



NEOENERGIA

NEOENERGIA

June, 2018





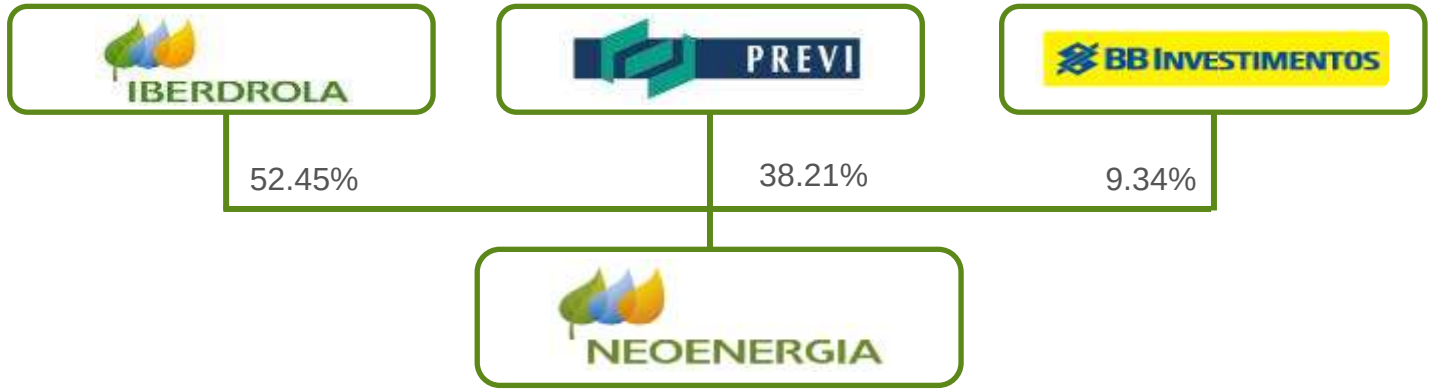
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For additional information on the companies, please refer to the reports filed with the Brazilian Securities and Exchange Commission (CVM) or the Investor Relations website, ri.neoenergia.com.

Shareholding Structure



IBERDROLA

Global Ratings: Baa1/BBB+/BBB+

World's leader in wind power

Integrated and geographically diversified company

Overall installed capacity in excess of 48 GW[1] in the 1H18

PREVI

PREVI is one of Latin America's largest pension funds with Total Equity of R$ 183.7billion[2] in 2017

Equity interest in several Brazilian infrastructure companies

BB INVESTIMENTOS

Global Ratings: Ba2/BB/BB

The investment bank Banco do Brasil S.A. Is a financial institution with more than 200 years of history

Banco do Brasil closed the 1H18[3] with R$ 1.4[3] trillion in assets

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Nota[1]: Fonte Site da Iberdrola: https://www.iberdrola.com/wcorp/gc/prod/en_US/conocenos/docs/2018_Results_H1.pdf/
Nota[2]: Fonte Site da PREVI: http://www.previ.com.br/quemsomos/relatorio2016/pt/
Nota[3]: Fonte Site do Banco do Brasil: http://www.bb.com.br/docs/pub/siteEsp/ri/pt/dce/dwn/4T17AnaliseDesempCS.pdf

Highlights Neoenergia



Unique portfolio of assets and solid business model

Diversified portfolio with a strongly regulated network business and thermal and renewable generation assets with long-term contracts



Second largest private player in the Brazilian energy industry

Second largest distribution company in Brazil in number of consumers, with highly efficient and quality operation



High standards of corporate governance

Corporate Governance standards with a view at the best Market practices strengthened by the renowned management of its shareholders



Favorable industry dynamics

The Brazilian energy sector continues to offer many growth opportunities with attractive returns
Well developed regulatory framework



Strong growth levers

Business plan solely based on organic initiatives backed by a solid background of project development

Neoenergia in figures

Neoenergia's commitment to Brazil has increased over the past 20 years...

Operating Data

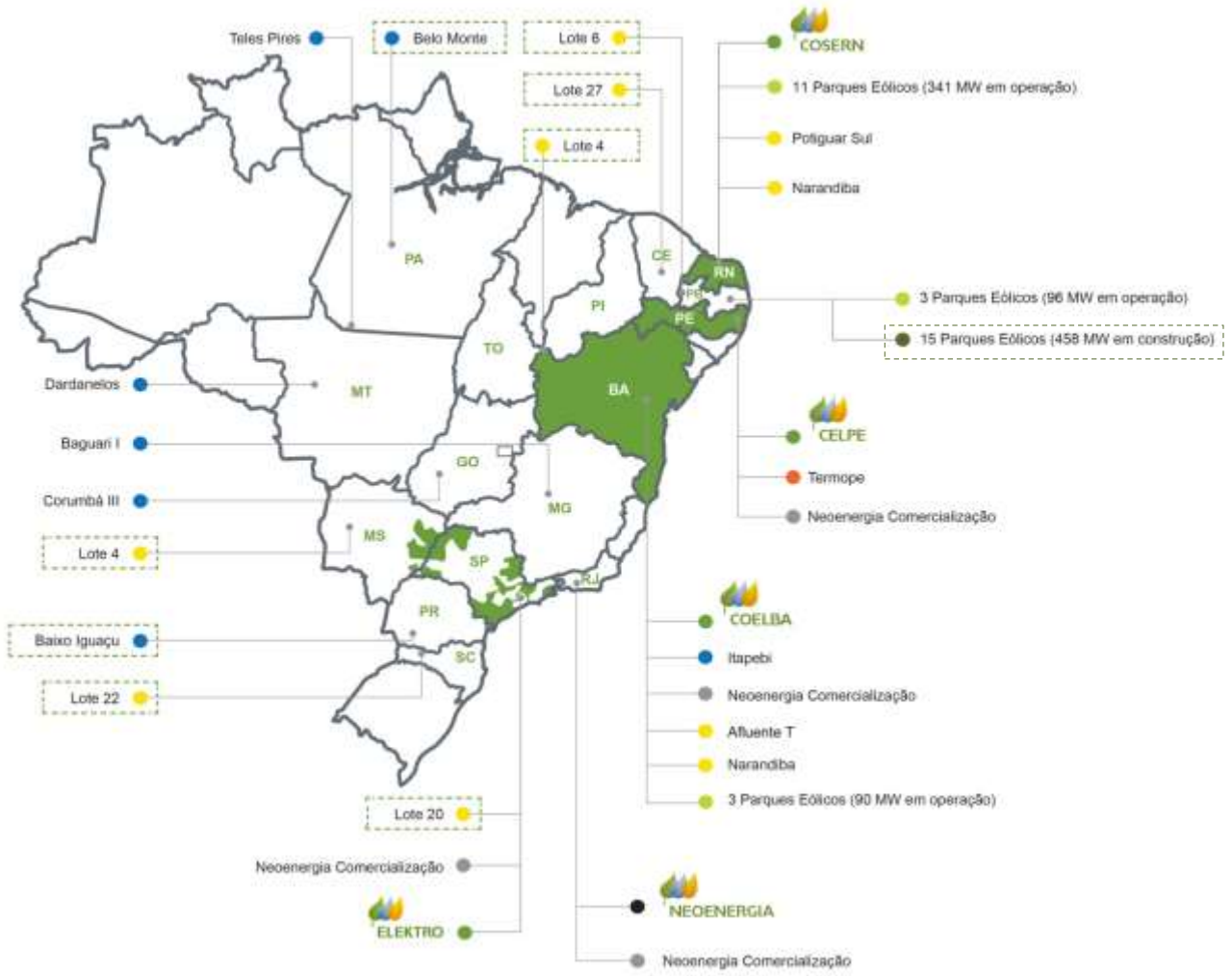
	1997		Today
Population served (million)	15	> 2.2x	~34(4)
Active customers (million)	2.8	> 4.9x	13.7(1)
Installed capacity (MW)	23	> 197x	4,541(1)
Area of performance (Km^2)	621 thousand	> 1.3x	835 thousand(2)
Km of lines (networks)	135,000	> 4.6x	~623,000(1),(2)
Employees	5,867	> 1.7x	10,021(3)

...currently present in 16 states

Notes: (1) Numbers refer to the 2Q18; Source: Neoenergia's Results Release; (2) Source: Neoenergia 2018 Reference Form; (3) Figures refer to the end of June/2018; (4) Estimates by IBGE for 2017

Neoenergia

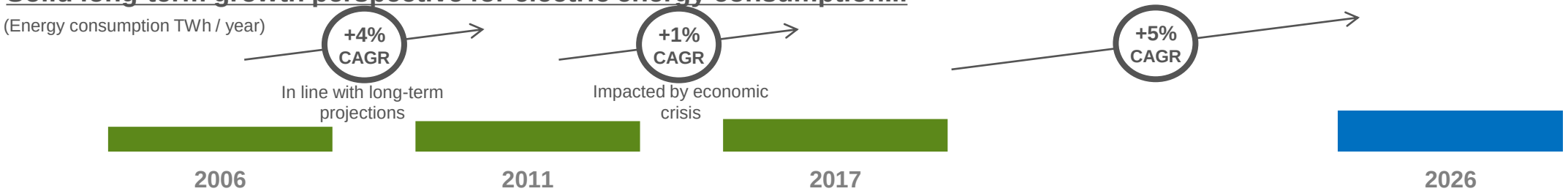
Geographically diversified presence and throughout several action fronts



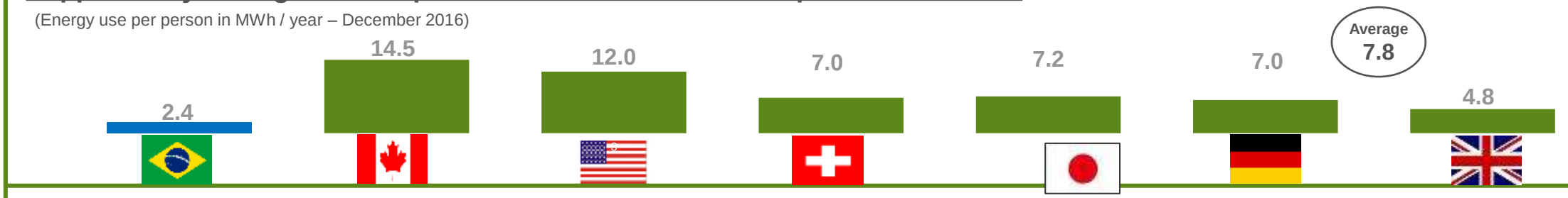
Growth perspective of the Brazilian electric sector

The Brazilian electricity sector will continue to offer many growth opportunities with attractive returns[1]

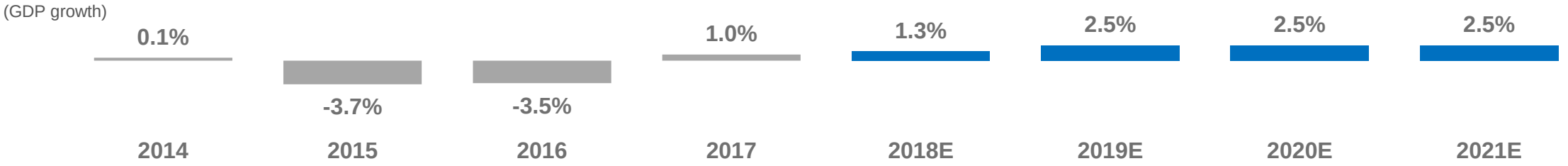
Solid long-term growth perspective for electric energy consumption...



