

Energisa S/A | Results for the 2nd quarter of 2018

Cataguases, August 8, 2018 - Energisa S/A (“Energisa” or “Company”) hereby presents its results for the second quarter (2Q18) and first six months of 2018 (6M18), prepared in accordance with International Financial Reporting Standards - IFRS.

Highlights

Adjusted EBITDA amounts to R\$ 652.9 million and net income grows by 37.9% in the quarter

- ✓ **Energy consumption** (captive + free) in 2Q18 rose by 2.5% on 2Q17, accumulating an increase of 3.0% in 6M18, outperforming Brazil’s average of 1.3% in the same period (see item 2);
- ✓ **Consolidated Adjusted EBITDA** amounted to R\$ 652.9 million in 2Q18, an increase of 38.6% on the R\$ 471.2 million reported in 2Q17. This amounted to R\$ 1,436.2 million in YTD 6M18, growth of 37.0% (see item 3.4);
- ✓ **Consolidated net income** amounted to R\$ 103.4 million, compared with R\$ 75.0 million in 2Q17, growth of 37.9%. In 6M18 it amounted to R\$ 245.7 million, growth of 19.3% on 6M17 (see item 3.6);
- ✓ **Consolidated controllable costs and expenses** fell by 4.9% (R\$ 26.6 million) in 2Q18 over 2Q17; This amounted to R\$ 998.7 million in 6M18, a decrease of 2.9% (see item 3.3);
- ✓ **Cash, cash equivalents, short-term investments and sector credits** stood at R\$ 3,774.8 million in June 2018, compared with R\$ 2,692.1 million in March 2018;
- ✓ **Consolidated net debt** of R\$ 8,362.7 million in June 2018, compared with R\$ 8,141.1 million in March 2018 and R\$ 7,202.0 million in December 2017. The ratio between net debt and Adjusted EBITDA (12 months ended June 2018) fell to 3.0, compared with 3.2 in March 2018 (see item 4.2);
- ✓ Energisa’s distribution companies elected the best in the country, winning the most amount of awards in the Abradee 2018 Awards for the second consecutive year (see item 8).

Description	2Q18	2Q17	Change %	6M18	6M17	Change %
Financial indicators - R\$ million						
Gross Operating Revenue	5,715.3	4,693.4	+ 21.8	11,125.7	9,383.8	+ 18.6
Net Operating Revenue, without construction revenue	3,478.4	2,699.4	+ 28.9	6,914.3	5,473.4	+ 26.3
Controllable costs and expenses	511.5	538.1	- 4.9	998.7	1,028.9	- 2.9
EBITDA	592.2	406.8	+ 45.6	1,314.6	937.8	+ 40.2
Adjusted EBITDA	652.9	471.2	+ 38.6	1,436.2	1,048.3	+ 37.0
Net Income	103.4	75.0	+ 37.9	245.7	205.9	+ 19.3
Net Indebtedness ⁽¹⁾	8,362.7	6,323.2	+ 32.3	8,362.7	6,323.2	+ 32.3
Investments	473.6	645.7	- 26.7	825.2	1,078.4	- 23.5
Consolidated Operating Indicators						
Invoiced captive energy sales (GWh)	6,218.6	6,139.7	+ 1.3	12,558.4	12,384.5	+ 1.4
Captive sales + Invoiced TUSD (GWh)	7,497.1	7,312.8	+ 2.5	15,124.6	14,685.2	+ 3.0
Captive sales + Uninvoiced TUSD (GWh)	7,334.4	7,199.2	+ 1.9	14,972.5	14,591.4	+ 2.6
Total Number of Consumers	6,718,309	6,593,918	+ 1.9	6,718,309	6,593,918	+ 1.9
Number of Own Staff	12,654	12,526	+ 1.0	12,654	12,526	+ 1.0
Work Force (own + outsourced staff) ⁽²⁾	16,205	16,032	+ 1.1	16,205	16,032	+ 1.1

(1) Includes sector credits (CDE, CCC, CVA). (2) Excludes outsourced construction workers and outsourced workers of the distribution companies registered as company staff at the service providers.

Conference call about the Results for the 2nd Quarter of 2018

Date: August 9, 2018
 4:00 PM (Local time in Brazil)
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✓ **Investor Relations**
 For further information and Release tables in Excel format, please visit Energisa’s IR site: ri.energisa.com.br
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Contents

1 Corporate structure and profile	3
1.1 Corporate Structure of Energisa Group	4
2 Operating performance	5
2.1 Electricity Sales	5
2.2 Consumption by sector.....	6
2.3 Consumption by region	7
2.4 Clients by concession operator	7
2.5 Energy Balance Sheet	8
2.6 Contracts Portfolio	9
2.7 Electricity losses	10
2.8 Default management.....	11
2.8.1 Default Rate	11
2.8.2 Collection Fee.....	11
2.9 Service quality indicators - DEC and FEC	12
2.10 Electricity trading	12
3 Financial performance	13
3.1 Net operating revenue	13
3.2 Regulatory Environment	14
3.2.1 Parcel A costs memorandum account - CVA.....	14
3.2.2 Overcontracting.....	14
3.2.3 Rate flags	15
3.2.4 Rate reviews and adjustments	15
3.2.5 Regulatory remuneration base	15
3.2.6 Parcel B	16
3.2.7 Rate subsidy, low income and CCC sub-rogation credits	17
3.3 Operating costs and expenses	17
3.3.1 Uncontrollable operating costs and expenses.....	18
3.3.2 Controllable operating costs and expenses.....	18
3.3.3 Operating expenses (provisions, reversals and other income and expenses)	20
3.4 EBITDA.....	21
3.5 Financial result.....	23
3.6 Net Income	24
4 Capital structure	26
4.1 Financial operations in 6M18	26
4.2 Cash and debt	26
4.3 Cost and average debt tenor.....	28
4.4 Ratings.....	28
4.5 Debt repayment schedule	29
5 Investment	30
6 Cash Flow	31
7 Capital market	32
7.1 Stock Performance	32
7.2 Energisa to pay out 2018 dividends in advance	32
8 Energisa wins most trophies in the 2018 Abradee Awards	32
9 Services rendered by the independent auditor	33
Appendix I - Supplementary Information	34
A.1 Energy Sales by Concession Area	34
A.2 Selected Financial Information of Energisa Consolidated	39
A.3 Selected Financial Information by distribution company	40
A.4 Net Revenue by Consumption Sector by Distribution Company	41
A.5 Operating Costs and Expenses by Distribution Company	42
A.6 Reconciliation of net income and EBITDA and Re-presentations.....	43
A.7 Net debt by distribution company	44
Appendix II - Financial Statements	45
Board of Directors	50
Executive Board	50

1 Corporate structure and profile

Energisa Group has completed 113 years of history and as of February 26, 2018 is the fifth largest distribution group in Brazil in terms of energy consumption. In our segment we serve approximately 6.7 million consumers in nine Brazilian states - equal to 8.1% of the total number of consumers in Brazil.

The Company currently controls nine distribution companies located in the states of Minas Gerais, Sergipe, Paraíba, Rio de Janeiro, Mato Grosso, Mato Grosso do Sul, Tocantins, São Paulo and Paraná, which have concession agreement expiring between 2020 and 2045, with a concession area embracing 1,632 thousand Km², equal to 19.2% of Brazil's landmass.

Energisa secured another lot (number 19) in Pará state at Transmission Auction 002/2018 held June 28, 2018. This project is the continuation of Lot 26 of Auction 005/2016, which Energisa secured in April 2017, and which will result in important constructive, operational and maintenance synergies. As a result of this new acquisition Energisa now holds three transmission projects, with a length of 571 km.

ENERGISA GROUP COVERAGE AREA

9 power distribution
concessions across
Brazil (*)

788
municipalities served

6.7 million
clients

16.4 million
people served
(7.9% of Brazil population)

1,632,000 km²
total area covered
(19.2% of Brazil's territory)

6 Service companies (MG, RJ and CE)

3 Transmission companies (PA and GO)

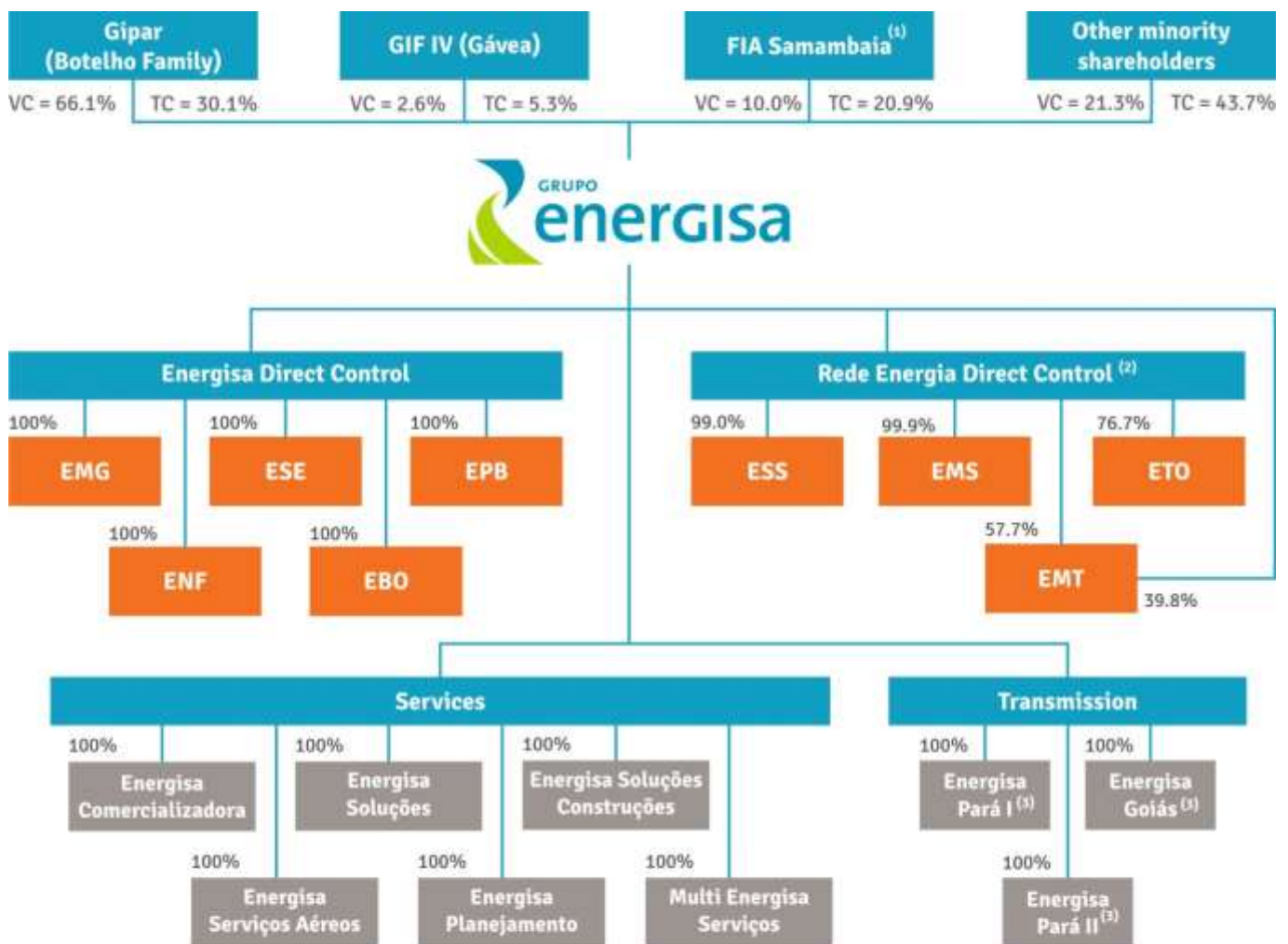


1.1 Corporate Structure of Energisa Group

Energisa Group’s share control is exercised by Gipar S.A., controlled by the Botelho Family. The Company’s shares are traded in Brazil on Bolsa, Balcão S.A. (B3), in São Paulo, under the symbols ENGI3 (common shares), ENGI4 (preferred shares) and ENGI11 (Units, certificates consisting of one common share and four preferred shares). Comprises Level 2 of B3 Corporate Governance.

On December 8, 2017 Energisa S.A. announced the public share offering to acquire the noncontrolling interest in the indirect subsidiary Energisa Mato Grosso (“EMT”). After the auction was held on January 16 and the subsequent acquisitions on April 16, 2018, Energisa and the subsidiary Rede Energia Participações then jointly held 97.49% (compared with 66.61% before the Offering and 95.61% as of March 31, 2018) of the total share capital of EMT.

In July the private equity GIF IV (Gávea) fund sold ten million units, equal to 2.89% of the total capital, which were dispersed in the market at the B3 auction. Prior to this the fund held 8.22% of the total capital.



VC = Voting Capital | TC = Total Capital

(1) Direct and indirect shareholding through investment vehicles.

(2) Energisa holds 96.3% of Rede Energia.

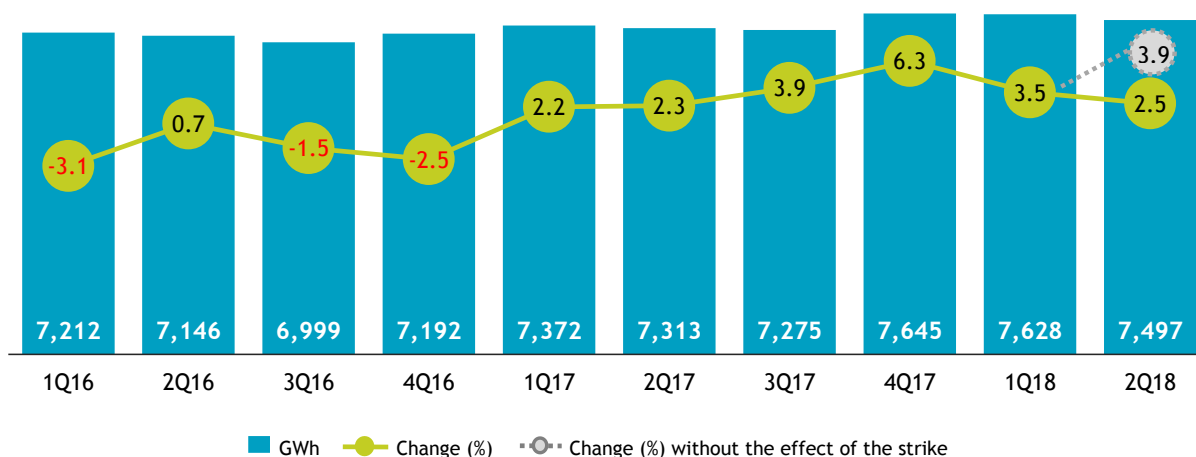
(3) Transmission SPEs under organization (Transmission Auctions # 5/2016 and # 2/2018).

2 Operating performance

2.1 Electricity Sales

Maintaining the ongoing recovery of sales, consolidated captive and free electricity consumption (7,497.1 GWh) rose by 2.5% over the same period last year. If uninvoiced sales are included, the volume changes to 7,334.4 GWh, an increase of 1.9% in the same period.

Consumption Evolution (Captive + Free)



In the quarter, the effects of the truckdriver strike were felt in June (contraction of 1.3% in consumption), as in April and May the consolidated free and captive consumption rose by 4.8% and 4.0% respectively. Without the effect of the strike, the consumption growth would have been 3.9% in 2Q18 and 3.7% in 6M18 respectively.

Nevertheless, all sectors experienced higher consolidated electricity sales in the quarter. Consolidated rural consumption was strong, rising by 6.1%, driven by customers in the irrigation and grain storage sectors. Consumption industrial consumption rose by 2.7%, driven by the food segment, which accounts for approximately 43% of the sector. The residential sector grew by 2.4%, propelled by higher consumption in the concessions of EMS (+8.9%), ESS (+6.2%) and EMG (+5.6%).

The greatest energy growth amongst distribution companies was seen in the midwest region, especially in EMS' concession (+8.5%), driven by consumption growth in the sectors: rural (+13.8%), industrial (+11.6%) and residential (+8.9%). In tandem with this positive performance, consumption also grew in the areas of ESS (+4.8%), ETO (+2.3%), ENF (+1.9%) and EMG (+1.8%). EBO was the only concession that experienced a consumption contraction (-1.3%), primarily due to the atypical volume of rainfall in the quarter.

The electricity sales of Energisa Group's distribution companies continue outstripping Brazilian energy consumption. According to Empresa de Pesquisa Energética (EPE), domestic consumption in Brazil in 2Q18 was 2.2% higher than in the same quarter of the previous year. Average growth in Brazil was 1.3% compared with the 6-month period last year.

Total electricity sold by Energisa Group

Description (Amounts in GWh)	2 nd Quarter			1 st Half		
	2Q18	2Q17	Change %	6M18	6M17	Change %
✓ Invoiced captive energy sales	6,218.6	6,139.7	+ 1.3	12,558.4	12,384.5	+ 1.4
✓ Energy transmitted to free clients (TUSD)	1,278.5	1,173.1	+ 9.0	2,566.2	2,300.7	+ 11.5
Subtotal (Captive Sales + Invoiced TUSD)	7,497.1	7,312.8	+ 2.5	15,124.6	14,685.2	+ 3.0
✓ Uninvoiced consumption	(162.7)	(113.6)	+ 43.2	(152.1)	(93.8)	+ 62.2
Subtotal (Captive Sales + Uninvoiced TUSD)	7,334.4	7,199.2	+ 1.9	14,972.5	14,591.4	+ 2.6

2.2 Consumption by sector

In the quarter, the main consolidated consumption sectors performed as follows:

- **Residential sector (35.6% of total captive + free sales):** increase of 2.4% or 61.6 GWh, of which 37.7 GWh derives from higher consumption in EMS's concession, driven by higher temperatures, especially in April and May, and the region's strong economic performance;
- **Industrial sector (22.0% of total captive + free sales):** energy consumption in industries rose by 2.7% in the quarter (or +42.8 GWh), giving consistent signs of recovery. The distribution companies most contributing to this consumption recovery were: EMS (+ 11.6% or +28.6 GWh, driven by the food sector), ETO (+11.0% or +8.5 GWh), with the determining factor being higher consumption in the nonmetallic minerals industry and the return of a major consumer in the chemical sector), EMT (+3.1% or +14.6 GWh), driven by the food and nonmetallic mineral segments, especially the cement industry) ENF (+2.9% or +0.3 GWh, the best performance in the metal sector) and ESS (+1.8%, due to the increase in activities in the food, metallurgy and timber products segments).

Industrial consumption contracted in the other concessions: EBO (-7.5% or -2.5 GWh, the worst performance in the leather products sector); ESE (-3.8% or -7.3 GWh, due to the reduced production in the nonmetallic mineral sector); EMG (-2.1% or -2.1 GWh, primarily due to the contraction in textile product industries) and EPB (-1.3% or -2.4 GWh, due to lower consumption in the food and beverages segment).

- **Commercial sector (19.8% of total captive + free sales):** growth of 1.4% or +19.8 GWh, compared with an increase of 2.3% on the same period last year. We estimate that this more modest growth was due to the truckdriver strike, as in October 2016 the commercial class did not present such a high reduction as that seen in June (-4.3%) this year. We therefore emphasize the consumption increase of 5.4% in EMS' concession, due to higher temperatures.
- **Rural sector (9.3% of total captive + free sales):** this sector excelled in the quarter, with growth of 6.1% or +39.8 GWh in consumption, especially in the concession of ESS (+16.9% or +12.0 GWh, driven by the irrigation sector and lack of rainfall); EMS (+13.8% or +17.4 GWh, due to the harvest and heavy use of storage/silos and grain drying).
- **Other sectors (13.3% of total captive + free sales):** growth of 2.1% or +20.3 GWh. Government consumption rose by 1.8% or +16.9 GWh.

Energisa Group's captive and free electricity consumption (15,124.6 GWh) rose in 6M18 by 3.0% over the same period last year. If uninvoiced sales are included, the volume changes to 14,972.5 GWh, an increase of 2.6%. Free-market consumption (TUSD) rose by 11.5%. Captive consumption (12,558.4 GWh) rose by 1.4% in 6M18.

