



1Q14 Earnings Release

May 14, 2014

1Q14 Highlights

MAIN INDICATORS *(R$ thousands)*	1Q14	1Q13
Net Operating Revenues	586,771	196,098
Operating Costs	(494,779)	(312,609)
Operating Expenses	(36,791)	(39,029)
EBITDA	103,912	(137,645)
Net Income	(71,931)	(250,901)
Net Debt	5,912,983	5,899,021
Total Generation Energy Sales (GWh)	2,249	708

Highlights

- **Energy sales:** 218% growth as a result of increased commercial capacity and improved operation of coal plants;
- **EBITDA:** stronger EBITDA resulting mainly from
  - Increased capacity with full-quarter commercial operation of Itaqui, Pecém II and Parnaíba I
  - Improved operational performance of the coal plants, with consequent reduction of operating cost per MWh and unavailability penalties
- **Generation capacity:** beginning of commercial operations of second generation unit (7MW) of Parnaíba III, which its reached full capacity of 176MW
- **Unavailabity penalties:** Federal Court granted injunction to Pecém I and Itaqui halting unavailability charges based on hourly measurements
- **PGN:** R$ 250 million capital increase concluded
- **Capitalization and Debt Maturity Profile Extension** transaction consisting in:
  - Private capital increase of up to R$1.5 billion
  - Sale of between 50% and 100% of Pecém II
  - Restructuring of the HoldCo debt

Capitalization and Debt Maturity Profile Extension

R$1.5 billion Capitalization and Debt Measures

Capital Increase and Sale of Pecém II

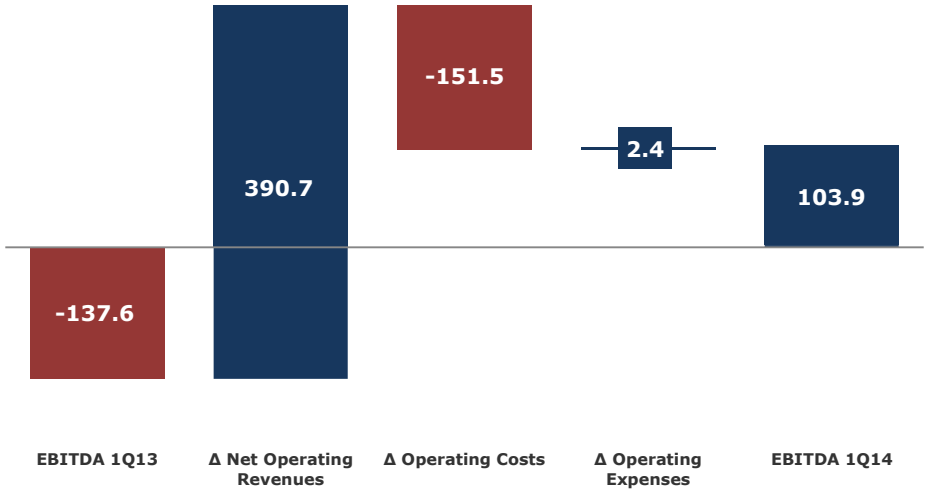
- **Private capital increase in two steps, amounting up to R$1.5 billion:**
  - Phase I
    - Amount: up to R$316.5 million
    - Price: R$1.27/share (closing price May 9, 2014)
    - E.ON commitment: R$120 million
  - Phase II
    - Amount: R$1,500 million minus funds raised in Phase I
    - E.ON commitment: up to R$450 million (potentially partially by injecting Pecém II)
- **Sale of Pecém II**
  - ENEVA will dispose of 50% or 100% of Pecém II in a structured bidding process
  - In parallel to Phase I of the Capital Increase
  - E.ON to backstop sale of 50% of Pecém II at a maximum price of R$400 million

