

ENGIE Brasil Energia reports a 20.0% growth in Net Income and 42.4% in Ebitda for 2Q18

Company issues R$ 2.5 billion in long-term debentures

Florianópolis, Brazil, August 8, 2018. ENGIE Brasil Energia S.A. ("ENGIE Brasil Energia", "EBE" or "Company") – B3: EGIE3, ADR: EGIEY - announces earnings for the Second Quarter and six-month period ending June 30, 2018 (2Q18, 6M18/1S18). 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 a net income for the second quarter 2018 (2Q18) of R$ 589.2 million (R$ 0.9026/share), 20.0% (R$ 98.1 million) higher than the second quarter 2017 (2Q17).
- Ebitda[1] amounted R$ 1,217.9 million in 2Q18, an increase of 42.4% (R$ 362.4 million) compared with 2Q17. The Ebitda margin was 57.0% in 2Q18, a growth of 6.1 p.p. in relation to 2Q17.
- Net operating revenue was R$ 2,135.0 million in 2Q18, an increase of 26.9% (R$ 453.1 million) compared to the amount posted in 2Q17.
- The average contracted energy sales price, net of exports and revenue taxes was R$ 181.56/MWh in 2Q18, 1.7% higher than reported in 2Q17.
- Energy volume sold in 2Q18 was 9,582 GWh (4,388 average MW), 7.9% higher than was commercialized in 2Q17.
- Through its Companhia Energética Jaguara and Companhia Energética Miranda subsidiaries, the Company issued a total of R$ 1.8 billion in debentures for extending the maturity profile of its debt.
- The installation of the Special Independent Committee for Transactions with Related Parties was approved to analyze and monitor eventual agreements between the parties comprising the investor group interested in acquiring Transportadora Associada de Gás (TAG).
- In 2Q18, EBE began remote operations of the Trairi Wind Complex in full from its Generation Operation Center (COG) at the Company's headquarters in Florianópolis.
- In May 2018, the Operations License was issued and test runs begun at the Campo Largo VII Wind Farm. On July 4, 2018, commercial operations at the plant began with the addition of 29.7 MW of non-conventional, renewable energy to the Company's generator complex.

Subsequent Events

- A binding agreement was signed for the acquisition the total remaining capital stock still not held in ENGIE Geração Solar Distribuída for an amount of R$ 35.1 million, this representing a strategic step forward for the Company's insertion in the context of the energy transition.
- In July, EBE concluded the issue of R$ 746.6 million in debentures in two series, expiring in seven and ten years, respectively. The issue was 1.7 times oversubscribed and commanded a competitive cost.
- The Board of Directors approved the distribution of R$ 1,146.0 million as interim dividends, corresponding to R$ 1.7557267392/share and 100% of distributable net income for the first half of 2018. The shares will become ex-interim dividends on August 21, 2018.

For Immediate Release

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Conference call and webcast:
On 8/9/2018 at 10:00 a.m. (EDT): in Portuguese (simultaneous translation into English).

Further details on Upcoming Events section, available on page 24.

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Summary of Financial and Operational Indicators

ENGIE Brasil Energia - Consolidated						
(In millions of R$)	**2Q18**	**2Q17**	**Chg.**	**6M18**	**6M17**	**Chg.**
Net Operating Revenue (NOR)	2,135.0	1,681.9	26.9%	4,003.8	3,287.9	21.8%
Results from Operations (EBIT)	1,039.3	688.4	51.0%	1,914.9	1,423.0	34.6%
Ebitda (1)	1,217.9	855.5	42.4%	2,264.4	1,741.0	30.1%
Ebitda / NRS - (%)(1)	57.0	50.9	6.1 p.p.	56.6	53.0	3.6 p.p.
Net Income	589.2	491.1	20.0%	1,078.5	941.8	14.5%
Return On Equity (ROE) (2)	29.4	25.4	4.0 p.p.	29.4	25.4	4.0 p.p.
Return On Invested Capital (ROIC) (3)	22.3	23.5	-1.2 p.p.	22.3	23.5	-1.2 p.p.
Net Debt (4)	6,192.2	1,510.2	310.0%	6,192.2	1,510.2	310.0%
Gross Power Production (avg MW) (5)	3,429	3,570	-4.0%	4,026	4,163	-3.3%
Energy Sold (avg MW) (6)	4,388	4,067	7.9%	4,281	4,046	5.8%
Average Net Sales Price (R$/MWh) (7)	181.56	178.53	1.7%	179.72	179.12	0.3%
Number of Employees - Total	1,220	1,125	8.4%	1,220	1,125	8.4%
EBE Employees	1,171	1,081	8.3%	1,171	1,081	8.3%
Employees on Under Construction Plants	49	44	11.4%	49	44	11.4%

(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.



MESSAGE FROM THE MANAGEMENT

With the end of the first half of 2018, ENGIE Brasil Energia is pleased to share with its stakeholders several positive highlights for the period. Among these, were increased revenue and profitability, continuing control over costs and important advances in the implementation of our long-term strategy.

The Company recorded significant growth in its principal lines of business during the quarter. The amount of energy sold was 9,582 GWh, a volume 7.9% higher than commercialized in 2Q17. This combined with the recognition of revenues from Jaguara and Miranda Hydroelectric Power Plants, had a positive impact on Net Revenue which increased by 26.9%, to reach R$ 2.1 billion. With costs and expenses growing at a lesser rate, our Ebitda registered an increase of 42.4% to reach R$ 1.2 billion, corresponding to an Ebitda Margin of 57.0%, 6.1 p.p. higher than reported for the same period in 2017.

The financial and operational management capacity demonstrated by EBE translates not only into results such as those recorded for the quarter under review but also is reflected in market recognition.

The leading highlight of the quarter was the progress registered at the Company's wind projects in the north of the State of Bahia: Campo Largo VII began commercial operations in early July while Umburanas presented relevant progress on its civil engineering stage. The Campo Largo/Umburanas cluster with installed capacities of, respectively, 326.7 MW and 360 MW in their initial stages, is the largest wind complex that ENGIE Brasil Energia has ever built, amounting to R$ 766.7 million in investments in the first half of 2018 alone. These plants will start out already under operation by the Generation Operation Center (COG), reinforcing the digitalization strategy.

In addition to benefiting from the synergies of their respective infrastructure, the projects have brought several advances for the local population with deficits in both infrastructure and also services. This therefore reiterates the focus on sustainability which has always been one of EBE's hallmarks: there are more than 2,300 currently at work on the two complexes in addition to investments of approximately R$ 6 million in social projects.

Following our sustainable energy growth strategy, wind and solar operations account for about 60% of the capacity of projects at the most advanced development stage, that is, those where construction has yet to begin but which are already qualified to take part in the regulated power purchasing auctions. An example is the Santo Agostinho (700 MW) project in the State of Rio Grande do Norte. Taking all investments into consideration, the Company's installed capacity has the potential to add a further 2 GW to generation over the medium term.

Again in 2Q18, the Company signed a binding agreement for the acquisition of the remaining 50% stake in the shares of ENGIE Geração Solar Distribuída, still not in its possession, reaffirming our commitment to operations in this segment and contributing to a more dynamic energy matrix and one which is closer to the end consumer.

Also on the decentralization front, we are carrying out actions to standardize contracts and digitalize retail, as a means to address the growing number of free-market customers, which has increased by 21.1% from the same quarter in 2017.

The financial and operational management capacity demonstrated by EBE translates not only into results such as those recorded for the quarter under review but also is reflected in market recognition. For example, in June, the Company issued debentures through its subsidiaries Companhia Energética Jaguara and Companhia Energética Miranda of approximately R$ 1.8 billion. Not only was the issue almost twice oversubscribed but the final rates were set at below expected parameters for the market - this in a macroeconomic scenario which continues a challenging one. A further R$ 746.6 million in debentures were issued in July 2018 by EBE, in two tranches, expiring in seven and ten years, respectively, again being oversubscribed 1.7 times, and at a competitive cost.

Thus, we close this first semester of 2018 with some excellent results. We have strengthened our strategic pillars of decarbonization, decentralization and digitalization, and remain extremely confident in the resilience of our case for investment and in the capacity of ENGIE Brasil Energia to deliver still more value to its shareholders over the coming periods.

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, with the entry into commercial operations of the Campo Largo VII Wind Farm, has 7,707.8 MW of installed capacity and operates a generating complex with 9,428.5 MW, comprises 31 plants (11 hydro, three thermal and 17 complementary energy source plants - biomass, SHP, wind powered and solar), 27 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
			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
Campo Largo VII	Wind Farm	Umburanas (BA)	29.7	29.7	Jul/50	16.3
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			**469.2**	**459.1**		**216.7**
Total			**9,428.5**	**7,707.8**		**4,284.3**

[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.

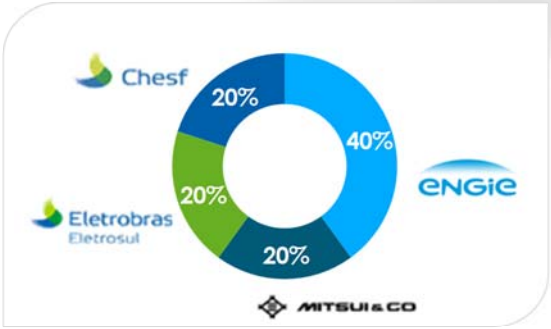


Expansion

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.

