

ENGIE Brasil Energia announces first quarter 2018 results: Ebitda and Net Income grow by 18.2% and 8.6%, respectively

Florianópolis, Brazil, April 19, 2018. ENGIE Brasil Energia S.A. ("ENGIE Brasil Energia", "EBE" or "Company") – B3: EGIE3, ADR: EGIEY - announces earnings for the First Quarter (1Q18). 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 an accumulated net income of R$ 489.3 million in 1Q18 (R$ 0.7497/share), value 8.6% (R$ 38.6 million) more than recorded in the first quarter of 2017 (1Q17).
- Ebitda[1] was R$ 1,046.6 million in 1Q18, an increase of 18.2% (R$ 161.1 million) compared with 1Q17. The Ebitda margin was 56.0% in 1Q18, a growth of 0.9 p.p. in relation to 1Q17.
- Net operating revenue amounted to R$ 1,868.9 million in 1Q18, an increase of 16.4% (R$ 263.0 million) compared with this same item in 1Q17.
- The average contracted energy sales price, net of exports and revenue taxes was R$ 177.76/MWh in 1Q18, 1.1% less than recorded in 1Q17.
- The amount of energy sold in 1Q18 was 9,016 GWh (4,174 average MW), a volume 3.7% higher than sold in 1Q17.
- In 1Q18, EBE assured the sale under the Free Contracting Environment (ACL) of volumes of approximately 300 average MW for delivery in each one of the years from 2020 to 2022, this in line with the gradual medium and long-term energy contracting strategy.
- The Jaguara and Miranda HPP, for the first time, contributed in full to Company revenues in 1Q18. The revenue from the Regulated Contracting Environment (ACR) of both plants totaled R$ 112.6 million, having also benefited from the allocation of 30% of the assured energy under the ACL.
- In the light of the downgrading of Brazil sovereign rating to 'BB-' in February, Fitch Ratings lowered the Company's Long Term International Rating for currency to 'BB' with stable outlook, still therefore one notch above sovereign rating. In March, the rating was reaffirmed together with the Long Term National Rating at 'AAA(bra)' with a stable outlook.
- On March 8, the concession contract was signed with respect to the Transmission Auction 02/2017, at which EBE bid successfully for Lot 1 located in the state of Paraná (PR).

Subsequent Events

- At the Annual General Meeting held on April 11, approval was given to the distribution of complementary dividends relative to the fiscal year ending December 31, 2017 in the amount of R$ 636.8 million, corresponding to R$ 0.9755 per share. The shares will trade ex-dividends as from April 24 and payout will take place on June 28, 2018.
- On April 10, the Company announced that negotiations for the sale of the Jorge Lacerda Thermoelectric Complex and the Pampa Sul Thermoelectric Power Plant with ContourGlobal had not transpired satisfactorily. EBE will seek alternatives in order to continue the decarbonization of its portfolio.
- The Board of Directors authorized the Company to submit a proposal for the acquisition of the 50% of remaining shares of ENGIE Geração Solar Distribuída's shares. The acquisition is expected to be concluded during 2018.

For Immediate Release

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Conference call and webcast:
On 4/20/2018 at 10:00 a.m. (EDT): in Portuguese (simultaneous translation into English).

Further details on Upcoming Events section, available on page 23.

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www.ENGIEenergia.com.br

Summary of Financial and Operational Indicators

ENGIE Brasil Energia - Consolidated			
(In millions of R$)	**1Q18**	**1Q17**	**Chg.**
Net Operating Revenue (NOR)	1,868.9	1,605.9	16.4%
Results from Operations (EBIT)	875.6	734.7	19.2%
Ebitda [1]	1,046.6	885.5	18.2%
Ebitda / NRS - (%)[1]	56.0	55.1	0.9 p.p.
Net Income	489.3	450.7	8.6%
Return On Equity (ROE) [2]	27.9	23.4	4.5 p.p.
Return On Invested Capital (ROIC) [3]	21.1	23.0	-1.9 p.p.
Net Debt [4]	5,800.3	1,220.1	375.4%
Gross Power Production (avg MW) [5]	4,630	4,762	-2.8%
Energy Sold (avg MW) [6]	4,174	4,025	3.7%
Average Net Sales Price (R$/MWh) [7]	177.76	179.69	-1.1%
Number of Employees - Total	1,166	1,127	3.5%
EBE Employees	1,117	1,086	2.9%
Employees on Under Construction Plants	49	41	19.5%

(1) Ebitda: net income + income tax and social contribution + financial result + depreciation and amortization.
(2) ROE: net average equity for the past 4 quarters /shareholders' equity.
(3) ROIC: effective tax rate x EBIT / invested capital (invested capital: debt - cash and cash equivalents - deposits earmarked for debt servicing + SE).
(4) Adjusted amount, net of gains from hedge operations.
(5) Total gross electricity output from the plants operated by ENGIE Brasil Energia.
(6) Disregarding sales for quota regime (Jaguara and Miranda HPPs).
(7) Net of taxes and exports.

EGIE3 NOVO MERCADO BM&FBOVESPA
IBOVESPA
Índice de Ações com Governança Corporativa Diferenciada IGC
Índice de Ações com Tag Along Diferenciado ITAG
Corporate Sustainability Index ISE 2018
MSCI 2017 Constituent MSCI ESG Leaders Indexes



MESSAGE FROM THE MANAGEMENT

Following a 2017 of major challenges overcome, new objectives assumed and consistent performance, we began 2018 with the same ambitions of pursuing the creation of maximum value in accordance with ENGIE Group's global guidelines of decarbononization, decentralization and digitization throughout the world.

Our projects for expanding the renewable energy matrix are proceeding at full speed. In 1Q18, the Jaguara and Miranda Hydroelectric Power Plants contributed in full to Company revenue. The construction of the Umburanas Wind Complex in Bahia has proceeded a pace with the opening of the accesses to the wind farms advancing. In March, work was started on the concreting of the foundations to the wind turbines, with 13 of the 144 foundations concluded. Important progress was also made at the Campo Largo Wind Complex where 97% of the excavations for the installment of the network structures and 19% of the wind turbine towers was finalized. All these projects are proceeding according to schedule and preestablished budgets.

The results reported for 1Q18 are testament to our convictions and we remain confident in pursuing our chosen strategy.

We saw similar progress in distributed generation, since 2016, one of the Company's priority segments. In the first quarter of 2018, ENGIE Geração Solar Distribuída installed 260 systems, the aggregate since inception now totaling 1,788 systems installed with a total 9,744 kWp capacity. Board of Directors meeting, has been approved the Company submit a proposal for the acquisition of the 50% of remaining shares of ENGIE Geração Solar Distribuída's shares. The acquisition is expected to be concluded during 2018.

In line with our policy of transparency which characterizes all our actions and communications and further to what we have been reporting in previous periods, we would mention that negotiations for the sale of the Jorge Lacerda Thermoelectric Complex and the Pampa Sul Thermoelectric Power Plant have not evolved satisfactorily. The Company has therefore decided to examine alternatives as part of the continuing process of portfolio decarbonization.

We begin 2018 with the same focus and discipline in following and fulfilling our strategy based on the allocation of capital focused on positive returns and a conservative approach to risk management. The results reported in 1Q18 are testament to our convictions and we continue confident in pursuing this line of action. Compared with 1Q17, our Net Operating Revenue rose by 16.4%, reaching R$ 1,868.9 million, our Ebitda by 18.2% to R$ 1,046.6 million and our Ebitda Margin posting an increase of 56.0%, 0.9 p.p. greater than registered in the same period in 2016. In the light of this, we were able to report a first quarter Net Income of R$ 489.3 million.

Finally, worthy of mention and in addition to the results already achieved, there will be future additional benefits arising from our activities: in 1Q18, the Company sold about 300 average MW for delivery in each one of the years from 2020 to 2022, a significant amount which will feed through to future results.

Eduardo Antonio Gori Sattamini
Chief Executive Officer

Carlos Freitas
Chief Financial and Investor Relations Officer



OPERATING PERFORMANCE

Generating Complex

ENGIE Brasil Energia is part of the largest independent power producer group in the country and has 7,678.1 MW of installed capacity and operates a generating complex with 9,398.8 MW, comprises 30 plants (11 hydro, three thermal and 16 complementary energy source plants - biomass, SHP, wind powered and solar), 26 of which are wholly owned by the Company and four (the Itá, Machadinho and Estreito Hydro Power Plants and the biomass-fired Ibitiúva Bioenergética co-generation plant) jointly-owned through consortia with other companies.

