Earnings Release 2019

Message from the CEO

We celebrated 115 years of existence in 2020, and we are extremely proud of that history. We are the 5th largest electricity distribution group in Brazil, present in all regions and 11 states, supplying energy to some 7.8 million clients, embracing approximately 20 million Brazilians.

We believe that our excellent service quality is due to our commitment to an efficient and sustainable management model, dedicated personnel and ongoing investments.

We are driven to create economic and financial, ethical, social and environmental value for all our stakeholders. Energisa Group is today an electric sector services platform, with a footprint across the energy chain and completely committed to the pursuit of clean and renewable energy sources.

I would like to share some of our achievements in 2019 with you.

We began integrating the distribution companies in the states of Acre and Rondônia, that we acquired in the last months of 2018. This task has been fraught with challenges, but promises to be transformational for Energisa Group and the economy in the states. To illustrate this, in Rondônia alone we found an unmet demand of around 72 MW, equal to a town of 50 thousand people. Most of this demand comes from companies, i.e. energy that creates jobs, income and development, which for us justifies the R$ 834 million invested in the two states by the end of 2019 and the investment of R$ 832 million forecasted for 2020. In only 2 years, considering the investments performed in 2019 and projected for 2020 of R$ 1.6 billion, our investments would surpass the total amount invested in the last six years in which these companies were state-owned.

Progress has been made in leaps and bounds on the construction of the Energisa Goiás Transmissora I and Energisa Pará Transmissora I transmission lines, which were adjudicated at the auction in April 2017 and will come into operation ahead of schedule, before the end of 2020.

We received important recognition for our distribution companies. Six of our companies were ranked in the top ten in Aneel's 2019 quality performance ranking (with more than 400 thousand consumers).

We also excelled in the prestigious Abradee 2019 Awards. Our companies received 6 awards, with Energisa Tocantins and Energisa Nova Friburgo (RJ) standing out and elected as the best companies in the North/Midwest region and the best companies in Brazil in the category of companies with less than 400 thousand consumers respectively.

Providing excellent services to clients and compliance with government requirements enabled Energisa Tocantins to have its concession renewed for 30 years, from January 01, 2020 to December 31, 2049.

Following the expansion of our businesses, in 2019 our headcount was 20.5 thousand, including company and outsourced staff. We remain focused on our training initiatives, insourcing of services, career opportunities and leader training. Our initiatives led to Energisa Tocantins entering the Great Place to Work (GPTW) ranking. This award testifies to our investments to build a consistent team and initiatives that value and bring teams together, nurturing a relationship of trust and respect amongst all.

In occupational safety, a core value for our companies, we continued our Safe Operations project, which seeks to bring about cultural transformation focusing on recognizing risk, identifying behavioral barriers and opportunities for operational improvements which guarantee safe operations.

Our concession areas achieved growth in distributed energy volume (Captive Sales + invoiced TUSD) of 4.2%, 2.8 p.p. greater than the average for Brazil of 1.4%. Our net revenue in 2019 was R$ 19.9 billion, 26.0% above that recorded in 2018. EBITDA amounted to R$ 3.5 billion for the year, growth of 31.9% on 2018, disregarding the effects of the ERO and EAC business combination in 4Q18.

In the last five years Energisa has invested more than 11 billion reais in modernizing and expanding the electric sector. We allocated R$ 3.2 billion to all our activities in 2019, and will allocate a further R$ 3.0 billion in 2020.

We continue to view the sector's future with excitement and optimism regarding the huge challenges of the energy transition, which is requiring electricity utilities to rethink the way they operate. Electrification is being used as a solution for challenges posed by the climate crisis, with initiatives fostering energy efficiency, affordable rates and prioritizing renewable energy sources. As part of this trend, we will shut down 17 high cost thermal power plants running on oil derivatives in Acre and Rondônia, providing savings of roughly R$ 400 million/year in fuel costs for the country, cutting CO2 emissions by an average 59,876 tonnes/year, when this project is completed in 2023.

We are also trialing the use of smart grids and microgrids powered by solar energy, batteries and biodiesel generation in the islanded systems of the Amazon and Pantanal swamplands in South Mato Grosso state. We aim to take these groundbreaking solutions to areas not covered by the electricity grid. We have also invested in distributed generation through the subsidiary Alsol, with innovative renewable energy supply models integrated into distribution networks, enabling a more efficient management of energy resources with numerous benefits for clients and society in this energy transition.

In recent years we have sought to streamline our practices by investing in innovation on all business fronts, from administrative activities to fieldwork. Agile methods have been integrated into the Company's reality and we are focusing on facilitating the day-to-day lives of our clients and personnel through digital transformation incorporated into our daily routines. We are therefore preparing for a future of monumental possibilities.

We are renowned for our bold, but sure and certain, steps, because we are building on a bedrock of solid values that have been evolving over time. Our culture is driven by entrepreneurialism and our commitment to supply quality energy to our clients wherever they may be. Our businesses are currently geared towards sustainable growth, with an eye on achievements for our future generations.

Ricardo Botelho

Energisa Group CEO

Cataguases, March 12, 2020.

2019 Results

Cataguases, March 12, 2020 - The Management of Energisa S/A ("Energisa" or "Company") hereby presents its results for the fourth quarter (4Q19) and 2019 (12M19).

Following the recent acquisitions made in the last quarter of 2018 and in order to facilitate a comparative analysis against past performance, this report will present the information from two perspectives:

i) Official (audited): including the accounting consolidation of Energisa Rondônia - Distribuidora de Energia S/A ("Energisa Rondônia" or "ERO") and Energisa Acre - Distribuidora de Energia S/A ("Energisa Acre" or "EAC"), from 10/30/2018 and 12/6/2018, dates on which control of these companies was acquired respectively; and

ii) Pro forma (unaudited): only containing the original companies of Energisa Group, carving out the acquisitions of ERO and EAC.

Over the course of this document tables shall be labeled as either "*pro forma*" or "official".

Quick Facts

Energisa Group's total invoiced sales rose by 4.2% in 2019, an increase of 2.8 p.p. more than domestic consumption, with all the Group's distribution companies turning in a profit.

- ✓ **Consolidated net income** of R$ 353.3 million in 4Q19, a decrease of 47.6% over 4Q18. Consolidated net income amounted to R$ 527.2 million in 2019, a decrease of 55.3% on 2018. However, net income disregarding the business combination in 4Q18 would have risen by 82.7% in 2019.
- ✓ **Consolidated adjusted EBITDA** amounted to R$ 1,056.1 million in 4Q19, a decrease of 44.2% on 4Q18. In 2019, the Adjusted EBITDA amounted to R$ 3,839.9 million, a decrease of 6.2% on the amount recorded in 2018. If we disregard the effect of the business combination taking place in 4Q18, the Adjusted EBITDA for the year would have risen by 31.4%.
- ✓ **Consolidated cash, cash equivalents, short-term investments and sector credits** stood at R$ 4,494.4 million in December 2019, compared with R$ 6,242.1 million in December 2018;
- ✓ **Consolidated net debt** amounted to R$ 13,677.6 million in December 2019, compared with R$ 10,845.7 million in December 2018. This resulted in a ratio between net debt and Adjusted EBITDA of 3.6;
- ✓ **Consolidated investments** amount to R$ 997.8 million in 4Q19. In 2019, the investments amounted to R$ 3,167.1 million.

Description *(official)*	Quarter			Year		
	4Q19	4Q18	Change %	2019	2018	Change %
Financial indicators - R$ million						
Gross Operating Revenue	7,683.2	6,404.0	+ 20.0	29,277.7	23,684.7	+ 23.6
Net Operating Revenue, without construction revenue	4,452.1	3,610.9	+ 23.3	16,923.2	14,274.6	+ 18.6
Manageable costs and expenses	866.0	793.4	+ 9.2	2,931.0	2,328.2	+ 25.9
EBITDA	968.1	1,807.3	- 46.4	3,499.9	3,817.6	- 8.3
Adjusted EBITDA	1,056.1	1,892.1	- 44.2	3,839.9	4,092.3	- 6.2
Net Income	353.3	674.5	- 47.6	527.2	1,179.7	- 55.3
Net Indebtedness (1)	13,677.6	10,845.7	+ 26.1	13,677.6	10,845.7	+ 26.1
Investments	997.8	704.2	+ 41.7	3,167.1	1,980.8	+ 59.9
Consolidated Operating Indicators						
Total Number of Consumers	7,823,128	7,675,322	+ 1.9	7,823,128	7,675,322	+ 1.9
Number of Own Staff	14,596.0	14,054.0	+ 3.9	14,596.0	14,054.0	+ 3.9
Work Force (own + outsourced staff) (2)	20,529.0	19,599.0	+ 4.7	20,529.0	19,599.0	+ 4.7

(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 Group's service providers;

Teleconference about the Results for the 4th quarter of 2019

Friday, March 13, 2020
Time: 3:00 PM (BRT) | 2:00 PM (EST)
(with simultaneous translation into English)

Participant access:
Telephone connection / Dial in Brazil: (+55) 11 2188-0155
Telephone connection / Dial in other countries (Simultaneous Translation): +1 646 843 6054
Password: Energisa

Links to webcast:
Click here to see the webcast in Portuguese
Click here to see the webcast simultaneously translated into English

Investor Relations
For further information and Release tables in Excel format, please visit Energisa's IR site:
ri.energisa.com.br
E-mail: ri@energisa.com.br

Summary

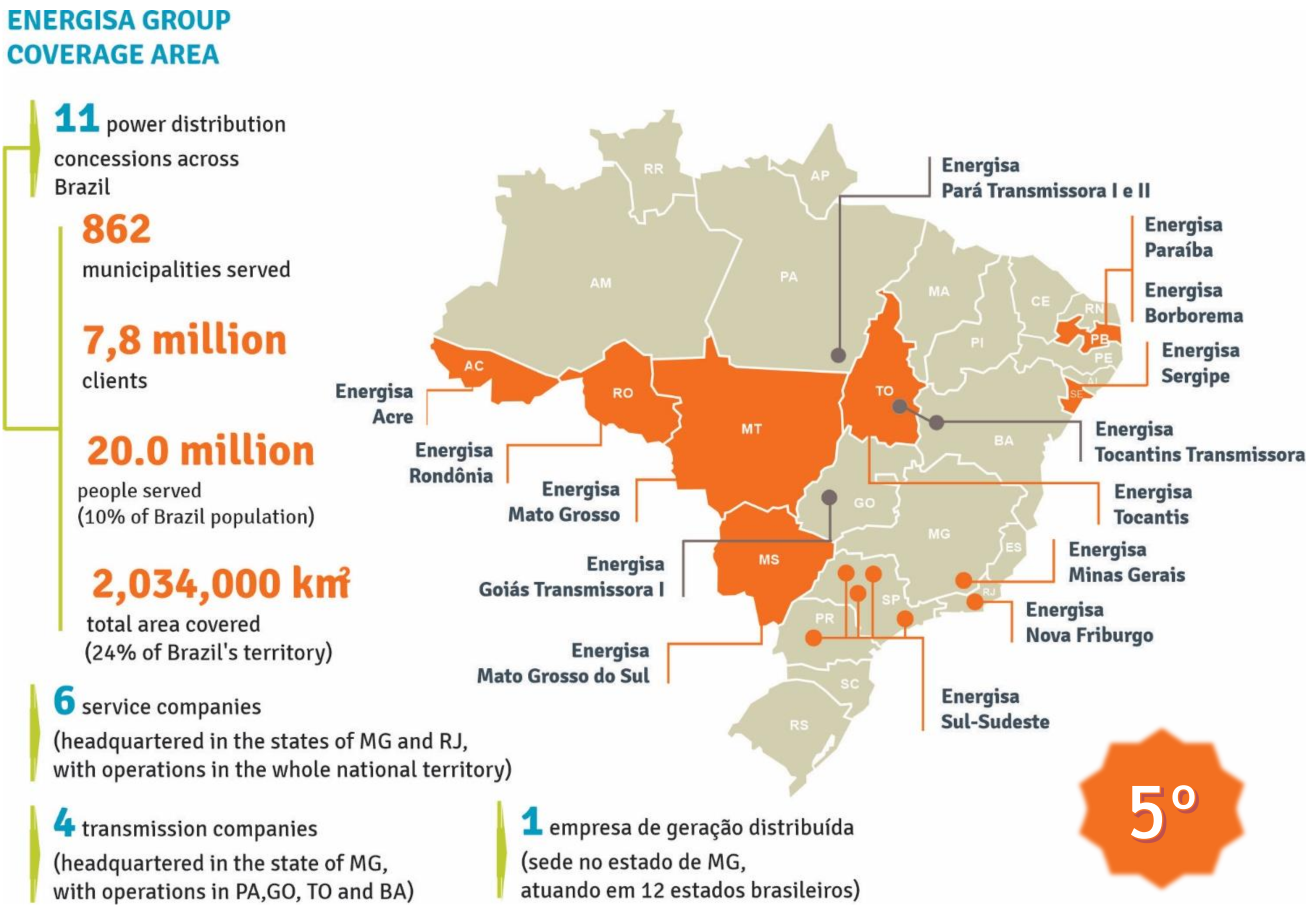
1. Corporate structure and profile

Energisa Group completed 115 years of history on February 26, 2020 and is the fifth largest energy distribution group in Brazil in terms of energy distribution. In our segment we serve approximately 7.8 million consumers in eleven Brazilian states, equal to 10% of Brazil’s population.

The Company currently controls 11 distribution companies located in the states of Minas Gerais, Sergipe, Paraíba, Rio de Janeiro, Mato Grosso, Mato Grosso do Sul, Tocantins, São Paulo, Paraná, Acre and Rondônia, with a concession area embracing 2,034 thousand Km^2, equal to 24% of Brazil’s landmass.

Energisa Group's activities also include energy transmission assets resulting from the auctions successfully bid for 2017 and 2018, including: Energisa Goiás Transmissora I and Energisa Pará Transmissora I, both scheduled to come into operation in 2020, Energisa Para Transmissora II and Energisa Tocantins Transmissora.

Energisa S.A. completed the acquisition of Alsol Energias Renováveis on June 17, 2019, operating in the distributed generation segment, with an interest in Alsol of 89.7%.



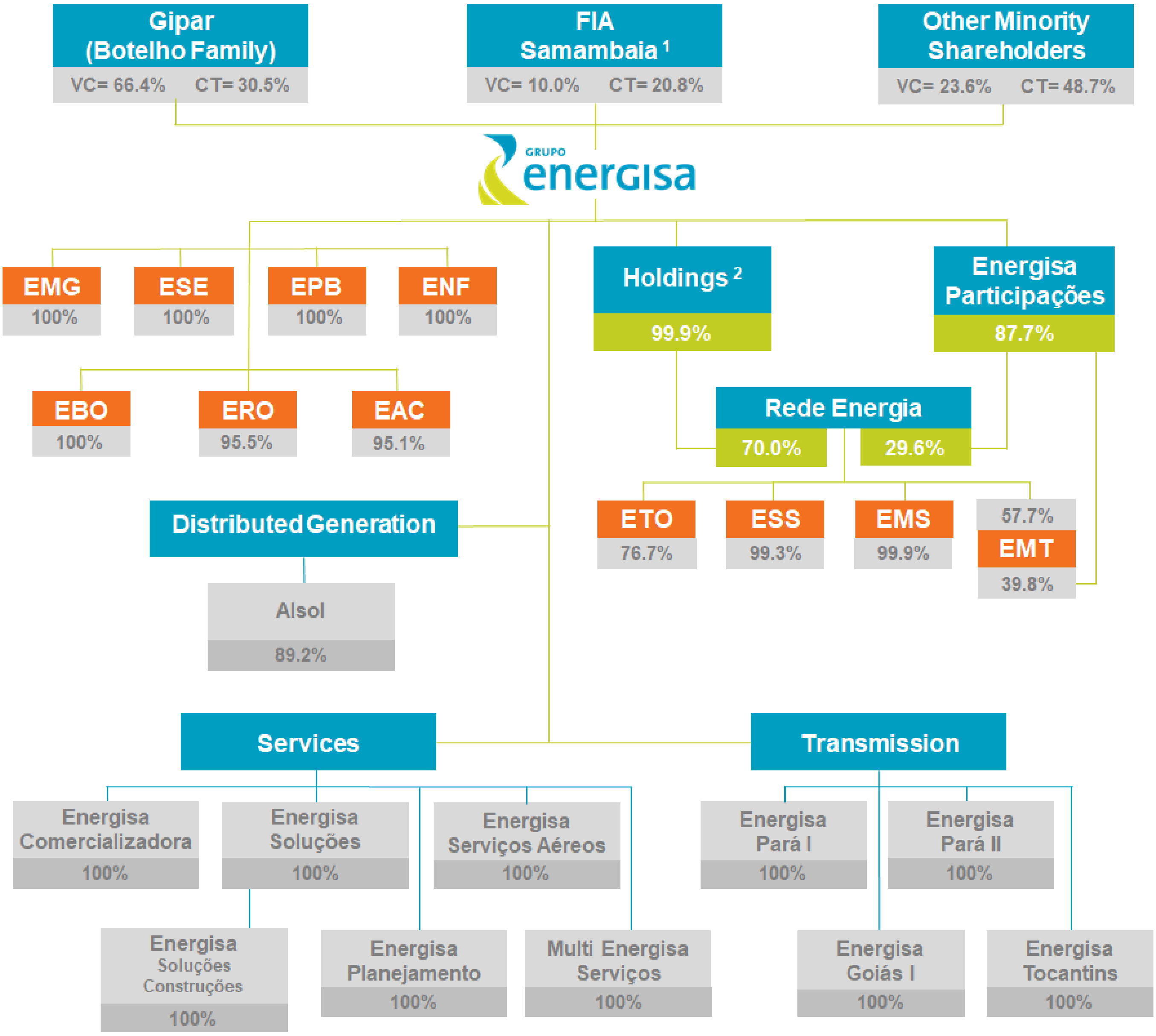
Largest energy distribution group in Brazil

Corporate Structure of Energisa Group

Energisa Group's share control is exercised by Gipar S.A., controlled by the Botelho Family. The Company is listed in Level 2 Corporate Governance of B3 and the most liquid shares are traded under the symbol ENGI11 (Units, certificates comprising one common share and four preferred shares). In addition to these securities, it has shares traded under the symbols ENGI3 (common shares) and ENGI4 (preferred shares).

On April 30, 2019 and May 30, 2019 the Company received correspondence from Eletrobrás informing its decision not to exercise the option to increase its interest in the capital of ERO and EAC, acquired on August 30, 2018, as stated in the terms of Auction Notice 2/2018-PPI/PND. As Eletrobras did not exercise this option, on June 18, 2019 the Company revoked the ERO and EAC Shareholders' Agreement entered into by the Company and Eletrobras.

See below the simplified ownership structure of Energisa Group:



CV - Voting Capital | CT - Total Capital(1) Shareholding held directly and indirectly through investment vehicles.
(2) Directly and by way of holding companies, Energisa directly and indirectly owns 95.9% of Rede Energia.

2. Operating performance

2.1 Electricity sales

Acquiring Energisa Rondônia and Energisa Acre boosted Energisa's consolidated annual sales by 4,319 GWh in 2019, an increase of 13.6% on the Group's overall sales.

In the fourth quarter of 2019 (4Q19), Energisa Group's total (free and captive) electricity consumption in the concession areas of Energisa Group's 11 distribution companies was 9,391.8 GWh, an increase of 4.1% over the same period last year. If unbilled sales are included, the consumption changes to 9,487.3 GWh, an increase of 3.3% in the same period.

Performance in the quarter primarily reflects higher electricity consumption in the residential (+6.7% or 219.3 GWh) and commercial (+4.2% or 75.7 GWh) sectors—both helped by higher than historical average temperatures—and in the rural sector (+8.5% or 73.1 GWh), where low rainfall led to an increased demand for irrigation.

In 2019, in turn, total energy consumption in Energisa Group's concession areas rose by 4.2%, a result primarily influenced by the residential, commercial and rural sectors whose consumption rose by 6.4% (801.5 GWh), 4.7% (321.7 GWh) and 4.4% (148.4 GWh), respectively. In terms of concessions, we draw your attention to the total consumption in the areas of the following distribution companies: EMT (+6.8% or 589.9 GWh), EMS (+6.3% or 338.8 GWh), both recording their best performance since 2014, due to hotter weather and low rainfall, driving growth across the residential, commercial and rural segments. In the industrial segment, the increases in the nonmetallic mineral segment; livestock slaughtering, a sector enjoying record exports; timber and grain processing contributed with a positive impact. ESS (+4.7% or 200.0 GWh), which benefited from the performance of the industrial segment (+4.5% or 13.8 GWh), due to the growth of the alcoholic beverage and food sector production, which fueled energy consumption in 2019.

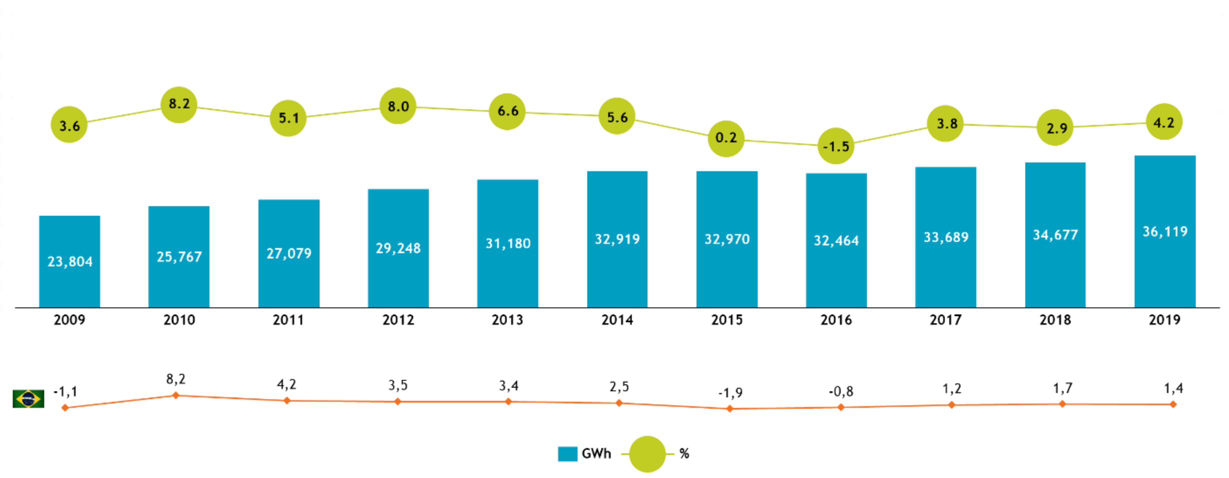
Energy sales of distribution companies

Description (Amounts in GWh)	Quarter			Year		
	4Q19	4Q18	Change %	2019	2018	Change %
✓ Billed Sales to the Captive Market	7,870.0	7,576.6	+ 3.9	30,245.0	29,121.8	+ 3.9
✓ Energy transportation to free clients (TUSD)	1,521.8	1,441.3	+ 5.6	5,873.7	5,554.9	+ 5.7
Subtotal (Captive Sales + Invoiced TUSD)	**9,391.8**	**9,017.8**	**+ 4.1**	**36,118.7**	**34,676.7**	**+ 4.2**
Subtotal (Captive Sales + TUSD), exc. ERO and EAC	**8,271.7**	**7,916.3**	**+ 4.5**	**31,799.5**	**30,496.4**	**+ 4.3**
✓ Unbilled consumption	95.6	163.9	- 41.7	106.2	69.1	+ 53.8
Subtotal (Captive Sales + Unbilled TUSD)	**9,487.3**	**9,181.7**	**+ 3.3**	**36,224.9**	**34,745.8**	**+ 4.3**

Note: For the purpose of calculating sales growth we used the energy sales of the ERO and EAC companies as if they were subsidiaries of Energisa in 2018.

According to the Energy Research Office (EPE in its Portuguese acronym), consumption in Brazil in 2019 was 1.4% higher than in 2018. Once again in the year, the geographical diversity of the Group's concession areas, the participation in more dynamic sectors in Brazil and climate factors, enabled the invoiced energy sales of Energisa Group's distribution companies to rise 2.8 percentage points more than domestic consumption. Since 2009, the rising consumption in the concession areas of Energisa Group's distribution companies has remained 2.2 percentage points higher than domestic consumption on average.

Historic consumption (captive sales + Invoiced TUSD) versus Brazil average growth
In GWh (Energisa Group) and % increase over the previous year



Note: To facilitate a comparative analysis, we have included the energy sales of ERO and EAC since 2009.

2.2 Consumption by sector

In 4Q19, the main consumption sectors performed as follows:

- **Residential sector (37.3% of total captive + free sales):** All concessions experienced growth in the period, with EMT leading the field with growth of 9.1% (70.3 GWh), followed by EMS 11.9% (57.8 GWh) and ESS 8.9% (32.8 GWh). This performance reflects the combination of warmer than average weather, low rainfall and the calendar effect, which positively affected most concessions.

- **Commercial sector (19.8% of total captive + free sales):** growth of 4.2% (or 75.7 GWh) in relation to the same period of 2018. The concession areas of EMT (+3.9% or +17.9 GWh), EMS (+5.3% or 15.5 GWh), ESS (+5.8% or 12.3 GWh), EPB (+3.3% or 6.9 GWh), ERO (+3.7% or 6.6 GWh), ETO (+5.6% or 6.0 GWh) performed well due to the warmer weather.

- **Industrial sector (19.5% of total captive + free sales):** contracted 0.7% (or 12.3 GWh), primarily due to ESE's concession contracting by 32.9% (or 63.5 GWh), mainly due to the migration of a major client to the National Grid. ETO also experienced a contraction of 15.0% (or 12.9 GWh) affected by lower industrial activity in the cement and fertilizer segment, with ERO experiencing a decrease of 2.1% (or 2.5GWh) due to the slowdown in livestock slaughtering in the state. EMT and EMS in turn experienced growth of 6.9% (or 34.0 GWh) and 6.1% (or 17.7 GWh) respectively, driven by the food, livestock slaughter and nonmetallic minerals sectors, while ESS grew by 4.5% (or 13.8 GWh), propelled by the food industry.

- **Rural sector (9.9% of total captive + free sales):** increase of 8.5% (or 73.1 GWh), primarily driven by the concessions of EMT (+9.1% or 29.2 GWh), EMS (+15.2 or 19.8 GWh), ESS (+18.0% or 13.4 GWh) and ETO (+9.1% or 4.5 GWh), due to greater irrigation activities and record hot weather; the heavy volume of rainfall in ERO's concession, which impacted local logistics and productivity, had the opposite effect, triggering a downturn in energy consumption.

- **Other sectors (13.5% of total captive + free sales):** increase of 1.5% (or 18.2 GWh), especially due to the high consumption of ERO (+7.1% or 8.0 GWh), EPB (+2.6% or 4.9 GWh) and ESS (+2.2% or 2.8 GWh), the public service and government sector in EMS (+3.1% or 5.4 GWh) and ETO (+5.0% or 4.5 GWh).

