

ENGIE Brasil Energia consolidates growth in 2017

Company successfully bids for a transmission line, assumes operations of the Jaguara and Miranda Hydro Plants, begins commercial operations at the Santa Mônica Wind and the Assú V Solar Plants and concludes acquisition of the Umburanas Wind Complex

Florianópolis, Brazil, February 22, 2018. ENGIE Brasil Energia S.A. ("ENGIE Brasil Energia", "EBE" or "Company") – B3: EGIE3, ADR: EGIEY - announces earnings for the Fourth Quarter and twelve-month period ending in December 31, 2017 (4Q17 and 12M17). 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 accumulated net earnings of R$ 2,004.6 million in 2017 (R$ 3.0710/share), an amount 29.5% (R$ 456.3 million) more than reported in 2016.
- ✓ Ebitda[1] reached R$ 3,519.5 million in 2017, an increase of 10.8% (R$ 343.9 million) compared with 2016. The Ebitda margin was 50.2% in 2017, a 0.9 p.p. growth year-on-year.
- ✓ Net operating revenue amounted to R$ 7,010.0 million in 2017, an increase of 8.8% (R$ 567.6 million) compared with this same item reported in 2016.
- ✓ The average contracted energy sales price, net of exports and revenue taxes was R$ 180.39/MWh in 2017, 0.2% less than recorded in 2016.
- ✓ Accumulated energy volume sold in 2017 was 35,761 GWh (4,082 average MW), 3.1% (in average MW) higher than sold in 2016. The variation in average GWh is slightly different given that 2016 was a leap year.
- ✓ In the National Electric Energy Agency's (Aneel) Transmission Auction 02/2017, EBE successfully bid for Lot 1, a 1,050 kilometers stretch and five substations located in the state of Paraná (PR), with a concession term of 30 years.
- ✓ On November 10, the transfer of effective management of the Jaguara and Miranda Hydroelectric Plants was transferred to the Company. On December 29, EBE took over full operations of the same plants, in so doing, adding a further 832 MW of installed capacity to its generating complex.
- ✓ The Company concluded the acquisition of the total capital stock of the companies comprising the Umburanas Wind Complex in the State of Bahia, at the adjusted price of R$ 16.9 million.
- ✓ The Assú V Solar Plant went into commercial operations on December 23, adding 30 MW of installed capacity. Located in the State of Rio Grande do Norte, it occupies an area of 72 hectares, representing an investment of approximately R$ 220 million.
- ✓ The sale of the Beberibe and Pedra do Sal wind farms and the Areia Branca Small Hydroelectric Plant was concluded for R$ 322.0 million, underscoring the Company's strategy of rotation and optimization of its generating complex.
- ✓ For the 13th consecutive year, ENGIE Brasil Energia was included in the Corporate Sustainability Index (ISE). The Company has been a component of the ISE since its inception in 2005.

Subsequent Events

- ✓ EBE is one of the five Brazilian companies to have been included in Corporate Knights Magazine's 100 Global Most Sustainable Corporations, being placed 52nd among nearly 6 thousand publicly held companies worldwide.
- ✓ In February 2018, as requested by the Company, Aneel revoked the authorization for operating the William Arjona Thermoelectric Power Plant, with 190.0 MW of installed capacity, located in the State of Mato Grosso do Sul.
- ✓ The Company's Board of Directors approved the proposal for complementary dividends worth R$ 636.8 million (R$ 0.9755/share), to be ratified by the Annual General Meeting.

For Immediate Release

Additional information:

Carlos Freitas
Chief Finance and Investor Relations Officer
carlos.freitas@engie.com

Rafael Bósio
IR Manager
rafael.bosio@engie.com
Phone: + 55 48 3221-7225 ***NEW!***

ri.BREnergia@engie.com

Conference call and webcast:
On 2/23/2018 at 9:00 a.m. (EDT): in Portuguese (simultaneous translation into English).

Further details on Upcoming Events section, available on page 25.

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Summary of Financial and Operational Indicators

ENGIE Brasil Energia - Consolidated						
(In millions of R$)	**4Q17**	**4Q16**	**Chg.**	**12M17**	**12M16**	**Chg.**
Net Operating Revenue (NOR)	2,067.4	1,666.2	24.1%	7,010.0	6,442.4	8.8%
Results from Operations (EBIT)	880.5	540.5	62.9%	2,850.2	2,421.6	17.7%
Ebitda [1]	1,067.6	824.0	29.6%	3,519.5	3,175.6	10.8%
Ebitda / NRS - (%)[1]	51.6	49.5	2.1 p.p.	50.2	49.3	0.9 p.p.
Net Income	704.7	475.5	48.2%	2,004.6	1,548.3	29.5%
Return On Equity (ROE) [2]	29.3	23.4	5.9 p.p.	29.3	23.4	5.9 p.p.
Return On Invested Capital (ROIC) [3]	22.5	22.7	-0.2 p.p.	22.8	22.6	0.2 p.p.
Net Debt [4]	4,582.6	1,093.2	319.2%	4,582.6	1,093.2	319.2%
Gross Power Production (avg MW) [5]	4,187	4,794	-12.7%	4,148	5,077	-18.3%
Energy Sold (avg MW)	4,227	3,962	6.7%	4,082	3,961	3.1%
Average Net Sales Price (R$/MWh) [6]	182.17	183.98	-1.0%	180.39	180.68	-0.2%
Number of Employees - Total	1,131	1,116	1.3%	1,131	1,116	1.3%
EBE Employees	1,083	1,078	0.5%	1,083	1,078	0.5%
Employees on Under Construction Plants	48	38	26.3%	48	38	26.3%

(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: 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) Net of taxes and exports.

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Índice de Ações com Governança Corporativa Diferenciada IGC
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MESSAGE FROM THE MANAGEMENT

With an eye on the future, ENGIE Brasil Energia ended 2017 focused on creating value in the present, in an increasing state of readiness for the transformations and opportunities arising from the energy transition as translated and encapsulated in our strategy based on the three pillars of decarbonization, decentralization and digitization. Compared with previous years, it is a source of pride that we have progressed on so many fronts, 2017 proving most encouraging for the implementation of our strategy.

Over the course of the year, we further expanded the renewable energy matrix with intense activity both in the form of organic growth and also acquisitions. The latter saw the Company add a further 1,437 MW to its installed capacity notably through the two new Jaguara and Miranda hydro plant concession agreements (with 832 MW) and the Umburanas Wind Complex in the state of Bahia (with 605 MW) – this enhancing our footprint in renewable non-conventional energy. Jaguara and Miranda already began generating revenue for EBE during the fourth quarter 2017.

As to organic expansion, a total of 127.2 MW was added in the year with the startup of operations at the Santa Mônica Wind Complex (97.2 MW) in the state of Ceará (CE) and initial operations at the Assú V Photovoltaic Plant (30.0 MW), state of Rio Grande do Norte (RN).

We came to the end of 2017 satisfied with the results of the implementation of our strategy, one that has always been based on the allocation of capital focused on positive returns and a conservative approach to risk management.

Parallel to the foregoing, ENGIE Brasil Participações (controller of the Company) is proceeding apace towards the transfer of its stake in the Jirau Hydroelectric Power Plant to EBE. This process is to be accelerated in 2018 with the involvement of the Special Independent Committee for Transactions with Related Parties. We also continue with our market sounding for identifying potential buyers for the Jorge Lacerda Thermoelectric Complex and the Pampa Sul Thermoelectric Power Plant. In this respect, we have already signed an exclusivity agreement for the conducting of due diligence by one of the potential acquirers.

Again in 2017, we successfully bid at Aneel's transmission line auction in December for Lot 1 in the state of Paraná – where we already have operations - marking ENGIE Brasil Energia's debut in this segment. This new line of business will complement our current energy generation portfolio, to which we believe we can add real value. In all, there will be a 1,050 kilometer extension in power lines with five substations. These new transmission lines will be instrumental in improving the operational efficiency of the Brazilian Interconnected System.

We continue our increasing penetration of the distributed energy segment, one of the principal focuses of the Company since 2016, as a response to a dynamic energy matrix, which is closer to the final consumer. The highlight in this area is the Efficient Bonus Program - Photovoltaic Line, the most extensive initiative undertaken to date to popularize the use of solar energy in Brazil. The program attracted 11 thousand potential customers in the state of Santa Catarina (SC) alone. A thousand agreements were signed in 2017, and the success was such that a further 250 systems are to be installed in 2018. By the end of 2017, ENGIE Geração Solar Distribuída, in which EBE holds a 50% stake, recorded a total of 1,493 systems, installed across 14 states, with a capacity to generate 7,714 kWp. In addition, we are examining projects with the capacity to add other sources to the system such as natural gas, on the understanding that this integration is fundamental in the context of the energy transition.

Proactive portfolio management – focused on diversification and on the balance between short, medium and long-term agreements – has reduced the impact of one of the worst hydrological scenarios for the sector on record, thus avoiding the need to purchase energy at unfavorable prices, and one of the principal reasons for the positive results in 2017. In the fiscal year, the Company reported an Ebitda of R$ 3,519.5 million and a net income of R$ 2,004.6 million (R$ 3.0710/share), representing increases of 10.8% and 29.5%, respectively, in relation to 2016. Other factors contributing to earnings were increased energy sales volume, the declining costs of royalties – a direct reflection of a less favorable hydrological conditions –, the sale of the Beberibe, Pedra do Sal and Areia Branca plants and an improved net financial result, among others. The total adjusted net income will be credited to the shareholders in the form of dividends and interest on shareholders' equity and representing a payout of 100%.

We came to the end of 2017 satisfied with the results of the implementation of our strategy, one that has always been based on the allocation of capital focused on positive returns and a conservative approach to risk management. We believe that the market has still not priced in correctly all the advances delivered during the year. We begin 2018 with a significant pipeline of business, prepared to grow and deliver value to our stakeholders. We continue to strive towards transmitting reliability and generating even more positive results in 2018.

Eduardo Antonio Gori Sattamini
Chief Executive Officer

Carlos Freitas
Chief Financial and Investor Relations Officer



OPERATING PERFORMANCE

Generating Complex

With the startup of the Assú V Photovoltaic Plant (30 MW) and the assumption of full operations at the Jaguara (424 MW) and Miranda (408 MW) Hydro Power Plants, a further 862 MW was added to the Company's total installed capacity. On the other hand, the sale of the Beberibe and Pedra do Sal Wind Farms and the Areia Branca Small Hydro Plant (SHP) reduced installed capacity by 63.4 MW. At the beginning of 2018, EBE took one additional step towards the decomissioning of the William Arjona Thermoelectric Plant with the order issued by the board of Aneel revoking the authorization for operating the Plant. Hence, by the end of 2017, EBE was operating 7,678.1 MW of installed capacity and a generating complex amounting to 9,398.8 MW, comprises 30 plants (11 hydro, three thermal and 16 complementary energy source plants - biomass, SHP, windpowered and solar), 26 of which are wholly owned by the Company and four (the Itá, Machadinho and Estreito Hydro Power Plants and the biomass Ibitiúva Bioenergética) jointly-owned through consortia with other companies.

