ENGIE Brasil Energia reports net income of R$ 475.4 million in the quarter it celebrates 20 years of privatization

Commercial operations at the Campo Largo Wind Complex reaches 55% of total capacity

Highlights

- ENGIE Brasil Energia reported net income in the Third Quarter 2018 (3Q18) of R$ 475.4 million (R$ 0.7282/share), an amount 32.8% (R$ 117.4 million) more than in the Third Quarter 2017 (3Q17).
- Ebitda[1] was R$ 1,019.7 million in 3Q18, a 43.5% increase (R$ 308.9 million) compared with 3Q17. Ebitda margin was 41.0% in 3Q18, a reduction of 2.0 p.p. compared with 3Q17.
- Net operating revenue was R$ 2,488.6 million in 3Q18, an increase of 50.4% (R$ 833.9 million) compared to the amount recorded in 3Q17.
- The average contracted energy sales price, net of exports and revenue taxes was R$ 185.92/MWh in 3Q18, 2.7% higher than recorded in 3Q17.
- The amount of energy sold in 3Q18 was 9,928 GWh (4,497 average MW), a volume 12.2% greater than in 3Q17.
- The operation for the acquisition of the remaining shares of ENGIE Geração Solar Distribuída S.A. was concluded at the adjusted price of R$ 35.1 million.
- The partial drawdown of National Economic and Social Development Bank (BNDES) financing for the Campo Largo Wind Complex and Pampa Sul TPP was concluded.
- Five Phase 1 plants in the Campo Largo Wind Complex began commercial operations.
- Work on the modernization of the digital control system at Machadinho HPP's Number 2 Generator Unit was finalized. Substitution was made on a preventive basis prior to the end of the equipment's useful life to be replaced by more modern technology.
- For the ninth time, the Company was the recipient of the Transparency Trophy, organized by Anefac, Fipecafi and Serasa Experian. This recognition is awarded for the transparency and quality of the financial information, the consistency of the management report and adherence to accounting principles.

Subsequent Events

- On October 6, the sixth out of a total of 11 wind plants in the Campo Largo Wind Complex began commercial operations reaching an installed capacity of 178.2 MW out of a total of 326.7 MW.
- Approval was given for a credit of R$ 397.0 million (R$ 0.6082033686 per share) in the form of interest on equity for the period from January 1 to December 31, 2018. The shares shall become ex-interest on equity as of January 4, 2019.
- Approval was given for the distribution of intermediate dividends based on the Net Income Reserves in the amount of R$ 652.7 million, corresponding to R$ 1.0 per share. The shares will be traded ex-dividends as of November 13, 2018.

Florianópolis, Brazil, October 31, 2018. ENGIE Brasil Energia S.A. ("ENGIE Brasil Energia", "EBE" or "Company") – B3: EGIE3, ADR: EGIEY - announces earnings for the Third Quarter and nine-month period ending September 30, 2018 (3Q18, 9M18). 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.

For Immediate Release

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Conference call and webcast: On 11/01/2018 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$)	3Q18	3Q17	Chg.	9M18	9M17	Chg.
Net Operating Revenue (NOR)	2,488.6	1,654.7	50.4%	6,492.5	4,942.6	31.4%
Results from Operations (EBIT)	849.1	546.7	55.3%	2,764.0	1,969.7	40.3%
Ebitda (1)	1,019.7	710.8	43.5%	3,284.3	2,451.8	34.0%
Ebitda / NRS - (%)(1)	41.0	43.0	-2.0 p.p.	50.6	49.6	1.0 p.p.
Net Income	475.4	358.0	32.8%	1,553.8	1,299.9	19.5%
Return On Equity (ROE) (2)	34.1	27.1	7.0 p.p.	34.1	27.1	7.0 p.p.
Return On Invested Capital (ROIC) (3)	25.4	24.9	0.5 p.p.	25.4	24.9	0.5 p.p.
Net Debt (4)	6,567.1	1,464.0	348.6%	6,567.1	1,464.0	348.6%
Gross Power Production (avg MW) (5)	4,421	4,079	8.4%	4,159	4,135	0.6%
Energy Sold (avg MW) (6)	4,497	4,008	12.2%	4,354	4,033	8.0%
Average Net Sales Price (R$/MWh) (7)	185.92	181.04	2.7%	181.88	179.76	1.2%
Number of Employees - Total	1,264	1,134	11.5%	1,264	1,134	11.5%
EBE Employees	1,216	1,086	12.0%	1,216	1,086	12.0%
Employees on Under Construction Plants	48	48	0.0%	48	48	0.0%

(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

After a track record of success from its constitution, it is with enthusiasm that in this quarter we commemorate ENGIE Brasil Energia's 20th year as a privatized company. Such success can be credited principally to the consolidation of long-term strategies, positioning EBE as one of Brazil's major players in energy infrastructure investment.

Once again, our results reflect the correctness of our strategy and the capacity of execution of the entire EBE team. It is in this light that we can report solid numbers and significant growth with forward momentum, a tendency which has permeated the Company's results down the years. The leading highlights of the quarter were a Net Income of R$ 475.4 million (+32.8% vs. 3Q17), Ebitda of R$ 1,019.7 million (+43.5% vs. 3Q17) with Net Operating Revenue reaching R$ 2,488.6 million (+50.4% vs. 3Q17).

> Our success down the years can be credited principally to the consolidation of long-term strategies, positioning EBE as one of Brazil's major players in energy infrastructure investment.

The combination of efficient portfolio management, significant growth in installed capacity with the incorporation of the Jaguara and Miranda Hydroelectric Power Plants operations and the implementation of the two new Wind Power Complexes of Campo Largo and Umburanas, place EBE in a privileged position to maximize new market opportunities. This skills allow us to offer the investor a differentiated platform of investments for energy infrastructure in Brazil.

In this third quarter – more precisely in September – we completed 20 years of privatization – an event which gave rise to the Company's first operations. Together with the financial highlights, some reflections are important on this occasion and in respect to the next few years. Undeniable is the solid expansion – on all fronts – that the Company has seen over these two decades of operations. This performance was conducted along three fronts: focus on expansion combined with financial discipline, support from investors (both controlling and minority shareholders) and principally through the deliveries and commitment of our talented team at all operational levels.

With the future in mind, our direction is upwards but always with our feet firmly on the ground. We are advancing in the diversification of our businesses while continuing the focus on our core business of renewable generation. We remain confident in our Energy Contracting Policy – this ensuring predictability and mitigation of risks when set against a background of short-term volatility.

Over the next 20 years, we are preparing for major changes in the sector. The fundamental role of technology with the innovations which big data, artificial intelligence and data analytics bring with them, combined with the tendencies in the electricity sector, principally the expansion in the free market, will mean still closer proximity to final consumers.

EBE stands ready to meet the challenges of market evolution, always basing its operations on its strategic pillars of: **Decentralization** – key in bringing us closer to the final consumer; **Digitization** – technological facility for serving the clients and improve our operational efficiency; and **Decarbonization** – paving the way for 100% renewable generation. We are certain that we offer our investors a vehicle of consistent investment, with a broad range of competitive differentials for maximizing value creation for our shareholders.



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 I, III, IV, VII, XVI and XXI Wind Farms, has 7,856.3 MW of installed capacity and operates a generating complex with 9,577.0 MW, comprises 36 plants (11 hydro, three thermal and 22 complementary energy source plants - biomass, SHP, wind powered and solar), 32 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 Complex[3]	Wind Farm	Umburanas (BA)	178.2	178.2	Jul/50	92.4
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[4]	0.0
Tubarão P&D	Wind Farm	Tubarão (SC)	2.1	2.1	not applicable[4]	0.0
Total - Complementary			**617.7**	**607.6**		**292.8**
Total			**9,577.0**	**7,856.3**		**4,360.4**

[1] Complex comprised of three power plants.
[2] Complex comprised of four power plants.
[3] Complex with wind farms I, III, IV, VII, XVI and XXI under operation.
[4] For generating plants with installed capacity lower than or equal to 5 MW the legal instrument applicable is the record.

Expansion

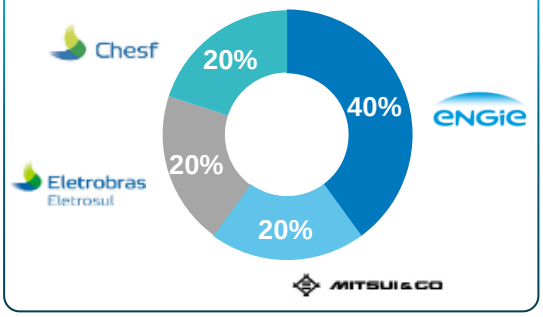
Jirau. Energia Sustentável do Brasil (ESBR), is responsible for the construction, maintenance, operation and sale of energy generated by the Jirau Hydroelectric Power Plant, located in the Madeira River, in the city of Porto Velho, state of Rondônia.

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

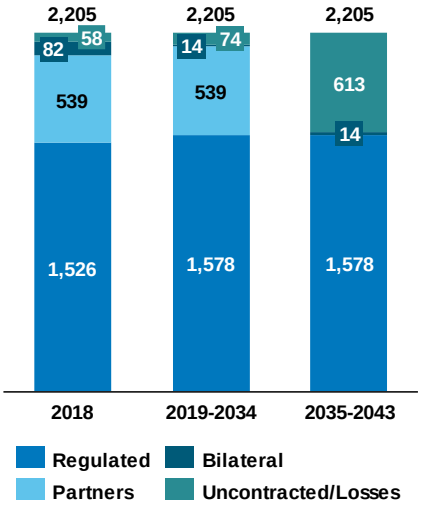
In May 2017, ENGIE Brasil Participações (EBP) announced the engagement of Banco Itaú BBA S.A. to provide financial advisory services for an economic-financial study for the preparation of a proposal for the eventual transfer to ENGIE Brasil Energia (EBE) of EBP's stakes of 40% in ESBR Participações S.A.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

In 3Q18, the plant generated 687.8 average MW, 4.5% lower than the 720.0 average MW for 3Q17, while the National Electrical System Operator Uptime Ratio (FID) was 99.4% (data subject to final Electric Energy Trade Board (CCEE) booking).

