



## 3Q17 Earnings Presentation

November • 16 • 2017

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# Highlights

## OPERATIONAL

- ▶ Total electricity consumption (captive + free market) grows 3.9% in the quarter, 2.5 p.p. above the national figure;
- ▶ Total losses (LTM) reached 11.85% of the required energy, 0.57 p.p. below the regulatory cap.
- ▶ Only EMT, ETO and ESE stood above the DEC regulatory limit. All concessions are within the FEC limit;

## FINANCIAL

- ▶ CVA receivable of R\$ 54.2 million in Sep/17, compared to a CVA payable of R\$ 57.3 million in Sep/16;
- ▶ Consolidated PMSO increased 3.3% in 3Q17, and fell 0.6% in 9M17;
- ▶ Adjusted EBITDA reached R\$ 517.9 million in the quarter, and R\$ 1,566.2 in 9M17, a decrease of 12.9% and an increase of 6.1% respectively. When adjusted for non recurring effects, there would have been a growth of 12.3% in the quarter;
- ▶ Net income of R\$ 134.1 million in the quarter, and R\$ 340.0 million in 9M17, an increase of 111.8% and 111.7%, respectively;
- ▶ Net debt of R\$ 6,137.4 million, and net debt over adjusted EBITDA ratio of 2.9x.
- ▶ Investments raised 24.3% in the year preceding the upcoming year's 4<sup>th</sup> Cycle Tariff Review for EMT, EMS and ESE.

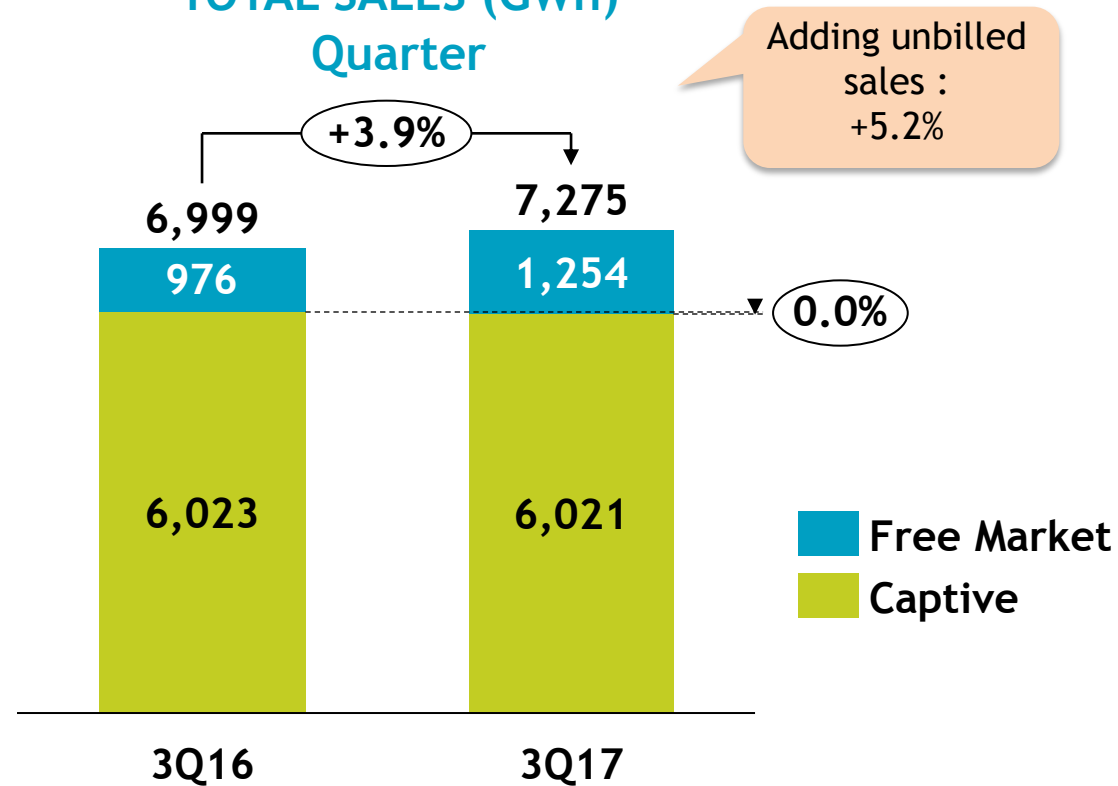
## RECENT EVENTS

- ▶ Debt issuance totaled R\$ 2.3 billion between June and October, at an average cost of 108% of the CDI.

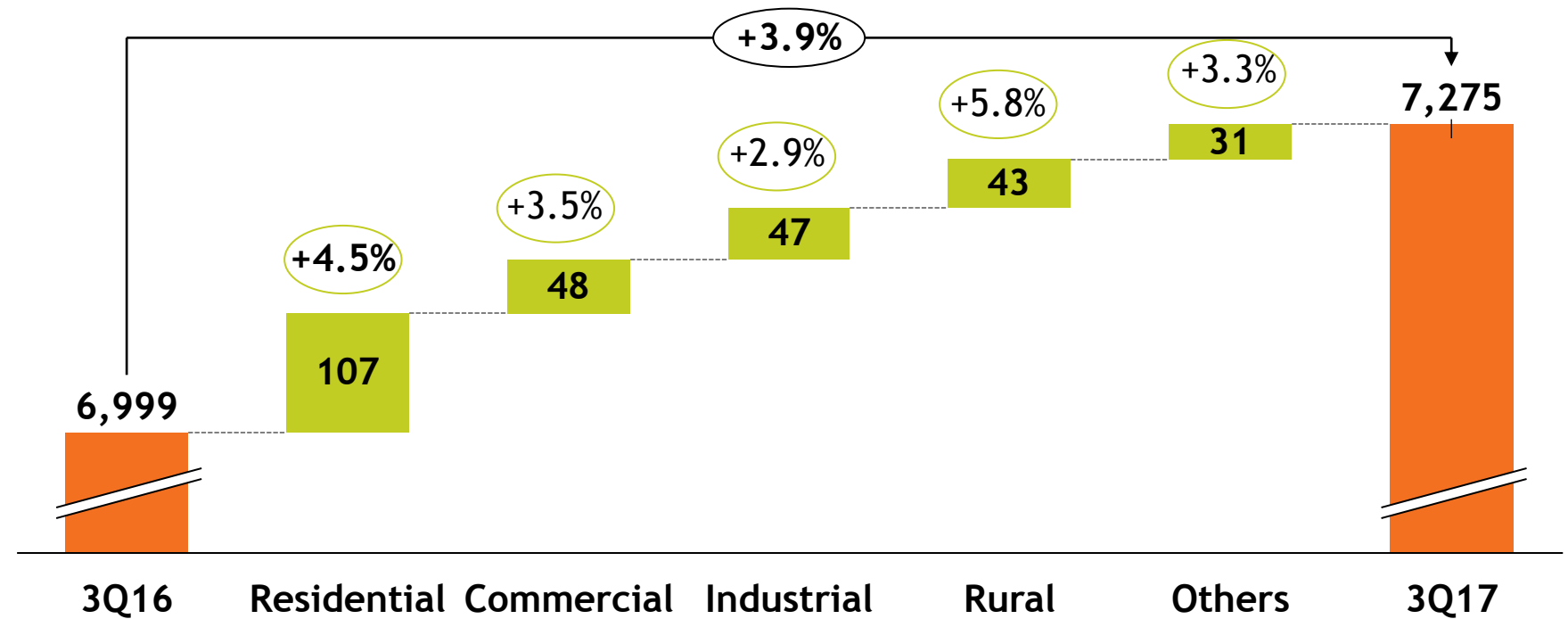
# 3Q17 Energy Market

Growth of 3.9% driven by the Mid West concessions, due to high temperatures, lack of rainfall and low air humidity, and by the Industrial segment recovery

