

ENGIE Brasil Energia announces 100% payout in first half 2017

Net income and Ebitda reached R$ 491.1 million and R$ 855.5 million, respectively, in 2Q17

Florianópolis, Brazil, July 27, 2017. ENGIE Brasil Energia S.A. ("ENGIE Brasil Energia", "EBE" or "Company") – BM&FBOVESPA: EGIE3, ADR: EGIEY - announces earnings for the second quarter ending June 30, 2017 (2Q17). 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 earnings of R$ 491.1 million in 2Q17 (R$ 0.7524/share), 49.4% (R$ 162.3 million) higher than the second quarter in 2016 (2Q16).
- ✓ Ebitda[1] reached R$ 855.5 million in the period, a growth of 13.8% (R$ 103.8 million) compared with 2Q16. The Ebitda margin was 50.9% in 2Q17, an increase of 3.0 p.p. compared with 2Q16.
- ✓ Net revenue from sales rose 7.1% (R$ 111.2 million) compared to the amount reported in 2Q16, totaling R$ 1,681.9 million in 2Q17.
- ✓ The amount of energy sold in 2Q17 was 8,883 GWh (4,067 average MW), a volume 4.6% higher than in the same period of 2016.
- ✓ The average contracted energy sales price, net of exports and revenue taxes, was R$ 178.53/MWh in 2Q17, 1.1% lower than recorded in 2Q16.
- ✓ In May, ENGIE Brasil Participações (EBP) announced the engagement of Banco Itaú BBA S.A. for preparing a proposal for the eventual transfer of EBP's stakes of 40% in ESBR Participações S.A and 100% in Geramamoré Participações e Comercializadora de Energia Ltda to EBE.
- ✓ In the light of a Ministry of Mines and Energy (MME) review, the Salto Santiago Hydroelectric Power Plant was granted an additional gain of 7.9 average MW, which together with the 24.2 average MW already established following modernization work on the four generator units, now amounts to a total increase of 32.1 average MW in the Plant's physical guarantee.
- ✓ Link Lab, an innovative environment for connecting large companies and startups was unveiled, the sponsors being EBE and a further seven companies.
- ✓ In line with the corporate digitization strategy, the remote connection with the first generator unit of the Cana Brava Hydroelectric Power Plant via the Generation Operations Center (COG) at the Company's Head Offices became operational.
- ✓ The Company received the Top of Mind Award for Santa Catarina-based Companies, Institutions or Foundations, Outstanding in Environmental Sustainability and Responsibility. The award is sponsored by RBS SC newspapers in partnership with Instituto Mapa.

Subsequent Events

- ✓ On July 5, the MME published Technical Note 5/2017 proposing improvements to the legal framework of the electricity sector. Contributions may be submitted in public hearing until August 4th.
- ✓ On July 11, Brazilian Electricity Regulatory Agency (Aneel) authorized the transfer of corporate control, one of the final conditions precedent for finalizing the sale of the Beberibe and Pedra do Sal wind farms and the Areia Branca Small Hydroelectric Power Plant.
- ✓ Despite a period of intensive Capex, the Board of Directors approved the distribution of R$ 938.9 million in the form of interim dividends representing R$ 1.4384206188/share and 100% of the distributable net income reported for the first half 2017 (1H17). Shares will be ex-interim dividends as from August 10th.

For Immediate Release

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Conference call and webcast:
On 07/28/2017 at 10:00 a.m. (EDT): in Portuguese (simultaneous translation into English).

Further details on Upcoming Events section, available on page 21.

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www.ENGIEnergia.com.br

Summary of Economic and Operational Indicators

ENGIE Brasil Energia - Consolidated						
(In millions of R$)	2Q17	2Q16	Chg.	6M17	6M16	Chg.
Net Revenue from Sales (NRS)	1,681.9	1,570.7	7.1%	3,287.9	3,173.3	3.6%
Results from Operations (EBIT)	689.0	594.0	16.0%	1,424.7	1,232.6	15.6%
Ebitda [1]	855.5	751.7	13.8%	1,741.0	1,544.4	12.7%
Ebitda / NRS - (%)[1]	50.9	47.9	3.0 p.p.	53.0	48.7	4.3 p.p.
Net Income	491.1	328.8	49.4%	941.8	675.9	39.4%
Net Debt [2]	1,510.2	1,202.7	25.6%	1,510.2	1,202.7	25.6%
Gross Power Production (avg MW) [3]	3,570	4,919	-27.4%	4,163	5,206	-20.0%
Energy Sold (avg MW)	4,067	3,887	4.6%	4,046	3,974	1.8%
Average Net Sales Price (R$/MWh) [4]	178.53	180.44	-1.1%	179.12	178.83	0.2%
Number of Employees - Total	1,125	1,183	-4.9%	1,125	1,183	-4.9%
EBE Employees	1,081	1,148	-5.8%	1,081	1,148	-5.8%
Employees on Under Construction Plants	44	35	25.7%	44	35	25.7%

(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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MSCI 2015 Constituent MSCI Global Sustainability Indexes



MESSAGE FROM THE MANAGEMENT

The second quarter 2017 proved to be a very positive one for ENGIE Brasil Energia. The Company continues to focus on expanding profitability and efficiency as well as reducing operating costs and general and administrative expenses. The results are a reflection of growth in sales as well as the strategy for mitigating hydrological risk and the reduction in financial overheads and cost of royalties, among other factors.

This combination of higher revenues and lower expenses has been instrumental in driving the Company's results in the period. Net income totaled R$ 491.1 million in 2Q17, an increase of 49.4% in relation to 2Q16. On a first half comparison basis, profits were up by 39.4%, 1H17 reporting R$ 941.8 million. This value, subject to prior adjustments, will be distributed in full to the shareholders in the form of interim dividends and corresponding to R$ 1.4384206188/share. A 100% payout even in strong capex period.

In line with our strategy, we proceeded with the process of market soundings initiated in 1Q17 to identify potential purchasers of our coal-fired generation assets - the 857 MW Jorge Lacerda Thermoelectric Complex in the state of Santa Catarina and the 345 MW Pampa Sul Thermoelectric Plant under construction in the state of Rio Grande do Sul. We are able to affirm that interest has been shown and the process is advancing. The next step will be to receive non-binding offers from interested parties.

Additionally, with respect to assets, on July 11, Aneel authorized the transfer of corporate control of the Beberibe (CE) and Pedra do Sal (PI) wind farms and the Areia Branca Small Hydroelectric Plant (MG). This was one of the final conditions precedent prior to the conclusion of the sale agreement signed in December 2016 and part of the process of prioritizing the Company's expansion in assets offering a greater degree of reciprocal synergies.

A further highlight of the quarter was the unveiling of Link Lab on May 25. This Santa Catarina Association of Technology Companies (ACATE) initiative is sponsored by EBE and by seven other companies with a view to connecting large companies, funds and partners to startups and fostering open innovation. Among the various themes being developed, particular mention should be made of those of Distributed Energy Sources and Energy Efficiency.

In line with the Company's strategy of digitization for greater automation of internal processes, with focus on innovation and cost reduction, the first generator unit of the Cana Brava Hydroelectric Power Plant began operating remotely out of the Generation Operations Center (COG) at the Company's head offices. Consequently, there are now four plants operating remotely and before year-end, a further two will be linked into the system - São Salvador (TO) and Passo Fundo (RS).

Last, but no less significant, on July 5, the Ministry of Mines and Energy (MME) announced a public hearing for the discussion of the "Proposal for improvement of the legal framework of the electricity sector". The proposal was well received by the market, reinforcing as it does the improvement in the regulatory environment and so relevant to such a capital-intensive sector as the energy power. Contributions may be made to the MME's website until August 4th.

