

4Q19 Earnings Presentation

March • 13 • 2020



Disclaimer



This presentation may contain forward-looking statements, which are subject to risks and uncertainties, as they were based on the expectations of Company's management and on available information. These prospects include statements concerning the Company's current intentions or expectations for our clients.

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

Our future financial situation, operating results, market share and competitive positioning may differ substantially from those expressed or suggested by said forward-looking statements. Many factors and values that can establish these results are outside Company's control or expectation. The reader/investor is prevented not to completely rely on the information above.

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Highlights



OPERATIONAL

- ▶ Total electricity consumption (captive + free market) grows 4.2% in the quarter, above the national average (1.4%);
- ▶ Total consolidated losses (LTM) reach 11.52% of the required energy in Dec/19, 0.27 p.p. below the regulatory limit (excluding ERO e EAC). Considering the recently acquired companies, this indicator reached 13.48% in Dec/19;
- ▶ All Discos are below the regulatory limits for DEC and FEC, with the exception of ERO.

FINANCIAL

- ▶ Adjusted EBITDA (official/audited) reached R\$ 1,056.1 million in the quarter, and R\$ 3,839.9 in 2019, decreasing 44.2% and 6.2%. Adjusted EBITDA (pro forma) reached R\$ 1,077.7 million in the quarter and R\$ 3,968.3 in 2019, increases of 57.7% and 37.6%;
- ▶ Net Income (official/audited) of R\$ 353.3 million in the quarter and R\$ 527.2 million in 2019, a reduction of 47.6% and 55.3%. Net income (pro forma) of R\$ 466.2 million in the quarter and R\$ 1,176.5 in 2019, increasing 638.9% and 107.1%;
- ▶ Net debt amounts to R\$ 13,677.6 million, and net debt over adjusted EBITDA ratio at 3.6x;
- ▶ Total investments of R\$ 3,167.1 million in 2019, an increase of 59.9% (with ERO and EAC).

OTHER EVENTS

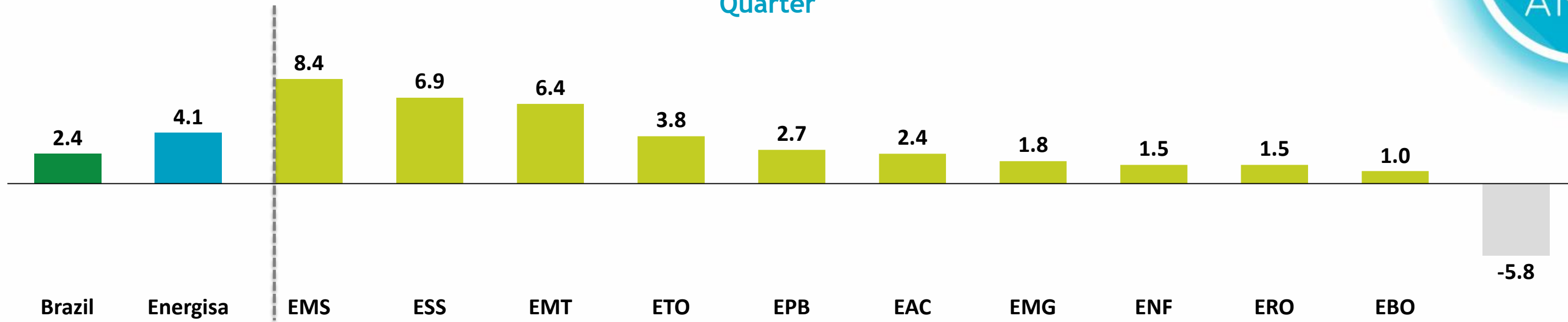
- ▶ Payment of interim dividends in the amount of R\$ 116.1 million, corresponding to R\$ 0.32/unit to be paid in April 3, 2020.
- ▶ Disclosure of the estimated investments for 2020.

4Q19 Energy Market

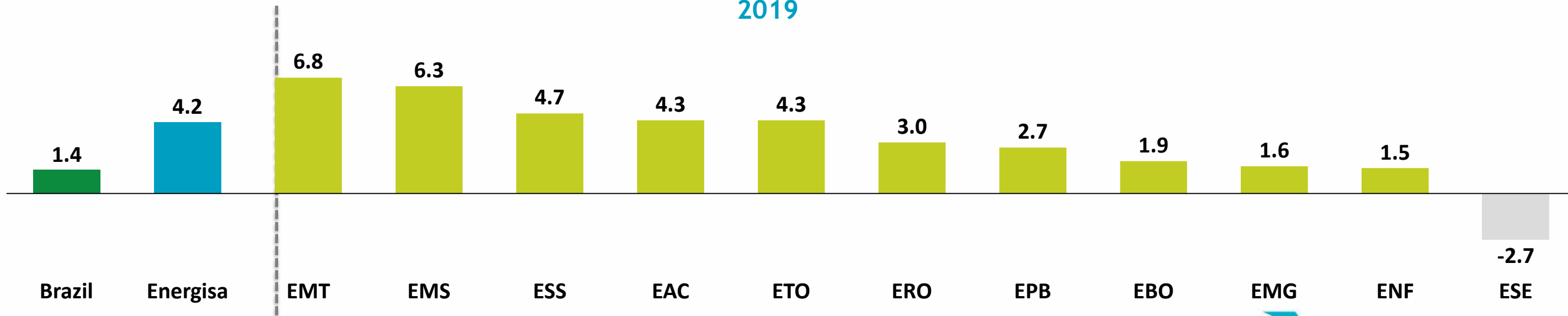
Increase of 4.2% in 2019 driven by the Mid West concessions and ESS



% GROWTH BY CONCESSION
Quarter



% GROWTH BY CONCESSION
2019



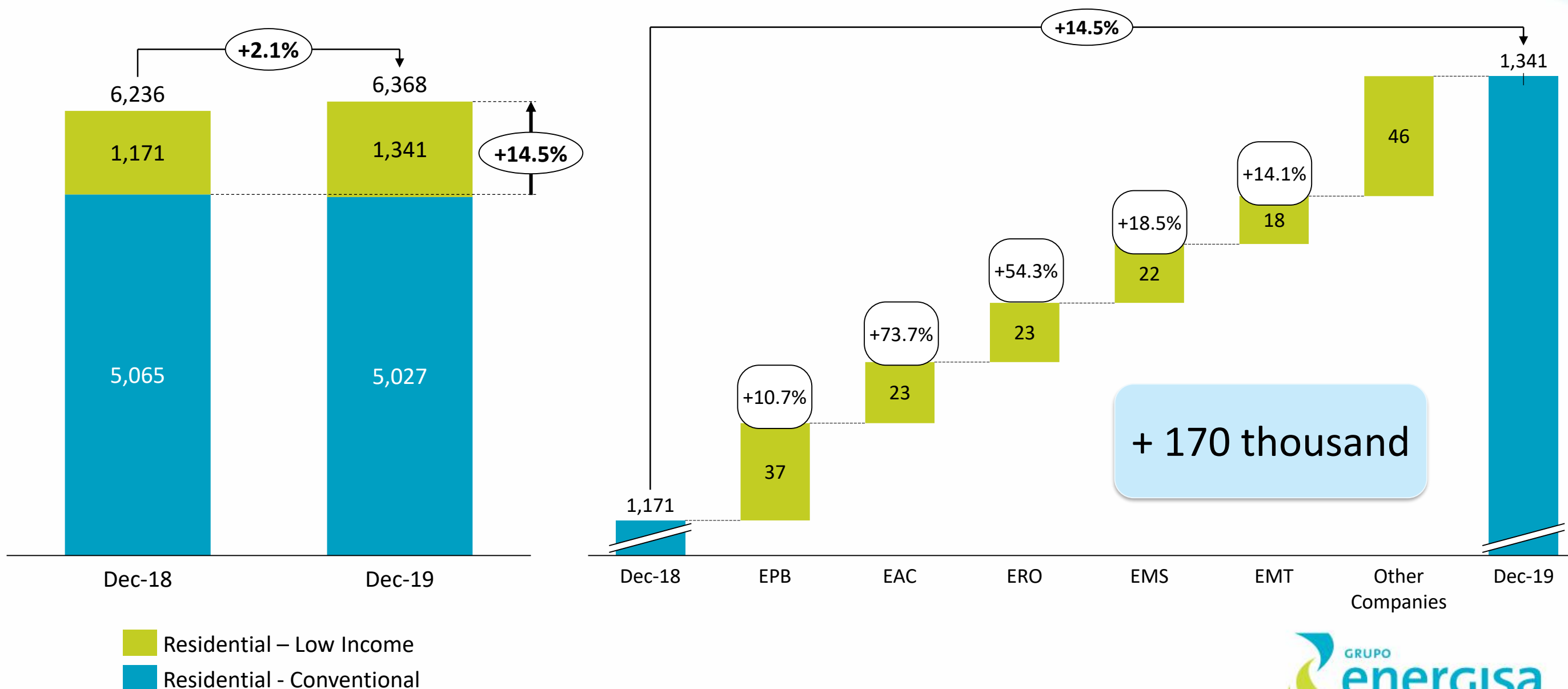
Number of clients - Residential

Low income: use of analytic tools that cross-checks Energisa's client database with data from the Social Development Ministry helps with registration



