

Earnings Results – 1Q15

May 15, 2015

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Recent Highlights

Recent Highlights (1)

Judicial Recovery Plan ratified on May/12

- JR Plan approved by 99% of creditors and 81.5% of total loans held by the creditors convened at a meeting on Apr/30
- Debt fully allocated in the long term and reduced by R$1.4Bi to approx. R$980MM
- Capital increase[1] provided for in JR Plan to be launched within the following terms and conditions:
  - **Amount:** Approx. R$3.0Bi
  - **Issue price:** R$0.15/share
  - **Transaction structure:**
    - ✓ Cash contribution;
    - ✓ Debt-to-equity conversion (approx. R$1.0Bi); and
    - ✓ Asset contribution by Company's stakeholders in a total of R$1.3Bi[1]

1. ENEVA Participações (50%)
2. Parnaíba I, Parnaíba III e Parnaíba IV (30% ea.)
3. Parnaíba Gás Natural (9.1%)
4. BPMB Parnaíba (100%)

The JR Plan implementation will promote the strengthening of ENEVA by the contribution of strategic and cash generators assets, and also the stabilization of the capital structure by reducing indebtedness

Recent Highlights (2)

Sale of ENEVA's interest in Pecém I

- Transaction approved in the context of JR by 98.2% of the total loans held by creditors
- Proceeds from the sale (R$300MM) will be used to strengthen ENEVA's cash position

Signing of settlement agreement with PGN and BPMB

- Agreement promotes the apportionment of operating and financial costs and expenses resulting from TAC signed between Parnaíba II and Aneel
- Natural gas supply cost reduction to the Parnaiba Complex plants, through the compensation of the following amounts:
  - ✓ **R$141.8MM** – Postponement of Parnaíba II start-up (due between Apr/2015 and Sep/2016); and
  - ✓ **R$167.0MM** – Reimbursement of 50% of the reduction of Parnaíba II's fixed revenues, as provided for in the TAC (due between 2022 and 2036)
- Natural gas supply contract for Parnaíba II postponed until the new end of plant's PPA, as provided for in the TAC (Apr/2036)

Termination with MMX

- Payment of R$40MM for terminating a power supply contract to deliver 180MW between 2016 and 2029
- Mitigation of a possible exposure due to the detachment of energy spot prices from contracts' prices
- Balanced solution reached is appropriate to current situations of ENEVA and MMX
- Completion of the transaction with cash disbursement expected for the next days

Recent Highlights (3)

- **Interruption of Pecém II operation in Apr/13 for furnace's ash removal and programed maintenance anticipation**
  - Deficiency in the furnace’s coal burner system has led to an above-normal accumulation of ash in this equipment
  - Downtime of the plant optimized by the anticipation of the biennial stoppage for preventive maintenance (initially forecasted for Aug/2015)
  - Operations return scheduled for the next few days