ENGIE Brasil Energia's Generating Complex

Power Plants	Source	Location	Installed Capacity (MW)		Concession/ Authorization original term expiration date	Assured energy (aMW) Company's Share [4]
			Total	Company's Share		
Itá	Hydro	Uruguai River (SC and RS)	1,450.0	1,126.9	Oct/30	564.7
Salto Santiago	Hydro	Iguaçu River (PR)	1,420.0	1,420.0	Sep/28	733.3
Machadinho	Hydro	Uruguai River (SC and RS)	1,140.0	403.9	Jul/32	165.3
Estreito	Hydro	Tocantins River (TO/MA)	1,087.0	435.6	Nov/37	256.9
Salto Osório	Hydro	Iguaçu River (PR)	1,078.0	1,078.0	Sep/28	502.6
Cana Brava	Hydro	Tocantins River (GO)	450.0	450.0	Aug/33	260.8
Jaguara	Hydro	Grande River (MG)	424.0	424.0	Dec/47	341.0
Miranda	Hydro	Araguari River (MG)	408.0	408.0	Dec/47	198.2
São Salvador	Hydro	Tocantins River (TO)	243.2	243.2	Apr/37	148.2
Passo Fundo	Hydro	Passo Fundo River (RS)	226.0	226.0	Sep/28	113.1
Ponte de Pedra	Hydro	Correntes River (MT)	176.1	176.1	Sep/34	133.6
Total - Hydro			**8,102.3**	**6,391.7**		**3,417.7**
Jorge Lacerda Complex[1]	Thermal	Capivari de Baixo (SC)	857.0	857.0	Sep/28	649.9
Total - Thermal			**857.0**	**857.0**		**649.9**
Trairi Complex[2]	Wind Farm	Trairi (CE)	115.4	115.4	Sep/41	63.9
Santa Mônica Complex [2]	Wind Farm	Trairi (CE)	97.2	97.2	Jan/45	47.4
Ferrari	Biomass	Pirassununga (SP)	80.5	80.5	Jun/42	35.6
Ibitiúva Bioenergética	Biomass	Pitangueiras (SP)	33.0	22.9	Apr/30	13.9
Assú V	Solar	Assú (RN)	30.0	30.0	Jun/51	9.2
Lages	Biomass	Lages (SC)	28.0	28.0	Oct/32	11.1
Rondonópolis	SHP	Ribeirão Ponte de Pedra (MT)	26.6	26.6	Dec/32	10.1
José Gelazio da Rocha	SHP	Ribeirão Ponte de Pedra (MT)	23.7	23.7	Dec/32	9.2
Cidade Azul	Solar	Tubarão (SC)	3.0	3.0	not applicable[3]	0.0
Tubarão P&D	Wind Farm	Tubarão (SC)	2.1	2.1	not applicable[3]	0.0
Total - Complementary			**439.5**	**429.4**		**200.4**
Total			**9,398.8**	**7,678.1**		**4,268.0**

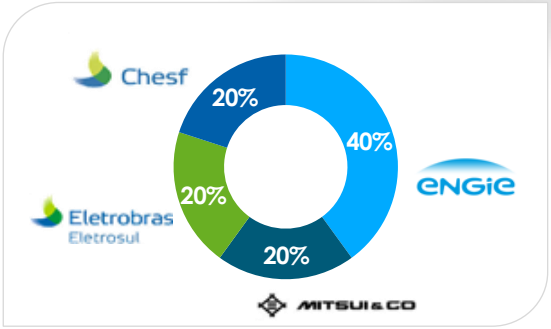
[1] Complex comprised of three power plants.
[2] Complex comprised of four power plants.
[3] For generating plants with installed capacity lower than or equal to 5 MW the legal instrument applicable is the record.
[4] Considers a review of the assured energy effective as of January 2018.



Expansion

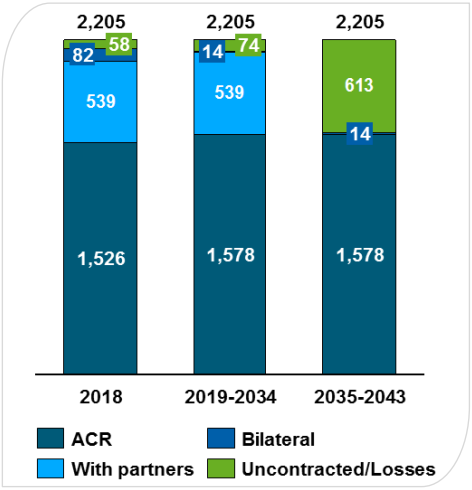
Jirau. Energia Sustentável do Brasil (ESBR), is responsible for the construction, maintenance, operation and sale of energy generated by the Jirau Hydroelectric Power Plant, located in the Madeira River, in the city of Porto Velho, state of Rondônia.

ESBR - Estrutura Societária



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.

ESBR PPA's Portfolio
Average MW



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.

Since November 2016, Jirau HPP has 50 generating units in operation, representing a total installed capacity of 3,750 MW. The plant was unveiled on December 16, 2016.

In 1Q18, the plant generated 2,863.2 average MW, 16.0% above the 2,468.3 average MW for 1Q17, while the National Electrical System Operator Uptime Ratio (FID) was 99.5% (data subject to final Electric Energy Trade Board (CCEE) booking).

In May 2017, ENGIE Brasil Participações (EBP) announced the engagement of Banco Itaú BBA S.A. to provide financial advisory services for an economic-financial study for the preparation of a proposal for the eventual transfer to ENGIE Brasil Energia (EBE) of EBP's stakes of 40% in ESBR Participações S.A. (ESBRpar) - holder of 100% of the capital stock of ESBR - and the 100% participation in Geramamoré Participações e Comercializadora de Energia Ltda.

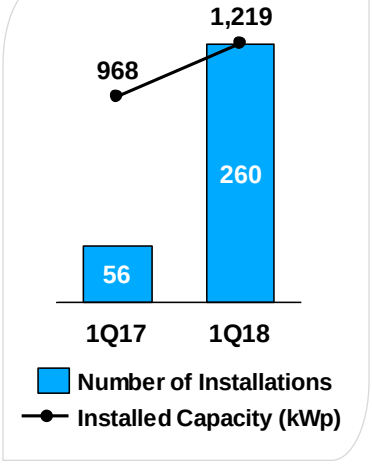


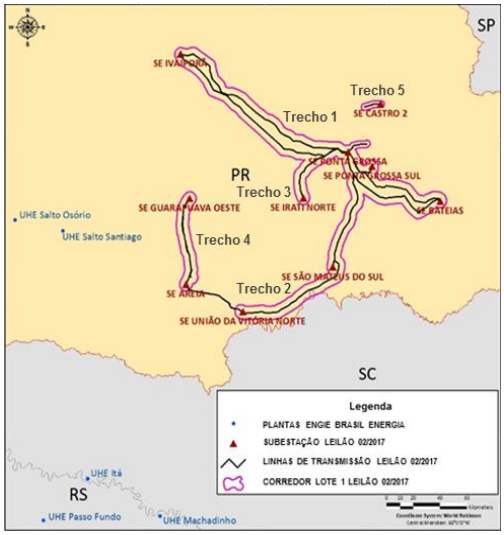
ENGIE Geração Solar Distribuída. Since 2016, the Company has been operating in the distributed generation market through ENGIE Geração Solar Distribuída S.A., in which it has a 50% stake in the capital. This initiative is a response to the challenges of a dynamic energy matrix and closer to the end consumer.

On February 23, the Federation of the Industries of the State of Santa Catarina (Fiesc), in partnership with ENGIE Geração Solar Distribuída and WEG S.A., announced the launch of the second phase of the Solar Industry Program. This phase comes after the success of the first phase consisting of a pilot project which offered special conditions to the employees of ENGIE Brasil Energia, WEG, Fiesc, Serviço Social da Indústria (Sesi/SC), the National Industrial Apprenticeship Service (Senai/SC), Instituto Euvaldo Lodi (IEL) and Centrais Elétricas de Santa Catarina (Celesc). The second phase of the program extends the offer to the industries of Santa Catarina and their employees. The first phase began on November 20, 2017 and up to the end of 1Q18, had totaled 1,906 enrollments while the second phase is already reporting 548 industries signing up to the program.

During 1Q18, 260 systems with a capacity of 1,219 kWp were installed, a growth of 25.9% compared with 1Q17 when installed capacity was 968 kWp comprising 56 systems. Since the start to its operations, ENGIE Geração Solar Distribuída has installed a total of 1,788 systems in 16 states with 9,744 kWp of capacity.

Number of units and installed capacity



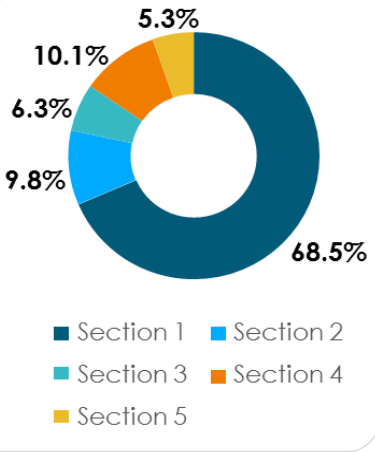


Gralha Azul Transmission System. On December 15, 2017, the Company made a successful bid for Lot 1 of Aneel Transmission Auction 02 for a stretch of 1,050 kilometers in the State of Paraná (PR), marking EBE's debut into the energy transmission sector in Brazil. The project also includes the installation of five new substations. The concession term for the public utility transmission service, including the licensing, the construction, assembly and the operation and maintenance of the transmission line installations will be 30 years as from signature date of the concession agreement.

The final date for the transmission line to become fully operational is March 9, 2023, but EBE expects it can abbreviate this term as well as reduce the initial Aneel forecasted investments.

The concession agreement was signed on March 8, 2018 at the headquarters of Aneel in Brasília.

Part of the Annual Allowed Revenue (RAP) (%)



Lot	Location	Contracted RAP (R$ million)	Investment forecast by Aneel (R$ million)
1	Paraná (PR)	231.7	2,017.0
Total		**231.7**	**2,017.0**



Projects under Construction

Power plants	Source	Location	Installed Capacity (MW)		Concession/ Authorization original term expiration date	Assured energy (aMW) Company's Share
			Total	Company's Share		
Umburanas Complex - Phase I	Wind Farm	Umburanas (BA)	360.0	360.0	From Aug/49 to Aug/50	207.5
Pampa Sul	Thermal	Candiota (RS)	345.0	345.0	Mar/50	323.5
Campo Largo Complex - Phase I	Wind Farm	Umburanas and Sento Sé (BA)	326.7	326.7	From Jul/50 to May/52	164.9
Total			**1,031.7**	**1,031.7**		**695.9**

Umburanas Wind Complex – Bahia (Phase I). Located in the Municipality of Umburanas (BA), the Complex has a **total installed capacity of 605 MW** to be harnessed in two phases. The installed capacity under Phase I is 360 MW, of which 257.5 MW will be sold on the free market while 102.5 MW has been commercialized via the A-5/2014 Reserve Energy Auction at the average **price of R$ 168.1/MWh, restated up to March 31, 2018**. The first phase of the Complex will involve an investment of about R$ 1.8 billion. The remaining 245 MW will be harnessed during Phase II. The project will be developed adjacent to the Campo Largo Wind Complex, thereby capturing synergies both during installation as well as subsequently when commercial operations begin.



