



4Q18 Earnings Presentation

March • 20 • 2019

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Forward-looking statements refer to future events which may or may not occur.

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This presentation does not consist of offering, invitation or request of subscription offer or purchase of any marketable securities. And, this statement or any other information herein, does not consist of a contract base or commitment of any kind.

Grupo Energisa's achievements in 2018

9 Trophies in Abradee Awards

5 Winning categories at IASC

Acquisition of **Ceron** and **Eletroacre**

Beginning of the **Digital** transformation

78% Confidence Index GPTW

7 Concessions among the best in Aneel's continuity ranking

Increase of stake in **EMT**

Transmission **EPA I e EGO** Installation License

40% increase (ENGI11)

Private capital increase **R\$ 568** million

3 Tariff Revisions: **EMT, EMS** and **ESE**

2 New Transmission projects

R\$ 7.4 billion in debt issuance

Highlights

OPERATIONAL

- ▶ Total electricity consumption (captive + free market) grows 3.4% in the quarter, and 2.9% in the year, above the national average (1.0% and 1.1%, respectively);
- ▶ Total consolidated losses (LTM) reached 11.60% of the required energy in Dec/18, 0.24 p.p. below the regulatory limit (excluding Ceron e Acre).
- ▶ All Discos are below the regulatory limits for DEC and FEC, except Ceron in DEC. We have seven distribution companies among the top ten in two categories in Aneel's continuity ranking,

FINANCIAL

- ▶ Adjusted EBITDA (official/audited) reached R\$ 1,892.1 million in the quarter, and R\$ 4,092.3 million in 2018, increasing 134.6% and 72.5% respectively. Adjusted EBITDA (pro forma) reached R\$ 683.4 million in the quarter and R\$ 2,883.7 million in 2018, a reduction of 15.3% and an increase 21.5%, respectively.
- ▶ Net income (official/audited) of R\$ 674.5 million in the quarter, and of R\$ 1,179.7 million in 2018, growing 190.0% and 106.0%. Net income (pro forma) of R\$ 63.1 million in the quarter and R\$ 568.2 million in the year, reducing 72.9% and 0.8%, respectively.
- ▶ Net debt amounts to R\$ 10,845.7 million, and net debt over adjusted EBITDA ratio of 2.7x;
- ▶ Total investments of R\$ 1,980.8 million in 2018, a reduction of 1.1%;

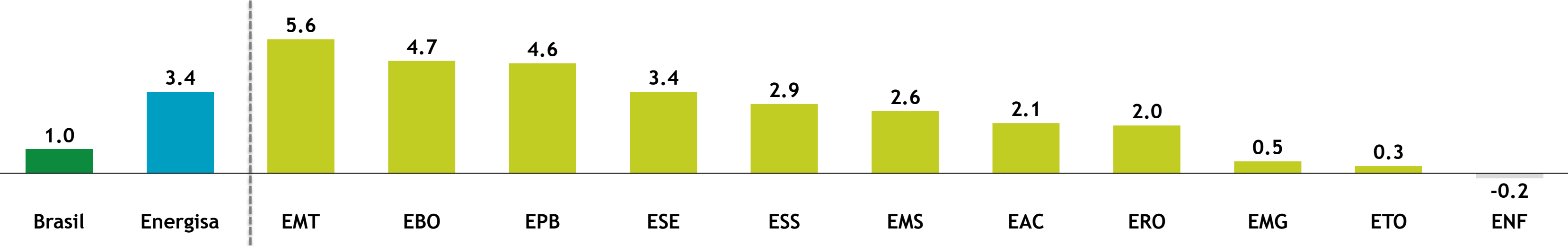
SUBSEQUENT EVENTS

- ▶ End of share offering period for employees and retirees of Ceron and Acre (Energisa now holds 95.4% of Ceron and 93.6% of Acre);
- ▶ Exercise of put option by BNDESpar regarding its stake of 3.29% at Rede Energia, in the amount of R\$ 614.3 million.
- ▶ Additional dividends of R\$ 54.4 million (R\$ 0,15/unit), totaling R\$ 387.2 million for the fiscal year of 2018.