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Economic and financial data

Main Indicators

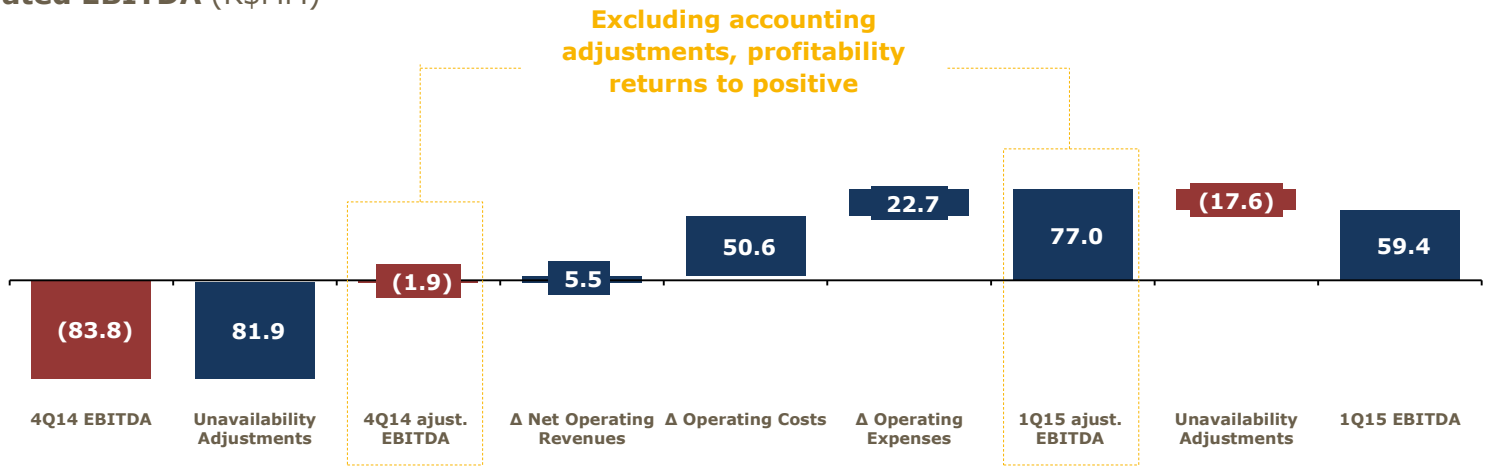
MAIN INDICATORS *(R$ million)*	1Q15	1Q14	1Q15/ 1Q14	1Q14 Pro-forma	1Q15/ 1Q14 PF
Net Operating Revenue	373.8	586.8	-36.3%	439.6	-15.0%
Operating Costs	(330.4)	(494.8)	-33.2%	(384.4)	-14.1%
Operating Expenses	(26.0)	(36.8)	-29.3%	(35.3)	-26.4%
EBITDA	59.4	103.9	-42.8%	57.6	3.1%
EBITDA (Adjusted)	77.0	103.9	-25.9%	57.6	33.6%
Net Income	(128.6)	(71.9)	78.8%	(72.3)	77.9%
Net Debt	5,094.5	6,002.1	-15.1%	4,896.5	4.0%

- Net Revenues decreased due to the reduction in R$71.2MM of Parnaíba I's variable revenues, in turn as a consequence of natural gas use optimization by the Parnaíba Complex
- Operating costs inflated by a R$17.9MM overstatement on unavailability costs
- Reduction of 26.4% Operating Expenses comprised mainly by the effects of HoldCo costs and expenses reduction program

33% increase in comparable profitability as a result of improved plants' operating performance and reduce in HoldCo overhead

EBITDA Development

Consolidated EBITDA (R$MM)



Adjusted EBITDA grew due to the following factors:

- **Revenues:** Consequence of additional revenues received by Itaqui as a result of regulatory changes
- **Operating costs:** Reduction driven largely by receivable and CCC write-offs in 4T14 by Amapari
- **Operating Expenses:** Decrease due to termination of IT provider contracts and bonus accounting provision in 4T14 not disbursed in 1T15
- **Unavailability adjustment:** Regulatory change led Itaqui and Parnaíba I to account higher unavailability costs

NOTE: Adjusted consolidated operating expenses and costs do not include nonrecurrent effects and/or non-cash effects, such as provisions for the cost of unavailability of Itaqui, overstated unavailability costs for Itaqui and Parnaíba I, IT provider contract termination fee and with stock options.

Operating Costs Development

- Operating costs in 1T15 impacted by:
  - Reduction in costs for ash removal and mechanical maintenance in Itaqui (-R$7.7MM)
  - Due to the transfer of part of Parnaíba II generation costs for Parnaíba I, consolidated leases and rentals decreased (-R$12.9MM)
  - Lower unavailability costs as a result of not disbursing in 1T15 an 4T14 accounting a provision (R$38.4MM)
    - Regulatory change on ADOMP settlement led Itaqui and Parnaíba I to overstate +R$9.3MM and +R$8.5MM, respectively, as unavailability costs
  - Operating costs inflated in 4T14 due to receivable and CCC write-offs in 4T14 by Amapari (R$37.1MM)

