Company Presentation – 4Q15

March • 2016

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01

Grupo Energisa – Overview

Grupo Energisa – Overview

111 years of history for the sixth largest electric utility company in Brazil in number of clients

ENERGISA GROUP COVERAGE AREA

13 power distribution concessions across Brazil

788
municipalities served

6.4 million
clients

16.0 million
people served
(8.1% of Brazil population)

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

6 Service companies (MG and RJ)



02

2015 Highlights

2015 Highlights

Operational and financial Highlights

OPERATIONAL

- Energy sales increased by **0.1%** in 2015, whereas the national average declined by **2.1%**(1). Residential segment increased by **3.4%** compared to a national average reduction of **0.7%**(1).
- Electrical losses of 11.97% (regulatory limit of 12.32%). FEC of 11.3 times and DEC of 18.8 hours were stable and below the regulatory limit, despite the harsh climate conditions.
- Payment default is reducing, decreasing to 2.25% in 4Q15 (1.84% in 4Q14), after reaching a peak of 2.42% in 2Q15.

FINANCIAL

- Adjusted EBITDA reached R$2,403.8 million and Recurring Adjusted EBITDA, which excludes the sale of generation assets, reached R$1,733.0 million in 4Q15;
- Investments increased by 29% to R$1.6 billion, of which 72% were allocated to Grupo Rede's distribution companies;
- Net earnings of R$351.4 million;
- Declared and paid dividends of R$175.6 million;
- Consolidated net debt of R$6.2 billion, representing 2.6x Adjusted EBITDA. Average cost of 102% of CDI and average term of 5.8 years;
- More than R$3.5 billion in transactions to finance capex and improve debt profile, in addition to the sale of generation assets (EV = R$ 2.7billion) and R$250 million of capital raise.

2015 Highlights

Relevant transactions in 2015

- ✓ In the forth quarter of 2015, Grupo Energisa completed several relevant transactions that contributed to improve the Company's debt and liquidity profile. The main transactions were:
  - R$250 million capital raised amongst the Company's current shareholders, concluded on November 30th;
  - R$1.0 billion in debentures combined with subscription bonus to convert 50% of the total amount to equity. The transaction was concluded on December 8th;
  - ✓ R$ 940 million to finance the Group's 2015 and 2016 investments, through a syndicated loan (FINEM and FINAME BNDES indirect loan). On December 30th, the distribution companies received R$660 million related to proven investments.

2015 Highlights

Subsequent event: relevant transactions after Dec/2015

- ✓ On January 27th, 2016, the FI-FGTS investment committee approved the issuance of FIDC IV's the second series. The transaction is intended to finance 40% of 2016-2018 EMS and EMT investments, adding to BNDES' current funding (50%).

- ✓ Total volume of R$700 million, of which R$481 million at Energisa Mato Grosso and R$219 million at Energisa Mato Grosso do Sul.

- ✓ The Company expects to close the transaction by mid-April 2016.

2015 Highlights

Foreign exchange risk management

- ✓ The strong currency depreciation in 2015 affected the Company's results, specially due to U.S.-denominated loans with call options.
- ✓ By taking advantage of market opportunities, the Company was able to reverse relevant exposures and to limit their negative impact on the Group's earnings:
  - ✓ In January 2015, Energisa excluded the impact of the 2015 call options from the Minas Gerais, Sergipe, Paraíba, Borborema and Nova Friburgo operations.
  - ✓ In April and November 2015, the Company restructured the call options of the 2016 operations at Energisa S.A. and Energisa Paraíba.
  - ✓ By the end of 2015, the Group had excluded US$228 million worth of call options (average strike price of R$3.30/US$).
  - ✓ In early 2016, the Company excluded the call options with 2017 maturity, except for a US$25 million operation at Energisa S.A. The Group also has a US$130 million exposure in 2018 with strike prices below the current sport price.

2015 Highlights

Global and national scale ratings

- ✓ Due to the macroeconomic scenario and deteriorating outlook, rating agencies have downgraded several Brazilian companies:
  - ✓ In February 2016, S&P downgraded several companies in the utility sector. Energisa was one of the few companies that was able to maintain its BB rating on global scale and brAA- on national scale, except for a change in outlook, from positive to negative.
  - ✓ In February 2016, after Brazil's sovereign rating was cut, Energisa was part of a distinct group of companies that maintained the same rating as the sovereign level at Ba2. Moody's also changed the outlook of Energisa's local rating to negative, maintaining the rating at Aa2.br.

Rating Agency	Company	Global Scale/ Outlook	National Scale/ Outlook	Last Report
STANDARD &POOR'S	Energisa S/A	BB (negative)	brAA- (negative)	Feb/16
	Energisa Sergipe	BB (negative)	brAA- (negative)	Feb/16
	Energisa Paraíba	BB (negative)	brAA- (negative)	Feb/16
MOODY'S INVESTORS SERVICE	Energisa S/A	Ba2 (negative)	Aa2.br (negative)	Feb/16
FitchRatings	Energisa S/A	BB (stable)	A+(bra) (stable)	Aug/15
	Energisa Paraíba	BB+ (stable)	AA-(bra) (stable)	Aug/15
	Energisa Sergipe	BB+ (stable)	AA-(bra) (stable)	Aug/15
	Energisa Minas Gerais	BB+ (stable)	AA-(bra) (stable)	Aug/15

03

Utility Market

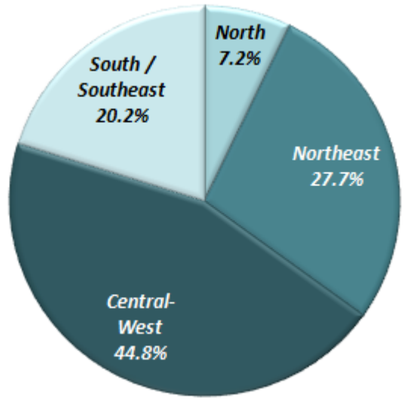
Utility Market

Average growth of 0.1% reflects economic situation and important tariff reviews

Captive Market + Free Market by Region (%)

