

Earnings Results – 3Q15

November 13, 2015

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Highlights

Highlights (1)

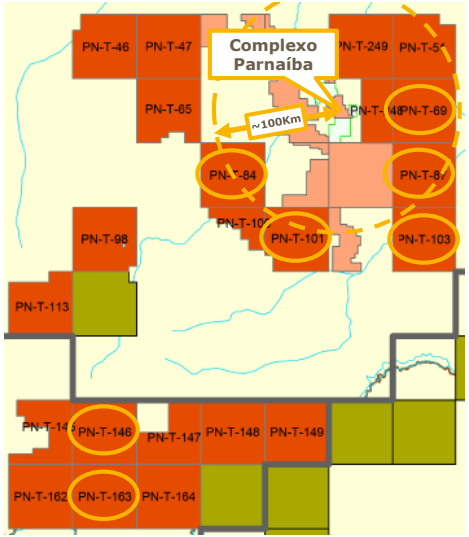
Recalculation of unavailability payments

- 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$185.8MM[1], as follows: R$72.3MM (Parnaíba I), R$44.1MM (Parnaíba III) and R$69.4MM (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.

Highlights (2)

Long-term loan secured for Parnaíba II

- Disbursement of LT facility of R$225.3MM by Itaú Unibanco (BNDES on-lending)
- 12-year term with effective cost of TJLP + 5.90% *p.a.*
- Fully used to settle Itaú's bridge-loan
- Negotiations started with other financial institutions to contract additional LT loans for repay the bridge loan outstanding balance (maturing in Jun/16)

Capital increase completed on 05/Nov with the contribution of R$2.3Bi

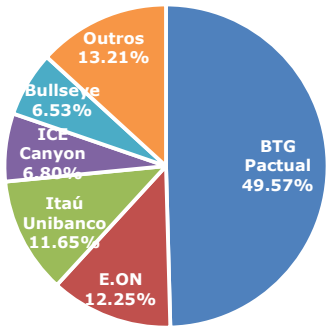
- Strengthening ENEVA with the contribution of R$1.3Bln in assets which are cash generating and aligned to the Company's business strategy
- Holding's debt reduction of approx. R$2.4Bln to R$983MM (fully allocated in the long-term)
- Additional funds raised from the minority shareholders contribution (R$9.1MM)

All relevant stages of the JR Plan fully met

- Payment to unsecured creditors of 50% of credits up to R$250,000 to be held until Dec 4 (R$ 4.2MM)

New shareholding structure

Diversified and comprised by relevant shareholders



Note: 1) Excluding depreciation, amortization and stock option effect.

Highlights (3)

Main stages of the stabilization plan successfully completed

- **Improved plants' operating performance in the last 9 months**
  - Growth of 1.5 p.p. in the coal fleet availability, highlighting the overcoming of plants' start-up failures
  - Increase of 5.0 p.p. in the Parnaiba Complex availability, showing the success of the strategy of natural gas resource optimization
- **Continuation of Holding effective expenses management**
  - Decrease of 40% in expenses in the last 12 months[1]
- **Implementation of JR Plan measures**
  - JR plan approved by 99% of creditors and 81.5% of total credits held by creditors that attended Creditor Meeting held on 30/Apr
  - Holding Indebtedness fully allocated in the long-term and reduced by R$1.4Bln (remaining balance of approx. R$983MM)
  - Contribution of strategic and cash generators assets

The successful implementation of the JR Plan steps ensures the continuity and the resumption of ENEVA's financial stability

Note: 1) Excluding depreciation, amortization and stock option effect.