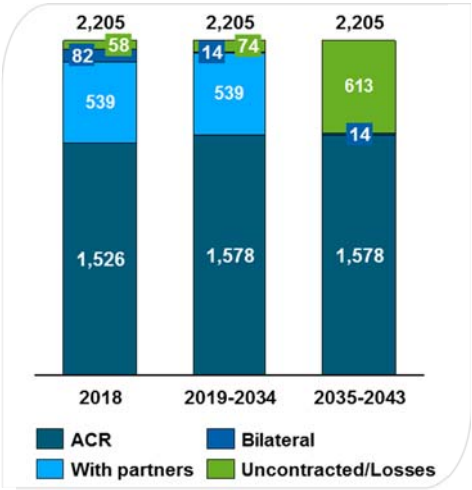
Since November 2016, Jirau HPP has 50 generating units in operation, representing a total installed capacity of 3,750 MW. The plant was unveiled on December 16, 2016.

ESBR - Estrutura Societária



ESBR PPA's Portfolio

Average MW



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.

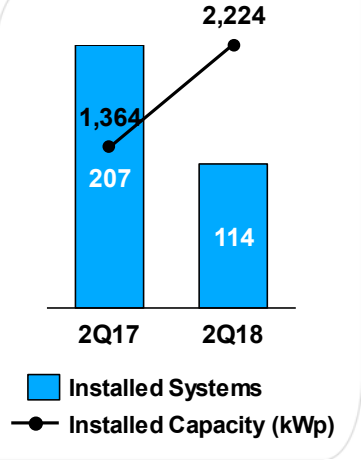
In 2Q18, the plant generated 2,497.3 average MW, 7.0% lower than the 2,685.0 average MW for 2Q17, while the National Electrical System Operator Uptime Ratio (FID) was 99.3% (data subject to final Electric Energy Trade Board (CCEE) booking).

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 July 2018 EBE signed a binding agreement to acquire the remaining 50% for R$ 35.1 million. The increased investment in the distributed solar energy segment is one of the ways the Company reaffirms its commitment to operations in the segment and contributes to a more dynamic energy matrix, one closer to the end consumer.



Front of EBE's headquarters with 214 modules and 57 kWp

Number of units and installed capacity



An initiaitve of the Federation of Industries of the State of Santa Catarina (Fiesc), the Solar Industry Program, through ENGIE Geração Solar Distribuída and WEG S.A., registered enrollments of 1,984 in the residential version of the distributed solar generating system and 629 in the industrial version at the end of 2Q18. With the success of this Program, the same scheme is to be replicated in the States of Rio Grande do Sul and Mato Grosso with the launch scheduled to take place before the end of 2018. Participation by the agribusiness segment was particularly significant in the period, notably a project which is to be executed for a Cooperative in the Municipality of Concórdia-SC, with an installed capacity of 2 MW. Again in the agribusiness segment, the first agreements were signed for solar power generating systems in the State of Goiás with la total installed capacity of approximately 1 MW.

In 2Q18, 114 systems were installed with a capacity of 2,224.1 kWp, an increase of 63% compared with 2Q17, when installed capacity was 1,364.4 kWp corresponding to 207 systems. Since the outset of its operations, ENGIE Geração Solar Distribuída has installed 1,660 systems with an installed capacity of 9,933.7 kWp across 13 states of the country.



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 about 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.

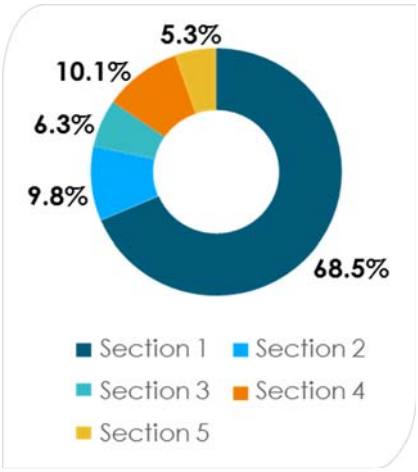
The concession agreement was signed on March 8, 2018 at the headquarters of Aneel in Brasília.



Transmission lines and substation location

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**

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



By the end of the quarter, all the required licensing aplications had been submitted and contacts initiated with all the 25 municipal governments affected by the project. A land ownership survey of the aproximately 2,500 properties impacted by the transmission line has also begun.

The topographical survey, environmental, land ownerhip and archeological field teams have already been mobilized to undertake studies and surveys along the route of the line. The environmental studies are already at the review and consolidation stage. The aerial laser scanning of the route has been concluded as well as the topographic surveys of the areas to be occupied by the substations. The Aneel Basic Project is in preparation.

The agreement with the supplier for installation of the substations has been signed as well as the transmission services agreement with the National System Operator (ONS). The Transmission Line Agreement was signed on July 12, 2018.

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)	297.0	297.0	From Jul/50 to May/52	148.6
Total			**1,002.0**	**1,002.0**		**679.6**

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$ 170.8/MWh, restated up to June 30, 2018**. The first phase of the Complex will involve an investment of about R$ 1.8 billion (as of September 2017). The remaining 245 MW will be harnessed during Phase II. The project is being 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 – assembling of the wind turbine towers

Construction work on the accesses to the Wind Farm is in progress with 93% of brush clearance, 73% of earth moving and 29% of paving concluded.

Work on the wind turbine tower foundations is being carried out with 66% of the excavations, 55% of the structural erection and 48% of the concreting completed. A total of 69 of the 144 foundations have been concreted.

Construction of the substation is underway, with execution of work on the foundations and assembly of concrete structures. Brush clearance for the construction of the transmission line is 50% complete while 14% of work on foundations has been finalized.

Work on the project as a whole is 31% executed and startup is expected for January 2019.



Pampa Sul TPP – general view

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$ 239.6/MWh, restated up to June 30, 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.

During 2Q18, hydrostatic testing of the boiler was successfully completed with piping free of leakages. Commissioning of the control panels for the water treatment system was begun together with the cold commissioning of the coal conveyor belt which connects the mine to the plant. Good progress was made on assembling the Candiota substation bay with a start made on the commissioning process. The main work on the plant posted a physical advance of 86%, particularly noteworthy being the progress made on the assembly of the boiler refractories, the electrostatic precipitator, the desulfurization system, the chimney, the turbine and the generator.

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



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$ 175.3/MWh, restated up to June 30, 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.

By the end of 2Q18, the complex was 85% complete. Work on assembling wind turbines continued with 42 units concluded and representing 34% of the total. In the case of Wind Farms III and VII, all the electro-mechanical equipment has been assembled and commissioned while all the towers with the nacelles at Wind Farms I and IV are now assembled.



Campo Largo Wind Complex

In the Campo Largo Substation, the 230kV transmission line and construction activities and commissioning of Ourolânida II Substation's connection bay have been concluded, energized and in operation.

The Institute of the Environment and Water Resources (Inema) has issued an order granting an Operating License to the Campo Largo III, IV and VII Wind Farms.

On July 3, 2018, Aneel issued Dispatch 1.470/2018, authorizing the startup of commercial operations of the Campo Largo VII Wind Farm, the first of 11 wind farms comprising the Campo Largo Wind Complex, anticipating by five months the date originally forecast.

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.



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 auction, arranged for August 31, 2018.

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.



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, a critical event in that it now permits the plant to participate in the energy auctions.

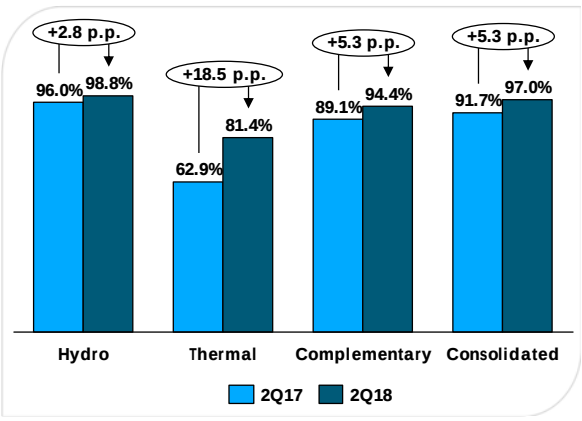
Uptime Operating

The plants operated by ENGIE Brasil Energia reported uptime working of **97.0% in 2Q18, ignoring scheduled stoppages**: 98.8% for the hydroelectric plants, 81.4% for the thermoelectric plants and 94.4% 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 2Q18 was 90.7%: 93.2% for the hydroelectric plants, 69.0% for the thermoelectric and 88.1% for plants operating with complementary energy sources.

Despite the programmed maintenance stoppages in 2Q18, the uptime operating ratio of the hydroelectric plants remained above the levels recorded in the same period in 2017. Additionally, on May 30, 2018, the Company completed repairs to the eight generator units at the Estreito Hydroelectric Plant which had been damaged due to a systemic outage in the grid on March 21, 2018.

