

# CELG-D Acquisition Call

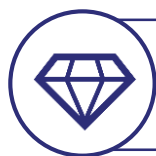
September 23, 2022

## Important Advance in Consolidation of the Distribution Sector

### ACQUISITION HIGHLIGHTS



**UNIQUE** and **TRANSFORMATIONAL**  
opportunity



**ATTRACTIVE** estimated **RETURN** and  
**LONG CONCESSION DURATION**



**GOIÁS:**  
**HIGH POTENCIAL GROWTH**  
market



**GEOGRAPHIC** and market profile  
**DIVERSIFICATION**



**SIGNIFICANT GROWTH IN EBITDA**  
on Tariff Review Oct/2023



**ACQUISITION 100% FUNDED**



**LOWER COMMERCIAL COMPLEXITY**  
asset into the portfolio



**+3.3 MILLION CLIENTS**  
(+30% portfolio growth)



Perfect **TIMING** for another  
acquisition

- Mature **transmission** assets
- 4 **mature DisCos**
- **CEEE-D** turnaround on track



# Value Generation

## Unique look to identify opportunities

2004 EQTL MARANHÃO

2012 EQTL PARÁ

2018 EQTL PIAUÍ

2019 EQTL ALAGOAS

2021 CEEE-D (RS)

2021 CEA (AP)

**+1.5X**  
vs. Original  
Estimated Return

**+1.5X**

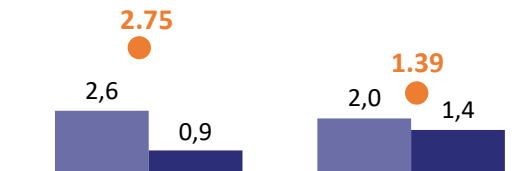
**+6X**



### EV/RAB – Acquisition<sup>1</sup>

R\$ Bln ● EV/RAB ■ EV ■ RAB

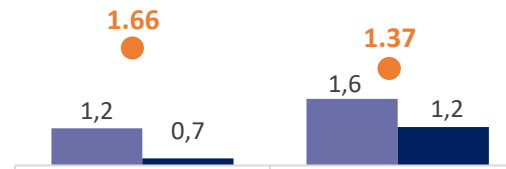
#### EQTL Piauí



Market Perception

EQTL

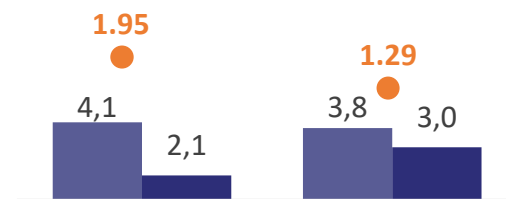
#### EQTL Alagoas



Market Perception

EQTL

#### CEEE-D



Market Perception

EQTL

In all of our Distribution assets, we were the only player to submit a proposal

<sup>1</sup> – Considers: (a) For EQTL PI, EV = (Net Debt + Contribution – Physical Leftovers) and RAB = (RAB Eletrobras / (RAB RTE – Investments)) deflated at the time of acquisition | (b) for EQTL AL, EC= (Net debt + Contribution - Physical Leftovers) and RAB = (RAB Eletrobras/ (RAB RTE - investments)) deflated at the time of acquisition | (c) for CEEE-D, EV=(Net debt – Pro forma proforma of ICMS liabilities) and RAB = Average Sell Sides RAB (Market Perception) and RAB RTP (EQTL)

# Deal Structure

## Overview

### Acquisition Data

Data Base Mar-22	(R\$ million)
<b>(+) Equity</b>	<b>1,575</b>
(+) Intercompany loans	5,717
(+) Other Debts and Instruments	686
(-) Cash and Cash Equivalents	-424
<b>(=) Net Debt<sup>1</sup></b>	<b>5,979</b>