Number of Residential consumers (thousand)

Number of Residential Clients registered as Low Income (thousand)

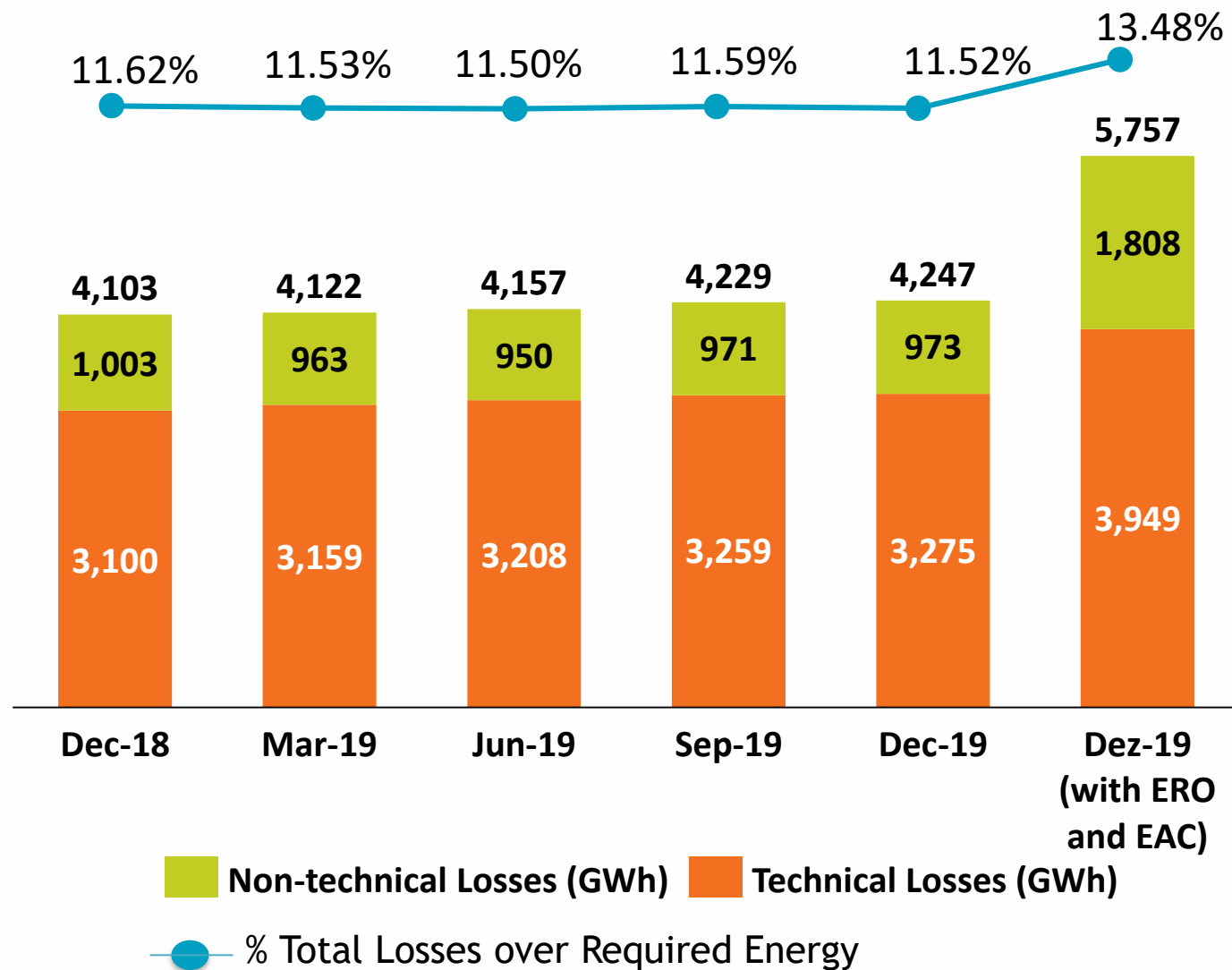


Total Losses

EMT reaches the regulatory losses target one more time



TOTAL LOSSES (GWH)
12 months - without ERO and EAC



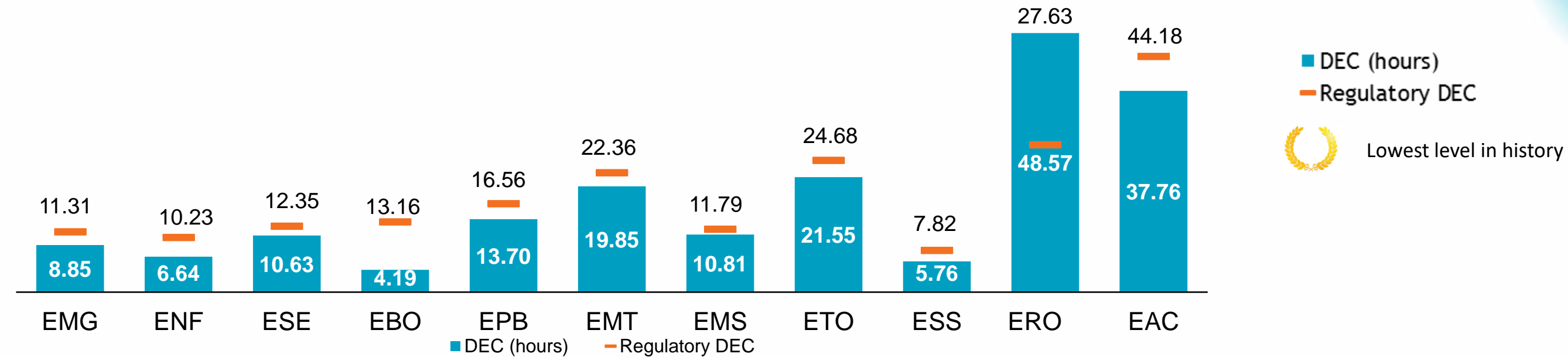
Discos	% Injected Energy (12 months)	Total Losses (%)			ANEEL	
		Dec-18	Sep-19	Dec-19		
EMG		10.12	10.35	10.35	9.64	●
ENF		3.94	3.87	3.90	5.84	●
ESE		9.63	9.89	10.17	10.22	●
EBO		5.85	6.44	6.37	7.41	●
EPB		12.64	13.07	13.19	12.69	●
EMT		14.07	13.63	13.58	13.70	●
EMS		12.68	12.67	12.29	13.01	●
ETO		13.26	13.07	12.61	13.98	●
ESS		6.39	6.17	6.19	6.72	●
ERO		27.63	28.21	27.87	19.62	●
EAC		19.60	18.74	18.70	21.73	●
Energisa		13.57	13.60	13.48	13.02	●
Energisa (without ERO and EAC)		11.62	11.59	11.52	11.79	●

Service Quality Indicators

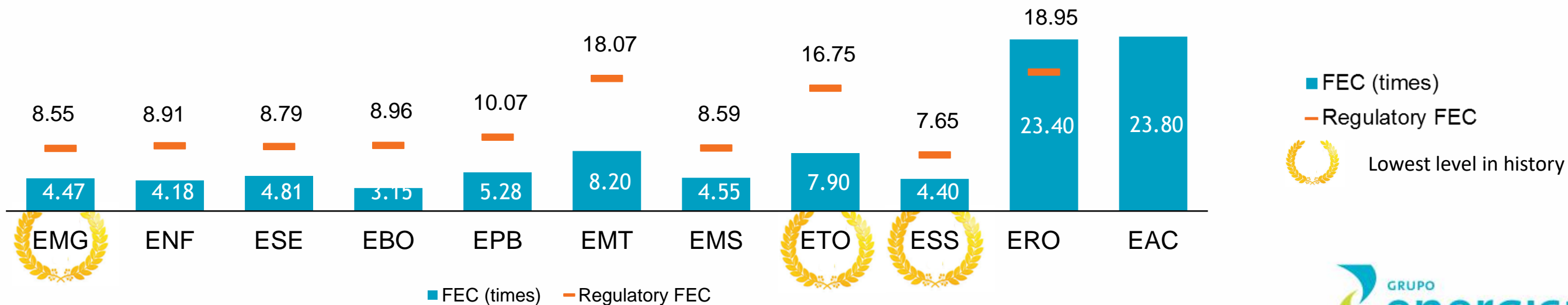
All discos below the Regulatory limits for DEC and FEC, with the exception of ERO



DEC (LTM)



FEC (LTM)

