FIXED INCOME
INVESTOR PRESENTATION

RESULTS | 3Q19

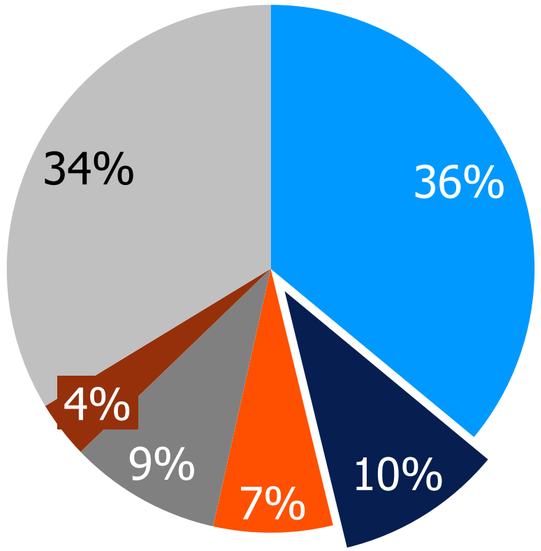
ISA CTEEP

Sustainable Value

Financial Highlights

ISA CTEEP IS THE LARGEST PURE TRANSMISSION COMPANY IN THE SECTOR IN BRAZIL

Transmission Revenues[1]
(2019/2020 cycle)



Total:
BRL 37 billion

Eletrobras | ISA CTEEP | TAESA | State Grid | Alupar | Others

Source: ANEEL

SIN[2] is composed of **135 thousand** km of transmission lines and serves **98%** of the market

The transmission sector is regulated and monitored by **ANEEL[3]** and coordinated and controlled by **ONS[4]**

Transmission companies are remunerated by the availability of its assets. There is no demand risk and no default risk.

Notes: [1] Considers auctions held until December of 2018 | [2] Interconnected National System| [3] National Electric Energy Agency | [4] National Operator of the Electric System

ISA CTEEP

Largest publicly traded pure transmission utility in Brazil

- Transmission of ~**25%** of Brazil's power generation
- Transmission of ~**100%** of the power generated in the State of São Paulo
- Benchmark player in **costs** and **quality**

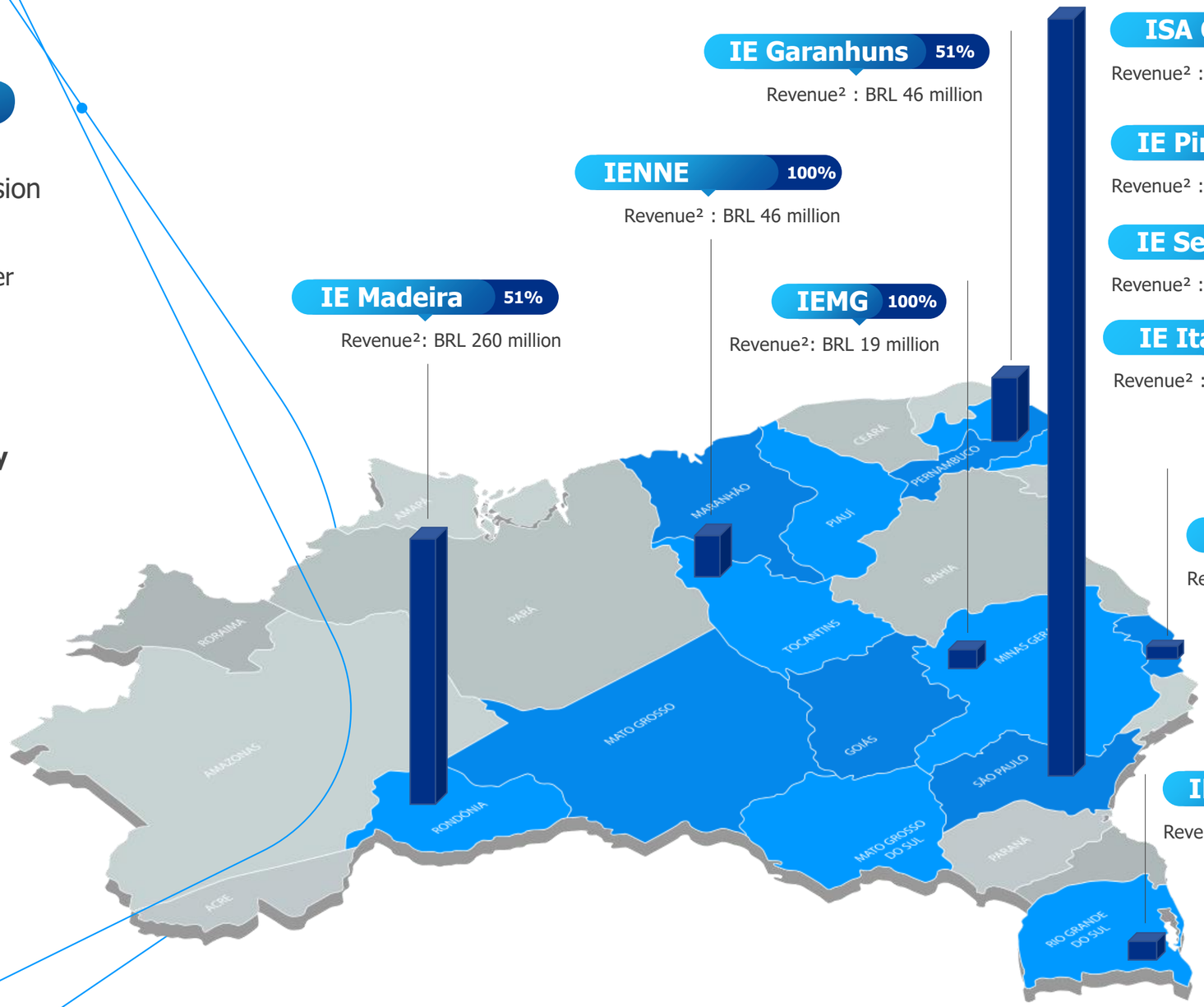
  18.6 thousand km of transmission lines

  126 substations

  65.9 thousand MVA of transformation capacity

- **RAP ISA CTEEP**$_{2019/2020\ cycle}$: BRL 3.1 billion[1]

Notes:
[1] Operational assetsL
[2] 2019/2020 Revenue Cycle proportional to ISA CTEEP's participation



