ENGIE Brasil Energia S.A.
Inside ENGIE 2019

Florianópolis, SC, November 29, 2019.

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CONTENT

01 Regulation & Market Panel

02 Go-to-Market Project

03 New Businesses & Innovation

04 TAG and developments

05 Financial Information by Segment

REGULATION AND MARKET PANEL

Executive Board of ENGIE Brasil Energia



REFORM OF THE ELECTRICITY SECTOR

MEDIA COVERAGE

Ações da Eletrobras disparam com plano de reforma do setor elétrico

Danilo Verpa - 11.nov.2009/Folhapress



Ações da Eletrobras disparam com plano de reforma do setor elétrico

Governo decide que preço horário do mercado de energia entra em vigor em 2021

REUTERS

31/07/2019 18h08

28 de agosto de 2019

Governo propõe mudança nos leilões de geração, separando a energia do lastro



Leila Coimbra, da Agência iNFRA

MODERNIZAÇÃO DO SETOR DE ENERGIA TRAZ OPORTUNIDADES

Por Juliana Siqueira - 12 de novembro de 2019



Desenvolvimento de usinas fotovoltaicas e eólicas no País foi citado durante seminário na Capital -Crédito: Faisal Al Nasser/Reuters



PUBLICIDADE

EDITORIAS

Selecionar categoria

Buscar | Valor Empresas | Entrar | 59% OFF por 1 ano | Assinar

MME quer designar riscos e custos em novo modelo

A abertura do mercado permitirá que um número cada vez maior de consumidores tenha liberdade de escolher seu fornecedor de energia

Por Rafael Bitencourt — De Brasília

26/09/2019 05h00 · Atualizado há um mês

MME oficializa novo comitê para implementar reforma do setor elétrico

Portaria que cria grupo e define frentes de atuação é publicada no DOU após ministro anunciar estratégia

Buscar | Valor Legislação | Entrar | 59% OFF por 1 ano | Assinar

Os desafios de um código brasileiro de energia

A coalização e unificação da legislação poderá tornar mais claro e compreensível o ambiente de negócios

Por Carlos Augusto Tortoro Jr.

Uma comissão especial da Câmara do Deputados está discutindo atualmente a elaboração de um projeto de lei que culminará na criação de um código brasileiro de energia elétrica. Essa iniciativa encontra



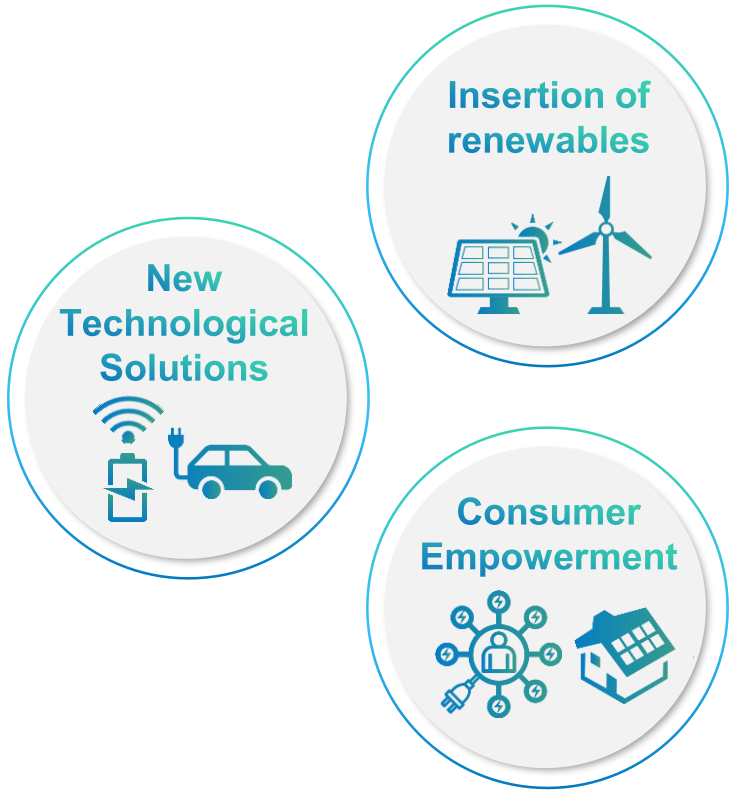
Tecnologia na cozinha aumenta

REFORM OF THE ELECTRICITY SECTOR

ENERGY TRANSITION CONTEXT

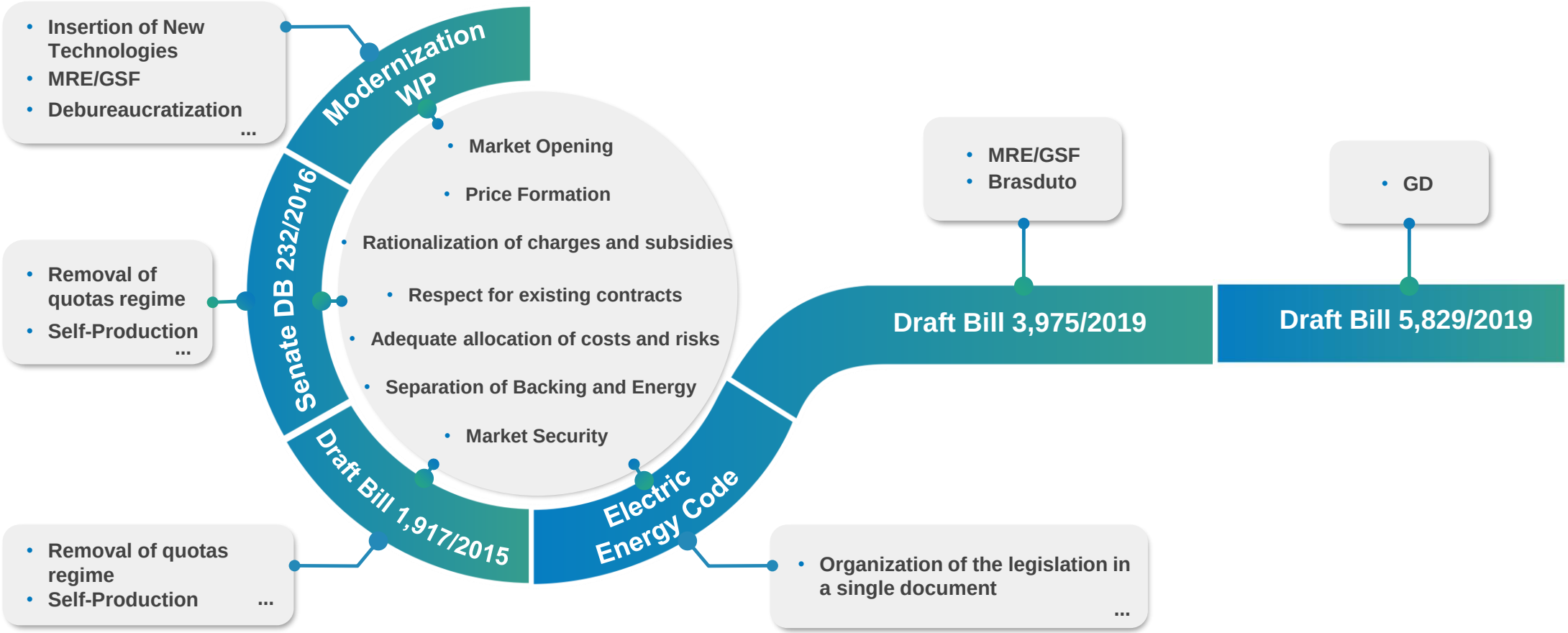
The electrical power industry is undergoing a **profound and accelerated transformation** worldwide and in Brazil as well…

Inevitability of the changes...



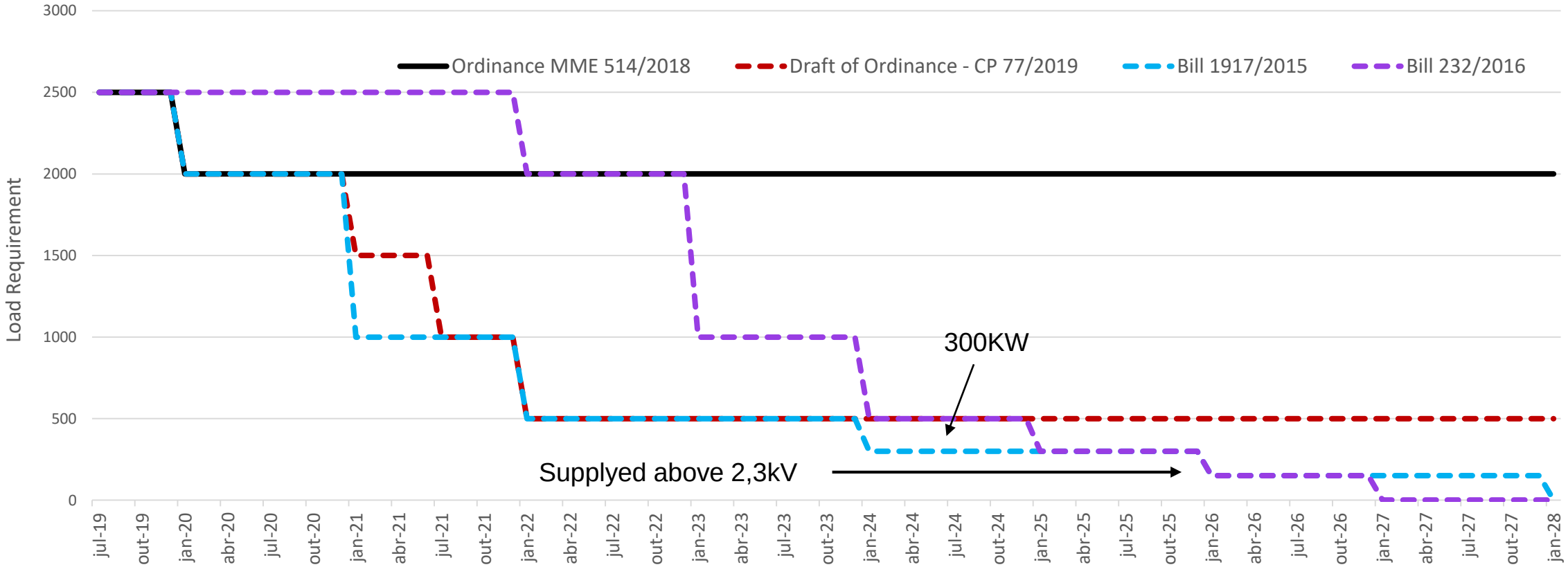
REFORM OF THE ELECTRICITY SECTOR

WORKING PARTIES AND THEMES



MARKET OPENING

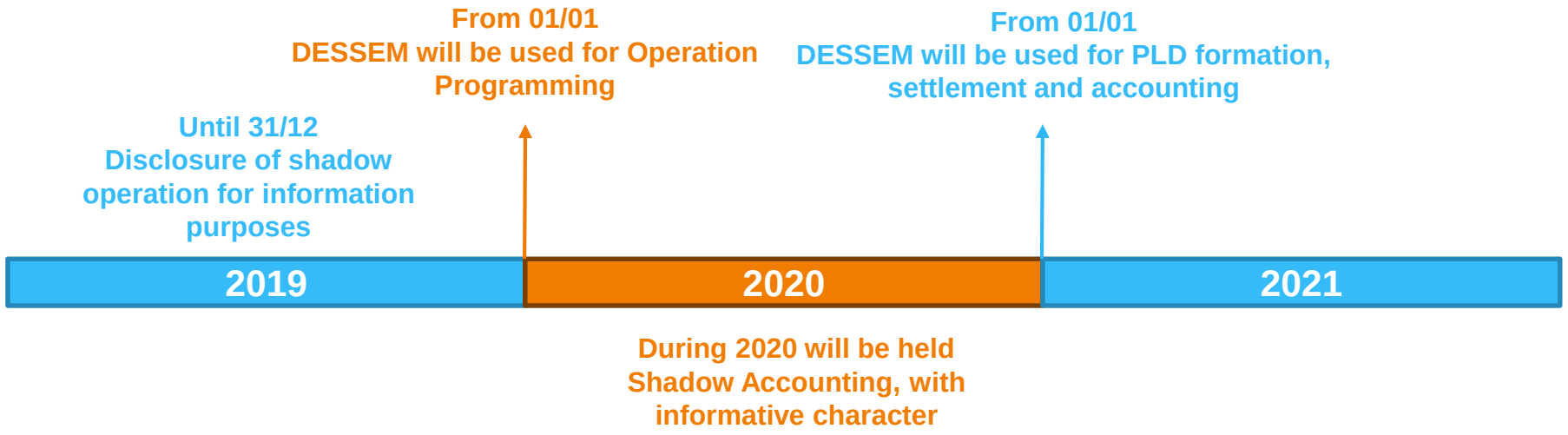
SEVERAL PROPOSALS FOR MARKET OPENING AND SECTOR MODERNIZATION ARE ON THE AGENDA



Reference Date for the approval of the PL 232: 01/07/2020

HOURLY PRICE

AS DISCLOSED BY THE ORDINANCE 300, OF JULY 31, 2019, OF MME, THE IMPLEMENTATION OF THE HOURLY PRICE WILL HAPPEN IN TWO PHASES:



GO-TO-MARKET PROJECT

Gabriel Mann

Energy Commercialization Officer



AGENDA



Motivation



Project Phases



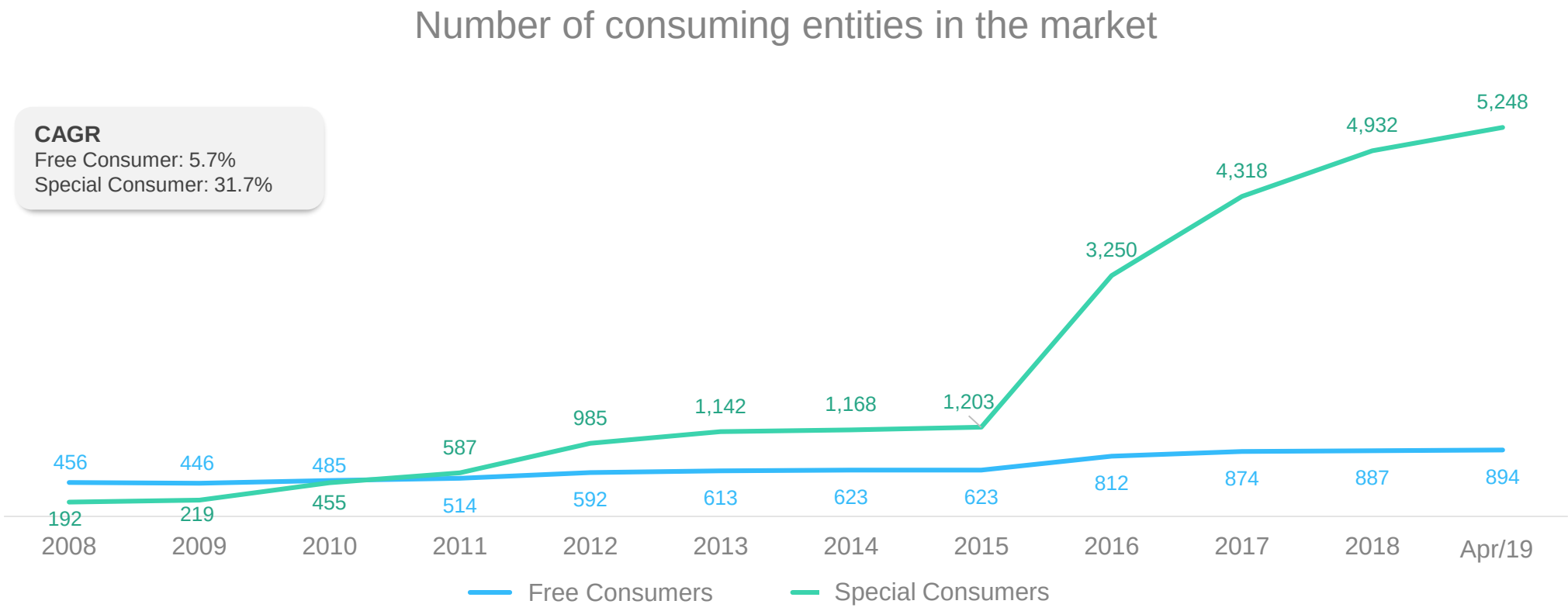
Changes in the Structure of the Commercial Area



Digital Transformation

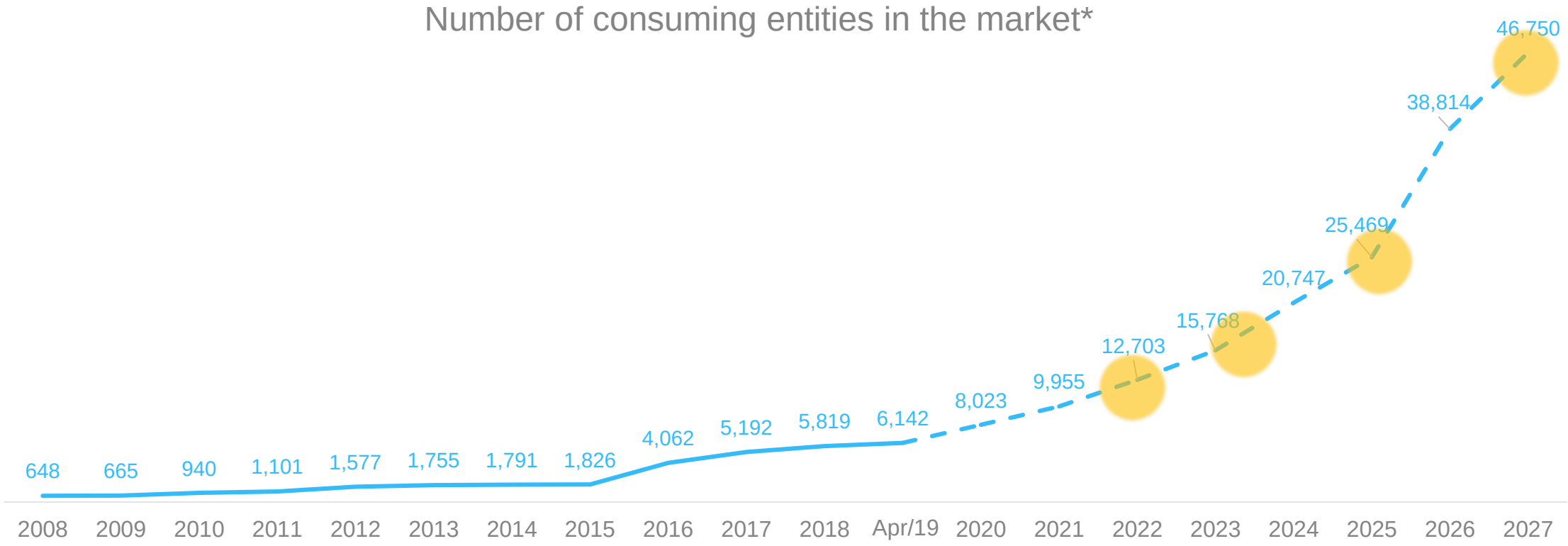
MOTIVATION:

GROWTH IN THE NUMBER OF SMALLER CUSTOMERS > RETHINK THE COMMERCIAL MODEL



MOTIVATION:

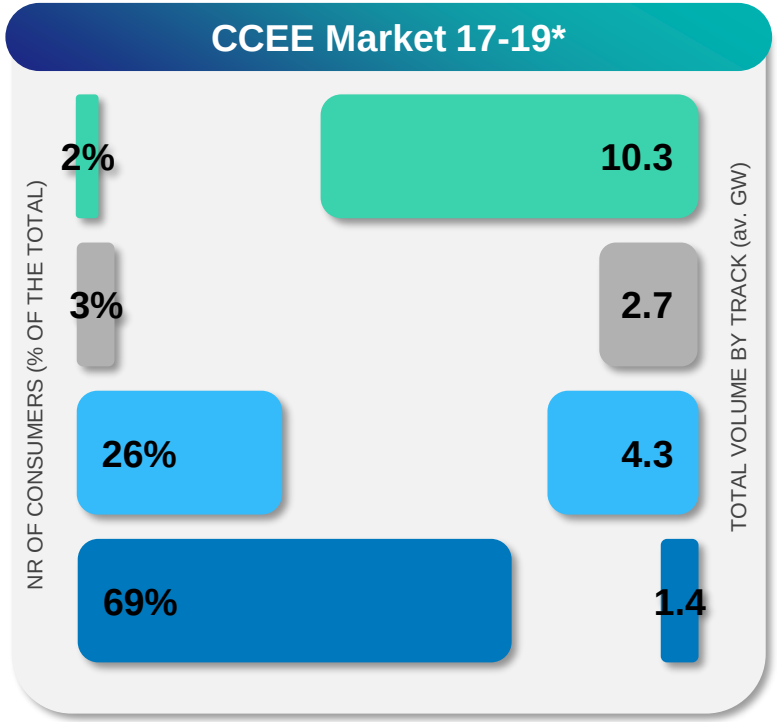
PROSPECT FOR ACCELERATED GROWTH > GREATER IMPACT IN THE FUTURE



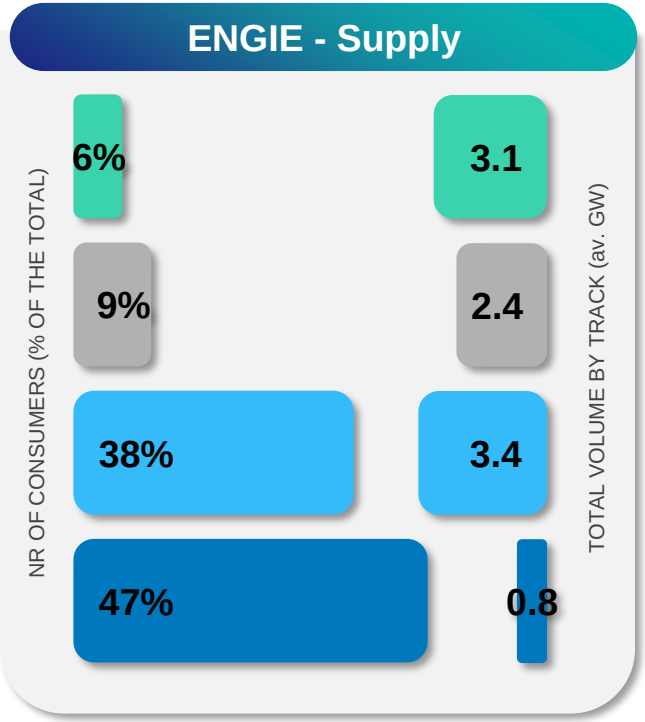
*estimated number of consuming entities in the market considers migration of potential market share (eligible)

MOTIVATION:

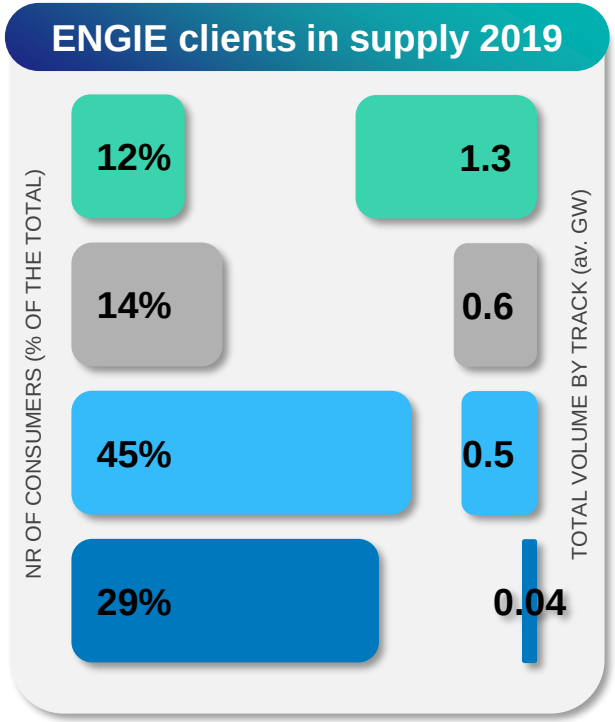
ENGIE CONSUMERS PYRAMID > PREDOMINANCE OF LARGE CLIENTS



* Considers self-producers



* Proposal requests by consumption range. Numbers also consider several quotes from the same Business Group.



