



EDP Energias do Brasil

March, 2019

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Board of Directors

MEMBERS APPOINTED BY THE CONTROLLING SHAREHOLDER

CHAIRMAN

ANTÓNIO MEXIA

- CEO EDP Group
- President of the Compensation Com.

VICE-CHAIRMAN

MIGUEL SETAS

- Member of the Sustainability Committee

JOÃO MARQUES DA CRUZ

- EDP Executive Board Member

MIGUEL STILWELL

- CFO EDP Group
- Member of the Compensation and Audit Committees

INDEPENDENT MEMBERS

FRANCISCO PITELLA

- President of the Internal Audit Committee
- Gov. and Related Parties Com. Member

MODESTO CARVALHOSA

- President of the Gov. and Related Parties Committee
- Member of the Audit and Compensation Committees

PEDRO MALAN

- Sustainability Committee Chairman

JULIANA ROZENBAUM

- Gov. and Related Parties and Sustainability Committee's Member

Councils / Committees

FISCAL COUNCIL

AUDIT COMMITTEE

SUSTAINABILITY COMMITTEE

COMPENSATION COMMITTEE

CORPORATE GOVERNANCE & RELATED PARTIES COMMITTEE

Executive Committee



MIGUEL SETAS
CEO



HENRIQUE FREIRE
CFO



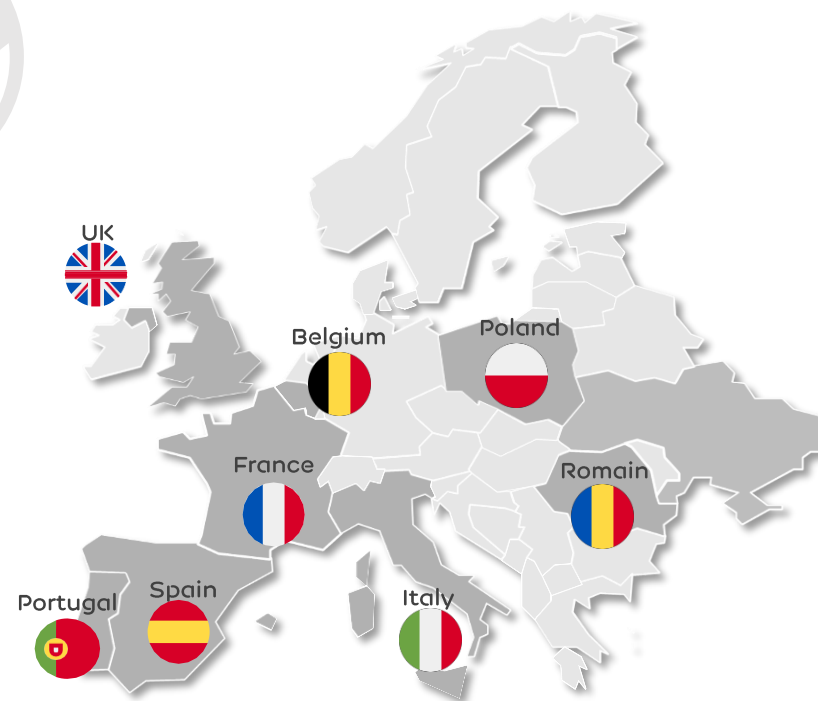
LUIZ OTAVIO HENRIQUES
COO



MICHEL ITKES
VP for Distribution



CARLOS ANDRADE
VP for Energy Services and M&A

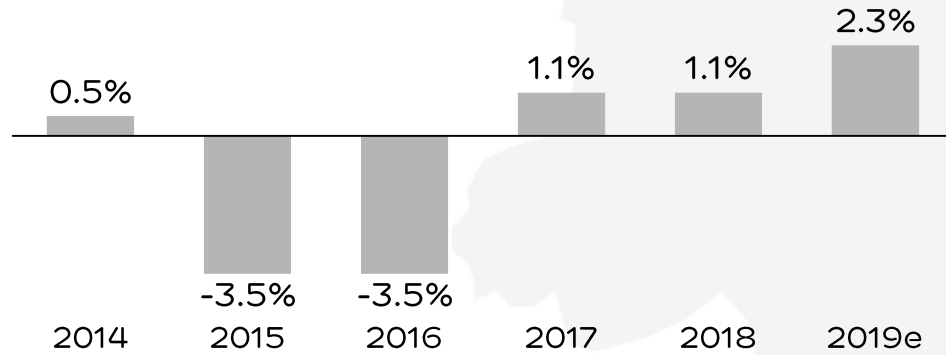


One of the
main growth
platforms of
EDP Group

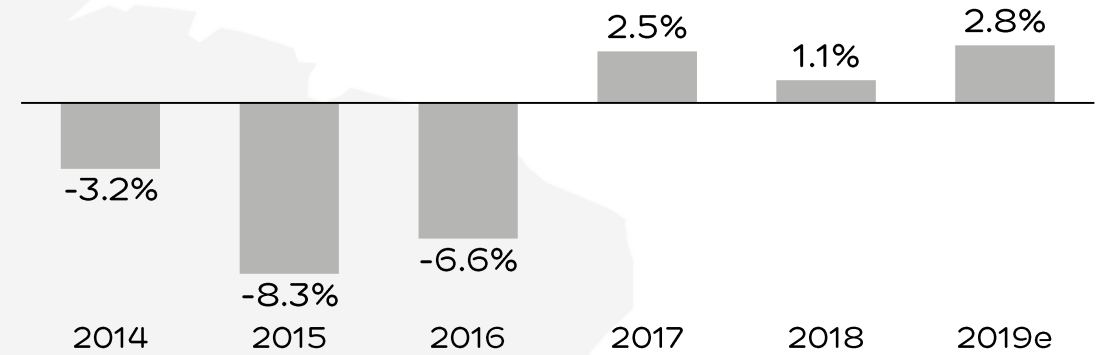
■ EDP Brasil

- ~20% of total EBITDA
- Subsidiary: EDP Brasil (EDP owns 51%)
- Presence since 1996
- Total capacity: 2.9 GW (hydro and coal)
- 2 concessions of Distribution (SP and ES)
- 5 transmission lines (in construction)

