

# Quarterly Information

## 2Q19

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EGIE3 NOVO MERCADO BM&FBOVESPA
BRASIL BOLSA BALCÃO
ISEB3 2019
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2019

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# Company Information / Capital Composition

| Number of shares (Units) | Current quarter 6/30/2019 |
|---|---|
| **Paid-in capital** | |
| **Common** | 815,927,740 |
| **Preferred** | 0 |
| **Total** | 815,927,740 |
| **Treasury shares** | |
| **Common** | 0 |
| **Preferred** | 0 |
| **Total** | 0 |

# Company Information / Profit Distribution in Cash

| Event | Approval | Profit Distribution | Commencement of Payment | Type of Share | Class of Share | Profit Distribution per Share (Reais / Share) |
|---|---|---|---|---|---|---|
| Annual Shareholders' Meeting | 4/26/2019 | Dividends | | Common shares | | 0.09401 |
| Board of Directors' Meeting | 10/312018 | Dividends | | Common shares | | 1.00000 |
| Board of Directors' Meeting | 8/8/2018 | Dividends | 1/29/2019 | Common shares | | 1.75573 |
| Board of Directors' Meeting | 10/31/2018 | Interest on equity | 3/27/2019 | Common shares | | 0.48656 |

# Parent company Financial Statements / Balance Sheet - Assets (In thousands of Reais)

| Account Code | Account Description | Current Quarter 6/30/2019 | Prior Year 12/31/2018 |
|---|---|---|---|
| 1 | Total assets | 20,779,483 | 17,605,996 |
| 1.01 | Current assets | 1,979,131 | 2,260,734 |
| 1.01.01 | Cash and cash equivalents | 730,738 | 1,282,395 |
| 1.01.03 | Accounts receivable | 939,364 | 593,898 |
| 1.01.03.01 | Trade accounts receivable | 682,942 | 532,430 |
| 1.01.03.02 | Other accounts receivable | 256,422 | 61,468 |
| 1.01.03.02.01 | Dividends receivable from subsidiaries | 256,422 | 61,468 |
| 1.01.04 | Inventories | 14,645 | 14,604 |
| 1.01.06 | Taxes recoverable | 87,235 | 88,854 |
| 1.01.06.01 | Current taxes recoverable | 87,235 | 88,854 |
| 1.01.06.01.01 | Income tax and social contribution credits | 87,235 | 88,854 |
| 1.01.08 | Other current assets | 207,149 | 280,983 |
| 1.01.08.03 | Other | 207,149 | 280,983 |
| 1.01.08.03.01 | Restricted deposits | 3,992 | 4,471 |
| 1.01.08.03.02 | Unrealized gains on hedge operations | 69,581 | 0 |
| 1.01.08.03.03 | Renegotiation of hydrological risk to appropriate | 13,016 | 13,016 |
| 1.01.08.03.04 | Insurance indemnification receivable | 0 | 71,888 |
| 1.01.08.03.05 | Other current assets | 111,731 | 177,880 |
| 1.01.08.03.06 | Non-current assets held for sale | 8,829 | 13,728 |
| 1.02 | Non-current assets | 18,800,352 | 15,345,262 |
| 1.02.01 | Long term assets | 517,464 | 477,511 |
| 1.02.01.10 | Other non-current assets | 517,464 | 477,511 |
| 1.02.01.10.03 | Restricted deposits | 10,161 | 9,915 |
| 1.02.01.10.04 | Judicial deposits | 98,737 | 96,099 |
| 1.02.01.10.05 | Renegotiation of hydrological risk to appropriate | 96,797 | 103,306 |
| 1.02.01.10.06 | Unrealized hedge gains | 274,278 | 247,878 |
| 1.02.01.10.07 | Right of use | 30,689 | 0 |
| 1.02.01.10.08 | Other non-current assets | 6,802 | 20,313 |
| 1.02.02 | Investments | 14,072,175 | 10,540,737 |
| 1.02.02.01 | Equity interest | 14,072,175 | 10,540,737 |
| 1.02.02.01.02 | Interest on subsidiaries | 10,386,405 | 10,298,190 |
| 1.02.02.01.03 | Interest in joint ventures | 3,685,770 | 242,547 |
| 1.02.03 | Property, plant and equipment | 4,167,952 | 4,288,507 |
| 1.02.03.01 | Property, plant and equipment in operation | 4,076,390 | 4,163,547 |
| 1.02.03.03 | Construction in progress | 91,562 | 124,960 |
| 1.02.04 | Intangible assets | 42,761 | 38,507 |

# Parent Company Financial Statements / Balance Sheet - Liabilities (In thousands of Reais)

| Account Code | Account Description | Current Quarter 6/30/2019 | Prior Year 12/31/2018 |
|---|---|---|---|
| 2 | Total liabilities | 20,779,483 | 17,605,996 |
| 2.01 | Current liabilities | 2,482,159 | 3,278,588 |
| 2.01.01 | Social and labor obligations | 66,927 | 90,989 |
| 2.01.01.02 | Labor obligations | 66,927 | 90,989 |
| 2.01.02 | Suppliers | 129,687 | 466,734 |
| 2.01.02.01 | Domestic suppliers | 129,687 | 466,734 |
| 2.01.03 | Tax Liabilities | 143,824 | 59,389 |
| 2.01.03.01 | Federal tax liabilities | 143,824 | 59,389 |
| 2.01.03.01.01 | Income tax and social contribution payable | 143,824 | 59,389 |
| 2.01.04 | Loans and financing | 1,020,211 | 179,418 |
| 2.01.04.01 | Loans and financing | 916,456 | 142,536 |
| 2.01.04.01.01 | In local currency | 123,338 | 122,100 |
| 2.01.04.01.02 | In foreign currency | 793,118 | 20,436 |
| 2.01.04.02 | Debentures | 103,755 | 36,882 |
| 2.01.05 | Other liabilities | 1,078,265 | 2,438,809 |
| 2.01.05.02 | Other | 1,078,265 | 2,438,809 |
| 2.01.05.02.01 | Dividends and interest on equity payable | 737,327 | 2,136,939 |
| 2.01.05.02.04 | Concessions payable | 114,821 | 79,051 |
| 2.01.05.02.05 | Other tax and regulatory liabilities | 42,057 | 53,816 |
| 2.01.05.02.06 | Lease payable | 6,208 | 0 |
| 2.01.05.02.07 | Other current liabilities | 177,852 | 169,003 |
| 2.01.06 | Provisions | 43,245 | 43,249 |
| 2.01.06.01 | Tax, social security, labor and civil Provisions | 7,876 | 7,880 |
| 2.01.06.01.01 | Fiscal provisions | 150 | 150 |
| 2.01.06.01.02 | Social security and labor provisions | 1,395 | 1,394 |
| 2.01.06.01.04 | Civil provisions | 6,331 | 6,336 |
| 2.01.06.02 | Other provisions | 35,369 | 35,369 |
| 2.01.06.02.04 | Retirement benefits obligations | 35,369 | 35,369 |
| 2.02 | Non-current liabilities | 11,105,813 | 8,011,222 |
| 2.02.01 | Loans and financing | 7,341,239 | 4,421,161 |
| 2.02.01.01 | Loans and financing | 3,221,982 | 2,840,909 |
| 2.02.01.01.01 | In local currency | 136,766 | 195,261 |
| 2.02.01.01.02 | In foreign currency | 3,085,216 | 2,645,648 |
| 2.02.01.02 | Debentures | 4,119,257 | 1,580,252 |
| 2.02.02 | Other liabilities | 2,973,084 | 2,797,905 |
| 2.02.02.02 | Other | 2,973,084 | 2,797,905 |
| 2.02.02.02.03 | Concessions payable | 2,874,374 | 2,717,339 |
| 2.02.02.02.04 | Lease payable | 13,783 | 0 |
| 2.02.02.02.05 | Other non-current liabilities | 84,927 | 80,566 |
| 2.02.03 | Deferred taxes | 423,494 | 426,754 |
| 2.02.03.01 | Deferred income tax and social contribution | 423,494 | 426,754 |
| 2.02.04 | Provisions | 367,996 | 365,402 |
| 2.02.04.01 | Tax, social security, labor and civil provisions | 85,053 | 81,637 |
| 2.02.04.01.01 | Tax provisions | 6,513 | 6,920 |
| 2.02.04.01.02 | Social security and labor provisions | 13,031 | 12,228 |
| 2.02.04.01.04 | Civil provisions | 65,509 | 62,489 |

# Parent Company Financial Statements / Balance Sheet - Liabilities (In thousands of Reais)

| Account Code | Account Description | Current Quarter 6/30/2019 | Prior Year 12/31/2018 |
|---|---|---|---|
| 2.02.04.02 | Other provisions | 282,943 | 283,765 |
| 2.02.04.02.04 | Retirement benefits obligations | 282,943 | 283,765 |
| 2.03 | Shareholders' equity | 7,191,511 | 6,316,186 |
| 2.03.01 | Paid-in capital stock | 4,902,648 | 4,902,648 |
| 2.03.04 | Profit reserves | 1,049,580 | 1,106,277 |
| 2.03.04.01 | Legal reserve | 681,529 | 681,529 |
| 2.03.04.05 | Retained earnings reserve | 177,673 | 177,673 |
| 2.03.04.07 | Tax incentive reserve | 190,378 | 170,372 |
| 2.03.04.08 | Additional dividend proposed | 0 | 76,703 |
| 2.03.05 | Retained earnings/losses | 943,353 | 0 |
| 2.03.06 | Assets valuation adjustments | 275,108 | 285,731 |
| 2.03.08 | Other comprehensive income | 20,822 | 21,530 |

# Parent Company Financial Statements / Income Statement
# (In thousands of Reais)

| Account Code | Account description | Current quarter 4/1/2019 to 6/30/2019 | YTD Current Year 1/1/2019 to 6/30/2019 | Same quarter previous year 4/1/2018 to 6/30/2018 | YTD Previous Year 1/1/2018 to 6/30/2018 |
|---|---|---|---|---|---|
| 3.01 | Revenue from sales of goods and/or services | 1,082,039 | 2,451,636 | 1,320,339 | 2,538,953 |
| 3.02 | Cost of products and/or services sold | -501,258 | -1,054,053 | -558,491 | -1,107,812 |
| 3.02.01 | Energy purchases | -251,426 | -563,234 | -300,471 | -592,978 |
| 3.02.02 | Transactions in the short-term energy market | -21,121 | -27,503 | -7,383 | -35,266 |
| 3.02.03 | Charges for the use of and connection to the power grid | -79,375 | -157,999 | -77,088 | -155,566 |
| 3.02.04 | Cost of electrical energy production | -142,048 | -291,771 | -167,484 | -312,016 |
| 3.02.05 | Cost of services rendered | -7,288 | -13,546 | -6,065 | -11,986 |
| 3.03 | Gross profit | 580,781 | 1,397,583 | 761,848 | 1,431,141 |
| 3.04 | Operating expenses/income | 110,579 | 235,743 | 180,338 | 303,835 |
| 3.04.01 | Sales expenses | -4,261 | -7,563 | -3,281 | -5,942 |
| 3.04.02 | General and administrative expenses | -48,345 | -98,285 | -44,994 | -87,625 |
| 3.04.05 | Other operating expenses | 183 | -5,088 | -23,073 | -23,106 |
| 3.04.05.01 | Provision for impairment of assets | 0 | -4,900 | -22,411 | -22,411 |
| 3.04.05.02 | Other operating expenses, net | 183 | -188 | -662 | -695 |
| 3.04.06 | Equity income | 163,002 | 346,679 | 251,686 | 420,508 |
| 3.04.06.01 | Equity | 163,838 | 348,350 | 252,522 | 422,179 |
| 3.04.06.02 | Goodwill amortization | -836 | -1,671 | -836 | -1,671 |
| 3.05 | Income before financial result and taxes | 691,360 | 1,633,326 | 942,186 | 1,734,976 |
| 3.06 | Financial result | -208,936 | -405,813 | -190,412 | -344,024 |
| 3.06.01 | Financial income | 22,891 | 36,350 | 12,800 | 20,942 |
| 3.06.02 | Financial expenses | -231,827 | -442,163 | -203,212 | -364,966 |
| 3.07 | Income before income taxes | 482,424 | 1,227,513 | 751,774 | 1,390,952 |
| 3.08 | Income tax and social contribution | -97,308 | -277,213 | -162,801 | -312,941 |
| 3.08.01 | Current | -101,899 | -280,473 | -60,870 | -195,939 |
| 3.08.02 | Deferred | 4,591 | 3,260 | -101,931 | -117,002 |

# Parent Company Financial Statements / Income Statement
# (In thousands of Reais)

| Account Code | Account description | Current quarter 4/1/2019 to 6/30/2019 | YTD Current Year 1/1/2019 to 6/30/2019 | Same quarter previous year 4/1/2018 to 6/30/2018 | YTD Previous Year 1/1/2018 to 6/30/2018 |
|---|---|---|---|---|---|
| 3.09 | Net income from continuing operations | 385,116 | 950,300 | 588,973 | 1,078,011 |
| 3.11 | Net income for the period | 385,116 | 950,300 | 588,973 | 1,078,011 |
| 3.99 | Earnings per share (r$ /share) | | | | |
| 3.99.01 | Basic earnings per share | | | | |
| 3.99.01.01 | ON | 0.47200 | 1.16469 | 0.72184 | 1.32121 |
| 3.99.02 | Diluted earnings per share | | | | |
| 3.99.02.01 | ON | 0.47200 | 1.16469 | 0.72184 | 1.32121 |

# Parent Company Financial Statements / Comprehensive Income Statement (In thousands of Reais)

| Account Code | Account description | Current quarter 4/1/2019 to 6/30/2019 | YTD Current Year 1/1/2019 to 6/30/2019 | Same quarter previous year 4/1/2018 to 6/30/2018 | YTD Previous Year 1/1/2018 to 6/30/2018 |
|---|---|---|---|---|---|
| 4.01 | Net income for the period | 385,116 | 950,300 | 588,973 | 1,078,011 |
| 4.02 | Other comprehensive income | -2,848 | -708 | 11,926 | 11,333 |
| 4.02.01 | Equity income in (losses) gains of subsidiaries, net of deferred taxes | -2,848 | -708 | 11,926 | 11,333 |
| 4.03 | Comprehensive income for the period | 382,268 | 949,592 | 600,899 | 1,089,344 |

# Parent Company Financial Statements / Cash Flow Statement – Indirect Method
# (In thousands of Reais)

| Account Code | Account Description | YTD Current Year 1/1/2019 to 6/30/2019 | YTD Prior Year 1/1/2018 to 6/30/2019 |
|---|---|---|---|
| 6.01 | Net cash from operating activities | 1,064,884 | 1,073,741 |
| 6.01.01 | Cash generated from operations | 1,453,335 | 1,520,623 |
| 6.01.01.01 | Income before income taxes | 1,227,513 | 1,390,952 |
| 6.01.01.02 | Equity interest income | -346,679 | -420,508 |
| 6.01.01.03 | Depreciation and amortization | 146,567 | 144,702 |
| 6.01.01.04 | Monetary variation | 142,275 | 133,215 |
| 6.01.01.05 | Interest | 312,294 | 235,218 |
| 6.01.01.08 | Other | -28,635 | 37,044 |
| 6.01.02 | Changes in assets and liabilities | -388,451 | -446,882 |
| 6.01.02.01 | Trade accounts receivable | -142,380 | -156,035 |
| 6.01.02.02 | Inventories | 3,142 | -555 |
| 6.01.02.03 | Restricted and judicial deposits | 97 | 5,898 |
| 6.01.02.04 | Renegotiation of hydrological risk to recognize | 6,509 | 11,994 |
| 6.01.02.05 | Income tax and social contribution credit | -3,082 | -1,721 |
| 6.01.02.07 | Insurance indemnifications receivable | 71,888 | 0 |
| 6.01.02.09 | Other assets | 69,624 | -62,355 |
| 6.01.02.10 | Suppliers | -143,175 | 44,273 |
| 6.01.02.11 | Payment of income tax and social contribution | -130,847 | -201,401 |
| 6.01.02.12 | Payment of interest on debt, net of hedge | -82,167 | -60,640 |
| 6.01.02.13 | Other tax and regulatory obligations | -12,591 | -10,093 |
| 6.01.02.14 | Retirement benefits obligations | -14,509 | -13,306 |
| 6.01.02.15 | Other liabilities | -10,960 | -2,941 |
| 6.02 | Net cash from investment activities | -3,607,541 | -641,638 |
| 6.02.01 | Dividends received from subsidiaries | 182,169 | 292,870 |
| 6.02.02 | Capital increase in subsidiaries and joint venture | -3,916,053 | -858,951 |
| 6.02.03 | Acquisition of property, plant and equipment and intangible assets | -33,657 | -75,322 |
| 6.02.04 | Capital decrease in subsidiaries | 160,000 | 0 |
| 6.02.05 | Other | 0 | -235 |
| 6.03 | Net cash from financing activities | 1,991,000 | -1,378,205 |
| 6.03.01 | New loans and financing | 1,128,003 | 700,248 |
| 6.03.02 | Issue of debentures | 2,495,972 | 0 |
| 6.03.03 | Payment of dividends and interest on equity | -1,535,155 | -1,989,940 |
| 6.03.04 | Loans and financing paid, net of hedge | -61,221 | -57,201 |
| 6.03.05 | Payment of concession installments payable | -33,390 | -31,879 |
| 6.03.06 | Lease payment | -3,239 | 0 |
| 6.03.07 | Other | 30 | 567 |
| 6.05 | Increase (decrease) in cash and cash equivalents | -551,657 | -946,102 |
| 6.05.01 | Opening balance of cash and cash equivalents | 1,282,395 | 1,305,015 |
| 6.05.02 | Closing balance of cash and cash equivalents | 730,738 | 358,913 |

## Parent Company Financial Statements / Changes in Shareholders' Equity Statement / DMPL - 1/1/2019 to 6/30/2019

## (In thousands of Reais)

| Account Code | Account Description | Paid-in Capital | Capital Reserves, Options Granted and Treasury Shares | Profit Reserves | Retained Earnings (Loss) | Other Comprehensive Income | Shareholders' Equity |
|---|---|---|---|---|---|---|---|
| 5.01 | Opening balances | 4,902,648 | 0 | 1,106,277 | 0 | 307,261 | 6,316,186 |
| 5.03 | Adjusted opening balances | 4,902,648 | 0 | 1,106,277 | 0 | 307,261 | 6,316,186 |
| 5.04 | Capital transactions with partners | 0 | 0 | -76,703 | 2,436 | 0 | -74,267 |
| 5.04.08 | Additional dividends for 2018 credited | 0 | 0 | -76,703 | 0 | 0 | -76,703 |
| 5.04.09 | Dividends and interest on equity not claimed | 0 | 0 | 0 | 2,436 | 0 | 2,436 |
| 5.05 | Total comprehensive income | 0 | 0 | 0 | 950,300 | -708 | 949,592 |
| 5.05.01 | Net income for the period | 0 | 0 | 0 | 950,300 | 0 | 950,300 |
| 5.05.02 | Other comprehensive income | 0 | 0 | 0 | 0 | -708 | -708 |
| 5.05.02.06 | Fair value hedge of cash flow | 0 | 0 | 0 | 0 | -708 | -708 |
| 5.06 | Internal changes in shareholders' equity | 0 | 0 | 20,006 | -9,383 | -10,623 | 0 |
| 5.06.04 | Tax incentive reserve | 0 | 0 | 20,006 | -20,006 | 0 | 0 |
| 5.06.05 | Realization of deemed cost | 0 | 0 | 0 | 10,623 | -10,623 | 0 |
| 5.07 | Closing balances | 4,902,648 | 0 | 1,049,580 | 943,353 | 295,930 | 7,191,511 |

## Parent Company Financial Statements / Changes in Shareholders' Equity Statement / DMPL - 1/1/2018 to 6/30/2018

## (In thousands of Reais)

| Account Code | Account Description | Paid-in Capital | Capital Reserves, Options Granted and Treasury Shares | Profit Reserves | Retained Earnings (Loss) | Other Comprehensive Income | Shareholders' Equity |
|---|---|---|---|---|---|---|---|
| 5.01 | Opening balances | 2,829,056 | 0 | 3,600,738 | 0 | 400,800 | 6,830,594 |
| 5.03 | Adjusted opening balances | 2,829,056 | 0 | 3,600,738 | 0 | 400,800 | 6,830,594 |
| 5.04 | Capital transactions with partners | 0 | 0 | -636,755 | 0 | 0 | -636,755 |
| 5.04.08 | Additional dividends for 2017 paid | 0 | 0 | -636,755 | 0 | 0 | -636,755 |
| 5.05 | Total comprehensive income | 0 | 0 | 0 | 1,078,011 | 11,333 | 1,089,344 |
| 5.05.01 | Net income for the period | 0 | 0 | 0 | 1,078,011 | 0 | 1,078,011 |
| 5.05.02 | Other comprehensive income | 0 | 0 | 0 | 0 | 11,333 | 11,333 |
| 5.05.02.06 | Fair value hedge of cash flow | 0 | 0 | 0 | 0 | 11,333 | 11,333 |
| 5.06 | Internal changes in shareholders' equity | 0 | 0 | 16,850 | 68,027 | -84,877 | 0 |
| 5.06.05 | Tax incentive reserve | 0 | 0 | 16,850 | -16,850 | 0 | 0 |
| 5.06.06 | Realization of deemed cost | 0 | 0 | 0 | 84,877 | -84,877 | 0 |
| 5.07 | Closing balances | 2,829,056 | 0 | 2,980,833 | 1,146,038 | 327,256 | 7,283,183 |

## Parent Company Financial Statements / Value Added Statement
## (In thousands of Reais)

| Account Code | Account Description | YTD Current Year 1/1/2019 to 6/30/2019 | YTD Prior Year 1/1/2018 to 6/30/2018 |
|---|---|---|---|
| 7.01 | Revenues | 2,724,670 | 2,806,999 |
| 7.01.01 | Sale of products and services | 2,724,858 | 2,807,694 |
| 7.01.02 | Other revenues | -188 | -695 |
| 7.02 | Raw material acquired from third parties | -833,252 | -912,226 |
| 7.02.01 | Cost of products and services sold | -602,508 | -655,314 |
| 7.02.02 | Materials, energy, third parties services and other | -51,782 | -53,767 |
| 7.02.04 | Other | -178,962 | -203,145 |
| 7.02.04.02 | Reversal (Recording) of provisions for operations, net | 4,308 | -12,229 |
| 7.02.04.03 | Charges for the use of and connection to the power grid | -157,999 | -155,566 |
| 7.02.04.04 | Provision for impairment | -4,900 | -22,411 |
| 7.02.04.06 | Other | -20,371 | -12,939 |
| 7.03 | Gross added value | 1,891,418 | 1,894,773 |
| 7.04 | Retentions | -146,567 | -144,702 |
| 7.04.01 | Depreciation, amortization and depletion | -146,567 | -144,702 |
| 7.05 | Net added value generated | 1,744,851 | 1,750,071 |
| 7.06 | Added value received in transfer | 383,029 | 441,450 |
| 7.06.01 | Equity income | 346,679 | 420,508 |
| 7.06.02 | Financial income | 36,350 | 20,942 |
| 7.07 | Total added value to distribute | 2,127,880 | 2,191,521 |
| 7.08 | Distribution of added value | 2,127,880 | 2,191,521 |
| 7.08.01 | Labor | 103,268 | 90,734 |
| 7.08.01.01 | Direct remuneration | 64,677 | 55,508 |
| 7.08.01.02 | Benefits | 21,790 | 20,616 |
| 7.08.01.03 | F.G.T.S. - workers' severance fund | 5,649 | 4,492 |
| 7.08.01.04 | Other | 11,152 | 10,118 |
| 7.08.01.04.01 | Profit sharing | 11,152 | 10,118 |
| 7.08.02 | Taxes, duties and contributions | 555,245 | 588,032 |
| 7.08.02.01 | Federal | 542,305 | 575,983 |
| 7.08.02.02 | State | 11,105 | 10,650 |
| 7.08.02.03 | Municipal | 1,835 | 1,399 |
| 7.08.03 | Third parties capital remuneration | 215,594 | 139,424 |
| 7.08.03.01 | Interest | 237,555 | 144,707 |
| 7.08.03.02 | Rentals | 439 | 3,963 |
| 7.08.03.03 | Other | -22,400 | -9,246 |
| 7.08.03.03.02 | Other financial expenses | -22,400 | -9,246 |
| 7.08.04 | Remuneration of own capital | 943,353 | 1,146,038 |
| 7.08.04.03 | Retained earnings / loss for the period | 943,353 | 1,146,038 |
| 7.08.05 | Other | 310,420 | 227,293 |
| 7.08.05.01 | Sectorial charges | 77,278 | 67,452 |
| 7.08.05.02 | Charges on concessions payable | 226,195 | 227,868 |
| 7.08.05.03 | Tax incentive reserve | 20,006 | 16,850 |
| 7.08.05.04 | Realization of deemed cost | -10,623 | -84,877 |
| 7.08.05.05 | Prescribed dividends | -2,436 | 0 |

