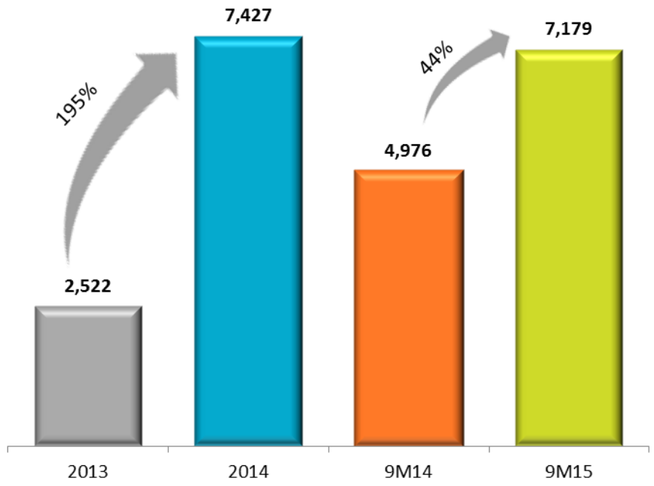
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3Q15 Highlights

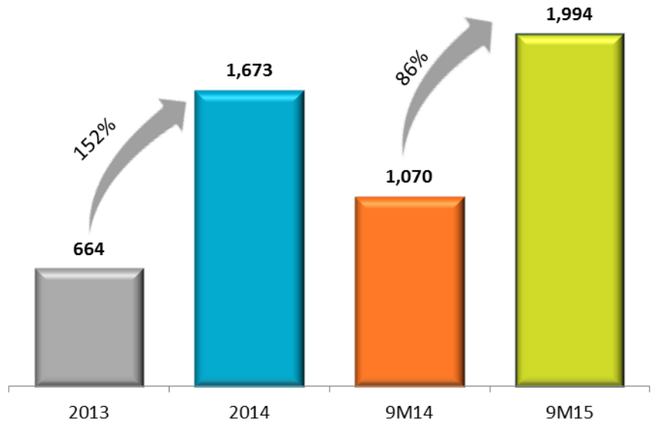
9M15 Highlights

Significant growth compared to 9M14.

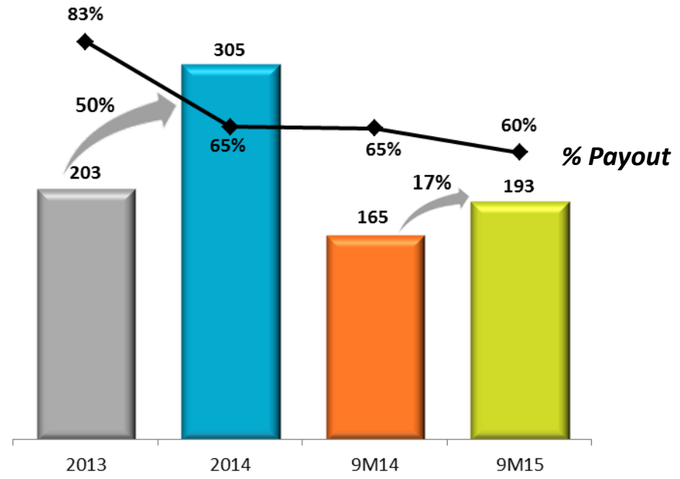
Net Revenues (R$MM)[1]



Adjusted EBITDA (R$MM)



Net Earnings (R$MM)

