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## Conference Call 2019

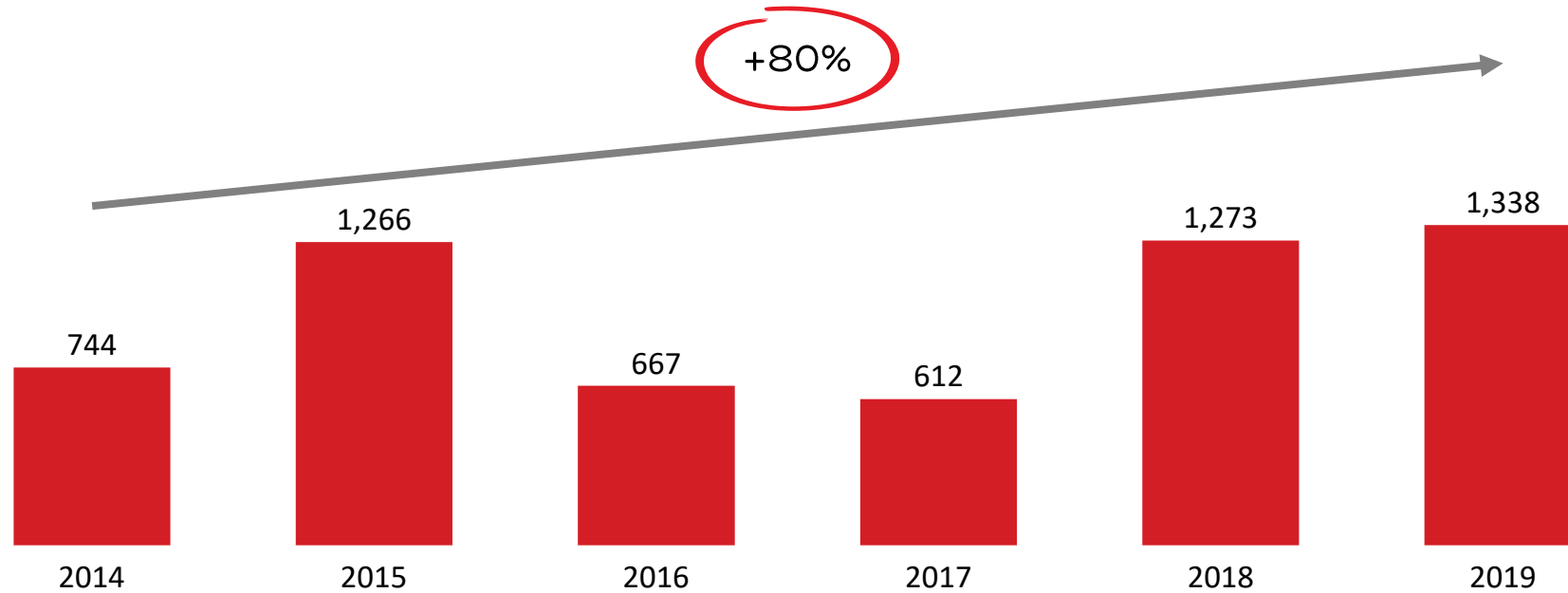
February 19<sup>th</sup>, 2020

# Historical Results in 2019



## Net Income

R\$ million



# Main Highlights

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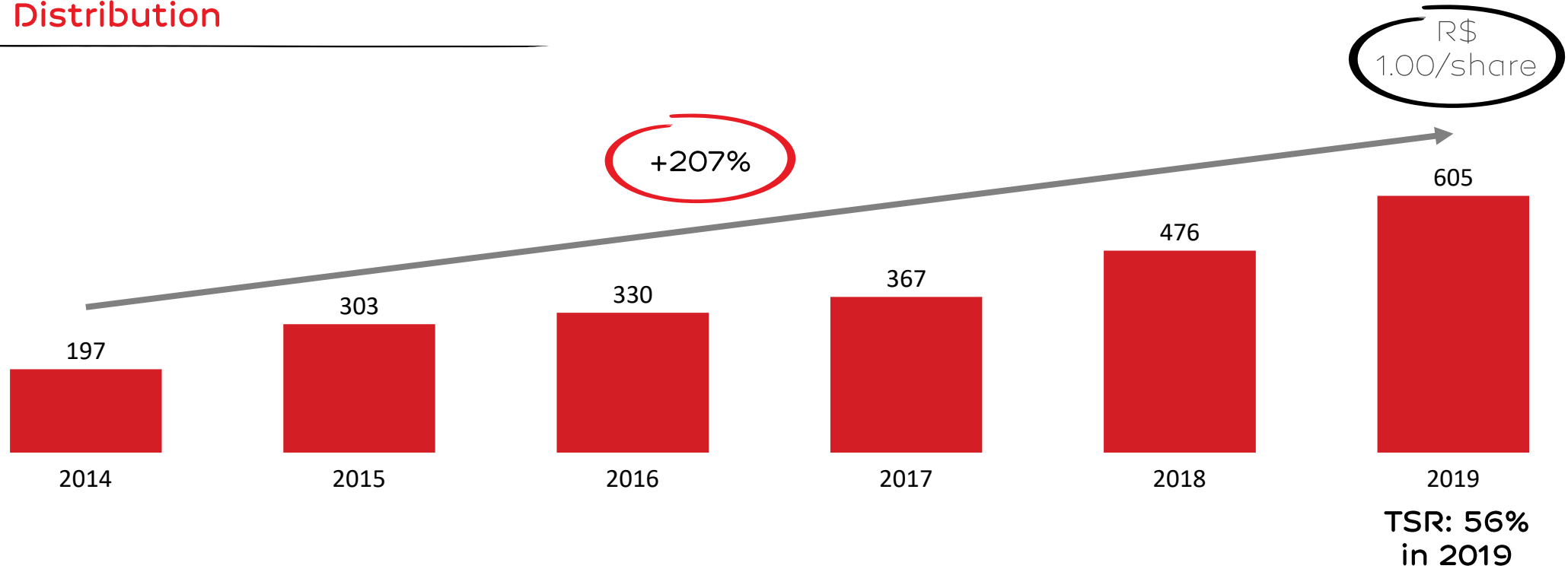
- ✓ Improved Distribution performance, with emphasis on tariff reviews
- ✓ Reinforcement of the transmission investment strategy, with excellent execution