ESBR – Corporate Structure



ESBR PPA's Portfolio
Average MW



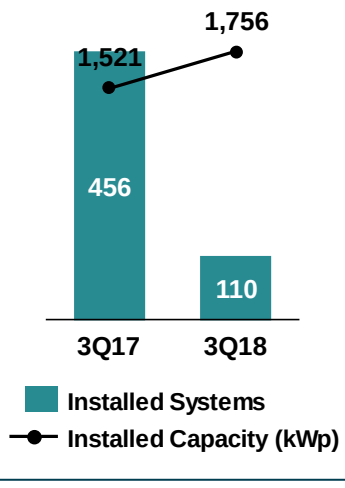
ENGIE Geração Solar Distribuída. The Company has operated in the distributed generation market since 2016 through ENGIE Geração Solar Distribuida S.A. (EGSD), the acquisition of the total capital stock of which being concluded in August 2018. The increased investment in the distributed solar energy segment 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.

An initiative of the the Federation of Industries for the State of Santa Catarina (Fiesc) and implemented through ENGIE Geração Solar Distribuída and WEG S.A., at the end of 3Q18, the Solar Industry Program reported a total client registration of 2,095 in the residential format and a further 678 in the industrial segment. In the light of the Program's success, the initiative has been extended to the States of Mato Grosso and Rio Grande do Sul, with launches on August 2 and September 14, 2018, respectively. Since the Program's launch, 200 consumers have been signed up in the residential segment and a further 97 industries have registered in the State of Mato Grosso. Again, in the State of Rio Grande do Sul, in less than a month, 119 and 82 clients were registered in the residential and industrial segments, respectively.



Solar systems installed by EGSD

Number of units and installed capacity



Additionally, in the State of Goiás, 833 kWp in solar energy systems were installed with a further 1,533 kWp of agreements signed with clients for installation by January 2019 in the agribusiness segment.

In 3Q18, 110 systems were installed with a capacity of 1.756,0 kWp, an increase of 15.5% compared with 3Q17, when installed capacity was 1,520.8 kWp corresponding to 456 systems. Since the outset of its operations, ENGIE Geração Solar Distribuída has installed 1,820 systems with an installed capacity of 11,436.6 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 and expansion of another five existing ones. 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.

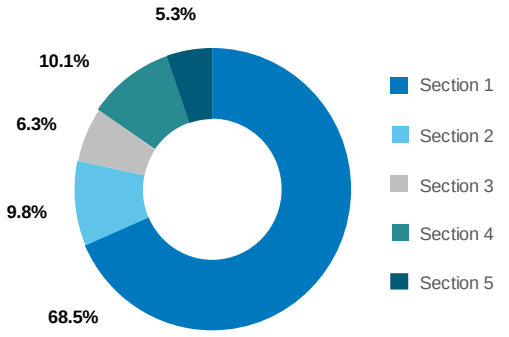
The final date for the transmission line to become fully operational is March 9, 2023. However, EBE has notified Aneel of its interest in reducing this timeframe for implementation of the project from 60 to 42 months. Complementary to this, the Company envisages a reduction in Aneel's forecasted investment.

Lot	Location	Contracted RAP (RS million)	Estimated Capex (R$ million)
1	Paraná (PR)	231.7	1,700.0
Total		**231.7**	**1,700.0**



Transmission lines and substation location

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



The Basic Project for the operation was concluded and delivered to Aneel at the end of August. Activities are proceeding with the execution of the executive project as well as the selection and engagement of the subcontractors.

The topographical, environmental, landownership and archeological teams continue to conduct studies in the field. The environmental impact studies have been concluded and the simplified environmental reports are at the revision phase.

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)	148.5	148.5	From Jul/50 to May/52	74.1
Total			**853.5**	**853.5**		**605.1**

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 Energy Auction at the average **price of R$ 170.8/MWh, restated up to September 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.



Assembling of the wind turbine towers

In 3Q18, construction work on access roads to the wind farms continued, brush clearance being completed as well as 95% of earth movement and 72% of the paving.

Work on the foundations for the wind turbine towers reached 95% completion for excavations together with 92% for the reinforcing structure and 89%, concreting. Concreting work of 128 wind turbine foundatons out of 144 has been completed.

The assembly of the 230kV transmission line has been concluded together with electromechanical assembling at three wind farms and work begun on a further eight.

Substation construction proceeded apace. The foundation work and assembling of the concrete structures were concluded with 99% of the equipment assembling at the 230kV yard and 82% at the 34.5kV yard, completed.

The overall project is 66% complete and commercial operations are scheduled to begin in 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 - built by the Company - to the Candiota II substation.

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$ 241.3/MWh, restated up to September 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.

Among the activities worth highlighting in 3Q18, were the energizing of the Candiota plant bay and the site substation, the commissioning and performance testing of the coal conveyer belt, the conclusion of the commissioning of the water systems and the plant's inspection and control system. The plant was also successful in obtaining operating licenses for the Transmission Line and the conveyer belt. At the principal site, 93% of the civil works and electromechanical assembly were complete by quarter end.

On the occupational health and safety front, it is worth pointing out the more than 15 million man hours worked without fatal accidents.

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 which are being 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$ 176.6/MWh, restated up to September 30, 2018**, to be generated from six wind farms with an installed capacity of 178.2 MW.



Assembling of the wind turbine towers

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 3Q18, assembly of the wind turbines continued with 106 machines concluded and representing 88% of the total. Work at the Complex is now 98% complete.

Instituto do Meio Ambiente e Recursos Hídricos (Inema), the state environmental protection agency, has issued an ordinance granting an Operating License to the Campo Largo I, III, IV, VII, XVI and XXI wind farms. Again in 3Q18, Aneel issued official orders authorizing the startup in commercial operations of the Campo Largo I, III, IV, VII and XVI wind farms, totaling 5 out of 11 wind farms comprising the Wind Complex, thus anticipating the forecasted entry into operation date by five months.

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.

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.



3D images from the Norte Catarinense TPP project

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. The Company has been concentrating its efforts in the commercial area to ensure sufficient contracted sales volume in the free market to justify start of work on the construction of Phase II of the Campo Largo Wind Complex.

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

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

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

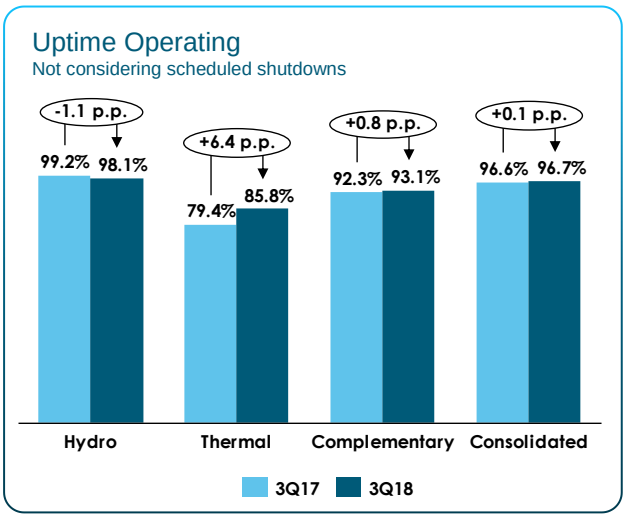
Alvorada Photovoltaic Complex. ENGIE Brasil Energia has acquired a site in the State of Bahia, - a region with potential for generating solar energy - for the development of three projects comprising the **Alvorada Photovoltaic Complex**. The projects, which **will have a total installed capacity of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

Uptime Operating

The plants operated by ENGIE Brasil Energia reported uptime working of **96.7% in 3Q18, ignoring scheduled stoppages**: 98.1% for the hydroelectric plants, 85.8% for the thermoelectric plants and 93.1% 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 3Q18 was 88.8%: 90.1% for the hydroelectric plants, 76.0% for the thermoelectric and 89.8% for plants operating with complementary energy sources.

In the light of scheduled maintenance work, in 3Q18, the global uptime ratio exceeded that reported in the same period for 2017. In the case of the hydroelectric plants on the same comparative basis, the ratio was down. This was largely due to modernization work on GU 2 of the Machadinho Hydroelectric Power Plant and GU 1 of the Itá Hydroelectric Power Plant, in addition to corrective maintenance on GU 2 at the Itá Hydroelectric Power Plant and GU 4 of the Jaguara Hydroelectric Power Plant.

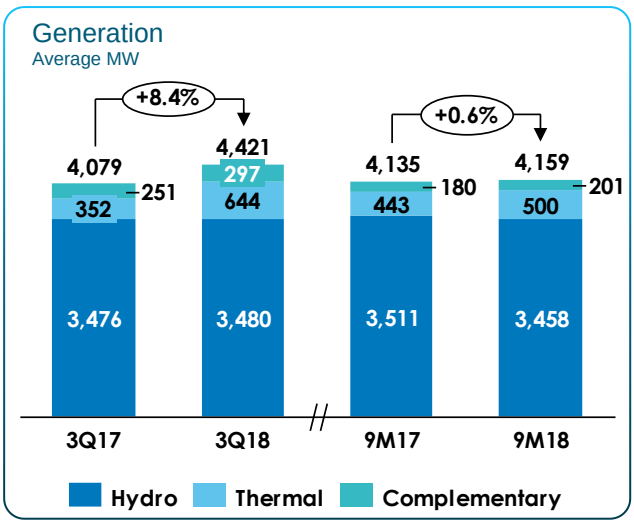


In the case of the thermoelectric plants, despite the execution of corrective maintenance on GUs 4, 6 and 7, all of them in the Jorge Lacerda Thermoelectric Complex, plant uptime in 3Q18 was well above that recorded in 3Q17 – largely due to the stoppage in 2017 at the Jorge Lacerda C Thermoelectric Plant for a maintenance overhaul.

Uptime at the complementary energy sourced power plants in 3Q18 was slightly better than in 3Q17.

