

Q2 2020 Earnings Call

Company Participants

- Flavia Heller, Investor Relations Manager
- Lino Lopes Cancado, Chief Operating Officer
- Marcelo Campos Habibe, Chief Finance Officer and Investor Relations Officer
- Pedro Zinner, Chief Executive Officer

Other Participants

- Analyst

Presentation

Operator

(Call Started Abruptly) (Operator Instructions) This event is being broadcast live at ri.eneva.com.br, where the presentation can also be found. You can control the slides yourselves. Then the event will be available after it closes for you. You can register at the website your questions to be answered during the Q&A session.

Before proceeding, we would like to inform you that forward-looking statements are being made during this conference call relating to an Eneva's business prospects, operational and financial estimates and goals that are based on the beliefs and assumptions of Eneva's management and on information currently available.

Forward-looking statements do not guarantee future performance, they involve risks, uncertainties and assumptions because they relates to future events, and therefore, depend on circumstances that may or may not occur. Investors should understand that general economic conditions, sector conditions and other operational factors could also affect Eneva's future results and could cause this results to differ materially from those expressed in such forward-looking statements.

Now, I'll turn the conference over to Mr.Marcelo Habibe, who will begin the conference. Mr.Habibe, you can proceed.

Pedro Zinner {BIO 17260844 <GO>}

Good morning, everyone. This is Pedro speaking. Thank you for participating at Eneva's second quarter 2020 earnings conference call. Before we start the presentation, I'd like you to open the presentation on Slide number 3. It is a pleasure to be here presenting those earnings conference call.

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Before I give the floor to my colleagues to talk about the results of the quarter, I'd like to tell you about the actions that we implemented in order to face the COVID-19 pandemic. Since the beginning of the pandemic, we have adopted many preventive measures and combat measures. Electrical generation is key for the countries. So, we continued our operations and we continued developing our projects with responsibility and a lot of cautions. We adopted protocols of safety based on the market best practices and following the recommendations of the WHO, the Health Authorities and the regulators in the country.

I would like to emphasize that we do things in Eneva's way and we're always worried about the health of our operators. There is no asset that is greater than a life. So during the pandemic, we reinforce our commitment with raising awareness in order to mitigate the spread of the virus in all of our environments and operations. Our office, our construction sites, our operations, they were all completely adapted to this new reality we're living based on the protocols in force.

We implemented continuous testing for COVID-19 to anyone who is in our environment and we also adopted other prophylactic measures. We've conducted over 15,000 COVID-19 tests and 95% of our employees and contractors have already been tested. Unfortunately -- I mean, fortunately, we had about 98% recovery rate up until now. Since the beginning of the pandemic, we also implemented many voluntary actions to prevent the spread of the virus. We contributed by giving 59 tons of food six to seven different communities. We donated 2,000 test kits for the health secretary of Maranhao, and other 5,000 hygiene kits for Brazilian states of Amazonas, Ceara, Maranhao and Roraima.

In spite of the pandemic, our quarter achieved positive financial results with a solid cash flow position and an EBITDA that is in line with those presented in 2019. We are reducing the cost of our debt and postponing the terms and we've had a profit that is five times larger than that of the second quarter of '19. A capital intense industry like ours requires us to measure our success by looking at the value generated in the long-term, looking at the business environment in which we operate. We have a philosophy of capital excellence, allocation and will continue to promote changes in the company, so as to create a long lasting and sustainable business. This is our purpose to be the energy of the future.

Now, I'd like to give the floor to Lino, our COO, who's going to share with you our -- details about our operations and ongoing projects.

Lino Lopes Cancado {BIO 20167891 <GO>}

Good morning, everyone. I'd like to start by telling you about our ongoing projects, the works in Parnaiba V, Jaguatirica and Azulao evolved in the period, although it was slower than expected because of the pandemic. As Pedro said, throughout the last few months, we implemented strict prevention control and combat measures to face COVID-19 in all of our operations specifically in our projects as well.

