



## PRESS RELEASE

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### ENEL DISTRIBUIÇÃO SÃO PAULO INVESTMENTS UP 32% IN 2018

- System Average Interruption Duration and Frequency indices improved by 38.7% and 29.4% on 2017.

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

	2018	2017	Change
Revenues	24,097.52	21,576.08	+11.7%
EBITDA	1,101.18	1,484.77	-25.83%
EBIT	542.30	960.71	-43.55%
Net income	(315.26)	(876.56)	+64.03%
Net debt	4,387.70	4,132.48	+6.17%
Capex	1,353.93	1,026.03	+31.96%

**Max Xavier**, Head of Enel Distribuição São Paulo, said: “The integration of Enel Distribuição São Paulo in the Enel Group is going ahead at full speed with the aim of optimising the company’s financial structure and business model, while adopting international best practices. Through a major investment program that is being carried out to modernise and digitise São Paulo’s power grid, we registered a substantial decrease in the frequency and duration of service interruptions. Looking ahead, we remain focused on the improvement of service quality indicators through state-of-the-art technologies and we continue the integration process to generate further value for the company and its stakeholders.”

**Barueri, February 26<sup>th</sup>, 2019** – Today Enel Distribuição São Paulo’s Board of Directors published the company’s financial results for 2018.

- **Revenues** increased in 2018 vis-à-vis 2017, mainly as a result of:
  - ANEEL’s average tariff adjustment applied to the company in July 2018 (+15.84%),
  - the higher recognition of regulatory credits (CVA – Compensation Account of Component A Items) resulting from higher electricity purchase costs in the first nine months of 2018;
  - the increase of energy sales on the spot market mainly as a result of overcontracting in the period; and
  - higher revenues from grid infrastructure construction activities the company is entitled to in line with current regulations and resulting from Enel Distribuição São Paulo’s higher investments in the period.

- **EBITDA** declined mainly due to higher operational expenses associated, among other factors, to financial and legal advisory services related to the issuance of shares (Follow-On) and the Public Tender Offer, as well as higher volume of contingency provisions, partially offset by release of bad debt provisions due to methodological changes. Excluding the abovementioned non-recurring items, the company's ordinary EBITDA amounted to 1,281 million Brazilian reais in line with 2017 ordinary EBITDA of 1,275 million Brazilian reais.
- **EBIT** declined in line with EBITDA and the higher depreciation and amortisation charges associated with the increase in the asset base resulting from higher investments aimed at modernising the company's distribution network.
- **Net income** improved by 64% as a result of better financial results<sup>1</sup>, mainly due to the provision of 1.5 billion Brazilian reais in 2017 regarding the settlement agreement with Eletrobras, which more than offset EBITDA's decrease. Excluding non-recurring items, the company's ordinary Net income amounted to a loss of 81 million Brazilian reais mainly due to higher depreciation and amortisation charges as abovementioned.
- **Net debt** increased due to the higher issuance of long-term bonds in the period, amounting to up to 3 billion Brazilian reais, as part of Company's Liability Management that reduced the average cost of its debt (CDI + 2% in 2017 vs. CDI + 1% in 2018) and increased its tenure (from 3.0 years in 2017 to 3.9 years in 2018), that was partially offset by higher debt amortisations, and by a lower cash generation when compared to last year, due to higher energy purchase costs and higher investment.
- **Capex** grew by 32%, mainly due to the modernisation of the company's distribution grid, such as through network automation systems and new substations, as well as new connections.

## OPERATIONAL HIGHLIGHTS

	2018	2017	Change
<b>Energy sales and transport (GWh)</b>	42,877,71	42,981,87	-0.24%
<b>Customers</b>	7,230,744	7,156,460	+1.0%
<b>SAIDI*</b>	7.18	11.72	-38.73%
<b>SAIFI*</b>	4.39	6.22	-29.42%
<b>Energy losses (%)*</b>	9.54%	9.70%	-0.16 p.p

\*Energy losses, SAIDI and SAIFI calculated over a 12-month period (January 2018 to December 2018). SAIDI expressed in hours of interruption, SAIFI expressed as a ratio between number of interruptions and number of customers served.

- **Energy sales and transport (distributed energy)** volumes were in line with 2017.
- **System Average Interruption Duration (SAIDI) and System Average Interruption Frequency (SAIFI) indexes** improved to 7.18 hours and 4.39 times, respectively, resulting from the investments in the company's distribution network, whereby the level of the company's SAIDI and SAIFI are better than those required by Brazilian regulator ANEEL.
- **Energy losses** is in line with 2017, as a result of greater efforts to reduce commercial losses.

<sup>1</sup> Financial results = financial revenues minus financial expenses.