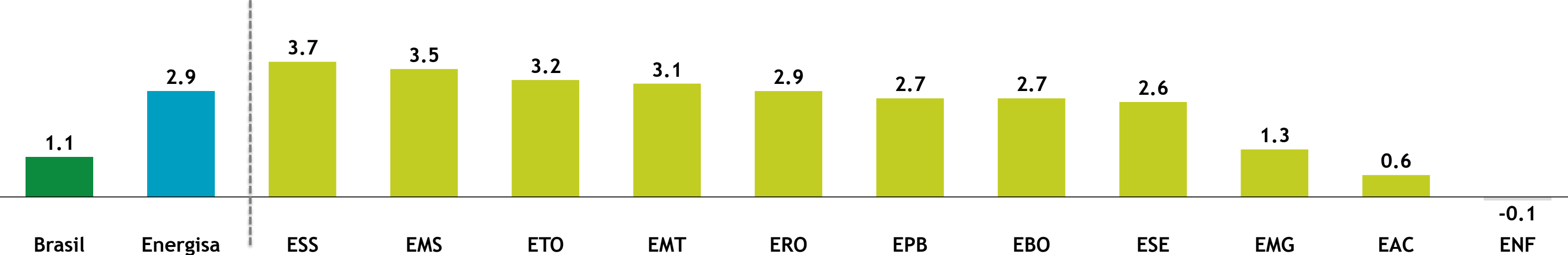
Energy Market

Energisa reaches growth of 1.8 p.p. above the national average in 2018

% GROWTH BY CONCESSION
Quarter

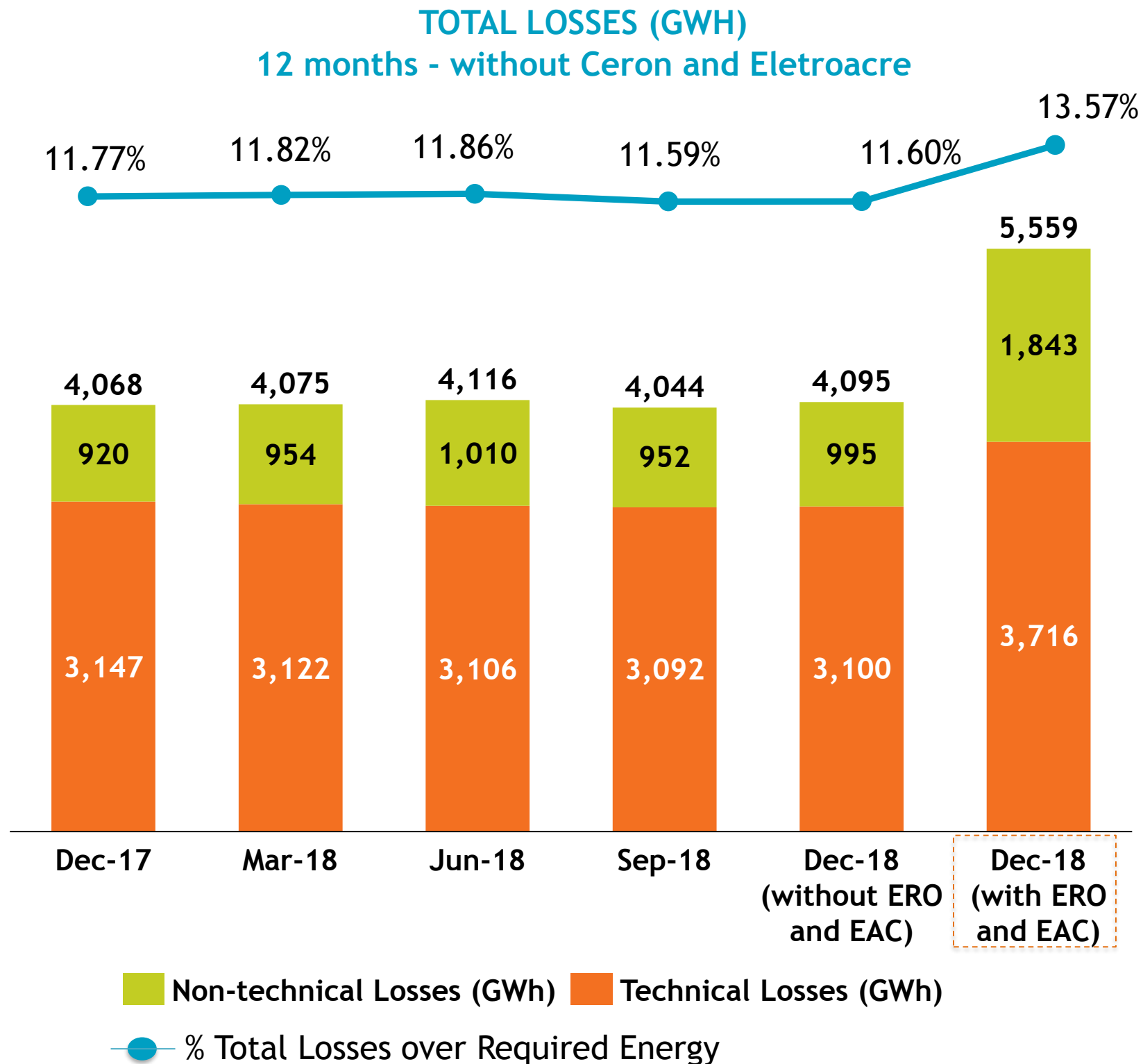


% GROWTH BY CONCESSION
Year



Total Losses

EMS reduced 0.78 p.p. between December of 2017 and 2018, best performance among the Group
 EMT only 0.30 p.p. above the regulatory target



Discos	% Injected Energy (12 months)	Total Losses (%)			ANEEL
		Dec/17(*)	Sep/18	Dec/18	
EMG		10.39	10.35	10.12	9.62
ENF		4.28	3.93	3.94	5.84
ESE		8.78	9.61	9.63	10.12
EBO		5.86	5.95	5.85	7.41
EPB		12.80	12.74	12.64	12.71
EMT		14.48	14.39	14.01	13.71
EMS		13.44	12.37	12.66	13.52
ETO		12.98	12.61	13.24	13.93
ESS		6.32	6.08	6.39	6.72
ERO		28.14	27.28	27.72	22.88
EAC		22.06	20.34	19.71	20.77
Energisa		13.85	13.54	13.57	13.30
Energisa (without ERO e EAC)		11.77	11.59	11.60	11.84

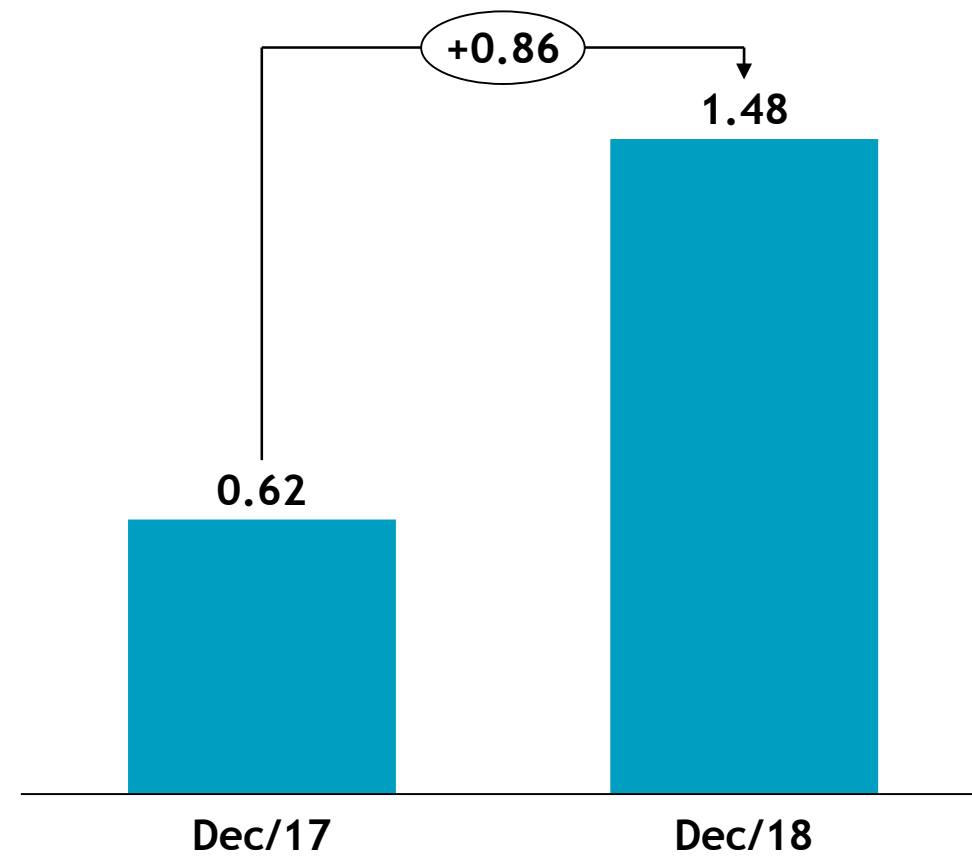
*Amounts reclassified due to the rerecording of energy for the accrual period September 2017.

EAC: Below the limit with the flexibility benefit

Delinquency

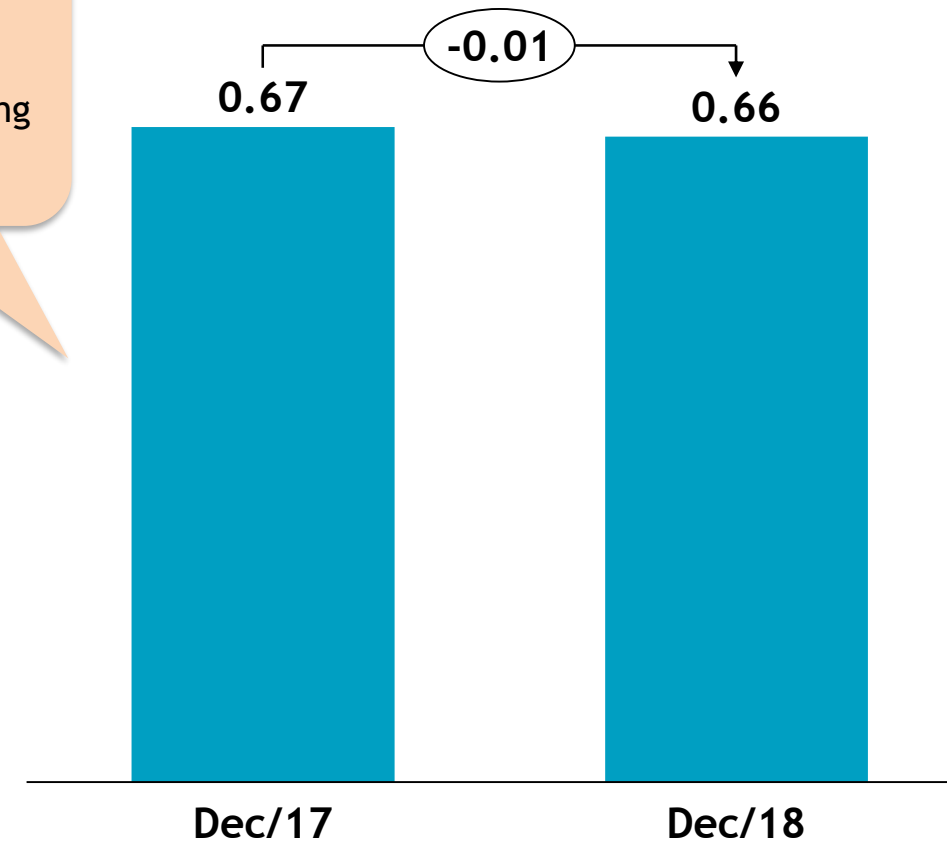
Delinquency rate below 1.0% for the eighth consecutive quarter

DELINQUENCY RATE
Consolidated discos
12 Months (with ERO and EAC)



