

Debt Management

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(Version 3Q20 Results)

Financial Risk Management Policy

In order to optimize its corporate governance practices, the Board of Directors of Energisa S.A. has endorsed a Financial Risk Management Policy with a view to ensuring the security and sustainability of the companies of this centenary Group.

[This link^{\(*\)}](#)¹ leads to another of our mechanisms created to manage the uncertainties that can impair our Group's results, thereby avoiding the effects of adverse one-off events.

¹ (*) Information available in Portuguese only.

Debt Issuances

Debt Instrument	FIDC III	FIDC IV 1st serie	FIDC IV 2nd serie
Issuer	ESE, EPB, EMG, ENF and EBO	EMT and EMS	EMT and EMS
Guaranteed by	-	-	-
Issue date	December/08	September/14	April/16
Maturity	December/20	September/34	April/31
Amount (R\$ MM)	100	641	699
Yield	CDI + 0.70% p.a.	TR + 7.00% p.a.	CDI + 0.70% p.a.
Interest payments	Monthly	Monthly after oct/29	Monthly after April/21
Rating	S&P brAAA	AAA(bra)	AAA(bra)
Balance at 09/30/2019 (R\$ MM)	12.0	644.9	701.4

Debt Instrument	Debentures 7th Issuance - 1st a 6th series	Debentures 8th Issuance - 1st serie	Debentures 8th Issuance - 2nd serie
Issuer	ESA	ESA	ESA
Guaranteed by	Ordinary	Ordinary	Ordinary
Data de Issuance	August/15	June/17	June/17
Maturity	August/22	June/22	June/24
Amount (R\$ MM)	1,000	197	177
Yield	1st to 3rd series: IPCA+8.75% p.a. 4th to 6th series: IPCA+10.25% p.a.	IPCA+5.60% p.a.	IPCA+5.6601% p.a.
Interest payments	Semester	Annual	Annual
Rating	-	AAA(bra)	AAA(bra)
Balance at 09/30/2019 (R\$ MM)	833.8	222.9	200.1

Debt Instrument	Debentures 9th Issuance - 1st serie	Debentures 9th Issuance - 2nd serie	Debentures 9th Issuance - 3rd serie
Issuer	ESA	ESA	ESA
Guaranteed by	Ordinary	Ordinary	Ordinary
Data de Issuance	October/17	October/17	October/17
Maturity	October/22	October/24	October/27
Amount (R\$ MM)	62	12	21
Yield	IPCA+4.4885% p.a.	IPCA+4.7110% p.a.	IPCA+5.1074% p.a.
Interest payments	Annual	Annual	Annual
Rating	AAA(bra)	AAA(bra)	AAA(bra)
Balance at 09/30/2019 (R\$ MM)	71.0	13.3	24.8

Debt Instrument	Debentures 9th Issuance - 4th serie	Debentures 10th Issuance	Debentures 11th Issuance
Issuer	ESA	ESA	ESA
Guaranteed by	Ordinary	Ordinary	Ordinary
Data de Issuance	October/17	June/18	April/19
Maturity	October/22	June/21	April/26
Amount (R\$ MM)	21	755	700
Yield	107.75% CDI	CDI+1.10% p.a.	IPCA+4.6249% p.a.
Interest payments	Annual	Semester	Annual
Rating	AAA(bra)	AAA(bra)	AAA(bra)
Balance at 09/30/2019 (R\$ MM)	782.3	158.4	527.1

Debt Instrument	Debentures 12th Issuance	Debentures 13th Issuance	Debentures 6th Issuance
Issuer	ESA	ESA	ESE
Guaranteed by	Ordinary	Ordinary	Ordinary
Data de Issuance	May/20	August/20	September/18
Maturity	May/21	August/22	September/25
Amount (R\$ MM)	64	576	65
Yield	CDI+3.80% p.a.	CDI+2.30% p.a	IPCA+5.0797% p.a.
Interest payments	Quarterly	Semester	Semester
Rating	-	-	AAA(bra)
Balance at 09/30/2019 (R\$ MM)	64.1	576.8	68.7

