



COPEL

Pura Energia

3Q19 Results

- Daniel Pimentel Slaviero - CEO
- Adriano Rudek de Moura - CFO

11.13.2019

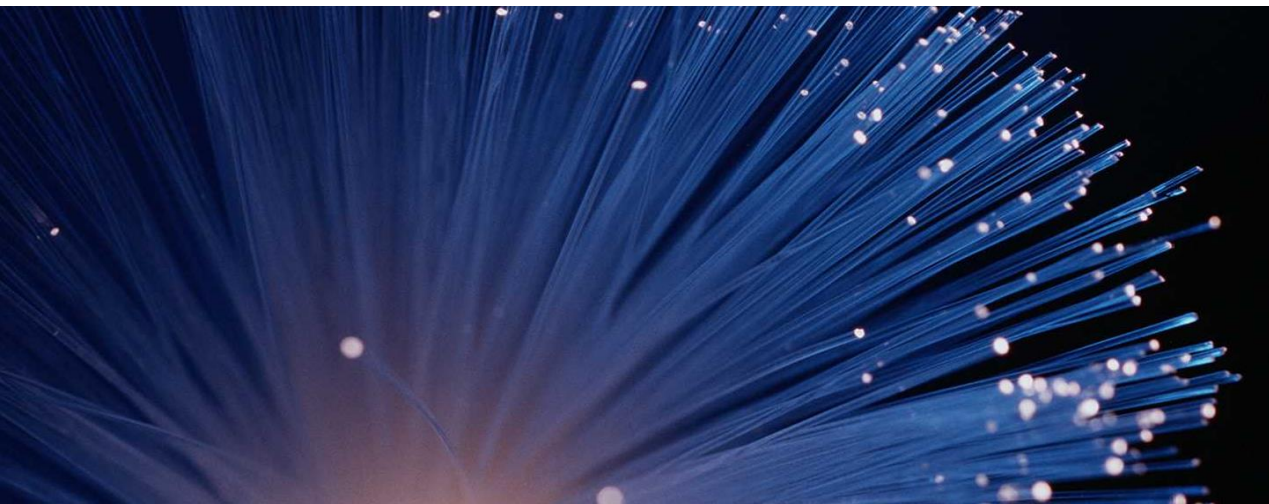
Disclaimer

Any statements made during this conference call involving Copel's business outlook or financial and operating forecasts and targets constitute the beliefs and assumptions of the Company's Management, and the information currently available. Forward-looking statements are not guarantees of performance and involve risks, uncertainties and assumptions, given that they refer to future events, and thus are dependent on circumstances that may or may not occur. The general economic conditions, industry conditions and other operating factors could come to affect the future performance of Copel and lead to results that are materially different from those expressed in said forward-looking statements.



Business Overview

Daniel Slaviero - CEO



3Q19 Highlights



COPEL

Solid and Consistent Results

- EBITDA of R\$1.2 billion in 3Q19 (+40%) and R\$3.2 billion in 9M19 (+24%)
- Operating cash generation of R\$1.0 billion in 3Q19 (+60%) and R\$3.4 billion in 9M19 (+30%)
- Leverage Reduction for 2.2x (vs. 3.2x in 3Q18)
- Copel Dis reached R\$331 million in 3Q19 (3.5% > Regulatory EBITDA in the last 12 months)

Advances in Projects

- Auction for the construction of Jandaíra Wind Complex (90 MW of installed capacity)
- Lot “E” developments in commercial operation (~68% of total APR in operation)
- Cutia Wind Complex is 100% operational
- Copel Energia Purchases 127.9 MW in Incentive Energy

