

# Results 2Q21

*isa*  
CTEEP

## ***Disclaimer***

The statements contained in this report regarding the business outlook of ISA CTEEP ("ISA CTEEP", "CTEEP", "Company"), the projections and their growth potential are based on mere forecasts and were based on management's expectations in regarding the Company's future. These expectations are highly dependent on changes in the market, in the general economic performance of the country, the sector and international markets, and are subject to change.

The financial information was prepared in accordance with CVM (Brazilian Securities and Exchange) rules and CPCs, and it is in compliance with international accounting standards (IFRS) issued by the International Accounting Standard Board (IASB). The Regulatory Result is presented in accordance with accounting practices adopted in Brazil. The purpose of disclosing the Regulatory Result is merely to collaborate to understand ISA CTEEP's business. Sums may differ due to rounding. The Regulatory result is audited only at the end of each fiscal year by the independent auditors.

# Highlights of the Period

Advance in the growth strategy with the completion of the PBTE acquisition



## Growth

- Conclusion of the acquisition of the Piratininga Bandeirantes Line ("PBTE") for BRL1.6 billion (equity value), with RAP of BRL172 million and consolidation in the economic-financial result with quarterly receipt of revenue

## Financial

- Regulatory Result 2Q21: Net Revenue of BRL792.3 million, Adjusted EBITDA of BRL665.8 million, with a margin of 81% and Net Income of BRL248.1 million

## Projects

- Retrofitting projects with associated RAP: investment of BRL78 million in 2Q21 and BRL137 million in 1H21
- Investment in greenfield projects: BRL265 million in 2Q21 and BRL498 million in 1H21
- Aguapeí: Energization in January 2021
- Biguaçu and Três Lagoas: Obtaining the installation license
- Operational startup of retrofitting project at Taubaté Substation

## Earnings

- Earnings distribution in the amount of BRL1.9 billion in 2021

## ESG

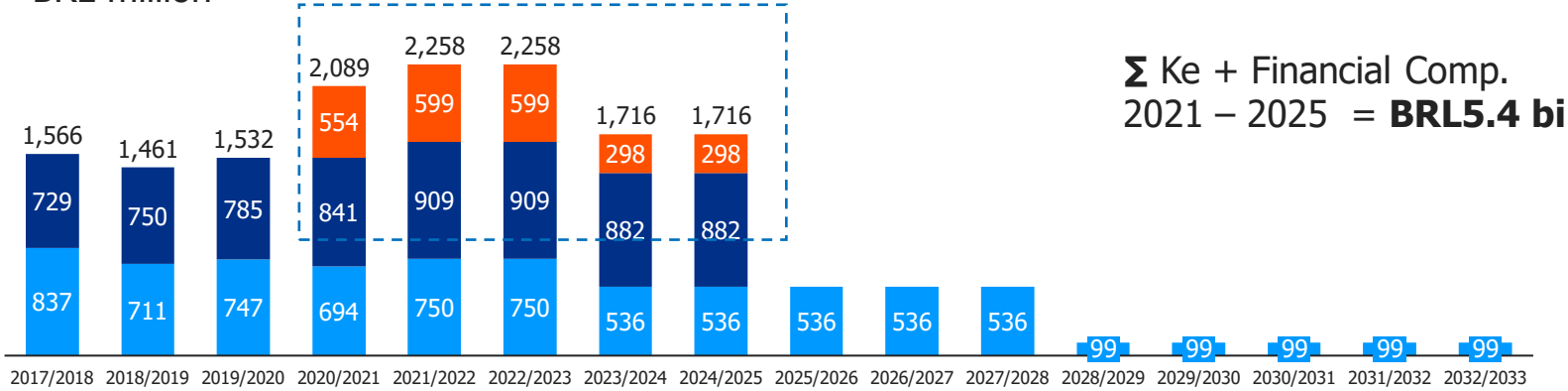
- Funding BRL672.5 million in green bonds (10<sup>th</sup> issue of debentures)
- Adherence to the Inter-American Development Bank's Green Bond Transparency Platform

