



# 3Q19 Earnings

November 2019



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## Recent events

- ✓ **Winner of A-6 new energy auction** with the closing cycle of Parnaíba VI (92 MW), Parnaíba III TPP, securing fixed annual revenues of R\$ 85M
- ✓ **Acquisition of 6 additional blocks** in the Parnaíba Basin during ANP's Open Acreage Bidding Round
- ✓ **Installation license granted** to entire Azulão- Jaguatirica project
- ✓ **Refinancing of Parnaíba II debt concluded**, with significant cost reduction



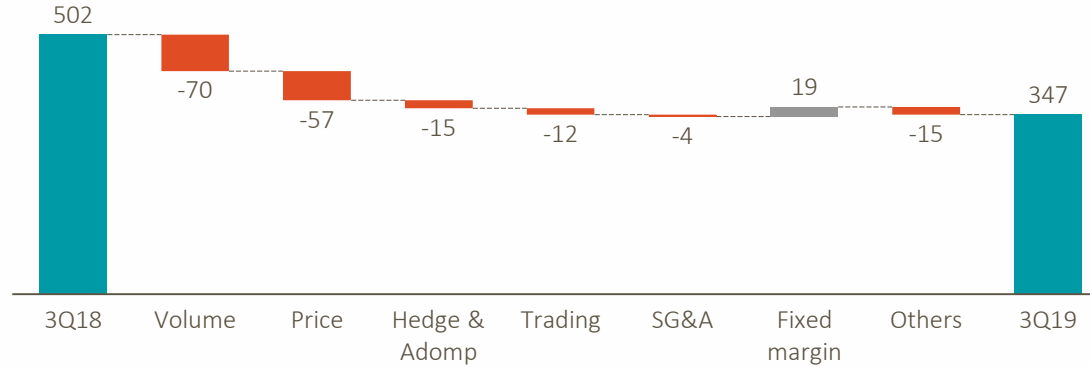
## 3Q19 Highlights

- ✓ Favorable reservoir position and high wind generation led to atypical **thermoelectric dispatch for the period, with a 23% reduction in the volume of net energy generated;**
- ✓ **Gas production of 0,59 bn m<sup>3</sup> vs 0,72 bn m<sup>3</sup> in 3Q18**
- ✓ Energy settled in the ST market with lower margins due to **decreased spot prices in the period**
- ✓ **Adjusted EBITDA of R\$ 346.8MM, impacted by lower generation, decreased spot prices and lower commodity prices** to which variable generation revenues are linked;
- ✓ **End of period cash position of R\$ 1.5 bn (vs R\$ 0,9 bn in 3Q18)**
- ✓ **Net Debt/EBITDA LTM of 3.1x**

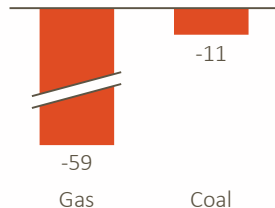
# Financial performance

Adjusted EBITDA impacted due lower dispatch, decrease of commodities prices which indexes variable revenue (Henry-Hub & CIF-ARA) and lower avg. PLD, that pressured the margins of liquid energy in the CP market.

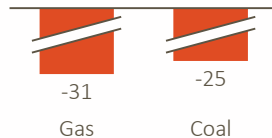
**Adjusted EBITDA**  
(R\$ M)