Umburanas Wind Farm – concreting of the first foundation

The agreements for executing the transmission line and the Ourolância Substation bay and for the electro-mechanical content (230kV substation, unit substations and medium voltage network) were signed in February 2018.

Work is currently being executed on the accesses to the wind farms with 42% of brush clearance, 29% of earth movement and 4% of paving completed. In March, concreting operations began on the foundations to the wind turbines, 13 of the 144 foundations having been concluded.

Commercial operations are expected to begin in January 2019.



Pampa Sul TPP – cooling tower

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 345 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.

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$ 235.7/MWh, restated up to March 31, 2018**. 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.

In 1Q18, work on the Untreated Water Capture Plant was completed permitting the pumping of water into the plant once reservoir levels have reached 154.4 meters. The electro-mechanical assembly of the conveyer belt and the coal yard covering have both been completed. Work continues on the plant with boiler hydrostatic testing imminent and scheduled for the second quarter 2018. The other systems are progressing well with commissioning of the water systems expected shortly. The physical work on the plant was 82% complete at the end of 1Q18.

Start of commercial operations is scheduled for the first quarter of 2019.



Campo Largo Wind Farm – Nacelle lifting

Campo Largo Wind Complex – Bahia (Phase I). The Campo Largo Wind Complex (CECL) is made up of a series of wind generation operations to be developed in stages. The Complex has a potential for harnessing 656.7 MW, Phase I amounting to 326.7 MW and Phase II, 330 MW of installed capacity, all located in the municipalities of Umburanas and Sento Sé, about 420 km from the city of Salvador in the state of Bahia. 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$ 172.5/MWh, restated up to March 31, 2018**, 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) are being developed at this stage of the project. In this case, the energy has already been 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 1Q18, work on the assembling of the wind turbine towers was begun, with 19% of the total completed by the end of the quarter. Electromechanical assembly of the wind turbines proceeds with 9 nacelles, 9 hubs and 15 blades already assembled.

The excavation stage for installing the structures for medium voltage network structures was completed with 97% of the work overall concluded.

Excavation and concreting of the foundations of the structures for the Campo Largo Substation were concluded with the installation of the supports and the equipment both for the 230 kV as well as the 34.5 kV yards. The assembling of the electro-mechanical equipment is progressing, in the case of the 230 kV yard, 97% complete and the 34.5 kV yard 37% concluded.

The electro-mechanical assembly of the Ourolândia II Substation bay equipment has been concluded and commissioning underway.

The transmission line is already in place and the lightening cables/Optical Ground Wire (OPGW) and the conductor cables are being erected while the 230 kV transmission line connecting the Campo Largo Substation to the Ourolândia II Substation connection bay is at the commissioning stage.

Initial commercial operations, with the commissioning of three wind farms, are scheduled for the second quarter 2018.

Projects under Development

Power plants	Source	Location	Installed Capacity (MW)	
			Total	Company'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
Umburanas Complex - Phase II	Wind Farm	Umburanas (BA)	245.0	245.0
Assú - Plants I, II, III e IV	Solar	Assú (RN)	146.8	146.8
Alvorada	Solar	Bom Jesus da Lapa (BA)	90.0	90.0
Total			**2,011.8**	**2,011.8**

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. The project is eligible to take part in the energy auctions.



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. Just as in the case of the Santo Agostinho Wind Complex, Phase II of Campo Largo is now eligible to take part in the energy auctions, the Company's intention being to register the project for the next A-6 auction.

Umburanas Wind Complex – Bahia (Phase II). With an **installed capacity of 245 MW**, the environmental licensing for the Second Phase has been issued with energy under this second phase to be harnessed by EBE in due course alongside the Campo Largo Wind Complex, thus maximizing synergies during implementation and subsequent commercial operations.

Assú Photovoltaic Complex. Located in the Municipality of Assú, State of Rio Grande do Norte, the Complex will have a total installed capacity of approximately 183 MWp, consisting of five projects, among them Assú V. Assú V went into commercial operations in December 2017. The remaining projects are at the stage of evaluating solar radiation, with Preliminary License already issued, and qualified to take part in future 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.

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 three 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.

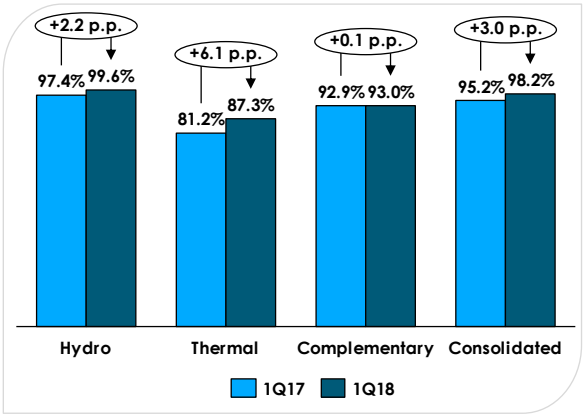
Uptime Operating

The plants operated by ENGIE Brasil Energia reported uptime working of **98.2% in 1Q18, ignoring scheduled stoppages**: 99.6% for the hydroelectric plants, 87.3% for the thermoelectric plants and 93.0% with respect to the plants fired from complementary energy sources, namely SHPs, biomass, wind and photovoltaics.

If all scheduled shutdowns are taken into account, the aggregate uptime in the first quarter 2018 was 94.0%: 97.9% for the hydroelectric plants, 69.0% for the thermoelectrics and 71.4% for plants operating with complementary energy sources.

Hydroelectric power plant uptime in the quarter was affected mainly by programmed maintenance stoppages at the Itá and Passo Fundo hydro plants in addition to corrective maintenance at the Jaguara Plant.

Uptime Operating
Not considering scheduled shutdowns



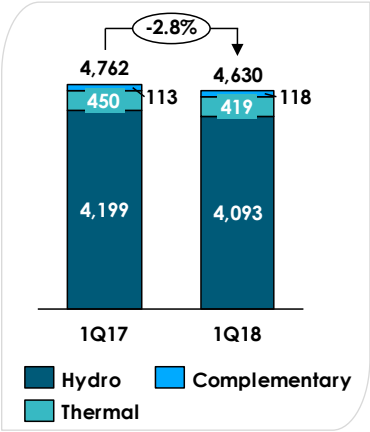
Additionally, on March 21 there was a major power failure which substantially affected the National Interconnected System (SIN), automatically disconnecting Estreito Hydroelectric Power Plant's 8 Generating Units. While the National System Operator classified this event as external, downtime hours not being considered, all 8 Generating Units were damaged. The repairs are scheduled for completion by the end of May.



Thermoelectric downtime was affected by programmed maintenance at Generating Unit 3 and by corrective maintenance work on Generating Unit 2, both at the Jorge Lacerda Thermoelectric Plant.

Production

Generation
Average MW



Electricity output from plants operated by ENGIE Brasil Energia was 10,001 GWh (4,630 average MW) in 1Q18. This result is **2.8% lower** than production for 1Q17. Total output breaks down as follows: hydroelectric plants, 8,842 GWh (4,093 average MW), thermoelectric plants 905 GWh (419 average MW) and the complementary sourced units 255 GWh (118 average MW). Results point to, respectively, reductions of 2.5% and 6.9% on the hydro and termoelectric energy sources and increase of 4.4% in complementary energy sources, in relation to 1Q17.

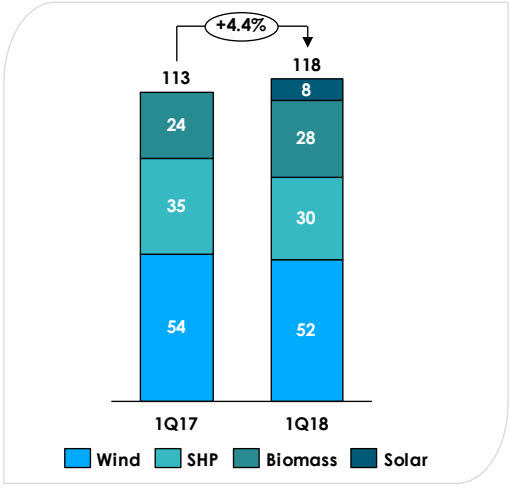
While the Jaguara and Miranda Hidroelectric Power Plants have been incorporated into the Company's generating complex, there was a year-on-year reduction in the Company's hydro generation - largely due to less favorable hydrological conditions in 1Q18 in the hydrological basins where the company's plants are located. Complementary to this, the effect of load stabilization of the National Interconnected System (SIN) is worthy of mention with growth of just 0.1% in relation to 1Q17. This is linked to a combination of entry into operation of new plants making up the North subsystem and the related need to restrict generation from SIN's existing hydraulic complex to make way for the hydro generation coming on stream from the plants recently incorporated into the system.

On the other hand, the reduction in thermal generation is due principally to lower generation from the Jorge Lacerda Thermoelectric Complex due to restrictions on attending system requirements as well as controlled management of coal inventory.

Increased generation from the complementary plants is a reflection of the startup in commercial operations of the Ouro Verde Wind Farm and the Assú V Photovoltaic Plant, this despite the sale of the Beberibe and Pedra do Sal wind farms and the Areia Branca Small Hydroelectric 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.

Generation by Complementary Source
Average MW



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.

