Conference call on the acquisition of TAG

Operator: Good morning. This is the conference call of ENGIE Brasil Energia where we shall discuss the acquisition of Transportadora Associada de Gás (TAG). All participants are connected in a listen-only mode. Later, we will open the call for the questions and answers session, at which time instructions for participating will be given. Should you need the help of an operator during the conference call, just touch "asterisk zero". We would like to remind you that the call is being recorded.

The presentation, accompanied by the respective slides, will be transmitted simultaneously on the internet through the www.engie.com.br/investidores website. By accessing the website, you can also obtain a copy of the presentation which has also been filed with the Brazilian Securities and Exchange Commission – CVM.

Before proceeding further, we would like to clarify that any forward-looking statements that may be made during this conference call with respect to the business outlook for the Company should be treated as forecasts contingent on the economic scenario for the country, performance and electric sector regulations as well as other variables, and therefore subject to change.

With us today are Messrs **Maurício Bähr**, Chairman of the Board of Directors of ENGIE Brasil Energia, **Gustavo Labanca**, Chief Business Development Officer of ENGIE Brasil Energia, **Emmanuel Delfosse**, Chief Infrastructures and Gas Value Chain Officer of ENGIE Brasil, **Rafael Barreau**, Head of AIFA and **Rafael Bósio**, Investor Relations Manager at ENGIE Brasil Energia, who will comment on the acquisition of Transportadora Associada de Gás (TAG). Immediately after the presentation, they will take any questions you may have. We would remind you that journalists wishing to ask questions should do so via e-mail, sending their questions to the Company's Press Relations area.

I will now turn the call over to **Rafael Bósio**. Please go ahead Rafael.

RAFAEL BÓSIO: Hello there, good morning to all. It is a pleasure to be here today to comment on the acquisition of TAG. But before beginning the call, I would like to mention that Eduardo Sattamini, our CEO, is not with us today as he is travelling abroad although we have a good part of the team here which spearheaded the negotiations surrounding the acquisition – an acquisition which represents a major step forward for us. Among those present here also is the chairman of our Board, Maurício Bähr, to whom I now turn the call over. Maurício, please go ahead.

MAURÍCIO BÄHR: Many thanks, Rafael. Good morning to all. We do not have Sattamini with us, but he will certainly be sharing our satisfaction – we have already spoken to him – of

being here today to share this excellent news with you.

TAG's acquisition marks our entry, of ENGIE Brasil Energia, in the natural gas segment in Brazil and is 100% aligned with our global strategy of being a leader in the energy transition which requires sophisticated and large scale infrastructure such as this TAG gas pipeline, which we believe contributes to the diversification of our Brazilian energy mix. The investment is also very much in line with our goal of generating revenues from infrastructure assets such as for example transmission lines – the sector in which, we recently entered a year ago with the transmission line in the state of Paraná – as well as gas pipelines. All involving agreements with long term receivables. The business will ensure that we diversify our activities in Brazil still more, reinforcing our belief in the development of the gas market in the country.

We recently announced this strategy with the objective of being leader in the energy transition, something which we are pursuing worldwide, focusing on specific lines of business such as renewable energy, infrastructure and solutions for clients – all of these now with a significant footprint here in Brazil. Our focus will continue to be on the development of these opportunities, in the areas of renewable energy, an area where we are leaders as the largest private sector electricity generator in the country as well as solutions for our clients and investment in electrical and gas infrastructure, thus permitting the connecting of our clients and the development of a more sustainable economy.

We have already seen success in electricity transmission lines in Paraná, as already mentioned, and now with success in the acquisition of TAG, we are consolidating an important role in the area of infrastructure in Brazil. Negotiations for the sale of TAG began in September 2017 and Gustavo will be going into detail on the step-by-step process in the following presentation. The transaction took some time to complete due to its complexity although eventually being concluded in grand style with great success. The investment in TAG brings longevity and a predictable revenue flow for the coming years, creating excellent prospects for the Company. We will be the local industrial partner of CDPQ, which is Caisse Depôt de Placement de Québec of Canada. This will be CDPQ's first investment in Brazil and they have entrusted us in the role of local industrial partner. Let us now move on to the presentation with more details on the transaction by asking Gustavo Labanca to begin. You can watch the presentation here through the intermediary of the website.

GUSTAVO LABANCA: Good morning to all. It gives me great satisfaction to be part of this team which has been successful in the acquisition of such an important asset for ENGIE Brasil Energia as well as being very important for the country as well. Well, let us start by giving you a few characteristics of the asset by moving on to slide 3 to talk a little about the rationale behind the acquisition, the importance to ENGIE Brasil Energia, the structure of

the transaction and the next steps.