Production

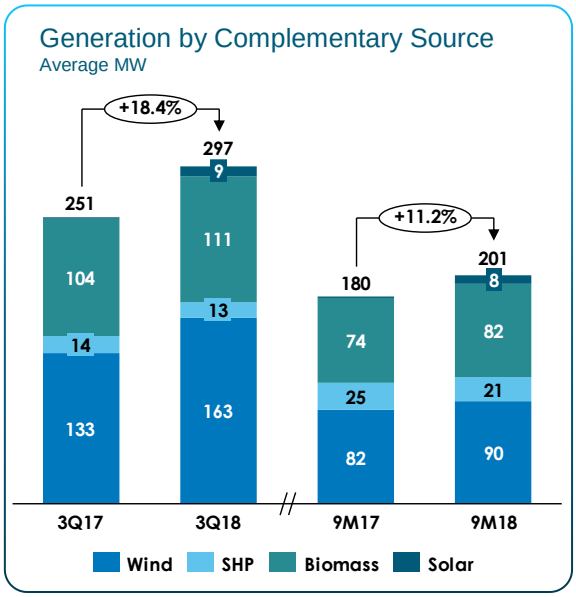
Electricity output from plants operated by ENGIE Brasil Energia was 9,762 GWh (4,421 average MW) in 3Q18. This result is **8.4% higher** than production for 3Q17. Total output breaks down as follows: hydroelectric plants, 7,685 GWh (3,480 average MW), thermoelectric plants 1,422 GWh (644 average MW) and the complementary sourced units 656 GWh (297 average MW). Results point to, respectively, increases of 0.1%, 82.8% and 18.4% on the hydro, termoelectric and complementary energy sources, in relation to 3Q17.



On average during 3Q18, hydrological conditions in the river basins where EBE has hydroelectric operations were less favorable than in 3Q17. Notwithstanding, hydrelectric generation for the quarter under review remained at 3Q17 levels thanks to the boost in generation from the Jaguara and Miranda Hidroelectric Power Plants, acquired at the September 2017 auction.

The significant increase in thermal electric generation (82.8%) is due to two main factors: (i) increase in uptime working at the Jorge Lacerda C Thermoelectric Plant compared with 3Q17 when the plant was shutdown for a general overhaul; and (ii) maximization of generation given that all the plants comprising the Jorge Lacerda Thermoelectric Power Plant are being dispatched by cost merit order.

Increased generation from the complementary plants reflects the start of commercial operations at the Campo Largo I, III, IV, VII and XVI wind farms as well as beginning of test generation at the Campo Largo XVIII and XXI. In addition, operations began at the Assú V Solar Energy Plant in December 2017.



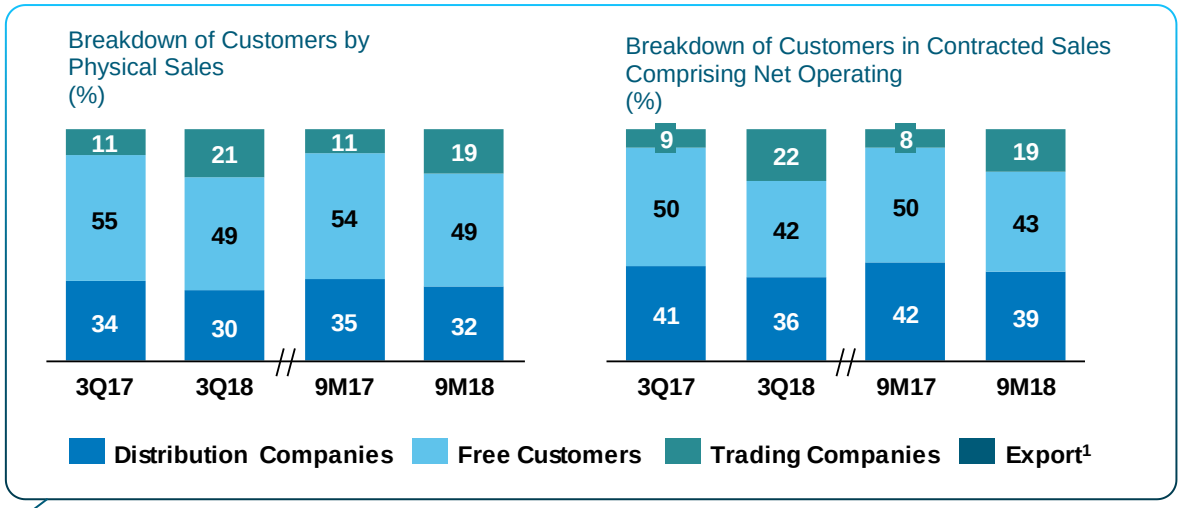
In this context, it is worth pointing out that an increase in the Company's hydroelectric generation does not necessarily reflect an improvement in economic-financial performance. Conversely, a reduction in this type of generation does not inevitably imply a deterioration in economic-financial performance 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 3Q18, the free consumer share of the Company's portfolio was 49.1% of total physical sales and 41.9% of the total net operating revenue (except CCEE and other revenues), decreases of 5.7 p.p. and 8.4 p.p., respectively in relation to the same quarter in 2017.

The reduction in the share of free consumers in the portfolio, mainly reflects the growth of energy sales to trading companies, including trading operations themselves.



[1] Energy exports as a share of physical sales was 0.01% in the 9M17 and of net operating revenue (except CCEE and other revenues) was 0.01% in the 9M17.

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 **September 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)	**Net** Price of PIS/COFINS/P&D (R$/MWh)
Own Resources	4,100	4,500	4,709	4,718	4,731	4,729				
+ Purchases for Resale	1,449	1,070	635	467	426	353				
= Total Resources (A)	**5,549**	**5,570**	**5,344**	**5,185**	**5,157**	**5,082**				
Government Auction Sales[1]	1,638	1,997	2,013	2,013	2,013	2,013				
2005-NE-2010-30	200	200	200	200	200	200	115.1	Dec-05	226.0	203.1
2006-NE-2009-30	493	493	493	493	493	493	128.4	Jun-06	248.3	223.1
2006-NE-2011-30	148	148	148	148	148	148	135.0	Nov-06	259.0	232.7
2007-NE-2012-30	256	256	256	256	256	256	126.6	Oct-07	232.7	209.1
2014-EE-2014-06	103	103	-	-	-	-	270.7	May-14	342.2	307.5
Proinfa	19	19	19	19	19	19	147.8	Jun-04	266.3	256.6
1st Reserve Energy Auction	14	14	14	14	14	14	158.1	Aug-08	274.0	264.0
Auction Mix (New Energy / Reserve / DG)	18	17	14	14	14	14	-	-	260.9	251.4
2014-NE-2019-25	-	173	295	295	295	295	183.5	Mar-14	241.3	216.8
2014-NE-2019-25	-	10	10	10	10	10	206.2	Nov-14	261.4	251.8
2014-NE-2019-20	-	83	83	83	83	83	139.3	Nov-14	176.6	160.2
2015-NE-2018-20	-	46	46	46	46	46	188.5	Aug-15	215.9	195.9
8th Reserve Energy Auction	9	9	9	9	9	9	303.0	Nov-15	349.4	317.1
2017-EN-2019-20	-	48	48	48	48	48	136.4	Nov-14	170.8	155.0
Government Auction - Quotas regime										
2018 - Quotas (UHJA) - 2018-30	239	239	239	239	239	239	-	Jul-17	134.7	128.5
2018 - Quotas (UHMI) - 2018-30	139	139	139	139	139	139	-	Jul-17	151.2	144.2
+ Bilateral Sales	3,319	3,125	2,931	2,381	1,955	1,311				
= Total Sales (B)	**4,957**	**5,122**	**4,944**	**4,394**	**3,968**	**3,324**				
Balance (A - B)	**592**	**448**	**400**	**791**	**1,189**	**1,758**				
Sales average **net** price (R$/MWh) [2, 3]:	181.3	187.4	182.8							
Purchases average **net** price (R$/MWh) [4]:	182.5	186.1	170.1							

[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.

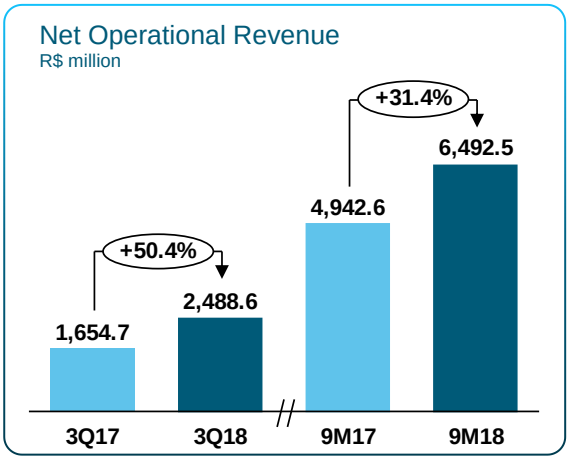
Notes:
- The balance refers to the settlement point (net of losses of internal consumption of the plant).
- The average prices are considered simply estimates and are based on financial planning revisions, not capturing volume changes, which are updated quarterly.
- Aneel agreed to the renegotiation 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.