* Only those customers supplied in 2019 are considered here.

Consumption Ranges for the Business Group

Over 30 aMW | Between 10 and 30 aMW | Between 1 and 10 aMW | Less than 1 aMW

AGENDA



Motivation



Project Phases



Changes in the Structure of the Commercial Area



Digital Transformation

GO-TO-MARKET PROJECT:
STRATEGY AND EXECUTION PHASES: PHASE 1

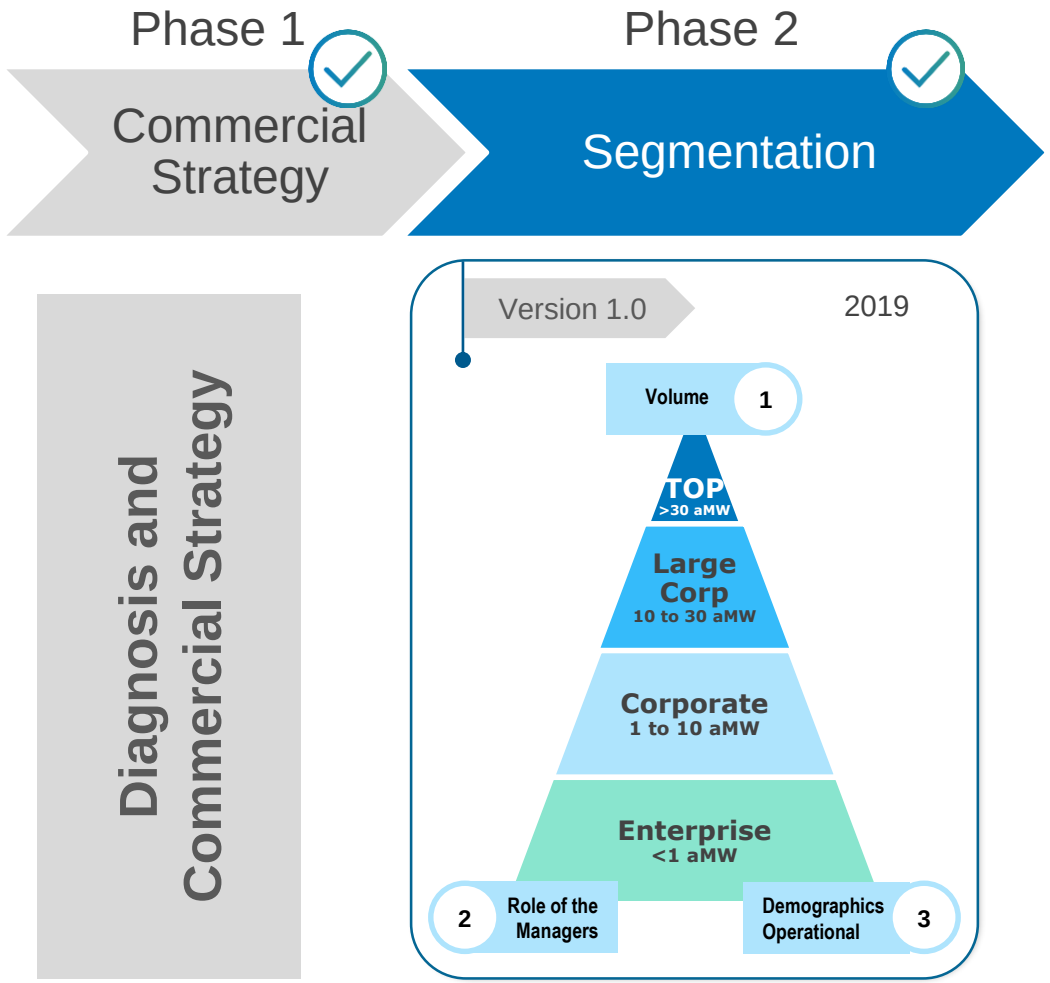
Phase 1

Commercial Strategy
Nov/18

Diagnosis and Commercial Strategy

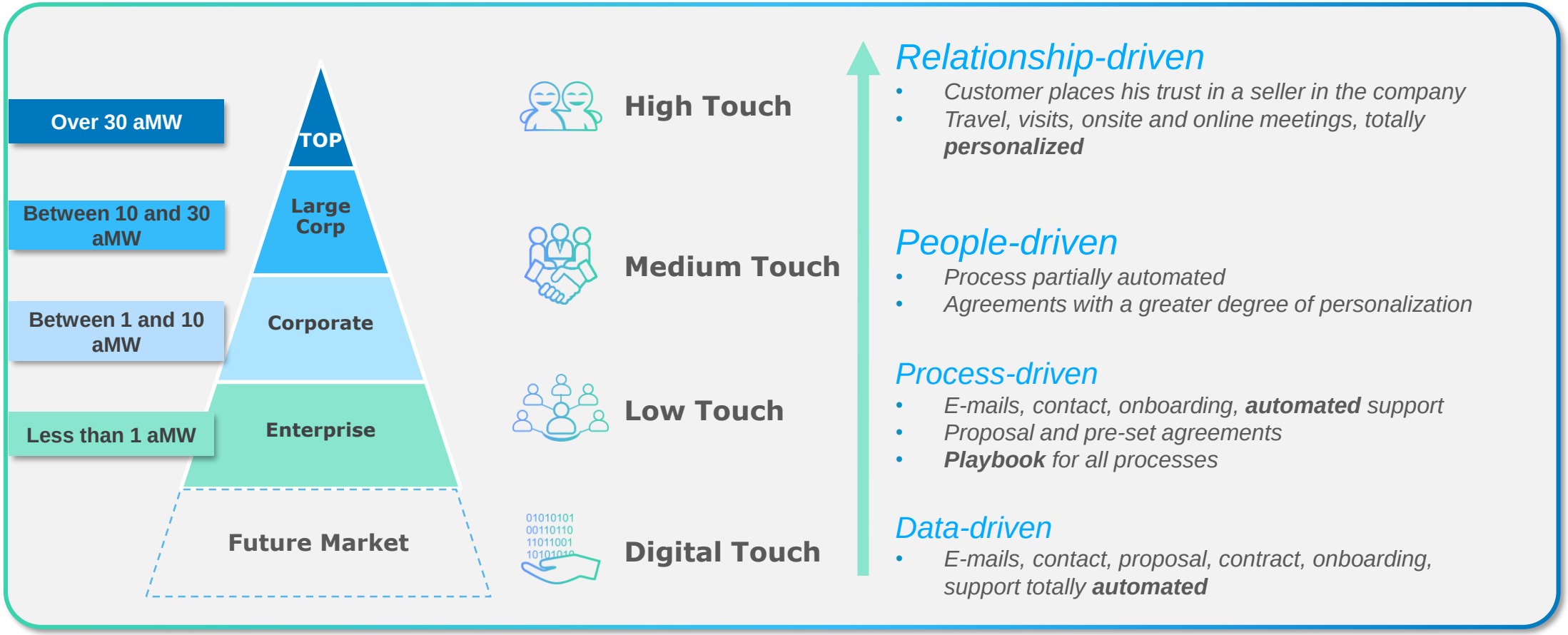
- **Customer Centricity:**
  - Getting closer to the end customer
  - Segmentation
  - Capillarity
  - Customer satisfaction
- **Profitability**
- **Market Share**

GO-TO-MARKET PROJECT:
STRATEGY AND EXECUTION PHASES: PHASE 2



GO-TO-MARKET PROJECT:

STRATEGY AND EXECUTION PHASES: PHASE 2 – BALANCE BETWEEN COST AND SERVICE



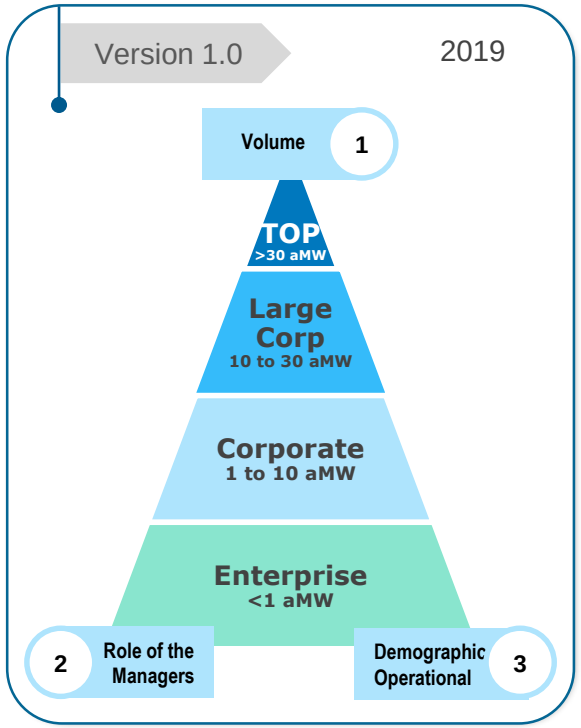
GO-TO-MARKET PROJECT:
STRATEGY AND EXECUTION PHASES: PHASE 3

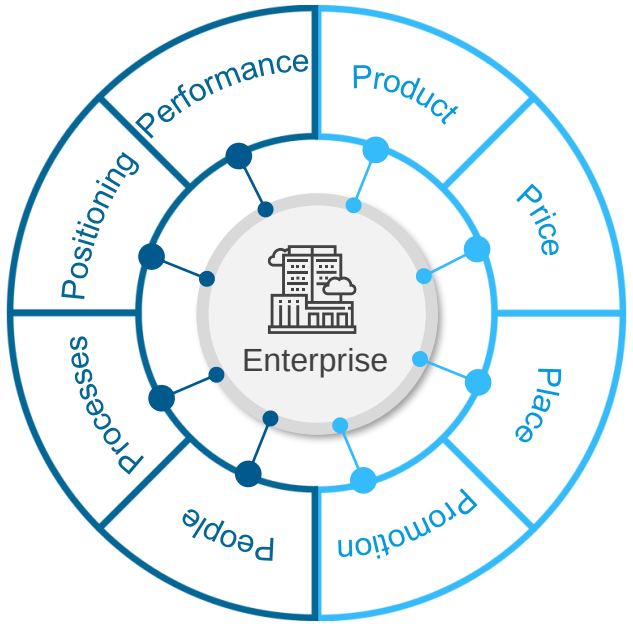
Phase 1 ✓ Commercial Strategy

Phase 2 ✓ Segmentation

Phase 3 ✓ Marketing Mix
Channels and Structure Operation Strategy

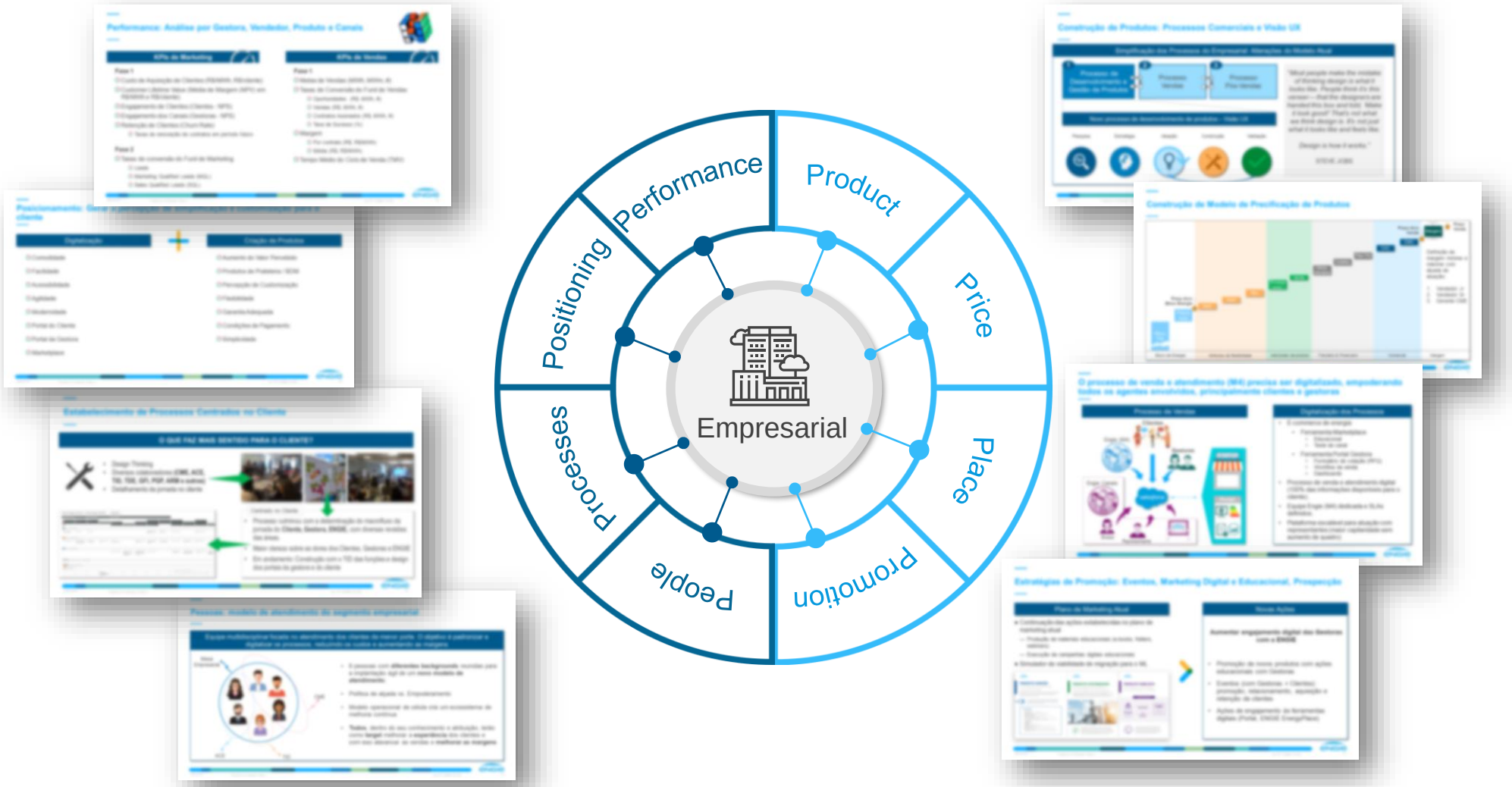
Diagnosis and Commercial Strategy





GO-TO-MARKET PROJECT:

STRATEGY AND EXECUTION PHASES: PHASE 3 – DEVELOPMENT OF THE MARKETING MIX



GO-TO-MARKET PROJECT:

