ENGIE BRASIL ENERGIA S.A.

SCRIPT OF THE CONFERENCE CALL WITH WEBCAST

RESULTS FOR

THE FIRST QUARTER 2020

JUNE 25, 2020 – 11:00 A.M.

Operator: Good morning! This is the conference call of ENGIE Brasil Energia where we shall be discussing the results for the first quarter 2020. All participants are connected in a listen only mode. Later we shall 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.

This presentation accompanied by the respective slides, will be transmitted simultaneously on the internet through the www.engie.com.br/investors website. By accessing the website, you can also obtain a copy of the presentation and the press release of the Company's results.

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 **Eduardo Sattamini,** Chief Executive and Investor Relations Officer, **Marcelo Malta**, Chief Financial Officer, and **Rafael Bósio**, Investor Relations Manager, all of whom will comment on the performance of ENGIE Brasil Energia in the first quarter 2020. Immediately afterwards, 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 office.

Now I would like to hand over to **Eduardo Sattamini.** You may go ahead please.

EDUARDO SATTAMINI: Good morning to all. It is a pleasure to be here with you again together with our CFO, Marcelo Malta, and our IR Manager, Rafael Bósio, to present the results. First result, first quarter of 2020 came in very much in line with our expectations. We are going to begin by talking about slide 5, wherein we show the leading financial indicators. When we look at our Net Operating Revenue, it grew 10.9%. Malta is going to talk a little more about the details of the reasons for this growth. But basic reasons running through these numbers reflects our phase, our decision to ramp up growth to a rather more robust level, something

that has been going on for the last three years and this has clearly had an impact on the growth of our business. The other reason is the growth in our leverage. We have to grow on the back of debt and reestablish a capital structure which is more appropriate to the Company over these past three years.

So, our Net Operating Revenue rose by 10.9%, our Ebitda was also up by almost 10%, and Net Income, still not reflecting this growth following entry into operation of some new projects. In this first year, principally in the case of the Pampa project, requires adjustments which is natural with a thermoelectric plant. As this involved 'made to measure' equipment, tailor made as we call it, some degree of fine tuning is always necessary. This involves stoppages for adjustments, a case in point now is the shutdown for changing the limestone conveyance line – important for avoiding undesirable emissions of particulate material as well as other chemical elements. This type of thing happens at the beginning of operations and because of this obviously is not producing the results that we would expect - I mean to say that it is not having the impact that it should on Ebitda. And the same goes for Net Income. But our hope is that these adjustments having been made - we call it the bathtub curve - this asset will go into normal operations as from the second half of this year, more possibly at the end of the third quarter, and that we will have a Net Income, an Ebitda and a Net Income reflecting specifically the growth generated by this item.

As we have commented, Net Debt increased by approximately R$ 3 billion, R$ 2 billion and something, from the first quarter 2019 to the first quarter 2020. I am mindful that we had the acquisition of our participation in TAG, totally financed with fresh debt. And we also saw a reduction in the production of energy in the first quarter, very much as a function of weak hydrology in the south of the country, which all of us are experiencing in spite of the crisis, affecting here PLD and nudging up PLD a little. Our sales increased naturally, our commercial capacity increasing, sales increased by 3.5%. The average sales price increased by 2.2% in line with inflation. Our headcount has increased if only for the reason that the number of our assets in operation has also been increasing.

Moving on to slide number 06, where we touch on highlights. At the tail end of the last quarter we had here in Brazil the beginnings of a major outbreak of Covid-19, obliging us to adopt various actions. At this juncture, it is important to mention what we have been doing. We installed a Crisis Committee, and indeed this morning we held one more meeting. We have been keeping a watchful eye open since we are operating in various regions of Brazil, each with their various distinct realities. We have to be very alert to changing scenarios the whole time at each specific locality so that we can take the actions appropriate to each one of these localities.

