



Mercado de Capitais

Cotação Ação PN 31/03/2019

CLSC4 R\$53,43/ação

Variação no 1T19

CLSC4: 7,14%

Ibovespa: 8,53%

Valor de Mercado em 31/03/2019

BRL 2.061,0 MM

USD 529,0 MM

Free Float: 75,5%

Outros Indicadores em 31/03/2019

Dívida Líq/EBITDA Aj 12M (Grupo): 0,9x

LPA 1T19 (R\$/ação): 1,88

VPA (R\$/ação): 48,73

Cot./VPA: 1,1x

Para maiores informações, acessar o website www.celesc.com.br/ri ou entrar em contato com a equipe de Relações com Investidores:

Tel: (55-48) 3231-5100

ri@celesc.com.br

Florianópolis – Santa Catarina, **May 15, 2019** – Centrais Elétricas de Santa Catarina SA - Celesc (BM&FBOVESPA: CLSC3, CLSC4; OTC: CEDWY), holding from the energy sector, operating in the areas of generation, transmission, distribution of electricity and distribution of natural gas, announces the results of the **first quarter of 2019 (1Q19)**. The Company's financial information, except where otherwise indicated, is presented in millions of Reais (R\$) as of **March 31, 2019** and has been prepared in accordance with Brazilian accounting rules resulting from the effective application of international accounting standards (*International Financial Reporting Standards – IFRS*).

Consolidated EBITDA reached R\$207.9 million and Consolidated Net Income totaled R\$72.7 million

Total Billed Energy increased by 8% in Celesc Distribuição's concession area

Main Highlights in 1Q19:

- ✓ Total Billed Energy increased by 8% in 1Q19, totaling 6,824 GWh, in which we highlight the Captive Market which increased by 9.1%, totaling 4,649 GWh in distributed energy;
- ✓ Quality of service indicators recorded a slight increase compared to 1Q18: DEC added 3.47 hours (11.2% increase) and FEC was 2.27 times (7.1% increase);
- ✓ Consolidated Net Operating Revenue (excluding revenue from construction) totaled R\$ 2.01 billion (up by 20%), due to higher revenues from the subsidiary Celesc Distribuição;
- ✓ Non-manageable expenses (energy costs) increased by 23.3%, due to the increase in purchase of thermal energy and ITAIPU contracts at the subsidiary Celesc Distribuição;
- ✓ Manageable expenses (PMSO) increased by 11.6%, as a result of higher Personnel Expenses and MSO, which increased by 8.7% and 22.9%, respectively;
- ✓ The Company recorded a Consolidated Net Income of R\$72.7 million in the quarter, of which the subsidiary Celesc Distribuição had R\$52.3 million and the subsidiary Celesc Geração had R\$20.0 million;
- ✓ Consolidated EBITDA reached R\$207.9 million, of which the subsidiary Celesc Distribuição totaled R\$174.6 million and the subsidiary Celesc Geração totaled R\$32.8 million;
- ✓ The Celesc Group ended the quarter with a Consolidated Net Debt of R\$563.0 million, equivalent to 0.9x Adjusted EBITDA;
- ✓ Investments in the period totaled R\$122.3 million, being R\$121.9 million in distribution and R\$0.4 million in generation; and
- ✓ Celesc's preferred shares (CLSC4) had a positive variation of 7.14% in the quarter and in the twelve-month period accumulated an appreciation of 104.3%.

Main Highlights	1st Quarter		
	2018	2019	Δ
Operating Indexes			
Celesc Distribuição - Energy Sales (GWh)	6,318	6,824	8.0%
Celesc Geração - Energy Produced (GWh)	184.5	193.8	5.0%
SCGÁS - Natural Gas Sales (thousand/m³)	166.7	173.6	4.1%
Financial Indexes - Consolidated (R\$ Million)			
Gross Operating Revenue	2,937.6	3,472.2	18.2%
Net Operating Revenue (excluding Revenue from Construction)	1,680.4	2,016.6	20.0%
Operating Costs and Expenses	(1,640.7)	(1,985.8)	21.0%
EBITDA (IFRS)	191.9	207.9	8.4%
EBITDA Margin (IFRS)	11.4%	10.3%	
Adjusted EBITDA (IFRS - Non-Recurring)	191.9	207.9	8.4%
Adjusted EBITDA Margin	11.4%	10.3%	
Net Income (IFRS)	71.0	72.7	2.4%
Net Margin	4.2%	3.6%	
Adjusted Net Income (IFRS - Non-Recurring)	71.0	72.7	2.4%
Adjusted Net Margin	4.2%	3.6%	
Investments Made in Generation and Distribution of Electricity	106.2	122.3	15.1%

DISCLAIMER

The information contained in this Earnings Release may include statements that represent expectations about the Company's business, financial and operational goals and projections. Any such statements are mere forecasts based on the administration's expectations that may not materialize and are not a guarantee of the Company's future performance.

Said statements and forward-looking statements are and will be subject to risks, uncertainties and are highly dependent on market conditions, the country's general economic performance, of the sector and international markets.

It should also be noted that the estimates and projections refer to the date they were expressed and the Company does not undertake to publicly update or revise any of these estimates due to the occurrence of new information, future events or any other factors subject to the current regulations to which we are submitted to.

Accordingly, none of the Company's representatives, advisors or related parties may be liable for any decision arising out of the use of the contents of this document. The information contained in this material should not be interpreted as an offer, invitation or request of subscription offer or as a purchase of any securities, nor do they form the basis of a contract or commitment of any kind.

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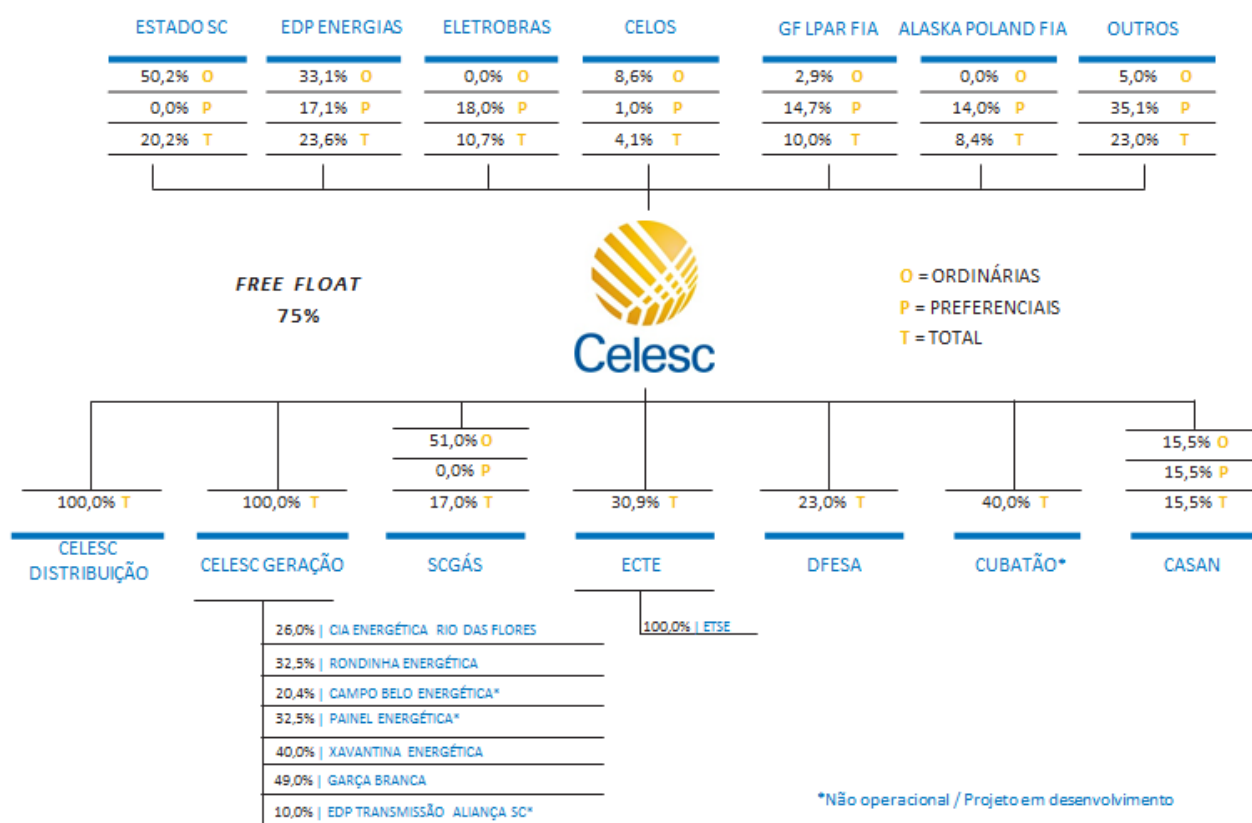
1 – Overview

Centrais Elétricas de Santa Catarina S.A. – CELESC is one of the largest companies in the Brazilian electric sector, with emphasis in the areas of distribution and generation of energy. Structured as a Holding Company in 2006, the Company has two wholly owned subsidiaries - Celesc Distribuição S.A. and Celesc Geração S.A. In addition, it holds the shareholding control of Companhia de Gás de Santa Catarina (SCGÁS) and is partner of Dona Francisca Energética S.A. (DFESA), Empresa Catarinense de Transmissão de Energia S.A. (ECTE), Companhia Catarinense de Água e Saneamento (CASAN) and the Usina Hidrelétrica Cubatão S.A. project.

Its controlling shareholder is the State of Santa Catarina, holder of 50.2% of the Company's ordinary shares, corresponding to 20.2% of the Total Capital.

CELESC's Shareholding and Corporate Structure

March – 2019



Pursuant to [Material Fact – Acquisition of Shareholding Share by EDP](#), published by the Company on 12/20/2017, EDP - Energias do Brasil S.A. acquired 33.1% of the ordinary shares and 1.9% of the preferred shares of PREVI - Banco do Brasil Employees' Pension Fund, accounting for 14.5% of Celesc's total shares. The operation was approved by the Administrative Council for Economic Defense - CADE and the National Superintendency of Complementary Pensions - PREVIC and was concluded on March 21, 2017.

On March 27, 2018, the [Notice of Voluntary Public Offering](#) ("Voluntary OPA"), was released in accordance with the Brazilian Corporate Law and Article 31 of CVM Instruction No. 361, dated from March 5, 2002, to acquire up to 7,374,000 (seven million, three hundred and seventy-four thousand) shares issued by the Company in circulation in the market ("Shares Subject to the OPA"), at the price of R\$27.00 per share, corresponding to up to 32.0% (thirty-two percent) of the total PN shares issued by CELESC.

At the [OPA auction](#), held on April 26, 2018, through the Electronic Trading System of the BOVESPA segment of B3, a total of 1,990,013 PN shares were purchased at a price of R\$27.00 per share, totaling R\$53,730,351.00. Following the settlement of the purchases made

at the Auction held on May 2, 2018, EDP now holds 2,427,820 PN shares, which, together with 5,140,868 ordinary shares, represent 19.62% of CELESC's share capital.

The [Relevant Acquisition of Shares by EDP Energias do Brasil S.A.](#), was disclosed on November 8, 2018, and a total of 1,518,000 preferred shares were acquired for the average price of R\$ 41.93 per share, totaling R\$63,653,498.00 of additional preferred shares issued by Centrais Elétricas de Santa Catarina S.A. – Celesc. As a result, EDP Energias do Brasil S.A. holds 3,945,820 preferred shares (B3:CLSC4), plus 5,140,868 ordinary shares (B3:CLSC3), which together represent 23.56% of CELESC's share capital.

Wholly Owned Subsidiaries

Celesc Distribuição S.A.

The company provides energy to approximately 3.0 million consumer units in 286 municipalities in Santa Catarina (92% of the state's territory) and in Rio Negro, in Paraná. The company is still responsible for the supply of electric power to the service of four concessionaires and 16 licensees, which operate in the other municipalities of Santa Catarina.

Celesc Distribuição is the largest single ICMS collector located in the state of Santa Catarina, the 6th largest Brazilian electricity distributor in supply revenue, the 7th in distributed energy volume and the 10th in number of consumer units¹. On a monthly basis, the company distributes approximately 2.3 million MWh and its annual gross revenues reached nearly R\$12.3 billion in 2018.



Celesc Geração S.A.²

Celesc Geração is the subsidiary of the Celesc Group that operates in the electric power generation segment through the operation, maintenance, commercialization and expansion of its own generation site and participation in energy projects in partnerships with private investors.

On March 31, 2019, the company had its own generating plant made up of 12 plants, with 01 Small Hydroelectric Plant - SHP, 05 Hydroelectric Generating Plants - HGP's and 06 Hydroelectric Plants - HPP's. Moreover, the company holds a minority interest in another 08 SHP's developed in partnership with private investors, in the format of Special Purpose Companies (SPE), being 06 plants in operations and 02 plants under development. In the transmission segment, the Company holds a minority stake in one SPE.

Celesc Geração's total generation capacity in operation in the period was 118.21 MW, being 106.97 MW referring to its own site and 11.24 MW referring to the generation park established through partnerships - already proportional to the Celesc Geração shareholding in these ventures. The following table shows the main characteristics of the 100% Celesc Geração plants:

¹ Source: www.aneel.gov.br (Managerial Information – December/18).

² Further details of the relevant regulatory and legal aspects that involve the Company's projects are available in item 2.2.3 of this Release.

Own Generating Site | 100% of Celesc Geração S.A.

PLANTS	Location	Concession Final Term	Installed Power (MW)	Physical Warranty (MW)	Physical Warranty in Quotas
Pery HHP	Curitibanos/SC	07/09/2047	30.00	14.08	100%
Palmeiras HHP	Rio dos Cedros/SC	11/07/2046	24.60	16.70	70%
Bracinho HHP	Schroeder/SC	11/07/2046	15.00	8.80	70%
Garcia HHP	Angelina/SC	01/05/2046	8.92	7.10	70%
Cedros HHP	Rio dos Cedros/SC	11/07/2046	8.40	6.75	70%
Salto HHP	Blumenau/SC	11/07/2046	6.28	3.99	70%
Celso Ramos SHP	Faxinal dos Guedes/SC	03/17/2035	5.62	3.80	N/A
Caveiras HGP	Lages/SC	*	3.83	2.77	N/A
Ivo Silveira HGP	Campos Novos/SC	*	2.60	2.03	N/A
Rio do Peixe HGP	Videira/SC	*	0.52	0.50	N/A
Piraí HGP	Joinville/SC	*	0.78	0.45	N/A
São Lourenço HGP	Mafrá/SC	*	0.42	0.22	N/A
Total – MW			106.97	67.19	

* Plants with a power of less than 5 MW are exempt from the concession act (Act 13,360/16).

The company participates in Special Purpose Companies that enable new ventures in which Celesc Geração holds a minority interest. The following are the main characteristics of the projects that are already in operation:

Units in operation | Celesc Geração S.A. holds a minority interest

PLANTS	Location	Concession Final Term	Installed Power (MW)	Physical Warranty (MW)	Celesc Geração's Interest	Equivalent Installed Power (MW)	Equivalent Physical Warranty (MW)
Rondinha SHP	Passos Maia/SC	10/05/2040	9.60	5.48	32.5%	3.12	1.78
Prata SHP	Bandeirante/SC	*	3.00	1.68	26.1%	0.78	0.44
Belmonte SHP	Belmonte/SC	*	3.60	1.84	26.1%	0.94	0.48
Bandeirante SHP	Bandeirante/SC	*	3.00	1.76	26.1%	0.78	0.46
Xavantina SHP	Xanxerê/SC	04/07/2040	6.08	3.54	40.0%	2.43	1.42
Garça Branca SHP	Anchieta/SC	03/13/2043	6.50	3.44	49.0%	3.19	1.69
Total - MW			31.78	17.74		11.24	6.26

* Plants with a power of less than 5 MW are exempt from the concession act (Act 13,360/16).

The Company's Strategic Planning foresees the valuation of the current assets, through the repowering of its plants. In this way, the tables below present non-operational ventures and their respective stages of development. Regarding the physical guarantee (new or incremental), the Company seeks to obtain on average 55% of the total plant capacity after the expansion, a standard observed for other ventures in operation with similar characteristics:

Ventures being development | Celesc Geração S.A. holds 100%

PLANTS	Location	Concession Final Term	Installed Power (MW)	Power Increase (MW)	Final Power (MW)	Expected Date of Entry into Operation	STATUS
Celso Ramos SHP	Faxinal dos Guedes/SC	03/17/2035	5.62	8.30*	13.92	N/D	Bidding for operations
Salto HPP	Blumenau/SC	11/07/2046	6.28	23.00	29.28	N/D***	Analysis at EPE
Caveiras HGP	Lages/SC	**	3.83	10.00	13.83	N/D***	Inventory Study
Cedros HPP Stages 1 and 2	Rio dos Cedros/SC	11/07/2046	8.40	4.50	12.90	N/D***	Inventory Study
Palmeiras HPP	Rio dos Cedros/SC	11/07/2046	24.60	0.75	25.35	N/D***	Inventory Study
Maruim HPP***	São José/SC	**	0.00	1.00	1.00	N/D***	Environmental License
Total - MW			48.73	47.55	96.28		

* In 2018, the project was consolidated and at the end of the quarter it was being analyzed by ANEEL

** Power plants with a power of less than 5 MW are exempt from the concession act.

*** Depending on regulatory procedures

Ventures under development | Celesc Geração S.A. holds a minority interest

PLANTS	Location	Final Concession Term	Installed Power (MW)	Celesc Geração's Interest	Equivalent Installed Power (MW)	Expected Date of Entry into Operation	STATUS
Painel HGP	São Joaquim/SC	03/18/2043	9.20	32.50%	2.76	N/D	Revisão Projeto
Campo Belo HGP	Campo Belo do Sul/SC	05/19/2044	9.95	20.43%	2.99	N/D	Revisão Projeto
Total - MW			19.15		5.75		

On August 15, 2018, Celesc Geração received notification of the sale of the majority shareholder interest in SPEs Campo Belo and Painel, providing Celesc Geração with the possibility of exercising the Tag-Along right or the preemptive right in the purchase of shares, as specified in the Shareholders' Agreement. At a meeting of the Administration Council held on September 20, 2018, the Campo Belo Tag-Along SPE was approved, and the SPE Painel's Tag-Along was deliberated at a meeting of the Administration Council held on October 18, 2018 and previously approved by ANEEL Circular 045, dated January 8, 2019.

All the plants of the own generating plant and all the plants in partnership in operation participate in the Energy Reallocation Mechanism – MRE or ERM, share system of hydrological risks, in which the participating plants transfer the generated energy surplus to their physical warranty to the plants generated below.

In addition to the projects listed above, Celesc Geração holds a corporate interest in a transmission project, referred to as EDP Transmissão Aliança SC, whose purpose is to implement lot 21 of Auction No. 05/2016 of ANEEL, the third largest project offered in the auction, with investments estimated at R\$ 1.1 billion.

	Origin	Destination	Circuito ³	Extension (KM)	Voltage (Kv)
TRANSMISSION LINES	Abdon Batista SE	Campos Novos SE	CS	39.8	525
	Siderópolis 2 SE	Abdon Batista SE	CD	209.0	525
	Biguaçu SE	Siderópolis 2 SE	CS	150.5	525
	Siderópolis 2 SE	Siderópolis SE	CD	6.0	230
	Siderópolis 2 SE	Forquilha SE	CS	27.8	230
Total			CS/CD	433.1	525/230
SUBSTATION	525/230 SIDERÓPOLIS 2 SE		-	-	525/230

The facilities aim to expand the system of the southern and plateau region of the state of Santa Catarina and will also enable Celesc to connect its distribution system to the new structure in order to bring direct benefits to critical regions in the state's energy system. The deadline for the works execution is 60 months and the commercial start-up determined is August 2022, with a possibility of anticipation. The SPE was constituted in July 2017 and the Concession Agreement was signed in August of the same year. The project has been receiving separate environmental licenses for its installations, and at the end of 1Q19 four of the six requested licenses were still pending.

The table below summarizes the main information on the project:

Transmission Company	Location	Final Concession Term	Line (km)	Substations	Expected Date of Entry into Operation
Transmissão Aliança SC S.A. EDP	Santa Catarina	08/11/2047	433	1	08/11/2022

Subsidiary

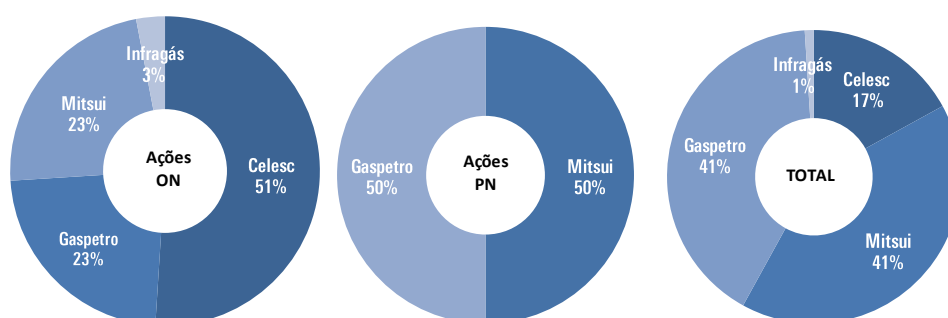
Companhia de Gás de Santa Catarina – SCGÁS

SCGÁS is the 2nd largest gas distributor in the number of municipalities served in Brazil. Santa Catarina is the 4th state with the largest natural gas distribution network (1,157 kilometers) and the 3rd largest in number of industries served with natural gas (279), besides having the 3rd largest network of vehicular gas stations (GNV) in the country (135).

³ CS: Single Circuit / CD: Double Circuit.



With 100% of the concession for exploration of natural gas distribution services in the territory of Santa Catarina, the company markets and distributes approximately 1.9 million cubic meters of natural gas daily to approximately 13,500 customers. SCGÁS has a concession agreement for the operation of piped gas distribution services, signed on March 28, 1994, with a 50-year term (2044). Below is a chart of Celesc's shareholding in SCGÁS, 51% of the ordinary shares and 17% of the total share capital.



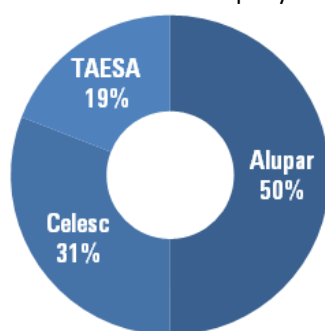
It should be noted that, in 2013, the State Attorney General of Santa Catarina - PGE, representing the Government of the State of Santa Catarina and Celesc, filed an obligation to file a claim against SCGÁS, Petrobras Gás SA - Gaspetro, Mitsui Gás and Energia do Brasil Ltda. and Infragás - Infraestrutura de Gás para a Região Sul S.A., questioning changes in the share capital and the Shareholders' Agreement executed in 1994, obtaining a favorable injunction in a 1st degree judgment. Meanwhile Mitsui Gás and Gaspetro, filed an injunction, suspending the effects of such injunction in the lower court, presenting the appropriate judicial remedies. Currently, the effects of the sentence are suspended until judgment of said resources.

In 2016, as per [Notice to the Market – TCE DECISION –SCGÁS RETURN SHARE](#), the Company took note of Decision No. 0129/2016 of the Plenum of the Court of Accounts of the State of Santa Catarina - TCE/SC, where its item 6.7 states: *“To determine to the Government of the State and CELESC that, within 180 (one hundred and eighty) days, from the publication of this Decision in the Official Electronic Diary of this Court of Accounts - DOTC-e steps are taken so as to return to the State of Santa Catarina the amount of one million, eight hundred twenty-seven thousand, four hundred and fifteen (1,827,415) ordinary shares issued by and sold to Celesc on June 5, 2007, under the same conditions and amounts of the original transaction, ninety-three million reais (R\$ 93,000,000.00), monetarily restated, confirming compliance with this Decision in 30 (thirty) days to this Court (item 2.3 of the DCE Report); (.).”* In the face of this decision, the Company filed an appeal against Decision 129/2016 in the Court of Accounts, with a suspensive effect, since it understands that the regularity/legality of the sale of the shares has been duly demonstrated by the State of Santa Catarina to CELESC, constituting a perfect and finished legal act, carried out in light of the legislation effective at the time of its accomplishment, without any offense to the principles of motivation of the administrative act, conflict of interest or public interest.