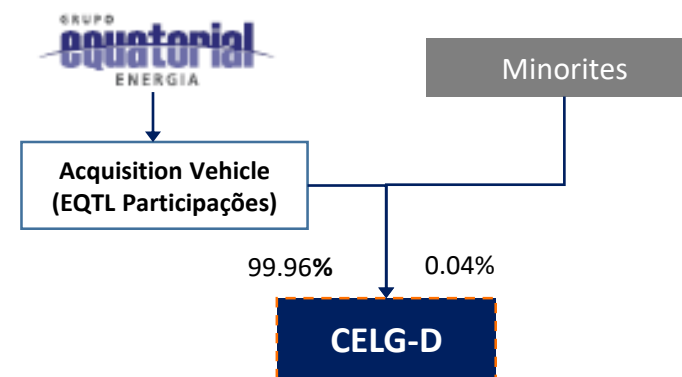
Net Equity  
(mar/22):  
**R\$ 5,848 MM**

1 - There is an equity correction by SELIC and a price adjustment mechanism until closing.

### Closing Conditions

- CADE approval
- ANEEL approval
- Definition of the **Control Transfer Plan**

### Post-Acquisition Corporate Structure



## CONSOLIDATED NET REVENUE

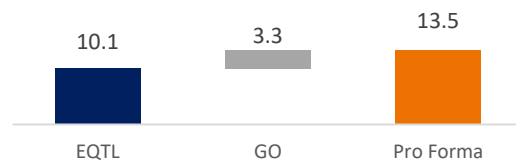
**R\$ 27.9** **R\$ 37.7**  
billion | (2Q22 LTM) billion | (Proforma 2Q22 LTM)

### Portfolio Overview – post acquisition

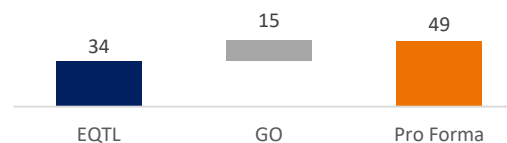


## DISTRIBUTION 7 DisCos

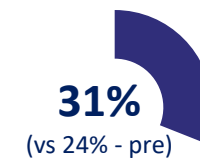
Clients (million)



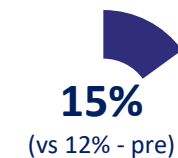
Distributed Energy (TWh)



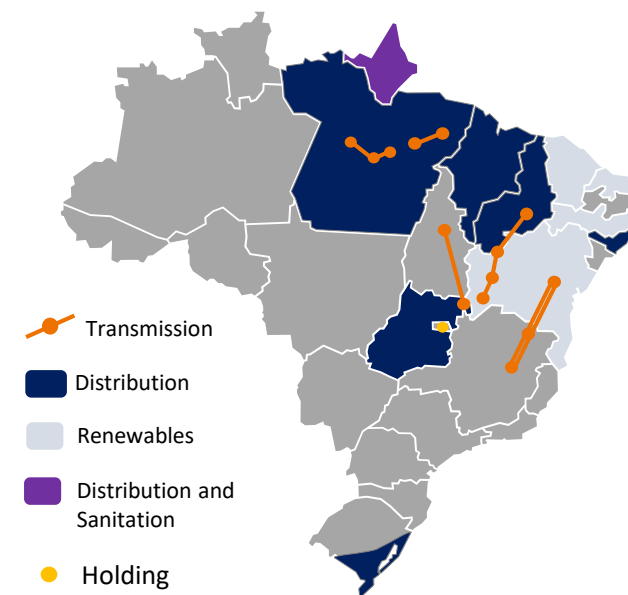
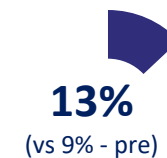
% National Territory



