



4Q19 Earnings

March 2020



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Recent Events

- **Eneva submits a business combination proposal to AES Tietê on March 1st, valid until April 30, 2020**
- **Raising R\$ 1.4 billion in debentures and R\$ 1.0 billion financing approved with Banco da Amazônia (BASA) for financing investment projects and debt refinancing at lower costs**
- **Victory in Auction A-6/2019 with the Parnaíba VI project, guaranteeing an additional fixed annual revenue of R\$ 85 million;**
- **Review of the physical guarantees of Parnaíba I and III allows the commercialization of additional 160 MWm, without incremental generation cost;**
- **Incorporation of 4.1 bcm of reserves (2P) in the Parnaíba Basin, with a replacement rate of 293% in 2019;**
- **Seismic data acquisition campaign started in blocks of R-13, R-14, Open Acreage and Fazenda Tianguar (a Discovery Assessment Plan)**
- **Exclusivity call option of 75% of the Nossa Senhora de Fátima TPP project, with licensed capacity of up to 1,740 MW**

Business combination proposal between Eneva and AES Tietê

Merger of shareholder bases in one publicly-held company, with only one class of shares, listed on Novo Mercado of B3

Transaction Structure

- **Proposed exchange ratio: 0.2305 ENEV3 + R\$ 6.89 for 1 TIET11**
- Total cash payment:: R\$ 2.75 bi
- Shareholders of AES Tietê, together, would receive a total of 91,994,693 common shares issued by Eneva (22.58% of Eneva's share capital after implementation of the Transaction)

Approvals

- Transaction is subject to:
 - i. Approval by shareholders of Eneva and AES Tietê united at a general shareholders' meeting
 - ii. Prior approval of the Administrative Council for Economic Defense – CADE
 - iii. Prior approval by the National Electric Energy Agency – ANEEL

Transaction Rationale

Value Creation

- **Assembles sizeable generation platform with fully operational assets, combining diverse generation sources, with high cash flow and EBITDA predictability**
- Expansion of the shareholder base, raising the free float and potentially the liquidity of the shares
- Enables increased investment in growth and greater future returns to shareholders than either company can achieve on a stand-alone basis