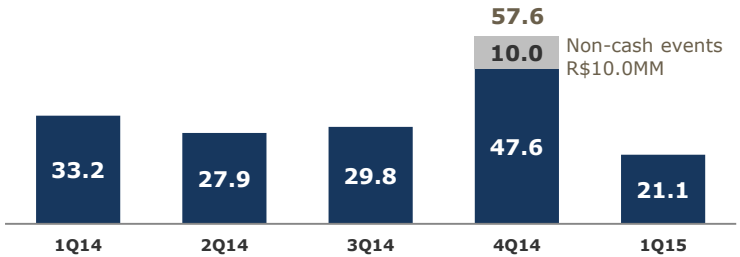
	1Q15	1Q15 (Adj)	4Q14	4Q14 (Adj)	1Q15 (Adj)/ 4Q14(Adj)
Operating Costs[1] (R$ million)	289.2	271.3	360.4	322.0	*-15.7%*
Gross Energy Generated (GWh)	1,923.9	1,923.9	1,764.3	1,764.3	*9.0%*
Operating Costs per Gross Energy Generated (R$/MWh)	150.3	141.0	204.3	182.5	*-22.7%*

1Q15 (Adjust.) does not include the adjustment to the unavailability costs (R$17.9MM)
4Q14 (Adjust.) does not include the provision for unavailability cost of Itaqui (R$38.4MM)

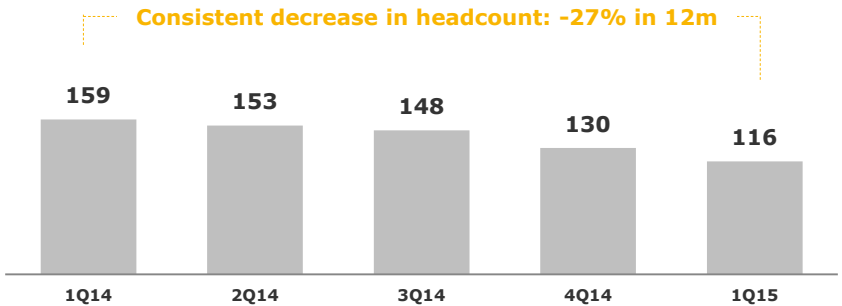
NOTE: 1) Does not include Depreciation & Amortization.

Holding Expenses

Operating Expenses[1/2/3]



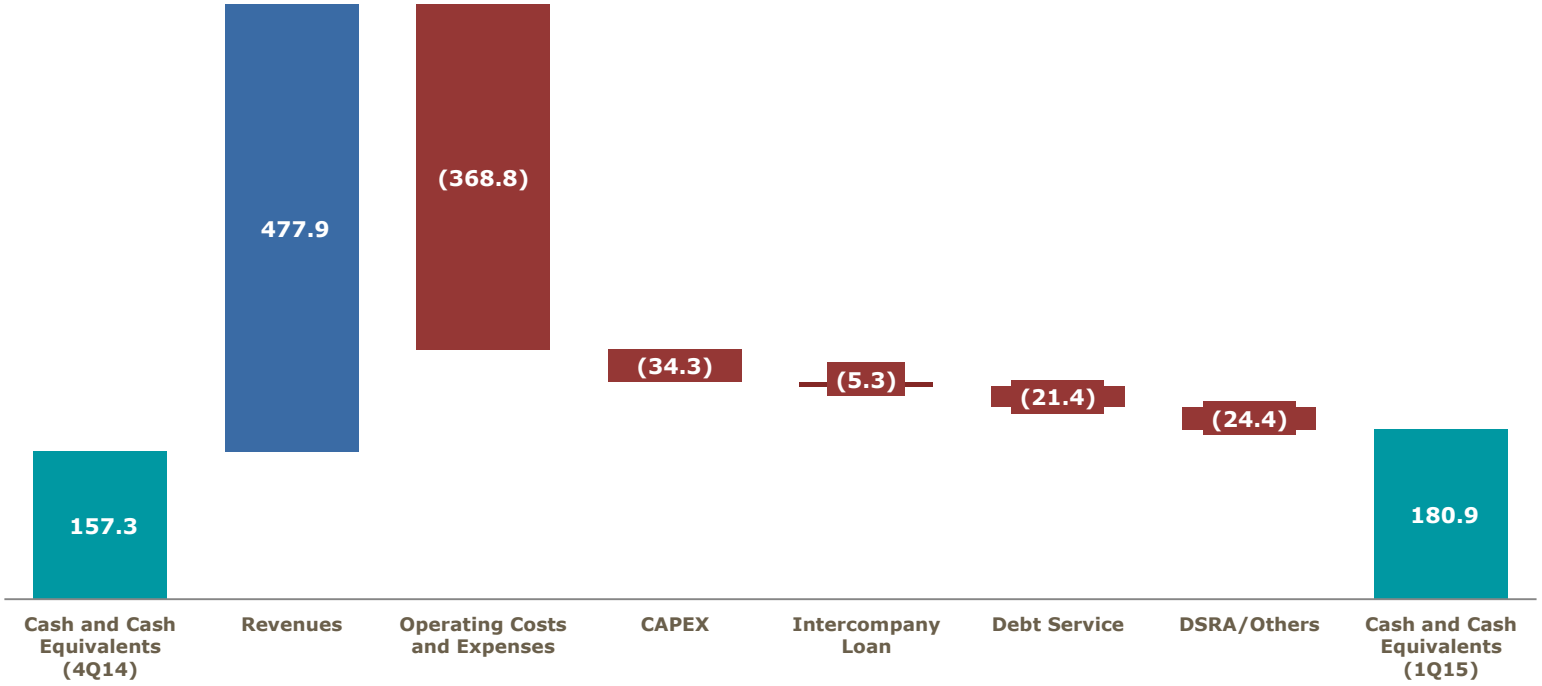
Headcount[3]



