

M&A – Main Transactions (Mar/Apr/May–17)

Neoenergia sells wind power cluster to Elektro Renováveis (Mar–17)

Brazilian energy company Neoenergia sold 10 wind farms to the renewable arm of the distribution company Elektro. The cluster has 288MW of installed capacity and the purchase price was USD 100M. The operation consisted of the sale of Neoenergia's 50% participation in Força Eólica do Brasil I and II.

Echoenergia, from Actis, acquired wind power plants from Casa dos Ventos (May–17)

Echoenergia announced the acquisition of two operational wind power plants from Casa dos Ventos, a total amount of 346 MW. Neither company has revealed the transaction details.

SPIC Overseas acquired Pacific Hydro Brasil (Apr–17)

The Chinese group SPIC Overseas acquired Pacific Hydro operations in Brazil. The Australian company started operating in Brazil in 2007 and had a total installed capacity of 58MW in wind farms. The transaction details were not disclosed.

CTEEP buys remaining stake in IENNE (May–17)

CTEEP, a Brazilian transmission company, acquired 75% of IENNE, another Brazilian distribution company, from Spain's Isolux and Cymi for the total value of USD 31M. After the deal, CTEEP will become the sole owner of the company.

AES Tiete buys Renova's wind power plant Alto Sertão II (Apr–17)

AES Tiete, invested company of the American group AES, has acquired Renova's wind farm cluster of 386MW for USD 194M. The company will also assume the related debt of USD 371M.

Indices

Energy Prices Indices

	Center-West	Southeast	South	Northeast	North
March PLD* (USD/MW)	69	69	69	91	11
April PLD* (USD/MW)	119	199	199	199	11
Hydro Reservoir Level –May/17**	41%	41%	43%	21%	66%

Economic Indices

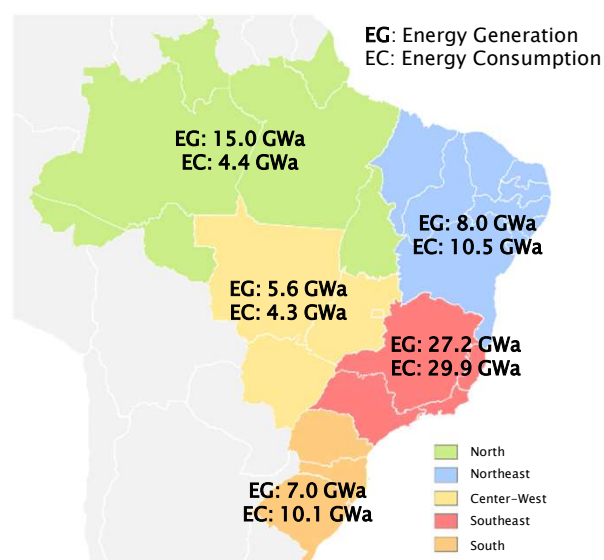
Brazilian Treasury Bonds – NTNB 2045***	4.97% + IPCA per annum
Brazilian CPI – IPCA – YTD	1.10%
Brazilian CPI – IPCA – 12M	4.08%
Average FX Rate 2017 YTD (R\$/USD)	3.13

* 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 NTNB 2045: indexed to IPCA (Brazilian CPI – Central Bank inflation guidance)