The table below shows the consolidated behavior of the consumption sectors in 2019 and 2018:

Captive Sales Invoiced by Consumption Class + TUSD (Consolidated)

Description Amounts in GWh	Quarter			Year		
	4Q19	4Q18	Change %	2019	2018	Change %
Residential	**3,499.4**	**3,280.1**	**+ 6.7**	**13,267.5**	**12,466.0**	**+ 6.4**
Industrial	**1,833.8**	**1,846.1**	**- 0.7**	**7,310.5**	**7,260.1**	**+ 0.7**
Captive Industrial	591.1	634.0	- 6.8	2,409.6	2,547.8	- 5.4
Free Industrial	1,242.7	1,212.1	+ 2.5	4,900.9	4,712.3	+ 4.0
Commercial	**1,863.8**	**1,788.1**	**+ 4.2**	**7,201.8**	**6,880.1**	**+ 4.7**
Captive Commercial	1,634.9	1,598.4	+ 2.3	6,381.7	6,164.3	+ 3.5
Free Commercial	228.9	189.7	+ 20.7	820.1	715.8	+ 14.6
Rural	**928.4**	**855.3**	**+ 8.5**	**3,504.8**	**3,356.4**	**+ 4.4**
Captive Rural	898.9	832.2	+ 8.0	3,423.4	3,292.0	+ 4.0
Free Rural	29.5	23.2	+ 27.3	81.4	64.4	+ 26.4
Other	**1,266.4**	**1,248.2**	**+ 1.5**	**4,834.1**	**4,714.1**	**+ 2.5**
Captive Other	1,245.6	1,231.9	+ 1.1	4,762.9	4,651.7	+ 2.4
Free Other	20.8	16.4	+ 26.9	71.3	62.4	+ 14.2
1 Energy sales to captive consumers	**7,870.0**	**7,576.6**	**+ 3.9**	**30,245.0**	**29,121.8**	**+ 3.9**
2 Energy associated with free consumers (TUSD)	1,521.8	1,441.3	+ 5.6	5,873.7	5,554.9	+ 5.7
3 Captive sales + TUSD (1+2)	**9,391.8**	**9,017.8**	**+ 4.1**	**36,118.7**	**34,676.7**	**+ 4.2**
4 Unbilled sales	95.6	**163.9**	- 41.7	106.2	69.1	+ 53.8
5 Captive sales + TUSD + Unbilled supply (3+4)	**9,487.3**	**9,181.7**	**+ 3.3**	**36,224.9**	**34,745.8**	**+ 4.3**

Note: For the purpose of calculating sales growth we used the energy sales of the ERO and EAC companies as if they were subsidiaries of Energisa in 2018.

2.3 Consumption by region

Of the total captive and free electricity consumption in 4Q19, 42.1% was sold in the Midwest region, 22.1% in the North-East region, 18.4% in the North region and 17.4% in the South and Southeast regions. The Midwest and South-east regions led the field in growth in 2019.

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

Description Amounts in GWh	Quarter			Year		
	4Q19	4Q18	Change %	2019	2018	Change %
North Region	**1,730.7**	**1,690.0**	**+ 2.4**	**6,737.3**	**6,497.7**	**+ 3.7**
Energisa Tocantins (ETO)	610.6	588.5	+ 3.8	2,418.1	2,317.4	+ 4.3
Energisa Acre (EAC)	282.0	275.5	+ 2.4	1,080.8	1,035.9	+ 4.3
Energisa Rondônia (ERO)	838.0	826.0	+ 1.5	3,238.4	3,144.4	+ 3.0
Northeast	**2,075.4**	**2,089.5**	**- 0.7**	**8,084.5**	**8,039.7**	**+ 0.6**
Energisa Paraíba (EPB)	1,156.2	1,126.0	+ 2.7	4,410.7	4,294.8	+ 2.7
Energisa Sergipe (ESE)	749.2	795.3	- 5.8	3,009.9	3,093.6	- 2.7
Energisa Borborema (EBO)	169.9	168.2	+ 1.0	663.9	651.3	+ 1.9
Midwest	**3,955.5**	**3,691.1**	**+ 7.2**	**14,997.8**	**14,069.2**	**+ 6.6**
Energisa Mato Grosso (EMT)	2,462.8	2,314.6	+ 6.4	9,311.0	8,721.2	+ 6.8
Energisa Mato Grosso do Sul (EMS)	1,492.7	1,376.5	+ 8.4	5,686.8	5,348.0	+ 6.3
South/Southeast Region	**1,630.2**	**1,547.2**	**+ 5.4**	**6,299.1**	**6,070.1**	**+ 3.8**
Energisa Minas Gerais (EMG)	384.8	378.2	+ 1.8	1,525.3	1,501.2	+ 1.6
Energisa Nova Friburgo (ENF)	82.2	81.0	+ 1.5	328.3	323.3	+ 1.5
Energisa Sul-Sudeste (ESS)	1,163.1	1,088.0	+ 6.9	4,445.5	4,245.5	+ 4.7
Total Energisa	**9,391.8**	**9,017.8**	**+ 4.1**	**36,118.7**	**34,676.7**	**+ 4.2**
Total Energisa (exc. ERO and EAC)	**8,271.7**	**7,916.3**	**+ 4.5**	**31,799.5**	**30,496.4**	**+ 4.3**

Note: For the purpose of calculating sales growth we used the energy sales of the ERO and EAC companies as if they were subsidiaries of Energisa in 2018.

2.4 Clients by concession operator

Energisa closed 2019 with 7,823,128 captive consumer units, or 1.9% more than the 7,675,322 units at the end of December 2018. Acquiring Energisa Rondônia and Energisa Acre added 909,630 consumer units for Energisa and in the course of 2018 its original distribution companies added 143,956 units to its consumer base.

Number of captive and free consumers by region

Distribution company	Number of Consumers								
	Captive			Free			Total		
	2019	2018	Change %	2019	2018	Change %	2019	2018	Change %
North Region	**1,509,151**	**1,492,182**	**+ 1.1**	**107**	**90**	**+ 18.9**	**1,509,258**	**1,492,272**	**+ 1.1**
ETO	599,584	586,458	+ 2.2	44	34	+ 29.4	599,628	586,492	+ 2.2
EAC	264,436	263,729	+ 0.3	21	19	+ 10.5	264,457	263,748	+ 0.3
ERO	645,131	641,995	+ 0.5	42	37	+ 13.5	645,173	642,032	+ 0.5
Northeast	**2,446,431**	**2,413,173**	**+ 1.4**	**148**	**117**	**+ 26.5**	**2,446,579**	**2,413,290**	**+ 1.4**
EPB	1,438,639	1,424,082	+ 1.0	66	51	+ 29.4	1,438,705	1,424,133	+ 1.0
ESE	788,265	776,347	+ 1.5	67	52	+ 28.8	788,332	776,399	+ 1.5
EBO	219,527	212,744	+ 3.2	15	14	+ 7.1	219,542	212,758	+ 3.2
Midwest	**2,497,281**	**2,421,463**	**+ 3.1**	**429**	**372**	**+ 15.3**	**2,497,710**	**2,421,835**	**+ 3.1**
EMT	1,458,048	1,403,355	+ 3.9	236	210	+ 19.1	1,458,284	1,403,565	+ 3.9
EMS	1,039,233	1,018,108	+ 2.1	193	162	-	1,039,426	1,018,270	+ 2.1
South/Southeast Region	**1,369,329**	**1,347,710**	**+ 1.6**	**252**	**215**	**+ 17.2**	**1,369,581**	**1,347,925**	**+ 1.6**
EMG	460,051	455,359	+ 1.0	62	54	+ 14.8	460,113	455,413	+ 1.0
ENF	109,467	108,287	+ 1.1	9	9	-	109,476	108,296	+ 1.1
ESS	799,811	784,064	+ 2.0	181	152	+ 19.1	799,992	784,216	+ 2.0
Total Energisa	**7,822,192**	**7,674,528**	**+ 1.9**	**936**	**794**	**+ 17.9**	**7,823,128**	**7,675,322**	**+ 1.9**
Total Energisa (exc. ERO and EAC)	**6,912,625**	**6,768,804**	**+ 2.1**	**873**	**738**	**+ 18.3**	**6,913,498**	**6,769,542**	**+ 2.1**

Energisa Group's residential consumers grew by 2.3% between December 2018 and December 2019. An impressive 169,504 new clients registered as low-income consumers, particularly at ERO and EAC. This advance was due to the reregistration campaigns conducted in the field and the use of analytics, which cross-reference Energisa's client base against data from the Ministry of Social Development.

Number of Residential Clients - Conventional and Low-income

Distribution company	Number of Residential Clients								
	Conventional			Low Income			Total Residential Customers		
	2019	2018	Change %	2019	2018	Change %	2019	2018	Change %
North Region	**923,691**	**962,495**	**- 4.0**	**253,038**	**196,488**	**+ 28.8**	**1,176,729**	**1,158,983**	**+ 1.5**
ETO	364,041	362,406	+ 0.5	133,992	123,312	+ 8.7	498,033	485,718	+ 2.5
EAC	157,041	177,633	- 11.6	54,970	31,655	+ 73.7	212,011	209,288	+ 1.3
ERO	402,609	422,456	- 4.7	64,076	41,521	+ 54.3	466,685	463,977	+ 0.6
Northeast	**1,439,897**	**1,466,846**	**- 1.8**	**643,949**	**588,288**	**+ 9.5**	**2,083,846**	**2,055,134**	**+ 1.4**
EPB	801,488	827,194	- 3.1	383,673	346,543	+ 10.7	1,185,161	1,173,737	+ 1.0
ESE	498,536	498,209	+ 0.1	212,975	202,715	+ 5.1	711,511	700,924	+ 1.5
EBO	139,873	141,443	- 1.1	47,301	39,030	+ 21.2	187,174	180,473	+ 3.7
Midwest	**1,694,200**	**1,670,653**	**+ 1.4**	**291,976**	**251,232**	**+ 16.2**	**1,986,176**	**1,921,885**	**+ 3.3**
EMT	987,435	962,694	+ 2.6	148,043	129,745	+ 14.1	1,135,478	1,092,439	+ 3.9
EMS	706,765	707,959	- 0.2	143,933	121,487	+ 18.5	850,698	829,446	+ 2.6
South/Southeast Region	**969,289**	**964,983**	**+ 0.4**	**151,628**	**135,079**	**+ 12.3**	**1,120,917**	**1,100,062**	**+ 1.9**
EMG	278,701	283,151	- 1.6	66,148	56,886	+ 16.3	344,849	340,037	+ 1.4
ENF	90,318	89,506	+ 0.9	6,365	6,051	+ 5.2	96,683	95,557	+ 1.2
ESS	600,270	592,326	+ 1.3	79,115	72,142	+ 9.7	679,385	664,468	+ 2.2
Total Energisa	**5,027,077**	**5,064,977**	**- 0.7**	**1,340,591**	**1,171,087**	**+ 14.5**	**6,367,668**	**6,236,064**	**+ 2.1**
Total Energisa (exc. ERO and EAC)	**4,467,427**	**4,464,888**	**+ 0.1**	**1,221,545**	**1,097,911**	**+ 11.3**	**5,688,972**	**5,562,799**	**+ 2.3**

2.5 Energy Balance Sheet

Energy Balance Sheet - Energisa Distribution Companies

Description Amounts in GWh	2019						
	EMG	ENF	ESE	EBO	EPB	ETO	EMT
(a) Total Energy Sold (a=b+c+d)	**1,242.6**	**300.5**	**2,878.6**	**554.5**	**3,779.9**	**2,182.5**	**7,683.2**
(b) Billed Sales to the Captive Market	1,241.5	300.2	2,500.7	552.8	3,768.0	2,176.1	7,640.5
✓ Residential	541.8	165.5	1,100.0	254.4	1,766.4	1,050.3	3,099.1
✓ Industrial	119.3	26.3	193.8	59.0	239.2	130.6	660.2
✓ Commercial	228.5	67.2	516.1	134.7	720.6	400.0	1,618.4
✓ Rural	185.2	5.5	123.3	23.9	294.7	230.4	1,268.1
✓ Public service and own consumption	166.7	35.7	567.5	80.8	747.1	364.9	994.7
(c) Unbilled consumption	1.1	0.3	3.4	1.7	11.9	6.4	42.4
(d) Energy sales to concession operators	-	-	374.5	-	-	-	0.4
(e) Injected energy (e=a+f+g+h)	**1,754.0**	**382.5**	**3,906.6**	**753.7**	**5,339.4**	**2,795.3**	**10,958.5**
(f) Transmission of energy free clients (TUSD)	283.8	28.1	509.2	111.0	642.7	241.9	1,670.7
(g) Energy exchange	32.5	38.6	162.8	37.8	190.5	9.1	3.4
(h) Distribution losses	195.2	15.2	356.0	50.3	726.3	361.7	1,601.2
(j) Losses in High-Voltage National Grid	18.8	-	87.7	12.1	117.9	42.6	131.4
(j) Sale of Electricity CCEE	76.8	-	104.2	28.8	76.2	112.4	477.0
(k) Total Electricity Received (k=a+h+i+j)	**1,533.3**	**315.7**	**3,426.5**	**645.8**	**4,700.3**	**2,699.2**	**9,892.8**

Energy Balance Sheet - Energisa Distribution Companies (continued)

Description Amounts in GWh	2019					
	EMS	ESS	ERO	EAC	Consolidated with ERO and EAC	Consolidated exc. ERO and EAC
(a) Total Energy Sold (a=b+c+d)	**4,576.8**	**3,458.7**	**3,061.4**	**1,047.2**	**30,766.0**	**26,657.4**
(b) Billed Sales to the Captive Market	4,562.3	3,417.2	3,044.5	1,041.2	30,245.0	26,159.3
✓ Residential	1,995.4	1,512.3	1,291.1	491.1	13,267.5	11,485.3
✓ Industrial	299.2	339.5	305.4	37.3	2,409.6	2,066.8
✓ Commercial	1,052.9	751.9	668.5	222.8	6,381.7	5,490.4
✓ Rural	569.7	332.9	337.1	52.7	3,423.4	3,033.6
✓ Public service and own consumption	645.2	480.6	442.4	237.3	4,762.9	4,083.2
(c) Unbilled consumption	14.5	1.7	16.9	5.9	106.2	83.4
(d) Energy sales to concession operators	-	39.8	-	-	414.8	414.8
(e) Injected energy (e=a+f+g+h)	**6,576.3**	**4,880.2**	**4,523.0**	**1,337.4**	**43,207.0**	**37,346.5**
(f) Transmission of energy free clients (TUSD)	1,124.5	1,028.3	193.9	39.5	5,873.8	5,640.3
(g) Energy exchange	23.5	76.7	3.8	-	578.8	575.0
(h) Distribution losses	851.5	316.4	1,263.9	250.7	5,988.4	4,473.8
(j) Losses in High-Voltage National Grid	71.9	128.2	88.9	30.6	730.1	610.7
(j) Sale of Electricity CCEE	297.7	221.9	260.6	235.0	1,890.6	1,395.0
(k) Total Electricity Received (k=a+h+i+j)	**5,797.9**	**4,125.3**	**4,674.7**	**1,563.4**	**39,375.0**	**33,136.9**

Note: To facilitate a comparative analysis, the energy balance sheets of the companies of ERO and EAC embrace the period January to December 2018.

2.6 Contracts Portfolio

Contracts Portfolio - Energisa Group's Distribution Companies

Description Amounts in GWh	2019						
	EMG	ENF	ESE	EBO	EPB	ETO	EMT
(a) Energy purchased	**1,515.2**	**315.3**	**3,407.0**	**640.2**	**4,622.2**	**2,675.1**	**8,654.9**
✓ Modeled bilaterals	578.2	-	128.9	89.2	439.0	382.3	2,218.7
✓ Energy Auctions and mechanisms	271.8	-	2,263.0	317.2	2,714.0	1,585.4	2,953.7
✓ ITAIPU quotas	255.3	-	-	-	-	-	1,365.7
✓ PROINFA quotas	30.0	7.4	66.1	13.1	90.1	51.4	175.4
✓ ANGRA quotas	47.9	-	106.2	28.2	148.6	72.4	256.6
✓ Physical Guarantee Quotas (90%)	332.1	-	842.8	192.5	1,230.5	583.6	1,684.9
✓ Supply Contracts	-	307.9	-	-	-	-	-
(b) Mini and microgeneration distributed	16.3	0.4	9.8	2.9	23.8	11.6	157.0
(c) Own Generation/Bilaterals not modeled/ Islanded System	-	-	-	-	-	-	949.7
(d) Settlement at CCEE	1.8	-	9.7	2.7	54.3	12.5	131.2
(e) TOTAL Electricity Purchased (e=a+b+c+d)	**1,533.3**	**315.7**	**3,426.5**	**645.8**	**4,700.3**	**2,699.2**	**9,892.8**

Portfolio of Contracts - Energisa Group Distribution Companies (continued)

Description Amounts in GWh	2019					
	EMS	ESS	ERO	EAC	Consolidated with ERO and EAC	Consolidated exc. ERO and EAC
(a) Energy purchased	**5,639.4**	**4,054.0**	**4,102.2**	**1,319.2**	**36,944.7**	**31,523.3**
✓ Modeled bilaterals	389.9	587.4	388.8	-	5,202.4	4,813.6
✓ Energy Auctions and mechanisms	2,764.3	1,567.5	2,828.5	950.8	18,216.1	14,436.9
✓ ITAIPU quotas	924.8	772.7	-	-	3,318.4	3,318.4
✓ PROINFA quotas	108.5	80.8	73.7	23.7	720.1	622.8
✓ ANGRA quotas	173.7	145.2	117.2	35.2	1,131.2	978.7
✓ Physical Guarantee Quotas (90%)	1,278.1	900.4	694.0	309.5	8,048.5	7,045.0
✓ Supply Contracts	-	-	-	-	307.9	307.9
(b) Mini and microgeneration distributed	46.7	17.8	35.3	-	321.6	286.3
(c) Own Generation/Bilaterals not modeled/ Islanded System	1.0	-	511.9	237.9	1,700.5	950.6
(d) Settlement at CCEE	110.8	53.5	25.3	6.3	408.3	376.6
(e) TOTAL Electricity Purchased (e=a+b+c+d)	**5,797.9**	**4,125.3**	**4,674.7**	**1,563.4**	**39,375.0**	**33,136.9**

Note: To facilitate a comparative analysis, the contracts of the companies of ERO and EAC embrace the period January to December 2018.

2.7 Electricity losses (“losses”)

Consolidated Total Losses closed 2019 on a downward trend, demonstrating Energisa Group’s consistent implementation of measures to combat energy theft and fraud. Following the acquisitions of ERO and EAC, total losses amounted to 5,756.9 GWh in 2019, accounting for 13.48% of injected energy, 0.12 and 0.09 percentage points less than September 2019 and December 2018, respectively. If we disregard ERO and EAC, total losses of the group’s other distribution companies amounted to 11.52% of injected energy, 0.07 and 0.10 percentage points less than September 2019 and December 2018, respectively, amounting to 4,247.3 GWh.

At EMG, the total loss remained flat on the previous quarter, above all for non-technical losses, which were well below the regulatory requirements. Note that the deviation of total losses from the regulatory limit is solely due to the behavior of technical losses, which is influenced by hydro generation connected to its distribution system, which is outside the distribution company’s control. ENF, in turn, continued its excellent performance, with a margin of 1.94 percentage points in relation to the regulatory limit.

EMT maintained its progress, cutting losses by 0.06 percentage points on September 2019 and 0.50 percentage points compared with Decrease 2018. In 2019 the company maintained its focus on rolling out plans to combat losses (inspections, remote measurement and shielding measures), reinforcing and incrementing actions with the greatest impact on reducing non-technical losses, resulting in a performance exceeding the regulatory target.

One of the best loss performances was achieved by ETO, driving down losses by 0.45 and 0.64 percentage points on September 2019 and December 2018, respectively, beating its regulatory limit by 1.37 percentage points. This result reflects the determination and discipline in rolling out structured inspection and shielding initiatives to combat the distribution company's non-technical losses.

EMS also performed well, cutting losses in 2019 by 0.39 percentage points on December 2018, and beating the regulatory target by 0.72 percentage points. EMS' loss trajectory was propelled by ramping up actions to combat non-technical losses, based primarily on shielding and inspections which, with the support of the police, received substantial attention in local media.

ESE faced a real challenge in 2019 due to the pressure from rising non-technical losses, rolling out an additional plan which resulted in it beating the regulatory target. The growth of 0.54 percentage points in total losses (seen in the comparison between December 2019 and December 2018) was due to a major consumer migrating to the National Grid, impacting the volume of injected energy and consequently percentage losses.

EPB's losses rose by 0.12 percentage points on 3Q19 and 0.55 percentage points on 4Q18 and is currently exceeding its related target by 0.50 percentage points. The losses were primarily due to higher energy theft and illegal makeshift connections, in addition to Aneel Resolution 2590 issued in September/2019, which reduced public lighting invoicing. The combating actions were intensified in 2019, increasing shielding measures and intensifying inspections (especially in Group A), in addition to checking border and free client metering data. This situation resulted in a 36% increase in recovered MWh compared with 2018, which was still insufficient to turnaround the trajectory in 2019. The intelligence department will bolster initiatives to combat losses in 2020, and check niches with a greater impact on losses.

We also point out EAC's performance, which like ETO, is one of the best performers in 2019, cutting losses by 0.90 percentage points on December 2018, beating the relaxed regulatory target by 3.03 percentage points.

Since mid-2018 ERO's losses have been rising sharply. One of the main reasons for this trend is restating consumption recovery invoices (containing nonconformities) issued before Energisa took over the company. The implementation in 2019 of a comprehensive plan of measures combining training and team strengthening, the application of more assertive techniques for selecting consumer units (UC) for inspection, inspecting disconnected UCs, shielding, remote measurement and checking border, Group A and Free Client metering data allow the company to stabilize the trend curve in the course of 2019, which in December led to an improvement of 0.34 percentage points on the previous quarter, although still in breach of the regulatory target for the year. This company has the worst performance in terms of meeting regulatory loss targets amongst all group companies.

See below the electricity loss rates of Energisa Group's distribution companies:

Energy Losses (% in past 12 months)

Discos	Technical Losses (%)			Non-Technical Losses (%)			Total Losses (%)			ANEEL
% Injected Energy (12 months)	Dec-18	Sep-19	Dec-19	Dec-18	Sep-19	Dec-19	Dec-18	Sep-19	Dec-19	
EMG	10.22	10.68	10.51	-0.09	-0.32	-0.16	10.12	10.35	10.35	9.64
ENF	4.61	4.70	4.77	-0.66	-0.83	-0.86	3.94	3.87	3.90	5.84
ESE	7.11	7.33	7.49	2.53	2.55	2.68	9.63	9.89	10.17	10.22
EBO	6.65	6.07	5.72	-0.79	0.37	0.66	5.85	6.44	6.37	7.41
EPB	9.35	8.95	8.85	3.29	4.12	4.35	12.64	13.07	13.19	12.69
EMT	9.42	9.82	9.64	4.65	3.82	3.93	14.07	13.63	13.58	13.70
EMS	9.11	9.28	9.41	3.57	3.39	2.88	12.68	12.67	12.29	13.01
ETO	11.46	11.52	11.47	1.79	1.55	1.15	13.26	13.07	12.61	13.98
ESS	6.17	6.25	6.24	0.22	-0.08	-0.05	6.39	6.17	6.19	6.72
ERO	11.17	11.62	12.00	16.47	16.59	15.87	27.63	28.21	27.87	21.73
EAC	9.85	9.88	9.89	9.75	8.87	8.81	19.60	18.74	18.70	19.62
Energisa	**9.07**	**9.25**	**9.25**	**4.51**	**4.35**	**4.23**	**13.57**	**13.60**	**13.48**	**13.02**
Energisa (without ERO and EAC)	**8.78**	**8.93**	**8.88**	**2.84**	**2.66**	**2.64**	**11.62**	**11.59**	**11.52**	**11.79**

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

Energy Losses (In GWh in past 12 months)

Losses in 12 months In GWh	Technical Losses			Non-Technical Losses			Total Losses			
	Dec/18	Sep/19	Dec/19	Dec/18	Sep/19	Dec/19	Dec/18	Sep/19	Dec/19	Change (%)(1)
EMG	180.8	186.8	184.4	-1.7	-5.7	-2.8	179.2	181.1	181.6	+ 0.3
ENF	17.3	17.9	18.2	-2.5	-3.2	-3.3	14.8	14.7	14.9	+ 1.1
ESE	252.9	255.3	256.6	89.9	88.8	91.8	342.8	344.2	348.4	+ 1.2
EBO	48.7	45.5	43.1	-5.8	2.8	5.0	42.9	48.3	48.0	- 0.4
EPB	482.4	472.7	472.1	169.5	217.8	231.9	651.8	690.6	704.0	+ 1.9
EMT	961.8	1,058.7	1,056.6	475.3	411.9	431.1	1,437.0	1,470.6	1,487.8	+ 1.2
EMS	560.8	600.4	618.6	219.7	219.5	189.4	780.5	819.8	808.0	- 1.4
ETO	308.0	320.7	320.5	48.2	43.1	32.1	356.2	363.7	352.6	- 3.1
ESS	287.6	300.6	304.6	10.2	-4.1	-2.6	297.8	296.5	302.1	+ 1.9
ERO	485.4	526.6	542.3	715.9	752.2	717.1	1,201.3	1,278.9	1,259.4	- 1.5
EAC	128.5	132.3	132.3	127.2	118.7	117.8	255.7	251.0	250.2	- 0.3
Energisa - Consolidated	**3,714.1**	**3,917.5**	**3,949.4**	**1,845.8**	**1,841.9**	**1,807.5**	**5,560.0**	**5,759.3**	**5,756.9**	**- 0.0**
Energisa - Consolidated (exc. ERO and EAC)	**3,100.3**	**3,258.6**	**3,274.7**	**1,002.8**	**970.9**	**972.6**	**4,103.0**	**4,229.5**	**4,247.3**	**+ 0.4**

(1) Change December 2019 / September 2019.

2.8 Delinquency management

2.8.1 Delinquency Rate

In 4Q19 Energisa's consolidated Delinquency Rate was 0.93%, an improvement of 0.24 percentage points on 4Q18. If the original distribution companies are included (exc. ERO and EAC), this figure would be 0.90% in 4Q19, 0.24 percentage points more than in 4Q18. This deviation is mainly due to delinquency by hospitals, government authorities (municipal governments) basic sanitation and dispersed residential sector.

EMG (-0.09 p.p.), EMS (-0.04 p.p.), ETO (-0.06 p.p.) and ERO (-5.52 p.p.) saw this metric fall. Note that at EMG improvement can be primarily attributed to the industrial sector, especially the receipt of recovered consumption from a furniture manufacturing plant. The main event at EMS was completion of negotiations with a hospital. ETO's improvement was primarily due to the government authority and public lighting sectors, thanks to administrative collection proceedings and collection campaigns, with considerable contributions resulting from negotiations with the municipal governments in the cities of Axixá and São Miguel.

We also point out the progress made by ERO, as a consequence of bolstering collection actions, negotiations and onboarding consumers in the social rate, which rose by 54.3%. EAC onboarded 73.7% more consumers in this rate.

The 0.72 percentage point increase at EMT was due to specific difficulties in settlements reached with hospitals, municipal governments and a basic sanitation company, all of which are now subject to administrative and judicial negotiations, when applicable. Delinquency in low-voltage client financing payments mainly due to irregularity, also contributed to this result.

The increase of 0.52 percentage points at EBO was due to the impact of a debt agreement not performed by a hospital which is undergoing judicial reorganization, initiated in May/2019.

PCLD (% of Supply invoiced)	In 12 months (%)		
	2019	2018	Change in p.p.
EMG	0.16	0.25	- 0.09
ENF	0.23	0.19	+ 0.04
ESE	0.61	0.62	- 0.01
EBO	0.84	0.32	+ 0.52
EPB	0.99	0.95	+ 0.04
EMT	1.59	0.86	+ 0.72
EMS	0.76	0.80	- 0.04
ETO	0.44	0.50	- 0.06
ESS	0.09	0.01	+ 0.09
ERO	1.91	7.43	- 5.52
EAC	(1.10)	(1.56)	+ 0.46
Energisa - Consolidated	**0.93**	**1.17**	**- 0.24**
Energisa Consolidated (exc. ERO and EAC)	**0.90**	**0.66**	**+ 0.24**

2.8.2 Collection Fee

Energisa Group's consolidated collection rate in 4Q19 performed positively, reaching 96.91%, 0.24 percentage points better than 4Q18. If we disregard ERO and EAC, the figure amounted to 97.41%, relatively unchanged on 4Q18.