Includes provision reversion in ESE
Without non recurring items: 0.76%

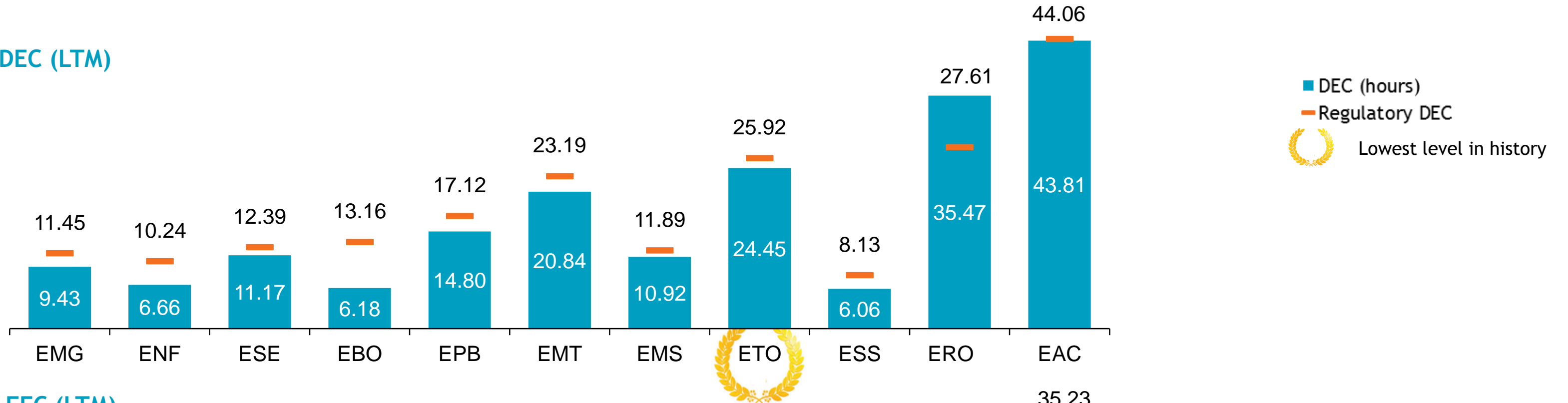
DELINQUENCY RATE
Consolidated discos
12 Months (without ERO and EAC)



Service Quality Indicators

All legacy discos below the Regulatory limits for DEC and FEC
 Eletroacre is below the limits with the flexibility benefit

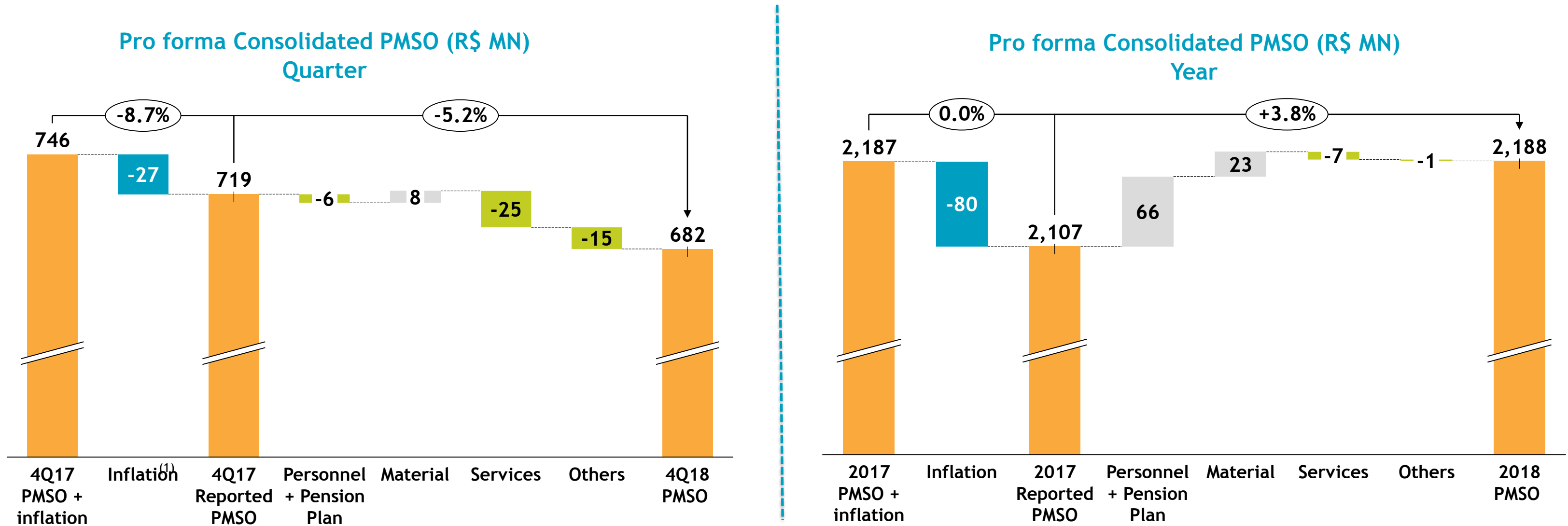
DEC (LTM)



FEC (LTM)



PMSO (Personnel, Material, Services and Other) - without Ceron and Eletroacre

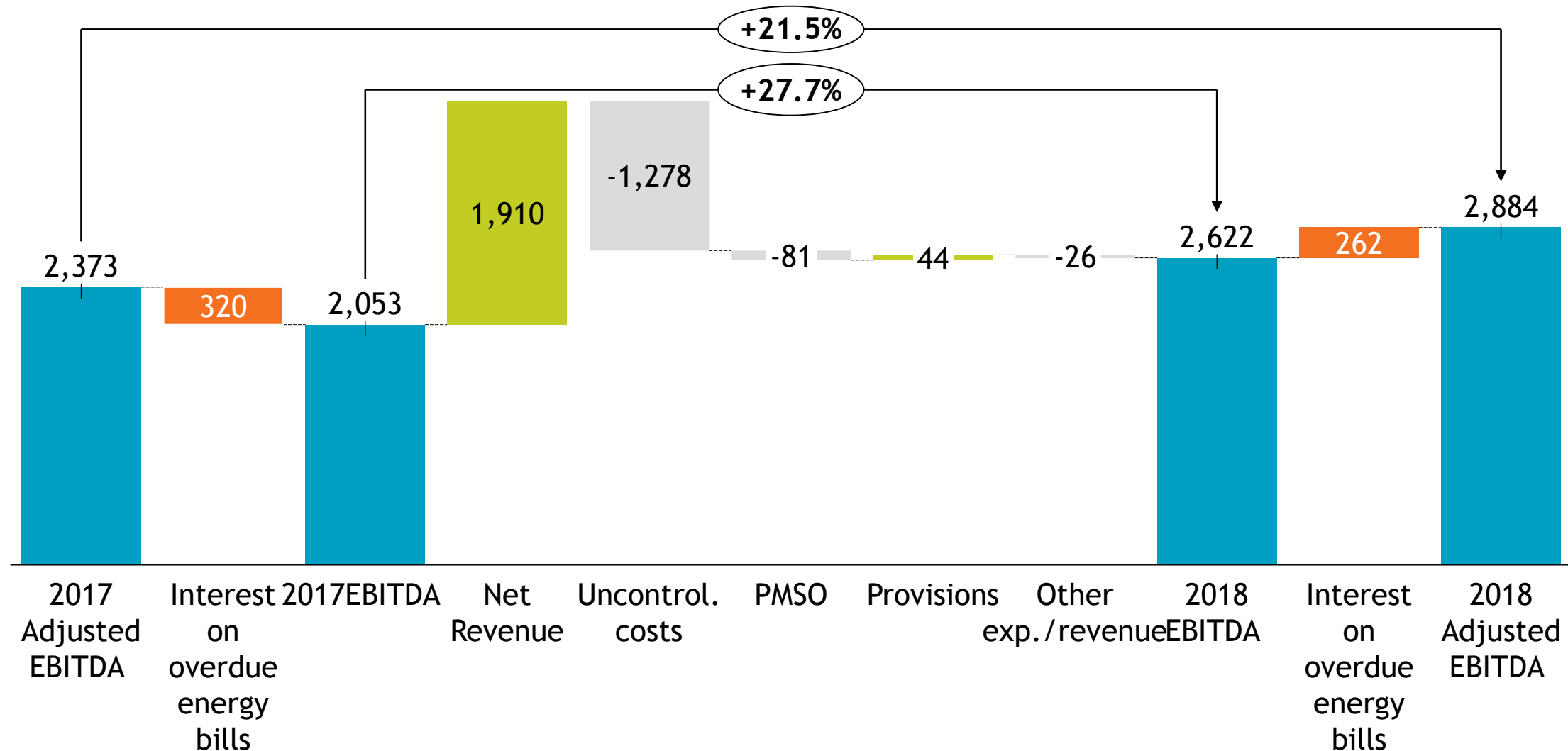


- ▶ **Personnel:** increase due to provision for PLR (+ R\$ 24.1 million) and salary readjustments (+ R\$ 27.6 million); which are offset by the reduction in labor indemnities (R\$ 27.6 million);
- ▶ **Materials and Services:** Anticipation of EMS maintenance plan and major maintenance projects in EMT
- ▶ **Others:** reduction in the fines and compensations due to the change in accounting rules.

