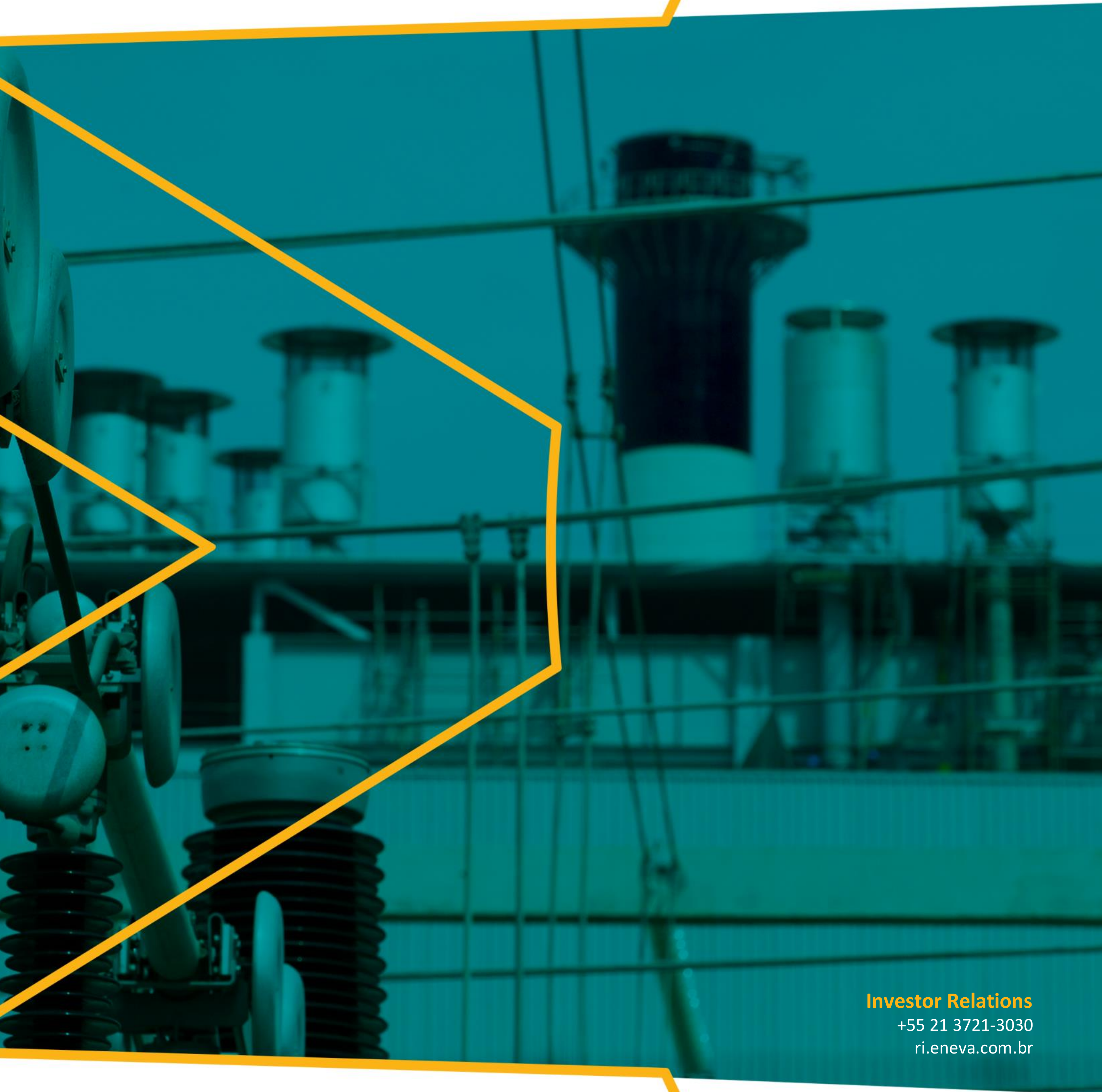
DISCLOSURE OF RESULTS

4Q19 Release



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4Q19 Conference Call Results
Tuesday, March 24, 2019
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ENEVA discloses results for the fourth quarter of 2019

Adjusted EBITDA reaches R$ 464 million, with a 49% growth compared to 4Q18

Rio de Janeiro, March 23, 2020 - ENEVA S.A. (B3: ENEV3) discloses today the results for the fourth quarter ended on December 31, 2019 (4Q19). The following information is presented on a consolidated basis in accordance with the accounting practices used in Brazil, except where otherwise stated.

Highlights of 4Q19

- Net generation reached 4,021 GWh, with 97% dispatch in thermoelectric generation
- Increased dispatch from thermoelectric plants drives gas production, which grows 138% vs. 4Q18;
- Consistent operational improvement in Itaqui leads to impairment reversal of R$ 127 million, and adjusted net income reaches R$ 269 million in 4Q19;
- Cash position of R$ 1.8 billion by the end of the quarter and leverage (net debt/EBITDA LTM) of 2.8x;
- Completion of the refinancing of Parnaíba II debt, with a reduction in average costs from CDI + 3.3% to CDI + 1.2% and an extension of the average term from 3.3 years to 4.5 years;
- Conclusion of the 3rd issuance of debentures in the total amount of R$ 650 million, at a cost of IPCA + 4.2%;
- Seismic data acquisition campaign started in blocks of R-13, R-14, Open Acreage and Fazenda Tianguar
- Victory in Auction A-6/2019 with the Parnaíba VI project, closing the cycle of Parnaíba III TPP, guaranteeing additional fixed annual revenues of R$ 85 million;
- Review of the physical guarantees of Parnaíba I and III allows the commercialization of additional 160 MWm, without incremental generation costs;
- Incorporation of 4.1 bcm of 2P reserves in the Parnaíba Basin, with a replacement rate of 293% in 2019;
- Signature of call option purchase agreement with exclusivity of 75% of the Nsa. Sra de Fátima TPP Project, in Rio de Janeiro, with a licensed capacity of up to 1,740 MW;
- Eneva submits a business combination proposal to AES Tietê.

Main Indicators						(R$ million)
	4Q19	4Q18	%	2019	2018	%
Net Operating Revenues	1,111.9	740.7	50.1%	3,137.4	3,301.1	-5.0%
EBITDA	433.8	307.9	40.9%	1,391.7	1,459.8	-4.7%
Adjusted EBITDA	464.0	311.0	49.2%	1,432.3	1,423.8	0.6%
Adjusted EBITDA margin[1]	41.7%	42.0%	-0.3 p.p.	45.7%	43.1%	0.1 p.p.
Adjusted Net Income	268.5	70.7	279.6%	514.3	307.6	67.2%
Investments	416.6	94.9	339.1%	1,056.2	266.5	296.3%
Operating Cash Flow	514.1	628.5	-18.2%	1,379.3	1,579.8	-12.7%
Net Debt (R$ Bi)	3.9	3.8	1.9%	3.9	3.8	1.9%
Net Debt/EBITDA LTM	2.8	2.6	6.8%	2.8	2.6	6.8%

[1]Adjusted EBITDA margin = Adjusted EBITDA/Net Operating Revenue excluding non-recurring items

Message from Management

Dear Shareholders,

I'm very proud of the results our team has accomplished this past year, delivering on our promises, and in some cases going beyond what was expected or required, generating excess value creation, reinventing normal and getting stakeholders to say "Wow!".

This was a year of decisions that will fundamentally change our company. Our marketplace is growing, resilient and steadily profitable, in a competitive and fast changing industry. It would be easy to rest on the accomplishments reached so far, but we don't have that choice, and it would be an enormous strategic mistake to miss the opportunity to transform our business. And because Eneva plays such an important role in the transition of the Brazilian energy matrix, because it's one of the most successful financial turnaround in the industry, and because it provides an innovative business model – transforming stranded on-shore gas assets into energy – it's worth the hard work, even if the path isn't always smooth.

I would like to go over a small subset of the key initiatives delivered throughout the year, ranging from the success in recent energy auctions, to the development of a new business model, that will further consolidate our growth strategy. The goal is to give you a sense of how much is going on across Eneva and how exciting it is to engage on these projects. This broad array of initiatives is only possible because of a large team of talented people at every level exercising their good judgment and always questioning, how do we make this better?

I like to think that one of the key reasons that we achieved so much in such a short period of time is because we have a dynamic corporate culture. We don't have a staid conservative culture, emphasizing excess consensus and overwhelming processes, but rather a confident blur of speed and action. To take action (and stick one's neck out) and do the right thing is obviously the best behavior. To take action and do the wrong thing is the next best (within reason and a limited number of times). Not to take actions (and miss opportunities) is the only unacceptable behavior. To engage in such behavior we must have the best people, align incentives and make sure we are all sailing the same tide.

Long term thinking is both a requirement and outcome of true ownership. If you want to build a company for the long term, build a company of owners. With the mentality of service provider, you will seek short-term gains and sacrifice future growth. With the mentality of an owner, or partner, you will always act in the best interests of your stakeholders. In the end, the work you do acting as an owner/partner will coincide with the interests of your shareholders. This is the mindset we built up in Eneva and the one we want to permeate, as we position the company to grow.

The trap of success and overconfidence: how can we avoid it?

We are very proud of the results achieved and the value delivered since the company's Re-IPO in 2017, generating a cumulative total shareholder return of 172% in 2019. We have successfully executed the company's financial restructuring, actively participated in new energy auctions and positioned the company to grow. In fact, we have achieved so much in such a short period of time that it is natural to be overconfident and believe that we can do almost anything. Just to make it clear, this is not our behavior!

Growing up as an athlete, I was always taught that confidence was the key factor to success. I won't argue that in most cases, confidence is a key factor to being successful. It is important for any competitor to be sure of themselves and their own abilities. Without pride and trust in oneself, it can be a challenge to achieve great things. However, how much confidence is too much confidence? Is there a point where too much confidence can be detrimental to success?

What people often fail to realize is that there is a difference between being confident and overconfident. Confidence allows you to believe in your abilities and usually drives you to do better work. You hold yourself to a high standard because you know your potential and don't want to fall short. However, overconfidence usually leads to arrogance and a false sense of perfection. When a person believes she cannot fail, she fails to remember that nothing is ever guaranteed. If you fail to acknowledge your competition, for example, you will not feel the need to push yourself harder. You will feel comfortable where you are and will not reach your true potential. We won't allow this to happen at Eneva.

Over the past five years we have set high performance standards and delivered most of our targets. And this came as a result of a lot of hard work, competence and, why not, some luck. But our lemma is: good, better, best. Never let it rest, until our good is better and our better is best. We should be prideful and believe in yourselves, but don't ever get to the point where our self-confidence gets in the way. If you reach a point where you think you are good enough, you will find yourself getting further and further away from your maximum potential. As individuals, and as a corporation, we must always remember that improvement is a continual process. Don't ever be content— keep on thriving because there is always room for progress.

The Known and Unknowns, uncertainties and our business strategy

On February 2002, Donald Rumsfeld, back then Secretary of State of the US, used an until then, little known framework to help him in making the case for the invasion of Iraq: the Knowns and Unknowns framework. The Knowns and Unknowns categorization has been used since the Greek era and in many areas of knowledge. It is a powerful tool to surface what we know and don't know about a problem.

The apparent simplicity of the Knowns and Unknowns framework is deceiving: it can bite you and get people thinking that you are just playing with words, as happened to Rumsfeld. On the other hand, the framework can help us to understand our approach to uncertainty and business strategy: What do we know already (known knowns)? Are we conscious of what we are not exploring (unknown unknowns)? What about biases and unconscious decisions (unknown knowns)? Are we aware of our assumptions (known unknowns)?

In decision making, a subject I'm quite passionate about, this framework has been used to identify different environments and how organizations should proceed in each of them. The chaotic environment, for instance, corresponds to our Unknown Unknowns. The way to deal with chaos is by being prepared to respond to eventualities: agility and adaptability are key. Organizations that insist on doing deterministic forecasting and detailed planning in a chaotic environment will fail.

At this year's investors' presentation (Eneva Day) we had the chance of setting the context of our business strategy using the known and unknows principles. A good example of the framework is the development of Parnaiba VI (bottoming of the cycle of PIII) project. At the beginning of the year, the project was considered as a known unknown, i.e., we had the knowledge and capabilities to implement it but we required an energy auction and attractive prices to make it happen. With the success in the auction, PVI became a known known, and part of our execution strategy.

But what were the topics we are not considering and/or not understanding? Exploration and production of hydrocarbons is a high-risk, high-return venture and geological concepts are uncertain with respect to structure, reservoir seal, and hydrocarbon charge.

We continuously face important decisions regarding the allocation of scarce resources among investments that are characterized by geological and financial risk. In this sense, our exploration efforts are a classic case of uncertainty in decision-making and a good example of unknown unknows; they provide an ideal setting for the investigation of corporate risk behavior and its effects on the firm's performance. The wildcat drilling decision –or hydrocarbons exploration in general – has long been a typical example of the application of decision analysis and something we address with organized skepticism.

Exploration & Organized Skepticism

In nearly every decision there are factors we can control and predict – and others we can't. Weather we realize it or not, we practice what Anne Duke (a scholar at the University of Pennsylvania and retired professional poker champion) calls "thinking in bets". By thinking in bets, or as I would define, incorporating uncertainty in our decision-making process, it helps us to better identify mistakes and unlucky moments of brilliance, so we'll be less vulnerable to reactive emotions and destructive habits. Understanding this rationale is extremely important to understand how we allocate capital in our exploration business and how we build our exploration portfolio.

Over the past five years I have heard many investors asking us to provide further guidance on our exploration reserves and resources, inferring that we are too conservative (or skeptical) on our projections and information disclosure on the subject – bear in mind that it takes a long time to build trust, but just a few seconds to destroy it… Skepticism usually gets a bump rap because it tends to be associated with negative character traits. It is about approaching the world by asking why things might not be true rather why they are true – don't take things for granted. This inquisitive approach is a recognition that, while there is an objective truth, everything we believe about the world might not be true. This moves us closer to what is objectively true and has been one of the reasons of our success.

Expressing and understanding uncertainty improve truth-thinking. That's what we have done by providing an annual report on reserve certification to the market, with different uncertainty levels of proven reserves (1P, 2P and 3P) and prefer not to disclosure the estimation of resources (1C, 2C and 3C). If we start by making clear our exploration uncertainties, shareholders are more likely to understand that any discussion that follows will not involve right versus wrong, but rather adjusting expectations, and thus maximizing truth-seeking. But if we start providing single deterministic views on the potential of reserves, or estimation of resource volumes, which by definition carry much larger uncertainties, and if by chance we miss the targets or estimations fall short, shareholders would not only question our exploration capabilities but also our ability to convey the truth – long term relationships are built on trust, and we want to make sure that we convey the right message to our shareholders. The best way to reduce uncertainty in exploration is by improving petroleum system models, and to do so, we allocate capital in two main fronts: i) acquisition of better data and, ii) a team of experienced and knowledgeable geoscientists. Attempts to short cut this process and accelerate it will end up as poor capital allocation as it may lead to inconclusive results anyway.