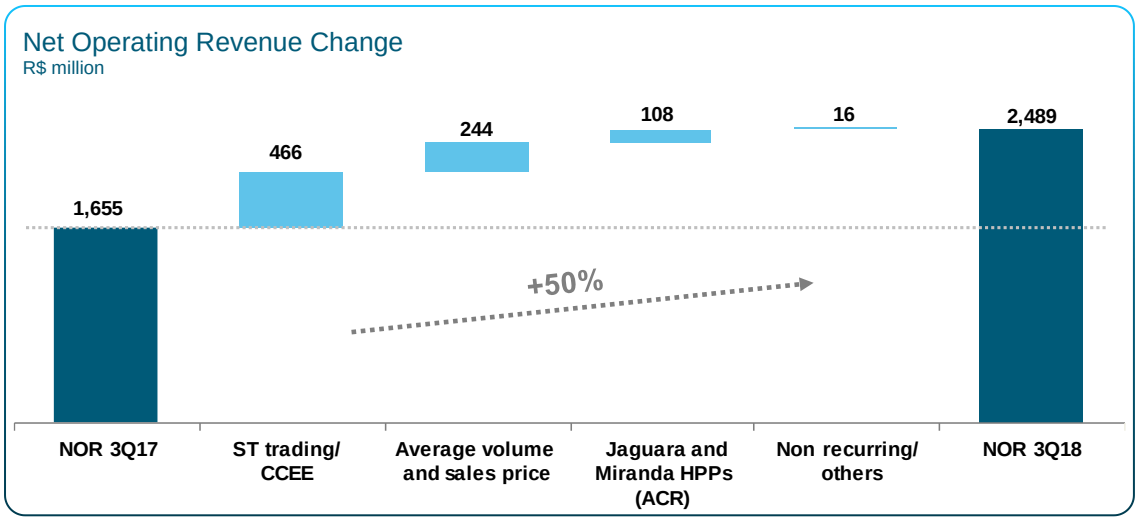
ECONOMIC-FINANCIAL PERFORMANCE

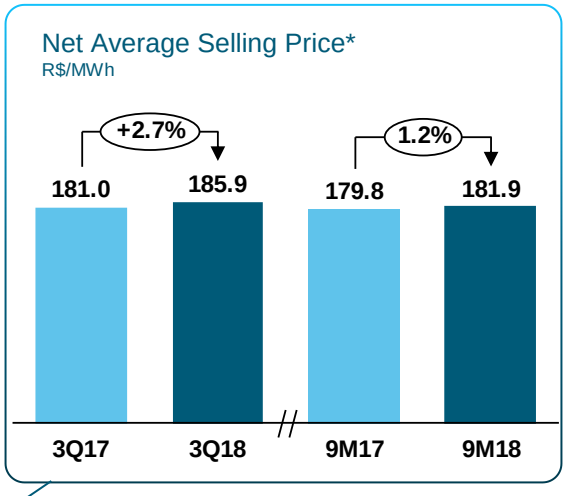
Net Operating Revenue

In 3Q18, **net operating revenue reported an increase of 50.4%** (R$ 833.9 million), compared with 3Q17, from R$ 1,654.7 million to R$ 2,488.6 million.

The principal factors that can be ascribed to this variation were: (i) R$ 466.1 million – growth in revenue due to transactions in the short-term market, more especially those transacted through the Electric Energy Trade Board (CCEE); (ii) R$ 243.7 million, due to higher energy volumes sold and the increase in the average selling price to distributors and trading companies; (iii) R$ 108.1 million, due to revenue from operations at the Jaguara and Miranda Hydroelectric Power Plants in the Regulated Contracting Environment (ACR), of which R$ 80.2 million corresponds to the remuneration of the financial asset and R$ 27.9 million to Generation Assets Management revenue (GAG) to cover the costs of operation, maintenance and improvements; and (iv) R$ 15.1 million, as recognition of revenue relative to the contractual fine due to downtime at the Santa Mônica Wind Complex plants and indemnification for interruption to business in the light of events at the Passo Fundo and São Salvador Hydroelectric Power Plants.





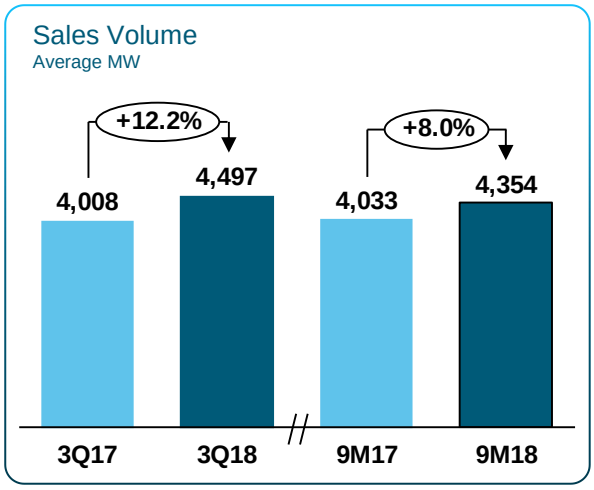


* Net of taxes and exports.

» Net Average Selling Price

The average energy selling price, net of tax on revenues was R$ 185.92/MWh in 3Q18, **2.7% above** 3Q17, when the amount was R$ 181.04/MWh.

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



» Sales Volume

The amount of energy sold increased from 8,850 GWh (4,008 average MW) in 3Q17 to 9,928 GWh (4.497 average MW) in 3Q18, **an increase of 1,078 GWh** (489 average MW) or 12.2% between compared periods.

These variations largely reflect the combination of growth in sales to trading companies, including trading operations, reflecting energy traded in the Regulated Contracting Environment (ACL) of the Jaguara and Miranda Hydroelectric Power Plants, both acquired in late 2017.

Comments on Variation in Net Operating Revenue

» Revenue from Sale of Electric Energy - Distribution Companies

Net operating revenue from sales to distributors was R$ 661.8 million in 3Q18, **0.4% greater** than the R$ 659.3 million recorded in 3Q17, variation of which was due to the following factors: (i) R$ 8.2 million — an increase of 1.2% in net average selling prices; and (ii) R$ 5.7 million — reduction of 25 GWh (12 average MW) in sales volume from 3,009 GWh (1,363 average MW) in 3Q17 to 2,984 GWh (1,351 average MW) in 3Q18.

The increase in the average net price of sales between the periods under analysis was due principally to the monetary restatement of existing agreements. The decrease in sales volume is mainly a reflection of the reductions in the Surplus and Deficits Compensation Mechanism (MCSD), partially offset by the start of energy sales at the Assú V Photovoltaic Plant, commercial operations of which began in late December 2017.

» Revenue from Sale of Electric Energy - Trading Companies

In the quarter, **revenue from sales to trading companies** was R$ 410.9 million, **200.6% higher** than the revenue of R$ 136.7 million reported for 3Q17.

This increase reflects the following aspects: (i) R$ 167.2 million – from sales agreements for trading operations (309 average MW); (ii) R$ 68.8 million – an increase of 391 GWh (177 average MW) in energy sales volume; and (iii) R$ 38.2 million – a growth of 27.9% in the average net selling price. The variations shown under (ii) and (iii) do not include trading operations.

The variation in volume in the quarter was mainly due to new sales agreements for trading companies, reflecting trading operations and the portion of energy negotiated in the Free Contracting Environment (ACL) generated from the Jaguara and Miranda Hydroelectric Power Plants, acquired in late 2017. 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 4.1% from R$ 806.1 million in 3Q17 to R$ 773.1 million in 3Q18. The following events contributed to this variation: (i) R$ 37.9 million – a decrease of 4.7% in the average net selling price of energy. The decline in prices was largely due to lower prices practiced with industrial clients; and (ii) R$ 4.9 million – an increase of 31 GWh (15 average MW) in the amount of energy sold, this increasing from 4,847 GWh (2,195 average MW) in 3Q17 to 4,878 GWh (2,210 average MW) in 3Q18, basically a reflection of slightly increased consumption by the industrial sector.

The number of free consumers in the Company's portfolio rose from 369 in 3Q17 to 480 in 3Q18, an increase of 30.1%.

» Transactions in the Short-term Market – Especially those Conducted through the Electric Energy Trade Board (CCEE)

In 3Q18**, revenue generated in the short-term market**, especially within the scope of the CCEE, was R$ 507.6 million, while in 3Q17, the amount was R$ 41.5 million, **an increase of R$ 466.1 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 Grant Bonus Return (RBO) comprising the Generation Annual Revenue (RAG) reported by the companies. According to the economic essence of the transaction the part which is equivalent to the amount paid for the concession grant has been recorded as a financial asset and the remuneration from these assets, recognized as operating financial revenue. The remuneration from these assets, recognized in 3Q18 for the Jaguara and Miranda Hydroelectric Power Plants, was R$ 49.8 million and R$ 30.4 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 with operations and maintenance as well as expenditures with improvements and investments during the term of the concession agreement. The value of the GAG recognized in 3Q18 was R$ 15.4 million and R$ 12.5 million for the Jaguara and Miranda Hydroelectric Power Plants, respectively.

» Other revenues

In 3Q18, certain non-recurring revenues amounting to R$ 15.1 million were recognized in the light of the following aspects: (i) R$ 9.2 million – the imposition of a contractual fine due to downtime at plants in the Santa Mônica Wind Complex; and (ii) R$ 5.9 million – reflecting the Company's right to indemnification as a result of an interruption to business due to incidents at the Passo Fundo and São Salvador Hydroelectric Power Plants in March 2017 and December 2015, respectively.

Costs of Electric Energy and Services

The costs of energy sold and services increased by R$ 517.2 million (48.5%) between compared quarters, increasing from R$ 1,066.0 million in 3Q17 to R$ 1,583.2 million in 3Q18. Such variations are due essentially to tendencies in the principal components as follows:

» **Electric energy purchased for resale:** an increase of R$ 195.0 million (42.2%) in 3Q18 compared to 3Q17, reflecting mainly the following factors: (i) R$ 168.8 million – purchases of electric energy for allocation to trading operations (300 average MW); (ii) R$ 18.0 million – an increase of 105 GWh (47 average MW) due to increased medium and long-term purchases for management of the Company's portfolio; and (iii) R$ 8.2 million – an increase of 1.8% in the net average price 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, the difference between the amount of energy bought and sold for trading operations, 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 rose by R$ 277.9 million (185.3%) compared with 3Q17. More details are given in the specific item below.

» **Charges for use of and connection to the electricity grid:** an increase of R$ 9.5 million (8.8%) between quarters under analysis due principally to the annual readjustment in transmission fees and charges relative to the portion of energy from the Jaguara and Miranda Hydroelectric Power Plants sold in the ACL and the startup in commercial operations and test runs at 9 of the 11 wind farms of Phase I of the Campo Largo Wind Complex in 2018. This was partially attenuated by deactivation of operations at the William Arjona Thermoelectric Power Plant and no longer viable following an increase in the cost of gas.

» **Fuels for the generation of electricity:** growth of R$ 72.4 million (395.0%), largely due to the higher cost of coal consumption in 3Q18, this in turn driven by the increase of 82.8% in thermoelectric generation when comparing the third quarters for successive years, and by the limitations on reimbursement of costs under the coal subsidy through the Energy Development Account (CDE) as from 2018, subsequent to the issue of Aneel Resolution 801 of December 19, 2017.

