



## M&A – Main Transactions

### Engie acquires transmission project in the North of the country. (Jan-20)

Engie Brasil Energia ended 2019 with the announcement of another major investment. The multinational announces the acquisition of 100% of the shares of Sterlite Novo Estado Energia, a company that holds a contract for the construction of 1,800 kilometers of transmission lines in Pará and Tocantins, in addition to the expansion of three other substations. It is a US\$ 83.16 million project, whose works will begin in 2020.

### Omega Geração closes acquisition of wind energy projects in Bahia. (Jan-20)

Omega Geração (OMGE3) disclosed a material fact informing that it has entered into a binding agreement with the Renewable Energy Infrastructure Participation Fund for the acquisition of all the shares issued by CEA III – Centrais Eólicas Assuruá III SPE, which owns the electricity generation projects. wind energy located in the interior of Bahia. The total amount of the operation is US\$ 4,05 million.

### Denham Capital invests US\$250m in Ceiba Energy. (Jan-20)

Private equity firm Denham Capital has agreed to invest US\$250 million in Ceiba Energy, which owns power generation assets in Latin America, to expand its portfolio of energy projects in the region, including renewable energy units and thermal power plants at gas. Ceiba hopes to boost business in countries where its management has knowledge of legal structures and investment environments, such as Brazil.

### Energy mergers and acquisitions remain stable. (Feb-20)

KPMG announced that the number of mergers and acquisitions in the energy companies sector remained stable in 2019 compared to 2018. The segment completed 51 transactions in the last year, leaving only four transactions behind the volume recorded in 2018 (55). Among the transactions carried out in 2019, 27 were domestic and 16 were of the CB1 type. Four operations of category CB4, three of type CB2, and one of category CB5 were also carried out.

### President of Eletrobras confirms privatization of the company in 2021. (May-20)

Wilson Ferreira Júnior, president of Eletrobras, stated that the privatization of the company should take place next year. He defends “The only way for the government to quickly mitigate the effects (of the pandemic), mainly of debt, is with privatizations, which will strengthen the economic-financial balance of public accounts”. The company's value was fixed at US\$ 3,24 billion, but the government has yet to make another assessment to define the value of the shares.

### Valmont announces acquisition of majority shares in Solbras. (Jun- 20)

Irrigation company expands its portfolio and will offer, in addition to the most technological center pivots on the market, photovoltaic energy. Valmont announced the purchase of shares in Solbras – Energia Solar do Brasil, a national company in the photovoltaic energy sector. With the operation, the multinational becomes the majority partner in the business.

## Indexes

### Energy Price Indexes

	Center-West	South	Southeast	Northeast	North
Jan PLD* (USD/MWh)	66.40	66.40	66.40	66.37	66.37
Jul PLD* (USD/MWh)	23.28	23.28	23.28	13.96	14.07

### Economic Indices

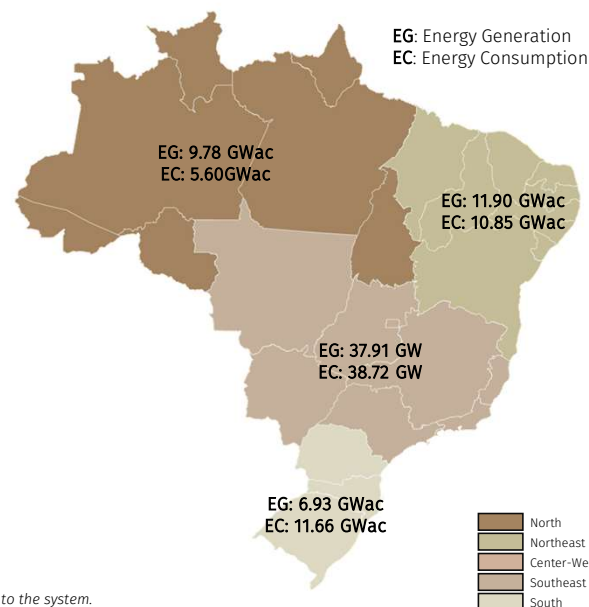
Brazilian Treasury Bonds – NTN2045***	5,26% + IPCA per annum
Brazilian CPI – IPCA – YTD	0.46%
Brazilian CPI – IPCA – 12M	2.31%
Exchange Rate Average 2022 - (USD/BRL) YTD	4,93

\* PLD: Average Spot Market Energy price

\*\* Hydro Reservoir Level: used to calculate the PLD and to determine when thermal plants must be turned on to provide security to the system.