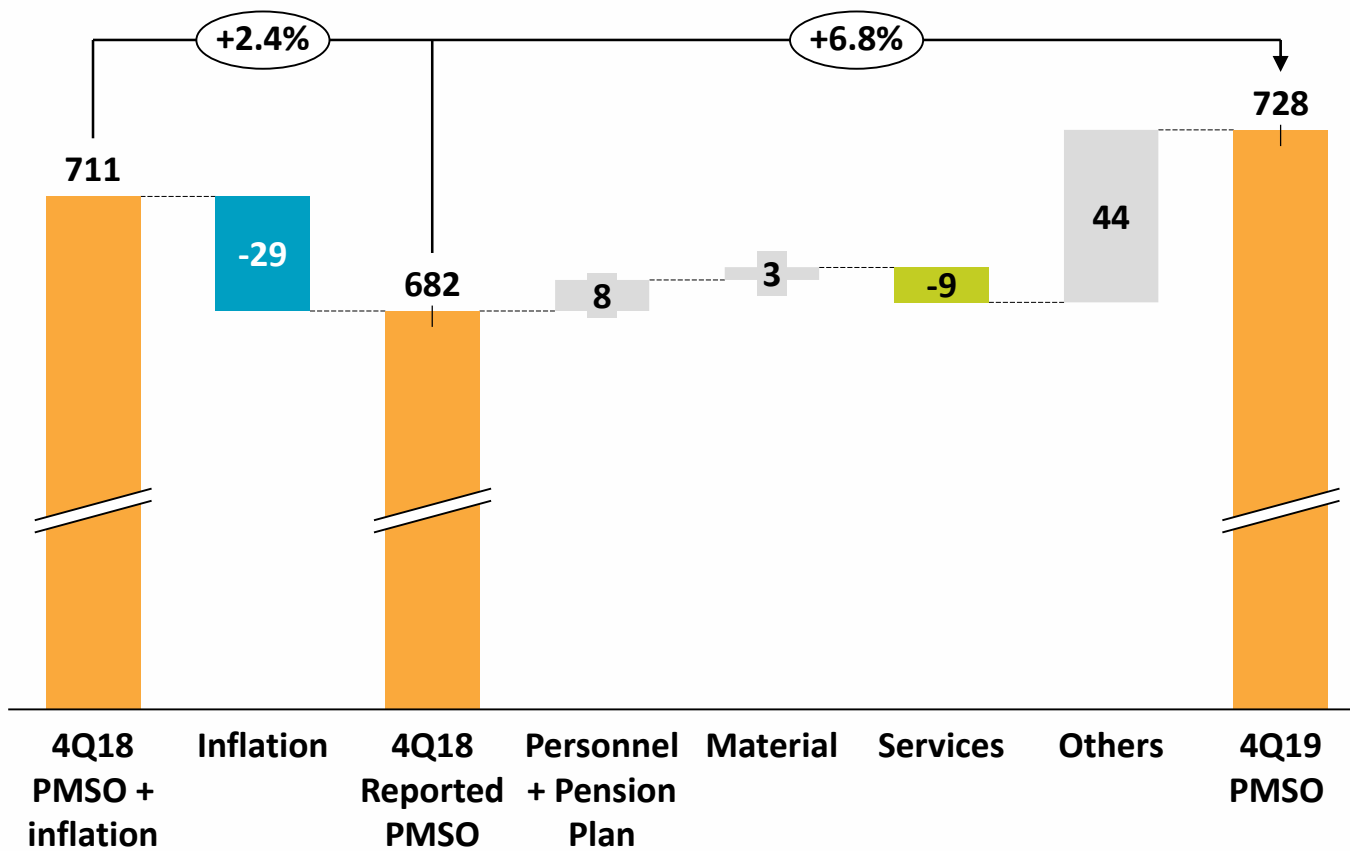


PMSO - without ERO and EAC

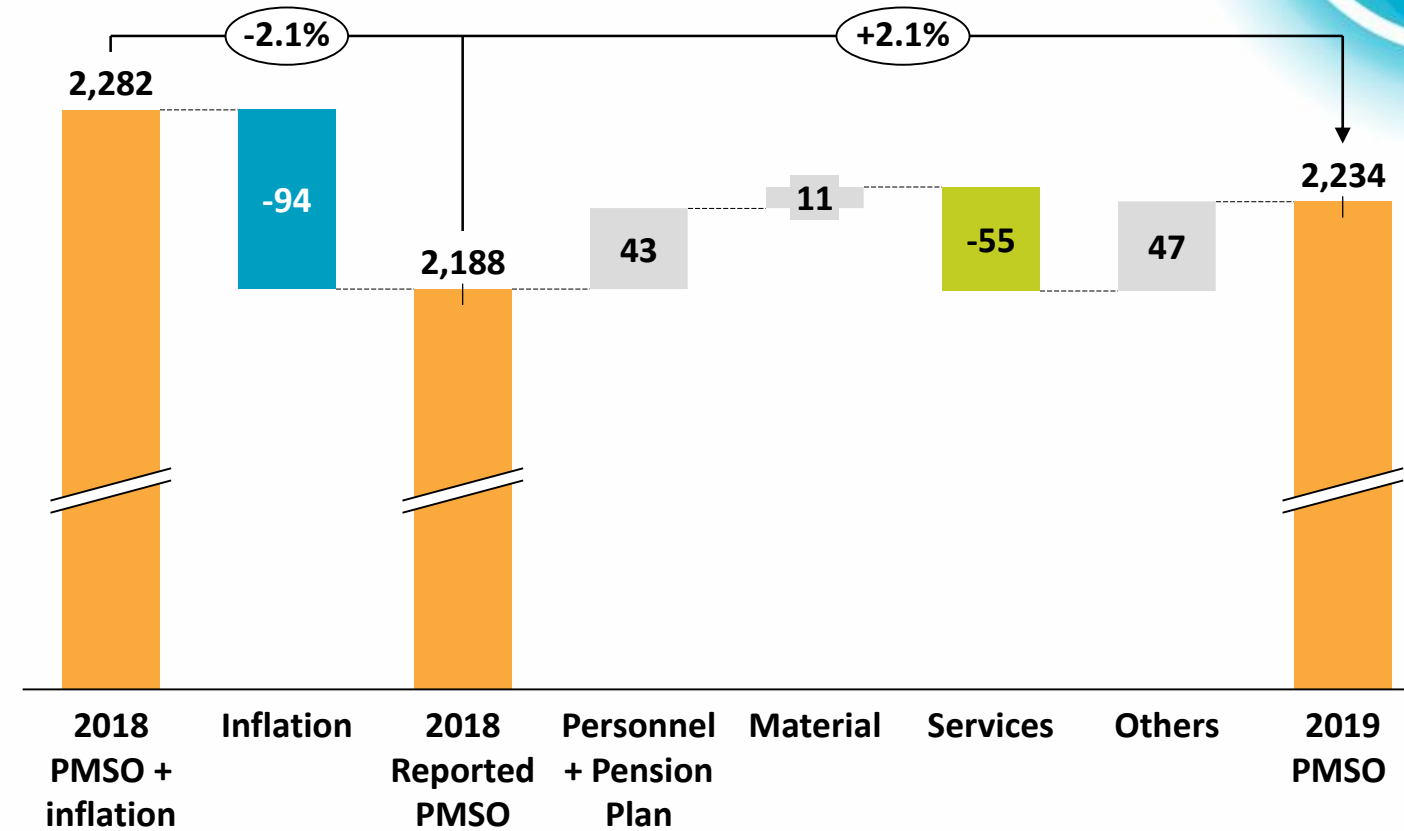
Increase of 2.1%, half the yearly inflation rate



CONSOLIDATED PMSO Pro Forma (R\$ MN) - 4Q19



CONSOLIDATED PMSO Pro Forma (R\$ MN) - 2019



- ▶ **Personnel:** increase due to salary adjustments and increase in personnel, mainly in ESA, which offset the decrease in post employment benefit in ESE and EPB;
- ▶ **Materials and Services:** Lower expenses with outsourced services. The growth in Materials was impacted by higher expenses with preventive maintenance and acquisition of materials;
- ▶ **Others:** Increase in fines and compensations, and in the cost of services provided by ALSOL for client Turn Key projects in the amount of, for which there was no entry in 4Q18.

