

# OPERATING AND FINANCIAL RESULTS

4Q15



- ▶ **Introduction**
- ▶ **Highlights**
- ▶ **Operating Results**
- ▶ **Financial Results**

- ▶ **Introduction**
- ▶ Highlights
- ▶ Operating Results
- ▶ Financial Results

## Presentation of Operating and Financial Information

- ▶ The financial information contained herein is presented in consolidated figures, pursuant to Brazilian Corporate Law, based on revised financial information. The consolidated financial information represents: i) 100% of CEMAR's results, excluding 34.89% related to minority interests before Net Income, resulting in participation of 65.11% ii) 100% of CELPA's results, excluding 3.82% related to minority interests before Net Income, resulting in participation of 96.18%; and iii) 100% of Equatorial Soluções' results, which in turn consolidated 100% of Sol Energias' results, excluding 49% of minority interest before Net Income.
- ▶ The operating information presented herein consolidates 100% of CEMAR's results and 100% of CELPA's results.
- ▶ The following information was not reviewed by the independent auditors: i) non-financial information relating to CEMAR, Light and the PLPT (Programa Luz para Todos - Light for All Program); ii) pro forma information and its comparison with the results presented in the period; and iii) management expectations regarding the future performance of the Companies.

- ▶ Introduction
- ▶ **Highlights**
- ▶ Operating Results
- ▶ Financial Results

- ▶ CEMAR's **total volume** reached 1,598 GWh in 4Q15, 4.5% higher than in 4Q14. The total volume distributed by CELPA (captive and free markets) totaled 2,413 GWh in 4Q15, representing a 12.2% increase YoY.
- ▶ In CEMAR, **energy losses** of the last 12 months ending 4Q15 represented 17.6% of the required energy, same percentage achieved in 3Q15. In CELPA, total losses ended the year at 29.2% of the required energy, a decrease of 2.1 p.p. compared to the 31.3% recorded in 3Q15.
- ▶ In 4Q15, CEMAR's **DEC** and **FEC** indexes (accumulated over the last 12 months) were 15.3 hours and 8.9 times respectively. In CELPA, these same indexes closed the quarter with improvements of 9.5% and 9.4%, respectively.

- ▶ In 4Q15, **Adjusted Regulatory EBITDA** amounted to R\$ 381 million, 51% growth over 4Q14, due to the reduction in energy losses in Celpa and the increase in billed volume in both companies.
- ▶ The **Adjusted Net Income** of the quarter amounted to R\$ 244 million, 89% increase when compared to the same quarter last year.
- ▶ In 4Q15, Equatorial's consolidated **investments** totaled R\$329 million, 32.4% less than those made in 4Q14.
- ▶ With the creation of the Tariff Flags and Extraordinary Tariff Review in March 2015, the Regulatory Assets carried by Cemar and Celpa, amounting to R\$ 685 million on aggregate by the end of 2014, was received and consequently reduced to a liability of R\$ 66 million by the end of 2015.
- ▶ In the Board of Directors Meeting held on March 10, the proposal to pay R\$ 198 million in dividends, already including the Interest on Equity announced on December, 2015, which represents R\$ 1.00 per share.
- ▶ In January 2016, R\$ 441 million in Celpa's debt (of which R\$ 197 million were due in the short term) was renewed to a new maturity with 1 year of grace period and 2 years of amortization.

- ▶ Introduction
- ▶ Highlights
- ▶ **Operating Results**
- ▶ Financial Results



- **CEMAR:** 4Q15 energy demand (captive + free markets) moved up by 4.5%, reaching 1,598 GWh.

