



4Q17 Earnings Presentation

March • 15 • 2018

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Highlights

OPERATIONAL

- ▶ Total electricity consumption (captive + free market) grows 6.3% in the quarter, and 3.7% in 2017, above the national average (0.8%);
- ▶ Total consolidated losses (LTM) reached 11.81% of the required energy, 0.42 p.p. below the regulatory cap.
- ▶ All concessions are within the FEC limit. Only EMT and ETO stood above the DEC regulatory limit.;

FINANCIAL

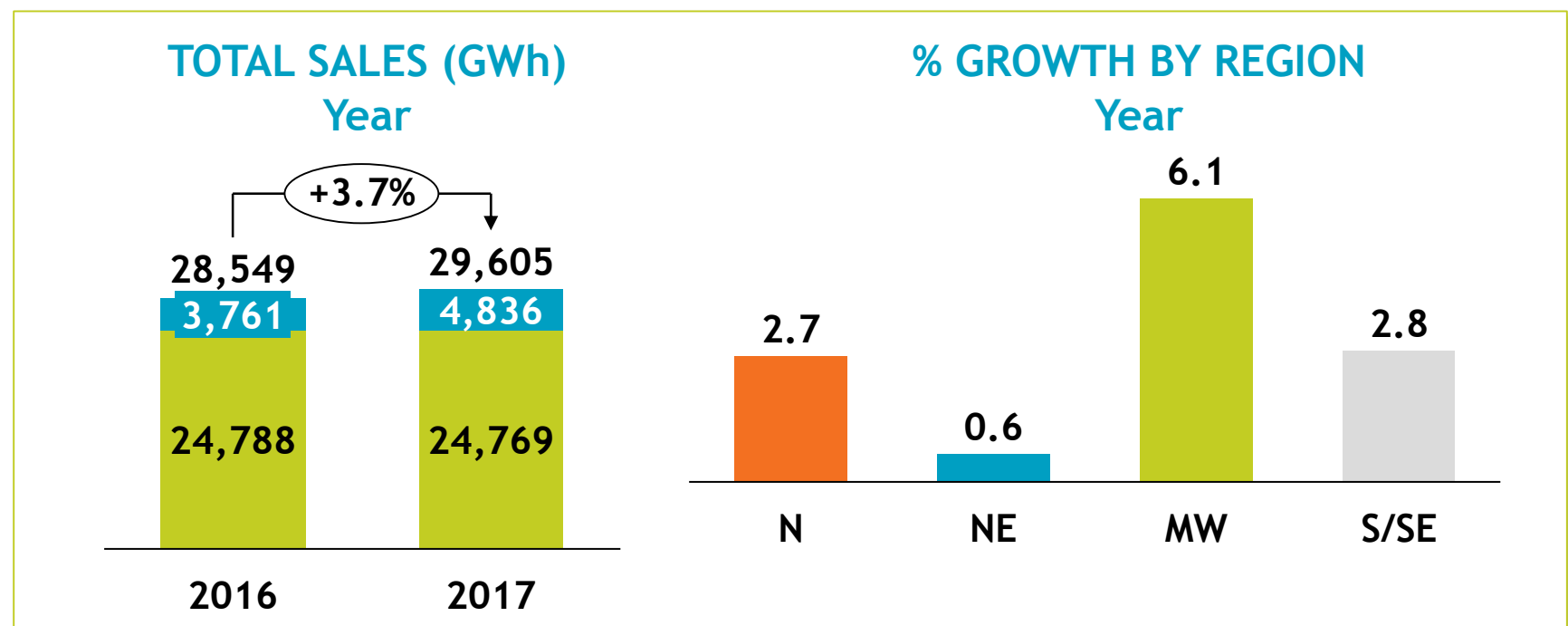
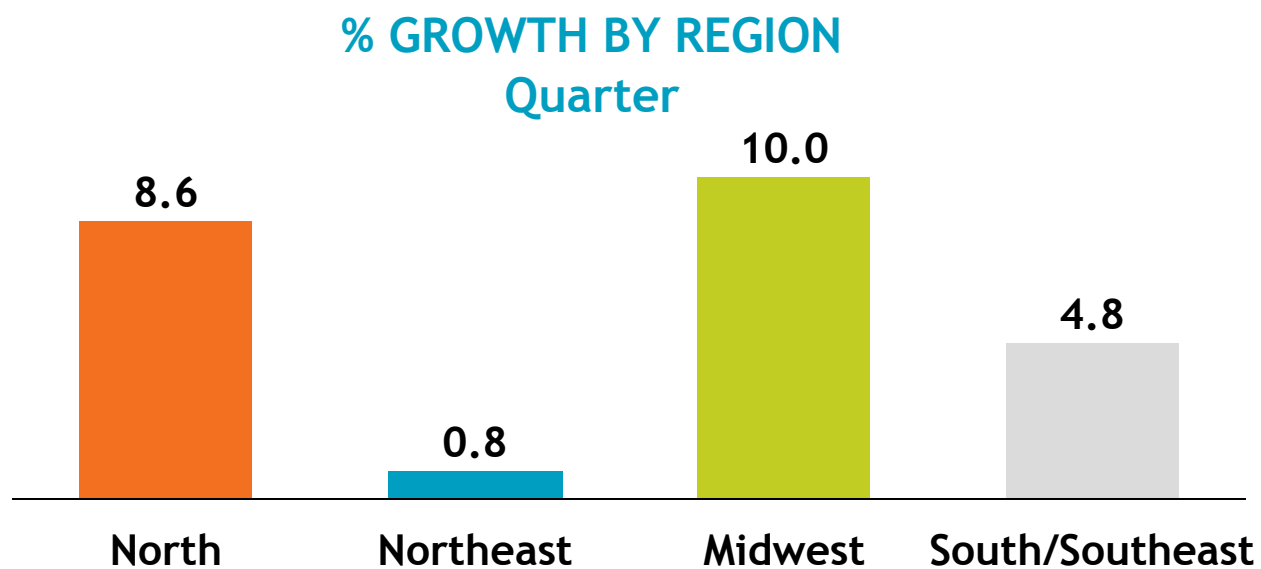
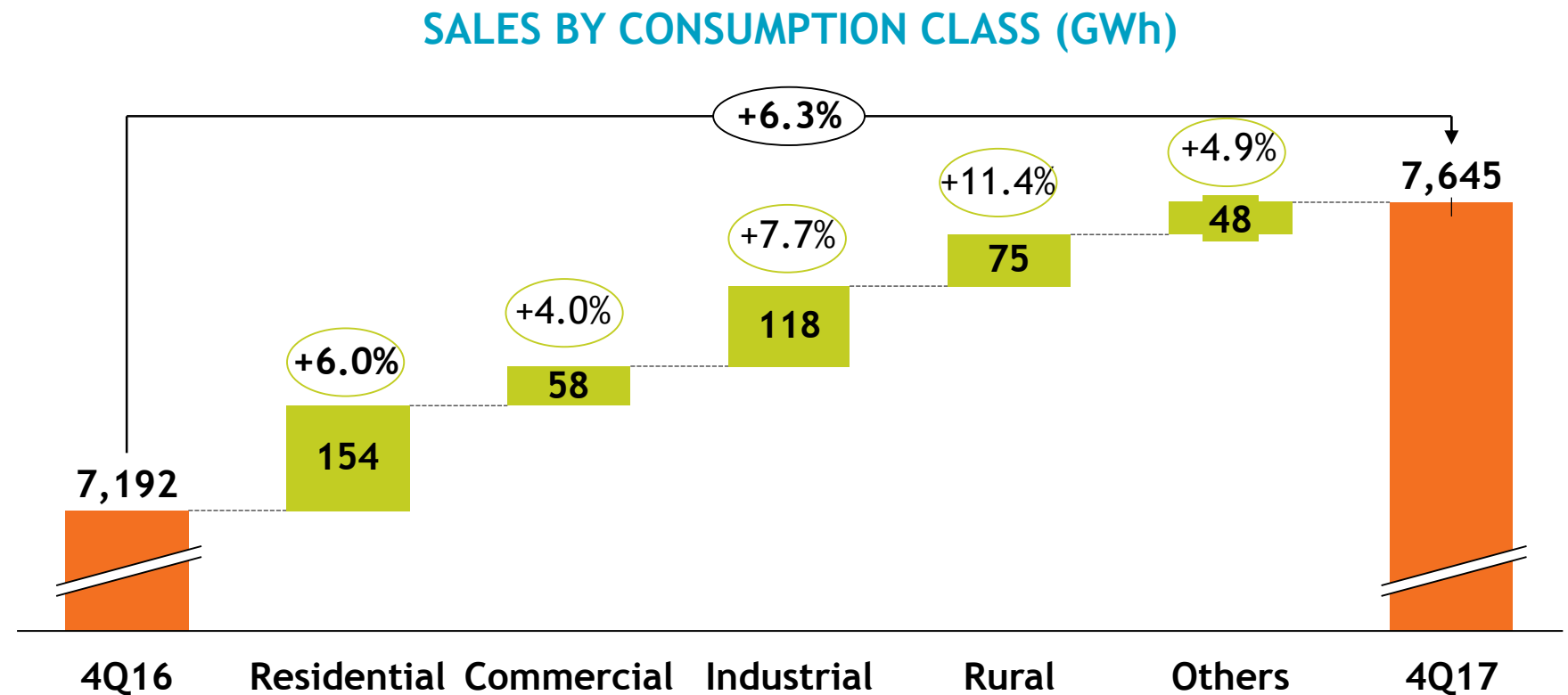
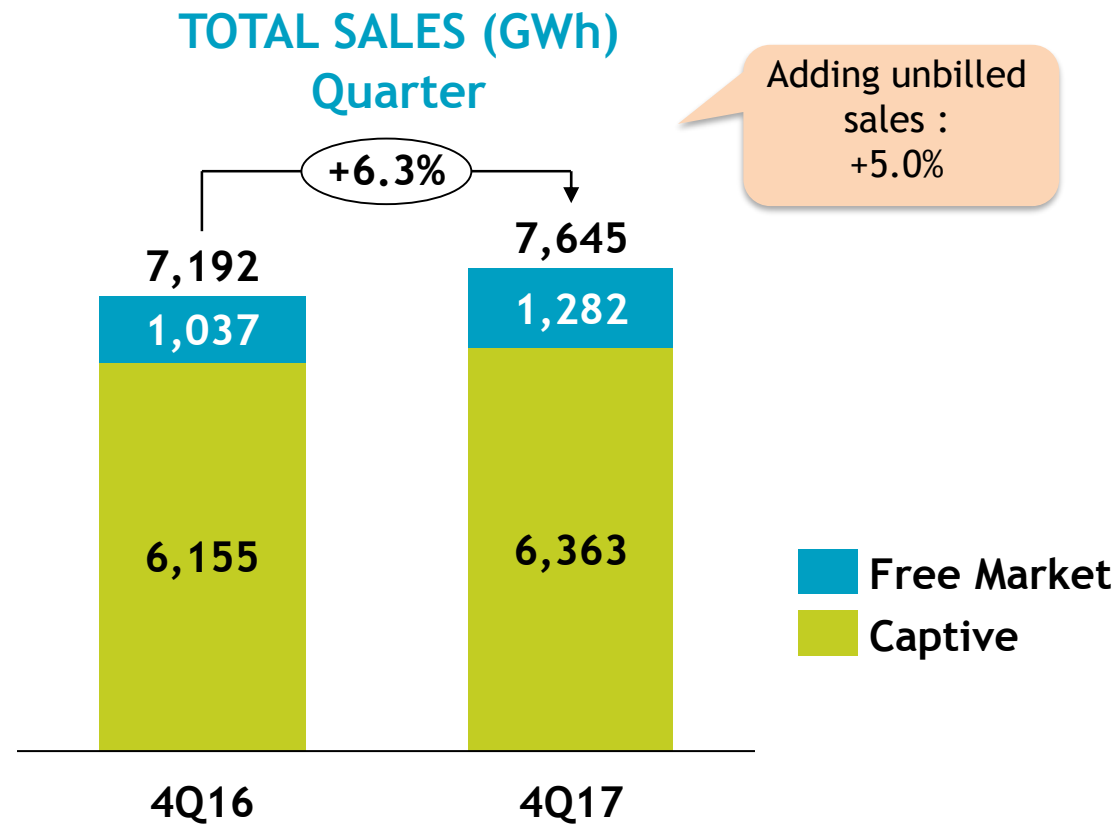
- ▶ Adjusted EBITDA reached R\$ 806.6 million in the quarter, and R\$ 2,372.8 million in 2017, an increase of 40.2% and 15.7%, respectively;
- ▶ Net income of R\$ 232.6 million in the quarter, and R\$ 572.6 million in 2017, an increase of 560.8% and 192.4%, respectively;
- ▶ Net debt of R\$ 7,202.0 million, and net debt over adjusted EBITDA ratio of 3.0x.
- ▶ Investments raised 21.9% in the year, reaching R\$ 2.0 billion, preceding the upcoming year's 4th Cycle Tariff Review for EMT, EMS and ESE.