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Economic and financial data

Key Indicators

Main Indicators *(R$ million)*	3Q15	3Q14	3Q15/ 3Q14	9M15	9M14	9M15/ 9M14	9M14 Pro-forma	9M15/ 9M14 PF
Net Operating Revenue	366.0	353.8	3.4%	1,053.5	1,429.8	-26.3%	1,186.0	-11.2%
Operating Costs	(310.6)	(247.6)	25.4%	(911.6)	(1,181.9)	-22.9%	(985.4)	-7.5%
Operating Expenses	(15.2)	(25.6)	-40.5%	(63.6)	(80.5)	-21.0%	(78.4)	-18.9%
EBITDA	84.5	116.8	-27.6%	208.5	300.1	-30.5%	232.9	-10.5%
EBITDA (Adjusted)	86.9	21.9	296.5%	214.8	205.2	4.7%	138.0	55.6%
Net Income	(113.9)	29.1	-	128.7	(155.1)	-	(195.5)	-
Net Income (Adjusted)	(111.5)	(65.8)	69.4%	(328.6)	(250.0)	31.4%	(290.4)	13.1%
Net Debt	4,702.6	4,842.4	-2.9%	4,702.6	4,842.4	-2.9%	4,434.4	6.0%
Total Gen. Energy Sales (GWh)	1,689.1	1,702.0	-0.8%	5,012.3	6,063.9	-17.3%	5,726.1	-12.5%

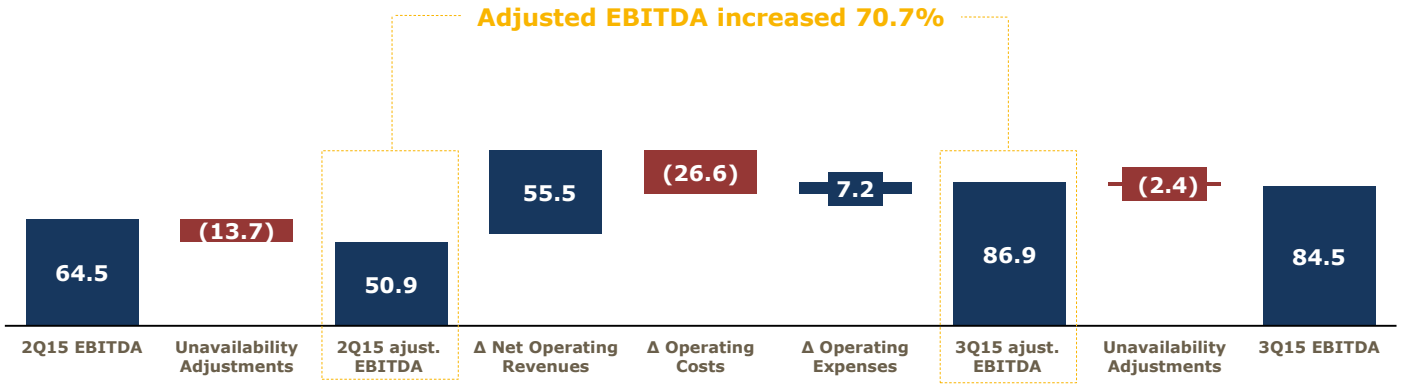
- Operating costs (excluding non-recurring effects) decreased R$31.9MM given the lower cost with fuel, rents and leases of Parnaíba I, as a consequence of the partial substitution of this plant by Parnaíba II
- Operating expenses reduced by R$9.9MM mainly due to the reduction in Holding's payroll and IT services
- Adjusted profitability increased by 4 times in the last 12 months, reaching R$86.9MM in 3Q15, mainly as a result of the improved plants' operating performance and the successful Holding expenses reduction program

Holding expenses reduction program continues to deliver consistent results

Note: The indicators classified as "Proforma" exclude the effect of Pecém II on consolidation

EBITDA development

Consolidated EBITDA (R$MM)



- Adjusted EBITDA advanced 70.7% in the quarter due to the following factors:
  - **Revenues:** Reflecting the increased plants' dispatch by the ONS, increased availability and accounting adjustment in Itaqui
  - **Operating costs:** Rise largely driven by higher generation in the period, impacting fuel costs
  - **Operating expenses:** Decrease due to lower expenses allocated to Holding's outsourced services in the period
  - **Unavailability adjust:** Regulatory change led Itaqui in Parnaíba I post higher or undue downtime costs