Supported by average consumption lower than that of developed economies …



Driven by expected GDP growth

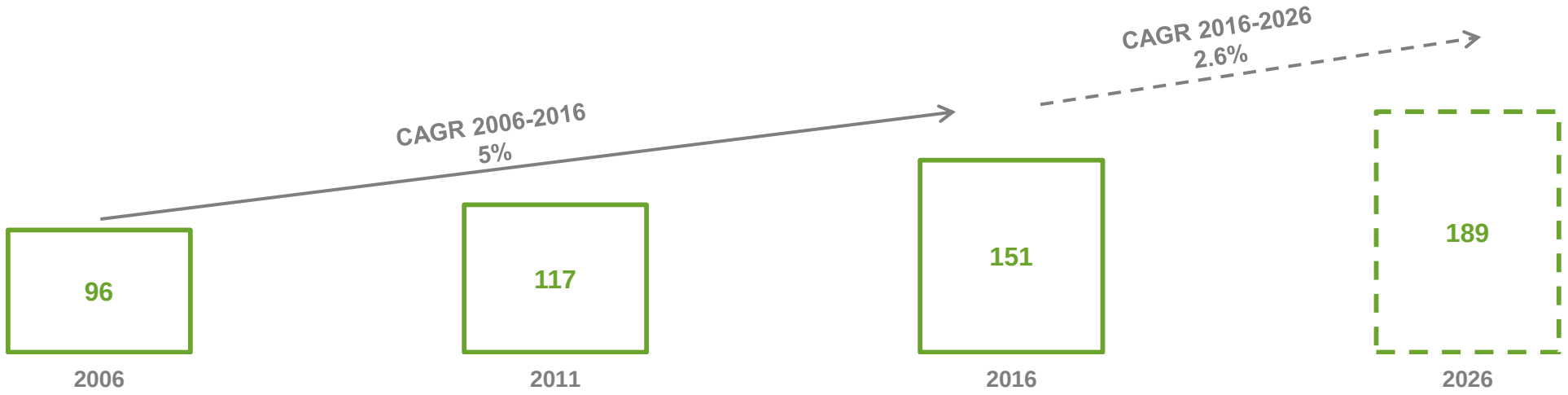


Note: (1) Sources: Banco Central do Brasil (Focus – 10/19/2018 Market Report), IBGE (Instituto Brasileiro de Geografia e Estatística) and Empresa de Pesquisa Energética (EPE)

Growth projection for the Brazilian electric sector

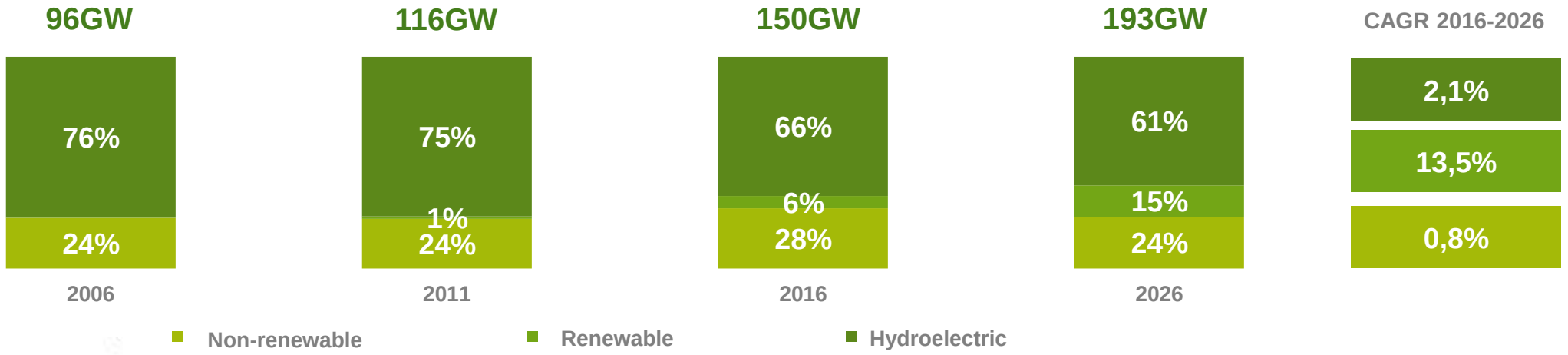
Installed Capacity[1]

GW



Renewable sources make the headlines in the energy matrix[1]

GW % installed capacity per source



Note: (1) Source of information: 2026 Ten-Year Energy Expansion Plan

A bet on Brazil: Investments over the next years

Neoenergia will invest some R$ 25 Bi in five years (2018-2022)...

Investments in distribution and transmission

- 6 new transmission projects
- Network expansion and maintenance
- Service universalization (*Luz para todos*)
- Smart grids
- Improvement in quality and efficiency
- Loss reduction

Investments in generation

- 15 new wind power farms (Paraíba)
- Improvement in availability and power increase in existing plants

... and will carry on taking advantage of the opportunities that may arise

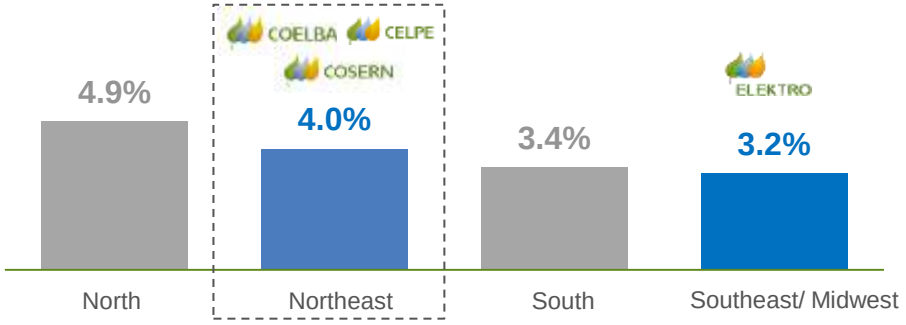
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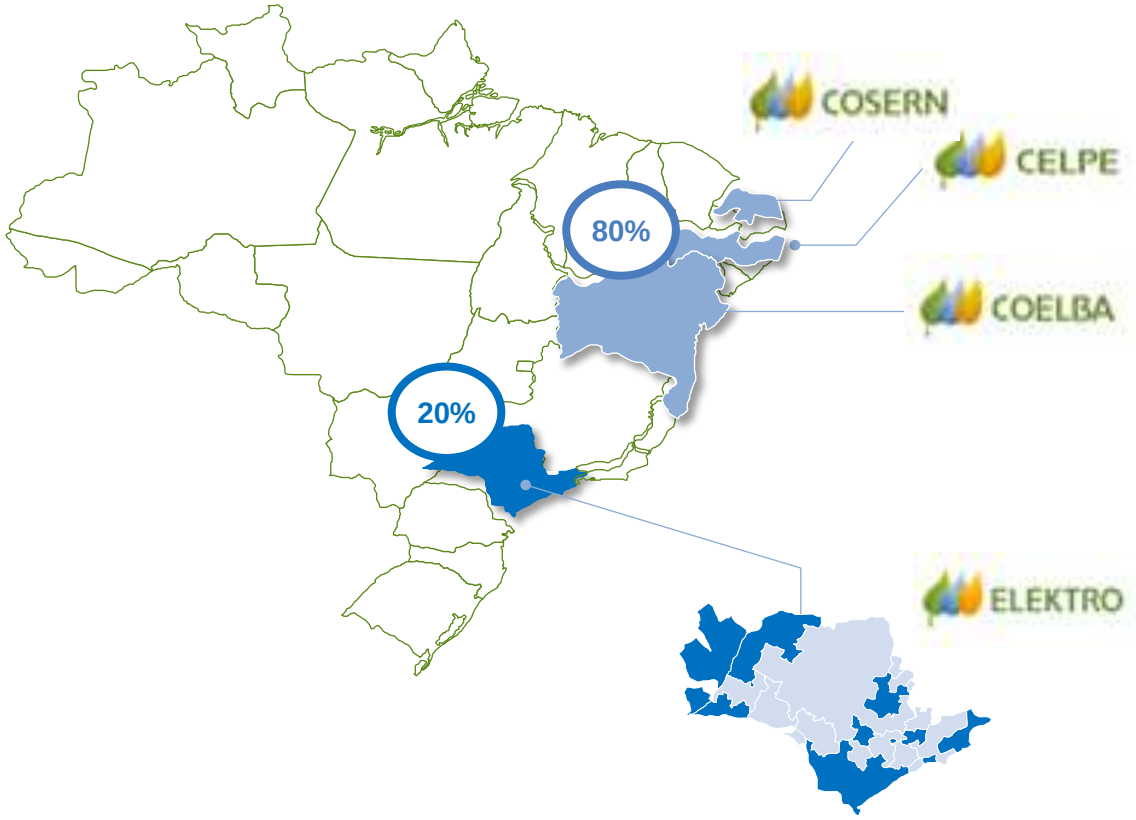
Growth of Neoenergia distributors