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 Brazil with an installed capacity of 7,069.5 MW and operates a generating complex of 8,790.2 MW. This complex comprises 31 plants (nine hydro, four thermal and 18 complementary energy source plants - biomass, small hydro (SHP), windpowered and solar), 27 of which are wholly owned by the Company and four (the Itá, Machadinho and Estreito hydro power plants and the biomass Ibitiúva Bioenergética) 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
			Total	Company's Share		
Itá	Hydro	Uruguai River (SC and RS)	1,450.0	1,126.9	Oct/30	544.2
Salto Santiago	Hydro	Iguaçu River (PR)	1,420.0	1,420.0	Sep/28	755.1
Machadinho	Hydro	Uruguai River (SC and RS)	1,140.0	403.9	Jul/32	147.2
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	522.0
Cana Brava	Hydro	Tocantins River (GO)	450.0	450.0	Aug/33	273.5
São Salvador	Hydro	Tocantins River (TO)	243.2	243.2	Apr/37	151.1
Passo Fundo	Hydro	Passo Fundo River (RS)	226.0	226.0	Sep/28	119.0
Ponte de Pedra	Hydro	Correntes River (MT)	176.1	176.1	Sep/34	133.5
Total - Hydro			**7,270.3**	**5,559.7**		**2,902.5**
Jorge Lacerda Complex[1]	Thermal	Capivari de Baixo (SC)	857.0	857.0	Sep/28	649.9
William Arjona	Thermal	Campo Grande (MS)	190.0	190.0	Apr/29	136.1
Total - Thermal			**1,047.0**	**1,047.0**		**786.0**
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
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
Beberibe[3]	Wind Farm	Beberibe (CE)	25.6	25.6	Aug/33	7.8
José Gelazio da Rocha	SHP	Ribeirão Ponte de Pedra (MT)	23.7	23.7	Dec/32	9.2
Areia Branca[3]	SHP	Rio Manhuaçu (MG)	19.8	19.8	May/30	10.4
Pedra do Sal[3]	Wind Farm	Parnaíba (PI)	18.0	18.0	Oct/32	5.7
Cidade Azul	Solar	Tubarão (SC)	3.0	3.0	not applicable[4]	0.0
Tubarão P&D	Wind Farm	Tubarão (SC)	2.1	2.1	not applicable[4]	0.0
Total - Complementary			**472.9**	**462.8**		**215.1**
Total			**8,790.2**	**7,069.5**		**3,903.6**

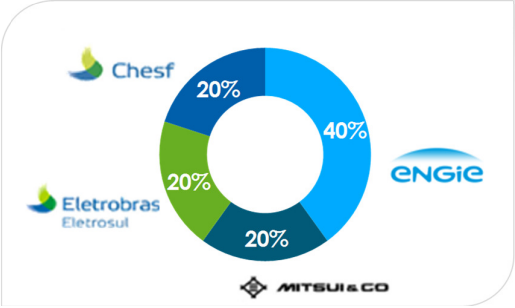
[1] Complex comprised of three power plants.
[2] Complex comprised of four power plants.
[3] The Beberibe and Pedra do Sal Wind Farms and the Areia Branca Small Hydroelectric Plant are being sold pursuant to the decision of the Company's Board of Directors dated December 23, 2016.
[4] For generating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



Expansion

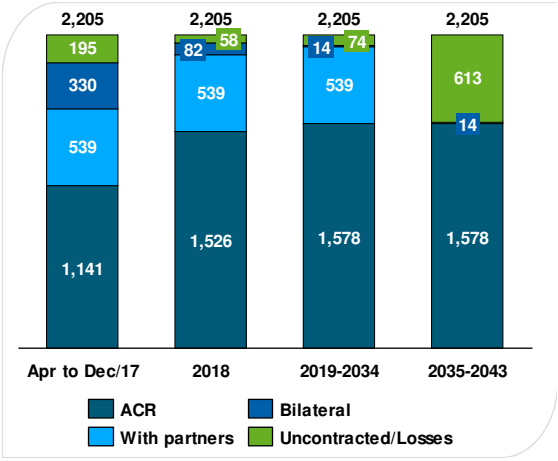
Jirau. Energia Sustentável do Brasil (ESBR), is responsible for the construction, maintenance, operation and sale of energy generated by the Jirau Hydroelectric Power Plant, located in the Madeira River, in the city of Porto Velho, state of Rondônia.

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 generator units in operation, representing a total installed capacity of 3,750 MW. The plant was unveiled on December 16, 2016.

In 2Q17, the plant generated energy totaling 2,685.0 aMW, while the National Electrical System Operator Uptime Ratio (FID) was 99.7% (data subject to final 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. The Board of Directors of ENGIE Brasil Energia will be made cognizant of the proposal for transferring EBP's stake to EBE in due course, the Board subsequently to convene a Special Independent Committee for Transactions with Related Parties.

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 2Q17, the initial sales drive under the Efficient Bonus Program – Photovoltaic Line in the state of Santa Catarina was launched with the signature of 800 agreements and the installation of the first 200 residential units. The project's exposure in the media and with society has provoked an additional demand for photovoltaic generators, representing a potential increase in sales, albeit without the subsidy from the energy distributor.

The Supermercados Solares program in conjunction with the Catarinense Supermarkets Association was unveiled in June and the expectations are that the first agreements will be concluded in 3Q17.

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		
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	Jul/50	157.8
Assú V	Solar	Assú (RN)	36.7	36.7	Jun/51	9.2
Total			**708.4**	**708.4**		**490.5**

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.



Pampa Sul TPP - electromechanical boiler and powerhouse assembly

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$ 229.5/MWh, restated up to June 30, 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 2Q17, the erection of the 51 transmission line towers was completed together with the connection to the Plant's access patio. Additionally, work began on the assembly of the metallic structure of the coal conveyer belt while the hoisting into place of the boiler drum and the installation of the metallic boiler structure was concluded. The plant was 65.4% complete by quarter end.

Start of commercial operations is scheduled for the final quarter of 2018.



Campo Largo Wind Farm - Areas of wind turbine bases

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$ 167.9/MWh, restated up to June 30, 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) 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 2Q17, work on the concreting of the Complex's wind turbine bases was begun together with such services as the excavation for the installation of the bases, reinforcing steel framework, micropile drilling, electrical grounding and backfilling network of the concreted blocks, concreting of the foundations as well as the mobilization of the companies responsible for the supply of the electro-mechanical equipment and transmission lines.

Additionally, the surfacing of the external access was completed and the Installation License for the 230kv SE Campo Largo - SE Ourolândia II transmission line published in the Official Gazette for the State of Bahia.

Initial commercial operations of the first projects are scheduled for the second 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$ 332.3/MWh, restated up to June 30, 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.

Total investment is about R$ 220.0 million (in June 2015).

In 2Q17, work on the construction site patio and accommodation, brush clearance and earthmoving was completed in addition to activities for installing the foundations and assembling the structures for the solar tracking devices, low voltage interconnections and foundations for the inverter and transformer units.

Initial operations are expected to begin in December of this year.

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
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			**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.

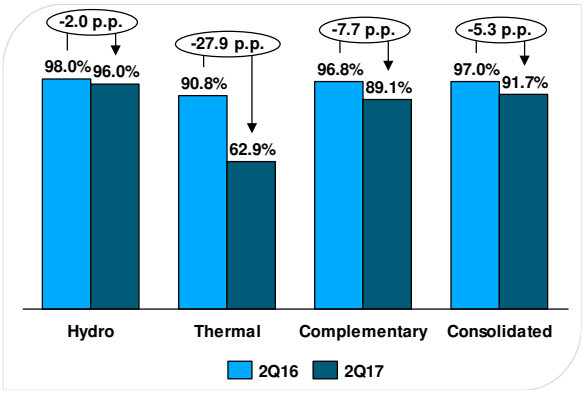
Besides the abovementioned projects, the Company is also examining the potential for photovoltaic solar energy generation in areas where it is installing its wind farms. In addition, it is also analyzing partnerships which could accelerate the development of this energy source in line with the process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

Uptime Operating

The plants operated by ENGIE Brasil Energia reported uptime working of **91.7% in 2Q17, ignoring scheduled stoppages**: 96.0% for the hydroelectric plants, 62.9% for the thermoelectric plants and 89,1% with respect to the plants fired from complementary energy sources, namely SHPs, biomass, wind and photovoltaic.