ENGIE Brasil Energia's Generating Complex

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

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

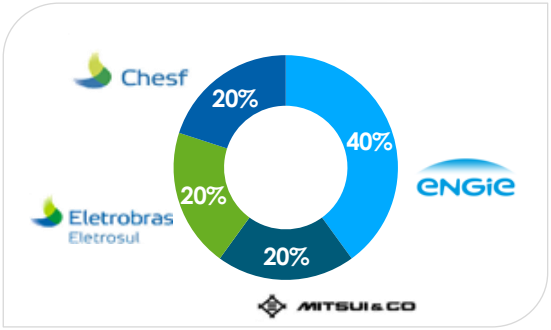


Expansion

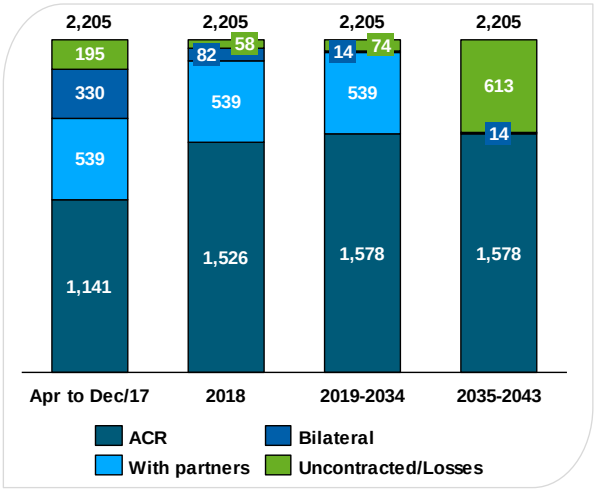
Jirau. Energia Sustentável do Brasil (ESBR), is responsible for the construction, maintenance, operation and sale of energy generated by the Jirau Hydroelectric Power Plant, located in the Madeira River, in the city of Porto Velho, state of Rondônia.

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

ESBR - Estrutura Societária



ESBR PPA's Portfolio
Average MW



On December 26, 2012, the Plant became eligible for the sale of carbon credits following United Nations Organization (UNO) registration. Jirau now enjoys the right to trade approximately 6 million tons of CO_2/year.

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

In 4Q17, the plant generated 1,137.2 average MW, 76.2% above the 645.3 average MW for 4Q16, while the National Electrical System Operator Uptime Ratio (FID) was 99.7% (data subject to final Electric Energy Trade Board (CCEE) booking). For 12M17, the plant reported generation of 1,746.1 average MW, 64.0% more than the 1,065.0 average MW in 2016, with a FID of 99.7%.

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

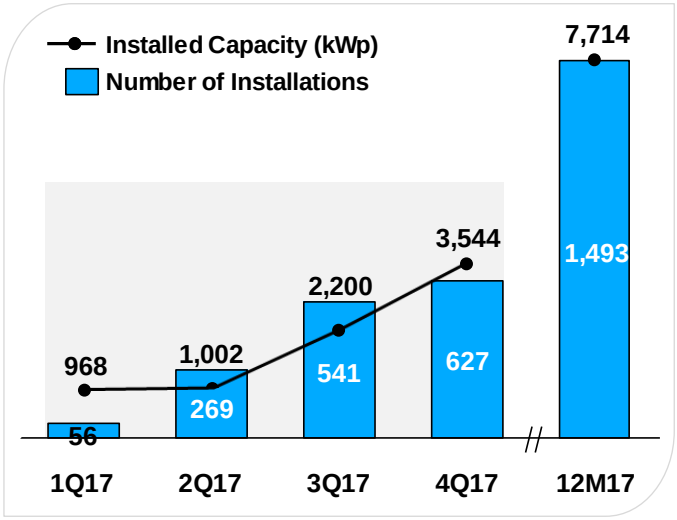


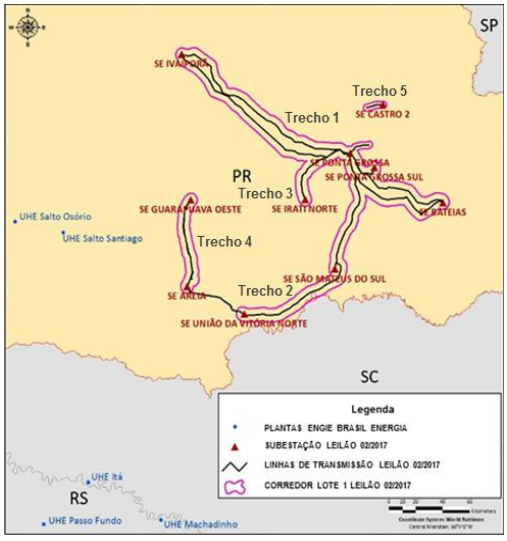
ENGIE Geração Solar Distribuída. Since 2016, the Company has been operating in the distributed generation market through ENGIE Geração Solar Distribuída S.A., in which it has a 50% stake in the capital. This initiative is a response to the challenges of a dynamic energy matrix and closer to the end consumer.

On October 27, the Federation of Industries of the State of Santa Catarina (Fiesc) jointly with ENGIE Geração Solar Distribuída and WEG S.A. announced the launch of the Solar Industry Program with the aim of promoting the use of solar energy among the more than 50 thousand industries in the State. The Program is divided into two phases. The first consists of a pilot project offering special conditions to employees of ENGIE Brasil Energia, WEG S.A., Fiesc, Social Service of Industry (Sesi/SC), National Service for Industrial Training (Senai/SC), Instituto Euvaldo Lodi (IEL) and Centrais Elétricas de Santa Catarina (Celesc). Enrollments for the first phase began on November 20, 2017 and by the end of December, amounted to more than 1,250. The second phase will involve the offer of the system to the industries of the State and their respective employees and scheduled to begin in the first quarter of 2018.

In 4Q17, ENGIE installed 627 systems with a capacity to generate 3,544 kWp, of which 547 (1,999 kWp) relates to the Efficient Bonus Program – Photovoltaic Line in Santa Catarina, the latter concluding the initial sales program with the signature of 1,000 contracts. The success of the Program resulted in an addendum to the program for the installation of a further 250 systems in the State. A further 80 systems were installed in 4Q17, representing an addition of 1,546 kWp. Until the end of 2017, ENGIE Geração Solar Distribuída posted a total of 1,493 installed systems with a generation capacity of 7,714 kWp, and reporting a footprint in 14 states.

Number of units and installed capacity

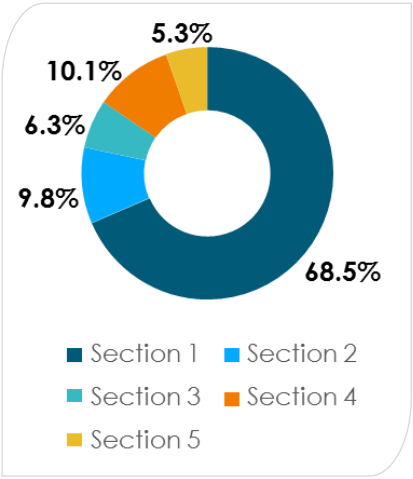




ENGIE Transmissão de Energia. On December 15, 2017, the Company made a successful bid for Lot 1 of Aneel Transmission Auction 02 for a stretch of 1,050 kilometers in the State of Paraná (PR), marking EBE's debut into the energy transmission sector in Brazil. The project also includes the installation of five substations. The concession term for the public utility transmission service, including the construction, assembly 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.

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



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



Projects under Construction

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

Umburanas Wind Complex – Bahia (Phase I). Located in the Municipality of Umburanas (BA), the Complex has a **total installed capacity of 605 MW** to be harnessed in two phases. The installed capacity under Phase I is 360 MW, of which 257.5 MW will be sold on the free market while 102.5 MW has been commercialized via the A-5/2014 Reserve Energy Auction at the average price of R$ **166.5/MWh, restated up to December 31, 2017**. The first phase of the Complex will involve an investment of about R$ 1.8 billion. The remaining 245 MW will be harnessed during Phase II. The project will be developed adjacent to the Campo Largo Wind Complex, thereby capturing synergies both during installation as well as subsequently when commercial operations begin.

All environmental licensing has been regularized and work on the first phase already begun, civil construction having started in November 2017 with the mobilization of the contractor and the installation of the projects' internal accesses.

Commercial operations are expected to begin in January 2019.



Pampa Sul TPP – Chimney and power house structure

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$ 233.5/MWh, restated up to December 31, 2017**. The investment approved for the construction of the Plant was approximately R$ 1.8 billion (as of November 2014). Also in November 2014, the Company protected the investment portion in foreign currencies against the exchange rate variation effects through hedging operations.

In 4Q17, civil work on the chimney stack with a total height of 195 meters was completed together with the complex logistical operations involving transportation and positioning of the turbine and generator (the latter with a combined total weight of 850 tons and a length of 135 meters, one of the largest highway transportation operations ever undertaken in Brazil). At the end of the period, physical construction was 77% concluded, notably work on the coal conveyor belt and dam, both of which are almost finalized.

Start of commercial operations is scheduled for the first 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$ 170.9/MWh, restated up to December 31, 2017**, to be generated from six wind farms with an installed capacity of 178.2 MW.



Campo Largo Wind Farm – Campo Largo Substation

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 4Q17, all earthmoving and surfacing of internal accesses had been concluded as well as the concreting of the foundations of the 121 wind turbines. Brush clearance and excavations for installation of the medium voltage network structures have also been finalized.

Construction work on the foundations of structures at the site and equipment supports is currently underway at the Campo Largo substation.

Assembly of the portico structures to the Ourolândia II Substation connection bay is currently progressing while 88% of the excavation work on the foundations for the structures and the equipment have been executed and 85% of the foundations concreted.

A total of 70% of the work on assembling and 73% of tower earthing for the transmission line has been completed.

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

Projects under Development

Power plants	Source	Location	Installed Capacity (MW)	
			Total	Company's Share
Santo Agostinho Complex	Wind Farm	Lajes and Pedro Avelino (RN)	600.0	600.0
Norte Catarinense	Thermal	Garuva (SC)	600.0	600.0
Campo Largo Complex - Phase II	Wind Farm	Umburanas and Sento Sé (BA)	330.0	330.0
Umburanas Complex - Phase II	Wind Farm	Umburanas (BA)	245.0	245.0
Assú - Plants I, II, III e IV	Solar	Assú (RN)	146.8	146.8
Alvorada	Solar	Bom Jesus da Lapa (BA)	90.0	90.0
Total			**2,011.8**	**2,011.8**

Santo Agostinho Wind Complex – Rio Grande do Norte. The Complex is made up of 24 Specific Purpose Companies (SPEs), each one responsible for the development of a wind generation project, representing a **total development capacity of 600 MW.** All the projects will be located in the municipalities of Lajes and Pedro Avelino, about 120 km from the city of Natal, the capital of the state of Rio Grande do Norte. In June 2016, the state of Rio Grande do Norte's environmental protection agency, the Environmental and Sustainable Development Institute (Idema), declared the project to be environmentally viable. The project now qualifies to take part in the next A-4 energy auction scheduled for April 2018.



3D images from the Norte Catarinense TPP project.

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

Campo Largo Wind Complex – Bahia (Phase II). The Company intends to add about **330 MW of installed capacity** to the Complex with the implementation of its second phase, for sale of energy to the free and regulated markets. Just as in the case of the Santo Agostinho Wind Complex, Phase II of Campo Largo is registered as a qualified participant in the next A-4 energy auction scheduled for April 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.

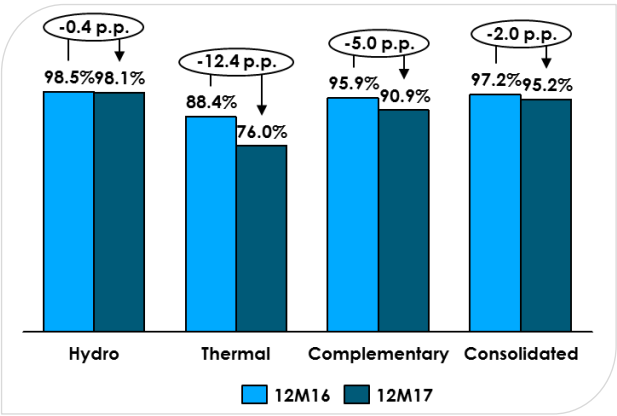
Alvorada Photovoltaic Complex. ENGIE Brasil Energia has acquired a site in the State of Bahia, - a region with potential for generating solar energy - for the development of three projects comprising the **Alvorada Photovoltaic Complex**. The projects, which **will have a total installed capacity of 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.