We have 70% of our payroll working on a home office basis, that is, 100% of non-operational activities. And this thanks to our digitization process which has been taking place for the last three years now. We have been quite surprised by the remote working capabilities that we have developed with all the software and virtual network facilities, all of which is allowing our employees, who are not at the work sites or are needed for specific use of or specific operations with equipment, to be able to perform their functions in a very satisfactory way with a very high level of productivity. Clearly, it is our understanding that this is not the permanent shape of the future, because interaction, collaboration, companionship is important. However, this does conjure up a vision where eventually we could have a mixed system of working bringing a little more comfort to people, reducing the commuting to and from work and even diminishing the impact of greenhouse gas emissions with this reduced movement.

We are working with rapid tests for our employees. We have acquired more than 36 thousand rapid tests, using them at our plants, our construction sites for the purposes of control and prevention. At our construction sites we have identified various cases and this is natural to the work environment but we have been testing and people who have been diagnosed with IGM, that is the antibody showing that the virus is still active, these people have been isolated and only after they are retested and found to be IGM negative can they reassume their positions at the construction sites. It is important that we avoid the dissemination of the virus. The lion's share of cases, I would say 97% of all cases, are asymptomatic. People had no idea that they were vectors of the virus. Our aim here is to avoid having at our construction sites, at our plants, vectors spreading this virus. This is extremely important for our image as well as our interaction with the authorities which are always very concerned with health, more particularly city governors during this pre-election period.

We have adopted face coverings as part of our PPEs for our employees. Even today we are using the PPE for our presentation. Our voices may not come out with total clarity, but that is because we are here complying with our security protocol to the letter.

We have been helping the communities since we are aware of the difficulty which these communities are having due to isolation preventing people from carrying on their normal activities. We are giving psychological and medical support to all our employees and family members. And we have decided to suspend all travel, maintaining only travel which is deemed strictly necessary for the purposes of emergencies of a safety and operational nature.

For cash retention, to preserve our cash, just to give you an idea, we ended the first quarter of 2020 with R$ 4.2 billion in cash, representing more or less 40% of annual net revenue for 2019. We reduced the payout for 2019 to 57%. You will have seen this in the Meeting – we

had an Extraordinary Board Meeting to reverse the decision we had taken for a 100% payout, precisely so that we could have the peace of mind. We still do not know what the impact of this pandemic is going to have on our activities, so on a preventive basis we are conserving cash.

So, we have also taken the initiative to sign up to the BNDES standstill facility at some subsidiaries. Why some subsidiaries? Because it made no sense, if there was a restriction on the distribution of dividends, I would be unable to pull in resources from the subsidiaries to the controlling company. And not bringing resources to the controlling company I would not be able to boost cash flow, I would be maintaining resources in the subsidiaries with a return lower than CDI, paying the financing or interest being calculated higher than the interest these resources would be paying. So, we selected some options for the BNDES standstill facility, which is also helping our liquidity a little. We contracted a loan via BNDES, closing the financing for Campo Largo - Phase II and Gralha Azul, and we are in the process of concluding the financing of Novo Estado. This has already been approved by the BNDES and we are now at the final stages before drawdown of the first tranche of this financing.

We have been renegotiating with some clients since we understand that some of them have somewhat more critical problems and that they need some support, always looking to establish the shortest possible financing term for these clients and re-composing our revenues to the maximum possible.

On page 07, we finalized an important transaction, finalizing in the quarter the acquisition of Transmissora Novo Estado Energia for R$ 410 million. An announcement to the market was made at the time. And in April, we saw the start of installation work with brush clearance. Mobilization at the work fronts is taking place albeit not mobilization at the same velocity as we had expected. This is exactly due to the precautions we are taken in the entire preparation of the safety protocol in the regions so that we do not have problems with work stoppages.

We also had the reaffirmation of our long-term credit rating at AAA Brasil from Fitch Ratings. And the reaffirmation also, or rather, sorry, the international ratings were reaffirmed at BB and BBB- however revised to a negative tendency in the light of the sovereign rating, which was reassigned in April. We have already talked about the BNDES financing, so let's move onto the highlights on slide 08.