Uptime Operating
Not considering scheduled shutdowns



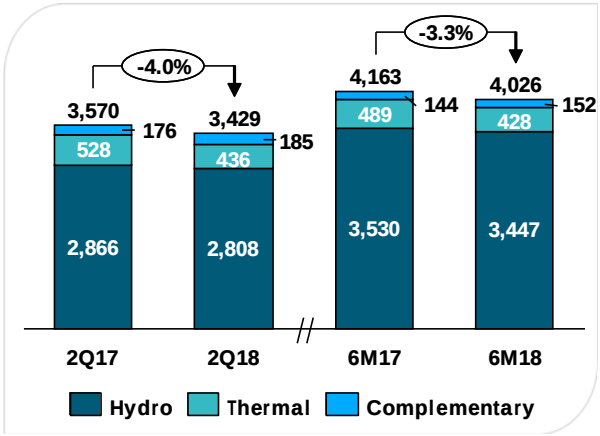


Despite corrective maintenance work with stoppages at Generator Units 2 and 7 and programmed maintenance on Generator Unit 3 at the Jorge Lacerda Thermoelectric Complex, the thermal power plants reported considerably better uptime operations in 2Q18 than were registered in 2Q17.

Production

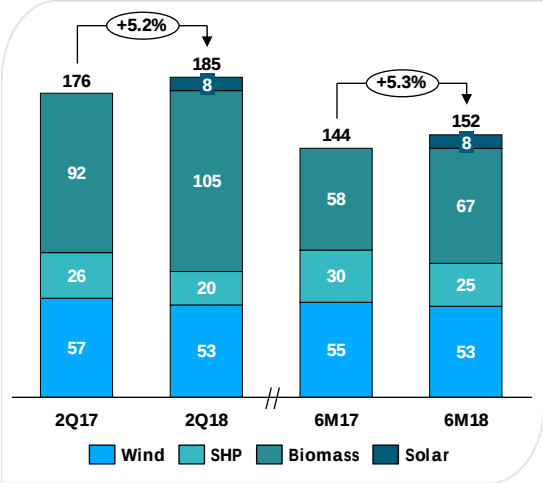
Electricity output from plants operated by ENGIE Brasil Energia was 7,489 GWh (3,429 average MW) in 2Q18. This result is **4.0% lower** than production for 2Q17. Total output breaks down as follows: hydroelectric plants, 6,131 GWh (2,808 average MW), thermoelectric plants 953 GWh (436 average MW) and the complementary sourced units 405 GWh (185 average MW). Results point to, respectively, reductions of 2.1% and 17.3% on the hydro and termoelectric energy sources and increase of 5.2% in complementary energy sources, in relation to 2Q17.

Generation
Average MW



The decrease in total hydro plant generation compared with 2Q17 is due largely to less favorable hydrological conditions in 2Q18 in the respective hydrographic basins in which the Company's plants are located. Additionally, important to note that the start of operations and the motorization of new plants in the National Interconnected System (SIN) resulted in the need to restrict generation from the country's existing hydro complex in order to accommodate output from plants recently incorporated into the system.

Generation by Complementary Source
Average MW



On the other hand, the reduction in thermal generation (17.3%) is due principally to lower production from the Jorge Lacerda Thermoelectric Complex which restricted the attending of demand from the system, generation by cost merit as well as the management of coal inventory. The Jorge Lacerda C Thermoelectric Plant also suffered prolonged downtime.

Despite the disposal of Beberibe and Pedra do Sal Wind Farms and the Areia Branca Small Hydroelectric Power Plant, generation from the complementary plants increased, a reflection of the startup in commercial operations at the Assú V Photovoltaic Plant and the beginning of test generation at the Campo Largo VII Wind Farm.

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

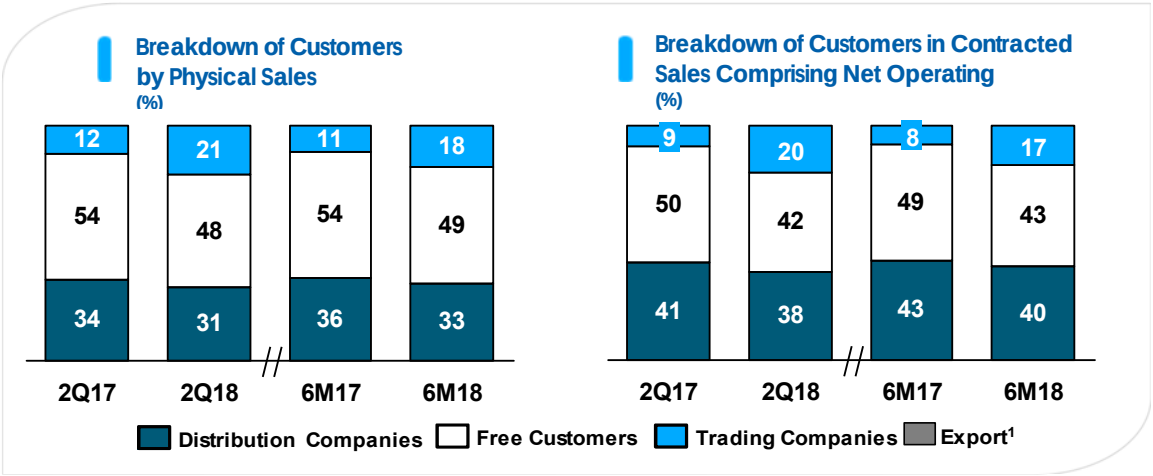
As to the Company's thermal generation, its increase might reduce (as a function of the Company's level of contracting) exposure to the Price for the Settlement of Differences (PLD), the opposite being the case when there is a decrease, all other variables being equal.



Clients

In 2Q18, the free consumer share of the Company's portfolio was 48.3% of total physical sales and 42.0% of the total net operating revenue (except CCEE and other revenues), decreases of 5.5 p.p. and 7.7 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.



[1] Energy exports as a share of physical sales was 0.01% in the 6M17 and of net operating revenue (except CCEE and other revenues) was 0.02% in the 6M17.



Commercial Strategy

The Company pursues a commercial strategy of gradual sales of future energy availability for any given year as a means of mitigating 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, 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	4,089	4,477	4,707	4,715	4,728	4,726			
+ Purchases for Resale	1,395	1,012	590	457	406	333			
= Total Resources (A)	**5,484**	**5,489**	**5,297**	**5,172**	**5,134**	**5,059**			
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	222.2
2006-NE-2009-30	493	493	493	493	493	493	128.4	Jun-06	244.2
2006-NE-2011-30	148	148	148	148	148	148	135.0	Nov-06	254.6
2007-NE-2012-30	256	256	256	256	256	256	126.6	Oct-07	229.5
2014-EE-2014-06	103	103	-	-	-	-	270.7	May-14	342.2
Proinfa	19	19	19	19	19	19	147.8	Jun-04	266.3
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	-	-	258.8
2014-NE-2019-25	-	173	295	295	295	295	183.5	Mar-14	239.6
2014-NE-2019-25	-	10	10	10	10	10	206.2	Nov-14	259.5
2014-NE-2019-20	-	83	83	83	83	83	139.3	Nov-14	175.3
2015-NE-2018-20	-	46	46	46	46	46	188.5	Aug-15	215.9
8th Reserve Energy Auction	9	9	9	9	9	9	303.0	Nov-15	346.9
2017-EN-2019-20	-	48	48	48	48	48	136.4	Nov-14	170.8
Government Auction - Quotas regime									
2018 - Quotas (UHJA) - 2018-30	239	239	239	239	239	239	-	Jul-17	127.2
2018 - Quotas (UHMI) - 2018-30	139	139	139	139	139	139	-	Jul-17	142.7
+ Bilateral Sales	3,234	2,988	2,816	2,242	1,808	1,176			
= Total Sales (B)	**4,872**	**4,985**	**4,829**	**4,255**	**3,821**	**3,189**			
Balance (A - B)	**612**	**504**	**468**	**917**	**1,313**	**1,870**			
Sales average **net** price (R$/MWh) [2, 3]:	182.4	189.7	184.9						
Purchases average **net** price (R$/MWh) [4]:	182.0	186.6	169.3						

[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 Environment (ACR). Additional information can be found in the financial statements of 2015.

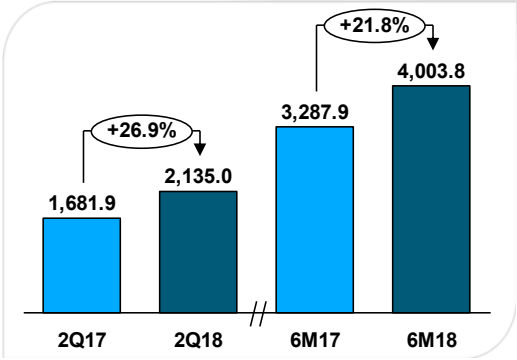


ECONOMIC-FINANCIAL PERFORMANCE

Net Operating Revenue

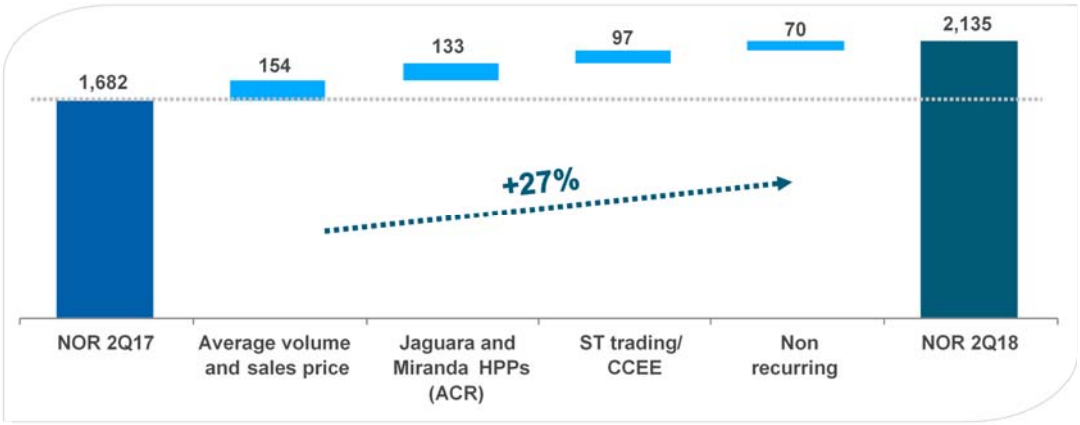
In 2Q18, **net operating revenue reported an increase of 26.9%** (R$ 453.1 million), compared with 2Q17, from R$ 1,681.9 million to R$ 2,135.0 million.