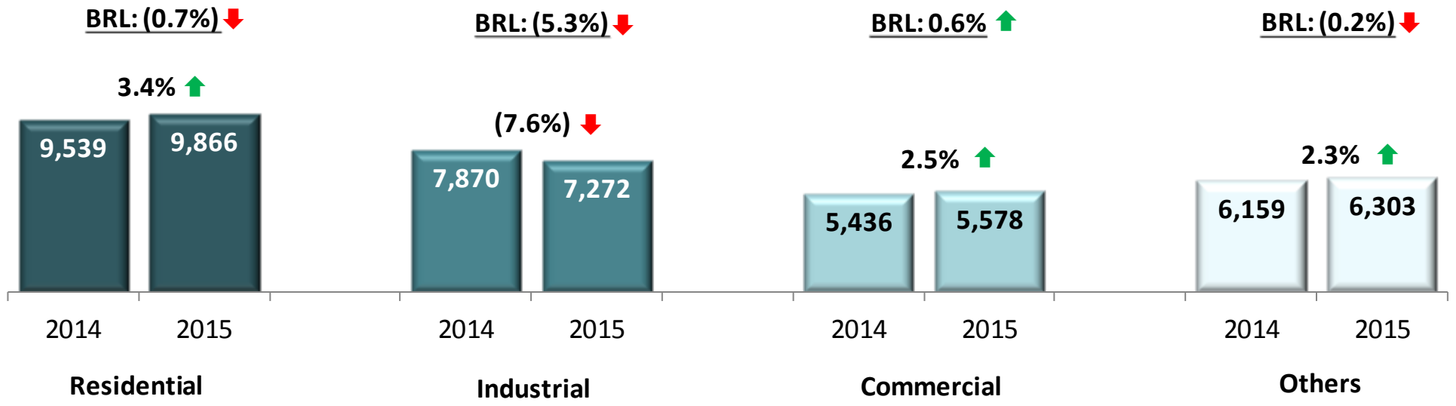
Market Growth (%)	Captive + Free	
	Energisa	*Brazil*
North	6.6 ↑	3.3
Central-West	1.0 ↑	0.8
Northeast	-1.1 ↓	-0.9
South / Southeast	-2.5 ↑	-3.3
Total	**0.1** ↑	**-2.1**

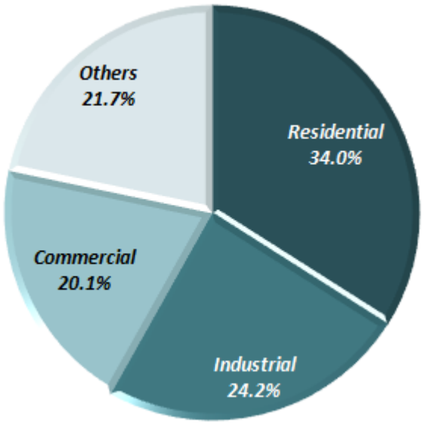
- ✓ Energisa's regional performance better than the national average(1) in almost all regions.
- ✓ The agribusiness, mainly in North and Central-West, had a significant compensatory effect on the concession areas.
- ✓ Northeast and Central-West were responsible for 72.5% of Energisa's total energy sales.



Captive Market + Free Market by Region (GWh)

- ✓ Residential + Commercial segments, represent 54.1% of total sales, or a 3.1% growth (BRL: (0.2%)).





(1) Source: EPE (Empresa de Pesquisa Energética).

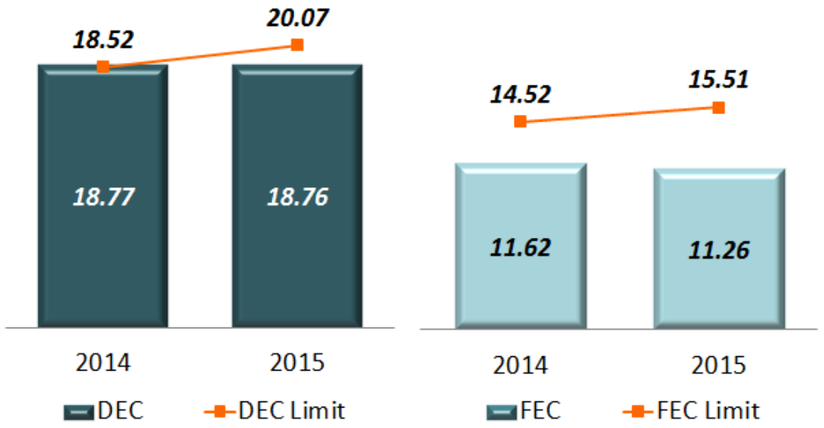
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Operational Highlights

Operational Highlights

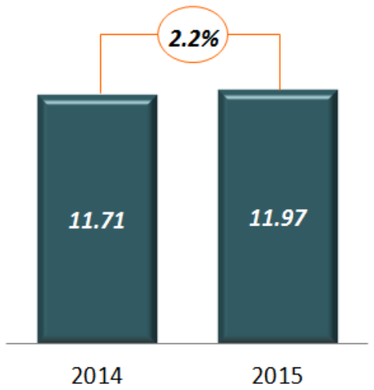
DEC and FEC below Regulatory Limits, despite adverse climate effects. Losses in line with market trends.

DEC (Hours) e FEC (x) - Distribution Companies Average



- ✓ Central-West and Southeast regions were impacted by harsh climate changes, such as lightning strikes and strong winds that affected the measures.
- ✓ DEC remained stable in 2015 compared to 2014 and 6.5% below the regulatory limit. FEC decreased 3.1% in 2015 and remained 27% below the regulatory limit.
- ✓ In 2015, the Company invested R$226 million in quality and service continuity programs, in addition to preventive maintenance actions.

