

Rio de Janeiro, February 17, 2020 – Today, Neoenergia informs its results for the fourth quarter and closing of the 2019 (4Q19 and 2019).



HIGHLIGHTS (R\$ MM)	4Q19	4Q18	Δ %	2019	2018	Δ %
Net Operating Revenue	7,216.2	6,643.6	8.6%	27,623.1	25,241.4	9.4%
Gross Margin	2,510.0	1,987.2	26.3%	9,163.6	7,857.0	16.6%
Operating Expenses (PMSO)	(894.5)	(834.6)	7.2%	(3,180.2)	(3,086.8)	3.0%
EBITDA	1,513.4	1,058.3	43.0%	5,719.4	4,552.1	25.6%
Financial Income	(367.9)	(324.0)	13.5%	(1,340.8)	(1,169.0)	14.7%
Income Assigned to Holding	618.4	353.2	75.1%	2,229.1	1,536.3	45.1%
Concession Financial Assets (VNR)	155.7	33.8	360.7%	555.6	428.6	29.6%
IFRS 15	193.7	25.6	656.6%	309.5	28.9	970.9%
FINANCIAL INDICATORS						
Captive Market (GWh)	11,574	11,283	2.6%	43,942	42,939	2.3%
Captive + Free Market (GWh)	15,496	14,849	4.4%	58,918	56,719	3.9%
Volume of energy injected (GWh)	17,772	17,009	4.5%	67,875	65,283	4.0%
Number of customers (thousand)	14,049	13,792	1.9%			



Debt Financial Indicators	2019	2018	Variation
Net Debt ⁽¹⁾ /EBITDA ⁽²⁾	3.00	3.49	(0.5)
EBITDA/Financial Income ⁽²⁾	4.27	3.89	0.4
Corporate Rating (S&P)	AAA	AAA	

⁽¹⁾ Cash and cash equivalents, financial investments and securities net debt

⁽²⁾ 12-month EBITDA and Financial Income



HIGHLIGHTS

4Q19

- 17,772 GWh of energy injected in 4Q19, amount 4.5% greater than in 4Q18;
- EBITDA of R\$ 1.5 billion in 4Q19, +43.0% vs. 4Q18;
- Operating Expenses of R\$895 million in 4Q19, +0.4% vs. 4Q18 disregarding R\$56.2 million of non-recurrent;
- Net Income of R\$ 618.4 million in 4Q19, 75.1% higher than 4Q18;
- Start of delivery of transmission lots:
 - Fernão Dias Substation – 14 months prior to Aneel deadline and 38% below regulatory CAPEX
 - Sobral Substation – 13 months prior to Aneel deadline and 33% below regulatory CAPEX.

2019

- 67,875 GWh of energy injected in 2019, 4.0% more than in 2018;
- EBITDA of R\$ 5.7 billion in 2019, +25,6% vs. 2018;
- Operating expenses of R\$ 3.2 billion in 2019, a drop of 0.0% disregarding non-recurrent of R\$ 94.9 million;
- Net Income of R\$ 2.2 billion in 2019, 45.1% in excess of 2018;
- Total actual CAPEX of R\$ 4.4 billion in 2019.

4Q19 TELECONFERENCE

Tuesday, February 18, 2020

Time: 10 a.m. (BRT) | 08 a.m. (EST)

(with simultaneous translation into English)

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Password: Neoenergia

Access to Webcast: <http://choruscall.com.br/neoenergia/4q19.htm>

NEOENERGIA S.A. DISCLOSES THE FOURTH QUARTER (4Q19) RESULTS AND THE 2019 FISCAL YEAR BASED ON MANAGERIAL ANALYSIS THAT THE MANAGEMENT UNDERSTANDS TO BEST REPRESENT THE COMPANY'S BUSINESS CONCILIATED WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS – IFRS.

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MESSAGE FROM THE MANAGEMENT

2019 was a very positive year for Neoenergia. In addition to attaining the best financial results in our history, with net income of R\$ 2.2 billion, we successfully launched the company's shares on B3, reaching an appreciation of almost 60% in 6 months. These achievements confirm our operational stability and reveal our strategy of profitable and sustainable businesses expansion, focused on generating renewable energy and developing transmission and distribution networks.

The Group's operating cash generation, as measured by EBITDA, exceeded R\$ 5.7 billion, a result 25.6% greater than in the previous year. Net income, on the other hand, showed an even more meaningful progression, an increase of 45.1% in the same period. We reiterated our commitment to the efficient management of operating expenses, which showed a track record 1.3% below inflation, matching market growth and further expanding our business. We also followed the deleveraging plan, reflected on the reduction of the "net debt/EBITDA" indicator by 15% throughout 2019, ending the year at 3.0x.

Maintaining our commitment to the development of the Brazilian electric energy sector, we invested R\$ 4.4 billion, an amount 15.7% greater than that committed in 2018, of which 89% were dedicated to networks and 7% to renewable energy generation.

In the network business, we witnessed a 4.0% growth in energy injected, mainly leveraged by Coelba's 6.1% growth. In 2019, we consolidated our commitment to continuously improving quality and reducing the average of the Equivalent Interruption Time – DEC of distributors by 1.7 hours, maintaining same controlled and within regulatory limits.

The loss index of the group's distributors remained stable throughout the year despite minor swings among the different companies of the Group. We also highlight the improvement in Elektro's tariff coverage (increase of 1.4%) as set in the 5th Periodic Tariff Review of that distributor.

The ABRADÉE Award acknowledged the performance of our distributors, whereby Elektro and Cosern were ranked as the two best concessionaires in Brazil, while Coelba and Celpe stood out for their improvement compared to performance in previous years.

On the transmission front, we continued with the expansion of our portfolio, and at the auction held in December 2019 we won lot 9, located in the west of Bahia, which will boost the supply of the region. Reiterating the commitment to efficiency in the construction and asset management, from December 2019 to January 2020, more than one year before the regulatory deadline, we concluded two lots sold at the April 2017 auction with investments significantly smaller than those estimated in the auction notice.

The year was also characterized by the expansion of our renewable generation capacity. In the first quarter of 2019, we completed the construction of the Baixo Iguaçu hydroelectric plant, with an installed capacity of 350 MW, and at the end of the year the Belo Monte plant reached its total generation capacity, 11,233 MW, concluding the construction process of the Plant.

Committed to fighting climate change and low carbon economy, we are expanding our wind generation capacity with the development of the Oitis wind complex in Piauí, a 566.5 MW wind farm and a new business model characterized by the trade of 96% of its energy on the free market. We also highlight the early start of the Chafariz complex construction works, in Paraíba. With the completion of these wind farms, Neoenergia will reach the mark of 90% of renewable capacity installed, an even cleaner profile than that of the Brazilian electrical matrix.

Due to our sustainable performance and the development of environmentally friendly projects, in 2019 we carried out the largest issuance of green debentures in the country, known as green bonds, totaling R\$ 1.3 billion, which added to the other sources of financing amount to R\$ 10 billion in funding in the year, between operations paid out and contracted. A large portion of these resources will be allocated to the expansion of renewable energy and networks business.

Engaged with the 2030 Agenda and the achievement of the UN Sustainable Development Goals (SDGs), we invest in the development of people, the local economy and the reduction of inequalities. In 2019, we completed the first

year of Neoenergia Institute consolidation, which brings together our initiatives to support social, cultural and environmental projects. Thus, by managing these projects, we have benefited more than 16 thousand people, cultural equipment, fauna and flora, initiatives that associated with the Volunteer program, contribute to the engagement of the entire organization with these commitments.

Another project worthy of mention is the School of Electricians, which has allowed us to make great social contribution in training people in the communities where we operate, and which expands the offer of professionals qualified to work in electric networks safely, with special emphasis on the first two schools of electricians exclusively for women in Bahia and Pernambuco.

We have an engaged team focused on operating excellence, aligned with Neoenergia's purpose and values to support these results. Therefore, since we believe that performance is driven by our talents, we invest in professional development. In 2019, we carried out 1,195 promotions, filled 77% of the job vacancies with internal recruitment and delivered more than 739 thousand hours of training.

Also emphasizing our values of integrity and responsibility, we were awarded for the third consecutive year by the Comptroller General of the Union (CGU) and Apex-Brasil the Pro-Ethics Seal, which is proof of our continuous commitment and our employees' dedication.

This trajectory of delivery and credibility are the levers that drove the success of our listing in B3, consequently increasing the value of the shares. We continue to receive a positive recommendation from analysts and the average daily volume of R\$ 67 million guarantees the liquidity of our stock.

Finally, we would like to thank for the effort, commitment and dedication of the entire Neoenergia team and the confidence of our shareholders who believe in our potential. We are sure that the Company's good results will not be limited to 2019. Based on a solid strategy of sustainable growth and a consistent and responsible performance, we will carry on creating value to all our stakeholders.

1. OPERATING PERFORMANCE









Neoenergia Group has three strategic segments as follows: (i) Networks – distribution and transmission; (ii) Renewables – wind and hydroelectric generation; and (iii) Liberalized – thermal generation and energy trade.

1.1. Networks

1.1.1. Distributors

1.1.1.1 Number of Consumers





The table below illustrates the number of active consumers at the end of 2019 in each distributor of Neoenergia Group. Compared to 2018, there has been an increase of 257 thousand consumers.





Number of Consumers (Thousand)	4Q19					4Q18				
	Consolidated	 COELBA	 CELPE	 COSERN	 ELEKTRO	Consolidated	 COELBA	 CELPE	 COSERN	 ELEKTRO
Residential	12,353	5,385	3,337	1,297	2,334	12,080	5,271	3,264	1,263	2,282
Industrial	41	14	5	1	21	42	14	5	1	22
Commercial	983	426	256	103	198	917	397	227	100	192
Rural	505	201	127	50	128	588	232	161	61	134
Other	167	80	33	25	29	164	79	33	24	29
Total	14,049	6,105	3,757	1,476	2,711	13,792	5,993	3,690	1,450	2,659

1.1.1.2. Market Evolution

The energy distributed (captive + free) by Neoenergia's Distributors in the 4Q9 was 15,496 GWh, an increase of 4.4% over the same period in 2018. In 2019, distributed energy reached 58,918 GWh, 3.9% in excess of the volume distributed in 2018, driven by higher temperatures, larger customer base and the beginning of the recovery of the economic activity.

The amounts of energy distributed by type of customer are displayed in the tables below (4Q19 and 2019):

	 COELBA			 CELPE			 COSERN			 ELEKTRO			CONSOLIDATED		
Energy Distributed - Captive Market (GWh)	4Q19	4Q18	%	4Q19	4Q18	%	4Q19	4Q18	%	4Q19	4Q18	%	4Q19	4Q18	%
Residential	1,931	1,840	5.0%	1,366	1,321	3.4%	573	558	2.7%	1,227	1,173	4.6%	5,097	4,892	4.2%
Industrial	368	395	(6.9%)	162	288	(43.7%)	77	84	(8.1%)	366	409	(10.5%)	973	1,176	(17.3%)
Commercial	900	873	3.1%	668	665	0.3%	253	257	(1.2%)	590	569	3.7%	2,412	2,364	2.0%
Rural	664	503	32.1%	205	196	4.5%	148	148	0.3%	297	249	19.3%	1,315	1,097	19.9%
Other	726	711	2.1%	479	467	2.7%	198	196	0.7%	374	381	(1.9%)	1,777	1,755	1.2%
Energy Distributed - Total Captive Market	4,590	4,322	6.2%	2,880	2,937	(1.9%)	1,250	1,243	0.6%	2,854	2,781	2.6%	11,574	11,283	2.6%
Free Market	1,044	935	11.7%	884	742	19.1%	271	273	(0.7%)	1,723	1,615	6.7%	3,922	3,566	10.0%
TOTAL (Captive+Free)	5,635	5,257	7.2%	3,764	3,679	2.3%	1,521	1,516	0.3%	4,577	4,396	4.1%	15,496	14,849	4.4%

	 COELBA			 CELPE			 COSERN			 ELEKTRO			CONSOLIDATED		
Energy Distributed - Captive Market (GWh)	2019	2018	%	2019	2018	%	2019	2018	%	2019	2018	%	2019	2018	%
Residential	7,326	7,025	4.3%	5,164	4,933	4.7%	2,229	2,155	3.4%	4,773	4,597	3.8%	19,493	18,710	4.2%
Industrial	1,435	1,576	(9.0%)	786	1,077	(27.1%)	297	317	(6.2%)	1,480	1,609	(8.0%)	3,997	4,578	(12.7%)
Commercial	3,404	3,299	3.2%	2,526	2,468	2.4%	987	978	1.0%	2,272	2,222	2.2%	9,190	8,967	2.5%
Rural	2,212	1,956	13.1%	686	672	2.1%	432	455	(4.9%)	1,080	1,027	5.1%	4,410	4,110	7.3%
Other	2,790	2,666	4.6%	1,847	1,751	5.5%	758	748	1.4%	1,457	1,410	3.4%	6,852	6,575	4.2%
Energy Distributed - Total Captive Market	17,166	16,522	3.9%	11,009	10,901	1.0%	4,704	4,651	1.1%	11,062	10,865	1.8%	43,942	42,939	2.3%
Free Market	4,062	3,610	12.5%	3,240	2,875	12.7%	1,078	1,047	3.0%	6,596	6,247	5.6%	14,977	13,780	8.7%
TOTAL (Captive+Free)	21,228	20,132	5.4%	14,249	13,776	3.4%	5,782	5,698	1.5%	17,659	17,112	3.2%	58,918	56,719	3.9%

Residential consumption increased in all distributors. The 4.2% growth, both in 4Q19 and in 2019, was driven by the increase in the customer base and the high temperatures recorded.

The captive industrial class movement, whose downturn was 17.3% in 4Q19 and 12.7% in 2019 compared to the same periods in 2018, was influenced by the migration of customers to the Free Contracting Environment (ACL). The analysis of the industrial class added to the free market presented growth of 3.2% in the quarter and 3.4% in the year, reflecting the resumption of economic growth in Neoenergia's concession areas.

The growth of the captive commercial class in 4Q19 was 2.0% compared to 4Q18, influenced by higher temperatures and greater commercial activity. In the year, growth was 2.5% compared to 2018 for the same reasons as in the quarter.

The rural class increased 19.9% in 4Q19 compared to the same period in 2018, and 7.3% in 2019 compared to 2018. The drier climate recorded during the year generated greater demand for irrigation.

The other classes showed growth of 1.2% in 4Q19 and 4.2% in the year compared to the same periods of 2018, mainly driven by the increase in Streetlights and Public Service units consumption.