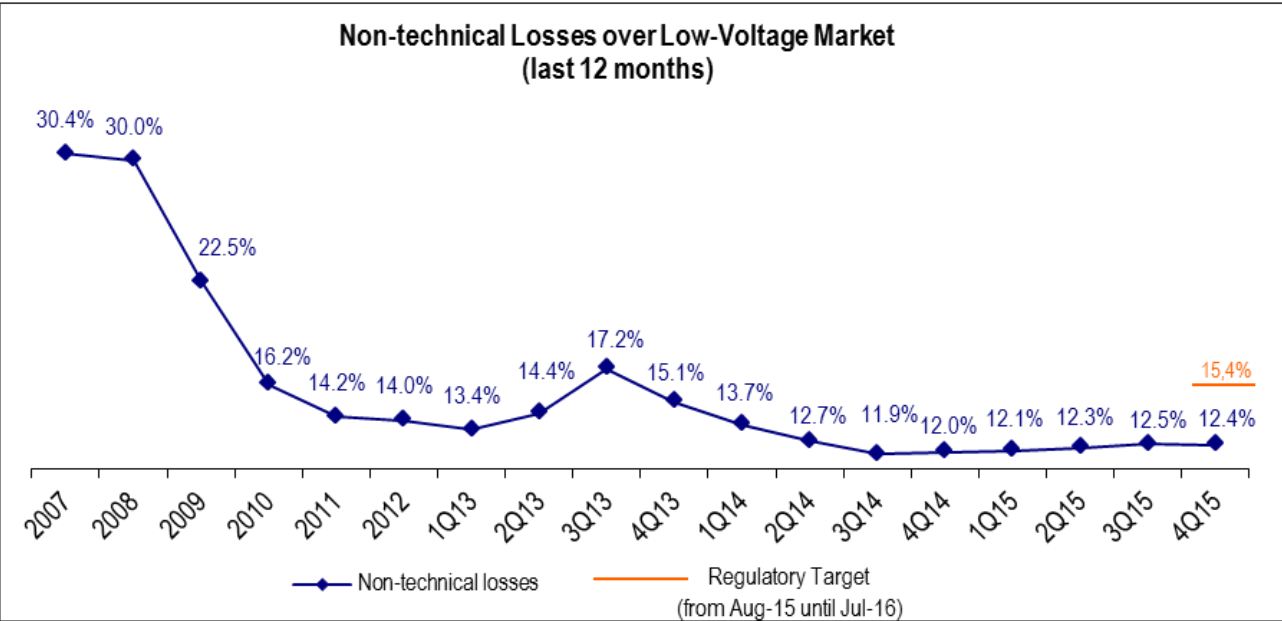
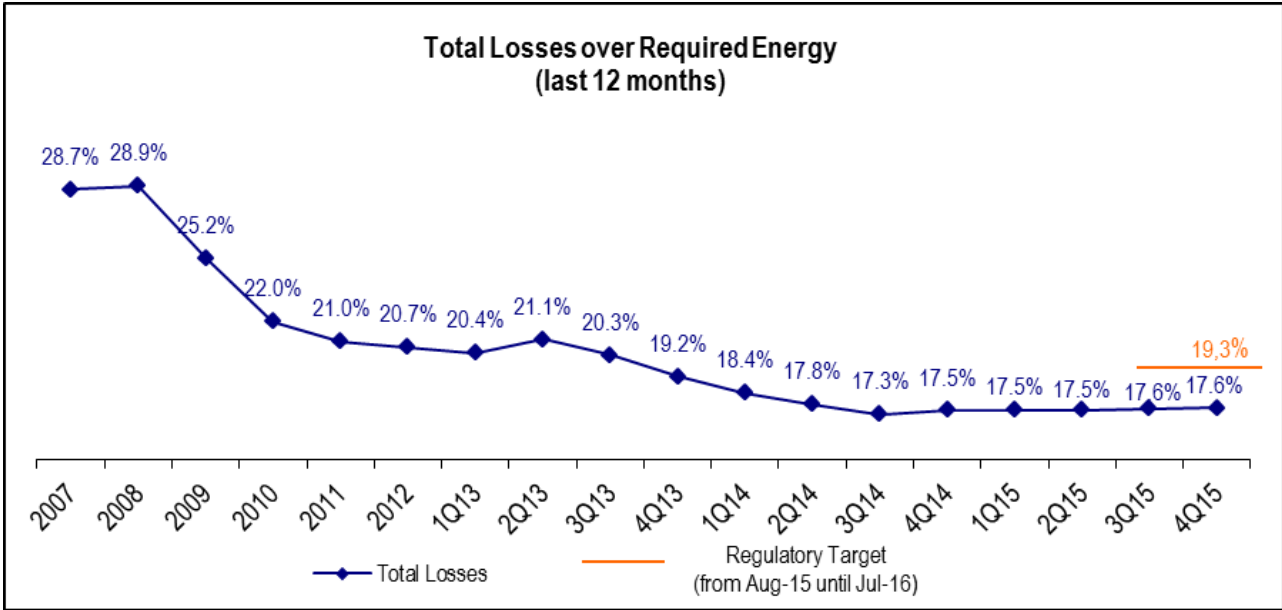
## Electricity Consumption per Segment (GWh)