Total Losses / Required Energy (%)



- ✓ Loss performance in 2015 was affected by required energy growth, which was impacted by market slowdown. Total losses below regulatory limit (12.32%).
- ✓ Losses growth reflects the effect of a decrease in industrial consumption, historically less exposed to losses (higher scale/concentration and less transformation).
- ✓ In 2015, the Company invested R$4 million in actions to decrease losses and increase inspections, mainly in the acquired companies.

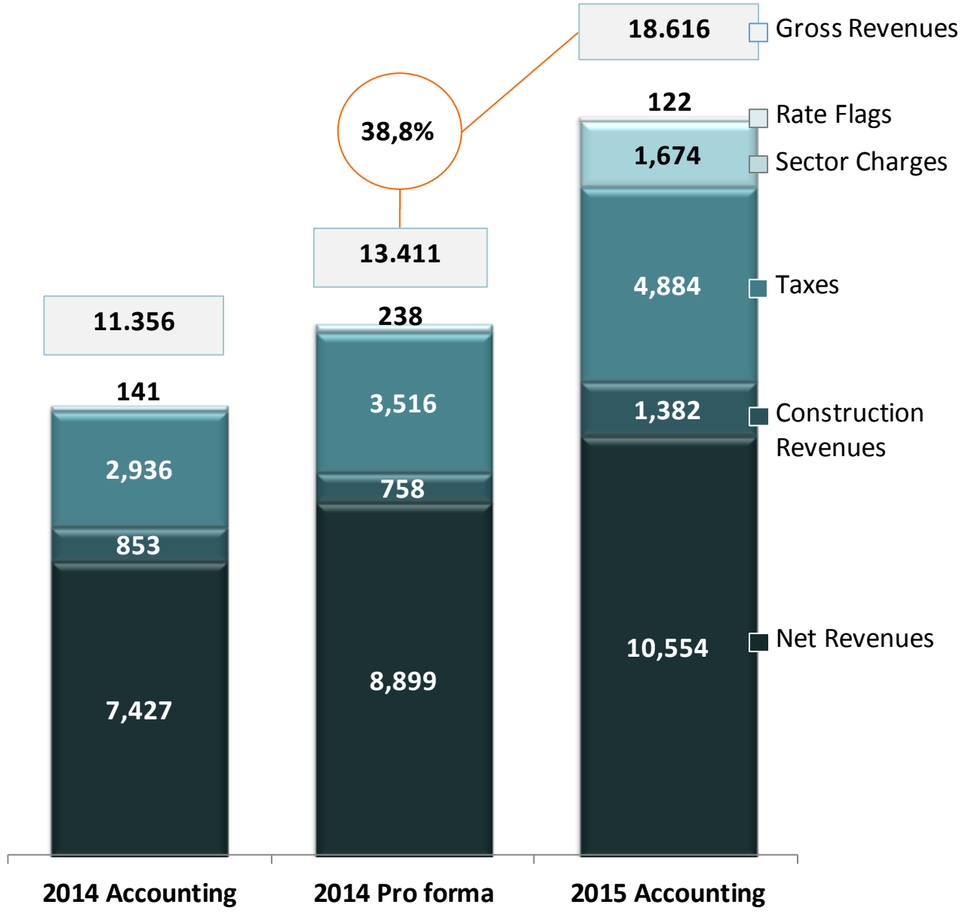
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Financial Highlights

Financial Highlights

Pro Forma Gross Revenue, impacted by relevant tariff reviews, increased by 38.8%. Average default rate in 2015 at 2.25%.

Consolidated Gross Revenues Breakdown(1) (R$ million)



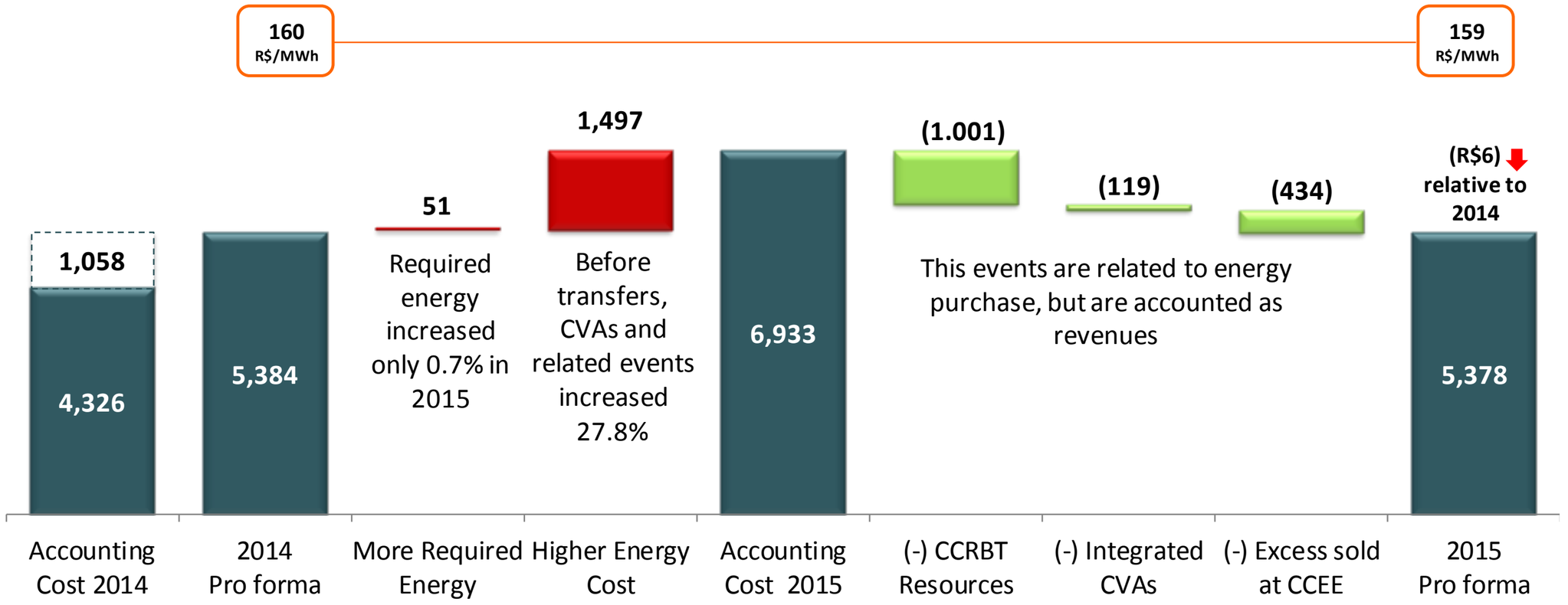
- ✓ Relevant tariff review drove increase in gross revenues.
- ✓ Gross revenues impacted by a positive R$1,123 million rate flag, of which R$1,001 million applied to cover distribution companies costs. Net effect of R$122 million.
- ✓ A pass-through item, sector charges had a strong growth in 2015. During drought crisis in 2014/2015, distribution companies received resources from CDE and ACR account. These costs are currently being transferred to the end consumer through the increase of the CDE sector charge.
- ✓ Tariff increase, in addition to other macroeconomic effects like inflation and unemployment, drove up default rates from 1.84% in 2014 to 2.25% in 2015.
- ✓ Increased efforts to contact clients who become delinquent and execute intense disconnection procedures for non-payments.