Neoenergia DisCos exposed in high growth areas and with significant short-term improvements reflecting recent tariff review cycles

We expect them to continue to excel market growth leveraged by lower average consumption in the Northeast region

Growth of use of energy per region (CAGR 2016-26)[1]





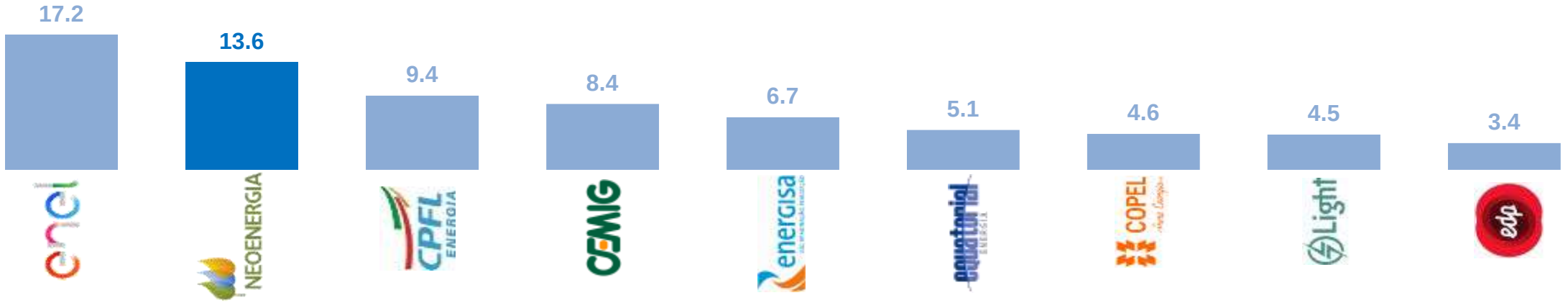
% % of Neoenergia[2] total asset basis

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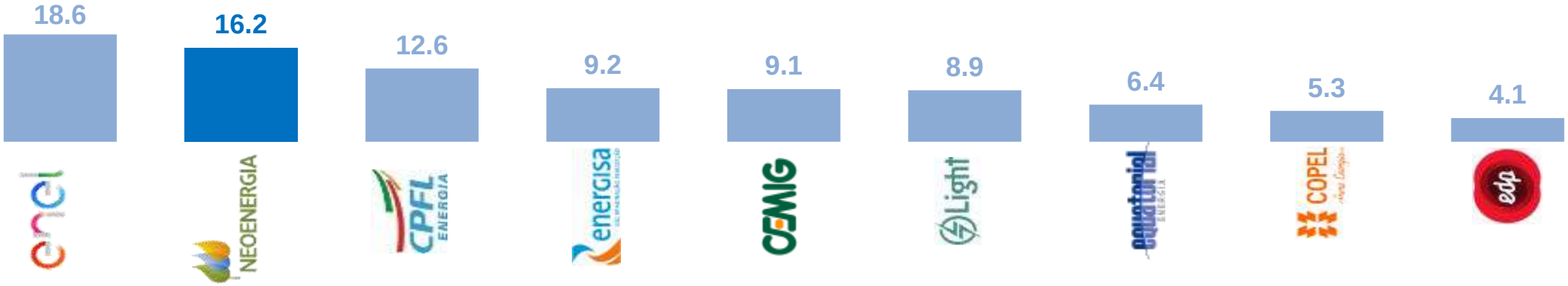
Notes: (1) Sources of Information: Ministry of Mines and Energy; Technical notes of Companies tariff review obtained at Aneel website and adjusted by IPCA on 09/30/2018.

Neoenergia Positioning in Distribution

Second largest private player in Number of Consumers[1] ...



... And second largest BRR (R$ bi)[2]



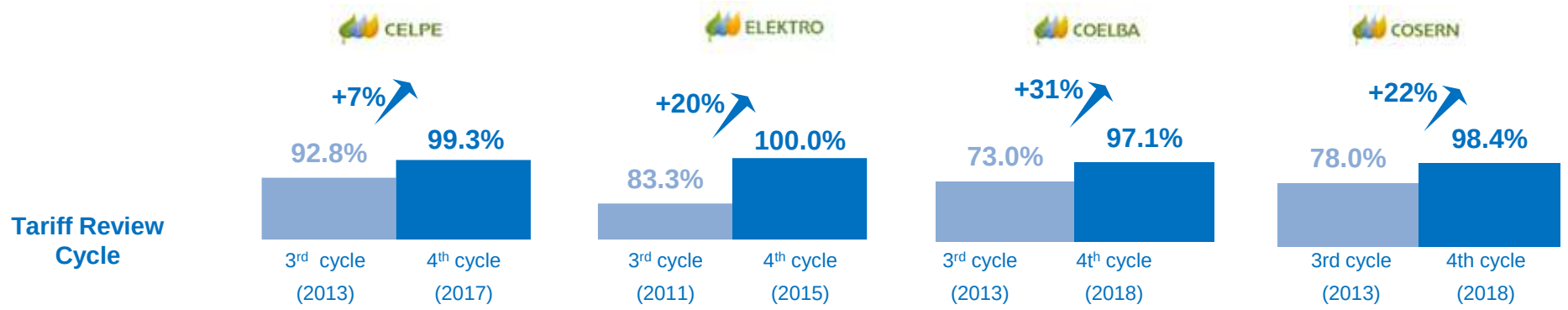
Notes: (1) Companies' QIs and Releases for the 1Q18. Enel information considers the acquisition of Eletropaulo controlling shareholding after tender offer of 06/04/2018;
(2) 2Q18 Companies' Financial Statements and Aneel. Considers reviews held until May/2018 adjusted by IPCA

High operating standards

Well-diversified portfolio, highly regulated network segment and renewable and thermal generation with long-term contracts

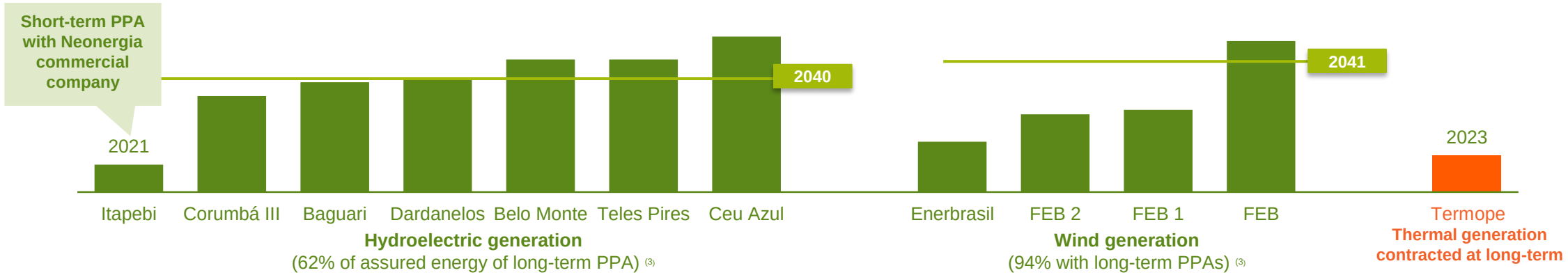
Networks: regulated sector guaranteeing returns: 100% of Capex credited to BRR since 2015

Capex considered in BRR (% of total)



Generation: Predictable cash flow supported by long-term generation assets contracts

End of PPA



Notes: (1) Sources of Information: Energy Trade Contracts in the weighted average of terms of PPAs based on proportional assured energy.

Rating

S&P Corporate Rating – Global Scale

	2015	2016	2017	2018
NEOENERGIA	BB+	BB	BB	BB-
	BB+	BB	BB	BB-

Rating proves the ability of the Group Companies to honor their financial obligations.

S&P Corporate Rating – National Scale

	2015	2016	2017	2018[1]	
NEOENERGIA	AA+	AA-	AA-	AA-	AAA

Benchmark of Corporate Rating – National Scale Long-Term

S&P Global		FitchRatings		Moody's	
AAA	Neoenergia, Cosern, Elektro, Enel CE, Enel RJ, Coelba, Celpe, Energisa, CPFL	AAA	CPFL, Enel CE, Enel RJ, Energisa, AES Eletropaulo	Aaa	AES Eletropaulo, CPFL
AA+	Light, AES Eletropaulo	AA+		Aa1	-
AA	-	AA	Eletrobras	Aa2	Energisa
AA-	-	AA-	Copel, Elektro, Lagoa 1, Calango 6	Aa3	-
A+	Cemig	A+	Light	A1	-
BBB-	-	BBB-	Cemig	Baa1	-

Note: (1) Rating BrAA- until 07/11/2018 and rating BrAAA from 07/12/2018 due to S&P methodology review; (2) Source: https://www.standardandpoors.com/pt_LA/web/guest/home, https://www.moodys.com/ and https://www.fitchratings.com.br/. Last access 09/09/2018.

