



eneva

# 4Q20 Earnings

March 11, 2021

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## Solid financial performance confirms the resilience of our business model



**Strong financials:** Robust balance sheet, healthy cash flow generation and sizable cash position. Enhancement of our capital structure pursuant to our commitment to reduce debt and maintain balance sheet flexibility



**Priorities unchanged:** Commitment to safety, while delivering essential services to our valuable customers with high level of reliability



**Energy Security:** We want to continue to lead the development of projects that deliver safe, stable, and affordable energy to society, as well as support the transition and growth of renewable energy



**ESG:** Focus on providing solutions to replace high emission energy sources, such as power generation from diesel and oil, with natural gas, helping to reduce overall carbon footprint



**Major goals for 2021:** i) maintain our reserve replacement ratio and further develop our exploration portfolio in Parnaíba and Amazonas Basins; ii) conclude the implementation of Azulão/Jaguatirica projects and continue the implementation of Parnaíba V on time, on quality and on budget; iii) expand along the gas-to-power value chain; iv) build and maintain the pipeline of future leaders; v) develop ESG KPIs and commitments; and vi) provide energy solutions to replace carbon intense energy sources with cleaner and lower cost natural gas.

## EBITDA benefitted from higher energy prices and lower costs



### Adjusted EBITDA: R\$615 MM

**16.3% increase from 4Q19**, reflecting recovery of dispatch levels combined with increased sale prices in regulated and free markets and cost reductions initiatives



### Efficient liability management

- **Prepayment of Itaqui and short-term debentures debts**
- **Disbursements from BNB and BASA totaled R\$779.4 million**
- **Cash stability: R\$1.9 billion** in 4Q20 vs. R\$1.8 billion in 4Q19
- **Leverage** (net debt/EBITDA LTM) **of 3.3x**



### Investments: R\$ 629 MM

Mainly directed to Azulão-Jaguatirica and Parnaíba V construction projects and exploration in Parnaiba Basin



### Growth

**Natural gas acreage acquisitions:** Juruá Field and 7 exploratory blocks, being 3 in the vicinity of Azulão Field and 4 in Paraná Basin, entering new exploratory frontier

# 4Q20 Market Overview

A combination of market and climate conditions led to increased energy consumption, boosting energy prices and thermal generation demand in 4Q20

## Demand

Accelerated economic recovery, mainly from 2H20

Above-average temperatures in 3Q20/4Q20 contributed to increased consumption

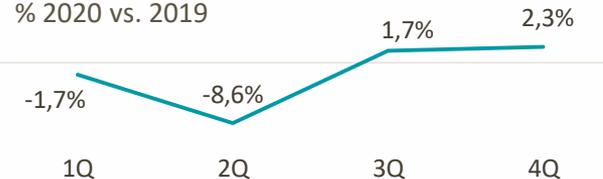
## Supply

At the end of 3Q20, lower-than-expected rainfall levels affected reservoir storage levels

In addition to reduced rainfall, higher temperatures in the period resulted in parched soil, jeopardizing the reestablishment of ENA<sup>1</sup>

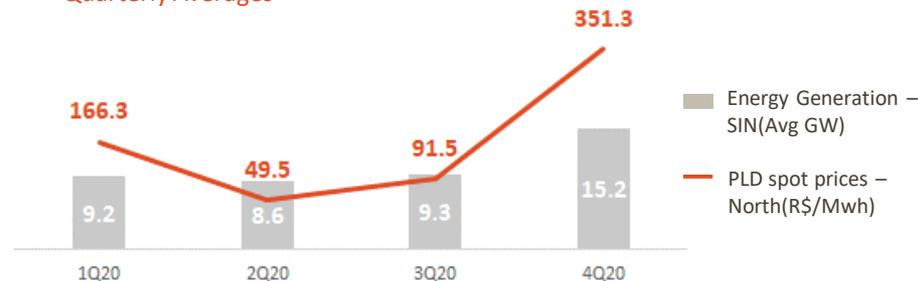
## Energy consumption

% 2020 vs. 2019



## Thermal energy generation (SIN)<sup>2</sup> and average PLD<sup>3</sup> spot prices (North system)

Quarterly Averages



Notes: 1 - ENA, from Portuguese, *Energia Natural Afluyente*, translates as “Run-of-the-river energy” and represents the flow status of a river at a given moment / 2 - SIN, from Portuguese, *Sistema Nacional Integrado*, translates as “National Interconnected System” and represents the Brazilian large-scale hydro-thermal system, consisting of generation plants in the South, Southeast, Center-West, Northeast, and North regions of the country, which is operated based on interdependence. / 3 - PLD, from Portuguese, *Preço de Liquidação de Diferenças* is a price reference calculated by Brazil’s National System Operator (ONS) to determine spot market prices for energy in the Free Market

