

# Earnings Release

2Q22

August/2022





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7

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# Agenda

**01**

## 2Q22 Highlights

02

Energy Market

03

Operational Performance

04

Financial Performance

05

Growth Strategy

06

Closing Remarks



# 2Q22 Highlights

## Operational Performance



- **Reestablishment of Ventos do Araripe III's operation**

- **Great wind performance** with positive impact in wind generation

- **Trading strategy** advances and continuous **increase** of Auren's **clients base**

## Financial Performance



- **Adjusted EBITDA of R\$424 million in 2Q22, +71% vs. 2Q21**

- **Operational cash flow of R\$385 million** after debt service

- **Cash conversion<sup>(1)</sup> of 93%** in 1H22

- **Migration partially concluded** of the **VIVEST's** pension plans participants

## Growth Strategy



- Auren's **corporate reorganization** concluded

- Final steps of **Ventos do Piauí II and III** wind complex , with **~60% of operational wind turbines** and **COD<sup>(2)</sup> in nov/22**

- **Acquisition** of a stake in **Aquarela**, in addition to the **market intelligence ecosystem**

# Agenda

01

2Q22 Highlights

02

**Energy Market**

03

Operational Performance

04

Financial Performance

05

Growth Strategy

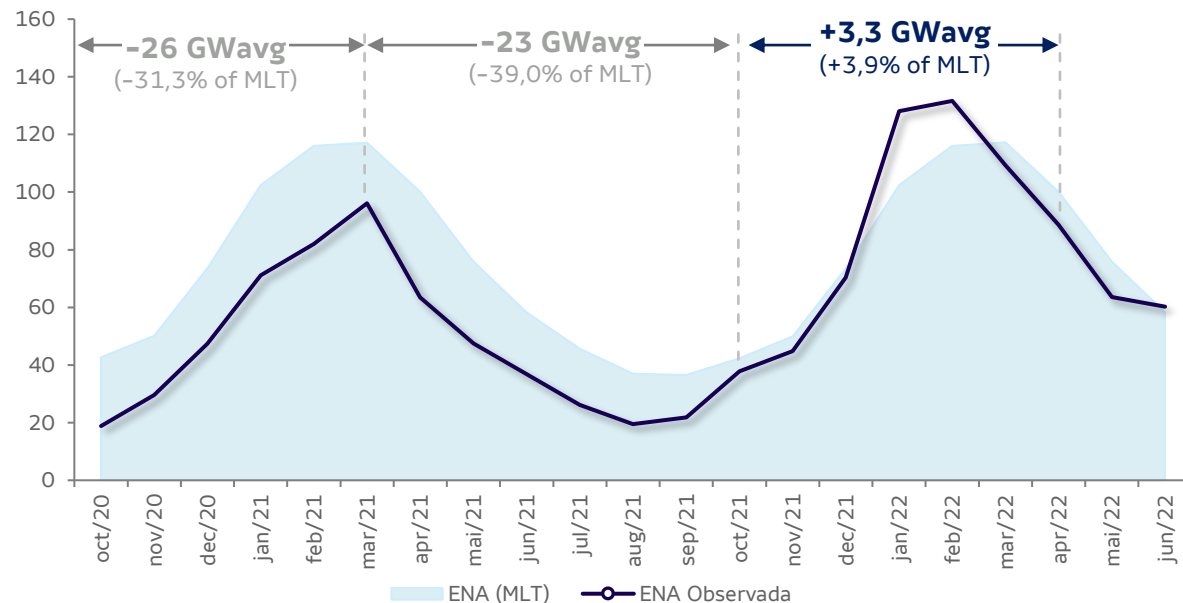
06

Closing Remarks

# National Interconnected System (SIN) Performance

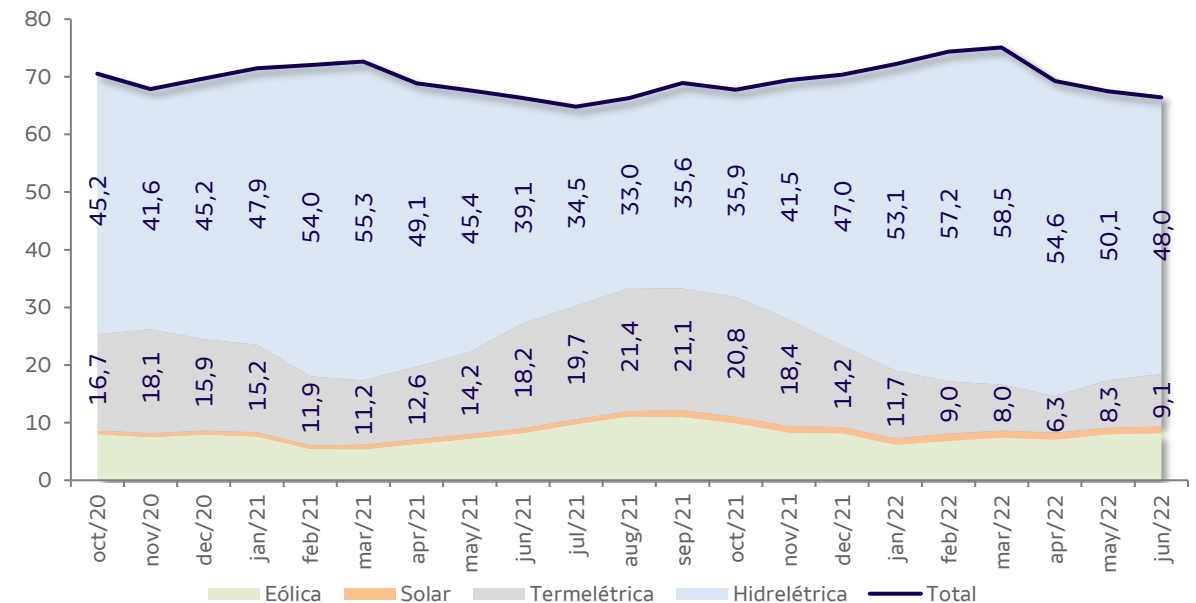
## Reservoirs' inflow and energy generation