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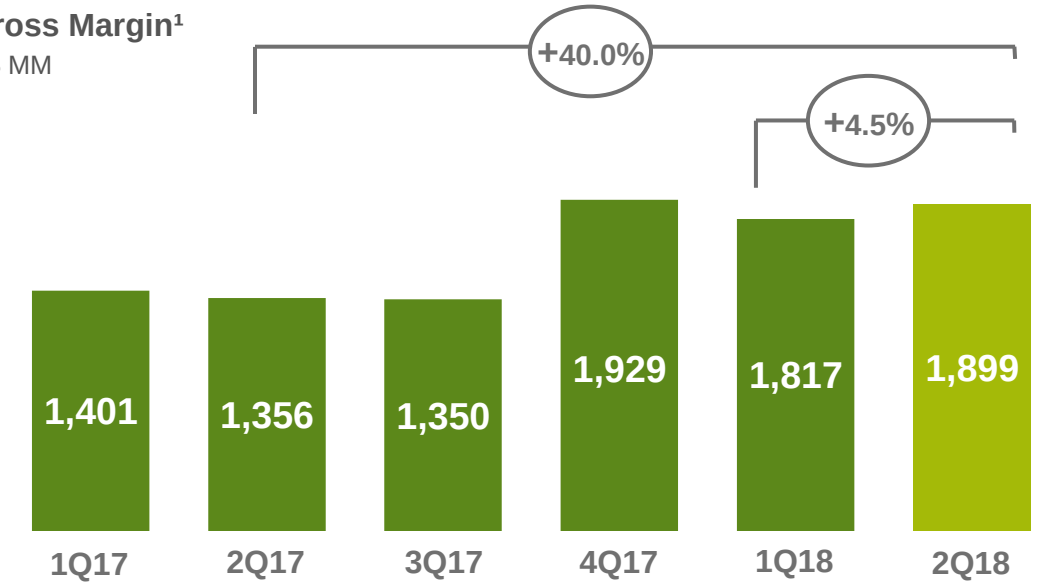
Results

Results

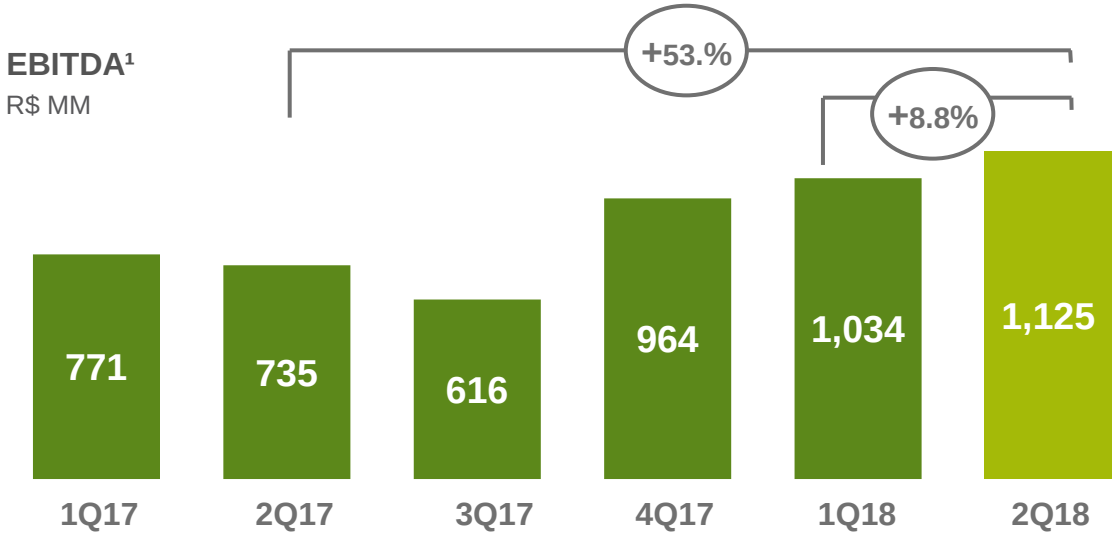
Net Revenue[1]
R$ MM



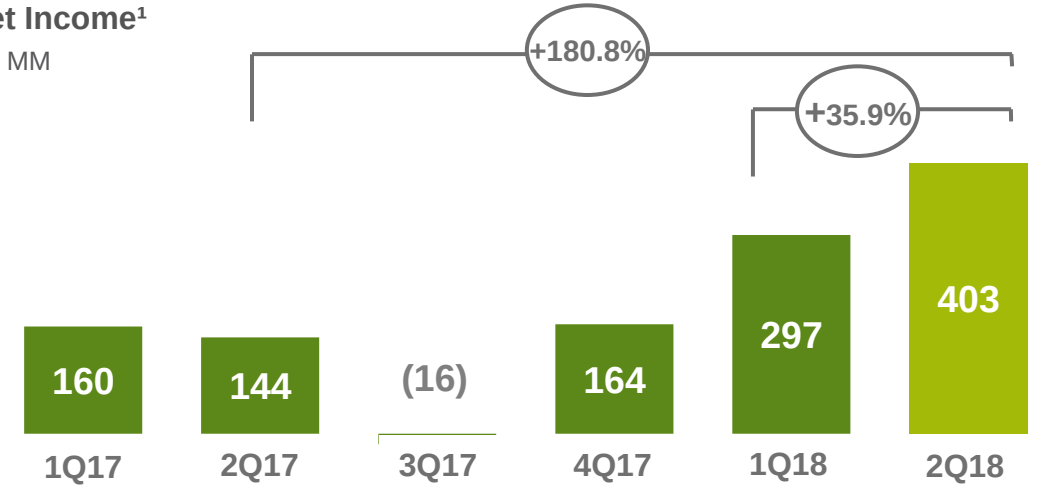
Gross Margin[1]
R$ MM



EBITDA[1]
R$ MM



Net Income[1]
R$ MM



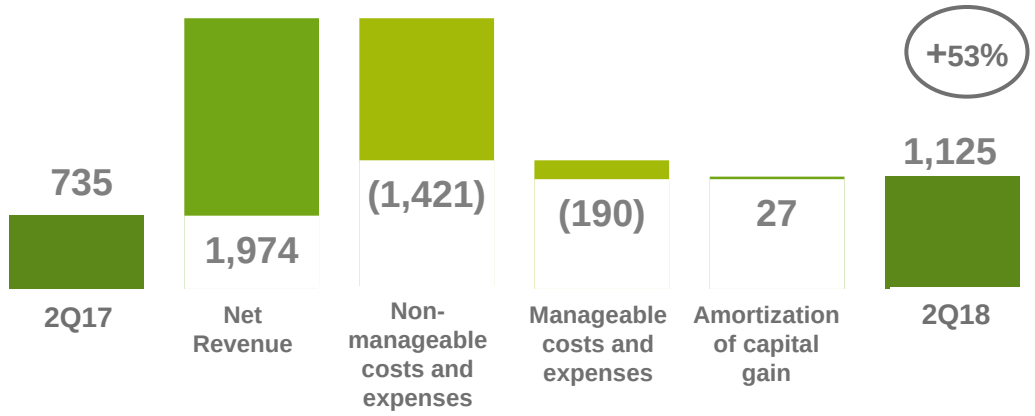
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Note: (1) 2017 information consider the merger of Elektro on 08/24/2017.

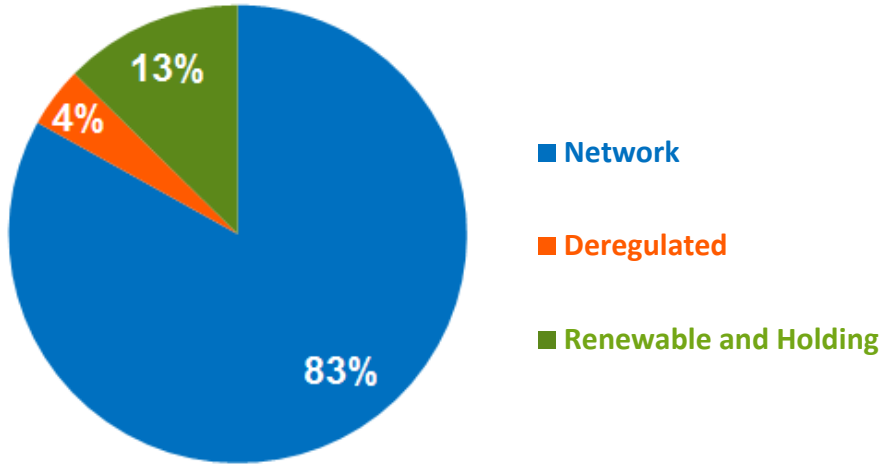
Results

EBITDA[1] [2]

R$ MM



EBITDA per segment



Neoenergia[3]	2Q18	2Q17	2Q18 X 2Q17	
			R$	%
Net Revenue	6,421	4,317	2,104	49
Non-manageable costs and expenses	(3,767)	(2,346)	(1,421)	61
Manageable costs and expenses	(888)	(698)	(190)	27
EBITDA	1,125	735	28	53
Equity Accounting	28	0,2	28	>100
Amortization of capital gain	(46)	(19)	(27)	>100
Net Income	403	144	260	>100

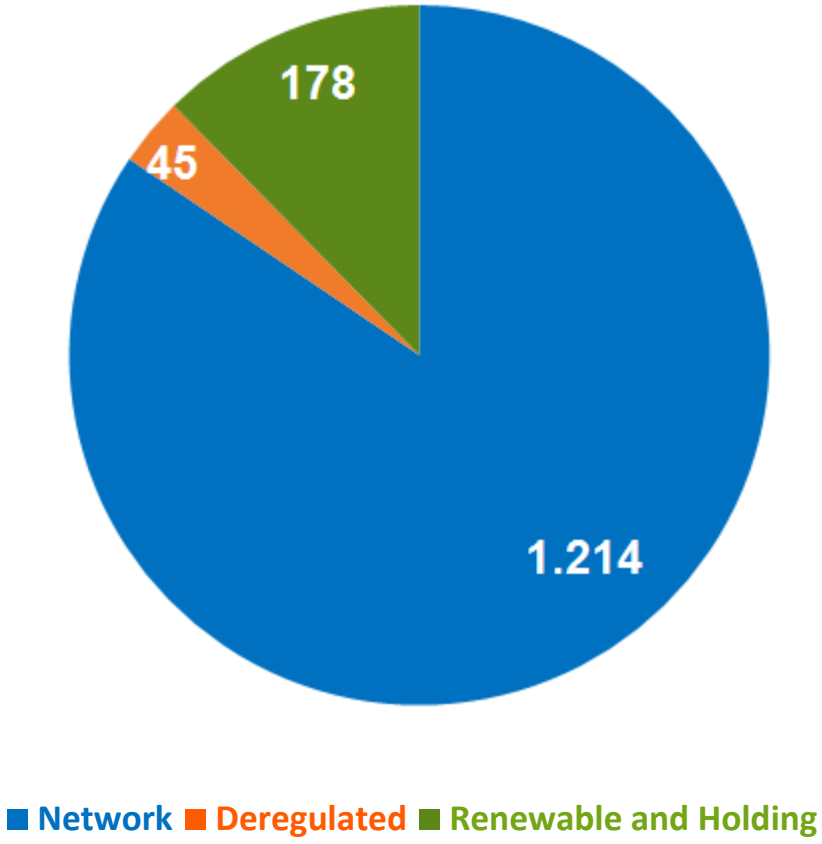
Main variations 2Q18 x 2Q17:

- Net Revenue growth 49%[1], reflecting Elektro Merger (R$ 2.4 billion in 2Q18) and 2018 tariff reviews and resets, that happened in April.
- Operational costs also reflects Elektro merge. Beside that the period was impacted by higher regulatory charges. On the other hand the manageable costs had a lower than the period inflation variation.