Having said that, we're going to stick to our annual target of 100% reserve replacement ratio as it perpetuates the life of the R2W assets and we do believe that this is the best way to convey the message of our long-term exploration objectives and to reduce noise on future cash flows estimates.

Turning our Aspirations into reality and "The growth trilemma"

We have always balanced investing for the long-term with delivering against our current short-term commitments to drive growth in a sustainable way. Eneva's average shareholder's investment produced a return of approximately 20% in 2019. While this figure is only about average for the sector, in 2019 alone we have made significant capital allocation decisions, committing approximately R$3 billion in capital expenditures until mid-2021, which we expect to improve return on shareholders capital overtime.

Through successful bidding strategies in energy auctions, we are adding steady cash-flows to our portfolio, generating double-digit real-terms equity returns (unlevered). Such strategy has increased our intrinsic value. Although we make no attempt to predict how security markets will behave in the short term – and consequently affect our stock price –, in the longer run, we feel that many of our major investments are going to be worth considerably more money than we paid, and that investment gains will add significantly to the operating returns of our company.

One of the biggest challenges faced by companies as they grow is whether to allocate excess cash on growth capex, on dividends distribution or on deleveraging the balance sheet. These are all nice to have problems, and we call it *"the growth trilemma"*. For the short term, the answer is straight forward, as our cash flow is 100% focused on developing Azulão-Jaguatirica and Parnaiba V projects. As of 2021, these two projects will come to live and we will be faced with a completely different situation. We would no longer have to choose amongst the trilemma alternatives but would rather have the ability to pursue all three at the same time. Current projects in the pipeline will generate such strong cash flows that we will be able to quickly deleverage, freed-up the balance sheet to invest in new projects and at the same time put in place a cash-based dividend policy for our shareholders. We will balance amongst each option as capital allocation decision and will maximize value overtime.

Eneva and AES Tiete Business Combination

Setting a growth strategy based on organic projects, that will increase the company's asset base by 35% in two years – with double digit full equity returns – brings its own complexities in terms of execution. But fueling growth through acquisitions brings additional complexity. That's why our approach through inorganic growth is best characterized by the twin themes of value creation: accretion and patience. As per my message in last year's letter, growth for the sake of growth doesn't add value. The proposed combination of Eneva and AES Tiete has strong economic rationale – based on the intrinsic value of the assets – and a strategic fit, as it enables the creation of a sizeable platform with a diversified asset base.

Successful business combinations — those that turn out to be a profitable use of resources — follow three major guidelines. These guidelines are not formulated as commandments or orders but are necessary conditions for success. All business combinations must have the potential to create joint value, must be governed to realize this value, and must share value in a way that provides a reward to each party's investment. Our proposal for AES Tiete has these three guidelines clearly defined.

These three guidelines determine the success of any business combination, and at first glance, they're easy to grasp. But each is deeper than it looks. And living by them is tricky in practice. Often, one or the other gets short shrift in the rush to strike a deal or gets lost in the glare of a promising future. That's why we have been evaluating the combination of the assets for over a year, trying to understand the do's and don'ts behind the proposed transaction and evaluating different scenarios.

The first guideline for a successful business combination is that the remix of the two entities must have the potential to create more value than the resources can generate when governed separately. In common business language, the combination must produce synergies. I hesitate to use that term because of its reputation as a business buzzword. But the bad rep comes from ignoring the complex processes involved in creating value in combinations.

To address this bad rep, we will focus concretely on the economic and competitive mechanisms that will drive the creation of joint value. Why would combining resources yield an added benefit? What new competitive advantages are generated by the combination? Does it matter how the resources are combined? Which key levers affect the amount of value created by the combination?

To understand the deal rationale, we would have to go back in time and understand the incentives of the controlling shareholder of AES Tiete. AES Corp had faced more strict financial conditions since the beginning of its endeavor in AES Tiete, and has, consequently, been underinvesting in AES Tiete, pushing for dividends at the holding level. Such a strategy has positioned AES Tiete as a traditional "yield co" (high dividend payment company) but at the same time set a contradiction to the company's strategic position – defined as a growth company to take advantage of a promising Brazilian energy market. To fulfill its growth needs, AES Tiete has been trying to expand its portfolio through new acquisitions.

Considering that equity markets are quasi-efficient, share prices dynamics are a good proxy of value creation. AES Tiete share prices, before the combination proposal, is a good recognition of the success of this strategy: AES Tiete has appreciated -5% over the past 3 years (Feb-17 to Feb-20), compared to +88% from the Energy Index and +55% from the B3. From a strategic perspective, the combination of Eneva and AES Tiete would enable AES Tiete to fulfill its growth strategy, increase the duration of its contracted portfolio and better position it to changes in energy market dynamics.

From a risk management perspective, the combination of Eneva and AES Tiete generates a natural diversification (hedge) into the cash-flows of the combined entity. The negative correlation between hydropower and thermoelectric generation is -0.95x! More specifically, in Eneva - AES Tiete combination this figure gets to -0.74x. This would imply in a reduction in the cash flow at risk of the combined entity to R$130 million per year, compared to R$150 million for Eneva and R$180 million for AES Tiete, on a stand-alone basis. In other words, the combination of assets would reduce the variability in cash-flows by 60% on a yearly-basis, improving the credit quality and better positioning the combined company to further engage in its growth strategy. In short, the combination of the two companies put in place a sizeable generation platform with fully operational assets, higher cash-flows and improved EBITDA predictability.

This newly formed asset base, with more stable and predictable cash-flows, would be perceived as less risky and would consequently have a lower cost of capital – essential to successfully maintain value creation over time – better positioning the combined company to fulfill its growth aspirations.

There are many other synergies that can be measured and quantified. Streamlining costs and SG&A reduction are the most obvious ones but the main driver of value creation is on the accelerated usage of tax losses carry-forward. The AES Tiete transaction brings in three important elements that will dramatically reduce AES Tiete's effective tax rate: (i) a sizeable goodwill to be amortized along nine years, (ii) the tax shield brought by new debt, considering the acquisition strategy, and (iii) Eneva holds approximately R$ 1.5 billion of tax losses carryforward that can be effectively appropriated on AES Tiete's results.

Complementarity between Eneva´s TPPs generation profile (in particular guaranteed energy) and the seasonality of AES Tiete's HPPs risk reallocation mechanism adjustment (GSF factor), will enable others optionalities such us: i) better management of energy contracting terms on the free market (e.g time to market and quantity of assured commitment energy committed Vs energy contracts), allowing premium pricing conditions. Also, needless to say that the combined entity energy trading book would result in the reduction of counterparty and duration risks, providing more optionality to the trading portfolio and our trading strategy. We would hold a stronger platform to engage in the expected expansion of the free market.

The second guideline is the ability to execute and deliver the economic value added, not just on paper. In other words, the combination must act as an integrated operation in those areas that count for value creation.

Effective governance means more than ensuring that the parties get along at the personal level or that their cultures mesh. Business combinations, of course, involve people, and "soft" factors related to culture. Important as these factors are, however, they do not predict success. Excellent combinations have been struck across wide cultural differences, and cordial personal relationships have often failed to support poorly designed business combinations. We have observed that when "cultural differences" are cited to explain the failure of a deal, the phrase more often than not hides conflicting interests and incompatible strategies.

Across all these various forms, the elements that are critical to creating joint value must be managed effectively in a coordinated fashion. We have successfully implemented the integration between Parnaiba Gas Natural and Eneva and have learned some important lessons throughout the process and expect to replicate in the combination of Eneva and AES Tiete:

i. "Follow the money" – focus integration on the few critical issues that really add value.
ii. Resolve "power and people" issues quickly – map key-men risks before the closing of the transaction and ideally get the senior team in place 30 days after the merger announcement.
iii. Integrate by focusing on the most critical decisions, not routine processes. Keep it simple so that the organization focus on the base business.
iv. Win the "hearts and minds" of both companies associates, communicating an achievable and passionate vision of the future.

The third guideline is related to the shared valued between parties involved in the transaction. The value proposition for Eneva shareholders was highlighted in the previous paragraphs whilst the value creation for AES Tietê shareholders is crystal clear – independently of the investor profile.

The proposal, as designed, involves a cash component and an equity stake in Eneva's shares.

As so, for the group shareholders who search for increased liquidity, it is a great opportunity to immediately monetize part of his/her stake at an attractive premium over current market prices. The remaining holding stake would be concentrated on the shares of a better company, with increased trading liquidity in the secondary market that could be easily monetized in a very short period of time.

For investors who are looking for either growth or dividends, they will be shareholders of a new company that will be able to pursue both paths, as previously described on the "growth trilemma" section.

A Recap of 2019

In so many ways, 2019 was one of our strongest year to date. Our performance was the result of solid execution, continued investment in strategic imperatives, and another active year in the participation in new energy auctions. We furthered our lead as one of the most competitive energy sources in a transitioning energy market and solidified our recognition as the partner of choice in the north and northeast regions. At the same time, we crossed a significant milestone, by expanding the boundaries of our business model value proposition along the value chain. A few highlights from a remarkable year:

- Successful strategies in energy auctions, adding approximately 224 MWs of new installed capacity and increasing in approximately 161 MWs of physical guarantee in our current operations at very attractive real returns;
- Recurring EBITDA in line with expectations at R$ 1.43 billion, implying in a cash conversion of 100%;
- Incorporation of certified 2P reserves of 4.1 Bcm in Parnaiba basin, reaching a reserve replacement ration (RRR) of 293%, and above our annual target of 100% RRR;
- Implementation schedule of Parnaiba V and Azulão-Jaguatirica projects on time and on budget;
- Recurring net profits of R$514 million, compared to R$308 million in 2018, representing a YoY increase of 67%;
- Free cash to flow to equity reached R$429 million, with a cash position at year end of approximately R$1,8 billion, and a net debt to equity ratio of 2.8x

As 2019 begun the newly elected government had to face a severe energy crisis caused by the interruption of electricity exports from Venezuela into Roraima – the only State in Brazil not connected to the National Grid. As a result of the cut in the energy supply, all diesel-fired plants had to be activated. At the peak of the crisis the State of Roraima is consuming around 1.3 million liters of diesel a day to provide energy to roughly half a million people. That is almost three liters of diesel per day, per person, just to keep the lights on! The cost of this operation is exorbitant, covered by subsidies paid by all Brazilian electricity consumers. In 2019 alone the estimated cost of this subsidy stood at R$ 220 million for Roraima, and of R$ 6.2 billion for all isolated systems. Some will call this a subsidy; we will call it opportunity!

To address the issue, the Ministry of Mines and Energy organized an emergency auction for the Roraima Isolated System. The auction included some challenging parameters, such as delivery of the first megawatt in 24 months! At the end of May, Eneva emerged successful in the auction – winning the right to supply 132 MWs at approx. R$ 800 per MW/hour; delivering a minimum full equity project return of approximately 24% for over 15 years. In addition to attractive returns, we made an important strategic move by expanding our business along the value-chain, acquiring capabilities on in situ gas liquefaction and LNG logistics. We consider this to be a first move advantage into more remote regions of the northern states, particularly in Amazonas and Roraima – with a potential to convert highly polluting and expensive diesel generation by cleaner and more cost effective domestic LNG, reaching an addressable market of approximately 322 MWh by 2023 –, and expect to replicate this business model over the next couple of years.

The Azulão-Jaguatirica project is highly representative of some of our core values: resilience, collaboration, grit, and ability to take risks responsibly. The project entrenches our pioneering culture, the same DNA that successfully implemented the Reservoir to Wire model in other remote regions of the country. It shows what kind of results our "can do" attitude generates: many thought the project was crazy, we just thought it was a good idea, and took the initiative. This is the kind of project that brings a spark in the eyes of our own people and motivates them to go beyond. When completed, it will be our landing on the moon. We chose to go there not because it was easy, but because it provides an outstanding risk-adjusted return for our shareholders and leverages our position in a prominent market.

Besides all factors previously addressed, we were the only company holding the expertise along the full value chain to price the reserves, design and develop the project, and in the future operate it. Azulão field was discovered in 2000s and if it were not for Eneva, it would most likely remain undeveloped for another decade.

We are breaking into new markets in the North, but also consolidating in the Northeast, where we hold most of our operating assets. We had successful bids in the A-6 auction – adding an additional capacity of 93MW to the Parnaiba Complex – and in the bids for existent energy (A-1, 2 auctions), which resulted in the revision of physical guarantees of Parnaíba I and Parnaíba III, generating additional cash-flow upsides.

On our exploration efforts we have acquired six additional blocks during the first edition of ANP's permanent bidding round. Four of these blocks were under our portfolio in the past, and due to improved evaluation models and more mature understanding of the subsurface in the region we decided to buy them back. The other two blocks are not new to Eneva either, for one of them, we have already acquired some seismic data from exploration efforts done by another operator in the past, and the other block is next to our Fazenda Tianguar PAD (appraisal ring fence in ANP terminology), where we managed to flow light oil to surface for the first time in the basin during a well test.

We continued to deliver on our promises

We surpassed our *Reserve Replacement Ratio (RRR)* annual target of 100% to reach 4.1 BCM of additional reserves, representing an annual RRR of 293%. Securing gas for the extension of the contracts in the Parnaiba complex is probably the most value-added strategy for our company. Any excess reserves increase the optionality to either extend the duration of the current PPAs or replicate the virtual pipeline concept implemented in the Azulão-Jaguatirica project at the Parnaiba basin. The inner-lands of Brazil are demanding more efficient energy sources and domestic in situ LNG generation and distribution might be a welcomed solution.

Key milestones in the construction phase and the conclusion of the financing of *Parnaíba V project* were set in stone. On the construction phase we have successfully finalized most of ground civil works, i.e., excavation and large concrete structures for the foundations of steam boilers (HRSG), for steam turbine, for cooling tower and for water treatment plant. We entered the raining season with only minor ground civil works to be completed before mechanical construction starts at the beginning of 2Q20. First heavy equipment loads will start to arrive at the construction site in 1Q20 and during 2020 we will see the plant "growing from ground". Apart of an unknow event, construction continues according to schedule, and COD shall be achieved by January 2022.

We have successfully concluded the financing of Parnaiba V, issuing R$ 500 million of infrastructure debentures and signing an agreement with Banco do Nordeste for the financing of the remaining R$ 843 million related to the CAPEX of the project. Considering these two sources of financing, the project will have a debt structure with a weighted average cost of inflation (IPCA) + 3% and duration of Y years.

The monetization of Azulão field was one of the most desirable targets set for 2019, as it not only would prove right our decision to purchase the field, but also our ability to export the R2W model to other regions of the country, applying the company unique knowledge. We stroke big time!