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

Consolidated EBITDA

EBITDA and ADJUSTED EBITDA
Pro Forma (R\$ MN)



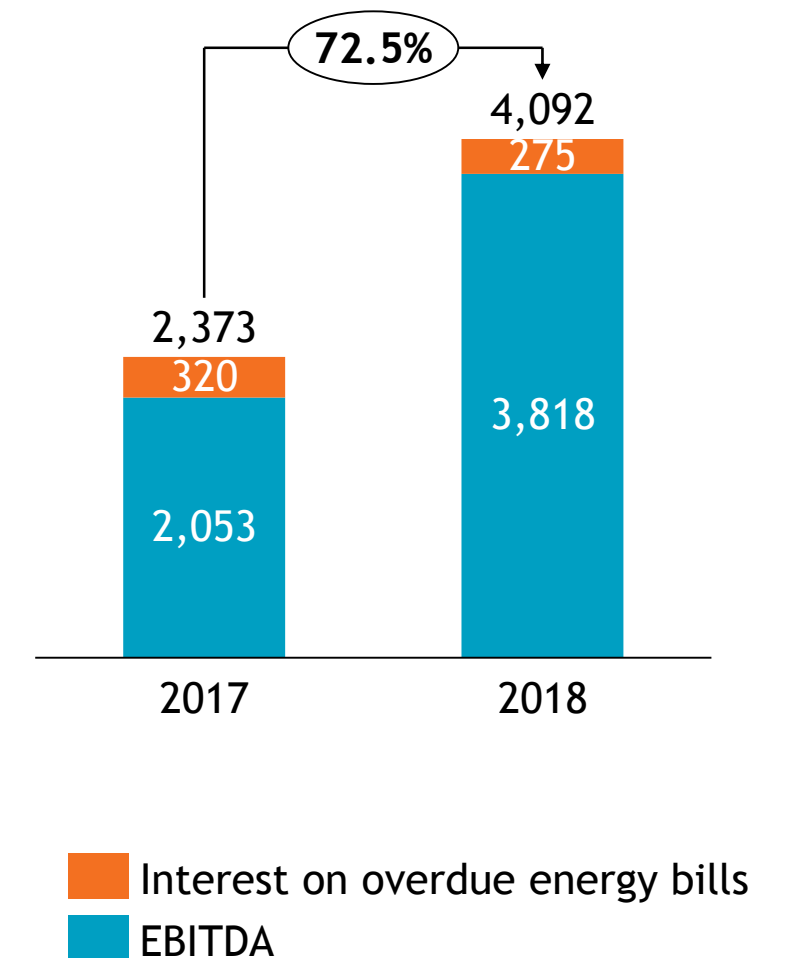
EBITDA EXCLUDING NON-RECURRING EFFECTS
Pro Forma (R\$ MN)

Description (R\$ million)	4Q18	4Q17	Change %	2018	2017	Change %
(=) EBITDA Pro forma	611.5	649.0	- 5.8	2,621.8	2,052.6	+ 27.7
(+) Non-Recurring Effects	(16.4)	(170.7)	- 90.4	(302.6)	(206.3)	+ 46.7
(=) EBITDA (without non recurring effects)	595.1	478.3	+ 24.4	2,319.2	1,846.3	+ 25.6

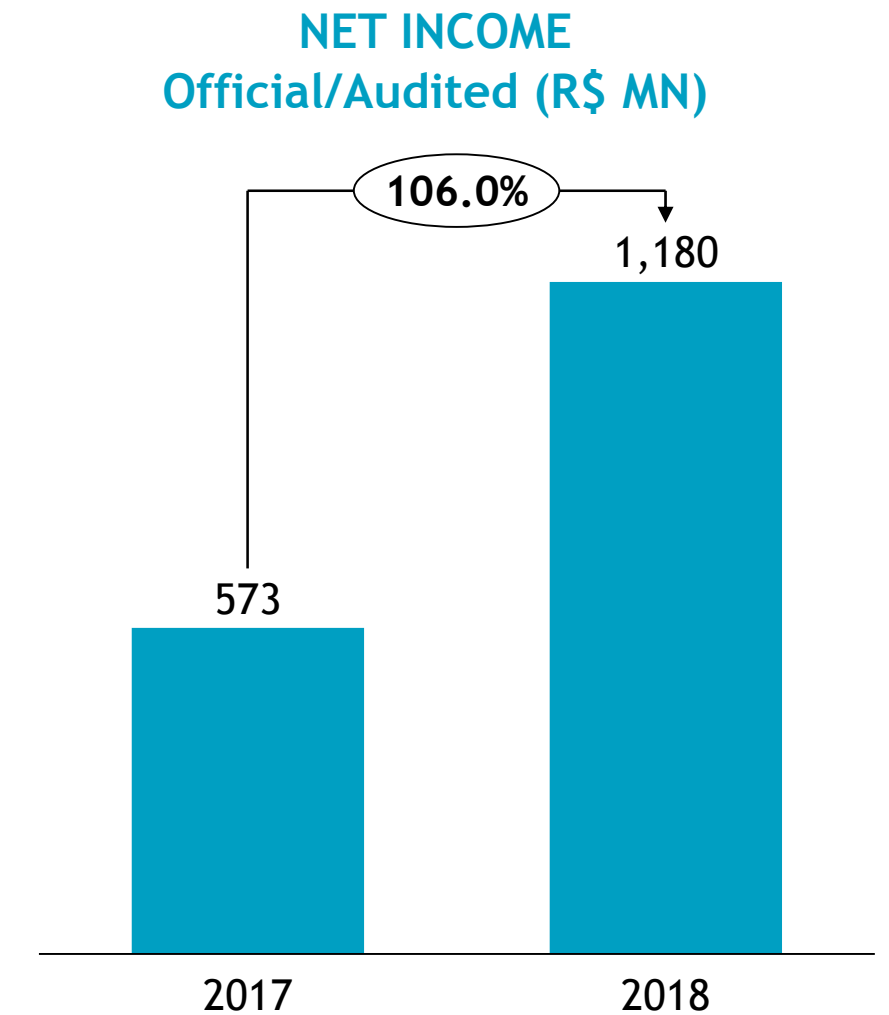
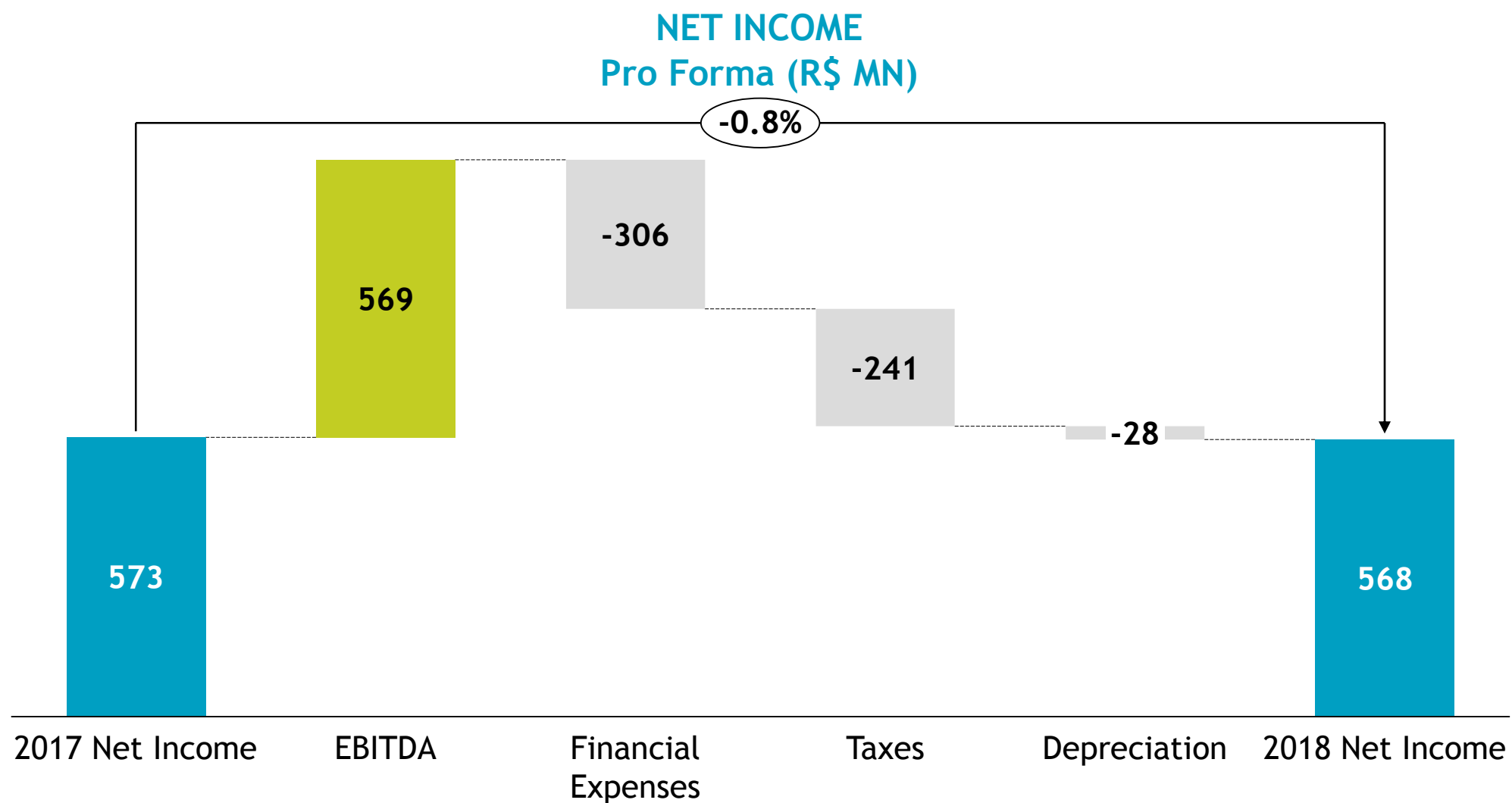
*See appendix for description of non recurring effects

