GRUPO energisa

Company Presentation – 2Q15

September • 2015

Index

01 Company Overview
02 2Q15 Highlights
03 Technical and Commercial Highlights
04 Growth Strategy

01

Company Overview

Overview

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

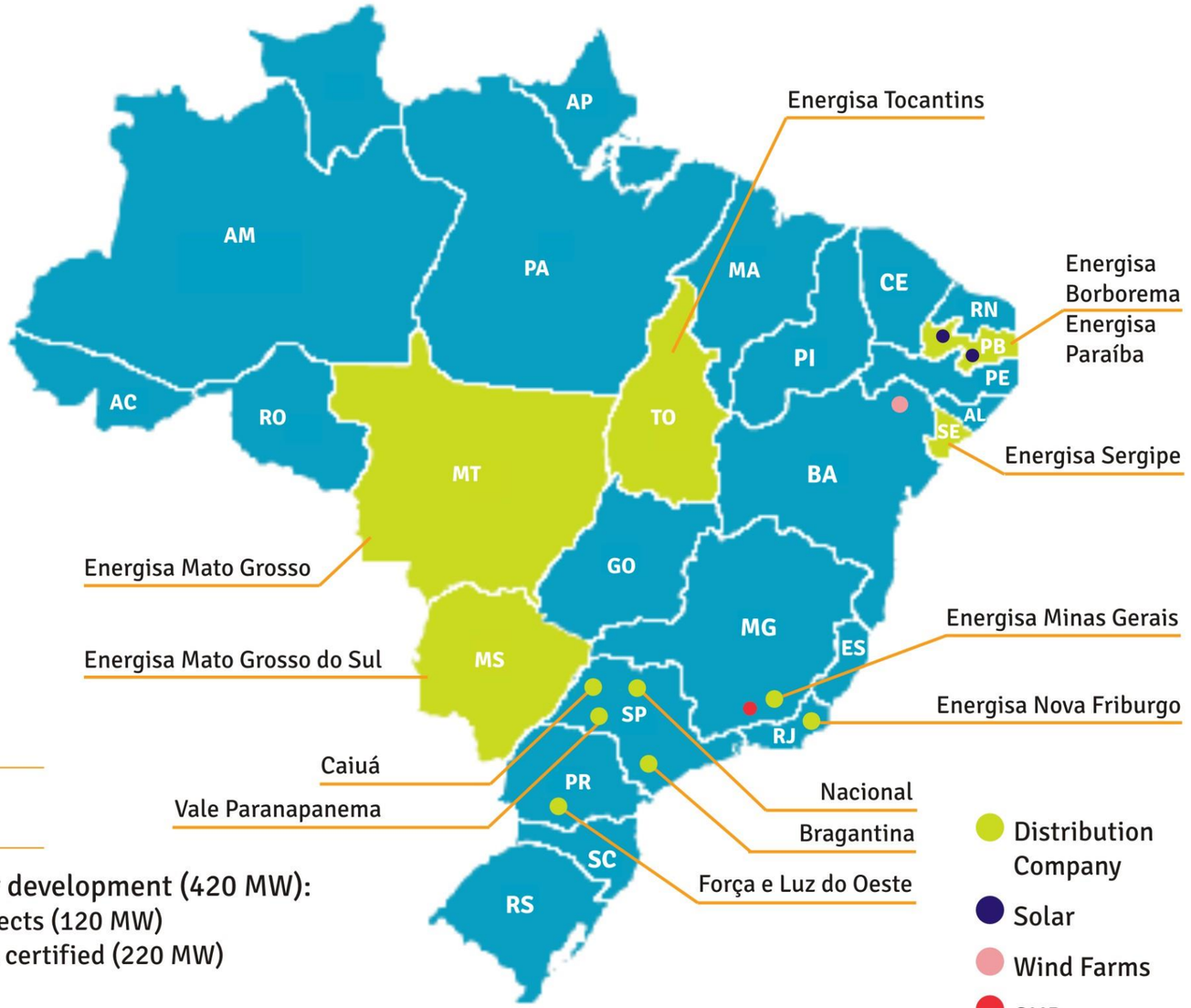
6.3 milhões
clients

16.0 million
people served
(8.2% of Brazil population)

