



M&A – Main Transactions (Aug/Sep/Oct-17)

Statoil invests in Scatec's Brazilian solar power project (Oct-17)

The Norwegian group Statoil acquired 40% of the solar power project Apodi, located in the state of Ceará, for USD 25M. The solar farm is expected to start operation by 2018 and will supply power to 160,000 houses in the Northeast region. This is the first investment of the company in solar sector.

Panasonic Brasil acquires cogeneration company (Sep-17)

Panasonic Brasil acquired Union Rhac, a Brazilian company active in cogeneration, electricity generation and cooling systems. The company has over 80% of market share and had revenues of BRL 22M in 2016. Growth projection for 2017 is 7%.

Eneva raises BRL 834M in its 're-IPO' (Oct-17)

Eneva, formerly MPX, relaunched itself on the Brazilian stock exchange. With the amount raised, Eneva plans to pay its debts and reinvest in the company.

AES Tietê acquires solar complex from Cobra Group for BRL 650M (Sep-17)

The Brazilian company AES Tietê acquired the 180MW Bauru solar complex from Spanish group Cobra. The project is under construction and will start operation in May 2018. The first payment will be through debenture, with a total value of BRL 470 million. Upon conclusion of implementation, AES will pay the remaining BRL 180M.

Brazilian Government raises BRL 12 Bi with Cemig auction (Sep-17)

Due to the end of concession period, the Brazilian Government sold 4 hydro plants of Cemig, the power company of the state of Minas Gerais. Chinese SPIC acquired the biggest plant for BRL 7.2 Bi, French group Engie acquired two plants for a total value of BRL 3.5 Bi, and the Italian Enel acquired the remaining one for BRL 1.4 Bi. The amount raised was 9.8% higher than prior expectations.

Equatorial Energia acquires 51% of Intesa for BRL 273 million (Aug-17)

Equatorial acquired 51% of Intesa, a Brazilian energy transmission company. Intesa had net revenues of BRL 101M in 2016 and operates a 695 km extension line.

Indices

Energy Price Indices

	Center-West	Southeast	South	Northeast	North
August PLD* (USD/MWh)	160	160	160	160	160
September PLD* (USD/MWh)	165	165	165	165	165
Hydro Reservoir Level - August/17**	20%	20%	44%	7%	25%

Economic Indices

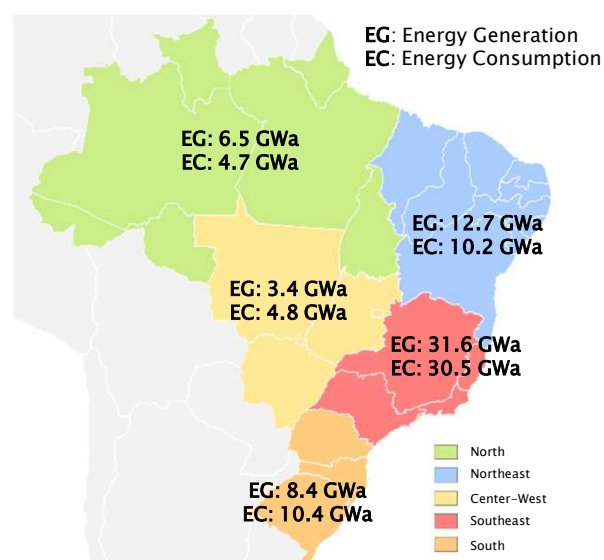
Brazilian Treasury Bonds – NTN20 2045***	5.08% + IPCA per annum
Brazilian CPI – IPCA – YTD	1.78%
Brazilian CPI – IPCA – 12M	2.45%
Average FX Rate 2017 YTD (R\$/USD)	3.17

* 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 NTN20 2045: indexed to IPCA (Brazilian CPI – Central Bank inflation guidance)

Energy Generation and Consumption



Sources: ANEEL, ONS, EPE, CCEE, Valor Econômico, Estadão, Exame, O Globo.



Brazilian Energy ‘A-4’ and ‘A-6’ Auctions

The ‘New Energy Auction’ in Brazil increases the future offer of electricity to meet the future demand of distributors. In this case, the plants sold and hired will still be built. The auctions are in the Dutch style, in which the buyer determines the ceiling price and the sellers make their bids until the lowest price possible is reached. They are classified as ‘A-X’, where the ‘X’ represents the number of years until the Commencement of Operation (COD) of the plant. The ‘A-4’ auction will take place on December 18th, and will accept wind, solar, hydro and biomass projects. The COD is January 1st of 2021. The ‘A-6’ auction will take place on December 20th, and will accept hydro, biomass and thermal projects, with COD on January 1st of 2023.



Energy Demand Calculation: the distribution companies calculate the energy demand for the coming years based on energy consumption and send the information to the Government, which will then organize the energy auctions along with ANEEL and EPE.



Project Registration: once the auction is announced, the government determines the final date for project registration. After that date, EPE will analyze all projects and determine which ones are allowed to participate in the auction.

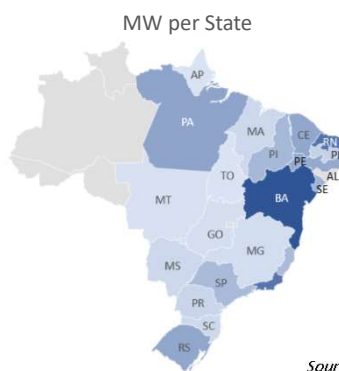
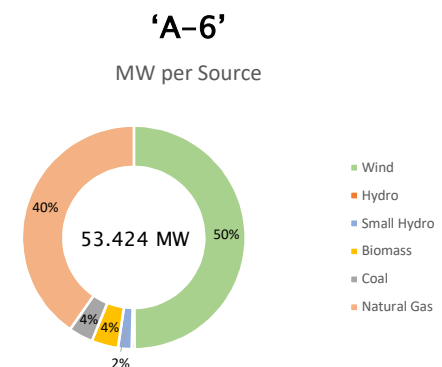
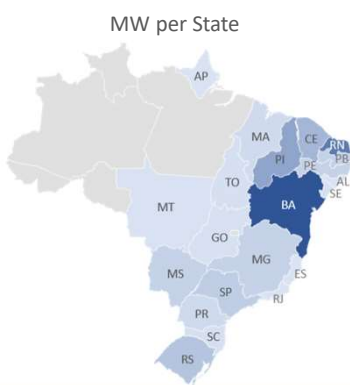
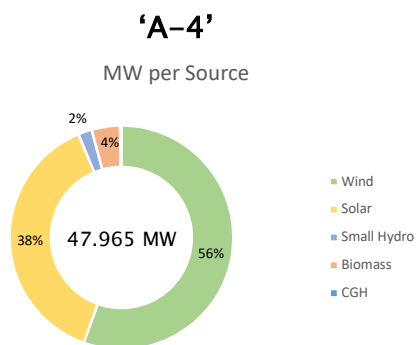


Bidding Rounds: each participant submits their first bid. The government then decides which projects will advance based on the amount of energy offered and the price. When the amount of energy offered reaches a certain point, the government announces the last round of bids and the auction winners.



PPA Signature: the auction winners sign a Power Purchase Agreement (PPA), usually for a period of 20 years, with the possibility of an extension period of 20 additional years. The PPA states the price and the amount of the energy sold by the winner. The PPA is linked to Brazilian inflation index IPCA.

Projects Registered



Sources: ANEEL, EPE, Canal Energia.