## Consolidated Financial Statements / Balance Sheet - Assets
## (In thousands of Reais)

| Account Code | Account Description | Current Quarter 6/30/2019 | Prior Year 12/31/2018 |
|---|---|---|---|
| 1 | Total assets | 27,577,405 | 23,735,545 |
| 1.01 | Current assets | 4,018,821 | 4,556,677 |
| 1.01.01 | Cash and cash equivalents | 1,642,323 | 2,415,792 |
| 1.01.03 | Accounts receivable | 1,336,032 | 1,181,379 |
| 1.01.03.01 | Trade accounts receivable | 1,336,032 | 1,181,379 |
| 1.01.04 | Inventories | 217,592 | 125,681 |
| 1.01.06 | Taxes recoverable | 108,084 | 98,978 |
| 1.01.06.01 | Current taxes recoverable | 108,084 | 98,978 |
| 1.01.06.01.01 | Income tax and social contribution credits | 108,084 | 98,978 |
| 1.01.08 | Other current assets | 714,790 | 734,847 |
| 1.01.08.03 | Other | 714,790 | 734,847 |
| 1.01.08.03.01 | Unrealized hedge gains | 69,581 | 3,135 |
| 1.01.08.03.02 | Unrealized trading gains | 113,238 | 116,202 |
| 1.01.08.03.03 | Restricted deposits | 7,921 | 8,956 |
| 1.01.08.03.04 | Renegotiation of hydrological risk to appropriate | 15,089 | 15,089 |
| 1.01.08.03.05 | Concession financial asset | 290,299 | 277,502 |
| 1.01.08.03.06 | Insurance indemnifications receivable | 0 | 74,780 |
| 1.01.08.03.07 | Other current assets | 209,833 | 225,455 |
| 1.01.08.03.08 | Non-current assets held for sale | 8,829 | 13,728 |
| 1.02 | Non-current assets | 23,558,584 | 19,178,868 |
| 1.02.01 | Long term assets | 3,497,261 | 3,230,556 |
| 1.02.01.10 | Other non-current assets | 3,497,261 | 3,230,556 |
| 1.02.01.10.03 | Unrealized hedge gains | 274,278 | 256,464 |
| 1.02.01.10.04 | Unrealized trading gains | 71,161 | 44,429 |
| 1.02.01.10.05 | Restricted deposits | 284,452 | 232,450 |
| 1.02.01.10.06 | Judicial deposits | 100,127 | 97,721 |
| 1.02.01.10.07 | Renegotiation of hydrological risk to appropriate | 123,231 | 130,776 |
| 1.02.01.10.08 | Concession financial asset | 2,362,446 | 2,317,608 |
| 1.02.01.10.09 | Right of use | 117,859 | 0 |
| 1.02.01.10.10 | Other non-current assets | 163,707 | 151,108 |
| 1.02.02 | Investments | 3,443,060 | 0 |
| 1.02.03 | Property, plant and equipment | 15,323,197 | 14,635,467 |
| 1.02.03.01 | Property, plant and equipment in operation | 11,753,214 | 10,218,006 |
| 1.02.03.03 | Construction in progress | 3,569,983 | 4,417,461 |
| 1.02.04 | Intangible assets | 1,295,066 | 1,312,845 |

## Consolidated Financial Statements / Balance sheet - Liabilities
## (In thousands of Reais)

| Account Code | Account Description | Current Quarter 6/30/2019 | Prior Year 12/31/2018 |
|---|---|---|---|
| 2 | Total liabilities | 27,577,405 | 23,735,545 |
| 2.01 | Current liabilities | 3,768,873 | 4,170,261 |
| 2.01.01 | Social and labor obligations | 82,205 | 99,572 |
| 2.01.01.02 | Labor obligations | 82,205 | 99,572 |
| 2.01.02 | Suppliers | 581,903 | 588,471 |
| 2.01.02.01 | Domestic suppliers | 581,903 | 588,471 |
| 2.01.03 | Tax liabilities | 179,897 | 102,033 |
| 2.01.03.01 | Federal tax liabilities | 179,897 | 102,033 |
| 2.01.03.01.01 | Income tax and social contribution payable | 179,897 | 102,033 |
| 2.01.04 | Loans and financing | 1,461,656 | 664,882 |
| 2.01.04.01 | Loans and financing | 1,180,307 | 454,513 |
| 2.01.04.01.01 | In local currency | 387,189 | 434,077 |
| 2.01.04.01.02 | In foreign currency | 793,118 | 20,436 |
| 2.01.04.02 | Debentures | 281,349 | 210,369 |
| 2.01.05 | Other liabilities | 1,418,962 | 2,671,051 |
| 2.01.05.02 | Other | 1,418,962 | 2,671,051 |
| 2.01.05.02.01 | Dividends and interest on equity payable | 739,213 | 2,137,039 |
| 2.01.05.02.04 | Concessions payable | 120,961 | 84,931 |
| 2.01.05.02.05 | Other tax and regulatory liabilities | 89,651 | 104,410 |
| 2.01.05.02.06 | Unrealized trading losses | 126,739 | 98,047 |
| 2.01.05.02.07 | Lease payable | 14,081 | 0 |
| 2.01.05.02.08 | Other current liabilities | 328,317 | 246,624 |
| 2.01.06 | Provisions | 44,250 | 44,252 |
| 2.01.06.01 | Tax, social security, labor and civil provisions | 8,880 | 8,883 |
| 2.01.06.01.01 | Tax provisions | 327 | 327 |
| 2.01.06.01.02 | Social security and labor provisions | 1,396 | 1,394 |
| 2.01.06.01.04 | Civil provisions | 7,157 | 7,162 |
| 2.01.06.02 | Other provisions | 35,370 | 35,369 |
| 2.01.06.02.04 | Retirement benefits obligations | 35,370 | 35,369 |
| 2.02 | Non-current liabilities | 16,613,859 | 13,244,707 |
| 2.02.01 | Loans and financing | 12,107,151 | 9,055,352 |
| 2.02.01.01 | Loans and financing | 6,435,145 | 5,854,915 |
| 2.02.01.01.01 | In local currency | 3,349,929 | 3,209,267 |
| 2.02.01.01.02 | In foreign currency | 3,085,216 | 2,645,648 |
| 2.02.01.02 | Debentures | 5,672,006 | 3,200,437 |
| 2.02.02 | Other liabilities | 3,309,837 | 3,047,799 |
| 2.02.02.02 | Other | 3,309,837 | 3,047,799 |
| 2.02.02.02.03 | Concessions payable | 2,923,117 | 2,765,538 |
| 2.02.02.02.04 | Unrealized trading losses | 48,176 | 19,395 |
| 2.02.02.02.05 | Lease payable | 73,055 | 0 |
| 2.02.02.02.06 | Other non-current liabilities | 265,489 | 262,866 |
| 2.02.03 | Deferred taxes | 821,229 | 768,814 |
| 2.02.03.01 | Deferred income tax and social contribution | 821,229 | 768,814 |
| 2.02.04 | Provisions | 375,642 | 372,742 |
| 2.02.04.01 | Tax, social security, labor and civil provisions | 91,954 | 88,977 |

## Consolidated Financial Statements / Balance Sheet - Liabilities (In thousands of Reais)

| Account Code | Account Description | Current Quarter 6/30/2019 | Prior Year 12/31/2018 |
|---|---|---|---|
| 2.02.04.01.01 | Tax provisions | 6,668 | 7,073 |
| 2.02.04.01.02 | Social security and labor provisions | 13,413 | 12,879 |
| 2.02.04.01.04 | Civil provisions | 71,873 | 69,025 |
| 2.02.04.02 | Other provisions | 283,688 | 283,765 |
| 2.02.04.02.04 | Retirement benefits obligations | 283,688 | 283,765 |
| 2.03 | Consolidated shareholders' equity | 7,194,673 | 6,320,577 |
| 2.03.01 | Paid-in capital stock | 4,902,648 | 4,902,648 |
| 2.03.04 | Profit reserves | 1,049,580 | 1,106,277 |
| 2.03.04.01 | Legal reserve | 681,529 | 681,529 |
| 2.03.04.05 | Retained earnings reserve | 177,673 | 177,673 |
| 2.03.04.07 | Tax incentive reserve | 190,378 | 170,372 |
| 2.03.04.08 | Additional dividend proposed | 0 | 76,703 |
| 2.03.05 | Retained earnings/losses | 943,353 | 0 |
| 2.03.06 | Assets valuation adjustments | 275,108 | 285,731 |
| 2.03.08 | Other comprehensive income | 20,822 | 21,530 |
| 2.03.09 | Non-controlling interest | 3,162 | 4,391 |

# Consolidated Financial Statements / Income Statement
# (In thousands of Reais)

| Account Code | Account description | Current quarter 4/1/2019 to 6/30/2019 | YTD Current Year 1/1/2019 to 6/30/2019 | Same quarter previous year 4/1/2018 to 6/30/2018 | YTD Previous Year 1/1/2018 to 6/30/2018 |
|---|---|---|---|---|---|
| 3.01 | Revenue from sales of goods and/or services | 2,176,479 | 4,515,238 | 2,134,972 | 4,003,825 |
| 3.02 | Cost of products and/or services sold | -1,243,871 | -2,501,838 | -1,023,065 | -1,966,646 |
| 3.02.01 | Energy purchases | -639,864 | -1,221,882 | -535,665 | -965,347 |
| 3.02.02 | Transactions in the short-term energy market | -49,536 | -182,848 | -19,404 | -78,087 |
| 3.02.03 | Charges for the use of and connection to the power grid | -122,957 | -247,054 | -111,693 | -223,343 |
| 3.02.04 | Operating costs | -424,206 | -836,480 | -350,227 | -687,859 |
| 3.02.05 | Cost of services rendered | -7,308 | -13,574 | -6,076 | -12,010 |
| 3.03 | Gross profit | 932,608 | 2,013,400 | 1,111,907 | 2,037,179 |
| 3.04 | Operating expenses/income | -84,185 | -148,336 | -72,609 | -122,305 |
| 3.04.01 | Sales expenses | -5,754 | -10,518 | -4,329 | -8,192 |
| 3.04.02 | General and administrative expenses | -52,015 | -106,366 | -46,208 | -90,079 |
| 3.04.05 | Other operating expenses | 393 | -4,643 | -22,891 | -22,920 |
| 3.04.05.01 | Provision for impairment of assets | 0 | -4,900 | -22,411 | -22,411 |
| 3.04.05.02 | Other operating expenses, net | 393 | 257 | -480 | -509 |
| 3.04.06 | Equity income (loss) | -26,809 | -26,809 | 819 | -1,114 |
| 3.05 | Income before financial result and taxes | 848,423 | 1,865,064 | 1,039,298 | 1,914,874 |
| 3.06 | Financial result | -290,272 | -504,395 | -185,735 | -342,637 |
| 3.06.01 | Financial income | 41,660 | 68,770 | 30,793 | 55,641 |
| 3.06.02 | Financial expenses | -331,932 | -573,165 | -216,528 | -398,278 |
| 3.07 | Income before income taxes | 558,151 | 1,360,669 | 853,563 | 1,572,237 |
| 3.08 | Income tax and social contribution | -172,783 | -409,811 | -264,404 | -493,743 |
| 3.08.01 | Current | -153,573 | -362,240 | -118,126 | -296,245 |
| 3.08.02 | Deferred | -19,210 | -47,571 | -146,278 | -197,498 |

# Consolidated Financial Statements / Income Statement
# (In thousands of Reais)

| Account Code | Account description | Current quarter 4/1/2019 to 6/30/2019 | YTD Current Year 1/1/2019 to 6/30/2019 | Same quarter previous year 4/1/2018 to 6/30/2018 | YTD Previous Year 1/1/2018 to 6/30/2018 |
|---|---|---|---|---|---|
| 3.09 | Net income from continuing operations | 385,368 | 950,858 | 589,159 | 1,078,494 |
| 3.11 | Consolidated net income for the period | 385,368 | 950,858 | 589,159 | 1,078,494 |
| 3.11.01 | Attributable to the partners of the parent company | 385,116 | 950,300 | 588,973 | 1,078,011 |
| 3.11.02 | Attributable to non-controlling partners | 252 | 558 | 186 | 483 |
| 3.99 | Earnings per share (R$ /share) | | | | |
| 3.99.01 | Basic earnings per share | | | | |
| 3.99.01.01 | ON | 0.47200 | 1.16469 | 0.72184 | 1.32121 |
| 3.99.02 | Diluted earnings per share | | | | |
| 3.99.02.01 | ON | 0.47200 | 1.16469 | 0.72184 | 1.32121 |

# Consolidated Financial Statements / Comprehensive Income Statement (In thousands of Reais)

| Account Code | Account description | Current quarter 4/1/2019 to 6/30/2019 | YTD Current Year 1/1/2019 to 6/30/2019 | Same quarter previous year 4/1/2018 to 6/30/2018 | YTD Previous Year 1/1/2018 to 6/30/2018 |
|---|---|---|---|---|---|
| 4.01 | Consolidated net income for the period | 385,368 | 950,858 | 589,159 | 1,078,494 |
| 4.02 | Other comprehensive income | -2,848 | -708 | 11,926 | 11,333 |
| 4.02.01 | Unrealized (losses) gains from cash flow hedge operations originated in the fiscal year | -4,511 | -971 | 15,216 | 15,034 |
| 4.02.02 | Deferred income tax and social contribution | 1,430 | 354 | -5,175 | -5,112 |
| 4.02.03 | Realized gains (losses) from cash flow hedge operations originated in the fiscal year | 233 | -91 | 1,885 | 1,411 |
| 4.03 | Consolidated comprehensive income for the period | 382,520 | 950,150 | 601,085 | 1,089,827 |
| 4.03.01 | Attributed to the parent company's shareholders | 382,268 | 949,592 | 600,899 | 1,089,344 |
| 4.03.02 | Attributed to non-controlling shareholders | 252 | 558 | 186 | 483 |

# Consolidated Financial Statements / Cash Flow Statement - Indirect Method
## (In thousands of Reais)

| Account Code | Account Description | YTD Current Year 1/1/2019 to 6/30/2019 | YTD Prior Year 1/1/2018 to 6/30/2018 |
|---|---|---|---|
| 6.01 | Net cash from operating activities | 1,680,026 | 1,655,459 |
| 6.01.01 | Cash generated from operations | 2,165,870 | 2,131,843 |
| 6.01.01.01 | Income tax before income | 1,360,669 | 1,572,237 |
| 6.01.01.02 | Equity interest income | 26,809 | 1,114 |
| 6.01.01.03 | Depreciation and amortization | 394,754 | 326,110 |
| 6.01.01.04 | Monetary variation | 166,729 | 131,293 |
| 6.01.01.05 | Interest | 389,400 | 254,660 |
| 6.01.01.06 | Remuneration of concession financial asset | -192,122 | -189,977 |
| 6.01.01.09 | Unrealized trading losses | 33,705 | 0 |
| 6.01.01.10 | Other | -14,074 | 36,406 |
| 6.01.02 | Changes in assets and liabilities | -485,844 | -476,384 |
| 6.01.02.01 | Trade accounts receivable | -138,881 | -197,337 |
| 6.01.02.02 | Inventories | -88,729 | -45,428 |
| 6.01.02.03 | Restricted and judicial deposits | 1,599 | 6,397 |
| 6.01.02.04 | Renegotiation of hydrological risk to recognize | 7,545 | 13,031 |
| 6.01.02.05 | Income tax and social contribution credit | 25,131 | 3,689 |
| 6.01.02.06 | Concession financial asset | 130,137 | 161,120 |
| 6.01.02.07 | Insurance indemnifications receivable | 74,780 | 0 |
| 6.01.02.08 | Other assets | -78,041 | -115,718 |
| 6.01.02.09 | Suppliers | 14,881 | 37,988 |
| 6.01.02.10 | Payment of income tax and social contribution | -202,591 | -249,628 |
| 6.01.02.11 | Payment of interest on debt, net of hedge | -198,793 | -197,597 |
| 6.01.02.12 | Other tax and regulatory obligations | -17,099 | 6,676 |
| 6.01.02.13 | Retirement benefits obligations | -14,508 | -13,306 |
| 6.01.02.14 | Fuel payable to CDE | -15,597 | 114,676 |
| 6.01.02.15 | Other liabilities | 14,322 | -947 |
| 6.02 | Net cash from investment activities | -4,369,796 | -1,173,948 |
| 6.02.01 | Capital increase in joint ventures | -3,469,869 | -4,264 |
| 6.02.03 | Acquisition of property, plant and equipment and intangible assets | -899,927 | -1,227,169 |
| 6.02.05 | Proceeds from divestments | 0 | 57,752 |
| 6.02.06 | Other | 0 | -267 |
| 6.03 | Net cash from financing activities | 1,916,301 | -1,365,200 |
| 6.03.01 | New loans and financing | 1,390,011 | 730,313 |
| 6.03.02 | Issue of debentures | 2,495,972 | 1,759,173 |
| 6.03.03 | Payment of dividends and interest on equity | -1,535,056 | -1,989,940 |
| 6.03.04 | Loans, financing and debentures paid, net of hedge | -343,227 | -1,821,452 |
| 6.03.05 | Payment of concession installments payable | -36,542 | -34,931 |
| 6.03.06 | Lease payment | -9,716 | 0 |
| 6.03.07 | Other | -45,141 | -8,363 |
| 6.05 | Increase (decrease) in cash and cash equivalents | -773,469 | -883,689 |
| 6.05.01 | Opening balance of cash and cash equivalents | 2,415,792 | 1,930,070 |
| 6.05.02 | Closing balance of cash and cash equivalents | 1,642,323 | 1,046,381 |

# Consolidated Financial Statements / Changes in Shareholders' Equity Statement / DMPL - 1/1/2019 to 6/30/2019 (In thousands of Reais)

| Account Code | Account Description | Paid-in Capital | Capital Reserves, Options Granted and Treasury Shares | Profit Reserves | Retained Earnings (Loss) | Other Comprehensive Income | Shareholders' Equity | Interest of Non-Controlling Shareholders | Consolidated Shareholders' Equity |
|---|---|---|---|---|---|---|---|---|---|
| 5.01 | Opening balances | 4,902,648 | 0 | 1,106,277 | 0 | 307,261 | 6,316,186 | 4,391 | 6,320,577 |
| 5.03 | Adjusted opening balances | 4,902,648 | 0 | 1,106,277 | 0 | 307,261 | 6,316,186 | 4,391 | 6,320,577 |
| 5.04 | Capital transactions with partners | 0 | 0 | -76,703 | 2,436 | 0 | -74,267 | -1,787 | -76,054 |
| 5.04.08 | Additional dividends for 2018 credited | 0 | 0 | -76,703 | 0 | 0 | -76,703 | 0 | -76,703 |
| 5.04.09 | Interim dividends credited | 0 | 0 | 0 | 0 | 0 | 0 | -1,787 | -1,787 |
| 5.04.10 | Dividends and interest on equity not claimed | 0 | 0 | 0 | 2,436 | 0 | 2,436 | 0 | 2,436 |
| 5.05 | Total comprehensive income | 0 | 0 | 0 | 950,300 | -708 | 949,592 | 558 | 950,150 |
| 5.05.01 | Net income for the period | 0 | 0 | 0 | 950,300 | 0 | 950,300 | 558 | 950,858 |
| 5.05.02 | Other comprehensive income | 0 | 0 | 0 | 0 | -708 | -708 | 0 | -708 |
| 5.05.02.06 | Fair value of cash flow hedge | 0 | 0 | 0 | 0 | -708 | -708 | 0 | -708 |
| 5.06 | Internal changes in shareholders' equity | 0 | 0 | 20,006 | -9,383 | -10,623 | 0 | 0 | 0 |
| 5.06.04 | Tax incentive reserve | 0 | 0 | 20,006 | -20,006 | 0 | 0 | 0 | 0 |
| 5.06.05 | Realization of deemed cost | 0 | 0 | 0 | 10,623 | -10,623 | 0 | 0 | 0 |
| 5.07 | Closing balances | 4,902,648 | 0 | 1,049,580 | 943,353 | 295,930 | 7,191,511 | 3,162 | 7,194,673 |

# Consolidated Financial Statements / Changes in Shareholders' Equity Statement / DMPL - 1/1/2018 to 6/30/2018 (In thousands of Reais)

| Account Code | Account Description | Paid-in Capital | Capital Reserves, Options Granted and Treasury Shares | Profit Reserves | Retained Earnings (Loss) | Other Comprehensive Income | Shareholders' Equity | Interest of Non-Controlling Shareholders | Consolidated Shareholders' Equity |
|---|---|---|---|---|---|---|---|---|---|
| 5.01 | Opening balances | 2,829,056 | 0 | 3,600,738 | 0 | 400,800 | 6,830,594 | 4,131 | 6,834,725 |
| 5.03 | Adjusted opening balances | 2,829,056 | 0 | 3,600,738 | 0 | 400,800 | 6,830,594 | 4,131 | 6,834,725 |
| 5.04.08 | Capital transactions with partners | 0 | 0 | -636,755 | 0 | 0 | -636,755 | -555 | -637,310 |
| 5.04.08 | Additional dividends for 2017 paid | 0 | 0 | -636,755 | 0 | 0 | -636,755 | 0 | -636,755 |
| 5.04.09 | Interim dividends paid | 0 | 0 | 0 | 0 | 0 | 0 | -555 | -555 |
| 5.05 | Total comprehensive income | 0 | 0 | 0 | 1,078,011 | 11,333 | 1,089,344 | 483 | 1,089,827 |
| 5.05.01 | Net income for the period | 0 | 0 | 0 | 1,078,011 | 0 | 1,078,011 | 0 | 1,078,494 |
| 5.05.02 | Other comprehensive income | 0 | 0 | 0 | 0 | 11,333 | 11,333 | 0 | 11,333 |
| 5.05.02.06 | Fair value of cash flow hedge of subsidiaries | 0 | 0 | 0 | 0 | 11,333 | 11,333 | 0 | 11,333 |
| 5.06 | Internal changes in shareholders' equity | 0 | 0 | 16,850 | 68,027 | -84,877 | 0 | 0 | 0 |
| 5.06.05 | Tax incentive reserve | 0 | 0 | 16,850 | -16,850 | 0 | 0 | 0 | 0 |
| 5.06.06 | Realization of deemed cost | 0 | 0 | 0 | 84,877 | -84,877 | 0 | 0 | 0 |
| 5.07 | Closing balances | 2,829,056 | 0 | 2,980,833 | 1,146,038 | 327,256 | 7,283,183 | 4,059 | 7,287,242 |

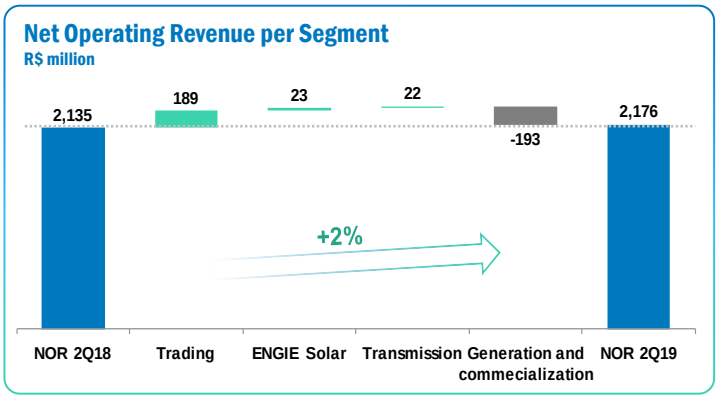
# Consolidated Financial Statements / Value Added Statement
# (In thousands of Reais)

| Account Code | Account Description | YTD Current Year 1/1/2019 to 6/30/2019 | YTD Prior Year 1/1/2018 to 6/30/2018 |
|---|---|---|---|
| 7.01 | Revenues | 5,911,178 | 5,648,131 |
| 7.01.01 | Sale of products and services | 4,947,114 | 4,423,727 |
| 7.01.02 | Other income | 257 | -509 |
| 7.01.03 | Income related to the construction of own assets | 963,807 | 1,224,913 |
| 7.02 | Raw material acquired from third parties | -2,739,626 | -2,628,178 |
| 7.02.01 | Cost of products and services sold | -1,479,223 | -1,121,702 |
| 7.02.02 | Materials, energy, third parties services and other | -147,684 | -129,368 |
| 7.02.04 | Other | -1,112,719 | -1,377,108 |
| 7.02.04.01 | Construction costs | -818,016 | -1,101,227 |
| 7.02.04.02 | Reversal (Recording) of provisions for operations, net | 3,336 | -11,437 |
| 7.02.04.03 | Charges for the use of and connection to the power grid | -247,054 | -223,343 |
| 7.02.04.04 | Provision for impairment | -4,900 | -22,411 |
| 7.02.04.06 | Other | -46,085 | -18,690 |
| 7.03 | Gross added value | 3,171,552 | 3,019,953 |
| 7.04 | Retentions | -394,754 | -326,110 |
| 7.04.01 | Depreciation, amortization and depletion | -394,754 | -326,110 |
| 7.05 | Net added value generated | 2,776,798 | 2,693,843 |
| 7.06 | Added value received in transfer | 41,961 | 54,527 |
| 7.06.01 | Equity income (loss) | -26,809 | -1,114 |
| 7.06.02 | Financial income | 68,770 | 55,641 |
| 7.07 | Total added value to distribute | 2,818,759 | 2,748,370 |
| 7.08 | Distribution of added value | 2,818,759 | 2,748,370 |
| 7.08.01 | Labor | 156,302 | 133,022 |
| 7.08.01.01 | Direct remuneration | 98,914 | 83,456 |
| 7.08.01.02 | Benefits | 30,565 | 27,813 |
| 7.08.01.03 | F.G.T.S. - workers' severance fund | 10,056 | 7,490 |
| 7.08.01.04 | Other | 16,767 | 14,263 |
| 7.08.01.04.01 | Profit sharing | 16,767 | 14,263 |
| 7.08.02 | Taxes, duties and contributions | 893,491 | 922,966 |
| 7.08.02.01 | Federal | 878,493 | 910,276 |
| 7.08.02.02 | State | 12,570 | 10,763 |
| 7.08.02.03 | Municipal | 2,428 | 1,927 |
| 7.08.03 | Third parties capital remuneration | 490,590 | 294,642 |
| 7.08.03.01 | Interest | 338,896 | 170,464 |
| 7.08.03.02 | Rentals | 4,864 | 6,421 |
| 7.08.03.03 | Other | 146,830 | 117,757 |
| 7.08.03.03.01 | Capitalized interest and monetary variation | 144,865 | 123,686 |
| 7.08.03.03.02 | Other financial expenses | 1,965 | -5,929 |
| 7.08.04 | Remuneration of own capital | 943,353 | 1,146,038 |
| 7.08.04.03 | Retained earnings / loss for the period | 943,353 | 1,146,038 |
| 7.08.05 | Other | 335,023 | 251,702 |
| 7.08.05.01 | Sectorial charges | 97,367 | 87,367 |
| 7.08.05.02 | Charges on concessions payable | 230,151 | 231,879 |
| 7.08.05.03 | Non-controlling shareholder | 558 | 483 |
| 7.08.05.04 | Tax incentive reserve | 20,006 | 16,850 |
| 7.08.05.05 | Realization of deemed cost | -10,623 | -84,877 |
| 7.08.05.06 | Prescribed dividends | -2,436 | 0 |