Operating costs development

- 3Q15 Operating costs impacted by:
  - Operating costs increased by R$42.7MM, mainly due to higher costs related to Fuel (R$29.8MM) and to Unavailability/ADOMP (R$15.3MM)
  - Higher consolidated gross generation in 3Q15 (+23.8%) due to availability improvement of Itaqui and increased dispatch of Parnaíba I impacted Fuel and Leases and rentals costs:
    - Fuel costs increase by R$27.5MM and $2.3MM for Itaqui and Parnaíba I, respectively
    - Higher Leases and rentals costs in Parnaíba I amounting to R$20.4MM mainly due to an adjustment of +R$23.4MM in 2T15
  - Increase of R$6.9MM in costs associated with insurance as a result of policies renovation (updated risk assessment and FX effect)
  - 3.7% decline in spot prices for North region (3T15 vs. 2T15) reduced in R$4.3MM ballast acquisition cost
  - Increased ADOMP cost by R$15.3MM
    - Regulatory decisions in 2T15 generated a positive impact of R$17.3MM in Itaqui's ADOMP
    - Overstatement of R$3.7MM in Parnaíba I due to regulatory change
    - Deducting the non-recurring effects observed in 3T15 and 2T15, ADOMP cost reduced by R$4.4MM due to the lower spot prices over the period (-3.7%)

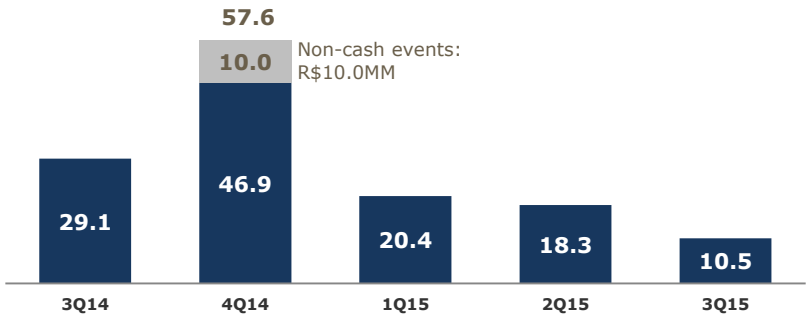
	3Q15	3Q15 (Adj)	2Q15	2Q15 (Adj)	3Q15 (Adj)/ 2Q15(Adj)
Operating Costs[1] (R$ million)	267.0	264.6	224.3	238.0	*11.2%*
Gross Energy Generated (GWh)	1,796.3	1,796.3	1,450.5	1,450.5	*23.8%*
Operating Costs per Gross Energy Generated (R$/MWh)	148.6	147.3	154.7	164.1	*-10.2%*

3Q15 (Adj.) excludes unavailability costs undue (R$2.4MM)
2Q15 (Adj.) excludes unavailability costs undue (R$13.7MM)

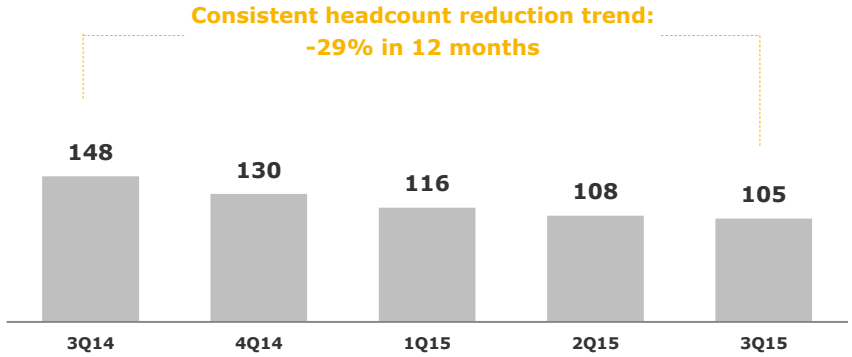
Note: 1) Excludes depreciation and amortization.

