
CORPORATE PRESENTATION
November 2019
equatorial
ENERGIA

Who we are



Who we are

GRUPO equatorial ENERGIA

DISTRIBUTION

- Alagoas
- Maranhão
- Pará
- Piauí

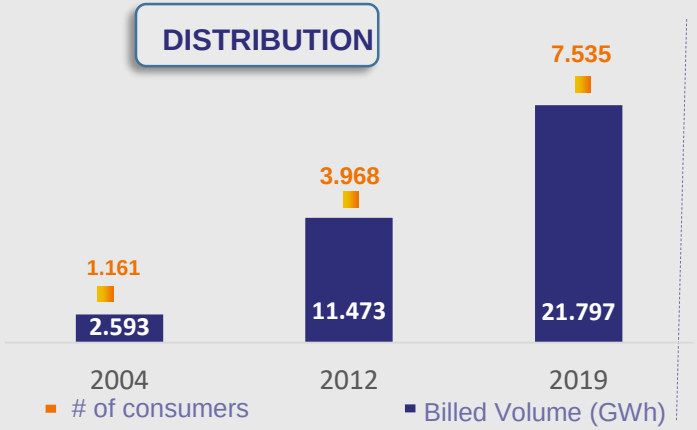
TRANSMISSION

- SPVs
- Intesa

OTHERS

- Geramar
- 55 Soluções
- Sol Energias

DISTRIBUTION



TRANSMISSION

Revenues (R$ MM)

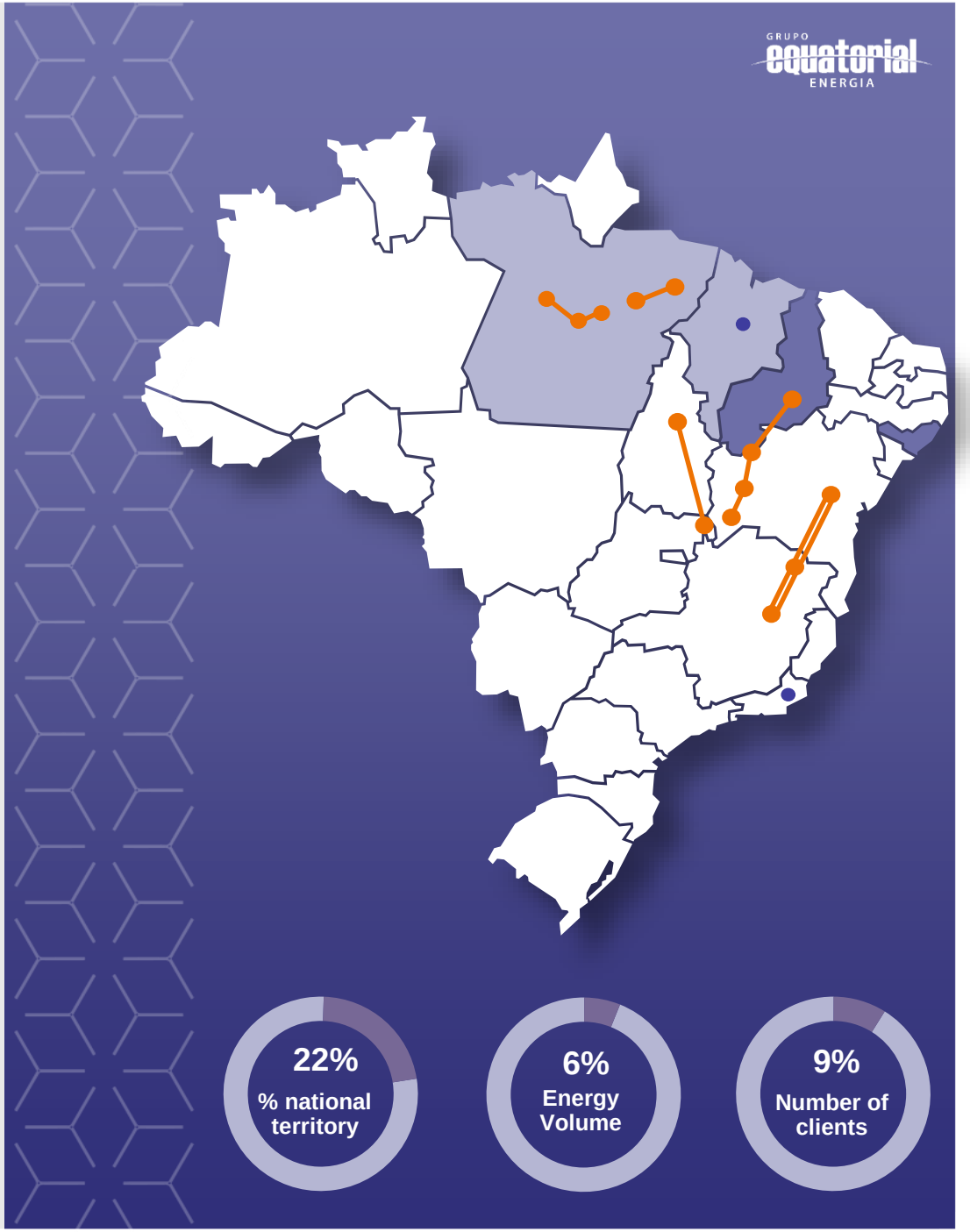
0 → 1,110

2016 — Until 2021

Km of grid

0 → 3.281

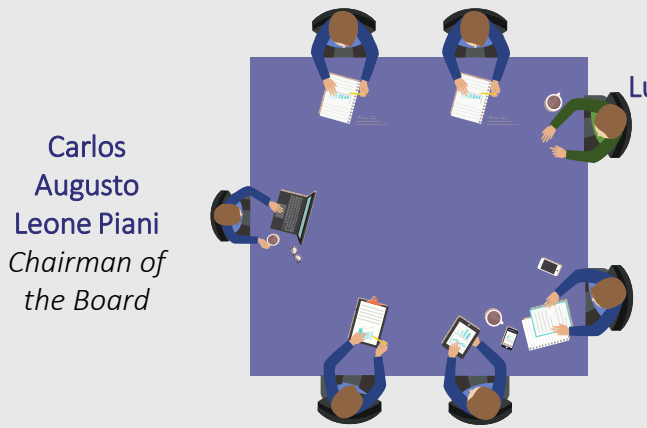
2016 — Until 2021



Governance

Squadra Investimentos	Opportunity	Blackrock	Canada Pension Plan	Manag. & Minorities
9.8%	9.8%	5.8%	5.0%	69.7%

- Full Corporation, listed on Novo Mercado
- 7 Board Members, from which 5 are independent
- 2 former CEOs from Equatorial Energia



WHAT MAKES US

Different

- Management model
- Turnaround model
- Financial Discipline



High performance culture

People who **take on challenges**, do their best and **get rewarded for results.**

We are **result-oriented**, by setting and achieving challenging goals

The greatest asset of the company is **Competent People**, Engaged and Working as a Team

Inspirational, responsible leadership that takes on its role

WHAT MAKES US

Different

Management model

Turnaround model

Financial Discipline

turnaround MODEL

Restructuring

Optimize capital structure

Investment for **reinforcement and modernization** of the grid

Simplify organizational structure and optimize processes (strict cost control, collection and loss reduction)

Reinvention

Implementation of the **new corporate culture**

Regulation as a key element of strategy

Raise support to all **stakeholders**

Human Capital (attraction, retention, training and meritocracy)

Continuity

Organic Growth

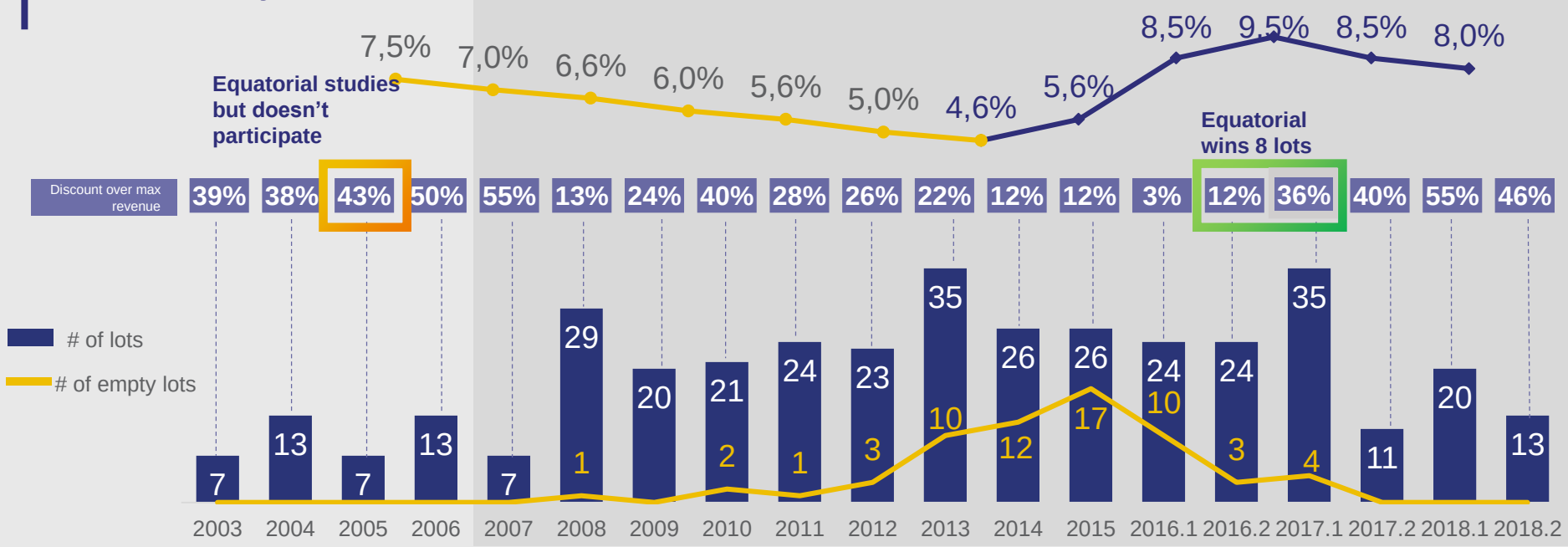
Continuous pursuit of **productivity** and **operational excellence**

WHAT MAKES US Different

- Management model
- Turnaround model
- Financial Discipline

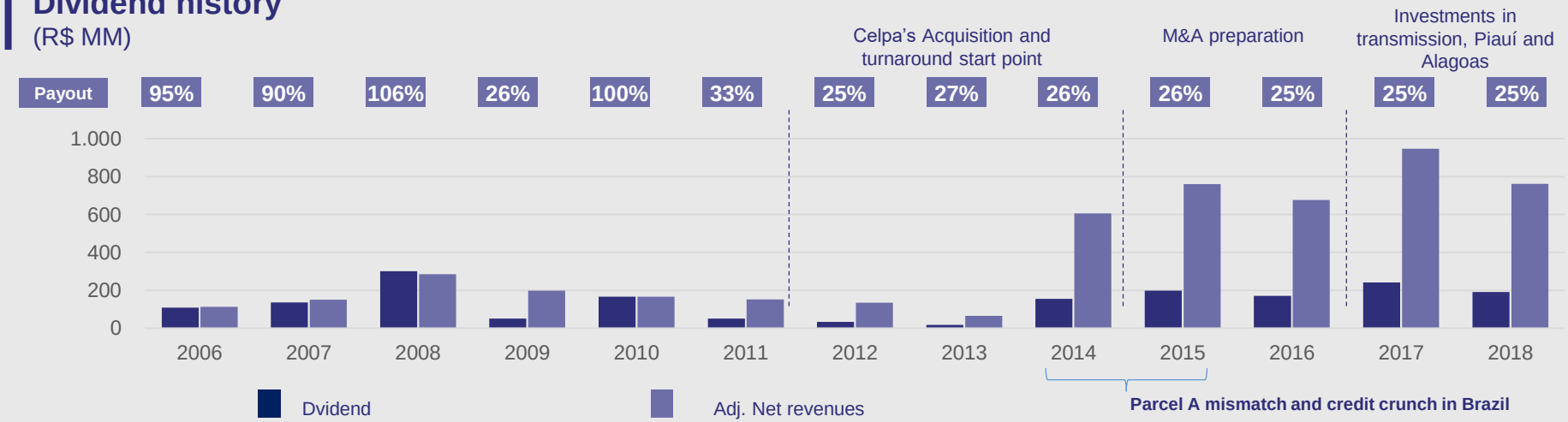
Regulatory Wacc

Auction history



Dividend history

(R$ MM)



Business Performance

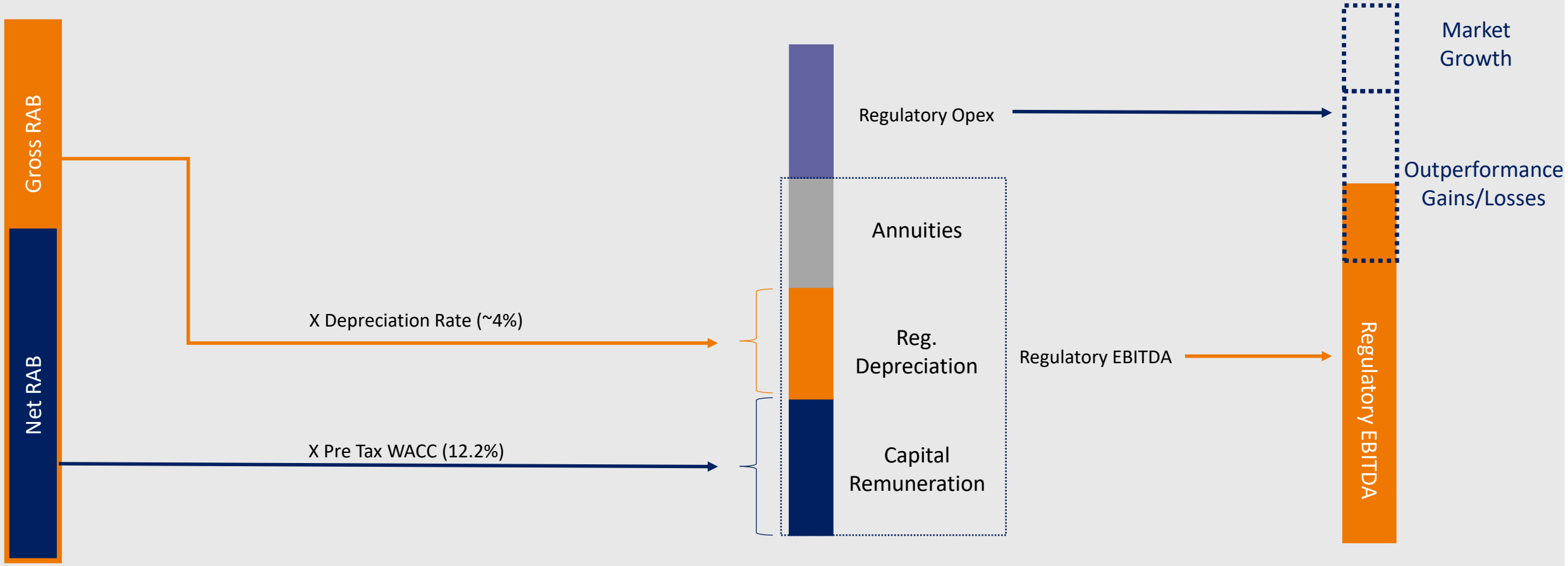


How We Generate Cash?

