

# 2Q19 Earnings

August 2019



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# Quarter results boosted by high operational efficiency

2Q19 adjusted EBITDA in line with 2Q18 with 65% lower gas consumption



## 2Q19 Highlights

**Eneva won the Auction** for supply to Boa Vista and connected locations which enables integrated project Azulão-Jaguarica

**R\$ 2,0 billion raised** in debentures

**Parnaíba V financing structuring** concluded

**Adjusted EBITDA** of R\$ 299.3 million, drop of 2.6% vs 2Q18, comparing to a reduction of 52% in generated power and 65% at gas production in the period

**Parnaíba Complex:** adjusted EBITDA/gas production reaches 2.7 R\$/m<sup>3</sup> vs 1.1 R\$/m<sup>3</sup> on 2Q18

**Coal:** adjusted EBITDA grows 19.8% vs. 2Q18 and reaches R\$ 132.7 million, highlighting the expansion of variable margin in Pecém II, due to the generation for Recovery of Operating Reserve (RRO)

**OCF** grows 29.7% and reaches R\$ 306.8 million

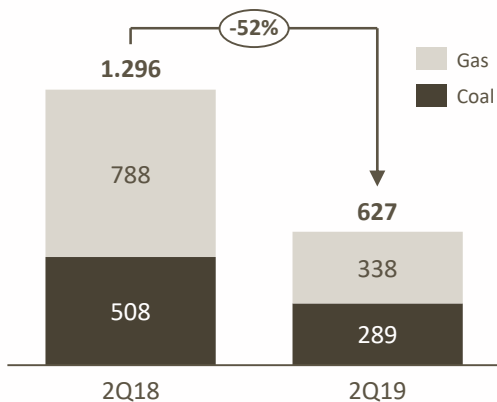
**Cash** of R\$ 1.6 billion and net debt/EDITDA of 2.7x

# Power generation impacted by lower dispatch

52% reduction in power generation and 65% in gas production

## Net power generation

(GWh)



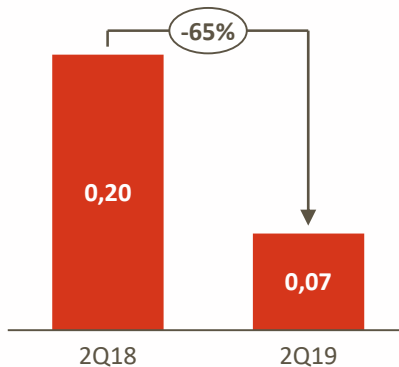
TPP  
dispatch

31%

15%

## Gas production

(Bi m<sup>3</sup>)



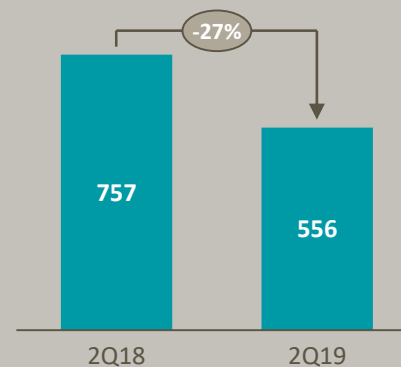
Dispatch  
GTU

26%

9%

## Net revenues

(R\$ MM)

