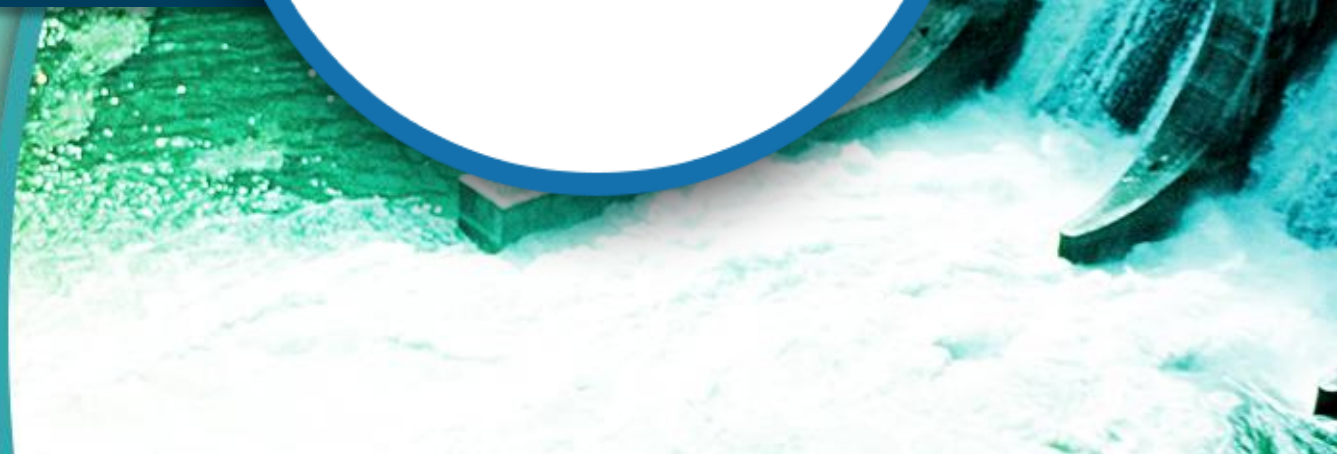
Corporate Presentation

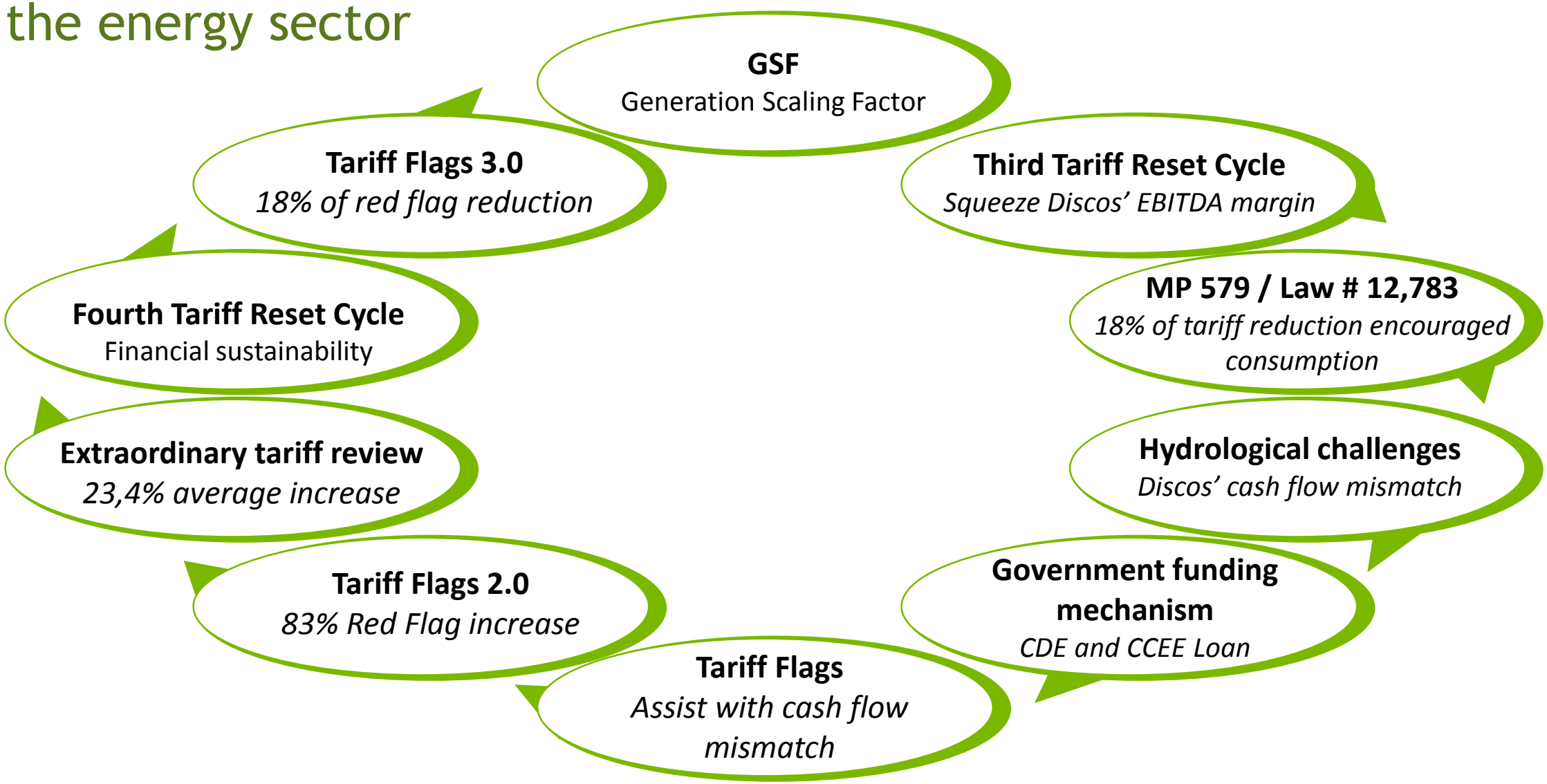
Goldman Sachs – October, 20th 2015

AES Tietê



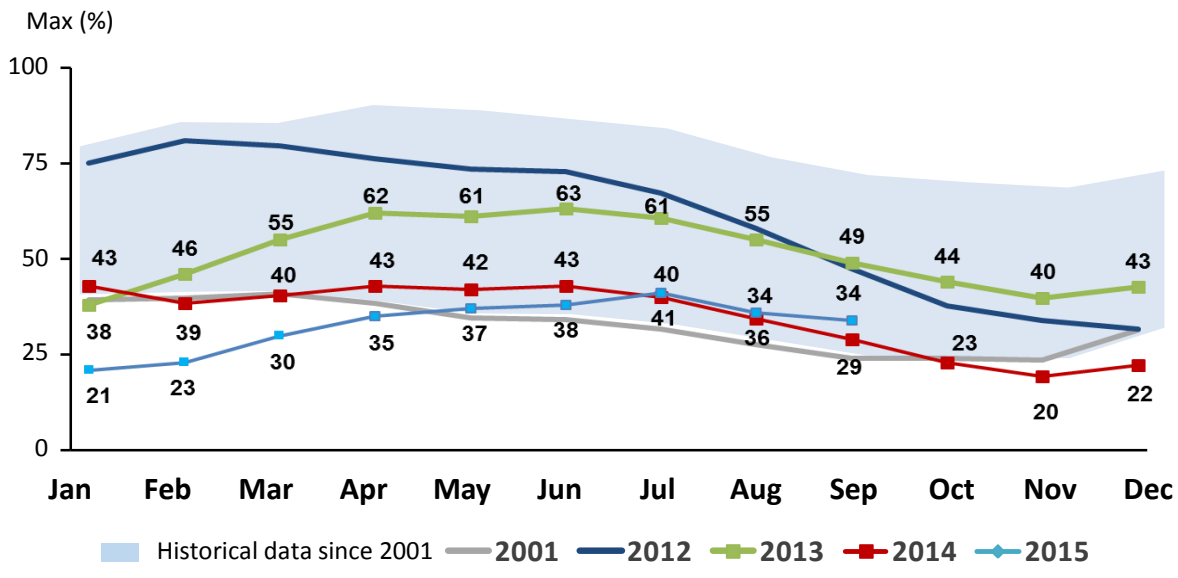