1.1.1.3. Energy Balance

The energy injected (energy supplied to own customers + border concessionaires + free customers + losses) reached 17,772 GWh in 4Q19, a volume 4.49% larger than in 4Q18 due to higher temperatures, larger customer base and greater economic activity. In the year, the energy injected by Neoenergia Group's distributors grew by 3.97% compared to 2018, also driven by higher temperatures, larger customer base and greater economic activity, reaching 67,875 GWh.

ENERGY BALANCE (GWh)	4Q19	4Q18	4Q19 x 4Q18		2019	2018	2019 x 2018	
			Diff	%			Diff	%
CONSOLIDATED								
Captive Market	11,574	11,283	291	2.58%	43,942	42,939	1,003	2.34%
Captive Market + Supply	3,922	3,566	357	10.01%	14,977	13,780	1,197	8.69%
Energy Delivered (A)	15,496	14,849	648	4.36%	58,918	56,719	2,200	3.88%
Total Losses (B)	2,276	2,160	116	5.37%	8,956	8,564	392	4.58%
Energy Injected (C) = (A) + (B)	17,772	17,009	763	4.49%	67,875	65,283	2,592	3.97%
TL/ Energy Required % (B)/(C)	12.81%	12.70%	0.11 p.p.	-	13.20%	13.12%	0.08 p.p.	-




Captive Market	4,590	4,322	268	6.21%	17,166	16,522	644	3.90%
Captive Market + Supply	1,044	935	110	11.71%	4,062	3,610	452	12.51%
Energy Delivered (A)	5,635	5,257	378	7.19%	21,228	20,132	1,096	5.44%
Total Losses (B)	937	811	126	15.53%	3,833	3,484	349	10.02%
Energy Injected (C) = (A) + (B)	6,572	6,068	504	8.30%	25,061	23,616	1,445	6.12%
TL/ Energy Required % (B)/(C)	14.26%	13.37%	0.89 p.p.	-	15.29%	14.75%	0.54 p.p.	-



Captive Market	2,880	2,937	(57)	(1.94%)	11,009	10,901	108	0.99%
Captive Market + Supply	884	742	142	19.07%	3,240	2,875	365	12.68%
Energy Delivered (A)	3,764	3,679	85	2.30%	14,249	13,776	473	3.43%
Total Losses (B)	762	743	19	2.54%	2,990	2,887	102	3.55%
Energy Injected (C) = (A) + (B)	4,525	4,422	103	2.34%	17,239	16,664	575	3.45%
TL/ Energy Required % (B)/(C)	16.83%	16.80%	3.42%	0.00%	17.34%	17.33%	0.02 p.p.	0.00%







Captive Market	1,250	1,243	7	0.56%	4,704	4,651	53	1.14%
Captive Market + Supply	271	273	-2	-0.73%	1,078	1,047	32	3.03%
Energy Delivered (A)	1,521	1,516	5	0.33%	5,782	5,698	84	1.48%
Total Losses (B)	198	191	6	3.35%	643	632	11	1.76%
Energy Injected (C) = (A) + (B)	1,719	1,707	11	0.67%	6,425	6,329	96	1.51%
TL/ Energy Required % (B)/(C)	11.49%	11.20%	0.30 p.p.	-	10.00%	9.98%	0.02 p.p.	-

 ELEKTRO								
Captive Market	2,854	2,781	73	2.61%	11,062	10,865	198	1.82%
Captive Market + Supply	1,723	1,615	108	6.66%	6,596	6,247	349	5.58%
Energy Delivered (A)	4,577	4,396	180	4.10%	17,659	17,112	546	3.19%
Total Losses (B)	380	415	(35)	(8.53%)	1,491	1,562	(70)	(4.51%)
Energy Injected (C) = (A) + (B)	4,956	4,811	145	3.01%	19,150	18,674	476	2.55%
TL/ Energy Required % (B)/(C)	7.66%	8.62%	-0.97 p.p.	-	7.79%	8.36%	-0.58 p.p.	-

NOTE: The numbers in the Energy Balance reflect the quarter and therefore TL/Energy Required index will not be the same as the informed in the item 1.1.1.4, which shows the year-to-date percentage for the last 12 months.

1.1.1.4. Losses

Energy losses are monitored by the percentage index that calculates the ratio between energy injected and energy supplied/invoiced accumulated in the period of 12 months. Based on this methodology, the comparison of the 2018 and 2019 indices of Neoenergia group distributors are as follows:

DISTRIBUTORS	Losses							
	Technical Loss		Non-Technical Loss		Total Loss			
	2018	2019	2018	2019	2018	Aneel	2019	Aneel
 COELBA	11.07%	11.01%	3.68%	4.29%	14.75%	13.85%	15.29%	14.43%
 CELPE	8.30%	8.17%	9.03%	9.17%	17.33%	16.37%	17.34%	16.31%
 COSERN	8.42%	8.41%	1.56%	1.59%	9.98%	10.82%	10.00%	70.72%
 ELEKTRO	5.76%	5.85%	2.60%	1.94%	8.36%	6.57%	7.79%	6,6% (until Aug/19)
								8,03% (after Aug/19)

In Coelba, the 6.12% growth in injected energy - driven by higher temperatures and larger customer base - contributed to worsening the total loss rate from 14.75% in 2018 to 15.29% in 2019. It is important to note that the distance to the regulatory target decreased slightly.

In Celpe, the level of total losses remained practically stable, despite the 3.45% growth in injected energy for the year.

Cosern's total losses in 2019 remained basically at the same level as 2018, below the regulatory limit of 10.72%.

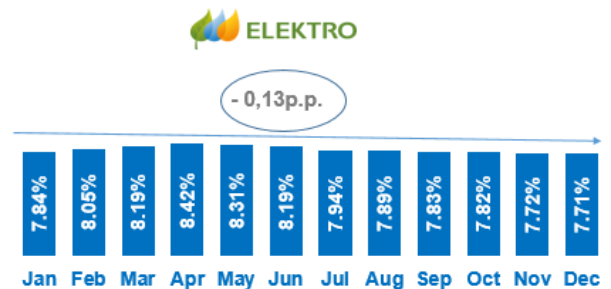
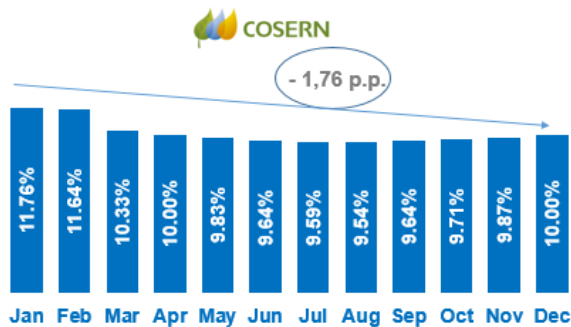
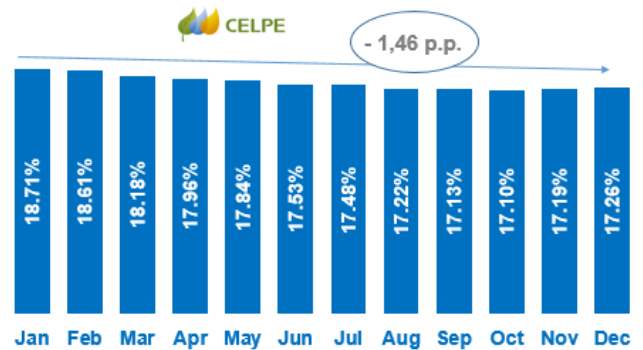
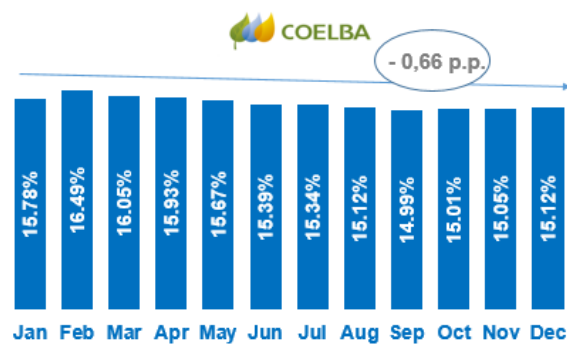
Elektro's Periodic Tariff Review (August/2019) increased the regulatory coverage of tariff losses from 6.6% to 8.03%. The level of losses ended the year at 7.79%, lower than in 2018 and below the new level contemplated in the tariff.

1.1.1.4.1. Actual Losses

Actual energy losses are tracked by the percentage index that calculates the ratio between the energy injected and the energy supplied/invoiced added to non-invoiced energy.

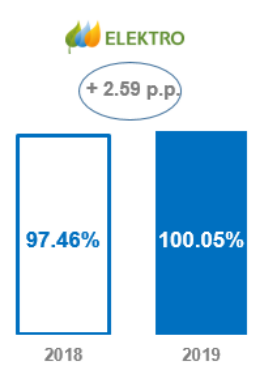
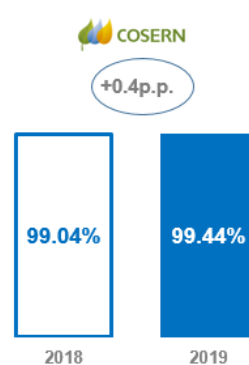
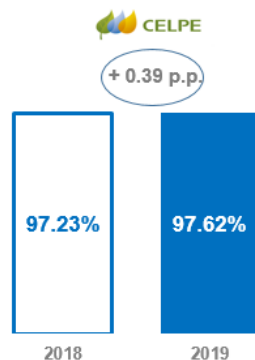
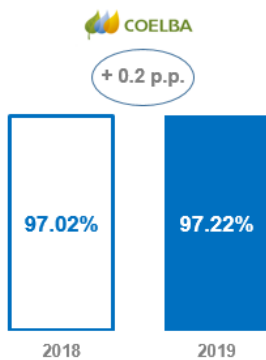
The charts below show the 2019 evolution of the actual loss index accumulated monthly in each distributor - reflecting the result of actions to fight energy losses.

Neoenergia has worked constantly and consistently to reduce its distributors' levels of losses throughout 2019, hence Cosern and Elektro are already below the levels anticipated in the tariff.







1.1.1.5. Collection and Default

The collection rate is impacted by customers' ability to pay and collection actions. The charts below show the results of 2019 compared to 2018, with better performance in all group's distributors.



Another measure of default is the relation between the amount accrued for Estimated Losses on Doubtful Receivables (PECLD) and the earnings accumulated (ROB) in the period under review.

PECLD/ ROB	4Q19	4Q18	Var.	2019	2018	Var.	Regulatory Limits
 COELBA	1.47%	0.79%	0.68 p.p.	1.13%	0.90%	0.23 p.p.	1.16%
 CELPE	1.99%	1.46%	0.53 p.p.	1.85%	1.75%	0.10 p.p.	1.40%
 COSERN	-0.25%	0.42%	-0.67 p.p.	0.18%	0.47%	-0.29 p.p.	0.40%
 ELEKTRO	1.54%	0.87%	0.67 p.p.	1.21%	0.81%	0.40 p.p.	0.38%

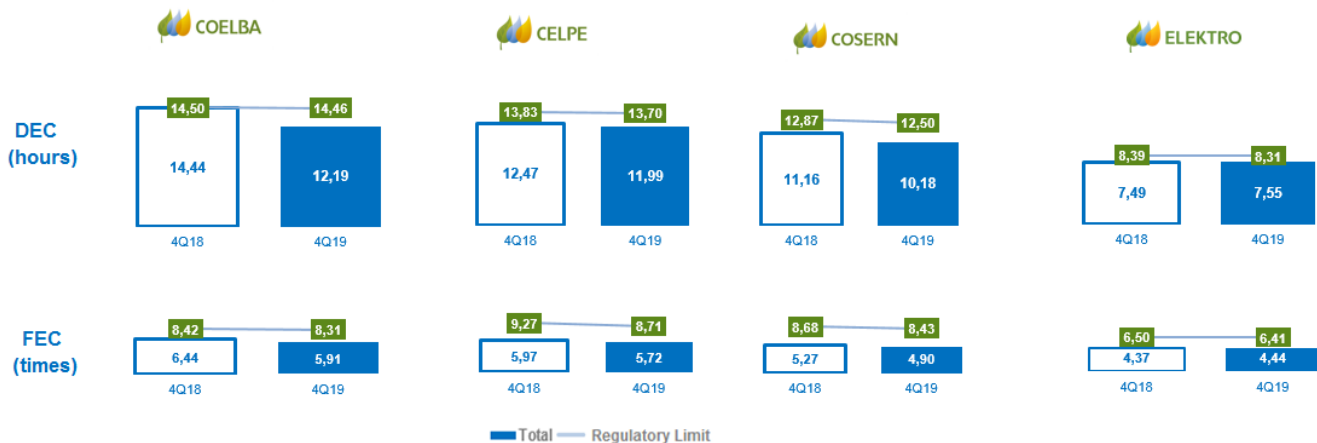
The increase in PECLD/ROB in Coelba, Celpe and Elektro compared to the previous year reflects the conservative stance of making greater provision in retroactive billings resulting from inspections in loss fighting actions and standardization of aging *criteria* among the distributors.

Exceptionally in Cosern, this ratio was -0.25% in the quarter and 0.18% in the year, less than the regulatory limit of 0.40%. Both in the quarter and in the year, it is worthy of notice that after negotiating and executing an agreement for payment a reversal of the provision for outstanding debts from a large customer was recorded.

1.1.1.6. DEC and FEC

The quality of energy supply is mainly verified by the indicators DEC – Equivalent Interruption Duration per Consumer and FEC – Equivalent Interruption Frequency per Consumer, which measure the failures in the distribution network.

All of Group's distributors are below the regulatory limit for both DEC and FEC, as shown in the charts below:



NOTE: Due to the fact that the deadline for calculating the quality indicators of December 2019 falls after the period of disclosure of this report, the data presented are estimated. The December 2018 indicators were adjusted for the final calculation.

1.1.2. Transmission Lines

In December 2019, three of Neoenergia Group transmission lines were in operation (Afluente T, Narandiba and Potiguar Sul).