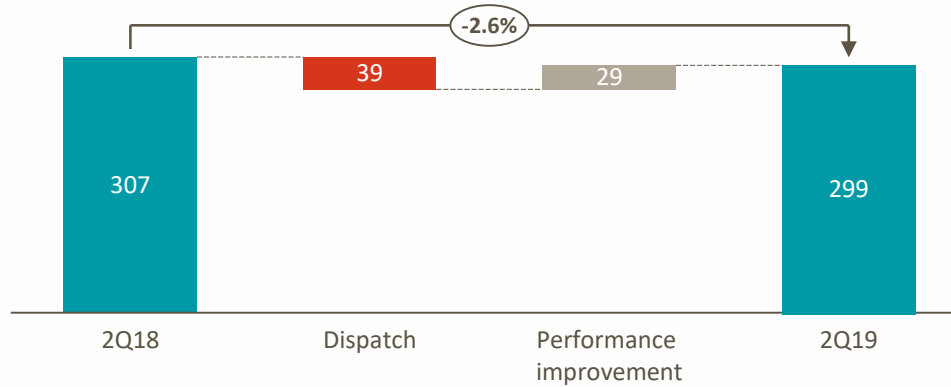


# Continued expansion of fixed margin leads to EBITDA of R\$ 299 mm



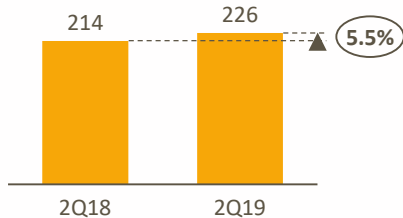
Better operating performance and generation for RRO compensate less dispatch

## Adjusted EBITDA (R\$ MM)

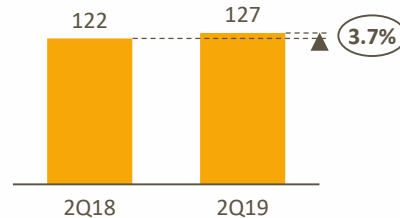


## Performance improvement

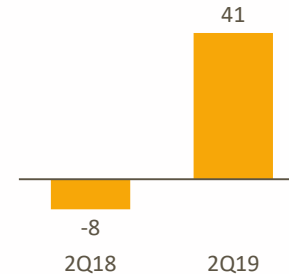
### Fixed margin – Parnaíba Complex (R\$ MM)



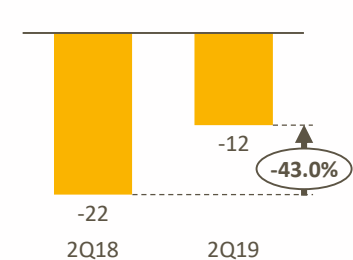
### Fixed margin - Coal (R\$ MM)



### Variable margin – Coal (R\$/MWh)



### Exploration expenses (R\$ MM)



# Operational Cash Flow

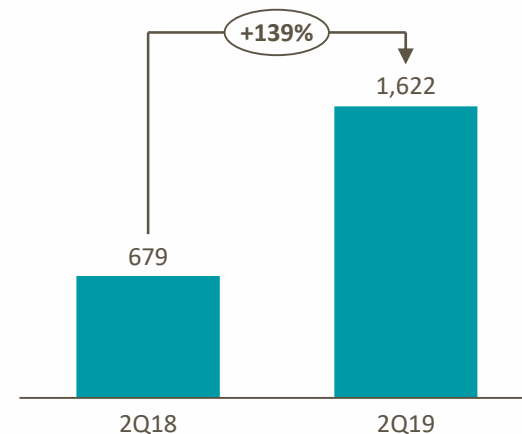
OCF driven by lower working capital needs



(R\$ MM)	2Q18	2Q19	1H18	1H19
<b>EBITDA</b>	<b>351.9</b>	<b>295.7</b>	<b>654.0</b>	<b>617.0</b>
<b>(+) Change in Working Capital</b>	<b>(107.1)</b>	<b>(12.0)</b>	1.3	51.6
<b>(+) Income Tax</b>	<b>(7.4)</b>	<b>(7.7)</b>	(23.5)	(16.0)
<b>(+) Var. Other Assets &amp; Liabilities</b>	<b>(0.8)</b>	<b>30.9</b>	(40.5)	37.7
<b>(=) Operating Cash Flow</b>	<b>236.6</b>	<b>306.8</b>	<b>591.5</b>	<b>690.3</b>
<b>Investing Cash Flow</b>	<b>(289.5)</b>	<b>(190.0)</b>	<b>(364.0)</b>	<b>(279.8)</b>
<b>Financing Cash Flow</b>	<b>114.6</b>	<b>108.6</b>	<b>(594.1)</b>	<b>(22.0)</b>
<b>Cash Flow Yield LTM<sup>(1)</sup></b>			<b>10.7%</b>	<b>16.7%</b>

## Cash position

(R\$ MM)



<sup>(1)</sup> Cash Flow Yield LTM = Cash Flow/Market Capitalization (avg. of last 12 months), which Cash Flow = OCF – Interest – Capex (sustaining).

