Earnings Results – 4Q15

March 28, 2016



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Highlights

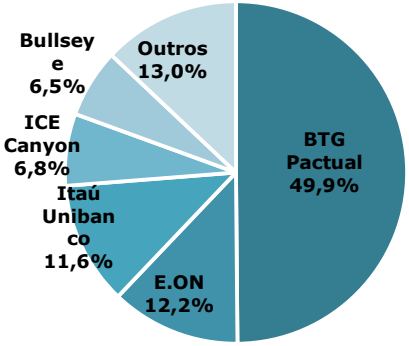
Highlights (1)

Stabilization Plan conclusion

- **All steps of the Judicial Recovery Plan already implemented**
  - Reduction of 60% of the Holding debt, from R$2.4Bi to approx. R$1.0Bi
  - Outstanding debt balance fully allocated in the long-term and reprofiled in line with projects cash generation
  - Contribution of strategic and cash generator assets
  - Shareholding structure shifted to a true Corporation model

New shareholding structure

Diversified and composed by relevant shareholders



Asset base after capital increase conclusion

Stake increase in strategic and cash generator assets

Coal

- **Itaqui**
  360MW
  100% ENEVA
- **Pecém II**
  365MW
  50% ENEVA

Natural Gas

- **Parnaíba I**
  676MW
  100% ENEVA
- **Parnaíba II**
  518MW
  100% ENEVA
- **Parnaíba III**
  178MW
  100% ENEVA
- **Parnaíba IV**
  56MW
  100% ENEVA

E&P

- **BPMB**
  2.5MMm³/day gas
  100% ENEVA
- **PGN**
  5.9MMm³/day gas
  27% ENEVA

Greenfield

- **Parnaíba I (bottoming)**
  360MW
- **Seival**
  600MW
- **Ventos**
  ~600MW
- **Açu gas, Tauá, Sul e Seival Mine**

Highlights (2)

Stabilization Plan conclusion (cont'd)

- **Operational stabilization with positive results till now**

Parnaíba Complex	Itaqui	Itaqui / Pecém II
○ Startup of water intake from Mearim River in 3T15 • Increase of Parnaíba Complex operational flexibility • Generation of plants' PPAs contracted output (908MW) • Compliance with Aneel agreement (Parnaíba I partial substitution by Parnaíba II ○ High gas turbines efficiency led to eliminate programed maintenance (R$25MM saving during PPA life)	○ Steady operation of coal unloading and handling • Ship unloading by trucks elimination as of 1Q16 (Savings of R$1.6MM/ship (estimate))	○ Coal ash qualification by cement industry • Cost reduction of disposal and additional revenues totaling approx. R$20.4MM/year (est.)

- **Cost reduction program has been delivering consistent results quarter over quarter**
  - ○ Holding headcount reduction of 23.4%, leading to YoY saving of R$9.0MM
  - ○ Rational cost sharing from Holding to plants

The successful implementation of the Stabilization Plan ensures the Company's continuity and the resumption of ENEVA's growth plan

Highlights (3)

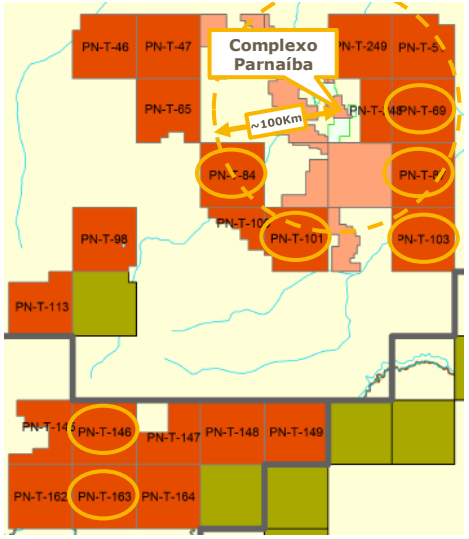
Recalculation of unavailability payments

- ANEEL determined the recalculation of unavailability payments of Parnaíba I, Parnaíba III and Pecém II using a 60-month rolling average methodology
- Compensation in single installment amounting to approx. R$219.3MM[1], as follows: R$85.7MM (Parnaíba I), R$46.2MM (Parnaíba III) and R$87.4MM (Pecém II)