» **Financial compensation for the use of water resources (Royalties):** an increase of R$ 1.3 million (4.1%) between comparable quarters, principally reflecting the booking in 3Q18 of liabilities with respect to the Jaguara and Miranda Hydroelectric Power Plants and an increase of 2.5% in the Adjusted Reference Tariff (TAR) in 2018. This effect was partially offset by lower net generation from the hydroelectric plants in 3Q18, despite a small increase in overall gross generation.

» **Personnel:** reduction of R$ 6.5 million (11.4%) in relation to the preceding quarter, mainly reflecting recognition in 3Q18 of PIS and Cofins tax credit clawbacks on certain payroll costs, in the amount of R$ 5.1 million.

» **Materials and third-party services:** decrease of R$ 22.3 million (38.0%) between the quarters analyzed. This variation is again essentially due to the recognition of R$ 16.6 million in 3Q18 of the PIS and Cofins tax credit clawback on the acquisition from third parties of certain materials and services and a reduction in costs due to the shutdown in operations at the William Arjona Thermoelectric Power Plant. These effects were partially attenuated by the booking of operational and maintenance costs for the Jaguara and Miranda Hydroelectric Power Plants in 3Q18.

» **Depreciation and amortization:** reduction of R$ 4.2 million (2.6%) between comparable quarters due above all to the combination of the following aspects: (i) the end to depreciation of major maintenance work on the Jorge Lacerda Thermoelectric Complex in earlier periods; and (ii) the disposal of the Beberibe and Pedra do Sal Wind Farms and the Areia Branca Small Hydroelectric Power Plant in October 2017. This decrease is partially offset by the recognition of an intangible asset arising from the acquisition of the Jaguara and Miranda Hydroelectric Power Plants in 3Q18.

» **Net reversal of operational provisions:** a positive impact of R$ 6.2 million (147.5%) between comparable quarters basically in the light of the reversal of operational provisions in 3Q18 and 3Q17.

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.

On a 3Q18 x 3Q17 comparative basis, net results (the difference between revenues and costs – deducting taxes on revenues and costs) due to short-term transactions, particularly those transactions conducted across the CCEE, **reported a positive impact on results of R$ 188.2 million**, representing an improvement from an expense of R$ 108.4 million in 3Q17, to revenue of R$ 79.8 million in the current quarter under review.

This variation is largely due to the following: (i) negative impact from the increase in the Adjustment Factor of the MRE (GSF), the effects from the renegotiation of the hydrological risk already deducted; (ii) the enhanced volume of free energy for settlement through the CCEE by virtue of the strategy for allocating water resources combined with the active management of the portfolio; (iii) positive effect of greater thermal generation; (iv) recognition of recovery of costs resulting from the recalculation of the Generation Uptime Factor for the Santo Antônio HPP, pursuant to a court ruling; and (v) reduced MRE revenue.

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 13.3%, from R$ 436.20/MWh in 3Q17 to R$ 494.37/MWh in 3Q18.

Selling, General and Administrative Expenses

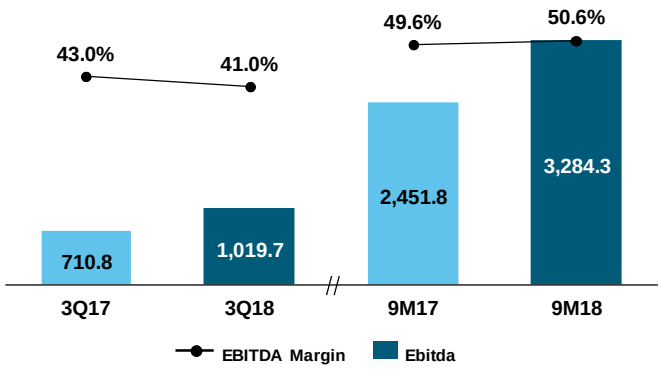
Selling, general and administrative expenses relative to the quarters under analysis increased R$ 2.8 million (6.5%), due for the most part to a reversal of a provision for civil contingencies in 3Q17 of R$ 16.0 million, partially compensated by recognition in 3T17 of an expense of R$ 4.1 million relative to a legal agreement relative to the unblocking of the maximum social security limit and the recovery of PIS and Cofins tax credits on certain expenses in 3Q18 for R$ 9.9 million. Excluding the effect of non-recurring items, selling, general and administrative expenses would have increased year-on-year by R$ 0.8 million (1.8%).

Ebitda and Ebitda Margin

Set against the background of the effects already discussed, **Ebitda** in 3Q18 was R$ 1,019.7 million, that is **R$ 308.9 million (43.5%) above** the amount reported for 3Q17 of R$ 710.8 million. The 3Q18 Ebitda margin was 41.0%, a decrease of 2.0 p.p. in relation to the same period in 2017.

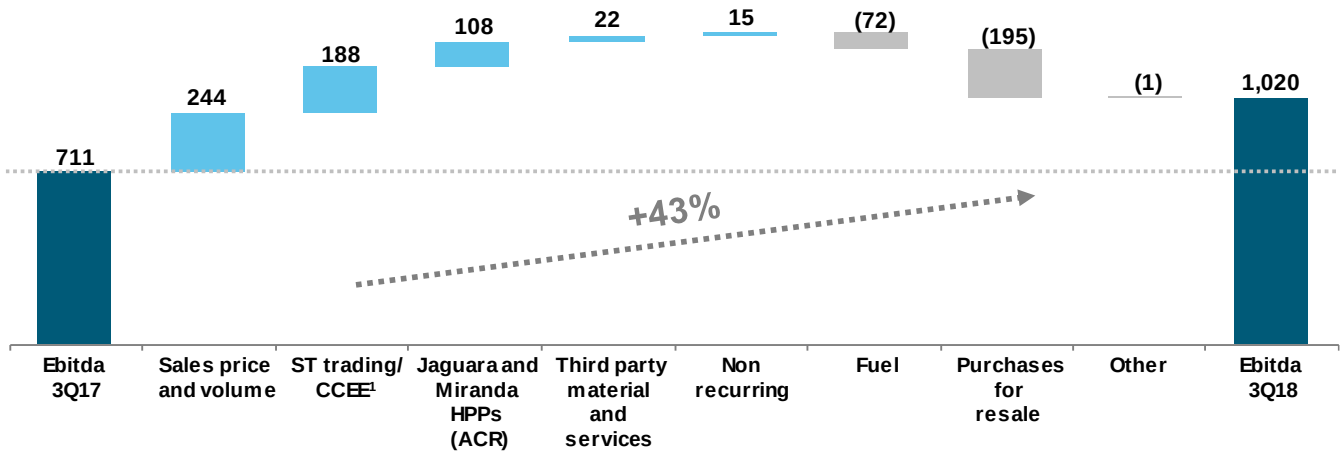
The above variations are a combination of the following factors: (i) the increase of R$ 243.7 million from a combination of price and energy volume sold through energy agreements; (ii) the increase of R$ 195.0 million in energy purchases for trading and making up the portfolio; (iii) the positive effect of R$ 188.2 million in transactions conducted in the short-term market – especially transactions on the CCEE; (iv) revenue of R$ 108.1 million from the Jaguara and Miranda Hydroelectric Power Plants, acquired in late 2017; (v) a growth of R$ 72.4 million in fuel costs; (vi) a decrease of R$ 22.3 million in the costs of materials and services from third parties; (vii) recognition of revenue of R$ 15.1 million with respect to the contractual fine for downtime at the plants in the Santa Mônica Wind Complex and the result of recourse to indemnification rights following interruption to operations due to incidents at the Passo Fundo and São Salvador Hydroelectric Power Plants; and (viii) an increase of R$ 1.1 million of other operational costs and expenses.

Ebitda[(1)] and Ebitda Margin



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

Ebitda Change
R$ million



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

The following table reconciles net income with Ebitda:

(In millions of R$)	3Q18	3Q17	Chg. %	9M18	9M17	Chg. %
Net income	475.4	358.0	32.8	1,553.8	1,299.9	19.5
(+) Income tax and social contribution	178.4	138.2	29.1	672.2	540.9	24.3
(+) Net financial result	195.3	50.5	286.7	538.0	128.9	317.4
(+) Depreciation and amortization	160.3	164.1	-2.3	486.5	480.4	1.3
Ebitda	**1,009.4**	**710.8**	**42.0**	**3,250.5**	**2,450.1**	**32.7**
(+) Impairment	10.4	0.0	-	32.8	0.0	-
(+) Equity loss	-0.1	0.0	-	1.0	1.7	-41.2
Adjusted Ebitda	**1,019.7**	**710.8**	**43.5**	**3,284.3**	**2,451.8**	**34.0**

Financial Result

Financial income: in 3Q18, revenues reached R$ 46.2 million, that is, **R$ 7.6 million (19.7%) above** the R$ 38.6 million reported for the same quarter in 2017. This variation is largely due to: (i) the increase of R$ 14.4 million in interest on accounts receivable, mainly on outstandings held with the CCEE; (ii) the decrease of R$ 9.1 million in revenue from financial applications by virtue of the decline in interest rates and (iii) the increase of R$ 0.4 million in monetary restatement of court deposits held in escrow.

Financial expenses: financial expenses in 3Q18 were R$ 241.5 million, that is, **R$ 152.4 million (171.0%) above** those reported in 3Q17, which were R$ 89.1 million. The principal variations observed were: (i) an increase of R$ 72.2 million in interest and monetary restatement on debt, largely the result of the issue of debentures by the Companhia Energética Jaguara and Companhia Energética Miranda subsidiaries in June 2018 as well as by the controlling company in July, 2018 and on loans recently agreed; (ii) elevation of R$ 70.0 million in interest and monetary restatement on concessions payable due to an increase in inflation in 3Q18; and (iii) recognition of R$ 8.2 million in 3Q18 of monetary restatement on other values payable.