# Market Forecast for 2021



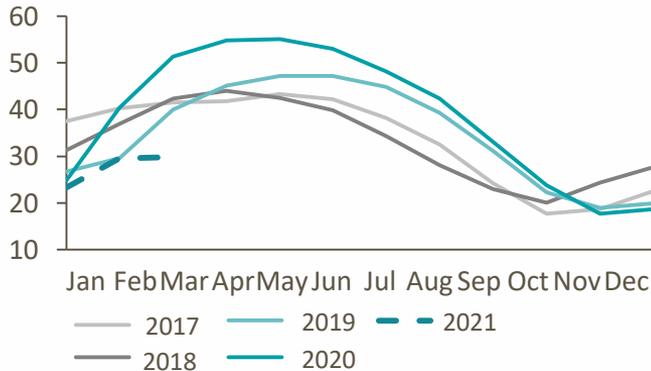
Conditions at the end of 4Q20 affected hydro power plant reservoir levels for 2021 and increased prices in 1Q21

To date in 2021, reservoir levels have underperformed past years and have induced thermal dispatch for energy assurance

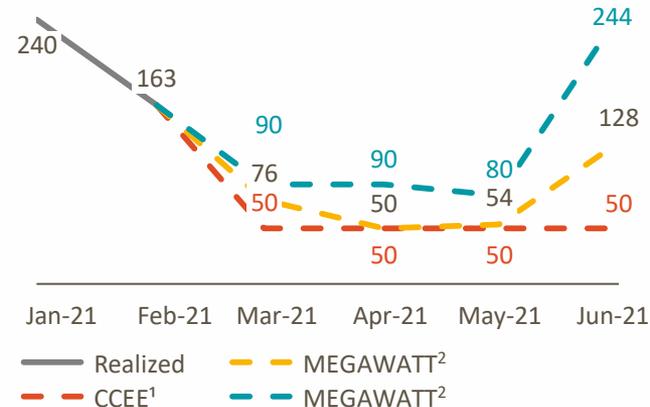
Main market projections indicate lower PLD prices for the next months and a subsequent increase by Jun/21 of approximately 32%

Based on up-to-date data and forecasts, Eneva's dispatch for 1H21 is estimated to range from 26%-32%

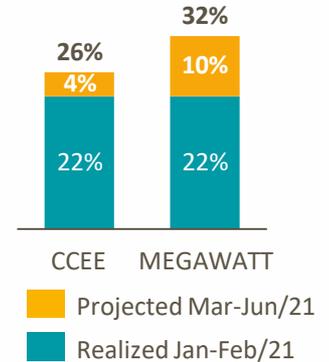
## Brazil's Southeastern Reservoir Levels



## Avg. Brazil's North Region PLD Forecast in 2020 (R\$/MWh)



## Eneva's Dispatch Forecast for 1H21 (%)



Notes:  
Forecast sources:  
Reservoir levels: ONS / PLD and Dispatch: CCEE – Info PLD Nov/2020 and MEGAWATT – Prices Presentation Week 1 - Mar/2021

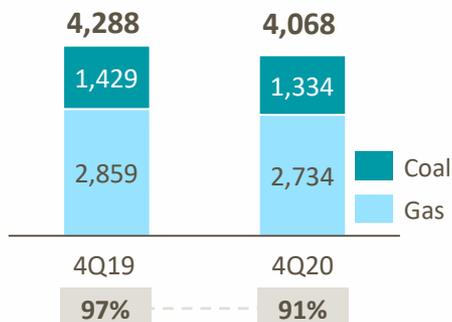
# Operating Performance & Revenue Impact

Higher net revenue driven by higher regulated market prices and a larger amount of energy sold in the free market also at higher prices



## Gross Power Generation (GWh)

### Gas and Coal Breakdown



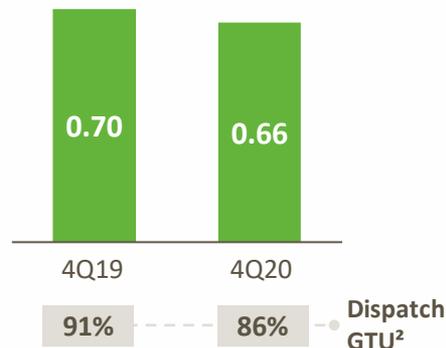
TPP's Average Dispatch<sup>1</sup>

Slightly lower dispatch compared to 4Q19 levels, but higher amount of energy traded in the free market

### Regulated and Free Market Breakdown



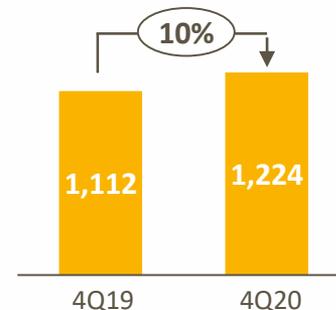
## Gas Production (Bi m<sup>3</sup>)