Captive Electricity Sales by Consumption Class + TUSD (Consolidated)

Description Amounts in GWh	2 nd Quarter			1 st Half		
	2Q18	2Q17	Change %	6M18	6M17	Change %
✓ Residential	2,666.9	2,605.3	+ 2.4	5,445.8	5,270.0	+ 3.3
✓ Industrial	1,648.7	1,605.9	+ 2.7	3,301.5	3,171.1	+ 4.1
▪ Captive	547.8	587.5	- 6.8	1,100.0	1,178.6	- 6.7
▪ Free	1,100.9	1,018.4	+ 8.1	2,201.5	1,992.5	+ 10.5
✓ Commercial	1,481.3	1,461.5	+ 1.4	3,021.9	2,977.9	+ 1.5
▪ Captive	1,328.6	1,326.3	+ 0.2	2,707.2	2,710.2	- 0.1
▪ Free	152.7	135.2	+ 12.9	314.7	267.7	+ 17.5
✓ Rural	695.9	656.1	+ 6.1	1,374.2	1,306.1	+ 5.2
▪ Captive	686.5	648.0	+ 5.9	1,354.5	1,289.2	+ 5.1
▪ Free	9.4	8.1	+ 16.0	19.8	16.9	+ 17.0
✓ Other sectors	1,004.4	984.1	+ 2.1	1,981.1	1,960.1	+ 1.1
▪ Captive	988.8	972.6	+ 1.7	1,950.9	1,936.5	+ 0.7
▪ Free	15.5	11.5	+ 34.8	30.3	23.6	+ 28.0
Energy sales to consumers (Invoiced Captive Sales)	6,218.6	6,139.7	+ 1.3	12,558.4	12,384.5	+ 1.4
Energy associated with free consumers (TUSD)	1,278.5	1,173.1	+ 9.0	2,566.2	2,300.7	+ 11.5
Invoiced Captive Sales + TUSD	7,497.1	7,312.8	+ 2.5	15,124.6	14,685.2	+ 3.0
Uninvoiced consumption	(162.7)	(113.6)	+ 43.2	(152.1)	(93.8)	+ 62.2
Invoiced Captive Sales + Uninvoiced TUSD	7,334.4	7,199.2	+ 1.9	14,972.5	14,591.4	+ 2.6

Note: Information per distribution company can be seen in Appendix I.

2.3 Consumption by region

Of the total captive and free sales in 2Q18, 46.0% was made in the Midwest region, 26.2% in the North-East region, 20.0% in the South/Southeast regions and 7.8% in the North region. Except for EBO, all of Energisa Group's other electricity distribution companies experienced higher consumption, as shown in the table below:

Captive Sales + TUSD (invoiced) by Distribution Company and Region

Description Amounts in GWh	2 nd Quarter			1 st Half		
	2Q18	2Q17	Change %	6M18	6M17	Change %
North Region	587.0	573.6	+ 2.3	1,117.5	1,076.6	+ 3.8
✓ Energisa Tocantins (ETO)	587.0	573.6	+ 2.3	1,117.5	1,076.6	+ 3.8
Northeast	1,965.3	1,962.8	+ 0.1	4,029.2	3,988.0	+ 1.0
✓ Energisa Paraíba (EPB)	1,044.5	1,044.5	-	2,138.8	2,112.0	+ 1.3
✓ Energisa Sergipe (ESE)	763.0	758.5	+ 0.6	1,566.5	1,547.5	+ 1.2
✓ Energisa Borborema (EBO)	157.8	159.8	- 1.3	323.9	328.5	- 1.4
Midwest	3,450.6	3,337.9	+ 3.4	6,914.2	6,653.5	+ 3.9
✓ Energisa Mato Grosso (EMT)	2,103.8	2,096.6	+ 0.3	4,181.5	4,061.8	+ 2.9
✓ Energisa Mato Grosso do Sul (EMS)	1,346.8	1,241.3	+ 8.5	2,732.7	2,591.7	+ 5.4
South/Southeast Region	1,494.2	1,438.5	+ 3.9	3,063.7	2,967.1	+ 3.3
✓ Energisa Minas Gerais (EMG)	367.9	361.4	+ 1.8	756.7	744.7	+ 1.6
✓ Energisa Nova Friburgo (ENF)	81.3	79.8	+ 1.9	162.3	161.4	+ 0.6
✓ Energisa Sul-Sudeste (ESS) ⁽¹⁾	1,045.0	997.3	+ 4.8	2,144.6	2,061.0	+ 4.1
Total	7,497.1	7,312.8	+ 2.5	15,124.6	14,685.2	+ 3.0

2.4 Clients by concession operator

Energisa closed the first six months of 2018 with 6,717,625 captive consumer units, or 1.9% more than at the end of June 2017. The portfolio of free consumers reached 684 consumers in 2Q18, against 577 in 2Q17.

Number of captive and free consumers by region

Distribution company	Number of Consumers								
	Captive			Free			Total		
	2Q18	2Q17	Change %	2Q18	2Q17	Change %	2Q18	2Q17	Change %
North Region	578,644	571,804	+ 1.2	25	19	+ 31.6	578,669	571,823	+ 1.2
✓ Energisa Tocantins	578,644	571,804	+ 1.2	25	19	+ 31.6	578,669	571,823	+ 1.2
Northeast	2,397,477	2,361,466	+ 1.5	107	93	+ 15.1	2,397,584	2,361,559	+ 1.5
✓ Energisa Paraíba	1,416,208	1,394,254	+ 1.6	48	40	+ 20.0	1,416,256	1,394,294	+ 1.6
✓ Energisa Sergipe	769,587	756,615	+ 1.7	47	43	+ 9.3	769,634	756,658	+ 1.7
✓ Energisa Borborema	211,682	210,597	+ 0.5	12	10	+ 20.0	211,694	210,607	+ 0.5
Midwest	2,408,727	2,347,416	+ 2.6	353	298	+ 18.5	2,409,080	2,347,714	+ 2.6
✓ Energisa Mato Grosso	1,378,901	1,343,617	+ 2.6	203	189	+ 7.4	1,379,104	1,343,806	+ 2.6
✓ Energisa Mato Grosso do Sul	1,029,826	1,003,799	+ 2.6	150	109	+ 37.6	1,029,976	1,003,908	+ 2.6
South/Southeast Region	1,332,777	1,312,655	+ 1.5	199	167	+ 19.2	1,332,976	1,312,822	+ 1.5
✓ Energisa Minas Gerais	450,391	442,456	+ 1.8	51	49	+ 4.1	450,442	442,505	+ 1.8
✓ Energisa Nova Friburgo	106,896	104,986	+ 1.8	9	6	+ 50.0	106,905	104,992	+ 1.8
✓ Energisa Sul Sudeste	775,490	765,213	+ 1.3	139	112	+ 24.1	775,629	765,325	+ 1.3
Total	6,717,625	6,593,341	+ 1.9	684	577	+ 18.5	6,718,309	6,593,918	+ 1.9

2.5 Energy Balance Sheet

Energy Balance Sheet - Energisa Distribution Companies

Description Amounts in GWh	1 st half of 2018 (6M18)				
	EMG	ENF	ESE	EBO	EPB
(a) Total Energy Sold (a=b+c+d)	612.9	148.0	1,431.5	279.1	1,844.1
(b) Energy sold in the captive market	618.3	149.0	1,239.8	281.6	1,860.8
✓ Residential	266.9	81.6	542.7	124.4	866.6
✓ Industrial	62.5	14.4	101.5	33.2	157.1
✓ Commercial	117.2	32.9	260.0	70.5	350.8
✓ Rural	91.2	2.6	57.7	11.8	128.3
✓ Public sector and own consumption	80.6	17.6	277.9	41.6	357.9
(c) Unbilled consumption	(5.5)	(1.1)	(8.7)	(2.5)	(16.8)
(d) Energy sales to concession operators	-	-	200.3	-	-
(e) Injected energy (e=a+f+g+h)	898.6	186.9	1,978.2	359.4	2,506.5
(f) Transmission of energy free clients (TUSD)	138.4	13.3	326.7	42.3	278.0
(g) Energy exchange	49.3	18.0	44.1	17.8	91.0
(h) Distribution losses	98.1	7.7	176.0	20.2	293.4
(i) Total Energy Received (i=a+h+j+k)	739.8	155.7	1,698.7	318.6	2,293.5
(j) Losses in High-Voltage National Grid	6.3	-	44.0	6.3	57.0
(K) Sale of Electricity CCEE	22.6	-	47.6	13.0	99.1

Energy Balance Sheet - Energisa Distribution Companies (continued)

Description Amounts in GWh	1 st half of 2018 (6M18)				
	EMT	EMS	ETO	ESS	Consolidated
(a) Total Energy Sold (a=b+c+d)	3,431.7	2,189.7	1,017.4	1,669.9	12,624.1
(b) Energy sold in the captive market	3,455.3	2,256.7	1,022.4	1,674.4	12,558.4
✓ Residential	1,398.8	962.4	468.7	733.6	5,445.8
✓ Industrial	313.1	153.8	84.3	180.0	1,100.0
✓ Commercial	776.1	537.1	194.1	368.6	2,707.2
✓ Rural	519.2	282.8	104.9	155.9	1,354.5
✓ Public sector and own consumption	448.1	320.6	170.4	236.3	1,950.9
(c) Unbilled consumption	(23.6)	(67.0)	(5.1)	(22.0)	(152.1)
(d) Energy sales to concession operators	-	-	-	17.5	217.8
(e) Injected energy (e=a+f+g+h)	4,926.6	3,077.7	1,284.2	2,326.0	17,544.1
(f) Transmission of energy free clients (TUSD)	726.1	476.0	95.1	470.3	2,566.2
(g) Energy exchange	1.4	11.0	3.6	37.0	273.1
(h) Distribution losses	767.4	400.9	168.1	148.9	2,080.7
(i) Total Energy Received (i=a+h+j+k)	4,565.4	2,779.6	1,321.7	1,922.6	15,795.8
(j) Losses in High-Voltage National Grid	67.2	38.3	19.4	72.7	310.7
(k) Sale of Electricity CCEE	299.2	150.8	116.9	31.2	780.3

2.6 Contracts Portfolio

Contracts Portfolio - Energisa Group's Distribution Companies

Description Amounts in GWh	1 st half of 2018 (6M18)				
	EMG	ENF	ESE	EBO	EPB
(a) Energy purchased	679.5	155.7	1,690.9	318.4	2,285.9
✓ Bilateral	240.6	-	63.9	44.2	217.7
✓ Energy Auctions	115.8	-	1,074.6	149.4	1,301.5
✓ Itaipu Quota	126.4	-	-	-	-
✓ PROINFA Quota	14.2	3.7	32.4	6.6	43.1
✓ ANGRA Quota	23.7	-	54.6	13.7	73.5
✓ Physical Guarantee Quota (90%)	158.9	-	465.3	104.4	650.1
✓ Supply Contract	-	152.0	-	-	-
✓ Generation distributed	-	-	-	-	-
(b) Internal Generation / Embedded / Desverticalized	55.8	-	0.9	0.1	1.8
(c) Settlement at CCEE	4.5	-	7.0	-	5.8
(d) Total Electricity Received (d=a+b+c)	739.8	155.7	1,698.7	318.6	2,293.5

Portfolio of Contracts - Energisa Group Distribution Companies (Continued)

Description Amounts in GWh	1 st half of 2018 (6M18)				
	EMT	EMS	ETO	ESS	Consolidated
(a) Energy purchased	3,741.8	2,631.7	1,230.9	1,859.2	14,594.0
✓ Bilateral	847.8	-	126.9	292.5	1,833.7
✓ Energy Auctions	1,301.0	1,364.6	765.7	632.3	6,705.0
✓ Itaipu Quota	635.1	436.0	-	384.9	1,582.5
✓ PROINFA Quota	79.8	49.7	24.3	37.8	291.5
✓ ANGRA Quota	118.9	81.6	33.6	72.1	471.7
✓ Physical Guarantee Quota (95%)	755.8	662.7	280.4	439.6	3,517.3
✓ Supply Contract	-	-	-	-	152.0
✓ Generation distributed	3.3	37.0	-	-	40.3
(b) Internal Generation / Embedded / Desverticalized	823.6	105.1	90.7	28.8	1,106.9
(c) Settlement at CCEE	-	42.9	-	34.6	94.9
(d) Total Electricity Received (d=a+b+c)	4,565.4	2,779.6	1,321.7	1,922.6	15,795.8

2.7 Electricity losses

Our consolidated total losses in June 2018 amounted to 4,116.0 GWh, or 11.86% of the injected energy, down by 0.12 percentage points on June 2017 and an increase of 0.05 percentage points over March 2018, affected by the effect the truckdriver strike had on the consumption of corporate clients and changes in the uninvoiced sector. Despite this, Energisa Group remained within the regulatory limit.

EMS made considerable inroads into reducing losses in its concession, which fell to 13.05% of the energy required, 1.32 percentage points below the regulatory limit. ENF achieved its lowest ever level of losses (4.11%, vis-a-vis the regulatory limit of 5.84%).

EMT's total losses contracted by 0.31 percentage points on June 2017, and after six consecutive quarters of cutting its total losses, the distribution company saw total losses rise modestly by 0.34 on March 2018, primarily due to changes in uninvoiced energy because of the truckdriver strike.

As mentioned in the previous quarter, the injected energy was recalculated and the energy supplied to Sulgipe removed during ESE's rate review process. On the same comparison basis, ESE's total losses would be 9.81% (Jun/17) and the Group's consolidated losses would be 12.12% (Jun/17). The regulatory limit has also been revised to reflect this adjustment.

As reported in recent reports, EMG's total losses are influenced by technical losses, which in turn are impacted by the generation volume.

Energy Losses (% in past 12 months)

Discos % Injected energy (12 months)	Technical Losses (%)			Non Technical Losses (%)			Total Losses (%)			ANEEL
	Jun-17	Mar-18	Jun-18	Jun-17	Mar-18	Jun-18	Jun-17	Mar-18*	Jun-18	
EMG	10.30	9.98	9.90	0.04	0.58	0.82	10.35	10.57	10.72	9.63
ENF	5.24	4.81	4.66	-0.60	-0.55	-0.55	4.64	4.25	4.11	5.84
ESE	7.19	7.33	7.22	1.68	2.19	2.40	8.87	9.52	9.62	10.75
EBO	7.98	7.19	6.79	-3.15	-0.34	0.21	4.83	6.85	7.00	7.42
EPB	10.55	9.87	9.62	2.55	2.70	2.91	13.10	12.56	12.53	12.90
EMT	9.92	9.38	9.45	5.07	4.96	5.23	14.99	14.34	14.68	13.70
EMS	9.81	9.90	9.68	3.52	3.41	3.37	13.34	13.31	13.05	14.37
ETO	11.43	11.48	11.48	2.26	1.26	1.43	13.69	12.74	12.91	13.96
ESS	6.47	6.49	6.34	0.09	-0.01	-0.06	6.56	6.49	6.29	6.73
Energisa	9.28	9.05	8.95	2.70	2.76	2.91	11.98	11.82	11.86	12.09

Scores: To calculate the percentages presented above, we considered the values of uninvoiced energy. All distribution companies are undergoing CRTP 4. The A1 Free Market was included in the calculation of the Total Realized and Regulatory Loss.

*Amounts reclassified due to the rerecording of energy for the accrual period September 2017.

Energy Losses (In GWh in past 12 months)

Losses in 12 months In GWh	Technical Losses			Non-Technical Losses			Total Losses			Change (%) ⁽¹⁾
	Jun/17	Mar/18	Jun/18	Jun/17	Mar/18*	Jun/18	Jun/17	Mar/18*	Jun/18	
EMG	173.6	172.1	172.6	0.7	10.1	14.3	174.3	182.2	186.9	+ 2.6
ENF	19.4	18.0	17.5	-2.2	-2.1	-2.1	17.2	15.9	15.4	- 2.9
ESE	277.7	252.9	250.2	64.8	75.5	83.1	342.5	328.4	333.3	+ 1.5
EBO	56.7	51.3	48.3	-22.4	-2.4	1.5	34.3	48.9	49.8	+ 1.9
EPB	529.7	495.1	482.0	127.8	135.4	145.8	657.5	630.6	627.9	- 0.4
EMT	941.6	943.0	951.3	481.3	498.9	526.4	1,422.9	1,441.9	1,477.7	+ 2.5
EMS	566.9	595.8	591.4	203.6	205.5	205.9	770.5	801.3	797.3	- 0.5
ETO	288.7	299.8	302.2	57.0	33.0	37.6	345.7	332.8	339.8	+ 2.1
ESS	283.6	293.7	290.5	4.0	-0.3	-2.6	287.6	293.3	288.0	- 1.8
Energisa - Consolidated	3,137.9	3,121.8	3,106.1	914.6	953.5	1,009.9	4,052.5	4,075.3	4,116.0	+ 1.0

⁽¹⁾ Change June 2018/March 2018.

*Amounts reclassified due to the rerecording of energy for the accrual period September 2017.

2.8 Default management

2.8.1 Default Rate

In the past 12 months ended June 2018, default (calculated as the percentage ratio between the allowance for doubtful accounts (PCLD) and the invoiced supply) was 0.61%. This amount is 0.30 percentage points higher than the default recorded in the same period ended June 2017. Both periods were influenced by nonrecurrent factors, as follows:

- EMT's concession: renegotiation of debts with SANECAP in September 2016 (R\$ 87 million). If this reversal were disregarded, default by EMT's consumers in 2Q17 (which was -0.06%) would have been 1.80%;
- At the ESE concession: the provision for the settlement with CODEVASF was reversed in 2Q17 (R\$ 13.4 million). If this reversal were disregarded, default by ESE's consumers in 2Q18 (which was 0.04%) would have been 1.01%.

By removing the aforesaid nonrecurrent factors on a consolidated basis, the default rate of the consumers of the Group's distribution companies in 2Q18 would be 0.69%, compared with 0.88% in 2Q17, a decrease of 0.19 percentage points.

Note that the consolidated rate of default was lower than 1.0% for the sixth consecutive quarter, even after the aforesaid nonrecurrent adjustments.

Default (PCLD 12 Months / Sales 12 Months)	Last 12 months (%)		
	Jun/18	Jun/17	Change in percentage points
EMG	0.23	0.12	+ 0.11
ENF	0.15	0.32	- 0.17
ESE	0.04	0.61	- 0.57
EBO	0.30	0.55	- 0.25
EPB	0.90	0.63	+ 0.27
EMT	1.18	(0.06)	-
EMS	0.33	0.56	- 0.23
ETO	0.48	0.70	- 0.22
ESS	(0.07)	0.08	-
Energisa - Consolidated	0.61	0.31	+ 0.30

2.8.2 Collection Fee

Energisa Group's consolidated collection rate (consisting of collections in the last 12 months over accumulated sales in the same period) contracted slightly by 0.03 percentage points in relation to June 2018, and is still at high levels.

Amongst the concession we draw your attention to the 0.36 percentage point decrease in EPB's receipts, mainly because the debts of municipal governments undergoing collection and negotiation.

At ETO, 0.68 percentage point increase in the collection rate was influenced by the relative default of the state government.

Collection Success Rate (%)	Last 12 months (%)		
	Jun/18	Jun/17	Change in percentage points
EMG	98.39	98.47	- 0.08
ENF	98.29	98.43	- 0.14
ESE	97.56	97.57	- 0.02
EBO	98.56	96.71	+ 1.91
EPB	97.07	97.42	- 0.36
EMT	96.55	96.80	- 0.25
EMS	96.88	96.81	+ 0.08
ETO	97.31	96.65	+ 0.68
ESS	99.08	99.11	- 0.03
Energisa - Consolidated	97.30	97.33	- 0.03

2.9 Service quality indicators - DEC and FEC

Of the group's nine distribution companies, only EMT is above the regulatory DEC, but is continuing to improve this metric, having reduced it by nearly two hours in the last 12 months ended June 2018 compared with June 2017. The concession made a breakthrough in June 2018, presenting the lowest monthly figures on record, showing it is progressing to return within the regulatory limit in 2018.

