Earnings Results – 1Q16

May 13, 2016



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Highlights

Recent highlights

Corporate

- Adjusted EBITDA boosted by R$30.9MM, cash generation increased in R$36.5MM and consolidated net debt down in R$1.4B
- Transaction for contribution of 100% of PGN realized with Cambuhy and OGX, closing ongoing and expected for 2H16
- Reverse stock split (100:1) concluded to improve tradability and maintain BM&FBovespa needs, stock trading pos-reverse split on May 12
- Consolidation of new assets (BPMB, Parnaíba III and Parnaíba IV) with positive net impact on EBITDA and debt factor; deleveraging trend continues
- Debt profile maintained stable compared to 4Q15 while cash generation is positive, increasing financial headroom
- Efficiency gains and streamlining on Holding continue to provide positive results

Operating result

- Solid operational result in a lower dispatch environment leading to lower revenues and variable costs of operational units as well as lower income on the upstream assets
  - Itaqui with lower income and lower operating costs due to dispatch and improved availability compared to 4Q15
  - Pecém II also shows improved availability; operation costs impacted by challenges on coal sourcing and handling
  - Parnaiba I and III show solid availability result within last twelve month, lower fuel and operating costs overcompensate reduced revenues due to lower dispatch
  - Parnaiba IV falls back in availability, mainly due to scheduled maintenance, however, reduced submarket exposure and energy revenues compensate
  - Full consolidation of BPMB overall positive and provides solid addition to ENEVA's EBITDA to debt ratio. Lower gas sales compared to previous year due to reduced dispatch, leaving monetization of available gas for future periods

Quarter over quarter positive trends in EBITDA, cash generation and leverage reduction

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Economic and financial data

Main indicators

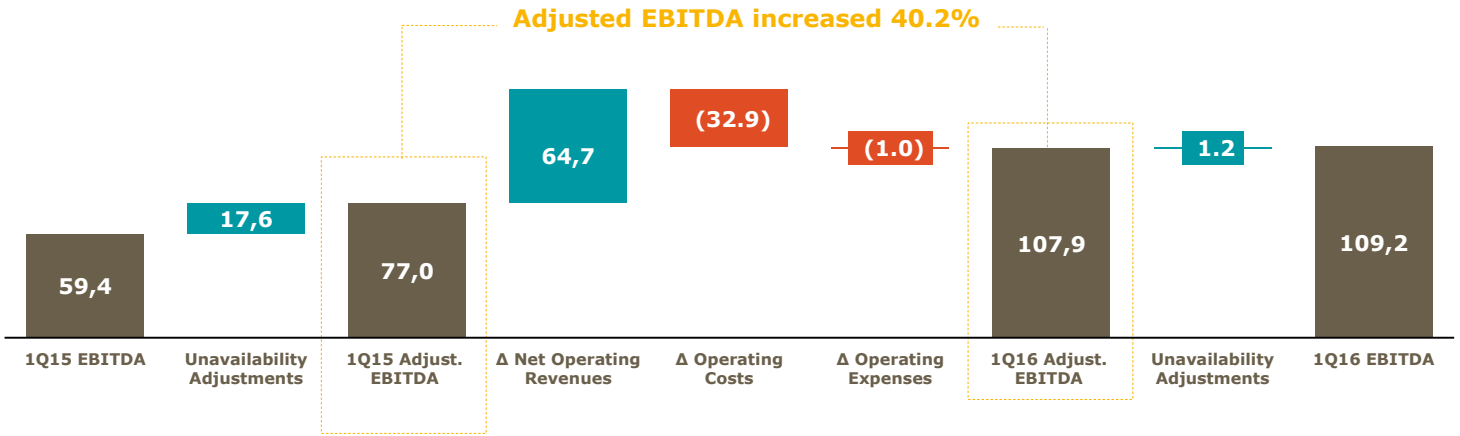
Main Indicators *(R$MM)*	1Q16	1Q15	1Q16/ 1Q15
Net Operating Revenue	438.5	373.8	17.3%
Operating Costs[1]	(303.2)	(289.2)	4.9%
Operating Expenses[1]	(26.1)	(25.2)	3.8%
Adjusted EBITDA	107.9[3]	59.4	81.6%
Net Income	(93.9)	(128.6)	-27.0%
Net Debt[2]	3,849.1	5,227.7	-26.4%
Net Debt/EBITDA Anualized	8.9x	22.0x	-13.1 p.p