STRATEGY AND EXECUTION PHASES: PHASE 4

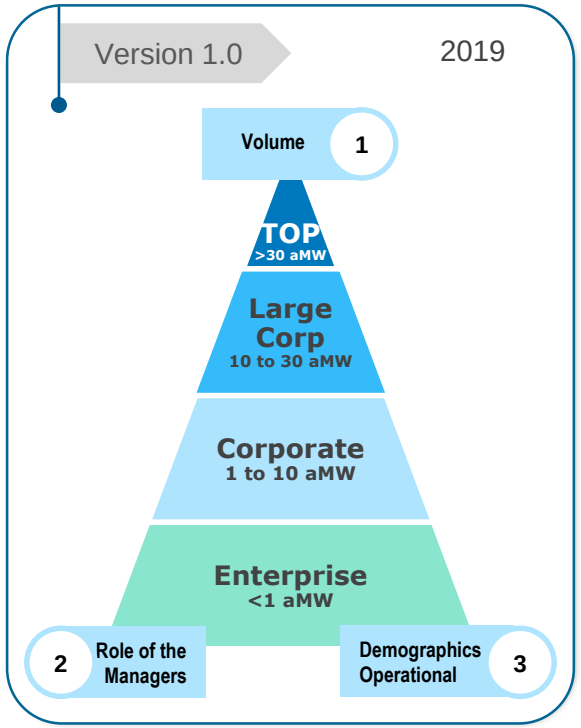
Phase 1 — Commercial Strategy

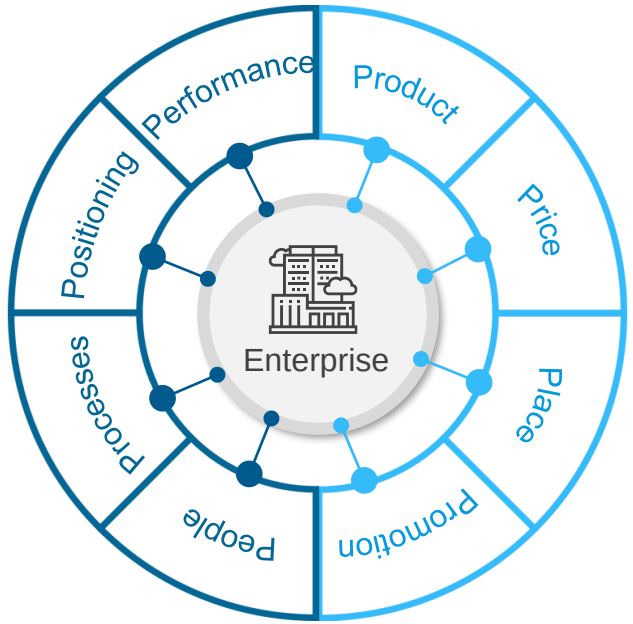
Phase 2 — Segmentation

Phase 3 — Marketing Mix
Channels and Structure Operation Strategy

Phase 4 — Implementation & Operation

Diagnosis and Commercial Strategy





Implementation

Market

AGENDA



Motivation



Project Phases



Changes in the Structure of the Commercial Area

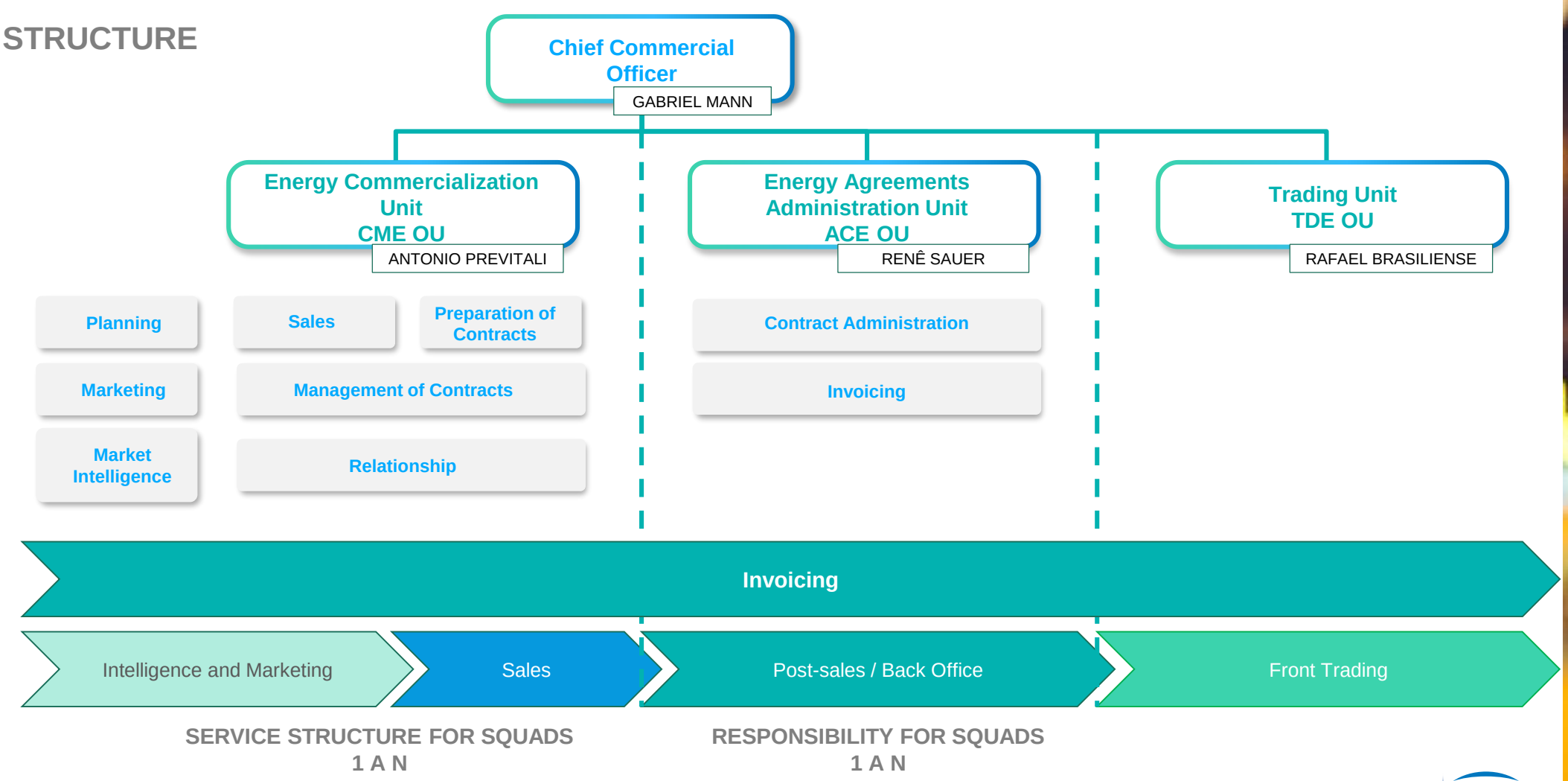


Digital Transformation

INSTALLATION GO-TO-MARKET

PHASE 4: CHANGES IN THE STRUCTURE OF THE COMMERCIAL AREA

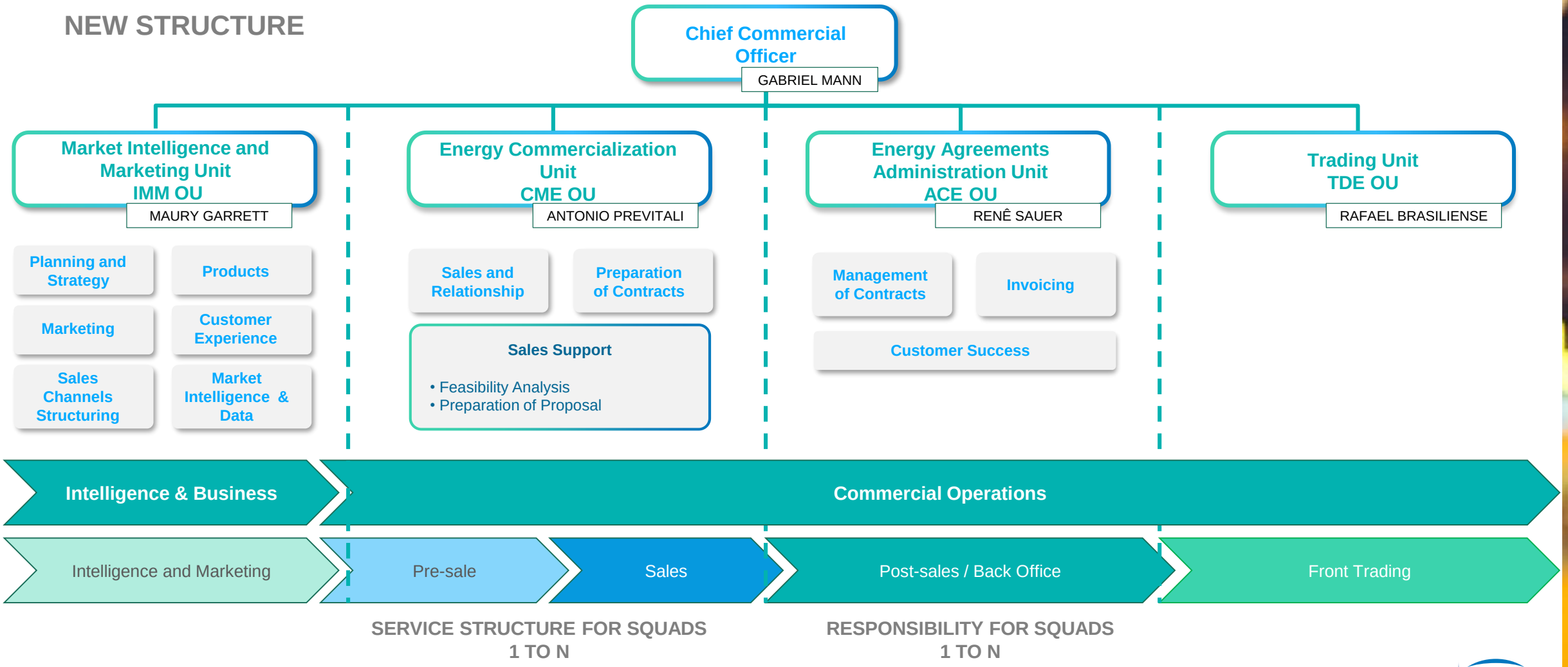
PREVIOUS STRUCTURE



INSTALLATION GO-TO-MARKET

PHASE 4: CHANGES IN THE STRUCTURE OF THE COMMERCIAL AREA

NEW STRUCTURE



AGENDA



Motivation



Project Phases



Changes in the Structure of the Commercial Area



Digital Transformation

DIGITAL TRANSFORMATION

INITIATIVES BEING IMPLEMENTED

CRM

- Redesign and digitalization of processes for implementation in the Sales Force



BI

- Cataloging, organization and management of data for Marketing Analytics



Relationship Channels

- Development and implementation of new Relationship Channels with customers and partners



Sales Channels

- Development and implementation/ structuring of new sales channels: partially or totally digital



Customer Experience

- Mapping, redesign and measurement of the customers' journeys to deliver the best experience



DIGITAL TRANSFORMATION

CRM

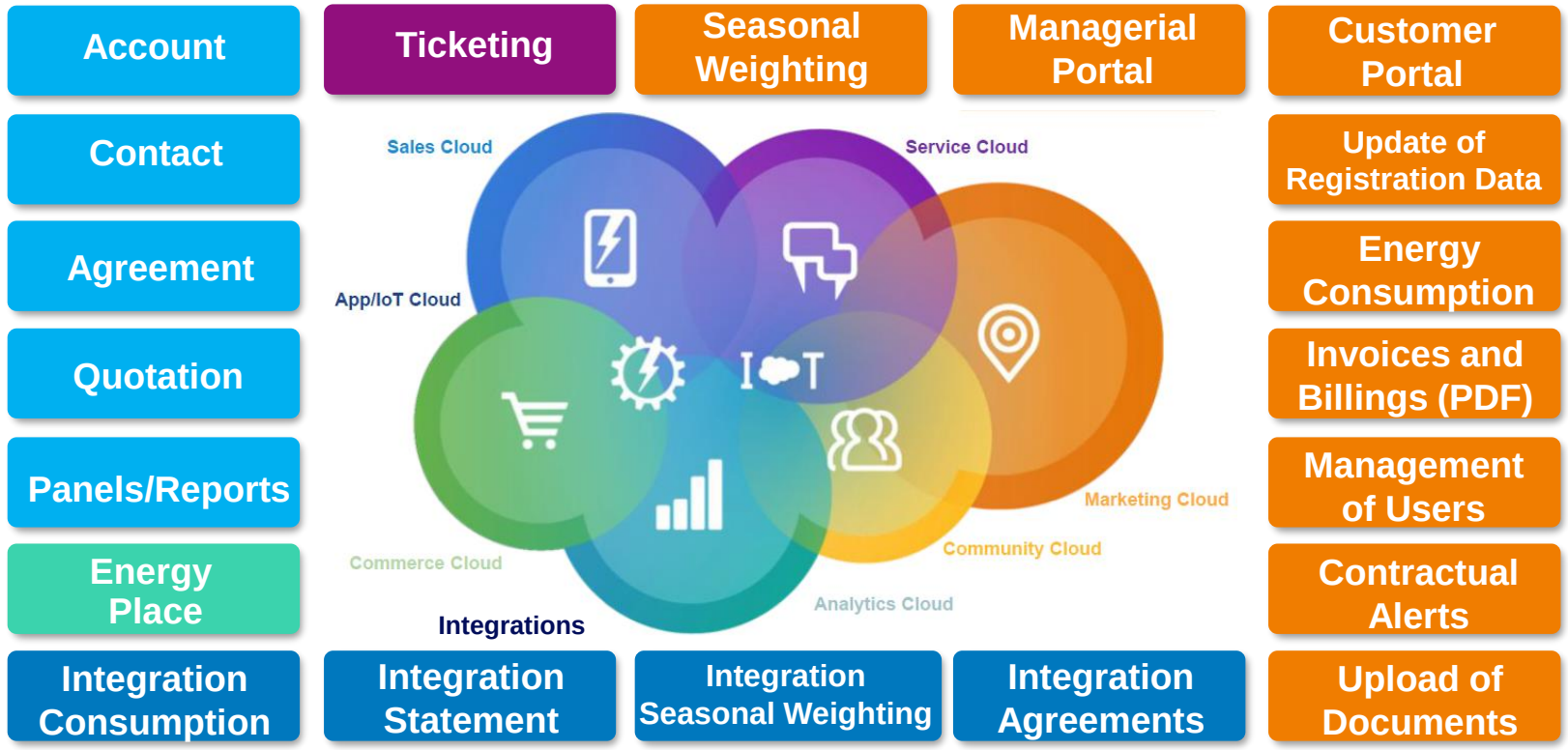
REDESIGN OF COMMERCIAL PROCESSES AND CONTINUOUS SALESFORCE IMPROVEMENT

Redesign of commercial processes as a pilot project for the Business segment

Usability of the systems and automation of repetitive processes

Redesign of the structure for serving the customers

New portals in the Salesforce structure

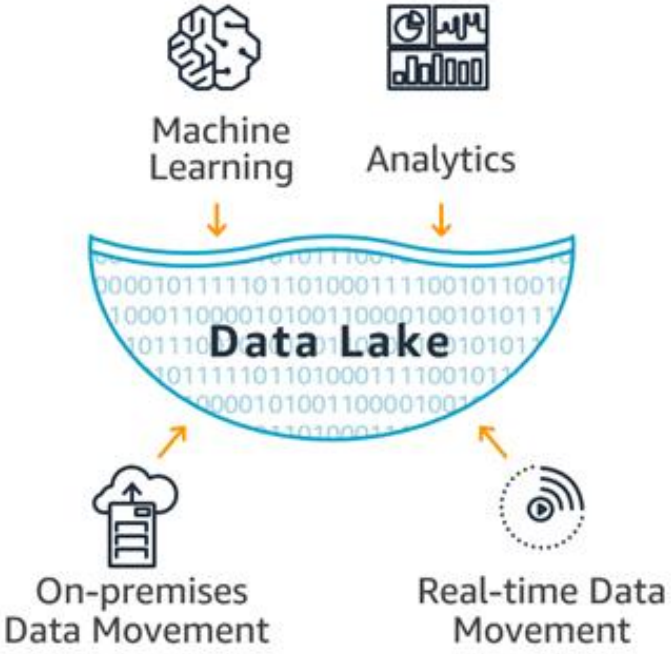


DIGITAL TRANSFORMATION

BI

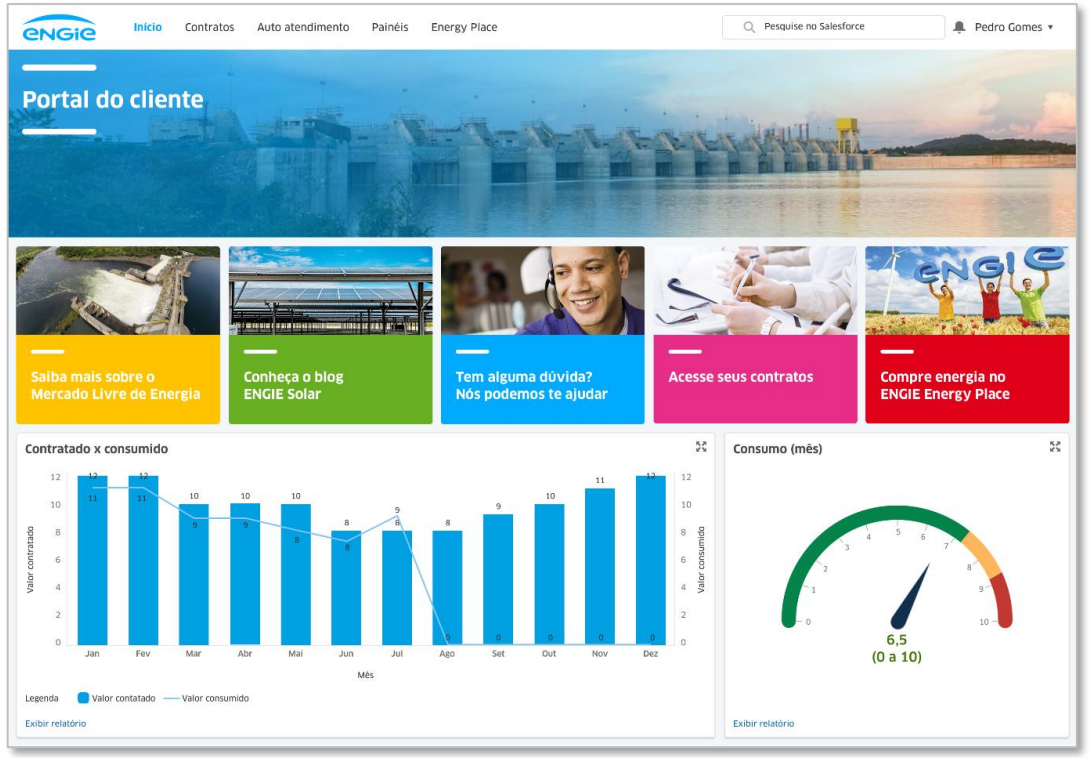
BUSINESS INTELLIGENCE TOOLS FOR MANAGEMENT

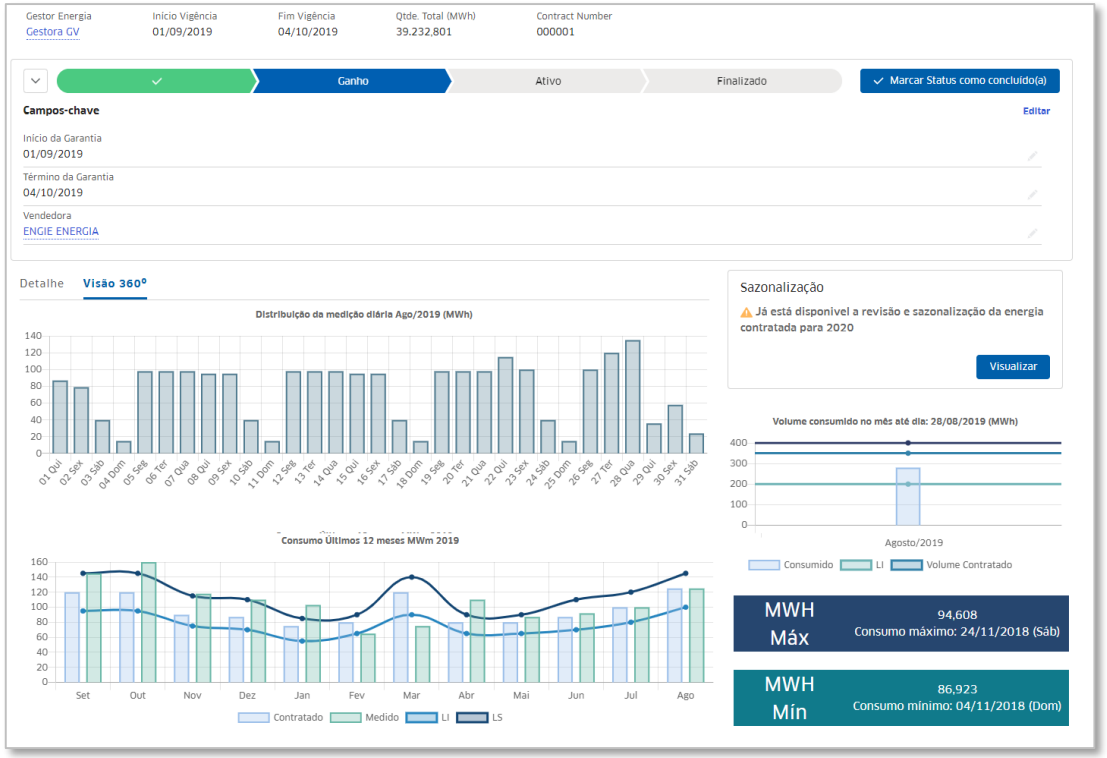




DIGITAL TRANSFORMATION
RELATIONSHIP CHANNELS

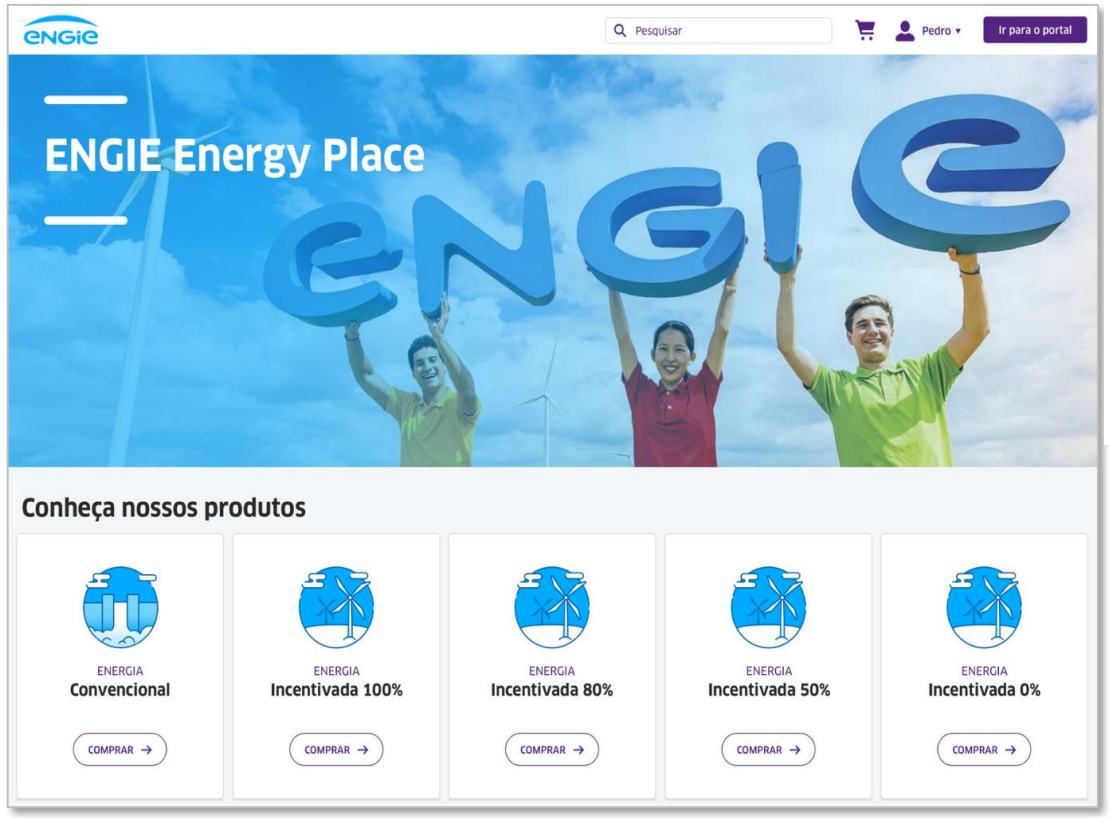
CUSTOMER AND MANAGERIAL PORTALS





DIGITAL TRANSFORMATION
SALES CHANNELS

ENGIE ENERGY PLACE



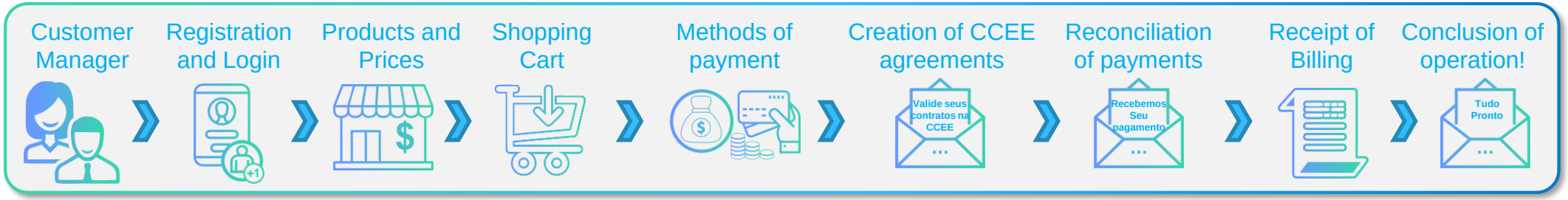
SEU PEDIDO	MAIS ESCOLHIDO	MAIS FLEXÍVEL PARA VOCÊ
R$ 217/MWh	R$ 172/MWh	R$ 222/MWh
550 MWh/mês	550 MWh/mês	550 MWh/mês
2021-2024	2021-2030	2021-2024
Maior consumo no segundo semestre	Maior consumo no segundo semestre	Maior consumo no segundo semestre
±10% de flexibilidade	±10% de flexibilidade	±10% de flexibilidade
Sem entrega de garantia financeira	Com entrega de garantia financeira	Sem entrega de garantia financeira
Sem certificado de energia renovável	Sem certificado de energia renovável	Com certificado de energia renovável
SELECIONAR →	SELECIONAR →	SELECIONAR →