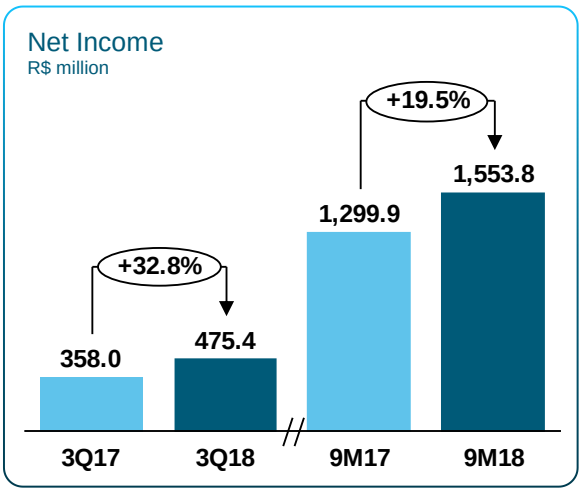
Income Tax and Social Contribution on Net Income

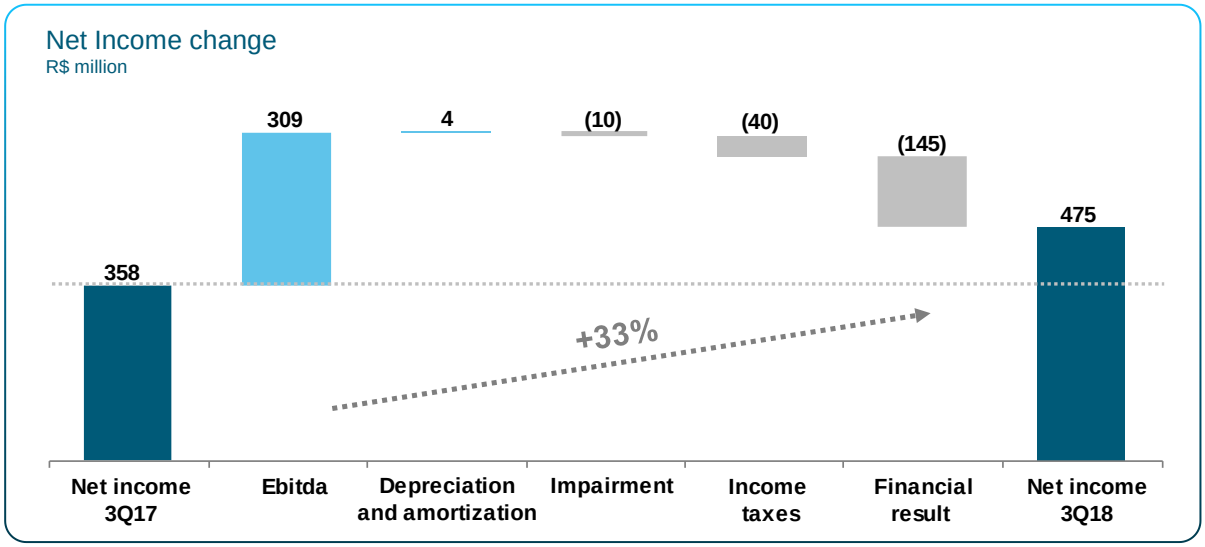
Income Tax and Social Contribution overheads in **3Q18 were R$ 178.4 million**, R$ 40.2 million (29.1%) higher than for the same quarter of 2017 of R$ 138.2 million, reflecting above all the increase of pretax net income. The effective rate of Income Tax and Social Contribution in 3Q18, was 27.3% against 27.9% in 3Q17. In 3Q18 and 3Q17, the Company enjoyed tax breaks from the Superintendência de Desenvolvimento da Amazônia (Sudam – The Amazon Development Authority) for the Ponte de Pedra and São Salvador Hydroelectric Power Plants and from the Superintendência de Desenvolvimento do Nordeste (Sudene – the Northeast Development Authority) for the Estreito Hydroelectric Power Plant, as well as subsidiaries operating under the presumed net income regime.

Net Income

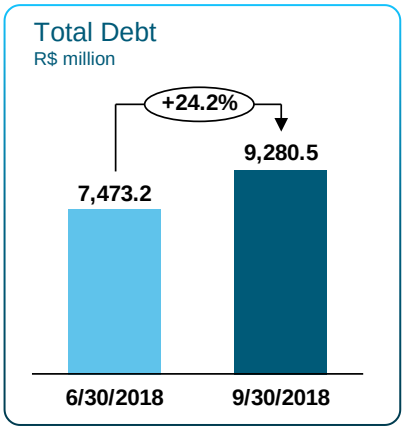
Net income for 3Q18 was R$ 475.4 million, **R$ 117.4 million (32.8%) higher** than the R$ 358.0 million recorded in 3Q17.

The increase is a combination of the following factors: (i) growth of R$ 308.9 million in Ebitda; (ii) a negative effect of R$ 144.8 million in the financial result; (iii) a decrease of R$ 3.8 million in depreciation and amortization expenses; (iv) an increase of R$ 40.2 million in income tax and social contribution; (v) recognition of an asset impairment of R$ 10.4 million; and (vi) a positive equity income result of R$ 0.1 million.



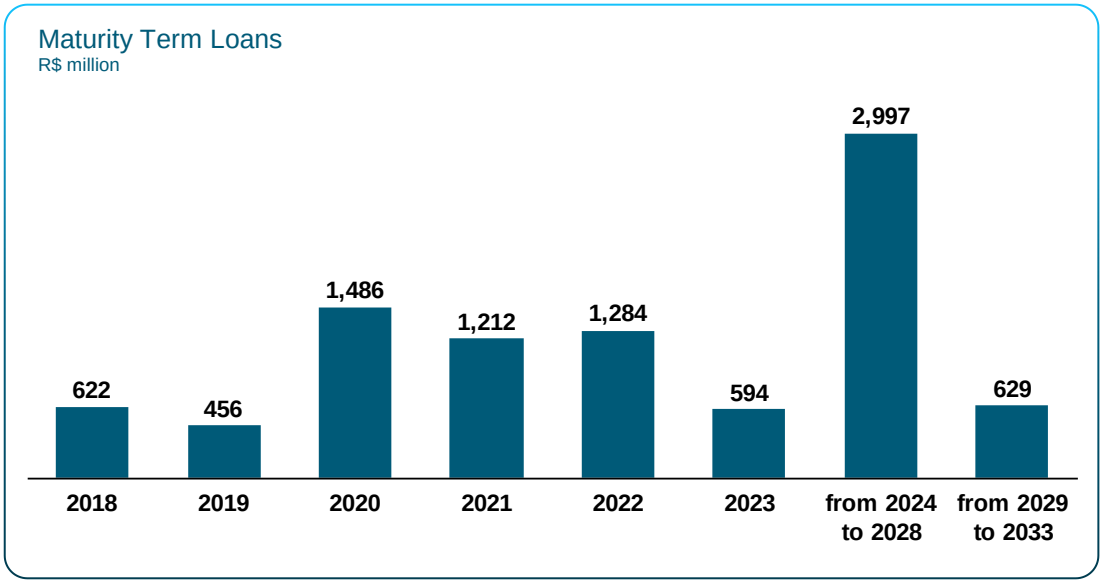


Debt

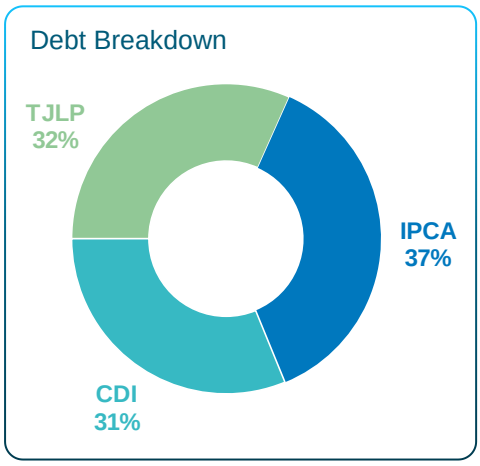


The Company's **total gross consolidated debt** as at September 30, 2018, represented mainly by loans, financing, debentures and promissory notes, net of the effects of hedge operations, **totaled R$ 9,280.5 million, an increase of 24.2%** (R$ 1.807,3 million) compared to the position as at June 30, 2018.

The variation in Company debt is largely related to a combination of the following factors occurring in 3Q18: (i) drawdowns from the BNDES and its financial agents in the aggregate amount of R$ 1,051.1 million for the construction of Campo Largo Wind Complex and Pampa Sul TPP; (ii) R$ 727.2 million of EBE's 7th debenture issue; (iii) generation of R$ 187.5 million in charges to be paid adjusted for monetary restatement; and (iv) R$ 160.4 million in settlement of loans, financing and debentures.



The **average weighted nominal cost of debt** at the end of 3Q18 was **8.6%** (9.1% at the end of 3Q17).



On September 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$ 6,567.1 million**, **an increase of 6.1%** compared with the end of the 2Q18.

Net Debt
R$ million

	09/30/2018	06/30/2018	Chg. %
Gross debt	9,613.7	7,746.3	24.1
Result of derivatives operations	(333.2)	(273.1)	22.0
Deposits earmarked for the payment of debt	(270.8)	(234.6)	15.4
Cash and cash equivalents	(2,442.6)	(1,046.4)	133.4
Total net debt	**6,567.1**	**6,192.2**	**6.1**

Capital Expenditures

ENGIE Brasil Energia's **total investments in 3Q18 were R$ 1,183.6 million**, of which: (i) R$ 31.0 million was allocated to maintenance and revitalization projects for the generator complex; (ii) R$ 1,142.9 million was invested in the construction of new projects - R$ 357.2 million concentrated to the Campo Largo Wind Complex, R$ 226.8 million was invested in construction work on Pampa Sul TPP, R$ 538.6 million, in the Umburanas Wind Complex, R$ 19.9 million in the Gralha Azul Transmission System and R$ 0.4 million in other investments; and (iii) R$ 9.7 million was dedicated to modernization in the Salto Santiago and Salto Osório Hydroelectric Power Plants.

Credit of Interest on Shareholders' Equity and Intermediate Dividends

At a meeting on October 31, 2018, ENGIE Brasil Energia's Board of Directors approved the credit of **interest on shareholders' equity** for the period from January 1 to December 31, 2018 in the amount of **R$ 397.0 million (R$ 0.6082033686 per share)** and the credit of **intermediate dividends** in the amount of **R$ 652.7 million (R$ 1.0 per share)**.

