

ENGIE Brasil Energia reports 1Q17 net income of R$ 450.7 million, a growth of 29.8%

The Santa Mônica Wind Complex goes into full commercial operations

Florianópolis, Brazil, April 25, 2017. ENGIE Brasil Energia S.A. ("ENGIE Brasil Energia", "EBE" or "Company") – BM&FBOVESPA: EGIE3, ADR: EGIEY - announces earnings for the first quarter ending March 31, 2017 (1Q17). The information in this release is shown on a consolidated basis and in accordance with Brazilian accounting principles and practices. The values are expressed in Brazilian Reais (R$), except where otherwise indicated.

Highlights

- ✓ ENGIE Brasil Energia reported net income of R$ 450.7 million in 1Q17 (R$ 0.6905/share), 29.8% (R$ 103.6 million) more than the first quarter 2016 (1Q16).
- ✓ Ebitda reached R$ 885.5 million in the period, an increase of 11.7% or R$ 92.8 million, compared with 1Q16. Ebitda margin was 55.1% in 1Q17, a 5.6 p.p. increase in relation to 1Q16.
- ✓ Net revenue from sales increased 0.2% (R$ 3.3 million) compared with 1Q16 totaling R$ 1,605.9 million in 1Q17.
- ✓ The amount of energy sold in 1Q17 was 8,694 GWh (4,025 aMW), 0.9% lower in volume terms than sold in 1Q16.
- ✓ The average contracted energy sales price, net of exports and income tax, was R$ 179.69/MWh in 1Q17, 1.4% higher than recorded in 1Q16.
- ✓ In March 2017, the Lages Co-generation Plant concluded the issue of Carbon Emissions Reduction Certificate(CERs) units within the scope of the United Nations Clean Development Mechanism (MDL). Over the 10-year period of the project, the plant has generated a 2.5 million tCO2e reduction in emissions and a gross revenue of Euros 17 million.
- ✓ Modernization work on the Salto Santiago Hydroelectric Plant, which began in late 2012, was concluded in March 2017 at an approximate investment of R$ 400 million.
- ✓ In March, the National Electric Energy Agency (Aneel) approved the Company's R&D project for testing energy storage systems with electrochemical batteries in cooperation with Universidade Federal de Santa Catarina. Execution period will be 36 months with a total budget of R$ 25.4 million.

Subsequent Events

- ✓ With the startup of commercial operations at the Ouro Verde Wind Farm, the Santa Mônica Complex reached total capacity on April 6, 2017.
- ✓ On April 12, Fitch Ratings reiterated its Long Term National Rating at 'AAA (bra)', with a stable outlook, and on a global scale, 'BB+' with a negative outlook, albeit still above sovereign rating.
- ✓ The Annual General Meeting on April17 approved the distribution of complementary dividends for the fiscal year ending December 31, 2016 in the amount of R$ 409.6 million, corresponding to R$ 0.6275749291 per share. The shares will be traded ex-dividends from May 30 and payment will take place on June 21, 2017.

For Immediate Release

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Conference call and webcast:
On 04/26/2017 at 09:00 a.m. (EDT): in Portuguese (simultaneous translation into English).

Further details on Upcoming Events section, available on page 20.

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Summary of Economic and Operational Indicators

ENGIE Brasil Energia - Consolidated			
(In millions of R$)	**1Q17**	**1Q16**	**Chg.**
Net Revenue from Sales (NRS)	1,605.9	1,602.7	0.2%
Results from Operations (EBIT)	735.8	638.6	15.2%
Ebitda [1]	885.5	792.7	11.7%
Ebitda / NRS - (%)[1]	55.1	49.5	5.6 p.p.
Net Income	450.7	347.1	29.8%
Net Debt [2]	1,220.1	1,074.9	13.5%
Gross Power Production (avg MW) [3]	4,762	5,493	-13.3%
Energy Sold (avg MW)	4,025	4,060	-0.9%
Average Net Sales Price (R$/MWh) [4]	179.69	177.29	1.4%
Number of Employees	1,086	1,167	-6.9%

(1) Ebitda: net income + income tax and social contribution + financial result + depreciation and amortization.
(2) Adjusted amount, net of gains from hedge operations.
(3) Total gross electricity output from the plants operated by ENGIE Brasil Energia.
(4) Net of taxes and exports.

EGIE3 NOVO MERCADO BM&FBOVESPA
IBOVESPA
Índice de Ações com Governança Corporativa Diferenciada IGC
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MESSAGE FROM THE MANAGEMENT

For ENGIE Brasil Energia, 2017 began with much work dedicated to several fronts, the prime purpose being to create long-term value for all our stakeholders.

In February, we began sounding out the market to identify potential takers for our coal-fired assets, namely the Jorge Lacerda Thermoelectric Complex with an installed capacity of 857 MW and located in the state of Santa Catarina, and the Pampa Sul Thermoelectric Plant with an output of 340 MW and under construction in the state of Rio Grande do Sul. We are currently at the stage of negotiating confidentiality agreements with a view to receiving non-binding proposals. These will be examined to form the basis of a decision as to whether to move forward with this eventual divestment.

Concurrently, our generator complex continued to report progress and expansion. At the end of January, the final blade of the final wind turbine generator at the Santa Mônica Wind Complex was assembled, a total of 36 wind turbines now being installed at the site. With the start of operations at the Ouro Verde Wind Farm in early April, the Santa Mônica Complex is already operating at full capacity of 97.2 MW. In March, we completed modernization work - begun in late 2012 - on the Salto Santiago Hydroelectric Plant and accounting for investments of approximately R$ 400 million. Besides extending the Plant's useful life, the work was instrumental in expanding output by 3.6% to 747 aMW, largely a function of the installation of new turbine rotors in the generator units.

The Company has also been preparing to expand its business into the energy transmission segment. We took part in Aneel's transmission auction, held at April 24, 2017, at which 7.4 thousand kilometers of transmission line were on offer in 20 states. Of the 35 lots on offer, we delivered proposals for 4 lots located in the States of Santa Catarina, Paraná, São Paulo and Maranhão where we have operations. We will continue seeking to create in this segment a new business line, complementary to our current portfolio of power generation, and with return rates that are in line with our projections and goal of delivering value to shareholders.

On the sustainability front, the highlight here was the final issue in March of 720 thousand CERs (Carbon Emission Reduction Certificates) in the Lages Project under the umbrella of the United Nations Clean Development Mechanism (MDL). Over the project's allotted 10 years, the Lages Co-generation Plant has been responsible for 2.5 million tCO2e of emissions' reductions. This is 15% greater higher than first projected and has generated gross revenue of Euros 17 million.

Among new areas the Company is pursuing, one of the key projects is our expansion in the area of distributed generation. On March 30, the National Electric Energy Agency (Aneel) approved the Company's proposed R&D project for testing energy storage systems using electrochemical batteries. The project has a three-prong focus: large scale (1MWh), commercial and residential scales (100 to 400 kWh) and residential scale (10kWh) and including the development of a recharging station for rapid charging dc-dc (battery-battery) for electric vehicles. The project is to be conducted in cooperation with the Universidade Federal de Santa Catarina over a 36-month period with a total budget of R$ 25.4 million.

Again, with regard to distributed generation, we have begun the installation of photovoltaic generation systems under the Efficiency Bonus program in the state of Santa Catarina.

Finally, our financial performance registered a notable advance in relation to the same period in 2016. While posting a decline of 0.9% in energy sold and a slight increase of 0.2% in net revenue from sales compared with 1Q16, Ebitda rose 11.7% reaching R$ 885.5 million in the period. This performance largely reflects the improvement in the results from transactions in the short-term market and a decrease in the use of fuels. The evolution in Ebitda contributed to a year-on-year growth of 29.8% in 1Q17 net earnings, totaling R$ 450.7 million (R$ 0.6905/share) in the period.

Carlos Freitas
Chief Financial and Investor Relations Officer

Eduardo Antonio Gori Sattamini
Chief Executive Officer



OPERATING PERFORMANCE

Generating Complex

With the entry into commercial operations of the final two wind farms in the Santa Mônica Wind Complex (Estrela and Ouro Verde), both with an installed capacity of 29.7 MW, a further 59.4 MW was added to the Company's total installed capacity. This now stands at 7,069.5 MW from 31 plants, of which nine are hydroelectric, four thermoelectric and 18 fired from complementary sources — biomass-fired plants, small hydroelectric plants (SHPs), wind and solar -, of which 27 are wholly owned by the Company while four (the Itá, Machadinho and Estreito hydro plants and the Ibitiúva Bioenergética biomass plant) are run commercially on a partnership basis with other companies.