# Event During the Period

## Reprofiling of the Basic Network of the Existing System ("RBSE")

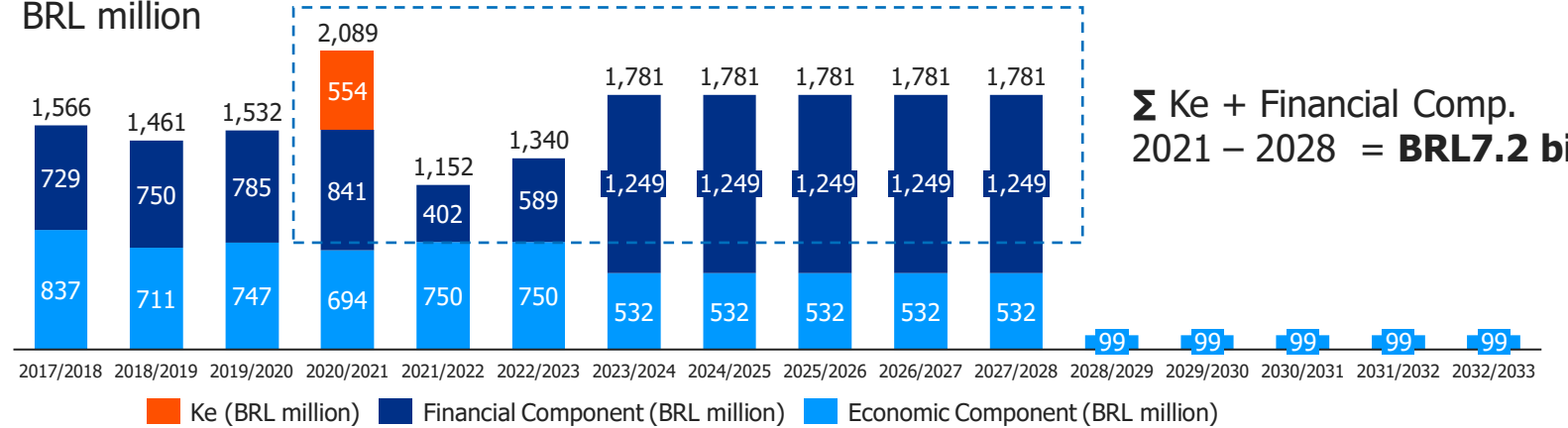
### Old RBSE schedule<sup>1</sup>

BRL million



### New RBSE schedule<sup>1 2</sup>

BRL million



- RAP reduction in the 2021/2022 and 2022/2023 cycles
- RAP return to current levels after 2023 until cycle 2027/2028 maintaining remuneration by RTP's WACC (7.71%)
- Recognition of the remuneration of unpaid amounts, from 2013 to 2020, the portion of the Financial Component as requested by the Company in Homologatory Res. N<sup>o</sup> 2,714/2020 of ANEEL

Maintenance of the Company's sustainable growth strategy and austerity in costs in the pursuit of maximizing value generation

<sup>1</sup> Base: June 2021

<sup>2</sup> A new flow from 2023 was considered the WACC of 6.76% for the economic component

<sup>3</sup> Considering the same rate as the WACC (2023) - 6.76%

# Growth Strategy

Investment with sustainable value creation



## RETROFITTING PROJECTS<sup>1</sup>

- Investment of over BRL1.8 billion already authorized by ANEEL for the execution of 267 projects, approximately, in the next 4 years
- BRL137 million realized in 1H21 with the energization, in the same period, of 64 projects ~BRL300 million to be invested in 2021
- Expectation to invest ~BRL300 million in 2021, 50% above 2020
- Sector long-term plan indicates investment need of ~BRL60 billions until 2030



## GREENFIELDS

- BRL498 million realized in SPEs under construction in 1H21
- Energization of the Aguapeí substation in 1H21
- Over BRL1 billion to be invested in 2021
- Auction of Dec/21: Analysis phase of the 5 lots to define participation in projects that meet the Company's profitability
- Sector long-term plan indicates investments needs of ~BRL30 billions until 2030

Investments that contribute to the expansion and security of Brazil's electricity transmission system

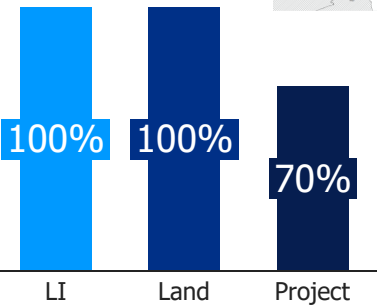
<sup>1</sup> Retrofittings consist of providing additional transmission service through new facilities and investments to ensure adequate service provision.