We adapted procedures. We increased communication and collaboration with local authorities. We also conducted mass testing of all of our employees. We tested on

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average over 93% of all of our workforce working in all of those projects. Even though we had cases of COVID-19 in our construction sites and we implemented all the measures we could to mitigate the spread.

The suspicious cases and confirmed cases were removed from the site and we gave them all the assistance we could also to all of our employees and contractors and we identified the beds that were available to provide them with healthcare if need be and we reinforced the healthcare infrastructure by hiring additional doctors and making available ICU, ambulances for cases in which we needed to remove employees or contractors from our construction sites.

We also suffered with decrease in actions implemented by the Public Ministry that forced us to reduce the number of staff working in our projects. Asian, European and Brazilian suppliers of equipment that were to be used in our projects had to interrupt or suspend their activities, which also had an impact on our schedules. After analyzing this delays by the suppliers and the reduction of the workforce in our construction sites, for the reasons that I already mentioned, we estimated that the critical pathways of the projects will be delayed in the following way and Azulao and Jaguatirica, we expect a delay of up to 120 days and in Parnaiba V of 150 days.

However, I'd like to emphasize that the construction sites are already taking the momentum again and going back at the levels that we had before the pandemic. And with the integrated project of Azulao and Jaguatirica, we require this recognition of 120 days of delay in those integrated schedule.

Now, I'd like to give you further details about each one of the projects. In Azulao, as previously mentioned, we had a delay in the delivery of critical equipment. Now, however, we have all of them enhanced and the impacts have been minimized, so most of that is already out of the critical pathway of Azulao works.

The cryoboxes, we purchased 34, 25 of them have already been delivered. Isotanks, which will be used for storage of the gas produced have been delivered already, 100% of them and they are already located at our logistics space in Manaus.

The cryo trucks that will take equipment to Jaguatirica to, 43 of the of the 110 hired have already been delivered and another 40 will be delivered by December. About the high generation plant that will generate electric power to feed our acquisition plant, all seven generators manufactured in Germany have already been delivered and are already located at the site in Azulao together with all of the parts that we need for this 20 megabyte generation plant to be assembled.

Now, in order to contain the spread of coronavirus, our workforce has been reduced to 30% of what we expected in the last two or three months. Right now as expected, we already have 70% of our staff working and by the end of August and beginning of September, we will have all of the levels planned for the project. Higher risk employees have been sent home. But this is a very low number of employees and the delivery of the

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first G&L at the plant that was supposed to be delivered on March 20 -- March 15 will happen only 60 days later. So, this is one of the most important marks of this site.

So generally speaking, for Azulao, we have been able to overcome the obstacles presented by the COVID-19 pandemic and our team is totally committed to the project right now. (Multiple Speakers) It is according to plan as we planned before the pandemic. We have had a reduction in the workforce reduced by 30%. Likewise, all delays in critical equipment are known and all critical pieces of equipment are already either on-site or on the way or being shipped. So, all the schedule for equipment is 100% known by the project team.

Of all delayed equipment, the most critical ones are recovery boilers. As I mentioned before, we have requested to ANEEL to extend the schedule and postpone energy delivery date with 120 days extension. The receipt date of date of the first LNG shipment has been adjusted for 60 days later according to Azulao schedule. And lastly, there are many measures to recover the pandemic impacts on the current project schedule. And we believe that it will be possible for us to reduce, but times that we are estimating today for completion of the works.

Likewise, I would like to say that our feeling is that the COVID-19 pandemic with regards of Jaguairica's construction works is overcome, that's past behind us, and we think that we'll be delivering the project in the new dates that we have agreed on. As for Parnaiba V, similarly suffered from contaminated employees going on leaves of absence, but more than 80% of the employees that had confirmed case of COVID-19 are recovered and back to work.