- ✓ Mitigation of energy risk through the integrated management of the Generation and Commercialization segments
- ✓ A wider business range in the energy services area
- ✓ Strong culture, healthy balance sheet and a commitment to Innovation and Sustainability

# Increasing Dividends Distribution



## Dividend Distribution

R\$ million



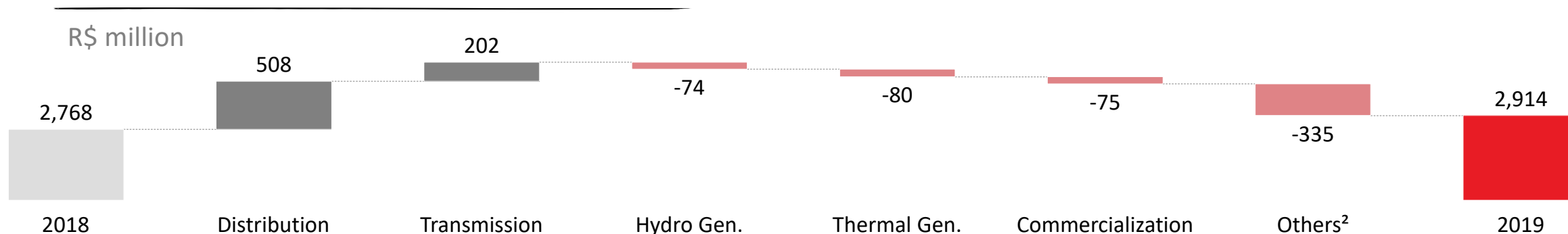
Dividend Yield:	4.6%	5.3%	4.0%	4.4%	5.3%	4.5%
Closing price <sup>1</sup> in R\$:	8.97	12.04	13.40	14.00	14.75	22.10