# Greenfield growth

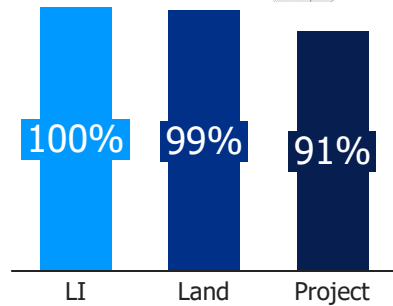
Projects on time and on budget



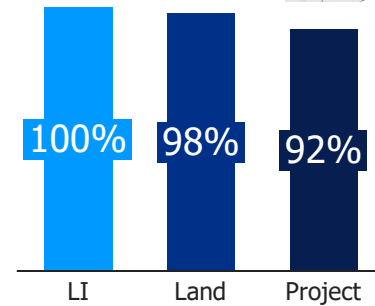
**IE Itaúnas**  
ANEEL Deadline: feb/22  
Presumed Profit



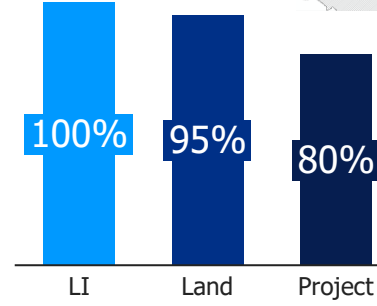
**IE Aimorés**  
ANEEL Deadline: feb/22  
Real Profit<sup>1</sup>



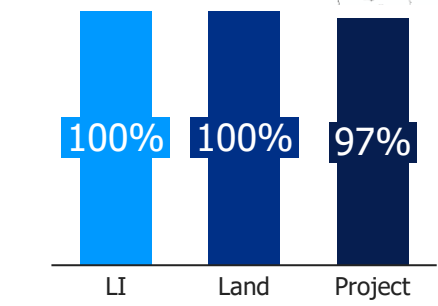
**IE Paraguaçu**  
ANEEL Deadline: feb/22  
Real Profit<sup>1</sup>



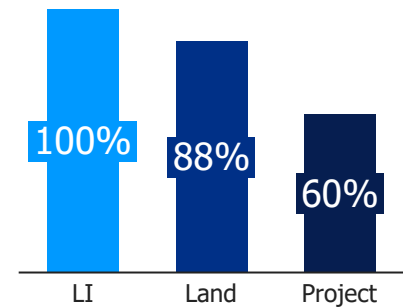
**IE Ivaí**  
ANEEL Deadline: aug/22  
Real Profit<sup>1</sup>



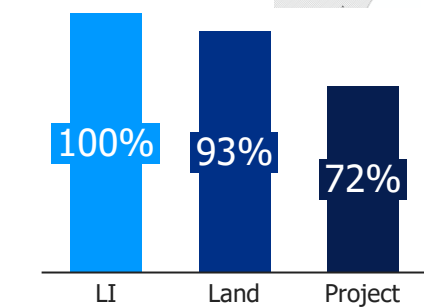
**IE Itapura Lorena**  
ANEEL Deadline: sept/22  
Presumed Profit



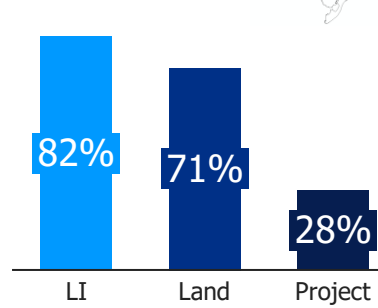
**Três Lagoas**  
ANEEL Deadline: jun/23  
Presumed Profit