- Significant decrease in HoldCo overhead as an effect of costs and expenses reduction program, initiated in 2014, in particular:
  - IT provide contract termination and development of its activities in-house (-R$10.6MM)
  - Headcount reduction, impacting personnel expenses and related labor costs (-R$7.0MM)
  - Return of leased spaces in corporate HQ, reducing rental expenses and outsourced employees (-R$1.0MM)
  - Optimization of legal, technical and financial consulting, even in the context of JR (-R$0.7MM)
- Bonus provision accounted in 4T14 and not disbursed in 1T15 (-R$12,9MM)

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

Consolidated Cash Position

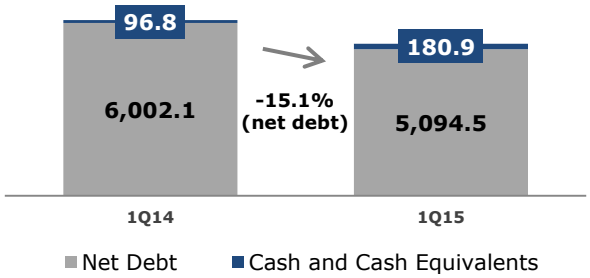


Positive change in the cash position mainly due to the suspension of the HoldCo debt service and also reducing disbursements of HoldCo overhead and of remaining Parnaíba II CAPEX

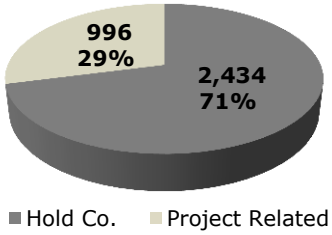
Consolidated Debt (1Q15)

Decrease in net debt principally due to Pecém II deconsolidation as of Jun/14

Consolidated Debt (R$MM)

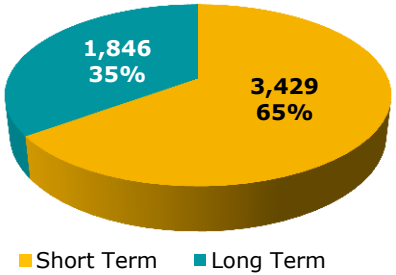


Short-term Consolidated Debt (R$MM)



Short-term Gross Debt
R$3,429MM

Profile of the Consolidated Debt (R$MM)