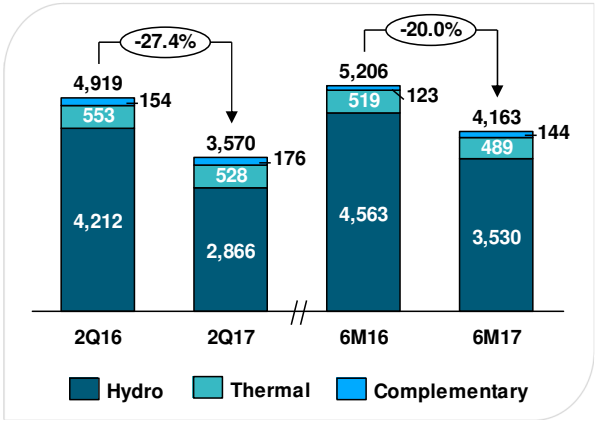
If all scheduled shutdowns are taken into account, the aggregate uptime in the second quarter 2017 was 86.9%: 92.0% for the hydroelectric plants, 53.0% for the thermoelectrics and 82.4% for plants operating with complementary energy sources.

Uptime Operating
Not considering scheduled shutdowns



The uptime at the hydroelectric plants during the quarter was affected largely by the start of a programmed maintenance period in the Uruguai River and Tocantins River regions and for corrective maintenance at the two Generator Units at the Passo Fundo Hydroelectric Power Plant. Uptime at the thermoelectric plant operations were impacted mainly by an unscheduled stoppage throughout the quarter at the Number 2 Generator Unit at the Jorge Lacerda A Thermoelectric Complex due to vibration in the turbine bearing. Uptime operations were also affected by the termination of the fuel supply contract with the William Arjona Thermoelectric Power Plant following a court agreement.

Generation
Average MW



Production

Electricity output from plants operated by ENGIE Brasil Energia was 7,797 GWh (3,570 average MW) in 2Q17. This result is **27.4% lower** than production for 2Q16. Total output breaks down as follows: hydroelectric plants, 6,261 GWh (2,866 average MW), thermoelectric plants 1,152 GWh (528 average MW) and the complementary sourced units 383 GWh (176 average MW). Results point to reductions of 31.9% and 4.6%, respectively, on the hydro and thermoelectric and an increase of 14.0% in complementary energy sources, in relation to 2Q16.

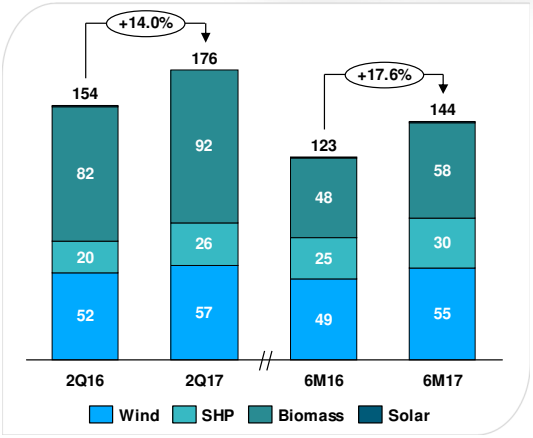


Reduced hydroelectric generation in 2Q17 relative to the same period in 2016 is due principally to less favorable hydrological conditions. On the other hand, the decline in output from the thermoelectric power plants is due largely to the deactivation/decommissioning of the Charqueadas Thermoelectric Power Plant. Increased generation from the complementary plants reflected startup of commercial operations at the Santa Mônica Wind Complex, as well as increased generation at the Lages Co-generation Plant and Areia Branca SHP in 2Q17, if compared to the same quarter in 2016.

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.

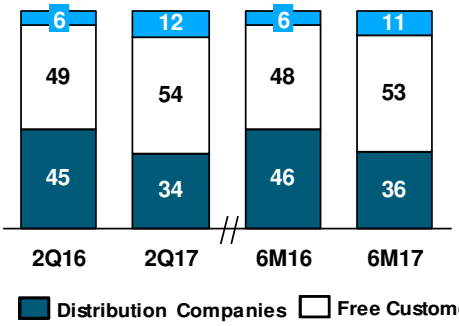
Generation by Complementary Source
Average MW



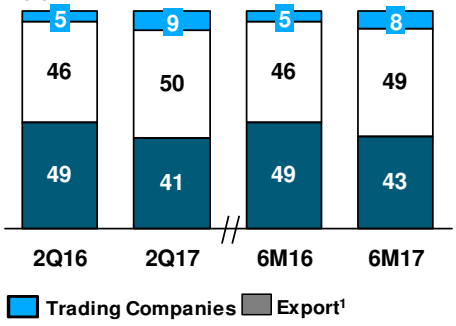
Clients

In 2Q17, the free consumer share of the Company's portfolio was 53.8% of total physical sales and 49.7% of the total net revenue from sales, increases of 5.2 p.p. and 3.8 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 0.01% and 0.02%, respectively in 6M17.

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 **June 30, 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*	3,498	3,500	3,922	3,950	3,959	3,974			
+ Purchases for Resale	1,136	1,012	711	450	330	324			
= Total Resources (A)	**4,634**	**4,512**	**4,633**	**4,400**	**4,289**	**4,298**			
Government Auction Sales[1]	1,257	1,312	1,699	1,587	1,587	1,587			
2005-NE-2010-30	200	200	200	200	200	200	115.1	Dec-05	216.1
2006-NE-2009-30	493	493	493	493	493	493	128.4	Jun-06	237.7
2006-NE-2011-30	148	148	148	148	148	148	135.0	Nov-06	247.6
2007-NE-2012-30	256	256	256	256	256	256	126.6	Oct-07	223.2
2014-EE-2014-06	109	109	109	-	-	-	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	266.4
Auction Mix (New Energy / Reserve / DG)	18	18	17	14	14	14	-	-	251.7
2014-NE-2019-25	-	-	295	295	295	295	183.5	Mar-14	229.5
2014-NE-2019-25	-	-	10	10	10	10	206.2	Nov-14	248.6
2014-NE-2019-20	-	-	83	83	83	83	139.3	Nov-14	167.9
2015-NE-2018-20	-	46	46	46	46	46	188.5	Aug-15	210.0
8th Reserve Energy Auction	-	9	9	9	9	9	303.0	Nov-15	332.3
+ Bilateral Sales	2,887	2,801	2,334	1,697	1,106	795			
= Total Sales (B)	**4,144**	**4,113**	**4,033**	**3,284**	**2,693**	**2,382**			
Balance (A - B)	**490**	**399**	**600**	**1,116**	**1,596**	**1,916**			
Sales average **net** price (R$/MWh) [2]:	178.5	177.0	182.6						
Purchases average **net** price (R$/MWh) [3]:	167.2	172.6	185.0						

[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.

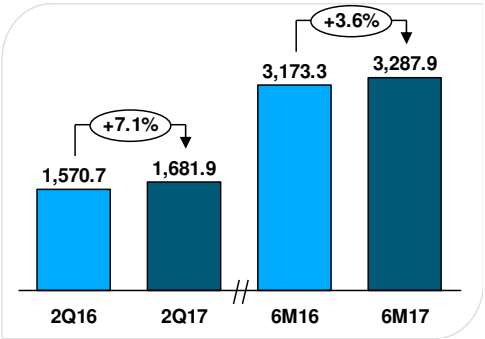
* Takes into account the sale of the Beberibe and Pedra do Sal wind farms and Areia Branca SHP, among other adjustments.

ECONOMIC-FINANCIAL PERFORMANCE

Net Revenue from Sales

In 2Q17, **net revenue from sales increased by 7.1%**, (R$ 111.2 million) compared with 2Q16, rising from R$ 1,570.7 million to R$ 1,681.9 million.

Net Revenue from Sales
R$ million

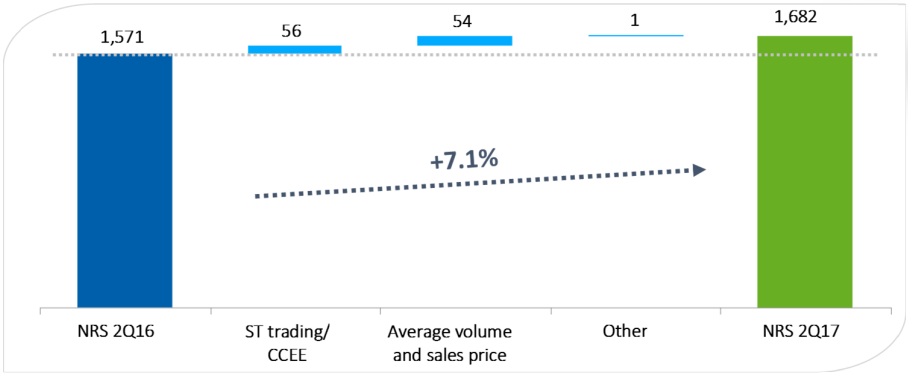


The principal factors underlying this variation were: (i) R$ 56.3 million — increase in revenue from transactions conducted on the short-term market, particularly those transacted through the Electric Energy Trade Board (CCEE); and (ii) R$ 53.9 million — an increase due to the combination of greater energy volume sold and a lower net average selling price.



