



PRESS RELEASE

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ENEL DISTRIBUIÇÃO RIO INVESTMENTS UP 14.5% IN 2016

MAIN FINANCIAL HIGHLIGHTS (millions of Brazilian reais)

	2016	2015	Change
Revenues	7,576.5	8,528.3	-11.2%
EBITDA	380.3	398.5	- 4.6%
EBIT	127.1	176.4	- 27.9%
Net income	(221.8)	(35.2)	>100%
Net debt	2,989.22	2,435.83	+22.7%
Capex	920.8	803.9	+14.5%

Carlo Zorzoli, Enel's Country Manager for Brazil, said: *"The investments we made to modernise the distribution network are already being reflected in improvements in the company's service quality indicators, as measured by national electricity sector regulator ANEEL. The solidity of our fundamentals and the confidence in our plan by our controlling shareholder are helping us to withstand the economic crisis that is mainly affecting the state of Rio de Janeiro and which had an impact on Enel Distribuição Rio's 2016 financial results."*

Niterói, February 22nd, 2016 – Enel Distribuição Rio Board of Directors has approved the company's financial results as of the end of 2016.

- **Revenues** down by 11%, mainly due to recognition of regulatory liabilities¹ resulting from lower electricity purchase costs in 2016, to be deducted from 2017 tariff adjustment.
 - Energy sales and transport slightly down by 1.4%, as a consequence of lower power consumption due to the Rio State and Brazil's economic slowdown.
 - Effects partially offset by March 2015 and March 2016 tariff adjustments approved by ANEEL.

¹ Order 4,621 enacted by 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 4.6%, mainly due to the negative impact arising from the increase in provisions for bad debt, mainly attributable to the adverse macroeconomic environment in Rio de Janeiro State and Brazil as a whole.
- **EBIT** down by 27.9%, mainly due to higher depreciation and amortisation charges as a result of the increase in the asset base resulting from higher investments in the period. Those investments were aimed at modernising the distribution network to improve service quality as well as connecting new customers.
- **Net income** down, mainly due to lower EBIT and rises in financial charges driven by higher debt to cover investments in modernising distribution network to improve service quality and in connecting new customers.
- **Net Financial Debt** up by 22.7% due to increase in loans received mainly from banks and parent company Enel Brasil, to finance Enel Distribuição Rio's investment plan and working capital.
 - *Debt further grew due to higher interest rates which caused an increase in financial costs.*
- **Capex** increased by 14.5%, and was mainly focused on modernisation of the distribution network to improve service quality and on connecting new customers.

OPERATIONAL HIGHLIGHTS

	2016	2015	Change
Energy Sale and Transport (GWh)	11,563	11,727	- 1.4%
Customers	3,060,357	2,976,005	+2.8%
DEC	22.29	27.80	- 19.8%
FEC	12.52	13.25	- 5.5%

- **Energy sales and transport** were slightly down due to lower electricity consumption per capita in the regulated market (-4.7%) that was in turn mainly attributable to Brazil's economic slowdown.
 - *Partially offset by the increase in number of customers (+2.8%).*
- **System Average Interruption Duration (SAIDI) and System Average Interruption Frequency (SAIFI) indexes** showed respective improvements of 19.8% and 5.5%, as a result of investments in improving the network.