In addition to the opportunity of monetizing the field at very attractive risk adjusted returns we developed new capabilities and opened new venues of growth with the first project in Brazil to have in situ small scale LNG generation associated with long distance cryogenic logistics. This achievement required the entire company to think outside of the box. The initial idea, which consisted on a project to implement conventional R2W into another region, was then adapted and converted to R2W with LNG generation and logistics. Add to that the need to deliver it in 24 months! We are very happy with the results achieved so far: amongst all the auction winners, Azulão-Jaguatirica is the only project that secured all environmental permits and licenses and has its implementation schedule on track. The Azulão site has finished all earth works, the foundations for liquefaction equipment is under way and we are already receiving the more critical equipment: 22 out of 32 cryoboxes are in Manaus or on transit; 180 out of 240 isotanks are in Manaus and Boavista or on transit, and our self-generation equipment has concluded acceptance tests in Germany. For Jaguatirica site, earth works have been completed and the foundations for gas turbines, steam boilers (HRSG) and steam turbine are also finished. We expect to conclude all excavation and underground works by 1Q20, right before the raining season in the region. Gas turbine construction is on schedule in Sweden and steam turbine is been assembled in Brasil. Other heavy components are also under construction and deliveries shall start towards the end of 2Q20.

We have revamped our *energy trading business* through the restructuring of *Eneva Comercializadora ("Eneva Trading")*. Our goal is to build a business that enables Eneva to monetize the growth options arising from the development of the energy free market and take advantage of the optionalities in our portfolio. Our energy trading business was designed to be self-sustaining, i.e., to focus on providing proper returns to its risk-adjusted capital base. To deliver the expected risk-adjusted returns we have implemented robust processes, well defined procedures, and designed a strict governance to assess, manage and control market and credit risks.

As part of our trading strategy we are focusing on demand origination for medium and long-term energy contracts, prospecting natural gas clients and optimizing our marketing strategy for natural gas liquids. This would enable us to not only diversify revenue sources and risks, but also to guarantee medium to long term cash flows. Also, considering that, over time, we hold an increasing amount of guaranteed energy – not committed to regulated contracts – we want to make use of the optionality in our portfolio by capturing synergies from trading and market intelligence.

2019 represented the first important step as we deleveraged our position, aligned VaR exposures and optimized trading strategies. Quick wins from the implemented strategy have already started to show positive results: our gross margin was three times higher than the allocated capital at risk, increasing net profits at the business unit level – R$12.8 million compared to -R$11.2million in the previous year.

Innovation is a fundamental pillar of our strategy. Despite the strong capital-intensive barriers of entrance, the combination of exponential technologies and innovative business models can have a rapid and expressive impact on our industry, as it has already happened to others. In this context, we are developing a portfolio that tries to balance sustaining and disruptive innovation.

On *Sustaining innovation* it is worth highlighting three projects that we structured in 2019, leveraging data usage (on seismic, image and temperature) to bring insights through machine learning algorithms. We're using machine learning techniques on three main fronts: 1) in exploration, optimizing 2D seismic processing, to identify more assertively hydrocarbon findings on previous and new areas of interest; 2) at Itaqui TPP, seeking to optimize maintenance and reduce or eliminate operational downtime or early failure of our conveyor belt by recognizing roller heating and belt misalignment with images / temperatures mapped out by automatic drone flights; and 3) in Parnaíba complex, where we are optimizing the inspection process of our pipeline network right of passage to identify erosions and damages on images mapped by automatic drone flights.

On *Disruptive innovation* our focus is on monitoring technologies, markets and business models that are evolving with exponential trends. As highlighted last year, we are implementing distributed generation pilots in Ceará and Maranhão, and whereas the associated technology is mostly off-the-shelf (photovoltaic panels), we believe that the business model itself could change significantly with the free market in the medium-long term. This will present us with digital and tokenized marketplace opportunities that can become very relevant in the local Energy market with winner-takes-it-all dynamics, especially in the still not so crowded B2C market.

Another disruptive topic that we are following closely is electric mobility. If we consider that 80% of EV charging will be carried out at homes / condominiums, when vehicles are parked, we still need to create solutions and business models that do not exist today. This creates interesting perspectives from an energy trading perspective, as EV charging is the one and only type of energy that can be freely commercialized by any agent in Brazil. This is what our current R&D project, accepted by ANEEL, explores.

To support our growth strategy and key initiatives in our business plan we need a solid balance sheet and strong credit rating. In 2019 we have concluded important initiatives to *strengthen the company's balance sheet and optimize cash flow disbursements*.

Firstly, through the merge of our subsidiaries Parnaiba I and Parnaiba 5 into a single entity, we simplified our corporate structure even further. Amongst other benefits, such strategy resulted in: i) usage acceleration of approximately R$ 1.5 billion in tax loss carry-forward at the holding level – with the benefits of such initiative starting to be collected in 2019, resulting in income tax savings, on a cash basis, of R$ 338 million; and ii) further optimization of overhead & shared costs. Cash management is more efficient as idle cash was reduced, trapped cash has been eliminated and cash now flows more optimally within our corporate structure.

Secondly, an active liability management strategy has put the company into a much more financially sound position. Throughout the year we have tapped the financial markets three times, taking advantage of reductions in local interest rates, increasing duration and reducing average cost of debt. We issued approximately R$ 3.4 billion in debentures, of which R$ 2.7 billion were allocated to prepay more expensive debt contracts. As a result, we expect to reduce financial expenses by approximately R$ 75 million per year, which means more free cash flow to be reinvested into our business.

We have also progressed in the financing of our projects. Both Parnaiba V and Azulão-Jaguatirica projects will be 100% debt financed, at very competitive terms and conditions. Needless to say for the more educated investor, but worth highlighting that, the equity internal rate of return of a project (IRR) is calculated by considering the cash flows net of financing. That means a project is funded by a mix of debt and equity. If the project is fully funded by equity, the project IRR and Equity IRR will be the same. If the project is fully funded by the debt, equity IRR simply doesn't exist as the IRRs approach infinity!

For Azulão-Jaguatirica project we have contracted a R$ 1 billion credit facility with Banco da Amazonia, and expect to finance the remaining R$ 800 million by tapping the financial market with debentures throughout 2020 and 2021. The average cost of financing this project should be similar to that of Parnaiba V, at weighted average cost of inflation (IPCA) + 3% and duration of 9.7 years.

Recurring EBITDA reached R$1.4 billion, in line with 2018 figures. Dispatch levels were in line with expectations, at 52.5%, and slightly above levels observed in the previous year (at 51.5%). Our EBITDA was positively impacted by improved fixed margins in both, gas and coal thermal power plants, though negatively impacted by the lower generation in PECEM II (as a result of a planned overhaul) and lower availability of TPPs during peak demand periods.

The results of our asset integrity program, implemented in 2018, allied to a predictive maintenance mindset, enabled improved efficiency KPIs in our coal assets. Coal consumption reached benchmark levels of approximately 0,38 t/MWh (compared to 0.39 t/MWH in 2018) in both TPPs. Also, the implementation of a tender process in our coal purchase agreements resulted in better commercial conditions and the possibility of developing new suppliers to attend Itaqui e Pecem II demand and shall have a positive impact on our variable margins. At the Parnaiba complex we have also seen improved performance of our TPPs, a pragmatic review of our maintenance process improved the utilization of resources clearing a long back log of scheduled activities, with a direct impact on the amount of preventive maintenance as compared to reactive, which in turn reflected in availability gains. The integration of the entire asset under the same leadership also proved more efficient, as outages planning and day to day resource sharing also enabled sustained gains in cost reduction.

Operating cash flows reached R$1.4 billion, implying in a cash conversion of 100%, slightly below 2018 levels (at 108% and with an operating cash flow of R$1.6 billion). The main driver for the lower operating cash-flow levels, on a YoY basis, is related to working capital needs, more specifically, changes in account receivables. Main changes in accounts receivables can be explained by a payment delay of R$30 million by year end (already sanitized), and to the higher dispatch in 4Q19 compared to the same period in 2018 – considering that our receivables schedule is on 20, 30 and 45 days.

Our cash generation, measured by operating cash flows deducted by interest expenses and sustaining investments, reached R$736 million in FY19, resulting in an implied cash-flow yield of approximately 9% -- quite attractive considering current interest rate levels and the growth optionality in our portfolio.

Recurring net profits achieved R$514million, representing a 67% increase compared to the equivalent period in 2018. Bottom line results were positively influenced by capital restructuring initiatives previously highlighted and efficient tax strategies (effective tax rate reached 7.66% in 2019).

Goals for 2020

Although this may seem like an obvious statement, the relevance of identifying concrete goals cannot be overstated. Last year we have addressed the advantages and perils of expressing our views about the future and, with that, our milestones for the year. One may have an overarching company vision to “double generation capacity by 2023”, but if you don’t establish concrete and measurable goals to keep the business moving forward you would generate disappointment and frustration over time. We have set five major goals for the 2019 and delivered almost 100% of what we promised. The only partially met target was on the expansion along the gas-to-power value-chain as we have successfully joined efforts with an International Oil Company (IOC) for a new TPP complex in the Southern region, though did not have the opportunity to monetize our project in an energy auction.

In 2020 Eneva has five major goals: i) maintain our reserve replacement ratio of at least 100% and further develop our exploration portfolio in Parnaiba Basin; ii) deliver business combination with AES Tiete; iii) continue the implementation of Parnaiba V and Azulão/Jaguatirica projects on time, on quality and on budget iv) Expand along the gas-to-power value chain; v) build the pipeline of future leaders.

i) *Reserve replacement ratio and exploration portfolio* – we continue to believe that the most value-added strategy to maintain our competitive advantage and expand our business model is to find and develop more reserves. In the Parnaiba Basin such a strategy not only increases the IRR of the projects in place but also generates excess cash to finance growth. We remain confident in our portfolio and have set a target of drilling 13 wells in 2020, out of which 7 will be exploratory – where we acquired 4,557 km in 2D seismic in the past years.

ii) *Business combination with AES Tiete* – We believe this transaction has a compelling value creation, an unique opportunity to generate value for all stakeholders. The business combination would result in a company with a portfolio of essential assets and, still, with all the necessary competences for the development of new competitive and diversified projects to support the growth and energy demand in the country.

We have already engaged with AES Tiete in meetings to promote our views on the value created by the combination of the two companies and expect to engage to jointly finalize the integration plan. Also critical for the next phase is the construction of a retention plan (bringing the best in terms of human capital from both entities) to retain key personal and the preparation of the integration team boot-camp. This would expedite the integration process and assure that core business from each company runs normally.

Good planning on this phase will increase the chances of higher success post-closing as we would be capable of implementing organization changes quickly, engage in detailed design initiatives, reinforce new culture and publicly uphold with clients, key suppliers and other channels.

iii) *Implementation of Parnaiba V and Azulao-Jaguatirica projects* – the delivery of these projects on time and on budget, with an associated capex of approximately R$3 billion will set on stone our execution capability – a key competence to drive growth generating value.

For Parnaiba V, by the end of 2020, all heavy mechanical construction will be finished. Key activities for next year would be instrumentation and automation of the plant, followed by commissioning and assisted operation.

For Azulão, we expect to be hot commissioning the gas production and liquefaction facility by the end of the year, and be ready to deliver LNG to Jaguatirica as early as March 2021. As for Jaguatirica, the majority of the plant assembly is to be concluded by year end, with only the final assembly of gas turbines being pending, with a goal to start hot commissioning early April 2021.

iv) *Expand along the gas-to-power value-chain* – We have taken significant steps in the partnership with an IOC to develop and build a TPP complex, with a total installed capacity of 1.75 GWh. Depending on market conditions and expected returns for the project we expect to exercise the optionality to expand along the gas-to-power value chain with the two scheduled auctions for year.

v) *R2W and in situ LNG generation and logistics* – Our proposal to expand along the value chain goes beyond what has been done so far. Specifically, on Azulao, we want to go further. Our exploration team has already analyzed large amounts of seismic data from adjacent blocks and we have good reasons to believe in the potential of the Amazon basin. The Solimoes basin also contain large proven natural gas reservs waiting to be unlocked. We want to replicate the in situ small scale

LNG generation associated with long distance cryogenic logistics business model into remote regions in Amazonas.

The target is to increase the access to onshore domestic gas in the North and expand the model to replace highly polluting, expensive and unreliable diesel generation with more cost efficient, reliable and low emissions natural gas energy sourcing. Not only in energy generation, but also in industries and transportation, LNG will have a role to play in the North of the country, were piped gas will take much longer to reach.

vi) *Build the pipeline of future leaders* – Throughout this letter, and in previous ones, I have made it clear that recruiting and retaining the best people, is almost an obsession for us. We will not deliver our goals without having people with the right attitude, knowledge and skills. For that, we invest a lot of time evaluating performance and appraising all employees regularly, to giving feedback and elaborating individual development plans. Our organization appraisals reinforce we are building a meritocratic organization and we will continue pursuing the correct human resources strategy to support this culture. In 2020, we are putting in place a team of 25 trainees that have been selected from a group of over 11,000 candidates from all corners of Brazil (and a few graduates from overseas). These young professionals will rotate over eight areas of expertise during their first year, and after a period working on a problem-solving project within these areas, shall be appointed to the many leadership positions that we will open in our operations in the North and Northeastern Brazil.

I usually end our letter on a positive – and realistic – tone about the perspectives for the following year. This year wouldn't be different if it wasn't for the recent Coronavirus pandemic. Economists' views on the economic consequences of the virus shock have evolved dramatically in recent weeks with respect to the severity and duration of the outbreak. Research from specialists now expects the global economy to experience an unprecedented contraction during the first half of the year as containment measures are driving deep collapses in monthly economic activity. All I can say, at the moment, is that we have adopted all measures to guarantee the safety of our associates – as there is no bigger asset than a life – and adapted our operating plans to the current environment, but with no changes, or delays, in project milestones.

We continue to share the view that Eneva is a wealth-creating company. It is through moments of big turbulence that we have to remain calm and not loose focus. Understanding and having the ability to deal with uncertainty is of great value in moments of high volatility.

2019 was a transformational year for Eneva. We reshaped our portfolio and improved our operations. And our solid financial results are a strong endorsement of the strategy that we have in place. We also demonstrated that we can deliver strong results, even when our end markets are weak. Looking ahead, our task is clear. We must continue to focus on organic growth, run the company well, and smartly deploy our strong free cash flow.

We continue to aim your journey with us a prosperous one.

