



3Q14 Earnings Release

November 17, 2014

3Q14 Main Highlights

- **Stabilization Plan initial steps implemented**
  - Capital increase totaled R$174MM
  - Partial sale of Pecém II concluded raising R$408MM
  - Additional steps required
- **Parnaíba II agreement with Aneel reached and thus preserving plant's PPA**
  - Commissioning and test procedures started in late October 2014 with good results so far
- **Important achievements for plants unavailability charges reached**
  - Federal Court decision to halt hourly unavailability charges for Parnaíba I, Parnaíba III and Pecém II
  - Pecém I and Itaqui unavailability payments recalculation determined by Aneel (Reimbursement of R$366MM on Nov 10, 2014)
- **Cost reduction program on course**
  - Headcount at holding decreasing
  - Significant IT cost reduction
  - Continuing operating expenses reduction
- **Pecém I GU01 to return to operation before year end after stator burnout on August 25, 2014**

Regulatory developments (1)

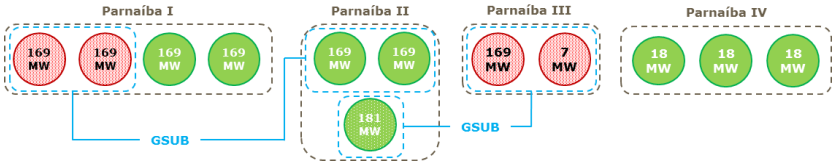
Parnaiba II PPA restructuring

Parnaíba II Agreement with Aneel

- Background: Delayed 450MW PPA, with initial supply date as of Mar 2014
- Balanced negotiation with Aneel, preserving the PPA and mitigating potential high regulatory/contractual penalty
- Main agreement conditions:
  - Conclude construction by Dec 31, 2014
  - 20-year PPAs start date postponed to Jul 1, 2016
  - Penalty amounting to R$333MM, to be paid:
    - In annual installments as of 2022
    - Through the partial reduction in annual fixed revenues over the term of PPAs
  - Commitment to close the cycle of Parnaíba I OCGT in next 5 years (extendable for +5 years by Aneel), subject to certain conditions precedent, such as:
    - Sale of energy in the regulated market
    - Ability to secure long-term financing for the project

Parnaíba Gas Optimization

- Gas optimization of Parnaíba Thermoelectric Complex approved by Aneel: Parnaíba III and 2 gas turbines of Parnaíba I temporally substituted by Parnaíba II, as soon as it becomes available.



- All plants PPAs terms and conditions fulfilled with a restricted gas production, as recommended by ANP until further development of other gas areas (4.4-4.8 million m³/day)

Regulatory developments (2)

Unavailability charges (ADOMP) now calculated and paid as provided for in PPAs

- Unavailability charges were being paid on an hourly-based methodology, while PPAs provided for a 60-month rolling average
- In Jan 2014 and Sep 2014, Federal Court ruled in favor of ENEVA, in line with PPAs terms and conditions
- All operating plants currently protected against hourly-based unavailability charges
- Unavailability costs paid amount to +R$315MM[1, 2]

Plant	100%	Ownership adjusted
Itaqui	R$100.6MM	R$100.6MM
Pecém I	R$247.4MM	R$123.7MM
Pecém II	R$61.0MM	R$30.5MM
Parnaíba I	R$61.9MM	R$43.3MM
Parnaíba III	R$39.6MM	R$20.8MM
Total	R$510.5MM	R$318.9MM

- In Sep 2014, Aneel granted to Pecém I and Itaqui reimbursement of unavailability charges overpayment. On Nov 10, 2014, these plants received approx. R$336MM
- Pecém II, Parnaíba I and Parnaíba III will request to Aneel to be also reimbursed for overpayment

NOTES: 1) Consider hourly-based methodology for unavailability charges until Aug 2014; 2) Does not consider amounts paid since Federal Court decisions.