ENGIE Brasil Energia's Generating Complex

Power Plants	Source	Location	Installed Capacity (MW)		Concession/Authorization original term expiration date
			Total	Company's/ Group's Share	
Itá	Hydro	Uruguai River (SC and RS)	1,450.0	1,126.9	Oct/30
Salto Santiago	Hydro	Iguaçu River (PR)	1,420.0	1,420.0	Sep/28
Machadinho	Hydro	Uruguai River (SC and RS)	1,140.0	403.9	Jul/32
Estreito	Hydro	Tocantins River (TO/MA)	1,087.0	435.6	Nov/37
Salto Osório	Hydro	Iguaçu River (PR)	1,078.0	1,078.0	Sep/28
Cana Brava	Hydro	Tocantins River (GO)	450.0	450.0	Aug/33
Passo Fundo	Hydro	Passo Fundo River (RS)	226.0	226.0	Sep/28
São Salvador	Hydro	Tocantins River (TO)	243.2	243.2	Apr/37
Ponte de Pedra	Hydro	Correntes River (MT)	176.1	176.1	Sep/34
Total - Hydro			**7,270.3**	**5,559.7**	
Jorge Lacerda Complex[1]	Thermal	Capivari de Baixo (SC)	857.0	857.0	Sep/28
William Arjona	Thermal	Campo Grande (MS)	190.0	190.0	Apr/29
Total - Thermal			**1,047.0**	**1,047.0**	
Ferrari	Biomass	Pirassununga (SP)	80.5	80.5	Jun/42
Ibitiúva Bioenergética	Biomass	Pitangueiras (SP)	33.0	22.9	Apr/30
Trairi Complex[2]	Wind Farm	Trairi (CE)	115.4	115.4	Sep/41
Lages	Biomass	Lages (SC)	28.0	28.0	Oct/32
Rondonópolis	SHP	Ribeirão Ponte de Pedra (MT)	26.6	26.6	Dec/32
José Gelazio da Rocha	SHP	Ribeirão Ponte de Pedra (MT)	23.7	23.7	Dec/32
Santa Mônica Complex[2]	Wind Farm	Trairi (CE)	97.2	97.2	Jan/45
Beberibe[3]	Wind Farm	Beberibe (CE)	25.6	25.6	Aug/33
Areia Branca[3]	SHP	Rio Manhuaçu (MG)	19.8	19.8	May/30
Pedra do Sal[3]	Wind Farm	Parnaíba (PI)	18.0	18.0	Oct/32
Cidade Azul	Solar	Tubarão (SC)	3.0	3.0	not applicable[4]
Tubarão P&D	Wind Farm	Tubarão (SC)	2.1	2.1	not applicable[4]
Total - Complementary			**472.9**	**462.8**	
Total			**8,790.2**	**7,069.5**	

[1] Complex comprised of three power plants.
[2] Complex comprised of four power plants.
[3] The Beberibe and Pedra do Sal Wind Farms and the Areia Branca Small Hydroelectric Plant are being sold pursuant to the decision of the Company's Board of Directors dated December 23, 2016.
[4] For generating plants with installed capacity lower than or equal to 5 MW the legal instrument applicable is the record.



Expansion

Jirau. Energia Sustentável do Brasil (ESBR), is responsible for the construction, maintenance, operation and sale of energy generated by the Jirau Hydroelectric Power Plant, located in the Madeira River, in the city of Porto Velho, state of Rondônia. ENGIE Brasil Participações Ltda., the Company's parent company, holds a 40% stake in the project, while Chesf, Eletrosul (subsidiaries of Eletrobras) and Mitsui & Co. Ltd. retain a further 20% each.



Aerial view Jirau HPP (2017)

ESBR submitted the winning bid at the 35-year concession auction organized by Brazilian Electricity Regulatory Agency (Aneel) (A-5/2008 Auction) on May 19, 2008, offering the most competitive proposal for 70% of the energy to be produced by the Plant, at the time, based on a total of 44 generating units, for captive customers supplied by distribution companies. At the energy auction held on August 17, 2011 (A-3/2011 Auction), ESBR sold a further 209.3 average MW for delivery in 2014 over a 30-year period, the result of increased expansion of the initial project to 50 generating units. The Ministry of Mines and Energy (MME) confirmed Jirau HPP´s new commercial capacity in Ordinance 337 of November 10, 2015 with an increase from 2,184.3 average MW to 2,205.1 average MW as from publication date. The 20.5 average MW increase represents the result of a review of the plant's hydraulic losses and as a consequence, ESBR was able to sell an additional 18 average MW at the A-1 Energy Auction held on December 13, 2015.

On December 26, 2012, the Plant became eligible for the sale of carbon credits following United Nations Organization (UNO) registration. Jirau now enjoys the right to trade approximately 6 million tons of CO_2/year. In September 2016, UNO released the first issue of carbon credits (1.7 million) generated by Jirau Hydroelectric Power Plant covering the commissioning period between July 2014 and February 2015. This preliminary issue concluded a cycle which began in 2008, when Jirau was conceived as a project supported under the Clean Development Mechanism (MDL).

Unveiled on December 16, 2016, Jirau HPP has 50 generator units in operation, representing a total installed capacity of 3,750 MW.

In 1Q17, the plant generated energy totaling 2,467.7 aMW, while the National Electrical System Operator Uptime Ratio (FID) was 99.7%.

In line with the current business model, the transfer of ENGIE Brasil Participações Ltda's stake in the project to the Company is to be examined shortly.

Projects under Construction

Power plants	Source	Location	Installed Capacity (MW)		Concession/Authorization original term expiration date
			Total	Company's/Group's Share	
Pampa Sul	Thermal	Candiota (RS)	340.0	340.0	Mar/50
Campo Largo Complex - Phase I	Wind Farm	Umburanas and Sento Sé (BA)	326.7	326.7	Jul/50
Assú V	Solar	Assú (RN)	36.7	36.7	Jun/51
Total			**703.4**	**703.4**	

Pampa Sul Thermoelectric Power Plant – Rio Grande do Sul. The Pampa Sul TPP is to be sited in the Municipality of Candiota, state of Rio Grande do Sul with an installed capacity of 340 MW. The plant will use thermal coal as fuel from a seam also located in Candiota and will be linked to the SIN through a 525 kv transmission line to the Candiota II substation, to be built by the Company.



Pampa Sul TPP – main part of the turbine being discharged

The plant's 294.5 average MW of commercial capacity was sold for a 25-year term at the A-5 Auction held on November 28, 2014 at a **price of R$ 229.0/MWh, restated up to March 31, 2017**. The investment approved for the construction of the Plant was approximately R$ 1.8 billion (as of November 2014). Also in November 2014, the Company protected the investment portion in foreign currencies against the exchange rate variation effects through hedging operations.



Under the Ministry of Mines and Energy's Ordinance 187 of May 8, 2015, Pampa Sul was approved as a priority project for the generation of energy. On June 19, 2015, the Brazilian Institute of the Environment and Renewable Natural Resources (Ibama) issued the Installation License for the plant.

In 1Q17, the filling of the reservoir was begun and the assembling and stringing of cables at 49 of the 51 transmission line towers concluded. The work on the plant is now 55% complete with commercial operations forecast to begin in the fourth quarter of 2018.

Again, in 1Q17, the Company mandated Banco Morgan Stanley S.A. to provide financial advisory services for gauging market receptiveness - on a nonbinding basis - of potential interest in purchasing the Pampa Sul operation.



Concreting of the wind turbine generator bases

Campo Largo Wind Complex – Bahia (Phase I). The Campo Largo Wind Farm Complex (CECL) is made up of a complex of wind generation projects with a total potential development capacity of 656.7 MW, all located in the municipalities of Umburanas and Sento Sé, about 420 km from the city of Salvador in the state of Bahia. The Complex will be developed in stages. At the A-5 Auction on November 28, 2014, ENGIE Brasil Energia sold 82.6 average MW for a 20-year term at a **price of R$ 166.7/MWh, restated up to March 31, 2017**, to be generated from six wind farms with an installed capacity of 178.2 MW. A further five wind farms in the Complex with a total installed capacity of 148.5 MW (75.2 average MW) will be developed at this stage of the project. In this case, the energy might be sold to the Free Contracting Environment (ACL). The investment approved for the 11 wind farms was of approximately R$ 1.7 billion (as of June 2014). The investment portion denominated in foreign currencies was protected against the exchange rate variation effects through hedging operations.

In the first quarter of 2017, work at the site consisted in earth moving activities and laying the subbase to the Complex's internal access roads and with a concreting of the wind turbine bases.

A total of 96% of the work on the 13.8kV distribution network towers and 80% of the cable stringing for supply of electricity to the construction site at the Campo Largo Wind Complex have been completed.

Initial commercial operations of the first projects are scheduled for the fourth quarter 2018.

Assú V Photovoltaic Plant. Through the intermediary of a subsidiary, in November 2015 at Aneel's Second Reserve Energy Auction (Aneel Auction 009/2015) of 2015, the Company sold 9.2 average MW solar energy for a 20-year term **at a price of R$ 328.2/MWh, restated up to March 31, 2017**. The energy is to be generated by the Assú V Photovoltaic Plant, which will have an installed capacity of 36.7 MW and a component of the Assú Photovoltaic Complex to be built in the Municipality of Assú state of Rio Grande do Norte.

The operation received its installation license in January 2017. Total investment is about R$ 220.0 million (in June 2015). Work was begun in March 2017 and initial operations are expected to begin in December of this year.

Projects under Development

Power plants	Source	Location	Installed Capacity (MW)	
			Total	Company's/Group's Share
Santo Agostinho Complex	Wind Farm	Lajes and Pedro Avelino (RN)	600.0	600.0
Norte Catarinense	Thermal	Garuva (SC)	600.0	600.0
Campo Largo Complex - Phase II	Wind Farm	Umburanas and Sento Sé (BA)	330.0	330.0
Alvorada	Solar	Bom Jesus da Lapa (BA)	90.0	90.0
Assú - Plants I, II, III e IV	Solar	Assú (RN)	146.8	146.8
Total			**1,766.8**	**1,766.8**



Santo Agostinho Wind Complex – Rio Grande do Norte. The Complex is made up of 24 specific purpose companies (SPEs), each one responsible for the development of a wind generation project, representing a **total development capacity of 600 MW.** All the projects will be located in the municipalities of Lajes and Pedro Avelino, about 120 km from the city of Natal, the capital of the state of Rio Grande do Norte. In June 2016, the state of Rio Grande do Norte's environmental protection agency, the Environmental and Sustainable Development Institute (Idema), declared the project to be environmentally viable. Documentary requirements are already complete to allow participation in energy auctions, the documentation, among others, also including energy generation studies, agreements on title to the area and environmental licensing.



3D images from the Norte Catarinense TPP project.

Norte Catarinense Thermoelectric Power Plant – Santa Catarina. The Company is developing a project for the construction of a natural gas-fired combined cycle thermoelectric power plant in the city of Garuva, in the north of the state of Santa Catarina. **The Norte Catarinense TPP will have an installed capacity of approximately 600 MW**. In March 2016, the Preliminary License was issued, allowing the Plant to take part in future new energy auctions.