Moving on to slide 5, we see that TAG represents the largest network of gas pipelines in the country about 4500 km long, linking several states in the Federation, providing the opportunity for the use of a very important fuel for the future of the electricity sector in our view. Gas will permit us to harness abundant renewable energy in Brazil with greater efficiency, ensuring stability of energy supply, today gas being a fuel which is very important in the energy transition. So here are some characteristics of the asset: about 74 million m^3 per day are contracted for transmitting natural gas though the pipeline of about 3,700 km running along the coast of the Northeast and a stretch in the Amazon region with a further 800 km, the Urucu-Manaus section.

We have 12 gas pipeline compression stations, the network having various interconnecting points, 8 gas distributors, 91 delivery points in the form of refineries, fertilizer plants, various thermoelectric plants and 12 entry points, including what is critical to the electricity sector, 2 NLG terminals. During the first three years, the entire operation and maintenance will be contracted out to Transpetro, which is a wholly-owned subsidiary of Petrobras. In the fourth year, ENGIE, with its expertise in gas pipeline operations, will be taking over responsibility for the operation. Through GRT Gaz, ENGIE operates about 32,000 km of gas pipelines in Europe as well as having activities in Mexico, Turkey and other countries.

Going on a little more now to slide 6, here are some characteristics, let's say, the principal financial data based on figures for 2017, allowing us to see the size of the asset and its importance. Net revenues in the region of 4.6 billion Reais, and EBITDA of about 4.2 billion Reais and a net income of 2.3 billion in 2017. Just as an aside here, the number for EBITDA is one that will maintain consistency, the gas transmission agreements being indexed to inflation – Brazilian inflation – and a part, FX variation and US inflation, which gives more or less 20% of the total. However, on the issue of profit – given the structure of the acquisition – which we shall talk about later, - we are going to have a higher financial expense, so the contribution in terms of profit will be a little less than shown here. Today, we have four ship-or-pay agreements in force, one pending conclusion. As you can see from the lower table, the first agreement matures in 2025 and the rest after 2030, so the average term for the contracted volume is about 12 years. We underscore here the strategic location of the asset, low regulatory risk and an asset which is already operational. All the details of contracted volumes are in the lower table.

Moving on a little further, the rationale behind the acquisition, ENGIE Brasil Energia's strategy in slide 8, namely the growth in renewable sources, to be closer to the clients,

expansion in operational efficiency via state of the art technology – here we are talking about digitization – and the creation of an investment platform in energy infrastructure, which we began, as Maurício has mentioned, with the Gralha Azul transmission line project, a line of about 1,000 km in the state of Paraná, to be followed now with ENGIE Brasil Energia's participation in this consortium with the successful acquisition of TAG for an investment in gas infrastructure.

Moving on a little, in slide 10, we go on to talk about the transaction and here it is worth mentioning that this was an M&A transaction with a very long lead time. We were about 18 months working on this transaction. It began in September 2017 and the binding proposal was presented by ENGIE in April 2018, in the following month the company being selected as preferred bidder in an M&A transaction which proved to be something on the unconventional side. Since we were able to present the best proposal, this allowed us to sit down with Petrobras to negotiate the transaction documentation – although this still not being the final phase. That is, the documentation having been negotiated between the ENGIE and Petrobras teams, it was opened up again to the other two consortia in the bidding and we moved into the Final Bid Round phase, which took place on April 2, culminating with the announcement of our winning bid last Friday. This was in total accord with the contents of the Process Letter which was circulated by Petrobras to the interested parties. During this intervening period, we had some mishaps along the way, namely in the form of court injunctions which brought the whole process to a halt for some months. Worthy of note here also was the setting up of ENGIE Brasil Energia's Related Parties Transactions Committee in May 2018, which while the investment decision was taken jointly, ENGIE Brasil Energia's Board of Directors decided to adopt a conservative approach deeming it best to convene the Committee. The Committee examined all the documents to the transaction and issued a favorable opinion in March, prior to our making the final bid in the transaction.

