Earnings Release | 4Q19 and 2019

Acquisition of new transmission project, expansion of installed capacity and debut in the natural gas segment underscores the strategy of consolidation of EBE as one of the leaders in energy infrastructure.

Ebitda reaches R$ 5,163.1 million in 2019 – 18.2% greater than 2018, with a net income of R$ 2,311.1 million, practically stable in relation to the preceding year.

Payout equivalent to 100% is maintained, with a proposed distribution of complementary dividends of R$ 1.1640 per share.

Highlights

- ENGIE Brasil Energia (EBE) reported net operating revenue for 2019 of R$ 9,804.5 million, 11.5% (R$ 1,009.7 million) more than posted in 2018.
- Ebitda[1] reached R$ 5,163.1 million in 2019, an increase of 18.2% (R$ 796.5 million) compared to 2018. Ebitda margin was 52.7% in 2019, a 3.1 p.p. improvement in relation to 2018.
- Net income was R$ 2,311.1 million (R$ 2.8310/share) for the full year 2019, 0.2% (R$ 4.3 million) lower than reported in 2018.
- The average price of energy sales agreements, net of revenue taxes and trading operations was R$ 189.5/MWh in 2019, 4.5% higher than in 2018.
- The volume of energy sold in 2019, excluding trading operations, was 37,925 GWh (4,329 average MW), volume 4.1% higher than commercialized in 2018.
- On December 23, the Company announced the acquisition of a concession for the construction, operation and maintenance of approximately 1,800 kilometers of transmission lines in the states of Pará and Tocantins, at an investment of up to R$ 410.0 million.
- EBE received R$ 351.0 million in dividends, substantially arising from retained profits from the jointly held Transportadora Associada de Gás S.A. - TAG, in 4Q19.
- For the 15th consecutive year, ENGIE Brasil Energia was included as a component of the Corporate Sustainability Stock Index (ISE). The Company is one of the seven companies comprising the ISE since the latter's inception in 2005.

Subsequent Events

- The Board of Directors approved the proposal for distributing complementary dividends of R$ 949.7 million (R$ 1.1640/share), to be ratified by the Annual General Meeting. Total earnings to be distributed for fiscal 2019 will amount to R$ 2,197.1 million (R$ 2.6928/share), equivalent to 100% of the adjusted distributable net income.
- EBE and Banco Itaú renewed their partnership to the benefit of the environment and sustainable development. The bank is to offset 35,354 tons of CO_2 related to emissions of greenhouse gas emissions reported in 2018, via the acquisition of carbon credits from the Lages Cogeneration Unit (UCLA).

Florianópolis, Brazil, February 18, 2020. 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 December 31, 2019 (4Q19, 12M19). The information in this release is shown on a consolidated basis and in accordance with Brazilian accounting principles and practices. The values are expressed in Brazilian Reais (R$), except where otherwise indicated.

For Immediate Release

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Conference call and webcast:
On 2/19/2020 at 12:00 a.m. (EDT): in Portuguese (simultaneous translation into English).

Further details on Upcoming Events section, available on page 36.

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Summary of Financial and Operational Indicators

ENGIE Brasil Energia - Consolidated

(In millions of R$)	4Q19	4Q18	Chg.	12M19	12M18	Chg.
Net Operating Revenue (NOR)	2,795.1	2,302.3	21.4%	9,804.5	8,794.8	11.5%
Results from Operations (EBIT)	1,074.3	903.1	19.0%	4,294.9	3,667.1	17.1%
Ebitda [1]	1,317.1	1,083.3	21.6%	5,163.1	4,366.6	18.2%
Ebitda / NOR - (%) [1]	47.1	47.1	0.0 p.p.	52.7	49.6	3.1 p.p.
Net Income	617.5	761.6	-18.9%	2,311.1	2,315.4	-0.2%
Return On Equity (ROE) [2]	33.0	36.6	-3.6 p.p.	33.0	36.6	-3.6 p.p.
Return On Invested Capital (ROIC) [3]	21.0	23.1	-2.1 p.p.	20.8	23.0	-2.2 p.p.
Net Debt [4]	10,191.8	6,856.3	48.6%	10,191.8	6,856.3	48.6%
Gross Power Production (avg MW) [5]	5,185	5,474	-5.3%	5,030	4,491	12.0%
Energy Sold (avg MW) [6]	4,546	4,266	6.6%	4,329	4,157	4.1%
Average Net Sales Price (R$/MWh) [7]	190.53	185.17	2.9%	189.45	181.23	4.5%
Number of Employees - Total	1,429	1,370	4.3%	1,429	1,370	4.3%
EBE Employees	1,405	1,322	6.3%	1,405	1,322	6.3%
Employees on Under Construction Plants	24	48	-50.0%	24	48	-50.0%

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

EGIE3 NOVO MERCADO BM&FBOVESPA
IBOVESPA
Índice de Ações com Governança Corporativa Diferenciada IGC
Índice de Ações com Tag Along Diferenciado ITAG
ISEB3
MSCI 2017 Constituent MSCI ESG Leaders Indexes

MESSAGE FROM THE MANAGEMENT

ENGIE Brasil Energia continues steadfast in the delivery of consistent results in the present while at the same time, advancing in the collective construction of a society which combines development and the common good. We are committed to driving this transformation, conscious that contingent on the creation of the future is a change in the way we produce and consume energy. The Company's achievements in 2019 are confirmation of the positive impact of this commitment.

> "All the changes we seek to capitalize on in society cannot be achieved without the integral care of the people in our team."

The year was characterized by a more favorable environment for business development in Brazil. We acquired Transportadora Associada de Gás S.A. - TAG, in partnership with a subsidiary of ENGIE S.A. and Caisse de dépôt et placement du Québec (CDPQ). The investment of the partners, of the order of R$ 35 billion, was the largest in more than the 20 years of ENGIE's activities in Brazil and consolidates our position as a platform of investments in energy infrastructure aligned to the proposal for diversifying our activities beyond wind and solar sources. At the end of the year, there was another important acquisition: the Novo Estado Energia, the concessionaire for the construction, operation and maintenance of 1.8 thousand kilometers of power transmission lines in the states of Pará and Tocantins.

As for the unveiling of new plants, the highlight was the entry into operations of the Umburanas - Phase I Wind Complex - Phase I, which in addition to the Campo Largo Wind Complex – Phase I, in commercial operations since December 2018, constitutes ENGIE's largest wind farm cluster in Brasil, repesenting a total investment of R$ 3.5 billion and 686.7 MW of total installed capacity. Also worthy of mention is the start of work on the Gralha Azul Transmission System in the state of Paraná, with about a thousand kilometers extension, as well as early construction work on Phase II of the Campo Largo Wind Complex, its energy output fully absorbed through the intermediary of more than 60 agreements already signed with free market clients.

And to further increase our proximity to clients, in 2019, we ramped up our Go To Market project dedicated to improving the relationship and strategies for operations with this stakeholder group. Additionally, we underlined the understanding that by acquiring energy from ENGIE Brasil Energia, our clients are included in a value chain which has socio-enviromental responsibility as its key differential. Examples of this are the partnerships concluded with L'Oréal Brasil and Grupo Claro for the supply of renewable energy.

All the changes we seek to capitalize on in society cannot be achieved without the integral care of the people in our team. In 2019, we increased even further our vigilance of the health and occupational safety of our employees and as a result we have had one more year without fatal accidents. On another front, we have promoted diversity stronly, notably in the form of gender equality, signing up to the United Nations Organization's (ONU) "Women's Empowerment Principles" (WEPs) initiative.

Maintaining alert to the interests of each stakeholder has also served as guidance in the decarbonization process which includes the divestment of the Jorge Lacerda Thermoelectric Complex in the state of Santa Catarina and the Pampa Sul Thermoelectric Power Plant in the state of Rio Grande do Sul. While decarbonization presents complex challenges, the energy transition is taking place at an accelerated pace and requires that sector regulations be swiftly modernized. While regulatory questions did not advance up the legislative agenda in 2019, we are confident that given their relevance, they will be made a priority in 2020.

As in the case of past years, the success of our new businesses has been accompanied by consistent deliveries. We reported net income of R$ 2,311.1 million, pratically unchanged from 2018, largely by virtue of the impact of interest and monetary restatement of the debt taken on to render our recent expansion a viable proposition - although the effect of this debt tends to lessen over subsequent fiscal years. Represented by Ebitda, cash generation was very positive: R$ 5,163.1 million – a year-on-year increase of 18.2% in relation to 2018 – a reflection of the assets acquired or going into operation in the period, to the positive performance of existing plants, the indemnity payment received for non-compliance with contractual conditions during work on Pampa Sul, as well as efficent management of the portfolio and costs, which characterize the financial discipline responsible for the Company's solid performance.

At ENGIE Brasil Energia, sustainability continues a priority in all its facets. The expansion and consolidation of our position as a provider of energy infrastructure lies ahead on the horizon. Looking at the more distant future, we are alert to the maturities of some of our concessions in 2028 as well as the concessions of other operators – which could present opportunities in the market as was the case with the Jaguara and Miranda Hydroelectric Power Plants in the Southeast, acquired in 2017.

We believe in Brazil and work daily to build prosperity – with the aim of "ensure prosperous and fullfilling lives in harmony with nature", as UNO's proposed Agenda 2030 for Sustainable Development suggests. People's relationship with energy is an essential component in the transformation needed for the future of society. A transformation which we are leading with consistency and courage.



Eduardo Antonio Gori Sattamini
Chief Executive and Investor Relations Officer



Marcelo Cardoso Malta
Financial Officer

BREAKDOWN OF ASSETS

Energy Generation Assets

ENGIE Brasil Energia is part of the largest independent power producer group in the country and, at the end of the 4Q19 had 8,710.5 MW of installed capacity and operates a generating complex with 10,431.2 MW, comprised of 60 plants (11 hydro, four thermal and 45 complementary energy source plants — biomass, SHP, wind powered and solar), 56 of which are wholly-owned by the Company and four (the Itá, Machadinho and Estreito Hydro Power Plants and the biomass-fired Ibitiúva Bioenergética co-generation plant) jointly-owned through consortia with other companies.

ENGIE Brasil Energia's Generating Complex – in December 31, 2019

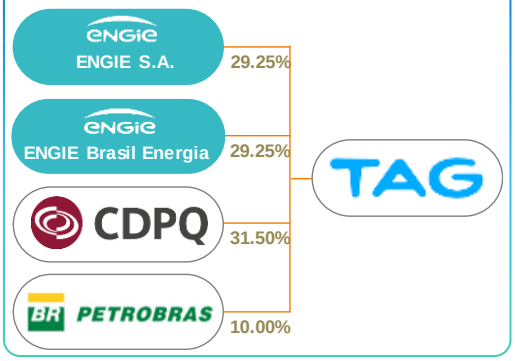
Power Plants	Source	Location	Installed Capacity (MW)		Concession/ Authorization original term expiration date	Assured energy (aMW) Company's Share
			Total	Company's Share		
Itá	Hydro	Uruguai River (SC and RS)	1,450.0	1,126.9	Oct/30	564.7
Salto Santiago	Hydro	Iguaçu River (PR)	1,420.0	1,420.0	Sep/28	733.3
Machadinho	Hydro	Uruguai River (SC and RS)	1,140.0	403.9	Jul/32	165.3
Estreito	Hydro	Tocantins River (TO/MA)	1,087.0	435.6	Nov/37	256.9
Salto Osório	Hydro	Iguaçu River (PR)	1,078.0	1,078.0	Sep/28	502.6
Cana Brava	Hydro	Tocantins River (GO)	450.0	450.0	Aug/33	260.8
Jaguara	Hydro	Grande River (MG)	424.0	424.0	Dec/47	341.0
Miranda	Hydro	Araguari River (MG)	408.0	408.0	Dec/47	198.2
São Salvador	Hydro	Tocantins River (TO)	243.2	243.2	Apr/37	148.2
Passo Fundo	Hydro	Passo Fundo River (RS)	226.0	226.0	Sep/28	113.1
Ponte de Pedra	Hydro	Correntes River (MT)	176.1	176.1	Sep/34	133.6
Total - Hydro			**8,102.3**	**6,391.7**		**3,417.7**
Jorge Lacerda Complex[1]	Thermal	Capivari de Baixo (SC)	857.0	857.0	Sep/28	649.9
Pampa Sul	Thermal	Candiota (RS)	345.0	345.0	Mar/50	323.5
Total - Thermal			**1,202.0**	**1,202.0**		**973.4**
Umburanas Complex[2]	Wind Farm	Umburanas (BA)	360.0	360.0	Aug/49	213.3
Campo Largo Complex[3]	Wind Farm	Umburanas (BA)	326.7	326.7	Jul/50	169.6
Trairi Complex[4]	Wind Farm	Trairi (CE)	212.6	212.6	Sep/41	100.8
Ferrari	Biomass	Pirassununga (SP)	80.5	80.5	Jun/42	35.6
Ibitiúva Bioenergética	Biomass	Pitangueiras (SP)	33.0	22.9	Apr/30	12.0
Assú V	Solar	Assú (RN)	30.0	30.0	Jun/51	9.2
Lages	Biomass	Lages (SC)	28.0	28.0	Oct/32	16.5
Rondonópolis	SHP	Ribeirão Ponte de Pedra (MT)	26.6	26.6	Dec/32	14.0
José Gelazio da Rocha	SHP	Ribeirão Ponte de Pedra (MT)	24.4	24.4	Dec/32	11.9
Nova Aurora	Solar	Tubarão (SC)	3.0	3.0	not applicable[5]	0.0
Tubarão	Wind Farm	Tubarão (SC)	2.1	2.1	not applicable[5]	0.0
Total - Complementary			**1,126.9**	**1,116.8**		**582.9**
Total			**10,431.2**	**8,710.5**		**4,974.0**

[1] Complex comprised of three power plants.
[2] Complex comprised of 18 power plants.
[3] Complex comprised of 11 power plants.
[4] Complex comprised of 8 power plants.
[5] For generating plants with installed capacity lower than or equal to 5 MW the legal instrument applicable is the record.

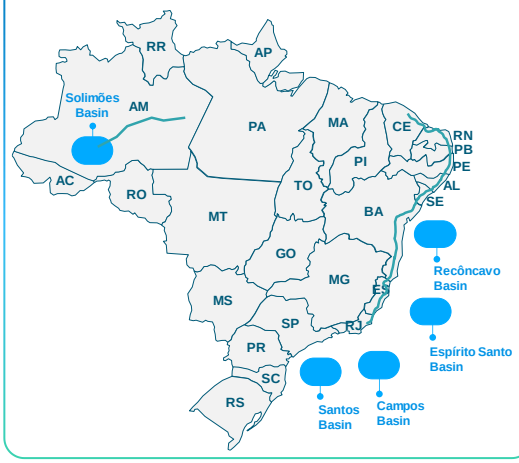
Gas Transportation Assets

Transportadora Associada de Gás S.A. – TAG (TAG) is the largest natural gas transportation operation in Brazil, with an infrastructure of 4,500 km of high pressure gas pipelines extending along the country's southeastern and northeastern seaboards as well as a further section of line between Urucu and Manaus, in the state of Amazonas, crossing 10 Brazilian states and 181 municipalities.

Corporate Structure



TAG Gas Pipelines Location



The gas pipeline network has several interconnection points, among them, 10 gas distributors, 13 active gas entry points (including two Liquified Natural Gas (LNG) terminals) and a further 90 gas exit points as well as 11 compressor stations for supplying refineries, fertilizer plants and thermoelectric power plants.

EBE`s presence into the natural gas segment in Brazil is in line with the Group`s global strategy of being a leader in the energy transition. This requires large scale and sophisticated infrastructure such as TAG`s gas pipelines, contributing to the diversification and decarbonization of the Brazilian energy mix.

TAG is significantly contracted (~99%) for an average term of approximately 10 years through current agreements with Petróleo Brasileiro S.A. (Petrobras).

Contracts Breakdown

Gas Pipelines	Size (km)	Contract Maturity	Authorization Term Expiration Date	Volumes Contracted (MM m³/day)	% Projected of Net Operating Revenue*
Gasene	1,401	Nov-33	Mar-39	30.3	36.9%
Malha NE	2,002	Dec-25	Mar-39	21.6	24.0%
Pilar-Ipojuca	189	Nov-31	Nov-41	15.0	6.6%
Urucu-Coari-Manaus	802	Nov-30	Nov-40	6.3	32.5%
Lagoa Parda-Vitória	81	Under negotiation	Mar-39	0.7	0.0%
Total	**4,475.0**			**73.9**	**100.0%**

* Differences in the representativity of revenues between contracts may occur.

Distributed Solar Generation

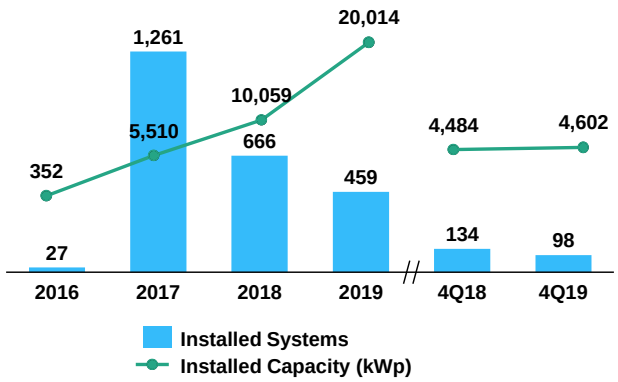
ENGIE Geração Solar Distribuída. The Company has operated in the distributed generation market since 2016 through ENGIE Geração Solar Distribuída S.A. (EGSD), the acquisition of the total capital stock of which being concluded in August 2018. The increased investment in the distributed solar energy segment is one of the ways the Company reaffirms its commitment to operations in the segment and contributes to a more dynamic energy matrix, one closer to the end consumer.

The Solar Industry Program, an initiative of the Industries' Federation of the states of Santa Catarina, Mato Grosso and Rio Grande do Sul in conjunction with the Unicred Solar and Credifoz Solar programs – both of the latter with regional cooperatives, reached 3,000 enrollments in the residential class and more than 1,000 in the commercial category. These programs were concluded and new ones are under study.



System installed by EGSD.

Number of systems and installed capacity



The B2B (business-to-business) segment strengthens the Company's relationship with leading corporations responsible for projects with higher installed capacities and representing 91.4% of total commercialized capacity in 2019 (40.6 MWp). Total sales are distributed throughout the country, 44.7% in the Southeast, 24.4% in the Northeast, 17.3% in the South, 7.0% in the Central-Western region and 6.6% in the North.

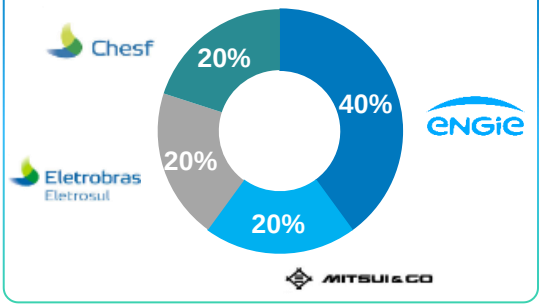
In 4Q19, 98 systems were deployed with an installed capacity of 4,602 kWp. In 2019, 459 systems with a total capacity of 20,014 kWp were installed, an increase of 99.0% compared with the 10,059 kWp registered in 2018, equivalent to 666 installed systems. Since the outset of its operations, ENGIE Geração Solar Distribuída has installed 2,413 systems with an installed capacity of 35,935 kWp across 17 states of the country.