Operational	State	Neoenergia Share	Start of Operation (ANEEL term)	Concession Expires
AFLUENTE T (489.1 Km long)				
Transmission Lines				
LT 230 KV Itagibá - Funil C-1 LT 230 KV Brumado II - Itagibá C-1 LT 230 KV Ford - Pólo C-2 LT 230 KV Pólo - Camaçari IV C-2 LT 230 KV Ford - Pólo C-1 LT 230 KV Pólo - Camaçari IV C-1 LT 230 KV Tomba - Governador Mangabeira C-1 LT 230 KV Tomba - Governador Mangabeira C-2 LT 138 KV Funil - Poções C-1	BA	87.80%	09/13/2009 09/13/2009 08/02/2009 01/19/2015 11/24/2009 01/18/2015 01/31/2016 12/31/1990 05/01/1993	08/08/2027
Substations Basic Grid				
Tomba Brumado II - 230/69kV Itagibá	BA	87.80%	12/31/1990 12/11/2002 09/13/2009	08/08/2027
SE NARANDIBA				
Substations Basic Grid				
Subestação de Narandiba Subestação Brumado II - 230/138kV Subestação Extremoz II - 230/69kV	BA RN	100%	06/06/2011 09/21/2014 07/04/2015	01/28/2039 08/28/2042 05/10/2042
POTIGUAR SUL (196.1 Km long)				
Transmission Lines				
LT 500 KV Campina Grande III - Ceará-Mirim II-C2	RN / PB	100%	11/07/2016	08/01/2043

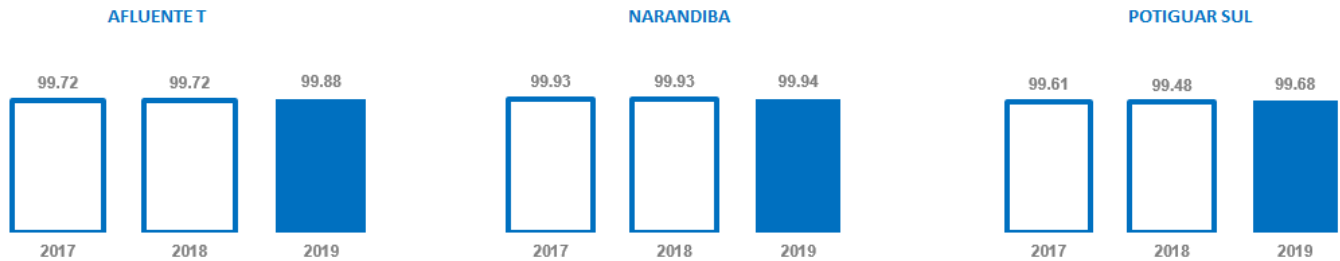
In addition to the aforementioned assets, in December 2019, Neoenergia completed - 14 months ahead of Aneel Contractual deadline (February 2021) - the construction of the Fernão Dias Substation, referring to lot 20 of auction No. 05/2016 of April 2017 (Neoenergia Atibaia Transmissão de Energia S.A.). Capital expenditures – CAPEX of the Project located in the state of São Paulo were 38% lower than the R\$ 141 million investment originally estimated by Aneel, and included part of the financing from the green debentures issued by Neoenergia in the first half of 2019, of R\$ 1,3 billion, in two series, one for 10 years (IPCA + 4.07%) and the other for 14 years (IPCA + 4.22%).

In January 2020, Neoenergia Sobral Transmissão de Energia S.A. (SE 500/230 kV Sobral III - 500 kV Static Compensator) located in the state of Ceará, was concluded 13 months ahead of Aneel Contractual Term (February 2021). The actual CAPEX of the project, which refers to Lot 27 of transmission auction 05/2016 of April 2017, were 33% smaller than the R\$ 117 million investment originally estimated by Aneel. The project was financed by BNB, with a term 20 years at the cost of IPCA + 2.19%.

Concluded	State	Neoenergia Share	Start of Operation (ANEEL term)	Concession Expires
Neoenergia Atibaia Transmissão de Energia S.A.				
Substations Basic Grid				
SE Fernão Dias (SHARED)	SP	100%	02/11/2021	08/11/2047
Neoenergia Sobral Transmissão de Energia S.A.				
Substations Basic Grid				
SE Sobral III (SHARED)	CE	100%	02/11/2021	08/11/2047

1.1.2.1. Line Availability Rate

The limit established by the National System Operator (ONS) stipulates availability between 95% and 98% as normal. This indicator guides the quality of service assessed by ANEEL by means of the availability of the transmission system. In the past three years, the group's transmission lines have been available above the upper limit defined by ONS.



1.1.2.2. Environmental Licenses and Evolution of Transmission Lines Construction

Physical Progress Transmission Projects			RAP R\$	LICENSES		
				LP	LI	LO
Apr/2017 Auction	Lot 4	46%	66	✓	✓	▲
	Lot 20	100%	13	✓	✓	✓
	Lot 22	92%	13	✓	✓	●
Dec/2017 Auction	Lot 27	100%	12	✓	✓	✓
	Lot 4	9%	126	✓	✓	▲
Dec/2018 Auction	Lot 6	8%	57	●	●	▲
	Lot 2	3%	117	●	▲	▲
	Lot 3	3%	69	●	▲	▲
	Lot 1	2%	194	●	▲	▲
Dec/2019 Auction	Lot 14	4%	121	●	●	▲
	Lot 9	0%	18	▲	▲	▲

Concluded	✓
In Progress	●
To be started	▲

LP = Preliminary License
LI = Installation License
LO = Operating License

NOTE: Evolution as of January 31, 2020.

The construction projects for the transmission lots purchased in the auctions of April/17, December/17 and December/18 continue with significant progress, confirming the schedule anticipated by Neoenergia.

April/2017 Auction

- Lot 20 (Neoenergia Atibaia Transmissão de Energia S.A.) – concluded;
- Lot 27 (Neoenergia Sobral Transmissão de Energia S.A.) – concluded;
- Lot 4 (Neoenergia Dourados Transmissão de Energia S.A.) – Installation License granted; erection of towers, laying of cables and construction works of substation started;
- Lot 22 (Neoenergia Biguaçu Transmissão de Energia S.A.) – nearing completion.

December/2017 Auction

- Lot 4 (Neoenergia Jalapão Transmissão de Energia S.A.) – Installation License granted;
- Lot 6 (Neoenergia Santa Luzia Transmissão de Energia S.A.) – Installation License for Santa Luzia II - Campina Grande III section (124.2 km long) granted;

December/2018 Auction:

- Lot 1 (Neoenergia Vale do Itajaí Transmissão de Energia S.A), Lot 2 (Neoenergia Guanabara Transmissão de Energia S.A.) and Lot 3 (Neoenergia Itabapoana Transmissão de Energia S.A.) – Primary Licenses (LP) in progress;

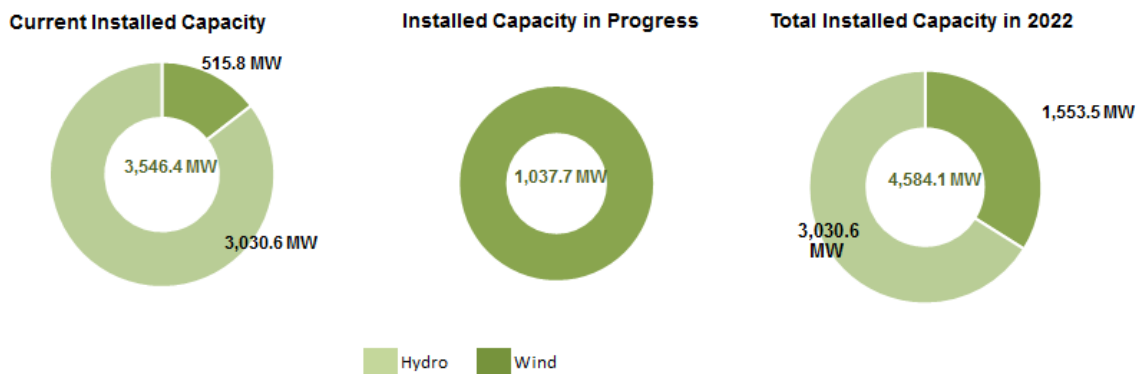
- Lot 14 (Neoenergia Lagoa dos Patos Transmissão de Energia S.A.) – Installation License for the two substations (SE Marmeleiros-2 and SE Livramento-3) granted.

December/2019 Auction:

Neoenergia purchased lot 9, located in Bahia, which comprises 1 transmission line of 210 km and two substations. The CAPEX estimated by ANEEL for the project is R\$ 303 million. The Annual Permitted Revenue (RAP) of the new projects totals R\$ 18 million

1.2. Renewables

Neoenergia Group operates in the renewable energy sector in two fronts: wind and hydro. The assets in operation and under construction amount to 44 wind farms and 7 hydroelectric plants



1.2.1. Wind Farms

In 2019, the Company operated in the renewable generation segment with 17 wind farms with installed capacity of 515.8 MW: Arizona I; Caetité I, II and III; Calango I, II, III, IV, V and VI; Mel II; Santana I and II; Canoas; Lagoa I and II; and Rio do Fogo.

The Company has two complexes under construction: Chafariz, located in Paraíba (15 farms with capacity of 471.2 MW) and Oitis, in Piauí and Bahia (12 farms with capacity of 566.5 MW).

In 2022, the portfolio of wind assets will total 1.6 GW, of which 51% will be traded in the Regulated Contracting Environment (ACR) and 49% in the Free Contracting Environment (ACL), in line with the positioning strategy in the deregulation of the Brazilian energy market.

Wind Farms in Operation	Neoenergia Share (Direct and Indirect)	State	Location	Installed Capacity (MW)	Assured Energy (MW)	Concession Date	
						Authorized	Expires
EOL Caetité 1	100%	BA	Caetité	30.00	13.00	10/29/2012	10/28/2042
EOL Caetité 2	100%	BA	Caetité	30.00	14.7	02/07/2011	02/06/2046
EOL Caetité 3	100%	BA	Caetité	30.00	11.2	02/24/2011	02/23/2046
EOL Calango 1	100%	RN	Bodó and Santana do Mato	30.00	13.9	04/28/2011	04/27/2046
EOL Calango 3	100%	RN	Bodó, Santana do Mato and Lagoa Nova	30.00	13.9	05/30/2011	05/29/2046
EOL Rio do Fogo (ENERB)	100%	RN	Rio do Fogo	49.30	17.9	12/19/2001	12/18/2031
EOL Arizona 1	100%	RN	Rio do Fogo	28.00	12.9	03/04/2011	03/03/2046
EOL Mel 2	100%	RN	Areia Branca	20.00	8.8	02/28/2011	02/27/2046
EOL Calango 6	100%	RN	Bodó e Cerro Corá	30.00	18.5	11/20/2014	11/19/2049
EOL Santana 1	100%	RN	Bodó, Lagoa Nova and Cerro Corá	30.00	17.3	11/14/2014	11/13/2049
EOL Santana 2	100%	RN	Bodó and Lagoa Nova	24.00	13.1	11/14/2014	11/13/2049
EOL Calango 2	100%	RN	Bodó	30.00	12.8	05/09/2011	05/08/2046
EOL Calango 4	100%	RN	Bodó	30.00	12.8	05/19/2011	05/18/2046
EOL Calango 5	100%	RN	Bodó	30.00	13.7	06/02/2011	06/01/2046
EOL Canoas	100%	PB	São José do Sabugi and Junco do Seridó	31.50	17.7	08/04/2015	08/03/2050
EOL Lagoa 2	100%	PB	São José do Sabugi and Santa Luzia	31.50	17.5	08/04/2015	08/03/2050
EOL Lagoa 1	100%	PB	São José do Sabugi and Santa Luzia	31.50	18.7	08/04/2015	08/03/2050

In 4Q19 the amount of wind energy generated was 576 GWh, 4.24% more than the volume generated in the same period of the previous year. The availability of the farms was as scheduled (above 97%) in 4Q19. In the year, the wind resource was occasionally below the historical average.

1.2.1.1. Progress of Wind Farms Construction

Physical Progress Wind Farms	LICENSES		
	LP	LI	LO
Chafariz Complex	✓	✓	▲
Oitis Complex	✓	●	▲
Concluded	✓		
In progress	●		
To be started	▲		

LP = Preliminary License
LI = Installation License
LO = Operating License

All wind farms of the Chafariz complex have already obtained an installation and grant license; the works started ahead of schedule.

The wind farms of the Oitis Complex are in line with the Business Plan.

1.2.2. Hydroelectric Plants

Neoenergia has a stake in 7 hydroelectric plants: Itapebi, Corumbá, Baguari, Dardanelos, Teles Pires, Baixo Iguaçu and Belo Monte. In 4Q19, worthy of highlight is that Belo Monte became fully operational.

Hydro in Operation	Neoenergia Share (Direct or Indirect)	State	Location	Installed Capacity (MW)	Assured Energy (MW)	Concession Date	
						Authorized	Expires
UHE Itapebi	100%	BA	Rio Jequitinhonha	462.01	209.1	05/28/1999	08/31/2035
UHE Corumbá III	70%	GO	Rio Corumbá	96.45	49.3	11/07/2001	02/14/2037
UHE Baguari I	51%	MG	Rio Doce	140.00	84.7	08/15/2006	12/31/2039
UHE Dardanelos - Águasda	51%	MT	Rio Aripuanã	261.00	154.9	07/03/2007	01/02/2043
Teles Pires	51%	MT / PA	Rio Teles Pires	1,819.80	930.7	06/07/2011	06/06/2046
Belo Monte	10%	PA	Rio Xingu	11,233.10	4571	08/26/2010	08/25/2045
Baixo Iguaçu - Geração Céu	70%	PR	Rio Iguaçu	350.20	172.4	08/20/2012	10/30/2049

1.3. Liberalized

1.3.1. Termopernambuco

Termopernambuco is a thermal plant participating in the PPT (Thermal Priority Program). It has PPAs with Coelba (65MW) and Celpe (390MW) effective until 2024, which guarantee the plant's revenue. It has an installed capacity of 533 MW and assured energy of 504MW and its authorization to operate expires in 2030.

In 4Q19, Termopernambuco had a 1-day maintenance shutdown, while in 4Q18 the plant shut down for 54 days due to the lack of gas supply. In the year, generation was lower due to restrictions in the dispatch by ONS and the lack of gas supply (1H19), whose effects on the Company's results were minimized by the purchase of energy at prices lower than the variable cost per unit to meet sales contracts.