Lower thermoelectric usage versus prior year given lower dispatch levels



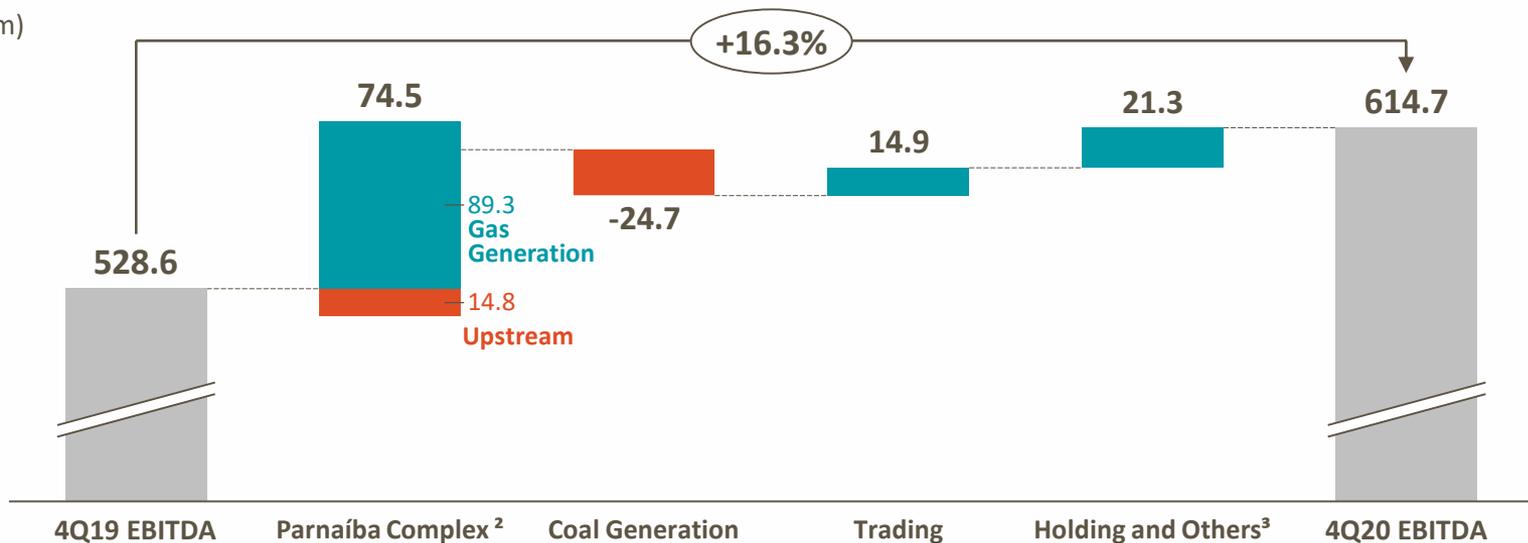
## Consolidated Net Revenue (R\$ Million)



Energy sold at higher prices both at regulated and free markets

EBITDA expanded due to increased energy sale prices and reduced operational costs

Adjusted EBITDA<sup>1</sup>  
(R\$ mm)



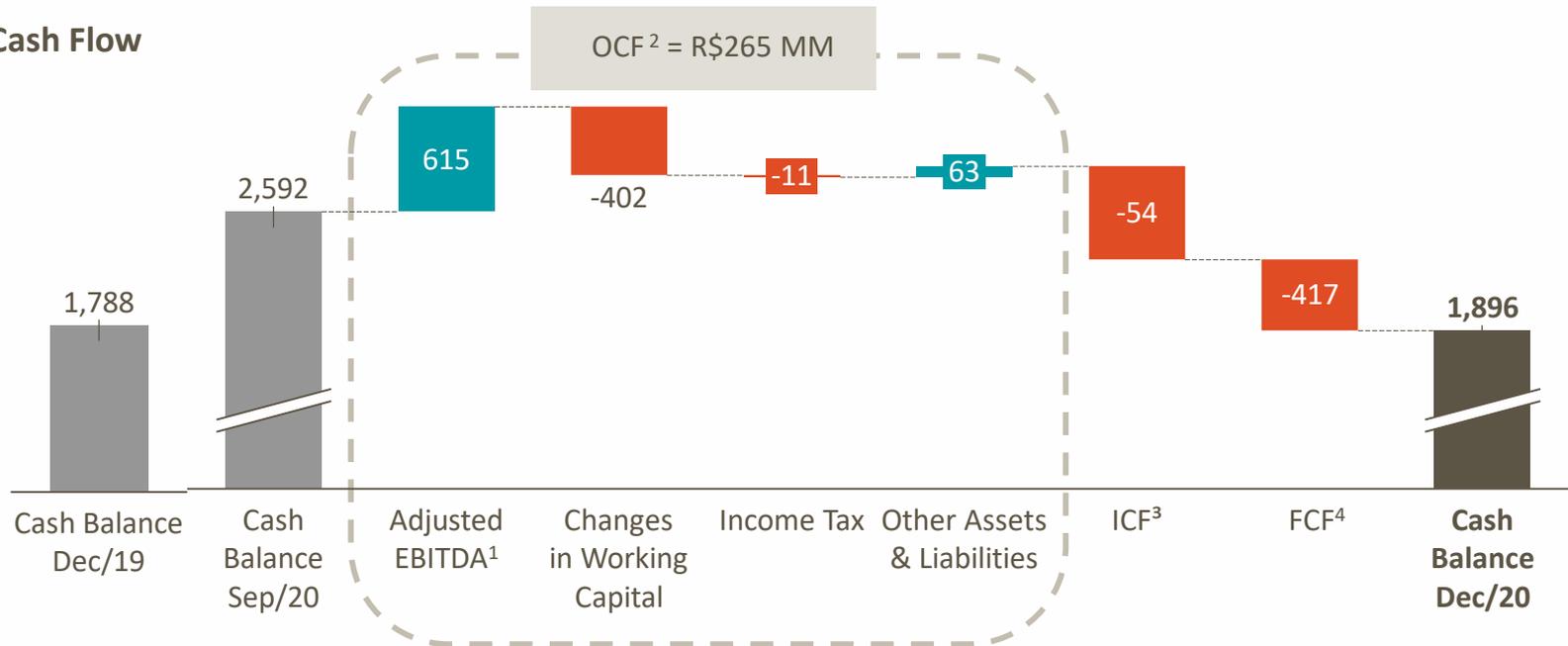
1- Adjusted EBITDA excludes dry wells expenses.