Slide 11 shows the characteristics of the transaction. So here we can see the formation of a consortium which we called Aliança Transportadora de Gás, in which ENGIE Brasil Energia has 32.5%, the parent company, ENGIE S.A., with a vehicle in Europe, has 32.5% and CDPQ, 35%. With this consortium we acquired 90% of the shares of TAG, the remaining 10% staying with Petrobras. ENGIE Brasil Energia will have a 29.25% stake, ENGIE S.A., 29.25%, CDPQ, 31.5% and Petrobras, 10%. Thus the value of the transaction, baseline December 2017, was about R$ 35.1 billion for 100% of the asset. You are going to ask me: why December 2017. Very well, the process was triggered in September 2017, Petrobras expecting to close in early 2018, but this ended up being longer although the base date was maintained. Obviously, the value which was disclosed to the media of US$ 8.6 billion is the value

Petrobras will be effectively receiving and which we will be disbursing, expected for late May, which is the final date for closing the transaction. We understand this as a win-win transaction for ENGIE Brasil Energia, for the Engie Group and for Petrobras. Aliança Transportadora de Gás will be looking for resources to finance this acquisition, non-recourse financing, with a leverage of more or less 70/30. This asset will be making a contribution to ENGIE Brasil Energia's earnings as from the month following final closing. And once again, here is the operating agreement for the first three years with Transpetro, the wholly owned subsidiary of Petrobras.

Very well, the next steps in slide 13: we obviously need the approval of the regulatory organs, the antitrust bodies, CADE in Brazil and the European Union's Commissioner for Competition. We still have to await the approvals from Petrobras and the ratification of EBE's Shareholders' Meeting. In the case of Petrobras, a Shareholders Meeting is scheduled for April 25 when powers will be given to the Board to sign all the transaction agreements. The idea being that Petrobras' Board will sign on April 25 or even April 24. We expect that more or less between the middle of May and the end of May, the final closing of this transaction will take place.

Once again my thanks to you and I think we can now go ahead with the questions and answers session.

BEGINNING OF THE QUESTIONS AND ANSWERS

Operator: Ladies and gentlemen, we will now begin the questions and answers session. To ask a question, please touch asterisk 1 (*1). To withdraw a question from the list, touch asterisk 2 (*2). Our first question comes from Luiz Lima of Credit Suisse. Please, Luiz, you can go ahead.

CAROLINA CARNEIRO: Good morning to all, in fact it is Carolina Carneiro here. I have two questions from our side. The first is in relation to the tariff revision process or agreement renewal when TAG's existing agreements expire. If you could help us by giving a little more visibility on how the tariff revision will work, if you have any idea of what it might be, an idea of the WACC, asset base, the process for revision of the current tariff and if you have any assumption, any forecast of what the new tariff would be. Our expectation is for a decline in tariffs, but if you could help us with your view of what might be the magnitude of this reduction, it would be really helpful. This is the first question. The second question is that there were reports over the weekend commenting that ENGIE might leverage up to 70% to finance this acquisition. Again it's only so that we can understand if this 70% leverage is going to be through ENGIE Brasil or the vehicle. You just commented now that it would

be through the vehicle, but I would just like to confirm this. And if this 70% leverage is guaranteed and what might be the cost of this financing. Thank you.

MAURÍCIO BÄHR: Carolina, thanks for the question. Before going into the detail of the replies, perhaps an initial comment on my part would be worthwhile and then I will pass you on to Gustavo for the details. So the first comment I have is in relation to your concern and our concern, that of everyone that invests, about future revenue flows. The first point is that these agreements are agreements which are already guaranteed with Petrobras, for use of the gas pipeline and we are going to have a very interesting medium term period while these agreements are in force and that the value of the transaction is very much based on the existing agreements. I would say to you that about 80% of the value of the transaction is based on agreements which are already in existence. So the portion to which you are referring and contingent on renewal going forward relates to about 18% to 20% of the transaction, OK? So with this short introduction, I will pass you over to Gustavo to go into a little more detail.

GUSTAVO LABANCA: On the question of the tariff revision. As we have already mentioned during the transaction, we have four agreements, the first expiring in 2025 and the others, after 2030. So up to the end of these agreements, the amount is a known quantity, the revenue is guaranteed - of this we are very certain. Following maturity of the agreement, we are looking at a regulated asset so the tariff revision will need to be approved by the regulator. This process involves an examination, obviously, of questions related to the operation of the gas pipeline, all expenses and OPEX. A calculation of a WACC will be made, which is a rate of return in line with what is practiced on the date of the revision, the agreed volumes for each part of the network with a stipulated tariff. Obviously, we have considered this in our business plan, considering a reduction in relation to the current agreement. I cannot give you any indication as to how much the reduction was, but we are considering a reduction in revenue from the moment these agreements expire. Reiterating that 2025 is the first maturity date and all other agreements fall due after 2030.