Total Gross Debt
R$5,275MM

- R$995.7MM of the short-term debt total balance was allocated to project as follows:
  - **R$112.3MM:** refers to the current portion of the short-term debts of Itaqui and Parnaíba I;
  - **R$873.3MM:** refers to the bridge loans of Parnaíba II,
- As a result of HoldCo judicial reorganization request in Dec/9, its debt services were suspended

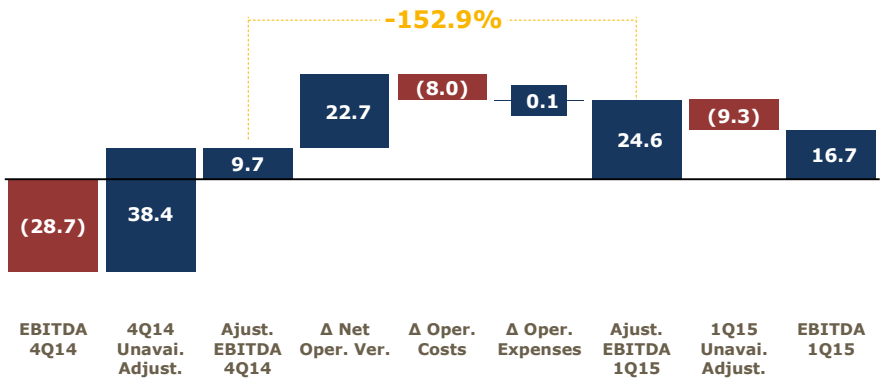
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Operational highlights

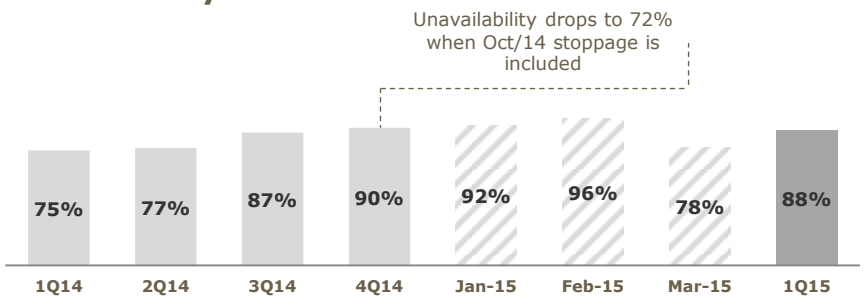
Operational Performance (Itaqui)

Profitability increase as result of better operating performance

EBITDA (R$MM)



Availability



Sources: ONS and the Company

NOTE: 1) Does not include Depreciation & Amortization.

Operating Costs

	1Q15	1Q15 (Adj)	4Q14	4Q14 (Adj)	1Q15 (Adj)/ 4Q14(Adj)
Operating Costs[1] (R$ million)	138.0	128.6	159.0	120.6	*6.6%*
Gross Energy Generated (GWh)	682.4	682.4	577.6	577.6	*18.1%*
Operating Costs per Gross Energy Generated (R$/MWh)	202.2	188.5	275.3	208.9	*-9.7%*

1Q15 (Adjust.) does not include the unavailability costs (R$9.3MM)

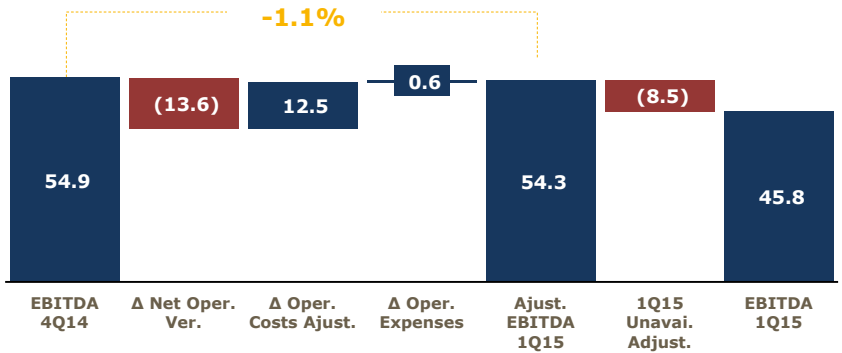
4Q14 (Adjust.) does not include the provision for unavailability cost (R$38.4MM)

