Earnings Results Presentation

Second Quarter

July 22 / 2020

Comprometidos com os: ODS

NEOENERGIA

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Agenda

COVID-19 update

COVID-19: Going through the Crisis

NEOENERGIA`S PEOPLE

- ✓ Teams with safety, ensuring the delivery of energy to 34 million people and the economy recovery.
- ✓ Sanitary measures ensuring the progress of the Projects.
- ✓ 4.8 thousand employees in home office.
- ✓ IT and Cybersecurity reinforcing operations.

ECONOMIC-FINANCIAL BALANCE

- ✓ Accession to Covid Account: R$ 1.66 billion.
- ✓ Ensure the economic-financial balance according to the agreements and sectoral legislation.
- ✓ Covid-19: EBITDA impacts.

R$ MN	2Q20	6M20
Discos	**278**	**298**

INVESTMENTS

- ✓ Expansion projects according to plan.
- ✓ Return on projects guarantees.
- ✓ 10% reduction in Discos Capex due to lower market.

SOCIETY

- ✓ Fio Cruz: donation for 100 Thousand Covid-19 tests.
- ✓ FIEB: donation of respirators.
- ✓ Transforma Brasil: support to 125 thousand families.
- ✓ Climatization and cooling equipment for hospitals.

CONFIDENCE IN THE REGULATORY MODEL THAT ENSURES THE ECONOMIC AND FINANCIAL BALANCE OF DISCOS

HIGHLIGHTS

2nd QUARTER / 2020

NEOENERGIA HIGHLIGHTS

Operational Expenses Efficiency:

- 8% vs. 2Q19 and -5% vs. 6M19:
Absorbing inflation, growth of customer´s base and 637 more employees.

EBITDA:

R$ 1.1 Billion in 2Q20 (-19% vs. 2Q19)
R$ 2.6 Billion in 6M20 (-3% vs. 6M19)
Impacted by Covid-19 effects.

Net Income[1]:

R$ 423 MN in 2Q20 (-18% vs. 2Q19)
R$ 999 MN in 6M20 (-1% vs. 6M19)
Impacted by Covid-19 effects.

Leverage:

Net Debt / EBITDA = 3.07x (vs. 2.98x in 1Q20).
Without considering Covid Account resources and economic balance.

CAPEX:

R$ 1,368 MN in 2Q20 (+49% vs. 2Q19)
R$ 2,332 MN in 6M20 (+30% vs. 6M19)
Progress of Wind and Transmission projects.

NOTE:(1) Profit Assigned to Controlling Shareholders

NETWORKS (TRANSMISSION)

PROJETS UNDER IMPLEMENTATION:

Progress of the projects confirming expected rates of return.

April/2017 Auction: RAP of **R$ 104 MILLION**	▪ Lot 4: delivered 1 of 5 tranches, -25% months vs. ANEEL´s schedule. 2nd tranche until Dec'20; ▪ Lot 20: -14 months vs. ANEEL´s schedule. -38% vs. ANEEL´s CAPEX; ▪ Lot 27: -13 months vs. ANEEL´s schedule. -33% vs. ANEEL´s CAPEX; ▪ Lot 22: -7 months vs. ANEEL´s schedule. -27% vs. ANEEL´s CAPEX.
Dec/2017 Auction: RAP of **R$ 183 MILLION**	▪ Work in progress (Elecor and Tabocas already mobilized); ▪ Projects with anticipation prospect regarding the Business Plan; ▪ 100% of the expected CAPEX contracted.
Dec/2018 Auction: RAP of **R$ 501 MILLION**	▪ Installation licenses of lot 14 substations already issued; ▪ Construction of 2 substations has already started: Marmeleiros and Livramento; ▪ 100% of the expected CAPEX contracted; ▪ IBAMA authorization for virtual audiences.
Dec/2019 Auction: RAP of **R$ 18 MILLION**	▪ Concession contract signed; ▪ Construction contract signed and 97% of CAPEX contracted.

Approximately R$ 70 MN of annualized RAP already in 2020



Photo: Dourados Construction(MS)

Maximum security measures adopted on behalf of Covid-19.

RENEWABLES (Wind Farms)

PROJETS UNDER IMPLEMENTATION

Progress of the projects confirming expected rates of return.

Chafariz Wind Farms (Paraíba):

15 farms:
471.2 MW

39% of energy in the free market and 61% in the regulated market

- 100% of estimated Capex already contracted (includes turbines);
- Works started in Oct'19, three months in advance of schedule: 1,201 people working, obeying health and safety protocols;
- Start of operations in Jan'22, with good chances of anticipation;
- 107 of 136 foundations of wind turbines already excavated and 18 already concreted.

Oitis Wind Farms (Piauí and Bahia):

12 farms:
566.5 MW

96% of energy in the free market and 4% in the regulated market

- Connection agreements already signed;
- 5.5 MW GE158 turbines;
- Start of the operations expected for mid of 2022.



Photo: Chafariz Complex Construction

42% of free market energy already sold between 2022 and 2024

RESULTS ANALYSIS

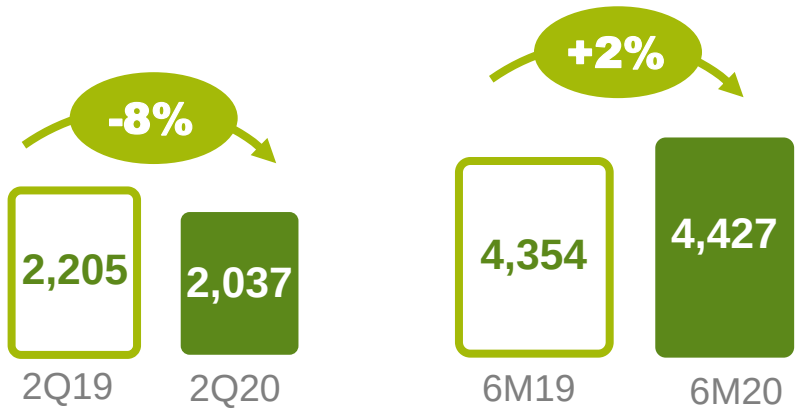
2nd QUARTER / 2020

Results 2Q19 x 2Q20 | 6M19 x 6M20

CONSOLIDATED

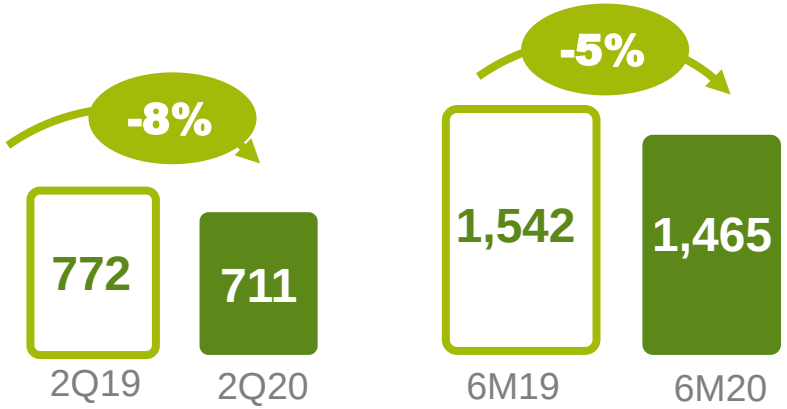
Gross Margin

R$ MN



Operational Expenses

R$ MN



Gross Margin:

- Covid-19: -8.3% in distributed energy in 2Q20 and -4.2% in 6M20;
- +219 thousand new consumers;
- Positive effect of Tariff Reviews and Adjustments;
- VNR: -R$136 MN vs. 2Q19 and –R$192 MN vs. 6M19;
- Transmission (IFRS15): +R$64 MN vs. 2Q19 and +R$125 MN vs. 6M19.

Operational Expenses:

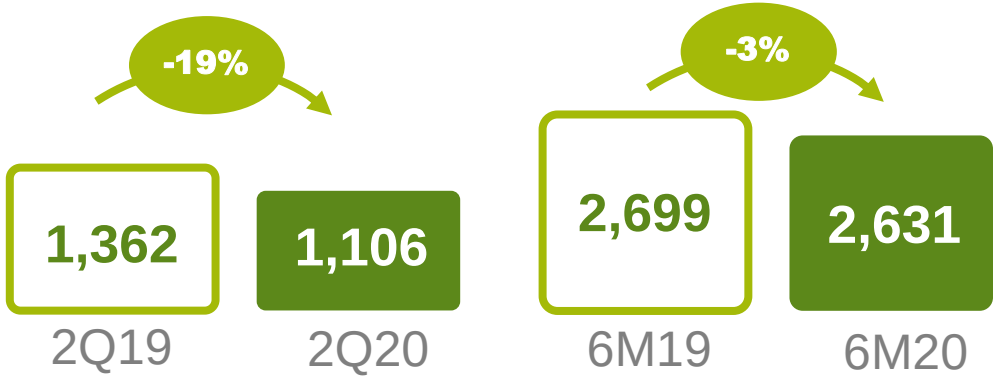
- Efficiency with continuous cost reduction, absorbing inflation, growth in the customer base and 637 more employees (emphasis on the insourcing of operational activities).