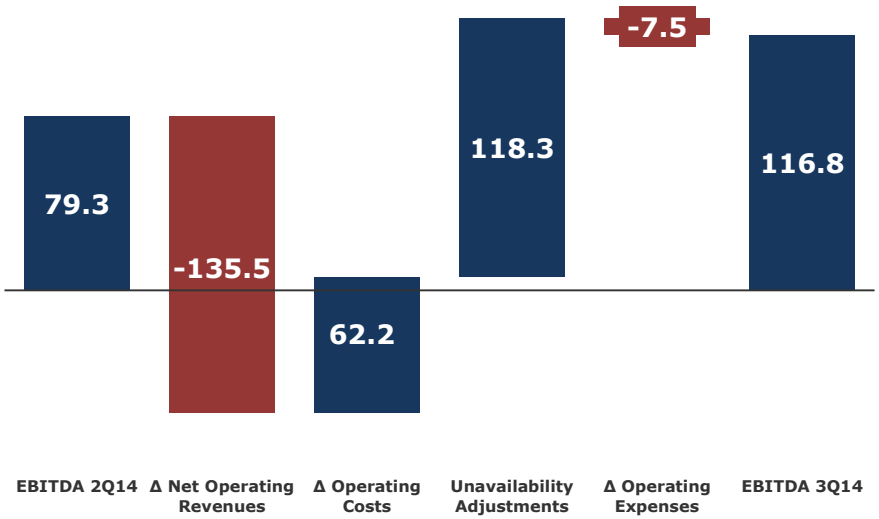
3Q14 Highlights

MAIN INDICATORS (R$ million)	3Q14	3Q13	%	9M14	9M13	%
Net Operating Revenue	353.8	317.3	11.5%	1,429.8	908.5	57.4%
Operating Costs	(247.6)	(303.8)	-18.5%	(1,181.9)	(1,034.8)	14.2%
Operating Expenses	(25.6)	(47.8)	-46.4%	(80.5)	(128.8)	-37.5%
EBITDA	116.8	11.0	962.7%	300.1	(165.2)	N. A.
Net Income	29.1	(178.0)	N. A.	(155.1)	(662.2)	-76.6%
Net Debt	4,703.4	5,059.5	-7.0%	4,703.4	5,059.5	-7.0%
Total Generation Energy Sales (GWh)	1,702	1,719	-1.0%	5,064	4,100	23.5%

- **Operating Revenue growth boosted by increase of energy sales on 9M14**
- **9M14 EBITDA exceeded R$300 Million**
- **Net Debt reduction due to deconsolidation of Pecém II as of Jun 1, 2014**

EBITDA Development

Consolidated EBITDA (R$MM)



- Pecém II deconsolidation as of Jun 1, 2014 impacted revenues and costs/expenses variation
- EBITDA shift of +47.3% mainly due to:
  - **Operating Revenues**: Decreased as an effect of Pecém II deconsolidation and of Parnaíba Complex gas optimization affecting Parnaíba I variable revenues (-R$39.6MM)
  - **Operating Cost**: Reduction aided mostly by less fuel consumption as a result of Pecém II deconsolidation and Parnaíba Complex gas optimization
  - **Unavailability adjustments:** Comprised of Aneel and Federal Court decisions for Itaqui (R$100.5MM) and Parnaíba I (+R$17.8MM, as an accounting adjustment)
  - **Operating Expenses**: One-off HoldCo. expenses increase, such as IT provider discontinuation, and accounting adjustments

One-off events such unavailability adjustments of Itaqui and Parnaíba I and increased IT costs at HoldCo hit 3Q14 EBITDA

Operating Costs Development[1]

- 3Q14 operating costs impacted by:
  - Fuel cost drop (-R$47.2MM) as a result of **Pecém II deconsolidation** as of Jun 1, 2014 and **gas optimization of Parnaíba Complex on Parnaíba I** (-R$15.9MM)
  - Lease cost increase of R$13.7MM due to **Parnaíba I Gas Treatment Unit fixed lease cost readjustment** (-R$35.1MM), partially offset by **variable GTU lease cost reduction** as a result of **reduced generation** (+R$21.4MM)
  - Unavailability costs decrease, reflecting **Aneel and Federal Court decisions** for Itaqui (+R$100.5MM) and Parnaíba I (+R$17.8MM)