2. ECONOMIC-FINANCIAL PERFORMANCE

2.1. Consolidated

DRE CONSOLIDATED (R\$ MM)	4Q19	4Q18	Variation		2019	2018	Variation	
			R\$	%			R\$	%
Net Operating Revenue ⁽¹⁾	7,216.2	6,643.6	572.6	8.6%	27,623.1	25,241.4	2,381.7	9.4%
Energy Costs ⁽²⁾	(4,861.8)	(4,690.1)	(171.8)	3.7%	(19,015.2)	(17,813.1)	(1,202.1)	6.7%
Gross Margin w/o VNR	2,354.4	1,953.5	400.9	20.5%	8,608.0	7,428.4	1,179.6	15.9%
Concession Financial Assets (VNR)	155.7	33.8	121.9	358.8%	555.6	428.6	127.0	29.6%
GROSS MARGIN	2,510.0	1,987.2	522.8	26.3%	9,163.6	7,857.0	1,306.6	16.6%
Operating Expenses (PMSO)	(894.5)	(834.6)	(59.8)	7.1%	(3,180.2)	(3,086.8)	(93.5)	3.0%
PECLD	(108.0)	(69.5)	(38.4)	54.3%	(331.7)	(274.4)	(57.3)	21.2%
(+) Equity Accounting	5.8	(24.8)	30.6	-124.0%	67.8	56.3	11.5	21.4%
EBITDA	1,513.4	1,058.3	455.1	43.0%	5,719.4	4,552.1	1,167.3	25.6%
Depreciation	(359.6)	(320.8)	(38.8)	12.1%	(1,446.2)	(1,282.2)	(164.0)	12.8%
Financial Income	(367.9)	(324.0)	(43.9)	13.6%	(1,340.8)	(1,169.0)	(171.8)	14.7%
IR/CS	(143.2)	(48.6)	(94.6)	191.8%	(623.1)	(507.0)	(116.1)	22.9%
Minority	(24.3)	(11.6)	(12.6)	100.0%	(80.2)	(57.6)	(22.6)	37.9%
NET INCOME	618.4	353.2	265.2	75.1%	2,229.1	1,536.3	692.8	45.1%

⁽¹⁾ Considers Construction Revenue

⁽²⁾ Considers Construction Costs

As provided in Technical Guideline CPC 08, the recording and measurement of the variations between non-manageable costs actually incurred in relation to the tariffs approved should always be recorded in the Operating Revenue line as Amounts Receivable/Returnable from Parcel A and Other Financial Items. Considering that much of Parcel A is recorded as energy cost, the isolated analysis of revenue and cost variations may lead to distortions in the interpretation of results for the period. Accordingly, the Company believes it is more appropriate to explain the variations in the result by the Gross Margin.

Neoenergia presented Gross Margin of R\$ 2,510.0 million in 4Q19 (+26.3% vs. 4Q18), driven by its distributors, which grew +4.4% in energy distributed compared to 4Q18 (larger customer base, higher temperatures and the beginning of the resumption of economic activity), as well as the adjustment to the Concession Financial Assets (+R\$ 121.9 million vs. 4Q18), due to higher IPCA in 4Q19 compared to 4Q18 (+1.38 p.p.) and the application of IFRS 15 on transmission business, which impacted the quarter by R\$ 168.1 million when compared to 4Q18.

In the year, the Margin reached R\$ 9,163.6 million (+16.6% vs. 2018), also driven by the increase in the customer base, higher temperatures and the resumption of economic activity – reflected in the increase of energy distributed by 3.9% vs. 2018 –, as well as by Coelba and Cosern's tariff reviews as of April 2018; by the annual readjustments that took place in 2019, by Elektro's tariff review as of August 2019 and by the adjustment to the distributors' Concession Financial Assets (+R\$ 127.0 million vs. 2018), higher IPCA in 2019 compared to 2018 (+0.56 p.p.) and the impact of application of IFRS 15 on transmission assets under construction (+R\$ 280,6 million vs. 2018).

Neoenergia's Operating Expenses amounted to R\$ 894.5 million in 4Q19. In the year, expenses amounted to R\$ 3,180.2 million, a variation of R\$ 93.4 million in excess of 2018. It is worth mentioning that, even with a larger customer base (+257 thousand vs. 2018), the increase in Expenses for the year (+3.0% vs. 2018) remained below the IPCA for 2019 (4.31%).

It is important to emphasize the following non-recurrent expenses for 4Q19: one-off adjustment to the forecast of Elektro's legal portfolio (R\$28.7 million), one-off overlapping expenses with electricians' insourcing in the distributors (R\$ 14.9 million) and final IPO expenses (R\$ 12.6 million). Disregarding these impacts, expenses in 4Q19 vs. 4Q18 increased by 0.4%. In the same way, non-recurring expenses in the year were: adjustment to the forecast of the legal portfolio at Elektro (R\$ 39.6 million), overlapping expenses with the insourcing of electricians in the distributors (R\$ 14.9 million) and final expenses related to the IPO (R\$ 40.4 million); without these effects, expenses from 2018 to 2019 would have decreased by -0.04%.

In 2019, Neoenergia unified the Healthcare Plans of the entire Group and, in the specific case of Coelba, this move allowed the reduction of actuarial liabilities in the order of R\$ 124.9 million (impact on the Balance Sheet).

PECLD recorded R\$ 108.0 million in 4Q19 (+55.4% vs. 4Q18), reflecting the conservative stance of making greater provisioning in retroactive billings resulting from anti-loss inspection actions and standardization of aging criteria. In the accumulated index, the increase noted was R\$ 57.3 million (+20.9% vs. 2018), for the same reasons.

It should be added that in the quarter there was a positive impact of R\$ 5.8 million in equity accounting, (+R\$ 30.6 million vs. 4Q18). In the year, the variation was R\$ 11.5 million (+20.4% vs. 2018), mainly impacted by better results in Teles Pires arising from the settlement of its free energy at a low PLD in the North, which mitigated Belo Monte's losses.

As a result of the aforementioned effects, EBITDA ended 4Q19 at R\$ 1,513.4 million (+43.0% vs. 4Q18). In the year, EBITDA reached R\$ 5,719.4 million, 25.6% greater than in 2018. Of this EBITDA, R\$ 309.5 million are a result of the application of IFRS 15.

Neoenergia recorded a Net Income of R\$ 618.4 million in 4Q19 (+75.1% vs. 4Q18) and R\$ 2,229.1 million in 2019 (+45.1% vs. 2018).

2.2. Networks

The result of the Networks segment includes the performance of both distributors and transmission assets.

DRE NETWORKS (R\$ MM)	4Q19	4Q18	Variation		2019	2018	Variation	
			R\$	%			R\$	%
Gross margin	6,772.8	6,001.1	771.7	12.9%	25,903.1	23,020.6	2,882.5	12.5%
Energy Costs	(4,721.7)	(4,356.6)	(365.1)	8.4%	(18,460.5)	(16,919.4)	(1,541.1)	9.1%
Gross margin without VNR	2,051.2	1,644.5	406.7	24.7%	7,442.6	6,101.2	1,341.4	22.0%
Concession Financial Asset (VNR)	155.7	33.8	121.9	360.7%	555.6	428.6	127.0	29.6%
Gross Margin	2,206.8	1,678.2	528.6	31.5%	7,998.2	6,529.8	1,468.4	22.5%
Operating Expense (PMSO)	(702.1)	(645.6)	(56.5)	8.8%	(2,624.5)	(2,534.2)	(90.3)	3.6%
PECLD	(109.1)	(61.0)	(48.1)	78.9%	(348.4)	(265.4)	(83.0)	31.3%
EBITDA	1,395.6	971.6	424.0	43.6%	5,025.3	3,730.2	1,295.1	34.7%
Depreciation	(276.0)	(234.5)	(41.5)	17.7%	(1,062.7)	(925.0)	(137.7)	14.9%
Financial Income	(286.8)	(247.4)	(39.4)	15.9%	(1,149.5)	(908.6)	(240.9)	26.5%
IR CS	(146.7)	(61.7)	(85.0)	137.8%	(573.4)	(417.6)	(155.8)	37.3%
NET INCOME	686.2	428.0	258.2	60.3%	2,239.7	1,479.1	760.6	51.4%

In 4Q19, the Networks segment consolidated a Gross Margin of R\$ 2,206.8 million (+31.5% vs. 4Q18), driven by the distributors' results, which represent 90.8% of the segment.

The expansion in 4Q19 compared to 4Q18 is due to the increase in customer base, higher temperatures and the beginning of the recovery of the economic activity - reflected in the greater volume of energy distributed (+4.4% vs. 4Q18) - driven by the adjustment to the Concession Financial Assets (+R\$ 62.7 million in Coelba, +R\$ 17.1 million in Celpe, +R\$ 14.4 million in Cosern and +R\$ 27.7 million in Elektro), impacted by the higher IPCA in 4Q19 compared to 4Q18 (+1.38 p.p.) and the application of IFRS 15 to transmission (R\$ 168.1.0 million).

In the year, Gross Margin reached R\$ 7,998.2 million (+22.5% vs. 2018). In addition to the increase in customer base, higher temperatures and the beginning of the recovery of the economy, which generated a greater volume of distributed energy (+3.9% vs. 2018), other events are worthy of mention: (i) the tariff reviews of Coelba and Cosern as from April 2018; (ii) the 2019 annual adjustments; and (iii) the tariff review of Elektro as of August 2019. The application of IFRS 15 in transmission assets under construction also contributed with an increase of R\$ 280.6 million when compared to 2018.

As regards the Operating Expenses of the segment, the 4Q19 showed a one-off growth (+8.8% vs. 4Q18) explained by the intensification of collection efforts, billing and the maintenance of Coelba's network. In the year,

the increase was 3.6% vs. 2018, thus absorbing much of the inflationary pressure and the increase in the customer base, demonstrating cost discipline and efficiency gains.

It is important to note that in 4Q19 the following non-recurring expenses occurred: one-off adjustment of the forecast of the legal portfolio at Elektro (R\$ 28.7 million) and one-off overlapping expenses with insourcing of electricians at the distributors (R\$ 14.9 million). Disregarding these impacts, expenses in 4Q19 vs. 4Q18 increased by 2.0%. In the same way, non-recurring expenses in the year were: adjustment of the forecast of Elektro's legal portfolio (R\$ 39.6 million) and the occasional overlap of expenses with insourcing of electricians in the distributors (R\$ 14.9 million). Without these effects the increase in expenses from 2018 to 2019 would have been 1.4%.

In 4Q19, Provisions for Estimated Losses on Doubtful Receivables (PECLD) amounted to R\$ 109.1 million, an increase of R\$ 48.1 million compared to the same period in 2018, reflecting the conservative stance of making greater provisioning in retroactive billing resulting from inspection actions to fight losses and standardization of aging criteria. In the year, the increase was 31.3% compared to 2018.

As a result of the aforementioned variations, EBITDA ended 4Q19 at R\$ 1,395.6 million (+43.6% vs. 4Q18). In 2019, EBITDA reached R\$ 5,025.3 million (+34.7% vs. 2018).

The Networks segment recorded a Net Income of R\$ 686.2 million in 4Q19 (+60.3% vs. 4Q18) and R\$ 2,239.7 million in 2019 (+51.4% vs. 2018).

2.2.1.1. COELBA

DRE COELBA (R\$ MM)	4Q19	4Q18	Variation		2019	2018	Variation	
			R\$	%			R\$	%
Net revenue	810.0	700.0	110.0	15.7%	3,210.0	2,598.8	611.2	23.5%
Concession Financial Asset (VNR)	81.5	18.8	62.7	333.5%	209.6	234.6	(25.0)	(10.7%)
Gross Margin	891.5	718.8	172.7	24.0%	3,419.6	2,833.5	586.1	20.7%
Operating Expense (PMSO)	(315.7)	(288.3)	(27.4)	9.5%	(1,157.1)	(1,179.3)	22.2	(1.9%)
PECLD	(45.1)	(20.4)	(24.7)	121.1%	(124.8)	(86.1)	(38.7)	44.9%
EBITDA	530.7	410.2	120.5	29.4%	2,137.6	1,568.1	569.5	36.3%
Depreciation	(131.0)	(107.1)	(23.9)	22.3%	(492.6)	(421.0)	(71.6)	17.0%
Financial Income	(110.5)	(118.9)	8.4	(7.1%)	(481.9)	(387.0)	(94.9)	24.5%
IR CS	(13.7)	(4.8)	(8.9)	185.4%	(153.6)	(121.5)	(32.1)	26.4%
NET INCOME	275.5	179.4	96.1	53.6%	1,009.5	638.6	370.9	58.1%

Coelba ended 4Q19 with a Gross Margin of R\$ 891.5 million, an increase of 24.0% over 4Q18 driven by the expansion of the customer base, higher temperatures, the beginning of the recovery of the economic activity and greater need for irrigation in rural areas - reflected in the larger volume of energy distributed (+7.2% vs. 4Q18) - and also by the adjustment to the Concession Financial Assets (+R\$ 63 million) impacted by higher IPCA in 4Q19 vs. 4Q18 (+1.38 p.p.).

In the year, Gross Margin reached R\$ 3,419.6 million (+20.7% vs. 2018). In addition to larger customer base, higher temperatures, the beginning of the recovery of the economic activity and greater need for irrigation by the rural class, which generated a greater volume of energy distributed (+5.4% vs. 2018), the Company's tariff review as of April 2018 should also be emphasized, and so should the annual tariff reset of April 2019. It is also worth mentioning that in 2018 Coelba's Margin underwent the non-recurring positive effect of the adjustment of R\$ 87.0 million to the Concession Financial Assets (VNR) due to the 4th tariff review cycle of Coelba, lower glosses and a higher Regulatory Asset Basis – RAB. Disregarding the non-recurring effect of the VNR update, the gross margin growth would have been 24.5% in 2019 compared to 2018.

Operating Expenses showed a one-off growth in 4Q19 (+9.5% vs. 4Q18) driven by collection, billing and network maintenance actions. In the year, Operating Expenses amounted to R\$ 1,157.1 million, a reduction of 1.9% compared to 2018, thus absorbing both inflation and the growth of customer base (+1.9% vs. 2018), a

consequence of efficiencies and synergies implemented. The Company carries on with its plan of insourcing electricians.

It is important to note that in 4Q19 the following non-recurring event occurred: overlapping expenses with internalization of electricians (R\$ 9 million). Disregarding this impact, expenses in 4Q19 vs. 4Q18 increased by 6.4%. Likewise, in the year, disregarding these same non-recurring expenses, expenses from 2018 to 2019 would have decreased by -2.6%.

In 4Q19, Provisions for Estimated Losses on Doubtful Receivables (PECLD) amounted to R\$ 45.1 million, an increase of R\$ 24.7 million compared to the same period in 2018, reflecting the conservative stance of making greater provisioning in retroactive billing resulting from inspection actions to fight losses and standardization of aging criteria. In the year, the increase was 44.9% compared to 2018.

EBITDA ended 4Q19 at R\$ 530.7 million (+29.4% vs. 4Q18). In the year, EBITDA recorded R\$ 2,137.6 million (+36.3% vs. 2018). Disregarding the same non-recurring effect of the VNR update of 2018 in the amount of R\$ 87.0 million, EBITDA growth would have been 44.3% in 2019.

Coelba recorded a Net Income of R\$ 275,5 million in 4Q19 and R\$ 1.009,5 million in the year, a 58.1% increase compared to 2018.