<sup>1</sup> Disregarding dividend adjustment

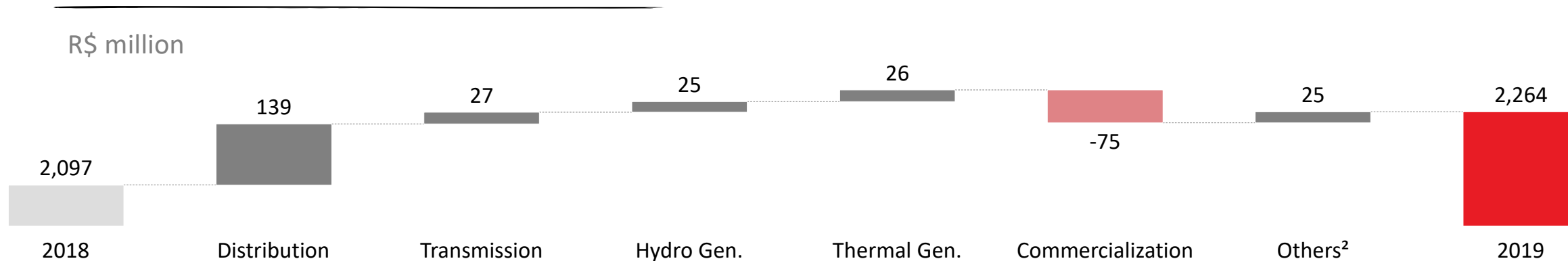
# EBITDA by Business Segment



## EBITDA



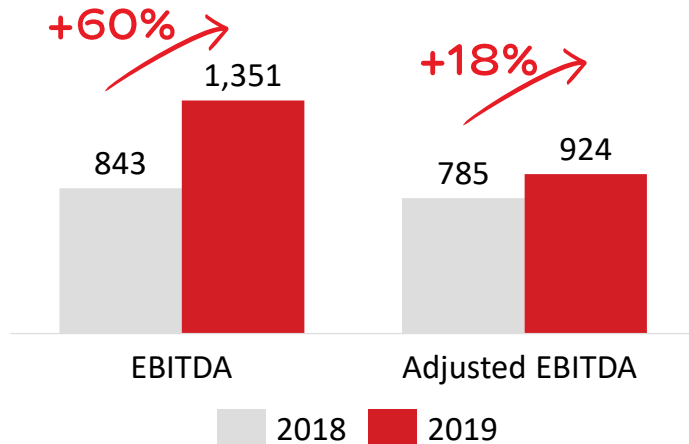
## Adjusted EBITDA<sup>1</sup>



<sup>1</sup> Adjusted by non-cash and non-recurring events / <sup>2</sup> Services, Holding and eliminations

## EBITDA

R\$ million



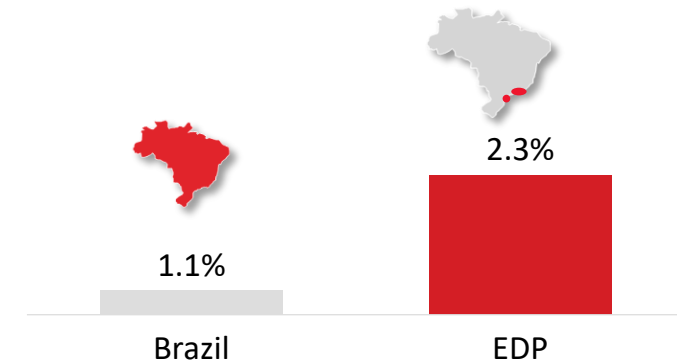
### Adjustments:

- VNR<sup>1</sup> from Tariff Reviews: **R\$ 234.2 million**
- Recurring VNR: **R\$ 58.5 million**
- Actuarial report: **R\$ 134.4 million** (EDP ES)

## Tariff Reviews

- ✓ **+30.7%** Regulatory EBITDA
- ✓ **+35.9%** Net RAB<sup>2</sup>
- ✓ **<0.5%** Unrecognized investments – sector *benchmark*

## Volume



## Losses

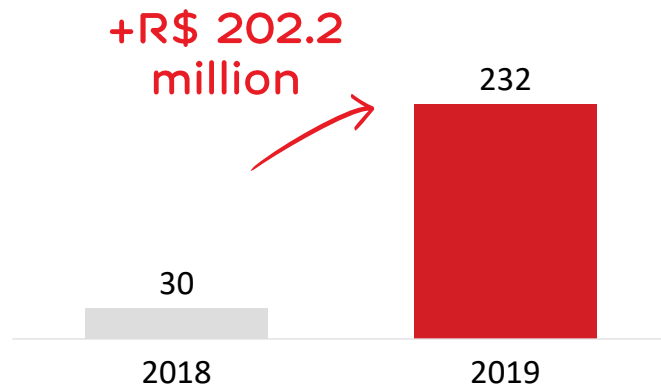
- ✓ **-1.24 p.p.** LV Non-technical Losses EDP SP
- ✓ **-0.23 p.p.** LV Non-technical Losses BT EDP ES