Energy Generation and Consumption



Sources: ANEEL, ONS, EPE, CCEE, Valor Econômico, Reuters Brasil, Canal Energia



Brazilian Renewable Energy Projects Outlook

ITA Capital's Methodology

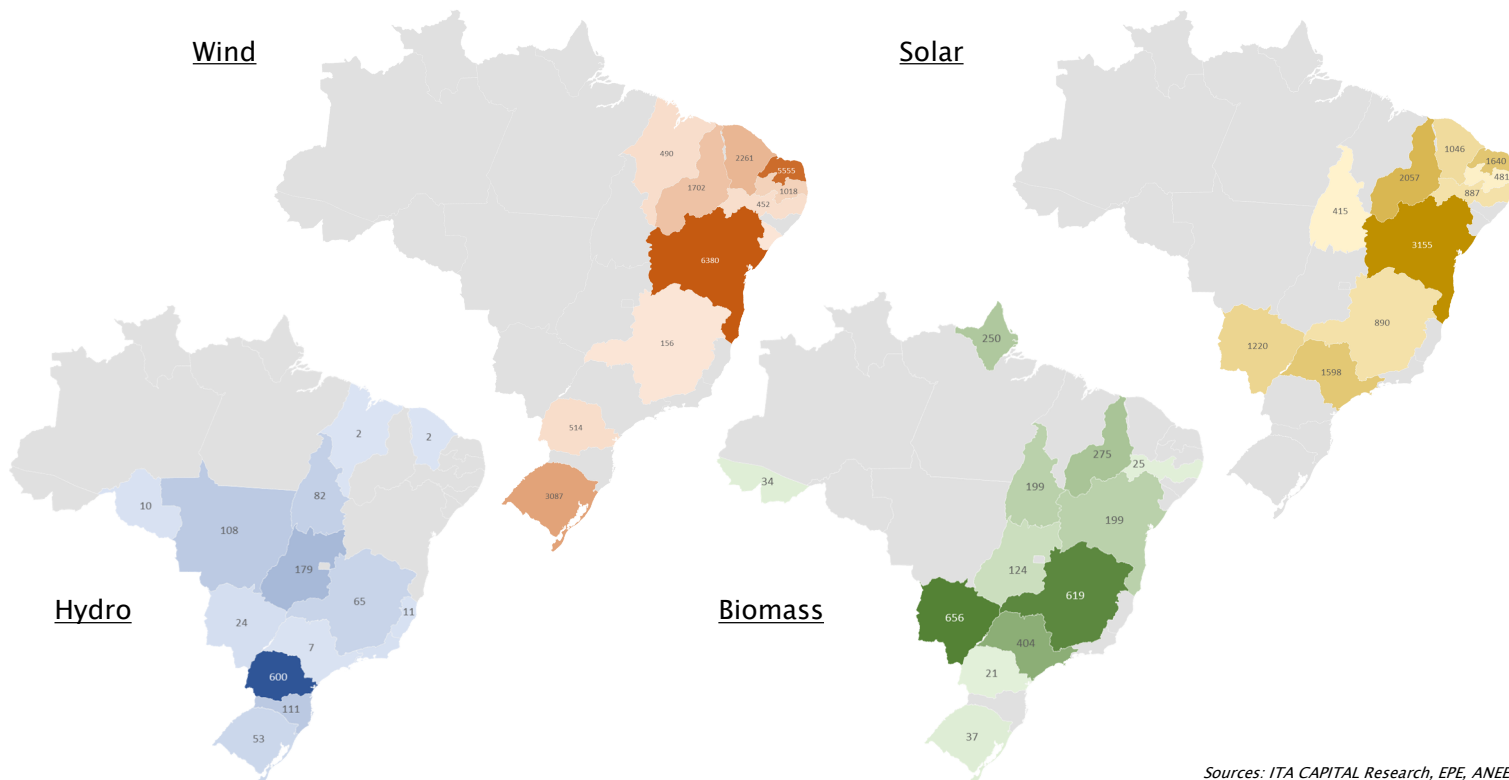
ITA Capital divides all power generation projects in 5 stages:

- Stage 1)** Pre-PPA: Early development – not ready for Energy Auction
- Stage 2)** Pre-PPA: Late Development – ready for Energy Auction
- Stage 3)** Post-PPA: Ready for Construction
- Stage 4)** Post-PPA: Under Construction
- Stage 5)** Operation

Brazil: Power Capacity in MW	Greenfield (Pre-PPA)		Brownfield (Post-PPA)		Operational
	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5
	Under Development	Ready for Energy Auction	Ready for Construction	Under Construction	Operational
BIOMASS	1,040	1,898	1,053	216	14,454
HYDRO	762	538	2,386	2,300	106,660
SOLAR	13,338*		1,917	1,063	27
WIND	21,760*		3,940	3,734	10,434

*The Government has not disclosed which ones are ready for auction yet.

Brazilian Renewable Projects – Stages 1 and 2 (in MW)



Sources: ITA CAPITAL Research, EPE, ANEEL