Debt Instrument	Debentures 7th Issuance	Debentures 8th Issuance	Debentures 4th Issuance
Issuer	ESE	ESE	EPB
Guaranteed by	Ordinary	Ordinary	Ordinary
Data de Issuance	June/19	February/20	February/18
Maturity	June/24	February/23	February/21
Amount (R\$ MM)	50	275	180
Yield	CDI + 0.73% p.a.	CDI + 0.95% p.a.	CDI+1.00% p.a.
Interest payments	Semester	Semester	Semester
Rating	AAA(bra)	-	AAA(bra)
Balance at 09/30/2019 (R\$ MM)	50.4	276.0	33.6

Debt Instrument	Debentures 5ª Issuance	Debentures 6th Issuance - 1st serie	Debentures 6th Issuance - 2nd serie
Issuer	EPB	EPB	EPB
Guaranteed by	Ordinary	Ordinary	Ordinary
Data de Issuance	September/18	June/19	June/19
Maturity	September/25	June/24	June/26
Amount (R\$ MM)	135	72	48
Yield	IPCA+5.0797% p.a.	CDI + 0.73% p.a.	CDI + 0.83% p.a.
Interest payments	Semester	Semester	Semester
Rating	AAA(bra)	AAA(bra)	AAA(bra)
Balance at 09/30/2019 (R\$ MM)	142.7	72.6	48.4

Debt Instrument	Debentures 7th Issuance	Debentures 8th Issuance	Debentures 4th Issuance
Issuer	EPB	EPB	Rede
Guaranteed by	Ordinary	Ordinary	Ordinary
Data de Issuance	February/20	August/20	December/09
Maturity	February/23	August/25	November/35
Amount (R\$ MM)	60	147	370
Yield	CDI + 0.95% p.a.	CDI+2.30% p.a	IPCA + 1% p.a.
Interest payments	Semester	Semester	Annual
Rating	-	AAA(bra)	-
Balance at 09/30/2019 (R\$ MM)	60.2	147.0	58.5

Debt Instrument	Debentures 8th Issuance	Debentures 10th Issuance	Debentures 11th Issuance
Issuer	EMS	EMS	EMS
Guaranteed by	Ordinary	Ordinary	Ordinary
Data de Issuance	September/17	February/18	September/18
Maturity	September/22	February/21	September/25
Amount (R\$ MM)	300	150	155
Yield	107.50% CDI	CDI +0.95%	IPCA+5.0797% p.a.
Interest payments	Semester	Semester	Semester
Rating	-	AAA(bra)	AAA(bra)
Balance at 09/30/2019 (R\$ MM)	200.2	11.0	163.9

Debt Instrument	Debentures 12th Issuance	Debentures 13th Issuance	Debentures 14th Issuance
Issuer	EMS	EMS	EMS
Guaranteed by	Ordinary	Ordinary	Ordinary
Data de Issuance	June/19	January/20	August/20
Maturity	June/24	January/22	August/25
Amount (R\$ MM)	110	75	139
Yield	CDI + 0.73% p.a.	CDI + 0.70% p.a.	CDI+2.30% p.a
Interest payments	Semester	Semester	Semester
Rating	AAA(bra)	-	AAA(bra)
Balance at 09/30/2019 (R\$ MM)	111.0	56.5	139.6

Debt Instrument	Debentures 8th Issuance	Debentures 9th Issuance	Debentures 10th Issuance - 1st serie
Issuer	EMT	EMT	EMT
Guaranteed by	Ordinary	Ordinary	Ordinary
Data de Issuance	February/18	September/18	June/19
Maturity	February/21	September/25	June/24
Amount (R\$ MM)	470	385	117
Yield	CDI+1.10% p.a.	IPCA+5.0797% p.a.	CDI + 0.73% p.a.
Interest payments	Semester	Semester	Semester
Rating	AAA(bra)	AAA(bra)	AAA(bra)
Balance at 09/30/2019 (R\$ MM)	86.9	407.0	118.5

Debt Instrument	Debentures 10th Issuance - 2nd serie	Debentures 11th Issuance	Debentures 12th Issuance
Issuer	EMT	EMT	EMT
Guaranteed by	Ordinary	Ordinary	Ordinary
Data de Issuance	June/19	February/20	August/20
Maturity	June/29	February/23	August/25
Amount (R\$ MM)	33	130	381
Yield	CDI + 1.05% p.a.	CDI + 0.95% p.a.	CDI+2.30% p.a
Interest payments	Semester	Semester	Semester
Rating	AAA(bra)	-	AAA(bra)
Balance at 09/30/2019 (R\$ MM)	32.8	130.5	381.6