HoldCo expenses development

HoldCo operating expenses[1/2/3]



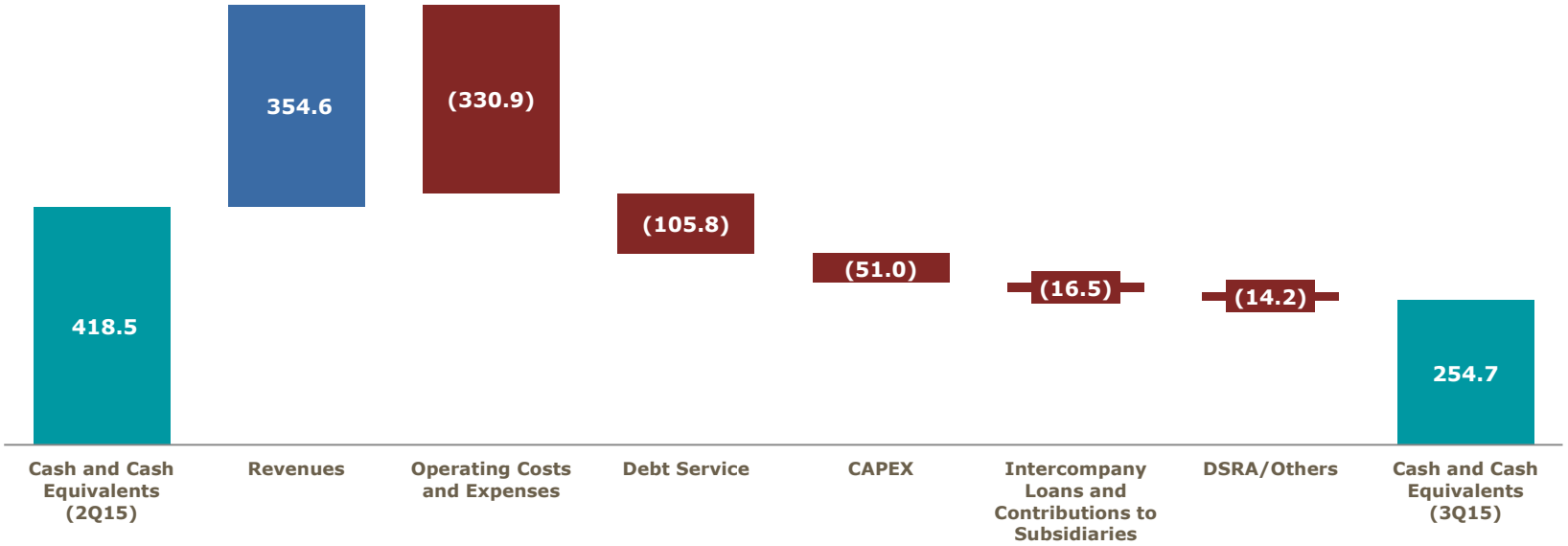
Headcount[3]



- Total reduction of R$7.8MM due to lower spending on 3rd party services and rentals, in particular:
  - Decrease in shared expenses with subsidiaries (R $ 3.8mm)
  - Lower expenses for legal and financial advisory, especially those connected to the JR process (-R$2.7MM)
  - Return of leased HQ facilities (-R$ 1.2mm)

Notes: 1) Does not include depreciation & amortization; 2) Does not include stock options cost; 3) Holding costs comprised by ENEVA and ENEVA Participações