The reduction in the pace of work for 20 days in May to comply with the city authorities decrease has affected the product -- the progress of the work, but engineering and logistics continued without impact. Therefore, most of the equipment, we were waiting for this period, continued to be received both in Itaqui port and also have been transported to the work site in San Antonio.

The equipment with most impact in terms of the delay that affect the critical that are critical to the evolution of work are the steam turbine that was manufactured in China and large pipes also manufactured in China. The estimated delay in Parnaiba V scheduled is 150 days with -- which makes a schedule the beginning of the commercial operation in December 2020.

And so that our measures in place to recover the impacts of the pandemic, to recover the quantity of man-hours that should have been used in these three or four months and we could not be delivered because of the measures of isolation and reduction of the work. So this will imply in us having more people working on the construction site and this may have a positive impact. Thereby, reducing this delay, once again, I repeat Parnaiba V, we have also felt that most of the impact of the pandemic is behind already and the teams are fully committed and are already at labor levels that we had originally planned for this period before the pandemic.

Now, I would like to turn it over to Marcelo Habibe who will be talking about the financials.

Marcelo Campos Habibe {BIO 20367888 <GO>}

Thank you, Lino. Good morning, everybody.

Now, moving to Slide number 5. There's an update of the impact of crisis in the energy market in terms of prices and dispatch. So, this crisis spirit has had a strong impact in concentration of energy in 2020 as the reflex regulatory agencies of the industry have reviewed the projections for the year. However, over the past few months, we have seen the recovery of that drop in the cost of energy. When we compare the load in 2020 in contrast with 2019, we still see drops on a monthly basis, but they are considerably smaller. The consumption shows that there is a strong recovery with a positive evaluation of July 2020 as compared to 2019.

In spite of more exciting recent information, the recovery of the electric power market is smaller this quarter because of the slowdown in the economy and the uncertainty in the market. As you can see on the chart on the right-hand side, the spot prices for the -- this quarter where Parnaíba Complex indicates to lower levels. In terms of the projected or expected levels of spot prices and it should be between 53% and 32% depending on the actual scenario.

Now, moving to Slide number 6, you can see the highlights for Q2 '20. Number one, I would like to highlight that in spite of the crisis scenario was the COVID-19 pandemic, the company has closed the quarter with a stronger liquidity position. We have raised more than BRL1 billion in the quarter, and now I'll be talking a little bit more about that in the next few slides.

Moreover, we have not had any impact in accounts receivable. So we are seeing zero default rates or delinquency or delays so far. This is mostly due to the fact that almost 90% of our physical guarantee and power that can be marketed by power plants in terms of average gigawatts is higher than a regulated market and the contracts between generating and distributing agents have good terms and they also have mechanisms to mitigate the risk of delinquency and there cannot be any changes in the contract terms without an ANEEL's agreement.

In terms of our physical guarantee that many negotiate in a free market, a very strong counterpart in a very low credit risk and very serious customer. So, the result of that is zero delinquency, zero delay policy. We didn't even need to, in the renegotiate, we'll talk about it with our customers. Another highlight is the adjusted EBITDA for the quarter, BRL279 million, a 2% reduction as compared to the second quarter of 2019 once again demonstrating the resilience of the company's business model in the context of COVID-19 pandemic. We'll give you more detail about the EBITDA in future slides. It did not come as a surprise that we were out of merit dispatch when spot prices are low and the reservoirs are full.

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So, we ended the quarter with BRL2.4 billion in cash, that is an increase compared to June 2019 and even in March 2020. The leverage of the company measured net debt over EBITDA or over the past last 12 months was 2.8 times at the closing of the quarter, and we completed the development of the wells in Azulao and Gaviao Preto, and we also finalized what I had scheduled for the development Gaviao Branco. We also completed the three sites of our projects under construction and in spite of all the challenges that we have faced with the crisis as Lino mentioned.