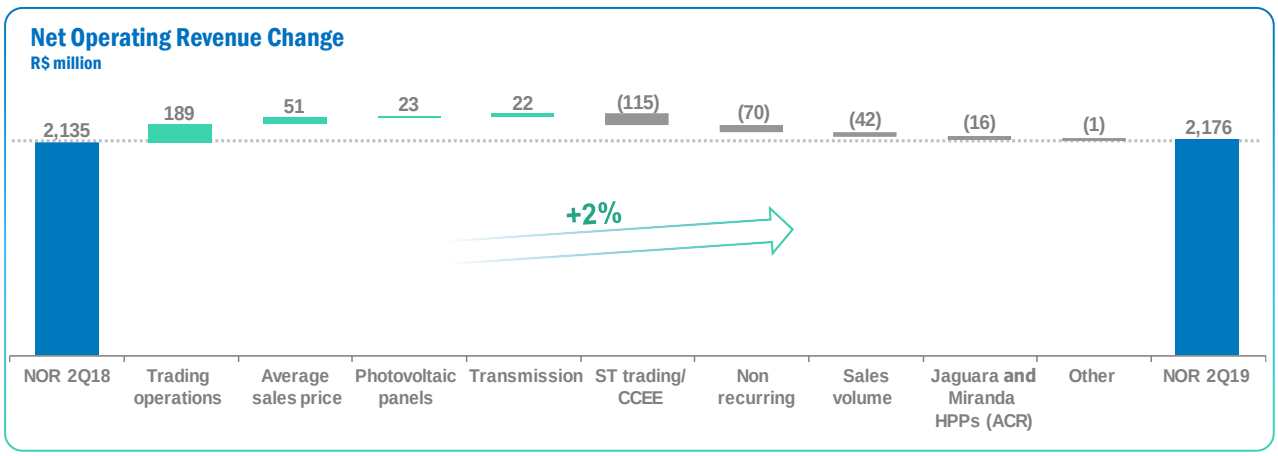
**Economic-Financial Performance**

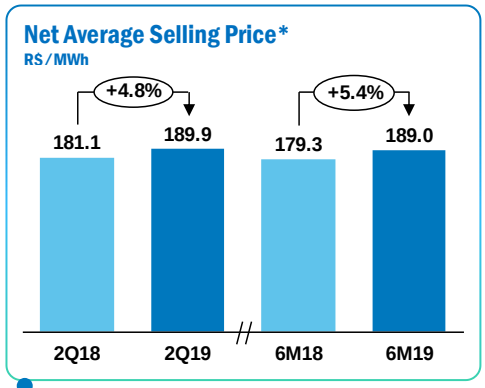
# ECONOMIC-FINANCIAL PERFORMANCE

## Net Operating Revenue




**In 2Q19, net operating revenue recorded an increase of 1.9%** (R$ 41.5 million) when compared to 2Q18, increasing from R$ 2,135.0 million to R$ 2,176.5 million. This change is mainly a reflection of the following factors: (i) a R$ 192.9 million (9.4%) decrease in the generation and commercialization of electric energy for supplying the Company's portfolio of which (i.i) R$ 115.1 million relates to the reduction in transactions conducted in the short-term market; (i.ii) a R$ 69.6 million reduction in non-recurring revenues, recognized in 2Q18, with respect to the compensation for lost revenues the result of a claim for indemnification for the interruption to business in the case of the Jorge Lacerda A Thermoelectric Plant and the collection of a contractual fine from a supplier resulting from partial delay in delivery of modernization work on one of the machines at the Salto Santiago Hydroelectric Power Plant; (i.iii) R$ 42.3 million due to the decline in the amount of energy sold; (i.iv) a R$ 15.6 million reduction in the remuneration of financial assets relative to the payment for the Jaguara and Miranda hydroelectric concession grants; (i.v) R$ 1.4 million decrease in other operating revenue; and (i.vi) R$ 51.1 million corresponding to the increase in net average selling price; (ii) a R$ 188.7 million increase in the light of energy trading operations; (iii) R$ 23.3 million as a result of booking of revenue to the accounts from the sale and installation of photovoltaic solar panels through the ENGIE Geração Solar Distribuída (ENGIE Solar) subsidiary, the control of which was acquired in August 2018, when it was consolidated by the Company; and (iv) R$ 22.4 million related to the transmission segment, being (iv.i) R$ 20.0 million with respect to infrastructure construction revenue from the Gralha Azul Energy Transmission Line; and (iv.ii) R$ 2.4 million relating to the remuneration of the financial asset.

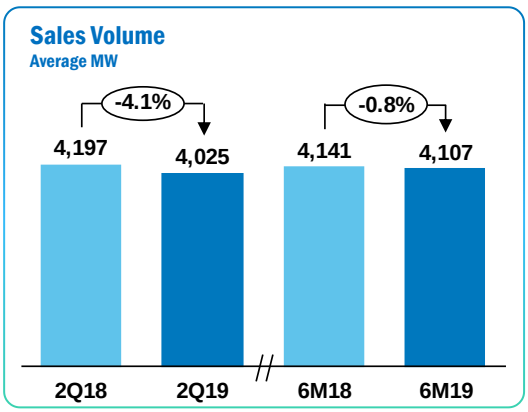





* Net of taxes, exports and trading operations.

### ➢ Net Average Selling Price

**The average energy selling price**, net of charges on revenue, reached R$ 189.87/MWh in 2Q19, **4.8% greater than the same quarter in 2018**, the value for which was R$ 181.11/MWh. These prices exclude the trading operations which the Company began in January 2018 and described below under a separate heading. The increase in price is largely due to the monetary restatement of current agreements.




### ➢ Sales Volume

**Volumes of contracted energy sold** under agreements decreased from 9,166 GWh (4,197 average MW) in 2Q18 to **8,790 GWh (4,025 average MW) in 2Q19**, a reduction of 376 GWh (172 average MW), or 4.1%, between comparative periods. These volumes do not include energy trading operations which are described below under a specific heading.

The reduction in sales volume is largely due to the decline in the trading company segment, impacted by a decrease in the demand for electric energy nationwide, albeit partially attenuated by the increase in sales to distributors with the initial servicing of the new energy auctions in 1Q19.

## Comments on Variation in Net Operating Revenue

### ➢ Generation and Commercialization of Energy

#### ➢ Revenue from Sale of Electric Energy

- Distribution Companies:

**Revenue from sales to distributors** was R$ 756.7 million in 2Q19, **15.7% higher than** the R$ 654.1 million reported in 2Q18. The variation reflected the following factors: (i) R$ 90.9 million – an increase of 403 GWh (185 average MW) sales volume; and (ii) R$ 11.7 million – an increase of 1.8% in net average selling price.

The increase in sales volume is due largely to initial supplies under the new energy auctions from the Ferrari Thermoelectric Power Plant and wind farms at the Campo Largo – Phase I, Umburanas – Phase I and Trairí wind complexes, which have been feeding their energy into the regulated market since 1Q19. Price increases largely reflect monetary restatement of existing agreements, partially compensated by the lower average price set at the auctions, supplies under which began in 1Q19.

- Trading Companies:

**In 2Q19, sales revenue to trading companies** was R$ 131.3 million, **52.5% lower** than revenue for this same item in 2Q18, which was R$ 276.7 million. This reduction is a result of a combination of the following aspects: (i) R$ 139.8 million – a reduction of 819 GWh (375 average MW) in energy sales volume; and (ii) R$ 5.6 million – a decrease of 2.0% in the net average selling price.

The decrease in the amount between the two comparative periods analyzed was mainly a reflection of the reduction in consumption on the part of industrial customers that purchased energy through trading companies. The reduction in price was principally due to the expiry of agreements at higher average prices than those of the new agreements replacing them or existing agreements.

- Free Consumers:

**Revenue from sales to free consumers increased by 7.1%** between quarters under analysis, rising from R$ 729.2 million in 2Q18 to R$ 780.8 million in 2Q19. The following events contributed to this variation: (i) R$ 45.0 million growth of 6.2% in net average energy selling prices; and (ii) R$ 6.6 million – an increase of 40 GWh (18 average MW) in the volume of energy sold.

The increase in price is basically due to monetary restatement of prevailing agreements. The increase in the volume of energy sold is a reflection basically of the increase in sales volume to industrial clients, some of which were categorized previously as trading companies but reclassified subsequently as free consumers, including many clients reporting low levels of consumption in relation to contracted amounts.

➢ Transactions in the Short-term Energy Market

**In 2Q19, revenue from transactions in the short-term market**, especially generated across the CCEE, **was R$ 68.8 million**, as against R$ 183.9 million in 2Q18, this representing a reduction of R$ 115.1 million between comparative quarters (62.6%). These amounts exclude transactions in the short-term market involving trading operations, details of which are shown under a separate heading below. A more detailed explanation of these short-term operations is to be found in the item below "Details of Short-Term Operations".

➢ Remuneration of Concession Financial Assets

The financial assets of concessions represent the present value of the future cash flows of the portion of energy from the Jaguara and Miranda hydroelectric plants transacted through the Regulatory Contracting Environment and equivalent to 70% of the plants' physical guarantee. These assets are remunerated at the internal rate of return and according to the variation in the Amplified Consumer Price Index (IPCA).

The remuneration of the financial assets of concessions decreased from R$ 105.2 million in 2Q18 to R$ 89.6 million in 2Q19. The variation in the balance is largely due to monetary restatement in the compared quarters, the impact of which was a reduction of R$ 15.3 million. The Grant Bonus Return (RBO) is restated annually at the IPCA, this index reporting a reduction of 1.2 p.p. in 2Q19 compared to 2Q18 and decreasing from 1.9% in 2Q18 to 0.7% in 2Q19.

➢ Other Revenues

In 2Q18, non-recurring revenues of R$ 69.6 million were booked to the accounts, the result of the recomposing of revenues resulting from: (i) the claim for indemnification arising from the interruption of business at the Jorge Lacerda A Thermoelectric Power Plant in 2017; and (ii) the levying of a contractual fine on the supplier due to the partial delay in the conclusion of modernization work on one of the machines of the Salto Santiago Hydroelectric Power Plant in 2015.

## Energy Trading

### Energy Trading Operations

With a view to taking positions in the market in the light of electric energy price variations and on the basis of established risk limits and pre-authorized counterparties, in January 2018, the Company made its debut in the energy trading market.

Energy trading operations are transacted in an active market and for accounting purposes, are defined as financial instruments at fair value. This is due principally to the fact that there is no commitment to match buying and selling operations given the flexibility of managing the contracts for leveraging results from price variations in the market.

**Revenue from trading, resulting from the sale of energy reported between the analyzed quarters, increased by R$ 188.7 million** (236.2%), from R$ 79.9 million in 2Q18 to R$ 268.6 million in 2Q19. The following events contributed to this variation: (i) R$ 184.4 million – an increase of 968 GWh (442 average MW) in energy sales volume; (ii) R$ 4.6 million – booking of a positive result in transactions executed across the CCEE in 2Q19; and (iii) R$ 0.3 million – a reduction of 0.4% in the average energy net selling price which reached R$ 190.58/MWh in 2Q19, against R$ 191.38/MWh in 2Q18.

Further explanations on item (ii) can be found in "Details of Short-Term Operations".

## Energy Transmission

### Revenue from Transmission

The Company has primary responsibility for the constructing and installation related to the Gralha Azul Energy Transmission System's concession, the implementation of which began in the second half of 2018 and thus being exposed to the risks and benefits therefrom. Consequently, based on prevailing accounting practices, the Company has been recognizing revenues from the implementation of transmission line infrastructure over the period of installation, corresponding to construction costs plus a gross residual margin for covering management costs. These construction expenditures are recognized in the cost as mentioned below.

**The revenues** from implementation of transmission infrastructure and the associated remuneration **booked to the accounts for 2Q19** were **R$ 20.0 million and R$ 2.4 million,** respectively.

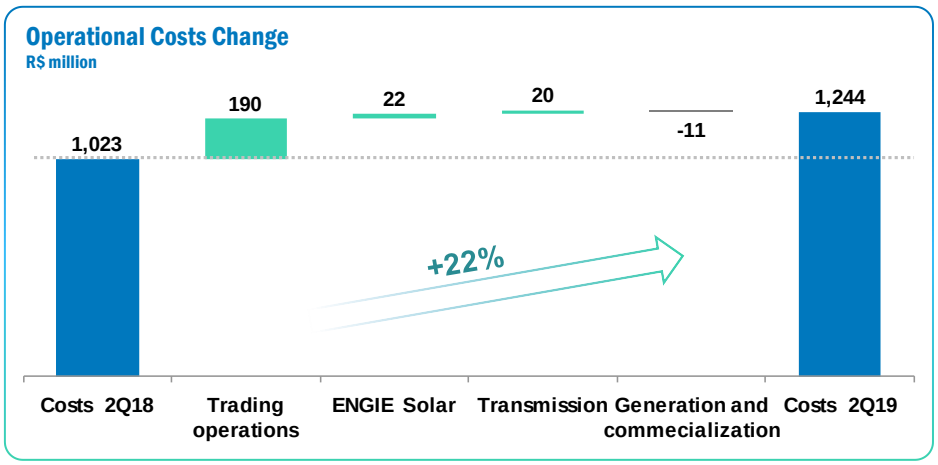
## Solar Panels

### Revenue from the Sale of Solar Panels

In 2Q19, the Company booked R$ 23.3 million of revenue to the accounts from the sale of photovoltaic solar panels, through ENGIE Geração Solar Distribuída (ENGIE Solar), control of which was acquired in August 2018 when the subsidiary was consolidated by the Company.

## Operational Costs

**Operational costs increased by R$ 220.8 million (21.6%), between compared quarters**, from R$ 1,023.1 million in 2Q18 to R$ 1,243.9 million in 2Q19. This variation was a reflection principally of the following factors: (i) an increase of R$ 190.0 million in the costs of trading operations; (ii) a reduction of R$ 11.1 million (1.2%) in relation to 2Q18 in the costs of the generation and commercialization segment for servicing the Company's portfolio; (iii) booking of R$ 22.4 million costs of selling and installation of the photovoltaic panels by ENGIE Solar; and (iv) recognition in the accounts of R$ 19.5 million of transmission segment costs.




These variations basically reflect the following key components:

» **Energy purchases:** an increase of R$ 104.2 million (19.5%) between comparable quarters due to a combination of the following items: (i) increase of R$ 191.7 million in 2Q19 compared to the same quarter in 2018, in energy trading operations, a reflection above all of the following: (i.i) R$ 186.6 million – growth of 998 GWh (457 average MW) in purchases allocated to trading operations; (i.ii) R$ 7.1 million – booking in 2Q19 of unrealized losses due to marking to market – differences between contracted prices and those prevailing in the market – of net contracted operations open in the accounts as at June 30, 2019; and (i.iii) R$ 2.0 million – a reduction of 2.6% in the net average price of purchases in trading operations; and (ii) a reduction of R$ 87.5 million in energy portfolio management operations in the light of the following factors: (ii.i) R$ 142.1 million – decrease of 754 GWh (345 average MW) in purchases for management of the Company's portfolio; and (ii.ii) R$ 54.6 million – growth of 11.9% in net purchase prices for operations realized for the portfolio.

The year-on-year growth in net average purchase price was mainly due to new agreements at higher than average prices of existing agreements.

» **Transactions in the short-term energy market:** the costs of these transactions were R$ 30.1 million (155.3%) higher between the quarters under analysis, reflecting: (i) the increase of R$ 31.8 million incurred in the generation and commercialization segment; and (ii) a reduction of R$ 1.7 million in the light of energy trading transactions settled across the CCEE. More details are described under the specific heading below.

» **Charges for use of and connection to the electricity grid:** an increase of R$ 11.3 million (10.1%), between quarters under analysis, above all due to the startup of commercial operations of 11 wind farms in the Campo Largo Wind Power Complex – Phase I in the second half of 2018 and 18 wind farms in the Umburanas Wind Power Complex – Phase I in the first half of 2019. Additionally, in 2Q19, charges incurred by the Pampa Sul Thermoelectric Power Plant – which began commercial operations in June 2019 – were booked to the accounts.

Excluding the above effects, the increase in charges would have been R$ 1.3 million (1.2%) in 2Q19 compared with the same period in 2018, a reflection largely of annual tariff adjustment for transmission and distribution.

» **Fuels for the generation of electricity:** a decrease of R$ 18.9 million (49.7%) on a year-on-year comparative basis, mainly due to recognition in the accounts in 2Q18 of R$ 18.0 million following a court sponsored agreement with the natural gas supplier. This subsequent to a lawsuit involving a dispute over pricing of fuel supplied between September 2014 and June 2017, as well as the declining volume of thermoelectric generation between the periods, albeit partially offset by the annual readjustment in fuel costs.

» **Financial compensation for use of water resources (Royalties):** growth of R$ 6.8 million (32.7%) between comparative quarters, principally reflecting increased generation from the hydroelectric plants in the periods analyzed and the 4.5% readjustment in Restated Reference Tariff (TAR) in 2019.

» **Personnel:** increase of R$ 10.0 million (18.2%) in 2Q19 against the same quarter for 2018, largely due to the annual readjustment in employee compensation and new hiring with the expansion in the Company's generator complex. The Personnel line was also inflated by the cost of absorbing the payroll of Engie Solar, acquired in full in August 2018, personnel costs of the latter subsidiary in 2Q19 being R$ 2.3 million.

Excluding the impact of ENGIE Solar, personnel overheads would have risen year-on-year by R$ 7.7 million (14.0%) in 2Q19.

» **Material and third party services:** an increase of R$ 6.1 million (11.5%) in 2Q19, in relation to the same quarter of 2018, largely resulting from: (i) higher costs of operations and maintenance due principally to new power purchasing agreements with the entry into operations of the Umburanas – Phase I and Campo Largo – Phase I wind power complexes; and (ii) an increase of R$ 4.7 million in ENGIE Solar overheads.

Excluding the effect of ENGIE Solar, the increase would have been R$ 1.4 million (2.6%) in 2Q19 in relation to 2Q18.

» **Depreciation and amortization:** increase of R$ 45.2 million (29.3%) between compared quarters due largely to the entry into commercial operations of the Campo Largo Wind Power Complex – Phase I in the second half of 2018, of the Umburanas Wind Power Complex – Phase I, in the first four months of 2019 and maintenance work on the Company's generator complex between the second half of 2018 and the first half of 2019.

» **Insurance:** a year-on-year increase of R$ 10.4 million (102.5%) due to the renewal of the operational risks policy in June 2018, the increase in premium largely reflected by a reassessment of risks in the light of claims in 2017 relating to work on the Jorge Lacerda A Power Plant and in 2018 at the Jaguara Hydroelectric Power Plant.

» **Net operating provisions:** positive effect on the result for the period of R$ 14.8 million (127.3%) between quarters mainly due to the following effects: (i) provisions booked in 2Q18 for losses on the reduction in market value of William Arjona TPP and; (ii) reversal of provisions in 2Q19 for the decommissioning of Charqueadas.

» **Cost of implementation of transmission infrastructure:** recognition in the accounts of R$ 19.5 million in 2Q19 related to the costs of infrastructure construction of the Gralha Azul energy transmission line, compensated by the booking of infrastructure implementation revenue calculated on the bases of incurred costs as well as the gross margin for covering the management costs of the construction.

» **Cost of sale of photovoltaic solar panels:** recognition of R$ 14.9 million in 2Q19 with respect to the costs related to the sale of photovoltaic solar panels through the ENGIE Solar subsidiary, control of which was acquired in August 2018.

## Details of Short Term Operations

Short-term operations are classified as energy purchase or sale operations, the principal objective being the management of exposure on the CCEE. Consequently, the price of these operations is characterized by the linkage with the Price for Settlement of Differences (PLD). This item also includes the transactions conducted through the CCEE, given their volatile and seasonal nature, therefore, short-term, of the results originating from accounting movement in the CCEE. Additionally, the long and short positions are settled at the PLD, thus, similar to the short-term operations described above.

In relation to the transactions conducted through the CCEE, the various monthly credit or debit entries to the account of a Board agent are summarized in a single billing as a receivable or a payable. This therefore requires an entry to either an income or an expense item. In this context, it is worth pointing out that due to adjustments in the Company's portfolio management strategy, changes have been taking place in the profile of the mentioned billings. Such fluctuations complicate the direct comparison of the elements comprising each billing for the periods being analyzed - the reason for including this specific topic. The strategy allows us to analyze the fluctuations of the principal elements involved in spite of allocation being either to an income or expenses account according to the credit or debit nature of the billing to which they relate.

Generically, these elements are revenues or expenses arising, for example, (i) from the application of the Energy Reallocation Mechanism (MRE); (ii) from the Generation Scaling Factor, triggered when generation of plants, part of the MRE, is greater or smaller (Secondary Energy) than the allocated energy; (iii) from the so-called "submarket risk"; (iv) dispatch driven by the Risk Aversion Curve (CAR); (v) the application of System Service Charges (ESS), resulting in dispatch which diverges from the thermal plants order of merit; and (vi) naturally, exposure (a short or long position in the monthly accounting) and settled at the PLD.

**In 2Q19** and 2Q18, net results (the difference between revenues and costs – less taxes) due to short-term transactions – more particularly those transacted across the CCEE – were positive at R$ 23.9 million and R$ 164.5 million, respectively. The amount represents **a reduction of R$ 140.6 million between comparative periods**, this having a negative effect of R$ 146.9 million on results for transactions in the generation and commercialization segment and a positive effect of R$ 6.3 million on the result for trading transactions.

This variation is fundamentally a result of the combination of the following factors: (i) a reduction in the long position held on the CCEE, by virtue of the strategy adopted for allocation of hydroelectric generation resources plus active portfolio management; (ii) the reduced impact of the MRE Adjustment Factor – GSF –, already deducted for the effects of renegotiation of hydrological risk; (iii) the negative effect arising from the difference in prices between the North/Northeast and Southeast/Center-West submarkets for the quarters under review; and (iv) an increase in MRE revenue.

In December 2018, Aneel set maximum and minimum PLD limits for 2019 at R$ 513.89/MWh and R$ 42.35/MWh, respectively. On a quarterly comparison basis, the average PLD for the South and Southeast/Center-West submarkets fell 56.6%, from R$ 302.68/MWh in 2Q18 to R$ 131.37/MWh in 2Q19. Additionally, the PLD for the North submarket fell 73.7% from R$ 217.52/MWh in 2Q18 to R$ 57.27/MWh in 2Q19 and average PLD for the Northeast submarket fell from R$ 254.06/MWh in 2Q18 to R$ 57.27/MWh in 2Q19, that is, 77.5%.

## Selling, General and Administrative Expenses

Selling, general and administrative expenses increased by R$ 7.2 million (14.3%) in the quarters under review due mainly to: (i) a growth of R$ 3.2 million in payroll due to the annual readjustment in employee compensation and new hiring, of which R$ 0.7 million reflects expenses at ENGIE Solar; (ii) growth of R$ 2.8 million in expenses with third party services, R$ 0.6 million of this expended by ENGIE Solar. The above increases were partially attenuated by the following factors: (i) a reduction of R$ 0.5 million in expenses with materials; and a (ii) reduction of R$ 0.5 million in operational provisions.

Ignoring the effect of ENGIE Solar, there would have been a year-on-year increase of R$ 5.6 million (11.3%) in 2Q19.Increased selling, general and administrative expenses largely reflect, (i) growth in the Company's operational capacity through a 13.0% greater installed capacity between 2Q18 and 2Q19; (ii) the new market dynamic based on the energy transition and the expansion in access to the free market; and (iii) an inflationary effect on prevailing agreements and on payroll expenses between compared periods. These effects are partially offset by reductions in certain expenses already mentioned above in the light of the Company's efforts to optimize overheads.

## Equity Income

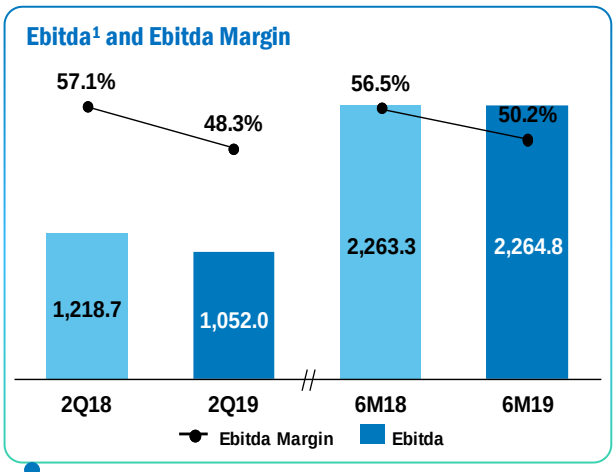
On June 13, 2019, the jointly controlled Aliança Transportadora de Gás S.A. acquired a 90% corporate control in Transportadora Associada de Gás S.A. The Company has a 32.5% direct corporate stake in the jointly controlled company, Aliança, hence a 29.25% indirect corporate stake in TAG.

In 2Q19, the Company booked the negative equity income result in the jointly controlled, Aliança, for the amount of R$ 26.8 million. This result is largely a consequence of the combination of the following effects: (i) non-recurring expenses of R$ 44.7 million in Aliança with respect to financial, legal, tax, corporate, regulatory advisory services among others, related to the development of the project for acquiring TAG; (ii) positive financial result at Aliança of R$ 13.9 million, largely arising from FX variation on currency denominated debt, with a positive impact of R$ 37.2 million, attenuated by debt service charges, with a negative effect of R$ 23.3 million; (iii) taxes and general and administrative expenses of Aliança of R$ 13.6 million; and (iv) a positive result from the shareholding stake in TAG in the period from June 13 (the acquisition date of the company) to June 30, 2019 amounting to R$ 14.6 million. This result includes equity income on non-recurring costs arising from the early settlement of debt by TAG, in the amount of R$ 17.8 million.

Excluding the aforementioned non-recurring effects, equity income in 2Q19 would have been positive in the amount of R$ 35.7 million.

## Ebitda and Ebitda Margin

Reflecting the aforementioned factors, **Ebitda for 2Q19 was R$ 1,052.0 million**, that is, 13.7% or R$ 166.7 million below the amount reported for 2Q18 of R$ 1,218.7 million. The variation is a consequence of the combination of the following **positive effects**: (i) reduction of R$ 87.5 million in energy purchases for managing the Company's portfolio; (ii) R$ 51.1 million due to the increase in the average net selling price, excluding trading operations; (iii) R$ 18.9 million due to the reduction in fuel costs; (iv) a reduction of R$ 14.8 million in operational provisions costs; (v) a reduction of R$ 6.8 million of other operating costs and expenses; and (vi) R$ 5.8 million reflecting a net positive result between sales and purchaes arising from energy trading.