2.2.1.2. CELPE

DRE CELPE (R\$ MM)	4Q19	4Q18	Variation		2019	2018	Variation	
			R\$	%			R\$	%
Net revenue	394.2	372.6	21.6	5.8%	1,529.5	1,382.6	146.9	10.6%
Concession Financial Asset (VNR)	23.7	6.6	17.1	259.1%	70.0	55.9	14.1	25.2%
Gross Margin	417.9	379.1	38.8	10.2%	1,599.5	1,438.5	161.0	11.2%
Operating Expense (PMSO)	(147.7)	(164.7)	17.0	(10.3%)	(648.1)	(653.0)	4.9	(0.8%)
PECLD	(37.1)	(24.1)	(13.0)	53.9%	(124.7)	(106.9)	(17.8)	16.7%
EBITDA	233.1	190.4	42.7	22.4%	826.7	678.7	148.0	21.8%
Depreciation	(65.6)	(59.3)	(6.3)	10.6%	(256.9)	(227.8)	(29.1)	12.8%
Financial Income	(79.8)	(96.2)	16.4	(17.0%)	(337.5)	(286.6)	(50.9)	17.8%
IR CS	(16.2)	(17.3)	1.1	(6.4%)	(50.9)	(52.4)	1.5	(2.9%)
NET INCOME	71.4	17.7	53.7	303.4%	181.3	111.9	69.4	62.0%

Celpe ended 4Q19 with a Gross Margin of R\$ 417.9 million, an increase of 10.2% over 4Q18, driven by the expansion in customer base and higher temperatures, generating greater consumption - reflected in the larger volume of energy distributed in the period (+2.3% vs. 4Q18) - and also by the adjustment to the Concession Financial Assets (+R\$ 17.1 million), impacted by higher IPCA in 4Q19 compared to 4Q18 (+1.38p.p.). In the year, Gross Margin reached R\$ 1,599.5 million, an increase of 11.2% compared to the same period in 2018, also impacted by the increase in customer base, higher temperatures and the beginning of the economic recovery in the state of Pernambuco. Also in the year-to-date, the higher IPCA (+0.56 p.p. vs. 2018) positively impacted the adjustment to the Concession Financial Assets (+R \$ 14.1 million).

Celpe's Operating Expenses continued to gain efficiencies with a reduction both in 4Q19 (-10.3% vs. 4Q18) and in the year (-0.8% vs. 2018), reflecting the improvement in processes that allowed for absorbing both inflation and the growth of customer base (+1.8% vs. 2018). The Company carries on with its plan for insourcing electricians.

In 4Q19, Provisions for Estimated Losses on Doubtful Receivables (PECLD) totaled R\$ 37.1 million, an increase of R\$ 13.0 million (53.9%) compared to the same period in 2018, reflecting the conservative stance of greater

provisioning of retroactive billings resulted from anti-loss inspection actions and standardization of aging criteria. In 2019, the increase was 16.7% compared to 2018.

Celpe's EBITDA reached R\$ 233.1 million in 4Q19 (+22.4% vs. 4Q18). In the year, EBITDA was R\$ 826.7 million (+21.8% vs. 2018).

Celpe recorded a Net Income of R\$ 71.4 million in 4Q19 (+R\$ 53.7 million vs. 4Q18); in the year, Net Income reached R\$ 181.3 million, (+R\$ 69.4 million vs. 2018).

2.2.1.3. COSERN

DRE COSERN (R\$ MM)	4Q19	4Q18	Variation		2019	2018	Variation	
			R\$	%			R\$	%
Net revenue	189.1	171.0	18.1	10.6%	712.2	643.0	69.2	10.8%
Concession Financial Asset (VNR)	17.4	3.0	14.4	480.0%	45.5	90.7	(45.2)	(49.8%)
Gross Margin	206.5	173.9	32.6	18.7%	757.7	733.7	24.0	3.3%
Operating Expense (PMSO)	(66.2)	(97.3)	31.1	(32.0%)	(238.6)	(259.5)	20.9	(8.1%)
PECLD	1.9	(3.1)	5.0	(161.3%)	(5.2)	(12.4)	7.2	(58.1%)
EBITDA	142.2	73.5	68.7	93.5%	513.9	461.8	52.1	11.3%
Depreciation	(24.2)	(20.9)	(3.3)	15.8%	(92.9)	(81.9)	(11.0)	13.4%
Financial Income	(25.2)	(24.8)	(0.4)	1.6%	(96.2)	(89.2)	(7.0)	7.8%
IR CS	(12.8)	4.7	(17.5)	(372.3%)	(51.6)	(49.0)	(2.6)	5.3%
NET INCOME	79.9	32.6	47.3	145.1%	273.1	241.7	31.4	13.0%

Cosern ended 4Q19 with a Gross Margin of R\$ 206.5 million, an increase of 18.7% over 4Q18, driven by higher temperatures and a larger customer base, generating larger volumes of energy consumed - reflected in the larger amount of energy distributed in the period (+ 0.3% vs. 4Q18) - and also by the adjustment to the Concession Financial Assets (+R\$ 14.4 million), impacted by higher IPCA in 4Q19 compared to 4Q18 (+1.38p.p.).

In the year, Gross Margin reached R\$ 757.7 million, a 3.3% increase compared to 2018. In addition to the increase in customer base and higher temperatures, which generated a larger volume of sales (+1.5% vs. 2018), in 2018 the Gross Margin was impacted by the Company's tariff review only as of April 2018. In 2019, added to the impact of the previous year's tariff review, the Margin was also impacted by the annual tariff reset.

It is also worth mentioning that in 2018, Cosern's Margin had the positive non-recurring effect of the update of the Concession Financial Assets (VNR) due to the 4th tariff review cycle of Cosern of R\$ 61.3 million, lower glosses and higher RAB. Disregarding the same non-recurring effect of the R\$ 61.3 million VNR update that occurred in 2018, in 2019 the Gross Margin growth would have been 12.7% compared to 2018.

As regards Operating Expenses, Cosern showed a reduction of R\$ 31.1 million in 4Q19 compared to 4Q18. In the year, Operating Expenses totaled R\$ 238.6 million, 8.1% below 2018.

In 4Q19, Provisions for Estimated Losses on Doubtful Receivables (PECLD) totaled +R\$ 1.9 million, compared to -R\$ 3.1 million in 4Q18. It is worth noting that in 4Q19, there was a reversal of R\$ 7 million - after negotiating and entering into an agreement for payment - of a provision related to outstanding payments of a large client. In 2019, the reduction was 58.1% compared to 2018, also positively impacted by the abovementioned R\$ 7 million reversal.

Cosern's EBITDA reached R\$ 142.2 million in 4Q19, 93.5% higher than that recorded in the same period of 2018. In the year, the increase was 11.3% compared to 2018. Excluding the effect of the non-recurring adjustment of R\$ 61.3 million in 2018, EBITDA growth would be 28.3% in 2019.

Cosern recorded a Net Income of R\$ 79.9 million in 4Q19, 145.1% in excess of the same period in 2018 (R\$ 32.6 million). In the year, it amounted to R\$ 273.1 million, 13.0% more than in 2018 (R\$ 241.7 million).

2.2.1.4. ELEKTRO

DRE ELEKTRO (R\$ MM)	4Q19	4Q18	Variation		2019	2018	Variation	
			R\$	%			R\$	%
Net revenue	454.3	402.3	52.0	12.9%	1,593.9	1,407.5	186.4	13.2%
Concession Financial Asset (VNR)	33.1	5.4	27.7	513.0%	230.6	47.4	183.2	386.5%
Gross Margin	487.4	407.7	79.7	19.5%	1,824.4	1,454.9	369.5	25.4%
Operating Expense (PMSO)	(174.0)	(121.7)	(52.3)	43.0%	(582.8)	(466.6)	(116.2)	24.9%
PECLD	(28.7)	(13.4)	(15.3)	114.2%	(93.6)	(59.8)	(33.8)	56.5%
EBITDA	284.7	272.5	12.2	4.5%	1,148.1	928.5	219.6	23.7%
Depreciation	(55.8)	(50.4)	(5.4)	10.7%	(220.0)	(194.0)	(26.0)	13.4%
Financial Income	(68.6)	(8.1)	(60.5)	746.9%	(233.3)	(147.0)	(86.3)	58.7%
IR CS	(35.3)	(33.4)	(1.9)	5.7%	(199.9)	(173.1)	(26.8)	15.5%
NET INCOME	125.0	180.6	(55.6)	(30.8%)	494.9	414.3	80.6	19.5%

Elektro ended 4Q19 with Gross Margin of R\$ 487.4 million, a positive variation of 19.5% (R\$ 79.7 million) compared to 4Q18, driven by the expansion of customer base, higher temperatures, greater economic activity and need for irrigation in rural areas, which generated greater consumption – reflected in the volume of energy distributed in the period (+4.1% vs. 4Q18) – due to the update of the Concession Financial Assets (+R\$ 27.7 million), impacted by higher IPCA in 4Q19 compared to 4Q18 (+1.38p.p.), and also by the Periodic Tariff Review of August 2019.

In the year, Gross Margin reached R\$ 1,824.4 million, growth of 25.4% compared to 2018. In addition to the increase in customer base, higher temperatures, greater economic activity and need for irrigation in rural areas, which generated a larger volume of energy distributed (+ 3.2% vs. 2018), in 2019, the Company's Gross Margin was impacted by the non-recurring effect of the positive recording of R\$ 157.4 million related to the Concession Financial Assets (VNR), driven by lower glosses and higher RAB, as approved by ANEEL in the 5th Periodic Tariff Review Cycle of August/19. Disregarding the same non-recurring effect of the VNR update, Gross Margin growth in 2019 would have been 14.6% compared to 2018.

Operating Expenses totaled R\$ 174.0 million in 4Q19 (+43.0% vs. 4Q18), due to a one-off increase in legal contingencies (R\$ 28.7 million) related to the updating of the prognosis of civil and labor-related lawsuits and employment termination expenses (+R \$ 3.6 million vs. 4Q18). In the year, expenses were R\$ 116.2 million greater than in 2018 due to the one-off adjustment to the legal litigation portfolio (R\$ 39.6 million) and employment termination expenses (+R\$ 9.4 million vs. 2018).

Disregarding this impact, expenses in 4Q19 vs. 4Q18 increased by 19.4%. Likewise, in the year, not considering non-recurring expenses with the legal portfolio at Elektro (R\$ 39.6 million), the increase in expenses from 2018 to 2019 would have been 16.4%.

In 4Q19, Provisions for Estimated Losses on Doubtful Receivables (PECLD) amounted to R\$ 28.7 million, an increase of R\$ 15.3 million compared to the same period in 2018, reflecting the conservative stance of making greater provisioning in retroactive billing resulting from anti-loss inspection actions and standardization of aging criteria. In 2019, the increase was 56.5% compared to 2018.

Elektro ended 4Q19 with EBITDA of R\$ 284.7 million, a performance 4.5% better than in 4Q18. In the year, EBITDA was R\$ 1,148.1 million (+23.7% vs. 2018). Disregarding the non-recurring effect of VNR, it would have been R\$ 990.7 million (an increase of 6.7% vs. 2018).

Elektro recorded a Net Income of R\$ 125.0 million in 4Q19, a reduction of 30.8% compared to 4Q18. In the year, Net Income was R\$ 494.9 million, an increase of 19.5% compared to 2018.

2.3. Renewables

Net Income of the Renewables segment includes the performance of the Neoenergia Group's wind farms and hydroelectric plants.

DRE RENEWABLES (R\$ MM)	4Q19	4Q18	Variation		2019	2018	Variation	
			R\$	%			R\$	%
Net Revenue	224.9	198.6	26.3	13.2%	949.4	1,046.0	(96.6)	(9.2%)
Energy Costs	(44.7)	(65.3)	20.6	(31.5%)	(167.2)	(270.0)	102.8	(38.1%)
GROSS MARGIN	180.2	133.2	47.0	35.3%	782.2	776.0	6.2	0.8%
Operating Expenses (PMSO)	(62.3)	(116.0)	53.7	(46.3%)	(216.9)	(251.8)	34.9	(13.9%)
PECLD	2.0	(1.0)	3.0	(300.0%)	0.9	(1.1)	2.0	(181.8%)
(+) Equity Accounting	5.8	(24.8)	30.6	(123.4%)	67.8	56.3	11.5	20.4%
EBITDA	125.7	(8.6)	134.3	N/A	634.1	579.4	54.7	9.4%
Depreciation	(33.0)	(32.0)	(1.0)	3.1%	(167.9)	(134.6)	(33.3)	24.7%
Financial Income	(31.3)	(40.6)	9.3	(22.9%)	(146.3)	(139.1)	(7.2)	5.2%
IR/CS	2.7	11.4	(8.7)	(76.3%)	(51.1)	(55.6)	4.5	(8.1%)
NET INCOME	64.0	(69.8)	133.8	(191.7%)	268.8	250.1	18.7	7.5%

The Renewables segment ended 4Q19 with a Gross Margin of R\$ 180.2 million (+35.3% vs. 4Q18), positively impacted by the hydroelectric plants' generation (+R\$ 33 million) with the start of operations of Baixo Iguaçu plant and Belo Monte's total generating capacity achieved. In the year, the R\$ 782.2 million margin (+0.8% vs. 2018) also reflects the start of operation of Baixo Iguaçu, which offset the negative impact of R\$ 77 million from wind farms, a reflect of lower wind power in 2019, and the fact that, in 2018, wind farms used the permission given by ANEEL to uncontract energy and sell on the free market at prices higher than the regulated contracts resulting from auctions.

Operating expenses in 4Q19 were R\$ 62.3 million (-46.3% vs. 4Q18); in the year, they amounted to R\$ 216.9 million (-13.9% vs. 2018). Both for the quarter and for the year-to-date, the variations can be explained by efficiency gains.

It should be added that in the quarter there was a positive impact of R\$ 5.8 million in equity accounting, (+R\$ 30.6 million vs. 4Q18). In the year, the variation was R\$ 11.5 million (+20.4% vs. 2018), mainly driven by better results in Teles Pires, which mitigated the losses in Belo Monte arising from the settlement of its free energy at a low PLD in the North.

EBITDA for the Renewables segment ended 4Q19 at R\$ 125.7 million. In the year, EBITDA growth was 9.4% greater compared to 2018. Net Income in 4Q19 was R\$ 64.0 million (+191.7% vs. 4Q18) and in the year it was R\$ 268.8 million (+7.5% vs. 2018).