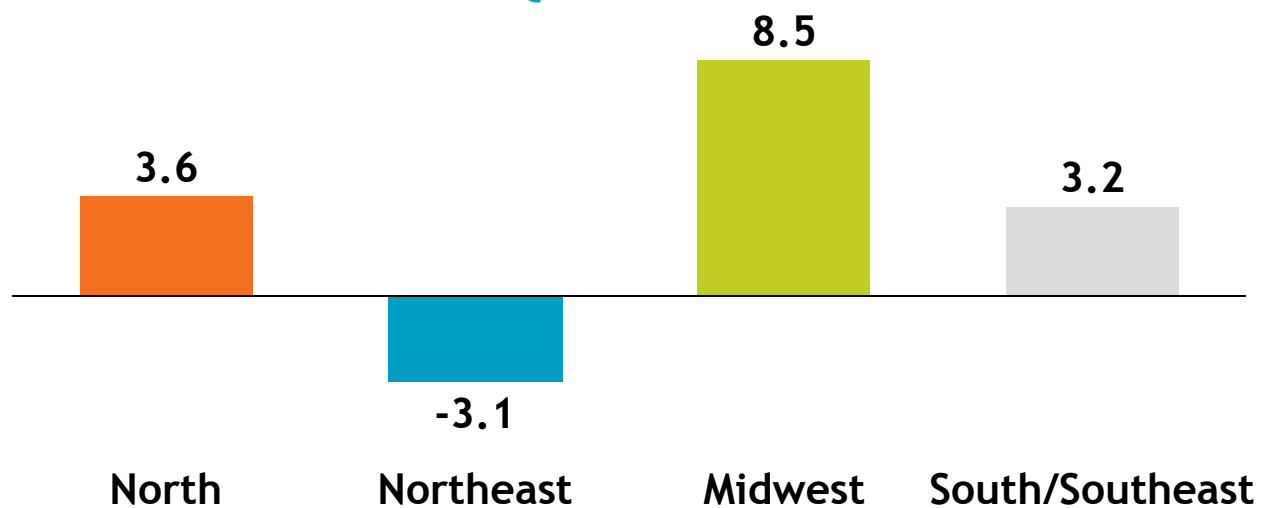
TOTAL SALES (GWh)  
Quarter



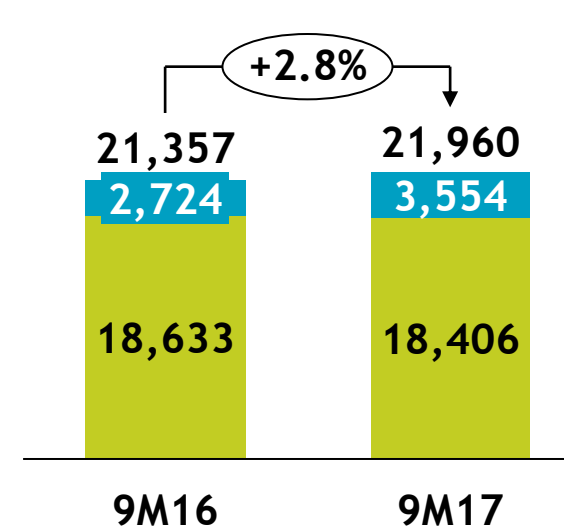
SALES BY CONSUMPTION CLASS (GWh)



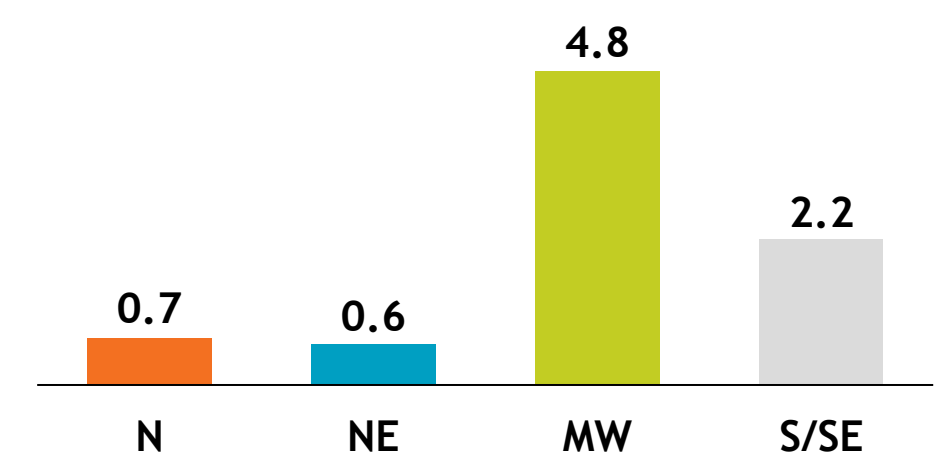
% GROWTH BY REGION  
Quarter



TOTAL SALES (GWh)  
Year



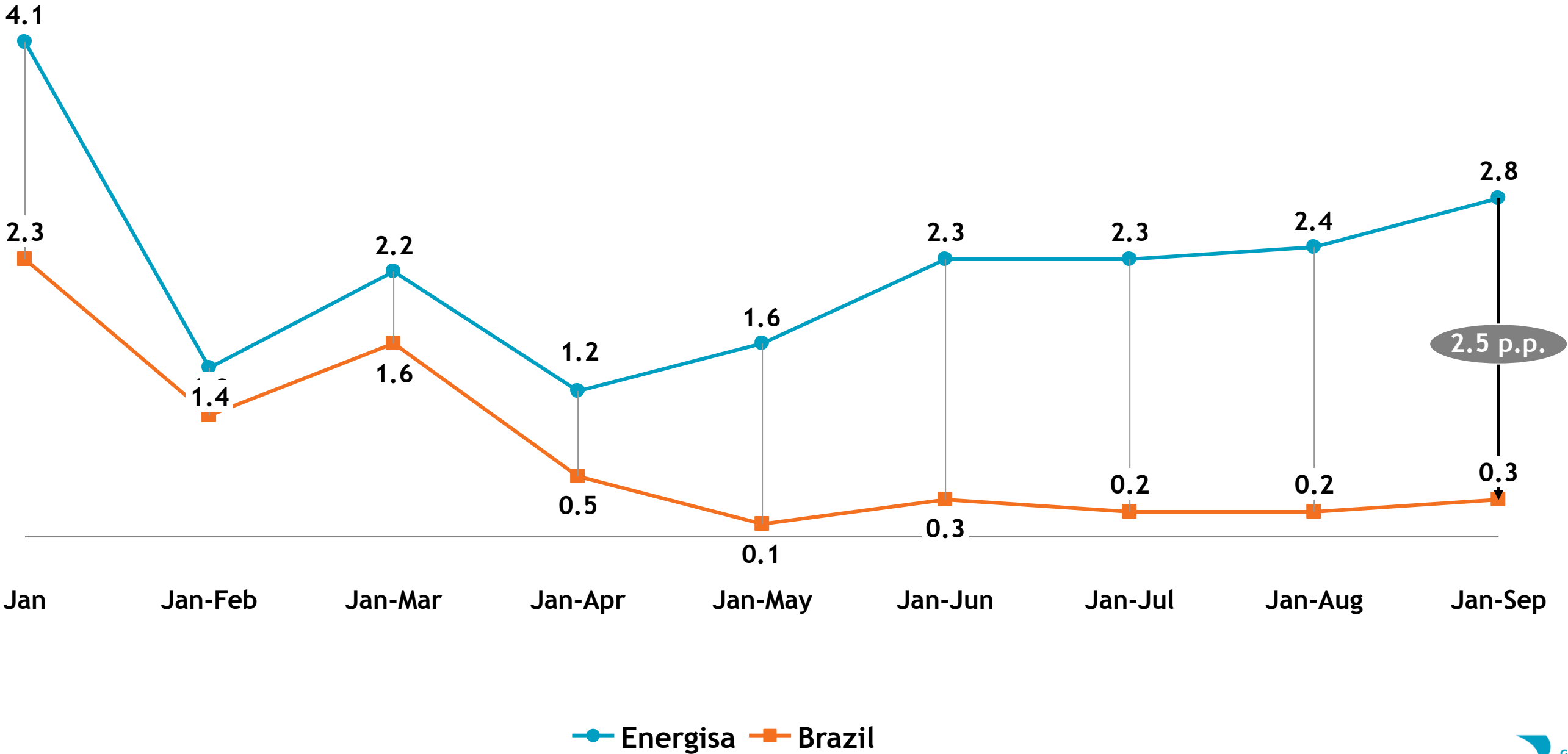
% GROWTH BY REGION  
Year



# 3Q17 Energy Market

Geographic diversification allowed for a performance above the national average in 2017

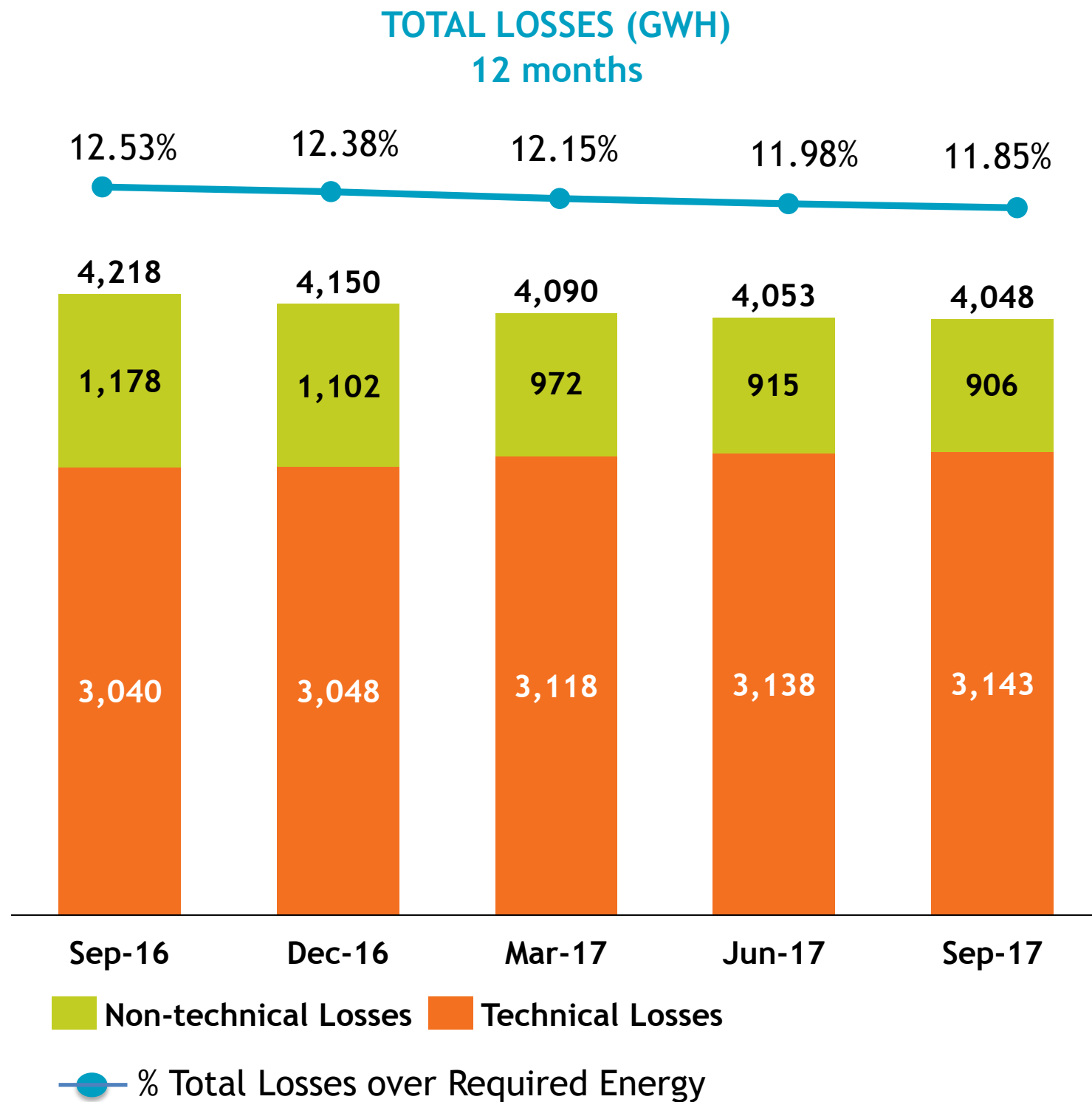
% OF ACCUMULATED GROWTH -  
(2017 X 2016)



