



1Q18 Earnings Presentation

May • 11 • 2018

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Highlights

OPERATIONAL

- ▶ Total electricity consumption (captive + free market) grows 3.5% in the quarter, above the national average (0.4%);
- ▶ Total consolidated losses (LTM) reached 11.87% of the required energy, 0.37 p.p. below the regulatory level. EMT reduced 0.72 p.p. since Mar/17;
- ▶ All concessions are within the FEC limit. ETO is now below the DEC regulatory limit.

FINANCIAL

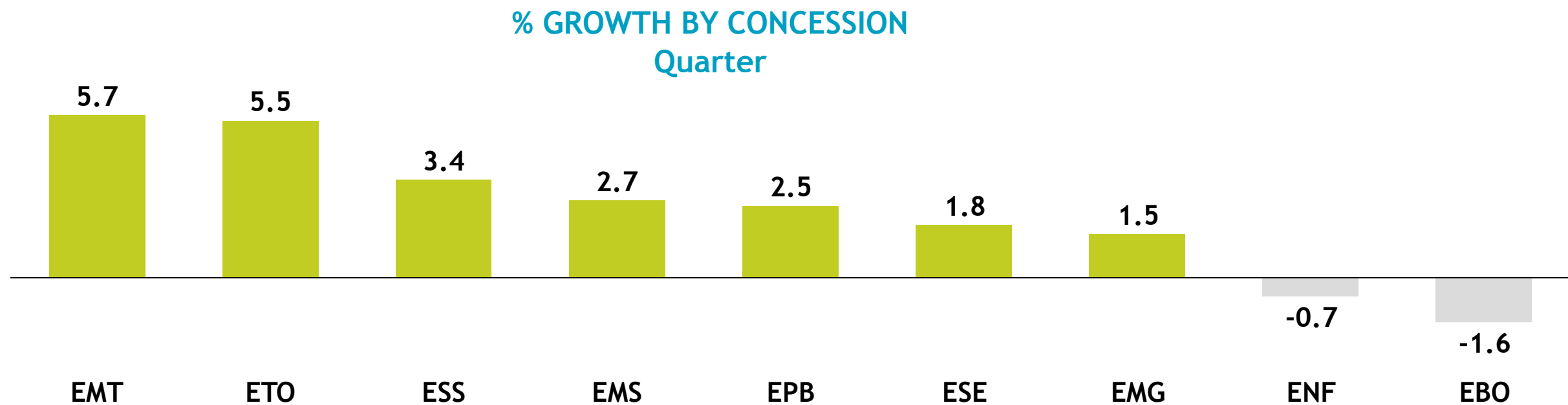
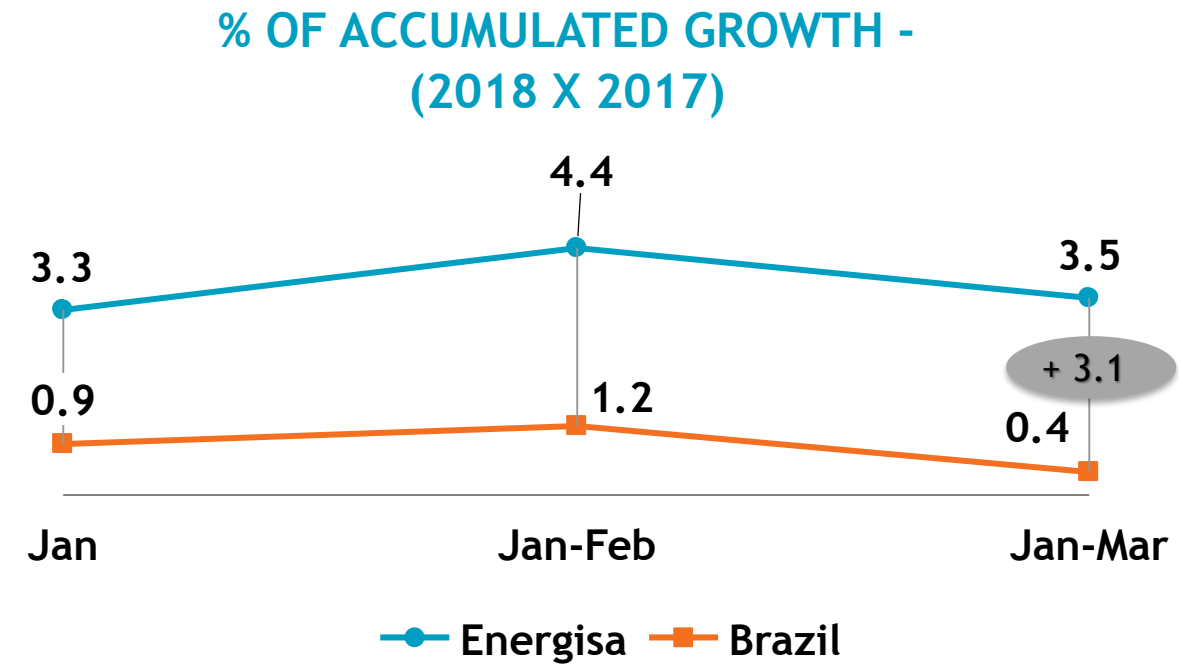
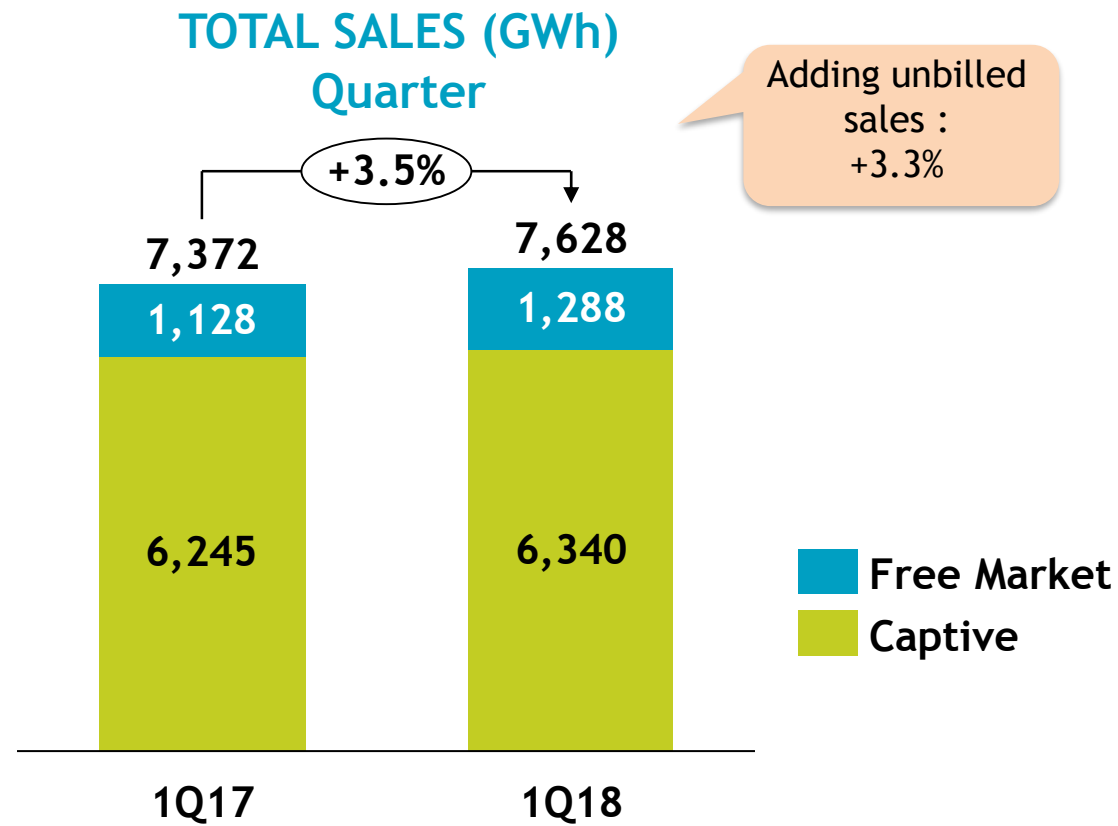
- ▶ Adjusted EBITDA reached R\$ 783.3 million in the quarter, an increase of 35.7%;
- ▶ Net income of R\$ 142.3 million in the quarter, an increase of 8.7%;
- ▶ Net debt of R\$ 8,141.1 million, and net debt over adjusted EBITDA ratio of 3.2x;
- ▶ Investments reached R\$ 351.5 billion in the quarter, a drop of 18.8%.

Subsequent Events

- ▶ Conclusion of the public offering to acquire EMT's shares, with an increase in the stake, together with Rede Energia, from 66.61% to 97.48%;
- ▶ Approval of the tariff revisions for EMT, EMS and ESE, in Apr/18.