- Best historical availability recorded in Feb/15: 96.1%
- Reduction of R$20.35/MWh in the generation cost as a result of plant's better performance
- Higher Fuel cost due to the increase in 18% in gross generation in the 1T15, which led especially to higher coal consumption (+ 19.3%), representing an increase of R$14.6MM in this item
- Decrease in costs for ash removal (-R$6.0MM) and mechanical maintenance (R$1.7MM) services
- Increase of R$5.9MM of power purchase costs resulting from the annual review of plant's firm energy (FID)
- Regulatory change on ADOMP settlement led to overstate +R$9.3MM as unavailability costs, which is being challenged by the Company

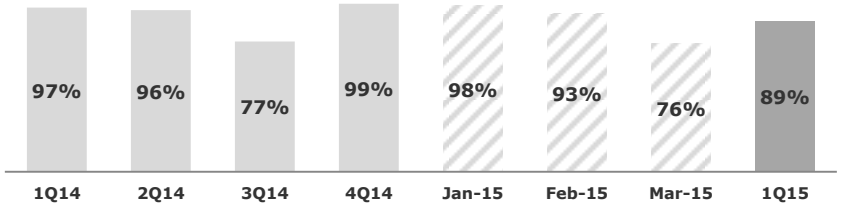
Operational Performance (Pecém II)

Historical operational stability has contributed to consistent results

EBITDA[1] (R$MM)



Availability



Sources: ONS and the Company

Operating Costs

	1Q15	1Q15 (Adj)	4Q14	1Q15 (Adj)/ 4Q14(Adj)
Operating Costs² (R$ million)	92.1	83.7	96.2	*-34.2%*
Gross Energy Generated (GWh)	696.7	696.7	804.9	*12.7%*
Operating Costs per Gross Energy Generated (R$/MWh)	132.3	120.1	119.5	*-41.6%*

1Q15 (Adjust.) does not include unavailability cost adjustment (R$8.5MM)

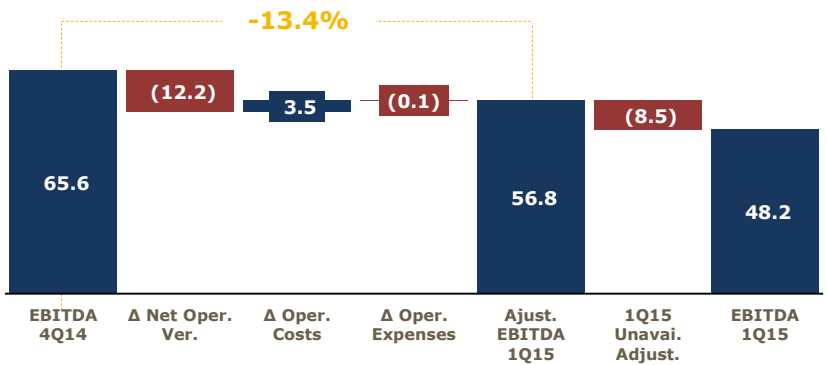
- Mar/15 availability compromised by 6 days outage for boiler and ash transport system maintenance
- Lower fuel costs due to 13.4% reduction in gross generation in the 1T15, which led particularly to lower coal consumption (-12.3%), or a decrease of R$7.5MM in this item
- Decrease in outsourced services of R$4.9MM primarily due to a reduction in machinery and equipment repairs and in outsourced staff (-R$3.9MM)
- Regulatory change on ADOMP settlement led to overstate +R$8.5MM as unavailability costs, which is being challenged by the Company

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

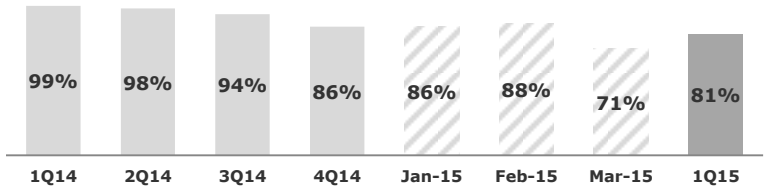
Operational Performance (Parnaíba I)