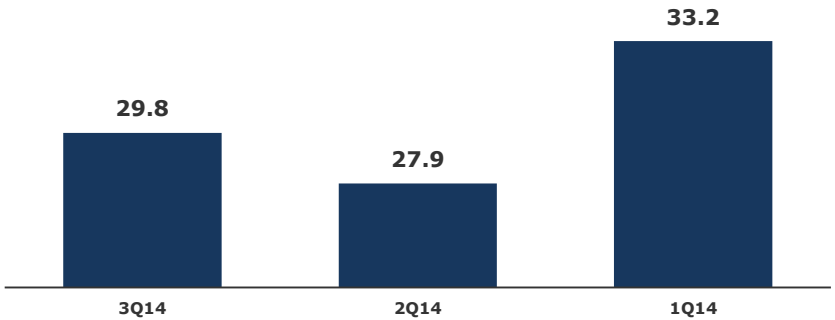
Operating Costs	3Q14	3Q14 (Adj)	2Q14	3Q14/ 2Q14
Operating Costs[1] (R$ million)	212.1	330.4	392.7	*-46.0%*
Gross Energy Generated (GWh)	1,866.5	1,866.5	2,381.2	*-21.6%*
Operating Costs per Gross Energy Generated (R$/MWh)	113.6	177.0	164.9	*-31.1%*

3Q14 (Adj) excludes unavailability costs adjustment (R$118.3MM)

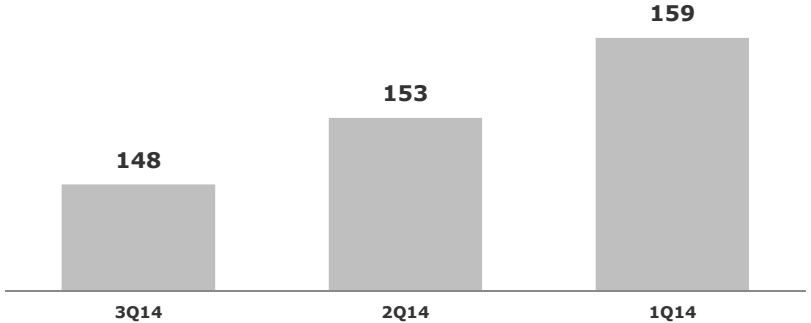
NOTE: 1) Does not include Depreciation & Amortization.

Holding Expenses

Holding Operating Expenses[1/2/3]



Holding Headcount[3]



- Expenses increase compared to 2Q14, mainly due to:
  - Higher expenses with vacation bonus (+R$1.0MM)
  - Inflated IT expenses due to former IT provider discontinuation fee (+R$2.4MM)
  - Accounting adjustment from previous periods (+R$5.6MM)
- Payroll expenses down 11%, as a consequence of organizational streamlining
- Cost reduction program impacting 2014 Operating expenses decrease
- Significant headcount reduction since beginning of 2014

NOTES: 1) Does not include Depreciation & Amortization; 2) Does not include Stock Options; 3) ENEVA and ENEVA Participações holdings

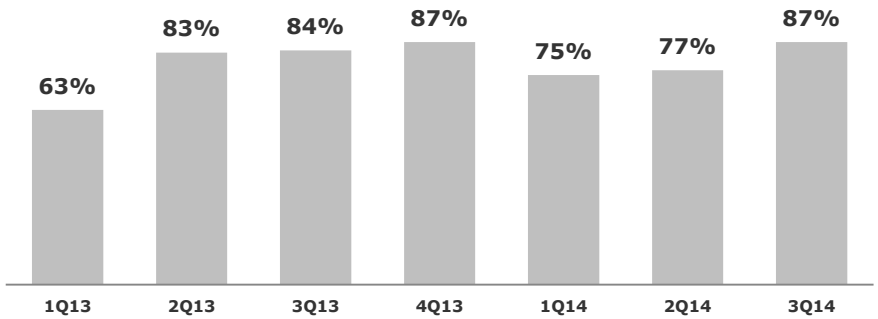
Operational Performance (Itaqui)

Ash disposal solution hit Operational costs in the quarter

EBITDA (R$MM)



Availability



Sources: ONS & Company

Operating Costs

	3Q14	3Q14 (Adj)	2Q14	3Q14 (Adj) /2Q14
Operating Costs² (R$ million)	21.1	121.6	115.5	*5.3%*
Gross Energy Generated (GWh)	679.5	679.5	462	*47.1%*
Operating Costs per Gross Energy Generated (R$/MWh)	31.1	179.0	249.9	*-28.4%*