- Consolidation of assets in Nov 15 boosted EBITDA by R$37.2MM, especially BPMB, Parnaíba III and Parnaíba IV.
  - Pecém II result recorded by equity method
- Net loss reduction of R$34.7MM as a result of improved results of all operating assets, especially by combining higher EBITDA generation and lower financial result
  - Considering the JR filling in Dec 2014, Holding debt burden has not been accounted in 1Q15. Otherwise, net loss would have raised to approx. R$270MM (vs. approx. R$130MM)
- Positive evolution of net debt/annualized EBITDA demonstrates the effectiveness of measures taken under ENEVA's JR
  - Bringing high profitability assets to consolidated base and reduce leverage as of Nov/15
- Lower dispatch and retraction of spot prices in the North submarket impacted the revenues of Itaqui, Parnaíba I and Parnaíba III, offset by lower expenditures on fuel, ballast acquisition and unavailability

Notes: (1) Excludes depreciation and amortization; (2) Comprise gross debt (including debentures), finance charges, cash, cash equivalents and escrow deposits; (3) Non recurring non cash event form trading arm down consolidated EBITDA by R$20.1MM

EBITDA development

Consolidated EBITDA (R$MM)

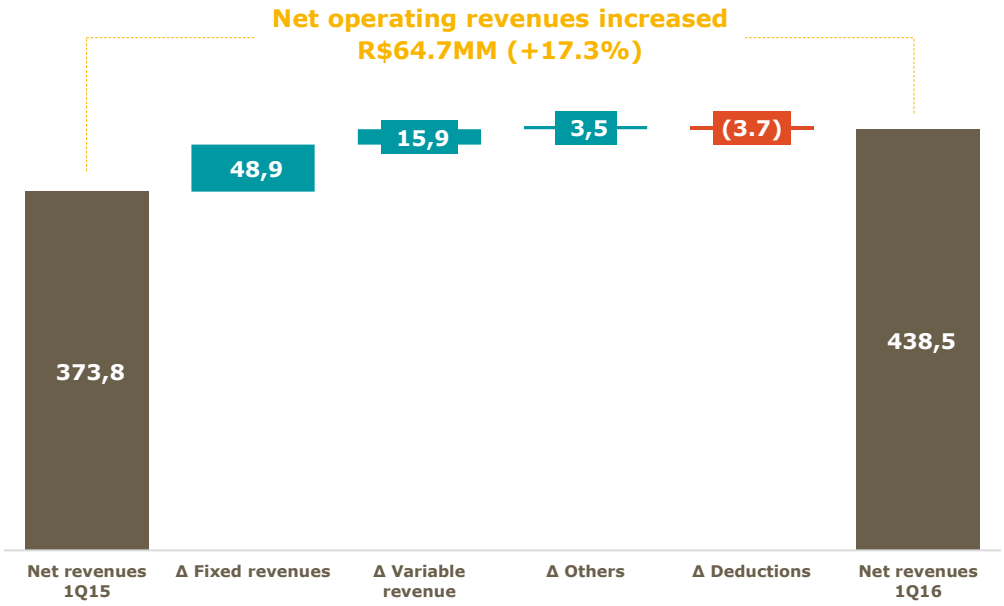


Adjusted EBITDA advanced 40.2% in the quarter due to the following factors:

- **Net revenue:** Increase due to the consolidation of assets contributed in the capital increase of Nov 2015, especially Parnaíba III (+ R$64.4MM) and energy trading activities (+R$20.7MM). Lower dispatch and spot prices retraction in the North submarket impacted the revenues of Itaqui (R$23.8MM) and Parnaíba I (R$10.9MM)
- **Operating costs:** Reduction due to lower expenditures on fuel, ballast acquisition and ADOMP, as a result of lower dispatch of power plants and spot prices reduction
- **Unavailability adjustment:** In 1Q15 increased due to regulatory changes and in 1Q16 impacted by accounting adjustments