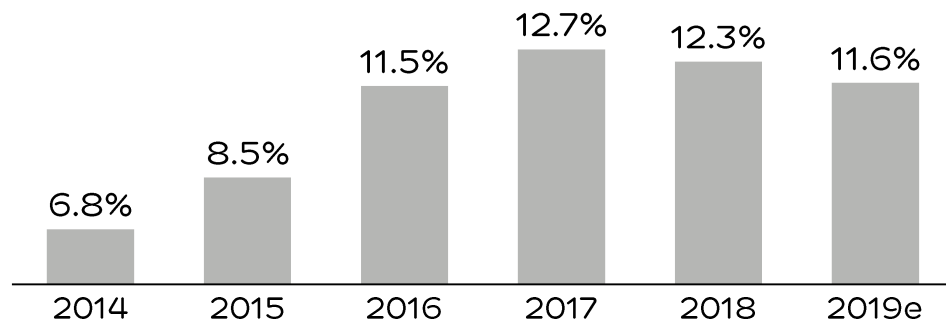
GDP growth



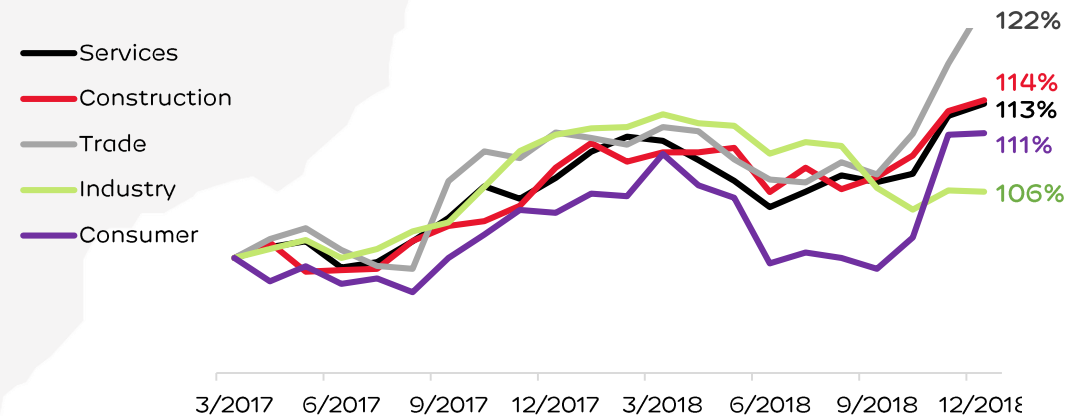
Industrial production



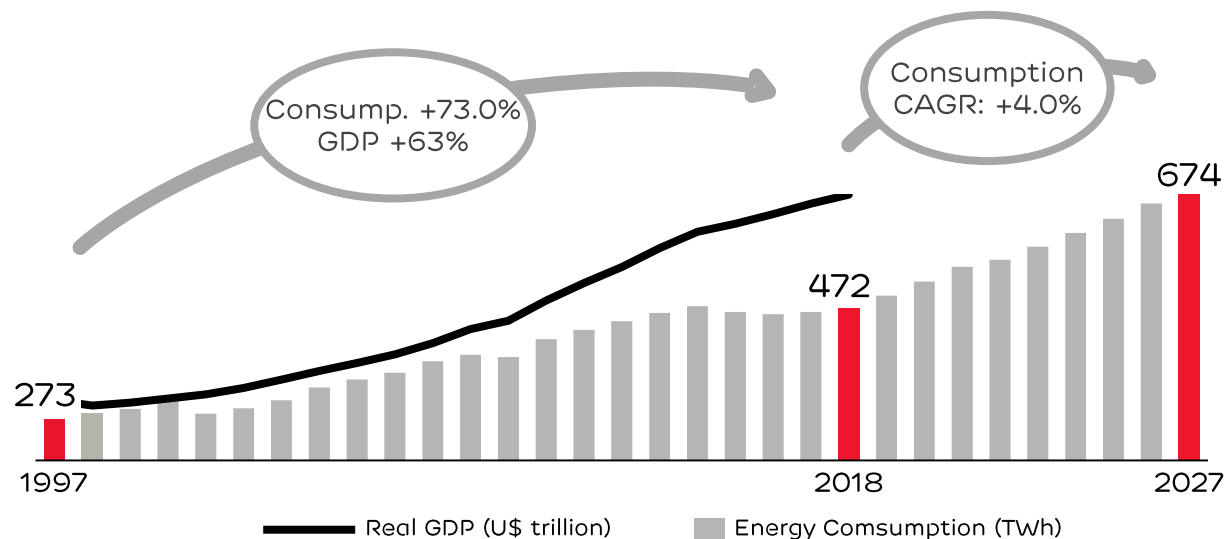
Unemployment rate



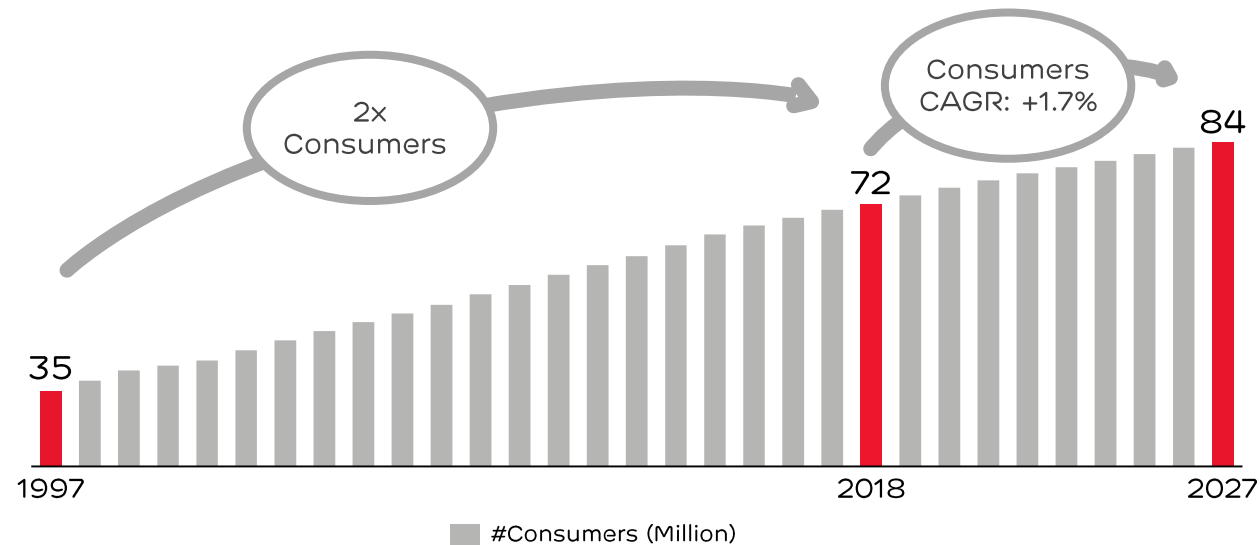
Confidence Index



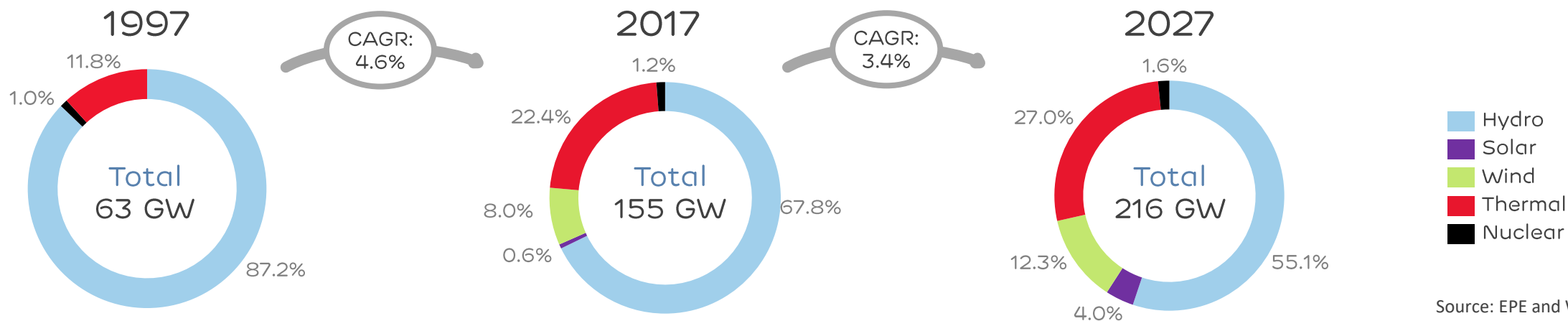
Electricity market vs GDP growth



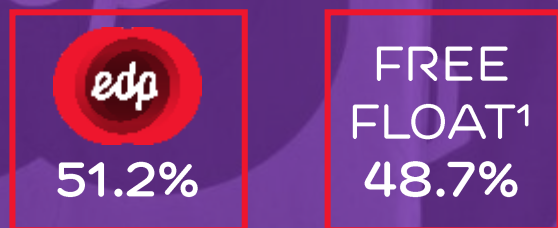
Residential consumers growth



Installed capacity per type of source



Listed in B3 (Brazil Stock Exchange) since 2005 at Novo Mercado with the highest Corporate Governance standards



EDP Brasil



■ GENERATION

6 States
2.9 GW installed capacity

■ DISTRIBUTION

2 States
25.0 TWh of distributed energy
3.5 million consumers served

■ TRANSMISSION

5 States
1,300 Km of transmission lines

■ COMMERCIALIZATION

18.1 TWh traded energy

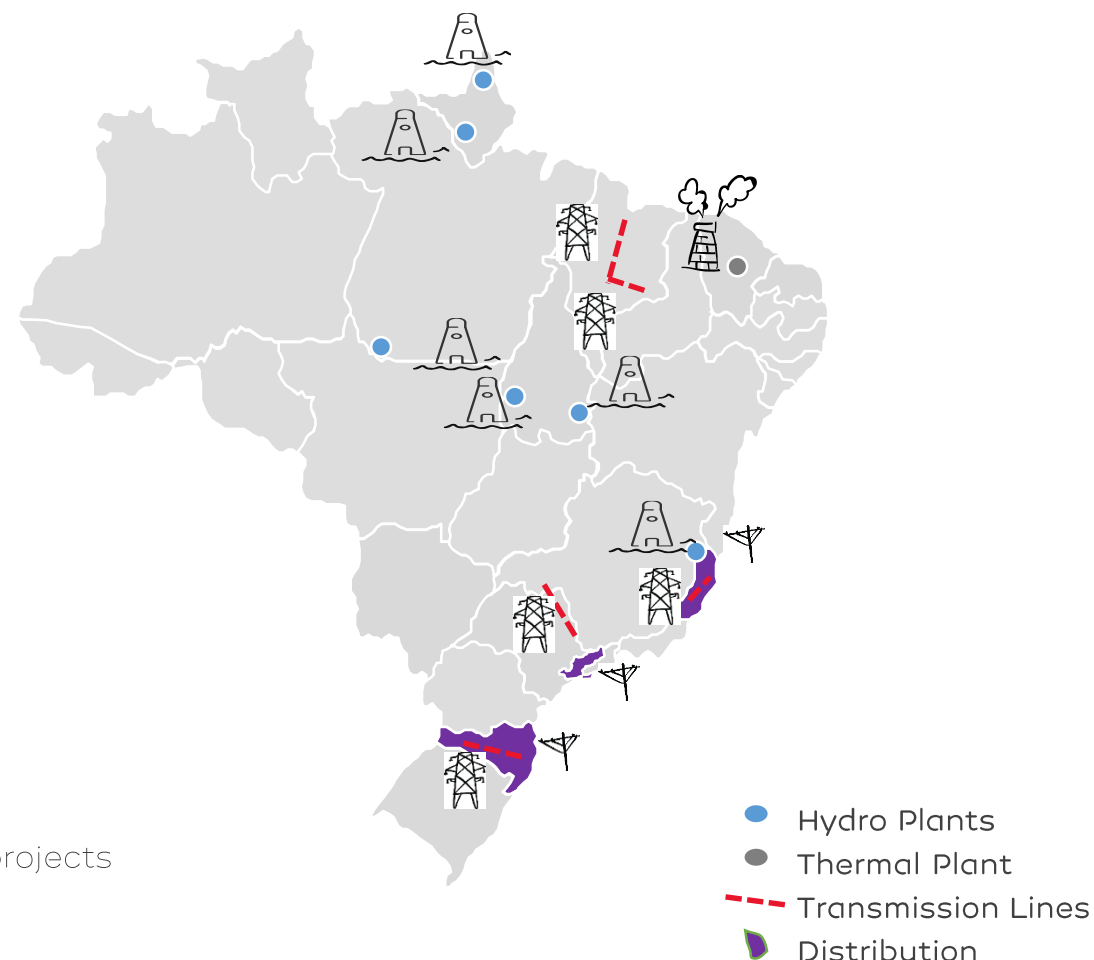
■ SERVICES

1.4 MWp of solar PV in operation +
24 MWp of solar PV in contracted projects

■ STAKE IN INTEGRATED ASSET

23.6% stake in Celesc

R\$19.7 Billion
 Gross Revenues in 2018





Generation

- ✓ Sweet spot between 100MW and 1000 MW
- ✓ On time on cost
- ✓ Capital recycling



Transmission

- ✓ Sweet spot:
 - Low Environmental risk
 - Synergies with existing assets
- ✓ On time on Cost
- ✓ Target > 20% of EBITDA in 5 years



Distribution

- ✓ Focus on quality markets
- ✓ Close the gap with regulatory loss targets
- ✓ Invest to capture market growth



Commercializ.

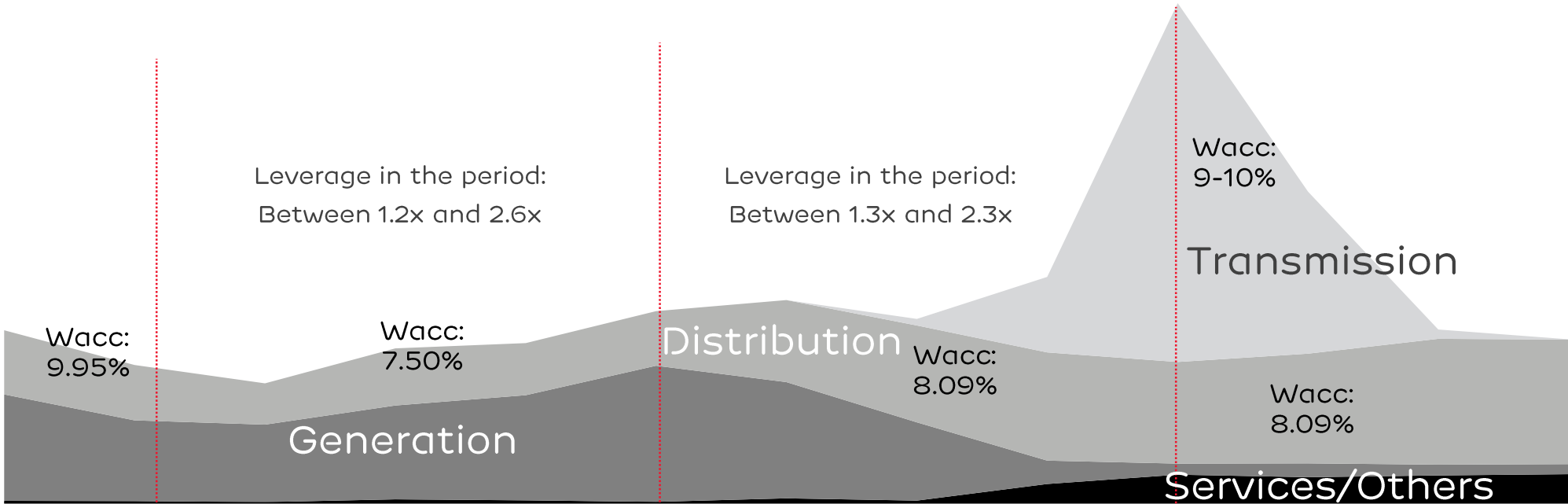
- ✓ Mitigate energy risk
- ✓ Reduce volatility (EBITDA above R\$ 100 million)
- ✓ Position for market liberalization



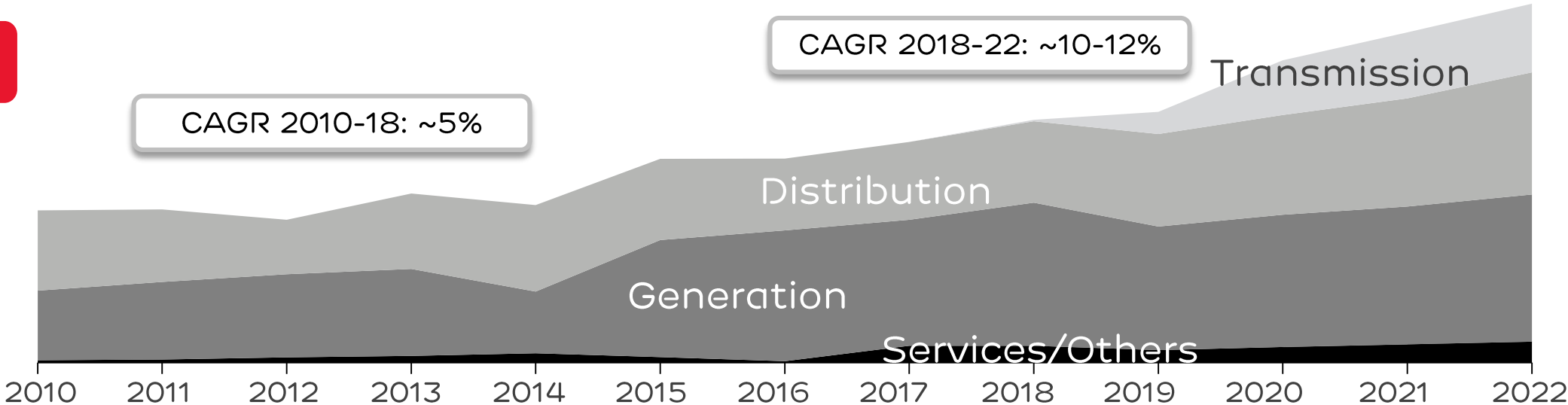
Services

- ✓ Sustain double-digit growth
- ✓ Strengthen position in decentralized PV market and EV business
- ✓ Maintain energy efficiency investments