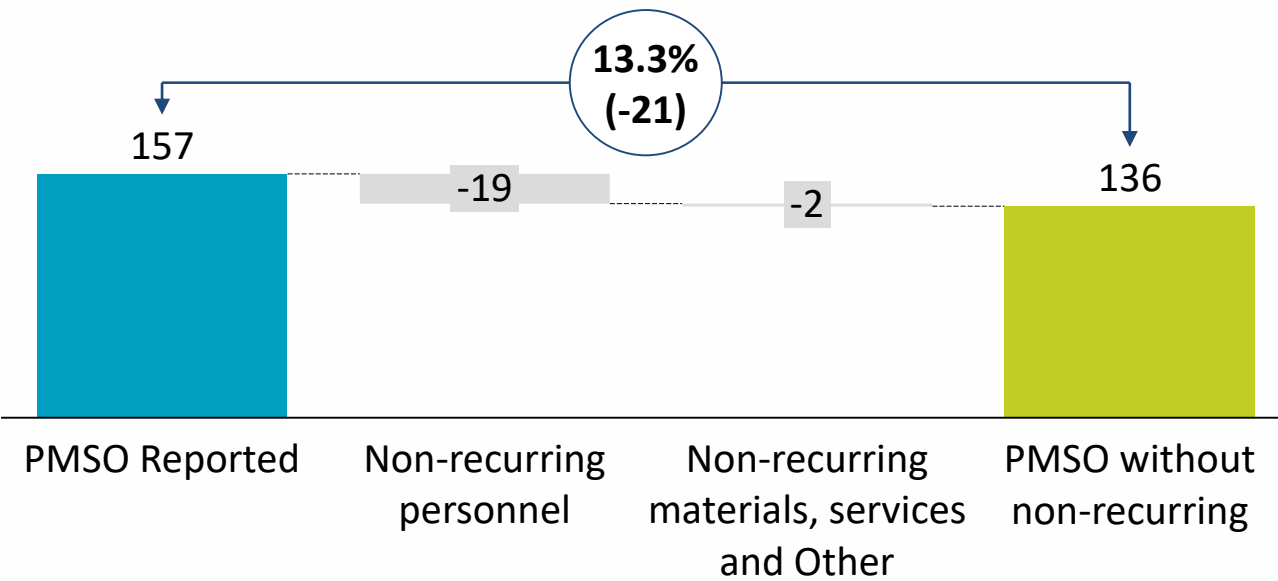


(1) Inflation (IPCA) for the 12 months ended December 2019.

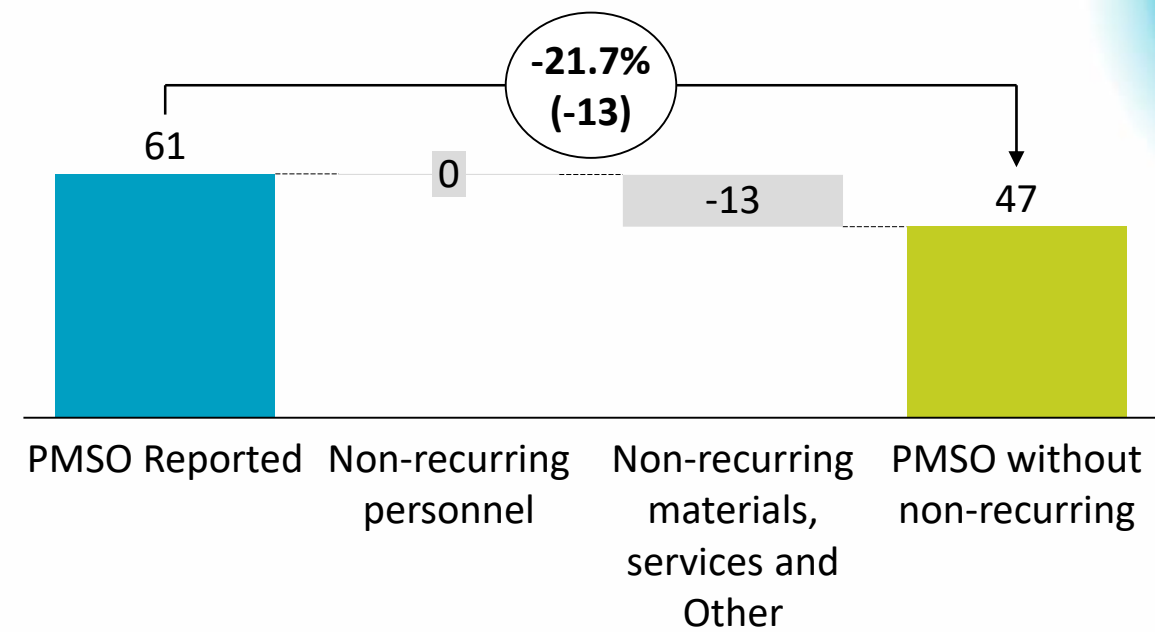
PMSO ERO and EAC - without non-recurring