Subsequent Events

- ▶ Energisa raises its joint stake with Grupo Rede in EMT, from 66.61% to 95.61% after a successful tender offer;
- ▶ Issuance of debentures by EMT, EPB and EMS in the amount of R\$ 800 million.

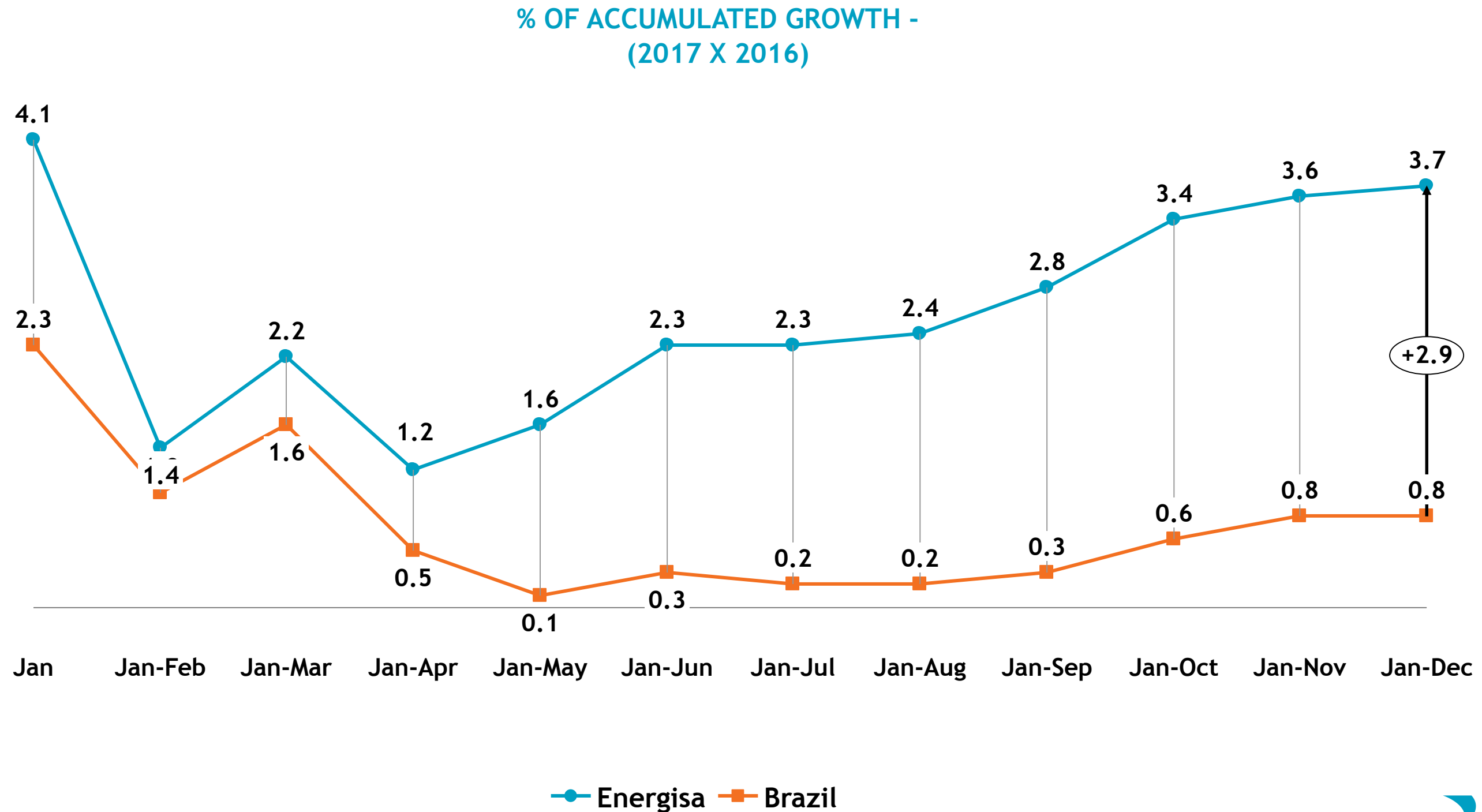
4Q17 Energy Market

Growth of 6.3% driven by the Mid West and North concessions



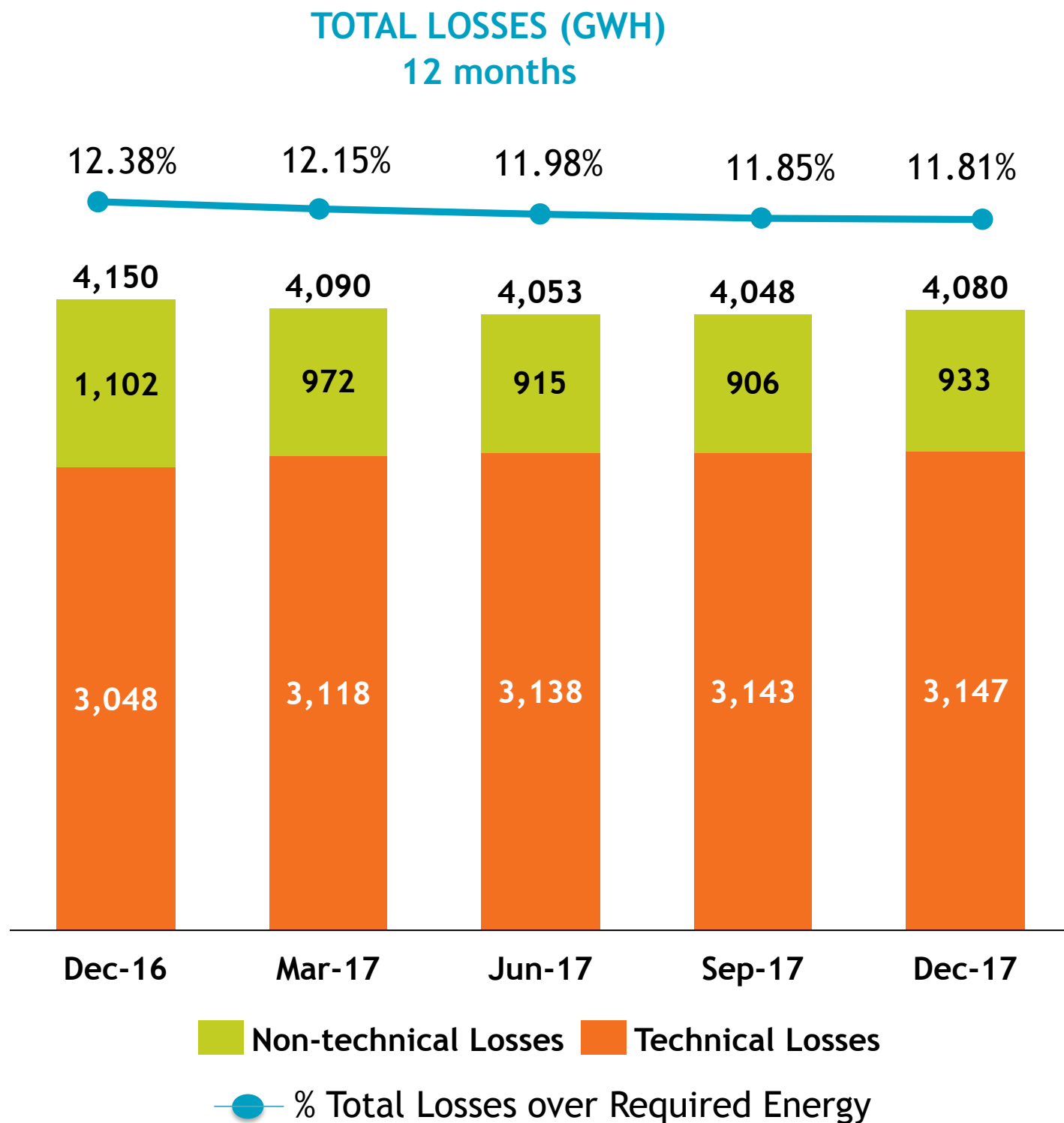
4Q17 Energy Market

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



Total Losses

Downward trajectory for the fifth consecutive quarter. Only EMT stands above the regulatory cap, however, it experienced a reduction of 0.85 p.p. in 1 year.