Expansion

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

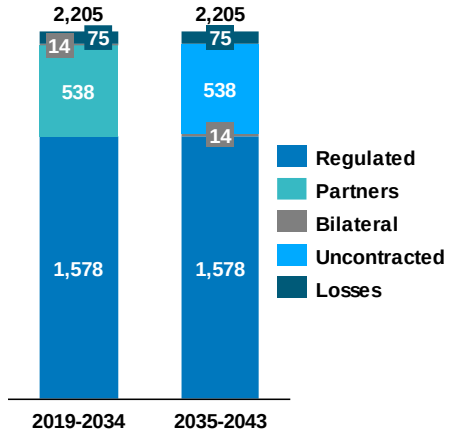
Since November 2016, Jirau HPP has 50 generating units in operation, representing a total installed capacity of 3,750 MW. The plant was unveiled on December 16, 2016.

ESBR – Corporate Structure



ESBR PPA's Portfolio

Average MW



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

In 4Q19, the plant generated 1,205.7 average MW, 25.5% below than the 1,617.7 average MW for 4Q18, while the National Electrical System Operator Uptime Ratio (FID) was 99.8% (data subject to final Electric Energy Trade Board (CCEE) booking). The accumulated recorded generation for the year was 1,926.4 average MW, 0.9% more than the 1,909.5 average MW for 2018, with FID (Uptime Factor) of 99.7%.

Gralha Azul Transmission System. On December 15, 2017, the Company made a successful bid for Lot 1 of Aneel Transmission Auction 02 for a stretch of about 1,000 kilometers in the state of Paraná (PR), marking EBE's debut into the energy transmission sector in Brazil. The project also includes the installation of five new substations and expansion of another five existing ones. The concession term for the public utility transmission service, including the licensing, the construction, assembly and the operation and maintenance of the transmission line installations will be 30 years as from signature date of the concession agreement.

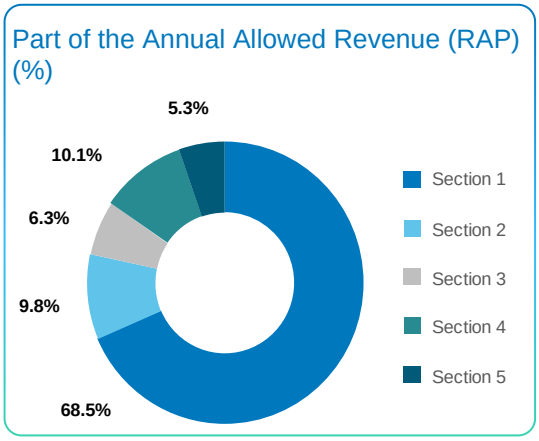
The stipulated cut-off date for startup in operations of the transmission line is March 9, 2023. The estimated reduction in investment relative to that stipulated by Aneel remains at approximately 15%.

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

Value as of December 2017



Transmission lines and substation location



Implementation of the executive projects continues while topographic and drilling activities are almost concluded. The subcontractors for the principal equipment have been selected and key agreements already signed.

Work on the Ponta Grossa Substation, the key installation in the project, began in September 2019 and work in progress is currently at the earth moving stage.

From the licensing point of view, all the Project's Preliminary Licenses were issued in 2019 and all of Installation Licenses. With respect to the archeological licensing, the necessary agreements have been obtained from the National Heritage Institute (Instituto de Patrimônio Histórico e Artístico Nacional - IPHAN) for almost the entire project with the exception of just one sectioning.

As to land ownership issues, negotiations have been concluded in the case of 98% of the properties, approximately 65% amicably and 35% submittesd for court ajudication as to the instiution of rights of way. Indemnity payments are currently being made, the inclusion of rights of way in property documentation and legal actions pursued in cases where no amicable agreement has been possible.

Transmissora Novo Estado Energia. In December 2019, through its subsidiary, ENGIE Transmissão de Energia Participações S.A., the Company signed a purchase and sale agreement for the purchase of stock, the issue of Sterlite Novo Estado Energia S.A., held by Sterlite Brasil Participações S.A., as the successful bidder for Lot 3 of Aneel Transmission Auction 002/2017, held in December 2017.

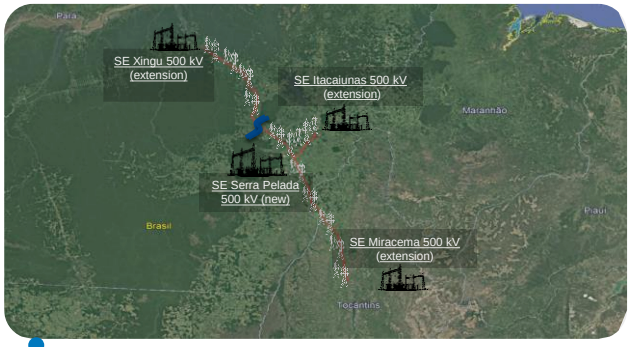
The object of the concession is the construction, operation and maintenance of approximately 1,800 kilometers of transmission lines, a new substation and upgrades to a further three existing substations in the states of Pará and Tocantins, for a term of 30 years. The installation license of the project has already been issued by the Brazilian Institute of the Environment and Renewable Natural Resources (Ibama) and construction is scheduled to begin in the first half of 2020.

The cutoff date for the transmission line to go into operation is March 9, 2023.

The closing of the operation is subject to satisfying certain conditions precedent, and the acquisition price of the shares is a maximum of R$ 410.0 million, subject to adjustments until the date the operation is finalized.

Lot	Location	Contracted RAP (RS million)	Estimated Capex (R$ million)*
3	Pará (PA) e Tocantins (TO)	313.1	2,800.0
Total		**313.1**	**2,800.0**

Value as of December 2017



Substation location

Project 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		
Campo Largo Complex - Phase II	Wind Farm	Umburanas and Sento Sé (BA)	361.2	361.2	-	196.5
Total			**361.2**	**361.2**		**196.5**

Campo Largo Wind Complex – Bahia (Phase II). Activities are underway to implement the Campo Largo Wind Complex – Phase II, located in the muncipalities of Umburanas and Sento Sé, approximately 420 km distant from the state capital, Salvador. **Phase II represents 361.2 MW of installed capacity** and 196.5 average MW of assured energy with investments of about R$ 1.6 billion. Operations are scheduled to complete early in 2021.



General view of the 230kV substation

The Project will enjoy the benefits of the synergies with existing structures such as the substation and transmission line, installed by the Company to support both the Campo Largo – Phase I and Umburanas – Phase I wind complexes with a total of 686.7 MW of installed capacity. With the installation of the second phase of Campo Largo, EBE's total installed wind capacity will surpass the mark of 1 gigawatt (GW) in the region. Power output from Campo Largo – Phase II will be sold entirely in the Free Contracting Environment (ACL).

In the fourth quarter 2019, significant headway was made in the civil works for access roads and assembly platforms. The tower anchor bolts were delivered, permitting a start on the wind turbine foundations. The installation of the medium voltage networks is underway, these connecting the wind turbines to the collector substation. Signficant progress with civil works, manufacture and inspection of the principal substation equipment was also achieved during the period.

All the installation licences for the eleven wind farms have been obtained, thus allowing activities in all areas of the project to proceed.

Projects under Development

Power plants	Source	Location	Installed Capacity (MW)	
			Total	Company's Share
Santo Agostinho Complex	Wind Farm	Lajes and Pedro Avelino (RN)	800.0	800.0
Norte Catarinense	Thermal	Garuva (SC)	600.0	600.0
Umburanas Complex - Phase II	Wind Farm	Umburanas (BA)	300.0	300.0
Campo Largo Complex - Phase III	Wind Farm	Umburanas e Sento Sé (BA)	250.0	250.0
Assú - Plants I, II, III e IV	Solar	Assú (RN)	120.0	120.0
Alvorada	Solar	Bom Jesus da Lapa (BA)	90.0	90.0
Total			**2,160.0**	**2,160.0**

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. 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 has all the documentation necessary to participate in the energy auctions, including the A-4 and A-6 auctions to be held in 2020. The increase of the nominal capacity of the wind turbines allowed the revision of its **total installed capacity reaching 800 MW**.

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.** The project has a preliminary environmental license and the Company is evaluating alternatives for the secure supply of natural gas for eventual participation future electric energy auctions.



3D images from the Norte Catarinense TPP project

Umburanas Wind Complex – Bahia (Phase II). 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. The project now has all the documentation necessary to participate in the energy auctions. Like the Santo Agostinho Complex, Umburanas II also had the nominal capacity of the wind turbines revised, reaching **300 MW of total installed capacity**.

Campo Largo Wind Complex – Bahia (Phase III). The Company intends to add about **250 MW of installed capacity** to the Campo Largo Wind Complex with the development of its third phase. The project is in the environmental licensing process, regularizing land aspects and will be further developed by EBE next to Phases 1 and 2 of Campo Largo Wind Complex, capturing synergies especially during the commercial operation.

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 150 MW**, consisting of five projects, among them Assú V. Assú V went into commercial operations in December 2017. The other solar energy plants under development are also qualified to participate in opportunities in both free and regulated markets.

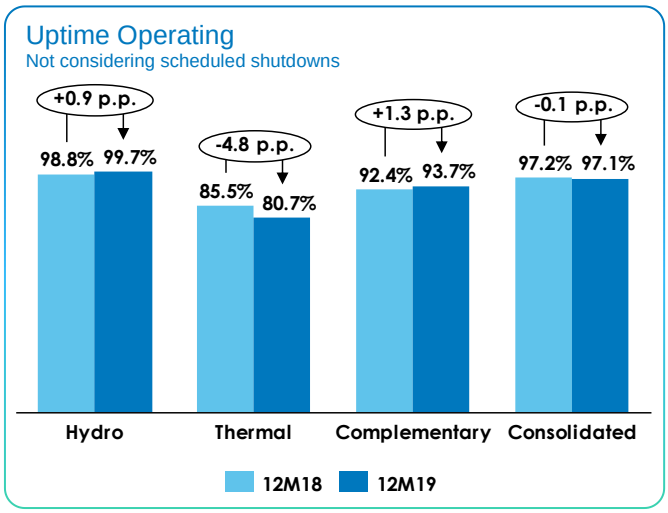
Alvorada Photovoltaic Complex. ENGIE Brasil Energia has acquired a site in the state of Bahia, – a region with potential for generating solar energy – for the development of three projects comprising the **Alvorada Photovoltaic Complex**. The projects, which **will have a total installed capacity of 90 MW.** The projects are at the development phase and qualify to participate in opportunities in both the free and regulated markets.

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.

OPERATING PERFORMANCE

Energy Generating Park Uptime Operating

The plants operated by ENGIE Brasil Energia reported uptime working of **97.1% in 4Q19, ignoring scheduled stoppages**: 99.9% for the hydroelectric plants, 80.1% for the thermoelectric plants and 95.7% with respect to the plants fired from complementary energy sources, namely SHPs, biomass, wind and photovoltaics.



If all scheduled shutdowns are taken into account, the aggregate uptime in the 4Q19 was 89.7%: 92.6% for the hydroelectric plants, 63.7% for the thermoelectric and 94.6% for plants operating with complementary energy sources.

As a result of programmed maintenance shutdowns, global uptime ratios for 4Q19 were 2.8 p.p. below those verified for the same period in 2018. Hydroelectric plant uptime saw a reduction of 1.5 p.p. in the quarter due to modernizing work on the Number 5 Generating Unit at the Salto Osório Hydroelectric Power Plant and ongoing repair work at generating unit number 1 at the Jaguara Hydroelectric Power Plant.

In relation to the thermoelectric plants, there was a reduction in uptime ratios, 15.9 p.p. less in relation to 4Q18, due to the longer dispatch period, in addition to the initial operational cycle at the Pampa Sul, the latter experiencing sporadic unscheduled downtime typical of the early period of operations and related post-commissioning tests.

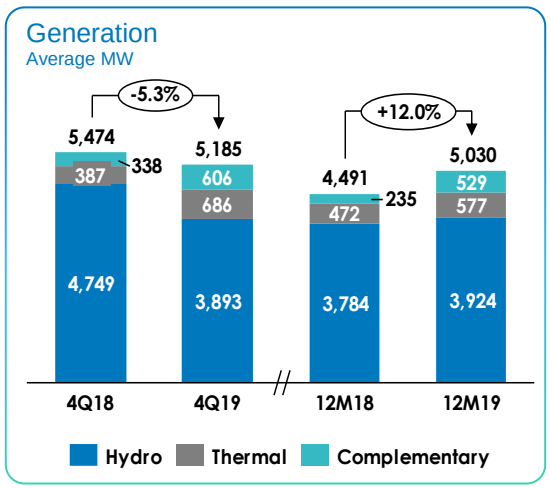
In the case of the plants operating with complementary energy sources, there was 9.0 p.p. increase in the uptime ratio compared with 4Q18, influenced by the operational performance at the Company's wind farms, principally due to the entry into commercial operations of the Campo Largo – Phase I and Umburanas – Phase I wind complexes.

For the 12 months of 2019, ignoring scheduled stoppages, the plant operated by ENGIE Brasil Energia reached uptime levels of 97.1%, 99.7% at the hydroelectric plants, 80.7% at the thermoelectric plants and 93.7% of the plants operating from complementary sources — SHPs, biomass, wind and photovoltaic.

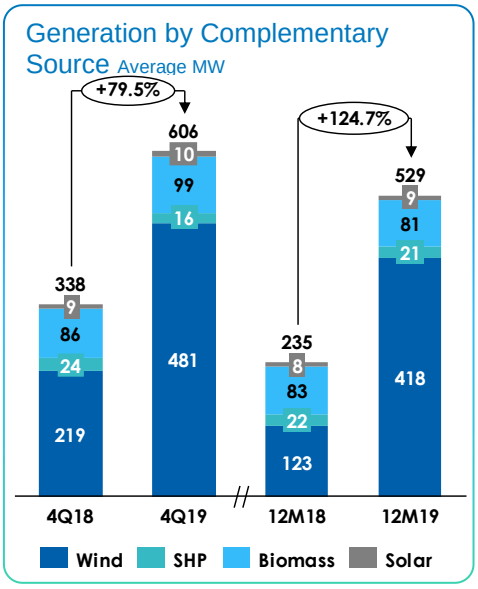
Taking into account all scheduled stoppages, the internal global uptime for the **calendar year 2019** was 89.7%, being 92.4% at the hydroelectric plants, 69.1% at the thermoelectric plants and 89.1% at the plants operating with complementary energy sources. Comparing 2019 with the preceding year, there was a 1.8 p.p. reduction in internal global uptime, reductions of 1.5 p.p. and 4.3 p.p. at the hydroelectric and thermoelectric plants respectively, and an increase in the plants operated from complementary energy sources of 4.3 p.p. The reduction in uptime at the hydroelectric and thermoelectric plants during 2019 compared with the previous year, is mainly due to the delay in concluding the modernization of Generating Unit 5 at the Salto Osório Hydroelectric Plant, maintenance work on the Generating Unit 1 at the Jaguara Hydroelectric Power Plant and the overhaul of the Generating Units of the Jorge Lacerda B Thermoelectric Power Plant (GUs 5 and 6). The increase in uptime of the wind farms was due to the solutions to pending post-commissioning glitches.

Energy Production

Electricity output from plants operated by ENGIE Brasil Energia was 11,448 GWh (5,185 average MW) in 4Q19. This result is **5.3% less** than production for 4Q18. Total output breaks down as follows: hydroelectric plants, 8,594 GWh (3,893 average MW), thermoelectric plants 1,515 GWh (686 average MW) and the complementary sourced units 1,339 GWh (606 average MW). Results point to reduction of 18.0% on the hydro energy sources and increases of 77.2% and 79.4% on termoelectric and complementary energy sources, respectively, in relation to 4Q18.



The decrease in total generation from the Company's hydroelectric plants on a 4Q19 x 4Q18 comparative basis is principally due to the less favorable hydrological conditions in 4Q19 in the hydrographic basins where the EBE's plants are located.



The decrease in the offer of hydroelectricity was the main factor contributing to the increase in the Marginal Cost of Operation (CMO), in turn, increasing the necessity of dispatching full load from the Jorge Lacerda Thermoelectic Complex for a large part of 4Q19 and also due to the entry into commercial operations of the Pampa Sul TPP, which added 166 average MW during the period.

The marked increase in generation from the complementary sourced plants is due to the startup in commercial operations of the Campo Largo – Phase I and Umburanas - Phase I wind complexes, as well as the considerable increase in uptime ratios and operational performance.

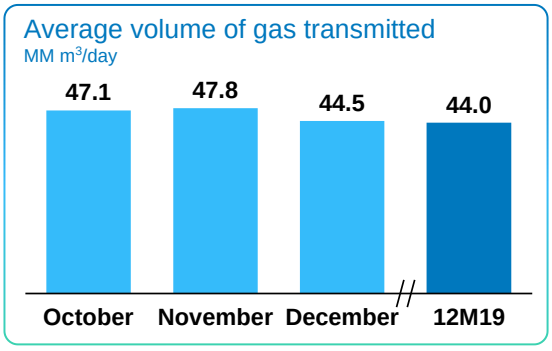
In the 12 months of 2019, as a rule, the entry into commercial operations of new plants (thermoelectrics and wind) contributed to production reaching 44,058 GWh (5,030 average MW), that is, 12.0% greater than 2018, when the total was 39,340 GWh (4,491 average MW). In 2019, production from all energy sources was greater year-on-year, 3.7% in the case of the hydroelectric plants, 22.2% for the thermoelectric plants and 124.7% for the plants operated from complementary sources of energy.

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

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

Gas Transportation

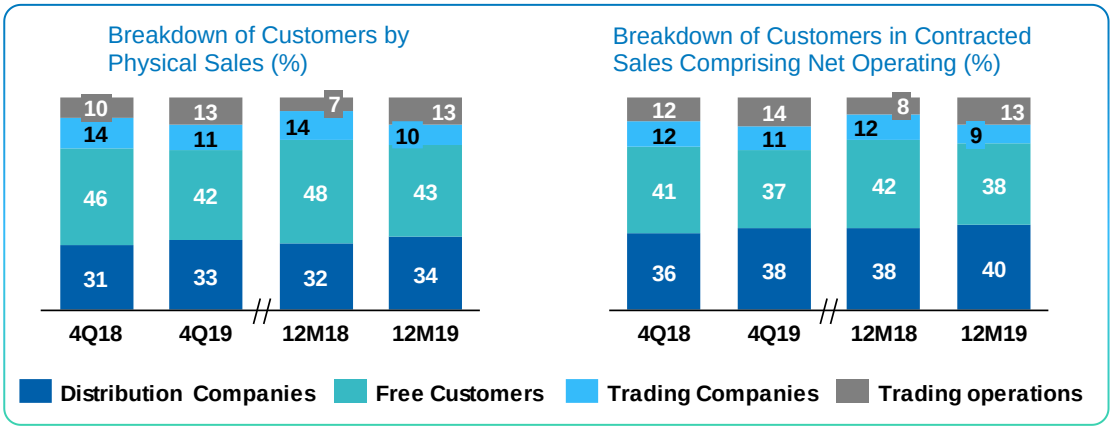
In 4Q19, TAG transmitted an average volume of gas of 46.5 million m^3/day.



Electric Energy Sales Portfolio

In 4Q19, the free consumer share of the Company's portfolio was 42.1% of total physical sales and 37.2% of the total net operating revenue (except CCEE and other revenues), decreases of 3.5 p.p. and 3.3 p.p., respectively in relation to the same quarter in 2018. In 12M19, free consumers represented 43.1% of physical sales and 38.3% of net operating revenues (excluding CCEE and other revenues), down 5.1 p.p. and 3.8 p.p., respectively compared with 2018.