Results 2Q19 x 2Q20 | 6M19 x 6M20

CONSOLIDATED

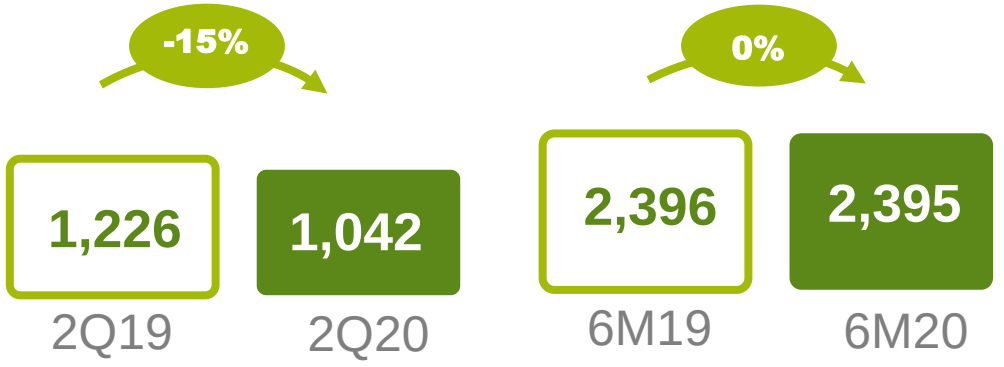
R$ MN

EBITDA

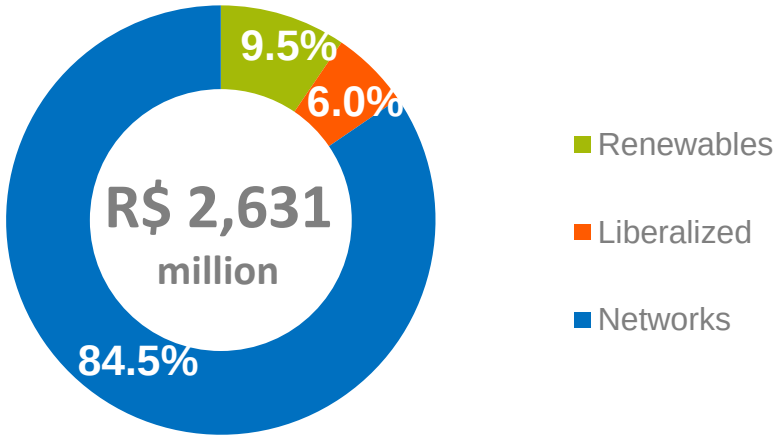


R$ MN

EBITDA (ex-VNR and IFRS15)



EBITDA 6M20



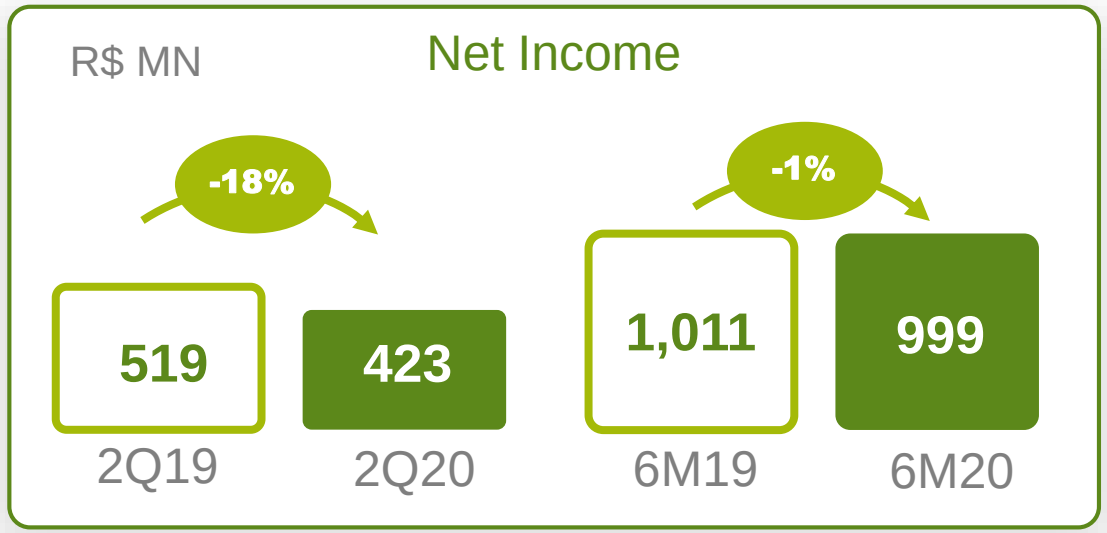
NEGATIVE IMPACTS OF COVID-19

R$ MN

	2Q20	6M20
Discos	**278**	**298**
Market	151	151
PECLD	127	147
Commercialization	14	14
TOTAL	**292**	**312**

Results 2Q19 x 2Q20 | 6M19 x 6M20

CONSOLIDATED



NEGATIVE IMPACTS OF COVID-19

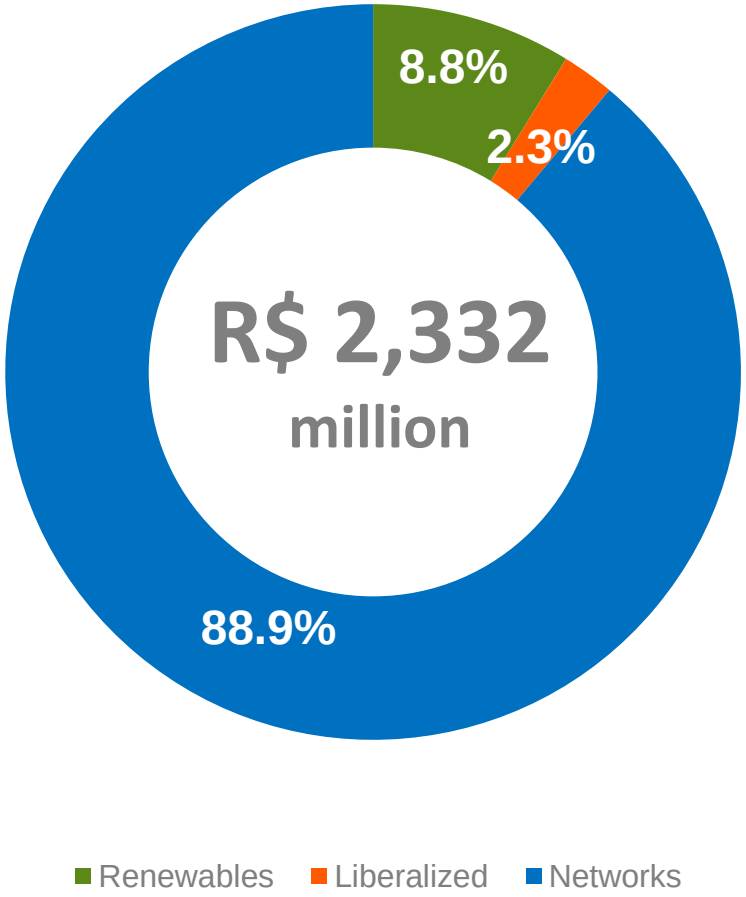
R$ MN

	2Q20	6M20
Discos	195	209
Commercialization	9	9
TOTAL	**204**	**218**

Postponement of the interest on equity declaration (JSCP) in the 4 Discos with a negative impact of R$ 56 MN, to be captured by the end of the year, depending on the evolution of Covid-19.