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

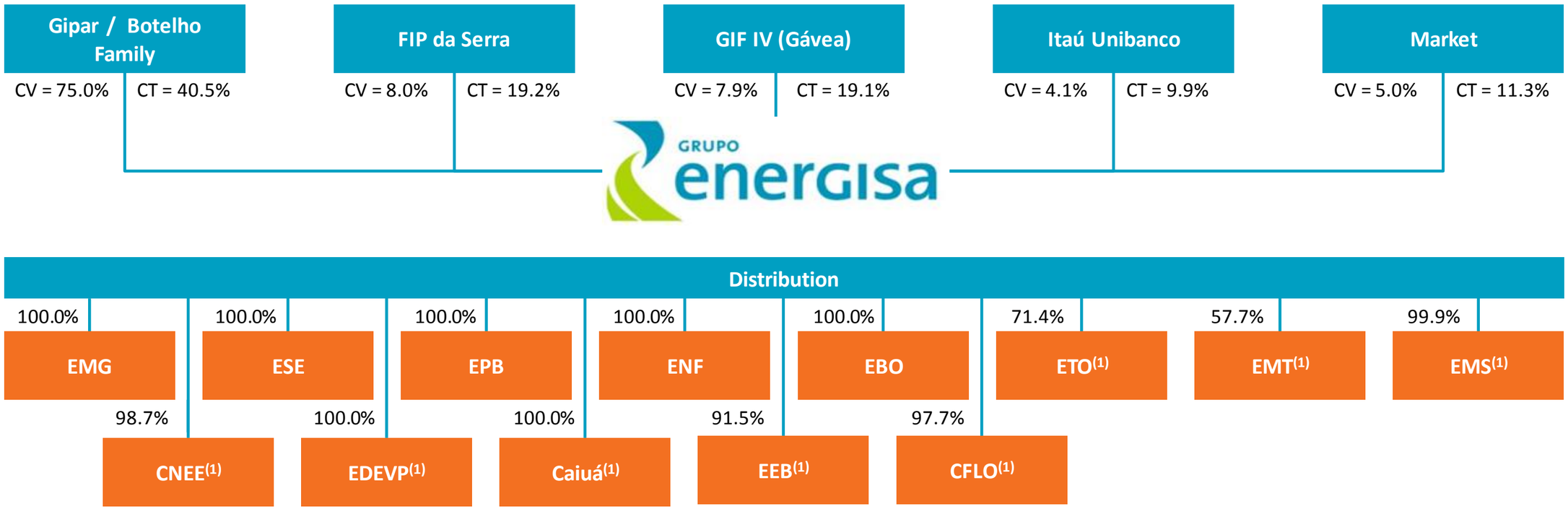
6 Service companies

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)



Overview

Family-owned business, committed to long-term value creation strategy



CV = Voting Capital ; CT = Total Capital
(1) Subsidiaries of Rede Energisa S/A.

02

2Q15 Highlights

2Q15 Highlights

Completion of Generation Asset Sale

- ✓ On May 30th, 2015, Rede Energia S/A completed the sale of HPP Tangará Energia S/A (120 MW) to a company controlled by Brookfield Renewable.

- ✓ The transaction reached R$ 194 million, of which R$ 171 million were paid by June 30th. Energisa recognized a R$ 104 million capital gain as a result of this transaction.

- ✓ The Company expects to receive another R$ 100 million after tax in the second half of 2015. This sale income will have a positive impact on Energisa's financial results.

- ✓ The completion of the generation asset sale reshaped the Group's strategic positioning by shifting its focus to the electric distribution business. The Group, however, maintains a portfolio of generation assets to be developed.

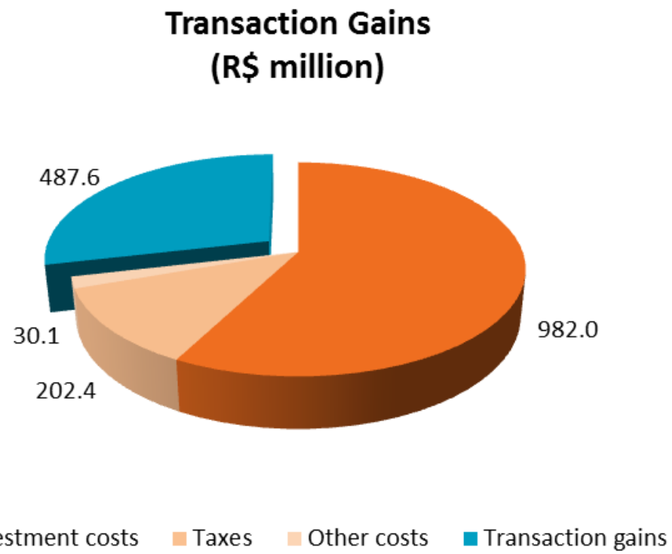
2Q15 Highlights

Transaction highlights

- ✓ The transaction is expected to reach R$ 2.7 billion of enterprise value, of which R$ 1.7 billion in equity value.