# Transmission



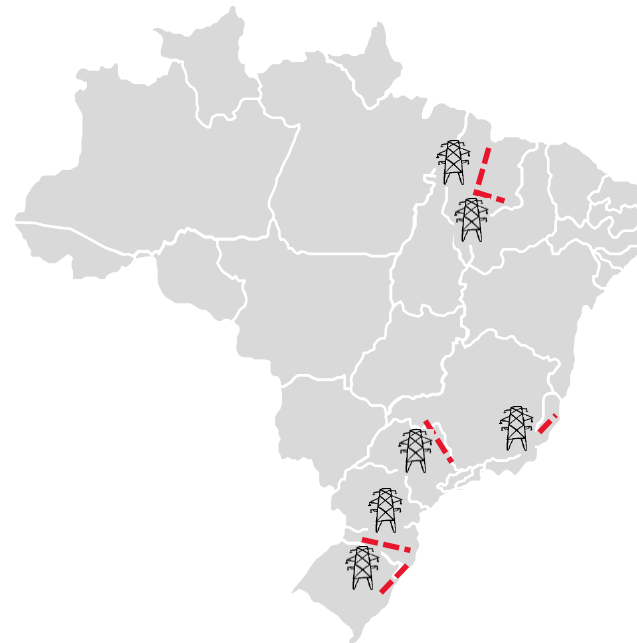
## EBITDA

R\$ million



- ✓ 59% CAPEX already executed
- ✓ R\$ 1.9 billion invested in 2019
- ✓ NPV > R\$ 1 billion
- ✓ 6 projects: 1,441km (R\$ 3.9 billion total CAPEX)

- ✓ Lot 24 (ES) in full operation
- ✓ Lot 11 (MA II) partially into operation
- ✓ Lot Q (SC-RS) acquired in the secondary market in 2019



## Construction works completion

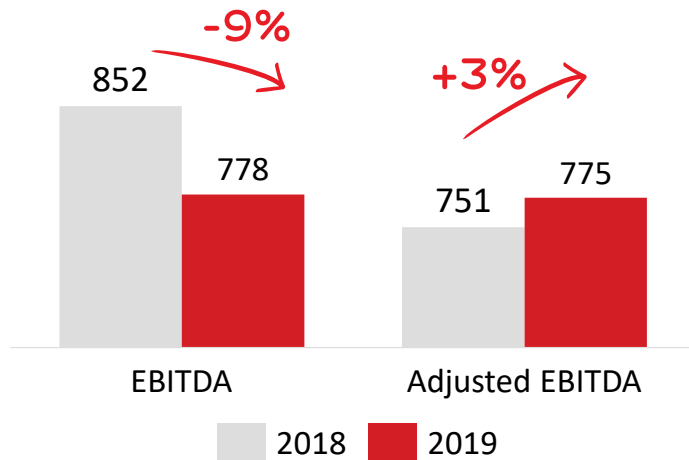
- ✓ 53% Lot 07 (MA I)
- ✓ 91% Lot 11 (MA II)
- ✓ 49% Lot 18 (SP-MG)
- ✓ 52% Lot 21 (SC)