DIGITAL TRANSFORMATION

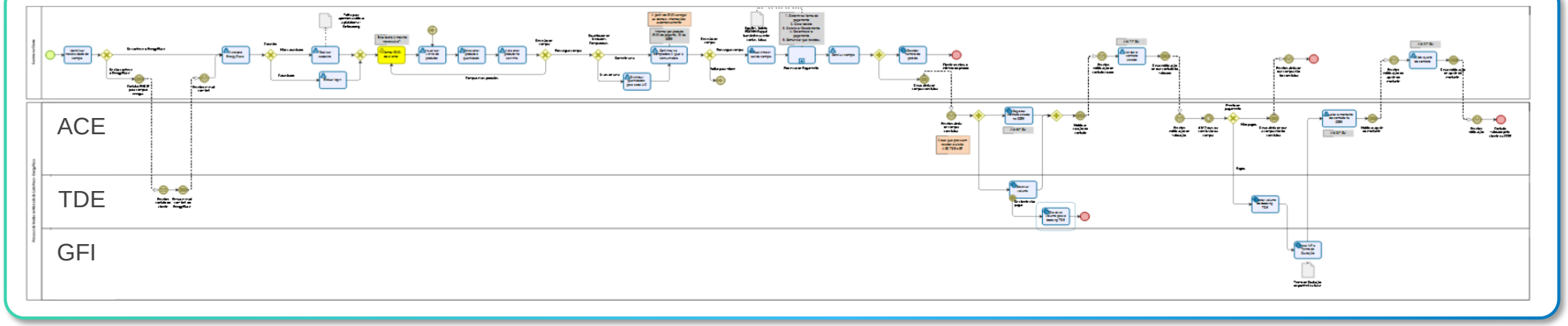
SALES CHANNELS

ENGIE ENERGY PLACE

Customer Journey



Marketplace Flow Chart



DIGITAL TRANSFORMATION
CUSTOMER EXPERIENCE

DATA
Maintenance and optimization of data architecture and modeling

Panels for monitoring customer experience metrics



VOICE OF THE CUSTOMER PROGRAMS
Ongoing preparation of Satisfaction Surveys

Consolidation of Action Plans



STRATEGY FOR CUSTOMER EXPERIENCE
Construction of the customer experience strategy, aligning experience actions to values of the ENGIE brand



REDESIGN OF THE EXPERIENCE
Mapping of the Customer Journey

Monitoring of the Customer Journey

New internal processes



CUSTOMER FOCUS CULTURE
Creation of initiatives to foster the culture of customer centric values in the Company



MACRO VISION OF DELIVERIES 2019-2020

FRONTS	1Q2019	2Q2019	3Q2019	4Q2019	1Q2020	2Q2020
Digital: Portal	CUSTOMER PORTAL | V.01				CUSTOMER AND MANAGERIAL PORTAL | NEXT VERSIONS ...	
Digital: Mkt Place		SHORT TERM (MONTH CLOSING) MARKET PLACE DE MÊS | V.01			LONG TERM MARKET PLACE ...	
Products		NEW PROCESS OF PRODUCT DEVELOPMENT		NEW PRODUCT	NEW PRODUCTS ...	
Pricing		PRICE STACKING MODEL | V.01			PRICING TOOL	
Processes & CX		ENTERPRISE CUSTOMER JOURNEY | V.01			CUSTOMER JOURNEY | NEXT VERSIONS ...	
Structuring of Channels		NEW SQUAD OPERATING MODEL			RELATIONSHIP MODEL WITH MANAGERS AND CHANNELS ...	

NEW BUSINESSES & INNOVATION

Guilherme Slovinski Ferrari
Chief New Businesses, Strategy and Innovation Officer

WHAT IS OUR GROWTH STRATEGY



Investment in **ENERGY INFRASTRUCTURE**

ACQUISITION of the **BEST** projects/assets available in the market, increasing **COMPETITIVENESS**

Focus on **CLUSTERS** with major installed capacity and capacity factor maximizing gains in **SYNERGIES**

Maintain a **PORTFOLIO** of projects at different phases of development

WHAT IS THE RESULT OF OUR STRATEGY

GROWTH BY ACQUISITION

SPEED



OPPORTUNISTIC
Vision

SHORT TERM
Results

Less **RISK**

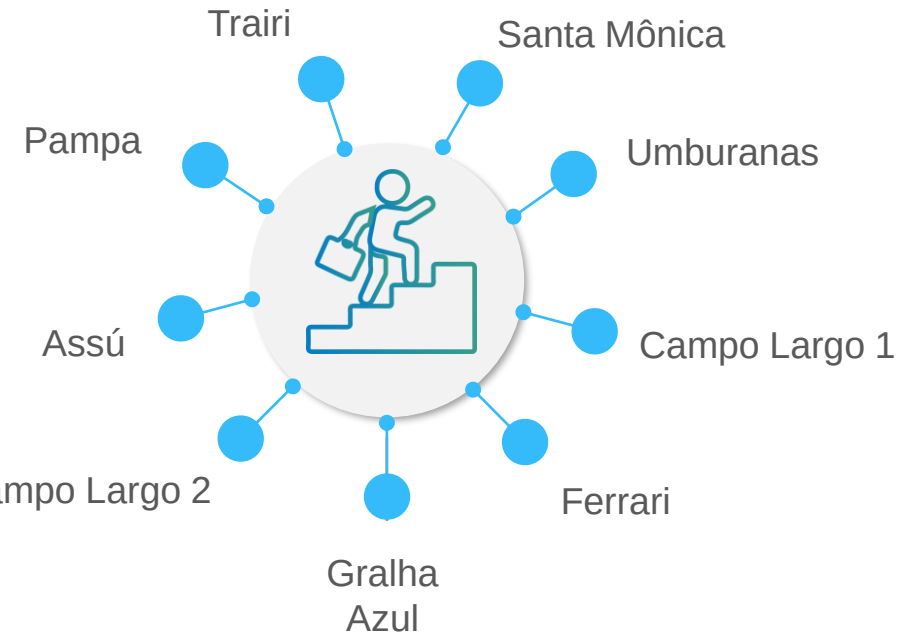
Miranda

Jaguara

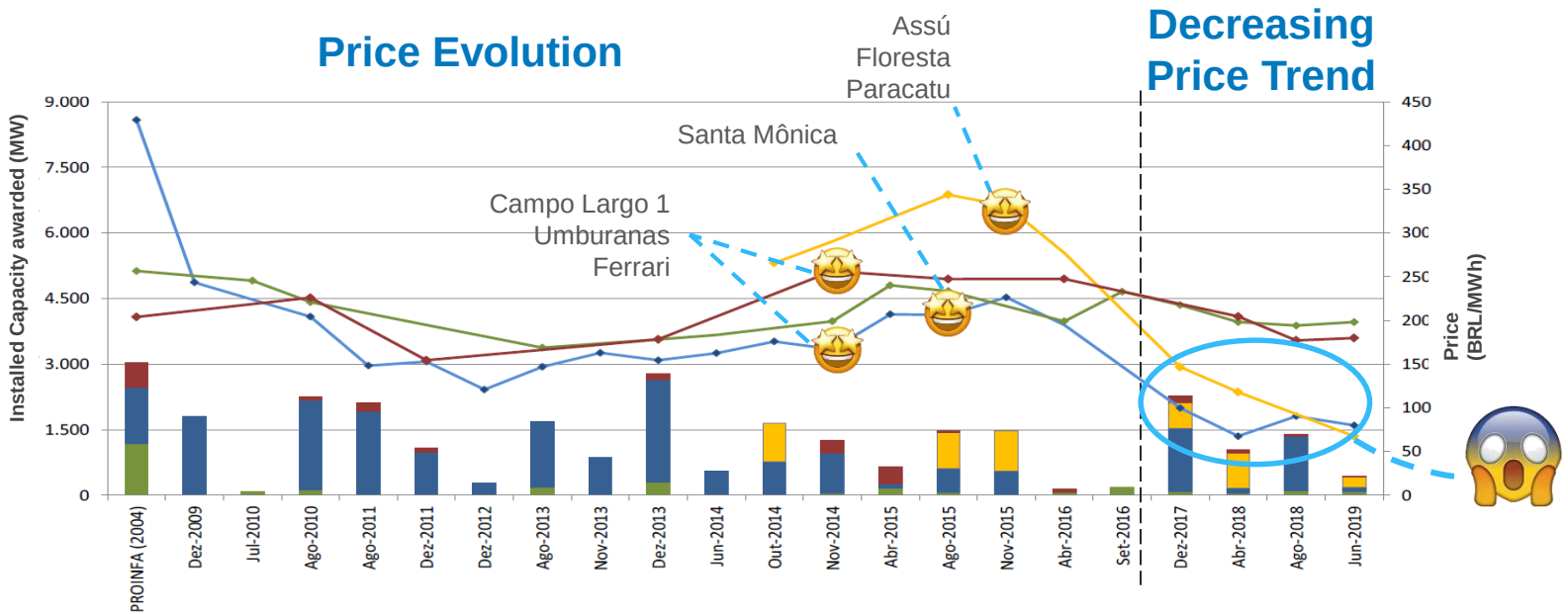
TAG

ORGANIC GROWTH

STEP-BY-STEP



WHAT IS THE RESULT OF OUR STRATEGY



Maximizing **opportunities in the Regulated Market**

+

Migratory movement to the Free Market

+

Diversificação

Maximizing the best market conditions

OUR PRINCIPAL CHALLENGES

LAND OWNERSHIP



Negotiation with various owners, regularization of documentation, registration of properties with the appropriate organs, issue of DUP, real estate registry offices.

NECESSARY RESOURCES



Measuring and evaluation of necessary resources: wind, water, gas, biomass, accesses, existing infrastructure, works logistics.

ENERGY PRODUCTION



Technical and economic engineering of the projects: evaluation of the proposals, schedule, costs, equipment options, performance of the technologies for each site.

ENVIRONMENTAL LICENSING



Social and environmental impacts on the local communities, issue of grants, socio-environmental programs.

REGULATORY PROCESSES



- Short term for developing Transmission projects;
- Long terms in sector organs (ANEEL, ONS, EPE);
- Distinct processes for ACR and ACL.

ADAPTATION TO THE MARKET



Capacity to adapt project development to the opportunities of the market, meeting the necessities of the clients (either regulated or free).

LIFE CYCLE OF THE PROJECTS

INTEGRATION
of the internal teams is the fundamental element for SUCCESS

- Active discussion about risks and opportunities





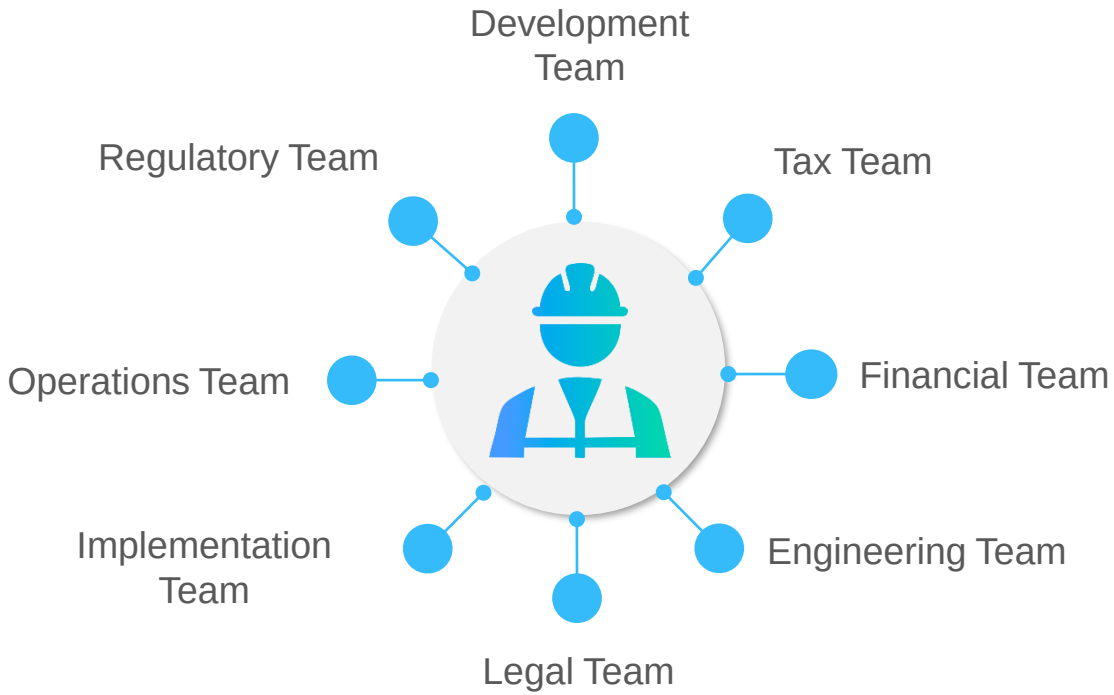
- Common team spirit seeking the best solutions



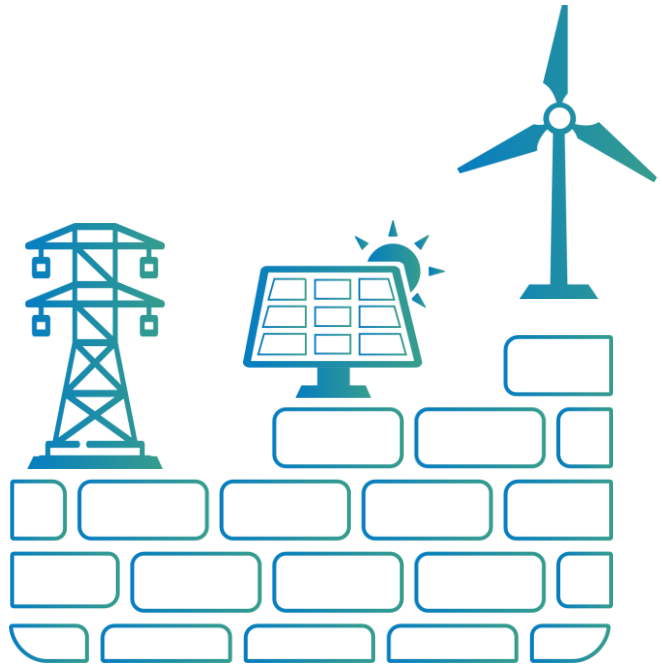
- Maximizing the track record and know-how for continuous improvements



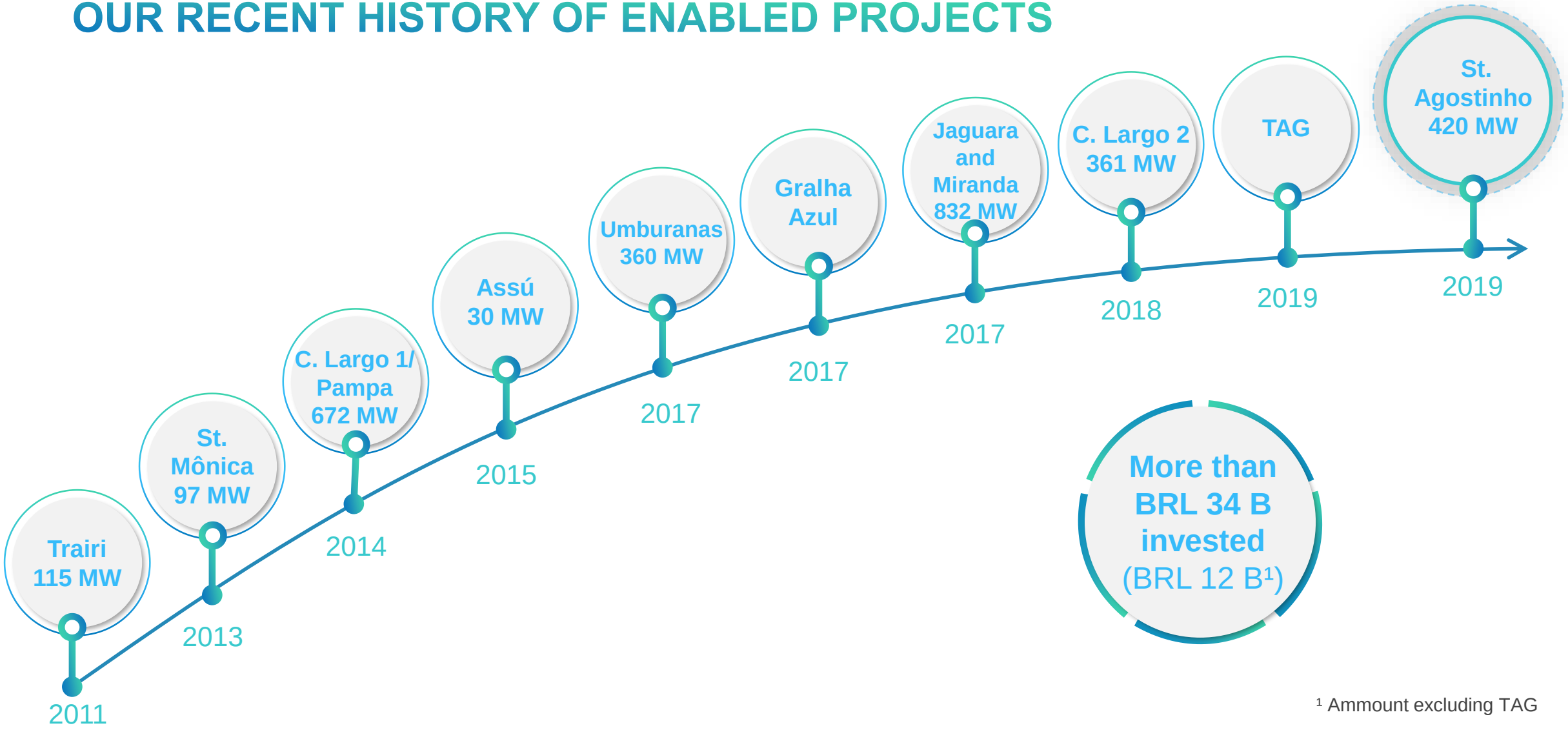
LIFE JOURNEY OF THE PROJECTS



SOLID projects with integrated PARTICIPATION of the Company's INHOUSE TEAMS



OUR RECENT HISTORY OF ENABLED PROJECTS



More than BRL 34 B invested (BRL 12 B[1])

[1] Ammount excluding TAG

OUR RECENT HISTORY OF ENABLED PROJECTS

SOCIAL RESPONSIBILITY

- Culture centers
- Social investments
- Sustainable vegetable gardens
- Young people and adult literacy program
- Improved accesses to the communities
- Restoration of degraded areas
- Donation of medical equipment
- Renovation of schools

FINANCIAL DISCIPLINE

- Budgetary forecast
- Cash flow



ZERO CARBON JOURNEY

- Sustainable partnerships with L'oreal

HEALTH & SAFETY

- Focus on H&S indicators and activities
  - CL 1: without significant accidents
  - Umburanas: just 1 accident (with time off work)
  - CL 2: zero accidents to the present.