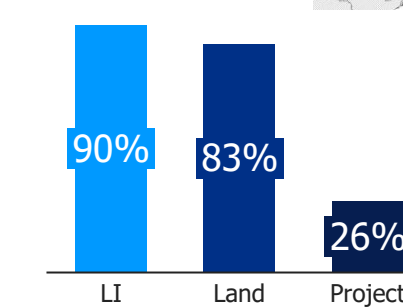
**IE Biguaçu**  
ANEEL Deadline: sep/23  
Presumed Profit



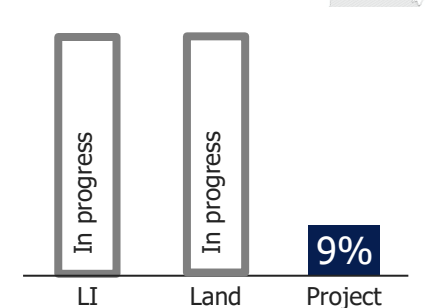
**Minuano**  
ANEEL Deadline: dec/24  
Presumed Profit



**Triângulo Mineiro**  
ANEEL Deadline: dec/24  
Presumed Profit



**Riacho Grande**  
ANEEL Deadline: dec/25  
Presumed Profit



Opportunity of sustainable value creation with excellence in project execution

<sup>1</sup> Sudene tax benefit  
LI: Installation license | Land: Properties released | Project: Evolution of all activities related to the project until its energization

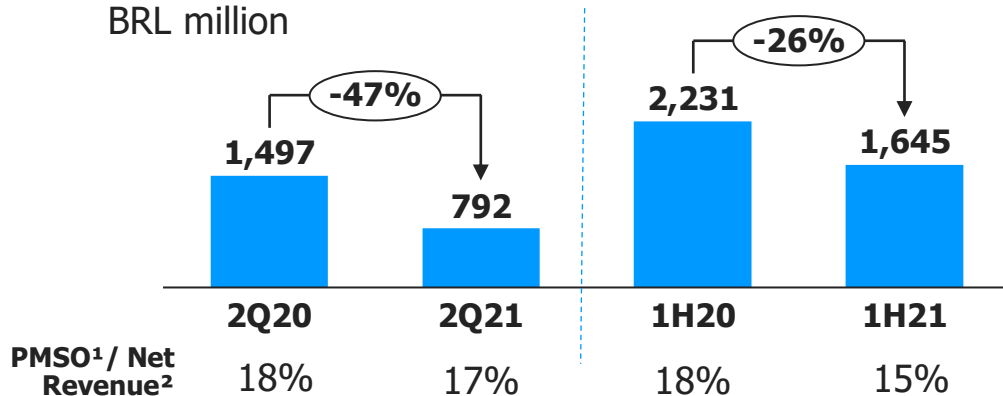
# Resultados

Positive effects of the RAP 20/21 Cycle, acquisition and incorporation of PBTE and maintenance of costs and expenses below inflation in the semester