Campo Largo Wind Complex – Bahia (Phase II). The Company intends to add about **330 MW of installed capacity** to the Complex with the implementation of its second phase, for sale of energy to the free and regulated markets. In the same way as the Santo Agostinho Wind Complex, Phase II of the Campo Largo Wind Complex already has the necessary documentation, qualifying it take part in energy auctions.

Alvorada Photovoltaic Complex. ENGIE Brasil Energia has acquired a site in the state of Bahia, - a region with potential for generating solar energy - for the development of four projects comprising the **Alvorada Photovoltaic Complex**. The projects, which **will have a total installed capacity of 90 MWp.** All projects are at the stage of raising solar irradiance data and received their Preliminary License in August 2016, qualifying them to take part in new energy auctions.

Assú Photovoltaic Complex. ENGIE Brasil Energia has exercised an option to purchase a further two projects belonging to the Assú Photovoltaic Complex. This now consists of five projects, to be developed in the municipal district of Assú, state of Rio Grande do Norte, expanding its **total installed capacity to approximately 183 MWp**. As previously mentioned, the energy to be generated by the Assú V Photovoltaic Plant was sold at the 2015 Second Reserve Energy Auction. The other solar energy plants are at the stage of raising solar irradiance data, already having Preliminary Licenses and qualifying them to take part in new energy auctions.

Besides the abovementioned projects, the Company is also examining the potential for photovoltaic solar energy generation in areas where it is installing its wind farms. In addition, it is also analyzing partnerships which could accelerate the development of this energy source in line with the process of energy transition which is taking place at world level.

ENGIE Geração Solar Distribuída. The Company has begun operations in the distributed energy market through the acquisition of a 50% stake in the capital of GD Brasil Energia Solar S.A. (a company with its origins in the Araxá Solar Group, one of the leaders in the Brazilian market for distributed solar energy), to be redenominated ENGIE Geração Solar Distribuída S.A. This investment will be instrumental in ENGIE Brasil Energia penetrating a market with major growth potential in Brazil, currently extremely dispersed with no dominate participant, as an answer to the challenges of an energy matrix which is both dynamic and close to the end consumer. The investment could amount to as high as R$ 24.3 million (as of April 2016) and will be channeled towards upgrading execution capacity and corporate management as well as providing necessary working capital for growth in operations.



In 1Q17, the Company launched the Photovoltaic Line - Bonus Efficiency Program in the State of Santa Catarina. Consumer interest was such that the Program was oversubscribed 11 times. The systems' installations under the program were begun in the quarter under analysis.



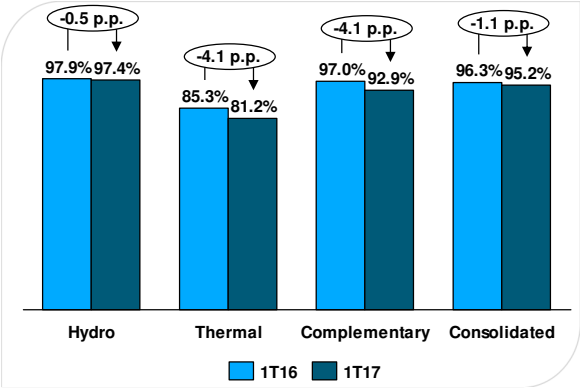
Additionally, in 1Q17, the Santa Catarina Supermarkets Association signed an agreement with EBE for promoting the installation of photovoltaic generation systems for its members, in line with the Association's energy efficiency program.

Uptime Operating

The plants operated by ENGIE Brasil Energia reported uptime working of **95.2% in 1Q17, ignoring scheduled stoppages**: 97.4% for the hydroelectric plants, 81.2% for the thermoelectric plants and 92.9% with respect to the plants fired from complementary energy sources, namely SHPs, biomass, wind and photovoltaic.

If all scheduled shutdowns are taken into account, the aggregate uptime in the first quarter 2017 was 87.2%: 91.4% for the hydroelectric plants, 64.7% for the thermoelectrics and 69.7% for plants operating with complementary energy sources.

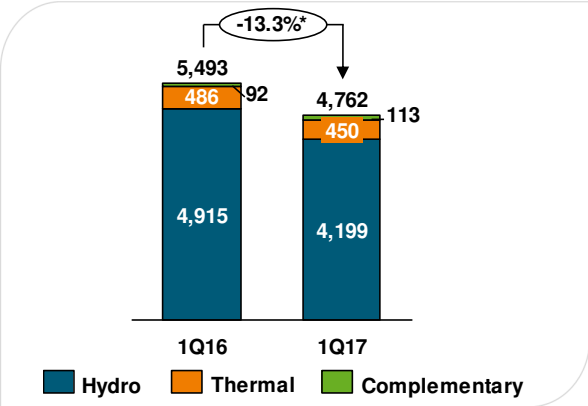
Uptime Operating
Not considering scheduled shutdowns



Hydroelectric plant uptime in 1Q17 was principally affected by modernization work on Generator Unit 4 of the Salto Santiago Hydroelectric Plant and by corrective maintenance on Generator Units at the São Salvador and Passo Fundo plants. Thermoelectric plant uptime was affected by scheduled maintenance work on the Jorge Lacerda Thermoelectric Complex's Generator Units 4 and 6 and by corrective maintenance on the Generator Units of the William Arjona Thermoelectric Power Plant.

Production

Generation
Average MW



(*)The variation between the percentage calculated in GWh and average MW occurs due to 2016 is a leap year.

Electricity output from plants operated by ENGIE Brasil Energia was 10,287 GWh (4,762 average MW) in 1Q17. This result is **14.2% lower** than production for 1Q16. Total output breaks down as follows: hydroelectric plants, 9,071 GWh (4,199 average MW), thermoelectric plants 971 GWh (450 average MW) and the complementary sourced units 244 GWh (113 average MW). Results point to reductions of 15.5% and 8.5%, respectively, on the hydro and thermoelectric and an increase of 21.8% in complementary energy sources, in relation to 1Q16.

Reduced year-on-year generation from the hydro plants in 1Q17 is mainly a reflection of less favorable hydrological conditions in the quarter. On the other hand, reduction in thermal generation was due to the continued shutdown of the William Arjona Thermoelectric Plant for reasons of operational convenience and for maintenance work on an elevator transformer. Thermal output was also impacted by the end of commercial operations at the Charqueadas Thermoelectric Plant from January 1, 2017. Increased generation from complementary plants was due to the startup of commercial operations of the Santa Mônica, Cacimbas and Estrela wind farms as well as commissioning tests at the Ouro Verde Plant.

In this context, it is worth pointing out that an increase in the Company's hydroelectric generation does not necessarily reflect an improvement in economic-financial performance. Conversely, a reduction in this type of generation does not inevitably imply a deterioration in economic-financial performance due to the adoption of the Energy Reallocation Mechanism (MRE), which defrays the risks of hydro generation among its participants.

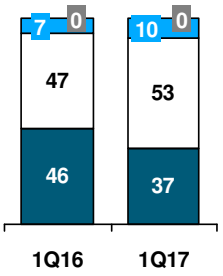
As to the Company's thermal generation, its increase might reduce (as a function of the Company's level of contracting) exposure to the Price for the Settlement of Differences (PLD), the opposite being the case when there is a decrease, all other variables being equal.



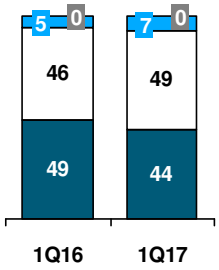
Clients

In 1Q17, the free consumer share of the Company's portfolio was 53.3% of total physical sales and 48.9% of the total net revenue from sales, increases of 6.4 p.p. and 3.2 p.p., respectively in relation to the same quarter in 2016.

Breakdown of Customers by Physical Sales
(%)



Breakdown of Customers in Contracted Sales Comprising Net Revenues from Sales
(%)



Distribution Companies | Free Customers | Trading Companies | Export[1]

[1] Energy exports as a share of physical sales and net revenue from sales were 0.02% and 0.04%, respectively in 1Q17.

Commercial Strategy

The Company pursues a commercial strategy of gradual sales of future energy availability for any given year as a means of mitigate the risk of exposure to spot prices (Price for Settlement of Differences - PLD) for that particular year. Electric energy sales are made during windows of opportunity that open when the market shows a greater buying propensity. ENGIE Brasil Energia's energy balance based on proprietary commercial capacity and power purchasing agreements outstanding as at **March 31, 2017** is as follows:

Energy Balance
(Average MW)

	2017	2018	2019	2020	2021	2022	Auction Gross Price (R$/MWh)	Reference Date	Gross Price Adjusted (R$/MWh)
Own Resources*	3,497	3,523	3,939	3,965	3,975	3,990			
+ Purchases for Resale	1,091	987	690	420	320	315			
= Total Resources (A)	**4,588**	**4,510**	**4,629**	**4,385**	**4,295**	**4,305**			
Government Auction Sales[1]	1,264	1,316	1,710	1,587	1,587	1,587			
2005-NE-2010-30	200	200	200	200	200	200	115.1	Dec-05	212.6
2006-NE-2009-30	493	493	493	493	493	493	128.4	Jun-06	233.1
2006-NE-2011-30	148	148	148	148	148	148	135.0	Nov-06	243.9
2007-NE-2012-30	256	256	256	256	256	256	126.6	Oct-07	219.3
2014-EE-2014-06	116	120	120	-	-	-	270.7	May-14	320.0
Proinfa	19	19	19	19	19	19	147.8	Jun-04	251.4
1st Reserve Energy Auction	14	14	14	14	14	14	158.1	Aug-08	266.4
Auction Mix (New Energy / Reserve / DG)	18	18	17	14	14	14	-	-	249.8
2014-NE-2019-25	-	-	295	295	295	295	183.5	Mar-14	229.0
2014-NE-2019-25	-	-	10	10	10	10	206.2	Nov-14	246.7
2014-NE-2019-20	-	-	83	83	83	83	139.3	Nov-14	166.7
2015-NE-2018-20	-	46	46	46	46	46	188.5	Aug-15	209.5
8th Reserve Energy Auction	-	2	9	9	9	9	303.0	Nov-15	328.2
+ Bilateral Sales	2,885	2,786	2,269	1,551	965	739			
= Total Sales (B)	**4,149**	**4,102**	**3,979**	**3,138**	**2,552**	**2,326**			
Balance (A - B)	**439**	**408**	**650**	**1,247**	**1,743**	**1,979**			
Sales average **net** price (R$/MWh) [2]:	181.0	180.7	184.0						
Purchases average **net** price (R$/MWh) [3]:	173.5	182.6	186.7						