2.5 p.p.

# Total Losses

Downward trajectory for the fourth consecutive quarter

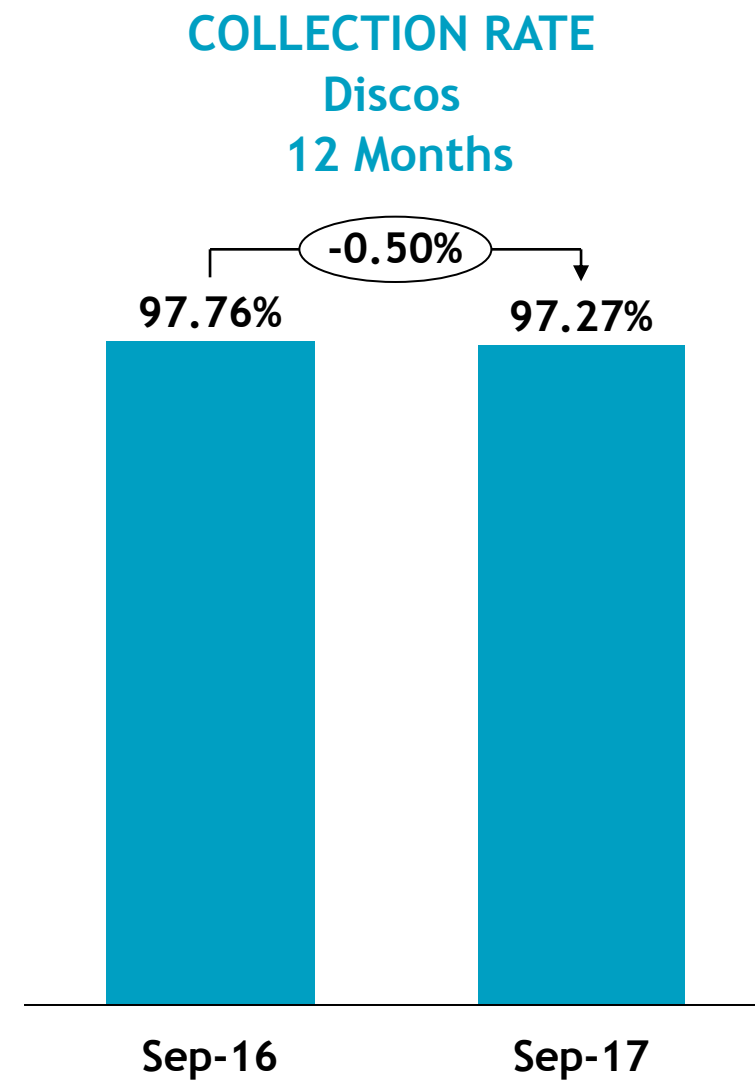


Disco	Jun-17	Sep-17		Aneel	
	GWh	GWh	%	%	
EMG	174	171	10.18	9.63	●
ENF	17	17	4.45	5.84	●
ESE	343	332	8.71	11.51	●
EBO	34	38	5.45	7.73	●
EPB	658	630	12.64	13.84	●
EMT	1,423	1,421	14.63	13.69	●
EMS	771	792	13.40	14.99	●
ETO	346	348	13.66	14.00	●
ESS	288	300	6.73	6.73	●
<b>Energisa</b>	<b>4,053</b>	<b>4,048</b>	<b>11.85</b>	<b>12.42</b>	●