Relevant participation in the ANP's 13th Bidding Round

- Winning bid for the Block PN-T-84 (Signing bonus: R$2.1MM)
  - Investment through a consortium of subsidiaries fully-owned by ENEVA (70% Parnaíba Participações and 30% BPMB)
  - 3,065Km² area, located at north of the Parnaíba Basin
  - Exploratory campaign to be held over the next 4 years
  - Investment in order to increase knowledge of existing resources in the region of the Parnaíba Basin
- Acquisition, directly or through subsidiaries, of participation in other 6 blocks, out of a total of 35 onshore blocks:
  - **PN-T-69 e PN-T-87:** 49,1% ENEVA (30% BPMB and 70% PGN)
  - **PN-T-146 e PN-T-163:** 27,3% ENEVA (100% PGN)
  - **PN-T-101 e PN-T-103:** 17,7% ENEVA (65% PGN and 35% others)
  - All blocks are located in the Parnaíba Basin

Blocks offered in the ANP's 13th Bidding Round (Parnaíba Basin)



Note: 1) Figure adjusted by inflation.

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Economic and financial data

Key Indicators

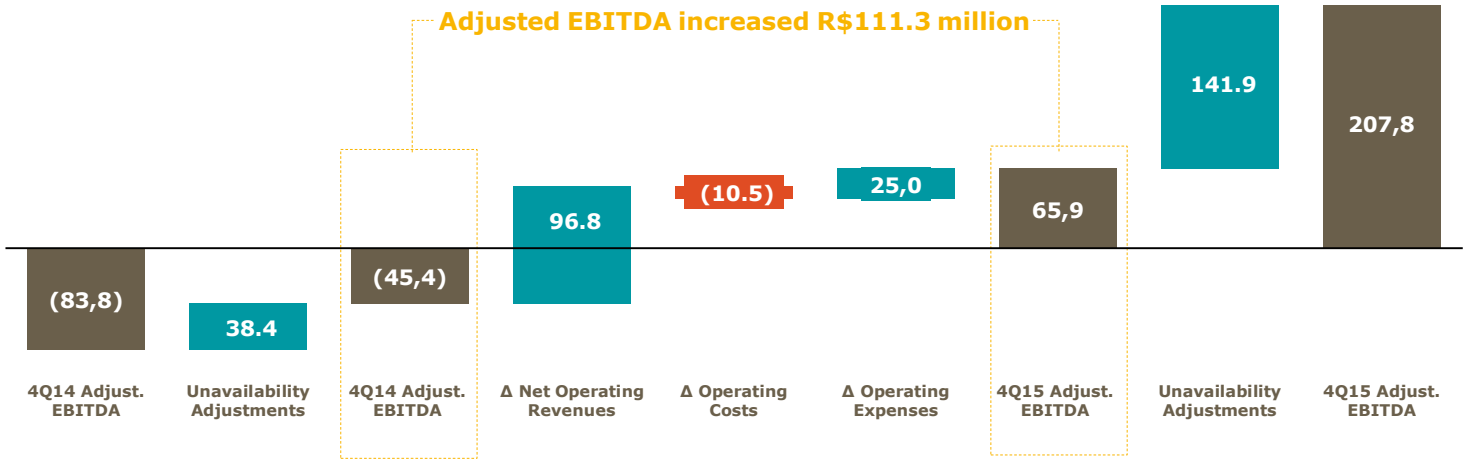
Main Indicators *(R$ million)*	4Q15	4Q14	4Q15/ 4Q14	2015	2014	2015/ 2014
Net Operating Revenue	465.1	368.2	26.3%	1,518.6	1,798.1	-15.5%
Operating Costs	(207.3)	(397.4)	-47.8%	(1,118.8)	(1,579.3)	-29.2%
Operating Expenses	(67.5)	(92.5)	-27.0%	(131.1)	(173.0)	-24.2%
Adjusted EBITDA (ICVM 527)	207.8	(83.8)	-348.0%	416.3	216.3	92.5%
Net Income	13.9	(1,362.0)	-101.0%	142.6	(1,517.2)	-
Net Debt	3,961.5	5,006.4	-20.9%	3,961.5	5,006.4	-20.9%
Net Debt/EBITDA				9.5	23.2	-58.9%