# Hydro Generation



## EBITDA

R\$ million



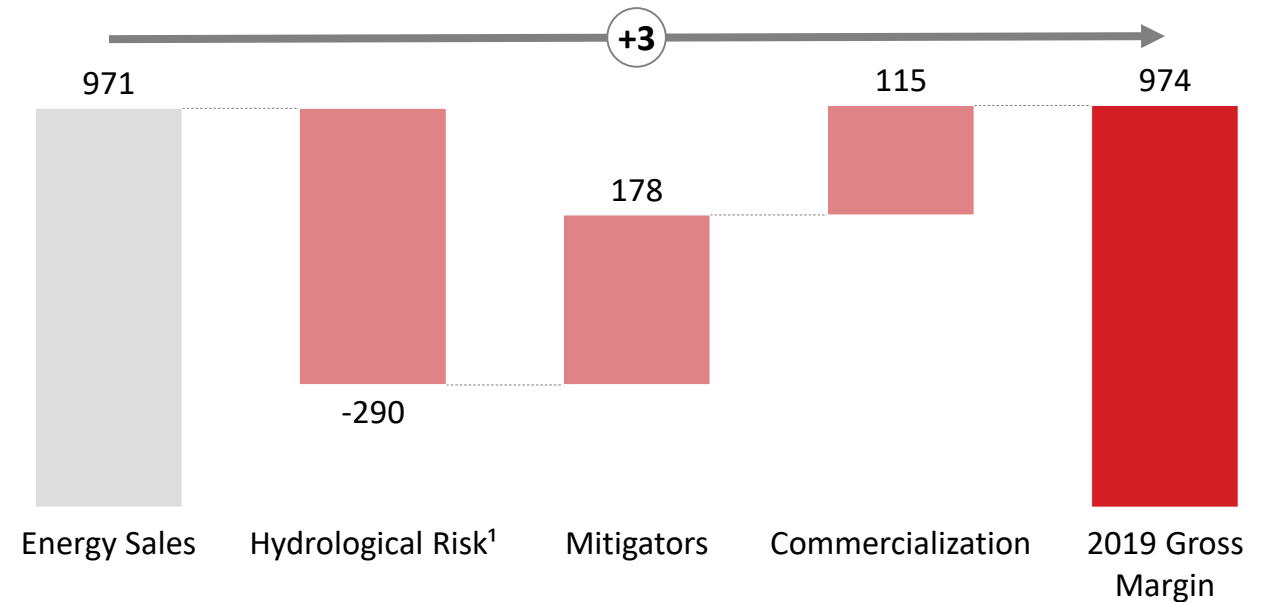
### Adjustments:

- PCHs, Costa Rica and Santa Fé sale (2018): **R\$ 101.3 million**
- Actuarial report (2019): **R\$ 2.8 million** (Energest)