Debt Measures & Cost Reduction

- **HoldCo financing banks to provide short-term HoldCo bridge of R$100 million in parallel to the Phase I Capital Increase**
- **Push-down of R$600-700 million to ENEVA's operating subsidiaries/projects**
- **5-year maturity extension of remaining HoldCo debt, with amortization starting only in June 2017**
- **Financing banks to issue LT financing on Pecém II**
  - Banks to provide additional Pecém II LT financing amounting to R$150 million in parallel to the conclusion of the sales process of Pecém II
- **ENEVA committed to reduce HoldCo cost until YE to a sustainable level of R$80 million/year**

EBITDA Development

Consolidated EBITDA (R$MM)



- EBITDA of R$103.9MM, resulting mainly from:
  - Beginning of commercial operations of Pecém II on Oct 18, 2013;
  - Full-quarter operations of Itaqui and Parnaíba I;
  - Reduced energy costs resulting from startup delays;
  - Improved operational performance of coal power plants, resulting in lower operating costs per MWh generated.

Better results driven by improved operational performance of coal power plants and larger commercial capacity

Costs & Expenses

Operating Costs[1]

- 1Q14 operating costs impacted by:
  - Fuel costs increase due to full-quarter operation of Itaqui and Parnaíba I;
  - Parnaíba I lease cost, according to its gas supply agreement;
  - Higher repair costs, technical services and technical consulting;
  - Unavailability costs.

Operating Costs	4Q13	1Q14	1Q14/ 4Q13
Operating Costs[1] (R$ '000)	416,767	446,836	*7.2%*
Gross Energy Generated (GWh)	2,588	2,715	*4.9%*
Operating Costs per Gross Energy Generated (R$/MWh)	161.0	164.6	*2.2%*

Holding Operating Expenses[1, 2]

- HoldCo. expenses down 22% compared to 4Q13;
- Significant reduction on headcount by 7.4% in the last quarter;
- ENEVA committed to reduce HoldCo cost until YE to a sustainable level of R$80MM/year.

Holding Expenses (R$ thousands)	4Q13	1Q14	1Q14/ 4Q13
ENEVA[1,2]	31.2	24.3	*-22%*
ENEVA Participações[1] (50%)	5.8	4.5	*-22%*
Headcount[3]	**176**	**163**	***-7.4%***
ENEVA	115	113	*-1.7%*
ENEVA Participações	61	50	*-18%*

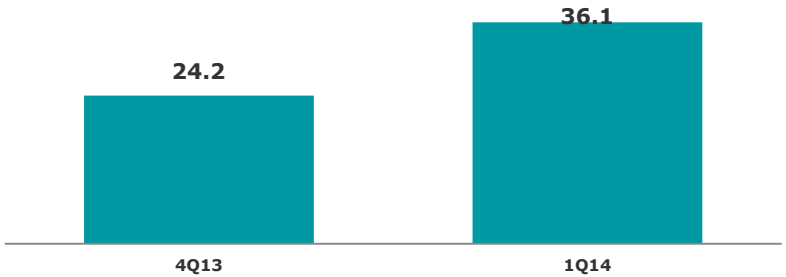
- Total headcount already reduced to 153 people by April end

NOTES: 1) Does not include Depreciation & Amortization; 2) Does not include Stock Options; 3) Personnel at ENEVA and ENEVA Par. holdings

Operational Performance (Itaqui)

Positive EBITDA driven by improved operational performance and reduced operating cost/MWh

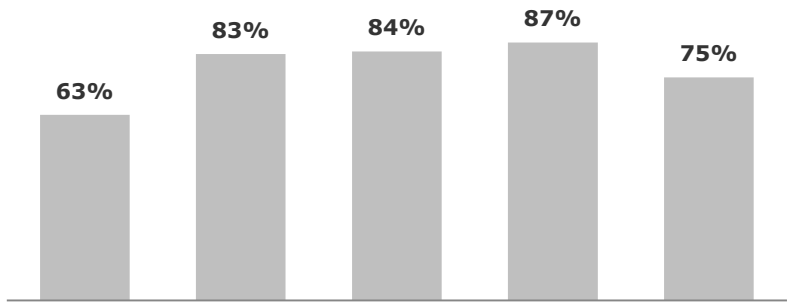
EBITDA (R$MM)