PORTFOLIO SYNERGIES - BAHIA WIND PARK CLUSTER

327 MW Commercial Operations

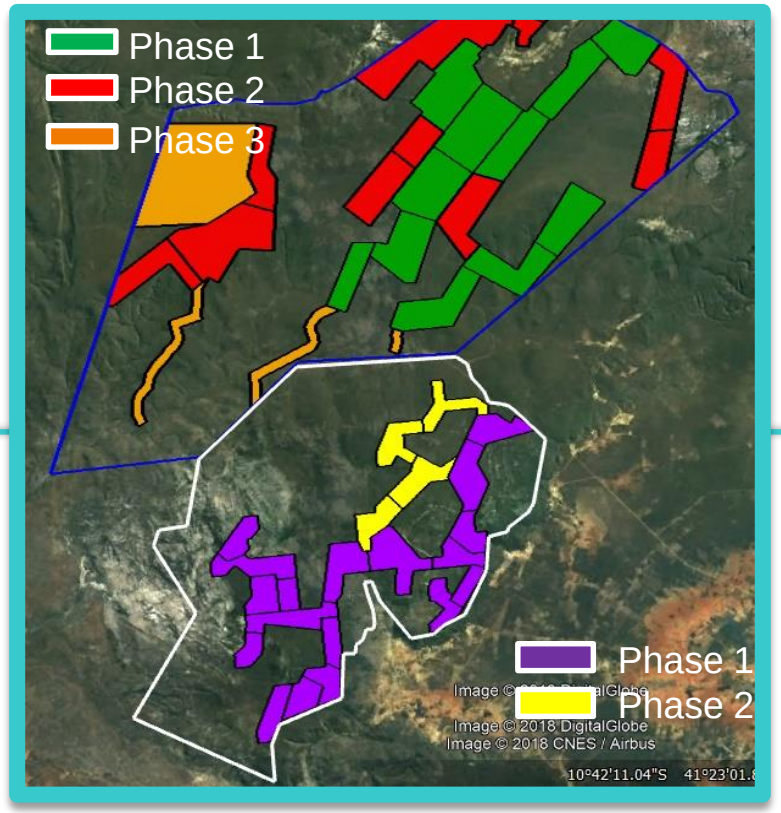
361 MW Construction

313 MW Development

360 MW Commercial Operations

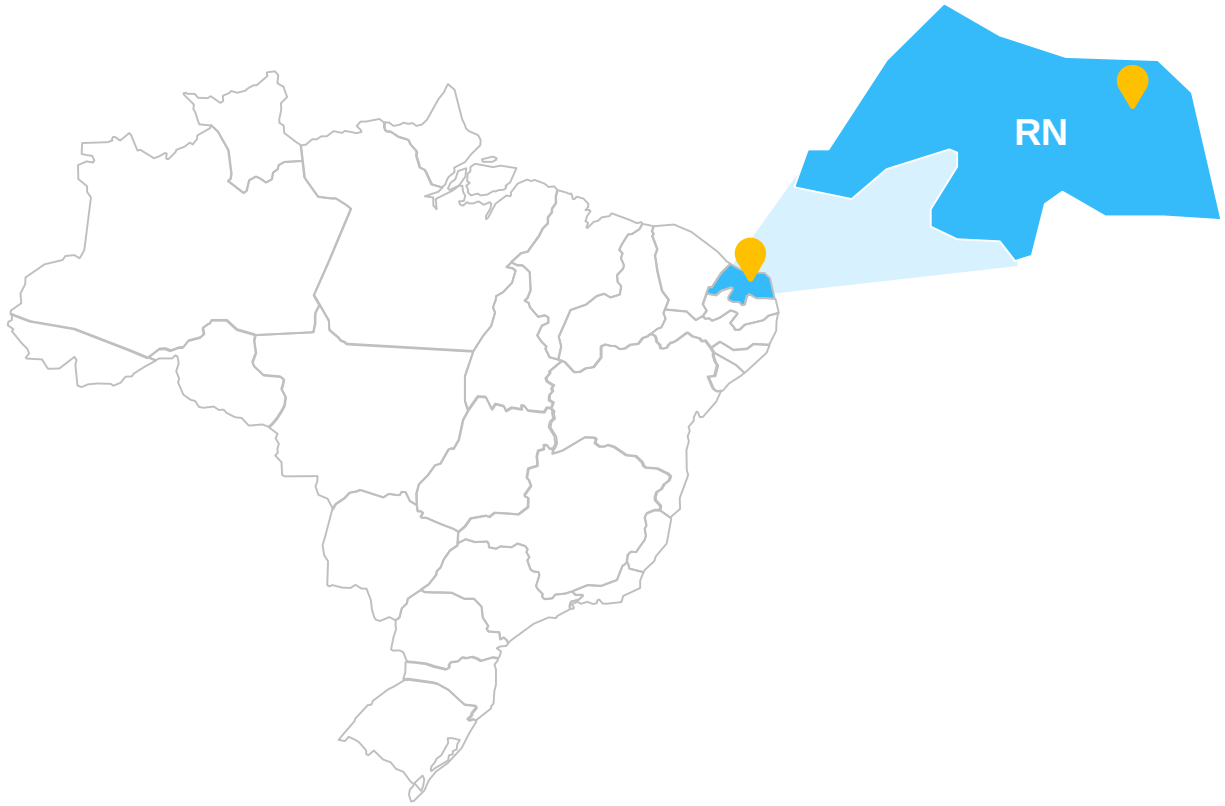
300 MW Development

- BRL 5 B of investments
- BRL 10 M of social and environmental investments
- Possibility of developing hybrid projects

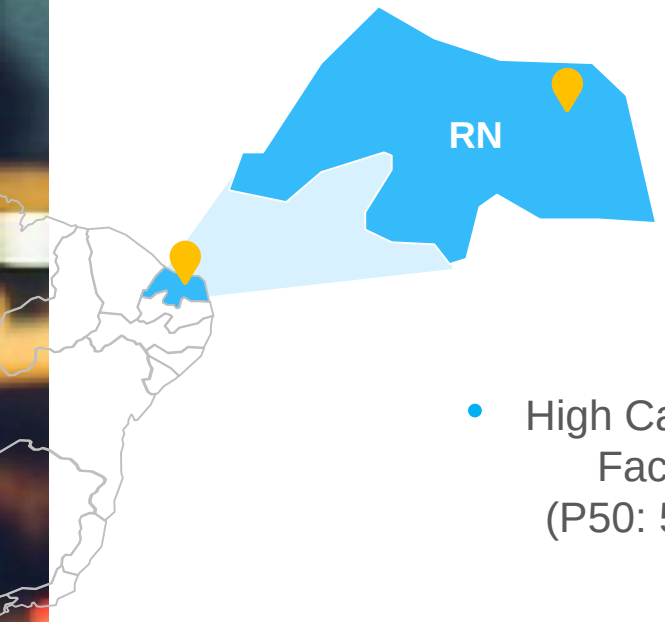


- Synergies between phases
- Loans approved by the BNDES
- Project area is equivalent to the island of Florianópolis

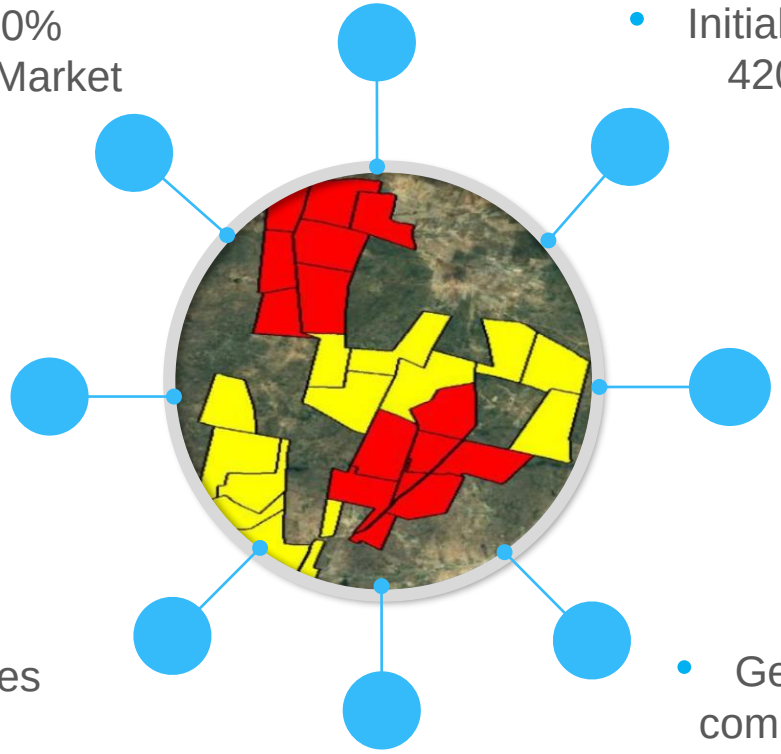
SANTO AGOSTINHO PROJECT



SANTO AGOSTINHO PROJECT



- Investment BRL 2.1 B
- 100% Free Market
- Initial phase 420 MW
- High Capacity Factor (P50: 58%)
- Possibility for Expansion
- Identifying synergies such as Campo Largo
- Generation profile complementary to the portfolio
- Commercial Operations Jan'22



OUR PRINCIPAL CHALLENGES
FIRST TRANSMISSION AUCTION

Auction
Dec'17

30 years
Concession

BRL 1.7 B
Investment

BRL 250 M
Annual Revenue

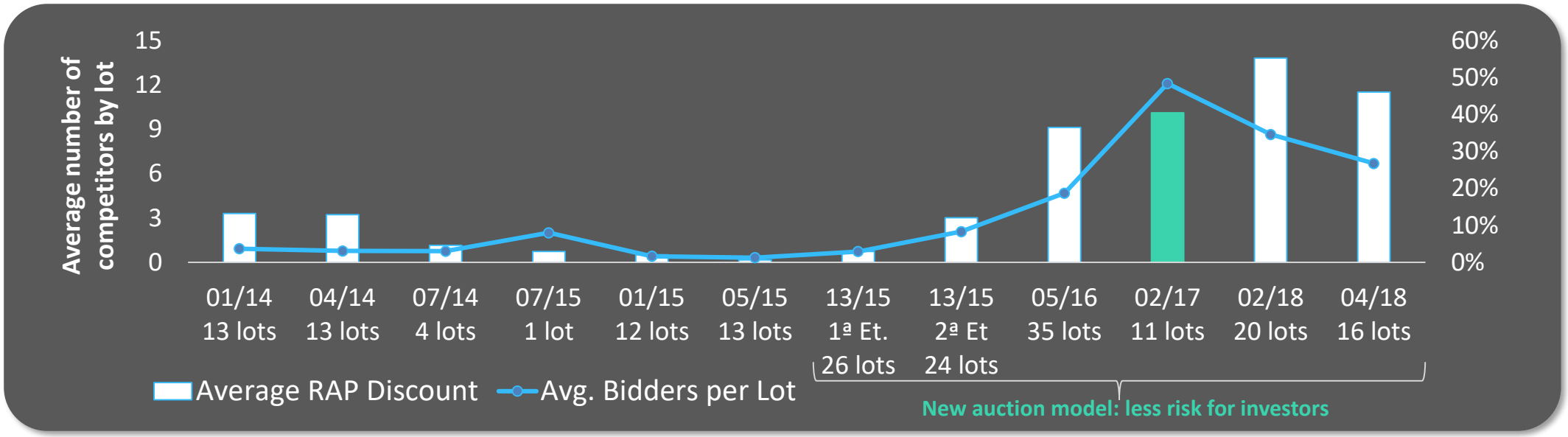
5
Substations

1,000 km
Transmission Line



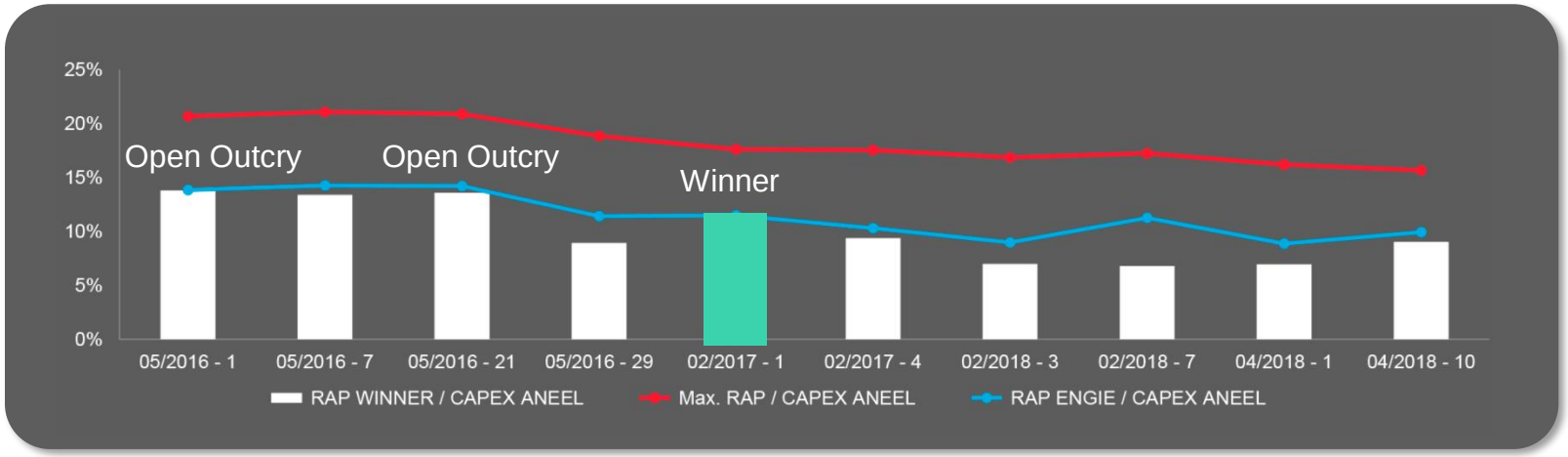
OUR PRINCIPAL CHALLENGES
FIRST TRANSMISSION AUCTION

Competition Opportunities

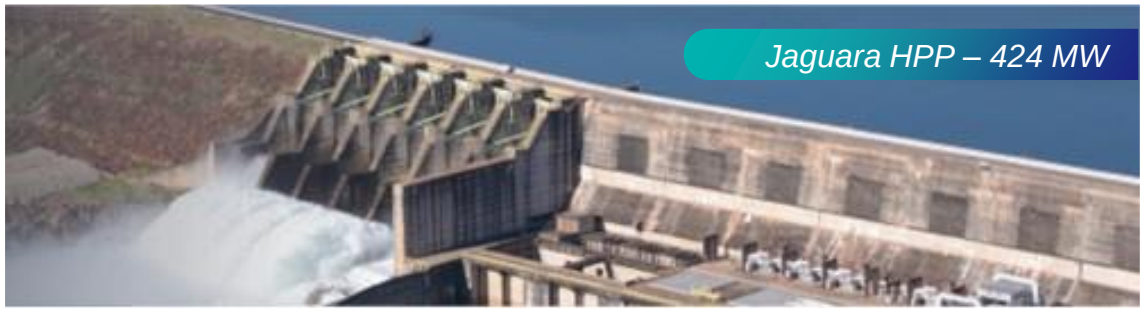


AUCTIONS & POSSIBILTY OF M&A





M&A HYDROELECTRIC PLANTS





- **Public Hearing** – Jun'17
- **Start of Process of Inhouse Approval** – Jul'17
- **Publication of Auction Notice** – Aug'17
- **Onsite Visits to the HPPs** – Aug'17
- **Online Registration** – Sep'17
- **Board of Directors** – Sep'17
- **Winning Bid** – Sep'17

Main Competitors: enel; CEMIG (NOSSA ENERGIA, SUA FORÇA) + VALE; SPIC

- BRL 3.5 B
- 30 years concession
- Ebitda in the short term
- Minas Gerais

ASSÚ SOLAR PROJECT

100% Regulated Market

CAPEX BRL 200 M

36 MWp

Area of 70 Soccer Pitches

320,000 panels



- Concluded below budget
- Concluded on schedule
- Possibility of Expansion (+120MW)

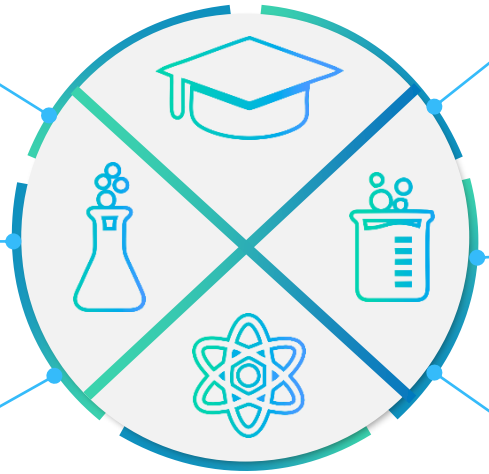


RESEARCH & DEVELOPMENT

Budget
~BRL 17 M/year

11 PATENTS
requested in the last 5 years

More than **190 projects** executed (1998-2019)



More than **BRL 175 M INVESTED** (1998-2019)

AWARDS
National and International (Finep Innovation; Fritz Müller; Mercosul S&T; Myron Zucker Student Design Contest)

PARTNERSHIP with more than **35 ENTITIES** (universities, research centers and domestic companies)

RESEARCH & DEVELOPMENT

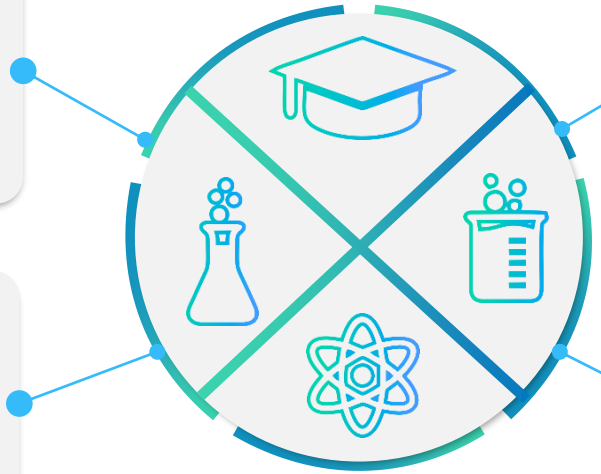
R&D Energy Storage

Understanding the existing technologies and their integration with centralized and distributed generation

Evaluation of possible business models for ENGIE

R&D Fault Detection in Synchronous Generators by Magnetic Field

Permitted to work preventively based on analysis of the machine's performance data



R&D Solar

Installation of a photovoltaic solar plant (3MWp)

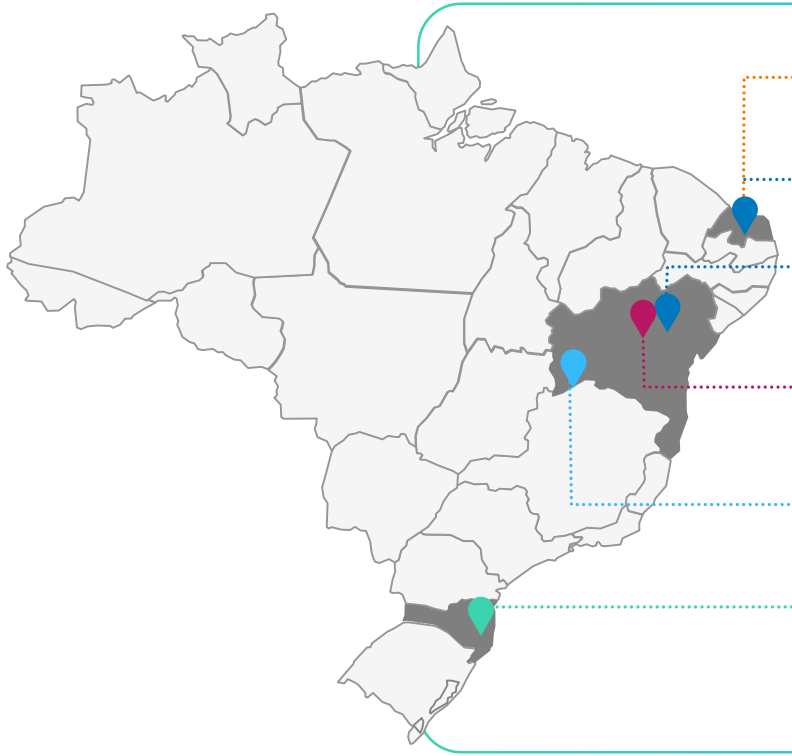
Evaluation of 7 technologies at 8 locations in Brazil.

R&D Smart Micro Grids

Strategies for integration of micro generators in a hybrid micro grid

Possibility of developing new commercial products for ENGIE

OUR PROJECT PIPELINE



Assú I, II, III and IV (SOLAR)
Installed Capacity: 120 MW

Sto. Agostinho (WIND)
Installed Capacity: 800 MW

Umburanas Phase II (WIND)
Installed Capacity: 300 MW

Campo Largo Phase III (WIND)
Installed Capacity: 313 MW

Alvorada (SOLAR)
Installed Capacity: 90 MW

Norte Catarinense (THERMAL)
Installed Capacity: 600 MW
Fuel: natural gas

PHOTOGRAPHIC RECORD OF WIND PROJECTS











PHOTOGRAPHIC RECORD OF SOCIAL PROJECTS

Sustainable family vegetable garden



Young people/adult literacy classes



Donation of an ambulance



Donation of a tractor



Wells



Revitalization of public square





Inside ENGIE 2019

TAG

Gustavo Labanca
Chief Executive Officer

(1) INSIDE TAG



TAG – WHAT ARE THE MERITS OF THE ACQUISITION?