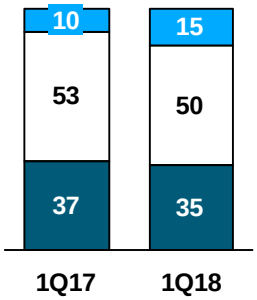


Clients

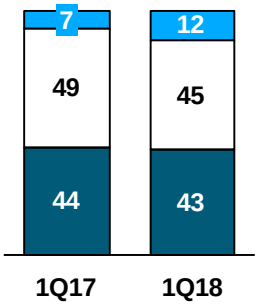
In 1Q18, the free consumer share of the Company's portfolio was 49.9% of total physical sales and 44.9% of the total net operating revenue (except CCEE and other revenues), decreases of 3.4 p.p. and 4.0 p.p., respectively in relation to the same quarter in 2017.

The reduction in the participation of free consumers reflects both a decline in the consumption of industrial clients as well as lower prices for new agreements.

Breakdown of Customers by Physical Sales
(%)



Breakdown of Customers in Contracted Sales Comprising Net Operating
(%)



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

[1] Energy exports as a share of physical sales was 0.02% in the 1Q17 and of net operating revenue (except CCEE and other revenues) was 0.04% in the 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, 2018** is as follows:

Energy Balance
(Average MW)

	2018	2019	2020	2021	2022	2023	Auction **Gross** Price (R$/MWh)	Reference Date	**Gross** Price Adjusted (R$/MWh)
Own Resources	4,092	4,628	4,716	4,725	4,738	4,736			
+ Purchases for Resale	1,244	868	492	367	356	283			
= Total Resources (A)	**5,336**	**5,496**	**5,208**	**5,092**	**5,094**	**5,019**			
Government Auction Sales[1]	1,638	1,997	2,013	2,013	2,013	2,013			
2005-NE-2010-30	200	200	200	200	200	200	115.1	Dec-05	219.8
2006-NE-2009-30	493	493	493	493	493	493	128.4	Jun-06	241.2
2006-NE-2011-30	148	148	148	148	148	148	135.0	Nov-06	252.0
2007-NE-2012-30	256	256	256	256	256	256	126.6	Oct-07	226.8
2014-EE-2014-06	103	103	-	-	-	-	270.7	May-14	333.0
Proinfa	19	19	19	19	19	19	147.8	Jun-04	255.4
1st Reserve Energy Auction	14	14	14	14	14	14	158.1	Aug-08	274.0
Auction Mix (New Energy / Reserve / DG)	18	17	14	14	14	14	-	-	253.8
2014-NE-2019-25	-	173	295	295	295	295	183.5	Mar-14	235.7
2014-NE-2019-25	-	10	10	10	10	10	206.2	Nov-14	255.3
2014-NE-2019-20	-	83	83	83	83	83	139.3	Nov-14	172.5
2015-NE-2018-20	-	46	46	46	46	46	188.5	Aug-15	215.6
8th Reserve Energy Auction	9	9	9	9	9	9	303.0	Nov-15	341.3
2017-EN-2019-20	-	48	48	48	48	48	136.4	Nov-14	168.1
Government Auction - Quotas regime									
2018 - Quotas (UHJA) - 2018-30	239	239	239	239	239	239	-	Jul-17	134.7
2018 - Quotas (UHMI) - 2018-30	139	139	139	139	139	139	-	Jul-17	151.2
+ Bilateral Sales	3,089	2,823	2,666	2,078	1,542	984			
= Total Sales (B)	**4,727**	**4,820**	**4,679**	**4,091**	**3,555**	**2,997**			
Balance (A - B)	**609**	**676**	**529**	**1,001**	**1,539**	**2,022**			
Sales average **net** price (R$/MWh) [2, 3]:	180.8	184.2	185.9						
Purchases average **net** price (R$/MWh) [4]:	182.0	184.7	166.8						

[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] Desconsidering sales for quota regime (Jaguara and Miranda HPPs).
[4] Purchase net price, considering benefits from PIS/Cofins credits, i.e. future inflation is not considered.

Notes:
- The balance refers to the settlement point (net of losses of internal consumption of the plant).
- 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

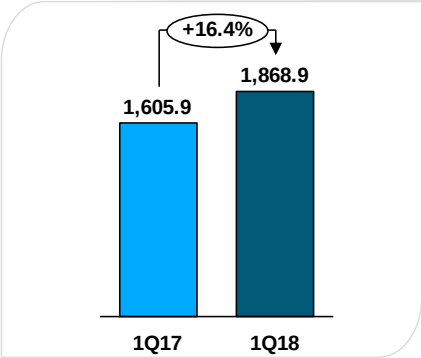


ECONOMIC-FINANCIAL PERFORMANCE

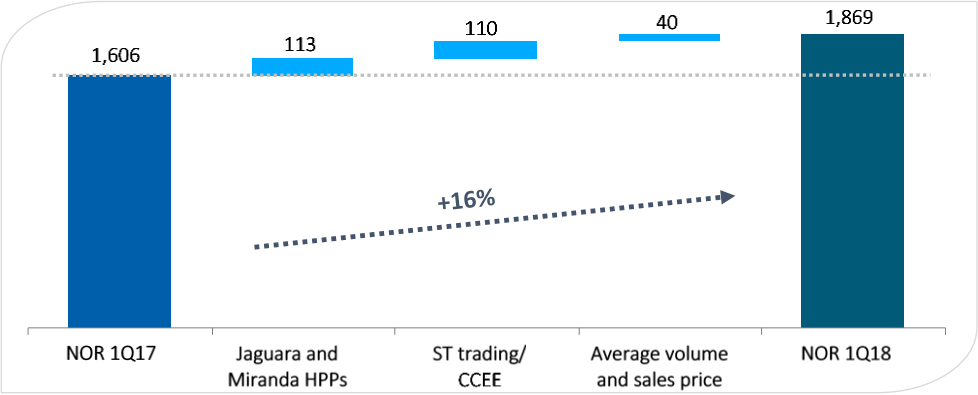
Net Operating Revenue

In 1Q18, net operating revenue reported an increase of 16.4%, (R$ 263.0 million), compared with 1Q17, from R$ 1,605.9 million to R$ 1,868.9 million. The key factors underlying this variation were: (i) R$ 112.6 million, due to recognition of revenue from operations at the Jaguara and Miranda Hydroelectric Power Plants in the Regulated Contracting Environment (ACR), the plants acquired via Aneel's Non-Renewed Concessions Auction of which R$ 84.8 million corresponds to the remuneration of the financial asset and R$ 27.8 million to Generation Assets Management revenue (GAG) to cover the costs of operation, maintenance and improvements; (ii) R$ 110.4 million – growth in revenue due to transaction in the short-term market, more especially those transacted through the Electric Energy Trade Board (CCEE); and (iii) R$ 40.0 million, reflecting the larger volume of energy sold, partially attenuated by a slight reduction in average sales price for free consumers.

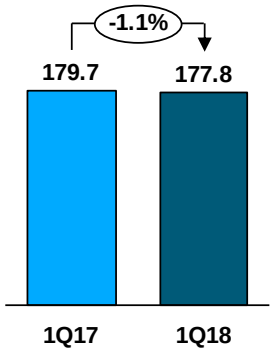
Net Operating Revenue
R$ million



Net Operating Revenue Change
R$ million



Net Average Selling Price*
R$/MWh



(*) Net of taxes and exports.

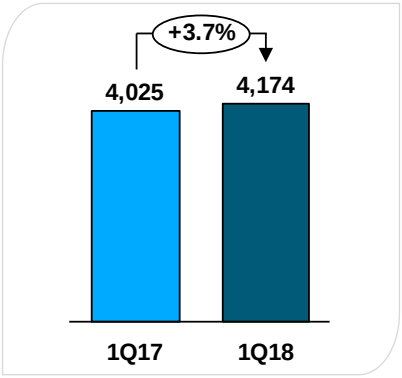
✓ **Net Average Selling Price**

The average energy selling price, net of exports and taxes on revenue reached R$ 177.76/MWh in 1Q18, **1.1% lower than 1Q17**, the value of which was R$ 179.69/MWh.

Price reductions were essentially a reflection of new energy sales contracts for industrial clients at prices less than existing or expiring agreements.



Sales Volume
Average MW



✓ **Sales Volume**

The amount of energy sold increased from 8,694 GWh (4,025 average MW) in 1Q17 to 9,016 GWh (4.174 average MW) **in 1Q18, an increase of 322 GWh** (149 average MW) between compared periods.

These variations largely reflect the combination of growth in sales to trading companies, including trading operations, partially offset by the reduction in sales to distributors due to the Surplus and Deficits Compensation Mechanism (MCSD) and the decline in consumption on the part of industrial clients.

Comments on Variation in Net Operating Revenue

✓ **Revenue from Sale of Electric Energy - Distribution Companies**

Revenue from sales to distribution reached R$ 687.3 million in 1Q18, **0.6% higher** than the R$ 682.9 million reported in 1Q17. This variation reflects the following factors: (i) R$ 14.0 million – an increase of 2.1% in the net average selling price; and (ii) R$ 9.6 million – a reduction of 44 GWh (21 average MW) in volumes sold.

The decrease in sales volume between periods under review was principally due to reductions of the MCSD, partially attenuated by the entry into operation of the Assú V Photovoltaic Plant. Growth in net average selling price is mainly due to the monetary restatement of existing contracts.

✓ **Revenue from Sale of Electric Energy - Trading Companies**

In 1Q18, net operating revenue to trading companies was R$ 196.4 million, **71.5% higher** than the revenue recorded in 1Q17, which was R$ 114.5 million. This improved showing was due to the following factors: (i) R$ 43.1 million – an increase of 313 GWh (145 average MW) in energy volume sold; (ii) R$ 37.1 million – with respect to selling agreements for trading operations (89 average MW); and (iii) R$ 1.7 million – growth of 1.5% in net average selling prices.