Pro forma: only legacy companies, without considering Ceron and Eletroacre (unaudited)

EBITDA and ADJUSTED EBITDA
Official/Audited
(R\$ MN)



Consolidated Net Income



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

Description (R\$ million)	4Q18	4Q17	Change %	2018	2017	Change %
(=) Pro forma Net Income	63.1	232.6	- 72.9	568.2	572.6	- 0.8
(+) Non-recurring effects	159.0	(78.6)	-	161.3	(83.2)	-
(=) Pro forma Net Income (without non-recurring effects)	222.1	154.0	+ 44.2	729.5	489.4	+ 49.1

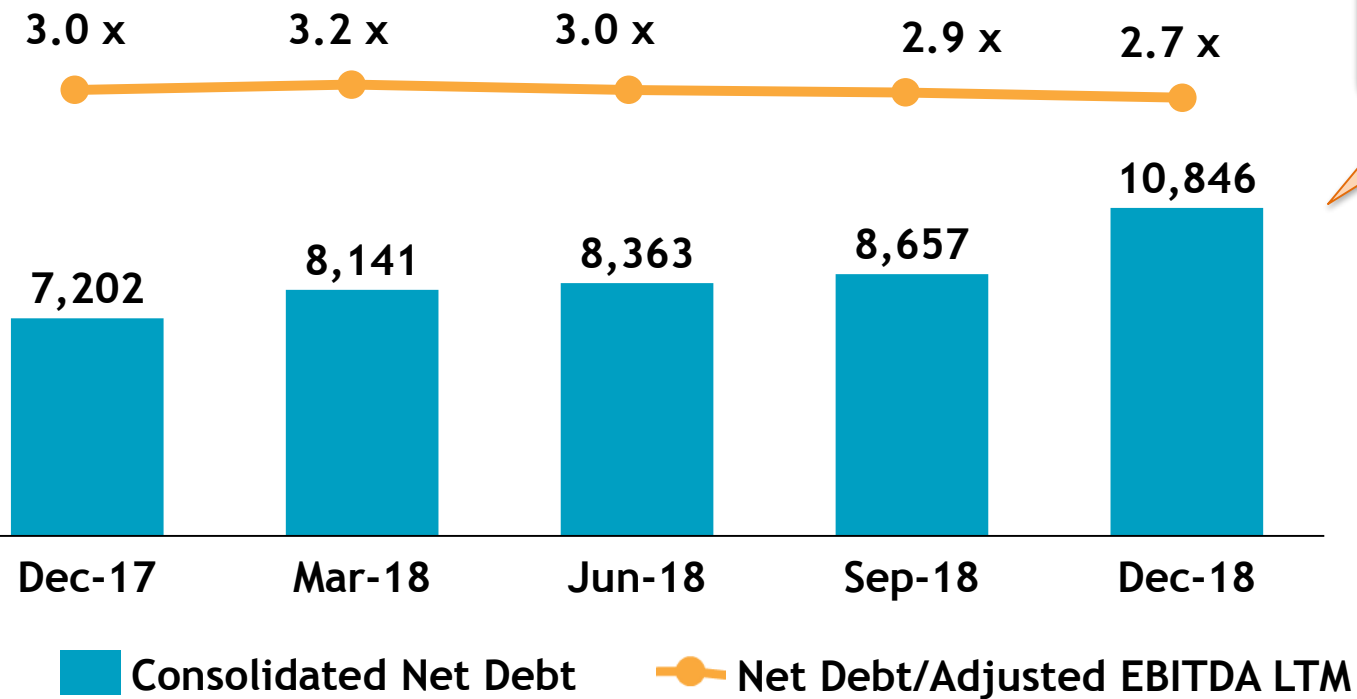
*See appendix for description of non recurring effects

Pro forma: only legacy companies, without considering Ceron and Eletroacre (unaudited)