Consolidated cash position



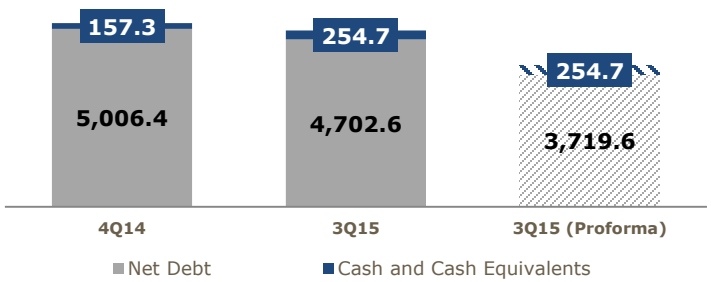
Debt service mainly resulting from pmt. interest and amortization of the Parnaíba I loan (R$68.3MM)

Payments to suppliers and additional investments in Parnaíba Complex totaling R$48.1MM consumed resources over 3Q15

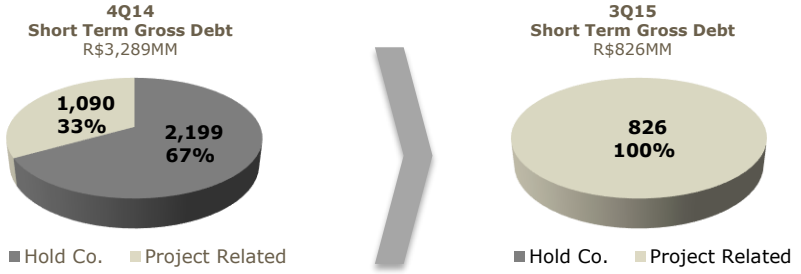
Consolidated debt (3Q15)

Net debt reduction through the implementation of JR Plan

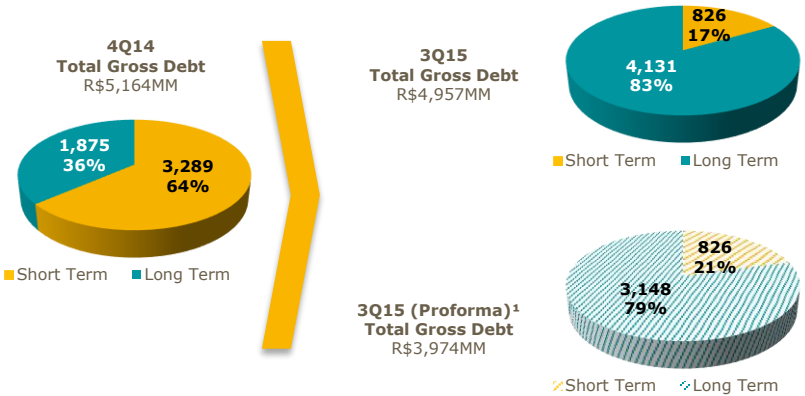
Consolidated debt (R$MM)



Consolidated short-term debt (R$MM)



Consolidated debt profile (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$4,957.3MM**, a 1.5% increase compared to 2T15, due to the Holding's debt interest accrual during grace period
- The total balance of short-term debt is allocated to projects as follows:
  - **R$129.9MM:** Current portion of short-term debt of Itaqui and Parnaíba;
  - **R$696.4MM:** Bridge loans to Parnaíba II (due in Jun/16). Current negotiation with financial institutions to replace for LT credit facilities

Nota: (1) Simulation of the capitalization impact of the holding debt (R$ 983,0MM) in the consolidated debt position of Sep/30

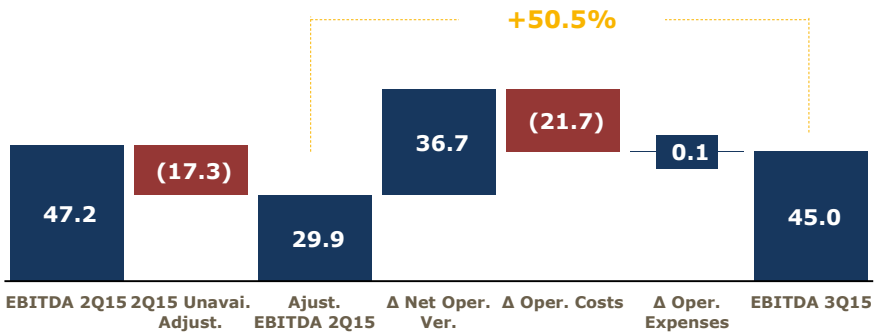
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Operating highlights