Uptime Operating

The plants operated by ENGIE Brasil Energia reported uptime working of **97.5% in 4Q17, ignoring scheduled stoppages**: 99.9% for the hydroelectric plants, 81.7% for the thermoelectric plants and 89.5% with respect to the plants fired from complementary energy sources, namely SHPs, biomass, wind and photovoltaics. **In 12M17** (excluding programmed stoppages), plants reached **an uptime working of 95.2%**, being 98.1% for the hydro plants, 76.0%, thermoelectric plants and 90.9% of the plants fired from complementary sources.

If all scheduled shutdowns are taken into account, the aggregate uptime in the fourth quarter 2017 was 92.6%: 95.6% for the hydroelectric plants, 70.3% for the thermoelectrics and 85.7% for plants operating with complementary energy sources, uptime was 88.8%, for the Company's entire complex, 93.7% in the case of the hydro plants, 55.8% for the thermoelectric plants and 82.0% for the plants fired from complementary sources.

Uptime Operating
Not considering scheduled shutdowns



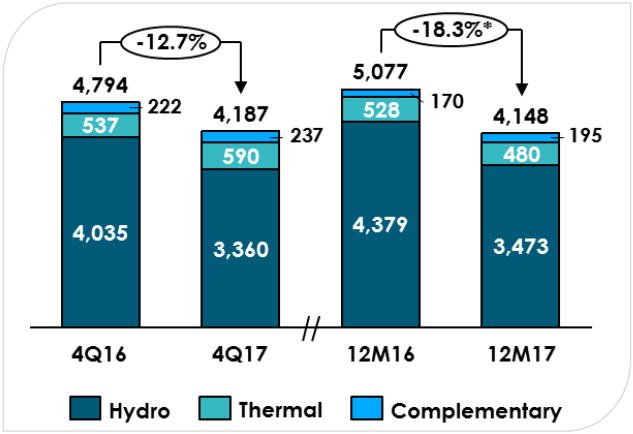
Despite a slight reduction during the final quarter, the uptime of the Company's plants year-on-year contributed positively to the consolidation of the indices for 2017 as a whole.

The reduction in plant uptime in 2017 compared with the preceding year was due principally to a short circuit in the number 2 Unit's excitation transformer at the São Salvador HPP, the loosening of the Unit 2 turbine nose cone at the Passo Fundo Hydroelectric Plant and excessive bearing vibration in the number 2 Generator Unit at the Jorge Lacerda Thermoelectric Plant A. All events were rectified in the period under review.



Production

Generation
Average MW



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

Electricity output from plants operated by ENGIE Brasil Energia was 9,244 GWh (4,187 average MW) in 4Q17. This result is **12.7% lower** than production for 4Q16. Total output breaks down as follows: hydroelectric plants, 7,419 GWh (3,360 average MW), thermoelectric plants 1.302 GWh (590 average MW) and the complementary sourced units 523 GWh (237 average MW). Results point to reductions of 16.7% on the hydro energy sources and increases of 9.9% and 6.8% in termoelectric and complementary energy sources, respectively, in relation to 4Q16.

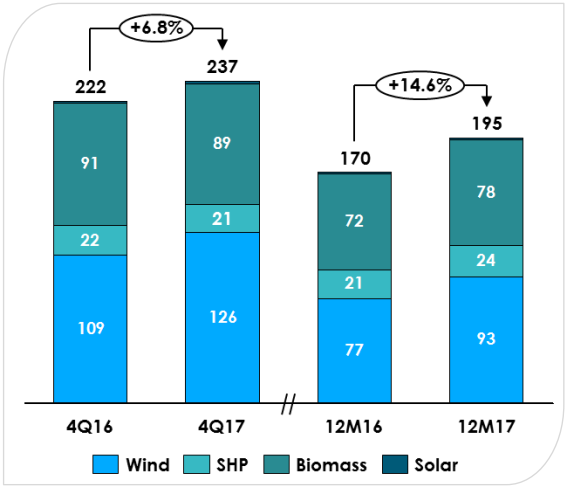
Comparing 4Q17 with 4Q16, the reduction in generation from the hydroelectric plants was due largely to less favorable hydrological conditions in the period. The increase in thermal generation is principally a reflection of greater generation with dispatch according to order of merit as well as less favorable hydrological conditions in 4Q17. The improved generation picture in the case of the complementary power sources was principally due to higher output from the Cacimbas, Estrela and Ouro Verde Wind Farms, which went into operation in 2017, as well as improved generation from the Lages Co-Generation Plant. This performance was achieved despite the sale of the Beberibe, Pedra do Sal Wind Farms and the Areia Branca SHP in October 2017.

In the full 12-month period for 2017, total electric energy production was 36,335 GWh (4,148 average MW): a reduction of 18.3% (in average MW) in relation to 2016. Of total volume generated, the hydro plants were responsible for 30,425 GWh (3,473 average MW), a reduction of 20.9%; the thermal plants for 4,204 GWh (480 average MW), a reduction of 9.4%; and the complementary plants for 1,706 GWh (195 average MW), representing an increase of 14.3%.

In 2017, generation from the hydroelectric plants was lower than 2016, due to reduced water flows in the respective hydrographic basins. Thermoelectric generation was lower than the preceding year due to the decommissioning of the Charqueadas Thermal Power Plant and the reduction of dispatch of William Arjona Thermal Power Plant. Increased generation from complementary power sources was essentially due to greater output from the Cacimbas, Estrela and Ouro Verde Wind Farms, which went into operation in 2017, as well as enhanced generation from the Lages Co-Generation Plant. The increase was despite the sale of the Beberibe, Pedra do Sal Wind Farms and the Areia Branca SHP in October 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.

Generation by Complementary Source
Average MW



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

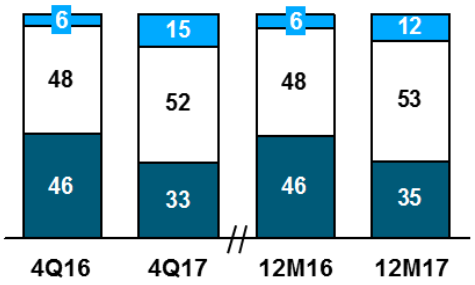


Clients

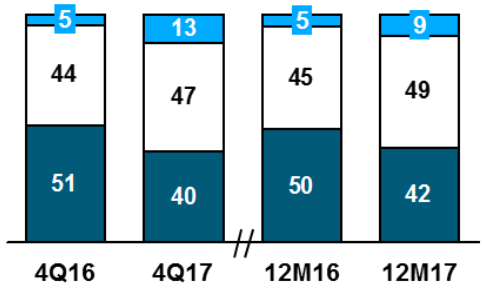
In 4Q17, the free consumer share of the Company's portfolio was 51.9% of total physical sales and 47.2% of the total net operating revenue (except CCEE and other revenues), increases of 3.9 p.p. and 3.1 p.p., respectively in relation to the same quarter in 2016. For the full 12M17, free consumers represented 53.4% of physical sales and 49.0% of net operating revenue (except CCEE and other revenues), increases of 5.5 p.p. and 3.9 p.p., respectively in relation to 2016.

Growth in the share of sales to free consumers is reflected in greater incentivized energy sales volume to clients migrating from the Regulated Contracting Environment (ACR) to the Free Contracting Environment (ACL). Increases in sales of incentivized energy were also boosted by the start of commercial operations at the Santa Mônica Wind Complex.

Breakdown of Customers by Physical Sales
(%)



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



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

[1] Energy exports as a share of physical sales was 0.01% in 12M17 (0.22% in 12M16) and of net operating revenue (except CCEE and other revenues) was 0.01% in 12M17 (0.29% in 12M16).



Commercial Strategy

The Company pursues a commercial strategy of gradual sales of future energy availability for any given year as a means of mitigate the risk of exposure to spot prices (Price for Settlement of Differences - PLD) for that particular year. Electric energy sales are made during windows of opportunity that open when the market shows a greater buying propensity.

ENGIE Brasil Energia's energy balance based on proprietary commercial capacity and power purchasing agreements outstanding as at **December 31, 2017** 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	4,085	4,627	4,716	4,725	4,738	4,736			
+ Purchases for Resale	1,081	786	492	367	356	283			
= Total Resources (A)	**5,166**	**5,413**	**5,208**	**5,092**	**5,094**	**5,019**			
Government Auction Sales[1]	1,638	2,058	2,013	2,013	2,013	2,013			
2005-NE-2010-30	200	200	200	200	200	200	115.1	Dec-05	219.5
2006-NE-2009-30	493	493	493	493	493	493	128.4	Jun-06	241.0
2006-NE-2011-30	148	148	148	148	148	148	135.0	Nov-06	251.5
2007-NE-2012-30	256	256	256	256	256	256	126.6	Oct-07	226.6
2014-EE-2014-06	103	103	-	-	-	-	270.7	May-14	333.0
Proinfa	19	19	19	19	19	19	147.8	Jun-04	255.4
1st Reserve Energy Auction	14	14	14	14	14	14	158.1	Aug-08	266.4
Auction Mix (New Energy / Reserve / DG)	18	17	14	14	14	14	-	-	253.5
2014-NE-2019-25	-	234	295	295	295	295	183.5	Mar-14	233.5
2014-NE-2019-25	-	10	10	10	10	10	206.2	Nov-14	252.9
2014-NE-2019-20	-	83	83	83	83	83	139.3	Nov-14	170.9
2015-NE-2018-20	-	46	46	46	46	46	188.5	Aug-15	213.6
8th Reserve Energy Auction	9	9	9	9	9	9	303.0	Nov-15	338.1
2017-EN-2019-20	-	48	48	48	48	48	136.4	Nov-14	166.5
Government Auction - Quotas regime									
2018 - Quotas (UHJA) - 2018-30	239	239	239	239	239	239	-	Jul-17	134.7
2018 - Quotas (UHMI) - 2018-30	139	139	139	139	139	139	-	Jul-17	151.2
+ Bilateral Sales	2,928	2,642	2,293	1,773	1,263	838			
= Total Sales (B)	**4,566**	**4,700**	**4,306**	**3,786**	**3,276**	**2,851**			
Balance (A - B)	**600**	**713**	**902**	**1,306**	**1,818**	**2,168**			
Sales average **net** price (R$/MWh) [2]:	180.4	182.8	184.0						
Purchases average **net** price (R$/MWh) [3, 4]:	178.7	184.0	164.5						

[1] XXXX-YY-WWW-ZZ, where:
XXXX ➔ year of auction
YY ➔ EE = existing energy or NE = new energy
WWWW ➔ year of delivery start
ZZ ➔ supply contract duration (in years)
[2] Sales price is net of ICMS and taxes over revenue (PIS/Cofins, R&D), i.e. future inflation is not considered.
[3] Purchase net price, considering benefits from PIS/Cofins credits, i.e. future inflation is not considered.
[4] Desconsidering sales for quota regime (Jaguara and Miranda HPPs).
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.



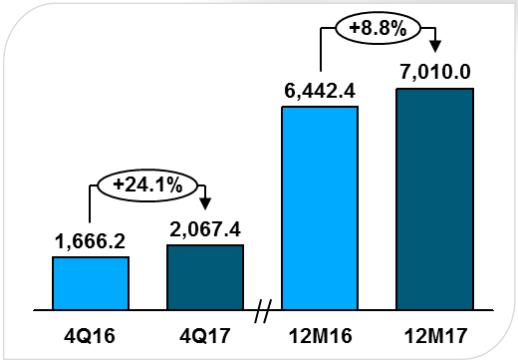
ECONOMIC-FINANCIAL PERFORMANCE

Net Operating Revenue

In 4Q17, net operating revenue reported an increase of 24.1%, or R$ 401.2 million, compared with the net operating revenue of 4Q16, rising from R$ 1,666.2 million to R$ 2,067.4 million.