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Notes: (1) Neoenergia's consolidated considers the merger of Elektro as of August 2017; (2) Net revenues and costs disregard construction revenues and costs.
Note: Elektro 2Q18: R$ 204 MM of EBITDA and R$ 73 MM of net income; (3) R$ MM

Capex 1H18 (R$ MM) – Neoenergia Group



The R$ **1.4** billion invested were distributed as follows:

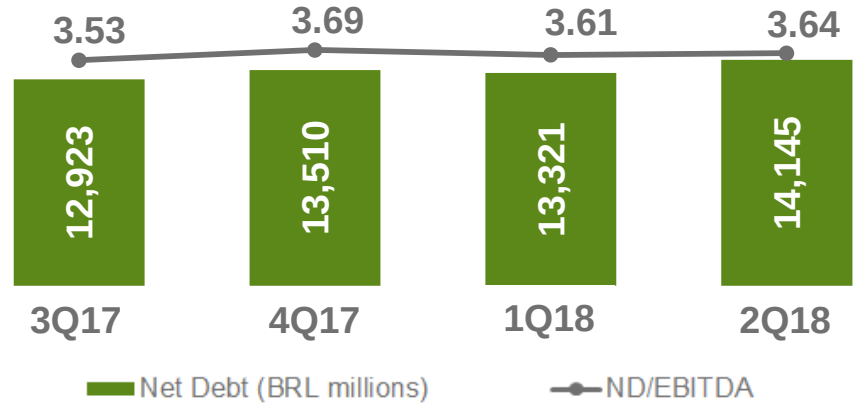
- Networks: **85%**;
- Renewables and Holding: **12%**;
- Deregulated: **3%**.

Adding the investments made in the non-consolidated joint-control companies, investments for the 1H18 amounts to **R$ 1.6 billion**

Results

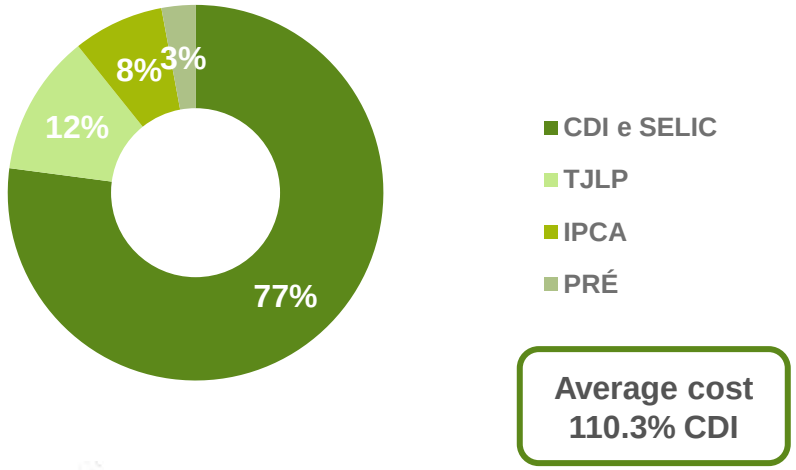
Net Debt e Net Debt/EBITDA[1]

R$ MM



Debts Indices

%



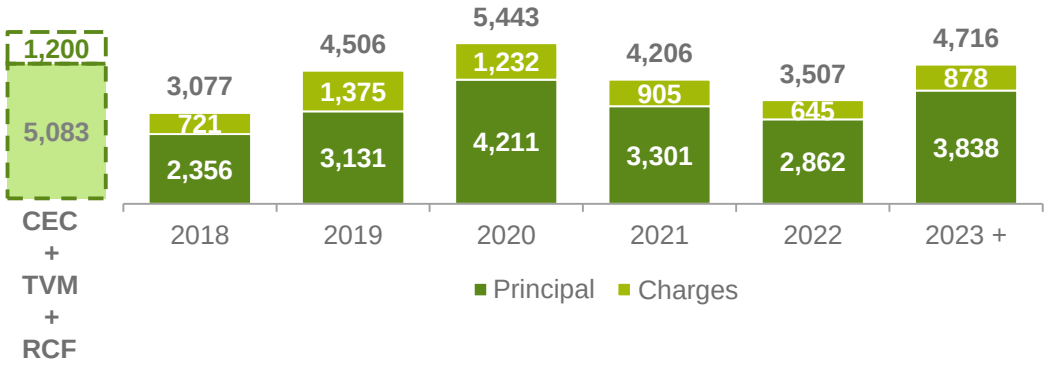
Average cost 110.3% CDI

Detailed debt composition – 2Q18

R$ MM

Short Term	**4,347**	
Loans and Financing	3,924	
Debentures	1,002	24%
Financial Instruments	(579)	
Long Term	**14,881**	
Loans and Financing	8,964	
Debentures	6,764	76%
Financial Instruments	(847)	
Gross Debt	**19,228**	
Cash and Cash equivalents (CEC + TVM)	5,083	
Net Debt	**14,145**	
RCF	1,200	

Debt Schedule (R$ MM)[2]



Notes: (1) Considers pro-forma EBITDA ; (2) Considers forward-looking projection curves

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Networks

Neoenergia in Brazil: Distribution

Some R$ 17 Bi in investments by 2022



COSERN
1.4 MM Active Consumers
> R$1,736 MM investment (18-22)

CELPE
3.7 MM Active Consumers
> R$3,701 MM investment (18-22)

COELBA
6.0 MM Active Consumers
>R$9,785 MM investment (18-22)

ELEKTRO
2.6 MM Active Consumers
>R$3,428 MM investment (18-22)

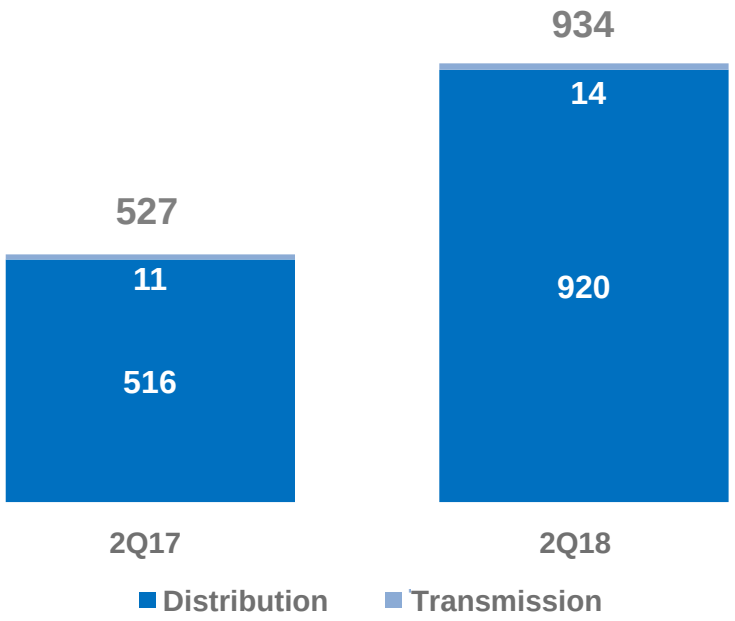
For the ninth time, Elektro was elected the country's best Electrical Energy Distributor in 2018 by ABRADEE[1]

Note: (1) Brazilian association of Electric Energy Distributors

Networks – Results 2Q18

EBITDA[1]

R$ MM



Networks	2Q18	2Q17	2Q18 X 2Q17	
Net Revenue	5,879	3,795	2,084	55
EBITDA	934	527	407	77
Financial Income (loss)	(178)	(214)	36	(17)
Net Income	398	139	259	187

The Ebitda in the segment reflects the incorporation of Elektro (R $ 204 million in 2Q18) and the effects of Cosern and Coelba's tariff review, with a consumer impact of 15.61% and 16.95%, respectively, from April 22, 2018.