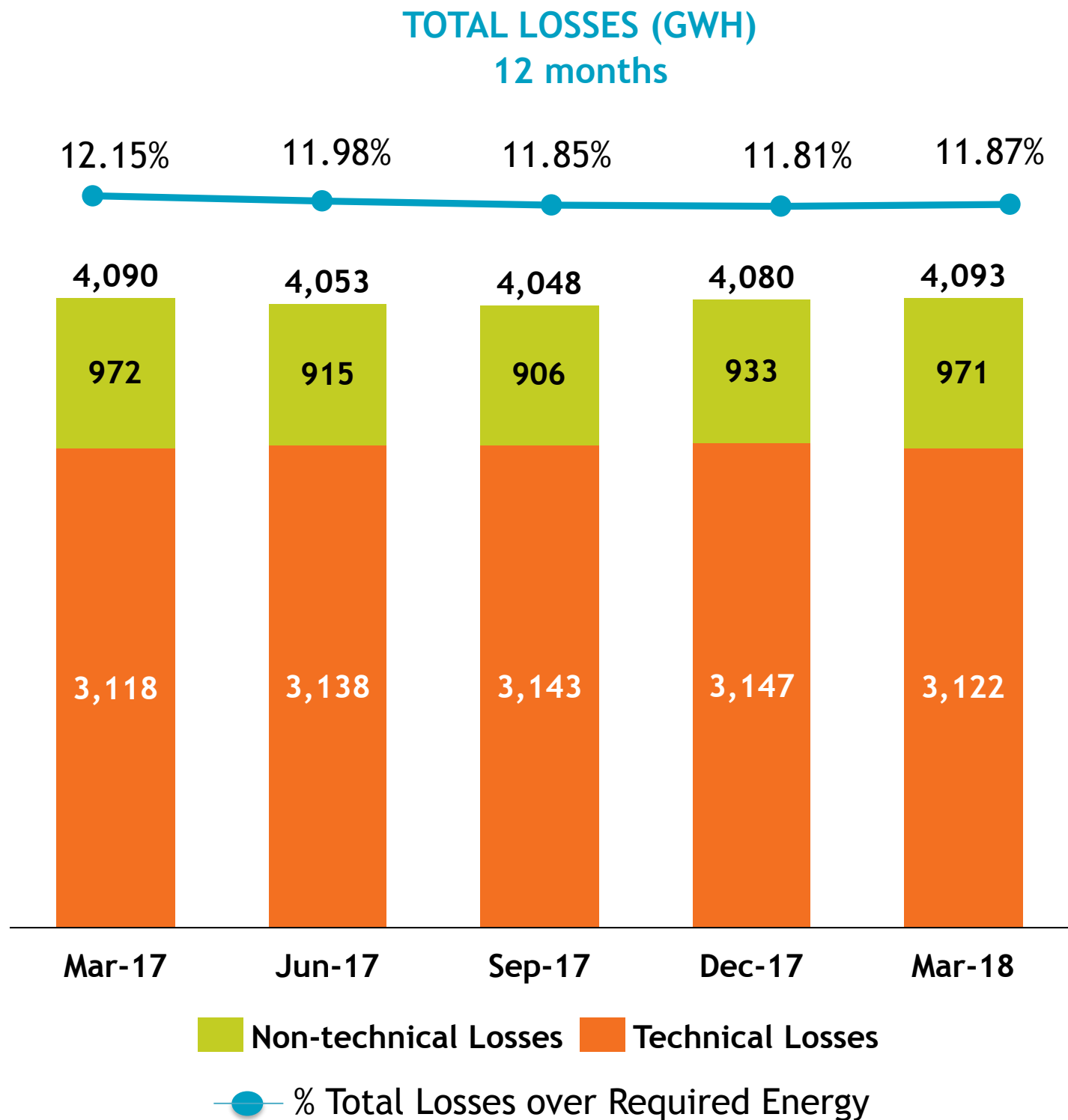
1Q18 Energy Market

Growth of 3.5% driven by the Mid West and North concessions



Total Losses

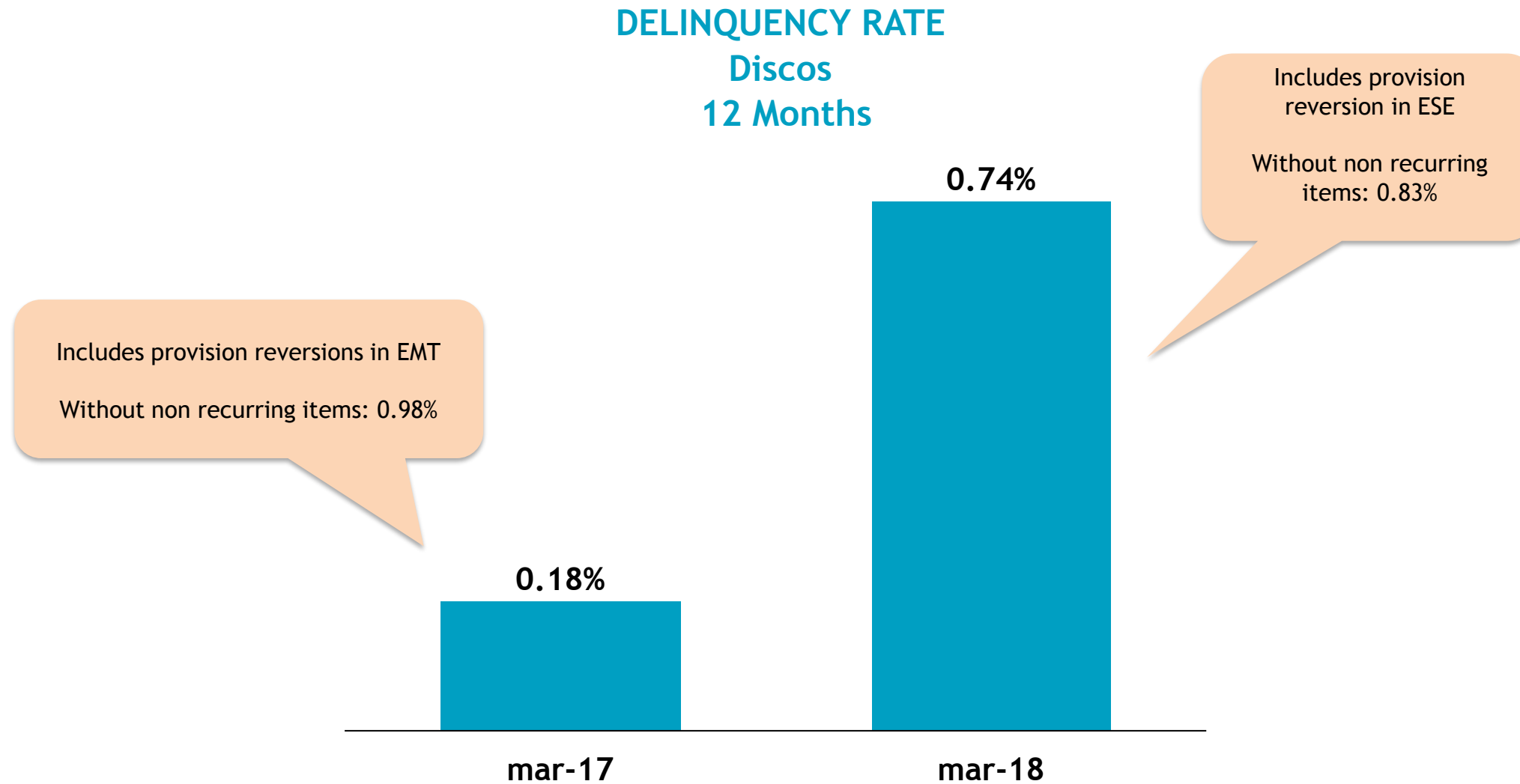
Total losses 0.37 p.p. below the regulatory target.
EMT presented its sixth consecutive decrease.