We also point out the consistent improvement in ETO's DEC, which for the mobile average in the last 12 months ended June 2018 has diminished by more than 10 hours (-29%) in relation to June 2017. This metric has been within the regulatory limit since February 2018 and also presented the best historic DEC and FEC metrics in June 2018.

Other distribution companies also presented the best historic metrics: EPB for DEC, EBO for FEC and EMS for FEC and DEC, the latter occurring during the management of Energisa Group.

The quality indicators performed as followed in June 2018 (12 months):

Distribuidoras	DEC (hours)			FEC (times)			DEC Limit	FEC Limit
	Jun-18	Jun-17	Change (%)	Jun-18	Jun-17	Change (%)	Jun-18	Jun-18
EMG	9.57	9.34	+ 2.4	5.16	6.53	- 21.0	11.44 ●	8.91 ●
ENF	6.28	6.92	- 9.2	3.82	6.12	- 37.5	10.19 ●	9.44 ●
ESE	11.08	12.60	- 12.1	6.51	7.26	- 10.3	12.37 ●	8.87 ●
EBO	4.28	4.04	+ 6.0	2.25	2.72	- 17.1	13.14 ●	9.84 ●
EPB	14.03	15.62	- 10.2	5.87	7.11	- 17.5	17.17 ●	10.65 ●
EMT	23.70	25.62	- 7.5	11.21	13.36	- 16.1	23.09 ●	18.97 ●
EMS	10.50	12.25	- 14.3	4.97	6.07	- 18.2	11.90 ●	8.63 ●
ETO	24.77	34.94	- 29.1	11.25	13.54	- 16.9	25.88 ●	17.99 ●
ESS	6.48	6.29	+ 3.0	4.95	5.15	- 4.0	8.12 ●	8.25 ●

Note: Weighted averages according to the number of clients were calculated for the presentation of Energisa Sul/Sudeste. The data presented is obtained from ANEEL databases and can be changed if requested by the regulator.

2.10 Electricity trading

By way of its electricity trading company Energisa Comercializadora (ECOM), in 2Q18 Energisa S/A's sales were 1,273.4 GWh, up by 41.4% on 2Q17, to its 543 sales contracts/clients (increase of 44% on the 378 clients/sales contracts in 2Q17). Sales amounted to 2,408.9 GWh in YTD 6M18.

Description Amounts in GWh	2 nd Quarter			1 st Half		
	2Q18	2Q17	Change %	6M18	6M17	Change %
Sales to free consumers (ECOM)	1,273.4	900.8	41.4%	2,408.9	1,707.8	+ 41.1

3 Financial performance

3.1 Net operating revenue

In 2Q18, consolidated net operating revenue, excluding construction revenue, amounted to R\$ 3,478.4 million, an increase of 28.9% (or R\$ 779.0 million) over the 2,699.4 million recorded in 2Q17.

The main determining factors for this growth were:

- i) Growth of R\$ 348.3 million in captive revenue
- ii) Increase of R\$ 253.3 million in the creation (net of amortization) of the Compensation Account for the Variation in the Values of the Items of Parcel A (CVA) in relation to 2Q17;
- iii) Increase of R\$ 103.1 million in compensable financial assets (VNR); and
- iv) Increase of R\$ 172.3 million in electricity sales to distributors.

See below the operating revenue by consumption sector:

Operating revenue by consumption sector Description (R\$ million)	2 nd Quarter			1 st Half		
	2Q18	2Q17	Change %	6M18	6M17	Change %
(+) Electricity revenue (captive market)	4,001.7	3,653.4	+ 9.5	7,730.4	7,380.4	+ 4.7
Residential	1,855.2	1,666.8	+ 11.3	3,624.9	3,382.0	+ 7.2
Industrial	359.2	363.3	- 1.1	685.5	732.3	- 6.4
Commercial	955.8	874.4	+ 9.3	1,853.3	1,787.3	+ 3.7
Rural	345.0	302.6	+ 14.0	649.3	601.8	+ 7.9
Other sectors	486.5	446.3	+ 9.0	917.4	877.0	+ 4.6
(+) Electricity sales to distributors	268.5	96.2	+ 179.1	522.2	273.4	+ 91.0
(+) Net Unbilled Sales	(66.2)	(45.0)	+ 47.1	15.6	(34.2)	-
(+) Energy sold	257.1	182.4	+ 41.0	485.4	339.8	+ 42.8
(+) Electricity network usage charges (TUSD)	257.3	224.4	+ 14.7	490.5	425.7	+ 15.2
(+) Construction revenue	408.2	385.0	+ 6.0	644.3	673.0	- 4.3
(+) Creation and amortization - CVA	174.9	(78.4)	-	406.5	(225.8)	-
(+) Subsidies for services awarded under concession	267.6	224.7	+ 19.1	521.9	449.1	+ 16.2
(+) Compensatable financial assets of the concession (VNR)	106.1	3.0	+ 3,436.7	238.8	21.5	+ 1,010.7
(+) Other revenue	40.1	47.7	- 15.9	70.1	80.9	- 13.3
(=) Gross revenue	5,715.3	4,693.4	+ 21.8	11,125.7	9,383.8	+ 18.6
(-) Sales taxes	1,438.4	1,262.0	+ 14.0	2,801.8	2,543.2	+ 10.2
(-) Rate flag deductions	(4.0)	23.5	-	(3.1)	18.6	-
(-) Sector charges	394.3	323.5	+ 21.9	768.4	675.6	+ 13.7
(=) Net revenue	3,886.6	3,084.4	+ 26.0	7,558.6	6,146.4	+ 23.0
(-) Construction revenue	408.2	385.0	+ 6.0	644.3	673.0	- 4.3
(=) Net revenue, without construction revenue	3,478.4	2,699.4	+ 28.9	6,914.3	5,473.4	+ 26.3

In 6M18 YTD, consolidated net operating revenue, excluding construction revenue, amounted to R\$ 6,914.3 million, an increase of 26.3% (or R\$ 1,440.9 million) over the R\$ 5,473.4 million recorded in 6M17. This performance was driven by the following factors:

- i) Growth of R\$ 350.0 million in captive revenue
- ii) Increase of R\$ 632.3 million in the creation (net of amortization) of the Compensation Account for the Variation in the Values of the Items of Parcel A (CVA) in relation to 6M17;
- iii) Increase of R\$ 217.3 million in compensable financial assets (VNR); and
- iv) Increase of R\$ 248.8 million in electricity sales to distributors.

See below the net operating revenue by company:

Net revenue by segment Amounts in R\$ million	2 nd Quarter			1 st Half		
	2Q18	2Q17	Change %	6M18	6M17	Change %
I - Distribution of electricity	3,615.7	2,912.5	+ 24.1	7,080.2	5,824.0	+ 21.6
✓ EMG	168.0	147.4	+ 14.0	334.4	307.0	+ 8.9
✓ ENF	36.3	29.9	+ 21.4	73.5	66.1	+ 11.2
✓ ESE	328.7	269.1	+ 22.1	656.8	546.9	+ 20.1
✓ EBO	68.0	59.2	+ 14.9	131.2	121.9	+ 7.6
✓ EPB	491.2	373.6	+ 31.5	994.4	775.5	+ 28.2
✓ EMT	1,072.7	943.1	+ 13.7	2,091.6	1,763.1	+ 18.6
✓ EMS	643.2	504.4	+ 27.5	1,237.9	1,024.5	+ 20.8
✓ ETO	411.0	266.9	+ 54.0	786.3	554.6	+ 41.8
✓ ESS	396.6	318.9	+ 24.4	774.1	664.4	+ 16.5
II - Electricity sales and services	365.0	252.0	+ 44.8	658.5	458.5	+ 43.6
✓ ECOM	233.5	164.1	+ 42.3	440.8	305.4	+ 44.3
✓ Consolidated Energisa Soluções	37.3	45.6	- 18.2	72.0	83.9	- 14.2
✓ Energisa S/A (ESA)	42.1	33.0	+ 27.6	77.2	47.0	+ 64.3
✓ Multi Energisa	7.8	8.6	- 9.3	15.8	20.0	- 21.0
✓ Energisa Transmissora Goiás I (EGO I)	18.7	-	-	22.7	-	-
✓ Energisa Transmissora Pará I (EPA I)	24.6	-	-	27.9	-	-
✓ Other (*)	1.0	0.7	+ 42.9	2.1	2.2	- 4.5
(=) Total	3,980.7	3,164.5	+ 25.8	7,738.7	6,282.5	+ 23.2
(=) Energisa Consolidated	3,886.6	3,084.4	+ 26.0	7,558.6	6,146.4	+ 23.0
(-) Construction revenue	408.2	385.0	+ 6.0	644.3	673.0	- 4.3
(=) Energisa Consolidated, without construction revenue	3,478.4	2,699.4	+ 28.9	6,914.3	5,473.4	+ 26.3

(*) Energisa Planejamento e Corretagem de Seguros Ltda. and Energisa Serviços Aéreos de Aeroinspeção S/A.
Note: Net revenue by consumption sector and distribution company can be seen in Appendix I.

3.2 Regulatory Environment

3.2.1 Parcel A costs memorandum account - CVA

In 2Q18 there was an increase of R\$ 253.3 million in the creation (net of amortization) of the Compensation Account for the Variation in the Values of the Items of Parcel A (CVA) in relation to 2Q17. In 6M18 the increase was R\$ 632.3 million in the creation (net of amortization) in the Compensation Account for the Variation in the Values of the Items of Parcel A (CVA) in relation to 6M17;

The CVA is a regulatory mechanism introduced by Interministerial Ordinance 25/02 intended to record the changes in costs incurred on energy purchases, energy transportation and sector charges in the period between the distribution company's rate events. This mechanism aims to neutralize the effects of these costs, of the "A Portion" and the whole rate pass-through assured, on the distribution company's earnings.

3.2.2 Overcontracting

Provisions were made in the 2016 financial statements for expenses incurred on energy services that cannot be passed through to the rate, in the amount of R\$ 45.0 million.

In 2017 the distribution companies revised the purchase levels in 2016, taking into account the updated regulatory parameters and retroactive bilateral agreements. Provisions for overcontracting for FY 2016 were reversed in FY 2017, with R\$ 4.3 million being presented in the income statement in 2Q17 and R\$ 36.9 million in 4Q17. Previous provisions were accordingly reduced by R\$ 41.2 million. The Company also calculated the effects of overpurchasing for FY 2017, determining the positive amount of R\$ 8.4 million, recorded in the income statement for the year which will be recognized in rates as from the next rate adjustment. The effects of reversing the 2016 provision and calculating the overpurchase in 2017 therefore jointly amount to a nonrecurrent R\$ 49.5 million in the income statement for this year.

In the first half of 2018, energy amounts above the regulatory level did not affect earnings.

3.2.3 Rate flags

The "Rate Flag System" came into force in January 2015, which automatically passes through to end consumers the cost incurred by the distribution company whenever energy purchases are affected by more expensive thermal energy, thereby diminishing the financial burden between the rate adjustments. There are green, yellow and red rate flags, which indicate whether electricity will cost more or less as a result of the electricity generation conditions.

The following rates apply from November 2017:

- Green flag: no surcharges (good conditions for energy generation)
- Yellow flags: R\$ 2.00 for each 100 (kWh)
- Red flag - Level 1: R\$ 3.00 for each 100 (kWh)
- Red flag - Level 2: R\$ 5.00 for each 100 (kWh)

In 2Q18 Energisa's consolidated revenue from rate flags was R\$ 81.0 million, compared with R\$ 113.9 million in 2Q17. In 6M18, they amounted to R\$ 106.3 million, as compared to R\$ 141.0 million in 6M17.

3.2.4 Rate reviews and adjustments

In April 2018 the National Electricity Regulatory Agency ("Aneel") ratified the 4th Cycle of the Periodical Rate Reviews ("4CRTP") of three (EMT, EMS and ESE) of the nine subsidiaries of Energisa S/A which had not yet undergone this rate review process.

The effects for consumers deriving from the latest adjustment process and rate review of each Energisa Group distribution company in 2017 and 2018 were as follows:

Distribution company	Effect on Consumers (%)			Start of term	Review Process
	Low Voltage	High and Medium Voltage	Medium		
EPB	+ 13.94	+ 16.38	+ 14.55	8/28/2017	4CRTP
EBO	+ 16.83	+ 21.54	+ 18.21	2/4/2018	Annual Adjustment
EMT	+ 13.98	+ 5.94	+ 11.53	4/8/2018	4CRTP
EMS	+ 10.65	+ 7.91	+ 9.87	4/8/2018	4CRTP
ESE	+ 9.85	+ 13.92	+ 11.30	4/22/2018	4CRTP
EMG	+ 11.21	+ 15.44	+ 12.05	6/22/2018	Annual Adjustment
ENF	+ 13.43	+ 16.21	+ 13.95	6/22/2018	Annual Adjustment
ETO	+ 10.15	+ 10.04	+ 10.13	7/4/2018	Annual Adjustment
ESS	+ 15.06	+ 16.74	+ 15.55	7/12/2018	Annual Adjustment

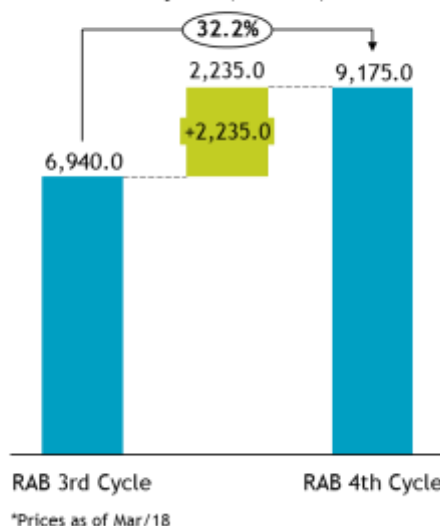
3.2.5 Regulatory remuneration base

The performance of the net remuneration bases (BRL) of Energisa Group's distribution companies and the dates of the Rate Reviews (RT) are as follows:

Distribution company	Net Remuneration Base (BRL) (In R\$ million)		Rate review date		
	Cycle 3	Cycle 4	Cycle 3	Cycle 4	Cycle 5
ESS	320.3	491.5	May/12	May/16	Jul/21
EMG	218.3	308.0	Jun/12	Jun/16	Jun/21
ENF	69.2	95.0	Jun/12	Jun/16	Jun/21
ETO	257.1	596.2	Jul/12	Jul/16	Jul/20
EBO	67.0	117.7	Feb/13	Feb/17	Feb/21
EPB	827.3	1,318.4	Aug/13	Aug/17	Aug/21
ESE	497.6	797.3	Apr/13	Apr/18	Apr/23
EMT	1,693.5	3,459.8	Apr/13	Apr/18	Apr/23
EMS	1,152.6	1,864.5	Apr/13	Apr/18	Apr/23
Total⁽¹⁾	5,102.9	9,048.4			
Total⁽²⁾	6,940.2	9,175.0			
WACC (before tax)	11.36%	12.26%			

Following the reviews of EMT, EMS and ESE, all of Energisa's nine distribution companies underwent the 4th Cycle of the Periodical Rate Reviews ("4CRTP"). If we consolidate all the distribution companies, Energisa Group's compensation base grew by 32.2% between Cycles 3 and 4.

RAB change between the 3rd and 4th Cycle (R\$ MM)



3.2.6 Parcel B

The rate review and adjustment processes taking place in 2017 and 2018 resulted in an increase in Parcel B of 16.9% over the previous date (D-1) in the rate review applied, reaching R\$ 4,455.1 million. The growth in the Parcel B at the companies entering 4CRTP was primarily influenced by the intensification and rate recognition of the investments made.

Distribution company	Parcel B				
	DRA ⁽¹⁾	DRP ⁽²⁾	Change (R\$ million)	Change %	Review Process
EMG	219.7	223.1	3.4	+ 1.6	Annual Adjustment
ENF	45.9	47.2	1.3	+ 2.9	Annual Adjustment
ESE	371.9	394.4	22.5	+ 6.1	4CRTP
EBO	75.9	74.8	- 1.1	- 1.4	Annual Adjustment
EPB	566.8	633.5	66.7	+ 11.7	4CRTP
EMT	1,012.3	1,374.5	362.2	+ 35.8	4CRTP
EMS	667.6	826.8	159.2	+ 23.8	4CRTP
ETO	470.2	497.3	27.1	+ 5.8	Annual Adjustment
ESS	379.8	383.5	3.7	+ 1.0	Annual Adjustment
Total	3,810.1	4,455.1	645.0	+ 16.9	-

(1) DRA - Previous Reference Date: defined as the date the last rate process ratified by Aneel is effective from, be it an adjustment or rate review, which includes the costs incurred and revenue earned in the twelve months relating to the rate process.

(2) DRP - Processing Reference Date: the DRP is defined as the date the rate process under analysis to be ratified by Aneel is effective from, be it an adjustment or rate review, which includes the costs and revenue projected for the twelve months relating to the rate process.

3.2.7 Rate subsidy, low income and CCC sub-rogation credits

Aneel also authorized the pass-through of R\$ 267.6 million in 2Q18 (R\$ 521.9 million in 6M18) compared with R\$ 224.7 million in 2Q17 (R\$ 449.1 million in 6M17), consisting of rate subsidies awarded to low-income consumers, rural irrigation consumers and public services, by way of the Energy Development Account (CDE), in accordance with Decree 7891 in 2013. These funds, in turn, were recorded as operating revenue. The amounts per distribution company are the following:

Funds - Decree 7891 and Low Income (R\$ million)	2 nd Quarter			1 st Half		
	2Q18	2Q17	Change %	6M18	6M17	Change %
EMG	18.2	18.1	+ 0.6	37.2	35.8	+ 3.9
ENF	1.2	1.3	- 7.7	2.2	2.1	+ 4.8
ESE	22.9	21.4	+ 7.0	46.2	40.7	+ 13.5
EBO	4.1	4.1	-	8.5	8.0	+ 6.3
EPB	38.6	31.7	+ 21.8	81.4	64.3	+ 26.6
EMT	81.3	66.0	+ 23.2	152.2	126.4	+ 20.4
EMS	49.2	38.2	+ 28.8	92.0	86.0	+ 7.0
ETO	24.0	20.4	+ 17.6	46.7	40.3	+ 15.9
ESS	28.1	23.5	+ 19.6	55.5	45.5	+ 22.0
Total	267.6	224.7	+ 19.1	521.9	449.1	+ 16.2

In addition to this balance, Energisa Group holds CCC subrogation credits (Fossil Fuel Consumption Account) of R\$ 27.6 million, due to the implementation of electricity ventures that led to a decrease in the CCC expense.

3.3 Operating costs and expenses

Consolidated operating expenses and costs excluding construction costs amounted to R\$ 3,090.0 million in 2Q18, an increase of 24.7% (R\$ 612.7 million) over the same period of 2017. In 6M18 they amounted to R\$ 6,020.7 million, i.e. 22.6% more than in 6M17.

Consolidated operating costs and expenses break down as follows:

Breakdown of operating expenses and costs Amounts in R\$ million	2 nd Quarter			1 st Half		
	2Q18	2Q17	Change %	6M18	6M17	Change %
1 Uncontrollable costs and expenses	2,342.9	1,727.1	+ 35.7	4,547.4	3,494.3	+ 30.1
1.1 Energy purchased	2,064.1	1,619.2	+ 27.5	4,011.2	3,249.1	+ 23.5
1.2 Transmission of electricity	278.8	107.9	+ 158.4	536.2	245.2	+ 118.7
2 - Controllable costs and expenses	511.5	538.1	- 4.9	998.7	1,028.9	- 2.9
2.1 PMSO	511.3	477.8	+ 7.0	977.9	925.6	+ 5.7
2.2 Provisions/Reversals	0.2	60.3	- 99.7	20.8	103.3	- 79.9
2.2.1 Contingencies	(24.4)	23.9	-	(34.7)	39.2	-
2.2.2 Doubtful accounts	24.6	36.4	- 32.4	55.5	64.1	- 13.4
3 Other revenue/expenses	235.6	212.1	+ 11.1	474.6	386.2	+ 22.9
3.1 Depreciation and amortization	200.2	184.8	+ 8.3	416.8	373.9	+ 11.5
3.2 Other revenue/expenses	35.4	27.3	+ 29.7	57.8	12.3	+ 369.9
Total Operating Costs and Expenses (1+2+3, without construction costs)	3,090.0	2,477.3	+ 24.7	6,020.7	4,909.4	+ 22.6
Construction cost	404.5	385.0	+ 5.1	640.1	673.0	- 4.9
Total Operating Costs and Expenses (1+2+3, without construction costs)	3,494.5	2,862.3	+ 22.1	6,660.8	5,582.4	+ 19.3

Note: Operating costs and expenses by distribution company can be seen in Appendix I.