Capex

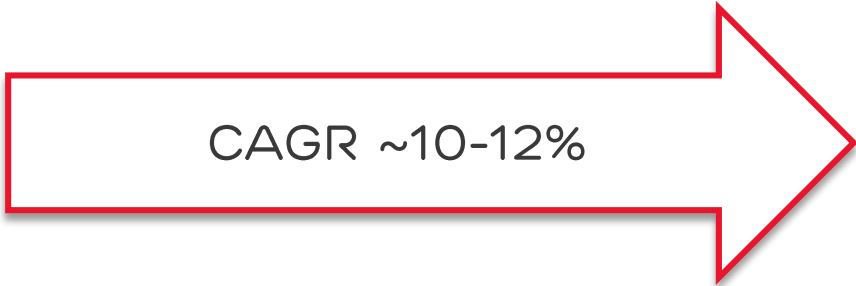
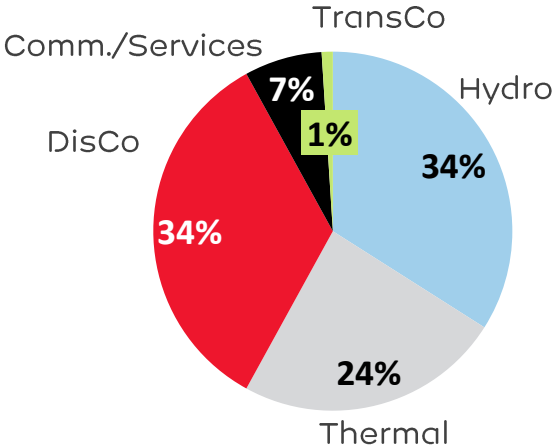


EBITDA

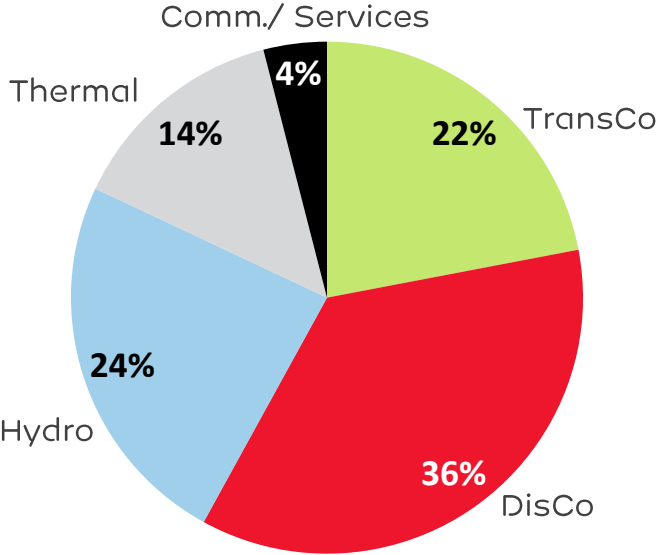


EBITDA 2015 adjusted for the gain in Pecém

2018



2022¹



Balanced portfolio and diversified revenue streams

Generation

- Long-term contracts
- Hydrology risk

Transmission

- Fixed revenues
- Indexed to inflation

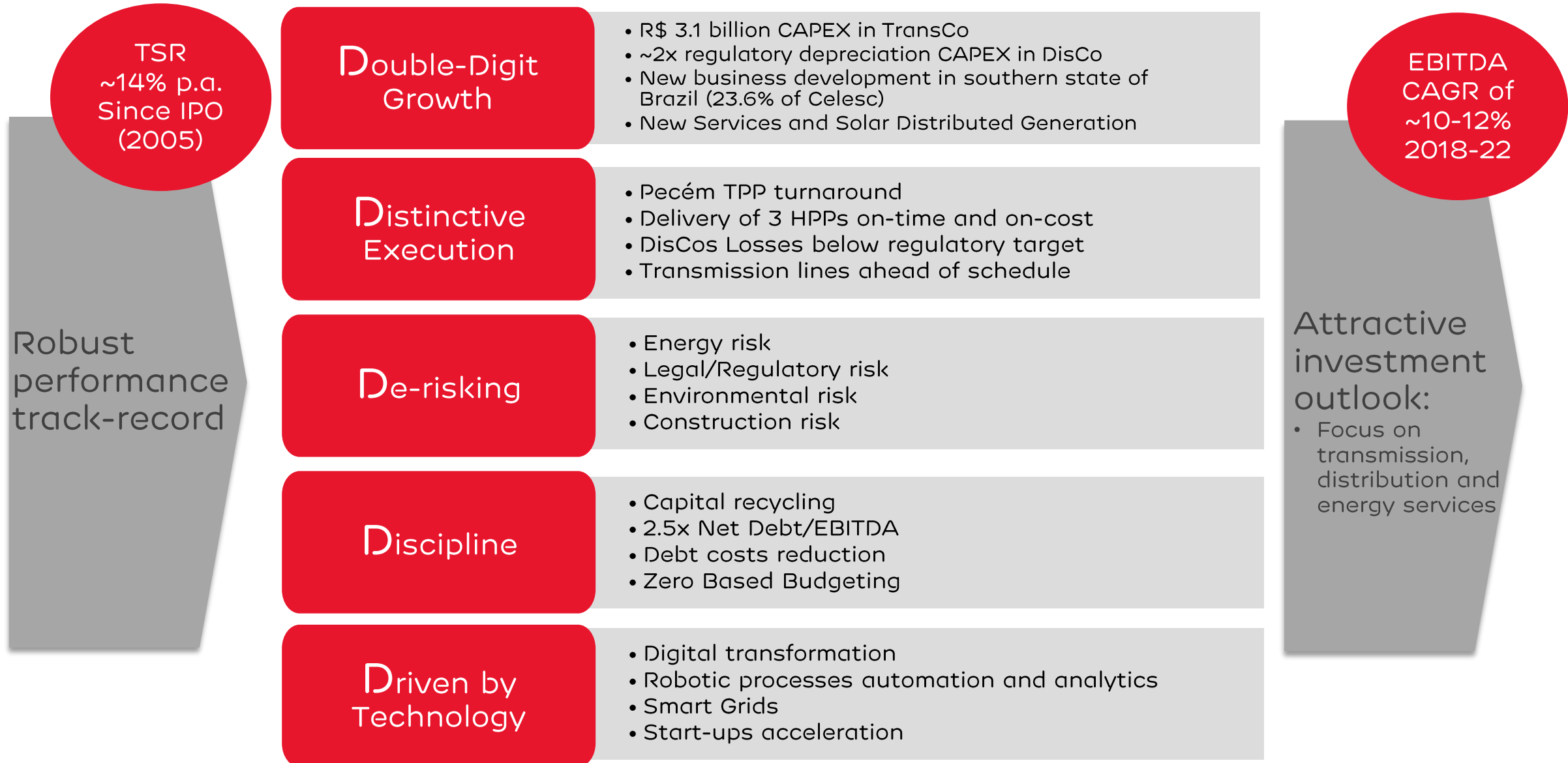
Distribution

- Market growth
- Indexed to inflation

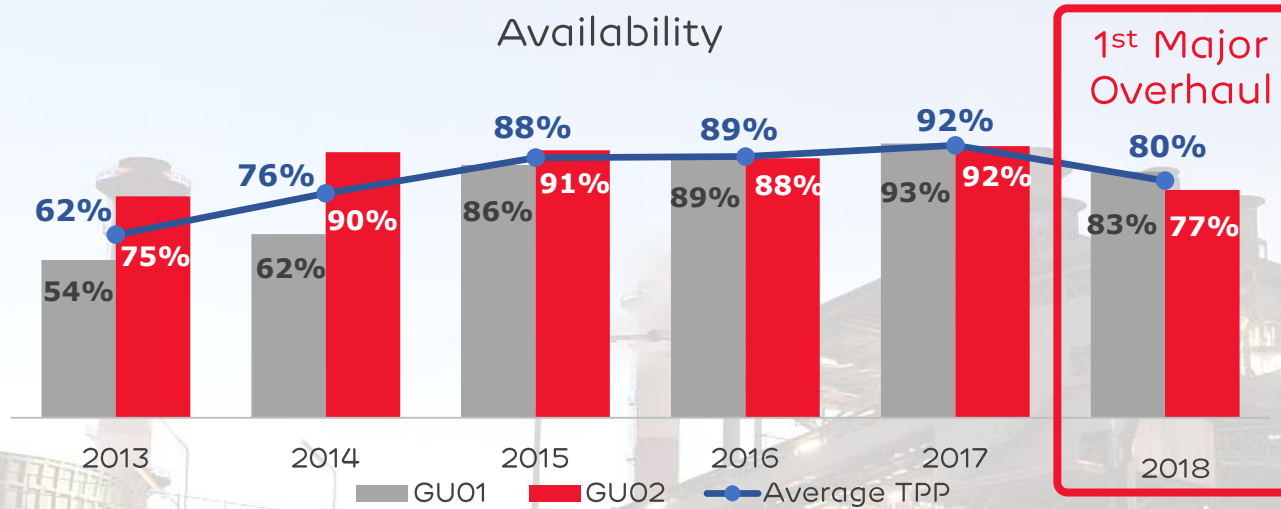
Commerc./Services

- Market growth
- Non-regulated revenues

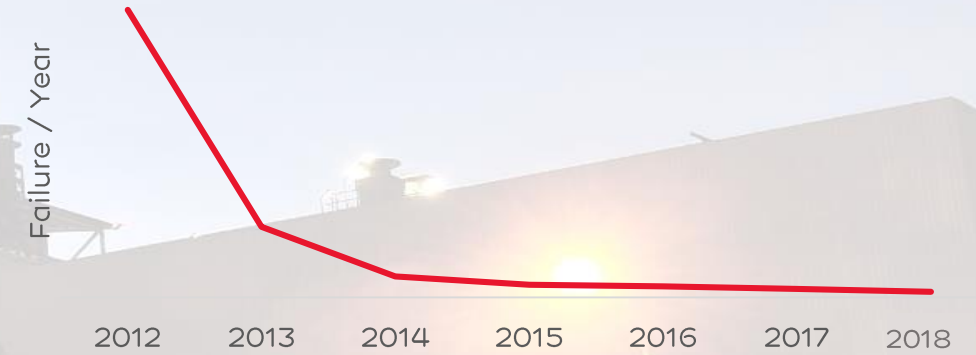
1) Including the Financial Investment and new businesses



Availability

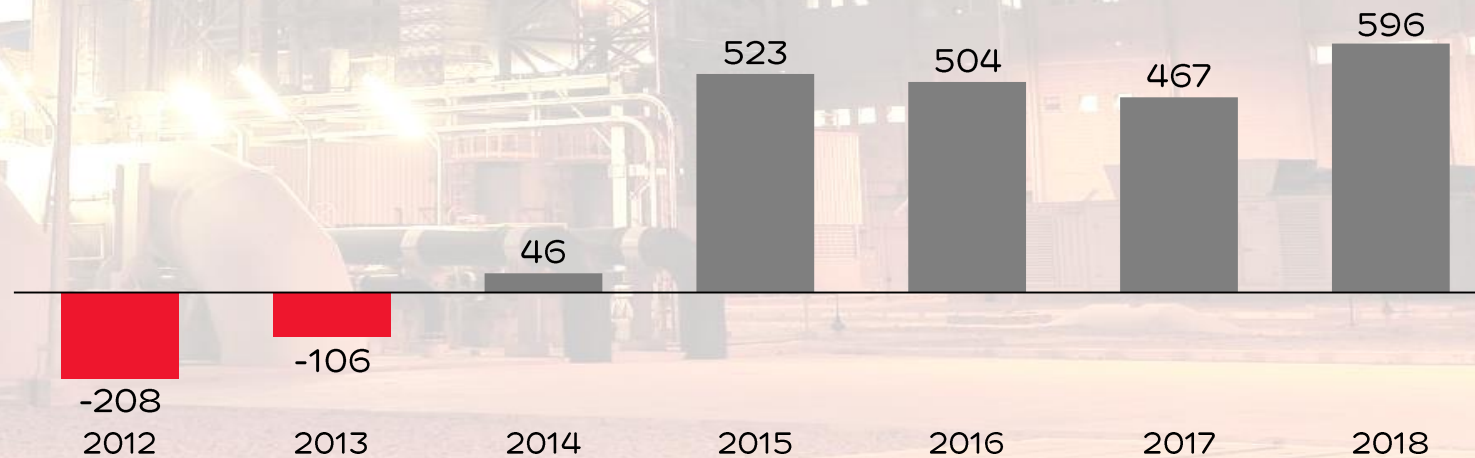


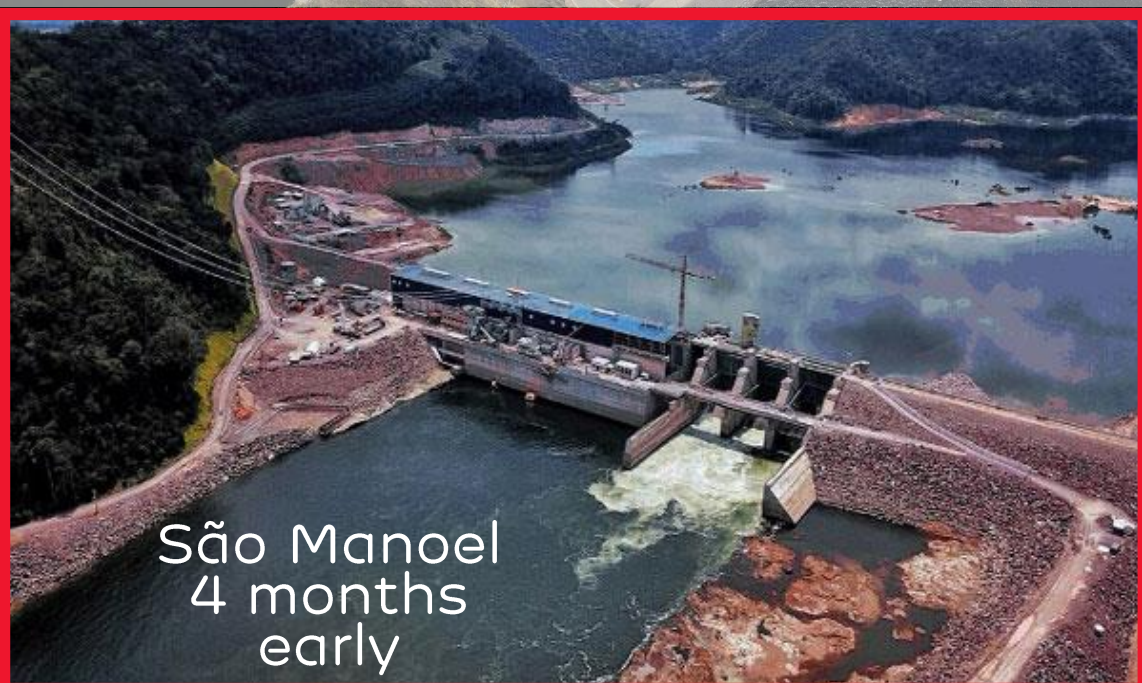
Failure Rate



Accomplished Turnaround

EBITDA (R\$ million)