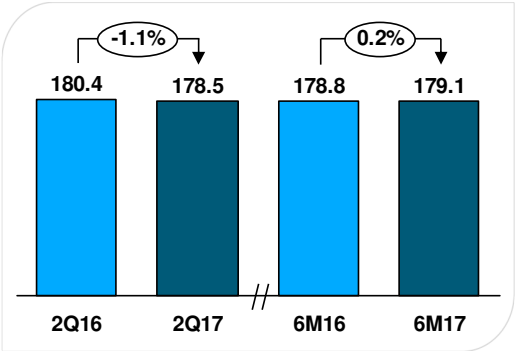
Net Revenue from Sales Change

R$ million



Net Average Selling Price*

R$/MWh



(*) Net of taxes and exports.

✓ **Net Average Selling Price**

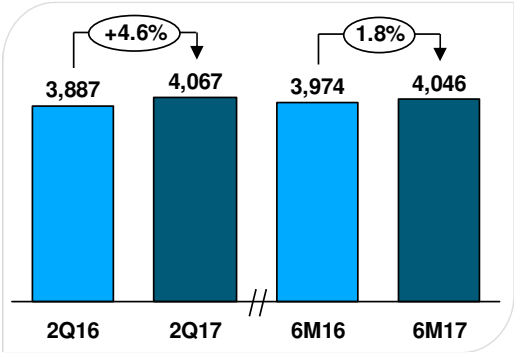
The average energy selling price, net of taxes on revenue, was R$ 178.5/MWh in 2Q17, **1.1% less** than posted in 2Q16, when the average price stood at R$ 180.4/MWh. The decline in price is essentially due to the maturing of sales agreements with free consumers and trading companies where prices were higher than existing and new contracts - due to high prices for 2016 sales and reflecting pressures in the short-term market during the course of 2015.

✓ **Sales Volume**

Energy sales volume increased from 8,490 GWh (3,887 average MW) in 2Q16 to 8,883 GWh (4,067 average MW) in 2Q17, **an increase of 393 GWh** (180 average MW) between the comparable periods. These variations reflect in large part, the combination of growth in conventional energy sales to trading companies and the sale of incentivized energy to free consumers - including energy resulting from initial commercial operations at the Santa Mônica Complex -, together with the expiry of existing sales agreements, particularly those with distributors.

Sales Volume

Average MW



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

✓ **Distribution Companies**

Revenue from sales to distribution companies were R$ 662.0 million in 2Q17, **11.7% lower** than the R$ 749.3 million reported in 2Q16. This variation is a combination of the following factors: (i) R$ 177.1 million — reduction of 810 GWh (370 average MW) in sales volume from 3,836 GWh (1,756 average MW) in 2Q16 to 3,026 GWh (1,386 average MW) in 2Q17; and (ii) R$ 89.8 million — an increase of 12.0% in the average net selling price. The decrease in sales volume between the periods under review is largely due to expiry of the Existing Energy Auction agreement at the end of 2016 (343 average MW), 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 lower than the average practiced for prevailing agreements in the market.



✓ **Trading Companies**

In the quarter under review, **net revenue from sales to trading companies** was R$ 135.7 million, **71.1% higher** than the revenue reported in 2Q16 (R$ 79.3 million). This improvement reflects the following aspects: (i) R$ 69.5 million — an increase of 551 GWh (252 average MW) in energy sales volume increasing from 523 GWh (240 average MW) in 2Q16 to 1,074 GWh (492 average MW) in 2Q17; and (ii) R$ 13.1 million — a decrease of 16.6% in net average selling prices. 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 had migrated from the Regulated Contracting Environment (ACR) to the Free Contracting Environment (ACL). The price reduction is largely due to the expiry of agreements with prices higher than the average practiced in existing agreements and for new operations.

✓ **Free Consumers**

Revenues from sales to free consumers increased 12.1% from R$ 703.5 million in 2Q16 to R$ 788.3 million in 2Q17. The following events contributed to this variation: (i) R$ 107.5 million — elevation of 652 GWh (298 average MW) in energy volume sold from 4,131 GWh (1.891 average MW) in 2Q16 to 4,783 GWh (2,189 average MW) in 2Q17 due basically to sales of a greater volume of incentivized energy to clients migrating from ACR to ACL as well as energy generated from the newly operational Santa Mônica Complex, these positive factors partially attenuated by the decline in consumption of industrial clients; and (ii) R$ 22.7 million — a reduction of 3.2% in the net average selling price of energy. The reduction is largely due to the expiry of agreements with prices higher than the average practiced in existing agreements and for new operations.

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

In 2Q17, **revenue generated from short-term market operations** - especially within the scope of the CCEE - was R$ 87.0 million compared with R$ 30.7 million in 2Q16, representing **a year-on-year increase of R$ 56.3 million**. 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

The **cost of energy and services sales increased by R$ 22.7 million (2.5%)** from R$ 924.3 million in 2Q16 to R$ 947.0 million in 2Q17. These variations reflect largely tendencies in the following components:

✓ **Electric energy purchased for resale:** reduction of R$ 7.1 million (1.8%) in 2Q17 compared with 2Q16, reflecting above all the following combination of factors: (i) R$ 88.8 million – the decline due to the termination of energy purchase agreements at higher average prices than the average for existing and new agreements; and (ii) R$ 81.7 million - an increase of 512 GWh (234 average MW) of purchases, mitigating the effects of exposure on the CCEE, as well as incentivized energy purchases for resale to free consumers.

✓ **Transactions in the short-term market - especially those within the scope of the CCEE:** costs of these transactions increased by R$ 57.3 million (96.0%) compared to 2Q16. Details are described below in a specific item.

✓ **Charges for use of and connection to the electricity grid:** an increase of R$ 9.8 million (10.3%), between quarters due principally to the annual readjustment in transmission tariffs.

✓ **Fuels for the generation of electricity:** an increase of R$ 204.6 million in relation to 2Q16 in the light of the following factors: (i) recognition of R$ 216.6 million due to a court agreement with a natural gas supplier in an action involving a price dispute over the fuel supplied between September 2014 and June 2017. The Company maintained the provision of R$ 219.2 million to cover the probable loss on the outcome of the legal process but since reversed concomitantly with recognition of the cost of gas, eliminating the additional effects of this cost on the Company's operating result; and (ii) a reduction of R$ 12.0 million following revision of the energy efficiency percentage at the Jorge Lacerda Thermoelectric Complex between the quarters under review, resulting in an increase in the amount of the fuel reimbursement from the Energy Development Account (CDE).

✓ **Financial compensation for use of water resources (royalties):** a decrease of R$ 24.1 million (52.8%) between compared quarters, reflecting reduced generation from the hydro plants in 2Q17 as well as a reduction in the Restated Reference Tariff (TAR) of 22.7% in 2017.

✓ **Personnel:** a reduction of R$ 4.7 million (7.9%) in 2Q17 compared with 2Q16 due mainly to readjustments in headcount and a reduction in costs arising from the Voluntary Severance Plan (PDV), the latter having been concluded in November 2016.



✓ **Depreciation and appreciation:** an increase of R$ 8.7 million (5.6%) between the quarters under review, the result primarily of the following factors: (i) entry into commercial operations at year-end 2016 and 1Q17 of wind generation assets at the Santa Mônica Complex in the state of Ceará; (ii) conclusion of modernization work on the Salto Santiago Hydroelectric Plant (UHSS); and (iii) capitalization of major maintenance work on the Jorge Lacerda Thermoelectric Complex in 2Q17. This increase was partially offset by lower depreciation costs from additional impairment of the Company's thermoelectric generation assets.