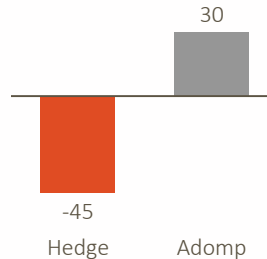
**Volume effect**  
R\$ MM



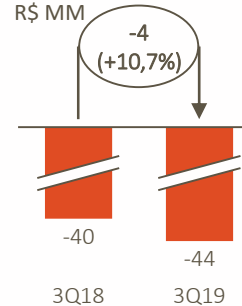
**Price effect**  
R\$ MM



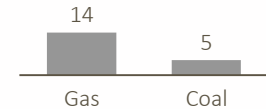
**Hedge & ADOMP**  
R\$ MM



**SG&A**  
R\$ MM



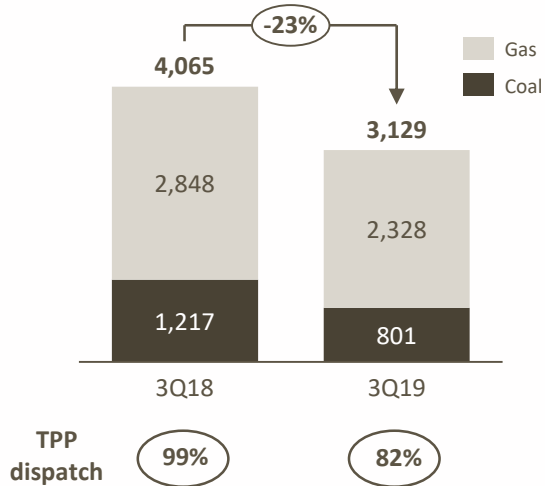
**Fixed margins**  
R\$ MM



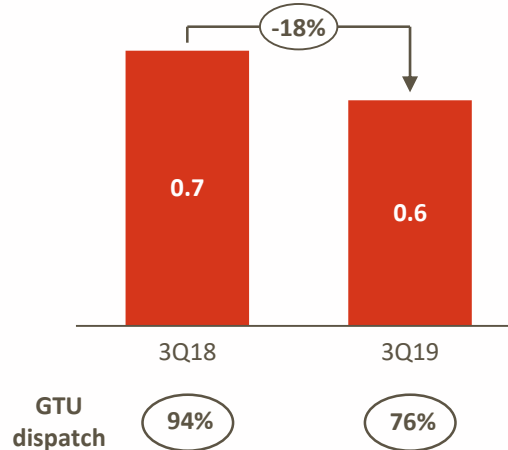
# Volume effect

Energy power generation affected due lower dispatch

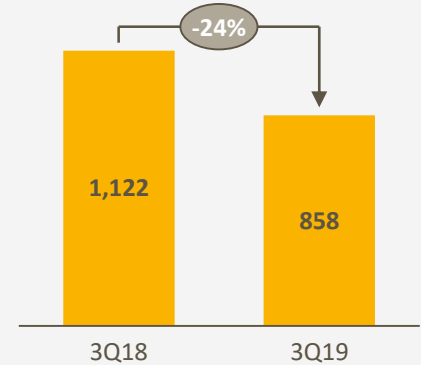
Net power generation (GWh)



Gas production (Bn m³)