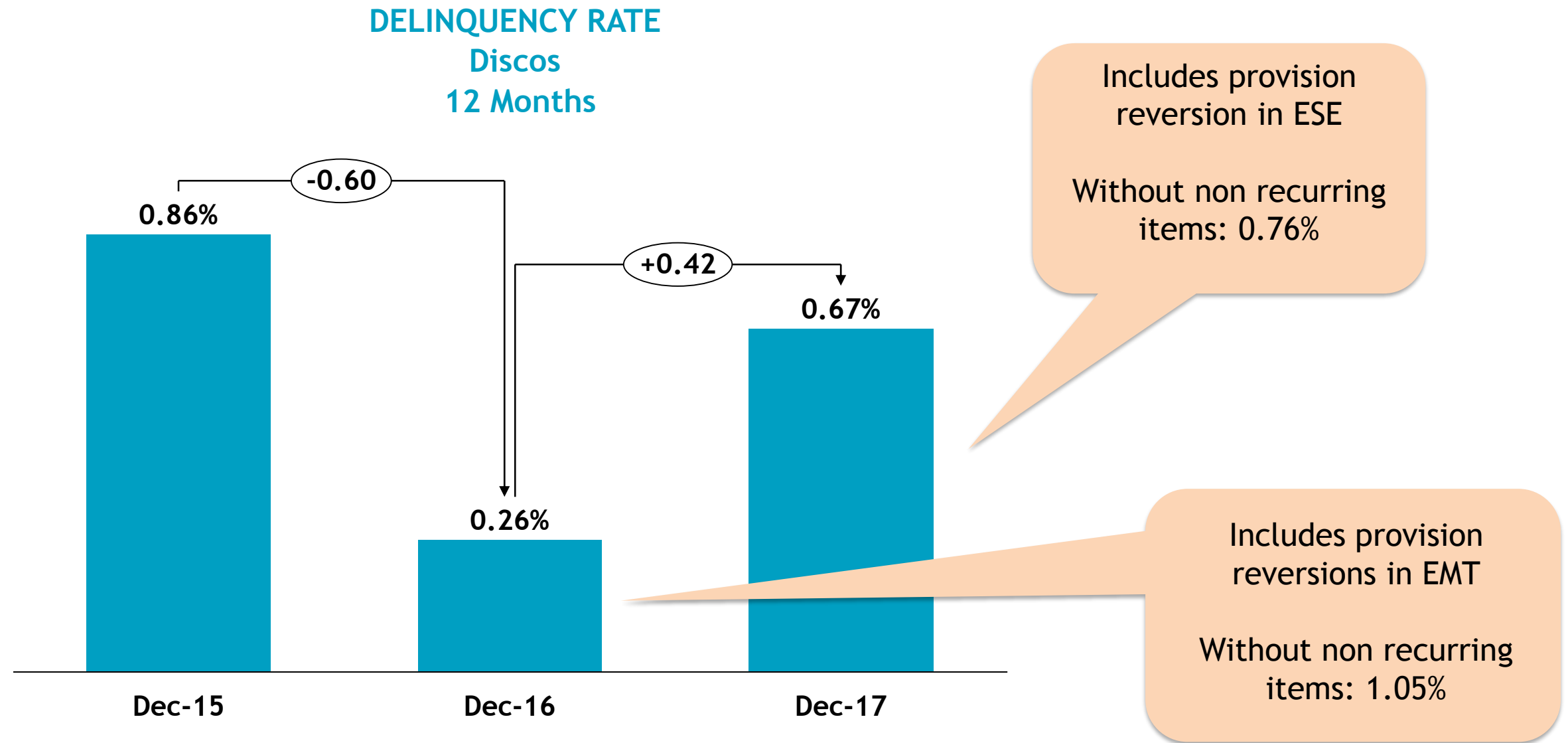


Disco	Sep-17	Dec-17		Aneel
	GWh	GWh	%	%
EMG	171	175	10.43	9.63 ●
ENF	17	16	4.28	5.84 ●
ESE	332	334	8.78	10.51 ●
EBO	38	42	5.87	7.54 ●
EPB	630	641	12.80	13.53 ●
EMT	1,421	1,448	14.59	13.68 ●
EMS	792	805	13.44	14.91 ●
ETO	348	336	12.99	13.99 ●
ESS	300	283	6.32	6.73 ●
Energisa	4,048	4,080	11.81	12.23 ●

Collection and Delinquency

Collection remains at high levels

Delinquency improves 0.29 p.p. when adjusted for 2016/2017 non recurring effects



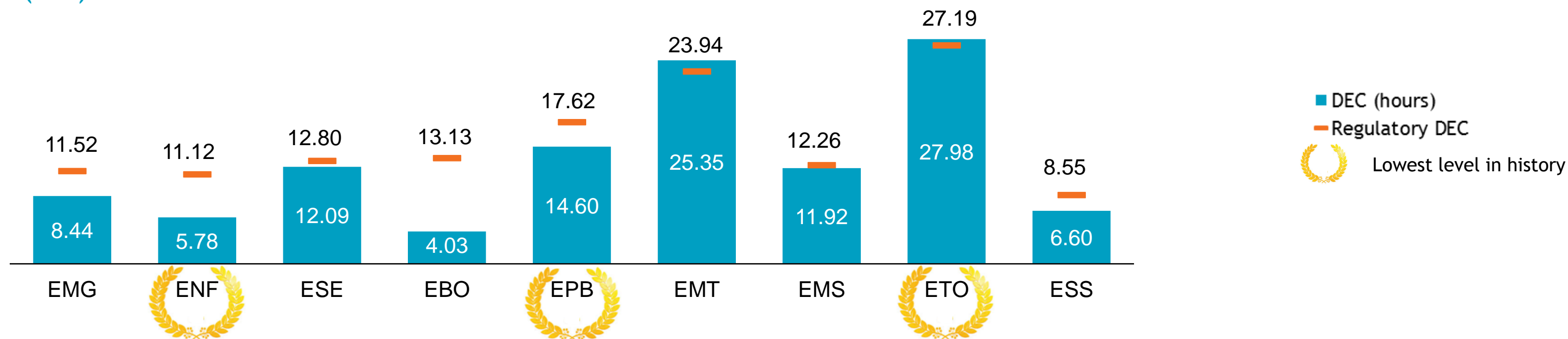
Accounts receivable: + 255 million in 2017 (concentrated in up to 60 days)

Service Quality Indicators

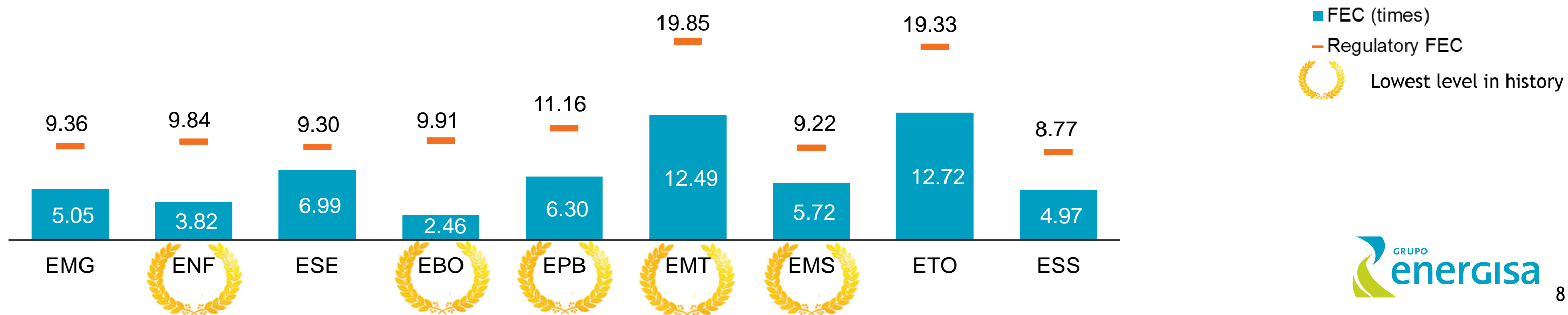
FEC decreases in all the Group's Discos

Challenging weather conditions for the Mid-West and North

DEC (LTM)

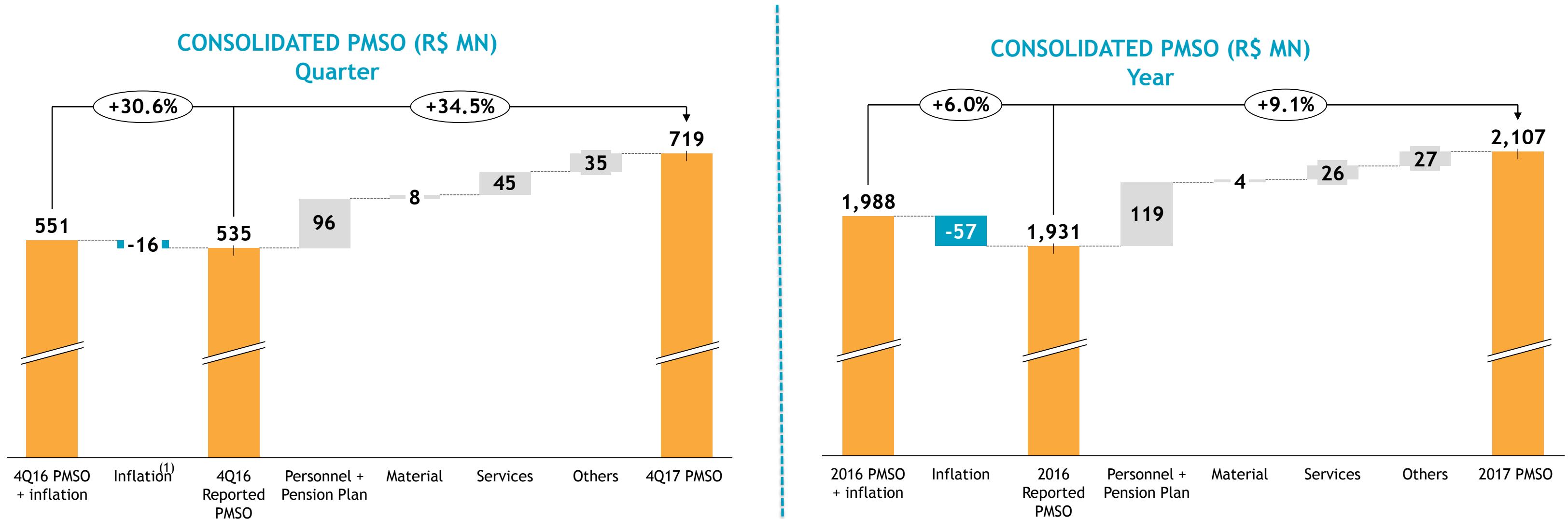


FEC (LTM)