2.4. Liberalized

DRE LIBERALIZED (R\$ MM)	4Q19	4Q18	Variation		2019	2018	Variation	
			R\$	%			R\$	%
Net Revenue	726.0	951.5	(225.5)	(23.7%)	2,680.0	3,537.4	(857.4)	(24.2%)
Energy Costs	(593.7)	(768.9)	175.2	(22.8%)	(2,272.0)	(2,960.0)	688.0	(23.2%)
Gross Margin	132.3	182.6	(50.3)	(27.5%)	408.0	577.4	(169.4)	(29.3%)
Operating Expenses (PMSO)	(57.8)	(44.5)	(13.3)	29.9%	(139.5)	(177.4)	37.9	(21.4%)
PECLD	(0.9)	(0.1)	(0.8)	800.0%	(0.7)	1.2	(1.9)	(158.3%)
EBITDA	73.6	138.0	(64.4)	(46.7%)	267.8	401.2	(133.4)	(33.3%)
Depreciation	(14.9)	(19.3)	4.4	(22.8%)	(76.6)	(77.2)	0.6	(0.8%)
Financial Income	(25.0)	(23.5)	(1.5)	6.4%	(104.0)	(147.7)	43.7	(29.6%)
IR CS	(1.7)	(25.7)	24.0	(93.4%)	1.4	(56.4)	57.8	(102.5%)
NET INCOME	32.0	69.5	(37.5)	(54.0%)	88.6	119.9	(31.3)	(26.1%)

The Liberalized segment consolidated Gross Margin of R\$ 132.3 million in 4Q19 (-27.5% vs. 4Q18), impacted by the activities of the Group's energy trader in 4Q18, when it had the opportunity of selling wind energy on the free market. Termopernambuco presented an increase of R\$ 40.0 million in the Margin (+42.1%), mainly due to the smaller number of shutdowns in 4Q19.

In the year, the Gross Margin of the segment registered R\$ 408.0 million (-29.3% vs. 2018), also impacted by gains from the activities of the Group's trader, which had the opportunity to sell liberalized energy from Wind Farms and Teles Pires on the free market in 2018. Termopernambuco showed a variation of +R\$ 20.5 million compared to 2018.

Operating expenses of the segment in 4Q19 were R\$ 57.8 million (+29.9% vs. 4Q18) due to the reduced OPEX recorded by Termopernambuco in 4Q18, driven by the greater number of days of the plant's shutdown. In the year, expenses amounted to R\$ 139.5 million, a reduction of R\$ 37.9 million (-21.4% vs. 2018), reflecting efficiency gains.

Liberalized EBITDA reached R\$ 73.6 million in 4Q19, 46.7% less than determined in the same period of 2018. EBITDA for the year was R\$ 267.8 million (-33.3% vs. 2018). Both variations are due to the fact that, in 2018, the trader had the opportunity to sell energy from Wind Farms and Teles Pires on the free market.

The segment recorded a Net Income of R\$ 32.0 million in 4Q19, a reduction of R\$ 37.5 million when compared to the same period in 2019. In the year, Net Income was R\$ 88.6 million, 26.1% below 2018.

3. EBITDA

For the fourth quarter of 2019, the Company's EBITDA is comprised of 92.2% Networks segment (R\$ 1,395.6 million), 8.3% Renewables segment (R\$ 125.7 million) and 4.9% Liberalized segment (R\$ 73.6 million).

In 4Q19, Neoenergia consolidated EBITDA of R\$ 1,513.4 million (+43.0% vs. 2018), as detailed in the previous item. In 2019, EBITDA was R\$ 5,719.4 million (+25.6% vs. 2018).

3.1. EBITDA Reconciliation

In compliance with CVM Instruction No. 527, we show in the table below the reconciliation of EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) and, we point out that the calculations presented are in line with the criteria of that same instruction:

EBITDA (R\$ MM)	4Q19	4Q18	4Q19 x 4Q18		2019	2018	2019 x 2018	
			R\$	%			R\$	%
Net Income for the Period (A)	618.4	353.2	265.2	75.1%	2,229.1	1,536.3	692.8	45.1%
Profit assigned to minority shareholders	(24.3)	(11.6)	(12.7)	109.5%	(80.2)	(57.6)	(22.6)	39.2%
Financial Expenses (B)	(1,565.3)	(2,106.7)	541.4	(25.7%)	(5,393.1)	(7,292.7)	1,899.6	(26.0%)
Financial Revenues (C)	1,197.3	1,782.7	(585.4)	(32.8%)	4,052.3	6,123.7	(2,071.4)	(33.8%)
Income Tax and Social Contribution (D)	(143.2)	(48.6)	(94.6)	194.7%	(623.1)	(507.0)	(116.1)	22.9%
Depreciation and Amortization (E)	(359.6)	(320.8)	(38.8)	12.1%	(1,446.2)	(1,282.2)	(164.0)	12.8%
EBITDA = (A-(B+C+D+E))	1,513.4	1,058.3	455.1	43.0%	5,719.4	4,552.1	1,167.3	25.6%

4. FINANCIAL INCOME (LOSS)

NET FINANCIAL INCOME (R\$ MM)	4Q19	4Q18	Variation		2019	2018	Variation	
			R\$	%			R\$	%
Financial Investments revenue	51.0	82.4	(31.4)	(38.1%)	198.5	310.5	(112.0)	(36.1%)
Interest, commissions and arrears charges	42.6	54.3	(11.6)	(21.5%)	187.7	202.4	(14.6)	(7.3%)
Debt charges, monetary and exchange variations	(109.3)	(116.6)	7.4	(6.3%)	(1,578.9)	(2,404.1)	825.2	(34.3%)
Monetary and exchange variations - Other	(0.2)	(1.9)	1.7	(89.5%)	(27.8)	(26.5)	(1.3)	4.9%
Derivative financial instruments	(192.4)	(225.8)	33.5	(14.8%)	256.8	1,047.0	(790.2)	(75.5%)
Adjustment to provision for contingencies / judicial deposits	(54.3)	(46.0)	(8.3)	18.0%	(134.7)	(101.4)	(33.3)	32.8%
Adjustment to sector financial assets / liabilities	10.5	21.5	(11.0)	(51.2%)	48.3	62.5	(14.2)	(22.7%)
Post-employment obligations	(21.0)	(23.7)	2.7	(11.4%)	(84.4)	(94.4)	10.0	(10.6%)
Other net financial revenues (expenses)	(94.9)	(68.1)	(26.8)	39.4%	(206.4)	(164.9)	(41.5)	25.2%
Total	(367.9)	(324.0)	(43.9)	13.5%	(1,340.8)	(1,169.0)	(171.8)	14.7%

On a consolidated basis, the Company's financial income reached expenses of R\$ 367.9 million (+13.5% vs. 4Q18). In the year, financial expenses were R\$ 1,340.8 (+14.7% vs. 2018), mainly driven by the increase in the average balance of the consolidated debt (+3.3% vs. 3Q18 and +7.1% vs. 2018). On the other hand, the debt charges, monetary and exchange variations and derivative financial instruments lines increased R\$ 40.8 million in 4Q18 and R\$ 35.0 million in the year, mainly explained by funding at more competitive rates, share management and the drop in the CDI and TJLP rates in the periods analyzed.

The Financial Investment Revenue line decreased both in the 4Q19 (-38.1% vs. 4Q18) and in the year (-36.1% vs. 2018), mainly due to the reduction in the average volume of cash equivalents - driven by net income distribution by the holding company to its shareholders, investments (CAPEX) and debt amortizations made - and the drop in the CDI (-0.30 p.p. vs. 4Q18 and -0.46 p.p. vs. 2018), negatively impacting the revenue of Company's financial investments.

The main indexers may be seen in the table below:

Indexes	2019	2018	Δ	%
CDI	5.96%	6.42%	-0.46%	-7.17%
TJLP	6.20%	6.72%	-0.52%	-7.74%
USD	4.0307	3.8748	0.16	4.02%
IPCA	4.31%	3.75%	0.56%	14.93%

5. INVESTMENTS

Neoenergia Group ended 4Q19 with a total investment of R\$ 1,426.0 million, an amount that comprises all investments made by companies that Neoenergia Group consolidates. In the year, actual CAPEX was R\$ 4,389.8 million. The consolidated managerial investments are listed below, broken down by segment:

CAPEX Neoenergia (R\$ million)	4Q19	4Q18	Δ %	2019	2018	Δ %
Networks	(1,155.8)	(1,358.0)	(14.9%)	(3,923.0)	(3,348.1)	17.2%
Renewables	(221.2)	(80.1)	176.2%	(321.0)	(391.2)	(17.9%)
Liberalized	(46.3)	(5.8)	698.3%	(142.1)	(52.0)	173.3%
Holding	(2.7)	(1.1)	145.5%	(3.6)	(1.5)	140.0%
TOTAL	(1,426.0)	(1,445.0)	(1.3%)	(4,389.8)	(3,792.8)	15.7%

5.1. Subsidiary and Affiliated Companies

Investments made by jointly controlled or affiliated companies amounted to R\$ 90.1 million in 4Q19 and R\$ 183.0 million in 2019.





Controlled or Affiliated*	4Q19	4Q18	Δ %	2019	2018	Δ %
Dardanelos	(1.5)	(0.2)	650.0%	(1.8)	(0.7)	157.1%
Teles Pires	(24.7)	(1.2)	N/A	(48.0)	(3.2)	N/A
Belo Monte	(63.9)	(65.1)	(1.8%)	(133.2)	(280.6)	(52.5%)
Total	(90.1)	(66.5)	34.3%	(183.0)	(284.5)	(35.8%)

* Non consolidated companies. The values regard the Neoenergia's equivalent participation in those companies

5.2. Networks

5.2.1. Distribution

In 4Q19, the Group's distributors CAPEX amounted to R\$ 983.4 million. In the year, CAPEX amounted to R\$ 3,326.9 million, of which R\$ 1,672.7 million were allocated to Network Expansion (net of subsidies), R\$ 550.7 million were allocated to Asset Renewal, R\$ 436.1 million were invested in Network Improvements and, finally, R\$ 667.4 million were used in projects to fight losses, default and other.

INVESTMENTS	 COELBA		 CELPE		 COSERN		 ELEKTRO		CONSOLIDATED	
Investment Nature (current price - BRL MM)	4º Q	YTD	4º Q	YTD	4º Q	YTD	4º Q	YTD	4º Q	YTD
Grid Expansion	(370.8)	(1,321.6)	(71.0)	(349.2)	(53.2)	(187.8)	(131.7)	(329.8)	(626.7)	(2,188.4)
Luz para Todos Program	(183.4)	(568.1)	-	-	-	-	(0.0)	(0.3)	(183.4)	(568.4)
New Conexions	(109.8)	(462.5)	(50.6)	(263.9)	(26.4)	(102.0)	(34.6)	(124.6)	(221.4)	(952.9)
New SE's and Distribution Networks's	(77.6)	(291.0)	(20.4)	(85.5)	(26.8)	(85.8)	(97.1)	(204.9)	(221.9)	(667.2)
ECV Compromise	-	-	-	0.1	-	-	-	-	-	0.1
Assets Renovation	(61.8)	(250.7)	(32.9)	(104.7)	(11.8)	(54.1)	(35.8)	(141.2)	(142.3)	(550.7)
Grid Improvement	(68.6)	(237.1)	(12.3)	(77.2)	(8.2)	(39.1)	(28.5)	(82.7)	(117.7)	(436.1)
Losses and Default	(20.6)	(70.9)	(14.2)	(80.9)	(4.8)	(13.0)	(8.3)	(13.7)	(47.9)	(178.5)
Others	(162.4)	(234.9)	(96.2)	(111.6)	(25.0)	(35.0)	(85.0)	(107.4)	(368.6)	(488.9)
Material Movement (Stock x Construction)	19.5	(103.5)	1.2	(45.6)	15.0	(11.5)	23.8	(7.7)	59.4	(168.2)
(=) Gross Investment	(664.6)	(2,218.7)	(225.5)	(769.2)	(88.1)	(340.5)	(265.5)	(682.5)	(1,243.7)	(4,010.9)
GRANTS	304.7	473.6	4.3	13.0	0.5	3.4	10.3	25.7	319.8	515.7
(=) Net Investment	(360.0)	(1,745.1)	(221.1)	(756.2)	(87.6)	(337.1)	(255.2)	(656.8)	(924.0)	(3,495.2)
Material Movement (Stock x Construction)	(19.5)	103.5	(1.2)	45.6	(15.0)	11.5	(23.8)	7.7	(59.4)	168.2
(=) CAPEX	(379.5)	(1,641.6)	(222.3)	(710.6)	(102.6)	(325.6)	(279.0)	(649.1)	(983.4)	(3,326.9)

5.2.2. Transmission

In 4Q19, the total CAPEX invested in the transmission companies were R\$ 172.4 million, amounting to R\$ 596.1 million in the year.

5.3. Renewables

5.3.1. Wind Farms

Total actual CAPEX in the Group's wind farms amounted to R\$ 141.3 million in 2019. Of this amount, R\$ 54.2 million were invested in the wind farms in operation.

The wind farms of the Chafariz Complex already have 98% of the estimated CAPEX contracted, with currency hedging and contracts for connection with the transmission company already executed. The works started ahead of schedule and actual CAPEX in 2019 were R\$ 87.1 million.

The wind farms of the Oitis Complex already have basic projects completed and are in the process of obtaining installation licenses with a view at the beginning of the construction works.

5.3.2. Hydroelectric Plants

In 2019, the investments in hydroelectric plants in the amount of R\$ 179.7 million were mostly focused on executing and completing Baixo Iguaçu works.

5.4. Liberalized

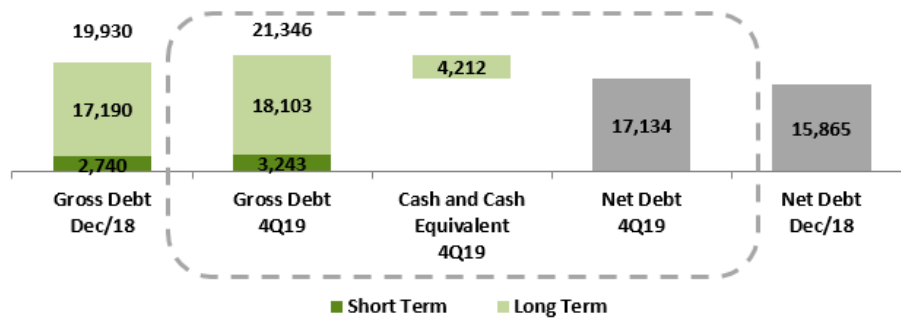
Termopernambuco made investments in the amount of R\$ 39.7 million in 4Q19, R\$ 34.2 million in excess of those made in 4Q18. In the year, the company made investments of the order of R\$ 135.4 million, R\$ 84.0 million in excess of those made in 2018, due to the postponing of the purchase of the low-pressure rotor of the steam engine from 2018 to 2019.