- Capital increase completion in November 2015 led to the reduction of the holding debt and contributed high profitable assets
- Rule of important regulatory claims led to recalculation of overpaid unavailability cost of Itaqui, Pecém II, Parnaíba I and Parnaíba III
- 4T15 results impacted by non-recurring effects totaling -R$88.1MM, as a result of debt conversion and contribution of subsidiaries through the capital increase, as well as by accounting adjustments

Positive trend to reduce the leverage ratio

EBITDA development

Consolidated EBITDA (R$MM)



- Adjusted EBITDA advanced 70.7% in the quarter due to the following factors:
  - **Revenues:** Parnaíba III and power trading arm consolidation increased net income by R$69.5MM
  - **Operating costs:** As a result of the consolidation of Parnaíba III, this plant contributed to the increase of fuel and leases and rentals costs by R$24.9MM
  - **Operating expenses:** Accounting provisions reduction related to holding shared services with plants (R$16.6MM) and related parties (R$10.0MM)
  - **Unavailability adjustments:** Adjustment provision for future ADOMP (R$23.7MM) and recalculation of overpaid ADOMP (R$118.2MM)

Operating costs development

- The main changes were:
  - 4Q14 accounting provision related to estimate future unavailability cost boosted costs by R$38.4MM in this period
  - Recalculation of overpaid unavailability cost totaled R$118.2MM (Consolidated), as follows:
    - Itaqui: R$0.8MM
    - Parnaíba I: R$75.8MM
    - Parnaíba III: R$41.6MM
  - North submarket spot prices decrease of 70.5% from 4Q14 to 4Q15 led to the reduction of R$5.0MM in ballast purchase by Itaqui
  - Parnaíba III consolidation as of November 2015 impacted fuel and leases and rentals costs by R$10.6MM and R$14.3MM, respectively
  - Generation increase as a result of higher output of Parnaíba III and the start of operation in substitution of Parnaíba I by Parnaíba II aided improving cost efficiency

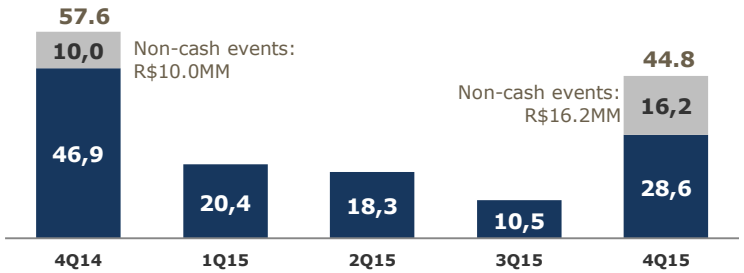
	4Q15	4Q15 (Adj)	4Q14	4Q14 (Adj)	4Q15 (Adj)/ 4Q14(Adj)
Operating Costs[1/2] (R$ million)	180.8	322.6	360.4	322.0	*0.2%*
Gross Energy Generated (GWh)[3]	2,302.9	2,302.9	1,764.3	1,764.3	*30.5%*
Operating Costs per Gross Energy Generated (R$/MWh)	78.5	140.1	204.3	182.5	*-23.2%*

4Q15 (Adj.) includes unavailability costs undue (R$141.9MM)
4Q14 (Adj.) excludes unavailability costs undue (R$38.4MM)