The reduced share of free consumers was due to the start in supplies under agreements signed in the Regulated Contracting Environment (ACR) by the Ferrari and Pampa Sul Thermoelectric Power Plants and the Campo Largo – Phase I, Umburanas - Phase I and Trairí, Wind Complexes, when comparing periods, and by the lower consumption of free consumers in relation to volumes contracted.



Commercialization Strategy of Electric Energy

The Company pursues a commercial strategy of gradual sales of future energy availability for any given year as a means of mitigating the risk of exposure to spot prices (Price for Settlement of Differences — PLD) for that particular year. Electric energy sales are made during windows of opportunity that open when the market shows a greater buying propensity. ENGIE Brasil Energia's energy balance based on proprietary commercial capacity and power purchasing agreements outstanding as at **December 31, 2019** is as follows:

Energy Balance

(Average MW)

	2020	2021	2022	2023	2024	2025	**Auction** **Gross** Price (R$/MWh)	Reference Date	**Gross** Price Adjusted (R$/MWh)	**Net** Price of PIS/COFINS/P&D (R$/MWh)
Own Resources	4,706	4,864	4,921	4,917	4,917	4,731				
+ Purchases for Resale	1,376	703	533	374	185	174				
= Total Resources (A)	**6,082**	**5,567**	**5,454**	**5,291**	**5,102**	**4,905**				
Government Auction Sales[1]	2,010	2,010	2,010	2,010	2,005	2,005				
2005-NE-2010-30	200	200	200	200	200	200	115.1	Dec-05	236.1	212.2
2006-NE-2009-30	493	493	493	493	493	493	128.4	Jun-06	259.4	233.0
2006-NE-2011-30	148	148	148	148	148	148	135.0	Nov-06	270.2	242.8
2007-NE-2012-30	256	256	256	256	256	256	126.6	Oct-07	243.7	218.9
Proinfa	19	19	19	19	19	19	147.8	Jun-04	286.6	276.2
1st Reserve Energy Auction	12	12	12	12	12	12	158.1	Aug-08	284.7	274.3
Auction Mix (New Energy / Reserve / DG)	14	14	14	14	9	9	-	-	279.3	269.1
2014-NE-2019-25	295	295	295	295	295	295	183.5	Mar-14	235.7	211.7
2014-NE-2019-25	10	10	10	10	10	10	206.2	Nov-14	261.0	251.5
2014-NE-2019-20	82	82	82	82	82	82	139.3	Nov-14	176.4	160.1
2015-NE-2018-20	46	46	46	46	46	46	188.5	Aug-15	223.5	202.8
8th Reserve Energy Auction	9	9	9	9	9	9	303.0	Nov-15	356.3	323.3
2014-EN-2019-20	48	48	48	48	48	48	136.4	Nov-14	176.7	160.4
Government Auction - Quotas regime										
2018 - Quotas (UHJA) - 2018-30	239	239	239	239	239	239	-	Jul-17	148.8	142.0
2018 - Quotas (UHMI) - 2018-30	139	139	139	139	139	139	-	Jul-17	167.8	160.1
+ Bilateral Sales	3,295	2,889	2,513	1,917	1,168	683				
= Total Sales (B)	**5,305**	**4,899**	**4,523**	**3,927**	**3,173**	**2,688**				
Balance (A - B)	**777**	**668**	**931**	**1,364**	**1,929**	**2,217**				
Sales average **net** price (R$/MWh) [2, 3]:	190.2	189.3	189.0							
Purchases average **net** price (R$/MWh) [4]:	176.3	178.1	173.0							

[1] XXXX-YY-WWW-ZZ, where:
XXXX → year of auction
YY → EE = existing energy or NE = new energy
WWWW → year of delivery start
ZZ → supply contract duration (in years)

[2] Sales price, including trading operations, is net of ICMS and taxes over revenue (PIS/Cofins, R&D), i.e. future inflation is not considered.

[3] Desconsidering sales for quota regime (Jaguara and Miranda HPPs).

[4] Purchase net price, considering trading operations and benefits from PIS/Cofins credits, i.e. future inflation is not considered.

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

ECONOMIC-FINANCIAL PERFORMANCE

	Result by segment – 4Q19 x 4Q18 (in R$ million)					
	Electric energy					
	Generation[1]	Trading	Transmission[2]	Solar panels	Gas transportation	Consolidated
4Q19						
Net operating revenue	2,374.8	321.6	61.5	37.2	-	2,795.1
Operational costs	(1,319.0)	(320.4)	(53.0)	(36.4)	-	(1,728.8)
Gross income	**1,055.8**	**1.2**	**8.5**	**0.8**	**-**	**1,066.3**
Selling, general and administrative expenses	(74.4)	(0.7)	-	(2.3)	-	(77.4)
Other operating expenses, net	(1.4)	-	-	-	-	(1.4)
Equity income	-	-	-	-	86.8	86.8
Income (loss) before financial results and taxes	**980.0**	**0.5**	**8.5**	**(1.5)**	**86.8**	**1,074.3**
4Q18						
Net operating revenue	1,946.0	275.6	47.7	33.0	-	2,302.3
Operational costs	(1,025.0)	(226.4)	(45.4)	(29.3)	-	(1,326.1)
Gross income	**921.0**	**49.2**	**2.3**	**3.7**	**-**	**976.2**
Selling, general and administrative expenses	(61.9)	(0.6)	-	(1.4)	-	(63.9)
Other operating expenses, net	(2.7)	-	-	-	-	(2.7)
Impairment[3]	(6.5)	-	-	-	-	(6.5)
Income before financial results and taxes	**849.9**	**48.6**	**2.3**	**2.3**	**-**	**903.1**
Variation						
Net operating revenue	428.8	46.0	13.8	4.2	-	492.8
Operational costs	(294.0)	(94.0)	(7.6)	(7.1)	-	(402.7)
Gross income (loss)	**134.8**	**(48.0)**	**6.2**	**(2.9)**	**-**	**90.1**
Selling, general and administrative expenses	(12.5)	(0.1)	-	(0.9)	-	(13.5)
Other operating expenses, net	1.3	-	-	-	-	1.3
Impairment	6.5	-	-	-	-	6.5
Equity income	-	-	-	-	86.8	86.8
Income (loss) before financial results and taxes	**130.1**	**(48.1)**	**6.2**	**(3.8)**	**86.8**	**171.2**

The Company's financial result is not allocated by segment since Management administers the cash flow on a corporate basis.

[1] Generation and sale of electric energy from the Company's portfolio ("Generation").
[2] Segment represented by the Gralha Azul Transmission System, under construction.
[3] Provision for reduction in impairment ("Impairment").

	Result by segment – 12M19 x 12M18 (in R$ million)					
	Electric Energy					
	Generation	Trading	Transmission	Solar panels[4]	Gas transportation	Consolidated
12M19						
Net operating revenue	8,427.7	1,109.0	169.9	97.9	-	9,804.5
Operational costs	(4,294.1)	(1,111.4)	(151.5)	(96.0)	-	(5,653.0)
Gross income (loss)	**4,133.6**	**(2.4)**	**18.4**	**1.9**	**-**	**4,151.5**
Selling, general and administrative expenses	(243.2)	(2.9)	-	(7.1)	-	(253.2)
Other operating revenues, net	320.4	-	-	-	-	320.4
Impairment	(4.9)	-	-	-	-	(4.9)
Equity income	-	-	-	-	81.1	81.1
Income (loss) before financial results and taxes	**4,205.9**	**(5.3)**	**18.4**	**(5.2)**	**81.1**	**4,294.9**
12M18						
Net operating revenue	8,095.0	614.9	47.7	37.2	-	8,794.8
Operational costs	(4,217.0)	(580.2)	(45.4)	(33.4)	-	(4,876.0)
Gross income	**3,878.0**	**34.7**	**2.3**	**3.8**	**-**	**3,918.8**
Selling, general and administrative expenses	(203.5)	(2.1)	-	(2.1)	-	(207.7)
Other operating expenses, net	(3.7)	-	-	-	-	(3.7)
Impairment	(39.3)	-	-	-	-	(39.3)
Equity income	-	-	-	(1.0)	-	(1.0)
Income before financial results and taxes	**3,631.5**	**32.6**	**2.3**	**0.7**	**-**	**3,667.1**
Variation						
Net operating revenue	332.7	494.1	122.2	60.7	-	1,009.7
Operational costs	(77.1)	(531.2)	(106.1)	(62.6)	-	(777.0)
Gross income (loss)	**255.6**	**(37.1)**	**16.1**	**(1.9)**	**-**	**232.7**
Selling, general and administrative expenses	(39.7)	(0.8)	-	(5.0)	-	(45.5)
Other operating revenues, net	324.1	-	-	-	-	324.1
Impairment	34.4	-	-	-	-	34.4
Equity income	-	-	-	1.0	81.1	82.1
Income (loss) before financial results and taxes	**574.4**	**(37.9)**	**16.1**	**(5.9)**	**81.1**	**627.8**

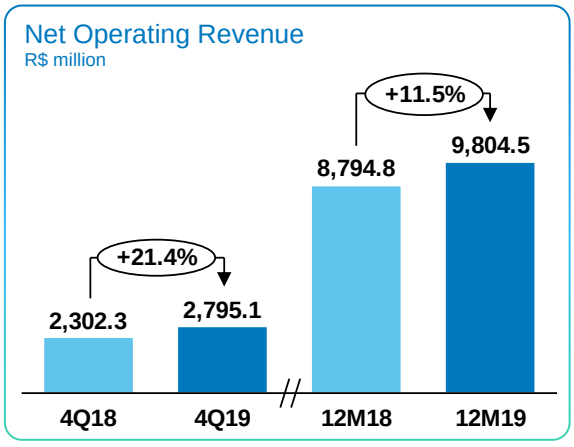
The Company's financial result is not allocated by segment since Management administers the cash flow on a corporate basis.

[4] The solar panels sales and installation segment was consolidated in the Company's financial statements in August 2018.

Net Operating Revenue

	Operating revenue by segment – 4Q19 x 4Q18 (in R$ million)				
	Electric energy				
	Generation	Trading	Transmission	Solar panels	Consolidated
4Q19					
Electricity distributors	845.4	-	-	-	845.4
Free consumers	822.2	-	-	-	822.2
Energy trading operations	-	298.7	-	-	298.7
Unrealized gains on trading operations	-	22.2	-	-	22.2
Transactions in the short-term market	303.8	0.7	-	-	304.5
Trading companies	245.0	-	-	-	245.0
Remuneration of concession assets	108.3	-	7.1	-	115.4
Construction revenue	-	-	54.4	-	54.4
Services rendered revenue	30.1	-	-	-	30.1
Other revenues	20.0	-	-	37.2	57.2
Net operating revenue	**2,374.8**	**321.6**	**61.5**	**37.2**	**2,795.1**
4Q18					
Electricity distributors	715.4	-	-	-	715.4
Free consumers	802.0	-	-	-	802.0
Energy trading operations	-	232.4	-	-	232.4
Unrealized gains on trading operations	-	43.2	-	-	43.2
Transactions in the short-term market	90.3	-	-	-	90.3
Trading companies	227.0	-	-	-	227.0
Remuneration of concession assets	70.3	-	1.1	-	71.4
Construction revenue	-	-	46.6	-	46.6
Services rendered revenue	27.9	-	-	-	27.9
Other revenues	13.1	-	-	33.0	46.1
Net operating revenue	**1,946.0**	**275.6**	**47.7**	**33.0**	**2,302.3**
Variation					
Electricity distributors	130.0	-	-	-	130.0
Free consumers	20.2	-	-	-	20.2
Energy trading operations	-	66.3	-	-	66.3
Unrealized gains on trading operations	-	(21.0)	-	-	(21.0)
Transactions in the short-term market	213.5	0.7	-	-	214.2
Trading companies	18.0	-	-	-	18.0
Remuneration of concession assets	38.0	-	6.0	-	44.0
Construction revenue	-	-	7.8	-	7.8
Services rendered revenue	2.2	-	-	-	2.2
Other revenues	6.9	-	-	4.2	11.1
Net operating revenue	**428.8**	**46.0**	**13.8**	**4.2**	**492.8**

In 4Q19, net operating revenue increased 21.4% (R$ 492.8 million) compared to 4Q18, from R$ 2,302.3 million to R$ 2,795.1 million. This variation was a reflection of the following factors: (i) R$ 428.8 million (22.0%) increase in the generation and sale of electric energy segment from the Company's portfolio, largely due to growth of (i.i) R$ 213.5 million in the transactions conducted in the short-term market; (i.ii) R$ 135.5 million due to the large amounts of energy sold; (i.iii) R$ 38.0 million in remuneration of financial assets relative to the payment of the concession grant for the Jaguara and Miranda Hydroelectric Power Plants; (i.iv) R$ 32.7 million corresponding to the increase in net average selling price; (i.v) R$ 10.8 million largely due to indemnity revenues from business interruption claims in the case of the Salto Osório Hydroelectric Plant and the collection of a contractual fine due to downtime of plants in the Trairí Wind Complex; and (i.vi) R$ 2.2 million in revenues from Generation Asset Management (GAG) with respect to Jaguara and Miranda; (ii) R$ 46.0 million (16,7%) increase from energy trading operations; (iii) R$ 13.8 million (28.9%) increase in revenues related to the transmission segment; and (iv) R$ 4.2 million (12.7%) increase in revenue from the sale and installation of solar panels.



Increases recorded under items (i.i), (i.iii) and (i.iv), R$ 105.9 million were the result of operations at Pampa Sul Thermoelectric Power Plant (Pampa Sul), the Campo Largo – Phase I Wind Complex (Campo Largo - Phase I) and the Umburanas - Phase I Wind Complex – Phase I (Umburanas – Phase I), commercial operations at which began June 28, 2019, in the second half of 2018 and in the first four months of 2019, respectively.

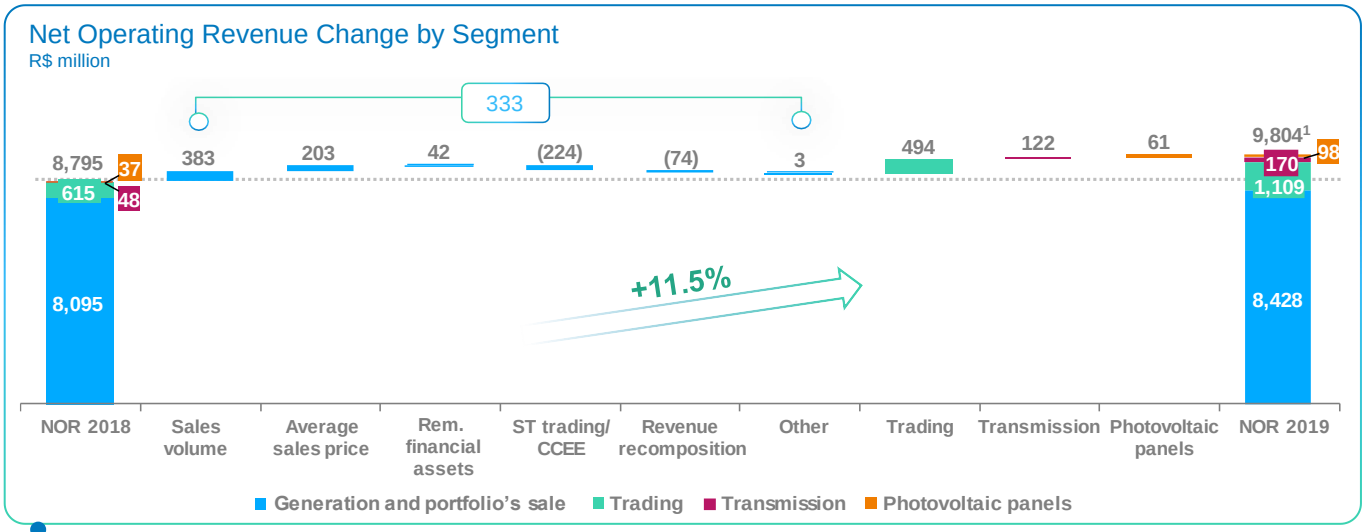
Excluding the effects of Pampa Sul, Campo Largo – Phase I and Umburanas - Phase I, in addition to the effect of the non-recurring transaction in item (i.v), net operating revenue from the generation and sale of electric energy segment from the Company's portfolio increased by R$ 312.1 million (16.8%) year-on-year. Results for the trading and transmission segments will be commented under separate headings.

	Operating revenue by segment – 12M19 x 12M18 (in R$ million)				
	Electric energy				
	Generation	Trading	Transmission	Solar panels[5]	Consolidated
12M19					
Electricity distributors	3,292.7	-	-	-	3,292.7
Free consumers	3,164.1	-	-	-	3,164.1
Energy trading operations	-	1,078.4	-	-	1,078.4
Unrealized gains on trading operations	-	23.5	-	-	23.5
Transactions in the short-term market	699.1	7.1	-	-	706.2
Trading companies	728.0	-	-	-	728.0
Remuneration of concession assets	382.7	-	14.5	-	397.2
Construction revenue	-	-	155.4	-	155.4
Services rendered revenue	116.0	-	-	-	116.0
Other revenues	45.1	-	-	97.9	143.0
Net operating revenue	**8,427.7**	**1,109.0**	**169.9**	**97.9**	**9,804.5**
12M18					
Electricity distributors	2,721.8	-	-	-	2,721.8
Free consumers	3,020.1	-	-	-	3,020.1
Energy trading operations	-	566.3	-	-	566.3
Unrealized gains on trading operations	-	43.2	-	-	43.2
Transactions in the short-term market	923.4	5.4	-	-	928.8
Trading companies	856.8	-	-	-	856.8
Remuneration of concession assets	340.4	-	1.1	-	341.5
Construction revenue	-	-	46.6	-	46.6
Services rendered revenue	111.5	-	-	-	111.5
Other revenues	121.0	-	-	37.2	158.2
Net operating revenue	**8,095.0**	**614.9**	**47.7**	**37.2**	**8,794.8**
Variation					
Electricity distributors	570.9	-	-	-	570.9
Free consumers	144.0	-	-	-	144.0
Energy trading operations	-	512.1	-	-	512.1
Unrealized gains on trading operations	-	(19.7)	-	-	(19.7)
Transactions in the short-term market	(224.3)	1.7	-	-	(222.6)
Trading companies	(128.8)	-	-	-	(128.8)
Remuneration of concession assets	42.3	-	13.4	-	55.7
Construction revenue	-	-	108.8	-	108.8
Services rendered revenue	4.5	-	-	-	4.5
Other revenues	(75.9)	-	-	60.7	(15.2)
Net operating revenue	**332.7**	**494.1**	**122.2**	**60.7**	**1,009.7**

On a 2019 x 2018 comparison, net operating revenue increased from R$ 8,794.8 million in 2018 to R$ 9,804.5 million in 2019, that is an increase of R$ 1,009.7 million (11.5%). This variation reflects the following effects: (i) R$ 494.1 million (80.4%) from an increase in energy trading operations; (ii) R$ 332.7 million (4.1%) from an increase in the generation and sale of electric energy segment from the Company's portfolio, mainly due to (ii.i) growth of R$ 383.3 million given the large energy volume sold; (ii.ii) R$ 202.8 million corresponding to the increase in the net average selling price; (ii.iii) R$ 42.3 million increase in remuneration of financial assets relative to the payment of the concession grant for the Jaguara and Miranda Hydroelectric Power Plants; and (ii.iv) R$ 4.5 million increase in revenues from Generation Asset Management (GAG) relative to Jaguara and Miranda. These increases were partially attenuated by: (ii.v) a decrease in the transactions conducted on the short-term market amounting to R$ 224.3 million; and (ii.vi) a decrease of R$ 73.9 million of revenue from the indemnification from a business interruption claim and the collection of a contractual fine for downtime; (iii) R$ 122.2 million (256.2%) increase relating to the transmission segment; and (iv) R$ 60.7 million (163.2%) increase relative to revenues from the sale and installation of solar panels which started to be consolidated in the financial statements in August 2018. Results for the trading and transmission segments will be commented under separate headings.