<sup>1</sup> Considering MRE, PLD and GSF impacts

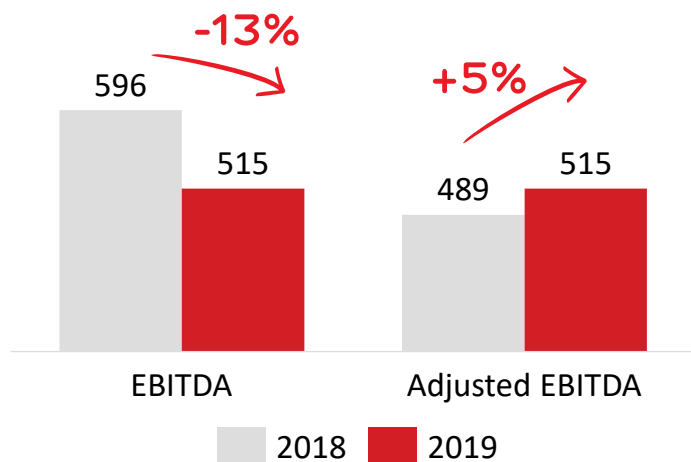
## Hydrological Risk Management

✓ **100%** hydrological risk coverage



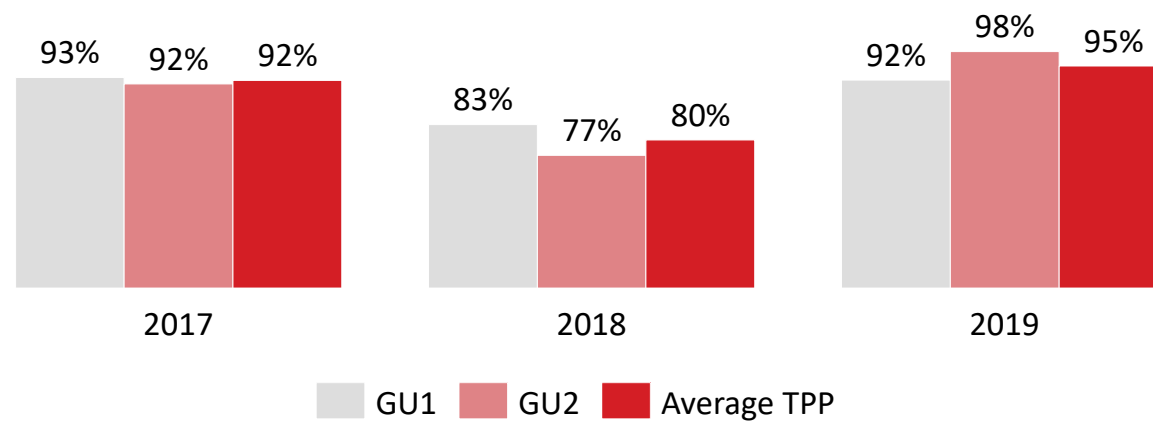
## EBITDA

R\$ million



## Availability

Above availability reference of 83.75%



### Adjustment:

- ADOMP reimbursement in 2018<sup>1</sup>: **R\$ 106.5 million**

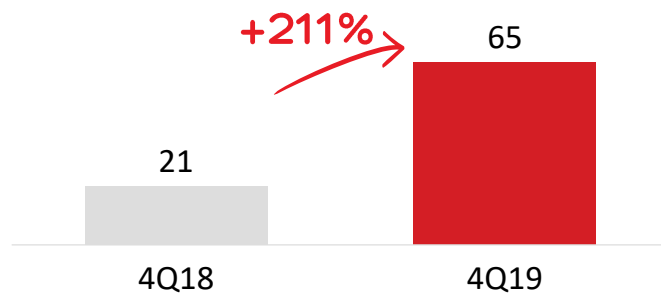
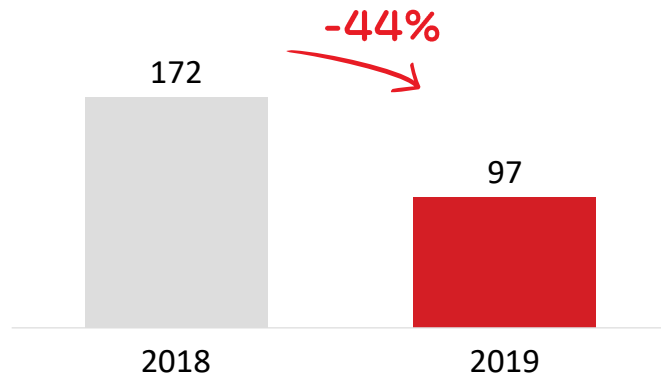
<sup>1</sup> Net of PIS/COFINS