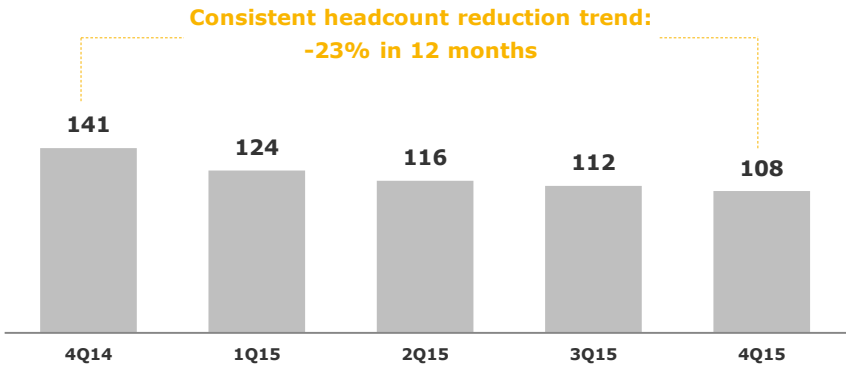
Notes: 1) Excludes depreciation and amortization; 2) Does not consider the E&P gas costs; 3) Consolidated gross energy comprised by Itaqui, Parnaíba I, Parnaíba III (as of Nov/15) and Parnaíba IV (as of Nov/15)

HoldCo expenses development

HoldCo operating expenses[1/2]



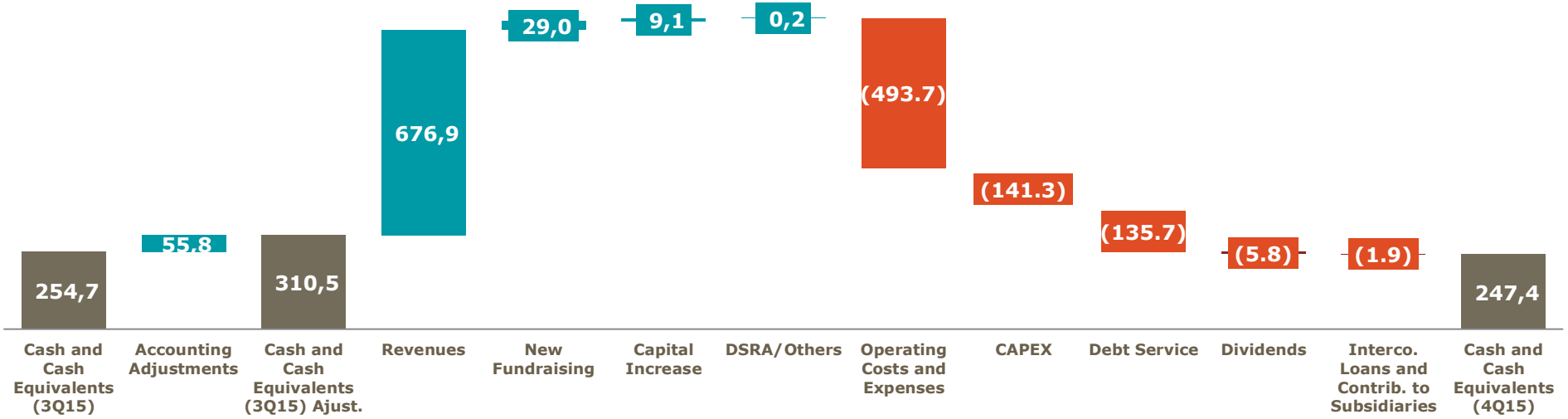
Headcount



- As of November 2015, Holding expenses have been comprised by ENEVA Participações and ENEVA's trading and power trading arms also
- IT costs reduced by R$10.1MM, especially due to termination fee of former provider (R$8.5MM) in 4Q14
- Shared services with related parties accounting provision decreased by R$10.0MM
- 4Q14 figures boosted by non-recurring expenses related to accounting provision for employees' bonus and shared expenses with subsidiaries totaled R$39.2MM
- Personnel expenses impacted by the consolidation of ENEVA Participações (R$3.0MM)

Notes: 1) Does not include depreciation & amortization; 2) Does not include stock options cost

Consolidated cash position



Investments mainly attributed to the exploratory campaign and wells development by BPMB (R$89.6MM), the deployment of Parnaíba II (R$27.8MM) and the water intake from Mearim River to the Parnaiba Complex (R$15.7MM)

Debt service mostly comprised by Parnaíba I (R$101.7MM), once plants financing was successfully renegotiated and Holding debt was reprofiled according to JR Plan

Consolidated debt (4Q15)