ANEEL rated Lajeado the **best plant in Brazil** in 2018

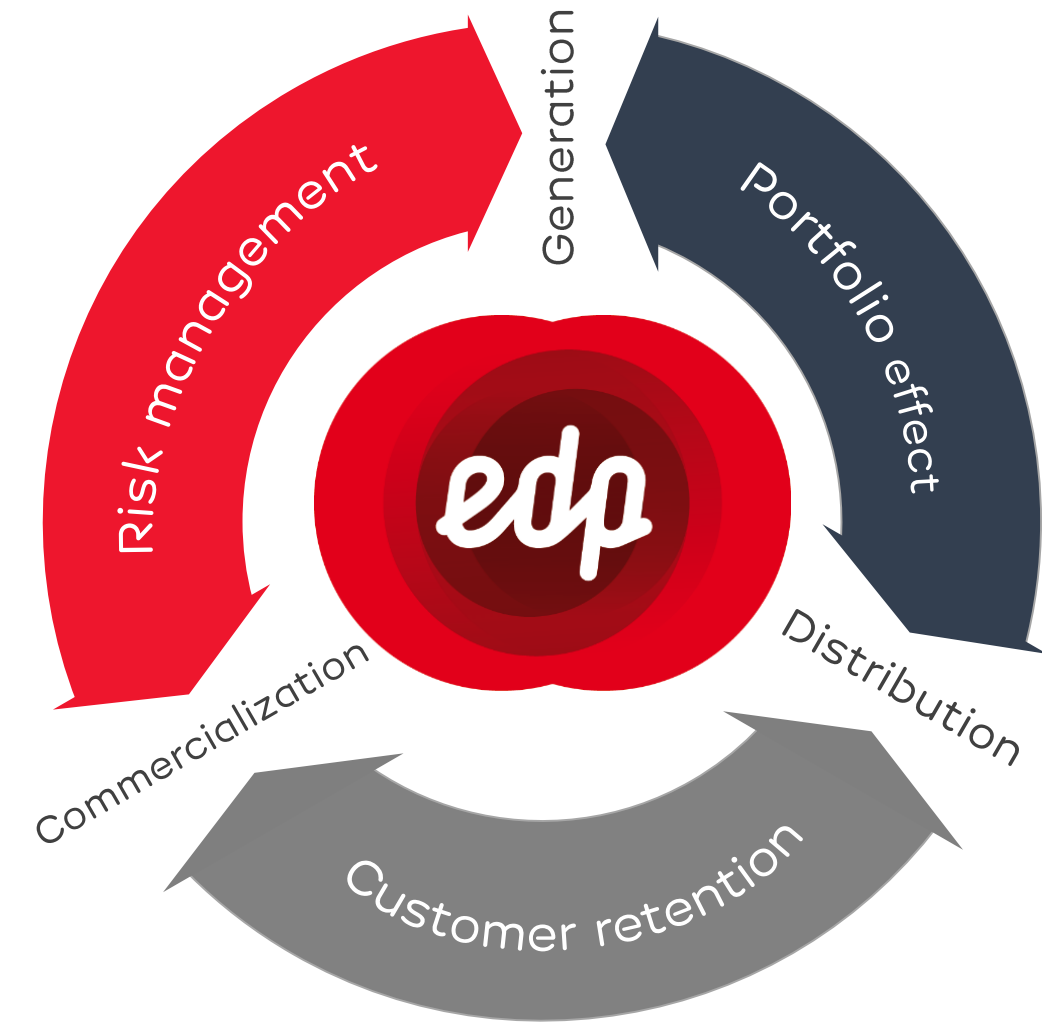
Lajeado



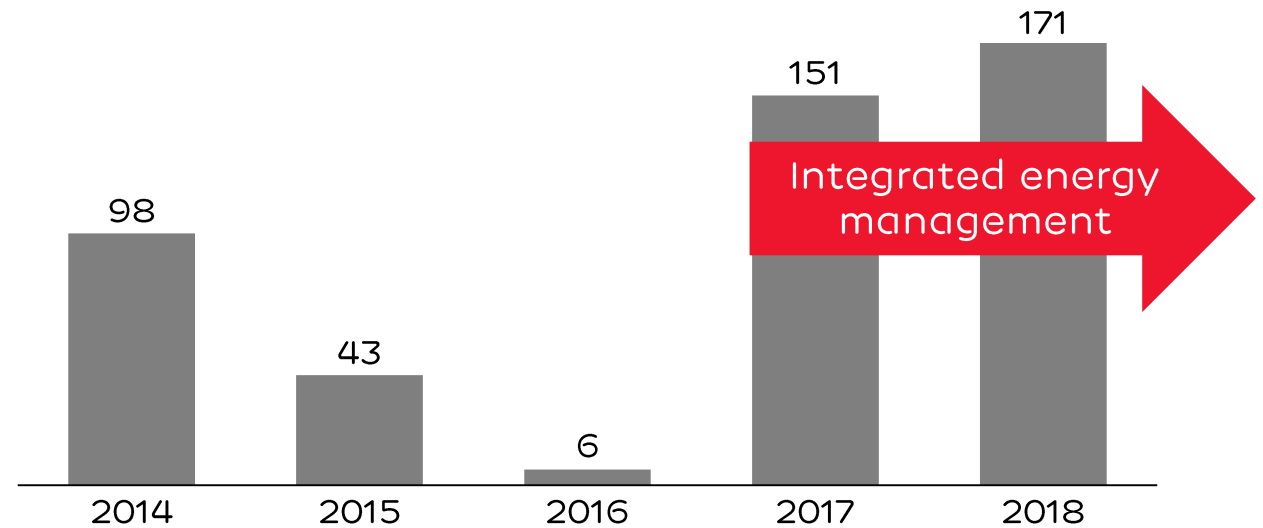
Maximum score in:

Security ✓
Environment ✓
Operational Management ✓
Maintenance Management ✓

While more than 60%¹ of the plants under construction suffer delays according to the national grid operator, ONS