# Commercialization

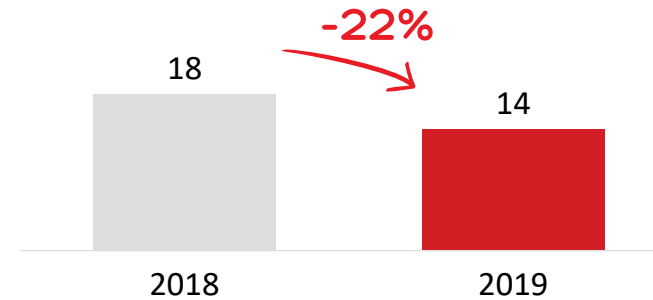


## EBITDA

R\$ million



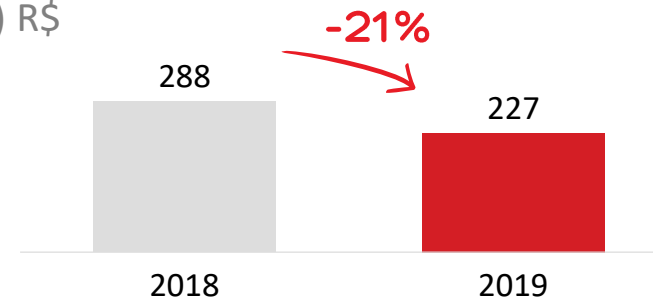
## Volume



- ✓ Increased **credit risk** between players
- ✓ Higher **price volatility**

## Average Spot Price

(SE/CO) R\$



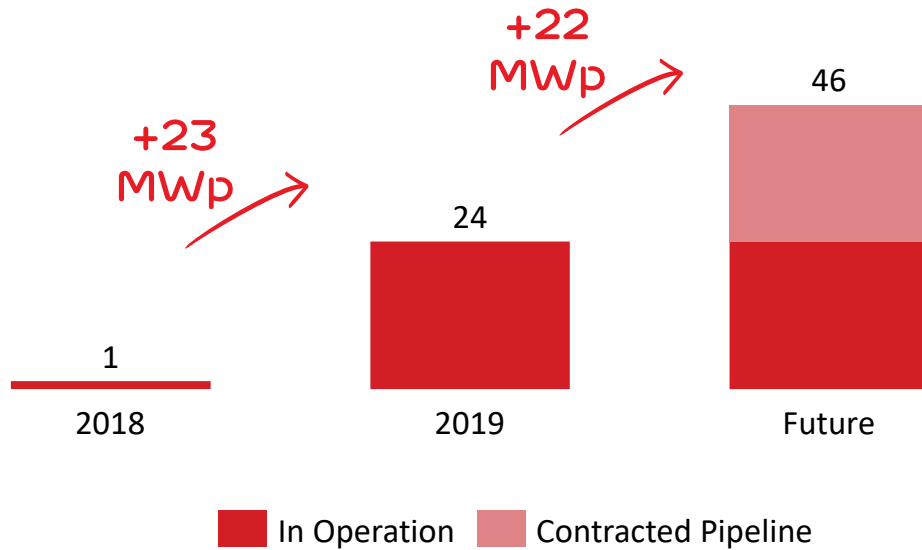
1 Considering EDP Comercialização and EDP Comercialização Varejista. EBITDA considering just EDP Comercialização: R\$ 98 million

# Distributed Generation



## Installed Capacity

MWp



## Investment

✓ R\$ 72 million in 2019

✓ R\$ 100 million over the next years

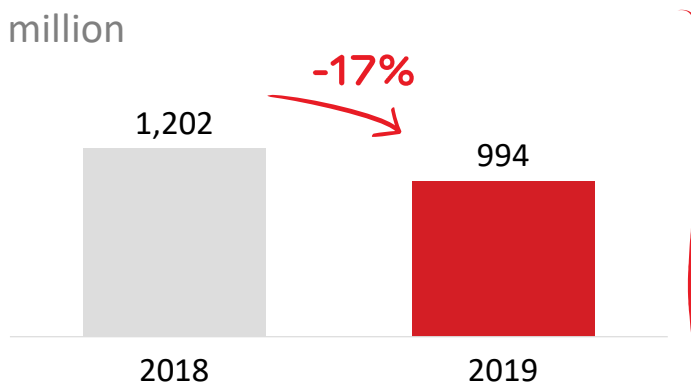


# Efficiency in Cost Control



## PMTO (without PECLD)

R\$ million

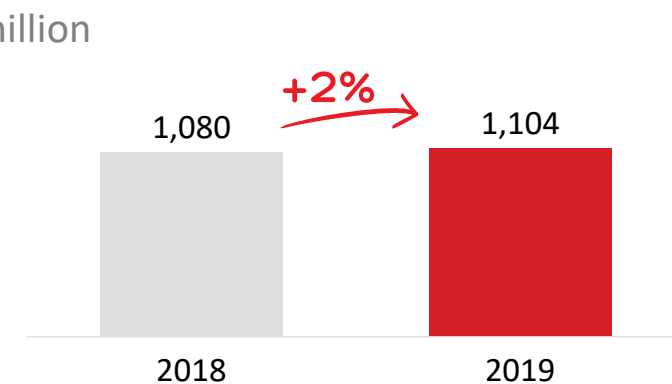


### Non-recurring Effects:

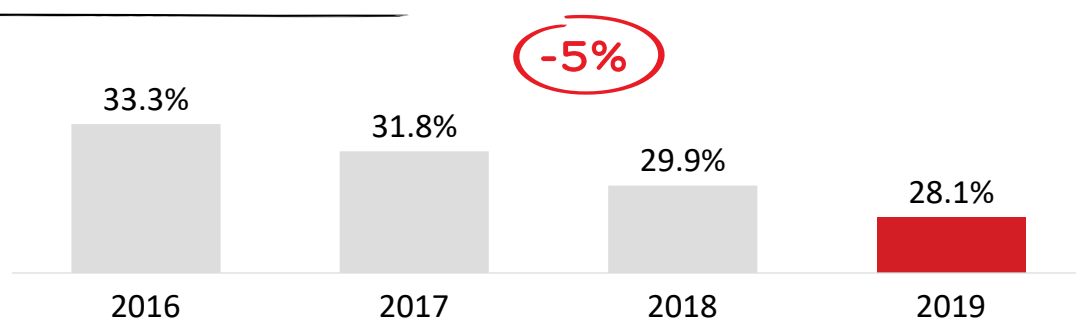
- Actuarial report – Post-Employment Benefit
- New Projects
- IFRS 16 accounting
- Asset sales (PCHs, Santa Fé and Costa Rica)