The variation in volume in the quarter was mainly due to new sales agreements with trading companies, including trading operations. The increase in price largely reflects new agreements at prices higher than the average for existing and expiring contracts.

✓ **Revenue from Sale of Electric Energy - Free Consumers**

Revenue from sale to free consumers fell 6.0% between the quarters under analysis from R$ 764.5 million in 1Q17 to R$ 718.8 million in 1Q18. The following events contributed to this variation: (i) R$ 23.8 million decrease of 3.1% in the average net selling price of energy. The decline in prices was largely due to new agreements at lower prices than the average for existing and expiring agreements; and (ii) R$ 21.9 million – a reduction of 137 GWh (63 average MW) in the amount of energy sold, basically a reflection of lower consumption by the industrial sectors. The portfolio of free consumers increased from 280 in 1Q17 to 326 in 1Q18, a rise of 16.4%.

✓ **Export of Electric Energy**

In the quarter under analysis, energy exports were zero. In 1Q17, the Company exported 2 GWh (0.23 average MW) of electricity to Argentina, resulting in net revenue of R$ 0.6 million.

✓ **Transactions in the short term market – especially those conducted through the Electric Energy Trade Board (CCEE)**

In 1Q18, revenue generated in the short-term market, especially within the scope of the CCEE, **was R$ 146.9 million**, while in 1Q17, the amount was R$ 36.5 million, representing an increase of R$ 110.4 million when comparing the same quarters for successive years. A more detailed explanation of these variations is to be found in the item below "Details of Short-Term Operations - especially Transactions conducted through the Electric Energy Trade Board (CCEE)".



✓ **Remuneration of concession financial assets**

The equivalent to 70% of the physical guarantee of the Jaguara and Miranda Hydroelectric Power Plants, the concession contracts for which became effective on December 29, 2017, will be remunerated through the Grant Bonus Return (RBO) comprising the Generation Annual Revenue (RAG) to be generated by the companies. On the basis of the economic essence of the transaction, the part equivalent to the amount paid for the concession grant is recorded as a financial asset and the remuneration of these assets, recognized as operating financial revenue. The amount of this remuneration recognized in 1Q18 for the Jaguara and Miranda Hydroelectric Power Plants was R$ 52.6 million and R$ 32.2 million, respectively.

✓ **Revenue from services rendered**

Still with respect to the Jaguara and Miranda Hydroelectric Power Plants, for energy sold in the ACR, also as part of the RAG, the companies will receive the portion relating to the Generation Assets Management (GAG) for covering the costs with operations and maintenance as well as expenditures with improvements and investments during the term of the concession agreement. The value of the GAG recognized in 1Q18 was R$ 15.4 million and R$ 12.4 million, respectively for the Jaguara and Miranda Hydroelectric Power Plants.

Costs of Electric Energy and Services

The costs of energy sold and services increased by R$ 117.2 million or 14.2% between compared quarters, growing from R$ 826.4 million in 1Q17 to R$ 943.6 million in 1Q18. Such variations are due essentially to tendencies in the principal components as follows:

✓ **Electric energy purchased for resale:** an increase of R$ 51.0 million (13.5%) in 1Q18 compared with 1Q17, a reflection above all of the following factors: (i) R$ 8.1 million – decrease of 49 GWh (23 average MW), a reflection of the reduction in medium and long-term purchases for the management of the Company's portfolio; (ii) R$ 16.0 million – an increase of 4.2% in the net average price due to fresh agreements at higher average prices than those of prevailing and expiring agreements; and (iii) R$ 43.1 million – purchases of electric energy allocated to trading operations (101 average MW). Additionally, electric energy purchased for trading operations and not sold to trading companies was settled on the CCEE.

✓ **Transactions in the short-term market - especially those within the scope of the CCEE:** comparing the quarters under analysis, the costs of transactions were R$ 32.1 million (120.5%) greater. More details are given in the following specific item.

✓ **Charges for use of and connection to the electricity grid:** an increase of R$ 8.4 million (8.1%) between quarters under analysis due principally to the annual readjustment in transmission tariffs and recognition in 1Q18 of the charges relative to the portion of energy from the Jaguara and Miranda Hydroelectric Power Plants sold in the ACL.

✓ **Fuels for the generation of electricity:** decrease of R$ 6.3 million (22.0%) comparing 1Q18 with the same quarter of 2017 due basically to the stoppage of operations at the William Arjona Thermoelectric Power Plant in the first quarter of 2017, given its economic unviability due to the increase in gas prices.

✓ **Personnel:** an increase of R$ 1.6 million (3.4%) in 1Q18 compared with 1Q17, largely due to the annual readjustment in employee compensation and benefits.

✓ **Materials and third-party services:** an increase of R$ 8.8 million (21.5%) year-on-year due in large part to recognition of the costs of operation and maintenance in 1Q18 of the Jaguara and Miranda Hydroelectric Power Plants and the Santa Mônica Wind Complex, which in 1Q17 saw part of these overheads absorbed by the wind turbine supplier.

✓ **Depreciation and appreciation:** a rise of R$ 19.1 million (13.0%) between quarters year-on-year and largely a reflection of the following items: (i) amortization of an intangible asset with respect to the acquisition of the Jaguara and Miranda Hydroelectric Power Plants; (ii) depreciation of substantial maintenance work carried out on the Unit A of the Jorge Lacerda Thermoelectric Complex in mid-2017; and (iii) the entry into commercial operations of the Assú V Photovoltaic Plant on December 23, 2017.

Details of Short Term Operations – especially Transactions in 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, 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 **1Q18** and in 1Q17**, net results** (difference between revenues and costs – deducted from taxes on revenues and the costs) from short-term transactions – particularly those executed on the CCEE, **were positive at R$ 88.2 million** and R$ 9.9 million, respectively, resulting in an increase of R$ 78.3 million between two periods in question.

This variation is essentially a reflection of the combination of the following factors: (i) an increase of the positive effects from secondary energy; (ii) the positive effect of the difference of prices between the North and the Southeast submarkets in 1Q18 and between the Northeast and Southeast submarkets in 1Q17; (iii) the increase in the thermoelectric generation deficit due to a decline in generation from this source; (iv) reduction in MRE revenue due to the decrease in hydroelectric generation in the period; and (v) a reduction in the short position on the CCEE, a result of the strategy for allocating hydric resources during 2018.

It is worth considering that the increase in average PLD in 2018, as shown below, contributed to the increase in the negative effects of thermoelectric generation and the short position in 1Q18 of the CCEE and conversely, to the increase in the positive effect from secondary energy.

In December 2017, Aneel set maximum and minimum limits for the PLD for 2018 at R$ 505.18/MWh and R$ 40.16/MWh, respectively. On a quarterly comparison basis, the average PLD for the South and Southeast/Center-West submarkets increased by 25.9%, from R$ 155.37/MWh in 1Q17 to R$ 195.61/MWh in 1Q18. Additionally, the PLD for the North submarket fell 5.1% from R$ 79.10 to R$ 75.10, and the average PLD for the Northeast submarket from R$ 195.97/MWh in 1Q17 to R$ 191.56/MWh in 1Q18, or a decline of 2.3%.

Selling, General and Administrative Expenses

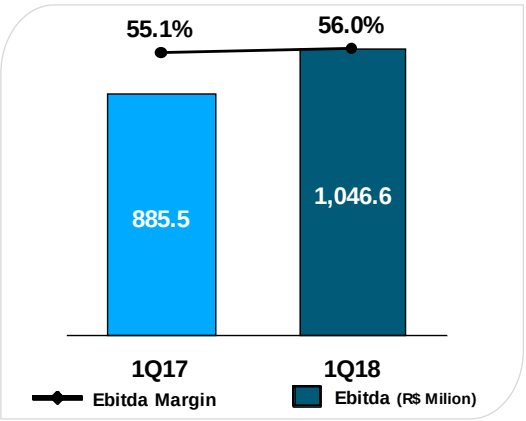
General and administrative expenses between quarters under review, increased by R$ 3.2 million (7.9%) from R$ 40.7 million in 1Q17 to R$ 43.9 million in 1Q18, by virtue, to a great extent, of additional expenditures with IT services in 1Q18 and a reversal of a provision in 1Q17.

Ebitda and Ebitda Margin

Set against the background of the effects already discussed, **Ebitda for 1Q18 was R$ 1,046.6 million**, 18.2% or R$ 161.1 million over the R$ 885.5 million in 1Q17. The 1Q18 Ebitda margin was 56.0%, a growth of 0.9 p.p. in relation to the same period in 2017.

The above increases reflect a combination of the following factors: (i) recognition of R$ 84.8 million in operating financial revenue from the Jaguara and Miranda Hydroelectric Power Plants in 1Q18; (ii) the positive effect of R$ 78.3 million in transactions conducted in the short-term market – particularly those executed within the scope of the CCEE; (iii) the increase of R$ 40.0 million in the combination of price and volume in energy sold under agreements; (iv) recognition of R$ 27.9 million in the cost of Generation Assets Management (GAG) for the operation, maintenance and improvements at the Jaguara and Miranda Hydroelectric Power Plants in 1Q18; (v) the decline of R$ 6.3 million in fuel consumption; (vi) an increase of R$ 51.0 million in energy purchases for trading and portfolio composition; (vii) growth of R$ 8.8 million in the costs of third party materials and services; (viii) increase of R$ 8.4 million in charges for use of the network; (ix) growth of R$ 3.2 million in SG&A expenses; and (x) an increase of R$ 4.8 million in other operational costs and expenses.