Debt Instrument	Debentures 10th Issuance	Debentures 11th Issuance - 1st serie	Debentures 11th Issuance - 2nd serie
Issuer	EMG	EMG	EMG
Guaranteed by	Ordinary	Ordinary	Ordinary
Data de Issuance	September/18	June/19	June/19
Maturity	September/25	June/24	June/26
Amount (R\$ MM)	50	34	36
Yield	IPCA+5.0797% p.a.	CDI + 0.73% p.a.	CDI + 0.83% p.a.
Interest payments	Semester	Semester	Semester
Rating	AAA(bra)	AAA(bra)	AAA(bra)
Balance at 09/30/2019 (R\$ MM)	52.9	34.3	36.3

Debt Instrument	Debentures 12th Issuance	Debentures 4th Issuance	Debentures 5th Issuance - 1st serie
Issuer	EMG	ETO	ETO
Guaranteed by	Ordinary	Ordinary	Ordinary
Data de Issuance	February/20	September/18	June/19
Maturity	February/23	September/25	June/24
Amount (R\$ MM)	60	240	238
Yield	CDI + 0.95% p.a.	IPCA+5.0797% p.a.	CDI + 0.95% p.a.
Interest payments	Semester	Semester	Semester
Rating	-	AAA(bra)	AAA(bra)
Balance at 09/30/2019 (R\$ MM)	60.2	253.7	239.8

Debt Instrument	Debentures 5th Issuance - 2nd serie	Debentures 4th Issuance	Debentures 5th Issuance
Issuer	ETO	ESS	ESS
Guaranteed by	Ordinary	Ordinary	Ordinary
Data de Issuance	June/19	September/18	February/20
Maturity	June/26	September/25	February/25
Amount (R\$ MM)	162	70	60
Yield	CDI + 1.15% p.a.	IPCA+5.0797% p.a.	CDI+1.15% p.a.
Interest payments	Semester	Semester	Semester
Rating	AAA(bra)	AAA(bra)	-
Balance at 09/30/2019 (R\$ MM)	164.0	74.0	60.2

Debt Instrument	Debentures 1st Issuance - 1st serie	Debentures 1st Issuance - 2nd serie	Debentures 1st Issuance - 3rd serie
Issuer	ETE	ETE	ETE
Guaranteed by	Ordinary	Ordinary	Ordinary
Data de Issuance	December/18	December/18	December/18
Maturity	December/25	December/28	December/25
Amount (R\$ MM)	76	51	123
Yield	IPCA+4.9238% p.a.	IPCA+5.1410% p.a.	IPCA+4.9761% p.a.
Interest payments	Semester	Semester	Semester
Rating	AAA(bra)	AAA(bra)	AAA(bra)
Balance at 09/30/2019 (R\$ MM)	86.5	59.2	141.1

Debt Instrument	Debentures 1st Issuance - 1st serie	Debentures 1st Issuance - 2nd serie	Debentures 1st Issuance
Issuer	ENF	ENF	EBO
Guaranteed by	Ordinary	Ordinary	Ordinary
Data de Issuance	February/20	February/20	February/20
Maturity	February/23	February/25	February/23
Amount (R\$ MM)	15	26	20
Yield	CDI + 0.95% p.a.	CDI + 1.15% p.a.	CDI + 0.95% p.a.
Interest payments	Semester	Semester	Semester
Rating	-	-	-
Balance at 09/30/2019 (R\$ MM)	15.	26.4	20.1

Debt Instrument	Debentures 1st Issuance - 1st serie	Debentures 1st Issuance - 1st serie
Issuer	ERO	ALSOL
Guaranteed by	Ordinary	Ordinary
Data de Issuance	November/18	October/19
Maturity	November/23	October/24
Amount (R\$ MM)	1,550	100
Yield	CDI+1.65% p.a.	CDI+1.20% p.a.
Interest payments	Monthly after December/20	Semester
Rating	-	AAA(bra)
Balance at 09/30/2019 (R\$ MM)	1,570.9	101.8