Net Operating Revenue
R$ million

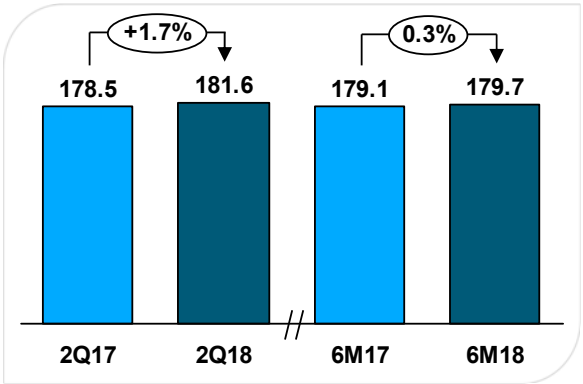


The key factors underlying this variation were: (i) R$ 153.9 million due to higher volumes of energy sold and the increase in average selling prices to distributors and trading companies; (ii) R$ 133.1 million, due to recognition of revenue from operations at the Jaguara and Miranda Hydroelectric Power Plants in the Regulated Contracting Environment (ACR), of which R$ 105.2 million corresponds to the remuneration of the financial asset and R$ 27.9 million to Generation Assets Management revenue (GAG) covering the costs of operation, maintenance and improvements; (iii) 96.9 million – growth in revenue due to transactions in the short-term market, more especially those transacted through the Electric Energy Trade Board (CCEE); and (iv) R$ 69.6 million, relating to non-recurring revenues from a claim under business interruption indemnity insurance in relation to the Jorge Lacerda A Thermoelectric Plant together with the collection of a contractual fine from a supplier due to the partial delay in modenization work on one of the machines at the Salto Santiago Hydroelectric Power Plant.

Net Operating Revenue Change
R$ million



Net Average Selling Price*
R$/MWh



(*) Net of taxes and exports.

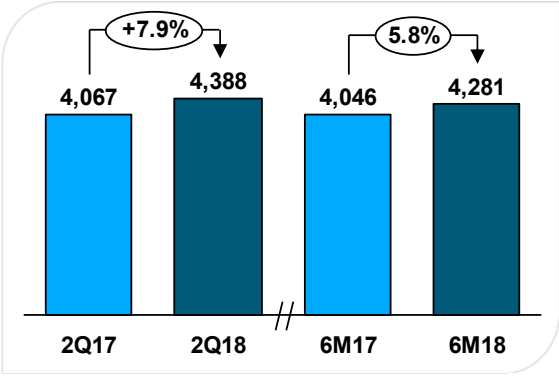
✓ **Net Average Selling Price**

The average energy selling price, net of tax on revenues was R$ 181.6/MWh in 2Q18, **1.7% above** 2Q17, when the amount was R$ 178.5/MWh.

The higher price was largely due to new sales contracts with trading companies at higher prices than the average for existing or expiring contracts. This increase was partially attenuated by new contracts for industrial clients at average prices lower than existing or expired agreements.



Sales Volume
Average MW



✓ **Sales Volume**

The amount of energy sold increased from 8,883 GWh (4,067 average MW) in 2Q17 to 9,582 GWh (4.388 average MW) in 2Q18, **an increase of 700 GWh** (321 average MW) or 7.9% 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 arising from compensatory movements in the Excess and Deficit 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**

Net operating revenue from sales to distributors was R$ 654.1 million in 2Q18, **1.2% less** than the R$ 662.0 million recorded in 2Q17, variation of which was due to the following factors: (i) R$ 15.6 million — a reduction of 70 GWh (33 average MW) in amounts sold, falling from 3,026 GWh (1,386 average MW) in 2Q17 to 2,956 GWh (1,353 average MW) in 2Q18; and (ii) R$ 7.7 million — an increase of 1.2% in net average selling price.

The decrease in sales volume between periods under review was principally due to compensating reductions in the MCSD, partially attenuated by the initial sales of energy from the Assú V Photovoltaic Plant, where operational startup was anticipated to the end of December 2017. Growth in the net average selling price is due mainly to the monetary restatement of existing agreements.

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

In 2Q18**, net operating revenue from sales to trading companies** was R$ 356.6 million, **162.8% higher** than the revenue recorded in 2Q17 (R$ 135.7 million). This improved showing was due to the following factors: (i) R$ 89.5 million – an increase of 514 GWh (235 average MW) in energy volume sold; (ii) R$ 79.9 million – with respect to selling agreements for trading operations (191 average MW); and (iii) R$ 51.5 million – a growth of 38.0% in the average net selling price, excluding trading operations.

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 sales to free consumers fell 7.5% from R$ 788.3 million in 2Q17 to R$ 729.2 million in 2Q18. The following events contributed to this variation: (i) R$ 33.7 million – a decrease of 4.3% 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$ 25.4 million – a reduction of 161 GWh (72 average MW) in the amount of energy sold, this decreasing from 4,783 GWh (2,189 average MW) in 2Q17 to 4,622 GWh (2,117 average MW) in 2Q18, basically a reflection of lower consumption by the industrial sectors. The number of free consumers in the Company's portfolio increased from 283 in 2Q17 to 343 in 2Q18, a rise of 21.2%.

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

In 2Q18**, revenue generated in the short-term market**, especially within the scope of the CCEE, was R$ 183.9 million, while in 2Q17 the amount was R$ 87.0 million, **an increase of R$ 96.9 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 in CCEE".



✓ **Remuneration of concession financial assets**

The equivalent amount to 70% of the physical guarantee of the Jaguara and Miranda Hydroelectric Power Plants, the concession agreements for which became effective on December 29, 2017, is remunerated through the receiving of the Grant Bonus Return (RBO) comprising the Annual Generation Revenue (RAG) obtained by the companies. According to 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 from these assets, recognized as operating financial revenue. The remuneration, recognized in 2Q18 for the Jaguara and Miranda plants, was R$ 65.3 million and R$ 39.9 million, respectively.

✓ **Revenue from services rendered**

Again in relation 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 of 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 2Q18 was R$ 15.4 million and R$ 12.5 million for the Jaguara and Miranda plants, respectively.

✓ **Other revenues**

In 2Q18, certain non-recurring revenues amounting to R$ 69.6 million were recognized: (i) a claim under business interruption indemnity insurance at the Jorge Lacerda A Thermoelectric Plant in 2017; and (ii) the application of a contractual fine on a supplier due to the partial delay in concluding work on the modernization of one of the machines at the Salto Santiago Hydroelectric Power Plant, an event which took place in 2015.

Costs of Electric Energy and Services

The costs of energy sold and services increased by R$ 76.1 million (8.0%) between compared quarters, increasing from R$ 947.0 million in 2Q17 to R$ 1,023.1 million in 2Q18. Such variations are due essentially to tendencies in the principal components as follows:

✓ **Electric energy purchased for resale:** an increase of R$ 137.5 million (34.5%) in 2Q18 compared to 2Q17, reflecting mainly the following factors: (i) R$ 77.2 million – purchases of electric energy for allocation to trading operations (184 average MW); (ii) R$ 39.0 million – an increase of 232 GWh (106 average MW) due to increased medium and long-term purchases for the management of the Company's portfolio; and (iii) R$ 21.3 million – an increase of 5.4% in the net average prices of purchases due to new agreements at prices higher than the average for expiring agreements as well as the application of monetary restatement on existing agreements. Additionally, electric energy sold for trading purposes in excess of purchases, 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 fell by R$ 97.8 million (83,4%) compared with 2Q17. More details are given in the specific item below.

✓ **Charges for use of and connection to the electricity grid:** an increase of R$ 6.9 million (6.6%) between quarters under analysis due principally to the annual readjustment in transmission tariffs and charges relative to the portion of energy from the Jaguara and Miranda Hydroelectric Power Plants sold in the Free Contracting Environment (ACL). This was partially attenuated by the deactivation of operations at the William Arjona Thermoelectric Plant, no longer an economically viable plant following an increase in the cost of gas.

✓ **Fuels for the generation of electricity:** reduction of R$ 203.3 million (84.2%) in relation to 2Q17 mainly the result of a legal agreement with the supplier of natural gas and with which there was a dispute as to the price of the fuel supplied in the period between September 2014 and June 2017. In the light of the agreement, in 2Q17, the Company recognized the cost of gas amounting to R$ 216.6 million, having concomitantly reversed the provision for a loss originally set aside in the amount of R$ 219.2 million, thus mitigating the effects on its result. Additionally in 2Q18, the Company recognized the remaining amount of R$ 18.0 million with respect to the above mentioned judicial agreement.

✓ **Personnel:** up R$ 0.7 million (0.1%) between the compared quarters, due to new hires in 2Q18, annual employee compensation and benefits adjustment, almost entirely offset by the reduction associated with the actions aimed to increase operating efficiency, which resulted in staff adjustment and with personnel costs.