Disco	Dec-17	Mar-18		Aneel
	GWh	GWh	%	%
EMG	175	184	10.66	9.63 ●
ENF	16	16	4.26	5.84 ●
ESE	334	329	9.55	11.02 ●
EBO	42	49	6.87	7.42 ●
EPB	641	632	12.59	13.21 ●
EMT	1,448	1,457	14.49	13.69 ●
EMS	805	799	13.28	14.82 ●
ETO	336	333	12.75	13.97 ●
ESS	283	294	6.51	6.73 ●
Energisa	4,080	4,093	11.87	12.24 ●

Collection and Delinquency

Delinquency improves 0.15 p.p. when adjusted for 2016/2017 non recurring effects

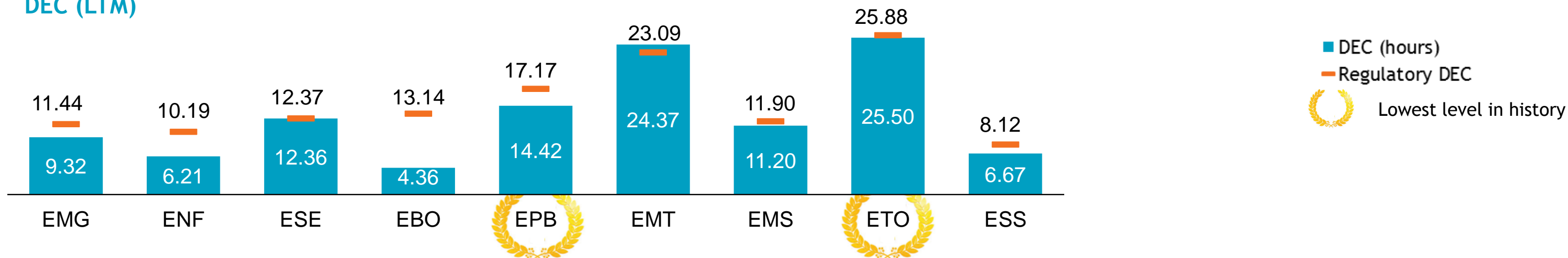


Service Quality Indicators

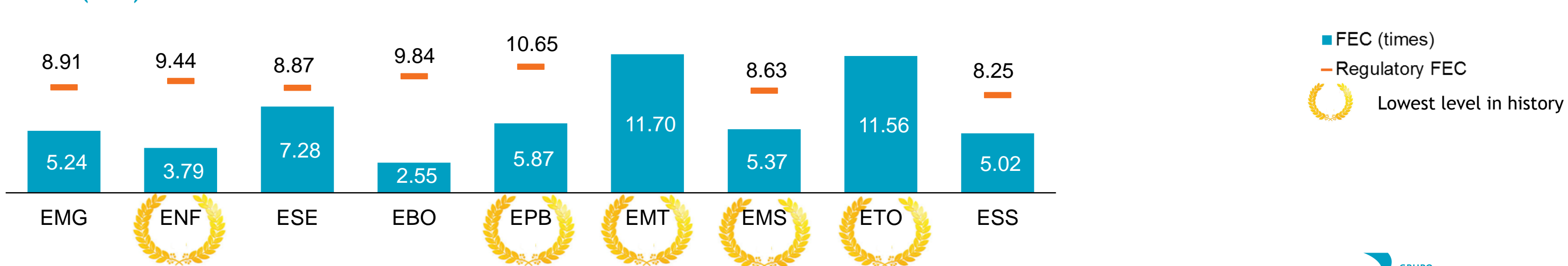
ETO's DEC below the regulatory level, a reduction of +10 hours in the last 12 months.

EMS presents the lowest level since Apr/17, when Energisa took over the concession.

DEC (LTM)

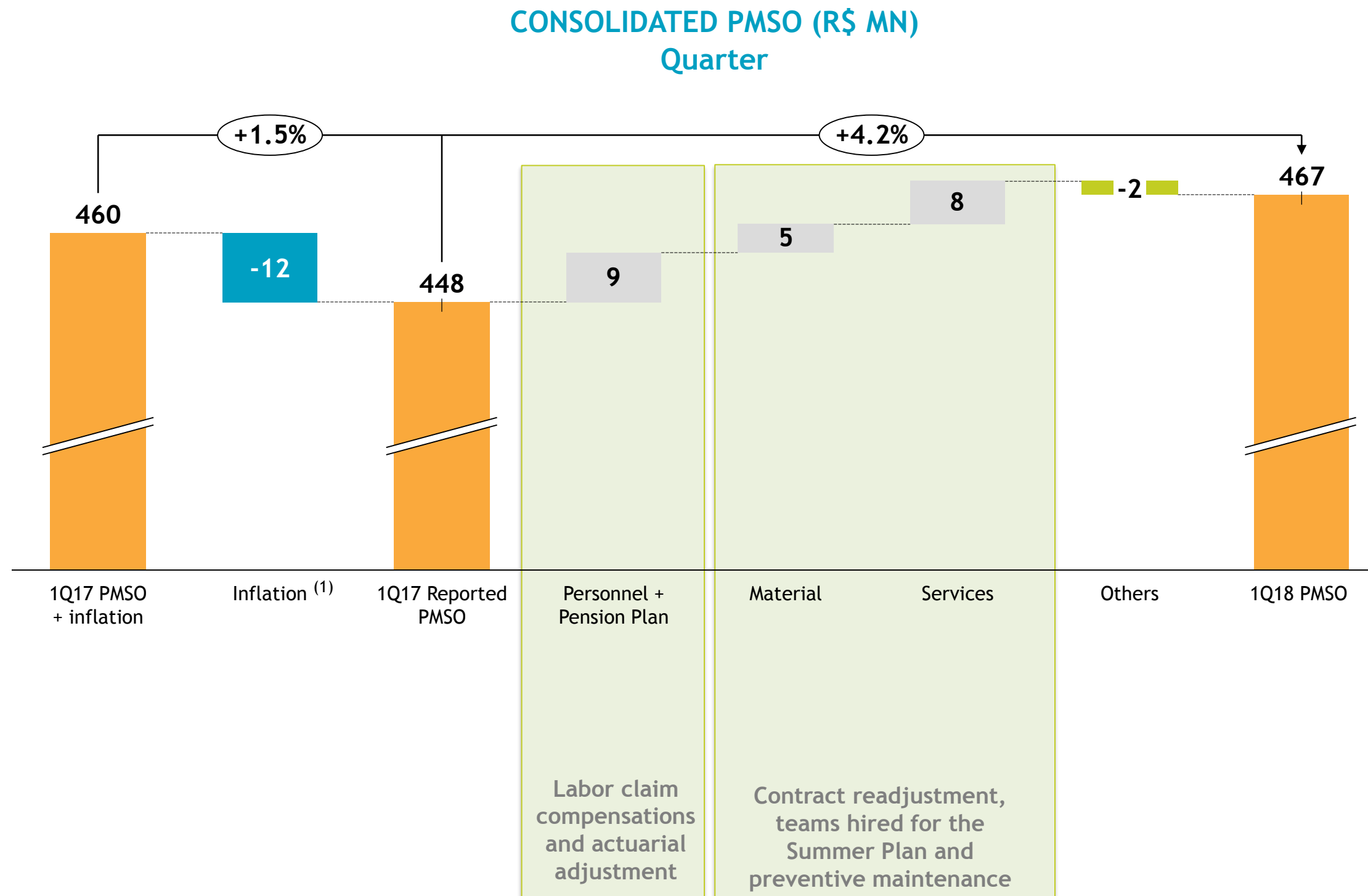


FEC (LTM)



PMSO (Personnel, Material, Services and Other)