Undisputed Strategic Logic

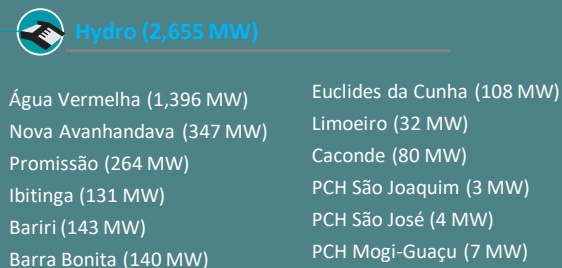
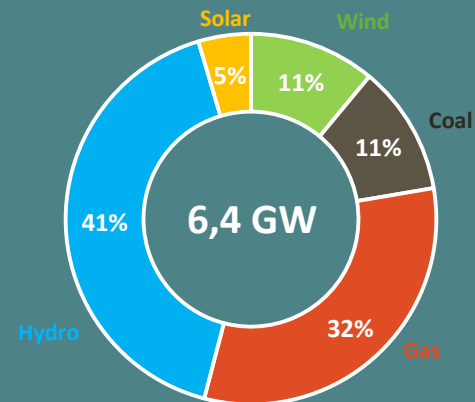
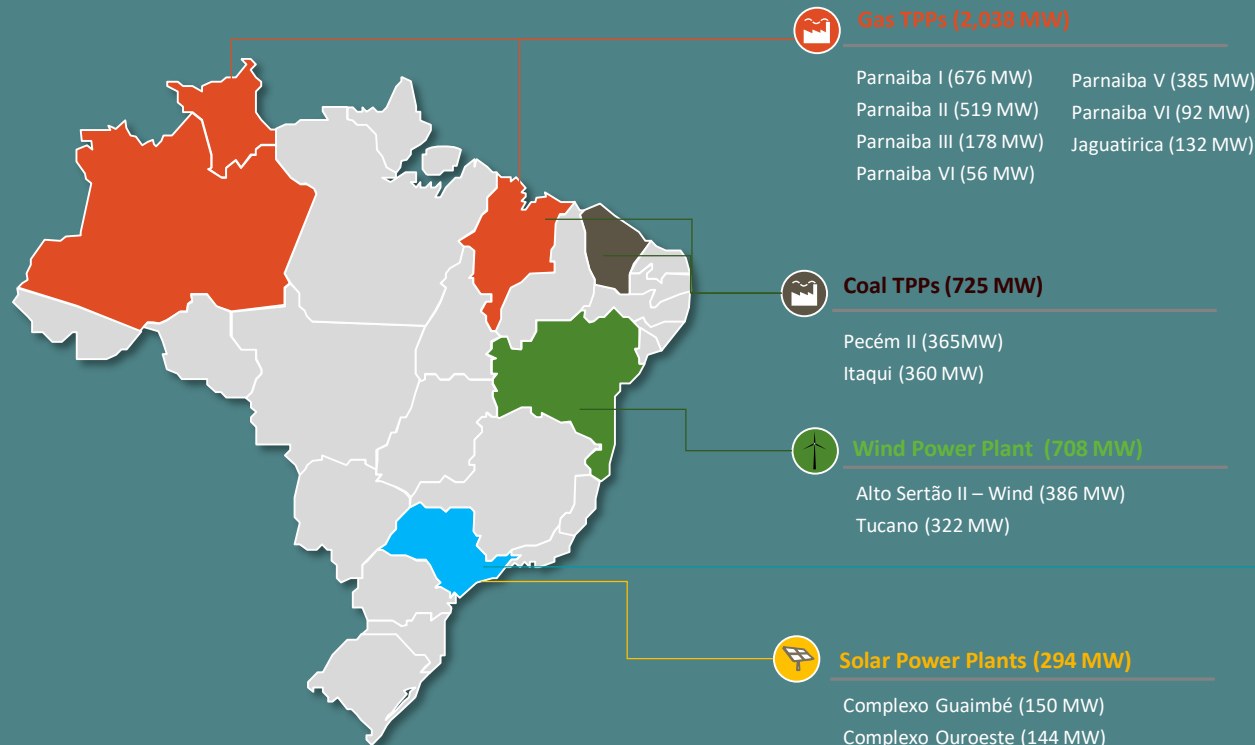
- **Diversifies generation sources, reducing Eneva's exposure to E&P risk and AES Tietê's exposure to hydrological risk**
- Potential geographical complementarity to Eneva's portfolio
- Combines assets with relevant balance between regulated and free market given AES Tietê's increasing uncontracted capacity when compared to Eneva's portfolio

Significant Synergy Opportunities

- Significant **operational, tax and financial synergies**
- Faster use of tax-loss carryforwards
- Harnesses complementary expertise to accelerate growth

Combined Company Portfolio

Sizeable generation portfolio with diversified generation sources



Combined Company Portfolio

Negative correlation between hydro and thermal generation reduces cash flow at risk

CURRENT SCENARIO

Negative and very elevated correlation between hydro and thermal dispatch (-0.95)

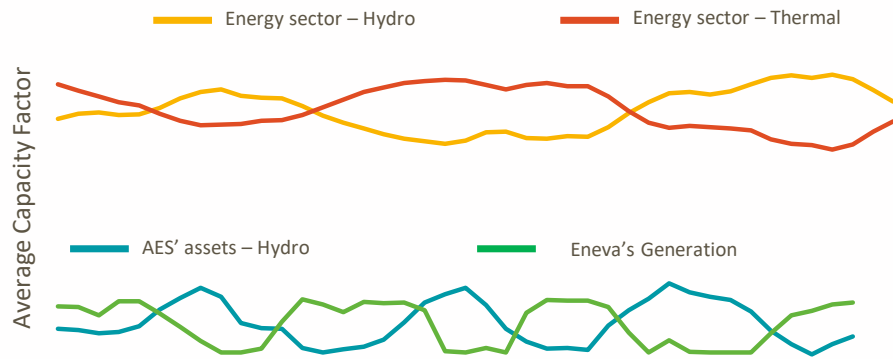
Current Eneva's generation volatility is approximately 10 p.p. in 12 months