✓ **Materials and third-party services:** an increase of R$ 5.7 million (11.8%) year-on-year due in large part to recognition of the costs of operation and maintenance in 2Q18 of the Jaguara and Miranda Hydroelectric Power Plants.

✓ **Depreciation and amortization:** reduction of R$ 10.1 million (6.2%) between compared quarters, mainly due to the following aspects: disposal of the Beberibe and Pedra do Sal Wind Farms and the Areia Branca Small Hydroelectric Power Plant in October 2017; and (ii) the end of the useful life of major maintenance work on the Jorge Lacerda Thermoelectric Complex in previous periods. This decrease was partially offset by recognition of the amortization of an intangible asset with respect to the acquisition of the Jaguara and Miranda Hydroelectric Power Plants in 2Q18.



✓ **Insurance:** increase of R$ 3.4 million (50.1%) between compared quarters, mainly the result of the revision of the contractual amount of an insurance premium covering property damage and loss of profits and the inclusion of new plants in the policy, principally the Jaguara and Miranda Hydroelectric Power Plants.

✓ **Net Operational Provisions:** decrease of R$ 233.0 million (105.3%) between the compared quarters due mainly to the recognition in 2Q17 of R$ 219.2 million relating to the reversal of the provision for losses arising from the legal agreement on the price of natural gas, as explained above.

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 2Q18 and in 2Q17**, net results** (difference between revenues and costs – deducted from taxes on revenues and costs) from short-term transactions – particularly those executed on the CCEE, **were positive at R$ 164.6 million** and a negative R$ 30.1 million, respectively.

This variation is essentially a reflection of the combination of the following factors: (i) the enhanced long position on the CCEE, a result of the strategy for allocating hydric resources combined with active portfolio management; (ii) the negative impact due to an increase in the effects of the GSF and already discounting the positive effects from renegotiation of the hydrological risk; (iii) reduction in thermoelectric generation particularly from the Jorge Lacerda Thermoelectric Complex; (iv) the reduction in revenues from transactions between the North, Northeast and the Southeast submarkets resulting in a reduced mismatch between PLDs in 2Q18; and (v) an increase in MRE expenses due to lower hydroelectric generation in 2Q18.

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 3.4%, from R$ 292.76/MWh in 2Q17 to R$ 302.68/MWh in 2Q18. Additionally, the PLD for the North submarket increased by 95.0% from R$ 111.53 to R$ 217.52, and the average PLD for the Northeast submarket fell from R$ 311.40/MWh in 2Q17 to R$ 254.06/MWh in 2Q18, or a decline of 18.4%.

Selling, General and Administrative Expenses

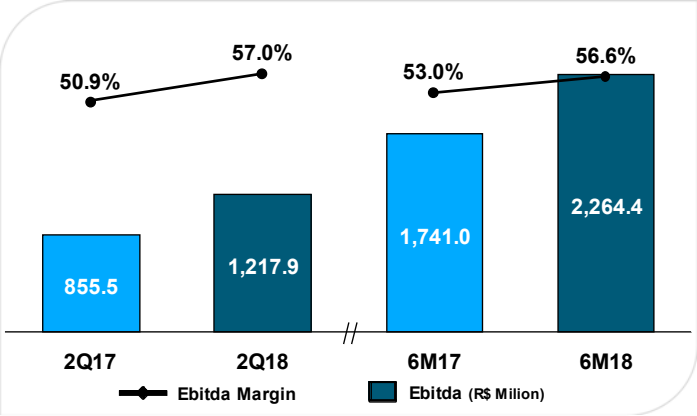
General and administrative expenses between quarters under review, increased by R$ 3.6 million (7.7%) to a great extent, because of additional expenditures with IT services and increased expenditues on materials for replacement and consumption.



Ebitda and Ebitda Margin

Set against the background of the effects already discussed, **Ebitda** in 2Q18 **was R$ 1,217.9 million**, that is **R$ 362.4 million (42.4%) above** the amount reported for 2Q17 of R$ 855.5 million. The Ebitda margin was 57.0% in 2Q18, a growth of 6.1 p.p. in relation to the same period in 2017.

Ebitda (1) and Ebitda Margin

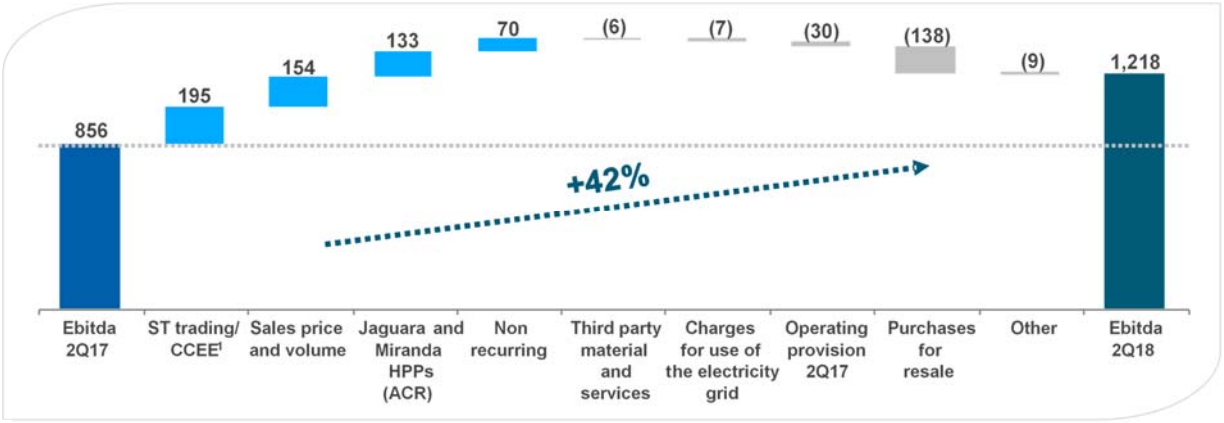


(1) Ebitda: net profit + income tax and social contribution and financial expenses, net + depreciation and amortization.

The above increases reflect a combination of the following factors: (i) the positive effect of R$ 194.8 million in transactions conducted in the short-term market – particularly those executed within the scope of the CCEE; (ii) the increase of R$ 153.9 million in the combination of price and volume of energy sold via contracts; (iii) recognition of R$ 133.1 million relating to operating financial revenue and revenue relative to the covering of the cost of Generation Assets Management (GAG) for operation, maintenance and improvements at the Jaguara and Miranda Hydroelectric Power Plants in 2Q18; (iv) recognition of R$ 69.6 million in non-recurring revenue from a claim under business interruption indemnity insurance and the collection of a fine from a supplier due to a partial delay in plant modernisation work; (v) growth of R$ 5.7 million in the cost of thrid party materials and services; (vi) an increase of R$ 6.9 million in charges for the use of the grid; (vii) the negative effect of R$ 29.7 million in net operating provisions; (viii) an increase of R$ 137.5 million in energy purchases for trading and addressing the portfolio mix; and (ix) an increase of R$ 9.2 million in other operating costs and expenses.

Ebitda Change

R$ million



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



The following table reconciles net income with Ebitda:

(In millions of R$)	2Q18	2Q17	Chg. %	6M18	6M17	Chg. %
Net income	589.2	491.1	20.0	1,078.5	941.8	14.5
(+) Income tax and social contribution	264.4	190.4	38.9	493.7	402.7	22.6
(+) Net financial result	185.7	6.8	2,630.9	342.6	78.5	336.4
(+) Depreciation and amortization	157.0	166.6	-5.8	326.1	316.3	3.1
Ebitda	1,196.3	854.9	39.9	2,240.9	1,739.3	28.8
(+) Impairment	22.4	0.0	100.0	22.4	0.0	100.0
(+) Equity loss	-0.8	0.6	-233.3	1.1	1.7	-35.3
Adjusted Ebitda	1,217.9	855.5	42.4	2,264.4	1,741.0	30.1

Financial Result

Financial income: in 2Q18, revenues reached R$ 30.8 million, that is, **R$ 31.8 million (50.8%) below** the R$ 62.6 million reported for the same quarter in 2017, and principally due to the reduction of R$ 31.9 million in income from financial investments with the lower volumes of invested funds and declining interest rates.

Financial expenses: financial expenses in **2Q18** were R$ 216.5 million, or, **R$ 147.1 million (211.6%) above** 2Q17 (R$ 69.5 million). The principal variations were: (i) an increase of R$ 126.0 million in monetary restatement and R$ 5.3 million in interest on concession agreements payable, reflecting an uptick in inflation rates in 2Q18; (ii) an increase of R$ 21.6 million in interest and monetary restatement on debt, mainly relative to interest on promissory notes for financing part of the grant bonus for the acquisition of the Jaguara and Miranda Hydroelectric Power Plants, and on loan agreements recently signed; and (iii) a decrease of R$ 6.0 million in interest and monetary restatement on provisions and actuarial liabilities.