2- Considers the result of the gas generation and the Upstream segments, excluding the eliminations adjustments of the Parnaíba Complex, which are included in the Holding and Others column.

3- Considers eliminations in all segments.

## Comfortable cash position to fulfill obligations and capitalize on future growth opportunities

### Free Cash Flow (R\$ MM)



## Increased liquidity with disbursements from BASA and BNB

### Liquidity Analysis (R\$ billion)



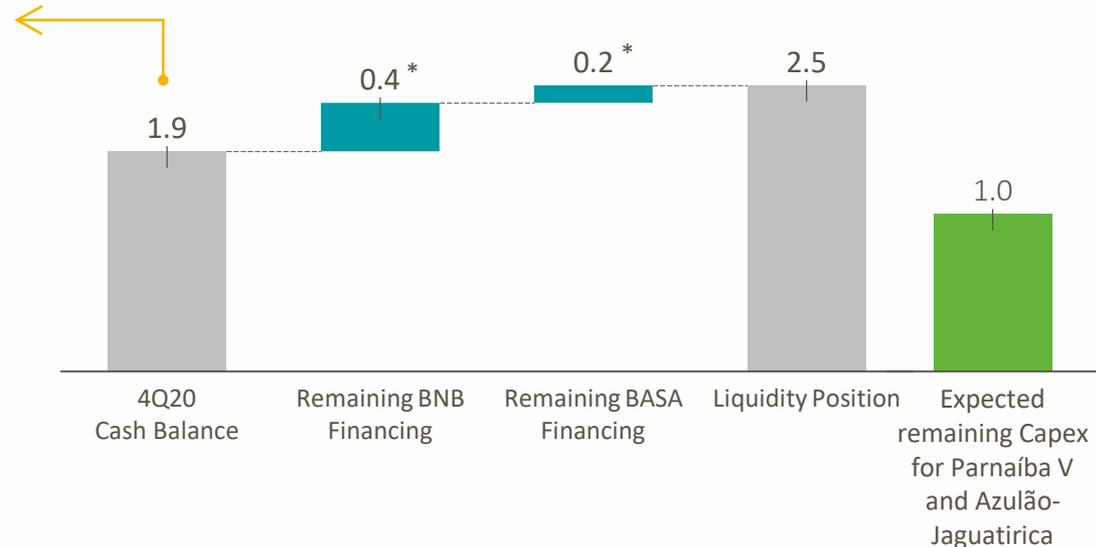
#### Funding

**R\$423 MM**

Total disbursed from  
BNB to date

**R\$850 MM**

Total disbursed from  
BASA to date



\*Remaining disbursements foreseen over the next months

# Capital Structure

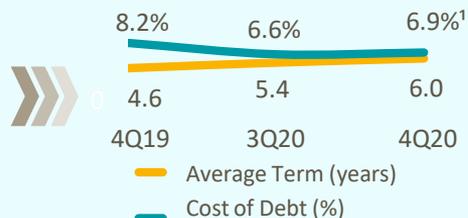
Active liability management reflecting consistent improvement of debt profile, lengthening terms and reducing costs