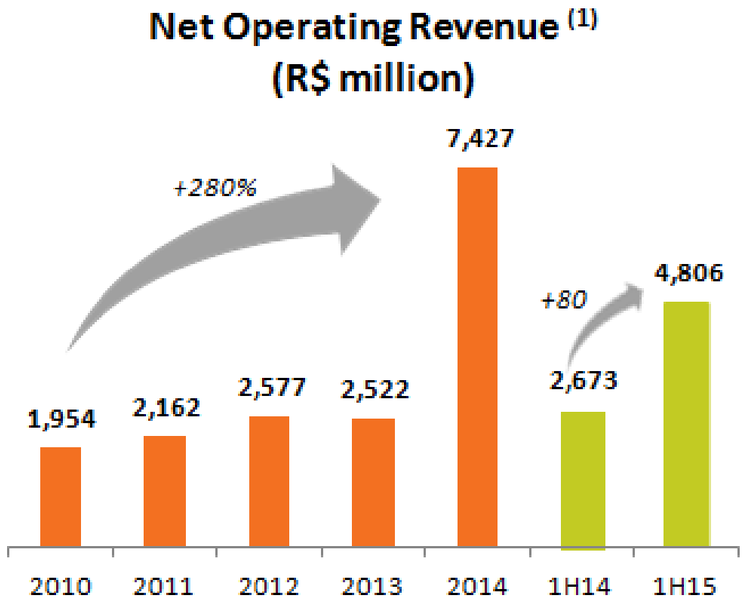
- ✓ The EBITDA attributable to the divested generation assets in 2014 reached R$ 116 million. Of the total taxes payable due to the sale, approximately R$ 108 million was compensated with negative tax credit base/operating losses.

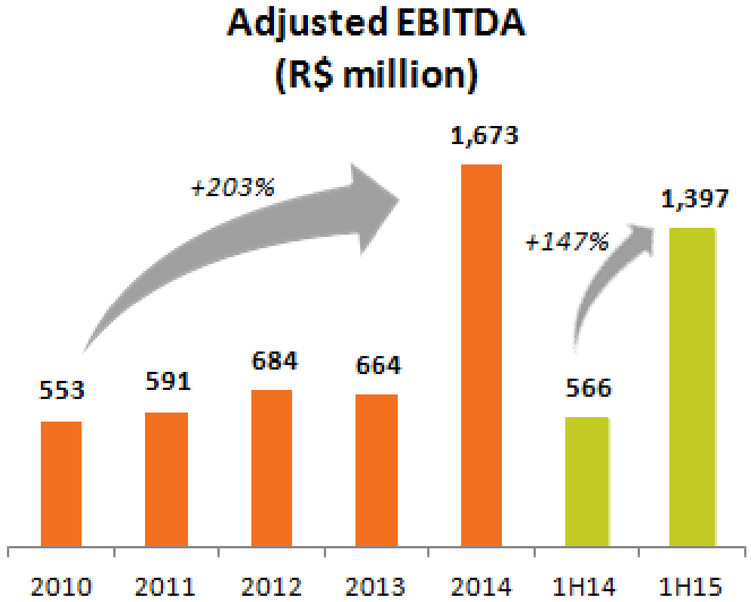
- ✓ The financial impacts of the transaction are described below:

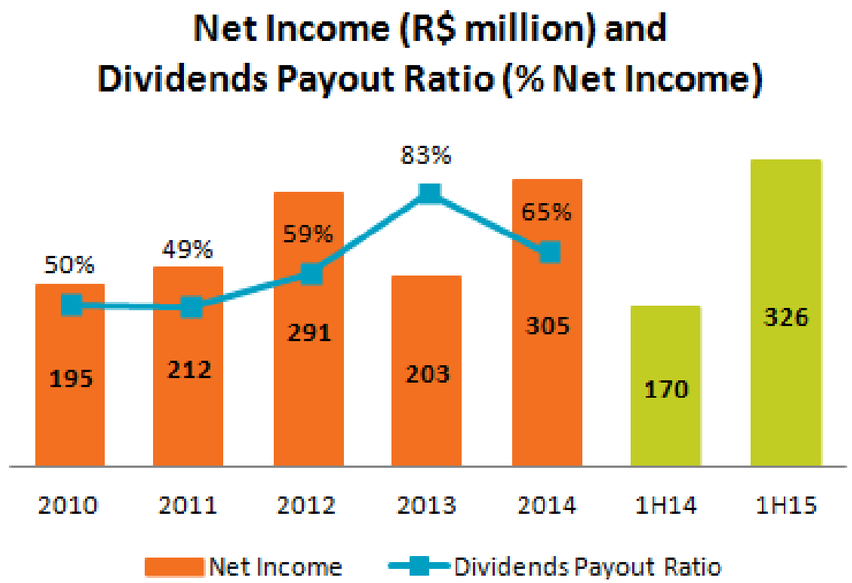


2Q15 Highlights

1H15







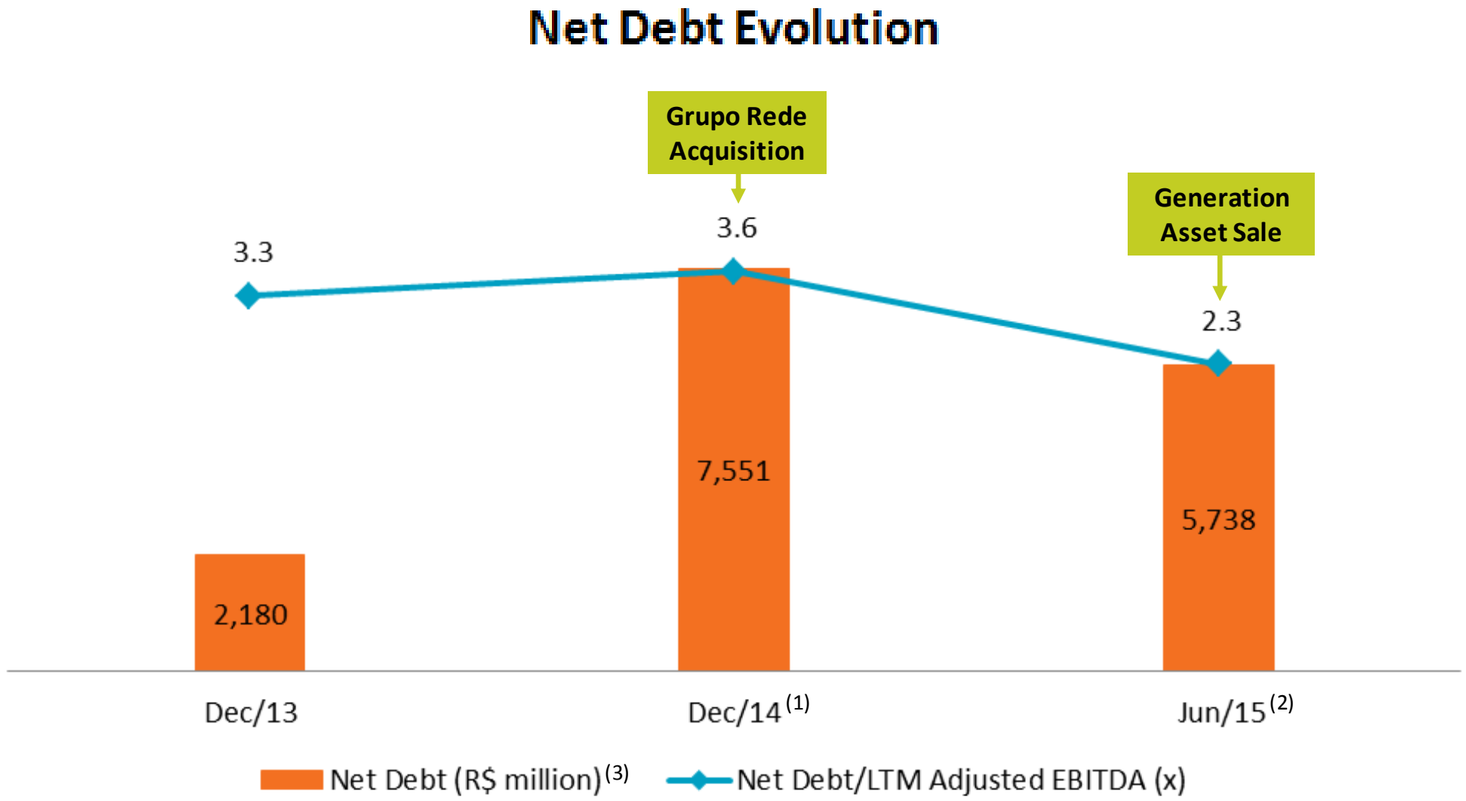
✓ The consolidated Adjusted EBITDA reached R$ 1.4 billion, compared to R$ 566 million in the 1H14. Proforma Adjusted EBITDA, when excluding the non recurring results from generation assets sale, reached R$ 827 million.

Note: (1) Excludes IFRS Construction Revenues with zero margin.

2Q15 Highlights

Leverage

✓ The recent generation asset sale allowed Energisa to reduce its leverage ratio to reasonable levels as proceeds from sale were used to pre-pay substantial part of the bridge loan issued to acquire Grupo Rede.