Other Interests

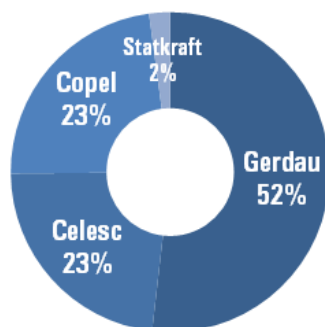
Empresa Catarinense de Transmissão de Energia – ECTE

Constituted with the specific purpose of exploring electric power transmission lines in the South, Southeast and coastal regions of Santa Catarina, the company is a concessionary of LT SE Campos Novos - SE Blumenau, with a length of 252.5 km. The line is responsible for the transportation of approximately 20% of the assured energy to supply demand in the concession area of Celesc Distribuição. In December 2011, the company acquired through a bidding process the right to build the Abdon Batist (525/230kV) and Gaspar (230/138kV) substations through the subsidiary company Empresa de Transmissão Serrana S.A. – ETSE. These lines were energized in January and March 2015, respectively. The affiliate ECTE holds a power transmission concession contract dated from November 1, 2000, with a 30-year term. For its subsidiary ETSE, the concession contract for transmission of electric power is dated from May 10, 2012, with a 30-year term. Celesc holds 30.88% of the Company's share capital, as shown below:



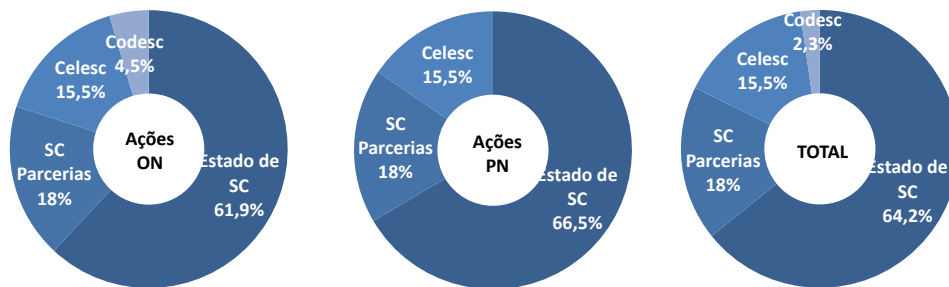
Dona Francisca Energética S.A. – DFESA

An independent power producer, DFESA owns the Dona Francisca, Hydroelectric Power Plant built on the Jacuí River in Rio Grande do Sul, with an installed capacity of 125MW and assured energy of 80MW. The development was inaugurated in May 2001. The affiliate DFESA has a concession agreement dated from August 28, 1998, with a 35-year term. Celesc holds 23.03% of the company's share capital, as shown below:



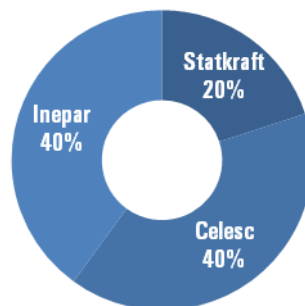
Companhia Catarinense de Água e Saneamento – CASAN

As a mixed economy-held company controlled by the State Government of Santa Catarina, the role of CASAN is to plan, execute, operate and explore the water supply and sanitation services in their areas of concessions (municipality). Currently, the company provides services to 194 municipalities in Santa Catarina and 1 in Paraná, serving approximately 2.7 million consumers with treated water and 650 thousand consumers with sewage collection, treatment and disposal. Celesc holds 15.48% of the Company's total share capital, as shown in the graph below:



Usina Hidrelétrica Cubatão S.A.

Specific Purpose Company established in 1996 for the implementation of the Cubatão Hydroelectric Power Plant, in the region of Joinville (SC), with an installed capacity of 50MW. With the history of the environmental obstacles, rejection of the litigation for the concession period and consequent economic impracticability for the development of the project, the venture requested the regulatory body to amicably terminate Concession Agreement No. 04/1996 (ANEEL Case No. 8100.003800/1995-89). MME Ordinance No. 310, from July 27, 2018, was issued, where it decides to extinguish the concession for the Hydropower Utilization of the venture named Cubatão HPP. Celesc holds 40% of the Company's Share Capital, as shown below:



2 – CELESC Group

2.1 – Celesc Distribuição S.A

2.1.1 – Operating Performance

Electricity Charge

	Year	1Q19
Brazil (GWh)*	2019	154,229
	2018	149,523
	Δ	3.1%
Brazil - South (GWh)	2019	27,470
	2018	26,392
	Δ	4.1%
Celesc Distribuição S.A. (GWh)**	2019	7,599
	2018	7,093
	Δ	7.1%

Source: ONS / Celesc Distribuição

* Refers to the National Interconnected System - SIN.

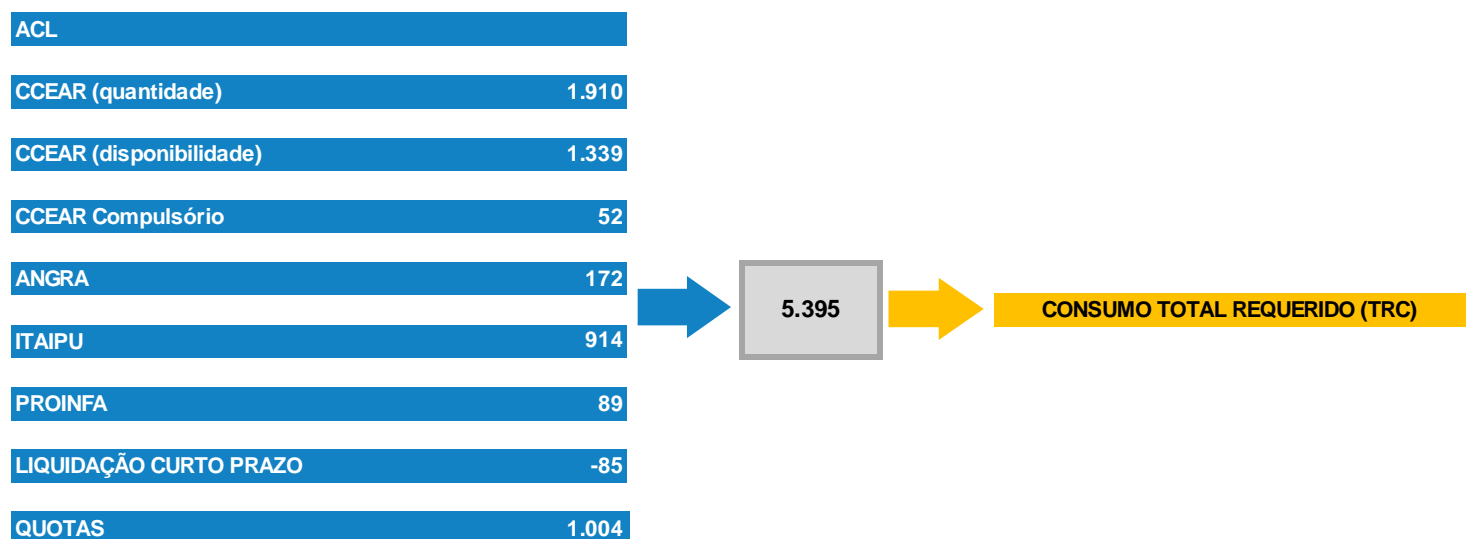
** Energy injected into the distribution system.

The total charge served by the concessionaire includes the portions related to the Captive Market charge, losses of the electricity system, freight consumers, self-producing consumption units and independent producers connected to its network.

Electricity Balance

We can summarize the TRC (total required consumed) as the total charge (measured), withdrawing the energy from free consumers (measured) and adding the total losses (internal and basic network). In 1Q19, the Electricity Trading Chamber (CCEE) accounted for 61.2% (3,302 GWh) of CCEAR contracts ((quantity and availability modalities), Itaipú with 16.9% (914 GWh), Quotas with 18.6% (1,004 GWh), and Others with 3.3% (176 GWh).

Celesc Distribuição S.A. | Balanço Energético (GWh)



According to the regulation of the electricity system, Distributors must have a contracting level within the regulatory limit (currently between 100% and 105% of overcontracting) and contracting within this limit has a full tariff transfer, with the counterpart being accounted for as financial sector assets. The amount that falls outside the regulatory range, and which is considered voluntary by the

regulator, is the distributor's risk. The Company's contracting level in the first three months of 2019 was 101.4%, and therefore within the regulatory limit and guaranteeing the full transfer of the cost of energy purchased.

Billed Energy⁴

Celesc Distribuição S.A. | Energy Billed by Consumption Class (in GWh)

Consumption Class	No. of Consumer Units **			Consumption (GWh)		
	Mar/18	Mar/19	Δ	1Q18	1Q19	Δ
Captive Market	2,920,436	2,996,564	2.6%	4,261	4,649	9.1%
Residential	2,289,794	2,353,651	2.8%	1,588	1,838	15.7%
Industrial	103,782	107,387	3.5%	616	609	-1.1%
Commercial	264,890	272,990	3.1%	902	981	8.8%
Rural	234,609	234,689	0.0%	397	344	-13.4%
Energy Supply	32	33	3.1%	386	493	27.8%
Other Classes	27,329	27,814	1.8%	373	384	3.1%
Public Power	22,910	23,168	1.1%	113	122	7.8%
Public Lighting	754	800	6.1%	164	164	-0.4%
Public Service	3,285	3,453	5.1%	92	94	2.3%
Own Consumption	380	393	3.4%	3	4	45.8%
Free Consumers	842	981	16.5%	2,057	2,175	5.8%
Industrial	520	581	11.7%	1,778	1,854	4.2%
Commercial	293	375	28.0%	221	257	16.2%
Rural	7	7	0.0%	14	14	-1.2%
Supply*	22	18	-18.2%	43	51	16.9%
Total Market	2,921,278	2,997,545	2.6%	6,318	6,824	8.0%
Residential	2,289,794	2,353,651	2.8%	1,588	1,838	15.7%
Industrial	104,302	107,968	3.5%	2,394	2,463	2.9%
Commercial	265,183	273,365	3.1%	1,123	1,238	10.2%
Rural	234,616	234,696	0.0%	411	358	-12.9%
Other Classes	27,329	27,814	1.8%	373	384	3.1%
Supply	54	51	-5.6%	429	543	26.7%

*Subject to new accounting by CCEE.

** Number of Consumer Units (CU) according to consumption billed.

According to the table above, the billed energy supplied to the Captive Market increased by 9.1% in the quarter compared to the first quarter of 2018, reaching 4,649 GWh, being directly influenced by the significant increase in the residential class (15.7%), reaching 1,838 GWh (+250 GWh), and the commercial class, which increased by 8.8%, totaling 981 GWh (+79 GWh) in the quarter. The increase in the Captive Market was mainly due to higher temperatures, specifically in the months of January and February, and the increase in economic activity in the state of Santa Catarina (higher than the national average).

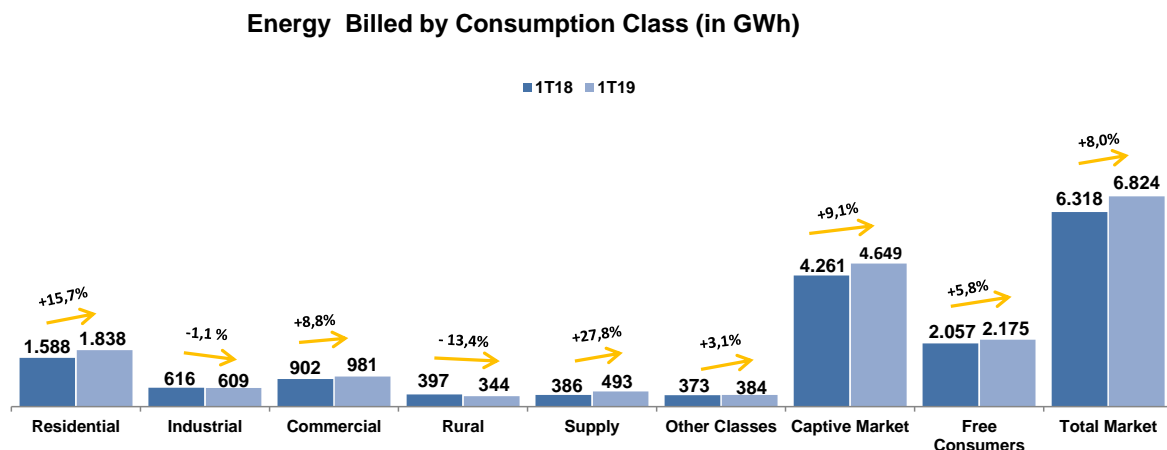
The Free Market⁵, in accordance with the movement that has been taking place since 2015, increased by 5.8% (+118 GWh) in the quarter, explained by the increase in the number of free consumers, with a total of 981 consumer units in March 2019, an increase of 139 units (61 in the industrial class and 82 in the commercial class) in comparison with 1Q18, which had 842 free consumers. The increase in the Free Market is due to the migration of consumers from the Captive Market, mainly medium-sized consumers in the industrial and commercial classes.

⁴ As of 4Q17, the distributed energy considered is billed, and in the previous quarters we considered the measured energy.

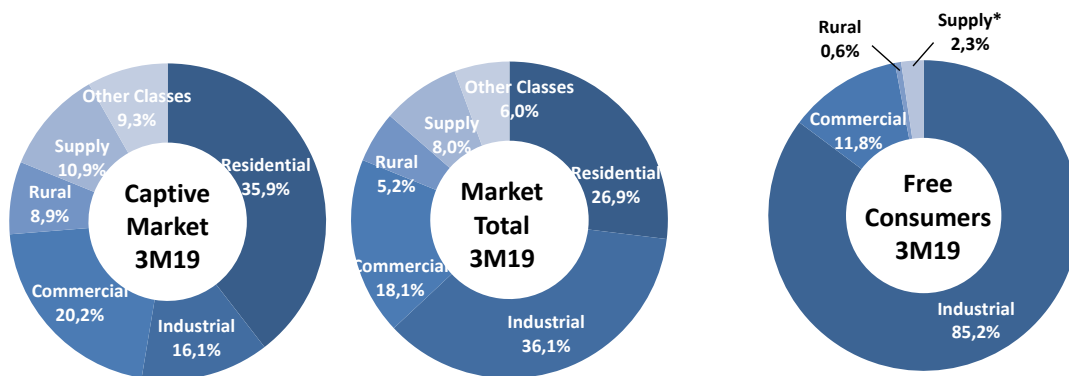
⁵ The current criteria for free market migration were established in 1998, by Act 9,648/1998, which created two groups of consumers able to choose their electricity supplier. The first group consists of consumer units with charges greater than or equal to 3,000 kW serviced at a voltage greater than or equal to 69 kV – usually the consumer units of subgroup A3, A2 and A1. New consumer units installed after July 7, 1995, with a demand greater than or equal to 3,000 kW and serviced at any voltage are also free to choose their supplier. These consumers can buy energy from any energy generation or commercialization agent. The second group, composed of consumer units with a demand greater than or equal to 500 kW serviced in any voltage, can also choose their supplier, but their range of choice is restricted to the energy coming from the so-called incentivized sources, namely Small Hydroelectric Power Plants S, Biomass Plants, Wind Power Plants and Qualified Cogeneration Systems.

Consumers can, at their sole discretion, migrate from the Captive Market to the Free Market and this does not economically impact the distributor's result since all migrated energy is likely to be uncontracted or considered as an involuntary surplus, thus revenue from the TUSD Distribution System remains unchanged as the consumer continues to pay for the service.

The graph below illustrates the share of each consumer class in the Captive Market, with a breakdown between free consumers and the total market (captive + livre):

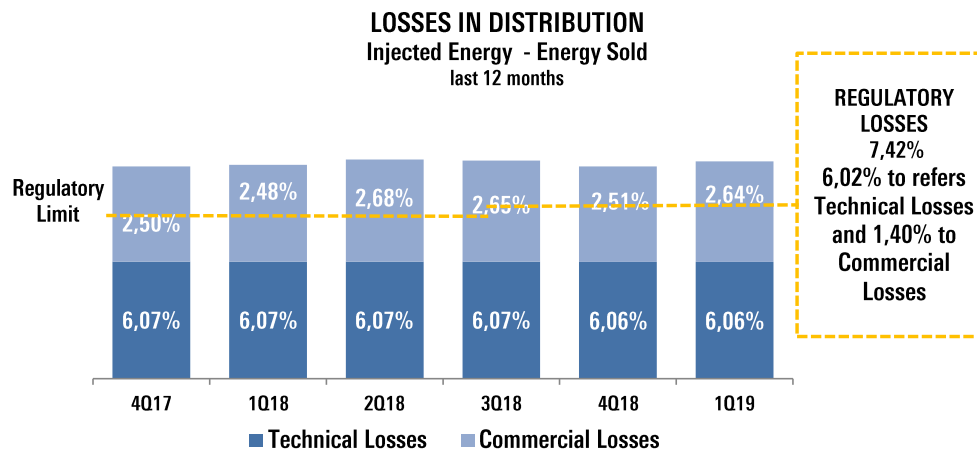


The graph below shows the share of each consumption class in the Captive Market, between free consumers and in the total market (captive + free):



Losses in the Distribution

According to the last Celesc Distribuição Tariff Review (4CRT), the regulatory loss of distribution was estimated at 7.42% of the energy injected into the distribution system of the concessionaire. Of this total, 6.02% refers to the volume of technical losses and 1.40% of non-technical losses. In 1Q19, global losses represented 8.70% of injected energy, of which 6.06% were related to the technical losses defined by PRODIST - Module 7, revised at the beginning of each year, and thus adjusting the 12-month moving average, and 2.64% correspond to non-technical losses, calculated by difference. The following graph shows the evolution of losses in distribution in the Company's concession area:



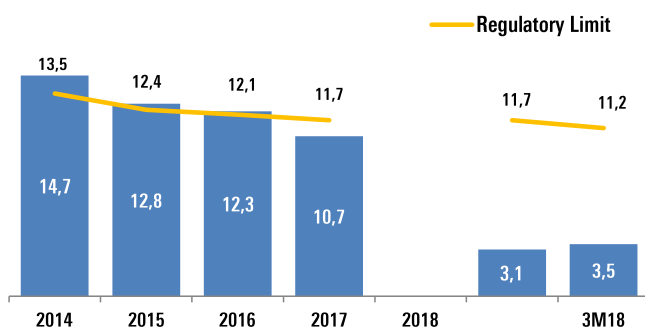
Thus, total losses were 1.28% above the limit covered by the tariff, making an estimated amount without accumulated tariff coverage from January to March 2019 of R\$31.1 million, being R\$3.1 million in technical losses, R\$25.1 million in non-technical losses and R\$2.9 million in losses in the basic network.

The Company continuously executes a task force to reduce and recover these losses, acting for its detection, identifying cases of suspected irregularity by means of algorithm (online verification), continuous procedure and focused on the identification of cases of fraud and/or technical deficiency, as well as integration of corporate systems, revision of work processes (control targets), implementation of anti-theft systems and regularization of clandestine connections, aiming to converge to regulatory limits within the current tariff cycle.

Energy Quality

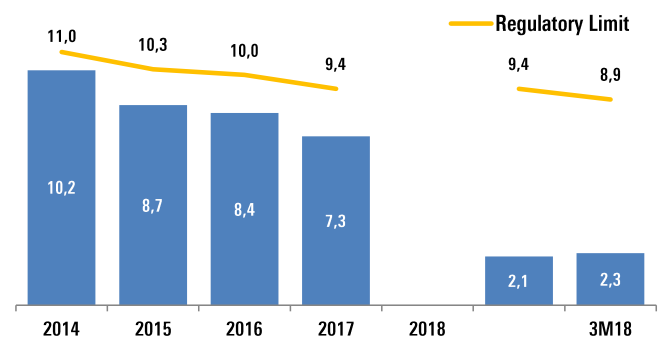
Celesc Distribuição's DEC (average duration of interruptions per consumer unit) index was 3.5 hours in the first quarter of 2019, 11.2% higher than the same period of 2018. In this same period, the FEC (number of interruptions per consumer unit) totaled 2.3 interruptions, 7.1% higher than the same period of 2018.

DEC¹ - EFFICIENCY INDICATORS
(weighted hours)



⁽¹⁾ Average Interruption Duration per Customer - yearly

FEC² - EFFICIENCY INDICATORS
(times)



⁽²⁾ Number of Service Interruptions per Customer - yearly

The criteria is set out in [Module 8 of the Electricity Distribution Procedures –PRODIST](#), which establishes limits for global interruption indicators (DEC and FEC) for Distributors each year, with a violation of individual limits (DIC, FIC and DMIC) generates compensation by the distributors to the affected consumers, occurring automatically via credit in the invoice up to two months after the calculation period.

In the first quarter of 2019, the breach of quality indicators in their individual form generated consumer credits in the amount of R\$8.3 million for Celesc Distribuição, 112% higher than the first quarter of 2018, which totaled R\$3.9 million.

In the event of non-compliance with the annual overall targets of the DEC or FEC for two consecutive years or three times in five years from the calendar year following the date of conclusion of the contract or the addendum to the concession contract, the concessionaire is prohibited from distributing to shareholders dividends or to pay interest on own capital – JCP, when those amounts, individually or jointly, exceed 25% of the net profit. The limit on the distribution of dividends or payment of interest on own capital is effective as of January 1 of the calendar year following the year of non-compliance, remaining until the regulatory parameters are performed ([Normative Resolution No. 747 from 2016](#)). Thereby, as the Company has not complied with the overall DEC targets in 2016 and 2017, the distribution of dividends and/or JCP is limited to the legal minimum rate of 25%.

2.1.2 – Economic-Financial Performance

Celesc Distribuição S.A. | Main Financial Indicators (IFRS)

R\$ Million	1st Quarter		
	2018	2019	Δ
Gross Operating Revenue	2,900.6	3,427.5	18.2%
Deductions from the Operating Revenue	(1,159.0)	(1,335.8)	15.3%
Net Operating Revenue	1,741.6	2,091.7	20.1%
Operating Costs and Expenses	(1,625.4)	(1,970.7)	21.2%
Cost with Electricity	(1,277.8)	(1,576.4)	23.4%
Operating Expenses	(347.6)	(394.3)	13.4%
Results of Activities	116.3	120.9	4.0%
EBITDA	167.6	174.6	4.2%
EBITDA IFRS margin, former Construction Revenue (%)	10.2%	8.8%	
Financial Result	(18.5)	(25.5)	37.7%
LAIR	97.7	95.4	-2.4%
IR/CSLL	(40.3)	(43.1)	
Net Loss/Profit	57.4	52.3	-8.9%
Net IFRS Margin, former Construction Revenue (%)	3.5%	2.6%	

Result Highlights

The main highlights in Celesc Distribuição's results in the period were:

- Gross Operating Revenue (ROB) increased by 18.2% in the quarter, mainly due to the increase in *Energy Supply*, *Short-Term Electricity* and *Electric Network Availability* (TUSD), as detailed in their respective topics;
- ROL (Net Operating Revenue) increased by 20.1% in the quarter, directly influenced by the increase in ROB;
- Increase of 21.2% in Operating Costs and Expenses during the quarter, with *Cost with Electricity* (Non-manageable) and *Operating Expenses* (Manageable) increasing by 23.4% and 13.4%, respectively;
- EBITDA increased by 4.2% in the quarter, as detailed in its respective section of this release;
- Net Profit was positive by R\$52.3 million, 8.9% higher than in 1Q18 and reversing the loss of R\$27 million recorded in 4Q18 due to the reasons listed above.

As the Company did not have non-recurring effects in the quarter, IFRS EBITDA and IFRS Net Income were similar to the Adjusted EBITDA and Adjusted Net Income.

Celesc Distribuição S.A. | Adjusted Result *

R\$ Million	1st Quarter		
	2018	2019	Δ
Adjusted EBITDA	167.6	174.6	4.2%
Adjusted EBITDA Margin, not including Construction Revenue (%)	10.2%	8.8%	
Adjusted Net Loss/Profit	57.4	52.3	-8.9%
Adjusted Net Margin, not including Construction Revenue (%)	3.5%	2.6%	

* IFRS - Non-Recurring Items. Margin calculation excludes Revenue from Construction.

Gross Operating Revenue
Celesc Distribuição S.A. | Gross Operating Revenue

R\$ Million	1st Quarter		
	2018	2019	Δ
GROSS OPERATING REVENUE	2,900.6	3,427.5	18.2%
Electric Power Supply **	1,687.8	1,952.4	15.7%
Energy Supply	74.8	107.3	43.5%
Regulatory Asset	(4.4)	(253.1)	5623.1%
Short-Term Electricity	41.5	212.2	411.3%
Electric Network Availability (TUSD)**	814.7	1,110.3	36.3%
Donations and Subventions *	187.5	177.0	-5.6%
Income from Services Provided	0.6	0.6	7.4%
Service Fee	3.1	3.9	23.7%
VNR Update	0.6	1.3	119.6%
Construction Revenue	94.4	115.5	22.3%

* Includes receipt of CDE subsidy referring to Decree No. 7.891/2013

** Reclassified in 1Q18 with the segregation of TUSD revenue previously accounted for as revenue from supply was now accounted for as revenue from supply was now accounted for as Availability of Electric Network (TUSD)

Below we highlight the main factors that influenced the ROB⁶ during 1Q19:

- Revenue from Energy Supply* increased by 15.7% in the quarter (+R\$264.6 million), due to the 9.1% increase in the Captive Market, in which we highlight the residential class, with 31.3% increase in revenue (+R\$298.1 million);
- In *Regulatory Assets/Regulatory Liabilities*, we had a negative result of R\$253.1 million (Regulatory Liabilities) in the quarter, being a R\$247.7 million reduction in CVA in the period. This account fundamentally registers the CVA formation in the period and had a negative result in the quarter (reducing CVA receivables - Expense);
- Short-Term Settlement* increased by R\$170.7 million due to the increase in LDP – Settlement Price for Differences;
- Donation and Subvention* totaled R\$177 million, of which R\$160.4 million was due to tariff subsidies (Decree No. 7.891/2013);
- Electric Network Availability (TUSD)* Revenue increased by 36.3% (+R\$295.6 million) in the quarter, in which we highlight the R\$281.2 million recorded in electric network availability to free industrial consumers and R\$43.7 million to free commercial consumers. As from 1Q18, this item also included the segregation of TUSD's Captive Consumers revenue, previously accounted for in the Electricity Supply, and this account totaled R\$783.9 million in 1Q19, in which we highlight: R\$380.8 million in electric network availability to captive consumers in the industrial class, R\$108.0 million and R\$189.0 million in electric network availability to captive consumers in the commercial class.

