OPERATING AND FINANCIAL RESULTS

2Q16

equatorial ENERGIA

Agenda

- Introduction
- Highlights
- Operating Results
- Financial Results

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Introduction

Presentation of Operating and Financial Information

- The financial information contained herein is presented in consolidated figures, pursuant to Brazilian Corporate Law, based on revised financial information. The consolidated financial information represents: i) 100% of CEMAR's results, excluding 34.89% related to minority interests before Net Income, resulting in participation of 65.11% ii) 100% of CELPA's results, excluding 3.82% related to minority interests before Net Income, resulting in participation of 96.18%; and iii) 100% of 55 Soluções' results, which in turn consolidated 100% of Sol Energias' results, excluding 49% of minority interest before Net Income.

- The operating information presented herein consolidates 100% of CEMAR's results and 100% of CELPA's results.

- The following information was not reviewed by the independent auditors: i) non-financial information relating to CEMAR, Light and the PLPT (Programa Luz para Todos - Light for All Program); ii) pro forma information and its comparison with the results presented in the period; and iii) management expectations regarding the future performance of the Companies.

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Operating Highlights

- **Solid Distributed Energy Growth**: CEMAR's total energy volume reached 1,527 GWh in 2Q16, 7.3% higher than in 2Q15. The total volume distributed by CELPA (captive and free markets) totaled 2,124 GWh in 2Q16, representing an increase of 13.3% YoY.

- **Energy Losses Reduction in both Companies**: In CEMAR, energy losses of the last 12 months ending 2Q16 represented 17.7% of the required energy. In CELPA, total losses ended the quarter at 28.6% of the required energy, down 1.3 p.p..

- **Improvement of Quality Indicators**: In 2Q16, CEMAR's DEC and FEC indexes (accumulated over the last 12 months) were 13.8 hours and 7.4 times, improvement of 1.3% and 7.0%, respectively. In CELPA, DEC ended the period with a 4.3% improvement and FEC increased by 0.2% if compared to the last quarter.

- **Award**: In its 18th edition held this year, **Cemar was one of the winners of the National Abradee Awards** for companies with more than 500,000 consumers. In addition to this award, Cemar was recognized in the categories Quality Management, Economic, and Financial Management and Performance Evolution.

Financial Highlights

- **Solid EBITDA Growth**: In 2Q16 the Adjusted EBITDA reached R$ 321 million, compared to R$ 253 million in 2Q15, a 26.7% increase.

- The **Adjusted Net Result** of the quarter was R$ 180 million, increase of 29.0% over the previous year.

- In 2Q16, Equatorial's consolidated **investments** totaled R$ 345 million, 62.2% higher than those made in 2Q15.

- **Celpa´s Annual Tariff Adjustment / Change in Regulatory Losses**: From August 7 Celpa´s Tariffs were readjusted by 7.55% (average effect to the consumer). In this adjustment, **the total losses over required energy increased to 26.8%** (from 26.0%).

- The Board Directors of CELPA , at a meeting held yesterday, approved the **private placement of up to R$ 90 million in non-convertible debentures**, maturing in January/24 at the cost of NTN-B + 2% p.a.

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SAP/CCS Implementation

Update of the SAP/CCS Implementation impact in CEMAR, in January and CELPA, in March.

Effects of SAP/CCS Implementation	1Q15	2Q15	1Q16	2Q16	Var.% 2Q16/2Q15	1Q16	2Q16
CEMAR						+17 GWh	-17 GWh
Billed Energy (GWh)	1,412	1,424	1,460	1,527	*7.3%*	1,477	1,510
Total Losses (%; Last 12 months)	17.5%	17.5%	17.9%	17.7%	*0,2 p.p.*	17.7%	17.7%
Recurring NOR (R$ MM)	657	628	728	690	*9.9%*	735	683
Recurring EBITDA (R$ MM)	**142**	**145**	**135**	**151**	***4.2%***	**142**	**144**
CELPA						+60 GWh	-60 GWh
Billed Energy (GWh)	1,967	1,875	1,954	2,124	*13.3%*	2,014	2,064
Total Losses (%; Last 12 months)	30.8%	29.9%	29.9%	28.6%	-1.3 p.p.	29.4%	28.6%
Recurring NOR (R$ MM)	985	1,020	984	1,009	*-1.1%*	999	994
Recurring EBITDA (R$ MM)	**84**	**103**	**106**	**171**	***66.2%***	**121**	**156**
Equatorial - Consolidated							
Recurring NOR (R$ MM)	1,679	1,719	1,767	1,729	*0.6%*	1,789	1,707
Recurring EBITDA (R$ MM)	**227**	**248**	**236**	**321**	***29.5%***	**258**	**299**

Energy Market - CEMAR

► **CEMAR:** 2Q16 energy demand (captive + free markets) moved up by 7.3%, reaching 1,527 GWh.