IE Garanhuns 51%
Revenue[2] : BRL 46 million

ISA CTEEP
Revenue[2] : BRL 2,579 million

IENNE 100%
Revenue[2] : BRL 46 million

IE Pinheiros 100%
Revenue[2] : BRL 57 million

IE Serra do Japi 100%
Revenue[2] : BRL 58 million

IE Madeira 51%
Revenue[2]: BRL 260 million

IEMG 100%
Revenue[2]: BRL 19 million

IE Itapura Bauru 100%
Revenue[2] : BRL 12 million

Evrecy 100%
Revenue[2] : BRL 10 million

IE Sul 100%
Revenue[2] : BRL 18 million

ISA CTEEP

Largest publicly traded pure transmission utility in Brazil

- Sustainable growth

Organic growth: CapEx of around **BRL 180 million/year**

Greenfield Projects[1]: Revenue (RAP) cycle 2019/2020: **BRL 479 million/year**

IE Paraguaçu 50%
Revenue[2]: BRL 59 million

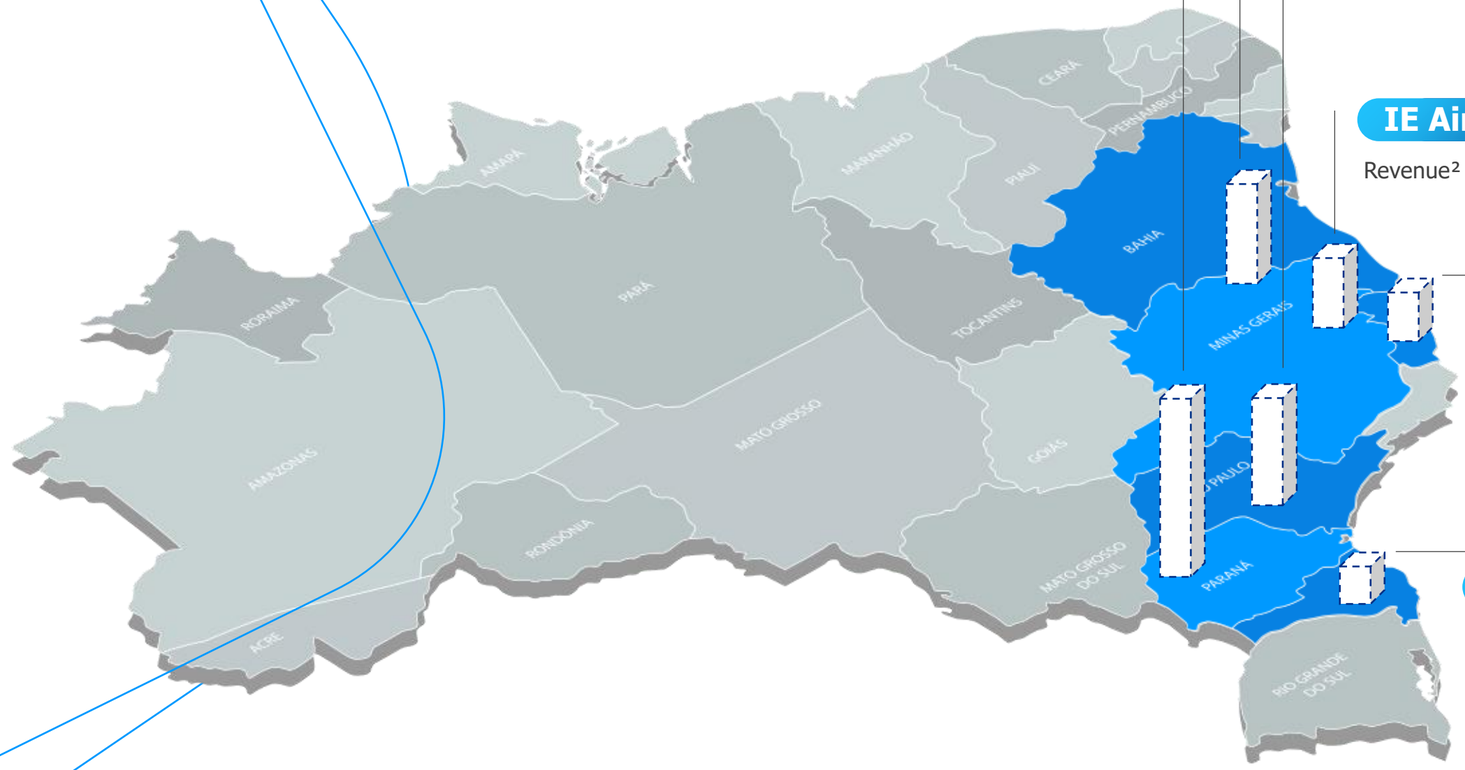
IE Itaquerê 100%
Revenue[2]: BRL 51 million

IE Itapura Lorena 100%
Revenue[2]: BRL 11 million

IE Ivaí 50%
Revenue[2]: BRL 147 million

IE Aguapeí 100%
Revenue[2]: BRL 59 million

IE Tibagi 100%
Revenue[2]: BRL 20 million



IE Aimorés 50%
Revenue[2] : BRL 40 million

IE Itaúnas 100%
Revenue[2]: BRL 52 million

IE Biguaçú 100%
Revenue[2]: BRL 40 million

Notes:
[1] ISA CTEEP's investments in 10 projects acquired in 2016, 2017 and 2018 auctions. CAPEX and 2019/2020 Revenue adjusted to ISA CTEEP's participation
[2] Considers 2019/2020 Revenue Cycle adjusted to ISA CTEEP's participation

