



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 58% IN 9M 2017

- Company continues to improve service quality: system average interruption duration and frequency indexes improved by 22.6% and 20.6% respectively compared to 9M 2016 figure

MAIN FINANCIAL HIGHLIGHTS (millions of Brazilian reais)

	9M 2017	9M 2016	Change
Revenues	6,126.98	5,469.90	+12.0%
EBITDA	337.49	219.92	+ 53.5%
EBIT	122.39	32.19	>100%
Net income	(253.73)	(199.07)	-27.5%
Net debt	3,767.78	2,975.97	+26.6%
Capex	902.24	571.47	+57.9%

Carlo Zorzoli, Enel's Country Manager for Brazil, said: "We have completed the first wave of investments to improve service quality through network digitisation, which led to the installation of remotely controlled network automation systems. Such an investment has already improved the System Average Interruption Duration and Frequency Indexes (SAIDI and SAIFI) registered between September 2016 and September 2017, as shown by the regulator ANEEL. Higher financial expenses to fund working capital and strong investments are still impacting the company's results. However, the amendment to the concession contract signed in March, as well as an expected adjustment of investments pending further regulatory measures aimed at reflecting the real situation of the concession area, are expected to contribute to the improvement of the company's performance in the medium term".

Niterói, October 30th, 2017 – Enel Distribuição Rio Board of Directors has published today the company's financial results in the first nine months of 2017.

- **Revenues** up by 12.0%, mainly due to higher recognition of regulatory credits¹ resulting from higher electricity purchase costs in 9M 2017, to be included in 2018 tariff adjustment.

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

- *Partially offset by a 2.4% reduction in energy sales and transport volumes and by the 2017 tariff adjustment, which reduced Enel Distribuição Rio costumers' tariff by 6.51% on average.*
- **EBITDA** up 53.5%, mainly due to higher revenues and lower provisions for bad debt.
- **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. The negative net income is also the result of higher financial expenses to fund working capital and investments.
- **Net Financial Debt** up by 26.6%, 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. It is also due to accumulated interest on loans from parent company Enel Brasil and to new loans from banks and Enel Brasil to finance Enel Distribuição Rio's investment plan and working capital.
 - *Partially offset by amortisation of part of the debt and charges in the last 12 months.*
- **Capex** up 57.9% 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

	9M 2017	9M 2016	Change
Energy Sale and Transport (GWh)	8,538	8,745	-2.4%
Customers	3,031,442	3,049,048	-0.6%
SAIDI	19.50	25.18	-22.6%
SAIFI	10.71	13.49	-20.6%

- **Energy sales and transport** volumes dropped by 2.4% due to the 7.8% decrease in the volume of energy sales in the regulated market, as a result of the State's economic slowdown.
 - *Partially offset by a 25.4% 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 22.6% and 20.6% respectively, as a result of investments aimed at improving the network.