Recent events and in course

In the energy sector



Critical hydrological scenario over the last 2 years

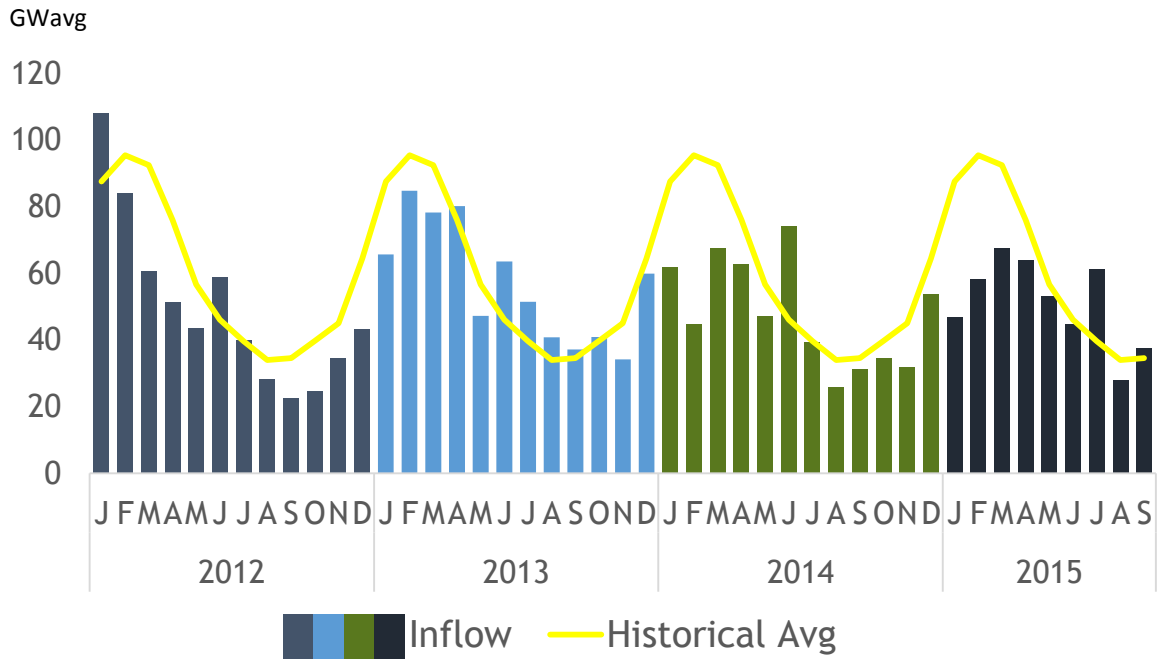
Historical Level of Brazilian Reservoirs (%)