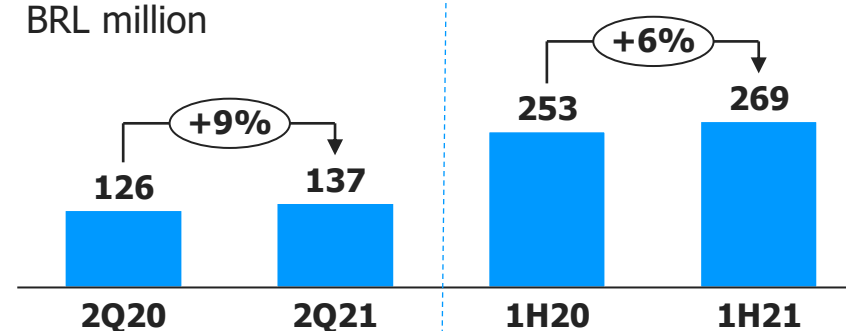
## Net Revenue

BRL million



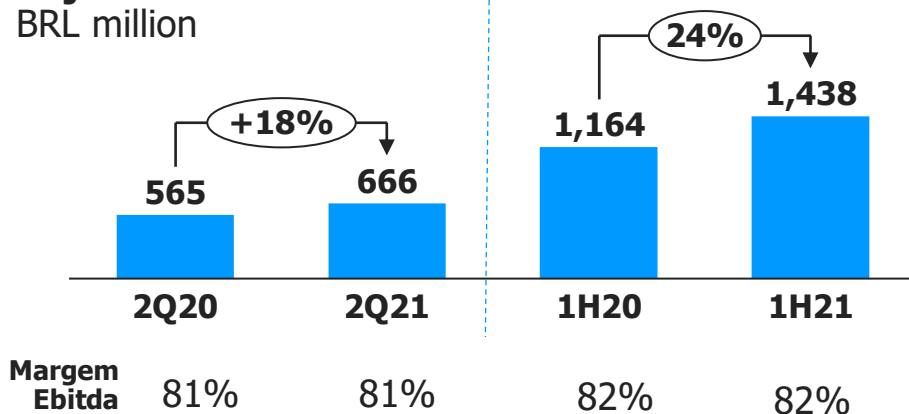
## PMSO (managable)

BRL million



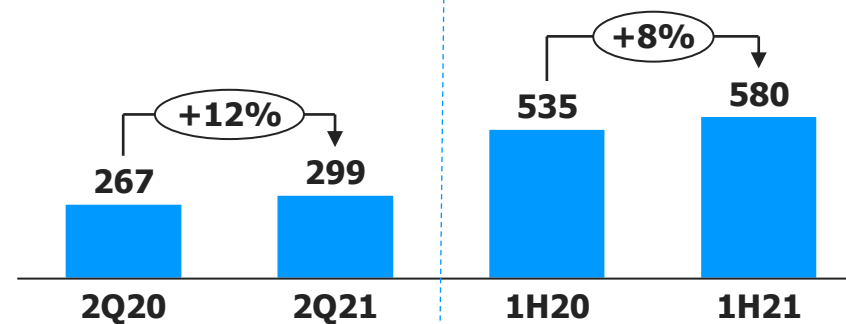
## Adjusted EBITDA

BRL million



## Total O&M Costs and Expenses

BRL million



Focus on financial discipline to neutralize inflation in the cost and expense structure

Note: Result in regulatory accounting

<sup>1</sup> Does not consider non-recurring and other costs and expense

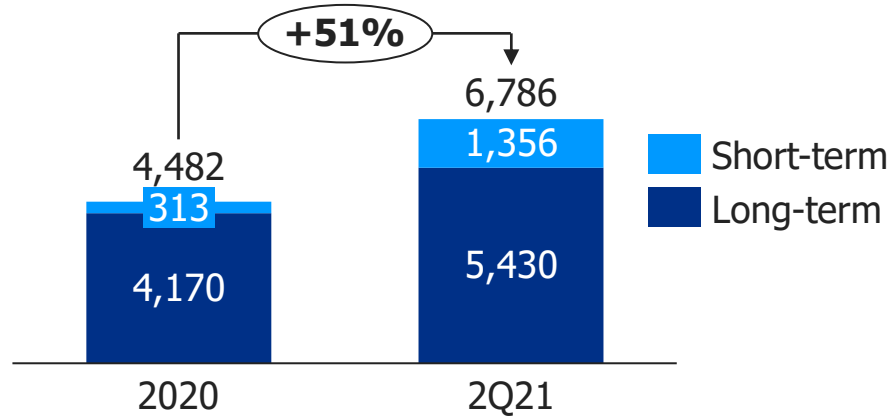
<sup>2</sup> Ex RBSE

# Consolidated Debt

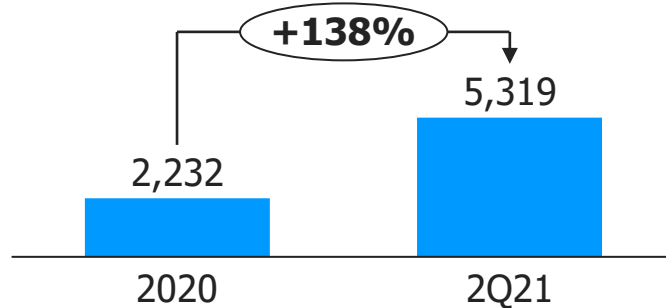
Solid debt position with competitive cost of debt