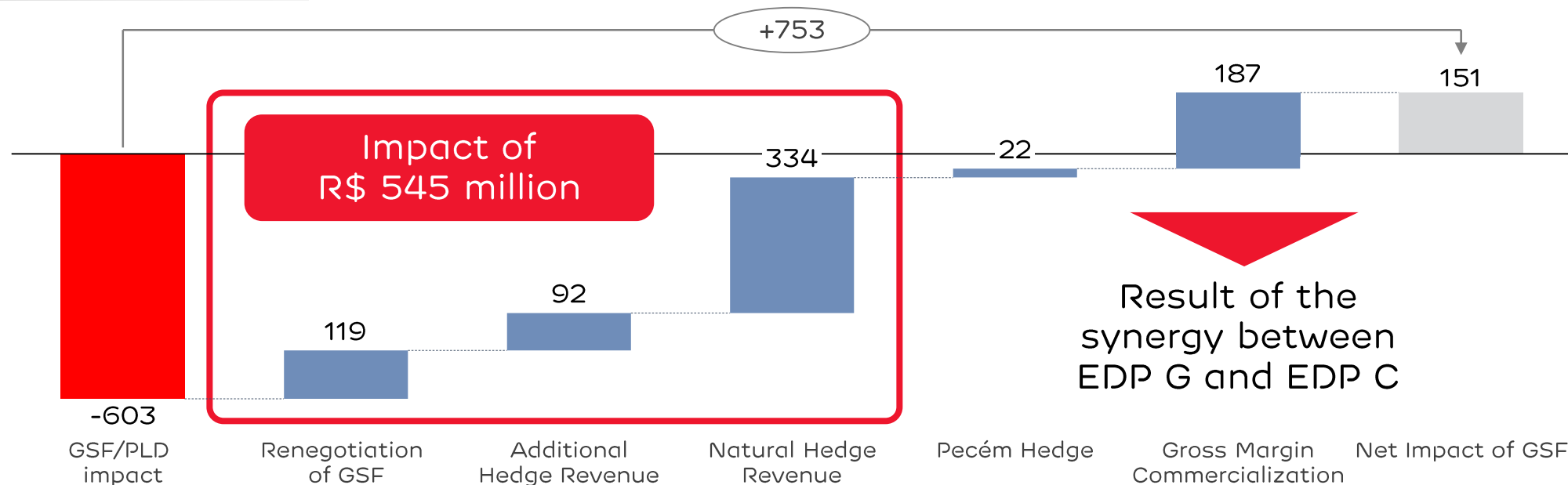


EBITDA | R\$ Million

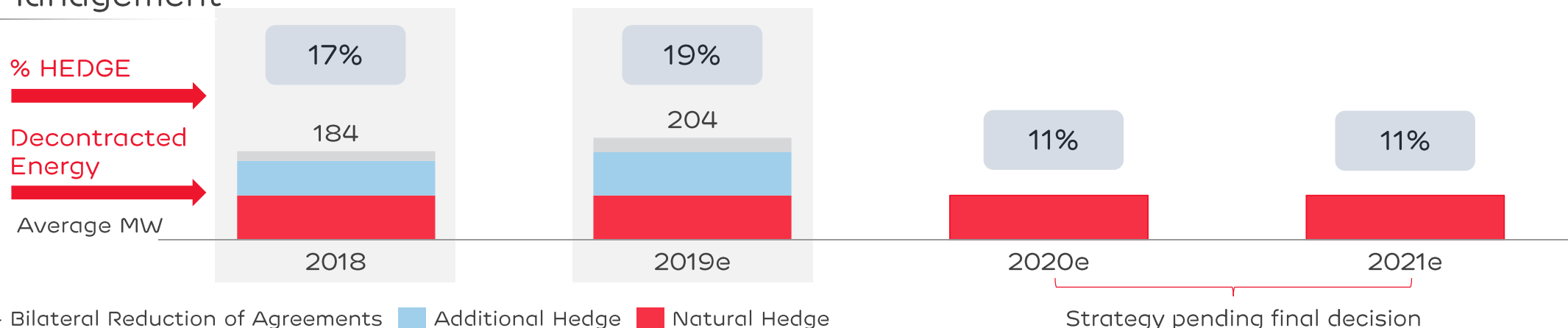


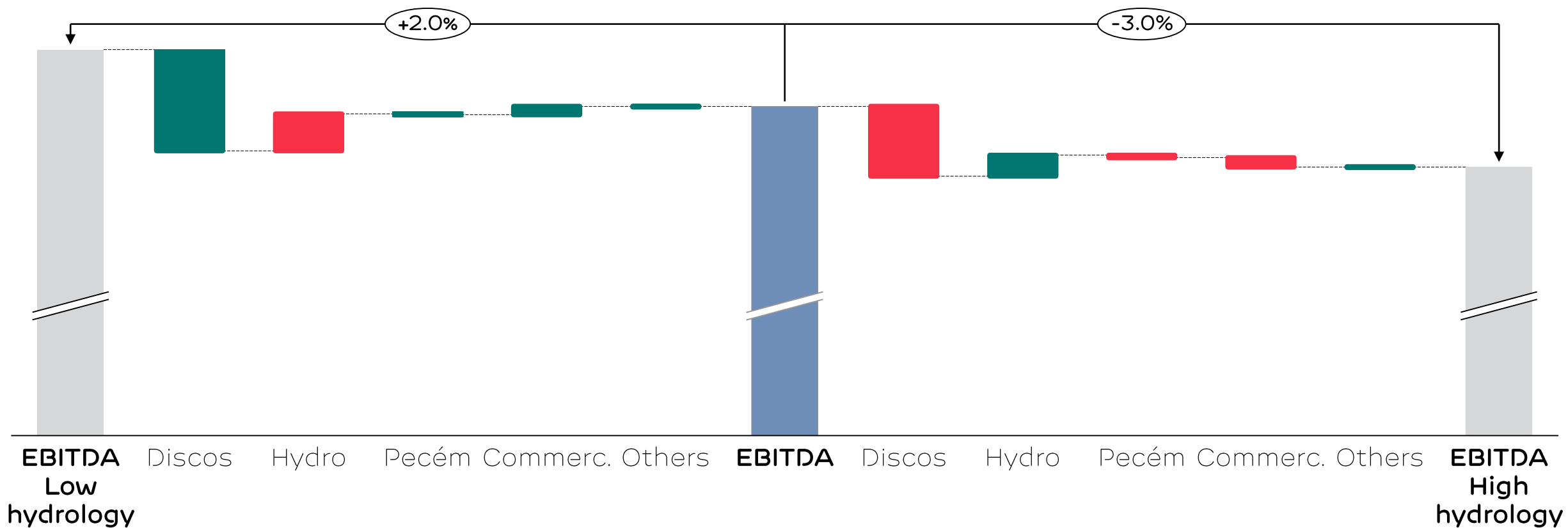
5th largest
in free
market
volume

Impact on Gross Margin | R\$ Million



Risk Management





Integrated business led to a natural hedge protecting the results

EDP SÃO PAULO



Distributed energy volume: **15.2 TWh¹**



28 cities



9,600 km² of concession area

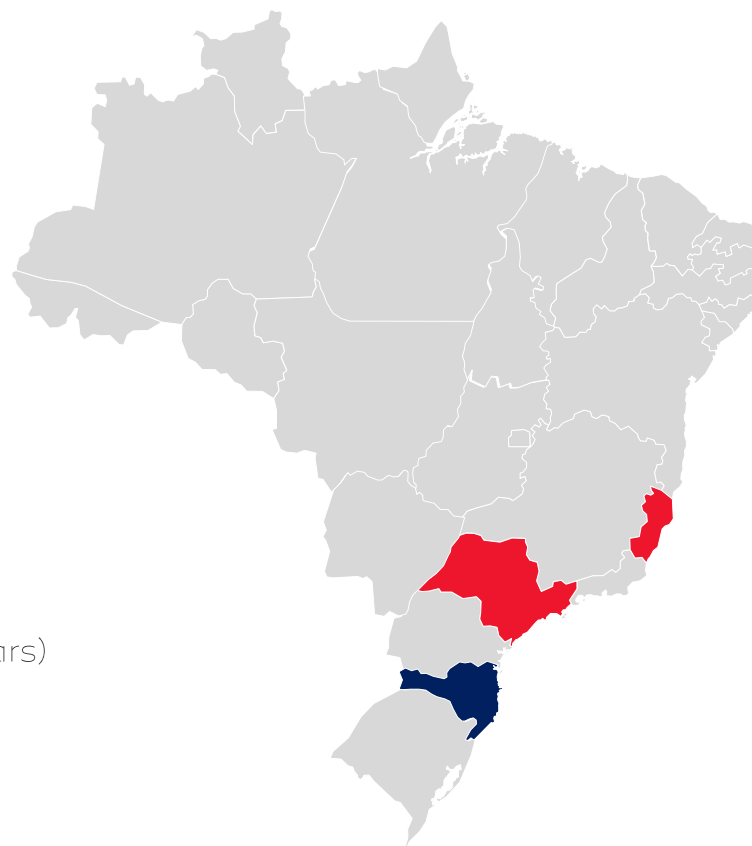


1.9 million clients



1,229 own employees

- 1st Concession contract until **2028**
- Next tariff revision: Oct/2019 (every 4 years)



EDP ESPÍRITO SANTO



Distributed energy volume: **9.8 TWh¹**



70 cities



41,200 km² of concession area



1.6 million clients



951 own employees

- 1st Concession contract until **2025**
- Next tariff revision: Aug/2019 (every 3 years)

Cellesc: Acquisition

23.6% stake



Distributed energy volume: **23.8 TWh²**



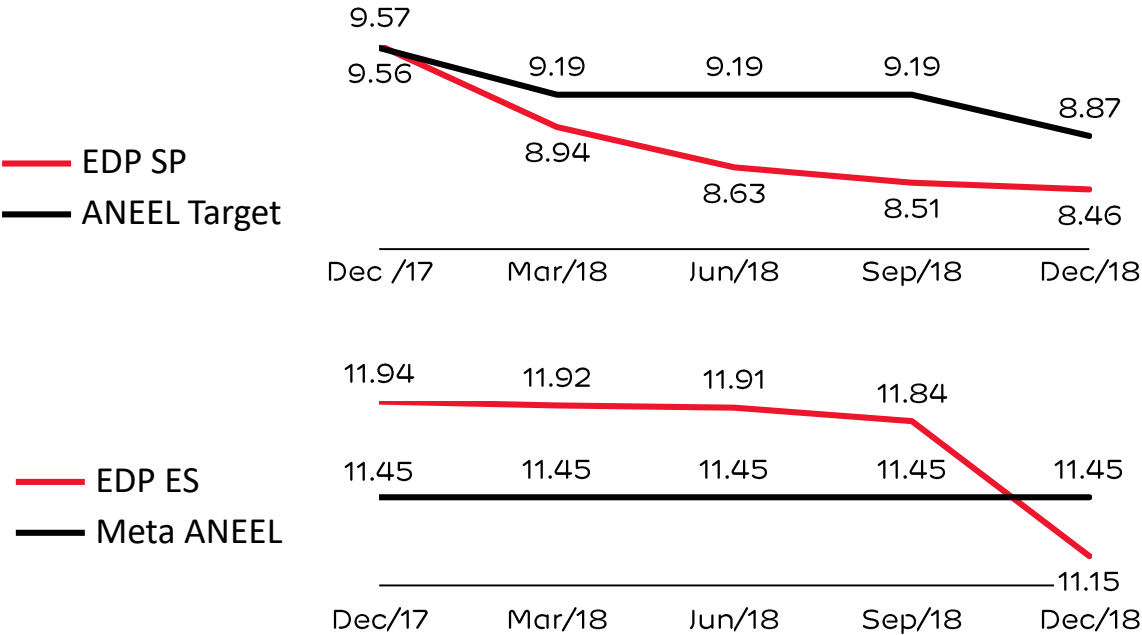
2.9 million clients

1) As of 2018
2) As of 2017

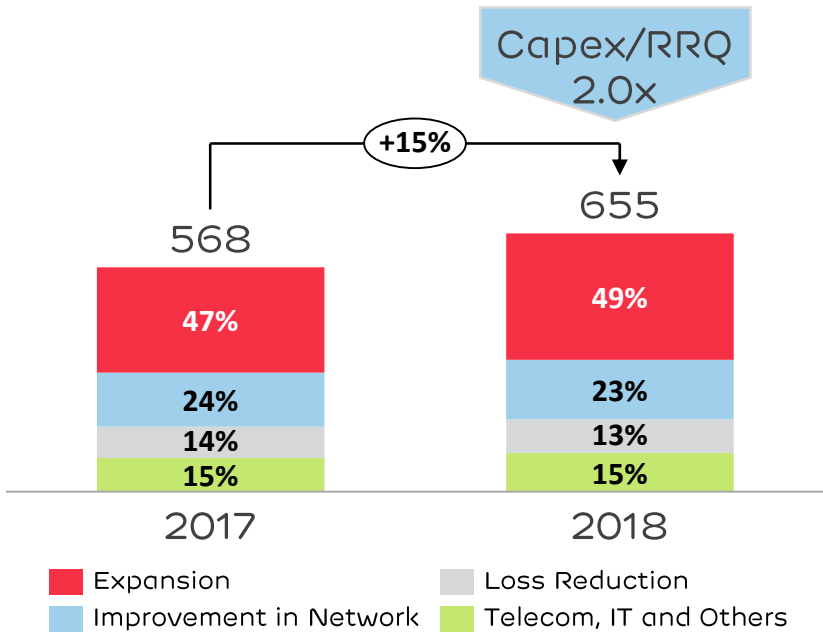


Cellesc potentially doubling our distribution footprint

LV Commercial Losses | Reducing Trajectory



CAPEX | R\$ Million



Tariff Revision in 2019



EDP São Paulo

Oct/2019 (every 4 years)

- Regulatory WACC already set at 8.09% ✓
- CAPEX 2x RRQ in the last year ✓
- Expectation of growth of the net base and the Component B

EDP Espírito Santo

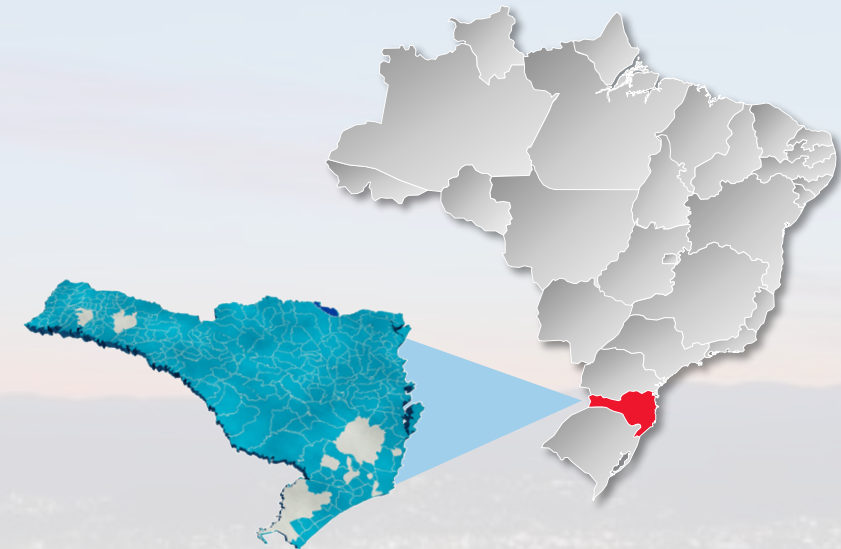
Aug/2019 (every 3 years)