(1) For comparison purposes, pro forma figures consider full year results for Grupo Rede's companies. Accounting figures consider Grupo Rede starting in April/14. Pro forma figures not audited.

Financial Highlights

New tariff adjustment mechanisms to smooth the energy purchase impact

Consolidated Energy Purchase Cost(1) (R$ million)

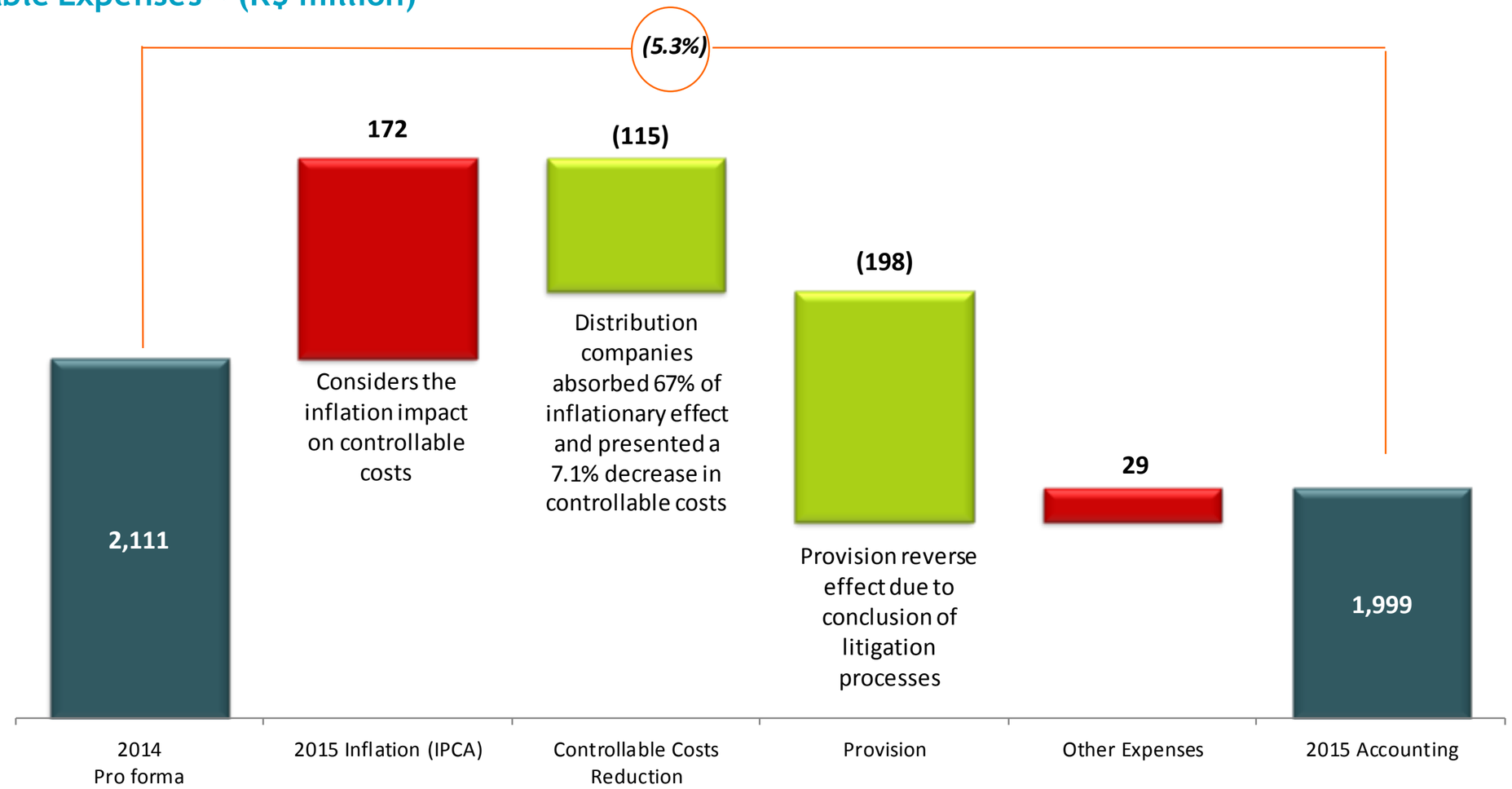


(1) For comparison purposes, pro forma figures consider full year results for Grupo Rede's companies. Accounting figures consider Grupo Rede starting in April/14. Pro forma figures not audited.