### Affluent Natural Energy (GWavg)



- **Inflows** in SIN's reservoirs from oct/21 to mar/22 was **up 3.9%** in comparison to the Long-Term Average (MLT)
- This inflow recovered the reservoirs and turned the reduce of thermoelectric generation possible

### Energy Generation (GWavg)

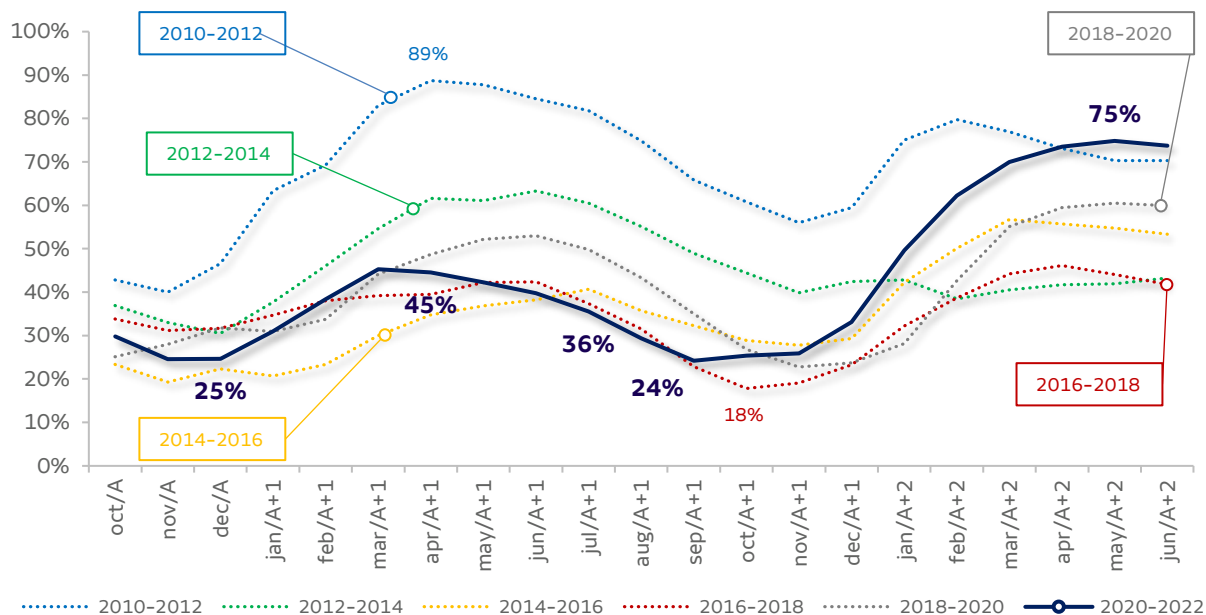


- **Thermoelectric** Generation reached 8.8 GWavg in 1H22, equivalent to **12.4%** of system's total generation, lowest level of thermoelectric generation in the semester in the last 10 years