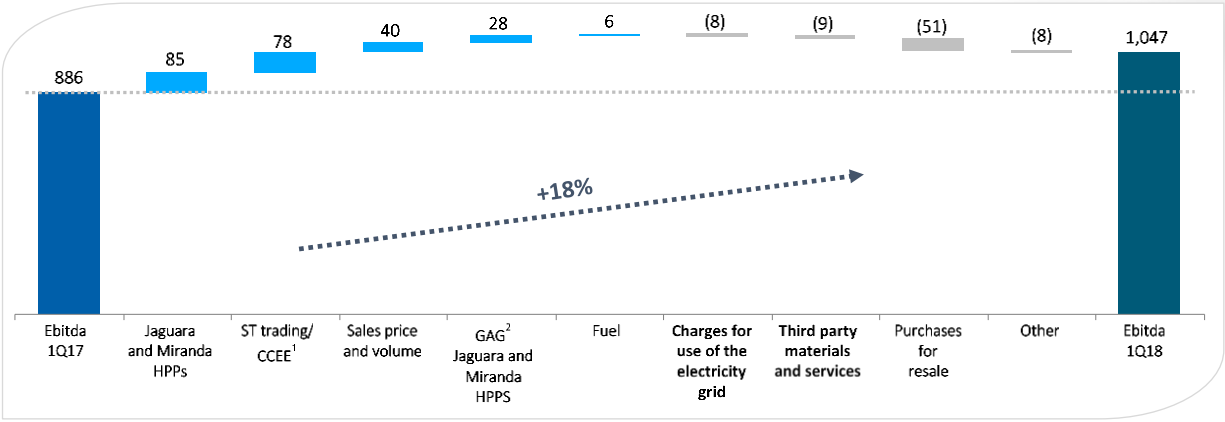
Ebitda (1) and Ebitda Margin



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



Ebitda Change
R$ million



(1) Considers the combined effect of changes in revenue and expenses.
(2) GAG - Generation Assets Management

The following table reconciles net income with Ebitda:

(In millions of R$)	1Q18	1Q17	Chg. %
Net income	489.3	450.7	8.6
(+) Income tax and social contribution	229.4	212.3	8.1
(+) Net financial result	156.9	71.7	118.8
(+) Depreciation and amortization	169.1	149.7	13.0
Ebitda	**1,044.7**	**884.4**	**18.1**
(+) Equity loss	1.9	1.1	72.7
Adjusted Ebitda	**1,046.6**	**885.5**	**18.2**

Financial Result

Financial income: in 1Q18, revenues reached R$ 24.8 million, that is, R$ 38.1 million or **60.6% down** on the R$ 62.9 million reported for the same quarter in 2017, and principally due to the following factors: (i) reduction of R$ 35.6 million in income from financial investments due to the lower volumes of invested resources and declining interest rates; and (ii) a decrease of R$ 1.5 million in monetary restatement on court escrow deposits.

Financial expenses: expenses **in 1Q18** were R$ 181.7 million or R$ 47.1 million and **35.0% higher** than the R$ 134.6 million recorded in 1Q17. The principal variations were: (i) recognition of R$ 36.0 million of interest on promissory notes issued in November 2017 for payment of part of the concession grant bonus for the acquisition of the Jaguara and Miranda Hydroelectric Power Plants; (ii) an increase of R$ 12.0 million in monetary restatement and R$ 3.5 million in interest on concessions payable; and (iii) a decrease of R$ 5.8 million in interest on monetary restatement on provisions and actuarial liabilities.

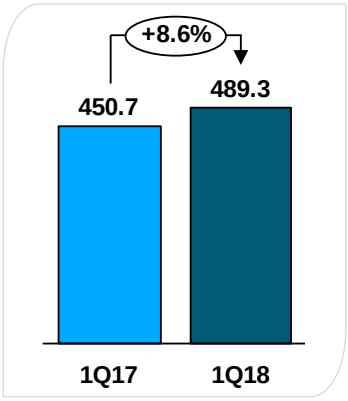
Income Tax and Social Contribution on Net Income

Income Tax and Social Contribution overheads in **1Q18 were R$ 229.4 million**, R$ 17.1 million or 8.1% higher than the value for the same quarter of 2017 of R$ 212.3 million, reflecting above all the increase of pretax profits. The effective tax rate of IT and CS in 1Q18 was 31.9% against 32.0% in 1Q17.



Net Income

R$ million



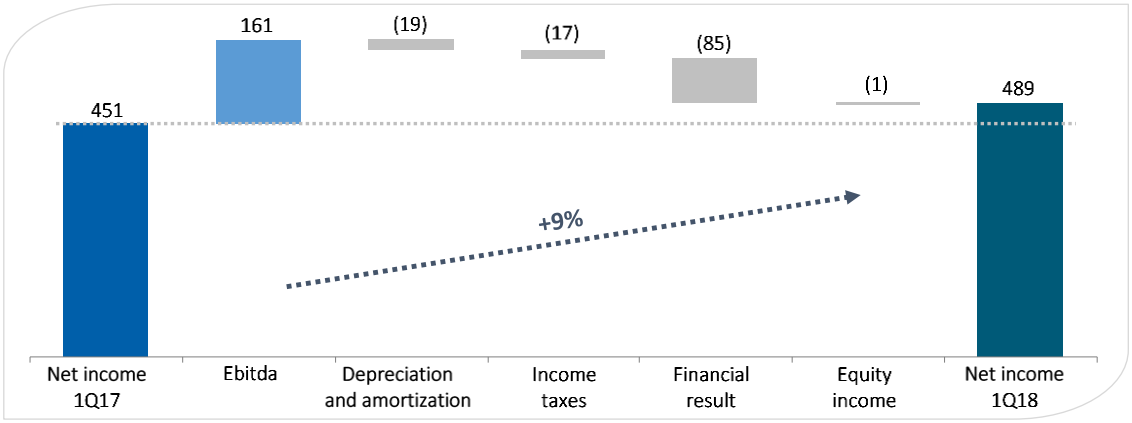
Net Income

Net income for 1Q18 was R$ 489.3 million, R$ 38.6 million or **8.6% higher** than R$ 450.7 million registered in 1Q17.

The increase is a combination of the following factors: (i) growth of R$ 161.1 million in Ebitda; (ii) an increase of R$ 85.2 million in net financial expenses; (iii) an increase of R$ 17.1 million in income tax and social contribution; (iv) a growth of R$ 19.4 million in depreciation and amortization; and (v) elevation of the negative result for equity income of R$ 0.8 million.

Net Income Change

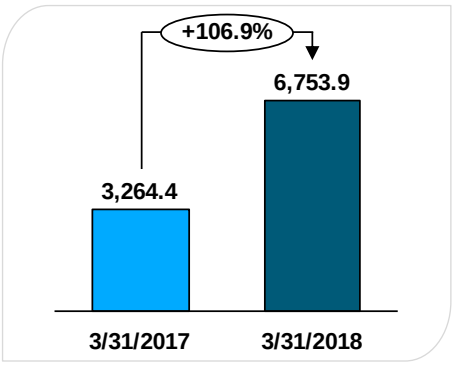
R$ million



Debt

Total Debt

R$ million

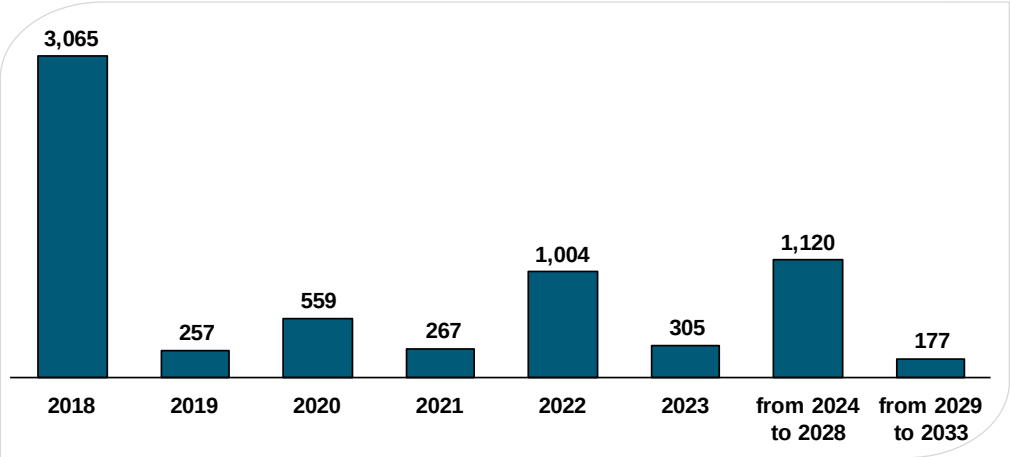


The Company's **total gross consolidated debt** as at March 31, 2018, represented mainly by loans, financing, debentures and promissory notes, **totaled R$ 6,753.9 million, an increase of 106.9%** (R$ 3,489.5 million) compared to the position as at March 31, 2017, net of the hedge operations.

The variation in Company debt is largely related to a combination of the following factors occurring between 1Q17 and 1Q18: (i) drawdowns from the BNDES and its financial agents in the aggregate amount of R$ 109.1 million for investments in the modernization of the Salto Santiago Hydroelectric Power Plant and for the construction of Santa Mônica Wind Complex; (ii) issue of promissory notes for payment of the Jaguara and Miranda Hydroelectric Power Plants concessions in the amount of R$ 2,096.1 million; (iii) contracting of loans, protected by swap operations directed principally for the refinancing of debt and the implementation of the Company's business plan – largely related to a capital injection in the Jaguara and Miranda controlled companies for payment of the concession bonus in the amount of R$ 1,630.9 million; (iv) R$ 395.3 million in charges payable together with monetary restatement effects; (v) R$ 754.6 million in amortization of loans, financing and debentures; and (vi) R$ 13.0 million transfer of financing of subsidiaries and reclassified as assets held for sale.