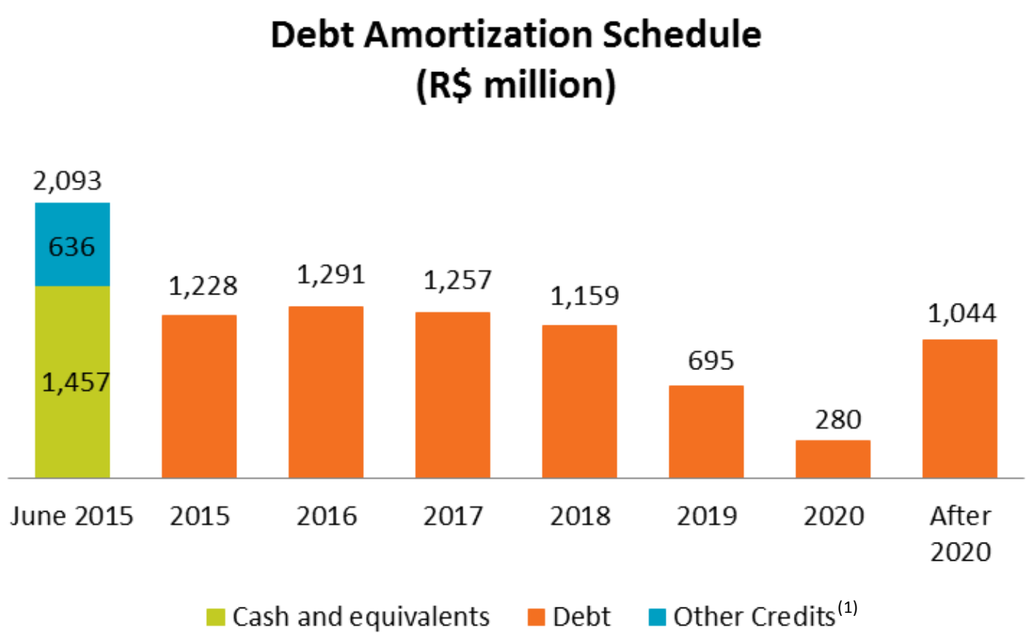
Note: (1) Dec/14 Debt Ratio adjusted upward to include debt and cash flow from genco asset available for sale.
(2) Jun/15 Debt Ratio inlcudes non-recurring results from genco sale.
(3) Net Debt includes subzidies under accounts receivable and remaining value for genco sale.

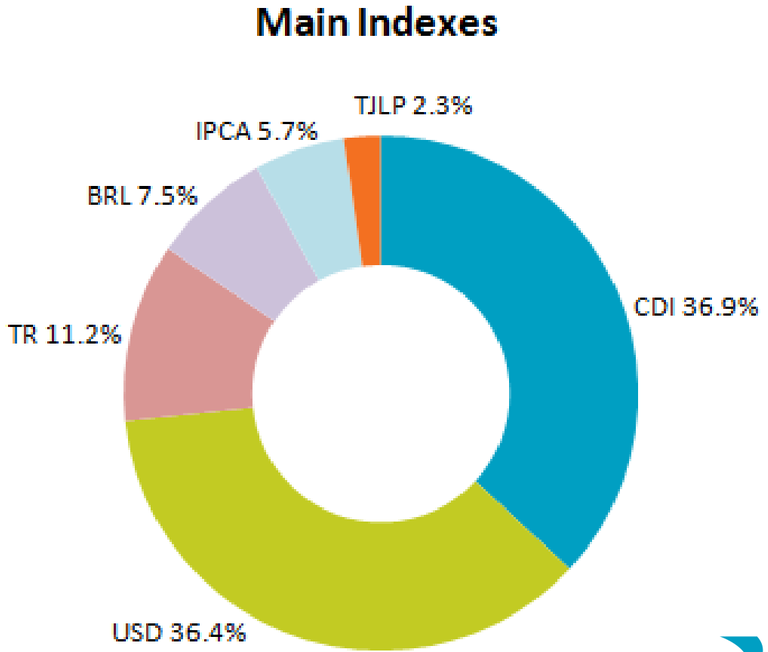
2Q15 Highlights

Debt Amortization Schedule

- ✓ Out of Energisa's gross debt (R$ 7.8 billion), approximately 37% is indexed to CDI, 27% indexed to favorable parameters (TJLP, TR and fixed in local currency) and 36% indexed to USD. The foreign currency debt is partially hedged with swaps to CDI.

- ✓ The average cost of debt is equivalent to 95% of CDI.





Nota: (1) Credits regarding CCC (R$ 37), CDE, subsidized lower income residential clients (R$ 373), tariff increases (R$ 76) and remaining values from generation asset sale (R$ 150).

2Q15 Highlights

National Scale Ratings

- ✓ In July 2015, Standard & Poor's changed the outlook of Energisa's long-term corporate credit ratings from negative to positive. The agency also confirmed 'brAA-' on national scale of Energisa and its subsidiaries Energisa Paraíba and Energisa Sergipe.
- ✓ In the following month, Fitch raised Energisa's rating from 'A(bra)' to 'A+(bra)', and of its subsidiaries from 'A+(bra)' 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
	Energisa Tocantins	Aa2.br (stable)	May/15
	Energisa Mato Grosso	Aa3.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