4Q17 PMSO (Personnel, Material, Services and Other)

Without non recurring effects, PMSO would have risen 4.1% in 2017, in line with inflation

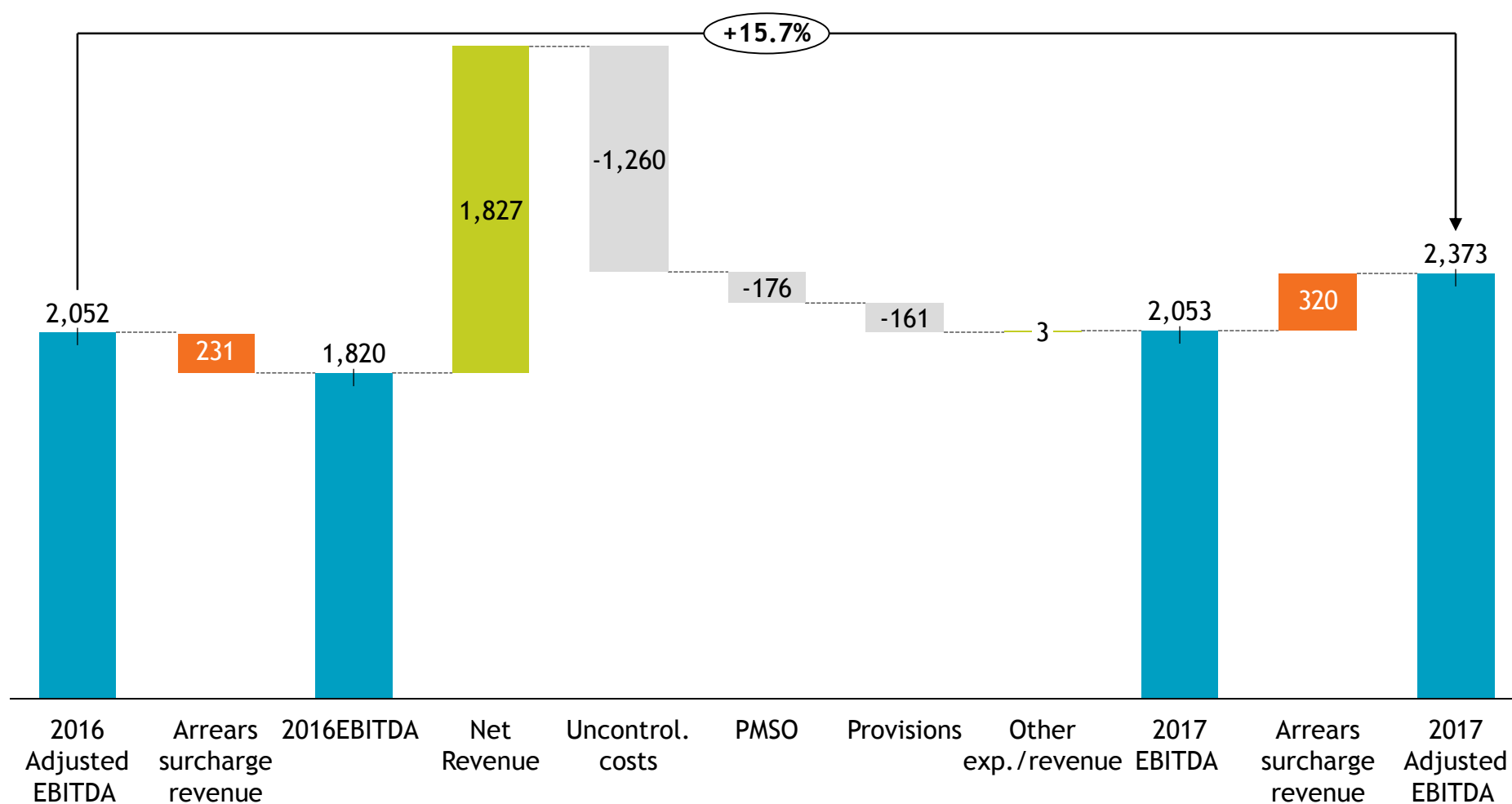


- ▶ **Personnel:** increase due to labor claim payments (R\$ 45.4 million), which are offset in the provision reversion account, and due to the adhesion to PERT (R\$ 5.5 million);
- ▶ **Pension Fund/Post Employment Benefit:** recognition of costs related to health insurance plans (R\$ 43.6 million);
- ▶ **Materials and Services:** Quality indicator recovery plan (ETO and EMT), and IT system migration (EMS and ESS);
- ▶ **Others:** increase in the fines and compensations account given the last year's reversion.

(1) Inflation (IPCA) for the 12 months ended December 2017.

2017 Consolidated EBITDA

EBITDA AND ADJUSTED EBITDA (R\$ MN)



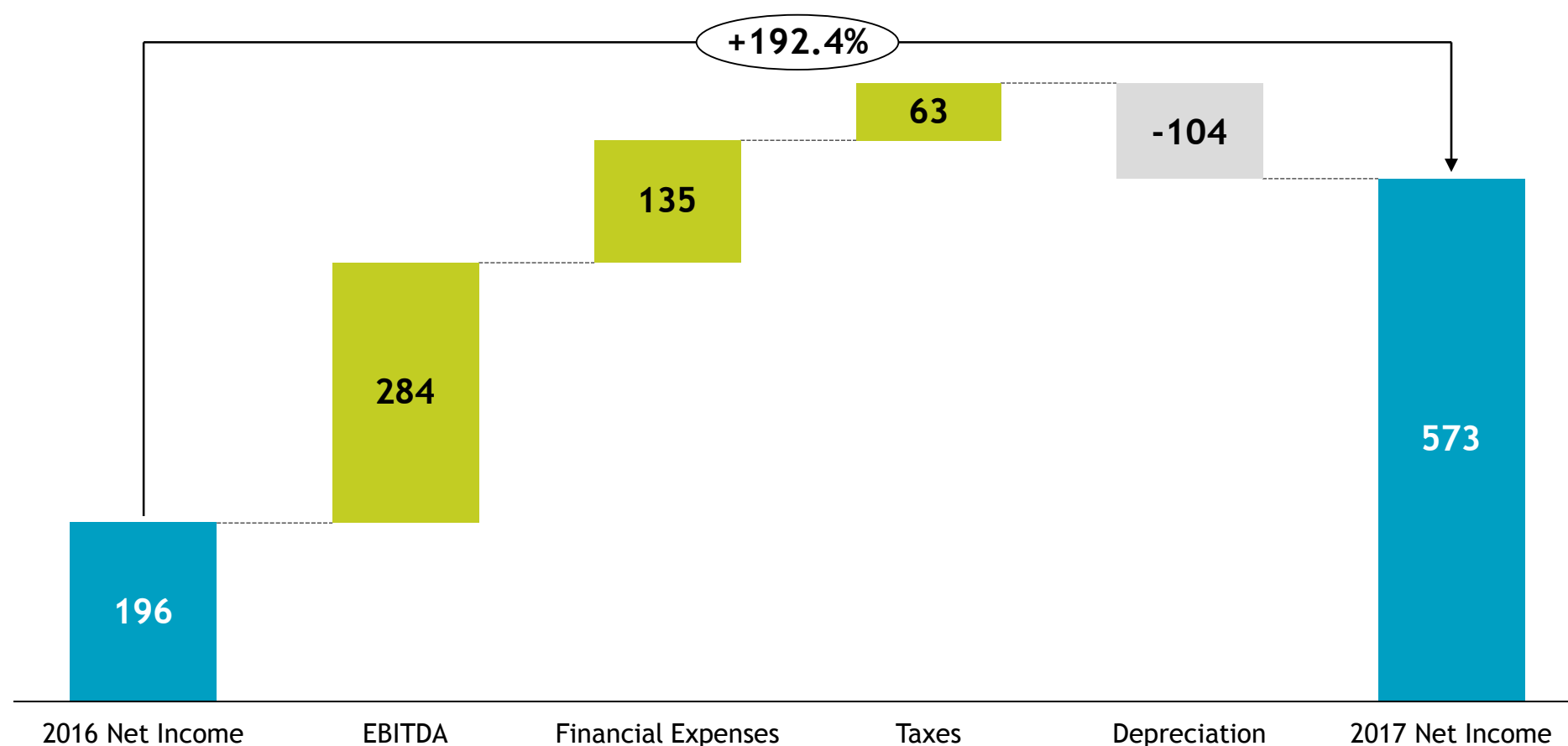
ADJUSTED EBITDA EXCLUDING NON-RECURRING EFFECTS (R\$ MN)

Description	4Q17	4Q16	Var. %
(=) EBITDA	649.0	522.4	+ 24.2
(+) Compensatory costs	7.2	5.8	+ 24.1
(+) Healthcare plan (retirement benefit)	46.2	-	-
(+) Entry into PERT	5.5	-	-
(+) Over-purchased electricity (2016 and 2017)	(36.9)	45.0	-
(-) Financial assets of the concession (VNR)	179.3	25.2	+ 611.3
(-) Extraordinary provision/reversals (EMT and ESE)	13.4	-	-
(-) Reversal of contingencies (EMT and EMS)	-	67.9	-
(=) EBITDA (without non recurring effects)	478.3	480.1	- 0.4

Description	2017	2016	Var. %
(=) EBITDA	2,052.6	1,820.2	+ 12.8
(+) Compensatory costs	29.9	38.6	- 22.5
(+) Healthcare plan (retirement benefit)	46.2	-	-
(+) Entry into PERT	5.5	-	-
(+) Over-purchased electricity (2016 and 2017)	(41.2)	45.0	-
(-) Financial assets of the concession (VNR)	211.4	125.1	+ 69.0
(-) Extraordinary provision/reversals (EMT and ESE)	13.4	99.1	- 86.5
(-) Reversal of contingencies (EMT and EMS)	-	67.9	-
(-) Sale of aircraft (EMT)	21.9	-	-
(=) EBITDA (without non recurring effects)	1,846.3	1,611.7	+ 14.6

2017 Consolidated Net Income

NET INCOME (R\$ MN)