Gross Operating Revenue Deductions
Celesc Distribuição S.A. | Gross Operating Revenue Deductions

R\$ Million	1st Quarter		
	2018	2019	Δ
GROSS OPERATING REVENUE DEDUCTIONS	(1,159.0)	(1,335.8)	15.3%
ICMS	(535.2)	(670.4)	25.3%
PIS/COFINS	(259.5)	(305.9)	17.9%
Energy Development Account - CDE	(344.5)	(345.0)	0.1%
Research & Development - R&D (0.5% of ROL)	(8.2)	(9.9)	20.4%
Energy Efficiency Program - PEE (0.5% of ROL)	(8.2)	(9.9)	20.4%
ANEEL Regulatory Surveillance Rate	(1.7)	(1.7)	5.0%
Other Charges	(1.6)	7.0	524.7%

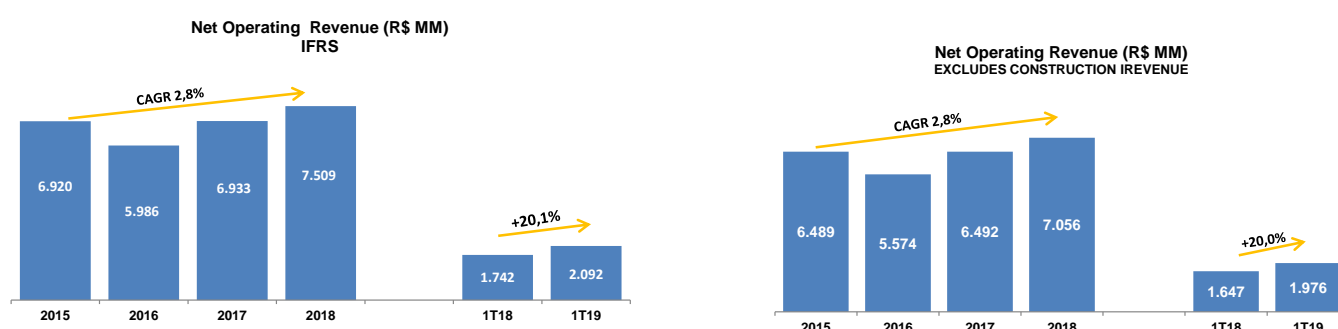
⁶ Construction Revenue is excluded. In accordance with IFRS accounting standards, there is a corresponding cost of the same amount recorded in operating expenses and, therefore, it does not affect the Company's results.

The deductions represent 39% of ROB and its variation normally follows the ROB variation. Below we highlight in detail the factors that contributed to the reduction:

- ICMS* increased by 25.3%, reaching R\$670.4 million. This tax accompanies Revenue with Electricity Supply, which increased by 15.7% in the quarter (considering transfers from the Captive Market to the Free Market);
- PIS/COFINS* increased by 17.9%, totaling R\$305.9 million. This tax follows the ROB results, and, along with ICMS, account for 73.1% of the Deductions;
- Other Charges* totaled R\$7.0 million in the quarter, due the lower Tariff Flags related to the unbilled supply.

Net Operating Revenue

Celesc Distribuição's Revenue had an average annual growth of 2.8% in the last four quarters, including Construction Revenue and excluding Construction Revenue, as illustrated below:



Operating Costs and Expenses

Celesc Distribuição S.A. | Operating Costs and Expenses

R\$ Million	1st Quarter		
	2018	2019	Δ
OPERATING COST AND EXPENSES	(1,625.4)	(1,970.7)	21.2%
Cost with Electricity - Non-Manageable	(1,277.8)	(1,576.4)	23.4%
Electricity Purchased for Resale	(998.9)	(1,314.3)	31.6%
Charge for Electrical Grid Use	(239.3)	(215.6)	-9.9%
PROINFA	(39.5)	(46.5)	17.8%
PMSO – Manageable Operating Expenses	(181.7)	(203.1)	11.8%
Personnel	(144.6)	(157.5)	8.9%
Material	(3.1)	(3.6)	16.3%
Third Party Services	(44.9)	(54.8)	22.2%
Other Revenues / Expenses	10.9	12.7	17.0%
Net Provisions*	(20.2)	(22.0)	9.2%
Depreciation / Amortization	(51.3)	(53.6)	4.6%
Construction Cost	(94.4)	(115.5)	22.3%

Excluding the *Construction Cost* account (which has no effect on the outcome), the increase in operating costs and expenses was 21.2% (+R\$324.3 million) in the quarter, totaling R\$1,855.2 million. The increase was mainly due to the increase in non-manageable expenses (energy costs), which increased by 23.4% (+R\$298.6 million).

PMSO expenses increased by 11.8% (+R\$21.4 million) in 1Q19, mainly due to: 8.9% increase (+R\$12.9 million) in Personnel expenses and 22.2% increase in Third Party Services (+R\$9.9 million) during the quarter.

Cost with Electricity - Non-Manageable

The 23.4% increase (+R\$298.6 million) in non-manageable costs in the quarter (Portion A) totaled R\$1,576.4 million and is explained by the following reasons:

- i. Increase in *Electricity Purchased for Resale* expenses (already considering lower short-term electric energy expenses), reflecting the 13% increase in average tariff purchased from ITAIPU, 2.3% of energy purchased in the regulated market (CCEARS/Thermal contracts) and 39% in Bilateral Contracts;
- ii. Reduction of 9.9% in *Charges for Electrical Grid Use* (transmission and distribution system) which follows the tariff readjustments/revisions;
- iii. Increase of 17.8% (+R\$7.0 million), totaling R\$46.5 million in [PROINFA](#) expenses (Law No. 10.438/2002).

The table below shows the cost per modality and the respective share in the Company's energy purchase tariff mix:

Celesc Distribuição S.A. | Costs of Energy Purchased by Contracting Modality

Average Energy Purchased Tariff by Modality (R\$/MWh)*	1Q18	1Q19	Price Var. %	% Interest in the 1Q18 MIX	% Interest in the 1Q19 MIX	Average Tariff Readjustment Rate ** (R\$/MWh)
LEILÃO - CCEAR / Hydro	195.5	194.6	-0.5%	33.9%	35.8%	196.5
LEILÃO - CCEAR / Thermal	178.4	182.5	2.3%	28.9%	28.3%	289.5
ITAIPU	217.4	245.7	13.0%	18.5%	17.1%	242.2
BILATERAL CONTRACTS	255.3	354.9	39.0%	0.1%	0.0%	350.3
OTHER	81.5	87.8	7.7%	18.7%	18.8%	102.6
Total - (R\$/MWh)	173.3	179.9	3.8%	100.0%	100%	211.3

* The data contains estimates of expenditures on energy purchases according to the methodology used in the accounting. The revenue with tariff flags is not included in the calculations above. This revenue is treated separately because its coverage depends on the hydrological conditions, which can be changed from one month to the other.

** Approval Resolution No. 2.436/2018

Sectorial Financial Assets and Liabilities (Portion A Regulatory Assets and Liabilities)

The following table shows the balance of Regulatory Assets and Liabilities established by the Company and accrued at the end of each period. These balances are part of the Company's tariff readjustment base.

R\$ Million	As of 03/31/17	As of 06/30/17	As of 09/30/17	As of 12/31/17	As of 03/31/18	As of 06/30/18	As of 09/30/18	As of 12/31/18	As of 03/31/19
Regulatory Assets	129.9	268.1	578.9	680.4	646.8	902.4	1,300.8	906.7	763.6
Regulatory Liabilities	(769.0)	(566.3)	(638.2)	(706.7)	(686.2)	(664.1)	(804.7)	(653.4)	(764.3)
Net Balance	(639.1)	(298.2)	(59.3)	(26.3)	(39.4)	238.3	496.1	253.3	(0.6)

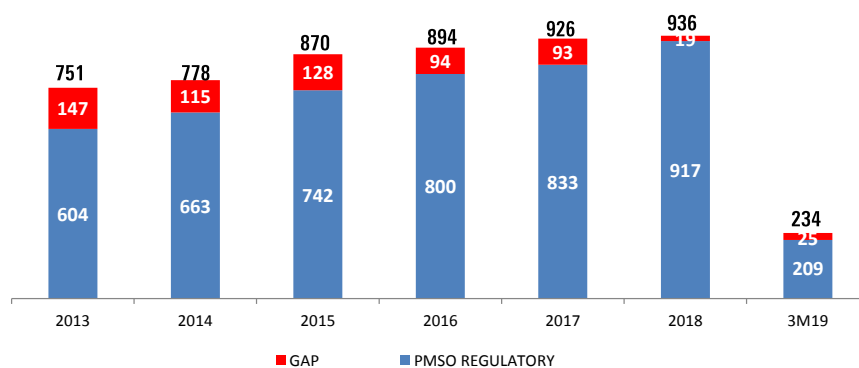
Regulatory assets totaled R\$763.6 million, of which R\$668.3 million refer to the purchase of energy, R\$59.9 million to the Basic and Energy Network Transportation, R\$24.3 million to CDE and R\$11.1 million to Proinfa. Regulatory liabilities totaled R\$764.3 million, being R\$332.0 million related to system charges, R\$137.1 million to CDE, R\$50.4 million to energy overcontracting, R\$115.7 million to Portion A neutrality, R\$106.0 million in tariff return and R\$23.1 million in other liabilities.

PMSO –Manageable Operating Expenses (Personnel, Materials, Services and Others)

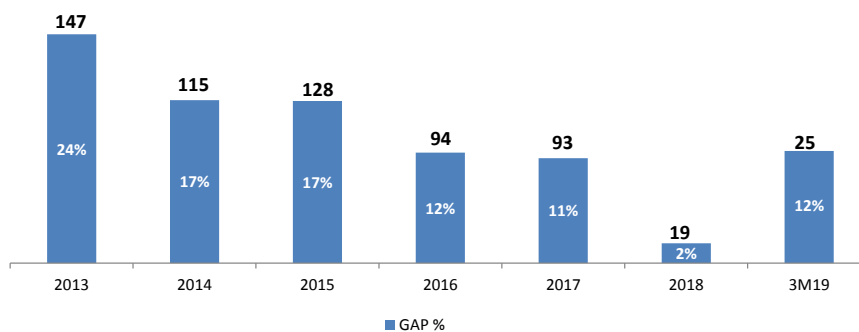
Below is the evolution of the Celesc Distribuição PMSO ⁷ x Regulatory PMSO estimated by the Company. We ended the first three months of 2019 with R\$25 million above higher than the regulatory PMSO, mainly due to MSO expenses, in which Personnel expenses (excluding effects from post-employment benefit) was within the regulatory limit.

⁷ PMSO expenses excludes PDI and post-employment benefits.

PMSO Celesc Distribuição x PMSO Regulatory (R\$ MM)



PMSO Celesc Distribuição x PMSO Regulatory (R\$ MM)



Personnel

The *Personnel and Administrators* account is comprised of expenses related to employee compensation (including charges) and regular contributions to the pension plans managed by the Fundação CELOS (*Private Social Security* account).

Celesc Distribuição S.A. | Total Personnel Expenses

R\$ Million	1st Quarter		
	2018	2019	Δ
Total Personnel	(144.6)	(157.5)	8.9%
Personnel and Administrators	(138.1)	(144.5)	4.6%
Personnel and Charges	(130.8)	(137.3)	5.0%
Private Social Security	(7.3)	(7.2)	-1.1%
Actuarial Expense	(6.5)	(13.0)	98.9%

The 8.9% increase in total personnel expenses in the quarter was impacted by the increase in *Actuarial Expenditure* (+R\$6.5 million) and the 5.0% increase (+R\$6.5 million) in *Personnel and Charges*. The increase in this account was mainly explained by the 7.7% increase in fixed wages due to the annual readjustment provided for in the Collective Negotiation Agreement - ACT and the Wage and Charges Plan – PCS, which resulted in a 9.7% increase in Role Bonuses, a 11.2% increase in overtime expenses (+14.8% in overtime 50% and +5.1% in overtime 100%), a 13.8% increase in meal vouchers due to the increase in total employees and a 10.5% increase in labor and FGTS charges (+6.5% labor and +3.9% FGTS).

Private Social Security and Actuarial Expense

Celesc Distribuição is a sponsor of the Fundação Celesc de Seguridade Social – CELOS, which manages the private social security benefit plans and the health care plans offered to its employees. The Actuarial Expense recognized in the Statement of Income complies with the definition in the Annual Actuarial Assessment of Post-Employment Benefits performed by independent actuaries. The estimated amount to be recognized in the year as an actuarial expense in the income considers both the amount to be recorded

in personnel expenses (actuarial expense) and the amount recorded as financial expenditure (update of the mathematical reserve⁸). During the first three months of 2019, R\$22.7 million was effectively recognized, considering R\$13 million in personnel expenses (actuarial expense) and R\$9.7 million in financial expenses (updating the mathematical reserve).

Celesc Distribuição S.A. | Actuarial expense (income) recognized in profit or loss

R\$ Million	Amount to be recognized in 2019	1Q19	2Q19	3Q19	4Q19
Transitional Plan	16.8	4.2	4.2	4.2	4.2
Mixed Plan	35.9	9.0	9.0	9.0	9.0
Savings Plan/Other Benefits	4.8	1.2	1.2	1.2	1.2
Health Plan	33.4	8.4	8.4	8.4	8.4
Total	90.9	22.7	22.7	22.7	22.7

The table below sets forth the Actuarial Liabilities recognized on March 31, 2019 compared to the closing of 2018, demonstrating a reduction of the estimated obligations of Celesc Distribuição.

Celesc Distribuição S.A. | Actuarial Liabilities

R\$ Million	in December 31, 2018	in March 31, 2019	Chg. %
Pension Plan	1.024,3	1.002,8	-2,1%
Mixed Plan + Transitional Plan	1.024,3	1.002,8	
Other benefits post-employment	980,6	974,6	-0,6%
Healthcare Plan	926,8	920,7	
Other benefits	53,8	53,9	
Total	2.004,8	1.977,3	-1,4%
Short Term	162,6	167,4	-3,2%
Long Term	1842,2	1819,9	-1,2%

Materials

The *Materials* account totaled R\$3.6 million in the quarter, increasing by 16% in comparison to the first quarter of 2018, in which we highlight: (i) the 21% increase in material for maintenance and conservation of the administrative and operating units; (ii) the 18% increase in safety and occupational health materials; and (iii) the 18% increase in teleprocessing materials (fiber optics, networks, cables, etc.).

Third Party Services

Third Party Services expenses totaled R\$54.8 million in the first quarter of 2019, increasing by 22.2% in comparison to 1Q18. The increase was due to, among other factors: (i) higher pruning and mowing services, which increased by 8.8%; (ii) higher conservation expenses for the maintenance of administrative and operating units, which increased by 13%; (iii) higher line maintenance and distribution networks services, which increased by 172%; (iv) higher expenses related to meter reading and cut-off and reclosing services, which increased by 13%; and (iv) a 66% reduction in consulting services.

Other Operating Expenses
Celesc Distribuição S.A. | Other Operating Expenses/Revenues

R\$ Million	1st Quarter		
	2018	2019	Δ
Other Expenses / Revenues – Total	10.9	12.7	17.0%
Lease and Rents	(4.3)	(4.6)	7.9%
Taxes	(2.2)	(2.9)	31.2%
Net Losses	(7.1)	(11.1)	57.1%
Miscellaneous expenses *	24.5	31.4	28.3%

⁸ Explanatory Note 28a. in the ITR 2019 report.

* Miscellaneous Expenses: Own Energy Consumption, Advertising, Fines, Consumer Indemnities, Donations/Subventions etc.

Other Operating Expenses totaled R\$12.7 million in 1Q19, 17% higher than the same period of the previous year, when these expenses amounted to R\$10.9 million. Among the factors that contributed to the variation in the quarter were: (i) 7.9% increase in rents and leases; (ii) 31.2% increase in taxes; (iii) 57.1% increase in net losses with credit, highlighting that most of these credits were recorded as losses in previous quarters; (iv) 67% increase in own consumption; (v) arrangement tax rate registered a revenue of R\$8.3 million in the quarter; (vi) 209% increase in indemnifications (civil and tax); and (vii) and a 112% increase in breaches to quality standards.

Provisions and Provision Reversals

Celesc Distribuição S.A. | Provisions

R\$ Million	1st Quarter		
	2018	2019	Δ
Net Provisions – Total	20.2	22.0	9.2%
Provisions for Estimated Net Losses on Doubtful Settlement Credits	9.8	5.2	46.9%
PECLD Provisions	10.1	6.0	-40.3%
PECLD Provision Reversals	(0.3)	(0.8)	181.9%
Other Net Provisions	10.4	16.9	61.7%
Other Provisions	14.5	23.2	59.9%
Reversal of Other Provisions	(4.1)	(6.4)	55.2%

Main changes in the Provisions for Estimated Losses on Doubtful Settlement Credits - PECLD

- (i) PECLD Provisions totaled R\$6.0 million in the quarter, reflecting higher Company revenues due to higher electricity tariffs in August 2018;
- (ii) Reversal of Provision of R\$0.8 million.

Main Variations in Other Provisions for Losses (Labor, Civil, Tax, Environmental and Regulatory Contingencies)

- (i) Provisions totaled R\$23.2 million, 59.9% higher than the R\$14.5 million recorded in 1Q18, and included: (i) Labor provisions in the amount of R\$4.2 million (versus R\$2.9 million in 1Q18) and Civil provisions in the amount of R\$19.0 million in the quarter (versus R\$11.1 million in 1Q18);
- (ii) Reversals totaled R\$6.4 million in the quarter, including: (i) Labor reversals in the amount of R\$3.0 million; and (ii) Civil reversals in the amount of R\$3.4 million.

EBITDA and Adjusted EBITDA (non-audited)

The following table sets forth the reconciliation of corporate EBITDA (ICVM No. 527/12) and also the EBITDA adjustments (Non-Recurring Effects).

Celesc Distribuição S.A. | EBITDA IFRS - Non-Recurring

R\$ Million	1st Quarter		
	2018	2019	Δ
Net Profit /Loss	57.4	52.3	-8.9%
(+) IR and CSLL	40.3	43.1	6.8%
(+) Financial Result	18.5	25.5	37.7%
(+) Depreciation and Amortization	51.3	53.6	4.6%
EBITDA IFRS/Adjusted	167.6	174.6	4.2%
EBITDA IFRS/Adjusted Margin, excluding Construction Revenue (%)	10.2%	8.8%	

As the Company did not have non-recurring effects or adjustments in the quarter, Adjusted EBITDA and Adjusted EBITDA Margin were similar to the IFRS results and increased by 4.2% in 1Q19 vs. 1Q18, which recorded an amount of R\$167.6 million. The increase in EBITDA was due to: (i) the Average Tariff Readjustment of 13.86% to Celesc Distribuição consumers in August 2018; (ii) increase of 8% in the energy market (9.1% in the Captive market and 5.8% in the Free Market) and; (iii) increase of 18.2% in the billed market, in which we highlight Supply (+15.7%) and Availability of Electrical Grid (+36.3%).

Regulatory EBITDA (Amount of Portion B minus the Regulatory Operating Cost – PMSO) of Celesc Distribuição amounted to R\$238.1 million in the first quarter of 2019. The negative difference of R\$63.5 million between Adjusted and Regulatory EBITDA is explained by: (i) Losses above Regulatory (R\$31.1 million); (ii) Personnel expenses above Regulatory (R\$11.0 million); (iii) DIC and FIC penalties (R\$8.4 million); and (iv) Provisions above Regulatory (R\$13 million).

Financial Result

Celesc Distribuição S.A. | Financial Results Statement

R\$ Million	1st Quarter		
	2018	2019	Δ
Financial Revenues	39.0	74.1	90.2%
Income from Financial Investments	3.9	3.2	-17.5%
Monetary Variations	3.8	39.2	941.0%
Interest and Arrears/Invoices	22.7	26.6	17.6%
Regulatory Assets/Regulatory Fees	7.9	6.4	-18.4%
Exchange Variation Energy Purchased	1.4	0.0	-100.0%
Other Financial Income	(0.6)	(1.4)	130.4%
Financial Expenses	(57.5)	(99.6)	73.2%
Debt Charges	(19.6)	(45.1)	130.6%
Monetary Variations.	(0.2)	(21.7)	10375.4%
Update R&D and Energy Efficiency	(3.8)	(4.0)	5.3%
Exchange Rate Energy Purchased	(1.8)	0.0	-100.0%
Regulatory Liability/Regulatory Fees	(23.4)	(19.1)	-18.3%
Interest on Debentures	(3.9)	(6.9)	79.2%
Other Financial Expenses	(4.9)	(2.8)	-42.3%
Net Financial Result	(18.5)	(25.5)	37.7%

Financial Revenues totaled R\$74.1 million in the quarter, up by 90.2% (+R\$35.1 million) in comparison to 1Q18, in which we highlight:

- (i) A 17.6% increase in *Interest and Arrears on Invoices* during the quarter, resulting from the increase in overdue invoices in the short-term, totaling R\$26.6 million, which includes interests (R\$17.2 million) and other charges (R\$9.4 million) over billed invoices (penalties, late fees);
- (ii) Increase in *Monetary Variations*, totaling R\$39.2 million in the quarter, of which R\$36.5 million referred to financial gains with foreign currency transactions with the Inter-American Development Bank - BID.
- (iii) A 18.4% decrease in *Regulatory Assets and Fees*, totaling R\$6.4 million, resulting from variations in the SELIC on financial assets in the sector (regulatory assets).

Financial Expenses totaled R\$99.6 million in the quarter, up by 73.2% (+R\$42.1 million). The main factors of influence are as follows:

- (i) *Debt Charges* totaled R\$45.1 million in the quarter, due to: Interest paid on the debt balance and its main index (CDI rate), totaling R\$35.1 million; and the mathematical reserve, which impacted results by R\$10.0 million in the quarter but reduced our operational expenses;
- (ii) *Regulatory Liability/Regulatory Fees* (SELIC) totaled R\$19.1 million in the quarter, in which we highlight: R\$12.3 million referring to monetary restatements of the regulatory liabilities and R\$6.8 million referring to sector charges of the CDE⁹;
- (iii) *Monetary Variations* totaled R\$21.7 million, being R\$16.8 million due foreign currency transactions with the Inter-American Development Bank - BID;
- (iv) A R\$3.1 million increase in *Interest on Debentures*, totaling R\$6.9 million in 1Q19, resulting from the issues carried out in 2018.

Net Profit and Net Adjusted Profit

⁹ See [Notice to the Market on 07/25/2017 – Debt Settlement Agreement with the Energy Development Account Fund - CDE](#).

Celesc Distribuição S.A. | NET PROFIT IFRS - Non-Recurring

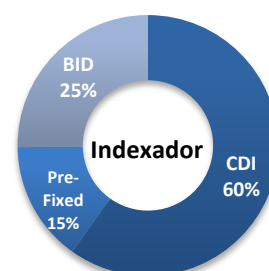
R\$ Million	1st Quarter		
	2018	2019	Δ
Net Loss/Profit – IFRS Reported	57.4	52.3	-8.9%
(=)Net Loss/Profit Adjusted by IFRS	57.4	52.3	-8.9%
<i>Net IFRS Margin, excluding Construction Revenue (%)</i>	3.5%	2.6%	

Considering the Company did not have non-recurring effects in the period, Adjusted Net Income was similar to the IFRS Net Income.

The Adjusted IFRS Income reduced by 8.9% in comparison with the same period in 2018, mainly due to the 21.2% increase in Operating Costs and Expenses, in which Energy Costs (Non-Manageable) and Operating Expenses (Manageable) increased by 23.4% and 13.4%, respectively. On the other hand, ROB increased by 18.2% in the quarter due to increases in energy consumption, both in the Captive Market and in the Free Market.

Indebtedness
Celesc Distribuição S.A. | Financing and Loan Status

R\$ Million	Annual Interest Rates	As of December 31, 2018	As of March 31, 2019	Δ
National Currency				
Bank Loans	7.40% to 7.67% p.a.	301.1	150.2	-50.1%
Bank Loans	1.25% to 1.30% p.a. + CDI	301.7	301.9	0.1%
Eletrobrás	5.00% p.a. +2% p.a. Mgt. Fee	14.9	11.4	-23.8%
Debentures	CDI + 1.30%	100.8	102.7	1.9%
Debentures	CDI +1.90%	251.7	251.9	0.1%
Finame	2.50% to 9.50%	27.7	25.6	-7.4%
Celesc D/G Loan	CDI + 2.5%	92.4	94.4	2.1%
Foreign Currency				
BID	Libor + Funding Margin + Lending Spread p.a.	273.5	316.4	15.7%
Total		1,363.8	1,254.5	-8.0%
<i>Short-Term</i>		517.9	413.6	
<i>Long-Term – 1 to 5 years</i>		586.3	333.4	
<i>Long-Term – Above 5 years</i>		259.6	507.5	



The average cost of Celesc's total financial debt, in Local Currency, is 6.02% p.a., of which 8.36% p.a. is the average cost of debt tied to the CDI rate and 7.04% p.a. is tied to pre-fixed debt. Foreign Currency debt is tied to the variation of the Libor (Libor + Funding Margin + Lending Spread p.a.) according to the contracts signed with the BID (Inter-American Development Bank - IDB). The average term of the total financial debt (National Currency + Foreign Currency) is 7.68 years, corresponding to 1.06 years for CDI-tied loans, 0.41 years to pre-fixed loans and 6.24 years to the Libor loan (Libor + Funding Margin + Lending Spread p.a.), evidencing the lengthening of our maturity profile in this past quarter. The Company has been structuring its average financial debt maturity, aiming for new medium/long-term funding.

Due to the difficulties faced by the Electricity Sector, the Company, just as other companies in the sector, has been accessing the financial market through fund raisings for its working capital needs related to the purchase of energy. Thus, Celesc Distribuição's gross financial debt totaled R\$1,254.5 million, down by 8% against the closing of 2018 (-R\$109.3 million).

Bank Loans

Celesc Distribuição contracted in April 2018 the credit operation with Banco Safra, through the Agroindustrial Credit Line, in the amount of R\$150.0 million, due on April 22, 2019. The amortization of the operation will take place in the last month of term (bullet). The interest rate is fixed at 7.40% p.a., with monthly payments. The fee was 0.40% and the transaction is guaranteed with receivables from the Company, in a 1:1 ratio of the outstanding balance.