Both EPB and EBO performed positively in the comparison between 4Q19 and 4Q18, improving by 0.25 and 0.37 percentage points respectively. The same occurred with ETO, which improved by 0.21 percentage points in the quarterly comparison.

EMG remained stable compared with the quarters, whereas ENF worsened (concentrated in the residential sector), which it has been addressing with additional measures.

EMS worsened by 0.22 percentage points due to the growth of disconnected claims, most of which have inactive contracts. To minimize the impacts on this segment, the company is reinforcing disconnections and blacklisting at credit protection agencies.

ETO experienced an improvement of 0.21 percentage points, primarily due to greater efficiency in the operational management of collection measures and improvements implemented by using the group's analytical tool.

As a consequence of implementing plans focused on receivables management, ERO and EAC reported percentage points improvements of 3.77 and 2.31, respectively, demonstrating management's progress in bringing these two companies' performance in line with the group.

See below the collection rates of Energisa Group's distribution companies:

Collection Success Rate (%)	In 12 months (%)		
	2019	2018	Change in p.p.
EMG	98.75	98.77	- 0.02
ENF	98.56	98.83	- 0.27
ESE	98.17	98.30	- 0.14
EBO	98.94	98.57	+ 0.37
EPB	97.48	97.24	+ 0.25
EMT	96.26	96.27	- 0.01
EMS	97.11	97.32	- 0.22
ETO	97.73	97.53	+ 0.21
ESS	99.09	99.05	+ 0.04
ERO	93.43	90.03	+ 3.77
EAC	93.41	91.30	+ 2.31
Energisa - Consolidated	**96.91**	**96.67**	**+ 0.24**
Energisa Consolidated (exc. ERO and EAC)	**97.41**	**97.42**	**-0.02**

2.9 Service quality indicators - DEC and FEC

Except for ERO, all the Group's distribution companies outperformed the DEC and FEC regulatory limits in 2019. This situation is thanks to the ongoing practice of enhancing capital allocation, the focus on automating, building and expanding new feeders, substations and high-voltage lines coupled with great assertiveness in maintenance, easement cleaning, tree trimming and ongoing enhancement of vehicles, in addition to the application of new tools and team training.

EMG achieved record FEC figures.

ESE achieved a DEC of 10.63 hours, a slight increase of 0.12 hours (+1.1%), despite rainfall increasing by 345% in 2019 compared with 2018, which demonstrates the efficiency of the service quality improvement plans rolled out amidst severely adverse climate conditions.

EMT obtained the third largest DEC improvement, diminishing by 1.05 on last year. This concession also performed well in terms of FEC, with a decrease of 0.95 times.

ETO also presented the second best DEC improvement amongst Group companies, down by 1.54 hours compared with December 2018, to 21.55 hours, and obtained the third-best FEC performance, with an improvement of 1.47 times, to 7.90.

For EAC and ERO, 2019 is seen as a structuring year, as it was used to replenish and train company and outsourced teams, in addition to rolling out automation actions, expanding substations and feeders, reducing the huge easement cleaning and tree trimming liability, amongst other things. The record investments in these two concessions will help in this major effort to recover the quality of the supply and service.

This was also a year when the restructuring of the maintenance and operation management aimed to expedite the improvement of service quality and overcome quality targets sustainably.

The unification of ERO's Operations Center (formally consisting of 6 regional centers) and the standardization of the management process, the better calculation of metrics and output at both ERO and EAC made it possible to more precisely identify problematic areas. As a reflection of these measures, the metrics calculated now more faithfully represent what is happening in the field.

This enhancement in metrics calculation makes it possible to create a more reliable comparison basis, which can be used to more actively measure performance progress.

Despite calculating its metrics more precisely, note that EAC outperformed the regulatory target for both DEC and FEC, and that the measures implemented in 2019 constitute a firm basis for achieving regulatory targets by these two companies.

The quality indicators performed as followed:

Discos 12 months moving average	DEC (hours)			FEC (times)			DEC Limit	FEC Limit
	Dec-19	Dec-18	Var.(%)	Dec-19	Dec-18	Var.(%)		
EMG	8.85	9.43	- 6.2	4.47	5.33	- 16.1	11.31	8.55
ENF	6.64	6.66	- 0.3	4.18	3.90	+ 7.2	10.23	8.91
ESE	10.63	10.51	+ 1.1	4.81	6.33	- 24.0	12.35	8.79
EBO	4.19	4.56	- 8.1	3.15	2.63	+ 19.8	13.16	8.96
EPB	13.70	13.77	- 0.5	5.28	5.62	- 6.0	16.56	10.07
EMT	19.85	20.90	- 5.0	8.20	9.15	- 10.4	22.36	18.07
EMS	10.81	10.92	- 1.0	4.55	4.73	- 3.8	11.79	8.59
ETO	21.55	23.09	- 6.7	7.90	9.37	- 15.7	24.68	16.75
ESS	5.76	6.06	- 5.0	4.40	4.60	- 4.3	7.82	7.65
ERO	48.57	35.47	+ 36.9	23.40	16.69	+ 40.2	27.63	18.95
EAC	37.76	43.81	- 13.8	23.80	31.12	- 23.5	44.18	35.28

Note: The data presented is obtained from ANEEL databases and can be changed if requested by the regulator.

2.10 Electricity trading

The trading company's (ECO) sales in 4Q19 were 7.9% higher than in 4Q18. In YTD 2019, energy sales to its 723 contracts (increase of 12% over the 647 clients in 2018) decreased modestly by 1.7% over the previous year, as per the table below:

Description Amounts in GWh	Quarter			Year		
	4Q19	4Q18	Change %	2019	2018	Change %
Sales to free consumers (ECO)	1,298	1,202	7.9%	4,672	4,751	-1.7%

2.11 Transmission

Energisa Group's activities includes energy transmission assets, resulting from the acquisition of two lots of Transmission Auction 5/2016, held on 4/24/2017 and a lot at Transmission Auction 002/2018 acquired on 6/28/2018 and a lot at Transmission Auction 004/2018 acquired on 12/20/2018. The four transmission lots are preoperational and jointly possess Annual Permitted Revenue (RAP) of R$ 192.3 million and estimated investments of R$ 1.6 billion.

The table below summarizes these projects:

Batch	Name	Auction Date	State	Length (Km)	Environmental License Issuance	Operation Start-up (Aneel)	Physical Progress	Prepayment Estimated	Investments estimated by Energisa (R$ million)	Proposed RAP (R$ million)
3	Energisa Goiás Transmissora I (EGO I)	Apr/17	GO	136 (CD)	9/13/2018	Aug/21	99%	16 months	276.6	40.4
26	Energisa Pará Transmissora I (EPA I)	Apr/17	PA	296 (CD)	10/2/2018	Feb/22	83%	12 months	308.9	51.0
19	Energisa Pará Transmissora II (EPA II)	Jun/18	PA	139 (CD/CS)	5/6/2019	Mar/23	30%	12 months	379.5	35.3
4	Energisa Tocantins Transmissora (ETT)	Dec/18	BA/ TO	772 (CS)	-	Mar/24	12%	14 months	619.1	65.4
Total		-	-	1,343	-	-	-	-	1,584.0	192.3

Notes: Investment data and annual permitted revenue (RAP) restated as of December/2019. Physical progress data restated for February/2020. CD - dual circuit / CS - single circuit.

3. Financial performance

3.1 Gross and net operating revenue

In 4Q19, consolidated net operating revenue (official) excluding construction revenue, amounted to R$ 4,452.1 million, an increase of 23.3% on 4Q18. If we disregard the acquisition of ERO and EAC, consolidated net operating revenue (pro forma) excluding construction revenue, amounted to R$ 4,013.1 million, an increase of 18.3% on 4Q18.

In the YTD 2019, net operating revenue minus construction revenue was R$ 16,923.2 million, an increase of 18.6%, on the amount determined in 2018.

See below the net operating revenue by segment:

Operating revenue by segment Description (R$ million)	Pro forma (exc. ERO and EAC)				Official (including ERO and EAC)			
	4Q19	Change %	2019	Change %	4Q19	Change %	2019	Change %
(+) Electricity revenue (captive market)	**5,033.4**	**+ 10.4**	**18,601.0**	**+ 12.0**	**5,752.7**	**+ 17.9**	**21,427.0**	**+ 26.6**
Residential	2,435.2	+ 12.9	8,873.1	+ 15.1	2,800.4	+ 21.0	10,246.6	+ 30.3
Industrial	368.6	- 0.2	1,445.6	- 0.3	423.3	+ 6.5	1,664.6	+ 12.7
Commercial	1,150.6	+ 7.7	4,334.8	+ 10.4	1,291.9	+ 13.1	4,973.3	+ 24.3
Rural	468.5	+ 19.9	1,704.5	+ 14.5	523.6	+ 25.8	1,916.4	+ 26.5
Other sectors	610.4	+ 6.9	2,243.1	+ 10.5	713.6	+ 17.2	2,626.0	+ 27.0
(+) Electricity sales to distributors	97.0	+ 30.2	893.8	+ 13.7	136.8	+ 68.3	1,054.8	+ 33.1
(+) Net Unbilled Sales	64.1	- 54.2	206.1	- 6.2	36.5	- 75.5	204.5	- 10.5
(+) Sales by trading company	256.8	- 2.5	902.0	- 12.4	256.8	- 2.5	902.0	- 12.4
(+) Electricity network usage charges (TUSD)	380.7	+ 48.9	1,382.4	+ 27.0	420.7	+ 50.6	1,423.3	+ 28.0
(+) Construction revenue	711.6	+ 43.7	2,360.7	+ 58.2	913.6	+ 77.1	2,979.9	+ 97.0
(+) Creation and amortization - CVA	(285.8)	+ 116.8	(195.7)	-	(396.1)	+ 190.7	(525.7)	-
(+) Subsidies for services awarded under concession	290.0	+ 2.3	1,151.7	+ 4.2	322.5	+ 9.5	1,277.2	+ 14.4
(+) Restatement of the concession financial asset (VNR)	88.4	+ 268.3	225.9	- 24.7	89.1	+ 369.0	232.7	- 21.2
(+) Other revenue	131.2	+ 164.8	281.6	+ 80.4	150.5	+ 152.8	302.0	+ 82.1
Gross Revenue	**6,767.4**	**+ 12.6**	**25,809.4**	**+ 10.8**	**7,683.2**	**+ 20.0**	**29,277.7**	**+ 23.6**
(-) Sales taxes	1,740.0	+ 7.7	6,666.1	+ 11.7	1,964.6	+ 14.4	7,509.9	+ 23.7
(-) Rate flag deductions	(0.4)	-	(5.0)	-	(4.8)	-	(17.7)	-
(-) Sector charges	303.1	- 37.6	1,598.7	- 5.0	357.8	- 33.6	1,882.4	+ 8.5
(=) Net revenue	**4,724.6**	**+ 21.6**	**17,549.6**	**+ 12.9**	**5,365.7**	**+ 30.0**	**19,903.1**	**+ 26.1**
(-) Construction revenue	711.6	+ 43.7	2,360.7	+ 58.2	913.6	+ 77.1	2,979.9	+ 97.0
(=) Net revenue, without construction revenue	**4,013.1**	**+ 18.3**	**15,188.9**	**+ 8.1**	**4,452.1**	**+ 23.3**	**16,923.2**	**+ 18.6**

See below the net operating revenue by company:

Net revenue by segment Amounts in R$ million	Pro forma (exc. ERO and EAC) 4Q19	Change %	2019	Change %	Official (including ERO and EAC) 4Q19	Change %	2019	Change %
I - Distribution of electricity	**4,161.1**	**17.9**	**15,936.1**	**+ 10.3**	**4,820.6**	**+ 19.5**	**18,328.9**	**+ 22.6**
✓ EMG	181.1	+ 10.8	730.9	+ 6.0	181.1	+ 10.8	730.9	+ 6.0
✓ ENF	43.1	+ 4.2	171.4	+ 10.9	43.1	+ 4.2	171.4	+ 10.9
✓ ESE	347.4	+ 10.8	1,408.2	+ 9.0	347.4	+ 10.8	1,408.2	+ 9.0
✓ EBO	70.7	+ 9.1	283.5	+ 7.4	70.7	+ 9.1	283.5	+ 7.4
✓ EPB	561.1	+ 13.3	2,143.8	+ 8.7	561.1	+ 13.3	2,143.8	+ 8.7
✓ EMT	1,306.9	+ 24.2	4,933.0	+ 12.8	1,306.9	+ 24.2	4,933.0	+ 12.8
✓ EMS	750.9	+ 17.0	2,819.6	+ 10.9	750.9	+ 17.0	2,819.6	+ 10.9
✓ ETO	440.0	+ 23.9	1,696.3	+ 10.8	440.0	+ 23.9	1,696.3	+ 10.8
✓ ESS	459.9	+ 14.1	1,749.6	+ 7.7	459.9	+ 14.1	1,749.6	+ 7.7
✓ ERO	-	-	-	-	449.9	+ 1.1	1,666.9	+ 274.7
✓ EAC	-	-	-	-	209.6	+ 263.9	726.0	+ 1,160.4
II - Electricity sales and services	**702.0**	**+ 52.9**	**2,009.3**	**+ 35.0**	**702.0**	**+ 52.9**	**2,009.3**	**+ 35.0**
✓ Energisa Comercializadora (ECOM)	233.2	- 2.6	819.8	- 12.4	233.2	- 2.6	819.8	- 12.4
✓ Energisa Soluções Consolidated (ESOL Consol.)	77.2	+ 57.3	226.8	+ 38.2	77.2	+ 57.3	226.8	+ 38.2
✓ Energisa S/A (ESA)	55.0	+ 19.6	212.1	+ 26.5	55.0	+ 19.6	212.1	+ 26.5
✓ Multi Energisa	11.2	+ 31.8	39.4	+ 21.3	11.2	+ 31.8	39.4	+ 21.3
✓ Energisa Goiás Transmissora I (EGO I)	95.2	+ 51.6	255.7	+ 170.3	95.2	+ 51.6	255.7	+ 170.3
✓ Energisa Pará Transmissora I (EPA I)	107.5	+ 118.1	273.6	+ 220.8	107.5	+ 118.1	273.6	+ 220.8
✓ Energisa Pará Transmissora II (EPA II)	42.0	+ 1,346.9	88.6	+ 2,955.0	42.0	+ 1,346.9	88.6	+ 2,955.0
✓ Energisa Tocantins Transmissora (ETT)	18.5	+ 0.0	23.8	+ 0.0	18.5	+ 0.0	23.8	+ 0.0
✓ Other (*)	62.2	+ 5,081.6	69.3	+ 1,313.6	62.2	+ 5,081.6	69.3	+ 1,313.6
(=) Total (I+II)	**4,863.2**	**+ 21.9**	**17,945.3**	**+ 12.6**	**5,522.6**	**+ 23.0**	**20,338.2**	**+ 23.7**
Intercompany eliminations	***(138.5)***	***+ 35.3***	***(395.7)***	***+ 2.8***	***(156.9)***	***+ 53.3***	***(435.1)***	***+ 13.0***
(=) Energisa Consolidated	**4,724.6**	**+ 21.6**	**17,549.6**	**+ 12.9**	**5,365.7**	**+ 30.0**	**19,903.1**	**+ 26.1**
(-) Construction revenue	711.6	+ 43.7	2,360.7	+ 58.2	913.6	+ 77.1	2,979.9	+ 97.0
(=) Energisa Consol. without construction revenue	**4,013.1**	**+ 18.3**	**15,188.9**	**+ 8.1**	**4,452.1**	**+ 23.3**	**16,923.2**	**+ 18.6**

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

3.2 Regulatory Environment

3.2.1 Compensation Account for Parcel A Variation - CVA

In 4Q19 there was a decrease of R$ 259.9 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 4Q18. In 2019 this diminished by R$ 1,032.9 million on 2018.

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 "Parcel A" and the whole rate pass-through assured, on the distribution company's earnings.

3.2.2 Overcontracting

As regards the energy overcontracting in 2016 and 2017, the Company maintained the positive accumulated result of R$ 4.6 million. As was the case in 2019 and in light of the information available regarding contractual levels in 2018, a positive R$ 9.0 million was recognized in 1Q19 at EMS. Energisa Group currently has a positive balance of R$ 13.6 million in this item.

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.

In 4Q19 Energisa's consolidated revenue from rate flags was R$ 244.1 million, compared with R$ 146.1 million in 4Q18. In 2019, it amounted to R$ 473.0 million, as compared to R$ 479.0 million in 2018.

3.2.4 Rate reviews and adjustments

Between 2016 and 2018, the National Electricity Regulatory Agency ("Aneel") ratified the 4th Cycle of the Periodical Rate Reviews ("4CRTP") of Energisa S/A's distribution companies, except for the distribution companies ERO and EAC, acquired in August 2018, with the reviews for the cycle still being awaited. The Company's subsidiaries undergo Cycle 5 of the Periodical Rate Reviews ("5CRTP") between 2020 and 2023.

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

Distribution company	Effect on Consumers (%)			Start of term	Review Process
	Low Voltage	High and Medium Voltage	Medium		
EMG	+ 6.55	+ 7.41	+ 6.73	6/22/2019	Annual Adjustment
ENF	+ 9.21	+ 9.48	+ 9.26	6/22/2019	Annual Adjustment
ESE	+ 3.33	+ 1.85	+ 2.80	4/22/2019	Annual Adjustment
EBO	- 1.63	- 2.17	- 1.78	2/4/2020	Annual Adjustment
EPB	- 4.23	- 4.40	- 4.27	8/28/2019	Annual Adjustment
EMT	+ 11.21	+ 11.49	+ 11.29	4/8/2019	Annual Adjustment
EMS	+ 12.48	+ 12.16	+ 12.39	4/8/2019	Annual Adjustment
ETO	- 0.36	- 0.20	- 0.33	7/4/2019	Annual Adjustment
ESS	+ 0.16	+ 4.10	+ 1.30	7/12/2019	Annual Adjustment
ERO	+ 0.24	- 0.27	+ 0.11	12/13/2019	Annual Adjustment
EAC	- 4.20	- 4.44	- 4.24	12/13/2019	Annual Adjustment

3.2.5 Regulatory remuneration base

The process of valuing assets of the regulatory remuneration base uses the VNR – New Replacement Value, which denotes the value at current market prices of an identical, similar or equivalent asset subject to replacement, which provide the same services and have the same capacity as the existing asset, including all the expenses necessary to install it.

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
EMG	218.3	308.0	Jun/12	Jun/16	Jun/21
ENF	69.2	95.0	Jun/12	Jun/16	Jun/21
ESE	497.6	797.3	Apr/13	Apr/18	Apr/23
EBO	67.0	117.7	Feb/13	Feb/17	Feb/21
EPB	827.3	1,318.4	Aug/13	Aug/17	Aug/21
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
ETO	257.1	596.2	Jul/12	Jul/16	Jul/20
ESS	320.3	491.5	May/12	May/16	Jul/21
ERO	382.6	-	Nov/13	-	-
EAC	230.2	-	Nov/13	-	-
Total	**5,715.7**	**9,048.4**			
WACC (before tax)	**11.36%**	**12.26%**			

3.2.6 Parcel B

Distribution company	Parcel B				
	DRA (1)	DRP (2)	Change (R$ million)	Change %	Review Process
EMG	225.1	232.0	6.9	+ 3.1	Annual Adjustment
ENF	47.2	48.6	1.4	+ 2.9	Annual Adjustment
ESE	408.0	431.3	23.3	+ 5.7	Annual Adjustment
EBO	84.8	90.1	5.3	+ 6.2	Annual Adjustment
EPB	717.3	753.1	35.8	+ 5.0	Annual Adjustment
EMT	1,395.0	1,518.4	123.4	+ 8.9	Annual Adjustment
EMS	860.8	937.9	77.1	+9.0	Annual Adjustment
ETO	514.2	542.8	28.6	+ 5.6	Annual Adjustment
ESS	394.6	400.0	5.4	+ 1.4	Annual Adjustment
ERO	398.9	407.7	8.8	+ 2.2	Annual Adjustment
EAC	210.8	218.0	7.2	+ 3.4	Annual Adjustment
Total	**5,256.7**	**5,579.9**	**323.2**	**+ 6.1**	

(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 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)	Quarter			Year		
	4Q19	4Q18	Change %	2019	2018	Change %
EMG	18.4	18.6	- 0.6	73.2	76.2	- 3.9
ENF	1.3	1.1	+ 25.1	6.0	4.3	+ 38.8
ESE	25.7	24.1	+ 6.7	92.4	91.8	+ 0.7
EBO	4.4	4.9	- 11.3	17.9	19.0	- 6.1
EPB	48.3	52.3	- 7.7	185.1	177.6	+ 4.2
EMT	77.7	79.4	- 2.2	327.5	327.1	+ 0.1
EMS	51.5	45.9	+ 12.4	204.3	189.5	+ 7.8
ETO	26.4	26.1	+ 1.0	113.8	102.3	+ 11.3
ESS	36.2	31.0	+ 16.8	131.7	117.5	+ 12.1
ERO	24.5	28.7	- 14.6	95.6	86.8	+ 10.2
EAC	8.0	2.1	+ 275.6	29.9	19.3	+ 55.0
Total	**322.5**	**314.2**	**+ 2.6**	**1,277.2**	**1,211.3**	**+ 5.4**

Note: For the purpose of comparison, we considered the funds received by ERO and EAC as if they were subsidiaries of Energisa in 2018.

In addition to this balance, Energisa Group holds CCC subrogation credits (Fossil Fuel Consumption Account) of R$ 179.1 million, due to the implementation of distribution/transmission ventures that led to a decrease in the CCC expense.

3.3 Operating costs and expenses

Consolidated operating costs and expenses (official), excluding construction costs, amounted to R$ 3,874.4 million in 4Q19, an increase of 80.7% (R$ 1,730.0 million) on 4Q18, and R$ 14,957.4 million in 2019, an increase of 31.0% (R$ 3,535.3 million) on 2018.

If we disregard ERO and EAC, consolidated operating expenses and costs (pro forma), excluding construction costs, amounted to R$ 3,307.5 million in 4Q19 and R$ 12,707.7 million in 2019, increases of 10.0% (R$ 301.1 million) and 3.4% (R$ 423.4 million) compared with 4Q18 and 2018 respectively.

Consolidated operating costs and expenses break down as follows:

Breakdown of operating expenses and costs Amounts in R$ million	Pro forma (exc. ERO and EAC)				Official (including ERO and EAC)			
	4Q19	Change %	2019	Change %	4Q19	Change %	2019	Change %
1 Non Manageable costs and expenses	**2,415.4**	**+ 14.5**	**9,527.0**	**+ 4.1**	**2,782.2**	**+ 26.2**	**10,889.9**	**+ 17.8**
1.1 Energy purchased	2,125.0	+ 14.5	8,435.2	+ 4.1	2,476.0	+ 29.6	9,753.4	+ 19.5
1.2 Transmission of electricity	290.5	+ 14.1	1,091.8	+ 4.5	306.1	+ 4.3	1,136.5	+ 4.9
2 - Manageable costs and expenses	**741.4**	**+ 7.4**	**2,349.0**	**+ 5.6**	**866.0**	**+ 9.2**	**2,931.0**	**+ 25.9**
2.1 PMSO	**727.8**	**+ 6.8**	**2,233.8**	**+ 2.1**	**926.6**	**+ 43.1**	**2,906.8**	**+ 35.0**
2.2 Provisions/Reversals	13.6	+ 53.1	115.2	+ 206.2	(60.6)	-	24.2	- 86.2
2.2.1 Contingencies	(19.5)	+ 63.4	(65.2)	- 17.3	(86.2)	-	(188.3)	-
2.2.2 Doubtful accounts	33.0	+ 59.0	180.4	+ 54.9	25.6	- 56.6	212.5	+ 37.3
3 Other revenue/expenses	**150.7**	**- 26.9**	**831.8**	**- 8.7**	**226.3**	**-**	**1,136.6**	**-**
3.1 Depreciation and amortization	208.0	- 3.7	852.5	+ 2.1	284.0	- 14.1	1,157.9	+ 21.9
3.2 Other revenue/expenses	(57.2)	+ 482.9	(20.8)	-	(57.7)	- 95.1	(21.3)	- 98.1
Total (1+2+3, exc. construction)	**3,307.5**	**+ 10.0**	**12,707.7**	**+ 3.4**	**3,874.4**	**+ 80.7**	**14,957.4**	**+ 31.0**
Construction cost	616.1	+ 27.0	1,995.4	+ 35.1	807.2	+ 59.5	2,603.7	+ 73.9
Total (1+2+3, inc. construction)	**3,923.6**	**+ 12.4**	**14,703.1**	**+ 6.8**	**4,681.6**	**+ 76.6**	**17,561.1**	**+ 35.9**

Note: Operating costs and expenses by distribution company can be seen in Appendix I.
Pro forma disregards the acquisition of ERO and EAC, while official includes the consolidation of ERO and EAC from 10/30/2018 and 12/6/2018 respectively.

3.3.1 Non Manageable operating costs and expenses

Non Manageable costs and expenses (official) rose by 26.2% (R$ 578.4 million) in 4Q19, to R$ 2,782.2 million. In the year the amount was R$ 10,889.9 million, 17.8% (R$ 1,647.9 million) of 2018.

Excluding ERO and EAC, non-manageable costs and expenses (pro forma) rose by 14.5% (R$ 305.7 million) in 4Q19, to R$ 2,415.4 million. This item amounted to R$ 9,527.0 million in 2019, an increase of 4.1% (R$ 379.2 million) over 2018.

- ✓ **Costs of Energy Purchased for Resale**

Costs of energy purchased for resale (official) in 4Q19 rose by 29.6% (R$ 565.7 million), compared with 4Q18, amounting to R$ 2,476.0 million. In the year the amount was R$ 9,753.4 million, 19.5% (R$ 1,594.8 million) more than 2018.

Excluding ERO and EAC, costs of energy purchased for resale (pro forma) in 4Q19 rose by 14.5% (R$ 269.7 million) compared with 4Q18, amounting to R$ 2,125.0 million. This item amounted to R$ 8,435.2 million in 2019, an increase of 4.1% (R$ 331.7 million) over 2018.

- ✓ **Charges for Using the Transmission System**

In 4Q19, the charges for using the transmission system (official) amounted to R$ 306.1 million, an increase of 4.3% (R$ 12.7 million) on 4Q18. In the year the amount was R$ 1,136.5 million, 4.9% (R$ 53.2 million) more than 2018.

Excluding ERO and EAC, in 4Q19 the charges for using the transmission system (pro forma) amounted to R$ 290.5 million, an increase of 14.1% (R$ 36.0 million) on 4Q18. This item amounted to R$ 1,091.8 million in 2019, an increase of 4.5% (R$ 47.5 million) over 2018.

3.3.2 Manageable operating costs and expenses

Manageable costs and expenses (official) in 4Q19 amounted to R$ 866.0 million, an increase of 9.2% (R$ 72.6 million) over 4Q18. In the year the amount was R$ 2,931.0 million, 25.9% (R$ 602.8 million) more than 2018.

Excluding ERO and EAC, manageable costs and expenses (pro forma) in 4Q19 amounted to R$ 741.4 million, an increase of 7.4% (R$ 50.9 million) over 4Q18. This item amounted to R$ 2,349.0 million in 2019, an increase of 5.6% (R$ 123.8 million) over 2018.