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Note: (1) Elektro's contribution since its merger on August 24, 2017. Amounts in R$ million

Distribution - Results 2Q18



COELBA



CELPE



COSERN

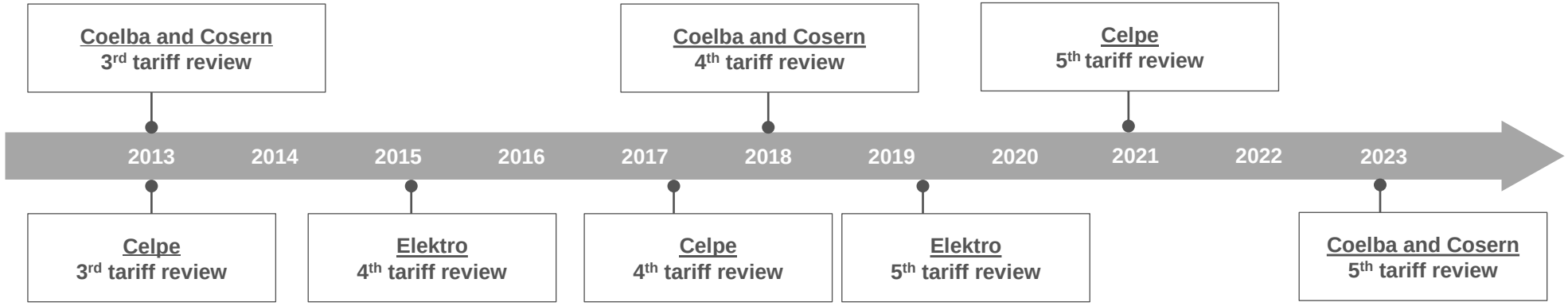


ELEKTRO (1)



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Operating– 2Q18					
Customers	5.9 million	3.7 million	1.4 million	2.6 million	13.7 million
Energy Distributed	5.009 GWh	3.357 GWh	1.361 GWh	4.303 GWh	14.028 GWh
Area	563 thousand km²	99 thousand km²	53 thousand km²	120 thousand km²	835 thousand km²
Population	15 million	8.9 million	3.4 million	6.5 million	33.8 million
Concession period	Aug/2027	Mar/2030	Dec/2027	Aug/2028	-



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Note: (1) Figures for the 2Q18. For the purpose of consolidation Elektro Redes has been considered from the date of the merger, August 24, 2017

2018 Tariff Resets

CELPE

Reset April/18	
% Tariff review	5.22%
Financial Components	5.36%
Total tariff review	**10.58%**
Average effect - high voltage	9.90%
Average effect – low voltage	8.47%
Average effect perceived	**8.89%**

ELEKTRO

Reset April/18	
% Tariff review	11.28%
Financial Components	13.39%
Total tariff review	**24.67%**
Average effect - high voltage	26.75%
Average effect – low voltage	23.20%
Average effect perceived	**24.42%**

CELPE	Reset April/17	Reset April/18	Variation
Part B (R$ (million)	1,580	1,480	-6.33%
Regulatory Losses	14.64%	16.11%	1.47p.p
Unrecoverable Revenues	1.40%	1.40%	0p.p

ELEKTRO	Reset April/17	Reset April/18	Variation
Part B (R$ (million)	1,360	1,504	10.59%
Regulatory Losses	6.57%	6.57%	0p.p
Unrecoverable Revenues	0.38%	0.38%	0p.p

2018 Tariff Reviews – 4th cycle

COSERN

Results 4th Cycle Tariff Review	
% Tariff review	10.80%
Financial Components	4.13%
Total tariff review	**14.94%**
Average effect - high voltage	17.47%
Average effect – low voltage	14.88%
Average effect perceived	**15.61%**

COELBA

Results 4th Cycle Tariff Review	
% Tariff review	18.45%
Financial Components	2.73%
Total tariff review	**21.18%**
Average effect - high voltage	16.17%
Average effect – low voltage	17.27%
Average effect perceived	**16.95%**

COSERN	Reset April/17	Result PTR April/18	Variation
Part B (R$ (million)	585	654	11.92%
Regulatory Losses	11.01%	10.71%	-0.3p.p
Unrecoverable Revenues	0.87%	0.40%	-0.47p.p

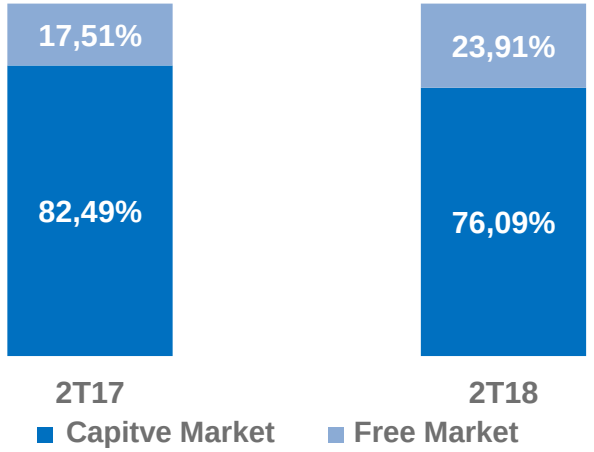
COELBA	Reset April/17	Result PTR April/18	Variation
Part B (R$ (million)	2,344	2,981	27.15%
Regulatory Losses	12.42%	14.23%	1.81p.p
Unrecoverable Revenues	0.97%	1.16%	0.19p.p

Distribution – Results 2Q18

Energy injected and distributed and Number of Consumers

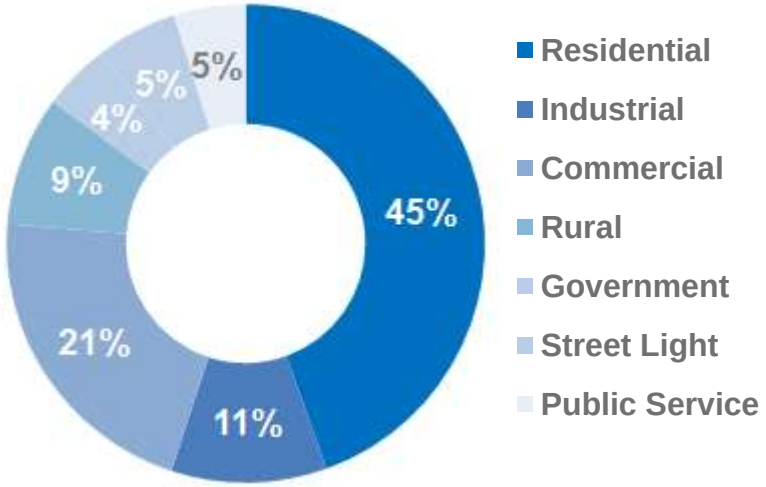
Energy Distributed per market

GWh



Energy Distributed per consumer class – Captive Market

%



Energy Distributed per Company – Captive + Free Market[1]

GWh

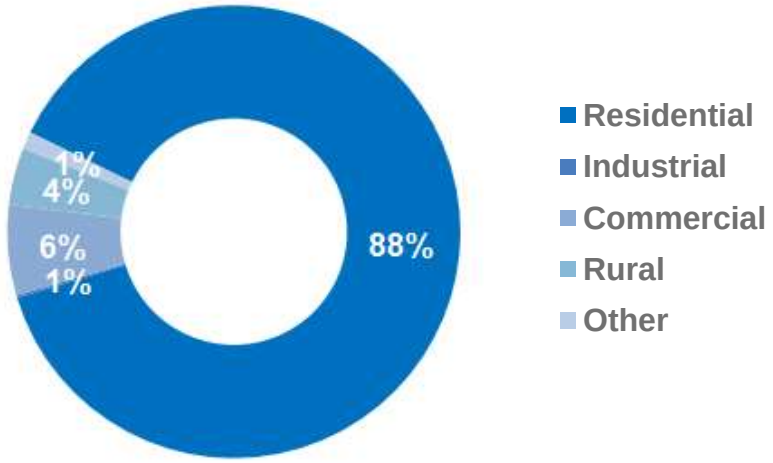
Energy Distributed - Total Captive Market	2016	2017	2Q17	2Q18
Celpe	17,351	16,264	4,959	5,009
Coelba	11,278	10,772	3,336	3,357
Cosern	4,749	4,650	1,415	1,360
Elektro[1]	0	3,829	0	4,303
Neoenergia	33,378	35,515	9,709	14,028
Elektro[2]	11,542	10,915	4,175	

CAGR[3]
BR: +2.10%
NEO: +4.46%

Number of consumers per consumer class

%

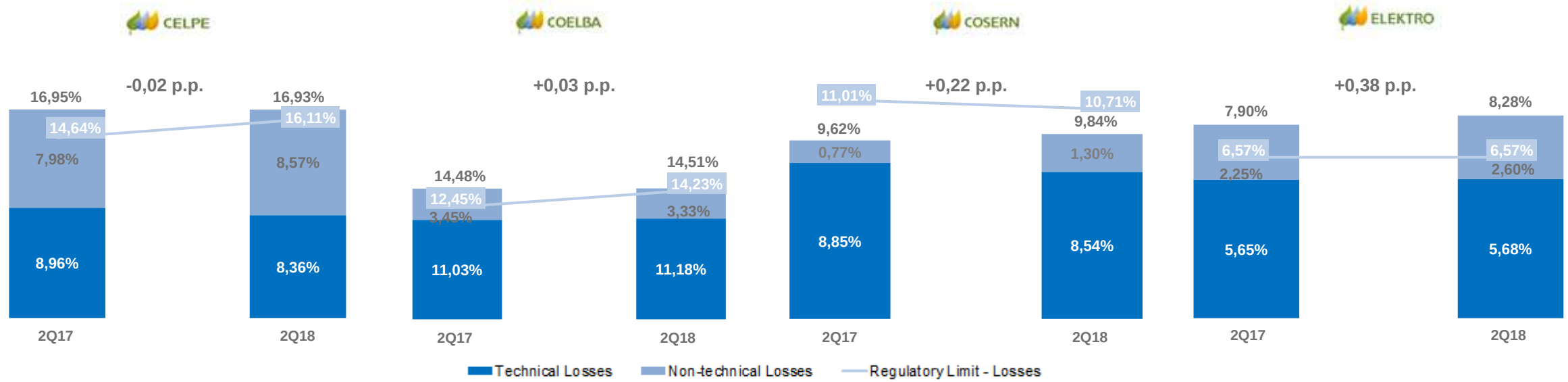
NEOENERGIA: 13,682,544



Notes: (1) For the purpose of consolidation the Elektro Redes figures are considered from the date of the merger, August 24, 2017; (2) Elektro Redes amounts for the whole year of 2017; (3) CAGR – Last 7 years