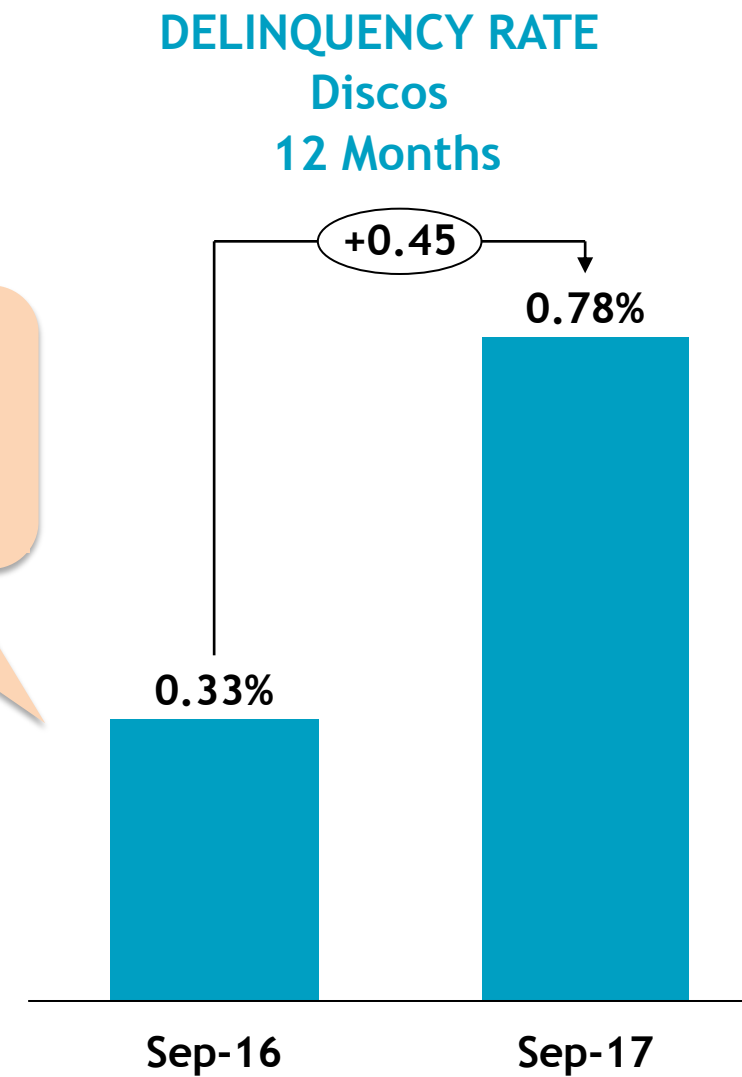
# Collection and Delinquency

Collection remains at high levels

Delinquency improves 0.33 p.p. when adjusted for 2016 non recurring effects



Includes provision reversions in EMT  
Without non recurring items: 1.11%

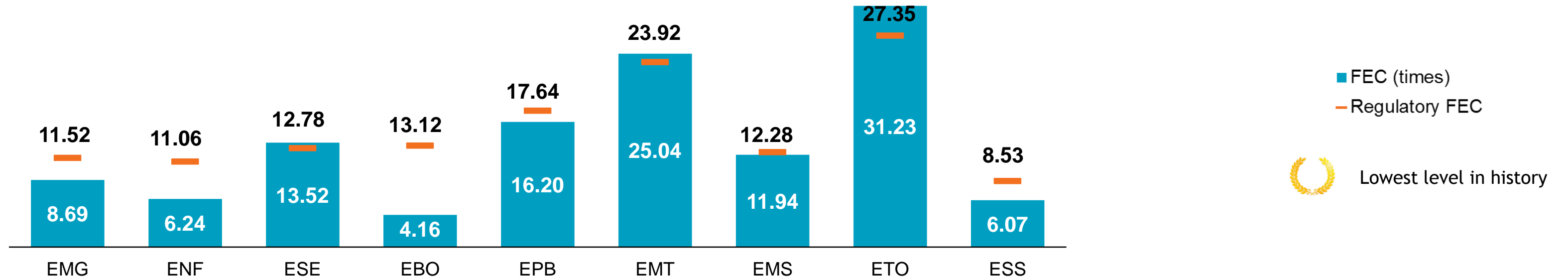


# Service Quality Indicators

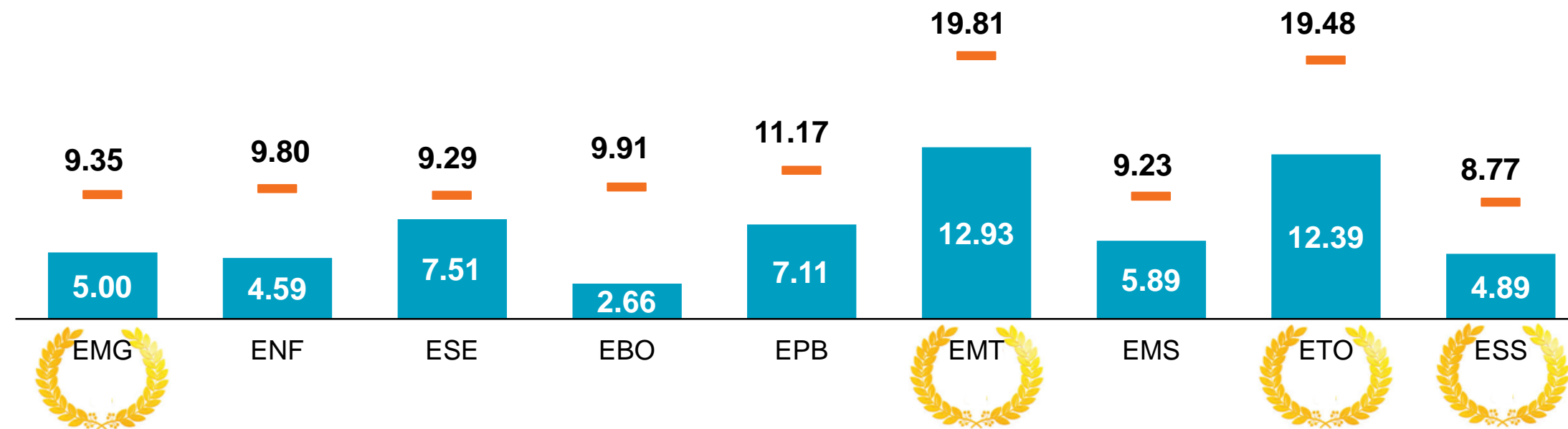
Notable performance by ESS after quality recovery plan

ESE temporarily impacted by a rain fall volume 91% superior to the historic average

DEC (LTM)



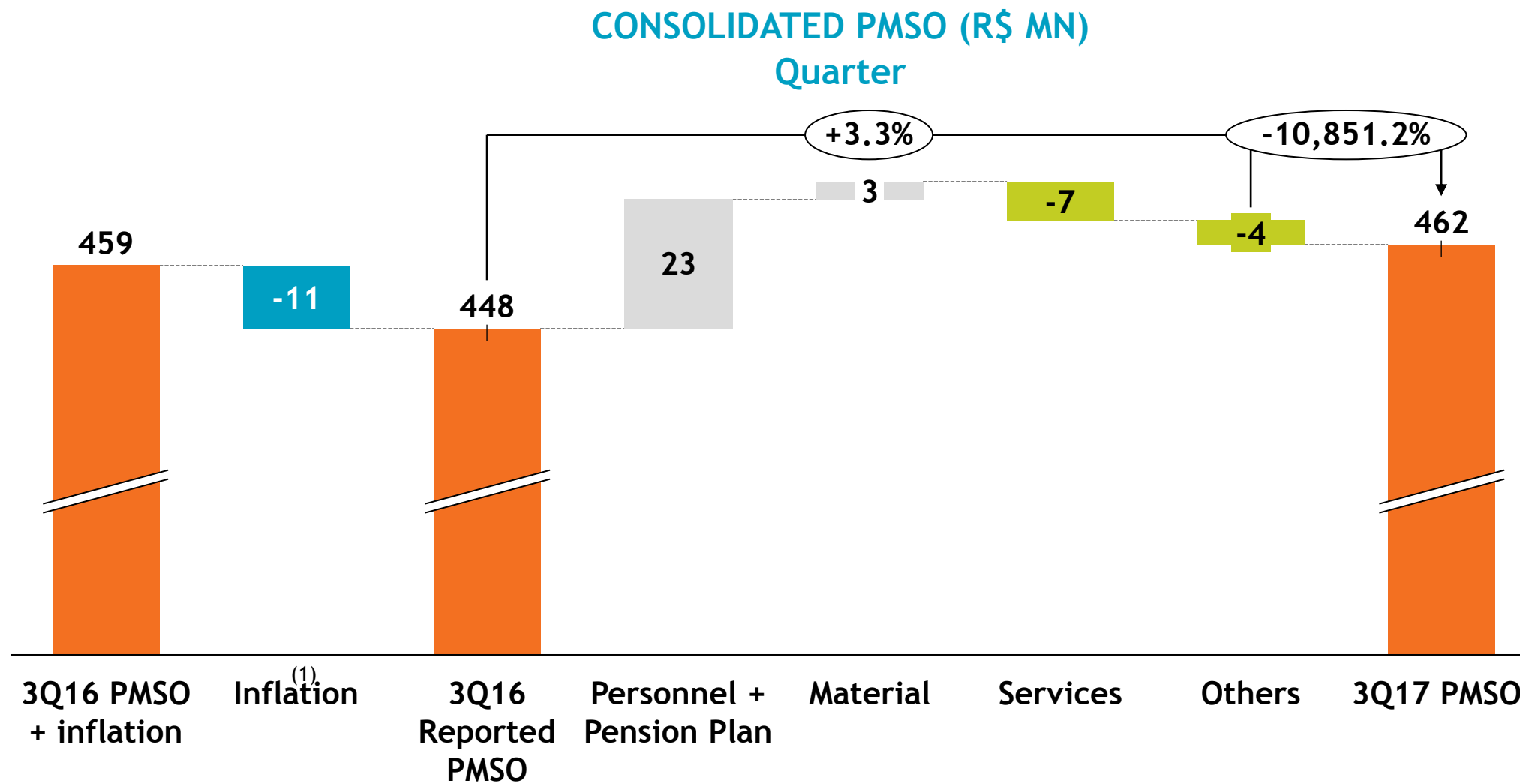
FEC (LTM)





# PMSO (Personnel, Material, Services and Other)

Increase of 3.3%, in line with inflation (2.5%)



- ▶ **Personnel:** + R\$ 17.7 million (salary readjustment, larger teams for the loss combat program);
- ▶ **Pension Fund:** + R\$ 5.0 million (revision of the provision amount related to the actuarial deficit);
- ▶ **Services:** - R\$ 6.8 MN (decrease in the expenses associated to ESS quality recovery plan).
- ▶ **Others:** decline in the fine and compensation account .

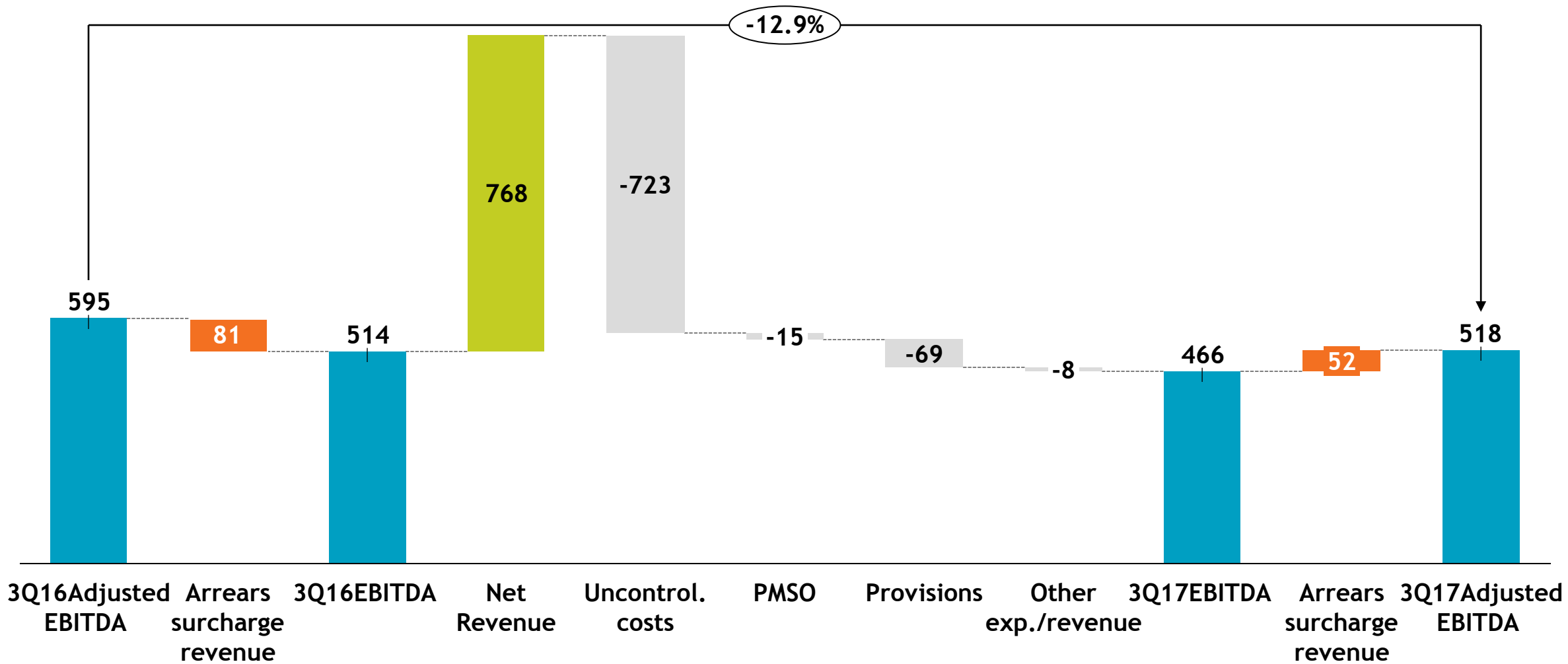
In 9M17, PMSO dropped 0.6%

# 3Q17 Consolidated EBITDA

Without considering non recurring effects, EBITDA would have increased 12.3%

EBITDA AND ADJUSTED EBITDA (R\$ MN)