GRUPO energisa

03

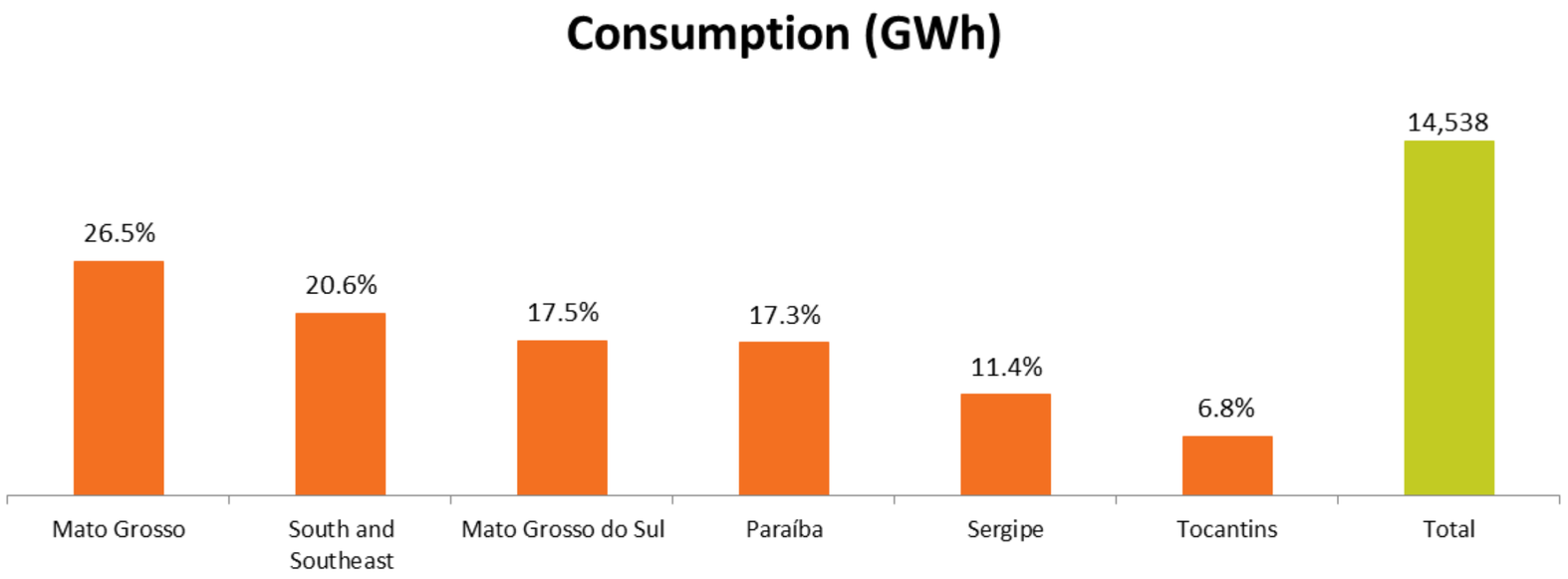
Technical and Commercial Highlights

Technical and Commercial Highlights

Contribution by Company

- ✓ In the first half of 2015, consolidated energy sales to final consumers (captive) combined with power transmission to wholesale consumers (TUSD) reached 14,538 GWh, a 57.2% increase over the same period in the previous year.

- ✓ The “pro forma” growth (assuming Grupo Rede full operation in 2014) was 2.1% while Brazil had a 1.1% reduction in consumption in the same period.