Operating Costs

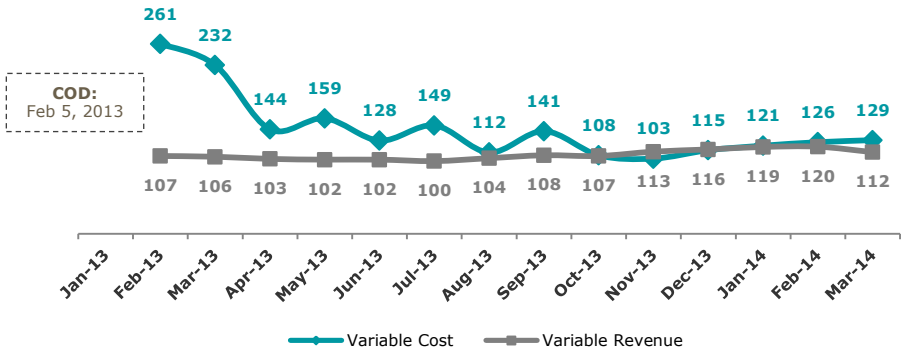
	4Q13	1Q14	1Q14/ 4Q13
Operating Costs[1] (R$ '000)	125,668	121,005	-3.7%
Gross Energy Generated (GWh)	660	583	-12%
Operating Costs per Gross Energy Generated (R$/MWh)	190.5	207.7	9.0%

Availability



Sources: ONS & Company

Variable Revenue X Variable Cost (R$/MWh)



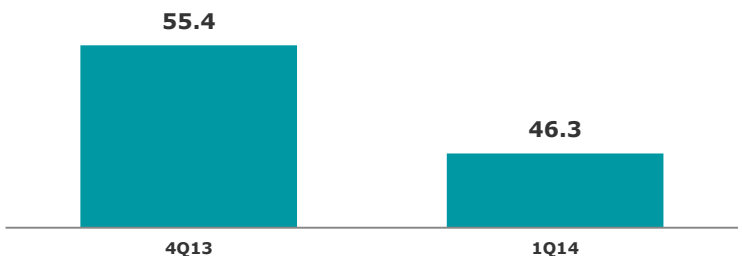
- Availability reduction in 1Q14 due to mainly maintenance in coal mils, fan equipment and emissions control systems

NOTE: 1) Does not include Depreciation & Amortization.

Operational Performance (Pecém II)

EBITDA positively impacted by high availability and recurring positive margin on dispatch

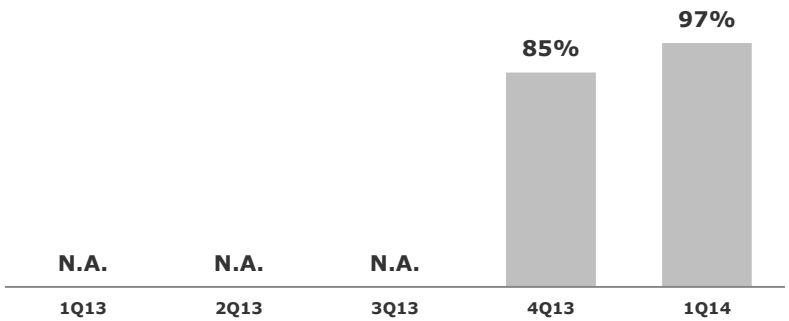
EBITDA (R$MM)



Operating Costs

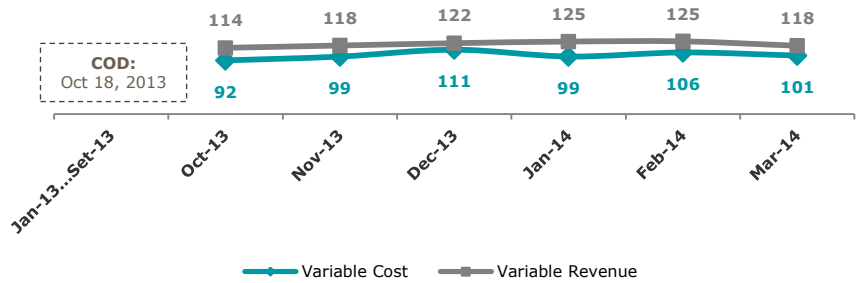
	4Q13	1Q14	1Q14/ 4Q13
Operating Costs[1] (R$ '000)	92,446	99,414	*7.5%*
Gross Energy Generated (GWh)	558.1	720.8	*29%*
Operating Costs per Gross Energy Generated (R$/MWh)	165.7	137.9	*-17%*