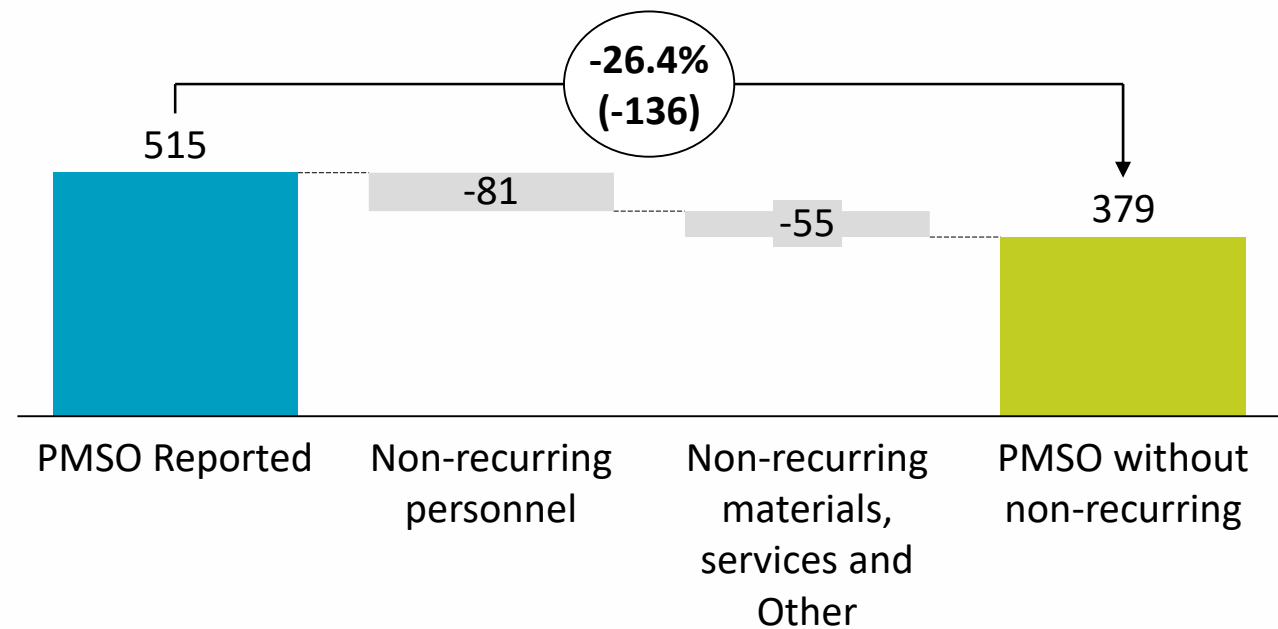
ERO (R\$ MN)
4Q19



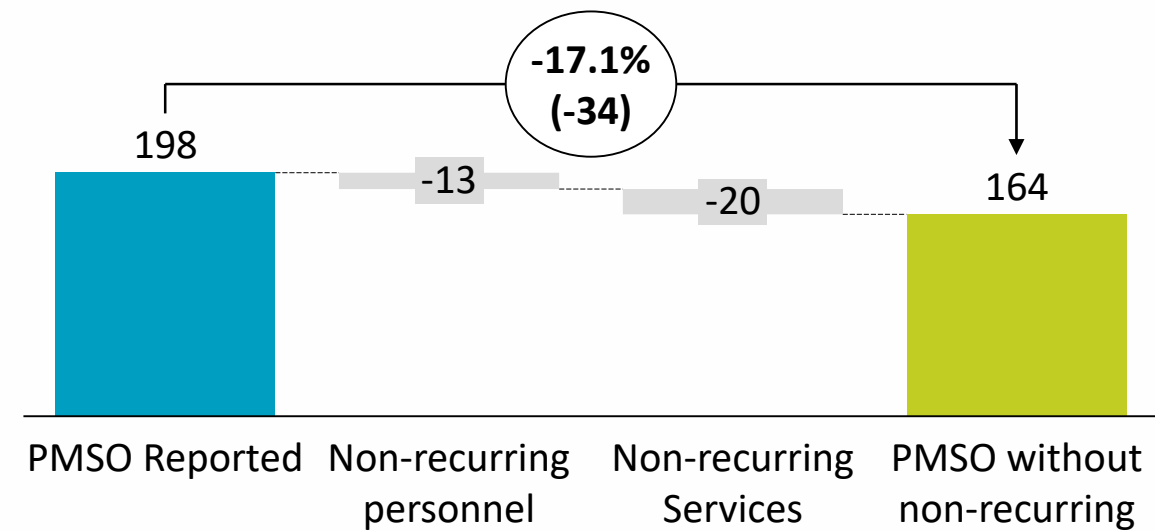
EAC (R\$ MN)
4Q19



2019

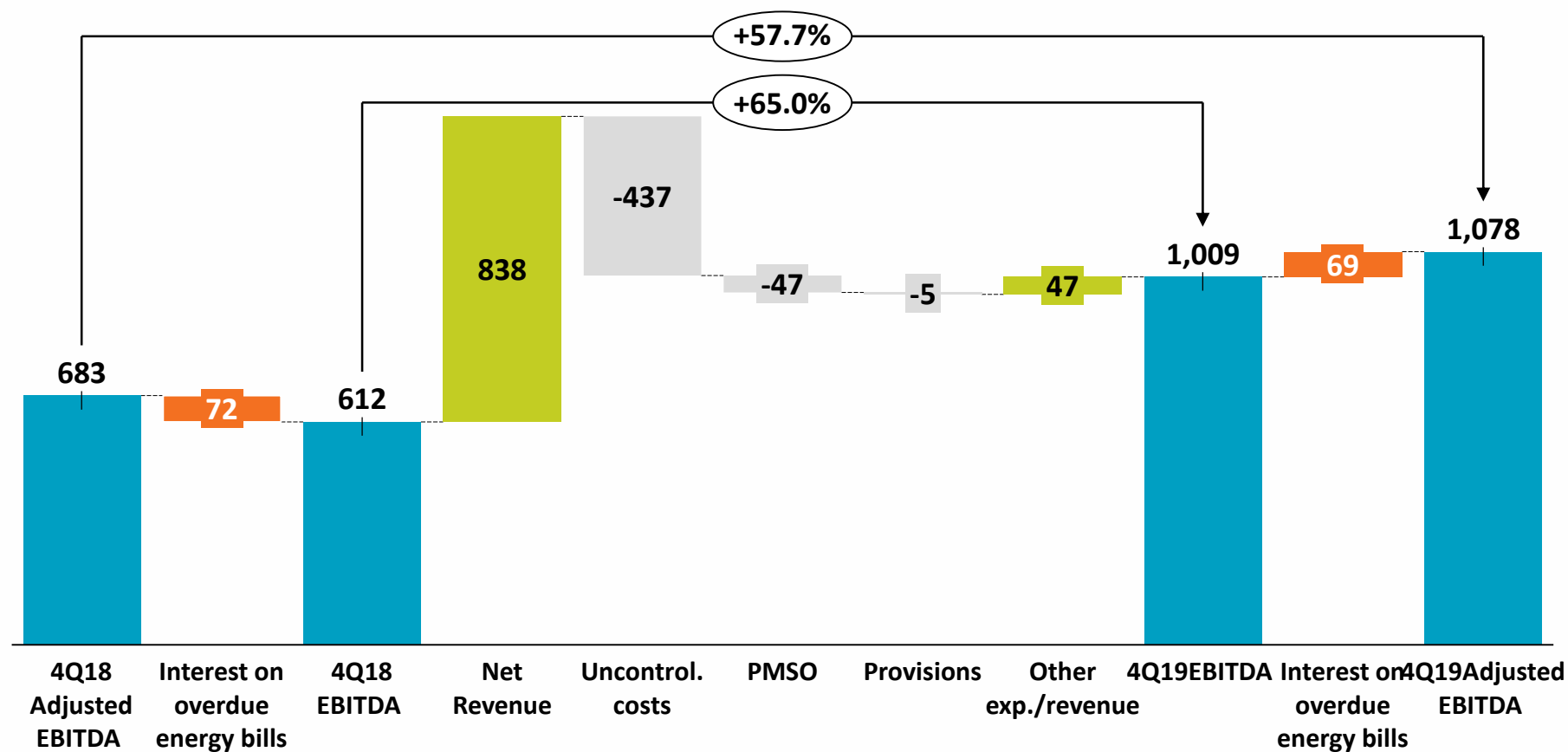


2019



Consolidated EBITDA

EBITDA and ADJUSTED EBITDA
Pro Forma without ERO and EAC (R\$ MN)

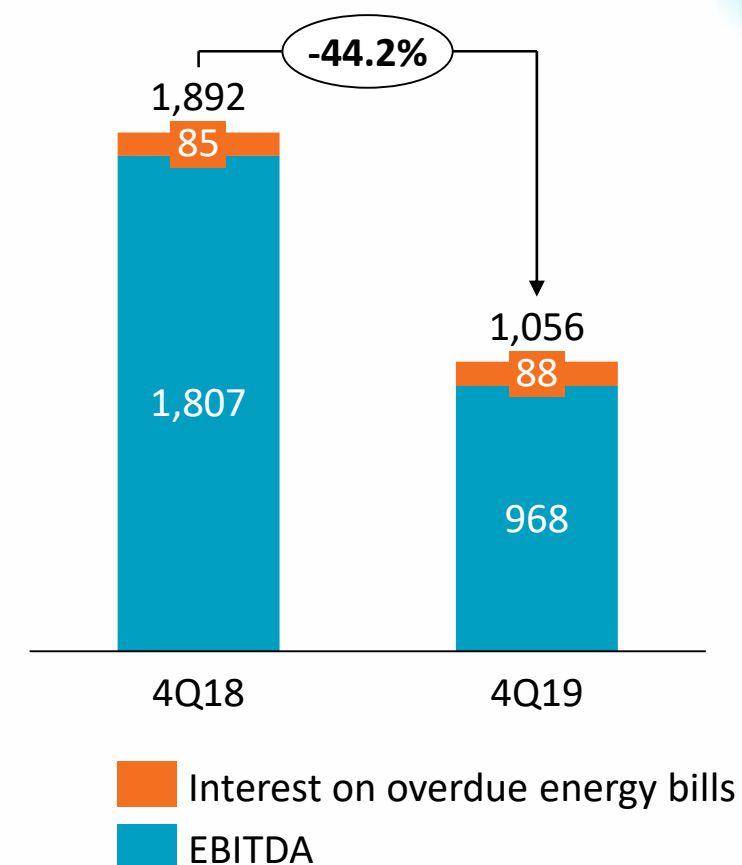


EBITDA EXCLUDING NON-RECURRING EFFECTS
Pro Forma (R\$ MN)

Description (R\$ million)	4Q19	4Q18	Var. %	2019	2018	Var. %
(=) Pro forma EBITDA (without ERO and EAC)	1,009.0	611.5	+ 65.0	3,699.0	2,621.8	+ 41.1
(+) Non-recurring effects	(295.5)	(16.4)	+ 1,707.1	(633.3)	(302.6)	+ 109.3
(=) EBITDA with non-cash adjustments / non-recurring (without ERO and EAC)	713.4	595.2	+ 19.9	3,065.6	2,319.2	+ 32.2

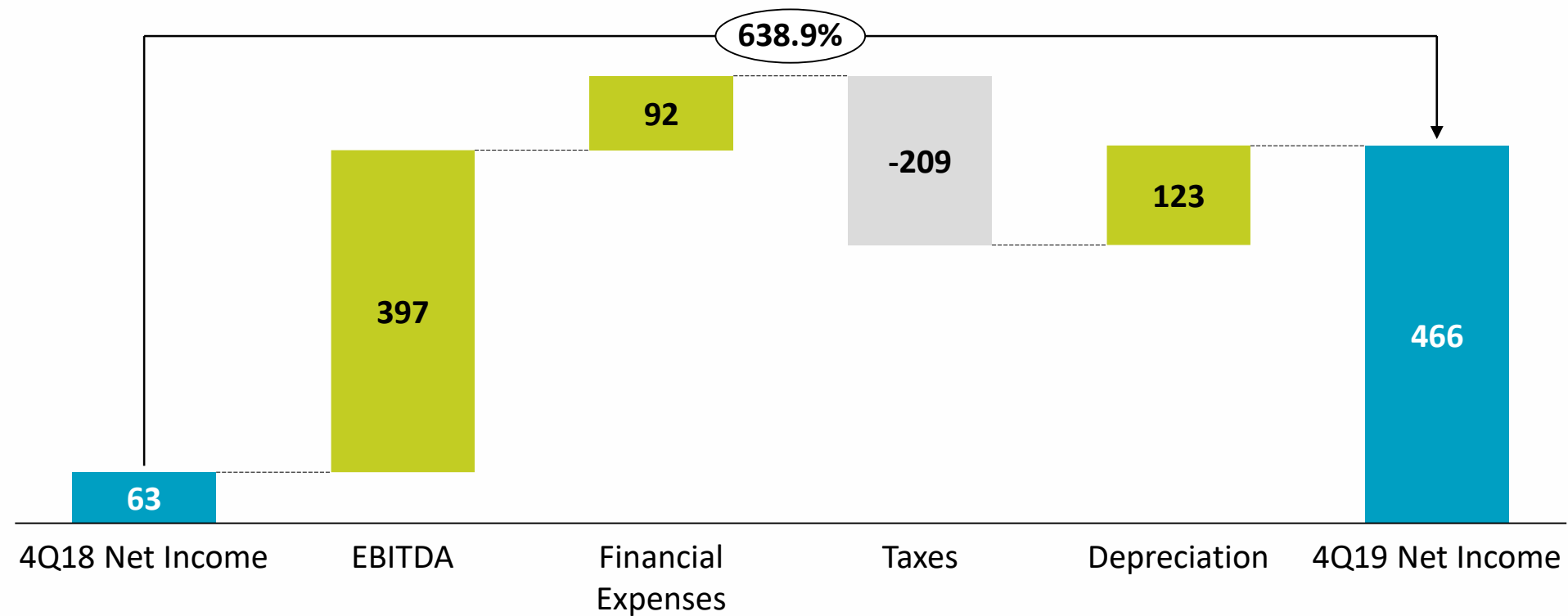
*See appendix for description of non recurring effects
Pro forma: only legacy companies, without considering ERO and EAC (unaudited)