- ✓ **PMSO (Personnel, Materials, Services and Other)**

PMSO expenses (official) amounted to R$ 926.6 million in 4Q19, compared with R$ 647.7 million in 4Q18, an increase of 43.1% (R$ 278.9 million). In the year the amount was R$ 2,906.8 million, 35.0% (R$ 753.0 million) more than 2018.

Excluding ERO and EAC, PMSO expenses (pro forma) were R$ 727.8 million in 4Q19, an increase of 6.8% (R$ 46.3 million) on 4Q18. This item amounted to R$ 2,233.8 million in 2019, an increase of 2.1% (R$ 46.3 million) over 2018, half of the inflation for the period, demonstrating ongoing discipline in cost management.

Consolidated PMSO Amounts in R$ million	Pro forma (exc. ERO and EAC) 4Q19	Change %	2019	Change %	Official (including ERO and EAC) 4Q19	Change %	2019	Change %
Personnel	382.9	+ 4.8	1,166.3	+ 5.6	460.1	+ 16.4	1,465.6	+ 29.2
✓ Rescission costs	4.2	- 45.7	24.0	- 4.7	13.7	+ 53.0	98.1	+ 269.5
Pension fund	11.1	- 46.6	57.9	- 24.9	12.1	- 45.6	63.7	- 18.9
Material	51.5	+ 6.7	173.4	+ 6.9	58.5	+ 17.8	192.2	+ 17.5
Outsourced services	175.2	- 4.9	583.5	- 8.6	252.7	+ 15.2	854.5	+ 26.9
Others	107.1	+ 70.0	252.6	+ 22.9	143.2	-	330.8	+ 218.2
✓ Fines and compensation	3.8	+ 337.9	13.7	+ 11.7	7.8	+ 188.4	22.4	+ 58.2
✓ Contingencies (settlement of civil claims)	15.8	- 23.5	63.1	- 3.6	34.2	+ 65.9	110.0	+ 68.1
✓ Other	87.6	+ 111.2	175.8	+ 37.6	101.2	-	198.5	+ 713.3
Total consolidated PMSO	**727.8**	**+ 6.8**	**2,233.8**	**+ 2.1**	**926.6**	**+ 43.1**	**2,906.8**	**+ 35.0**
IPCA / IBGE (2019)	**4.31%**							
IGPM / FGV (2019)	**7.30%**							

The main changes in PMSO expenses (pro forma) are detailed below:

✓ **Personnel and Post-employment Benefit Expenses**

In 4Q19, personnel and retirement benefit expenses amounted to R$ 394.0 million, an increase of 2.1% (R$ 7.9 million) on 4Q18, deriving from the:

(i) R$ 17.6 million in the increase in personnel expenses, consisting mainly of the increase of R$ 18.5 million due to pay rises and staff upsizing, especially at the holding company Energisa S.A., due to the incorporation of activities into the Shared Services Center, following the acquisition of EAC and ERO.

(ii) The R$ 9.7 million decrease in post-employment benefit expenses, especially at ESE (- R$ 3.0 million) and EPB (- R$ 3.6 million).

Personnel and personnel and post-employment benefit expenses amounted to R$ 1,224.2 million in 2019, an increase of 3.6% (R$ 42.6 million) over 2018. This increase is concentrated in 1Q19, primarily due to pay rises (+ R$ 15.4 million) and lower capitalization of labor (- R$ 11.8 million).

✓ **Expenses on Materials and Outsourced Services**

Expenses on materials and outsourced services amounted to R$ 226.6 million in 4Q19, a decrease of 2.5% (R$ 5.8 million) over 4Q18, due to:

(i) Decrease of R$ 9.0 million in **outsourced service** expenses.

(ii) Increase of R$ 3.2 million in **materials** expenses, with:

- + R$ 1.8 million at EMS, mainly due to higher expenses on preventive maintenance work on the national grid;
- + R$ 1.6 million at ETO, also primarily due to the acquisition of materials to improve quality;

Expenses on materials and outsourced services amounted to R$ 756.9 million in 2019, a decrease of 5.4% (R$ 43.5 million) over 2018. This decrease is driven by higher expenditure on consultancy services, primarily for M&A pensions and systems migration (data processing), in addition to success fees owed to law firms.

✓ **Other Expenses**

Other expenses amounted to R$ 107.1 million in 4Q19, 70.0% (R$ 44.1 million) more than in 4Q18, due to:

(i) R$ 2.9 million increase in fines and compensation;
(ii) R$ 4.8 million decrease in civil claim settlements;
(iii) The R$ 46.1 million increase in others primarily due to the cost of services provided by ALSOL for client Turn Key projects in the amount of R$ 45.3 million, for which there was no entry in 4Q18.

See below PMSO expenses by company:

PMSO expenses of distribution companies Amounts in R$ million	Pro forma (exc. ERO and EAC)				Official (including ERO and EAC)			
	4Q19	Change %	2019	Change %	4Q19	Change %	2019	Change %
Electricity distribution	**671.1**	**+ 2.6**	**2,206.0**	**+ 1.6**	**888.2**	**+ 43.3**	**2,918.3**	**+ 36.5**
EMG	40.0	+ 5.0	130.0	+ 8.4	40.0	+ 5.0	130.0	+ 8.4
ENF	7.4	- 6.7	24.1	- 1.5	7.4	- 6.7	24.1	- 1.5
ESE	57.1	+ 4.8	182.9	- 2.3	57.1	+ 4.8	182.9	- 2.3
EBO	12.9	+ 11.2	39.9	- 2.2	12.9	+ 11.2	39.9	- 2.2
EPB	97.5	+ 6.1	305.6	+ 7.1	97.5	+ 6.1	305.6	+ 7.1
EMT	160.8	- 15.3	576.8	- 2.8	160.8	- 15.3	576.8	- 2.8
EMS	137.4	+ 23.6	438.5	- 0.5	137.4	+ 23.6	438.5	- 0.5
ETO	85.9	+ 6.3	280.6	+ 5.1	85.9	+ 6.3	280.6	+ 5.1
ESS	71.9	+ 6.5	227.4	+ 7.5	71.9	+ 6.5	227.4	+ 7.5
ERO	-	+ 0.0	-	+ 0.0	156.6	-	514.7	-
EAC	-	+ 0.0	-	+ 0.0	60.5	+ 126.6	197.6	+ 640.2
Sales, energy services and other	**192.1**	**+ 54.3**	**476.8**	**+ 25.8**	**192.1**	**+ 54.3**	**476.8**	**+ 25.8**
ECOM	64.0	+ 14.0	180.8	+ 10.7	2.7	+ 14.0	8.2	+ 10.4
ESO-CONSOL	2.7	+ 18.5	8.2	+ 10.4	60.2	+ 18.5	191.2	+ 11.9
ESA Parent company	60.2	+ 5.4	191.2	+ 11.9	64.0	+ 5.4	180.8	+ 10.7
MULTI	7.8	+ 25.7	26.3	+ 14.3	7.8	+ 25.7	26.3	+ 14.3
Other operating expenses	**57.3**	**+ 2,021.6**	**70.4**	**+ 388.7**	**57.3**	**+ 2,021.6**	**70.4**	**+ 388.7**
Intercompany eliminations	***(135.3)***	***+ 40.0***	***(449.0)***	***+ 23.9***	***(153.7)***	***+ 58.9***	***(488.3)***	***+ 34.7***
Energisa - Consolidated	**727.8**	**+ 6.8**	**2,233.8**	**+ 2.1**	**926.6**	**+ 43.1**	**2,906.8**	**+ 35.0**

3.3.3 Other operating expenses

The group other operating expenses (official) saw a reversal R$ 118.3 million in 4Q19, a decrease of 88.6% (R$ 919.3 million), due to recording results made in the business combination under IFRS 3 – "Business Combination", related to the acquisition of ERO and EAC, of R$ 1,169.6 million in 4Q18.

Disregarding ERO and EAC, the other operating expenses (pro forma) amounted to a reversal of R$ 43.7 million in 4Q19, R$ 42.8 million more than in 4Q18 primarily due to:

(i) Reversal of **contingencies**, net of provisions, R$ 7.5 million above 4Q18, especially at EMS (+ R$ 14.1 million) due to the sharp increase in provisions for labor claims in 4Q18;
(ii) Increase of R$ 12.2 million in the allowance for expected doubtful accounts ("PPECLD") mainly due to the deterioration of R$ 15.2 million at EMT resulting from the nonperformance of negotiations made with Cuiabá hospital (effect of R$ 9.5 million) and municipal government authorities, in addition to delinquency by sanitation clients.
(iii) Improvement of R$ 47.4 million in other income/expenses, primarily due to the mark to market valuation of the trading company's entire portfolio in accordance with CPC 48, with a positive effect of R$ 73.3 million in 4Q19.

In 2019 this item was R$ 94.4 million, 17.0% (R$ 19.3 million) less than the amount recorded in 2018.

Other expenses Amounts in R$ million	Pro forma (exc. ERO and EAC)				Official (including ERO and EAC)			
	4Q19	Change %	2019	Change %	4Q19	Change %	2019	Change %
Provisions/ reversals	**13.6**	**+ 53.1**	**115.2**	**+ 206.2**	**(60.6)**	**-**	**24.2**	**- 86.2**
Contingency	(19.5)	+ 63.4	(65.2)	- 17.3	(86.2)	-	(188.3)	-
Doubtful accounts	33.0	+ 59.0	180.4	+ 54.9	25.6	- 56.6	212.5	+ 37.3
Other revenue/expenses	**(57.2)**	**+ 482.9**	**(20.8)**	**-**	**(57.7)**	**- 95.1**	**(21.3)**	**- 98.1**
Total ESA	**(43.7)**	**+ 4,956.4**	**94.4**	**- 17.0**	**(118.3)**	**- 88.6**	**2.9**	**-**

3.4 EBITDA

EBITDA (official) amounted to R$ 968.1 million in 4Q19, a decrease of 46.4% (R$ 839.2 million) on 4Q18, due to recording results made in the business combination under IFRS 3 – "Business Combination", related to the acquisition of ERO and EAC, of R$ 1,169.6 million). In 2019 this amount was R$ 3,499.9 million, 8.3% (R$ 317.7 million) less than 2018.

Excluding ERO and EAC, in 4Q19 the EBITDA (pro forma) amounted to R$ 1,009.0 million, an increase of 65.0% (R$ 397.4 million), compared with the same period last year.

This amount is influenced by the following non-recurring effects:

(i) Rescission costs of R$ 4.2 million in 4Q19 and R$ 7.6 million in 4Q18;
(ii) Mark-to-market of the portfolio of the trading company, with a positive effect of R$ 73.3 million (CPC 48);
(iii) Financial restatement of the VNR, with R$ 88.4 million in 4Q19 and R$ 24.0 million in 4Q18; and
(iv) Adoption of IFRS 15 in the transmission segment with recognition of non-cash EBITDA of R$ 138.0 million.

If the aforesaid effects were excluded, the EBITDA (pro forma) in 4Q19 would be R$ 713.4 million, 19.9% (R$ 118.2 million) more than in 4Q18. This increase is primarily due to the improvement of R$ 143.7 million in the distribution companies' B Parcel due to rate review/adjustments and market growth, especially EMS (+ R$ 51.0 million), ETO (+ R$ 27.4 million) and EMT (+ R$ 23.9 million).

In 2019, the EBITDA (pro forma) amounted to R$ 3,699.0 million, an increase of 41.1% (R$ 1,077.2 million), compared with the same period last year. The following nonrecurring factors influenced this result:

(i) Rescission costs of R$ 24.0 million in 2019 and R$ 25.2 million in 2018;
(ii) Mark-to-market of the portfolio of the trading company, with a positive effect of R$ 65.6 million (CPC 48);
(iii) Financial restatement of the VNR, with R$ 225.9 million in 2019 and R$ 300.1 million in 2018;
(iv) Revenue deriving from overcontracting of energy at EMS in 1Q19, of R$ 9.0 million.
(v) Adoption of IFRS 15 in the transmission segment with recognition of non-cash EBITDA of R$ 272.8 million;
(vi) Recording of R$ 74.8 million in 1Q19 due to adopting IFRS 15 for the transmission segment retrospectively; and
(vii) Reversal of ETO tax contingency of R$ 9.4 million.

If the aforesaid effects were excluded, the EBITDA (pro forma) in 2019 would be R$ 3,065.6 million, 32.2% (R$ 746.4 million) more than in 2018.

See below nonrecurrent and noncash effects:

Description Amounts in R$ million	Quarter			Year		
	4Q19	4Q18	Change %	2019	2018	Change %
(=) Pro forma EBITDA (exc. ERO and EAC)	**1,009.0**	**611.5**	**+ 65.0**	**3,699.0**	**2,621.8**	**+ 41.1**
(+) Rescission costs	4.2	7.6	- 45.7	24.0	25.2	- 4.7
(+) Mark-to-market of the trading company (CPC 48)	(73.3)	-	-	(65.6)	-	-
(+) Provision for success fees (EMT)	-	-	-	-	17.1	-
(-) Concession financial asset (VNR)	88.4	24.0	+ 268.3	225.9	300.1	- 24.7
(-) Re-recording of CVA (EMT and EMS)	-	-	-	-	44.8	-
(-) Over-purchased electricity	-	-	-	9.0	-	-
(-) Adoption of IFRS 15 for transmission segment	138.0	-	-	272.8	-	-
(-) Retrospective adoption of IFRS 15 for transmission segment	-	-	-	74.8	-	-
(-) Reversal of Tax Contingency (ETO)	-	-	-	9.4	-	-
(=) EBITDA with noncash / nonrecurring effects (exc. ERO and EAC)	**713.4**	**595.2**	**+ 19.9**	**3,065.6**	**2,319.2**	**+ 32.2**

See below the **EBITDA** figures by subsidiary:

EBITDA by Company	Pro forma (exc. ERO and EAC)				Official (including ERO and EAC)			
	4Q19	Change %	2019	Change %	4Q19	Change %	2019	Change %
Electricity distribution	**782.1**	**+ 28.2**	**3,198.1**	**+ 24.0**	**736.2**	**+ 0.7**	**2,956.4**	**+ 9.5**
EMG	26.5	+ 6.7	117.7	+ 8.0	26.5	+ 6.7	117.7	+ 8.0
ENF	6.4	+ 31.8	31.0	+ 22.9	6.4	+ 31.8	31.0	+ 22.9
ESE	62.8	+ 7.8	271.4	+ 26.0	62.8	+ 7.8	271.4	+ 26.0
EBO	12.3	+ 3.7	50.6	+ 12.9	12.3	+ 3.7	50.6	+ 12.9
EPB	114.9	+ 11.4	454.6	+ 14.7	114.9	+ 11.4	454.6	+ 14.7
EMT	260.3	+ 35.9	1,055.9	+ 14.7	260.3	+ 35.9	1,055.9	+ 14.7
EMS	176.3	+ 47.8	636.0	+ 54.2	176.3	+ 47.8	636.0	+ 54.2
ETO	66.6	+ 37.3	344.3	+ 47.4	66.6	+ 37.3	344.3	+ 47.4
ESS	56.1	+ 17.4	236.6	+ 6.7	56.1	+ 17.4	236.6	+ 6.7
ERO	-	+ 0.0	-	+ 0.0	(61.3)	-	(254.1)	-
EAC	-	+ 0.0	-	+ 0.0	15.3	-	12.5	-
Sales, energy services and other	**233.2**	**+ 2,079.4**	**384.5**	**+ 866.0**	**233.2**	**+ 2,079.4**	**384.5**	**+ 866.0**
ECOM	63.9	+ 340.9	56.2	+ 85.5	63.9	+ 340.9	56.2	+ 85.5
ESOL Consol.	19.3	-	39.3	-	19.3	-	39.3	-
MULTI	3.8	+ 100.4	13.7	+ 75.5	3.8	+ 100.4	13.7	+ 75.5
EGO	62.7	+ 5,595.6	129.3	+ 5,071.7	62.7	+ 5,595.6	129.3	+ 5,071.7
EPA I	62.2	+ 5,087.4	120.6	+ 2,641.3	62.2	+ 5,087.4	120.6	+ 2,641.3
EPA II	6.7	-	14.9	-	6.7	-	14.9	-
ETT	6.4	-	8.0	-	6.4	-	8.0	-
Others	8.2	+ 24,449.2	2.5	+ 92.5	8.2	+ 24,449.2	2.5	+ 92.5
Holding companies (without equity income)	**(7.2)**	**-**	**36.0**	**- 96.9**	**(7.2)**	**-**	**36.0**	**- 96.9**
ESA Parent company	(6.7)	-	33.5	- 97.1	(6.7)	-	33.5	- 97.1
Rede parent company	(0.4)	+ 256.9	(1.2)	- 83.5	(0.4)	+ 256.9	(1.2)	- 83.5
Denerge	(0.0)	- 84.3	(0.1)	- 78.8	(0.0)	- 84.3	(0.1)	- 78.8
Other holding companies	(0.1)	+ 16.1	3.8	-	(0.1)	+ 16.1	3.8	-
Business combination	**0.8**	**-**	**80.3**	**+1,811.9**	**5.9**	**-**	**122.9**	**-**
Energisa - Consolidated	**1,009.0**	**+ 65.0**	**3,699.0**	**+ 41.1**	**968.1**	**- 46.4**	**3,499.9**	**- 8.3**
EBITDA Margin (%)	21.4	+ 5.7 p.p.	21.1	+ 4.2 p.p.	18.0	- 25.8 p.p.	17.6	- 6.6 p.p.

See below the **Adjusted EBITDA** figures by subsidiary:

Adjusted EBITDA by Company	Pro forma (exc. ERO and EAC)				Official (including ERO and EAC)			
	4Q19	Change %	2019	Change %	4Q19	Change %	2019	Change %
Electricity distribution	**850.8**	**+ 24.7**	**3,467.4**	**+ 22.0**	**824.1**	**+ 1.1**	**3,296.4**	**+ 10.8**
EMG	29.7	+ 5.2	130.0	+ 7.2	29.7	+ 5.2	130.0	+ 7.2
ENF	7.1	+ 24.8	33.7	+ 20.7	7.1	+ 24.8	33.7	+ 20.7
ESE	69.1	+ 6.9	295.1	+ 24.2	69.1	+ 6.9	295.1	+ 24.2
EBO	13.7	+ 2.8	55.8	+ 11.5	13.7	+ 2.8	55.8	+ 11.5
EPB	126.8	+ 9.8	499.9	+ 13.8	126.8	+ 9.8	499.9	+ 13.8
EMT	281.9	+ 32.3	1,145.1	+ 14.2	281.9	+ 32.3	1,145.1	+ 14.2
EMS	188.0	+ 42.5	681.2	+ 48.0	188.0	+ 42.5	681.2	+ 48.0
ETO	73.3	+ 31.8	369.0	+ 42.4	73.3	+ 31.8	369.0	+ 42.4
ESS	61.1	+ 13.4	257.6	+ 5.8	61.1	+ 13.4	257.6	+ 5.8
ERO	-	+ 0.0	-	+ 0.0	(39.8)	-	(185.3)	-
EAC	-	+ 0.0	-	+ 0.0	13.2	-	14.3	-
Sales, energy services and other	**233.2**	**+ 2,079.4**	**384.5**	**+ 866.0**	**233.2**	**+ 2,079.4**	**384.5**	**+ 866.0**
ECOM	63.9	+ 340.9	56.2	+ 85.5	63.9	+ 340.9	56.2	+ 85.5
ESOL Consol.	19.3	-	39.3	-	19.3	-	39.3	-
MULTI	3.8	+ 100.4	13.7	+ 75.5	3.8	+ 100.4	13.7	+ 75.5
EGO	62.7	+ 5,595.6	129.3	+ 5,071.7	62.7	+ 5,595.6	129.3	+ 5,071.7
EPA I	62.2	+ 5,087.4	120.6	+ 2,641.3	62.2	+ 5,087.4	120.6	+ 2,641.3
EPA II	6.7	-	14.9	-	6.7	-	14.9	-
ETT	6.4	-	8.0	-	6.4	-	8.0	-
Others	8.2	+ 24,449.2	2.5	+ 92.5	8.2	+ 24,449.2	2.5	+ 92.5
Holding companies (without equity income)	**(7.2)**	**-**	**36.0**	**- 96.9**	**(7.2)**	**-**	**36.0**	**- 96.9**
ESA Parent company	(6.7)	-	33.5	- 97.1	(6.7)	-	33.5	- 97.1
Rede parent company	(0.4)	+ 256.9	(1.2)	- 83.5	(0.4)	+ 256.9	(1.2)	- 83.5
Denerge	(0.0)	- 84.3	(0.1)	- 78.8	(0.0)	- 84.3	(0.1)	- 78.8
Other holding companies	(0.1)	+ 16.1	3.8	-	(0.1)	+ 16.1	3.8	-
Business combination - Pro forma adjustments	**0.8**	**-**	**80.3**	**+1,811.9**	**5.9**	**-**	**122.9**	**-**
Energisa - Consolidated	**1,077.7**	**+ 57.7**	**3,968.3**	**+ 37.6**	**1,056.1**	**- 44.2**	**3,839.9**	**- 6.2**
EBITDA Margin (%)	22.8	+ 5.2 p.p.	22.6	+ 4.1 p.p.	19.7	- 26.2 p.p.	19.3	- 6.6 p.p.

3.5 Finance income

In 4Q19 the net financial result (official) reflected net financial expenses of R$ 231.4 million, compared with net financial expenses of R$ 305.4 million in 4Q18, a decrease of 24.2% (R$ 74.0 million). The financial result in 2019 consisted of a net finance expense of R$ 1,360.4 million, compared with R$ 950.5 million in 2018, an increase of 43.1% (R$ 409.9 million).

Excluding ERO and EAC, finance income (pro forma) amounted to net finance costs of R$ 206.6 million, a decrease of 30.8% (R$ 91.9 million) over 4Q18. In 2019 there was a net finance cost of R$ 1,152.1 million, an increase of 22.1% (R$ 208.4 million).

Finance Income Amounts in R$ million	Pro forma (exc. ERO and EAC)				Official (including ERO and EAC)			
	4Q19	Change %	2019	Change %	4Q19	Change %	2019	Change %
Finance revenue	**198.2**	**+ 15.8**	**765.4**	**+ 42.4**	**222.0**	**+ 31.8**	**910.6**	**+ 70.2**
Revenue on short-term investments	42.5	+ 4.9	181.4	+ 19.0	36.8	- 14.2	177.4	+ 14.6
Interest on overdue energy bills	68.7	- 4.6	269.3	+ 2.8	88.0	+ 3.8	340.0	+ 23.8
Financial restatement of regulatory assets (CVA)	8.4	- 45.0	41.5	- 8.0	25.8	+ 7.6	84.9	+ 57.7
Restatement of recoverable tax credits	14.4	+ 0.9	37.2	+ 61.9	15.5	+ 8.6	39.3	+ 71.0
Monetary restatement of judicial bonds	3.0	+ 115.2	9.3	+ 16.3	7.0	+ 396.3	24.4	+ 203.7
(-) Pis/Cofins on finance income	(11.7)	+ 11.3	(45.8)	+ 27.8	(14.1)	+ 4.4	(56.3)	+ 44.8
Other financial revenue	72.9	+ 91.1	272.4	+ 228.3	63.0	+ 328.3	301.0	+ 406.2
Finance costs	**(404.8)**	**- 13.8**	**(1,917.5)**	**+ 29.4**	**(453.3)**	**- 4.3**	**(2,271.0)**	**+ 52.9**
Debt charges - interest	(137.8)	- 25.2	(839.4)	+ 21.0	(180.4)	- 11.4	(1,009.6)	+ 41.6
Debt charges - monetary and exchange variance	4.7	- 93.2	(291.8)	- 40.7	10.5	- 79.0	(303.8)	- 40.6
Derivative financial instruments	(83.6)	- 25.7	127.4	- 59.6	(87.6)	- 21.6	115.8	- 63.4
Adjustment to present value	1.0	-	(6.6)	+ 172.3	(2.4)	- 61.6	(13.2)	+ 457.2
Mark-to-market of derivatives	(132.2)	+ 745.8	(492.2)	+ 173.3	(127.8)	+ 755.9	(435.1)	+ 142.6
Mark-to-market of debt securities	(11.8)	- 92.1	(134.2)	+ 24.6	(16.3)	- 89.2	(191.2)	+ 76.4
Financial restatement of regulatory liabilities	(5.0)	- 41.1	(23.7)	- 53.2	2.7	-	(20.6)	- 59.2
Monetary restatement of R&D and energy efficiency	(1.9)	- 33.5	(10.9)	+ 93.9	(3.0)	- 2.9	(16.7)	+ 180.0
(-) Transfer of capitalized interest to orders in progress	2.8	+ 192.7	5.5	-	3.6	-	7.7	-
Bank expenses	(3.2)	+ 20.1	(12.6)	+ 3.7	(3.5)	+ 131.6	(13.6)	+ 23.8
Incorporation of grids	(1.6)	-	(27.9)	- 8.8	(1.6)	-	(27.5)	+ 14.1
Endorsement expense	(3.1)	- 0.6	(12.3)	+ 4.4	(3.1)	+ 2.6	(12.3)	+ 4.4
Other financial expenses	(33.1)	- 61.1	(198.7)	- 3.1	(44.3)	- 23.3	(350.9)	+ 98.0
Financial income	**(206.6)**	**- 30.8**	**(1,152.1)**	**+ 22.1**	**(231.4)**	**- 24.2**	**(1,360.4)**	**+ 43.1**

In 4Q19, financial revenue (*pro forma*) rose by R$ 27.1 million due to the increase of R$ 34.7 million in the item “Other Financial Revenue”.

In 2019 this item grew by R$ 227.7 million on 2018 primarily due to the R$ 29.0 million increase in revenue from short-term investments due to the high average volume of cash invested in the period and the increase in other financial revenue due to the recording of a recoverable PIS and COFINS asset of R$ 138.4 million, due to final and unappealable decisions being delivered in cases involving the subsidiaries EPB, EBO and ETO regarding restatement of the effects of reducing the ICMS calculation base, with the same amount being charged to other finance costs, thereby having a null effect on profit or loss for the period

Finance costs, in turn, rose by R$ 64.7 million in 4Q19, influenced primarily by:

(i) By the merely accounting impact of the MtM of derivatives and debt, jointly decreasing by R$ 21.3 million, explained by the option to convert the subscription bonus underlying Energisa S/A’s 7th issuance (Series 1, 2 and 3) of R$ 144.2 million in 4Q19, where R$ 165.0 million was recorded in 4Q18. This MtM did not impact Energisa S.A.'s cash;

(ii) Decrease of R$ 32.2 million in grid incorporation, primarily at EMT (R$ 32.8 million); and

In 2019 finance costs were R$ 436.0 million higher than in 2018, due to:

(i) the R$ 338.7 million increase in the MtM of derivatives and debt, explained by the option to convert the subscription bonus underlying Energisa S/A's 7th issuance (Series 1, 2 and 3) of R$ 627.8 million in 2019 compared with R$ 272.4 million in 2018. This MtM did not impact Energisa S.A.'s cash; and
(ii) Because of the R$ 134.0 million increase in interest payments, due to the company's greater debt;

3.6 Net Income

The consolidated net income (official) in 4Q19 was R$ 353.3 million, 47.6% (R$ 321.2 million) less than in 4Q18, as a result of recording the business combination for the distribution companies acquired with the positive impact in 4Q18. In 2019 this amount was R$ 527.2 million, 55.3% (R$ 652.5 million) less than 2018, also impacted by the aforesaid effect.