[5] The solar panels sales and installation segment was consolidated in the Company's financial statements in August 2018.

The variations in items (ii.i), (ii.ii) and (ii.v), were impacted by the growth of R$ 574.3 million due to the entry into commercial operations of Pampa Sul, Campo Largo - Phase I and Umburanas - Phase I. Excluding this effect as well as the effect of the non-recurring transaction in item (ii.vi), net operating revenue from the generation and sale of electric energy segment from the Company's portfolio fell by R$ 167.7 million (2.1%), on a 2018 x 2019 comparison.



[1] Apparent sum-related errors are a result from rounding of addends.

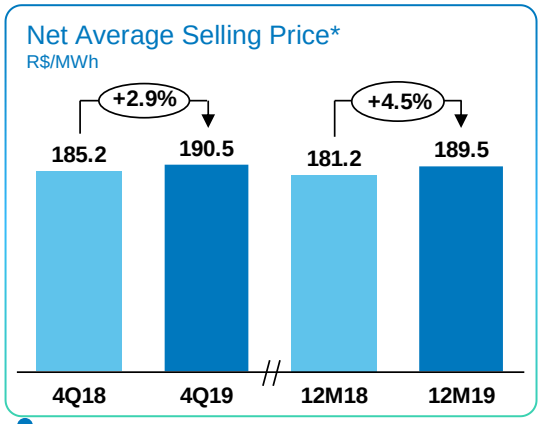
Comments on Variation in Net Operating Revenue

➢ Generation and Sales of Energy from the Portfolio

➢ Net Average Selling Price

The average energy selling price, net of revenue charges, reached **R$ 190.53/MWh in 4Q19, 2.9% greater than** 4Q18, when the net average selling price was R$ 185.17/MWh. **In the 12 months of 2019**, this price was **R$ 189.45/MWh, 4.5% greater** than practiced in 2018, when the net average selling price was R$ 181,23/MWh. These prices exclude energy trading operations which the Company began in January 2018 and are shown below under a specific heading.

In both comparative periods, price increases were largely driven by monetary restatement of current agreements, and new agreements via traders, with average prices higher than in the case of expired and existing contracts, but partially attenuated by the lower average price in the Regulated Contracting Environment (ACR) of agreements where supplies began in 1Q19, and for new agreements via free consumers with average prices less than existing agreements.

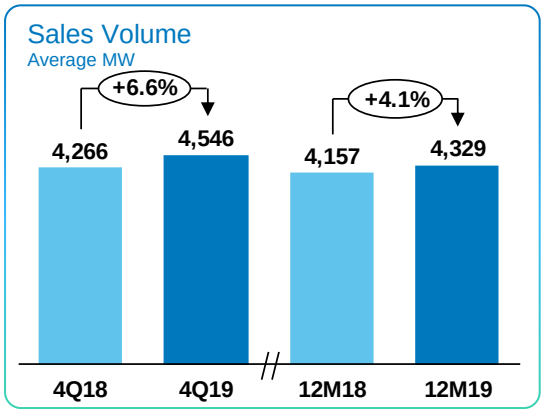


* Net of taxes and trading operations.

➢ Sales Volume

Volume of contracted energy sold under agreements increased from 9,420 GWh (4,266 average MW) in 4Q18 to **10,037 GWh (4,546 average MW) in 4Q19**, an increase of 617 GWh (280 average MW), or 6.6%, between comparative periods. **In 2019**, energy sales volume was **37,925 GWh (4,329 average MW)**, against 36,411 GWh (4,157 average MW) reported in 2018, a growth of 1,514 GWh (172 average MW) or 4.1%. These volumes exclude energy trading operations shown below under a specific heading.

The quarterly and annual increase in sales volume is largely a result of stronger sales to distributors through fresh agreements effective 1Q19 arising from the new energy auctions, and the entry into commercial operations of Pampa Sul at the end 2Q19, energy from which also attends requirements under new energy auctions, the increase in sales volume partially offset by the reduction in consumption on the part of free consumers.



➢ Revenue from Sale of Electric Energy

- Distribution Companies:

Revenue from sales to distribution companies was R$ 845.4 million in 4Q19, R$ 130.0 million (18.2%) greater than R$ 715.4 million recorded in 4Q18. The variation was driven by the following: (i) R$ 146.4 million — increase of 666 GWh (301 average MW) in volume sold; and (ii) R$ 16.4 million — a reduction of 2.3% in the net average selling price.

In 2019, revenues were R$ 3,292.7 million, **an increase of R$ 570.9 million (21.0%)** in relation to fiscal year 2018, when this item was R$ 2,721.8 million. This growth reflects: (i) R$ 592.1 million — an increase of 2,694 GWh (307 average MW) in sales volume; and (ii) R$ 21.2 million — a 0.8% reduction in the net average selling price.

The quarterly and annual increases in sales volume were driven mainly by the start in supplies from the Ferrari Thermoelectric Power Plant under new energy auction agreements, from the wind farms in the Campo Largo - Phase I, Umburanas - Phase I and Trairí wind complexes, which delivered their energy to the regulated market from 1Q19, and energy generated by Pampa Sul.

The decrease in prices was largely driven by lower average prices under the aforementioned auctions, agreements with supplies beginning in 1Q19, partially ameliorated by monetary restatement of existing agreements and by the average selling price of energy generated from Pampa Sul, higher than the average for existing agreements.

- Trading Companies:

In 4Q19, revenues from traders were R$ 245.0 million, R$ 18.0 million (7.9%) greater than revenue recorded in 4Q18, which was R$ 227.0 million. This increase is a result of a combination of the following: (i) R$ 47.6 million — growth of 21.0% in net average selling price; and (ii) R$ 29.6 million — decrease of 160 GWh (72 average MW) in energy sales volume.

In the 12 months of 2019, revenues were R$ 728.0 million, R$ 128.8 million (15.0%) down on revenue recorded in 2018, which was R$ 856.8 million. This reduction is a result of a combination of the following: (i) R$ 218.4 million — a decrease of 1,237 GWh (141 average MW) in energy sales volume; and (ii) R$ 89.6 million — growth of 10.5% in net average selling price.

The decrease in volumes between periods is largely due to the migration of some clients - which had acquired energy through the trading companies – to the free consumer class, this being partially ameliorated by increased consumption on the part of the other clients.

Price increases occurred basically due to new agreements at higher prices than the average for existing or expired agreements and to the monetary restatement of prevailing agreements.

- Free Consumers:

Revenue from sales to free consumers increased R$ 20.2 million (2.5%) between quarters under analysis from R$ 802.0 million in 4Q18 to R$ 822.2 million in 4Q19. The following events contributed to this variation: (i) R$ 18.7 million — an increase of 111 GWh (51 average MW) in energy sales volume; and (ii) R$ 1.5 million — an increase of 0.2% in net average selling price.

In 2019, revenue reached R$ 3,164.1 million, R$ 144.0 million (4.8%) higher than R$ 3,020.1 million registered in 2018. This increase is related to: (i) R$ 134.4 million — an increase of 4.4% in net average selling price; and (ii) R$ 9.6 million — an increase of 57 GWh (6 average MW) in energy sales volume.

Higher prices largely reflect monetary restatement on prevailing agreements partially attenuated by new agreements at lower average prices than existing or expiring agreements.

Increased energy volume sold is driven by growth in sales volume to industrial customers, some of which changed category from traders to free consumers, but partially attenuated by lower consumption on the part of clients relative to contracted amounts.

➢ Transactions in the Short-term Energy Market

In 4Q19, revenues recorded for operations in the short-term market were R$ 303.8 million, against R$ 90.3 million in 4Q18, and representing an **increase of R$ 213.5 million (236.4%)** between the quarters under comparison. **In 2019 as a whole**, relative to 2018, **there was a reduction of R$ 224.3 million (24.3%)** in short-term transactions from R$ 923.4 million in 2018 to R$ 699.1 million in 2019. These amounts exclude transactions in the short-term market involving trading operations, details of which are shown under a separate heading below. A more detailed explanation of these short-term operations is to be found in the item below “Details of Short-Term Operations”.

➢ Remuneration of Concession Financial Assets

The financial assets of concessions represent the present value of future cash flows of the portion of energy from the Jaguara and Miranda Hydroelectric Power Plants transacted through the Regulatory Contracting Environment (ACR) and equivalent to 70% of the plants’ physical guarantee. These assets are remunerated at the internal rate of return and according to the variation in the Amplified Consumer Price Index (IPCA index).

Remuneration of the concession financial assets increased from R$ 70.3 million in 4Q18 to R$ 108.3 million **in 4Q19, an increase of R$ 38.0 million (54.1%)**. **On the basis of an annual comparison, growth was R$ 42.3 million (12.4%)**, from R$ 340.4 million in 2018 to R$ 382.7 million in 2019. The increases were mainly driven by the higher average balances of the asset and the variation in the IPCA index between compared periods.

➢ Revenue from Services Rendered

In the case of the Jaguara and Miranda Hydroelectric Power Plants, for energy sold in the ACR, also as part of the Annual Generation Revenue (RAG), the companies receive a tranche under the Generation Asset Management (GAG) for covering operational and maintenance costs in addition to the expenditures with improvements and investments during the term of the concession. The amount of the GAG booked to the accounts in 4Q19 was R$ 30.1 million, R$ 2.2 million (7.9%) higher than the R$ 27.9 million booked in 4Q18. On an annual comparative basis, there was an increase of R$ 4.5 million (4.0%) from R$ 111.5 million in 2018 to R$ 116.0 million in 2019. The increase is largely a reflection of monetary restatement of the amounts.

➢ Solar Panels

Revenue from the sale and installation of solar panels through the ENGIE Geração Solar Distribuída S.A. (EGSD) subsidiary between the quarters analyzed, **increased R$ 4.2 million (12.7%)**, from R$ 33.0 million in 4Q18 to **R$ 37.2 million in 4Q19**. On an annual comparative basis, there was an **increase of R$ 60.7 million (163.2%)** from R$ 37.2 million in 2018 to **R$ 97.9 million in 2019.** The control of EGSD was acquired in August 2018, when the controlled company was consolidated by EBE and the reason for the significant increase on an annual basis.

Operational Costs

	Costs by segment – 4Q19 x 4Q18 (in R$ million)				
	Electric energy				
	Generation	Trading	Transmission	Solar panels	Consolidated
4Q19					
Electric power purchases	408.4	306.2	-	-	714.6
Unrealized losses on trading operations	-	14.2	-	-	14.2
Transactions in the short-term market	225.7	-	-	-	225.7
Charges for the use of and connection to the power grid	133.1	-	-	-	133.1
Fuel for generation	84.2	-	-	-	84.2
Royalties	32.5	-	-	-	32.5
Personnel	65.5	-	-	2.6	68.1
Materials and third-party services	95.3	-	-	4.3	99.6
Depreciation and amortization	236.1	-	-	-	236.1
Insurance	21.3	-	-	-	21.3
Construction costs	-	-	52.9	-	52.9
Cost of selling solar panels	-	-	-	29.5	29.5
Other operational costs, net	16.9	-	0.1	-	17.0
Operational costs	**1,319.0**	**320.4**	**53.0**	**36.4**	**1,728.8**
4Q18					
Electric power purchases	475.4	226.4	-	-	701.8
Unrealized losses on trading operations	-	-	-	-	-
Transactions in the short-term market	68.2	-	-	-	68.2
Charges for the use of and connection to the power grid	120.5	-	-	-	120.5
Fuel for generation	0.9	-	-	-	0.9
Royalties	35.1	-	-	-	35.1
Personnel	63.3	-	-	2.6	65.9
Materials and third-party services	59.4	-	-	4.0	63.4
Depreciation and amortization	171.0	-	-	-	171.0
Insurance	13.7	-	-	-	13.7
Construction costs	-	-	45.4	-	45.4
Cost of selling solar panels	-	-	-	20.3	20.3
Other operational costs, net	17.5	-	-	2.4	19.9
Operational costs	**1,025.0**	**226.4**	**45.4**	**29.3**	**1,326.1**
Variation					
Electric power purchases	(67.0)	79.8	-	-	12.8
Unrealized losses on trading operations	-	14.2	-	-	14.2
Transactions in the short-term market	157.5	-	-	-	157.5
Charges for the use of and connection to the power grid	12.6	-	-	-	12.6
Fuel for generation	83.3	-	-	-	83.3
Royalties	(2.6)	-	-	-	(2.6)
Personnel	2.2	-	-	-	2.2
Materials and third-party services	35.9	-	-	0.3	36.2
Depreciation and amortization	65.1	-	-	-	65.1
Insurance	7.6	-	-	-	7.6
Construction costs	-	-	7.5	-	7.5
Cost of selling solar panels	-	-	-	9.2	9.2
Other operational costs, net	(0.6)	-	0.1	(2.4)	(2.9)
Operational costs	**294.0**	**94.0**	**7.6**	**7.1**	**402.7**

Operational costs increased by R$ 402.7 million (30.4%), between compared quarters from R$ 1,326.1 million in 4Q18 to **R$ 1,728.8 million in 4Q19**. This variation was a reflection of the following factors: (i) increase in 4Q19 of R$ 294.0 million (28.7%) relative to 4Q18, in the costs of the generation and sale of electric energy segment from the Company's portfolio; (ii) increase of R$ 94.0 million (41.5%) in the costs of energy trading operations; (iii) growth of R$ 7.6 million (16.7%) in the costs in the transmission segment; and (iv) an increase of R$ 7.1 million (24.2%) of costs of the sale and installation of panels reported by EGSD. The costs of the trading and transmission segments will be commented under a sperate heading.

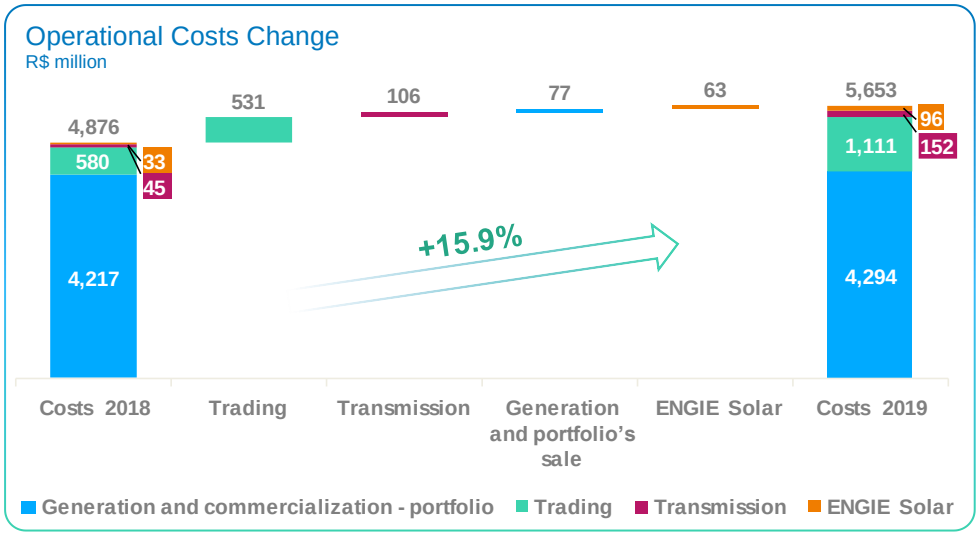
In the variation in item (i), of note is the increase of R$ 147.1 million due to the entry into commercial operations of Pampa Sul, Campo Largo — Phase I and Umburanas - Phase I. If this effect is excluded, the operational costs of the generation and sale of electric energy segment from the Company's portfolio for 4Q19, increased R$ 146.9 million (14.8%), relative to 4Q18.

	Costs by segment – 12M19 x 12M18 (in R$ million)				
	Electric energy				
	Generation	Trading	Transmission	Solar panels[6]	Consolidated
12M19					
Electric power purchases	1,561.5	1,090.5	-	-	2,652.0
Unrealized losses on trading operations	-	14.2	-	-	14.2
Transactions in the short-term market	421.0	6.7	-	-	427.7
Charges for the use of and connection to the power grid	513.7	-	-	-	513.7
Fuel for generation	173.0	-	-	-	173.0
Royalties	131.6	-	-	-	131.6
Personnel	254.7	-	-	10.1	264.8
Materials and third-party services	277.6	-	-	16.1	293.7
Depreciation and amortization	844.3	-	-	0.1	844.4
Insurance	65.6	-	-	-	65.6
Construction costs	-	-	151.3	-	151.3
Cost of selling solar panels	-	-	-	70.8	70.8
Other operational costs, net	51.1	-	0.2	(1.1)	50.2
Operational costs	**4,294.1**	**1,111.4**	**151.5**	**96.0**	**5,653.0**
12M18					
Electric power purchases	1,746.3	578.6	-	-	2,324.9
Unrealized losses on trading operations	-	-	-	-	-
Transactions in the short-term market	572.5	1.6	-	-	574.1
Charges for the use of and connection to the power grid	461.1	-	-	-	461.1
Fuel for generation	152.1	-	-	-	152.1
Royalties	123.2	-	-	-	123.2
Personnel	218.2	-	-	3.5	221.7
Materials and third-party services	198.4	-	-	4.8	203.2
Depreciation and amortization	649.6	-	-	-	649.6
Insurance	39.5	-	-	-	39.5
Construction costs	-	-	45.4	-	45.4
Cost of selling solar panels	-	-	-	22.8	22.8
Other operational costs, net	56.1	-	-	2.3	58.4
Operational costs	**4,217.0**	**580.2**	**45.4**	**33.4**	**4,876.0**
Variation					
Electric power purchases	(184.8)	511.9	-	-	327.1
Unrealized losses on trading operations	-	14.2	-	-	14.2
Transactions in the short-term market	(151.5)	5.1	-	-	(146.4)
Charges for the use of and connection to the power grid	52.6	-	-	-	52.6
Fuel for generation	20.9	-	-	-	20.9
Royalties	8.4	-	-	-	8.4
Personnel	36.5	-	-	6.6	43.1
Materials and third-party services	79.2	-	-	11.3	90.5
Depreciation and amortization	194.7	-	-	0.1	194.8
Insurance	26.1	-	-	-	26.1
Construction costs	-	-	105.9	-	105.9
Cost of selling solar panels	-	-	-	48.0	48.0
Other operational costs, net	(5.0)	-	0.2	(3.4)	(8.2)
Operational costs	**77.1**	**531.2**	**106.1**	**62.6**	**777.0**

In 2019, operational costs were R$ 5,653.0 million, exceeding by R$ 777.0 million (15.9%) costs reported in 2018 of R$ 4,876.0 million. This variation reflects the following factors: (i) an increase of R$ 531.2 million (91.6%) in the costs of energy trading operations; (ii) growth of R$ 106.1 million (233.7%) in costs in the transmission segment; (iii) an increase for the year 2019 of R$ 77.1 million (1.8%) in relation to 2018, in costs of the generation and sale of electric energy segment from the Company's portfolio; and (iv) an increase of R$ 62.6 million (187.4%) of solar panel sales and installation costs reported by EGSD, which has been consolidated in the financial statements since August 2018. The costs of the trading and transmission segments will be commented under a sperate heading.