MAURÍCIO BÄHR: On the question of leverage which you asked about, about the reports over the weekend, the question is that we are not going to negotiate anything, everything has already been negotiated and all the financing guaranteed, OK, Carolina? In fact the financing is more than guaranteed, it is non-recourse, 100% based on existing revenue flows from the agreements with Petrobras. So this is already assured in a letter with a firm commitment from the banks. Now it is just a question of execution. I don't know, Gustavo, if you want to add anything.

GUSTAVO LABANCA: We have certain limitations on disclosing information at present because the transaction is not yet closed but we are talking about non-recourse financing for Aliança, that is the company acquiring TAG, in the region of R$ 22 billion, some of it in dollars and some in Reais. We have some banks participating in the local finance, three banks and seven for the international finance. All guaranteed with a firm commitment. We cannot disclose much detail - you had asked for information on financing costs - due to the confidentiality situation with these banks, so let us wait until final closing.

An important point to make in relation to the tariff revision is that we believe in this regulatory question in Brazil and we are supporting the ANP (the sector regulator) and participating in the Gas to Grow discussion groups. Emmanuel, who is here with me, has headed up various of these groups and there is currently a public hearing on the TBG (Brazil-Bolivia gas pipeline) tariff revision which will serve as a basis for the future and obviously we also have a very good relationship with NTS (Nova Transportadora do Sudeste), the first gas pipeline in the South-Southeast to be sold. We are going to be following this entire tariff revision process prior to that of TAG.

MAURÍCIO BÄHR: One last comment in relation to your question, Carolina, which Gustavo mentioned now.. the financing partly in dollars and partly in reais. The part in currency is 100% linked to receivables also in the same currency so there is no form of exposure due to this.

CAROLINA CARNEIRO: Right, thank you very much.

Operator: And our next question comes from Marcelo Sá of Banco UBS. Please Marcelo, you can go ahead.

MARCELO SÁ: Hi, everyone, thanks for the opportunity. I have a few questions, but first carrying on from Carol's question. You are talking about this debt which you will be raising in the name of Aliança. It is my understanding that with Aliança, you would have no type of tax shield, right? Because an assumption that everyone was considering is that as TAG is a vehicle with little debt, an upside might be a leveraged buyout or something like it, but I believe this is not the structure you are putting into place. Can you explain a little more about this?

GUSTAVO LABANCA: Let's explain it, sure. In fact, the aim is that this vehicle should be incorporated into TAG, the debt entirely being at the level of the project itself and for this reason we are considering and of course have obtained non-recourse debt from the banks

linked to the entire cash flow generated by TAG itself.

MAURÍCIO BÄHR: Is that clear, Marcelo?

Operator: We have lost the connection to **Marcelo** so I will go on to the next question. The next question comes from **Gabriel Francisco** of XP Investimentos. Please **Gabriel**, you may ask your question.

GABRIEL FRANCISCO: Good morning to all and thank you for the call. Congratulations on the acquisition. Carrying on from the questions of Carolina and Marcelo, one on the tariff revision. I understand that it is early to speculate about the future, but as TAG was a company with operations basically between related parties, a WACC already exists and currently... I apologize if it already exists or I haven't seen it, but do you already have an estimate as to how this works? And a further question on the financing: in fact there is a tax shield at the level of TAG itself, right? This is my second question. And the third, if there is any expectation of a change in the practice – not the policy - but the practice of distributing the Company's earnings as a result of the acquisition? That's it, thank you very much.

GUSTAVO LABANCA: Emmanuel, feel free to comment on the first question, but in the first period of the bilateral agreement, the tariff was established at a value for amortizing the investments which Petrobras made at the time, this being ratified by the regulator. The tariff revision is triggered from the moment these agreements expire and obviously you have to view this when set against the deregulation of the market and new possibilities of other clients using the gas pipeline network rather than Petrobras alone as at present. On the tax shield point, yes we are considering a tax shield for the financing in the business plan. I am not sure whether that was clear, the vehicle will be incorporated within what we call a reverse incorporation – into TAG and the entire debt will be booked to TAG itself, post-acquisition.

Very well. As to the alteration in the practice of distributing dividends, we do not intend to make any kind of change in the short term and will continue to adhere to the company's policy for periods when you have less investment by distributing 100% of the result. And when you have a larger investment in the Company, the target is 55%.

GABRIEL FRANCISCO: Perfect, thank you very much.

Operator: To ask a question, just touch asterisk 1 (*1). The next question comes from **Marcelo Sá** of Banco UBS. **Marcelo**, please proceed.

