



## PRESS RELEASE

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## ENEL DISTRIBUIÇÃO RIO IMPROVES SERVICE QUALITY IN THE FIRST QUARTER OF 2017

- System average interruption duration index drops by 22.8%

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

	2017	2016	Change
Revenues	2,047.4	1,890.6	+8.3%
EBITDA	151.5	155.8	- 2.7%
EBIT	83.7	93.2	- 10.2%
Net income	(79.2)	(16.4)	>100%
Net debt	3,061.3	2,732.2	+12.0%
Capex	191.1	194.4	-1.7%

**Carlo Zorzoli, Enel's Country Manager for Brazil, said:** "We keep on improving Enel Distribuição Rio's quality of service indicators, as measured by the National Electricity Regulatory Agency (Aneel). Looking ahead, we are working towards achieving of the quality targets set for the company's concession area by the Brazilian regulator thanks to our investment in network digitisation, in fields such as remote control and network automation. Nevertheless, the economic crisis, especially in the state of Rio de Janeiro, is affecting our financial results. The new amendment to the concession contract for the Rio area that we have recently signed will contribute to the improvement of the company's performance and partially mitigate the effects of non technical losses in the State of Rio."

**Niterói, May 4<sup>th</sup>, 2016** – Enel Distribuição Rio Board of Directors has published today the company's financial results in the first quarter of 2017.

- **Revenues** up by 8.3%, mainly due to tariff adjustment approved in March 2016 by National Electricity Agency - ANEEL and slight increase of energy sales and transport (+1.6%).
- **EBITDA** down by 2.7%, mainly due to the negative impact arising from the increase in provisions for bad debt, more than offsetting the increase in revenues and mainly attributable to the adverse macroeconomic environment in Rio de Janeiro State.

- *EBITDA decrease was partially offset by a reduction in compensation paid to customers for energy interruptions, as a result of the improvements in the quality of service*
- **EBIT** down by 10.2%, mainly due to EBITDA decrease as well as to 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.
- **Net income** was down, 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 12%, due to accumulated interest on loans from parent company Enel Brasil and to 236 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** almost in line with the 1Q of 2016. Most of the investment was allocated to digitise and modernise the distribution network and to connect new customers.

## OPERATIONAL HIGHLIGHTS

	2017	2016	Change
<b>Energy Sale and Transport (GWh)</b>	3.177	3.128	+1,6%
<b>Customers</b>	3.077.465	2.995.885	+2,7%
<b>SAIDI</b>	20,54	26,59	-22,8%
<b>SAIFI</b>	12,52	12,83	-2,4%

- **Energy sales and transport** up due to a 40.1% increase in the amount of energy transport in the free market, due to increase in the number of clients who migrated from the regulated market to the free market.
  - *Partially offset by a 4.5% reduction in the amount of energy sales in the regulated market, as a result of the State's economic slowdown.*
- **System Average Interruption Duration (SAIDI) and System Average Interruption Frequency (SAIFI) indexes** improved by 22.8% and respectively 2.4%, as a result of investments in improving the network.