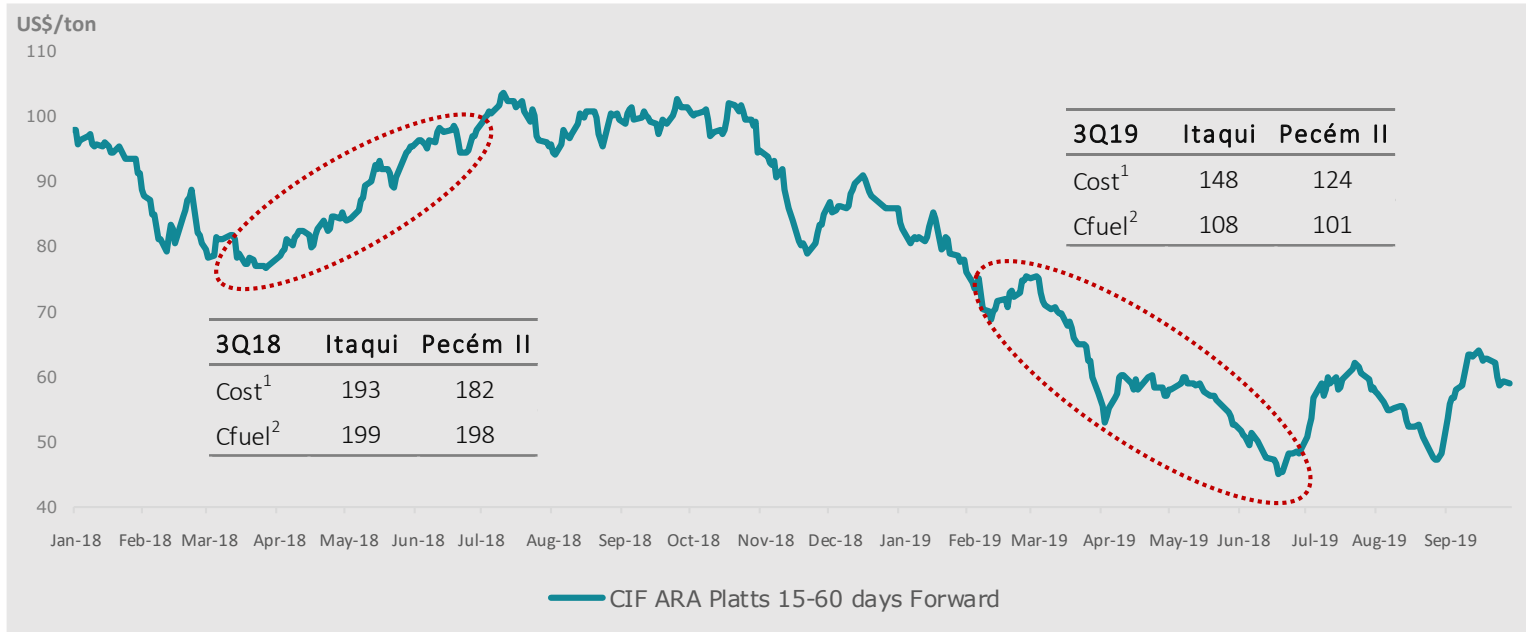


Net revenues (R\$ MM)



# Price effect

Decrease in the price of commodities that indexes the variable revenue of the TPPs pressured variable margins, mainly in coal generation.



1 Average cost of consumed coal (R\$ / MWh), weighted by net generation in the quarter.

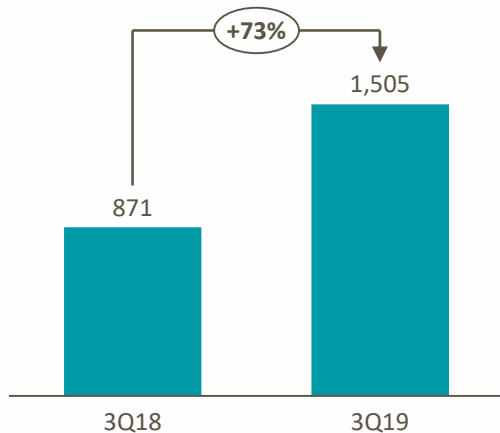
2 Cost of fuel considered in the plant's CVU (Variable contracted revenue) (R\$/MWh), weighted by net generation in the quarter

# Cash Flow

Consolidated cash flow balance increased 73% vs 3Q18

## Cash flow position

(R\$ MM)



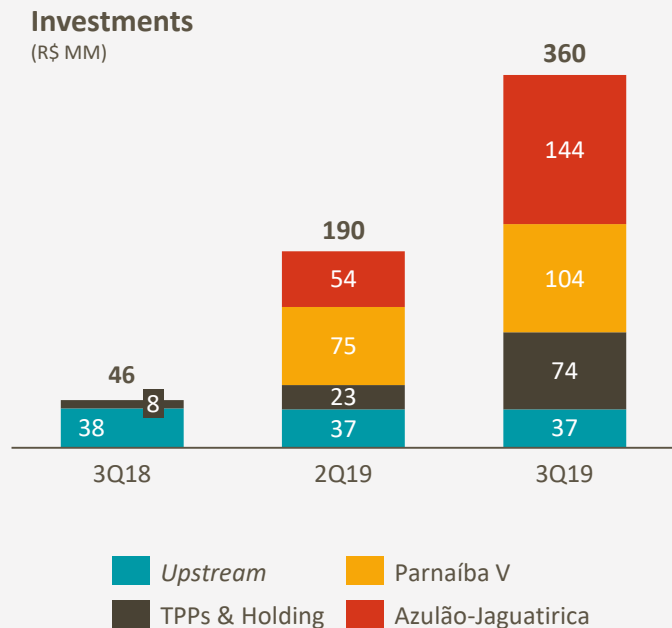
(R\$ MM)