✓ **Reversal of net operating provisions:** positive year-on-year effect of R$ 221.9 million, of which R$ 219.2 million, relates to the signature and legal ratification of an agreement between the Company and supplier on the price of natural gas for electricity generation, resulting in the reversal of the amount earmarked to provisions for contingencies at the end of 2Q17.

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 2Q17 and 2Q16, the net results (difference between revenues and costs — less tax on revenues and costs) from short-term transactions – more especially transactions within the scope of the CCEE, were negative at R$ 30.1 million and R$ 29.1 million, respectively.

This variation is essentially a consequence of the negative variation arising from the increase in the impact of the Generation Scaling Factor - GSF, net of positive effects of the GSF agreement, resulting from increases in the hydroelectric generation deficit and in MRE expenses in 2Q17, a reflection of reduced hydroelectric generation in relation to 2Q16. These effects were offset in large part by a more robust long position on the CCEE in 2Q17.

Worthy of consideration is the sharp increase in average PLD between the quarters (as shown below). This contributed negatively in relation to the results arising from the application of the GSF and conversely, had a positive effect on revenue relative to the long position on the CCEE. Comparing the two quarters under review, average PLD for the South and Southeast/Center-West submarkets saw an increase of 378.4% from R$ 61.19/MWh in 2Q16 to R$ 292.76/MWh in 2Q17.

In December 2016, Aneel set maximum and minimum PLD limits for 2017 at R$ 533.82/MWh and R$ 33.68/MWh, respectively.

General and Administrative Expenses

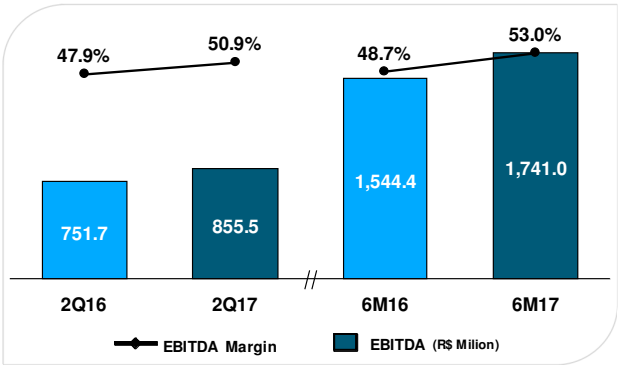
General and administrative expenses between the quarters under analysis fell R$ 8.2 million (16.4%) mainly by virtue of the following factors: (i) R$ 3.5 million - renegotiation of rental and services contracts with third parties; (ii) R$ 2.2 million - readjustment of headcount and a reduction in expenses with the Voluntary Severance Plan (PDV), the latter ceasing in 2016; and (iii) R$ 2.5 million - reduction of expenses with contributions, sponsorships, donations, among others in 2Q17.



Ebitda and Ebitda Margin

In the light of the aforementioned factors, the Company reported an **Ebitda** for 2Q17 of R$ 855.5 million, **R$ 103.8 million (13.8%) more** than registered in 2Q16, which was R$ 751.7 million. The Ebitda margin was 50.9% in 2Q17, a growth of 3.0 p.p. relative to 2Q16.

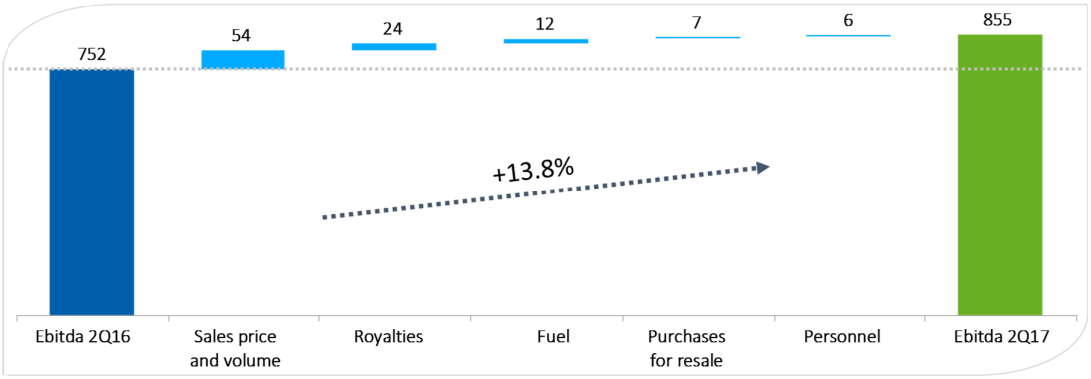
Ebitda (1) and Ebitda Margin



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

The increases mentioned above are in turn a combination of the following factors: (i) an increase of R$ 53.9 million net revenue from contracted energy sales; (ii) a fall of R$ 24.1 million financial compensation for use of water resources (royalties); (iii) a decrease of R$ 12.0 million in fuel costs; (iv) reduction of R$ 7.1 million in energy purchases for resale; (v) reduction of R$ 6.1 million in presonnel expenses; and (vii) reduction of R$ 0.6 million of other costs and operational expenses.

Ebitda Change
R$ million



The following table reconciles net income with Ebitda:

(In millions of R$)	2Q17	2Q16	Chg. %	6M17	6M16	Chg. %
Net income	491.1	328.8	49.4	941.8	675.9	39.4
(+) Income tax and social contribution	190.4	148.2	28.5	402.7	311.5	29.3
(+) Net financial result	6.8	116.8	-94.2	78.5	245.0	-68.0
(+) Depreciation and amortization	166.6	157.7	5.6	316.3	311.8	1.4
Ebitda	**854.9**	**751.5**	**13.8**	**1,739.3**	**1,544.2**	**12.6**
(+) Equity loss	0.6	0.2	0.0	1.7	0.2	0.0
Adjusted Ebitda	**855.5**	**751.7**	**13.8**	**1,741.0**	**1,544.4**	**12.7**



Financial Result

Financial income: in 2Q17, financial revenue was R$ 62.6 million or **R$ 31.4 million (33.4%) lower** than the R$ 94.0 million recorded in 2Q16, the main reasons being: (i) reduction of R$ 14.7 million in income from financial investments due to the lower volumes of invested resources and the decline in interest rates; (ii) the decrease of R$ 12.8 million in interest on accounts receivable at the CCEE; and (iii) the decline of R$ 1.8 million in monetary restatement on court escrow deposits.

Financial expenses: financial expenses in 2Q17 were R$ 69.4 million or **R$ 141.4 million (67.1%) lower** than reported in 2Q16 (R$ 210.8 million). The principal variations were: (i) a decrease of R$ 91.3 million in monetary variation on concessions payable, a reflection of a decline in inflation rates; (ii) recognition in 2Q16 of R$ 26.3 million in interest and monetary restatement on amounts payable on the CCEE and pending due to the injunction against CCEE's application of the GSF; and (iii) a reduction of R$ 24.0 million in interest and monetary restatement on debts by virtue of payment of debt liabilities and a decline in inflation.

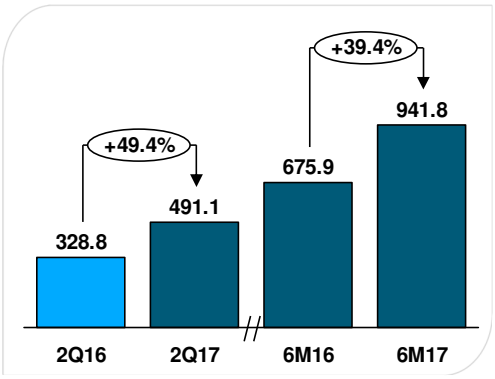
Income Tax and Social Contribution on Net Income

In 2Q17, income tax and social contribution amounted to R$ 190.4 million, an increase of R$ 42.2 million (28.5%) over the R$ 148.2 million in 2Q16 due principally to the increase in pre-tax profits, partially attenuated by the beginning of Amazon Development Authority (Sudam) tax breaks for the Ponte de Pedra and the Estreito hydroelectric plants granted in 2017, recognized in 2Q17 and retroactive to January 2017. The effective tax rates on profits in 2Q16 and 2Q17 were 31.1% and 27.9%, respectively, while for accumulated 6M16 was 31.5% and in 6M17, 30.0%.