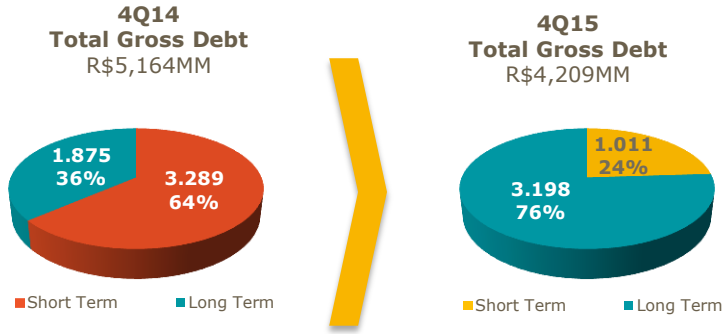
Net debt reduction due to the implementation of all steps of JR Plan

Consolidated debt (R$MM)

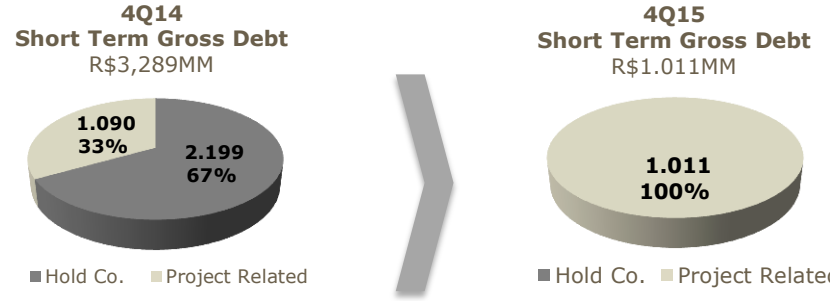


- Net debt/EBITDA improved from 23.2x (Dec/14) to 9.5x (Dec/15)

Consolidated debt profile (R$MM)



Consolidated short-term debt (R$MM)



- With the implementation of the first stages of the JR Plan, Holding debt discounted by 20% with cost and term reprofiled (R$489MM)
- With the capital increase completion on Nov 5, R$983.0MM from Holding debt converted into equity (40% of debt)
- Gross debt totaled **R$4,208.9MM**, a 15.1% increase compared to 3T15, mainly due to conclusion of all terms and conditions of the Judicial Recovery Plan
- The total balance of short-term debt is allocated in projects as follows:
  - **R$61.6MM:** Current portion of short-term debt of Itaqui and Parnaíba I;
  - **R$949.0MM:** Bridge loans to Parnaíba II (**R$752.2MM**), Parnaíba III (**R$123.7MM**) and BPMB (**R$100.1MM**). Current negotiation with financial institutions to replace for LT credit facilities

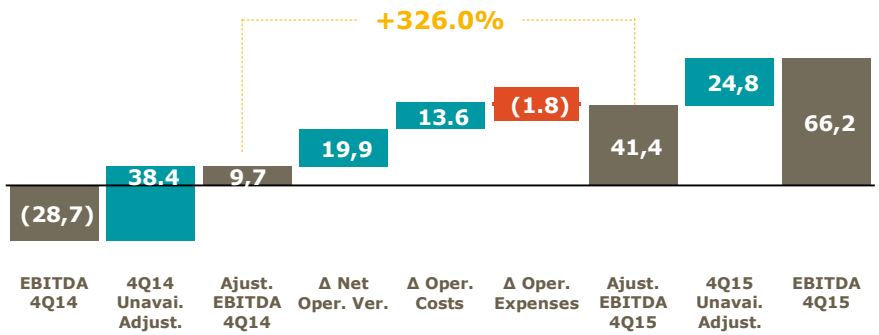
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Operating highlights