SR. MARCELO SÁ: Hi, everyone. We got cut off, but I heard your reply. Turning to another question, I would like to know if you considered any expansion in capacity in your business plan, if there is any space for additional capacity in the gas pipeline or if it is just these existing volumes which you are considering in your numbers. And in your material fact, I am not sure that I understood correctly when you say you are examining the question of withdrawal rights for minority shareholders. I would like to know if this is the right of withdrawal for ENGIE's minority shareholders and why you think that this issue should be examined? Thank you.

GUSTAVO LABANCA: On expansion, this has not been considered in our business plan. During the life of the current agreements - obviously, we shall be looking at this once management is in the hands of the Company. However, if there is any type of spare capacity in the gas pipeline and a third party wants to use it, then we would have to reach an agreement with Petrobras first, although, should this be the case, we will have no additional revenues from the asset. The asset is regulated. So to give an example, if today we have contracted 100 in revenue, and I would have an additional supposed revenue in the agreement of 5, I would pay 95 to Petrobras. In other words, the revenue is guaranteed during the first period, although I am unable to have any additional revenue linked to the existing gas pipeline. You are right when you talk about expansion, we did not consider it in the base case to our business plan. In the event of investments, the regulator would give its approval and we would have an additional tariff in line with this expansion. But obviously, this has not been considered in the base case.

In relation to withdrawal rights, according to Article 256 if I am not mistaken, we are required to have an evaluation report and get approval in a Meeting of Minority Shareholders. If any minority shareholder is dissatisfied with the transaction, he has the right to sell, if I am not mistaken, at book value.

MARCELO SÁ: Sorry, the price would be, would be book if the minority shareholder wanted to exercise right of withdrawal? Or would it be set according to an evaluation report by ENGIE's bank for example?

GUSTAVO LABANCA: Yes, book value.

MARCELO SÁ: Book. Excellent. Thanks.

Operator: Our next question comes from **Pedro Manfredini** of Banco Itaú BBA. Please, **Pedro**, go ahead.

PEDRO MANFREDINI: Good morning, Maurício. Good morning everyone. Congratulations on the acquisition. I would like to ask a few small questions although I am not sure how much you can comment on, principally in terms of shareholder structure. The first question is how much of the 10% will Petro continue to hold. Do you have any agreement, some put or call option linked to this agreement with Petro whereby Petro can be shown the exit at any moment? Can Petro leave the arrangement at any time? And the second question is on the structure of Aliança. How will it be in the near future, if there has been any discussion at any time on this participation that the ENGIE Group – whether ENGIE Brasil Energia, whether ENGIE S.A. – if at any moment you intend to consolidate this participation in ENGIE in the listed vehicle in Brazil? Does the group have an interest in this? What was the approach in other M&A, greenfield transactions, where at some point in time you have undertaken such a transfer to consolidate under a listed vehicle in Brazil. Is there a possibility here also or not? Is it the idea that the structure should be maintained while you have this investment in Aliança?

MAURÍCIO BÄHR: Pedro, thanks for the questions. I'll begin with the second one and then ask Gustavo to talk about Petro's 10%. I think our model – I understand, you are referring to the former model for participations in major projects, in the hydroelectric plants and so on, right? Basically, ENGIE Brasil Energia has already acquired such a size that the investments in its expansion in the power area are already being executed 100% by the company itself. In this particular case, we are diversifying into another activity, and where unfortunately, the size of the deal is such that we need to have this partnership arrangement. In this case, it would have been impossible for ENGIE Brasil Energia to shoulder 100% of this investment. If it had the financial capacity for an operation of this size, it would probably be a vehicle to be used for entire operations. However, we are bringing the expertise of the Group which already operates 32,000 km of gas pipelines abroad, transporting gas. This association has been made in an extremely equitable fashion – I mean, rights are exactly identical for both ENGIE S.A. and ENGIE Brasil Energia. Neither enjoys any privilege over the other, and for this reason we adopted quite a conservative posture in convening the Related Parties Committee to make sure that all the documentation, all negotiations, agreements, were all executed in an exactly isonomic fashion, equal for both companies. In future, I hope the Company continues to grow. Our view is that what is happening today is what happened 20 years ago, 21 years back when we bought Gerasul. Then it had 3,700 MW and today there are 10,000. I hope that 20 years from now, perhaps I will not be here – I hope not -, someone will be announcing that we no longer have 4,500 km of gas pipeline, but perhaps 15,000 km. So this is the idea. We do not buy an asset to sit on it. The idea is to continue working it. The prospects are for a growing and deregulated gas market in Brazil and this is our hope. Now I will pass you over to

Gustavo to talk about the 10%.