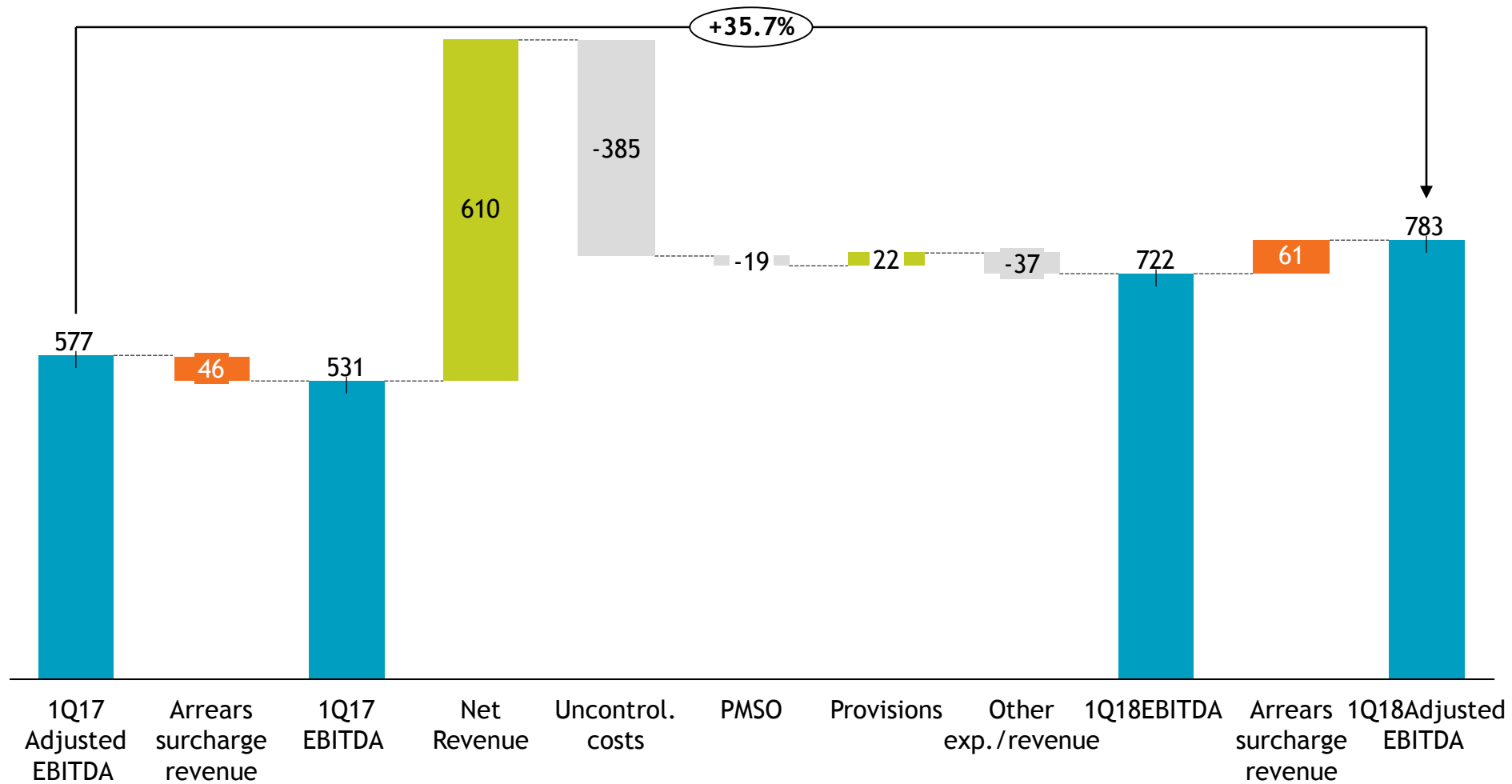
Increase of 4.2% when compared to 1Q17, in line with inflation.



(1) Inflation (IPCA) for the 12 months ended March 2018.

1Q18 Consolidated EBITDA

EBITDA AND ADJUSTED EBITDA (R\$ MN)



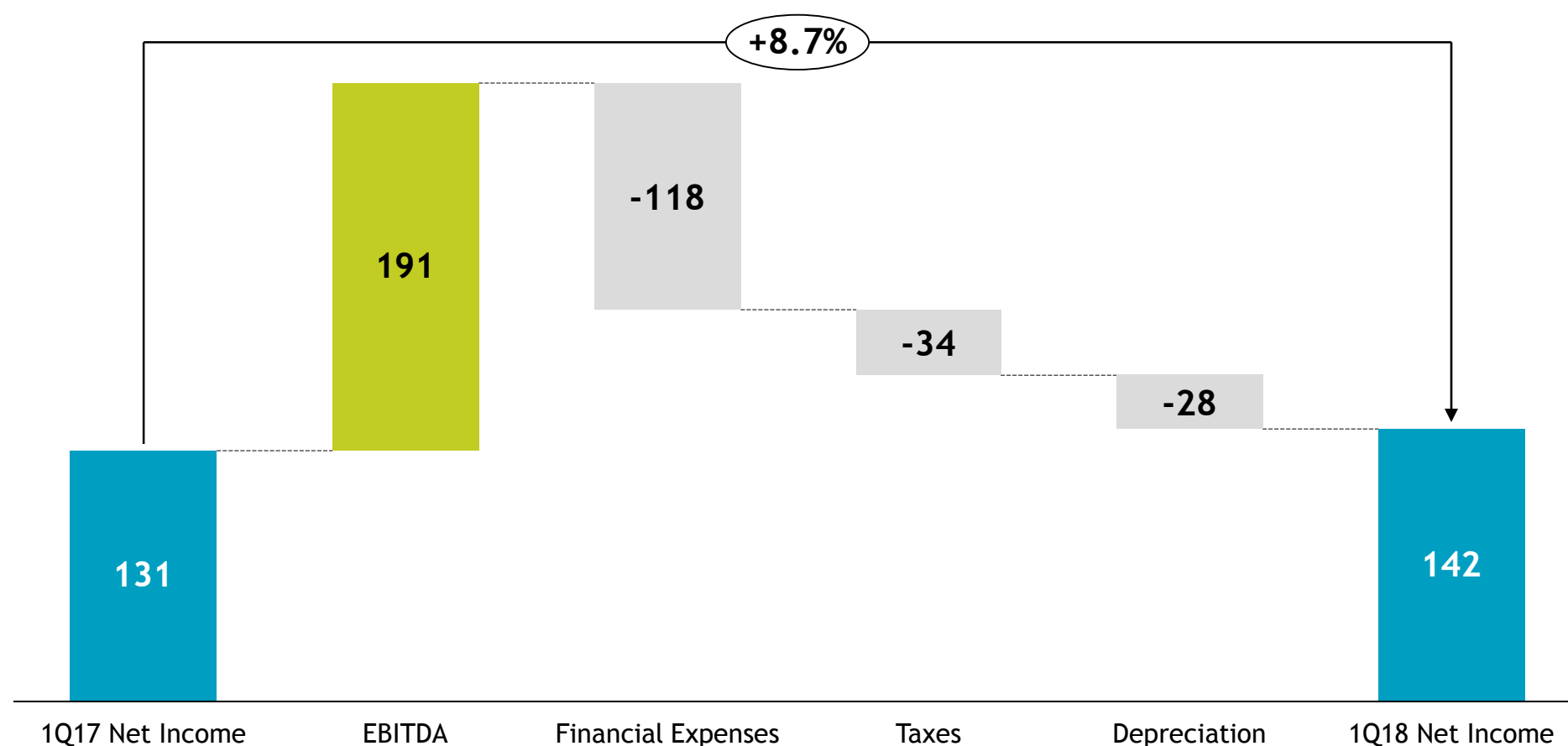
EBITDA
EXCLUDING NON-RECURRING EFFECTS
(R\$ MN)

Description (R\$ thousands)	1Q18	1Q17	Var. %
(=) EBITDA	722.4	531.0	+ 36.0
(+) Compensatory costs	5.3	8.0	-33.8
(-) Re-recording of CVA (EMT and EMS)	44.8	-	-
(-) Financial assets of the concession (VNR)	132.7	18.4	+ 621.2
(-) Sale of aircraft (EMT)	-	21.9	-
(=) EBITDA (without non recurring effects)	550.2	498.7	+ 10.3

1Q18 Consolidated Net Income

Mark to Market of the debentures from the 7th issuance impacted net income in R\$ 107.4 million.