[1] XXXX-YY-WWW-ZZ, where:
XXXX → year of auction
YY → EE = existing energy or NE = new energy
WWWW → year of delivery start
ZZ → supply contract duration (in years)
[2] Sales price is net of ICMS and taxes over revenue (PIS/Cofins, R&D), i.e. future inflation is not considered.
[3] Purchase net price, considering benefits from PIS/Cofins credits, i.e. future inflation is not considered.
Notes:
- The balance refers to the settlement point.
- The average prices are considered simply estimates and are based on financial planning revisions, not capturing volume changes, which are updated quarterly.
- Aneel agreed to the renegotiation of the hydrological risk with respect to the Company's agreements negotiated through the Regulated Contracting Environment (ACR). Additional information can be found in the financial statements of 2015.

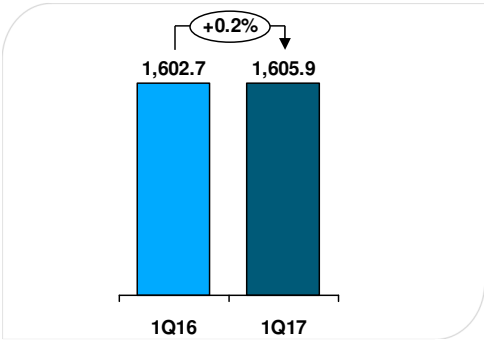


ECONOMIC-FINANCIAL PERFORMANCE

Net Revenue from Sales

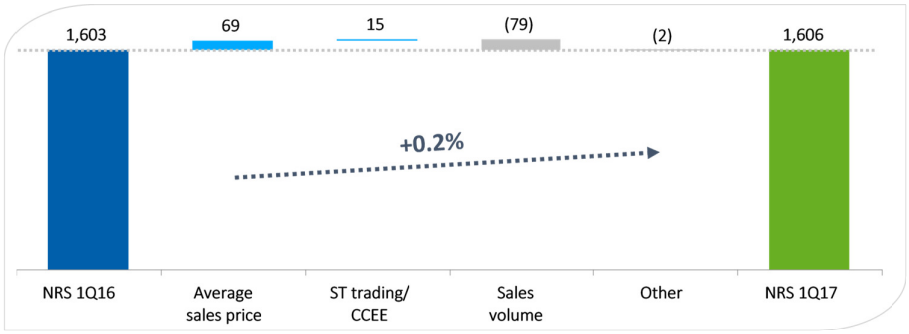
In 1Q17, **net revenue from sales posted an increase of 0.2%**, (R$ 3.2 million)from R$ 1,602.7 million in 1Q16 to R$ 1,605.9 million.

Net Revenue from Sales
R$ million

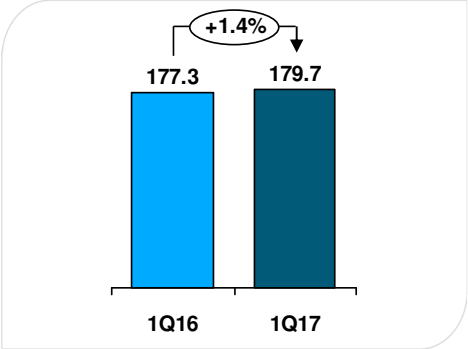


The principal factors underlying this variation were: (i) R$ 69.2 million - increase in net average selling price; (ii) R$ 14.7 million - increase in revenue from transactions conducted in the short-term market, particularly those transacted through the Electric Energy Trade Board (CCEE), and (iii) R$ 78.7 million - reduced sales of energy by volume.

Net Revenue from Sales Change
R$ million



Net Average Selling Price*
R$/MWh



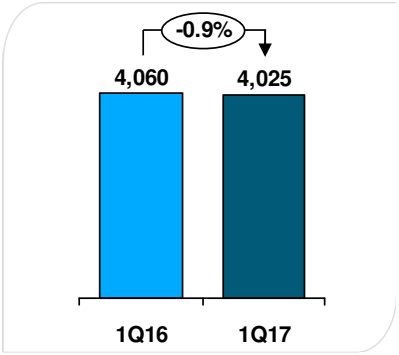
(*) Net of taxes and exports.

✓ **Net Average Selling Price**

The average energy selling price, net of exports and revenue taxes was R$ 179.69/MWh in 1Q17, **1.4% more** than the R$ 177.29/MWh recorded in 1Q16. Higher prices are essentially due to monetary restatement of existing agreements, partially attenuated by the maturing of sales agreements to free consumers and trading companies at higher prices than the average for prevailing agreements in the market and the lower prices practiced for new business.



Sales Volume
Average MW



✓ **Sales Volume**

Energy sales volume fell from 8,867 GWh (4,060 aMW) in 1Q16 to 8,694 GWh (4,025 aMW) in 1Q17, **a reduction of 173 GWh** (35 aMW) between the compared quarters. This variation is due largely to the expiry or reduction of existing sales agreements, partially offset by increased sales of conventional energy to trading companies for resale of incentivized energy to free consumers.

Comments on Variation in Net Revenue from Sales - by Client Class

✓ **Distribution Companies**

Revenue from sales to distribution companies amounted to R$ 682.9 million in 1Q17, an amount which was **11.4% less** than the R$ 770.9 million recorded in 1Q16. This variation reflects: (i) R$ 192.3 million - reduction of 905 GWh (398 average MW) in sales volume; and (ii) R$ 104.3 million - an increase of 13.5% in net average selling price. The decrease in sales volume between the periods under analysis is largely a reflection of the expiry of the Existing Energy Auction agreement at the end of 2016, combined with the reductions arising from the Surplus and Deficits Compensation Mechanism (MCSD). In addition, the variation in average selling price in excess of inflation was due to the expiry of the agreement under the aforementioned auction, the price of which was less than the average practiced for prevailing agreements in the market.

✓ **Trading Companies**

In the quarter under review, **revenue from sales to trading companies** was R$ 114.5 million, **37.8% higher** than revenue at R$ 83.1 million reported in 1Q16. This improvement reflects the following aspects: (i) R$ 34.3 million - an increase of 253 GWh (120 average MW) in energy sales volume; and (ii) R$ 2.9 million - a decrease of 3.5% in net average selling price. The variation in volume during the quarter under review was due principally to the sale of conventional energy, concomitantly with the purchase of incentivized energy from trading companies for resale to free consumers, which migrated from the Regulated Contracting Environment (ACR) to the Free Contracting Environment (ACL).

✓ **Free Consumers**

Revenue from sales to free consumers increased by 6.5% between the comparative quarters from R$ 718.0 million in 1Q16 to R$ 764.5 million in 1Q17. The following factors contributed to this variation: (i) R$ 78.7 million - a rise of 477 GWh (242 average MW) in energy sold due to higher volumes of incentivized energy sales this year to clients that migrated from the ACR to the ACL, partially offset by a decline in consumption on the part of industrial clients; and (ii) R$ 32.2 million - a reduction of 4.5% in the average net selling price of energy.

✓ **Transactions in the short term market - especially those conducted through the CCEE**

In 1Q17, **revenue generated from short-term market operations**, through the CCEE was R$ 36.5 million compared with R$ 21.8 million in 1Q16, representing **an increase of R$ 14.7 million** (67.4%) between compared quarters. A more detailed explanation of these variations is to be found in the item below "Details of short-term operations conducted through the CCEE".

Costs of Electric Energy and Services

Costs of electric energy and services sales fell by R$ 89.9 million **(9.8%)**, between the compared quarters from R$ 916.3 million in 1Q16 to R$ 826.4 million in 1Q17. These variations can be explained essentially by the tendencies in the following components:

✓ **Electric energy purchased for resale:** reduction of R$ 10.7 million (2.7%) in 1Q17 compared with 1Q16, above all reflecting the termination of energy purchase agreements at higher prices than the prevailing average and lower prices for new agreements, partially attenuated by the increase of 510 GWh (245 average MW) of purchases for mitigating the effects of CCEE exposure as well as purchases of incentivized energy for resale to free consumers.

✓ **Transactions in the short-term market - especially those within the scope of the CCEE:** between the two quarters under analysis, costs with these transactions were R$ 45.3 million (63.0%) less. More details are to be found under the specific heading.



✓ **Charges for use of and connection to the electricity grid:** an increase of R$ 8.9 million (9.5%), between quarters due principally to the annual readjustment in transmission tariffs.

✓ **Fuels for generation of electric energy:** a decrease of R$ 24.1 million (45.7%) compared with 1Q16 due essentially to reduced demand for natural gas from the William Arjona Thermoelectric Plant (UTWA) - the latter scarcely dispatched during the course of 1Q17.

✓ **Financial compensation for the use of water resources (royalties):** a decline of R$ 16.1 million (31.4%) between compared quarters, reflecting, principally, reduced generation from the hydro plants in 1Q17 as well as a cut in the Restated Reference Tariff (TAR) of approximately 23% in 2017.

✓ **Personnel:** reduction of R$ 7.2 million (12.9%) in 1Q17 in relation to 1Q16, mainly due to a readjustment in payroll and costs arising from the Voluntary Severance Plan (PDV) concluded in November 2016.