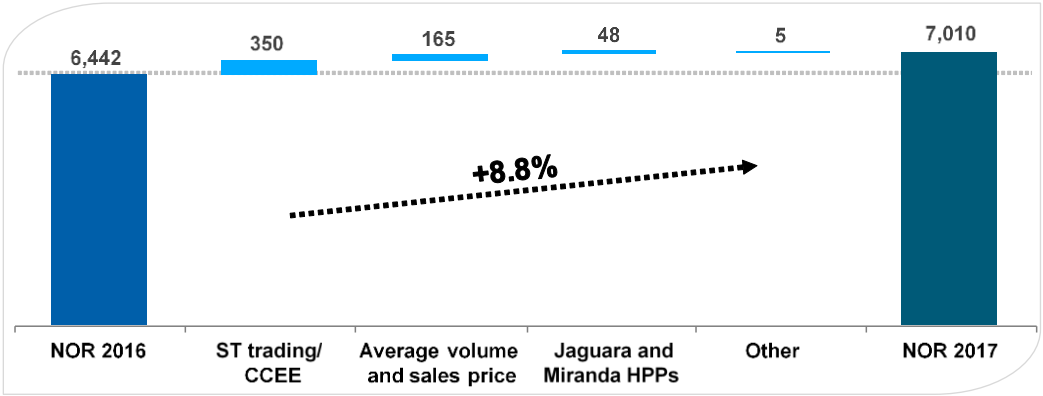
The key factors underlying this variation were: (i) R$ 258.5 million, due to an increase in revenue from transactions in the short-term market, more especially those transacted across the CCEE; (ii) R$ 90.8 million, reflecting the larger volume of energy sold, partially attenuated by a slight reduction in average sales price to trading companies and free consumers; and (iii) R$ 47.9 million, due to the recognition of revenue - as from November 10, 2017 - from the Jaguara and Miranda Hydro Plants, acquired via Aneel's Non-Renewed Concessions Auction 001/2017.

Net Operating Revenue
R$ million



On a full 2017x2016 comparison basis, net income from sales increased from R$ 6,442.4 million to R$ 7,010.0 million, an increase of R$ 567.6 million (8.8%). This increase is also due largely to a combination of the following factors: (i) R$ 350.4 million, from an increase in operations transacted in the short-term market, particularly the CCEE; (ii) R$ 165.1 million due to greater volumes of energy sold partially offset by a slight easing in average sales price to trading companies and free consumers; and (iii) R$ 47.9 million, from booking of initial revenues from the operation of the Jaguara and Miranda Hydro Power Plants.

Net Operating Revenue Change
R$ million

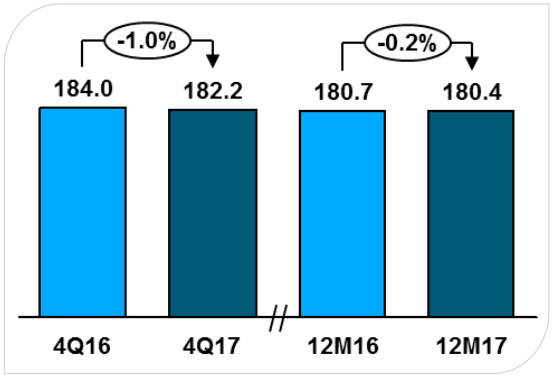


✓ **Net Average Selling Price**

The average energy selling price, net of revenue taxes, reached R$ 182.17/MWh in 4Q17, **1.0% lower than in the same quarter 2016**, when average prices stood at R$ 183.98/MWh. For the full 12 months of 2017, the average price was R$ 180.39/MWh, **0.2% lower than the average price prevailing in 2016**, which was R$ 180.68/MWh.

Price reductions occurred essentially due to the sale of de-contracted energy with distributors to free consumers following the termination of the Existing Energy Auction contract at the end of 2016 at lower prices than previously practiced.

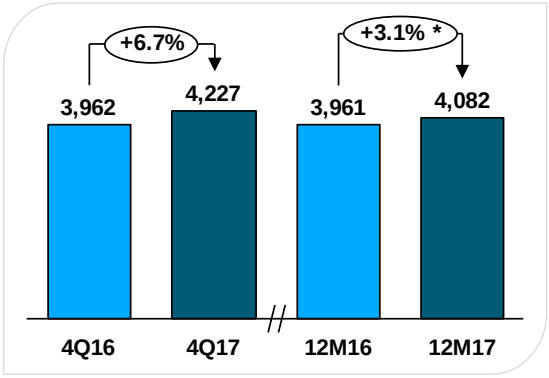
Net Average Selling Price*
R$/MWh



(*) Net of taxes and exports.



Sales Volume
Average MW



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

✓ **Sales Volume**

The amount of energy sold in agreements increased from 8,748 GWh (3,962 average MW) in 4Q16 to 9,334 GWh (4,227 average MW) in **4Q17,** that is **a rise of 6.7% or 586 GWh** (265 average MW), year-on-year. **In 12M17, sales volume was 35,761 GWh** (4,082 average MW), against 34,789 GWh (3,961 average MW) recorded in 2016, a growth of 972 GWh (121 average MW) or 3.1% (in average MW).

These variations reflect in large part, a combination of growth in conventional energy sales to trading companies and the sale of incentivized energy to free consumers - including energy resulting from initial commercial operations at the Santa Mônica Wind Complex with an assured guarantee of 47.4 average MW. Most of the Complex's wind farms went into commercial operations in early 2017.

Comments on Variation in Net Operating Revenue

✓ **Distribution Companies**

Revenue from sales to distributors was R$ 682.9 million in 4Q17, **17.2% lower** than R$ 824.6 million reported in 4Q16. This variation reflects the reduction of 927 GWh (420 average MW), or 22.9% in amounts sold, partially offset by an increase in net average sales price due to the readjustment for inflation in the period. In 2017, revenue was R$ 2,687.3 million, **a decline of 13.7% in relation to fiscal year 2016**, when revenues totaled R$ 3,113.8 million. This decrease reflects the decline of 3,483 GWh (393 average MW) in energy volume sold, partially due to the same effects.

The decrease in sales volume between the periods under review is largely due to expiry of the Existing Energy Auction agreement at the end of 2016 (343 average MW), combined with the reductions arising from the Surplus and Deficits Compensation Mechanism (MCSD). In addition, the variation in average selling price was due to the termination of the agreement under the same 2016 Auction, the price of which was lower than the average practiced for prevailing agreements in the market.

✓ **Trading Companies**

Net operating revenue to trading companies posted an increase from R$ 75.6 million in 4Q16 to R$ 214.1 million in 4Q17, **an increase of 183.2%**, the result of the following factors: (i) R$ 136.4 million – an increase of 870 GWh (394 average MW), or 175.7% in energy volume sold; and (ii) R$ 2.1 million – an increase of 2.8% in average selling prices. **In 12M17**, revenues amounted to R$ 600.9 million, **88.0% higher than 2016**, when net sales were R$ 319.7 million. The increase reflects the following factors: (i) R$ 293.3 million – a rise of 95.3%, or 2,088 GWh (239 average MW) in volumes of energy sold; and (ii) R$ 12.1 million – a decrease of 3.8% in net average selling price.

The variation in volume during the periods under review was due principally to: (i) increased sales of conventional energy, concomitantly with the purchase of incentivized energy from trading companies for resale to free consumers, which had migrated from the Regulated Contracting Environment (ACR) to the Free Contracting Environment (ACL); and (ii) sales in 4Q17 of energy which became free in the light of the anticipation of maintenance work on a generator unit at the Jorge Lacerda plant to 3Q17 but originally scheduled for 4Q17. In the quarters analyzed, price increases occurred mainly because of the negotiation of new agreements at higher prices than expiring contracts and prevailing agreements. On a 2016x2017 comparative basis, there was a decline in prices, principally a reflection of new agreements at prices lower than the average practiced for existing contracts.

✓ **Free Consumers**

Revenues from sales to free consumers increased 13.3% between the quarters under review, rising from R$ 709.3 million in 4Q16 to R$ 803.3 million in the same period of 2017. The following factors contributed to this variation: (i) R$ 106.6 million – an increase of 643 GWh (291 average MW) or 15.3% in the amount of energy sold; and (ii) R$ 12.6 million – a decline of 1.8% in the net average selling price of energy. **In 12M17, revenues were R$ 3,162.1 million, 11.6% greater** than the R$ 2,834.2 million registered in 2016. This increase is related to the following: (i) R$ 404.2 million – an increase of 2,443 GWh (284 average MW) or 14.7% in energy sales volume; and (ii) R$ 76.3 million – a decrease of 2.7% in average energy sales price. The portfolio of free consumers increased from 228 in 2016 to 280 in 2017, a rise of 22.8%.



The increase in volume is largely related to higher volume sales of incentivized energy to clients migrating from the ACR to the ACL, including energy generated by the Santa Mônica Wind Complex, which has an assured energy of 47.4 average MW and where the majority of wind farms went into commercial production in early 2017. Price decline was in large part due to the expiry of sales agreements at prices higher than the average of those practiced for new commercial contracts.

✓ **Export of Electric Energy**

In the quarters under consideration, energy exports were zero. For 12M17, the Company exported 2 GWh (0.23 average MW) to Argentina, at the average price of R$ 298.47, producing net revenue of R$ 0.6 million, against 78 GWh (9 average MW) in 2016 to the same country at the average price of R$ 232.28, yielding net revenues of R$ 18.1 million.

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

In 4Q17, **revenue raised in the short-term market** – especially within the scope of the CCEE, was R$ 302.4 million, compared with R$ 43.9 million in the same period in 2016, **an increase of R$ 258.5 million between comparative periods**. Meanwhile, in **12M17**, relative to the same period in 2016, **there was an increase of R$ 350.4 million** in revenue from short-term transactions, rising from R$ 117.1 million in 2016 to R$ 467.5 million in 2017. A more detailed explanation of these variations is to be found in the item below "Details of Short-Term Operations - especially Transactions conducted through the CCEE".

✓ **Remuneration of concession financial assets**

The equivalent to 70% of the physical guarantee of the Jaguara and Miranda Hydroelectric Power Plants, acquired on September 27, 2017, will be remunerated according to the unconditional right to receive cash through the Grant Bonus Return (RBO) scheme. Consequently, accounting practices provide that the part equivalent to the amount paid for the concession be recorded as a financial asset and the remuneration of this same asset be recognized as operating financial revenue.

The amount of this remuneration recognized in the period from November 10 to December 31, 2017 for the Jaguara and Miranda plants was R$ 29.7 million and R$ 18.2 million, respectively.

Costs of Electric Energy and Services

Costs of energy and services sold increased by R$ 213.6 million, equivalent to a 22.5% rise between comparative quarters, from R$ 950.9 million in 4Q16 to R$ 1,164.5 million on 4Q17. **In 12M17, these costs reached R$ 4,003.9 million (8.2%), or R$ 302.4 million, higher than in 2016**, when this item amounted to 3,701.5 million. These variations reflect largely tendencies in the following components:

✓ **Electric energy purchased for resale:** an increase of R$ 71.4 million in 4Q17 compared with 4Q16 reflecting above all, the combination of the following: (i) R$ 111,9 million – an increase of 629 GWh (285 average MW) in 4Q17, this a function of the purchase of incentivized energy for resale to free consumers, acquisitions to cover the shortfall in generation due to the scheduled maintenance stoppage on one of the units at the Jorge Lacerda Thermoelectric Complex and purchases to mitigate the effects of exposure on the CEEE; and (ii) R$ 40.5 million – reduction of the average purchase price, principally due to the expiry of agreements for the acquisition of energy at prices higher than the average of those practiced for prevailing agreements and in the case of new ones. With the same above factors in play, for 12M17, there was a growth of R$ 102.6 million compared to 2016, due to the following items: (i) R$ 392.8 million – rise of 2,346 GWh (672 average MW) in average and long-term purchases; and (ii) R$ 290.2 million – reduction in the average price of these acquisitions.