3.3.1 Uncontrollable operating costs and expenses

Uncontrollable costs and expenses (Parcel A) rose by 35.7% in 2Q18 on 2Q17, to R\$ 2,342.9 million. In 6M18 they amounted to R\$ 4,547.4 million, an increase of 30.1% more than in 6M17.

✓ Costs of Energy Purchased for Resale

Costs of energy purchased for resale in 2Q18 rose by 27.5% or R\$ 444.9 million, compared with 2Q17, amounting to R\$ 2,064.1 million. In 6M18 they amounted to R\$ 4,011.2 million, an increase of 23.5% more than in 6M17.

✓ Charges for Using the Transmission System

In 2Q18, the charges for using the transmission system amounted to R\$ 278.8 million, an increase of 158.4%, or R\$ 170.9 million. In 6M18 these charges amounted to R\$ 536.2 million, an increase of 118.7% more than in 6M17.

3.3.2 Controllable operating costs and expenses

Controllable costs and expenses in 2Q18 amounted to R\$ 511.5 million, a decrease of 4.9% (R\$ 26.6 million) over 2Q17. In 6M18 these operating costs and expenses amounted to R\$ 998.7 million, a decrease of 2.9% on 6M17.

✓ PMSO (Personnel, Materials, Services and Other)

PMSO expenses amounted to R\$ 511.3 million in 2Q18, compared with R\$ 477.8 million in 2Q17, an increase of 7.0% (R\$ 33.5 million). These expenses amounted to R\$ 977.9 million in 6M18, an increase of 5.7% (R\$ 52.3 million).

Consolidated PMSO Amounts in R\$ million	2 nd Quarter			1 st Half		
	2Q18	2Q17	Change %	6M18	6M17	Change %
Personnel	267.5	221.5	+ 20.8	492.2	436.3	+ 12.8
✓ Compensatory costs	7.1	6.6	+ 7.6	12.4	14.6	- 15.1
Pension fund	14.9	18.7	- 20.3	33.4	38.2	- 12.6
Material	38.6	34.4	+ 12.2	75.0	65.8	+ 14.0
Outsourced services	149.5	155.8	- 4.0	296.3	295.1	+ 0.4
Other	40.8	47.4	- 13.9	81.0	90.2	- 10.2
✓ Fines and compensation	2.3	9.4	- 75.5	8.8	28.9	- 69.6
✓ Contingencies (settlement of civil claims)	18.6	15.8	+ 17.7	27.4	28.8	- 4.9
✓ Other	19.9	22.2	- 10.4	44.8	32.5	+ 37.8
Total consolidated PMSO	511.3	477.8	+ 7.0	977.9	925.6	+ 5.7
IPCA / IBGE (last 12 months ended June 2018)				4.39%		
IGPM / FGV (last 12 months ended June 2018)				6.94%		

The main changes in PMSO expenses are detailed below:

✓ **Personnel and Pension Fund/Post-employment Benefit Expenses**

In 2Q18, personnel, pension fund and retirement benefit expenses amounted to R\$ 282.4 million, 17.6% (R\$ 42.2 million) more than in 2Q17, deriving from the:

- (i) Increase of R\$ 46.0 million in personnel expenses, of which:
 - + R\$ 19.6 million was due to pay rises, upsizing EMT teams (+ R\$ 5.7 million) and insourcing staff at ETO (+ R\$ 5.3 million).
 - + R\$ 14.6 million in labor claim payments, especially at EMS (payment of R\$ 18.9 million in 2Q18, where R\$ 19.7 million had been provisioned for in previous periods and charged to the reversal of the distribution company's contingencies).
- (ii) Of the R\$ 3.8 million decrease in pension fund/post-employment benefits, as an adjustment was made in 2Q17 to the actuarial report for the 2016 accrual period.

In 6M18, personnel, pension fund and retirement benefit expenses amounted to R\$ 525.6 million, 10.8% (R\$ 51.1 million) more than in 6M17. This increase is concentrated in 2Q18, due to the aforesaid reasons.

✓ **Expenses on Materials and Outsourced Services**

Expenses on materials and outsourced services amounted to R\$ 188.1 million in 2Q18, a decrease of 1.1% (R\$ 2.1 million) over 1Q17, due to:

- (i) Decrease of R\$ 6.3 million on **outsourcing** expenses, especially at ESOL and due to lower expenditure on maintenance by ESS. This decrease was partially offset by greater engagement of consultancy services at ESA (parent company) and more corrective maintenance services at ETO.
- (ii) Increase of R\$ 4.2 million in **materials** expenses due to the increase of:
 - + R\$ 1.0 million in ESS, due to higher expenses on safety materials and restatement of fuel and lubricant prices;
 - + R\$ 0.9 million at EMS as a result of moving forward the maintenance plan for the rainy season;
 - + R\$ 0.9 million at EPB due to the renewal of safety materials.

Expenses on materials and outsourced services amounted to R\$ 371.3 million in 6M18, an increase of 2.9% (R\$ 10.4 million) over 6M17, due to:

- (i) Increase of R\$ 1.2 million in **outsourcing expenses** due to the increase in 1Q18, especially at EMT.
- (ii) Increase of R\$ 9.2 million in **material** expenses, due to the aforesaid effects of 2Q18 coupled with the increase of R\$ 1.6 million at EMT and increase of R\$ 1.5 million at ESOL, in 1Q18.

✓ **Other Expenses**

Operating expenses amounted to R\$ 40.8 million in 2Q18, a decrease of 13.9% (or R\$ 6.6 million) over 2Q17, due to:

- (i) The decrease of R\$ 7.1 million in fines and compensation, given the change in the accounting practice for classifying fines (DIC, FIC and DMIC) by the concession authority, which from 2018 began to be recorded as a deduction from revenue and which in 2017 were classified as operating expenses.
- (ii) The increase of R\$ 2.8 million in contingencies, primarily due to higher civil compensation payments by EMT.

In 6M18, other expenses amounted to R\$ 81.0 million, a decrease of 10.2% (R\$ 9.2 million) on 6M17, where this effect is concentrated in 2Q18 for the aforesaid reasons.

See below PMSO expenses by distribution company:

PMSO expenses of distribution companies Amounts in R\$ million	2 nd Quarter			1 st Half		
	2Q18	2Q17	Change %	6M18	6M17	Change %
EMG	28.5	27.7	+ 2.9	54.2	58.2	- 6.9
ENF	5.3	5.4	- 1.9	11.1	12.9	- 14.0
ESE	44.2	42.2	+ 4.7	87.9	83.2	+ 5.6
EBO	9.0	8.0	+ 12.5	16.5	16.3	+ 1.2
EPB	66.0	68.0	- 2.9	124.5	132.7	- 6.2
EMT	121.3	112.6	+ 7.7	254.0	223.2	+ 13.8
EMS	112.1	90.3	+ 24.1	210.4	177.2	+ 18.7
ETO	68.2	53.8	+ 26.8	122.5	109.1	+ 12.3
ESS	48.3	51.0	- 5.3	95.5	95.1	+ 0.4
Total	502.9	459.0	+ 9.6	976.6	907.9	+ 7.6

3.3.3 Operating expenses (provisions, reversals and other income and expenses)

The group other operating expenses amounted to R\$ 35.6 million in 2Q18, R\$ 52.0 million less than in 2Q17, primarily due to:

- (i) Reversal of **contingencies**, net of provisions, in the amount of R\$ 24.4 million, especially at EMS (-R\$ 10.9 million), EMT (-R\$ 5.7 million) and EPB (-R\$ 5.3 million).
- (ii) Decrease in the **allowance for doubtful accounts** of R\$ 11.8 million, especially at EMT due to the intensification of renegotiation and containment in the residential sector.
- (iii) Increase of R\$ 8.1 million in other **expenses/revenue**, due to asset retirement, especially at EMS and ESE.

In 6M18 the other operating expenses amounted to R\$ 78.6 million, R\$ 37.0 million less than in 6M17, mainly due to reversal of contingencies in the period.

Other expenses Amounts in R\$ million	2 nd Quarter			1 st Half		
	2Q18	2Q17	Change %	6M18	6M17	Change %
Provisions/Reversals	0.2	60.3	- 99.7	20.8	103.3	- 79.9
Contingency	(24.4)	23.9	-	(34.7)	39.2	-
Doubtful accounts	24.6	36.4	- 32.4	55.5	64.1	- 13.4
Other revenue/expenses	35.4	27.3	+ 29.7	57.8	12.3	+ 369.9
Total other expenses	35.6	87.6	- 59.4	78.6	115.6	- 32.0

3.4 EBITDA

In 2Q18, the Adjusted EBITDA amounted to R\$ 652.9 million, 38.6% more than in 2Q17.

If arrears charges are disregarded, the EBITDA amounts to R\$ 592.2 million in 2Q18, an increase of 45.6% influenced by the following nonrecurrent effects:

- (i) Compensatory costs of R\$ 7.1 million in 2Q18 and R\$ 6.6 million in 2Q17;
- (ii) Restatement of VNR, with R\$ 3.0 million recorded in 2Q17 and R\$ 106.1 million in 2Q18, the latter influenced by adjustments to Management's fair value estimates of the assets and compensation base ratified by ANEEL in April 2018 for EMT, EMS and ESE.

If the extraordinary effects mentioned above were excluded, the EBITDA in 2Q18 would be R\$ 493.2 million, 21.4% more than in 2Q17. This increase is primarily due to the improvement of R\$ 180.0 million in the distribution companies' Parcel B due to market growth and rate review/adjustments, especially EMS (+ R\$ 67.0 million), EMT (+ R\$ 56.3 million), ESS (+ R\$ 20.6 million) and ETO (+R\$ 15.5 million).

Of Energisa Group's distribution companies, only ESE saw a contraction in EBITDA in 2Q18, due to higher operating expenses (provisions and asset retirement), coupled with market stagnation, which grew by just 0.6% in the quarter.

In 6M18, the Adjusted EBITDA amounted to R\$ 1,436.2 million, 37.0% more than in 6M17.

If arrears charges are disregarded, the EBITDA amounts to R\$ 1,314.6 million in 6M18, an increase of 40.2% influenced by the following nonrecurrent effects:

- (i) Compensatory costs of R\$ 12.4 million in 6M18 and R\$ 14.6 million in 6M17;
- (ii) Recording of CVA at EMT (revenue of R\$ 55.4 million) and EMS (cost of R\$ 10.6 million), amounting to R\$ 44.8 million, due to the re-recording of CVA amounts determined during the rate review process of the distribution companies in 1Q18;
- (iii) Restatement of the VNR, with R\$ 21.5 million recorded in 6M17 and R\$ 238.8 million in 6M18.

If the nonrecurrent effects mentioned above were excluded, the EBITDA in 6M18 would be R\$ 1,043.4 million, 15.3% more than in 6M17.

	2Q18	2Q17	Change %	6M18	6M17	Change %
(=) EBITDA	592.2	406.8	+ 45.6	1,314.6	937.8	+ 40.2
(+) Compensatory costs	7.1	6.6	+ 7.6	12.4	14.6	- 15.1
(+) Over-purchased electricity (2016 and 2017)	-	(4.3)	-	-	(4.3)	-
(-) Re-recording of CVA (EMT and EMS)	-	-	-	44.8	-	-
(-) Compensatable financial assets of the concession (VNR)	106.1	3.0	+ 3,436.7	238.8	21.5	+ 1,010.7
(-) Sale of aircraft (EMT)	-	-	-	-	21.9	-
(=) EBITDA (without noncurrent effects)	493.2	406.2	+ 21.4	1,043.4	604.7	+ 15.3

The EBITDA and adjusted EBITDA by subsidiary are as follows:

EBITDA ^(*) amounts in R\$ million	EBITDA			Adjusted EBITDA		
	2Q18	2Q17	Change %	2Q18	2Q17	Change %
Electricity distribution	593.0	403.0	+ 47.1	653.7	458.1	+ 42.7
EMG	22.0	17.4	+ 26.4	25.0	19.9	+ 25.6
ENF	3.6	1.9	+ 89.5	4.1	2.5	+ 64.0
ESE	44.0	51.8	- 15.1	48.8	56.2	- 13.2
EBO	8.8	8.8	-	9.9	9.8	+ 1.0
EPB	89.6	74.5	+ 20.3	99.0	82.5	+ 20.0
EMT	186.8	123.7	+ 51.0	205.9	139.2	+ 47.9
EMS	122.8	38.1	+ 222.3	135.3	47.9	+ 182.5
ETO	62.9	58.6	+ 7.3	68.2	67.4	+ 1.2
ESS	52.5	28.2	+ 86.2	57.5	32.7	+ 75.8
Sales, energy services and other	5.1	12.8	- 60.2	5.1	12.8	- 60.2
ESA Parent company	4.0	7.7	- 48.1	4.0	7.7	- 48.1
Rede Parent Company	(6.5)	(0.6)	+ 983.3	(6.5)	(0.6)	+ 983.3
ECOM	0.4	2.3	- 82.6	0.4	2.3	- 82.6
ESO Consolidated	(2.9)	1.5	-	(2.9)	1.5	-
Multi Energisa	0.1	1.2	- 91.7	0.1	1.2	- 91.7
EGO I	0.8	-	-	0.8	-	-
EPA I	2.3	-	-	2.3	-	-
Other operating expenses	(0.1)	-	-	(0.1)	-	-
Business combination - Pro forma adjustments ⁽¹⁾	1.1	(8.3)	-	1.1	(8.3)	-
Energisa - Consolidated	592.2	406.8	+ 45.6	652.9	471.2	+ 38.6
EBITDA Margin (%)	15.2	13.2	+ 2.0 p.p	16.8	15.3	+ 1.5 p.p

Note: EBITDA is the sum of net income, taxes, finance income and depreciation/amortization, as per CVM Directive 527/12 (see the Appendix for the reconciliation).

(*) ESS' EBITDAs denote the sum of the EBITDAs of the five electricity distribution companies (Caiuá, CNEE, EDEVP, CFLO and EEB), and does not therefore constitute effective income from the new company incorporated on June 30, 2017.

EBITDA ^(*) amounts in R\$ million	EBITDA			Adjusted EBITDA		
	6M18	6M17	Change %	6M18	6M17	Change %
Electricity distribution	1,305.8	920.2	+ 41.9	1,427.5	1,030.7	+ 38.5
EMG	53.6	45.5	+ 17.8	59.2	51.3	+ 15.4
ENF	11.9	4.6	+ 158.7	13.1	5.7	+ 129.8
ESE	101.8	102.5	- 0.7	111.4	111.7	- 0.3
EBO	21.1	24.1	- 12.4	23.2	26.1	- 11.1
EPB	205.1	165.7	+ 23.8	224.1	181.6	+ 23.4
EMT	474.9	258.4	+ 83.8	513.9	290.0	+ 77.2
EMS	226.9	128.5	+ 76.6	250.4	150.0	+ 66.9
ETO	106.9	90.9	+ 17.6	118.3	105.1	+ 12.6
ESS	103.6	100.0	+ 3.6	113.9	109.2	+ 4.3
Sales, energy services and other	13.2	25.6	- 48.4	13.2	25.6	- 48.4
ESA Parent company	6.3	7.8	- 19.2	6.3	7.8	- 19.2
Rede Parent Company	(7.0)	(1.1)	+ 536.4	(7.0)	(1.1)	+ 536.4
ECOM	1.1	7.9	- 86.1	1.1	7.9	- 86.1
ESO Consolidated	(1.2)	3.8	-	(1.2)	3.8	-
Multi Energisa	2.9	5.0	- 42.0	2.9	5.0	- 42.0
EGO I	0.8	-	-	0.8	-	-
EPA I	2.3	-	-	2.3	-	-
Other operating expenses	0.4	2.2	- 81.8	0.3	2.2	- 86.4
Business combination - Pro forma adjustments ⁽²⁾	3.2	(8.0)	-	3.2	(8.0)	-
Energisa - Consolidated	1,314.6	937.8	+ 40.2	1,436.2	1,048.3	+ 37.0
EBITDA Margin (%)	17.4	15.3	+ 2.1 p.p	19.0	17.1	+ 1.9 p.p

² Equity interests acquired are valued at fair value of the assets and liabilities held by the entities subject to the transaction and differences from the amount paid are classified as: (i) intangible assets (goodwill) when the amount paid exceeds the fair value of the assets and liabilities; (ii) net income for the year (favorable acquisition) when the amount paid is lower than the fair value of the assets and liabilities. The goodwill referring to entities subject to an economic exploration arrangement and/or concession for a fixed term are amortized over the exploration term.

(*) EBITDA is the sum of net income, taxes, finance income and depreciation/amortization, as per CVM Directive 527/12. See reconciliation in Appendix A.6. | Adjusted EBITDA = EBITDA + Arrears surcharge revenue

3.5 Financial result

In 2Q18 the net financial result reflected net financial expenses of R\$ 210.5 million, compared with net financial expenses of R\$ 141.0 million in 2Q17, an increase of 49.3% (or R\$ 69.5 million). The financial result in 6M18 consisted of net financial expenses of R\$ 480.7 million, compared with R\$ 293.0 million in 6M17, an increase of 64.1% (R\$ 187.7 million).

Consolidated Finance Income Amounts in R\$ million	2 nd Quarter			1 st Half		
	2Q18	2Q17	Change %	6M18	6M17	Change %
Finance revenue	101.8	140.3	- 27.4	215.8	295.7	- 27.0
Revenue on short-term investments	30.5	61.0	- 50.0	68.2	137.3	- 50.3
Arrears surcharges on overdue bills	60.7	64.4	- 5.7	121.6	110.5	+ 10.0
Financial restatement of regulatory assets (CVA)	7.2	9.9	- 27.3	18.9	14.9	+ 26.8
Restatement of recoverable tax credits	3.1	5.4	- 42.6	1.9	12.1	- 84.3
Monetary restatement of judicial deposits	2.6	2.0	+ 30.0	4.4	5.2	- 15.4
Adjustment to present value	-	11.5	-	-	15.4	-
(-) Pis/Cofins on finance income	(7.1)	(8.6)	- 17.4	(16.1)	(19.7)	- 18.3
Other financial revenue	4.8	(5.3)	-	16.9	20.0	- 15.5
Finance costs	(312.3)	(281.3)	+ 11.0	(696.5)	(588.7)	+ 18.3
Debt charges - interest	(167.1)	(146.2)	+ 14.3	(327.8)	(302.6)	+ 8.3
Debt charges - monetary and exchange variance	(366.7)	(128.4)	+ 185.6	(427.8)	(120.2)	+ 255.9
Derivative financial instruments	326.5	53.1	+ 514.9	336.9	(50.8)	-
Adjustment to present value	(1.3)	-	-	3.5	-	-
Mark-to-market of derivatives	(51.3)	(10.6)	+ 384.0	(173.2)	2.2	-
Mark-to-market of debt	25.7	(6.6)	-	50.5	(7.6)	-
Financial restatement of regulatory liabilities	(6.9)	(7.2)	- 4.2	(36.2)	(30.7)	+ 17.9
Monetary restatement of R&D and energy efficiency	(2.9)	(5.1)	- 43.1	0.2	(10.9)	-
(-) Transfer of capitalized interest to orders in progress	(8.7)	1.2	-	(8.0)	2.4	-
Bank expenses	(3.1)	(3.0)	+ 3.3	(5.4)	(7.8)	- 30.8
Incorporation of Grids	(17.1)	11.0	-	(49.2)	1.0	-
Endorsement expense	(2.9)	(3.3)	- 12.1	(5.8)	(5.6)	+ 3.6
Other financial expenses	(36.5)	(36.2)	+ 0.8	(54.2)	(58.1)	- 6.7
Financial result	(210.5)	(141.0)	+ 49.3	(480.7)	(293.0)	+ 64.1

In 2Q18 financial revenue decreased by R\$ 38.5 million, primarily due to the decrease of R\$ 30.5 million in yields on short-term investments and the lower CDI rate between the periods, the main index underlying Energisa Group's equivalents. Finance income in 6M18 was R\$ 79.9 million lower than in 6M17.