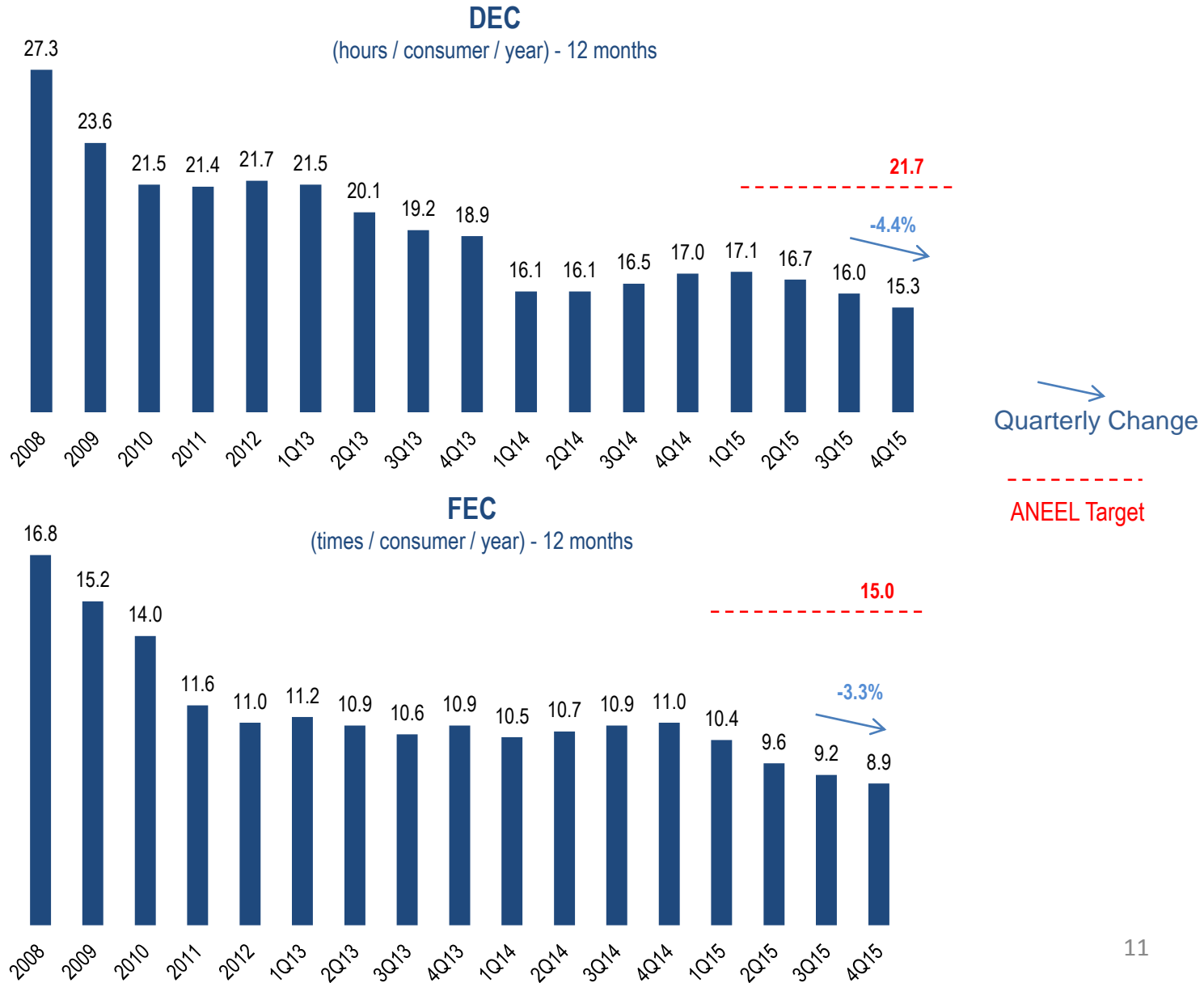
Consumption Segments (GWh)	4Q14	3Q15	4Q15	Chg.	2014	2015	Chg.
Residential	743	733	785	5.7%	2,786	2,917	4.7%
Industrial	112	112	105	-6.3%	411	419	2.1%
Commercial	313	312	322	2.7%	1,164	1,216	4.5%
Others	327	333	356	8.7%	1,222	1,282	4.9%
<b>TOTAL (Captive)</b>	<b>1,496</b>	<b>1,489</b>	<b>1,568</b>	<b>4.8%</b>	<b>5,582</b>	<b>5,834</b>	<b>4.5%</b>
Free Customers	33	29	30	-10.0%	122	117	-3.5%
<b>TOTAL (Captive + Free)</b>	<b>1,529</b>	<b>1,518</b>	<b>1,598</b>	<b>4.5%</b>	<b>5,704</b>	<b>5,951</b>	<b>4.3%</b>

## Energy Balance (MWh)

Energy Balance (MWh)	4Q14	3Q15	4Q15	Var.	2014	2015	Var.
Required Energy	1,878,571	1,860,009	1,948,278	3.7%	6,936,215	7,242,088	4.4%
Sold Energy (*)	1,531,394	1,520,358	1,600,150	4.5%	5,712,777	5,960,206	4.3%
Losses	347,177	339,651	348,128	0.3%	1,223,438	1,281,882	4.8%

(\*) Considers sale to the segments, own consumption and sales to CEPISA.