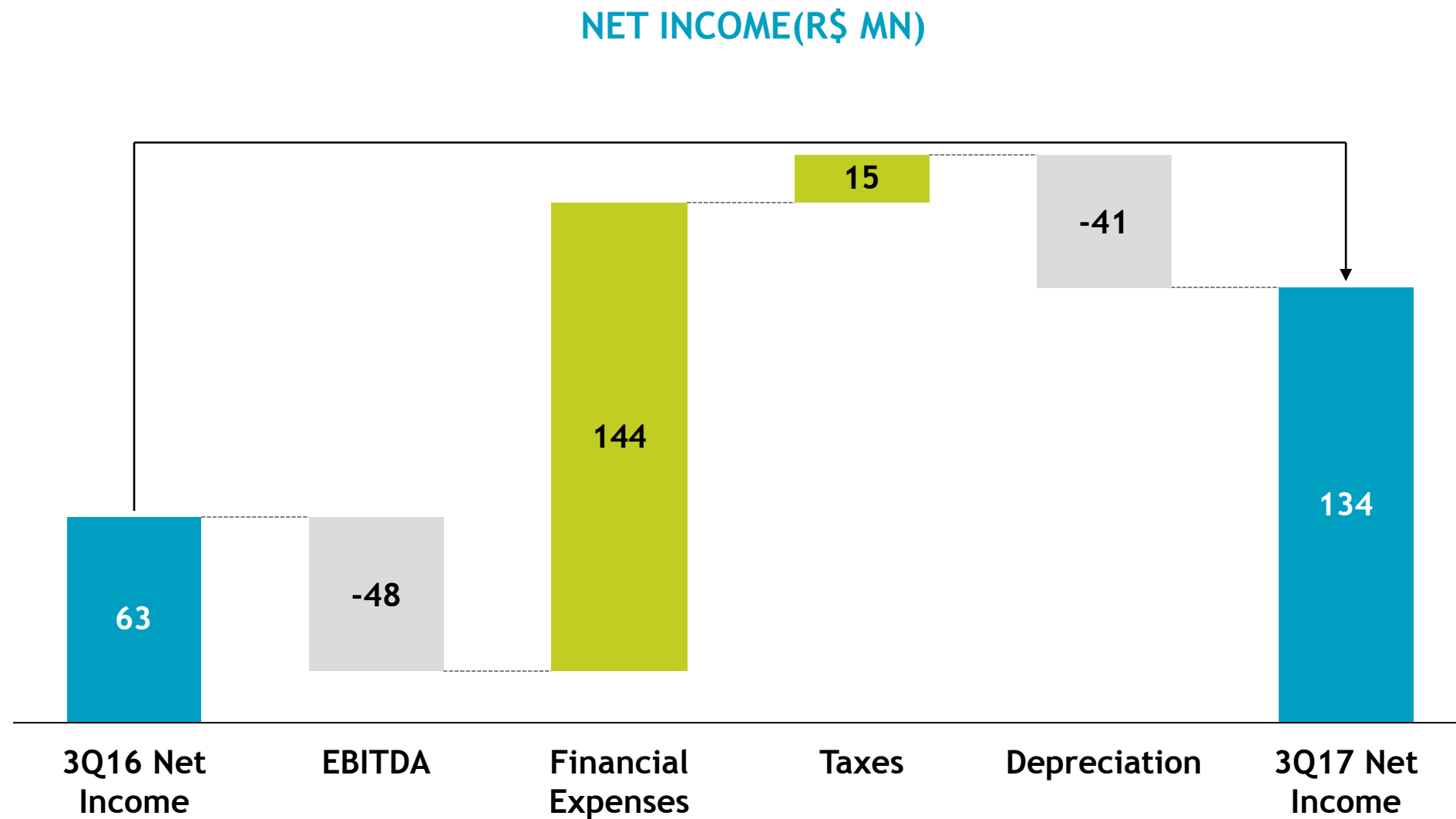
ADJUSTED EBITDA  
EXCLUDING NON-RECURRING EFFECTS  
(R\$ MN)



	3Q17	3Q16	Var%
(=) Adjusted EBITDA	517,9	594.8	- 12.9
(+) Compensatory Costs	8.1	11.1	- 27.0
(-) VNR (reclassification)	10.7	20.5	- 48.0
(-) Provisions/Reversals EMT	-	86.6	-
(-) Arrears surcharge EMS	-	40.0	-
<b>EBITDA excluding non recurring effects</b>	<b>515.3</b>	<b>458.8</b>	<b>+12.3</b>