Regulatory Asset Base (RAB)

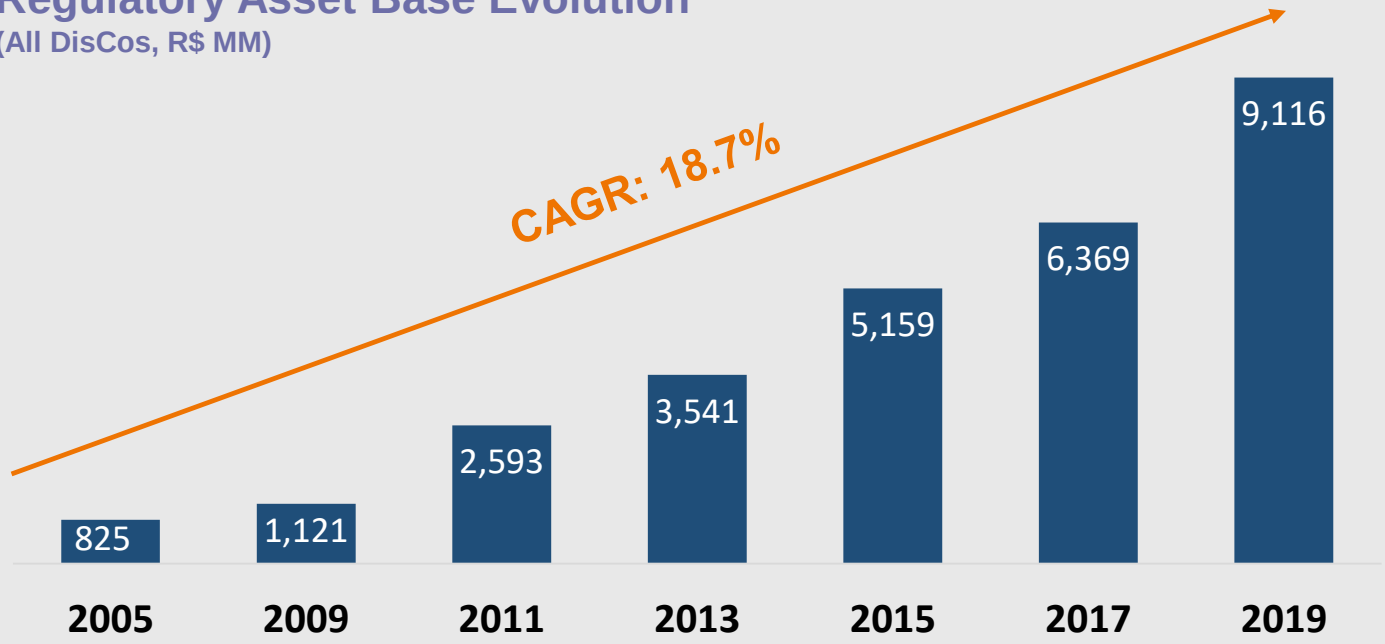
Parcel B

EBITDA

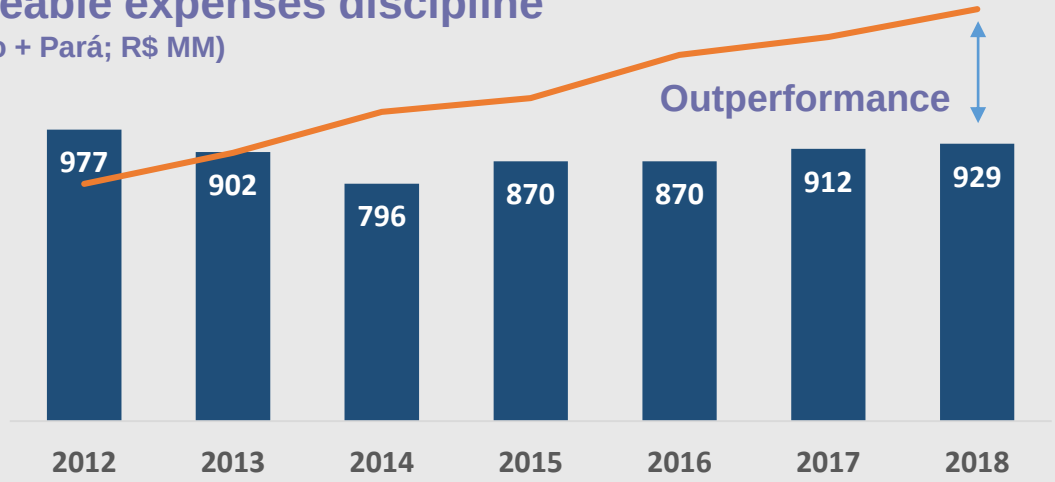


Growth and Cost Efficiency

Regulatory Asset Base Evolution
(All DisCos, R$ MM)



Manageable expenses discipline
(Maranhão + Pará; R$ MM)



Regulatory WACC
(after taxes)

WACC After taxes	Income Tax	WACC Before taxes

8.09% / (1- 34%) = 12.26%

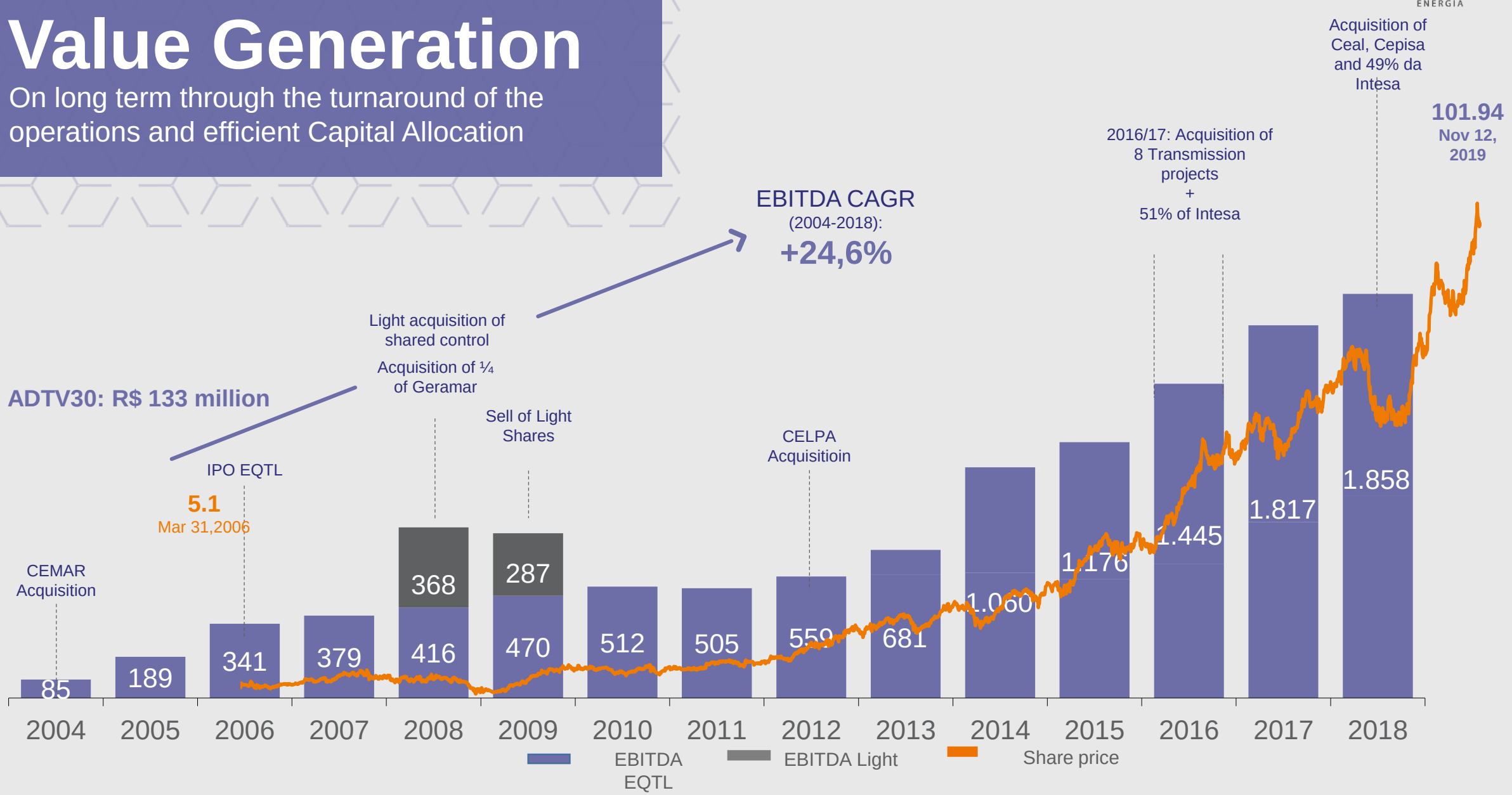
Tariff review

	RTP	RTP
Maranhão	2017	2021
Pará	2019	2023
Piauí	2013	2023
Alagoas	2013	2024

RTE[1] - Can be asked until 3 years after the acquisition

Value Generation

On long term through the turnaround of the operations and efficient Capital Allocation



Transmission

Greenfield

	SPV	State	km	Nº of substations	Construction Works	Regulatory Capex	Revenue
Group 1	SPV 1	BA	251		89.5%	496	87
Group 1	SPV 2	BA	213	1	88.7%	519	79
Group 1	SPV 3	BA/PI	380		23.5%	610	115
Group 2	SPV 4	BA/MG	594	1	54.6%	1,181	207
Group 2	SPV 5	BA/MG	257		39.3%	483	95
Group 2	SPV 6	MG	330		6.0%	562	118
Group 3	SPV 7	PA	125	2	47.8%	476	100
Group 4	SPV 8	PA	436	3	94.8%	740	107
Total Greenfield			**2,586**	**7**		**5,067**	**908**

Group 1
Group 2
Group 3
Group 4



Recent evolution

Construction licence for section of SPV 7 obtained

2 sections of SPV 8 already operational

Operating Lines

	State	km	Nº de subestações	Operation Starts	End of contract	Revenue
SPE 8 -Xingu Altamira*	PA			set/19	jul/47	17
SPE 8 - Rurópolis	PA			jul/19	jul/47	18.6
INTESA	TO/GO	695	5	mai/08	abr/36	167
Total Operational		**695**	**5**			**202**
Total		**3,281**	**12**			**1,110**

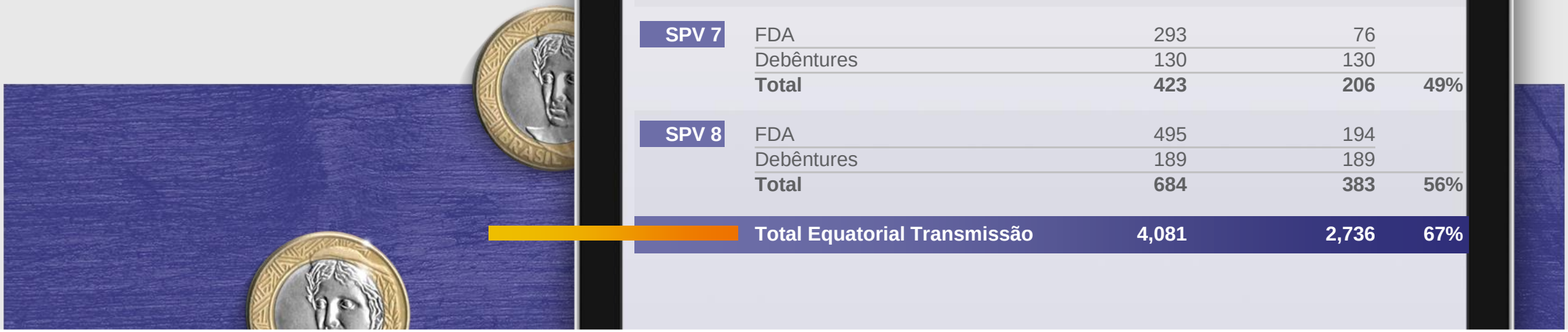
*Reinforcement

Funding

Transmission lines

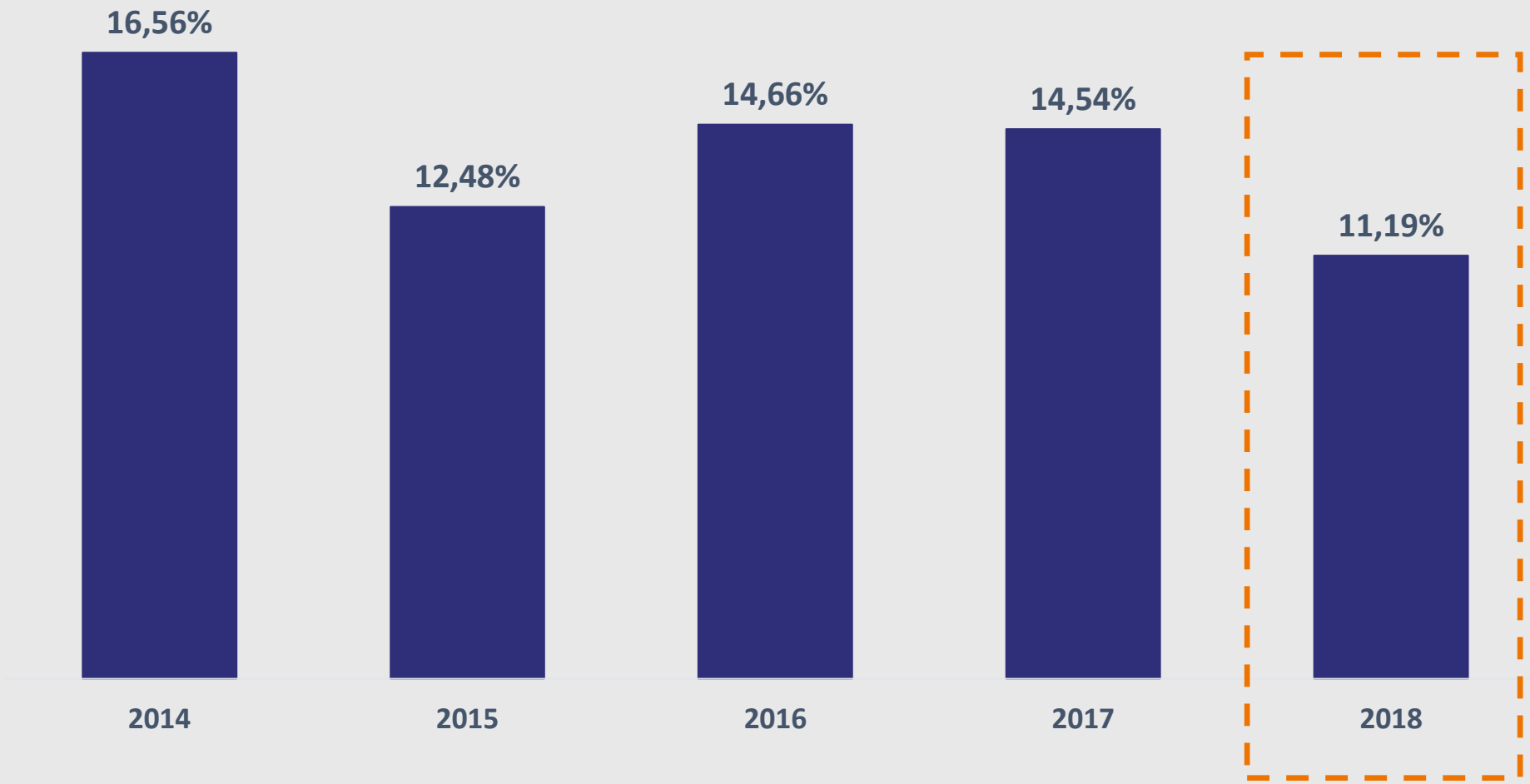
Average Leverage
80%

	Source	Secured	Disbursed	%
SPV 1	Banco do Nordeste	343	288	
	Debêntures	55	55	
	Total	**398**	**343**	**86%**
SPV 2	Banco do Nordeste	353	269	
	Debêntures	45	45	
	Total	**398**	**314**	**79%**
SPV 3	Banco do Nordeste	425	346	
	Debêntures	90	90	
	Total	**515**	**436**	**85%**
SPV 4	BNDES	822	699	85%
SPV 5	Banco do Nordeste	356	201	
	Debêntures	66	66	
	Total	**422**	**267**	**47%**
SPV 6	BNDES	419	88	21%
SPV 7	FDA	293	76	
	Debêntures	130	130	
	Total	**423**	**206**	**49%**
SPV 8	FDA	495	194	
	Debêntures	189	189	
	Total	**684**	**383**	**56%**
	Total Equatorial Transmissão	**4,081**	**2,736**	**67%**