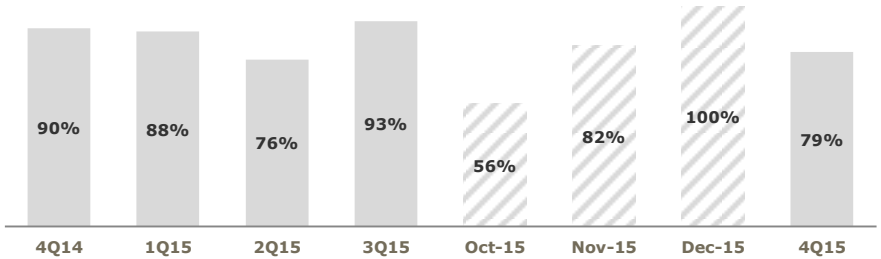
Operating Performance (Itaqui)

Profitability increase due to better operating costs management

EBITDA (R$MM)



Availability



Sources: ONS and the Company

Operating costs

	4Q15	4Q15 (Adj)	4Q14	4Q14 (Adj)	4Q15 (Adj)/ 4Q14(Adj)
Operating Costs[1] (R$ million)	82.3	107.1	159.0	120.6	*-11.2%*
Gross Energy Generated (GWh)	604.5	604.5	577.6	577.6	*4.7%*
Operating Costs per Gross Energy Generated (R$/MWh)	136.1	177.1	275.3	208.9	*-15.2%*

4Q15 (Adj.) includes unavailability costs undue (R$24.8MM)
4Q14 (Adj.) excludes unavailability costs undue (R$38.4MM)

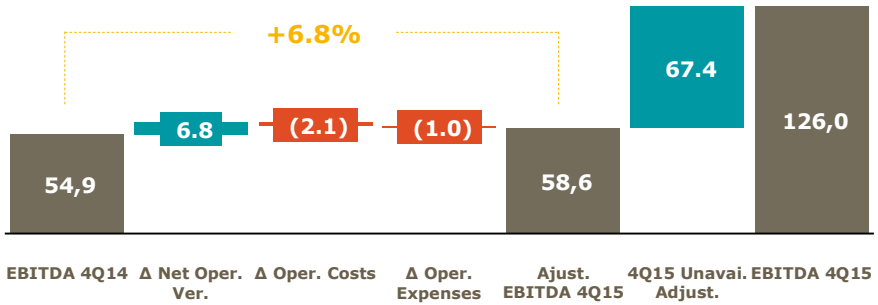
- Upturn of 5.3% in the energy allocated in the free market increased revenues by R$7.5MM. Additionally, accounting adjustments in revenues provision contributed by R$8.9MM
- Optimization of ash handling service with a reduction of 38 tons of ash transported generated savings of R$10.7MM
- Despite higher ballast need (+13.8MWavg), spot prices reduction of 70.5% decreased ballast cost purchase by R$5.0MM
- Operating expenses impacted by increase of R$1.4MM in Holding expenses transferred to the plant
- Unavailability costs adjustment in 4Q14 and 4Q15 as a result of future cost accounting provision

Note: 1) Does not include Depreciation & Amortization.

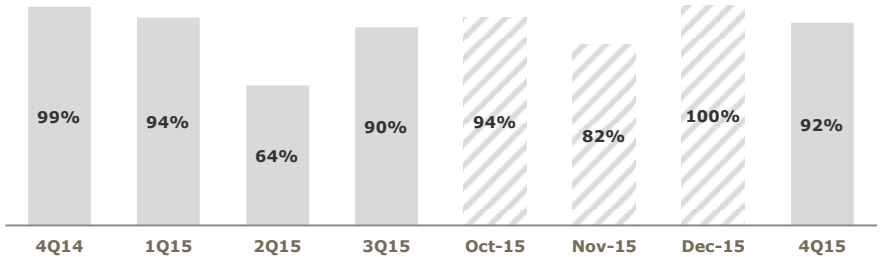
Operating Performance (Pecém II)

Operation with stable cash generation

EBITDA[1] (R$MM)



Availability



Sources: ONS and the Company

Operating costs

	4Q15	4Q15 (Adj)	4Q14	4Q15 (Adj)/ 4Q14
Operating Costs[2] (R$ million)	30.9	98.3	96.2	*2.2%*
Gross Energy Generated (GWh)	749.8	749.8	804.9	*-6.8%*
Operating Costs per Gross Energy Generated (R$/MWh)	41.2	131.0	119.5	*9.7%*