Net revenues development

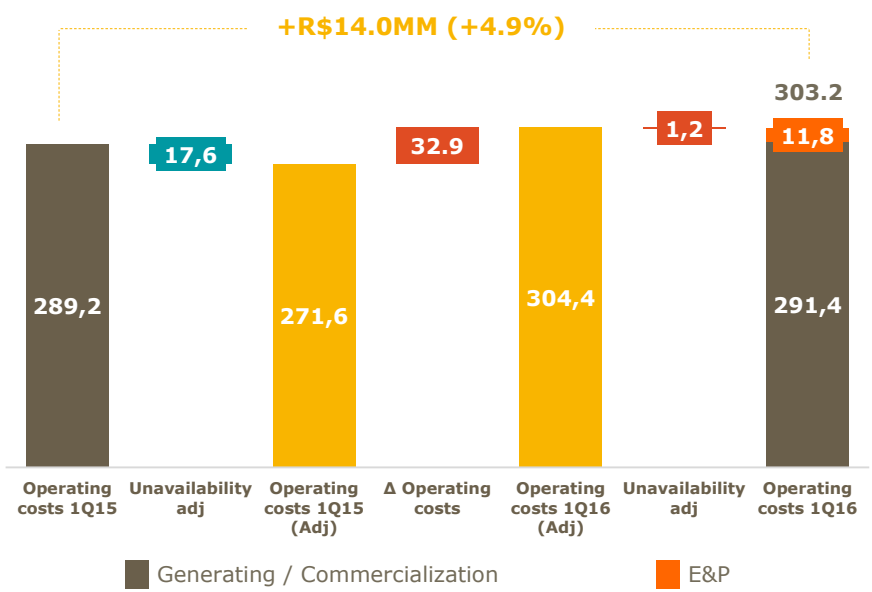
Consolidated net revenues (R$MM)



- Net operating revenues increased R$64.7MM, mainly due to the consolidation of additional assets as follows:
  - Fixed revenues of the power generation increased substantially (R$48.9MM), while the variable revenues increased at a lower rate (R$15.9MM), mainly as the dispatch has been lower in the first quarter
  - Other revenues mainly composed of free market allocation, ballast liquidation and in 1Q16 the effect of Parnaiba II substitution for Parnaiba I, increased slightly by R$3.5MM from 1Q15 to 1Q16
  - Revenues from the gas upstream business are eliminated in the net operating revenues consolidated due to accounting procedures . The revenues are accounted for by a reduced cost basis for the Parnaiba plants
  - Lastly deductions from Operating revenues, which constitutes taxes on revenues, increased only slightly by R$3.7MM

Operating costs development

Operating costs cosolidated[1] (R$MM)



Opearting costs 1Q16 (Adj.) includes unavailability costs undue (R$1.2MM)
Opearting costs 1Q15 (Adj.) excludes unavailability costs undue (R$17.6MM)

Operating costs higher by R$14.0MM as a result of:

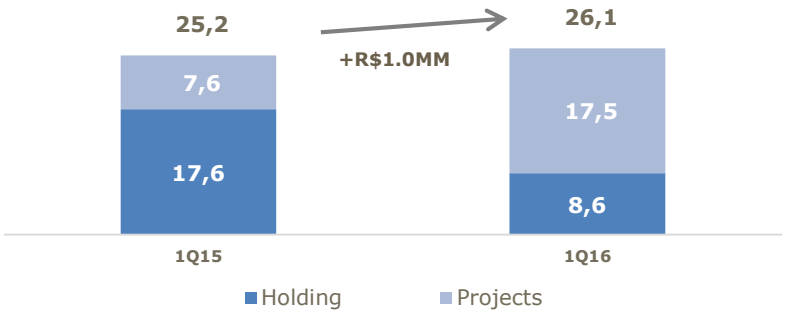
- The contribution of assets in the capital increase concluded in Nov 2015 led to an increase in costs of R$72.8MM, as follows:
  - BPMB (+R$12.7MM)
  - Generating/power trading asset – Parnaíba III, Parnaíba IV and ENEVA trading arm (+R$60.1MM)
- On the other hand, the costs of the assets that were already part of the consolidated basis in 1Q15 reduced R$58.5MM due to:
  - Plants dispatch (lower fuel, and rental and leases costs);
  - Spot prices reduction (lower ballast acquisition cost)

Although consolidated operating costs have increased R$32.80MM, net operating revenues increased by R$64.7MM

Note: (1) Excludes depreciation and amortization

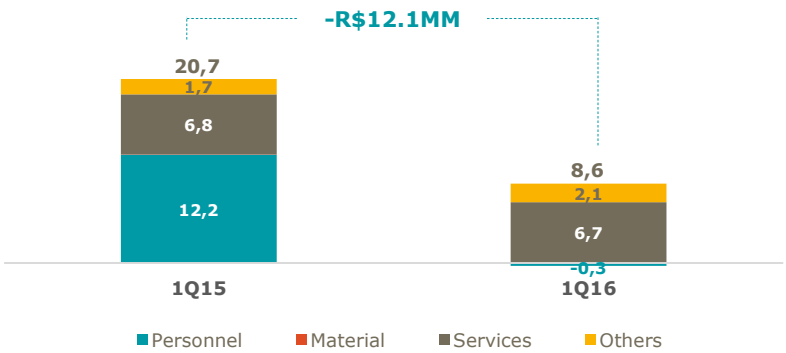
Operating expenses

Operating expenses[1] (R$MM)