Solid Track Record

Consolidated - ROIC



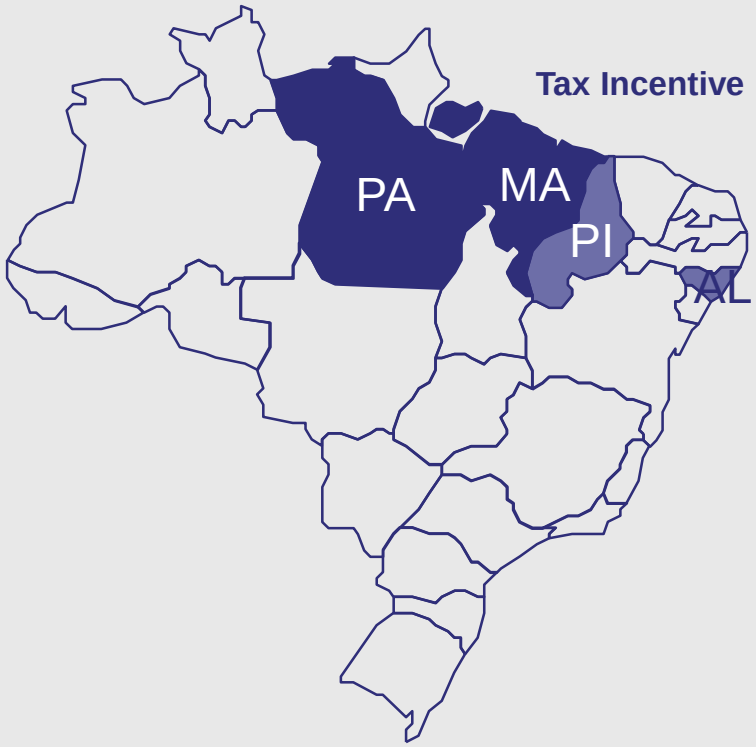
Transmission Capex Disbursement + EQTL Piauí Consolidation

Distribution

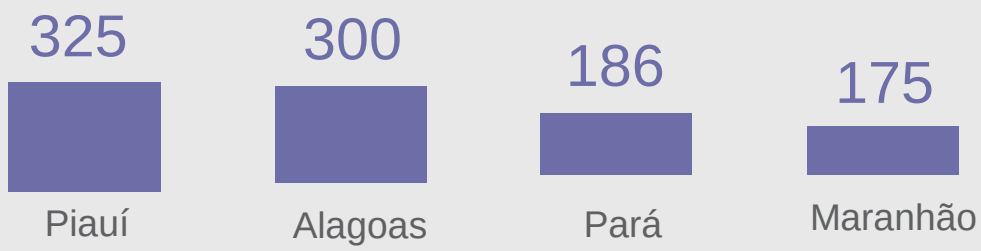


Distribution

	Piauí	Alagoas	Piauí + Alagoas	Maranhão	Pará
Consumers (in thousand)	1,295	1,133	2,398	2,530	2,690
Grid (Km)	91,765	47,788	139,553	123,033	123,033
Volumes (GWh)	2,616	2,469	5,085	4,680	6,291
Losses	27%	31%	-	18%	30%
Regulatory Opex (R$ MM)	419	360	779	608	738



PMSO / consumer (R$, 2018)



Quality Ranking (2019)

Maranhão ➡ 3rd

Pará ➡ 7th

Complexity Ranking(2019)

Pará ➡ 1st

Maranhão ➡ 4th

Piauí and Alagoas

Actions taken

People

Voluntary Layoff Program + dismissals

39% staff reduction in each DisCo

Contracts

Third Party Services (R$ MM)

Alagoas	Piauí
- 64%	**- 42%**

- **R$ 53,8 mn** saved in both companies
- Renegotiation of all contracts

Institutional image

Brand strengthening

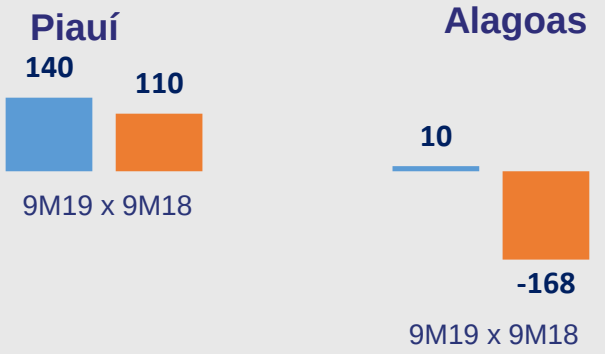
- Increase in positive news
- Approach to key regional institutions
- Publicitary campaigns

Systems and Procedures

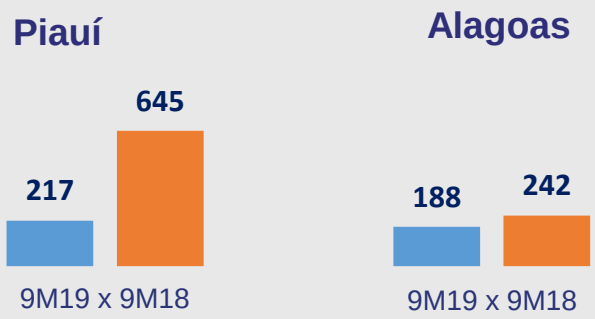
- Call center transfered to 55 Soluções
- All systems, but the commercial, implemented

Results 9M19 x 9M18

Adjusted EBITDA (in R$ MM)



Adjusted Opex (in R$ MM)

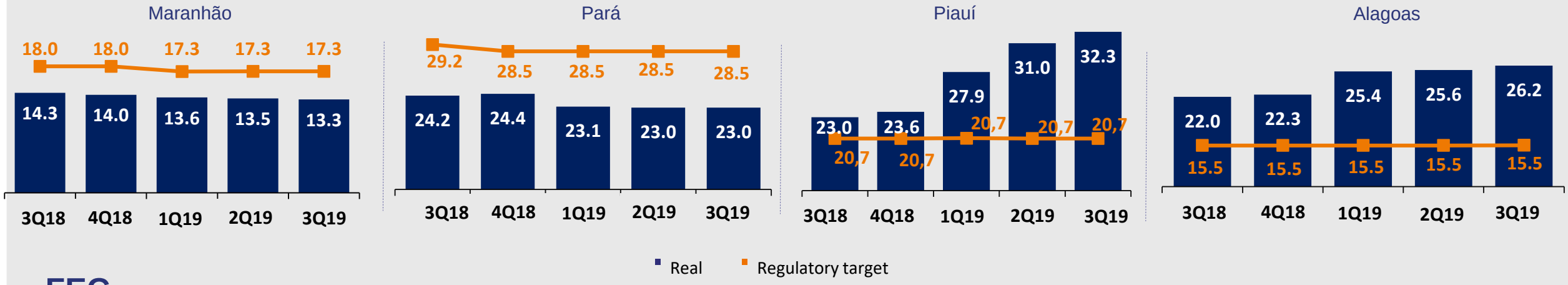


distribution

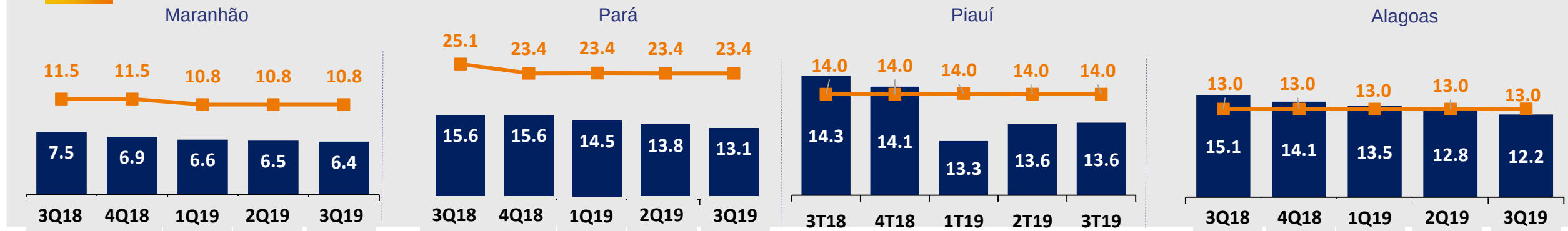
Operational Results

Quality Indicators

DEC



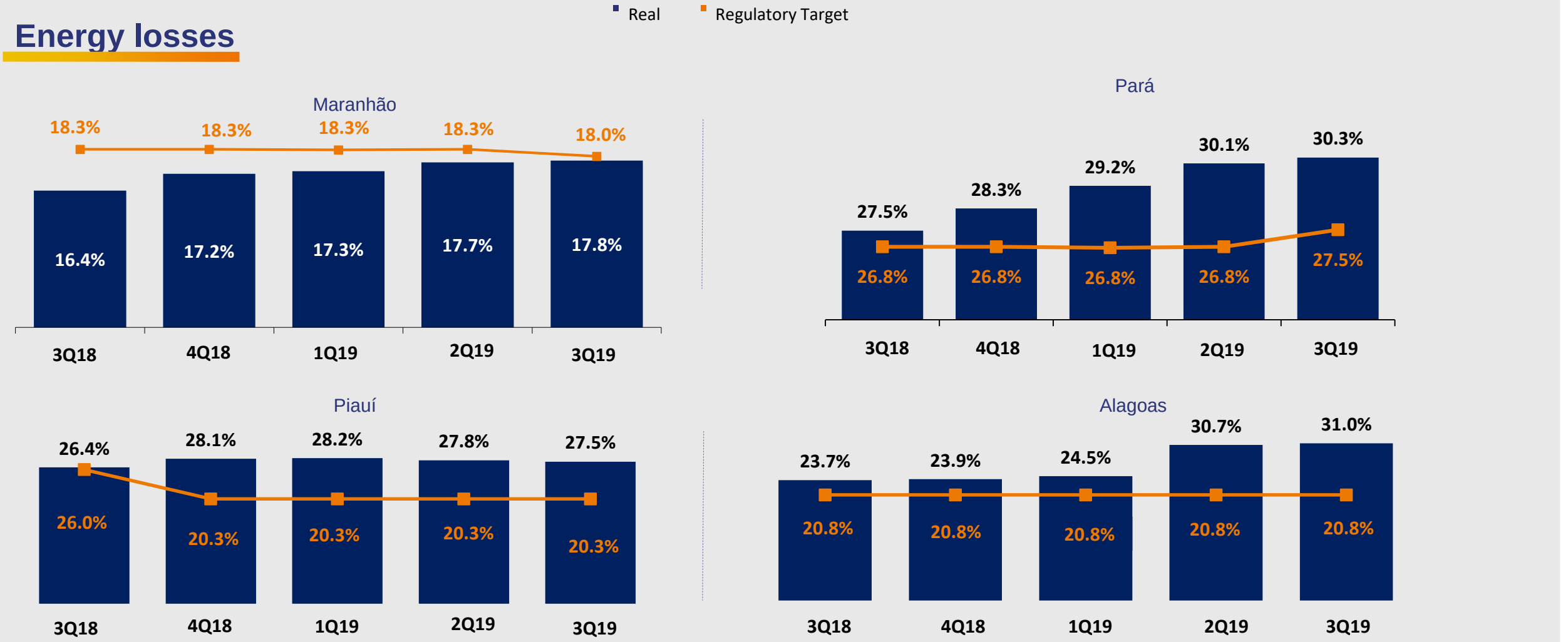
FEC



distribution

Operational Results

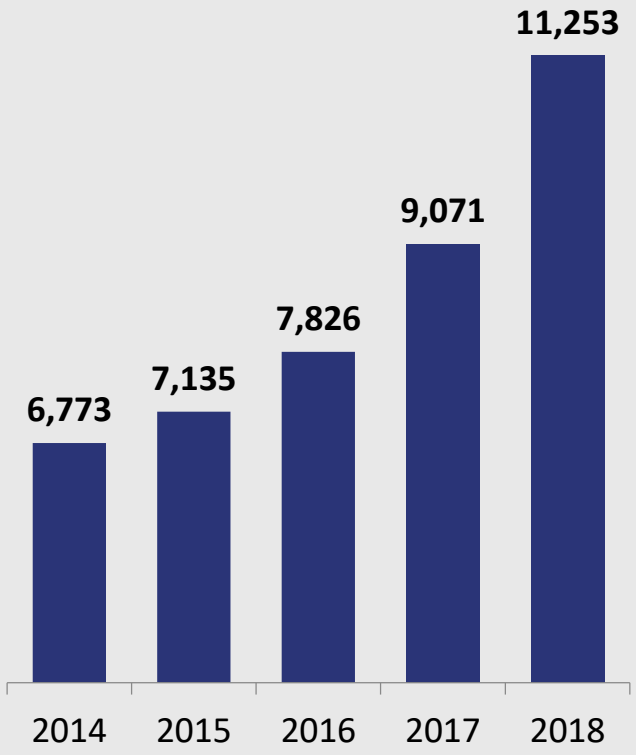
Energy losses



Results

Financial Highlights

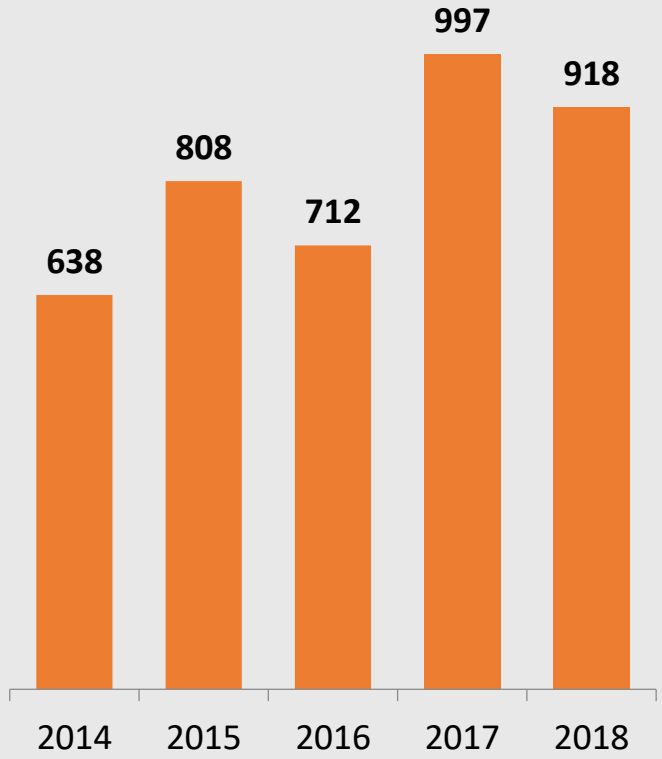
NOR (R$ MM)



EBITDA (R$ MM)