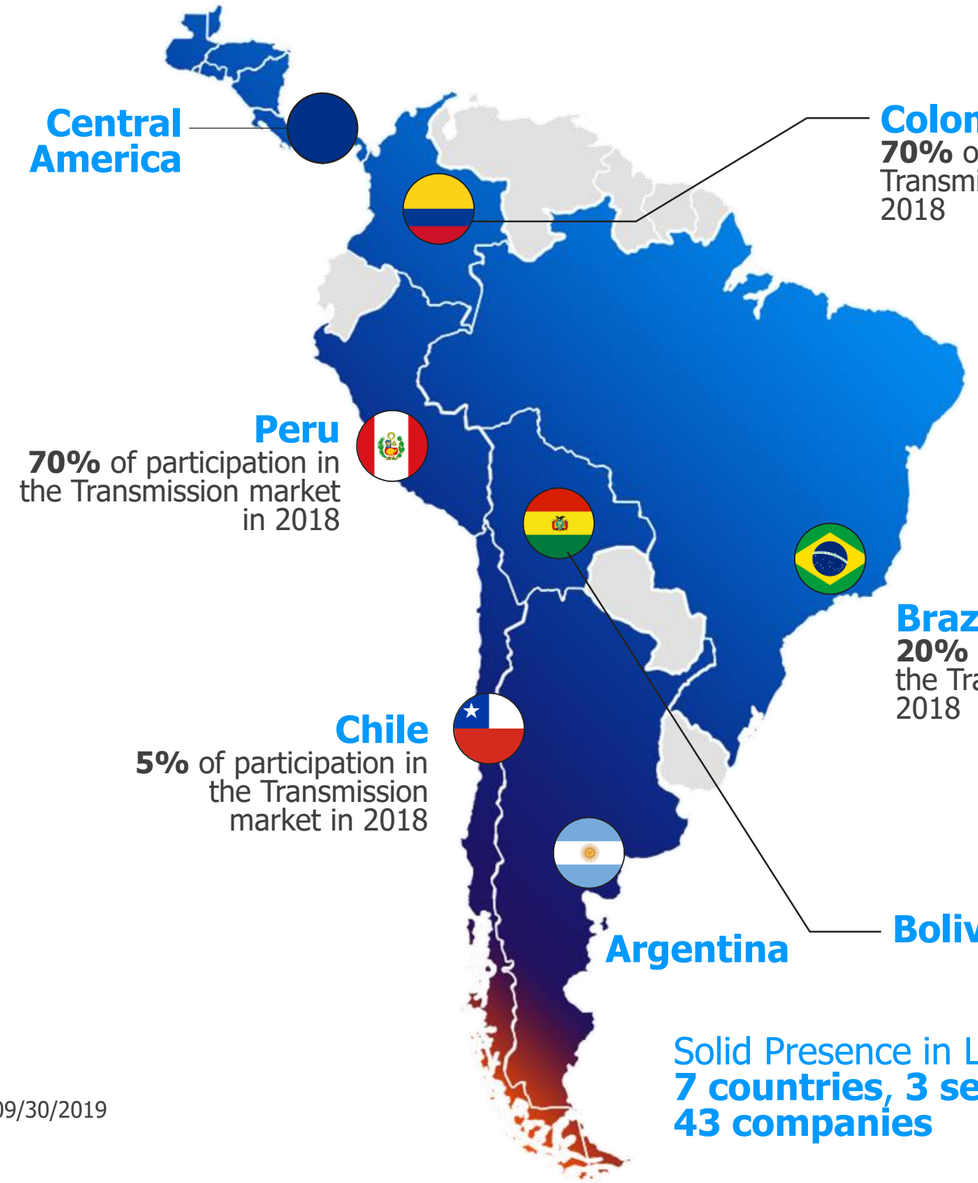
BEST CORPORATE GOVERNANCE PRACTICE

Corporate Governance Structure

- **Ethics** and **Transparency** recognized at ISA and at ISA CTEEP levels
- **Experienced Management team focused on value creation**
- 2019 **Transparency Trophy** from ANEFAC

ISA INTERCONEXIÓN ELÉCTRICA, S.A.E.S.P.

A *multilatina* company focused in **transmission** with growth opportunities in **Brazil**



Solid Presence in Latin America:
7 countries, 3 sectors, 43 companies

Notes: [1] On 09/30/2019

- **Largest high-tension electric transmission network in Latin America**

Operational:

- **46,280 km** of transmission lines
- **91,880 MVA** in power capacity

Under construction:

- **5,869 km** of transmission lines
- **13,232 MVA** in power capacity

- **Businesses in:**
- **Energy transmission**
- **Highway concessions**
- **Information Technology/Telecom**

- **Controlled by the Colombian government (51% of shares)**

- **Market cap: USD 5 billion[1]**

FTSE4Good

MEMBER OF Dow Jones Sustainability Indices In Collaboration with RobecoSAM

MILA MERCADO INTEGRADO LATINOAMERICANO

ISA CTEEP

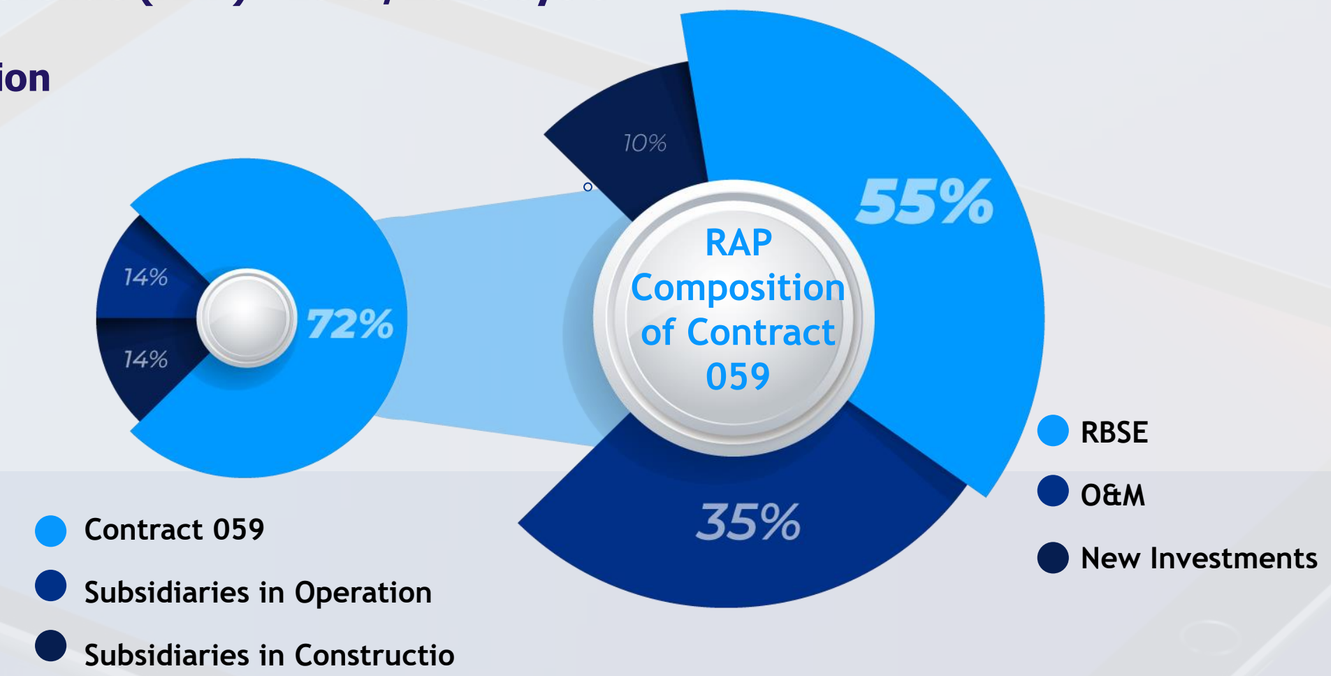
Sustainable Value

Financial Highlights

REMUNERATION FROM ASSET AVAILABILITY

Assured Annual Revenue (RAP) - 2019/2020 Cycle[1]

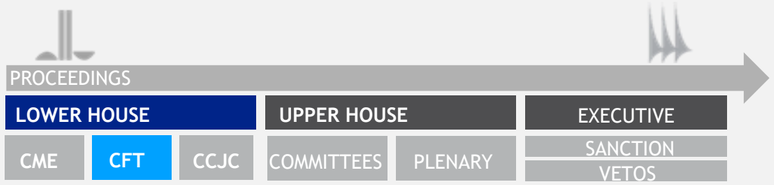
R$ 3,585 million



Note:
[1] Considers revenue proportional to ISA CTEEP's participation in assets with partnerships