Only slight increase in operating expenses despite several new assets consolidated as of Nov/15

Holding operating expenses[1/2] (R$MM)

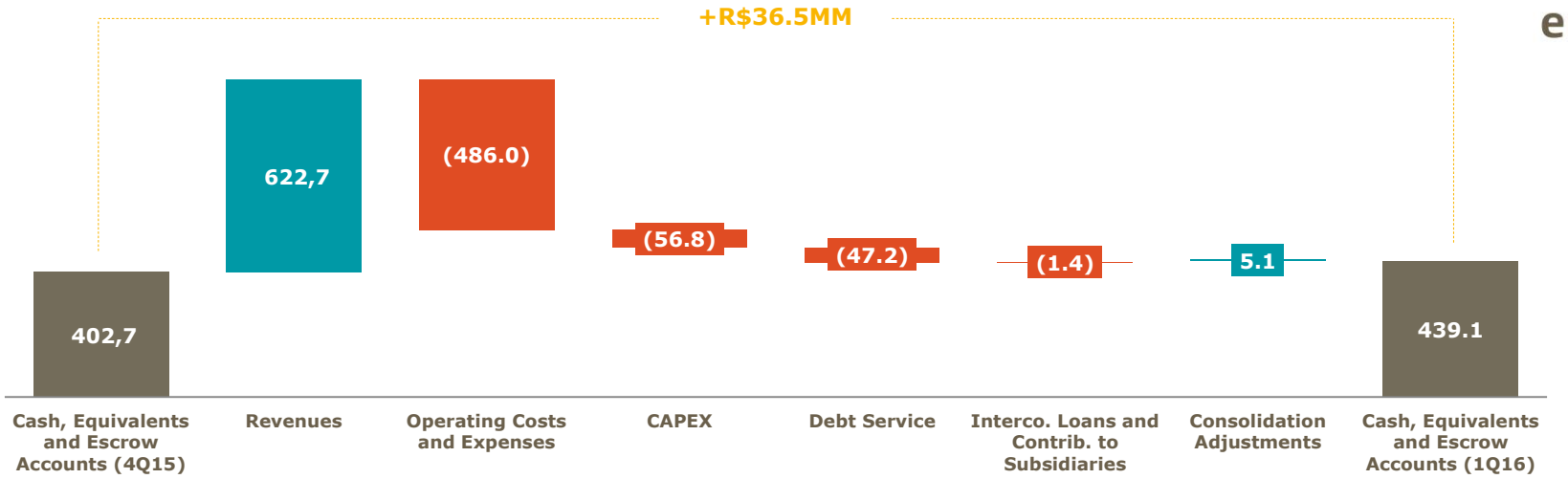


The reduction of R$12.1MM is due to:

- Lower cost with payroll and benefit mainly as a result from reduction of 15% in headcount and performance bonus (-R$6.5MM)
- Increased allocation of shared expenses with personnel from Holding to subsidiaries (-R$8.7MM)

Note: (1) Excludes depreciation and amortization*; (2)* Comprised by ENEVA (holding), ENEVA Participações and ENEVA Comercializadora de Energia.

Consolidated cash position



Solid cash generation in Q1 2016 mainly driven by:

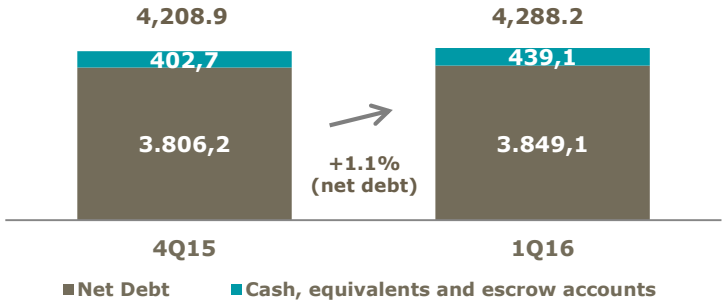
- **Positive Margin revenues vs. Operating costs and expenses:** Positive and healthy margin mainly driven by full consolidation of the assets contributed within the judicial recovery process, which in 4Q15 were consolidated in starting Nov15
- **CAPEX:** in the first three months mainly was incurred in BPMB with its share of the upstream investments in the Parnaiba Basin and in Parnaiba Complex for lodging and community investments
- **Debt Service:** Debt service was composed of approximately R$37.9MM in interest payments (mainly Itaqui and Parnaiba as holding debt is still within its grace period) and approximately R$9.2MM of amortization in Parnaiba I
- **Intercompany loans / consolidation Adjustments:** Cash outflow for subsidiaries was low with R$1.4MM and consolidation adjustments accounted for R$5.1MM