Now, on Slide number 7. As said before, the company closed the quarter with enhanced liquidity in spite of the current crisis scenario. As I said, we closed the quarter with BRL2.4 billion, and this was reinforced by the issuances in the period. As early as April, in the beginning of the crisis, we didn't really know how far or how bad the crisis was going to be and what was lying ahead of us, and being conservative, we decided to strengthen the cash position of the company, we issued debentures BRL200 [ph] million and BRL19 million through a bank credit with a China construction bank. And so reinforced cash with BRL500 million. In addition, in June, we did the fifth issuance of debentures was BRL650 million. It was an incentivized debenture with IPCA plus 5.5 maturity in 2030.

And lastly in the quarter, we also started the disbursement of Banco do Nordeste withdraw BRL220 million of BRL843 million that we have with the credit line with the bank. And we closed June with the volume of BRL1.6 billion receivable to be withdrawn over the next few months for the funding of BASA and the Northeast Bank. That said, at the end of the quarter, we had total liquidity of BRL4 billion cash plus the credit lines to be withdrawn, that assured a very comfortable position for us to meet the estimated caps -- CapEx commitments in the short- and long-term for construction projects that will start operation at the end of next year.

On the next slide, you can see the consolidated net revenue of the company that totaled BRL519 million at the end of the quarter, a 7% drop as compared to 2019 impacted by the lower dispatch in coal segment. As Itaqui was off in the two periods of comparison, this quarter, this year and in 2019, as usual, the same 2% power plant last year had a generation -- net generation of 229 [ph] gigawatts hour with a dispatch of 43% and almost the totality of that net generation was allocated to recover operating reserves the RRO, where the variable revenue is equivalent to 130% of the power plant.

On the second quarter this year, the power plant was not dispatched in this manner. The net revenue of the segment went down by BRL50 million as compared to the same quarter last year. As to thermal gas power plants dispatch in 2019 was similar to what we had in 2020 and both periods that we are comparing Parnaiba I, II and IV were off or down and Parnaiba II only in June when starts the period of in flexibility and gas production was the same in both periods.

Now, going to the next slide. You can see the evolution of the EBITDA, consolidated EBITDA, excluding expenses with dry wells. So the consolidated EBITDA closed the quarter with BRL279 million, marginally in the same period of last year, it's similar only 2% lower thereby showing the resilience of the company's business model. We had a slight reduction of BRL2.9 million in Parnaiba Complex justified by a 12 million kilometers. And

these expenses of acquisition were partially offset by the increase in the fixed margins in the complex because of the adjustment of the fixed revenue.

In coal, we also had a reduction of almost 3, because Pecem was not dispatching and appeared as a reminder Pecem II dispatched is RRO. The effect of non-dispatch was partially offset by the wider margin of the two coal power plants. Lastly, we had an increase in EBITDA on a trading and holding, because of more marketing and lower expenses in the hole, and thereby we close the quarter at a level that was very similar orbit as compared to last year.

Now on Slide number 10, we'll be talking about cash generation in the second quarter. As I said before, we closed the quarter with a balance of BRL2.2 million. So, it was more than the previous quarter than last year. It was related to the issuance of debts in the period. EBITDA in the period was converted in cash, we had BRL279 million EBITDA and generation of cash of BRL259 million, a conversion of more than 90%. Moreover, we invested BRL595 million, especially because of disbursements related to the construction projects. This quarter, BRL348 million were allocated to the development of Azulao and to the building of Jaguatirica and BRL150 million were directed to the construction of Parnaiba V. Moreover, the installments disbursed this quarter, regarding the maintenance in the power plants and the exploration and development program for Parnaiba Basin have together taken up BRL76 million.

Lastly, the cash flow of funding activities was supported by the issuance of debentures, disbursements in the quarter, as I showed in the previous slide when we talked about liquidity. So total raisings totaled BRL1.4 billion partially offset by the amortization of the principal interest rates and debentures in the quarter and the payment of the principal for Parnaiba and the interest rate amortizations of the debts of the holding Parnaiba I and Parnaiba II.