✓ **Transactions in the short-term market - especially those within the scope of the CCEE:** in the quarters under review, costs of these transactions increased by R$ 37.4 million. Comparing successive fiscal years, there was also an increase of R$ 177.8 million in costs. Details are described in the specific item below.

✓ **Charges for use of and connection to the electricity grid:** costs of these transactions increased by R$ 2.7 million between the comparable quarters and R$ 26.1 million between fiscal years due principally to the annual readjustment in transmission charges.

✓ **Fuels for the generation of electricity:** growth of R$ 151.3 million comparing 4Q17 with the same quarter in 2016, and of R$ 313.6 million when comparing the respective fiscal years, due basically to the recognition of a court agreement with a natural gas supplier in a lawsuit over a price difference for gas supplies in the period between September 2014 and June 2017, in the amount of R$ 216.6 million in 2T17 and R$ 138.9 million in 4Q17.

✓ **Financial compensation for use of water resources (royalties):** a decrease of R$ 16.1 million between compared quarters and of R$ 73.6 million in 2017 in relation to the twelve months of 2016, reflecting principally reduced generation from the hydroelectric plants as well as a reduction in the Restated Reference Tariff (TAR) of 22.7% in 2017.



✓ **Personnel:** a reduction of R$ 9.9 million in 4Q17 compared with 4Q16 and of R$ 25.0 million when comparing full fiscal years, due mainly to readjustments in headcount and a reduction in costs arising from the Voluntary Severance Plan (PDV), the latter having been concluded in November 2016.

✓ **Materials and third-party services:** an increase of R$ 6.6 million between quarters analyzed, principally due to a greater demand for materials and third-party services in maintenance work on the Company's generators. On an annual basis, this item recorded an increase of R$ 22.8 million, reflecting principally the following items: (i) recognition of extraordinary gains in 1Q16 of R$ 15.3 million, following the claw back of a PIS and Cofins tax credit on materials and third party services; and (ii) payment in 2017 of a success fee following a court agreement with a natural gas supplier in a lawsuit over a price difference for fuel supplies in the period between September 2014 and June 2017.

✓ **Depreciation and appreciation:** an increase of R$ 7.8 million and R$ 17.8 million between comparable quarters and fiscal years respectively, the result primarily a reflection of the following factors: (i) entry into commercial operations of the Santa Mônica Wind Complex; and (ii) amortization of the intangible asset pertaining to acquisition of the Jaguara and Miranda hydroelectric plants at Aneel Auction 001/2017 of September 29, 2017. These variations were partially offset by a decline in depreciation on thermoelectric generation assets, the latter reduced by impairment.

✓ **Reversal of operating provisions, net:** positive effect of R$ 38.5 million in 4Q17 compared to 4Q16 and R$ 264.4 million between fiscal years. The variation between quarters is largely a reflection of the reversal of a provision for loss on the sale of fuel oil at the Alegrete Thermoelectric Plant – currently being returned to the Federal Government – and a provision for costs of decommissioning the Charqueadas Thermoelectric Plant. The reversal with respect to the latter reflects costs and losses that proved lower than first estimated by the Company. In addition to the foregoing factors, provisions on an annual comparison basis also reported a decrease as a result of the signature and court ratification of a settlement of a dispute between supplier and the Company over the price of natural gas for generating electricity. As a result of the agreement, the amount booked as a provision in 2Q17 for R$ 219.2 million was reversed.

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 4Q17 and 4Q16, net results (difference between revenues and costs – net of taxes) from short-term transactions – particularly those executed on the CCEE, were positive at R$ 236.0 million and R$ 14.9 million, respectively, resulting in an increase of R$ 221.1 million between two periods in question.

This variation is essentially a reflection of the combination of the following factors: (i) improved revenues arising from the long position held with the CCEE, resulting from the strategy adopted for allocating hydric resources, combined with the active management of the portfolio; (ii) recognition in 4Q17 of the effects of rebooking to the accounts in the light of the increased Variable Unit Cost (CVU) of the William Arjona Thermoelectric Power Plant, following a court sponsored agreement with the natural gas supplier; (iii) a positive result on thermoelectric generation; (iv) recognition of the recomposing of revenue in the CCEE following indemnification for a claim involving a fault at a Company generator unit; (v) an increase in the negative effects of the GSF, already discounting the positive effects of the renegotiation of the hydrological risk, in the light of the significantly greater increase in the hydroelectric generation deficit factor in 4Q17; and (vi) a reduction in MRE revenue due to lower hydroelectric generation in the period.



For 12M17, the net result from short-term transactions – in particular those conducted across the CCEE – was positive at R$ 107.3 million. On the other hand, in 2016, the result was negative at R$ 65.3 million, that is between the fiscal years under comparison, there was a favorable variation of R$ 172.6 million. This variation on an annual basis reflects the same combination of factors as was the case on a quarterly basis. It should be pointed out that in relation to the positive result in item (iii), despite reduced thermal generation in 2017, the physical guarantee related to this source of energy declined due to the deactivation of the Charqueadas Thermoelectric Plant at the end of 2016.

Comparing the annual periods, the average PLD posted an increase of 244.1%, rising from R$ 93.16 to R$ 320.59 in 2016 and 2017, respectively. Important to consider that the increase in average PLD in 2017, as noted below, contributed substantially to the positive effects of the excess energy settled on the CCEE and greater thermoelectric dispatch as well as, on the other hand, increasing the negative effects of the application of the GSF..

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased R$ 6.6 million between compared quarters largely due to the recognition of a provision for the voluntary severance program and variable compensation as well as outsourced service expenditures.

Comparing successive fiscal year periods, these expenses fell R$ 6.5 million, principally due to the reversal of the provision relating to a legal dispute over retirement benefits, following an agreement reached with the members of one of the pension funds sponsored by the Company. However, this effect was partially attenuated by the factors in the preceding paragraph.

Result from the Sale of Investments

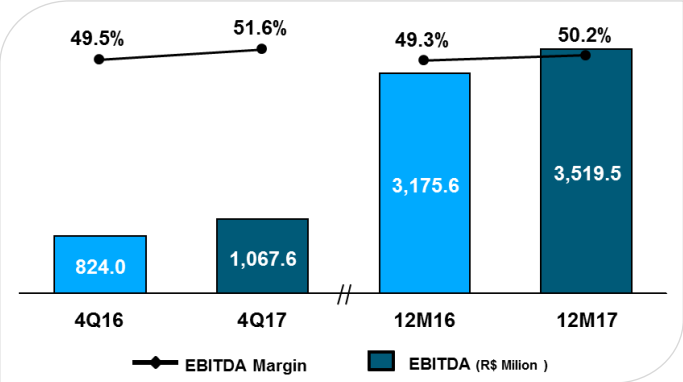
Following the fulfillment of all conditions precedent, on October 31, 2017 the Company concluded the divestment of the Beberibe and Pedra do Sal Wind fFrms and the Areia Branca SHP, in 4Q17 recognizing the result of the sale of these investments in the amount of R$ 56.9 million.

Ebitda and Ebitda Margin

Set against the background of the effects already discussed, **Ebitda for 4Q17 was R$ 1,067.6 million**, 29.6% or R$ 243.6 million over the amount recorded in 4Q16, which was R$ 824.0 million. The 4Q17 Ebitda margin was 51.6%, a growth of 2.1 p.p. in relation to the same period in 2016.

The above variations reflect a combination of the following factors: (i) an increase of R$ 90.8 million in the combination of price and volume of contracted energy; (ii) a positive effect of R$ 221.1 million in transactions conducted in the short-term market – particularly those executed within the scope of the CCEE; (iii) recognition of R$ 47.9 million of operating revenues from the Jaguara and Miranda Hydroelectric Power Plants in 4Q17; (iv) an increase of R$ 71.4 million in energy purchases for resale; (v) an increase of R$ 151.3 million in fuel costs; (vi) a decline of R$ 16.1 million in royalty costs; (vii) the positive effect of R$ 39.5 million from the reversal of net operating provisions; (viii) a positive result from the sale of investments of R$ 56.9 million; and (ix) an increase of R$ 6.0 million of other operating costs and expenses.

Ebitda [1] and Ebitda Margin

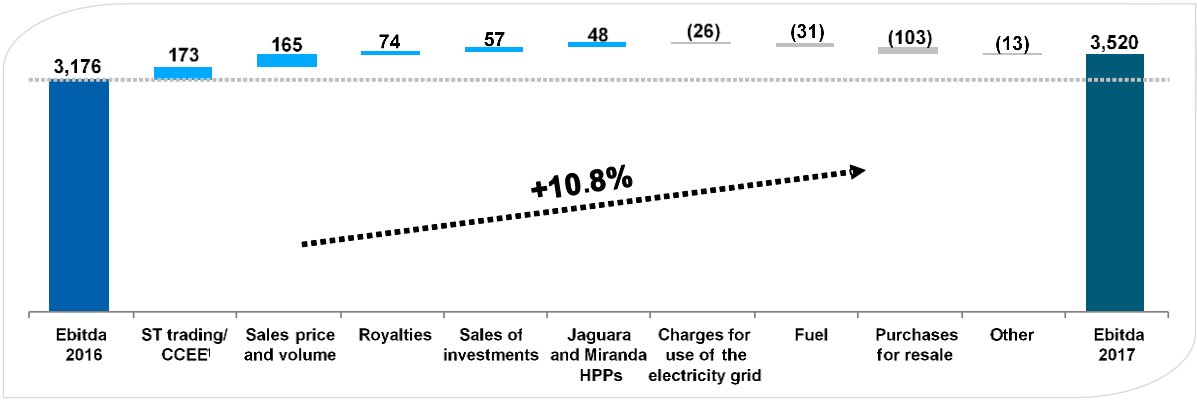


(1) Ebitda: net profit + income tax and social contribution and financial expenses, net + depreciation and amortization.

In 2017, Ebitda increased R$ 343.9 million (10.8%) from R$ 3,175.6 million in 2016 to R$ 3,519.5 million in 2017. Ebitda margin in 2017 was 50.2%, an increase of 0.9 p.p. compared with 2016. Improvement in these indicators is a reflection of a combination of the following factors: (i) a positive variation of R$ 172.6 million in operations conducted in the short-term market – especially those within the scope of the CCEE; (ii) an increase of R$ 165.1 million in the combination of price and volume of contracted energy; (iii) a decline of R$ 73.6 million in royalty costs; (iv) positive results from the sale of investments of R$ 56.9 million; (v) the booking of R$ 47.9 million in operating revenue from the Jaguara and Miranda Hydroelectric Power Plants in 2017; (vi) an increase of R$ 26.1 million in charges for use of the grid; (vii) a rise of R$ 30.5 million in fuel costs; (viii) growth of R$ 102.7 million energy purchases for resale; and (ix) an increase of R$ 12.9 million in other costs and operating 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$)	4Q17	4Q16	Chg. %	12M17	12M16	Chg. %
Net income	704.7	475.5	48.2	2,004.6	1,548.3	29.5
(+) Income tax and social contribution	77.9	20.6	278.2	618.8	518.4	19.4
(+) Net financial result	97.9	44.3	121.0	226.8	354.9	-36.1
(+) Depreciation and amortization	168.5	160.4	5.0	649.1	630.3	3.0
Ebitda	**1,049.0**	**700.8**	**49.7**	**3,499.2**	**3,051.9**	**14.7**
(+) Impairment	18.4	120.9	-84.8	18.4	120.9	-84.8
(+) Equity loss	0.2	2.3	-91.3	1.9	2.8	-32.1
Adjusted Ebitda	**1,067.6**	**824.0**	**29.6**	**3,519.5**	**3,175.6**	**10.8**

Provisão para Redução ao Valor Recuperável (*Impairment*)

In 2017, the Company recognized a complement to a provision for a reduction in asset impairment value amounting to R$ 18.4 million, initially recognized in 2016 for R$ 120.9 million. Of the total provisioned in 2017, R$ 16.0 million (R$ 44.9 million in 2016) corresponds to thermoelectric generation assets and R$ 2.4 million (R$ 76.0 million in 2016) to inoperative assets pertaining to the Jacuí thermoelectric project, generating a positive fiscal year-on-fiscal year effect of R$ 102.5 million. All provisions were made in the final quarter of each year.