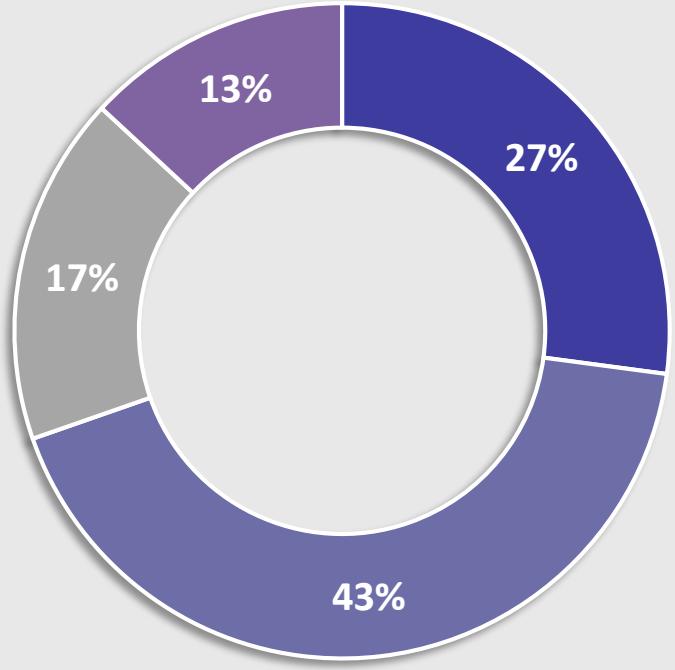


Net Results (R$ MM)

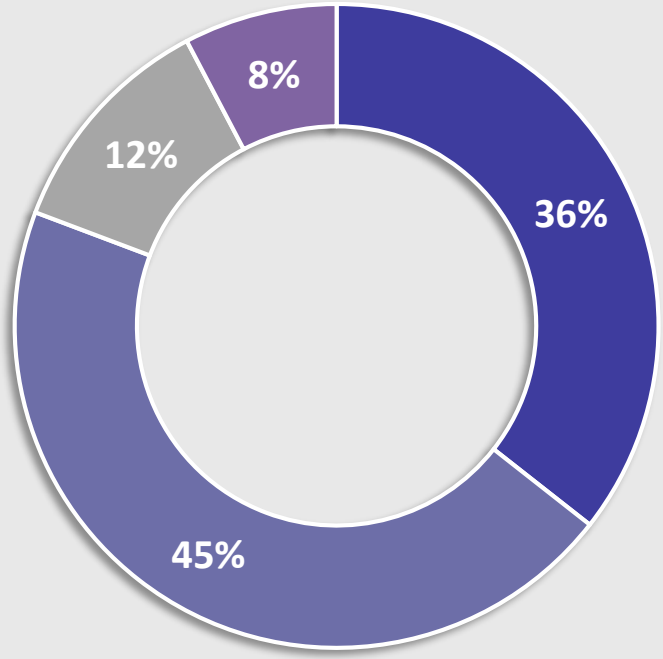


Financial Highlights

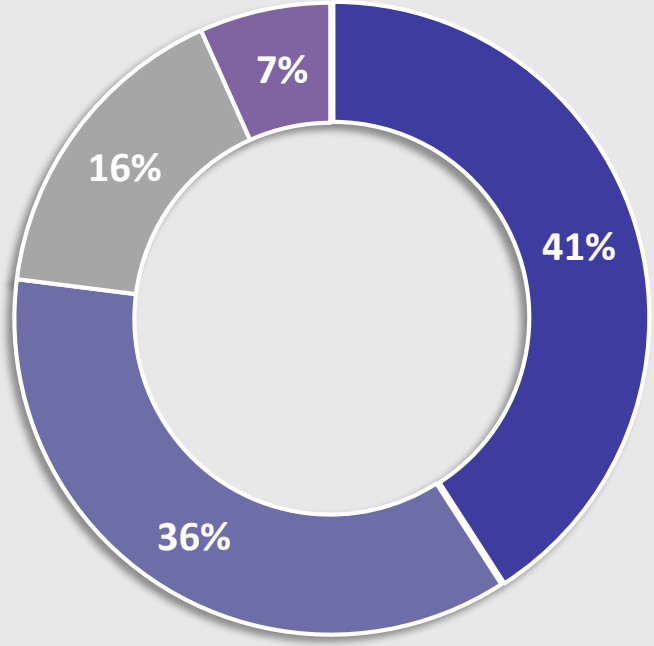
Net Revenues (Distribution)



EBITDA (Distribution)



Net Results (Distribution)

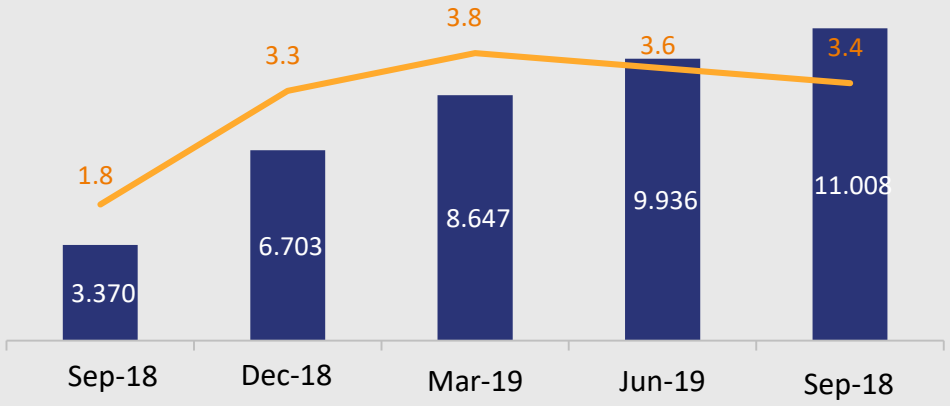


Maranhão Pará Piauí Alagoas

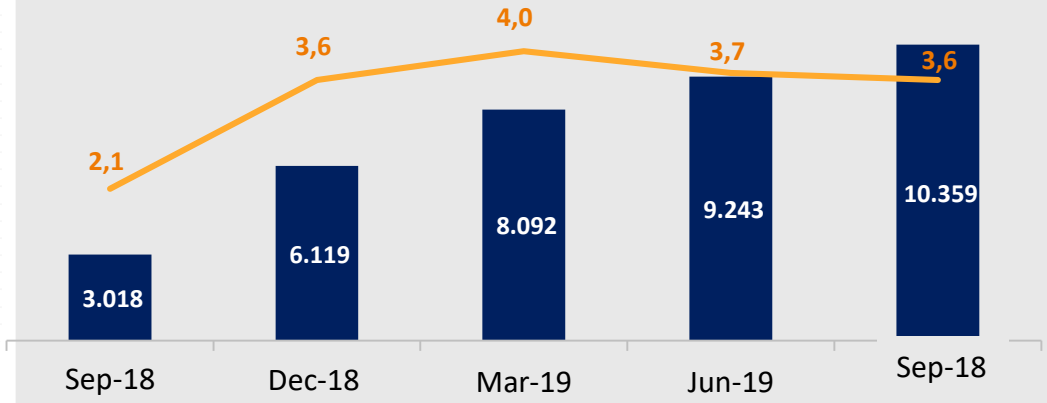
As of: 3Q19

Financial Highlights

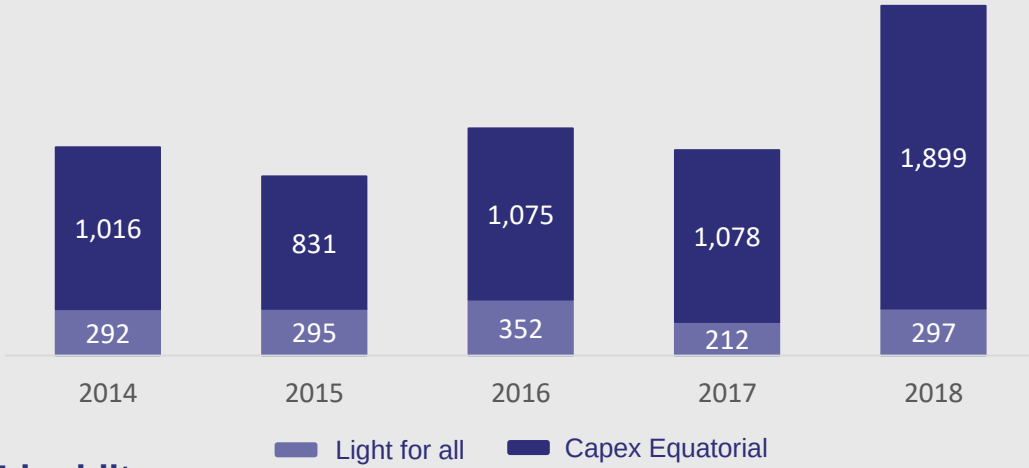
Consolidated Net Debt (R$ Mn) and net debt/EBITDA



Proportional Net Debt (R$ Mn) and net debt/EBITDA



Investments



Liquidity

Average maturity
6.3 years

Consolidated Cash
4.7 bn

Cash/ ST Debt
2.3 x

annex


Transmission regulation

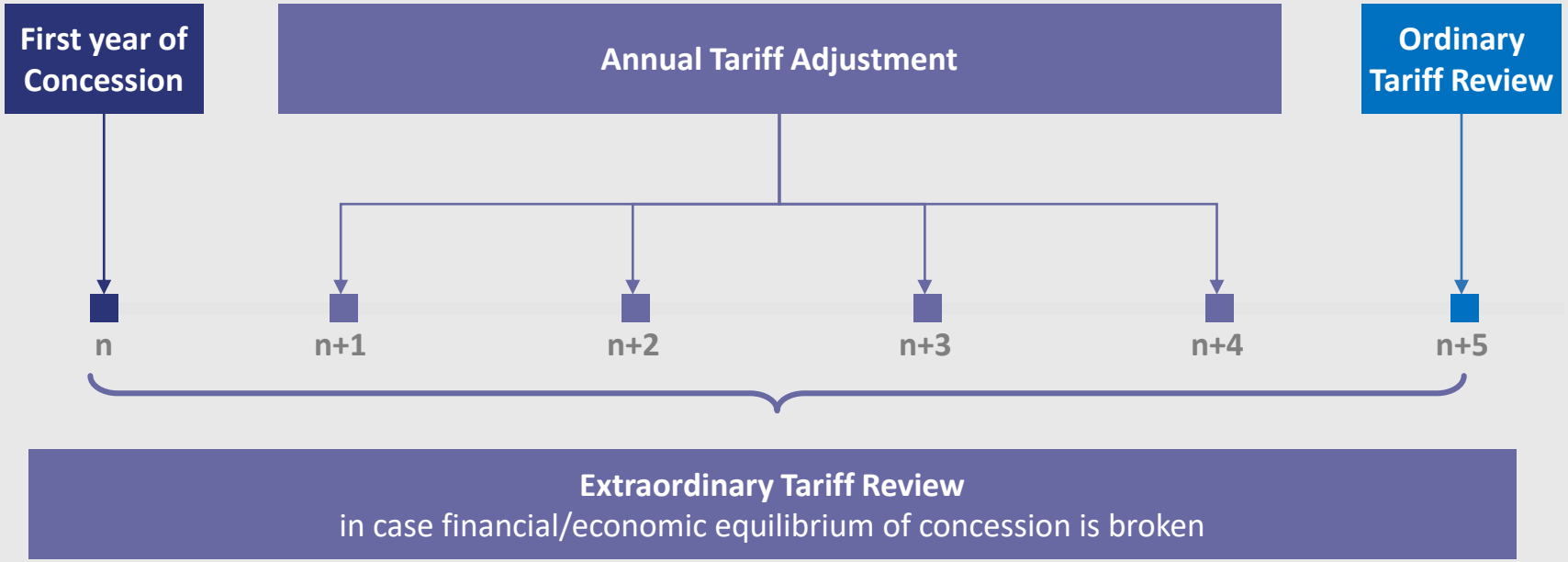
Before 2000	Auctions between 2001 and 2006	Auctions since 2008
• Contracts renewed for more 30 years in 2012 • Tariff Review every 5 years	• Revenues adjusted by IGP-M • New contract: Revenue drops by half on the 15° year • No Tariff Review	• 30 years contract • Tariff Review every 5 years until contract ends • Revenue adjusted by inflation

Source: PRORET – ANEEL – submódulo 9.2



Distribution regulation

TARIFF PROCESS



Ordinary Tariff reviews occur every 4 or 5 years
CEMAR: AUG/2021, CELPA: AUG/2023



Distribution regulation

Net Operating Revenues

Non - Manageable Costs (Parcel A)

- Sector Charges
- Energy Purchase Cost
- Transmission Charges

Pass-Through
(independent of the tariff process)

+

Regulatory Gross Margin (Parcel B)

- Regulatory Opex
- Regulatory EBITDA

Depends on the tariff process

Tariff Adjustment

- Inflation (IGPM) + / - X Factor

Tariff Review

- Tariff Reset and calculation of X Factor

Non-Manageable cost are Passed-trough to tariffs

The difference between tariff adjustments and tariff reviews is how Parcel B is defined



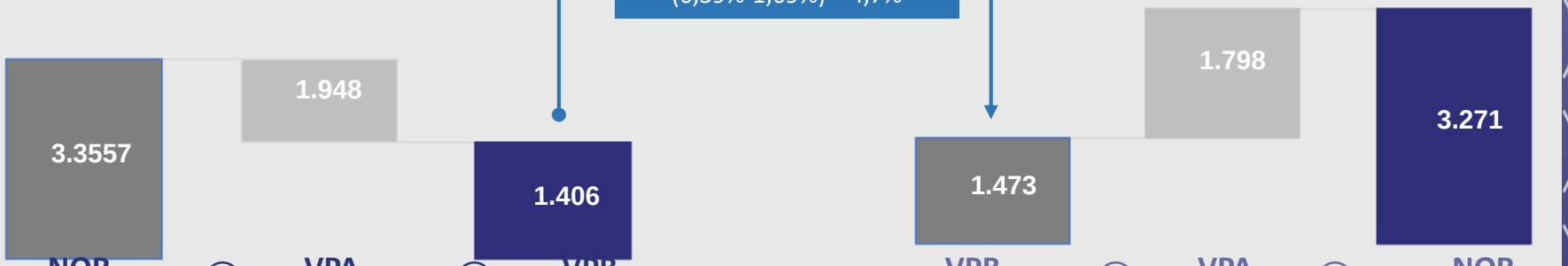
Distribution regulation

MARANHÃO TARIFF ADJUSTMENT (2019)

Before Adjustment Date
(DRA)

At the Adjustment Date
(DRP)

x (IGPM – X Factor) =
(6,39%-1,69%) = 4,7%



NOR_0 Net Operating Revenues (-) **VPA_0** Parcel A (=) **VPB_0** Parcel B

Parcel B is determined by difference (NOR_0 –PVA_0)

VPB_1 Parcel B (+) **VPA_1** Parcel A (=) **NOR_1** Net Operating Revenues

$$TA = \frac{NOR_1}{NOR_0} - 1 = 1.54\%$$

(+) Tracking Account
Change in Parcel A after last tariff process



Distribution regulation

CELPA's TARIFF REVIEW (2019)

EBITDA$_{Reg}$= R$ 1.054 MM

660 | 275 | 118 | 738 | 106 | 1.899

Return on Investment | Depreciation | Return and Depreciation on Other Assets | Regulatory Opex | Regulatory Bahiad Debt | Parárcel B

x WACC | x Depreciation

Regulatory Asset Base

Only prudent investments required to adequately provide service are included

GROSS RAB R$ 4.9 billion

NET RAB R$ 3.3 billion

Defined using benchmarking models



Distribution regulation

X FACTOR

$$X\ Factor = Pd + Q + T$$

Defined at each Tariff Adjustment

Change in SAIDI/SAIFI/IASC Comparative Performances

Q

Defined at Tariff Review

Sector's Average Productivity considering growth in volume and number of consumers

Pd

X FACTOR

T

Transition from Regulatory OPEX verified in last 12 months to one set on Benchmarking models