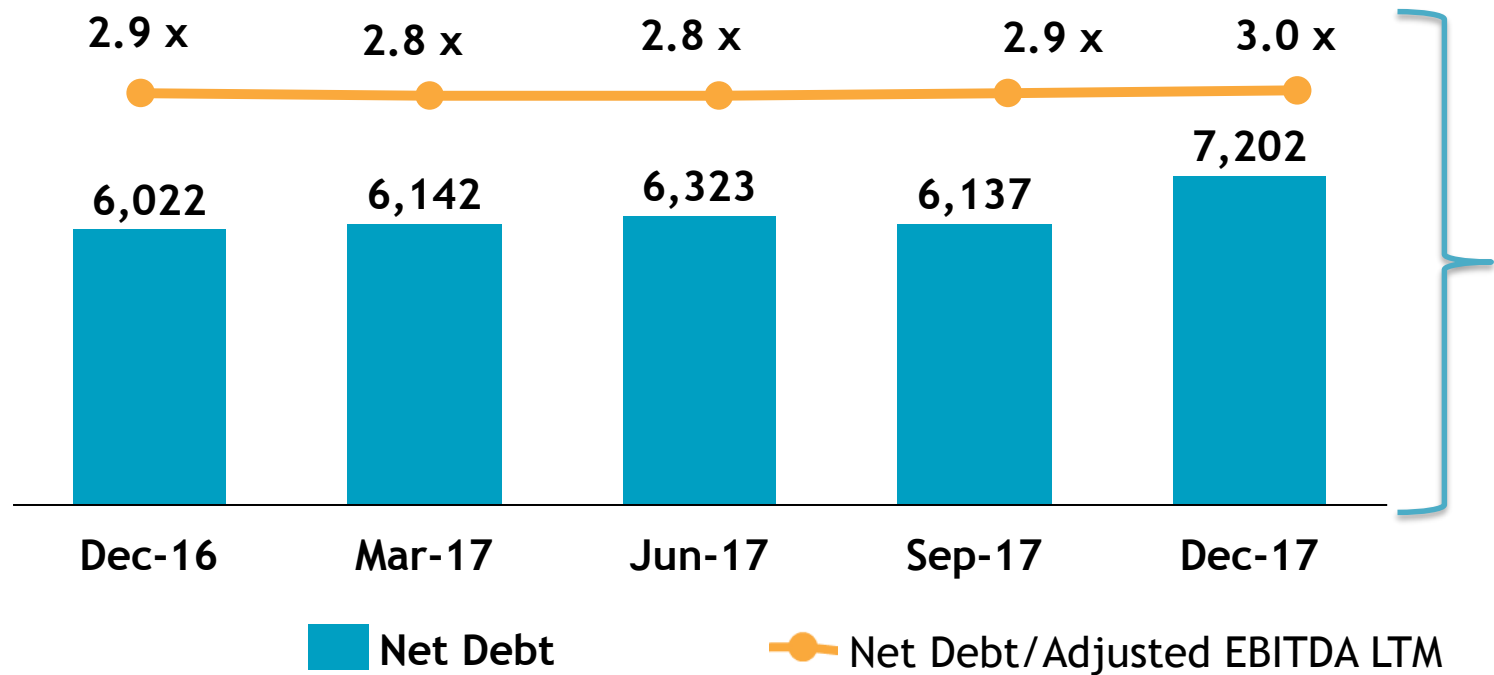
NET INCOME EXCLUDING NON-RECURRING EFFECTS (R\$ MN)

Descrição	4Q17	4Q16	Var. %
(=) Net Income	232.6	35.2	+ 560.8
(+) Compensatory costs	5.3	4.4	+ 19.5
(+) Healthcare plan (retirement benefit)	42.0	-	-
(+) Over-purchased electricity (2016 and 2017)	(25.8)	30.8	-
(+) State Refis and provision for ICMS credit losses (EMT)	98.9	-	-
(+) Mark-to-market of 7 th issuance debentures	99.0	-	-
(+) Provision for the depreciation of credit rights	-	78.9	-
(+) Provision of credits (generation assets sale)	-	51.5	-
(-) Financial assets of the concession (VNR)	120.9	-	-
(-) Reversal/extraordinary provisions (EMT and ESE)	68.3	-	-
(-) Reversal of contingencies (EMT and EMS)	-	49.1	-
(-) Sale of aircraft (EMT)	-	-	-
(-) Entry into PERT	20.9	-	-
(-) Formation of tax asset (ESA parent company)	138.9	-	-
(=) Net Income (withour non recurring effects)	102.9	151.7	- 32.2

Descrição	2017	2016	Var. %
(=) Net Income	572.6	195.8	+ 192.4
(+) Compensatory costs	22.3	28.8	- 22.5
(+) Healthcare plan (retirement benefit)	42.0	-	-
(+) Over-purchased electricity (2016 and 2017)	(29.1)	30.8	-
(+) State Refis and provision for ICMS credit losses (EMT)	98.9	-	-
(+) Mark-to-market of 7 th issuance debentures	99.0	-	-
(+) Provision for the depreciation of credit rights	-	78.9	-
(+) Provision of credits (generation assets sale)	-	51.5	-
(-) Financial assets of the concession (VNR)	120.9	-	-
(-) Reversal/extraordinary provisions (EMT and ESE)	68.3	46.6	+ 46.8
(-) Reversal of contingencies (EMT and EMS)	-	49.1	-
(-) Sale of aircraft (EMT)	18.3	-	-
(-) Entry into PERT	20.9	-	-
(-) Formation of tax asset (ESA parent company)	138.9	-	-
(=) Net Income (withour non recurring effects)	438.3	290.1	+ 51.1

Leverage

Cash coverage: 1.6x short term amortization (12 months)

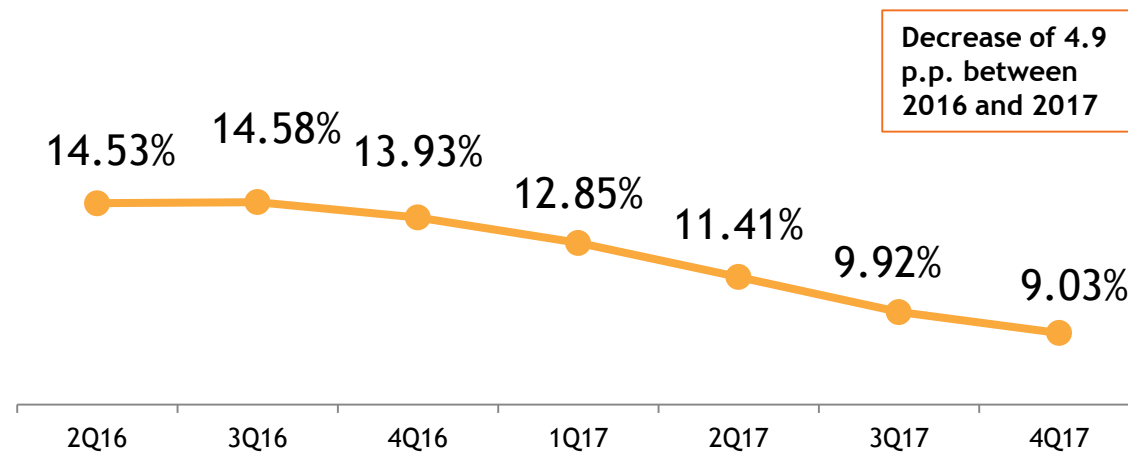


▶ Non cash effects: (R\$ 482 million)

- ▣ Pension Plan / Post Employment Benefit: R\$ 150 million;
- ▣ Mark-to-market of the conversion option for the 7th issuance debentures of Energisa S/A into R\$ 150 million: R\$ 150 million;
- ▣ Financial restatement of EEVP's put against BNDESPar : R\$ 182 million;

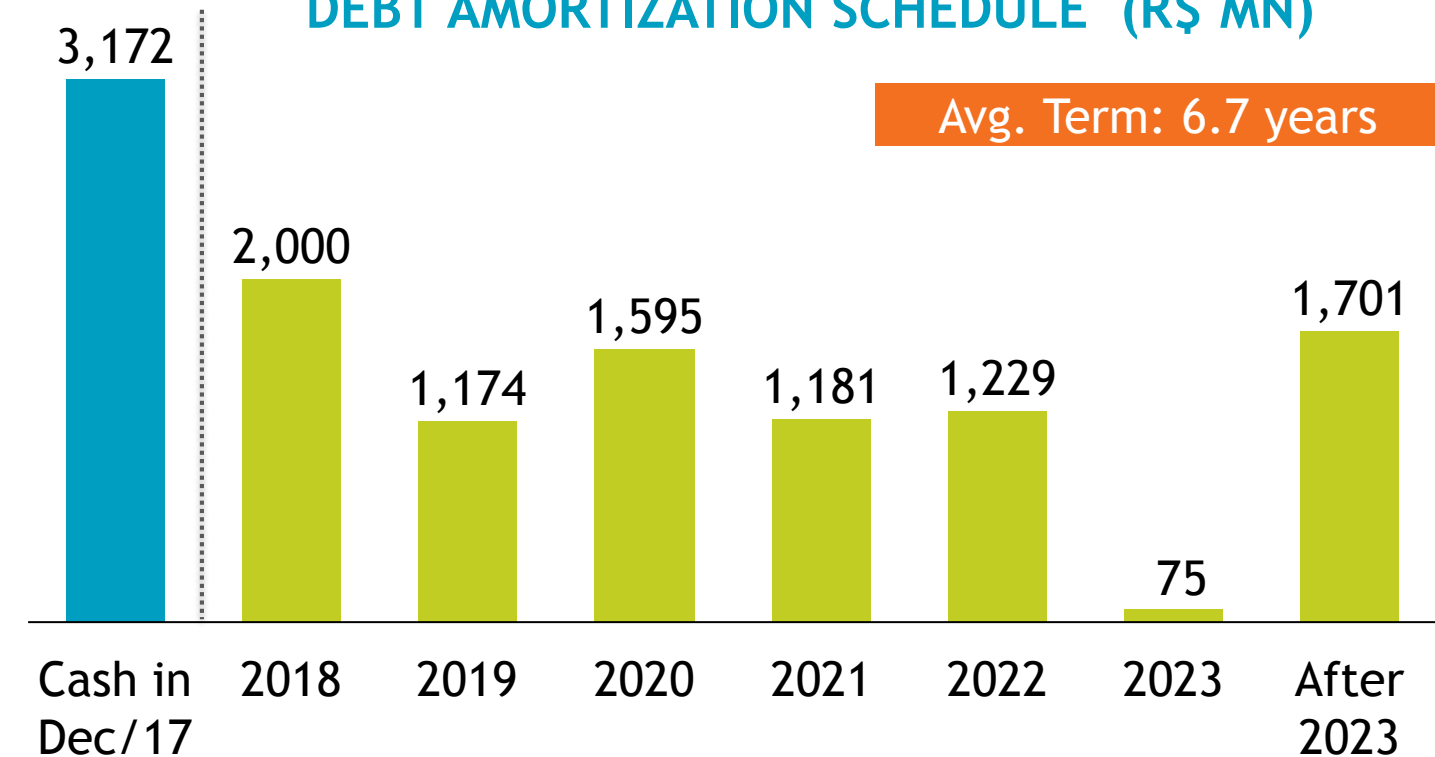
▶ Borrowing in the course of 2017 for working capital and the investments program of Energisa Group.