# of Clients



Energy Volume



# CELG-D - overview

The Biggest Asset of Our Portfolio in number of customers

## Concession Area

### Main characteristics of the concession

Concession area (Km<sup>2</sup>) 336,871

Counties 237

Distributed energy (GWh) - 12M 14,987

Total Losses (%) - 12M 13.5%

Concession Due 2045

### Intangible and Financial Assets of the Concession (2Q22)

	R\$ mm	jun/22
Fixed Assets		2,047
Intangible		8,055
(-) Goodwill		3,290
<b>(=) Sub total</b>		<b>6,812</b>
Indemnifiable asset		624
<b>Total<sup>1</sup></b>		<b>7,436</b>

Distribution lines (Km) 225,614

Substations 362

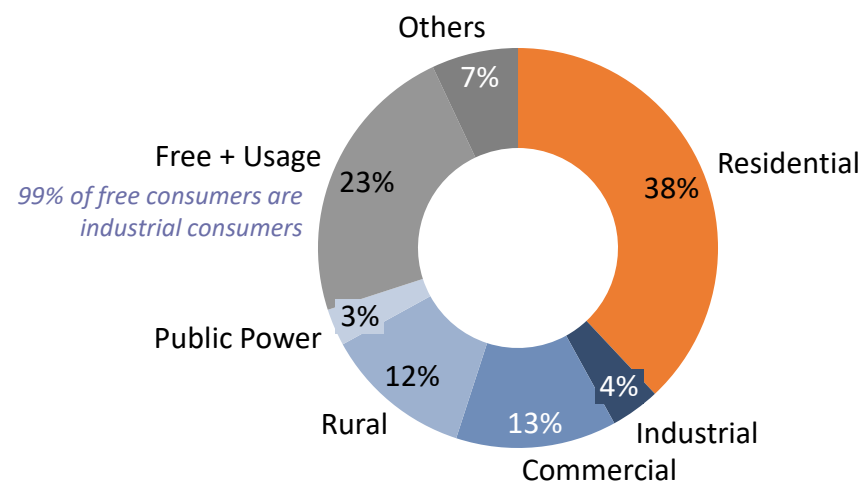
Concession	GO	CEEE-D (R\$)	PA	MA	PI	AL	CEA (AP)
Population (mn)	2 <sup>a</sup> 7.2	3.8	8.5	7.0	3.3	3.3	0.86
Consumers (mn)	1 <sup>a</sup> 3.3	1.8	2.8	2.6	1.4	1.2	0.2
GDP per capita (R\$/inhabitant)	2 <sup>a</sup> 23,411	37,371	18,426	12,800	13,937	15,977	19,405
Household Income (R\$/month)	2 <sup>a</sup> 1,258	1,628	883	676	859	796	893
Average Ticket (Kwh/Customer)	2 <sup>a</sup> 373	363	280.2	222.1	241.4	275.9	473.1
Average Residential Ticket (Kwh/Customer)	3 <sup>a</sup> 166.1	168.5	145.9	133.8	146.6	123.2	284.6
HDI	2 <sup>a</sup> 0.74	0.78	0.69	0.68	0.69	0.68	0.70
No. of Low Income / Residential Customers (%)	13.3	7.5	36.1	30.8	41.5	33.0	11.5
Concession Due	2045	2045	2028	2030	2048	2049	2051

1 –Historical values, w/o correction, excetep for Indemnifiable asset which take into account VNR adjusted for inflation

# Market Growth

Addition to the portfolio of a market with diversified consumption and growth above the national average