## Debt Profile

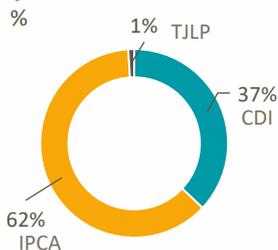
### 1 | Financing Prepayments in 4Q20

Creditor	Cost p.a.	Duration (years)
BNB (Itaqui)	7.83%	2.76
BNDES (Itaqui)	10.19%	2.92
Debentures	4.22%	0.5

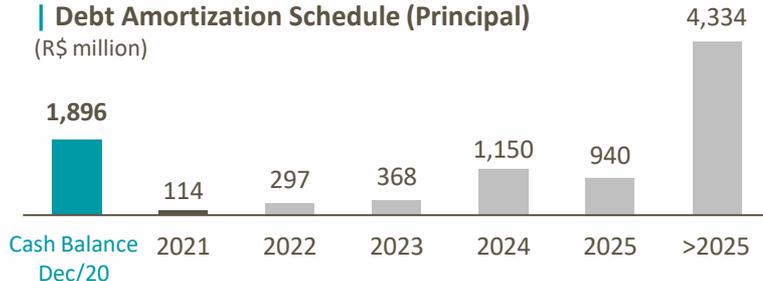
### 2 | Average Term and Cost of Debt



### 3 | Indexation

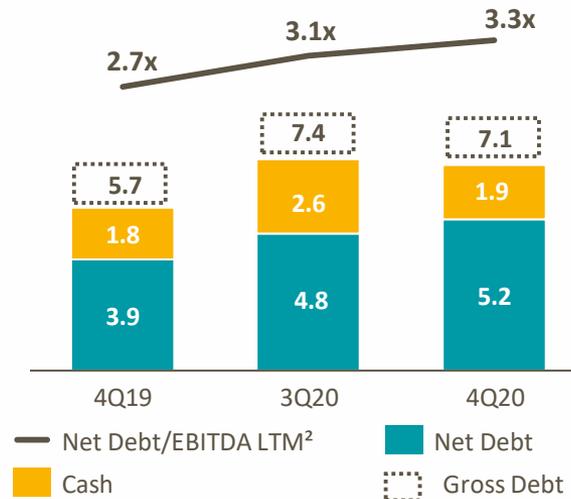


### 4 | Debt Amortization Schedule (Principal)



## Debt and Leverage

### 5 | Gross Debt, Cash and Net Debt (R\$ billion)



1 - Cost of debt calculation for the 4Q20 takes into account the following indexes accumulated in the year 2020: CDI of 2.77%, IPCA of 4.52% and TJLP of 4.87%.

2 - EBITDA LTM corresponds to the sum of the past twelve months EBITDA and is calculated according to CVM Instruction No. 527/12 and notes to the financial statements.

## 88% of 4Q investments directed to Parnaíba V and Azulão-Jaguatirica

### Parnaíba V

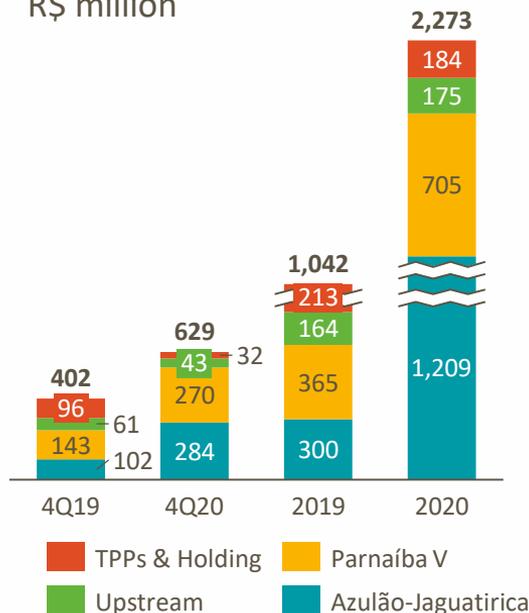
- Concluded detailed engineering, boilers assembly, pipe racks and 6 cells in the cooling tower out of a total of 12;
- Generator and transformers arrived and placed in respective platforms;
- Received steam turbine and water treatment plant equipment.

### TPPs and Holding

- **Gas TPPs:** delivery of parts for Parnaíba II's Hot Gas Path (HGP) and remaining payments related to Parnaíba I's HGP.
- **Coal TPPs:**
- Itaqui: parts for the CSU Overhaul received; coal transport system and Stacker Reclaimer maintenance; investments to meet the NR10 and N12 requirements;
- Pecém II: investments to adapt to NRs 10, 12, 13 and 20; critical pumps overhaul and relocation of the control room.