We had an intermittent stoppage in work on the Campo Largo Complex, the one we were already talking about. Little by little, we are learning to deal with this pandemic. The first impact we had was when we began a massive round of testing with our employees and finally, outsourced labor, in regions where testing was not available in the municipalities. So, the sum total of the active cases of contamination in the region was a function of our construction work

sites only. Of course, only those who were tested showed the presence of the virus, because I told you, nearly everyone is asymptomatic. So, this was valuable experience for us so that today we are much closer to the municipal health authorities, city governments, public prosecutors' office, always with agreed protocols so that we have no stoppages at construction sites. Work at Campo Largo resumes from next week and we already have a more defined protocol and are also supporting the municipality itself there since in fact the entire region is affected. Only those who tested positive, those who were contaminated, were those in this case who were tested exclusively through our structure.

And again in May, the last highlight we have, the Board of Directors installed the Audit Committee, to be made up of three independent members for advising the Board of Directors on the management of risks, internal controls, ethical matters, compliance and internal and external auditing, within the scope of best Novo Mercado governance.

Let's move on to slide 10. Not much change here other than the inclusion of Transmissora Novo Estado, in the lower right-hand side of the slide, so we will move on quickly. We continue to be a component of the Corporate Sustainability Index (ISE). Also, important information, all the awards we received here in relation to the stock market this year and last.

In slide 11, just a small change, just to show our operations and activities, where we work, there is no material update here.

In the next slide 12, our market share is the same compared with the fourth quarter 2019. And also, no other material change, if you have any doubts here we can clear these up a little later.

With respect to natural gas, we, all of us know that we acquired TAG in June of last year in association with CDPQ and with the group's international gas area directly of Paris. And we are operating, you are going to see a little later on, from Malta, the results which are being generated from this acquisition.

Moving on to the next slide, just quickly. Let's go. In the transmission part, as we mentioned, we acquired Novo Estado, with our share making up 5% of all the auctions between 2013 and 2019, or in other words, we have begun to have a little more representation in this market and we expect to grow lucratively. We went into the auction rounds back in 2017, being successful initially and then going for a long period with no success, because our results metrics are very rigid. So, when the market is very competitive, we prefer to apply our resources differently, paying more dividends, etc. But when there is an opportunity of a more complex activity, such as acquiring a project which needs a quick reaction, has a level of complexity and needs funds to be committed rapidly and more complex structuring, we take this opportunity. And this is what happened with this last acquisition.

Going on to slide 16, the distributed solar generation continues growing in terms of volume although you see we have still to reach a point of equilibrium and we are reassessing our commercial approach and our impact in this type of activity.

The energy market in slide 18, you already know very well on the left-hand side of the slide. We already had an excess of expected supply for the next few years and this is going to be still more critical, more critical now with the outbreak of Covid-19. And we are counting on cycle then, Covid ending, a cycle of growth where we can reduce this theoretic excess of energy. It is always good to remember because hydrology and wind today have a very important role to play since a large part of the energy matrix is made up of intermittent plants and dependent on hydrology.

Moving on. In slide 20, our balanced portfolio. This was one of the important things for us. This year we had 40% of the regulated market, 48% of the free market, with the regulated market increasing a little next year. This is important especially in the case of what we are experiencing now, the security the regulated market gives us with respect to agreements. And in the case of the Free Market, we also try to structure agreements with guarantees and with a high level of security.

And with that lets look at slide 21, in this one we also have an important characteristic, the lack of concentration specific to any one segment, with a highly diversified portfolio. And this also mitigates the effect of crises such as the current one. This reduces the fluctuations in consumption. So, we have sectors such as the sector for example of food, which has suffered very little, the agricultural sector, food, pulp and paper. In the case of pulp and paper in the first quarter, we even saw an increase in consumption, while in others there was a very significant reduction, the main one being automotive, which decreased markedly, this being widely reported in the media.