6. INDEBTEDNESS

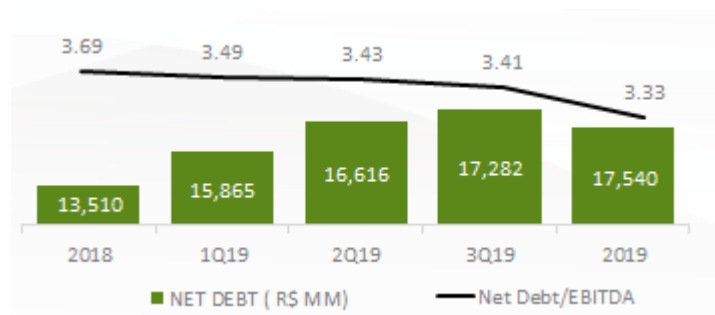
6.1. Debt Situation and Financial Leverage

In December 2019, Neoenergia's consolidated gross debt, including loans, financing, debentures and financial Instruments, was R\$ 21,346,780 thousand (net debt R\$ 17,134,123 thousand), a 7% increase over December

2018. Total indebtedness in December 2019 comprised 85% of long-term debt and 15% of short-term debt.

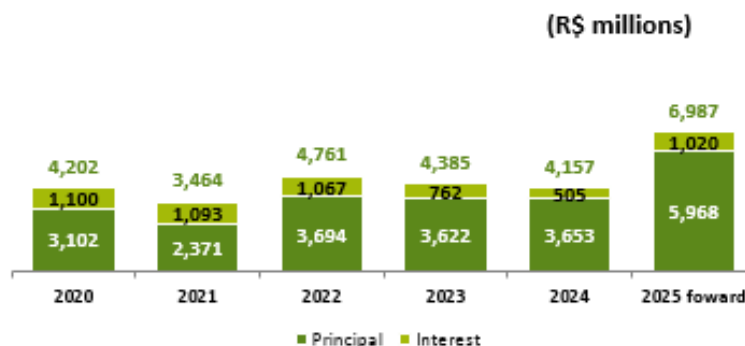


The financial indicator Total Net Debt/ EBITDA was 3.49 on December 31, 2018 compared to 3.0 on December 31, 2019.

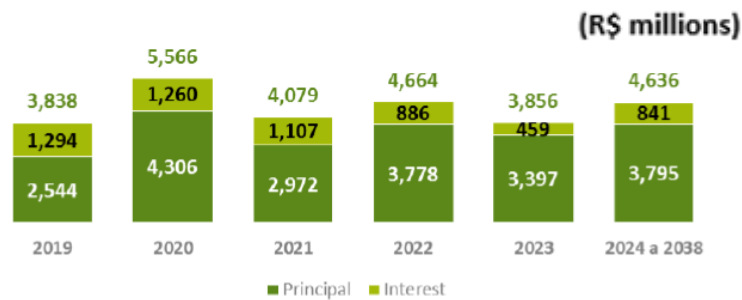


6.2 Debt amortization schedule

The chart below shows the principal and interest maturity schedule of the debt (in millions of reais), using forward market curves for the indexes and currencies associated with the Company's indebtedness as of December 31, 2019. Therefore, the information below differ from the maturity schedule showed in the financial statements of December 31, 2019, which considers the actual indexes and currencies at the end of the period and not Market projections.

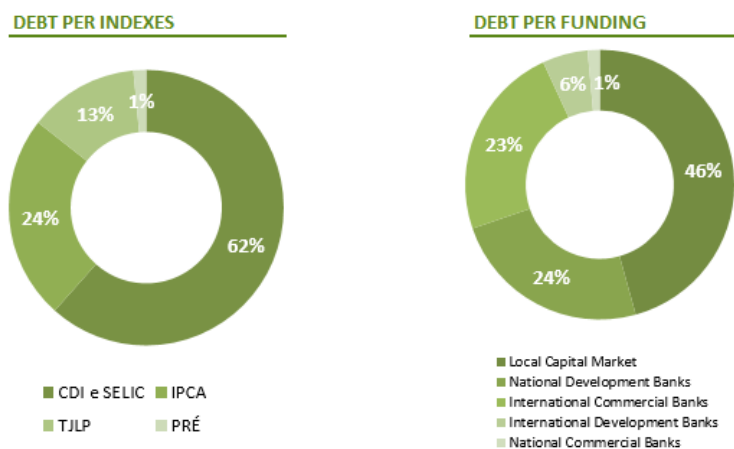


As of December 31st 2018, the amortization schedule was less stretched, as illustrated below:



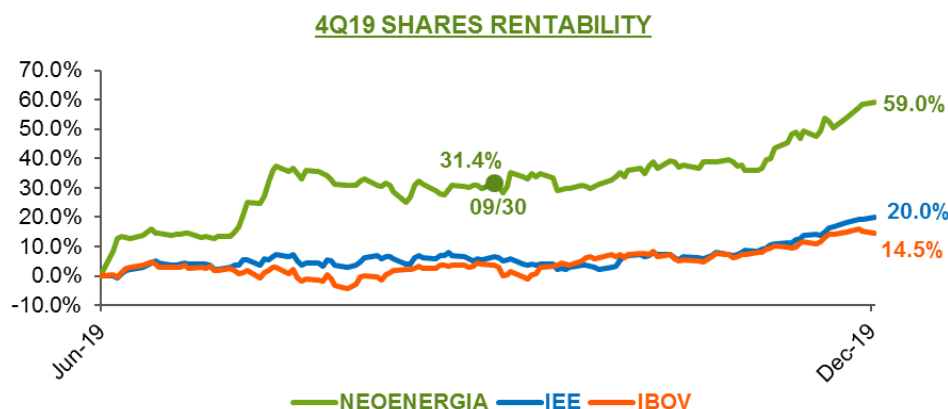
6.3. Debt Profile

The charts below show the debt balances split by funding source and by indexer. The average cost of the consolidated debt in 2019 was 108.8% of CDI.



6.4. CAPITAL MARKETS

On December 30, the Company's market capitalization was R\$ 30.2 billion with the shares (NEOE3) quoted at R\$ 24.88, representing an appreciation of 59.0% since the IPO on July 1, 2019, a better performance than Ibovespa (+ 14.5%) and IEE (+ 20.0%) in the same period.



See below, the table with amounts of share quotation, and the average daily volume of shares traded at B3.

Capital markets	4Q19	3Q19
Number of shares (thousand)	1,213,797	1,213,797
Market value ¹ (R\$ million)	30,199	24,968
B3		
Average volume of shares negotiated/day (R\$ million)	2.43	4.47
Average financial volume/day (R\$ million)	47.80	85.47
Last quote (R\$/share)	24.88	20.57

¹ Calculated on the basis of price of closing of share in Dec/19..

7. RATING

On January 24, 2019, *Standard & Poor's* - S&P reaffirmed the corporate credit ratings of Neoenergia and its subsidiaries, Coelba, Celpe, Cosern and Elektro Redes in 'brAAA' on the National Scale Brazil, with a stable outlook. On the same date, S&P reaffirmed the issue ratings 'brAAA' of Coelba, Celpe, Cosern and Elektro Redes, and 'brAA+' of Neoenergia, Calango 6, NC Energia and Termopernambuco.

As to Celpe, on March 29, 2019, S&P Global Ratings assigned the issue rating 'brAAA' on the National Scale Brazil for the 10th debenture issuance of Companhia Energética de Pernambuco - Celpe (Celpe: BB-/Stable/--; brAAA/Stable/--).

On December 10, 2019, *Standard & Poor's* - S&P reaffirmed the corporate credit ratings of Neoenergia and its subsidiaries, Coelba, Celpe, Cosern and Elektro Redes in 'BB-' on the Global Scale and 'brAAA' on the National Scale Brazil, changing the outlook from stable to positive, reflecting Brazil's sovereign rating, which limits of Neoenergia's ratings. On the same date, S&P reaffirmed the 'brAAA' issue ratings of Coelba, Celpe, Cosern and Elektro Redes, and 'brAA+' of Neoenergia, Calango 6, NC Energia and Termopernambuco.

8. OTHER MATTERS

8.1. Low-Income Consumers

ANEEL Resolution nº 414/2010 defines the concept of low-income consumers, characterized by differentiated rates of electricity use, subsidized by a benefit created by the Federal Government and regulated by Law No. 12,212 and Decree No. 7,583.

	2019					2018				
Nº of residential Consumers (thousand)	Consolidated	COELBA	CELPE	COSERN	ELEKTRO	Consolidated	COELBA	CELPE	COSERN	ELEKTRO
Conventional	9,947	4,286	2,475	1,007	2,179	9,724	4,304	2,382	953	2,086
Low Income	2,406	1,100	862	290	155	2,356	968	882	310	196
Total	12,353	5,385	3,337	1,297	2,334	12,080	5,271	3,264	1,263	2,282

8.2. Management Practices

8.2.1. Shareholders' Remuneration

Neoenergia's bylaws provide for the payment of a minimum dividend of 25% of net income, according to the Dividend Distribution Policy available on the Company's website (<http://ri.neoenergia.com/governanca/codigos-e-politicas/>).

In 2019, the Company resolved the following earnings:

(i) Interest on Equity in the amounts of:

- R\$ 338,000 thousand, paid on August 7, resolved at the Board of Directors' Meeting held on June 26;
- R\$ 217,695 thousand, with payment scheduled for June 30, 2020, resolved at the Board of Directors' Meeting held on December 12.

The Company informs that the full allocation of the 2019 income will be approved at the Annual General Meeting to be held in 2020.

7. RECONCILIATION NOTE

Neoenergia S.A. discloses the fourth quarter (4Q19) results for the based on managerial analyzes that management understands to best translate the company's business, reconciled with the International Financial Reporting Standards (IFRS).

Calculation Memory (CONSOLIDATED)	Current Year		Previous Year		Explanatory Notes reference
	Quarter	Year to Date	Quarter	Year to Date	
(+) Net revenue	7,453.8	28,461.3	6,779.0	25,953.7	Statements of Income
(-) Other revenue	(223.7)	(849.2)	(115.2)	(714.6)	Note 23
(+) Other revenues - Other revenues	(13.9)	11.1	(20.3)	2.4	Note 23.5
= Net Operating REVENUE	7,216.2	27,623.1	6,643.6	25,241.4	
(+) Costs with electric energy	(3,639.5)	(14,518.7)	(3,283.9)	(13,933.3)	Statements of Income
(+) Fuel for energy production	(140.2)	(442.2)	(38.7)	(366.2)	Note 25
(+) Construction Costs	(1,082.1)	(4,054.2)	(1,367.5)	(3,513.6)	Statements of Income
= Energy costs	(4,861.8)	(19,015.2)	(4,690.1)	(17,813.1)	
(+) Estimated replacement value of concession	155.7	555.6	33.8	428.6	Note 23.5
= GROSS MARGIN	2,510.0	9,163.6	1,987.2	7,857.0	
(+) Operating costs	(982.0)	(3,514.3)	(751.7)	(3,430.8)	Statements of Income
(+) Sales expenses	(65.7)	(270.2)	(70.6)	(306.0)	Statements of Income
(+) Other general and administrative revenues/expenses	(385.9)	(1,396.3)	(431.2)	(1,104.9)	Statements of Income
(-) Fuel for energy production	140.2	442.2	38.7	366.2	Note 25
(-) Depreciation	317.0	1,275.8	278.5	1,105.2	Note 25
(+) Other revenues	223.7	849.2	115.2	714.6	Note 23
(-) Other revenues - Other revenues	13.9	(11.1)	20.3	(2.4)	Note 23.5
(-) Estimated replacement value of concession	(155.7)	(555.6)	(33.8)	(428.6)	Note 23.5
= Operating Expenses (PMSO)	(894.5)	(3,180.2)	(834.6)	(3,086.8)	
(+) PECLD	(108.0)	(331.7)	(69.5)	(274.4)	Statements of Income
(+) Equity Accounting	5.8	67.8	(24.8)	56.3	Statements of Income
EBITDA	1,513.4	5,719.4	1,058.3	4,552.1	
(+) Depreciation and Amortization	(359.6)	(1,446.2)	(320.8)	(1,282.2)	Statements of Income and Note 25
(+) Financial Income (Loss)	(367.9)	(1,340.8)	(324.0)	(1,169.0)	Statements of Income
(+) IR/CS	(143.2)	(623.1)	(48.6)	(507.0)	Statements of Income
(+) Minority	(24.3)	(80.2)	(11.6)	(57.6)	Statements of Income
NET INCOME	618.4	2,229.1	353.2	1,536.3	Statements of Income

ANNEX I – Transmission Assets Under Implementation

In the table below, the Neoenergia Group's transmission lines being implemented are listed (base date 12/31/2019):

Under Implementation	State	Neoenergia Share	Start of Operation (ANEEL Term)	Concession Expires
Neoenergia Dourados Transmissão de Energia S.A. (578 Km long)				
Transmission Lines				
LT 230 KV Rio Brilhante – Campo Grande 2 LT 230 KV Campo Grande 2 – Imbirussu LT 230 KV Rio Brilhante Dourados 2 LT 230 KV Dourados 2 - Dourados LT 230 KV Nova Porto Primavera – Rio Brilhante LT 230 KV Nova Porto Primavera – Ivinhema 2	MS MS / SP	100%	08/11/2022	08/11/1947
Substations Basic Grid				
SE Dourados 02	MS	100%	08/11/2022	08/11/1947
Neoenergia Biguaçu Transmissão de Energia S.A.				
Substations Basic Grid				
SE Biguaçu (SHARED)	SC	100%	08/11/2021	08/11/1947
Neoenergia Jalapão Transmissão de Energia S.A. (729 Km long)				
Transmission Lines				
LT 500 KV Miracema – Gilbués II LT 500 KV Gilbués II – Barreiras II	TO / PI PI / BA	100%	03/09/2023	03/09/1948
Neoenergia Santa Luzia Transmissão de Energia S.A. (345 Km long)				
Transmission Lines				
LT 500 KV Santa Luzia II – Campina Grande III LT 500 KV Santa Luzia II – Milagres II	PB PB / CE	100%	03/09/2023	03/09/1948
Substations Basic Grid				
SE Santa Luzia II	PB	100%	03/09/2023	03/09/1948
Neoenergia Vale do Itajaí Transmissão de Energia S.A. (673 Km long) (*)				
Transmission Lines				
LT 525 kV Areia - Joinville Sul - C1 LT 525 kV Joinville Sul - Itajaí 2 - C1 LT 525 kV Itajaí 2 - Biguaçu - C1 LT 230 kV Itajaí - Itajaí 2 - CS - C1 and C2 LT 230 kV Rio do Sul - Indaial - CD - C1 and C2 LT 230 kV Indaial - Gaspar 2 - CD - C1 and C2	PR / SC SC	100%	03/22/2024	03/22/49
Substations Basic Grid				
SE 525/230/138 kV Joinville Sul SE 525/230/138 kV Itajaí 2 SE 230/1138 kV Jaraguá do Sul SE 230/138 kV Indaial	SC	100%	03/22/2024	03/22/49
Neoenergia Guanabara Transmissão de Energia S.A. (328 Km long in Double Circuit)				
Transmission Lines				
LT 500 kV Terminal Rio - Lagos, CD, C1 and C2 LT 500 kV Lagos - Campos 2, CD, C1 and C2	RJ	100%	03/22/2024	03/22/49
Substations Basic Grid				
SE 500 kV Campos 2	RJ	100%	03/22/2024	03/22/49
Neoenergia Itabapoana Transmissão de Energia S.A. (239 Km long in Double Circuit)				
Transmission Lines				
LT 500 kV Campos 2 - Mutum, CD, C1 and C2	RJ/ES /MG	100%	03/22/2024	03/22/49
Neoenergia Lagoa dos Patos Transmissão de Energia S.A. (769 Km long)				
Transmission Lines				
LT 525 kV Capivari do Sul. Siderópolis 2, C1 LT 525 kV Povo Novo - Guaíba 3, C3 LT 230 kV Livramento 3 - Santa Maria 3, C2 LT 230 kV Siderópolis 2 - Forquilha, C2	RS / SC RS SC	100%	03/22/2024	03/22/49
Substations Basic Grid				
SE 525 kV Marmeleiro - Synchronic Compensation (SHARED) SE 230 kV Livramento 3 - Synchronic Compensation (SHARED)	RS	100%	03/22/2024	03/22/49