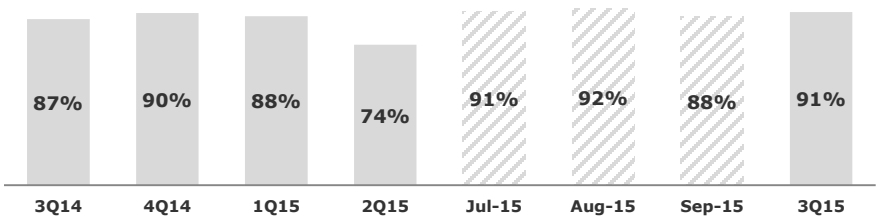
Operating Performance (Itaqui)

Increased profitability due to better operating costs management

EBITDA (R$MM)



Availability



Sources: ONS and the Company

Operating costs

	3Q15	2Q15	2Q15 (Adj)	3Q15 / 2Q15(Adj)
Operating Costs[1] (R$ million)	108.9	69.9	87.2	*24.9%*
Gross Energy Generated (GWh)	688.9	427.3	427.3	*61.2%*
Operating Costs per Gross Energy Generated (R$/MWh)	158.1	163.6	204.1	*-22.6%*

2Q15 (Adj.) excludes unavailability costs undue (R$17.3MM)

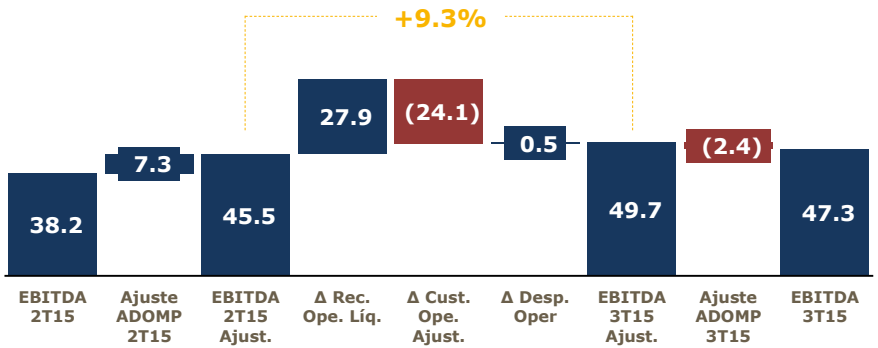
- Improved generation in 3Q15 due to higher availability in the last 12mo, despite occurrences linked to ventilation system and coal mills
  - Increase in variable revenues of R$22.9MM
  - Rise in coal consumption by 66.6% impacting +R$27.5MM Fuel costs
- Availability cost reduction in R$3.8MM mainly due to the decrease spot prices in the north region

Note: 1) Does not include Depreciation & Amortization.

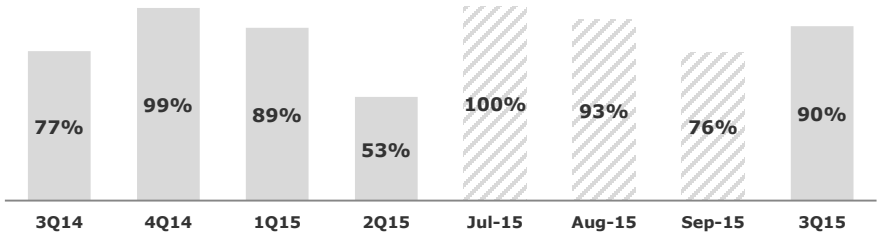
Operating Performance(Pecém II)