COMBINED PORTFOLIO¹

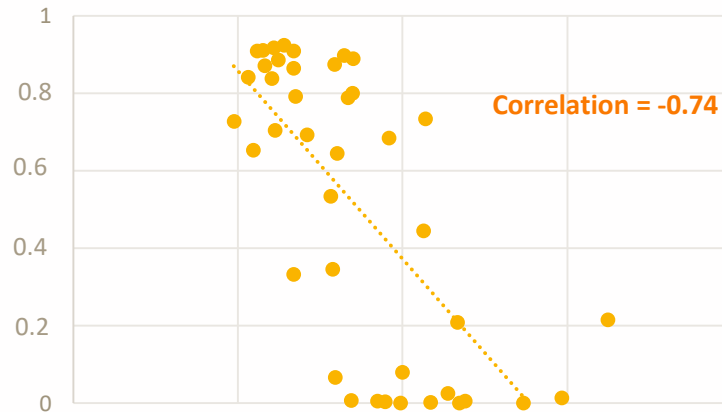
Correlation keeps negative and elevated (-0.74)

Generation volatility considering all sources (hydro, thermal, solar and wind) estimated in 4 p.p. in 12 months

Correlation – Generation/MWH– Hydro and thermal source²



Generation dispersion – ENEVA and AES – Hydro and Thermal²



1 – business combination refers only to assets of Eneva and AES Tieté.
2 – Measured by the average load factor in a monthly basis since July 2016.



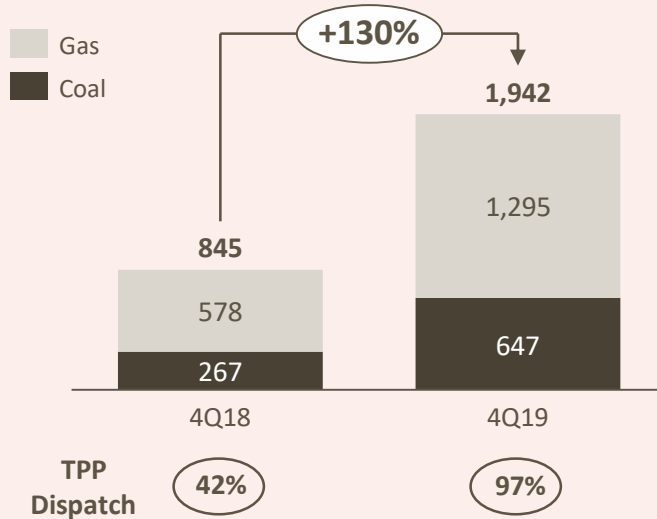
4Q19 Highlights

- **Adjusted EBITDA grows 49% and reaches R\$ 464 million**
- **High dispatch results in growth of 130% in net generation, which reaches 4,021 GWh**
- **Gas production totals 0.7 bcm, an increase of 138%**
- **Impairment reversal of R\$ 127 million in Itaquí, due to the consistent operational improvement in the power plant**
- **Adjusted Net income reaches R\$ 269 million with impairment reversal and reduction of financial expenses**
- **Cash position of R\$ 1.8 billion by the end of the quarter**
- **Leverage (net debt/EBITDA LTM) of 2.8x**

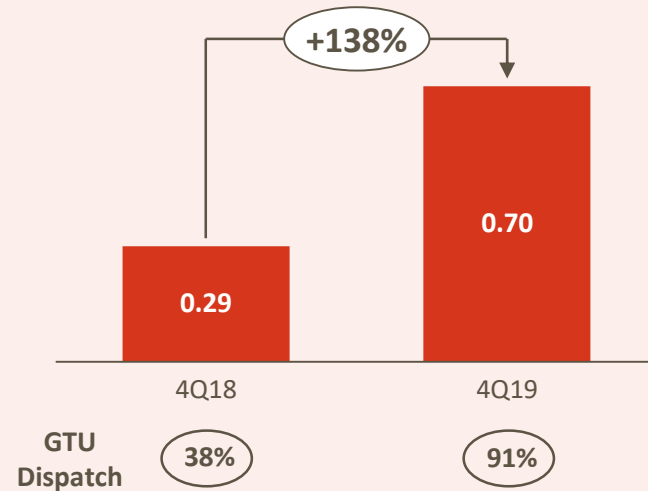
Operational Performance

Higher dispatch results in growth of 130% in thermal generation and 138% in natural gas production