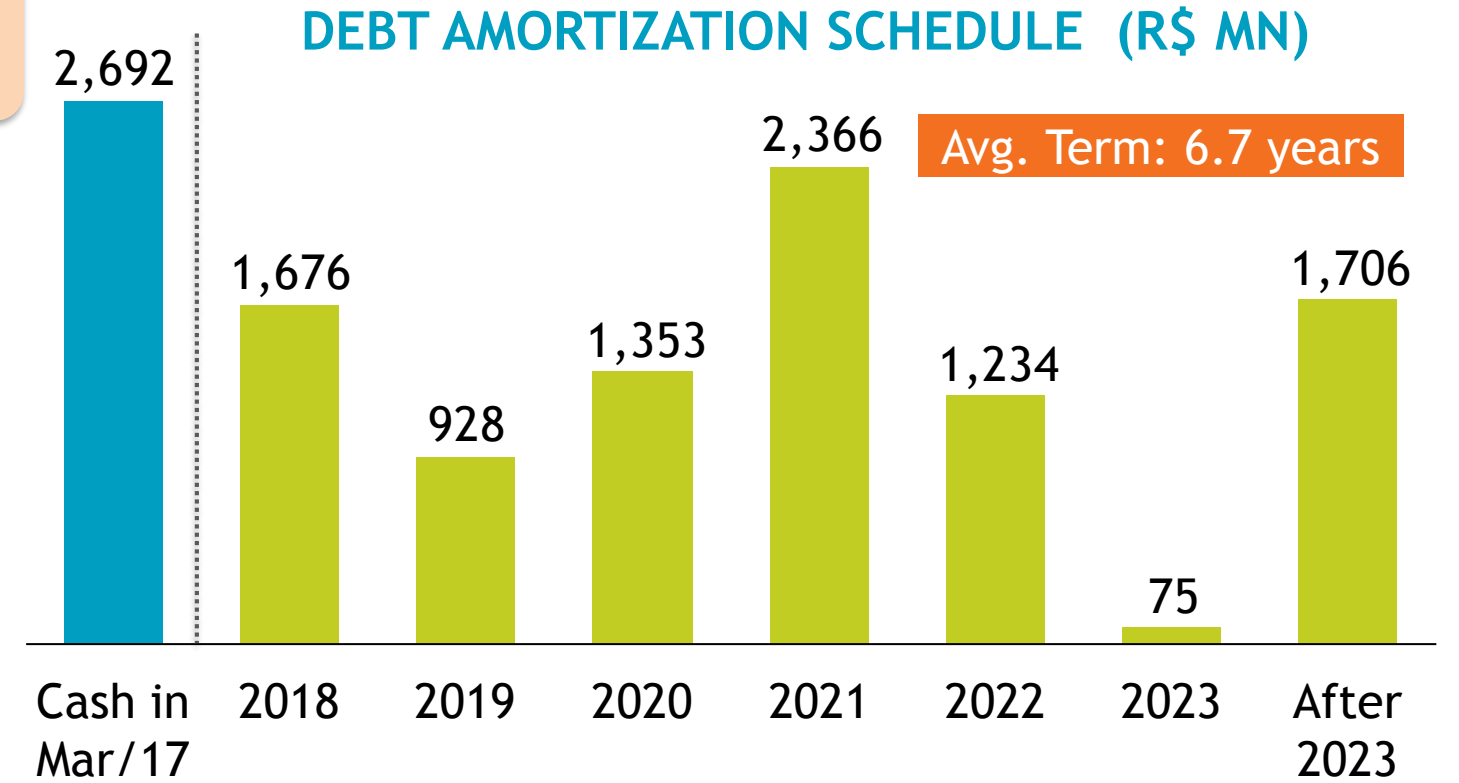
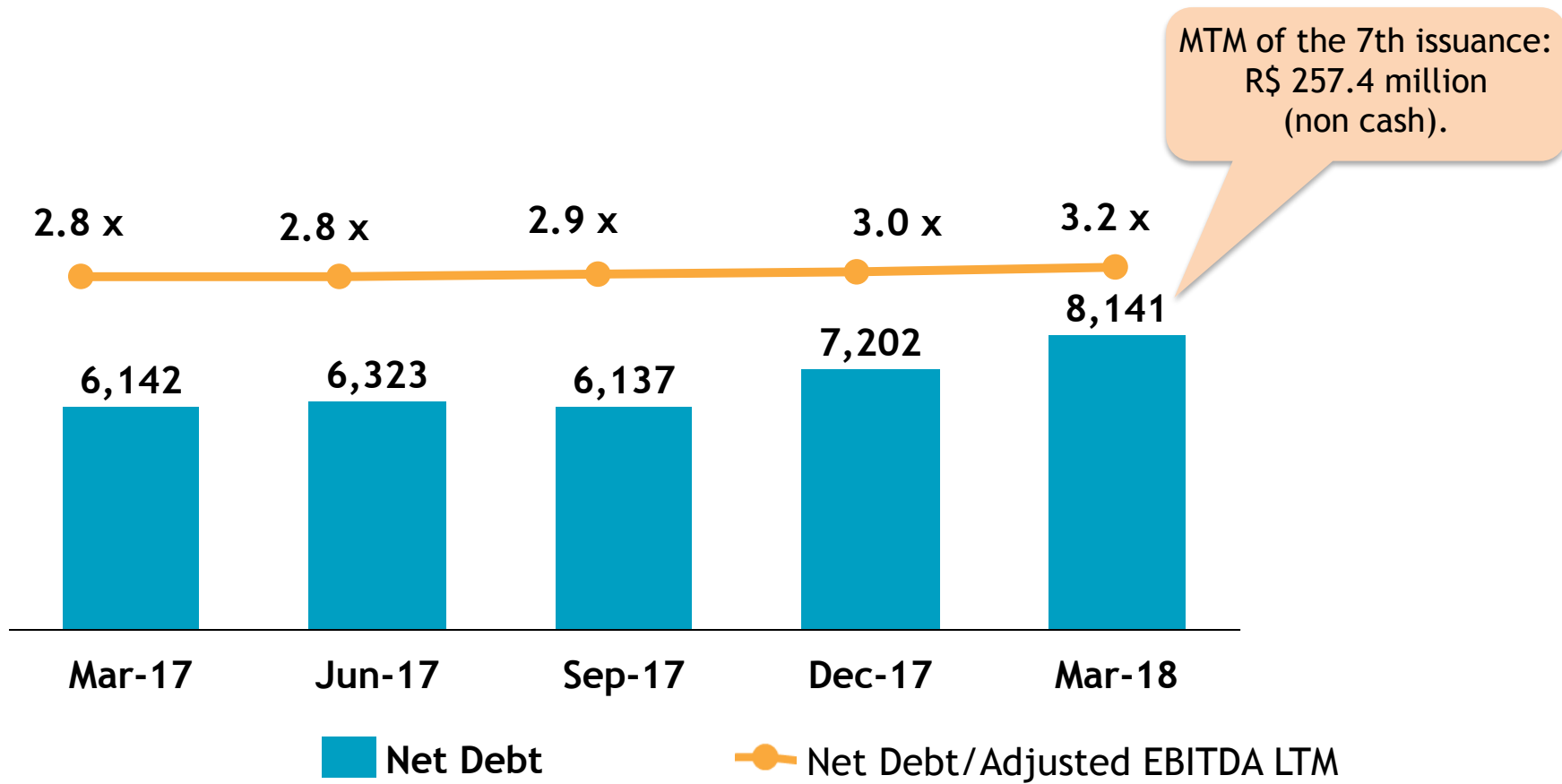
NET INCOME(R\$ MN)



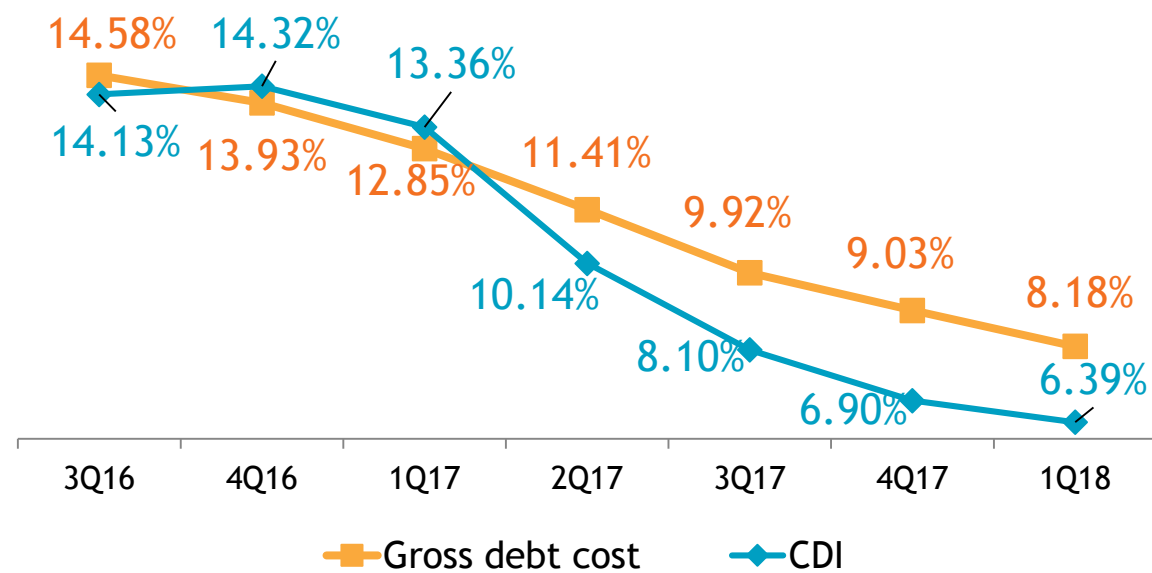
NET INCOME EXCLUDING
NON-RECURRING EFFECTS
(R\$ MN)

Description (R\$ thousands)	1Q18	1Q17	Var. %
(=) Net Income	142.3	130.9	+ 8.7
(+) Compensatory costs	4.0	6.0	-33.3
(+) Mark-to-market of 7 th issuance debentures	107.4	-	-
(-) Re-recording of CVA (EMT and EMS)	40.0	-	-
(-) Reversal of the provision for the financial asset of the concession (EMT, EMS and ESE)	84.8	-	-
(-) Sale of aircraft (EMT)	-	18.3	-
(=) Net Income (without non recurring effects)	128.9	118.6	+ 8.7