Finance costs, in turn, rose by R\$ 31.0 million in 2Q18, influenced by the following factors:

- (i) Decrease in CDI/Selic between the periods, which affects both the debt in national currency and foreign currency, as the debts in USD are secured through 4131 loans, with complete currency hedge, exposing the Company to CDI only;
- (ii) Increase of R\$ 28.1 million in grid incorporation expenses, with R\$ 27.6 million at EMT, R\$ 0.3 million at ESE and R\$ 0.2 million at ETO.

Finance costs were R\$ 107.8 higher in 6M18 than in 6M17, due to the following factors:

- (i) Decrease in CDI/Selic between the periods;
- (ii) Increase of R\$ 175.4 million in mark-to-market of derivatives, of which R\$ 107.4 million consists of the recording of the subscription bonus convertibility option underlying the 7th issuance of Energisa S.A. (Series 1, 2 and 3) occurring in 1Q18, there being no cash effect for the company;
- (iii) Increase of R\$ 50.2 million in grid incorporation expenses, with R\$ 49.1 million at EMT and R\$ 1.1 million at EMS.

3.6 Net Income

Consolidated net income was R\$ 103.4 million in 2Q18, against R\$ 75.0 million in 2Q17, an increase of 37.9%. In addition to the effects on EBITDA, the consolidated net income was influenced by the following nonrecurrent effects:

- (i) Recognition of additional VNR in relation to the estimates made by Company Management to demonstrate the fair value of the assets, given the ratification of EMS' regulatory compensation base in April 2018;

Consolidated net income was R\$ 245.7 million in 6M18, against R\$ 205.9 million in 6M17, an increase of 19.3%. In addition to the effects on EBITDA, the consolidated net income was influenced by the following nonrecurrent effects:

- (i) Recording of the subscription bonuses underlying the 7th issuance of Energisa S.A. in financial income for 1Q18
- (ii) Recording of CVA at EMT and EMS due to the re-recording of CVA amounts determined during the rate review process of the distribution companies (1Q18);
- (iii) Recognition of additional VNR

If the extraordinary effects mentioned above were excluded, the net income in 2Q18 would be R\$ 100.8 million, 31.4% more than in 2Q17. If the extraordinary effects were excluded, in 6M18 the net income would be R\$ 229.7 million, 17.6% more than in 6M17.

See below nonrecurrent effects net of tax:

Description (R\$ thousand)	2Q18	2Q17	Change %	6M18	6M17	Change %
(=) Consolidated Net Income	103.4	75.0	+ 37.9	245.7	205.9	+ 19.3
(+) Compensatory costs	5.1	5.0	+ 1.9	9.1	11.0	- 17.3
(+) Over-purchased electricity (2016 and 2017)	-	-3.3	-	-	-3.3	-
(+) Mark-to-market of 7 th issuance debentures	-	-	-	107.4	-	-
(-) Re-recording of CVA (EMT and EMS)	-	-	-	40.0	-	-
(-) Reversal of the provision for compensable financial assets (EMT, EMS and ESE)	7.7	-	-	92.5	-	-
(-) Sale of aircraft (EMT)	-	-	-	-	18.3	-
(=) Consolidated Net Income (without nonrecurrent effects)	100.8	76.7	+ 31.4	229.7	195.3	+ 17.6

See below the consolidated net income of Energisa and its subsidiaries by segment:

Net Income Amounts in R\$ million	2 nd Quarter			1st half		
	2Q18	2Q17	Change %	6M18	6M17	Change %
Electricity distribution	211.3	145.3	+ 45.4	548.6	359.9	+ 52.4
Energisa Minas Gerais	3.2	0.9	+ 255.6	15.2	13.4	+ 13.4
Energisa Nova Friburgo	0.3	(1.1)	-	3.5	(1.1)	-
Energisa Sergipe	9.0	21.3	- 57.7	37.0	40.1	- 7.7
Energisa Borborema	5.0	6.3	- 20.6	13.0	16.8	- 22.6
Energisa Paraíba	53.9	40.6	+ 32.8	131.3	94.2	+ 39.4
Energisa Mato Grosso	54.7	49.3	+ 11.0	179.8	87.3	+ 106.0
Energisa Mato Grosso do Sul	51.8	(1.0)	-	90.0	32.5	+ 176.9
Energisa Tocantins	11.4	24.6	- 53.7	29.9	30.8	- 2.9
Energisa Sul Sudeste	22.0	4.4	+ 400.0	48.9	45.9	+ 6.5
Sales, services, transmission and other	(4.4)	0.5	-	(5.6)	5.6	-
ECOM	(0.5)	1.4	-	(0.5)	4.7	-
ESOL Consolidated	(4.3)	(0.7)	+ 514.3	(5.6)	(1.3)	+ 330.8
Multi Energisa	(0.2)	0.2	-	1.4	2.0	- 30.0
EGO I	0.4	-	-	0.4	-	-
EPA I	1.5	-	-	1.5	-	-
Other (*)	(1.3)	(0.4)	+ 225.0	(2.8)	0.2	-
Holding companies (without equity income)	(60.9)	(30.2)	+ 101.7	(213.5)	(75.2)	+ 183.9
ESA Parent company	(39.5)	(2.4)	+ 1.545.8	(172.7)	(16.5)	+ 946.7
Rede Energia parent company	(11.9)	(17.1)	- 30.4	(21.6)	(31.3)	- 31.0
Denerge	(9.3)	(12.2)	- 23.8	(19.1)	(27.1)	- 29.5
Other holding companies	(0.2)	1.5	-	(0.1)	(0.3)	- 66.7
Business combination - Pro forma adjustments	(42.6)	(40.6)	+ 4.9	(83.8)	(84.4)	- 0.7
Energisa - Consolidated	103.4	75.0	+ 37.9	245.7	205.9	+ 19.3

(*) Results of Energisa Serviços Aéreos de Aeroinspeção S/A and Energisa Planejamento e Corretagem de Seguros Ltda.

4 Capital structure

4.1 Financial operations in 6M18

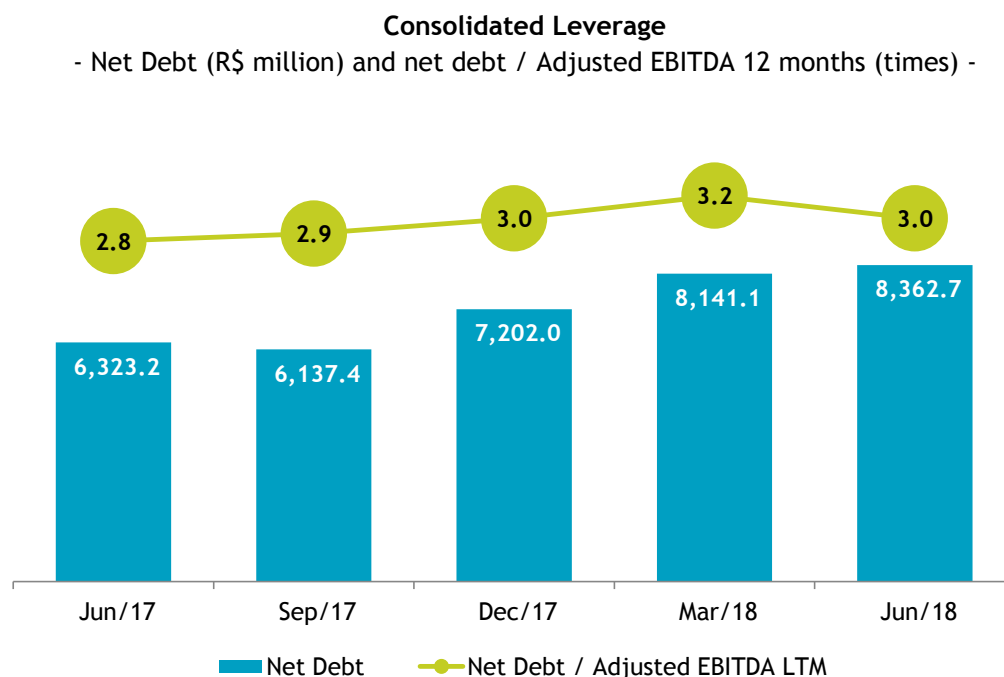
Energisa Group took out financing of R\$ 3,499.5 million in the first half of 2018, at an average cost of 114.1% of the CDI rate and an average term of 2.4 years.

Company	Issue type	Total amount (R\$ million)	Average Cost (p.a.)	Average Term (years)
ESA, EMT, ESE, EPB, ETO, ESS and ENF	Law 4131	1,699.5	116.3% CDI	2.5
ETO	Promissory Notes ICVM 476	300.0	110.0% CDI	1.5
ESA, EPB, EMS and EMT	ICVM 476 Debentures	1,500.0	112.4% CDI	2.5
Total		3,499.5	114.1% CDI	2.4

4.2 Cash and debt

The consolidated position of cash, cash equivalents and short-term investments amounted to R\$ 3,774.8 million at the end of June 2018, against R\$ 2,692.1 million in March 2018. We emphasize that these balances include credits relating to the Energy Development Account (CDE), Consumption Account of R\$ 611.3 million as of June 30, 2018 and R\$ 471.8 million in March 2018.

The net debt as of June 30, 2018 less sector credits amounted to R\$ 8,362.7 million, compared with R\$ 8,141.1 million in March 2018. As a result, the ratio between consolidated net debt and adjusted EBITDA fell from 3.2 in March 2018 to 3.0 in June 2018.



See below the short- and long-term debt net of financial resources (cash, cash equivalents, short-term investments and sector credits):

Description Amounts in R\$ million	Parent company			Consolidated		
	6/30/2018	3/31/2018	12/31/2017	6/30/2018	3/31/2018	12/31/2017
Current	674.7	342.9	333.9	2,664.1	2,552.0	2,207.8
Loans and financing	152.2	82.5	82.9	1,173.8	1,417.7	1,609.5
Debentures	515.3	246.4	241.9	549.8	261.8	326.1
Debt charges	2.3	1.3	0.6	108.0	94.0	64.0
Tax financing and employee benefits	1.2	1.2	1.2	65.0	57.0	56.7
Regulatory fees	-	-	-	58.6	58.6	58.6
Financing of debits for energy purchased from Itaipu	-	-	-	117.0	117.0	117.0
Derivative financial instruments, net	3.7	11.5	7.3	591.9	545.9	(24.1)
✓ Law 4131 (Swap and MTM)	3.7	11.5	7.3	12.1	(22.2)	(24.1)
✓ Put option (EEVP put)	-	-	-	579.8	568.1	-
✓ MTM 7 th debentures issuance	-	-	-	-	-	-
Noncurrent	3,572.8	2,807.1	2,680.6	9,473.4	8,281.2	8,165.8
Loans, financing and leasing	304.5	-	-	4,852.4	3,876.6	3,924.4
Debentures	3,025.6	2,544.8	2,525.6	4,167.1	3,687.6	3,030.5
Tax financing and post-employment benefits	3.7	3.4	3.1	487.3	485.1	476.2
Regulatory fees	-	-	-	9.6	23.9	38.3
Financing of debits for energy purchased from Itaipu	-	-	-	19.5	58.5	78.0
Derivative financial instruments, net	239.0	258.9	151.9	(62.5)	149.5	618.4
✓ Law 4131 (Swap and MTM)	(18.4)	1.5	1.9	(319.9)	(107.9)	(88.1)
✓ Put option (EEVP put)	-	-	-	-	-	556.5
✓ MTM 7 th debentures issuance	257.4	257.4	150.0	257.4	257.4	150.0
Total debts	4,247.5	3,150.0	3,014.5	12,137.5	10,833.2	10,373.6
(-) Cash and cash equivalents	2,784.4	1,495.9	2,045.3	3,163.5	2,220.3	2,818.3
Total net debts	1,463.1	1,654.1	969.2	8,974.0	8,612.9	7,555.3
(-) CDE Credits	-	-	-	185.4	193.6	237.9
(-) CCC Credits	-	-	-	27.6	28.9	30.4
(-) CVA Credits	-	-	-	398.3	249.3	85.0
Total net debts less sector credits	1,463.1	1,654.1	969.2	8,362.7	8,141.1	7,202.0
Relative indicator						
Net debt / Adjusted EBITDA 12 months ⁽¹⁾	-	-	-	3.0	3.2	3.0

(1) Adjusted EBITDA = EBITDA + Arrears surcharge revenue (last 12 months).

Scores: MTM = Mark-to-market | Each distribution company's debt can be seen in Appendix I.

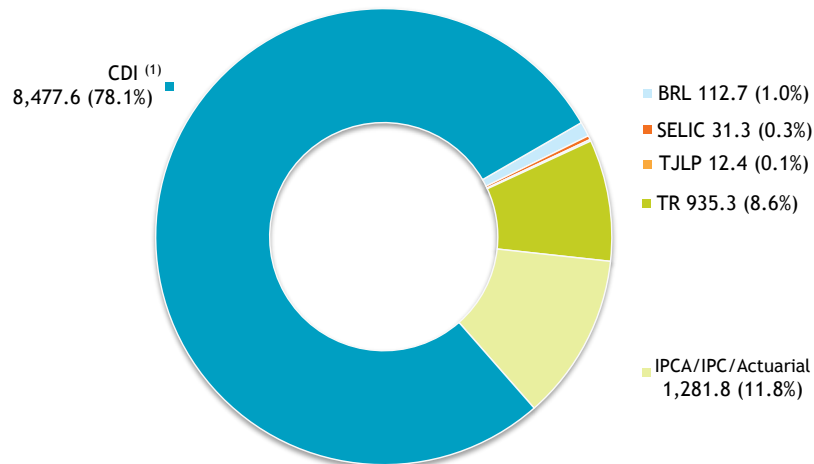
Loans, financing, debentures and debt charges increased by R\$ 1,513.4 million, reflecting issuances made over the first half for working capital and investments of Energisa Group.

In December 2017 and March 2018, the net derivative financial instruments were impacted by the mark-to-market of the conversion option for the 7th issuance debentures of Energisa S/A of R\$ 257.4 million. There was no additional effect from mark-to-market in 2Q18.

4.3 Cost and average debt tenor

At the end of June 2018, the average debt tenor was 5.2 years, compared with 6.7 in December 2017. In turn, the average cost of the net debt dropped by 0.42 percentage points in the half, closing the period at 8.90% (139.28% of the CDI rate), compared with 9.32% (135.20% of the CDI rate) in December 2017.

Bank Debt and Issuances Consolidated by Index (R\$ million)



Nb: The foreign currency debt is subject to swaps for the CDI rate and other currency hedge instruments. This balance was a net liability of R\$ 529.4 million in June 2018.

(1) Dollar debt converted to CDI, without a hedge cap.

4.4 Ratings

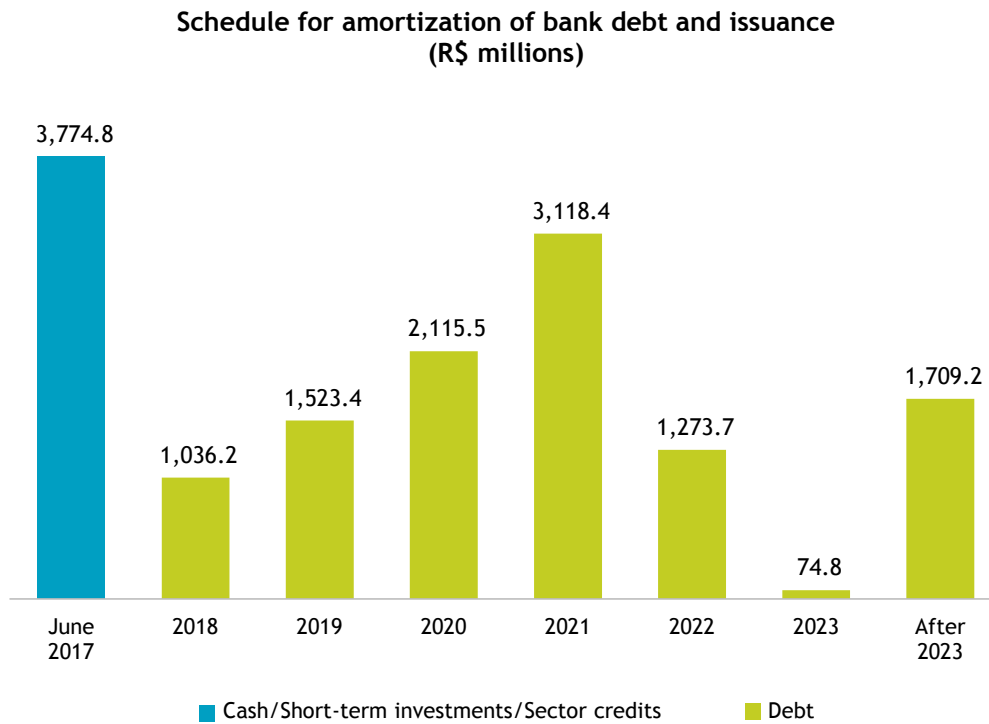
On July 11 S&P Global Ratings revised the rating of Energisa S/A and its subsidiaries Energisa Sergipe and Energisa Paraíba, according to the new credit methodology on the national and regional scales. As a result of this revision, the ratings of Energisa and said subsidiaries have been upgraded from brAA- (stable) to brAAA (stable), which reflect the Company's greater overall capacity to honor its financial obligations.

See below the current ratings issued by the agencies Standard & Poor's, Moody's and Fitch Ratings:

Agency	Domestic Rating/Outlook	Global Rating/Outlook	Latest Report
Standard & Poor's	brAAA (stable)	BB- (stable)	Jul/2018
Moody's	Aa2.br (stable)	Ba2 (stable)	Apr/2018
Fitch Ratings	AA+ (bra) (stable)	BB (stable)	Apr/2018

4.5 Debt repayment schedule

The repayment schedule for consolidated loans, financing, debt charges and debentures vis-à-vis cash as of June 30, 2018 is shown in the graph below:



5 Investment

In 2Q18 the total investment in Energisa Group's concession areas amounted to R\$ 473.6 million, a decrease of 26.7% on the R\$ 645.7 million invested in the same period last year. The investments in electricity assets (excluding the funds from Special Obligations) amounted to R\$ 404.0 million, 85.3% of the total.

Substantial investment was made in the electric assets of the concession operators EMT (R\$ 155.6 million) and ETO (R\$ 74.1 million). Special Obligations investments amounted to R\$ 21.7 million (4.6% of the total), of which R\$ 11.3 million was made by EMS and EMG.

In YTD 6M18, the investments amounted to R\$ 825.2 million, a decrease of 23.5% over the amount invested in 6M17.