Financial Result

Financial income: in 4Q17, revenues reached R$ 59.2 million, that is, R$ 16.4 million or **21.8% down** on the R$ 75.6 million reported for the same quarter in 2016, and principally due to the following factors: (i) reduction of R$ 32.5 million in income from financial investments due to the lower volumes of invested resources and declining interest rates; (ii) an increase of interest on income tax and social contribution recoverable with respect to previous years of R$ 9.9 million; (iii) the increase of R$ 4.7 million in monetary restatement on court escrow deposits.

On a fiscal year comparative basis, financial revenues **fell R$ 174.4 million (43.8%)** from R$ 397.9 million in 2016 to R$ 223.5 million in 2017. The explanation for this variation is essentially as follows: (i) a decrease of R$ 127.8 million in revenue from financial investments due to declining amounts invested and the decline in interest rates; (ii) reduction of R$ 38.8 million in monetary restatement following the successful outcome for the Company to a legal dispute in 2016 on the collection of monetary restatement on receivables from a sector agent; (iii) decline of R$ 14.0 million in monetary restatement on accounts receivable due to delinquency of a financial settlement on the CCEE in 2016; (iv) increased interest on amounts of income tax and social contribution recoverable relative to previous years of R$ 9.1 million; and (v) a decrease of R$ 3.6 million in monetary restatement on court escrow accounts.



Financial expenses: financial expenses in 4Q17 were R$ 157.1 million, R$ 37.1 million **or 30.9% greater than reported for the same quarter in 2016**, which was R$ 120.0 million. The key variations of note are: (i) an increase of R$ 24.4 million in interest and monetary restatement on concessions payable; (ii) reversal of R$ 15.1 million in interest on accounts payable at the CCEE in 4Q16, in the light of the revision undertaken by Aneel in the methodology for monetarily restating amounts pending financial settlement and protected by court injunctions impeding the application of the GSF; and (iii) a decrease of R$ 3.5 million in interest and monetary restatement on debt.

On an annualized basis, financial expenses fell from R$ 752.8 million to R$ 450.3 million, a difference of **R$ 302.5 million (40.2%)**, the result of a combination of the following principal variations: (i) a decrease of R$ 136.2 million in monetary restatement on concessions payable, given the decline in inflation rates; (ii) recognition in 2016 of R$ 57.6 million of monetary restatement on amounts payable to the CCEE pending payment in the light of court injunctions impeding CCEE from applying the GSF; and (iii) a decrease of R$ 103.3 million in interest and monetary restatement on debt due to declining leverage during 2017 as well as a fall in inflation rates.

Income Tax and Social Contribution on Net Income

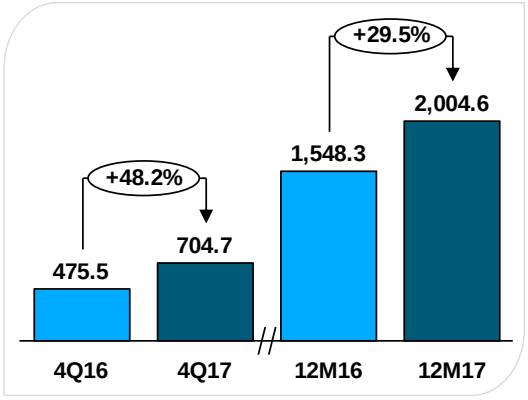
Income tax and social contribution expenses **in 4Q17 were R$ 77.9 million**, R$ 57.3 million higher than for the R$ 20.6 million in the same quarter of 2016. For the accumulated twelve months of the year, these expenses increased R$ 100.4 million from R$ 518.4 million in 2016 to R$ 618.8 million in 2017. Growth largely reflects the increase in before tax profits, partially attenuated by the initial receipts of Amazon Development Authority (Sudam) tax breaks – for the Ponte de Pedra Hydro Power Plant – and of the North East Development Authority (Sudene) tax breaks - for Estreito Hydro Power Plant - approved in 2017. The effective rate of Income tax and social contribution in 2017 was 23.6% compared to 25.1% in 2016.

Net Income

Net income in 4Q17 was R$ 704.7 million, R$ 229.2 million or **48.2% more** than the R$ 475.5 million recorded in the same quarter of the preceding year.

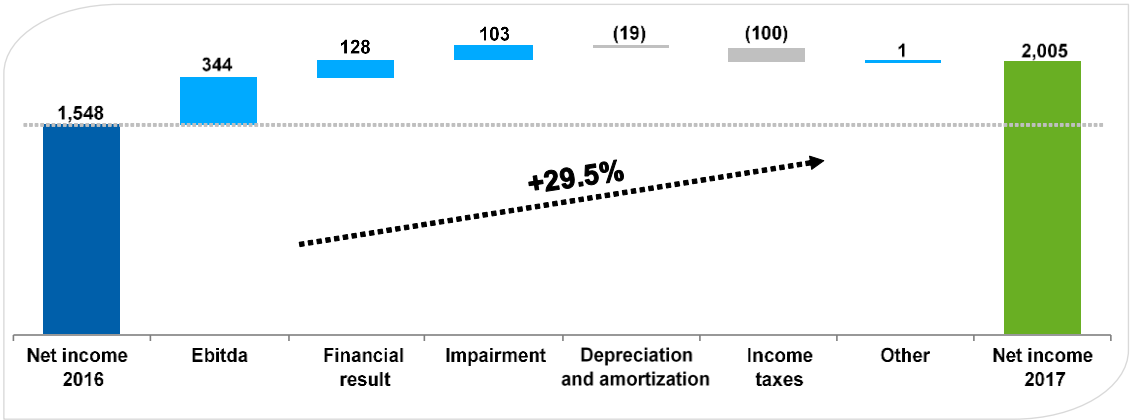
This increase is largely the effect of: (i) an increase of R$ 243.6 million in Ebitda; (ii) an additional R$ 8.1 million in depreciation and amortizations; (iii) reduced asset impairment of R$ 102.5 million; (iv) an increase of R$ 53.6 million in net financial expenses; (v) an increase of R$ 57.3 million of income tax and social contribution; and (vi) a reduction in the negative result for equity income of R$ 2.1 million.

Net Income
R$ million



For 12M2017, net income increased from R$ 1,548.3 million in 2016 to R$ 2,004.6 million, that is **an increase of R$ 456.3 million or 29.5%**. This variation is due in large part to the following: (i) an increase of R$ 343.9 million in Ebitda; (ii) an increase of R$ 128.1 million of net financial revenue; (iii) reduction in asset impairment of R$ 102.5 million; (iv) growth of R$ 18.7 million of depreciation and amortization; (v) an increase of R$ 100.4 million in income tax and social contribution; and (vi) a reduction in the negative result for equity income of R$ 0.9 million.

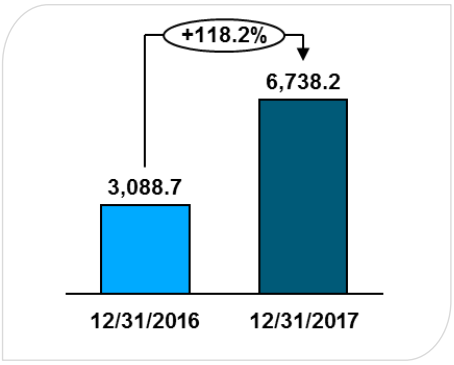
Net Income Change
R$ million





Debt

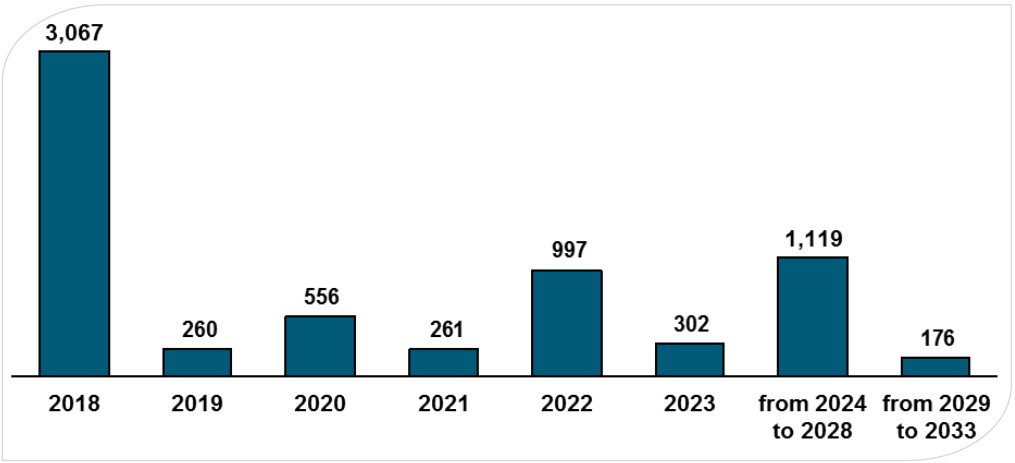
Total Debt
R$ million



The Company's **total gross consolidated debt** as at December 31, 2017, represented mainly by loans, financing, debentures and promissory notes, **totaled R$ 6,738.2 million, an increase of 118.2%** (R$ 3,649.5 million) compared to the position as at December 31, 2016, net of the hedge operations.

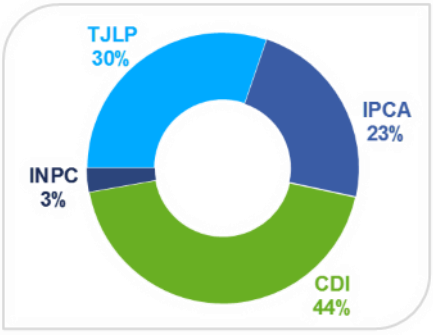
The variation in Company debt is largely related to a combination of the following factors occurring between 4Q16 and 4Q17: (i) drawdowns from the BNDES and its financial agents in the aggregate amount of R$ 320.5 million for investments in the modernization of the Salto Santiago HPP and for the construction of Santa Mônica Wind Complex; (ii) issue of promissory notes for payment of the Jaguara and Miranda Hydroelectric Power concessions in the amount of R$ 2,096.1 million; (iii) contracting of loans, protected by swap operations directed principally for the refinancing of debt and the implementation of the Company's business plan – largely related to a capital injection in the Jaguara and Miranda controlled companies for payment of the concession bonus in the amount of R$ 1,630.9 million; (iv) R$ 336.4 million in charges payable together with monetary restatement effects; (v) R$ 749.2 million in amortization of loans, financing and debentures, of which, R$ 256.1 million refers to the early payment of the São Salvador Hydroelectric Plant and the Jorge Lacerda Thermoelectric Complex' financing with the BNDES and onlending banks; and (vi) R$ 13.0 million transfer of financing of subsidiaries and reclassified as assets held for sale.

Maturity Term Loans
R$ million



The **average weighted nominal cost of debt** at the end of 2017 was **8.1%** (10.5% at the end of 2016).

Debt Breakdown



On December 31, 2017, 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$ 4,582.6 million**, **an increase of 319.2%** compared with the end of 4Q16.