Availability



Sources: ONS & Company

Variable Revenue X Variable Cost (R$/MWh)

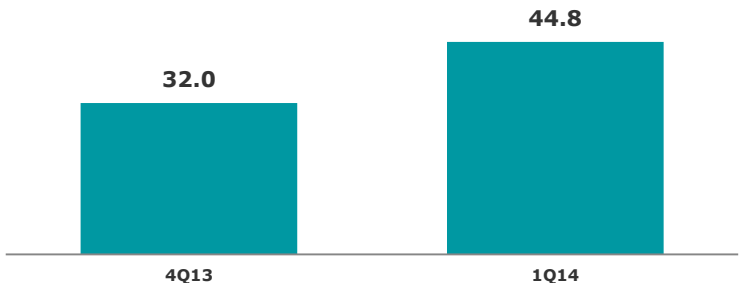


NOTE: 1) Does not include Depreciation & Amortization.

Operational Performance (Parnaíba I)

Growth in operating costs per MWh justified by increase in Henry Hub prices and offset by increase in variable revenues

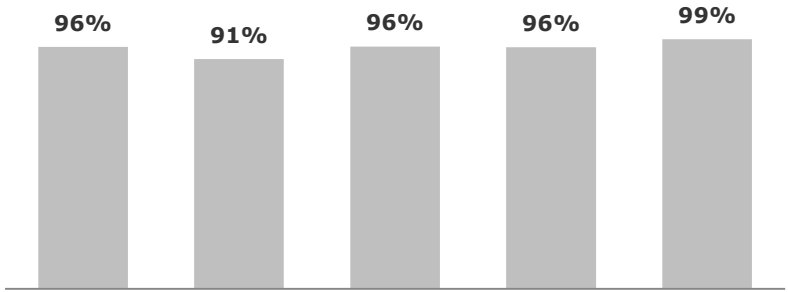
EBITDA (R$MM)



Operating Costs

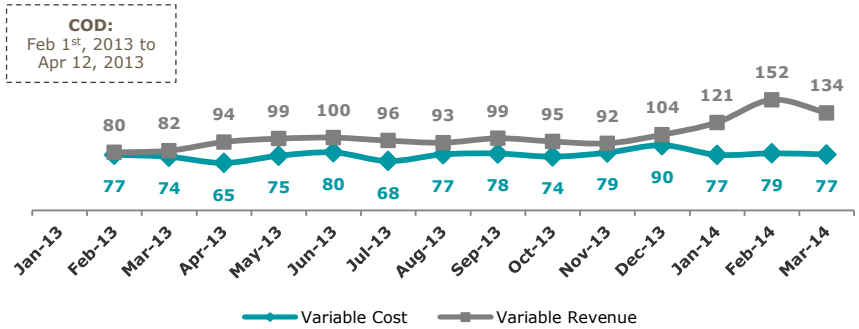
	4Q13	1Q14	1Q14/ 4Q13
Operating Costs[1] (R$ '000)	183,576	221,902	*21%*
Gross Energy Generated (GWh)	1,370	1,411	*3.0%*
Operating Costs per Gross Energy Generated (R$/MWh)	134.0	157.2	*17%*

Availability



Sources: ONS & Company

Variable Revenue X Variable Cost (R$/MWh)



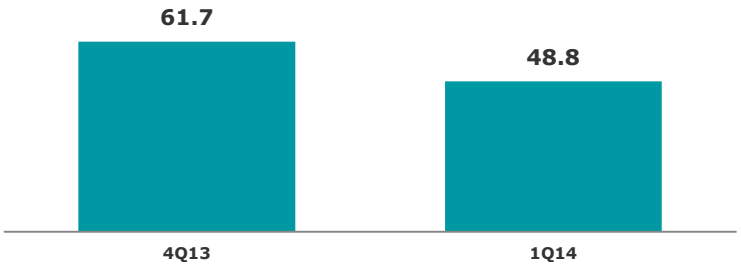
OBS: Dispatch margin captured by Parnaíba Gás Natural

NOTE: 1) Does not include Depreciation & Amortization.