✓ **Materials and third party services:** increase of R$ 9.1 million (28.6%) between the quarters under analysis, basically due to recognition of extraordinary gains in 1Q16 of R$ 15.3 million, due to the recovery of PIS and Cofins tax credits on materials and service provider agreements, partially offset by the renegotiation of service agreements for the conservation of the thermoelectric generator units.

✓ **Depreciation and amortization:** reduction of R$ 4.4 million (2.9%) between quarters, resulting from the reclassification of the Beberibe and Pedra do Sal wind farms as well as the Areia Branca Small Hydroelectric Plant to non-current assets held for sale, and recognition of additional impairment of the Company's thermoelectric generation assets, both events occurring in 2016. This decline was partly compensated by the entry into operation of wind generation assets in the State of Ceará at the end of 2016 and early 2017.

Details of Short Term Operations - especially Transactions on the Electric Energy Trade Board (CCEE)

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 - and, 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) from dispatch triggered 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 1Q17, the net result (difference between revenues and costs, less tax on revenues and costs) from short-term transactions, particularly those conducted on the CCEE, was positive at R$ 9.9 million, compared with a negative figure in 1Q16 of R$ 50.1 million and therefore a **positive variation of R$ 60.0 million** between the compared quarters.

This variation reflects a combination of the following factors: (i) in 1Q17, there was the positive impact of secondary energy revenue while in 1Q16, the adjustment in physical guarantee with respect to the application of the GSF had a negative affect; (ii) a change from a long position on the CCEE in 1Q16 to a short one in 1Q17, due to the Company's strategy of allocating energy; (iii) an increase in the amount of thermoelectric exposure due to lower dispatch when comparing the two quarters and the higher average PLD in 1Q17, as well as the decommissioning of the Charqueadas Thermoelectric Plant at the end of 2016; (iv) reimbursement of costs through the application of the System Service Charge (ESS) in 1Q16 for the dispatch of the William Arjona TPP (UTWA) outside the order of merit; (v) decrease in the negative impact of exposure between submarkets due to a reduced mismatch between average PLDs in 1Q17; and (vi) reduced MRE revenue between the compared quarters.



Worthy of mention is that the sharp increase in average PLD between quarters as discussed below, contributed more significantly to the positive effect arising from secondary energy and conversely, to the negative impact from thermoelectric exposure and from the short position on the CCEE.

In December 2016, Aneel set maximum and minimum PLD limits for 2017 at R$ 533.82/MWh and R$ 33.68/MWh, respectively. On a comparative basis between quarters, average PLD for the South and Southeast/Central-Western submarkets increased 349.0%, from R$ 34.60/MWh in 1Q16 to R$ 155.37/MWh in 1Q17.

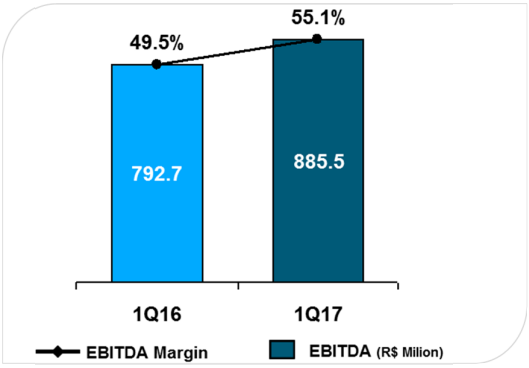
General and Administrative Expenses

Sales, general and administrative expenses between the two quarters under analysis declined by R$ 3.9 million (8.2%), from R$ 48.5 million in 1Q16 to R$ 44.6 million in 1Q17, substantially due to the readjustment in workforce and personnel expenditures due to the impacts from the Voluntary Severance Plan (PDV) concluded in 2016.

Ebitda and Ebitda Margin

In the light of the foregoing factors, **Ebitda** for 1Q17 reached R$ 885.5 million, that is R$ 92.8 million **(11.7%) more** than the R$ 792.7 million reported in 1Q16. **Ebitda margin** was 55.1% in 1Q17, **a growth of 5.6 p.p.** in relation to the same period in 2016.

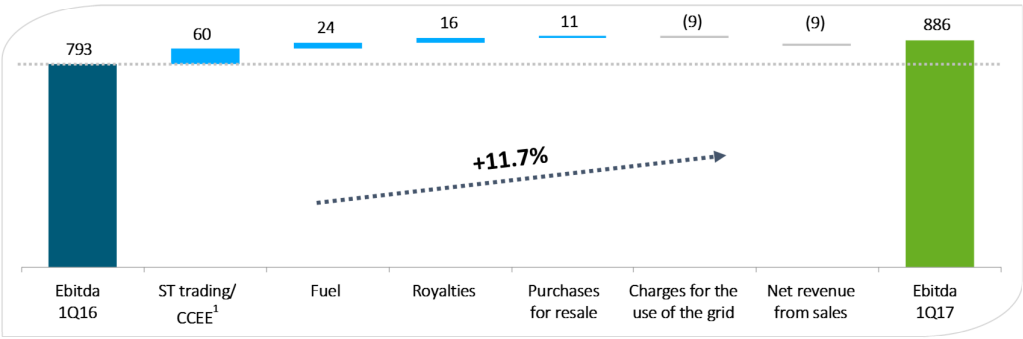
Ebitda (1) and Ebitda Margin



(1) Ebitda: net profit + income tax and social contribution and financial expenses, net + depreciation and amortization.

The above increases are a consequence of the combination of the following factors: (i) the positive effect of R$ 60.0 million from transactions executed in the short-term market – especially those conducted through the CCEE; (ii) a decrease of R$ 24.1 million in fuel consumption; (iii) a decline of R$ 16.1 million in outlay of royalties; (iv) a reduction of R$ 10.6 million in energy purchases; (v) an increase of R$ 8.9 million in charges for use of the network; (vi) a decrease of R$ 9.5 million in net contracted energy sales revenue; and (vii) a fall of R$ 0.4 million in other operational costs and expenses.

Ebitda Change
R$ million



(1) Considers the combined effect of changes in revenue and expenses.



The following table reconciles net income with Ebitda:

(In millions of R$)	1Q17	1Q16	Chg. %
Net income	450.7	347.1	29.8
(+) Income tax and social contribution	212.3	163.3	30.0
(+) Financial expenses, net	71.7	128.2	-44.1
(+) Depreciation and amortization	149.7	154.1	-2.9
Ebitda	**884.4**	**792.7**	**11.6**
(+) Equity loss	1.1	0.0	0.0
Adjusted Ebitda	**885.5**	**792.7**	**11.7**

Financial Result

Financial income: in 1Q17, revenue was R$ 62.9 million, that is, **R$ 62.0 million (49.6%) lower** than the R$ 124.9 million posted in 1Q16, largely a reflection of: (i) the reduction of R$ 23.5 million in income from financial investments due to a reduced volume of investible resources as well as the decline in interest rates; (ii) recognition in 1Q16 of R$ 37.2 million, of financial charges on receivables due to a ruling in the Company's favor with respect to a legal dispute with an electricity sector agent; and (iii) a decline of R$ 2.4 million in monetary restatement on court escrow deposits.

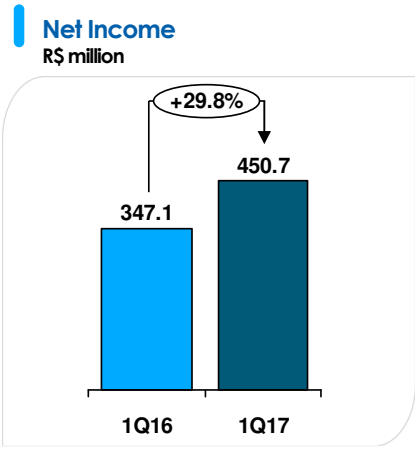
Financial expenses: expenses in 1Q17 were R$ 134.6 million, or **R$ 118.5 million (46.8%) below** the R$ 253.1 million registered in 1Q16. The principal variations were: (i) a reduction of R$ 33.9 million in interest and monetary restatement on debt; (ii) recognition in 1Q16 of R$ 46.3 million in monetary restatement of amounts pending settlement through the CCEE due to preliminary injunctions issued for avoiding application of GSF effects; (iii) fall of R$ 34.0 million in monetary restatement on concessions payable; and (iv) a decrease of R$ 6.2 million in interest and monetary restatement of provisions and actuarial liabilities.

Income Tax and Social Contribution on Net Income

Income Tax and Social Contribution in 1Q17 amounted to R$ 212.3 million, R$ 49.0 million (30.0%) greater than the R$ 163.3 million for 1Q16, and a reflection, above all, of an increase in pre-tax profits.

Net Income

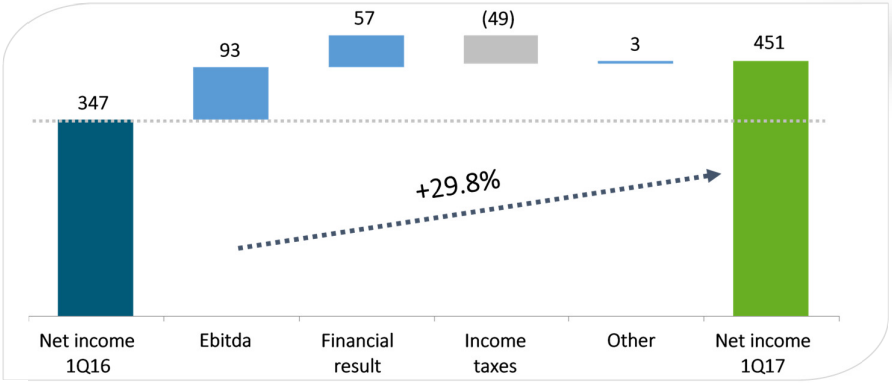
Net income for 1Q17 was R$ 450.7 million, R$ 103.6 million **(29.8%)**, **greater** than the R$ 347.1 million reported in 1Q16.