### Total CapEX

R\$ million



### Azulão-Jaguatirica

#### Azulão

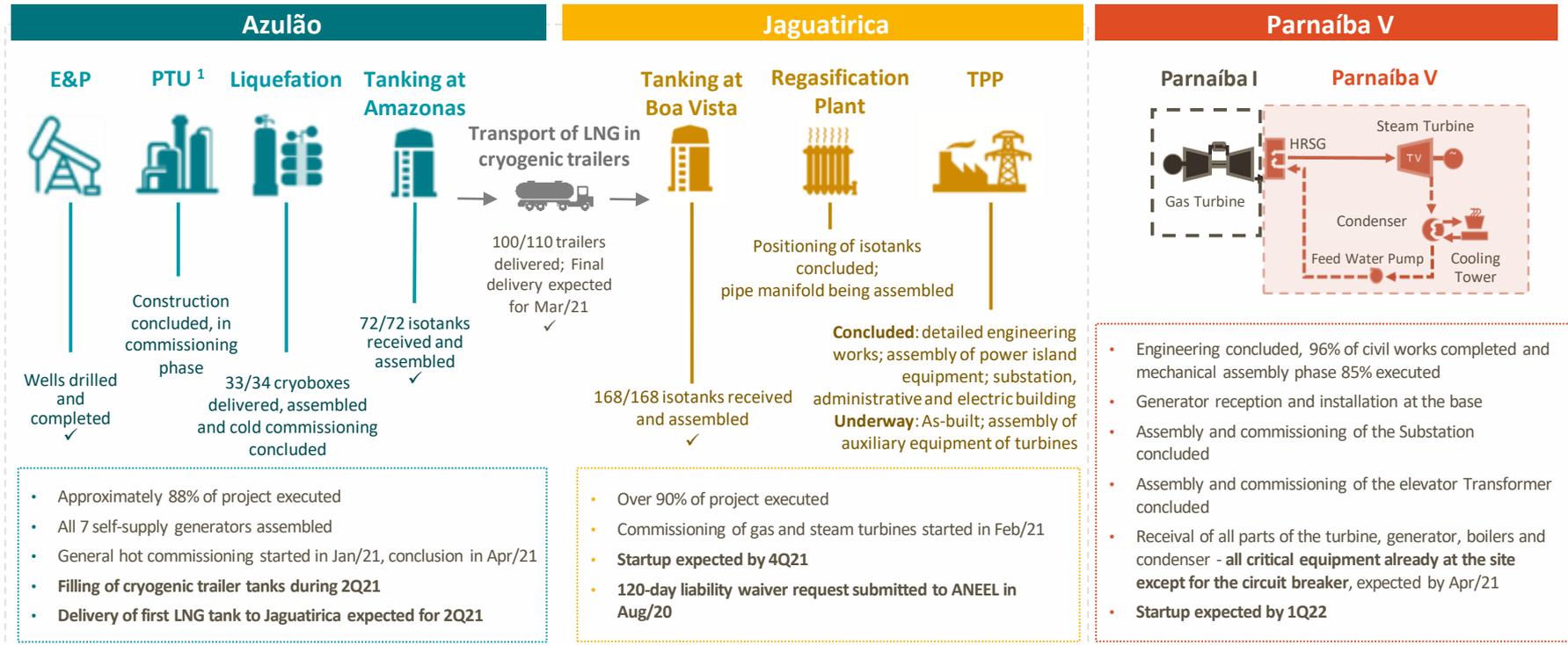
- Delivery of 33 cryoboxes and 85 cryogenic trailers;
- Finalized the assembly of the Gas Treatment Unit
- **Jaguatirica**
- Assembly of metallic structures of buildings and Aero Condenser Cooler;
- Electrical cables installation;
- Finished the assembly of power island equipment.

#### Upstream

- **Exploration:** Finalized drilling wells 1-ENV-16DA (PN-T-67A) and 3-ENV-17D-MA (extension of ENV-15 PN-T-102A);
- **Development:** Finished well 7-GVBN-1D-MA (GVBN); Finalized construction of GVBO's cluster 6 and the 8" pipeline interconnection to GVB's Cluster 3. Gavião Preto basic project concluded, remaining balance related to drilling the well 7-GVTE-1-MA (Gavião Tesoura) recorded.

# Projects under Construction

Progress in all work sites in line with revised schedule



1 - PTU – Primary Treatment Unit

# Gavião Belo's Declaration of Commerciality

## Overview and estimates of reserves volumes

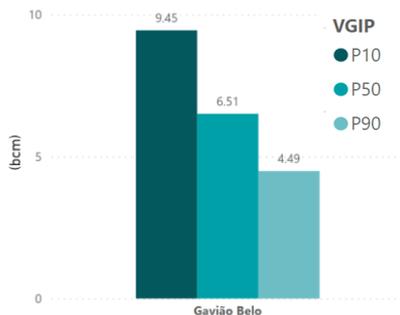
### Concluded

- 2 wells drilled and tested
- Acquisition of 66 km of seismic (in the Field's area)
- All ANP commitments fulfilled
- +/- 20% of the volume already discovered in the basin by the end of 2020