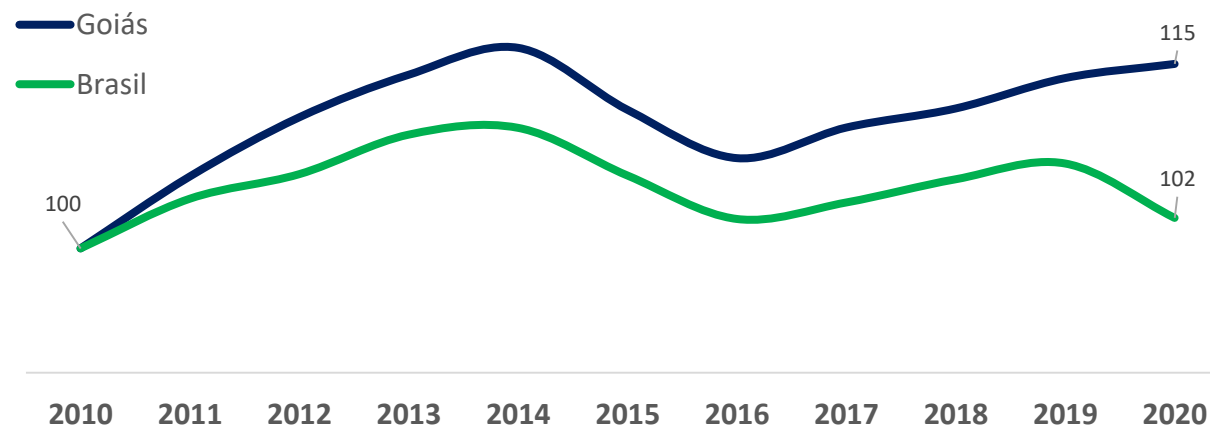
## Class Consumption (%)



## Highlights

- **Diversified** consumption matrix
- **Greater representation of the Rural sector** among our concessions
- Market with large consumers. **Highest % of free consumers among our distributors**

## GDP growth Goiás vs. Brazil (Base 100)



## GDP Composition (2020)



agribusiness: 67%



Industry: 21%



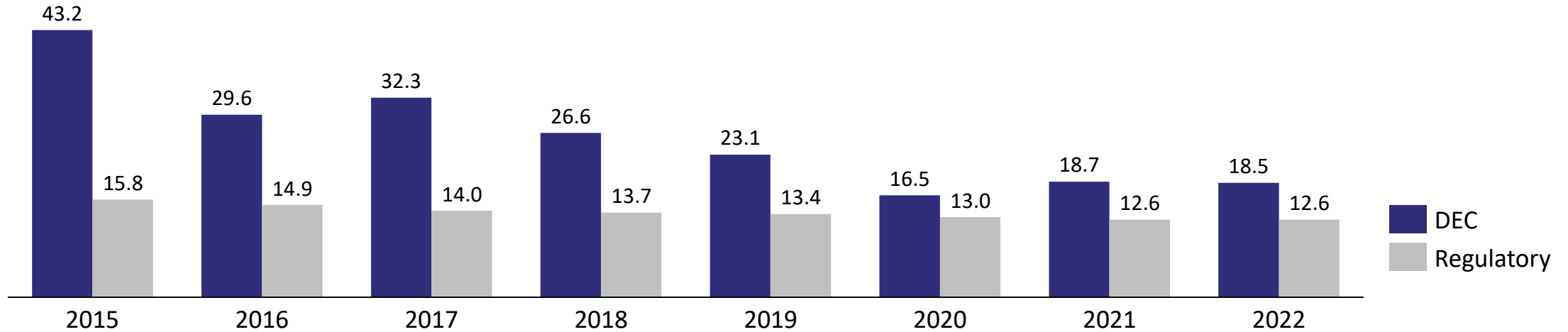
Services: 12%

- State with **economic performance consistently above national GDP**
- **Biofuel food accounts for more than 80% of the industry**
- **Mining sector stands out in investments**
- In times of deceleration, the GO state proved to be resilient with a lower % reduction