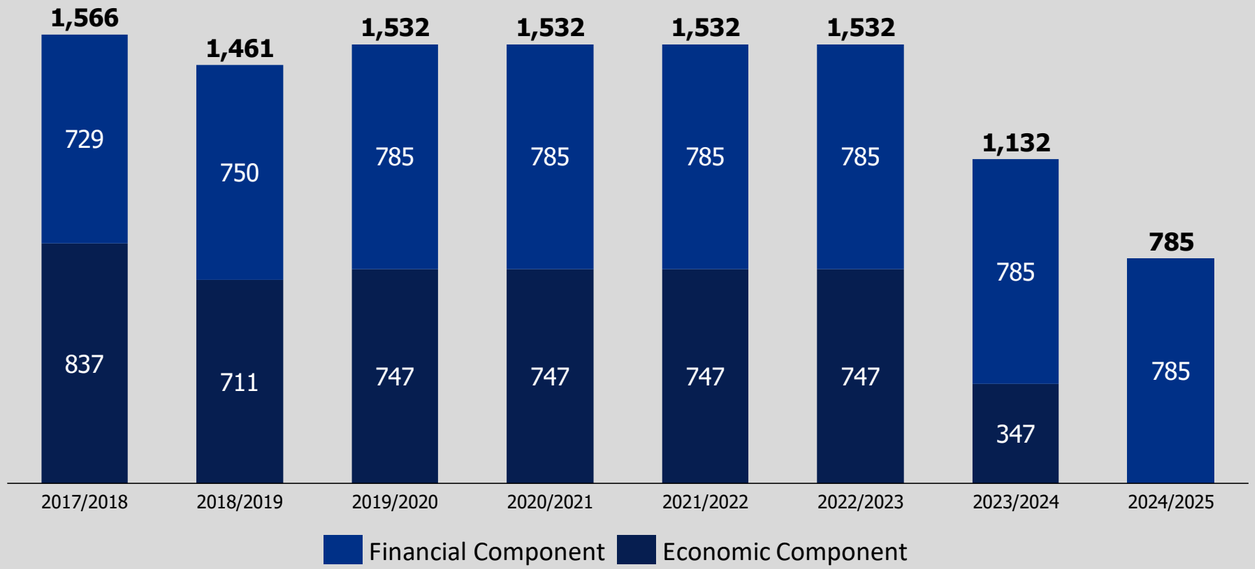
RBSE (BASIC NETWORK OF EXISTING SERVICE) CASH FLOW BOOSTS CASH GENERATION FOR THE NEXT YEARS

- RBSE: receivables related to the non depreciated assets in operation in May/2000
- April of 2017 injunction determined temporary exclusion of Ke
- In October of 2019 Bill 4,636/19 was approved in the House of Mines and Energy Commision, that proposes the exchange of Ke to WACC. This Bill is in discussion at the Finance and Taxation Committee (CFT) and will later follow to the CCJC and then to the Senate



Notes:
[1] Technical Note 170/17 | [2] Net of PIS/COFINS

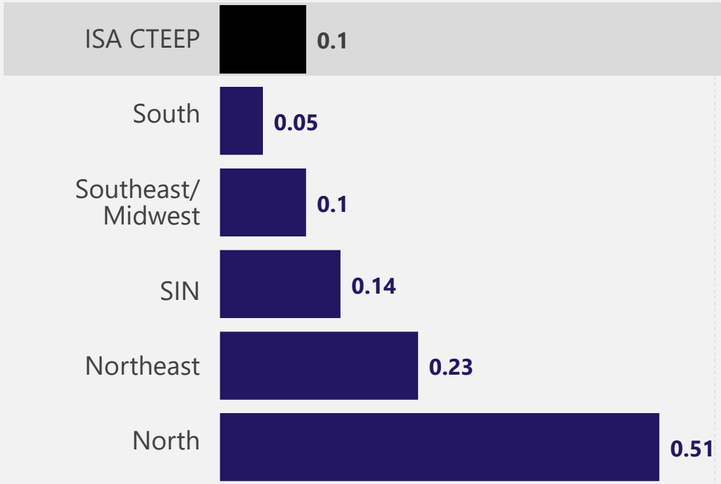
RBSE Receivables Schedule[2] (BRL million)



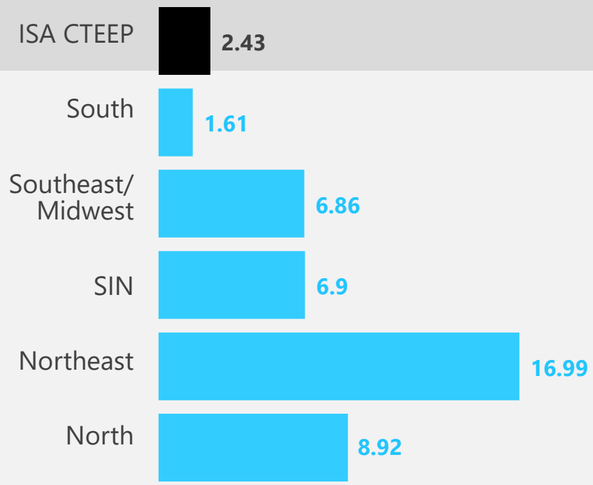
	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025
WACC	**151**	**156**	**163**	**163**	**163**	**163**	**163**	**163**
Ke	**246**	**253**	**264**	**264**	**264**	**264**	**264**	**264**

Note:
[1] Net of PIS/COFINS. Amounts represent what was established for cycles 2017/2018 (REH ANEEL 2,258), 2018/2019 (REH ANEEL 2,408) and 2019/2020 (REH ANEEL 2,565). Premises for future cycle according to REN ANEEL 762/2017 and based on REH ANEEL 2,565. Regulatory WACC of 6.64%, that will be updated in the tariff review. Asset base is subject to write-offs in the tariff review process.

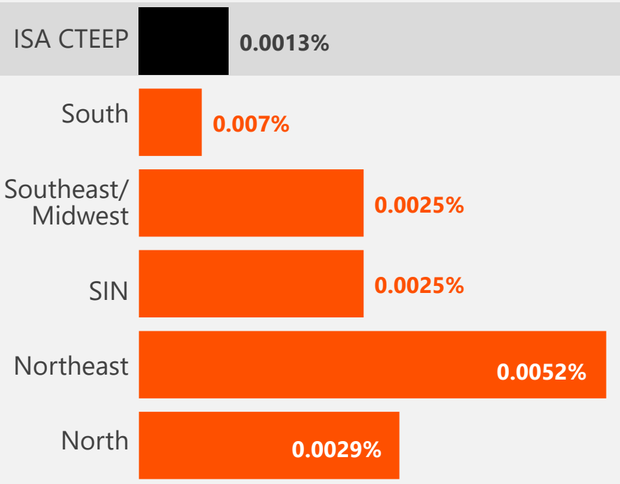
FREQ (times)
Equivalent Frequency of Interruption



DREQ (minutes)
Equivalent Duration of Interruption



IENS (%)
Index of Non Supplied Energy



Sep/2019 figures

Focus in **cost efficiency, service quality and operational safety** to maximize **results**