3Q14 (Adj) excludes unavailability costs reimbursement (R$100.5MM)

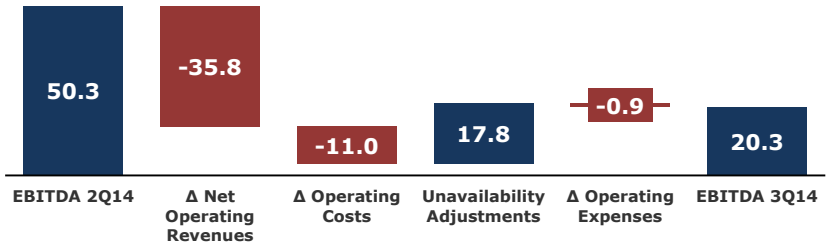
- Highest historical availability recorded in Sep. 2014: 95%
- Significant decrease in Operating costs/MWh as a result of improved availability
- Operating revenues positively impacted by better availability leading to higher variable revenues (+R$19.4MM), despite decrease in Energy for resale (-R$22.2MM)
- Operating costs increased by higher fuel consumption due to plant's higher availability (+R$14.5MM) and Outsourced services reflecting incremental cost for ash disposal (+R$5.9MM)

NOTE: 1) Does not include Depreciation & Amortization.

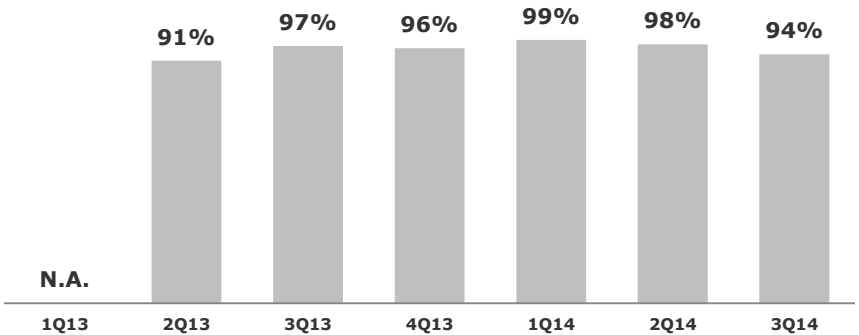
Operational Performance (Parnaíba I)

Reduced availability undermined 3Q14 EBITDA despite lower fuel costs

EBITDA (R$MM)



Availability



Sources: ONS & Company

Operating Costs

	3Q14	3Q14 (Adj)	2Q14	3Q14 (Adj) /2Q14
Operating Costs[1] (R$ million)	189.8	207.6	196.6	*-3.4%*
Gross Energy Generated (GWh)	1,173	1,173	1,412	*-16.9%*
Operating Costs per Gross Energy Generated (R$/MWh)	161.8	177.0	139.3	*16.2%*

3Q14 (Adj) excludes unavailability costs adjustment (R$17.8MM)

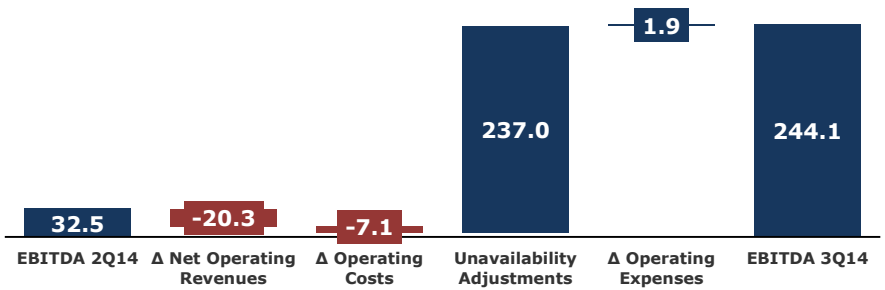
- Availability reduction since mid-May 2014 due to gas optimization by Parnaíba Complex
- Operating revenues negatively impacted by lower availability, which compromised variable revenues in the quarter (-R$39.6MM)
- Despite lower fuel costs (-R$15.9MM), as a result of plant's lower availability, operating costs increased mainly by higher:
  - Unavailability costs (+R$12.1MM, net of effect of the Federal Court ruling, accounted in Sep, 2014); and
  - Lease cost (+R$13.9MM), due to fixed gas treatment unit lease contract readjustment

NOTE: 1) Does not include Depreciation & Amortization.