Pedro Zinner

CEO

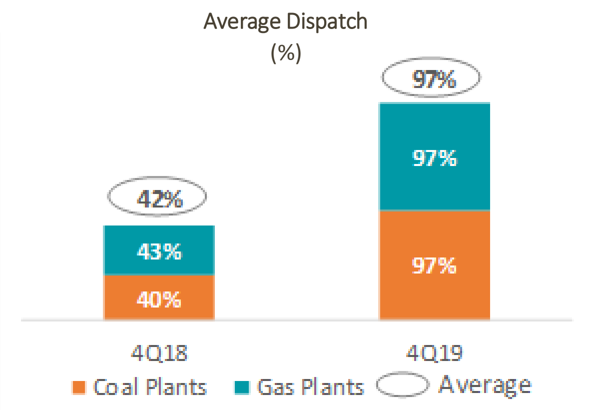
Operating Performance

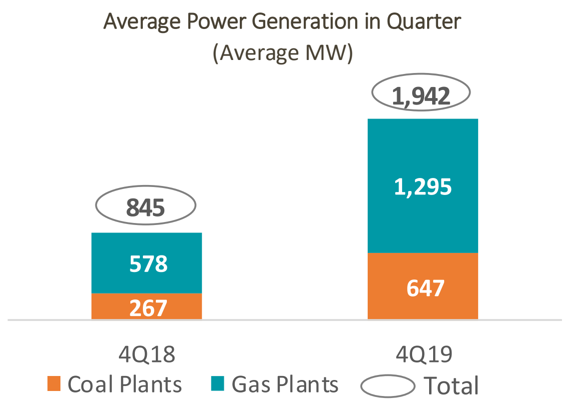
Operating Data		4Q19	4Q18	2019	2018
Itaqui	Availability (%)	99%	100%	99%	91%
	Dispatch (%)	97%	35%	46%	42%
	Net generation (GWh)	668	247	1,277	1,027
	Gross Generation (GWh)	755	279	1,442	1,163
Pecém II[1]	Availability (%)	86%	92%	81%	96%
	Dispatch (%)	98%	45%	70%	67%
	Net generation (GWh)	605	278	1,463	1,796
	Gross Generation (GWh)	674	311	1,635	2,014
Parnaíba I	Availability (%)	94%	99%	98%	96%
	Dispatch (%)	98%	28%	45%	45%
	Net generation (GWh)	1,328	373	2,456	2,417
	Gross Generation (GWh)	1,375	387	2,544	2,512
Parnaíba II	Availability (%)	95%	98%	97%	93%
	Dispatch (%)	100%	66%	64%	61%
	Net generation (GWh)	1,023	672	2,617	2,495
	Gross Generation (GWh)	1,074	707	2,748	2,628
Parnaíba III	Availability (%)	95%	100%	98%	97%
	Dispatch (%)	82%	28%	27%	37%
	Net generation (GWh)	295	102	382	536
	Gross Generation (GWh)	304	106	393	556
Parnaíba IV	Availability (%)	90%	97%	96%	92%
	Dispatch (%)	98%	66%	45%	55%
	Net generation (GWh)	102	74	193	212
	Gross Generation (GWh)	107	77	202	222
Upstream	**Upstream - Parnaíba Basin**				
	Dispatch in UTG (%)	91%	38%	46%	46%
	Production (Bi m³)	0.70	0.29	1.41	1.41
	Remaining reserves (Bi m³)	24.1	21.4	24.1	21.4

[1] As of August 10, the Pecém II plant underwent preventive maintenance, ending in October (major overhaul).

Power Generation

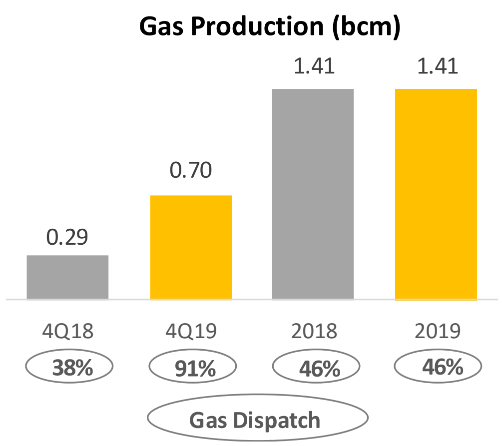
The Northern and Northeastern subsystems presented less favorable hydrological conditions in 4Q19, reducing the reservoirs' levels and boosting the growth of the thermoelectric dispatch in this period. The increase in the dispatch in the fourth quarter compared to the previous years was an atypical event, which resulted from the delay in the wet season that extended throughout the third quarter, which moved the expected dispatch level for the third quarter to the fourth quarter of 2019.

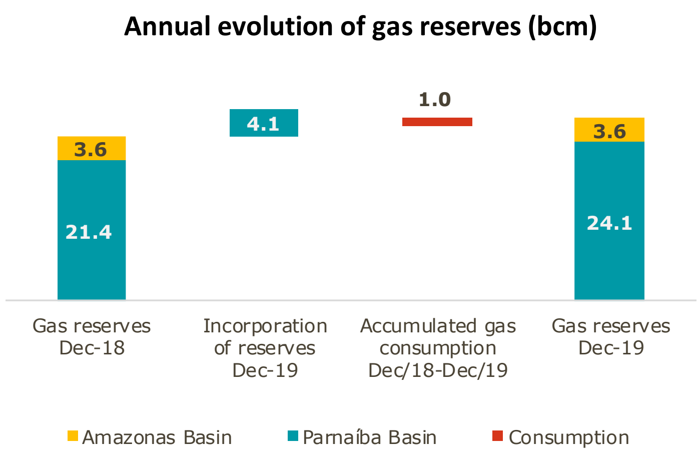




From August 10 to October 11, 2019, a preventive maintenance was performed in Pecém II, including the scheduled shutdown programmed to occur every 35,000 hours of operation (*major overhaul*), in compliance with the requirements set out in safety regulation No. NR-13. Thus, the average availability of the TPP amounted to 86% in the quarter. Plants Parnaíba I and III had a reduced availability compared to the fourth quarter of 2018 due to the scheduled maintenance, while Parnaíba II and IV were subject to corrective maintenance.

Upstream





In 4Q19, the Company produced 0.7 billion m³ of natural gas, meeting the dispatch of the thermoelectric power plants of the Parnaíba Complex, which totaled 96% on average. The increase in thermoelectric generation and, consequently, gas production in 4Q19 when compared to 4Q18 moved the dispatch expected for 3Q19 to 4Q19, as explained above.

In January 2020, the Company disclosed an updated reserves certification report, prepared by Gaffney, Cline & Associates. The report showed an increase in the 2P certified reserves of 4.1 billion m^3 at Parnaíba Basin in 2019, mainly as a result of the incorporation of reserves from fields Gavião Carijó, Gavião Preto and Gavião Azul. Considering the consumption of gas in 2019, the net increase in gas reserves in 2019 amounted to 2.7 billion m^3.

The Company has one outstanding Discovery Appraisal Plan (PAD), Fazenda Tianguar, located at block PN-T-49 of R9, with due date on June 1, 2021.

In response to the Company's request to change the boundaries of Gavião Preto Field concession area (GVP) to incorporate the Angical PAD area (block PN-T-67), ANP requested the review of the GVP Development Plan, so as to consider the resulting final area. This review is under progress.

Financial and Economic Performance

Consolidated Income Statement						(R$ million)
	4Q19	4Q18	%	2019	2018	%
Net Operating Revenues	**1.111,9**	**740,7**	**50,1%**	**3.137,4**	**3.301,1**	**-5,0%**
Operating Costs	(705,7)	(470,7)	49,9%	(1.899,2)	(2.012,4)	-5,6%
Depreciation and amortization	(127,7)	(94,7)	34,8%	(414,1)	(414,0)	0,0%
Operating Expenses	(121,6)	(89,6)	35,6%	(373,5)	(333,3)	12,1%
Dry Wells	(4,1)	(18,9)	-78,5%	(37,0)	(38,2)	-3,1%
Depreciation and amortization	(17,5)	(13,9)	25,5%	(75,9)	(52,1)	45,7%
EBITDA (excluding dry wells)	**433,8**	**307,9**	**40,9%**	**1.391,7**	**1.459,8**	**-4,7%**
Other revenue/expenses	94,2	3,7	2455,5%	101,1	197,1	-48,7%
Net Financial Result	(121,5)	(150,7)	-19,4%	(410,2)	(541,0)	-24,2%
Equity Income	0,6	6,3	-90,5%	0,9	0,6	43,0%
EBT	**257,9**	**39,6**	**550,8%**	**556,5**	**612,1**	**-9,1%**
Current taxes	(16,6)	15,8	N/A	(39,5)	(35,9)	9,9%
Deferred taxes	123,2	415,2	-70,3%	82,1	310,4	-73,5%
Minority Interest	(1,0)	1,2	N/A	(1,7)	0,4	N/A
Net Income	**365,4**	**469,4**	**-22,2%**	**600,8**	**886,2**	**-32,2%**

Adjusted EBITDA						
EBITDA (excluding dry wells)	**433,8**	**307,9**	**40,9%**	**1.391,7**	**1.459,8**	**-4,7%**
Non-recurring Items	**30,2**	**3,1**	**878,5%**	**40,6**	**(35,9)**	**N/A**
Labor termination costs	-	-	N/A	1,2	3,4	-64,4%
Bonus	7,4	-	N/A	7,4	(0,9)	N/A
Restructuring Consultancy	-	0,7	N/A	0,8	3,2	-75,3%
Financial Advisory	-	2,3	N/A	-	12,2	N/A
Stock Options	4,6	-	N/A	9,5	1,4	588,9%
Amapari TPP demobilization	-	-	N/A	1,5	-	N/A
Asset Transfer Tax	16,2	-	N/A	16,2	-	N/A
Purchase of Call Option	2,0	-	N/A	2,0	-	N/A
2014 and 2015 transmission tariff values reviewed	-	-	N/A	2,1	-	N/A
14^{th} Round - Upstream: signature bonus & project costs	-	-	N/A	-	(2,7)	N/A
Azulão Expenses	-	-	N/A	-	0,1	N/A
2013 Fixed Revenues Review - Pecém II	-	-	N/A	-	(39,9)	N/A
Recoveries of Electrical Sector (Teif/Teip) - Pecém II	-	-	N/A	-	(0,7)	N/A
Recoveries of Electrical Sector (Teif/Teip) - Itaqui	-	-	N/A	-	(6,5)	N/A
PIS/COFINS Credits (2013 to 2017) - Pecém II	-	-	N/A	-	(5,4)	N/A
Adjusted EBITDA	**464,0**	**311,0**	**49,2%**	**1.432,3**	**1.423,8**	**0,6%**
Adjusted EBITDA margin[1]	**41,7%**	**42,0%**	**-0,3 p.p.**	**45,7%**	**43,1%**	**2,5 p.p.**

Adjusted Net Income						
Net Income	**365,4**	**469,4**	**-22,2%**	**600,8**	**886,2**	**-32,2%**
Non-recurring Items	**(96,9)**	**(398,7)**	**-75,7%**	**(86,5)**	**(578,6)**	**-85,1%**
EBITDA adjustments	30,2	3,1	878,5%	40,6	(35,9)	N/A
Fair value update - acquisition of Pecém II	-	-	N/A	-	(126,2)	N/A
Indexation - 2013 Fixed Revenues Review - Pecém II	-	-	N/A	-	(14,7)	N/A
Itaqui Impairment	(127,1)	-	0,0%	(127,1)	-	0,0%
Amapari	-	(2,2)	N/A	-	(2,2)	N/A
Write-off of deferred liabilities on goodwill	-	(153,4)	N/A	-	(153,4)	N/A
Constitution of deferred tax (PGN incorporation)	-	(246,2)	N/A	-	(246,2)	N/A
Adjusted Net Income	**268,5**	**70,7**	**279,6%**	**514,3**	**307,6**	**67,2%**

[1] Adjusted EBITDA margin = Adjusted Ebitda / Net Operating Revenue excluding non-recurring items

Consolidated adjusted EBITDA, which excludes non-recurring events, totaled R$ 464.0 million in the 4Q19, a 49.2% growth compared to the 4Q18, resulting mainly from the performance of the Upstream segment, with an increase of the production (0.70 bcm in 4Q19 vs 0.29 bcm in 4Q18) in response to the higher dispatch of gas-fired power plants (97% in 4Q19 vs 43% in 4Q18).

In the gas generation segment, Parnaíba II TPP dispatched outside the inflexibility period during the entire month of December 2019 (qualifying for receival of variable revenues - CVU) while it was off in December 2018, which resulted in a positive impact of R$ 4.5 million on the Adjusted EBITDA, when comparing the analyzed periods. This higher dispatch also strongly impacted Parnaíba IV TPP's EBITDA, given that in 4Q19 it was operating under the free market environment, that is, when it becomes available for the system and it is dispatched on a centralized basis by ONS, thus liquidating the generated power according to the PLD price, in a high PLD scenario. In 4Q18, in turn, the plant had a lease agreement with Kinross mining company, through which it received a fixed monthly revenue in order to deliver a fixed amount of power.

EBITDA in coal generation remained practically stable, with the expansion of fixed margins in Pecém II offsetting the positive impact that the generation for replenishing the operational reserve (RRO) had on the 4Q18 results.

The Company's adjusted net income totaled R$ 268.5 million in 4Q19, compared to $ 70.7 million reported in 4Q18, impacted not only by the EBITDA growth, but also by the improvement in the net financial result and the reversal of the impairment constituted in previous years related to Itaqui ("Other income/expenses"). The fixed assets and intangible assets of Itaqui were submitted to a recoverability test and, as result of the consistent improvement in their operating performance owing to the investments and management improvement implemented in the last years, the amount of R$ 127.1 million was reversed.

Consolidated Cash Flow

Free Cash Flow						(R$ million)
	4Q19	4Q18	%	2019	2018	%
EBITDA	**433.8**	**307.9**	**40.9%**	**1,391.7**	**1,459.8**	**-4.7%**
(+) Changes in Working Capital	38.8	365.9	-89.4%	(131.9)	200.9	N/A
(+) Income Tax	(9.2)	(19.9)	-53.7%	(31.9)	(61.1)	-47.8%
(+) Other Assets & Liabilities	50.7	(25.4)	N/A	151.4	(19.8)	N/A
Cash Flow from Operating Activities	**514.1**	**628.5**	**-18.2%**	**1,379.3**	**1,579.8**	**-12.7%**
Cash Flow from Investing Activities	(264.4)	(108.0)	144.8%	(830.9)	(521.8)	59.2%
Cash Flow from Financing Activities	34.0	(32.0)	N/A	(153.7)	(744.5)	-79.4%
New Debt and Others	1,414.0	1,578.5	-10.4%	3,414.0	2,018.4	69.1%
Debt amortization	(1,284.7)	(1,511.0)	-15.0%	(3,083.1)	(2,424.8)	27.2%
Interest	(183.9)	(120.6)	52.5%	(371.6)	(382.9)	-3.0%
Other	88.6	21.1	320.0%	(112.9)	44.8	N/A
Total Cash Position	**1,788.2**	**1,359.3**	**31.6%**	**1,788.2**	**1,359.3**	**31.6%**
Total Cash Position + Escrow Account	**1,909.8**	**1,489.3**	**28.2%**	**1,909.8**	**1,489.3**	**28.2%**

4Q19 operating cash flow totaled R$ 514.1 million. Working Capital totaled R$ 38.8 million, mainly as result of the combination of:

(i) reduction in inventories of R$ 62.2 million, due to the increased dispatch in the period, which reduced coal supply;
(ii) increase in the balance of accounts payable by R$ 89.4 million, as a result of acceleration of acquisitions of equipment and fixed assets for projects in investment phase;
(iii) reduction of secured deposits by R$ 40.0 million, basically due the end of Parnaíba II's scheduled maintenance, which allowed the settlement of the previoulsy provisioned balance;
(iv) increase in the balance of accounts receivable by R$ 167.2 million, due the higher average generation in the quarter.

On January 23, 2019, the Federal Regional Court of the 2nd Region issued a decision ("Tribunal Regional Federal da 2ª Região") regarding a lawsuit filed by the Company requesting the exclusion of ICMS tax from the PIS/COFINS taxes calculation base, which recognized the right for compensation for the amount unduly paid in the last 5 years. The higher offset of federal taxes impacted the operating cash flow in 4Q19 by R$ 28.1 million (Other Assets and Liabilities in the table above).