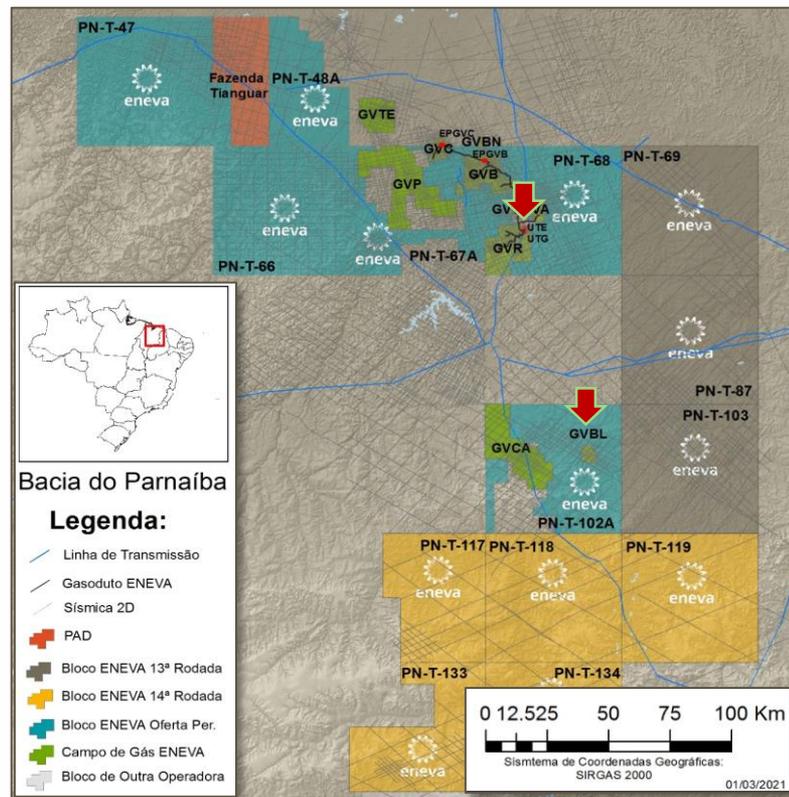
### Next Steps

- + 1 well at the field in 2021
- Acquisition of 54km of 2D seismic
- + 1 well at the field following seismic acquisition

### Statistical distribution of hydrocarbon volumes



	VGIP (bcm)	Recoverable (RF=85%)	Condensado (MM bbL)
<b>P10</b>	9,45	8,03	2,53
<b>P50</b>	<b>6,51</b>	5,53	1,74
<b>P90</b>	4,49	3,82	1,20
<b>Mean</b>	<b>6,78</b>	5,76	1,81



## Advances in ESG fronts



### ENVIRONMENTAL

- **Conclusion of carbon capture project:** **R\$5.0 million** invested in the development of a pilot plant using new CO<sub>2</sub> capture technology. Plant construction concluded and currently undergoing efficiency tests
- **Conclusion of ash application project:** **R\$1.8 million** to develop a method to pave a road using coal ash, reducing environmental impacts. Methodology applied to the plant access road
- **Replacement of diesel in isolated systems generation:** **R\$284.3 million** invested since 3Q20 in the implementation of **Azulão-Jaguaririca integrated project**



### SOCIAL

- **Advances in Sustainable Education project in Maranhão and Ceará:** Planted organic and green vegetable gardens in 43 public schools. In November, 11 schools harvested the first vegetables which were donated to the student's families
- **Support to Local Workforce – Qualification of New Operators (Amazonas State):** 2 phases were concluded in 4Q20 with 122 professionals, totaling +540 hours of training. 31 of them were hired by the Company.



### GOVERNANCE

- **Training on the new Code of Conduct and Anti-Corruption Policy:** 94% of employees and third parties trained, with 89% of adherence
- **Launch of the Compliance System:** constant monitoring of possible conflicts of interest
- **Launch of e-Atas App:** recording and monitoring meetings with the government
- **Launch of Information Channel:** to solve doubts about the new Code of Conduct, Internal Regulations, conflicts of interest or ethical dilemmas