Distribution - Results 2Q18

Losses

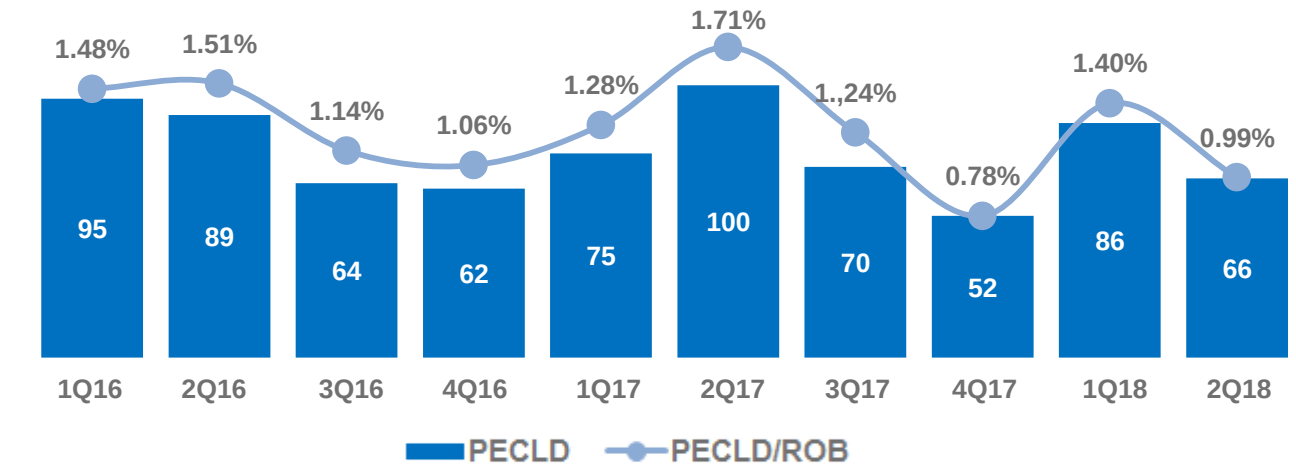


Non-technical losses	**Regular Actions**	Inspection	Register Tuning	Adjustment to Street Light
	Shielding	Shielded Network	Centralized Measurement	Measurement
	Structuring Actions	Equipment Maintenance	Management and Monitoring Tools	Standardization and measurement
Technical Losses	**Network Improvement**	Network Maintenance	Network Expansion	Technical Register

Distribution - Results 2Q18

Default Indicators and PCLD

ADA Evolution

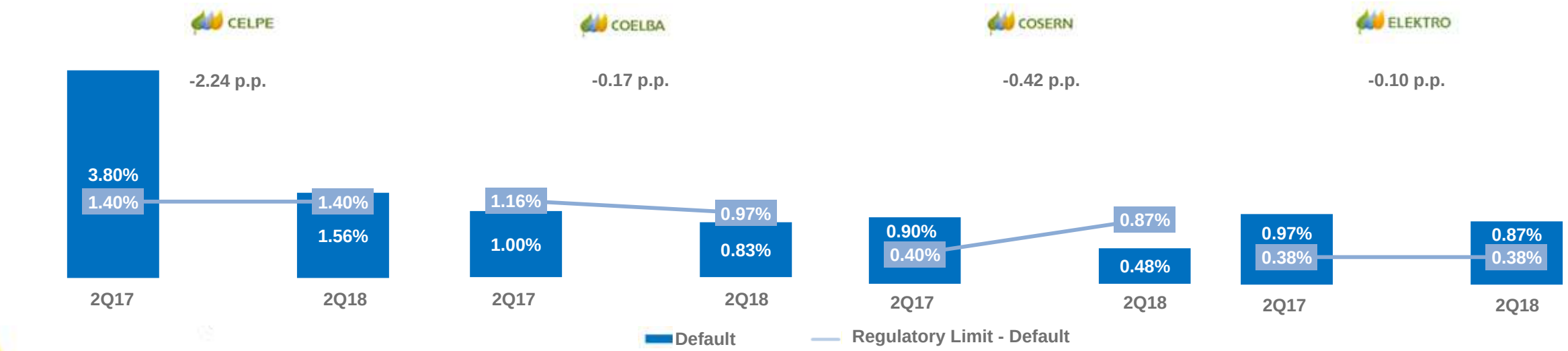


Collection Actions

Number of actions 2Q8 x 2Q17

- ✓ **Disconnection:** 478,435 (-8%)
- ✓ **Re-disconnection:** 49,302 (-13%)
- ✓ **URA/SMS[1]:** 3,577,732 (-6%)
- ✓ **Consulting[1]:** 7,269,990 (+7%)

Default per company

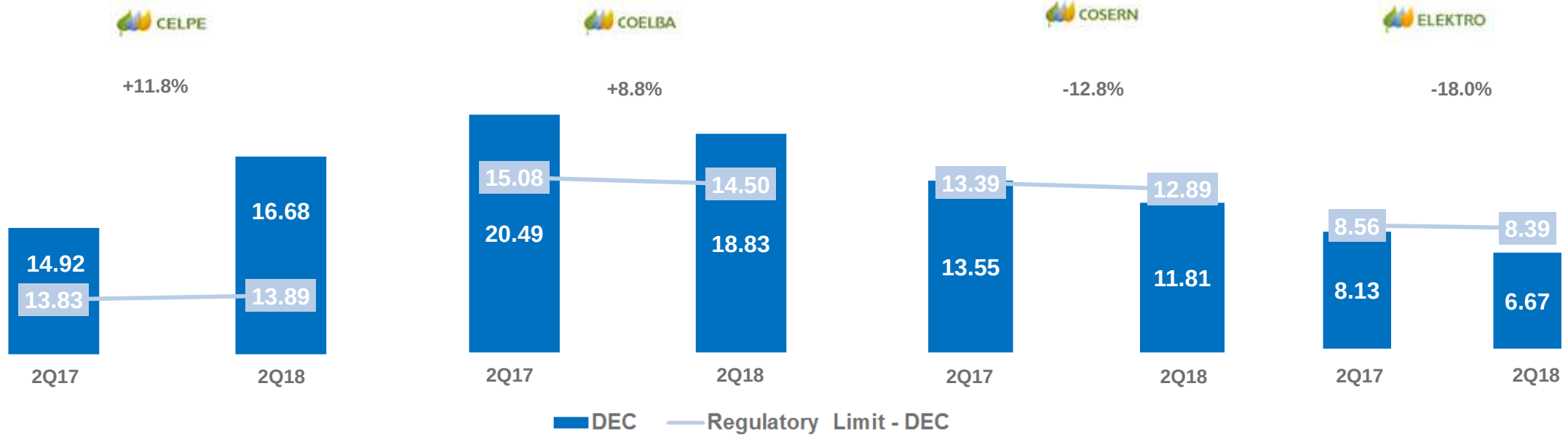


Distribution - Results 2Q18

Quality Indicators

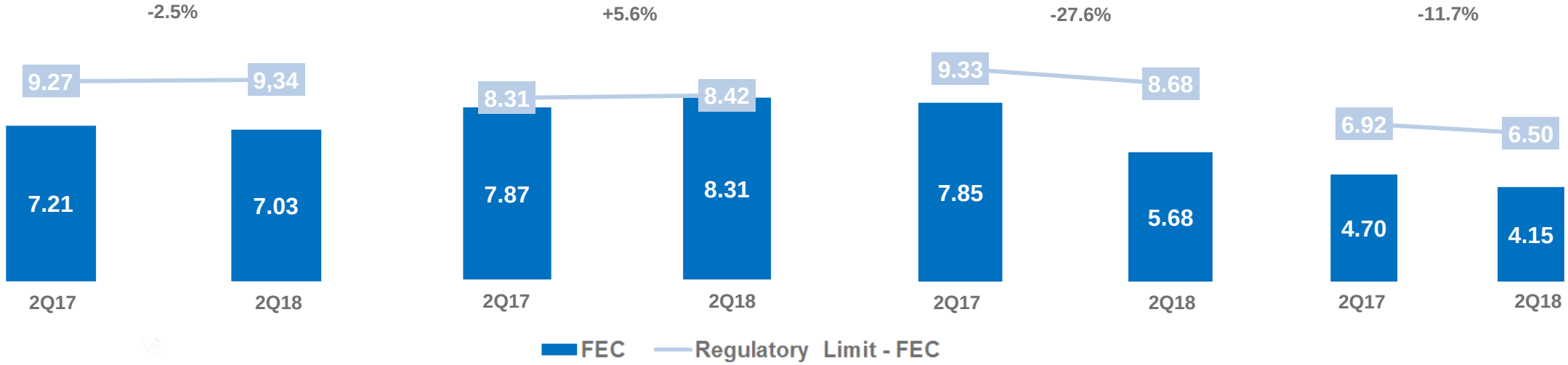
DEC

times



FEC

hours



Portfolio in operation
Transmission







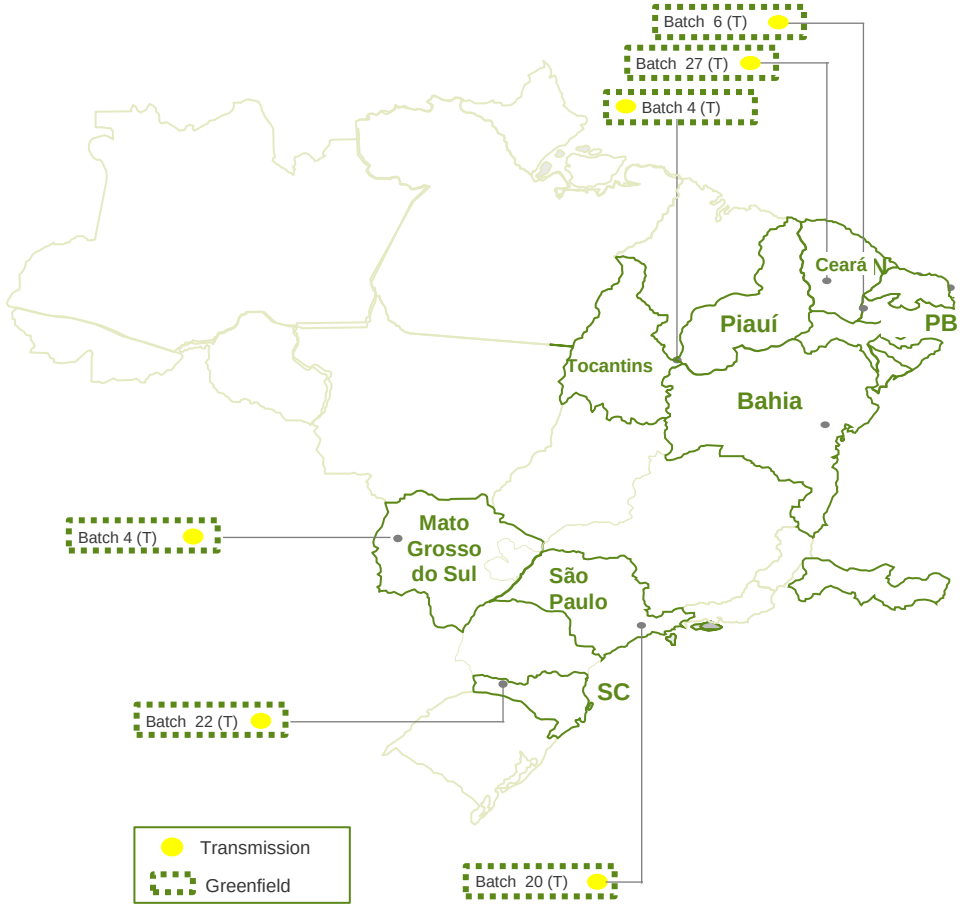
	Afluente T	Narandiba[1]	Potiguar Sul
Operating- 2Q18			
Annual Permitted Revenue (2017-2018)	R$ 38.0 million	R$ 14.3 million	R$ 24.6 million
Assets	7 substations (own) and 9 lines	4 substations (own)	2 substations and 1 line
Line extension	489km	-	190km
Transformers (T)	6 transformers	6 transformers	-
Entry lines (L)	10 lines	-	2 lines
Neoenergia's share	88%	100%	100%
Concession period	Aug/2027	Jan/2039, May/2042 and Aug/2042	Aug/2043