NEOENERGIA CAPEX 2Q20 | 6M20

MAIN INVESTMENTS



	2Q20	6M20
NETWORKS	**R$796MN**	**R$1,466 MN in Discos**
	▪ Network Expansion ▪ Asset Renewal ▪ Network Quality ▪ Loss combat actions	
	R$372 MN	**R$607 MN in Transmission**
	▪ Projects under implementation	
RENEWABLES	**R$29 MN**	**R$34 MN in Hydro**
	R$137 MN	**R$171 MN in Wind power**
	▪ Projects under implementation	
LIBERALIZED	**R$34 MN**	**R$54 MN**
	▪ Termopernambuco Major Inspection equipments	
TOTAL	**R$1,368 MN**	**R$2,332 MN**

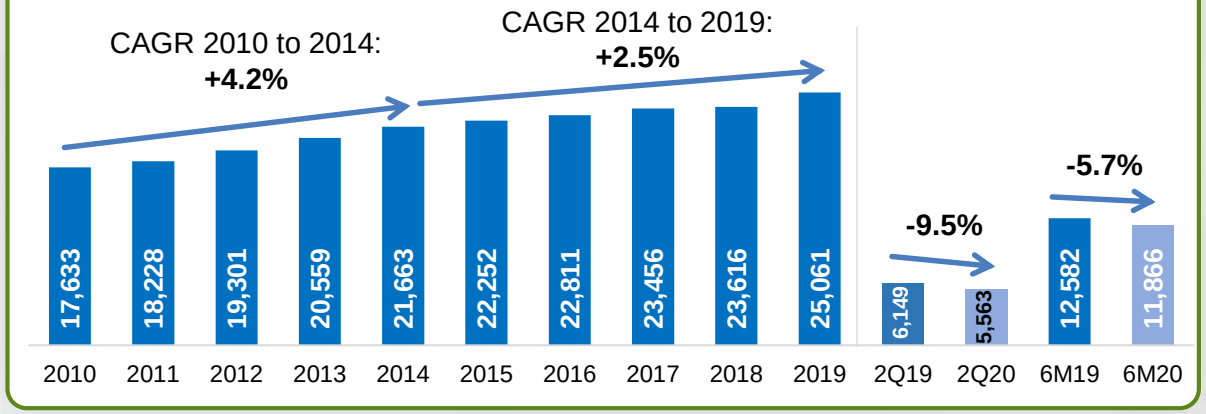
RESULTS ANALYSIS - NETWORKS

2nd QUARTER / 2020

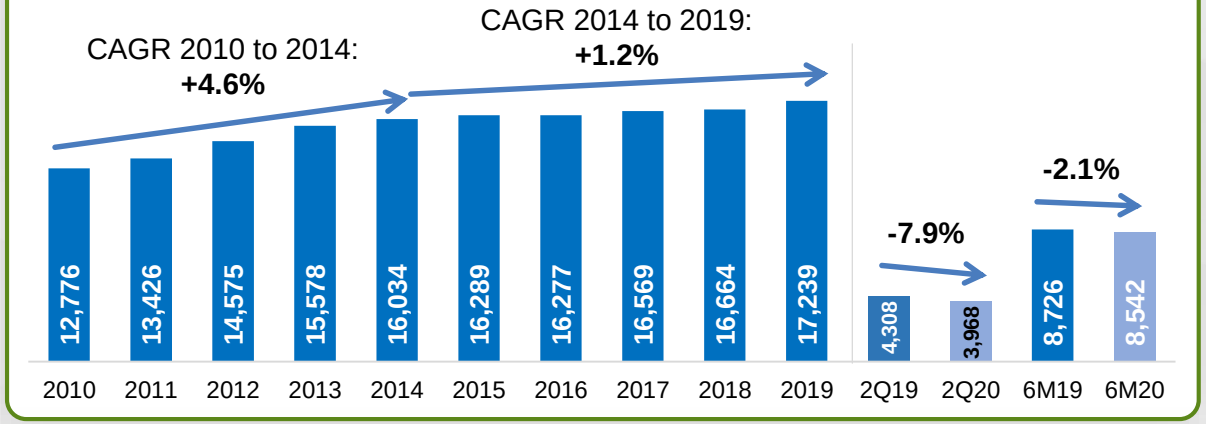
NETWORKS - DISTRIBUTION

INJECTED ENERGY (GWh) – 2Q20 / 6M20

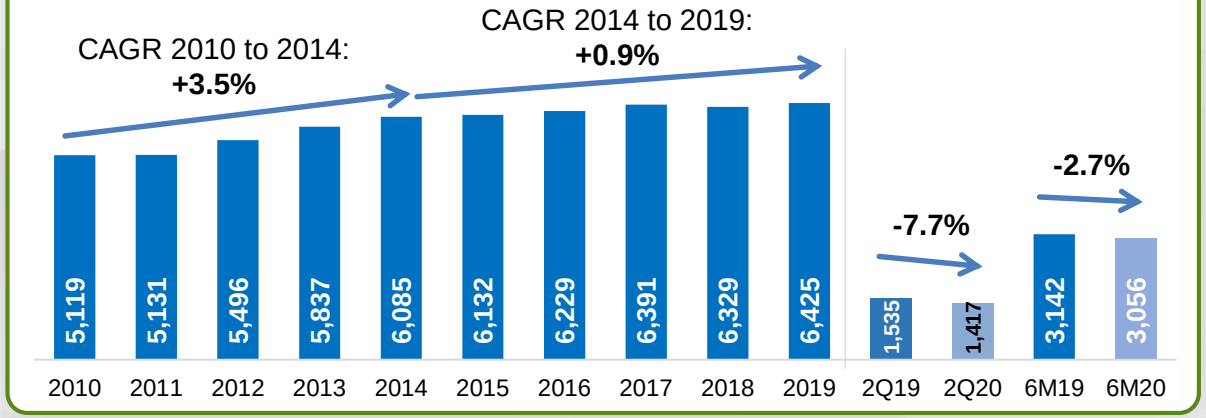
COELBA



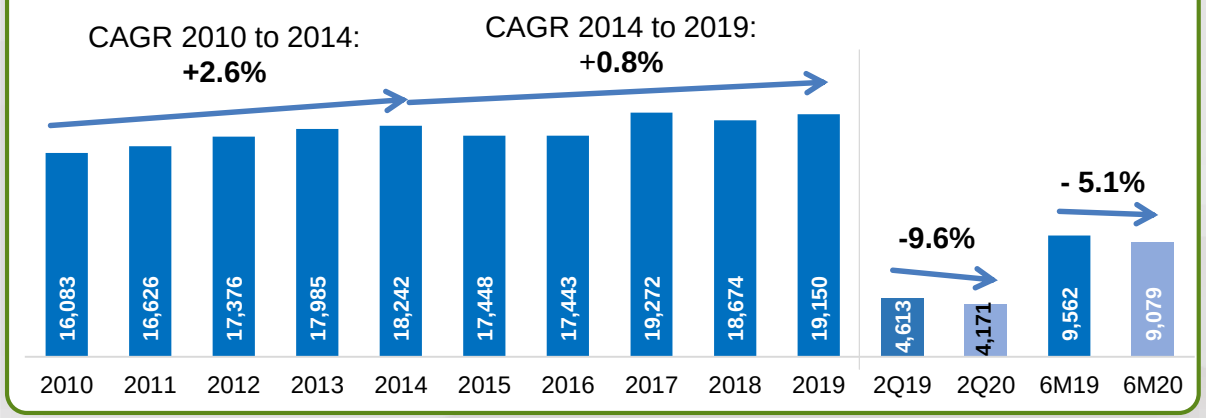
CELPE



COSERN



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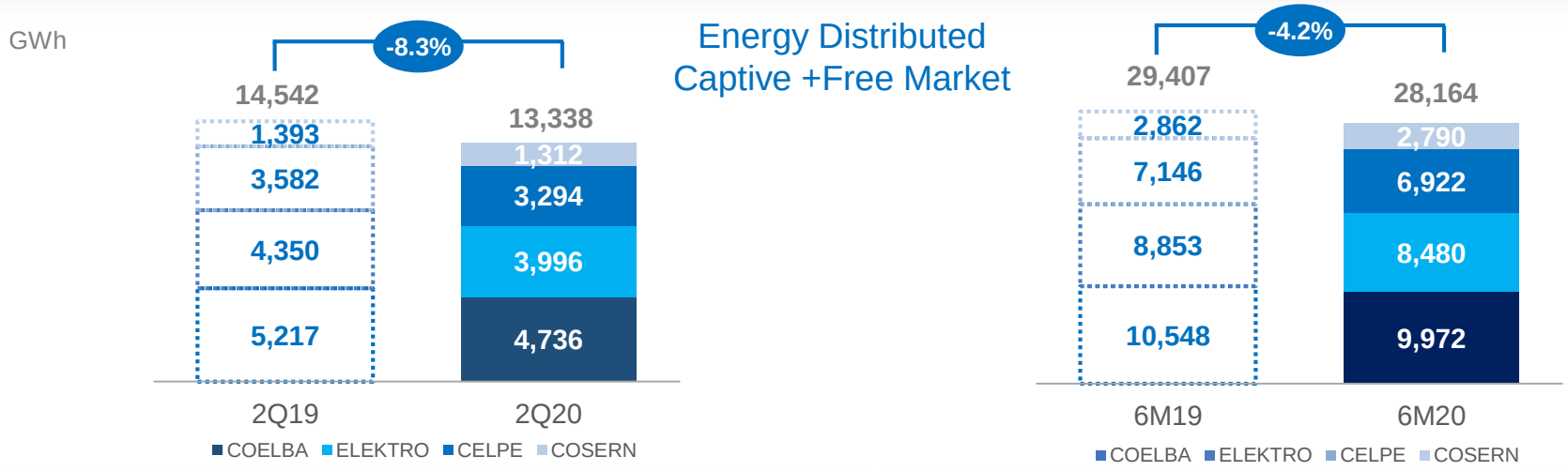
RESULTS SUBSTANTIALLY IMPACTED BY COVID-19