Now, on the next slide talking about our capital structure. Eneva closed the quarter with a net debt -- consolidated net debt of BRL6 million, reflects of long-term and the disbursements that we have had with the Banco do Nordeste, considering the 2.4 cash position, the consolidated net debt of the company closed at BRL4.5 billion, the difference between net debt over EBITDA of 2.8 times.

As we have been reporting along the past year, one of the main financial fronts is the use of the capital structure and the better profile in a debt. To reach this objective, we have made continuous efforts and to reduce the consolidated debt with more expensive debts to pay them at a good times, with good timing, at better terms. At the same time, we are being careful to keep our balance sheet robust with appropriate leverage levels to support our investments in a sustainable way.

As a result, we have been able to reduce average cost of the debt from 9.2 in Q2 '19 to 4.9 a year into Q2 '20, whereas the average time for maturity has gone for 4.4 years to 4.6 years in the same period. Just 1% of the maturity of Eneva's debts are concentrated in 2020 and more of the 70% of its debt will mature only after 2020 for our corporate credit ratings are in evidence of our sound capital structure. The notes issued by Fitch and S&P

for Eneva last year and confirmed this year, confirmed the very, very low risk perception for the company.

Now, I would like to turn it over to Lino, who will be talking about next quarter.

Lino Lopes Cancado {BIO 20167891 <GO>}

Ladies and gentlemen, the main events related to our events in the second quarter will be commented now. Our total investments reached BRL710 million in the second quarter of '21 or '20, representing an expressive significant growth compared to the second quarter '19. Almost 90% of the CapEx were destined to our greenfield projects, Parnaíba V and the integrated project with Azulao and Jaguatirica. And Azulao has started in the foundation of the administrative building and we started putting the pipe rack sleepers for the treatment unit. We also started working on the auto generation unit and the PTU foundations.

Now at the upstream, we concluded the revision of the flow models of Azulao with the information that we got from the drilling and test of the AZU-2D and AZU-4DA wells. And Jaguatirica, we built the electrical room and the administrative building, we also lay the concrete of the steam turbine base, we executed the foundation of the transmission line towers and the foundation of the bus structure. We also worked on the land for placing the critical equipment in position.

With regards to the isotanks that will store the LNG at the plants, they were put in place and we put the foundation of the LNG unloading area and auxiliary equipment bases. In Parnaíba V, we advanced in different fronts. We performed rotor tests on the generators and we received the modules, the stacks, the drums and boiler inlet at the site. These are parts that we need to assemble the boilers and they're all at the construction site right now.

We also erected the formwork and reinforced the steel for the slab and foundation blocks of the steam turbine building. This is expected to be completed by November '20. We also started excavating the land for the electrical gallery. We concluded the pre-assembly of the boilers and the painting of the stairs and we're now following up on the condenser manufacturing.

Now for the gas turbines, we made investments mainly for the maintenance of the HGP's, so we did that for the gas turbines and Parnaíba I and Parnaíba III. We worked on two machines in Parnaíba I and one machine in Parnaíba III. We also worked on the turbines of Parnaíba II, I mean the end of the maintenance as expected for 2021, but we are now purchasing the equipment. There has been no incidents or accident rates registered, we conducted tests. At the end of the maintenance, which (inaudible) an availability of 100% at the plants.

And Itaqui, many different activities were carried out with the maintenance of the boiler and of the turbines. We inspected the integrity of the boiler and of the pressure vessel according to the Regulatory Standard number 13, and we concluded all the repair and

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calibration works and all of the parts to be used in the overhaul of the turbine and the generator. The overhaul that was planned for 2020 was postponed to 2021, because we could not bring the foreign technicians that we needed to perform the overhaul. Anyway, the dispatch of the plant in 2020 will be much lower than the normal. So the postponing of this overhaul for 2021 does not represent a problem. We are planning to execute this overhaul in the first half of 2021.