In the variation in item (iii), of note is the increase of R$ 429.7 million due to the entry into commercial operations of Pampa Sul, Campo Largo — Phase I and Umburanas - Phase I. If this effect is excluded, the operational costs of the generation and sale of electric energy segment from the Company's portfolio fell R$ 352.6 million (8.4%) in relation to 2018.

[6] The solar panels sales and installation segment was consolidated in the Company's financial statements in August 2018.



These variations basically reflect the following key components:

Comments on Variations in Operational Costs

➢ Generation and Energy Sales from the Portfolio

» **Energy purchases:** between 4Q18 and 4Q19 there was a reduction of R$ 67.0 million (14.1%) in purchase operations for the purposes of energy portfolio management as follows: (i) R$ 238.9 million — decrease of 1,468.0 GWh (665 average MW) in purchase volume; and (ii) R$ 171.9 million — growth of 72.7% in the net average price of purchases from R$ 162.83/MWh in 4Q18 to R$ 281,21/MWh no 4Q19. On an annual comparison basis, there was a reduction of R$ 184.8 million (10.6%) in these operations, mainly due to the following events: (i) R$ 280.5 million — decrease of 1,678.9 GWh (192 average MW) in purchase volume; and (ii) R$ 95.7 million — growth of 6.5% in net average purchase price from R$ 167.09/MWh in 2018 to R$ 178.00/MWh in 2019.

The increase in energy purchase prices was largely due to monetary restatement in the period and on a quarterly basis, by the increase in the Differences Settlement Price (PLD) between comparative quarters, given that the PLD is used as a parameter for the establishment of short-term market prices. The decrease in purchase volumes in the compared periods, was particularly due to the expansion of the generating complex with the entry into commercial operations of Campo Largo - Phase I and Umburanas - Phase I.

» **Transactions in the short-term energy market:** costs with these transactions between the quarters under analysis were R$ 157.5 million (230.9%) higher. On an annual comparison, costs were R$ 151.5 million (26.5%) lower in 2018 versus 2019. Greater details are to be found under a specific heading below.

» **Charges for use of and connection to the electricity grid:** an increase of R$ 12.6 million (10.5%) between the quarters under analysis, above all due to the entry of Pampa Sul, Campo Largo - Phase I and Umburanas - Phase I into commercial operations, whose impact was R$ 9.6 million. On the basis of an annual comparison, the increase was R$ 52.6 million (11.4%), of which R$ 43.9 million is due to the startup in commercial operations of the plants mentioned above. Excluding these effects, there was an increase of R$ 3.0 million (2.7%) between 4Q18 and 4Q19 and R$ 8.7 million (1.9%) between 2018 and 2019, largely reflecting the annual readjustment in transmission and distribution tariffs.

» **Fuels for the generation of electricity:** an increase of R$ 83.3 million on a 4Q18 x 4Q19 comparison basis due largely to: (i) increase consumption in proprietary coal supplies at the Jorge Lacerda Thermoelectric Plant in R$ 59.2 million; (ii) fuel consumption due to the entry into commercial operations of Pampa Sul in June 2019 in the amount of R$ 23.5 million; and (iii) the effects of the annual readjustment in fuel costs. On an annualized comparative basis, there was an increase of R$ 20.9 million (13.7%) between 2018 and 2019, largely as a function of items (ii), in the amount of R$ 53.5 million and (iii). These effects were partially offset by the booking in 2018 of additional costs arising from a legal agreement with the supplier of natural gas of R$ 23.3 million relative to the William Arjona Thermoelectric Power Plant (UTWA), and the reduction in annual consumption of fuels at the Jorge Lacerda Thermoelectric Plant for R$ 9.1 million. Excluding the effect of the entry into commercial operations of Pampa Sul and the additional cost at UTWA, fuel costs would have posted a decrease of R$ 9.3 million (7.2%).

» **Financial compensation for use of hydro resources (Royalties):** reduction of R$ 2.6 million (7.4%) between compared quarters, largely due to lower generation at the hydroelectric plants between quarters, partially attenuated by the annual readjustment. On an annual comparison basis, there was an increase of R$ 8.4 million (6.8%), reflecting mainly, higher generation from the hydroelectric plants in 2019 and the hike of 4.5% in the Updated Reference Rate (TAR) in 2019.

» **Personnel:** increases of R$ 2.2 million (3.5%) in 4Q19, relative to the same quarter in 2018 and R$ 36.5 million (16.7%) on a 2019 x 2018 comparative basis – largely reflecting new hiring and the reduction in capitalized personnel costs during the construction phase of Pampa Sul, Campo Largo - Phase I and Umburanas - Phase I, all now operational. These plants represent an increase in personnel costs of R$ 8.7 million on a quarterly comparison basis and R$ 21.2 million when the comparison is on an annual basis. Excluding the effect of Pampa Sul, Campo Largo - Phase I and Umburanas - Phase I, there was a decrease of R$ 6.5 million (10.4%) in 4Q19 relative to 4Q18 and a 2019 X 2018 increase of R$ 15.3 million (7.0%). The decrease in the quarterly comparison was largely due to a reduction in expenses with healthcare accreditation, reimbursement of medical expenses and expenses with health insurance under previous years' Voluntary Severance Plans, partially attenuated by the annual readjustment in payroll. In the case of the annual variation, the principal impacts were those of the annual readjustment in employee salaries and new hires.

» **Material and third-party services:** increases of R$ 35.9 million (57.1%) in 4Q19 in relation to the same quarter 2018 and R$ 79.2 million (39.9%) on an annual comparison, in turn mainly due to increases of R$ 22.1 million, on a quarterly comparative basis, and R$ 57.4 million on an annual comparative basis, in costs of operation and maintenance of new contracts arising from the entry into operation of Pampa Sul, Campo Largo - Phase I and Umburanas - Phase I and maintenance costs at the Jaguara and Miranda plants, relative to GAG improvements, of R$ 14.0 million. Excluding these effects, the costs of material and third-party services recorded a decline of R$ 0.3 million (0.5%) between quarters. In the context of an annual comparison, there was an increase of R$ 7.8 million (3.6%) from recurring operations, largely driven by monetary restatement of existing agreements in the period.

» **Depreciation and amortization:** an increase of R$ 65.1 million (38.1%) between the compared quarters, above all due to the entry into operation of Pampa Sul, Campo Largo - Phase I and Umburanas - Phase I, with a growth of R$ 51.7 million, as well as major maintenance work on the Company's generating complex as from the second half of 2018, with the conclusion of this work, generating depreciation costs. Excluding the effects of the startup in the commercial operations of the above-mentioned plants, the increase was R$ 13.4 million (8.6%) in 4Q19, compared with 4Q18. On an annual comparison basis, the increase was R$ 194.7 million (30.0%), of which R$ 158.1 million reflects the entry into operations of the new plants and R$ 36.6 million (5.8%) due mainly to major maintenance work on the generating complex from the second half of 2018.

» **Insurance:** an increase of R$ 7.6 million (55.5%) between compared quarters, of which R$ 7.2 million applies to the inclusion in insurance coverage of Pampa Sul, Campo Largo - Phase I and Umburanas - Phase I plants, now fully operational. Excluding the effect of entry into commercial operations of new capacity, the increase in insurance overheads was R$ 0.4 million (2.9%) in 4Q19 compared with 4Q18. On a 2018 x 2019 basis, the increase was R$ 26.1 million (66.1%), of which R$ 7.8 million reflects the entry into operation of the new plants and R$ 18.3 million (46.3%) due to the increased premium on the renewal of the operational risks policy in June 2019.

➢ Solar Panels

On an annual comparison basis, the increase was largely due to the following effects: (i) an increase of R$ 48.0 million (210.5%) in solar panel sales and installation costs; (ii) an increase of R$ 11.3 million (235.4%) in the costs of materisl and third-party services; and (iii) a growth of R$ 6.6 million in personnel costs (188.6%). The increases reflect mostly the change in status of EGSD as a wholly owned subsidiary as from August 2018.

On an quarterly comparison, growth was largely due to an incrrease in solar panel sales and installation costs of R$ 9.2 million (45.3%)

Operational Result of the Energy Trading Segment

In January 2018, the Company made its debut in the energy trading market with the aim of leveraging results through fluctuations in energy prices within preestablished risk limits. Energy trading operations are transacted in an active market and for accounting purposes, are defined as financial instruments at fair value. This is due principally to the fact that there is no commitment to match buying and selling operations given the flexibility of managing the contracts for leveraging results from price variations in the market.

Gross profit between quarters under analysis fell R$ 48.0 million (97.6%) from R$ 49.2 million in 4Q18 to R$ 1.2 million in 4Q19. This reduction reflects the following events: (i) R$ 35.2 million due to the negative impact of marking to market — difference between contracted prices and those of the market — of the net operations contracted to mature on December 31, 2019 and 2018; and (ii) R$ 13.5 million due to a reduction in the gross result from the executed energy purchase and sale transactions. These effects were partially attenuated by the increase of R$ 0.7 million in the result from transactions in the short-term energy market.

On an annual basis, the gross result reported a reduction of R$ 37.1 million (63.9%) with profits of R$ 34.7 million in 2018 declining to a loss of R$ 2.4 million in 2019. The cause of this variation is due to the following negative effects: (i) R$ 33.9 million due to marking to market; and (ii) R$ 3.4 million from the result of transactions executed across the short-term energy market. These impacts were partially offset by growth of R$ 0.2 million from a positive result in executed transactions.

Operational Result from the Energy Transmission Segment

The Company has primary responsibility for the construction and installation of the infrastructure related to the Gralha Azul Transmission System's concession, the implementation of which began in the second half of 2018, thus being exposed to the risks and benefits arising from the construction work. Consequently, based on prevailing accounting practices, the Company books revenues from the implementation of transmission line infrastructure over the period of installation, in an amount which corresponds to the construction costs plus a gross residual margin for covering related management costs of the construction. The expenditures incurred in the construction are booked to the transmission infrastructure cost.

➢ Transmission Revenue

Revenues from the energy transmission segment increased R$ 13.8 million (28.9%) in 4Q19 compared to 4Q18, of which: (i) R$ 7.8 million corresponds to the increase in revenue of installation of the transmission infrastructure; and (ii) R$ 6.0 million reflects the increase in remuneration for the infrastructure. **On a 2018 x 2019 basis, growth** was **R$ 122.2 million (256.2%)**, of which: (i) R$ 108.8 million corresponds to the increase in construction revenue; and (ii) R$ 13.4 million represents the increase in remuneration of the contract asset.

Both above increases were the result of progress in the construction work on Gralha Azul. In addition, revenue from transmission infrastructure revenue is also subject to restatement at the IPCA index.

➢ Construction Costs

The construction cost reported an increase of R$ 7.5 million (16.5%) and R$ 105.9 million (233.3%) between compared quarters and years, respectively, the construction costs of Gralha Azul reflected as a counter entry to revenue booked for the installation of the infrastructure, and calculated based on incurred costs, in addition to a gross margin for covering the costs of management of the construction. The increases reflect progress in executing the work on the project.

Details of Short-Term Operations

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 (GSF), 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 4Q19 and in 4Q18, **net results** (the difference between revenues and costs – less taxes) due to short-term transactions – more particularly those transacted across the CCEE – **were positive at R$ 78.9 million** and R$ 22.2 million, respectively. The amount represents **a growth of R$ 56.7 million between comparative periods**, R$ 56.0 million from results of the transactions in the generation and sale of electric energy segment from the portfolio together with R$ 0.7 million from results from energy trading transactions.

This variation is largely the consequence of the increase in short-term operations and the long position in the CCEE by virtue of the hydro resources allocation strategy, combined with the active management of the portfolio, partially reduced by the following negative effects: (i) greater negative impact of the Adjustment Factor of the Energy Reallocation Mechanism (MRE) - (Generation Scaling Factor (GSF) — already adjusted for the effects of the renegotiation of the hydrological risk; (ii) the negative result from the difference in prices between the North/Northeast and Southeast/Center-West, the effect of which materialized in 4Q18; (iii) booking in 4Q18 of the recovery of costs, resulting from the recalculation of the Generation Uptime Factor for the Santo Antônio HPP, according to a legal ruling, which in an indirect way affected EBE positively; (iv) a reduction in MRE revenue.

For fiscal year 2019, the net result, fruit of short-term transactions, was **positive at R$ 278.5 million**, a decrease of R$ 76.2 million compared to the also positive result of R$ 354.7 million for 2018, being R$ 72.8 million in the result from transactions in the generation and sale of electric energy segment from the portfolio and R$ 3.4 million, the result from energy trading transactions.

This reduction is a reflection essentially of the combination of the following factors: (i) reduction of short-term operations and the long position at the CCEE, reflecting the strategy for allocation of hydro resources combined with the active management of the portfolio; (ii) lesser negative effect of the GSF — already adjusted for the effects of the renegotiation of the hydrological risk; (iii) the negative effect of the difference in prices between the North/Northeast and Southeast/Center-West, between the two years analyzed; (iv) increased thermoelectric generation between the periods analyzed; and (v) the increase in MRE revenue.

In December 2018, Aneel set maximum and minimum PLD limits for 2019 at R$ 513.89/MWh and R$ 42.35/MWh, respectively. The following table shows the average amounts of the PLD for the submarkets in which the Company operates per MWh.

Average PLD in R$/MWh	4Q19	4Q18	Var. 4Q (%)	12M19	12M18	Var. 12M (%)
South	272.82	158.24	72.4%	227.10	287.73	(21.1%)
Southeast/Center-West	272.82	158.24	72.4%	227.10	287.73	(21.1%)
Northeast	272.82	155.63	75.3%	166.73	273.90	(39.1%)

Selling, General and Administrative Expenses

Selling, general and administrative expenses reported an increase of R$ 13.5 million (21.1%) in the quarters reviewed, increasing from R$ 63.9 million in 4Q18 to R$ 77.4 million in 4Q19 due to the combination of the following factors: (i) increase of R$ 12.5 million (20.2%) from the generation and sale of electric energy segment from the Company's portfolio due mainly to the following increases: (i.i) R$ 7.3 million in expenses with materials and third-party services (50.2%); and (i.ii) R$ 5.1 million of provisions for commercial operations; (ii) an increase of R$ 0.9 million (64.3%) from the solar panel sales and installation segment; and (iii) R$ 0.1 million (16.7%) from the energy trading segment.

On a 2018 x 2019 comparative basis, selling, general and administrative expenses reported an increase of R$ 45.5 million (21.9%) from R$ 207.7 million in 2018 to R$ 253.2 million in 2019, due to a combination of the following: (i) an increase of R$ 39.7 million (19.5%) in the generation and sale of electric energy segment from the Company's portfolio, largely driven by the following effects: (i.i) an increase of R$ 17.8 million in payroll expenses (17.0%); (i.ii) booking of a non-recurring effect originating from the recovery of credits on PIS and Cofins tax payments in 2018, collected on the acquisition of certain materials and third-party services amounting to R$ 9.9 million; (i.iii) R$ 6.3 million increase in expenses with materials and services (11.5%); (ii) an increase of R$ 5.0 million (238.1%) from the solar panel sales and installation segment; and (iii) R$ 0.8 million (38.1%) from the energy trading segment.

The solar panels sales and installation segment was consolidated in the Company's financial statements in August 2018.

The increase in selling, general and administrative expenses was largely due to: (i) the growth in the Company's operational capacity with an increase 2018 x 2019 of 8.8% in installed capacity from 8,004.8 MW on December 31, 2018 to 8,710.5 MW on December 31, 2019; (ii) the new market dynamic based on the energy transition and the expanded access to the free market; and (iii) the effects of inflation on existing agreements and on payroll expenses between periods under analysis. These impacts were partially attenuated by reductions in certain expenses in the light of the Company's drive for expense optimization.

Other Operating Revenues (Expenses), Net

In the compared quarters, this account represented a net expense with a reduction of R$ 1.4 million between 4Q18 and 4Q19, a net expense of R$ 2.7 million in 4Q18 and R$ 1.3 million in 4Q19.

On a 2018 x 2019 comparison, other operating revenues (expenses), net, reported a positive R$ 324.1 million in 2019, the Company booking other operating revenues, net in the amount of R$ 320.4 million, while in 2018 R$ 3.7 million was booked to the same account. This variation is largely refection of the booking in 3T19 of other operating revenues amounting to R$ 321.0 million in indemnities received for noncompliance with contractual conditions by the supplier responsible for the construction of Pampa Sul, principally related to the delay in concluding the work. The amount in question received is enshrined in the agreement with the contractor and is calculated based on the product of the number of days' delay and a fixed amount per day. This amount is calculated to compensate the Comopany for loss on earnings due to a delays inconcluding the work.

Equity Income – Gas Transportation

On June 13, 2019, the jointly controlled Aliança Transportadora de Gás S.A. ("Aliança") acquired a 90% corporate control in Transportadora Associada de Gás S.A. ("TAG"). The Company had a 32.5% direct corporate stake in the jointly controlled company, Aliança, and therefore a 29.25% indirect corporate stake in TAG. On September 2, 2019, TAG incorporated Aliança and as from this date, the Company holds a 29.25% direct corporate stake in TAG.

In 4Q19, the Company booked a positive result via the equity income method of R$ 86.8 million, from the jointly controlled TAG, a reflection of the following effects: (i.i) R$ 317.4 million relative to the positive Ebitda; (i.ii) R$ 109.5 million of depreciation and amortization costs, of which R$ 66.5 million relates to amortization of the mais-valia result from the reverse incorporation of Aliança; (i.iii) R$ 89.9 million of financial expenses, net, impacted by loans raised by Aliança prior to incorporation; and (i.iv) R$ 31.2 million relative to expenses of income tax and social contribution on net income.

In 2019 the Company booked a positive result via the equity income method of R$ 81.1 million: (i) R$ 272.5 million from a positive result from the jointly held controlled company TAG, a consequence of the combination of the following effects: (i.i) R$ 778.9 million in positive Ebitda; (i.ii) R$ 258.3 million of depreciation and amortization, of which R$ 86,4 million relates to amortization of the mais-valia result from the reverse incorporation of Aliança; (i.iii) R$ 159.9 million of financial expenses, net, impacted by loans raised by Aliança prior to incorporation; and (i.iv) R$ 88.2 million relative to expenses of income tax and social contribution on net income; and (ii) R$ 191.4 million of a negative result of the jointly held controlled company Aliança until August 2019 (prior to incorporation), due mainly to the combination of the following effects: (ii.i) negative financial result of R$ 106.0 million due largely to debt service charges; (ii.ii) amortization of the mais-valia originating from the acquisition of the shared control of TAG, in the amount of R$ 58.1 million; (ii.iii) non-recurring expenses of R$ 44.7 million with respect to financial, legal, tax, corporate, regulatory consultancies, among others, relating to the structuring of the project for acquisition of TAG; (ii.iv) positive effect of income tax and social contribution expenses of R$ 20.4 million; and (ii.v) other general and administrative expenses of R$ 3.0 million.

TAG is a jointly held controlled company of EBE, for which reason it is not consolidated in the financial statements of the Company, its effects being recognized by the equity income method.