Profitability increase with the resumption of the plant's full operation

EBITDA[1] (R$MM)



Availability



Sources: ONS and the Company

Operating costs

	3Q15	3Q15 (Adj)	2Q15	2Q15 (Adj)	3Q15 (Adj)/ 2Q15(Adj)
Operating Costs² (R$ million)	92.8	90.4	73.6	66.3	*36.4%*
Gross Energy Generated (GWh)	703.8	703.8	424.0	424.0	*66.0%*
Operating Costs per Gross Energy Generated (R$/MWh)	131.9	128.5	173.6	156.4	*-17.8%*

3Q15 (Adj.) excludes unavailability costs undue (R$2.4MM)
2Q15 (Adj.) excludes unavailability costs undue (R$7.3MM)

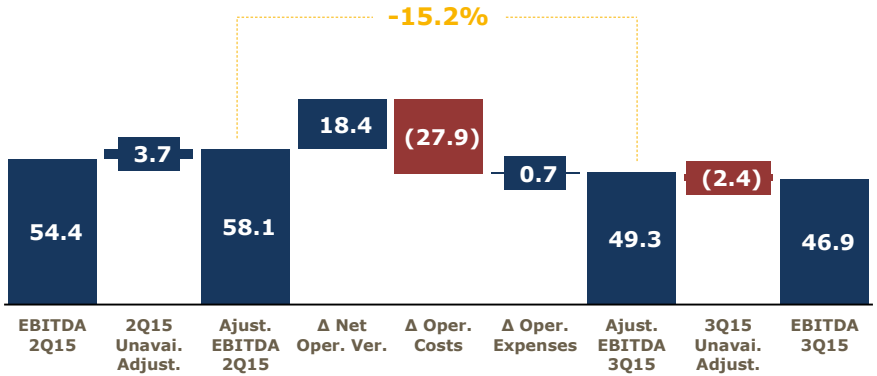
- Recovery of plant's availability, even with non-scheduled event in Sep/15 (generator's heat exchanger repair), positively impacted generation in the period
  - Growth of variable revenues by R$26.8MM
  - Increase coal consumption (+64.3%) and other feedstock impacted operating costs in R$25.1MM
- Downtime cost overstated by R$2.4MM due to regulatory changes, already challenged by the Company

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

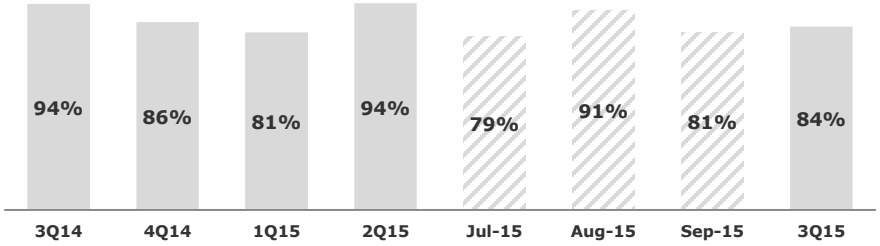
Operating Performance (Parnaíba I)

Despite contribution by Parnaíba II generation, adjustments in lease costs impacted the profitability of the plant

EBITDA (R$MM)



Availability



Sources: ONS and the Company

Operating costs

	3Q15	3Q15 (Adj)	2Q15	2Q15 (Adj)	3Q15 (Adj)/ 2Q15(Adj)
Operating Costs[1] (R$ million)	161.2	158.8	134.6	130.9	*23.2%*
Gross Energy Generated (GWh)	1,107.4	1,107.4	1,023.2	1,023.2	*8.2%*
Operating Costs per Gross Energy Generated (R$/MWh)	145.6	143.4	131.5	127.9	*12.1%*

3Q15 (Adj.) excludes unavailability costs undue (R$2.4MM)
2Q15 (Adj.) excludes unavailability costs undue (R$3.7MM)