# 3Q17 Consolidated Net Income

Increase of 111.8% due to a better financial result

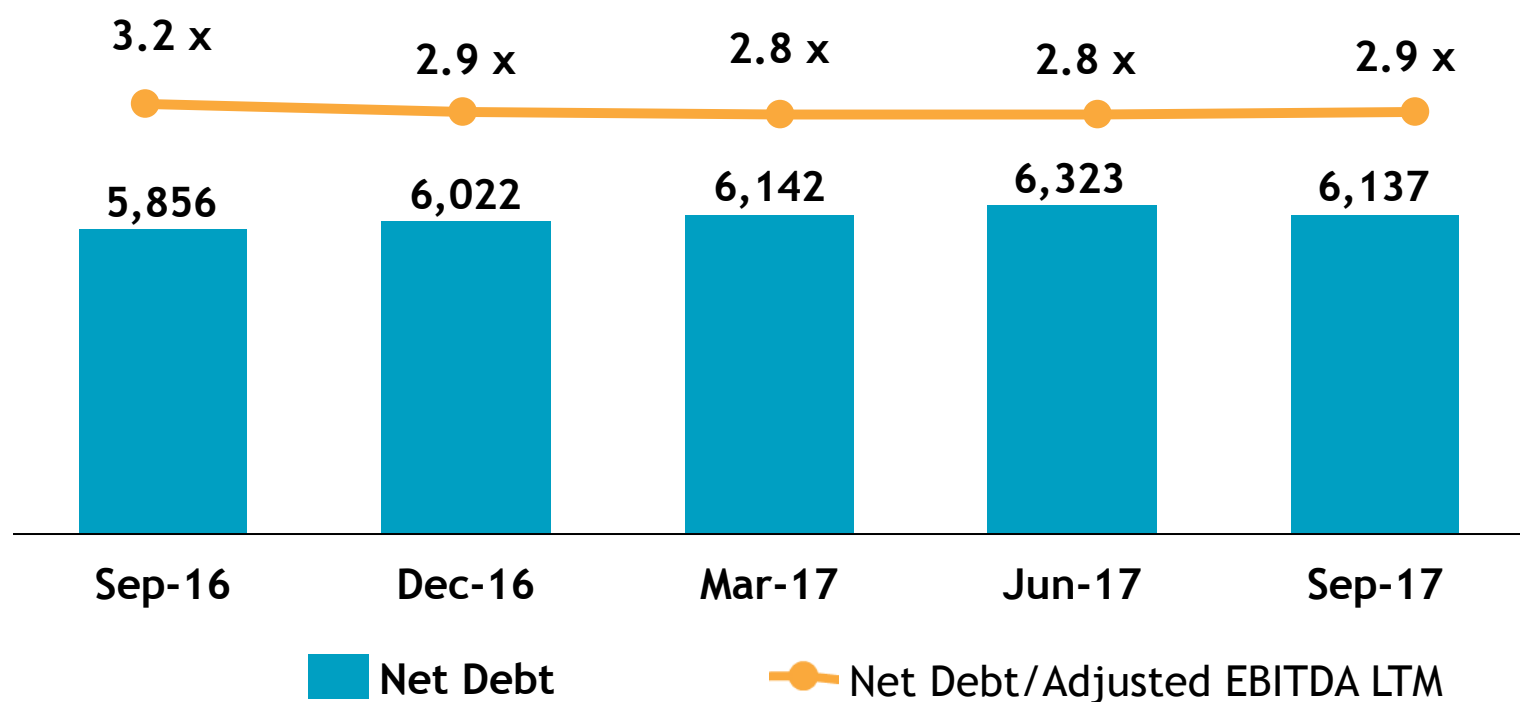


## NET INCOME EXCLUDING NON-RECURRING EFFECTS (R\$ MN)

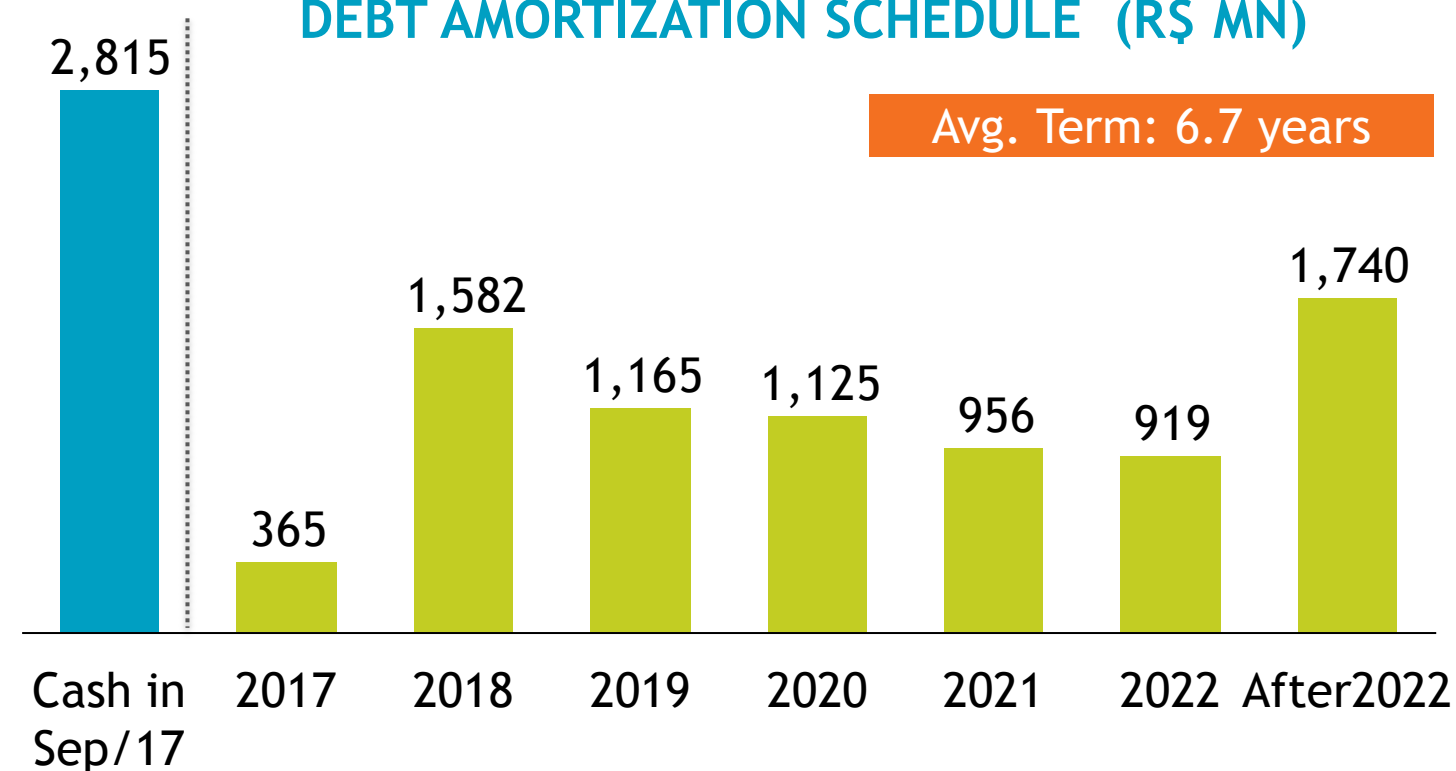
	3Q17	3Q16	Var%
<b>(=) Net Income</b>	<b>134,1</b>	<b>63,3</b>	<b>111,8%</b>
(+) Compensatory Costs	5,3	7,3	-27,4%
(-) Provisions/Reversals EMT	-	57,2	-
(-) Arrears surcharge EMS	-	26,4	-
(+) ETO provision	13,0	-	-
<b>(=) Net Income excluding non recurring effects</b>	<b>152,4</b>	<b>-12,9</b>	<b>-</b>

# Leverage

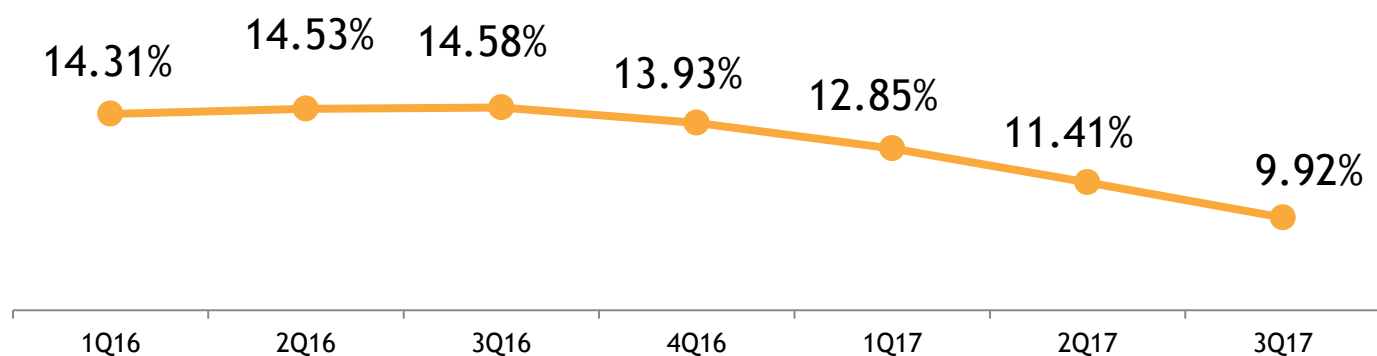
Cash coverage: 1.5x short term amortization (12 months)



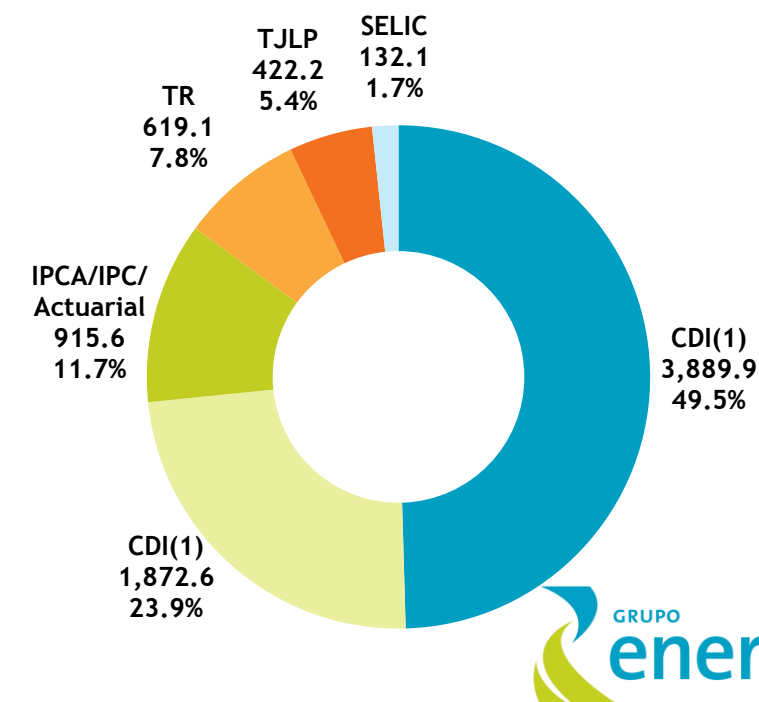
## DEBT AMORTIZATION SCHEDULE (R\$ MN)