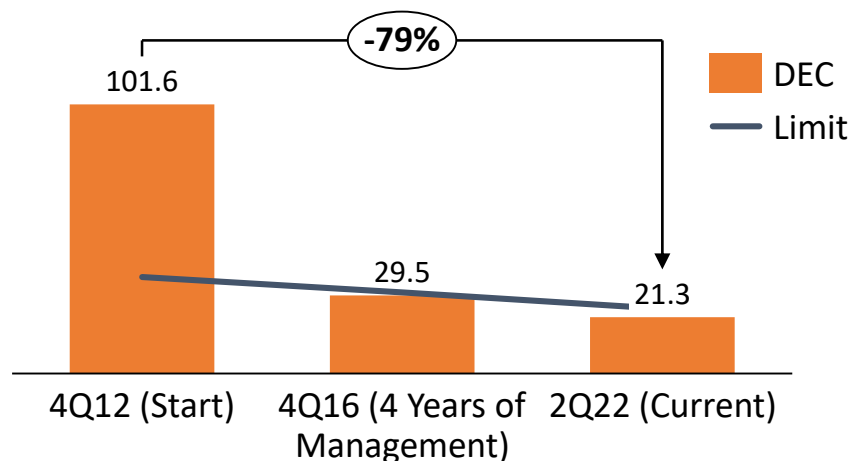
# Operation Quality

DEC is one of the main focuses of initial attention, especially in the interior

## DEC 12m vs Regulatory



## Experience in EQTL PA (Most complex asset)



## Characteristics

- DEC, although pulverized, is **more present in inner cities and rural regions**
- **FEC currently framed** in regulatory parameters
- **Precedent condition provides for approval of the Transition Plan** by ANEEL

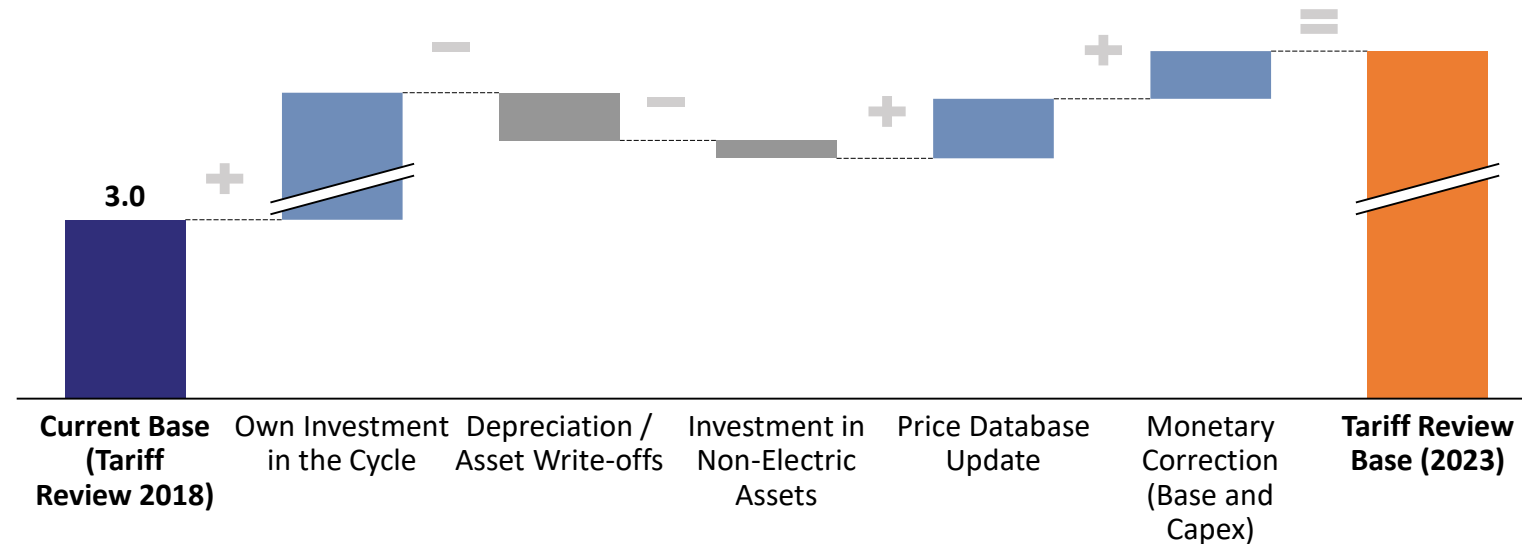


# Value Creation Opportunities

# Asset Base

## Gain Opportunities on next Tariff Review

### Asset Base - CELG-D (Projection Rationale)



### Opportunity in Investment Recognition

More than BRL 5.5 billion invested (VOC) since the last review, mostly in electrical assets (eligible capex).