\*\*\* Brazilian Treasury Bonds NTN2045: indexed to IPCA (Brazilian CPI – Central Bank inflation guidance)

## Energy Generation and Consumption

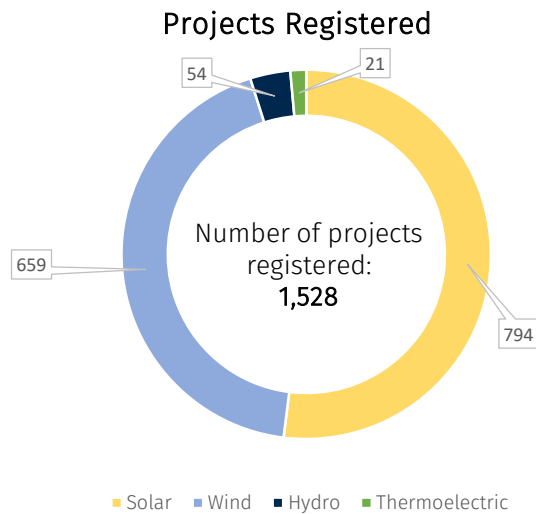
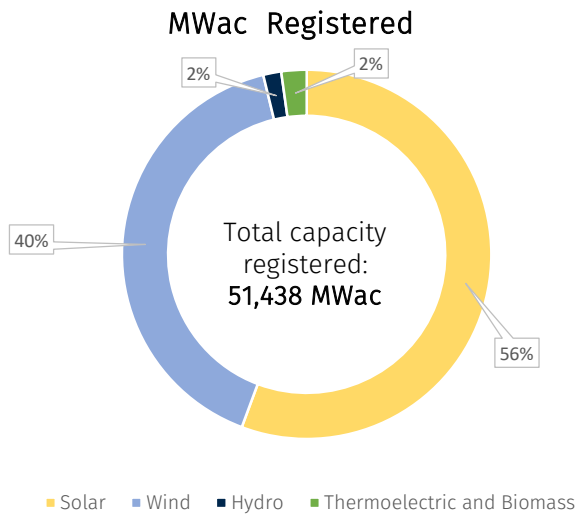


Sources: ANEEL, QNS, EPE, CCEE, Valor, Canal Energia, Reuters, PV Magazine, DCI, UDOP.

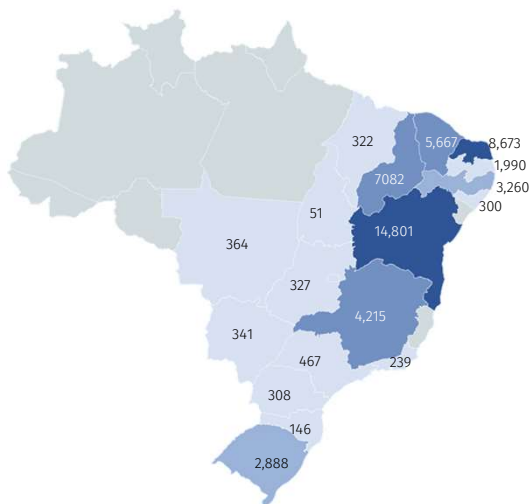
## Brazilian New Energy Auction A-4 – Apr 2020

Following the energy auction of the National Interconnected System (SIN) last October, the Ministry of Mines and Energy (MME) scheduled a new energy auction for April 23, 2020. The Energy Research Company (EPE), responsible for the registration of the project, registered 1,528 projects with a total of 51,438 MWac of power. The leading source in capacity recorded was solar with more than 28,667 MWac distributed across 794 projects. Wind energy ranks second, with 659 projects representing more than 20,825 MWac of capacity. In third place, Hydro was awarded with 54 projects, accounting for 801 MWac, followed by Thermolectric and Biomass with 21 projects and a total of 1,145 MWac registered.

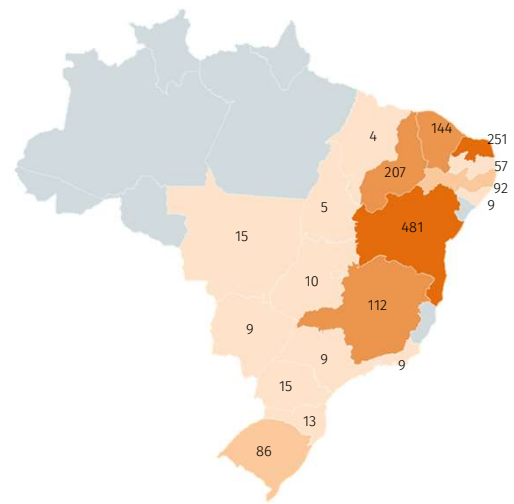
The leading states in number of projects registered were: Bahia and Rio Grande do Norte, with 14,801 Mwac and 8,673 Mwac, respectively.



MWac Registered per State – A3 and A4



Projects Registered per State – A3 and A4



Source: EPE.



## A-4 Energy Auction

The Ministry of Mines and Energy has postponed the holding of auctions for the generation and transmission of electricity indefinitely due to the crisis caused by the pandemic of the new coronavirus. In a note, the ministry highlighted that “it is not a question of canceling the 2020 auctions in the electricity sector, but of a postponement, given the confidence that there is in the resumption of economic activity, once the public health situation is normalized”.

*ITA Capital is your partner on the ground in Brazil to help navigate the local cultural and political landscape and to assist on regulatory and tax issues for renewable energy infrastructure assets at all stages of development. Our team has developed a strong expertise with over 15 years of investment advisory in Brazil and abroad. Please feel free to contact us if you need a local partner or advisor in this unique and complex market.*

Sources: CCEE, Aneel, and MME.