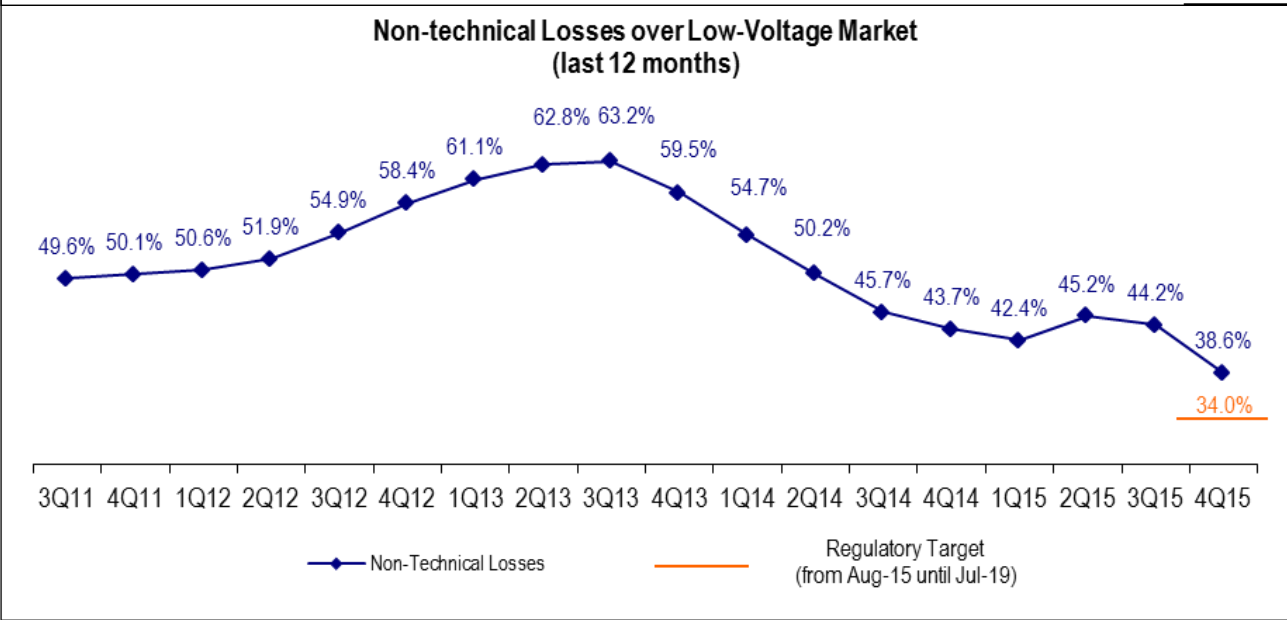
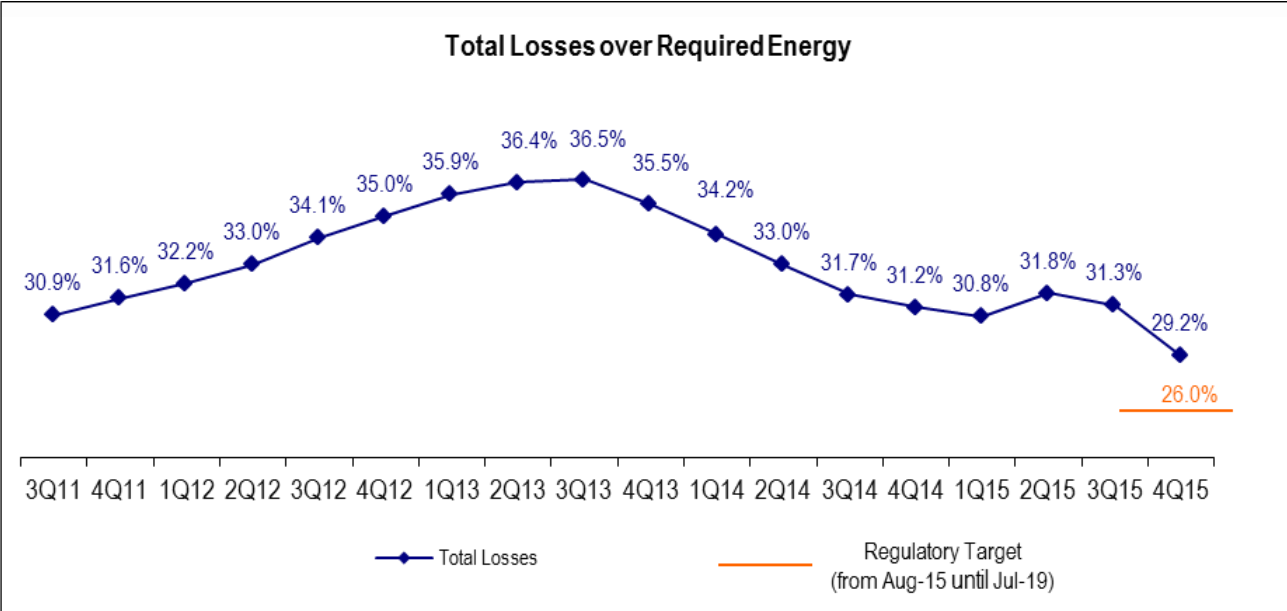
- ▶ **CELPA:** 12.2% increase in energy sales in 4Q15 (Captive Market + Free), reaching 2,413 GWh.