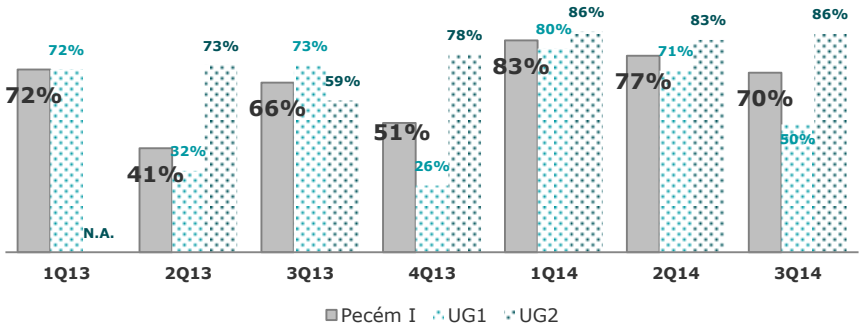
Operational Performance (Pecém I)

Revenues and costs compromised by GU01 stator burnout on Aug 25, 2014

EBITDA[1] (R$MM)



Availability



Sources: ONS & Company

Operating Costs

	3Q14	3Q14 (Adj)	2Q14	3Q14 (Adj) /2Q14
Operating Costs[2] (R$ million)	26.4	263.4	256.3	*2.8%*
Gross Energy Generated (GWh)	965.2	965.2	1,186	*-18.6%*
Operating Costs per Gross Energy Generated (R$/MWh)	27.4	272.9	216.1	*26.3%*

3Q14 (Adj) excludes unavailability costs reimbursement (R$237.0MM)

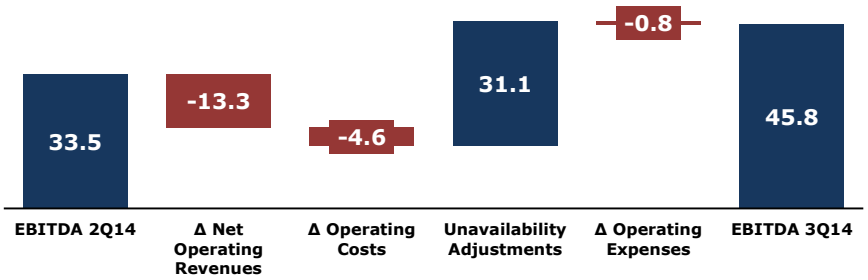
- UG01 stator burnout on Aug 25, 2014 hit 3Q14 availability. In Sep 2014, GU02 recorded 2nd best historical availability: 97.1%
- Operating revenues negatively impacted by lower availability of GU01, which decreased variable revenues in the quarter (-R$24.6MM)
- Despite lower fuel costs (-R$25.0MM), as a result of plant's lower availability, operating costs increased mainly by higher:
  - Unavailability costs (+R$14.4MM) and Energy cost for resale (+R$3.5MM), both due to higher spot prices (+46.3%); and
  - Equipment and machinery repair (+R$4.5MM)

NOTES: 1) Figures consider 100% of Pecém I; 2) Does not include Depreciation & Amortization.

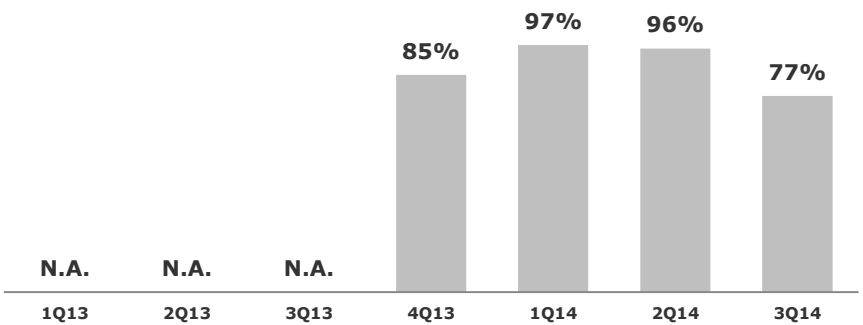
Operational Performance (Pecém II)

Lower availability hurt operating revenues and higher spot prices increased unavailability costs