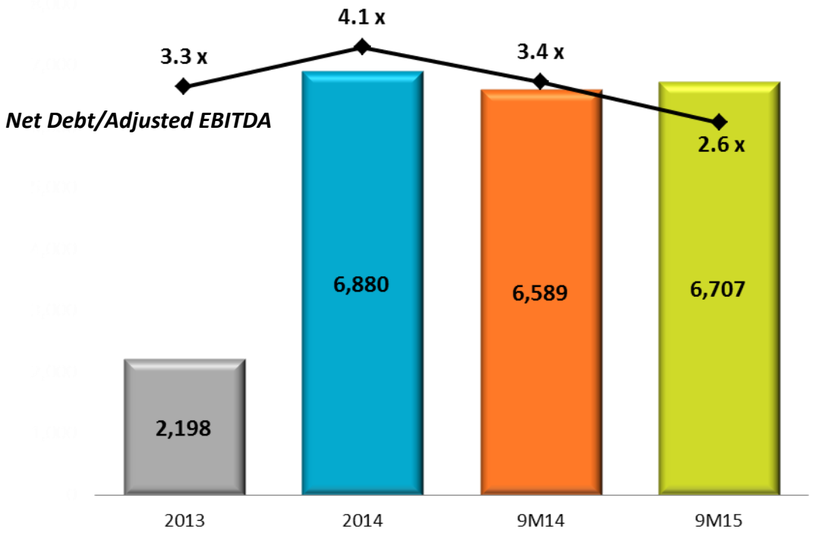


- ✓ Consolidated net revenues of R$7,179.0 million as of 9M15, a 44.3% increase compared to 9M14.
- ✓ Adjusted EBITDA as of 9M15 increased by 86.3% compared to the same period of 2014, reaching R$1,993.7 million. Recurring Adjusted EBITDA, which excludes the sale of generation assets, reached R$1,309.4 million in 9M15, a 22.3% increase compared to the same period in 2014.
- ✓ Net earnings in 9M15 reached R$193.0 million, a 16.8% increase compared to the same period in 2014. The 9M15 net earnings has been reduced by R$202.4 million (R$133.6 million net of taxes) due to the goodwill amortization of Grupo Rede's acquisition fair value.

(1) Excludes construction revenues, according to IFRS.

Leverage

Net debt remains stable compared to 9M14, but leverage ratio drops to 2.6x Adjusted EBITDA.

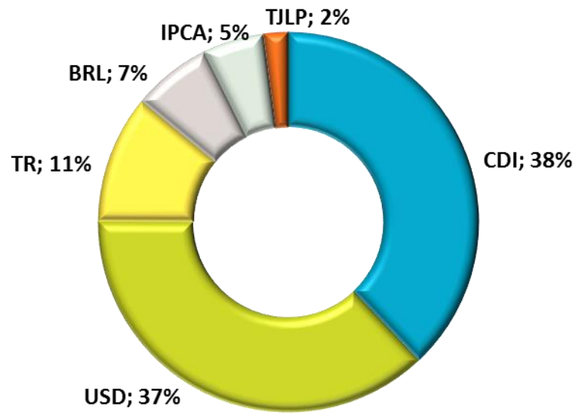


Currently, covenants based on the Company's consolidated financials are below 5.0x Net Debt-to-Adjusted EBITDA (until Mar/16) and 3.5x after that.

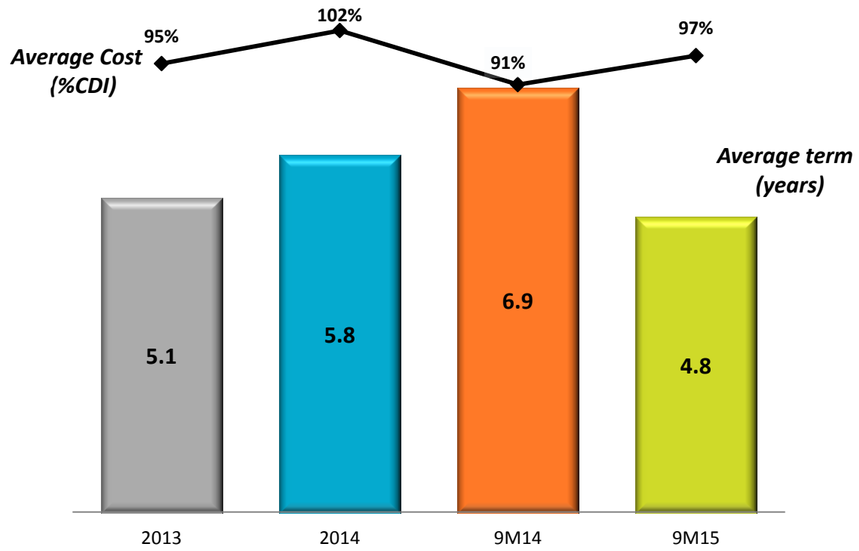
As of Sep/15, this leverage ratio represents a 2.6x Adjusted EBITDA

Excluding the impact of sale of generation assets (R$684 million), the leverage ratio would reach 3.5x.