	3Q18	3Q19	9M18	9M19
<b>EBITDA</b>	<b>497.8</b>	<b>340.8</b>	<b>1,151.8</b>	<b>957.9</b>
(+) Change in Working capital	(166.3)	(62.2)	(164.9)	(170.7)
(+) Income tax	(17.7)	(6.7)	(41.2)	(22.7)
(+) Other taxes	46.1	47.1	5.6	33.2
(+) Var. other Assets & Liabilities	-	15.9	-	67.5
<b>(=) Operating Cash Flow</b>	<b>359.8</b>	<b>334.9</b>	<b>951.3</b>	<b>865.1</b>
<b>Investing Cash Flow</b>	<b>(49.8)</b>	<b>(286.7)</b>	<b>(413.8)</b>	<b>(566.5)</b>
<b>Financing Cash Flow</b>	<b>(118.4)</b>	<b>(165.7)</b>	<b>(712.5)</b>	<b>(187.7)</b>



# Investments

Aproximately 70% of this quarter investments were allocated into the construction of Parnaíba V e Azulão-Jaguaririca



## Parnaíba V

Conclusion of engineering basics; beginning of pile driving, steel framework and concreting the bases of the water treatment plant tanks.

## Azulão-Jaguaririca

Azulão: First well (7-AZU-3-AM) earthwork concluded; Drilling rig location changed

Jaguaririca: Beginning of earthwork and vegetal suppression

## Upstream

Conclusion of drilling: 1 appraisal well & 3 exploratory

## Gas

Recovery of gas turbine parts from Parnaíba I TPP; preparation of scheduled maintenance of the Parnaíba III gas turbine and revitalization of Parnaíba IV and the Parnaíba III engine.

## Coal

Beginning of preventive maintenance of Pecém II (major overhaul) and upgrade of turbine automation of the 2 plants.

# Projects under construction – UTE Parnaíba V

Beginning of construction



Boiler 31



Boiler 32





# Projects under construction – Campo de Azulão

Well access



Self-generation area



Flare Area



Truck area

# Projects under construction – UTE Jaguatirica II

Aerial view



Vegetal suppression



Survey



Water drilling well



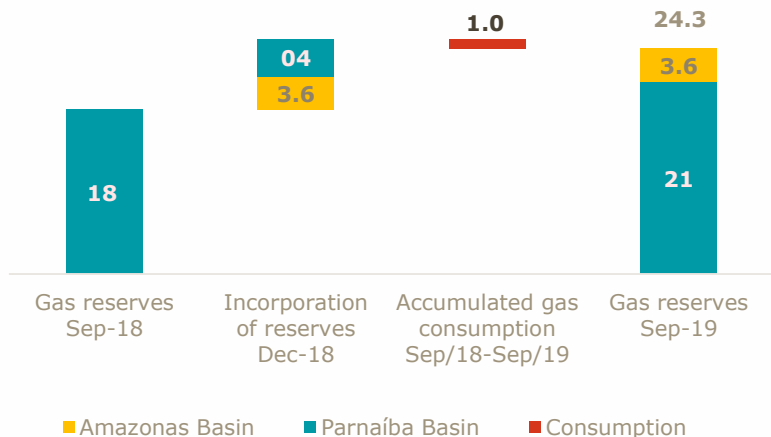
Earthwork



Earthwork

# Exploratory campaign

Eneva ends the quarter with 20.7 bn m<sup>3</sup> of gas reserves in the Parnaíba Basin



- Well drilling:

7-GVB-14D-MA

4-ENV-6-MA (Tianguar)

1-ENV-7/7A-MA (Bloco PN-T-69)

3-ENV-8D-MA (Araguaína)

- Continuity of the action plan for recovery and correction of critical slopes of access roads and locations in the gas treatment system of the operations.