Moving on to slide 22. As you can see from the preceding slide, on the left-hand side, our portfolio is heavily sold through to 2022 but beginning to have some energy in 2023. So, one can say: heavily sold, but you still have 12%, 15% in 2022 of uncontracted energy. But we must remember that you have the GSF contingency, this here is a theoretical capacity, and we need some kind of reserve to administer this situation and this hydrological uncertainty which we have in the market. Until we have a little more security with the physical guarantees that the MRE provides – this is also work we are trying to conduct with the authorities so that those plants with “paper” energy which are unable to generate the physical guarantee can be revisited and MRE adjusted.

Let’s move on to the energy balance. As we say, this a very personal tool for modeling, although here we can get an understanding of purchases and sales. It is just to have an idea.

When we do our sums, we can see we sold in the last quarter something in the region of 130, 140 average megawatts over the next few years. This is to say that our sales were taking place normally right up to the end of the first quarter. Surprisingly, I can also tell you that we have seen heavy demand and are closing good agreements also post pandemic, post first quarter and this will show up in the presentation for the second quarter 2020.

Talking a little on expansion, everyone knows, there has also been no change, see slide 25, in relation to Jirau. Jirau is a project developed by the controlling company. It is seen as a project that at some point in time will be transferred to ENGIE Brasil Energia, and from then on we will be giving information so that the market will not be taken by surprise. But as a function of the various difficulties and the GSF, etc., this project continues to be in the hands of the controlling company. But we continue to show that in the future Jirau could be transferred to us. The important thing here is that the project is an operating plant today. Calling it a project is even unfair - it is a power plant, one of the largest power plants in Brazil, had record generation now in January 2020, with 60.1% above the guarantee, of its physical guarantee. It is a plant with among the best operational performances. So, this leaves us with the peace of mind that with an eventual transfer to us, we shall be receiving an excellent asset with a very good performance.

Moving on to slide 27, the wind project under construction. This here is Campo Largo - Phase II, we have already talked a little about it. The first machine was scheduled now for 2020 but with this Covid 19 situation, we are working to try and maintain or minimize this delay. I would remind you here that we have some slack, we are taking into consideration some slack in our energy balance so that if there is some type of restriction or pitfall along the way, it will have no impact on our energy balance.

In slide 28, the transmission line under construction, Gralha Azul. You can see here that the work has already begun to take shape, we already have the Ponta Grossa substation with work advancing well. Here this photograph is somewhat out of date and you will not see it here but there has already been a lot of assembling of equipment at the site and work in the circumstances is proceeding very well.

In the next slide, Novo Estado Energia. As we have already mentioned, we have begun the field work, brush clearance. So, mobilization is gaining traction a little, but always remembering that with Covid-19, we have redoubled the care we are taking and have delayed a little in the light of the health protocols with which we must comply.

In the development part, there have been no major changes here and this is just to show our pipeline. We have a significant pipeline in wind and solar and at the appropriate time we shall be using this portfolio and add in new capacity for development as projects are developed and

implemented.

I will now pass the discussion of financial performance over to Marcelo Malta so that he can talk to you a little about our first quarter. Marcelo Malta, please.

MARCELO MALTA: Good morning everyone. In slide 32, we have here a track record of our financial performance with significant growth over the last three years in our Net Operating Revenue, Ebitda and Net Income as well. In the first quarter 2020, compared with 2019, we have seen significant growth also in our operating revenue, Ebitda and a reduction in our net income due to the impact in our Financial Result which will be mentioned later.

In slide 33, here we show the trend in our operating revenue. The first graph shows its participation in each one of the quarters. We have here a consistent distribution between quarters. And last year we can see a larger amount in the fourth quarter due principally to the effects of the CCEE.