### Asset Replacement Value (“VNR”)

VNR / VOC ratio

### Monetary Correction

Shielded regulatory asset base captures five years of monetary correction (IPCA) and incremental investments, which are evaluated at the record date (Apr/23) and also updated by inflation (IPCA)

### Expertise in regulatory processes

Almost full recognition of the investments made in the last processes carried out by the group

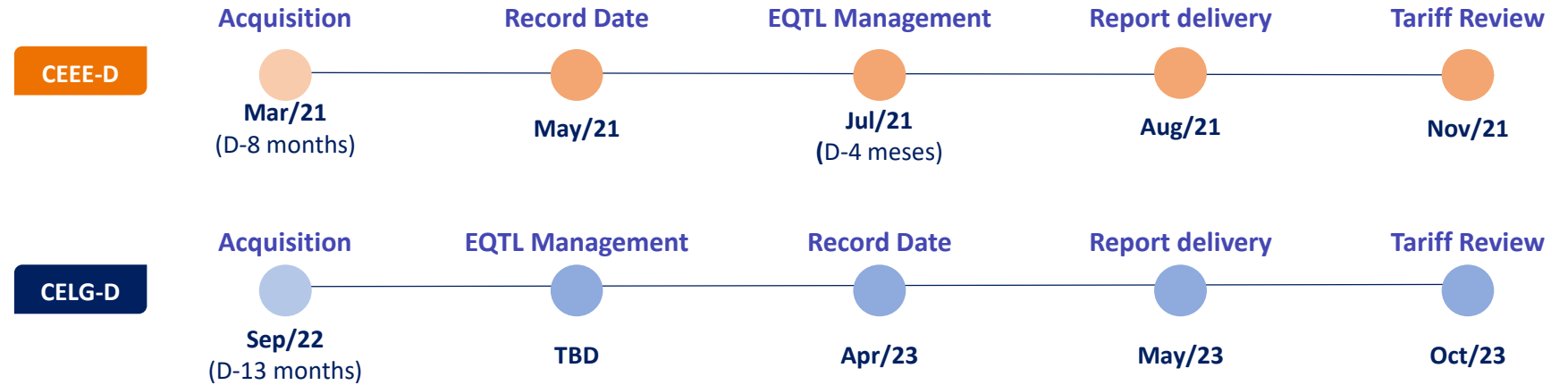
### Low level of write-off in tariff processes

Recent tariff processes bring a low history of write-offs on RAB investments. There was no write-offs in the last revisions of the Group.

### Tariff EBITDA

Repositioning will occur with the recognition of Capex executed in the previous management, allowing effective value generation

## Timeline – CELG-D Revision



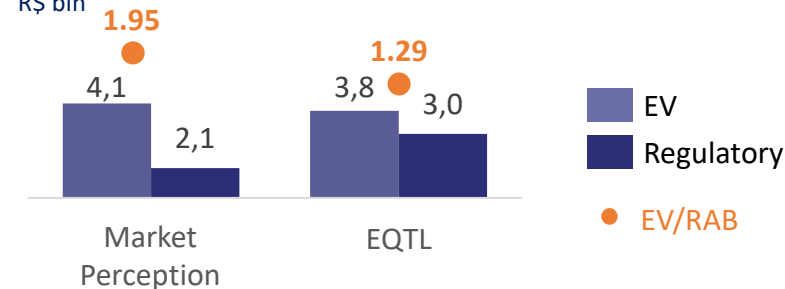
In RS (CEEE-D), technical report delivery took place 1 month before the start of management, yet we could improve the process