Initiatives in line with strategy

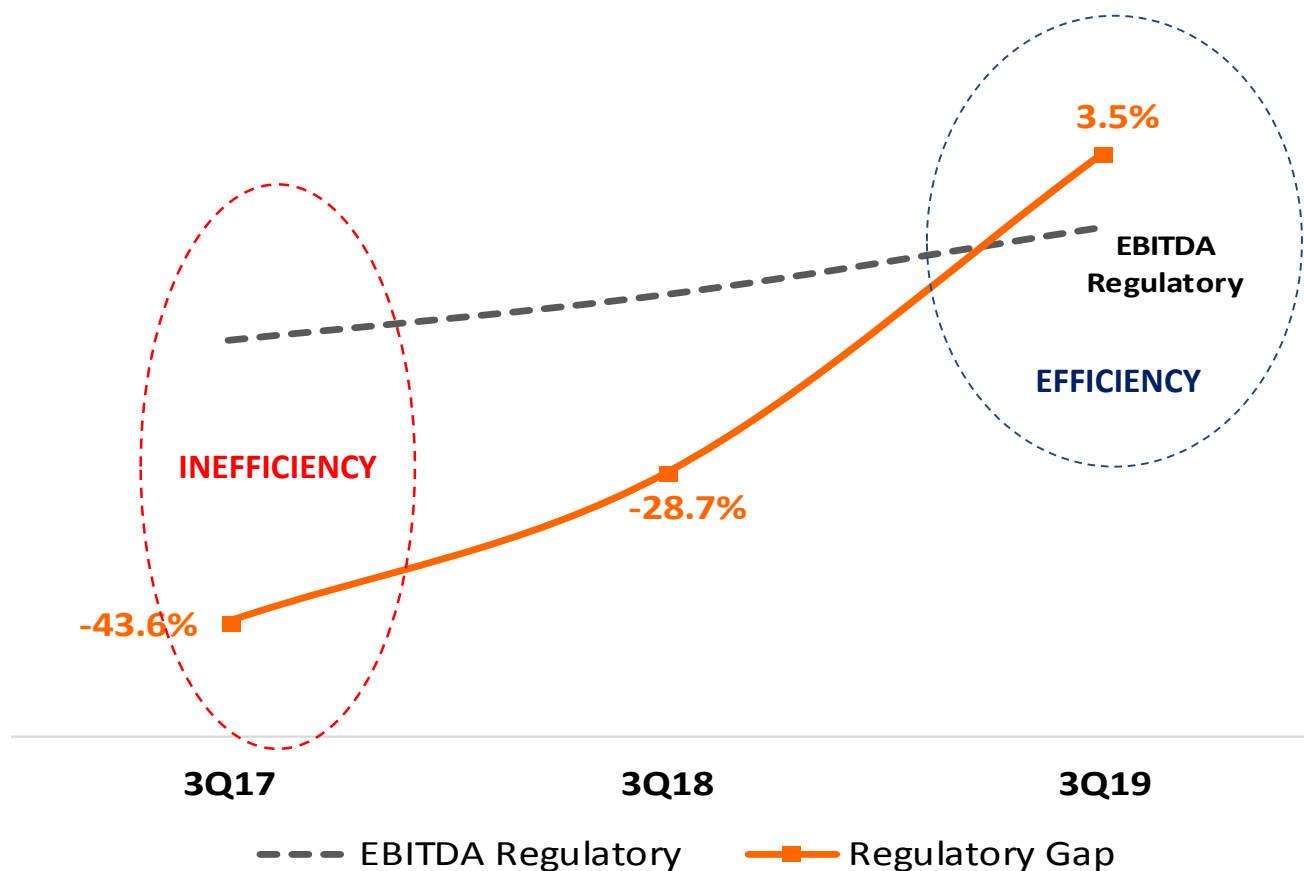
- New Voluntary Redundancy Program (492 employees meet the requirements)
- Programa Transformação – Copel Dis
- Capex 2020: R\$2.1 billion, of which R\$1.1 billion for Copel Dis

Best Practices in Corporate Governance

- Copel achieves top score in B3's “State-Owned Company Governance Highlight Program”

Outperforms the Regulatory EBITDA

Efficient execution of an “aggressive plan” for operational improvement and cost reduction



- ✓ EBITDA of R\$331 million in 3Q19 (+27%) and R\$948 million in 9M19 (+52%)
- ✓ +1.6% in grid market in 3Q19 (+2.9 in 9M19)
- ✓ -5.1% in PMSO (9M19)
- ✓ Capex: R\$835 million in 2019; R\$230 million in 3Q19 (+6%) R\$640 million in 9M19 (+39%)
- ✓ Programa Transformação: focus on distribution grid modernization