Average Annual Inflow:

2001	2012	2013	2014	2015[1]
82%	87%	97%	81%	80%

Historical SIN Inflow (GWavg)



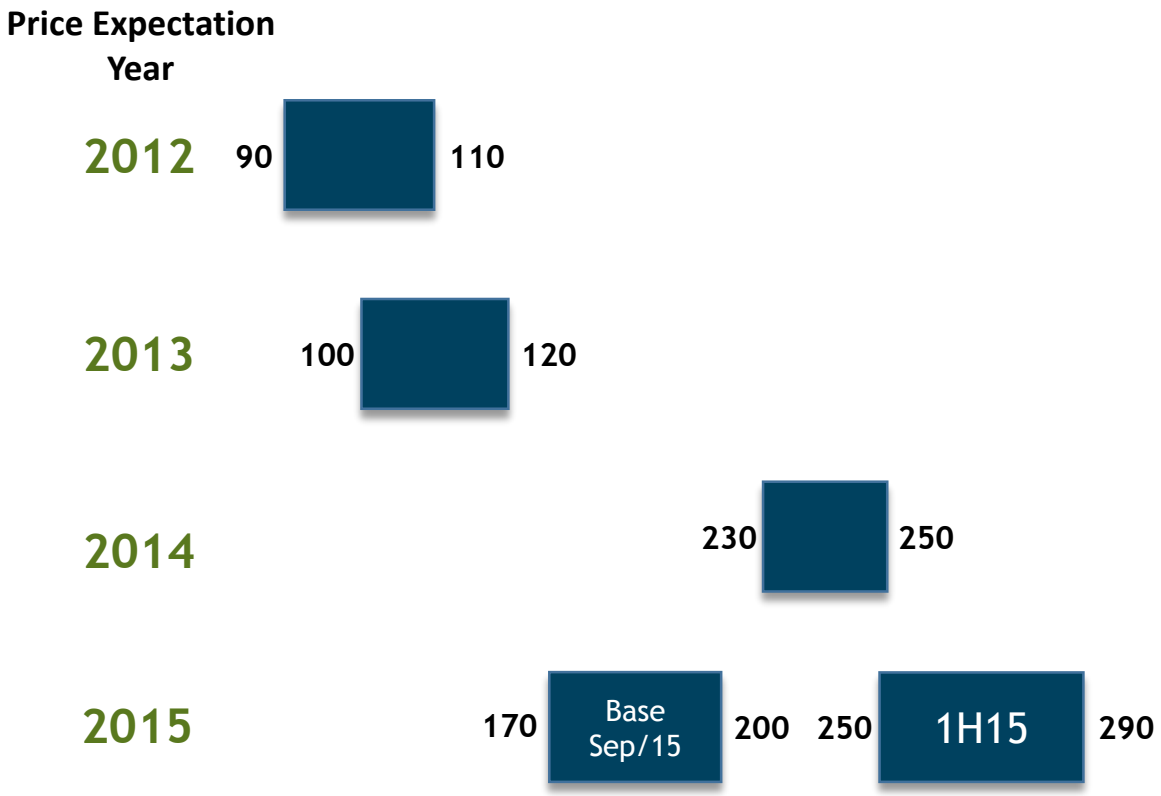
Inflows lower than historical levels over the last 3 years