Indebtedness

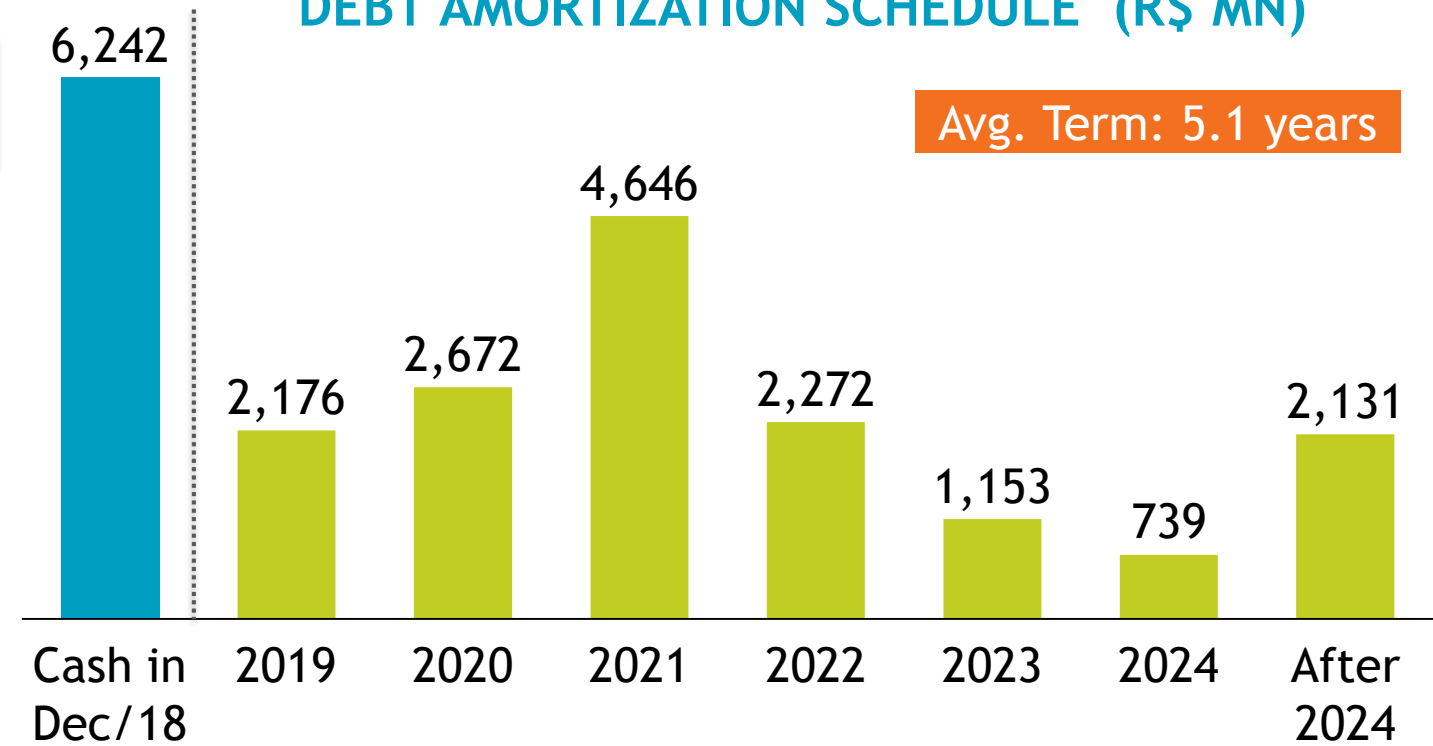
Assumption and remodeling of Ceron and Eletroacre's debt

DEBT

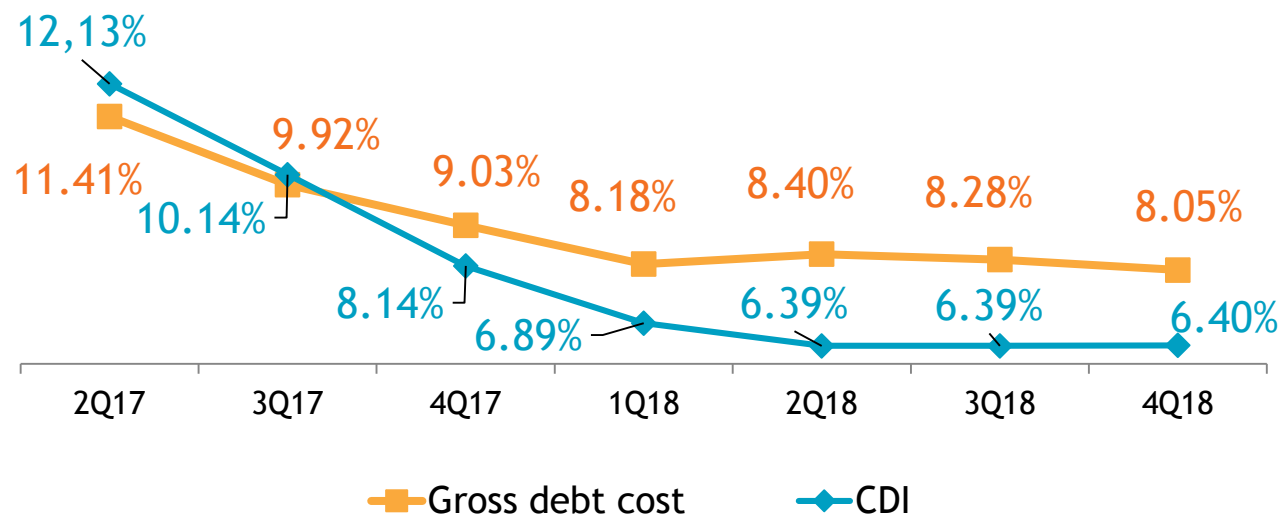


R\$ 423 million MTM of the 7th debenture issuance

DEBT AMORTIZATION SCHEDULE (R\$ MN)



GROSS DEBT COST

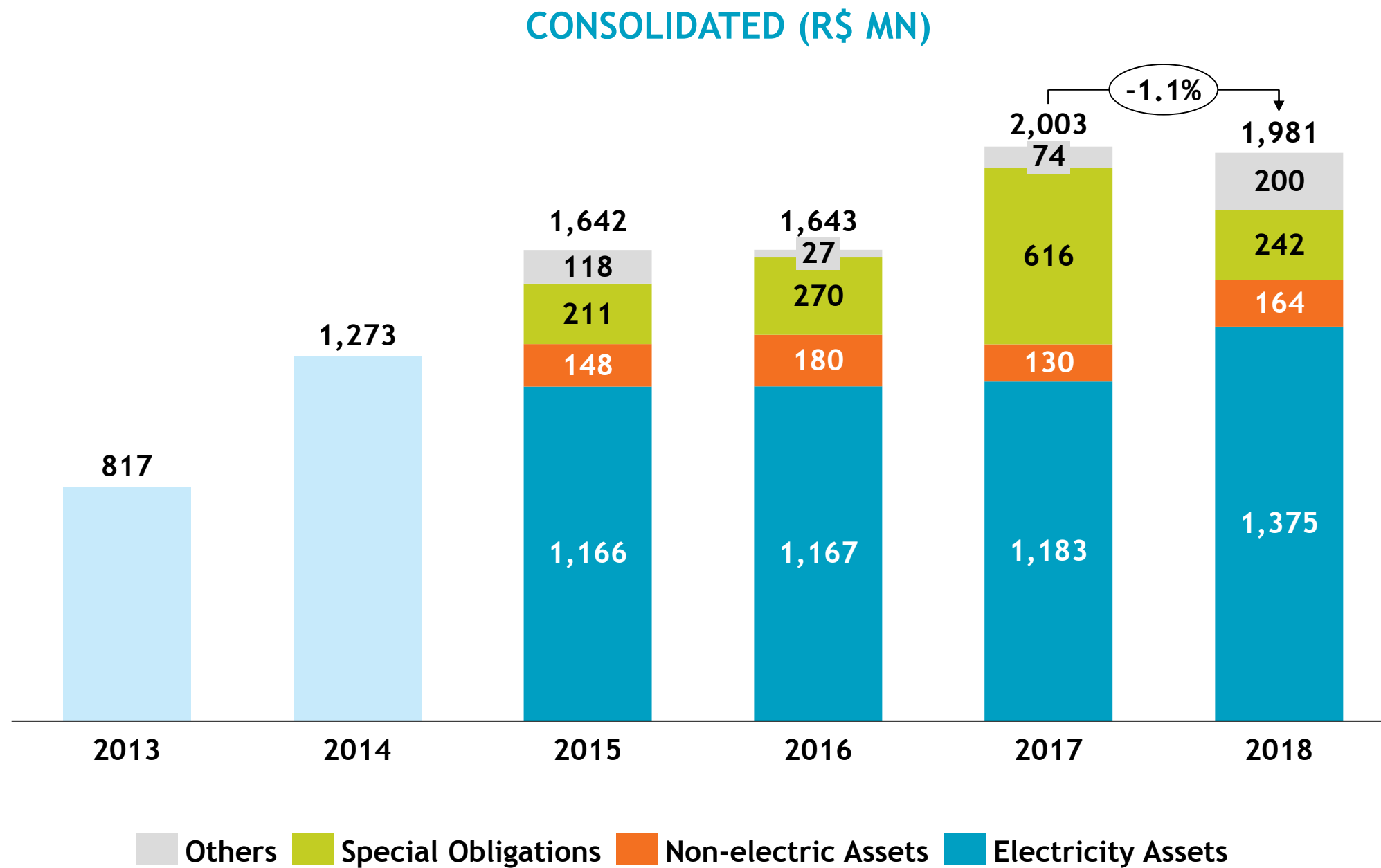


RATINGS

Agency	Domestic Rating/Outlook	Global Rating/Outlook
Standard & Poor's	brAAA (stable)	BB- (stable)
Moody's	Aa2.br (stable)	Ba2 (stable)
Fitch Ratings	AAA (bra) (stable)	BB+ (stable)