Continuity in Value Improvement Strategy

- 🔧 Continuous Improvement of Corporate Governance
- 🔧 Efficiency improvement and cost reduction
- 🔧 Discipline in capital allocation in new projects
- 🔧 Regulatory EBITDA target at Copel Dis + RAB increased
- 🔧 Leverage stabilization
- 🔧 Divestment – Telecom and Compagas
- 🔧 Completion of projects in progress (SHP Bela Vista, TL-Lot E, etc)
- 🔧 Granting fee – HPP Foz do Areia (Sep/23)
- 🔧 Innovation Projects: distributed generation, electric mobility, smart grid and services
- 🔧 Gas regulatory framework
- 🔧 Dividend Policy

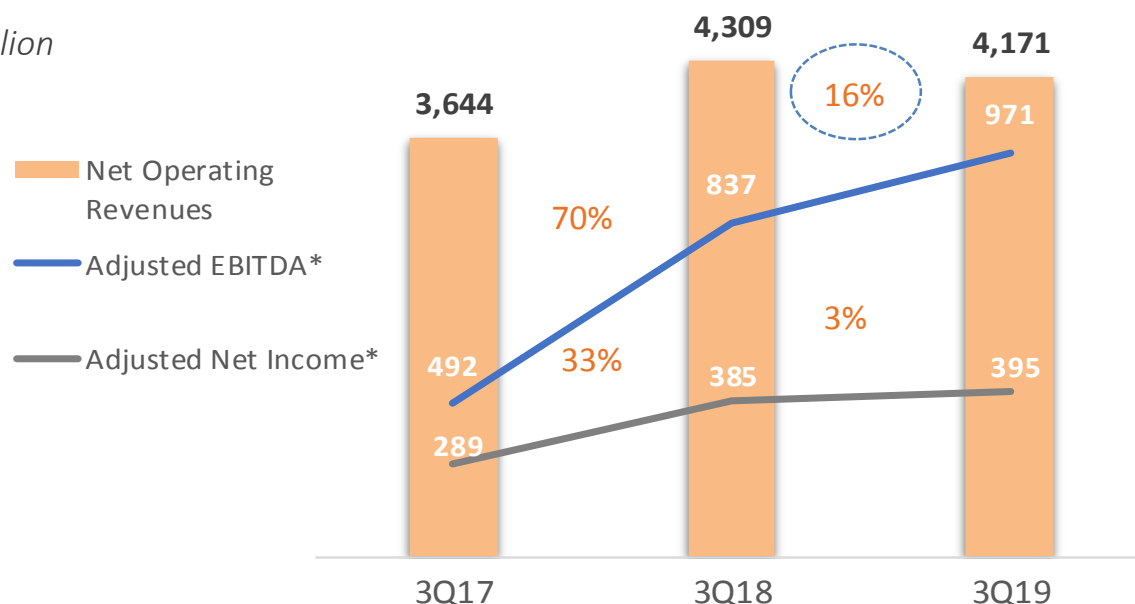
A photograph of a wind farm at sunset. The sky is a deep orange-red, and the sun is a bright yellow circle on the horizon. Several wind turbines are silhouetted against the sky. A large transmission tower is visible in the distance.