As described in the [Notice to the Market – Renewal of the Debt Transaction with Banco Safra](#), released on April 23, 2019, Celesc Distribuição renewed its debt transaction for a 12-month period, under the same conditions: bullet amortization, pre-fixed interest rate of 7.40% p.a. with monthly payments, and real guarantees (provided by Celesc Holding).

In November 2018, the Company contracted a working capital loan with Banco Safra, in the amount of R\$ 200.0 million (Bank Credit Note – CCB), through the Agroindustrial Credit Line, with a maturity period of 36 months and amortization grace period of 18 months. After the grace period, the amortization payments will be done on a monthly basis. Interest payments are monthly, without grace periods. The interest rate is tied to the CDI (CDI+1.30% p.a.).

In October 2018, the Company contracted a working capital loan with Banco do Brasil, in the amount of R\$ 100.0 million (Bank Credit Note – CCB), with a maturity period of 24 months and amortization grace period of 12 months. After the grace period, the amortization payments will be done on a quarterly basis. Interest payments are quarterly, without grace periods. The interest rate is tied to the CDI (CDI+1.25% p.a.).

We highlight that these transactions carried out in October and November 2018 are part of the same fundraising process and are complementary to the total funding amount requested at the time, of R\$ 300.0 million.

Eletrobrás

The loans and financing contracted are for the rural electrification programs and others, and the resources come from the Global Reversion Reserve (RGR) and from the Eletrobrás Finance Fund. In general, these contracts have a grace period of 24 months, amortization in 60 months, some of which are over 96 months, with an interest rate of 5% p.a. and an administration rate of 2% p.a. These contracts are collateralized by receivables and are accounted for by ANEEL.

Debentures

In May 2013, the subsidiary Celesc Distribuição issued for the first time 30,000 non-convertible unsecured debentures, with a fiduciary guarantee from Centrais Elétricas de Santa Catarina S.A., and the proceeds raised was towards the increase the Company's working capital and investments needs. The Debentures were subject to public distribution with restricted placement efforts, under the terms of Instruction No. 476 of the Brazilian Securities and Exchange Commission ("CVM") from January 16, 2009, under the steadfast warranty regime, and are entitled to the payment of interest rate corresponding to 100% of the cumulative variation of the average daily rates of Interbank Deposits (DI or ID), plus a spread of 1.30% per annum, due within 72 months from the issuance date (May 2019). The compensation is paid in semiannual and consecutive installments, without grace periods, as of the Issuance Date (May 15, 2013). The amortization is performed in 3 equal, annual and consecutive installments, with the first installment being due as from the 48th month counted from the issuance date. The Debentures have a covenant commitment to present a Net Debt/EBITDA ratio of less than 2 and a maximum dividend distribution limit of 30%. The outstanding balance on March 31, 2019 was R\$102.7 million.

Debentures – 3rd Issue by Celesc Distribuição

Celesc Distribuição, according to the [Notice to the Market – 3rd Issuance of Simple Debentures by Celesc Distribuição S.A.](#), issued on July 13, 2018, the 3rd issuance of non-convertible simple debentures by the Company, along with Banco Santander (Brazil) S.A., as the leading intermediary institution and Banco BOCOM BBM S.A. Said issuance was for public distribution with restricted placement efforts under firm guarantee, with a total issuance amount of R\$ 250 million, in a single series. A total of 250,000 (two hundred and fifty thousand) debentures were issued, at the nominal unit price of R\$1 thousand, and the nominal unit price of the debentures will not have monetary restatements.

The firm guarantee is the fiduciary assignment of existing and/or future receivables arising from the gross electricity supply to Celesc D's customers, of which Celesc provided guarantee in favor of the Debenture holders, being obligated as guarantor to the payment of principal and all amounts due under the Issuance Deed.

The Debentures have a 5-year term from the issue date, thus maturity on July 13, 2023, with interest compensation corresponding to 100% of the cumulative variation of the average daily rates of the DI or ID - Interbank Deposits of one day, plus a spread of 1.9% per annum, calculated exponentially and cumulatively *pro rata temporis* per accumulated business days since the subscription date and Debentures payment date or the Remuneration Interest payment date immediately following, as the case may be, until the effective payment date. The amortization will be on the 18th month, counted from the issue date, in quarterly and consecutive installments, always on the 13th day of January, April, July and October, with the first payment due on January 13, 2020 and the last payment on

the Maturity Date, July 13, 2023, except in situations of early maturity by the Company, early maturity as a result of the unavailability of the DI Rate, or early maturity in view of the occurrence of one of the default events set forth in the Issue Deed.

As of December 31, 2018, the Company has a contractual commitment (covenant) related to Debentures issue not presenting a Net Debt/EBITDA ratio of more than 2.5x. Failure to comply with this financial indicator may lead to the early maturity of the total debt. The proceeds from this funding entered Celesc Distribuição's cash balance on August 10, 2018 and will be used to strengthen cash for normal business purposes.

Inter-American Development Bank – BID

On October 31, 2018, Celesc Distribuição signed a loan agreement (No. 4404/OC-BR (BR-L 1491)) with the Inter-American Development Bank (IDB/BID) for the foreign debt transaction to partially fund Investments in Energy Infrastructure in the Company's concession area. The contract was signed on October 31, 2018, as disclosed in a Material Fact [Funding from the BID](#).

The total amount of the transaction reached US\$ 276.05 million, with a maturity term of 300 months and an amortization grace period of 66 months. The interest rate is tied to quarterly Libor and will be increased by a Funding Margin and Lending Spread, both from the BID.

We highlight that the total transaction amount will be made available in periodic tranches, according to the physical-financial progress of the project. This loan is guaranteed by the Federative Republic of Brazil and the State of Santa Catarina and is intended to partially finance the Investments in Energy Infrastructure Program (*Celesc+Energia* Program), aimed at expanding and qualifying the distribution of electric energy in Celesc Distribuição's concession area.

The funds destined to the investments released by the BID were converted into local currency during the second quarter of 2019.

Finame

The loans contracted were used to purchase machinery and equipment and have an interest rate of 2.5% to 8.7% p.a. In the event of default, the warranty is linked to the receivables of the borrower, which were approved by ANEEL.

Celesc Distribuição S.A Loan with Celesc Geração S.A.

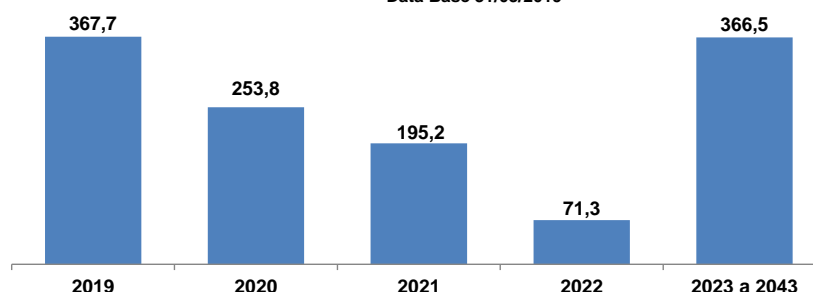
On August 16, 2016, Celesc Geração S.A (Lender) and Celesc Distribuição (Borrower) signed a loan agreement, with ANEEL's consent, for a 24-month period and an interest rate of 125% of the CDI. Interest payments and principal repayments were made at the end of the transaction term, in August 2018.

On September 10, 2018, both companies signed a new loan agreement, in the amount of R\$90 million, with a 12-month maturity period. The interest rate is 100% of the CDI plus a spread of 2.5% p.a. The outstanding balance as of March 31, 2019 was R\$94.4 million (principal + interest).

Loans and Financing Schedule

The estimated timing of due date for loans and financing is set out in the following graph:

Empréstimos e Financiamentos (R\$ MM)
Cronograma de Vencimentos
 Data Base 31/03/2019



On March 31, 2019, the Company's financial debt represented 1.1x of the last 12-month EBITDA (1.0x over the Adjusted EBITDA) and 0.6x over its Net Worth, as follows:

Celesc Distribuição S.A. | Indebtedness

Financial Debt 1Q19			
R\$ Million	As of December 31, 2018	As of March 31, 2019	Δ
Short-Term Debt	517.9	413.6	-20.1%
Long-Term Debt	845.7	840.8	-0.6%
Total Financial Debt	1,363.6	1,254.5	-8.0%
(-) Cash and Cash Equivalents	631.3	679.1	7.6%
Net Financial Debt	732.4	575.4	21.4%
EBITDA (Last 12 Months)	529.2	536.2	1.3%
Net Financial Debt / 12M EBITDA	1.4x	1.1x	
Adjusted EBITDA (Last 12 Months)	559.7	569.9	1.8%
Net Financial Debt / Adjusted 12M EBITDA	1.3x	1.0x	
Shareholders' Equity	981.3	1,033.6	5.3%
Total Financial Debt / Shareholders' Equity	1.4x	1.2x	
Net Financial Debt / Shareholders' Equity	0.7x	0.6x	

It is important to note that, according to the [Notice to the Market - CDE Installments](#), released on July 25, 2017, Celesc Distribuição divided the balance of R\$1.166 million related to the CDE charge to the CCEE in 30 installments, as of July 2017 (until December 2019). The outstanding balance on March 31, 2019 was R\$393.1 million (Explanatory Note No. 26 of the 1Q19 ITR report).

Considering the Obligations with Social Security, which totaled R\$1.002.8 million on March 31, 2019, and Other Employee Benefits (Healthcare Agreement, POS, others) in the amount of R\$974.6 million, the Company's Adjusted Net Debt is currently R\$1,987.7 million, representing 3.7x of its EBITDA and 1.9x of its Net Worth at the end of the first quarter of 2019, as illustrated below:

Celesc Distribuição S.A. | Indebtedness + Actuarial Liabilities

R\$ Million	As of December 31, 2018	As of March 31, 2019	Δ
Short-Term Debt	517.9	413.6	
Long-Term Debt	845.7	840.8	
Total Financial Debt	1,363.6	1,254.5	-8.0%
(+) Net Actuarial Liabilities	1,431.4	1,412.3	-1.3%
Obligations with Social Security	1,024.3	1,002.8	-2.1%
Other benefits to employees	980.6	974.6	-0.6%
(-) Deferred IR/CSLL ¹	573.4	565.0	-1.5%
(-) Cash and Cash Equivalents	631.3	679.1	7.6%
Adjusted Net Debt	2,163.8	1,987.7	-8.1%
Adjusted Net Debt / 12M EBITDA	4.1x	3.7x	
Adjusted Net Debt / Adjusted 12M EBITDA	3.9x	3.5x	
Adjusted Total Debt / Shareholders' Equity	2.8x	2.6x	
Adjusted Total Debt / Shareholders' Equity	2.2x	1.9x	

¹ Explanatory Note 20.a of the 1Q19 ITR report.

Ratings for Celesc Distribuição and Parent Company

Moody's Latin America Ltda. (Moody's) assigned ratings of Ba3 on a global scale and A1.br on a national scale to Celesc Distribuição S.A. The positive outlook reflects Moody's expectation that Celesc will strengthen its cash flow from operations (prior to Capex), driven by higher consumption as a result of Brazil's economic recovery, and improvements in regulatory loss rates and service quality indicators.

Investments | CAPEX

The investments made by Celesc Distribuição during the first quarter of 2019 totaled R\$121.9 million (being R\$78.3 million in materials/services, R\$14.1 million in own labor and R\$29.5 million in consumer financial share). The table below shows the investment of the distributor indicating what makes up the RAB (Regulatory Assets Base):

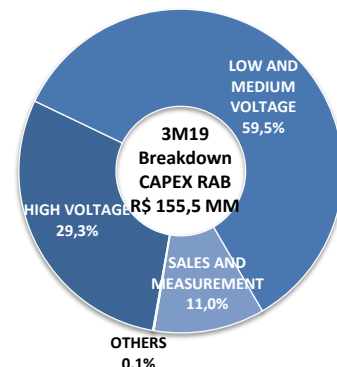
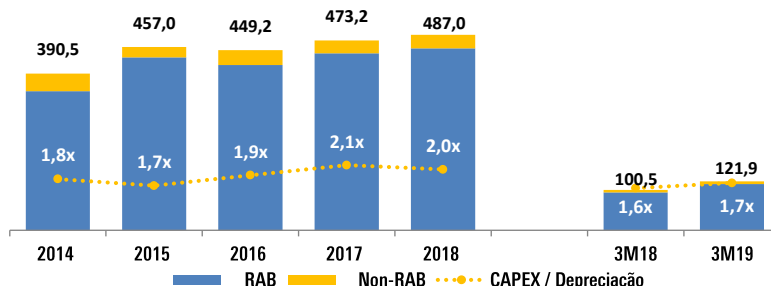
CAPEX - Celesc Distribuição S.A.

R\$ Million	1st Quarter		
	2018	2019	Δ
Distribution Investments	100.5	121.9	21.3%
RAB *	94.4	115.5	22.3%
Non – RAB	6.1	6.4	4.8%
Depreciation / Amortization	(51.3)	(53.6)	4.6%
CAPEX x Depreciation Ratio **	1.6x	1.7x	

* RAB: Regulatory Assets Base

** Not Including Consumer Financial Share

The graphs below illustrate the CAPEX performed by the company in recent years (and its relation to Depreciation), as well as the composition of CAPEX in electric assets made in 3M19, which will comprise the Regulatory Remuneration Base:

CAPEX Celesc Distribution (R\$ MM)


The investments in the distribution network seek to meet the continuous improvement of the quality indicators (DEC and FEC) signed in the concession renewal agreement. Demand for CAPEX RAB in the current tariff cycle should be between 1.6x and 1.9x depreciation, in line with the industry average.

In 1Q19, Celesc Distribuição made the mandatory investment of R\$3.2 million in Research and Development (R&D)¹⁰ and R\$2.6 million in Electrical Efficiency¹¹.

For the 2019 fiscal year, according to the [Notice to the Market: Investment Budget for 2019](#), the budget approved for materials and services, including consumer financial share, totals R\$531.7 million, of which R\$404.7 million is for the Distribution System, R\$45.6 million for General Installments and IT and R\$81.4 million for Own Labor.

2.1.3 – Regulatory Aspects of Celesc Distribuição S.A.

2014 Contract Exhibition – ANEEL Orders No. 2.642/15 and 2.078/16

In 2015, ANEEL determined the contractual exposures of the distributors for the year 2014, disclosing the amounts of involuntary exposure through Order No. 2.642/2015. For Celesc Distribuição S.A. the amount of 117.2MW of contractual exposure was determined, of which 64.36MW were recognized as involuntary. In the face of this Order, an appeal was filed with ANEEL, which was based on 3 (three) points: (i) 2MW arising from consumers that ANEEL understood to have returned to the captive market for a voluntary act of Celesc Distribuição, which did not occur, as they returned by court order, or were only switched off; (ii) 15,818MW relating to a material error in filing a declaration form in the A-1 auction of 2013, since said amount of energy was declared in a different field of the form, in addition to the fact that said amounts had already been declared in another two auctions (A-0 of 2013 and A-0 of 2014) which were frustrated; and (iii) 35.02MW due to the extraordinary market variation that occurred as a result of the intense heat wave that struck the state in the first quarter of 2014, and consequently an annual growth of around 6.7% in the market, against a historic growth of 2.5%. Faced with the inoperability of contractual adjustment mechanisms in 2013 and 2014, such extraordinary market growth could not be adjusted, thus generating a contractual exposure of around 1.5% in the market.

Through Order No. 2.078/2016, the company was granted a partial recognition in order to: a) consider another 2MW average as involuntary exposure related to the cessation of activities and return to the captive market of special consumers; and b) to consider a further 15,818 average MW as an involuntary exposure, due to the recognition of a material error in completing the declaration of energy needs for Auction A-1 of 2013. By virtue of the Order, the exposure considered by the Regulatory Body to be voluntary went from 52.84 Average MW to 35.02 Average MW, so the Company recognized in the second quarter of 2016 the amount of R\$ 256 million referring to voluntary exposure in 2014, recognizing the amount of R\$ 225 million in the Financial Assets/Liabilities account of Gross Operating Revenue, with a negative effect and R\$31 million as financial expenses (overcontracting update).

Celesc Distribuição filed a Judicial Action in 2016 with the purpose of challenging Dispatch No. 2.078/2016, in order to obtain full recognition of contractual exposures as involuntary, at the same time as it requested the grant of a preliminary injunction to suspend the application of a tariff reducer of R\$ 256 million, expected to be applied together with the approval of the Periodic Tariff Review proceeding that would occur until August 22, 2016.

After the lawsuit was filed, a preliminary injunction was obtained in order to avoid the application of the aforementioned tariff reducer, a decision met by ANEEL upon the Tariff Review approval, and at the moment the company continues to discuss the merits of the lawsuit, seeking the full recognition of the contractual exposure as involuntary, and thus eliminating any tariff reducer, as well as the application of penalties by the Electricity Trading Chamber - CCEE.

During 2017, the judge in charge of the proceeding that discusses the 2014 contract exposition, after examining ANEEL's statement regarding the arguments presented by Celesc Distribuição, decided to maintain the injunction previously granted, constituting a condition of stabilization of the proceeding.

More recently, a judgment of merit has been published, and the case is currently in the appeal phase before the Federal Regional Court of the 1st Region.

¹⁰ ANEEL's P&D program is currently regulated by Law No. 9.991/2000, as amended, Normative Resolutions No. 316/2008 and 504/2012 and correlated rules.

¹¹ The Energy Efficiency Program regulated by ANEEL – PEE was established by Law No. 9.991/2000.

Contractual exposure 2014 - Penalties CCEE

On October 14, 2016, the CCEE issued Notification No. 1.438/2015 due to the non-presentation by Celesc Distribuição of the physical warranty or contractual coverage to cover one hundred percent of its market, based on the accounting performed in January of 2015, referring to the year 2014, indicating the applicable technical penalty in the amount of R\$ 77 million.

In light of this Notice, the Company filed a defense requesting (i) the suspension of the application of the assessed penalty until the final decisions on the merits of the lawsuits in which Celesc Distribuição discusses with ANEEL the contractual exposures of 2014; and (ii) a review of the penalty after the definitive establishment of the amounts of involuntary contractual exposure, as well as the amounts of energy to be considered for the 2014 former-post MCSD round, should any lack of contractual ballast be maintained for the year 2014.

On December 22, 2016, the Administration Council of CCEE - CAD decided at its 903rd meeting to reject the defense arguments presented in the TN Defense No. 1.438/2015.

On January 4, 2017, Celesc Distribuição challenged this decision, and on January 10, 2017, at its 905th meeting, the CAD faced the allegations presented by Celesc Distribuição and decided in determination No. 0036 for forwarding to ANEEL the Request for Dispute filed.

In view of the facts presented, ANEEL, through Order No. 180/2017, decided not to grant a suspensive effect to the Celesc Distribuição Appeal against the decision issued by the CCEE at its 903rd Meeting rejecting the defense arguments presented in the defense to Notification No. 1.438/2015.

In the 7th public meeting of the Board of Directors of ANEEL, held on March 7, 2017, considering the foregoing and what is contained in Case No. 48500.000391/2017-12, it voted to hear the Request for Objection, with a request for the suspensive effect, filed by Celesc Distribuição, in the face of a decision issued by the CCEE at the 903rd Meeting, related to Notification Term No. 1.438, of 2017, and, on merit, dismiss it. Nevertheless, the rapporteur had requested the views of the rapporteur, postponing the decision.

After requesting a hearing, the Appeal Request was again reviewed by the Board of Directors of ANEEL at the 19th Ordinary Public Meeting, knowing it, and, on merit, dismissing it as provided in Order No. 1.489/2017.

Subsequently, the Company filed a lawsuit (No. 1005589-77.2017.4.01.3400) against CCEE and ANEEL requesting the grant of a preliminary injunction with the purpose of suspending the enforceability of the penalty imputed to Celesc Distribuição until the judicial process that discusses the contractual exposure of 2014 has its unfolding, as well as the legal proceeding that the Jirau HPP has filed before ANEEL, so that it reaches its final appreciation of merit, these being two factors that directly impact on the maintenance of the applied penalty.

After examining the request, the judge in charge of the proceedings issued a decision *"suspending the collection by the Respondents of the above-mentioned amount, as of any other amount (deemed voluntary), due to the exposure (deemed voluntary) of the party applicant in 2014."* In this way, the collection of the penalty applied by CCEE has been suspended.

Tariff Flags

The Federal Government, through Decree No. 8.401/2015, created the CCRBT Tariffs Resource Center Account, which establishes that flags should be activated whenever variations in generation costs by thermoelectric source and exposure to settlement prices in the short-term market affected the electricity distribution agents connected to the National Interconnected System (SIN). The mechanism has served as a signal for consumers to be aware of consumption during situations of low hydraulicity.

For the year 2017, through Public Hearing No. 091/2016, ANEEL defined new levels of activation as well as the additional ones considering the updating of the data and the distribution of costs between the levels.

On October 24, 2017, during the Public Meeting of the Board of Directors of ANEEL, public hearing No. 061/2017 was approved, to discuss the revision of the methodology of tariff flags and the values of their driving ranges. Exceptionally, for the month of November, the additional amount proposed for audience of R\$ 50.00/MWh has already been validated, considering red flag level 2. According to the proposal, the amount of the additional yellow flag fell from R\$ 20 to R\$ 10.00/MWh and the additional red flag on level 1 remains at R\$ 30.00/MWh.

After the period of contributions received in the first phase of Public Hearing No. 61/2017, held in the period from October 26, 2017 to December 27, 2017, on April 24, 2018, through Approval Resolution No. 2.392/2018 ANEEL ratified the driving ranges and additional tariff flags, which are addressed to PRORET sub-module 6.8, effective as of May 2018, proposed at the opening of public hearing No. 061/2017 on October 24, 2017 during a Public Meeting of the ANEEL's Board of Directors.

Furthermore, at the same Ordinary Public Meeting of the Board of Executive Officers from April 24, 2018, where the proposed bands and additional ratifications were ratified, a new phase was established for the same Public Hearing. The contribution submission period was established as April 25, 2018 to June 11, 2018, through a documentary exchange with the objective of obtaining subsidies to exclusively deal with the methodology of transfer of the Flags Account.

Below is a summary table with the history of the tariffs practiced in the concession area of Celesc Distribuição:

Tariff Flag History	
Month	Flag
Jan/17	Green
Feb/17	Green
Mar/17	Yellow
Apr/17	Red-Level 1
May/17	Red-Level 1
Jun/17	Green
Jul/17	Yellow
Aug/17	Red-Level 1
Set/17	Yellow
Oct/17	Red-Level 2
Nov/17	Red-Level 2
Dez/17	Red-Level 1
Jan/18	Green
Feb/18	Green
Mar/18	Green
Apr/18	Green
May/18	Yellow
Jun/18	Red-Level 2
Jul/18	Red-Level 2
Aug/18	Red-Level 2
Set/18	Red-Level 2
Oct/18	Red-Level 2
Nov/18	Yellow
Dez/18	Green
Jan/19	Green
Feb/19	Green
Mar/19	Green

For accounting in the Portion A - CVA Valuation Variation Compensation Account with respect to the amount collected for the Tariff Tariffs from January 2018, the methodology defined by the Superintendence of Economic and Financial Supervision (SFF) is observed. Order No. 4.356/2017.

Extension of Concession - Provisional Measure - MP No. 579/12, Act No. 12.783/13 and Decree No. 8.461/15

In 2016, the monitoring of the conditions for the maintenance of the concession began, as established in the Amendment Term signed.

The new addendum that extends the concession term for 30 years has imposed conditioning factors on the distributor's quality of service, as well as the sustainability of economic and financial management. During the first five years of the new contract, noncompliance of conditions for two consecutive years or any of the limits at the end of the period of the first five years will result in the termination of the concession. From the sixth year following the conclusion of the contract, non-compliance with the quality criteria for three consecutive years, or economic and financial management criteria for two consecutive years, will lead to the opening of the expiration process. In addition, throughout the contractual period, noncompliance with the global goals of collective continuity indicators for two consecutive years or three times in five years, will result in the limitation of the distribution of dividends or in the payment of interest on own capital to the legal minimum ([Normative Resolution No. 747/2016](#)), while noncompliance with the indicators of economic and financial sustainability will reflect the need for capital contribution from the controlling shareholders.

Below are the targets to be followed by Celesc Distribuição in the first 5 years of the extension:

YEAR	FINANCIAL AND ECONOMIC MANAGEMENT	QUALITY INDICATORS (ESTABLISHED LIMITS)		CHECK
		DEC _i ¹	FEC _i ¹	
2016		14.77	11.04	ATENDIDO
2017	LAJIDA ≥ 0	13.79	10.44	ATENDIDO
2018	{LAJIDA(-)QRR} ≥ 0	12.58	9.84	ATENDIDO
2019	{DÍVIDA LÍQUIDA/[LAJIDA(-)QRR]} ≤ 1/0.8*SELIC ³	11.56	9.25	
2020	{DÍVIDA LÍQUIDA/[LAJIDA(-)QRR]} < 1/1.11*SELIC	11.30	8.65	

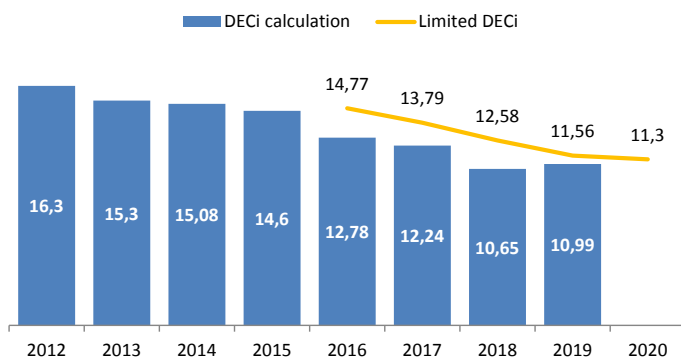
¹ DEC_i-Equivalent Duration of Interruption of Internal Origin per Consumer Unit; and FEC_i-Equivalent Frequency of Interruption of Internal Origin per Consumer Unit;

² QRR: Regulatory integration quota or Regulatory Depreciation Expense. It will be the amount defined in the last Periodic Tariff Review-RTP, plus the IGP-M between the month prior to RTP and the month prior to the 12-month period of the economic-financial sustainability benchmark;

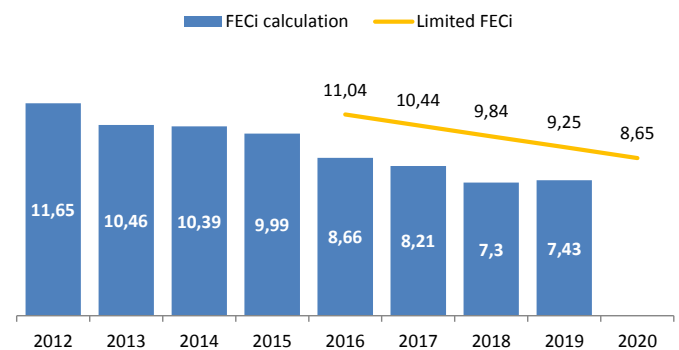
³ Selic: limited to 12.87% p.a.