# National Interconnected System (SIN) Performance

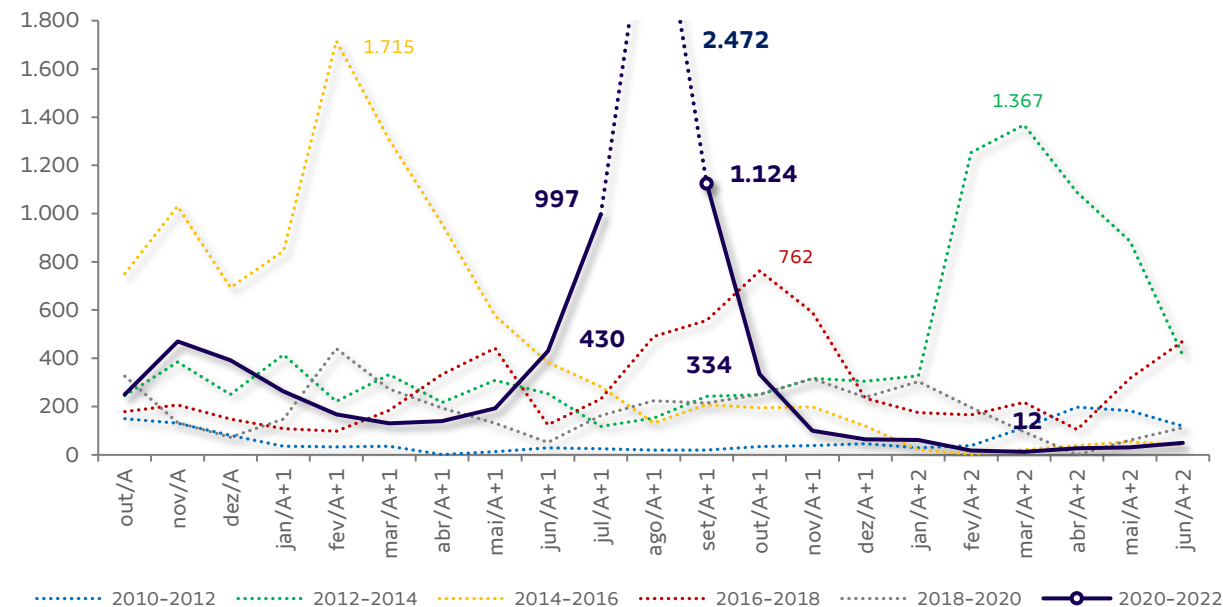
## Storage and Marginal Operating Cost

### Stored Energy Evolution (SIN) (% EARmax)



- SIN's stored energy reached one of the **lowest historical levels** between June and September 2021
- Inflow and thermoelectric dispatch contributed to SIN Storage level recovery, with max 75% in May/22, one of the highest storage levels in the last 11 years

### Marginal Cost of Operation (R\$/MWh)



- In 2021, the adverse hydroelectric scenario resulted the highest Marginal Cost of Operation (CMO) of last years (R\$2,472/MWh)
- In **2022**, with the reservoirs recovered and good hydrology, energy prices are close to the minimum regulatory level (R\$ 55.70/MWh)