Positive cash generation in the last three months at R$36.5MM due to the contribution of high profitability assets in Nov 2015

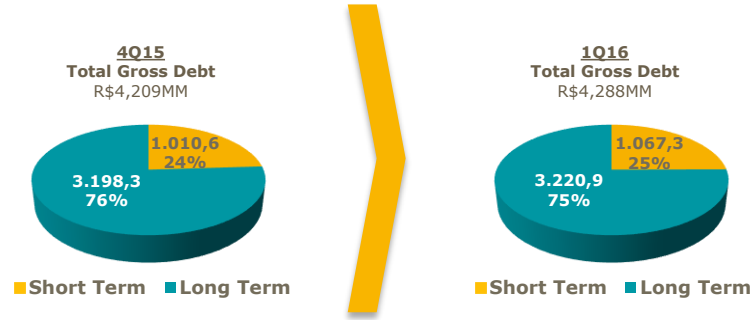
Consolidated debt (1Q16)

Net debt remains flat in the quarter

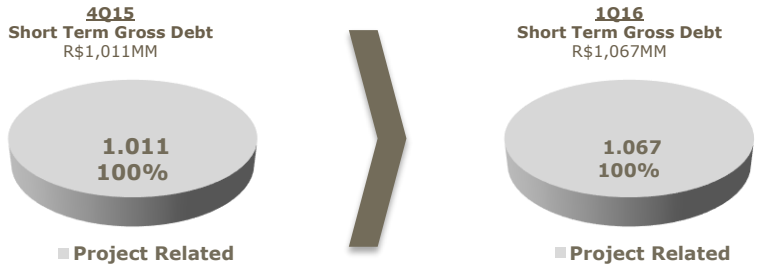
Consolidated debt (R$MM)



Consolidated debt profile (R$MM)



Consolidated short-term debt (R$MM)



- Gross debt totaled R$4,288.2MM indicating a moderate increase of 1.9% compared to 4Q15, due to debt burden.
- The total balance of short-term debt is allocated to projects as follows:
  - **R$54.1MM:** Current portion of short-term debt of Parnaíba I
  - **R$24.1MM:** Current portion of short-term debt of Itaqui
  - **R$988.36MM:** refer to bridge loans for Parnaíba II (R$760.3MM), Parnaíba III (R$123.5MM) and BPMB (R$104.5MM). All bridge loans are currently under negotiation with financial institutions

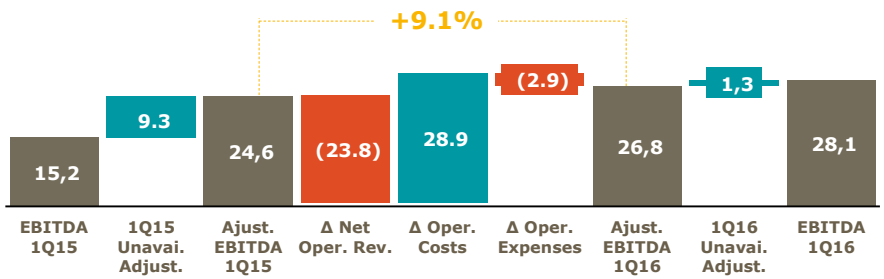
Overall leverage from 4Q15 to 1Q16 reduced from 14.4x to 8.9x (or 7.4x considering Pecém II)

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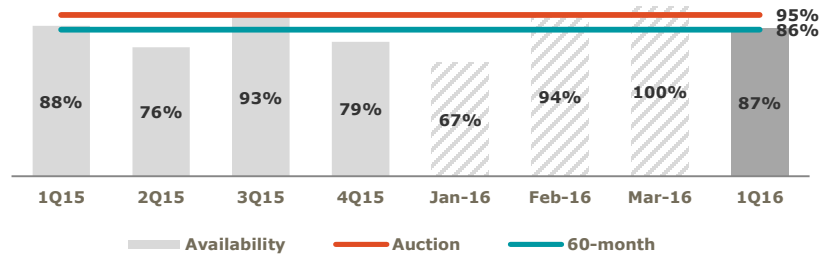
Operating highlights