NETWORKS - DISTRIBUTION

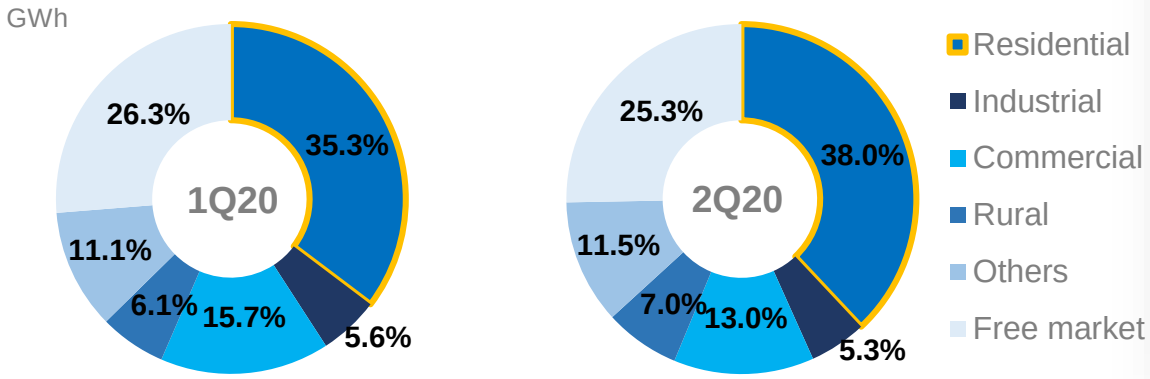
ENERGY DISTRIBUTED AND NUMBER OF CONSUMERS

14.1 million of clients | **219 thousand new consumers 6M20 vs. 6M19**

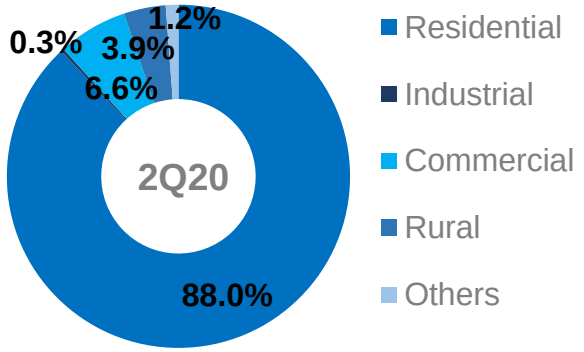
Energy Distributed
Captive +Free Market



Energy Distributed per class (Captive + Free Market)
Improved mix: higher percentage of the residential class



Percentual of consumers per consumer class – Captive Market

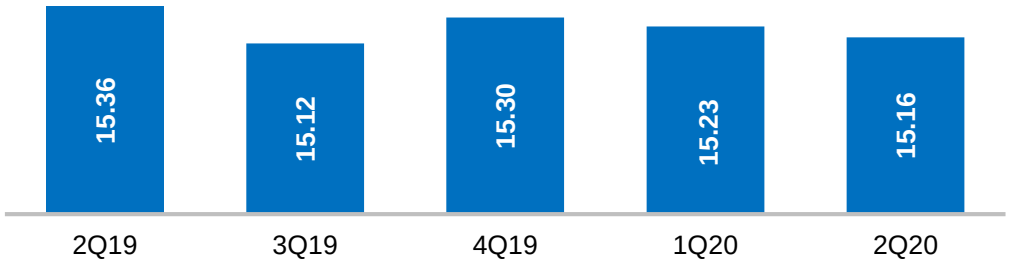


NETWORKS - DISTRIBUTION

TOTAL LOSSES 12 MONTHS – 2Q20

COELBA

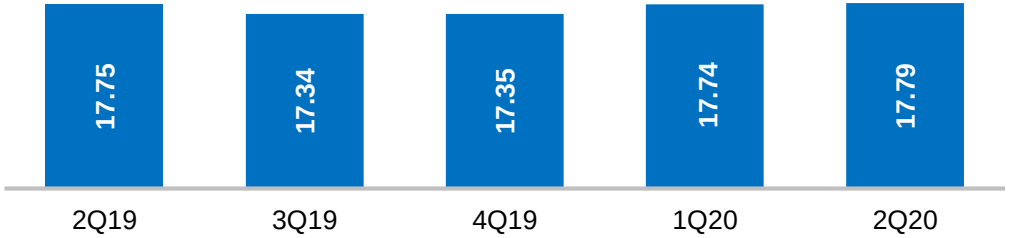
Regulatory Limit: 14.43%



Energy Lost (GWh)				
3,758	3,713	3,834	3,796	3,691

CELPE

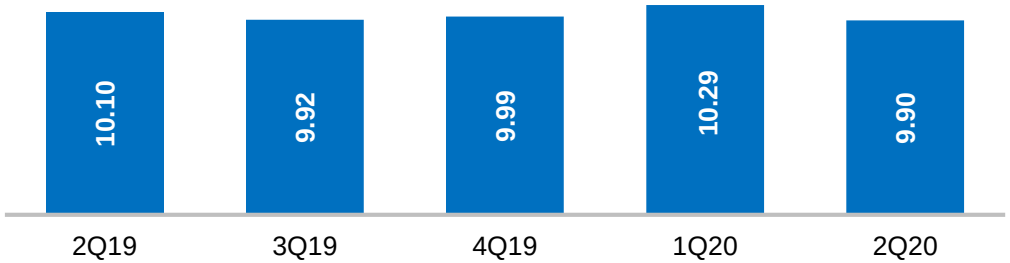
Regulatory Limit: 16.28%



Energy Lost (GWh)				
3,045	2,972	2,991	3,087	3,035

COSERN

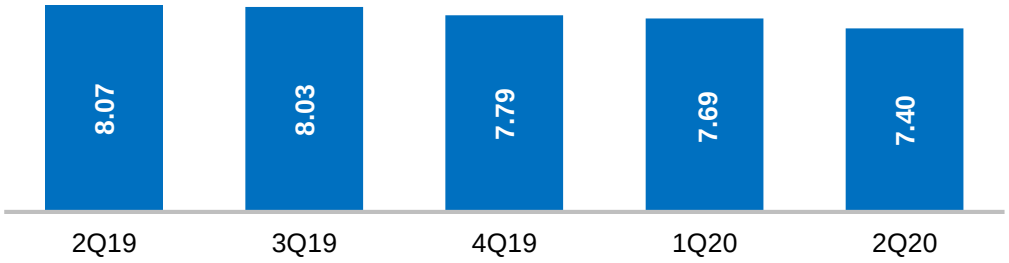
Regulatory Limit: 10.78%



Energy Lost (GWh)				
647	636	642	664	627

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Regulatory Limit: 8.14%



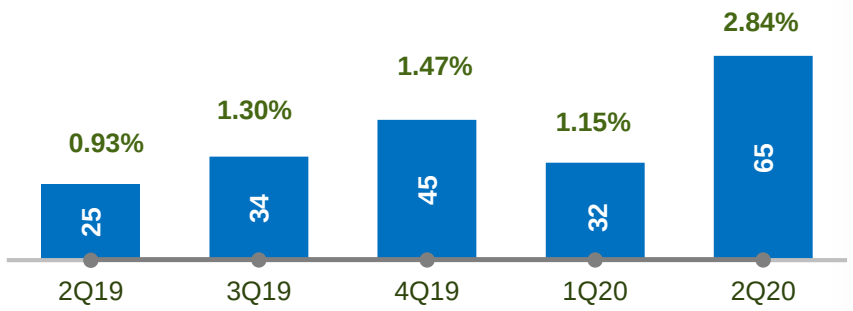
Energy Lost (GWh)				
1,529	1,527	1,491	1,470	1,382