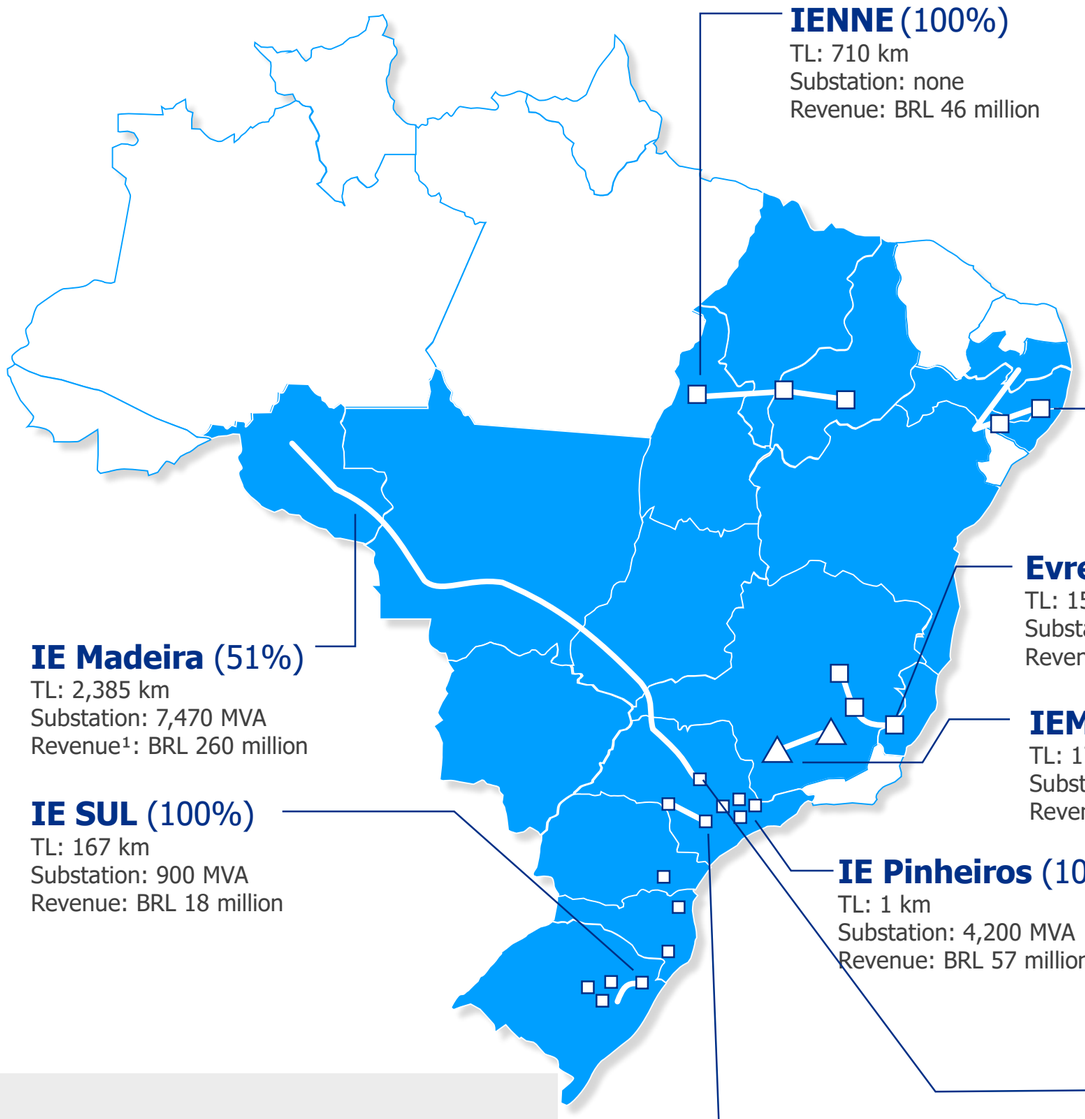
Focus in efficiency results in **reduction** of 37% of **OPEX**, excluding contingencies, going from BRL 915 million in 2006 to **BRL 572 million in 2018**[1]

DREQ/FREQ indicators, in Sep/19, suggest that for every **8 years and 4 months**, there would be 1 total shutdown of ISA CTEEP's system of approximately 24 minutes

Note: [1] Considers controlled and affiliates weighted by the Company's share

MANAGEMENT OF **SUBSIDIARIES** WITH GOVERNANCE AND INTEGRATION

- **9 subsidiaries** in operation
- **15 concession contracts**
- **4.4 thousand km** of transmission lines
- **17 thousand MVA** of power transformation capacity
- Revenue (RAP) of **BRL 526** million[1]



IENNE (100%)
TL: 710 km
Substation: none
Revenue: BRL 46 million

IE Garanhuns (51%)
TL: 633 km
Substation: 2,100 MVA
Revenue[1]: BRL 46 million

Evrecy (100%)
TL: 154 km
Substation: 450 MVA
Revenue: BRL 10 million

IEMG (100%)
TL: 173 km
Substation: none
Revenue: BRL 19 million

IE Pinheiros (100%)
TL: 1 km
Substation: 4,200 MVA
Revenue: BRL 57 million

IE Itapura – Bauru (100%)
1 Static Component (Bauru Substation)
Revenue: BRL 12 million

IE Serra do Japi (100%)
TL: 137 km
Substation: 2,000 MVA
Revenue: BRL 58 million

IE Madeira (51%)
TL: 2,385 km
Substation: 7,470 MVA
Revenue[1]: BRL 260 million

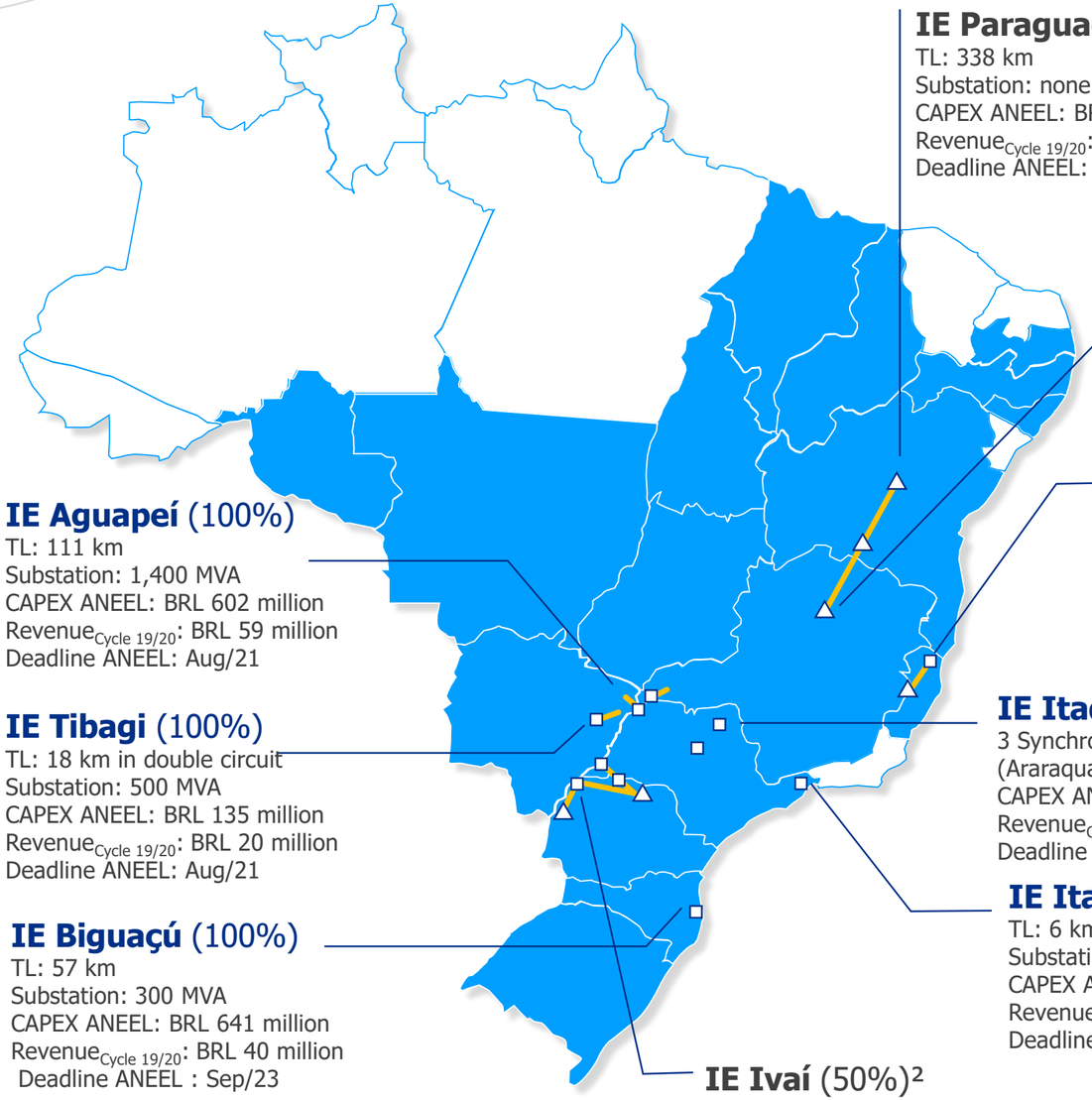
IE SUL (100%)
TL: 167 km
Substation: 900 MVA
Revenue: BRL 18 million