Operating Performance (Itaqui)

EBITDA (R$MM)



Availability



Sources: ONS and Company

Operating costs

	1Q16 (Adj)	1Q15 (Adj)	1Q16 (Adj)/ 1Q15(Adj)
Operating Costs[1] (R$MM)	99.8	128.6	*-22.4%*
Gross Energy Generated (GWh)	515.9	682.4	*-24.4%*
Operating Costs per Gross Energy Generated (R$/MWh)	193.4	188.5	*2.6%*

1Q16 (Adj.) includes unavailability costs undue (R$1.3MM)

1Q15 (Adj.) excludes unavailability costs undue (-R$9.3MM)

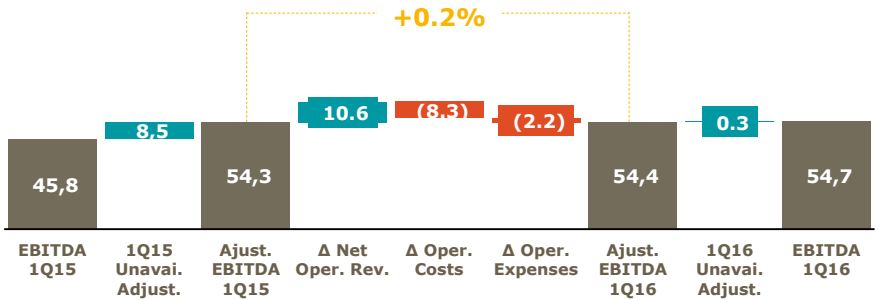
- Lower dispatch by ONS led to a reduction of 24.4% of gross generation in 1Q16 compared to 1Q15
- Likewise lower overall operating costs however per unit operating costs slightly increased due to repel of ICMS tax benefit and coal purchase price
  - ICMS decision reversed by an injunction in Mar 2016
- Also reduction in ballast acquisition and availability costs contributed to the decrease of operating costs

Higher EBITDA despite decrease in unit dispatch

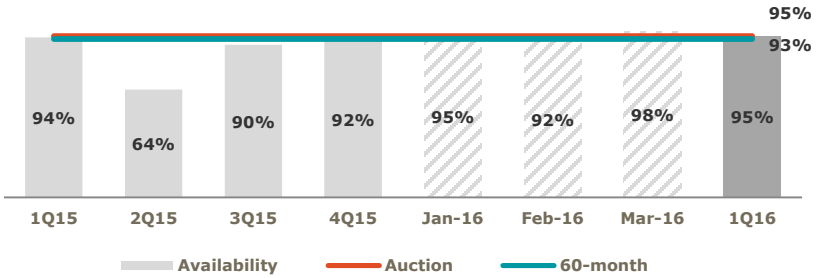
Note: (1) Excludes depreciation and amortization

Operating Performance (Pecém II)

EBITDA[1] (R$MM)



Availability



Sources: ONS and Company

Operating costs

	1Q16 (Adj)	1Q15 (Adj)	1Q16 (Adj)/ 1Q15(Adj)
Operating Costs[2] (R$MM)	92.0	83.7	*-0.2%*
Gross Energy Generated (GWh)	664.0	696.7	*-4.7%*
Operating Costs per Gross Energy Generated (R$/MWh)	138.5	120.1	*15.3%*

1Q16 (Adj.) includes unavailability costs undue (R$0.3MM)
1Q15 (Adj.) excludes unavailability costs undue (R$8.5MM)

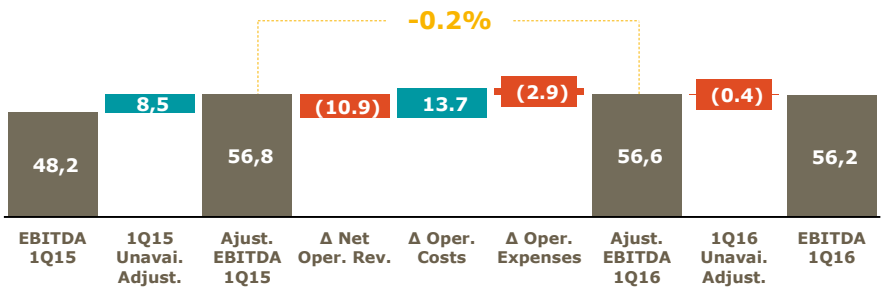
- No material impact in dispatch in the period due to location in Northeast submarket and operating revenue impacted by positive one-off effect
- USD/BRL FX appreciation hit operating cost leading to higher costs in insurance, fuel and handling, specifically per unit cost
- Higher services expenses between Holding and Pecém II (R$1.9MM)