# Parnaíba V TPP



Current overview  
of works

# UTE Parnaíba V

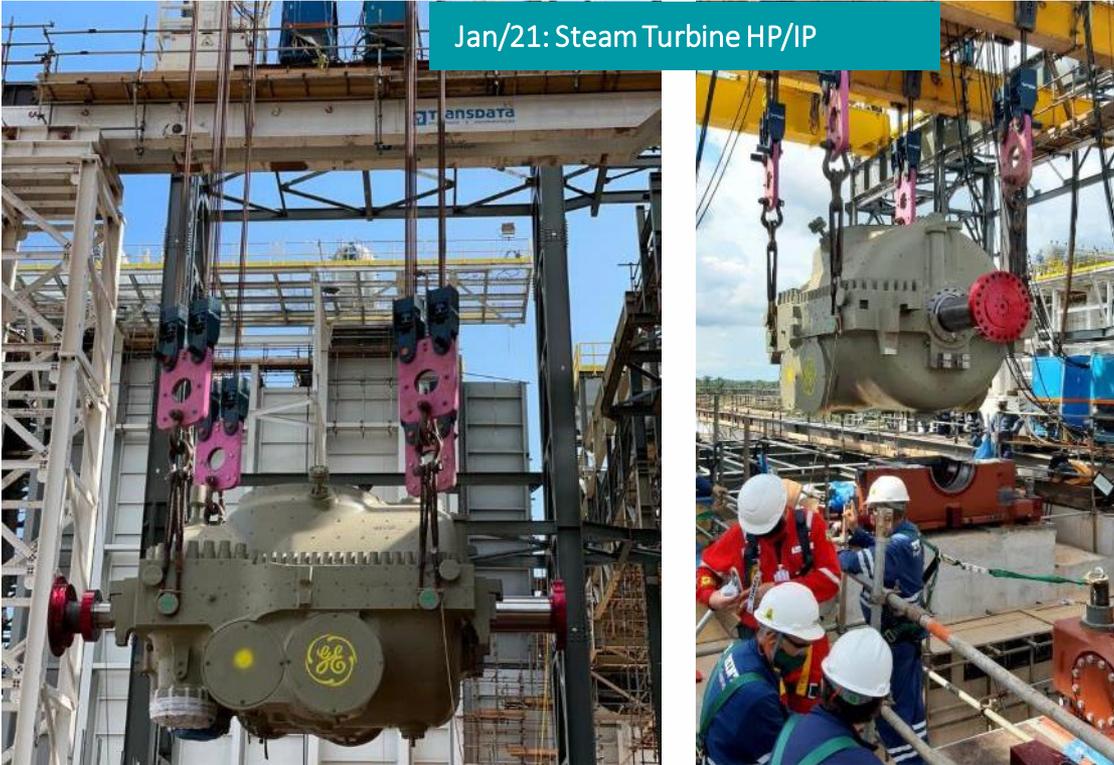
Dec/20: Transporting the generator to the site in a complex logistics operation and placing the generator in its base



# UTE Parnaíba V

Dec/20: Placement of the steam turbine HP / IP stages at its base and arrival of the condenser at the construction site

Jan/21: Steam Turbine HP/IP



Arrival of condenser at the Port of Itaqui



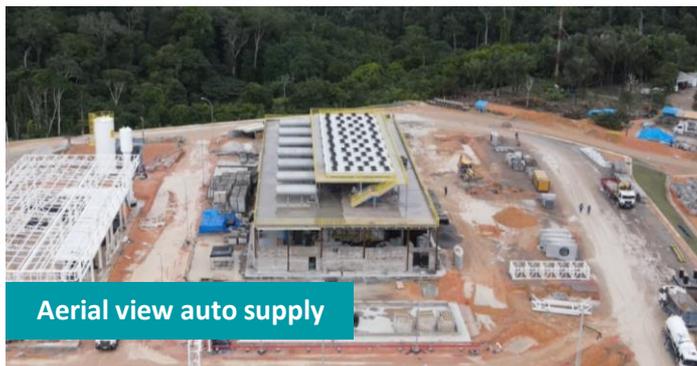
Azulão-Jaguatirica  
Integrated Project:  
Azulão

Current Aerial View



# Azulão

Auto supply



Aerial view auto supply



Installation of auto supply generators



Generators at base



Fuel tanks

# Azulão

Cryoboxes and isotanks



## Trailers



Tractors at Volkswagen/MAN in Resende - RJ



Trailers at Sarandí/SC

# Azulão-Jaguatirica Integrated Project: Jaguatirica II



Current Aerial View

# Jaguatirica II

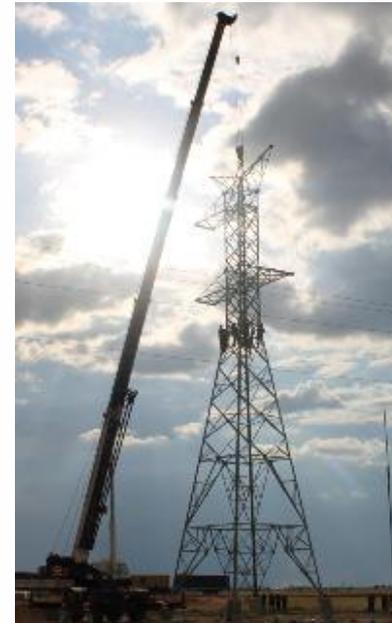
Aerial View - Works



# Jaguatirica II



# Jaguatirica II



16 Transmission Line Towers concluded



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