Operational Performance (Pecém I)

EBITDA negatively impacted by high unavailability costs due to outage of Turbine #1

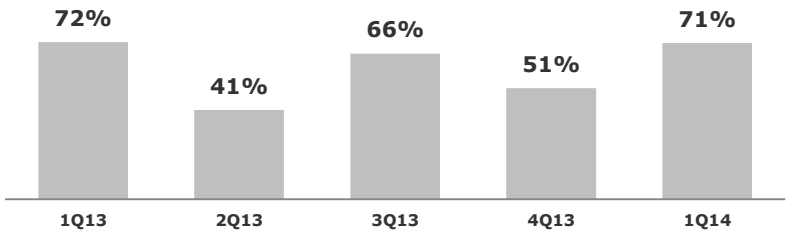
EBITDA[1] (R$MM)



Operating Costs

	4Q13	1Q14	1Q14/ 4Q13
Operating Costs[2] (R$ '000)	265,301	230,220	*-13%*
Gross Energy Generated (GWh)	693	1,014	*46%*
Operating Costs per Gross Energy Generated (R$/MWh)	382.7	227.1	*-41%*

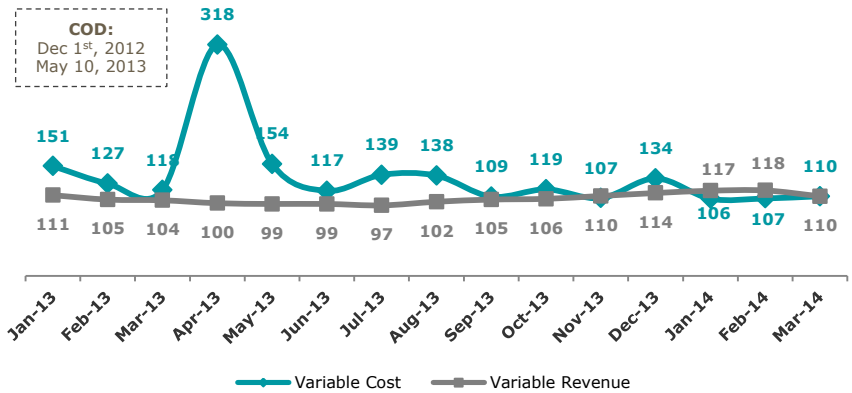
Availability



Sources: ONS & Company

- In Jan, 14, Turbine #1 was 744 hours unavailable primarily due to shaft maintenance and hydrogen seal replacement, started in 4Q13

Variable Revenue X Variable Cost (R$/MWh)

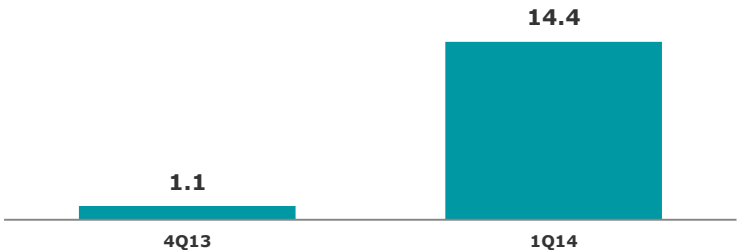


NOTES: 1) Figures consider 100% of Pecém I; 2) Does not include Depreciation & Amortization.