Financial Highlights

Evolution of controllable expenses of the distribution companies

Controllable Expenses[1] (R$ million)

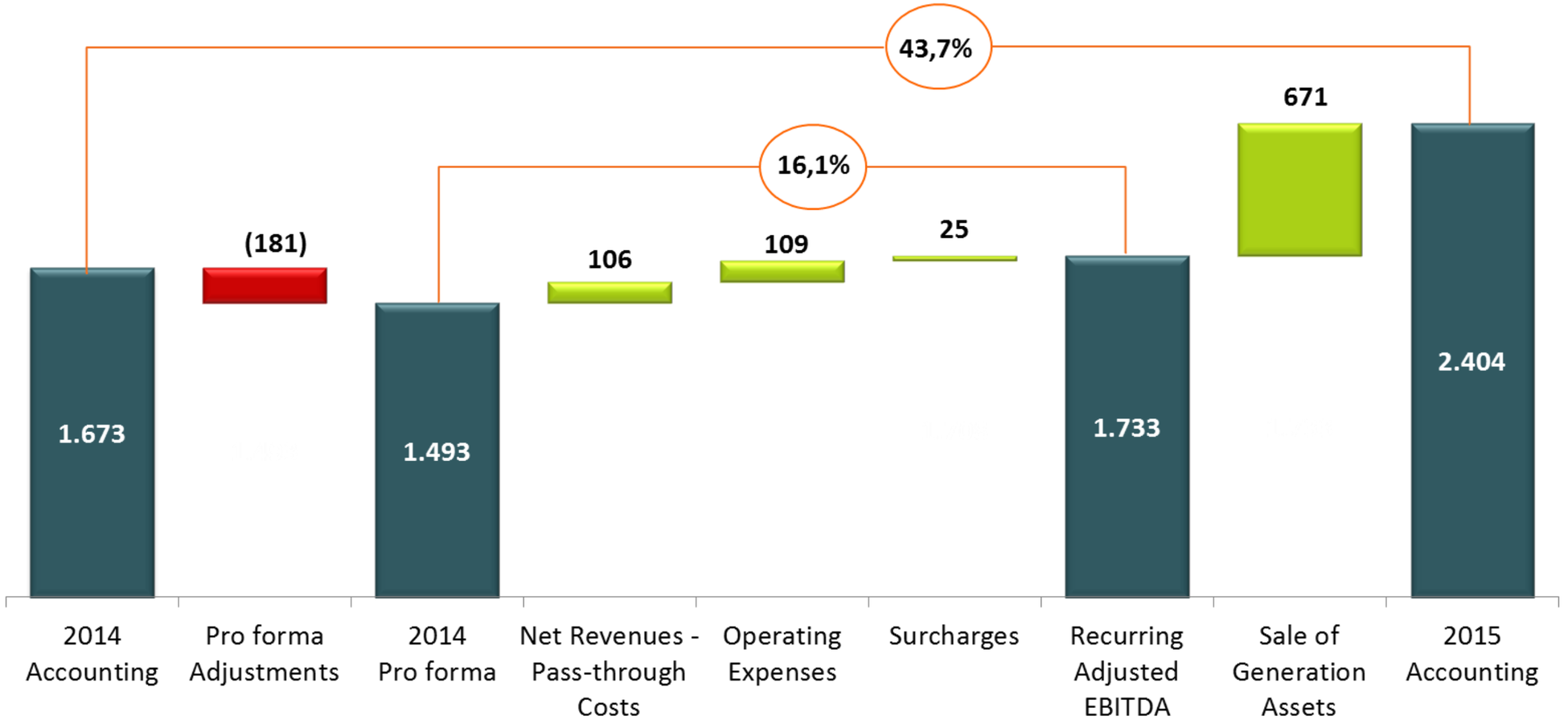


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Financial Highlights

Adjusted EBITDA grown by 43.7%. Adjusted Recurring EBITDA, excluding the sale of generation assets, has grown by 16%

Consolidated Adjusted EBITDA(1) (R$ million)