NETWORKS - DISTRIBUTION

PECLD

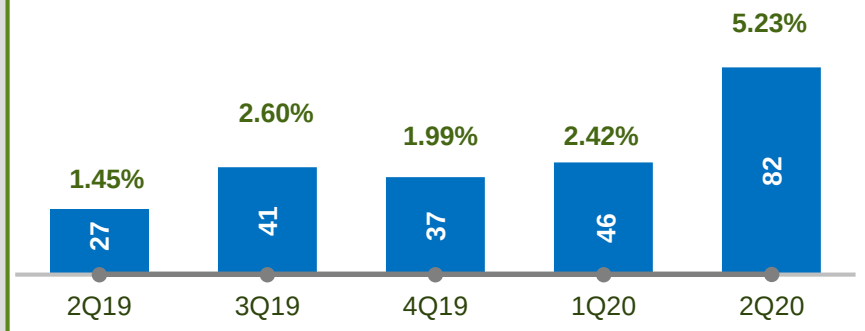
COELBA

Regulatory Limit: 1.16%



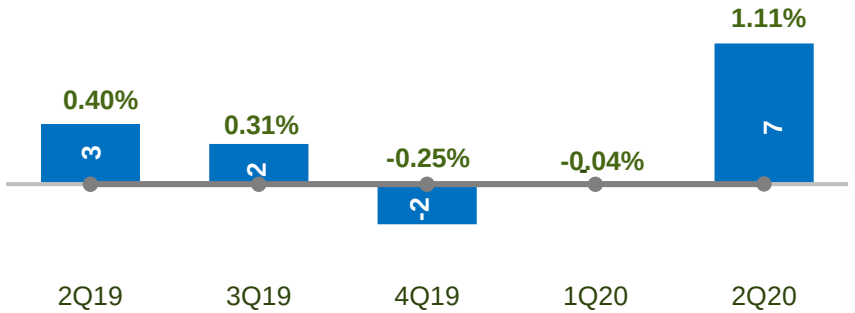
CELPE

Regulatory Limit: 1.40%



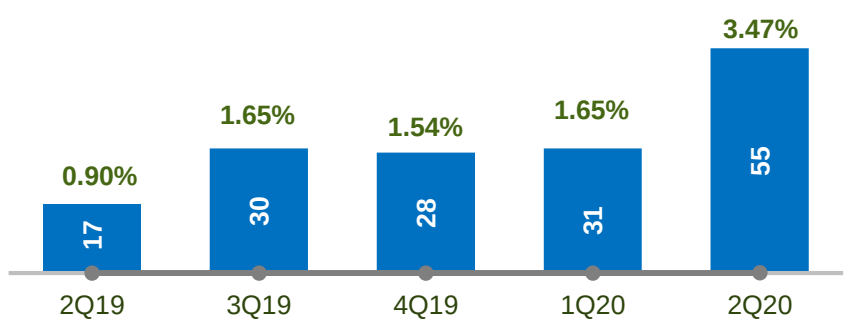
COSERN

Regulatory Limit: 0.40%



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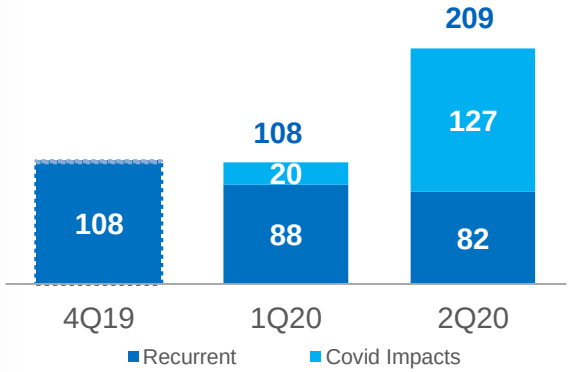
Regulatory Limit: 0.39%



Covid-19 PECLD (R$ million)

	1Q20	2Q20	6M20
Coelba	4	37	41
Celpe	11	48	59
Cosern	0	9	9
Elektro	5	33	38
TOTAL	**20**	**127**	**147**

Reflection in the PECLD of the prohibition on cuts of energy and aging of accounts receivable over 90 days.



PECLD (R$ million) PECLD/ROB

NETWORKS - DISTRIBUTION

COLLECTION AND PELCD

THE COLLECTION RATES IMPROVED THROUGH THE CRISIS, HOWEVER THE AGING BALANCE OF ACCOUNTS RECEIVABLE> 90 DAYS DUE TO THE PROHIBITION OF CUTS OF ENERGY, PRESSED THE PECLD.

	6M19		6M20		Var.
	Expired IAR*	Default	Expired IAR*	Default	
Coelba	96.36%	3.64%	94.75%	5.25%	-1.61 p.p.
Elektro	98.26%	1.74%	94.00%	6.00%	-4.26 p.p.
Celpe	96.19%	3.81%	92.58%	7.42%	-3.61 p.p.
Cosern	97.75%	2.25%	95.62%	4.38%	-2.13 p.p.
Neoenergia	**97.02%**	**2.98%**	**94.08%**	**5.92%**	**-2.93 p.p.**

* Does not consider Low Income

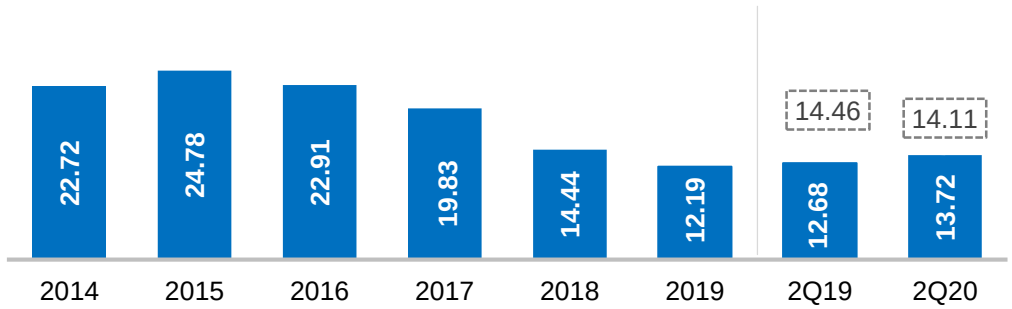
Neoenergia Actions

- Payment by Credit Card;
- Virtual Card;
- Campaigns in different media;
- Bonus action with Cash Back;
- Digital Solidarity.

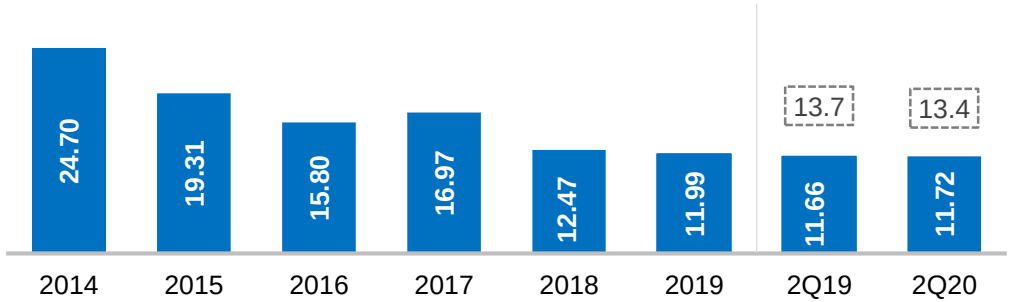
NETWORKS - DISTRIBUTION

QUALITY INDICATORS: DEC (HOURS)

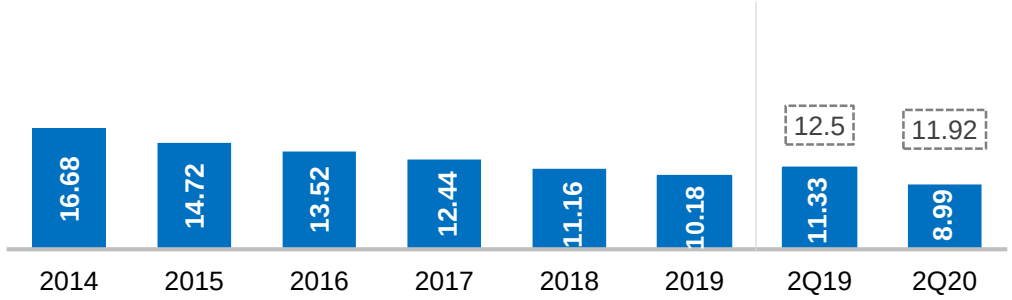
COELBA



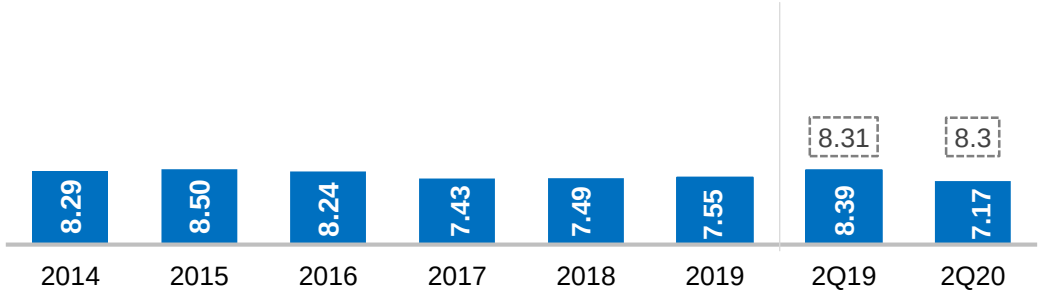
CELPE



COSERN



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NOTE: Due to the fact that the deadline for calculating the quality indicators of June 2020 is after the period of disclosure of this report, the data presented are estimated. The June 2019 indicators were adjusted for the definitive calculation.