FULL ALIGNMENT WITH ENGIE´S STRATEGY

STRATEGIC

- **Portfolio diversification** and entrance in the gas value chain in Brazil
- **Brazil as priority country:**
  - Long term presence
  - Successful track record
  - Gas growth, complementing renewables
  - Increasing geographical footprint inside the country
- **More exposure to large-scale regulated** networks assets
- **Future development** of new renewable gas technologies

OPERATIONAL

- **No construction risk**: already in operation
- **ENGIE as industrial partner**, managing the asset immediately after closing and O&M after the 3-year transition period
- **Further additional opportunities:**
  - O&M optimization with solid international expertise (France and Mexico)
  - Broaden local customer portfolio by connecting new offers to the existing pipeline: LNG terminals and associated gas from pre-salt reserves
  - Gas storage
  - Opening of the Brazilian gas market
  - Integration between gas and power sectors

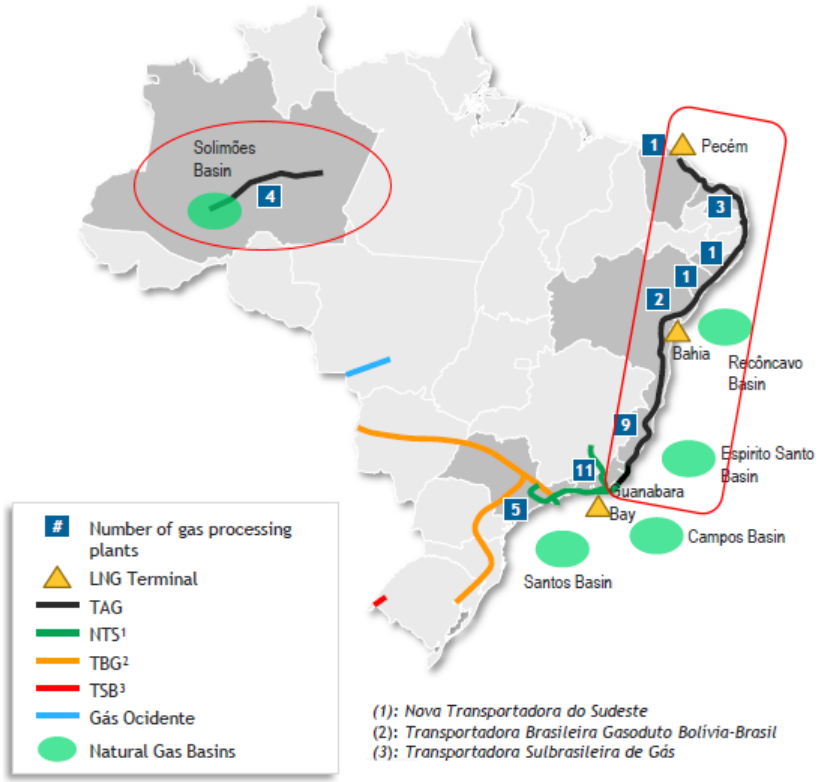
FINANCIAL

- **Immediate positive earnings contribution**
- **Attractive and stable profit stream**
  - Volumes 100% contracted on average for 12 years (no exposure to market risk), regulated thereafter
  - Contracts adjusted to Brazilian inflation and FX BRL/USD (~65% IGP-M, ~16% IPCA and 19% FX)
- **Optimized financial partnership scheme** with CDPQ
- **Largest non-recourse financing in Brazil**

TAG – MAIN CHARACTERISTICS OF THE ASSETS

LARGEST NATURAL GAS TRANSMISSION COMPANY IN BRAZIL

Geographical characteristics



Technical characteristics

- Largest Brazilian gas transportation company **in terms of length**
- **~4,500 km high pressure gas pipelines** on the Northeast coast (3,700 km) and the Amazon Region (800 km)
- **12 compression stations** (6 proprietary and 5 subcontracted)
- Network with **various interconnection points:**
  - 10 gas distributors
  - 91 delivery points
  - Refineries, fertilizer and power production plants supplied
  - 12 gas entry points (incl. 2 LNG terminals)

TAG – COMMERCIAL ARRANGEMENTS

ATTRACTIVE CONTRACTUAL FRAMEWORK

Current existing contracts with average residual duration of c. 12 years

Pipelines	Length [km]	Agreement maturity	Termination of authorization	Contracted volumes [MMm³/day]
Gasene	~1,400	Nov. 2033	Mar. 2039	30.3
Malha NE	~2,000	Dec. 2025	Mar. 2039	21.6
Pilar-Ipojuca	~200	Nov. 2031	Nov. 2041	15.0
Urucu-Coari-Manaus	~800	Nov. 2030	Nov. 2040	6.3
Lagoa Parda Vitoria	~100	Signature pending	Mar. 2039	0.7
Total	**~4,500**			**~74**

- **Transport fees on medium / long-term Gas Transportation Agreements (GTAs) with Take-or-pay clauses**

- **After expiration of the current contracts:**
  - **tariff will be restated** by the ANP(1) – Brazilian Oil & Gas Regulator, what will lead to a **maximum allowed revenue**
  - **Start of a 5-year tariff review cycle**
  - **Public offer of the transmission capacities**

- **Potential contracts portfolio expansion:**
  - Transmission network extension
  - Additional connections (thermal power plants, re-gasification terminals, distributor intakes, …)
  - Development of gas storage

(1) ANP = Agência Nacional do Petróleo i.e. Brazilian national oil agency

TAG – O&M STRUCTURE

POTENTIAL TO OPTIMIZE O&M COSTS COUNTING ON SOLID TECHNICAL EXPERTISE

O&M ACTIVITIES

Currently, O&M is 100% contracted with TRANSPETRO (fully owned by Petrobras)

ENGIE to take full O&M scope (as from June 2022):

- Dispatching
- Maintenance
- Operations

STAFF

Total targeted workforce:
300 people

Staffing strategy
(still under assessment):

- ENGIE staff, based on Networks and/or Client Solutions affiliates
- Existing staff
- Others

OPTIMIZATIONS/UPSIDES

Technical:

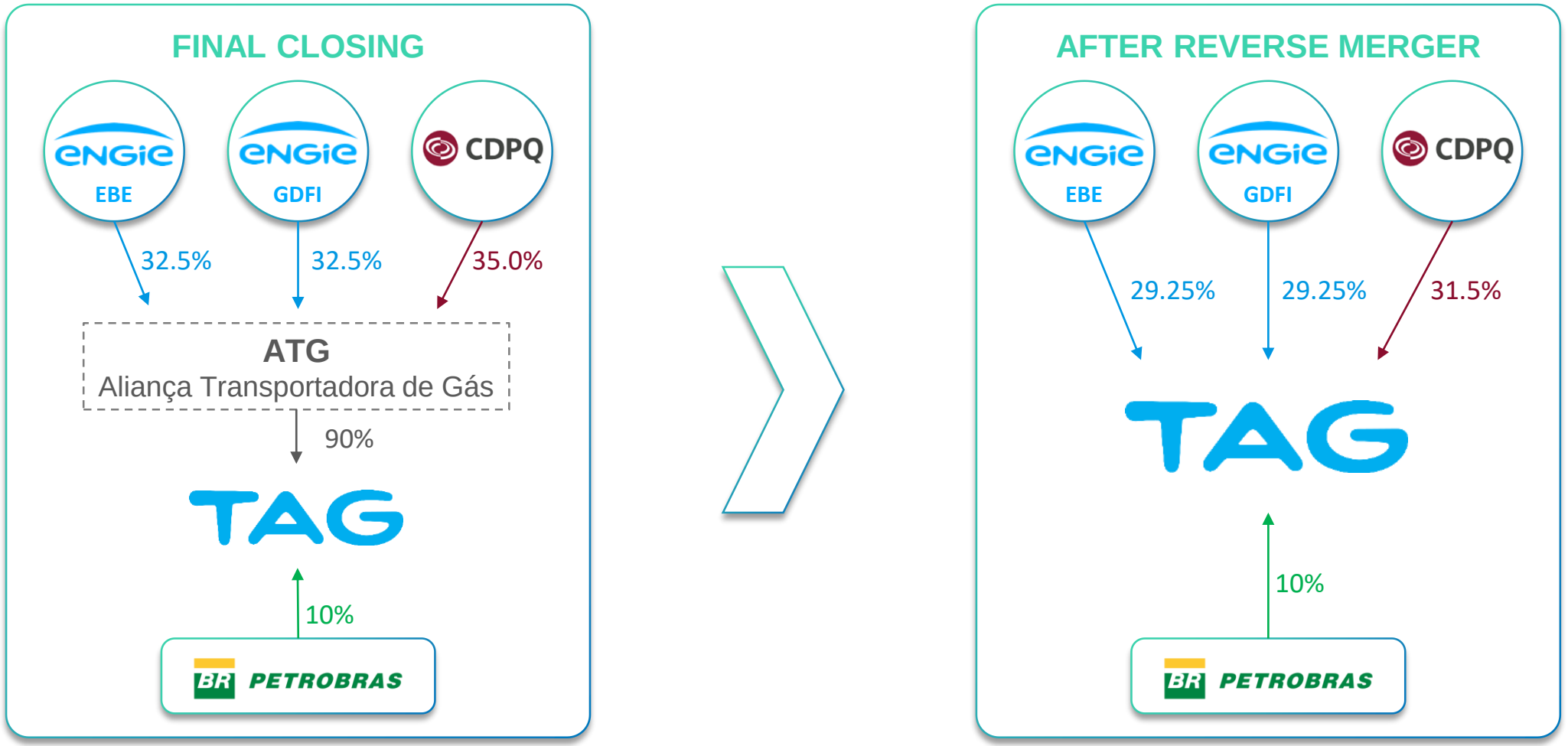
- Processes reengineering
- Technical expertise / best practices from GRTgaz / Engie Mexico / Tractebel
- Innovations: drones, virtual reality

Commercial:

- Expanding O&M activities to other infrastructure owners
- Potential expansion: new city gates, connecting regasification terminals, new compression stations

TAG – SHAREHOLDING STRUCTURE

REVERSE MERGER ALREADY IMPLEMENTED, FOLLOWING AGREEMENT WITH LENDERS (GUARANTEE PACKAGE)



(*) Final Shareholding of ENGIE SA reaches 49.3% considering EBE´s minority shareholders

TAG – NON-RECOURSE FINANCING

FINANCING TOTALLY BASED ON THE CASH FLOW GENERATED BY THE ASSET



Key Financing Highlights

- **Largest non-recourse financing in Brazil** (~6 Billion USD)
- Key to increase **competitiveness**
- **BRL funding:**
  - **14 Billion BRL**
  - Financed by **3 local Banks** in BRL
  - **7 years term** fully amortizing
- **USD funding:**
  - **2.45 Billion USD**
  - Financed by **7 international Banks**
  - **No currency mismatch**
  - **Fully matched with the GTA indexed to USD**
  - **8 years term** hard mini perm

12 after syndication

Santander · CIC · ABN·AMRO · INTESA SANPAOLO · Allianz Global Investors

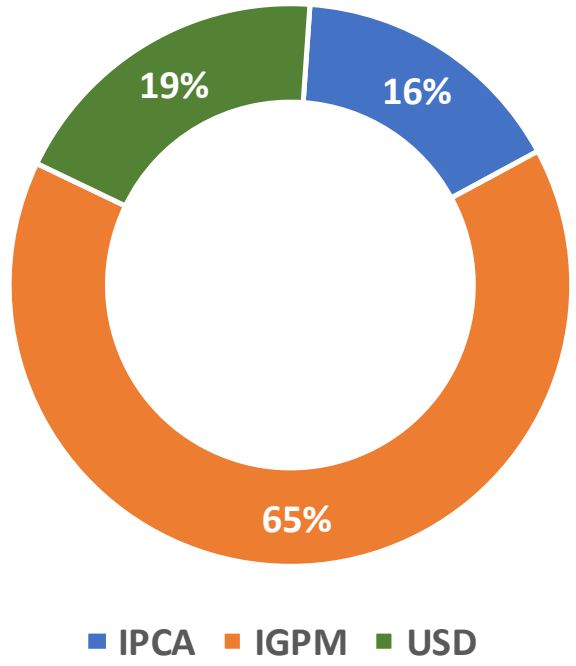
TAG – MAIN FINANCIAL FIGURES

HIGH EBITDA MARGIN AND OPTIMIZED CAPITAL STRUCTURE

Key Financial Highlights

- Net revenues: 4.9 BBRL (2018 figures)
- **Total assets: 34.8 BBRL (Sep/19)**
- Equity amount: 7.3 BBRL (Sep/19)
- **Net debt: 22.6 BBRL (Sep/19)**
- EBITDA margin: >85%
- **CAPEX plan (per year)**
  - Average 2020-2024: [170 – 200] MBRL
  - As from year 2025: ~75 MBRL

Revenues' Indexation Breakdown



TAG INTEGRATION – SUMMARIZED SCHEDULE

Closing D0
Jun 13th

Day 1 Event
June 14th

IMO Engagement
Jun 26th

Post-Closing Audit
Kick-Off and new
brand launch
Jul 8th

Oct 1st – MXM (DPC´s ERP) in operation (turn-off PBR´s SAP)

Reverse Merger (RM)
Aug 31st

Approval on Sept 2nd

First Board of Directors Meeting:
Aug 21st

Booking of PPA entries in Aliança:
Aug 20th

Final PPA Report:
Aug 19th

WE ARE HERE
November 29th

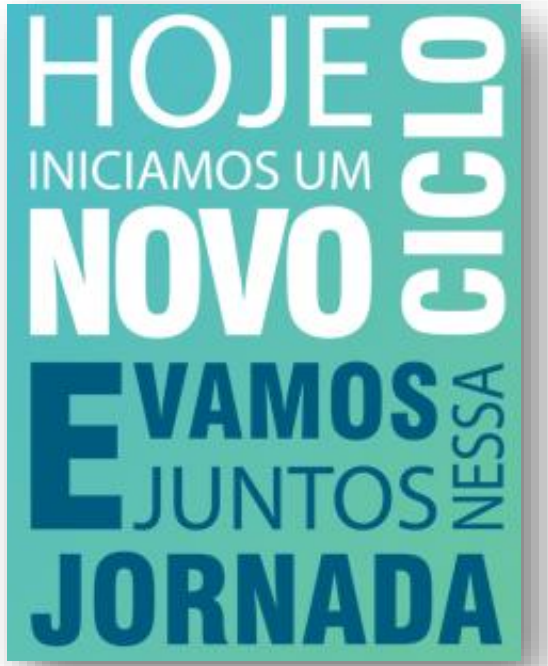
Second Board of Directors Meeting:
Dec 5th

1st TSA Deadline
Dec 13th

Post-Closing Audit Completion
Q1 2020

ERP Go-Live & Partial TSA Deactivation
Forecasted: [TBD]

2nd TSA Deadline
Jun 13th 2020



TAG INTEGRATION – PRIORITIZATION AND GOOD PLANNING ARE MANDATORY

1. Secure business continuity and implement business plan are paramount
2. Define a strong governance and key people
3. Identify critical integration process issues and anticipate potential risks
4. Knowledge transfer from current staff
5. Take control of the back office activities ASAP
6. Secure operational performance, high safety standards and integrity
7. Compliance with Shareholder’s culture and values

TAG INTEGRATION – FAST AND SEAMLESS PROCESS IS KEY TO SUCCESS

Achievements to date



Team, Management and Governance:

- Petrobras/TAG and ENGIE teams engaged;
- Executive management and Board of Directors appointed;
- Financing compliance already in place (DSR deposits);
- Key managerial positions already hired: HR, Legal, HSE, Tax, Risk & Internal Control, Finance, Procurement, IT, Commercial & Regulatory;
- New Brand / New badges (one company / one identity);

Business Integration:

- First billing cycle after closing successfully performed;
- Alignment of operational priorities. GRTgaz support is well under-way and Field Operational Kick-off started;
- Speeding up the process on pending issues on environmental licenses;
- IT Infrastructure architecture for network integration between ENGIE/ NTAG and PBR defined. DPC´s ERP implemented;
- Digital certificate in the Tax Administration for new management was successfully obtained;

Challenges ahead



Team and HSE:

- Keep existing TAG Team motivated while transitioning to new structure;
- HSE: perform gap analysis of the existing processes and ENGIE Group Rules

Firefighting Mode:

- Overload of daily tasks leading to difficulties in focusing on integration targets;
- Overload of legal notifications;
- Transitioning the existing Petrobras policies to ENGIE/CDPQ standards;
- Project management for urgent projects (eg. Gasene).
- Perform Post-Closing audit and carry out follow-up actions;

Business Integration:

- Process mapping for full ERP implementation;
- Follow up and ensure compliance with the business plan;
- Control on the environmental licensing processes;

(2) NEW GAS MARKET OPPORTUNITIES: INTEGRATION OF GAS AND POWER SECTORS



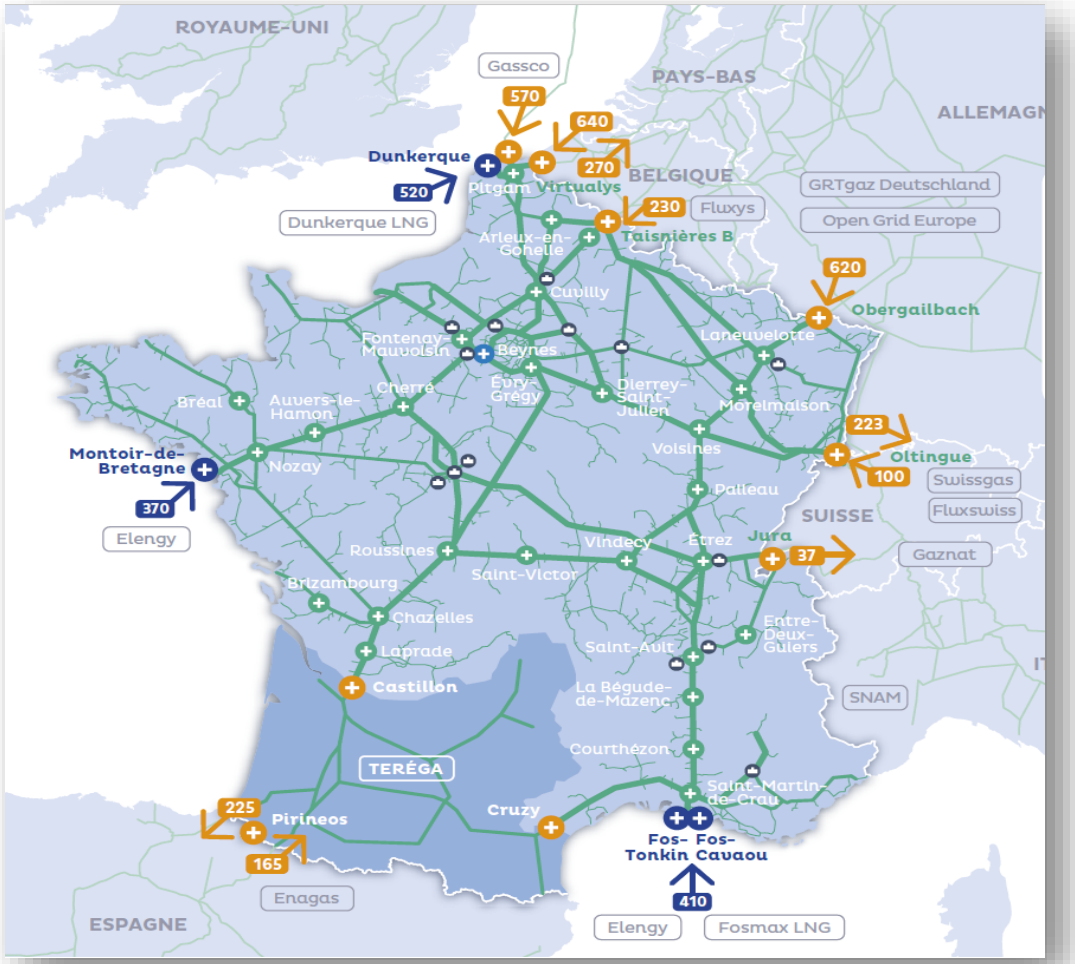
NEW GAS MARKET OPPORTUNITIES

WHY INTEGRATING NATURAL GAS AND POWER SECTORS?