Investments

Investments of R\$ 1,781 million in the distribution segment, 7.7% lower than 2017
Total average investments in the last four years of R\$ 1,817 million

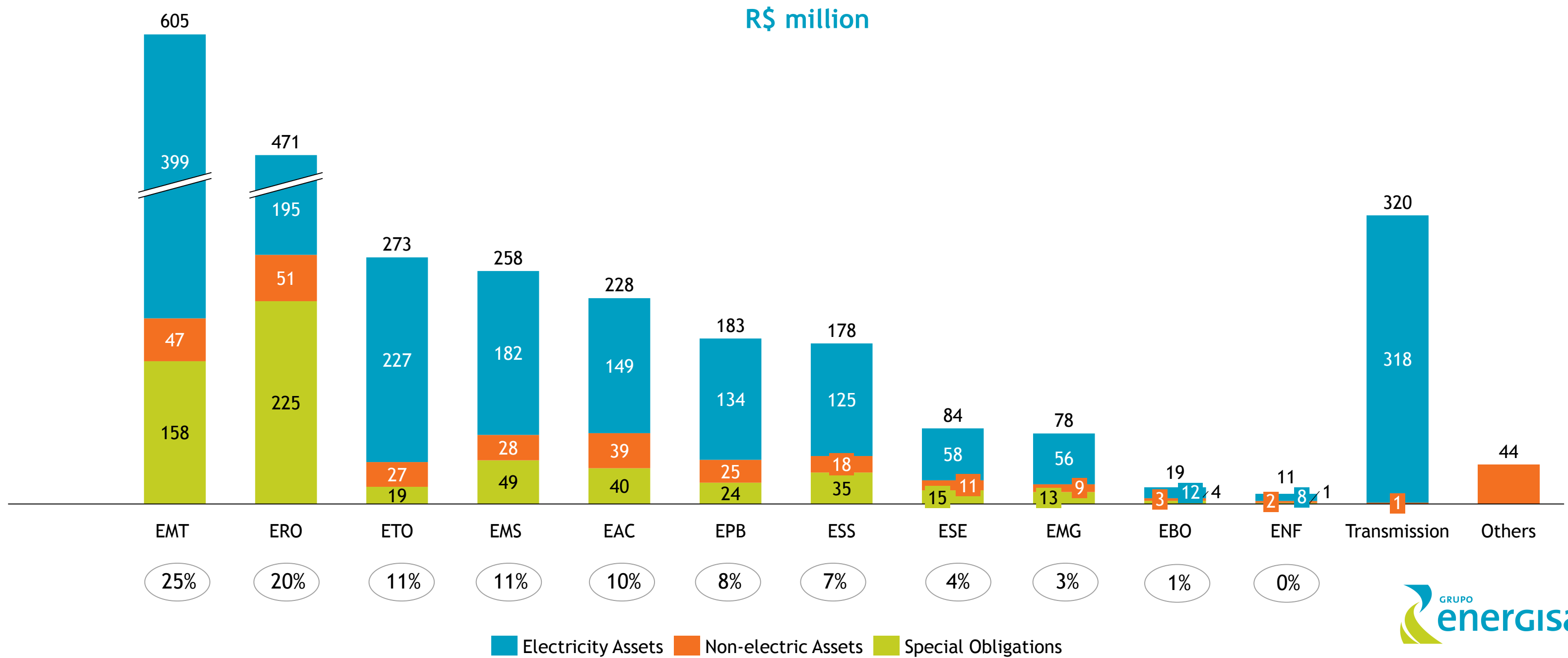


Investments 2019 (projection)

Total investments to grow 39% in 2019

Ceron will be the second disco to receive more investments

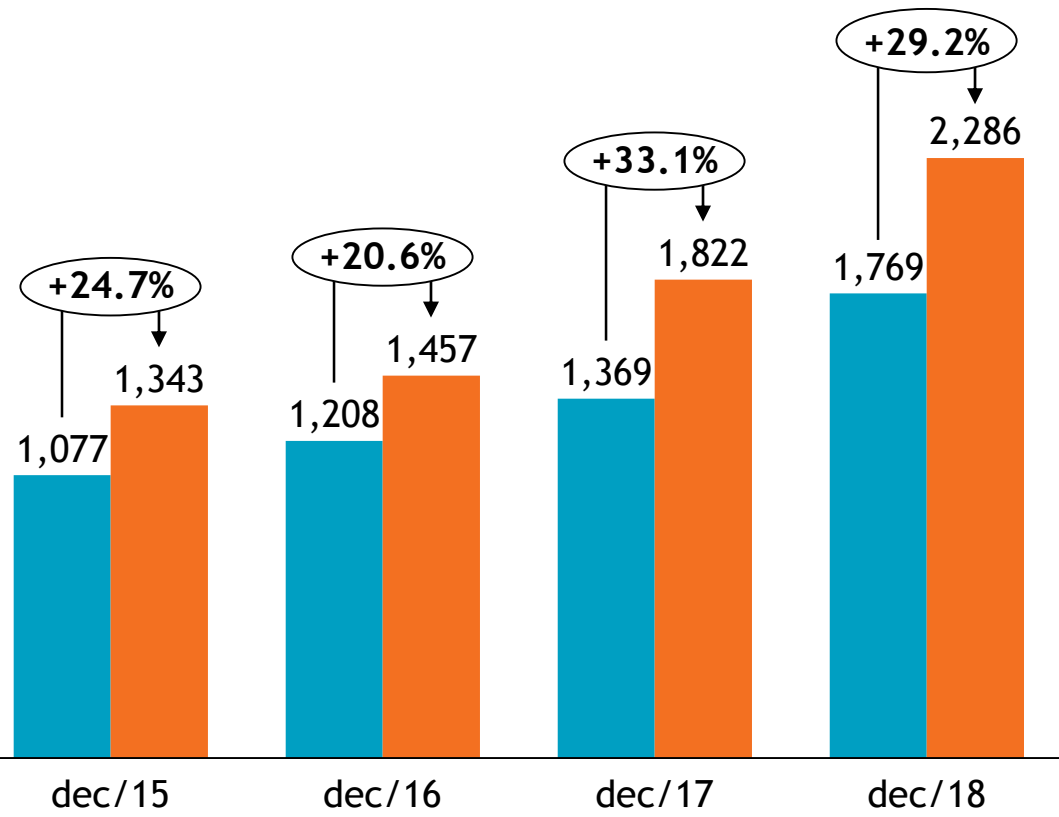
- Total: 2,752 million
- Discos: R\$ 2,389 million
 - ✓ Electric Assets: R\$ 1,545 million;
 - ✓ Non-electric Assets: R\$ 262 million;
 - ✓ Special Obligations: R\$ 582 million