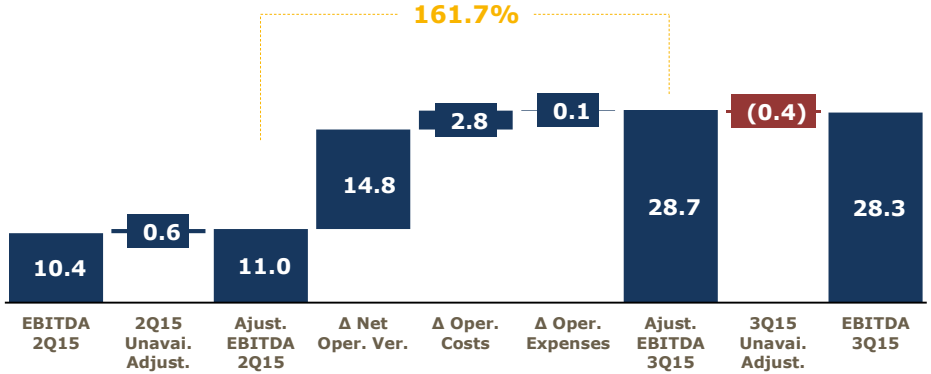
- Despite the availability reduction in 3Q15 (5-day GTU shutdown), the NG usage optimization process with operation in partial substitution by Parnaíba II has contributed to maintain generation records
  - Increase in net revenue of R$14.2MM
  - Increase in natural gas and GTU lease costs, totaling R$22.7MM
- Inflated rental in 2Q15 by R$9.7M due to understatement from previous periods
- Downtime cost overstated by R$2.4MM due to regulatory changes, already challenged by the Company

Notes: 1) Does not include Depreciation & Amortization

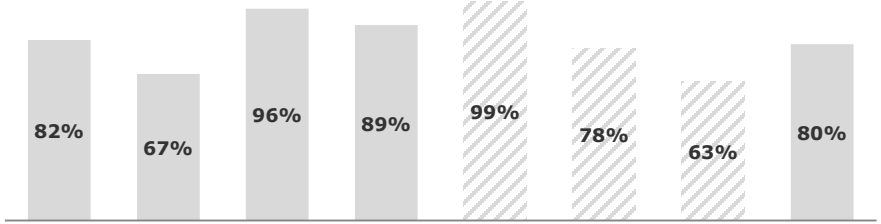
Operating Performance (Parnaíba III)

Higher dispatch boosted variable revenues. Variable costs impacted by accounting adjustments

EBITDA[1] (R$MM)



Availability



Sources: ONS and the Company

Operating costs

	3Q15	3Q15 (Adj)	2Q15	2Q15 (Adj)	3Q15 (Adj)/ 2Q15(Adj)
Operating Costs[2] (R$ million)	34.4	34.0	37.5	36.8	*-7.6%*
Gross Energy Generated (GWh)	254.1	254.1	169.0	169.0	*50.4%*
Operating Costs per Gross Energy Generated (R$/MWh)	135.5	133.9	221.7	218.1	*-38.6%*

3Q15 (Adj.) excludes unavailability costs undue (R$0.4MM)
2Q15 (Adj.) excludes unavailability costs undue (R$0.6MM)

- Despite lower availability in the period, higher dispatch by ONS boosted generation
  - Increase of R$2.5MM in variable revenues
  - Despite the increase of R$6.0MM in natural gas cost, GTU lease costs decreased by R$4.6MM (accounting provision adjustment related to variable lease costs amounting to +R$10.0MM)
- Revenue inflated by accounting adjustments in R$12.7MM
- Reduction in the spot price in the period led to a decrease in R$1.7MM of power purchase costs from the annual ballast review (FID)
- Downtime cost overstated by R$0.4MM due to regulatory changes, already challenged by the Company

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


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