Electricity Consumption per Segment (GWh)

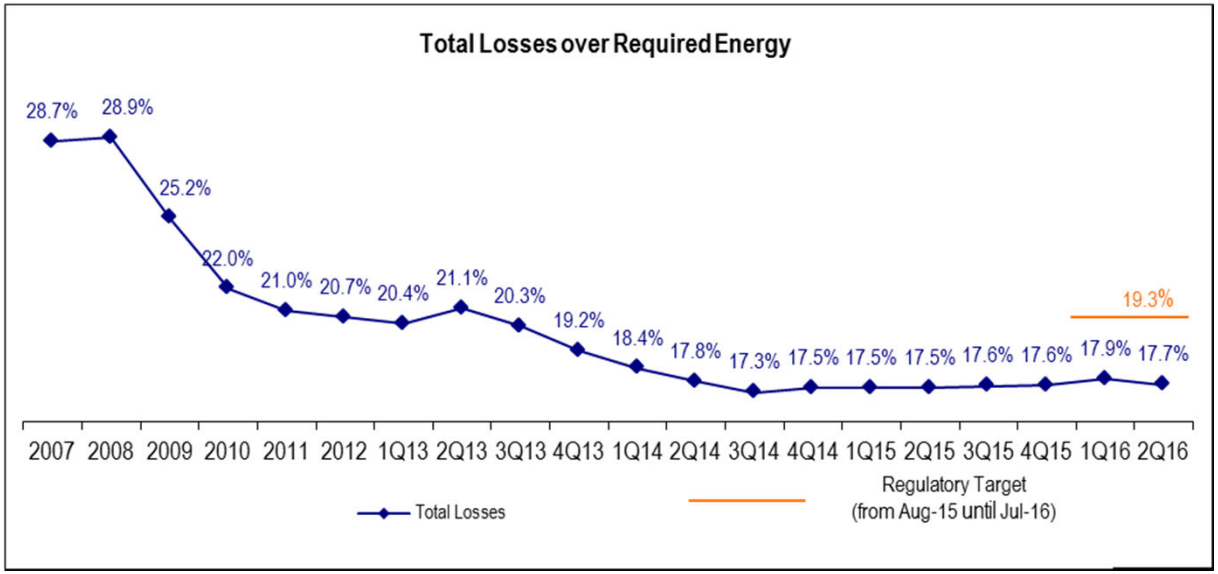
Consumption Class (MWh)	2Q15	1Q16	2Q16	Var.	1S15	1S16	Var.
CEMAR							
Residential	694,777	746,781	772,006	*11.1%*	1,398,744	1,518,787	*8.6%*
Industrial	102,238	87,860	87,626	*-14.3%*	201,788	175,486	*-13.0%*
Commercial	294,602	295,431	307,277	*4.3%*	582,280	602,708	*3.5%*
Others	303,291	302,356	330,872	*9.1%*	593,761	633,229	*6.6%*
Total (Captive)	**1,394,908**	**1,432,428**	**1,497,781**	***7.4%***	**2,776,573**	**2,930,210**	***5.5%***
Free Consumers	28,733	27,303	29,177	***1.5%***	58,744	56,480	***-3.9%***
Total (Captive + Free) - CEMAR	**1,423,641**	**1,459,730**	**1,526,958**	***7.3%***	**2,835,317**	**2,986,689**	***5.3%***

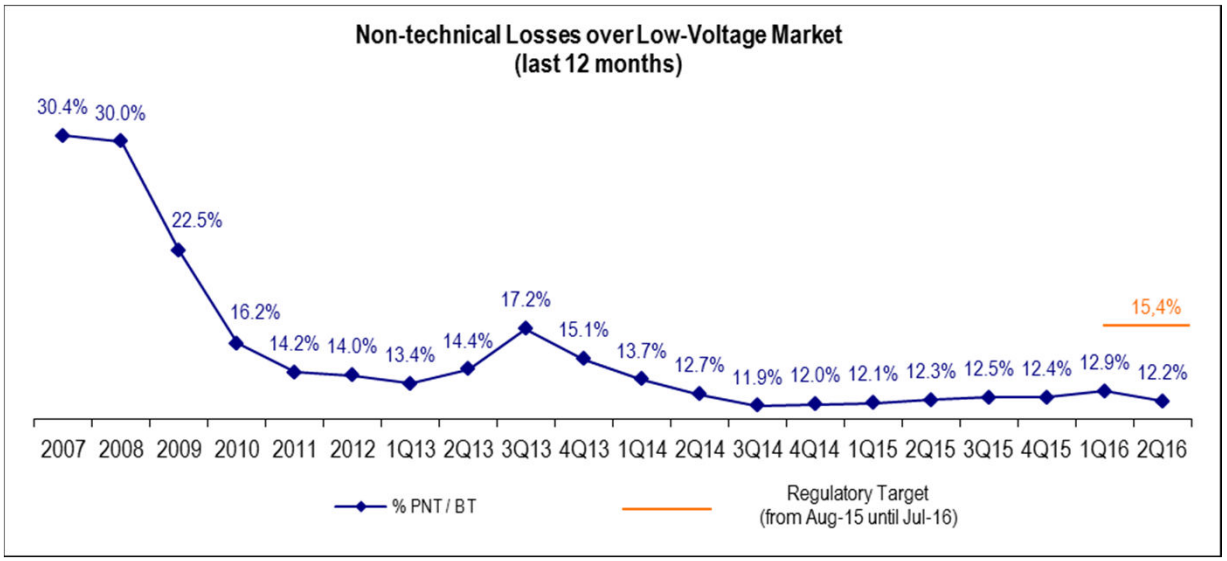
Energy Balance (GWh)