GROSS DEBT COST



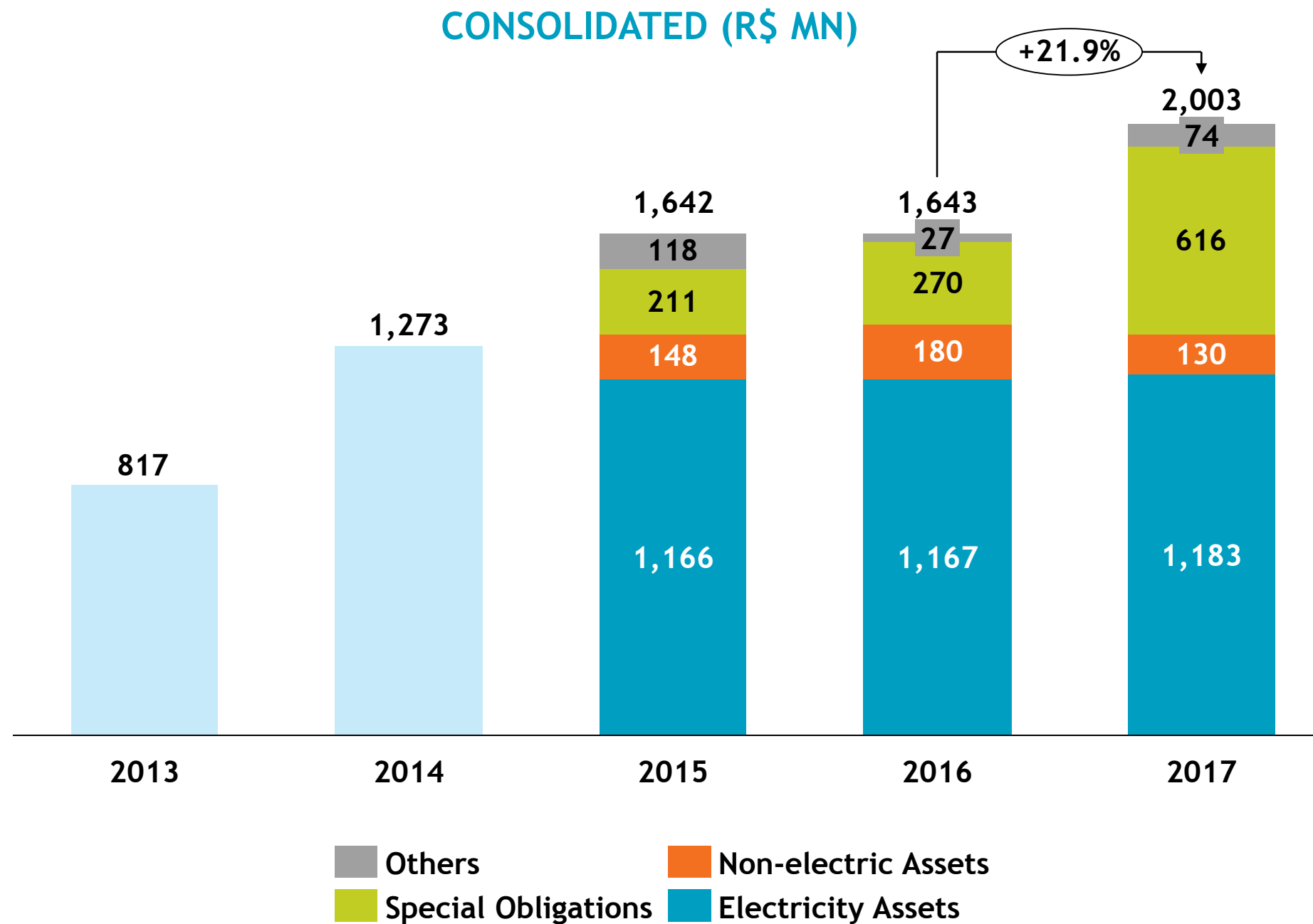
DEBT AMORTIZATION SCHEDULE (R\$ MN)

Avg. Term: 6.7 years



Investments

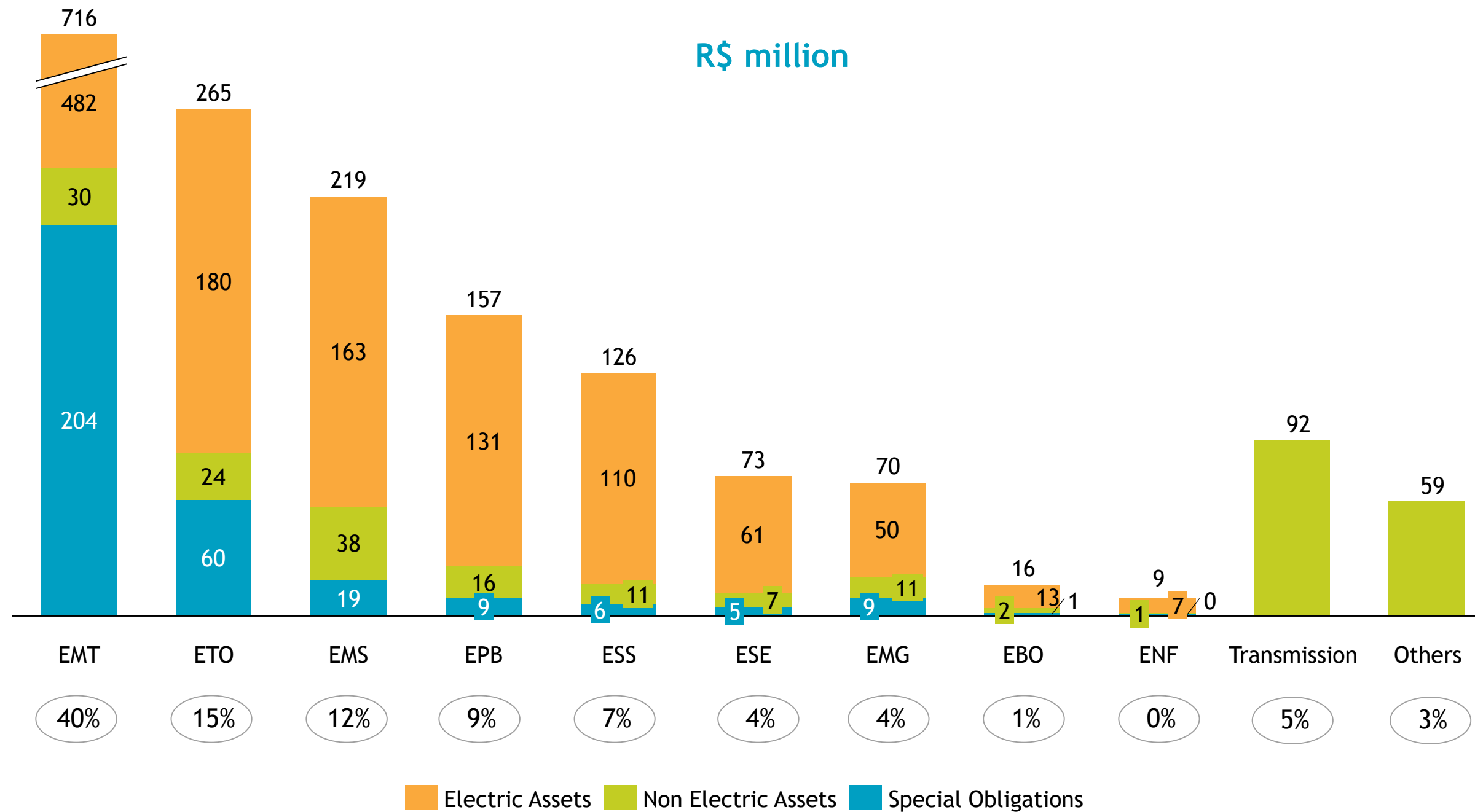
Investments in the distribution companies grew 19.4%, of which R\$ 1,285.1 million were performed in the Discos that will go through the 4th Cycle in 2018



Investments

2018 Estimates

- Total: 1,801 million
- Discos: R\$ 1,650 million
 - ✓ Electric assets: R\$ 1,196 million
 - ✓ Non electric assets: R\$ 140 million
 - ✓ Special obligations: R\$ 314 million



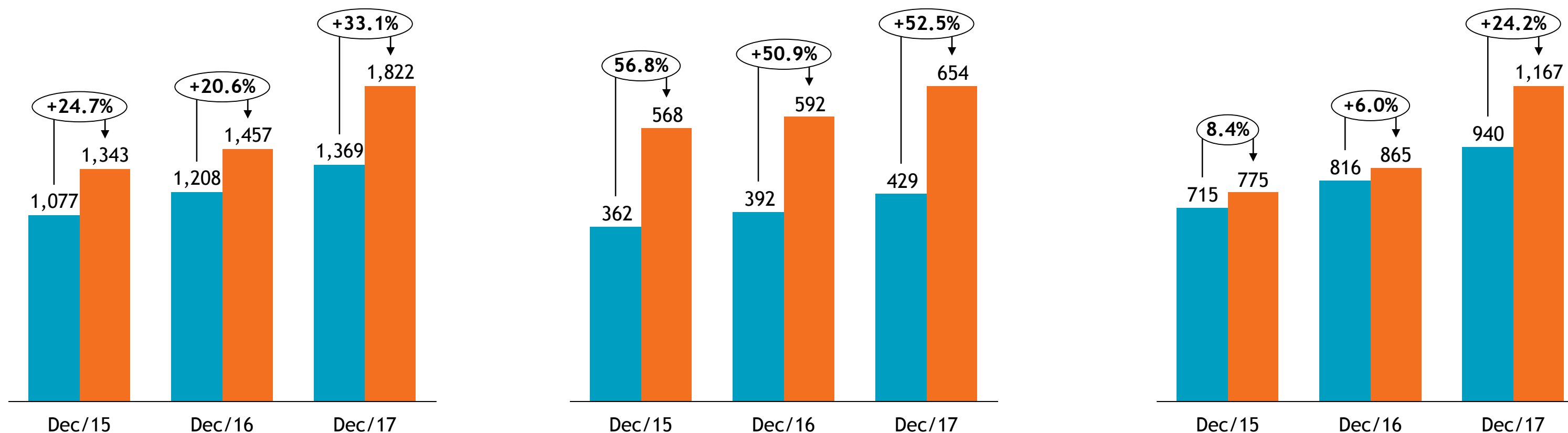
Regulatory

Regulatory EBITDA vs. Reported EBITDA (without non recurring effects)