If we factor out the acquisition of ERO and EAC, the (pro forma) net income would be R$ 466.2 million in 4Q19, an increase of 638.9% (R$ 403.1 million) compared with 4Q18.

In addition to the effects on EBITDA, net income was influenced negatively by recording the mark-to-market of the subscription bonus underlying Energisa S/A's 7th issuance of R$ 144.2 million. If the aforesaid extraordinary effects were excluded, as per the table below, the net income (pro forma) in 4Q19 would be R$ 384.6 million, 73.2% (R$ 162.5 million) more than in 4Q18.

Consolidated net income (*pro forma*) amounted to R$ 1,176.5 million in the year, an increase of 107.1% (R$ 608.3 million) on 2018. If the nonrecurrent/noncash effects mentioned above were excluded, the net income would be R$ 1,423.7 million, 95.2% (R$ 694.2 million) more than in 2018.

See below nonrecurrent effects net of tax:

Description (R$ thousand)	Quarter			Year		
	4Q19	4Q18	Change %	2019	2018	Change %
(=) Pro forma net income (exc. ERO and EAC)	**466.2**	**63.1**	**+ 638.9**	**1,176.5**	**568.2**	**+ 107.1**
(+) Rescission Costs	3.1	5.8	- 46.4	18.0	18.7	- 3.9
(+) Mark-to-market of 7th issuance debentures	144.2	165.0	- 12.6	627.8	272.4	+ 130.5
(+) Mark-to-market of the trading company (CPC 48)	(48.4)	-	-	(43.3)	-	-
(+) Provision for success fees (EMT)	-	-	-	-	14.5	
(-) Re-recording of CVA (EMT and EMS)	-	-	-	-	40.0	-
(-) Reversal of the provision for concession financial assets (EMT, EMS and ESE)	-	-	-	-	92.5	-
(-) Reversing the provision to adjust to present value credits receivable from Tocantins state	-	-	-	26.4	-	-
(-) Over-purchased electricity	-	-	-	5.9	-	-
(-) Adoption of IFRS 15 for transmission segment	180.4	-	-	269.4	-	-
(-) Retrospective adoption of IFRS 15 for transmission segment	-	-	-	49.4	-	-
(-) Reversal of Tax Contingency (ETO)	-	-	-	4.3	-	-
(-) Pension fund migration (ESE)	-	11.8	-	-	11.8	-
(=) Net income with noncash / nonrecurrent adjustments (exc. ERO and EAC)	**384.6**	**222.1**	**+ 73.2**	**1,423.7**	**729.5**	**+ 95.2**

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

Net income by Company Amounts in R$ million	Pro forma (exc. ERO and EAC)				Official (including ERO and EAC)			
	4Q19	Change %	2019	Change %	4Q19	Change %	2019	Change %
Electricity distribution	**482.8**	**+ 53.9**	**1,770.5**	**+ 45.7**	**383.7**	**+ 862.3**	**1,204.8**	**+ 28.0**
EMG	7.4	- 14.1	38.0	+ 4.8	7.4	- 14.1	38.0	+ 4.8
ENF	2.7	+ 36.2	12.8	+ 36.8	2.7	+ 36.2	12.8	+ 36.8
ESE	39.5	+ 10.4	147.1	+ 59.0	39.5	+ 10.4	147.1	+ 59.0
EBO	9.0	+ 25.4	36.7	+ 18.5	9.0	+ 25.4	36.7	+ 18.5
EPB	85.3	+ 77.6	314.2	+ 31.9	85.3	+ 77.6	314.2	+ 31.9
EMT	171.0	+ 59.8	594.2	+ 39.2	171.0	+ 59.8	594.2	+ 39.2
EMS	101.4	+ 83.9	333.2	+ 95.3	101.4	+ 83.9	333.2	+ 95.3
ETO	32.5	+ 27.9	178.4	+ 80.4	32.5	+ 27.9	178.4	+ 80.4
ESS	33.9	+ 37.9	116.1	+ 4.4	33.9	+ 37.9	116.1	+ 4.4
ERO	-	+ 0.0	-	+ 0.0	(97.3)	- 63.4	(516.0)	+ 94.0
EAC	-	+ 0.0	-	+ 0.0	(1.9)	- 76.4	(49.7)	+ 529.0
Sales, energy services and other	**240.4**	**-**	**321.9**	**-**	**240.4**	**-**	**321.9**	**-**
ECOM	41.8	+ 318.3	36.1	+ 101.7	41.8	+ 318.3	36.1	+ 101.7
ESOL Consol.	10.2	-	16.1	-	10.2	-	16.1	-
MULTI	2.2	+ 59.5	7.8	+ 69.4	2.2	+ 59.5	7.8	+ 69.4
EGO	87.4	+ 12,390.7	131.5	+ 8,115.7	87.4	+ 12,390.7	131.5	+ 8,115.7
EPAI	82.2	+ 10,179.3	120.7	+ 4,063.5	82.2	+ 10,179.3	120.7	+ 4,063.5
EPAII	6.7	-	12.1	-	6.7	-	12.1	-
ETT	4.1	-	5.1	-	4.1	-	5.1	
Others	5.7	-	(7.5)	- 74.7	5.7	-	(7.5)	- 74.7
Holding companies (without equity income)	**(146.9)**	**-**	**(777.2)**	**-**	**(146.9)**	**-**	**(777.2)**	**-**
ESA Parent company	(3.4)	-	(607.3)	-	(3.4)	-	(607.3)	-
Rede parent company	(137.6)	+ 3,830.9	(142.4)	+ 414.2	(137.6)	+ 3,830.9	(142.4)	+ 414.2
Denerge	(9.0)	- 8.6	(38.0)	- 1.3	(9.0)	- 8.6	(38.0)	- 1.3
Other holding companies	3.0	-	10.5	-	3.0	-	10.5	-
Business combination - Pro forma adjustments	(110.2)	- 47.3	(138.8)	- 57.9	(123.9)	-	(222.4)	-
Energisa - Consolidated	**466.2**	**+ 638.9**	**1,176.5**	**+ 107.1**	**353.3**	**- 47.6**	**527.2**	**- 55.3**

4. Capital structure

4.1 Financial operations in 2019

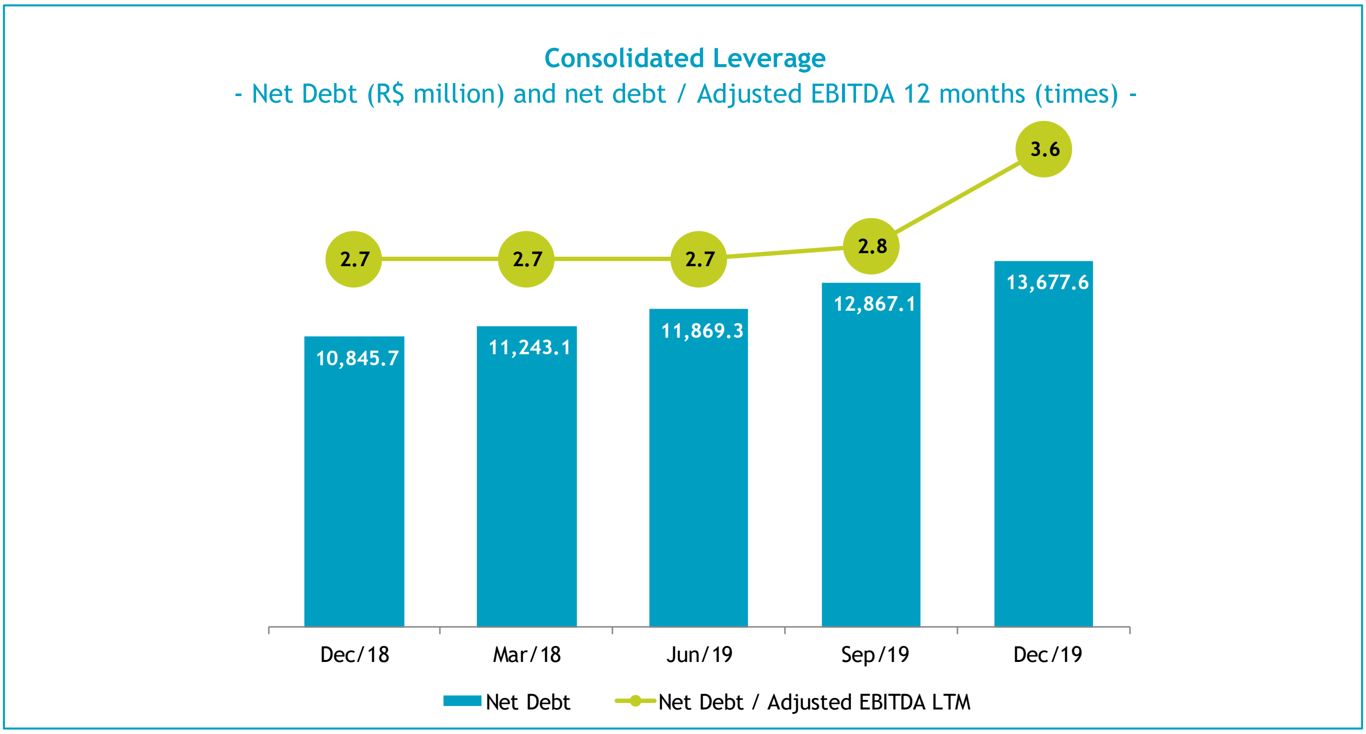
Energisa Group took out financing of R$ 3,915 million in 2019, at an average cost of 112.3 % of the CDI rate and an average term of 4.7 years.

Company	Issue type	Total Amount (R$ thousand)	Average Cost (p.a.)	Average Term (years)
ESOL, ECOM, EMS, ESS, EAC, EMT, ERO, EBO, ENF and ESA	Law 4,131	960	115.8 % CDI	2.8
EMT, ESE AND ESA	Promissory Notes ICVM 476	720	109.9 % CDI	2.5
EMG, EMT, EMS EPB, ESS, ETO and Alsol	ICVM 476 Debentures	1,740	113.5% CDI	6.0
ESA	ICVM 476 Debentures - Infrastructure	496	105.0 % CDI	6.9
Total		**3,915.9**	**112.3%**	**4.7**

4.2 Cash and debt

The consolidated position of cash, cash equivalents, short-term investments and sector credits amounted to R$ 4,494.4 million at the end of December 2019, against R$ 6,242.1 million in December 2018. We emphasize that these balances include credits relating to the Energy Development Account (CDE), Fossil Fuel Consumption Account (CCC) and the memorandum account for Parcel A amounts (CVA), in the amount of R$ 1,458.1 million in December 2019 and R$ 1,891.4 million in December 2018.

The net debt as of December 31, 2019 less sector credits amounted to R$ 13,677.6 million, compared with R$ 12,867.1 million in September 2019 and R$ 10,845.7 million in December 2018. As a result, the ratio between consolidated net debt and adjusted EBITDA fell from 2.7 in December 2018 to 3.6 in December 2019. Note that this indicator was positively impacted by the effect of the business combination regarding the acquisition of ERO and EAC for R$ 1,169.6 million, as mentioned in item 3.4, up to the YTD 12-month period ended September 31, 2019.



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		
	12/31/2019	9/30/2019	12/31/2018	12/31/2019	9/30/2019	12/31/2018
Current	**1,481.2**	**1,191.8**	**651.1**	**2,950.7**	**2,716.1**	**3,030.9**
Loans and financing	163.0	169.5	155.7	1,343.0	1,408.2	1,560.4
Debentures	969.4	726.8	492.1	1,167.1	892.1	526.6
Debt charges	12.2	11.5	2.3	70.8	78.5	89.1
Tax financing and post-employment benefits	2.1	1.8	1.8	90.0	80.5	95.1
Regulatory fees	-	-	-	-	-	39.5
Financing of debits for energy purchased from Itaipu	-	-	-	-	-	78.0
Derivative financial instruments, net	334.5	282.2	(0.8)	279.8	256.8	642.2
✓ Law 4131 (Swap and MTM)	(15.7)	(20.0)	(0.8)	(70.4)	(45.4)	37.8
✓ Put option (EEVP put)	-	-	-	-		604.4
✓ MTM 7th debentures issuance	350.2	302.2	-	350.2	302.2	-
Noncurrent	**3,869.5**	**3,861.4**	**3,601.5**	**15,221.3**	**14,686.1**	**14,056.9**
Loans, financing and leasing	613.1	469.6	311.4	6,836.2	6,456.4	6,611.2
Debentures	2,565.6	2,802.9	2,886.2	7,771.6	7,902.7	7,000.7
Tax financing and post-employment benefits	8.7	9.4	8.0	711.7	525.3	535.2
Regulatory fees	-	-	-	-	-	-
Financing of debits for energy purchased from Itaipu	-	-	-	-	-	-
Derivative financial instruments, net	682.1	579.5	395.9	(98.1)	(198.3)	(90.2)
✓ Law 4131 (Swap and MTM)	(19.4)	(24.9)	(27.0)	(799.6)	(802.7)	(513.1)
✓ Put option (EEVP put)	-	-	-	-		-
✓ MTM 7th debentures issuance	701.5	604.4	422.9	701.5	604.4	422.9
Total debts	**5,350.7**	**5,053.2**	**4,252.6**	**18,172.0**	**17,402.2**	**17,087.8**
(-) Cash and cash equivalents	2,554.8	2,472.9	2,745.4	3,036.3	2,644.1	4,350.7
Total net debts	**2,795.9**	**2,580.3**	**1,507.2**	**15,135.7**	**14,758.1**	**12,737.1**
(-) CDE Credits	-	-	-	209.4	247.9	246.8
(-) CCC Credits	-	-	-	179.1	150.0	55.2
(-) CVA Credits	-	-	-	1,069.5	1,493.1	1,589.4
Total net debts less sector credits	**2,795.9**	**2,580.3**	**1,507.2**	**13,677.6**	**12,867.1**	**10,845.7**
Relative Indicator						
Net debt / Adjusted EBITDA 12 months (1)	-	-	-	3.6	2.8	2.7

(1) Adjusted EBITDA = EBITDA + Interest on energy bills revenue (last 12 months).
Each distribution company's debt can be seen in Appendix I.

Loans, financing, debentures and debt charges increased by R$ 1,400.6 million, reflecting issuances made over the first half for working capital, investments of Energisa Group and repayment of costlier debt. In June 2019 Energisa made important issuances through its distribution companies, for a total of R$ 900.0 million.

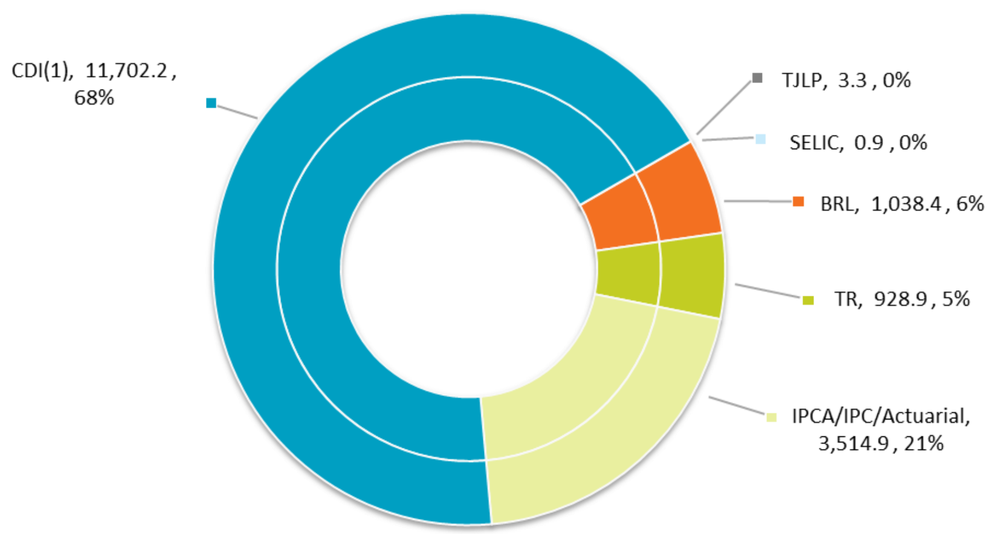
Note that the net derivative financial instruments were impacted by the mark-to-market of the subscription bonuses underlying the 7th debentures issuance. In 2019 this MtM totaled an accumulated liability of R$ 1,051.7 million, which is an accounting and a non-cash record.

4.3 Cost and average debt tenor

The average gross debt tenor fell to 4.8 years at the end of December 2019 (against 5.1 years in September 2019) and the average cost of the gross debt fell 0.78 percentage points, closing the year at 6.36% (144.55% of the CDI rate) against 7.14% (125.09% of the CDI rate) in September 2019..

The average net debt tenor fell to 5.7 years at the end of December 2019 (against 5.9 years in September 2019) and the average cost of the net debt fell 0.71 percentage points, closing the year at 6.60% (150.02% of the CDI rate) against 7.31% (128.04% of the CDI rate) in September 2019.

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$ 181.7 million in December 2019.
(1) Dollar and Euro debt converted to CDI, without a hedge cap.

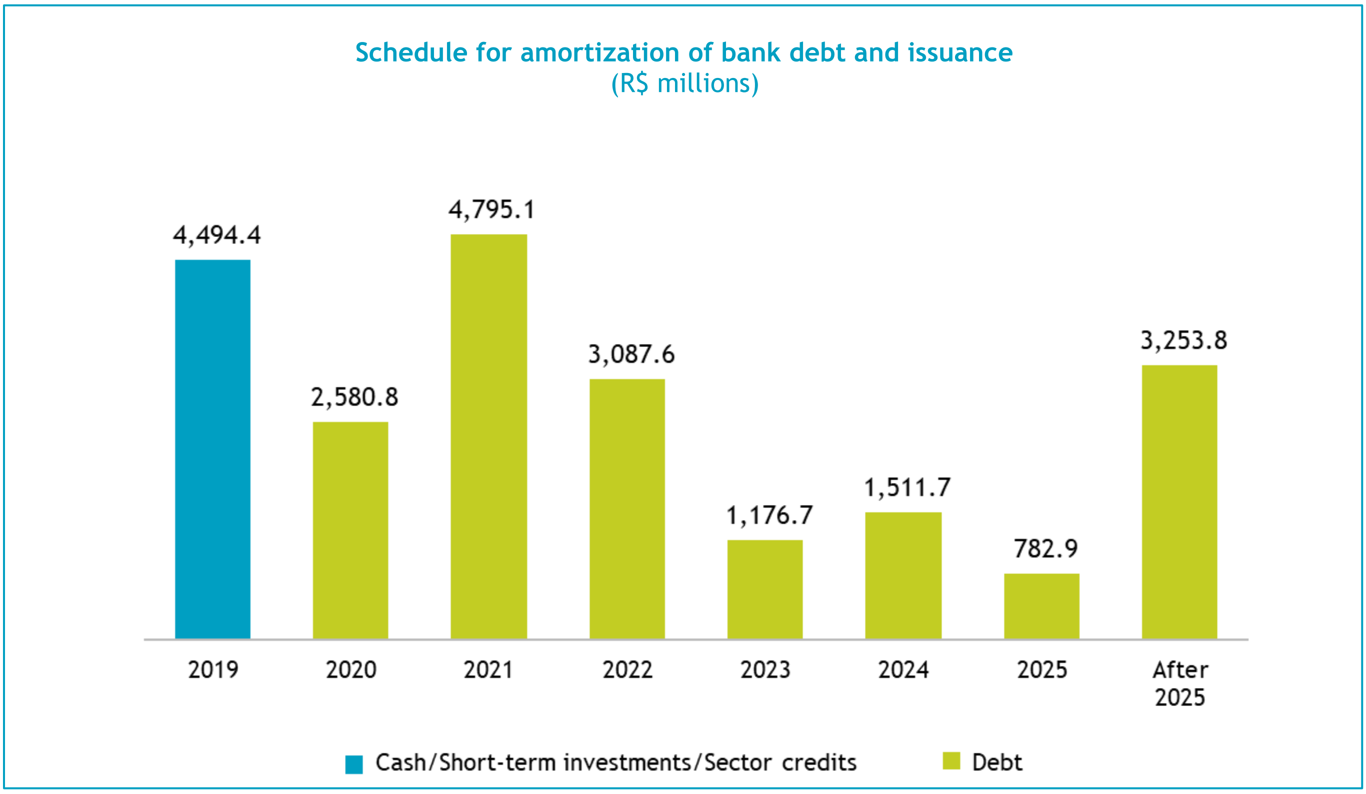
4.4 Ratings

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

Branch	Domestic Rating/Outlook	Global Rating/Outlook	Latest Report
Standard & Poor's	brAAA (stable)	BB- (positive)	Dec/2019
Moody's	Aa2.br (stable)	Ba2 (stable)	Jun/2019
Fitch Ratings	AAA (bra) (stable)	BB+ (stable)	Feb/2020

4.5 Debt repayment schedule

The repayment schedule for consolidated loans, financing, debt charges and debentures vis-à-vis cash as of December 31, 2019 is shown in the graph below:



5. Investments

In 2019 Energisa and its subsidiaries made investments of R$ 3,167.1 million, 59.9% more than in 2018 (R$ 1,980.8 million). If we consider the distribution companies only, this amount was R$ 2,713.8 million, an increase of 52.4%.

The following investments were made:

Investment Amounts in R$ million	Electric Assets			Special Obligations			Non-electric assets			Total Investment		
	4Q19	4Q18	Change %	4Q19	4Q18	Change %	4Q19	4Q18	Change %	4Q19	4Q18	Change %
EMG	9.7	9.3	+ 4.3	0.0	1.7	-	2.2	5.3	- 59.3	11.9	16.3	- 27.0
ENF	2.1	2.4	- 12.5	(0.3)	(0.1)	+ 200.0	0.5	0.1	+ 400.0	2.3	2.4	- 4.2
ESE	19.7	20.8	- 5.3	0.8	1.4	- 42.9	7.8	3.4	+ 129.4	28.3	25.6	+ 10.5
EBO	4.3	1.7	+ 152.9	0.6	3.5	- 82.9	0.7	2.8	- 75.0	5.6	8.0	- 30.0
EPB	40.2	35.8	+ 12.3	3.0	3.1	- 3.2	9.8	3.3	+ 197.0	53.0	42.2	+ 25.6
EMT	159.3	167.1	- 4.7	5.6	63.4	- 91.2	11.4	10.4	+ 9.6	176.3	240.9	- 26.8
EMS	43.3	49.9	- 13.2	3.5	4.5	- 22.2	5.6	22.4	- 75.0	52.4	76.8	- 31.8
ETO	102.1	73.8	+ 38.3	9.5	4.4	+ 115.9	13.9	(4.3)	-	125.5	73.9	+ 69.8
ESS	29.0	44.4	- 34.7	5.8	3.6	+ 61.1	7.5	-	-	42.3	48.0	- 11.9
ERO	88.1	21.8	+ 304.1	130.3	22.2	+ 486.9	19.5	1.2	+ 1,525.0	237.9	45.2	+ 426.3
EAC	109.8	6.3	+ 1,642.9	(11.8)	2.1	-	(9.0)	-	-	89.0	8.4	+ 959.5
Total distribution companies	**607.6**	**433.3**	**+ 40.2**	**147.0**	**109.8**	**+ 33.9**	**69.9**	**44.6**	**+ 56.4**	**824.5**	**587.7**	**+ 40.3**
EPA I	44.8	47.5	- 5.7	-	-	-	0.60	-	-	45.4	47.5	- 4.4
EPA II	35.3	1.5	+ 2,253.3	-	-	-	-	-	-	35.3	1.5	+ 2,253.3
EGO I	31.1	61.0	- 49.0	-	-	-	0.70	-	-	31.8	61.0	- 47.9
ETT	12.1	-	-	-	-	-	-	-	-	12.1	-	-
ESOL Consolidated	2.5	-	-	-	-	-	-	2.3	-	2.5	2.3	+ 8.7
Others	18.80	-	-	-	-	-	27.4	4.2	+ 552.4	46.2	4.2	+ 1,000.0
Total	**752.2**	**543.3**	**+ 38.5**	**147.0**	**109.8**	**+ 33.9**	**98.6**	**51.1**	**+ 92.6**	**997.8**	**704.2**	**+ 41.7**

Investment Amounts in R$ million	Electric Assets			Special Obligations			Non-electric assets			Total Investment		
	2019	2018	Change %	2019	2018	Change %	2019	2018	Change %	2019	2018	Change %
EMG	51.4	34.4	+ 49.4	8.7	17.0	- 48.8	14.8	26.4	- 43.9	74.9	77.8	- 3.7
ENF	9.7	6.8	+ 42.6	(0.1)	0.2	-	1.1	1.1	-	10.7	8.1	+ 32.1
ESE	70.6	57.0	+ 23.9	4.8	11.5	- 58.3	14.0	13.5	+ 3.7	89.4	82.0	+ 9.0
EBO	14.3	9.3	+ 53.8	1.7	5.0	- 66.0	2.8	5.2	- 46.2	18.8	19.5	- 3.6
EPB	163.5	123.8	+ 32.1	13.8	8.4	+ 64.3	15.2	24.2	- 37.2	192.5	156.4	+ 23.1
EMT	701.3	538.4	+ 30.3	10.6	139.3	- 92.4	31.4	22.6	+ 38.9	743.3	700.3	+ 6.1
EMS	204.7	179.1	+ 14.3	15.4	25.1	- 38.6	18.2	48.4	- 62.4	238.3	252.6	- 5.7
ETO	339.6	284.0	+ 19.6	(13.0)	(1.5)	+ 766.7	25.1	8.7	+ 188.5	351.7	291.2	+ 20.8
ESS	125.6	114.0	+ 10.2	16.5	12.8	+ 28.9	17.0	12.2	+ 39.3	159.1	139.0	+ 14.5
ERO	425.5	21.8	+ 1,851.8	153.2	22.2	+ 590.1	43.3	1.2	+ 3,508.3	622.0	45.2	+ 1,276.1
ACRE	216.6	6.3	+ 3,338.1	(0.2)	2.1	-	(4.1)	-	-	212.3	8.4	+ 2,427.4
Total distribution companies	**2,322.8**	**1,374.9**	**+ 68.9**	**211.4**	**242.1**	**- 12.7**	**178.8**	**163.5**	**+ 9.4**	**2,713.0**	**1,780.5**	**+ 52.4**
EPA I	151.4	79.7	+ 90.0	-	-	-	0.6	-	-	152.0	79.7	+ 90.7
EPA II	73.6	2.9	+ 2,437.9	-	-	-	-	-	-	73.6	2.9	+ 2,437.9
EGO I	123.3	90.5	+ 36.2	-	-	-	0.8	-	-	124.1	90.5	+ 37.1
ETT	15.9	-	-	-	-	-	-	-	-	15.9	-	-
ESOL Consolidated	7.3	-	-	-	-	-	4.1	12.1	- 66.1	11.4	12.1	- 5.8
Others	26.8	-	-	-	-	-	50.3	15.1	+ 233.1	77.1	15.1	+ 410.6
Total	**2,721.1**	**1,548.0**	**+ 75.8**	**211.4**	**242.1**	**- 12.7**	**234.6**	**190.7**	**+ 23.0**	**3,167.1**	**1,980.8**	**+ 59.9**

Note: The investment data of ERO and EAC reflects the period after the acquisition by Energisa, from 10/30/2018 and 12/6/2018 respectively.

6. Cash Flow

In 4Q19 Energisa's operational cash generation was R$ 2,618.8 million more than in 4Q18. Investment activities decreased by R$ 1,138.0 million over 4Q18, and financing activities decreased by R$ 3,494.8 million.