Net power generation (MWm)



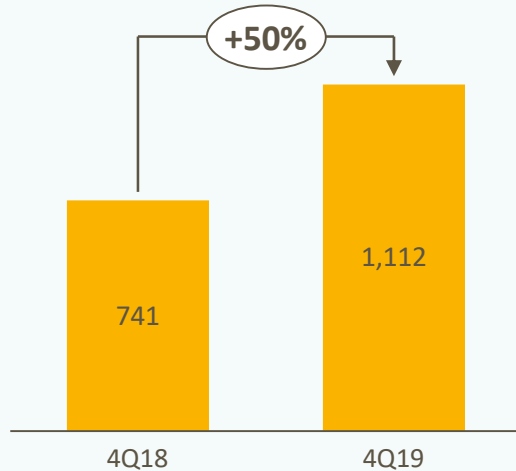
Gas production (Bi m³)



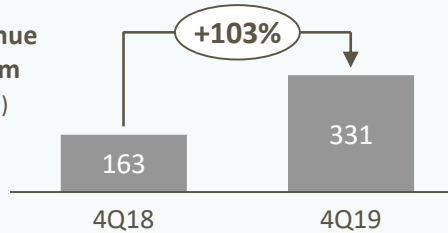
Financial Performance

Consolidated net revenue grows 50%, driven by the increase in net generation

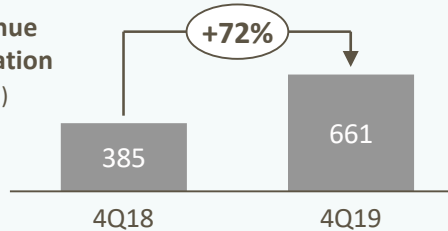
Consolidated Net Revenue (R\$ MM)



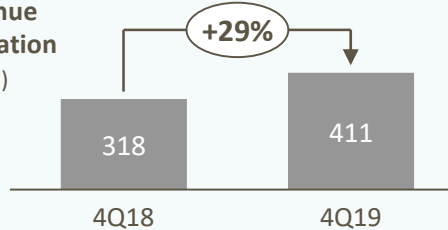
Net Revenue Upstream (R\$ MM)



Net Revenue Gas Generation (R\$ MM)

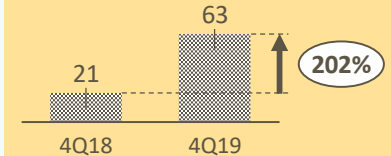


Net Revenue Coal Generation (R\$ MM)



Gas Generation

Gross variable revenue settled in the short-term market¹ (R\$MM)