The Company's shares will trade **ex-interest as from January 4, 2019 and ex-dividends as from November 13, 2018**. These earnings will be paid out on a date to be decided in due course by Board of Executive Officers and notified through a Notice to Shareholders.

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, Energy Management, Environment, Climate Change, Occupational Health and Safety, Social Responsibility and Engagement of Related Parties. On September 30, 2018, out of the 35 plants installed in 13 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 86.3% 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.

In addition to the mentioned 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 and Ethics as well as the Sustainability Committee's Internal Charter. The Sustainability Reports are 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

- Filed, the Greenhouse Gas Inventory (GHG) for the Salto Santiago and Salto Osório Hydroelectric Power Plants and verification by an independent third party with the Hydric Resources and Environment Department for the State of Paraná, preliminary to obtaining the Paraná Climate Seal.
- Concluded, the audit for upgrading the Integrated Management System (SIG), with recommendation for certification according to the new versions of the NBR ISO 9001 and NBR ISO 14001, both for 2015.
- Approved EBE's new Sustainable Management Policy by the Executive Board on June 9 and by the Board of Directors on August 8. The previous Policy was revised given the evolution of the challenges and global commitments with sustainable initiatives such as the Sustainable Development Goals (SDG), and the consequent expansion of the challenges which the Company has established for itself, especially in relation to the energy transition and its positive impact on society.
- Held, the General Occupational Health and Safety Stoppage for announcing the "10 Precautions in Traffic".
- Training held for High Potential Incidents (HIPOs) and Managerial Safety Visits (VGS) for leaders at the Ponte de Pedra Hydroelectric Power Plant, Jorge Lacerda Thermoelectric Complex, Head Office and the São Salvador and Cana Brava Hydroelectric Power Plant units.

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 3Q18, associating each indicator with GRI recommendations.

Sustainability Indices[1]

Item	Dimension[2]	Index	Material themes	GRI disclosure[3]	3Q18	3Q17	Change	9M18	9M17	Change
1	Quality	Operating plants	- Energy and Climate Change	102-7, EU1	35 [4]	31	4	35 [4]	31	4
2		Installed capacity		102-7, EU1	9,547	8,790	8.6%	9,547	8,790	8.6%
3		Proprietary capacity		102-7, EU1	7,826	7,069	10.7%	7,826	7,069	10.7%
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	85.1%	92.5%	-7.3 p.p.	85.1%	92.5%	-7.3 p.p.
7		Installed capacity from renewable sources		102-7, EU1	8,690	7,743	12.2%	8,690	7,743	12.2%
8		Installed capacity from renewable sources in relation to the total		102-7, EU1	91.0%	88.1%	2.9 p.p.	91.0%	88.1%	2.9 p.p.
9		Energy generation (GWh)		EU2	9,762	9,000	8.5%	27,253	27,083	0.6%
10		Certified energy generation		102-16, EU6	8,421	8,452	-0.4%	24,111	25,901	-6.9%
11		Certified energy generation in relation to the total		102-16, EU6	86.3%	93.9%	-7.6 p.p.	88.5%	95.6%	-7.2 p.p.
12		Energy generation from renewable sources (GWh)		EU2	8,340	8,222	1.4%	23,973	24,182	-0.9%
13		Energy generation from renewable sources in relation to the total		EU2	85.4%	91.4%	-5.9 p.p.	88.0%	89.3%	-1.3 p.p.
14		Uptime ratio, excluding scheduled stoppages		EU30	96.7%	96.6%	0.1 p.p.	97.3%	94.5%	2.8 p.p.
15		Uptime ratio, including scheduled stoppages		EU30	88.8%	88.5%	0.3 p.p.	91.2%	87.5%	3.7 p.p.
16	Environ-ment	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	96,142	58,490	64.4%	316,029	169,228	86.7%
17		Number of visitors at the plants		413-1	30,370	27,090	12.1%	77,863	64,010	21.6%
18		CO2 Emissions (fossil fuel plants) (t/MWh)		D305-1, D305-2, D305-3	0.928	1.088	-14.7%	0.941	1.022	-7.9%
19		CO2 Emissions from Tractebel Energia's generation complex(t/MWh)		D305-1, D305-2, D305-3	0.135	0.103	31.3%	0.114	0.113	0.7%
20	Occupatio-nal 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	4.100	↓	0.000	1.380	↓
21		Severity Rate ("Taxa de Gravidade" - TG) own employees[6]		403-2	0.000	0.016	↓	0.000	0.006	↓
22		Frequency Rate ("Taxa de Frequência" - TF) own employees + long term service providers[5]		403-2	1.830	1.990	↓	0.930	1.040	↓
23		Frequency Rate ("Taxa de Frequência" - TF) short term service providers + ongoing constructions[5]		403-2	0.890	1.200	↓	1.950	0.620	↑
24	Social Responsibi-lity[7]	Non-incentivized investments	- Engajament with local comunities and stakeholderss	203-2, 413-1	1,161.10	959.30	21.0%	2,236.70	2,197.80	1.8%
25		Investments through the Infancy and Adolescence Fund (FIA)		203-2, 413-1	374.50	694.50	-46.1%	1,213.70	1,451.50	-16.4%
26		Investments through the Culture Incentive Law (Rouanet)		203-2, 413-1	882.00	1,745.10	-49.5%	7,677.80	6,482.10	18.4%
27		Investments through the Sport Incentive Law		203-2, 413-1	100.00	300.00	-66.7%	660.00	300.00	100.0%
28		Investments through National Program of Support to Oncology Care (Pronon)		203-2, 413-1	0.00	0.00	-	0.00	0.00	-
29		Investments through the National Care Support Program for People with Special Needs (Pronas/PCD)		203-2, 413-1	0.00	0.00	-	0.00	0.00	-
30		Investments through the Municipal Fund for the Elderly		203-2, 413-1	200.00	12.20	1539.3%	300.00	382.60	-21.6%

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) Campo Largo XXI Wind Power Plant already generated energy at the end of the 3Q18, 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.
6) TG = number of days lost due to occupational accidents for every one thousand hours of exposure to hazards.
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.

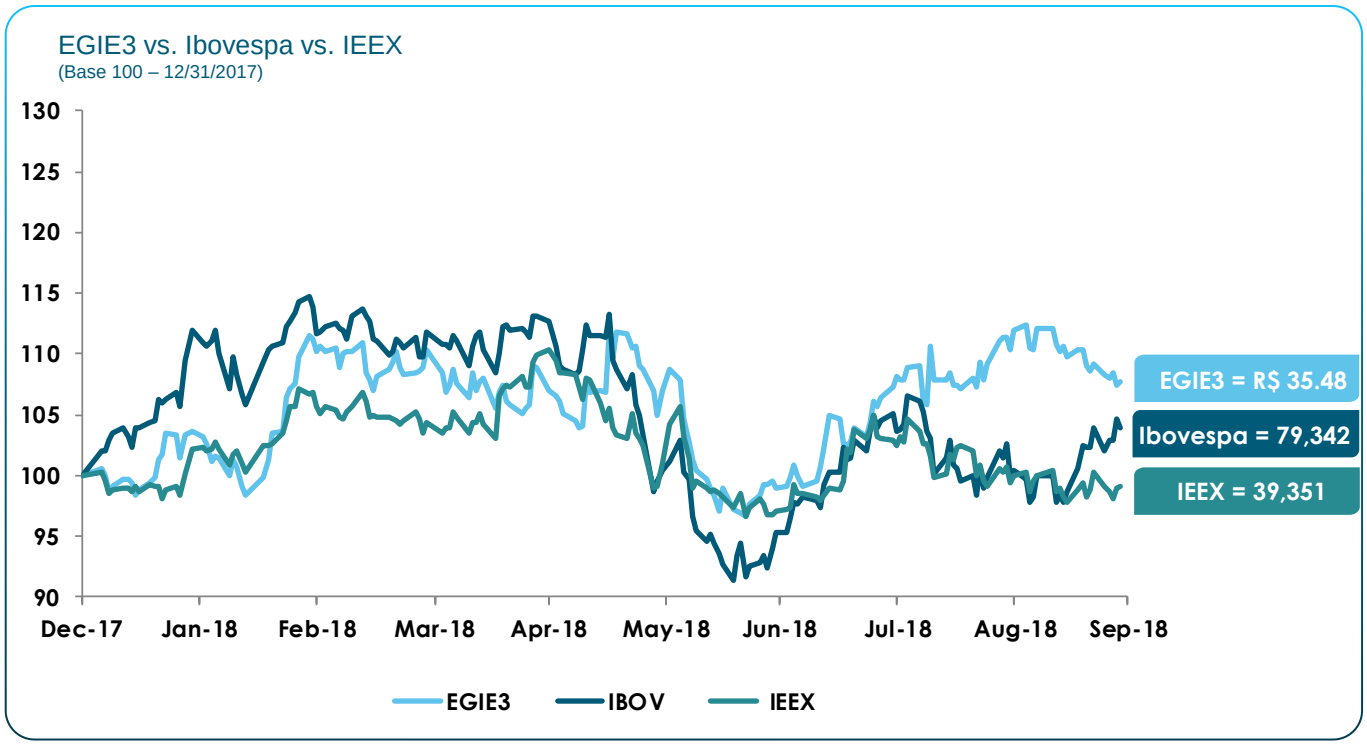
Share Performance – EGIE3

The third quarter of 2018 was characterized by a slow recovery in the Brazilian labor market and by continuing low levels of confidence in the light of uncertainties surrounding the upcoming general elections, the rate of recovery being slower than expected. Overseas, the trade war between the United States and China shook financial markets with the downgrading of forecasts for global growth.

Ibovespa, B3's principal stock index, ended 3Q18 with an appreciation of 9.0%, partially reversing the unfavorable performance in the preceding quarter. For the first nine months of 2018, the Ibovespa reported an appreciation of 3.9%, 19.5 p.p. below the performance for the same period in 2017.

ENGIE Brasil Energia's equities reported **an appreciation of 8.8%** in 3Q18, a performance well above the Electric Energy Sector Stock Index (IEEX), which rose 2.0% in 3Q18. The closing price for EBE's shares on the last trading day of September, 2018 was R$ 35.48/share**, translating into a market capitalization of R$ 23.2 billion.**

In 3Q18, EGIE3's average daily trading volume was R$ 30.1 million, 4.3% less than recorded in 3Q17, when it reached R$ 31.4 million.