Income Tax and Social Contribution on Net Income

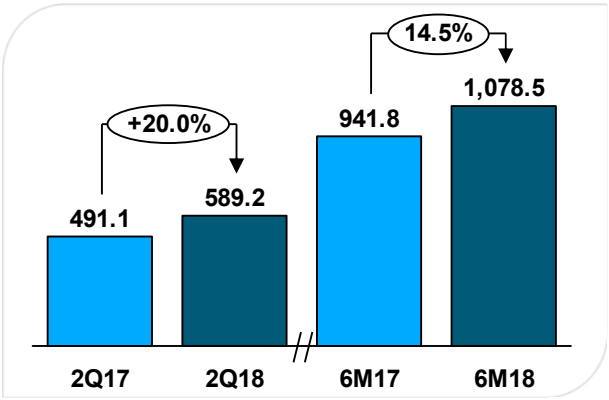
Income Tax and Social Contribution overheads in 2Q18 were R$ 264.4 million, R$ 74.0 million (38.9%) higher than the value for the same quarter of 2017 of R$ 190.4 million, reflecting above all the increase of pretax profit and recognition in 2Q17 of the amount accruing between January and June 2017 of the tax break from Superintendência do Desenvolvimento do Nordeste (Sudene), the benefit being granted in June 2017. The effective rate of Income Tax and Social Contribution in 2Q18 was 31.0% against 27.9% in 2Q17.

Net Income

Net income for 2Q18 was R$ 589.2 million, **R$ 98.1 million (20.0%) higher** than the R$ 491.1 million registered in 2Q17.

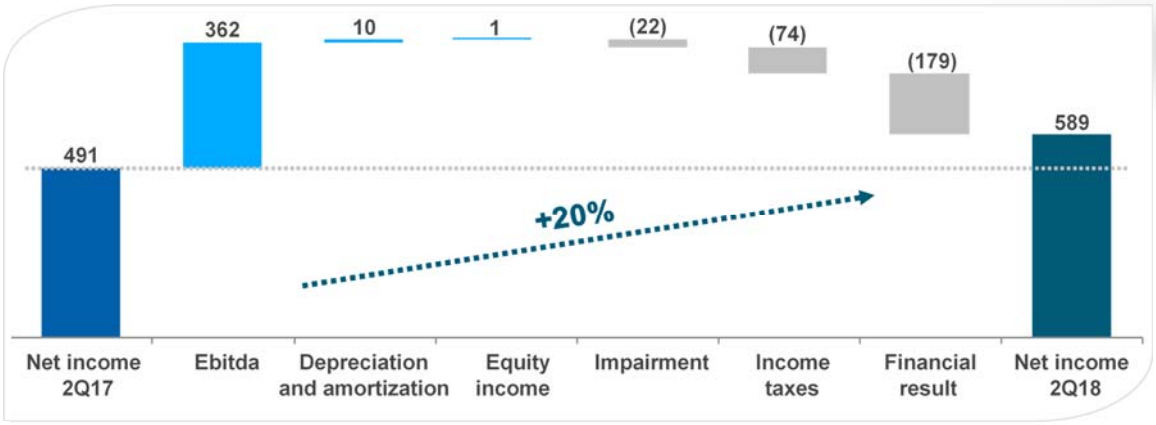
The increase is a combination of the following factors: (i) growth of R$ 362.4 million in Ebitda; (ii) an increase of R$ 178.9 million in net financial expenses; (iii) an increase of R$ 74.0 million in income tax and social contribution expenses; (iv) a decrease of R$ 9.6 million in depreciation and amortization expenses; (v) recognition of an asset impairment of R$ 22.4 million; and (vi) a positive equity income result of R$ 1.4 million.

Net Income
R$ million



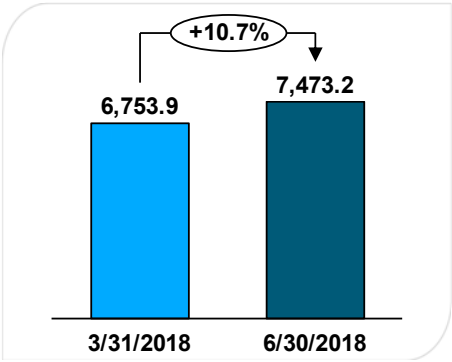


Net Income Change
R$ million



Debt

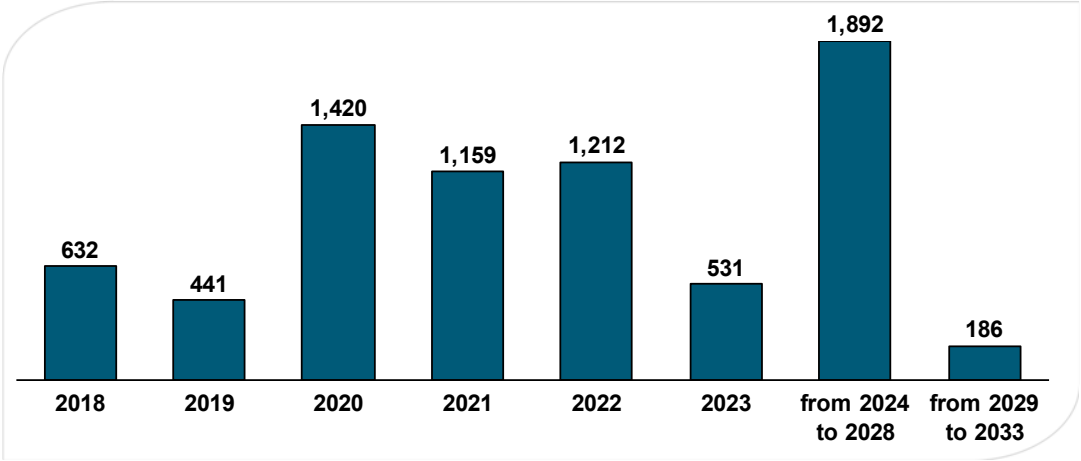
Total Debt
R$ million



The Company's **total gross consolidated debt** as at June 30, 2018, represented mainly by loans, financing, debentures and promissory notes, net of the effects of hedge operations, **totaled R$ 7,473.2 million, an increase of 10.7%** (R$ 719.3 million) compared to the position as at March 31, 2018.

The variation in Company debt is largely related to a combination of the following factors occurring in 2Q18: (i) drawdowns from the BNDES and its financial agents in the aggregate amount of R$ 49.3 million for investments in the modernization of the Salto Santiago HPP and for the construction of Santa Mônica Wind Complex; (ii) issue of R$ 1,759.2 million in debentures in the name of Companhia Energética Jaguara and Companhia Energética Miranda; (iii) contracting of loans, protected by swap operations directed principally to the implementation of the Company's business plan at a cost of R$ 681.0 million; (iv) generation of R$ 141.3 million in charges to be paid adjusted for monetary restatement; and (v) R$ 1,900.8 million in settlement of loans, financing and debentures.

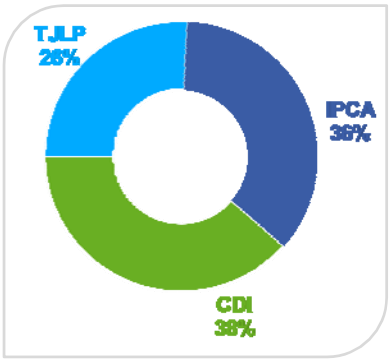
Maturity Term Loans
R$ million





The **average weighted nominal cost of debt** at the end of 2Q18 was **8.2%** (9.4% at the end of 2Q17).

Debt Breakdown



On June 30, 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$ 6,192.2 million**, **an increase of 6.8%** compared with the end of the 1Q18.

Net Debt

R$ million

	06/30/2018	03/31/2018	Chg. %
Gross debt	7,746.3	6,751.4	14.7
Result of derivatives operations	(273.1)	2.5	-10,941.8
Deposits earmarked for the payment of debt	(234.6)	(237.4)	-1.2
Cash and cash equivalents	(1,046.4)	(716.1)	46.1
Total net debt	**6,192.2**	**5,800.3**	**6.8**

Capital Expenditures

ENGIE Brasil Energia's **total investments in 2Q18 were R$ 755.6 million**, of which: (i) R$ 87.4 million was allocated to generating complex maintenance and revitalization projects; (ii) R$ 652.9 million was invested in the construction of new projects - R$ 378.8 million most importantly to the Campo Largo Wind Complex, R$ 159.0 million was invested in construction work on Pampa Sul TPP, R$ 114.3 million, in the Umburanas Wind Complex, R$ 0.8 million in other investments - and; (iii) R$ 15.3 million was dedicated to modernization: R$ 9.1 million in the Salto Santiago Hydroelectric Power Plant and R$ 6.2 million to the Salto Osório Hydroelectric Power Plant.

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, 2018, out of the 30 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

- ✓ In May, the installation of photovoltaic solar panels at four Culture and Sustainability Centers was completed, a project supported by ENGIE in the communities surrounding its operations. These panels worth R$ 120 thousand, were donated by the Company using normal resources with no tax break and will help the centers defray energy bill costs by up to 90%, thus helping their economic and environmental sustainability.
- ✓ In May again, the Operating License for the Campo Largo VII Wind Farm was issued while the Ferrari Thermoelectric Plant's license was renewed.
- ✓ The Sustainable Management Seminar 2018 was held on June 5 at EBE's headquarters with an audience of the Company's employees and stakeholders to debate and examine in greater depth themes related to sustainability and innovation. More information can be found by accessing: http://www.engieenergia.com.br/wps/portal/internet/sustentabilidade/responsabilidade-social/seminario-etica-sustentabilidade-energia.
- ✓ The Passo Fundo Hydroelectric Plant (RS) held its Second Environmental Education Meeting on June 14 for approximately 100 people, among them, representatives of the Company, education secretaries, directors, professors and students from schools in nine municipalities in the vicinity of the plant. The central theme at the event was the "transversalization" of environmental education with the aim of developing a network of interactions between those involved.
- ✓ The closing event for the Adult and Young People Literacy Project (AJA) was held on June 27 at Umburanas (BA). The event was attended by representatives from the community, municipal government as well as members of EBE's implementation team. AJA is a private social investment project supported by the Company through the Campo Largo and Umburanas Wind Complexes.