EBITDA[1] (R$MM)



Availability



Sources: ONS & Company

Operating Costs

	3Q14	3Q14 (Adj)	2Q14	3Q14 (Adj) /2Q14
Operating Costs[2] (R$ million)	79.0	110.1	105.4	*-25.1%*
Gross Energy Generated (GWh)	618.3	618.3	736.7	*-16.1%*
Operating Costs per Gross Energy Generated (R$/MWh)	127.7	178.0	143.1	*-10.8%*

3Q14 (Adj) excludes unavailability costs adjustment (R$31.1MM)

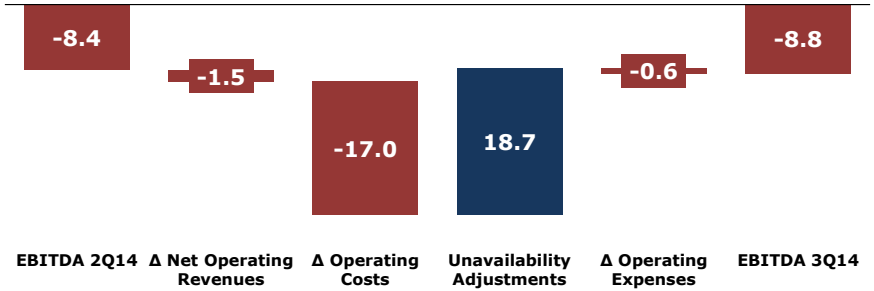
- Availability reduction in 3Q14 due to coal mills and forced ventilation fan repair for 10 days in Sep 2014
- Operating revenues negatively impacted by lower availability, which decreased variable revenues in the quarter (-R$13.6MM)
- Despite lower fuel cost (-R$12.7MM), as a result of plant's lower availability, and also a decrease in Equipment and machinery repair (-R$1.2MM) operating costs increased mainly by higher:
  - Unavailability costs (+R$16.4MM); and
  - Energy cost for resale (+R$2.5MM), both due to higher spot prices (+46.3%)

NOTES: 1) Figures consider 100% of Pecém II; 2) Does not include Depreciation & Amortization.

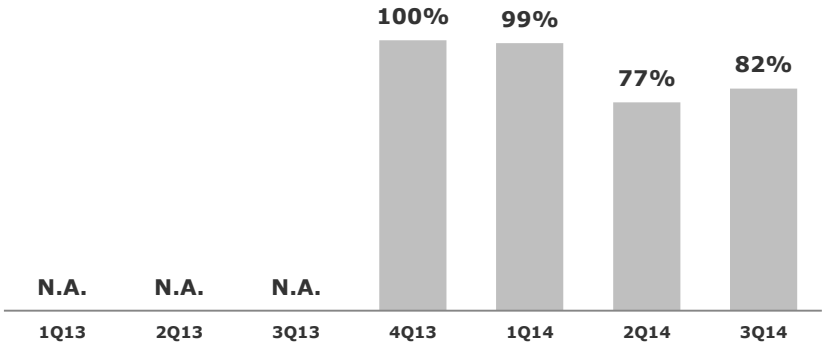
Operational Performance (Parnaíba III)

Recurring negative EBITDA as a result of gas optimization at Parnaíba Complex since mid-May 14

EBITDA[1] (R$MM)