Cash flow from investment activities was negative by R$ 264.4 million, mainly due to the disbursements related to projects under construction and exploration & development activities in the Parnaíba Basin, including: (i) construction of the Parnaíba V TPP in the amount of R$ 109.1 million; (ii) development of the Azulão Field and construction of the Jaguatirica TPP in the amount of R$ 62.3 million and (iii) exploration and development activities performed at the Parnaíba Complex totaling R$ 38.5 million.

Cash flow from financing activities was R$ 34.0 million. Throughout 4Q19, the Company carried out two debentures issuance operations, in the total amount of R$ 1.4 billion, having used part of the funds for the early settlement of the remaining balance of Parnaíba II's debt, in the amount of R$ 1.2 billion.

ENEVA ended 4Q19 with a consolidated cash position of R$ 1.8 billion, excluding the balance of deposits linked to the Company's financing agreements, in the amount of R$ 121.6 million.

Economic-Financial Performance per Segment

In the segment-adjusted EBITDA calculation, only the non-recurring effects with impact on the Company's consolidated results are excluded.

Parnaíba Complex

Natural Gas Thermal Generation

This segment is composed of subsidiaries Parnaíba I Geração de Energia S.A., Parnaíba II Geração de Energia S.A. (composed of Parnaíba II Geração de Energia S.A., Parnaíba III Geração de Energia S.A. and Parnaíba IV Geração de Energia S.A.), Parnaíba Geração e Comercialização de Energia S.A. (PGC) and Azulão Geração de Energia S.A.. Parnaíba V TPP project has been developed by Parnaíba Geração e Comercialização de Energia S.A..

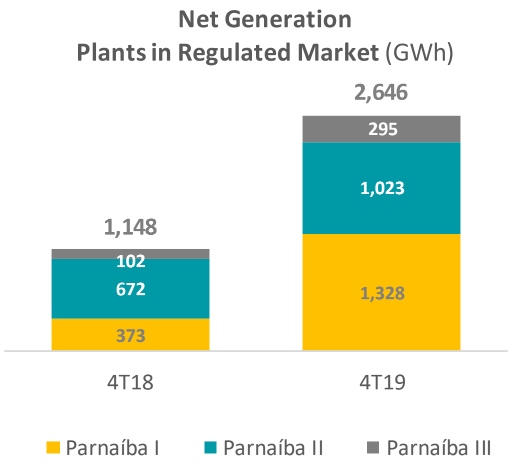
Income Statement Gas-Thermal Generation						(R$ million)
	4Q19	4Q18	%	2019	2018	%
Gross Operating Revenues	**745.1**	**432.4**	**72.3%**	**1,953.0**	**1,973.0**	**-1.0%**
Fixed Revenues	**316.5**	**306.0**	**3.4%**	**1,249.0**	**1,197.1**	**4.3%**
Variable Revenues	**428.7**	**126.4**	**239.1%**	**703.9**	**775.9**	**-9.3%**
CCEAR[1]	253.6	75.7	234.9%	411.9	471.3	-12.6%
Short Term market	175.0	50.7	245.4%	292.0	304.6	-4.1%
Reestablishment of commercial backing -FID	70.1	6.7	947.5%	136.1	44.1	208.4%
Hedge ADOMP	36.0	26.7	35.0%	52.4	110.4	-52.6%
Others	69.0	17.3	298.3%	103.5	150.0	-31.0%
Deductions from Gross Revenues	**(83.7)**	**(47.0)**	**78.0%**	**(210.4)**	**(233.0)**	**-9.7%**
Unavailability (ADOMP)	(8.1)	(2.1)	275.4%	(12.5)	(29.6)	-57.7%
Net Operating Revenues	**661.4**	**385.4**	**71.6%**	**1,742.5**	**1,740.0**	**0.1%**
Operating Costs	**(557.2)**	**(288.6)**	**93.1%**	**(1,300.2)**	**(1,278.3)**	**1.7%**
Fixed Costs	**(126.8)**	**(76.5)**	**65.8%**	**(463.0)**	**(332.8)**	**39.1%**
Transmission and regulatory charges	(20.8)	(19.9)	5.0%	(82.2)	(80.7)	1.9%
O&M	(42.7)	(23.7)	80.4%	(116.5)	(92.9)	25.5%
GTU fixed lease	(63.2)	(54.3)	16.5%	(264.3)	(231.9)	14.0%
Others	-	21.3	N/A	-	72.6	N/A
Variable Costs	**(401.5)**	**(183.4)**	**118.9%**	**(720.3)**	**(830.3)**	**-13.2%**
Fuel (natural gas)	(221.6)	(89.3)	148.2%	(429.5)	(416.5)	3.1%
Gasmar - Gas distribution tariff	(16.3)	(6.1)	165.1%	(33.0)	(30.9)	6.7%
GTU variable lease	(41.7)	(26.8)	55.5%	(49.7)	(103.5)	-51.9%
Reestablishment of commercial backing (FID)	(63.6)	(5.8)	990.1%	(122.2)	(38.2)	219.8%
Hedge ADOMP	(29.7)	(28.0)	6.0%	(46.2)	(94.0)	-50.8%
Trading (P.IV)	(21.6)	(22.4)	-3.5%	(21.5)	(120.6)	-82.2%
Others	(7.1)	(5.0)	43.2%	(18.1)	(26.7)	-32.1%
Depreciation and Amortization	**(28.9)**	**(28.7)**	**0.8%**	**(116.9)**	**(115.1)**	**1.5%**
Operating Expenses	**(16.5)**	**(7.3)**	**125.8%**	**(34.4)**	**(28.1)**	**22.3%**
SG&A	(16.0)	(6.7)	137.2%	(34.1)	(26.1)	30.7%
Depreciation and Amortization	(0.5)	(0.5)	-15.1%	(0.3)	(2.0)	-86.8%
EBITDA	**117.2**	**118.8**	**-1.3%**	**525.1**	**550.8**	**-4.7%**
Non-recurring Adjustments	**16.2**	**-**	**N/A**	**18.2**	**-**	**N/A**
2014 and 2015 transmission tariff values reviewed	-	-	N/A	2.1	-	N/A
Asset Transfer Tax	16.2	-	N/A	16.2	-	N/A
Adjusted EBITDA	**133.3**	**118.8**	**12.3%**	**543.3**	**550.8**	**-1.4%**
Adjusted EBITDA Margin (%)	**20.2%**	**30.8%**	**-10.7 p.p.**	**31.2%**	**31.7%**	**-0.5 p.p.**

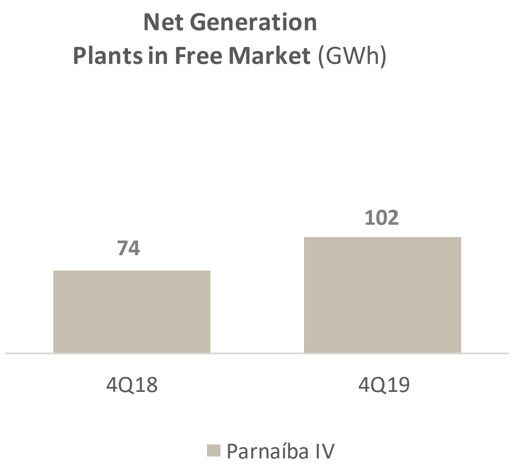
[1] CCEAR = Regulated Market Power Purchase Agreement

Net operational revenues of the natural gas thermal generation segment totaled R$ 661.4 million in 4Q19, a 71.6% growth in relation to the same quarter of the previous year, mainly due to: (i) the increase of R$ 10.5 million in fixed gross revenues, as a result of the annual contractual inflation adjustment; and (ii) a significantly higher dispatch by the gas thermoelectric plants, which reached, on average 97% in 4Q19 versus 43% in 4Q18. As stated before, Northern and Northeastern subsystems showed less favorable hydrological conditions in the fourth quarter of 2019, thus reducing the reservoirs' levels and promoting the increase in thermoelectric dispatch in this period.

The plants contracted within the regulated environment, Parnaíba I, II and III, jointly, generated 2,646 GWh vs 1,148 GWh in the same period of the previous year, resulting in an increase of 235% in the contractual variable revenues (line "CCEAR"). Regarding Parnaíba I TPP, the variable revenues increase due to a greater dispatch in 4Q19, was partially offset by the decrease of the Henry Hub price, indexer of the portion of revenue intended to cover the plant's fuel cost. In 4Q18, the Parnaíba I's CVU was, on average, R$132/MWh, versus R$112/MWh in 4Q19.

Parnaíba II TPP registered inflexible generation in October and November, period in which the plant's generation is not entitled to receive CVU. Unlike 2018, the plant dispatched during the entire month of December 2019, which resulted in R$ 34.5 million variable revenues growth in relation to 4Q18.





Variable revenues from energy sold in the short-term market (line "Other revenues") refers to the settlement of generation above the contractual commitment of the TPPs Parnaíba I and II and, mainly, to the settlement of the energy generated by the TPP Parnaíba IV. As of January 2019, Parnaíba IV became available to the system via free market, being dispatched centrally by ONS and liquidating its generated energy generated at PLD prices. In 4Q19, Parnaíba IV generated 102 GWh, with gross revenues of R$ 44.7 million. The growth in **fixed operating costs** in 4Q19 versus 4Q18 was mainly driven by:

(i) Increase of R$ 19.0 million in operating and maintenance costs, mainly because of the provision for ICMS on the transfer to Eletronorte of substation Santo Antonio dos Lopes, in the amount of R$ 16.2 million. The substation was built by Eneva in 2014, together with Parnaíba I TPP, so that the plant could deliver power to the grid. The substation should be transferred to the power transmission company in 2020 and the provision for ICMS shall be paid in such year;

(ii) Increase of R$ 9.0 million, mainly due to the retroactive adjustment of the fixed lease of Parnaíba III for the months of January to December 2019;

(iii) Termination of Parnaíba IV lease agreement with mining company Kinross in December 2018. Revenues from this agreement, which in 4Q18 was R$ 21.3 million, were accounted as fixed costs reduction.

Variable operating costs increased 118.9% in relation to 4Q18, as a result, mainly, of a significant increase in the dispatch of the thermoelectric plats in the period in relation to the same quarter of the previous year, thus the following costs lines: fuel, distribution of gas and variable lease paid to the Gas Treatment Unit (UTG).

Operating expenses (SG&A), excluding depreciation and amortization, totaled R$ 16.0 million in 4Q19, an increase of R$ 9.3 million in relation to 4Q18, of which R$ 7.2 million resulted from an accounting effect in view of the corporate reorganization completed in January 2020, in which Parnaíba I Geração de Energia S.A. merged into Parnaíba Geração e Comercialização S.A (PGC), holder of Parnaíba V TPP grant. Fixed costs related to Personnel and a few fixed costs pertaining to Third Party Services of Parnaíba I had been gradually included in the expenses account of PGC since October 2019, as this subsidiary was non-operational.

Adjusted EBITDA for the segment, excluding non-recurring impacts, totaled R$ 133.3 million in 4Q19, an increase of 12.3% in relation to the amount reported in 4Q18. Contributed to the result, (i) a higher dispatch, mainly in the case of Parnaiba II, which dispatched in order of merit in December, and Parnaíba IV, which liquidated a larger volume of energy in a scenario of high PLD; and (ii) the expansion of the variable margins of the plants

Upstream (E&P)

This segment is comprised of subsidiary Parnaíba Gás Natural S.A. (PGN) and Parnaíba B.V. Although PGN was incorporated into Eneva S.A. in the last quarter of 2018, Upstream results are presented separately to facilitate segment performance analysis.

Income Statement Upstream						(R$ million)
	4Q19	4Q18	%	2019	2018	%
Gross Operating Revenues	**378.2**	**187.8**	**101.3%**	**840.8**	**836.4**	**0.5%**
Fixed Revenues	**75.5**	**64.6**	**16.9%**	**302.2**	**267.1**	**13.1%**
Variable Revenues	**302.7**	**123.3**	**145.6%**	**538.7**	**569.3**	**-5.4%**
Gas Contract Sales	254.7	94.4	169.9%	479.7	454.3	5.6%
Variable leasing Contract	45.9	28.2	62.6%	54.6	112.7	-51.6%
Condensate Sales and Others	2.1	0.7	215.5%	4.4	2.2	98.3%
Deductions from Gross Revenues	**(47.6)**	**(25.2)**	**88.8%**	**(98.0)**	**(107.8)**	**-9.1%**
Net Operating Revenues	**330.6**	**162.6**	**103.3%**	**742.8**	**728.5**	**2.0%**
Operating Costs	**(100.3)**	**(66.1)**	**51.8%**	**(238.9)**	**(274.3)**	**-12.9%**
Fixed Costs	**(16.1)**	**(23.8)**	**-32.4%**	**(56.7)**	**(70.2)**	**-19.2%**
O&M Cost (OPEX)	(16.1)	(23.8)	-32.4%	(56.7)	(70.2)	-19.2%
Variable Costs	**(34.9)**	**(21.8)**	**60.1%**	**(68.7)**	**(89.9)**	**-23.5%**
Government Contribution	(33.4)	(18.0)	85.4%	(60.9)	(75.9)	-19.8%
Lifting Cost/Compression	(1.5)	(3.8)	-59.4%	(7.9)	(14.0)	-43.9%
Depreciation and Amortization	**(49.3)**	**(20.5)**	**140.4%**	**(113.5)**	**(114.2)**	**-0.6%**
Operating Expenses	**(45.6)**	**(36.3)**	**25.4%**	**(149.6)**	**(146.7)**	**2.0%**
Exploration Expenses_Geology and geophysics (G&G)	(25.0)	(24.5)	2.4%	(92.7)	(105.0)	-11.8%
Dry Wells	(4.1)	(18.9)	-78.5%	(37.0)	(38.2)	-3.1%
SG&A	(8.2)	(7.8)	4.6%	(23.9)	(24.0)	-0.4%
Depreciation and Amortization	(12.4)	(4.1)	203.7%	(33.0)	(17.7)	86.5%
EBITDA (excluding dry wells)	**250.5**	**103.7**	**141.5%**	**537.8**	**477.7**	**12.6%**
Non-recurring items	**-**	**-**	**N/A**	**-**	**(2.6)**	**N/A**
14th Round - Upstream: signature bonus & project costs	-	-	N/A	-	(2.7)	N/A
Azulão Expenses	-	-	N/A	-	0.1	N/A
Adjusted EBITDA	**250.5**	**103.7**	**141.5%**	**537.8**	**475.1**	**13.2%**
Adjusted EBITDA Margin	**75.8%**	**63.8%**	**12.0 p.p.**	**72.4%**	**65.2%**	**7.2 p.p.**

Net operating revenues from the Upstream segment totaled R$ 330.6 million in 4Q19, a 103.3% growth compared to 4Q18, mainly explained by the greater dispatch of gas plants (97% in 4Q19 versus 43% in 4Q18), impacting the segment's variable revenue. Fixed gross revenues were positively impacted by the adjustment, retroactively to January 2019, of the fixed lease of Parnaíba III, as explained above.