Operational Performance (Parnaíba III)

EBITDA margins negatively impacted by energy acquisition costs as full capacity was reached only in February 2014

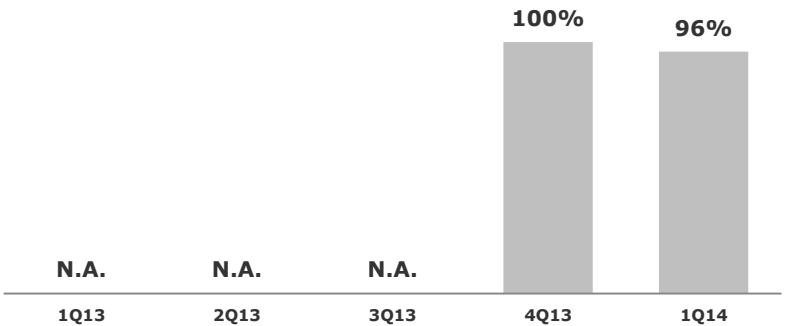
EBITDA[1] (R$MM)



Operating Costs

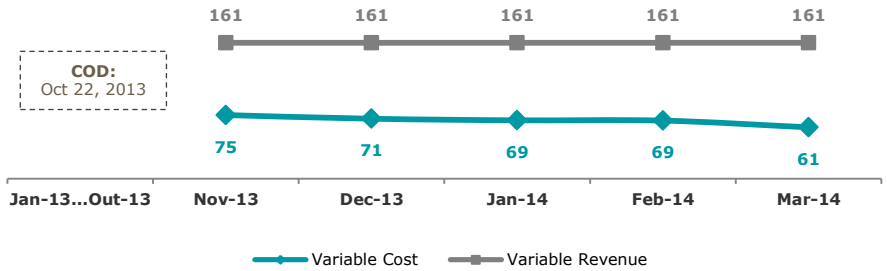
	4Q13	1Q14	1Q14/ 4Q13
Operating Costs[2] (R$ '000)	124,329	61,880	*-50%*
Gross Energy Generated (GWh)	0	344	-
Operating Costs per Gross Energy Generated (R$/MWh)	-	179.6	-

Availability



Sources: ONS & Company

Variable Revenue X Variable Cost (R$/MWh)