Strategic move of acquisition of a 23.56% stake in Celesc

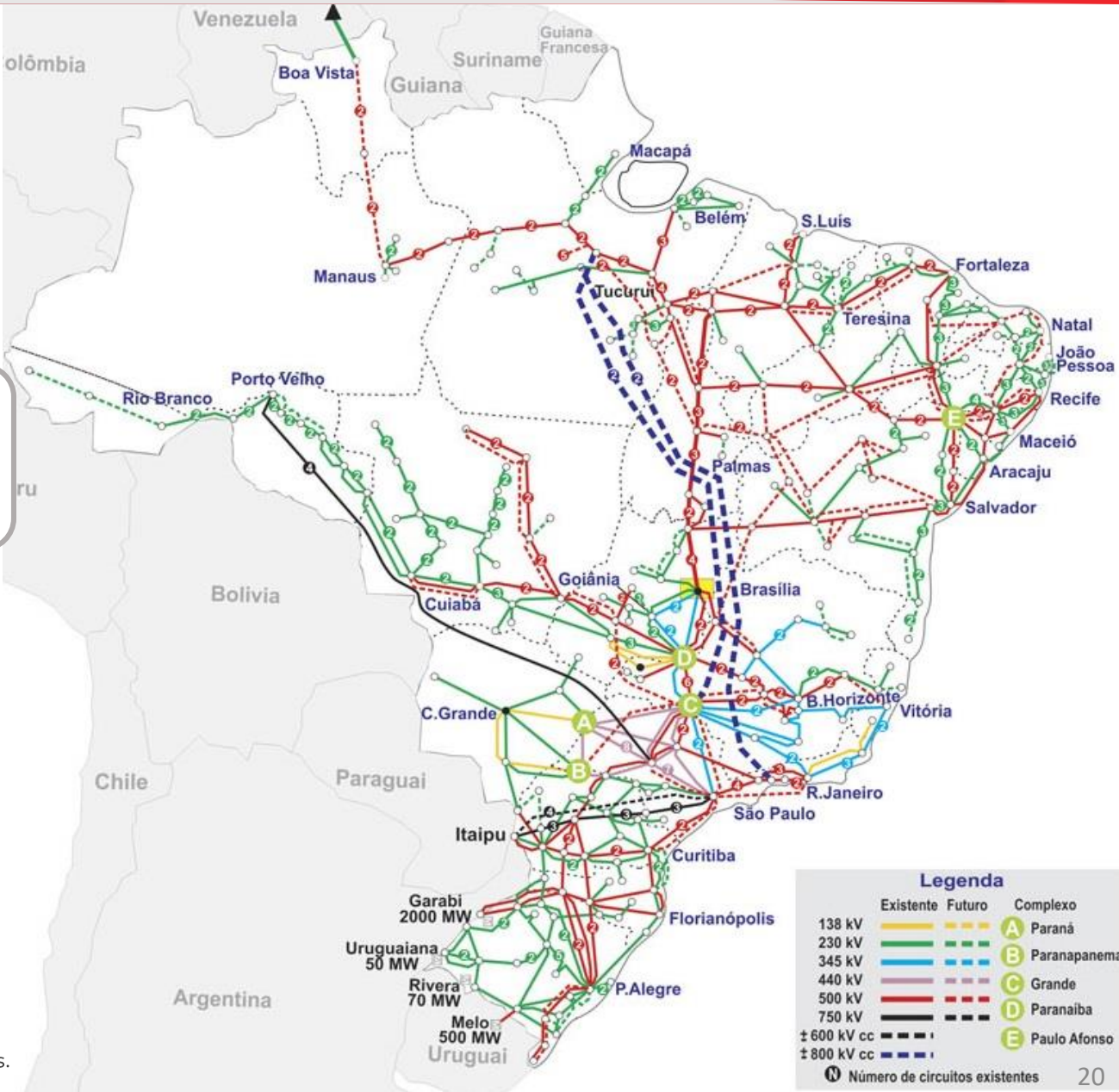
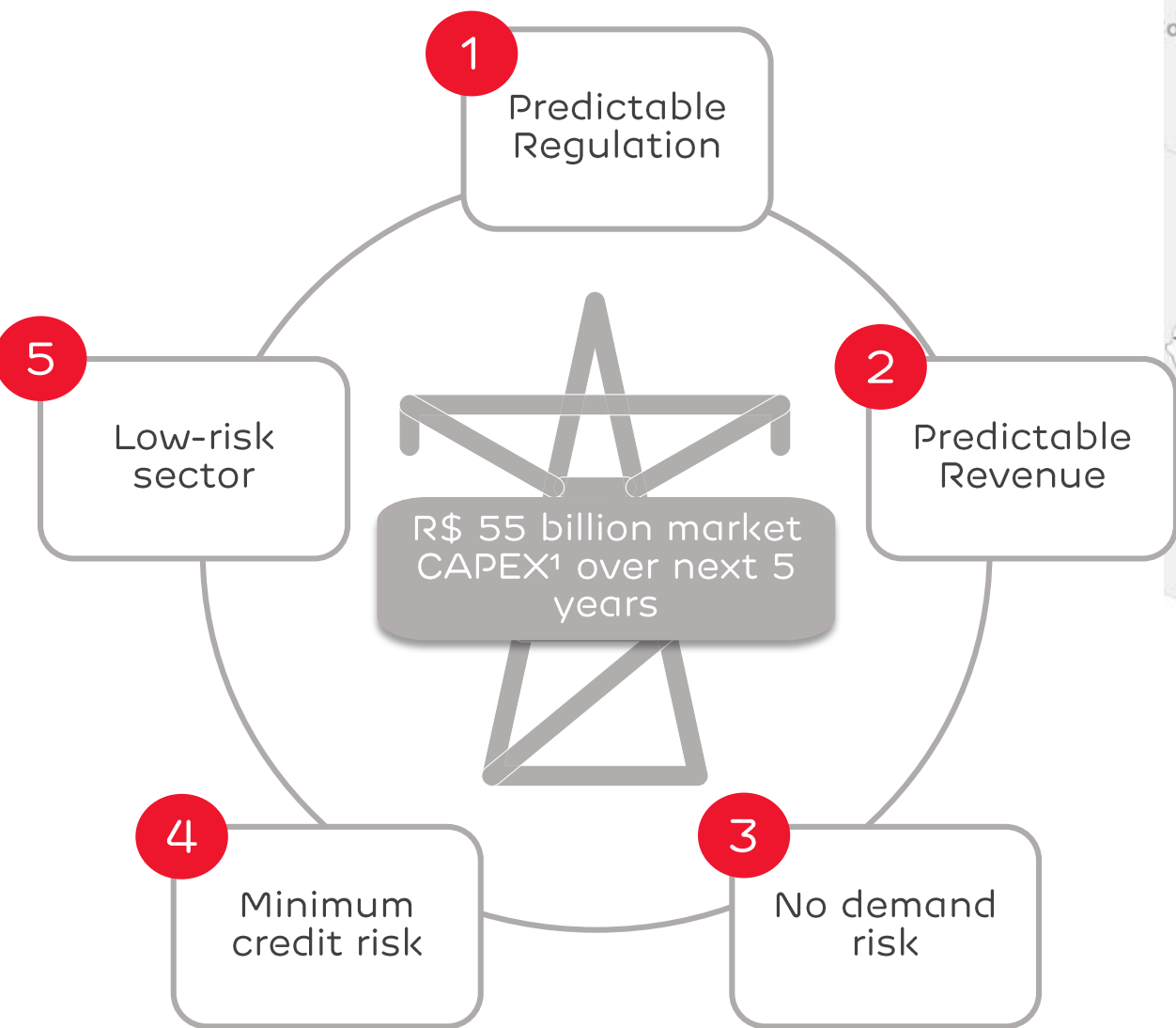
- EDP is the shareholder with the **largest stake** of Celesc;
- Expansion to a **new geography** with a favorable business environment¹ and market growth;
- **New investment opportunities** through presence in the state;
- **Active participation** in Celesc's management/corporate governance;
- CLSC4: **valorization** of 87.2% in 2018.

Discipline in capital allocation



Concession Area

- 2.8 million consumers
- 264 cities
- 4th highest per capita household income in Brazil (R\$ 1,597)²
- 3rd highest HDI in Brazil (0.774)²
- Average GDP growth per capita: 4.8% between 2013 and 2016



1 Source: PDE 2026 and Aneel auctions. Estimate for auctions in the following years, subject to alterations.

ES Line

- ✓ Financing
- ✓ IL
- ✓ Construction Work
- ✓ OL

Startup in operations in Dec/2018,
20 months ahead of schedule



SC Line

- ✓ Financing
- ✓ IL
- ✓ Construction Work
- ✓ OL

- Installation License (substation), 14 months ahead of schedule
- Installation License for the Biguaçu – Siderópolis 2 TL 12 months ahead of schedule
- Issue of the IL ongoing
- **Work started** – work on SS in progress with cables already imported

MA Lines

- ✓ Financing
- ✓ IL
- ✓ Construction Work
- ✓ OL

- Lot 07:
 - Issue of the IL ongoing
- Lot 11:
 - Financing from BNB
 - IL issued 12 months ahead of schedule
 - **Work started**

SP/MG Line

- ✓ Financing
- ✓ IL
- ✓ Construction Work
- ✓ OL

- Finance package in preparation
- Issue of IL ongoing

Generation

- Conclusion and commercial startup of operations at São Manoel anticipated by 4 months
- Conclusion of Capital Recycling of Costa Rica and Espírito Santo's SHPs for R\$ 644.3 million
- Pecém Major Overhaul without ADOMP deficit for 2019



- Low voltage losses below the regulatory limit
- Investment of 2x RRQ in the year
- Acquisition of strategic stake in Celesc: 23.56% of total capital

Distribution

Transmission

- Conclusion and anticipation by 20 months of ES lot
- Financing of SC and MAI lots concluded
- Installation license of SC and MAI lots

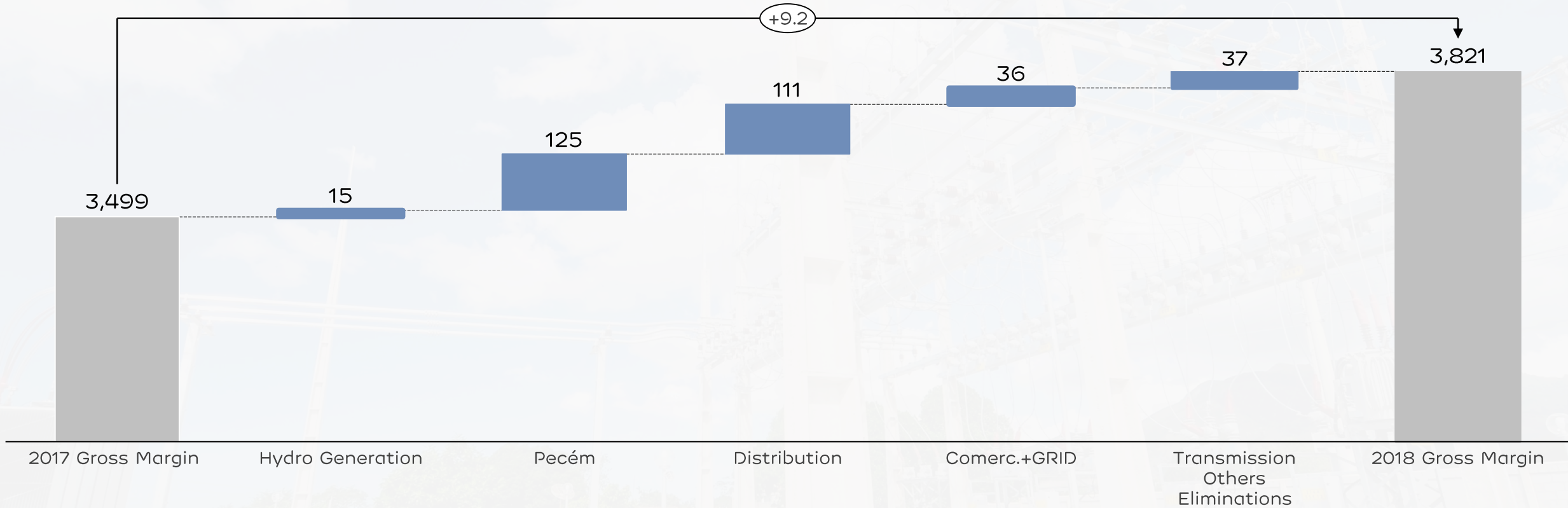


- Robotization: 130 processes robotized
- Electrical mobility: implementation of the largest electric charging corridor in Latin America
- Solar PV: 1.4 MWp implemented and 24MWp contracted

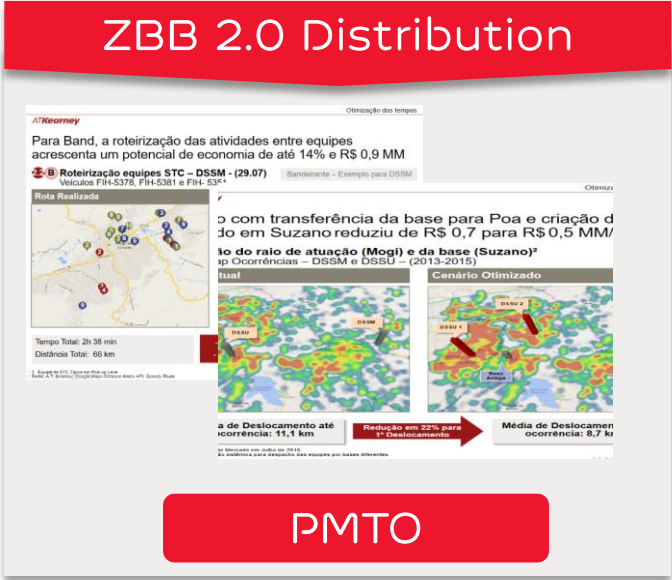
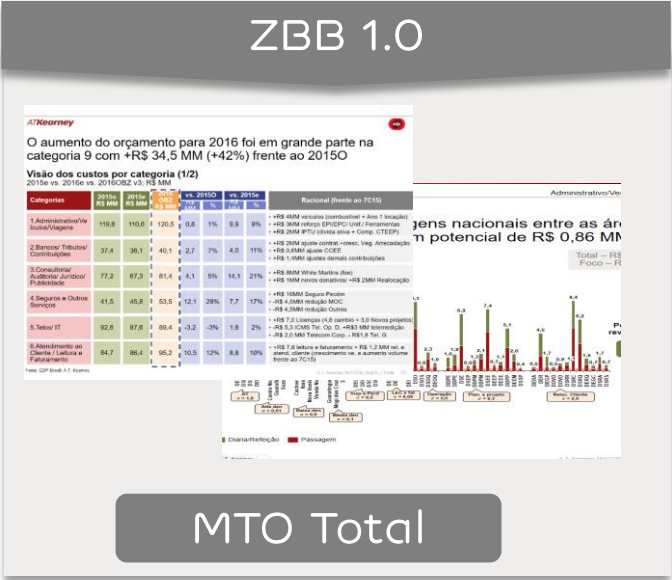
Innovation