The increase in the dispatch also impacted the **variable operating costs** of the segment, which increased by 60.1% in 4Q19 versus 4Q18, more specifically the costs with governmental contribution, which vary according to the amount of gas produced. **Fixed operating costs,** in turn, showed a reduction of 32.4% in the quarter compared to 4Q18, in view of an accounting adjustment in the inventory of the Gas Treatment Unit (UTG), in the amount of R$ 5.0 million.

Upstream **operating expenses**, excluding depreciation and amortization, totaled R$ 33.2 million in 4Q19, in line with 4Q18. The increase in expenses with exploration in 4Q19 vs 4Q18 occurred due to the beginning of the seismic campaign in the blocks of Round 14 of ANP. In 2018, the seismic campaign ended in 3Q18. Such increase was offset by minor expenses with dry wells in 4Q19, when compared to the expenses reported in 4Q18.

Increase in gas production, due to the greater dispatch of the thermoelectric plants of the Parnaíba Complex, jointly with the back adjustment of the fixed lease paid by Parnaíba III to the Upstream segment were the main factors responsible for the 141.5% growth in the **adjusted EBITDA of the segment** (excluding dry wells) in 4Q19 compared to 4Q18, totaling R$ 250.5 million in the period.

Other assets of generation

Coal Thermal Generation

This segment is composed of subsidiaries Itaqui Geração de Energia S.A. and Pecém II Geração de Energia S.A. As of April 2018, the Company now holds 100% of the shares of Pecém II Participações S.A., the sole shareholder of Pecém II Geração de Energia S.A. As a result, Pecém II results, which were previously accounted for pursuant to the Equity Method of Accounting, are now consolidated. The following historical financial statements are presented on a pro forma basis, including Pecém II.

Income Statement Coal-Thermal Generation						(R$ million)
	4Q19	4Q18	%	2019	2018	%
Gross Operating Revenues	**469.8**	**355.3**	**32.2%**	**1,450.1**	**1,590.2**	**-8.8%**
Fixed Revenues	**208.0**	**200.9**	**3.5%**	**818.8**	**829.1**	**-1.2%**
Variable Revenues	**261.8**	**154.4**	**69.5%**	**631.3**	**761.2**	**-17.1%**
CCEAR[1]	192.2	72.9	163.8%	326.5	558.2	-41.5%
Short Term market	69.6	81.6	-14.7%	304.7	203.0	50.1%
Reestablishment of commercial backing (FID)	47.6	7.2	557.4%	136.5	58.5	133.6%
Hedge ADOMP	21.7	14.5	50.2%	43.6	84.2	-48.3%
Other	0.3	59.9	-99.5%	124.6	60.3	106.8%
Deductions from Gross Revenues	**(58.8)**	**(37.0)**	**58.7%**	**(165.4)**	**(185.4)**	**-10.8%**
Unavailability (ADOMP)	(10.5)	(0.1)	20649.9%	(16.0)	(20.2)	-20.8%
Net Operating Revenues	**411.0**	**318.3**	**29.1%**	**1,284.7**	**1,404.8**	**-8.6%**
Operating Costs	**(335.8)**	**(239.4)**	**40.3%**	**(990.2)**	**(1,041.7)**	**-4.9%**
Fixed Costs	**(61.7)**	**(62.8)**	**-1.8%**	**(234.3)**	**(225.9)**	**3.7%**
Transmission and regulatory charges	(13.6)	(12.7)	7.1%	(52.6)	(50.4)	4.3%
O&M	(48.1)	(50.1)	-4.0%	(181.8)	(175.5)	3.6%
Variable Costs	**(222.8)**	**(131.1)**	**69.9%**	**(564.5)**	**(631.2)**	**-10.6%**
Fuel (natural gas)	(151.2)	(104.2)	45.0%	(374.6)	(512.0)	-26.8%
Reestablishment of commercial backing (FID)	(43.2)	(6.5)	561.7%	(123.4)	(52.4)	135.6%
Hedge ADOMP	(15.9)	(14.5)	9.5%	(35.3)	(39.3)	-10.1%
Other	(12.5)	(5.8)	115.8%	(31.2)	(27.5)	13.2%
Depreciation and Amortization	**(51.4)**	**(45.5)**	**13.0%**	**(191.3)**	**(184.6)**	**3.7%**
Operating Expenses	**(6.9)**	**(6.3)**	**10.1%**	**(23.8)**	**(25.5)**	**-6.5%**
SG&A	(6.7)	(6.1)	9.8%	(22.7)	(24.8)	-8.3%
Depreciation and Amortization	(0.2)	(0.2)	19.3%	(1.1)	(0.7)	56.2%
EBITDA	**119.9**	**118.3**	**1.3%**	**463.1**	**523.0**	**-11.4%**
Non-recurring items	**-**	**-**	N/A	**-**	**(52.5)**	N/A
2013 Fixed Revenues Review - Pecém II	-	-	N/A	-	(39.9)	N/A
Recoveries of Electrical Sector (Teif/Teip) - Pecém II	-	-	N/A	-	(0.7)	N/A
Recoveries of Electrical Sector (Teif/Teip) - Itaqui	-	-	N/A	-	(6.5)	N/A
PIS/COFINS Credits (2013 to 2017) - Pecém II	-	-	N/A	-	(5.4)	N/A
Adjusted EBITDA	**119.9**	**118.3**	**1.3%**	**463.1**	**470.5**	**-1.6%**
Adjusted EBITDA Margin (%)	**29.2%**	**37.2%**	**-8.0 p.p.**	**36.0%**	**33.5%**	**2.6 p.p.**

[1] CCEAR = Regulated Market Power Purchase Agreement

Net operational revenue of the coal thermal generation segment totaled R$ 411.0 million in 4Q19, a 29.1% growth in relation to 4Q18, mainly impacted by: (i) an increase of R$ 7.1 million in the fixed gross revenue, due to the yearly contractual inflation adjustment; and (ii) an increase of R$ 119.4 million in the contractual gross variable revenue (CVU, as defined in CCEAR) due to the greater dispatch of the plants (Itaqui had a dispatch of 97% in 4Q19 versus 35% in 4Q18; Pecém II had a dispatch of 98% in 4Q19 versus 45% in 4Q18), partially offset by the reduction in the CVU, due to a decrease in the CIF-ARA (coal index for the calculation of the fuel component in the CVU of the Company's coal plants) in the period.

It should also be noted, that the 4Q18 operating revenue was positively impacted by the generation of the Operating Power Reserve Recomposition (RRO) in Pecém II. In the period, the plant operated for RRO for 4.2 weeks, having generated 173 net remunerated GWh with an average premium of 26% over the plant's CVU.

The scenario of higher PLD and lower CVU in 4Q19 compared to 4Q18 also impacted revenue deductions for unavailability penalties - ADOMP, which totaled R $ 10.5 million (vs. R$ 0.1 million in 4Q18). The effect of the penalties was partially offset by the positive result of the hedge operations of compensation costs due to unavailability (ADOMP), whose net result totaled R$ 3.6 million.

Operating costs grew due higher dispatch, although the drop in the price of CIF-ARA coal in the international market and the greater efficiency in burning coal have mitigated the impact on variable costs. O&M fixed costs fell 4.0%, contributing to the expansion of the segment's fixed margin.

Accordingly, the **adjusted EBITDA** of the segment totaled R$ 119.9 million in 4Q19, an increase of 1.3% in relation to the same period of the previous year. In Pecém II, the expansion of the fixed margin offset the reduction in the variable margin, which resulted from the effect of RRO generation in 4Q18.

Energy Trading

This segment is composed of indirect subsidiary ENEVA Comercializadora de Energia Ltda.

Income Statement Energy Trading						(R$ million)
	4Q19	4Q18	%	2019	2018	%
Net Operating Revenues	**178.2**	**120.5**	**47.8%**	**412.8**	**495.4**	**-16.7%**
Operating Costs	**(175.1)**	**(122.7)**	**42.7%**	**(406.8)**	**(486.1)**	**-16.3%**
Power acquired for resale	(175.1)	(122.7)	42.7%	(406.5)	(485.7)	-16.3%
Other	(0.1)	(0.0)	67.1%	(0.3)	(0.3)	-21.5%
Operating Expenses	**(1.4)**	**(1.6)**	**-10.3%**	**(4.9)**	**(4.0)**	**23.2%**
SG&A	(1.4)	(1.6)	-10.4%	(4.9)	(3.9)	23.1%
Depreciation and Amortization	(0.0)	(0.0)	-6.9%	(0.0)	(0.0)	29.1%
EBITDA	**1.6**	**(3.8)**	**N/A**	**1.2**	**5.4**	**-78.5%**
Non-recurring items	-	-	N/A	-	-	N/A
Adjusted EBITDA	**1.6**	**(3.8)**	**N/A**	**1.2**	**5.4**	**-78.5%**
% Adjusted EBITDA Margin	**0.9%**	**-3.1%**	**4.0 p.p.**	**0.3%**	**1.1%**	**-0.8 p.p.**

In 4Q19, the **net operational revenue** of the commercialization segment totaled R$ 178.2 million, a 47.8% growth in relation to 4Q18, mainly due to the increase in the average PLD of the SE/CO submarket in the period, which reached R$ 272/MWh, compared to R$ 159/MWh in 4Q18, and the increase in the commercialized power volume, which totaled 1,552 GWh in 4Q19, compared to 1,456 GWh[1] in 4Q18. The revenue growth was partially offset by the increase in the operating costs, resulting in an **adjusted EBITDA** of R$ 1.6 million.

[1] Volumes disclosed at the Electric Energy Commercialization Chamber (CCEE).

Holding Company & Others

This segment is comprised of holding companies ENEVA S.A. and ENEVA Participações S.A., as well as the subsidiaries created for the development of projects. In 4Q18, Parnaíba Gás Natural S.A. (PGN) was merged into Eneva S.A.. However, in order to allow for a better analysis of the performance of the Company's business segments, we decided to continue presenting the results of the Upstream segment separately.

Income Statement Holding & Other						(R$ million)
	4Q19	4Q18	%	2019	2018	%
Net Operating Revenues	**0.2**	**0.0**	**2315.6%**	**0.5**	**0.4**	**42.6%**
Operating Costs	**0.0**	**(0.1)**	**N/A**	**(0.1)**	**(0.1)**	**4.1%**
Operating Expenses	**(54.0)**	**(29.9)**	**80.6%**	**(147.6)**	**(100.9)**	**46.3%**
SG&A	(53.0)	(29.0)	82.6%	(125.6)	(97.3)	29.0%
Depreciation and Amortization	(1.0)	(0.9)	12.9%	(22.0)	(3.5)	521.3%
EBITDA	**(52.8)**	**(29.1)**	**81.5%**	**(125.2)**	**(97.1)**	**29.0%**
Non-recurring items	**14.0**	**3.1**	**355.0%**	**22.4**	**19.2**	**16.9%**
Labor termination costs	-	-	N/A	1.2	3.4	-64.4%
Bonus	7.4	-	N/A	7.4	(0.9)	N/A
Restructuring Consultancy	-	0.7	N/A	0.8	3.2	-75.3%
Financial Advisory	-	2.3	N/A	-	12.2	N/A
Stock Options	4.6	-	N/A	9.5	1.4	588.9%
Amapari TPP demobilization	-	-	N/A	1.5	-	N/A
Purchase of Call Option	2.0	-	N/A	2.0	-	N/A
Adjusted EBITDA	**(38.7)**	**(26.0)**	**49.0%**	**(102.8)**	**(77.9)**	**31.9%**

In 4Q19, the non-recurring impacts totaled R$ 14.0 million, of which R$ 7.4 million pertain to expenses related to the payment of bonus, R$ 4.6 million pertain to expenses related to stock options (of which R$ 2.6 million refer to the payment of taxes, with cash outflow) and R$ 2.0 million pertain to expenses related to the acquisition of the call option in project Nossa Senhora de Fátima.

Excluding the non-recurring effects of the periods shown, the **operating expenses** of the segment totaled R$ 39.0 million in 4Q19 versus R$ 25.9 million in 4Q18. The account growth is mainly due to the increased expenses with personnel and third party services, as a result of the Company's growth.

Consolidated Financial Results

Net Financial Result						(R$ million)
	4Q19	4Q18	%	2019	2018	%
Financial Revenues	**24,1**	**41,4**	**-41,9%**	**125,4**	**115,8**	**8,3%**
Income from financial investments	17,8	19,6	-9,3%	96,0	66,3	44,8%
Fines and interest earned	0,0	6,4	-99,3%	4,7	19,9	-76,2%
Interest on debentures	-	11,6	N/A	-	11,6	N/A
Others	6,3	3,9	59,3%	24,7	18,1	36,5%
Financial Expenses	**(145,6)**	**(192,2)**	**-24,2%**	**(535,6)**	**(656,9)**	**-18,5%**
Fines interest	(0,1)	(13,5)	-98,9%	(3,1)	(27,8)	-88,9%
Debt charges	(75,5)	(143,6)	-47,5%	(272,3)	(452,0)	-39,7%
Interest on provisions for abandonment	(2,8)	(0,9)	214,7%	(6,9)	(5,9)	16,1%
Fees and emoluments	(0,6)	(2,9)	-80,2%	(2,4)	(30,2)	-92,0%
IOF/IOC	(1,2)	(1,9)	-36,2%	(4,0)	(4,5)	-11,2%
Debentures Cost	(53,0)	(24,2)	119,3%	(205,6)	(72,5)	183,8%
Others	(4,2)	(9,4)	-54,8%	(33,3)	(42,1)	-20,9%
FX Exchange and monetary variation	(4,7)	4,1	N/A	(19,3)	(20,4)	-5,1%
Losses/gains on derivatives	(3,6)	-	N/A	11,4	(1,5)	N/A
Net Financial Income (Expense)	**(121,5)**	**(150,7)**	**-19,4%**	**(410,2)**	**(541,0)**	**-24,2%**

The net financial result was negative by R$ 121.5 million in 4Q19, versus a negative result of R$ 150.7 million in 4Q18.

The improvement in financial result was mainly due to:

(i) Lower revenue from fines and interest received, mainly due to the early termination more expensive debts throughout 2019 and substitution by new debts with better costs for the Company .

(ii) Reduction of expenses with fines and interest on arrears, mainly due to the dissolution of the debt between Amapari and BR Distribuidora with the consequent end of interest payments on the debt .

These effects were partially offset by:

(i) Increase in expenses with interest on debentures, resulting from issues concluded at the Holding in 2Q19 and at Parnaíba II subsidiary in 4Q19; and

(ii) Increase in the FX exchange and monetary variation line, mainly due to the beginning of the adoption of the IFRS 16 standard, with the accounting of exchange variation in the compressor rental agreement in the Upstream segment.