## GROSS DEBT COST

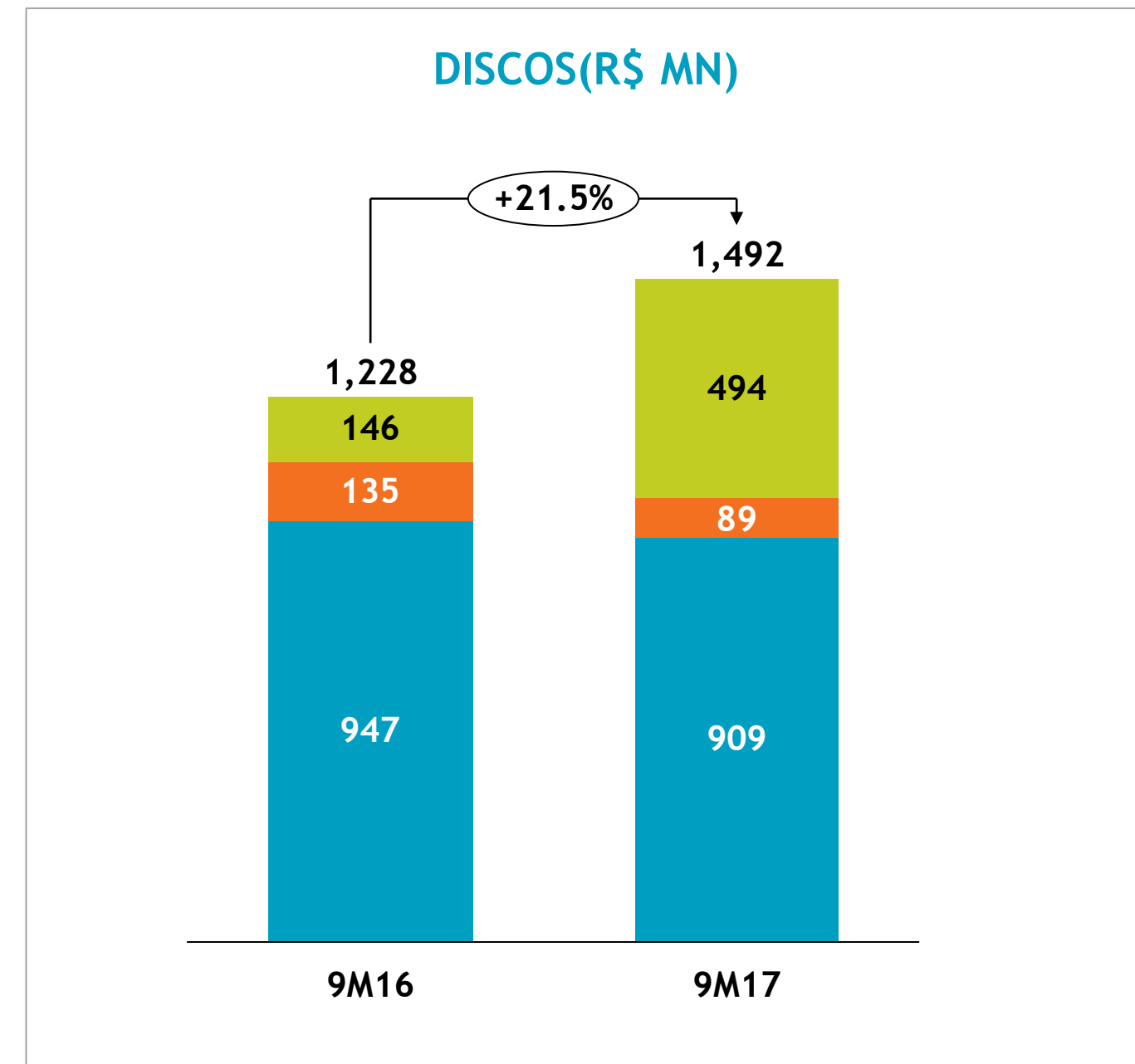
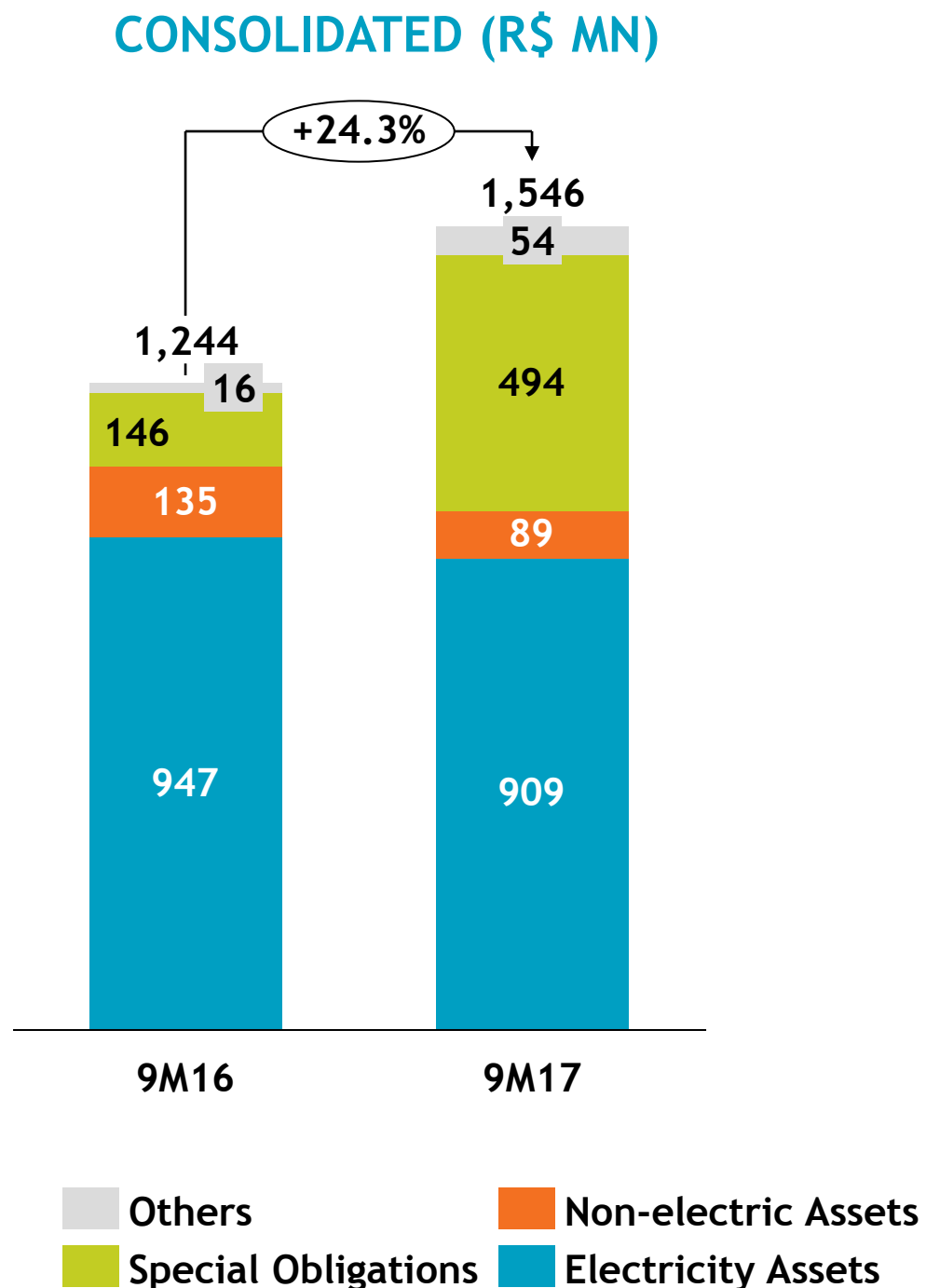