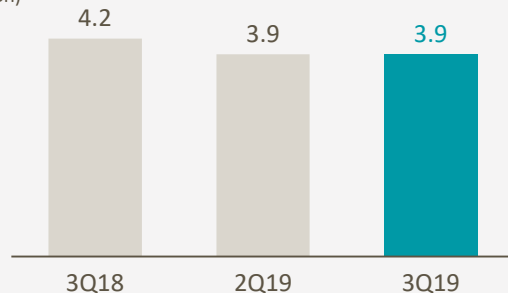


# Capital Structure

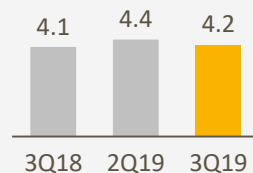
Continuous improvement in capital structure aiming to reduce costs and extend debt term

## Net debt

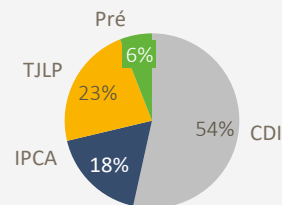
(R\$ Bn)



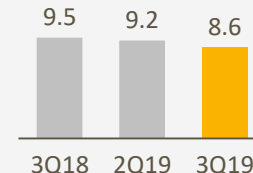
## Average term Years



## Debt profile %

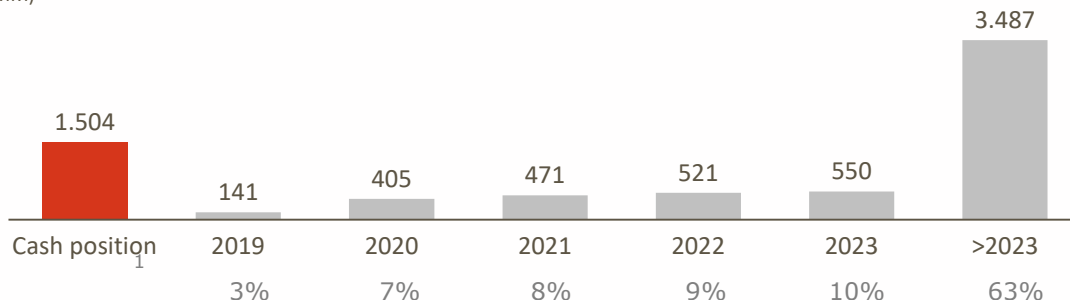


## Debt cost %



## Debt amortization schedule

(R\$ MM)



Net debt  
(09/30/19):  
**R\$ 5.4 bn**

# Conclusion of Parnaíba's II refinancing debt

Issue that enabled full refinancing of Parnaíba II debt, with significant cost reduction and term extension.



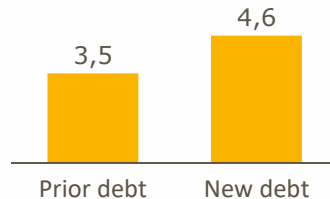
**R\$750MM** em Debêntures Convencionais em 3 séries para refinanciamento dívida de Parnaíba II:

Tranches	1ª Tranch	2ª Tranch	3ª Tranch
Volume (R\$ mm)	100	290	360
Cost	CDI + 0,6% a.a.	CDI + 1,01 a.a.	CDI + 1,4 a.a.
Maturity	2022	2024	2026

## Prior debt

Volume	Cost	Duration
R\$229MM	TJLP+5,2%	4.2
R\$704MM	CDI+2.5%	3.6
R\$242MM	CDI+2.9%	2.7

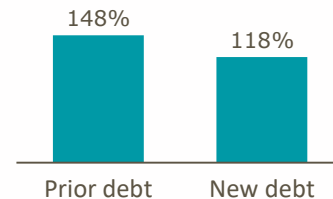
## Duration (years)



## New debt

Volume	Cost	Duration
R\$100MM	CDI+0.6%	2.9
R\$290MM	CDI+1.0%	4.1
R\$360MM	CDI+1.4%	5.6

## Cost (% CDI)



**Reduction of approximately R\$50MM/year in interest expenses**



Relações com Investidores

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