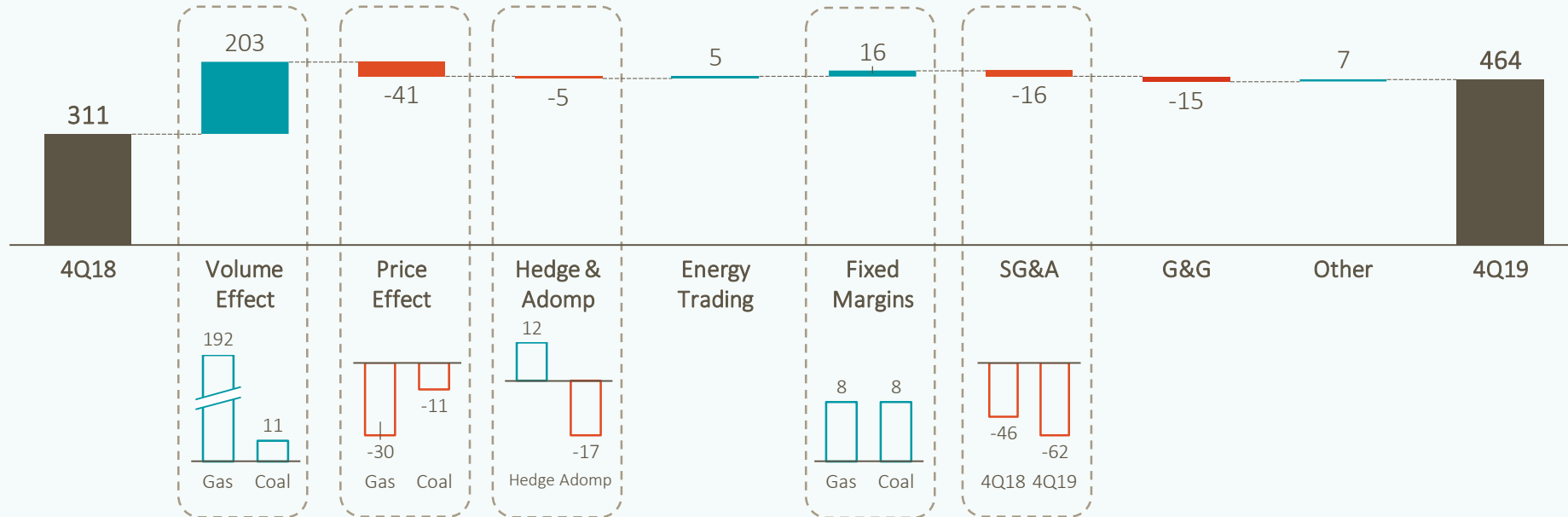


1 – It excludes revenue referring to the restatement of the collateral (FID) and revenue related to hedging operations of compensation costs for unavailability (ADOMP).

Financial Performance

Adjusted EBITDA grows 49%, with greater volume of energy generated and increased fixed margins in the Parnaíba Complex and Pecém II

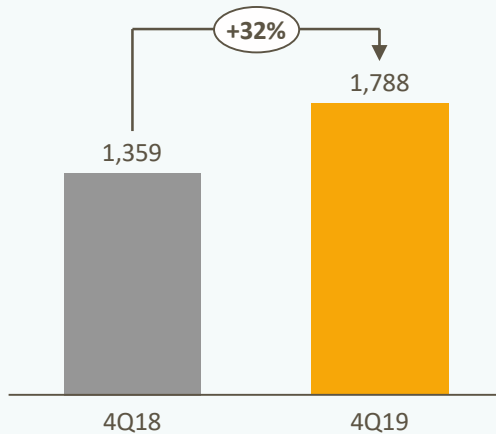
Adjusted EBITDA (R\$ MM)



Cash Flow

Cash balance increase in a scenario of accelerated investments, supported by issues concluded throughout 2019, including debt replacements at more attractive costs

Cash Balance
(R\$ MM)



Cash Flow
(R\$ MM)

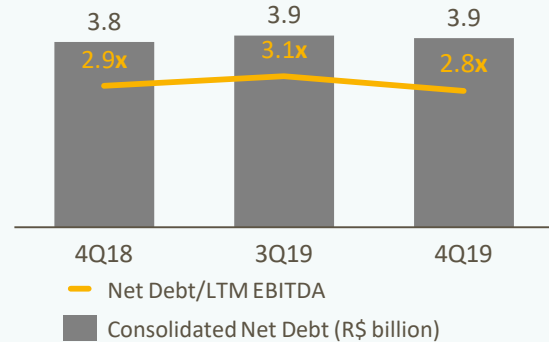
	4Q18	4Q19	2018	2019
EBITDA	307.9	433.8	1,459.8	1,391.7
(+) Change in Working Capital	365.9	38.8	200.9	(131.9)
(+) Income tax	(19.9)	(9.2)	(61.1)	(31.9)
(+) Other Assets and Liabilities Variation	(25.4)	50.7	(19.8)	151.4
(=) Operational Cash Flow	628.5	514.1	1,579.8	1,379.3
Investing Cash Flow	(108.0)	(264.4)	(521.8)	(830.9)
Financing Cash Flow	(32.0)	34.0	(744.5)	(153.7)