Investments

Capex										(R$ million)
	1Q18	2Q18	3Q18	4Q18	2018	1Q19	2Q19	3Q19	4Q19	2019
Coal Generation	**16.0**	**27.6**	**5.9**	**30.6**	**80.0**	**4.5**	**11.2**	**34.8**	**33.0**	**83.6**
Pecém II	9.0	7.1	4.7	23.2	43.9	0.5	1.8	29.1	17.7	49.1
Itaqui	7.0	20.5	1.3	7.4	36.2	4.0	9.3	5.7	15.4	34.4
Gas Generation	**28.8**	**14.4**	**1.4**	**6.2**	**50.6**	**11.8**	**7.4**	**35.3**	**54.6**	**109.0**
Parnaíba I	27.7	8.2	0.0	3.2	39.1	10.4	-1.4	32.7	-3.8	37.9
Parnaíba II[1]	1.0	6.2	1.3	3.0	11.5	1.3	8.8	2.6	58.4	71.2
Parnaíba V	-	-	-	-	-	**42.1**	**75.5**	**104.5**	**142.7**	**364.7**
Azulão-Jaguatirica	-	-	-	-	-	**0.5**	**53.7**	**144.0**	**101.9**	**300.2**
Upstream	**21.9**	**16.9**	**37.9**	**55.0**	**131.8**	**28.4**	**37.1**	**37.0**	**61.3**	**163.8**
Dry wells	-	4.9	14.4	18.9	38.2	0.5	26.1	6.4	4.1	37.0
Distributed Generation	-	-	-	-	-	-	-	-	**14.5**	**14.5**
Holding	**0.2**	**0.0**	**0.8**	**3.1**	**4.1**	**2.9**	**4.8**	**4.2**	**8.5**	**20.5**
Total	**66.8**	**58.8**	**46.0**	**94.9**	**266.5**	**90.2**	**189.6**	**359.8**	**416.6**	**1,056.2**

[1] Parnaíba II capex includes the capex of Parnaíba III and Parnaíba IV TPPs, following the corporate restructuring announced in 4Q18.

In 4Q19, consolidated investments totaled R$ 416.6 million (versus R$ 94.9 million in 4Q18), and approximately 60% of such amount was allocated to construction works in progress with respect to Parnaíba V TPP and integrated project Azulão-Jaguatirica. From the total investments in the quarter, the following stand out:

- Coal TPPs: Pecém II: completion of the preventive maintenance of the plant (major overhaul) and acquisition of turbine blades; Itaqui: retrofit of the conveyor belts, expansion of the facility, improvement of the cleaning system of bag filters and exchange of bags and electric adaptation of all hoists for the maintenance of mills.

- Gas TPPs: maintenance of two gas turbines in Parnaíba I, beginning of the maintenance of the gas turbine of Parnaíba III and cleaning of boilers.

- Upstream: (i) exploratory blocks: completion of the drilling of exploratory wells 3-ENV-9-MA (Araguaína/Gavião Carijó) and 4-ENV-10-MA (Tianguar) and stimulation of wells ENV-8D-MA (Araguaína/Gavião Carijó) and 4-ENV-6-MA (Tianguar); (ii) fields under development: completion of the drilling of wells 4-GVA-4D-MA (Gavião Azul) and 7-GVB-15D-MA (Gavião Branco) and recompletion of well 4-OGX-91D-MA (Gavião Branco Oeste).

- Parnaíba V: completion of the foundation of the boilers, the concreting of the foundations of the chimneys and bases & completion of the foundation of the steam turbo-generator and continuance of the piling of the building.

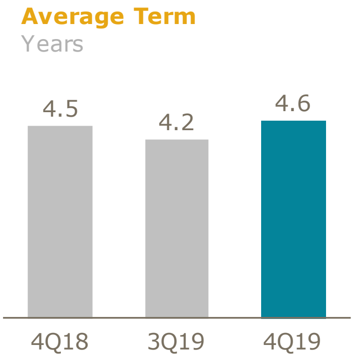
- Azulão-Jaguatirica: (i) Azulão: completion of two out of three producing wells of the Field (AZU-3D and AZU-4D) and completion and dispatch of the first cryoboxes and isotanks, and (ii) Jaguatirica: completion of the earthwork, assembly of the construction site, performance of drainage and treatment of slopes.

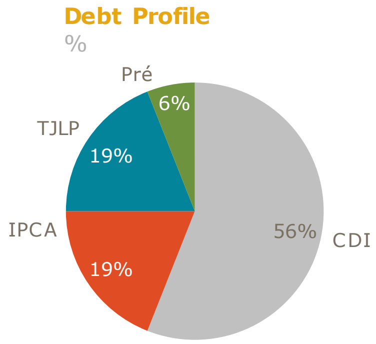
- Distributed Generation: construction of photovoltaic plants: 2 self-generation plants and 2 pilot projects.

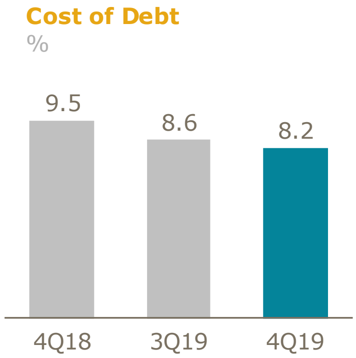
Indebtedness

On December 31, 2019, consolidated gross debt (net of deposits balances related to financing agreements and transaction costs) totaled R$ 5,658 million, an increase of 9.6% compared to the end of 4Q18. The average effective cost of debt[2] in the quarter was 8.2% and the average maturity was 4.6 years.

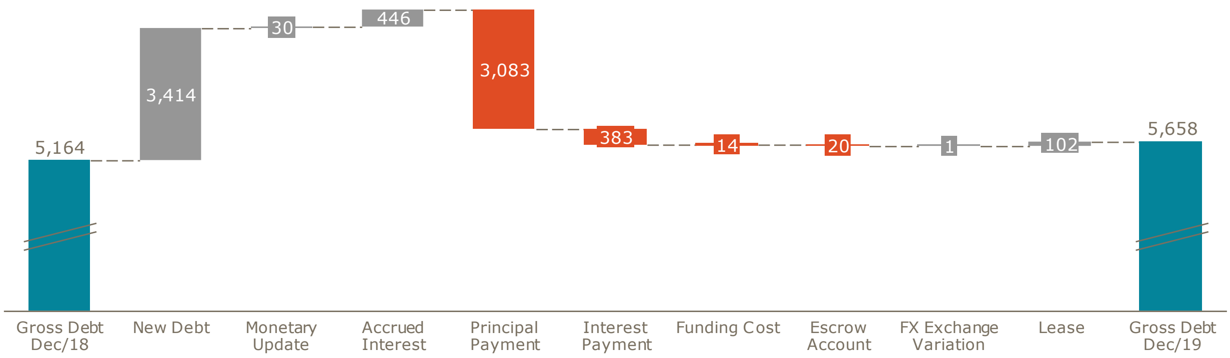
Profile of the consolidated gross debt







Evolution of gross debt (R$ million)



Throughout 4Q19, the Company completed two debt funding processes:

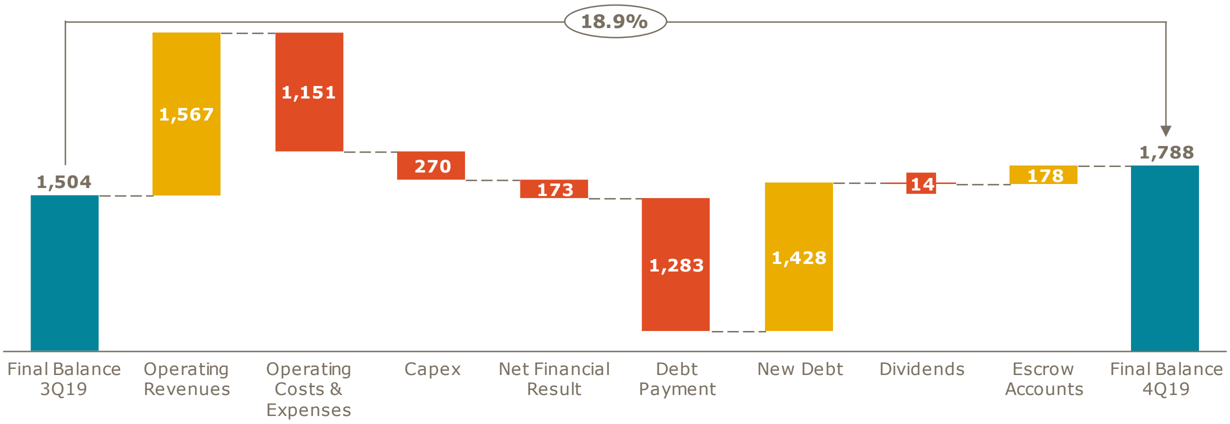
- Issuance of simple debentures, not convertible into shares, in 3 series, in the total amount of R$ 750 million, as part of the debt refinancing of Parnaíba II, which involved, in addition to said issuance, the early payment of the preexisting debt remaining balance of Parnaíba II, namely: (i) 1st issuance of simple debentures of Parnaíba II, in the amount of R$ 717 million, (ii) 2nd issuance of simple debentures of Parnaíba III Geração de Energia S.A., succeeded by Parnaíba II, in the amount of R$ 246 million; and (iii) Bank Credit Certificate with Banco Itaú Unibanco S.A., in the total amount of R$ 223 million.
- 3rd issuance of simple debentures, not convertible into shares, unsecured, in a single series, in the total amount of R$ 650 million. The funds raised through the Debentures shall be used in investments, future payment or reimbursement of expenditures, expenses and/or debts that may have occurred in a period equal to or smaller than 24 months from the date of closing of the

[2] Debt effective cost = (accrued interest paid in the quarter)/average principal

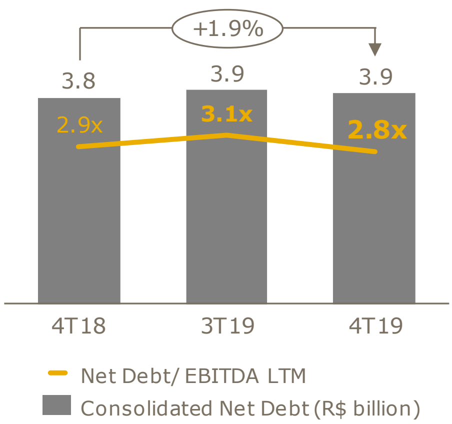
Restricted Offering, which are related to the execution of Project Parque dos Gaviões –Parnaíba Basin[3].

The Company's consolidated cash position at the end of 4Q19 was R$ 1.788 million, which does not consider the balance of secured deposits related to the Company's financing agreements, in the amount of R$ 122 million. Consolidated net debt totaled R$ 3,875 million at the end of the period, equivalent to 2.8x net debt/EBITDA LTM. The increase in the Company's leverage reflects the implementation of Parnaíba V and Azulão-Jaguatirica projects.

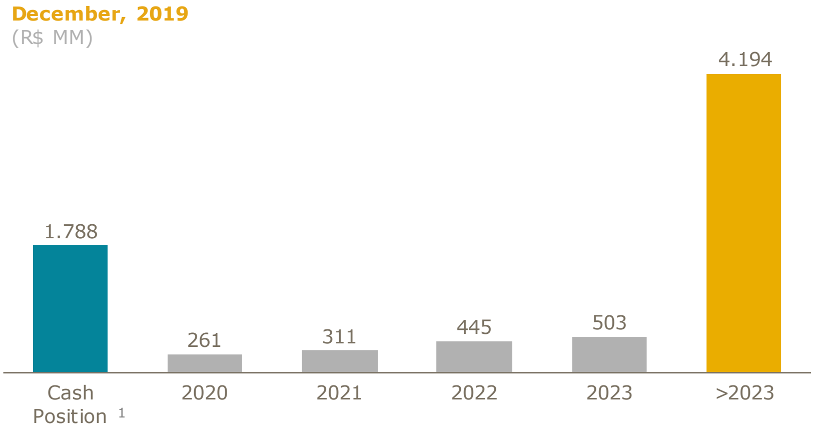
Evolution of cash balance and securities in 4Q19 (R$ million)



Net Debt



Schedule of maturity date of the consolidated debt (Principal)



[1] Consolidated cash position includes cash and cash equivalents. Until 4Q18, the Company had a cash position including cash and cash equivalents + marketable securities + secured deposits linked to financing.

[3] Parque dos Gaviões Project was classified by the Ministry of Mines and Energy as a priority through Ordinance No. 327, of August 21, 2019, published in the Federal Official Journal, on August 23, 2019, pursuant to Law No. 12,431, of June 24, 2011, as amended, and Decree 8,874, of October 11, 2016.

Capital Markets

ENEV3	4Q19	3Q19	4Q18	12 months
# Shares - end of period	315,483,181	315,323,423	314,990,499	-
Share price (Closing) - end of period (R$)	43.69	30.67	16.09	-
Traded Shares (MM) - daily avg.	1.6	1.2	0.5	1.2
Turnover (R$ MM) - daily avg.	48.5	27.1	6.1	27.4
Market Cap - end of period (R$ MM)[1]	13,783	9,671	5,068	-
Enterprise Value - end of period (R$ MM)[2]	17,659	13,609	8,873	-

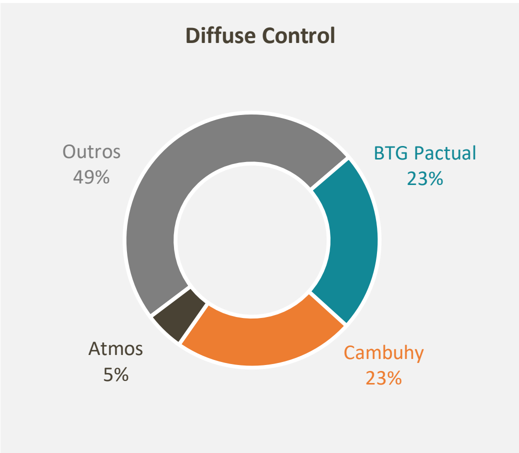
[1]Market Cap considers 100% of Eneva's free float, including shares held by the Company's Directors and Executive Officers.

[2]Enterprise Value is equivalent to the sum of Eneva's Market Cap and Net Debt at the end of each period.

Shareholding

ENEVA is listed in the Novo Mercado Segment since its IPO in 2007 and does not present shareholders' agreement in force. The capital stock on December 31, 2019 was composed of 315,483,181 common shares, with 99.8% of outstanding shares. Eneva's ownership is detailed below:

Profile of Outstanding Shares of Eneva S.A.
December 31, 2019.



4Q19 and subsequent events

Winner of the 2019 A-6 Auction, with the expansion project of thermoelectric power plant MC2 Nova Venécia 2 TPP, which has an additional installed capacity of 92.3 MW (Parnaíba VI). The project has contracted 70 MW on average, with 50% seasonal operating inflexibility, ensuring an annual fixed income of R$ 85 million (reference date: April/2019), for a period of 25 years, starting on January 1, 2025.

Conclusion of the debt refinancing of Parnaíba II, through the issuance of R$ 750 million in simple debentures, not convertible into shares, and the advance payment of the debts remaining balance. The issuance of R$ 750 million in simple debentures, not convertible into shares, was carried out in 3 series: (i) 1st series: R$ 100 million, with CDI cost + 0.6% p.a. and maturity in 2022; (ii) 2nd series: R$ 290 million, with CDI cost + 1.01% p.a. and maturity in 2024; and (iii) 3rd series: R$ 360 million, with CDI cost + 1.4% p.a. and maturity in 2026.