Energy Balance (MWh) - CEMAR	2Q15	1Q16	2Q16	Var.	1S15	1S16	Var.
Required Energy	1,743,627	1,767,976	1,846,434	*5.9%*	3,433,801	3,614,411	*5.3%*
Distributed Energy	1,425,747	1,461,895	1,529,472	*7.3%*	2,839,698	2,991,367	*5.3%*
Total Losses	317,880	306,082	316,962	*-0.3%*	594,104	623,044	*4.9%*

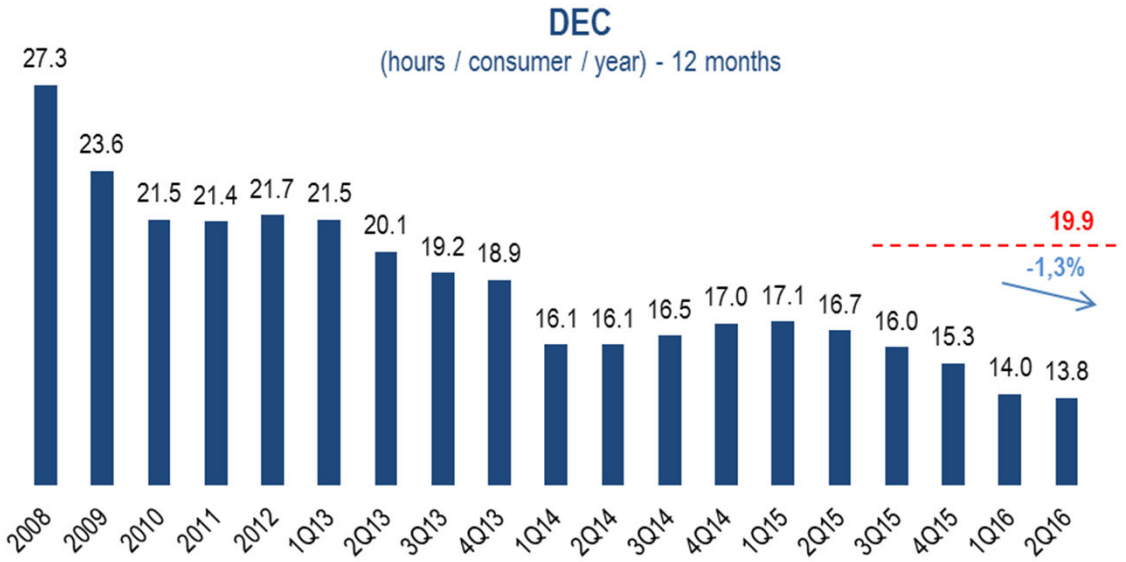
* Considers captive and free markets, own consumption and does not consider supply to adjacent States.