The increase reflects the following combination: (i) growth of R$ 92.8 million in Ebitda; (ii) reduction of R$ 56.5 million in net financial expenses; (iii) an increase of R$ 49.0 million in income tax and social contribution; (iv) a reduction of R$ 4.4 million in depreciation and amortization overheads; and (v) an expense of R$ 1.1 million in the equity income account.

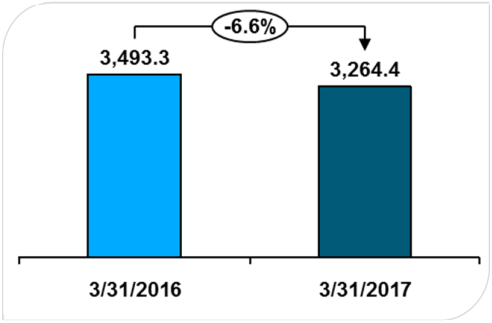


Net Income Change
R$ million



Debt

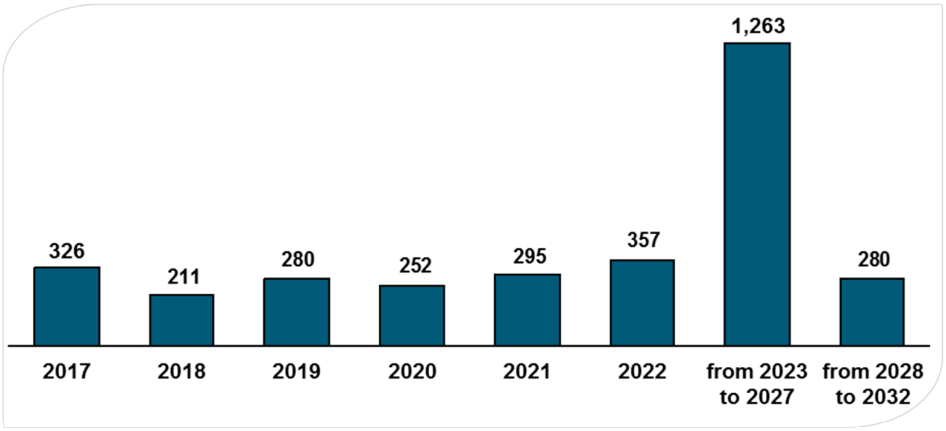
Total Debt
R$ million



The Company's **total gross consolidated debt** as at March 31, 2017, represented mainly by loans, financing and debentures, **totaled R$ 3,264.4 million, a decrease of 6.6%** (R$ 228.9 million) compared to the position as at March 31, 2016, net of the hedge operations.

The variation in Company debt is largely related to a combination of the following factors occurring between 1Q16 and 1Q17: (i) drawdowns from the BNDES and its financial agents in the aggregate amount of R$ 246.8 million for investments in the modernization of the Salto Santiago and Passo Fundo HPPs, the Jorge Lacerda Thermoelectric Complex and for the construction of Santa Mônica WPP; (ii) R$ 359.4 million in charges payable together with monetary restatement and currency translation effects; (iii) 6th emission of non-convertible, simple debentures, in the aggregate net amount of R$ 585.8 million; (iv) R$ 1,270.4 million in amortization of loans, financing and debentures; and (v) R$ 150.7 million transfer of financing of subsidiaries and reclassified as assets held for sale.

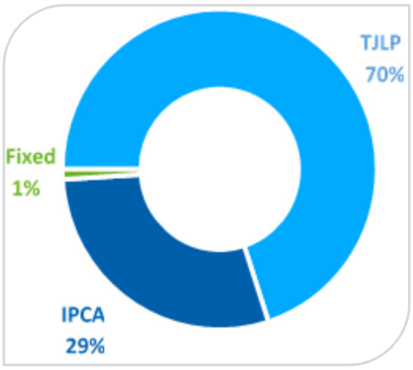
Maturity Term Loans
R$ million





The **average weighted nominal cost of debt** in the end of 1Q17 was **10.1%** (11.2% in the end of 1Q16).

Composition of Debt



On March 31, 2017, the Company's **net debt** (total debt less deposits earmarked to the guarantee of debt servicing and cash and cash equivalents) was **R$ 1,220.1 million**, **an increase of 13.5%** compared with the end of 1Q16.

Net Debt

R$ million

	03/31/2017	03/31/2016	Chg. %
Gross debt	3,264.4	3,762.1	-13.2
Result of derivatives operations	0.0	(268.8)	-100.0
Deposits earmarked for the payment of debt	(193.0)	(155.0)	24.5
Cash and cash equivalents	(1,851.3)	(2,263.5)	-18.2
Total net debt	**1,220.1**	**1,074.9**	**13.5**

Capital Expenditures

ENGIE Brasil Energia's **total investments** in **1Q17 were R$ 400.5 million**, of which (i) R$ 15.8 million was allocated to projects for generator complex maintenance and revitalization; (ii) R$ 17.7 million, to modernization of the Salto Santiago Hydroelectric Plant; (iii) 3.1 million to the acquisition of the Santo Agostinho Wind Complex; and (iv) R$ 363.9 million in the construction of new plants, of which R$ 187.9 million was allocated to the construction of Pampa Sul TPP, R$ 87.8 million to the Campo Largo Wind Complex, R$ 64.1 million to the Assú Photovoltaic Plant, R$ 16.9 million to the Cacimbas Wind Farm and R$ 7.2 million to other plants.

COMMITMENT TO SUSTAINABLE DEVELOPMENT

Sustainable Management

All plants under the Company's responsibility adhere to ENGIE Brasil Energia Sustainable Management Policy, which covers the areas of Quality, Environment, Occupational Health and Safety, Social Responsibility and Energy Management. On March 31, 2017, out of the 30 plants installed in 12 states of Brazil's five regions, 12 (with an aggregate capacity of 92.8% of the total operated by the Company) are certified in accordance with NBR ISO 9001 (for Quality), NBR ISO 14001 (for the Environment) and NBR OHSAS 18001 (for Occupational Health and Safety) standards. In the area of Social Responsibility, the Company endeavors to adhere to the directives in the NBR ISO 26000 guide (which is not susceptible to certification); and the Jorge Lacerda Thermoelectric Complex, the three plants of which, are among the 12 which are certified according to the NBR ISO 50001 standard for Energy Efficiency.

In addition to the Sustainable Management Policy, other standards related to the Company's commitment to sustainable development are included in the corporate website on such themes as Human Rights, Stakeholder Engagement and Climate Change as well as the Sustainability Committee's Internal Charter, the code for the Environment and Ethics and the Sustainability Reports published annually based on Global Reporting Initiative (GRI) recommendations and since 2014 also making use of the International Integrated Reporting Council (IIRC) framework.



Sustainability Committee

ENGIE Brasil Energia Sustainability Committee was set up in 2007 and is currently made up of 12 members drawn from different areas, more especially those related most closely to stakeholders, such as shareholders, clients, suppliers, employees, the media and communities. Coordination is the responsibility of the Administrative Director's Office while one of the Committee members is the Board employee representative. Among others, the Committee has as its objectives to:

- ✓ Contribute towards maintaining the balance of interests of the different stakeholders in relation to the Company;
- ✓ Develop awareness programs to propagate concepts and practices of sustainability among both internal and external audiences;
- ✓ Contribute to the use of best corporate governance practices; and
- ✓ Propose, obtain approval from the Management Board and work on a coordinated basis with the organizational units to achieve the annual corporate sustainability goals ("ENGIE Brasil Energia Sustainability Goals"). These goals are based on four Programs — Cultural Development, Environmental Improvement, Social Inclusion and Education for Sustainability —, with initiatives linked to indicators and weightings so permitting an evaluation at the end of each year.

Highlights of the Quarter and Year

- ✓ The "Prevention of Conflicts of Interest" Policy was approved and validated by the Board of Directors and designed to improve corporate governance and compliance practices.
- ✓ The Third ENGIE Brazil Innovation Prize was launched as part of the quest for innovative solutions related to the Cities of Tomorrow in the following areas: decentralized generation, sustainable urban mobility, energy efficiency, public lighting and smart grid. Entries are to be received by May 7. More information can be found by accessing www.engiefab.com.
- ✓ On February 15, some 6,000 fish were released into the reservoirs adjoining the Itá and Machadinho plants as part of the Ichthyfauna Husbandry and Monitoring Program, a condition for issuing the Plant Operations License.
- ✓ On March 9, the Lages Co-generation Plant issued its final carbon credits, ending a ten-year cycle in the Clean Development Mechanism (MDL) under the umbrella of the United Nations Framework Convention on Climate Change (UNFCCC). Installed in December 2004, Lages was one of ENGIE's first projects anywhere in the world to be included in the MDL and one among ENGIE's 17 greenhouse gas mitigation projects worldwide (7 of them in Brazil).

Sustainability Indices

Since 2012, it has been standard practice of the Company to include the principal sustainability indicators for each period in its quarterly and annually results presentations. The following table shows the indicators for 1Q17, associating each indicator with GRI recommendations.



