



PRESS RELEASE

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ENEL DISTRIBUIÇÃO RIO CONTINUES INVESTMENTS IN 2017, IMPROVING SERVICE QUALITY

- Company's average system interruption duration and frequency indexes improved by 18.3% and 21.2% respectively compared to 2016 figure

MAIN FINANCIAL HIGHLIGHTS (millions of Brazilian reais)

	2017	2016	Change
Revenues	8,377.61	7,576.55	+10.6%
EBITDA	637.18	380.26	+ 67.6%
EBIT	342.56	127.12	>100%
Net income	(102.98)	(221.83)	+53.6%
Net debt	2,720.20	2,989.22	-9.0%
Capex	1,099.18	920.77	+19.4%

Carlo Zorzoli, Enel's Country Manager for Brazil, said: *"The performance of our distribution company in Rio was particularly satisfying, in light of the adverse market conditions we experienced throughout the year. System Average Interruption Duration and Frequency Indexes (SAIDI and SAIFI) are materially improving, specifically we reduced SAIDI by four hours in 2017. Our customer satisfaction index also increased by over 8%, mainly resulting from the investments carried out to improve service quality through the installation of remote-controlled network automation systems and from continuous improvement in customer care. We are also boosting the company's financial performance through operational and cost efficiency. We are confident about further positive impact on our results following the upcoming tariff revision in March 2018."*

Niterói, February 27th, 2018 – Enel Distribuição Rio's Board of Directors has published today the company's financial results for 2017.

- **Revenues** up mainly due to higher recognition of regulatory credits^[1], resulting from higher electricity purchase costs in 2017 and charges from higher hydrological risk (generation deficit in the country), to be included in the 2018 tariff adjustment.
 - *Partially offset by a 1.1% reduction in energy sales and transport volumes, due to the 6.1% decrease in the volume of energy sales in the regulated market, as a result of the State's economic slowdown, and by the 2017 tariff adjustment, which reduced Enel Distribuição Rio costumers' tariff by 6.51% on average.*
- **EBITDA** increased due to higher revenues, lower cost of materials and service and lower provisions for bad debt.
- **EBIT** up, mainly in line with 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 negative net income improved by 53.6%, mainly due to higher EBITDA.
- **Net Financial Debt** down as a result of a capital increase from parent company Enel Brasil.
 - *Partially offset by new debt contracted to finance the distribution company's investments.*
- **Capex** up on the same period of last year. Most of the investment was allocated to digitise and modernise the distribution network, mainly through the introduction of remote-control network automation systems.

OPERATIONAL HIGHLIGHTS

	2017	2016	Change
Energy Sale and Transport (GWh)	11,431	11,562	-1.1%
Customers	3,029,751	3,059,498	-1%
SAIDI	18.21	22.29	-18.3%
SAIFI	9.87	12.52	-21.2%

- **Energy sales and transport** volumes dropped by 1.1% due to the 6.1% decrease in the volume of energy sales in the regulated market, as a result of the State's economic slowdown.
 - *Partially offset by a 22.5% increase in the volume of energy 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 18.3% and 21.2% respectively, as a result of investments aimed at improving the network.

^[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