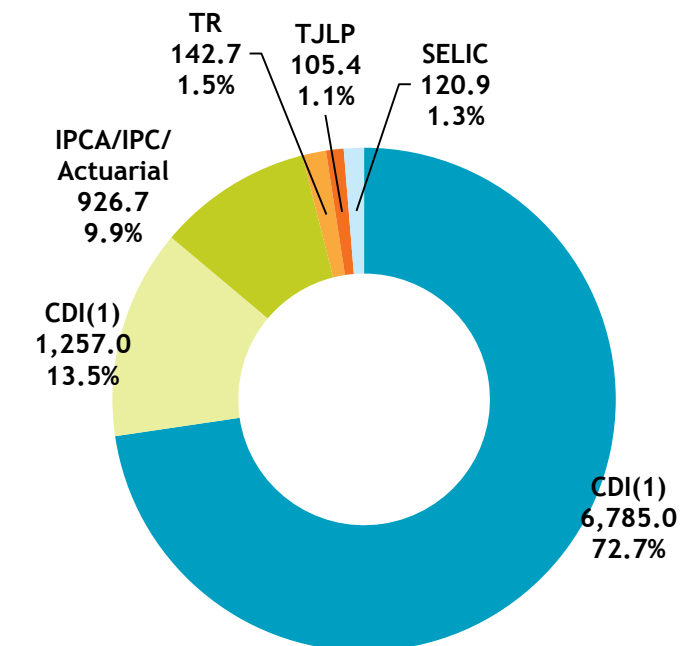
Leverage



GROSS DEBT COST



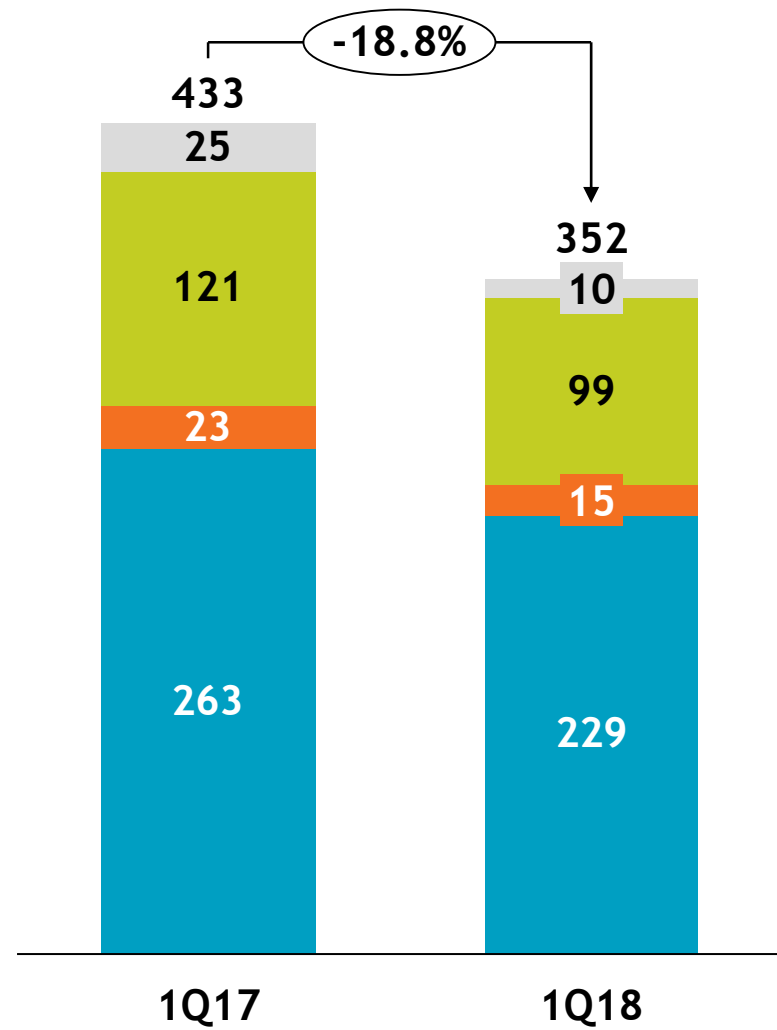
GROSS DEBT BY INDEX (R\$ / %)



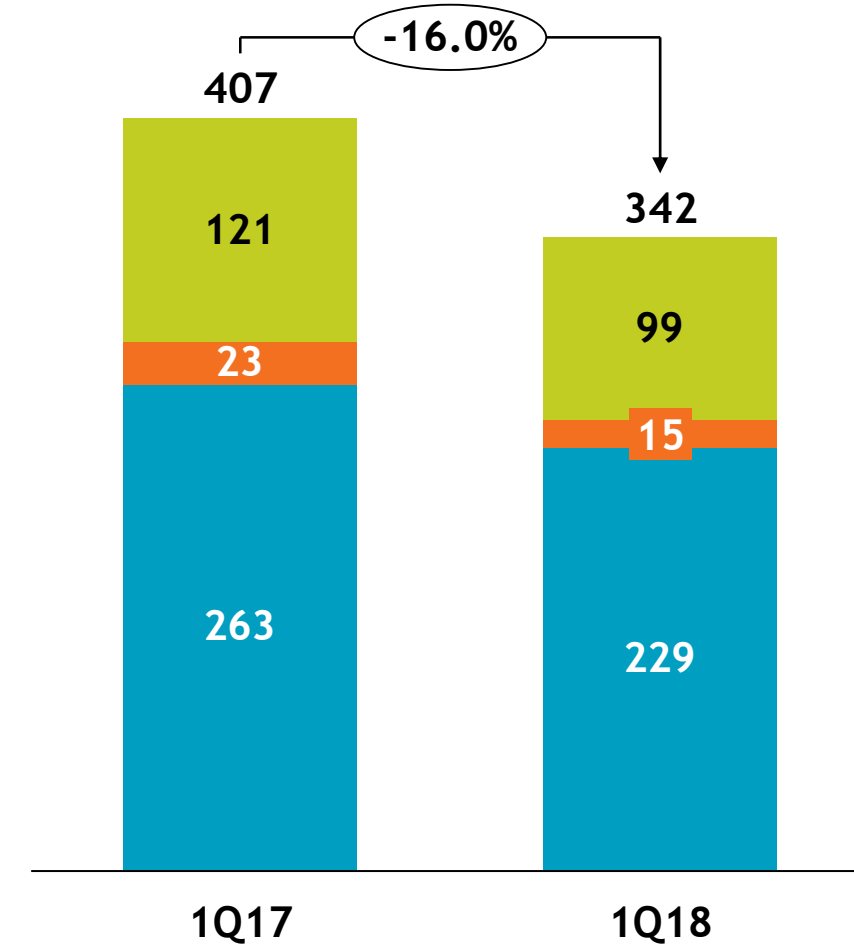
Investments

Investments in the distribution companies dropped 16.0% after the conclusion of the revision cycles.

CONSOLIDADO (R\$ MM)



