



## PRESS RELEASE

### Media Relations

T +55 21 2613 7905  
M +55 21 99948 9173  
fernanda.rodrigues@enel.com  
caroline.nilo@enel.com  
www.eneldistribuicao.com.br

## ENEL DISTRIBUIÇÃO RIO INVESTMENTS UP 15.6% IN 1H 2017

- Company improves service quality. System average interruption duration index drops by 24.2%

### MAIN FINANCIAL HIGHLIGHTS (millions of Brazilian reais)

	1H2017	1H2016	Change
Revenues	4,004.46	3,673.17	+9.0%
EBITDA	251.17	166.25	+ 51.1%
EBIT	113.13	42.38	>100%
Net income	(165.50)	(126.69)	-30.6%
Net debt	3,347.42	2,799.60	+19.6%
Capex	438.16	378.96	+15.6%

**Carlo Zorzoli, Enel's Country Manager for Brazil, said:** "We continue to invest strongly in the improvement of service quality in our concession area. Specifically, we are focusing our investments on network digitisation, mainly through the implementation of remote controlled network automation system and the introduction of new technologies, such as Satellite Centres coupled with substation to better monitor the status of the grid, more effectively targeting energy losses. As a consequence of these investments, Enel Distribuição Rio's quality indicators, as measured by the National Electricity Regulatory Agency (Aneel), have already shown significant improvements such as a 24.4% decrease on the system average interruption duration index on the first half of last year. The economic crisis, especially in the State of Rio de Janeiro, is still impacting the company's results, but the amendment to the concession contract we have recently signed is expected to contribute to the improvement of the company's performance, partially reducing the negative effects caused by non-technical losses in our concession area."

**Niterói, July 25<sup>th</sup>, 2017** – Enel Distribuição Rio Board of Directors has published today the company's financial results in the first half of 2017.

- **Revenues** up by 9.0%, mainly due to lower recognition of regulatory liabilities<sup>1</sup> resulting from higher

<sup>1</sup> 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

electricity purchase costs in 1H 2017, to be deducted from 2018 tariff adjustment.

- *Partially offset by a 2.3% reduction in energy sales and transport and by the 2017 tariff adjustment, which reduced Enel Distribuição Rio costumers' tariff by 6.51% on average.*
- **EBITDA** up 51.1%, mainly due to higher revenues.
  - *The above growth more than offset the increase in provisions for bad debt mainly attributable to the adverse macroeconomic environment in Rio de Janeiro State.*
- **EBIT** up more than 100%, mainly due to EBITDA increase.
  - Partially offset by higher depreciation and amortisation charges associated to the increase in the asset base resulting from higher investments in the period aimed at modernising the distribution network.
- Enel Distribuição Rio posted a negative **net income**, whose decline was mainly due to the lower financial adjustment on the value of assets that are not fully depreciated at the end of the concession period and are reimbursed by the Federal government to the distribution company. The value of these assets is updated monthly in line with the inflation index, which decreased during the period, hence reducing the value of the reimbursement.
- **Net Financial Debt** up by 19.6%, as a result of operating cash flow in the last 12 months that could not fully cover all operating costs, investments and interests on debt during this period. Also due to accumulated interest on loans from parent company Enel Brasil and to 82 million BRL loan from the national development bank, BNDES, to finance Enel Distribuição Rio's investment plan.
  - *Partially offset by amortisation of part of the debt and charges in the last 12 months.*
- **Capex** up 15.6% on the same period of last year. Most of the investment was allocated to digitise and modernise the distribution network and to connect new customers.

## OPERATIONAL HIGHLIGHTS

	1H2017	1H2016	Change
<b>Energy Sale and Transport (GWh)</b>	5,948	6,088	-2.3%
<b>Customers</b>	3,007,921	3.019.171	-0.4%
<b>SAIDI</b>	20.06	26.52	-24.4%
<b>SAIFI</b>	12.08	13.21	-8.6%

- **Energy sales and transport** volumes dropped by 2.3% explained by the 8.1% decrease in the volume of energy sales in the regulated market, as a result of the State's economic slowdown.
  - *Partially offset by a 31% increase in the amount of energy sales and transport in the free market as a result of increasing numbers of customers switching to the free from the regulated market.*
- **System Average Interruption Duration (SAIDI) and System Average Interruption Frequency**

**(SAIFI) indexes** improved by 24.4% and respectively 8.6%, as a result of investments aimed at improving the network.