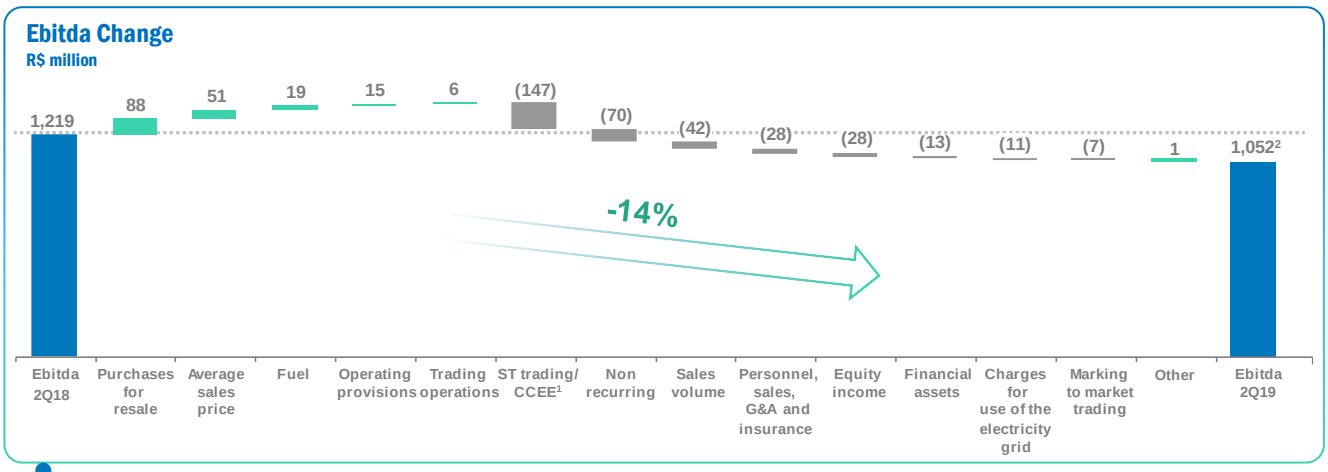

[1] Ebitda: net income + income tax and social contribution and financial expenses, net + depreciation and amortization.

The above-mentioned positive effects were counterbalanced by the following **negative effects**: (i) reduction of R$ 146.9 million in the result of transactions executed in the short-term market in the generation and commercialization segment for the Company's portfolio management; (ii) recognition in 2Q18 of R$ 69.6 million of non-recurring revenues with the recomposition of revenue from indemnification via a claim against, and collection of a contractual fine from a supplier due to the partial delay in carrying out modernization work; (iii) R$ 42.3 million due to the reduction in energy sales volume, excluding trading operations; (iv) a negative R$ 27.6 million equity income result; (v) decrease of revenue from remuneration and monetary restatement on Jaguara and Miranda Hydroelectric Power Plant assets and growth in the Gralha Azul energy transmission line with a net impact of R$ 13.2 million; (vi) an increase of R$ 11.2 million in costs with charges for use of the electricity network and connections; (vii) increase of R$ 10.4 million of insurance premium costs; (viii) increased payroll costs of R$ 10.0 million; (ix) increase of R$ 7.2 million in sales, general and administrative expenses; (x) negative net result in the marking to market of unrealized losses on trading operations of R$ 7.1 million; and (xi) an increase of R$ 6.1 million in costs and outsourced services.

Ebitda includes the result of corporate stakes of the jointly controlled company Aliança, given that the subsidiary foresees distribution of dividends on a recurring basis.

Ebitda margin was 48.3% in 2Q19, a decrease of 8.8 p.p. in relation to the same period of 2018. This reduction is a consequence principally of impacts in 2Q19 and in 2Q18 arising from energy trading operations, recognition of revenue and costs relative to the construction of the Gralha Azul energy transmission line and operations realized by ENGIE Solar, a subsidiary which was acquired in August 2018, margins of which are lower than those for other operations conducted by the Company. The decrease in Ebitda margin is also the result of a decline in the short-term market, including transactions conducted across the CCEE and the reduction in the energy sales volume in the generation and commercialization segment.

**Excluding these effects, the Ebitda margin for 2Q19 would have been 56.3%** against 59.3%, in




¹ Considers the combined effect of changes in revenue and expenses.
² Apparent sum-related errors are a result from rounding of addends.

2Q18, representing a decrease of 3.0 p.p. between compared quarters.

The following table reconciles net income with Ebitda:

| (In millions of R$) | 2Q19 | 2Q18 | Chg. % | 6M19 | 6M18 | Chg. % |
|---|---|---|---|---|---|---|
| Net income | 385.4 | 589.2 | -34.6 | 950.9 | 1,078.5 | -11.8 |
| (+) Income tax and social contribution | 172.8 | 264.4 | -34.6 | 409.8 | 493.7 | -17.0 |
| (+) Net financial result | 290.3 | 185.7 | 56.3 | 504.4 | 342.6 | 47.2 |
| (+) Depreciation and amortization | 203.5 | 157.0 | 29.6 | 394.8 | 326.1 | 21.1 |
| **Ebitda** | **1,052.0** | **1,196.3** | **-12.1** | **2,259.9** | **2,240.9** | **0.8** |
| (+) Impairment | 0.0 | 22.4 | -100.0 | 4.9 | 22.4 | -78.1 |
| **Adjusted Ebitda** | **1,052.0** | **1,218.7** | **-13.7** | **2,264.8** | **2,263.3** | **0.1** |

## Provision for Reduction in Impairment

In 2Q19, the Company saw no reason to book or reverse provisions for asset impairment. In 2Q18, a R$ 22.4 million were provisioned for impaired generation assets at the William Arjona Thermoelectric Power Plant, the commercial operation of which was discontinued, its economic and financial operation having become unviable.

## Financial Result

**Financial income: in 2Q19**, financial revenue reached **R$ 41.6 million**, that is, R$ 10.8 million or **35.3% above** the R$ 30.8 million reported in the same quarter in 2018, principally due to the combination of the following factors: (i) an increase of interest on amounts receivable from third parties and income tax and social contribution to be compensated relative to previous fiscal years and amounting to R$ 7.5 million; and (ii) an increase of R$ 4.9 million in revenues from financial investments, due to an increase in the average balance of cash and cash equivalents in the period.

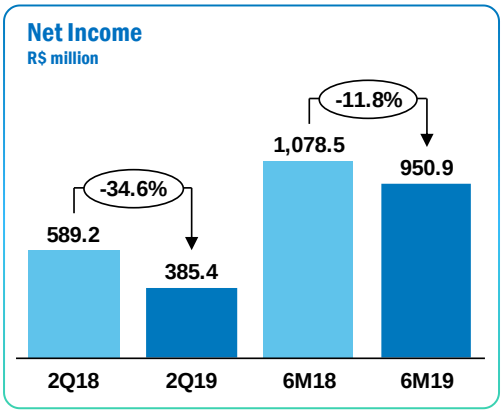
**Financial expenses:** expenses in **2Q19** were **R$ 331.9 million**, that is, R$ 115.4 million **or 53.3% above** expenses reported in 2Q18, which were R$ 216.5 million. The principal variations were: (i) an increase of R$ 126.2 million in interest and monetary restatement on debt, largely the result of the issue of debentures by the Companhia Energética Jaguara and Companhia Energética Miranda subsidiaries in June 2018 as well as by the Company in July 2018 and in May 2019 and the contracting of loans and financing throughout 2018 and 2019 for EBE's cash flow management and investments; (ii) a reduction of R$ 18.9 million in interest and monetary restatement on concessions payable due to the reduction in IPCA and General Market Price Index (IGPM) between 2Q19 and 2Q18; and (iii) an increase of R$ 1.8 million in interest on taxes and social contributions payable.

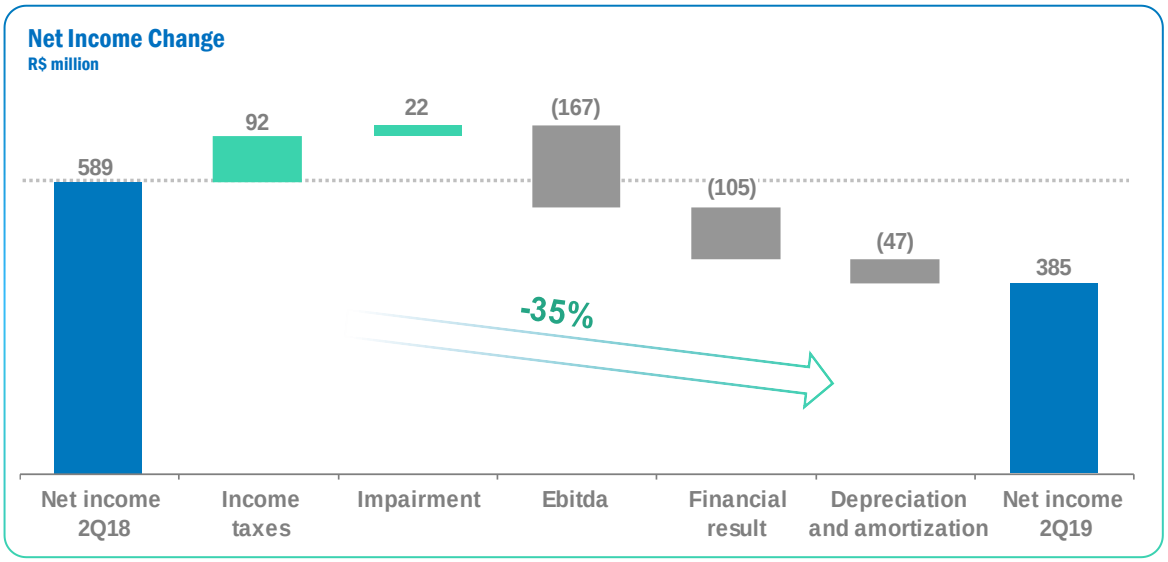
## Income Tax and Social Contribution

Income Tax (IR) and Social Contribution (CSLL) in **2Q19 amounted to R$ 172.8 million**, R$91.6 million (34.6%) lower than the IR and CSLL recorded for the same quarter of 2018, which was R$264.4 million, principally due to a lower profit before tax figure. The effective tax rate for IR and CSLL in 2Q19 and in 2Q18 was 31.0%

## Net Income

**Net income for 2Q19** was R$ 385.4 million, R$203.8 million or **34.6% lower** than the R$ 589.2 million reported for the same quarter in 2018. This result reflects the following factors: (i) a reduction of R$91.6 million in income tax and social contribution; (ii) recognition in the accounts of 2Q18 of an asset impairment of R$ 22.4 million; (iii) a reduction of R$166.7 million in Ebitda; (iv) an increase of R$104.6 million in net financial expenses; e (v) a growth of R$ 46.5 million in depreciation and amortization.



# ENGIE BRASIL ENERGIA S.A.

**CNPJ No. 02.474.103/0001-19 | NIRE Nº 42 3 0002438-4**

**NOTES TO THE QUARTERLY INFORMATION AS OF JUNE 30, 2019**

**(In thousands of Reais or other currencies, unless otherwise indicated)**

## NOTE 1 – OPERATIONS

ENGIE Brasil Energia S.A. ("Company" or "ENGIE Brasil Energia" or "EBE") is an independent utility concessionaire and a publicly held corporation with its registered headquarters in the municipality of Florianópolis, Santa Catarina state, Brazil. The core business and main operating activity of the Company and its subsidiaries is the generation and sale of electricity, regulated by the Brazilian Electricity Regulatory Agency (ANEEL), which is linked to the Ministry of Mines and Energy (MME). The Company, through its subsidiaries, also has operations in the electricity trading and distributed generation segments, and is building the Gralha Azul Energy Transmission Line. The amounts transacted in these new segments at 6.30.2019 had no significant impact on the Company's results.

The shares of the Company are listed in the New Market segment of B3 S.A. – Brasil, Bolsa, Balcão (B3) under the ticker EGIE3. ENGIE Brasil Energia also trades Level 1 American Depositary Receipts (ADR) in the U.S. Over-the-Counter market under the ticker EGIEY, in the proportion of one ADR for each common share.

The Company is controlled by ENGIE Brasil Participações Ltda. ("ENGIE Participações"), a company established in Brazil and controlled by International Power S.A., headquartered in Belgium. International Power is a subsidiary of International Power Ltd., a company headquartered in the United Kingdom, which is part of the economic group ENGIE group, headquartered in France.

ENGIE Brasil Energia is part of the largest independent energy producer in Brazil, accounting for approximately 6.6%[1] of the country's installed capacity. At 6.30.2019, its installed capacity, including its stakes in energy generation consortiums, was 8,710.5 MW. Out of this total, 73.4% arises from hydroelectric power plants, 13.8% from thermal power plants and 12.8% from complementary energy (wind, solar, biomass and small hydroelectric power plants). Physical guarantee for sale averaged was 4,975.5 MW, of which 377.4 average MW are related to the portion of 70% of physical guarantee of the Jaguara and Miranda Hydroelectric Power Plants, which were allocated to the Regulated Contracting Environment (ACR) in the Physical Guarantee Quota System.

On 6.30.2019, the Company's generation facilities in operation consisted of 60 plants, of which 11 hydroelectric power plants (HPP), 4 conventional thermal power plants (TPP), 38 wind farms, 3 biomass plants, 2 photovoltaic solar power plants and 2 small hydroelectric power plants (SHPP).

[1] The non-financial information contained in this quarterly information, such as MW, average MW, installed capacity and others, is not reviewed by the independent auditors.

The main corporate and operational events occurred in the first quarter of 2019 are as follows:

**a) Payment of interim dividends and interest on equity for 2018**

On 1.29.2019 and 3.27.2019, the Company paid interim dividends related to the first half of 2018, totaling R$1,146,037, and interest on equity for 2018, in the gross amount of R$397,000, respectively.

**b) Start of construction of Campo Largo Wind Power Complex – Phase II**

On 2.19.2019, the 181st Board of Directors Meeting approved the investments necessary for construction of the Campo Largo Wind Power Complex – Phase 2, located in the cities of Sento Sé and Umburanas, Bahia. The Complex will add 361.2 MW of installed capacity and approximately 202.6 average MW of physical guarantee to the Company's generating facilities. Investments for building the Complex are estimated at R$1.6 billion and the entire Complex is expected to start commercial operations by early 2021.

**c) Startup of commercial operations – Umburanas Wind Power Complex - Phase I**

In the 1st four-month period of 2019, Aneel authorized the startup of commercial operations at the 18 wind farms that make up the Umburanas Wind Power Complex – Phase I, located in the city of Umburanas, Bahia, with installed capacity of 360.0 MW and physical guarantee of 213.3 average MW.

**d) Winning offer for the acquisition of interest in gas transportation company**

On 4.5.2019, the Company, together with a wholly-owned subsidiary of ENGIE S.A. (its holding company) and Caisse de Dépôt et Placement du Québec ("Offerors") took cognizance, through a material fact notice published by Petróleo Brasileiro S.A. ("Petrobras"), that they won the competitive bidding process conducted by Petrobras to acquire 90% of Petrobras' ownership interest in Transportadora Associada de Gás S.A. (TAG), which has a gas pipeline structure of approximately 4,500 km and 12 gas compression facilities (6 own and 6 subcontractors) and 91 delivery points.

The final and binding offer submitted by the Offerors amounts to R$35.1 billion for 100% of TAG on the base date of December 2017. Submission of the offer was approved by the Board of Directors of the Company at a meeting held on 3.26.2019, which also took into account the favorable opinion from the Special Independent Committee for Transactions with Related Parties, as set up in the 173rd Board of Directors Meeting held on 5.11.2018.

On 4.25.2019, an agreement for the sale and other covenants was entered into between Aliança Transportadora de Gás Participações S.A. ("Aliança"), as buyer, the Company, GDF International (wholly -owned subsidiary of ENGIE S.A., its parent company) and Caisse de Dépôt et Placement du Québec, as members of the acquiring group, Petrobras, as seller, TAG, as consenting intervening party, and ENGIE Participações, as guarantor intervening party, which regulates the acquisition by the members of the acquiring group, through Aliança, of ownership interest in TAG equivalent to 90% of its capital stock owned by Petrobras. Currently, the Company holds 32.5% direct interest in Aliança and, accordingly, now holds indirect interest of 29.25% in TAG. Petrobras continued to hold a non-controlling interest of 10% in TAG.

On 6.13.2019, after all the conditions precedent established in the sale agreement were met, Aliança, members of the acquiring group, TAG and Petrobras performed the closing acts, as set forth in the agreement, including the transfer of shares issued by TAG held by Petrobras, representing 90% of the total capital of TAG, to Aliança and the payment, by Aliança and members of the acquiring group, of approximately R$ 31.5 billion to Petrobras as consideration for the shares, and approximately R$ 2.0 billion, corresponding to the prepayment, by TAG, of its debts owed to the Brazilian Development Bank (BNDES) using the funds provided by Aliança to TAG. As a result of the share purchase operation, the Company injected capital into the joint venture Aliança, which totaled R$ 3.5 billion. On the same date, Aliança, members of the acquiring group and Petrobras signed a shareholders' agreement to regulate their relationship as direct and indirect shareholders of TAG, including the exercise of their respective voting rights and restrictions to share transfers. For more information, see Note 8 – Investments.

**e) Reaffirmation of ratings**

On 3.14.2019 and 4.9.2019, the rating agency Fitch Ratings reaffirmed the Company's 'AAA(bra)' long-term national rating with stable outlook and 'BB' international rating with stable outlook, remaining one level above the sovereign rating.

**f) Fresh borrowings**

In 2Q19, the Company took fresh loans and issued debentures to raise the working capital required to finance the implementation of the Company's business plan.

On 5.17.2019, the Company took loans amounting to US$ 285 million from overseas financial institutions and, at the same time, contracted hedge operations (swap). For more information on said transactions, see Note 13 – Loans and Financing.

On 5.21.2019, the Company settled the 8th issue of non-convertible unsecured debentures, in a single series, in the total amount of R$2,500,000, distributed publicly with restricted efforts, in accordance with CVM Instruction 476/2009. For more information on the transaction, see Note 14 – Investments.

In 2Q19, the 186th and 187th Board of Directors' Meetings approved the 9th issue of non-convertible unsecured debentures, in up to four series, totaling R$1,600,000, to be distributed publicly in accordance with CVM Instruction 400/2003. On 7.1.2019, the Company submitted to CVM the request to register the distribution of these debentures, issued on 7.15.2019 and expected settlement on 8.7.2019.

**g) Additional dividends proposed**

On 4.26.2019, the Annual Shareholders Meeting approved the allocation of net income and the distribution of additional dividends proposed for fiscal year 2018 in the amount of R$76,703, corresponding to R$0.0940069200 per share. On said date, the Company recognized the payment obligation in its balance sheet. The Company's shares will be traded ex-dividends starting from 5.7.2019 and the dividends will be paid on a date to be defined later by the Board of Executive Officers.

**h) Start of commercial operations of Pampa Sul Thermal Power Plant**

On 6.28.2019, Aneel authorized the start of commercial operations of Pampa Sul Thermal Power Plant, located in the city of Candiota, Rio Grande do Sul, with installed capacity of 345.0 MW and commercial capacity of 323.5 average MW. During the test period, the plant generated 117 GWh (54 average MW).

The plant will use charcoal from the mine as fuel for power generation and its energy was contracted for 25 years at the A-5 Auction held on 11.28.2014, at the price of R$245.9/MWh, adjusted for inflation as of 3.31.2019.

## NOTE 2 – PRESENTATION OF QUARTERLY INFORMATION

The parent company's Quarterly Information (ITR) was prepared in compliance with Accounting Pronouncement CPC 21 – Demonstração Intermediária and the consolidated ITR is presented simultaneously in accordance with IAS 34 – Interim Financial Reporting and CPC 21.

The Brazilian accounting standards converge with the International Financial Reporting Standards (IFRS), except for the recording in the parent company's balance sheet of joint ventures which, under Brazilian rules, is recognized by the equity method, whereas, according to IFRS, under the rules applicable to joint ventures, it stipulates that assets, liabilities and profit or loss are recognized in proportion to its share in the joint venture.

There is no difference between shareholders' equity and the results of the parent company and consolidated included, respectively, in the individual and consolidated quarterly information. There also is no difference between the net earnings per share – basic and diluted – as there was no issue of shares with diluting effects in the presented periods.

The ITR was also prepared in accordance with the rules established by the Securities and Exchange Commission of Brazil (CVM), using amortized historical cost as the value basis, except the fair value assessment of certain financial instruments, when required by the rules.

The preparation of ITR requires the Management of the Company to use estimates to record certain transactions that affect its assets, liabilities, revenues and expenses.

The content and amounts of certain notes presented in the accounting statements for the fiscal year ended 12.31.2018, which did not need significant updates, were not repeated in the notes selected for ITR as of 6.30.2019. This ITR, therefore, must be read together with the financial statements as of 12.31.2018.

The accounting practices and calculation methods adopted for preparing the ITR as of 6.30.2019, as well as the main judgments and uncertainties in estimates used in the application of accounting practices, were the same used in preparing the accounting statements for the fiscal year ended 12.31.2018, except for the amendment to CPC 06 (R2) – Leases (IFRS 16), as mentioned below.

**a) Standards and amendments applicable to the Company starting 1.1.2019**

The following standards and amendments will take effect on 1.1.2019: (i) Amendments to CPC 06 (R2) – Leases (IFRS 16); (ii) Amendments to CPC 18 (R2) – Investments in Associates and Joint Ventures (IAS 28); (iii) Amendments to CPC 33 (R1) – Employee Benefits (IAS 19); (iv) Amendments to CPC 48 – Financial Instruments (IFRS 9); (v) ICPC 22 – Uncertainty over Income Tax Treatments (IFRIC 23); and (vi) Annual Revision of CPC no. 13/2018 (IASB 2015-2017 cycle).

The adoption of these new standards and amendments did not have any material impact on the individual and consolidated financial statements of 2018 and the individual and consolidated quarterly information as of 6.30.2019, except for the amendments to CPC 06 (R2), whose impacts are presented below.

**a.1) Amendments to CPC 06 (R2) – Leases (IFRS 16)**

The amendments to CPC 06 (R2) introduced requirements for recognizing, measuring, presenting and disclosing leases. The amended standard requires lessees to recognize liabilities from future payments of lease agreements, in exchange for the right to use the leased asset.

The definition of lease covers all contracts granting the right to use and control an identifiable asset, including rental agreements and, potentially, some components of service agreements.

The Company examined its contracts and has identified as part of the standard's scope all leases of the areas where wind and photovoltaic solar farms are or will be installed, as well as the areas where the Company's registered office is located. Starting 1.1.2019, these lease contracts were recognized as a right to use the asset in exchange for an obligation.

As established in the pronouncement, the Company applied the simplified transition approach and will not restate the comparative figures for the year before the first adoption (1.1.2019). Assets subject to rights of use were measured at the value of lease liabilities at the time of adoption, plus early payments made until the date of adoption of CPC 06 (R2).

Due to the adoption of the new rules, the Company recognized right-of-use assets of approximately R$33,145 and R$119,805, plus lease advances, in the parent company and consolidated, respectively, on 1.1.2019, in exchange for the lease liabilities, totaling R$21,839 and R$89,187, in the parent company and consolidated, respectively. More details are presented in Note 15 – Lease operations.

These amounts were determined based on assumptions and estimates, such as the definition of discount rates and other aspects that required evaluation for the measurement.

The main accounting practices adopted in the application of CPC 06 (R2) were:

**Leases payable**

Leases payable are initially measured at present value of future payment flows, discounted by the incremental financing rate. Subsequently, the lease liability is measured at amortized cost using the effective interest method and remeasured (with corresponding adjustment in related right of use) when there is a change in future payments driven by inflation adjustments, renegotiation or change in discount rates.

**Rights of use**

The rights of use, initially, comprise lease liabilities plus advance payments. These assets are depreciated based on the term of the lease agreements.

**b) EmpresasNet system**

Note that in the "Statement of Changes in Shareholders' Equity" table of the EmpresasNet System of the CVM, the equity valuation adjustment, though not corresponding to "Other Comprehensive Income," is presented in the column with this indication because there is not a more appropriate option to present said transaction in the standard statement of CVM.

### c) Approval of ITR

The ITR presented here was approved by the Board of Directors at a meeting held on 8.6.2019.

## NOTE 3 – CASH AND CASH EQUIVALENTS

| | Parent Company | | Consolidated | |
|---|---|---|---|---|
| | 6.30.2019 | 12.31.2018 | 6.30.2019 | 12.31.2018 |
| **Cash and bank deposits** | **1,924** | **956** | **107,326** | **58,293** |
| **Marketable securities:** | | | | |
| Exclusive investment fund | | | | |
| Repurchase transactions backed by federal bonds | 728,615 | 1,281,353 | 1,510,397 | 2,341,726 |
| Other marketable securities | 199 | 86 | 24,600 | 15,773 |
| | **728,814** | **1,281,439** | **1,534,997** | **2,357,499** |
| | **730,738** | **1,282,395** | **1,642,323** | **2,415,792** |

## NOTE 4 – TRADE ACCOUNTS RECEIVABLE

| | Parent Company | | Consolidated | |
|---|---|---|---|---|
| | 6.30.2019 | 12.31.2018 | 6.30.2019 | 12.31.2018 |
| Transactions within the CCEE[2] | 249,305 | 109,648 | 386,539 | 312,492 |
| Free Consumers | 36,041 | 27,691 | 367,561 | 367,873 |
| Distributors | 241,942 | 264,100 | 357,288 | 344,452 |
| Traders | 161,834 | 137,171 | 47,957 | 56,207 |
| Trading operations | - | - | 120,945 | 65,733 |
| Others | - | - | 61,939 | 40,819 |
| Estimated losses with doubtful accounts | (6,180) | (6,180) | (6,197) | (6,197) |
| | **682,942** | **532,430** | **1,336,032** | **1,181,379** |

The average term for receiving amounts relative to electricity sold through agreements is approximately 30 days, as from the first day of month subsequent to the sale, including trading operations, whereas the term of amounts settled within CCEE is approximately 45 days.