The graph below shows the follow-up of the quality indicators until the end of the first quarter of 2019 (last 12 months, accumulated):

Calculation History and Limited DECI



Calculation History and Limited FECi



In relation to the Company's performance, Celesc Distribuição has complied with the adjusted EBITDA margin of zero or higher than zero for 2017. The most recent disclosure provided by the 3rd Edition of the Sustainability Report of the Distributors calculated by ANEEL's Superintendence of Economic and Financial Inspection for the period between October 2017 and September 2018, indicates an adjusted EBITDA (accumulated until the third quarter of 2018) of R\$ 587 million.

For the year 2017, as reported in the Operational Performance, although the Company met the DECI and FECi targets of the Concession Agreement, the overall goals (cycle goals) for DEC in 2016 and 2017 were not achieved, which limits the distribution of dividends and/or interest on capital to the legal minimum of 25%, and will remain so until the regulatory parameters are achieved.

The continuity indicators for the 2018 calendar year were met within the regulatory limits established by ANEEL and are under analysis for the effective ratification and disclosure by the ANEEL's Department of Regulation of Distribution Services.

Results Plan

Celesc Distribuição was convened by ANEEL to participate in the second line-up of the distributors that will go through the Results Plan, aiming at improving the quality of services under the technical and commercial aspects, in addition to the safety aspects of employees and the population, combined with the monitoring of the economic-financial sustainability indicator, and consequently at guaranteeing the achievement of the indicators established in the Concession Agreement.

The Results Plan is associated with the new strategic surveillance model adopted by ANEEL, with the primary objectives being the education and orientation of agents from the electric energy sector, and the prevention of conduct that violates legislation and concession contracts. During this process, Celesc Distribuição initially underwent a first phase of supervision of the technical and commercial services of electricity distribution throughout 2016, with the analysis of the earnings from 2014 and 2015. In order to comply with this methodology, Celesc Distribuição presented to ANEEL the Improvement Plan, focusing on the Duration of Interruptions, Number of Interruptions, Timeframes for Services, Quality of Telephone Service and Internal and External Demands.

The Results Plan was presented to ANEEL at the end of September 2017, with the objective of defining and presenting the actions required to meet regulatory demands, promoting the improvement of services provided to consumers, so as to also converge to

comply with the concession contract, extended in 2015, thus representing a gain in service quality, as well as being an excellent complementary management tool in search of concession maintenance. The term of validity of the Results Plan will be 24 months, as of September 10, 2017, with quarterly periodic control by the regulatory body.

We have already submitted 4 Monitoring Reports related to the first four quarters of the Results Plan. Celesc Distribuição went to Brasília to present two reports and ANEEL came to Florianópolis to discuss the Plan. ANEEL's visit should be repeated in the coming months to discuss the report for August 2018 to December 2018.

In May 2019, we will present the 5th Follow-up Report, the second-to-last report for the Plan.

Annual Tariff Readjustment 2016 - [Approval Resolution No. 2.120](#), [Technical Note No. 258/2016-SRE/ANEEL](#) and [Technical Note No. 287/2016-SGT/ANEEL](#)

The Tariff Adjustment for Celesc Distribuição, applied on August 22, 2016, resulted in an average tariff effect to consumers by approximately -4.16%, comprised by the Tariff Readjustment Index (IRT) of -1.54% (economic effect resulting from the updating of Portion A and B costs), a financial component of -0.47% in the current process and the effect of the withdrawal of the financial components considered in the previous ordinary procedure of -2.15%. In the composition of the IRT for the 2016-2017 period, Portion A (non-manageable costs) reduced by 2.20% in relation to the costs that were added in the RTE by financial component. Portion B (manageable costs) presented a variation of 0.66%. The table below details the breakdown of the readjustment items:

Participation Tariff Review 2016 (Homologation Resolution XXX/2016)		
Parcela A	Payroll	-1,73%
	Transmission Cost	0,71%
	Energy Acquisition	-1,18%
	Total Portion A	-2,20%
Parcela B		0,66%
Economic Readjustment, considering tariff variation of RTE 2015		-1,54%
Other Financial Components		-0,47%
Removal of Financial Components of Previous Process		-2,15%
Total Readjustment		-4,16%

Regarding the remuneration of the assets of the Regulatory Remuneration Base (BRR), defined for the 4th tariff cycle as a net amount of R\$ 3.0 billion (Order No. 1.920/16), the real Regulatory WACC was defined 8.09% and the average depreciation rate at 3.78% p.a.

Annual Tariff Readjustment 2017 - [Approval Resolution No. 2.286](#) and [Technical Note No. 236/2017 - SGT/ANEEL](#)

The Tariff Adjustment for Celesc Distribuição, applied on August 22, 2017 resulted in an average tariff effect to consumers by approximately 7.85%, comprised by the Tariff Readjustment Index (IRT) of 3.80% (economic effect resulting from the updating of Portion A and B costs), a financial component of 2.83% in the current process and the effect of the withdrawal of the financial components considered in the previous ordinary procedure of 1.22%. In the composition of the IRT for the 2017-2018 period, Portion A (non-manageable costs) varied by 3.67% in relation to the costs that were added in the RTE by financial component and Portion B (manageable costs) varied by 0.13%. The table below details the breakdown of the readjustment items:

Participation in the Tariff Adjustment 2017 (ANEEL Homologatory Resolution 2.286/2017)		
Plot A	Sectorial Charges	-3,17%
	Transmission Costs	6,61%
	Power Purchase	0,21%
	Total Portion A	3,67%
Plot B		0,13%
Economic Adjustment (IRT), considering the tariff variation of the RTE		3,80%
Current Process Financial Components		2,83%
Withdrawal of the Financial Components of the Previous Process		1,22%
Average effect to be perceived by consumers		7,85%

Annual Tariff Readjustment 2018 – [Approval Resolution No. 2.436 dated August 13, 2018](#), [Technical Note No. 190/2018-SGT/ANEEL](#).

ANEEL, within the scope of the Public Meeting of its Board of Directors held on August 13, 2018, authorized the tariff readjustment amount to be executed by Celesc Distribuição as of August 22, 2018. When calculating the readjustment, as established in the concession agreement, ANEEL considers the variation of costs associated with the provision of services and considers the acquisition and transmission of electricity, as well as the sector charges. The average tariff effect to consumers of approximately 13.86% includes 4.77% in Sector Charges, -1.42% in Transmission Costs, 5.08% in Energy Expenses, 0.06% in Unrecoverable Revenues, 0.37% in Distribution Costs, 7.48% in Financial Components of the current process, and -2.48% the effect of the withdrawal of the financial components considered in the previous ordinary procedure. In the composition of the IRT for the 2018-2019 period, Portion A (charges, transmission and energy non-manageable costs) accounted for 81.4%. Portion B (manageable costs) accounted for 18.6%, resulting in the amount of R\$ 1.5 billion. The table below details the breakdown of the readjustment items:

Participation in the Tariff Adjustment 2018 (ANEEL Homologatory Resolution 2.436/2018)		
Plot A	Sectorial Charges	4,77%
	Transmission Costs	-1,42%
	Power Purchase	5,08%
	Unrecoverable Revenues	0,06%
	Total Parcela A	8,49%
Plot B		0,37%
Economic Adjustment (IRT), considering the tariff variation of the RTE		8,86%
Current Porcess Financial Components		7,48%
Withdrawal of the Financial Components of the Previous Process		-2,48%
Average effect to be perceived by consumers		13,86%

Public Inquiry MME No. 33/2017 – Enhancement of the Electric Sector Legal Framework

In July 2017, the Ministry of Mines and Energy - MME launched the Public Inquiry No. 33, with the objective of consulting society and the agents of the electric sector regarding the proposal to improve the electric sector legal framework, whose guidelines were based on new paradigms technological and environmental factors that have impacted the sector and the current regulation, as well as regulatory phenomena verified during the last years, which demand a structural revision of the legal framework, seeking to improve the regulatory balance between agents, consumers and governmental public interests, in addition to the reduction in the level of judicialization faced by the electricity sector nowadays.

After numerous contributions received by MME, the Public Inquiry was closed at the end of 2017, with the recent dissemination of the guidelines aimed at the new legal frameworks to be established, whose focus is on providing mechanisms to encourage efficiency in business decisions of industry players, especially regarding security of supply, investments and socio-environmental sustainability.

Another proposal is the end of the quota system for the extended plants, with the allocation of part of the economic benefit to the CDE. The removal of barriers for the participation of agents in the market, expanding the free market is also a direction outlined in the new legal framework. Improving short-term price formation criteria is also a challenge to be addressed in the new regulations. In terms of distribution, there is a focus on the separation of ballast and energy, with the creation of other transition mechanisms to mitigate the effects of consumers migration to the free market. There is still a focus on the rationalization of subsidies and correction of inadequate incentives for migration to the free market. Another point addressed is the allocation of resources of the RGR for the indemnification of transmission assets. There is a review of R&D resource utilization guidelines and incentives for alternative sources of energy. Lastly, there is a new discussion of the structure of the regulated distribution market, seeking a modernization and creation of incentives. The calculation bases for the determination of penalties to the distributors will also be reviewed. Also, there is a concern to seek the misallocation of the hydrological risk, seeking to reestablish the balance in the settlements of the short-term market.

All these guidelines were translated into a Draft Bill published by MME, whose partial content was instructed through Provisional Measure No. 814/2018, as well as Bill No. 1917/2015. Said Provisional Measure lost its effectiveness and was not converted into a law. On the other hand, PL 1917/2015 is evolving in the Chamber of Deputies, and is currently awaiting a conclusive opinion.

Payment to Celesc Distribuição by Eletrosul - Indemnification Transmission Facilities

On May 22, 2018, by Order No. 1,139/2018, the Board of ANEEL ratified an understanding of the technical area of the Regulatory Agency confirming the need to pay Celesc Distribuição, by Eletrosul, the amount of R\$ 46.3 million related to the double indemnity received by the transferee affected by ArcelorMittal consumer connection facilities, serviced at 230kV.

In a brief context, the connection of the ArcelorMittal consumer, at the time of its installation in Santa Catarina, occurred in 230kV, being configured as "Other Transmission Facilities - DIT". This work is contracted by Celesc Distribuição with Eletrosul to enable the service in these characteristics. In order to pay for this contract, Celesc Distribuição has contractually concluded between the companies the period of 5 years for the payment of the installations by Celesc Distribuição, which has a regulatory receivable for 30 years.

In an evaluation of the industry legislation, since the publication of Provisional Measure no. 579/2012, subsequently converted into Act 12.783 from January 11, 2013, ANEEL confirmed, after Celesc Distribuição's action, that Eletrosul opted for the extension in anticipation of its transfer concession, there was compensation related to assets not depreciated or not amortized, in the form of the Law and of its regulations, including the facilities dedicated to the ArcelorMittal consumer.

The performances of Celesc Distribuição with ANEEL to discuss the theme began in 2014, extending until 2017, when ANEEL formally declared that the mistake was made in the procedure adopted by ANEEL/Union in proceed with the indemnification of the assets not amortized to Eletrosul and not to Celesc Distribuição, which is the holder of this right, in view of already having paid the installations in advance to Eletrosul between 2002 and 2007 by virtue of the signed CCT.

Following a regulatory procedure and the terms of the payment agreement entered into with Eletrosul, there remained formalized among the companies the Debt Confession Term, with the payment by Eletrosul defined in the amount of R\$ 9.6 million as of June 20, 2018, followed by 11 monthly and successive installments, equivalent to 2% of the amount due, each ending with a further 12 consecutive monthly installments equivalent to 4.83% of the balance due, with possible adjustments in the final installment.

2.2 – Celesc Geração

2.2.1 – Operating Performance

Production

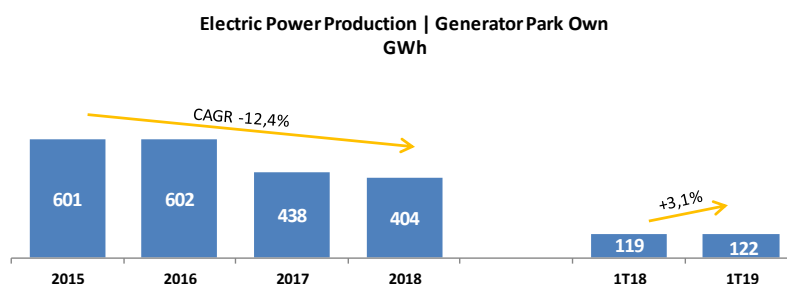
The total volume of energy generated in the first quarter of 2019 by Celesc Geração's plants totaled 122.3 GWh, being 3.1% higher than the same period of the previous year, which had a production of 118.6 GWh.

Among the factors that influenced the variation, we highlight: the shut-down of the Salto Plan, which paralyzed its productions for investments to be carried out (change of generator gates), higher production at the Cedros Plant as a result of the shut-down in 2018 for the replacement of the forced conduit and hydrant constraints at the Bracinho Plant in 2019.

The global capacity factor in 1Q19 was 52.9%, representing 1.6 p.p. (percentage points) higher than the first quarter of 2018 (51.3%).

Celesc Geração S.A. | Energy Production

Operating Performance (MWh)	1st Quarter		
	2018	2019	Δ
Own Generating Plants	0,1	0,1	3,1%
UHE Palmeiras	0,0	0,0	-8,4%
UHE Bracinho	0,0	0,0	-26,2%
UHE Garcia	0,0	0,0	140,2%
UHE Cedros	0,0	0,0	-
UHE Salto	0,0	0,0	-100,0%
PCH Celso Ramos	0,0	0,0	-31,9%
PCH Pery	0,0	0,0	7,6%
CGH Caveiras	0,0	0,0	12,6%
CGH Ivo Silveira	0,0	0,0	9,5%
CGH Pirai	0,0	0,0	-
CGH Rio do Peixe	0,0	0,0	17,5%
CGH São Lourenço	0,0	0,0	-66,6%
Global Capacity Factor	51,3%	52,9%	3,1%



All the plants of the generator site itself participate in the Energy Reallocation Mechanism - MRE, a hydrological risk sharing system, in which the participating plants transfer the generated energy surplus to their physical guarantee to the plants that generated them below. Thus, the decrease in production in the quarter does not impact the Company's billed energy.

2.2.2 – Economic-Financial Performance

Celesc Geração S.A. | Main Financial Indicators

R\$ Million	1st Quarter		
	2018	2019	Δ
Gross Operating Revenue	38.3	46.1	20.4%
Deductions from the Operating Revenue	(3.8)	(4.3)	11.2%
Net Operating Revenue	34.5	41.8	21.4%
Operating Costs and Expenses	(10.6)	(9.9)	-7.1%
Cost with Electricity	(5.5)	(5.3)	-2.8%
Operating Expenses	(5.1)	(4.5)	-11.6%
Equity in Earnings	0.0	(0.5)	-6757.1%
Results of Activities	23.8	31.5	32.0%
EBITDA	25.3	32.8	29.8%
EBITDA Margin (%)	73.3%	78.4%	
Financial Result	(1.6)	(0.9)	-41.6%
LAIR	22.2	30.5	37.4%
IR/CSLL	(7.6)	(10.5)	
Net Loss/Profit	14.7	20.0	36.2%
Net Margin (%)	42.6%	47.9%	

Result Highlights

The Net Operating Revenue (ROL) of Celesc Geração increased by 21.4% (+R\$7.4 million) in the first quarter of 2019, totaling R\$41.8 million, mainly due to the increase in LDP – Settlement Price for Differences and the 5% increase in billed energy, resulting from a higher GSF – Generation Scaling Factor and higher amounts of purchased energy (+1.8 GWh).

EBITDA increased by 29.8% in 1Q19, mainly due to the increase in ROL, reaching R\$32.8 million. This increase, coupled with the reduction in net financial expenses, resulted in a 36.2% increase in net income for the period, reaching R\$ 20 million in the first quarter of 2019.

Celesc Geração S.A. | Adjusted Earnings (IFRS - Non-Recurring)

R\$ Million	1st Quarter		
	2018	2019	Δ
Adjusted EBITDA (IFRS - Non-Recurring)	25.3	32.8	29.8%
Adjusted EBITDA Margin (%)	73.3%	78.4%	
Adjusted Net Loss/Profit (IFRS - Non-Recurring)	14.7	20.0	36.2%
Adjusted Net Margin (%)	42.6%	47.9%	

As the Company did not have non-recurring effects in the quarter, Adjusted EBITDA and Adjusted Net Income were similar to the IFRS EBITDA and IFRS Net Income.

Gross Operating Revenue

Celesc Geração S.A. | Gross Operating Revenue

R\$ Million	1st Quarter		
	2018	2019	Δ
GROSS OPERATING REVENUE	38.3	46.1	20.4%
Energy Provision	9.1	7.1	-21.9%
Energy Supply	15.7	21.4	36.5%
Short-Term Energy	4.0	5.5	37.4%
Financial Revenue - Interest and BO Update	9.6	12.2	27.0%

The positive variation of 20.4% in the quarter was due to the 36.5% increase (+R\$5.7 million) in the energy supply account and 37.4% (+R\$1.5 million) in the *settlement of short-term energy*, mainly explained by:

- Increase in PLD, which reached an average price of R\$443.67 in the month of February (Southeast and South submarkets);
- Increase in GSF – Generation Scaling Factor, reaching 162.39% and 148.43% in the months of January and February 2019, respectively;
- 4.5% increase in the amount of acquired energy (+1.8 GWh).

In addition, revenue from the Return on Outstanding Bonus increased by 27% as a result of the increase in the IPCA, which is the index used in concession agreements and reached 1.51% in the first quarter of 2019 (0.70% in 1Q18).

A The table below shows the physical quantities of energy billed in the first quarter of 2019 for each of the segments.

Celesc Geração S.A. | Energy Billed

AMOUNT OF BILLED ENERGY (GWh)	1st Quarter		
	2018	2019	Δ
Supply and Provision of Electricity	184.5	193.8	5.0%
Industrial	35.1	26.4	-24.9%
Commercial, Services and Other	12.6	10.4	-17.4%
Energy Supply	122.5	134.7	9.9%
Short-Term Energy (CCEE)	14.2	22.3	56.6%
Sale Average Price WITHOUT CCEE (R\$/MWh)	191.98	214.46	11.7%
Sale Average Price WITH CCEE (R\$/MWh)	192.62	217.93	13.1%

Energy billed increased by 5.0% in the quarter (+9.3 GWh). This change was due to the increase in purchased energy volume and higher GSF.

According to the table below, RAG (Annual Generation Revenue) of Celesc Geração's Plants are charged on a monthly basis, as specified in the Approval Resolution.

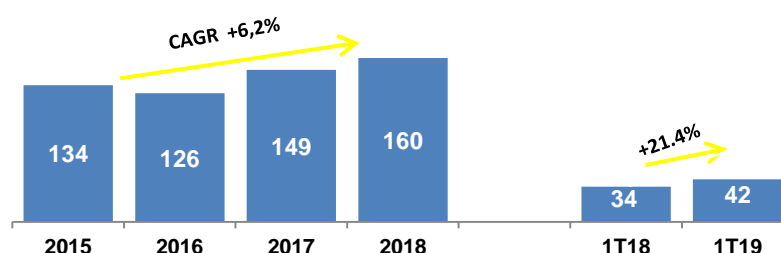
Celesc Geração S.A. | RAG Plants - Quotas

Plants	RAG – Monthly Quota	RAG – Annual Quota	Physical Warranty in Quotas
Pery HPP	0.4	5.2	100%
Palmeiras HPP	1.6	18.7	70%
Bracinho HPP	1.0	12.2	70%
Garcia HPP	0.8	9.4	70%
Cedros HPP	0.7	8.9	70%
Salto HPP	0.5	6.3	70%

Approval Resolution No. 2.421 from 07/17/2018

Net Operating Revenue

The Net Operating Revenue – ROL reflected the increase in ROB between the periods, due to the increase in billed volume.

Net Operating Avenue (R\$ MM)


Operating Costs and Expenses

Celesc Geração S.A. Operating Costs and Expenses			
R\$ Million	1st Quarter		
	2018	2019	Δ
OPERATING COST AND EXPENSES	(10.6)	(9.9)	-7.1%
Cost with Electricity	(5.5)	(5.3)	-2.8%
Electricity Purchased for Resale	(4.9)	(4.7)	-3.7%
System Use Charges	(0.6)	(0.6)	4.8%
PMSO	(3.7)	(3.2)	-12.9%
Personnel and Administrators	(2.9)	(2.8)	-3.2%
Materials	(0.0)	(0.1)	86.0%
Third Party Services	(1.8)	(2.1)	15.5%
Net Provisions	1.1	1.9	63.7%
Other Revenues / Expenses	(0.1)	(0.1)	12.6%
Depreciation / Amortization	(1.4)	(1.3)	-8.2%

Operating costs and expenses reduced by 7.1% in the quarter, totaling R\$9.9 million. We highlight the 3.7% reduction in energy purchase costs in the quarter, even with the increase in energy commercialization (+1.8GWh). In addition, PMSO expenses reduced by 12.9%, reflecting the reversal in provisioning of GSF injunctions (R\$2.1 million) due to lower delinquency levels.

Equity in Earnings

The table below reflects the equity earnings of Celesc Geração in 1Q19. We highlight that, in 2019, all units in operation participated in the MRE. Further details of these deals are available in the Celesc Geração Overview.

Celesc Geração Equity in Earnings			
R\$ 000	1st Quarter		
	2018	2019	Δ
Rondinha Energética S.A.	(115.8)	(411.0)	-254.9%
Painel Energética S.A.	(1.1)	-	-100.0%
Campo Belo Energética S.A.	(1.6)	-	-100.0%
Companhia Energética Rio das Flores	393.7	277.0	-29.6%
Xavantina Energética S.A.	190.7	14.0	-92.7%
Garça Branca	(465.8)	(415.0)	-10.9%
EDP Transmissão Aliança SC S.A.	6.2	69.0	1,006.8%
Equity in Earnings	6.3	(466.0)	-7,449.8%

Companhia Rio das Flores has been making a positive result in recent years. The positive impact on Rondinha's result is due to its energy seasonality strategy.

EBITDA and Net Profit

Celesc Geração's IFRS EBITDA reached R\$32.8 million in the first quarter of 2019, increasing by 36.2% in comparison to the same period of 2018, with an EBITDA Margin of 78.4% in the quarter. The increase in EBITDA is due to the reasons already mentioned: (i) increase in purchased energy volume, with a reduction in purchase costs; (ii) increase in PLD between the periods; (iii) increase in GSF; and (iv) impacts from the reversal in provisioning of GSF injunctions. As we did not have non-recurring effects in the period, adjusted EBITDA corresponded to the IFRS EBITDA.

Celesc Geração S.A. EBITDA IFRS Reconciliation			
R\$ Million	1st Quarter		
	2018	2019	Δ
Net Loss / Profit	14.7	20.0	36.2%
(+) IR and CSLL	7.6	10.5	
(+) Financial Result	1.6	0.9	
(+) Depreciation and Amortization	1.4	1.3	

Adjusted IFRS EBITDA	25.3	32.8	29.8%
<i>Adjusted IFRS EBITDA Margin (%)</i>	<i>73.3%</i>	<i>78.4%</i>	

Similar to EBITDA, Adjusted Net Profit corresponded to IFRS Net Profit with a Net Margin of 47.9%.