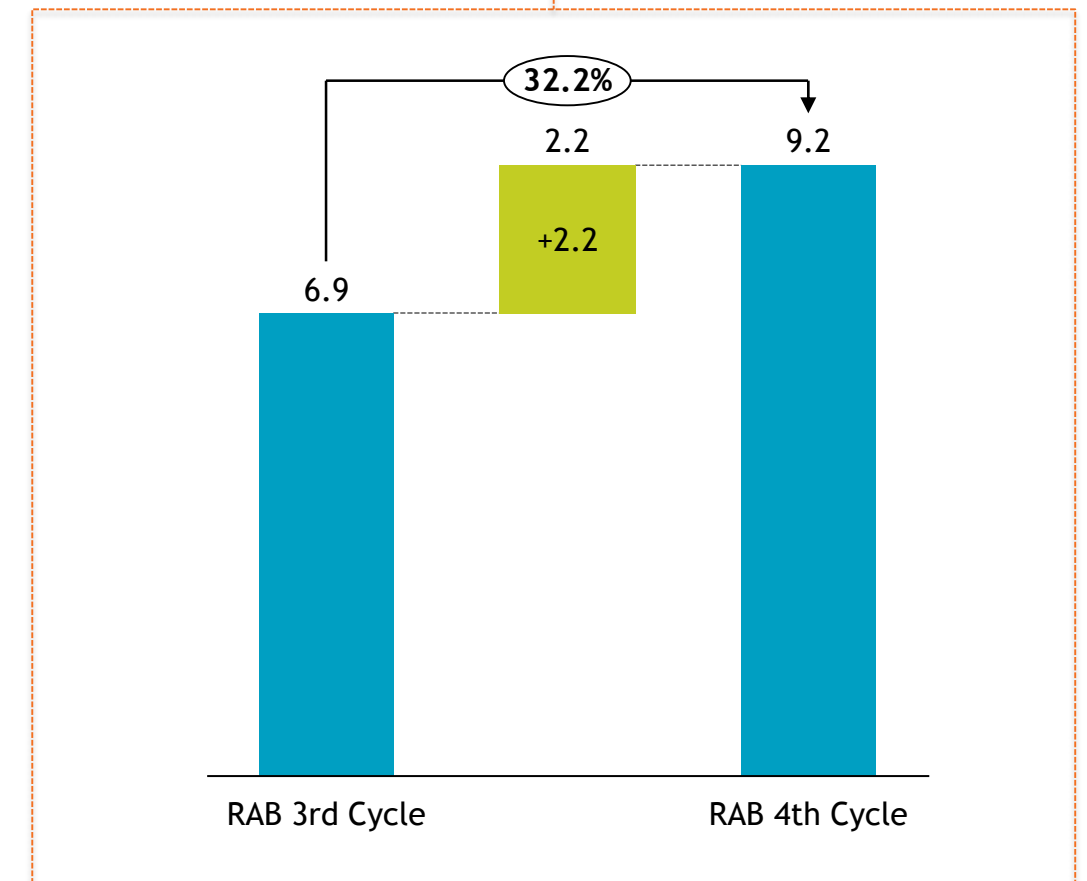
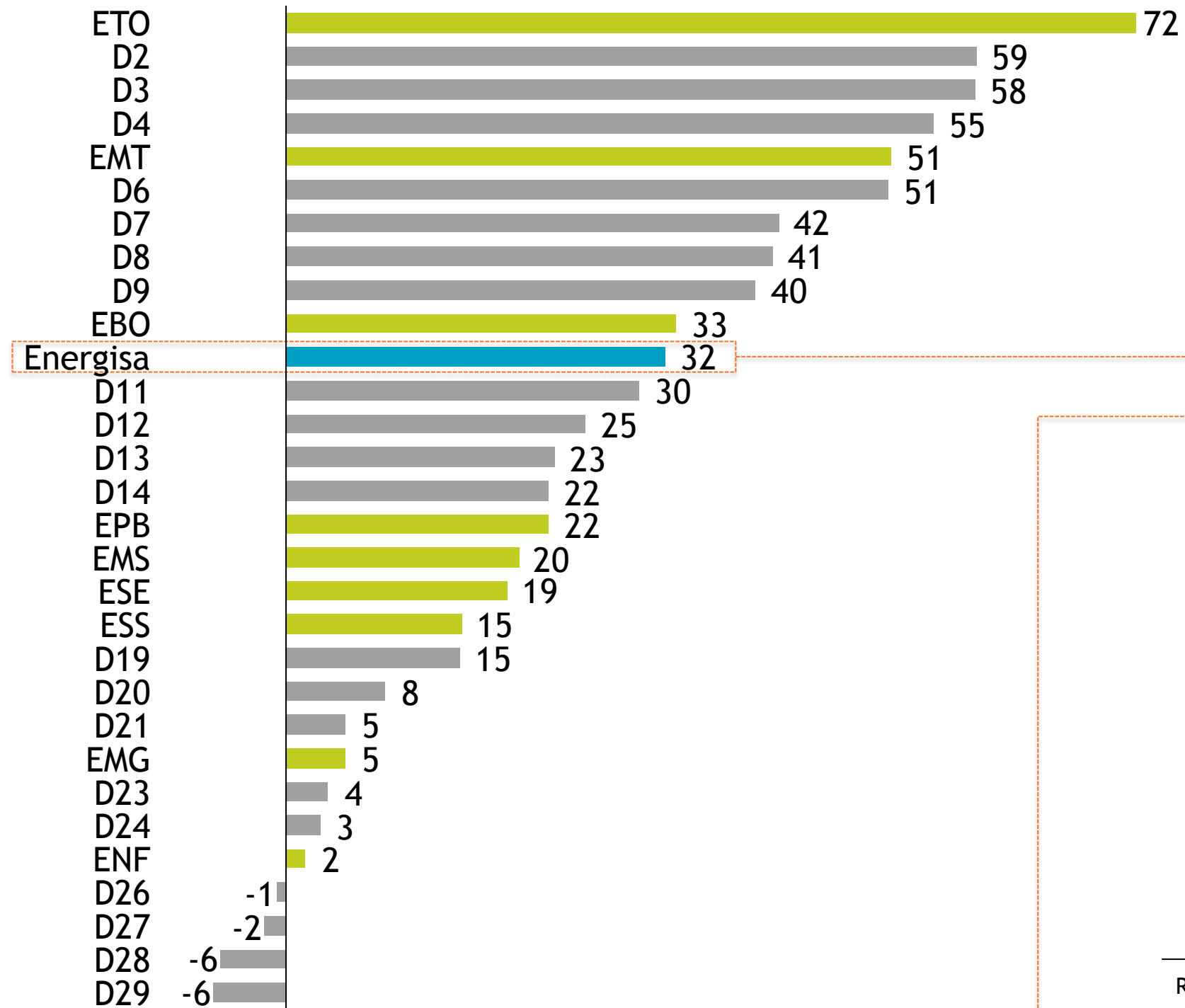
DISTRIBUIDORAS (R\$ MM)