4Q15 (Adj.) includes unavailability costs undue (R$67.4MM)

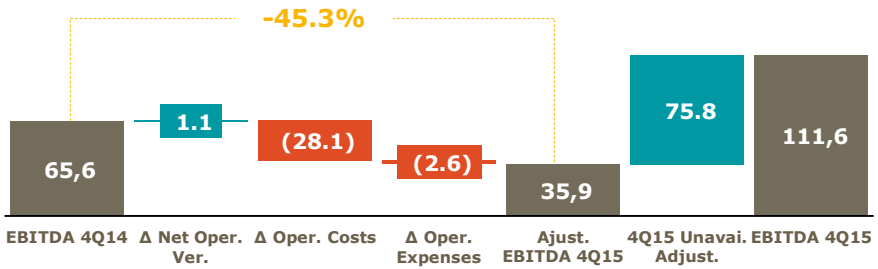
- Higher free market energy allocation (+6.3%) did not create additional benefit to the plant, in particular due to 63.5% reduction in spot prices. On the other hand, accounting adjustments in revenue provision contributed by R$ 7.4MM
- Increase in operating expenses mainly due to own workforce training for the plant, in replacement of outsourced one
- Operating expenses impacted by increase of R$1.3MM in Holding expenses transferred to the plant
- Recalculation in 4Q15 of overpaid unavailability cost and future cost accounting provision for unavailability cost amounted to R$78.8MM and R$11.4MM, respectively

Notes: 1) Considers 100% of Pecém II; 2) Does not include Depreciation & Amortization

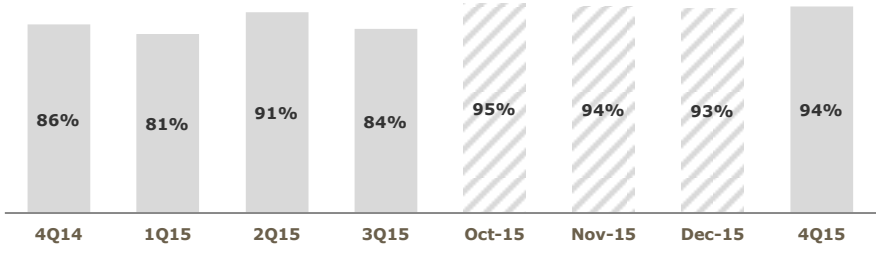
Operating Performance (Parnaíba I)

Despite the positive outcomes from Parnaíba II generation in substitution, adjustments in lease costs hurt plant's profitability

EBITDA (R$MM)



Availability



Sources: ONS and the Company

Operating costs

	4Q15	4Q15 (Adj)	4Q14	4Q15 (Adj)/ 4Q14
Operating Costs² (R$ million)	119.2	195.0	166.8	*-28.6%*
Gross Energy Generated (GWh)	1,407.8	1,407.8	1,186.7	*18.6%*
Operating Costs per Gross Energy Generated (R$/MWh)	84.7	138.5	140.6	*-1.5%*

4Q15 (Adj.) includes unavailability costs undue (R$75.8MM)

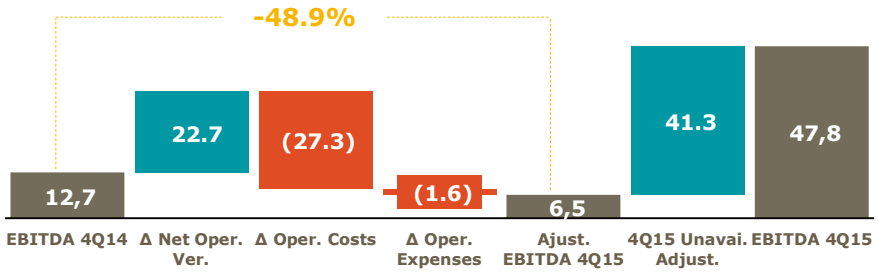
- Partial substitution operation of Parnaíba I by Parnaíba II helped increase gross generation by 18.6% and reduce fuel cost in R$2.5MM, despite the increase in USD/BRL FX (+71.2% average)
- The transfer of 50% of Parnaíba II operating cost to Parnaíba I, as part of the operating agreement between these plants, led to an increase of R$15.1MM in Parnaiba I leases and rental cost. Increased generation also impacted leases and rental of the plant (+R$7.2MM)
- Unavailability cost in the period (R$5.0MM) also hurt operating costs
- Operating expenses impacted by increase of R$1.5MM in Holding expenses transferred to the plant
- Recalculation in 4Q15 of overpaid unavailability cost amounted to R$75.8MM