Consolidated Cash Flow Amounts in R$ million	Quarter		Year	
	4Q19	4Q18	2019	2018
(a) Opening Balance of Cash and Cash Equivalents	**823.5**	**1,129.1**	**706.7**	**921.5**
(b) Net Cash from Operating Activities (a=i+ii)	**828.5**	**(1,790.3)**	**2,582.3**	**(968.3)**
(i) Cash Provided by Operating Activities	**933.2**	**963.4**	**3,334.1**	**2,900.5**
Net Income before Income Tax	452.7	1,171.3	981.6	1,917.4
Expenses on interest and monetary and exchange variance	104.8	89.7	1,128.8	1,128.7
Provisions/ reversals	108.5	291.3	193.2	320.0
Residual value of retired fixed assets	27.5	(9.6)	56.7	76.3
Depreciation and amortization	284.0	330.6	1,157.9	949.7
Adjustment to fair value of concession financial asset	(89.1)	(19.0)	(232.7)	(295.1)
Mark-to-market and derivative instruments	231.7	277.2	510.6	(28.4)
Variable Compensation Program	1.2	1.5	3.7	1.5
Mark-to-market of traded energy contracts	(72.1)	-	(64.4)	-
Compensation of contract asset (Transmission)	(116.1)	-	(361.4)	-
Gain made on business combination	-	(1,169.6)	-	(1,169.6)
Provision for adjustment to realizable value of credits receivable	-	-	(40.0)	-
(ii) Changes in Assets and Liabilities	**(104.7)**	**(2,753.7)**	**(751.7)**	**(3,868.8)**
Working capital	(155.5)	(2,172.4)	(670.7)	(2,442.4)
Taxes	(219.1)	(222.2)	(161.3)	(234.4)
Tax, civil, labor and regulatory proceedings paid	(216.8)	(145.6)	(216.8)	(145.6)
Recoverable taxes	26.8	(78.3)	(183.2)	(297.7)
Regulatory assets / liabilities	452.0	239.0	584.1	(404.3)
Escrow and secured deposits	6.8	(1.4)	(56.3)	(13.0)
Other	1.1	(372.9)	(47.5)	**(331.4)**
(c) Net cash produced by investment activities	**(1,360.2)**	**(2,498.2)**	**(1,396.8)**	(3,231.2)
Allocations to PPE / intangible assets	(710.8)	(411.4)	(2,507.1)	(1,526.3)
Sale of PP&E / intangible assets	23.1	(102.2)	84.2	7.6
Applications to electricity transmission lines	(156.6)	(121.6)	(422.1)	(188.9)
Short-term investments	(515.7)	(1,889.6)	1,448.2	(1,550.2)
Increase in other investments	-	(0.1)	-	-
Cash and cash equivalents under the business combination	(0.2)	26.6	(0.0)	26.6
(d) Net cash produced by financing activities	**371.4**	**3,866.2**	**(1,229.1)**	**3,984.7**
Financing obtained	725.5	3,513.3	3,272.1	7,482.5
Payment of loans, financing and debentures payments - principal	(209.3)	(512.9)	(2,370.8)	(2,885.0)
Payment of loans, financing and debentures payments - interest	(251.7)	(227.2)	(969.9)	(658.7)
Derivative settlement	(26.6)	(33.4)	(18.4)	35.6
Dividends	(85.8)	(2.9)	(450.9)	(288.2)
Financing of taxes, payables and sector charges	(2.6)	(48.7)	(144.3)	(198.5)
Payment of grid acquisition	(24.5)	(44.6)	(102.5)	(158.1)
Acquisition of noncontrolling interest	-	-	(63.1)	(567.4)
Payment under Financial Lease	(4.5)	-	(18.1)	-
Capital increase through share subscription	251.0	1,222.6	251.0	1,222.6
Settlement of share put option (Rede Energia Participações)	-	-	(614.3)	-
(e) Increase (Decrease) in Cash (e=b+c+d)	**(160.4)**	**(422.4)**	**(43.6)**	**(214.7)**
(f) Closing Balance of Cash and Cash Equivalents (f=a+e)	**663.1**	**706.7**	**663.1**	**706.7**
(g) Balance of short-term investments and sector credits	3,831.2	5,535.4	3,831.2	5,535.4
(h) Closing balance of cash, short-term investments and sector credits (h=f+g)	**4,494.4**	**6,242.1**	**4,494.4**	**6,242.1**

In December 2019 short-term investments amounted to R$ 2,373.2 million and sector credits were a positive R$ 1,458.0 million, resulting in a consolidated cash position of R$ 4,494.4 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) appreciated by 47.2% in 2019, and closed the year quoted at R$ 53.53 per Unit. Over the same period, the main stock exchange index, Ibovespa, gained 31.6%, while the IEE index gained 55.5%. Since the public issuance in the re-IPO in July 2016, ENGI11 stock has appreciated by 81 percentage points over and above the Ibovespa index, which rose by 108% in the same period. See below the market indicators of Energisa's shares at the end of the year:

	2019	2018	Change %
Market indexes			
Enterprise value (EV - R$ million) [1]	33,104.3	24,309.7	+ 36.2
Market value at the end of the year (R$ million)	19,426.70	13,464.0	+ 44.3
Average daily volume traded in the year - Units (R$ million)	62.5	29.9	+ 109.9
Share prices			
ENGI11 (Unit) closing price at the end of the year (R$ /Unit)	53.5	37.1	+ 44.3
ENGI3 (ON) closing price at the end of the year (R$ /share)	13.6	8.1	+ 68.1
ENGI4 (PN) closing price at the end of the year (R$ /share)	10.2	7.3	+ 38.7
Relative indicators			
Dividends paid in the year (R$ / Unit)	0.54	0.93	-42.4
Dividend yield of ENGI11 (Units) - % [3]	1.1	2.9	-62.1 p.p
Total return to Units shareholder (TSR) - %	47.2	38.8	+8.4 p.p
Market Value / Shareholders' Equity (times)	3.4	2.5	+ 36.4

(1) EV = Market value (R$/share vs. number of shares) + consolidated net debt.
(2) Price plus proceeds; and
(3) Dividends paid out in the last four quarters / closing price of the Units.

7.2 Distribution of dividends

Based on the results achieved in 2019, Energisa management allocated R$ 194.5 million for payment of dividends (R$ 0.1072 per common and preferred share or R$ 0.536 per Unit) from the account for the year. The amount of R$ 78.4 million (R$ 0.0432 per share or R$ 0.216 per Unit) had been paid by August 23, 2019.
The supplementary dividend approved by the Board of Directors' meeting held February 17, 2020 in the amount of R$ 116,1 million (R$ 0.064 per common and preferred share or R$ 0.32 per Unit) will be paid on April 3, 2020, based on the share position at February 27, 2020 (ex-dividends date: 2/28/2020). The total dividends for the financial year represent 44.4% of the Parent Company's net income, adjusted for the legal reserve.

	2019	2018	Change %
Dividends for the year (R$ million)	194.5	387.2	- 49.8
Dividends / Adjusted Net Income of Energisa Parent Company - %	44.4	35.5	+ 8.9

8. Subsequent Event

8.1 Rate adjustments

On January 28, 2020 ANEEL Resolution 2.665/2020 and Technical Note 07/2020-SGT/ANEEL ratified the rate adjustment of the direct subsidiary Energisa Borborema which came into force on February 4, 2020. The effective rate impact felt by consumers was an average decrease of (1.78%).

Voltage Level	Average Effect on EBO Consumers
Low Voltage	**(1.63%)**
High and Medium Voltage	**(2.17%)**
Total	**(1.78%)**

8.2 Payment of interim dividends

At the meeting held February 17, 2020, the Board of Directors approved the payment of the supplementary dividend in the amount of R$ 116.1 million, as described above, in item 7.2.

8.3 2020 Business Plan

On February 7, 2020 the Company issued a press release about its 2020 Business Plan, updated in item 10.8 of the Reference Form. The projected investment announced for the current year is R$ 3.0 billion.

9. Services rendered by the independent auditor

The total compensation paid to the auditors Ernst & Young Auditores Independentes for the accounting review of the Company's and its subsidiaries' financial statements in 2019 was R$ 9.7 million, comprising R$ 9.3 million for revising the financial statements of the Company and its subsidiaries and R$ 0.4 million for consultancy services.

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 Amounts in GWh	Quarter			Year		
	4Q19	4Q18	Change %	2019	2018	Change %
Residential	**136.9**	**130.7**	**+ 4.8**	**541.8**	**516.8**	**+ 4.8**
Industrial	**99.4**	**98.9**	**+ 0.5**	**390.7**	**395.7**	**- 1.3**
Captive Industrial	29.3	33.0	- 11.3	119.3	127.7	- 6.6
Free Industrial	70.1	65.9	+ 6.4	271.5	268.0	+ 1.3
Commercial	**61.3**	**60.6**	**+ 1.2**	**240.9**	**234.5**	**+ 2.7**
Captive Commercial	57.8	57.8	- 0.2	228.5	224.5	+ 1.8
Free Commercial	3.5	2.7	+ 29.3	12.4	10.0	+ 24.5
Rural	**45.4**	**44.4**	**+ 2.2**	**185.2**	**190.1**	**- 2.6**
Captive Rural	45.4	44.4	+ 2.2	185.2	190.1	- 2.6
Free Rural	0.0	0.0	-	0.0	0.0	-
Other	**41.7**	**43.6**	**- 4.2**	**166.7**	**164.1**	**+ 1.6**
Captive Other	41.7	43.6	- 4.2	166.7	164.1	+ 1.6
Free Other	0.0	0.0	-	0.0	0.0	-
1 Energy sales to captive consumers	**311.1**	**309.5**	**+ 0.5**	**1,241.5**	**1,223.3**	**+ 1.5**
2 Energy associated with free consumers (TUSD)	73.7	68.6	+ 7.4	283.8	277.9	+ 2.1
3 Captive sales + TUSD (1+2)	**384.8**	**378.2**	**+ 1.8**	**1,525.3**	**1,501.2**	**+ 1.6**
4 Unbilled sales	4.7	6.3	- 24.9	1.1	5.7	- 80.9
5 Captive sales + TUSD + Unbilled supply (3+4)	**389.5**	**384.4**	**+ 1.3**	**1,526.4**	**1,506.9**	**+ 1.3**

Energisa Nova Friburgo

Description Amounts in GWh	Quarter			Year		
	4Q19	4Q18	Change %	2019	2018	Change %
Residential	**41.5**	**40.6**	**+ 2.2**	**165.5**	**162.7**	**+ 1.8**
Industrial	**11.8**	**12.3**	**- 3.6**	**47.7**	**49.3**	**- 3.3**
Captive Industrial	6.4	6.8	- 5.9	26.3	28.6	- 8.2
Free Industrial	5.4	5.4	- 0.7	21.4	20.7	+ 3.4
Commercial	**17.7**	**16.8**	**+ 5.3**	**69.5**	**66.5**	**+ 4.5**
Captive Commercial	17.1	16.3	+ 5.1	67.2	64.4	+ 4.3
Free Commercial	0.6	0.5	+ 10.7	2.3	2.1	+ 10.1
Rural	**1.3**	**1.2**	**+ 14.0**	**5.5**	**5.1**	**+ 8.2**
Captive Rural	1.3	1.2	+ 14.0	5.5	5.1	+ 8.2
Free Rural	0.0	0.0	-	0.0	0.0	-
Other	**9.9**	**10.2**	**- 2.7**	**40.0**	**39.7**	**+ 0.9**
Captive Other	8.8	9.1	- 2.9	35.7	35.3	+ 1.0
Free Other	1.1	1.1	- 1.6	4.4	4.4	- 0.7
1 Energy sales to captive consumers	**75.2**	**74.0**	**+ 1.7**	**300.2**	**296.1**	**+ 1.4**
2 Energy associated with free consumers (TUSD)	7.1	7.1	+ 0.0	28.1	27.2	+ 3.3
3 Captive sales + TUSD (1+2)	**82.2**	**81.0**	**+ 1.5**	**328.3**	**323.3**	**+ 1.5**
4 Unbilled sales	0.8	1.4	- 45.8	0.3	1.3	- 78.5
5 Captive sales + TUSD + Unbilled supply (3+4)	**83.0**	**82.4**	**+ 0.7**	**328.6**	**324.7**	**+ 1.2**

Energisa Sergipe

Description Amounts in GWh	Quarter			Year		
	4Q19	4Q18	Change %	2019	2018	Change %
Residential	**275.8**	**265.5**	**+ 3.9**	**1,100.0**	**1,046.3**	**+ 5.1**
Industrial	**129.2**	**192.6**	**- 32.9**	**608.5**	**776.7**	**- 21.6**
Captive Industrial	49.3	49.7	- 0.7	193.8	200.8	- 3.5
Free Industrial	79.8	142.9	- 44.1	414.8	575.9	- 28.0
Commercial	**156.9**	**152.5**	**+ 2.9**	**610.5**	**589.6**	**+ 3.6**
Captive Commercial	128.0	130.6	- 2.0	516.1	508.5	+ 1.5
Free Commercial	28.9	21.9	+ 32.3	94.5	81.1	+ 16.5
Rural	**41.1**	**38.6**	**+ 6.4**	**123.3**	**122.3**	**+ 0.8**
Captive Rural	41.1	38.6	+ 6.4	123.3	122.3	+ 0.8
Free Rural	0.0	0.0	-	0.0	0.0	-
Other	**146.3**	**146.1**	**+ 0.1**	**567.5**	**558.8**	**+ 1.6**
Captive Other	146.3	146.1	+ 0.1	567.5	558.8	+ 1.6
Free Other	0.0	0.0	-	0.0	0.0	-
1 Energy sales to captive consumers	**640.5**	**630.5**	**+ 1.6**	**2,500.7**	**2,436.6**	**+ 2.6**
2 Energy associated with free consumers (TUSD)	108.8	164.8	- 34.0	509.2	657.0	- 22.5
3 Captive sales + TUSD (1+2)	**749.2**	**795.3**	**- 5.8**	**3,009.9**	**3,093.6**	**- 2.7**
4 Unbilled sales	**11.3**	14.5	- 22.0	3.4	10.9	- 68.5
5 Captive sales + TUSD + Unbilled supply (3+4)	**760.5**	**809.8**	**- 6.1**	**3,013.4**	**3,104.5**	**- 2.9**

Energisa Borborema

Description Amounts in GWh	Quarter			Year		
	4Q19	4Q18	Change %	2019	2018	Change %
Residential	**64.2**	**62.5**	**+ 2.7**	**254.4**	**244.7**	**+ 4.0**
Industrial	**36.8**	**36.6**	**+ 0.5**	**142.4**	**141.4**	**+ 0.7**
Captive Industrial	15.0	17.8	- 15.6	59.0	69.3	- 14.8
Free Industrial	21.7	18.8	+ 15.8	83.4	72.1	+ 15.7
Commercial	**42.0**	**41.8**	**+ 0.6**	**162.3**	**159.1**	**+ 2.0**
Captive Commercial	34.8	36.2	- 3.9	134.7	139.5	- 3.4
Free Commercial	7.3	5.6	+ 29.8	27.6	19.6	+ 40.8
Rural	**6.3**	**6.3**	**+ 0.0**	**23.9**	**23.8**	**+ 0.5**
Captive Rural	6.3	6.3	+ 0.0	23.9	23.8	+ 0.5
Free Rural	0.0	0.0	-	0.0	0.0	-
Other	**20.6**	**21.0**	**- 2.0**	**80.8**	**82.3**	**- 1.9**
Captive Other	20.6	21.0	- 2.0	80.8	82.3	- 1.9
Free Other	0.0	0.0	-	0.0	0.0	-
1 Energy sales to captive consumers	**140.9**	**143.8**	**- 2.0**	**552.8**	**559.6**	**- 1.2**
2 Energy associated with free consumers (TUSD)	29.0	24.4	+ 19.0	111.1	91.7	+ 21.0
3 Captive sales + TUSD (1+2)	**169.9**	**168.2**	**+ 1.0**	**663.9**	**651.3**	**+ 1.9**
4 Unbilled sales	**4.5**	3.8	+ 17.9	1.7	2.8	- 39.7
5 Captive sales + TUSD + Unbilled supply (3+4)	**174.4**	**172.0**	**+ 1.4**	**665.6**	**654.1**	**+ 1.7**

Energisa Paraíba

Description Amounts in GWh	Quarter			Year		
	4Q19	4Q18	Change %	2019	2018	Change %
Residential	**453.3**	**438.2**	**+ 3.4**	**1,766.4**	**1,698.2**	**+ 4.0**
Industrial	**202.7**	**202.3**	**+ 0.2**	**789.6**	**794.9**	**- 0.7**
Captive Industrial	53.1	76.0	- 30.2	239.2	312.5	- 23.5
Free Industrial	149.7	126.3	+ 18.5	550.4	482.4	+ 14.1
Commercial	**212.5**	**205.6**	**+ 3.3**	**812.9**	**789.5**	**+ 3.0**
Captive Commercial	183.1	186.3	- 1.7	720.6	699.4	+ 3.0
Free Commercial	29.4	19.3	+ 51.9	92.3	90.1	+ 2.4
Rural	**92.6**	**89.7**	**+ 3.2**	**294.7**	**288.5**	**+ 2.2**
Captive Rural	92.6	89.7	+ 3.2	294.7	288.5	+ 2.2
Free Rural	0.0	0.0	-	0.0	0.0	-
Other	**195.1**	**190.2**	**+ 2.6**	**747.1**	**723.7**	**+ 3.2**
Captive Other	195.1	190.2	+ 2.6	747.1	723.7	+ 3.2
Free Other	0.0	0.0	-	0.0	0.0	-
1 Energy sales to captive consumers	**977.2**	**980.4**	**- 0.3**	**3,768.0**	**3,722.3**	**+ 1.2**
2 Energy associated with free consumers (TUSD)	179.0	145.6	+ 23.0	642.7	572.5	+ 12.3
3 Captive sales + TUSD (1+2)	**1,156.2**	**1,126.0**	**+ 2.7**	**4,410.7**	**4,294.8**	**+ 2.7**
4 Unbilled sales	**29.8**	26.2	+ 13.4	11.9	21.2	- 43.6
5 Captive sales + TUSD + Unbilled supply (3+4)	**1,186.0**	**1,152.2**	**+ 2.9**	**4,422.6**	**4,316.0**	**+ 2.5**

Energisa Mato Grosso

Description Amounts in GWh	Quarter			Year		
	4Q19	4Q18	Change %	2019	2018	Change %
Residential	**846.5**	**776.3**	**+ 9.1**	**3,099.1**	**2,833.8**	**+ 9.4**
Industrial	**524.0**	**490.0**	**+ 6.9**	**2,028.4**	**1,932.6**	**+ 5.0**
Captive Industrial	174.0	158.5	+ 9.8	660.2	641.9	+ 2.9
Free Industrial	350.0	331.5	+ 5.6	1,368.2	1,290.7	+ 6.0
Commercial	**472.8**	**454.9**	**+ 3.9**	**1,846.7**	**1,744.3**	**+ 5.9**
Captive Commercial	410.4	397.8	+ 3.2	1,618.4	1,542.4	+ 4.9
Free Commercial	62.4	57.1	+ 9.3	228.3	201.9	+ 13.1
Rural	**351.4**	**322.1**	**+ 9.1**	**1,338.3**	**1,254.5**	**+ 6.7**
Captive Rural	325.0	299.6	+ 8.5	1,268.1	1,192.3	+ 6.4
Free Rural	26.4	22.6	+ 17.0	70.2	62.3	+ 12.8
Other	**268.0**	**271.3**	**- 1.2**	**998.4**	**955.9**	**+ 4.4**
Captive Other	264.3	271.3	- 2.6	994.7	955.9	+ 4.1
Free Other	3.7	0.0	-	3.7	0.0	-
1 Energy sales to captive consumers	**2,020.2**	**1,903.4**	**+ 6.1**	**7,640.5**	**7,166.4**	**+ 6.6**
2 Energy associated with free consumers (TUSD)	442.5	411.2	+ 7.6	1,670.5	1,554.9	+ 7.4
3 Captive sales + TUSD (1+2)	**2,462.8**	**2,314.6**	**+ 6.4**	**9,311.0**	**8,721.2**	**+ 6.8**
4 Unbilled sales	**(6.5)**	22.2	-	42.4	19.5	+ 117.5
5 Captive sales + TUSD + Unbilled supply (3+4)	**2,456.3**	**2,336.9**	**+ 5.1**	**9,353.4**	**8,740.7**	**+ 7.0**

Energisa Mato Grosso do Sul

Description Amounts in GWh	Quarter			Year		
	4Q19	4Q18	Change %	2019	2018	Change %
Residential	**542.4**	**484.6**	**+ 11.9**	**1,995.4**	**1,845.1**	**+ 8.1**
Industrial	**308.2**	**290.6**	**+ 6.1**	**1,221.6**	**1,119.2**	**+ 9.1**
Captive Industrial	72.2	76.3	- 5.3	299.2	304.4	- 1.7
Free Industrial	236.0	214.3	+ 10.1	922.4	814.9	+ 13.2
Commercial	**309.3**	**293.8**	**+ 5.3**	**1,193.9**	**1,151.1**	**+ 3.7**
Captive Commercial	271.4	262.3	+ 3.5	1,052.9	1,031.0	+ 2.1
Free Commercial	37.9	31.5	+ 20.3	141.0	120.1	+ 17.5
Rural	**150.1**	**130.3**	**+ 15.2**	**576.4**	**550.4**	**+ 4.7**
Captive Rural	148.2	129.6	+ 14.3	569.7	548.3	+ 3.9
Free Rural	1.9	0.6	+ 215.9	6.7	2.2	+ 208.6
Other	**182.7**	**177.2**	**+ 3.1**	**699.6**	**682.3**	**+ 2.5**
Captive Other	169.0	164.2	+ 2.9	645.2	632.8	+ 2.0
Free Other	13.7	13.0	+ 5.3	54.4	49.5	+ 9.9
1 Energy sales to captive consumers	**1,203.2**	**1,117.0**	**+ 7.7**	**4,562.3**	**4,361.5**	**+ 4.6**
2 Energy associated with free consumers (TUSD)	289.5	259.4	+ 11.6	1,124.5	986.6	+ 14.0
3 Captive sales + TUSD (1+2)	**1,492.7**	**1,376.5**	**+ 8.4**	**5,686.8**	**5,348.0**	**+ 6.3**
4 Unbilled sales	**50.2**	60.8	- 17.5	14.5	-2.4	-
5 Captive sales + TUSD + Unbilled supply (3+4)	**1,542.9**	**1,437.3**	**+ 7.4**	**5,701.3**	**5,345.7**	**+ 6.7**

Energisa Tocantins

Description Amounts in GWh	Quarter			Year		
	4Q19	4Q18	Change %	2019	2018	Change %
Residential	**274.6**	**254.7**	**+ 7.8**	**1,050.3**	**973.8**	**+ 7.9**
Industrial	**73.0**	**86.0**	**- 15.0**	**324.4**	**344.6**	**- 5.9**
Captive Industrial	21.4	36.9	- 42.0	130.6	163.2	- 20.0
Free Industrial	51.6	49.0	+ 5.3	193.9	181.5	+ 6.8
Commercial	**113.6**	**107.6**	**+ 5.6**	**443.6**	**426.3**	**+ 4.1**
Captive Commercial	103.2	99.0	+ 4.2	400.0	395.2	+ 1.2
Free Commercial	10.5	8.6	+ 21.8	43.6	31.0	+ 40.6
Rural	**54.6**	**50.0**	**+ 9.1**	**234.9**	**221.9**	**+ 5.8**
Captive Rural	53.4	50.0	+ 6.7	230.4	221.9	+ 3.8
Free Rural	1.2	0.0	-	4.5	0.0	-
Other	**94.8**	**90.3**	**+ 5.0**	**364.9**	**350.7**	**+ 4.0**
Captive Other	94.8	90.3	+ 5.0	364.9	350.7	+ 4.0
Free Other	0.0	0.0	-	0.0	0.0	-
1 Energy sales to captive consumers	**547.4**	**530.9**	**+ 3.1**	**2,176.1**	**2,104.9**	**+ 3.4**
2 Energy associated with free consumers (TUSD)	63.3	57.6	+ 9.8	241.9	212.5	+ 13.9
3 Captive sales + TUSD (1+2)	**610.6**	**588.5**	**+ 3.8**	**2,418.1**	**2,317.4**	**+ 4.3**
4 Unbilled sales	**(4.5)**	(1.7)	+ 161.9	6.4	4.1	+ 55.3
5 Captive sales + TUSD + Unbilled supply (3+4)	**606.1**	**586.8**	**+ 3.3**	**2,424.4**	**2,321.5**	**+ 4.4**

Energisa Sul Sudeste

Description Amounts in GWh	Quarter			Year		
	4Q19	4Q18	Change %	2019	2018	Change %
Residential	**399.9**	**367.1**	**+ 8.9**	**1,512.3**	**1,430.1**	**+ 5.7**
Industrial	**324.5**	**310.6**	**+ 4.5**	**1,264.4**	**1,215.1**	**+ 4.1**
Captive Industrial	86.0	89.3	- 3.7	339.5	348.7	- 2.6
Free Industrial	238.4	221.3	+ 7.7	925.0	866.4	+ 6.8
Commercial	**224.8**	**212.5**	**+ 5.8**	**846.4**	**804.4**	**+ 5.2**
Captive Commercial	198.2	190.4	+ 4.1	751.9	721.8	+ 4.2
Free Commercial	26.6	22.1	+ 20.6	94.5	82.6	+ 14.4
Rural	**88.2**	**74.8**	**+ 18.0**	**332.9**	**315.2**	**+ 5.6**
Captive Rural	88.2	74.8	+ 18.0	332.9	315.2	+ 5.6
Free Rural	0.0	0.0	-	0.0	0.0	-
Other	**125.9**	**123.1**	**+ 2.2**	**489.4**	**480.7**	**+ 1.8**
Captive Other	123.7	120.9	+ 2.3	480.6	472.2	+ 1.8
Free Other	2.2	2.2	- 0.6	8.8	8.5	+ 3.2
1 Energy sales to captive consumers	**895.9**	**842.4**	**+ 6.3**	**3,417.2**	**3,288.0**	**+ 3.9**
2 Energy associated with free consumers (TUSD)	267.2	245.6	+ 8.8	1,028.3	957.6	+ 7.4
3 Captive sales + TUSD (1+2)	**1,163.1**	**1,088.0**	**+ 6.9**	**4,445.5**	**4,245.5**	**+ 4.7**
4 Unbilled sales	**15.8**	30.3	- 47.9	1.7	5.9	- 70.8
5 Captive sales + TUSD + Unbilled supply (3+4)	**1,178.9**	**1,118.4**	**+ 5.4**	**4,447.2**	**4,251.4**	**+ 4.6**