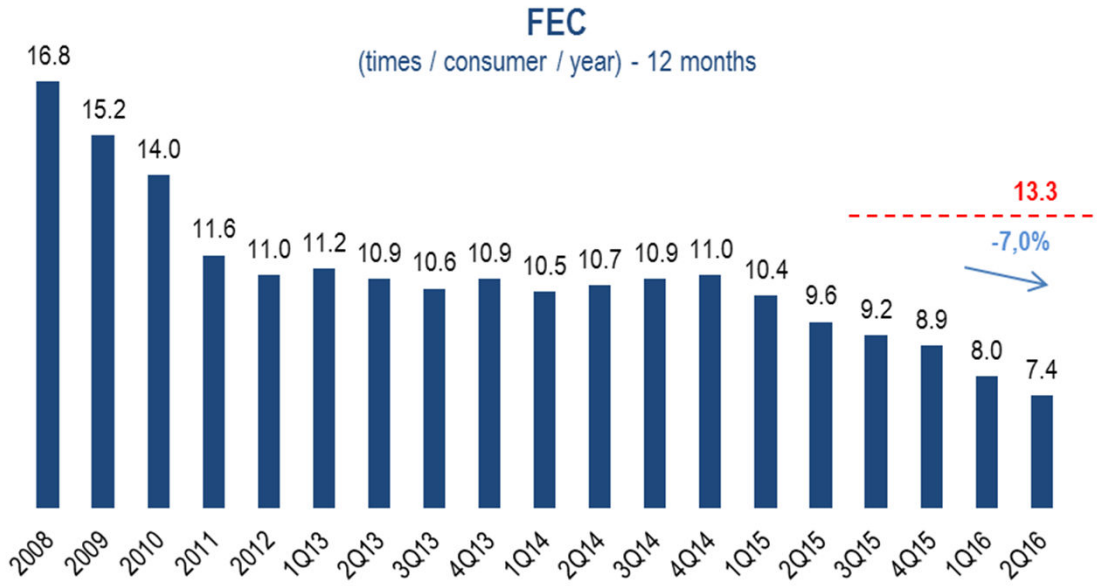
Distribution – Energy Losses in CEMAR





Distribution – DEC and FEC - CEMAR





Quarterly Change

ANEEL Target

Energy Market - CELPA

► **CELPA:** 13.3% increase in energy sales in 2Q16 (Captive Market + Free), reaching 2,123 GWh.

Electricity Consumption per Segment (GWh)

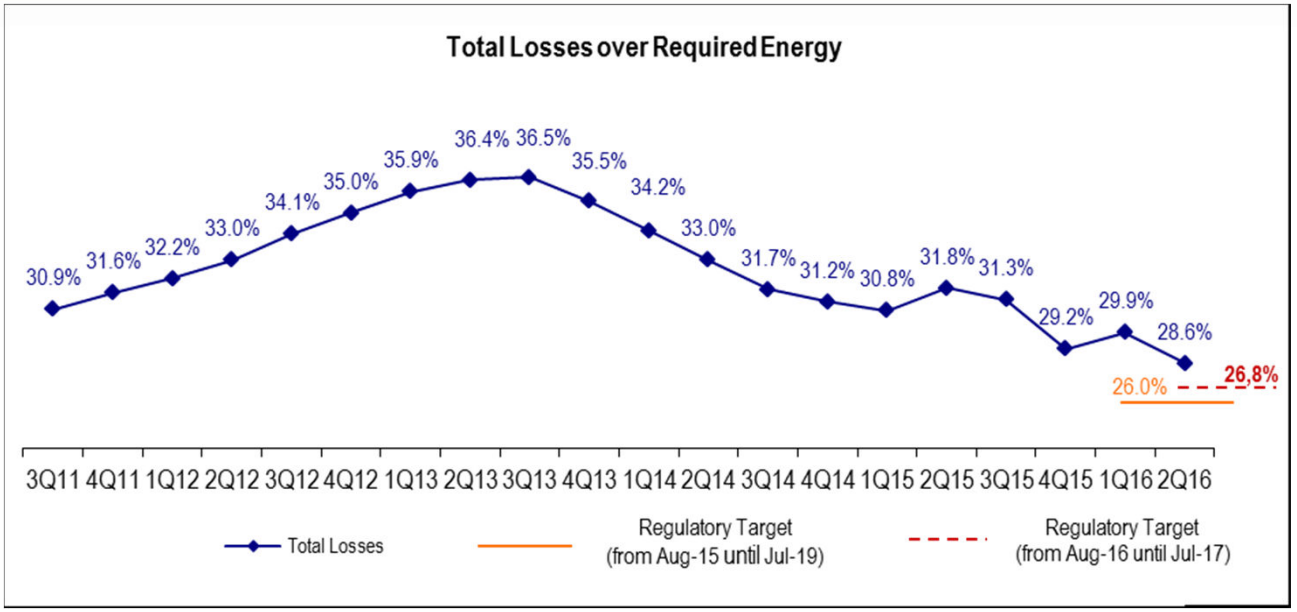
Consumption Class (MWh)	2Q15	1Q16	2Q16	Var.	1S15	1S16	Var.
CELPA							
Residential	755,640	834,693	893,473	*18.2%*	1,559,387	1,728,166	*10.8%*
Industrial	307,271	262,655	209,785	*-31.7%*	635,198	472,439	*-25.6%*
Commercial	403,843	402,646	426,442	*5.6%*	824,777	829,087	*0.5%*
Others	325,913	344,183	394,010	*20.9%*	652,626	738,193	*13.1%*
Total (Captive)	**1,792,667**	**1,844,176**	**1,923,710**	***7.3%***	**3,671,988**	**3,767,886**	***2.6%***
Free Consumers	82,250	109,848	200,054	***143.2%***	170,287	309,901	***82.0%***
Total (Captive + Free) - CELPA	**1,874,917**	**1,954,023**	**2,123,764**	***13.3%***	**3,842,275**	**4,077,787**	***6.1%***