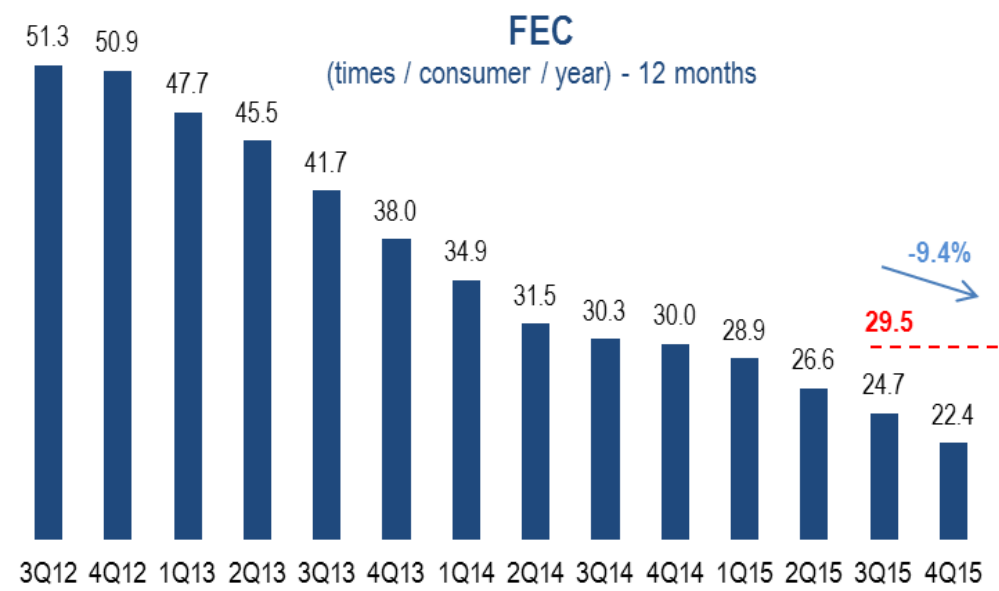
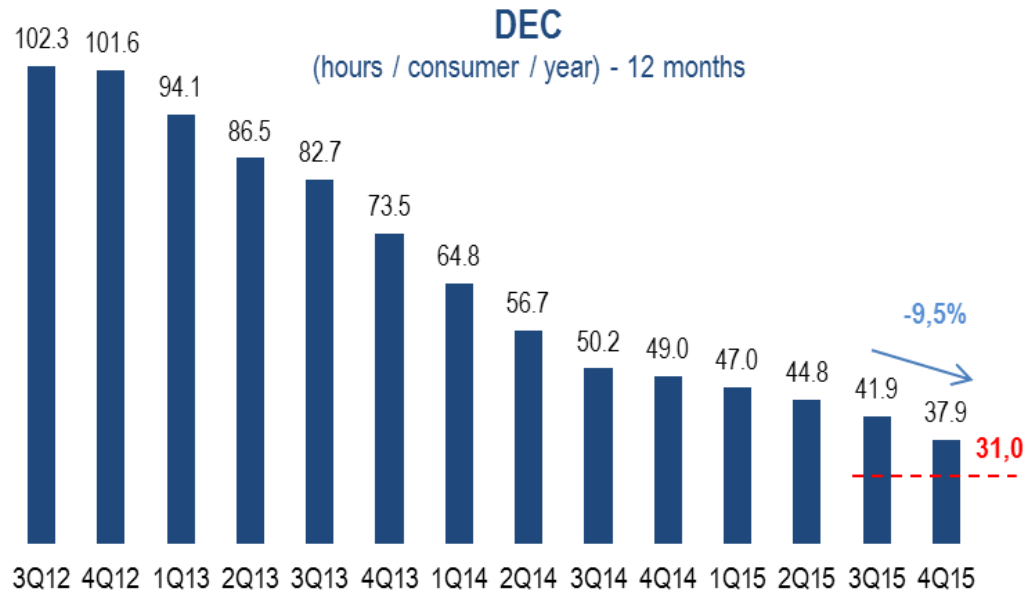
## Electricity Consumption per Segment (GWh)

Consumption Segments (GWh)	4Q14	3Q15	4Q15	Chg.	2014	2015	Chg.
Residential	872	913	1,084	24.3%	3,317	3,556	7.2%
Industrial	355	342	344	-3.1%	1,345	1,321	-1.7%
Commercial	465	467	508	9.4%	1,731	1,800	4.0%
Others	362	366	409	13.0%	1,329	1,428	7.4%
<b>TOTAL (Captive)</b>	<b>2,053</b>	<b>2,088</b>	<b>2,345</b>	<b>14.2%</b>	<b>7,721</b>	<b>8,105</b>	<b>5.0%</b>
Free Customers	98	78	68	-29.9%	376	317	-15.8%
<b>TOTAL (Captive + Free)</b>	<b>2,151</b>	<b>2,166</b>	<b>2,413</b>	<b>12.2%</b>	<b>8,098</b>	<b>8,422</b>	<b>4.0%</b>

## Energy Balance (GWh)

Energy Balance (GWh)	4Q14	3Q15	4Q15	Chg.	2014	2015	Var.
Sold Energy (Captive + Own Cons.)	2,062	2,096	2,354	14.1%	7,755	8,138	4.9%
Free Market	98	78	68	-29.9%	376	317	-15.8%
Total Losses	979	898	734	-25.0%	3,693	3,488	-5.6%
<b>Required Energy</b>	<b>3,139</b>	<b>3,073</b>	<b>3,157</b>	<b>0.6%</b>	<b>11,824</b>	<b>11,943</b>	<b>1.0%</b>
Own Generation	127	109	116	-9.2%	469	441	-5.8%
Energy Purchase	3,011	2,963	3,041	1.0%	11,355	11,502	1.3%