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



Consolidated Net Income

NET INCOME Pro Forma without ERO and EAC (R\$ MN)



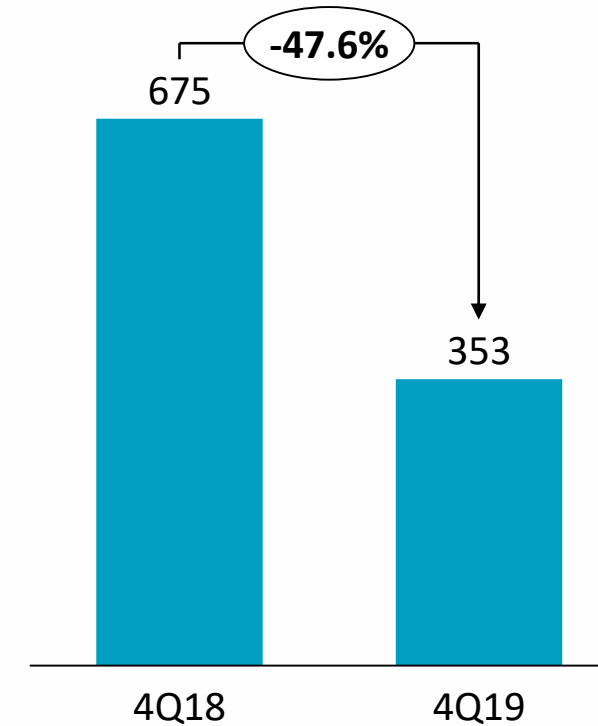
NET INCOME EXCLUDING NON-RECURRING EFFECTS Pro Forma (R\$ MN)

Description (R\$ million)	4Q19	4Q18	Var. %	2019	2018	Var. %
(=) Pro forma Net Income (without ERO and EAC)	466.2	63.1	+ 638.9	1,176.5	568.2	+ 107.1
(+) Non-recurring effects	(81.6)	159.0	-	247.2	161.3	+ 53.2
(=) Net Income with non-cash adjustments / non-recurring (without ERO and EAC)	384.6	222.1	+ 73.2	1,423.7	729.5	+ 95.2

*See appendix for description of non recurring effects

Pro forma: only legacy companies, without considering ERO and EAC (unaudited)

NET INCOME Official/Audited (R\$ MN)