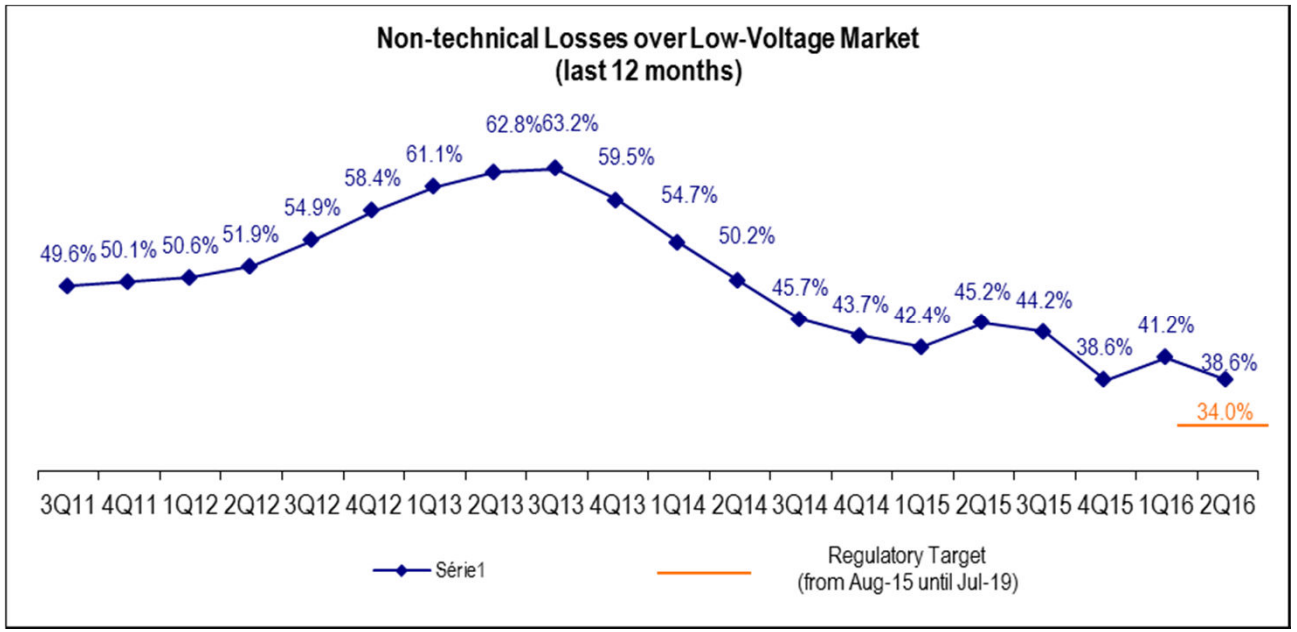
Energy Balance (GWh)

Energy Balance (MWh) - CELPA	2Q15	1Q16	2Q16	Var.	1S15	1S16	Var.
Purchased Energy	2,807,034	2,800,562	2,929,412	*4.4%*	5,497,160	5,729,974	*4.2%*
Own Generation	102,636	105,948	107,084	*4.3%*	216,237	213,032	*-1.5%*
Required Energy	**2,909,670**	**2,906,511**	**3,036,495**	***4.4%***	**5,713,397**	**5,943,006**	***4.0%***
Distributed Energy	1,882,863	1,961,434	2,129,525	*13.1%*	3,858,594	4,090,959	*6.0%*
Total Losses	1,026,807	945,077	906,970	*-11.7%*	1,854,803	1,852,047	*-0.1%*