Celesc Geração S.A. | Net Loss/Profit Adjustments

R\$ Million	1st Quarter		
	2018	2019	Δ
Net Loss/Profit (Reported IFRS)	14.7	20.0	36.2%
(=) Adjusted IFRS Net Profit	14.7	20.0	36.2%
<i>Adjusted IFRS Net Margin (%)</i>	<i>42.6%</i>	<i>47.9%</i>	

Indebtedness
Celesc Geração S.A. | Debt

Financial Debt 1Q19				
R\$ Million	As of December 31, 2018	As of March 31, 2019	Δ	
Short-Term Debt	27.0	35.8	32.73%	
Long-Term Debt	121.9	113.2	-7.14%	
Total Debt	148.8	148.9	0.08%	
(-) Cash and Cash Equivalents	50.0	49.4	-1.31%	
Net Debt	98.8	99.6	0.79%	
Net Debt / 12M EBITDA	1.1x	1.1x		
ADJUSTED EBITDA (12M)	89.2	95.9	7.53%	
Net Debt / Adjusted 12M EBITDA	1.1x	1.0x		
Shareholders' Equity	462.6	482.6	4.33%	
Total Debt / Shareholders' Equity	0.3x	0.3x		
Net Debt / Shareholders' Equity	0.2x	0.2x		

Debentures – 2nd Issuance

As per the [Notice to the Market – 2nd Issuance of Simple Debentures by Celesc Geração S.A.](#), issued on June 1, 2018, the second issuance of non-convertible simple debentures emitted by the company, together with BB - Banco de Investimentos S.A. The issue had a public distribution with restricted placement efforts under firm guarantee, with a total issue amount of R\$ 150 million, in a single series. A total of 15,000 Debentures were issued at a nominal unit price of R\$ 10 thousand, and the nominal unit price of the Debentures will not be monetarily restated. The actual guarantee is the fiduciary assignment of existing and/or future receivables arising from the gross electricity supply to Celesc Geração's customers and the guarantee of trust is performed in favor of the Debentures' holders, being obligated as guarantor and principal for the payment of all amounts due under the Issue Deed. The Debentures have a 5-year term as of the issue date, with maturity on June 1, 2023. The interest rate corresponds to 100% of the cumulative variation of the average daily rates of ID-Interbank Deposits of one day, plus a spread of 2.50% per annum, calculated exponentially and cumulatively *pro rata temporis* for business days elapsed since the subscription date and the payment date, or the payment date of the remuneration interest immediately preceding, as the case may be, until the effective payment date. The amortization will take place as of the 12th month (including said month), counted from the issue date, in quarterly and consecutive installments, except in situation for optional early maturity, early maturity as a result of the unavailability of the ID Rate, or early maturity due to the occurrence of one of the default events provided for in the Issue Deed. On a semi-annual basis, the Company is committed to a covenant in which the Debentures issued do not present a Net Debt/EBITDA ratio above 2. In addition, the dividend distribution of the guarantor, Centrais Elétricas de Santa Catarina, is limited to the minimum legal requirement established by Law 6.404/76, as defined in the agreement (covenant). Failure to comply with this financial indicator may result in the early maturity of the total debt.

Ratings for Celesc and Parent Company

Fitch Ratings has assigned a 'AA(bra)' rating to Centrais Elétricas de Santa Catarina S.A. (Celesc) and its wholly-owned subsidiary Celesc Geração S.A. The agency has also assigned a National Long Term Rating of 'AA(bra)' to the second debentures issue of Celesc Geração, in the amount of up to BRL150 million and a 5-year term. The corporate ratings perspective is Stable.

Investments | CAPEX

Investments totaled R\$0.4 million in the 1Q19, mainly for the generation park, in which we highlight R\$0.2 million at the Cedros plant and R\$0.1 million in the Salto plant.

Celesc Geração S.A. | CAPEX

R\$ Million	1st Quarter		
	2018	2019	Δ
Celesc Geração Investments	5.7	0.4	-92.7%
Investments in SPEs	4.3	0.0	-100.0%
Own Generating Site Plant	1.4	0.4	-69.7%

For the 2019 fiscal year, as per the [Notice to the Market released on December 14, 2018](#), the investment budget is R\$55.6 million, of which R\$23.0 million will be allocated to new businesses, R\$26.1 million in expansions and improvements, R\$5.5 million in equity interests already in place and R\$1.0 million in vehicles, IT and other equipment.

2.2.3 – Regulatory Aspects of Celesc Geração S.A.
MME Ordinance No. 218 from May 15, 2015

The Ministry of Mines and Energy - MME, through Ordinance No. 218/2015, determined that ANEEL would promote a bidding process for the concessions of several Hydropower Plants, among which 05 owned 100% by Celesc Geração, for which governance of the Company had decided not to adhere to the terms of the early extension of the concessions, in accordance with the terms and conditions established in Provisional Measure 579/2012, later converted into Act No. 12.783/2013.

According to the sectorial rule established by said Act, after the concession ends, the plant will be bidden in the form of revenue per tariff, established through the Annual Revenue Generation - RAG. Following the publication of Provisional Measure No. 688/2015, the economic conditions for share in the auction became considerably more attractive, since the Annual Compensation for Plant Management - GAG-O&M was included as compensation for improvements - GAG- as well as the Return on Bonus of Concession - RBO at an actual rate of 9.04% p.a. On the other hand, the Granting Bonus was required as the portion of the bid to be carried out in the auction, whose winner would be the one offering the lowest cost management for generation assets.

Celesc Geração won Lot C by offering a discount of 5.21% of the ceiling price defined for the management of generation services for the 5 plants, added to the financial contribution of R\$ 228 million as Bonus. Last but not least, as a result of the auction, Celesc Geração signed the Concession Agreements for Generation Service No. 006/2016 and 007/2016 on January 5, 2016. The Palmeiras, Bracinho, Cedros and Salto plants had previous concessions to the auction 12/15 still in force until the date of November 7, 2016, and from that date on, the execution of the new Concession Agreement was begun in the Allocation of Physical Assurance and Energy Quotas. Below is a list of the plants of Lot C taken by Celesc Geração:

Own Generating Site | Plants included in MME Ordinance No. 218 from 05/15/2015

PLANTS	Location	Final Concession Term	Installed Power (MW)	Physical Warranty (MW)
Palmeiras HPP	Rio dos Cedros/SC	11/07/2016	24,60	16,70
Bracinho HPP	Schroeder/SC	11/07/2016	15,00	8,80
UHE Garcia	Angelina/SC	07/07/2015	8,92	7,10
Cedros HPP	Rio dos Cedros/SC	11/07/2016	8,40	6,75
Salto HPP	Blumenau/SC	07/11/2016	6,28	3,99
Total - MW			63,20	43,34

The energy generated by the plants was allocated to the quota system, which is the percentage of the Energy and Plant Power Assurance allocated to the Distributors of the National Interconnected System (SIN or NIS). The quota system was 100% of the Physical Warranty in 2016 and 70% as of January 1, 2017.

Celso Ramos SHP concession

With respect to the Celso Ramos SHP concession, with the 7.2MW expansion project (5.4MW to 12.6MW) approved by the Regulatory Body, Celesc Geração obtained, through ANEEL Resolution No. 5,078/15, the authorization to carry out the expansion works, as well as the extension of the concession in advance for 20 years, based on provisions of Article 26, Paragraph 7, of Law No. 9.427/1996 (Authorizing Resolution No. 5.078/2015). The plant's expansion works are due in 2021. With the purpose of legitimating said authorizations, Celesc Geração signed with ANEEL the Second Amendment to Concession Contract No. 006/2013. In 2018, the expansion project underwent a consolidation process, which is being analyzed by ANEEL and will add 1.1 MW, reaching a final installed capacity of 13.92MW. The bidding process for the contracting of works is scheduled to take place during the first quarter of 2019.

Physical Warranty Adjustment Factor - GSF

Celesc Geração filed an Ordinary Judicial Suit against the Federal Government and ANEEL, in August 2015, requesting that it determines to CCEE that the MRE calculation method is reviewed, also guaranteeing the input of energy equivalent to the physical warranty - GF or PW.

In an application for early protection, Celesc Geração requested:

- i) that ANEEL determines that CCEE monthly allocates to the author an amount of energy equivalent to 100% of the Physical Warranty;
- ii) if item i) is not deferred, let it guarantee to the author the energy equivalent to 95% of the Physical Warranty;
- iii) or alternatively, an amount of electric energy equivalent to what would be the total MRE generation if there was no physical warranty.

It has also requested that items (i), (ii) or (iii), mentioned above, are preemptively secured until the final and unappealable decision is rendered.

In summary, Celesc Geração seeks to suspend the registration of costs incurred by hydroelectric generators, resulting from the application of the Generation Scaling Factor (GSF), since the frustration of hydroelectric generation in the current scenario stems both from structural and cyclical.

The GSF represents an index that expresses the ratio between the sum of all the energy produced by the hydroelectric plants that are part of the Energy Reallocation Mechanism (MRE) and the sum of the plants' physical warranties. Between the years 2005 and 2012 the annual GSF of the MRE was always above 100%, not burdening the hydroelectric generators. As of 2013, this scenario began to reverse, worsening severely in 2014 (90.6%), 2015 (84.7%), 2016 (86.8%), 2017 (79.5%) and 2018 (96.7%). The GSF below 100% imposed on generators an adjustment in their physical warranty under the MRE, which may fall short of the amount of their energy trading contracts and which obliges generators to acquire the deficit energy at the free market price.

In August 2018, the Judge of the ordinary action raised the Repetitive Claims Incident - IRDR before the Federal Regional Court of the 1st Region, suspending the process for 60 days. Currently the IRDR is awaiting admission by the regional court (TRF) of the 1st Region. If the IRDR is admitted, the reporting judge will order the suspension of all cases with the same matter, for a maximum period of one year. Once the IRDR is ruled, the legal thesis will be applied by the other judges to processes with identical situations, noting that there are other IRDRs already established on the same matter with the TRF court of the 1st Region.

The Federal Government has been looking for alternatives to solve the great standoff of the legal system in force, which has been causing significant financial impacts to agents in the electricity sector. Recently, the government has launched a counterpart proposal for generation agents through Provisional Measure No. 814/2018, which is currently being processed in the National Congress.

Within this context, the Company is carrying out strategic analysis regarding the action in the case, as well as an evaluation of the market operations, in order to anticipate measures, if necessary.

Caveiras HGP Concession - Registration and Inventory Study

Authorizing Resolution No. 7.246, of August 21, 2018, terminated the concession of the Caveiras Hydroelectric Power Plant, granted to Celesc Geração, exempt the reversion of concession assets pursuant to Act 12,783/2013. ANEEL has already filed an application to carry out inventory studies for the section of the river where the Caveiras plant is installed, with a view to promoting the expansion of its installed capacity.

On December 12, 2018, SCG issued Technical Note 565/2018 in order to grant to Celesc the right to review the Caveiras River inventory, with a 630-day period for the preparation of the necessary studies. On December 14, 2018, Dispatch No. 3.005/2018 was published, granting inventory registration to Celesc for a period of 630-day period, as of its publication date.

Expansion of the Cedros, Palmeiras and Salto Weissbach Plants

In 2018, ANEEL approved through Order No. 1.117/2018 the Expansion project for the Salto Weissbach Plant, located in the city of Blumenau. The expansion project also foresees the construction of a new adductor circuit in parallel to the existing one, with an adductor channel, water outlet and two generating units of 11.5MW each, totaling an addition of 23MW in installed power at the plant, resulting in a total installed capacity of 29.28MW. The project is currently in the process of obtaining an Environmental Installation License from IMA/SC and is being analyzed by EPE.

Also in 2018, ANEEL waived the Rio Hydroelectric Inventory Study for the Expansion projects of the Cedros and Palmeiras Plants, as requested in 2016. In anticipation of this waiver, the contracting of a consolidated basic project is expected to occur in 2019 in order to expand these plants, which will be later sent to ANEEL.

Pery HPP Concession

There was judicial discussion regarding the possibility of extending the concession period of the Pery Plant, in the same conditions of the previous Provisional Measure 579/12, that is, in order to totally commercialize its energy in the free market since the plant was recently expanded. However, in July 2017, after several analyzes and discussions, and considering the change in the profitability scenario, Celesc Geração decided to extend the concession of this plant in accordance with Law No. 12.783/13, through the quota regime, so that judicial measures necessary for the termination of the existing Judicial Process, including remedies, are approved. The Concession was thus extended for 30 years, effective as of July 10, 2017, with the full allocation of energy in the quota system to guarantee physical energy and power. The indemnification of the assets not amortized related to the extension concluded in 2013 will be paid to Celesc Geração throughout the new concession term, which has a regulation defined by ANEEL.

2.3 – SCGÁS

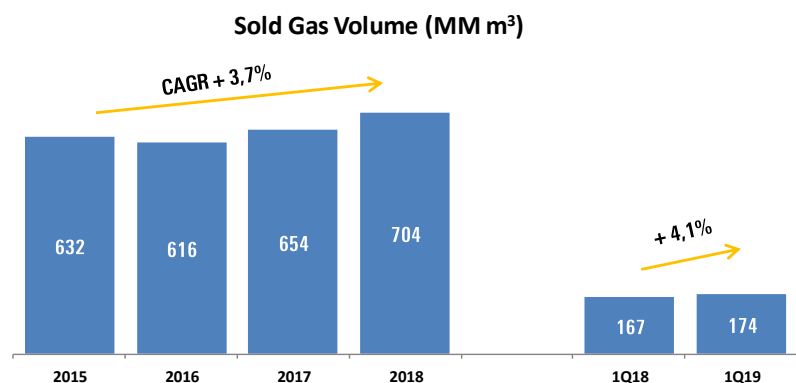
2.3.1 – Operating Performance

The expansion of 4.1% in the quarter in the volume of gas sold was mainly due to:

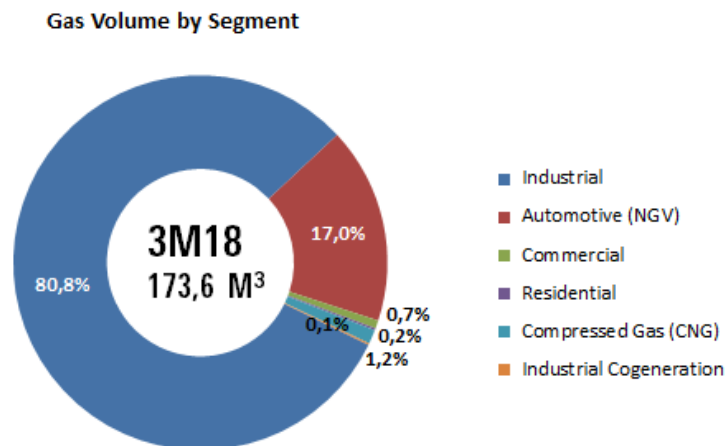
- The increase by 2.3% (+3.095 mil m³) in the industrial class, since the class concentrates 81% of the gas consumed;
- The increase by 13.6% (+3.514 mil m³) in the automotive segment, as this class represents 17.0% of the total gas consumed and is also severely influenced by the economic context and the price of gasoline/ethanol;
- The increase by 1.8% (+21 mil m³) in the residential segment resulting from improving economic environment; and
- The increase by 4.5% (+90 mil m³) in the Compressed Gas segment (GNC).

SCGÁS S.A. | Gas Sales per Segment

Volume (thousand m ³)	1st Quarter		
	2018	2019	Δ
Industrial	137.229	140.325	2,3%
Automotive (NGV)	25.919	29.433	13,6%
Commercial	1.182	1.203	1,8%
Residential	295	300	1,8%
Compressed Gas (CNG)	2.021	2.111	4%
Industrial Cogeneration	74	67	-10%
Commercial Cogeneration	9	9	9%
Raw Material	-	157	0%
Total	166.729	173.606	4,1%



Below, in the graph, is the representation of each segment of consumption in sales volume in the quarter:



2.3.2 – Economic-Financial Performance

SCGÁS S.A. | Main Financial Indicators

R\$ Million	1nd Quarter		
	2018	2019	Δ
Gross Operating Revenue	181,0	305,4	68,7%
Deductions from Operating Revenue	(40,4)	(67,6)	67,3%
Net operating revenue	140,6	237,8	69,1%
Operating Costs and Expenses	(138,9)	(198,9)	43,1%
Results of Activities	1,7	38,9	2235,4%
EBITDA	0,6	38,0	5936,7%
Adjusted EBITDA Margin * (%)	0,4%	16,0%	0,0%
Financial Result	(0,5)	(0,4)	14,8%
IR/CSLL	(6,3)	10,6	
Net Profit / Losses	(5,0)	20,5	509,8%
Net Margin(%)	-3,6%	8,6%	0,0%

* Adjusted Margins, excluding Construction Revenue.

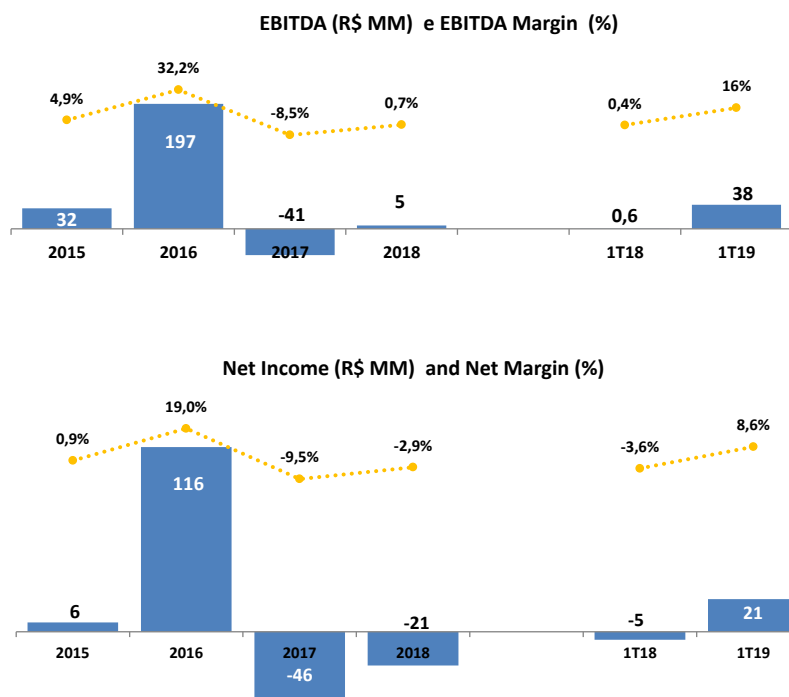
The Gross Operating Revenue – ROB for SCGÁS in the first quarter of 2019 was R\$305.4 million (R\$239.6 million Industrial, R\$58.4 million Vehicles, R\$3.4 million Commercial, R\$2.6 million Compressed Gas, R\$1.1 million Residential and 0.3 million Other Segments), up by 68.7% (+124.4 million) in comparison to 1Q18. The increase in ROB is due to the: (i) improvement in the economic scenario, positively impacting the following segments: Industrial, Vehicle and Commercial; (ii) ARESC Resolution No. 094, dated December 2017, which authorized the transfer of the gas price recovery and updating portion, meaning IRPGT (Gas Price and Transport Adjustment Indices) of 9% (Graphical Account update) which was transferred to tariffs as of January 1, 2018; (iii) ARESC Resolution No. 113/2018, which updated the gas and transportation rates effective as of September 2018.

ARESC, through Resolution No. 120/2018, dated December 12, 2018, authorized the recovery and updating of gas according to the graphic account. The average effect of 6.73% in the Industrial class, 4.5% in the Commercial class, 3.56% in the Residential class and 6.96% in the Vehicle class. The increase became effective as of January 2019.

The ROL (Net Operating Revenue) had a positive variation of 69.1% (+R\$97.2 million) in the quarter, due to the higher volume of gas sold and the constant price updates that occurred during 2018 and in the first quarter of 2019.

EBITDA and Net Income increased significantly, totaling R\$38.9 million and R\$20.5 million, respectively, influenced by the increase in consumption due to the reasons mentioned above.

We highlight that, in 2018, the Company contracted working capital loans in the amount of R\$ 60 million with Banco do Brasil and BBM.



Investments

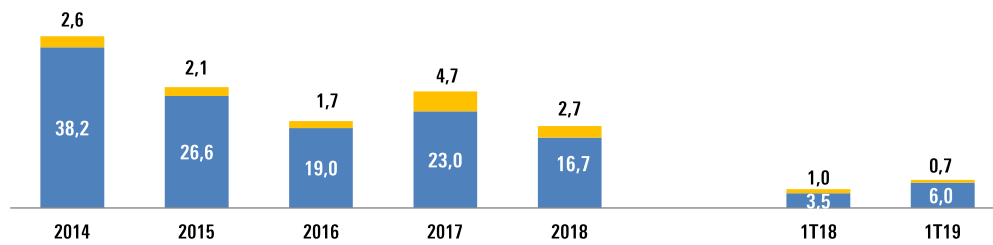
Investments in the first quarter of 2019 were mainly allocated to the expansion of the natural gas distribution network, as shown in the table and graph below:

SCGÁS S.A. | CAPEX

R\$ Million	1nd Quarter		
	2018	2019	Δ
Distribution Grid	3,5	6,0	71,7%
Expansion	2,0	4,5	122,3%
Expenses Management Projects	1,2	1,4	13,3%
Basic Projects	0,3	0,2	-38,8%
Other	1,0	0,7	-31,7%
Total	4,5	6,7	49,4%

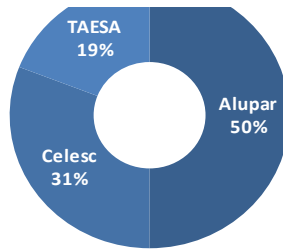
CAPEX SCGÁS (R\$ MM)

■ Distribuição ■



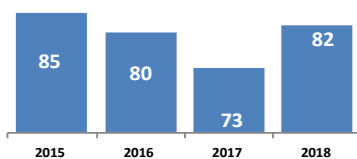
2.4 – Other Stakes (financial data equivalent to 100% of the earnings of each investee)


Asset	Equity	Net Debt
• R\$ 504MM	• R\$ 209MM	• R\$ 148MM

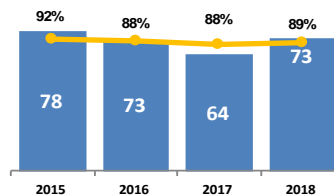


Constituída em 2000, detém 30 anos de concessão para explorar a linha de Transmissão SE Campos Novos – SE Blumenau, com 252,5km de extensão. Criou a subsidiária integral ETSE para gerir novas linhas de transmissão, com concessão de 30 anos (leilão conquistado em Dez/2011).

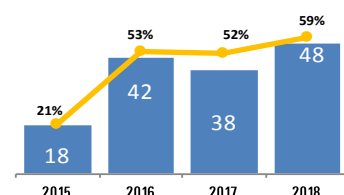
Net Operating Revenue (R\$ MM)
Excludes Construction Revenue



EBITDA (R\$ MM) and EBITDA Margin (%)

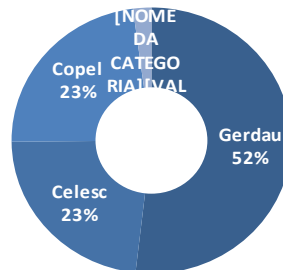


Net Income and (R\$ MM) e Net Margin (%)


Dona Francisca Energética S.A.

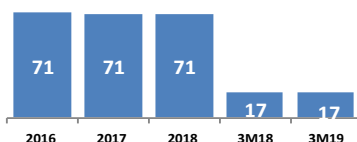
DFESA

Asset	Equity	Net Debt
• R\$ 142 MM	• R\$ 135 MM	• R\$ 0 MM • *caixa líquido

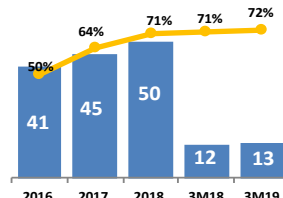


Produtora independente de energia elétrica, constituída em 1998, detém concessão de 35 anos da Usina Hidrelétrica Dona Francisca. Está localizada no Rio Jacuí (RS) com capacidade instalada de 125MW e energia assegurada de 80 MW.

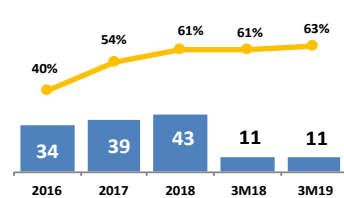
Net Operating Revenue (R\$ MM)
Excludes Construction Revenue



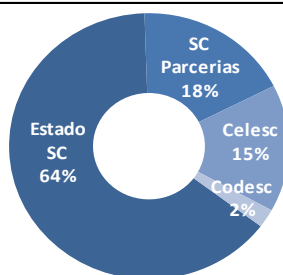
EBITDA (R\$ MM) and EBITDA Margin (%)



Net Income (R\$ MM) and Net Margin (%)

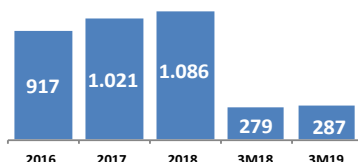


Asset	Equity	Net Debt
• R\$ 3.360 MM	• R\$ 1.299 MM	• R\$ 1.143 MM

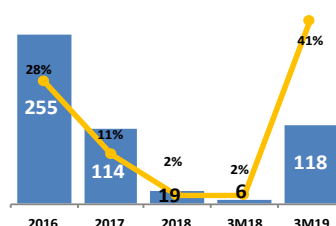


Opera serviços de água e esgoto para uma população de 2,7 milhões de habitantes mediante contratos de concessão firmados com 194 municípios no Estado de Santa Catarina e 01 município no Estado do Paraná.