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01

2Q22 Highlights

02

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**03**

**Operational Performance**

04

Financial Performance

05

Growth Strategy

06

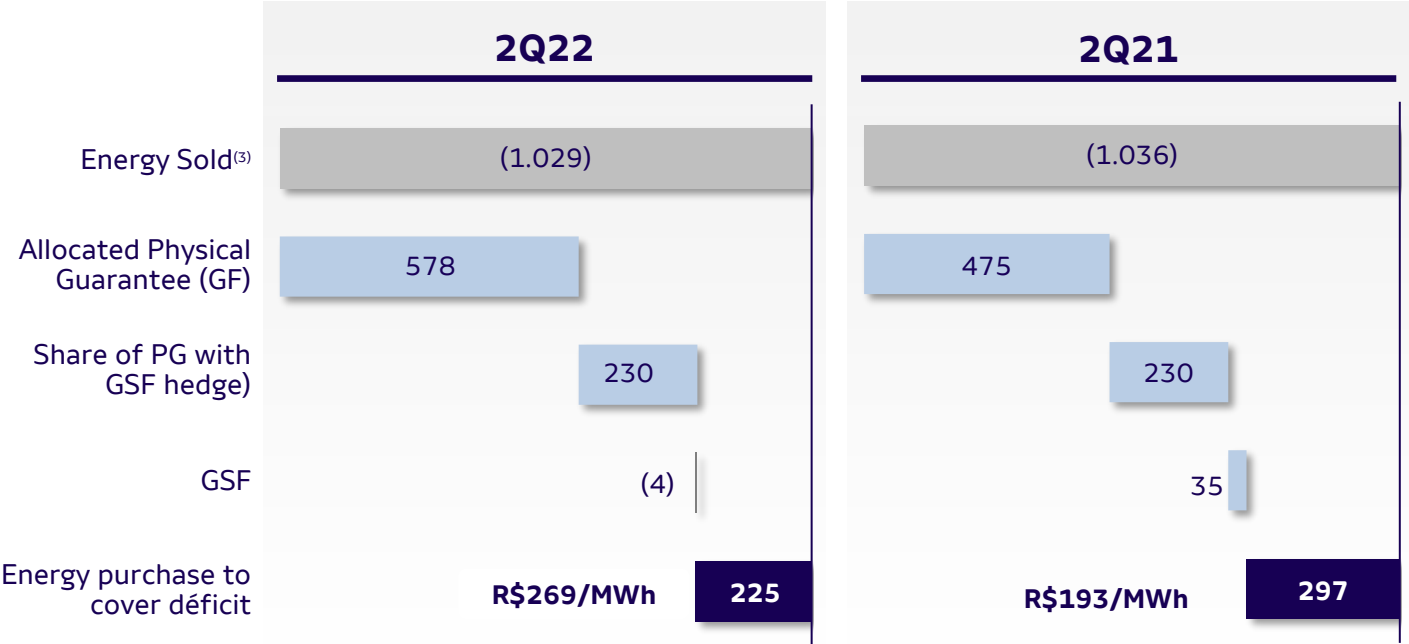
Closing Remarks



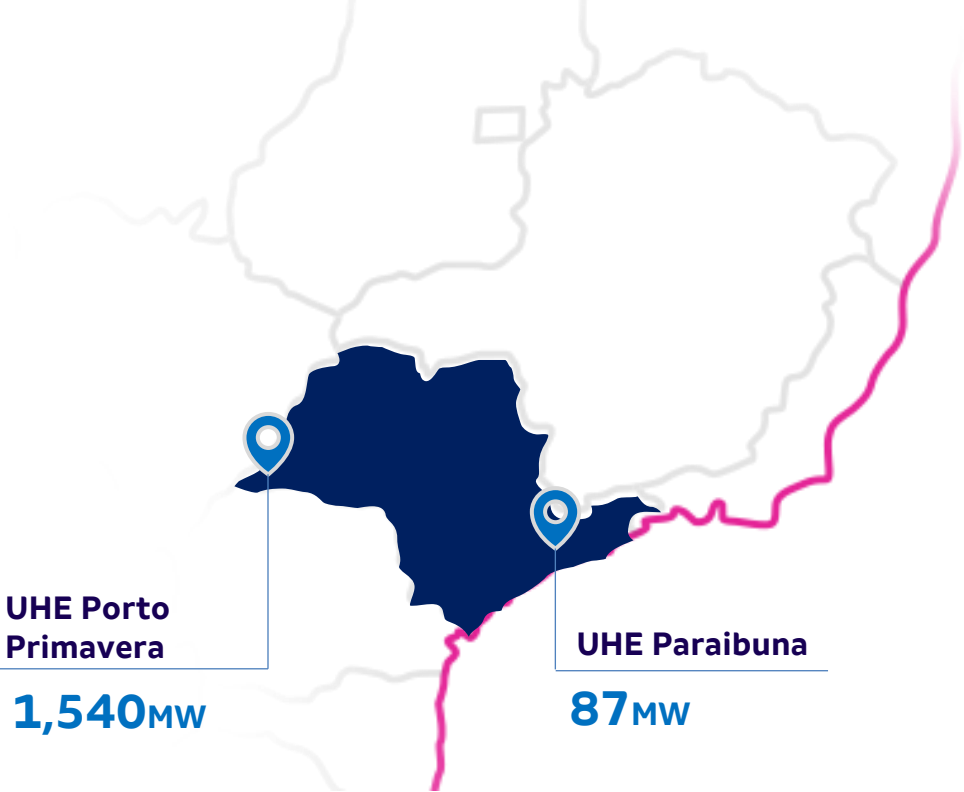
# Operational Performance – Hydroelectric Assets

UHE Porto Primavera and UHE Paraibuna<sup>(1)</sup>

## Energy Balance (MW average)<sup>(2)</sup>



- The cost of **hydro risk hedge** in **2Q22** was **5.6%** higher compared to 2Q21



ENA<sup>(4)</sup> SE/CO  
**74.4%** in 2Q22 vs.  
65,9% in 2Q21

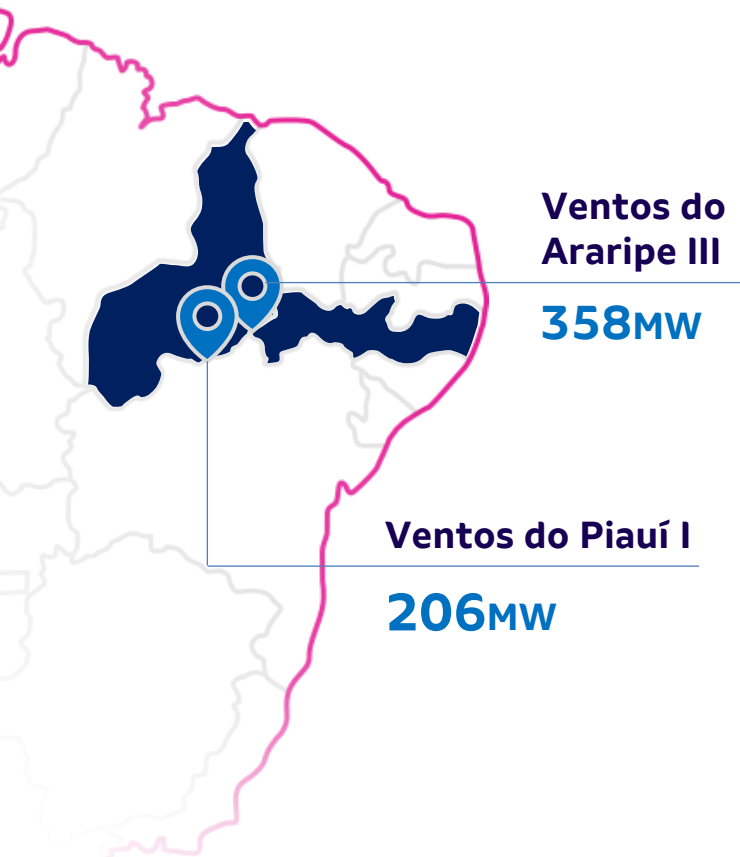
GSF<sup>(5)</sup>  
**82%** in 2Q22 vs.  
70% in 2Q21

EAR<sup>(6)</sup> SE/CO  
**74%** of maximum storage capacity by the end  
of 2Q22, vs. 30% in 2Q21