Thank you



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APRESENTAÇÃO CORPORATIVA

Novembro 2019



Quem somos



Quem somos

GRUPO equatorial ENERGIA

DISTRIBUIÇÃO

- Alagoas
- Maranhão
- Pará
- Piauí

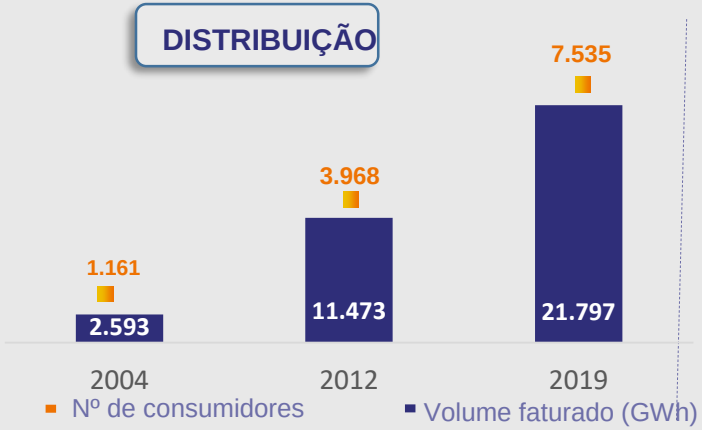
TRANSMISSÃO

- SPEs
- Intesa

OUTROS

- Geramar
- 55 Soluções
- Sol Energias

DISTRIBUIÇÃO



TRANSMISSÃO

RAP (R$ MM)

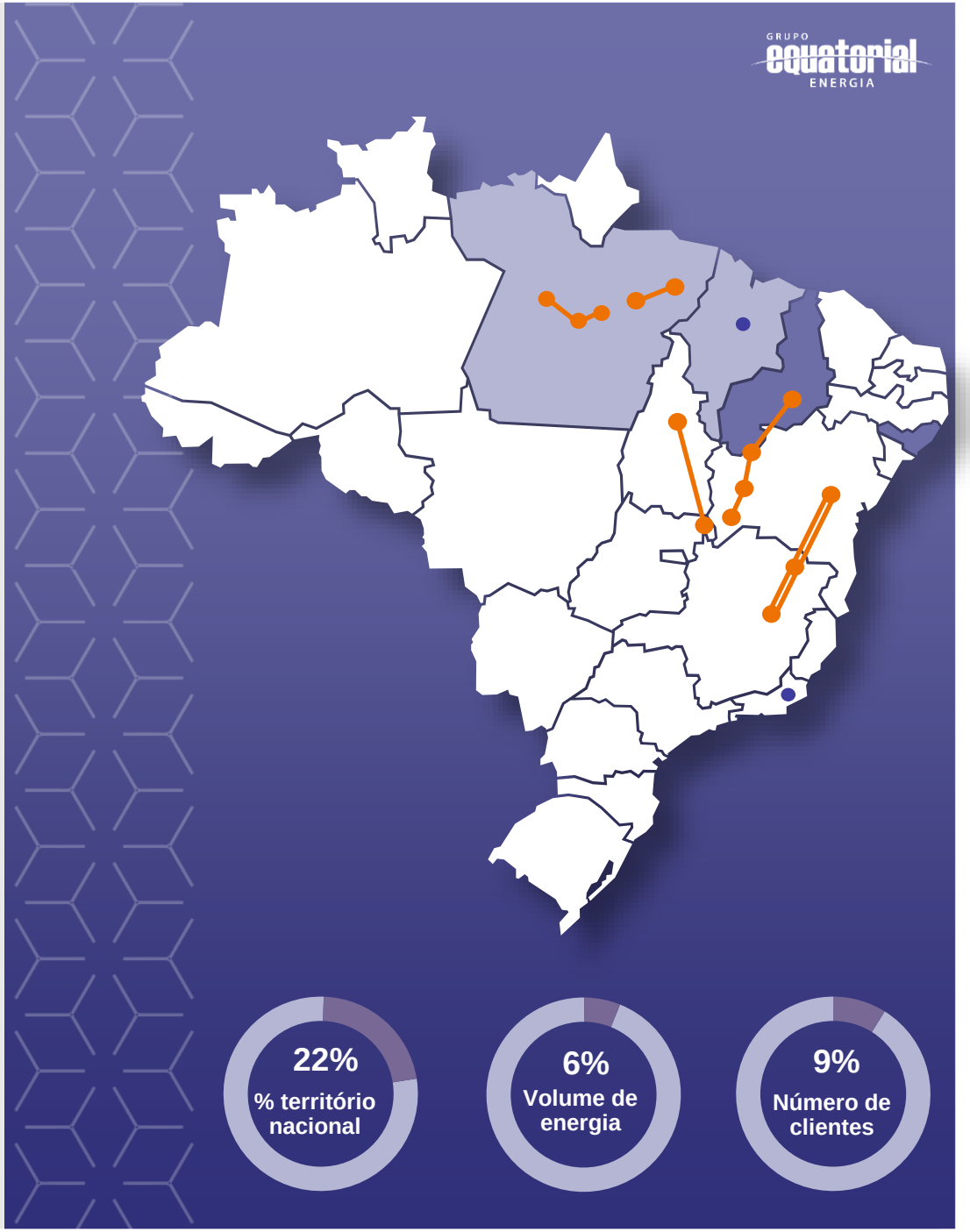
0 → 1.110

2016 — Até 2021

Km de linha

0 → 3.281

2016 — Até 2021



Governança

Squadra Investimentos	Opportunity	Blackrock	Canada Pension Plan	Admin. & Minoritários
9,8%	9,8%	5,8%	5,0%	69,7%

- 100% Free Float, listada no Novo Mercado
- 7 conselheiros, dos quais 5 são independentes
- 2 ex diretores da Equatorial

Guilherme Aché
Vice-Presidente do Conselho

Paulo Jerônimo Bandeira
Conselheiro



Luis Henrique de Moura Gonçalves
Conselheiro

Carlos Augusto Leone Piani
Presidente do Conselho

Firmino Ferreira Sampaio Neto
Conselheiro

Tania Sztamfater Chocolat
Conselheiro

Marcos Martins Pinheiro
Conselheiro

O que nos faz

Diferentes

- Modelo de gestão
- Modelo de turnaround
- Disciplina financeira



Cultura de alta performance

Gente que **assume desafios**, da o melhor de si e é **recompensada pelos resultados**

Somos **orientados a resultados**, traçamos e alcançamos metas desafiadoras

O maior ativo da empresa é **gente competente**, engajada e trabalhando em equipe

Liderança inspiradora, responsável e que assume o seu papel

O que nos faz

Diferentes

- Modelo de gestão
- Modelo de turnaround
- Disciplina financeira

Modelo de turnaround

Reestruturação

Otimizar a estrutura de capital

Investimento para **reforço e modernização** da rede elétrica

Simplificar estrutura organizacional e otimizar processos (controle rigoroso de custos, arrecadação e redução de perdas)

Reinvenção

Implementação da nova **cultura corporativa**

Regulação como elemento chave da estratégia

Angariar suporte de todos os **stakeholders**

Capital humano (atração, retenção, treinamento e meritocracia)

Continuidade

Crescimento **orgânico**

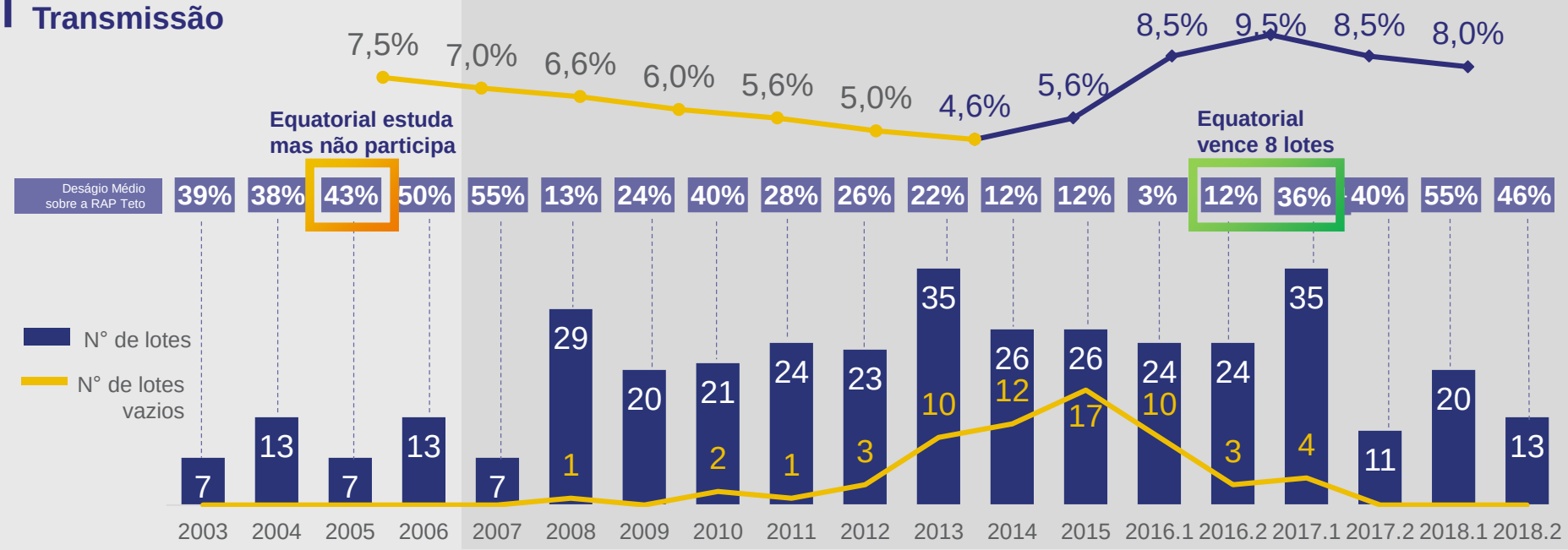
Contínua busca pela **produtividade** e **excelência operacional**

O QUE NOS diferencia

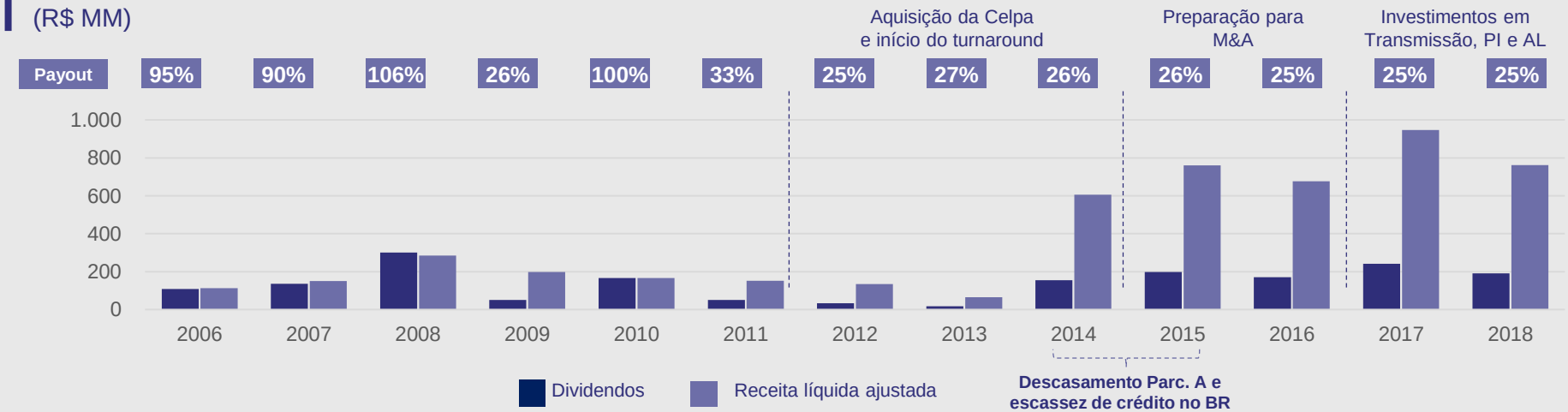
- Modelo de gestão
- Modelo de Turnaround
- Disciplina financeira

WACC Regulatório

Histórico Leilões de Transmissão



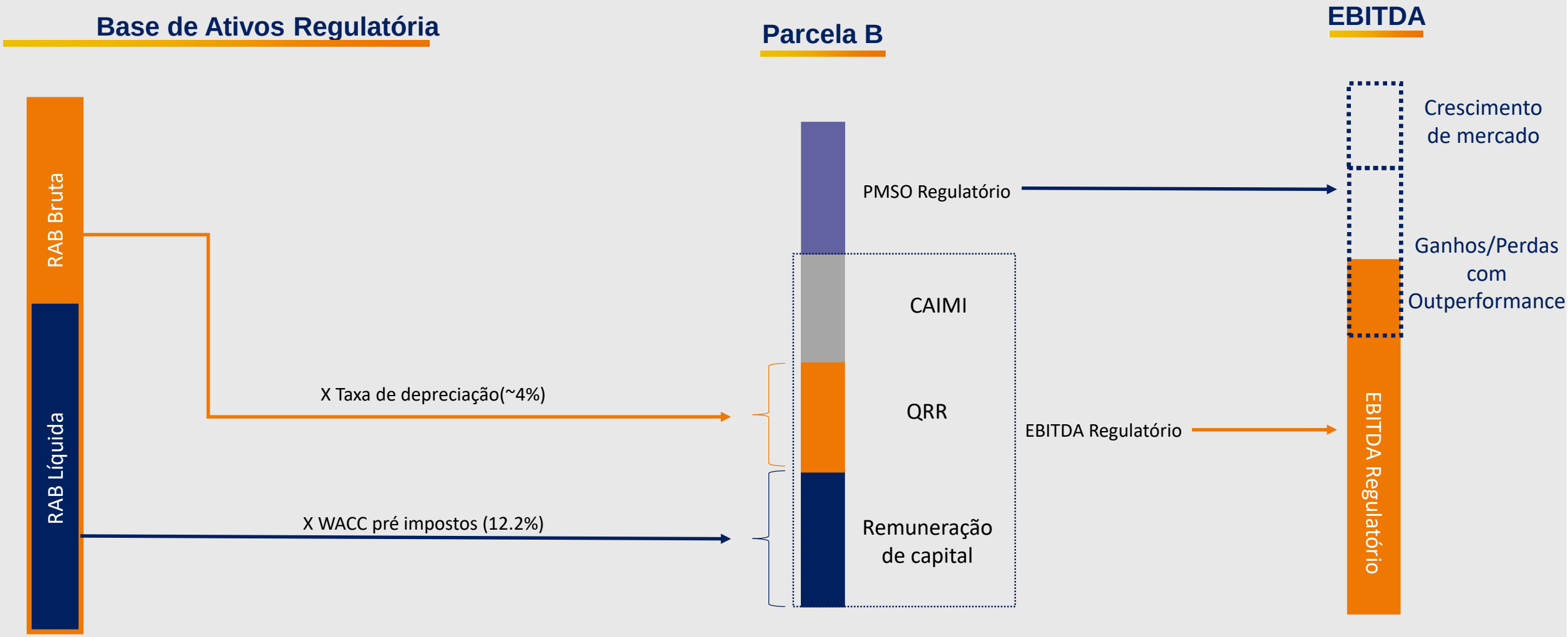
Histórico de Dividendos
(R$ MM)



Performance do Negócio

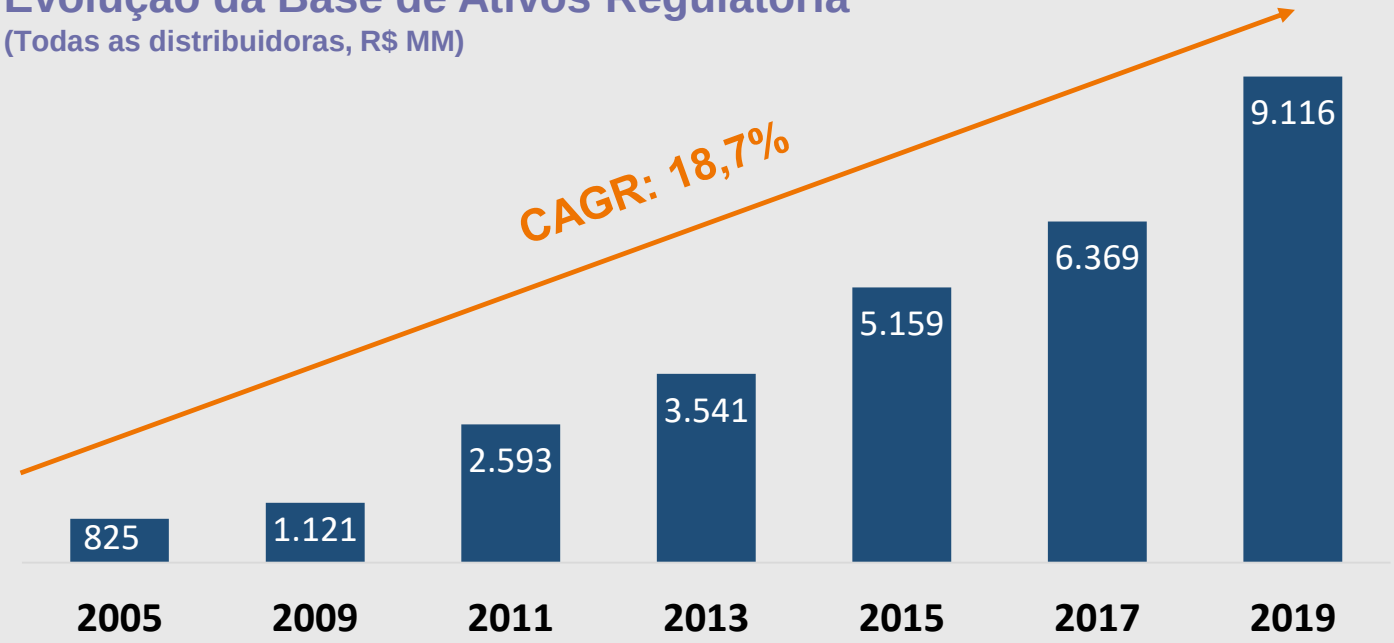


Como geramos caixa?