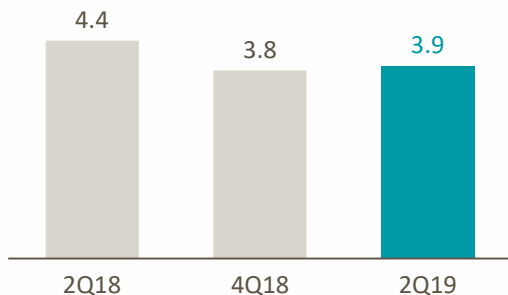
# Indebtedness

Ongoing initiatives to lengthen and reduce debt costs



## Net debt

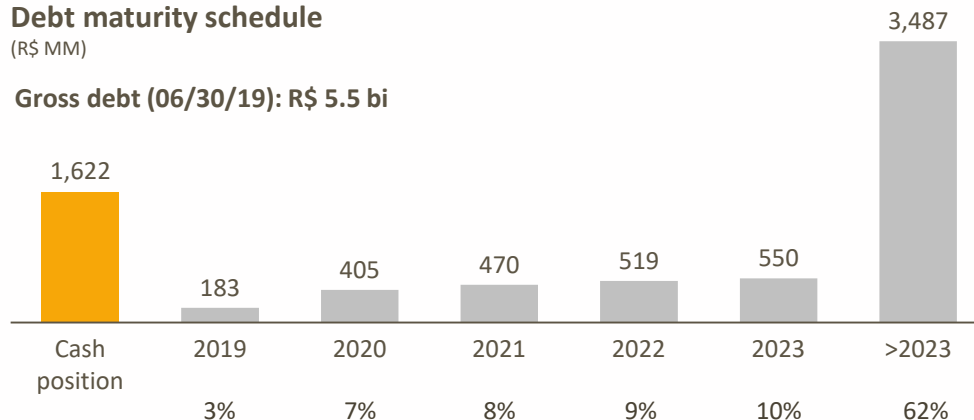
(R\$ Bi)



## Debt maturity schedule

(R\$ MM)

Gross debt (06/30/19): R\$ 5.5 bi



Net debt/ EBITDA LTM	2.9x	2.6x	2.7x
Average cost	9.5%	9.5%	9.2%
Average term (years)	4.2	4.5	4.4

Debentures of R\$ 2bi

R\$ 1.5 billion of this amount, with an average cost of CDI+1.2% a.a., used to settle RJ's remaining debts, whose cost was CDI+2.8% a.a.

Parnaíba V 100% leveraged

Parnaíba V financing structuring concluded through R\$ 500 MM in Infrastructure debentures and R\$ 843 million raised with BNB

# Investments

Highlight to projects under construction



## Parnaíba V

- (i) First downpayment to Techint/Siemens and order to start manufacturing critical plant equipment
- (ii) Installation of Techint and Eneva administrative sites completed
- (iii) Independent access to the plant and the enclosure of the work area completed
- (iv) Soil survey and topography of existing facilities completed
- (v) Start of civil works

## Azulão-Jaguatirica

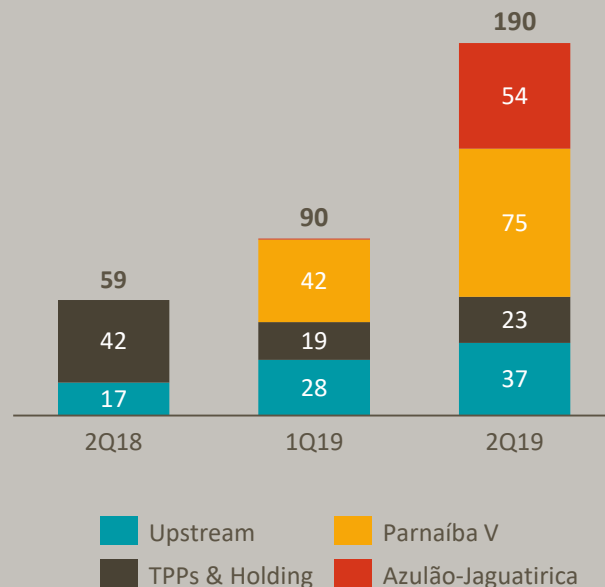
- (i) First downpayment to Galileo and order to start manufacturing cryogenic equipment
- (ii) Notice-to-proceed to Techint in June
- (iii) Mobilization of the internal engineering team
- (iv) Hiring of companies responsible for rig services and integrated well services, special profiling and well testing