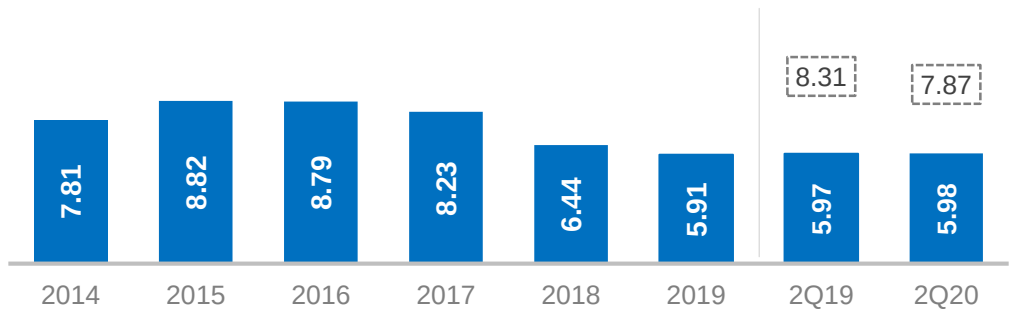
EXPENSES REDUCTION WITH IMPROVED QUALITY IN THE FOUR DISTRIBUTORS

DEC – TOTAL **DEC – REGULATORY LIMIT**

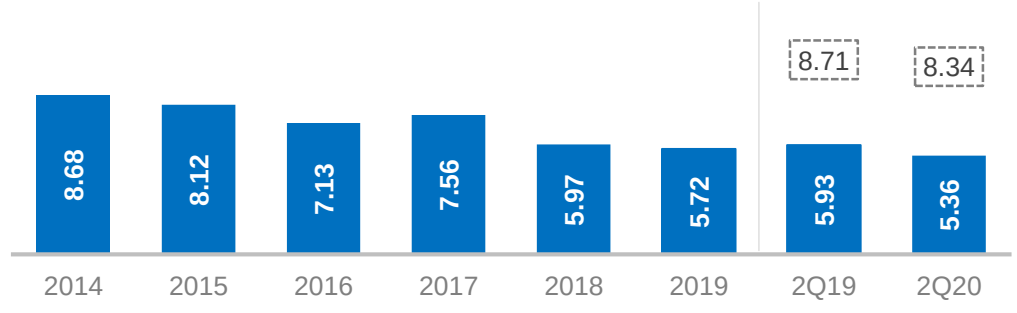
NETWORKS - DISTRIBUTION

QUALITY INDICATORS: FEC (TIMES)

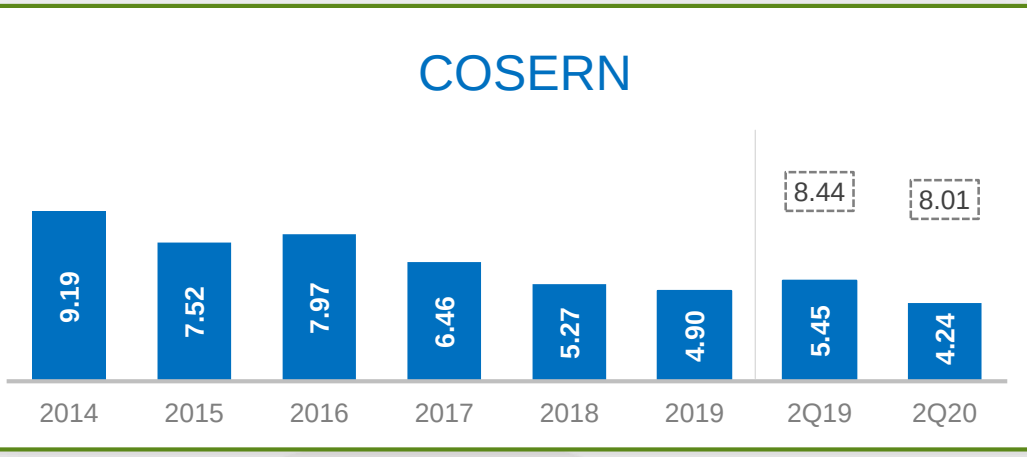
COELBA



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EXPENSES REDUCTION WITH IMPROVED QUALITY IN THE FOUR DISTRIBUTORS

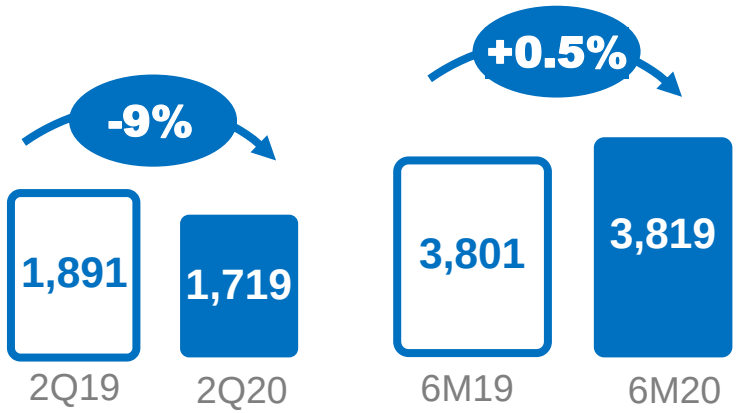
FEC – TOTAL **FEC – REGULATORY LIMIT**

Results 2Q19 x 2Q20 | 6M19 x 6M20

NETWORKS

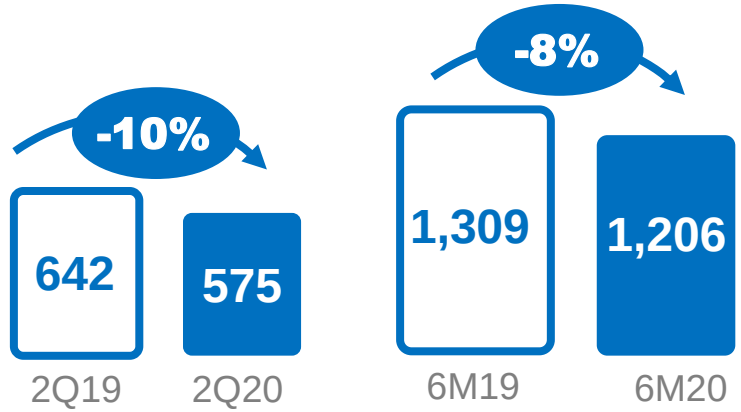
Gross Margin

R$ MN



Operational Expenses

R$ MN



Gross Margin

- Covid-19: -8.3% in distributed energy in 2Q20 and -4.2% in 6M20;
- Positive effect of Tariff Reviews and Adjustments of Discos;
- Better Mix: greater representativeness of Residential (R$ 30 MN);
- Increase of 1.6% on the customer base;
- VNR: -R$136 MN vs. 2Q19 and –R$192 MN vs. 6M19;
- Transmission (IFRS15): +R$64 MN vs. 2Q19 and +R$125 MN vs. 6M19.

Operational Expenses

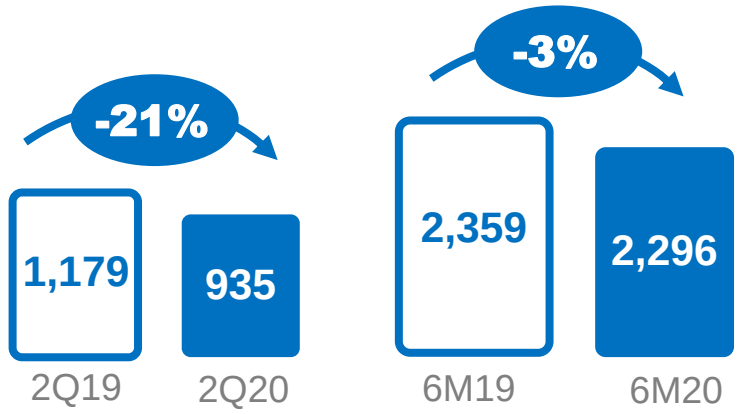
- Efficiency with continuous cost reduction, absorbing inflation, growth in the customer base insourcing of operational activities.

Results 2Q19 x 2Q20 | 6M19 x 6M20

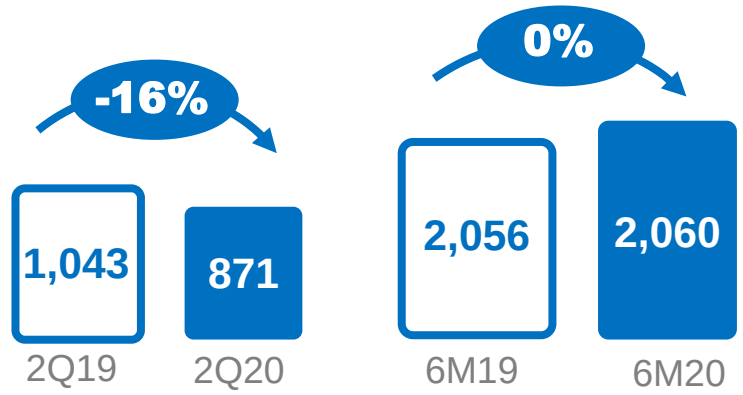
NETWORKS

R$ MN

EBITDA



EBITDA (ex-VNR and IFRS15)