In the graph below, we can see the movement in Net Operating Revenue between the quarters. So, we had an R$ 88 million increase in sales volume, representing about a 3.5% growth. This is mainly due to the entry into operation of Pampa Sul and Umburanas, during 2019. On the other hand, we saw a reduction in consumption at the distributors due to the use of the Surplus and Deficit Compensation Mechanism (MCSD) which as I commented reduced part of the sales volume to the distributors. And we had a R$ 30 million impact from the increase in average sales price, this at around 2.2%, which basically reflects inflation for the period. R$ 14 million is largely recognition of a fine for downtime of wind power assets or rather some wind power assets at Trairi. These R$ 35 million here is an impact in CCEE business where there was a negative impact in revenue of R$ 35 million and a similar negative impact in cost of R$ 15 million. Thus, the net effect of transactions conducted through the CCEE between quarters was a negative R$ 20 million.

Here are some factors which have resulted in this reduction. The first is a significant rise in secondary energy in the first quarter 2019, a reflection of a major allocation that hydro generators made for the quarter and correspondingly, we also had significant exposure due also to the major allocation made by the Company during the same quarter.

Meanwhile in 2020, we had the GSF effect which was not so significant and on the plus side, we also had a long position that partially offset these effects. So, the positive effects of the secondary energy and the negative of the GSF and the impacts on the long and short positions in the two quarters ended up largely compensating one another.

We also had a rise in our MRE (Energy Reallocation Mechanism) cost. This was largely due to the significant reduction in generation at our plants in the south of Brazil due to hydrological

issues. As already mentioned, the south of the country in this first quarter experienced a serious hydrological situation and this drove up our costs in the MRE.

And finally, we had greater thermoelectric generation dispatched by order of merit which had a positive impact. So, the combination of these factors I have just mentioned, generated a net negative impact of R$ 20 million in our Ebitda.

R$ 16 million negative impact on remuneration of our financial assets. The financial assets that we have are a reflection of the application of the IFRIC 12 accounting norm, which has been applied to the acquired assets, Jaguara and Miranda. The remuneration from these assets in this quarter was negative largely due to the reduction in inflation between the two quarters.

Revenue of R$ 43 million from positive results from trading. On the other side, in cost we saw a negative impact of R$ 12 million. And the result of trading in this quarter was positive at R$ 31 million, principally because of the increase in marking to market of ongoing agreements we had as trading operations, due in the main to a reduction in short-term energy prices in the first quarter of 2020.

R$ 138 million from an increase in revenue from transmission business, here again the IFRIC 12 norm applying wherein all CAPEX in transmission assets is recognized in costs as a construction cost, on this cost there being a construction management margin defining the amount of revenue generated. We had a cost of R$ 127 million, so the net impact of applying this accounting norm on our result was a positive R$ 11 million. Finally, there was a reduction of R$ 6 million in solar panels due to decreased demand during the quarter.

In slide 34, we have here a breakdown of the result of TAG. So in the case of TAG, we closed the first quarter with a result of R$ 352 million, a very good result and our participation in the result was R$ 103 million, recognized as equity income since TAG is an unconsolidated asset, and one which contributed directly to the increase in our Ebitda for the quarter.

In slide 35, we show the evolution of Ebitda. Normally the first graph shows the evolution for the quarter. Normally we have a consistent distribution between the quarters, except when we have some non-recurring event such as for example in the third quarter of 2019 when we recognized the insurance indemnification for Pampa Sul due to the delay in the conclusion of work on the asset. The following graph also shows the evolution of the Ebitda between quarters, R$ 88 million positive and R$ 30 million from an increase in sales volume and average price, already discussed in the preceding slide. We had a R$ 21 million reduction in the cost of royalties due to lower hydro generation of the plants in the South in the light of a more critical hydrological situation in the period and also due to the R$ 14 million fine already mentioned in the preceding slide.

We had an increase in the cost of fuel and this is basically the cost of coal at Pampa Sul, which went into operation in the middle of last year. There was also an increase in the cost of third-party services and payroll again due to the entry into operations of Pampa Sul and also Umburanas during 2019. R$ 20 million from the net impact on CCEE operations, also mentioned already. An increase in charges for the use of the network, again due to the startup of operations at Pampa Sul and Umburanas, R$ 16 million in reduction of remuneration of financial assets, also mentioned in the preceding slide; purchase of energy for the portfolio where we had an increase in the purchase of energy to satisfy insufficient generation from Pampa Sul, due to the issue already mentioned by Sattamini. We are still not operating at full generation capacity given the impacts of the bathtub curve syndrome and on the other hand we had a reduction in short-term selling prices. So, a combination of these two factors saw an increase in the cost of bought energy of R$ 12 million.