## Upstream

Drilling of 5 exploratory wells concluded

### Investments

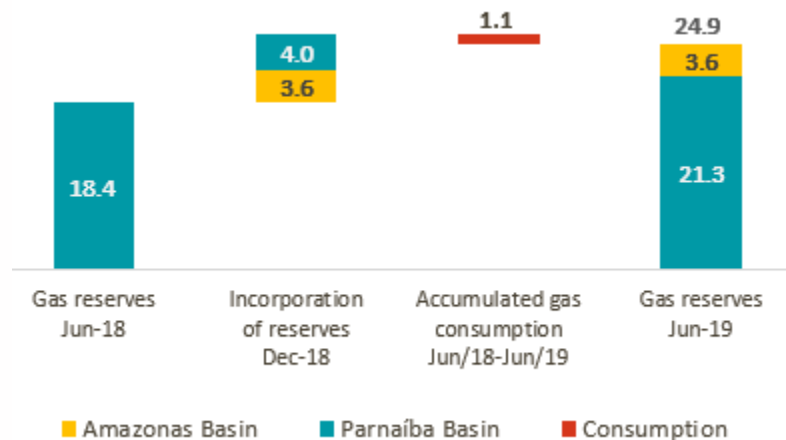
(R\$ MM)





# Exploration campaign in Parnaíba Basin

## Total natural gas reserves (Bi m<sup>3</sup>)



## Portfolio of exploration

- GVP Discovery Assessment Plans under review to include the annexation of the Angical PAD (PN-T-67)
- Drilling of 5 exploratory wells concluded in R-13 concessions in 2Q19
- Seismic acquisition agreement beginning in Nov/19 and over 12 months



Execution of stake of boiler 32



Installation of operational siding



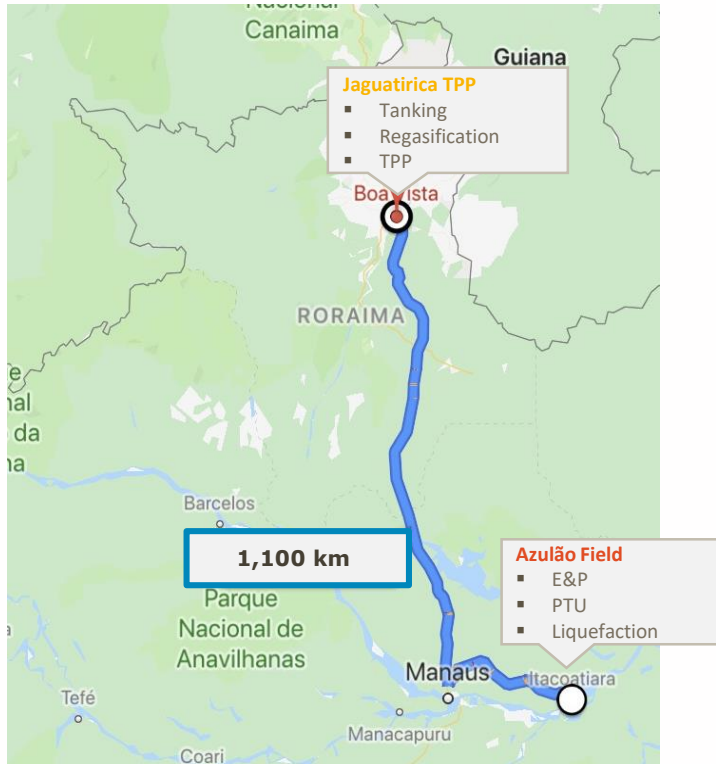
Fence installation



Execution of soil scanning activities



Concrete plant installation



Environmental licensing according to the project implementation schedule

## Jaguatirica TPP

- License for vegetation removal
- License for earthworks
- Single installation license

## Azulão Field

- License for vegetation removal
- Well drilling license

Thank you

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