The investments made by subsidiary in 2Q18 and 6M18 were as follows:

Investment Quarter Amounts in R\$ million	Electricity Assets			Special Obligations			Non-electric assets			Total Investment		
	2Q18	2Q17	Change %	2Q18	2Q17	Change %	2Q18	2Q17	Change %	2Q18	2Q17	Change %
EMG	8.7	9.5	- 8.4	5.0	5.4	- 7.4	5.4	8.5	- 36.5	19.1	23.4	- 18.4
ENF	1.6	1.4	+ 14.3	0.1	0.4	- 75.0	0.4	0.1	+ 300.0	2.1	1.9	+ 10.5
ESE	13.7	25.7	- 46.7	2.4	3.2	- 25.0	2.6	1.7	+ 52.9	18.7	30.6	- 38.9
EBO	2.4	2.5	- 3.6	0.2	0.4	- 52.5	0.9	0.2	+ 350.0	3.5	3.1	+ 12.9
EPB	32.5	29.7	+ 9.4	(0.2)	4.0	-	6.7	1.9	+ 252.6	39.0	35.6	+ 9.6
EMT	155.6	163.5	- 4.8	3.1	90.3	- 96.6	9.0	2.7	+ 233.3	167.7	256.5	- 34.6
EMS	45.5	62.5	- 27.2	6.3	128.1	- 95.1	5.1	2.0	+ 155.0	56.9	192.6	- 70.5
ETO	74.1	41.2	+ 79.9	2.5	8.1	- 69.1	5.1	1.5	+ 240.0	81.7	50.8	+ 60.8
ESS	29.8	12.3	+ 142.3	2.3	15.9	- 85.5	3.5	8.1	- 56.8	35.6	36.3	- 1.9
Total distribution companies	363.9	348.3	+ 4.5	21.7	255.8	- 91.5	38.7	26.7	+ 44.9	424.3	630.8	- 32.7
EPA I	22.3	-	-	-	-	-	-	-	-	22.3	-	-
EGO I	17.8	-	-	-	-	-	-	-	-	17.8	-	-
Energisa Soluções e Construções	-	-	-	-	-	-	4.4	8.8	- 50.0	4.4	8.8	- 50.0
Other	-	-	-	-	-	-	4.8	6.1	- 21.3	4.8	6.1	- 21.3
Total	404.0	348.3	+ 16.0	21.7	255.8	- 91.5	47.9	41.6	+ 15.1	473.6	645.7	- 26.7

Investment 6 months Amounts in R\$ million	Electricity Assets			Special Obligations			Non-electric assets			Total Investment		
	6M18	6M17	Change %	6M18	6M17	Change %	6M18	6M17	Change %	6M18	6M17	Change %
EMG	17.8	19.5	- 8.7	6.2	7.0	- 11.4	9.6	18.6	- 48.4	33.6	45.1	- 25.5
ENF	3.2	2.5	+ 28.0	0.3	0.7	- 57.1	0.5	0.4	+ 25.0	4.0	3.6	+ 11.1
ESE	25.0	45.4	- 44.9	9.2	5.9	+ 55.9	3.3	2.2	+ 50.0	37.5	53.5	- 29.9
EBO	5.2	5.6	- 7.1	1.0	0.5	+ 100.0	1.0	0.3	+ 233.3	7.2	6.4	+ 12.5
EPB	58.6	57.2	+ 2.4	3.2	8.5	- 62.4	8.1	2.9	+ 179.3	69.9	68.6	+ 1.9
EMT	204.6	260.2	- 21.4	73.9	106.9	- 30.9	11.2	6.7	+ 67.2	289.7	373.8	- 22.5
EMS	90.6	120.6	- 24.9	17.7	216.3	- 91.8	5.8	4.9	+ 18.4	114.1	341.8	- 66.6
ETO	140.7	70.6	+ 99.3	4.0	11.2	- 64.3	9.6	3.9	+ 146.2	154.3	85.7	+ 80.0
ESS	46.9	29.8	+ 57.4	4.9	20.0	- 75.5	4.4	9.8	- 55.1	56.2	59.6	- 5.7
Total distribution companies	592.6	611.4	- 3.1	120.4	377.0	- 68.1	53.5	49.7	+ 7.6	766.5	1,038.1	- 26.2
EPA I	25.3	-	-	0.0	-	-	0.0	-	-	25.3	-	-
EGO I	21.4	-	-	0.0	-	-	0.0	-	-	21.4	-	-
Energisa Soluções e Construções	-	-	-	-	-	-	5.3	16.3	- 67.5	5.3	16.3	- 67.5
Other	-	-	-	-	-	-	6.7	24.0	- 72.1	6.7	24.0	- 72.1
Total	639.3	611.4	+ 4.6	120.4	377.0	- 68.1	65.5	90.0	- 27.2	825.2	1,078.4	- 23.5

Nb: The "Special Obligations" are funds the Government, states, municipalities and consumers contribute to the concession and do not comprise the distribution company's Regulatory Remuneration Base.

6 Cash Flow

In 2Q18 Energisa's operational cash generation was R\$ 135.7 million less than in 2Q17. Investment activities in 2Q18 increased by R\$ 969.7 million over 2Q17, and financing activities increased by R\$ 1,273.8 million.

Consolidated Cash Flow Amounts in R\$ million	Quarter		Half	
	2Q18	2Q17	6M18	6M17
Opening Balance of Cash and Cash Equivalents	945.4	666.6	921.5	797.2
(a) Net Cash from Operating Activities (a=i+ii)	295.5	431.2	537.9	995.1
(i) Cash Provided by Operating Activities	530.7	513.0	1,211.3	1,094.6
Net Income before Income Tax	181.5	81.1	417.1	270.9
Expenses on interest and monetary and exchange variance	520.5	198.3	751.9	299.4
Provisions/ reversals	0.3	60.4	20.8	103.3
Sale of aircraft	-	-	-	(18.6)
Residual value of retired fixed assets	35.4	27.3	57.8	30.8
Depreciation and amortization	200.2	184.8	416.8	373.9
Adjustment to fair value of compensatable financial asset of the concession	(106.1)	(3.0)	(238.8)	(21.5)
Mark-to-market and derivative instruments	(300.9)	(35.9)	(214.2)	56.3
(ii) Changes in Assets and Liabilities	(235.2)	(81.7)	(673.5)	(99.6)
Working capital	23.3	22.3	(109.7)	(124.6)
Taxes	32.0	(36.4)	(14.5)	(30.7)
Recoverable taxes	(117.4)	(70.2)	(132.8)	(52.9)
Regulatory assets / liabilities	(117.9)	69.0	(349.5)	221.2
Escrow and secured deposits	(11.0)	(8.7)	(16.0)	(43.3)
Other	(44.2)	(57.8)	(51.0)	(69.3)
(b) Net cash produced by investment activities	(1,033.7)	(64.0)	(594.0)	(355.5)
Allocations to PPE / intangible assets	(373.1)	(314.3)	(607.3)	(600.5)
Acquisition of property, plant and equipment	(6.1)	(14.9)	(8.3)	(42.6)
Sale of PP&E / intangible assets / generating assets	73.6	23.1	97.5	44.2
Applications to electricity transmission lines	(43.6)	-	(50.9)	-
Short-term investments	(684.5)	242.1	(24.9)	243.4
Other	(0.1)	-	(0.1)	-
(c) Net cash produced by financing activities	966.5	(307.3)	308.3	(710.3)
Financing obtained	2,125.2	786.3	3,489.7	880.5
Payment of loans, financing and debentures payments - principal	(1,022.4)	(866.5)	(2,074.6)	(989.5)
Payment of loans, financing and debentures payments - interest	(93.6)	(110.9)	(217.4)	(272.5)
Derivative settlement	83.8	10.0	61.9	(28.6)
Dividends	(12.7)	(16.1)	(185.5)	(115.1)
Financing of taxes, payables and sector charges	(57.4)	(76.7)	(97.8)	(133.0)
Payment of grid acquisition	(20.6)	(33.4)	(100.5)	(52.1)
Acquisition of minority interest	(35.8)	-	(567.4)	-
(d) Increase (Decrease) of Cash (d=a+b+c)	228.3	59.9	252.2	(70.7)
Closing Balance of Cash and Cash Equivalents	1,173.7	726.5	1,173.7	726.5
(+) Balance of short-term investments and sector credits	2,601.2	1,775.1	2,601.2	1,775.1
Closing balance of cash, short-term investments and sector credits	3,774.8	2,501.6	3,774.8	2,501.6

In June 2018 short-term investments amounted to R\$ 1,989.9 million and sector credits were a positive R\$ 611.3 million, resulting in a consolidated cash position of R\$ 3,774.8 million.

7 Capital market

7.1 Stock Performance

Traded on B3, the Energisa shares with the greatest liquidity ENGI11 - Units (consisting of 1 common share and 4 preferred shares) yielded 9.0% in the first half of 2018, and closed the period quoted at R\$ 29.25 per Unit. Over the same period, the main stock exchange indexes, Ibovespa and IEE, shed 4.8% and 2.9% respectively. See below the market indicators of Energisa's shares at the end of the half:

	June/18	June/17	Change %
Market indexes			
Enterprise value (EV - R\$ million) ⁽¹⁾	18,482.2	14,584.9	+ 26.7
Market value at the end of the half (R\$ million)	10,119.5	8,261.7	+ 22.5
Average daily volume traded in the half - Units (R\$ million)	31.5	18.5	+ 70.3
Share prices			
ENGI11 (Unit) closing price at the end of the half (R\$ /Unit)	29.25	23.88	+ 22.5
ENGI3 (ON) closing price at the end of the half (R\$ /share)	8.92	6.40	+ 39.4
ENGI4 (PN) closing price at the end of the half (R\$ /share)	5.12	4.30	+ 19.1
Relative indicators			
Dividend yield of ENGI11 (Units) - % ⁽²⁾	2.5	1.8	+ 38.9
Total return to Units shareholder (TSR) - Past 12 months %	25.8	42.8	- 17.0 p.p
Market Value / Shareholders' Equity (times)	2.5	2.2	+ 13.6

(1) EV = Market value (R\$/Unit vs. number of shares converted into Units) + consolidated net debt; and

(2) Dividends paid out in the last four quarters / closing price of the Units;

7.2 Energisa to pay out 2018 dividends in advance

On August 8 the Energisa S/A Board of Directors approved the payment of interim dividends from the earnings for FY 2018 amounting to R\$ 96.9 million (R\$ 0.28 per Unit or R\$ 0.056 per common and preferred share). These dividends shall be paid from September 4 and Company shareholders with holdings on or before 8/14/2018 were entitled to the dividends, including shares bought on the stock exchange on or before that date.

8 Energisa wins most trophies in the 2018 Abradee Awards ESS, EBO, EMG and ENF elected the best distribution companies in Brazil

Energisa Group's distribution companies stole the limelight at the Abradee 2018 Awards for the second year in a row, with four of its companies elected the best in the country and receiving a number of accolades in other sector benchmarking categories. The awards were delivered by the Brazilian Association of Electricity Distributors on July 19, 2018, with Energisa reaffirming its leadership in each of the regions it operates in.

In the group of distribution companies with less than 500,000 consumers, the award for best distribution company in Brazil was snapped up by Energisa Borborema (EBO), Energisa Minas Gerais (EMG) and Energisa Nova Friburgo (ENF). EBO also took the prize for best operational management.

In the large concession operators segment (upwards of 500 thousand consumers), the Group took the National award (best distribution company in Brazil), via Energisa Sul Sudeste, two per region, with Energisa Paraíba (Best in Northeast and Best economic and financial management), Energisa Mato Grosso (Best in North / Midwest) and Energisa Sul-Sudeste (Best distribution company in the Southeast and best operational management).

The Abradee Awards recognized the distribution companies rated best in terms of quality, operational management and economic and financial management, customer satisfaction and social and environmental responsibility.

9 Services rendered by the independent auditor.

The auditors Ernst & Young Auditores Independentes S.S. received overall compensation of R\$ 2.5 million for revising the financial statements of the Company and its subsidiaries in the first half of 2018. The Company's engagement policy complies with the principles that sustain the auditor's independence, in accordance with existing standards, which mainly determine that the auditor should not audit its own work, perform managerial duties for its client or pursue its interests.

Management.

Appendix I - Supplementary Information

A.1 Energy Sales by Concession Area

Energisa Minas Gerais

Description	2 nd Quarter			1 st Half		
	2Q18	2Q17	Change %	6M18	6M17	Change %
✓ Residential	127.2	120.5	+ 5.6	266.9	256.1	+ 4.2
✓ Industrial	97.5	99.6	- 2.1	196.0	199.1	- 1.6
• Captive	31.0	32.3	- 4.0	62.5	65.9	- 5.2
• Free	66.5	67.3	- 1.2	133.5	133.2	+ 0.2
✓ Commercial	56.8	56.1	+ 1.2	122.0	121.6	+ 0.3
• Captive	54.5	53.9	+ 1.1	117.2	117.3	- 0.1
• Free	2.3	2.2	+ 4.5	4.9	4.3	+ 14.0
✓ Rural	46.3	45.7	+ 1.3	91.2	88.4	+ 3.2
✓ Other Sectors	40.1	39.5	+ 1.5	80.6	79.5	+ 1.4
1 Energy sales to captive consumers	299.1	291.9	+ 2.5	618.3	607.2	+ 1.8
2 Energy associated with free consumers (TUSD)	68.8	69.5	- 1.0	138.4	137.5	+ 0.7
3 Captive sales + TUSD (1+2)	367.9	361.4	+ 1.8	756.7	744.7	+ 1.6
4 Unbilled sales	(7.8)	(4.7)	+ 66.0	(5.5)	(0.2)	+ 2,650.0
5 Captive sales + TUSD + Uninvoiced supply (3+4)	360.1	356.7	+ 1.0	751.3	744.5	+ 0.9

Energisa Nova Friburgo

Description	2 nd Quarter			1 st Half		
	2Q18	2Q17	Change %	6M18	6M17	Change %
✓ Residential	41.3	39.8	+ 3.8	81.6	79.5	+ 2.6
✓ Industrial	12.4	12.1	+ 2.5	24.4	24.6	- 0.8
• Captive	7.3	10.8	- 32.4	14.4	22.1	- 34.8
• Free	5.1	1.3	+ 292.3	10.0	2.5	+ 300.0
✓ Commercial	16.5	16.4	+ 0.6	33.9	34.5	- 1.7
• Captive	16.0	16.0	-	32.9	33.5	- 1.8
• Free	0.5	0.4	+ 25.0	1.0	1.0	-
✓ Rural	1.3	1.2	+ 8.3	2.6	2.7	- 3.7
✓ Other Sectors	9.8	10.3	- 4.9	19.8	20.1	- 1.5
• Captive	8.7	9.1	- 4.4	17.6	17.9	- 1.7
• Free	1.1	1.2	- 8.3	2.2	2.2	-
1 Energy sales to captive consumers	74.5	76.9	- 3.1	149.0	155.7	- 4.3
2 Energy associated with free consumers (TUSD)	6.8	2.9	+ 134.5	13.3	5.7	+ 133.3
3 Captive sales + TUSD (1+2)	81.3	79.8	+ 1.9	162.3	161.4	+ 0.6
4 Unbilled sales	(1.2)	(0.4)	+ 200.0	(1.1)	0.1	-
5 Captive sales + TUSD + Uninvoiced supply (3+4)	80.1	79.4	+ 0.9	161.2	161.5	- 0.1

Energisa Sergipe

Description	2 nd Quarter			1 st Half		
	2Q18	2Q17	Change %	6M18	6M17	Change %
✓ Residential	266.9	265.8	+ 0.4	542.7	535.2	+ 1.4
✓ Industrial	186.7	194.0	- 3.8	388.8	394.0	- 1.3
• Captive	48.8	53.4	- 8.6	101.5	107.8	- 5.8
• Free	137.8	140.6	- 2.0	287.3	286.2	+ 0.4
✓ Commercial	147.4	142.5	+ 3.4	299.4	290.2	+ 3.2
• Captive	127.8	125.6	+ 1.8	260.0	255.9	+ 1.6
• Free	19.5	16.9	+ 15.4	39.4	34.3	+ 14.9
✓ Rural	23.4	22.5	+ 4.0	57.7	61.3	- 5.9
✓ Other Sectors	138.7	133.7	+ 3.7	277.9	266.8	+ 4.2
1 Energy sales to captive consumers	605.6	601.0	+ 0.8	1,239.8	1,227.0	+ 1.0
2 Energy associated with free consumers (TUSD)	157.4	157.5	- 0.1	326.7	320.5	+ 1.9
3 Captive sales + TUSD (1+2)	763.0	758.5	+ 0.6	1,566.5	1,547.5	+ 1.2
4 Unbilled sales	(11.7)	(11.4)	+ 2.6	(8.7)	(5.6)	+ 55.4
5 Captive sales + TUSD + Uninvoiced supply (3+4)	751.3	747.1	+ 0.6	1,557.8	1,541.9	+ 1.0

Energisa Borborema

Description	2 nd Quarter			1 st Half		
	2Q18	2Q17	Change %	6M18	6M17	Change %
✓ Residential	61.9	62.0	- 0.2	124.4	123.2	+ 1.0
✓ Industrial	31.2	33.7	- 7.4	66.0	65.3	+ 1.1
• Captive	16.3	15.7	+ 3.8	33.2	31.3	+ 6.1
• Free	14.9	18.0	- 17.2	32.8	34.0	- 3.5
✓ Commercial	39.8	39.6	+ 0.5	80.0	80.3	- 0.4
• Captive	35.1	36.3	- 3.3	70.5	73.4	- 4.0
• Free	4.6	3.3	+ 39.4	9.5	6.9	+ 37.7
✓ Rural	5.7	6.0	- 5.0	11.8	12.0	- 1.7
✓ Other Sectors	19.2	18.6	+ 3.2	41.6	47.8	- 13.0
1 Energy sales to captive consumers	138.2	138.6	- 0.3	281.6	287.7	- 2.1
2 Energy associated with free consumers (TUSD)	19.5	21.2	- 8.0	42.3	40.8	+ 3.7
3 Captive sales + TUSD (1+2)	157.8	159.8	- 1.3	323.9	328.5	- 1.4
4 Unbilled sales	(2.1)	(0.3)	+ 600.0	(2.5)	0.1	-
5 Captive sales + TUSD + Uninvoiced supply (3+4)	155.7	159.5	- 2.4	321.4	328.6	- 2.2

Energisa Paraíba

Description	2 nd Quarter			1 st Half		
	2Q18	2Q17	Change %	6M18	6M17	Change %
✓ Residential	423.6	425.3	- 0.4	866.6	858.8	+ 0.9
✓ Industrial	192.7	195.1	- 1.2	387.1	390.7	- 0.9
• Captive	77.7	84.5	- 8.0	157.1	170.0	- 7.6
• Free	114.9	110.6	+3.9	229.9	220.7	+ 4.2
✓ Commercial	196.0	195.8	+ 0.1	398.9	395.1	+ 1.0
•Captive	172.3	177.2	- 2.8	350.8	359.0	- 2.3
• Free	23.7	18.6	+27.4	48.1	36.1	+ 33.2
✓ Rural	58.2	58.7	- 0.9	128.3	125.1	+ 2.6
✓ Other Sectors	174.1	169.6	+ 2.7	357.9	342.3	+ 4.6
1 Energy sales to captive consumers	905.9	915.3	- 1.0	1,860.8	1,855.2	+ 0.3
2 Energy associated with free consumers (TUSD)	138.6	129.2	+ 7.3	278.0	256.8	+ 8.3
3 Captive sales + TUSD (1+2)	1,044.5	1,044.5	-	2,138.8	2,112.0	+ 1.3
4 Unbilled sales	(14.7)	(8.4)	+ 75.0	(16.8)	(5.4)	+ 211.1
5 Captive sales + TUSD + Uninvoiced supply (3+4)	1,029.8	1,036.1	- 0.6	2,122.1	2,106.6	+ 0.7

Energisa Mato Grosso

Description	2 nd Quarter			1 st Half		
	2Q18	2Q17	Change %	6M18	6M17	Change %
✓ Residential	680.8	691.4	- 1.5	1,398.8	1,346.3	+ 3.9
✓ Industrial	480.7	466.1	+ 3.1	924.1	885.2	+ 4.4
• Captive	165.8	167.2	- 0.8	313.1	316.4	- 1.0
• Free	314.9	298.9	+ 5.4	610.9	568.8	+ 7.4
✓ Commercial	429.9	433.9	- 0.9	872.5	856.4	+ 1.9
•Captive	381.1	386.2	- 1.3	776.1	764.4	+ 1.5
• Free	48.7	47.7	+ 2.1	96.5	92.0	+ 4.9
✓ Rural	278.1	269.4	+ 3.2	538.0	511.1	+ 5.3
•Captive	269.2	261.3	+ 3.0	519.2	494.2	+ 5.1
• Free	8.9	8.1	+ 9.9	18.7	16.9	+ 10.7
✓ Other Sectors	234.3	235.8	- 0.6	448.1	462.8	- 3.2
1 Energy sales to captive consumers	1,731.3	1,741.9	- 0.6	3,455.3	3,384.1	+ 2.1
2 Energy associated with free consumers (TUSD)	372.5	354.7	+ 5.0	726.1	677.7	+ 7.1
3 Captive sales + TUSD (1+2)	2,103.8	2,096.6	+ 0.3	4,181.5	4,061.8	+ 2.9
4 Unbilled sales	(34.7)	(0.6)	+ 5,683.3	(23.6)	4.7	-
5 Captive sales + TUSD + Uninvoiced supply (3+4)	2,069.1	2,096.0	- 1.3	4,157.8	4,066.5	+ 2.2