Sustainability Indices[1]

Item	Dimension[2]	Index	GRI disclosure[3]	1Q17	1Q16	Change
1	Quality	Operating plants	EU1, G4-9	30[4]	28	2
2		Installed capacity (MW)	EU1, G4-9	8,761	8,729	0.4%
3		Proprietary capacity (MW)	EU1, G4-9	7,040	7,008	0.4%
4		Number of certified plants	EU6, G4-15	12	14	-2
5		Certified installed capacity (MW)	EU6, G4-15	8,127	7,294	11.4%
6		Certified installed capacity in relation to the total	EU6, G4-15	92.77%	83.56%	9.2 p.p.
7		Installed capacity from renewable sources	EU1, G4-9	7,714	7,646	0.9%
8		Installed capacity from renewable sources in relation to the total	EU1, G4-9	88.05%	87.59%	0.46 p.p.
9		Energy generation (GWh)	EU2	10,287	11,996	-14.3%
10		Certified energy generation	EU6, G4-15	10,036	10,357	-3.1%
11		Certified energy generation in relation to the total	EU6, G4-15	97.6%	86.3%	11.2 p.p.
12		Energy generation from renewable sources (GWh)	EU2	9,315	10,935	-14.8%
13		Energy generation from renewable sources in relation to the total	EU2	90.6%	91.2%	-0.6 p.p.
14		Uptime ratio, excluding scheduled stoppages	EU30	95.2%	96.3%	-1.1 p.p.
15		Uptime ratio, including scheduled stoppages	EU30	87.2%	86.3%	0.9 p.p.
16	Environment	Saplings donated and planted (sum-total of planted and donated saplings)[5]	G4-EN27	30,320	97,517	-68.9%
17		Number of visitors at the plants[5]	G4-26	3,205	11,388	-71.9%
18		CO2 Emissions (fossil fuel plants) (t/MWh)	G4-EN15	0.9879	1.001	-1.3%
19		CO2 Emissions from ENGIE Brasil Energia's generation complex(t/MWh)	G4-EN15	0.093	0.118	-20.8%
20	Occupational Heath and Safety (OH&S)	Average number of employees[6]	G4-10, G4-LA1	1,051	1,133	-7.2%
21		Frequency Rate ("Taxa de Frequência" - TF) own employees[7]	G4-LA6	0.000	0.000	-
22		Severity Rate ("Taxa de Gravidade" - TG) own employees[8]	G4-LA6	0.000	0.000	-
23		Frequency Rate ("Taxa de Frequência" - TF) own employees + long term service providers[7]	G4-LA6	0.000	1.680	↓
24		Frequency Rate ("Taxa de Frequência" - TF) short term service providers + ongoing constructions [7 10]	G4-LA6	0.000	-	-
25	Social Responsibility[9]	Non-incentive investments	G4-EC8, G4-SO1	464.00	1,175.03	-60.5%
26		Investments via Children and Teenagers Fund - FIA	G4-EC8, G4-SO1	201.07	671.30	-70.0%
27		Investments via Cultural Incentives Act - Rouanet	G4-EC8, G4-SO1	4,737.00	5,443.50	-13.0%
28		Investments via Sport Incentives Act	G4-EC8, G4-SO1	0.00	150.00	-100.0%
29		Investments via National Program of Support to Oncology Care - PRONON	G4-EC8, G4-SO1	0.00	0.00	-
30		Investments via National Program of Support to Disabled Person´s Heath - PRONAS/PCD	G4-EC8, G4-SO1	0.00	0.00	-
31		Investments via Municipal Elderly Fund	G4-EC8, G4-SO1	22.07	0.00	100.0%

Notes:

1) Additional indices available from ITR (ENGIE Brasil Energia website / Investors / Financial Information/ Financial Statements). /Additional indices available from Sustainability Report, to be published in April (ENGIE website / Sustainability / Finance / Sustainability Report)
2) Reference: ENGIE Sustainable Management Policy.
3) GRI: Global Reporting Initiative, G4 version.
4) Number as of 03/31/2017.
5) Ceste (Consórcio Estreito Energia) not included.
6) Average number in the period of own employees working at power plants in operation, at the headquarters and at the São Paulo's office.
7) TF = number of occupational accidents for every million hours of exposure to hazards, considered the same employees of item 19.
8) TG = number of days lost due to occupational accidents for every one thousand hours of exposure to hazards, considered the same employees of item 19 and the outsourced working in the same places.
9) Amounts In thousands of R$.
10) KPI's monitoring started in 2017, therefore, there is no historic data in 2016. The data does not include the construction of the Pampa Sul Thermoelectric Power Plant.

CORPORATE GOVERNANCE

ENGIE Brasil Energia's Corporate Bylaws are being permanently adjusted to the new rules and procedures of the BM&FBovespa Novo Mercado Listing Regulations, the highest corporate governance level of that stock exchange. In addition, as already mentioned, the Company is a component of the BM&FBovespa's Corporate Sustainability Stock Index (ISE). ENGIE Brasil Energia's Board of Directors' meetings are monitored in relation to the time dedicated to strategic and short term issues, relative to corporate sustainability. The Board is made up of nine effective members, one of whom represents the employees. A further two directors are independent. With the exception of the employee representative, all are elected by the shareholders at a General Shareholders Meeting. Permanently installed, the Fiscal Council is totally independent of management and the outside auditor, and is accountable for the supervision of management acts and for examining and opining on the financial statements, for evaluating risk management systems and internal controls as well as proposals to be submitted to the Board of Directors when engaging additional services from the external auditor of the financial statements.



Ethical behavior is one of the Company's corporate values. In this context it has adopted a Code of Ethics – a public document which can be accessed from the corporate website -, as well as having an Ethics Committee responsible for updating the Code and analyzing ethical issues. **In 2013, ENGIE Brasil Energia ratified its adherence to the Business Pact for Integrity and against Corruption,** an Instituto Ethos initiative in parallel with the United Nations Global Compact to which ENGIE S.A. has been a signatory since launch.

In addition to Novo Mercado regulations, ENGIE Brasil Energia complies with the precepts of the Sarbanes-Oxley act, the purpose of which is to combat unethical conduct and make the financial statements more reliable.

ENGIE Brasil Energia's dividend policy establishes a minimum mandatory dividend of 30% of net income for the fiscal year, adjusted pursuant to Law 6,404/76. In addition, the Company policy determines the intention of paying in each calendar year dividends and/or interest on shareholders' equity for a value of not less than 55% of adjusted net income in the form of semi-annual payouts.

With respect to the asset transfer model and other transactions with related parties, ENGIE Brasil Energia and its controlling shareholder understand that its existing corporate governance standards should be raised even further. Among the initiatives implemented stands out the creation, by means of adaptation to the Company's Bylaw, of the Special Independent **Committee for Valuation of Transactions with Related Parties**, a non-permanent body, which, when called, will be composed in its majority by independent directors of the ENGIE Brasil Energia's Board.

CAPITAL MARKETS

Since its listing on BM&FBovespa's Novo Mercado, ENGIE Brasil Energia has become a component of the Special Corporate Governance Stock Index (IGC) and the Special Tag Along Stock Index (ITAG), incorporating those companies offering greater protection to minority shareholders in the event of the sale of a controlling stake. The Company's shares are also included in the Corporate Sustainability Stock Index (ISE), comprising companies with a recognized commitment to social and corporate responsibility, as well as the Electric Energy Stock Index (IEE), which is a sector index made up of the more significant listed companies in the industry. The Company' shares are also traded on BMF&FBovespa's leading stock index – the Bovespa and on Euronext-Vigeo EM 70 — a stock index made up of companies with a premium performance in corporate responsibility in developing countries. Vigeo is the leading constituent agent for ratings of corporate social responsibility and analyzes approximately 330 indicators.

ENGIE Brasil Energia's shares are traded on the BM&FBovespa under the EGIE3 symbol. On the United States Over-The-Counter (OTC) market, the Company's Level 1 American Depositary Receipts (ADR) are traded under the **EGIEY Code**, one ADR being equivalent to one common share.

Share Performance — EGIE3

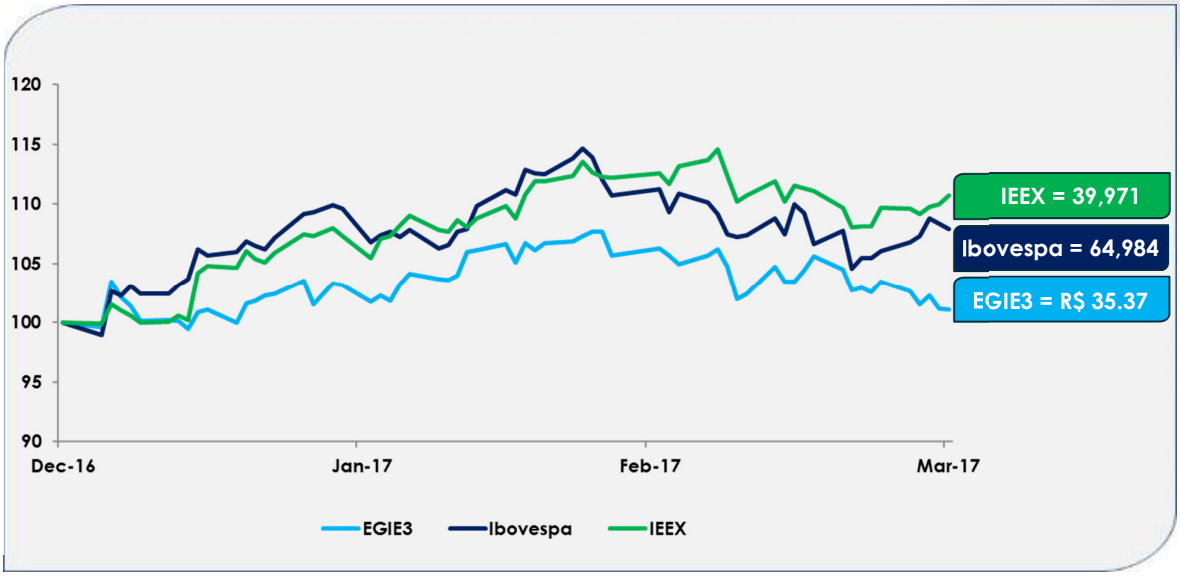
The leading Bovespa benchmark index reported an appreciation of 7.9% in 1Q17 and again of 15.5% with respect to 1Q16. The variation largely reflects the measures for controlling the fiscal deficit and Social Security Reform proposals, both of which are compounding the difficulties of the current administration in Brazil. Market oscillations have also been driven by political uncertainties in the United States.