Proprietary right related to the negotiation for the acquisition of an interest of 75% in the Nossa Senhora de Fátima TPP Project, executed with Natural Energia Participações Ltda. The remaining 25% are held indirectly by a global energy company, holder of concessions for the exploration of hydrocarbon in Brazilian offshore basins. Fátima TPP has a previous license related to a natural gas thermoelectric power plant, with a capacity of up to 1.750 MW, in the municipality of Macaé, State of Rio de Janeiro. Fátima TPP's fuel, associated natural gas or LNG will be supplied by the IOC holding an interest in the Project.

Increase in tangible guarantee of Parnaíba I and III TPPs to 129.9 MW, on average, and 30.4 MW, on average, respectively. The review of the plants' tangible guarantee was conditioned upon the commercialization of energy in ANEEL's 2019 A-2 Auction. Parnaíba III has contracted 20 MW on average, ensuring an additional annual fixed income of R$ 18.4 million, and Parnaíba I has contracted 2 MW on average in the Auction, ensuring an annual fixed income of R$ 2.0 million (both having as reference date: Jul/2019). The Plants shall be entitled to receive a fixed income starting on January 1, 2021, for a period of 2 years. The excess tangible guarantee of Parnaíba I may be traded within a free contracting environment, pursuant to market opportunities, or regulated environment, in the event of a new existing energy auction.

Approval by the Board of Directors of the 3rd issuance of debentures as per CVM Instruction 476, not convertible into shares, unsecured, in a single series, in the amount of R$ 650 million, with a unit face value of R$1,000.00, on the date of issuance, by the cost of IPCA + 4.2259%, with a duration in December, 15, 2027.

Declaration of Commerciality of Araguaína accumulation, found in Block PN-T-102, in Parnaíba Basin. ANP was requested to call the accumulation as Gavião Carijó Field. The Gavião Carijó Field is the ninth field to be considered commercial by ENEVA.

Corporate reorganization of gas generation subsidiaries, in which there was the merger of Parnaíba I, holder of the grants related to the Maranhão IV TPP and Maranhão V TPP developments, into Parnaíba Geração e Comercialização S.A (a special purpose company, holder of Parnaíba V grant).

Audit executive report on natural gas reserves of the fields in Parnaíba and Amazonas Basins in which Eneva holds an interest, relating to December 31, 2019, issued through the independent advice of Gaffney, Cline & Associates, Inc. ("GCA"). In accordance with *Petroleum Resources Management System* (PMRS)'s criteria, GCA has certified 24.1 Bm^3 (2P) of natural gas reserves in Parnaíba Basin and 3,6 Bm3 (2P) of natural gas reserves in Amazonas Basin.

Attribution of credit rating by S&P to (i) the 3rd issuance of simple debentures, not convertible into shares, unsecured, in a single series, in the amount of R$ 650 million, by the Company, and (ii) the 4th issuance of simple debentures, not convertible into shares, unsecured, in up to four series, in the amount of R$ 600 million, by the Company, with the rating equal to 'brAAA' having also reaffirmed the Company's corporate credit rating.

Execution of the Financing Agreement between Azulão Energia and Banco da Amazônia, in the amount of R$ 1.0 billion at the IPCA cost + 1.5013% p.a., with a term of effectiveness of 196 months, including 24 months of grace period, with expiration date on June 15, 2036. The Financing Agreement was approved by Eneva's Board of Directors and has as its purpose the development and construction of the Azulão-Jaguatirica integrated project. The disbursement of funds within the scope of the Financing Agreement is also subject to certain conditions precedent and to the project schedule.

Submission of a binding proposal for the business combination to AES Tietê Energia S.A., in an attempt to aggregate the businesses of both companies, resulting in the shareholding unification in a publicly-held company listed in the Novo Mercado segment of B3, with a solid asset portfolio, complementary resources and potential to benefit from meaningful operating and financial synergies.

Exhibits

The SPC's financial statements are available on the Company's Investor Relations website. The figures are presented proforma, considering Pecém II consolidation and ADOMP unavailability in gross revenue deductions.

Income Statement - 4Q19 (R$ million)	Parnaíba Complex								
	Gas Generation	Upstream	Elimination Adjustments	Total	Coal Generation	Energy Trading	Holding & Other	Elimination Adjustments	Total
Gross Operating Revenues	**745.1**	**378.2**	**(376.1)**	**747.2**	**469.8**	**196.3**	**0.26**	**(191.5)**	**1,222.1**
Deductions from Gross Revenues	(83.7)	(47.6)	80.4	(50.9)	(58.8)	(18.2)	(0.02)	17.7	(110.2)
Net Operating Revenues	**661.4**	**330.6**	**(295.7)**	**696.3**	**411.0**	**178.2**	**0.23**	**(173.8)**	**1,111.9**
Operating Costs	**(557.2)**	**(100.3)**	**295.1**	**(362.4)**	**(335.8)**	**(175.1)**	**0.00**	**167.6**	**(705.8)**
Depreciation & amortization	(28.9)	(49.3)	2.0	(76.3)	(51.4)	-	-	-	(127.7)
Operating Expenses	**(16.5)**	**(45.6)**	**-**	**(62.0)**	**(6.9)**	**(1.4)**	**(54.0)**	**2.8**	**(121.6)**
Depreciation & amortization	(0.5)	(12.4)	-	(12.8)	(0.2)	(0.0)	(1.0)	(3.4)	(17.5)
EBITDA	**117.2**	**250.5**	**(2.6)**	**365.0**	**119.9**	**1.6**	**(52.8)**	**0.0**	**433.7**
Non-recurring items	16.2	-	-	16.2	-	-	14.0	-	30.2
Adjusted EBITDA	**133.3**	**250.5**	**(2.6)**	**381.2**	**119.9**	**1.6**	**(38.7)**	**0.0**	**463.9**
Other revenues/expenses	(7.1)	(0.0)	-	(7.1)	112.6	0.2	(5.3)	(6.2)	94.2
Net Financial Result	(64.4)	(2.6)	0.6	(66.4)	(34.5)	(2.8)	(17.8)	-	(121.5)
Equity Income	-	4.9	-	4.9	-	-	228.8	(233.1)	0.6
EBT	**16.2**	**187.0**	**(0.0)**	**203.2**	**146.3**	**(0.9)**	**152.0**	**(242.7)**	**257.8**
Current Taxes	0.5	7.8	-	8.2	(1.2)	(0.5)	(23.2)	-	(16.6)
Deferred Taxes	46.9	-	-	46.9	10.1	-	66.2	-	123.2
Minority Interest	-	-	-	-	-	-	-	(1.0)	(1.0)
Net Income	**63.6**	**194.8**	**(0.0)**	**258.3**	**155.2**	**(1.4)**	**194.9**	**(241.8)**	**365.3**

Income Statement - 4Q18 (R$ million)	Parnaíba Complex								
	Gas Generation	Upstream	Elimination Adjustments	Total	Coal Generation	Energy Trading	Holding & Other	Elimination Adjustments	Total
Gross Operating Revenues	**432.4**	**187.8**	**(187.2)**	**433.0**	**355.3**	**133.2**	**0.01**	**(102.3)**	**819.3**
Deductions from Gross Revenues	(47.0)	(25.2)	34.0	(38.3)	(37.0)	(12.7)	(0.00)	9.5	(78.6)
Net Operating Revenues	**385.4**	**162.6**	**(153.2)**	**394.7**	**318.3**	**120.5**	**0.01**	**(92.8)**	**740.7**
Operating Costs	**(288.6)**	**(66.1)**	**153.2**	**(201.4)**	**(239.4)**	**(122.7)**	**(0.06)**	**92.8**	**(470.7)**
Depreciation & amortization	(28.7)	(20.5)	-	(49.2)	(45.5)	-	-	-	(94.7)
Operating Expenses	**(7.3)**	**(36.3)**	**-**	**(43.6)**	**(6.3)**	**(1.6)**	**(29.9)**	**(8.2)**	**(89.6)**
Depreciation & amortization	(0.5)	(4.1)	-	(4.6)	(0.2)	(0.0)	(0.9)	(8.2)	(13.9)
EBITDA	**118.8**	**103.7**	**0.0**	**222.5**	**118.3**	**(3.8)**	**(29.1)**	**(0.0)**	**307.9**
Non-recurring items	-	-	-	-	-	-	3.1	-	3.1
Adjusted EBITDA	**118.8**	**103.7**	**0.0**	**222.5**	**118.3**	**(3.8)**	**(26.0)**	**(0.0)**	**311.0**
Other revenues/expenses	(9.5)	3.8	9.5	3.8	(1.2)	(0.0)	(1.8)	2.9	3.7
Net Financial Result	(76.3)	(31.8)	0.0	(108.1)	(42.0)	0.1	(0.7)	-	(150.7)
Equity Income	-	-	-	-	-	-	86.0	(79.7)	6.3
EBT	**3.6**	**32.2**	**9.5**	**45.3**	**29.4**	**(3.7)**	**53.6**	**(85.0)**	**39.6**
Current Taxes	3.2	9.0	-	12.3	4.6	-	(1.1)	-	15.8
Deferred Taxes	(9.8)	(18.8)	-	(28.6)	35.9	(0.0)	407.9	-	415.2
Minority Interest	-	-	-	-	-	-	-	1.2	1.2
Net Income	**(2.9)**	**22.4**	**9.5**	**29.0**	**70.0**	**(3.7)**	**460.3**	**(86.2)**	**469.4**

Income Statement - 2019 (R$ million)	Parnaíba Complex: Gas Generation	Parnaíba Complex: Upstream	Parnaíba Complex: Elimination Adjustments	Parnaíba Complex: Total	Coal Generation	Energy Trading	Holding & Other	Elimination Adjustments	Total
Gross Operating Revenues	**1,953.0**	**840.8**	**(836.5)**	**1,957.3**	**1,450.1**	**454.9**	**0.56**	**(410.2)**	**3,452.6**
Deductions from Gross Revenues	(210.4)	(98.0)	162.8	(145.7)	(165.4)	(42.1)	(0.05)	37.9	(315.2)
Net Operating Revenues	**1,742.5**	**742.8**	**(673.7)**	**1,811.6**	**1,284.7**	**412.8**	**0.51**	**(372.3)**	**3,137.4**
Operating Costs	**(1,300.2)**	**(238.9)**	**670.9**	**(868.2)**	**(990.2)**	**(406.8)**	**(0.11)**	**366.1**	**(1,899.3)**
Depreciation & amortization	(116.9)	(113.5)	7.6	(222.8)	(191.3)	-	-	-	(414.1)
Operating Expenses	**(34.4)**	**(149.6)**	**-**	**(183.9)**	**(23.8)**	**(4.9)**	**(147.6)**	**(13.3)**	**(373.5)**
Depreciation & amortization	(0.3)	(33.0)	-	(33.3)	(1.1)	(0.0)	(22.0)	(19.5)	(75.9)
EBITDA	**525.1**	**537.8**	**(10.4)**	**1,052.5**	**463.1**	**1.2**	**(125.2)**	**-**	**1,391.6**
Non-recurring items	18.2	-	-	18.2	-	-	22.4	-	40.6
Adjusted EBITDA	**543.3**	**537.8**	**(10.4)**	**1,070.7**	**463.1**	**1.2**	**(102.8)**	**-**	**1,432.2**
Other revenues/expenses	(7.8)	30.9	-	23.1	104.7	0.2	(26.4)	(0.5)	101.1
Net Financial Result	(189.0)	(2.0)	2.8	(188.2)	(160.0)	12.1	(74.0)	-	(410.2)
Equity Income	-	4.9	-	4.9	-	-	433.2	(437.3)	0.9
EBT	**211.0**	**388.2**	**(0.0)**	**599.2**	**215.4**	**13.5**	**185.5**	**(457.2)**	**556.4**
Current Taxes	(18.4)	7.8	-	(10.7)	(3.1)	(0.6)	(25.1)	-	(39.5)
Deferred Taxes	24.3	-	-	24.3	(14.3)	-	72.2	-	82.1
Minority Interest	-	-	-	-	-	-	-	(1.7)	(1.7)
Net Income	**216.9**	**396.0**	**(0.0)**	**612.8**	**197.9**	**12.8**	**232.6**	**(455.5)**	**600.7**

Income Statement - 2018 - Pro-forma basis (R$ million)	Parnaíba Complex: Gas Generation	Parnaíba Complex: Upstream	Parnaíba Complex: Elimination Adjustments	Parnaíba Complex: Total	Coal Generation	Energy Trading	Holding & Other	Elimination Adjustments	Total
Gross Operating Revenues	**1,973.0**	**836.4**	**(833.5)**	**1,975.9**	**1,590.2**	**546.8**	**0.39**	**(432.4)**	**3,680.9**
Deductions from Gross Revenues	(233.0)	(107.8)	157.8	(183.0)	(185.4)	(51.4)	(0.04)	40.0	(379.8)
Net Operating Revenues	**1,740.0**	**728.5**	**(675.6)**	**1,792.9**	**1,404.8**	**495.4**	**0.36**	**(392.4)**	**3,301.1**
Operating Costs	**(1,278.3)**	**(274.3)**	**675.6**	**(876.9)**	**(1,041.7)**	**(486.1)**	**(0.11)**	**392.4**	**(2,012.4)**
Depreciation & amortization	(115.1)	(114.2)	-	(229.4)	(184.6)	-	-	-	(414.0)
Operating Expenses	**(28.1)**	**(146.7)**	**-**	**(174.8)**	**(25.5)**	**(4.0)**	**(100.9)**	**(28.1)**	**(333.3)**
Depreciation & amortization	(2.0)	(17.7)	-	(19.7)	(0.7)	(0.0)	(3.5)	(28.1)	(52.1)
EBITDA	**550.8**	**477.7**	**0.0**	**1,028.4**	**523.0**	**5.4**	**(97.1)**	**(0.0)**	**1,459.8**
Non-recurring items	-	(2.6)	-	(2.6)	(52.5)	-	19.2	-	(35.9)
Adjusted EBITDA	**550.8**	**475.1**	**0.0**	**1,025.8**	**470.5**	**5.4**	**(77.9)**	**(0.0)**	**1,423.9**
Other revenues/expenses	(28.8)	2.5	27.8	1.5	0.8	0.0	182.9	12.0	197.1
Net Financial Result	(187.9)	(103.2)	0.0	(291.1)	(188.1)	(16.6)	(45.2)	-	(541.0)
Equity Income	-	-	-	-	-	-	494.0	(493.4)	0.6
EBT	**216.9**	**206.9**	**27.8**	**451.6**	**150.4**	**(11.2)**	**531.0**	**(509.5)**	**612.1**
Current Taxes	(24.5)	(7.7)	-	(32.3)	(2.4)	(0.0)	(1.2)	-	(35.9)
Deferred Taxes	(30.7)	(31.1)	-	(61.9)	30.5	(0.0)	341.8	-	310.4
Minority Interest	-	-	-	-	-	-	-	0.4	0.4
Net Income	**161.6**	**168.0**	**27.8**	**357.4**	**178.4**	**(11.2)**	**871.5**	**(509.9)**	**886.3**