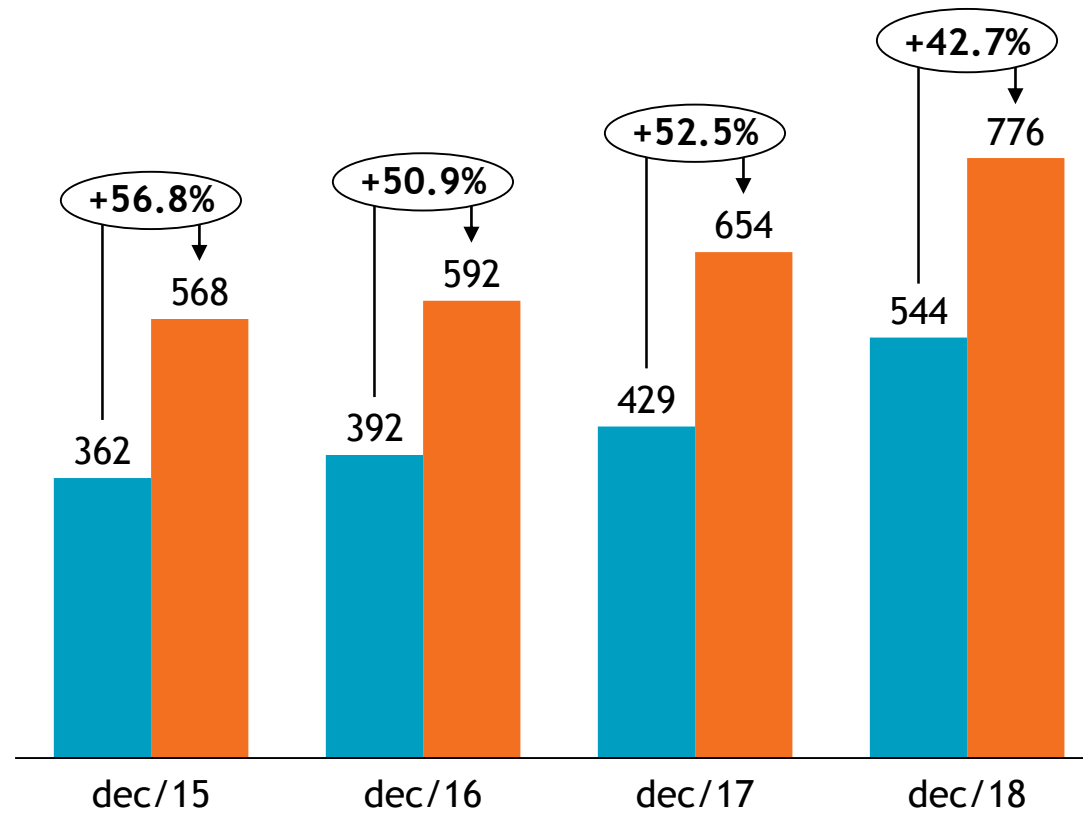
Regulatory (*pro forma*, without Ceron and Eletroacre)

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

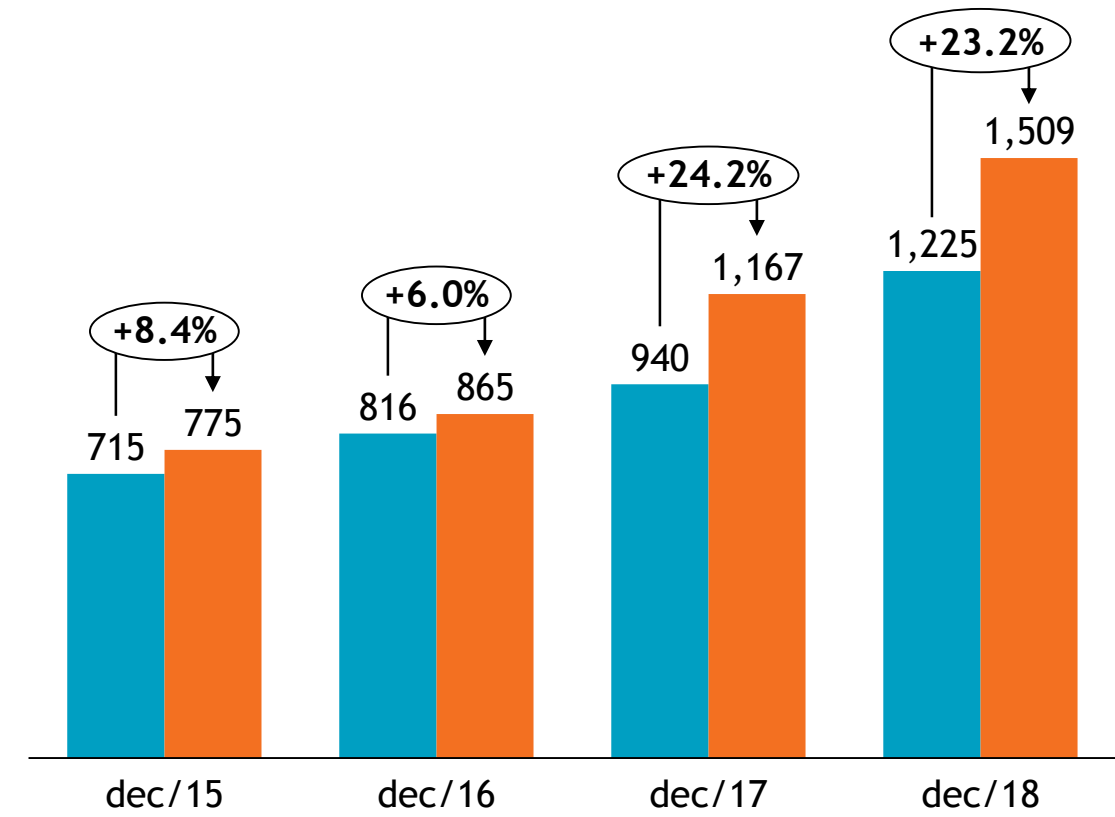
Discos
12 months (R\$ million)



Pioneer Companies
12 months (R\$ million)



Grupo REDE
12 months (R\$ million)



Regulatory Reported (without non recurring)

Thank you

Ricardo Perez Botelho

CEO

Tel.: +55 21 2122-6904

Email: rbotelho@energisa.com.br

Maurício Perez Botelho

CFO

Tel.: +55 21 2122-6904

Email: mbotelho@energisa.com.br

Mariana Rocha

Investor Relations Manager

Tel.: +55 21 2122-9521

Email: mariana.rocha@energisa.com.br

Appendix

Pro forma EBITDA without non-recurring (R\$ million)

Description Amounts in R\$ million	Quarter			Accumulated		
	4Q18	4Q17	Change %	2018	2017	Change %
(=) Pro forma EBITDA (exc. Ceron and Eletroacre)	611.5	649.0	-5.8	2,621.8	2,052.6	27.7
(+) Rescission Costs	7.6	7.2	+ 5.6	25.2	29.9	- 15.7
(+) Health care plan (retirement benefit)	-	46.2	-	-	46.2	-
(+) Entry into PERT	-	5.5	-	-	5.5	-
(+) Over contracting of energy	-	-36.9	-	-	-41.2	-
(-) Concession financial asset (VNR)	24.0	179.3	- 86.6	300.1	211.4	+ 42.0
(-) Reversals of extraordinary PDD (ESE)	-	13.4	-	-	13.4	-
(-) Re-recording of CVA (EMT, EMS and ESE)	-	-	-	44.8	-	-
(-) Sale of aircraft (EMT)	-	-	-	-	21.9	-
(+) Provision for success fees (EMT)	-	-	-	17.1	-	-
(=) EBITDA without non-recurring effects	595.1	478.3	+ 24.4	2,319.2	1,846.3	+ 25.6

Appendix

Pro forma net income without non-recurring (R\$ million)

Description (R\$ thousand)	Quarter			Year		
	4Q18	4Q17	Change %	2018	2017	Change %
(=) Pro forma net income (exc. Ceron and Eletroacre)	63.1	232.6	- 72.9	568.2	572.6	- 0.8
(+) Rescission costs	5.8	5.3	+ 8.9	18.8	22.3	- 15.8
(+) Health care plan (retirement benefit)	-	42.0	-	-	42.0	-
(+) Over contracting of energy	-	-25.8	-	-	-29.1	-
(+) State Refis and provision for ICMS credit losses (EMT)	-	98.9	-	-	98.9	-
(+) Mark-to-market of 7 th issuance debentures	165.0	150.0	+ 10.0	272.4	150.0	+ 81.6
(+) Provision for success fees (EMT)	-	-	-	14.5	-	-
(-) Concession financial asset (VNR)	-	120.9	-	-	120.9	-
(-) Reversals of extraordinary PDD (ESE) - after AVP	-	68.3	-	-	68.3	-
(-) Sale of aircraft (EMT)	-	-	-	-	18.3	-
(-) Entry into PERT	-	20.9	-	-	20.9	-
(-) Constitution of tax asset (ESA parent company)	-	138.9	-	-	138.9	-
(-) Re-recording of CVA (EMT, EMS and ESE)	-	-	-	40.0	-	-
(-) Reversal of the provision for compensable financial assets (EMT, EMS and ESE)	-	-	-	92.5	-	-
(-) Pension fund migration (ESE)	11.8	-	-	11.8	-	-
(=) Net income without non-recurring effects (exc. Ceron and Eletroacre)	222.1	154.0	+ 44.2	729.5	489.4	+ 49.1