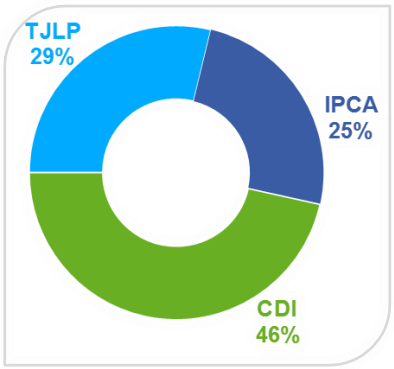


Maturity Term Loans
R$ million



The **average weighted nominal cost of debt** at the end of 1Q18 was **7.9%** (10.1% at the end of 1Q17).

Debt Breakdown



On March 31, 2018, the Company's **net debt** (total debt less result of derivatives operations, deposits earmarked to the guarantee of debt servicing and cash and cash equivalents) was **R$ 5,800.3 million**, **an increase of 375.4%** compared with the end of the 1Q17.

Net Debt
R$ million

	03/31/2018	03/31/2017	Chg. %
Gross debt	6,751.4	3,264.4	106.8
Result of derivatives operations	2.5	0.0	0.0
Deposits earmarked for the payment of debt	(237.4)	(193.0)	23.0
Cash and cash equivalents	(716.1)	(1,851.3)	-61.3
Total net debt	**5,800.3**	**1,220.1**	**375.4**

Capital Expenditures

ENGIE Brasil Energia's **total investments in 1Q18 were R$ 499.5 million**, of which: (i) R$ 37.8 million was allocated to generating complex maintenance and revitalization projects; (ii) R$ 460.5 million was invested in the construction of new projects - R$ 218.6 million most importantly to the Campo Largo Wind Complex, R$ 180.5 million was invested in construction work on Pampa Sul TPP, R$ 55.0 million, in the Umburanas Wind Complex, R$ 6.0 million, in the Assú Photovoltaic Plant, R$ 0.4 million in the Gralha Azul Transmission System - ; (iii) R$ 0.9 million was dedicated to modernization: R$ 0.3 million in the Salto Santiago Hydroelectric Power Plant and R$ 0.6 million to the Salto Osório Hydroelectric Power Plant; and (iv) R$ 0.3 million to other investments.



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 31 plants installed in 12 states of Brazil's five regions, 12 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, with an aggregate capacity of 86.5% of the total operated by the Company. 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. During 2018, EBE is to apply for the certification of the Jaguara and Miranda Hydroelectric Power Plants in its own name, albeit the respective operations already having been certified by the previous owner.

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

- ✓ ENGIE Brasil is organizing the 4th edition of the ENGIE Brasil for Innovation award and is seeking solutions relating to social innovation. The winner will receive an award during the ENGIE Brasil Innovation Day 2018, which will take place on May 2. Check the regulations and enroll your project through the www.engiefab.com website.
- ✓ The Company is currently running an inhouse campaign "Make your tax worthwhile" with a focus on making donations from employee's personal income tax to the benefit of social projects. The beneficiary this year is the Hospital Pequeno Príncipe in Curitiba (PR).
- ✓ On March 22, an experimental release of approximately 500 fish fry of the grumatã, piava and dourado species were released into the Machadinho HPP reservoir (Piratuba/SC), the fish being bred at the Biology and Fresh Water Fish Breeding Laboratory (LAPAD/UFSC). This activity is part of the Plant's Ichthyofauna Monitoring and Stewardship Program and is licensed accordingly by the Brazilian Institute of the Environment and Renewable Natural Resources (Ibama).



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 1Q18, associating each indicator with GRI recommendations.

Sustainability Indices[1]

Item	Dimension[2]	Index	Material themes	GRI disclosure[3]	1Q18	1Q17	Change
1	Quality	Operating plants	- Energy and Climate Change	102-7, EU1	30	30	0
2		Installed capacity		102-7, EU1	9,399	8,761	7.3%
3		Proprietary capacity		102-7, EU1	7,678	7,040	9.1%
4		Number of certified plants		102-16, EU6	12	12	0
5		Certified installed capacity (MW)		102-16, EU6	8,127	8,127	0.0%
6		Certified installed capacity in relation to the total		102-16, EU6	86.5%	92.8%	-6.3 p.p.
7		Installed capacity from renewable sources		102-7, EU1	8,542	7,714	10.7%
8		Installed capacity from renewable sources in relation to the total		102-7, EU1	90.9%	88.0%	2.83 p.p.
9		Energy generation (GWh)		EU2	10,001	10,287	-2.8%
10		Certified energy generation		102-16, EU6	9,056	10,036	-9.8%
11		Certified energy generation in relation to the total		102-16, EU6	90.6%	97.6%	-7.0 p.p.
12		Energy generation from renewable sources (GWh)		EU2	9,097	9,315	-2.3%
13		Energy generation from renewable sources in relation to the total		EU2	91.0%	90.6%	0.4 p.p.
14		Uptime ratio, excluding scheduled stoppages		EU30	98.2%	95.2%	3.0 p.p.
15		Uptime ratio, including scheduled stoppages		EU30	94.0%	87.2%	6.8 p.p.
16	Environment	Saplings donated and planted (sum-total of planted and donated saplings)	- Energy and climate change - Engajament with local comunities and stakeholders - Biodiversity	304-2, 413-1	153,723	30,320	407.0%
17		Number of visitors at the plants		413-1	2,177	3,205	-32.1%
18		CO2 Emissions (fossil fuel plants) (t/MWh)		D305-1, D305-2, D305-3	0.937	0.988	-5.2%
19		CO2 Emissions from Tractebel Energia's generation complex(t/MWh)		D305-1, D305-2, D305-3	0.085	0.093	-9.4%
20	Occupational Heath and Safety (OH&S)	Frequency Rate ("Taxa de Frequência" - TF) own employees[4]	- Health and safety, development and equality - Management of impacts in the productive chain	403-2	0.000	0.000	-
21		Severity Rate ("Taxa de Gravidade" - TG) own employees[5]		403-2	0.000	0.000	-
22		Frequency Rate ("Taxa de Frequência" - TF) own employees + long term service providers[4]		403-2	0.000	0.000	-
23		Frequency Rate ("Taxa de Frequência" - TF) short term service providers + ongoing constructions[4]		403-2	3.100	0.000	↑
24	Social Responsibility[6]	Non-incentivized investments	- Engajament with local comunities and stakeholderss	203-2, 413-1	649.4	464.0	40.0%
25		Investments through the Infancy and Adolescence Fund (FIA)		203-2, 413-1	383.9	201.1	90.9%
26		Investments through the Culture Incentive Law (Rouanet)		203-2, 413-1	3,385.8	4,737.0	-28.5%
27		Investments through the Sport Incentive Law		203-2, 413-1	320.0	0.0	100.0%
28		Investments through National Program of Support to Oncology Care (Pronon)		203-2, 413-1	0.0	0.0	-
29		Investments through the National Care Support Program for People with Special Needs (Pronas/PCD)		203-2, 413-1	0.0	0.0	-
30		Investments through the Municipal Fund for the Elderly		203-2, 413-1	492.4	22.1	100.0%

Notes:
1) Additional indices available from ITR (ENGIE Brasil Energia website / Investors / Financial Information/ CVM Reports).
2) Reference: ENGIE Sustainable Management Policy.
3) GRI: Global Reporting Initiative, Standars version, and sector supplement version G4.
4) TF = number of occupational accidents for every million hours of exposure to hazards.
5) TG = number of days lost due to occupational accidents for every one thousand hours of exposure to hazards.
6) Amounts in thousands of reais.

CORPORATE GOVERNANCE

ENGIE Brasil Energia's Corporate Bylaws are being permanently adjusted to the new rules and procedures of the B3 Novo Mercado Listing Regulations, the highest corporate governance level of that stock exchange. In addition, the Company is a component of the B3's Corporate Sustainability Stock Index (ISE). ENGIE Brasil Energia's Board of Directors' 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 2017, the Stock Exchange announced new Novo Mercado Regulations. ENGIE Brasil Energia voted in favor of all the modifications proposed to the regulations, viewing them as material to advances in the areas of transparency, equitability, accountability and corporate responsibility applicable to the companies listed in this segment of the market. Companies must implement the new requirements by early 2021, and those superseding rules already in place, will come into effect as from January 2018. The Company views these new requirements as a valuable contribution to its management and governance and is dedicating maximum effort in implementing the changes as soon as possible. A working party has already been set up and the planning and study of the necessary measures to be taken are already in progress.