ENGIE´s vision

- Natural gas is the fuel for the **energy transition for a low carbon economy**
- Largest private IPP in Brazil (10 GW of installed capacity) with reputable track-record and long-term presence in the country
- Entrance in the gas value chain in Brazil with the acquisition of TAG
- Solid expertise and Worldwide presence in the Gas market. ENGIE operates 200.000 Km of gas distribution network in France, as well as 32.414 Km of transmission pipelines through GRTgaz:
  - 27 Compression Stations in operation and 1 under construction
  - 14 Gas storage installations
  - 9 Network Interconnection points
  - 4 LNG Terminals | 140 shippers
  - 19 DSOs | 749 industrial customers

GRTgaz



Main network
Regional network
LNG terminals
Network interconnection points
Compression Stations
Compression Stations under construction
Gas Storage installation
Annual capacity in GWh/j

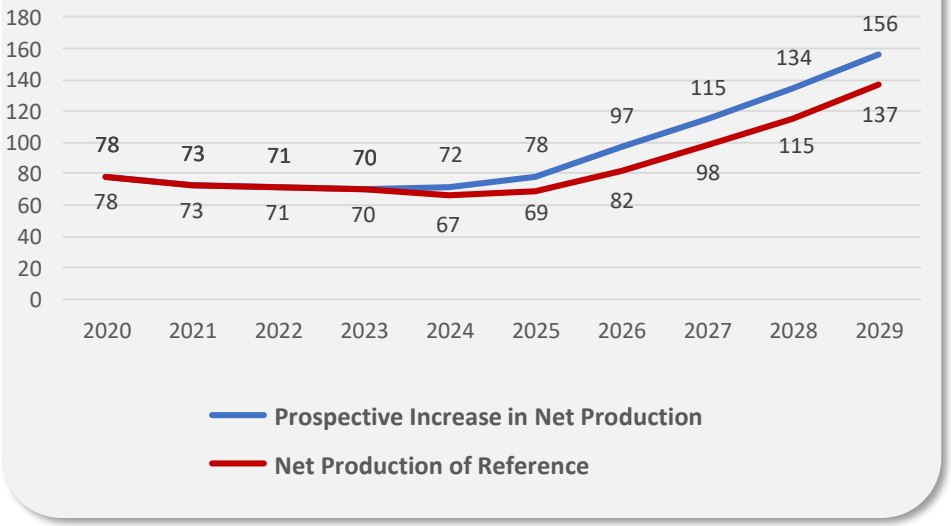
NEW GAS MARKET OPPORTUNITIES

INTEGRATION OF GAS AND POWER SECTORS IS KEY FOR GUARANTEEING SUSTAINABILITY IN THE LONG TERM

Country´s vision

- Gas domestic production will increase in the next years with important availability from pre-salt reserves;
- Relevant improvement in the gas transport infrastructure is needed, as well as the creation of an "Effective Market“ (more consumption / demand) to monetize the molecule. Natural gas thermoelectric plants serve as anchors for the creation of such market, as well as for the expansion of the pipeline network.
- Regulatory alignment across the 2 sectors is necessary in order to allow simultaneously investment decisions and avoiding the creation of infrastructure bottlenecks.
- With the imminent increase in power generation from intermittent sources, it´s also mandatory the expansion of flexible thermal generation and the integration of national infrastructure network (gas and electricity transmission), assuring national supply and minimizing local (regional) bottlenecks.
- Gas must play a key role in the energy transition by replacing other fossil fuels (with high CO2 emissions), whose current installed capacity in Brazil reaches 17.0 GW.
- In order to assure the electricity dispatch flexibility in the long run, investment in gas storage is necessary, as well as the integration of all gas pipeline network.

Net Domestic Production of Natural Gas MMm3/day

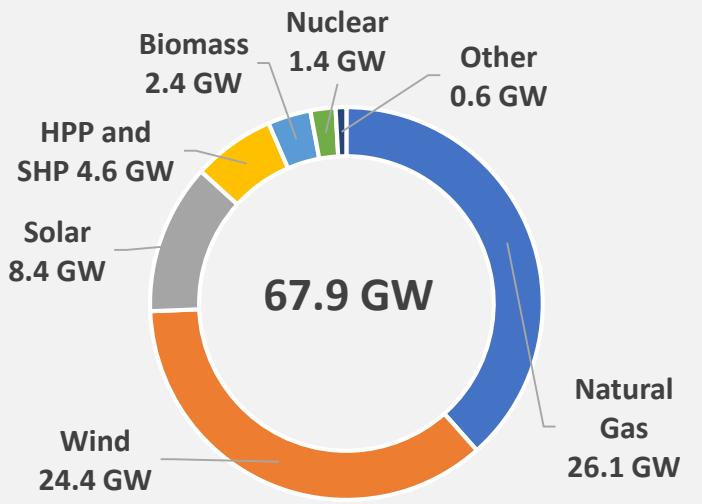


Source: Empresa de Pesquisa Energética – EPE (PDE 2029)

NEW GAS MARKET OPPORTUNITIES – EPE 10-YEAR PLAN (2029)

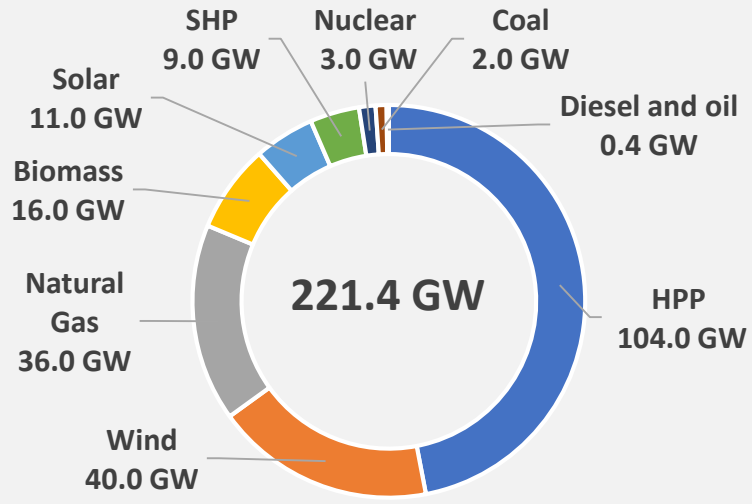
GAS WILL DEFINITIVELY PLAY AN IMPORTANT ROLE IN THE BRAZILIAN POWER GENERATION MIX

Expansion in Electric Power 2020-2029



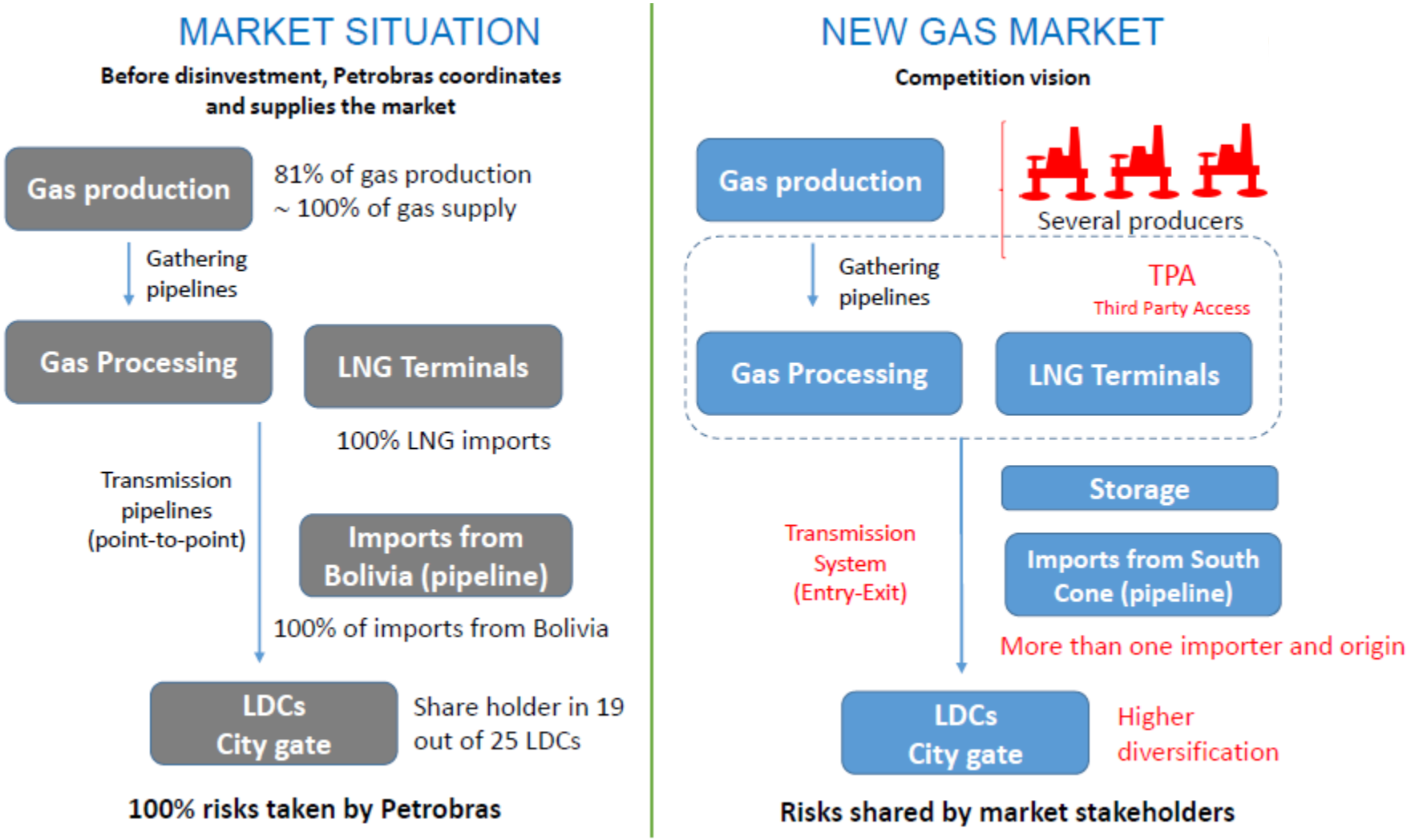
- 163.6 GW of total installed capacity in the country (May19), of which 12.9 from Natural Gas
- Natural Gas is the generation source with the highest contribution, adding ~26 GW of new capacity until 2029, multiplying its current capacity by almost 3 times
- In the same period Brazilian natural gas production is growing from 78 to 137 MM m3/day in the reference scenario….
- … while the non thermal demand is expected to consume more 26 MM m3/day assuming the development of the new gas market

Electric Power Matrix in 2029



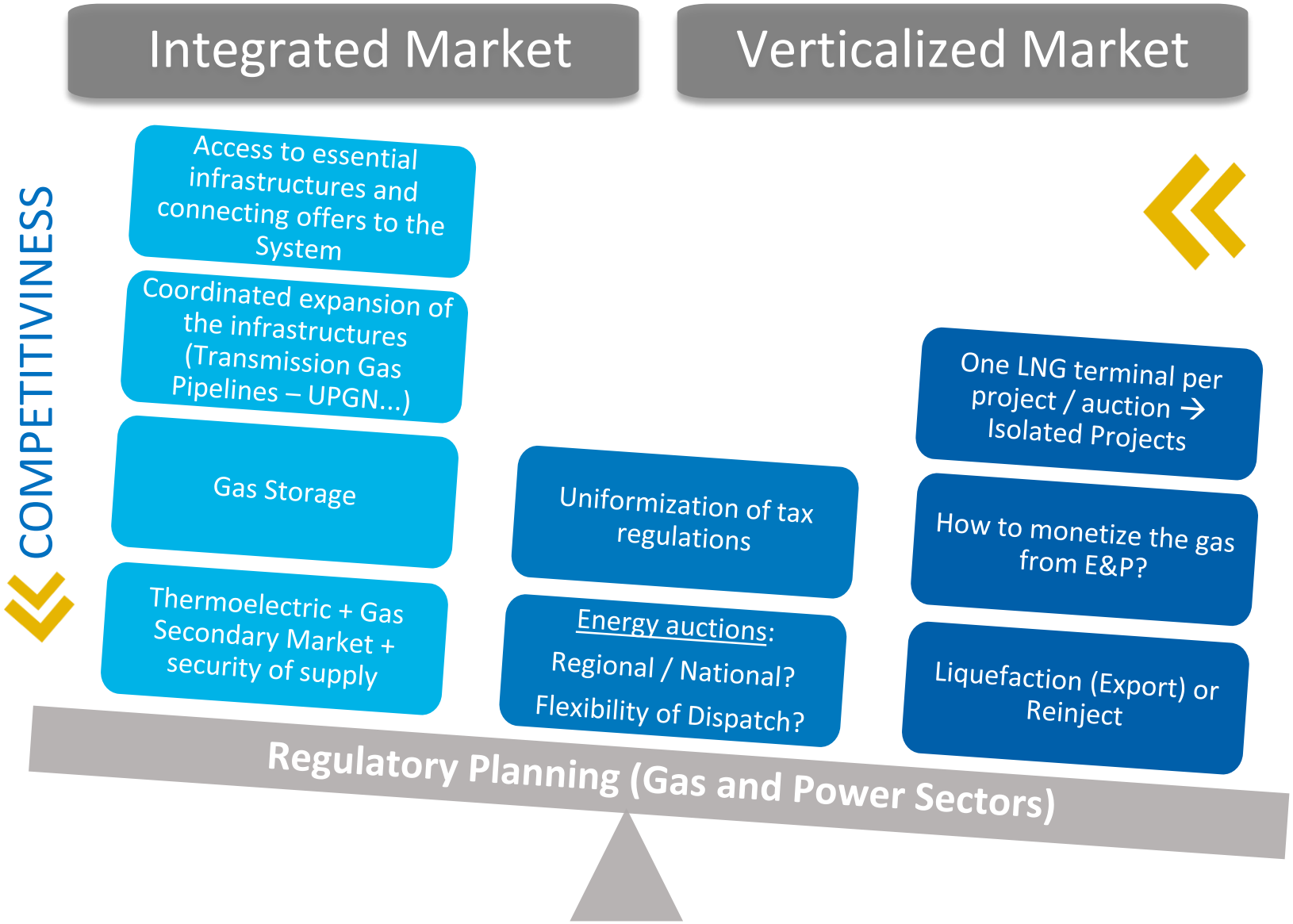
Source: Empresa de Pesquisa Energética – EPE (PDE 2029)

NEW GAS MARKET OPPORTUNITIES – ANP VISION AND GUIDELINES



Source: EPE

NEW GAS MARKET: WHICH BUSINESS MODEL? THE PARADIGM OF CHANGE



APPENDIX



APPENDIX I | TAG ACQUISITION – HUGE COMPETITION IN A VERY LONG SALE PROCESS

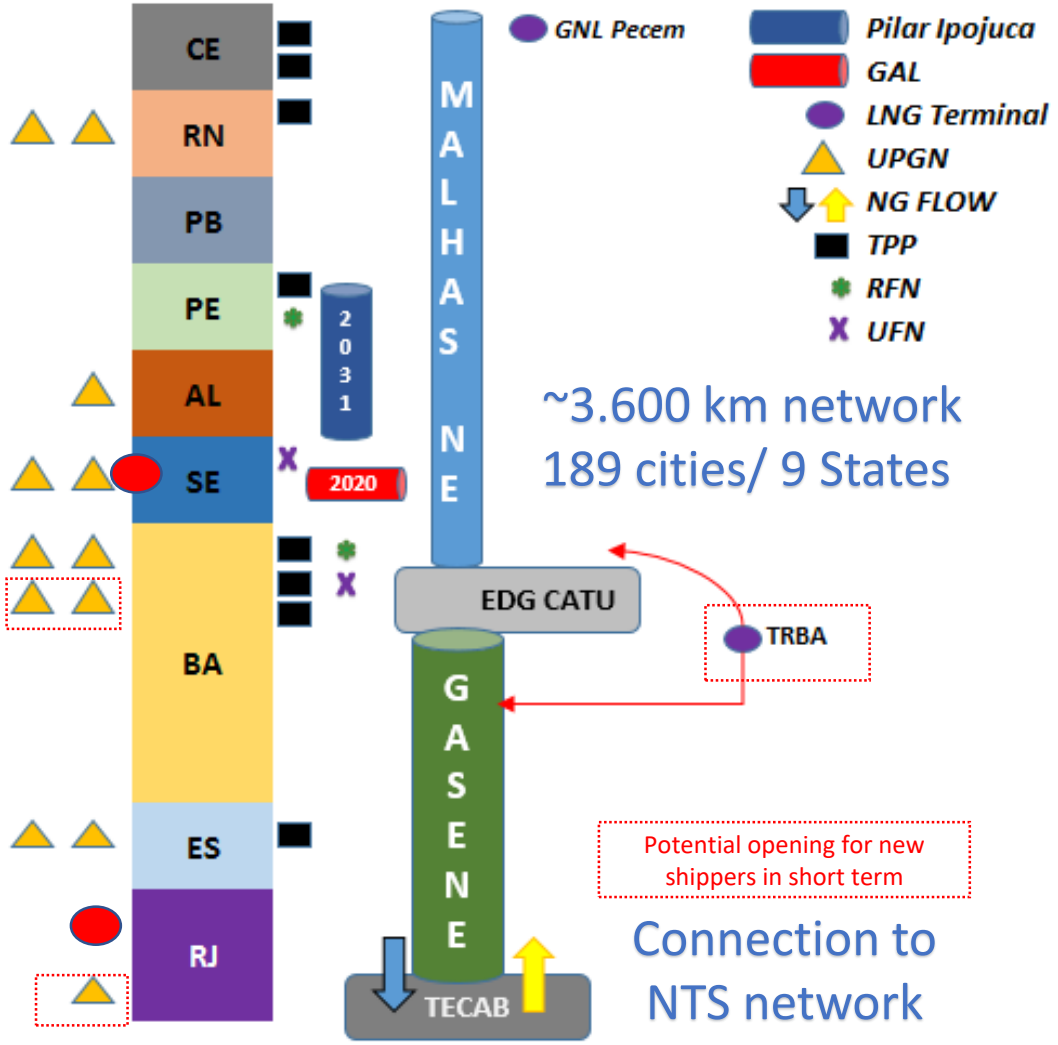
Sale Process – Key Highlights

- **Transparent and competitive sale process** following the systematic approved by the Brazilian TCU – Union Accounting Court
- Unusual systematic **with 2 binding rounds**, being the final one with the documentation package negotiated with the preferred bidder (the one that submitted the highest price in the first binding round)
- **Clear & strong rules** not allowing any investor to change from one consortium to another
- During the process Petrobras changed twice its CEO, meaning that the process ended up being conducted by **3 different CEOs** (new federal government as well)
- **87 companies** subscribed to participate in the process
- **28 investors** have signed the NDA with Petrobras and the Compliance Certificate
- **3 Consortiums** have submitted the non-binding offer (NBO), as well as the first Binding Offer (BO)
- The same **3 Consortiums** (with different names) have submitted the Final Binding Offer (FBO)

18 Months Schedule – Main Milestones

- **Sep/2017:** Launching of the Process
- **Nov/2017:** NBO submitted by ENGIE
- **Apr/2018:** Approval of ENGIE´s Board
- **Apr/2018:** First BO submitted solely by ENGIE
- **May/2018:** ENGIE selected as preferred bidder without exclusivity (start negotiating documentation package)
- **Jul/2018:** Suspension of the process (TRF-5 & STF injunction)
- **Jan/2019:** Sale process resumed (STJ)
- **Mar/2019:** End of negotiation of the documentation package
- **02/Apr/2019:** Final BO submitted by ENGIE/CDPQ
- **06/Apr/2019:** Petrobras declared ENGIE/CDPQ winner
- **25/Apr/2019:** SPA Signature
- **May/2019:** Approval from CADE (Brazilian anti trust agency)
- **27/May/2019:** Process suspended by Supreme Court (STF)
- **06/Jun/2019:** Supreme Court final opinion released (Plenary)
- **13/Jun/2019:** Final Closing

APPENDIX II | TAG PIPELINE – MARKET INFRASTRUCTURE LINKED TO TRANSPORT NETWORK



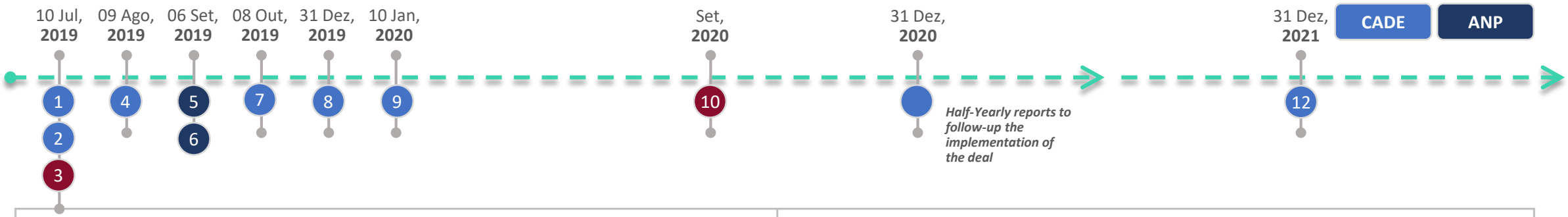


- *12 entry gates linked to gas processing plants (UPGN) plus 2 LNG Terminals connected*
- *91 exit gates linked to the market plus to Petrobras own consumption*
- *8 TPPs along the coast linked to City Gates*
- *2 refineries and 2 Fertilizer Plants*
- *9 LDCs. Main Figures (without north RJ) :*
  - *~3,500 km distribution Network*
  - *~ 550 industrial customers*
  - *~ 290,000 commercial/residential points*
  - *~30 cogeneration plants*
  - *~ 500 GNV stations*

New LNG terminals with potential future connection to TAG : Sergipe (Golar) and Açu (Prumo)

APPENDIX III | TCC – FORMAL AGREEMENT BETWEEN PETROBRAS AND CADE

Agreement between Petrobras and CADE (Anti-trust Authority) is key for the gradual opening of the market



1. **Upstream gas pipelines**. Negotiated access to upstream pipelines. In case of co-owned systems, the use of the infrastructure by third parties may be subject to different terms.
2. **Gas Processing Units**. Negotiated access to gas processing units. Until the ruling by ANP of the general terms of access, IBP's Guidelines shall be adopted.
3. **Upstream Gas**. Unless necessary due to technical, regulatory and operational reasons, Petrobras shall not purchase new gas volumes from upstream partners. Waivers must be previously required to CADE. The approval of a tax regime for the entry exit model is a condition precedent.
4. **Access Holidays**. Petrobras shall renunciate exclusive rights to use TBG's, TAG's and NTS' pipelines.
5. **Prohibition of destination clauses**. Wholesale GSAs cannot have destination clauses and to restrict the buyer to trade the gas in a secondary market
6. **LDC Wholesale Contracts**. ANP will disclose relevant information about the wholesale contracts entered by the LDCs.
7. **Contractual Congestion Management**. For NTS' and TAG's system, Petrobras shall indicate the maximum volume of gas injected and withdrew from each point of entry and each exit zone.
8. **Gas Processing Units**. Petrobras must disclose to counterparts and to ANP the terms of the Gas Processing Agreements.
9. **TSO's and GASPETRO Functional Unbundling**. While Petrobras' divestment in the TSOs and Gaspetro is not concluded, members of the Board of Directors nominated by Petrobras must comply with Novo Mercado rules of independence. Novo Mercado is one of the segments of B3's listing regulation with the highest corporate governance requirements.
10. **Leasing of Baía de Todos os Santos LNG Terminal**. Petrobras must publish the tender protocol for the leasing of the terminal until 31st December 2023. The approval of a tax regime for the entry exit model is a condition precedent.
11. **Divestment closing:** subject to certain conditions, the sales of Petrobras' interests shall occur until 31/12/2021. The deadline can be extended by CADE for one year.