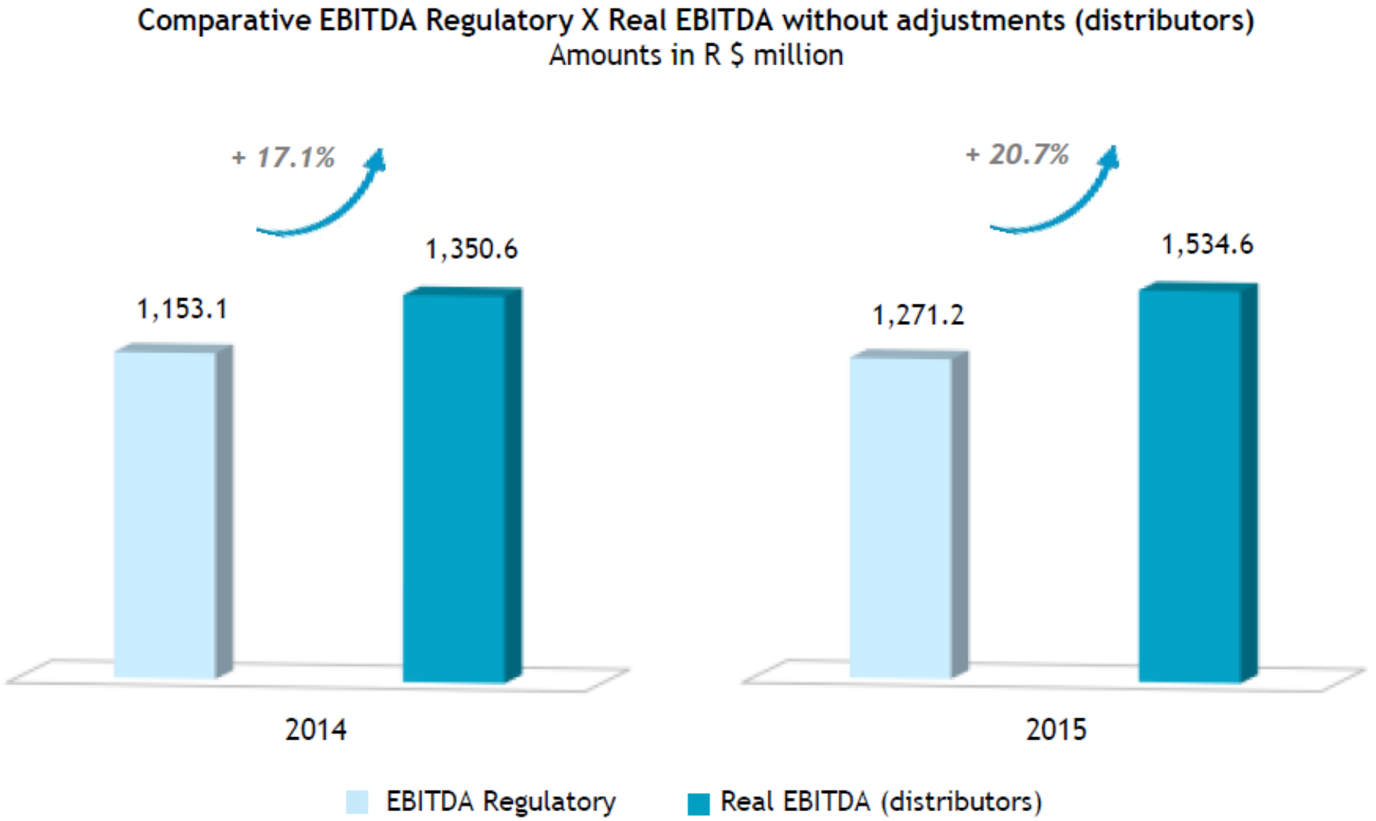


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Financial Highlights

Regulatory x Actual EBITDA

✓ The distribution companies consolidated EBITDA (prior to adjustments) in 2015 reached R$1,534.6 million, or 20.7% above the Regulatory EBITDA (17.1% above in 2014). This performance results from distribution companies efforts to maximize efficiency in order to achieve higher returns.



Financial Highlights

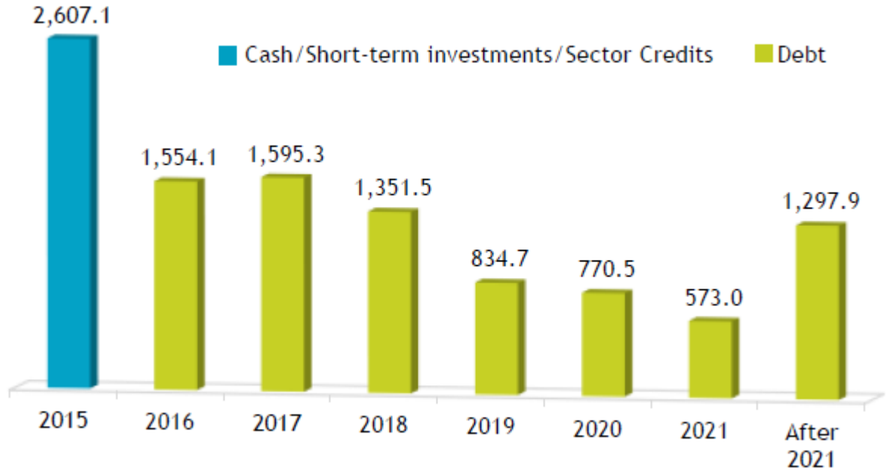
Net Debt of R$6.2 billion remained stable when compared to 2014. Average cost of 102% of CDI and average maturity of 5.8 years

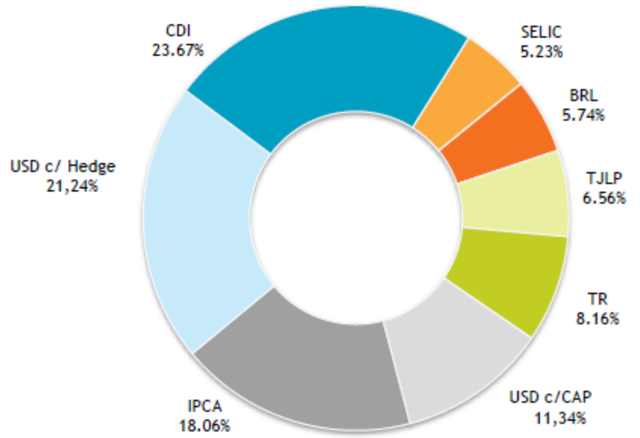
Consolidated Net Debt (R$ million)

- ✓ The CCC, CDE credits and CVA outstanding balance reached R$707 million, or 0.3x EBITDA.