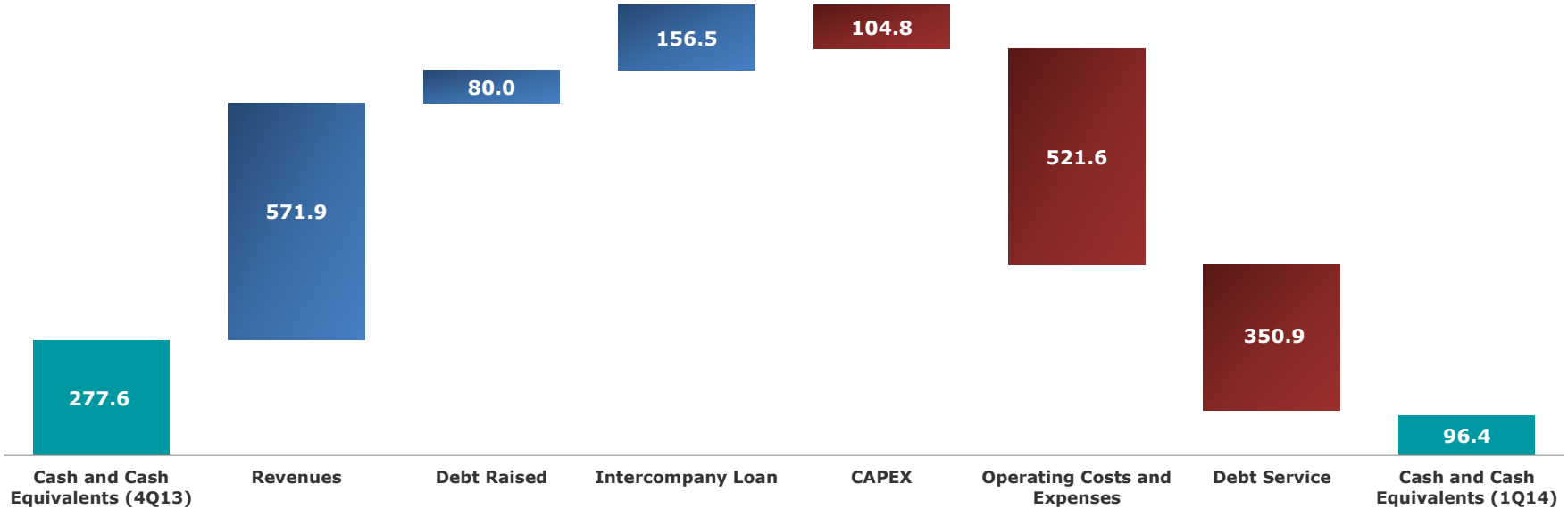


OBS: Dispatch margin captured by Parnaíba Gás Natural

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

Consolidated Cash Position

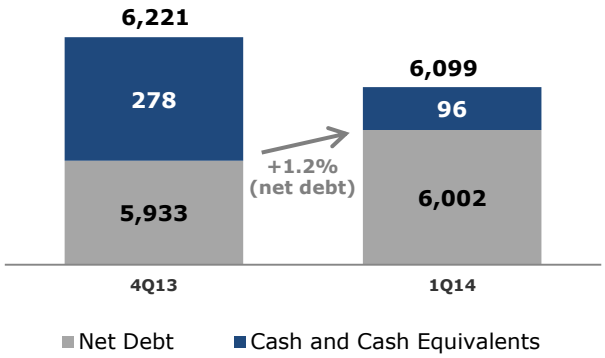
R$ 1.5 billion capitalization to address short-term cash concerns and adequate ENEVA's capital structure to fulfill working capital and CAPEX needs



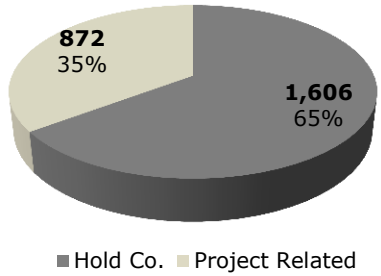
Consolidated Debt (end of 1Q14)

Significant reduction of short-term indebtedness secured by agreement with banks signed in May

Consolidated Debt (R$MM)

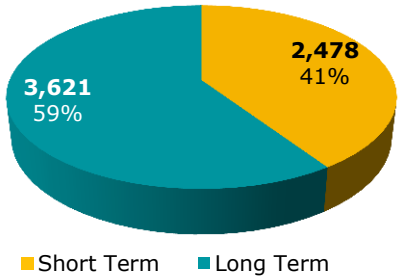


Consolidated Short-Term Debt (R$MM)



Gross Short-Term Debt
R$2,478MM

Consolidated Gross Debt Profile (R$MM)



Total Gross Debt
R$6,099MM

- R$871.8MM out of the total debt balance of short-term debt is allocated in the projects, as follows:
  - **R$290.3MM:** Current portion of the long-term debts of Itaqui, Pecém II and Parnaíba I;
  - **R$87.3MM:** Bridge loans to Parnaíba I. The outstanding balance will be paid-off in installments, which started in October, 2013;
  - **R$494.2MM:** Bridge loans to Parnaíba II, which should be paid-off with the disbursement of the long-term financing packages.
- **On May 12, 2014 concluded a debt transaction comprising in:**
  - **Push-down of R$600-700MM to projects;**
  - **5-year maturity extension of remaining HoldCo. debt, with 3 years of grace period.**

Main Takeaways

- **Full-quarter commercial operation of coal fleet and Parnaíba I, III and IV gas-fired power plants**
- **Improved operational performance of coal power plants, resulting in lower operating costs per MWh generated**
- **Current capitalization and debt transaction to improve capital structure allowing ENEVA to fulfill working capital and CAPEX needs**
  - ENEVA committed to reduce HoldCo. Operating Expenses until YE to a sustainable level of R$80MM/year
- **Parnaíba II: ENEVA is analyzing additional alternatives including judicial measures to revert Aneel's decision to deny request for injunction suspending PPAs**

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