Higher availability and revenues offset by unfavorable operating costs

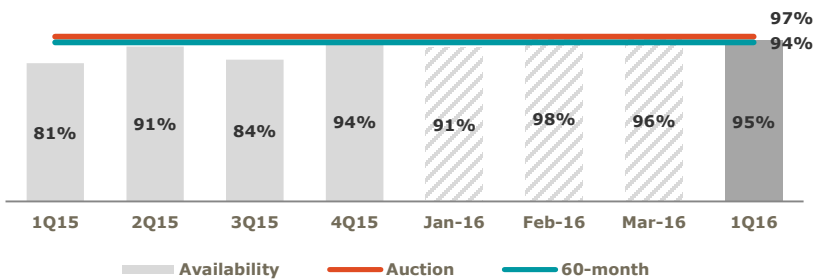
Notes: (1) Considers 100% of Pecém II; (2) Excludes depreciation and amortization

Operating Performance (Parnaíba I)

EBITDA (R$MM)



Availability



Sources: ONS and Company

Operating costs

	1Q16 (Adj)	1Q15 (Adj)	1Q16 (Adj)/ 1Q15(Adj)
Operating Costs[1] (R$MM)	149.6	163.3	*-8.1%*
Gross Energy Generated (GWh)	1,074.5	1,241.6	*-13.5%*
Operating Costs per Gross Energy Generated (R$/MWh)	139.2	131.5	*5.9%*

1Q16 (Adj.) excludes unavailability costs undue (R$0.4MM)
1Q15 (Adj.) excludes unavailability costs undue (R$8.5MM)

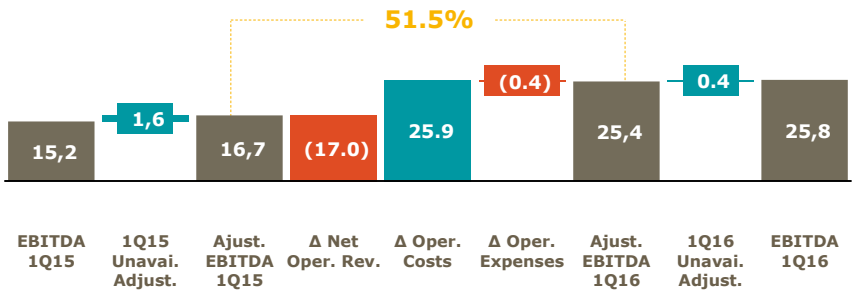
- Lower dispatch led to a reduction of 13.5% of gross generation in 1Q16 compared to 1Q15, impacting costs per unit mainly related to:
  - Fuel (-R$7.9MM); and
  - Leases and rentals (-R$7,8MM)
- Best availability quarterly result of last year

Profitability sustained despite dispatch reduction

Note: (1) Excludes depreciation and amortization

Performance operacional (Parnaíba III)

EBITDA (R$MM)

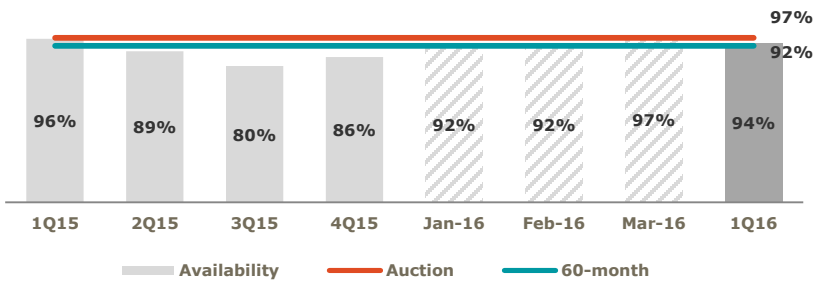


Operating costs

	1Q16 (Adj)	1Q15 (Adj)	1Q16 (Adj)/ 1Q15(Adj)
Operating Costs[1] (R$MM)	38.1	64.0	*-40.5%*
Gross Energy Generated (GWh)	242.8	361.5	*-32.8%*
Operating Costs per Gross Energy Generated (R$/MWh)	156.9	177.1	*-11.4%*