Net Income

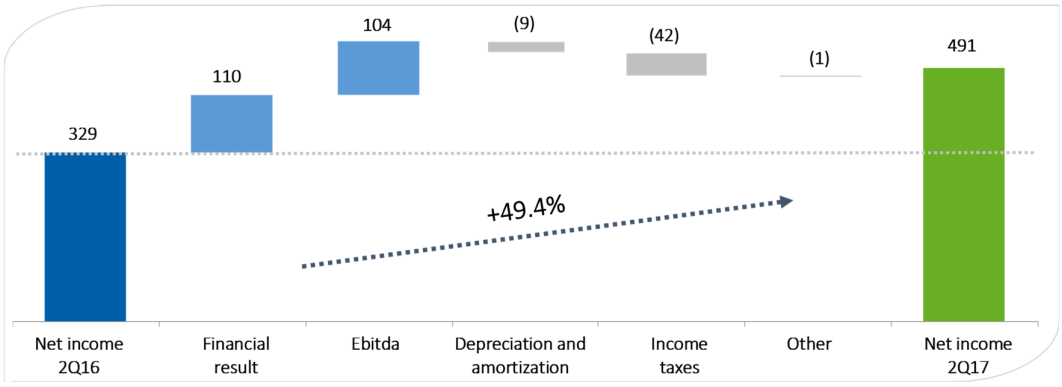
Net income in 2Q17 was R$ 491.1 million, **R$ 162.3 million (49.4%) higher** than the R$ 328.8 million registered in 2Q16.

Net Income
R$ million



This increase was driven by: (i) a growth of R$ 103.8 million in Ebitda; (ii) a reduction of R$ 110.0 million in net financial expenses; (iii) an increase of R$ 42.2 million in income tax and social contribution; (iv) an increase of R$ 8.9 million in depreciation and amortization, and (v) a negative equity income of R$ 0.4 million.

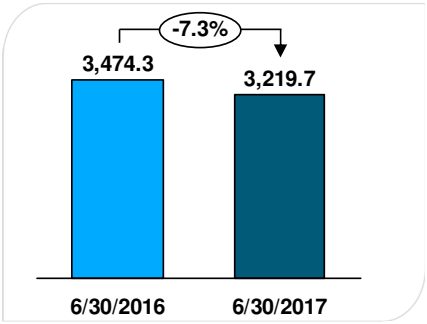
Net Income Change
R$ million





Debt

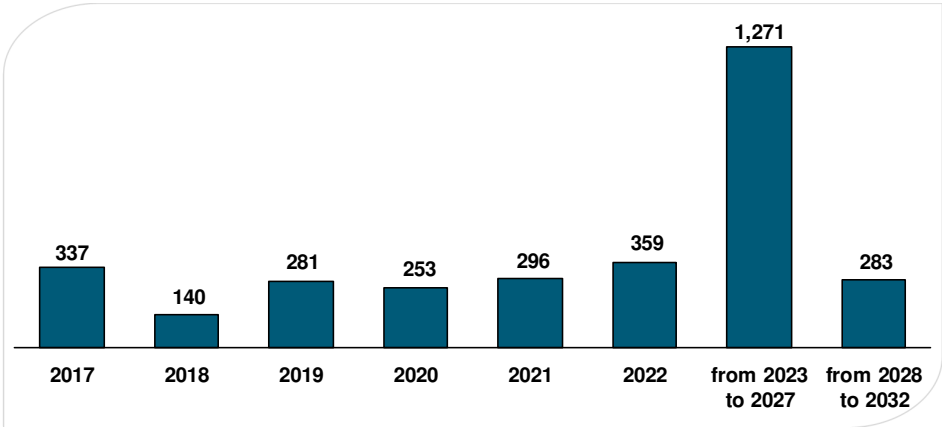
Total Debt
R$ million



The Company's **total gross consolidated debt** as at June 30, 2017, represented mainly by loans, financing and debentures, **totaled R$ 3,219.7 million, a decrease of 7.3%** (R$ 254.6 million) compared to the position as at June 30, 2016, net of the hedge operations.

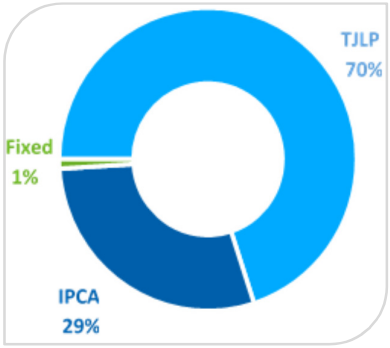
The variation in Company debt is largely related to a combination of the following factors occurring between 2Q16 and 2Q17: (i) drawdowns from the BNDES and its financial agents in the aggregate amount of R$ 226.6 million for investments in the modernization of the Salto Santiago and Passo Fundo HPPs, the Jorge Lacerda Thermoelectric Complex and for the construction of Santa Mônica WPP; (ii) R$ 347.1 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$ 1,271.3 million in amortization of loans, financing and debentures; and (v) R$ 143.0 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** in the end of 2Q17 was **9.4%** (11.2% in the end of 2Q16).

Composition of Debt



On June 30, 2017, the Company's **net debt** (total debt less deposits earmarked to the guarantee of debt servicing and cash and cash equivalents) was **R$ 1,510.2 million**, **an increase of 25.6%** compared with the end of 2Q16.



Net Debt

R$ million

	06/30/2017	06/30/2016	Chg. %
Gross debt	3,219.7	2,741.4	17.4
Results of derivatives transactions	0.0	899.3	-100.0
Gross debt, net of derivative transactions	**3,219.7**	**3,640.7**	**-11.6**
Result of derivatives operations	0.0	(166.5)	-100.0
Deposits earmarked for the payment of debt	(204.0)	(166.9)	22.3
Cash and cash equivalents	(1,505.5)	(2,104.7)	-28.5
Total net debt	**1,510.2**	**1,202.7**	**25.6**

Capital Expenditures

ENGIE Brasil Energia's **total investments** in **2Q17 were R$ 574.0 million**, of which (i) R$ 30.3 million was allocated to projects for generator complex maintenance and revitalization; (ii) R$ 41.1 million, to modernization of the Salto Santiago Hydroelectric Plant; (iii) 5.8 million to the acquisition of the Santo Agostinho Wind Complex; and (iv) R$ 496.8 million in the construction of new plants, of which R$ 173.9 million was allocated to the construction of Pampa Sul TPP, R$ 177.7 million to the Campo Largo Wind Complex, R$ 67.5 million to the Assú Photovoltaic Plant and R$ 77.7 million to the Santa Mônica Wind Farm Complex.

Credit of Dividends

At a meeting held on July 27, 2017, ENGIE Brasil Energia's Board of Directors approved the distribution of interim dividends worth **R$ 938.9 million** (R$ 1.4384206188 per share) as of the financial statements for June 30, 2017. The dividends represent a **100% payout** for the first half of 2017 based on distributable net income.

The Company's shares will be traded **ex-interim** dividends as from August 10, 2017. Interim dividends shall be paid subsequently as defined by the Board of Executive Officers and communicated through a Notice to Shareholders, based on existing registered information held by Itaú Unibanco Banco Múltiplo S.A. on August 9, 2017.

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 June 30, 2017, out of the 31 plants installed in 12 states of Brazil's five regions, 12 (with an aggregate capacity of 92.5% 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

- ✓ On April 28, ENGIE Brasil Energia's Sustainability Report was published in Portuguese and on May 19, in English. The Report portray the Company's past, present and future, highlighting socio-environmental management. The Company's Emission Inventory is attached to the Report. These publications are available in Web version and PDF in the website www.engieenergia.com.br, Sustainability / Finance / Sustainability Report.
- ✓ The Company held the 1st Sustainable Management Seminar at its head offices on June 27, 28 and 29 as part of the process of generating greater engagement and dissemination of themes relating to sustainability and ethics. The event was transmitted to all the plants by video conference with the participation of suppliers, the community, employees and civil society in general. The presentation of this and other seminars are available from the website wwww.engieenergia.com.br, Sustainability / Social Responsibility / Sustainable Management Seminar.
- ✓ The Company extended the benefit of paternity leave for its employees from 5 to 20 days. ENGIE is a citizen company and for some time now has already adopted the practice for mothers.

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 2Q17, associating each indicator with GRI recommendations.