The breakdown of overdue accounts receivable recorded under current assets is as follows:

| | Parent Company | | Consolidated | |
|---|---|---|---|---|
| | 6.30.2019 | 12.31.2018 | 6.30.2019 | 12.31.2018 |
| Overdue up to 30 days | 1,356 | 3,269 | 11,742 | 6,170 |
| Overdue more than 30 days | 7,295 | 6,928 | 14,922 | 9,560 |
| | **8,651** | **10,197** | **26,664** | **15,730** |

[2] Electric Energy Trading Chamber.

## NOTE 5 – INVENTORIES

| | Parent Company | | Consolidated | |
|---|---|---|---|---|
| | 6.30.2019 | 12.31.2018 | 6.30.2019 | 12.31.2018 |
| Supplies | 14,363 | 17,252 | 67,939 | 59,971 |
| Inputs for energy production | - | - | 60,511 | 52,404 |
| Advances to suppliers | 221 | 273 | 84,617 | 8,534 |
| Other | 61 | 261 | 4,525 | 7,954 |
| Reduction to net realizable value | - | (3,182) | - | (3,182) |
| | **14,645** | **14,604** | **217,592** | **125,681** |

In the first half of 2019, the subsidiary Usina Termelétrica Pampa Sul S.A. ("Pampa Sul") advanced R$58,947 to a coal supplier. This advance is being realized with the commercial startup of the Plant, and the remaining balance, on 6.30.2019, is R$57,531. The Company expects to fully pay the advance by the end of 2019.

## NOTE 6 – RESTRICTED DEPOSITS

| | Parent Company | | Consolidated | |
|---|---|---|---|---|
| | 6.30.2019 | 12.31.2018 | 6.30.2019 | 12.31.2018 |
| Reinvestment deposits | 3,241 | 3,241 | 3,241 | 3,241 |
| Contractual commitment guarantees | 720 | 1,200 | 720 | 1,920 |
| Guarantees for negative balance at CCEE | 31 | 30 | 3,960 | 3,795 |
| **Current assets** | **3,992** | **4,471** | **7,921** | **8,956** |
| | | | | |
| Financing guarantees | 10,161 | 9,915 | 278,718 | 226,210 |
| Others | - | - | 5,734 | 6,240 |
| **Non-current assets** | **10,161** | **9,915** | **284,452** | **232,450** |
| | **14,153** | **14,386** | **292,373** | **241,406** |

Guarantees for loans are aimed at ensuring the payment of debt with the Brazilian Development Bank (BNDES) and onlending banks. They are mostly constituted for the amount equivalent to 3 months of debt service and contractual operating and maintenance expenses for plants that hire third-party services to perform these activities.

## NOTE 7 – CONCESSION FINANCIAL ASSET

### a) Breakdown

| | Consolidated | | | | | |
|---|---|---|---|---|---|---|
| | 6.30.2019 | | | 12.31.2018 | | |
| | Current | Non-current | Total | Current | Non-current | Total |
| Jaguara HPP | 180,104 | 1,464,617 | 1,644,721 | 172,165 | 1,437,860 | 1,610,025 |
| Miranda HPP | 110,195 | 897,829 | 1,008,024 | 105,337 | 879,748 | 985,085 |
| | **290,299** | **2,362,446** | **2,652,745** | **277,502** | **2,317,608** | **2,595,110** |

### b) Changes in financial assets were as follows:

| | Consolidated | | |
|---|---|---|---|
| | Jaguara HPP | Miranda HPP | Total |
| Balances at 12.31.2018 | **1,610,025** | **985,085** | **2,595,110** |
| Amounts received | (80,736) | (49,401) | (130,137) |
| Interest | 76,303 | 46,684 | 122,987 |
| Monetary variation | 39,129 | 25,656 | 64,785 |
| **Balance at 6.30.2019** | **1,644,721** | **1,008,024** | **2,652,745** |

### c) Realization profile of the concession financial asset presented under non-current assets

| | Consolidated | | |
|---|---|---|---|
| | Jaguara HPP | Miranda HPP | Total |
| July to December 2020 | 76,538 | 46,828 | 123,366 |
| 2021 | 142,049 | 86,911 | 228,960 |
| 2022 | 128,504 | 78,624 | 207,128 |
| 2023 | 116,251 | 71,127 | 187,378 |
| 2024 | 105,139 | 64,329 | 169,468 |
| 2025 to 2029 | 393,072 | 240,500 | 633,572 |
| 2030 to 2047 | 503,064 | 309,510 | 812,574 |
| | **1,464,617** | **897,829** | **2,362,446** |

## NOTE 8 – INVESTMENTS

### a) Breakdown

| | Parent Company | |
|---|---|---|
| | 6.30.2019 | 12.31.2018 |
| Interest on subsidiaries: | | |
| Measured at the equity method | | |
| Equity in earnings of subsidiaries (b) | 13,969,530 | 10,436,421 |
| Goodwill from investment acquisition | 61,817 | 63,488 |
| Goodwill from expected future profitability | 40,828 | 40,828 |
| | **14,072,175** | **10,540,737** |

## b) Changes in investments evaluated through the equity method

| | Balance at 12.31.2018 | Acquisition of investment | Capital increase | Capital decrease | Equity in earnings of subsidiaries | Dividends | Other comprehensive income | Balance at 6.30.2019 |
|---|---|---|---|---|---|---|---|---|
| ECP[3] | **4,062,592** | 421,551 | - | (160,000) | 136,288 | - | - | **4,460,431** |
| Pampa Sul | **2,360,677** | 6,390 | - | - | 56,598 | - | (319) | **2,423,346** |
| CEE[4] | **1,111,608** | - | - | - | 67,439 | (79,276) | - | **1,099,771** |
| Jaguara[5] | **1,004,678** | - | - | - | 68,410 | (141,948) | - | **931,140** |
| Miranda[6] | **691,350** | - | - | - | 39,726 | (102,663) | - | **628,413** |
| Diamante[7] | **646,556** | - | - | (146,307) | 14,311 | (57,156) | - | **457,404** |
| Itasa | **242,547** | - | - | - | 3,039 | (2,876) | - | **242,710** |
| EBC[8] | **210,019** | - | - | - | (16,914) | (30,000) | - | **163,105** |
| ENGIE Solar[9] | **40,695** | 18,243 | - | - | (42) | - | (389) | **58,507** |
| Lages[10] | **37,871** | - | - | - | 5,026 | (10,360) | - | **32,537** |
| ECV[11] | **19,238** | - | - | - | 1,278 | - | - | **20,516** |
| Aliança[12] | **-** | 2,789,257 | 680,612 | - | (26,809) | - | - | **3,443,060** |
| Outros | **8,590** | - | - | - | - | - | - | **8,590** |
| | **10,436,421** | **3,235,441** | **680,612** | **(306,307)** | **348,350** | **(424,279)** | **(708)** | **13,969,530** |

### b.1) ECP

The capital increase in the subsidiary ECP in the first half of 2019 was allocated mainly to investments in the Umburanas Wind Power Complex – Phase I. This period, the Company also reduced the capital in said subsidiary chiefly due to the release in 2018 and 2019 of the portion of financing taken from BNDES by the Campo Largo Wind Power Complex – Phase I, which had been financing the construction of its plants with own cash transferred by controlling shareholder until said financing was released.

### b.2) Aliança

On 6.13.2019, all the conditions precedent were met for consummating the acquisition, by Aliança, a joint venture not consolidated in the Company's financial statements, of ownership interest in TAG, representing 90% of the capital stock, owned by Petrobras, as per the agreement for sale and other covenants signed on 4.25.2019. The Company has 32.5% direct interest in Aliança and 29.25% indirect interest in TAG. The acquisition of TAG was financed partially by the capital injected by shareholders and partially through borrowings by Aliança. The Company injected capital totaling R$3,469,869, of which R$2,789,257 through capital increase and R$680,612 through share acquisition, representing its ownership interest in the joint venture.

Aliança is assessing the fair value of assets and liabilities acquired to make all the due allocations in the acquisition balance sheet in accordance with business combination rules. Accordingly, the balance of the investment in the joint venture on 6.30.2019 considers preliminary analyses of this allocation.

[3] ENGIE Brasil Energias Complementares Participações Ltda.
[4] Companhia Energética Estreito
[5] Companhia Energética Jaguara
[6] Companhia Energética Miranda
[7] Diamante Geração de Energia Ltda.
[8] ENGIE Brasil Energia Comercializadora Ltda.
[9] ENGIE Geração Solar Distribuída S.A.
[10] Lages Bioenergética Ltda.
[11] ENGIE Comercializadora Varejista de Energia Ltda.
[12] Aliança is a joint venture and, therefore, is not consolidated by the Company.

### b.3) Diamante

On June 28, 2019, the capital stock of the subsidiary Diamante was reduced through an offset of balances payable to the subsidiary, in the amount of R$146,238, and the transfer of ownership of land from Diamante to the Company, whose cost was R$69.

### b.4) Information on the main subsidiaries

| | ECP | Pampa Sul | CEE | Jaguara | Miranda | Diamante | Itasa | EBC | ENGIE Solar | Lages | ECV | Aliança[13] |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Interest (%)** | **99.99** | **99.99** | **99.99** | **99.99** | **99.99** | **99.99** | **48.75** | **99.99** | **99.99** | **99.99** | **99.99** | **32.50** |
| **12.31.2018** | | | | | | | | | | | | |
| Asset | 5,684,076 | 2,800,818 | 2,309,227 | 2,258,057 | 1,430,063 | 1,042,725 | 535,116 | 614,942 | 73,909 | 40,496 | 31,169 | - |
| Liability | 1,762,516 | 667,612 | 1,197,619 | 1,253,379 | 738,713 | 396,169 | 37,584 | 404,923 | 33,214 | 2,625 | 11,931 | - |
| Adjusted shareholders' equity | 4,066,983 | 2,360,677 | 1,111,608 | 1,004,678 | 691,350 | 646,556 | 497,532 | 210,019 | 40,695 | 37,871 | 19,238 | - |
| **6.30.2019** | | | | | | | | | | | | |
| Asset | 6,365,786 | 2,982,870 | 2,244,606 | 2,287,412 | 1,441,249 | 714,003 | 535,830 | 752,757 | 105,354 | 35,538 | 68,273 | 37,210,935 |
| Liability | 2,054,490 | 851,270 | 1,144,835 | 1,356,272 | 812,836 | 256,599 | 37,963 | 589,652 | 46,847 | 3,001 | 47,757 | 25,434,746 |
| Adjusted shareholders' equity | 4,463,593 | 2,423,346 | 1,099,771 | 931,140 | 628,413 | 457,404 | 497,867 | 163,105 | 58,507 | 32,537 | 20,516 | 11,776,189 |
| **2Q19** | | | | | | | | | | | | |
| Net revenue | 233,586 | 2,800 | 119,192 | 98,621 | 71,888 | 121,637 | 39,571 | 1,108,686 | 23,328 | 8,918 | 76,367 | 253,940 |
| Adjusted net income (loss) | 69,627 | 19,329 | 36,161 | 22,613 | 18,415 | 5,447 | 2,603 | 15,765 | (1,193) | 2,007 | 1,459 | (77,509) |
| **6M19** | | | | | | | | | | | | |
| Net revenue | 453,784 | 11,860 | 241,993 | 208,666 | 155,764 | 281,592 | 81,089 | 2,206,036 | 42,396 | 18,026 | 120,212 | 253,940 |
| Adjusted net income (loss) | 136,846 | 56,598 | 67,439 | 68,410 | 39,726 | 14,311 | 6,234 | (16,914) | (42) | 5,026 | 1,278 | (77,509) |

### Capitalized interests

ENGIE Brasil Energia took out loans and debentures to finance the construction of the Campo Largo Phase I, Trairí and Umburanas – Phase I Wind Power Complexes and the Assú V Photovoltaic Power Plant, investments that are part of ECO, and of the Pampa Sul Thermal Power Plant. The interest on these debts was capitalized as construction assets in the consolidated financial statements and recognized using the equity method in the parent company's financial statements.

In the first half of 2019, capitalized interest in the direct subsidiaries ECP and Pampa Sul were R$6,874 and R$64,275, respectively. In the quarter ended 6.30.2019, capitalized interest in these subsidiaries were R$152,297 and R$291,746, respectively. In the table above, "Adjusted shareholders' equity" and "Adjusted net income (loss)" include the items described above.

[13] The Company holds 32.5% direct interest in the joint venture Aliança and 29.25% indirect interest in TAG. The amounts shown are based on the preliminary assessment of fair value of assets and liabilities acquired

# NOTE 9 – PROPERTY, PLANT AND EQUIPMENT

## a) Breakdown

| | | Parent Company | | | | | |
|---|---|---|---|---|---|---|---|
| | | 6.30.2019 | | | 12.31.2018 | | |
| | Average rate of depreciation | Cost | Accumulated depreciation | Net amount | Cost | Accumulated depreciation | Net amount |
| **In service** | | | | | | | |
| Reservoirs, dams and ducts | 3.1% | 5,109,929 | (3,225,425) | 1,884,504 | 5,109,943 | (3,158,818) | 1,951,125 |
| Buildings and improvements | 2.3% | 1,277,405 | (793,994) | 483,411 | 1,287,160 | (784,639) | 502,521 |
| Machinery and equipment | 3.6% | 4,212,902 | (2,462,929) | 1,749,973 | 4,161,375 | (2,408,876) | 1,752,499 |
| Furniture and fixtures | 6.3% | 7,318 | (4,349) | 2,969 | 6,929 | (4,181) | 2,748 |
| Vehicles | 14.3% | 1,933 | (1,657) | 276 | 1,933 | (1,581) | 352 |
| Special obligations | | (50,539) | 5,796 | (44,743) | (50,539) | 4,841 | (45,698) |
| | | **10,558,948** | **(6,482,558)** | **4,076,390** | **10,516,801** | **(6,353,254)** | **4,163,547** |
| **In progress** | | | | | | | |
| Reservoirs, dams and ducts | | 781 | - | 781 | 788 | - | 788 |
| Buildings and improvements | | 4,176 | - | 4,176 | 3,710 | - | 3,710 |
| Machinery and equipment | | 41,603 | - | 41,603 | 82,771 | - | 82,771 |
| Advances to suppliers | | 36,810 | - | 36,810 | 28,113 | - | 28,113 |
| Acquisitions to be apportioned | | 8,192 | - | 8,192 | 9,578 | - | 9,578 |
| | | **91,562** | **-** | **91,562** | **124,960** | **-** | **124,960** |
| | | **10,650,510** | **(6,482,558)** | **4,167,952** | **10,641,761** | **(6,353,254)** | **4,288,507** |

| | | Consolidated | | | | | |
|---|---|---|---|---|---|---|---|
| | | 6.30.2019 | | | 12.31.2018 | | |
| | Average rate of depreciation | Cost | Accumulated depreciation | Net amount | Cost | Accumulated depreciation | Net amount |
| **In service** | | | | | | | |
| Reservoirs, dams and ducts | 3.8% | 7,098,103 | (3,855,797) | 3,242,306 | 7,097,445 | (3,751,594) | 3,345,851 |
| Buildings and improvements | 2.6% | 1,901,481 | (1,108,027) | 793,454 | 1,877,043 | (1,089,580) | 787,463 |
| Machinery and equipment | 4.1% | 13,211,812 | (5,455,565) | 7,756,247 | 11,389,360 | (5,264,505) | 6,124,855 |
| Furniture and fixtures | 6.3% | 11,646 | (6,486) | 5,160 | 10,810 | (6,191) | 4,619 |
| Vehicles | 14.3% | 5,192 | (4,063) | 1,129 | 5,147 | (3,886) | 1,261 |
| Special obligations | | (51,030) | 5,948 | (45,082) | (51,030) | 4,987 | (46,043) |
| | | **22,177,204** | **(10,423,990)** | **11,753,214** | **20,328,775** | **(10,110,769)** | **10,218,006** |
| **In progress** | | | | | | | |
| Reservoirs, dams and ducts | | 120,395 | - | 120,395 | 117,788 | - | 117,788 |
| Buildings and improvements | | 301,345 | - | 301,345 | 340,129 | - | 340,129 |
| Machinery and equipment | | 1,525,758 | - | 1,525,758 | 1,883,743 | - | 1,883,743 |
| Advances to suppliers | | 814,225 | - | 814,225 | 1,373,386 | - | 1,373,386 |
| Acquisitions to be apportioned | | 808,260 | - | 808,260 | 702,415 | - | 702,415 |
| | | **3,569,983** | **-** | **3,569,983** | **4,417,461** | **-** | **4,417,461** |
| | | **25,747,187** | **(10,423,990)** | **15,323,197** | **24,746,236** | **(10,110,769)** | **14,635,467** |

## b) Changes in property, plant and equipment

| | Parent Company | | | | | | |
|---|---|---|---|---|---|---|---|
| | Reservoirs, dams and ducts | Buildings and improvements | Machinery and equipment | Other | Construction in progress | Special obligations | Total |
| **Balance at 12.31.2018** | **1,951,125** | **502,521** | **1,752,499** | **3,100** | **124,960** | **(45,698)** | **4,288,507** |
| Additions | - | - | - | - | 22,809 | - | 22,809 |
| Transfers | (907) | 472 | 53,343 | 373 | (56,207) | - | (2,926) |
| Write-offs | - | - | (1) | - | - | - | (1) |
| Depreciation | (65,714) | (19,582) | (55,868) | (228) | - | 955 | (140,437) |
| **Balance at 6.30.2019** | **1,884,504** | **483,411** | **1,749,973** | **3,245** | **91,562** | **(44,743)** | **4,167,952** |

| | Consolidated | | | | | | |
|---|---|---|---|---|---|---|---|
| | Reservoirs, dams and ducts | Buildings and improvements | Machinery and equipment | Other | Construction in progress | Special obligations | Total |
| **Balance at 12.31.2018** | **3,345,851** | **787,463** | **6,124,855** | **5,880** | **4,417,461** | **(46,043)** | **14,635,467** |
| Additions | - | - | - | - | 911,137 | - | 911,137 |
| Capitalized interest and monetary variation | - | - | - | - | 144,865 | - | 144,865 |
| Transfers | 201 | 34,383 | 1,865,036 | 934 | (1,903,480) | - | (2,926) |
| Write-offs | - | - | (1) | - | - | - | (1) |
| Depreciation | (103,746) | (28,392) | (233,643) | (525) | - | 961 | (365,345) |
| **Balance at 6.30.2019** | **3,242,306** | **793,454** | **7,756,247** | **6,289** | **3,569,983** | **(45,082)** | **15,323,197** |

# NOTE 10 – INTANGIBLE ASSETS

## a) Breakdown

| | | Parent Company | | | | | |
|---|---|---|---|---|---|---|---|
| | | 6.30.2019 | | | 12.31.2018 | | |
| | Amortization period | Adjusted cost | Accumulated amortization | Net amount | Adjusted cost | Accumulated amortization | Net amount |
| Right to use | Until 2034 | 95,925 | (53,164) | 42,761 | 88,015 | (49,508) | 38,507 |

| | | Consolidated | | | | | |
|---|---|---|---|---|---|---|---|
| | | 6.30.2019 | | | 12.31.2018 | | |
| | Amortization period | Cost | Accumulated amortization | Net amount | Cost | Accumulated amortization | Net amount |
| **Grant bonus** | | | | | | | |
| Jaguara | Until 2047 | 620,327 | (34,381) | 585,946 | 620,327 | (24,067) | 596,260 |
| Miranda | Until 2047 | 411,223 | (22,792) | 388,431 | 411,223 | (15,954) | 395,269 |
| | | **1,031,550** | **(57,173)** | **974,377** | **1,031,550** | **(40,021)** | **991,529** |
| **Project rights** | | | | | | | |
| WPPs in operation | Until 2052 | 122,535 | (4,833) | 117,702 | 58,457 | (3,694) | 54,763 |
| Assú Solar Power Plant | Until 2051 | 15,194 | (707) | 14,487 | 15,194 | (471) | 14,723 |
| WPPs under construction / development | | 59,399 | - | 59,399 | 123,477 | - | 123,477 |
| | | **197,128** | **(5,540)** | **191,588** | **197,128** | **(4,165)** | **192,963** |
| Right to use assets | Until 2037 | 119,816 | (57,003) | 62,813 | 112,228 | (53,171) | 59,057 |
| Energy purchase right | Until 2023 | 64,561 | (39,101) | 25,460 | 64,561 | (36,093) | 28,468 |
| Premium - ENGIE Solar | | 40,828 | - | 40,828 | 40,828 | - | 40,828 |
| | | **1,453,883** | **(158,817)** | **1,295,066** | **1,446,295** | **(133,450)** | **1,312,845** |

## b) Changes in intangible assets

| | Consolidated | | | | | |
|---|---|---|---|---|---|---|
| | Grant bonus | Project rights | Right to use assets | Energy purchase right | Goodwill on expected future profitability | Total |
| **Balances on 12.31.2018** | **991,529** | **192,963** | **59,057** | **28,468** | **40,828** | **1,312,845** |
| Addition | - | - | 7,657 | - | - | 7,657 |
| Amortization | (17,152) | (1,375) | (3,901) | (3,008) | - | (25,436) |
| **Balances on 6.30.2019** | **974,377** | **191,588** | **62,813** | **25,460** | **40,828** | **1,295,066** |

## NOTE 11 – SUPPLIERS

| | Parent Company | | Consolidated | |
|---|---|---|---|---|
| | 6.30.2019 | 12.31.2018 | 6.30.2019 | 12.31.2018 |
| Electricity purchased | 73,217 | 399,497 | 134,385 | 207,553 |
| Suppliers of materials and services | 22,970 | 33,577 | 99,082 | 72,590 |
| Suppliers of property, plant and equipment and intangible assets | 1,305 | 1,729 | 146,869 | 153,345 |
| Fossil fuels and biomass | - | - | 59,493 | 47,831 |
| Trading operations | - | - | 88,027 | 57,004 |
| Charges for the use of the power grid | 30,699 | 30,580 | 52,524 | 49,436 |
| Transactions in the short-term market | 1,496 | 1,351 | 1,523 | 712 |
| | **129,687** | **466,734** | **581,903** | **588,471** |

## NOTE 12 – RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

In order to conduct more efficiently risk evaluation and monitoring process in its business, the Company has the Risk Management Committee, which is responsible for: (i) internally promote the awareness on risk treatment; (ii) define goals and guidelines for its management; (iii) promote and suggest improvements in its evaluation processes; and (iv) classify and define control procedures.

In 2019, there was no change in the risks to which the Company and its subsidiaries are exposed or in their management and measurement, when compared to those presented in Note 15 – Risk management and financial instruments of accounting statements as of 12.31.2018.

### a) Liabilities denominated in foreign currency

At 6.30.2019, the Company and its subsidiaries held no financial obligations denominated in foreign currencies whose exchange variation was not fully hedged against.

Unrealized gains (losses) with hedge operations are as follows:

| | Parent Company | | Consolidated | |
|---|---|---|---|---|
| | 6.30.2019 | 12.31.2018 | 6.30.2019 | 12.31.2018 |
| **Long position** | | | | |
| Fair value hedge on loans and debentures | 343,859 | 247,878 | 343,859 | 259,549 |
| Cash flow hedge on obligations | - | - | - | 50 |
| **Short position**[14] | | | | |
| Fair value hedge on loans and debentures | (43,382) | (37,599) | (67,278) | (37,599) |
| Cash flow hedge on obligations | - | - | (1,558) | (637) |
| **Net position** | **300,477** | **210,279** | **275,023** | **221,363** |

### a.1) Fair value hedge operations on loans and debentures

The Company contracted swap operations with the Brazilian subsidiaries of the same lending financial institutions in U.S. dollars, in order to hedge future payment flows of principal and interest, including any income tax levied thereon, against foreign exchange fluctuation. Additionally, the direct subsidiaries Jaguara and Miranda, to hedge the future payment flows of principal and interest of debentures against DI interest rate variation, contracted swap operations with Banco Itaú BBA.

[14] Recorded as part of "Other current liabilities" and "Other non-current liabilities".

Due to the characteristics of said financial instruments, the Company and its direct subsidiaries Jaguara and Miranda applied the rules of fair value hedge accounting to record them. As a result, both the underlying loans and debentures object of the hedge operation and the hedge instrument itself (swap) are measured at fair value through profit or loss, thus protecting the Company from the financial effects, as well as impacts on its results from exchange variation on loans of ENGIE Brasil Energia and CDI variation on debentures of Jaguara and Miranda.

**Net changes in fair value hedge operations on loans and debentures**

| | Parent Company | | | Consolidated | | |
|---|---|---|---|---|---|---|
| | Current | Non-Current | Total | Current | Non-Current | Total |
| **(Liabilities) Assets at 12.31.2018** | **(5,020)** | **215,299** | **210,279** | **(1,935)** | **223,885** | **221,950** |
| Interest | (33,287) | - | (33,287) | (43,438) | - | (43,438) |
| Exchange variation | (8,196) | (35,885) | (44,081) | (8,196) | (35,885) | (44,081) |
| Fair value adjustment | 18,686 | 133,736 | 152,422 | 14,261 | 119,236 | 133,497 |
| Transfers | 75,570 | (75,570) | - | 87,934 | (87,934) | - |
| Amortization of principal | - | - | - | 2,059 | - | 2,059 |
| Amortization of interest | 15,144 | - | 15,144 | 6,594 | - | 6,594 |
| **(Liabilities) Assets on 6.30.2019** | **62,897** | **237,580** | **300,477** | **57,279** | **219,302** | **276,581** |

## b) Sensitivity analysis of the exposure to risks related to interest rates, floating rates and foreign currency quotation variation

In compliance with CVM Instruction no. 475/2008 and for reference purposes, the Company prepared a sensitivity analysis on its loans and financing, debentures, concessions payable and concession financial asset exposed to interest rate variation risks and floating rate risks.

The probable basic scenario for 6.30.2019 was defined using the following assumptions available in the market (source: Central Bank of Brazil Market Readout on the last business day of the month).

| Variation in interest rates and indices: | Change 12 months 6.30.2019 | Probable Scenario 6.30.2020 | Sensitivity | | |
|---|---|---|---|---|---|
| | | | Probable | Δ + 25% (*) | Δ + 50% (*) |
| **Risk of variation in interest rates and indices** | | | | | |
| TJLP | 6.7% | 6.0% | -0.7 p.p. | 1.5 p.p. | 3.0 p.p. |
| CDI | 6.4% | 5.7% | -0.7 p.p. | 1.5 p.p. | 3.0 p.p. |
| IPCA | 3.4% | 3.7% | 0.3 p.p. | 0.9 p.p. | 1.9 p.p. |
| IGP-M | 6.5% | 4.2% | -2.3 p.p. | 1.1 p.p. | 2.1 p.p. |

(*) Variations on probable scenario.