Quarterly Change

ANEEL Target

- ▶ Introduction
- ▶ Highlights
- ▶ Operating Results
- ▶ **Financial Results**

## Equatorial's EBITDA

Consolidated EBITDA (R\$ million)	4Q14	3Q15	4Q15	Chg.	2014	2015	Chg.
CEMAR's EBITDA	370	174	146	-60.5%	630	578	-8.3%
CELPA's EBITDA	397	200	200	-49.7%	597	631	5.6%
EBITDA (Holding + Others)	(1)	(8)	(13)	N/A	10	(32)	-423.6%
<b>Accounting EBITDA</b>	<b>766</b>	<b>365</b>	<b>333</b>	<b>-56.6%</b>	<b>1,237</b>	<b>1,176</b>	<b>-4.9%</b>
Net Regulatory Assets / Liabilities CEMAR	(208)	-	-	N/A	(69)	-	-100.0%
Net Regulatory Assets / Liabilities CELPA	(371)	-	-	N/A	(108)	-	-100.0%
CEMAR's Adjustments	-	(4)	21	N/A	(1)	46	-4656.4%
CELPA's Adjustments	61	(40)	24	-60.9%	(118)	(60)	-49.5%
Stock Options Expense Adj. (Equatorial)	3	2	3	-17.4%	9	22	162.6%
<b>Adjusted Regulatory EBITDA</b>	<b>251</b>	<b>323</b>	<b>381</b>	<b>51.5%</b>	<b>950</b>	<b>1,184</b>	<b>24.7%</b>

As of 2015, the fines for non compliance with individual quality indicators paid to consumers (DIC, FIC, DMIC, Tension Level) are now accounted in Others, inside Manageable Costs, above the EBITDA line. Until 4Q14, these fines were accrued in Financial Expenses, not affecting EBITDA.

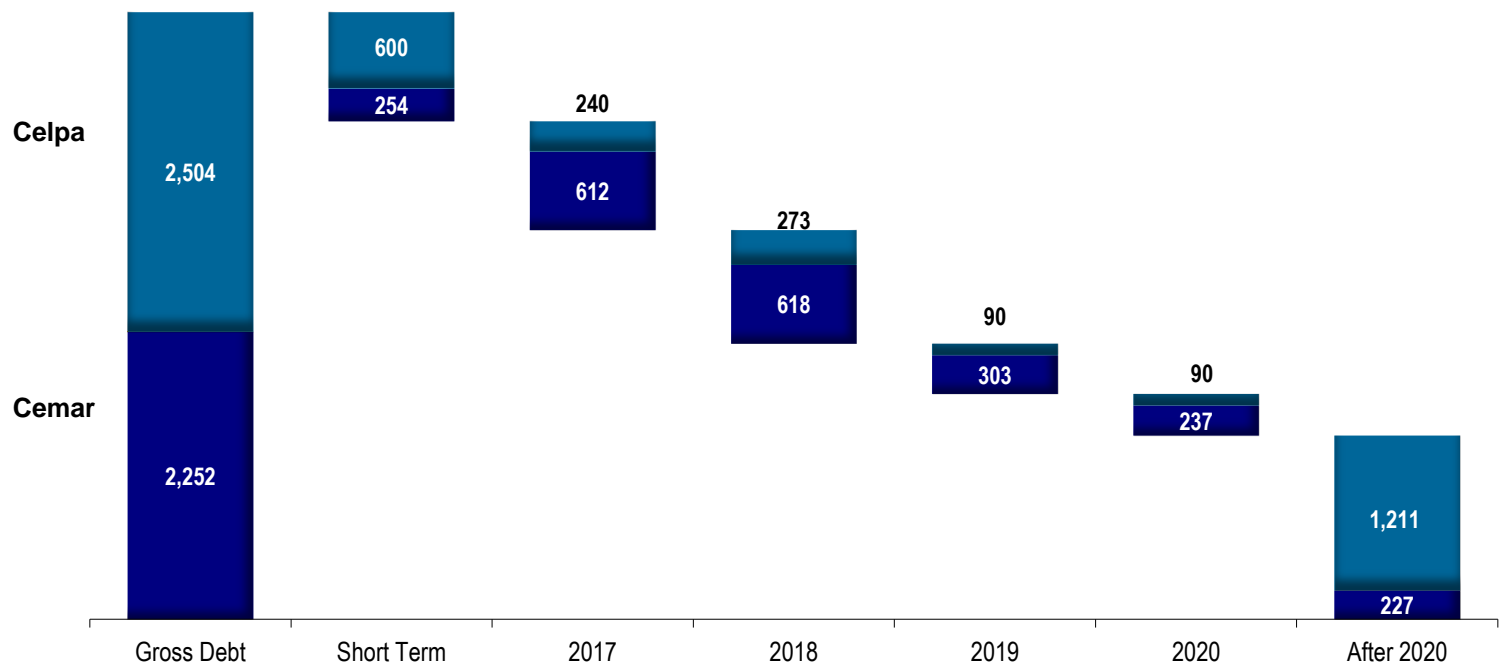
On a pro forma basis, we adjusted the previous quarters, to maintain comparability between quarters.