R$ MN

NEGATIVE IMPACTS OF COVID-19

	2Q20	6M20
Discos	278	298
Market	151	151
PECLD	127	147
TOTAL	**278**	**298**

NETWORKS EBITDA

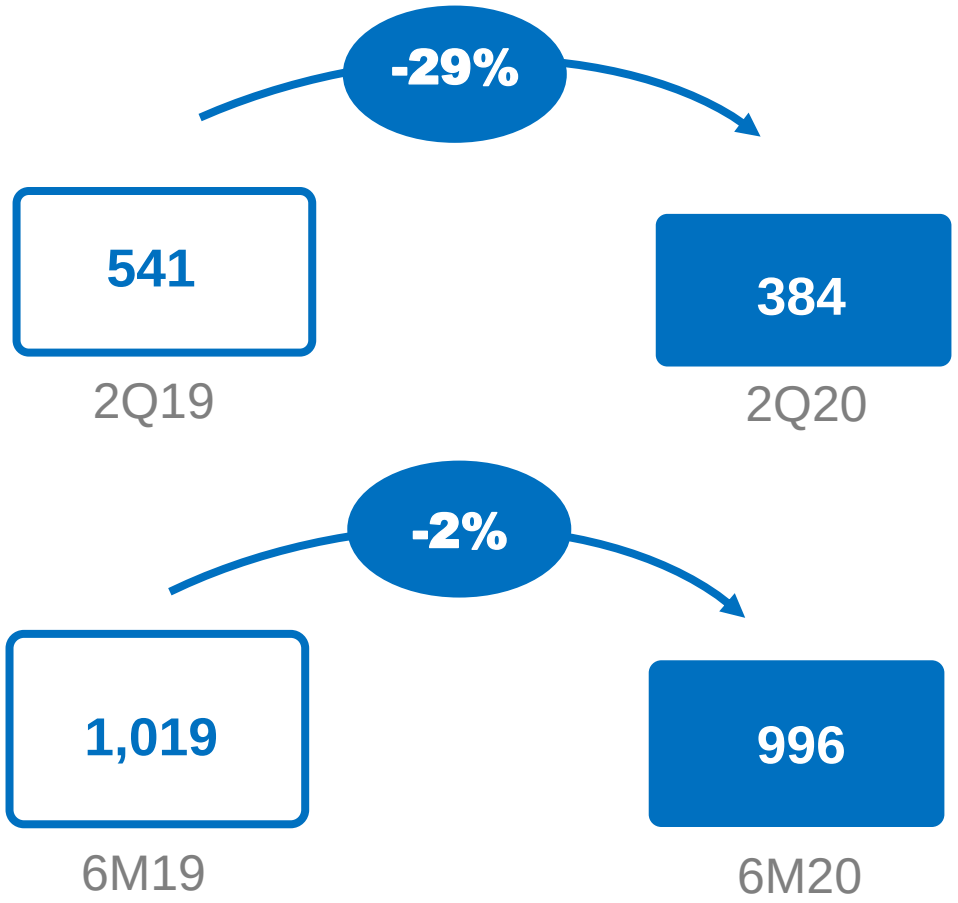
	2Q19	2Q20	Var.R$	Var.%	6M19	6M20	Var.R$	Var.%
Discos	1,108	800	(308)	-28%	2,234	2,043	(191)	-9%
Transmission	71	135	65	+91%	125	251	126	101%
TOTAL	**1,179**	**935**	**(243)**	**-21%**	**2,359**	**2,296**	**(63)**	**-3%**

Results 2Q19 x 2Q20 | 6M19 x 6M20

NETWORKS

R$ MN

Net Income



R$ MN

NEGATIVE IMPACTS OF COVID-19

	2Q20	6M20
Discos	195	209
TOTAL	**195**	**209**

Postponement of the interest on equity declaration (JSCP) in the 4 Discos with a negative impact of R$ 56 MN, to be captured by the end of the year, depending on the evolution of Covid-19.

RESULTS ANALYSIS - RENEWABLES

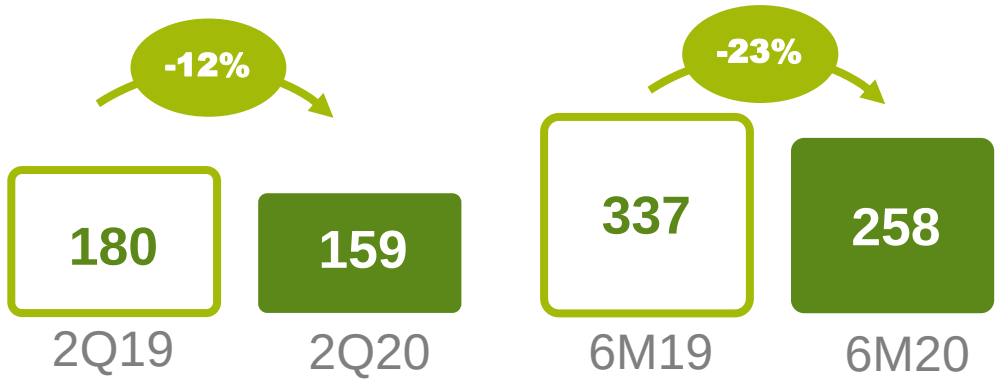
2nd QUARTER / 2020

Results 2Q19 x 2Q20 | 6M19 x 6M20

RENEWABLES

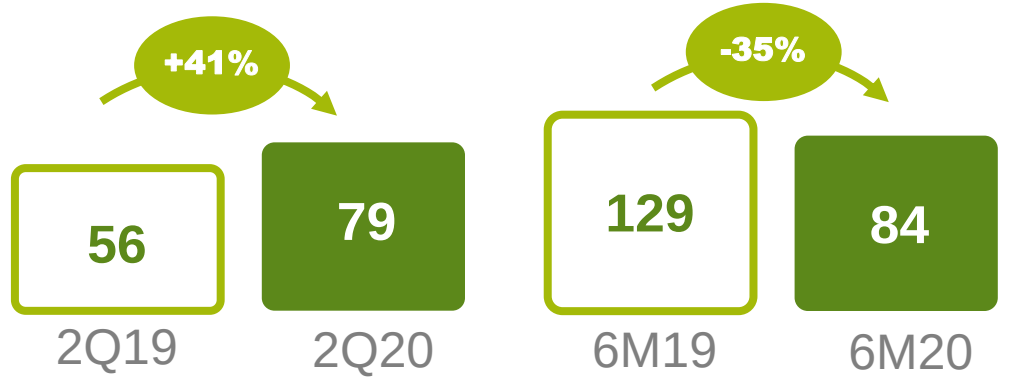
R$ MN

EBITDA



R$ MN

NET INCOME



- **Wind:** Lower wind power. Generation -2% (2Q20 vs. 2Q19) and -13% (6M20 vs. 6M19). Availability above 97%, as expected.
- **Hydros:** Belo Monte with an unfavorable result due to the restriction in transmission, selling energy at North PLD. Deferred tax (+ R$ 17 MN) in 1Q19.

RENEWABLES EBITDA

	2Q19	2Q20	Var.R$	Var.%	6M19	6M20	Var.R$	Var.%
Hydro	111	106	(5)	-5%	207	176	(31)	-15%
Wind	69	53	(16)	-23%	130	82	(48)	-37%
TOTAL	**180**	**159**	**(21)**	**-12%**	**337**	**258**	**(79)**	**-23%**