1 - Data base: Jan-Ago/15 (as of Sep 24th); 2 - Generated energy divided by the amount of hours.

Free Market

Dynamic and competitive market

Avg energy price for 2016 (R$/MWh)



Price formation methodology

Short term

- **Spot price**
  (hidrology and reservoirs)

Medium Term

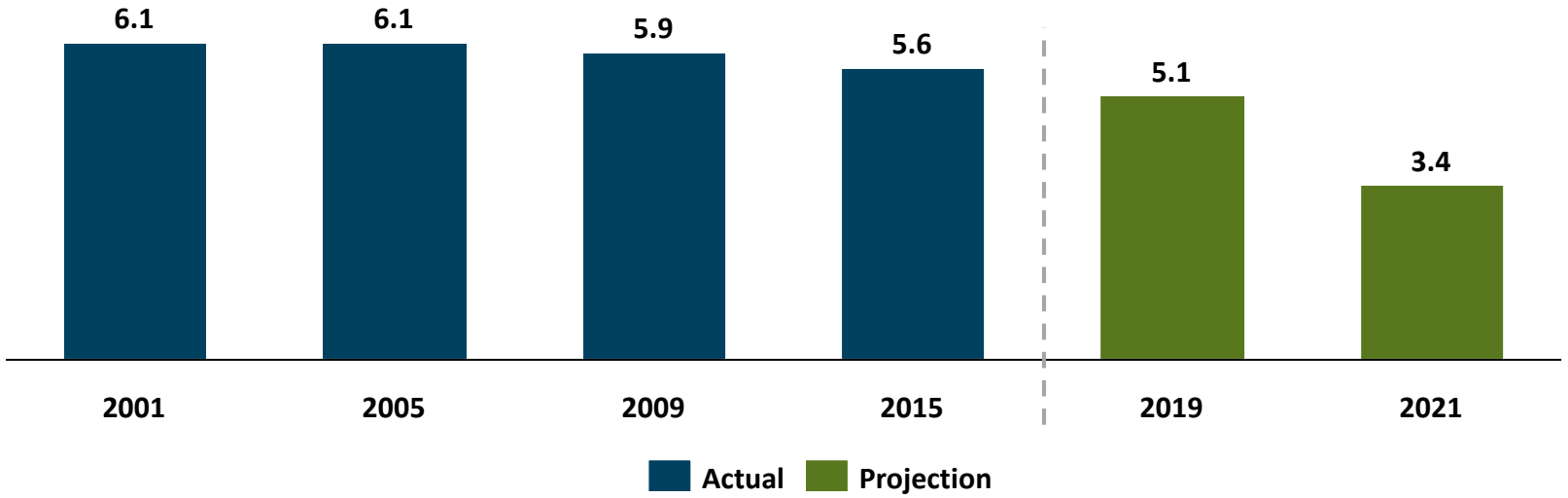
- **Supply and demand**

Long Term

- **Marginal Expansion Cost**
- **Regulated Market price**

Tight hydrology and lower system storage capacity requires more flexible generation

Storage capacity (months)



Current contracted energy is based on renewable (mainly Wind) and run-of-river hydro projects, which has reduced the energy storage capacity over the recent years.

Source: ONS and AES

AES Brasil growth perspectives

Natural Gas Power Plants

1.5GW of dispatchable source

- **2 natural gas combined cycle** power plants ready to go to energy auctions
- **Peak generation:** short-term dispatch solution
- Assessing **M&A opportunities**

Renewable Energy
Solar and Wind

- **180 MW solar project:** in São Paulo and Minas Gerais State (close to HPP AGV[1]). To participate in 2016 energy auctions
- **150 MW solar project:** under development
- Assessing **M&A opportunities**

1 – Água Vermelha Hydropower plant, an existing AES Tietê hydro power plant on the border of the states of Minas Gerais and São Paulo