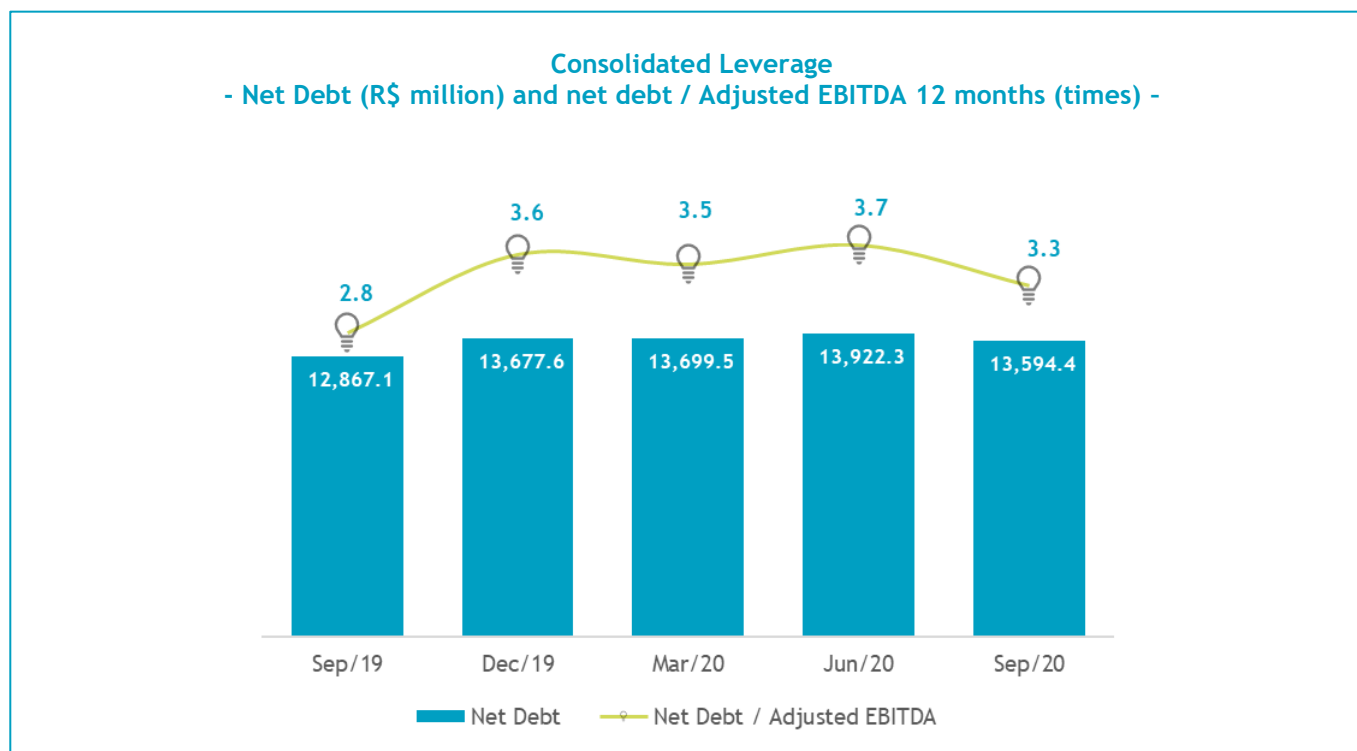
Owing to its nature, the information in this section may become quickly out of date, meaning the information contained herein does not reflect the current conditions of Energisa Group companies.

Debt profile

The consolidated position of cash, cash equivalents, short-term investments and sector credits amounted to R\$ 5,527.5 million as of September 30, against R\$ 5,422.2 million as of June 30. We emphasize that these balances include credits relating to the Energy Development Account (CDE), Fossil Fuel Consumption Account (CCC) and the memorandum account for amounts of the A parcel (CVA), in the amount of R\$ 52.6 million as of September 30 and R\$ 1,200.3 million as of June 30.

The net debt as of September 30, 2020 less sector credits amounted to R\$ 13,594.4 million, compared with R\$ 13,922.3 million in June and R\$ 13,699.5 million in March 2020. As a result, the ratio between consolidated net debt and adjusted EBITDA fell from 3.7 in June to 3.3 in September 2020. The covenant limits for 2020 are 4.25 times.