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

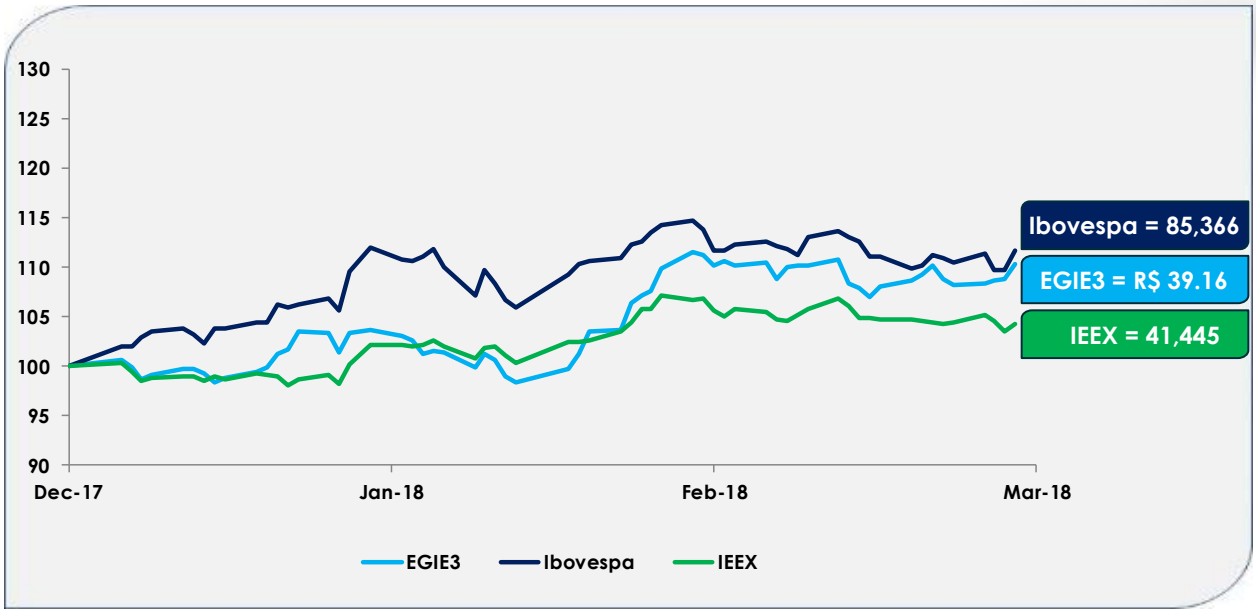
B3's leading stock index reported a gain of 11.7% in 1Q18 compared with 7.9% in 1Q17. Ibovespa's first quarter performance was marked by volatility due to the political as well as the economic scenario, both internal and external. Strong foreign investor demand for Brazilian equities traded on the B3 was one of the principal factors driving the excellent performance during the quarter.

ENGIE Brasil Energia's equities closed 1Q18 **reporting an appreciation of 10.3%**, a significantly improved showing in relation to 1Q17, when the appreciation was 1.1% and above the Electric Energy Sector Stock Index (IEEX) which reported growth of 4.3% in 1Q18. The share price of EGIE3 at the end of 1Q18 was R$ 39.16/share**, translating into a market value of R$ 25.6 billion.**

In 1Q18, the average daily trading volume of EGIE3 was R$ 36.2 million, 22.7% better than reported for 1Q17, when trading volume was R$ 29.5 million.



EGIE3 vs. Ibovespa vs. IEEX
(Base 100 – 12/31/2017)





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 20, 2018
Time: 10:00 a.m. (EDT) / 11:00 a.m. (Brasília DST)

Connection numbers:
Participants in the USA: +1 (516) 300-1066 / 1-866-866-2673 (Toll Free)
Participants in the UK: + 44 (20) 3478-5282
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 20th to 26, 2018. Access by dialing: +55 (11) 3127-4999, code: 71835881 (Portuguese) and 76120662 (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	**3/31/2018**	**12/31/2017**
Current Assets	**2,712,584**	**3,735,779**
Cash and cash equivalents	716,144	1,930,070
Accounts receivables from clients	1,148,924	1,058,469
Inventory	138,253	98,249
Receivable on investments disposal	112,662	111,817
Restricted deposits	7,982	15,423
Renegotiation of hydrological risk to appropriate	26,064	26,064
Concession financial assets	254,636	301,904
Non current asset held for sale	53,561	5,569
Other current assets	254,358	188,214
Non Current Assets	**16,223,993**	**15,832,734**
Long Term Assets	**2,868,150**	**2,826,648**
Restricted deposits	243,534	231,489
Deposits in court	102,229	100,095
Renegotiation of hydrological risk to appropriate	138,435	144,950
Concession financial assets	2,282,197	2,245,463
Other non current assets	101,755	104,651
Investments	**17,628**	**19,027**
Property, Plant and Equipment	**12,039,136**	**11,678,108**
Intangible	**1,299,079**	**1,308,951**
Total	**18,936,577**	**19,568,513**



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

(In thousands of R$)		
Liabilities	**3/31/2018**	**12/31/2017**
Current Liabilities	**4,327,783**	**5,676,471**
Suppliers	551,303	617,396
Dividends and interest on shareholder´s equity	7,439	1,300,516
Loans and financing	955,547	948,158
Debentures and promissory notes	2,176,643	2,127,760
Concessions payable	67,601	67,051
Tax and social contribution obligations	108,477	181,351
Other fiscal and regulatory obligations	100,195	93,668
Labor obligations	107,919	94,879
Provision	11,292	11,651
Obligations related to retirement benefits	30,683	30,683
Other current liabilities	210,684	203,358
Non Current Liabilities	**7,285,608**	**7,057,317**
Loans and financing	2,797,092	2,867,783
Debentures	822,069	812,715
Concessions payable	2,505,975	2,432,348
Provision	79,692	77,723
Obligations related to retirement benefits	281,038	280,971
Deferred income taxes and social contribution	558,688	507,905
Other non current liabilities	241,054	77,872
Shareholders' Equity	**7,323,186**	**6,834,725**
Share capital	2,829,056	2,829,056
Profit reserves	3,610,616	3,600,738
Adjustment on fixed asset	387,500	400,800
Retained earnings	491,867	-
Non controlling interests	4,147	4,131
Total	**18,936,577**	**19,568,513**



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

(In thousands of R$)	1Q18	1Q17	Chg. %
Net Operational Revenue	**1,868,853**	**1,605,912**	**16.4**
Costs of Energy Sold and Services Provided	**(943,581)**	**(826,352)**	**14.2**
Electric power purchased for resale	(429,682)	(378,659)	13.5
Transactions in the short term market, including those conducted through the C(	(58,683)	(26,616)	120.5
Charges for the use of and connection to the electricity grid	(111,650)	(103,288)	8.1
Fuel expenses	(22,320)	(28,633)	-22.0
Financial compensation for use of water resources	(34,379)	(35,192)	-2.3
Personnel	(50,302)	(48,660)	3.4
Materials and third party services	(49,690)	(40,900)	21.5
Depreciation and amortization	(166,720)	(147,572)	13.0
Reversals (accrual) of operating provisions	(34)	375	-109.1
Others	(20,121)	(17,207)	16.9
Gross Income	**925,272**	**779,560**	**18.7**
Operating Income (Expenses)	**(47,763)**	**(43,797)**	**9.1**
Selling expenses	(3,863)	(3,880)	-0.4
General and administrative expenses	(43,871)	(40,676)	7.9
Other operating income, net	(29)	759	-103.8
Result of corporate participations	**(1,933)**	**(1,098)**	**0.0**
Equity income/(loss)	(1,933)	(1,098)	76.0
Income Before Financial Result and Taxes	**875,576**	**734,665**	**19.2**
Net Financial Result	**(156,902)**	**(71,628)**	**119.1**
Financial income	24,848	62,994	-60.6
Financial expenses	(181,750)	(134,622)	35.0
Income Before Taxes	**718,674**	**663,037**	**8.4**
Income tax	(165,242)	(154,175)	7.2
Social contribution	(64,097)	(58,167)	10.2
Net Income for the Period	**489,335**	**450,695**	**8.6**
Number of Ordinary Shares	**652,742,192**	**652,742,192**	
Net Income per Share	**0.7497**	**0.6905**	**8.6**



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

(In thousands of R$)	1Q18	1Q17
Cash Flow from Operating Activities		
Income before taxes on income	718,674	663,037
Adjustments to reconcile net income before taxes generated from operating cash flow:		
Equity loss	1,933	1,098
Depreciation and amortization	169,061	149,730
Monetary variation	41,261	34,806
Interests	130,433	87,065
Remuneration of concession financial assets	(84,814)	-
Accrual (Reversal) of operating provisions	92	(1,389)
Others	4,762	3
Adjusted Profit	**981,402**	**934,350**
Increase (reduction) in assets		
Accounts receivables from clients	(86,609)	19,160
Inventory	(50,431)	(4,739)
Fiscal credits recoverable	216	(4,271)
Deposits in court and restricted deposits	5,858	(7,815)
Renegotiation of hydrological risk to appropriate	6,515	6,516
Refund of fuel purchases	(61,940)	(63,181)
Concession financial asset	95,348	-
Other assets	(5,841)	12,423
Increase (reduction) in liabilities		
Suppliers	(113,861)	(22,183)
Other fiscal and regulatory obligations	7,932	(1,037)
Obligations related to retirement benefits	(6,899)	(6,256)
Fuel to pay to the CDE		
Other liabilities	16,358	24,433
Cash Generated from Operating Activities	**788,048**	**887,400**
Payment of interests on debt, net of hedge	(50,889)	(43,852)
Payment of income tax and social contribution	(167,361)	(110,317)
Net Cash from Operating Activities	**700,857**	**733,231**
Investments Activities	**(460,555)**	**(375,271)**
Capital increase at joint ventures	(267)	(1,747)
Acquisitions of investments	(267)	(1,747)
Used in fixed assets and intangibles	(460,021)	(371,777)
Financing Activities	**(1,454,228)**	**(321,978)**
Loans and financing contracted	-	211,471
Payment of loans and financing, net of hedge	(67,347)	(69,005)
Payments of concessions payable	(17,452)	(17,007)
Payments of dividends and interest on shareholders' equity	(1,356,539)	(430,609)
Others	(12,890)	(16,828)
Increase (Decrease) in Cash and Cash Equivalents	**(1,213,926)**	**35,982**
Reconciliation of Cash and Cash Equivalents		
Opening balance	1,930,070	1,815,340
Closing balance	716,144	1,851,322
Increase (Decrease) in Cash and Cash Equivalents	**(1,213,926)**	**35,982**
Transactions that do Not Affect Cash and Cash Equivalents		
Capitalized interest and monetary variation	57,200	34,861
Supplier's of fixed assets and intangibles	44,305	39,961
Offsetting of income tax and social contribution	4,860	7,167
Non current asset held for sale	(48,038)	-