Breakdown of Gross Margin 2018

R\$ Million



Discipline

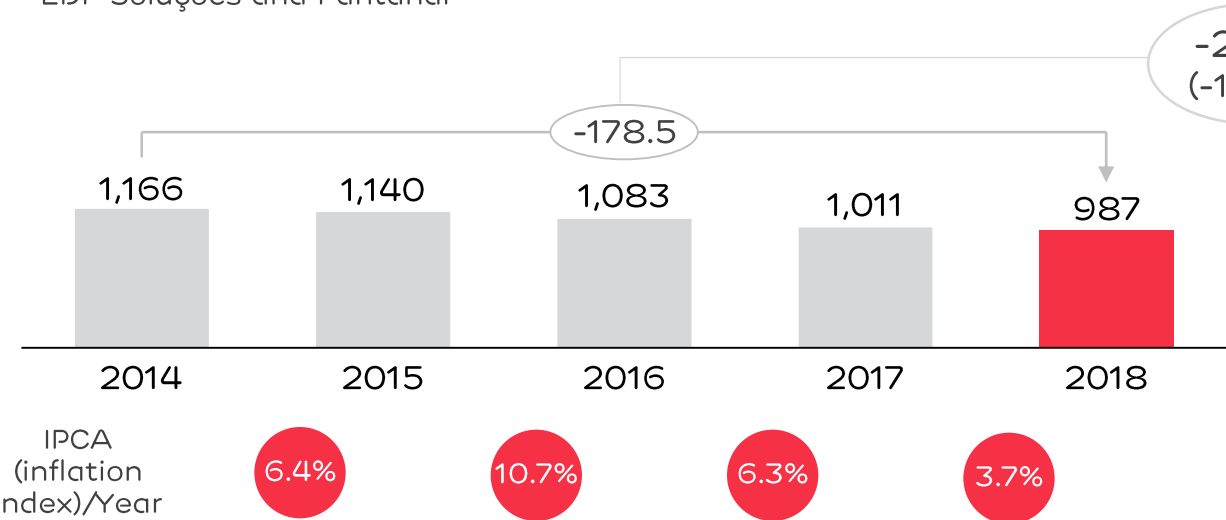


ZBB¹ - Gains of R\$ 266.1 million

1) Efficiency gains 2018 versus 2014 in the face of inflation growth in the period

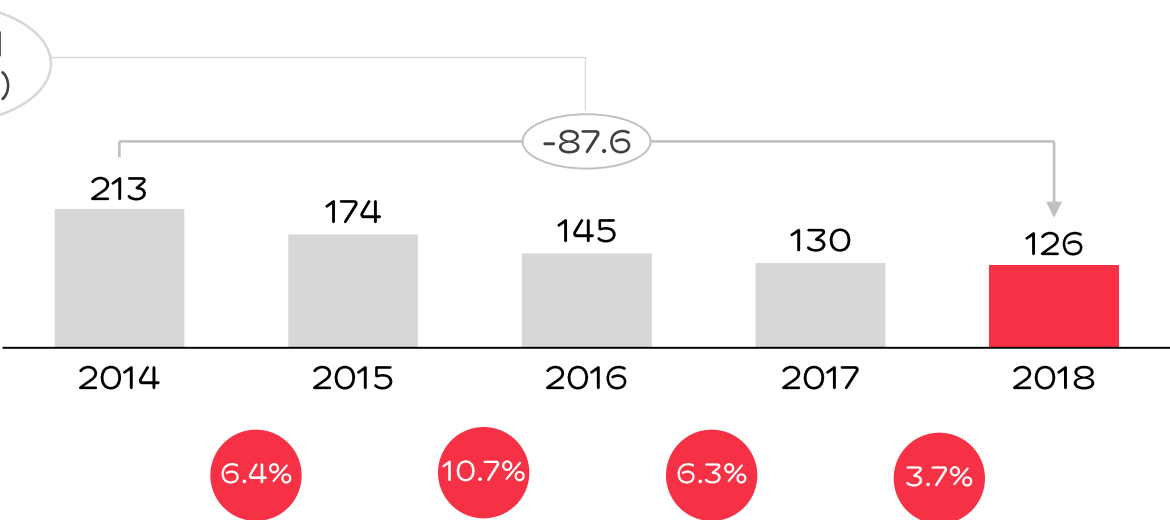
OPEX (inflation adjusted)¹

Excluding Ipueiras, Cachoeira, Pecem, EDP Soluções and Pantanal



OPEX (inflation adjusted)¹

Pecém (consol. 100%)



REDUCTION INITIATIVES

Efficiency

- Purchase negotiation
- Zero Based Budget initiatives
- Shared Services Centralization
- Execution optimization

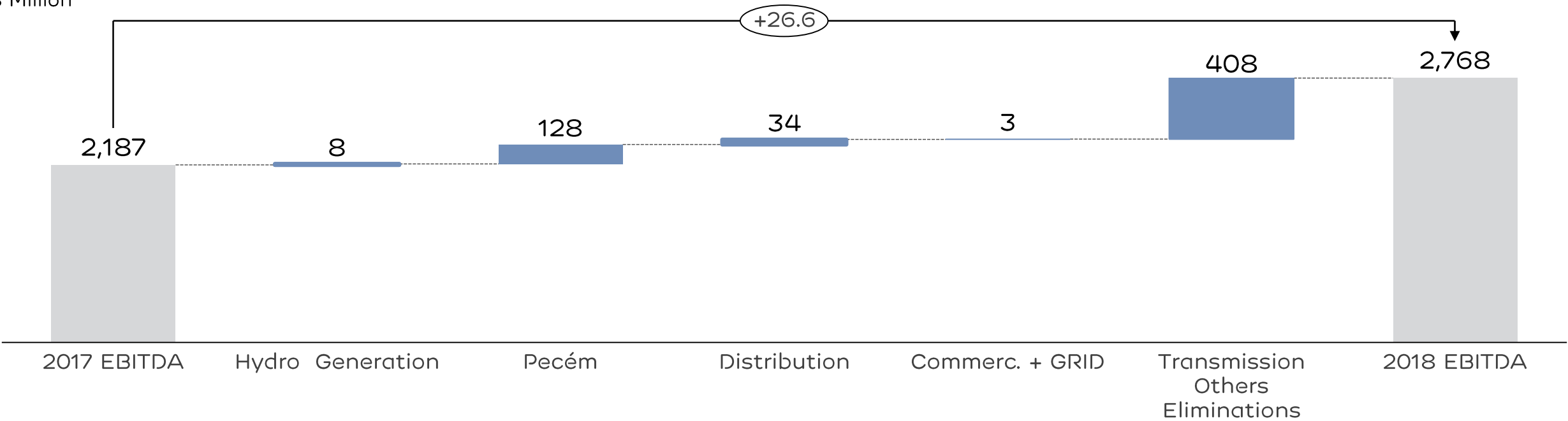
STRATEGIC PRIORITIZATION

Strategic Focus

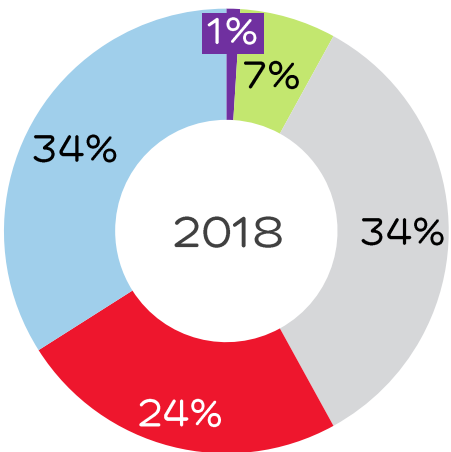
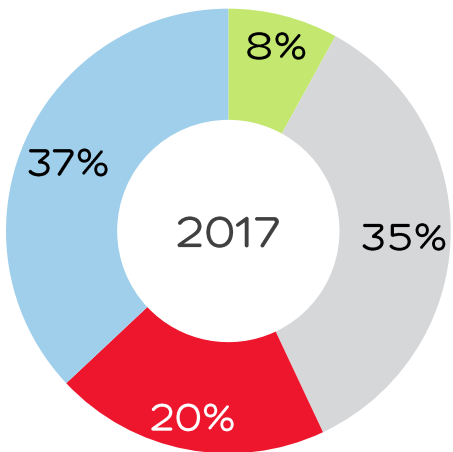
- Increase in safety budget
- Increase in actions against delinquency
- Intensify actions against fraud
- Increase maintenance of the electric system
- Investment in process improvement

¹ PMTO, excluding delinquency, contingencies and depreciation

R\$ Million



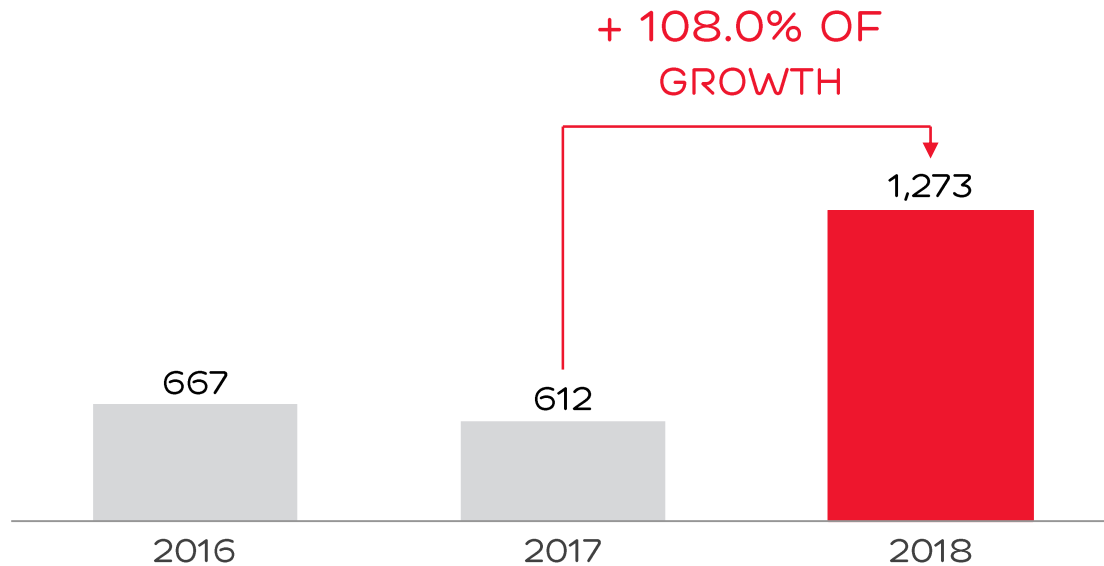
EBITDA by Segment¹:



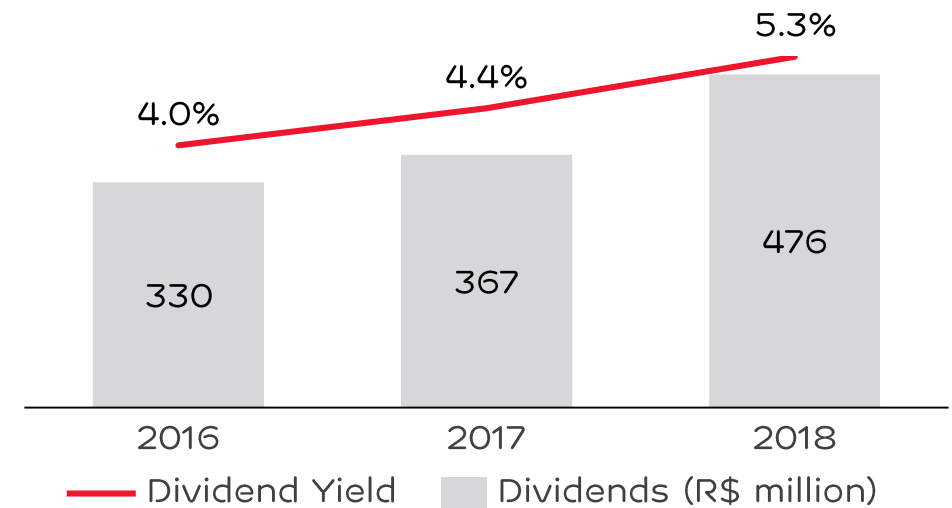
- Transmission
- Comerc. + GRID
- Distribution
- Thermal Generation
- Hydro Generation