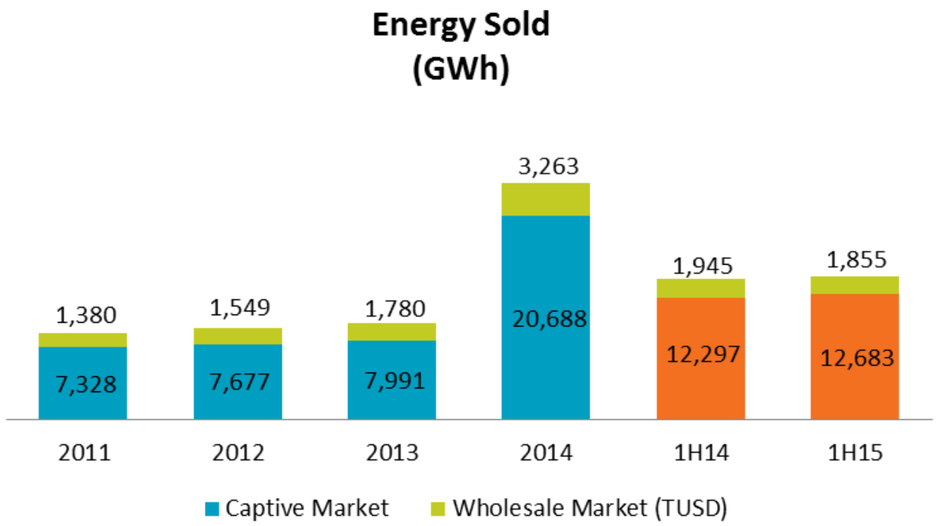


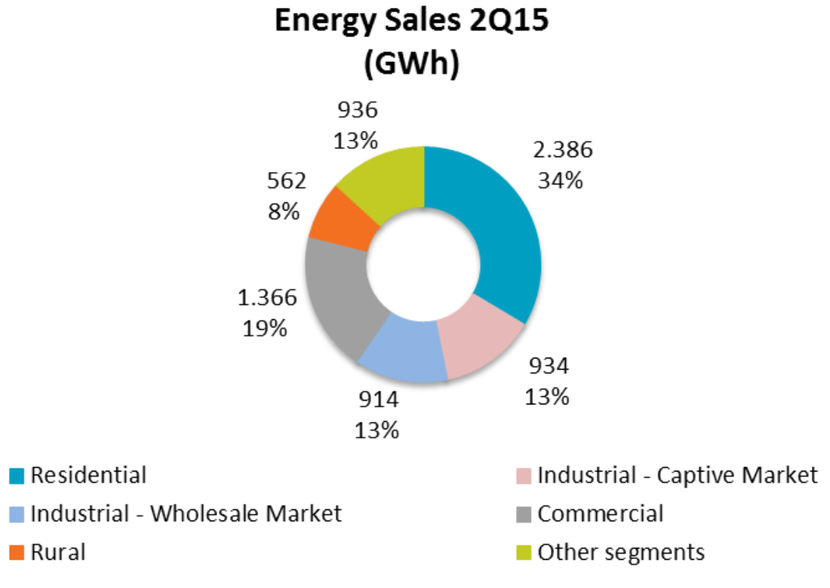
Technical and Commercial Highlights

Captive market and TUSD sale history

- ✓ Consumption was mainly driven by residential and commercial captive consumers, representing 52.9% of total energy sold. These segments represented a 5.1% and 4.4% consumption growth, respectively (assuming 6-month consumption in all of Energisa's companies in the first half of 2014).

- ✓ Industrial consumption, considering the captive and wholesale markets, decreased by 3.6%, reflecting the political and confidence crisis that has largely impacted the Brazilian economy.





Note: In the first half of 2015, the total energy sold reached 16,295 GWh, of which 1,010 GWh were sold to wholesale clientes , 936 GWh were related to supply and -190 GWh of unbilled energy.

Energy Losses

- ✓ 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. The resulting reduction in energy losses has been important, with losses level converging to regulatory ones.
- ✓ As of June 2015, energy losses decreased by 0.22%, particularly in the North and Center-West concessions.

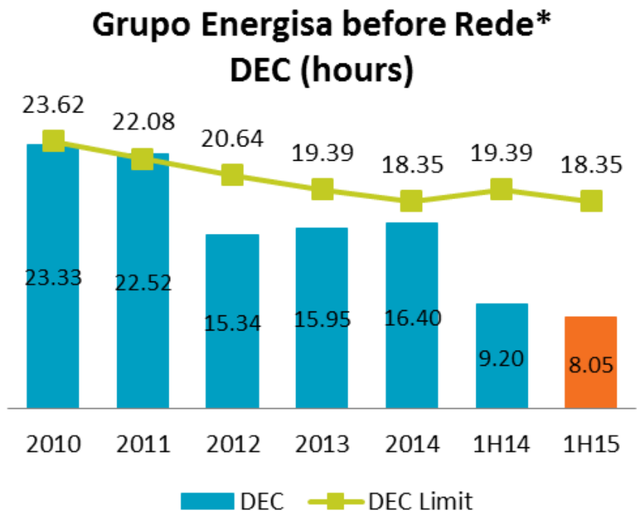
Distribution Companies	Energy Losses (%) Last 12 months		
	1H15	1H14	Variation (%)
Energisa Mato Grosso do Sul	14.04	15.74	- 1.70
Energisa Tocantins	14.14	14.77	- 0.63
Energisa Mato Grosso	13.60	14.08	- 0.48
Nacional	8.12	8.35	- 0.23
Energisa Nova Friburgo	4.84	5.03	- 0.19
Vale Paranapanema	7.07	7.20	- 0.13
Bragantina	5.01	5.02	- 0.01
Energisa Sergipe	8.98	8.98	-
Caiuá	7.86	7.76	0.10
Energisa Borborema	6.17	5.75	0.42
Força e Luz do Oeste	3.83	3.25	0.58
Energisa Minas Gerais	9.38	8.65	0.73
Energisa Paraíba	12.69	11.53	1.16
Energisa Consolidated	11.64	11.86	-0.22

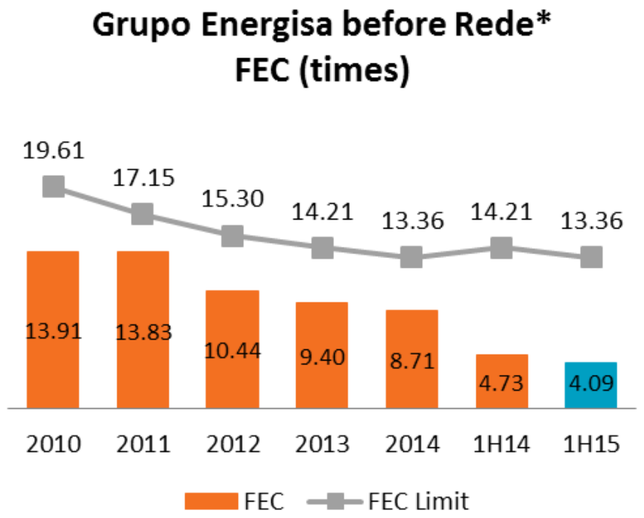
Technical and Commercial Highlights

Grupo Energisa before Rede

- ✓ Historically, Grupo Energisa has shown quality levels above the established regulatory targets, reached through innovation and good consumer relationship.