Results 3Q19

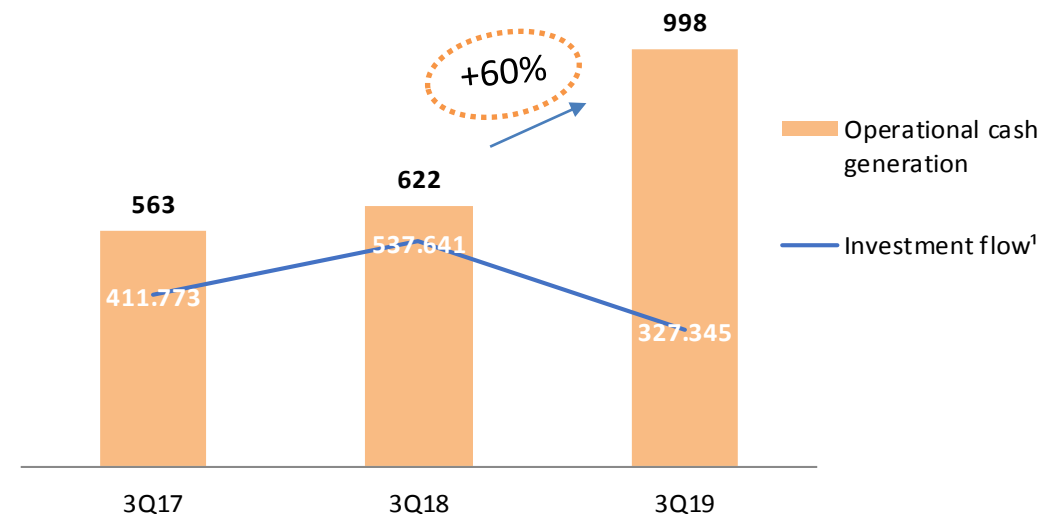
Adriano Rudek de Moura - CFO

Solid and Consistent 3Q19 Results

R\$ million



Operational cash generation and investment flow



Improved performance of Copel's main businesses

- ✓ Copel GeT's energy allocation strategy
- ✓ Reduction of 26.3% with energy purchase
- ✓ Lower PLD (R\$214.13 in 3Q19 vs. R\$494.37 in 3Q18)
- ✓ Industrial Free Market of Copel GeT and Com 8.4%
- ✓ Grid Market Growth 1.6% in 3Q19
- ✓ Additional revenue from new projects (Baixo Iguaçu, Colíder, Cutia and other) ~R\$ 111 million of additional revenue in the quarter and R\$57 million in EBITDA
- ✓ Management of manageable costs (-5% in PMSO including provisions and reversals)

* Adjusted EBITDA, in 3Q19, by impairment (fair value in the purchase and sale of energy, tax credit and write off Telecom assets); in 3Q18, adjusted by provisions for litigation and provision for PDI; in 3Q17, adjusted by impairment and provision for PDI.

Adjusted EBITDA

R\$ million

Adjusted EBITDA by Subsidiary

Subsidiary	3Q19	3Q18	Var.%	9M19	9M18	Var.%
Copel GeT	541.1	456.8	18.4	1,828.4	1,469.0	24.5
Copel Dis	331.1	281.5	17.6	948.0	757.2	25.2
Copel Telecom	49.0	43.9	11.6	148.0	124.6	18.8
Other/Elimination	49.7	54.9	(9.5)	178.4	154.4	15.6
Consolidated	970.9	837.1	16.0	3,102.8	2,505.1	23.9
EBITDA Margin	26.5%	23.2%	14.1	41.0%	36.0%	13.9