1) Does not consider Holding Company and Eliminations

Net Income: R\$ 1,273 million



Dividends R\$ 476 million¹ Payout² of 51%

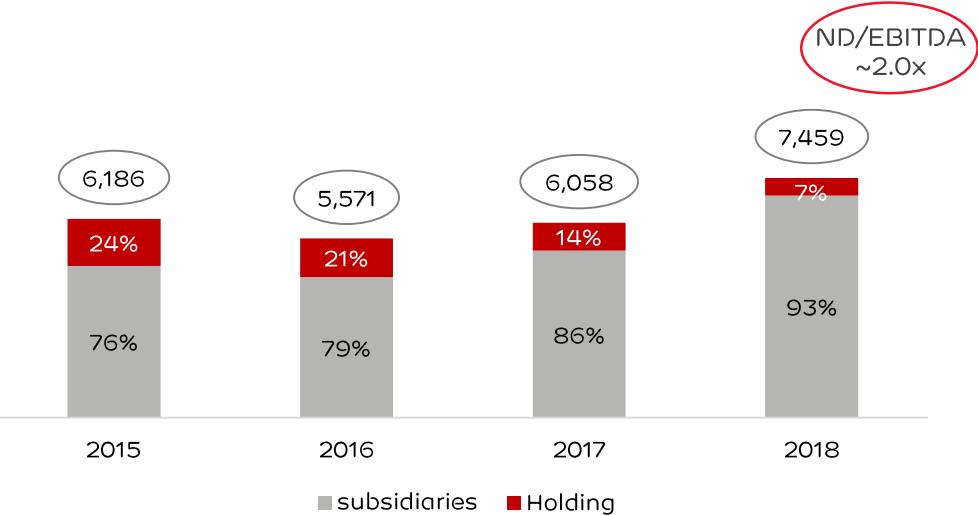


1) IOE of R\$ 439 million and additional dividends of R\$ 37.2 million

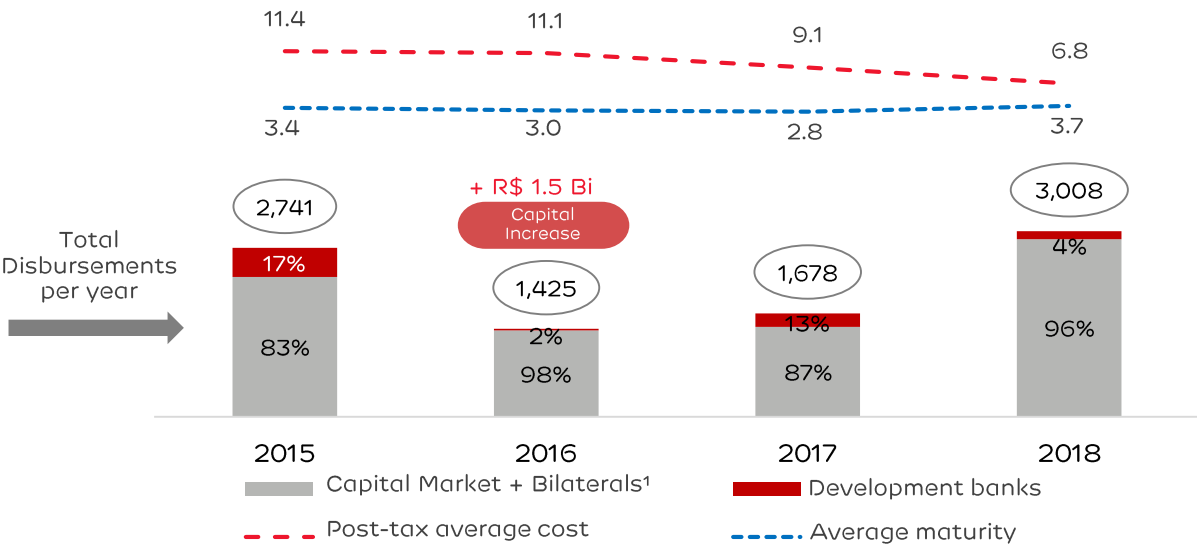
2) Based on Adjusted Net Income

Investment of R\$ 2.9 bi in 2019 and dividend yield of 5.3%

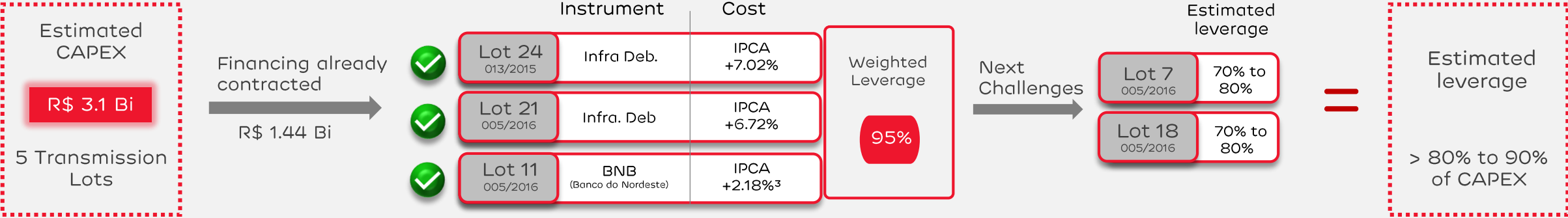
Trend in Gross Debt and Leverage



Trend in Average Term and Average Cost

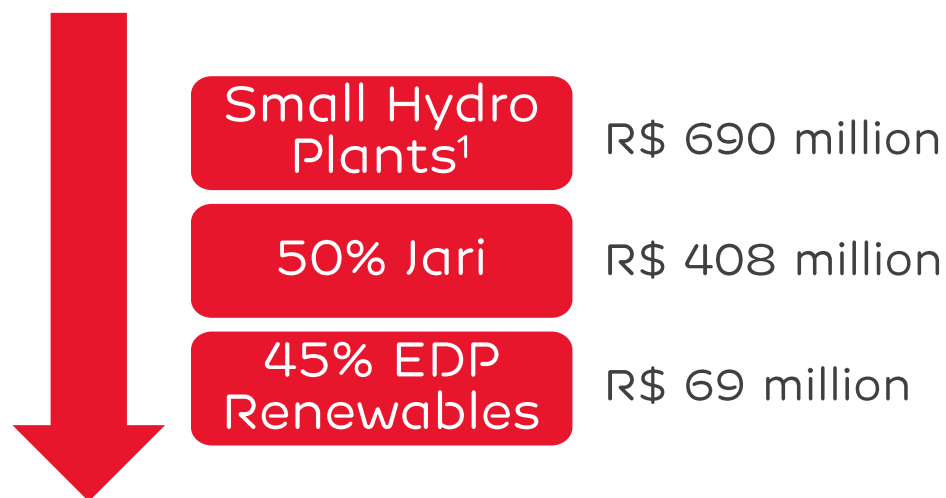


Financing Transmission

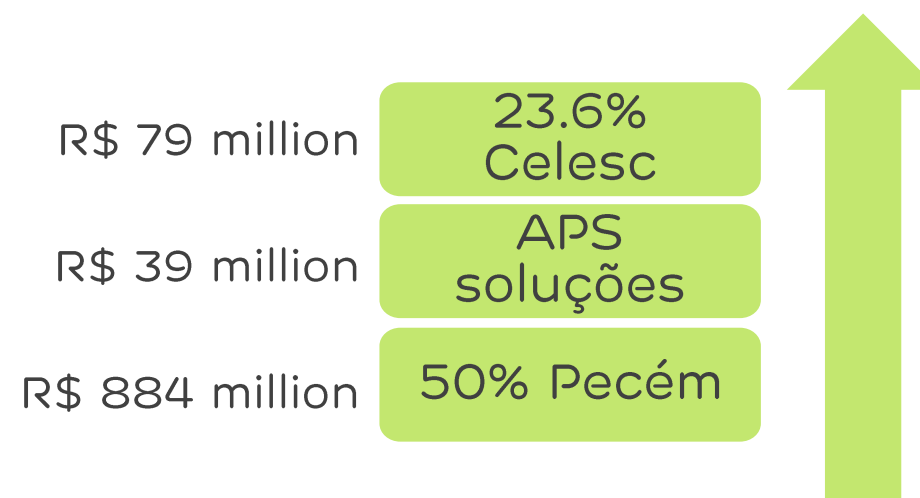


¹ Includes loans via Law 4131, CCBs and others. ² Weighted Average Cost, considering effective cash shield ³ Considers bonus for ontime payment

Divestments

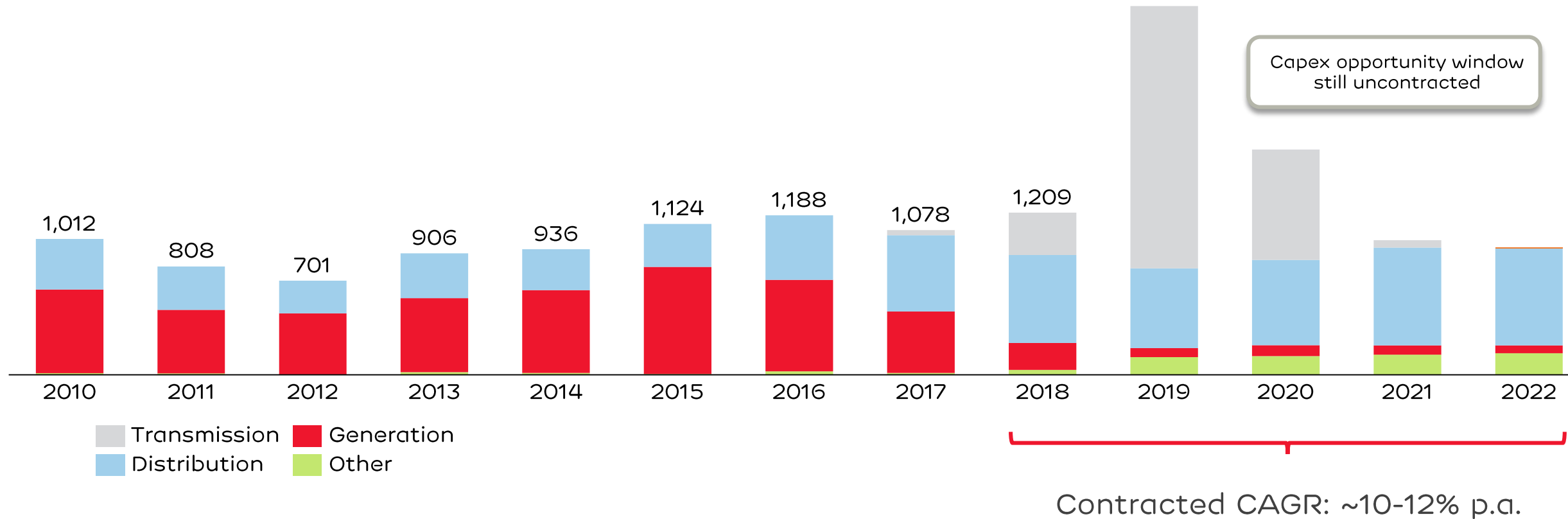


Investments








~R\$ 2.2 billion in value creation over last 5 years

(R\$ Million)



Commitment to attractive returns and leverage discipline


 Losses	 Delinquency	 Robotization	 Fatigue Monitor	 Field Workforce
Large volume data processing for loss to identify loss by behavior analysis	Implement risk model with automatic actions for consumers with overdue bills	Automation of 130 activities through RPA (Robotic Process Automation)	Fatigue monitor to prevent risks of work accidents	Productivity analysis for field teams with route optimization and profile analysis
Lower processing time for 1.6 million installations from 213 hours to 30 minutes	Reduction of R\$ 1 million/year in billing actions	Savings of R\$ 5.8 million/year	Gains: reduction of traffic accidents risks	Gains: reduced time and service costs
Gains: losses reduction	Gains: enhanced billing strategies and reduction of delinquency	Gains: automation of ~67,000 working hours		








Excellence Center


Electric Corridor


Start Ups


Smart Grids

**ROBOTIC PROCESS AUTOMATION**









Double-Digit Growth

- ✓ EPS and DPS growth locked in

Distinctive Execution

- ✓ Diversification to mitigate risk and benefit from economies of scope

De-risking

- ✓ Well positioned for current and future growth markets

Discipline

- ✓ Strong balance sheet to support growth

Driven by Technology

- ✓ Improving cost structure

- ✓ Management team with consistent track record of success

Solid growth and value creation platform

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