ANNEX II – Wind Assets Under Implementation

In the table below, the Neoenergia Group's wind farms being implemented are listed (base date 12/31/2019):

Wind Farms in Progress	Neoenergia Share (Direct and Indirect)	State	Location	Installed Capacity (MW)	Assured Energy (MW)	Concession Date	
						Authorized	Expires
CANOAS 2	100%	PB	São José do Sabugi and Santa Luzia	34.65	16.3	06/26/2018	06/18/2053
CANOAS 4	100%	PB	São José do Sabugi	34.65	16.5	06/26/2018	06/18/2053
CHAFARIZ 1	100%	PB	Santa Luzia	34.65	18.2	06/21/2018	06/18/2053
CHAFARIZ 2	100%	PB	Santa Luzia	34.65	17.4	06/21/2018	06/18/2053
CHAFARIZ 3	100%	PB	Santa Luzia	34.65	18.2	06/21/2018	06/18/2053
CHAFARIZ 6	100%	PB	Santa Luzia	31.19	15.2	06/21/2018	06/18/2053
CHAFARIZ 7	100%	PB	Santa Luzia	34.65	18.3	06/21/2018	06/18/2053
LAGOA 3	100%	PB	São José do Sabugi	34.65	17.2	06/21/2018	06/18/2053
LAGOA 4	100%	PB	São José do Sabugi and Santa Luzia	20.79	10.2	06/21/2018	06/18/2053
CANOAS 3	100%	PB	São José do Sabugi and Santa Luzia	34.65	16.8	05/02/2019	02/04/2054
CHAFARIZ 4	100%	PB	Santa Luzia and Areia de Baraúnas	34.65	17.8	05/02/2019	02/04/2054
CHAFARIZ 5	100%	PB	Santa Luzia	34.65	16.6	05/02/2019	02/04/2054
VENTOS DE ARAPUÁ 1	100%	PB	Areia de Baraúnas	24.26	11.6	05/02/2019	02/04/2054
VENTOS DE ARAPUÁ 2	100%	PB	Areia de Baraúnas, São Mamede and Santa Luzia	34.65	17.2	05/02/2019	02/04/2054
VENTOS DE ARAPUÁ 3	100%	PB	Areia de Baraúnas and São Mamede	13.86	5.8	05/02/2019	02/04/2054
OITIS 1	100%	PI	Dom Inocêncio	37.10	19.8	ND	ND
OITIS 8	100%	PI	Dom Inocêncio	37.10	19.4	ND	ND
OITIS ACL (10 wind farms)	100%	PI/BA	Dom Inocêncio and Casa Nova	492.30		ND	ND

ACL Oitis, Physical Guarantee (Assured Energy) not disclosed yet

New GF for wind farms Canoas 2 and 4, Chafariz 1 to 3, 6 and 7, Lagoa 3 and 4, was published according to Ordinance nº 262, of September 10, 2019, in the official Gazette of the Federal Union.

ANNEX III – Tables by Segment

DRE (R\$ MM)	CONSOLIDATED							
	4Q19	4Q18	Variation		2019	2018	Variation	
			R\$	%			R\$	%
GROSS MARGIN	2,510.0	1,987.2	522.8	26.3%	9,163.6	7,857.0	1,306.6	16.6%
(-) Operating Expenses (PMSO)	(894.5)	(834.6)	(59.9)	7.2%	(3,180.2)	(3,086.8)	(93.4)	3.0%
(-) PECLD	(108.0)	(69.5)	(38.5)	55.4%	(331.7)	(274.4)	(57.3)	20.9%
(+) Equity Accounting/Asset Disposal	5.8	(24.8)	30.6	-123.4%	67.8	56.3	11.5	20.4%
EBITDA	1,513.4	1,058.3	455.1	43.0%	5,719.4	4,552.1	1,167.3	25.6%
Depreciation	(359.6)	(320.8)	(38.8)	12.1%	(1,446.2)	(1,282.2)	(164.0)	12.8%
Financial Income (Loss)	(367.9)	(324.0)	(43.9)	13.5%	(1,340.8)	(1,169.0)	(171.8)	14.7%
IR/CS	(143.2)	(48.6)	(94.6)	194.7%	(623.1)	(507.0)	(116.1)	22.9%
Removals (Minority Shareholdings)	(24.3)	(11.6)	(12.7)	109.5%	(80.2)	(57.6)	(22.6)	39.2%
NET INCOME	618.4	353.2	265.2	75.1%	2,229.1	1,536.3	692.8	45.1%

NETWORKS									RENEWABLES							
DRE (R\$ MM)	4Q19	4Q18	Variation		2019	2018	Variation		4Q19	4Q18	Variation		2019	2018	Variation	
			R\$	%			R\$	%			R\$	%			R\$	%
GROSS MARGIN	2,206.8	1,678.2	528.6	31.5%	7,998.2	6,529.8	1,468.4	22.5%	180.2	133.2	47.0	35.3%	782.2	776.0	6.2	0.8%
(-) Operating Expenses (PMSO)	(702.1)	(645.6)	(56.5)	8.8%	(2,624.5)	(2,534.2)	(90.3)	3.6%	(62.3)	(116.0)	53.7	-46.3%	(216.9)	(251.8)	34.9	-13.9%
(-) PECLD	(109.1)	(61.0)	(48.1)	78.9%	(348.4)	(265.4)	(83.0)	31.3%	2.0	(1.0)	3.0	-300.0%	0.9	(1.1)	2.0	-181.8%
(+) Equity Accounting/Asset Disposal	-	-	-	-	-	-	-	-	5.8	(24.8)	30.6	-123.4%	67.8	56.3	11.5	20.4%
EBITDA	1,395.6	971.6	424.0	43.6%	5,025.3	3,730.2	1,295.1	34.7%	125.7	(8.6)	134.3	-1561.6%	634.1	579.4	54.7	9.4%
Depreciation	(276.0)	(234.5)	(41.5)	17.7%	(1,062.7)	(925.0)	(137.7)	14.9%	(33.0)	(32.0)	(1.0)	3.1%	(167.9)	(134.6)	(33.3)	24.7%
Financial Income (Loss)	(286.8)	(247.4)	(39.4)	15.9%	(1,149.5)	(908.6)	(240.9)	26.5%	(31.3)	(40.6)	9.3	-22.9%	(146.3)	(139.1)	(7.2)	5.2%
IR/CS	(146.7)	(61.7)	(85.0)	137.8%	(573.4)	(417.6)	(155.8)	37.3%	2.7	11.4	(8.7)	-76.3%	(51.1)	(55.6)	4.5	-8.1%
Removals (Minority Shareholdings)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
NET INCOME	686.2	428.0	258.2	60.3%	2,239.7	1,479.1	760.6	51.4%	64.0	(69.8)	133.8	-191.7%	268.8	250.1	18.7	7.5%

LIBERALIZED									OTHERS							
DRE (R\$ MM)	4Q19	4Q18	Variation		2019	2018	Variation		4Q19	4Q18	Variation		2019	2018	Variation	
			R\$	%			R\$	%			R\$	%			R\$	%
GROSS MARGIN	132.3	182.6	(50.3)	-27.5%	408.0	577.4	(169.4)	-29.3%	(9.3)	(6.9)	(2.4)	34.8%	(24.8)	(26.2)	1.4	-5.3%
(-) Operating Expenses (PMSO)	(57.8)	(44.5)	(13.3)	29.9%	(139.5)	(177.4)	37.9	-21.4%	(72.3)	(28.4)	(43.9)	154.6%	(199.4)	(123.4)	(76.0)	61.6%
(-) PECLD	(0.9)	(0.1)	(0.8)	800.0%	(0.7)	1.2	(1.9)	-158.3%	0.0	(7.4)	7.4	-100.0%	16.4	(9.2)	25.6	-278.3%
(+) Equity Accounting/Asset Disposal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EBITDA	73.6	138.0	(64.4)	-46.7%	267.8	401.2	(133.4)	-33.3%	(81.6)	(42.7)	(38.9)	91.1%	(207.8)	(158.7)	(49.1)	30.9%
Depreciation	(14.9)	(19.3)	4.4	-22.8%	(76.6)	(77.2)	0.6	-0.8%	(35.7)	(34.9)	(0.8)	2.3%	(139.1)	(145.4)	6.3	-4.3%
Financial Income (Loss)	(25.0)	(23.5)	(1.5)	6.4%	(104.0)	(147.7)	43.7	-29.6%	(24.9)	(12.6)	(12.3)	97.6%	59.1	26.4	32.7	123.9%
IR/CS	(1.7)	(25.7)	24.0	-93.4%	1.4	(56.4)	57.8	-102.5%	2.5	27.3	(24.8)	-90.8%	0.0	22.6	(22.6)	-100.0%
Removals (Minority Shareholdings)	-	-	-	-	-	-	-	-	(24.3)	(11.6)	(12.7)	109.5%	(80.2)	(57.6)	(22.6)	39.2%
NET INCOME	32.0	69.5	(37.5)	-54.0%	88.6	119.9	(31.3)	-26.1%	(163.9)	(74.5)	(89.4)	120.0%	(368.0)	(312.8)	(55.2)	17.6%

	NETWORKS															
	COELBA								CELPE							
DRE (R\$ MM)	4Q19	4Q18	Variation		2019	2018	Variation		4Q19	4Q18	Variation		2019	2018	Variation	
			R\$	%			R\$	%			R\$	%			R\$	%
GROSS MARGIN	891.5	718.8	172.7	24.0%	3,419.6	2,833.5	586.1	20.7%	417.9	379.1	38.8	10.2%	1,599.5	1,438.5	161.0	11.2%
(-) Operating Expenses (PMSO)	(315.7)	(288.3)	(27.4)	9.5%	(1,157.1)	(1,179.3)	22.2	-1.9%	(147.7)	(164.7)	17.0	-10.3%	(648.1)	(653.0)	4.9	-0.8%
(-) PECLD	(45.1)	(20.4)	(24.7)	121.1%	(124.8)	(86.1)	(38.7)	44.9%	(37.1)	(24.1)	(13.0)	53.9%	(124.7)	(106.9)	(17.8)	16.7%
(+) Equity Accounting/Asset disposal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EBITDA	530.7	410.2	120.5	29.4%	2,137.6	1,568.1	569.5	36.3%	233.1	190.4	42.7	22.4%	826.7	678.7	148.0	21.8%
Depreciation	(131.0)	(107.1)	(23.9)	22.3%	(492.6)	(421.0)	(71.6)	17.0%	(65.6)	(59.3)	(6.3)	10.6%	(256.9)	(227.8)	(29.1)	12.8%
Financial Income (Loss)	(110.5)	(118.9)	8.4	-7.1%	(481.9)	(387.0)	(94.9)	24.5%	(79.8)	(96.2)	16.4	-17.0%	(337.5)	(286.6)	(50.9)	17.8%
IR/CS	(13.7)	(4.8)	(8.9)	185.4%	(153.6)	(121.5)	(32.1)	26.4%	(16.2)	(17.3)	1.1	-6.4%	(50.9)	(52.4)	1.5	-2.9%
Removals (Minority Shareholdings)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
NET INCOME	275.5	179.4	96.1	53.6%	1,009.5	638.6	370.9	58.1%	71.4	17.7	53.7	303.4%	181.3	111.9	69.4	62.0%
	COSERN								ELEKTRO							
DRE (R\$ MM)	4Q19	4Q18	Variation		2019	2018	Variation		4Q19	4Q18	Variation		2019	2018	Variation	
			R\$	%			R\$	%			R\$	%			R\$	%
GROSS MARGIN	206.5	173.9	32.6	18.7%	757.7	733.7	24.0	3.3%	487.4	407.7	79.7	19.5%	1,824.4	1,454.9	369.5	25.4%
(-) Operating Expenses (PMSO)	(66.2)	(97.3)	31.1	-32.0%	(238.6)	(259.5)	20.9	-8.1%	(174.0)	(121.7)	(52.3)	43.0%	(582.8)	(466.6)	(116.2)	24.9%
(-) PECLD	1.9	(3.1)	5.0	-161.3%	(5.2)	(12.4)	7.2	-58.1%	(28.7)	(13.4)	(15.3)	114.2%	(93.6)	(59.8)	(33.8)	56.5%
(+) Equity Accounting/Asset Disposal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EBITDA	142.2	73.5	68.7	93.5%	513.9	461.8	52.1	11.3%	284.7	272.5	12.2	4.5%	1,148.1	928.5	219.6	23.7%
Depreciation	(24.2)	(20.9)	(3.3)	15.8%	(92.9)	(81.9)	(11.0)	13.4%	(55.8)	(50.4)	(5.4)	10.7%	(220.0)	(194.0)	(26.0)	13.4%
Financial Income (Loss)	(25.2)	(24.8)	(0.4)	1.6%	(96.2)	(89.2)	(7.0)	7.8%	(68.6)	(8.1)	(60.5)	746.9%	(233.3)	(147.0)	(86.3)	58.7%
IR/CS	(12.8)	4.7	(17.5)	-372.3%	(51.6)	(49.0)	(2.6)	5.3%	(35.3)	(33.4)	(1.9)	5.7%	(199.9)	(173.1)	(26.8)	15.5%
Removals (Minority Shareholdings)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
NET INCOME	79.9	32.6	47.3	145.1%	273.1	241.7	31.4	13.0%	125.0	180.6	(55.6)	-30.8%	494.9	414.3	80.6	19.5%



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All relevant information regarding the period and used by management in the running of the Company is evidenced in this document and in the Financial Statements.

Further information about the Company can be obtained on the Reference Form available on CVM website and on Neoenergia Group Investor Relations website (ri.neoenergia.com).