Description (R$ million)	Consolidated	
	12/31/2015	12/31/2014
Short-term	**1,667.9**	**2,421.7**
Loans, financing and leasing	1,195.4	1,233.5
Debentures	315.8	786.9
Debt charges	43.0	42.5
Financing of taxes and actuarial deficit	45.8	50.7
Financing of sector charges	20.4	291.3
Financing of energy purchased from Itaipu	39.0	76.5
Derivative financial instruments, net	8.5	(59.7)
Long-term	**7,169.6**	**6,192.1**
Loans, financing and leasing	4,222.1	2,841.1
Debentures	2,200.8	2,386.6
Financing of taxes and actuarial deficit	263.0	264.9
Financing of sector charges	153.1	177.6
Financing of energy purchased from Itaipu	312.1	351.1
Derivative financial instruments, net	18.5	170.8
Total debts	**8,837.5**	**8,613.8**
(-) Cash and cash equivalents	1,899.8	1,624.6
(-) CDE credits (see item 5.2.2)	242.5	297.0
(-) CCC credits (see item 5.2.2)	39.7	42.9
(-) CVA credits (see item 5.2.3)	425.1	353.8
Total net debts (*)	**6,230.4**	**6,295.5**

Amortization Schedule and Debt Composition (R$ million)





(*) This amount has also been deducted from the adjustment to present value of creditors opting for receipt over 22 years of their credits under the Judicial Reorganization Plan of Rede Energia.

Financial Highlights

Outstanding Credits

- ✓ As of December 31, 2015 Grupo Energisa distribution companies had rate subsidy and low income credits receivables amounting to R$242.5 million, which were fully reimbursed by Eletrobrás via the Energy Development Account (CDE) between January and February 2016.

- ✓ In addition, Grupo Energisa holds CCC subrogation credits of R$39.7 million, of which R$11.8 million were received in February 2016.

- ✓ As of December 2015, the Group had R$425.1 million (R$353.8 million in 2014) as CVA outstanding credits. This amount will be fully recognized in the coming tariff review dates in 2016. The outstanding CVA credit represented approx. 28% of the consolidated EBITDA (prior to adjustments) in December.

Financial Highlights

Largest and updated asset base allows for higher return and lower operations and maintenance costs

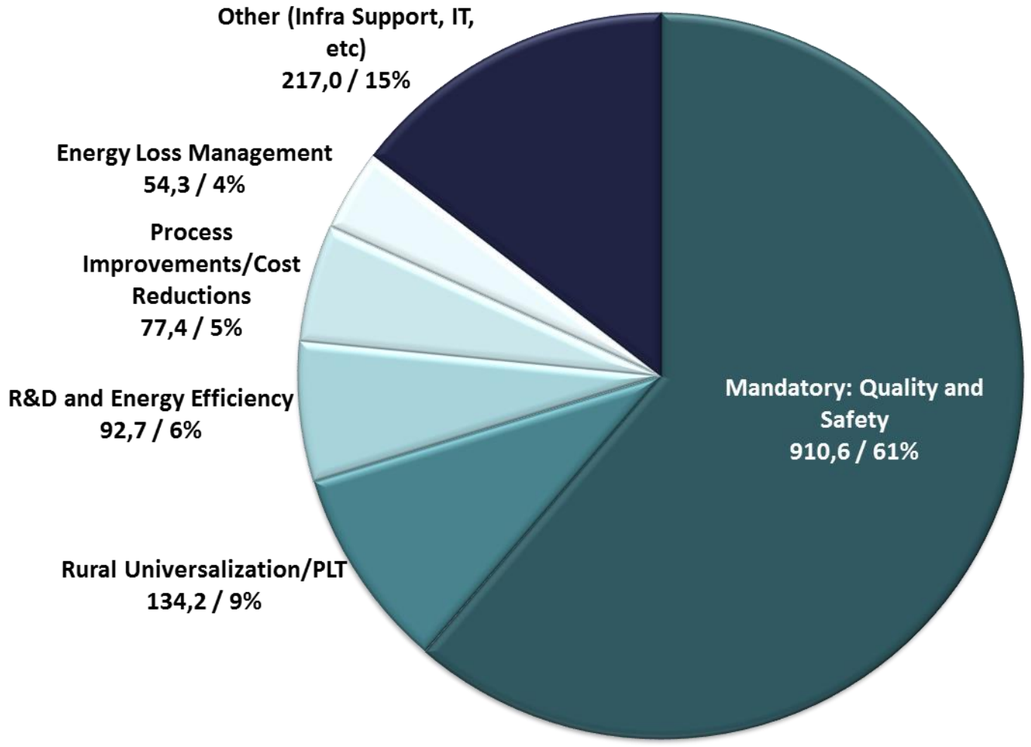
Consolidated Investments (R$ million)

Investiments (R$ million)	Year	
	2015	2014
Energisa Mato Grosso	494.0	304.2
Energisa Tocantins	316.6	95.6
Energisa Mato Grosso do Sul	220.1	219.7
Energisa Paraíba	129.5	154.5
Energisa Sergipe	75.8	90.0
Energisa Minas Gerais	68.6	49.5
Energisa Borborema	19.1	20.5
Caiuá	54.1	29.7
Bragantina	31.5	19.9
Energisa Soluções	30.2	10.6
Nacional	27.1	16.9
Vale Paranapanema	24.7	16.4
Energisa Nova Friburgo	19.7	8.3
Força e Luz do Oeste	5.4	4.7
Divested Generation Assets(*)	68.5	202.3
Others	19.1	30.6
Total	**1,604.0**	**1,273.4**

(*) Assets were divested on March 31th, 2015.

Distributors Investments: R$1.48 billion in 2015

- ✓ From the total investments R$1,044 million (70%) were invested in the expansion, improvement and modernization of the distribution network.



Capital Markets

Additional R$75.2 million dividends paid in March 08th, 2016

➢ **In 2015, Energisa allocated dividends of R$175.6 million (R$ 0.1392 per share, or R$ 0.696 per Unit).**

Market Indexes	December/15	December/14	Change %
Market Value (R$ million)	3,839	3,302	+ 16.3
Enterprise Value (EV - R$ million) (1)	10,533	9,994	+ 5.4
Dividend yield of ENGI11 (Units) - % (2)	5.0	6.4	- 1.4 p.p
Market Value/Shareholders' Equity	1.7	1.8	- 5.6

(1) EV = Market value + net debt.
(2) Proceedings paid out in the last four quarters / closing price of the Units.