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 2Q18, associating each indicator with GRI recommendations.

Sustainability Indices[1]

Item	Dimension[2]	Index	Material themes	GRI disclosure[3]	2Q18	2Q17	Change	6M18	6M17	Change
1	Quality	Operating plants	- Energy and Climate Change	102-7, EU1	30 [4]	31	-1	30 [4]	31	-1
2		Installed capacity		102-7, EU1	9,399 [4]	8,790	6.9%	9,399 [4]	8,790	6.9%
3		Proprietary capacity		102-7, EU1	7,678 [4]	7,069	8.6%	7,678 [4]	7,069	8.6%
4		Number of certified plants		102-16, EU6	12	12	0	12	12	0
5		Certified installed capacity (MW)		102-16, EU6	8,127	8,127	0.0%	8,127	8,127	0.0%
6		Certified installed capacity in relation to the total		102-16, EU6	86.5%	92.5%	-6.0 p.p.	86.5%	92.5%	-6.0 p.p.
7		Installed capacity from renewable sources		102-7, EU1	8,542	7,743	10.3%	8,542	7,743	10.3%
8		Installed capacity from renewable sources in relation to the total		102-7, EU1	90.9%	88.1%	2.8 p.p.	90.9%	88.1%	2.8 p.p.
9		Energy generation (GWh)		EU2	7,489	7,797	-3.9%	17,491	18,083	-3.3%
10		Certified energy generation		102-16, EU6	6,633	7,413	-10.5%	15,689	17,449	-10.1%
11		Certified energy generation in relation to the total		102-16, EU6	88.6%	95.1%	-6.5 p.p.	89.7%	96.5%	-6.8 p.p.
12		Energy generation from renewable sources (GWh)		EU2	6,536	6,644	-1.6%	15,632	15,960	-2.1%
13		Energy generation from renewable sources in relation to the total		EU2	87.3%	85.2%	2.1 p.p.	89.4%	88.3%	1.1 p.p.
14		Uptime ratio, excluding scheduled stoppages		EU30	97.0%	91.7%	5.3 p.p.	97.6%	93.4%	4.1 p.p.
15		Uptime ratio, including scheduled stoppages		EU30	90.7%	86.9%	3.9 p.p.	92.4%	87.0%	5.4 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	66,681	58,639	13.7%	219,887	110,738	98.6%
17		Number of visitors at the plants		413-1	33,793	30,527	10.7%	47,493	36,920	28.6%
18		CO2 Emissions (fossil fuel plants) (t/MWh)		D305-1, D305-2, D305-3	0.965	1.007	-4.2%	0.951	0.998	-4.7%
19		CO2 Emissions from ENGIE Brasil Energia's generation complex(t/MWh)		D305-1, D305-2, D305-3	0.123	0.149	-17.7%	0.101	0.117	-13.8%
20	Occupational Heath and Safety (OH&S)	Frequency Rate ("Taxa de Frequência" - TF) own employees[5]	- Health and safety, development and equality - Management of impacts in the productive chain	403-2	0.000	0.000	-	0.000	0.000	-
21		Severity Rate ("Taxa de Gravidade" - TG) own employees[6]		403-2	0.000	0.000	-	0.000	0.000	-
22		Frequency Rate ("Taxa de Frequência" - TF) own employees + long term service providers[5]		403-2	0.920	0.000	↑	0.470	0.000	↑
23		Frequency Rate ("Taxa de Frequência" - TF) short term service providers + ongoing constructions[5]		403-2	1.950	0.000	↑	2.530	0.000	↑
24	Social Responsibility[7]	Non-incentivized investments	- Engajament with local comunities and stakeholderss	203-2, 413-1	466.2	670.4	-30.5%	1,089.1	1,238.5	-12.1%
25		Investments through the Infancy and Adolescence Fund (FIA)		203-2, 413-1	303.4	561.0	-45.9%	723.3	757.0	-4.5%
26		Investments through the Culture Incentive Law (Rouanet)		203-2, 413-1	2,955.2	430.0	587.3%	6,605.6	4,737.0	39.4%
27		Investments through the Sport Incentive Law		203-2, 413-1	240.0	0.0	100.0%	560.0	0.0	100.0%
28		Investments through National Program of Support to Oncology Care (Pronon)		203-2, 413-1	0.0	0.0	-	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	-	0.0	0.0	-
30		Investments through the Municipal Fund for the Elderly		203-2, 413-1	0.0	48.4	-100.0%	492.4	370.4	0.3

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, Standards version, and sector supplement version G4.
4) The Campo Largo Wind Complex already generated energy at the end of the 2Q18, but still as test/commissioning phase, and therefore is not added to the amount.
5) TF = number of occupational accidents for every million hours of exposure to hazards, considered the same employees of item 19.
6) 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.
7) 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 B3'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 B3'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 B3 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

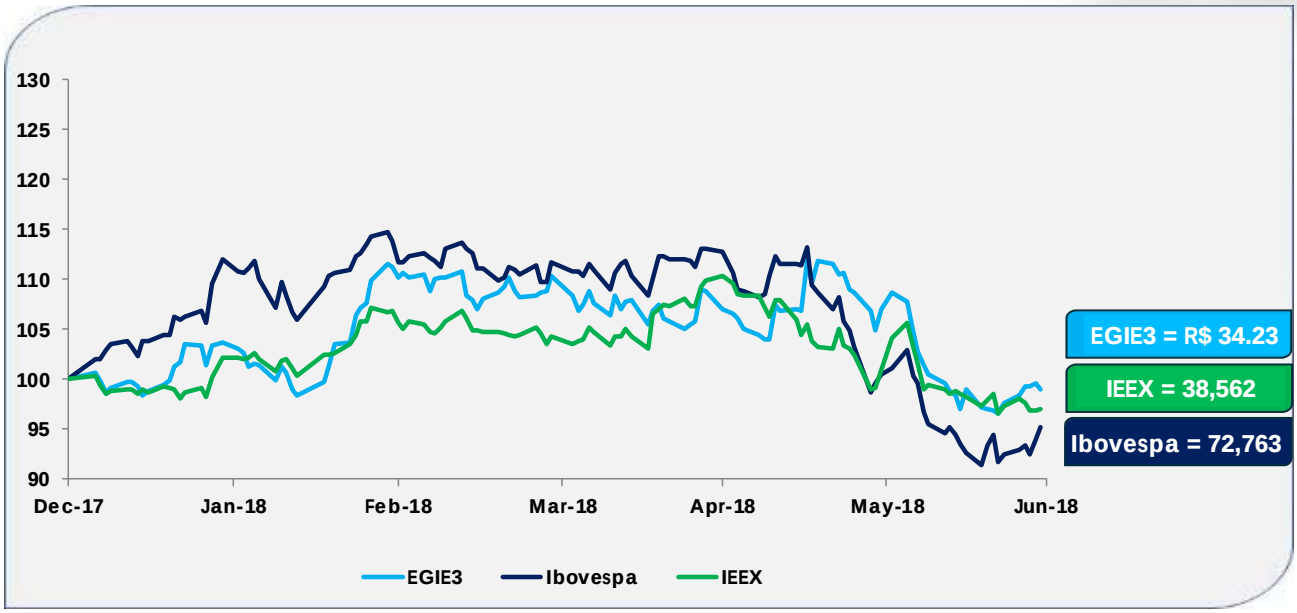
B3`s leading stock index, the Ibovespa, ended 2Q18 reporting depreciation of 14.8% against a depreciation of 3.2% in 2Q17. For the full first six months of 2018, the Ibovespa fell 4.8%. The performance reflects a quarter characterized by uncertainties surrounding the outcome to the general elections this year, rendering uneasy the investment climate, the situation aggravated by the truckers' strike and combined with a trade war between the United States and China on the external front.