Start of Management will take place long before the tariff process, allowing the process to be conducted under EQTL management

## Tariff Review Result – CEEE-D

### EV/RAB - Acquisition

R\$ bln

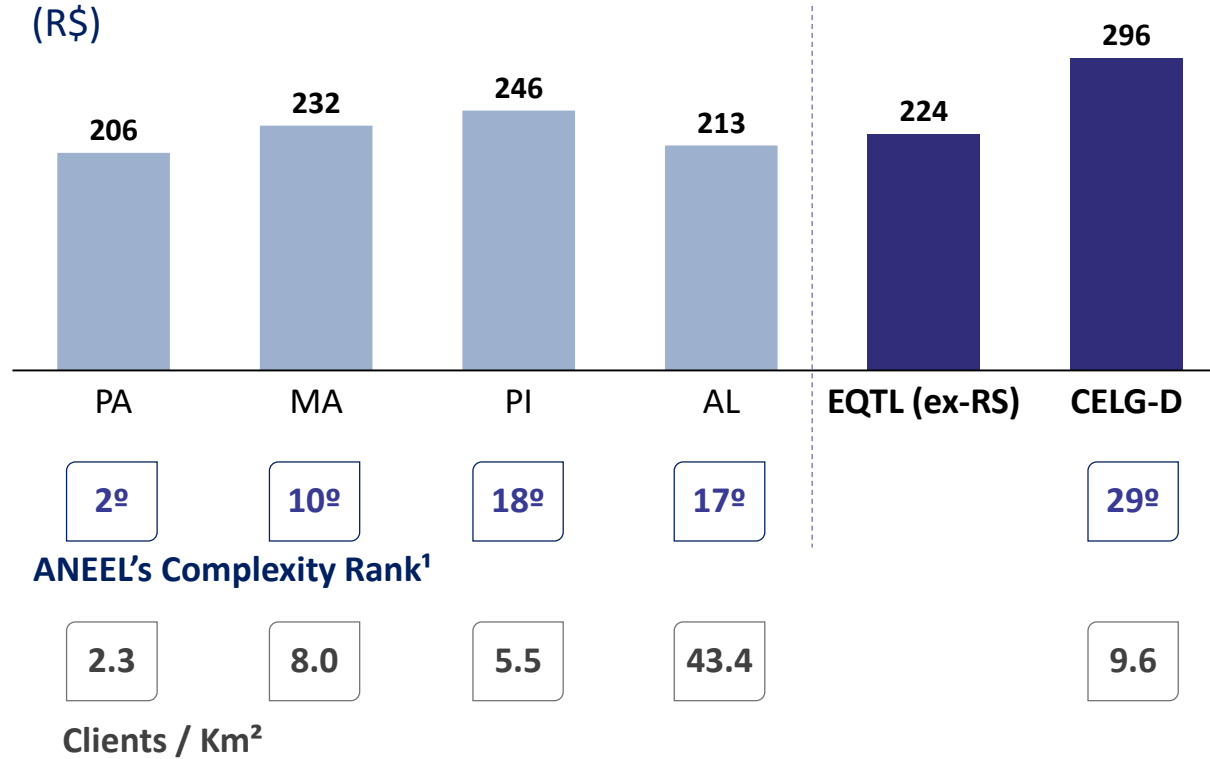


Diligent and detailed process in RS allowed **recognition of investment** in a scenario much higher than that estimated by the market

# Asset Base Review Process and recent history

## Integration Process takes into account the quality challenge

**OPEX / Consumer 12m**  
(R\$)



- Current **OPEX/Consumer** performance allows capturing efficiencies considering the consolidated level of the group