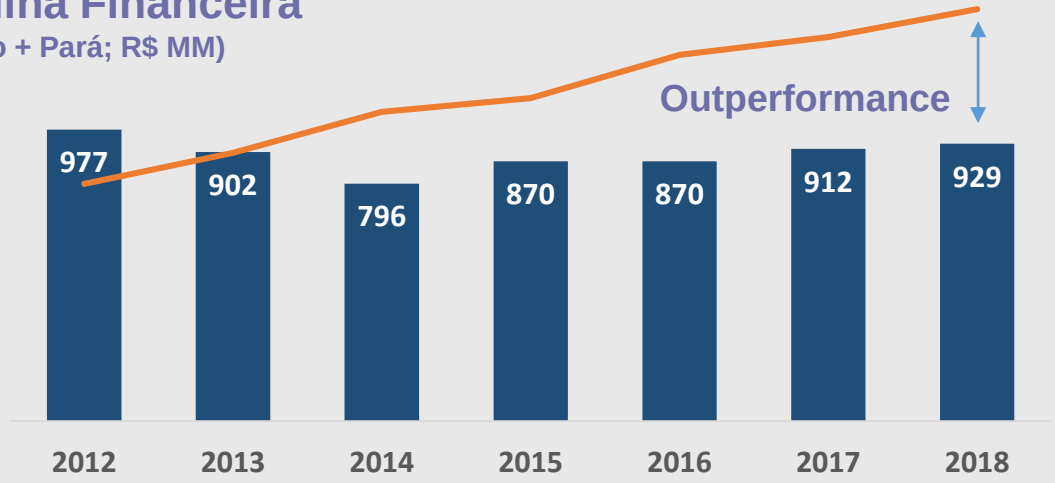


Crescimento e eficiência de custos

Evolução da Base de Ativos Regulatória
(Todas as distribuidoras, R$ MM)



Disciplina Financeira
(Maranhão + Pará; R$ MM)



WACC Regulatório
(Depois de impostos)

WACC Depois de impostos | Imposto de renda | WACC Antes de impostos

8,09% / (1- 34%) = 12,26%

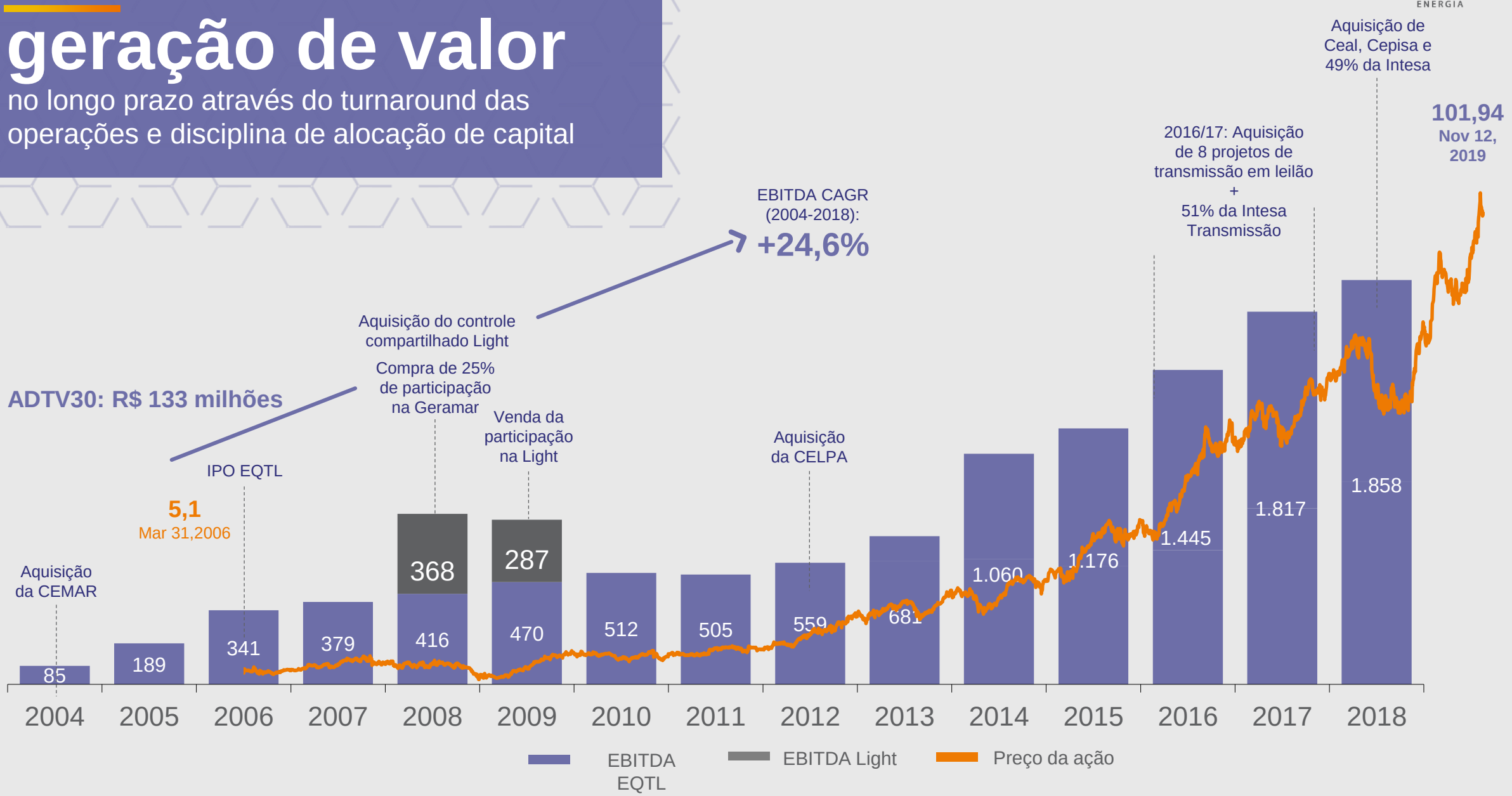
Revisões tarifárias

	RTP	RTP
Maranhão	2017	2021
Pará	2019	2023
Piauí	2013	2023
Alagoas	2013	2024

Revisão Tarifária Extraordinária - Pode ser requisitada até 3 anos após a aquisição

geração de valor

no longo prazo através do turnaround das operações e disciplina de alocação de capital



Transmissão

Projetos

	SPE	Estado	km	Nº de subestações	Avanço Físico	Capex Regulatório	RAP
Grupo 1	SPE 1	BA	251		89,5%	496	87
Grupo 1	SPE 2	BA	213	1	88,7%	519	79
Grupo 1	SPE 3	BA/PI	380		23,5%	610	115
Grupo 2	SPE 4	BA/MG	594	1	54,6%	1,181	207
Grupo 2	SPE 5	BA/MG	257		39,3%	483	95
Grupo 2	SPE 6	MG	330		6,0%	562	118
Grupo 3	SPE 7	PA	125	2	47,8%	476	100
Grupo 4	SPE 8	PA	436	3	94,8%	740	107
Total Greenfield			**2.586**	**7**		**5.067**	**908**

Grupo 1
Grupo 2
Grupo 3
Grupo 4



Em Operação

	Estado	km	Nº de subestações	Começo da operação	Fim do contrato	RAP
SPE 8 -Xingu Altamira*	PA			set/19	jul/47	17
SPE 8 - Rurópolis	PA			jul/19	jul/47	18.6
INTESA	TO/GO	695	5	mai/08	abr/36	167
Total Operational		**695**	**5**			**202**
Total		**3.281**	**12**			**1.110**

*Reforço

Evolução Recente

Licença de construção para o último trecho da SPE 7 obtida

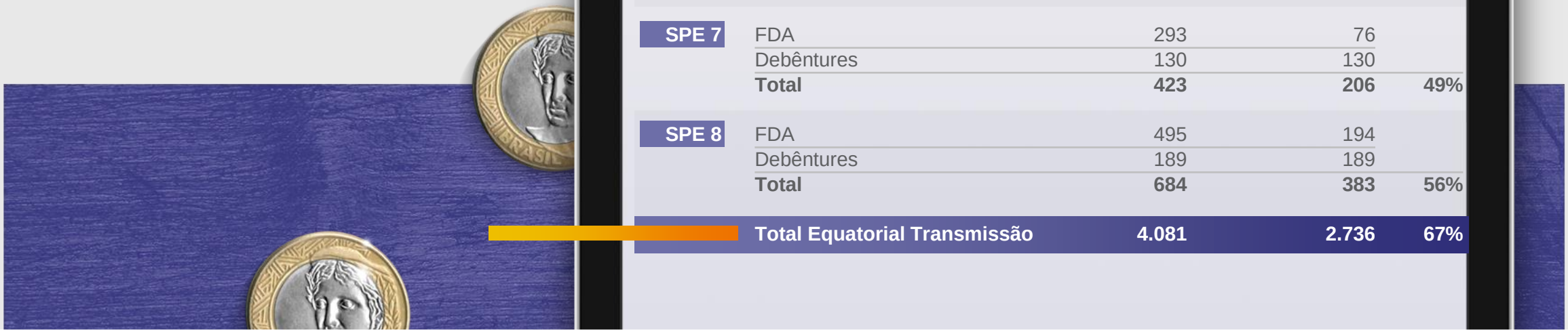
2 seções da SPE 8 em operação

Funding

Linhas de transmissão

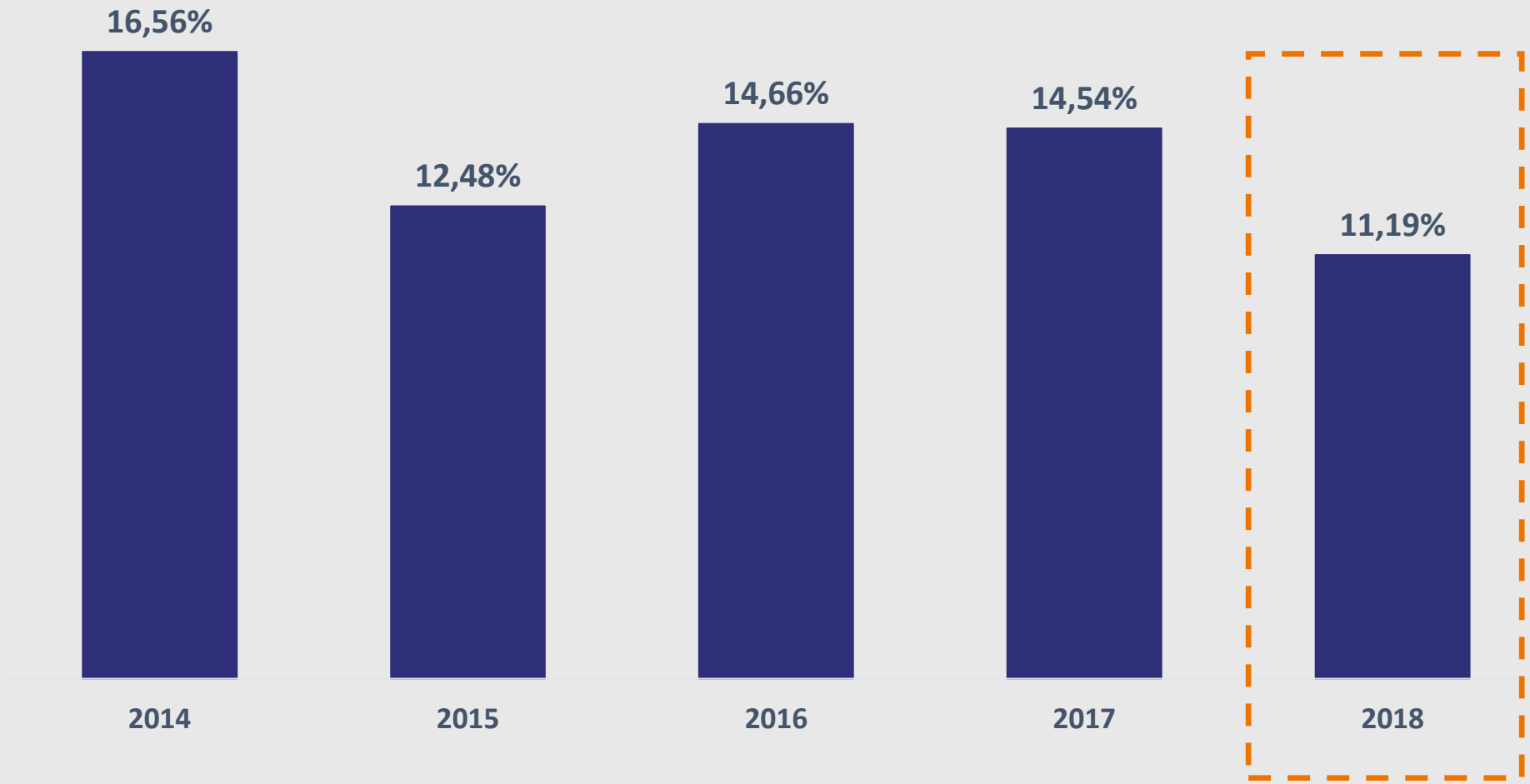
Alavancagem média
80%

	Fonte	Contratado	Desembolsado	%
SPE 1	Banco do Nordeste	343	288	
	Debêntures	55	55	
	Total	**398**	**343**	**86%**
SPE 2	Banco do Nordeste	353	269	
	Debêntures	45	45	
	Total	**398**	**314**	**79%**
SPE 3	Banco do Nordeste	425	346	
	Debêntures	90	90	
	Total	**515**	**436**	**85%**
SPE 4	BNDES	822	699	85%
SPE 5	Banco do Nordeste	356	201	
	Debêntures	66	66	
	Total	**422**	**267**	**47%**
SPE 6	BNDES	419	88	21%
SPE 7	FDA	293	76	
	Debêntures	130	130	
	Total	**423**	**206**	**49%**
SPE 8	FDA	495	194	
	Debêntures	189	189	
	Total	**684**	**383**	**56%**
	Total Equatorial Transmissão	**4.081**	**2.736**	**67%**