## GROSS DEBT BY INDEX (R\$ MN / %)



# Investments

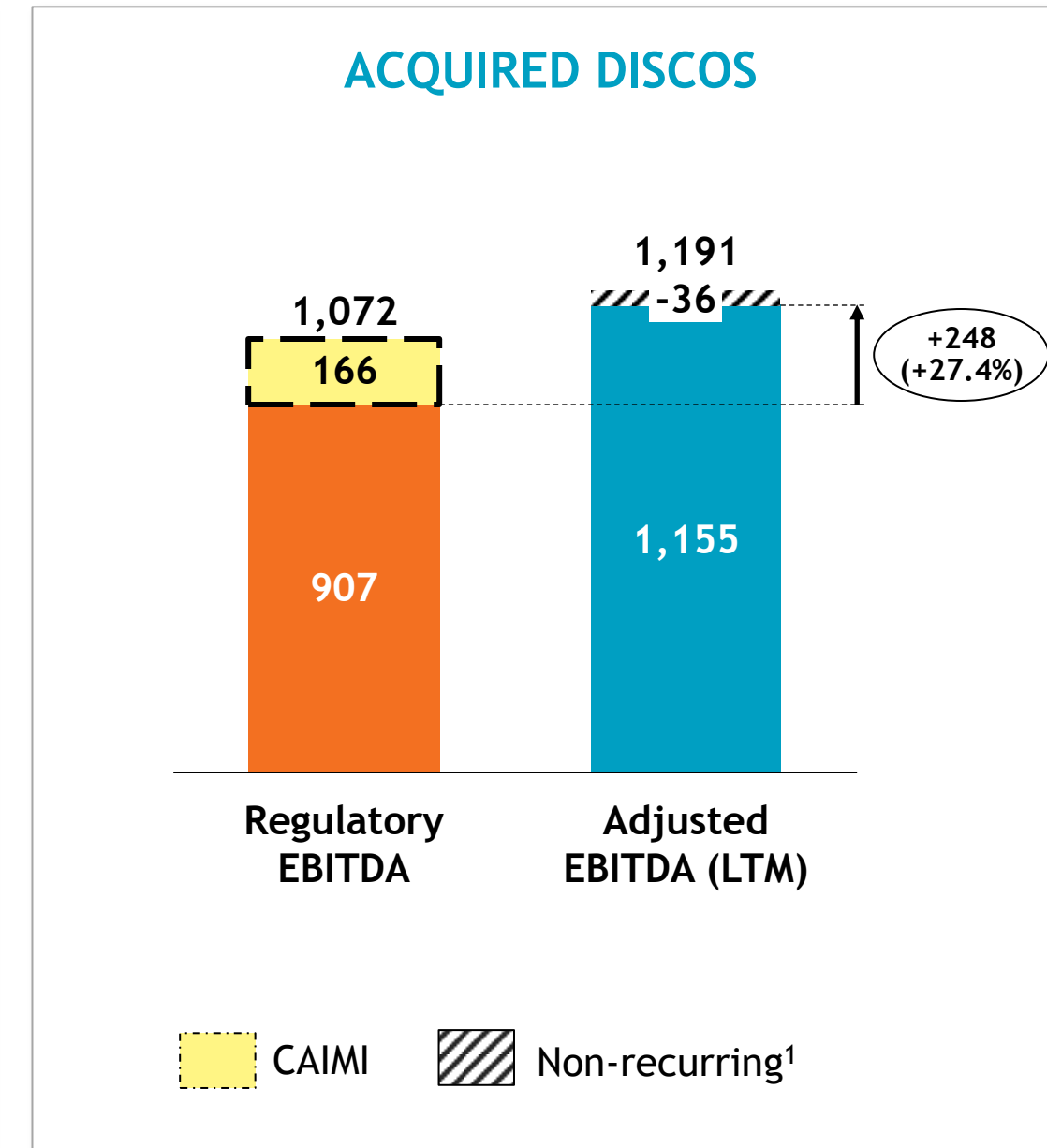
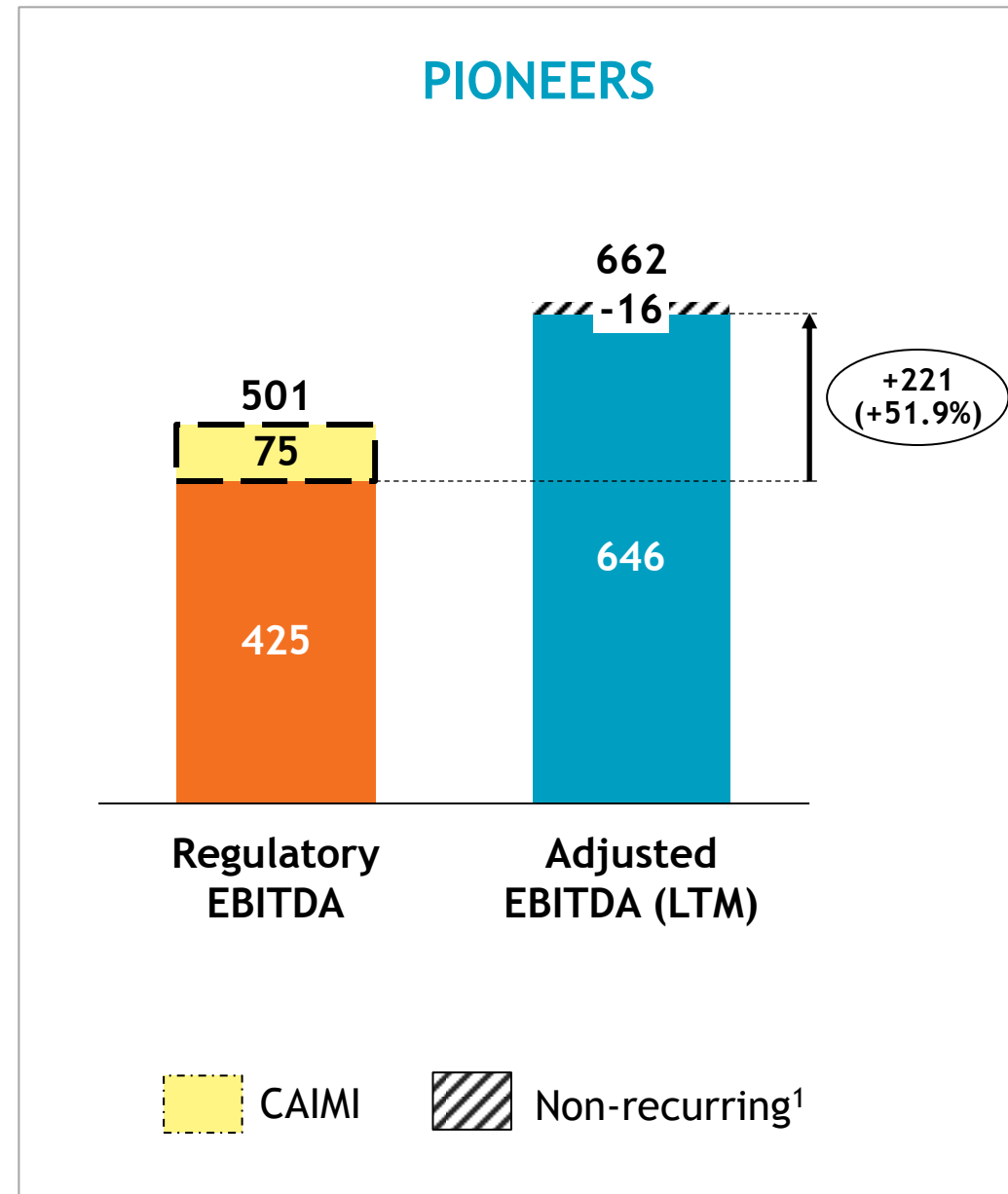
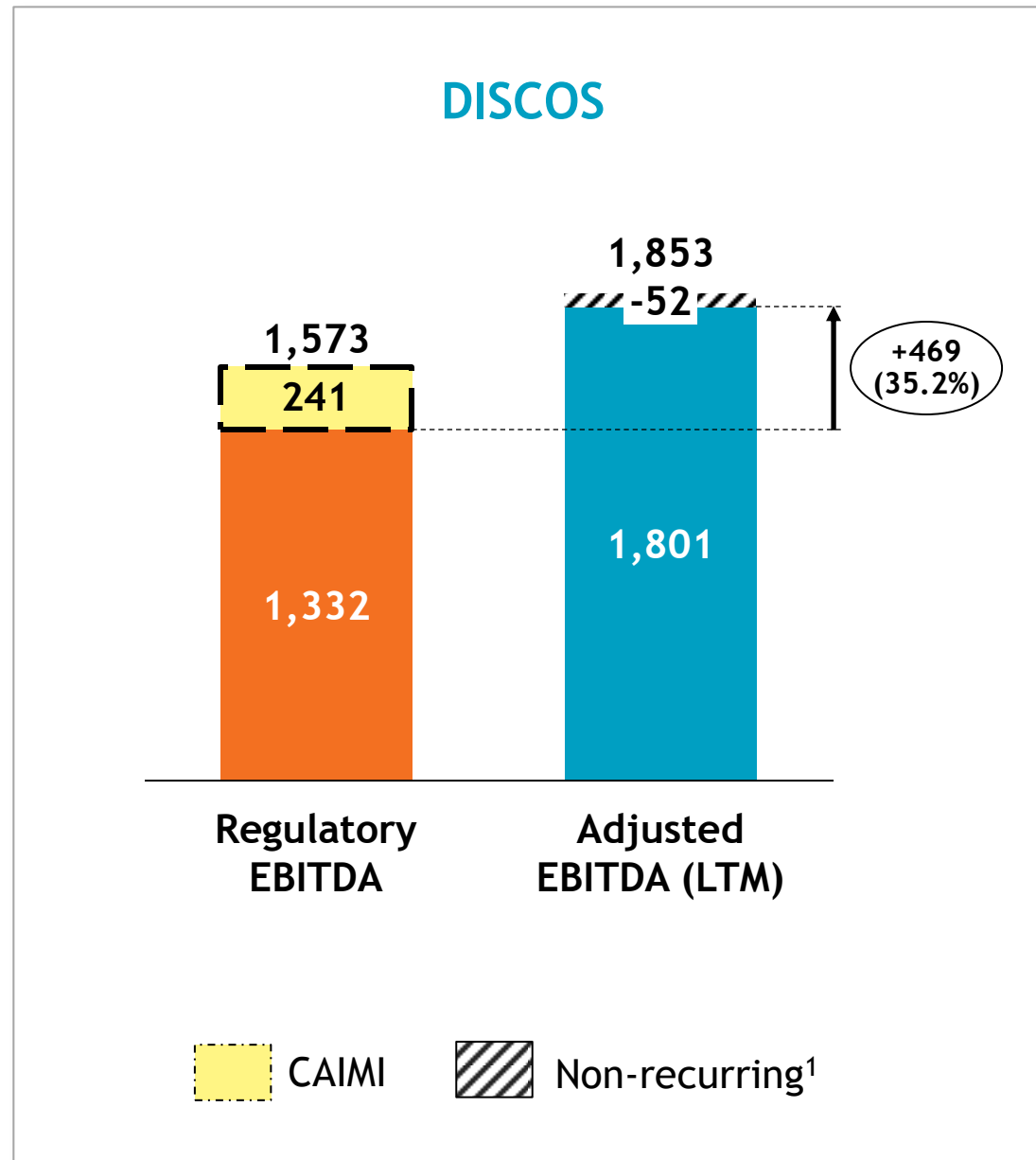
Investments in the distribution companies grew 21.5%, of which R\$ 1,041.4 million were performed in the Discos that will go through the 4<sup>th</sup> Cycle in 2018



# Regulatory

## Regulatory EBITDA vs. reported EBITDA (Ex Non-recurring)

(R\$ Million)



Non-recurring effects in the 12 months ended September 2017: R\$ 21.9 MN (sale of aircraft), R\$ 45.0 MN (overcontracting of energy), R\$ 26.1 MN (compensatory costs), R\$ 43.6 million (reversal of provisions in EMS), and R\$ 57.3 MN (VNR revenue).

# Thank you

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