- ▶ ERO Net Loss: R\$ 97.3 milhões
- ▶ EAC Net Loss: R\$ 1.9 milhões

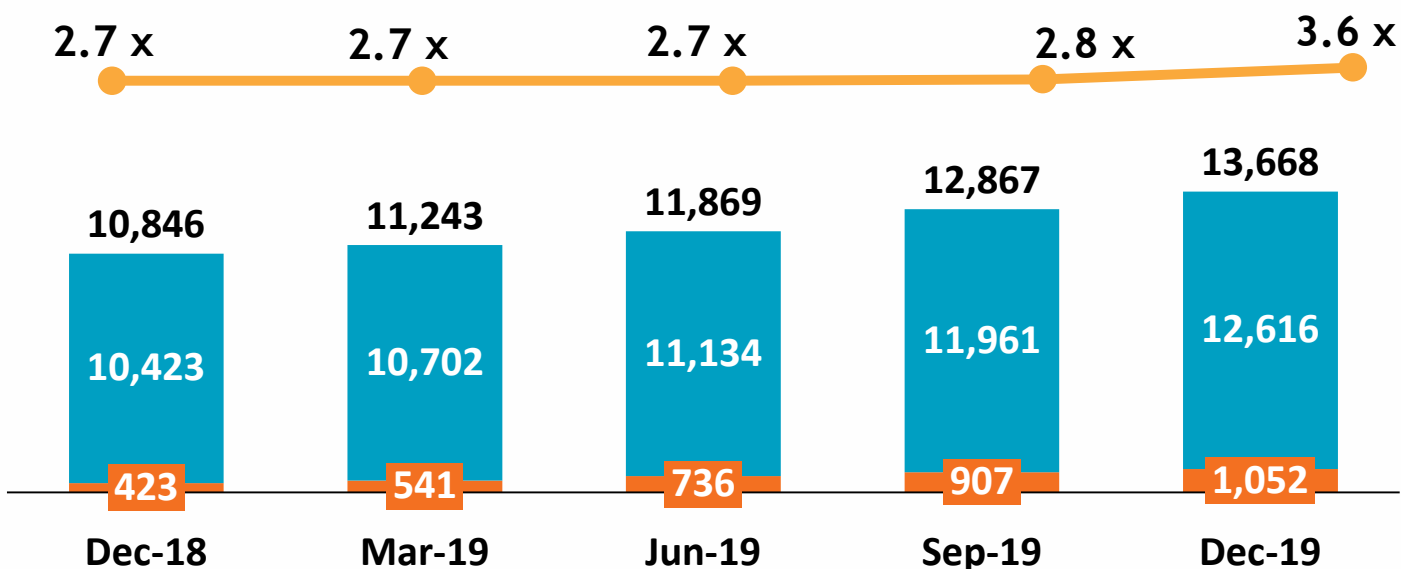


Indebtedness

Decrease in the average cost of debt



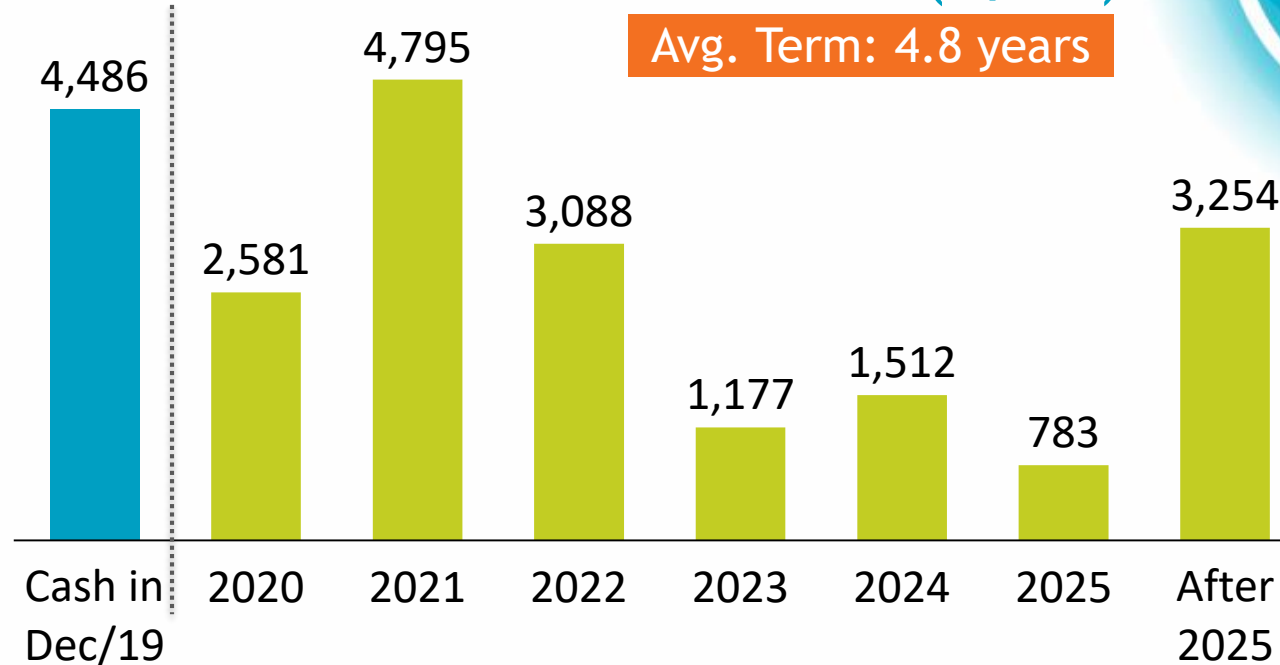
DEBT



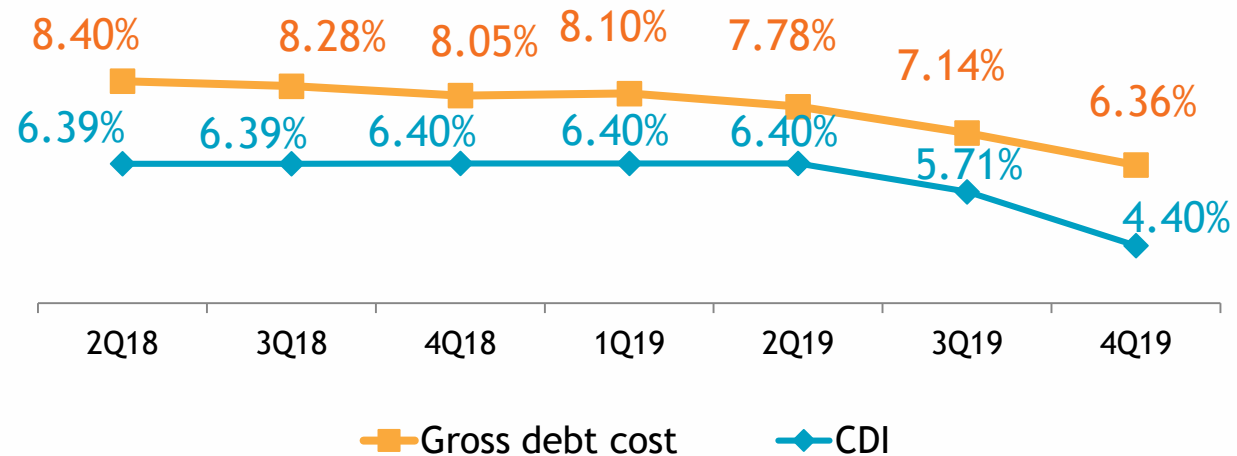
■ Consolidated Net Debt
■ MTM 7th Issuance
—●— Net Debt/Adjusted EBITDA LTM

DEBT AMORTIZATION SCHEDULE (R\$ MN)

Avg. Term: 4.8 years



NET DEBT COST



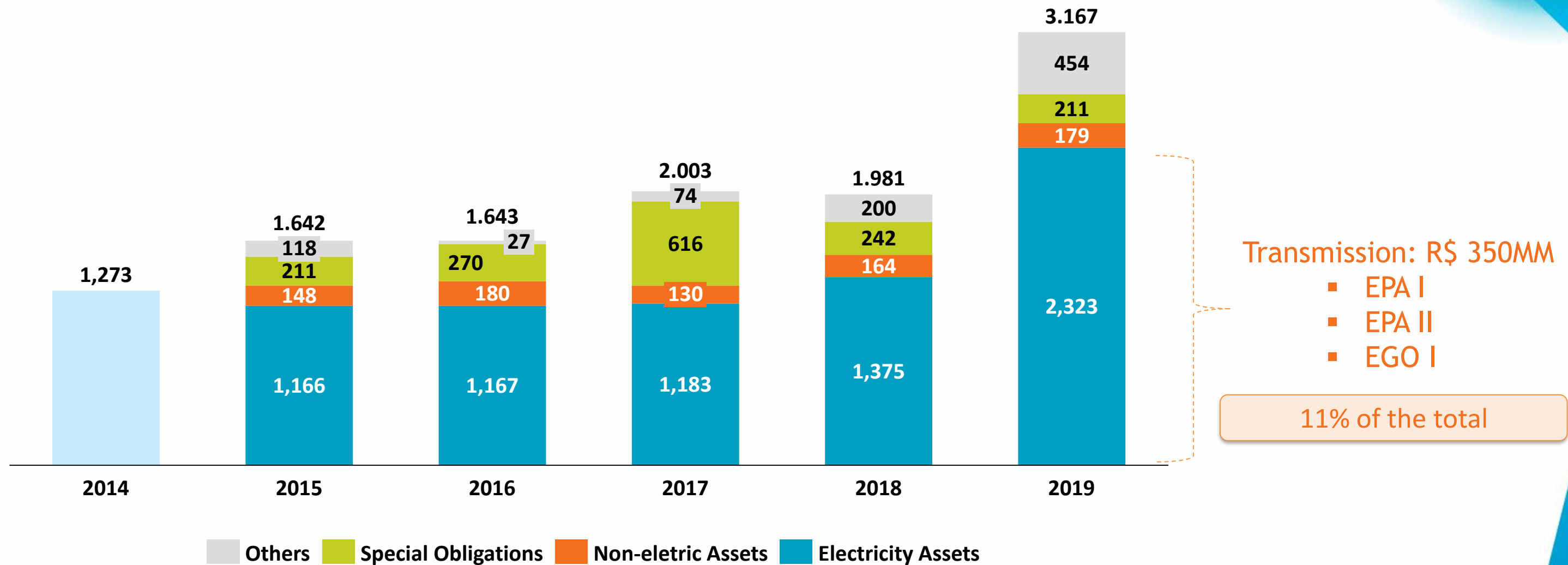
RATINGS

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



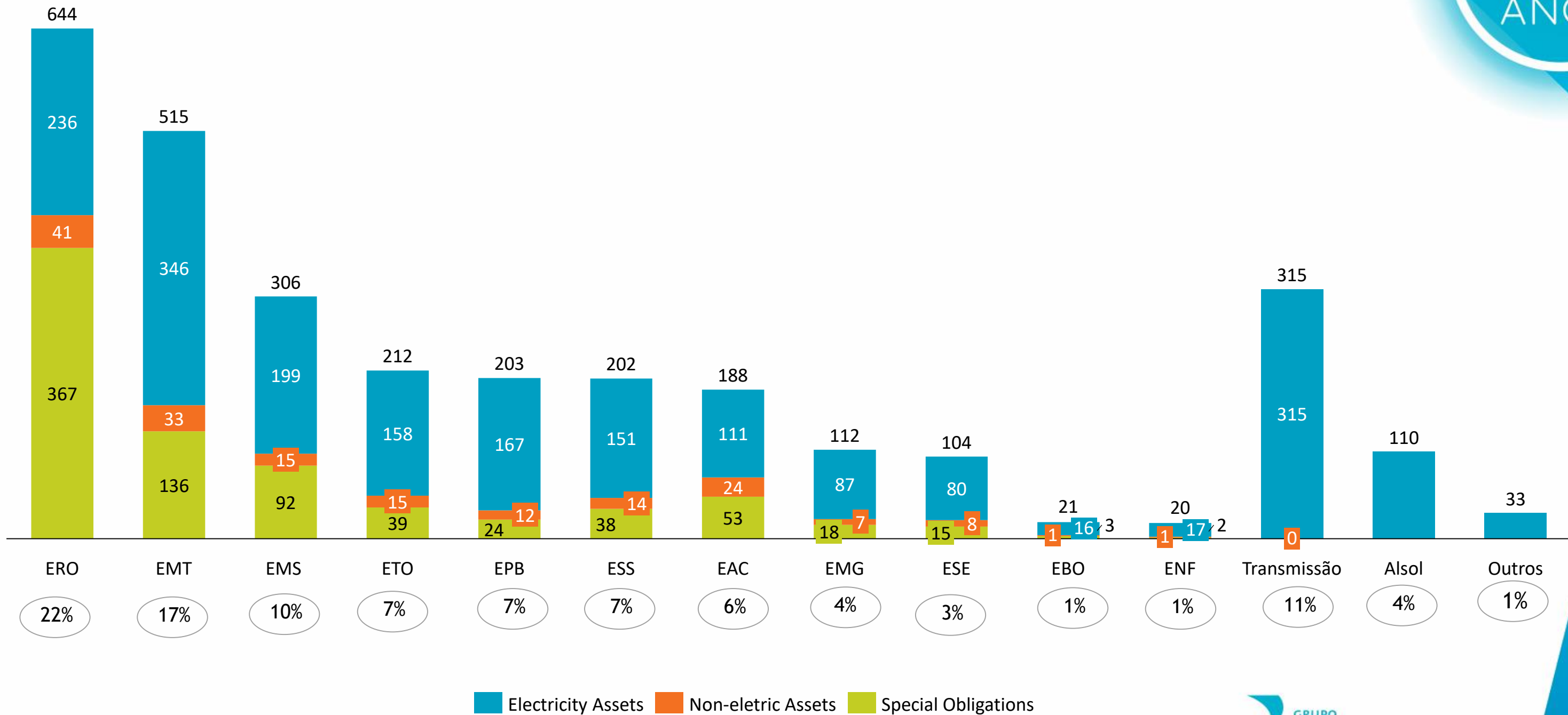
Investments

Total investments of R\$ 3,167 million in 2019 were 74.3% higher than the average of the last four years of R\$ 1,817