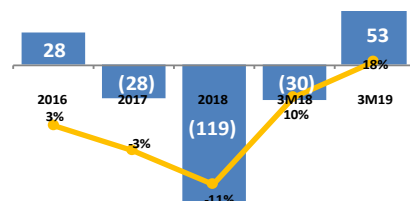
Net Operating Revenue (R\$ MM)
Excludes Construction Revenue



EBITDA (R\$ MM) and EBITDA Margin (%)



Net Income (R\$ MM) and Net Margin (%)



2.5 – Holding

2.5.1 – Earnings from the Corporate Stakes in the Parent Company

Parent Company | Earnings from Corporate Stakes

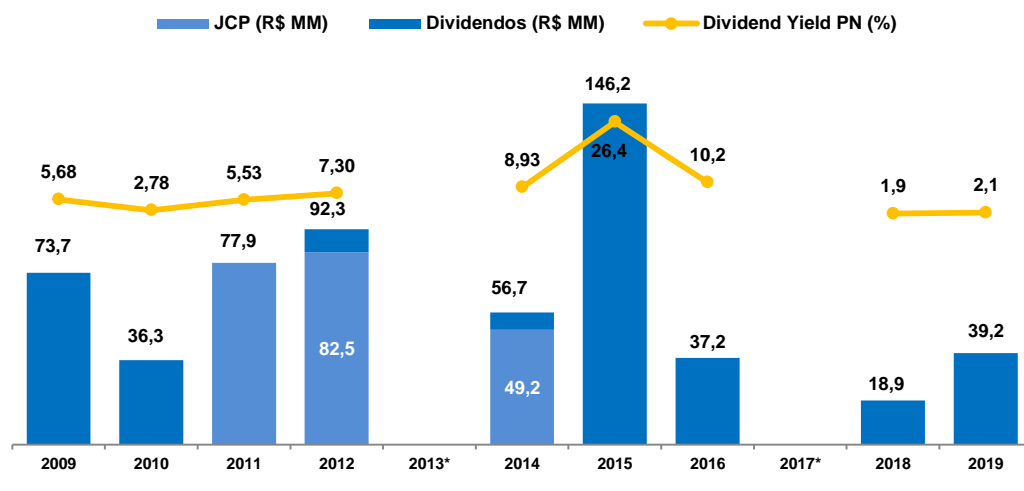
R\$ Million	1st Quarter		
	2018	2019	Δ
Celesc Distribuição (100%)	57.4	52.3	-8.9%
Celesc Geração (100%)	14.7	20.0	36.2%
SCGÁS (17%)	(0.9)	3.5	509.8%
ECTE (30.9%)	2.9	0.7	-77.8%
DFESA (23%)	2.5	2.5	2.1%
Resultado da Equivalência Patrimonial	76.6	79.0	3.1%

2.5.2 – Dividends

Pursuant to the [Ordinary General Meeting](#) held on April 30, 2019, the dividends related to 2018, in the amount of R\$ 39.2 million, will be paid in two installments: 1) the first installment, in the amount of R\$ 19.6 million, representing R\$0.47943994 per ordinary share and R\$0.527383935 per preferred share, will be paid on June 28, 2019; 2) the second installment, also in the amount of R\$19.6 million, representing R\$0.47943994 per ordinary share and R\$0.527383935 per preferred share, will be paid on December 27, 2019. The Company's shareholders who held a shareholding position as of April 30, 2019 are entitled to dividends.

Since 2009, the Company has implemented a payout (percentage of net profit distribution) equal to 30%, 5 percentage points above the statutory minimum, following the current dividend distribution policy approved in the Master Plan. With the second Debentures issue of Celesc Geração, the distribution of dividends will be subject to the 25% limit since one of the covenants established in the agreement requires that the Guarantor, Celesc Holding, to distribute the limited dividend established in Article 202 of the Brazilian Corporations Law.

The graph below shows the earnings history, as well as the dividend-yield ratio provided to the Company's holders of preferred shares CLSC4.



*There was no distribution in 2013 and 2017 due to the loss recorded in 2012 of R\$ 225MM and 2016 of R\$ 9MM.

2.6 – Consolidated

2.6.1 – Consolidated Economic-Financial Performance

Consolidated Main Financial Indicators			
R\$ Million	1st Quarter		
	2018	2019	Δ
Gross Operating Revenue	2,937.6	3,472.2	18.2%
Deductions from the Operating Revenue	(1,162.8)	(1,340.1)	15.2%
Net Operating Revenue	1,774.8	2,132.1	20.1%
Operating Costs and Expenses	(1,640.7)	(1,985.8)	21.0%
Equity in Earnings	4.6	6.2	36.1%
Results of Activities	138.7	152.5	9.9%
EBITDA	191.9	207.9	8.4%
EBITDA IFRS margin, former Construction Revenue (%)	10.8%	9.8%	
Financial Result	(19.8)	(26.2)	32.3%
LAIR	118.9	126.3	6.2%
IR/CSLL	(47.9)	(49.3)	-2.9%
Net Loss / Profit	71.0	72.7	2.4%
Net IFRS Margin, former Construction Revenue (%)	4.0%	3.4%	
Depreciation/Amortization	(53.2)	(55.4)	4.2%
Construction Revenue	94.4	115.5	22.3%

Among the factors that contributed to the ROL expansion of 2.4% in 1Q19, we highlight:

- Increase in ROB by 18.2%, resulting from the expansion in the Captive Market by 9.1% and in the Free Market by 5.8% at the subsidiary Celesc Distribuição;
- Increase in operating costs and expenses by 21%, mainly due to the increase of 23.4% (+R\$298.6 million) in Non-Manageable Costs (energy cost), and the 11.8% increase (+R\$21.4 million) in PMSO at the subsidiary Celesc Distribuição;
- Positive performance of the subsidiary Celesc Geração, with increase in ROL by 21.4% and reduction in operating costs and expenses by 7.1%;
- Increase of 36.1% in the equity share results (SCGÁS, DFESA, ECTE and SPEs of Celesc Geração);

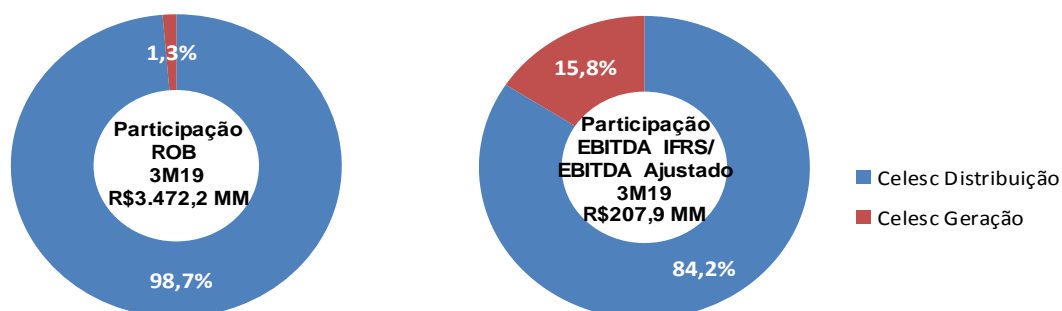
As we did not have non-recurring items in the results of the subsidiaries Celesc Distribuição and Celesc Geração, the Adjusted Results are similar to the IFRS EBITDA and IFRS Net Profit.

Consolidated Adjusted Income *			
R\$ Million	1st Quarter		
	2018	2019	Δ
Adjusted EBITDA *	191.9	207.9	8.4%
Adjusted EBITDA Margin, former Construction Revenue (%)	11.4%	10.3%	
Adjusted Net Loss/Profit *	71.0	72.7	2.4%
Adjusted EBITDA Margin, former Construction Revenue (%)	4.2%	3.6%	

* IFRS - Non-Recurring Items.

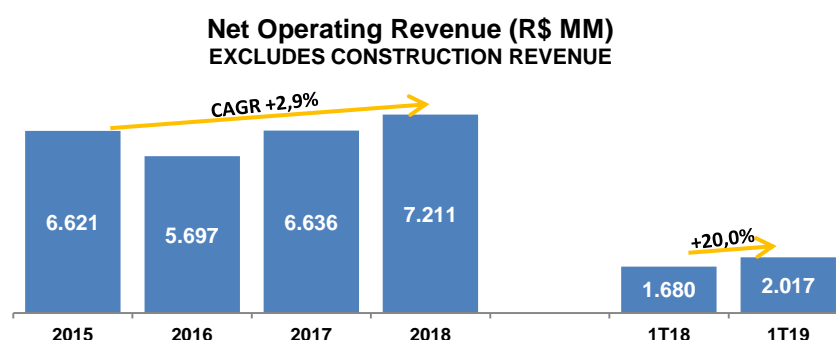
Gross Operating Revenue – ROB and Share in the Consolidated EBITDA

ROB is composed mainly of revenues from electricity distribution activities. The graphs below indicate, respectively, the share in Gross Revenue, in the IFRS and in the adjusted EBITDA.



Consolidated Net Operating Revenue

The graph below shows the ROL development, disregarding the effects of construction revenue.



Consolidated Operating Costs and Expenses

Consolidated | Operating Costs and Expenses

R\$ Million	1st Quarter		
	2018	2019	Δ
OPERATING COST AND EXPENSES	(1,640.7)	(1,985.8)	21.0%
Cost with Electricity - Non-Manageable	(1,282.0)	(1,580.4)	23.3%
Electricity Purchased for Resale	(1,282.0)	(1,580.4)	23.3%
PMSO – Manageable Operating Expenses	(192.0)	(214.3)	11.6%
Personnel and Administrators	(152.3)	(165.5)	8.7%
Material	(3.1)	(3.7)	17.3%
Third Party Services	(47.2)	(57.4)	21.8%
Other Revenues / Expenses	10.6	12.3	16.2%
Net Provisions	(19.1)	(20.2)	5.9%
Depreciation / Amortization	(53.2)	(55.4)	4.2%
Construction Cost	(94.4)	(115.5)	22.3%

Details of the main variations can be found in the topics of Celesc Distribuição and Celesc Geração. The following table sets forth the total personnel expenditure in Consolidated terms, also detailed on the topics of the Distribution and Generation companies.

Consolidated | Personnel Expenditure

R\$ Million	1st Quarter		
	2018	2019	Δ
Personnel - Total	(152.3)	(165.5)	8.7%
Personnel and Administrators	(145.8)	(152.5)	4.6%
Personnel and Charges	(138.5)	(145.3)	4.9%
Private Social Security	(7.3)	(7.2)	-1.2%
Actuarial Expenses	(6.5)	(13.0)	98.9%

Equity in Earnings

The table below reflects the Celesc Consolidated Earnings of the SCGÁS, ECTE, Dona Francisca Energética - DFESA and the SPEs earnings in which Celesc Geração holds a minority interest, as previously mentioned. The main information on variations can be found in the specific topics.

Consolidated | Equity

R\$ Million	1st Quarter		
	2018	2019	Δ
SCGÁS (17%)	(0.9)	3.5	509.8%
ECTE (30.9%)	2.9	0.7	-77.8%
DFESA (23%)	2.5	2.5	2.1%
SPEs - Celesc Geração	0.0	(0.5)	-6,757.1%
Total Equity in Earnings	4.5	6.2	36.2%

EBITDA and Adjusted EBITDA
EBITDA Consolidated IFRS – Non-Recurring

R\$ Million	1st Quarter		
	2018	2019	Δ
Net Loss / Profit	71.0	72.7	-2.4%
(+) IR and CSLL	(47.9)	(53.6)	-12.0%
(+) Financial Result	(19.8)	(26.2)	-32.3%
(+) Depreciation and Amortization	(53.2)	(55.4)	-4.2%
IFRS Adjusted EBITDA	191.9	207.9	8.4%
<i>IFRS Adjusted EBITDA Margin, excluding Construction Revenue (%)</i>	<i>11.4%</i>	<i>10.3%</i>	

Financial Result
Consolidated | Financial Result Statement

R\$ Million	1st Quarter		
	2018	2019	Δ
Financial Revenues	40.4	74.9	85.4%
Income from Financial Investments	5.4	4.1	-24.2%
Monetary Variations	3.8	39.2	935.9%
Interest and Arrears/Invoices	22.7	26.7	17.7%
Exchange Variation Energy Purchased	1.4	0.0	-100.0%
Regulatory Assets/Regulatory Fees	7.9	6.4	-18.4%
Other Financial Income	(0.7)	(1.5)	-118.6%
Financial Expenses	(60.2)	(101.1)	67.9%
Debt Charges	(18.7)	(43.1)	131.1%
Monetary Variations	(2.1)	(21.7)	954.7%
Regulatory Liability/Regulatory Fees	(23.4)	(19.1)	-18.3%
Update R&D and Energy Efficiency	(3.8)	(4.1)	5.4%
Interest and costs on Debentures	(7.2)	(10.3)	42.3%
Other Financial Expenses	(5.0)	(2.8)	-43.8%
Net Financial Result	(19.8)	(26.2)	32.3%

Consolidated Net Profit
Consolidated IFRS NET PROFIT - Non-Recurring

R\$ Million	1st Quarter		
	2018	2019	Δ
Net Loss/Profit – IFRS Reported	71.0	72.7	2.4%
(=) IFRS Adjusted Net Profit	71.0	72.7	2.4%
<i>IFRS Adjusted Net Margin</i>	<i>4.2%</i>	<i>3.6%</i>	

Indebtedness

Reflects the operations already presented to subsidiaries Celesc Distribuição and Celesc Geração.

Consolidated Indebtedness			
Financial Debt 1Q19			
R\$ Million	As of December 31, 2018	As of March 31, 2019	Δ
Short-Term Debt	452.5	355.1	-21.5%
Long-Term Debt	967.6	954.0	-1.4%
Total Financial Debt	1,420.1	1,309.0	-7.8%
(-) Cash and Cash Equivalents	698.1	746.1	6.9%
Net Financial Debt	722.0	563.0	-22.0%
EBITDA (Last 12 Months)	610.6	626.6	2.6%
Net Financial Debt / 12M EBITDA	1.2x	0.9x	
Adjusted EBITDA (Last 12 Months)	641.9	661.2	3.0%
Net Financial Debt / Adjusted 12M EBITDA	1.1x	0.9x	
Shareholders' Equity	1,800.9	1,879.8	4.4%
Total Financial Debt / Shareholders' Equity	0.8x	0.7x	
Net Financial Debt / Shareholders' Equity	0.4x	0.3x	

The table below shows the Social Security Obligations (Actuarial Obligations).

Consolidated Indebtedness + Actuarial Liabilities			
Financial Debt + Post-Employment Benefits in 1Q19			
R\$ Million	As of December 31, 2018	As of March 31, 2019	Δ
Short-Term Debt	452.5	355.1	-21.5%
Long-Term Debt	967.6	954.0	-1.4%
Total Financial Debt	1,420.1	1,309.0	-7.8%
(+) Net Actuarial Liabilities	1,431.4	1,412.3	-1.3%
Obligations with Social Security	1,024.3	1,002.8	-2.1%
Other benefits to employees	980.6	974.6	-0.6%
(-) Deferred IR/CSLL ¹	573.4	565.0	-1.5%
(-) Cash and Cash Equivalents	698.1	746.1	6.9%
Adjusted Net Financial Debt	2,153.4	1,975.3	-8.3%
EBITDA (Last 12 Months)	610.6	626.6	2.6%
Adjusted Net Financial Debt / 12M EBITDA	3.5x	3.2x	
Adjusted EBITDA (Last 12 Months)	641.9	661.2	3.0%
Adjusted Net Financial Debt / Adjusted 12M EBITDA	3.4x	3.0x	
Shareholders' Equity	1,800.9	1,879.8	4.4%
Total Adj. Financial Debt / Shareholders' Equity	1.6x	1.4x	
Total Adj. Net Financial Debt / Shareholders' Equity	1.2x	1.1x	

¹ Explanatory Note 20.a in the 1Q19 ITR report.

Ratings for Centrais Elétricas de Santa Catarina S.A. – CELESC

In February 2017, Moody's assigned ratings of B1 on a global scale and Baa1.br on a national scale for the parent company of Grupo Celesc.

On December 26, 2018, Fitch Ratings assigned a National Long-Term rating of 'AA (bra)' for Centrais Elétricas de Santa Catarina S.A.

Group Investments

Celesc Group Investments Made in the Period			
R\$ Million	1st Quarter		
	2018	2019	Δ
Electricity Generation	5.7	0.4	-92.7%
Electricity Distribution	100.5	121.9	21.3%
Total	106.2	122.3	15.1%

For the 2019 fiscal year, the Consolidated investment budget totals R\$595.3 million, of which R\$531.7 million is for Electricity Distribution, R\$55.6 million is fore Electricity Generation and R\$8 million in New Businesses.

3 – Performance in the Capital Markets

Celesc's shares are traded on the BM&FBOVESPA under the codes CLSC3 (15,527,137 ordinary shares - ON, 40.26%) and CLSC4 (23,044,454 preferred shares - PN, 59.74%). Since it joined Level 2 of Corporate Governance in 2002, the company has joined IGC and ITAG, indexes made up of companies that offer transparency and protection to minority shareholders.

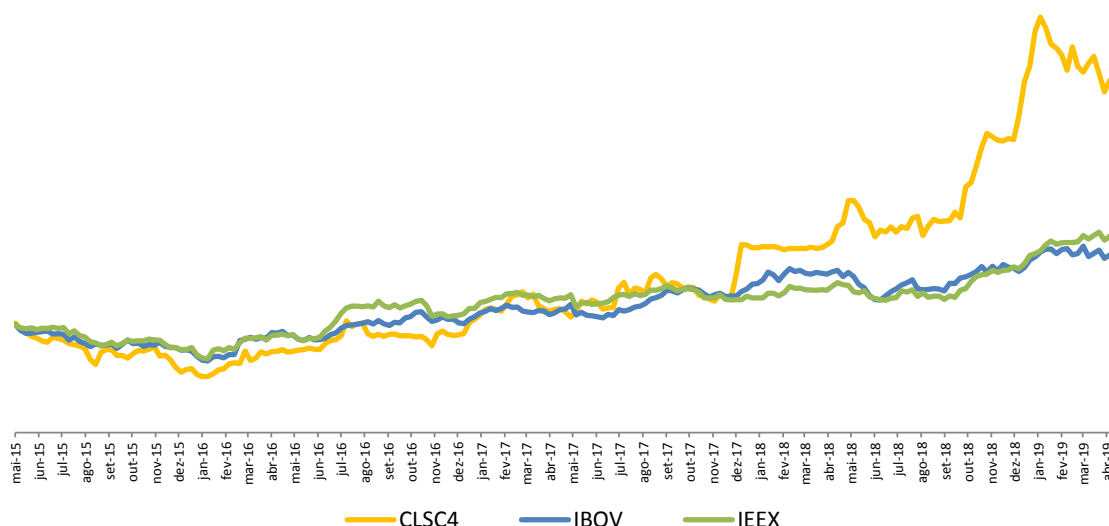
The main index of the Brazilian Stock Exchange, Ibovespa, showed a positive return of 8.53% in the quarter and 11.77% over the last 12 months. The Electricity Index (IEE), which measures the behavior of the main shares of the electricity sector, increased by 16.6% in the quarter and 38.6% over the last 12 months. Within this scenario, the Company's Preferred Shares – PN had a positive performance of 7.14% in the quarter and 104.32% over the last 12 months.

CLSC4 Follow-up	1Q18	2Q18	3Q18	4Q18	1Q19
Closing price adjusted to earnings (R\$/share)	26.60	28.50	31.30	49.87	53.43
Price / Earnings	28.5x	5.3x	4.8x	4.3x	4.3x
Price / Asset Value	0.6x	0.5x	0.6x	1.1x	1.1x
Average traded volume ('000 shares)	8	13	4	40	7
Average traded volume (R\$ 000)	206	379	125	1,659	386
Market Value (R\$ Million)	1,158	1,099	1,176	1,863	2,061
Market Value (US\$ Million)	353	285	290	482	529
Profitability (%)	-1.84	8.9	9.79	59.38	7.14
Profitability in the last 12 months (%)	45.43	61.11	48.15	87.2	104.32
Ibovespa Profitability (%)	11.73	-14.76	9.04	10.77	8.53
Ibovespa profitability in the last 12 months (%)	31.36	15.68	6.79	15.03	11.77
IEE Profitability (%)	4.31	-6.96	2.3	25.2	16.6
IEE Profitability in the last 12 months (%)	3.36	1.22	-4.73	24	38.61

Source: Economática/DPRI

The graph below shows CLSC4 performance against Ibovespa and IEE in recent years:

CLSC4 - IBOV - IEE - EVOLUTION MAY 2015 - APRIL 2019



4 – Awards and Recognitions

IASC / ANEEL Award - Quality Evaluation Perceived by Consumers

On February 1, 2018, ANEEL announced the winning distributors for the 2017 IASC Award (ANEEL Consumer Satisfaction Index), which recognizes the best distributors according to residential consumers' perception. The index is measured through a survey that is conducted with consumers across Brazil, which includes questions on: quality, value (cost-benefit ratio), satisfaction, trust and loyalty.

Celesc Distribuição was voted as the 2nd best distributor in Brazil, according to consumers, ranking behind only to Copel Distribuidora, with a perceived quality index of 74.43%, compared to a national average of 63.66%. In terms of satisfaction, Celesc Distribuição reached 73.90%, against 63.16% of the national average. In terms of confidence, Celesc reached 71.63%, compared to 62.27% of the national average and 43.21% of loyalty, against 37.20% of the national average

CIER Quality Award

Celesc Distribuição won the Silver category of the CIER Quality Award, an annual evaluation carried out by the Regional Energy Integration Commission (CIER), which measured customer satisfaction among over 500,000 consumers for 53 companies in 14 Latin American countries. The Company has been ranking among the top three companies in the region for three consecutive years.

ABRADEE Award

Celesc Distribuição ranked 5th place in consumer satisfaction, with a score of 84.3% (against a national average of 76%) among companies with over 500,000 customers. The Company also ranked 5th place in the Technical Losses and Default (Operational Management category), 1st place in the Debt Coverage indicator (Economic and Financial Management category), 7th place in the Social Responsibility category and improved by five positions in the Quality of Management category, ranking as 13th. Overall, Celesc Distribuição ranked 11th among the 32 participating companies with over 500,000 consumers.

ANEEL Call Center Quality

The call center quality is regulated by ANEEL through Articles 183 to 191 of the General Service Conditions (Normative Resolution No. 414/2010), observing the provisions of Decree No. 6.523, dated July 31, 2008, and Decree No. 2.014, dated October 13, 2008, which sets the standards for the Customer Service – SAC department.

Celesc Distribuição ranked first place, for the second consecutive year, in ANEEL's call center ranking for distributors with over 500,000 customers. The Company received a score of 97.80% in the Service Level Indicator (INS), which measures the percentage of calls answered within 30 seconds during normal periods, against the minimum score of 85% defined by the regulatory agency.

Ecology Expression Award

In terms of socio-environmental responsibility, the *Banho de Energia* project, developed in the mountain region by the Energy Efficiency Program, was among the winners of the 25th Ecology Expression Award, delivered during the 2018 Sustainable Management Forum held in Florianópolis.

Fritz Müller Award

On November 6, 2018, the Company was awarded in the Air Pollution Control category of the 20th Fritz Müller Award for the installation of one of the largest electric corridors in operation in Brazil (300 km in length), a project developed in partnership with Fundação Certi.

Eletroposto

On February 21, 2019, the Eletroposto Celesc project was one of the winners of the Eco Award of the American Chamber of Commerce in Brazil (Amcham), in the category Sustainability in Products or Services Innovation. The project was developed by Celesc, in partnership with Fundação Certi, and was one of the 46 projects awarded, out of the 90 projects enrolled in the country.

OSE Award

On May 7, 2019, Celesc won three categories of the OSE Electrical Installations Quality Award - Santa Catarina Edition, at the 34th National Electric Sector Circuit - CINASE, promoted by the *O Secor Elétrico* magazine. The Company ranked 1st place overall and in the Research & Development categories with its *Eletropos* project, which already offers over 300 km of self-sufficiency for electric vehicles to circulate within the state, and in the Renewable Energies category with its Efficient Photovoltaic Line Bonus project that promotes the micro generation of energy through the installation of solar panels at a more affordable prices.