Availability



Sources: ONS & Company

Operating Costs

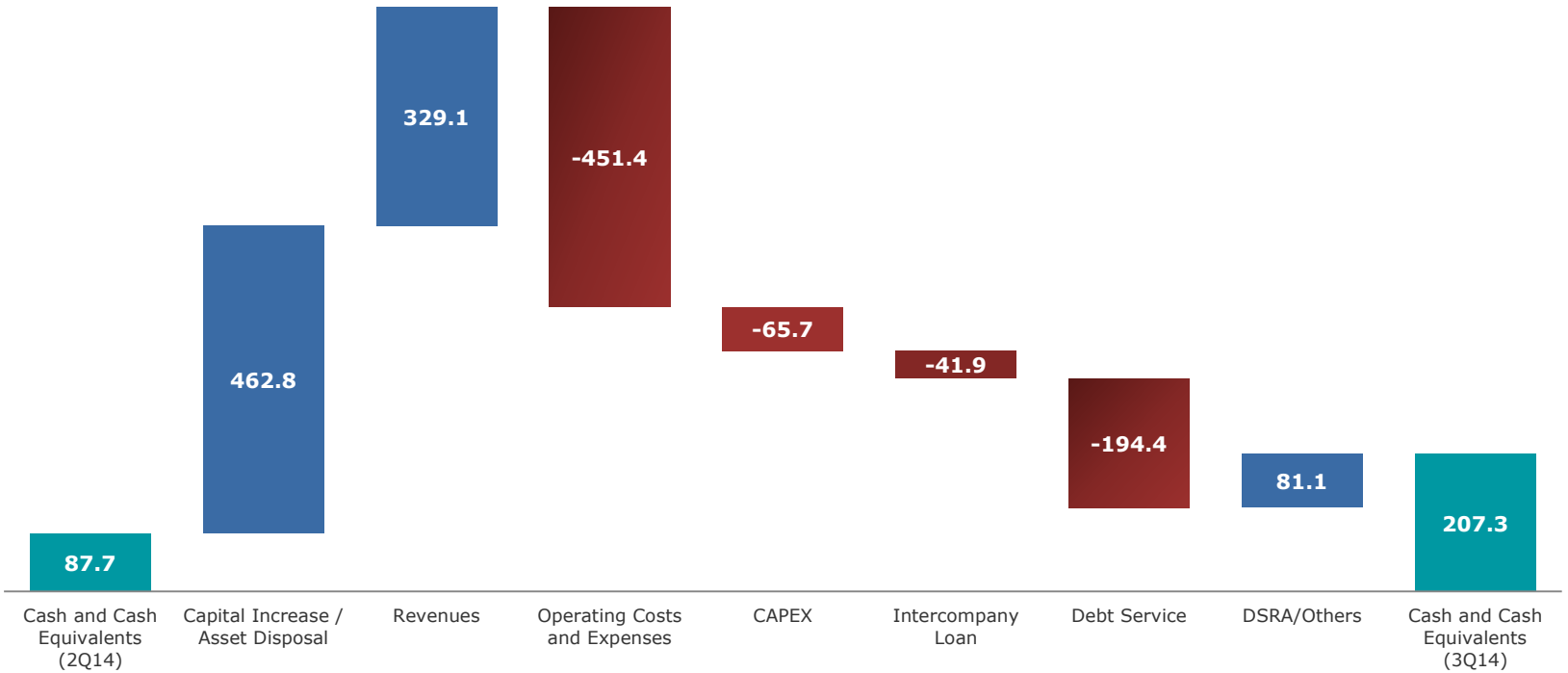
	3Q14	3Q14 (Adj)	2Q14	3Q14 (Adj) /2Q14
Operating Costs[2] (R$ million)	63.4	82.1	65.1	*-2.6%*
Gross Energy Generated (GWh)	233.1	233.1	265.7	*-12.3%*
Operating Costs per Gross Energy Generated (R$/MWh)	272.2	352.4	245.1	*11.0%*

3Q14 (Adj) excludes unavailability costs adjustment (R$18.7MM)

- Availability reduction since mid-May 2014 due to gas optimization by Parnaíba Complex
- Operating revenues negatively impacted by lower availability, which decreased variable revenues in the quarter (-R$4.7MM), but offset by higher revenue from surplus ballast energy (+R$3.7MM)
- Despite lower fuel costs (-R$6.2MM), as a result of plant's lower availability, Operating costs up mainly due to increase on Unavailability costs (+R$23.4MM), which were inflated by higher spot prices (+46.3%)

NOTES: 1) Figures consider 100% of Parnaíba III; 2) Does not include Depreciation & Amortization.