GUSTAVO LABANCA: Pedro, from the outset, Petrobras has left it in no doubt that it would not accept any kind of put and call structure for its take in this transaction. However, we know that under the new gas law which is pending approval, there will be an unbundling of activities and that Petro will have to undo this 10% at some stage in the near future. It is difficult to say when and obviously, in the case of a stake of 10%, the other shareholders have some preferential right in relation to this take.

PEDRO MANFREDINI: That's good, thanks for the replies. Just by way of a follow up on the first reply. I understand, Maurício, the model that has always been used - we had the most recent case with Estreito – and we were expecting Jirau at some point in time to adopt the same model and I understand the motive for using the model in this case. The motive is the same as other transactions, for something very big. Once ENGIE in Brazil reaches a size and has cash generation, in short, continues growing to reach a point when you can absorb the stake in TAG, can we foresee another transaction with related parties? And one where you consolidate everything beneath the listed vehicle in Brazil or not? You think it would be done this way rather than adopting the former model that was used in the case of the energy assets? I would just like to understand if the next step would be like this.

MAURÍCIO BÄHR: I understand. No, there is no road map to make this transfer. We are going to stay like this and make sure this business prospers. Clearly, what with the opportunities arising in Brazil with distributed energy, solutions for clients, other things are going to happen which mean that we are always going to be looking in a dynamic way at the structure here in Brazil. The aim is that the shareholders which are shareholders today of ENGIE Brasil Energia can fully share in the benefits of the energy transition and our entire strategy.

PEDRO MANFREDINI: That's good. Perfect. And while on the subject and just to finish. You mentioned growth, I understand you have a regulated component which is expansion of bases (for the installation of thermal plants, distribution points) that you are going to evaluate what can be done for expanding the concession area. But what can you imagine in the case of other possible M&A operations, other growth fronts in this business in Brasil? If you can comment - I confess that it is not a business with which I am familiar. You must have an infinitely greater knowledge than I. If you could just comment where there are further opportunities in addition to TAG. From the moment you assemble and install a base and a new source of growth, it would also be interesting to understand the potential for expansion of this business.

MAURÍCIO BÄHR: Our view is that the gas sector today is experiencing a moment similar to what we experienced in the electric energy sector 20 years ago when it opened up to private enterprise. We are seeing something else as well - the pre-salt reserves which are beginning to be tapped and associated with the pre-salt, come vast reserves of gas. This gas needs to be delivered onshore through a network of gas pipelines. The existing network is perhaps today sufficient to handle this but expansion will be required in future. I believe that this gas will become a fuel for hastening the energy transition, facilitating the harnessing of further available intermittent energy sources in Brazil. With a lot more wind and solar generation potential coming on stream, we are going to have to compensate this with some type of security at the base. This is a vision. We are going to have to see how this regulatory framework develops, but I think everything is moving in the direction of having a greater number of entities, a greater number of companies interested in gas. And there is yet another component in the future which is additional to the gas associated with the pre-salt layers, namely the country's biogas potential. When we look at the territorial extent of Brazil, the percentage participation of agribusiness in GDP, the possibilities of making this transition are still enormous. One day when we exhaust natural gas reserves, there will still be the possibility of having biogas piped along the gas infrastructure. There are many opportunities, not to mention gas distribution, which still has a very small number of players. So all this is associated to our strategy of increasingly improving the environmental footprint of our clients, in getting closer to them. I am sharing with you a little of this vision. It is not possible to say that these opportunities are just around the corner but I am giving you an idea of what is on the radar.

PEDRO MANFREDINI: Sure, that's excellent. Thanks. Great reply, thanks.

MAURÍCIO BÄHR: Thanks.

Operator: And our next question comes from **Victor Oliveira** of Banco Bradesco. **Victor**, please ask your question.

VICTOR OLIVEIRA: Good morning to all. I am Francisco Navarrette, together with Victor here at Bradesco. Maurício, we would like to ask a little more about transactions with respect to what you have said on the reverse incorporation with an acquisition vehicle permitting a tax break as you ramp up the leverage of this vehicle. In the context of the reverse incorporation, can we imagine some tax break on the amortization of goodwill paid on the asset? Another question on the Sudene tax break. This benefits some or all of the gas pipeline branches?

GUSTAVO LABANCA: Could you repeat the last bit please, Victor, I couldn't understand, the last bit was a little garbled.

VICTOR OLIVEIRA: The last is on the Sudene tax break for some branches or the whole asset. Can you apply a value added tax - IVA?