The probable sensitivity was calculated based on the variation of indices in the last 12 months, at 6.30.2019, and those expected for the following 12 months, ending 6.30.2020, and showed any additional impacts in Company's consolidated profit or loss. Variations that could impact the consolidated result, and consequently the shareholders' equity in the following 12 months, compared with the last 12 months, if the scenarios materialize are the following:

| | Balance at 6.30.2019 | Sensitivity | | |
|---|---|---|---|---|
| | | Probable | Δ + 25% | Δ + 50% |
| **Risk of increase (liability)** | | | | |
| **Loans and financing** | | | | |
| TJLP | 3,550,259 | 24,330 | (51,960) | (104,525) |
| CDI (Loans with swap to CDI rate) | 3,069,162 | 14,507 | (30,030) | (60,252) |
| IPCA (Loans with swap to IPCA rate) | 809,171 | (11,107) | (13,801) | (27,598) |
| IPCA | 186,860 | (415) | (816) | (1,632) |
| | | **27,315** | **(96,607)** | **(194,007)** |
| **Debentures** | | | | |
| IPCA | 2,752,443 | (11,794) | (26,529) | (53,056) |
| IPCA (debentures with swap for IPCA) | 687,672 | (2,312) | (6,306) | (12,609) |
| **Concessions payable** | | **9,016** | **(80,777)** | **(162,169)** |
| IGP-M | | | | |
| IPCA | 2,437,089 | 110,858 | (29,807) | (59,615) |
| CDI | 606,989 | (1,446) | (5,393) | (10,786) |
| | | **109,412** | **(35,200)** | **(70,401)** |
| **Risk of decrease (asset)** | | | | |
| **Concession financial asset** | | | | |
| IPCA | 2,652,745 | 8,188 | (23,751) | (47,500) |
| **Total** | | **153,931** | **(236,335)** | **(474,077)** |

## c) Risk related to energy prices in trading operations

Trading operations take place in the active market and are recognized at fair value through profit or loss, based on the difference between the contracted price and the market price of outstanding contracts on the balance sheet date.

The balance sheets for outstanding trading transactions on 6.30.2019 are presented below.

| | Consolidated | | | | | |
|---|---|---|---|---|---|---|
| | 6.30.2019 | | | 12.31.2018 | | |
| | Assets | Liabilities | Net (losses) gains | Assets | Liabilities | Net gains |
| **Classification in balance sheet** | | | | | | |
| Current | 113,238 | (126,739) | (13,501) | 116,202 | (98,047) | 18,155 |
| Non-current | 71,161 | (48,176) | 22,985 | 44,429 | (19,395) | 25,034 |
| | **184,399** | **(174,915)** | **9,484** | **160,631** | **(117,442)** | **43,189** |

The changes in balances, related to outstanding trading transactions at 6.30.2019 are:

| | Consolidated |
|---|---|
| **At 12.31.2018** | **43,189** |
| Net loss recognized in the period | (33,705) |
| **Balances at 6.30.2019** | **9,484** |

### c.1) Sensitivity analysis regarding trading operations

The main risk factor impacting prices in trading operations is the exposure to energy market prices. The scenarios used in the sensitivity analysis for this factor are prepared based on market data and specialized sources.

The sensitivity analysis was prepared in accordance with CVM Instruction no 475/08, considering the increase of 25% and 50% in future prices, applied on the market curves on 6.30.2019. The results obtained are:

| | Consolidated | | |
|---|---|---|---|
| | 6.30.2019 | Δ + 25% | Δ + 50% |
| Unrealized gains (losses) on trading operations | 9,484 | (22,723) | (45,464) |

The variation in the discount rate does not significantly impact the fair value determined, given the short duration of the outstanding trading portfolio, which is lower than three years, which is why no sensitivity analysis was presented.

## d) Category and fair value of financial instruments

| | Parent Company | | Consolidated | |
|---|---|---|---|---|
| | 6.30.2019 | 12.31.2018 | 6.30.2019 | 12.31.2018 |
| **Financial assets** | | | | |
| **Fair value through profit or loss** | | | | |
| Marketable securities | 728,814 | 1,281,439 | 1,534,997 | 2,357,499 |
| Unrealized gains on fair value hedge operations | 343,859 | 247,878 | 343,859 | 259,549 |
| Unrealized gains on trading operations | - | - | 184,399 | 160,631 |
| **Amortized cost** | | | | |
| Cash and bank deposits | 1,924 | 956 | 107,326 | 58,293 |
| Trade accounts receivable | 682,942 | 532,430 | 1,336,032 | 1,181,379 |
| Dividends receivable from subsidiaries | 256,422 | 61,468 | - | - |
| Restricted deposits | 14,153 | 14,386 | 292,373 | 241,406 |
| Fuel reimbursable [15] | - | - | 52,555 | 52,136 |
| Concession financial asset | - | - | 2,652,745 | 2,595,110 |
| **Fair value through other comprehensive income** | | | | |
| Unrealized gains on cash flow hedge operations | - | - | - | 50 |
| | **2,028,114** | **2,138,557** | **6,504,286** | **6,906,053** |
| **Financial liabilities** | | | | |
| **Fair value through profit or loss** | | | | |
| Foreign currency | 3,878,334 | 2,666,084 | 3,878,334 | 2,666,084 |
| Debentures | - | - | 687,672 | 778,317 |
| Unrealized losses on fair value hedge operations [16] | 43,382 | 37,599 | 67,278 | 37,599 |
| Unrealized losses on trading operations | - | - | 174,915 | 117,442 |
| **Amortized cost** | | | | |
| Suppliers | 129,687 | 466,734 | 581,903 | 588,471 |
| Dividends and interest on equity | 737,327 | 2,136,939 | 739,213 | 2,137,039 |
| Loans in foreign currency | 260,104 | 317,361 | 3,737,118 | 3,643,344 |
| Debentures | 4,223,012 | 1,617,134 | 5,265,683 | 2,632,489 |
| Concessions payable | 2,989,195 | 2,796,390 | 3,044,078 | 2,850,469 |
| Liabilities linked to investment acquisition[16] | - | - | 8,038 | 8,582 |
| Fuel payable to CDE[16] | - | - | 165,362 | 180,959 |
| **Fair value through other comprehensive income** | | | | |
| Unrealized losses on cash flow hedge operations[16] | - | - | 1,558 | 637 |
| | **12,261,041** | **10,038,241** | **18,351,152** | **15,641,432** |

Financial assets and liabilities measured at fair value through profit or loss are assessed based on observable data (Level 2), except for marketable securities, which are assessed based on the market prices in active markets (Level 1).

## e) Market value of financial instruments

In operations involving financial instruments, differences were identified only between amounts presented in the balance sheet and their market values, in concession financial assets, loans and financing, debentures, and concessions payable. These differences occurred mainly because these instruments have long-term settlements and different costs in relation to interest rates currently used for similar contracts.

The market values were determined based on future cash flows discounted to present value at rates considered as adequate for operations with similar characteristics.

[15] Presented under "Other current assets."

[16] Presented under "Other current liabilities" and "Other non-current liabilities."

| | Parent Company | | | |
|---|---|---|---|---|
| | 6.30.2019 | | 12.31.2018 | |
| | Book | Market | Book | Market |
| Loans and financing in local currency | 260,104 | 270,222 | 317,361 | 331,658 |
| Debentures | 4,223,012 | 4,254,331 | 1,617,134 | 1,649,870 |
| Concessions payable | 2,989,195 | 3,028,845 | 2,796,390 | 2,810,475 |
| | **7,472,311** | **7,553,398** | **4,730,885** | **4,792,003** |

| | Consolidated | | | |
|---|---|---|---|---|
| | 6.30.2019 | | 12.31.2018 | |
| | Book | Market | Book | Market |
| **Assets** | | | | |
| Concession financial asset | 2,652,745 | 2,594,857 | 2,595,110 | 2,591,844 |
| | **2,652,745** | **2,594,857** | **2,595,110** | **2,591,844** |
| **Liabilities** | | | | |
| Loans and financing in local currency | 3,737,118 | 3,796,975 | 3,643,344 | 3,619,175 |
| Debentures and promissory notes | 5,265,683 | 5,318,121 | 2,632,489 | 2,689,900 |
| Concessions payable | 3,044,078 | 3,086,112 | 2,850,469 | 2,866,718 |
| | **12,046,879** | **12,201,208** | **9,126,302** | **9,175,793** |

## NOTA 13 – LOANS AND FINANCING

### a) Breakdown

| | Parent Company | | | | | |
|---|---|---|---|---|---|---|
| | 6.30.2019 | | | 12.31.2018 | | |
| | Current | Non-current | Total | Current | Non-current | Total |
| **Measured at amortized cost** | | | | | | |
| **Local currency** | | | | | | |
| BNDES | 92,312 | 61,737 | 154,049 | 91,481 | 107,253 | 198,734 |
| Nordic Investment Bank (NIB) | 28,383 | 70,974 | 99,357 | 27,723 | 83,186 | 110,909 |
| BNDES onlendings (Banks) | 1,533 | 4,055 | 5,588 | 1,533 | 4,822 | 6,355 |
| Charges | 1,110 | - | 1,110 | 1,363 | - | 1,363 |
| | **123,338** | **136,766** | **260,104** | **122,100** | **195,261** | **317,361** |
| **Measured at fair value** | | | | | | |
| **Foreign currency – with hedge** | | | | | | |
| Scotiabank | - | 1,591,295 | 1,591,295 | - | 1,147,237 | 1,147,237 |
| Bank of Tokyo | 383,220 | 398,947 | 782,167 | - | 775,322 | 775,322 |
| BNP | 383,220 | 203,045 | 586,265 | - | 387,123 | 387,123 |
| HSBC | - | 891,929 | 891,929 | - | 335,966 | 335,966 |
| Charges | 26,678 | - | 26,678 | 20,436 | - | 20,436 |
| | **793,118** | **3,085,216** | **3,878,334** | **20,436** | **2,645,648** | **2,666,084** |
| **Loans and financing** | **916,456** | **3,221,982** | **4,138,438** | **142,536** | **2,840,909** | **2,983,445** |

Balances of loans and financing in the parent company, net of hedge effects, are:

| | Parent Company | | | | | |
|---|---|---|---|---|---|---|
| | 6.30.2019 | | | 12.31.2018 | | |
| | Current | Non-current | Total | Current | Non-current | Total |
| **Loans and financing** | **916,456** | **3,221,982** | **4,138,438** | **142,536** | **2,840,909** | **2,983,445** |
| Hedge (swap) effects on balance sheet | | | | | | |
| Long position | (69,581) | (274,278) | (343,859) | - | (247,878) | (247,878) |
| Short position[17] | 6,684 | 36,698 | 43,382 | 5,020 | 32,579 | 37,599 |
| **Loans and financing, net of hedge effects** | **853,559** | **2,984,402** | **3,837,961** | **147,556** | **2,625,610** | **2,773,166** |

| | Consolidated | | | | | |
|---|---|---|---|---|---|---|
| | 6.30.2019 | | | 12.31.2018 | | |
| | Current | Non-current | Total | Current | Non-current | Total |
| **Measured at amortized cost** | | | | | | |
| **Local currency** | | | | | | |
| BNDES | 308,651 | 2,827,981 | 3,136,632 | 237,606 | 2,667,330 | 2,904,936 |
| BNDES onlendings (Banks) | 28,376 | 364,430 | 392,806 | 37,677 | 374,959 | 412,636 |
| Nordic Investment Bank (NIB) | 28,383 | 70,974 | 99,357 | 27,723 | 83,186 | 110,909 |
| BNB[18] | - | 86,544 | 86,544 | - | 83,792 | 83,792 |
| Safra | - | - | - | 115,497 | - | 115,497 |
| Charges | 21,779 | - | 21,779 | 15,574 | - | 15,574 |
| | **387,189** | **3,349,929** | **3,737,118** | **434,077** | **3,209,267** | **3,643,344** |
| **Measured at fair value** | | | | | | |
| **Foreign currency – with hedge** | | | | | | |
| Scotiabank | - | 1,591,295 | 1,591,295 | - | 1,147,237 | 1,147,237 |
| Bank of Tokyo | 383,220 | 398,947 | 782,167 | - | 775,322 | 775,322 |
| BNP | 383,220 | 203,045 | 586,265 | - | 387,123 | 387,123 |
| HSBC | - | 891,929 | 891,929 | - | 335,966 | 335,966 |
| Charges | 26,678 | - | 26,678 | 20,436 | - | 20,436 |
| | **793,118** | **3,085,216** | **3,878,334** | **20,436** | **2,645,648** | **2,666,084** |
| **Loans and financing** | **1,180,307** | **6,435,145** | **7,615,452** | **454,513** | **5,854,915** | **6,309,428** |

[17] Hedge short position is presented as part of "Other current liabilities" and "Other non-current liabilities."
[18] Banco do Nordeste do Brasil S.A.

Balances of loans and financing in the consolidated, net of hedge effects, are:

| | Consolidated | | | | | |
|---|---|---|---|---|---|---|
| | 6.30.2019 | | | 12.31.2018 | | |
| | Current | Non-current | Total | Current | Non-current | Total |
| **Loans and financing** | **1,180,307** | **6,435,145** | **7,615,452** | **454,513** | **5,854,915** | **6,309,428** |
| Hedge (swap) effects on balance sheet | | | | | | |
| Long position | (69,581) | (274,278) | (343,859) | - | (247,878) | (247,878) |
| Short position[19] | 6,684 | 36,698 | 43,382 | 5,020 | 32,579 | 37,599 |
| **Loans and financing, net of hedge effects** | **1,117,410** | **6,197,565** | **7,314,975** | **459,533** | **5,639,616** | **6,099,149** |

## Changes in loans and financing

| | Parent Company | | | Consolidated | | |
|---|---|---|---|---|---|---|
| | Current | Non-current | Total | Current | Non-current | Total |
| **Balances at 12.31.2018** | **142,536** | **2,840,909** | **2,983,445** | **454,513** | **5,854,915** | **6,309,428** |
| Additions | 548 | 1,127,455 | 1,128,003 | 12,688 | 1,377,323 | 1,390,011 |
| Interest | 73,181 | - | 73,181 | 104,130 | (95) | 104,035 |
| Monetary variations | 884 | 2,056 | 2,940 | (575) | 14,043 | 13,468 |
| Capitalized interest and monetary variations | - | - | - | 106,597 | - | 106,597 |
| Exchange variations | (13,786) | (30,295) | (44,081) | (13,786) | (30,295) | (44,081) |
| Fair value adjustment | - | 123,194 | 123,194 | - | 123,194 | 123,194 |
| Transfers | 841,337 | (841,337) | - | 903,940 | (903,940) | - |
| Payment of principal | (61,221) | - | (61,221) | (254,365) | - | (254,365) |
| Payment of interest | (67,023) | - | (67,023) | (132,835) | - | (132,835) |
| **Balances at 6.30.2019** | **916,456** | **3,221,982** | **4,138,438** | **1,180,307** | **6,435,145** | **7,615,452** |

### c) Main transactions in 2019

### c.1) Financing in domestic currency

**- Release of funds**

In 2019, BNDES released R$808, R$23,830, R$75,864 and R$162,314, net of transaction costs, related to the installments of the financing contracted in 2014, 2015 and 2018 for the modernization of HPP Salto Santiago, expansion of UTE Ferrari and construction of the Pampa Sul Thermal Power Plant and Campo Largo – Phase I Wind Power Complex, respectively.

### c.2) Loans in foreign currency with hedge

On 5.17.2019, the Company contracted three loans from overseas financial institutions - BNP Paribas, HSBC France and Scotiabank – amounting to US$50 million, US$135 million, US$100 million, equivalent to R$197,575, R$533,520 and R$396,100, respectively, and, at the same time, contracted hedge operations (swap) with the Brazilian subsidiary of the same financial institution in which the loan was contracted, to protect all future cash flows. These loans were taken to raise the working capital to finance the implementation of the Company's business plan.

[19] Hedge short position is presented as part of the items "Other current liabilities" and "Other non-current liabilities.

The main conditions were:

| Companies / Banks | Interest | Conditions contracted | |
|---|---|---|---|
| | | Maturity | Principal and interest |
| BNP Paribas | 3.5476% p.a. with swap to 101.85% of CDI (from 5.17.2019 to 5.17.2022) | 5.2022 | Principal: 5.2022 Interest: Semiannual |
| HSBC France | 7.3706% p.a. with swap to 101.72% of CDI (from 5.17.2019 to 5.17.2022) | 5.2022 | Principal: 5.2022 Interest: Semiannual |
| Scotiabank | 3.3600% p.a. with swap to 101.75% of CDI (from 5.17.2019 to 5.17.2022) | 05.2022 | Principal: 5.2022 Interest: Semiannual |

Moreover, the covenants establish that EBITDA/financial expenses ratio be greater than or equal to 2.00 and the gross debt/EBITDA ratio be lesser than or equal to 4.5, both calculated annually.

### d) Maturity of loans and financing under non-current liabilities

| | Parent Company | Consolidated |
|---|---|---|
| July to December 2020 | 357,364 | 486,151 |
| 2021 | 814,712 | 1,067,280 |
| 2022 | 2,035,822 | 2,284,932 |
| 2023 | 14,084 | 265,603 |
| 2024 | - | 254,922 |
| 2025 to 2029 | - | 1,283,058 |
| 2030 to 2034 | - | 688,490 |
| 2035 to 2038 | - | 104,709 |
| **Loans and financing** | **3,221,982** | **6,435,145** |

### e) Contract commitments (covenants)

There were no changes in the financial covenants compared to those presented in Note 16 – Loans and Financing of the financial statements for 12.31.2018, except for information presented in main transactions conducted in 2019. The financial commitments are being entirely fulfilled by the Company and its subsidiaries.

## NOTE 14 – DEBENTURES

### a) Breakdown

| | Parent Company | | | | | |
|---|---|---|---|---|---|---|
| | 6.30.2019 | | | 12.31.2018 | | |
| | Current | Non-current | Total | Current | Non-current | Total |
| EBE – 5th issue | - | 212,260 | 212,260 | - | 206,871 | 206,871 |
| EBE – 6th issue | - | 656,486 | 656,486 | - | 639,256 | 639,256 |
| EBE – 7th issue | - | 754,361 | 754,361 | - | 734,125 | 734,125 |
| EBE – 8th issue | - | 2,496,150 | 2,496,150 | - | - | - |
| Charges | 103,755 | - | 103,755 | 36,882 | - | 36,882 |
| **Debentures** | **103,755** | **4,119,257** | **4,223,012** | **36,882** | **1,580,252** | **1,617,134** |

| | Consolidated | | | | | |
|---|---|---|---|---|---|---|
| | 6.30.2019 | | | 12.31.2018 | | |
| | Current | Non-current | Total | Current | Non-current | Total |
| Debentures | | | | | | |
| EBE – 5th issue | - | 212,260 | 212,260 | - | 206,871 | 206,871 |
| EBE – 6th issue | - | 656,486 | 656,486 | - | 639,256 | 639,256 |
| EBE – 7th issue | - | 754,361 | 754,361 | - | 734,125 | 734,125 |
| EBE – 8th issue | - | 2,496,150 | 2,496,150 | - | - | - |
| Jaguara – 1st issue | 107,613 | 963,535 | 1,071,148 | 104,599 | 1,004,860 | 1,109,459 |
| Miranda – 1st issue | 66,390 | 589,214 | 655,604 | 64,700 | 615,325 | 680,025 |
| Charges | 107,346 | - | 107,346 | 41,070 | - | 41,070 |
| **Debentures** | **281,349** | **5,672,006** | **5,953,355** | **210,369** | **3,200,437** | **3,410,806** |
| Hedge (swap) effects on balance sheet | | | | | | |
| Short (long) position[20] | 5,618 | 18,278 | 23,896 | (3,085) | (8,586) | (11,671) |
| **Debentures, net of hedge effects** | **286,967** | **5,690,284** | **5,977,251** | **207,284** | **3,191,851** | **3,399,135** |

### b) Main transactions in 2019

On 5.17.2019, the Company issued unsecured, non-convertible debentures (8th issue) in a single series, in accordance with CVM Instruction 476/2009, at the unit par value of R$1, totaling R$2,500,000 (R$2,495,972, net of funding costs). The financial settlement was on 5.21.2019.

The main conditions were:

| | | | Payment Conditions | | | |
|---|---|---|---|---|---|---|
| | Number | Remuneration | Charges | Principal | Maturity | Collateral |
| 8th Issue – Single Series | 2,500,000 | 102.5% p.a. on Δ DI Rate | At maturity | At maturity | 11,2020 | No collateral |

Moreover, the covenants establish that the EBITDA/financial expenses ratio be greater than or equal to 2.00 and the gross debt/EBITDA ratio be lesser than or equal to 4.5, both calculated annually.

[20] Hedge short position is presented as part of "Other current liabilities" and "Other non-current liabilities."

## c) Changes in debentures

| | Parent Company | | | Consolidated | | |
|---|---|---|---|---|---|---|
| | Current | Non-current | Total | Current | Non-current | Total |
| **Balances at 12.31.2018** | **36,882** | **1,580,252** | **1,617,134** | **210,369** | **3,200,437** | **3,410,806** |
| New | - | 2,495,972 | 2,495,972 | - | 2,495,972 | 2,495,972 |
| Interest | 67,794 | - | 67,794 | 108,215 | - | 108,215 |
| Monetary variation | 1,465 | 40,647 | 42,112 | 1,872 | 49,722 | 51,594 |
| Capitalized interest and monetary variation | - | - | - | 21,188 | 17,080 | 38,268 |
| Fair value adjustment | - | - | - | (1,015) | (4,319) | (5,334) |
| Transfers | (2,386) | 2,386 | - | 86,886 | (86,886) | - |
| Amortization of principal | - | - | - | (86,803) | - | (86,803) |
| Amortization of interest | - | - | - | (59,363) | - | (59,363) |
| **Balances at 6.30.2019** | **103,755** | **4,119,257** | **4,223,012** | **281,349** | **5,672,006** | **5,953,355** |

## d) Maturities of debentures recorded under non-current liabilities

| | Parent Company | Consolidated |
|---|---|---|
| July to December 2020 | 2,494,465 | 2,593,994 |
| 2021 | 85,413 | 286,500 |
| 2022 | 156,680 | 372,075 |
| 2023 | 157,954 | 386,662 |
| 2024 | 464,427 | 697,813 |
| 2025 to 2028 | 760,318 | 1,334,962 |
| **Debentures** | **4,119,257** | **5,672,006** |

## e) Contractual covenants

There were no changes in the financial covenants compared to those presented in Note 17 – Debentures and Promissory Notes of the financial statements for 12.31.2018, except for those presented in main transactions in 2019. The financial covenants of debentures are being fully met by the Company and its subsidiaries.

## NOTE 15 – LEASE OPERATIONS

On 1.1.2019, the Company recognized a right-of-use asset and lease liability resulting from the adoption of changes in CPC 06 (R2), as mentioned in Note 2 – Presentation of quarterly information.

### a) Right of use

| | | 6.30.2019 | | | | | |
|---|---|---|---|---|---|---|---|
| | | Parent | | | Consolidated | | |
| | Depreciation period | Cost | Depreciation | Net amount | Cost | Depreciation | Net amount |
| Buildings | | | | | | | |
| Headquarters | Up to 2025 | 33,145 | (2,456) | 30,689 | 33,145 | (2,456) | 30,689 |
| ENGIE Solar | Up to 2025 | - | - | - | 2,027 | (71) | 1,956 |
| Land | | | | | | | |
| CLWP – Phase I and II | Up to 2063 | - | - | - | 51,664 | (574) | 51,090 |
| Trairí Wind Power Complex | Up to 2047 | - | - | - | 27,480 | (711) | 26,769 |
| Santo Agostinho Wind Complex | Up to 2040 | - | - | - | 2,777 | (64) | 2,713 |
| Assú Project | Up to 2043 | - | - | - | 4,739 | (97) | 4,642 |
| | | **33,145** | **(2,456)** | **30,689** | **121,832** | **(3,973)** | **117,859** |

The change in right of use is presented below:

| | Parent | Consolidated |
|---|---|---|
| First-time adoption | 33,145 | 119,805 |
| New | - | 2,027 |
| Depreciation | (2,456) | (3,973) |
| **Balances at 6.30. 2019** | **30,689** | **117,859** |

The right of use was measured considering the cost of lease liability plus lease advances made until the date of adoption of CPC 06 (R2), which totaled R$11,306 and R$30,618, in the parent company and consolidated, respectively.

### b) Lease payable

| | Parent | | | Consolidated | | |
|---|---|---|---|---|---|---|
| | Current | Non-current | Total | Current | Non-current | Total |
| First-time adoption | 6,208 | 15,631 | 21,839 | 14,240 | 74,947 | 89,187 |
| New | - | - | - | 2,027 | - | 2,027 |
| Interest | 1,391 | - | 1,391 | 5,638 | - | 5,638 |
| Transfers | 1,848 | (1,848) | - | 1,892 | (1,892) | - |
| Amortizations | (3,239) | - | (3,239) | (9,716) | - | (9,716) |
| **Balances at 6.30. 2019** | **6,208** | **13,783** | **19,991** | **14,081** | **73,055** | **87,136** |

Leases payable were measured at present value of future payment flows. The average discount rates used to calculate the present value were 8.2% and 10.2% for the headquarters building and the land in which the wind farms and photovoltaic solar facilities are established or will be built, respectively, and represent the incremental financing rate.