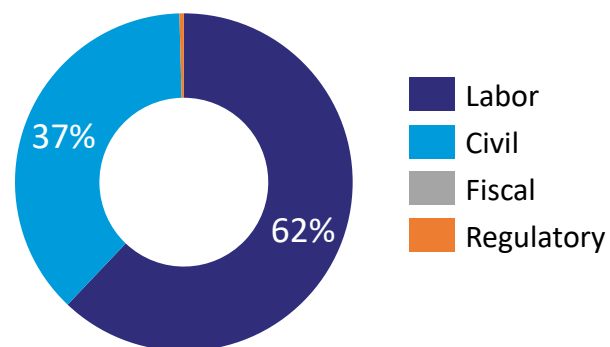
# Assets and Contingencies

## Main accounting

### Contingencies

Principais Contingências (31/Mar/22)	R\$ MM
(+) Legal Provisions	393
(+) Post-employment obligations	205
(+) Installment Itaipu	493
(+) FUNAC	782
(-) Linked Deposits	-156
<b>TOTAL</b>	<b>1,727</b>

### FUNAC – Liability Structure<sup>1</sup>



### FUNAC (ITR 1Q22)

Liability	R\$ (782) mm
Asset	R\$ 881mm
Total (Net)	R\$ ~99 mm

### Asset

FUNAC	R\$ 881mm
Tax Credits	R\$ 1,094 mm
Regulatory Assets	R\$ 274 mm
<b>TOTAL</b>	<b>R\$ 2,249 mm</b>

Proven experience in the management of complex disputes in the electricity sector

- one of the largest judicial recoveries in Brazil;
- settlement of multiple public civil actions and class actions;
- efficient management of volume litigation.



# Transaction Equation

Funding 100% contracted

## Equity

R\$ 1.6 bln

## Own Resources



Cash or Dividends  
Subsidiaries

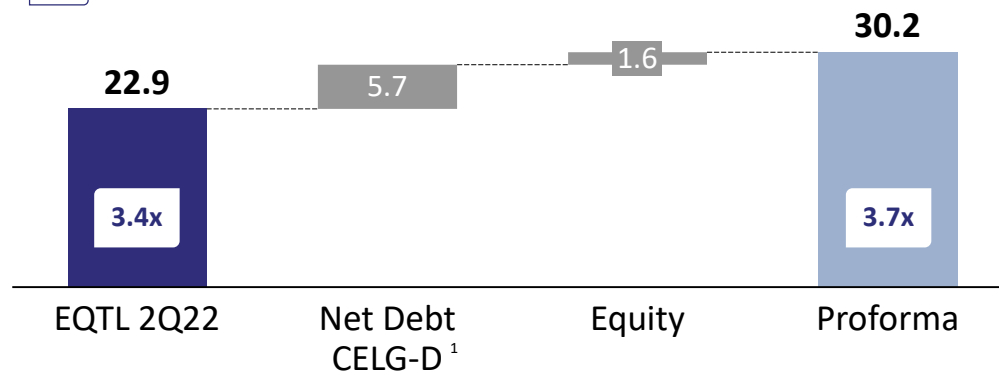
## Intercompany Loans

R\$ 5.7 bln

- Line of credit contracted
- Possibility of withdrawing up to **BRL 7 billion**
- Pre-defined and **granted** conditions
- **Intercompany Loan** payment term up to 12 months after closing

## Proforma leverage

x Net Debt / EBITDA 12m



1 – Consider regulatory assets (R\$ 274 million)

## Options

- Use **leverage space** temporarily (4.5x limit)
- **Temporary** equity structure
- Operations for **Asset Recycling** (total or partial)

# Final Considerations

## RATIONALE AND CHARACTERISTICS

**Transformational  
opportunity with** unique  
characteristics

**Diversification and  
strengthening of the  
portfolio**

**+3.3 million** new  
customers

Funding **100%  
balanced**

## SHAREHOLDERS

**High potential for  
generating value**

**Financial discipline  
in capital allocation**

## GOVERNMENT AND SOCIETY

**Community  
relationship  
recovery**

**Service  
quality and  
reliability**

**Satisfaction of our  
consumers and the  
population of Goiás**

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