Net Debt
R$ million

	12/31/2017	12/31/2016	Chg. %
Gross debt	6,756.4	3,088.7	118.7
Result of derivatives operations	(18.2)	0.0	0.0
Deposits earmarked for the payment of debt	(225.5)	(180.2)	25.2
Cash and cash equivalents	(1,930.1)	(1,815.3)	6.3
Total net debt	**4,582.6**	**1,093.2**	**319.2**

Capital Expenditures

Total investments of ENGIE Brasil Energia **in 4Q17 were R$ 4,050.9 million**, of which, (i) R$ 72.6 million was allocated to generating complex maintenance and revitalization projects; (ii) R$ 3,535.0 was applied in the acquisition of new concessions: R$ 2,171.0 million was spent on the Jaguara plant, a further R$ 1,360.0 on the Miranda plant and R$ 4.0 million refers to the development costs of these projects; (iii) R$ 426.9 million was invested in the building of new plants: R$ 240.0 million on construction work on the Pampa Sul TPP, R$ 97.0 million on the Campo Largo Wind Complex, R$ 18.9 million on the Assú Photovoltaic Plant, R$ 77.7 million on the Umburanas Wind Complex and a further R$ 6.7 million of a reducing adjustment on investments up to November in the Santa Mônica Wind Complex; (iv) R$ 7.6 million designated for modernization of the Salto Santiago and Salto Osório Hydroelectric Power Plants; and (v) R$ 8.8 million in financial investments: R$ 4.3 million to the Santo Agostinho Wind Complex and R$ 4.5 million to ENGIE Geração Solar Distribuída.

In 12M2017, the Company invested a total of R$ 5,538.1 million. A total of R$ 3,531.0 million was invested in the acquisition of the Jaguara and Miranda Hydroelectric Power Plants and R$ 4.0 million refers to the development costs of these projects. A further R$ 1,976.2 million was injected into the construction, maintenance and revitalization of the generating complex and in the acquisition of projects: R$ 1,738,3 million in the construction of the Santa Mônica, Campo Largo and Umburanas Wind Farms, the Pampa Sul Thermoelectric Plant and the Assú Photovoltaic Plant; R$ 171.5 million in maintenance work on the generating complex; and R$ 66.4 million in modernization of the Salto Santiago Hydroelectric Plant. In addition, in 2017, the Company acquired projects worth a total of R$ 26.9 million.

Proposed Complementary Dividends

At a meeting held on February 22, 2018, ENGIE Brasil Energia's Board of Directors approved the proposal for a payout of complementary dividends for the period from January 1 to December 31, 2017 **in the amount of R$ 636.8 million (R$ 0.9755096548 per share)**. This proposal is to be ratified by the Annual General Meeting, on which it is also incumbent to establish conditions for payout.

Total payout of profits in 2017 will amount to R$ 2,000.2 million, equivalent to R$ 3.0642635985 per share or 100% of net adjusted distributable income.

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 December 31, 2017, out of the 31 plants installed in 12 states of Brazil's five regions, 12 are certified in accordance with NBR ISO 9001 (for Quality), NBR ISO 14001 (for the Environment) and NBR OHSAS 18001 (for Occupational Health and Safety) standards, with an aggregate capacity of 84.8% 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 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 and Year

- ✓ The SDG Think Tank - Related to the National SDG Nós Podemos Santa Catarina Movement - was launched at an event held at the Company's Florianópolis headquarters. As one of the movement's supporters, ENGIE is also a member of the Think Tank, the function of which is to think strategically about the Sustainable Development Goals (SDG) in Santa Catarina, by proposing improvements and the means for development of initiatives which can contribute effectively to reaching the goals established by the United Nations in its Agenda 2030.
- ✓ ENGIE Brasil Energia was awarded the 13th Environmental Brazil Prize promoted by the American Chamber of Commerce, Rio de Janeiro (AmCham Rio), with the objective of acknowledging the current best business practices in sustainability in Brazil. The Company's efforts were recognized in the "Ecosystems" category with the "Conservation of endemic species of ichthyofauna in the Iguaçu River" project.
- ✓ For the first time, the Company was highlighted in the "*Exame* Sustainability Guide" promoted by Editora Abril, featuring among the most sustainable companies in the country in the Energy segment.



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 4Q17 and 12M17, associating each indicator with GRI recommendations.

Sustainability Indices[1]

Item	Dimension[2]	Index at the end of the period under review	GRI disclosure[3]	4Q17	4Q16	Change	12M17	12M16	Change
1	Quality	Operating plants	EU1, G4-9	31	29	2	31	29	2
2		Installed capacity (MW)	EU1, G4-9	9,589	8,720	10.0%	9,589	8,720	10.0%
3		Proprietary capacity (MW)	EU1, G4-9	7,868	6,999	12.4%	7,868	6,999	12.4%
4		Number of certified plants	EU6, G4-15	12	14	-2	12	14	-2
5		Certified installed capacity (MW)	EU6, G4-15	8,127	8,345	-2.6%	8,127	8,345	-2.6%
6		Certified installed capacity in relation to the total	EU6, G4-15	84.8%	95.3%	-10.5 p.p.	84.8%	95.3%	-10.5 p.p.
7		Installed capacity from renewable sources	EU1, G4-9	8,541	7,673	11.3%	8,541	7,673	11.3%
8		Installed capacity from renewable sources in relation to the total	EU1, G4-9	89.1%	88.0%	1.1 p.p.	89.1%	88.0%	1.1 p.p.
9		Energy generation (GWh)	EU2	9,244	10,584	-12.7%	36,335	44,592	-18.5%
10		Certified energy generation	EU6, G4-15	8,701	10,076	-13.6%	34,602	42,944	-19.4%
11		Certified energy generation in relation to the total	EU6, G4-15	94.1%	95.2%	-1.1 p.p.	95.2%	96.3%	-1.1 p.p.
12		Energy generation from renewable sources (GWh)	EU2	7,942	9,399	-15.5%	32,131	39,954	-19.6%
13		Energy generation from renewable sources in relation to the total	EU2	85.9%	88.8%	-2.9 p.p.	88.4%	89.6%	-1.2 p.p.
14		Uptime ratio, excluding scheduled stoppages	EU30	97.5%	97.7%	-0.2 p.p.	95.2%	97.2%	-1.9 p.p.
15		Uptime ratio, including scheduled stoppages	EU30	92.6%	86.4%	6.2 p.p.	88.8%	86.8%	2.0 p.p.
16	Environment	Saplings donated and planted (sum-total of planted and donated saplings)[4]	G4-EN27	105,799	95,914	10.3%	275,027	340,269	-19.2%
17		Number of visitors at the plants[4]	G4-26	20,888	20,548	1.7%	84,988	92,154	-7.8%
18		CO2 Emissions (fossil fuel plants) (t/MWh)	G4-EN15	1.393	1.029	35.4%	1.112	1.009	10.2%
19		CO2 Emissions from ENGIE Brasil Energia's generation complex (t/MWh)	G4-EN15	0.149	0.146	2.3%	0.122	0.135	-9.7%
20	Occupational Heath and Safety (OH&S)	Frequency Rate ("Taxa de Frequência" - TF) own employees[5]	G4-LA6	0.000	0.000	-	1.050	0.490	↑
21		Severity Rate ("Taxa de Gravidade" - TG) own employees[6]	G4-LA6	0.000	0.000	-	0.004	0.002	↑
22		Frequency Rate ("Taxa de Frequência" - TF) own employees + long term service providers[5]	G4-LA6	2.050	0.000	↑	1.030	1.520	↓
23		Frequency Rate ("Taxa de Frequência" - TF) short term service providers + ongoing constructions [5 7]	G4-LA6	0.880	-	-	0.690	-	-
24	Social Responsibility[8]	Non-incentive investments	G4-EC8, G4-SO1	447.7	1,166.9	-61.6%	2,898.1	5,044.3	-42.5%
25		Investments via Children and Teenagers Fund - FIA	G4-EC8, G4-SO1	142.5	237.6	-40.0%	2,022.9	2,544.3	-20.5%
26		Investments via Cultural Incentives Act - Rouanet	G4-EC8, G4-SO1	1,088.0	1,563.0	-30.4%	9,537.1	10,184.7	-6.4%
27		Investments via Sport Incentives Act	G4-EC8, G4-SO1	984.6	2,255.3	-56.3%	1,895.2	2,565.3	-26.1%
28		Investments via National Program of Support to Oncology Care - PRONON	G4-EC8, G4-SO1	2,117.2	2,573.8	-17.7%	2,119.0	2,573.8	-17.7%
29		Investments via National Program of Support to Disabled Person´s Heath - PRONAS/PCD	G4-EC8, G4-SO1	2,707.0	1,310.2	106.6%	1,383.5	1,310.2	5.6%
30		Investments via Municipal Elderly Fund	G4-EC8, G4-SO1	1,555.7	2,184.1	-28.8%	2,423.2	2,348.3	3.2%

Notes:

1) Additional indices available at Sustainability Report, to be published in April (engieenergia.com.br / Sustainability / Finance / Sustainability Report)

2) Reference: ENGIE Sustainable Management Policy.

3) GRI: Global Reporting Initiative, G4 version.

4) Consórcio Estreito Energia (Ceste) not included.

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) Key Performance Indicators (KPI's) monitoring started in 2017. Therefore, there is no historic data in 2016. The data does not include the construction of the Pampa Sul Thermoelectric Power Plant.

8) Amounts in thousands of reais.

CORPORATE GOVERNANCE

ENGIE Brasil Energia's Corporate Bylaws are being permanently adjusted to the new rules and procedures of the B3 Novo Mercado Listing Regulations, the highest corporate governance level of that stock exchange. In addition, the Company is a component of the B3's Corporate Sustainability Stock Index (ISE). ENGIE Brasil Energia's Board of Directors' is made up of nine effective members, one of whom represents the employees. A further two directors are independent. With the exception of the employee representative, all are elected by the shareholders at a General Shareholders Meeting. Permanently installed, the Fiscal Council is totally independent of management and the outside auditor, and is accountable for the supervision of management acts and for examining and opining on the financial statements, for evaluating risk management systems and internal controls as well as proposals to be submitted to the Board of Directors when engaging additional services from the external auditor of the financial statements.

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



In 2017, the Stock Exchange announced new Novo Mercado Regulations. ENGIE Brasil Energia voted in favor of all the modifications proposed to the regulations, viewing them as material to advances in the areas of transparency, equitability, accountability and corporate responsibility applicable to the companies listed in this segment of the market. Companies must implement the new requirements by early 2021, and those superseding rules already in place, will come into effect as from January 2018. The Company views these new requirements as a valuable contribution to its management and governance and is dedicating maximum effort in implementing the changes as soon as possible. A working party has already been set up and the planning and study of the necessary measures to be taken are already in progress.

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

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

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

CAPITAL MARKETS

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

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

Share Performance — EGIE3

In 4Q17, B3's leading stock index reported an appreciation of 2.8%, as compared to 3.2% in the same period of 2016. In 12M17, the same stock index reported a gain of 26.9% (38.9% in 12M16). The less effervescent performance on the part of the Ibovespa in the final quarter of the year reflected investor doubts as to the federal administration's capacity to approve social security reform as well as the prospect of a further lowering of Brazil's credit rating by the risk rating agencies.

ENGIE Brasil Energia equities concluded 4Q17 **with a depreciation of 0.3%**, a significant improvement on 4Q16, when the share value lost 7.4% and more than the Electric Energy Stock Index (IEEX), which reported a decline of 3.8% in 4Q17. **For the full year of 2017, EBE's shares appreciated 9.3%**, slightly below the gains recorded in 2016 of 9.9%. Meanwhile, IEEX rose 10.0% in 2017 and 45.6% in the full 12-month period of 2016. On the other hand, the Ibovespa posted gains of 26.9% and 38.9% in 12M17 and 12M16, respectively. The closing price of EGIE3 in 4Q17 was R$ 35.51/share**, translating into a market value for the Company of R$ 23.2 billion.**

In 4Q17, EGIE3's average daily volume was R$ 30.7 million, 4.0% below the R$ 31.9 million registered in 4Q16. For the full year 2017, average traded volumes reached R$ 31.0 million, a decrease of 7.4% in relation to 2016, when volumes amounted to R$ 33.5 million.