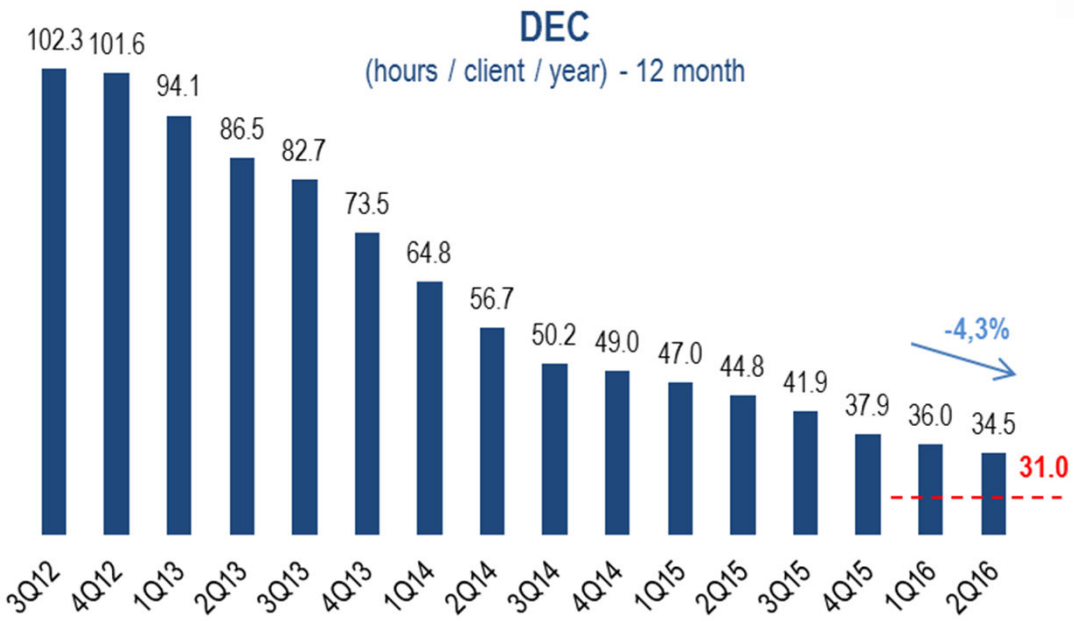
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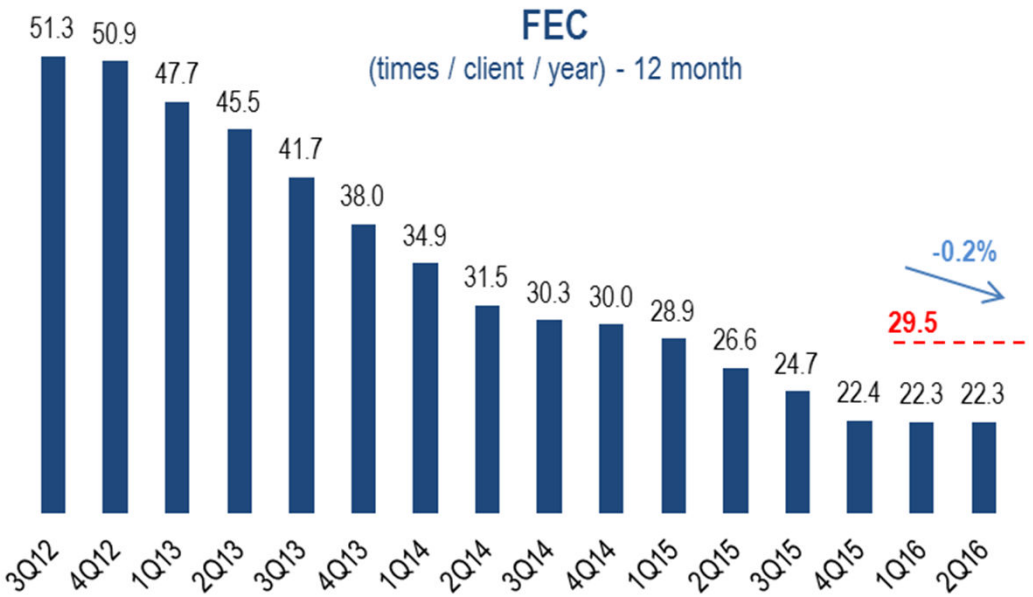
Distribution – Energy Losses in CELPA





Distribution – DEC and FEC





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Equatorial's EBITDA

Consolidated EBITDA (R$ MM)	2Q15	1Q16	2Q16	Var.	1S15	1S16	Var.
EBITDA CEMAR	124	117	162	*31.0%*	258	279	*8.2%*
EBITDA CELPA*	108	147	176	*62.7%*	231	322	*39.5%*
EBITDA Holding + others	(1)	(8)	(4)	*322.9%*	(11)	(12)	*11.2%*
EBITDA Equatorial	**231**	**255**	**334**	***44.6%***	**478**	**589**	***23.3%***
CEMAR Adjustments	21	18	(11)	*N/A*	29	7	*-76.7%*
CELPA Adjustments	(5)	(40)	(4)	*-11.1%*	(43)	(44)	*3.4%*
Stock Option Adjustments (EQTL)	7	3	3	*-56.0%*	18	6	*-66.3%*
Adjusted Equatorial's EBITDA	**253**	**236**	**321**	***26.7%***	**481**	**557**	***15.8%***

* Celpa's Income Statement used in Equatorial's consolidation is different from the individual due to IFRS