✓ Energisa made a capital increase of **R$250.0 million**, via a private share subscription.

✓ 90,909,091 shares were issued under the capital increase, consisting of 43,705,122 common shares and 47,203,969 preferred shares, all identical to the existing shares, at the price of R$2.75 per share or **R$13.75 per Unit**. The share capital is now R$1,260.0 million, consisting of 1,336,599,980 shares.

✓ In December, Energisa made the 7th issuance of non-convertible, simple debentures along with the Company's subscription bonus, for private subscription. All of the 166,667 batches of debentures (1,000,002 debentures) of said issuance were subscribed and paid in for **R$1,043.0 million**.

✓ The subscription bonus allows the holders the right to subscribe batches of shares issued by the Company - consisting of 1 common share and 4 preferred shares (Units), at the price of R$17.00 per Unit, adjusted by the IPCA price index and minus the proceeds paid since the issuance date, in a volume equal to half of the debentures issuance.

✓ Seeking to improve corporate governance practices, at the Extraordinary General Meeting held in October 16th, 2015, the Company approved changes to its Bylaws, in order to render them virtually completely compatible with **BM&FBovespa Level 2 corporate governance** requirements. In this meeting, it was also decided to increase the Company's minimum mandatory dividend to **35% of net income** adjusted pursuant to Brazilian Corporation Law.

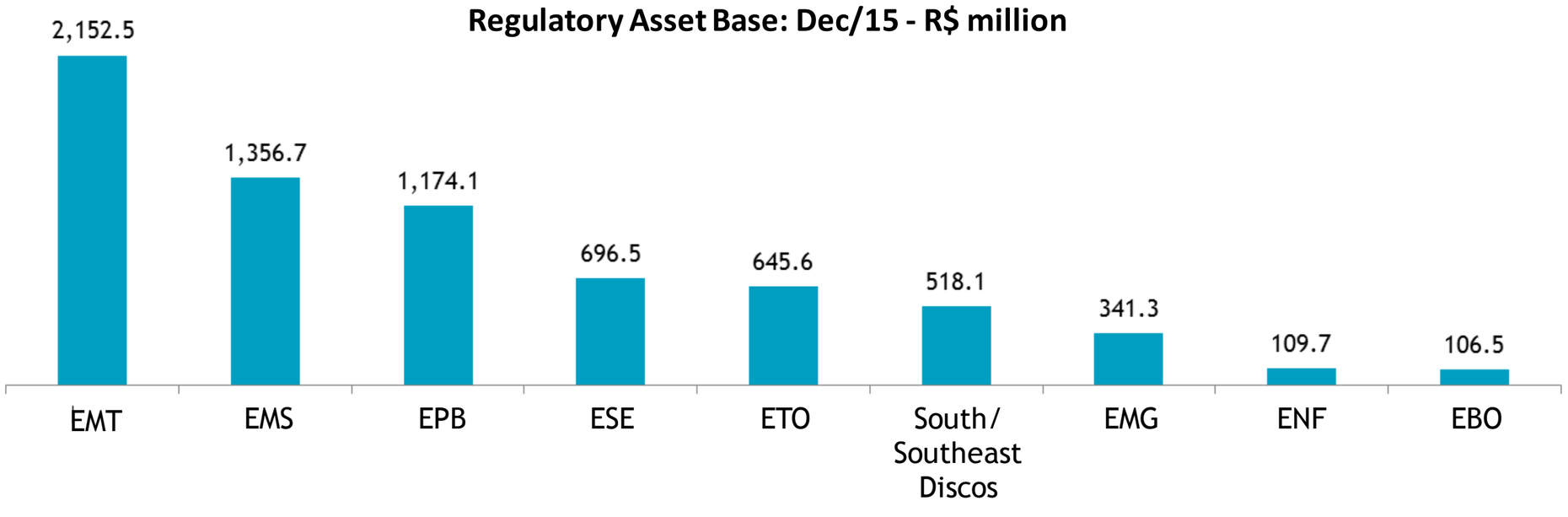
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Tariff Review

Tariff Review

Regulatory Asset Base (RAB)

- ✓ Grupo Energisa's significant investments, especially those made in Rede's distribution companies, are key to build the Company's RAB and define the level of return for the 4th tariff review cycle.
- ✓ In 2016, 8 distribution companies from Grupo Energisa will go through the 4th cycle. The Company expects to benefit from important variables, such as WACC increase (from 7.50% to 8.09%) on a more robust RAB, in addition to the recognition of special obligations return. The consolidated RAB of R$7.1 billion, is shown below:



07

Awards

Awards and Recognition

As result of hard work and dedication, Energisa has won several awards in 2015.

- ✓ Energisa Tocantins: Best distributor of the North/Central West region (+ 500 thousand consumers)
- ✓ Energisa Paraíba: Best distributor in Operating Management (+ 500 thousand consumers)
- ✓ Energisa Nacional: Best distributor in Social Responsibility (up to 500 thousand consumers)



- ✓ Energisa Borborema: Best distributor in safety and accident prevention (up to 500 employees)
- ✓ Energisa Paraíba: Best distributor in security and accident prevention (+ 2,000 employees)
- ✓ Energisa Nacional: Best distributor in Social Responsibility (up to 500 thousand consumers)

- ✓ Energisa Minas Gerais: Best distributor of the South/Southeast region (from 30 thousand to 400 thousand consumers)



- ✓ Energisa Sergipe: ABERJE Award for Communication Programs and Projects and Cultural Activities

- ✓ Energisa Paraíba e Energisa Borborema: On March 21st, Aneel's survey elected EPB as the 2nd best distributor in the quality category and EBO rose to the 4th position in the same category.

Thank you

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