Retornos consistentes

ROIC - Consolidado



Desembolso de Capex da Transmissão + Consolidação da Equatorial Piauí

Distribuição

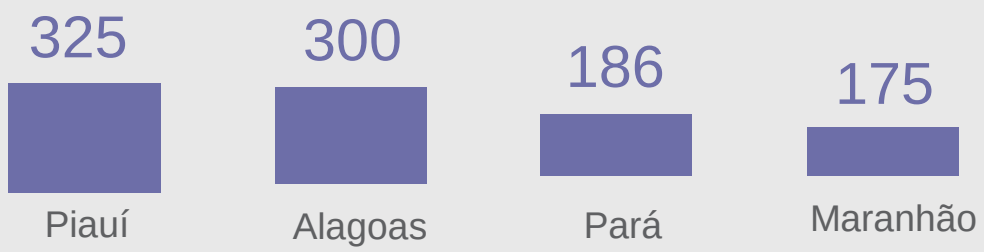


Distribuição

	Piauí	Alagoas	Piauí + Alagoas	Maranhão	Pará
Consumidores (mil)	1.246	1.157	2.403	2.492	2.644
Extensão da Rede (Km)	91.765	47.788	139.553	123.033	123.033
Volume (GW/h)	3.530	3.546	7.126	6.227	8.641
Perdas Totais	28%	25%	-	17%	28%
PMSO Regulatório (R$ MM)	419	360	779	608	738



PMSO / Consumidor (R$, 2018)



Ranking Qualidade (2019)

Maranhão ➡ 3º
Pará ➡ 7º

Ranking de Complexidade (2019)

Pará ➡ 1º
Maranhão ➡ 4º

Piauí e Alagoas

Ações implementadas

Gente

PDV + Desligamentos

39% redução no quadro em cada distribuidora

Contratos

Custos de contratos âncora (R$ MM)

Alagoas	Piauí
- 64%	- 42%

- Economia de **R$ 53,8 MM** nas duas companhias
- Todos os contratos foram renegociados

Imagem Institucional

Fortalecimento da marca

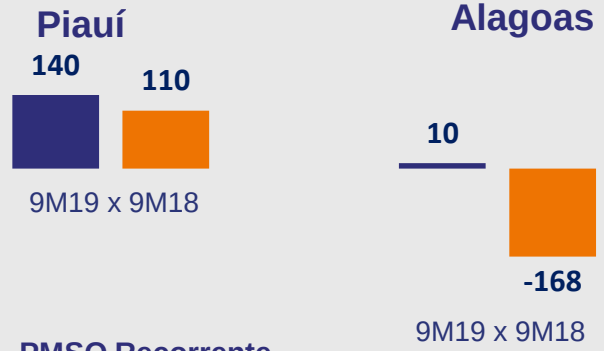
- Aumento de notícias positivas
- Aproximação de públicos estratégicos
- Campanhas publicitárias

Processos e Sistemas

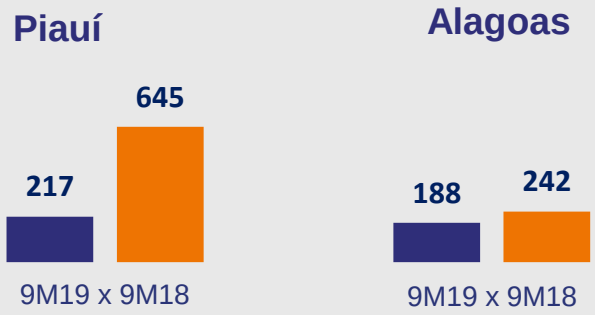
- Migração do Call Center para a 55 Soluções
- Todos os sistemas foram implementados, exceto o comercial

Resultados 9M18 X 9M19

EBITDA Recorrente



PMSO Recorrente

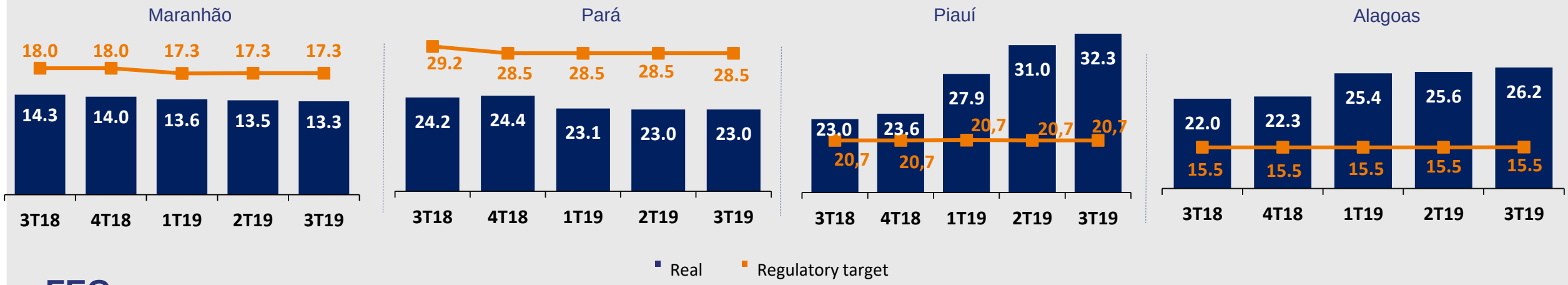


Distribuição

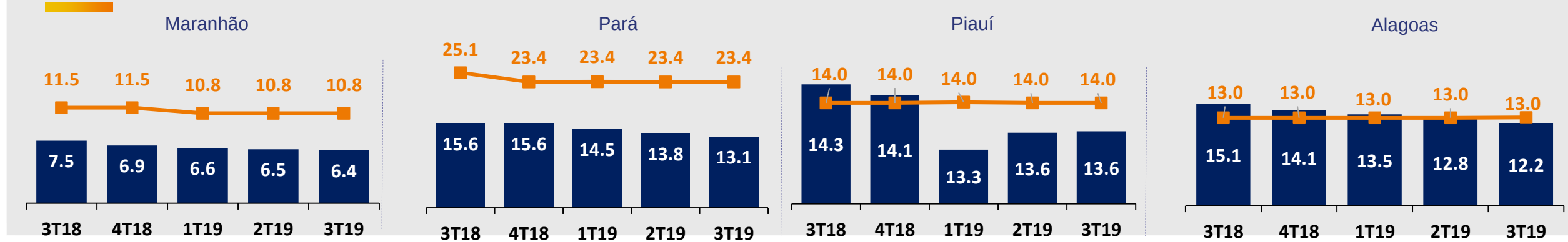
Resultados operacionais

Indicadores de Qualidade

DEC



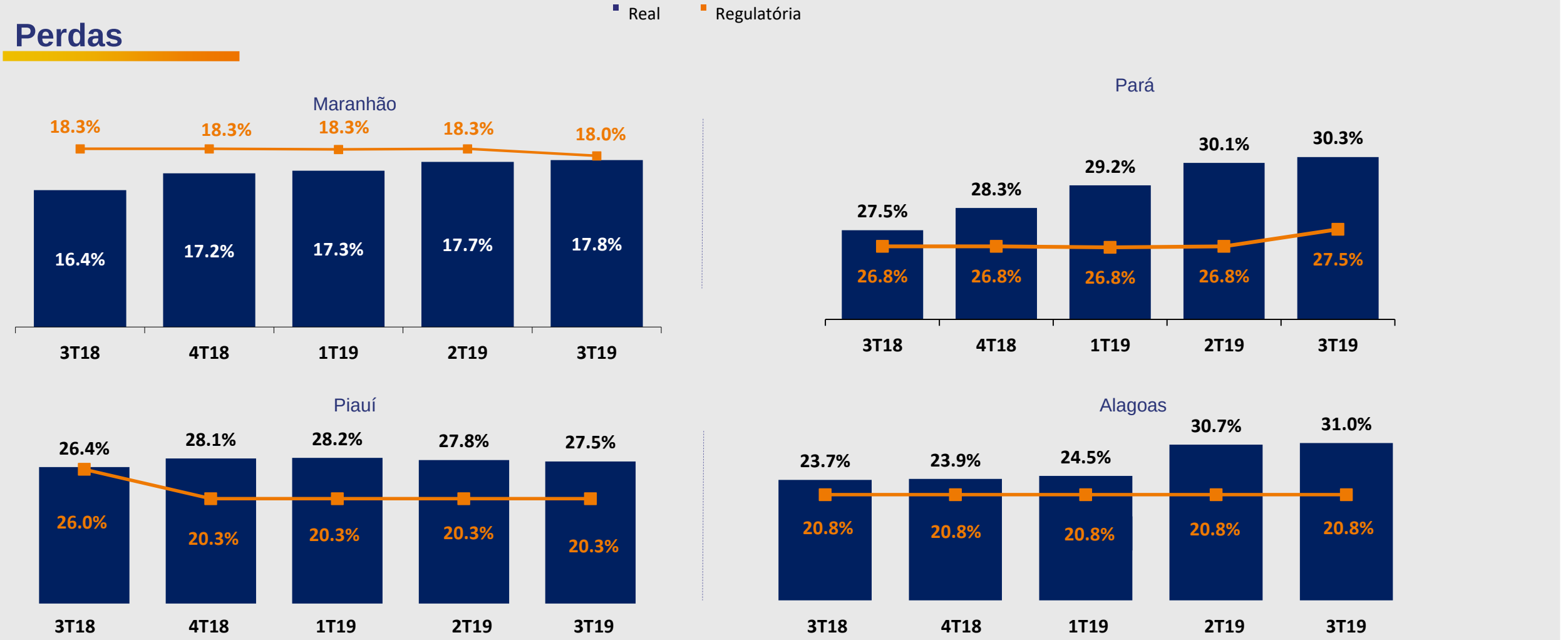
FEC



Distribuição

Resultados operacionais

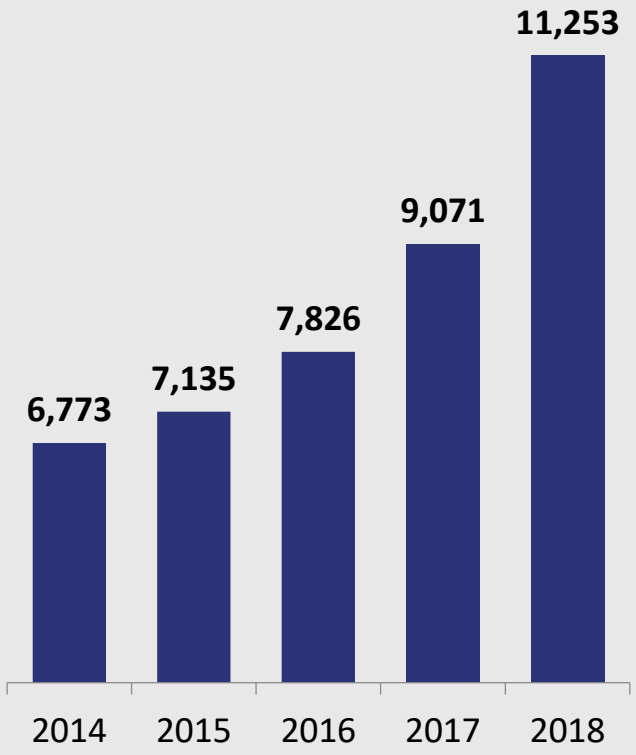
Perdas



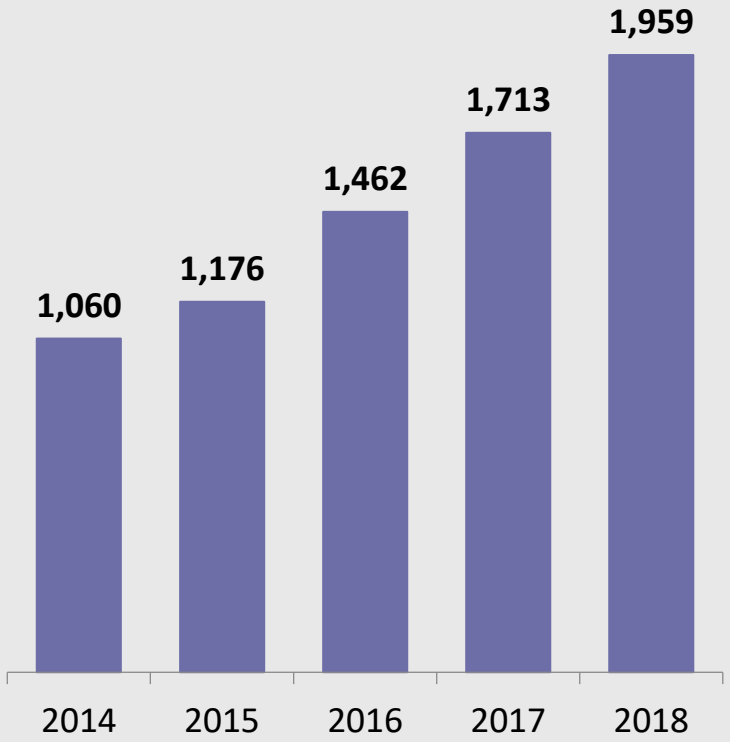
Resultados

Destaques Financeiros

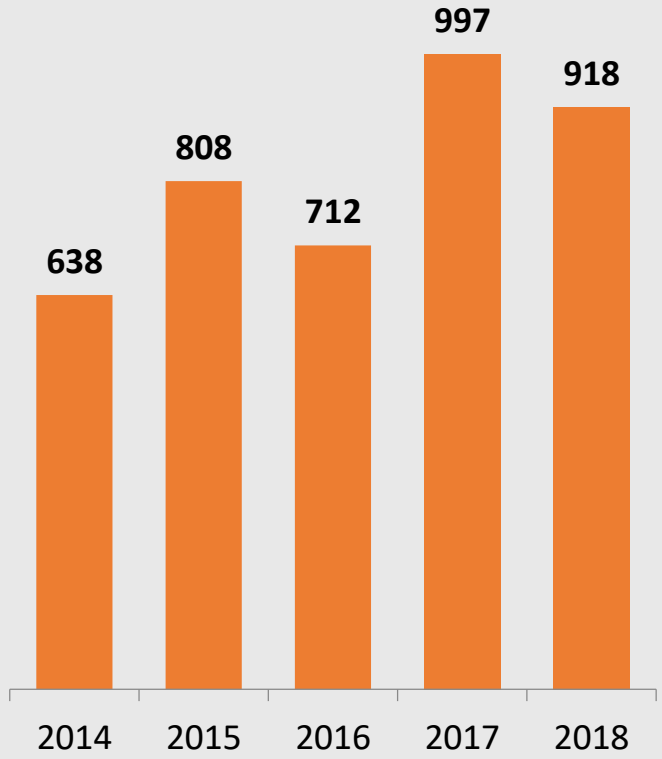
ROL (R$ MM)



EBITDA (R$ MM)

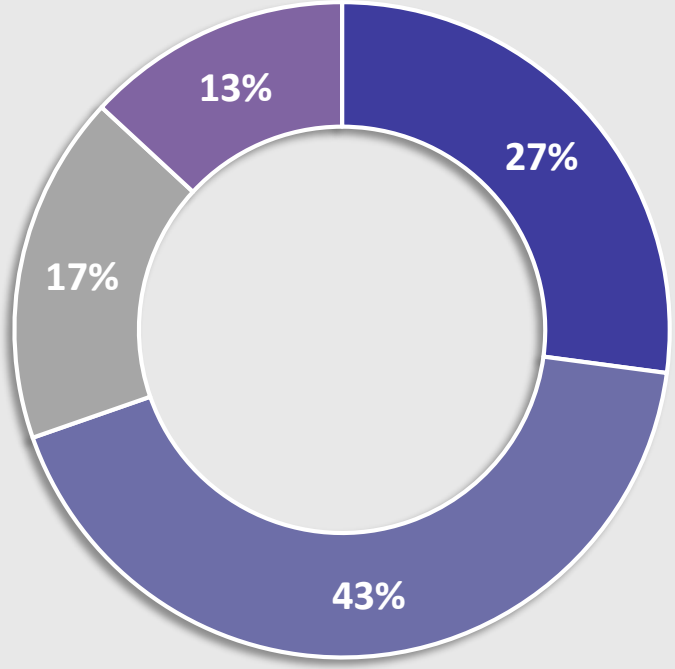


Lucro Líquido (R$ MM)