Capital Structure

New issues contributed to enhance capital structure, lengthening of terms and reduction of costs of debt

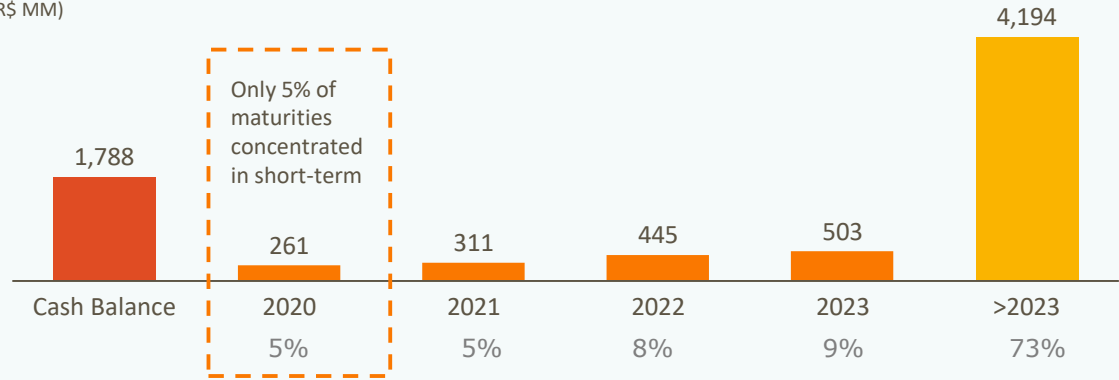
Net Debt

End of Period



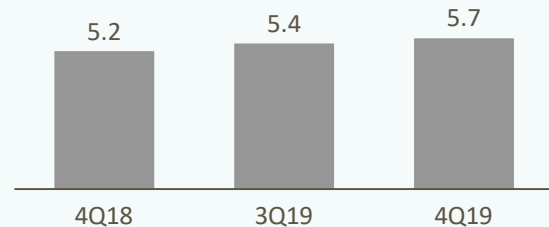
Debt Amortization Schedule

(R\$ MM)

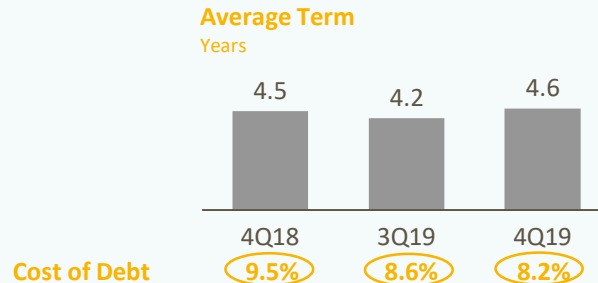


Gross Debt

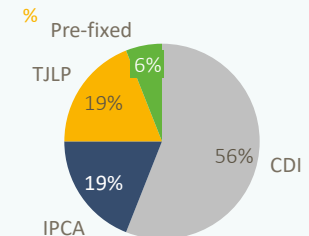
End of Period (R\$ billion)



Debt Profile



Indexer



New Debt Issuance

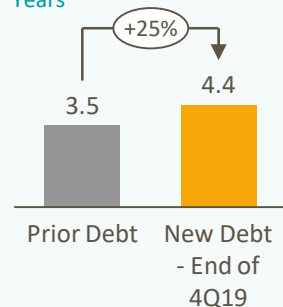
Conclusion of two issuances of debentures in 4Q19 and approval of financing with BASA in 2020 resulted from Eneva's concentrated efforts to improve debt profile and leverage projects

- ✓ **Refinancing of totality of Parnaíba II's debt**, reducing costs and extending terms

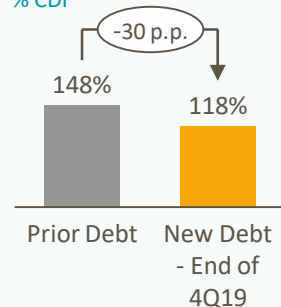
Payment of R\$ 1.2 billion for the early settlement of the remaining balance of Parnaíba II's outstanding debt