- ✓ The distribution companies have made significant efforts to continuously improve the quality indicators, DEC and FEC, which are prone to severe weather conditions, such as heavy winds and lightning strikes that affect the quality of service.





* Includes EMG, ESE, EBO, EPB and ENF.
Note: DEC and FEC limits for 1H14 and 1H15 refers to annual limits.

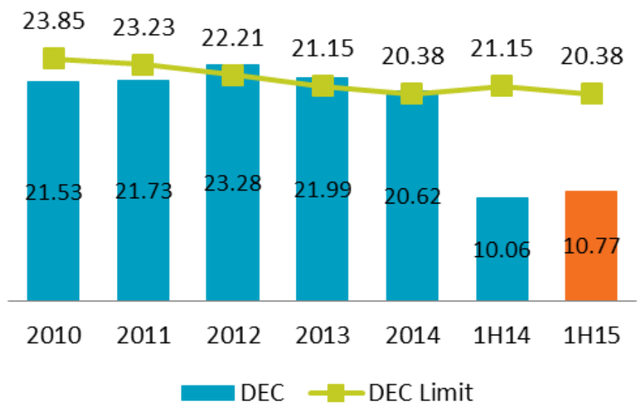
Technical and Commercial Highlights

Grupo Rede's acquired companies

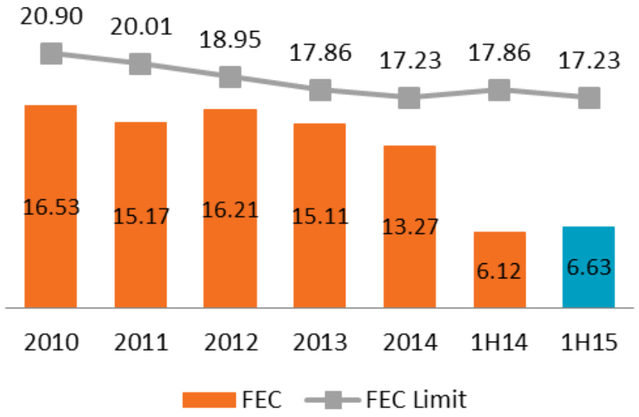
- ✓ The acquisition of Grupo Rede's consolidated the need to execute a Recovery and Correction Plan for the acquired companies.

- ✓ Through long-term strategic planning and specific tailored actions, Grupo Rede's distribution companies will focus to better improve its service quality metrics and provide appropriate assistance to its consumers.

DEC Acquired Companies* (hours)



FEC Acquired Companies* (times)



* Includes EMT, EMS, ETO, CFLO, Caiuá, Bragantina, EDEVP and CNEE.
Note: DEC and FEC limits for 1H14 and 1H15 referes to annual limits.

04

Growth Strategy

Investments

- ✓ After the sale of generation assets, the investments will be focused in the regions of the acquired Grupo Rede's companies.
- ✓ In the first half of 2015, Energisa and its subsidiaries invested R$ 702 million (a 42.8% increase over the same period in 2014), of which 66% (or R$ 463 million) were made by the acquired companies.
- ✓ The amount invested in the acquired companies was 98% higher compared to the same period of 2014, specially in EMT and ETO, which accounted for more than 45% of the total invested.

Investments (R$ million)			
Company	1H15	1H14	Variation (%)
Energisa Mato Grosso	213.70	103.70	106.1
Energisa Tocantins	104.00	33.90	206.8
Energisa Mato Grosso do Sul	89.80	67.60	32.8
Energisa Paraíba	69.90	77.90	- 10.3
Energisa Sergipe	34.00	44.00	- 22.7
Energisa Minas Gerais	29.90	21.10	41.7
Energisa Borborema	9.90	9.40	5.3
Energisa Soluções	15.60	3.30	372.7
Bragantina	9.90	6.30	57.1
Caiuá	14.00	9.80	42.9
Nacional	10.50	4.90	114.3
Vale Paranapanema	9.00	6.00	50.0
Energisa Nova Friburgo	7.80	3.70	110.8
Força e Luz do Oeste	2.40	1.80	33.3
Generation assets (*)	68.50	93.20	- 26.5
Others	12.60	4.60	173.9
Total	701.5	491.2	42.8

(*) Assets sold in March 31st, 2015

Thank you