ENGIE Brasil Energia's shares ended 1Q17 **posting an appreciation of 1.1%**, lower than recorded by Ibovespa and the Electric Energy Stock Index (IEEX), both of which posted an appreciation of 7.9% and 10.7%, respectively. EGIE3's quarter-end closing price was R$ 35.37 per share, **this translating into a market value for the Company of R$ 23.1 billion.**

In 1Q17, EGIE3's average daily trading volume was R$ 29.5 million, 23.6% lower than reported in 1Q16, when volumes were R$ 38.6 million.



EGIE vs. Ibovespa vs. IEEX
(Base 100 – 12/31/2016)





Upcoming Event

ENGIE Brasil Energia will be holding the following events to discuss the earnings results:

Conference call with Webcast (In Portuguese — simultaneous translation into English)

Date: April 26, 2017
Time: 09:00 a.m. (EDT) / 11:00 a.m. (Brasília time)

Connection numbers:
Participants in the USA: +1 (516) 300-1066 / 1-866-866-2673 (Toll Free)
Participants in the UK: + 44 (20) 34785282
Participants in Brazil: +55 (11) 3127-4971 / (11) 3728-5971
Access code: ENGIE

Webcast

The access links will be found at the company's website (www.ENGIEenergia.com.br), at the Investors section.

A replay will be available from April 26th to May 2nd, 2017. Access by dialing: +55 (11) 3127-4999, code: 37937346 (Portuguese) and 74393552 (English)

Important

This release contains information and opinions on future events subject to risks and uncertainties, which are based on current forecasts, projections and tendencies in relation to the Company´s businesses. Innumerous factors can affect the estimates and assumptions on which these opinions are based. For this reason, the estimates and forward looking statements in this release may not become a reality. In the light of these restrictions, shareholders and investors should not adopt any decisions based on estimates, projections and forward looking statements contained in this release.



ATTACHMENT I
ENGIE BRASIL ENERGIA S.A.
CONSOLIDATED BALANCE SHEET – ASSETS

(In thousands of R$)		
Assets	**3/31/2017**	**12/31/2016**
Current Assets	**3,435,856**	**3,355,091**
Cash and cash equiv alents	1,851,322	1,815,340
Accounts receiv ables from clients	808,334	824,079
Inv entory	110,280	105,541
Fiscal credits recov erable	14,685	14,589
Refund of fuel purchases	112,653	49,472
Restricted deposits	16,237	8,760
Unrealized gains on hedging transactions	-	1,490
Cash flow hedge on purchases commitments	-	1,490
Renegotiation of hydrological risk to appropriate	26,064	26,064
Other current assets	76,678	90,153
Non current asset held for sale	419,603	419,603
Non Current Assets	**11,356,458**	**11,064,600**
Long Term Assets	**615,254**	**612,302**
Fiscal credits recov erable	36,318	37,991
Restricted deposits	198,854	185,768
Deposits earmarked for the payment of debt	192,998	180,183
Other restricted deposits	5,856	5,585
Deposits in court	152,011	149,730
Unrealized gains on hedging transactions	-	1,965
Cash flow hedge on purchases commitments	-	1,965
Renegotiation of hydrological risk to appropriate	164,499	171,015
Other non current assets	63,572	65,833
Investments	**7,281**	**4,886**
Property, Plant and Equipment	**10,482,995**	**10,194,898**
Intangible	**250,928**	**252,514**
Total	**14,792,314**	**14,419,691**



ATTACHMENT II
ENGIE BRASIL ENERGIA S.A.
CONSOLIDATED BALANCE SHEET – LIABILITIES

(In thousands of R$)		
Liabilities	**3/31/2017**	**12/31/2016**
Current Liabilities	**1,491,991**	**1,800,794**
Suppliers	392,004	371,149
Dividends and interest on shareholder´s equity	5,771	372,040
Loans and financing	296,201	283,196
Debentures	29,424	16,547
Concessions payable	65,912	65,408
Tax and social contribution obligations	90,229	81,023
Other fiscal and regulatory obligations	88,519	88,632
Labor obligations	102,017	94,753
Provision	34,390	35,001
Obligations related to retirement benefits	27,219	27,219
Liabilities related to non current asset held for sale	159,496	159,496
Other current liabilities	200,809	206,330
Non Current Liabilities	**6,241,394**	**6,004,503**
Loans and financing	2,141,537	2,001,081
Debentures	797,261	787,908
Concessions payable	2,340,555	2,281,968
Provision	297,807	292,106
Obligations related to retirement benefits	273,799	272,248
Deferred income taxes and social contribution	331,485	311,331
Other non current liabilities	58,950	57,861
Shareholders' Equity	**7,058,929**	**6,614,394**
Share capital	2,829,056	2,829,056
Profit reserves	3,342,079	3,336,013
Adjustment on fixed asset	431,401	446,158
Retained earnings	452,944	-
Non controlling interests	3,449	3,167
Total	**14,792,314**	**14,419,691**



ATTACHMENT III
ENGIE BRASIL ENERGIA S.A.
CONSOLIDATED INCOME STATEMENT

(In thousands of R$)	1Q17	1Q16	Chg. %
Net Revenue from Sales	**1,605,912**	**1,602,655**	**0.2**
Costs of Energy Sold and Services Provided	**(826,352)**	**(916,282)**	**-9.8**
Electric power purchased for resale	(378,659)	(389,323)	-2.7
Transactions in the short term market, including those conducted through the CCEE	(26,616)	(71,968)	-63.0
Charges for the use of and connection to the electricity grid	(103,288)	(94,344)	9.5
Fuel expenses	(28,633)	(52,724)	-45.7
Financial compensation for use of water resources	(35,192)	(51,306)	-31.4
Personnel	(48,660)	(55,886)	-12.9
Materials and third party services	(40,900)	(31,800)	28.6
Depreciation and amortization	(147,572)	(151,980)	-2.9
(Constitution) Reversals of operating provisions	375	488	-23.2
Others	(17,207)	(17,439)	-1.3
Gross Income	**779,560**	**686,373**	**13.6**
Operating Income (Expenses)	**(43,797)**	**(47,773)**	**-8.3**
Selling expenses	(3,880)	(4,647)	-16.5
General and administrative expenses	(40,676)	(43,875)	-7.3
Other operating income (expenses), net	759	749	1.3
Income Before Financial Result and Taxes	**735,763**	**638,600**	**15.2**
Net Financial Result	**(71,628)**	**(128,153)**	**-44.1**
Financial income	62,994	124,966	-49.6
Financial expenses	(134,622)	(253,119)	-46.8
Result of corporate participations	**(1,098)**	**-**	**0.0**
Equity loss	(1,098)	-	0.0
Income Before Taxes	**663,037**	**510,447**	**29.9**
Income tax	(154,175)	(118,520)	30.1
Social contribution	(58,167)	(44,820)	29.8
Net Income for the Period	**450,695**	**347,107**	**29.8**
Number of Ordinary Shares	**652,742,192**	**652,742,192**	
Net Income per Share	**0.6905**	**0.5318**	**29.8**



ATTACHMENT IV
ENGIE BRASIL ENERGIA S.A.
CONSOLIDATED STATEMENT OF CASH FLOW

(In thousands of R$)	1Q17	1Q16
Cash Flow from Operating Activities		
Income before taxes on income	663,037	510,447
Adjustments to reconcile net income before taxes generated from operating cash flow:		
Depreciation and amortization	149,730	154,118
Monetary v ariation	34,806	49,088
Interests	87,065	150,128
Fair v alue adjustment	-	1,756
(Rev ersal) of operating prov isions	(1,389)	(840)
Others	1,101	23
Adjusted Profit	**934,350**	**864,720**
Increase (reduction) in assets		
Accounts receiv ables from clients	19,160	(4,882)
Refund of fuel purchases	(63,181)	26,223
Fiscal credits recov erable	(4,271)	(3,407)
Inv entory	(4,739)	(10,216)
Deposits in court and restricted deposits	(7,815)	(50,834)
Renegotiation of hydrological risk to appropriate	6,516	6,516
Other assets	12,423	(26,604)
Increase (reduction) in liabilities		
Suppliers	(22,183)	56,542
Taxes and social contribution obligations	(450)	(118)
Other fiscal and regulatory obligations	(1,037)	(21,120)
Research and dev elopment obligations	(897)	2,444
Obligations related to retirement benefits	(6,256)	(3,692)
Other liabilities	25,780	5,560
Cash Generated from Operating Activities	**887,400**	**841,132**
Payment of income tax and social contribution	(110,317)	(77,605)
Payment of interests on debt, net of hedge	(43,852)	(80,871)
Net Cash from Operating Activities	**733,231**	**682,656**
Investments Activities	**(375,271)**	**(200,523)**
Acquisitions of inv estments, net of cash and cash equiv alents receiv ed	(3,494)	(7,866)
Used in fixed assets	(370,417)	(190,829)
Used in intangibles	(1,360)	(1,828)
Financing Activities	**(321,978)**	**(615,514)**
Loans and financing contracted	211,471	58
Payment of loans and financing	(69,005)	(287,759)
Payments of concessions payable	(17,007)	(15,659)
Payments of div idends and interest on shareholders' equity	(430,609)	(312,622)
Deposits for funding	(7,429)	(3,974)
Others	(9,399)	4,442
Increase (Decrease) in Cash and Cash Equivalents	**35,982**	**(133,381)**
Reconciliation of Cash and Cash Equivalents		
Opening balance	1,815,340	2,396,854
Closing balance	1,851,322	2,263,473
Increase (Decrease) in Cash and Cash Equivalents	**35,982**	**(133,381)**
Transactions that do Not Affect Cash and Cash Equivalents		
Capitalized interest and monetary	34,861	25,661
Supplier's of fixed assets and intangibles	39,961	(26,822)
Offsetting of income tax and social contribution	7,167	7,936
Balance of remaining installments related to purchase of inv estments	-	13,027