Note that the indicator in the table below was positively impacted by the effect of the business combination regarding the acquisition of ERO and EAC for R\$ 1,169.6 million, 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		
	9/30/2020	6/30/2020	12/31/2019	9/30/2020	6/30/2020	12/31/2019
Current	2,013.8	2,046.8	1,481.2	5,182.2	5,573.6	2,950.7
Loans and financing	776.1	772.0	163.0	3,641.0	3,336.3	1,343.0
Debentures	943.7	1,027.2	969.4	1,691.1	2,325.0	1,167.1
Debt charges	27.6	20.6	12.2	134.4	118.9	70.8
Tax financing and post-employment benefits	2.1	2.1	2.1	95.8	97.0	90.0
Derivative financial instruments, net	264.3	224.9	334.5	(380.2)	(303.6)	279.8
✓ Law 4131 (Swap and MTM)	(86.7)	(79.0)	(15.7)	(731.2)	(607.4)	(70.4)
✓ MTM 7th debentures issuance	351.0	303.8	350.2	351.0	303.8	350.2
Noncurrent	3,038.8	3,111.2	3,869.5	13,939.7	13,770.9	15,221.3
Loans, financing and leasing	150.0	150.0	613.1	6,165.4	6,259.9	6,836.2
Debentures	2,526.3	2,342.7	2,565.6	7,789.7	7,207.9	7,771.6
Tax financing and post-employment benefits	10.3	9.7	8.7	771.1	761.4	711.7
Derivative financial instruments, net	352.2	608.8	682.1	(786.5)	(458.3)	(98.1)
✓ Law 4131 (Swap and MTM)	1.2	1.1	(19.4)	(1,137.5)	(1,066.0)	(799.6)
✓ MTM 7th debentures issuance	351.0	607.7	701.5	351.0	607.7	701.5
Total debts	5,052.6	5,158.1	5,350.7	19,121.9	19,344.5	18,172.0
(-) Cash and cash equivalents	2,261.6	2,523.6	2,554.8	5,474.9	4,221.9	3,036.3
Total net debts	2,790.9	2,634.5	2,795.9	13,647.0	15,122.6	15,135.7
(-) CDE Credits	-	-	-	221.8	205.4	209.4
(-) CCC Credits	-	-	-	98.1	136.8	179.1
(-) CVA Credits	-	-	-	(267.3)	858.1	1,069.5
Total net debts less sector credits	2,790.9	2,634.5	2,795.9	13,594.4	13,922.3	13,677.6
Relative Indicator						
Net debt / Adjusted EBITDA 12 months ⁽¹⁾	-	-	-	3.3	3.7	3.5

(1) Adjusted EBITDA = EBITDA + Interest on Overdue Energy Bills (last 12 months). Each DisCo's debt can be seen in Appendix I.

Total net debt less sector credits fell by R\$ 327.9 million compared with June 2020. In order to get through the Covid-19 pandemic in 3Q20, the Company raised funds and lengthened debts of R\$ 1.3 billion, an increase of R\$ 370 million on June 2020 (R\$ 927.9 million); and to bolster the Group's working capital, it expanded cash equivalents by R\$ 1,253.0 million, to a total of R\$ 5,474.9 million.

Note that in 3Q20 the net derivative financial instruments were impacted positively by R\$ 209.5 million by the mark-to-market of the subscription bonuses underlying the 7th debentures issuance.

Debt profile (DisCo)

he net debts by Energisa distribution company as of June 30, 2020 break down as follows:

Net debts at September 30, 2020 (R\$ million)	EMG	ENF	ESE	EBO	EPB	EMT
Current	238.8	33.7	201.3	56.1	261.4	956.7
Loans and financing	243.9	32.4	234.9	54.3	163.7	874.0
Debentures	17.4	0.1	33.8	0.0	87.9	137.4
Debt charges	6.7	1.1	12.5	1.7	5.2	50.8
Tax financing and post-employment benefits	2.1	0.1	11.8	0.0	9.6	14.8
Derivative financial instruments, net	(31.3)	-	(91.6)	-	(4.9)	(120.2)
Noncurrent	280.6	69.0	951.2	49.0	747.4	3,254.6
Loans, financing and leasing	39.6	27.0	235.7	29.0	9.8	2,001.8
Debentures	243.6	41.2	493.0	20.0	634.7	1,403.1
Tax financing and post-employment benefits	9.6	0.8	238.4	0.0	133.2	156.8
Derivative financial instruments, net	(12.3)	-	(15.9)	-	(30.3)	(307.1)
Total debts	519.4	102.7	1,152.5	105.1	1,008.9	4,211.3
(-) Cash and cash equivalents	214.2	57.2	304.9	84.3	380.5	1,718.5
Total net debts	305.2	45.5	847.6	20.8	628.4	2,492.8
(-) CDE Credits	16.8	0.7	2.4	0.4	29.9	68.1
(-) CCC Credits	-	-	-	-	-	17.3
(-) CVA Credits	(18.4)	1.2	(60.3)	(16.1)	(87.0)	(281.4)
Total net debts less sector credits	306.8	43.7	905.4	36.5	685.5	2,688.8

Relative Indicator

Net debt / Adjusted EBITDA 12 months ⁽¹⁾	2.2	1.4	3.0	0.7	1.3	2.4
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Net debts at September 30, 2020 (R\$ million)	EMS	ETO	ESS	ERO	EAC
Current	402.5	395.3	206.2	476.6	168.6
Loans and financing	234.3	559.6	190.0	-	205.9
Debentures	198.6	47.7	40.2	457.0	3.3
Debt charges	6.8	5.9	1.2	0.9	5.0
Tax financing and post-employment benefits	3.0	4.1	24.4	22.6	-
Derivative financial instruments, net	(40.1)	(222.0)	(49.5)	(3.9)	(45.7)
Noncurrent	1,322.0	883.9	696.1	2,462.7	675.6
Loans, financing and leasing	727.8	65.1	448.2	1,034.8	651.8
Debentures	655.7	865.9	327.2	1,477.7	193.7
Tax financing and post-employment benefits	29.1	37.9	100.7	47.9	-
Derivative financial instruments, net	(90.6)	(85.0)	(180.1)	(97.7)	(169.8)
Total debts	1,724.6	1,279.2	902.3	2,939.3	844.2
(-) Cash and cash equivalents	623.8	370.5	275.0	47.4	49.6
Total net debts	1,100.8	908.7	627.4	2,892.0	794.6
(-) CDE Credits	22.1	22.1	21.0	24.7	13.0
(-) CCC Credits	-	-	-	(4.4)	85.1
(-) CVA Credits	(162.2)	(53.2)	3.7	290.0	116.5
Total net debts less sector credits	1,240.9	939.7	602.6	2,581.6	579.9

Relative Indicator

Net debt / Adjusted EBITDA 12 months ⁽¹⁾	1.8	2.6	2.3	-	-
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⁽¹⁾ Adjusted EBITDA = EBITDA + Revenue from interest on overdue energy bills.

Debt Risk Ratings

The table below presents the current ratings of Energisa Group's companies issued by the agencies Standard & Poor's, Moody's Investors Service and Fitch Ratings:

Branch	Domestic Rating/Outlook	Global Rating/Outlook	Latest Report
Standard & Poor's	brAAA (stable)	BB- (stable)	Jul/20
Moody's	Aa2.br (stable)	Ba2 (stable)	Sep/20
Fitch Ratings	AAA (bra) (negative)	BB+ (negative)	Jul/20

Financial Indicators

The consolidated financial indexes of Energisa S / A the September 30, 2020 and December 31, 2019 are as follows:

Financial Indicators (R \$ million)	09/30/2020	12/31/2019	Change %
Short-term debt (a)	5.182,2	2.950,7	+ 75,6
Long-term debt (b)	13.939,7	15.221,3	- 8,4
Total debt (c) = (a) + (b)	19.121,9	18.172,0	+ 5,2
Cash and cash equivalents (d)	5.474,9	3.036,3	+ 80,3
CDE credit (e)	221,8	209,4	+ 5,9
CCC credit (f)	98,1	179,1	- 45,2
CVA credit (g)	(267,3)	1.069,5	-
Net debt (f) = (c) - (d+e+f+g)	13.594,4	13.677,7	- 0,6
Current liquidity (times)	1,1	1,3	- 15,4
% short-term debt	27,1	16,2	+ 10,9 p.p.