We also mentioned solar panels earlier and transmission as well. Trading has already been discussed also with a net impact of R$ 31 million and an equity income result giving very positive boost to our Ebitda in the quarter. As Sattamini has also commented, if it were not for the impacts arising from below par generation at Pampa Sul, our Ebitda would have grown one percentage point more than that shown here.

In slide 36, evolution in Net Income, there was a decline of 9.5%. We also have an impact from the increase in Ebitda of R$ 119 million, already mentioned previously, a reduction in expenses with Income Tax and Social Contribution. But Net Income was mainly influenced by the increase in financial result and depreciation which reduced our cost and the financial result, both having a significant impact due to two principal factors justifying the increase in net financial expenses – the first being an increase in our leverage in the quarter by more than R$ 3 billion, such that this leverage also financed a significant part of the equity for projects under development. And another factor, perhaps the most important one, was the interest which was being capitalized, interest principally on debt for the construction of Pampa, including debt which financed the equity in Pampa, and being capitalized up to the entry into operation of the asset in June last year.

So, as mentioned already, Pampa is still not generating revenue to full capacity due to the technical impacts involved with the bathtub curve. We have the full impact of financial expenses from Pampa Sul, including the financing of equity in our result and on the other hand, we are still not receiving maximum revenue in this same result. Our expectation is that over the next few quarters, with an increase in revenue from Pampa Sul, this situation is restored to a more even keel. R$ 44 million of depreciation costs again largely driven by the depreciation of Pampa Sul assets which as already mentioned, after the start-up of operations of the assets beginning to be fully depreciated and while we are still not generating revenue

to the full at Pampa Sul, this also generating an equilibrium between the variation in revenue and depreciation costs. In my view, these were the two main components justifying the reduction of 9.5% in our Net Income.

Here in slide 37, our financial indicators have been consistent over time. In the first quarter of 2020, there was a small reduction in Return on Net Equity due mainly to reduced earnings during the quarter. The other graph also shows a reduction in Return on Invested Capital due to an increase in our leverage.

Slide 38 shows how our debt has seen a significant evolution in the past few years due as you know to investments in several projects installed over the course of the period as well as the acquisition of TAG. However, in spite of our leverage, we are still in a comfortable situation closing the quarter with a Gross Debt/Ebitda ratio of 3x and Net Debt/Ebitda at 2.1x.

We have also seen a reduction in the operating cash flow to debt ratio. In 2017, this was 0.46 while today it stands at 0.27, representing a consistent reduction, closing the quarter with a Net Debt of R$ 11 billion. On December 31, net debt stood at about R$ 10 billion and in the first quarter 2020, it was at about R$ 8 billion.

In slide 39 - the trend in our Net Debt. The highlights here are operating cash generation of nearly R$ 1.2 billion, while having a payout of dividends in the period of R$ 940 million, plus acquisitions and investments. Acquisitions involve Novo Estado and investments, mainly Campo Largo II and Gralha Azul. We also have here the impact of accrued interest and monetary restatement. These here are amounts appropriated to the result but still unpaid thus still with no cash effect, and the payment of Income Tax and Social Contribution in the period. The other changes are not so significant.

Here in slide 40, we show our debt profile with concentration of debt maturing over the next three years, a large part of which is of the 4131 loan type, and contracted with an average duration of four years and we also have the partial amortization of the sixth debenture issue. A further concentration between 2026 and 2030 is due basically to amortization of loan agreements with the BNDES.

The other graph shows the composition of the well-balanced investments with most of the short-term debt normally indexed to the CDI and long-term, to three other indices shown here in the graph. We can also see here an expressive drop in nominal cost of leverage thanks to the recent contracting of debt at highly competitive costs.