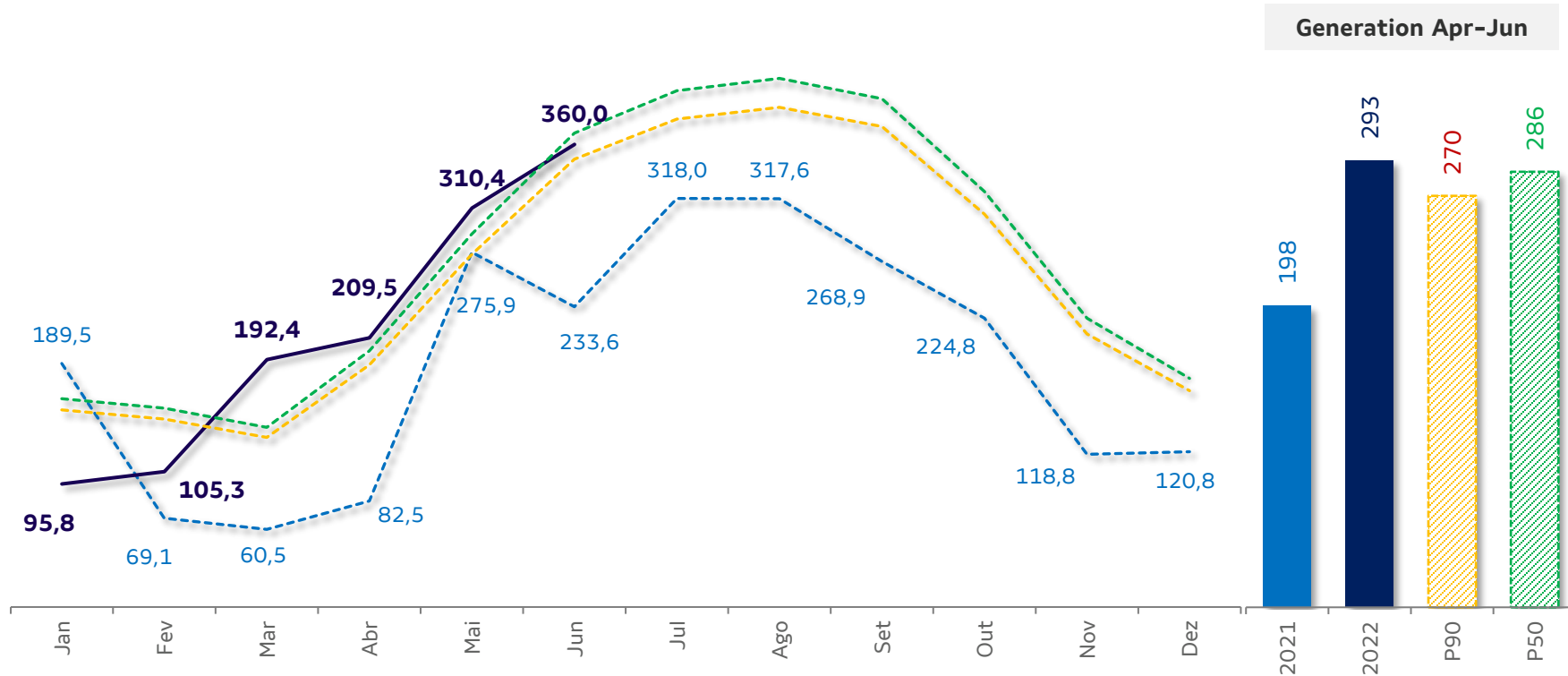
Notes: (1) Operation of UHE Paraibuna from June on a temporary basis; (2) This energy balance does not consider the equity interests held by Auren in Pollarix, CBA Energia and Pinheiro Machado, which are recognized via the equity method (3) Considers energy settled at CCEE; (4) Affluent Natural Energy, as a % of the Long-Term Average (MLT); (5) Generation Scaling Factor; (6) Stored energy or SE/CO submarket reservoir level.

# Operational Performance – Wind Power Assets

Ventos do Piauí I and Ventos do Araripe III WPP



## Geração dos Ativos Eólicos (MW average)



- **Average wind speed of 8.2 m/s in 2Q22** (vs. 8.6 m/s in 2Q21)
- **Full reestablishment of Ventos do Araripe III's operation in 2Q22**

## Consolidated generation in the quarter above P50

**Ventos do Piauí I (MW avg)**

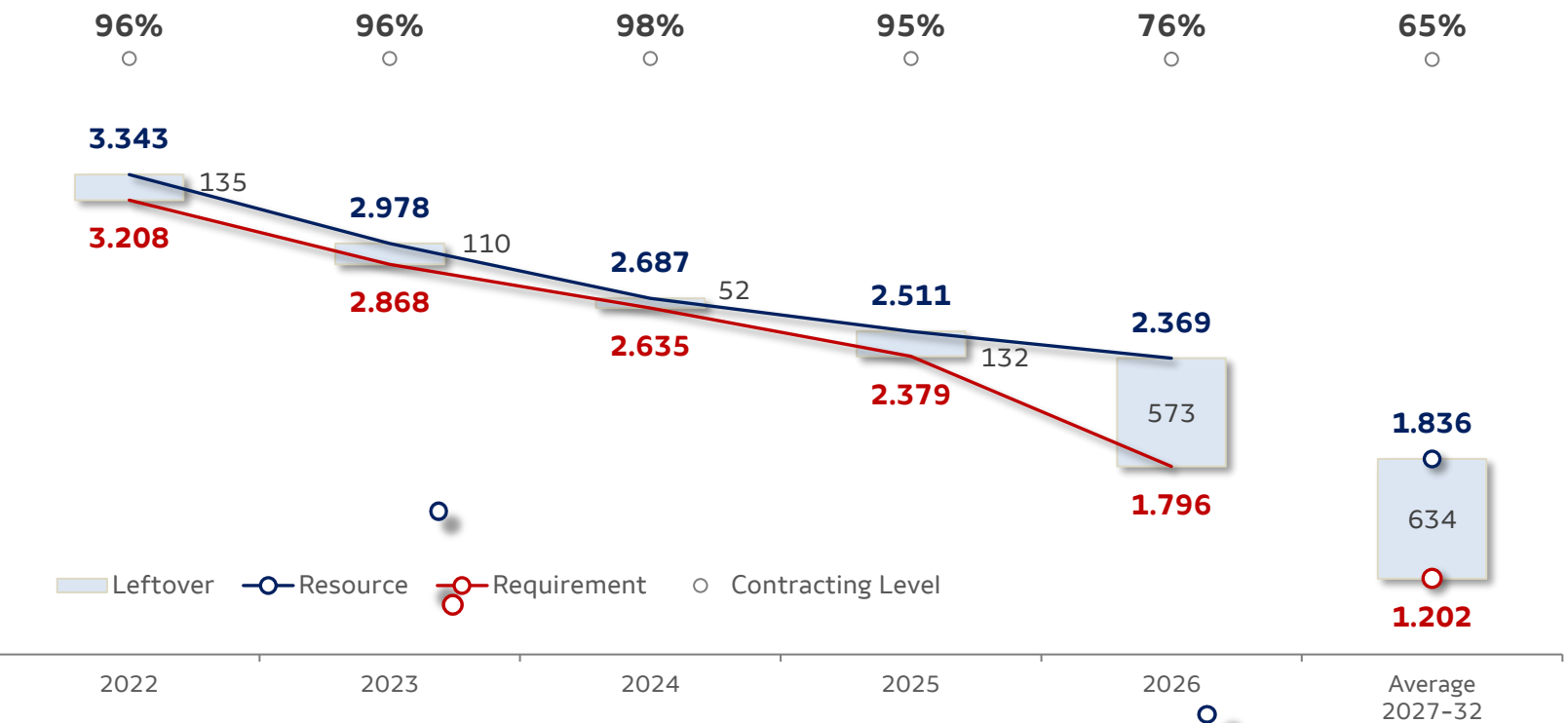
**2Q22** 11% (P90)  
 5% (P50)