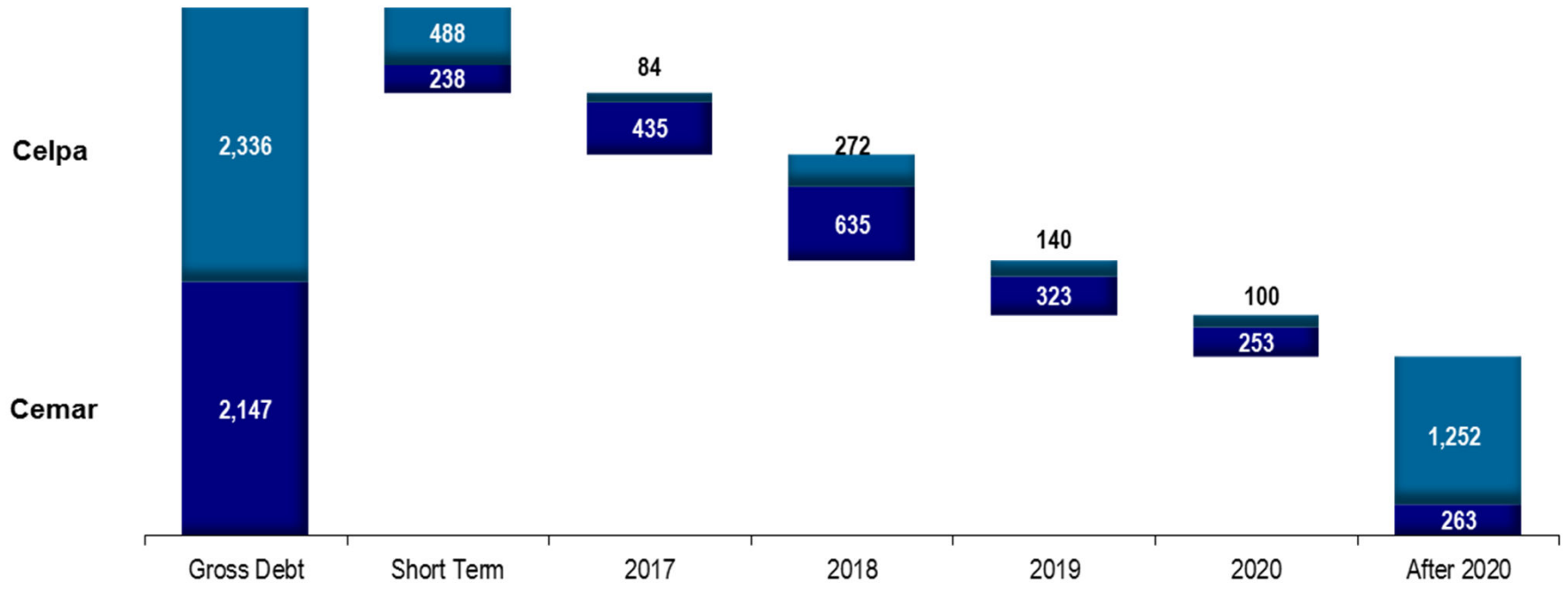
Consolidated Net Income

Consolidated Net Income(R$ MM)	2Q15	1Q16	2Q16	*Var.*	1S15	1S16	*Var.*
CEMAR Net Income	54	49	72	*34.3%*	92	122	*32.1%*
CELPA Net Income	434	82	93	*-78.5%*	470	175	*-62.7%*
Net Income Holding + Others	12	7	13	*8.3%*	22	20	*-7.3%*
Equatorial Net Income	**500**	**139**	**179**	***-64.2%***	**585**	**318**	***-45.7%***
CEMAR Adjustments	11	10	(6)	*-155.2%*	15	3	*-77.3%*
CELPA Adjustments	(376)	(29)	6	*-101.5%*	(429)	(23)	*-94.6%*
Stock Option Adjustments (EQTL)	5	2	2	*-56.0%*	12	4	*-64.6%*
Equatorial Adjusted Net Income	**140**	**122**	**180**	***29.0%***	**183**	**302**	***65.5%***

* Celpa's Income Statement used in Equatorial's consolidation is different from the individual due to IFRS

Debt: Schedule of Gross Debt Maturities

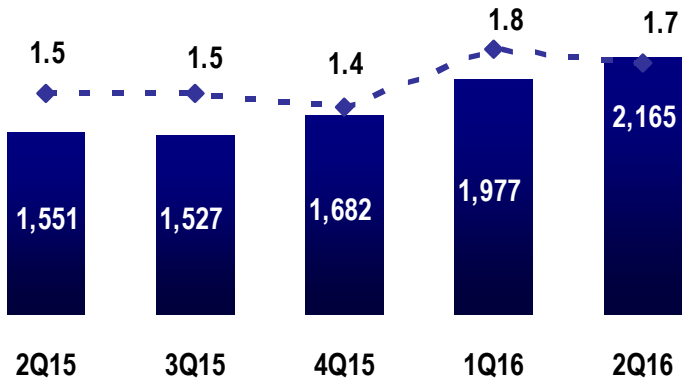
Consolidated Gross Debt
(100% CEMAR + 100% CELPA)



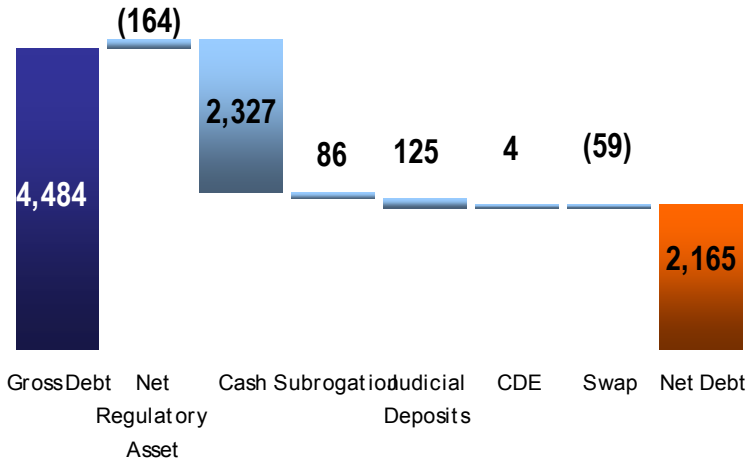
Net Debt - Consolidated

100% CEMAR + 100% CELPA

Net Debt (R$MM) and Net Debt/ Regulatory EBITDA (Last 12 months)