## Consolidated Net Income

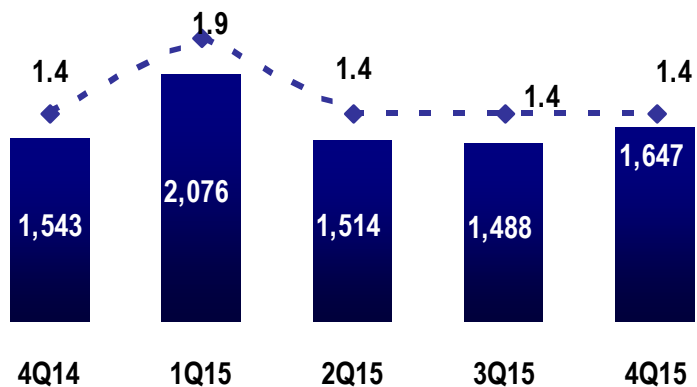
Consolidated Net Income (R\$ million)	4Q14	3Q15	4Q15	Chg.	2014	2015	Chg.
CEMAR's Net Income	146	64	80	-45.1%	229	237	3.7%
CELPA's Net Income	347	2	30	-91.4%	330	500	51.5%
Net Income (Holding + Others)	23	14	33	43.5%	69	71	2.9%
<b>Accounting Net Income</b>	<b>516</b>	<b>80</b>	<b>143</b>	<b>-72.3%</b>	<b>628</b>	<b>808</b>	<b>28.7%</b>
Net Regulatory Assets / Liabilities CEMAR	(135)	-	-	N/A	(31)	-	N/A
Net Regulatory Assets / Liabilities CELPA	(351)	-	-	N/A	(67)	-	N/A
CEMAR's Adjustments	40	(6)	(2)	N/A	53	(1)	N/A
CELPA's Adjustments	57	(4)	101	77.7%	(127)	(353)	177.4%
Stock Options Expense Adj. (Equatorial)	2	2	2	-17.4%	6	15	162.6%
<b>Adjusted Regulatory Net Income</b>	<b>129</b>	<b>72</b>	<b>244</b>	<b>89.0%</b>	<b>461</b>	<b>469</b>	<b>1.7%</b>

## Consolidated Gross Debt (100% CEMAR + 100% CELPA)

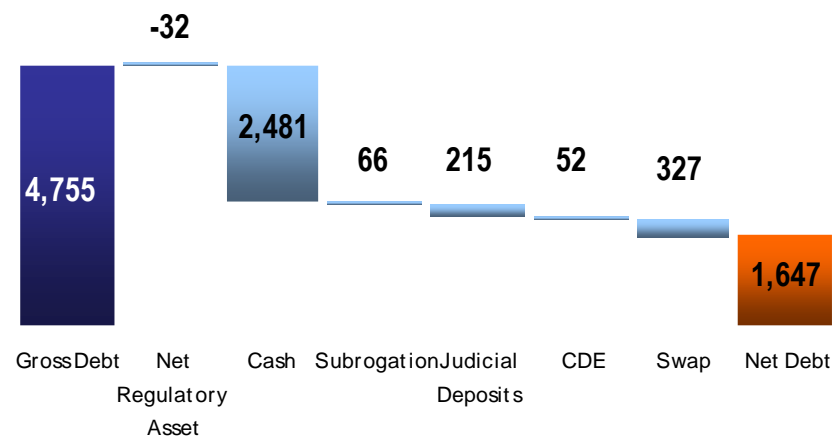


## 100% CEMAR + 100% CELPA

Net Debt (R\$MM) and Net Debt/ Regulatory EBITDA (Last 12 months)

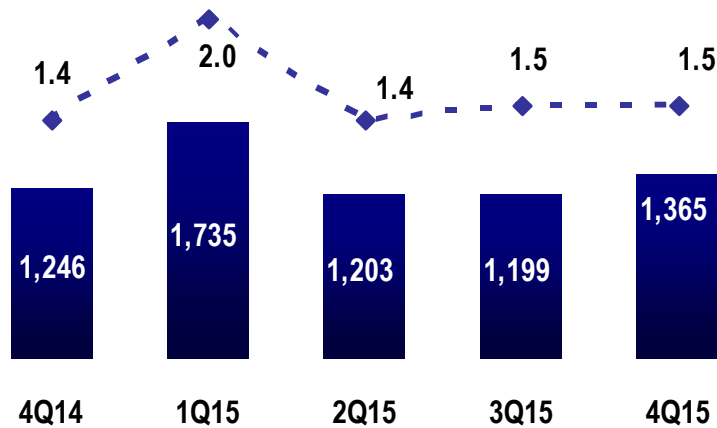


Net Debt Reconciliation (R\$MM)

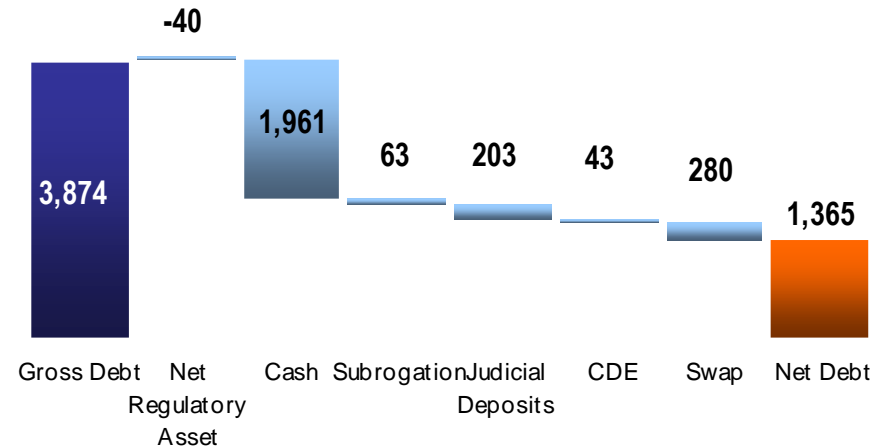


65.11% CEMAR + 96.5% CELPA

Net Debt (R\$MM) and Net Debt/ Regulatory EBITDA (Last 12 months)