Now, with regard to exploration in the upstream, we've finished drilling well 3-ENV-11D in Tianguar -- at the Tianguar Appraisal Plan and with regards to development, we did the drilling of all the development wells at the Gaviao Preto site and all of the fields are completed. And in Gaviao Branco, we also concluded the drilling of well 7-GVB-16 [ph]. And we concluded the development phase of the west part of Gaviao Branco field. We also started building the cluster and the well and it's interconnection to the GVB main cluster, so that the construction of the well can be taken to the unit of gas treatment. Also EIA/RIMA, Environmental Impact Assessment and Report, of the Gaviao Tesoura production flow project is under preparation.

Now, I'd like to share with you pictures of our construction sites which show all the advances and progresses that we commented on in previous slides. So in the Slide number 14, you can see the aerial view of the project. On the left-hand side, you can see at the front, the equipment that were received being stored. As I said, the logistics part of the development has not been paused. So, we received the equipment and transported them to the worksite. You can see the modules of the boilers and all of the other parts that we need to assemble the boilers.

In the back, you can see the structure of the three first boilers already standing and two main cranes: one red and one white, that will be used to assemble the modules in that structure. On the right-hand side, you can see the building of the steam turbine and the preparation of the floor on the top of the building where the steam turbine and the 380 megabytes generator will be installed later on.

In Slide 15, on the left-hand side, you can see -- of the drums. The separators that are placed on top of the turbines to separate the liquid phase from the steam phase. In the smaller part, you can see the electrical room of the water treatment power plant and in the other picture the storage of the equipment that we received with the modules of the boilers as well that will be assembled.

In Slide number 16, on the left-hand side, you can see that a 100% of the foundation has been concluded and also the pool of the cooling tower and the beginning of the assembly of its structure in the lower left corner. On the right-hand side, you could see the progress of our water treatment plant that will serve Parnaiba V project and it will also replace the water treatment plant of Parnaiba II, which will be updated. It will also be used in project Parnaiba VI.

In Slide number 17, you can see on the left-hand side, the removal of the T-Box for Turbine 21 in Parnaiba V. T-Box is the part that conducts the burning gases from the turbine to the chimney, this part is being removed. And on the right-hand side, you can see the

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installation of diverter 21 in its final position. This is the part that directs the gases to the chimney or to the boiler that will be assembled right after this installation. We need four of them installed and two of them are already installed. So, we still have two diverters to be installed.

In the next Slide number 18, you can see pictures of Jaguatirica II thermal power plant. On the left-hand side, you can see a general aerial view of the project with the foundations of the substation. And in the center of the picture, you can see two buildings being constructed, one for the steam turbine and the other one for the electrical rooms. On the right-hand side, you can see details of the foundation of the electrical building and on the left-hand side -- on the left part of the right-hand side picture, you can see the foundation of the steam turbine building, and covered by yellow canvas, you can see the generator of the steam turbine, which is already located there in the construction side of the Jaguatirica II.

In Slide number 19, on the left-hand side, you can see the isotanks area. These are the tanks that will store LNG and Jaguatirica II. So, the isotanks have already been put in place. And I'd like to highlight that all the isotanks for this unit are already in the construction site, and they will be installed in the following months. On the right-hand side, you can see the structure covered by the yellow canvas as I showed you in the previous picture. It is the steam turbine generator already in the construction site.

In Slide number 20, you can see the gas turbines. The picture in the center shows the turbine to be loaded in the truck; and on the left-hand side, it is already located in Manaus to be cleared by customs. And on the right-hand side, the generator already located in Manaus waiting for customs clearance as well. So, they are both in the city of Manaus already.