Energisa Mato Grosso do Sul

Description	2 nd Quarter			1 st Half		
	2Q18	2Q17	Change %	6M18	6M17	Change %
✓ Residential	462.1	424.4	+ 8.9	962.4	910.6	+ 5.7
✓ Industrial	274.7	246.1	+ 11.6	545.6	503.7	+ 8.3
• Captive	77.0	82.9	- 7.1	153.8	169.7	- 9.4
• Free	197.7	163.2	+ 21.1	391.9	334.0	+ 17.3
✓ Commercial	289.9	275.2	+ 5.3	596.2	581.7	+ 2.5
• Captive	263.1	251.9	+ 4.4	537.1	533.6	+ 0.7
• Free	26.8	23.3	+ 15.0	59.1	48.1	+ 22.9
✓ Rural	144.0	126.6	+ 13.7	283.8	258.5	+ 9.8
• Captive	143.5	126.6	+ 13.3	282.8	258.5	+ 9.4
• Free	0.5	-	-	1.1	-	-
✓ Other Sectors	176.1	169.0	+ 4.2	344.7	337.1	+ 2.3
• Captive	163.9	158.7	+ 3.3	320.6	315.7	+ 1.6
• Free	12.2	10.3	+ 18.4	24.0	21.4	+ 12.1
1 Energy sales to captive consumers	1,109.6	1,044.5	+ 6.2	2,256.7	2,188.1	+ 3.1
2 Energy associated with free consumers (TUSD)	237.2	196.8	+ 20.5	476.0	403.6	+ 17.9
3 Captive sales + TUSD (1+2)	1,346.8	1,241.3	+ 8.5	2,732.7	2,591.7	+ 5.4
4 Unbilled sales	(67.9)	(54.7)	+ 24.1	(67.0)	(52.4)	+ 27.9
5 Captive sales + TUSD + Uninvoiced supply (3+4)	1,278.9	1,186.6	+ 7.8	2,665.7	2,539.3	+ 5.0

Energisa Tocantins

Description	2 nd Quarter			1 st Half		
	2Q18	2Q17	Change %	6M18	6M17	Change %
✓ Residential	247.0	240.7	+ 2.6	468.7	454.4	+ 3.1
✓ Industrial	85.4	76.9	+ 11.1	164.6	137.8	+ 19.4
• Captive	45.0	43.3	+ 3.9	84.3	89.1	- 5.4
• Free	40.4	33.6	+ 20.2	80.3	48.7	+ 64.9
✓ Commercial	109.1	111.9	- 2.5	208.9	212.3	- 1.6
• Captive	101.7	104.2	- 2.4	194.1	197.7	- 1.8
• Free	7.4	7.7	- 3.9	14.8	14.6	+ 1.4
✓ Rural	56.1	55.2	+ 1.6	104.9	105.1	- 0.2
✓ Other Sectors	89.4	88.9	+0.6	170.4	167.0	+ 2.0
1 Energy sales to captive consumers	539.2	532.3	+ 1.3	1,022.4	1,013.3	+ 0.9
2 Energy associated with free consumers (TUSD)	47.8	41.3	+ 15.7	95.1	63.3	+ 50.2
3 Captive sales + TUSD (1+2)	587.0	573.6	+ 2.3	1,117.5	1,076.6	+ 3.8
4 Unbilled sales	0.1	2.8	- 96.4	(5.1)	(6.3)	- 19.0
5 Captive sales + TUSD + Uninvoiced supply (3+4)	587.1	576.4	+ 1.9	1,112.5	1,070.3	3.9

Energisa Sul Sudeste

Description	2 nd Quarter			1 st Half		
	2Q18	2Q17	Change %	6M18	6M17	Change %
✓ Residential	356.1	335.4	+ 6.2	733.6	705.8	+ 3.9
✓ Industrial	287.5	282.3	+ 1.8	604.8	570.7	+ 6.0
• Captive	78.9	97.4	- 19.0	180.0	206.3	- 12.7
• Free	208.6	184.9	+ 12.8	424.9	364.4	+ 16.6
✓ Commercial	195.9	190.1	+ 3.1	410.0	405.7	+ 1.1
• Captive	176.9	175.0	+ 1.1	368.6	375.3	- 1.8
• Free	19.1	15.1	+ 26.5	41.4	30.4	+ 36.2
✓ Rural	82.8	70.8	+ 16.9	155.9	141.9	+ 9.9
✓ Other Sectors	122.7	118.7	+ 3.4	240.3	236.9	+ 1.4
• Captive	120.5	118.7	+ 1.5	236.3	236.9	- 0.3
• Free	2.2	-	-	4.0	-	-
1 Energy sales to captive consumers	815.1	797.3	+ 2.2	1,674.4	1,666.2	+ 0.5
2 Energy associated with free consumers (TUSD)	229.9	200.0	+ 15.0	470.3	394.8	+ 19.1
3 Captive sales + TUSD (1+2)	1,045.0	997.3	+ 4.8	2,144.6	2,061.0	+ 4.1
4 Unbilled sales	(22.8)	(35.9)	- 36.5	(22.0)	(28.8)	- 23.6
5 Captive sales + TUSD + Uninvoiced supply (3+4)	1,022.2	961.4	+ 6.3	2,122.6	2,032.2	+ 4.4

A.2 Selected Financial Information of Energisa Consolidated

Statement of Income Amounts in R\$ million	Quarter			Half		
	2Q18	2Q17	Change %	6M18	6M17	Change %
Gross Revenue	5,715.3	4,693.4	+ 21.8	11,125.7	9,383.8	+ 18.6
Deductions	(1,828.7)	(1,609.0)	+ 13.7	(3,567.1)	(3,237.4)	+ 10.2
Net Revenue	3,886.6	3,084.4	+ 26.0	7,558.6	6,146.4	+ 23.0
Construction revenue	408.2	385.0	+ 6.0	644.3	673.0	- 4.3
Net revenue, without construction revenue	3,478.4	2,699.4	+ 28.9	6,914.3	5,473.4	+ 26.3
Construction costs	404.5	385.0	+ 5.1	640.1	673.0	- 4.9
Uncontrollable Expenses	(2,342.9)	(1,727.1)	+ 35.7	(4,547.4)	(3,494.3)	+ 30.1
Purchased Energy	(2,064.1)	(1,619.2)	+ 27.5	(4,011.2)	(3,249.1)	+ 23.5
Transmission of Electric Power	(278.8)	(107.9)	+ 158.4	(536.2)	(245.2)	+ 118.7
Controllable Expenses	(511.5)	(538.1)	- 4.9	(998.7)	(1,028.9)	- 2.9
PMSO	(511.3)	(477.8)	+ 7.0	(977.9)	(925.6)	+ 5.7
<i>Personnel</i>	(267.5)	(221.5)	+ 20.8	(492.2)	(436.3)	+ 12.8
<i>Pension Fund</i>	(14.9)	(18.7)	- 20.3	(33.4)	(38.2)	- 12.6
<i>Material</i>	(38.6)	(34.4)	+ 12.2	(75.0)	(65.8)	+ 14.0
<i>Services</i>	(149.5)	(155.8)	- 4.0	(296.3)	(295.1)	+ 0.4
<i>Other</i>	(40.8)	(47.4)	- 13.9	(81.0)	(90.2)	- 10.2
Provisions/Reversals	(0.2)	(60.3)	- 99.7	(20.8)	(103.3)	- 79.9
<i>Provision for Contingencies</i>	24.4	(23.9)	-	34.7	(39.2)	-
<i>Allowance for Doubtful Accounts</i>	(24.6)	(36.4)	- 32.4	(55.5)	(64.1)	- 13.4
Depreciation and Amortization	(200.2)	(184.8)	+ 8.3	(416.8)	(373.9)	+ 11.5
Other Revenue/Expenses	(35.4)	(27.3)	+ 29.7	(57.8)	(12.3)	+ 369.9
EBITDA	592.2	406.8	+ 45.6	1,314.6	937.8	+ 40.2
Financial Income/Loss	(210.5)	(141.0)	+ 49.3	(480.7)	(293.0)	+ 64.1
<i>Financial Revenue</i>	101.8	140.3	- 27.4	215.8	295.7	- 27.0
<i>Financial Expense</i>	(312.3)	(281.3)	+ 11.0	(696.5)	(588.7)	+ 18.3
Equity in net income of subsidiaries and associated companies	-	-	-	-	-	-
Net income before tax	181.5	81.1	+ 123.8	417.1	270.9	+ 54.0
Taxes	(78.1)	(6.1)	+ 1,180.3	(171.4)	(65.0)	+ 163.7
Net Income	103.4	75.0	+ 37.9	245.7	205.9	+ 19.3
Attributable to controlling interests	101.1	59.6	+ 69.6	232.2	179.4	+ 29.4
Attributable to noncontrolling interests	2.3	15.4	- 85.1	13.5	26.5	- 49.1
Adjusted EBITDA	652.9	471.2	+ 38.6	1,436.2	1,048.3	+ 37.0

Note: Adjusted EBITDA = EBITDA + Arrears surcharge revenue

A.3 Selected Financial Information by distribution company

Statement of Income in 2Q18 Amounts in R\$ million	EMG	ENF	ESE	EBO	EPB	EMT	EMS	ETO	ESS
Gross Revenue	268.4	63.0	479.2	108.8	733.0	1,643.4	934.8	559.0	615.7
Deductions	(100.4)	(26.7)	(150.5)	(40.8)	(241.8)	(570.7)	(291.6)	(148.0)	(219.1)
Net Revenue	168.0	36.3	328.7	68.0	491.2	1,072.7	643.2	411.0	396.6
Net Revenue Ex. Construction	154.5	34.5	313.2	64.8	456.1	936.8	587.6	336.5	367.2
Uncontrollable Expenses	(102.0)	(25.4)	(216.0)	(44.3)	(296.8)	(608.1)	(359.0)	(197.6)	(267.4)
Purchased Energy	(84.4)	(17.6)	(197.2)	(37.9)	(261.1)	(543.0)	(301.0)	(184.0)	(210.8)
Transmission of Electric Power	(17.6)	(7.8)	(18.8)	(6.4)	(35.7)	(65.1)	(58.0)	(13.6)	(56.6)
Controllable Expenses	(28.1)	(5.2)	(50.3)	(11.5)	(68.6)	(128.1)	(95.4)	(68.6)	(48.0)
PMSO	(28.5)	(5.3)	(44.2)	(9.0)	(66.0)	(121.3)	(112.1)	(68.2)	(48.3)
<i>Personnel</i>	(12.6)	(2.3)	(19.7)	(4.3)	(26.1)	(45.9)	(58.4)	(24.8)	(20.7)
<i>Pension Fund</i>	(0.5)	(0.1)	(5.4)	(0.1)	(5.4)	(0.8)	(1.6)	(0.9)	(0.9)
<i>Material</i>	(1.8)	(0.4)	(2.4)	(0.5)	(4.7)	(8.3)	(6.5)	(5.5)	(3.3)
<i>Services</i>	(11.3)	(2.0)	(14.6)	(3.5)	(25.1)	(51.0)	(41.9)	(33.4)	(21.0)
<i>Other</i>	(2.3)	(0.5)	(2.1)	(0.6)	(4.7)	(15.3)	(3.7)	(3.6)	(2.4)
Provisions/Reversals	0.4	0.1	(6.1)	(2.5)	(2.6)	(6.8)	16.7	(0.4)	0.3
<i>Provision for Contingencies</i>	0.8	0.2	(1.5)	0.7	5.3	5.7	10.9	1.1	0.5
<i>Allowance for Doubtful Accounts</i>	(0.4)	(0.1)	(4.6)	(3.2)	(7.9)	(12.5)	5.8	(1.5)	(0.2)
Depreciation and Amortization	(8.8)	(2.0)	(15.8)	(1.8)	(18.1)	(45.5)	(20.8)	(17.0)	(11.3)
Other Revenue/Expenses	(2.3)	(0.4)	(2.8)	-	(1.2)	(13.8)	(10.4)	(7.4)	0.8
EBITDA	22.0	3.6	44.0	8.8	89.6	186.8	122.8	62.9	52.5
Financial Income/Loss	(8.1)	(1.1)	(12.0)	(0.1)	(5.8)	(66.5)	(23.5)	(23.6)	(8.0)
Net income before tax	5.1	0.5	16.2	6.9	65.7	74.8	78.5	22.3	33.2
Taxes	(1.9)	(0.2)	(7.2)	(1.9)	(11.8)	(20.1)	(26.7)	(10.9)	(11.2)
Net Income	3.2	0.3	9.0	5.0	53.9	54.7	51.8	11.4	22.0
Adjusted EBITDA	25.0	4.1	48.8	9.9	99.0	205.9	135.3	68.2	57.5

A.4 Net Revenue by Consumption Sector by Distribution Company

See below net revenue by consumption sector by distribution company in 2Q18:

Net revenue by consumption sector in 2Q18 Amounts in R\$ million	EMG	ENF	ESE	EBO	EPB
(+) Electricity revenue (captive market)	204.0	54.2	359.9	90.8	553.5
✓ Residential	98.1	29.7	178.3	43.2	283.1
✓ Industrial	20.2	5.4	26.9	10.4	42.5
✓ Commercial	41.1	13.1	91.4	24.6	118.4
✓ Rural	25.2	0.8	8.9	2.7	24.5
✓ Other sectors	19.4	5.2	54.4	9.9	85.0
(+) Electricity sales to distributors	3.1	-	53.0	6.8	47.5
(+) Net Unbilled Sales	(6.9)	(1.4)	(7.2)	(1.6)	(9.2)
(+) Energy sold	-	-	-	-	-
(+) Electricity network usage charges	13.9	3.2	15.9	3.0	18.0
(+) Construction revenue	13.5	1.8	15.5	3.2	35.1
(+) Creation and amortization - CVA	20.4	2.9	12.7	0.7	36.1
(+) Subsidies for services awarded under concession	18.2	1.2	22.9	4.1	38.6
(+) Compensatable financial assets of the concession (VNR)	0.3	0.1	4.0	1.0	8.6
(+) Other revenue	1.9	1.0	2.5	0.8	4.8
(=) Gross revenue	268.4	63.0	479.2	108.8	733.0
(-) Sales taxes	77.8	20.6	121.6	32.9	199.3
(-) Rate flag deductions	(0.3)	1.0	(0.6)	(0.1)	(0.8)
(-) Sector charges	22.9	5.1	29.5	8.0	43.3
(=) Net revenue	168.0	36.3	328.7	68.0	491.2
(-) Construction revenue	13.5	1.8	15.5	3.2	35.1
(=) Net revenue, without construction revenue	154.5	34.5	313.2	64.8	456.1

Net revenue by consumption sector (continued)

Net revenue by consumption sector in 2Q18 Amounts in R\$ million	EMT	EMS	ETO	ESS
(+) Electricity revenue (captive market)	1,213.4	716.4	367.1	442.2
✓ Residential	509.3	322.0	182.7	208.9
✓ Industrial	124.0	56.9	26.7	46.1
✓ Commercial	304.2	179.2	79.0	104.8
✓ Rural	147.4	75.6	28.8	30.8
✓ Other sectors	128.5	82.7	49.9	51.6
(+) Electricity sales to distributors	54.4	47.1	40.5	20.3
(+) Net Unbilled Sales	(11.7)	(16.7)	(0.1)	(11.4)
(+) Energy sold	-	-	-	-
(+) Electricity network usage charges	117.9	33.9	8.6	43.7
(+) Construction revenue	135.9	55.6	74.5	29.4
(+) Creation and amortization - CVA	13.3	6.4	25.6	56.9
(+) Subsidies for services awarded under concession	81.3	49.2	24.0	28.2
(+) Compensatable financial assets of the concession (VNR)	33.3	39.2	16.6	0.7
(+) Other revenue	5.6	3.7	2.2	5.7
(=) Gross revenue	1,643.4	934.8	559.0	615.7
(-) Sales taxes	454.2	214.7	123.8	154.4
(-) Rate flag deductions	(1.0)	(0.9)	(0.5)	(0.7)
(-) Sector charges	117.5	77.8	24.7	65.4
(=) Net revenue	1,072.7	643.2	411.0	396.6
(-) Construction revenue	135.9	55.6	74.5	29.4
(=) Net revenue, without construction revenue	936.8	587.6	336.5	367.2

A.5 Operating Costs and Expenses by Distribution Company

See below operating expenses by distribution company in 2Q18:

Breakdown of operating expenses Amounts in R\$ million	EMG	ENF	ESE	EBO	EPB
1 Uncontrollable costs and expenses	102.0	25.4	216.0	44.3	296.8
1.1 Energy purchased	84.4	17.6	197.2	37.9	261.1
1.2 Transmission of electricity	17.6	7.8	18.8	6.4	35.7
2 - Controllable costs and expenses	28.1	5.2	50.3	11.5	68.6
2.1 PMSO	28.5	5.3	44.2	9.0	66.0
2.1.1 Personnel	12.6	2.3	19.7	4.3	26.1
2.1.2 Pension fund	0.5	0.1	5.4	0.1	5.4
2.1.3 Material	1.8	0.4	2.4	0.5	4.7
2.1.4 - Services	11.3	2.0	14.6	3.5	25.1
2.1.5 Other	2.3	0.5	2.1	0.6	4.7
✓ Fines and compensation	-	-	-	-	0.4
✓ Contingencies (settlement of civil claims)	0.9	0.1	0.9	0.3	1.6
✓ Other	1.4	0.4	1.2	0.3	2.7
2.2 Provisions/Reversals	(0.4)	(0.1)	6.1	2.5	2.6
2.2.1 Contingencies	(0.8)	(0.2)	1.5	(0.7)	(5.3)
2.2.2 Doubtful accounts	0.4	0.1	4.6	3.2	7.9
3 Other revenue/expenses	11.1	2.4	18.6	1.8	19.3
3.1 Depreciation and amortization	8.8	2.0	15.8	1.8	18.1
3.2 Other revenue/expenses	2.3	0.4	2.8	-	1.2
Total Operating Costs and Expenses (1+2+3, without construction costs)	141.2	33.0	284.9	57.6	384.7
Construction cost	13.5	1.8	15.5	3.2	35.1
Total Operating Costs and Expenses (1+2+3, without construction costs)	154.7	34.8	300.4	60.8	419.8

Breakdown of operating expenses by distribution company (continued):

Breakdown of operating expenses Amounts in R\$ million	EMT	EMS	ETO	ESS
1 Uncontrollable costs and expenses	608.1	359.0	197.6	267.4
1.1 Energy purchased	543.0	301.0	184.0	210.8
1.2 Transmission of electricity	65.1	58.0	13.6	56.6
2 - Controllable costs and expenses	128.1	95.4	68.6	48.0
2.1 PMSO	121.3	112.1	68.2	48.3
2.1.1 Personnel	45.9	58.4	24.8	20.7
2.1.2 Pension fund	0.8	1.6	0.9	0.9
2.1.3 Material	8.3	6.5	5.5	3.3
2.1.4 - Services	51.0	41.9	33.4	21.0
2.1.5 Other	15.3	3.7	3.6	2.4
✓ Fines and compensation	1.3	0.2	0.3	0.1
✓ Contingencies (settlement of civil claims)	10.2	2.6	1.2	0.8
✓ Other	3.8	0.9	2.1	1.5
2.2 Provisions/Reversals	6.8	(16.7)	0.4	(0.3)
2.2.1 Contingencies	(5.7)	(10.9)	(1.1)	(0.5)
2.2.2 Doubtful accounts	12.5	(5.8)	1.5	0.2
3 Other revenue/expenses	59.3	31.2	24.4	10.5
3.1 Depreciation and amortization	45.5	20.8	17.0	11.3
3.2 Other revenue/expenses	13.8	10.4	7.4	(0.8)
Total Operating Costs and Expenses (1+2+3, without construction costs)	795.5	485.6	290.6	325.9
Construction cost	135.9	55.6	74.5	29.4
Total Operating Costs and Expenses (1+2+3, without construction costs)	931.4	541.2	365.1	355.3