TAG's equity income result is comprising the following items:

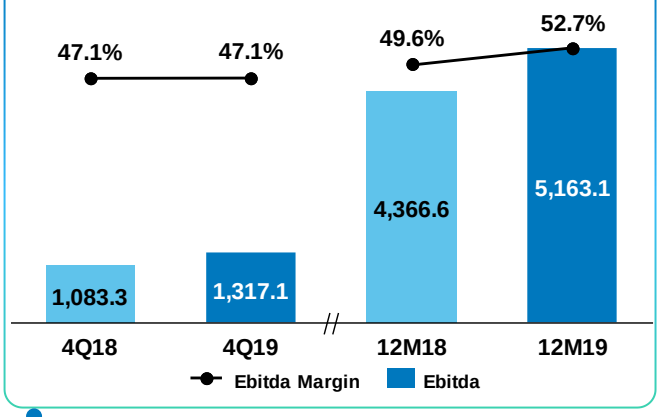
Income Statement – in R$ million	4Q19		12M19	
	100%	Company's share	100%	Company's share
Aliança (32.5%)				
General and administrative expenses	-	-	(325.4)	(105.8)
Amortization of mais-valia	-	-	*(178.7)*	*(58.1)*
TAG acquisition expenses	-	-	*(137.5)*	*(44.7)*
Other	-	-	*(9.2)*	*(3.0)*
Loss before financial result and taxes	**-**	**-**	**(325.4)**	**(105.8)**
Financial result	-	-	(326.3)	(106.0)
Loss before taxes	**-**	**-**	**(651.7)**	**(211.8)**
Income tax and social contribution	-	-	62.8	20.4
Aliança's net loss for the period from 01/01/2019 to 09/02/2019	**-**	**-**	**(588.9)**	**(191.4)**
Equity income – Aliança	**-**		**(191.4)**	
TAG (29.25%)				
Net operational revenue	1,325.9	387.8	2,915.7	852.8
Costs of services provided	(547.4)	(160.1)	(1,002.1)	(293.1)
Gross income	**778.5**	**227.7**	**1,913.6**	**559.7**
General and administrative expenses	(67.7)	(19.8)	(133.7)	(39.1)
Income before financial result and taxes	**710.8**	**207.9**	**1,779.9**	**520.6**
Financial result	(307.3)	(89.9)	(546.6)	(159.9)
Income before taxes	**403.5**	**118.0**	**1,233.3**	**360.7**
Income tax and social contribution	(106.8)	(31.2)	(301.6)	(88.2)
TAG's net income for the period from 06/13/2019 to 12/31/2019	**296.7**	**86.8**	**931.7**	**272.5**
Equity income – TAG	**86.8**		**272.5**	
Impact on EBE's equity income for 2019	**86.8**		**81.1**	

Ebitda and Ebitda Margin

	Ebitda by segment – 4Q19 x 4Q18 (in R$ million)					
	Electric energy					
	Generation	Trading	Transmission	Solar panels	Gas transportation	Consolidated
4Q19						
Income (loss) before financial results and taxes	980.0	0.5	8.5	(1.5)	86.8	1,074.3
Depreciation and amortization	242.5	-	-	0.3	-	242.8
Ebitda and Adjusted Ebitda	**1,222.5**	**0.5**	**8.5**	**(1.2)**	**86.8**	**1,317.1**
Adjusted Ebitda Margin	**51.5%**	**0.2%**	**13.8%**	**(3.2%)**	**-**	**47.1%**
4Q18						
Income before financial results and taxes	849.9	48.6	2.3	2.3	-	903.1
Depreciation and amortization	173.5	-	-	0.2	-	173.7
Ebitda	**1,023.4**	**48.6**	**2.3**	**2.5**	**-**	**1,076.8**
Impairment	6.5	-	-	-	-	6.5
Adjusted Ebitda	**1,029.9**	**48.6**	**2.3**	**2.5**	**-**	**1,083.3**
Adjusted Ebitda Margin	**52.9%**	**17.6%**	**4.8%**	**7.6%**	**-**	**47.1%**
Variation						
Income (loss) before financial results and taxes	130.1	(48.1)	6.2	(3.8)	86.8	171.2
Depreciation and amortization	69.0	-	-	0.1	-	69.1
Ebitda	**199.1**	**(48.1)**	**6.2**	**(3.7)**	**86.8**	**240.3**
Impairment	(6.5)	-	-	-	-	(6.5)
Adjusted Ebitda	**192.6**	**(48.1)**	**6.2**	**(3.7)**	**86.8**	**233.8**
Adjusted Ebitda Margin	**(1.4 p.p.)**	**(17.4 p.p.)**	**9.0 pp**	**(10.8 p.p.)**	**-**	**0.0 p.p.**

Between 4Q19 and 4Q18, Ebitda increased by R$ 233.8 million (21.6%) from R$ 1,083.3 million in 4Q18 to R$ 1,317.1 million in 4Q19. The variation is a reflection of the following **positive effects**: (i) R$ 135.5 million due to the increase in sales volume, excluding trading operations; (ii) R$ 86.8 million being the positive result from the corporate stake in TAG; (iii) a reduction of R$ 67.0 million due to the lower volume of energy purchases required for the management of the Company's portfolio; (iv) an increase of R$ 56.0 million in the results from the transactions executed in the short-term market in the generation segment and sale of energy from the Company's portfolio; (v) growth of R$ 44.0 million in revenue from remuneration and monetary restatement on assets pertaining to the Jaguara and Miranda Hydroelectric Power Plants and the Gralha Azul Transmission System; (vi) R$ 32.7 million due to the increase in net average energy selling price, excluding trading operations; (vii) R$ 10.8 million increase in the recomposition of revenues from insurance claims and downtime fines; and (viii) a reduction of R$ 7.5 million in other operational costs and expenses.

Ebitda[1] and Ebitda Margin



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

The positive impacts were counterbalanced by the following **negative effects**: (i) an increase of R$ 83.3 million in fuel costs; (ii) R$ 48.1 million from the net negative result from energy trading operations – of which R$ 35.2 million reflecting marking to market and R$ 7.0 million originating from transactions executed in this segment; (iii) an increase of R$ 36.2 million of costs with materials and thrid party services; (iv) increase of R$ 12.6 million in costs with charges for electricity network usage and connection; (v) increase of R$ 9.5 million in sales, general and administrative expenses; (vi) an increase of R$ 9.2 million in costs related to sales of solar panels; and (vii) an increase R$ 7.6 million in insurance costs.

The positive and negative effects reported above are impacted by the entry into commercial operations of Pampa Sul, Campo Largo - Phase I and Umburanas - Phase I, Ebitda of which was R$ 80.9 million and R$ 70.2 million in 4Q19 and 4Q18, respectively.

The consolidated Ebitda margin registered stability at 47.1% in the compared quarters. It should be pointed out that the Ebitda margin is partially reduced by the effects of the energy trading operations, the booking of revenue and costs in relation to construction of the transmission line to the accounts and the operations executed by the EGSD subsidiary, acquired in August 2018, which operates at margins lower than other operations executed by the Company.

Based only on results reported for the generation segment and energy sales from the portfolio and excluding the result from the startup in commercial operations at the plants mentioned above and the R$ 10.8 million increase in the recomposition of revenue from insurance claims and downtime fines, Ebitda would be R$ 1,130.4 million in 4Q19 and R$ 959.3 million in 4Q18 while the Ebitda margin in 4Q19 would be 52,1% compared with 51.6% in 4Q18, representing a growth of 0.5 p.p. between the quarters in review.

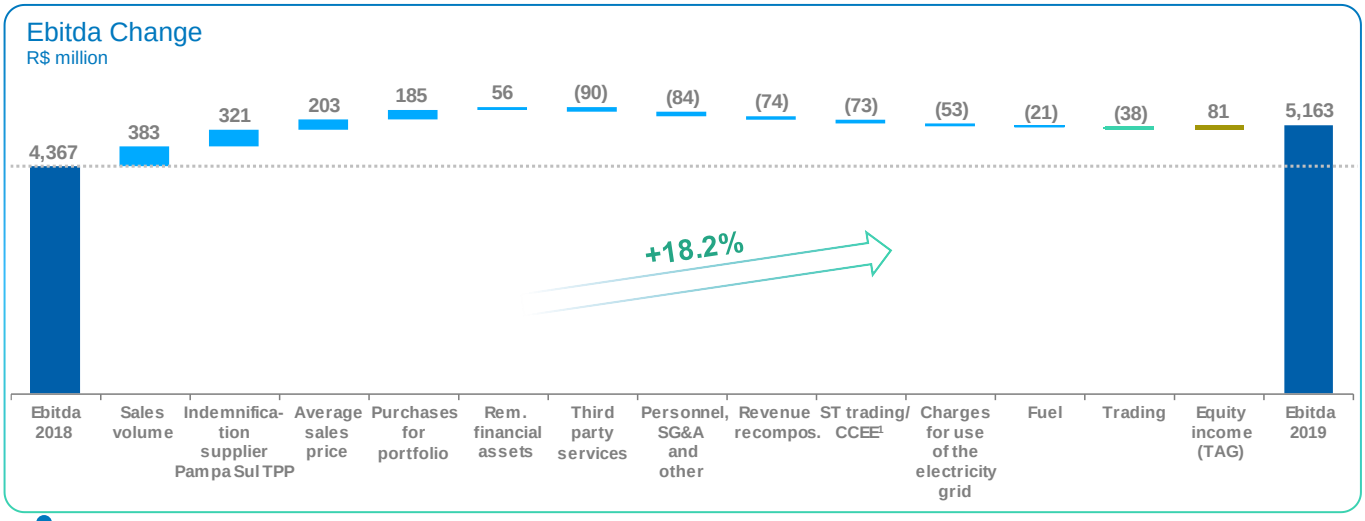
	Ebitda by segment – 12M19 x 12M18 (in R$ million)					
	Electric energy					
	Generation	Trading	Transmission	Solar panels	Gas transportation	Consolidated
2019						
Income (loss) before financial results and taxes	4,205.9	(5.3)	18.4	(5.2)	81.1	4,294.9
Depreciation and amortization	862.5	-	-	0.8	-	863.3
Ebitda	**5,068.4**	**(5.3)**	**18.4**	**(4.4)**	**81.1**	**5,158.2**
Impairment	4.9	-	-	-	-	4.9
Adjusted Ebitda	**5,073.3**	**(5.3)**	**18.4**	**(4.4)**	**81.1**	**5,163.1**
Adjusted Ebitda Margin	**60.2%**	**(0.5%)**	**10.8%**	**(4.5%)**	**-**	**52.7%**
2018						
Income before financial results and taxes	3,631.5	32.6	2.3	0.7	-	3,667.1
Depreciation and amortization	660.0	-	-	0.2	-	660.2
Ebitda	**4,291.5**	**32.6**	**2.3**	**0.9**	**-**	**4,327.3**
Impairment	39.3	-	-	-	-	39.3
Adjusted Ebitda	**4,330.8**	**32.6**	**2.3**	**0.9**	**-**	**4,366.6**
Adjusted Ebitda Margin	**53.5%**	**5.3%**	**4.8%**	**2.4%**	**-**	**49.6%**
Variation						
Income (loss) before financial results and taxes	574.4	(37.9)	16.1	(5.9)	81.1	627.8
Depreciation and amortization	202.5	-	-	0.6	-	203.1
Ebitda	**776.9**	**(37.9)**	**16.1**	**(5.3)**	**81.1**	**830.9**
Impairment	(34.4)	-	-	-	-	(34.4)
Adjusted Ebitda	**742.5**	**(37.9)**	**16.1**	**(5.3)**	**81.1**	**796.5**
Adjusted Ebitda Margin	**6.7 p.p.**	**(5.8 p.p.)**	**6.0 p.p.**	**(6.9 p.p.)**	**-**	**3.1 p.p.**

On a 2019 x 2018 comparison basis, there was an increase in Ebitda of R$ 796.5 million (18.2%) from R$ 4,366.6 million in 2018 to R$ 5,163.1 million in 2019. The variation reflects the following combination of **positive effects**: (i) R$ 383.3 million due the increase in sales volume, excluding trading operations; (ii) R$ 321.0 million with respect to the booking in 3Q19 of other operating revenues from an indemnity for contractual non-compliance received from the supplier responsible for construction of Pampa Sul, mainly relating to the delay in the conclusion of the work and resulting in loss of earnings by the Company; (iii) R$ 202.8 million due to the increase of net average price of energy sold, excluding trading operations; (iv) R$ 184.8 million relating to lower energy purchase volumes for management of the Company's portfolio; (v) R$ 81.1 million positive result from the corporate stake in TAG/Aliança; and (vi) growth of R$ 55.7 million of revenues in remuneration and monetary restatement on assets of the Jaguara and Miranda Hydroelectric Power Plants and the Gralha Azul Transmission System.

The positive impacts were counterbalanced by the following **negative effects**: (i) increase of R$ 90.5 million in costs of materials and third party services; (ii) reduction of R$ 73.9 million in non-recurring revenue with respect to non-recurring revenue from an indemnification for interruption to business due to contractual non-compliance and collection of a fine from a supplier (iii) decrease of R$ 72.8 miliion in positive result from transactions executed across the short-term market in the generation segment and the sale of energy from the Company's portfolio; (iv) increase of R$ 52.6 million in the costs with charges for the use of the electricity network and connection; (v) growth of R$ 43.1 million in personnel costs; (vi) R$ 37.9 million from the increase in the net negative result from energy trading operations – of which R$ 33.9 million reflects the effects of marking to market and R$ 4.0 million originating from transactions executed in this segment; (vii) increase of R$ 37.2 million in sales, general and administrative expenses; (viii) increase of R$ 20.9 million in fuel costs; and (ix) increase of R$ 3.3 million of other operational costs and expenses.

The positive and negative effects reported above are impacted by the entry into commercial operations of Pampa Sul, Campo Largo - Phase I and Umburanas - Phase I, total Ebitda of which was R$ 719.0 million and R$ 95.5 million in 2019 and 2018, respectively.

The Ebitda margin recorded an increase of 3.1 p.p. from 49.6% in 2018 to 52.7% in 2019. Considering only the results reported by the generation segment and energy sales from the portfolio, excluding the results from the entry into commercial operations and non-recurring operations mentioned above (items (ii) for the positive effects and (ii) for the negative effects), Ebitda would be R$ 4,343.1 million in 2019 and R$ 4,150.2 million in 2018 while the Ebitda margin for 2019 would be 56.2% and in 2018, 52,6%, which would represent a 3.6 p.p. increase between the years under analysis.



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

The following table reconciles net income with Ebitda:

(In millions of R$)	4Q19	4Q18	Chg. %	12M19	12M18	Chg. %
Net income	617.5	761.6	-18.9	2,311.1	2,315.4	-0.2
(+) Income tax and social contribution	50.0	-19.8	-352.5	776.8	652.4	19.1
(+) Net financial result	406.8	161.3	152.2	1,207.0	699.3	72.6
(+) Depreciation and amortization	242.8	173.7	39.8	863.3	660.2	30.8
Ebitda	**1,317.1**	**1,076.8**	**22.3**	**5,158.2**	**4,327.3**	**19.2**
(+) Impairment	0.0	6.5	-100.0	4.9	39.3	-87.5
Adjusted Ebitda	**1,317.1**	**1,083.3**	**21.6**	**5,163.1**	**4,366.6**	**18.2**

Ebitda includes the equity income result of the jointly owned TAG, given the expectation that the subsidiary will distribute dividends both frequently and on a recurrent basis.

Provision for Reduction in Impairment

The Company complemented the impairment of the William Arjona Thermoelectric Power Plant, the commercial operation of which was discontinued due to no longer being viable economically and financially, in the amount of R$ 6.5 million in 4Q18, R$ 39,3 million in 2018 and R$ 4.9 million in 2019. In 4Q19, Company identified no further requirement for booking or reversing provisions for reducing asset impairment values.

Financial Result

Financial income: in 4Q19, financial revenues were R$ 35.2 million, that is R$ 17.7 million or 33.5% below the R$ 52.9 million recorded for the same quarter in 2018 and largely a combination of the following factors: (i) a reduction of interest on values receivable from third parties in the amount of R$ 13.4 million; and (ii) a reduction of R$ 4.0 million in revenue from financial investments.

On a 2018 x 2019 comparison, financial revenues were down R$ 7.6 million (4.9%) from R$ 154.7 million in 2018 to R$ 147.1 million in 2019. This variation reflects largely the following factors: (i) a reduction of R$ 16.8 million in interest on accounts receivable, principally on amounts due from the CCEE; and (ii) an increase of R$ 10.2 million in revenues from financial investments due to the higher amounts invested, partially offset by a decline in interest rates.

Financial expenses: financial expenses in 4Q19 were R$ 442.0 million, equivalent to R$ 227.8 million or 106.3% above those reported for the same quarter in 2018, namely R$ 214.2 million. The principal changes were: (i) an increase of R$ 123.7 million in interest and R$ 16.4 million in monetary restatement and the adjustment in fair value on debt, largely a reflection of the issue of debentures by the Company in July 2018, May 2019 and August 2019; the contracting of loans and financing during the course of 2018 and 2019 for cash flow management and investment purposes and the reduction in capitalized interest due to the startup in commercial operations of Pampa Sul, Campo Largo – Phase I and Umburanas - Phase I; and (ii) increase of R$ 85.0 million in monetary restatement and R$ 7.0 million in interest on concessions payable, in the light of growth in inflation rates between the periods under analysis.

On a 2018 x 2019 comparative basis, expenses rose R$ 854.0 million from 2018 to R$ 1,354.1 million in 2019, an increase of R$ 500.1 million (58.6%), the result of the combination mainly of the same effects commented in the foregoing item, the principal impact being due to: (i) the increase of R$ 380.1 million in interest and R$ 70.6 million in monetary restatement of debt, and (ii) increases of R$ 30.1 million in interest and R$ 13.7 million in monetary restatement on concessions payable.

Income Tax and Social Contribution

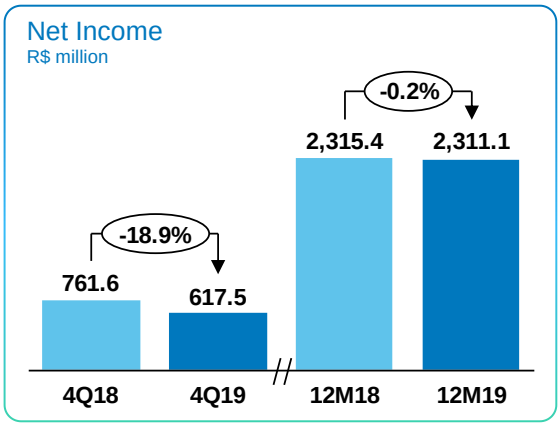
Income tax and Social Contribution (IR and CSLL) in 4Q19 were R$ 50.0 million, R$ 69.8 million (352.5%) higher than the positive result with IR and CSLL registered in the same quarter of 2018, of R$ 19.8 million, due mainly to the non-recurring effect booked in 4Q18 caused by the reversal of provisioning with respect to the difference of taxation between tax regimes with respect to the period from January to September 2018 of Company subsidiaries and the decrease in the benefit resulting from interest on capital credited to shareholders during 2019, compared to amounts credited in 2018, partially attenuated by the effect of higher before tax profit reported in 4Q18 compared to 4Q19.