Now, Slide number 21. You can see the construction site in the Azulao field. On the left-hand side, you can see an aerial view of the project. On the left, you can see 19 cryoboxes covered by black plastic. The other cryoboxes are in our logistic base in Manaus. In the front part of the picture, you can see dark gray structures which is the foundation of the plant. This is where cryoboxes will be located later. And after that, you can see the foundation where the isotanks will be placed. On the right-hand side, you can see the barges with the isotanks when they were arriving, in Manaus, they are now all stored in our logistic base in Manaus.

Now on Slide number 22, you can see the cryo trailers being removed from the plant. And on the right-hand side, the generators -- generators for the high-generation plant that have already been received in the Azulao field construction site, not only the generators but all of the other components needed for the assembly of this high generation plant whose construction will start in the month of September.

Now on the next slide, you can see the bases where the cryoboxes will be installed and this white metallic structure in the middle is where all the electrical cables that feed the cryoboxes will go through. Coming from the high-generation plant to feed the cryoboxes.

On the right-hand side, you can see concrete being laid for the foundation of the auto generation plant.

And in Slide number 24, you can see the condensate tank piles and on the right-hand side, the concreting of the blocks where the isotanks for storage of the gas produced in the liquefaction plant being placed.

Now, I'd like to give the floor to Flavia, who's going to talk about our website.

Flavia Heller {BIO 20420964 <GO>}

Thank you. Actually, we would just like to announce that we have a new Investor Relations website on the air more -- better organized with more information with more than we used to have. And I'm going to give the floor back to Pedro. And then we are going to open for Q&A.

Pedro Zinner {BIO 17260844 <GO>}

Thank you. We are now going to start our Q&A session for investors and analysts.

Questions And Answers

Operator

(Question And Answer)

(Operator Instructions) Our first question comes from Mr.Marcelo from Itau.

Q - Analyst

Hello. Thank you for the call. And I have two questions. First, I would like to understand the company's interest in some assets and that Petrobras has put up for sale such as Azulao [ph] and Thermal Power Plants. Are you analyzing those? Do you see any opportunity there?

And the other thing regards the gas for Eneva and the bill. How can it affect the current assets of the company or future opportunities? Thank you.

A - Marcelo Campos Habibe {BIO 20367888 <GO>}

Marcelo, and this is Habibe. Thank you for your question. I'm going to answer the first question and then the other one. As you know Petrobras assets and we are very interested in and we are taking part in some processes, of course, only the public ones of Petrobras. Azulao as you mentioned here for the TPP Petrobras wants to sale, but the gas TPPs are not yet put up for sale as some oil fat TPP, but we are not interested in those. And we are paying attention at every opportunity, not just from Petrobras, but others, it's still too early for us to mention any of them. But the message is that we have an appetite

for growth to generate value and we're paying attention at all opportunities that may come up.

A - Lino Lopes Cancado {BIO 20167891 <GO>}

Marcelo, this is Lino. As to the gas bill, the main levers for Eneva's business model is the greater ease to market and handle gas or move gas, whether it's gas produced by Eneva that we wanted to sell in new markets or to feed projects developed by Eneva or to move the gas from third parties to feed thermoelectric power plants in the Southeast of the country. So we are really expecting that then we hope that PL [ph] will make it as to have, to facilitate the marketing and to make it easier to move the gas and facilitate the relationship between producing and consuming agents.

Q - Analyst

Just to complete, do you think that the approval of the gas PL could facilitate the marketing of gas surplus that you're going to have in Azulao. You had initially thought of selling to the manufacturing industry and do you think it could facilitate this business line in the North region?

A - Lino Lopes Cancado {BIO 20167891 <GO>}

Oh, yes. Certainly.

Q - Analyst

Thank you.

Operator

(Operator Instructions) Thank you. If there are no more questions, I would like to turn the conference back over to the company for their closing remarks.

A - Marcelo Campos Habibe {BIO 20367888 <GO>}

Well, once again, I would like to thank everyone for taking part in the release -- of our earnings release, and thank you all very much.

Operator

Thank you. The conference call of Eneva has now ended. Please disconnect your lines, and have a good day.

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