Energisa Rondônia

Description Amounts in GWh	Quarter			Year		
	4Q19	4Q18	Change %	2019	2018	Change %
Residential	**335.3**	**334.6**	**+ 0.2**	**1,291.1**	**1,249.0**	**+ 3.4**
Industrial	**114.0**	**116.4**	**- 2.1**	**455.4**	**450.6**	**+ 1.0**
Captive Industrial	74.1	79.8	- 7.1	305.4	310.9	- 1.8
Free Industrial	39.9	36.6	+ 8.8	150.0	139.7	+ 7.3
Commercial	**184.3**	**177.7**	**+ 3.7**	**712.5**	**675.0**	**+ 5.6**
Captive Commercial	172.7	166.9	+ 3.5	668.5	633.8	+ 5.5
Free Commercial	11.5	10.8	+ 7.0	44.0	41.2	+ 6.7
Rural	**83.8**	**84.7**	**- 1.0**	**337.1**	**333.8**	**+ 1.0**
Captive Rural	83.8	84.7	- 1.0	337.1	333.8	+ 1.0
Free Rural	0.0	0.0	-	0.0	0.0	-
Other	**120.7**	**112.7**	**+ 7.1**	**442.4**	**435.9**	**+ 1.5**
Captive Other	120.7	112.7	+ 7.1	442.4	435.9	+ 1.5
Free Other	0.0	0.0	-	0.0	0.0	-
1 Energy sales to captive consumers	**786.6**	**778.6**	**+ 1.0**	**3,044.5**	**2,963.4**	**+ 2.7**
2 Energy associated with free consumers (TUSD)	51.4	47.4	+ 8.4	194.0	181.0	+ 7.2
3 Captive sales + TUSD (1+2)	**838.0**	**826.0**	**+ 1.5**	**3,238.4**	**3,144.4**	**+ 3.0**
4 Unbilled sales	**(6.7)**	0.0	-	16.9	0.0	-
5 Captive sales + TUSD + Unbilled supply (3+4)	**831.3**	**826.0**	**+ 0.6**	**3,255.4**	**3,144.4**	**+ 3.5**

Energisa Acre

Description Amounts in GWh	Quarter			Year		
	4Q19	4Q18	Change %	2019	2018	Change %
Residential	**128.9**	**125.3**	**+ 2.8**	**491.1**	**465.4**	**+ 5.5**
Industrial	**10.2**	**9.9**	**+ 3.0**	**37.3**	**40.0**	**- 6.6**
Captive Industrial	10.2	9.9	+ 3.0	37.3	40.0	- 6.6
Free Industrial	0.0	0.0	-	0.0	0.0	-
Commercial	**68.6**	**64.4**	**+ 6.6**	**262.4**	**239.9**	**+ 9.4**
Captive Commercial	58.3	54.8	+ 6.3	222.8	203.8	+ 9.4
Free Commercial	10.3	9.5	+ 7.9	39.5	36.1	+ 9.4
Rural	**13.7**	**13.3**	**+ 2.9**	**52.7**	**50.6**	**+ 4.1**
Captive Rural	13.7	13.3	+ 2.9	52.7	50.6	+ 4.1
Free Rural	0.0	0.0	-	0.0	0.0	-
Other	**60.7**	**62.7**	**- 3.1**	**237.3**	**240.0**	**- 1.1**
Captive Other	60.7	62.7	- 3.1	237.3	240.0	- 1.1
Free Other	0.0	0.0	-	0.0	0.0	-
1 Energy sales to captive consumers	**271.7**	**266.0**	**+ 2.2**	**1,041.2**	**999.7**	**+ 4.1**
2 Energy associated with free consumers (TUSD)	10.3	9.5	+ 7.9	39.5	36.1	+ 9.4
3 Captive sales + TUSD (1+2)	**282.0**	**275.5**	**+ 2.4**	**1,080.8**	**1,035.9**	**+ 4.3**
4 Unbilled sales	(3.8)	0.0	-	5.9	0.0	-
5 Captive sales + TUSD + Unbilled supply (3+4)	**278.3**	**275.5**	**+ 1.0**	**1,086.7**	**1,035.9**	**+ 4.9**

A.2 Selected Financial Information of Energisa Consolidated

Statement of Income Amounts in R$ million	Pro forma (exc. ERO and EAC)				Official (including ERO and EAC)			
	4Q19	Change %	2019	Change %	4Q19	Change %	2019	Change %
Gross Revenue	**6,767.4**	**+ 12.6**	**25,809.4**	**+ 10.8**	**7,683.2**	**+ 20.0**	**29,277.7**	**+ 23.6**
Deductions	(2,042.8)	- 3.8	(8,259.8)	+ 6.7	(2,317.5)	+ 1.8	(9,374.6)	+ 18.7
Net Revenue	**4,724.6**	**+ 21.6**	**17,549.6**	**+ 12.9**	**5,365.7**	**+ 30.0**	19,903.1	+ 26.1
Construction revenue	711.6	+ 43.7	2,360.7	58.2	913.6	+ 77.1	2,979.9	97.0
Net revenue, without construction revenue	**4,013.1**	**+ 18.3**	**15,188.9**	**8.1**	**4,452.1**	**+ 23.3**	16,923.2	18.6
Construction costs	(807.2)	+ 59.5	(2,603.7)	73.9	(807.2)	+ 59.5	(2,603.7)	73.9
Non Manageable Expenses	**(2,415.4)**	**+ 14.5**	**(9,527.0)**	**4.1**	**(2,782.2)**	**+ 26.2**	(10,889.9)	17.8
Purchased Energy	(2,125.0)	+ 14.5	(8,435.2)	4.1	(2,476.0)	+ 29.6	(9,753.4)	19.5
Transmission of Electric Power	(290.5)	+ 14.1	(1,091.8)	4.5	(306.1)	+ 4.3	(1,136.5)	4.9
Manageable Expenses	**(741.4)**	**+ 7.4**	**(2,349.0)**	**5.6**	**(866.0)**	**+ 9.2**	**(2,931.0)**	**25.9**
PMSO	**(727.8)**	**+ 6.8**	**(2,233.8)**	**2.1**	**(926.6)**	**+ 43.1**	**(2,906.8)**	**35.0**
Personnel	(382.9)	+ 4.8	(1,166.3)	5.6	(460.1)	+ 16.4	(1,465.6)	29.2
Pension Fund	(11.1)	- 46.6	(57.9)	(24.9)	(12.1)	- 45.6	(63.7)	(18.9)
Material	(51.5)	+ 6.7	(173.4)	6.9	(58.5)	+ 17.8	(192.2)	17.5
Services	(175.2)	- 4.9	(583.5)	(8.6)	(252.7)	+ 15.2	(854.5)	26.9
Other	(107.1)	+ 70.0	(252.6)	22.9	(143.2)	-	(330.8)	218.2
Provisions/Reversals	(13.6)	+ 53.1	(115.2)	206.2	60.6	-	(24.2)	(86.2)
Provision for Contingencies	19.5	+ 63.4	65.2	(17.3)	86.2	-	188.3	-
Allowance for Doubtful Accounts	(33.0)	+ 59.0	(180.4)	54.9	(25.6)	- 56.6	(212.5)	37.3
Depreciation and Amortization	(208.0)	- 3.7	(852.5)	2.1	(284.0)	- 14.1	(1,157.9)	21.9
Other Revenue/Expenses	57.2	+ 482.9	20.8	-	57.7	- 95.1	21.3	(98.1)
EBITDA	**1,009.0**	**+ 65.0**	**3,699.0**	**41.1**	**968.1**	**- 46.4**	**3,499.9**	**(8.3)**
Financial Income/Loss	(206.6)	- 30.8	(1,152.1)	22.1	(231.4)	- 24.2	(1,360.4)	43.1
Financial Revenue	198.2	+ 15.8	765.4	42.4	222.0	+ 31.8	910.6	70.2
Financial Expense	(404.8)	- 13.8	(1,917.5)	29.4	(453.3)	- 4.3	(2,271.0)	52.9
Equity Income	-	-	-	-	-	-	-	-
Net income before tax	**594.4**	**+ 513.0**	**1,694.4**	**101.0**	**452.7**	**- 61.3**	**981.6**	**(48.8)**
Taxes	(128.2)	+ 278.5	(517.9)	88.4	(99.4)	- 80.0	(454.5)	(38.4)
Net Income	**466.2**	**+ 638.9**	**1,176.5**	**107.1**	**353.3**	**- 47.6**	**527.2**	**(55.3)**
Attributed to controlling shareholders	(162.4)	-	455.4	(14.1)	338.3	- 49.8	455.4	(60.3)
Attributable to noncontrolling interests	628.6	+ 7,808.7	721.1	1,777.9	15.0	+ 2,040.8	71.8	130.1
Adjusted EBITDA	**1,077.7**	**+ 57.7**	**3,968.3**	**37.6**	**1,056.1**	**- 44.2**	**3,839.9**	**(6.2)**

Note: Adjusted EBITDA = EBITDA + Revenue from interest on overdue energy bills

A.3 Selected Financial Information by distribution company

Statement of Income in 4Q19 Amounts in R$ million	EMG	ENF	ESE	EBO	EPB	EMT
Gross Revenue	**290.5**	**72.0**	**487.8**	**62.5**	**825.9**	**2,027.9**
Deductions	(109.4)	(28.9)	(140.4)	8.2	(264.7)	(721.0)
Net Revenue	**181.1**	**43.1**	**347.4**	**70.7**	**561.1**	**1,306.9**
Net Revenue Ex. Construction	**172.3**	**41.1**	**321.9**	**65.4**	**505.4**	**1,113.1**
Non Manageable Expenses	**(107.0)**	**(27.0)**	**(198.8)**	**(41.2)**	**(291.1)**	**(664.9)**
Purchased Energy	(89.1)	(19.3)	(181.4)	(34.7)	(254.5)	(587.0)
Transmission of Electric Power	(17.9)	(7.6)	(17.4)	(6.5)	(36.5)	(77.9)
Manageable Expenses	**(37.8)**	**(7.5)**	**(59.7)**	**(12.0)**	**(99.8)**	**(183.5)**
PMSO	**(40.0)**	**(7.4)**	**(57.1)**	**(12.9)**	**(97.5)**	**(160.8)**
Personnel	(19.8)	(3.4)	(28.1)	(5.8)	(37.9)	(66.6)
Pension Fund	(0.3)	(0.0)	(1.3)	(0.1)	(5.5)	(0.9)
Material	(2.6)	(0.5)	(2.9)	(0.6)	(5.0)	(15.3)
Services	(13.9)	(3.2)	(19.7)	(4.7)	(38.0)	(80.7)
Other	(3.3)	(0.2)	(5.2)	(1.7)	(11.0)	2.7
Provisions/Reversals	2.2	(0.1)	(2.6)	0.9	(2.3)	(22.7)
Provision for Contingencies	1.7	(0.1)	(1.1)	0.8	0.3	0.9
Allowance for Doubtful Accounts	0.5	(0.1)	(1.5)	0.1	(2.6)	(23.6)
Depreciation and Amortization	(9.6)	(2.1)	(4.5)	(1.5)	(19.6)	(50.8)
Other Revenue/Expenses	(1.0)	(0.2)	(0.6)	0.2	0.4	(4.4)
EBITDA, without asset sale	**26.5**	**6.4**	**62.8**	**12.3**	**114.9**	**260.3**
Financial Income/Loss	**(5.5)**	**(0.3)**	**(10.5)**	**(0.1)**	**2.6**	**(7.2)**
Net income before tax	**11.4**	**4.0**	**47.8**	**10.8**	**97.9**	**202.4**
Taxes	(4.0)	(1.3)	(8.3)	(1.8)	(12.6)	(31.4)
Net Income	**7.4**	**2.7**	**39.5**	**9.0**	**85.3**	**171.0**
Adjusted EBITDA, without asset sale	**29.7**	**7.1**	**69.1**	**13.7**	**126.8**	**281.9**

Statement of Income in 4Q19 Amounts in R$ million	EMS	ETO	ESS	ERO	EAC
Gross Revenue	**1,084.9**	**593.5**	**703.3**	**636.2**	**287.0**
Deductions	(334.0)	(153.4)	(243.4)	(186.3)	(77.4)
Net Revenue	**750.9**	**440.0**	**459.9**	**449.9**	**209.6**
Net Revenue Ex. Construction	**707.2**	**322.4**	**422.1**	**356.1**	**112.4**
Non Manageable Expenses	**(393.9)**	**(165.8)**	**(293.6)**	**(295.3)**	**(71.4)**
Purchased Energy	(342.2)	(150.8)	(232.0)	(283.4)	(67.7)
Transmission of Electric Power	(51.8)	(15.1)	(61.7)	(12.0)	(3.7)
Manageable Expenses	**(127.8)**	**(85.1)**	**(72.4)**	**(122.0)**	**(26.1)**
PMSO	**(137.4)**	**(85.9)**	**(71.9)**	**(156.6)**	**(60.5)**
Personnel	(67.9)	(39.5)	(32.5)	(63.2)	(14.0)
Pension Fund	(0.8)	(0.4)	(0.3)	(0.8)	(0.2)
Material	(7.8)	(4.9)	(4.8)	(4.4)	(2.6)
Services	(48.4)	(29.0)	(28.9)	(66.5)	(29.4)
Other	(12.6)	(12.2)	(5.4)	(21.7)	(14.4)
Provisions/Reversals	9.6	0.8	(0.5)	34.6	34.4
Provision for Contingencies	15.1	1.0	(0.3)	37.3	24.4
Allowance for Doubtful Accounts	(5.5)	(0.2)	(0.2)	(2.7)	10.0
Depreciation and Amortization	(24.2)	(21.3)	(13.8)	(19.1)	(9.1)
Other Revenue/Expenses	(9.2)	(4.9)	0.0	0.1	0.4
EBITDA, without asset sale	**176.3**	**66.6**	**56.1**	**(61.3)**	**15.3**
Financial Income/Loss	**(2.3)**	**(7.3)**	**8.8**	**(16.7)**	**(8.0)**
Net income before tax	**149.8**	**37.9**	**51.0**	**(97.1)**	**(1.8)**
Taxes	(48.4)	(5.4)	(17.1)	(0.1)	(0.0)
Net Income	**101.4**	**32.5**	**33.9**	**(97.3)**	**(1.9)**
Adjusted EBITDA, without asset sale	**188.0**	**73.3**	**61.1**	**(39.8)**	**13.2**

A.4 Net Revenue by Consumption Sector by Distribution Company

See below net revenue by consumption sector by distribution company in 4Q19:

Net revenue by consumption sector in 4Q19 Amounts in R$ million	EMG	ENF	ESE	EBO	EPB	EMT
(+) Electricity revenue (captive market)	**248.5**	**66.8**	**403.6**	**94.9**	**667.7**	**1,635.7**
✓· Residential	121.4	36.7	199.6	46.1	342.1	742.0
✓· Industrial	22.1	5.8	28.4	9.3	34.8	144.0
✓· Commercial	50.3	16.8	98.8	25.2	141.0	375.7
✓· Rural	30.5	1.1	15.7	3.2	41.7	204.7
✓· Other sectors	24.1	6.5	61.1	11.0	108.1	169.3
(+) Electricity sales to distributors	1.7	-	25.6	1.0	1.6	51.8
(+) Net Unbilled Sales	3.5	0.5	5.0	1.7	15.9	(2.1)
(+) Electricity network usage charges	19.9	4.3	15.9	3.8	30.1	167.4
(+) Construction revenue	8.8	1.9	25.5	5.3	55.7	193.8
(+) Creation and amortization - CVA	(13.3)	(4.4)	(21.4)	(50.7)	(7.7)	(143.9)
(+) Subsidies for services awarded under concession	18.4	1.3	25.7	4.4	48.3	77.7
(+) Concession financial asset	0.5	0.1	5.0	1.2	10.5	44.2
(+) Other revenue	2.5	1.4	3.0	0.9	3.9	3.4
(=) Gross revenue	**290.5**	**72.0**	**487.8**	**62.5**	**825.9**	**2,027.9**
(-) Sales taxes	92.8	24.1	132.4	(11.5)	237.2	596.6
(-) Rate flag deductions	(2.2)	0.7	(5.9)	0.0	7.2	15.8
(-) Sector charges	18.9	4.1	13.8	3.3	20.4	108.6
(=) Net revenue	**181.1**	**43.1**	**347.4**	**70.7**	**561.1**	**1,306.9**
(-) Construction revenue	8.8	1.9	25.5	5.3	55.7	193.8
(=) Net revenue, without construction revenue	**172.3**	**41.1**	**321.9**	**65.4**	**505.4**	**1,113.1**

Net revenue by consumption sector (continued):

Net revenue by consumption sector in 4Q19 Amounts in R$ million	EMS	ETO	ESS	ERO	EAC
(+) Electricity revenue (captive market)	**922.8**	**424.9**	**568.6**	**525.6**	**196.8**
✓· Residential	446.8	225.5	275.1	262.4	102.7
✓· Industrial	52.9	16.5	54.8	47.9	6.8
✓· Commercial	218.6	89.7	134.7	99.6	44.6
✓· Rural	97.9	33.2	40.4	47.0	8.2
✓· Other sectors	106.7	60.0	63.7	68.7	34.5
(+) Electricity sales to distributors	5.4	12.0	2.3	34.6	5.1
(+) Net Unbilled Sales	30.8	(0.4)	9.3	(25.1)	(2.5)
(+) Electricity network usage charges	63.2	12.9	65.2	33.5	3.5
(+) Construction revenue	43.7	117.6	37.7	93.8	97.2
(+) Creation and amortization - CVA	(55.3)	(9.6)	(25.0)	(87.5)	(22.7)
(+) Subsidies for services awarded under concession	51.5	26.4	36.2	24.5	8.0
(+) Concession financial asset	18.2	7.8	0.9	0.6	0.1
(+) Other revenue	4.5	1.8	8.1	36.2	1.5
(=) Gross revenue	**1,084.9**	**593.5**	**703.3**	**636.2**	**287.0**
(-) Sales taxes	281.5	138.3	193.0	151.0	62.6
(-) Rate flag deductions	(15.7)	2.7	(3.0)	(6.2)	1.7
(-) Sector charges	68.2	12.4	53.4	41.5	13.1
(=) Net revenue	**750.9**	**440.0**	**459.9**	**449.9**	**209.6**
(-) Construction revenue	43.7	117.6	37.7	93.8	97.2
(=) Net revenue, without construction revenue	**707.2**	**322.4**	**422.1**	**356.1**	**112.4**

A.5 Operating Costs and Expenses by Distribution Company

See below operating expenses by distribution company in 4Q19:

Breakdown of operating expenses Amounts in R$ million	EMG	ENF	ESE	EBO	EPB	EMT
1 Non Manageable costs and expenses	**107.0**	**27.0**	**198.8**	**41.2**	**291.1**	**664.9**
1.1 Energy purchased	89.1	19.3	181.4	34.7	254.5	587.0
1.2 Transmission of electricity	17.9	7.6	17.4	6.5	36.5	77.9
2 - Manageable costs and expenses	**37.8**	**7.5**	**59.7**	**12.0**	**99.8**	**183.5**
2.1 PMSO	**40.0**	**7.4**	**57.1**	**12.9**	**97.5**	**160.8**
2.1.1 Personnel	19.8	3.4	28.1	5.8	37.9	66.6
2.1.2 Pension fund	0.3	0.0	1.3	0.1	5.5	0.9
2.1.3 Material	2.6	0.5	2.9	0.6	5.0	15.3
2.1.4 - Services	13.9	3.2	19.7	4.7	38.0	80.7
2.1.5 Other	3.3	0.2	5.2	1.7	11.0	(2.7)
✓·Fines and compensation	0.0	0.0	0.1	0.0	0.2	1.1
✓· Contingencies (settlement of civil claims)	0.8	0.0	1.0	0.2	1.2	4.8
✓ Other	2.5	0.2	4.1	1.5	9.6	(8.6)
2.2 Provisions/Reversals	**(2.2)**	**0.1**	**2.6**	**(0.9)**	**2.3**	**22.7**
2.2.1 Contingencies	(1.7)	0.1	1.1	(0.8)	(0.3)	(0.9)
2.2.2 Doubtful accounts	(0.5)	0.1	1.5	(0.1)	2.6	23.6
3 Other revenue/expenses	**10.6**	**2.3**	**5.1**	**1.3**	**19.2**	**55.2**
3.1 Depreciation and amortization	9.6	2.1	4.5	1.5	19.6	50.8
3.2 Other revenue/expenses	1.0	0.2	0.6	(0.2)	(0.4)	4.4
Total Operating Costs and Expenses (1+2+3, without construction costs)	**155.4**	**36.8**	**263.6**	**54.5**	**410.1**	**903.6**
Construction cost	8.8	1.9	25.5	5.3	55.7	193.8
Total Operating Costs and Expenses (1+2+3, without construction costs)	**164.2**	**38.7**	**289.1**	**59.8**	**465.8**	**1,097.3**

Breakdown of operating expenses by distribution company (continued):

Breakdown of operating expenses Amounts in R$ million	EMS	ETO	ESS	ERO	EAC
1 Non Manageable costs and expenses	**393.9**	**165.8**	**293.6**	**295.3**	**71.4**
1.1 Energy purchased	342.2	150.8	232.0	283.4	67.7
1.2 Transmission of electricity	51.8	15.1	61.7	12.0	3.7
2 - Manageable costs and expenses	**127.8**	**85.1**	**72.4**	**122.0**	**26.1**
2.1 PMSO	**137.4**	**85.9**	**71.9**	**156.6**	**60.5**
2.1.1 Personnel	67.9	39.5	32.5	63.2	14.0
2.1.2 Pension fund	0.8	0.4	0.3	0.8	0.2
2.1.3 Material	7.8	4.9	4.8	4.4	2.6
2.1.4 - Services	48.4	29.0	28.9	66.5	29.4
2.1.5 Other	12.6	12.2	5.4	21.7	14.4
✓·Fines and compensation	0.2	2.1	0.0	3.6	0.5
✓· Contingencies (settlement of civil claims)	5.3	1.7	0.8	10.9	7.6
✓ Other	7.1	8.3	4.6	7.2	6.4
2.2 Provisions/Reversals	**(9.6)**	**(0.8)**	**0.5**	**(34.6)**	**(34.4)**
2.2.1 Contingencies	(15.1)	(1.0)	0.3	(37.3)	(24.4)
2.2.2 Doubtful accounts	5.5	0.2	0.2	2.7	(10.0)
3 Other revenue/expenses	**33.4**	**26.2**	**13.8**	**19.0**	**8.7**
3.1 Depreciation and amortization	24.2	21.3	13.8	19.1	9.1
3.2 Other revenue/expenses	9.2	4.9	(0.0)	(0.1)	(0.4)
Total Operating Costs and Expenses (1+2+3, without construction costs)	**555.1**	**277.2**	**379.9**	**436.4**	**106.2**
Construction cost	43.7	117.6	37.7	93.8	97.2
Total Operating Costs and Expenses (1+2+3, without construction costs)	**598.8**	**394.8**	**417.6**	**530.2**	**203.4**

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

Reconciliation of net income and EBITDA Amounts in R$ million	Quarter			Year		
	4Q19	4Q18	Change %	2019	2018	Change %
(=) Consolidated net income	**353.3**	**674.5**	**- 47.6**	**527.2**	**1,179.7**	**- 55.3**
(-) Income and social contribution taxes	(99.4)	(496.8)	- 80.0	(454.5)	(737.7)	- 38.4
(-) Financial income/expenses	(231.4)	(305.4)	- 24.2	(1,360.4)	(950.5)	+ 43.1
(-) Depreciation and amortization	(284.0)	(330.6)	- 14.1	(1,157.9)	(949.7)	+ 21.9
(=) EBITDA	**968.1**	**1,807.3**	**- 46.4**	**3,499.9**	**3,817.6**	**- 8.3**
(+) Revenue from interest on overdue energy bills	88.0	84.8	+ 3.8	340.0	274.7	+ 23.8
(=) Adjusted EBITDA	**1,056.1**	**1,892.1**	**- 44.2**	**3,839.9**	**4,092.3**	**- 6.2**
EBITDA Margin (%)	18.0	43.8	- 25.8 p.p.	17.6	24.2	- 6.6 p.p.
Adjusted EBITDA Margin (%)	19.7	45.8	- 26.2 p.p.	19.3	25.9	- 6.6 p.p.

A.7 Net debt by distribution company

Net debts at December 31, 2019 (R$ million)	EMG	ENF	ESE	EBO	EPB	EMT
Current	**133.1**	**26.3**	**85.7**	**69.8**	**179.2**	**647.9**
Loans and financing	118.8	25.6	25.5	73.8	131.7	561.7
Debentures	16.4	-	31.3	-	55.3	63.4
Debt charges	0.9	0.1	10.7	0.8	0.7	22.2
Tax financing and post-employment benefits	2.1	0.1	11.8	0.0	9.6	14.8
Regulatory fees	-	-	-	-	-	-
Financing of debits for energy purchased from Itaipu	-	-	-	-	-	-
Derivative financial instruments, net	(5.2)	0.5	6.5	(4.8)	(18.1)	(14.2)
Noncurrent	**300.8**	**57.0**	**1,074.7**	**16.0**	**779.4**	**3,148.4**
Loans, financing and leasing	138.5	67.8	732.9	16.0	87.9	1,811.8
Debentures	182.5	-	216.7	-	605.2	1,353.9
Tax financing and post-employment benefits	8.0	0.7	229.5	0.0	132.7	145.7
Regulatory fees	-	-	-	-	-	-
Financing of debits for energy purchased from Itaipu	-	-	-	-	-	-
Derivative financial instruments, net	(28.2)	(11.5)	(104.4)	-	(46.5)	(163.1)
Total debts	**433.9**	**83.3**	**1,160.5**	**85.8**	**958.6**	**3,796.2**
(-) Cash and cash equivalents	93.1	34.8	169.4	33.6	171.0	368.8
Total net debts	**340.7**	**48.5**	**991.1**	**52.2**	**787.6**	**3,427.4**
(-) CDE Credits	12.4	0.9	10.4	1.7	33.2	48.0
(-) CCC Credits	-	-	-	-	-	19.9
(-) CVA Credits	28.2	7.9	25.7	1.7	29.3	(0.5)
Total net debts less sector credits	**300.2**	**39.6**	**955.0**	**48.8**	**725.1**	**3,360.1**
Relative Indicator						
Net debt / Adjusted EBITDA 12 months (1)	2.3	1.2	3.2	0.9	1.5	2.9

Net debts at December 31, 2019 (R$ million)	EMS	ETO	ESS	ERO	EAC
Current	**230.8**	**55.2**	**172.7**	**81.0**	**31.4**
Loans and financing	64.8	4.0	119.6	-	9.8
Debentures	155.0	45.7	39.0	60.6	4.9
Debt charges	4.9	2.1	2.0	0.2	0.3
Tax financing and post-employment benefits	3.0	4.1	24.4	16.7	-
Regulatory fees	-	-	-	-	-
Financing of debits for energy purchased from Itaipu	-	-	-	-	-
Derivative financial instruments, net	3.1	(0.6)	(12.3)	3.6	16.4
Noncurrent	**1,459.1**	**1,202.1**	**673.1**	**2,586.5**	**744.0**
Loans, financing and leasing	747.7	434.8	362.8	749.0	598.3
Debentures	745.1	860.2	264.5	1.863.8	193.3
Tax financing and post-employment benefits	26.8	34.8	105.2	13.9	-
Regulatory fees	-	-	-	-	-
Financing of debits for energy purchased from Itaipu	-	-	-	-	-
Derivative financial instruments, net	(60.5)	(127.7)	(59.4)	(40.2)	(47.6)
Total debts	**1,689.9**	**1,257.3**	**845.7**	**2,667.5**	**775.4**
(-) Cash and cash equivalents	258.4	144.0	169.9	238.2	19.6
Total net debts	**1,431.5**	**1,113.3**	**675.8**	**2,429.4**	**755.9**
(-) CDE Credits	27.9	21.5	34.3	7.5	11.7
(-) CCC Credits	-	-	-	75.2	81.7
(-) CVA Credits	114.5	(2.0)	68.0	640.1	156.7
Total net debts less sector credits	**1,289.2**	**1,093.8**	**573.6**	**1,706.6**	**505.7**
Relative Indicator					
Net debt / Adjusted EBITDA 12 months (1)	1.9	3.0	2.2	-	-

(1) Adjusted EBITDA = EBITDA + Revenue from interest on overdue energy bills.