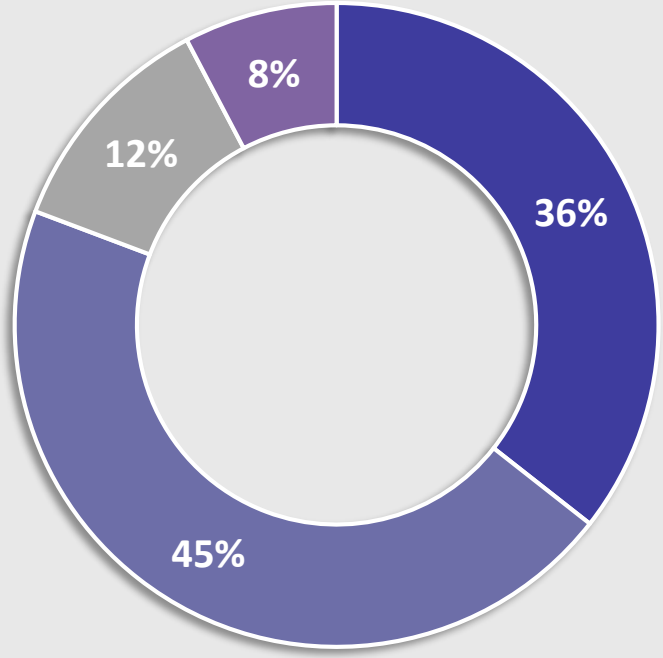


Destaques Financeiros

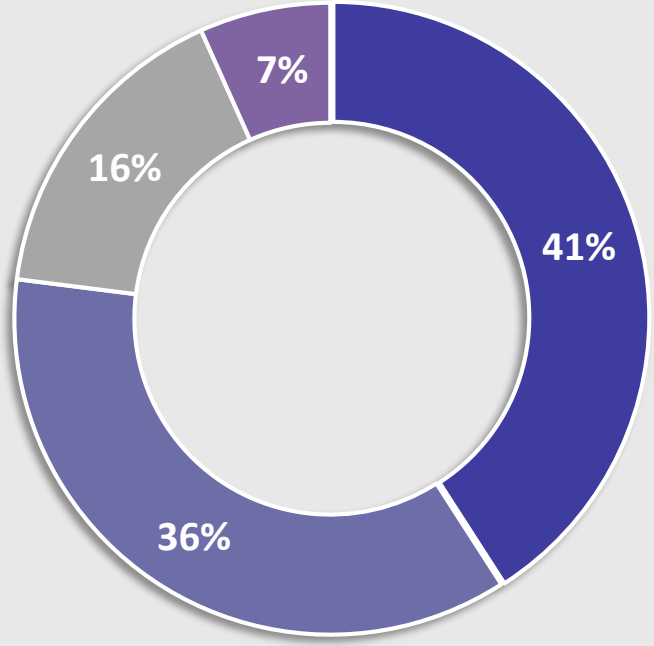
Receita Líquida (Distribuição)



EBITDA (Distribuição)



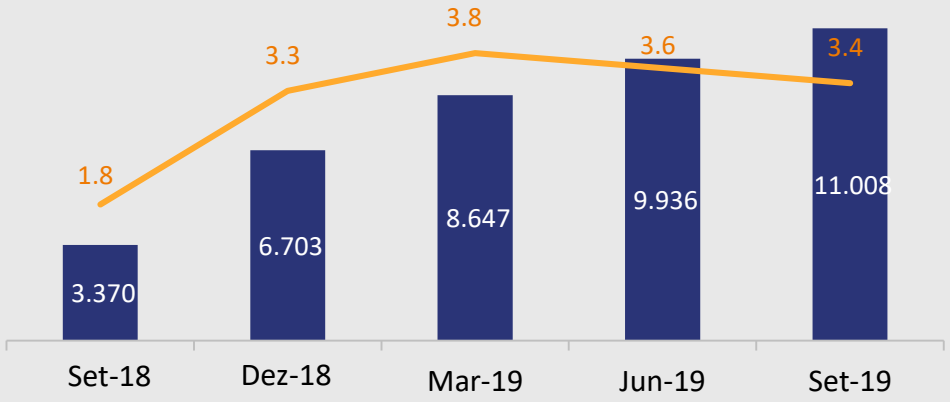
Lucro Líquido (Distribuição)



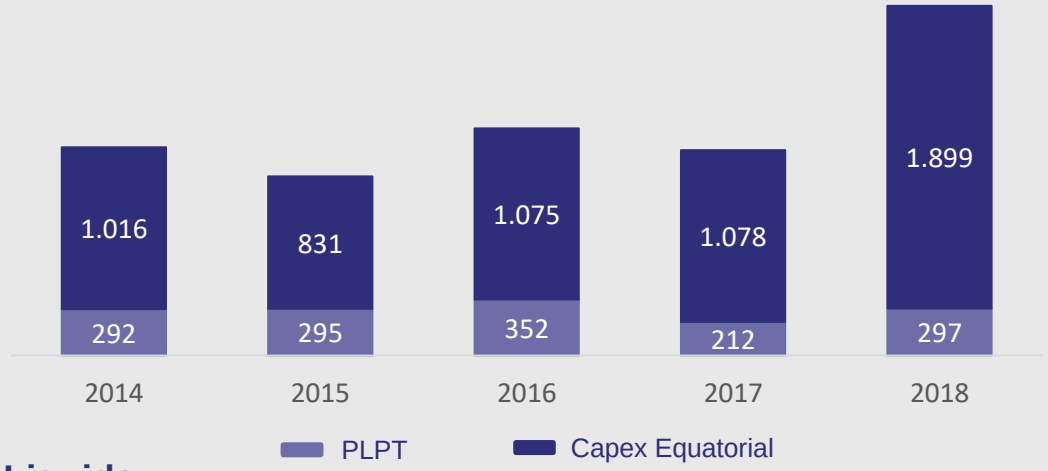
Maranhão Pará Piauí Alagoas

Destaques Financeiros

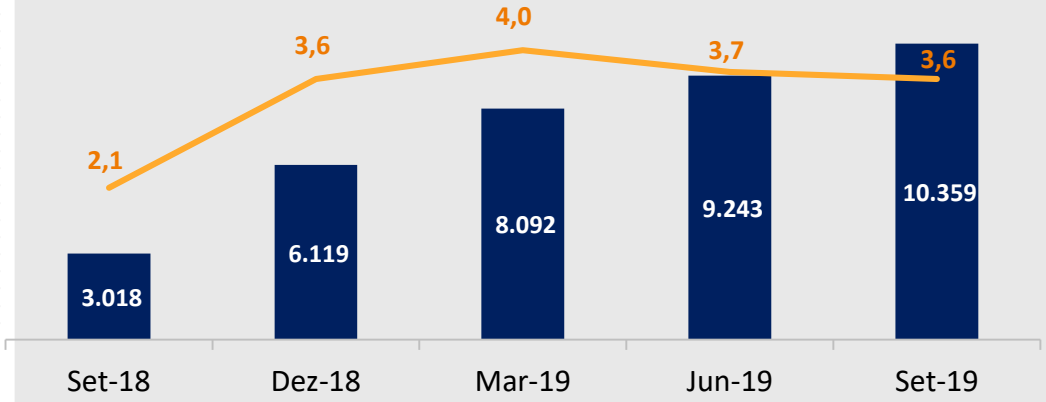
Dívida líquida consolidada (R$ MM) e dívida líquida/EBITDA



Investimentos



Dívida líquida proporcional (R$ MM) e dívida líquida/EBITDA



Liquidez

Prazo médio da dívida
6,3 anos

Caixa consolidado
4,7 bi

Caixa / dívida de curto prazo
2,3 x

Anexo

regulação da transmissão

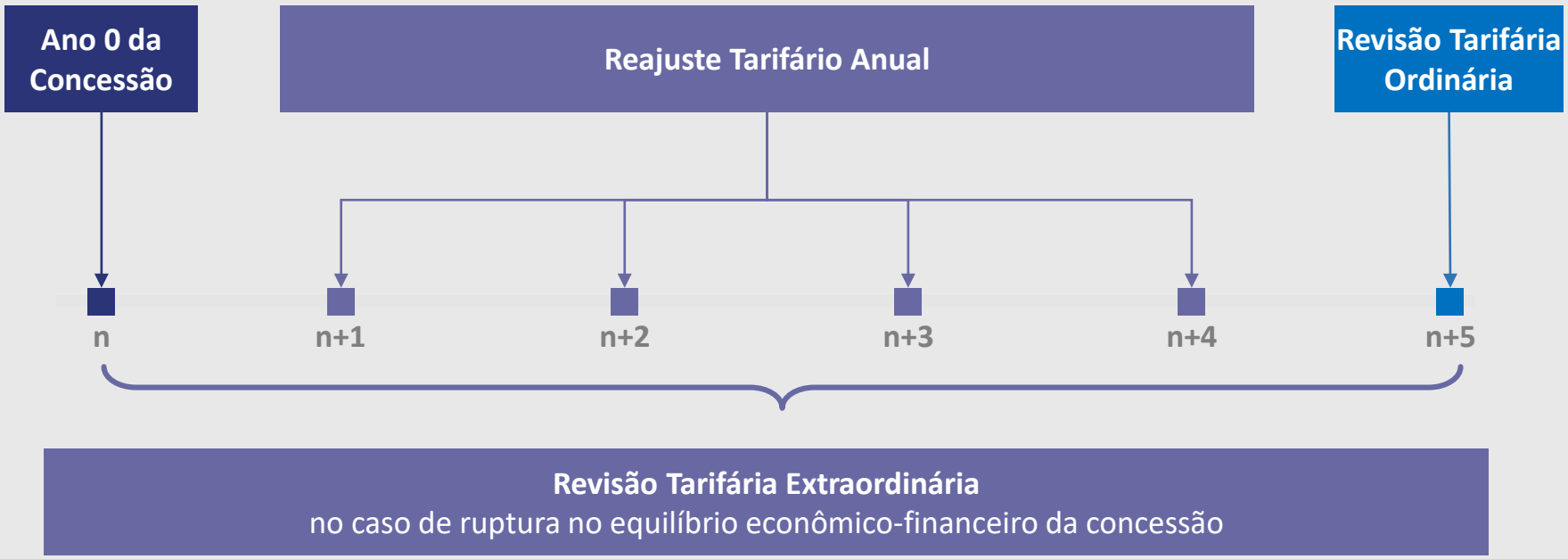
Existente antes de 2000	Leilões entre 2001 e 2006	Leilões a partir de 2008
• Contratos renovados por mais 30 anos em 2012 • RTP's feitas com periodicidade de 5 anos	• RAP ajustada por IGP-M • Contrato degrau: 50% da RAP a partir do 15° ano da entrada em operação • Contratos sem revisão	• Prazo de Concessão: 30 anos • RTP prevista no contrato (5 anos) até a metade do prazo de concessão • RAP ajustada por IPCA • Não há degrau de RAP

Fonte: PRORET – ANEEL – submódulo 9.2



regulação da distribuição

PROCEDIMENTOS TARIFÁRIOS



Revisões Tarifárias Ordinárias ocorrem a cada 4 ou 5 anos

CEMAR: Ago/2021, CELPA: Ago/2019



regulação da distribuição

COMPOSIÇÃO DA RECEITA OPERACIONAL LÍQUIDA DAS DISTRIBUIDORAS

Custos Não Gerenciáveis (Parcela A)

- Encargos Setoriais
- Custo de Compra de Energia
- Encargos de Transmissão

Repasse à Tarifa
(independente do processo tarifário)

\+

Margem Bruta Regulatória (Parcela B)

- Despesas Operacionais Regulatórias
- EBITDA Regulatório

Depende do processo tarifário

Reajuste Anual

- Inflação (IGP-M) + / - Fator X

Revisão Periódica

- Revisão da Tarifa e cálculo do Fator X

Custos Não-Gerenciáveis são repassados à tarifa

O que diferencia o Reajuste Anual da Revisão Periódica é a maneira como a Parcela B é definida



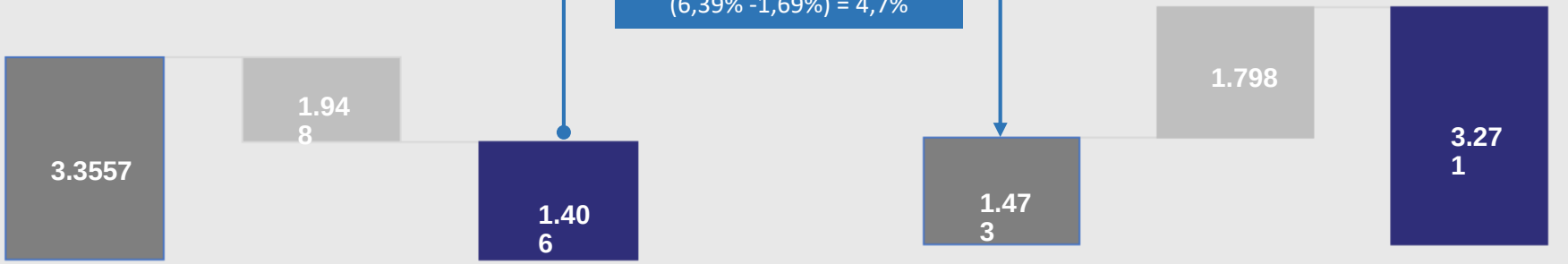
regulação da distribuição

REAJUSTE TARIFÁRIO MARANHÃO (2019)

Ano Anterior ao Reajuste
(DRA)

Após o Reajuste
(DRP)

x (IGP-M – Fator X) =
(6,39% -1,69%) = 4,7%



ROL_0 Rec. Operacional Líquida (-) **VPA_0** Parcela A (=) **VPB_0** Parcela B

VPB_1 Parcela B (+) **VPA_1** Parcela A (=) **ROL_1** Rec. Operacional Líquida

Parcela B é determinada por diferença (ROL_0 –VPA_0)

$$IRT = \frac{ROL_1}{ROL_0} - 1 = 11{,}75\%$$

(+) Componentes Financeiros
Variações de Parcela A após último reajuste/revisão



regulação da distribuição

REVISÃO TARIFÁRIA DA CELPA (2019)

EBITDA$_{Reg}$= R$ 1.054 MM

660 | 275 | 118 | 738 | 106 | 1.899

Remuneração do Investimento | Depreciação | Retorno e Depreciação sobre Outros Ativos | Custos Operacionais Regulatórios | Inadimplência Regulatória | Parcela B

x WACC | x Tx. Depreciação

Base de Ativos Regulatórios (RAB)

São considerados apenas investimentos prudentes e inerentes ao serviço

RAB Bruta R$ 6,5 bilhões

RAB Líquida R$ 5,0 bilhões

Definidos através de modelos de benchmarking



regulação da distribuição

FATOR X

$$Fator\ X = Pd + Q + T$$

Definido em cada Reajuste Anual

Mudança em DEC/FEC/IASC Performance Relativa

Q

Definido na Revisão Periódica

Produtividade média setorial, considerando crescimento no volume vendido e número de consumidores

Pd

FATOR **X**

T

Transição de um Opex Regulatório verificado nos últimos 12 meses para um determinado baseado em benchmarking



Obrigado



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