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: November 1, 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.ENGIE.com.br), at the Investors section.

A replay will be available from November 1st to 7, 2018. Access by dialing: +55 (11) 3127-4999, code: 41686446 (Portuguese) and 73880259 (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$)	30/09/2018	31/12/2017
Current Assets	**4,388,038**	**3,735,779**
Cash and cash equivalents	2,442,566	1,930,070
Accounts receivables from clients	1,146,146	1,058,469
Inventory	95,562	98,249
Restricted deposits	7,707	15,423
Unrealized gains on hedging transactions on purchases commitments	9,436	3,933
Renegotiation of hydrological risk to appropriate	26,064	26,064
Concession financial assets	274,584	301,904
Non current asset held for sale	20,228	5,569
Other current assets	365,745	296,098
Non Current Assets	**18,349,794**	**15,832,734**
Long Term Assets	**3,264,027**	**2,826,648**
Restricted deposits	276,307	231,489
Deposits in court	97,030	100,095
Unrealized gains on hedging transactions on purchases commitments	348,088	14,274
Renegotiation of hydrological risk to appropriate	125,403	144,950
Concession financial assets	2,316,021	2,245,463
Other non current assets	101,178	90,377
Investments	**-**	**19,027**
Property, Plant and Equipment	**13,764,885**	**11,678,108**
Intangible	**1,320,882**	**1,308,951**
Total	**22,737,832**	**19,568,513**

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

(In thousands of R$)	30/09/2018	31/12/2017
Current Liabilities	**3,224,954**	**5,676,471**
Suppliers	593,957	617,396
Dividends and interest on shareholder´s equity	1,156,399	1,300,516
Loans and financing	335,473	948,158
Debentures and promissory notes	574,953	2,127,760
Concessions payable	69,126	67,051
Tax and social contribution obligations	85,494	181,351
Other fiscal and regulatory obligations	86,208	93,668
Labor obligations	95,496	94,879
Provision	9,478	11,651
Obligations related to retirement benefits	30,683	30,683
Other current liabilities	187,687	203,358
Non Current Liabilities	**12,893,856**	**7,057,317**
Loans and financing	5,442,639	2,867,783
Debentures	3,260,607	812,715
Concessions payable	2,727,210	2,432,348
Provision	85,836	77,723
Obligations related to retirement benefits	281,765	280,971
Deferred income taxes and social contribution	776,851	507,905
Other non current liabilities	318,948	77,872
Shareholders' Equity	**6,619,022**	**6,834,725**
Share capital	2,829,056	2,829,056
Net income reserves	2,981,490	3,600,738
Adjustment on fixed asset	321,928	400,800
Retained earnings	482,339	-
Non controlling interests	4,209	4,131
Total	**22,737,832**	**19,568,513**

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

(In thousands of R$)	3Q18	3Q17	Chg. %	9M18	9M17	Chg. %
Net Operational Revenue	**2,488,646**	**1,654,738**	**50.4**	**6,492,471**	**4,942,593**	**31.4**
Costs of Energy Sold and Services Provided	**(1,583,250)**	**(1,066,020)**	**48.5**	**(3,549,896)**	**(2,839,343)**	**25.0**
Electric power purchased for resale	(657,715)	(462,691)	42.1	(1,623,062)	(1,239,474)	30.9
Transactions in the short term market, including those conducted through the CCEE	(427,848)	(149,955)	185.3	(505,935)	(293,761)	72.2
Charges for the use of and connection to the electricity grid	(117,245)	(107,760)	8.8	(340,588)	(315,844)	7.8
Fuel expenses	(90,698)	(18,325)	394.9	(151,147)	(288,382)	-47.6
Financial compensation for use of water resources (Royalties)	(33,006)	(31,699)	4.1	(88,101)	(88,479)	-0.4
Personnel	(50,455)	(56,923)	-11.4	(155,811)	(160,570)	-3.0
Materials and third party services	(36,375)	(58,710)	-38.0	(139,717)	(147,578)	-5.3
Depreciation and amortization	(157,617)	(161,782)	-2.6	(478,623)	(473,781)	1.0
Reversals (Accrual) of operating provisions	10,411	4,207	147.5	(1,252)	225,917	-100.6
Others	(22,702)	(22,382)	1.4	(65,660)	(57,391)	14.4
Gross Income	**905,396**	**588,718**	**53.8**	**2,942,575**	**2,103,250**	**39.9**
Operating Income (Expenses)	**(56,418)**	**(42,069)**	**34.1**	**(177,609)**	**(131,858)**	**34.7**
Selling, general and administrative expenses	(45,539)	(42,774)	6.5	(143,810)	(134,270)	7.1
Impairment	(10,416)	-	100.0	(32,827)	-	100.0
Other operating (expenses) revenues, net	(463)	705	-165.7	(972)	2,412	-140.3
Result of corporate participations	**143**	**6**	**0.0**	**(971)**	**(1,693)**	**0.0**
Equity income/(loss)	143	6	2,283.3	(971)	(1,693)	0.0
Income Before Financial Result and Taxes	**849,121**	**546,655**	**55.3**	**2,763,995**	**1,969,699**	**40.3**
Net Financial Result	**(195,316)**	**(50,458)**	**287.1**	**(537,953)**	**(128,928)**	**317.3**
Financial income	46,180	38,613	19.6	101,821	164,246	-38.0
Financial expenses	(241,496)	(89,071)	171.1	(639,774)	(293,174)	118.2
Income Before Taxes	**653,805**	**496,197**	**31.8**	**2,226,042**	**1,840,771**	**20.9**
Income tax	(125,621)	(97,265)	29.2	(481,345)	(384,253)	25.3
Social contribution	(52,833)	(40,885)	29.2	(190,852)	(156,629)	21.8
Net Income for the Period	**475,351**	**358,047**	**32.8**	**1,553,845**	**1,299,889**	**19.5**
Number of Ordinary Shares	**652,742,192**	**652,742,192**		**652,742,192**	**652,742,192**	
Net Income per Share	**0.7282**	**0.5485**	**32.8**	**2.3805**	**1.9914**	**19.5**

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

(In thousands of R$)	3Q18	3Q17	9M18	9M17
Cash Flow from Operating Activities				
Income before taxes on income	653,805	496,197	2,226,042	1,840,771
Adjustments to reconcile net income before taxes generated from operating cash flow:				
Equity loss	(143)	(6)	971	1,693
Depreciation and amortization	160,355	164,119	486,465	480,423
Impairment	10,416	-	32,827	-
Monetary variation	80,980	(1,327)	212,273	(2,675)
Interests	136,772	80,643	391,432	259,610
Remuneration of concession financial assets	(80,150)	-	(270,127)	-
Accrual (Reversal) of operating provisions	(11,512)	(20,220)	(75)	(243,466)
Others	(12,089)	(1,169)	(9,531)	750
Adjusted Net Income	**938,434**	**718,237**	**3,070,277**	**2,337,106**
Increase (reduction) in assets				
Accounts receivables from clients	148,112	(17,402)	(49,225)	90,133
Inventory	46,035	3,094	607	3,826
Deposits in court and restricted deposits	7,393	59,201	13,790	52,537
Renegotiation of hydrological risk to appropriate	6,516	6,516	19,547	19,548
Concession financial asset	65,770	-	226,890	-
Other assets	(14,313)	(9,062)	(126,342)	(84,938)
Increase (reduction) in liabilities				
Suppliers	(182,199)	(61,178)	(144,211)	14,068
Other fiscal and regulatory obligations	17,628	(12,369)	24,304	(10,117)
Obligations related to retirement benefits	(6,787)	(6,956)	(20,093)	(19,888)
Fuel to pay to the CDE	35,204	-	149,880	-
Other liabilities	7,824	19,794	6,877	20,002
Cash Generated from Operating Activities	**1,069,617**	**699,875**	**3,172,301**	**2,422,277**
Payment of interests on debt, net of hedge	(91,529)	(86,791)	(289,126)	(182,530)
Payment of income tax and social contribution	(130,180)	(62,518)	(379,808)	(238,578)
Net Cash from Operating Activities	**847,908**	**550,566**	**2,503,367**	**2,001,169**
Investments Activities	**(1,113,607)**	**(495,644)**	**(2,287,555)**	**(1,423,974)**
Acquisitions of investments	(12,830)	(15,627)	(17,361)	(25,151)
Used in fixed assets and intangibles	(1,097,196)	(473,686)	(2,324,365)	(1,382,987)
Received on disposal of investments	(3,581)	-	54,171	-
Cash and cash equivalents of subsidiaries sold	-	(6,331)	-	(15,836)
Financing Activities	**1,661,884**	**1,138**	**296,684**	**(831,018)**
Loans, financing and debentures contracted	1,778,220	109,472	4,267,706	320,943
Payment of loans, financing and promissory notes, net of hedge	(68,833)	(77,170)	(1,890,285)	(226,488)
Payments of concessions payable	(17,717)	(17,205)	(52,648)	(51,264)
Payments of dividends and interest on shareholders' equity	(4)	(9)	(1,989,944)	(838,610)
Others	(29,782)	(13,950)	(38,145)	(35,599)
Increase (Decrease) in Cash and Cash Equivalents	**1,396,185**	**56,060**	**512,496**	**(253,823)**
Reconciliation of Cash and Cash Equivalents				
Opening balance	1,046,381	1,505,457	1,930,070	1,815,340
Closing balance	2,442,566	1,561,517	2,442,566	1,561,517
Increase (Decrease) in Cash and Cash Equivalents	**1,396,185**	**56,060**	**512,496**	**(253,823)**
Transactions that do Not Affect Cash and Cash Equivalents				
Capitalized interest and monetary variation	88,396	41,506	212,082	113,594
Supplier's of fixed assets and intangibles	89,937	41,884	100,549	66,163
Offsetting of income tax and social contribution	2,199	6,458	13,069	30,122
Future disbursements estimate to employ in fixed assets	(923)	(9,979)	(27,679)	39,187
Non current asset held for sale	-	-	(48,038)	-