1Q16 (Adj.) includes unavailability costs undue (R$0.4MM)
1Q15 (Adj.) excludes unavailability costs undue (R$1.6MM)

Availability



Sources: ONS and Company

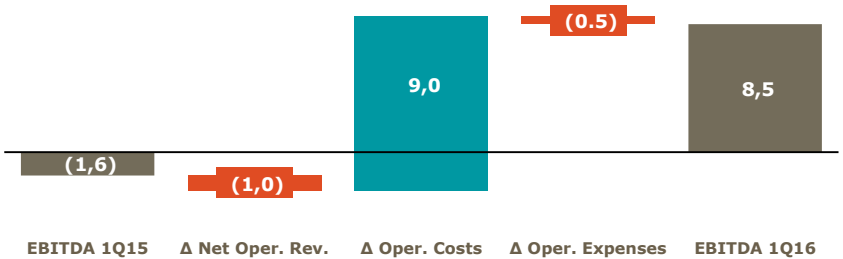
- Lower dispatch led to a reduction of 32.8% of gross generation in 1Q16 compared to 1Q15, impacting costs related to:
  - Fuel (-R$5.9MM); and
  - Leases and rentals (-R$8.2MM), impacted by accounting adjustments of R$12.4MM related to leases and rentals from prior periods

EBITDA increased mainly due to one-off impact

Note: (1) Excludes depreciation and amortization

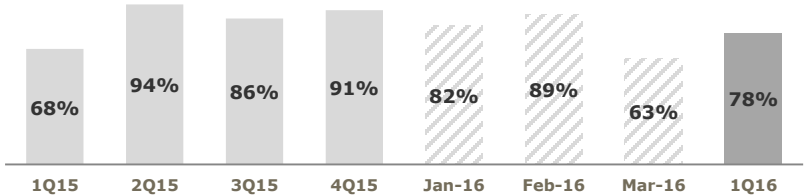
Performance operacional (Parnaíba IV)

EBITDA (R$MM)



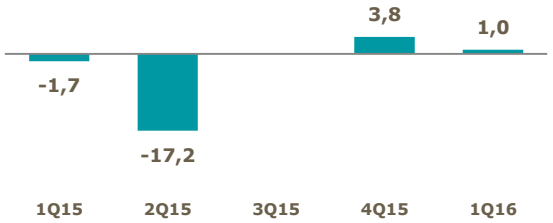
- Reduced costs mainly due to the lower submarket exposure (-R$6.3MM)
- Higher plant's leasing cost by Parnaíba Comercializadora (R$2.1MM)
- Increased revenue from energy sale to Kinross (-R$6.8MM, recognized in leases and rentals)
- Availability in 1Q16 hurt by engines scheduled maintenance and engine exhaust system check

Availability



Sources: ONS and Company

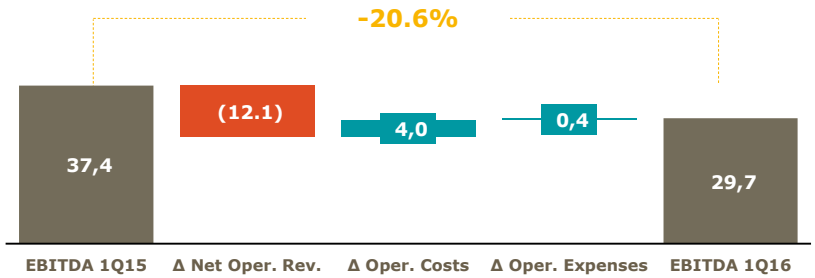
Submarket exposure



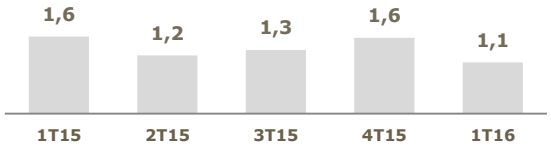
Improved availability and reduced submarket exposure boosted plant's EBITDA

Operating Performance (BPMB)

EBITDA (R$MM)



Average daily gas production (MMm³)



- Lower dispatch of Parnaiba Complex plants resulted in a reduction of 33.2% of gas production
- reduction of R$7.0MM in expenditures with seismic and interpretations (G&G) after undergone through exploratory campaign phase offset increase in gas cost sold due to the operation of three producing fields in 1Q16, vs. only Gavião Real in 1Q15

Dispatch reduction of Parnaiba Complex plants main driver for EBITDA reduction


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