Transmission Line (TL)
In operation

Substation
Line Entrance

Notes:
[1] 2019/2020 RAP Cycle weighted by ISA CTEEP's participation |

9 PROJECTS UNDER CONSTRUCTION WILL ADD BRL 479 MILLION OF REVENUE[1]



IE Paraguaçu (50%)[2]
TL: 338 km
Substation: none
CAPEX ANEEL: BRL 510 million
Revenue$_{Cycle\ 19/20}$: BRL 118 million
Deadline ANEEL: Feb/22

IE Aimorés (50%)[2]
TL: 208 km
Substation: none
CAPEX ANEEL: BRL 341 million
Revenue$_{Cycle\ 19/20}$: BRL 79 million
Deadline ANEEL: Feb/22

IE Itaúnas (100%)
TL: 79 km
Substation: 1,200 MVA
1 Static Component
CAPEX ANEEL: BRL 298 million
Revenue$_{Cycle\ 19/20}$: BRL 52 million
Deadline ANEEL: Feb/22

IE Aguapeí (100%)
TL: 111 km
Substation: 1,400 MVA
CAPEX ANEEL: BRL 602 million
Revenue$_{Cycle\ 19/20}$: BRL 59 million
Deadline ANEEL: Aug/21

IE Itaquerê (100%)
3 Synchronous Components
(Araraquara Substation)
CAPEX ANEEL: BRL 398 million
Revenue$_{Cycle\ 19/20}$: BRL 51 million
Deadline ANEEL: Aug/21

IE Tibagi (100%)
TL: 18 km in double circuit
Substation: 500 MVA
CAPEX ANEEL: BRL 135 million
Revenue$_{Cycle\ 19/20}$: BRL 20 million
Deadline ANEEL: Aug/21

IE Itapura - Lorena (100%)
TL: 6 km in double circuit
Substation : 1,200 MVA
CAPEX ANEEL: BRL 238 million
Revenue$_{Cycle\ 19/20}$: BRL 11 million
Deadline ANEEL : Sep/22

IE Biguaçú (100%)
TL: 57 km
Substation: 300 MVA
CAPEX ANEEL: BRL 641 million
Revenue$_{Cycle\ 19/20}$: BRL 40 million
Deadline ANEEL : Sep/23

IE Ivaí (50%)[2]
TL: 599 km (230/500 kV) in double circuit
Substation: 2,988 MVA
CAPEX ANEEL: BRL 1,936 million
Revenue$_{Cycle\ 19/20}$: BRL 294 million
Deadline ANEEL: Aug/22

Transmission Lines (TL)
Under construction

Substation
Line Entrance

Note:
[1] 2019/2020 RAP Cycle proportional to ISA CTEEP's participation
[2]Considers information of the project (100%)

ISA CTEEP

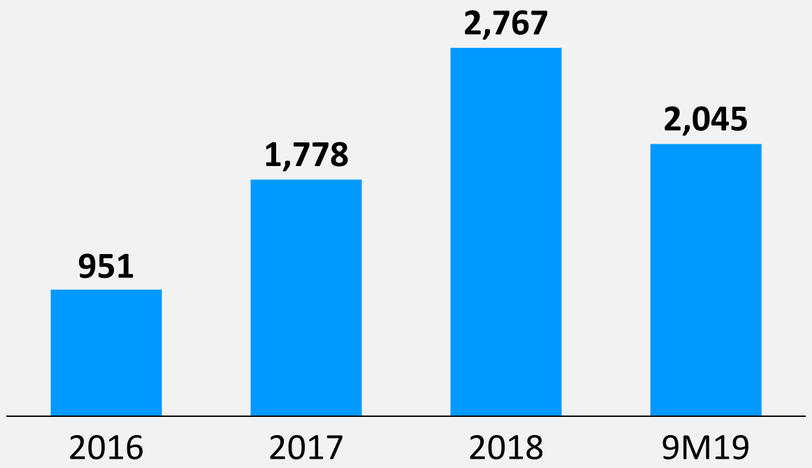
Sustainable Value

Financial Highlights

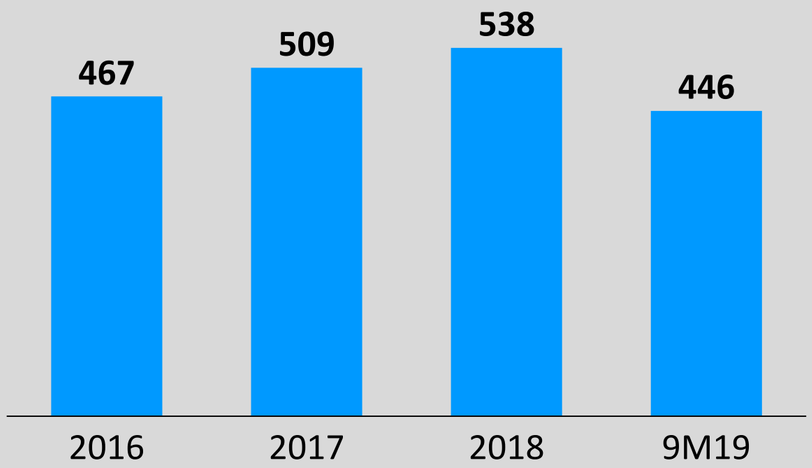
STRONG CASH GENERATION BOOSTED BY RBSE

REGULATORY RESULTS HIGHLIGHTS

NET REVENUE (BRL MILLION)