R\$ 750MM new debt raised via conventional debentures in 3 series

Duration
Years



Cost of Debt
% CDI



Estimated approximate R\$50MM/ year reduction in interest expenses

- ✓ **Funding of R\$ 650 MM** in debentures for investment, future payment or reimbursement of expenses, expenses and/or debts related to the execution of the Parque dos Gaviões Project (Parnaíba Basin)

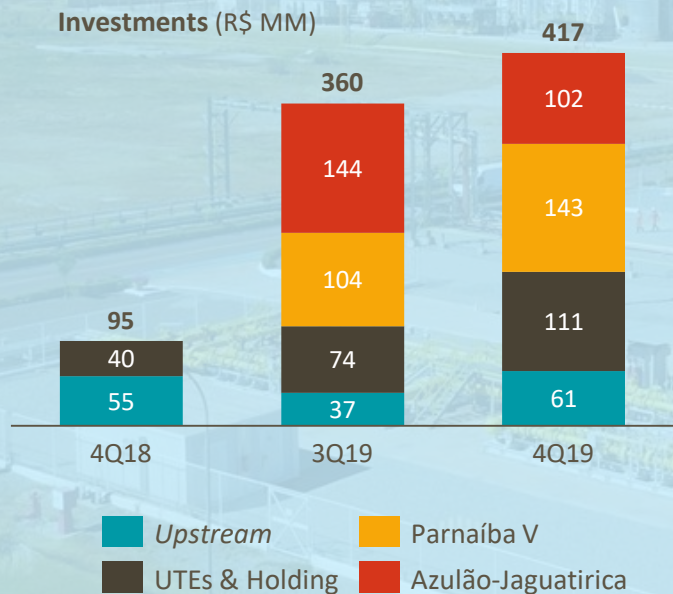
3rd Issuance in Holding Single Series

Interest	Biannually beginning in jun/2020
Cost	IPCA + 4,23%
Principal Payment	3 annual installments from 2025- 2027
Maturity	2027

- ✓ **R\$ 1.0 bi financing approved with BASA**, with maturity date in 196 months from the contract celebration date - disbursement of funds not yet concluded

Investments

60% in greenfield projects



Azulão

- Conclusion of 100% of contracting and purchases for the execution of the project
- Producing wells concluded and receipt of first wave of cryoboxes and isotanks
- Earthwork completed, construction site assembled, execution of drainage and slope treatment

Jaguatirica

- Earthwork completed
- Concreting of gas turbine bases and boilers. Advance of underground facilities

Parnaíba V

- Conclusion of foundation of the steam turbine and of the bases of the 4 boilers
- In advanced execution of the foundations of the steam turbine building, the water treatment plant and the cooling tower.

TPPs

- Gas: maintenance in 2 gas turbines in Parnaíba I and beginning of maintenance in Parnaíba III's gas turbine
- Coal: conclusion of Pecém II's major overhaul and conclusion of retrofit of Itaqui's conveyor belts

Upstream

- Drilling of 2 exploratory wells and stimulation in 2 wells
- Drilling of 2 development wells and recompletion of 1 well

Schedule of projects under construction

Larger part of the constructions are already in an advanced phase

Expected impacts due COVID-19 are contained till the present moment

Azulão

- No delay signs so far

Galileo:

- Cryoboxes: manufacturing in Argentina without interruptions
In a total of 32 - 14 already received & 8 currently on transit to Manaus
- Isotanks: manufacturing in China on a reduced journey during the peak of the pandemic
In a total of 240 - 80 already received & 100 expected withing the next month
- Auto generation engines: completing the acceptance test without interruption of the supplier in Germany.

Jaguatirica

- Constructions completed, strategically before the wet season
- Delay in a few equipments, but no meaningful impact on the Project's schedule
- Main expected impact: indicative delay of circa 30 days in the delivery of boilers equipment
- Analysis of critical path to elaborate alternatives and keep all up to date.