Consolidated Cash Position



NOTES:

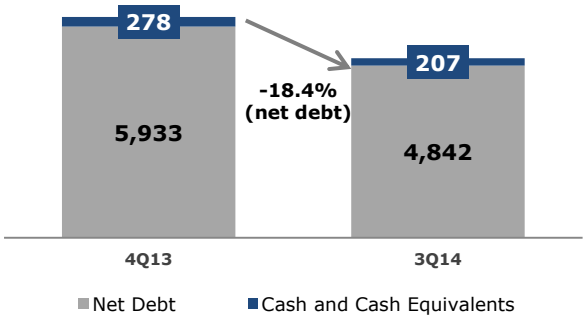
1) Capital Increase / Asset Disposal net of E.ON contribution of R$120MM in the capital increase, accounted in 2Q14

2) DSRA = Debt Service Reserve Account

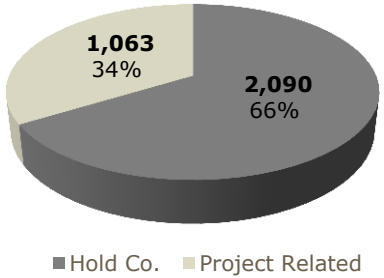
Consolidated Debt (3Q14)

Net debt reduction as a result mainly of Pecém II deconsolidation

Consolidated Debt (R$MM)

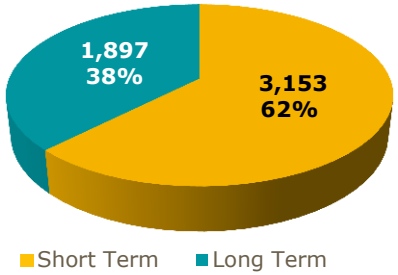


Consolidated Short-Term Debt (R$MM)



Gross Short-Term Debt
R$3,153MM

Consolidated Gross Debt Profile (R$MM)



Total Gross Debt
R$5,050MM

- R$1,062.7MM out of the total debt balance of short-term debt is allocated in the projects, as follows:
  - **R$155.7MM:** Current portion of the short-term debts of Itaqui and Parnaíba I;
  - **R$80.9MM:** Bridge loans to Parnaíba I. The outstanding balance will be paid-off in installments, which started in Oct. 2013;
  - **R$826.1MM:** Bridge loans to Parnaíba II, which should be paid-off with the disbursement of the long-term financing packages.

Main Takeaways

3Q14 highlighted by regulatory developments

- Parnaíba II agreement preserved project economic feasibility and the fulfillment of an important PPA to the Brazilian consumer
- Aneel confirmed Federal Court decision on unavailability charges methodology and refunded previous payments to Itaqui and Pecém I
- Federal Court suspended hourly unavailability charges calculation of Pecém II, Parnaíba I and Parnaíba III

Cost reduction program on track

- Additional headcount reduction in 4Q13

Further measures of Stabilization Plan require implementation

Disclaimer

The aforementioned material is a presentation of general background information about ENEVA S.A. and its subsidiaries (collectively, "ENEVA" or the "Company") as of the date of the presentation. It is information in summary form and does not purport to be complete. No representation or warranty, express or implied, is made concerning, and no reliance should be placed on, the accuracy, fairness, or completeness of this information.

This presentation may contain certain forward-looking statements and information relating to ENEVA that reflect the current views and/or expectations of the Company and its management with respect to its performance, business and future events. Forward looking statements include, without limitation, any statement that may predict, forecast, indicate or imply future results, performance or achievements, and may contain words like "may", "plan", "believe", "anticipate", "expect", "envisages", "will likely result", or any other words or phrases of similar meaning. Such statements are subject to a number of risks, uncertainties and assumptions. We caution you that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in this presentation. In no event, neither the Company, any of its affiliates, directors, officers, agents or employees nor any of the placement agents shall be liable before any third party (including investors) for any investment or business decision made or action taken in reliance on the information and statements contained in this presentation or for any consequential, special or similar damages.

This presentation does not constitute an offer, or invitation, or solicitation of an offer, to subscribe for or purchase any securities.

Neither this presentation nor anything contained herein shall form the basis of any contract or commitment whatsoever.

Recipients of this presentation are not to construe the contents of this summary as legal, tax or investment advice and recipients should consult their own advisors in this regard.

The market and competitive position data, including market forecasts, used throughout this presentation were obtained from internal surveys, market research, publicly available information and industry publications. Although we have no reason to believe that any of this information or these reports are inaccurate in any material respect, we have not independently verified the competitive position, market share, market size, market growth or other data provided by third parties or by industry or other publications. ENEVA, the placement agents and the underwriters do not make any representation as to the accuracy of such information.

This presentation and its contents are proprietary information and may not be reproduced or otherwise disseminated in whole or in part without ENEVA's prior written consent.