Net Debt Reconciliation (R\$MM)



- ▶ **CEMAR:** In 4Q15, total capex reached R\$158 million, of which R\$128 million are own capex and R\$30 million regarding the Light for All Program (PLPT).
- ▶ **CELPA:** In 4Q15, total capex reached R\$ 169 million, of which R\$99 million are own capex and R\$70 million regarding the Light for All Program (PLPT).

INVESTMENTS (R\$MM)	4Q14	3Q15	4Q15	Var.	2014	2015	Var.
<b>CEMAR</b>							
Grid Maintenance	26	18	21	-19.6%	83	73	-11.4%
Grid Expansion	59	52	99	69.1%	184	217	17.7%
Systems and Equipments	13	8	7	-49.2%	39	45	16.5%
Other	1	1	1	36.2%	10	5	-51.9%
<b>Own Total (*)</b>	<b>99</b>	<b>78</b>	<b>128</b>	<b>29.8%</b>	<b>316</b>	<b>340</b>	<b>7.6%</b>
<b>PLPT</b>	<b>10</b>	<b>22</b>	<b>30</b>	<b>198.8%</b>	<b>72</b>	<b>76</b>	<b>6.3%</b>
<b>CELPA</b>							
Grid Maintenance	31	18	19	-39.1%	85	90	5.5%
Grid Expansion	256	57	60	-76.7%	448	320	-28.7%
Systems and Equipments	21	13	11	-47.1%	59	48	-19.3%
Universalization	9	4	3	-72.4%	34	(15)	N/A
Special Projects - (Subrogation CCC)	18	0	2	-91.0%	81	7	-91.4%
Other	(29)	9	5	N/A	(8)	32	N/A
<b>Own Total (*)</b>	<b>307</b>	<b>102</b>	<b>99</b>	<b>-67.7%</b>	<b>699</b>	<b>481</b>	<b>-31.2%</b>
<b>PLPT</b>	<b>71</b>	<b>57</b>	<b>70</b>	<b>-0.8%</b>	<b>220</b>	<b>219</b>	<b>-0.5%</b>
<b>Geramar (25%)</b>							
Generation	0	2	2	680.7%	1	9	1223.3%
<b>EQUATORIAL TOTAL</b>	<b>487</b>	<b>261</b>	<b>329</b>	<b>-32.4%</b>	<b>1,308</b>	<b>1,126</b>	<b>-13.9%</b>

- ▶ The Company's Management is proposing the distribution of R\$ 198,588 thousand in dividends, already considering the R\$ 69,506 thousand in Interest on Equity announced on December 23, 2015. Total amount to be paid to shareholders represents R\$ 1.00 per share.

Event	Approval	Amount (R\$)	Per share (R\$)
Dividends	General Meeting Apr' 16	R\$ 129,082,503.55	0.6500000
Interest on Equity	Board Meeting Dec' 15	R\$ 69,505,573.20	0.3500000
<b>Total</b>		<b>R\$ 198,588,076.75</b>	<b>1.0000000</b>

**Eduardo Haiama**  
CFO and IRO

**Thomas Newlands**  
Investor Relations

**Renato Parentoni**  
Investor Relations

Telephone 1: +0 55 (21) 3206-6635

Telephone 2: +0 55 (21) 3217-6607

Email: [ir@equatorialenergia.com.br](mailto:ir@equatorialenergia.com.br)

Website: <http://www.equatorialenergia.com.br/ir>

- This presentation may contain forward-looking statements, which are subject to risks and uncertainties, as they were based on the expectations of Company's management and on available information. These prospects include statements concerning the Company's current intentions or expectations for our clients; this presentation will also be available at our website [www.equatorialenergia.com.br/ir](http://www.equatorialenergia.com.br/ir) and in the IPE system of the Brazilian Securities and Exchange Commission (CVM).
- Forward-looking statements refer to future events which may or may not occur. Our future financial situation, operating results, market share and competitive positioning may differ substantially from those expressed or suggested by said forward-looking statements. Many factors and values that can establish these results are outside Company's control or expectation. The reader/investor is advised not to completely rely on the information above.
- The words "believe", "can", "predict", "estimate", "continue", "anticipate", "intend", "forecast" and similar words, are intended to identify estimates, which refer only to the date on which they were expressed. Hence, the Company has no obligation to update said statements.
- This presentation does not constitute any offering, invitation or request of subscription offer or purchase of any marketable securities. And, this statement or any other information herein, does not constitute the basis for any contract or commitment of any kind.