GUSTAVO LABANCA: Victor, in relation to the question on reverse incorporation, of course when you do a transaction like this, you have to pass the book value and the potential goodwill on the acquisition to the accounts. On the use of tax incentives, we shall be looking at this after closing the deal in conjunction with CDPQ and Petrobras itself. In relation to the Sudene tax break, yes, Petrobras also already uses this benefit along some stretches of the gas pipeline and it is our intention to continue doing so. Obviously, in the event that the asset undergoes some form of modernization, we can even extend the advantages of the tax break. But yes, we do take into consideration the tax benefits available in the Sudam and Sudene areas.

VICTOR OLIVEIRA: Thanks.

Operator: Our next question comes from **Luiz Lima** of Credit Suisse. Please, **Luiz**, go ahead.

CAROLINA CARNEIRO: Yes its Carolina here again. Just one more question, I'm sorry if someone has already asked it but we had a bad connection here. In relation to the Urucu-Coari-Manaus section of the gas pipeline, some time ago there was a lot of talk both at the level of the TCU (Federal Accounts Tribunal) as well as ANEEL itself on the use of this volume of gas by Eletrobras Amazonas due to the existing volume consumed in relation to the company's effective capacity to use the entire agreement. We would just like to know if this item is already considered settled for you. I understand that of course the agreement being ship-or-pay there is no way you can change, but do you believe that there can be some kind of contingency or discussion on this question or is it totally settled for you? And one other question, if you can give us an idea on the question of strategy. Up to this juncture, we have seen the company making some highly accretive movements towards transmission when you decided to make a move first into the transmission line network with very good rates of return. Now in the case of the gas acquisition, I imagine the rationale is the same but with a rate of return a little tighter, so given this initiative, do you believe that the competition has drained ENGIE's interest in electricity transmission and what would be a reasonable return for you or is there no question of gas canceling out electricity transmission? With this acquisition in the gas sector, is it still your intention to look at transmission and if you could compare one with the other, what would be the internal rate of return for transmission for you versus this new gas business for the company. Thank you.

MAURÍCIO BÄHR: Carolina, thank you for the questions. I think we are just beginning in the area of transmission and we want to continue advancing in this area. A thousand kilometers

is very little for us so we are going to carry on looking. I am going to pass you across to Gustavo on the other questions.

GUSTAVO LABANCA: Interesting your question, Carolina**,** because we are not going to make any kind of proposal or bid in an auction where we conclude that we are not creating shareholder value. So of course we consider ourselves to be a prudent investor in terms of return, evaluating this whole question of risks asset by asset, and seeking adequate profitability. This clearly varies in accordance with the macroeconomic situation of the country, the company's strategy and these rates of return can vary by project, by asset and are contingent on this allocation of risk which I mentioned. So we were competitive in a transmission line auction, successfully acquiring a very interesting asset with which to make our debut in the market. Unfortunately, we were unsuccessful in other auctions, where there were players who made very aggressive bids. However, we have a team working to select some lots in readiness to take part in the transmission auction in December – at the end of the year, November or December. In relation to the Urucu-Manaus section of the pipeline, just to be clear, what happened was an adjustment in the term of the PPA in relation to the initial gas pipeline agreement. So today when the PPA expires it is matched with the expiry of the agreement that exists today with Petrobras. There is no change whatsoever in this period when the two agreements run in parallel, the agreement with Petro running through to final due date. Now what you are talking about, yes, does impact the tariff revision of this agreement later, because it reduces the potential market for use of this gas. This we built into our business plan, with a reduction of revenue from this gas pipeline from 2033, which if I am not mistaken, is the expiry date.

CAROLINA CARNEIRO: Right, thanks.

Operator: Our next question comes from **Marcelo Sá** of Banco UBS. Please go ahead **Marcelo**.

MARCELO SÁ: Hi, everyone. I have one more question on the press release which ENGIE, Europe published. I think on page 5, there is a comment which talks about this acquisition being "EPS accretive" with a range of 100-110 million euros annually, but at the end of the sentence there is the following, "with rising profitability due to inorganic addition of TAG following completion of the transaction". I do not understand in fact, whether there is some assumption of growth here or whether the 'addition' you may have is because eventually you amortize debt over time and therefore the profit ends up growing. Just so I understand a little about what would be this growth at the end. Thanks.

GUSTAVO LABANCA: With respect to the asset, there is no growth in the period, OK? We are talking here about agreements indexed to inflation, the large majority to IGP-M - there

is an agreement which is 50% IGP-M, 50% IPCA, and another agreement which is 50% IGP-M, 50% FX variation, American inflation. So growth refers to inflation and not to new investments in the network. Now, what could be occurring is the point you raised, starting off you have a high leverage, a high level of debt and in the last line of the balance sheet, in net earnings, you are going to grow over time with the amortization of the debt. Just that. There is no type of growth other than what I have spoken of here in the business plan.