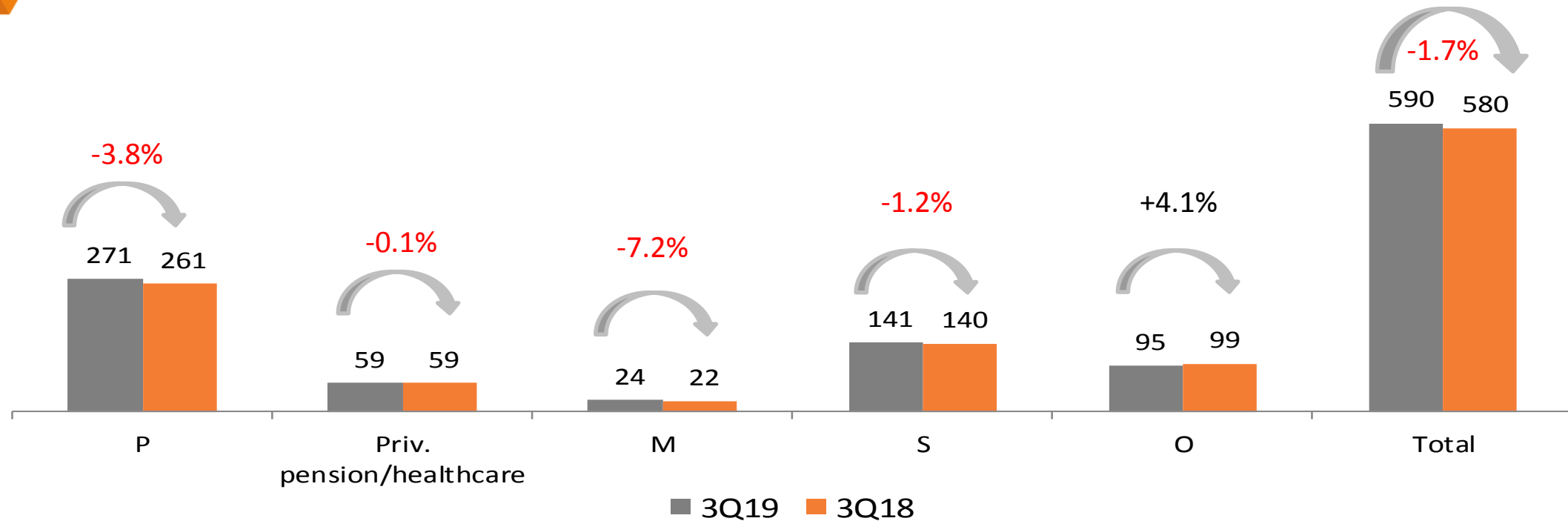
Consolidated Adjusted EBITDA Breakdown

Adjusted EBITDA	3Q19	3Q18	Var.%	9M19	9M18	Var.%
EBITDA	1,201.7	855.5	40.5	3,240.8	2,475.5	30.9
(-)/+ Non-recurring effects	(230.8)	(18.4)		(138.0)	29.6	
Adjusted EBITDA	970.9	837.1	16.0	3,102.8	2,505.1	23.9

Adjusted Manageable Costs¹ decreased by 1.7%

R\$ million

* Does not consider estimated losses, provisions and reversals.



🔑 Reduction of 3.8% in personnel and administrative costs

- ✓ Reduction of 6.5% in real terms (IPCA 2.89% in the last 12 months)
- ✓ Reduction of 551 employees in the last 12 month
- ✓ Salary Adjustment of 3.97% in October/18

¹ Personnel costs adjusted by profit sharing; Other adjusted by the non-recurring effect of the decommissioning of equipment infrastructure in Copel Telecom's clients in 3Q18 (R\$55.5 million).

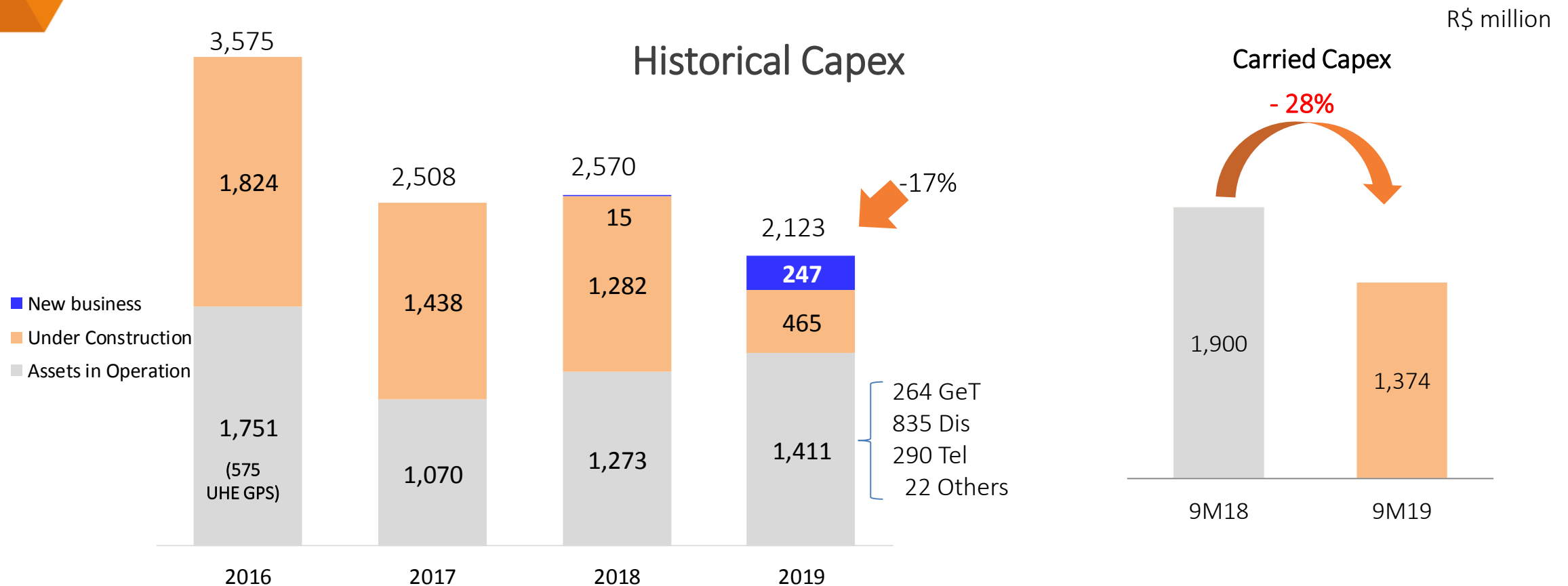
Operational Cash Generation

R\$ million

Cash Flow	3Q19	3Q18	9M19	9M18
EBIT	946	668	2,501	1,832
D/A	256	187	739	555
Change in operating assets and liabilities	(204)	(233)	213	274
Cash generated from operating activities	998	622	3,454	2,661
Investments flow ¹	(327)	(538)	(1,101)	(1,471)
Cash flow after investments	671	84	2,353	1,190