Slide 41, the evolution of our investments. Here we can see significant investments that we have made over the years and with the prospects for further expressive investments in 2020 and 2021. The investments shown here are mainly those in Campo Largo II and the Gralha Azul

and Novo Estado transmission projects.

With respect to our dividend policy over the last three years, we have been paying out 100% of the Net Income. Initially for fiscal year 2019, and mentioned by Sattamini, we had also received approval for a 100% payout. However, as already mentioned we decided to adopt a prudent stance reducing dividend payout to 57% to give use greater leeway to meet the critical challenges presented by the pandemic. The 57% remaining here corresponds to profits recorded in the first half and interest on shareholders' equity credited at the year-end. So, with this reduction we ended with R$ 950 million in retained earnings.

So, my part was this and we can now clarify eventual doubts.

OPERATOR: Thank you. Ladies and gentlemen, we shall now begin the questions and answers session. To ask a question, please touch asterisk 1 (*1). To withdraw the question from the list, touch asterisk 2 (*2). Our first question comes from Gabriel Francisco of XP Investimentos.

GABRIEL FRANCISCO: Good morning to all and thank you very much for the call – I hope you and your families are well. I have two questions for anyone who wants to reply to them, I believe all may want to reply. The first is the commercial relationship with clients in the Free Market, which, if really the case, please detail a little more where some modification was necessary or of payment flow, or of agreement, or in profile of energy supply. Is expected to produce an impact on results already in the second quarter and later, if you could quantify this. And the second, in terms of capital management, cash and debt management, use of the investments, the Board of Directors approved the Company's participation in the acquisition of the remaining stake in TAG. How will capital management be in the light of this potential disbursement, under which I also believe the Company and its partners, have preemptive rights to the acquisition. These were my doubts. Thank you very much.

EDUARDO SATTAMINI: Hi Chicão, Sattamini, I am going to take your two questions myself For those who do not know, Gabriel Francisco is Chicão, but in relation to Free Market clients, yes we had a reduction in consumption and this has an impact on our flexibility. You know that the Free Market agreements give us flexibility and obviously this flexibility is priced in as an option for the clients and obviously in a situation of crisis, consumption comes in at below contracted amounts. So, we are going to have a shortfall in revenue yes, and this is what has happened, more critical in April, but in May already beginning to recover, in June a little better. There is an impact yes, there is some impact, but our expectation is that this impact is not going to be significant in our numbers. We are not giving guidance to anyone with respect to this, but you are going to see that already in the second quarter of this year, we are going to present some numbers which will not show that there has been large degree of flexibility. Some clients have also been experiencing difficulty and have been consuming below the lower

limit of the agreements, the take or pay type, and in some one-off cases we understand that where there is long-term relationship involved that we need to make some sort of adjustment. We have made, tried to make, this adjustment to be completed within this same year of 2020, and we have been successful in the vast majority of cases that have been presented to us - we have been able to provide a solution through an agreement which is interesting to both parties, without causing any loss, including remuneration for the time in which cash is not taken in by the Company.

However, I would say that the relation has been – obviously, there are some opportunists that try to take advantage, but for these we have adopted a posture which is a little more contractual and legal. But I would say that as a general rule, a good climate of discussion and negotiation prevails within the bounds of reasonableness and respect for agreements. In relation to the management of cash and debt and the question of the acquisition of the remaining 10% in TAG, we have already foreseen this possibility since we began the sale process with Petrobras, of this remaining 10%, fitting this disbursement into our cash flow. We have sufficient cash to settle our participation in this last 10%, which in fact would be about 3.25%.

In addition, TAG itself distributes dividends every six months which should also help the Company bear the cost of the eventual acquisition. This is still pending, since Petrobras still has to make a final decision, for which we are awaiting. I think that in this context I have managed to answer your questions.

GABRIEL FRANCISCO: Perfect, Sattamini, many thanks, you answered yes. Best regards.

EDUARDO SATTAMINI: Likewise.

OPERATOR: Next question is from André Sampaio of Santander.