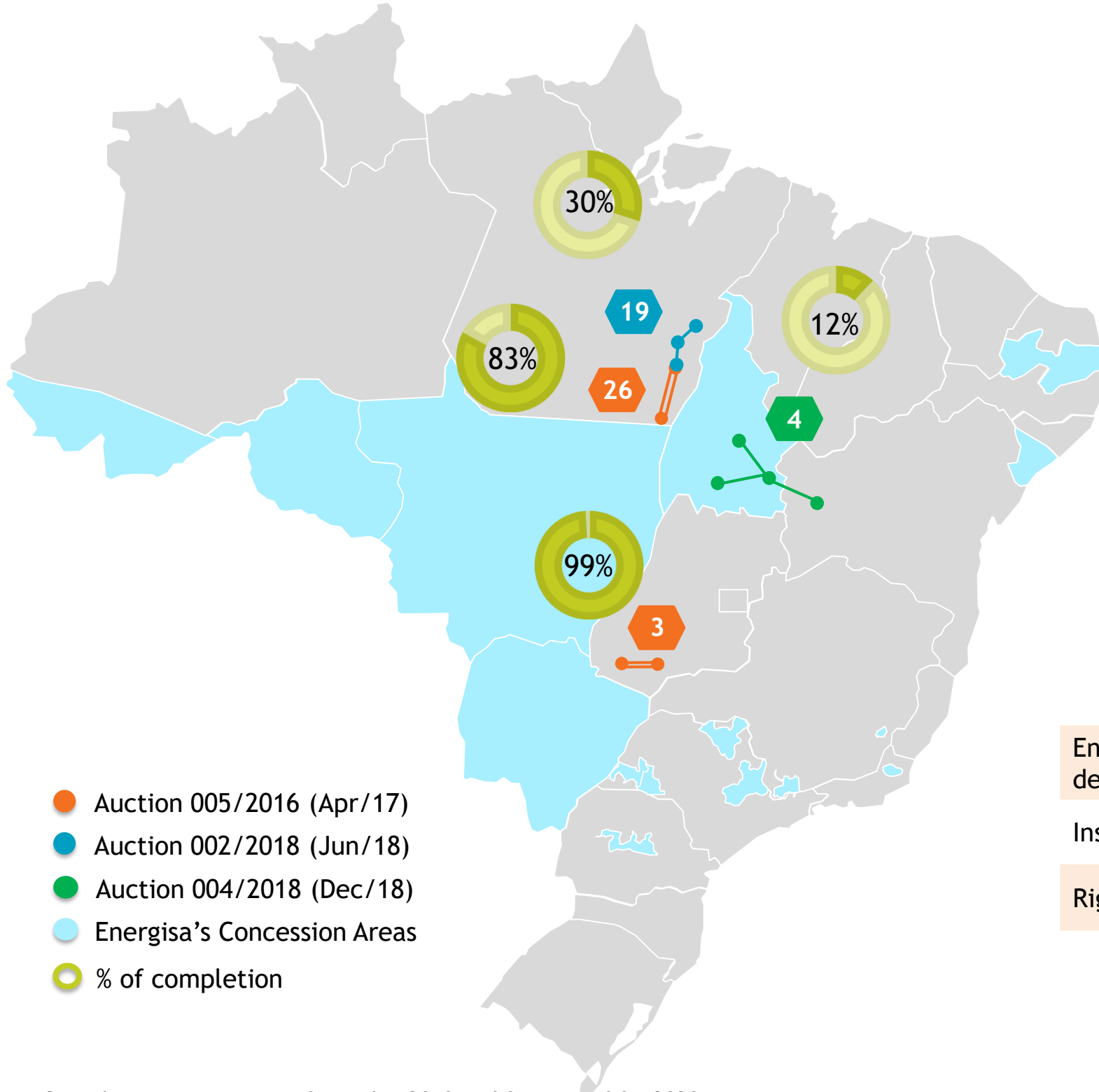
Investments

ERO and EMT will receive 39% of the estimated investments of R\$ 3,0 billion for 2020



Transmission

Licenses and protocols in accordance with the planned schedule



- Auction 005/2016 (Apr/17)
- Auction 002/2018 (Jun/18)
- Auction 004/2018 (Dec/18)
- Energisa's Concession Areas
- % of completion

	Block 03 Energisa Goiás Transmissora I	Block 26 Energisa Pará Transmissora I	Block 19 Energisa Pará Transmissora II	Block 4 Energisa Tocantins Transmissora
Auction Date	Apr/17	Apr/17	Jun/18	Dec/18
Location	Goiás	Pará	Pará	Tocantins
Extension	136 km (CD)	296 km (CD)	139 km	772 km
Expected Capex	R\$ 231* million	R\$ 309 million	R\$ 380 million	R\$ 619 million
RAP** Awarded	R\$ 40 million	R\$ 51 million	R\$ 35 million	R\$ 65 million
Beginning of operations (estimated Aneel)	Until Aug/2021	Until Feb/2022	Until Mar/2023	Until Mar/2024
Expected anticipation	16 months	12 months	12 months	14 months

	STATUS			
Environmental studies development	✓	✓	✓	◐
Installation License	✓	✓	✓	◐
Right of way negotiations	100%	100%	98%	15%

* Considers investments performed in 2019 and forecasted for 2020

** Annual Permitted Revenue

RAP and CAPEX adjusted by IPCA (Dec/19); % of completion as of Feb/20



Thank you

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

Appendix



Consolidated

Description (R\$ million)	4Q19	4Q18	Var. %	2019	2018	Var. %
(=) Pro forma EBITDA (without 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 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	-
(-) Energy Over Contracting	-	-	-	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 non-cash adjustments / non-recurring (without ERO and EAC)	713.4	595.2	+ 19.9	3,065.6	2,319.2	+ 32.2

Per Company

4Q19 (R\$ million)	EMG	ENF	ESE	EBO	EPB	EMT	EMS	ETO	ESS	ESA	Other companies	Consolidated
(=) Pro forma EBITDA (without ERO and EAC)	26.5	6.4	62.8	12.3	114.9	260.3	176.3	66.6	56.1	(6.7)	233.6	1,008.9
(+) Rescission costs	0.1	-	0.0	0.1	0.3	1.2	1.1	0.2	0.3	0.2	0.6	4.2
(+) Mark-to-market Trading Company (CPC 48)	-	-	-	-	-	-	-	-	-	-	(73.3)	(73.3)
(-) Concession financial asset (VNR)	0.5	0.1	5.0	1.2	10.5	44.2	18.2	7.8	0.9	-	-	88.4
(-) Adoption of IFRS 15 for transmission segment	-	-	-	-	-	-	-	-	-	-	138.0	138.0
(=) EBITDA with non-cash adjustments / non-recurring (without ERO and EAC)	26.2	6.3	57.8	11.3	104.6	217.4	159.2	59.0	55.5	(6.6)	22.8	713.4

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

Appendix

Consolidated

Description (R\$ million)	4Q19	4Q18	Var. %	2019	2018	Var. %
(=) Pro forma Net Income (without 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 7 th issuance debentures	144.2	165.0	- 12.6	627.8	272.4	+ 130.5
(+) Mark-to-market Trading Company (CPC 48)	(48.4)	-	-	-43.3	-	-
(+) Provision for success fees (EMT)	-	-	-	-	14.5	+ 0.0
(-) Re-recording of CVA (EMT and EMS)	-	-	-	-	40.0	-
(-) Reversal of the provision for VNR Financial Restatement (EMT, EMS and ESE)	-	-	-	-	92.5	-
(-) Reversal of provision to adjust to present value credits receivable from Tocantins State	-	-	-	26.4	-	-
(-) Energy Over Contracting	-	-	-	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	-	0.0	11.8	-
(=) Net Income with non-cash adjustments / non-recurring (without ERO and EAC)	384.6	222.1	+ 73.2	1,423.7	729.5	+ 95.2

Per Company

4Q19 (R\$ million)	EMG	ENF	ESE	EBO	EPB	EMT	EMS	ETO	ESS	ESA	Other companies	Consolidated
(=) Pro forma Net Income (without ERO and EAC)	7.4	2.7	39.5	9.0	85.3	171.0	101.4	32.5	33.9	(3.4)	(13.3)	466.2
(+) Rescission costs	0.1	-	0.0	0.1	0.3	1.0	0.7	0.2	0.2	0.1	0.4	3.1
(+) Mark-to-market of 7 th issuance debentures	-	-	-	-	-	-	-	-	-	144.2	-	144.2
(+) Mark-to-market Trading Company (CPC 48)	-	-	-	-	-	-	-	-	-	-	(48.4)	(48.4)
(-) Adoption of IFRS 15 for transmission segment	-	-	-	-	-	-	-	-	-	-	180.4	180.4
(=) Net Income with non-cash adjustments / non-recurring (without ERO and EAC)	7.5	2.7	39.5	9.1	85.6	172.0	102.1	32.7	34.1	140.9	(241.7)	384.6