Appendix II - Financial Statements

1. Statement of Financial Position - Assets

STATEMENT OF FINANCIAL POSITION
AT DECEMBER 31, 2019
(In thousands of reais)

	Note	Parent Company		Consolidated	
		2019	2018	2019	2018
Assets					
Current					
Cash and cash equivalents	6.1	68,423	313,687	663,103	706,738
Money market and secured funds	6.2	710,030	1,182,802	2,016,399	3,538,730
Clients, consumers and concessionaires	7	40,640	34,842	3,783,469	3,041,247
Credit receivables	8	76	144	16,116	20,031
Inventory		183	104	122,975	70,749
Recoverable taxes	10	99,837	88,855	1,021,209	925,676
Dividends receivable	9	10,614	101,938	-	-
Derivative financial instruments	38	15,756	2,286	186,303	49,171
Sector financial assets	12	-	-	1,175,623	1,763,567
Other accounts receivable	13	39,673	25,049	873,156	921,242
Total current		**985,232**	**1,749,707**	**9,858,353**	**11,037,151**
Non-current					
Noncurrent assets					
Money market and secured funds	6.2	1,776,332	1,248,900	356,795	105,242
Clients, consumers and concessionaires	7	-	-	1,050,572	948,933
Credit receivables	8	-	78	10,457	15,106
Sector financial assets	12	-	-	913,347	1,064,247
Related-party credits	14	668,380	186,396	-	-
Recoverable taxes	10	35,427	20,185	1,022,230	267,447
Tax credits	15	-	-	1,449,351	1,374,384
Restricted deposits and escrows	27	382	179	576,694	495,947
Derivative financial instruments	38	19,481	26,970	1,004,467	518,518
Concession financial asset	16.1	-	-	5,130,960	5,301,409
Public service concession- contract asset	16.2	-	-	957,074	213,866
Other accounts receivable	13	62,020	171,623	308,380	244,343
		2,562,022	**1,654,331**	**12,780,327**	**10,549,442**
Investments	17	8,134,958	7,095,503	86,730	52,184
Property, plant and equipment	18	63,922	51,068	284,567	209,612
Intangible assets	19	26,010	13,687	14,840,924	13,232,308
Contractual Asset - Infrastructure under construction	19	-	-	1,468,913	1,337,311
Total noncurrent		**10,786,912**	**8,814,589**	**29,461,461**	**25,380,857**
Total assets		**11,772,144**	**10,564,296**	**39,319,814**	**36,418,008**

See the accompanying notes to the financial statements.

2. Statement of Financial Position - Liabilities

ENERGISA S/A
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2019 (In thousands of reais)

	Note	Parent Company		Consolidated	
		2019	2018	2019	2018
Liabilities					
Current					
Trade payables	20	17,462	2,962	1,988,149	1,653,312
Debt charges	21	12,232	2,331	70,813	89,057
Loans and financing	21	162,958	155,677	1,342,978	1,560,366
Debentures	22	969,384	492,103	1,167,067	526,593
Taxes and social contributions	24	13,021	6,965	640,023	546,841
Tax financing	25	-	-	17,555	31,881
Dividends payable		78,839	288,540	127,582	294,605
Estimated obligations		9,949	7,080	106,114	95,755
Public lighting fee		-	-	105,010	106,475
Post-employment benefits	39	2,127	1,845	72,416	63,190
Sector charges	26	-	-	245,903	292,898
Sector financial liabilities	12	-	-	659,380	871,502
Regulatory fees	28	-	-	-	39,494
Derivative financial instruments	38	350,243	1,480	466,128	691,352
Incorporation of grids	29	-	-	48,239	93,708
Operating leases	23	112	-	22,407	-
Other liabilities	30	76,739	235,573	454,613	580,805
Total current		**1,693,066**	**1,194,556**	**7,534,377**	**7,537,834**
Non-current					
Trade accounts payable	20	-	265	100,025	75,302
Loans and financing	21	613,133	311,354	6,836,190	6,611,201
Debentures	22	2,565,631	2,886,169	7,771,559	7,000,681
Derivative financial instruments	38	701,541	422,906	906,341	428,333
Taxes and social contributions	24	564	115	472,923	400,123
Deferred income and social contribution taxes	15	318,635	277,778	4,463,107	4,358,684
Tax financing	25	-	-	33,412	44,956
Debts to related parties	14	-	68,926	-	-
Provision for labor, civil, tax and regulatory risks	27	3,164	1,286	2,169,725	2,393,125
Post-employment benefits	39	8,686	8,038	678,297	490,258
Sector financial liabilities	12	-	-	360,048	366,928
Sector charges	26	-	-	240,741	272,675
Incorporation of grids	29	-	-	150,283	166,437
Operating leases	23	607	-	30,061	-
Effects of reducing ICMS on the PIS and Cofins calculation base	30	-	-	658,796	-
Other liabilities	30	168,859	4,762	451,709	223,943
Total noncurrent		**4,380,820**	**3,981,599**	**25,323,217**	**22,832,646**
Equity					
Capital	31.1	3,363,685	3,363,685	3,363,685	3,363,685
Stock issuance cost	31.1	(65,723)	(65,723)	(65,723)	(65,723)
Capital reserve	31.2	413,246	260,452	413,246	260,452
Profit reserves	31.3 to 31.5	2,290,754	2,047,953	2,290,754	2,047,953
Additional dividends proposed	31.6	41,298	5,346	41,298	5,346
Other comprehensive income	31.8	(345,002)	(223,572)	(345,002)	(223,572)
		5,698,258	**5,388,141**	**5,698,258**	**5,388,141**
Minority interest	31.9	-	-	763,962	659,387
Total shareholders' equity		**5,698,258**	**5,388,141**	**6,462,220**	**6,047,528**
Total liabilities and shareholders' equity		**11,772,144**	**10,564,296**	**39,319,814**	**36,418,008**

See the accompanying notes to the financial statements.

3. Statements of Income

ENERGISA S/A
STATEMENT OF INCOME
FINANCIAL YEAR ENDED DECEMBER 31, 2019
(In thousands of reais, except for net income per share)

	Note	Parent Company		Consolidated	
		2019	2018	2019	2018
Continued operations					
Net operating revenue	32	212,135	167,678	19,903,135	15,787,581
Cost of the electricity service	33	-	-	(10,889,857)	(9,241,819)
Costs of operations and services provided to third parties	33	(83,509)	(74,921)	(5,761,884)	(4,040,884)
Gross profit		**128,626**	**92,757**	**3,251,394**	**2,504,878**
General and administrative expenses	33	(108,865)	(96,983)	(930,617)	(734,548)
Other revenue	35	4,151	1,171,354	179,900	1,288,500
Other expenses	35	(126)	-	(158,633)	(190,949)
Equity in net income of subsidiaries	17	1,062,655	807,768	-	-
Net income before financial revenue (expenses)		**1,086,441**	**1,974,896**	**2,342,044**	**2,867,881**
Finance revenue	36	409,475	312,584	910,603	534,999
Financial expenses	36	(1,034,632)	(665,687)	(2,271,009)	(1,485,495)
Net finance costs		**(625,157)**	**(353,103)**	**(1,360,406)**	**(950,496)**
Earnings before tax on net income		**461,284**	**1,621,793**	**981,638**	**1,917,385**
Current income and social contribution taxes	15	(11,171)	-	(357,709)	1,795,900
Deferred income and social contribution taxes	15	5,260	(473,359)	(96,771)	(2,533,613)
Earnings from continued operations		**455,373**	**1,148,434**	**527,158**	**1,179,672**
Net income for the year	31.6	**455,373**	**1,148,434**	**527,158**	**1,179,672**
Net income attributable to:					
Shareholders of parent entity		455,373	1,148,434	455,373	1,148,434
Noncontrolling shareholders		-	-	71,785	31,238
Basic and diluted net income per common and preferred share - R$	43	250.9548	661.2074	250.9548	661.2074
Basic and diluted net income per common and preferred share from continued operations - R$	43	-	-	-	-

See the accompanying notes to the financial statements.

4. Statement of Comprehensive Income

ENERGISA S/A
COMPREHENSIVE STATEMENT OF INCOME
FINANCIAL YEAR ENDED DECEMBER 31, 2019
(In thousands of reais)

	Note	Parent Company		Consolidated	
		2019	2018	2019	2018
Net income for the year		455,373	1,148,434	527,158	1,179,672
Items that will not be reclassified to the income statement					
Other comprehensive income	31.8	(121,430)	(44,787)	(130,994)	(49,906)
Items that might be reclassified to the income statement					
Other comprehensive income	31.8	-	-	-	-
Total comprehensive income for the year, net of tax		333,943	**1,103,647**	396,164	**1,129,766**
Attributable to:					
Owners of the Company		333,943	1,109,265	324,379	1,098,528
Noncontrolling shareholders		-	-	71,785	31,238

See the accompanying notes to the financial statements.

5. Statement of Cash Flows

ENERGISA S/A
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019 (In thousands of Reais)

	Note	Parent Company 2019	Parent Company 2018	Consolidated 2019	Consolidated 2018
Operating activities					
Net income for the year from continued operations		455,373	1,148,434	527,158	1,179,672
Current and deferred income and social contribution taxes	15	5,911	473,359	454,480	737,713
Gain made on business combination		-	(1,169,562)	-	(1,169,562)
Expenses on interest and monetary and exchange variance - net		(10,813)	81,231	1,128,860	1,128,706
Provision for adjustments to realizable value of credits receivable		-		(40,000)	-
Adjustment to fair value of concession financial asset	16	-	-	(232,689)	(295,119)
Depreciation and amortization	32	9,735	8,875	1,157,872	949,710
Allowance for doubtful accounts	32	-	-	212,491	154,736
Provision for labor, civil, tax and regulatory risks	32	2,286	(20)	(19,285)	165,277
(Gain) loss on the sale of PP&E and intangible assets	33	(241)	(39)	56,706	76,293
Compensation of contract asset				(361,353)	
Mark-to-market of traded energy purchase/sale contracts		-	-	(64,384)	-
Equity in net income of subsidiaries	17	(1,062,655)	(807,768)	-	-
Mark-to-market of debt securities	34	2,004	1,840	191,200	108,369
Mark-to-market of derivatives	34	624,877	271,505	435,138	179,376
Derivative financial instruments	34	(12,844)	(28,126)	(115,784)	(316,174)
Variable compensation program - ILP		1,148	-	3,740	1,502
Changes in current and noncurrent assets					
(Increase) in consumers and concessionaires		(5,798)	(562)	(1,029,825)	(578,645)
Decrease (increase) in credit receivables		146	2,826	4,783	(59,152)
(Increase) decrease in inventories		(79)	(10)	(47,523)	4,360
(Increase) in recoverable taxes		(22,442)	(36,668)	(183,214)	(297,728)
(Increase) decrease in escrow deposits		(192)	183	(56,341)	(12,978)
Decrease (increase) in financial sector assets	12	-	-	726,282	(418,313)
Decrease (increase) in other accounts receivable		11,968	5,461	(175,494)	(231,891)
Changes in current and noncurrent liabilities					
Increase (decrease) in trade payables		14,235	(3,842)	391,468	(1,783,171)
(Decrease) increase in taxes and social contributions		(1,140)	-	102,372	87,084
Income and social contribution taxes paid		-	234	(263,656)	(321,457)
Increase (decrease) in estimated obligations		2,869	1,325	10,359	(25,820)
Decrease (increase) in financial sector liabilities	12	-	-	(142,193)	14,039
Tax, civil, labor and regulatory proceedings paid		(451)	(245)	(216,812)	(145,586)
Increase (decrease) in other accounts payable		5,519	33,452	122,955	(99,519)
Net cash produced by (used by) operating activities		**19,416**	**(18,117)**	**2,577,312**	**(968,278)**
Investment activities					
Capital increase and acquisition of shares in subsidiaries and other investments		(669,608)	(654,014)	-	-
Short-term investments and secured funds		108,914	(373,735)	1,448,204	(1,550,229)
Investment		-	-	-	-
Investments in PP&E, intangible assets and contractual asset - Infrastructure under construction	18, 19 and 41	(34,303)	(13,297)	(2,507,098)	(1,526,338)
Applications to electricity transmission lines		-	-	(422,125)	(188,862)
Cash and cash equivalents acquired under the business combination		-	-	11,739	26,714
Related parties		(44)	243,702	-	-
Payments under business combination		-	(91)	(11,758)	(91)
Sale of PP&E and intangible assets	16,18,19 and 41	186	-	84,229	7,618
Receipt of dividends		990,617	640,166	-	-
Net cash produced by (used in) investment activities		**395,762**	**(157,269)**	**(1,396,809)**	**(3,231,188)**
Financing activities					
New loans, financing and debentures	21 and 22	949,408	1,133,731	3,272,111	7,482,460
Loans and debentures payments - principal	21 and 22	(590,971)	(245,867)	(2,370,770)	(2,884,959)
Loans and financing payments - interest	21 and 22	(291,729)	(256,682)	(969,920)	(658,669)
Related parties		(280,735)	-	-	-
Settlement of derivative financial instruments		8,328	(7,429)	(18,389)	35,558
Payment of dividends		(391,495)	(269,390)	(454,877)	(288,238)
Capital increase through share subscription		-	567,722	260,000	1,222,639
Acquisition of additional NCI		(63,099)	(567,418)	(63,099)	(567,418)
Payment of grid acquisition	28	-	-	(102,541)	(158,134)
Payment of financed payables	20	-	-	(80,131)	(127,181)
Payment of financing of sector charges	27	-	-	(38,282)	(61,741)
Payment under Financial Lease		(149)	-	(18,074)	-
Payment of tax financing		-	-	(25,870)	(9,594)
Settlement of share put option (Rede Energia Participações)		-	-	(614,296)	-
Net cash (used by) generated in financing activities		**(660,442)**	**354,667**	**(1,224,138)**	**3,984,723**
Net cash variation		**(245,264)**	**179,281**	**(43,635)**	**(214,743)**
Opening cash and cash equivalents	6	313,687	134,406	706,738	921,481
Closing cash and cash equivalents	6	68,423	313,687	663,103	706,738
Net cash variation		**(245,264)**	**179,281**	**(43,635)**	**(214,743)**

See the accompanying notes to the financial statements.

6. Statement of Added Value - DVA

ENERGISA S/A
STATEMENT OF ADDED VALUE - DVA
FINANCIAL YEAR ENDED DECEMBER 31, 2019
(In thousands of reais)

	Note	Parent Company		Consolidated	
		2019	2018	2019	2018
Generation of added value:					
Revenue					
Revenue from energy sales and services	31	240,426	189,863	26,315,451	22,079,574
Other revenue	35	4,151	1,171,354	179,900	1,288,500
Revenue relating to construction of company assets	31 and 34	-	-	2,976,627	1,506,401
Allowance for doubtful accounts	32	-	-	(212,492)	(154,736)
(-) Consumables acquired from third parties					
Cost of electricity sold		-	-	11,941,028	10,128,705
Materials and outsourced services		54,392	68,373	1,086,168	868,975
Other operating costs		3,708	1,890	2,842,302	1,773,526
		58,100	70,263	15,869,498	12,771,206
Gross value added		186,477	1,290,954	13,389,988	11,948,533
Depreciation, amortization and realization of goodwill	32	9,735	8,875	1,157,866	949,710
Net added value		176,742	1,282,079	12,232,122	10,998,823
Transferred added value					
Equity in net income of subsidiaries	17	1,062,655	807,768	-	-
Financial revenue	36	420,473	322,909	966,930	573,887
Total value added to distribute		**1,659,870**	**2,412,756**	**13,199,052**	**11,572,710**
Distribution of added value:					
Personnel					
Direct compensation		83,281	60,895	949,576	779,386
Benefits		18,051	13,674	279,652	234,206
Government Severance Indemnity Fund for Employees (FGTS)		5,140	4,267	116,855	56,858
Taxes, charges and contributions					
Federal		54,745	514,084	2,097,341	2,066,332
State		205	-	5,023,856	3,999,625
Municipal		6,002	4,446	26,256	19,573
Intrasector Obligations		-	-	1,882,368	1,735,351
Return on debt capital					
Interest	34	1,034,632	665,687	2,278,707	1,478,882
Rents		2,441	1,269	17,282	22,825
Interest on equity					
Dividends	31.6	148,048	381,854	148,048	381,854
Additional dividends proposed	31.6	41,298	5,346	41,298	5,346
Legal reserve	31.6	22,769	57,422	22,769	57,422
Retained earnings		243,258	703,812	243,258	703,812
Minority interests in profits			-	71,786	31,238
		1,659,870	**2,412,756**	**13,199,052**	**11,572,710**

See the accompanying notes to the financial statements.

7. Statements of Changes in Shareholders' Equity

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2019 (In thousands of reais)

	Note	Capital	Stock issuance cost	Other capital reserves	Profit reserves: Legal reserve	Profit reserves: Profit retention	Profit reserves: Retention of retained earnings due to a change in the accounting practices	Additional dividends proposed	Retained earnings (accumulated losses)	Other comprehensive income	Total attributed to controlling shareholders	NCI	Consolidated total
Balances at January 1, 2018		**2,795,963**	**(65,723)**	**(78,835)**	**149,420**	**1,074,760**	**62,539**	**84,114**	**-**	**(178,785)**	**3,843,453**	**941,069**	**4,784,522**
Capital increase as per minutes from the Board Meeting held 12/17/2018		**567,722**	-	-	-	-	-	-	-	-	567,722	654,917	1,222,639
Payment of additional dividends		-	-	-	-	-	-	**(84,114)**	-	-	(84,114)	(41,395)	(125,509)
New acquisition of subsidiary shares		-	-	391,957	-	-	-	-	-	-	391,957	(921,299)	(529,342)
Capital transactions - MTM financial instrument - reflection		-	-	(59,069)	-	-	-	-	-	-	(59,069)	(24)	(59,093)
Tax Incentive Reserves-Reinvestment	31.2	-	-	4,991	-	-	-	-	-	-	4,991	-	4,991
Net income for the year	31.2	-	-	-	-	-	-	-	1,148,434	-	1,148,434	31,238	1,179,672
Proposed allocation of net income:													
. Legal Reserve	31.3	-	-	-	57,422	-	-	-	(57,422)	-	-	-	-
. Dividends	31.3	-	-	-	-	-	-		(381,854)	-	(381,854)	-	(381,854)
. Additional dividends proposed	31.6	-	-	-	-	-	-	5,346	(5,346)	-	-	-	-
. Profit retention	31.6	-	-	-	-	703,812	-	-	(703,812)	-	-	-	-
Variable compensation program (ILP)	31.4		-	1,408	-	-	-	-	-	-	1,408	-	1,408
Other comprehensive income, net of tax	31.8	-	-	-	-	-	-	-	-	(44,787)	(44,787)	(5,119)	**(49,906)**
Balances at December 31, 2018		**3,363,685**	**(65,723)**	**260,452**	**206,842**	**1,778,572**	**62,539**	**5,346**	**-**	**(223,572)**	**5,388,141**	**659,387**	**6,047,528**
Payment of dividends using reserves		-	-	-	-	(23,226)	-	-	-	-	(23,226)	-	(23,226)
Payment of additional dividends		-	-	-	-	-	-	(5,346)	-	-	(5,346)	-	(5,346)
Expired dividends from subsidiaries		-	-	-	-	-	-	-	1,092	-	1,092	-	1,092
Adjustment made by subsidiaries, net of tax		-	-	-	-	-	-	-	4,082	-	4,082	-	4,082
New acquisition of subsidiary shares	31.2	-	-	89,975	-	-	-	-	-	-	89,975	-	89,975
PUT investment		-	-	62,576	-	-	-	-	-	-	62,576	184,893	247,469
Capital transactions - MTM financial instrument - reflection	31.2	-	-	(6,362)	-	-	-	-	-	-	(6,362)	(2)	(6,364)
Tax Incentive Reserves - Reinvestments	31.2	-	-	3,051	-	-	-	-	-	-	3,051	-	3,051
Net income for the year	31.6	-	-	-	-	-	-	-	455,373	-	455,373	71,785	527,158
Proposed allocation of net income:													
. Legal Reserve	31.3	-	-	-	22,769	-	-	-	(22,769)	-	-	-	-
. Dividends		-	-	-	-	-	-	-	(153,222)	-	(153,222)	(142,723)	(295,945)
. Additional dividends proposed	31.6	-	-	-	-	-	-	41,298	(41,298)	-	-	-	-
. Profit retention	31.4	-	-	-	-	243,258	-	-	(243,258)	-	-	-	-
Variable compensation program (ILP)	31.2	-	-	3,554	-	-	-	-	-	-	3,554	186	3,740
Other comprehensive income, net of tax	31.8	-	-	-	-	-	-	-	-	(121,430)	(121,430)	(9,564)	(130,994)
Balances at December 31, 2019		**3,363,685**	**(65,723)**	**413,246**	**229,611**	**1,998,604**	**62,539**	**41,298**	**0**	**(345,002)**	**5,698,258**	**763,962**	**6,462,220**

See the accompanying notes to the financial statements.

8. Social Balance Sheet

CONSOLIDATED ANNUAL SOCIAL BALANCE SHEET - 2019 (In thousands of reais)						
1 - Calculation Base	**2019**			**2018**		
Net revenue (RL)	19,903,135			15,787,581		
Operating income (RO)	981,638			1,917,385		
Gross payroll (FPB)	1,131,765			969,324		
2 - Internal Social Indicators	**Amount**	**% of FPB**	**% over RL**	**Amount**	**% of FPB**	**% over RL**
Food and Beverages	154,733	13.67%	0.78%	138,630	14.30%	0.88%
Compulsory social charges	269,248	23.79%	1.35%	217,684	22.46%	1.38%
Private pensions	58,803	5.20%	0.30%	74,636	7.70%	0.47%
Health	91,212	8.06%	0.46%	82,631	8.52%	0.52%
Occupational health and safety	34,616	3.06%	0.17%	31,926	3.29%	0.20%
Education	1,203	0.11%	0.01%	3,120	0.32%	0.02%
Training and professional development	7,776	0.69%	0.04%	9,707	1.00%	0.06%
Day care and day care allowance	4,365	0.39%	0.02%	3,144	0.32%	0.02%
Profit sharing	100,461	8.88%	0.50%	101,441	10.47%	0.64%
Other	34,294	3.03%	0.17%	16,163	1.67%	0.10%
Total - Internal social metrics	**756,711**	**66.88%**	**3.80%**	**679,082**	**70.05%**	**4.29%**
3 - External Social Indicators	**756711**	**0.6688**	**0.038**	**Amount**	**% over RO**	**% over RL**
Education	8,885	0.91%	0.04%	6,346	0.33%	0.04%
Culture	9,624	0.98%	0.05%	8,592	0.45%	0.05%
Sports	1,386	0.14%	0.01%	776	0.04%	0.00%
Other	4,731	0.48%	0.02%	3,664	0.19%	0.02%
Total contributions to society	**24,626**	**2.51%**	**0.12%**	**19,378**	**1.01%**	**0.11%**
Taxes (not including social charges)	6,847,272	697.54%	34.40%	6,102,431	318.27%	38.65%
Total - External social metrics	**6,871,898**	**700.05%**	**34.52%**	**6,121,809**	**319.28%**	**38.76%**
4 - Environmental Metrics	**Amount**	**% over RO**	**% over RL**	**Amount**	**% over RO**	**% over RL**
Investments related to company production / operation	273,348	27.85%	1.37%	174,519	9.10%	1.11%
Investments in external programs and/or projects	13,478	1.37%	0.07%	2,922	0.15%	0.02%
Total environmental investment	**286,826**	**29.22%**	**1.44%**	**177,441**	**9.25%**	**1.13%**
Regarding the establishment of annual targets to minimize waste and overall consumption in production/operations and improve resource usage efficiency, the company	( ) has no targets ( ) performs 51 to 75% ( ) performs 0 to 50% (X) performs 76 to 100%			( ) has no targets ( ) performs 51 to 75% ( ) performs 0 to 50% (X) performs 76 to 100%		
5 - Functional Staff Indicators	**2019**			**2018**		
Number of employees at period-end	14,672			14,054		
Number of new hires in the period	2,710			1,812		
Number of outsourced employees	5,939			5,545		
Number of trainees	270			366		
Number of employees over 45	1,715			2,037		
Number of women working at the company	2,825			2,598		
% management positions held by women	32.20%			14.26%		
Number of black people working at the company	7,199			6,492		
% management positions held by black employees	21.01%			24.62%		
No of workers with handicaps or special needs	492			421		
6 - Material information regarding corporate citizenship	**2019**			**2020 Targets**		
Ratio between the lowest and highest earners at the company	56.47			56.47		
Total number of occupational injuries	58			51		
The social and environmental projects implemented by the company were defined by:	(x) directors	( ) directors and managers	( ) all employees	(x) directors	( ) directors and managers	( ) all employees
The occupational health and safety standards were defined by:	(x) directors and managers	( ) all employees	( ) all + Cipa	(x) directors and managers	( ) all employees	( ) all + Cipa
In respect of trade union freedom, the right to collective bargaining and internal representation of workers, the company:	( ) does not get involved	(x) follows the OIT rules	( ) promotes and follows OIT	( ) does not get involved	(x) follows the OIT rules	( ) promotes and follows OIT
The private pension plan covers:	( ) directors	( ) directors and managers	(x) all employees	( ) directors	( ) directors and managers	(x) all employees
Profit-sharing embraces:	( ) directors	( ) directors and managers	(x) all employees	( ) directors	( ) directors and managers	(x) all employees
When selecting suppliers the same ethical, social responsibility and environmental standards adopted by the company:	( ) are not considered	( ) are suggested	(x) are demanded	( ) are not considered	( ) are suggested	(x) are demanded
In respect of employee participation in voluntary programs, the company:	( ) does not get involved	( ) gives support	(x) offers organization and incentives	( ) does not get involved	( ) gives support	(x) offers organization and incentives
Total number of consumer complaints and criticism:	by the company 2,681,139	at Procon 21,290	to the Courts 41,792	to the company 2,292,139	to Procon 20,610	to the Courts 42,724
% complaints and criticism handled or resolved:	at the company 99%	at Procon 97%	at the Courts 26%	at the company 100%	at Procon 98%	at the Courts 28%
Total added value to be distributed (in R$ thousand):	**In 2019:**	**13,199,052**		**In 2018:**	**11,572,710**	
Distribution of Added Value (DVA):	68% government 10% employees 2% shareholders 17% third parties 3% withheld			75% government 10% employees 1% shareholders 14% third parties 0% withheld		
7 - Further Information	**2019**			**2018**		
7) Social investments						
7.1 - The Light for All Program						
7.1.1 - Government Investment	116,556			104,352		
7.1.2 - State Investment	-			-		
7.1.3 - Municipal Investment	-			-		
7.1.4 - Concession Operator Investment	62,016			65,146		
Total - Light for All program (7.1.1 to 7.1.4)	**178,572**			**169,498**		
7.2 - Energy efficiency program	114,057			57,973		
7.3 - Research and development program	67,039			30,820		
Total social investment (7.1 to 7.3)	**359,668**			**258,291**		

Board of Directors

Ivan Müller Botelho
Chairman

Ricardo Perez Botelho
Deputy Chairman

José Luiz Alquéres
Director

Luiz Henrique Fraga
Independent Director

Marcílio Marques Moreira
Independent Director

Omar Carneiro da Cunha Sobrinho
Independent Director

Antônio José de Almeida Carneiro
Director

Marcelo Silveira da Rocha
Substitute

André da La Saigne de Botton
Independent Alternate Director

Maurício Perez Botelho
Substitute

Pedro Boardman Carneiro
Substitute

Leonardo Prado Damião
Independent Alternate Director

Luciana de Oliveira Cezar Coelho
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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