RAB evolution

Consolidated RAB of R\$ 9.2 billion

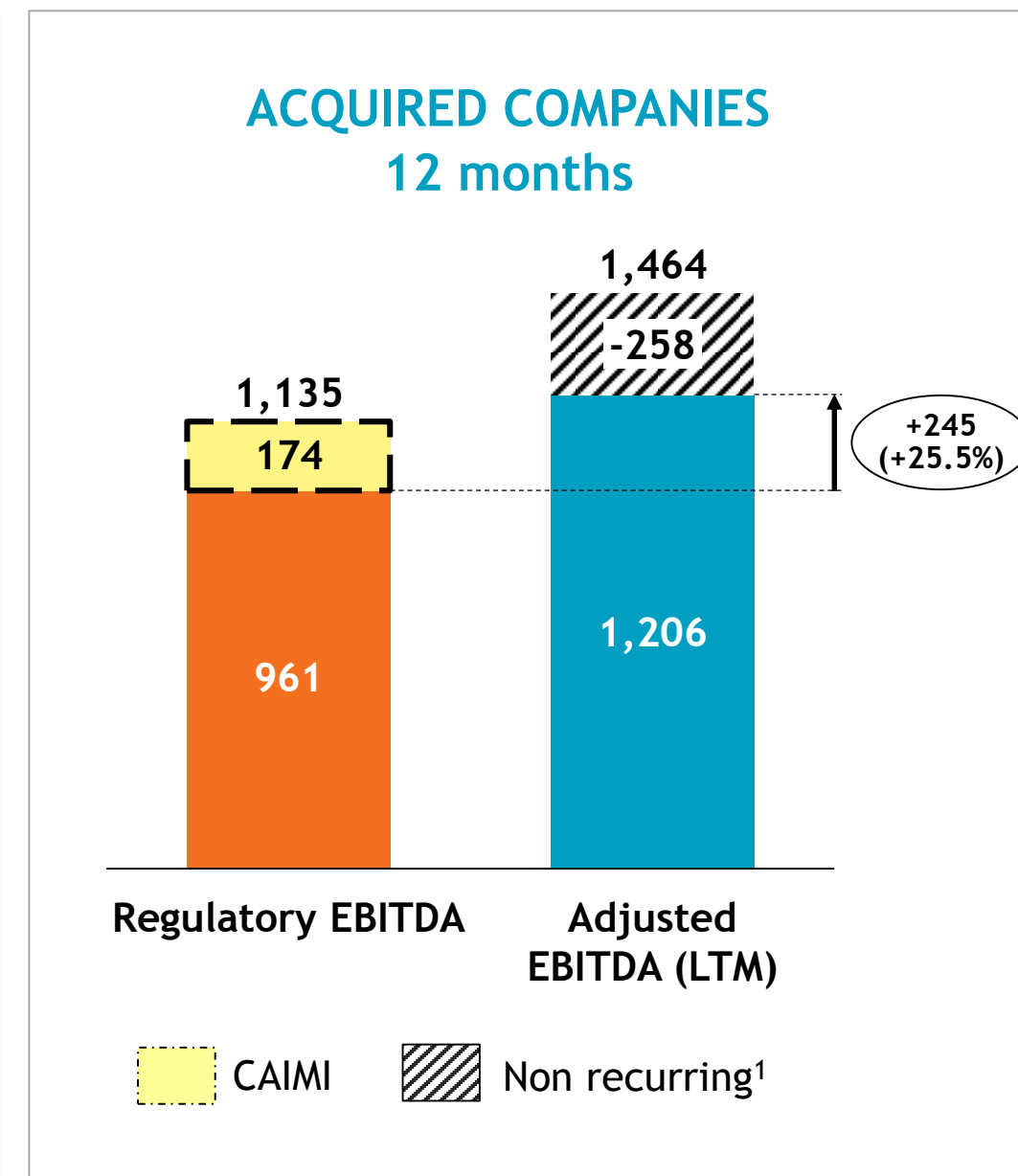
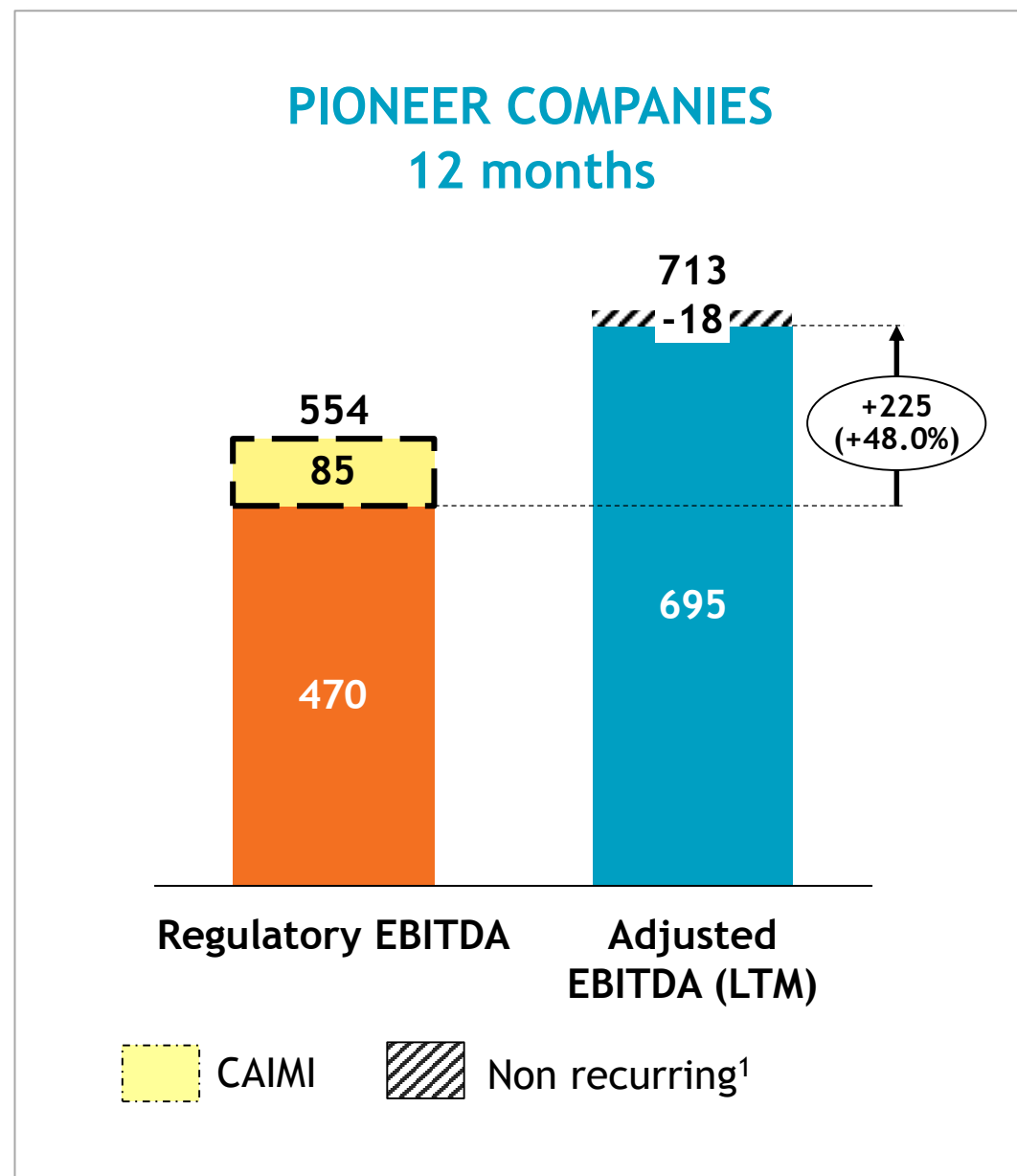
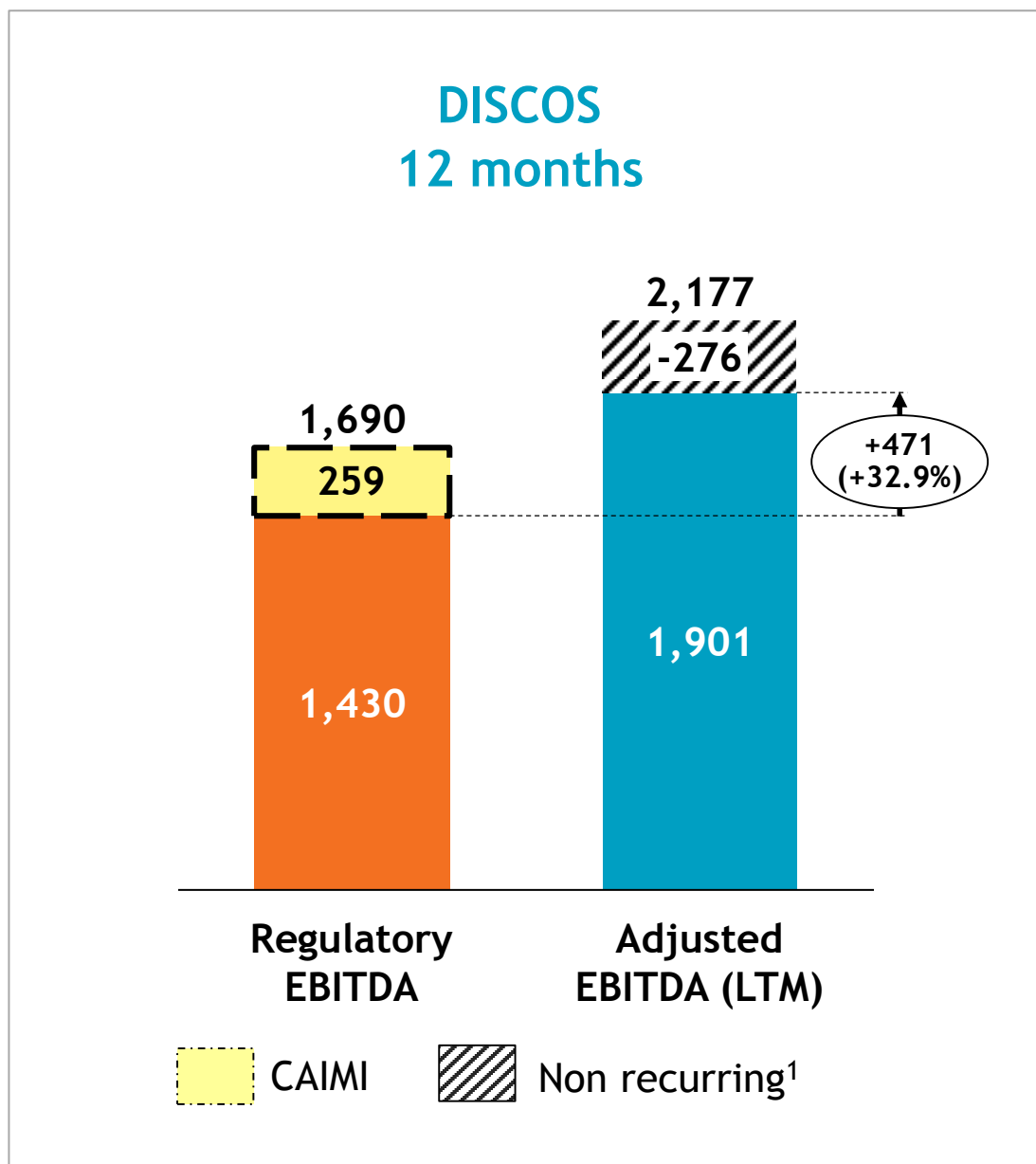
Change in RAB* (real terms) between the 3rd and 4th Cycle



Regulatory

Regulatory EBITDA vs. Reported EBITDA (without non recurring)

(R\$ million)



Non recurring events in the last months ended mar/18: R\$ 25.1 million (compensatory costs), R\$ 252.9 million (reversal of VNR), R\$ 13.4 million (reversal of Provision for Doubtful Accounts in ESE), R\$ 46.2 million (health insurance/post employment benefit), R\$ 5.1 million (adhesion to PERT), R\$ 44.8 million (re-recording of CVA for EMT and EMS); and R\$ 41.2 million (overcontracting).

Thank you

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