NEOENERGIA

Note: (1) Terms refer respectively to the substations that follow: Narandiba, Brumado II and Extremoz II ; Source: ANEEL – Auction Results 05/2016 and 02/2017 – Summary Table

Projects under construction: Transmission

In the 2017 auctions (April and December) Neoenergia added 6 new batches with investments of some R$ 3 Bi



Under Construction – 2Q18	Batch 4 – 04/2016	Batch 20 – 04/2016	Batch 22 – 04/2016
Annual Permitted Revenue contracted (in millions)[1]	R$ 65.515	R$ 13.279	R$ 13.055
Assets	1 substation and 6 lines	1 substation	1 substation
Line extension	583 km	-	-
Investments (in millions)[1]	R$ 487.240	R$ 141.076	R$ 120.662
Discount	34.64%	52.94%	46.17%
Neoenergia's share	100%	100%	100%
Start of operation[1]	2022	2021	2021

Under Construction – 2Q18	Batch 27 – 04/2016	Batch 4 – 02/2017	Batch 6 – 02/2017
RAP contracted (in millions)[1]	R$ 12,087	R$ 126,000	R$ 57,325
Assets	1 substation	2 lines	1 substation and 2 lines
Line extension	-	729km	345km
Investments (in millions)[1]	R$ 117,742	R$ 1,346,826	R$ 584,048
Discount	48.94%	46.6%	44.6%
Neoenergia's share	100%	100%	100%
Start of operation[1]	2021	2023	2018/2023[2]

Notes: (1) Figures anticipated by auction notices; (2) Considers the start of operation of the two transmission lines in 2018 and the substation in 2023

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Renewable and Deregulated

Projects in Operation: Renewable and Deregulated







2Q18	Itapebi	Águas da Pedra	Corumba CIII	Baguari	Teles Pires
Installed Capacity	462MW	261MW	96MW	140MW	1,820MW
Location	BA	MT	GO	MG	PA and MT
Neoenergia's[3] share	100%	51%	70%	51%	51%
Concession period	Aug/2035	Jan/2043	Feb/2037	Dec/2039	Jun/2046






2Q18	Belo Monte[1]	Wind Farms	Termopernambuco	Trader[3]
Installed Capacity	4,511MW	516MW – 17 wind farms	533MW	
Location	PA	BA, RN and PB	PE	
Neoenergia's[3] share	10%	100%	100%	1,443 average MW of energy traded
Concession period	Aug/2045	2031, 2042, 2046, 2049 and 2050[2]	Dec/2030	

Notes:(1) Operating partially since Apr/16 and fully since Jan/2020; (2) Refers to wind farms: 2031: Rio do Fogo, 2042: Arizona 1 and Caetité 1, 2046: Caetité 2 and 3, Calango 1, 2, 3, 4 and 5, Mel 2, 2049: Calango 6, Santana 1 and 2, 2050: Canoas, Lagoa 1 and 2; (3) Figures for the 2Q18.

Projects under construction: Renewables and Deregulated

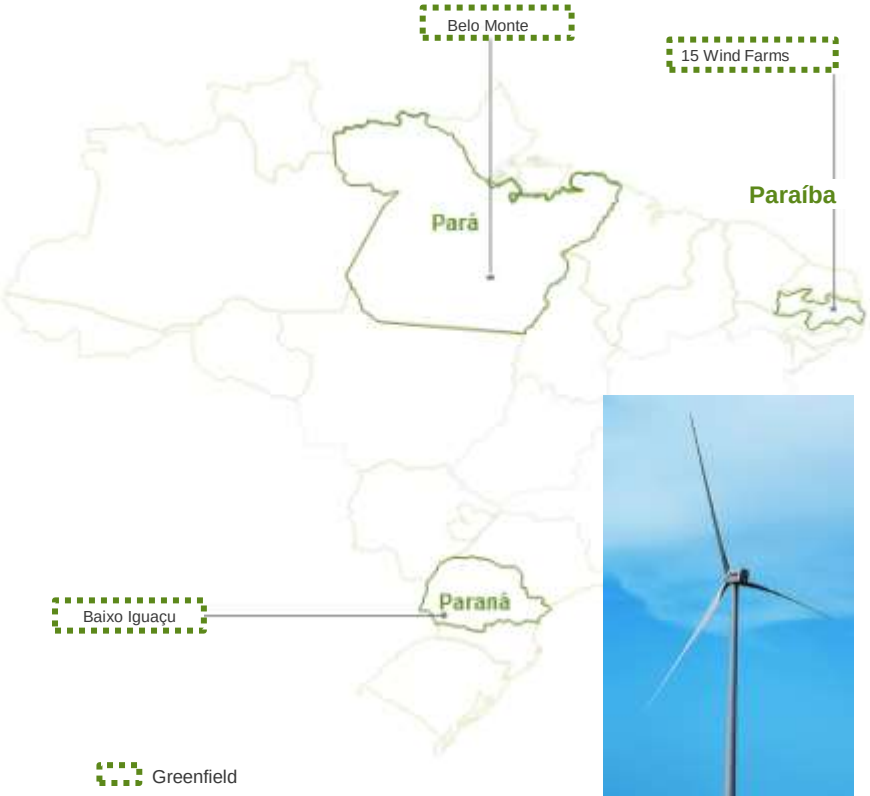
Neoenergia will build 15 new wind farms with investments of some R$ 3 Bi







Renewables	Belo Monte[1]	Baixo Iguaçu[2]	15 Wind Farms[3]
Installed Capacity	6,722MW	350MW	458MW
Location	Rio Xingu – PA	Baixo Iguaçu - PR	PB
Neoenergia's share	10%	70%	100%
Concession period	Aug/2045	Sep/2049	Jun/2053
Start of operation	Jan/2020	Nov/2018	Jan/2023
Physical Guarantee	4,571MW	171MW	238MW
GSF Insurance	SPR100	SP89	-
Average Tariff	R$ 123.22 (70%ACR)	R$ 169.31 (70% ACR)	-



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Notes:(1) Operating partially since Apr/16 and fully since Jan/2020; (2) Fully operational in the 1Q19; (3) Refers to wind farms: Canoas 2, Canoas 4, Chafariz 1, Chafariz 2, Chafariz 3, Chafariz 6, Chafariz 7, Lagoa 3, Lagoa 4, Canoas 3, Chafariz 4, Chafariz 5, Ventos de Arapuá 1, Ventos de Arapuá 2 and Ventos de Arapuá 3.

Deregulated and Renewable Businesses

Deregulated Businesses - EBITDA

R$ MM



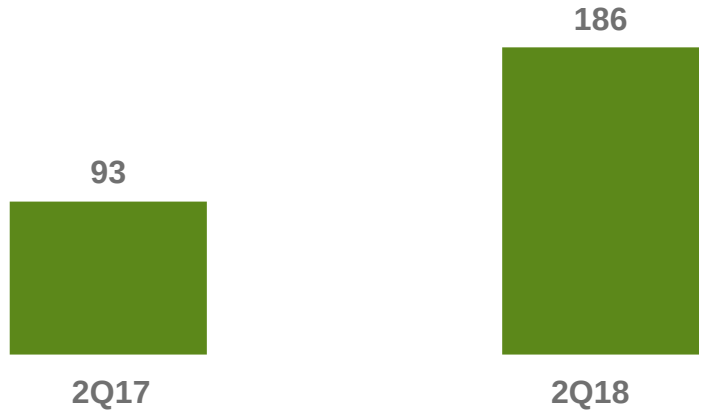
Deregulated[1]	2Q18	2Q17	2Q18 X 2Q17	
Net revenue	499	0,4	498	>100
Net Income (Loss)	(11)	43	(54)	<(100)
EBITDA	48	130	(82)	(63)
Financial Income (Loss)	(39)	58	(97)	<(100)

Investments [2]	2017	1H18
	515,542	45,436

Termopernambuco generated 2,153 GWh (490.2 MW med)

Renewables - EBITDA

R$ MM



Renewables[1]	2Q18	2Q17	2Q18 X 2Q17	
Net Revenue	43	518	(475)	(92)
Net Income	102	74	28	37
EBITDA	186	93	94	>100
Financial Income (Loss)	(30)	(102)	72	(70)

Investments [2]	2017	1H18
	336,993	177,787

Renewable Generation by means of 17 wind farms, with installed capacity of 515.8

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Notes: (1) R$ Thousand; (2) R$ MM

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