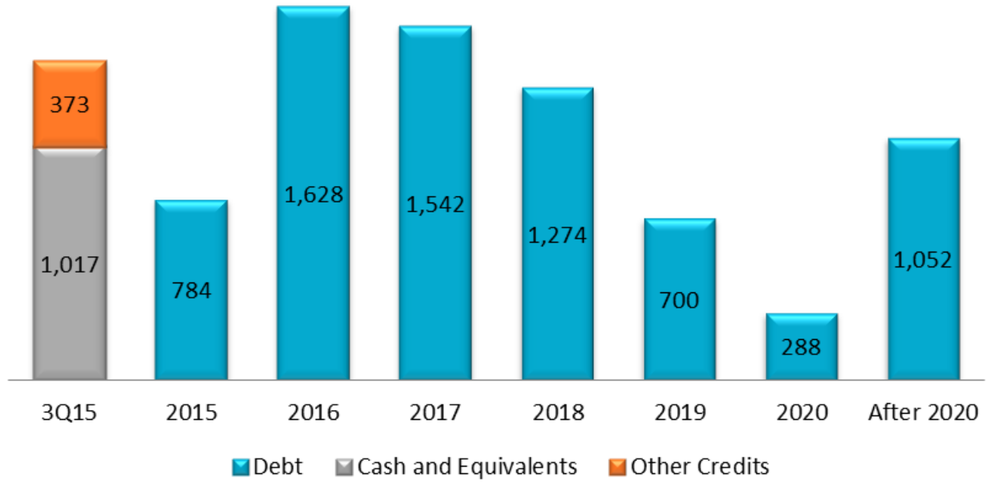
Main Indicators



Average Term/Average Cost of Debt



Debt Payment Schedule (R$MM)



BNDESPar Transaction

R$ 2,2 billion in new resources

- ✓ On September 18th, BNDESPar Board approved an investment agreement to be signed with Energisa and Gipar, the Company's controlling shareholder, in order to strengthen the Group's capital structure.
- ✓ The transaction involves:
  - ✓ Capital increase of R$ 250 million by the Company's current shareholders, concluded in November;
  - ✓ Convertible debentures of R$ 1.0 billion concluded on December 8th;
  - ✓ R$ 940 million to finance the Group's 2015 and 2016 investments, through a syndicated loan (FINEM and FINAME BNDES indirect loan).
- ✓ The first portion of the syndicated loan was concluded at end of 2015.

Ratings

Ratings in local and global scale

- ✓ Recently, two credit rating agencies improved Grupo Energisa's ratings, as Standard & Poor's changed the outlook of Energisa's corporate credit ratings from negative to positive and Fitch upgraded Energisa's rating to 'A+(bra)', and its subsidiaries to 'AA-(bra)'.

- ✓ The positive changes consolidate the market confidence in the Company's latest strategic moves (acquisition of Grupo Rede and sale of its generation assets), reaffirming its favorable credit profile amid an uncertain outlook.

Agency	Company	National Scale Ratings/Outlook	Last Report
STANDARD &POOR'S	Energisa S/A	brAA- (positive)	July/15
	Energisa Sergipe	brAA- (positive)	July/15
	Energisa Paraíba	brAA- (positive)	July/15
	FIDC III Energisa 2008	brAAA	June/15
	FIDC IV Energisa Centro-Oeste	brAAA	May/15
MOODY'S INVESTORS SERVICE	Energisa S/A	Aa2.br (stable)	May/15
FitchRatings	Energisa S/A	A+(bra) (stable)	August/15
	Energisa Paraíba	AA-(bra) (stable)	August/15
	Energisa Sergipe	AA-(bra) (stable)	August/15
	Energisa Minas Gerais	AA-(bra) (stable)	August/15

THANK YOU