RESULTS ANALYSIS - LIBERALIZED

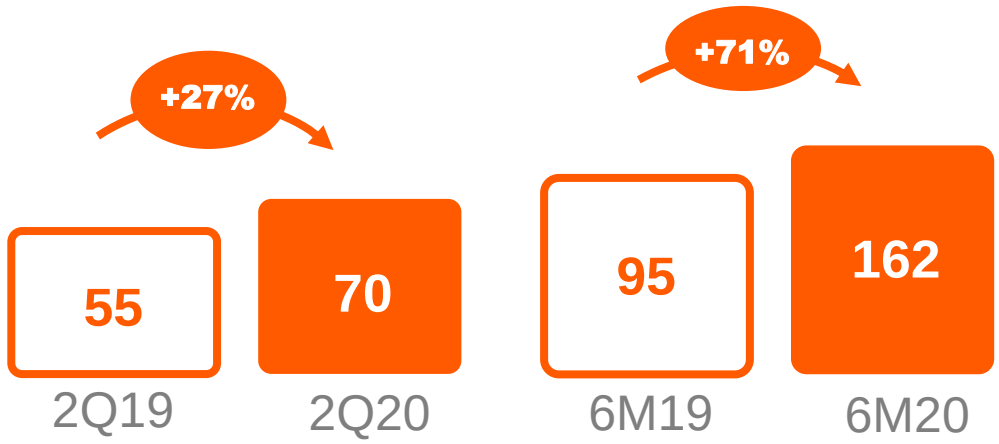
2nd QUARTER / 2020

Results 2Q19 x 2Q20 | 6M19 x 6M20

LIBERALIZED

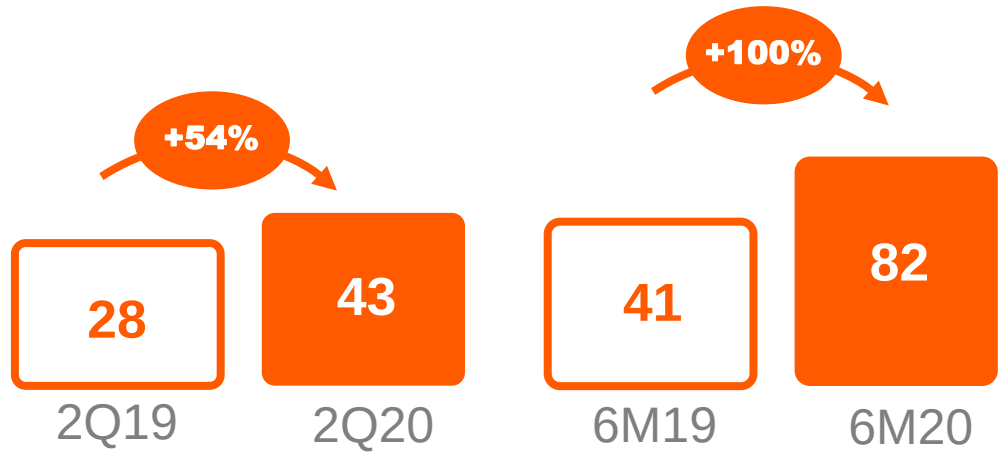
R$ MN

EBITDA



R$ MN

NET INCOME



- Termopernambuco: Lower generation in 2Q20, offset by purchases at low PLD and higher generation in 6M20.
- Neoenergia Comercializadora: Covid-19 impact at - R$ 14 MN.

LIBERALIZED EBITDA

	2Q19	2Q20	Var.R$	Var.%	6M19	6M20	Var.R$	Var.%
Termopernambuco	100	114	14	14%	170	188	18	11%
NC	(45)	(44)	1	2%	(74)	(26)	48	65%
TOTAL	**55**	**70**	**15**	**27%**	**95**	**162**	**67**	**71%**

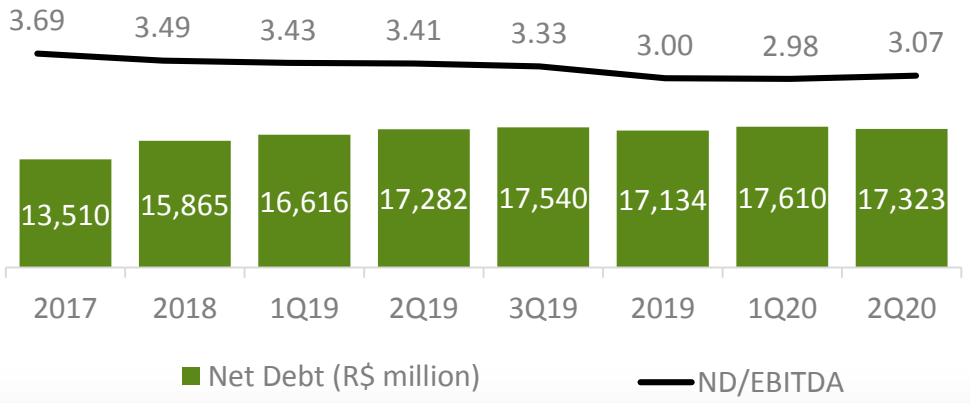
RESULTS ANALYSIS – CAPITAL STRUCTURE

2nd QUARTER / 2020

CAPITAL STRUCTURE

LEVERAGE REDUCTION AND CASH PRESERVATION

Evolution - Leverage

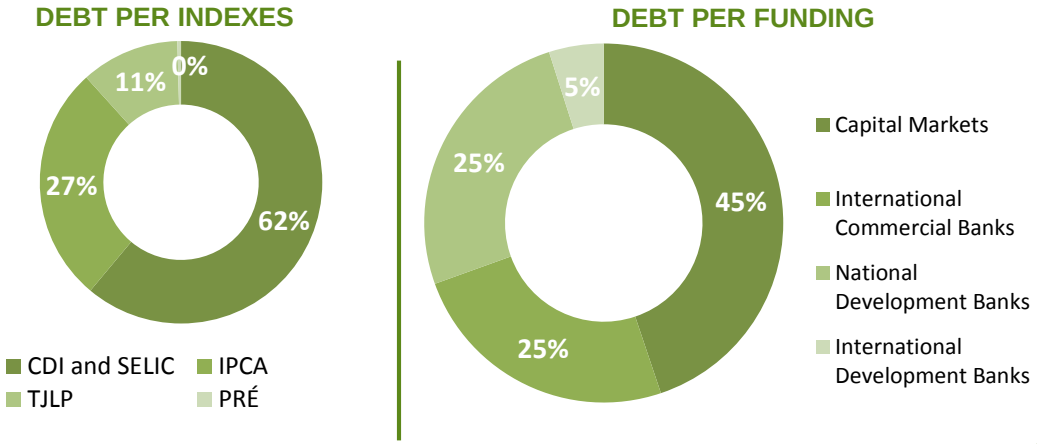


Debt Structure

R$ million

	2Q19	1Q20	2Q20	
Short Term	2,042	3,856	4,305	→ 19%
Long Term	18,132	18,434	18,578	→ 81%
Gross Debt	20,174	22,290	22,883	
Cash & Banks	(2,892)	(4,680)	(5,560)	
Net Debt	17,282	17,610	17,323	

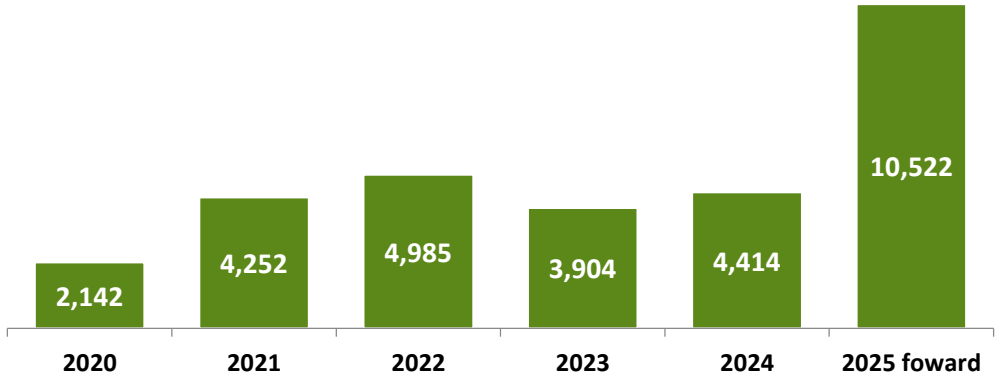
Debt - Index And Funding



Debt - Amortization Schedule

(Principal + Interest)

R$ million



Reduction in the average annual cost of debt from 6.4% in 4Q19 to 5.3% in 2Q20 | Extending the average term from 4.0 years in 4Q19 to 4.4 years in 2Q20 | Maintenance of the Net Debt level.

CAPITAL STRUCTURE

CASH MANAGEMENT: 2Q20 FUNDINGS

BNDES

- Release of financing for the Chafariz Complex | **R$ 365 MN | IPCA + 4.11% p.y.**
- Transmission Financing contract (Lot 4, Dec'17) | **R$ 274 MN | IPCA + 3.62% p.y.**

BNB

- Release of financing for the Chafariz Complex | **R$ 30 MN | IPCA + 1.96% p.y.**

DEBENTURES

- 8th Elektro Issue | **R$ 260 MN | CDI + 1.90% p.y.**

FUNDINGS

- *Credit Agricole* (Celpe) | **R$ 100 MN**
- MUFG (Coelba) | **R$ 200 MN**

EDC

- Release of financing for Celpe | **R$ 427 MN | 110% CDI**.

R$ 1.2 billion in 2Q20



ACCESSION TO COVID ACCOUNT: R$ 1.66 BILLION – Disbursements until Sep'20 – *"Off Balance"*

Coelba (R$ 499.6 MN) | Celpe (R$ 454.7 MN) | Cosern (R$ 95.5 MN) | Elektro (R$ 614.3 MN)

Q&A

Final Considerations

We are inserted in a defensive and essential sector for the country, of recognized regulatory robustness, whose economic and financial balance of the Discos is guaranteed by law and the concession contract.

- Growth in regulated market (Distribution and Transmission);
- Efficiency with continuous cost reduction;
- Continuous operational improvement ensuring compliance with regulatory requirements.

- Transmission projects confirming expected retur rates;
- Anticipation of Chafariz complex construction;
- Strategic position in the free market through the Oitis complex.

- Commitment to strength capital structure, preserving cash and focusing on liquidity.

Neoenergia guides its sustainable growth on caring for its talents, people, customers and concession areas. Neoenergia values the responsible use of natural resources and the delivery of its Business Plan.

WE ARE PREPARED TO KEEP MOVING FOWARD SUCCESSFULLY FACING THE CHALLENGES IMPOSED BY COVID-19.

THANK YOU!

Investor Relations

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