ENGIE Brasil Energia's stocks closed 2Q18 **reporting a depreciation of 10.3%**, while in 2Q17, the loss was 2.3%. The Electric Energy Sector Stock Index (IEEX) reported a reduction of 7.0% in 2Q18. EBE`s share price at the end of 2Q18 was R$ 34.23/share**, translating into a market cap of R$ 22.3 billion.**

In 2Q18, the average daily trading volume of EGIE3 was R$ 36.3 million, 17.4% better than reported for 2Q17, when trading volume was R$ 32.5 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: August 9, 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 August 9th to 15, 2018. Access by dialing: +55 (11) 3127-4999, code: 54986158 (Portuguese) and 13426186 (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	**6/30/2018**	**12/31/2017**
Current Assets	**3,243,919**	**3,735,779**
Cash and cash equivalents	1,046,381	1,930,070
Accounts receivables from clients	1,263,455	1,058,469
Inventory	133,262	98,249
Restricted deposits	7,639	15,423
Unrealized gains on hedging transactions on purchases commitments	125,560	3,933
Renegotiation of hydrological risk to appropriate	26,064	26,064
Concession financial assets	279,951	301,904
Non current asset held for sale	20,370	5,569
Other current assets	341,237	296,098
Non Current Assets	**16,984,433**	**15,832,734**
Long Term Assets	**3,022,868**	**2,826,648**
Restricted deposits	240,663	231,489
Deposits in court	102,689	100,095
Unrealized gains on hedging transactions on purchases commitments	160,636	14,274
Renegotiation of hydrological risk to appropriate	131,919	144,950
Concession financial assets	2,296,273	2,245,463
Other non current assets	90,688	90,377
Investments	**18,447**	**19,027**
Property, Plant and Equipment	**12,654,310**	**11,678,108**
Intangible	**1,288,808**	**1,308,951**
Total	**20,228,352**	**19,568,513**



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

(In thousands of R$)		
Liabilities	**6/30/2018**	**12/31/2017**
Current Liabilities	**2,872,504**	**5,676,471**
Suppliers	669,605	617,396
Dividends and interest on shareholder´s equity	10,234	1,300,516
Loans and financing	1,072,719	948,158
Debentures and promissory notes	555,831	2,127,760
Concessions payable	68,827	67,051
Tax and social contribution obligations	111,416	181,351
Other fiscal and regulatory obligations	86,551	93,668
Labor obligations	75,789	94,879
Provision	10,646	11,651
Obligations related to retirement benefits	30,683	30,683
Other current liabilities	180,203	203,358
Non Current Liabilities	**10,068,606**	**7,057,317**
Loans and financing	3,609,322	2,867,783
Debentures	2,508,409	812,715
Concessions payable	2,627,520	2,432,348
Provision	82,948	77,723
Obligations related to retirement benefits	281,590	280,971
Deferred income taxes and social contribution	706,502	507,905
Other non current liabilities	252,315	77,872
Shareholders' Equity	**7,287,242**	**6,834,725**
Share capital	2,829,056	2,829,056
Profit reserves	2,980,833	3,600,738
Adjustment on fixed asset	327,256	400,800
Retained earnings	1,146,038	-
Non controlling interests	4,059	4,131
Total	**20,228,352**	**19,568,513**



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

(In thousands of R$)	2Q18	2Q17	Chg. %	6M18	6M17	Chg. %
Net Operational Revenue	**2,134,972**	**1,681,943**	**26.9**	**4,003,825**	**3,287,855**	**21.8**
Costs of Energy Sold and Services Provided	**(1,023,065)**	**(946,971)**	**8.0**	**(1,966,646)**	**(1,773,323)**	**10.9**
Electric power purchased for resale	(535,665)	(398,124)	34.5	(965,347)	(776,783)	24.3
Transactions in the short term market, including those conducted through the C	(19,404)	(117,190)	-83.4	(78,087)	(143,806)	-45.7
Charges for the use of and connection to the electricity grid	(111,693)	(104,796)	6.6	(223,343)	(208,084)	7.3
Fuel expenses	(38,129)	(241,424)	-84.2	(60,449)	(270,057)	-77.6
Financial compensation for use of water resources	(20,716)	(21,588)	-4.0	(55,095)	(56,780)	-3.0
Personnel	(55,054)	(54,987)	0.1	(105,356)	(103,647)	1.6
Materials and third party services	(53,652)	(47,968)	11.8	(103,342)	(88,868)	16.3
Depreciation and amortization	(154,286)	(164,427)	-6.2	(321,006)	(311,999)	2.9
(Accrual) Reversals of operating provisions	(11,629)	221,335	-105.3	(11,663)	221,710	-105.3
Insurance	(10,146)	(6,761)	50.1	(17,265)	(13,339)	29.4
Others	(12,691)	(11,041)	14.9	(25,693)	(21,670)	18.6
Gross Income	**1,111,907**	**734,972**	**51.3**	**2,037,179**	**1,514,532**	**34.5**
Operating Income (Expenses)	**(73,428)**	**(45,992)**	**59.7**	**(121,191)**	**(89,789)**	**35.0**
Selling expenses	(4,329)	(4,921)	-12.0	(8,192)	(8,801)	-6.9
General and administrative expenses	(46,208)	(42,019)	10.0	(90,079)	(82,695)	8.9
Impairment	(22,411)	-	100.0	(22,411)	-	100.0
Other operating (expenses) revenues, net	(480)	948	-150.6	(509)	1,707	-129.8
Result of corporate participations	**819**	**(601)**	**0.0**	**(1,114)**	**(1,699)**	**0.0**
Equity income/(loss)	819	(601)	-236.3	(1,114)	(1,699)	0.0
Income Before Financial Result and Taxes	**1,039,298**	**688,379**	**51.0**	**1,914,874**	**1,423,044**	**34.6**
Net Financial Result	**(185,735)**	**(6,842)**	**2,614.6**	**(342,637)**	**(78,470)**	**336.6**
Financial income	30,793	62,639	-50.8	55,641	125,633	-55.7
Financial expenses	(216,528)	(69,481)	211.6	(398,278)	(204,103)	95.1
Income Before Taxes	**853,563**	**681,537**	**25.2**	**1,572,237**	**1,344,574**	**16.9**
Income tax	(190,482)	(132,813)	43.4	(355,724)	(286,988)	24.0
Social contribution	(73,922)	(57,577)	28.4	(138,019)	(115,744)	19.2
Net Income for the Period	**589,159**	**491,147**	**20.0**	**1,078,494**	**941,842**	**14.5**
Number of Ordinary Shares	**652,742,192**	**652,742,192**		**652,742,192**	**652,742,192**	
Net Income per Share	**0.9026**	**0.7524**	**20.0**	**1.6523**	**1.4429**	**14.5**



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

(In thousands of R$)	2Q18	2Q17	6M18	6M17
Cash Flow from Operating Activities				
Income before taxes on income	853,563	681,537	1,572,237	1,344,574
Adjustments to reconcile net income before taxes generated from operating cash flow:				
Equity loss	(819)	601	1,114	1,699
Depreciation and amortization	157,049	166,574	326,110	316,304
Impairment	22,411	-	22,411	-
Monetary variation	90,032	(36,154)	131,293	(1,348)
Interests	124,227	91,902	254,660	178,967
Remuneration of concession financial assets	(105,163)	-	(189,977)	-
Accrual (Reversal) of operating provisions	11,345	(221,857)	11,437	(223,246)
Others	(2,204)	1,916	2,558	1,919
Adjusted Profit	**1,150,441**	**684,519**	**2,131,843**	**1,618,869**
Increase (reduction) in assets				
Accounts receivables from clients	(110,728)	88,375	(197,337)	107,535
Inventory	5,003	5,471	(45,428)	732
Deposits in court and restricted deposits	539	1,151	6,397	(6,664)
Renegotiation of hydrological risk to appropriate	6,516	6,516	13,031	13,032
Concession financial asset	65,772	-	161,120	-
Other assets	(44,464)	(20,847)	(112,029)	(75,876)
Increase (reduction) in liabilities				
Suppliers	151,849	97,429	37,988	75,246
Other fiscal and regulatory obligations	(1,256)	3,289	6,676	2,252
Obligations related to retirement benefits	(6,407)	(6,676)	(13,306)	(12,932)
Fuel to pay to the CDE	(16,383)	-	114,676	-
Other liabilities	(17,305)	(24,225)	(947)	208
Cash Generated from Operating Activities	**1,183,577**	**835,002**	**2,102,684**	**1,722,402**
Payment of interests on debt, net of hedge	(146,708)	(51,887)	(197,597)	(95,739)
Payment of income tax and social contribution	(82,267)	(65,743)	(249,628)	(176,060)
Net Cash from Operating Activities	**954,602**	**717,372**	**1,655,459**	**1,450,603**
Investments Activities	**(713,393)**	**(553,059)**	**(1,173,948)**	**(928,330)**
Capital increase at joint ventures	(3,997)	(3,015)	(4,264)	(4,762)
Used in fixed assets and intangibles	(767,148)	(537,524)	(1,227,169)	(909,301)
Received on disposal of investments	57,752	-	57,752	-
Cash and cash equivalents of subsidiaries sold	-	(9,505)	-	(9,505)
Others	-	(3,015)	(267)	(4,762)
Financing Activities	**89,028**	**(510,178)**	**(1,365,200)**	**(832,156)**
Loans, financing and debentures contracted	2,489,486	-	2,489,486	211,471
Payment of loans, financing and promissory notes, net of hedge	(1,754,105)	(80,313)	(1,821,452)	(149,318)
Payments of concessions payable	(17,479)	(17,052)	(34,931)	(34,059)
Payments of dividends and interest on shareholders' equity	(633,401)	(407,992)	(1,989,940)	(838,601)
Others	4,527	(4,821)	(8,363)	(21,649)
Increase (Decrease) in Cash and Cash Equivalents	**330,237**	**(345,865)**	**(883,689)**	**(309,883)**
Reconciliation of Cash and Cash Equivalents				
Opening balance	716,144	1,851,322	1,930,070	1,815,340
Closing balance	1,046,381	1,505,457	1,046,381	1,505,457
Increase (Decrease) in Cash and Cash Equivalents	**330,237**	**(345,865)**	**(883,689)**	**(309,883)**
Transactions that do Not Affect Cash and Cash Equivalents				
Capitalized interest and monetary variation	66,486	37,227	123,686	72,088
Supplier's of fixed assets and intangibles	(33,693)	(15,682)	10,612	24,279
Offsetting of income tax and social contribution	6,010	16,497	10,870	23,664
Future disbursements estimate to employ in fixed assets	(29,850)	48,521	(26,756)	49,166