### c) Maturity schedule of leases payable recognized in non-current liabilities

| | Parent | Consolidated |
|---|---|---|
| July to December 2020 | 2,174 | 4,978 |
| 2021 | 4,076 | 9,279 |
| 2022 | 3,738 | 8,446 |
| 2023 | 3,795 | 7,683 |
| 2024 | - | 4,485 |
| 2025 to 2029 | - | 16,863 |
| 2030 to 2034 | - | 6,818 |
| From 2035 | - | 14,503 |
| **Lease liability** | **13,783** | **73,055** |

## NOTE 16 – CONCESSIONS PAYABLE

### a) Breakdown

| | Parent Company | | Consolidated | |
|---|---|---|---|---|
| | 6.30.2019 | 12.31.2018 | 6.30.2019 | 12.31.2018 |
| Cana Brava Hydroelectric Power Plant | 1,332,856 | 1,226,969 | 1,332,856 | 1,226,969 |
| Ponte de Pedra Hydroelectric Power Plant | 1,104,233 | 1,023,647 | 1,104,233 | 1,023,647 |
| São Salvador Hydroelectric Power Plant | 552,106 | 545,774 | 552,106 | 545,774 |
| Estreito Hydroelectric Power Plant | - | - | 54,883 | 54,079 |
| | **2,989,195** | **2,796,390** | **3,044,078** | **2,850,469** |
| **Classification in the balance sheet** | | | | |
| Current liabilities | 114,821 | 79,051 | 120,961 | 84,931 |
| Non-current liabilities | 2,874,374 | 2,717,339 | 2,923,117 | 2,765,538 |
| | **2,989,195** | **2,796,390** | **3,044,078** | **2,850,469** |

### b) Changes in concessions payable

| | Parent Company | | | Consolidated | | |
|---|---|---|---|---|---|---|
| | Current | Non-current | Total | Current | Non-current | Total |
| **Balances at 12.31.2018** | **79,051** | **2,717,339** | **2,796,390** | **84,931** | **2,765,538** | **2,850,469** |
| Interest | - | 128,668 | 128,668 | - | 131,263 | 131,263 |
| Monetary variations | - | 97,527 | 97,527 | - | 98,888 | 98,888 |
| Transfers | 69,160 | (69,160) | - | 72,572 | (72,572) | - |
| Amortizations | (33,390) | - | (33,390) | (36,542) | - | (36,542) |
| **Balances at 6.30.2019** | **114,821** | **2,874,374** | **2,989,195** | **120,961** | **2,923,117** | **3,044,078** |

### c) Maturities of concessions payable disclosed in non-current liabilities

| | Parent Company | Consolidated |
|---|---|---|
| July to December 2020 | 76,622 | 79,413 |
| 2021 | 171,777 | 176,977 |
| 2022 | 157,834 | 162,561 |
| 2023 | 227,861 | 232,158 |
| 2024 | 319,095 | 323,000 |
| 2025 to 2029 | 1,225,239 | 1,240,043 |
| 2030 to 2034 | 664,280 | 673,468 |
| 2035 to 2037 | 31,666 | 35,497 |
| | **2,874,374** | **2,923,117** |

## NOTE 17 – PROVISIONS

Provisions are recognized by the Company in amounts considered sufficient to settle the respective liabilities, when according to the legal counsels and Management, they involve probable risk of future disbursement.

### a) Breakdown

| | Parent Company | | Consolidated | |
|---|---|---|---|---|
| | 6.30.2019 | 12.31.2018 | 6.30.2019 | 12.31.2018 |
| **Civil** | | | | |
| Expropriations and administrative servitude | 40,243 | 38,421 | 40,243 | 38,421 |
| Environmental | 12,154 | 11,655 | 12,154 | 11,655 |
| Retirement benefits | 2,921 | 2,803 | 2,921 | 2,803 |
| Sundry lawsuits | 16,521 | 15,946 | 23,712 | 23,308 |
| | **71,839** | **68,825** | **79,030** | **76,187** |
| **Labor** | **14,426** | **13,622** | **14,808** | **14,273** |
| **Tax** | **6,664** | **7,070** | **6,996** | **7,400** |
| | **92,929** | **89,517** | **100,834** | **97,860** |
| **Classification in the balance sheet** | | | | |
| Current liabilities | 7,876 | 7,880 | 8,880 | 8,883 |
| Non-current liabilities | 85,053 | 81,637 | 91,954 | 88,977 |
| | **92,929** | **89,517** | **100,834** | **97,860** |

### b) Possible and remote risks

The Company is also a party to lawsuits that, in the opinion of the legal counsels and its Management, do not represent a probable risk of future disbursement, for which reason the amounts related to those lawsuits are not provisioned for.

| | 6.30.2019 | | | 12.31.2018 | | |
|---|---|---|---|---|---|---|
| | Possible risk | Remote risk | Total | Possible risk | Remote risk | Total |
| **Parent Company** | | | | | | |
| Tax and social security | 771,158 | 253,392 | 1,024,550 | 778,965 | 237,990 | 1,016,955 |
| Civil | 81,467 | 88,698 | 170,165 | 77,891 | 86,427 | 164,318 |
| Labor | 14,401 | 134,370 | 148,771 | 13,892 | 138,831 | 152,723 |
| | **867,026** | **476,460** | **1,343,486** | **870,748** | **463,248** | **1,333,996** |
| **Consolidated** | | | | | | |
| Tax and social security | 837,667 | 267,255 | 1,104,922 | 856,780 | 260,570 | 1,117,350 |
| Civil | 96,779 | 88,843 | 185,622 | 93,329 | 86,569 | 179,898 |
| Labor | 16,418 | 154,584 | 171,002 | 16,774 | 157,278 | 174,052 |
| | **950,864** | **510,682** | **1,461,546** | **966,883** | **504,417** | **1,471,300** |

In the first six months of 2019, there were no significant changes in the main lawsuits assessed as carrying possible risk, which are presented in Note 22 – Provisions in the financial statements as at 12.31.2018.

## NOTE 18 – RETIREMENT BENEFITS OBLIGATIONS

### a) Breakdown of obligations with retirement benefits

| | Parent Company and Consolidated | | | | | |
|---|---|---|---|---|---|---|
| | 6.30.2019 | | | 12.31.2018 | | |
| | Current | Non-current | Total | Current | Non-current | Total |
| Contracted obligations | 17,926 | 167,169 | 185,095 | 17,101 | 171,688 | 188,789 |
| Current contributions and service costs | 21 | - | 21 | 18 | - | 18 |
| Uncontracted deficit | 17,423 | 116,519 | 133,942 | 18,250 | 112,077 | 130,327 |
| **Recorded actuarial liability** | **35,370** | **283,688** | **319,058** | **35,369** | **283,765** | **319,134** |

Retirement benefits obligations recognized in the balance sheet are partially covered by contracted obligations and/or obligations acknowledged through an instrument for the acknowledgment of debt and agreement entered into by the Company with respective Foundations.

Contracted amounts presented in non-current liabilities are expected to be settled as follows:

| | ELOS | PREVIG | Total |
|---|---|---|---|
| July to December 2020 | 7,229 | 1,876 | 9,105 |
| 2021 | 15,412 | 3,723 | 19,135 |
| 2022 | 16,316 | 2,278 | 18,594 |
| 2023 | 17,275 | 1,555 | 18,830 |
| 2024 | 14,015 | 241 | 14,256 |
| 2025 to 2028 | 64,715 | - | 64,715 |
| 2029 to 2032 | 22,534 | - | 22,534 |
| | **157,496** | **9,673** | **167,169** |

### b) Changes in actuarial liabilities

| | Plans | | | | |
|---|---|---|---|---|---|
| | ELOS BD | PREVIG BD | PREVIG BSPS[21] | GC[22] | Total |
| **Liabilities registered on 12.31.2018** | **296,685** | **17,800** | **994** | **3,655** | **319,134** |
| Contribution and cost of current service | - | 21 | - | (631) | (610) |
| Payment of contracted liabilities | (11,910) | (1,724) | (167) | - | (13,801) |
| Net interest on net actuarial liabilities/assets | 13,425 | 751 | 39 | 120 | 14,335 |
| **Liabilities registered on 6.30.2019** | **298,200** | **16,848** | **866** | **3,144** | **319,058** |

[21] Paid Supplementary Proportional Benefit.
[22] Confidentiality Bonus.

## NOTE 19 – DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION

Deferred income tax and social contribution assets and liabilities, are presented net, as follows:

### a) Breakdown

| | Parent Company | | | | |
|---|---|---|---|---|---|
| | 6.30.2019 | | | | 12.31.2018 |
| Description of credits | Calculation basis | IR | CSSL | Total | Total |
| **Liabilities:** | | | | | |
| Accelerated depreciation | 774,391 | 193,598 | 69,695 | 263,293 | 239,145 |
| Property, plant and equipment deemed cost (fair value) | 711,421 | 177,855 | 64,028 | 241,883 | 255,443 |
| Unrealized gains on hedge operations | 331,356 | 82,839 | 29,822 | 112,661 | 72,912 |
| Unrealized sale at MAE (currently CCEE) | 107,456 | 26,864 | 9,671 | 36,535 | 36,535 |
| Capitalized financial charges | 63,000 | 15,750 | 5,670 | 21,420 | 21,814 |
| Adjustment to fair value in business combination | 33,609 | 8,402 | 3,025 | 11,427 | 11,801 |
| Other | 8,538 | 2,134 | 769 | 2,903 | 1,803 |
| | | **507,442** | **182,680** | **690,122** | **639,453** |
| **Assets:** | | | | | |
| **Unrealized losses on hedge operations** | 149,900 | 37,475 | 13,491 | 50,966 | - |
| Retirement benefits obligations | 133,197 | 33,299 | 11,988 | 45,287 | 44,311 |
| Provision for asset impairment | 130,412 | 32,603 | 11,737 | 44,340 | 42,692 |
| Estimated losses with doubtful accounts | 129,166 | 32,292 | 11,625 | 43,917 | 43,917 |
| Fair value adjustment in business combinations | 107,732 | 26,933 | 9,696 | 36,629 | 36,406 |
| Civil, tax and labor provisions | 85,029 | 21,257 | 7,653 | 28,910 | 27,749 |
| Interest on property, plant and equipment in progress (RIC) | 34,768 | 8,692 | - | 8,692 | 9,037 |
| Other | 23,200 | 5,800 | 2,087 | 7,887 | 8,587 |
| | | **198,351** | **68,277** | **266,628** | **212,699** |
| **Net total** | | **309,091** | **114,403** | **423,494** | **426,754** |

| | Consolidated | | | | |
|---|---|---|---|---|---|
| | | 6.30.2019 | | | 12.31.2018 |
| Description of credits | Calculation basis | IR | CSSL | Total | Total |
| **Liabilities:** | | | | | |
| Accelerated depreciation | 1,002,288 | 250,572 | 90,206 | 340,778 | 316,630 |
| Property, plant and equipment deemed cost (fair value) | 711,421 | 177,855 | 64,028 | 241,883 | 255,443 |
| Capitalized financial charges | 735,792 | 183,955 | 66,214 | 250,169 | 213,911 |
| Interest on concession financial asset | 576,091 | 144,023 | 51,848 | 195,871 | 132,029 |
| Unrealized gains on hedge operations | 331,356 | 82,839 | 29,822 | 112,661 | 73,003 |
| Amortization of intangible asset on the bonus paid for grant | 138,529 | 34,632 | 12,468 | 47,100 | 32,970 |
| Unrealized sale at MAE (currently CCEE) | 107,456 | 26,864 | 9,671 | 36,535 | 36,535 |
| Revenue from implementation of transmission infrastructure | 82,252 | 20,563 | 7,403 | 27,966 | 15,833 |
| Fair value adjustment in business combinations | 33,609 | 8,402 | 3,025 | 11,427 | 11,801 |
| Unrealized gains on trading operations, net | 9,483 | 2,371 | 853 | 3,224 | 14,685 |
| Other | 58,277 | 14,569 | 5,245 | 19,814 | 2,266 |
| | | **946,645** | **340,783** | **1,287,428** | **1,105,106** |
| **Assets:** | | | | | |
| Revenue from Return of Grant Bonus (RBO) | 446,957 | 111,739 | 40,226 | 151,965 | 107,241 |
| Unrealized losses on hedge operations | 179,867 | 44,967 | 16,188 | 61,155 | - |
| Retirement benefits obligations | 133,197 | 33,299 | 11,988 | 45,287 | 44,311 |
| Estimated losses with doubtful accounts | 131,033 | 32,758 | 11,793 | 44,551 | 44,551 |
| Provision for asset impairment | 130,412 | 32,603 | 11,737 | 44,340 | 42,692 |
| Fair value adjustment in business combinations | 107,732 | 26,933 | 9,696 | 36,629 | 36,406 |
| Civil, tax and labor provisions | 90,475 | 22,619 | 8,143 | 30,762 | 29,566 |
| Tax losses and social contribution tax loss carryforwards | 88,302 | 22,076 | 7,947 | 30,023 | 13,801 |
| Construction costs of transmission line | 80,117 | 20,029 | 7,211 | 27,240 | 15,423 |
| Interest on property, plant and equipment in progress (RIC) | 34,768 | 8,692 | - | 8,692 | 9,037 |
| Fair value adjustment of property, plant and equipment | 29,173 | 7,293 | 2,626 | 9,919 | 10,355 |
| Other | 41,459 | 10,298 | 3,794 | 14,092 | 16,167 |
| | | **373,306** | **131,349** | **504,655** | **369,550** |
| **Net amount** | | **573,339** | **209,434** | **782,773** | **735,556** |
| **Classification in the balance sheet** | | | | | |
| **Liabilities** | | 601,549 | 219,680 | 821,229 | 768,814 |
| **Assets** [23] | | (28,210) | (10,246) | (38,456) | (33,258) |
| **Total** | | **573,339** | **209,434** | **782,773** | **735,556** |

[23] Amount presented under "Other non-current assets"

### b) Change in deferred income tax and social contribution, net

| | Parent Company | Consolidated |
|---|---|---|
| **Balance at 12.31.2018** | **426,754** | **735,556** |
| Taxes deferred in profit or loss | (3,260) | 47,571 |
| Taxes deferred in other comprehensive income | - | (354) |
| **Balance at 6.30.2019** | **423,494** | **782,773** |

### c) Expected realization and required payments

The Company's Management prepares a forecast of future taxable income, considering its discounts at present value, demonstrating its capacity to realize tax credits in the fiscal years specified. Based on the technical study of taxable income forecasts, the Company expects to recover tax credits in the following fiscal years:

| | Parent Company | | Consolidated | |
|---|---|---|---|---|
| | Assets | Liabilities | Assets | Liabilities |
| July to December 2019 | 34,034 | 12,145 | 57,043 | 37,508 |
| 2020 | 15,593 | 57,203 | 36,484 | 83,636 |
| 2021 | 59,013 | 93,003 | 113,487 | 154,004 |
| 2022 | 68,485 | 101,851 | 91,517 | 130,705 |
| 2023 | 10,773 | 47,414 | 28,278 | 74,416 |
| 2024 to 2026 | 24,087 | 137,649 | 53,251 | 222,559 |
| 2027 to 2029 | 31,121 | 109,882 | 53,760 | 185,063 |
| 2030 to 2032 | 20,755 | 76,658 | 36,003 | 143,085 |
| After 2033 | 2,767 | 54,317 | 34,832 | 256,452 |
| | **266,628** | **690,122** | **504,655** | **1,287,428** |

## NOTE 20 – SHAREHOLDERS' EQUITY

### a) Authorized capital stock

The Company is authorized to increase its capital stock up to the limit of R$7,000,000, by resolution of Board of Directors, regardless of any amendment to its bylaws. Under the B3's New Market listing regulations, the Company cannot issue preferred shares or founder shares.

The Company has no treasury shares and did not perform any purchase and sale transactions involving shares of its own issuance in the periods ended 6.30.2019 and 12.31.2018.

### b) Subscribed and paid-in capital

At 6.30.2019 and 12.31.2018, the Company's fully subscribed and paid-in capital was R$4,902,648, represented by 815,927,740 registered common shares without par value.

The book value of the share in Reais, at 6.30.2019, was R$8.81 (R$7.74 for each share at 12.31.2018).

The Company's ownership structure at 6.30.2019 and 12.31.2018 was as follows:

| Shareholders | % of capital |
|---|---|
| ENGIE Brasil Participações Ltda. | 68.71% |
| Banco Clássico S.A. | 10.00% |
| Other shareholders | 21.29% |
| | **100.00%** |

As of 6.30.2019 and 12.31.2018, the Board of Directors, the Board of Executive Officers and the Audit Board held 473,548 Company shares.

### c) Other comprehensive income

The account records variations of the fair value, net of deferred income tax and social contribution, of the following transactions: (i) obligations with the retirement benefits of defined benefit plans sponsored by the Company; and (ii) cash flow hedges of future commitments in foreign currency signed by the Company.

## NOTE 21 – RECONCILIATION OF NET OPERATING REVENUE

The table below presents the reconciliation between gross operating income and net operating revenue reported in the income statement.

| | Parent Company | | | |
|---|---|---|---|---|
| | 2nd Quarter | | First 6 months | |
| | 2019 | 2018 | 2019 | 2018 |
| **Gross operating income** | | | | |
| Electricity distributors | 584,131 | 599,278 | 1,223,087 | 1,226,916 |
| Electricity traders | 501,369 | 584,260 | 1,071,194 | 1,091,207 |
| Free consumers | 102,667 | 69,214 | 196,186 | 137,277 |
| Transactions in the short-term energy market | 1,033 | 108,743 | 197,052 | 242,909 |
| Services rendered | 14,692 | 11,994 | 27,546 | 24,655 |
| Other revenues | 408 | 81,723 | 9,793 | 84,730 |
| | **1,204,300** | **1,455,212** | **2,724,858** | **2,807,694** |
| **Deductions from operating income** | | | | |
| PIS[24] and Cofins[25] | (107,856) | (121,638) | (245,273) | (243,770) |
| Research and development | (8,710) | (8,252) | (18,153) | (16,491) |
| ICMS[26] | (4,961) | (4,378) | (8,404) | (7,258) |
| ISSQN[27] | (734) | (605) | (1,392) | (1,222) |
| | **(122,261)** | **(134,873)** | **(273,222)** | **(268,741)** |
| **Net operating revenue** | **1,082,039** | **1,320,339** | **2,451,636** | **2,538,953** |

[24] Social Integration Program.
[25] Contribution to Social Security Financing.
[26] State Tax on Sales of Goods and Services related to Interstate and Intercity Transport and Communication.
[27] Taxes on services of any nature.

| | Consolidated | | | |
|---|---|---|---|---|
| | 2nd Quarter | | First 6 months | |
| | 2019 | 2018 | 2019 | 2018 |
| **Gross operating income** | | | | |
| Electricity distributors | 834,967 | 723,432 | 1,705,163 | 1,487,576 |
| Electricity traders | 147,766 | 306,443 | 325,209 | 483,053 |
| Free consumers | 867,571 | 823,386 | 1,701,664 | 1,624,357 |
| Transactions in the short-term energy market | 80,340 | 191,743 | 337,751 | 350,482 |
| Trading operations [28] | 295,857 | 87,984 | 550,945 | 133,938 |
| Services rendered | 41,227 | 34,751 | 80,877 | 69,454 |
| Other revenues | 27,065 | 81,897 | 53,383 | 84,890 |
| | **2,294,793** | **2,249,636** | **4,754,992** | **4,233,750** |
| **Deductions from operating income** | | | | |
| PIS and Cofins | (213,570) | (203,087) | (435,514) | (387,722) |
| Research and development | (10,537) | (11,757) | (21,205) | (23,699) |
| ICMS | (5,466) | (4,378) | (9,442) | (7,259) |
| ISSQN | (738) | (605) | (1,396) | (1,222) |
| | **(230,311)** | **(219,827)** | **(467,557)** | **(419,902)** |
| **Other** | | | | |
| Interest on concession financial asset | 91,968 | 105,163 | 192,122 | 189,977 |
| Revenue from construction of transmission infrastructure | 20,029 | - | 35,681 | - |
| | **111,997** | **105,163** | **227,803** | 189,977 |
| **Net operating revenue** | **2,176,479** | **2,134,972** | **4,515,238** | **4,003,825** |

## NOTE 22 – DETAIL OF OPERATING EXPENSES BY NATURE

| | Parent Company | | | |
|---|---|---|---|---|
| | 2nd Quarter | | First 6 months | |
| | 2019 | 2018 | 2019 | 2018 |
| **Energy purchase** | | | | |
| Energy purchase for portfolio management | 251,426 | 300,471 | 563,234 | 592,978 |
| **Transactions in the short-term energy market** | | | | |
| Short-term purchases | 21,121 | 7,383 | 27,503 | 35,266 |
| | **272,547** | **307,854** | **590,737** | **628,244** |

| | Consolidated | | | |
|---|---|---|---|---|
| | 2nd Quarter | | First 6 months | |
| | 2019 | 2018 | 2019 | 2018 |
| **Energy purchase** | | | | |
| Energy purchase for portfolio management | 370,948 | 458,442 | 702,513 | 845,006 |
| Trading operations | 268,916 | 77,223 | 519,369 | 120,341 |
| | **639,864** | **535,665** | **1,221,882** | **965,347** |
| **Transactions in the short-term energy market** | | | | |
| Short-term purchases | 49,536 | 17,830 | 176,192 | 76,513 |
| Trading operations | - | 1,574 | 6,656 | 1,574 |
| | **49,536** | **19,404** | **182,848** | **78,087** |

[28] Energy trading operations had an impact on gross operating income of R$550,945 in 1H19, of which R$545,876 refers to sales and R$5,069 to transactions in the short-term energy market. The impact in 2Q19 was R$295,857, of which R$290,788 refers to sales and R$5,069 to transactions in the short-term energy market.

Energy trading operations affected energy purchase costs by R$519,369 in the first half of 2019, of which R$485,664 refer to purchases made and R$33,705 to unrealized losses resulting from the mark-to-market adjustment of outstanding trading operations.

In the quarter ended 6.30.2019, energy purchase costs resulting from trading operations were R$268,916, of which R$261,827 refers to purchases and R$7,089 to unrealized losses due to mark to market of outstanding trading operations.

**a) Costs of electricity production and services rendered:**

| | Parent Company | | | |
|---|---|---|---|---|
| | 2nd Quarter | | First 6 months | |
| | 2019 | 2018 | 2019 | 2018 |
| Depreciation and amortization | 69,611 | 70,331 | 139,020 | 139,614 |
| Personnel | 32,494 | 27,367 | 62,286 | 55,062 |
| Royalties[29] | 22,342 | 18,499 | 52,386 | 45,268 |
| Third party materials and services | 13,358 | 15,145 | 24,779 | 29,210 |
| Fuels | - | 18,030 | - | 18,131 |
| (Reversal) Recording of provisions for operations, net | (3,182) | 12,047 | (3,138) | 12,243 |
| Other | 14,713 | 12,130 | 29,984 | 24,474 |
| | **149,336** | **173,549** | **305,317** | **324,002** |
| **Classification in profit or loss** | | | | |
| Electricity generation cost | 142,048 | 167,484 | 291,771 | 312,016 |
| Costs of services | 7,288 | 6,065 | 13,546 | 11,986 |
| | **149,336** | **173,549** | **305,317** | **324,002** |

| | Consolidated | | | |
|---|---|---|---|---|
| | 2nd Quarter | | First 6 months | |
| | 2019 | 2018 | 2019 | 2018 |
| Depreciation and amortization | 199,452 | 154,286 | 386,644 | 321,006 |
| Personnel | 65,050 | 55,054 | 123,581 | 105,356 |
| Third party materials and services | 59,812 | 53,652 | 117,138 | 103,342 |
| Royalties | 27,489 | 20,716 | 65,521 | 55,095 |
| Fuels | 19,182 | 38,129 | 39,448 | 60,449 |
| Transmission line construction cost | 19,504 | - | 34,755 | - |
| (Reversal) Recording of provisions for operations, net | (3,176) | 11,629 | (2,909) | 11,663 |
| Other | 44,201 | 22,837 | 85,876 | 42,958 |
| | **431,514** | **356,303** | **850,054** | **699,869** |
| **Classification in profit or loss** | | | | |
| Operating costs | 424,206 | 350,227 | 836,480 | 687,859 |
| Costs of services | 7,308 | 6,076 | 13,574 | 12,010 |
| | **431,514** | **356,303** | **850,054** | **699,869** |

[29] Financial compensation for the use of water resources.