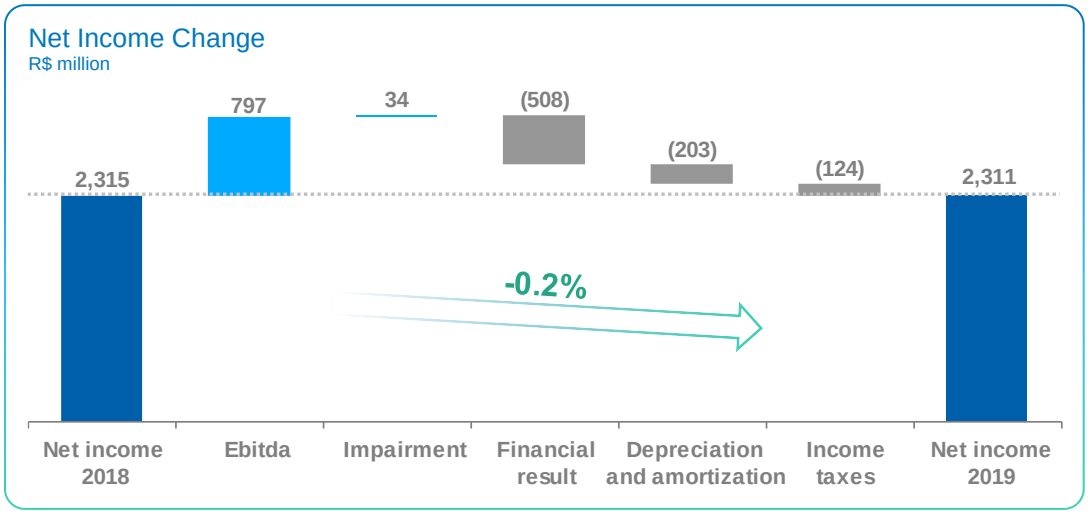
For the year, these expenses increased R$ 124.4 million (19.1%) from R$ 652.4 million in 2018 to R$ 776.8 million in 2019, due mainly to the increase in before tax profits and changes made in 2018 in the tax regime of subsidiaries and from the decrease of the benefit resulting from interest on capital credited to shareholders during 2019, compared to amounts credited in 2018. The effective rate of IR and CSLL in 2019 was 25.2%, 3.2 p.p. greater that the rate for 2018 of 22.0%.

Net Income

Net income in 4Q19 was R$ 617.5 million, R$ 144.1 million or 18.9% lower than the R$ 761.6 million reported for the same quarter in 2018. This decrease is a consequence of the following effects: (i) an increase of R$ 245.5 million in net financial expenses; (ii) an increase of R$ 233.8 million in Ebitda; (iii) a growth of R$ 69.8 million in income tax and social contribution; (iv) an increase of R$ 69.1 million in depreciation and amortization costs; and (v) the booking in 4Q18 of an asset impairment of R$ 6.5 million.

On a 2018 x 2019 comparative basis, net income fell from R$ 2,315.4 million in 2018 to R$ 2,311.1 million, equivalent to a reduction of R$ 4.3 million or 0.2%. This decrease is a consequence of the following effects: (i) an increase of R$ 796.5 million in Ebitda; (ii) an increase of R$ 507.7 million in net financial expenses; (iii) an increase of R$ 203.1 million in depreciation and amortization costs; (iv) an increase of R$ 124.4 million in income tax and social contribution; and (v) a reduction in asset impairment of R$ 34.4 million.

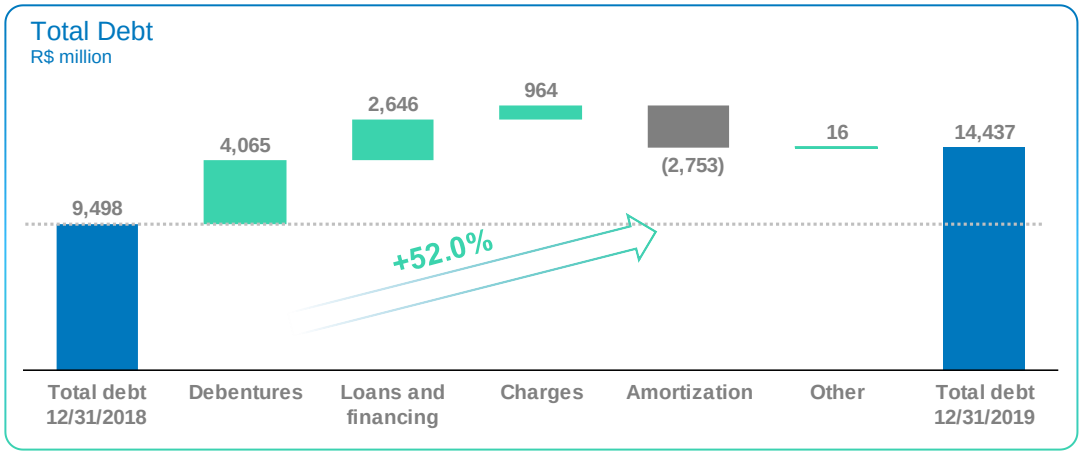


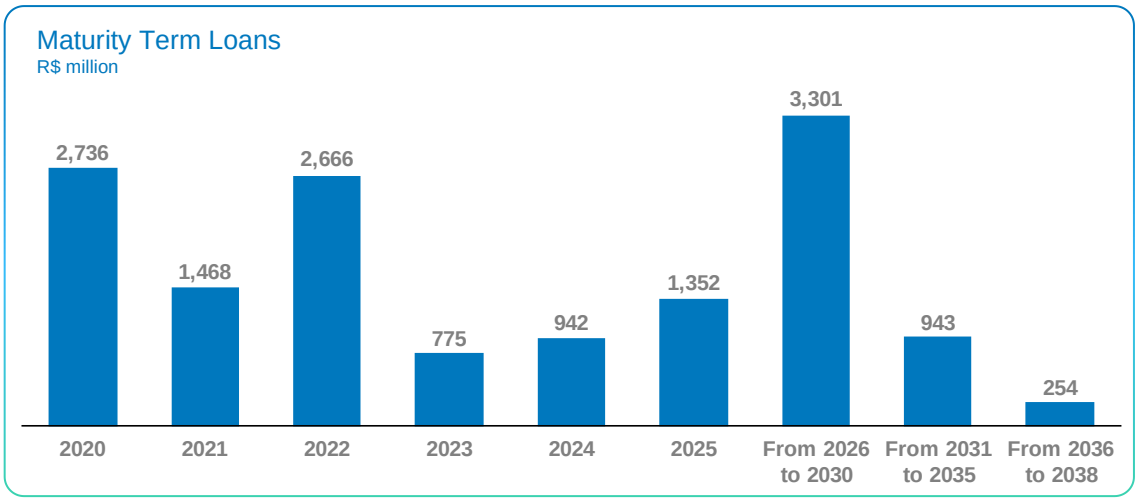


Debt

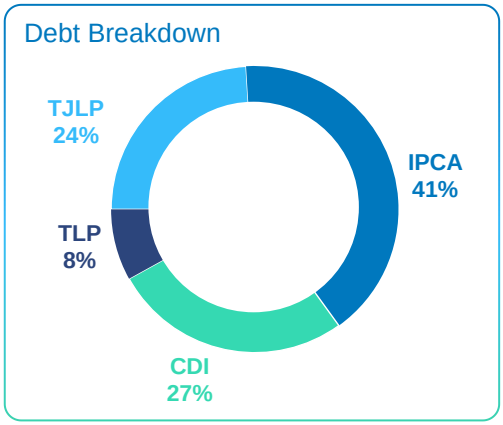
The Company's **total gross consolidated debt** as at December 31, 2019, represented mainly by loans, financing and debentures, net of the effects of hedge operations, **totaled R$ 14,436.7 million, an increase of 52.0%** (R$ 4,938.4 million) compared to the position as at December 31, 2018.

The variation in the Company's debt is related essentially to a combination of the following events during 2019: (i) the issue of debentures for R$ 4,065.0 million with the purpose of providing working capital to finance the implementation of the Company's business plan and projects such as Assú V, Umburanas – Phase I, Jaguara and Miranda; (ii) drawdowns from the Brazilian Development Bank (Banco Nacional de Desenvolvimento Econômico e Social - BNDES), totaling R$ 1,519.3 million for the construction of Pampa Sul TPP, Campo Largo – Phase I and Umburanas – Phase I Wind Complexes and, the expansion of the Ferrari Thermoelectric Power Plant and modernization of the Salto Santiago Hydroelectric Power Plant; (iii) raising of loan amounting to R$ 1,127.2 million from overseas financial institutions, totally protected by swap operations for safeguarding future cash flows; (iv) generation of R$ 963.6 million in charges incurred to be paid and monetary restatement; and (v) R$ 2,752.7 million in amortization of loans, financing and debentures.





The **average weighted nominal cost of debt** at the end of 2019 was **7.6%** (8.6% at the end of 2018).



On December 31, 2019, 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$ 10,191.8 million**, **an increase of 48.6%** compared with the end of 2018.

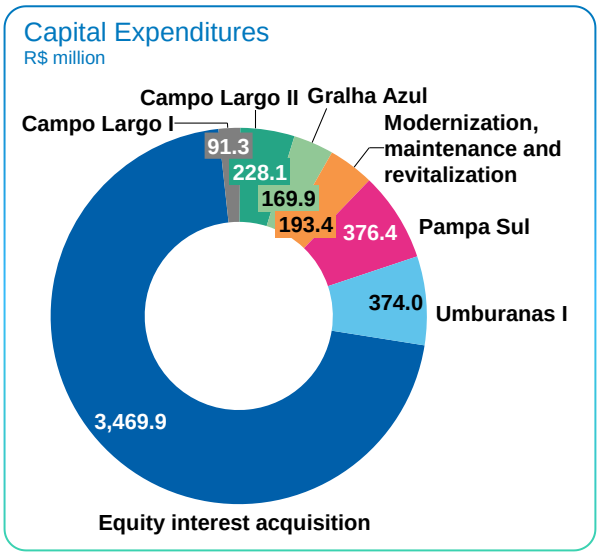
Net Debt
R$ million

	12/31/2019	12/31/2018	Chg. %
Gross debt	14,763.1	9,720.2	51.9
Result of derivatives operations	(326.3)	(222.0)	47.0
Deposits earmarked for the payment of debt	(374.7)	(226.2)	65.6
Cash and cash equivalents	(3,870.3)	(2,415.8)	60.2
Total net debt	**10,191.8**	**6,856.3**	**48.6**

Capital Expenditures

ENGIE Brasil Energia's **total investments in 4Q19 were R$ 254.8 million**, of which: (i) R$ 177.5 million was invested in construction of new projects: (i.i) R$ 64.9 million applied in the Campo Largo Wind Complex – Phase II; (i.ii) R$ 61.4 million in the Gralha Azul Transmission Line; (i.iii) R$ 50.6 million concentrated in the construction of Pampa Sul TPP; and (i.iv) R$ 0.6 million in other investments; (ii) R$ 54.6 million were allocated in the maintenance and revitalization projects of the generating complex; and (iii) R$ 22.7 million was dedicated to modernization in the Salto Santiago and Salto Osório Hydroelectric Power Plants.

In 2019, the Company invested R$ 4,903.0 million, of which (i) R$ 3,469.9 million were allocated for the acquisition of a corporate stake in Aliança, the acquiring company of 90% of the stock of TAG; (ii) R$ 1,239.7 million invested in the construction of new projects, being: R$ 376.4 million in Pampa Sul; R$ 374.0 million Umburanas – Phase I; R$ 228.1 million in Campo Largo – Phase II; R$ 169.9 million in the Sistema de Transmissão Gralha Azul; and R$ 91.3 million in Campo Largo – Phase I; (iii) R$ 138.9 million were expended on maintenance and revitalization projects in the generating complex; and (iv) R$ 54.5 million designated for the modernization of Salto Santiago and Salto Osório hydroelectric plants.





Conclusion of Salto Osório HPP modernization

Complementary Dividends Proposed

At a meeting on February 18, 2020, ENGIE Brasil Energia's Board of Directors approved the proposal of **complementary dividends** for the period from January 1 to December 31, 2019 in the amount of **R$ 949.7 million (R$ 1.1640046498 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 2019 will amount to R$ 2,197.1 million (R$ 2.6928163913 per share) equivalent to 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, Energy Management, Environment, Climate Change, Occupational Health and Safety, Social Responsibility and Engagement of Related Parties. On December 31, 2019, out of the 60 plants installed in 13 states of Brazil's five regions, 12 are certified in accordance with NBR ISO 9001 (for Quality), NBR ISO 14001 (for the Environment) and NBR OHSAS 18001 (for Occupational Health and Safety) standards, with an aggregate capacity of 77.9% of the total operated by the Company. In the area of Social Responsibility, the Company endeavors to adhere to the directives in the NBR ISO 26000 guide (which is not susceptible to certification); and the Jorge Lacerda Thermoelectric Complex, the three plants of which, are among the 12 which are certified according to the NBR ISO 50001 standard for Energy Efficiency.

In addition to the Sustainable Management Policy mentioned above, other commitments to sustainable development can be accessed from Company's website, covering such themes as Human Rights and Ethics. The Sustainability Reports are published annually according to the recommendations of the Global Reporting Initiative (GRI) and the framework of International Integrated Reporting Council (IIRC).

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 employees' 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

- An external channel for reporting/whistleblowing in addition to the internal channels already in existence has been established for improving the mechanisms for denouncing ethical deviations. Access can be made via the website https://www.canalintegro.com.br/engiebrasil or by phone 0800 580 2586 (toll free).
- On December 9, International Anti-Corruption Day, the Company's Ethics Committee with the presence of the CEO Eduardo Sattamini, held a meeting with head office employees, transmitted in real time to all employees of the Company, to reiterate the Group's Ethics & Compliance Program and emphasize the role of each one in the building of an integral environment for all.
- The Company is commemorating one more year with no fatal accidents, considering both the Company's direct employees as well as those of service providers, the result of the constant drive to raise awareness levels, prevention and treatment of quasi-accident situations (incidents and near misses).
- In October, the Company renewed its commitment with the Alliance for Mercosur Youth. The initiative is designed to support the transition of young people to professional life through a network of partner companies which create agendas with initiatives and programs directed to this audience. In all, 58 companies have signed up to the Mercosur Youth Employability Agreement, with a commitment to create 45 thousand professional development opportunities for youth by 2020.



Mercosur Youth Employability Agreement

- ENGIE Brasil signed the Women's Empowerment Principles (WEP), a joint UNO Women and the International Labor Organization (ILO) initiative in partnership with financing from the European Union. With this, the Company ratified its commitment to a sustainable model of participation of the private sector to achieve the Sustainable Development Goals (SDGs) in the promotion of gender equality.

- The Company focuses on improving urban mobility, employee health and reducing greenhouse gas emissions, launching at the beginning of 2019, an employee campaign, incentivizing the acquisition and use of bicycles. During the period, 303 employees from different regions of Brazil, chose to acquire electric bicycles, as a result of this campaign. During the year in addition to the bicycles, courses were run on road safety, hints on how to ride, use of crash helmets and safety vests.
- As a way of mitigating risks and adapting to climate change, the Company began a pilot project for the automatic opening of spillway gates at the São Salvador Hydroelectric Power Plant. The aim of the system is to prevent reservoir levels surpassing the maximum normal levels during scenarios of peak affluence given the impossibility of telecontrols or even access by the Plant operations team.

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 4Q18 X 4Q19 and 2018 X 2019, associating each indicator with GRI Standards recommendations.

Sustainability Indices[1]

Item	Dimension[2]	Index[3]	Material themes	GRI disclosure[4]	4Q19	4Q18	Change	12M19	12M18	Change
1	Quality	Operating plants	- Prioritization of renewable sources for energy generation - Emissions Managemen	102-7, EU1	60	41	19	60	41	19
2		Installed capacity		102-7, EU1	10,431	9,726	7.3%	10,431	9,726	7.3%
3		Proprietary capacity		102-7, EU1	8,711	8,005	8.8%	8,711	8,005	8.8%
4		Number of certified plants		102-16, EU6	12	12	0	12	12	0
5		Certified installed capacity (MW)		102-16, EU6	8,127	8,127	0.0%	8,127	8,127	0.0%
6		Certified installed capacity in relation to the total		102-16, EU6	77.9%	83.6%	-5.7 p.p.	77.9%	83.6%	-5.7 p.p.
7		Installed capacity from renewable sources		102-7, EU1	9,228	8,869	4.0%	9,228	8,869	4.0%
8		Installed capacity from renewable sources in relation to the total		102-7, EU1	88.5%	91.2%	-2.7 p.p.	88.5%	91.2%	-2.7 p.p.
9		Energy generation (GWh)		EU2	11,448	12,087	-5.3%	44,058	39,340	12.0%
10		Certified energy generation		102-16, EU6	8,558	10,536	-18.8%	34,895	34,647	0.7%
11		Certified energy generation in relation to the total		102-16, EU6	74.8%	87.2%	-12.4 p.p.	79.2%	88.1%	-8.9 p.p.
12		Energy generation from renewable sources (GWh)		EU2	9,933	11,233	-11.6%	39,006	35,206	10.8%
13		Energy generation from renewable sources in relation to the total		EU2	86.8%	92.9%	-6.2 p.p.	88.5%	89.5%	-1.0 p.p.
14		Uptime ratio, excluding scheduled stoppages		EU30	97.1%	97.0%	0.2 p.p.	97.1%	97.2%	0.0 p.p.
15		Uptime ratio, including scheduled stoppages		EU30	89.7%	92.5%	-2.8 p.p.	89.7%	91.6%	-1.8 p.p.
16	Environment and climate change	Saplings donated and planted (sum-total of planted and donated saplings)	- Emissions Management - Boost of prosperity on local communities - Biodiversity	304-2, 413-1	96,479	98,854	-2.4%	404,643	414,883	-2.5%
17		Number of visitors at the plants		413-1	22,639	28,862	-21.6%	90,673	106,865	-15.2%
18		CO2 Emissions (fossil fuel plants) (t/MWh)		D305-1, D305-2, D305-3	1.054	0.961	9.7%	1.013	0.945	7.2%
19		CO2 Emissions from Tractebel Energia's generation complex(t/MWh)		D305-1, D305-2, D305-3	0.139	0.068	104.9%	0.116	0.099	17.0%
20	Occupatio-nal Heath and Safety (OH&S)	Frequency Rate ("Taxa de Frequência" - TF) own employees[5]	- Teams and community safety - Foster good social and environmental practices between suppliers and customers	403-2	0.000	0.000	-	0.000	0.000	-
21		Severity Rate ("Taxa de Gravidade" - TG) own employees[6]		403-2	0.000	0.000	-	0.000	0.000	-
22		Frequency Rate ("Taxa de Frequência" - TF) own employees + long term service providers[5]		403-2	1.700	2.690	↓	1.720	1.390	↑
23		Frequency Rate ("Taxa de Frequência" - TF) short term service providers + ongoing constructions[5]		403-2	0.000	0.550	↓	0.630	1.640	↓
24	Social Responsibi-lity[7]	Non-incentivized investments	- Generation of economic result and value sharing with society - Boost of prosperity on local communities	203-2, 413-1	1,498.0	1,280.7	17.0%	4,179.0	3,497.0	19.5%
25		Investments through the Infancy and Adolescence Fund (FIA)		203-2, 413-1	507.1	623.2	-18.6%	2,609.0	1,837.0	42.0%
26		Investments through the Culture Incentive Law (Rouanet)		203-2, 413-1	2,144.9	1,310.5	63.7%	9,375.0	8,798.0	6.6%
27		Investments through the Sport Incentive Law		203-2, 413-1	1,400.0	950.0	47.4%	2,490.0	1,610.0	54.7%
28		Investments through National Program of Support to Oncology Care (Pronon)		203-2, 413-1	2,775.0	1,597.0	73.8%	2,535.0	1,597.0	58.7%
29		Investments through the National Care Support Program for People with Special Needs (Pronas/PCD)		203-2, 413-1	2,444.2	1,607.4	52.1%	2,546.0	1,607.4	58.4%
30		Investments through the Municipal Fund for the Elderly		203-2, 413-1	2,035.5	738.4	175.7%	2,286.0	1,430.9	59.8%

Notes:
[1] Additional information regarding the sustainability at the Company are available at Sustainability Report (www.engie.com.br/en/investors/financial-information).
[2] Reference: ENGIE Sustainable Management Policy.
[3] Figures at 12/31/2019.
[4] GRI: Global Reporting Initiative, Standards version and sector supplement version G4.
[5] TF = number of occupational accidents for every million hours of exposure to hazards.
[6] TG = number of days lost due to occupational accidents for every thousand hours of exposure to hazards.
[7] Amounts in thousands of reais.