Discos
12 months (R\$ million)

Pioneer Companies
12 months (R\$ million)

Acquired Companies
12 months (R\$ million)



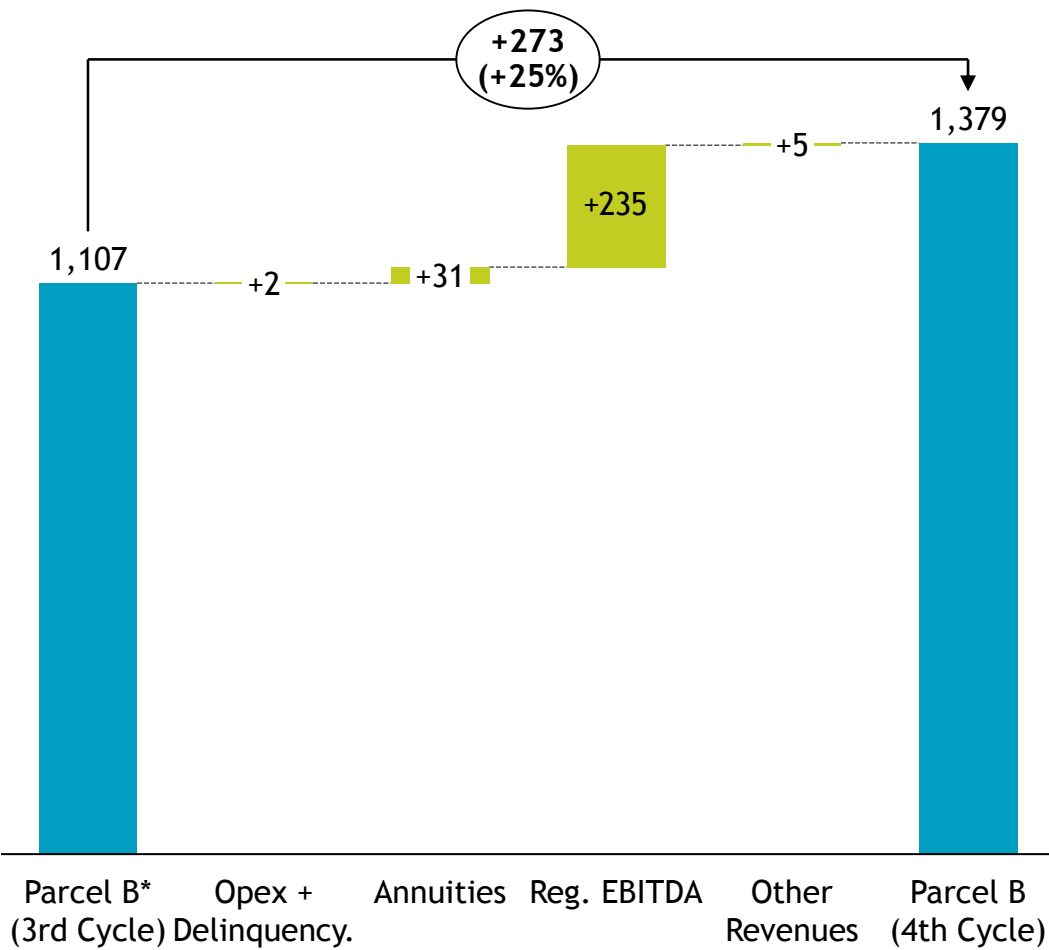
Regulatório Reportado (sem não recorrentes)

Tariff Revision (preview)

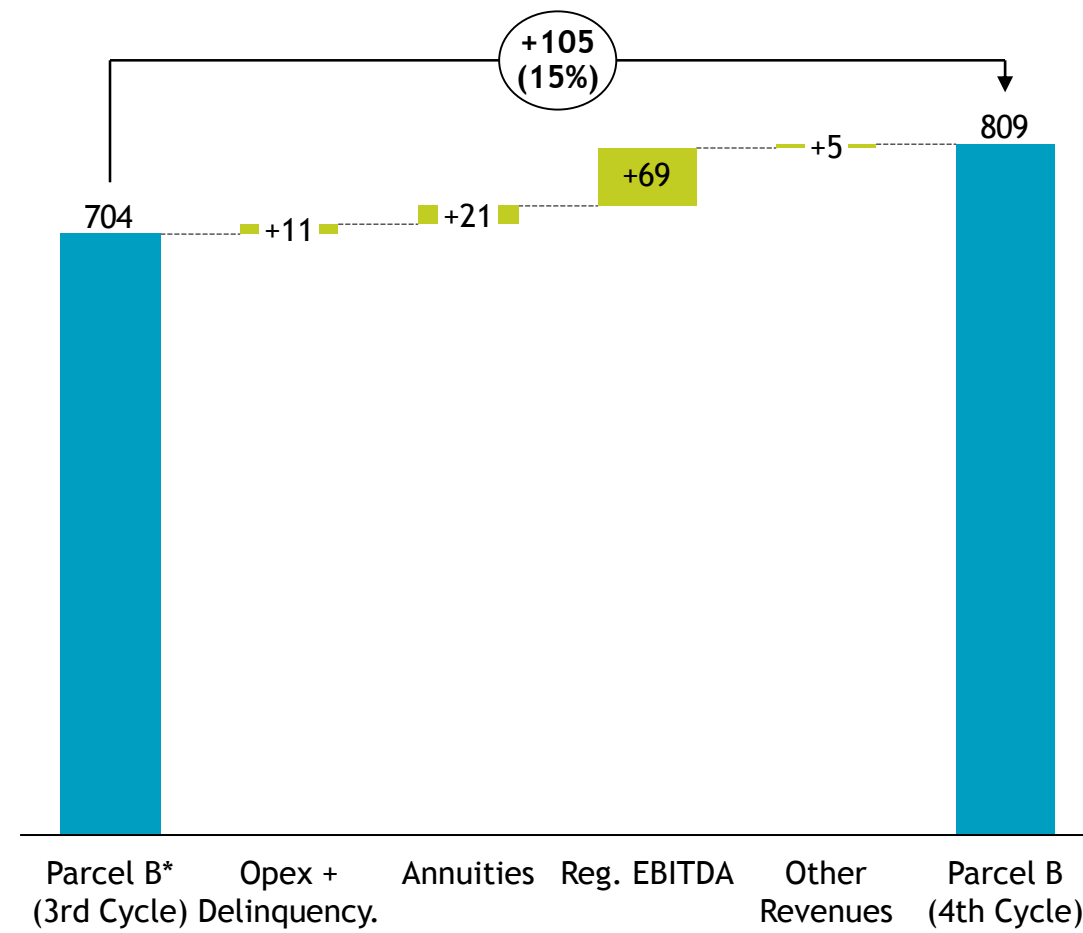
Regulatory EBITDA: + R\$ 338 million

Efficiency ranking	Public Hearing 023/2014	Public Hearing 052/2017
EMS	66.70%	91.50%
EMT	76.60%	87.80%
ESE	60.20%	71.60%