**Gross debt**  
BRL million



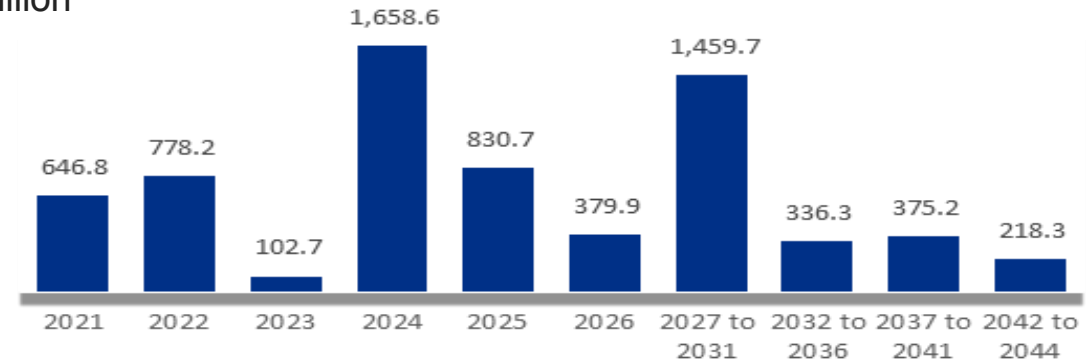
**Net debt<sup>1</sup>**  
BRL million



**Fundings:**

- BRL672,5 million through the 10<sup>th</sup> issue of debentures (green bonds)
- BRL 1.2 billion through the 8<sup>th</sup> issuance of Commercial Promissory Notes
- Recognition of BRL375 million of PBTE debt after completion of asset purchase
- Average term of 6.9 years and average cost of debt: 9.61% p.a. in Jun/21
- ISA CTEEP availabilities in Jun/21: BRL1.5 billion
- Net Debt / Adjusted EBITDA<sup>2</sup> of 1.87x
- Covenants<sup>3</sup>: Net debt/more restrictive EBITDA is 3.0x

**Gross Debt Amortization Schedule**  
BRL Million



Investment Grade by Fitch: AAA (bra)

Note: Result in regulatory accounting

<sup>1</sup> Net debt considers ISA CTEEP cash and wholly owned subsidiary

<sup>2</sup> ISA CTEEP and 100% subsidiaries

<sup>3</sup> Financial index of the BNDES contract, which considers all the subsidiaries and non-consolidated subsidiaries (proportionally to their participation), provided that it holds an equity interest equal to or greater than 10%.



# Return to shareholders

Minimum payout of 75% of regulatory net income (cash generation proxy), limited to the leverage of 3x Net Debt/EBITDA



## Earnings paid in 2021

Earning Type	Deliberation Date	Payment Date	Total (R\$ MM)	Distribution Base
Dividend	Dec-20	Jan-21	116	Results until Sep-20
JCP	Dec-20	Jan-21	436	Result of the fiscal year 2020
Dividend	Feb-21	May-21	531	Intermediate Dividends on Reserves
Dividend	Feb-21	May-21	524	Result of the fiscal year 2020
Dividend	Jul-21	Jul-21	331	Interim Dividends result until Jun/21
<b>Total</b>			<b>1,938</b>	

Cash generation allows sustainable growth and earnings distribution

# Why invest in ISA CTEEP

Growth strategy with sustainable value generation to be shared with stakeholders



**Operational Excellence  
and Efficiency**



**Existing assets  
management**  
Retrofittings



**Growth**  
Greenfield and M&A



**New businesses**

Sustainability

**Strong cash  
generation** allows  
**growth** with  
**dividend distribution**

Maximize value generation to share with stakeholders

# INVESTORS RELATIONS

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