CORPORATE GOVERNANCE

The Company seeks to regularly improve its management mechanisms, with optimization of control procedures, compliance and transparency. It is a component of the Novo Mercado, the listing segment for companies with the highest level of corporate governance trading their shares on the Stock Exchange. This segment was subject to a revision in 2017 to increase the general requirements of the segment's regulations. Since then, the Company has endeavored to use our best efforts to implement the changes as soon as possible. A multidisciplinary working party was constituted to address the theme and in the light of the first results, the Annual General Meeting in April this year approved the new Corporate Bylaws, the principal initiative being the establishment of the Audit Committee with the participation of at least one Independent Councilor. On another related front, the management of corporate compliance procedures was improved, implementing three policies to give greater transparency to the activities and procedures of senior management: Nomination, Remuneration and Evaluation.

Additionally, the Company is a component of the Stock Exchange Sustainability Index (ISE). ENGIE Brasil Energia's Board of Directors comprises nine effective members, one representing the employees while two are independent directors. None of the Board members hold executive positions in the Company and consequently the Chairman of the Board does not occupy the position of Chief Executive Officer. With the exception of the member chosen by the employees, all are elected by the shareholders at the Annual General Meeting.

A Code of Ethics provides the basis of conduct at the Company: a public document available from its website. The Company also has an Ethics Committee responsible for constantly updating the Code and for evaluating ethical issues. **In 2013, ENGIE Brasil Energia signed up to the Brazilian Business Pact for Integrity and against Corruption:** an initiative of the Ethos Institute, in association with the United Nations Global Compact, of which ENGIE Brasil Energia has been a signatory since launch.

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. This Committee was instrumental in the acquisition of the stake in Transportadora Associada de Gás (TAG).

CAPITAL MARKETS

Since its listing on B3's Novo Mercado, ENGIE Brasil Energia has become a component of the Special Corporate Governance Stock Index (IGC) and the Special Tag Along Stock Index (ITAG), incorporating those companies offering greater protection to minority shareholders in the event of the sale of a controlling stake. The Company's shares are also included in the Corporate Sustainability Stock Index (ISE), comprising companies with a recognized commitment to social and corporate responsibility, as well as the Electric Energy Stock Index (IEE), which is a sector index made up of the more significant listed companies in the industry. The Company' shares are also traded on B3's leading stock index – the Ibovespa and on Euronext-Vigeo EM 70 — a stock index made up of companies with a premium performance in corporate responsibility in developing countries. Vigeo is the leading constituent agent for ratings of corporate social responsibility and analyzes approximately 330 indicators.

ENGIE Brasil Energia's shares are traded on the B3 under the **EGIE3** symbol. On the United States Over-The-Counter (OTC) market, the Company's Level 1 American Depositary Receipts (ADR) are traded under the **EGIEY Code**, one ADR being equivalent to one common share.

In December 2018, the 32nd Extraordinary General Meeting of the Company approved the capital increase with the issue of 163,185,548 new common, book entry shares with no par value, distributed to its shareholders in the form of a bonus issue in the proportion of 1 new share for every 4 common shares already held. The benefits of the bonus were extended to the ADRs in the same proportion.

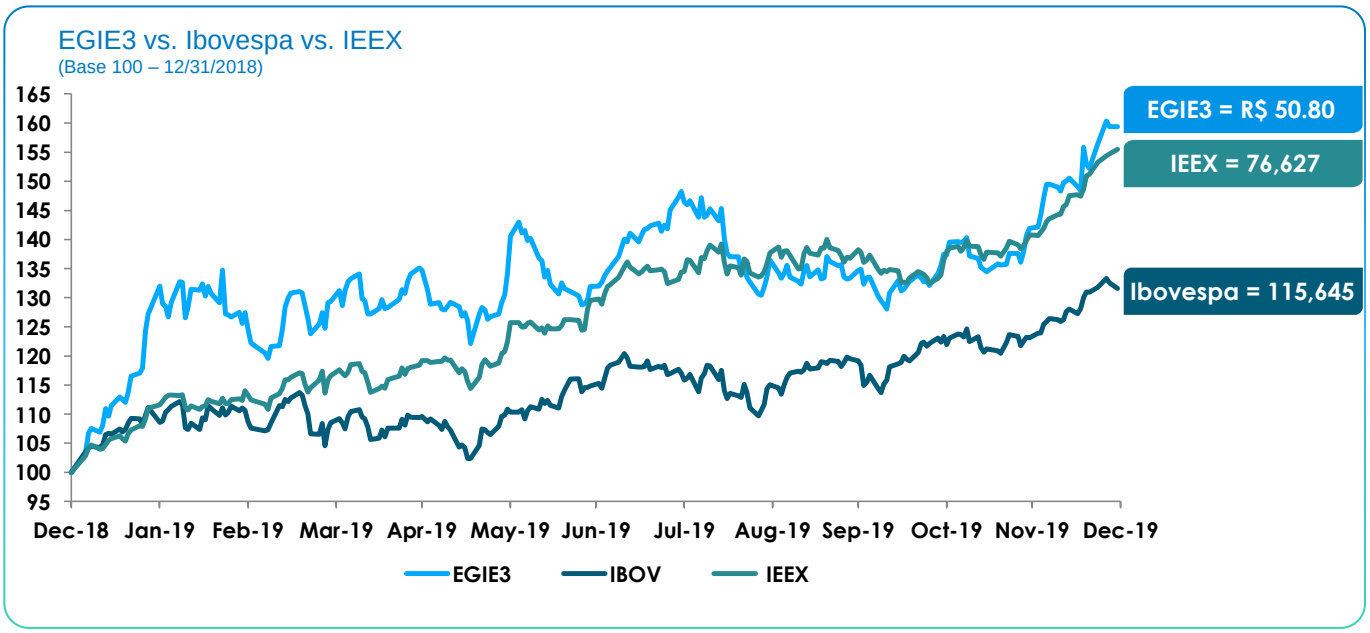
Share Performance – EGIE3

The performance of the Brazilian stock market was marked by an improvement in the outlook for the domestic economy with the approval of social security reform, basic interest rates at their historically lowest level and an acceleration in job creation in the final quarter of the year. In addition, market confidence was bolstered by signs of an agreement to end the trade war between China and the United States and reflected in all the leading stock exchanges around the world.

The shares of ENGIE Brasil Energia recorded an appreciation of 18.3% in the fourth quarter of 2019, exceeding the performance of the Electric Energy Stock Index (IEEX), which reported a gain of 12.5% and the Ibovespa, which increased by 10.4% to reach a record high of 116 thousand points at the end of the same period. For the full fiscal year 2019, the Company's shares appreciated 53.9%, slightly less than the IEEX, which increased 55.5% and much above the appreciation of 31.6%, registered by the Ibovespa.

EGIE3's average daily trading volume was R$ 59.0 million in 4Q19, 18.0% greater than the R$ 49.9 million in 4Q18. For the year as a whole, average daily trading volume was R$ 60.0 million, an increase of 56.1% in relation to R$ 38.5 million in 2018.

EBE's shares on the last trading day of December 2019 closed at R$ 50.80/share**, equivalent to a Company market capitalization of R$ 41.4 billion.**



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 19, 2020
Time: 12:00 noon (EDT) / 2:00 p.m. (BRT)

Connection numbers:
Participants in the USA: +1 (516) 300-1066 / 1-866-866-2673 (Toll Free)
Participants in the UK: + 44 (20) 3478-5282
Participants in Brazil: +55 (11) 3127-4971 / (11) 3728-5971
Access code: ENGIE

Webcast

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

A replay will be available from February 19th to 25, 2020. Access by dialing: +55 (11) 3127-4999, code: 39693562 (Portuguese) and 48361188 (English).

Apimec Meeting

São Paulo
Date: February 19, 2020
Time: 8:45 a.m. (Brasília time)
Local: Blue Tree Premium Faria Lima – Av. Brigadeiro Faria Lima, 3989 – 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$)	12/31/2019	12/31/2018
Current Assets	**6,745,671**	**4,556,677**
Cash and cash equivalents	3,870,261	2,415,792
Accounts receivables from clients	1,451,227	1,181,379
Credit of income tax and social contribution	166,833	98,978
Insurance claim receivable	10,719	74,780
Inventory	220,964	125,681
Unrealized gains on hedging transactions	115,131	3,135
Unrealized gains on trading transactions	288,771	116,202
Restricted deposits	4,856	8,956
Renegotiation of hydrological risk to appropriate	15,089	15,089
Concession financial assets	296,232	277,502
Non current asset held for sale	4,829	13,728
Other current assets	300,759	225,455
Non Current Assets	**23,389,907**	**19,178,868**
Long Term Assets	**3,814,007**	**3,230,556**
Unrealized gains on hedging transactions	311,577	256,464
Unrealized gains on trading transactions	42,695	44,429
Restricted deposits	381,064	232,450
Deposits in court	102,878	97,721
Renegotiation of hydrological risk to appropriate	115,686	130,776
Concession financial assets	2,411,942	2,317,608
Contractual assets	217,611	47,698
Right of use	161,866	-
Other non current assets	68,688	103,410
Investments	**2,948,920**	**-**
Property, Plant and Equipment	**15,330,211**	**14,635,467**
Intangible	**1,296,769**	**1,312,845**
Total	**30,135,578**	**23,735,545**

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

(In thousands of R$)	12/31/2019	12/31/2018
Current Liabilities	**5,979,644**	**4,170,261**
Suppliers	765,020	588,471
Dividends and interest on shareholder´s equity	1,197,924	2,137,039
Loans and financing	1,637,691	454,513
Debentures	1,204,469	210,369
Lease liabilities	19,824	-
Tax and social contribution obligations payable	176,395	102,033
Other fiscal and regulatory obligations	104,855	104,410
Labor obligations	106,005	99,572
Unrealized losses on trading transactions	258,305	98,047
Concessions payable	145,136	84,931
Provision	8,579	8,883
Obligations related to retirement benefits	42,909	35,369
Other current liabilities	312,532	246,624
Non Current Liabilities	**17,157,114**	**13,244,707**
Loans and financing	7,181,363	5,854,915
Debentures	4,739,535	3,200,437
Lease liabilities	114,483	-
Unrealized losses on trading transactions	20,644	19,395
Concessions payable	3,091,354	2,765,538
Provision	288,301	88,977
Obligations related to retirement benefits	364,253	283,765
Deferred income taxes and social contribution	941,468	768,814
Other non current liabilities	415,713	262,866
Shareholders' Equity	**6,998,820**	**6,320,577**
Share capital	4,902,648	4,902,648
Net income reserves	2,123,245	1,106,277
Adjustment on fixed asset	(30,739)	307,261
Non controlling interests	3,666	4,391
Total	**30,135,578**	**23,735,545**

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

(In thousands of R$)	4Q19	4Q18	Chg. %	12M19	12M18	Chg. %
Net Operational Revenue	**2,795,124**	**2,302,321**	**21.4**	**9,804,478**	**8,794,792**	**11.5**
Operational Costs	**(1,728,820)**	**(1,326,090)**	**30.4**	**(5,652,963)**	**(4,875,986)**	**15.9**
Electric power purchases	(728,822)	(701,839)	3.8	(2,666,211)	(2,324,901)	14.7
Transactions in the short term energy market	(225,660)	(68,157)	231.1	(427,677)	(574,092)	-25.5
Charges for the use of and connection to the electricity grid	(133,164)	(120,544)	10.5	(513,740)	(461,132)	11.4
Fuel expenses	(84,195)	(944)	8,819.0	(172,962)	(152,091)	13.7
Financial compensation for use of hydro resources (royalties)	(32,492)	(35,096)	-7.4	(131,606)	(123,197)	6.8
Personnel	(68,135)	(65,937)	3.3	(264,782)	(221,748)	19.4
Materials and third-party services	(99,700)	(63,450)	57.1	(293,654)	(203,167)	44.5
Depreciation and amortization	(236,090)	(171,004)	38.1	(844,390)	(649,627)	30.0
Insurance	(21,376)	(13,746)	55.5	(65,610)	(39,536)	66.0
Cost of implementing transmission infrastructure	(52,936)	(45,363)	16.7	(151,334)	(45,363)	233.6
Cost of selling photovoltaic solar panels	(29,546)	(20,301)	45.5	(70,800)	(22,766)	211.0
Others	(16,704)	(19,709)	-15.2	(50,197)	(58,366)	-14.0
Gross Income	**1,066,304**	**976,231**	**9.2**	**4,151,515**	**3,918,806**	**5.9**
Operating Income (Expenses)	**(78,804)**	**(73,115)**	**7.8**	**62,269**	**(250,724)**	**-124.8**
Selling, general and administrative expenses	(77,486)	(63,939)	21.2	(253,236)	(207,749)	21.9
Impairment	-	(6,500)	-100.0	(4,900)	(39,327)	-87.5
Other operating (expenses) revenues, net	(1,318)	(2,676)	-50.7	320,405	(3,648)	-8,883.0
Result of corporate participations	**86,794**	**-**	**100.0**	**81,114**	**(971)**	**-8,453.7**
Equity income/(loss)	86,794	-	100.0	81,114	(971)	-8,453.7
Income Before Financial Result and Taxes	**1,074,294**	**903,116**	**19.0**	**4,294,898**	**3,667,111**	**17.1**
Net Financial Result	**(406,828)**	**(161,342)**	**152.2**	**(1,206,961)**	**(699,295)**	**72.6**
Financial income	35,243	52,864	-33.3	147,151	154,685	-4.9
Financial expenses	(442,071)	(214,206)	106.4	(1,354,112)	(853,980)	58.6
Income Before Taxes	**667,466**	**741,774**	**-10.0**	**3,087,937**	**2,967,816**	**4.0**
Income tax	(32,306)	26,081	-223.9	(552,386)	(455,264)	21.3
Social contribution	(17,626)	(6,293)	180.1	(224,452)	(197,145)	13.9
Net Income for the Period	**617,534**	**761,562**	**-18.9**	**2,311,099**	**2,315,407**	**-0.2**
Income allocated to:						
ENGIE Brasil Energia's shareholders	617,228	761,281	-18.9	2,309,925	2,314,361	-0.2
Non-controlling shareholder of Ibitiúva Bioenergética S.A.	306	281	8.9	1,174	1,046	12.2
Number of Ordinary Shares	**815,927,740**	**815,927,740**		**815,927,740**	**815,927,740**	
Net Income per Share	**0.7565**	**0.9330**	**-18.9**	**2.8310**	**2.8365**	**-0.2**

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

(In thousands of R$)	4Q19	4Q18	12M19	12M18
Cash Flow from Operating Activities				
Income before taxes on income	667,466	741,774	3,087,937	2,967,816
Reconciliation of net income with operating cash flow:				
Equity loss	(86,794)	-	(81,114)	971
Depreciation and amortization	242,802	173,707	863,343	660,172
Impairment	-	6,500	4,900	39,327
Monetary variation	140,943	24,787	320,045	237,060
Interests	288,122	141,479	970,559	532,911
Remuneration of concession assets	(115,354)	(70,276)	(397,284)	(341,529)
Unrealized gains on trading operations	(8,079)	(43,189)	(9,328)	(43,189)
Others	9,268	17,678	9,369	9,198
Adjusted Net Income	**1,138,374**	**992,460**	**4,768,427**	**4,062,737**
Increase (reduction) in assets				
Accounts receivables from clients	61,616	(18,606)	(247,000)	(67,831)
Tax credits recoverable	(60,074)	(81,160)	(67,056)	(84,291)
Inventory	6,931	(31,315)	(92,101)	(30,708)
Deposits in court and restricted deposits	666	(1,634)	3,318	12,156
Renegotiation of hydrological risk to appropriate	3,773	5,602	15,090	25,149
Financial concession asset	70,666	19,198	269,671	246,088
Insurance claim receivable	-	(1,648)	74,780	(52,718)
Other assets	(24,979)	59,750	(233,725)	(12,391)
Increase (reduction) in liabilities				
Suppliers	8,680	19,693	65,601	(124,518)
Other fiscal and regulatory obligations	(27,309)	(20,645)	(3,561)	3,659
Labor obligations	3,527	4,075	6,433	2,974
Obligations related to retirement benefits	(7,674)	(6,610)	(29,432)	(26,703)
Fuel to pay to the CDE	(9,594)	180,959	(36,192)	180,959
Other liabilities	162,044	(128,803)	195,353	29,055
Cash Generated from Operating Activities	**1,326,647**	**991,316**	**4,689,606**	**4,163,617**
Payment of interests on debt, net of hedge	(203,414)	(196,628)	(579,734)	(485,755)
Payment of income tax and social contribution	(164,615)	(151,349)	(488,606)	(531,156)
Net Cash from Operating Activities	**958,618**	**643,339**	**3,621,266**	**3,146,706**
Investments Activities	**160,789**	**(925,100)**	**(4,229,792)**	**(3,212,655)**
Dividends received from subsidiaries	351,000	-	351,000	-
Capital increase at joint ventures	-	-	(2,789,257)	-
Acquisitions of investments	-	(1,597)	(680,612)	(18,958)
Used in fixed assets and intangibles	(173,234)	(981,149)	(1,165,832)	(3,305,514)
Liquidated damages for the delay conclusion received	-	-	71,886	-
Fair value of the rights of use in acquired projects	(16,977)	-	(16,977)	-
Received on disposal of investments	-	57,646	-	111,817
Financing Activities	**1,031,428**	**254,987**	**2,062,995**	**551,671**
Loans and financing contracted	1,274,418	615,584	2,664,545	2,397,050
Debentures contracted	-	-	4,064,987	2,486,240
Payment of loans, financing, debentures and promissory notes, net of hedge	(207,430)	(399,909)	(2,172,993)	(2,290,194)
Payments of concessions payable	(24,724)	(18,237)	(79,755)	(70,885)
Debt servicing deposits	(6,833)	(22)	(132,399)	-
Payments of dividends and interest on shareholders' equity	(177)	-	(2,260,825)	(1,989,966)
Payments of leases	(4,466)	-	(16,743)	-
Others	640	57,571	(3,822)	19,426
Increase (Decrease) in Cash and Cash Equivalents	**2,150,835**	**(26,774)**	**1,454,469**	**485,722**
Reconciliation of Cash and Cash Equivalents				
Opening balance	1,719,426	2,442,566	2,415,792	1,930,070
Closing balance	3,870,261	2,415,792	3,870,261	2,415,792
Increase (Decrease) in Cash and Cash Equivalents	**2,150,835**	**(26,774)**	**1,454,469**	**485,722**
Transactions that do Not Affect Cash and Cash Equivalents				
Interest on shareholders' equity credited	354,000	397,000	354,000	397,000
Initial adoption IFRS 16	48,261	-	139,475	-
Measurement of obligations with retirement benefits	87,233	6,119	87,233	6,119
Offsetting of income tax and social contribution	(42,646)	(61,093)	(24,682)	(48,024)
Transfer of property, plant and equipment to other non-current assets	-	-	(2,926)	-
Supplier's of fixed assets and intangibles	59,555	(24,039)	88,677	48,831
Capital increase with profit and profit	-	2,073,592	-	2,073,592
Capitalized interest and monetary variation	3,915	82,215	151,931	294,297
Input of non current assets held for sale	-	-	-	(48,038)