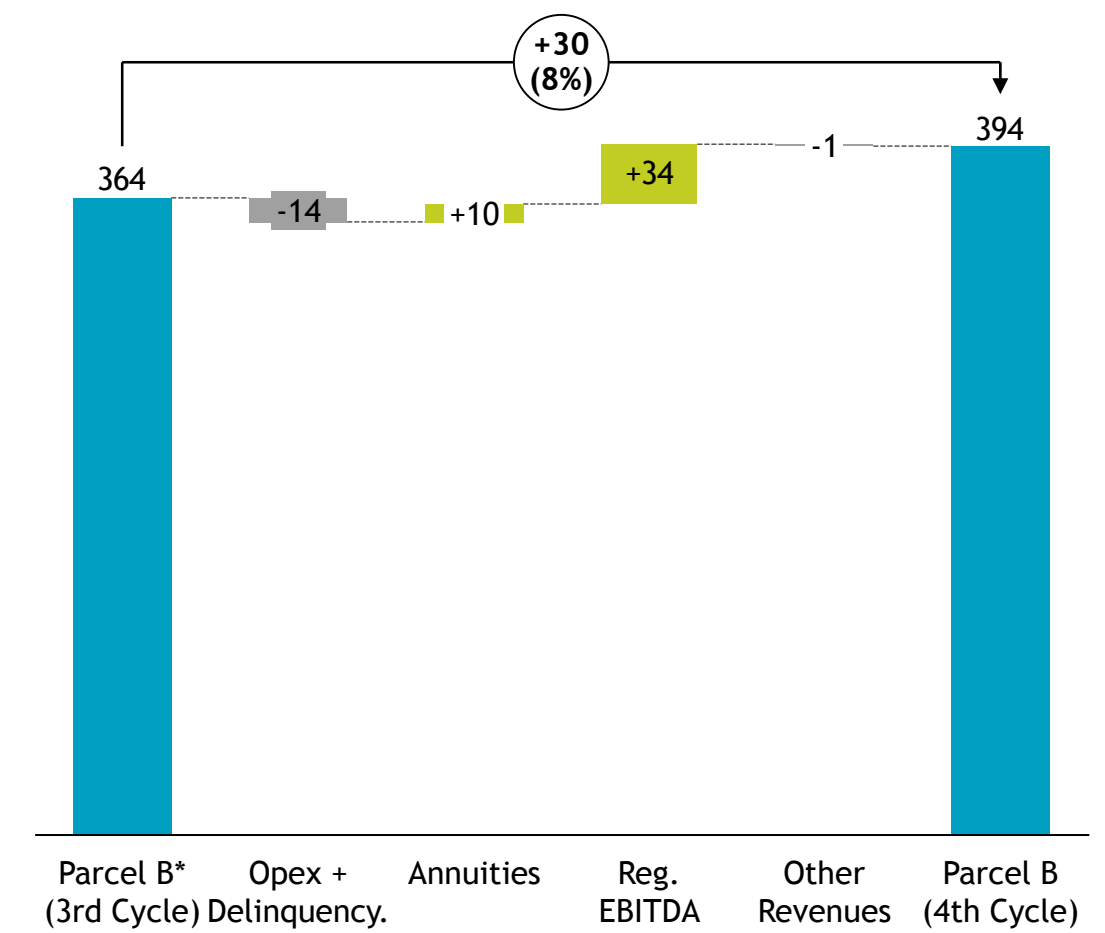
EMT



EMS



ESE

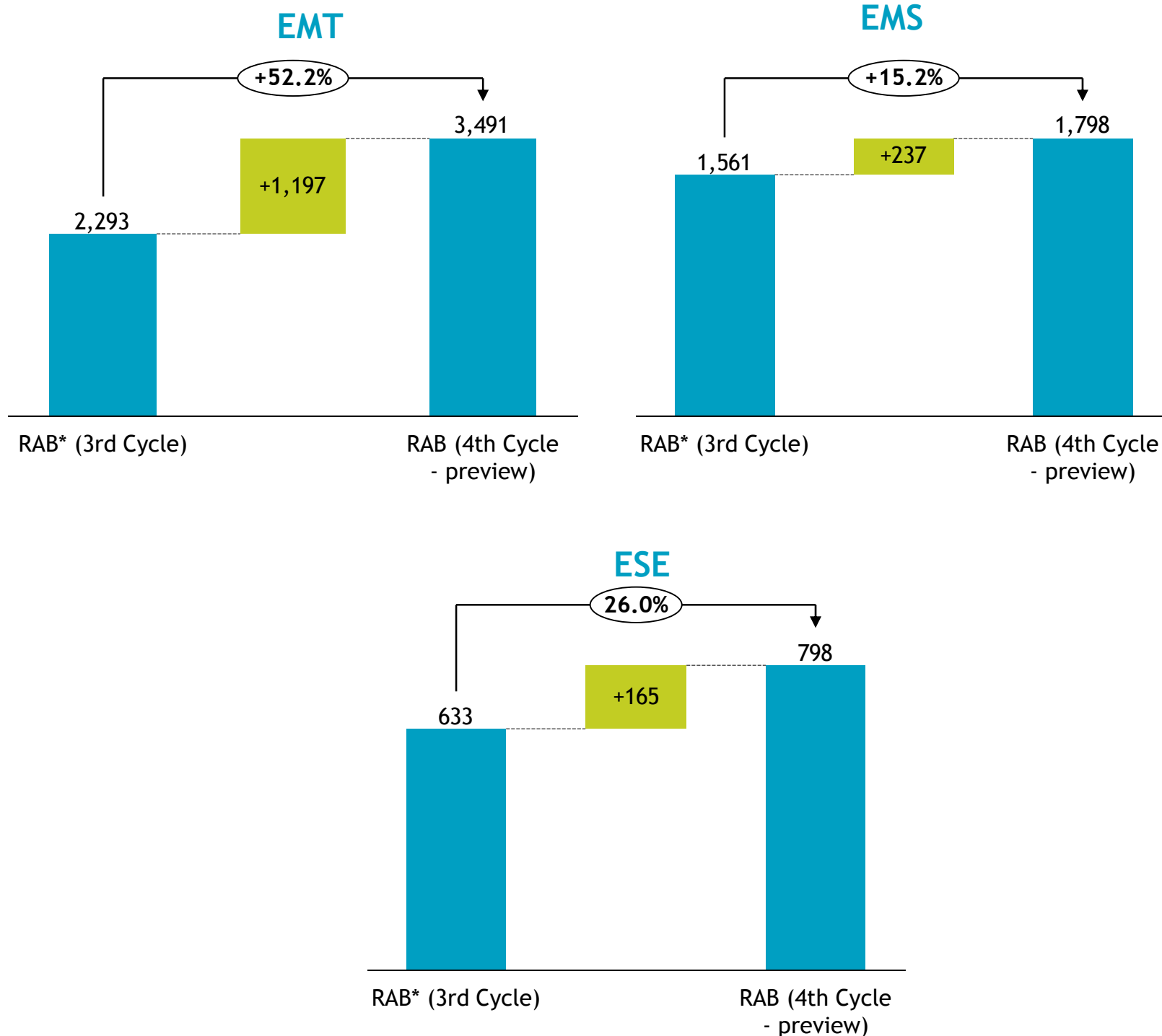


*D-1: date of revision
 Obs: regulatory data in accordance with the preliminary technical notes, not reflecting the new regulatory opex parameters

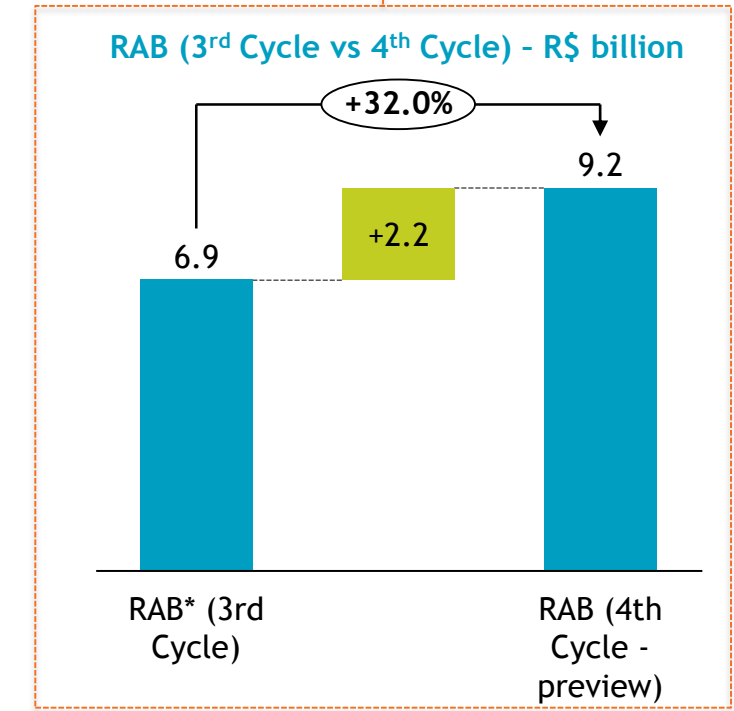
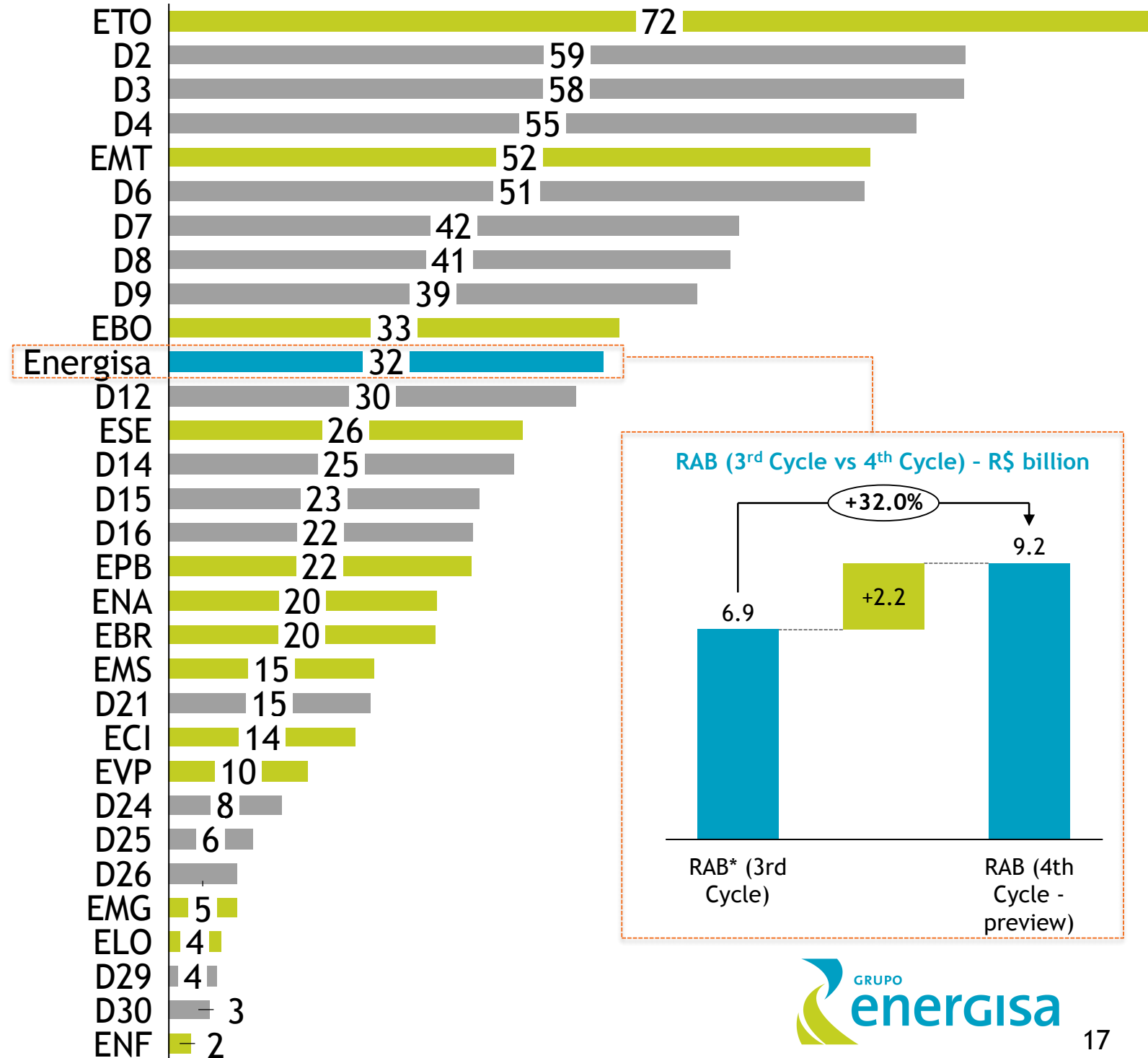
RAB Evolution

The Group's RAB increased 32%, in real terms, between the 3rd and 4th Cycle

RAB (3rd Cycle vs 4th Cycle) - R\$ billion - preview



RAB Change (in real terms) between the 3rd and 4th cycle (%)



**prices as of Mar/18
RAB preview for EMT, EMS and ESE. Final figures will be approved in Apr/18

Thank you

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