ANNEXES
CELESC - CENTRAIS ELÉTRICAS DE SANTA CATARINA S.A.
CONSOLIDATED BALANCE SHEET

In R\$ '000

Assets	12/31/2018	03/31/2019	Liabilities and Shareholders' Equity	12/31/2018	03/31/2019
Current			Current		
Cash and Cash Equivalents	698.060	746.057	Suppliers	1.006.854	1.091.044
Accounts Receivable	1.592.693	1.612.564	Loans	321.089	196.121
Inventory	8.636	10.785	Debentures	131.389	158.929
Taxes to be Recovered / Compensated	63.264	87.305	Wages and Social Charges	208.503	200.444
Dividends	89	3.468	Taxes and Social Contributions	223.897	231.461
Financial Assets - "Portion A" - CVA	258.170	99.337	Proposed Dividends	39.524	39.524
Other Assets	1.732.508	1.732.152	Regulatory Fees	2.269.327	2.113.457
			Related Parties	15.763	13.352
			Actuarial Liabilities	162.776	157.397
			Financial Liabilities - "Portion A" - CVA	-	-
			Other Liabilities	59.856	66.580
	4.353.420	4.291.668		4.438.978	4.268.309
Non-Current			Non-Current		
Financial Investments	137.478	137.478	Loans	597.712	609.327
Accounts Receivable	51.634	48.232	Debentures	369.873	344.645
Related Parties	3.092	3.102	Wages and Social Charges	46.988	37.254
Deferred Taxes	712.532	710.703	Deferred Taxes	10.144	12.660
Taxes to be Recovered / Compensated	21.092	26.443	Regulatory Fees	105.948	118.442
Judicial Deposits	170.350	190.502	Provision for Contingencies	639.573	663.357
Indemnity Assets - Concession	441.030	423.377	Actuarial Liabilities	1.842.197	1.819.941
Financial Assets - "Portion A" - CVA	276.107	252.974	Other Liabilities - "Portion A" - CVA	-	68.083
Other Assets	2.725	3.141	Other Liabilities	2.476	2.476
Investments	228.663	236.784		3.614.911	3.676.185
Fixed Assets	160.066	159.256		8.053.889	7.944.494
Intangible Assets	3.296.556	3.340.619	Shareholders' Equity		
	5.501.325	5.532.611	Capital	1.340.000	1.340.000
			Capital Reserves	316	316
			Profit Reserves	1.302.766	1.309.025
			Equity Valuation Adjustments	(842.226)	(842.367)
			Accumulated Profit / Loss		72.811
				1.800.856	1.879.785
Total Assets	9.854.745	9.824.279	Total Liabilities and Shareholders' Equity	9.854.745	9.824.279

CELESC - CENTRAIS ELÉTRICAS DE SANTA CATARINA S.A.
CONSOLIDATED INCOME STATEMENT

In R\$ '000

	1Q18	1Q19	Var %
Gross Operating Revenue	2.937.640	3.472.196	18,2%
Electricity Provision	1.696.870	1.959.527	15,5%
Electricity Supply	93.754	133.438	42,3%
Regulatory Assets	(4.423)	(253.133)	-5623,1%
Short-Term Energy	41.502	212.188	411,3%
Electric Grid Availability	814.086	1.109.691	36,3%
Donations and Subventions	187.512	176.989	-5,6%
Income from Services Provided	598	642	7,4%
Taxed Services	3.140	3.883	23,7%
Financial Revenue	9.567	12.152	27,0%
Other Revenue	596	1.309	119,6%
Construction Revenue	94.438	115.510	22,3%
Deductions from Operating Revenue	(1.162.812)	(1.340.059)	15,2%
ICMS	(535.193)	(670.364)	25,3%
PIS/COFINS	(262.721)	(309.566)	17,8%
CDE	(344.537)	(344.972)	0,1%
R&D	(8.440)	(10.161)	20,4%
PEE	(8.233)	(9.916)	20,4%
ANEEL Regulatory Surveillance Rate	(1.725)	(1.810)	4,9%
Other Charges	(1.963)	6.730	442,8%
Net Operating Revenue	1.774.828	2.132.137	20,1%
Operating Costs and Expenses	(1.640.688)	(1.985.842)	21,0%
Energy Purchased for Resale and Charges	(1.281.966)	(1.580.385)	23,3%
Personnel and Administrators	(145.796)	(152.548)	4,6%
Actuarial Expenses	(6.517)	(12.962)	98,9%
Material	(3.122)	(3.661)	17,3%
Third Party Services	(47.161)	(57.441)	21,8%
Depreciation and Amortization	(53.214)	(55.441)	4,2%
Provisions for PCLD	(10.051)	(6.003)	-40,3%
Reversal of PCLD Provisions	1.422	2.885	102,9%
Other Provisions	(14.529)	(23.496)	61,7%
Reversal of Other Provisions	4.103	6.429	56,7%
ANEEL Regulatory Surveillance Rate	-	-	-
Other Revenue / Expenses	10.581	12.291	16,2%
Construction Costs	(94.438)	(115.510)	22,3%
Equity in Earnings	4.550	6.194	36,1%
Result of Activities - EBIT	138.690	152.489	9,9%
Activities Margin (%)	7,8%	7,2%	-
EBITDA (R\$ '000)	191.904	207.930	8,4%
EBITDA Margin (%)	10,8%	9,8%	-
Financial Result	(19.799)	(26.190)	-32,3%
Financial Revenue	40.385	74.868	85,4%
Financial Expenses	(60.184)	(101.058)	67,9%
LAIR	118.891	126.299	6,2%
Income Tax and CSLL	(45.754)	(49.284)	7,7%
Income Tax and Deferred CSLL	(2.143)	(4.345)	102,8%
Net Profit	70.994	72.670	2,4%
Net Margin (%)	4,0%	3,4%	-
	1.680.390	2.016.627	20,0%

CELESC - CENTRAIS ELÉTRICAS DE SANTA CATARINA S.A.		
CONSOLIDATED CASH FLOW STATEMENT (DFC)		In R\$ '000
	12M18	3M19
Profit / Loss before Income Tax and Social Contribution	287.187	126.299
Adjustments	472.296	136.436
Depreciation and Amortization	214.916	55.441
Settled Indemnity Assets	899	20
Write-off in Fixed Assets and Intangible Assets	45.655	13.372
Equity in Earnings	(19.697)	(6.194)
Financial Assets Update - VNR	(3.392)	(1.309)
Reserve (Reversal) for Recognition of Impairments	(4.406)	-
Gains or Losses in Subsidiaries (Assets)	5.217	-
Interest and Monetary Variations	180.332	47.394
Monetary Update of Granted Bonuses	(41.366)	(12.152)
Other Investment Adjustments	-	-
Provision for Actuarial Liabilities	27.067	12.962
Provision for Doubtful Accounts	46.432	3.118
Provisions for Losses	-	-
Contingencies	20.639	23.784
Variations in Assets and Liabilities	(962.115)	87.993
Accounts Receivable	(271.972)	(19.587)
Inventory	1.096	(2.149)
Taxes to be Recovered	10.915	(29.392)
Other Assets	9.348	31.058
Subsidy Decree No. 7.891/2013	21.909	-
Financial Assets	(193.817)	151.373
Judicial Deposits	(8.920)	(20.152)
Suppliers	175.272	84.190
Wages and Social Charges	13.808	(17.793)
Taxes Payable	23.389	(99)
Regulatory Fees	(521.467)	(154.229)
Financial Liabilities	(53.258)	110.828
Other Liabilities	8.231	4.313
Actuarial Liabilities	(176.649)	(50.368)
Cash from Operations	(202.632)	350.728
Income Tax and Social Contribution Payments	(116.042)	(41.621)
Interest Paid	(65.111)	(18.891)
Net Cash from Operating Activities	(383.785)	290.216
Cash from Investment Activities	(396.653)	(123.289)
Acquisition of Fixed and Intangible Assets	(406.439)	(123.875)
Capital Increase	(9.926)	-
Dividends Received	19.712	586
Cash Flow Financing Activities	913.904	(118.930)
Amortization of Loans	(254.268)	(155.492)
Incoming Loans	1.039.179	36.562
Incoming Debentures	394.292	-
Payment of Debentures	(249.990)	-
Dividends Paid	(15.309)	-
Total Effects from Cash and Cash Equivalents	133.466	47.997
Cash and Cash Equivalents Balance at the Beginning of the Period	564.594	698.060
Cash and Cash Equivalents Balance at the End of the Period	698.060	746.057

CELESC DISTRIBUIÇÃO S.A.
BALANCE SHEET

In R\$ '000

Assets	12/31/2018	03/31/2019	Liabilities and Shareholders' Equity	12/31/2018	03/31/2019
Current			Current		
Cash and Cash Equivalents	631.262	679.059	Suppliers	1.003.457	1.088.176
Accounts Receivable from Customers	1.575.606	1.592.406	Loans and Financings	321.089	196.121
Inventory	8.488	10.636	Debentures	104.425	123.141
Taxes to be Recovered / Compensated	61.160	82.856	Wages and Social Charges	207.892	199.941
Subsidy Decree No. 7.891/2013	1.511.003	1.511.003	Taxes and Social Contributions	207.393	221.460
Financial Assets - "Portion A" - CVA	226.737	67.444	Proposed Dividends	28.859	28.859
Other Assets	223.040	223.131	Loan - Affiliated and Subsidiary	92.385	94.377
			Regulatory Fees	2.269.081	2.113.199
			Actuarial Liabilities	162.638	157.341
			Financial Liabilities - "Portion A" - CVA		
			Private Social Security	15.763	13.352
			Other Liabilities	59.505	66.306
	4.237.296	4.166.535		4.472.487	4.302.273
Non-Current			Non-Current		
Accounts Receivable from Customers	51.634	48.232	Loans and Financings	597.712	609.327
Deferred Taxes	712.532	710.703	Debentures	248.018	231.491
Taxes to be Recovered / Compensated	19.319	24.676	Deferred Taxes		
Judicial Deposits	150.318	169.557	Regulatory Fees	103.411	115.769
Indemnification Assets - Concession	438.609	420.956	Wages and Social Charges	46.988	37.254
Financial Assets - "Portion A" - CVA	26.522		Actuarial Liabilities	1.842.197	1.819.941
Other Assets	2.725	3.141	Provision for Contingencies	631.959	655.531
Intangible Assets	3.287.592	3.331.940	Financial Liabilities - "Portion A" - CVA		68.083
			Other Liabilities	2.476	2.476
	4.689.251	4.709.205		3.472.761	3.539.872
				7.945.248	7.842.145
			Shareholders' Equity		
			Capital	1.053.590	1.053.590
			Accumulated Profit / Loss		52.296
			Profit Reserves	785.641	785.641
			Equity Valuation Adjustments	(857.932)	(857.932)
				981.299	1.033.595
Total Assets	8.926.547	8.875.740	Total Liabilities and Shareholders' Equity	8.926.547	8.875.740

CELESC DISTRIBUIÇÃO S.A.			
DEMONSTRAÇÃO DE RESULTADOS			Em R\$ Mil
	1T18	1T19	Var %
Receita Operacional Bruta	2.900.617	3.427.454	18,2%
Fornecimento de Energia Elétrica	1.687.773	1.952.423	15,7%
Suprimento de Energia Elétrica	74.815	107.344	43,5%
Ativo Regulatório	(4.423)	(253.133)	5623,1%
Energia de Curto Prazo	41.502	212.188	411,3%
Disponibilização de Rede Elétrica	814.666	1.110.299	36,3%
Doações e Subvenções	187.512	176.989	-5,6%
Renda de Prestação de Serviços	598	642	7,4%
Serviço Taxado	3.140	3.883	23,7%
Outras Receitas	596	1.309	119,6%
Receita de Construção	94.438	115.510	22,3%
Deduções da Receita Operacional	(1.158.979)	(1.335.797)	15,3%
ICMS	(535.193)	(670.364)	25,3%
PIS/COFINS	(259.477)	(305.882)	17,9%
CDE	(344.537)	(344.972)	0,1%
P&D	(8.233)	(9.916)	20,4%
PEE	(8.233)	(9.916)	20,4%
Taxa de Fiscalização Regulatória ANEEL	(1.659)	(1.742)	5,0%
Outros Encargos	(1.647)	6.995	524,7%
Receita Operacional Líquida	1.741.638	2.091.657	20,1%
Custos com Energia Elétrica	(1.277.756)	(1.576.403)	23,4%
Energia Elétrica Comprada para Revenda	(998.949)	(1.314.255)	31,6%
Encargo do Uso do Sistema de Transmissão	(239.280)	(215.600)	-9,9%
PROINFA	(39.527)	(46.548)	17,8%
Custos e Despesas Operacionais	(347.601)	(394.336)	13,4%
Pessoal e Administradores	(138.110)	(144.507)	4,6%
Despesa Atuarial	(6.517)	(12.962)	98,9%
Material	(3.079)	(3.581)	16,3%
Serviço de Terceiros	(44.857)	(54.834)	22,2%
Depreciação e Amortização	(51.303)	(53.646)	4,6%
Provisão de PECLD	(10.051)	(6.003)	-40,3%
Reversão de Provisão de PECLD	292	823	181,8%
Outras Provisões	(14.529)	(23.224)	59,8%
Outras Reversões de Provisões	4.103	6.369	55,2%
Outras Receitas/Despesas	10.888	12.739	17,0%
Custo de Construção	(94.438)	(115.510)	22,3%
Resultado das Atividades - EBIT	116.281	120.918	4,0%
Margem das Atividades (%)	6,7%	5,8%	
EBITDA	167.584	174.564	4,2%
Margem EBITDA (%)	9,6%	8,3%	
Resultado Financeiro	(18.542)	(25.532)	37,7%
Receita Financeira	38.965	74.094	90,2%
Despesa Financeira	(57.507)	(99.626)	73,2%
LAIR	97.739	95.386	-2,4%
IR e CSLL	(39.758)	(41.262)	
IR e CSLL Diferidos	(586)	(1.828)	
Lucro Líquido	57.395	52.296	-8,9%
Margem Líquida (%)	3,3%	2,5%	

CELESC DISTRIBUIÇÃO S.A.		
CASH FLOW STATEMENT (DFC)	In R\$ '000	
	12M18	3M19
Profit / Loss before Income Tax and Social Contribution	217.888	95.386
Items with Non-Cash Effect	504.910	151.402
Amortization	207.338	53.646
Financial Assets Update - VNR	(3.392)	(1.309)
Provision for Doubtful Accounts - PCLD	32.778	5.180
Contingencies	20.526	23.572
Interest and Monetary Variations - Net	173.159	43.817
Debenture Costs	894	229
Provision for Post-Employment Benefits Plan	27.067	12.962
Asset Write-offs	46.540	13.305
Variations in Current and Non-Current Assets	(428.844)	75.546
Accounts Receivable from Customers	(259.372)	(18.578)
Inventory	1.061	(2.148)
Taxes to be Recovered	11.048	(27.053)
Judicial Deposits	(6.853)	(19.239)
Subsidy Decree No. 7.891/2013	21.909	-
Financial Assets	(226.328)	143.070
Other Assets	29.691	(506)
Variations in Current and Non-Current Liabilities	(528.624)	(24.906)
Suppliers	174.820	84.719
Wages and Social Charges	14.190	(17.685)
Taxes and Social Contributions	26.191	(2.495)
Regulatory Fees	(521.989)	(154.377)
Private Social Security	(3.969)	(2.411)
Actuarial Liabilities	(176.729)	(50.286)
Financial Liabilities	(53.258)	110.828
Other Liabilities	12.120	6.801
Cash from Operating Activities	(234.670)	297.428
Interest Paid	(52.152)	(15.656)
Interest and Charges Paid to Related Parties	(12.743)	1.992
Income Tax and Social Contribution Payments	(90.740)	(24.700)
Net Cash from Operating Activities	(390.305)	259.064
Cash from Investment Activities	(417.134)	(92.337)
Aquisition of Concession Assets	(417.134)	(92.337)
Cash from Financing Activities	976.235	(118.930)
Incoming Resources	1.286.412	36.562
Incoming Related Parties	150.000	
Amortization of Loans and Financings	(354.258)	(155.492)
Dividends and Interest on Equity - JCP	(7.919)	
Amortization with Related Parties	(98.000)	
Total Effects from Cash and Cash Equivalents	168.796	47.797
Cash and Cash Equivalents Balance at the Beginning of the Period	462.466	631.262
Cash and Cash Equivalents Balance at the End of the Period	631.262	679.059

CELESC GERAÇÃO S.A.
BALANCE SHEET

In R\$ '000

Assets	12/31/2018	03/31/2019	Liabilities and Shareholders' Equity	12/31/2018	03/31/2019
Current			Current		
Cash and Cash Equivalents	50.035	49.380	Suppliers	3.544	2.980
Accounts Receivable	17.301	20.374	Taxes and Social Contributions	16.418	9.857
Inventory	31.433	31.893	Proposed Dividends	19.147	12.170
Taxes to be Recovered / Compensated	179	2.463	Regulatory Fees	246	258
Dividends and Interest on Equity	89	67	Debentures	26.964	35.788
Inventory	148	149	Related Parties	872	-
Anticipated Expenses	134		Other Liabilities	85	1.104
Other Assets	25	103			
	99.344	104.429		67.276	62.157
Non-Current			Non-Current		
Related Parties	92.873	94.865	Deferred Taxes	10.144	12.660
Taxes to be Recovered / Compensated	1.773	1.767	Regulatory Fees	2.537	2.673
Judicial Deposits	354	359	Provision for Contingencies	989	1.201
Financial Assets	249.585	252.974	Debentures	121.855	113.154
Other Assets	2.421	2.421			
Investments	56.033	55.589			
Fixed Assets	160.029	159.220		135.525	129.688
Intangible Assets	3.015	2.856			
Indemnification Assets - Concession					
Deferred Taxes					
	566.083	570.051	Total Liabilities	202.801	191.845
			Shareholders' Equity		
			Capital	250.000	250.000
			Profit Reserves	196.920	196.920
			Equity Valuation Adjustments	15.706	15.565
			Accumulated Profit / Loss		20.150
				462.626	482.635
Total Assets	665.427	674.480	Total Liabilities and Shareholders' Equity	665.427	674.480

CELESC GERAÇÃO S.A.			
INCOME STATEMENT			In R\$ '000
	1Q18	1Q19	Var %
Gross Operating Revenue	38.285	46.077	20,4%
Electricity Provision	9.097	7.104	-21,9%
Electricity Supply	15.654	21.370	36,5%
Short-Term Energy	3.967	5.451	37,4%
Financial Revenue - Interest and Restatements BO	9.567	12.152	27,0%
Deductions from Operating Revenue	(3.833)	(4.262)	11,2%
PIS/COFINS	(3.244)	(3.684)	13,6%
Fin. Compensation on Use of Water Resources	(316)	(265)	-16,1%
RGR and R&D	(207)	(245)	18,4%
ANEEL Regulatory Surveillance Rate	(66)	(68)	3,0%
Net Operating Revenue	34.452	41.815	21,4%
Cost with Electricity	(5.472)	(5.317)	-2,8%
Energy Purchased for Resale and Charges	(4.892)	(4.709)	-4%
System Use Charges	(580)	(608)	4,8%
Operating Costs and Expenses	(5.141)	(4.545)	-11,6%
Personnel and Administrators	(2.888)	(2.795)	-3,2%
Material	(43)	(80)	86,0%
Third Party Services	(1.828)	(2.112)	15,5%
Depreciation and Amortization	(1.417)	(1.301)	-8,2%
Provisions, Net	1.130	1.850	63,7%
Other Revenue / Expenses	(95)	(107)	12,6%
Provisions / Reversions of Impairment Tests, Net	-	-	
Equity in Earnings	7	(466)	-6757,1%
Result of Activities - EBIT	23.846	31.487	32,0%
Activities Margin (%)	69,2%	75,3%	
EBITDA	25.263	32.788	29,8%
Margem EBITDA (%)	73,3%	78,4%	
Financial Result	(1.607)	(939)	41,6%
Financial Revenue	1.960	2.469	26,0%
Financial Expenses	(3.567)	(3.408)	-4,5%
LAIR	22.239	30.548	37,4%
Income Tax and CSLL	(5.996)	(8.022)	33,8%
Income Tax and Deferred CSLL	(1.557)	(2.517)	61,7%
Net Profit	14.686	20.009	36,2%
Net Margin (%)	42,6%	47,9%	

CELESC GERAÇÃO S.A.		
CASH FLOW STATEMENT (DFC)		In R\$' 000
	12M18	3M19
Profit / Loss before Income Tax and Social Contribution	77.019	30.548
Adjustments	(13.205)	(10.782)
Depreciation and Amortization	5.603	1.301
Gains / Losses in Sale of Fixed Assets	-	-
Write-off in Fixed Assets and Intangible Assets	14	87
Equity in Earnings	(355)	466
Provisions / Reversals for Contingencies	(13)	
Reversal of Provisions for Contingencies		212
Provisions / Reversals for Losses in Fixed Assets	(4.406)	
Provisions / Reversals for Losses in Investments	5.217	
Provisions for Losses		
Monetary Variations	14.034	3.358
Financial Revenue from Loan	(5.587)	(1.992)
Estimated Losses from Doubtful Accounts	13.654	(2.062)
Updated Financial Assets	(41.366)	(12.152)
Variations in Current and Non-Current Assets	17.106	7.223
Accounts Receivable from Customers	(12.597)	(1.011)
Taxes to be Recovered / Compensated	(2.923)	(116)
Inventory	35	(1)
Judicial Deposits	(12)	(5)
Financial Assets	32.511	8.303
Other Assets	92	53
Variations in Current and Non-Current Liabilities	756	(91)
Suppliers	613	(564)
Regulatory Fees	508	148
Taxes and Social Contributions	(152)	178
Other Liabilities	(213)	147
Cash from Operating Activities	81.676	26.898
Interest Paid and Received	(12.959)	(3.235)
Income Tax and Social Contributions Paid	(25.302)	(16.921)
Net Cash from Operating Activities	43.415	6.742
Cash from Investment Activities	(9.918)	(6.977)
Incoming Debentures	147.059	-
Dividends and Interest on Equity - JCP	(6.977)	(6.977)
Amortization of Loans / Debentures	(150.000)	-
Cash from Financing Activities	(60.542)	(420)
Investments	(9.926)	
Acquisition of Fixed Assets	(8.701)	(390)
Acquisition of Intangible Assets	(571)	(30)
Loans with Related Parties	(150.000)	
Loans with Related Parties	98.000	
Dividends Received	-	
Interest Received from Loans	10.656	
Total Effects from Cash and Cash Equivalents	(27.045)	(655)
Cash and Cash Equivalents Balance at the Beginning of the Period	77.080	50.035
Cash and Cash Equivalents Balance at the End of the Period	50.035	49.380

COMPANHIA DE GÁS DE SANTA CATARINA - SCGÁS
BALANCE SHEET

In R\$ '000

Assets	12/31/2018	03/31/2019	Liabilities and Shareholders' Equity	12/31/2018	03/31/2019
Current			Current		
Cash and Cash Equivalents	6.957	4.687	Suppliers	160.087	169.785
Financial Investments	45.161	43.792	Taxes and Social Contributions	6.113	15.448
Gas Supply	59.775	73.388	Wages and Social Charges	8.608	8.543
Estimated Losses from Doubtful Accounts	(4.470)	(4.847)	Loans and Charges	5.540	5.605
Taxes to be Recovered / Compensated	2.136	8.761	Provisions for Contingencies	5.327	5.373
Inventory	2.725	2.716	Other Liabilities	29.883	14.801
Judicial Deposits	-	-			
Other Assets	809	636			
Anticipated Payments	403	3.571			
	113.496	132.705		215.557	219.555
Non-Current			Non-Current		
Financial Investments	1.827	1.849	Deferred Taxes	-	126
SOP/TOP Credit	5.232	6.350	Loans and Financings	13.196	11.845
Taxes	62.821	61.891	Other Liabilities	339	322
Judicial Deposits	3.951	4.023			
Accounts Receivable from Customers	129.243	134.602		13.535	12.293
Intangible Assets from Services / Distribution Network	161.589	157.145			
Intangible Assets in Formation	12.622	15.661			
Intangible Usable Assets	6.984	6.840			
	384.269	388.361		229.093	231.848
			Total Liabilities		
			Capital	167.968	167.968
			Profit Reserves	100.704	100.704
			Accumulated Profit / Loss		20.545
				268.672	289.218
Total Assets	497.765	521.066	Total Liabilities and Shareholders' Equity	497.765	521.066

COMPANHIA DE GÁS DE SANTA CATARINA - SCGÁS
INCOME STATEMENT

In R\$ '000

	1Q18	1Q19	Var %
Gross Operating Revenue	181.005	305.382	68,7%
Deductions from Operating Revenue	40.414	67.624	67,3%
Net Operating Revenue	140.591	237.758	69,1%
Variable Costs	114.554	174.126	52,0%
Fixed Costs	4.647	5.104	9,8%
Selling Expenses	1.876	1.893	0,9%
Administrative Expenses	7.004	7.309	4,4%
Other Operating Expenses / Revenue	10.845	10.432	-3,8%
Operating Result	1.665	38.894	2235,4%
Depreciation and Amortization	7.536	7.322	-2,8%
EBTIDA	630	38.011	5936,7%
EBITDA Margin (%)	0,45%	15,99%	
Financial Result	(518)	(441)	-14,8%
Financial Revenue	329	604	83,3%
Financial Expenses	847	(1.045)	-223,4%
LAIR	(6.388)	31.131	587,3%
Income Tax and CSLL	1.208	9.788	
Income Tax and Deferred CSLL	(2.583)	798	
Net Profit	(5.014)	20.545	509,8%
Net Margin (%)	-3,6%	8,6%	

COMPANHIA DE GÁS DE SANTA CATARINA - SCGÁS
DEMONSTRAÇÃO DE RESULTADOS

Em R\$ Mil

	1T18	1T19	Var %
Receita Operacional Bruta	181.005	305.382	68,7%
Deduções da Receita Operacional	40.414	67.624	67,3%
Receita Operacional Líquida	140.591	237.758	69,1%
Custo Variável	114.554	174.126	52,0%
Custos Fixos	4.647	5.104	9,8%
Despesas com Vendas	1.876	1.893	0,9%
Despesas Administrativas	7.004	7.309	4,4%
Outras Despesas/Receitas Operacionais	10.845	10.432	-3,8%
Resultado Operacional	1.665	38.894	2235,4%
Depreciação e Amortização	7.536	7.322	-2,8%
EBTIDA	630	38.011	5936,7%
Margem EBTIDA	0,45%	15,99%	
Resultado Financeiro	(518)	(441)	-14,8%
Receita Financeira	329	604	83,3%
Despesas Financeiras	847	(1.045)	-223,4%
LAIR (R\$ mil)	(6.388)	31.131	587,3%
IR e CSLL	1.208	9.788	
IR e CSLL Diferido	(2.583)	798	
Lucro Líquido	(5.014)	20.545	509,8%
Margem Líquida (%)	-3,6%	8,6%	

COMPANHIA DE GÁS DE SANTA CATARIA - SCGÁS		
CASH FLOW STATEMENT (DFC)		In R\$' 000
	12M18	3M19
Profit / Loss before Income Tax and Social Contribution	(32.097)	20.545
Adjustments	48.621	2.059
Depreciation and Amortization	31.535	7.499
Provisions for Past Contingencies	2.526	47
Provisions for Doubtful Accounts	181	378
Provisions for Impairments	14.234	9.528
Ship/Take or Pay Update and Exchange Rate Variation	145	(16.191)
Deferred Income Tax	-	798
Variations in Assets and Liabilities	26.308	(3.281)
Accounts Receivable from Customers	(40.048)	(18.972)
Taxes to be Recovered / Compensated	(681)	(6.368)
Inventory	(516)	9
Taxes and Securities	120	(22)
Credits from Gas Sales and Aquisitions	(9.701)	-
Other Assets Accounts	(727)	(2.172)
Suppliers	76.121	14.347
Tax Liabilities	2.230	9.335
Wages and Social Charges	385	(66)
Security Guarantee Deposits	(875)	626
Net Cash from Operating Activities	42.832	19.323
Cash from Investment Activities	(17.183)	(5.951)
Additions to Intangible Assets	(17.183)	(5.951)
Cash from Financing Activities	24.417	(17.010)
Dividends and Interest on Equity - JCP	-	-
Amortization of Loans and Financings	(5.450)	(17.010)
Loans Obtained	29.867	
Total Effects from Cash and Cash Equivalents	50.066	(3.638)
Cash and Cash Equivalents Balance at the Beginning of the Period	2.052	52.118
Cash and Cash Equivalents Balance at the End of the Period	52.118	48.479