MARCELO SÁ: That's excellent. I thought that is what it might be but I wanted to be sure. Thanks everyone.

MAURÍCIO BÄHR: Fine. Since you have touched on the matter of the European press release, from the strategic point of view of the company listed in France, it is precisely the objective of diversifying activities in the area of infrastructure in terms of geography which is important. Today, the group is very concentrated in regulated activities involving infrastructure in Europe and our objective as a global company is to diversify further these assets, so much so that we have made investments in Mexico, and now in Brazil, to give greater equilibrium to the group's infrastructure portfolio.

MARCELO SÁ: That is excellent. Thank you.

MAURÍCIO BÄHR: Very good that Brazil is one of the countries selected for this purpose.

Operator: To ask a question, just touch asterisk 1 (*1). Please wait while we collect the questions.
Please wait while we collect the questions.
Our next question comes from **Gabriel Francisco** of XP Investimentos. Please go ahead **Gabriel**.

GABRIEL FRANCISCO: Hi everyone. Sorry to extend the time even more with a final question. I just wanted to know in fact, if in the business plan, this strategy represents some investment in the expansion of capacity for generating energy from natural gas. I ask because line 4 for the Amazonas section of the pipeline shown in the presentation, one way or the other, even has a synergy with other companies such as Eneva, which are beginning to develop assets in that region and even in the Northeast itself there is a natural gas production capacity. I would like to know either by developing within the group itself or with third parties if you believe this makes sense in your business plan and if it was incorporated in your bid or not. That's it, thank you.

GUSTAVO LABANCA: Great question, Gabriel. Within the specific context of the bid, no, but we have... we are always looking at opportunities in the generation market and natural gas-fired thermal generation is one of the areas we are focusing on. We are, as you know divesting our coal-fired plants, so natural gas is the energy transition fuel for this. We have a project in the south of Brazil in Joinville, in which we are working to bring in gas via a regasification terminal in partnership with Golar, building a gas pipeline to a thermoelectric plant and at the same time taking part in the auction. Our thermal plant is already licensed and terminal licensing is pending. We believe we shall be able to take part in the next auction at the end of the year, the A-6, set for October. Whether we shall be competitive or not, this is our plan and we are working in this direction. We need to wait to know what the position of the EPE will be in relation to the auction – if the focus is on any particular energy source. We know that gas is going to participate together with wind and that this is a question of regional character. This can increase or reduce our competitiveness but yes, we are interested. In fact, the project is always in the company's quarterly release there as one of the projects being developed.

GABRIEL FRANCISCO: Excellent, thanks very much.

FINAL CONSIDERATIONS

Operator: This concludes the questions and answers session. I would like to ask **Maurício Bähr** for his final considerations. Please go ahead, **Maurício**.

MAURÍCIO BÄHR: Thank you very much. I would like to thank you again for your interest of in our company also highlighting the importance we give to the capital markets, the transparency with which we conduct our businesses, always seeking the development of a healthy market in the capital markets. The success of the acquisition of TAG represented an extremely important step for ENGIE Brasil Energia, since it marks our entry into the gas value chain, an objective we have been pursuing for some years now. It also crowns a joint effort on the part of the teams of ENGIE both here in Brazil and France and of CDPQ in Canada, our partner in this transaction, all of whom have worked on this project since September 2017. With TAG, I believe we are diversifying our activities still more from our businesses where we are already the largest generator of electric energy in the private sector as well as operating in energy transmission and distributed solar energy generation. I believe that we are beginning as I have said, a new cycle after these 21 years of company activity during which we have become the largest private sector generator in the country. With the deregulation of the electricity market, growing from 3,700 at the time of

privatization to more than 10.000 MW today in 2019, I believe that we are now going to experience a similar opening of the sector. The deregulation of the gas market is nothing now that we can count on the experience of the last 20 years working this theme, also benefiting from the experience of our young talent developed over the company's 21 years. TAG's acquisition represents a milestone for ENGIE here in Brazil where we have always positioned ourselves as long term investors, believing in the country's potential. The TAG transaction will be instrumental in the company's rapid growth with new sources of revenue, guaranteeing our sustainability and demonstrating our commitment to the evolution of the energy transition. Brazil represents for us a country with excellent opportunities for implementing our strategy with substantial projects and a vibrant energy sector which counts on mature and respected institutions. Many thanks to all. Until the next conference call with you all. With my best wishes.

CONCLUSION

OPERATOR/A: The conference call of ENGIE Brasil Energia is now concluded. We thank the participation of all and have a good day and thank you for using Voitel.