Parnaíba V

- Constructions in advanced phase
- Delivery of most of the equipment is confirmed
- Main expected impact: delivery of the LP Hood of the steam turbine, manufactured in China, with an estimated delay of aprox. 35 days - delivery and assembly of this equipment on the critical path of the project
- Analysis of critical path to elaborate alternatives and keep all up to date.

photos

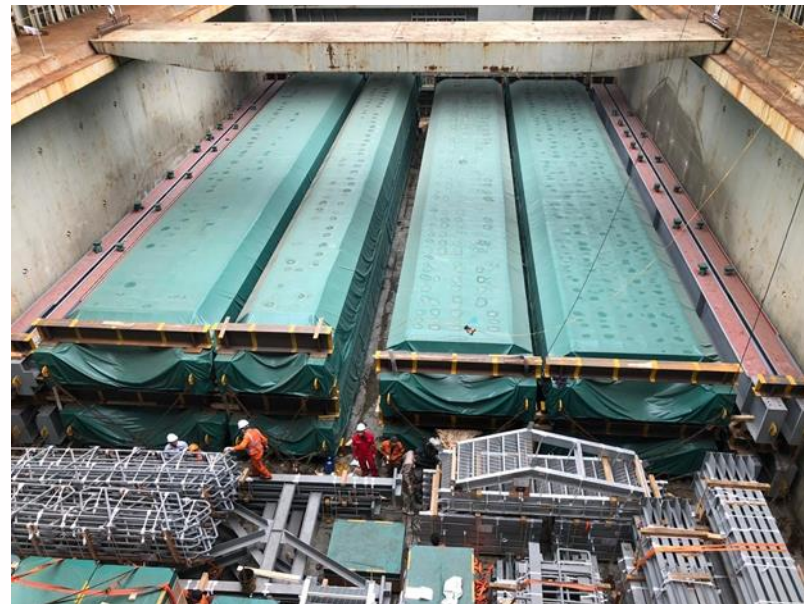
Projects under construction



Parnaíba V TPP



Diverter damper production at Vietnam



Loading of the ship in Vietnam with boiler structures

Parnaíba V TPP



Arrival of the first vessel in the Port of Itaquí, with 2 units of the diverter damper and structures of 2 recovery boilers

Parnaíba V TPP



Water tank cooler



Preparation of the concrete base
columns of the steam turbine



Cooling tower bottom slab

Parnaíba V TPP



Installation of pre-molded cable galleries



Structure of centrifuge building

Jaguaririca TPP



Administrative building site



Mounting of water tanks

Jaguatirica TPP



Construction of the steam turbine base



Execution of the electric turbine steam building

Jaguaririca TPP



LNG unloading



Execution of ACC bases

Jagatirica TPP



Construction of isotank bays

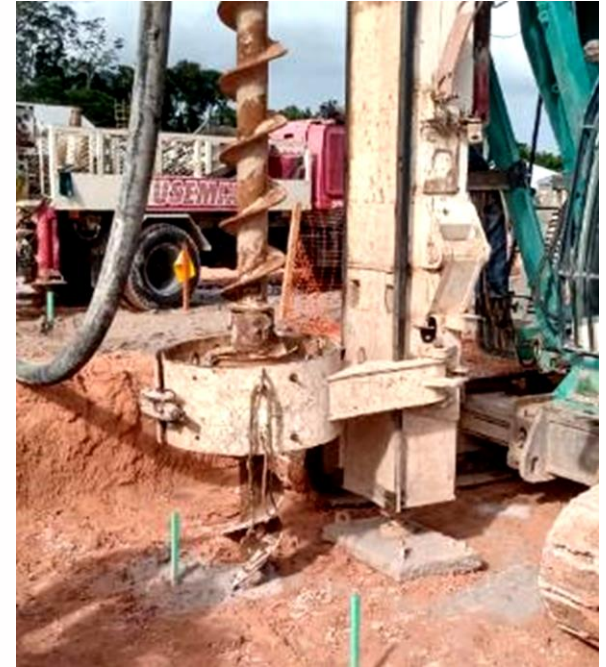


Underground – electrical foundation

Azulão Field



Foundation of cryoboxes



Staking of isotanks

Azulão Field



Receival of 80 isotanks at the port of Manaus

Azulão Field



Delivery of Cryoboxes

Azulão Field



Conclusion of 7 cryogenic trunks



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