## Recurring PMTO (without PECLD)<sup>1</sup>

R\$ million

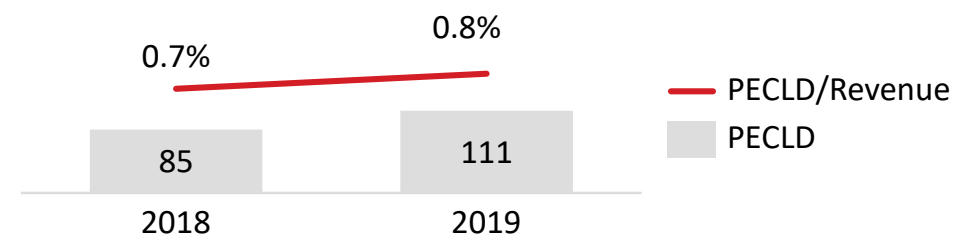


## OPEX/Gross Margin<sup>2</sup>



## PECLD

R\$ million



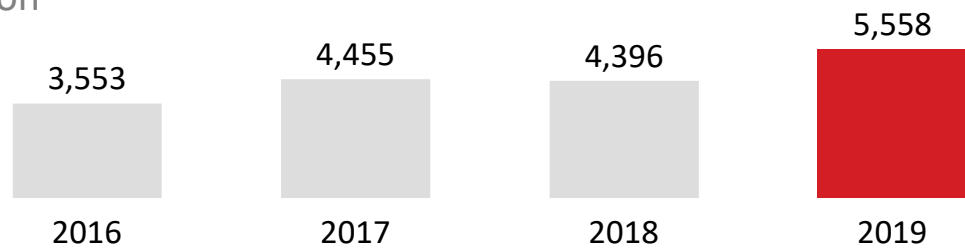
<sup>1</sup> Excludes adjustment regarding to the booking of the IFRS16 effect and New Businesses – B2C, Solar, Transmission, EDP Varejista, EDP Ventures, EDP GRID and EDP Soluções / <sup>2</sup> OPEX disregarding VNR valuation

# Indebtedness



## Net Debt Evolution

R\$ million



**Fitch starts rating coverage for EDP BR**  
Stable Outlook



**Latin Finance Award<sup>1</sup>**  
Lot 21 receives award for long-term financing



ND/EBITDA 1.5x      2.0x      1.6x      1.9x

## Main Issuances

Company	Instrument	Credit Line (R\$ million)	Cost	Term (years)
EDP Transmissão SP-MG	Securities Issuances	800	IPCA + 4.45% p.a.	20
EDP Transmissão MA II	BNB <sup>2</sup>	125	IPCA + 2.57% p.a.	20
EDP Transmissão MA I	BNB <sup>2</sup>	252	IPCA + 2.54% p.a.	24
EDP São Paulo	Securities Issuances	500	106.6% of CDI	5
EDP Espírito Santo	Securities Issuances	300	106.9% of CDI	5

## To be carried out in transmission

**+R\$ 525 million**

- Additional long term for **Lot 18 (SP-MG)**

**+R\$ 405 million CAPEX in Lot Q (SC-RS)**

- To structure Long Term Debt

<sup>1</sup> 2019 Project & Infrastructure Finance Awards – Category: Local Currency Financing of the Year / <sup>2</sup> Banco do Nordeste do Brasil S.A. (Northeast Bank of Brazil)

# What to expect for 2020



## Future Businesses



## Optionality

- Acceleration of investments in solar PV
- B2C position reinforcement
- Positioning for the energy market liberalization

## Growth Businesses



## Growth

- Secondary market and transmission auctions
- Anticipation of transmission projects
- Digital transformation

## Mature Businesses



## Cash Generation

- Continuity of distribution investment
- Continuity of capital recycling focuses on strategic segments
- Digital ZBB



## **Investor Relations**

**ri@edpbr.com.br**

**+55 11 2185-5907**

**edp.com.br/ri**