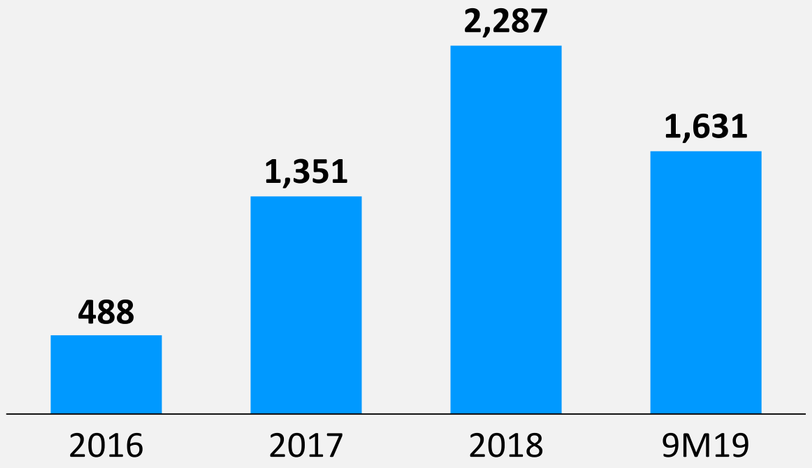


O&M COSTS[1] (BRL MILLION)

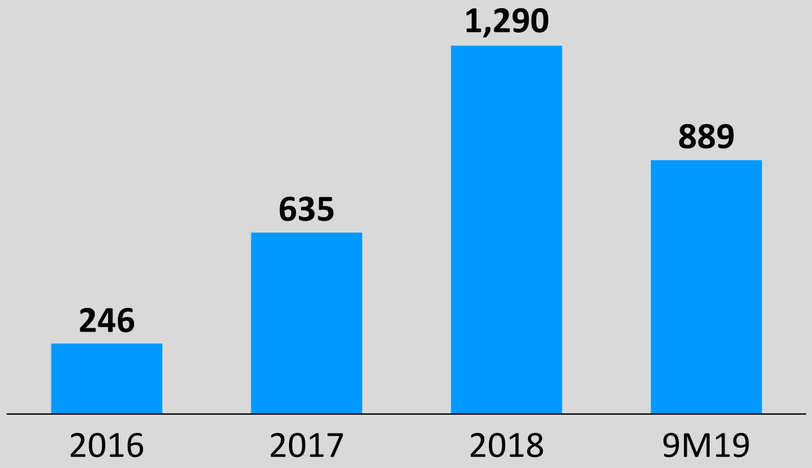


EBITDA ICVM 527 (BRL MILLION)

	2016	2017	2018	9M19
EBITDA Margin	51%	76%	83%	80%



NET INCOME (BRL MILLION)



Note:
[1] Costs do not consider depreciation and contingencies

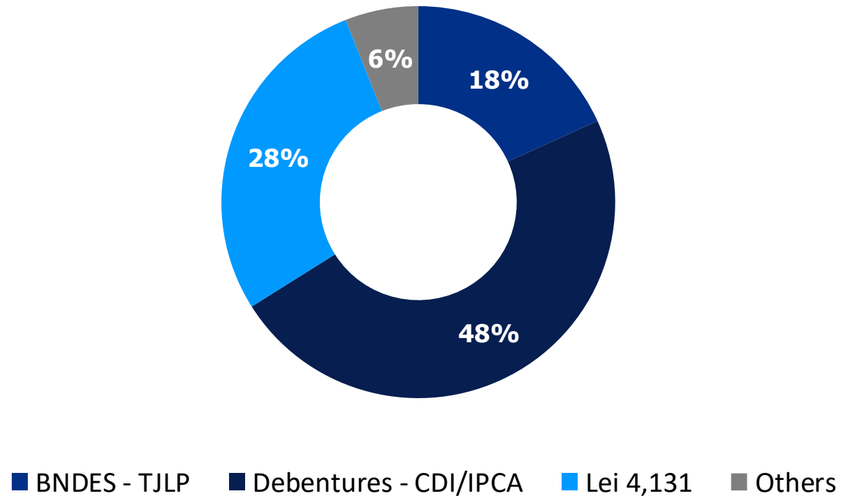
Net Revenue and EBITDA include only 100% owned subsidiaries. Shared control companies are accounted as equity shareholder.

Robust balance sheet allows financing for investment cycle

Debt Profile on 09/30/2019

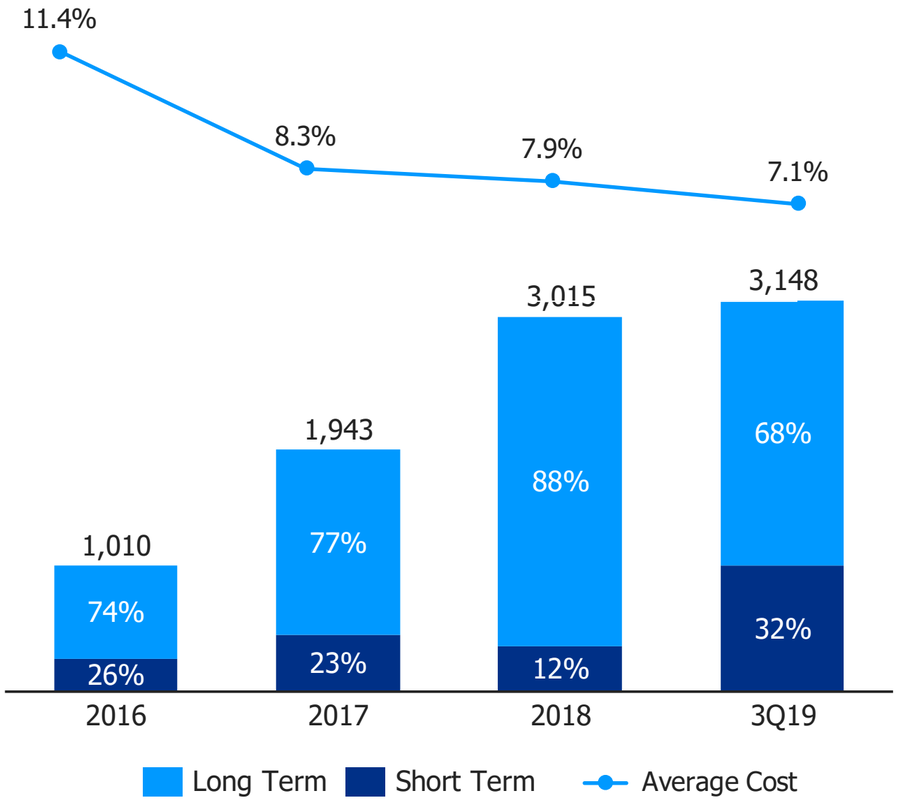
	3Q19	2018	2017	2016
Consolidated debt				
Gross Debt (BRL billion)	3.1	3.0	1.9	1.0
Net Debt (BRL billion)	1.9	2.3	1.3	0.7
Indicators				
Net Debt /EBITDA (x)	0.9	1.0	1.0	1.4
Average cost (%)	7.1%	7.9%	8.3%	11.4%
Average term (years)	3.3	3.2	3.3	3.4
Interest coverage (x)	12.6	15.8	20.4	4.4
Consolidated debt + JV				
Gross Debt (BRL billion)	4.2	4.2	3.2	2.4
Net Debt (BRL billion)	2.9	3.4	2.5	2.0