## b) Selling, general and administrative expenses

| | Parent Company | | | |
|---|---|---|---|---|
| | 2nd Quarter | | First 6 months | |
| | 2019 | 2018 | 2019 | 2018 |
| Personnel and Management | 29,297 | 26,679 | 59,674 | 50,113 |
| Third party materials and services | 14,666 | 12,841 | 27,003 | 24,557 |
| Depreciation and amortization | 3,756 | 2,755 | 7,547 | 5,088 |
| Contributions and donations | 2,158 | 1,301 | 4,007 | 3,156 |
| Pension funds | 1,527 | 1,664 | 3,905 | 3,323 |
| Other | 1,202 | 3,035 | 3,712 | 7,330 |
| | **52,606** | **48,275** | **105,848** | **93,567** |
| **Classification in profit or loss** | | | | |
| Selling expenses | 4,261 | 3,281 | 7,563 | 5,942 |
| General and administrative expenses | 48,345 | 44,994 | 98,285 | 87,625 |
| | **52,606** | **48,275** | **105,848** | **93,567** |

| | Consolidated | | | |
|---|---|---|---|---|
| | 2nd Quarter | | First 6 months | |
| | 2019 | 2018 | 2019 | 2018 |
| Personnel and Management | 30,213 | 26,987 | 62,327 | 50,629 |
| Third party materials and services | 16,100 | 13,735 | 30,546 | 26,026 |
| Depreciation and amortization | 4,075 | 2,763 | 8,110 | 5,104 |
| Contributions and donations | 3,149 | 2,021 | 5,923 | 4,583 |
| Pension funds | 1,527 | 1,664 | 3,905 | 3,323 |
| Other | 2,705 | 3,367 | 6,073 | 8,606 |
| | **57,769** | **50,537** | **116,884** | **98,271** |
| **Classification in profit or loss** | | | | |
| Selling expenses | 5,754 | 4,329 | 10,518 | 8,192 |
| General and administrative expenses | 52,015 | 46,208 | 106,366 | 90,079 |
| | **57,769** | **50,537** | **116,884** | **98,271** |

## NOTE 23 – FINANCIAL RESULT

| | Parent Company | | | |
|---|---|---|---|---|
| | 2nd Quarter | | First 6 months | |
| | 2019 | 2018 | 2019 | 2018 |
| **Financial income** | | | | |
| Income from marketable securities | 14,667 | 9,347 | 24,920 | 14,545 |
| Interest on receivables | 6,862 | 2,485 | 8,870 | 4,421 |
| Monetary variation on judicial deposits | 1,217 | 504 | 2,255 | 1,049 |
| Income from restricted deposits | 140 | 130 | 276 | 324 |
| Other financial income | 5 | 334 | 29 | 603 |
| | **22,891** | **12,800** | **36,350** | **20,942** |
| **Financial expenses** | | | | |
| Interest and monetary variation on | | | | |
| Concessions payable | 119,392 | 137,971 | 226,195 | 227,868 |
| Debentures | 65,219 | 20,330 | 109,906 | 42,522 |
| Loans and financing | 42,131 | 29,594 | 76,121 | 53,110 |
| Fair value hedge on loans | 20,112 | 15,725 | 33,287 | 32,374 |
| Retirement benefit obligations | 7,167 | 6,966 | 14,335 | 13,933 |
| Provisions | 2,284 | 1,335 | 3,890 | 2,768 |
| Interest on leases | 686 | - | 1,391 | - |
| Other | 789 | 61 | 845 | 1,652 |
| Exchange variation on | | | | |
| Loans | 30,369 | 304,227 | 44,081 | 310,704 |
| Fair value hedge on loans | (30,369) | (304,227) | (44,081) | (310,704) |
| Fair value adjustment | (28,403) | (10,696) | (29,228) | (12,772) |
| Other financial expenses | 2,450 | 1,926 | 5,421 | 3,511 |
| | **231,827** | **203,212** | **442,163** | **364,966** |
| **Financial expenses, net** | **208,936** | **190,412** | **405,813** | **344,024** |

| | Consolidated | | | |
|---|---|---|---|---|
| | 2nd Quarter | | First 6 months | |
| | 2019 | 2018 | 2019 | 2018 |
| **Financial income** | | | | |
| Income from marketable securities | 25,148 | 20,780 | 44,509 | 36,279 |
| Interest on receivables | 11,147 | 3,924 | 14,126 | 7,987 |
| Monetary variation on judicial deposits | 1,239 | 522 | 2,296 | 1,085 |
| Income from restricted deposits | 3,990 | 3,427 | 7,628 | 7,047 |
| Other financial income | 136 | 2,140 | 211 | 3,243 |
| | **41,660** | **30,793** | **68,770** | **55,641** |
| **Financial expenses** | | | | |
| Interest and monetary variation on | | | | |
| Concessions payable | 121,378 | 140,250 | 230,151 | 231,879 |
| Debentures and promissory notes | 108,390 | 48,420 | 159,809 | 89,719 |
| Loans and financing | 67,967 | 10,697 | 117,503 | 31,522 |
| Fair value hedge on loans | 32,248 | 15,725 | 43,438 | 32,374 |
| Retirement benefit obligations | 7,167 | 6,966 | 14,335 | 13,933 |
| Provisions | 2,405 | 1,399 | 3,794 | 2,916 |
| Leases | 2,810 | - | 5,638 | - |
| Other | 3,388 | 533 | 5,511 | 2,431 |
| Exchange variation on | | | | |
| Loans | 30,369 | 304,227 | 44,081 | 310,704 |
| Fair value hedge on loans and debentures | (30,369) | (304,227) | (44,081) | (310,704) |
| Fair value adjustment | (18,278) | (10,696) | (15,637) | (12,772) |
| Other financial expenses | 4,457 | 3,234 | 8,623 | 6,276 |
| | **331,932** | **216,528** | **573,165** | **398,278** |
| **Financial expenses, net** | **290,272** | **185,735** | **504,395** | **342,637** |

# NOTE 24 – RECONCILIATION OF INCOME TAXES , IN THE INCOME STATEMENT

| | Parent Company | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2nd Quarter | | | | First 6 months | | | |
| | 2019 | | 2018 | | 2019 | | 2018 | |
| | Income Tax | Social Contribution | Income Tax | Social Contribution | Income Tax | Social Contribution | Income Tax | Social Contribution |
| **Income before taxes** | **482,424** | **482,424** | **751,774** | **751,774** | **1,227,513** | **1,227,513** | **1,390,952** | **1,390,952** |
| Standard rates | 25% | 9% | 25% | 9% | 25% | 9% | 25% | 9% |
| **Tax expense at standard rates** | **(120,606)** | **(43,418)** | **(187,944)** | **(67,660)** | **(306,878)** | **(110,476)** | **(347,738)** | **(125,186)** |
| **Permanent differences** | | | | | | | | |
| Equity in net income of subsidiaries | 40,960 | 14,745 | 63,131 | 22,727 | 87,088 | 31,352 | 105,545 | 37,996 |
| Tax incentives | 4,171 | - | 7,309 | - | 20,926 | - | 17,605 | - |
| Other | 6,176 | 664 | (267) | (97) | 231 | 544 | (960) | (203) |
| | **(69,299)** | **(28,009)** | **(117,771)** | **(45,030)** | **(198,633)** | **(78,580)** | **(225,548)** | **(87,393)** |
| **Breakdown of taxes in the income statement** | | | | | | | | |
| Current | (72,632) | (29,267) | (42,773) | (18,097) | (200,939) | (79,534) | (137,874) | (58,065) |
| Deferred | 3,333 | 1,258 | (74,998) | (26,933) | 2,306 | 954 | (87,674) | (29,328) |
| | **(69,299)** | **(28,009)** | **(117,771)** | **(45,030)** | **(198,633)** | **(78,580)** | **(225,548)** | **(87,393)** |
| **Effective rate** | **14.4%** | **5.8%** | **15.7%** | **6.0%** | **16.2%** | **6.4%** | **16.2%** | **6.3%** |

| | Consolidated | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2nd Quarter | | | | First 6 months | | | |
| | 2019 | | 2018 | | 2019 | | 2018 | |
| | Income Tax | Social Contribution | Income Tax | Social Contribution | Income Tax | Social Contribution | Income Tax | Social Contribution |
| **Income before taxes** | **558,151** | **558,151** | **853,563** | **853,563** | **1,360,669** | **1,360,669** | **1,572,237** | **1,572,237** |
| Standard rates | 25% | 9% | 25% | 9% | 25% | 9% | 25% | 9% |
| **Tax expense at standard rates** | **(139,538)** | **(50,234)** | **(213,391)** | **(76,821)** | **(340,167)** | **(122,460)** | **(393,059)** | **(141,501)** |
| **Permanent differences** | | | | | | | | |
| Equity in net income of subsidiaries | (6,702) | (2,413) | - | - | (6,702) | (2,413) | - | - |
| Tax incentives | 10,456 | - | 13,814 | - | 34,644 | - | 25,809 | - |
| Variation between the calculation base of taxable and presumptive profit tax regimes | 7,932 | 2,954 | 9,213 | 2,980 | 20,632 | 7,153 | 13,990 | 4,318 |
| Other | 4,958 | (196) | (118) | (81) | (673) | 175 | (2,464) | (836) |
| | **(122,894)** | **(49,889)** | **(190,482)** | **(73,922)** | **(292,266)** | **(117,545)** | **(355,724)** | **(138,019)** |
| **Breakdown of taxes in the income statement** | | | | | | | | |
| Current | (108,740) | (44,833) | (82,875) | (35,251) | (257,209) | (105,031) | (208,860) | (87,385) |
| Deferred | (14,154) | (5,056) | (107,607) | (38,671) | (35,057) | (12,514) | (146,864) | (50,634) |
| | **(122,894)** | **(49,889)** | **(190,482)** | **(73,922)** | **(292,266)** | **(117,545)** | **(355,724)** | **(138,019)** |
| **Effective rate** | **22.0%** | **8.9%** | **22.3%** | **8.7%** | **21.5%** | **8.6%** | **22.6%** | **8.8%** |

## NOTE 25 – TRANSACTIONS WITH RELATED PARTIES

The Company has related-party transactions that are described in more details in Note 31 – Transactions with Related Parties in the financial statements as at 12.31.2018. The main transactions are:

- Purchase and sale of energy;

- Operation and maintenance;

- Administrative services;

- Guarantees;

- Accommodations and suretyships; and

- Loan between Ibitiúva and Andrade Açúcar e Álcool S.A.

There was no significant change in related-party transactions in the first half of 2019.

### a) Amounts recognized in balance sheet accounts – Parent Company

| | ASSETS | | | LIABILITIES | | |
|---|---|---|---|---|---|---|
| | Accounts receivable | | | Supplier | | IOE[30] |
| | Energy | Services and other | Dividends | Energy | Other | Dividends |
| **6.30.2019** | | | | | | |
| EBC[31] | 152,532 | - | - | 3,677 | 39 | - |
| Jaguara[32] | 19,801 | 637 | 152,519 | - | - | - |
| ECP and subsidiaries | 3,366 | 16,151 | 5,834 | - | - | - |
| Diamante | - | - | - | 28,443 | - | - |
| Itasa | - | 1,729 | - | 9,455 | - | - |
| Miranda | - | 494 | 98,069 | 4,525 | - | - |
| ENGIE Participações | - | 168 | - | - | - | 501,217 |
| Other | 3,489 | 4,155 | - | 1,563 | 174 | - |
| **Total** | **179,188** | **23,334** | **256,422** | **47,663** | **213** | **501,217** |
| **12.31.2018** | **182,908** | **46,175** | **61,468** | **320,457** | **529** | **1,467,847** |

[30] Interest on equity.
[31] Of the accounts receivable from energy, R$7,493 refer to advances to related party arising from energy purchase agreement.
[32] Accounts receivable from energy refer to advances to related party arising from energy purchase agreement.

## b) Amounts recognized in the income statement – Parent Company

| | Revenue | | | Cost | Expense |
|---|---|---|---|---|---|
| | Sale of energy | O&M Services | Administrative services | Energy purchase | Third party services |
| **2nd quarter of 2019** | | | | | |
| EBC | 418,601 | - | 102 | 5,640 | - |
| Miranda | 9,809 | - | - | 25,134 | - |
| ECP subsidiaries | (1,402) | - | 1,018 | - | - |
| Pampa Sul | - | - | 102 | - | - |
| Diamante | (859) | - | 102 | 93,261 | - |
| Jaguara | 1,478 | - | - | 26,295 | - |
| Ceste | - | 6,097 | - | - | - |
| Itasa | - | 4,894 | - | 26,026 | - |
| CEE | - | - | 102 | - | - |
| ESBR[33] | - | - | - | 3,732 | - |
| Other | (190) | - | 1,177 | - | 788 |
| **Total** | **427,437** | **10,991** | **2,603** | **180,088** | **788** |
| **2nd quarter of 2018** | **550,400** | **9,492** | **1,538** | **227,693** | **330** |

| | Revenue | | | Cost | Expense |
|---|---|---|---|---|---|
| | Sale of energy | O&M Services | Administrative services | Energy purchase | Third party services |
| **First 6 months of 2019** | | | | | |
| EBC | 894,966 | - | 204 | 16,175 | - |
| Miranda | 24,330 | - | - | 57,447 | - |
| ECP subsidiaries | 11,444 | - | 2,041 | 21,424 | - |
| Pampa Sul | 9,949 | - | 204 | 7,082 | - |
| Diamante | 8,431 | - | 204 | 207,665 | - |
| Jaguara | 1,568 | - | - | 52,403 | - |
| Ceste | - | 11,210 | - | - | - |
| Itasa | - | 9,351 | - | 53,418 | - |
| CEE | - | - | 204 | - | - |
| ESBR | - | - | - | 6,878 | - |
| Other | 3,166 | - | 2,054 | - | 1,578 |
| **Total** | **953,854** | **20,561** | **4,911** | **422,492** | **1,578** |
| **First 6 months of 2018** | **1,022,611** | **19,529** | **3,139** | **441,891** | **644** |

## c) Remuneration of key management personnel

The remuneration of key Management personnel, composed of Statutory Executive Board, Board of Directors and Fiscal Council, was approved at the Annual and Extraordinary Shareholders' Meeting held on 4.26.2019, and is presented below:

| | 2nd Quarter | | First 6 months | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| Fixed compensation | 2,253 | 2,214 | 4,512 | 4,671 |
| Variable compensation | (1,359) | 1,807 | 1,509 | 3,799 |
| Payroll charges | 663 | 523 | 1,313 | 1,150 |
| Other | 485 | 571 | 763 | 861 |
| | **2,042** | **5,115** | **8,097** | **10,481** |

[33] Energia Sustentável do Brasil S.A.

In 2Q19, the Company reverted provisions for Management bonus at amounts higher that those realized in the period.

## NOTE 26 – INSURANCE

### a) Operating and lost profit risks

The Company is part of the Property Damage and Business Interruption (PDBI) insurance program of its parent company ENGIE. This insurance is valid until 5.31.2020 and the risk coverage amount is R$14,068,816 in the parent company and R$30,609,112 in the consolidated statements, namely:

| | Parent Company | | Consolidated | |
|---|---|---|---|---|
| Type of plant | Material damages | Loss of profit | Material damages | Loss of profit |
| Hydroelectric power plants | 10,196,817 | 3,821,654 | 14,773,163 | 4,337,046 |
| Thermal power plants | - | - | 3,138,883 | 1,353,346 |
| Complementary plants (wind, solar, biomass and SHPP) | 49,291 | 1,054 | 5,535,401 | 1,471,273 |
| | **10,246,108** | **3,822,708** | **23,447,447** | **7,161,665** |

The maximum combined limit of indemnification for material damages and loss of profits is R$2,659,800 per event.

Umburanas Wind Power Complex – Phase I is not include in this program, therefore it has an individual policy, whose coverage is R$1,663,000 and valid until 12.31.2019.

### b) Engineering risks

The Pampa Sul Thermal Power Plant project has engineering risk coverage of R$1,830,000. Coverage for civil liability amounts to R$190,000.

The insurance for Gralha Azul Energy Transmission Line and Campo Largo – Phase II Wind Power Complex projects are under contracting process.

### c) Other coverages

The Company has insurance to cover national and international transportation risks, civil liability of the directors, officers and management, political violence and terrorism extended to its subsidiaries, as well as group life insurance for its employees and officers.

### d) Accidents

In April 2018, there was an accident at a generation unit of the Jaguara Hydroelectric Power Plant, causing long-term loss of profits and material damages. The unit was shut down until December 2018. The reserve recorded by regulatory agency for damages and loss of profits is R$37 million. In March 2019, the Company received R$24 million related to loss of profits. The recognition of this amount in profit or loss occurs simultaneously with the effects from the loss of revenue resulting from the accident.

## NOTE 27 – LONG-TERM COMMITMENTS

The Company has long-term agreements that are described in Note 33 – Long-term commitments in the financial statements as of 12.31.2018.

The Company's main long-term commitments are:

- Power grid connection agreement;

- Transmission and Distribution System Use Agreement (CUST and CUSD);

- Operation and maintenance agreements;

- Bilateral power purchase and sale agreements;

- Plant modernization agreements;

- Ongoing construction agreements; and

- Renegotiation of hydrological risk.

In the first quarter of 2019, the Company, through its indirect subsidiaries in the Campo Largo Wind Power Complex – Phase II, signed a long-term agreement to supply 86 wind turbines, related to the construction of the Complex, whose future commitments at 6.30.2019 totaled R$1,011,919. The Company estimates that this amount will be realized in 2020 and 2021, at R$960,489 and R$51,430, respectively. The Company is in the final phase of negotiations with suppliers for construction and electromechanical works. The operational startup of the Complex is scheduled for early 2021.

Apart from this agreement, there was no significant change in the long-term commitments in the first half of 2019.

## NOTE 28 – ADDITIONAL CASH FLOW INFORMATION

The following complementary cash low transactions were as follows:

| | Parent Company | | Consolidated | |
|---|---|---|---|---|
| | 6.30.2019 | 6.30.2018 | 6.30.2019 | 6.30.2018 |
| Dividends from subsidiaries | 424,279 | 299,844 | - | - |
| Income tax and social contribution offset | 6,790 | 5,948 | 11,243 | 10,870 |
| Offset of suppliers with capital reduction and dividends from subsidiaries | 193,462 | - | - | - |
| Capitalized interest and monetary variation | - | - | 144,865 | 123,686 |
| Capital increase in subsidiary through inventories and property, plant and equipment | - | (562,431) | - | - |
| Acquisition of non-current asset held for sale | - | (48,038) | - | (48,038) |
| Transfer of property, plant and equipment to other non-current assets | (2,926) | - | (2,926) | - |
| Estimate for future disbursements for investment in property, plant and equipment | (2,496) | (30,068) | 25,343 | (26,756) |
| Suppliers of fixed and intangible assets | (424) | (4,939) | (6,476) | 10,612 |

## NOTE 29 – SUBSEQUENT EVENTS

**Issue of the 9th debentures of the Company**

As disclosed in the 7.30.2019 version of the "Preliminary Prospectus of Public Distribution of Unsecured, Non-convertible Debentures, in up to Four (4) Series, of the Ninth (9th) Issue of Engie Brasil Energia S.A.," made available in the CVM and on the Company's website, on 7.15.2019, the Company conducted the 9th issue of unsecured, non-convertible debentures for public distribution, in accordance with CVM Instruction 400, of 12.29.2003, with unit par value of R$1.0 thousand, totaling R$1.6 billion. The issue is composed of four series of seven years for debentures of the first and third series and ten years for the second and fourth series. Also, the following remunerations were established through the book building process: on restated unit par value, fixed compensatory interest will be charged of (i) 3.70% p.a. for first-series debentures; (ii) 3.90% p.a. for second-series debentures; (iii) 3.60% p.a. for third-series debentures; and (iv) 3.70% p.a. for fourth-series debentures; Pursuant to the Preliminary Prospectus, the financial settlement is expected to occur on 8.7.2019.

**ACCOUNTING DEPARTMENT**

Marcelo Cardoso Malta
Accounting Department Manager
Accountant - CRC RJ 072259/O-5 T-SC

## Comments on Business Projections

Identification of projections

***a. Purpose of projection***

Investments in equity interest, maintenance, revitalization and expansion of the generation facilities.

The Company's investment statements segregate values in two groups:

• Investments financed with own capital, including acquisitions, and

• Investments financed with debts, including debts assumed in the acquisitions.

Both projection models are included in item "d" below.

The projections made are estimates deemed reasonable by the Company, which usually depend on future events, thus cannot be regarded as a promise to perform by the Company and its managers.

***b. Period projected and projection term***

ENGIE Brasil Energia quarterly discloses to the market its investment projections for the current year and the two subsequent years, valid until its realization or replacement by another projection.

***c. Prospect assumptions, indicating which ones can be influenced by the Company's management***

The Company's projections for investment are mainly based on the following assumptions:

• Schedule for maintenance of the generating units;

• Diagnosis of equipment;

• Regulatory obligations; and

• Strategic initiatives.

The amounts informed, projected and actual, do not consider interest on construction (interest on loan capital).

The Management can influence all assumptions, except for the regulatory obligations that are beyond its control.

In case of a significant change in the foregoing assumptions, the projections can be reviewed.

### *d. Value of the indicators that are the subject matter of the projection*

The estimated and actual amounts for the quarter ended 6.30.2019 are presented below. These amounts are expressed in millions of Brazilian real and do not include interest on financing that were capitalized during the construction of the plants.

**d.1 Second quarter of 2019**

**Estimate for the years 2019, 2020 and 2021, announced in the first quarter of 2019:**

| Description \ Projection period | 2019 | 2020 | 2021 |
|---|---|---|---|
| Financed with debt | 6,400 | 1,342 | 225 |
| Financed with own capital[1] | (863) | 1,283 | 755 |
| **Total** | **5,537** | **2,625** | **980** |

**Estimate for the years 2019, 2020 and 2021, announced in the second quarter of 2019:**

| Description \ Projection period | 2019 | 2020 | 2021 |
|---|---|---|---|
| Financed with debt | 6,390 | 1,342 | 225 |
| Financed with own capital[1] | (826) | 1,283 | 755 |
| **Total** | **5,564** | **2,625** | **980** |

**Changes in the estimates informed for the years 2019, 2020 and 2021 between the first and second quarters of 2019:**

| Description \ Projection period | 2019 | 2020 | 2021 |
|---|---|---|---|
| Financed with debt | (10) | - | - |
| Financed with own capital | 37 | - | - |
| **Total** | **27** | **-** | **-** |

**Analysis of material changes:**

Changes in relation to the last reporting period were largely due to the difference of estimate related to the acquisition of ownership interest in Aliança Transportadora de Gás S.A, which acquired 90% ownership interest in Transportadora Associada de Gás S.A.

The updated forecasts mainly refer to:

- 2019: the acquisition of ownership interest in Aliança Transportadora de Gás S.A., the completion of the Pampa Sul Thermal Power Plant and Umburanas – Phase I, the construction of the Campo Largo –Phase II Wind Power Complex and the Gralha Azul Energy Transmission Line, the modernization of Salto Osório HPP and the maintenance of the Company's generation park;

- 2020: the construction of Campo Largo – Phase II Wind Power Complex and Gralha Azul Energy Transmission Line, the modernization of Salto Osório HPP and the maintenance of the Company's generation park;

[1] The negative amounts presented under "Financed with own capital" refer to the reimbursement using third-party funds of the own capital initially invested, due to a change in the schedule of release of financing facilities.

- 2021: the construction of the Gralha Azul Energy Transmission Line project and the maintenance of the Company's generation park.

**Investments made until the 2nd quarter of 2019:**

In 1H19, the Company invested R$4,528,4 million, of which (i) R$3,443.1 million refer to the acquisition of ownership interest in Aliança Transportadora de Gás S.A, acquirer of 90% of ownership interest in Transportadora Associada de Gás S.A.; (ii) R$1,011.3 million was invested in the construction of new projects: R$392.2 million was invested in the construction of Pampa Sul Thermal Power Plant, R$375.7 million in Umburanas Wind Power Complex – Phase I, R$123.4 used in Campo Largo Wind Power Complex – Phase II, R$80.0 million in Campo Largo Wind Power Complex - Phase I and R$40.0 million in Gralha Azul Energy Transmission Line; (iii) R$99 million was allocated to maintenance and renovation projects of the generation facilities; and (iv) R$18.0 million was allocated for modernization of Salto Santiago and Salto Osório Hydroelectric Power Plants.

# Other Relevant Information

## Other Relevant Information

There is no other information considered relevant by the Company.

# Opinions and Statements / Special Review Report - Unqualified

To the Shareholders and Managers of

Engie Brasil Energia S.A.

Florianópolis - SC

Introduction

We have reviewed the interim, separate and consolidated financial information of Engie Brasil Energia S.A. (“Company”), identified as Parent Company and Consolidated, respectively, contained in the Quarterly Information – ITR Form for the quarter ended June 30, 2019, which comprise the balance sheet as of June 30, 2019 and the related statements of income, comprehensive income for the three- and six- month periods then ended, changes in shareholders' equity and cash flows for the six-month period then ended, including other explanatory notes.

The Management of the Company is responsible for the preparation of the parent company and consolidated interim financial information in accordance with technical pronouncement CPC 21 (R1) – Interim Financial Statements and with international standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB, as well as for the presentation of this information in a manner consistent with the standards issued by the Securities Commission of Brazil - CVM, applicable to the preparation of the Quarterly Information - ITR. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with the Brazilian and international review standards for interim information (NBC TR 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists in asking questions, chiefly to the persons in charge of financial and accounting affairs, and in applying analytical procedures and other review procedures. The scope of a review is significantly lower than that of an audit held in accordance with auditing rules, and as a result we were unable to ascertain whether we became aware of all the significant matters likely to be detected in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, we are not aware of any facts that would lead us to believe that the parent company interim financial information included in the quarterly information referred to above was not prepared, in all material respects, in accordance with the technical pronouncement CPC 21 (R1) and international standard IAS 34 applicable to the preparation of Quarterly Information - ITR, and presented in a manner consistent with the standards issued by the CVM.

Other matters

Value added statement

We also reviewed the parent company and consolidated value-added statements (SVA) for the six-month period ended on June 30, 2019, prepared by the Company's Management, whose presentation in the interim financial information is required according to the standards issued by the CVM, applicable to the preparation of Quarterly Information - ITR and considered supplementary information by the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), which do not require the presentation of the SVA. These statements were subjected to the review procedures previously described and, based on our review, we are not aware of any other event that make us believe that those were not prepared, in all material respects, consistent with the parent company and consolidated interim financial information taken as a whole.

Joinville, August 6, 2019

DELOITTE TOUCHE TOHMATSU
Independent Auditors
CRC n.º 2 SP-011.609/O-8 F-SC

Fernando de Souza Leite
Accountant
CRC n.º 1 PR-050.422/O-3

# Opinions and Statements/Statement of the Executive Officers on the Financial Statements

STATEMENT OF THE EXECUTIVE OFFICERS OF THE COMPANY

The Company's management declares that it has examined, discussed and reviewed all information contained in the Company's Financial Statements (parent company and consolidated) and also, agrees with the opinion of the independent auditors of the Company, Deloitte Touche Tohmatsu Auditores Independentes as presented in the Special Review Report of the Independent Auditors.

Eduardo Antonio Gori Sattamini

Chief Executive and Investor Relations Officer

Gabriel Mann dos Santos

Chief Commercialization Officer

Gustavo Henrique Labanca Novo

Chief Business Development, Strategy and Innovation Officer

José Luiz Jansson Laydner

Chief Generation Officer

Edson Luiz da Silva

Chief Regulation and Market Officer

Júlio César Lunardi

Chief Administrative Officer

Florianópolis, August 6, 2019

# Opinions and Statements / Statement of the Executive Officers on the Independent Auditors' Report

STATEMENT OF THE EXECUTIVE OFFICERS OF THE COMPANY

The Company's management declares that it has examined, discussed and reviewed all information contained in the Company's Financial Statements (parent company and consolidated) and also, agrees with the opinion of the independent auditors of the Company, Deloitte Touche Tohmatsu Auditores Independentes as presented in the Special Review Report of the Independent Auditors.

Eduardo Antonio Gori Sattamini

Chief Executive and Investor Relations Officer

Gabriel Mann dos Santos

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Chief Business Development, Strategy and Innovation Officer

José Luiz Jansson Laydner

Chief Generation Officer

Edson Luiz da Silva

Chief Regulation and Market Officer

Júlio César Lunardi

Chief Administrative Officer

Florianópolis, August 6, 2019