A.6 Reconciliation of net income and EBITDA and Re-presentations

Description (R\$ thousand)	Quarter			Half		
	2Q18	2Q17	Change %	6M18	6M17	Change %
(=) Consolidated net income	103.4	75.0	+ 37.9	245.7	205.9	+ 19.3
(-) Income and social contribution taxes	(78.1)	(6.0)	+ 1,201.7	(171.4)	(65.0)	+ 163.7
(-) Financial income/expenses	(210.5)	(141.0)	+ 49.3	(480.7)	(293.0)	+ 64.1
(-) Depreciation and amortization	(200.2)	(184.8)	+ 8.3	(416.8)	(373.9)	+ 11.5
(=) EBITDA	592.2	406.8	+ 45.6	1,314.6	937.8	+ 40.2
(+) Arrears surcharge revenue	60.7	64.4	- 5.7	121.6	110.5	+ 10.0
(=) Adjusted EBITDA	652.9	471.2	+ 38.6	1,436.2	1,048.3	+ 37.0
EBITDA Margin (%)	15.2	13.2	+ 2.0 p.p	17.4	15.3	+ 2.1 p.p
Adjusted EBITDA Margin (%)	16.8	15.3	+ 1.5 p.p	19.0	17.1	+ 1.9 p.p

A.7 Net debt by distribution company

Net debts at June 30, 2018 (R\$ million)	EMG	ENF	ESE	EBO	EPB
Current	95.1	3.6	247.9	34.1	196.2
Loans and financing	97.2	2.1	194.0	34.4	175.8
Debentures	2.1	-	17.4	-	10.4
Debt charges	1.9	0.1	13.0	1.9	8.5
Tax financing and post-employment benefits	1.3	0.2	24.7	0.2	9.7
Regulatory fees	-	-	-	-	-
Financing of debts for energy purchased from Itaipu	-	-	-	-	-
Derivative financial instruments, net	(7.4)	1.2	(1.2)	(2.4)	(8.2)
Noncurrent	288.1	79.7	744.8	63.9	732.7
Loans, financing and leasing	230.0	87.7	425.3	67.8	303.4
Debentures	65.8	-	127.2	-	367.3
Tax financing and post-employment benefits	6.4	0.8	257.1	-	102.9
Regulatory fees	-	-	-	-	-
Financing of debts for energy purchased from Itaipu	-	-	-	-	-
Derivative financial instruments, net	(14.1)	(8.8)	(64.8)	(3.9)	(40.9)
Total debts	383.2	83.3	992.7	98.0	928.9
(-) Cash and cash equivalents	116.6	36.9	139.8	53.7	254.9
Total net debts	266.6	46.4	852.9	44.3	674.0
(-) CDE Credits	16.4	1.3	8.0	1.6	27.1
(-) CCC Credits	-	-	-	-	-
(-) CVA Credits	31.6	4.6	56.4	7.5	117.3
Total net debts less sector credits	218.6	40.5	788.5	35.2	529.6

Relative Indicator

Net debt / Adjusted EBITDA 12 months ⁽¹⁾	2.0	1.6	2.5	0.8	1.3
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Net debts at June 30, 2018 (R\$ million)	EMT	EMS	ETO	ESS
Current	495.1	20.7	244.6	45.9
Loans and financing	260.2	-	204.7	11.6
Debentures	15.5	15.0	5.3	4.7
Debt charges	20.6	3.1	14.1	2.3
Tax financing and post-employment benefits	5.8	-	1.5	20.0
Regulatory fees	66.2	-	7.4	-
Financing of debts for energy purchased from Itaipu	117.0	-	-	-
Derivative financial instruments, net	9.8	2.6	11.6	7.3
Noncurrent	2,431.5	1,192.3	883.7	394.6
Loans, financing and leasing	1,656.1	617.0	715.1	165.1
Debentures	770.3	595.7	206.8	200.2
Tax financing and post-employment benefits	42.6	0.1	8.9	62.9
Regulatory fees	8.4	-	1.2	-
Financing of debts for energy purchased from Itaipu	19.5	-	-	-
Derivative financial instruments, net	(65.4)	(20.5)	(48.3)	(33.6)
Total debts	2,926.6	1,213.0	1,128.3	440.5
(-) Cash and cash equivalents	344.9	232.5	288.6	55.0
Total net debts	2,581.7	980.5	839.7	385.5
(-) CDE Credits	55.6	34.8	16.6	24.1
(-) CCC Credits	27.6	-	-	-
(-) CVA Credits	50.3	(0.2)	52.4	78.3
Total net debts less sector credits	2,448.2	945.9	770.7	283.1

Relative Indicator

Net debt / Adjusted EBITDA 12 months ⁽¹⁾	3.1	2.2	2.8	1.8
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Appendix II - Financial Statements

1. Statement of Financial Position - Assets

ENERGISA S/A
STATEMENT OF FINANCIAL POSITION
AS OF June 30, 2018 AND December 31, 2017 (In thousands of reais)

	Parent Company		Consolidated	
	6/30/2018	12/31/2017	6/30/2018	12/31/2017
Assets				
Current				
Cash and cash equivalents	917,705	134,406	1,173,673	921,481
Money market and secured funds	607,902	660,798	1,870,096	1,758,953
Clients, consumers and concessionaires	64,817	34,280	2,421,140	2,246,232
Credit receivables	678	1,167	22,449	19,940
Inventory	128	94	59,282	57,039
Recoverable taxes	44,569	29,502	673,853	575,826
Dividends receivable	157,005	21,122	-	-
Derivative financial instruments	-	3,457	48,558	87,782
Financial sector assets	-	-	1,143,541	729,368
Other accounts receivable	24,610	30,468	657,846	702,103
Total current	1,817,414	915,294	8,070,438	7,098,724
Non-current				
Noncurrent assets				
Money market and secured funds	1,258,822	1,250,113	119,772	137,837
Clients, consumers and concessionaires	-	-	543,073	472,789
Credit receivables	1,146	1,881	19,744	23,906
Financial sector assets	-	-	294,529	384,656
Related-party credits	149,351	417,515	-	-
Recoverable taxes	36,741	42,870	258,230	223,424
Tax credits	195,205	195,205	1,409,277	1,400,036
Restricted deposits and escrows	215	357	265,110	249,138
Derivative financial instruments	19,693	57	321,865	90,635
Accounts receivable from the concession	-	-	4,820,193	4,420,666
Other accounts receivable	62,019	62,023	161,107	175,551
Non-current	1,723,192	1,970,021	8,212,900	7,578,638
Investment	4,918,899	4,204,270	49,292	49,177
Property, plant and equipment	48,615	48,785	173,144	178,136
Intangible assets	13,886	11,549	7,164,510	7,143,681
Total noncurrent	6,704,592	6,234,625	15,599,846	14,949,632
Total assets	8,522,006	7,149,919	23,670,284	22,048,356

2. Statement of Financial Position - Liabilities

ENERGISA S/A
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2018 AND DECEMBER 31, 2017 (In thousands of reais)

	Parent Company		Consolidated	
	6/30/2018	12/31/2017	6/30/2018	12/31/2017
Liabilities				
Current				
Trade payables	1,879	7,069	1,620,263	1,418,407
Debt charges	2,259	563	107,997	64,008
Loans and financing	152,233	82,914	1,173,760	1,609,488
Debentures	515,301	241,939	549,823	326,147
Taxes and social contributions	6,265	5,824	473,769	496,763
Tax financing	-	-	17,409	10,157
Dividends payable	3,375	91,962	5,787	100,832
Estimated obligations	7,292	5,755	102,417	84,202
Public lighting contribution	-	-	66,630	63,327
Post-employment benefits	1,217	1,217	47,604	46,583
Sector charges	-	-	227,659	289,867
Financial sector liabilities	-	-	818,889	714,923
Regulatory fees	-	-	58,635	58,635
Derivative financial instruments	3,691	10,749	640,413	63,568
Incorporation of grids	-	-	64,924	111,053
Other liabilities	61,507	65,475	221,085	287,481
Total current	755,019	513,467	6,197,064	5,745,441
Non-current				
Trade payables	-	-	37,275	95,767
Loans and financing	304,467	-	4,852,420	3,924,448
Debentures	3,025,635	2,525,598	4,167,129	3,030,470
Derivative financial instruments	258,724	151,945	259,400	709,016
Taxes and social contributions	-	-	263,953	215,466
Deferred income and social contribution taxes	3,467	647	1,998,754	1,876,706
Tax financing	-	-	50,327	61,706
Debts to related parties	80,129	106,042	-	-
Provision for labor, civil and tax risks	1,396	1,493	457,822	486,111
Post-employment benefits	3,724	3,115	437,012	414,483
Financial sector liabilities	-	-	220,914	314,140
Regulatory fees	-	-	9,571	38,282
Sector charges	-	-	195,976	181,948
Incorporation of grids	-	-	98,917	98,917
Other accounts payable	4,149	4,159	82,537	70,933
Total noncurrent	3,681,691	2,792,999	13,132,007	11,518,393
Shareholders' equity				
Share capital	2,795,963	2,795,963	2,795,963	2,795,963
Stock issuance cost	(66,473)	(65,723)	(66,473)	(65,723)
Capital reserve	15,668	(78,835)	15,668	(78,835)
Profit reserves	1,286,719	1,286,719	1,286,719	1,286,719
Additional dividends proposed	-	84,114	-	84,114
Other comprehensive income	(178,785)	(178,785)	(178,785)	(178,785)
Retained earnings (Accumulated losses)	232,204	-	232,204	-
Total Shareholders' Equity	4,085,296	3,843,453	4,085,296	3,843,453
Minority interest	-	-	255,917	941,069
Total Shareholders' Equity	4,085,296	3,843,453	4,341,213	4,784,522
Total liabilities and shareholders' equity	8,522,006	7,149,919	23,670,284	22,048,356

3. Statements of Income

ENERGISA S/A
STATEMENT OF INCOME
SIX MONTHS ENDED JUNE 30, 2018 AND 2017 (in thousands of reais)

	Parent Company		Consolidated	
	6M18	6M17	6M18	6M17
Revenues				
Electricity sales to consumers	-	-	7,746,040	7,346,193
Electricity sales to distributors	-	-	522,170	273,375
Electricity network usage charges	-	-	490,510	425,697
Energy sold	-	-	485,378	339,806
Construction revenue	-	-	644,342	672,977
Other revenue	87,446	52,617	1,237,278	325,765
	87,446	52,617	11,125,718	9,383,813
Deductions from operating revenue				
ICMS on billing	-	-	1,837,839	1,728,190
PIS, Cofins and ISS	10,250	5,573	963,999	815,036
Sector charges - Rate flags	-	-	(3,077)	18,558
Others (CCC, CDE, PEE and P&D)	-	-	768,311	675,671
	10,250	5,573	3,567,072	3,237,455
Net operating revenue	77,196	47,044	7,558,646	6,146,358
Operating expenses				
Electricity purchased	-	-	4,011,197	3,249,149
System service charges	-	-	536,234	245,249
Personnel	35,427	26,207	492,186	436,277
Private pension fund	1,039	239	33,410	38,165
Material	461	567	74,987	65,797
Outsourced services	33,592	11,318	296,300	295,110
Depreciation and amortization	4,095	2,236	416,772	373,926
Allowance for possible loan losses / contingencies	1,834	232	20,828	103,328
Construction cost	-	-	640,125	672,977
Other expenses	119	704	81,030	90,215
Other Operating Income/Expenses	(1,559)	-	57,757	12,262
	75,008	41,503	6,660,826	5,582,455
Earnings before equity income	2,188	5,541	897,820	563,903
Equity in income of subsidiaries	404,899	195,892	-	-
Earnings before interest and tax	407,087	201,433	897,820	563,903
Financial income				
Revenue from short-term investments	58,918	44,851	68,188	137,307
Monetary variance and arrears charge	-	-	121,627	110,517
Other financial revenue	36,094	60,975	26,004	47,972
Debt charges - interest	(115,283)	(69,153)	(327,783)	(302,609)
Debt charges - monetary and exchange variance	(66,235)	(31,400)	(427,829)	(120,175)
Mark to market of debt and derivatives	(108,315)	10,314	(122,709)	(5,448)
(-) Transfer to PP&E in progress	-	-	(7,969)	2,399
Other financial expenses	22,757	(37,651)	189,792	(162,934)
	(172,064)	(22,064)	(480,679)	(292,971)
Net income before tax	235,023	179,369	417,141	270,932
Income and social contribution taxes	(2,819)	-	(171,408)	(65,035)
Net income for the period	232,204	179,369	245,733	205,897
Net income attributable to:				
Shareholders of parent company			232,204	179,369
Noncontrolling shareholders			13,529	26,528
Net income per share - R\$	0,13	0,10		

ENERGISA S/A
STATEMENT OF INCOME
SECOND QUARTER ENDED JUNE 30, 2018 AND 2017 (In thousands of reais)

	Parent Company		Consolidated	
	2Q18	2Q17	2Q18	2Q17
Revenues				
Electricity sales to consumers	-	-	3,935,507	3,608,398
Electricity sales to distributors	-	-	268,455	96,167
Electricity network usage charges	-	-	257,299	224,432
Energy sold	-	-	257,080	182,424
Construction revenue	-	-	408,158	385,041
Other revenue	47,647	36,768	588,795	196,968
	47,647	36,768	5,715,294	4,693,430
Deductions from operating revenue				
ICMS on billing	-	-	947,884	860,734
PIS, Cofins and ISS	5,586	3,814	490,492	401,275
Sector charges - Rate flags	-	-	(3,968)	23,490
Others (CCC, CDE, PEE and P&D)	-	-	394,295	323,564
	5,586	3,814	1,828,703	1,609,063
Net operating revenue	42,061	32,954	3,886,591	3,084,367
Operating expenses				
Electricity purchased	-	-	2,064,133	1,619,222
System service charges	-	-	278,790	107,866
Personnel	18,778	17,524	267,547	221,476
Private pension fund	520	136	14,925	18,676
Material	256	332	38,638	34,350
Outsourced services	19,131	6,862	149,459	155,777
Depreciation and amortization	2,104	1,125	200,163	184,803
Allowance for possible loan losses / contingencies	822	89	252	60,392
Construction cost	-	-	404,546	385,041
Other expenses	66	277	40,708	47,403
Other Operating Income/Expenses	(1,491)	-	35,390	27,304
	40,186	26,345	3,494,551	2,862,310
Earnings before equity income	1,875	6,609	392,040	222,057
Equity in income of subsidiaries	140,689	62,043	-	-
Earnings before interest and tax	142,564	68,652	392,040	222,057
Financial income				
Revenue from short-term investments	28,222	18,306	30,530	60,997
Monetary variance and arrears charge	-	24,973	60,744	64,441
Other financial revenue	14,294	6,085	10,501	14,862
Debt charges - interest	(59,807)	(34,226)	(167,072)	(146,228)
Debt charges - monetary and exchange variance	(44,989)	(16,983)	(366,729)	(128,409)
Mark to market of debt and derivatives	899	4,183	(25,563)	(17,202)
(-) Transfer to PP&E in progress	-	-	(8,700)	1,244
Other financial expenses	22,800	(11,378)	255,769	9,313
	(38,581)	(9,040)	(210,520)	(140,982)
Net income before tax	103,983	59,612	181,520	81,075
Income and social contribution taxes	(2,819)	-	(78,084)	(6,032)
Net income for the period	101,164	59,612	103,436	75,043
Net income attributable to:				
Shareholders of parent company			101,164	59,612
Noncontrolling shareholders			2,272	15,431
Net income per share - R\$	0,06	0,03		

4. Statement of Cash Flows

ENERGISA S/A
STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 2018 AND 2017
(In thousands of reais)

	6/30/2018	6/30/2017
Net Cash from Operating Activities	537,861	995,051
Cash Provided by Operating Activities	1,211,328	1,094,616
Net Income for the Period	245,733	205,897
Current and deferred income and social contribution taxes	171,408	65,035
Expenses on interest and monetary and exchange variance - net	751,888	299,362
Depreciation and amortization	416,772	373,926
Allowance for doubtful accounts	55,483	64,079
Provisions for labor, civil and tax risks	(34,655)	39,249
Residual value of retired fixed assets	57,757	30,822
Mark-to-market of debts	(50,494)	7,611
Mark-to-market of derivatives	173,203	(2,163)
Derivative financial instruments	(336,920)	50,810
Adjustment to fair value of compensatable financial asset of the concession	(238,847)	(21,452)
(Gain) on the sale of aircraft	-	(18,560)
Changes in Assets and Liabilities	(673,467)	(99,565)
(Increase) in consumers and concessionaires	(223,798)	(199,653)
(Increase) Decrease in financial sector assets	(305,111)	169,227
(Increase) in credit receivables	(65,994)	(2,532)
(Increase) in inventories	(3,211)	(4,811)
(Increase) in recoverable taxes	(132,833)	(52,875)
(Increase) in escrow deposits	(15,972)	(43,306)
Decrease (increase) in other accounts receivable	4,168	(77,534)
Increase in trade payables	165,079	67,629
Increase in taxes and social contributions	120,397	75,169
Income and social contribution taxes paid	(134,915)	(105,861)
Increase in estimated obligations	18,215	14,718
(Decrease) increase in regulatory financial liabilities	(44,346)	52,015
(Decrease) increase in other accounts payable	(55,146)	8,249
Net Cash from Investment Activities	(593,950)	(355,483)
Increase in other investments	(115)	-
Acquisition of property, plant and equipment	(8,281)	(42,625)
Additions to intangible assets	(607,307)	(600,481)
Applications to electricity transmission lines	(50,899)	-
Sale of PP&E and intangible assets	97,542	44,199
Short-term investments and secured funds	(24,890)	243,424
Net Cash from Financing Activities	308,281	(710,264)
New loans and financing obtained	3,489,692	880,501
Payment of loans, debentures - principal	(2,074,629)	(989,456)
Payment of loans, debentures - interest	(217,391)	(272,516)
Settlement of derivative financial instruments	61,896	(28,601)
Dividend payments	(185,549)	(115,079)
Payment of grid acquisition	(100,507)	(52,112)
Financing of sector charges	(31,300)	(36,569)
Payment of financed payables	(62,386)	(90,825)
Acquisition of additional NCI	(567,418)	-
Tax financing	(4,127)	(5,607)
Increase (Decrease) in Cash and Cash Equivalents	252,192	(70,696)
Opening Balance of Cash and Cash Equivalents	921,481	797,200
Closing Balance of Cash and Cash Equivalents	1,173,673	726,504

Board of Directors

Ivan Müller Botelho
Chairman

Ricardo Perez Botelho
Deputy Chairman

Marcílio Marques Moreira
Director

Omar Carneiro da Cunha Sobrinho
Director

Antônio José de Almeida Carneiro
Director

Luiz Henrique Fraga
Director

Maurício Perez Botelho
Substitute

Marcelo Silveira da Rocha
Substitute

André da La Saigne de Botton
Substitute

Pedro Boardman Carneiro
Substitute

Leonardo Prado Damião
Substitute

Executive Board

Ricardo Perez Botelho
CEO

Mauricio Perez Botelho
CFO and Investor Relations Director

Alexandre Nogueira Ferreira
Regulatory Affairs and Strategy Director

José Marcos Chaves de Melo
Logistics and Supplies Director

Daniele Araújo Salomão Castelo
Personnel Management Director

Vicente Cortes de Carvalho
Accountant
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