**Ventos do Araripe III (MW avg)**

**2Q22** 7.3% (P90)  
 1.4% (P50)

# Consolidated Portfolio (Generation and Trading)

## Consolidated Level of Contracting Sales<sup>1</sup> (MW average)



**2,6 GWm** of energy traded until 2026



**+630 clients**



**Top #3** energy trading in **Brazil**

- Contracting level of **~90% by 2026**
- Average contracting level of **~65% between 2027 and 2032**

Note (1): considers the physical guarantees net of basic network losses, in the case of Ventos do Piauí II and III the expected physical guarantees

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01

2Q22 Highlights

02

Energy Market

03

Operational Performance

**04**

**Financial Performance**

05

Growth Strategy

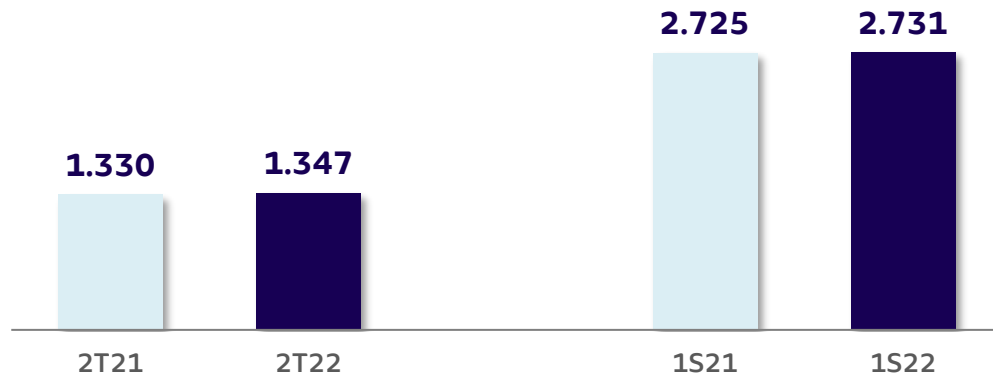
06

Closing Remarks

# Financial Performance

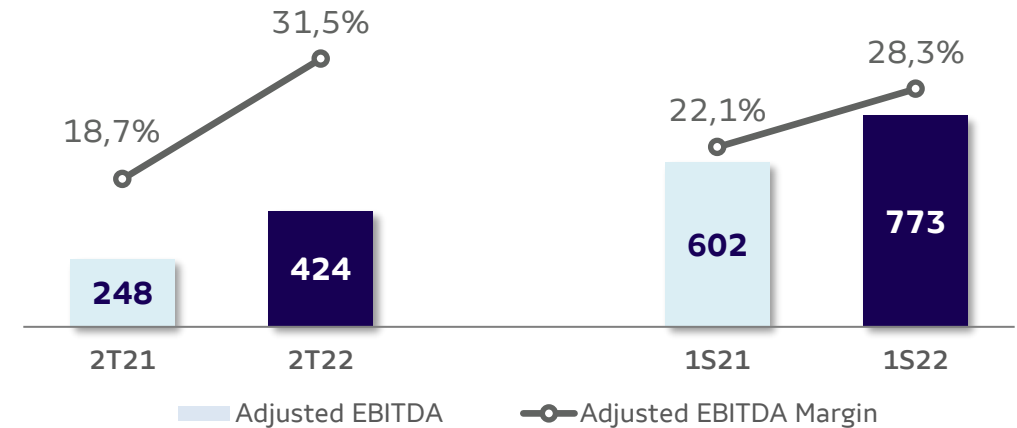
## Net Revenue<sup>(1)</sup>

(R\$ million)



## Adjusted EBITDA<sup>(1)</sup> and Margin

(R\$ million)

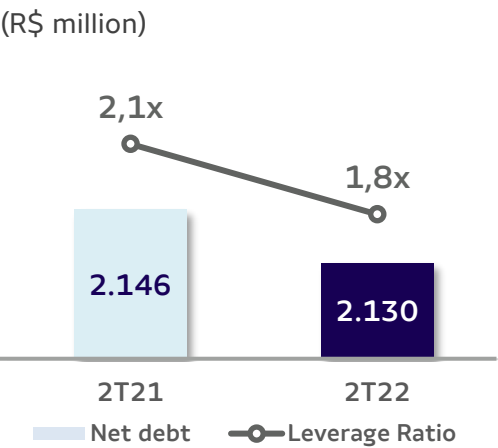


In 2Q22, the **increase of 71% in Adjusted EBITDA** and **margin improvement** reflect:

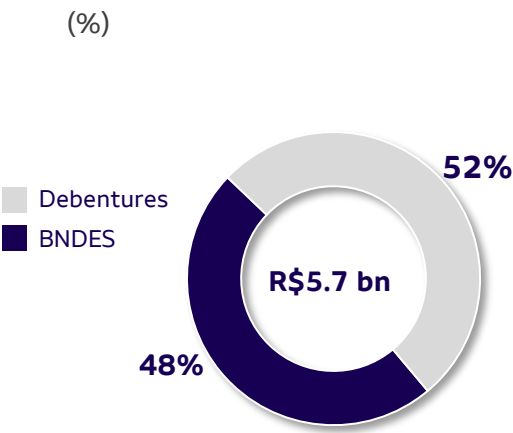
- Adjustments in energy sales contract prices
- Normalization of Ventos do Araripe III wind complex
- These positive effects were partially offset by the increase in the average purchase price of energy to equalize the energy balance in 2022

# Financial Performance

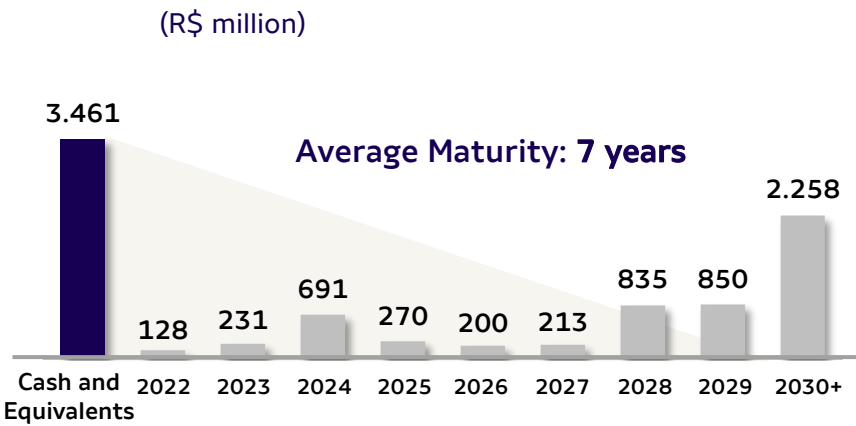
## Net Debt and Leverage Ratio



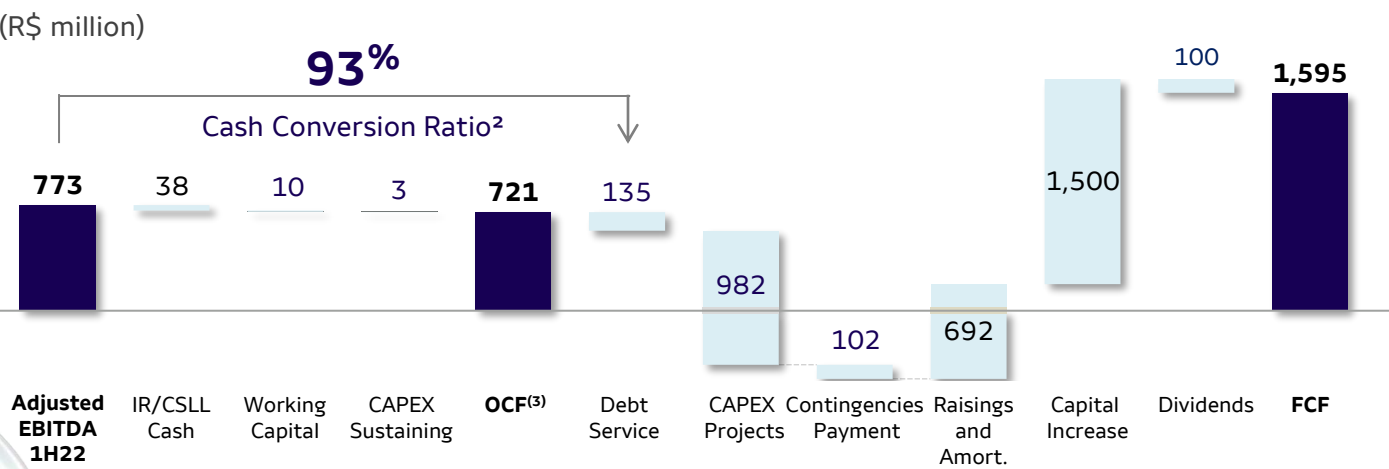
## Gross Debt Profile



## Amortization Schedule



## Free Cash Flow 1H22<sup>(1)</sup>



- Leverage de 2,0x
- Extended debt's average maturity
- High cash conversion ratio
- CAPEX increase reflecting the implementation of Ventos do Piauí II and III wind farms

Notes: (1) Non-audited proforma; (2) Cash Conversion Ratio = OCF/Adjusted EBITDA; (3) OCF = Operating Cash Flow