Debt Breakdown on 09/30/2019

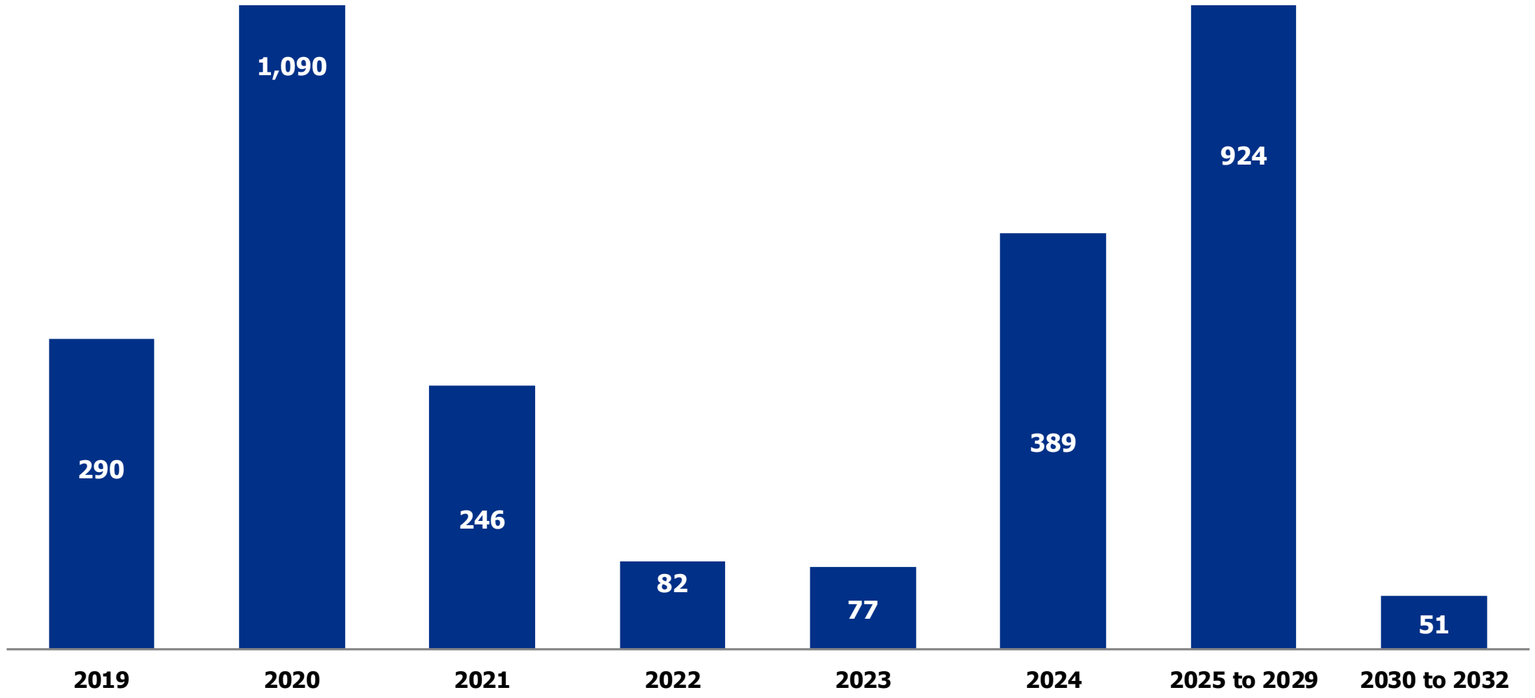


ADEQUATE DEBT PROFILE WITH *COMPETITIVE COST*

Debt (BRL million) and Average Debt Cost (%)



Consolidated Debt Amortization Schedule (BRL million)



INVESTMENT GRADE

Robust balance sheet allows financing the investment cycle

The covenants and established requirements are being duly fulfilled on all issuances

BNDES (annual verification)	
Financial Indicators	**Sep/19**
Net Debt/EBITDA ≤ 3x	1.31
Net Debt/Net Debt + Shareholders' Equity ≤ 0,6x	0.20

Infrastructure Debentures (4th and 5th issuance) International Credit - Law 4,131 (quarterly verification)	
Financial Indicators	**Sep/19**
Net Debt/EBITDA ≤ 3,5x	0.94
EBITDA Debentures/Financial Result > 2,0x	12.38

Simple Debentures 6th Issuance (quarterly verification)	
Financial Indicators	**Sep/19**
Net Debt/EBITDA ≤ 3,5x	0.87
EBITDA Debentures/Financial Result > 2,0x	13.54

Note:
BNDES' EBITDA considers the jointly controlled subsidiaries' debt (IE Madeira and IE Garanhuns)

FREQUENT BOND ISSUER IN
THE LOCAL MARKET

- Over BRL 4.3 billion captured in the last 10 years

Pioneer in issuing green bonds in transmission sector (7th Issuance in May/18)

100% of Infrastrucutre bond issuances with demand over 1x the booked amount

Success in distribution with the main banks and assets

2008

1st Debenture Issuance

Volume: BRL 548.6 MM
Cost: CDI + 1.30% p.a.
IPCA + 8.10% p.a.
Term: 5 years and 8 years

1st Issuance of Promissory Notes

Volume: R$ 200.0 MM
Cost: 120% of CDI
Term: 6 months

2009

2nd Issuance of Promissory Notes

Volume: R$ 200.0 MM
Cost: 119.5% of CDI
Term: 1 year

3rd Issuance of Promissory Notes

Volume: R$ 200.0 MM
Cost: 106.5% of CDI
Term: 6 months

2011

4th Issuance of Promissory Notes

Volume: R$ 200.0 MM
Cost: CDI + 0.4% p.a.
Term: 1 year

5th Issuance of Promissory Notes

Volume: R$ 300.0 MM
Cost: CDI + 0.48% p.a.
Term: 1 year

2012

2nd Debenture Issuance

Volume: R$ 700.0 MM
Cost: 105.5% of CDI
Term: 2 years

6th Issuance of Promissory Notes

Volume: R$ 400.0 MM
Cost: 104.9 of CDI
Term: 1 year

2013

3rd Debenture Issuance

Volume: R$ 500.0 MM
Cost: 116.0% of CDI
Term: 5 years

2016

4th Debenture Issuance

Volume: R$ 148.6 MM
Cost: IPCA + 6.04% p.a.
Term: 5 years

2017

5th Debenture Issuance

Volume: R$ 300.0 MM
Cost: IPCA + 5.04% p.a.
Term: 7 years

6th Debenture Issuance

Volume: R$ 350.0 MM
Cost: 105.65% of CDI
Term: 3 years

2018

7th Debenture Issuance

Volume: R$ 621.0 MM
Cost: IPCA + 4.70% p.a.
Term: 7 years

Green Bond

INVESTOR RELATIONS.

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