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





Upcoming Event

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

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

Date: February 23, 2017
Time: 9:00 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) 34785282
Participants in Brazil: +55 (11) 3127-4971 / (11) 3728-5971
Access code: ENGIE

Webcast

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

A replay will be available from February 23rd to 29, 2018. Access by dialing: +55 (11) 3127-4999, code: 74264064 (Portuguese) and 55834252 (English).

Meeting with analysts (Brasília time)

São Paulo
Data: March 8, 2018
Horário: 9:00 a.m.
Local: Pullman Vila Olímpia

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	**12/31/2017**	**12/31/2016**
Current Assets	**3,735,779**	**3,355,091**
Cash and cash equiv alents	1,930,070	1,815,340
Accounts receiv ables from clients	1,058,469	824,079
Inv entory	98,249	105,541
Fiscal credits recov erable	15,674	14,589
Restricted deposits	15,423	8,760
Renegotiation of hydrological risk to appropriate	26,064	26,064
Concession financial assets	301,904	-
Non current asset held for sale	5,569	419,603
Other current assets	284,357	141,115
Non Current Assets	**15,832,734**	**11,064,600**
Long Term Assets	**2,826,648**	**612,302**
Fiscal credits recov erable	13,043	37,991
Restricted deposits	231,489	185,768
Deposits in court	100,095	149,730
Renegotiation of hydrological risk to appropriate	144,950	171,015
Concession financial assets	2,245,463	-
Other non current assets	91,608	67,798
Investments	**19,027**	**4,886**
Property, Plant and Equipment	**11,678,108**	**10,194,898**
Intangible	**1,308,951**	**252,514**
Total	**19,568,513**	**14,419,691**



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

(In thousands of R$)		
Liabilities	**12/31/2017**	**12/31/2016**
Current Liabilities	**5,676,471**	**1,800,794**
Suppliers	617,396	371,149
Dividends and interest on shareholder´s equity	1,300,516	372,040
Loans and financing	948,158	283,196
Debentures and promissory notes	2,127,760	16,547
Concessions payable	67,051	65,408
Tax and social contribution obligations	181,351	81,023
Other fiscal and regulatory obligations	93,668	88,632
Labor obligations	94,879	94,753
Provision	11,651	35,001
Obligations related to retirement benefits	30,683	27,219
Liabilities related to non current asset held for sale	-	159,496
Other current liabilities	203,358	206,330
Non Current Liabilities	**7,057,317**	**6,004,503**
Loans and financing	2,867,783	2,001,081
Debentures and promissory notes	812,715	787,908
Concessions payable	2,432,348	2,281,968
Provision	77,723	292,106
Obligations related to retirement benefits	280,971	272,248
Deferred income taxes and social contribution	507,905	311,331
Other non current liabilities	77,872	57,861
Shareholders' Equity	**6,834,725**	**6,614,394**
Share capital	2,829,056	2,829,056
Profit reserves	3,600,738	3,336,013
Adjustment on fixed asset	400,800	446,158
Non controlling interests	4,131	3,167
Total	**19,568,513**	**14,419,691**



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

(In thousands of R$)	4Q17	4Q16	Chg. %	12M17	12M16	Chg. %
Net Operational Revenue	**2,067,364**	**1,666,209**	**24.1**	**7,009,957**	**6,442,371**	**8.8**
Costs of Energy Sold and Services Provided	**(1,164,528)**	**(950,884)**	**22.5**	**(4,003,871)**	**(3,701,457)**	**8.2**
Electric power purchased for resale	(506,500)	(435,140)	16.4	(1,745,974)	(1,643,327)	6.2
Transactions in the short term market, including those conducted through the C(	(66,407)	(29,039)	128.7	(360,168)	(182,416)	97.4
Charges for the use of and connection to the electricity grid	(107,646)	(104,962)	2.6	(423,490)	(397,402)	6.6
Fuel expenses	(166,218)	(14,883)	1,016.8	(454,600)	(141,000)	222.4
Financial compensation for use of water resources	(28,819)	(44,925)	-35.9	(117,298)	(190,898)	-38.6
Personnel	(57,255)	(67,131)	-14.7	(217,825)	(242,833)	-10.3
Materials and third party services	(58,698)	(52,057)	12.8	(206,276)	(183,452)	12.4
Depreciation and amortization	(166,118)	(158,322)	4.9	(639,899)	(622,060)	2.9
Reversals (accrual) of operating provisions	14,033	(24,449)	-157.4	239,950	(24,400)	-1,083.4
Others	(20,900)	(19,976)	4.6	(78,291)	(73,669)	6.3
Gross Income	**902,836**	**715,325**	**26.2**	**3,006,086**	**2,740,914**	**9.7**
Operating Income (Expenses)	**(22,135)**	**(172,491)**	**-87.2**	**(153,993)**	**(316,465)**	**-51.3**
Selling expenses	(4,894)	(3,836)	27.6	(17,347)	(17,246)	0.6
General and administrative expenses	(56,800)	(51,295)	10.7	(178,617)	(185,248)	-3.6
Impairment	(18,419)	(120,869)	-84.8	(18,419)	(120,869)	-84.8
Result in the sale of investments	56,892	-	0.0	56,892	-	0.0
Other operating income, net	1,086	3,509	-69.1	3,498	6,898	-49.3
Result of corporate participations	**(190)**	**(2,314)**	**0.0**	**(1,883)**	**(2,832)**	**0.0**
Equity income/(loss)	(190)	(2,314)	0.0	(1,883)	(2,832)	0.0
Income Before Financial Result and Taxes	**880,511**	**540,520**	**62.9**	**2,850,210**	**2,421,617**	**17.7**
Net Financial Result	**(97,902)**	**(44,376)**	**120.6**	**(226,830)**	**(354,844)**	**-36.1**
Financial income	59,237	75,641	-21.7	223,483	397,921	-43.8
Financial expenses	(157,139)	(120,017)	30.9	(450,313)	(752,765)	-40.2
Income Before Taxes	**782,609**	**496,144**	**57.7**	**2,623,380**	**2,066,773**	**26.9**
Income tax	(51,975)	(15,139)	243.3	(436,228)	(375,594)	16.1
Social contribution	(25,964)	(5,447)	376.7	(182,593)	(142,878)	27.8
Net Income for the Period	**704,670**	**475,558**	**48.2**	**2,004,559**	**1,548,301**	**29.5**
Number of Ordinary Shares	**652,742,192**	**652,742,192**		**652,742,192**	**652,742,192**	
Net Income per Share	**1.0796**	**0.7286**	**48.2**	**3.0710**	**2.3720**	**29.5**



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

(In thousands of R$)	4Q17	4Q16	12M17	12M16
Cash Flow from Operating Activities				
Income before taxes on income	782,609	496,144	2,623,380	2,066,773
Adjustments to reconcile net income before taxes generated from operating cash flow:				
Equity loss	190	(518)	1,883	2,832
Depreciation and amortization	168,524	160,365	648,947	630,246
Impairment	32,959	120,869	18,419	120,869
Monetary variation	41,475	25,999	38,800	172,971
Interests	94,589	89,765	354,199	473,894
Remuneration and monetary variation of concession financial assets	(47,917)	-	(47,917)	-
(Reversal) / Accrual of operating provisions	(14,170)	25,344	(257,636)	25,474
Result in the disposal of investments	(56,892)	-	(56,892)	-
Others	(13,026)	3,459	2,264	2,798
Adjusted Profit	**988,341**	**921,427**	**3,325,447**	**3,495,857**
Increase (reduction) in assets				
Accounts receivables from clients	(313,043)	(38,990)	(222,910)	(44,149)
Inventory	7,673	(15,145)	11,499	(22,906)
Other fiscal credits recoverable	38,896	(68,881)	(7,184)	(96,776)
Deposits in court and restricted deposits	(3,379)	(10,332)	49,158	(2,855)
Renegotiation of hydrological risk to appropriate	6,516	6,516	26,064	26,064
Concession financial asset	(2,499,450)	-	(2,499,450)	-
Other assets	32,098	63,021	(6,760)	132,376
Increase (reduction) in liabilities				
Suppliers	211,209	13,204	225,277	(231,649)
Taxes and social contribution obligations to pay	(2,233)	(6,417)	3,328	(1,010)
Other fiscal and regulatory obligations	8,520	(1,192)	(1,597)	(19,845)
Obligations related to retirement benefits	(6,362)	(11,353)	(26,250)	(21,349)
Other liabilities	(676)	22,609	13,765	85,247
Cash Generated from Operating Activities	**(1,531,890)**	**874,467**	**890,387**	**3,299,005**
Payment of interests on debt, net of hedge	(61,314)	(83,785)	(243,844)	(316,595)
Payment of income tax and social contribution	(76,163)	(97,446)	(314,741)	(457,616)
Net Cash from Operating Activities	**(1,669,367)**	**693,236**	**331,802**	**2,524,794**
Investments Activities	**(1,385,006)**	**(513,744)**	**(2,808,980)**	**(1,272,113)**
Capital increase at subsidiaries	(2,250)	(1,474)	(8,012)	(3,859)
Acquisitions of investments, net of cash and cash equivalents received	(18,059)	(5,961)	(37,448)	(23,631)
Used in fixed assets	(538,165)	(434,961)	(1,904,866)	(1,166,583)
Used in intangibles	(1,035,196)	(2,308)	(1,051,482)	(9,000)
Received on disposal of investments	212,091	-	212,091	-
Cash and cash equivalents of subsidiaries sold	(3,427)	(69,040)	(19,263)	(69,040)
Financing Activities	**3,422,926**	**(1,449,500)**	**2,591,908**	**(1,834,195)**
Loans and financing contracted	1,630,539	(656)	1,951,482	35,339
Debentures and promissory notes contracted	2,096,112	-	2,096,112	585,784
Payment of loans and financing	(278,911)	(797,099)	(505,399)	(1,209,544)
Payments of concessions payable	(17,455)	(16,995)	(68,719)	(64,491)
Payments of dividends and interest on shareholders' equity	(11)	(641,878)	(838,621)	(1,164,012)
Others	(7,348)	7,128	(42,947)	(17,271)
Increase (Decrease) in Cash and Cash Equivalents	**368,553**	**(1,270,008)**	**114,730**	**(581,514)**
Reconciliation of Cash and Cash Equivalents				
Opening balance	1,561,517	3,085,348	1,815,340	2,396,854
Closing balance	1,930,070	1,815,340	1,930,070	1,815,340
Increase (Decrease) in Cash and Cash Equivalents	**368,553**	**(1,270,008)**	**114,730**	**(581,514)**
Transactions that do Not Affect Cash and Cash Equivalents				
Capitalized interest and monetary variation	55,590	30,000	169,184	113,557
Supplier's of fixed assets and intangibles	(42,865)	6,464	23,298	(27,035)
Interest on shareholders' equity credited	424,500	432,500	424,500	432,500
Offsetting of income tax and social contribution	15,245	79,361	45,367	133,092
Future disbursements estimate to employ in fixed assets	(10,227)	(68)	28,960	(4,967)
Amounts to pay related to purchase of investments	16,938	(1,329)	12,152	11,698
Measurement of obligations with retirement benefits presented in other comprehensive income	6,970	7,255	6,970	7,255
Non current asset held for sale	16,035	339,641	16,035	339,641
Non current liabilities related to assets held for sale	14,177	159,496	14,177	159,496