¹ Does not consider transmission assets according to ICPC 01 IFRIC 12

Reduction of the investment plan for 2019



Discipline in capital allocation
Completion of projects

Investments in technology
Quality and efficiency
Cost reduction

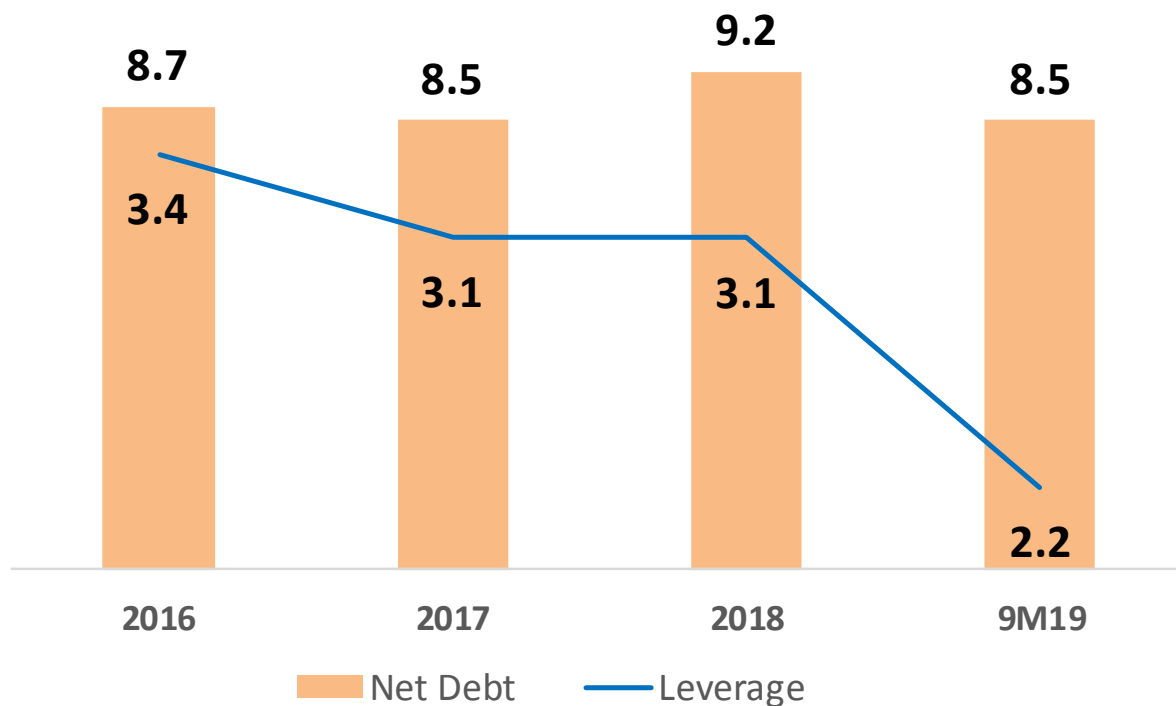
¹ Capital budget originally approved by the Board of Directors and revised by Board of Directors, the last update at the 193th Ordinary Meeting of the Board of Directors, with an increased of R\$ 77.6 million for the amount originally forecast for SPE Mata de Santa Genebra Transmissão and, at 196th ROCAD the increase of R\$36.2 million to the amount originally forecast for UEGA. These values do not consider appropriation due to own labor, interest and others.

LEVERAGE INDEX

NET DEBT / EBITDA

Leverage reduction based on additional cash generation and investment plan reduction

R\$ billion



Reduction of net debt due to higher cash generation

Consistent growth of EBITDA

Fundraising of R\$2.7 billion

Average cost of 6.85%

63% of debt is indexed to CDI (Interbank Deposit Certificate Rate)

Duration of 3.5 years



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