Sustainability Indices[1]

Item	Dimension[2]	Index	GRI disclosure[3]	2Q17	2Q16	Change	6M17	6M16	Change
1	Quality	Operating plants	EU1, G4-9	31	28	3	31	28	3
2		Installed capacity (MW)	EU1, G4-9	8,790	8,729	0.7%	8,790	8,729	0.7%
3		Proprietary capacity (MW)	EU1, G4-9	7,069	7,008	0.9%	7,069	7,008	0.9%
4		Number of certified plants	EU6, G4-15	12	14	-2	12	14	-2
5		Certified installed capacity (MW)	EU6, G4-15	8,127	7,294	11.4%	8,127	7,294	11.4%
6		Certified installed capacity in relation to the total	EU6, G4-15	92.46%	83.56%	8.9 p.p.	92.46%	83.56%	8.9 p.p.
7		Installed capacity from renewable sources	EU1, G4-9	7,743	7,646	1.3%	7,743	7,646	1.3%
8		Installed capacity from renewable sources in relation to the total	EU1, G4-9	88.09%	87.59%	0.50 p.p.	88.09%	87.59%	0.50 p.p.
9		Energy generation (GWh)	EU2	7,797	10,742	-27.4%	18,083	22,738	-20.5%
10		Certified energy generation	EU6, G4-15	7,413	9,700	-23.6%	17,449	20,057	-13.0%
11		Certified energy generation in relation to the total	EU6, G4-15	95.1%	90.3%	4.8 p.p.	96.5%	88.2%	8.3 p.p.
12		Energy generation from renewable sources (GWh)	EU2	6,644	9,534	-30.3%	15,960	20,470	-22.0%
13		Energy generation from renewable sources in relation to the total	EU2	85.2%	88.8%	-3.6 p.p.	88.3%	90.0%	-1.7 p.p.
14		Uptime ratio, excluding scheduled stoppages	EU30	91.7%	97.0%	-5.3 p.p.	93.4%	96.6%	-3.2 p.p.
15		Uptime ratio, including scheduled stoppages	EU30	86.9%	85.7%	1.2 p.p.	87.0%	86.0%	1.0 p.p.
16	Environment	Saplings donated and planted (sum-total of planted and donated saplings)[4]	G4-EN27	58,639	68,878	-14.9%	110,738	166,395	-33.4%
17		Number of visitors at the plants[4]	G4-26	30,527	34,276	-10.9%	36,920	45,664	-19.1%
18		CO2 Emissions (fossil fuel plants) (t/MWh)	G4-EN15	1.0072	1.006	0.1%	0.9980	1.003	-0.5%
19		CO2 Emissions from ENGIE Brasil Energia's generation complex (t/MWh)	G4-EN15	0.149	0.146	2.1%	0.117	0.131	-10.7%
20	Occupational Heath and Safety (OH&S)	Average number of employees[5]	G4-10, G4-LA1	1,050	1,116	-5.9%	1,051	1,115	-5.7%
21		Frequency Rate ("Taxa de Frequência" - TF) own employees[6]	G4-LA6	0.000	0.000	-	0.000	0.000	-
22		Severity Rate ("Taxa de Gravidade" - TG) own employees[7]	G4-LA6	0.000	0.000	-	0.000	0.000	-
23		Frequency Rate ("Taxa de Frequência" - TF) own employees + long term service providers[6]	G4-LA6	0.000	0.000	-	0.000	0.760	▼
24		Frequency Rate ("Taxa de Frequência" - TF) short term service providers + ongoing constructions [6 8]	G4-LA6	0.000	-	-	0.000	-	-
25	Social Responsibility[9]	Non-incentive investments	G4-EC8, G4-SO1	670.40	2,219.94	-69.8%	1,238.50	3,394.97	-63.5%
26		Investments via Children and Teenagers Fund - FIA	G4-EC8, G4-SO1	561.00	984.73	-43.0%	757.00	1,656.02	-54.3%
27		Investments via Cultural Incentives Act - Rouanet	G4-EC8, G4-SO1	430.00	1,358.70	-68.4%	4,737.00	6,802.20	-30.4%
28		Investments via Sport Incentives Act	G4-EC8, G4-SO1	0.00	0.00	-	0.00	150.00	-100%
29		Investments via National Program of Support to Oncology Care - PRONON	G4-EC8, G4-SO1	0.00	0.00	-	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	-	0.00	0.00	-
31		Investments via Municipal Elderly Fund	G4-EC8, G4-SO1	48.40	0.00	100.0%	370.40	0.00	100%

Notes:

1) Additional indices available at ITR (www.ENGIEenergia.com.br / Investors / Financial Information/ CVM Reports)

2) Reference: ENGIE Sustainable Management Policy.

3) GRI: Global Reporting Initiative, G4 version.

4) Ceste (Consórcio Estreito Energia) not included.

5) Average n° in the period of own employees working at power plants in operation, at the headquarters and at the São Paulo's office.

6) TF = number of occupational accidents for every million hours of exposure to hazards, considered the same employees of item 19.

7) 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.

8) 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.

9) 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 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.

Mention should be made that B3's hearings into proposed changes in the Novo Mercado were concluded in 2Q17. ENGIE Brasil Energia voted favorably on all alterations to the Regulations understanding that they represent significant improvements in transparency, equitability, accountability and corporate responsibility applicable to companies listed in the segment. The new Regulations were approved by the majority of companies eligible to vote and will come into effect three months following their publication, with a two-year period in which to adapt thereto.

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 B3 benchmark index retreated 3.2% in 2Q17 as against a gain of 2.9% in 2Q16. In 6M17, the exchange reported a gain of 4.4% as opposed to 18.9% in 6M16. The variation largely reflects investor caution in the face of a domestic scenario of political turmoil, principally in the light of the uncertainties surrounding the outlook for social security and labor reforms under discussion in Congress.

ENGIE Brasil Energia's stocks closed the quarter **with a 4.1% depreciation**, an inferior result to the Ibovespa, which fell 3.2%, albeit beating the Electric Energy Stock Index (IEEX), which posted a decline of 4.7%. EGIE3 posted a closing price at quarter end of R$ 33.92 per share, **translating into a market value for the Company of R$ 22.1 billion.**

In 2Q17, EGIE3's average daily trading volume was R$ 32.5 million, 0.9% higher than reported in 2Q16, when volumes were R$ 32.2 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: July 28, 2017
Time: 10:00 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 July 28th to August 3rd, 2017. Access by dialing: +55 (11) 3127-4999, code: 42748449 (Portuguese) and 82088131 (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	**6/30/2017**	**12/31/2016**
Current Assets	**3,009,796**	**3,355,091**
Cash and cash equiv alents	1,505,457	1,815,340
Accounts receiv ables from clients	726,559	824,079
Inv entory	105,817	105,541
Fiscal credits recov erable	52,563	14,589
Refund of fuel purchases	54,299	49,472
Restricted deposits	16,317	8,760
Unrealized gains on hedging transactions on purchases commitments	3,909	1,490
Renegotiation of hydrological risk to appropriate	26,064	26,064
Other current assets	105,046	90,153
Non current asset held for sale	413,765	419,603
Non Current Assets	**11,803,763**	**11,064,600**
Long Term Assets	**609,421**	**612,302**
Fiscal credits recov erable	29,404	37,991
Restricted deposits	209,815	185,768
Deposits earmarked for the payment of debt	204,025	180,183
Other restricted deposits	5,790	5,585
Deposits in court	153,812	149,730
Unrealized gains on hedging transactions on purchases commitments	-	1,965
Renegotiation of hydrological risk to appropriate	157,983	171,015
Other non current assets	58,407	65,833
Investments	**12,711**	**4,886**
Property, Plant and Equipment	**10,924,781**	**10,194,898**
Intangible	**256,850**	**252,514**
Total	**14,813,559**	**14,419,691**