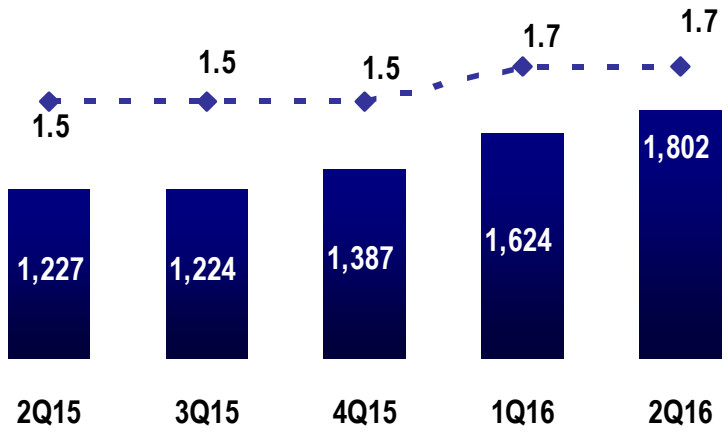
Net Debt Reconciliation (R$MM)



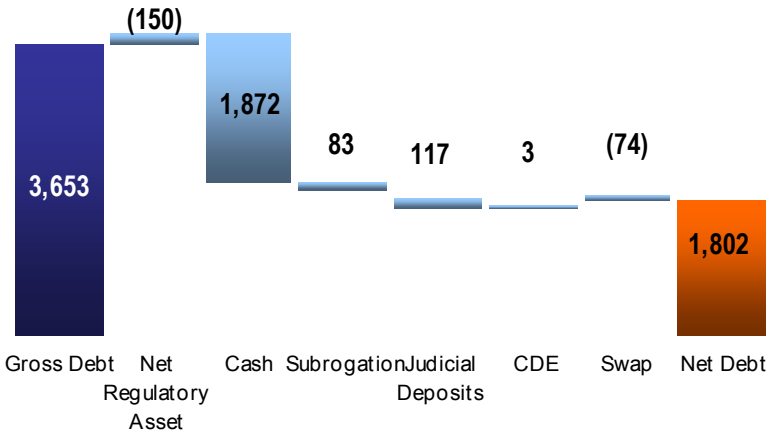
Net Debt – Pro-rata

65.11% CEMAR + 96.5% CELPA

Net Debt (R$MM) and Net Debt/ Regulatory EBITDA (Last 12 months)



Net Debt Reconciliation (R$MM)



Capex - Equatorial

- **CEMAR:** In 2Q16, total capex reached R$134 million, of which R$102 million are own capex and R$ 32 million regarding the Light for All Program (PLPT).
- **CELPA:** In 2Q16, total capex reached R$ 207 million, of which R$ 130 million are own capex and R$ 63 million regarding the Light for All Program (PLPT).

Investments (R$ MM)	2Q15	1Q16	2Q16	Var.	1S15	1S16	Var.
CEMAR							
Maintenance	17	17	19	*15.7%*	35	36	*4.8%*
Expansion	36	72	70	*94.8%*	66	142	*114.3%*
Systems and Equipment	10	16	9	*-8.0%*	31	26	*-16.9%*
Others	2	1	4	*70.0%*	3	5	*92.8%*
Own (*)	**65**	**106**	**102**	*57.6%*	**134**	**209**	*55.5%*
Light for All	**15**	**18**	**32**	*111.4%*	**25**	**50**	*101.6%*
CELPA							
Maintenance	20	19	17	*-17.5%*	53	36	*-32.1%*
Expansion	60	55	68	*13.9%*	203	124	*-38.9%*
Systems and Equipment	12	6	8	*-36.5%*	23	14	*-38.8%*
Universalization	8	0	8	*-2.1%*	1	8	*730.4%*
Others	(15)	(5)	30	*-297.1%*	18	25	*38.0%*
Own (*)	**85**	**77**	**130**	*52.8%*	**297**	**207**	*-30.5%*
Isolated Systems Interconnection	**0**	**31**	**14**	*4098.3%*	**(17)**	**45**	*-365.2%*
Light for All	**45**	**35**	**63**	*40.7%*	**92**	**98**	*6.9%*
Geramar							
Generation	**2**	**3**	**3**	*41.0%*	**5**	**6**	*11.9%*
Total Equatorial	**213**	**270**	**345**	***62.2%***	**536**	**614**	***14.4%***

(*) Considers Light for All indirect Capex

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