# Agenda

01

2Q22 Highlights

02

Energy Market

03

Operational Performance

04

Financial Performance

**05**

**Growth Strategy**

06

Closing Remarks

# Growth Strategy

## Ventos do Piauí II and III

**R\$1,6bi**  
Funding BNDES  
(24 years, IPCA + 4,56%)

**~ 70%**  
of energy contracted  
until 2032

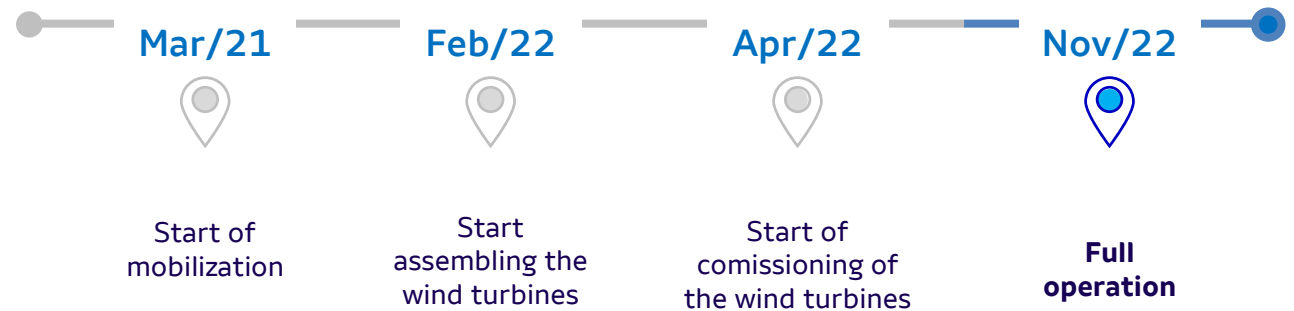
**~60%** of the farm in operation:

- 36** WTs in commercial operation
- 19** WTs in operational test

### Ventos do Piauí II and III

**409MW** of Installed Capacity

- On time, *on budget*
- Plant **100% operational** in November 2022



# Growth Strategy

## Sol do Piauí – Hybrid (VDP I)

**59MW<sub>p</sub> / 48MW<sub>ac</sub>**  
of Installed Capacity

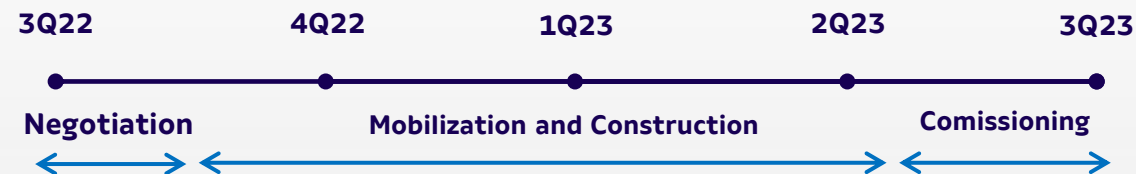


## Jaíba V (Jaíba – MG)

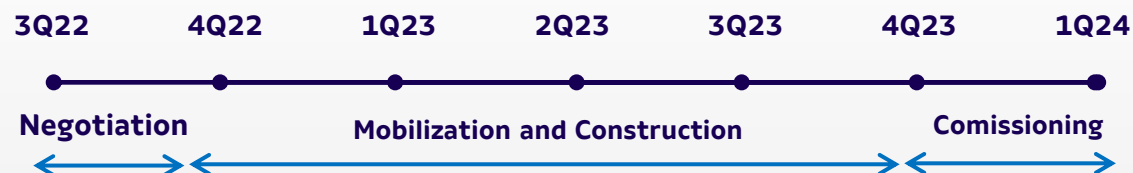
**626MW<sub>p</sub> / 500MW<sub>ac</sub>**  
of Installed Capacity



- **First commercial scale hybrid project to obtain** concession from ANEEL
- Estimated CAPEX: **R\$255.1 million** (R\$4.3mn/MW<sub>p</sub>)



- One of the **country's largest photovoltaic plants**
- Estimated CAPEX: **R\$2.0 billion** (R\$3.3mn/MW<sub>p</sub>)



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01

2Q22 Highlights

02

Energy Market

03

Operational Performance

04

Financial Performance

05

Growth Strategy

**06**

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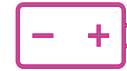
# A look at our social action – Technical Course in Renewable Energy Systems

Connection with Company's core business and establishes a new model of interaction between community, company and school

## Araripina-PE



**+150** students have been/are being graduated from the technical course



**+200** items donated to the course's lab



**+30** volunteer employees engaged in building the curriculum



**+1,000** views on Auren's lectures to students from Pernambuco state of network

## Important milestones in this journey:

2020



Articulation between all partners and the local school for the creation of the Renewable Energy Systems course

2021



Start of the first classes  
**Construction of a national technical-level Renewable Energy Systems curriculum**

2022



**Launch of Renewable Energy Systems curriculum**

1<sup>st</sup> Technical Visit of the students to the Auren Energy Wind Power Complexes

Hiring of trainees from the technical course

## Partners

**instituto VOTORANTIM**



Monitoring and evaluation of the initiative

# Closing Remarks

**Diligent management** of directional energy positions

Continuous development of **market intelligence** and **capilarity in commercial management**

**Capital stucture** prepared to **growth opportunities**

**Addition of 548 MWac of installed capacity** after implementation of **Sol do Piauí – Híbrido** and **Jaíba V projects**, in addition to **409 MW of Ventos do Piauí II and III**, in final phase of construction

**Capital allocation discipline** with focus on **value creation**





## **Investor Relations**

[ri.aurenenergia.com.br/en](https://ri.aurenenergia.com.br/en)

[ri@aurenenergia.com.br](mailto:ri@aurenenergia.com.br)

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