Summary prepared by Souto Correa Advogados.

APPENDIX IV | CNPE RESOLUTION – MAIN PRINCIPLES AND GUIDELINES

- ✓ Respect of contracts;
- ✓ Gas Release;
- ✓ Petrobras Divestment Plan: shall sell remaining participation of TSOs and LDCs;
- ✓ System Coordination through common network codes;
- ✓ Mitigate prices disruption that could lead to significant regional price differences and progressively implement locational price signals;
- ✓ More than one market area (probably one by TSO as a first step) with the future objective of merging them (not defined if will be a single area in the future) and increase liquidity on the virtual trading point;
- ✓ Terms of access to essential facilities (upstream pipelines, LNG terminals and gas processing units)
- ✓ Petrobras as the supplier of last resource to be remunerated by a regulated price until other players are interested in providing flexibility and balancing services;

APPENDIX IV | CNPE RESOLUTION – PETROBRAS GUIDELINES

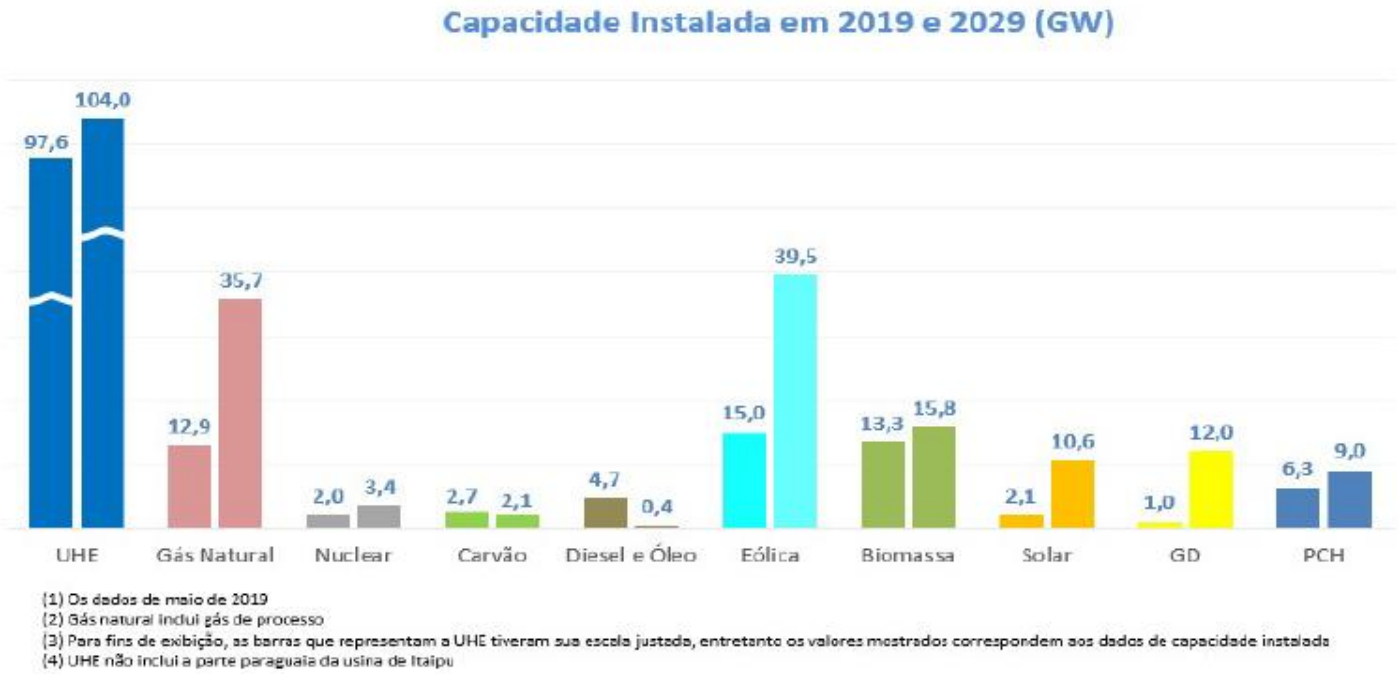
- ✓ Complete divestment of the shares directly or indirectly, held, on the transmission and distribution companies;
- ✓ Define their demands at the points of entry and exit of the transmission system to allow the provision of additional transmission services in the remaining capacity;
- ✓ Provide services of flexibility and network balancing during the transition period or until there are other agents able to offer these services;
- ✓ Disclosure of information to the market about the terms for third-parties to access to its upstream pipelines, gas processing units and LNG terminals;
- ✓ Conduct a gas trading program through auctions and the removal of barriers for the producers themselves to commercialize their own gas;

APPENDIX IV | CNPE RESOLUTION – LOCAL GOVERNMENT AND LDC GUIDELINES

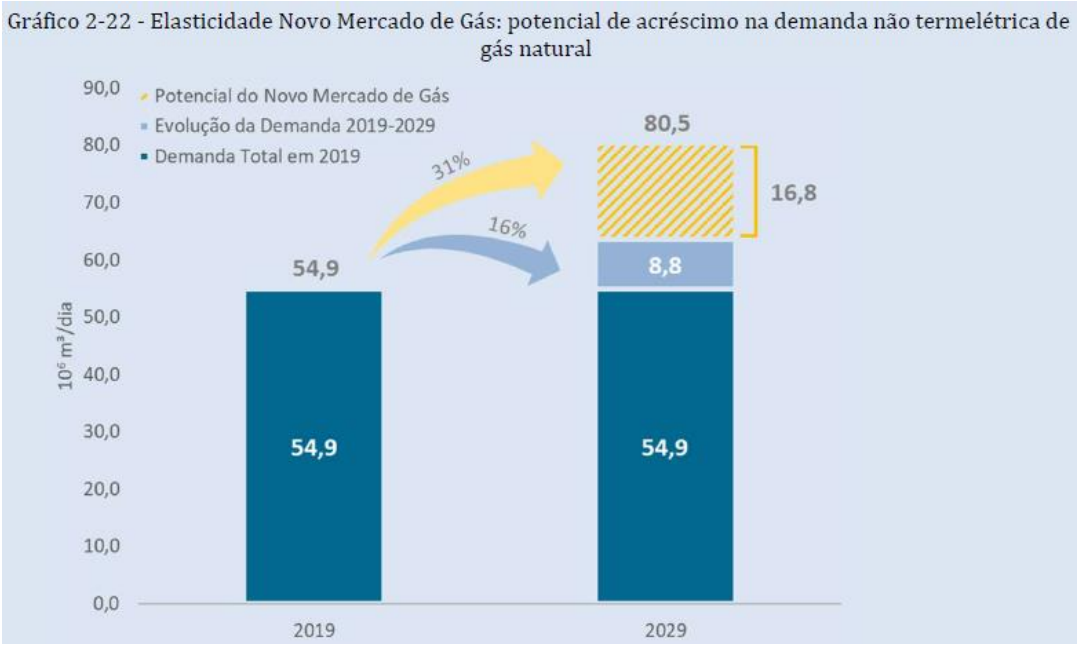
- ✓ The Ministry of Mines and Energy and the Ministry of Economy must encourage States and the Federal District to propose reforms and structural measures in the provision of pipeline gas distribution service, including any addendum to the concession contracts when necessary;
- ✓ The recommendations includes:
  - Privatization of the LDCs;
  - Regulatory principles for eligible customers, self-producers and self-importers;
  - Disclosure of information about the GSAs where the LDCs are the purchasers and determination that future GSAs allow wide participation of all bidders;
  - Transparency and adoption of correct economic incentives at the tariff calculation methodology (adoption of international standards);
  - Effective separation of marketing activities and provision of network services (prohibition of self-dealing);
  - Creation or maintenance of an autonomous regulatory agency, with minimum requirements of governance, transparency and decision-making formalities;

APPENDIX V | TEN-YEAR PLAN EPE

GAS WILL DEFINITIVELY PLAY AN IMPORTANT ROLE IN THE BRAZILIAN POWER GENERATION MIX



(1) Os dados de maio de 2019
(2) Gás natural inclui gás de processo
(3) Para fins de exibição, as barras que representam a UHE tiveram sua escala justada, entretanto os valores mostrados correspondem aos dados de capacidade instalada
(4) UHE não inclui a parte paraguaia da usina de Itaipu

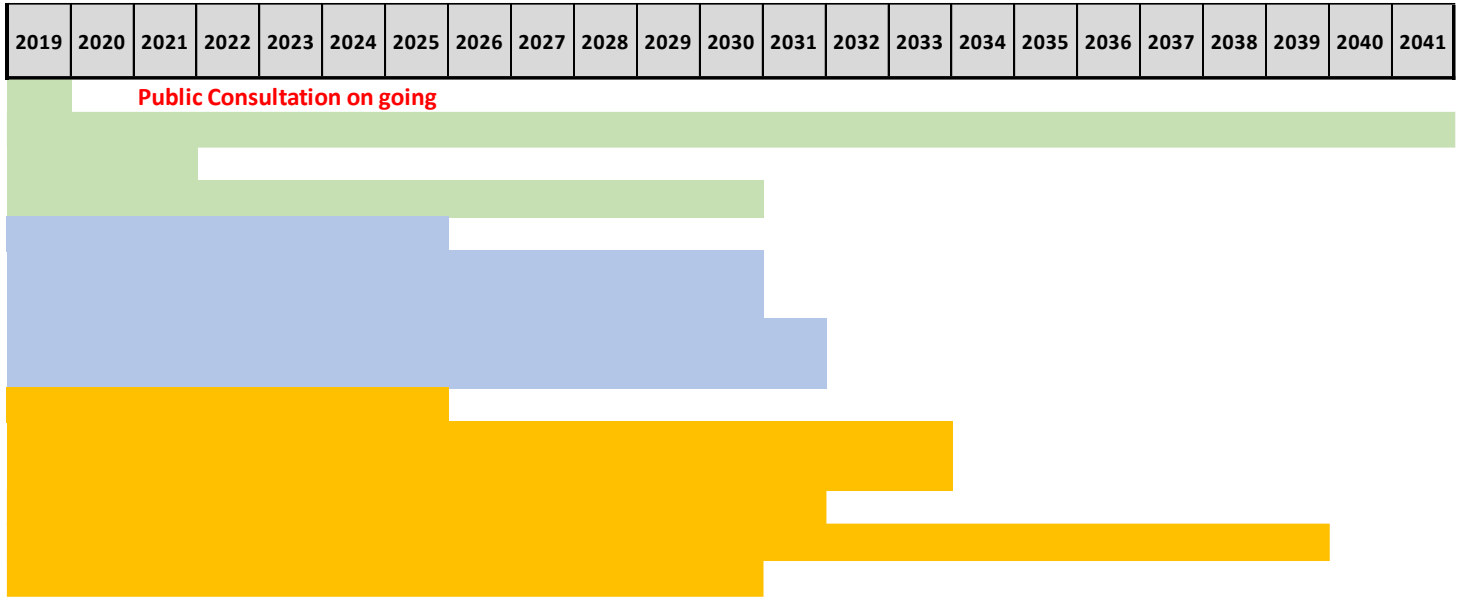


- From 2020 to 2029 Brazilian natural gas production is growing from 78 to 137 MM m3/day in the reference scenario….
- … while the non thermal demand is expected to consume more 26 MM m3/day assuming the development of the new gas market

APPENDIX VI | MAIN CHARACTERISTICS OF CURRENT GTAs IN THE COUNTRY

BRAZILIAN GAS PIPELINE NETWORKS – INVESTMENTS NOT FULLY AMORTIZED YET…

#	TSO	Gas Pipeline	Volume MMm^3/day	Term (yrs)	Start Date COD	Final Date
1	TBG	TCQ - Transportation Qtty	18.080	20	15-Dec-98	31-Dec-19
2	TBG	TCO - Transportation Option	6.000	40	5-Sep-01	4-Sep-41
3	TBG	TCX - Transportation Extra	6.000	20	1-Jan-03	31-Dec-21
4	TBG	CPAC 2007	5.200	20	1-Oct-10	30-Sep-30
5	NTS	Malhas SE	43.805	20	1-Jan-06	31-Dec-25
6	NTS	GASDUC III	40.000	20	12-Nov-10	11-Nov-30
7	NTS	Paulinia - Jacutinga	5.000	20	15-Jan-10	14-Jan-30
8	NTS	Malhas II	49.400	21,87	1-Dec-09	13-Oct-31
9	NTS	GASTAU	20.000	20	1-Dec-11	30-Nov-31
10	TAG	Malhas NE	21.584	20	1-Jan-06	31-Dec-25
11	TAG	GASENE Norte	10.300	25	1-May-10	9-Nov-33
12	TAG	GASENE Sul	20.000	25	10-Nov-08	9-Nov-33
13	TAG	Pilar Ipojuca	15.000	20	1-Dec-11	30-Nov-31
14	TAG	Lagoa Parda - Vitoria	700	20	1-Jan-19	31-Dec-39
15	TAG	Urucu Manaus	6.286	20	1-Dec-10	30-Nov-30
	Total Daily Contracted Quantity		**267.355**			



TAG

www.ntag.com.br

Praia do Flamengo, 200 - 20º andar
Flamengo - Rio de Janeiro - RJ

FINANCIAL INFORMATION BY SEGMENT

Marcelo Cardoso Malta
Chief Financial Officer

Baseline: 09.30.2019

SEGMENTS OF OPERATION

BALANCED PORTFOLIO OF ASSETS

ACR

(Regulated Contracting Environment)

- Sales to distribution companies - auctions
- Remuneration Financial Asset and Management of the Generation Assts (Quotas)

GENERATION

60 plants operated with a proprietary installed capacity of **8,710.5 MW** (as at 09/30/2019)

ACL

(Free Contracting Environment)

- Bilateral Sales to free consumers and trading companies



TRANSMISSION

~1,000 Km of transmission lines under construction

- Revenue from implementation of infrastructure
- Remuneration of financial asset

DISTRIBUTED SOLAR GENERATION

Total of **2,315 installed systems** with a capacity of **31,333 kWp** (em 30/09/2019)

- Sale and installation of solar panels
- Rent of solar panels

NATURAL GAS (TAG)

4,500 Km of gas pipelines operating in the southeast, northeast and north regions. EBE's stake of **29.25%**

- Gas Transportation Agreements

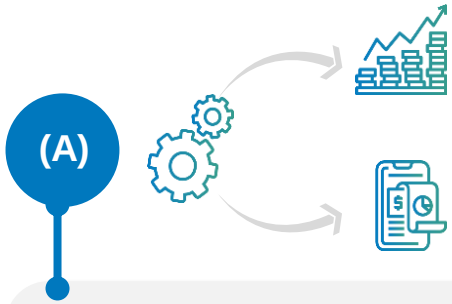
TRADING

Beginning of operations in **2018**

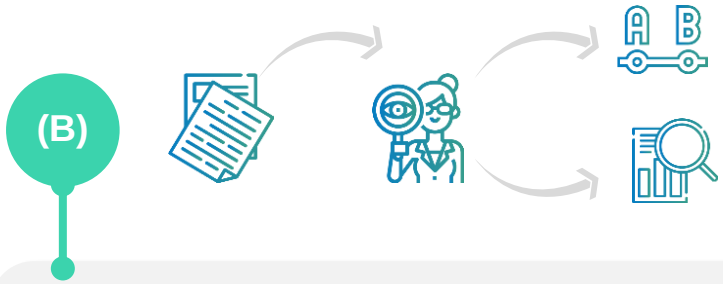
- Energy purchase and sale operations
- Marking-to-Market Result

CPC 22 / IFRS 8 – INFORMATION BY SEGMENT

Operating segment is a component of the Company:



that engages in business activities from which it **earns revenue** and **incurs expenses**;



the operating results of which are regularly reviewed by the entity's chief operating **decision maker** on resources to be allocated to the segment and to **assess its performance**; and

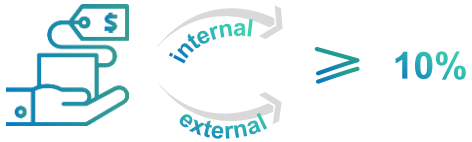


for which there is **individualized financial data available**.

CPC 22 / IFRS 8 – INFORMATION BY SEGMENT

The Company should **disclose information separately** on the **operating segment** in conformity with **any one of the** following parameters:

(A)



its **reported revenue**, from both external customers and inter-segment sales transfers, **is equal or more than 10% of the combined revenue**, internal and external, of all operating segments;

(B)



the absolute measure of its reported **profit or loss** is **10% or more of the greater**, in absolute amount, of the **combined reported profit/loss** of all the operating segments which have reported profit/loss; and

(C)



its **assets** are **10% or more of the combined assets** of all the operating segments.

CPC 21 / IAS 34 - Information by Segment – Disclosure of information by segment is required in the entity's **interim financial statements** when **CPC 22 determines that the entity shows information by segment** in its annual financial statements.

RESULT BY SEGMENT – 3Q2019

IN R$ MILLION

QTD 3Q2019	Generation & Sales portfolio	Trading	Transmission	Solar panels	Gas	Consolidated	TAG/ Aliança
Net operating revenue	2,120.1	287.2	68.4	18.4	-	2,494.1	390.7
Costs	(1,040.9)	(298.6)	(63.7)	(19.1)	-	(1,422.3)	(117.3)
Gross profit (loss)	**1,079.2**	**(11.4)**	**4.7**	**(0.7)**	**-**	**1,071.8**	**273.4**
Selling, general and administrative expenses	(57.3)	(0.6)	(0.0) [2]	(1.0)	-	(58.9)	(71.9) [3]
Other operating revenues, net	321.5 [1]	-	-	-	-	321.5	-
Equity income	-	-	-	-	21.1	21.1	-
EBIT	**1,343.4**	**(12.0)**	**4.7**	**(1.7)**	**21.1**	**1,355.5**	**201.5**
Depreciation and amortization	225.6	-	-	0.2	-	225.8	115.4
EBITDA	**1,569.0**	**(12.0)**	**4.7**	**(1.5)**	**21.1**	**1,581.3**	**316.8**
EBITDA Margin	**74.0%**	**(4.2%)**	**6.9%**	**(8.2%)**	**-**	**63.4%**	**81.1%**

[1] Relates to the amount received from the execution of a contractual guarantee covering losses arising from the delay in concluding the Pampa Sul EPC contract.
[2] Amount less than R$ 0.1 million.
[3] Including R$ 49.2 million regarding amortization of *mais valia* paid in the acquisition.

RESULT BY SEGMENT – ACCUMULATED 9M2019

IN R$ MILLION

YTD 9M2019	Generation & Sales portfolio	Trading	Transmission	Solar Panels	Gas	Consolidated	TAG/ Aliança
Net operating revenue	6,052.9	787.2	108.5	60.8	-	7,009.4	465.0
Costs	(2,975.2)	(790.9)	(98.5)	(59.6)	-	(3,924.2)	(133.0)
Gross profit (loss)	**3,077.7**	**(3.7)**	**10.0**	**1.2**	**-**	**3,085.2**	**332.0**
Selling, general and administrative expenses	(168.6)	(2.3)	(0.0) [2]	(4.8)	-	(175.7)	(125.1) [3]
Other operating revenues, net	321.7 [1]	-	-	-	-	321.7	-
Impairment	(4.9)	-	-	-	-	(4.9)	-
Equity income	-	-	-	-	(5.7)	(5.7)	-
EBIT	**3,225.9**	**(6.0)**	**10.0**	**(3.6)**	**(5.7)**	**3,220.6**	**206.9**
Depreciation and amortization	619.9	-	-	0.6	-	620.5	133.6
EBITDA	**3,845.8**	**(6.0)**	**10.0**	**(3.0)**	**(5.7)**	**3,841.1**	**340.5**
EBITDA Margin	**63.5%**	**(0.8%)**	**9.2%**	**(4.9%)**	**-**	**54.8%**	**73.2%**

[1] Relates to the amount received from the execution of a contractual guarantee covering losses arising from the delay in concluding Pampa Sul's EPC contract.
[2] Amount less than R$ 0.1 million.
[3] Including R$ 58.1 million regarding amortization of *mais valia* paid in the acquisition and R$ 44.7 million regarding expenses related to the development of the acquisition project.

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