



PRESS RELEASE

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COELCE`S INVESTMENTS UP 13% IN 9M 2016

MAIN FINANCIAL HIGHLIGHTS (*millions of Brazilian reais*)

	9M 2016	9M 2015	Change
Revenues	4,577.0	4,706.3	-3%
EBITDA	516.9	562.7	- 8%
EBIT	400.6	456.7	- 12%
Net income	278.0	313.2	-11%
Net debt	907.5	1,212.0	-25%
Capex	332.6	295.6	+13%

Carlo Zorzoli, Enel's Country Manager for Brazil, said: *“We have increased our investments with the aim of speeding up new connections in Ceará and modernising our distribution network. We will continue to do so and keep improving the company's recognised quality of service that led Coelce to be selected as the best energy distributor in the country for the sixth time by Brazilian Distributors Association Abradee. Our financial performance in the period has been affected by certain factors such as increased provisions for non-payment of electricity bills, following the country's economic downturn, and regulatory liabilities.”*

Fortaleza, November 3rd, 2016 – Coelce's Board of Directors has approved the company's financial results for the first nine month of 2016.

- **Revenues** down by 3%, mainly due to recognition of regulatory liabilities¹ resulting from lower electricity purchase costs in 9M 2016, to be deducted in 2017 tariff adjustment. This effect was partially offset by:
 - 2015 extraordinary tariff adjustment and tariff review and by April 2016 tariff adjustment approved by ANEEL.
 - 1.7% increase in energy sales and transport.

¹ Order 4,621 enacted by Brazilian regulator ANEEL in November 2014, which allows distribution companies to record in their financial results non-manageable costs that are higher or lower than those recognised in the current tariff

- **EBITDA** down by 8%, mainly due to increased provisions for non-payment of electricity bills, as a consequence of Brazil's adverse macroeconomic environment.
- **EBIT** down by 12%, mainly due to higher depreciation and amortisation charges as a result of the increase in the asset base originated by investment in the period.
- **Net income** down by 11%, mainly due to EBITDA decline.
 - *Partially offset by lower net financial expenses resulting from the decline in net debt.*
- **Net financial debt** down by 25%, thanks to higher cash flow in 9M 2016 that was mainly due to accounts receivable cashed-in and lower energy purchase costs which resulted from better water availability in the country.
- **Capex** up 13% due to connection of new customers and modernisation of the distribution network.

OPERATIONAL HIGHLIGHTS

	1H 2016	1H 2015	Change
Energy sales and transport (GWh)	8,597	8,451	+1.7%
Customers	3,855,064	3,721,471	+3.6%

- **Energy sales and transport** grew due to higher number of customers (+3.6%).
 - *Of c. 133,500 new customers, 27,800 were residential and 21,700 rural.*