Note: 1) Does not include Depreciation & Amortization

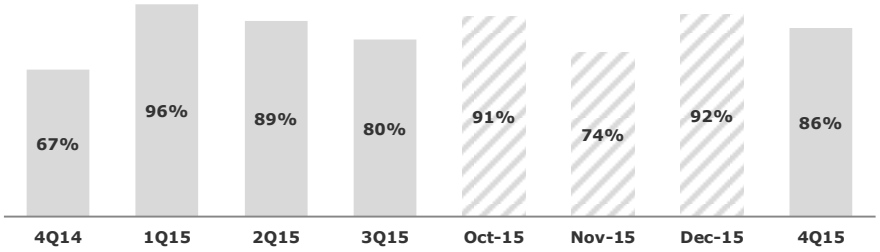
Operating Performance (Parnaíba III)

Increase of operating performance increased variable revenues and gas supplier pass-through

EBITDA[1] (R$MM)



Availability



Sources: ONS and the Company

Operating costs

	4Q15	4Q15 (Adj)	4Q14	4Q15 (Adj)/ 4Q14
Operating Costs[2] (R$ million)	28.5	69.8	42.6	*64.1%*
Gross Energy Generated (GWh)	335.9	335.9	227.4	*47.7%*
Operating Costs per Gross Energy Generated (R$/MWh)	85.0	207.9	187.1	*11.1%*

4Q15 (Adj.) includes unavailability costs undue (R$41.3MM)

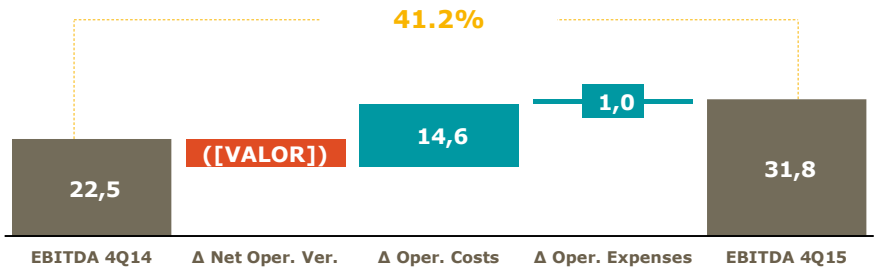
- Net generation increase of 47.5% in the period contributed to boost variable revenues by R$33.0MM
- Availability upturn and consequent gross generation increase in the period (+47.7%) led to higher fuel cost (R$8.1MM) and variable lease cost (R$18.7MM)
- Operating expenses impacted by increase of R$1.5MM in Holding expenses transferred to the plant
- Recalculation in 4Q15 of overpaid unavailability cost amounted to R$41.6MM

Notes: 1) Considers 100% of Parnaíba III; 2) Does not include Depreciation & Amortization

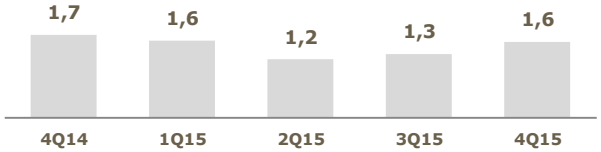
Operating Performance (BPMB)

Strong cash generation even after settlement agreement with Parnaíba Complex plants

EBITDA[1] (R$MM)



Daily average gas production (MMm³)



- Focus on developing gas fields with declared commerciality over the exploratory campaign led to a reduction of R$10.0MM in seismic and interpretations costs
- 8.4% reduction in gas production, due to the gas optimization by the Parnaiba Complex, decreased gas costs and royalties by R$2.4MM


Thank you.
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