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

(In thousands of R$)		
Liabilities	**6/30/2017**	**12/31/2016**
Current Liabilities	**1,588,699**	**1,800,794**
Suppliers	472,403	371,149
Dividends and interest on shareholder´s equity	7,423	372,040
Loans and financing	294,370	283,196
Debentures	42,180	16,547
Concessions payable	66,492	65,408
Tax and social contribution obligations	84,018	81,023
Other fiscal and regulatory obligations	88,437	88,632
Labor obligations	74,371	94,753
Provision	35,962	35,001
Obligations related to retirement benefits	27,219	27,219
Liabilities related to non current asset held for sale	152,194	159,496
Other current liabilities	243,630	206,330
Non Current Liabilities	**6,073,386**	**6,004,503**
Loans and financing	2,079,945	2,001,081
Debentures	803,177	787,908
Concessions payable	2,331,859	2,281,968
Provision	81,751	292,106
Obligations related to retirement benefits	274,927	272,248
Deferred income taxes and social contribution	441,265	311,331
Other non current liabilities	60,462	57,861
Shareholders' Equity	**7,151,474**	**6,614,394**
Share capital	2,829,056	2,829,056
Profit reserves	2,945,923	3,336,013
Adjustment on fixed asset	433,846	446,158
Retained earnings	938,919	-
Non controlling interests	3,730	3,167
Total	**14,813,559**	**14,419,691**



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

(In thousands of R$)	2Q17	2Q16	Chg. %	6M17	6M16	Chg. %
Net Revenue from Sales	**1,681,943**	**1,570,687**	**7.1**	**3,287,855**	**3,173,342**	**3.6**
Costs of Energy Sold and Services Provided	**(946,971)**	**(924,247)**	**2.5**	**(1,773,323)**	**(1,840,529)**	**-3.7**
Electric power purchased for resale	(398,124)	(405,247)	-1.8	(776,783)	(794,570)	-2.2
Transactions in the short term market, including those conducted through the CCEE	(117,190)	(59,782)	96.0	(143,806)	(131,750)	9.2
Charges for the use of and connection to the electricity grid	(104,796)	(95,007)	10.3	(208,084)	(189,351)	9.9
Fuel expenses	(241,424)	(36,868)	554.8	(270,057)	(89,592)	201.4
Financial compensation for use of water resources	(21,588)	(45,690)	-52.8	(56,780)	(96,996)	-41.5
Personnel	(54,987)	(59,695)	-7.9	(103,647)	(115,581)	-10.3
Materials and third party services	(47,968)	(47,407)	1.2	(88,868)	(79,207)	12.2
Depreciation and amortization	(164,427)	(155,696)	5.6	(311,999)	(307,676)	1.4
Reversals (Constitution) of operating provisions	221,335	(545)	-40,711.9	221,710	(57)	-389,064.9
Others	(17,802)	(18,310)	-2.8	(35,009)	(35,749)	-2.1
Gross Income	**734,972**	**646,440**	**13.7**	**1,514,532**	**1,332,813**	**13.6**
Operating Income (Expenses)	**(45,992)**	**(52,419)**	**-12.3**	**(89,789)**	**(100,192)**	**-10.4**
Selling expenses	(4,921)	(4,635)	6.2	(8,801)	(9,282)	-5.2
General and administrative expenses	(42,019)	(50,235)	-16.4	(82,695)	(94,110)	-12.1
Other operating income (expenses), net	948	2,451	-61.3	1,707	3,200	-46.7
Income Before Financial Result and Taxes	**688,980**	**594,021**	**16.0**	**1,424,743**	**1,232,621**	**15.6**
Net Financial Result	**(6,842)**	**(116,855)**	**-94.1**	**(78,470)**	**(245,008)**	**-68.0**
Financial income	62,639	93,997	-33.4	125,633	218,963	-42.6
Financial expenses	(69,481)	(210,852)	-67.0	(204,103)	(463,971)	-56.0
Result of corporate participations	**(601)**	**(244)**	**0.0**	**(1,699)**	**(244)**	**0.0**
Equity loss	(601)	(244)	0.0	(1,699)	(244)	0.0
Income Before Taxes	**681,537**	**476,922**	**42.9**	**1,344,574**	**987,369**	**36.2**
Income tax	(132,813)	(106,486)	24.7	(286,988)	(225,006)	27.5
Social contribution	(57,577)	(41,683)	38.1	(115,744)	(86,503)	33.8
Net Income for the Period	**491,147**	**328,753**	**49.4**	**941,842**	**675,860**	**39.4**
Number of Ordinary Shares	**652,742,192**	**652,742,192**		**652,742,192**	**652,742,192**	
Net Income per Share	**0.7524**	**0.5036**	**49.4**	**1.4429**	**1.0354**	**39.4**



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

(In thousands of R$)	2Q17	2Q16	6M17	6M16
Cash Flow from Operating Activities				
Income before taxes on income	681,537	476,922	1,344,574	987,369
Adjustments to reconcile net income before taxes generated from operating cash flow:				
Equity loss	601	244	1,699	244
Depreciation and amortization	166,574	157,695	316,304	311,813
Monetary variation	(36,154)	61,391	(1,348)	110,479
Interests	91,902	120,315	178,967	270,443
(Reversal) / Accrual of operating provisions	(221,857)	1,100	(223,246)	260
Others	1,916	85	1,919	1,864
Adjusted Profit	**684,519**	**817,752**	**1,618,869**	**1,682,472**
Increase (reduction) in assets				
Accounts receivables from clients	88,375	51,534	107,535	46,652
Refund of fuel purchases	58,354	(4,737)	(4,827)	21,486
Fiscal credits recoverable	(46,380)	(23,224)	(50,651)	(26,631)
Inventory	5,471	(5,226)	732	(15,442)
Deposits in court and restricted deposits	1,151	42,974	(6,664)	(7,860)
Renegotiation of hydrological risk to appropriate	6,516	6,516	13,032	13,032
Other assets	(32,821)	(9,175)	(20,398)	(35,779)
Increase (reduction) in liabilities				
Suppliers	97,429	(313,286)	75,246	(256,744)
Other fiscal and regulatory obligations	3,289	(4,947)	2,252	(26,067)
Obligations related to retirement benefits	(6,676)	(2,941)	(12,932)	(6,633)
Other liabilities	(24,225)	19,945	208	27,831
Cash Generated from Operating Activities	**835,002**	**575,185**	**1,722,402**	**1,416,317**
Payment of income tax and social contribution	(65,743)	(166,911)	(176,060)	(244,516)
Payment of interests on debt, net of hedge	(51,887)	(74,074)	(95,739)	(154,945)
Net Cash from Operating Activities	**717,372**	**334,200**	**1,450,603**	**1,016,856**
Investments Activities	**(553,059)**	**(213,873)**	**(928,330)**	**(414,396)**
Acquisitions of investments, net of cash and cash equivalents received	-	-	-	(7,866)
Capital increase at joint ventures	(3,015)	(2,385)	(4,762)	(2,385)
Used in fixed assets and intangibles	(537,524)	(209,103)	(909,301)	(401,760)
Cash and cash equivalents of subsidiaries transferred to assets held for sale	(9,505)	-	(9,505)	-
Others	(3,015)	(2,385)	(4,762)	(2,385)
Financing Activities	**(510,178)**	**(279,077)**	**(832,156)**	**(894,591)**
Loans and financing contracted	-	20,137	211,471	20,195
Payment of loans and financing	(80,313)	(57,220)	(149,318)	(344,979)
Payments of concessions payable	(17,052)	(15,709)	(34,059)	(31,368)
Payments of dividends and interest on shareholders' equity	(407,992)	(209,501)	(838,601)	(522,123)
Deposits for funding	(6,125)	(6,993)	(13,554)	(10,967)
Others	1,304	(9,791)	(8,095)	(5,349)
Increase (Decrease) in Cash and Cash Equivalents	**(345,865)**	**(158,750)**	**(309,883)**	**(292,131)**
Reconciliation of Cash and Cash Equivalents				
Opening balance	1,851,322	2,263,473	1,815,340	2,396,854
Closing balance	1,505,457	2,104,723	1,505,457	2,104,723
Increase (Decrease) in Cash and Cash Equivalents	**(345,865)**	**(158,750)**	**(309,883)**	**(292,131)**
Transactions that do Not Affect Cash and Cash Equivalents				
Capitalized interest and monetary	37,227	25,426	72,088	51,087
Supplier's of fixed assets and intangibles	(15,682)	3,761	24,279	(23,061)
Offsetting of income tax and social contribution	16,497	33,665	23,664	41,601
Future disbursements estimate	48,521	(1,232)	49,166	(2,259)
Balance of remaining installments related to purchase of investments	-	-	-	13,027