Generation in part backed up by Parnaíba II since the beginning of the year

EBITDA (R$MM)



Availability



Sources: ONS and the Company

Operating Costs

	1Q15	1Q15 (Adj)	4Q14	1Q15 (Adj)/ 4Q14(Adj)
Operating Costs[1] (R$ million)	171.8	163.3	166.8	*3.0%*
Gross Energy Generated (GWh)	1,241.6	1,241.6	852.4	*5.9%*
Operating Costs per Gross Energy Generated (R$/MWh)	138.4	131.5	195.7	*-2.7%*

1Q15 (Adjust.) does not include the adjustment to the unavailability costs (R$8.5MM)

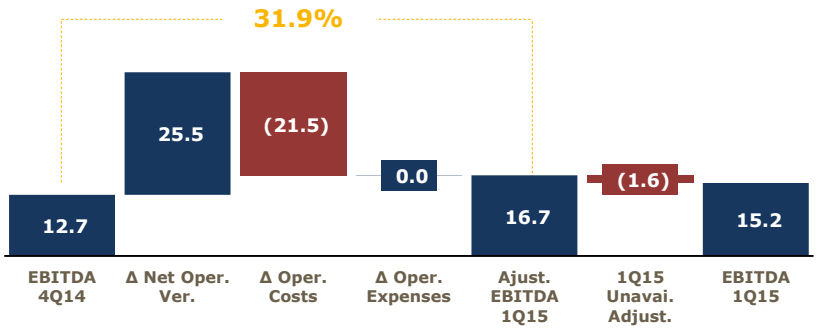
- Availability hit by the natural gas optimization at the Parnaíba Complex
- Reduction of R$7.0MM in Fuel Costs due to the lower availability of the plant (-4.5 p.p.) leading to lower natural gas consumption, although generation levels remained in line QoQ due to the generation in substitution by Parnaíba II since Dec/14
- Higher Lease and Rentals costs as a consequence of the transfer of Parnaíba II generating costs in the period (R$36.3MM)
- Regulatory change on ADOMP settlement led to overstate +R$8.5MM as unavailability costs, which is being challenged by the Company

NOTE: 1) Does not include Depreciation & Amortization.

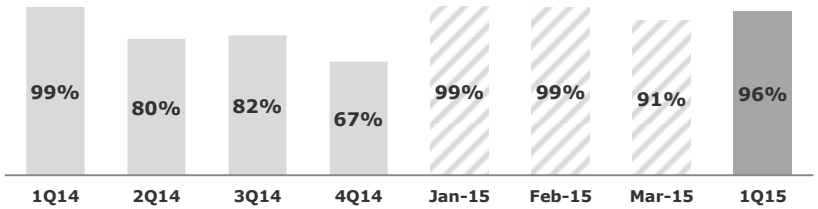
Operational Performance (Parnaíba III)

Higher generation aided to recover asset's profitability

EBITDA[1] (R$MM)



Availability



Sources: ONS and the Company

Operating Costs

	1Q15	1Q15 (Adj)	4Q14	1Q15 (Adj)/ 4Q14(Adj)
Operating Costs[2] (R$ million)	65.6	64.0	42.6	*50.5%*
Gross Energy Generated (GWh)	361.5	361.5	227.4	*55.1%*
Operating Costs per Gross Energy Generated (R$/MWh)	181.5	177.1	187.1	*-3.0%*

1Q15 (Adjust.) does not include unavailability cost adjustment (R$1.6MM)

- Best availability recorded in the last six months: 99.4% in Jan/15
- Fuel costs increase by 59.0% as a result of higher gross generation in 1Q15, especially due to R$10.3MM natural gas cost increment
- Leases and Rentals costs increased by R$11.6MM, according to the plant natural gas supply agreement
- Regulatory change on ADOMP settlement led to overstate +R$1.6MM as unavailability costs, which is being challenged by the Company

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


Thank you.
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