ANDRÉ SAMPAIO: Good morning, I would like to ask two questions. The first in relation to GSF, if you could give an update as to how this discussion is going at the Legislative level and the second is in relation to the potential for La Niña, taking place before the end of this year – can you give us a little more color as to what you understand could be the impact on the company both with respect to the question of wind as a differential for spot prices between the subsegments. Thank you.

EDUARDO SATTAMINI: Let´s go, the first question, the easier one, is GEFOM, or Generation Outside the Order of Merit and the regulation I would say of the hydrological risk, of the final understanding in relation to hydrological risk, this being an intrinsic part of the GSF. As you know, the project is pending approval in the Senate. The bill is in its final phase, that is it had to be returned to the Senate because of small changes which have nothing to do with the

electricity sector, made by the Lower House. As a result, the matter has to revert to the Senate. The question at the moment involves difficulty of agenda - because of Covid, the Senate is only voting matters relative to Covid. However, we believe that just in the same way as the Regulatory Framework for Sanitation was voted yesterday and aimed at fresh investment in the sanitation area and the resumption of growth post-Covid - a major concern due to the level of commercial activity because of the crisis - in the same way we understand that this bill also reestablishes the regulatory trust for investors in this our segment which is extremely important, namely the electric energy sector.

I am reminded that the players affected are the electricity generators, a large number of which operate not only in generation but also in transmission and distribution. So to establish regulatory security also stimulates investor appetite in new investments in the sector, these probably to be in transmission, the transmission auction which is still to take place before the year-end, guaranteeing also that this sector, so important for the investment in infrastructure of the country, resumes its investments and revives the confidence of its investors. So, we understand that this should be included in the legislative agenda soon. I believe that this convincing of the senators, the collegiate group of leaders of the Senate, I think, has already been maturing for some time, as well as on the part of Senator Marcos Rogério, who is the rapporteur for this Bill in the Senate. So, I believe that a solution is likely to be forthcoming even during the period of Covid still.

On La Niña, we still have not seen any specific tendency. I would not be able to say here at least our people are not indicating a tendency in La Niña at this time. I can check afterwards whether it is because this effect is being felt only very slightly but for the time being I have yet to hear of anything of this tendency.

ANDRÉ SAMPAIO: Perfect, thank you very much. In the case of La Niña, just by way of explanation of the question, in fact it is more as a function of an expectation that may happen still although really we have seen nothing taking place for the time being. Thank you for the reply.

EDUARDO SATTAMINI: Thanks André.

OPERATOR: The next question comes from Carolina Carneiro of Credit Suisse.

CAROLINA CARNEIRO: Good afternoon, everyone. Thank you for the call. I have two questions relating to the market, commercialization. We saw that during this quarter you signed some agreements for a significant amount, above 100 mega for the next few years, apparently, maintaining a good price level and we have seen in the press some announcements of even new agreements being closed in the Free Market, especially for renewable sources,

agreements perhaps small but closely linked to wind energy in the Free Market. And you have various expansions possible in the complexes you are building, precisely for taking advantage of this repressed demand in the Free Market. Could you comment a little on this environment of negotiation when set against a scenario of Covid, whether anything has changed if indeed it seems that this tendency is continuing. And speaking a little of commercialization of these agreements in the first quarter, I don´t know whether this was something very specific, a one off in view of the crisis, or because perhaps there is some appetite in the market for closing new agreements. Thank you.

EDUADO SATTAMINI: Hi Carol, thanks for the question. You have got it right, it is like this, these new sales really have occurred for unconventional renewable sources, principally wind sources, and that in my view and the view of our sales team, this has been happening because of the continued migration of these clients in the regulated market and in the free market and this is generating an opportunity yes for new plants. We ourselves are developing the plant at Santo Agostinho, on the basis of these agreements. And the activity has continued into the second quarter, in a way that for me is quite surprising, we have been seeing an even significantly greater demand in the second quarter than in the first quarter. So yes, I think this is a tendency, I think that this tendency comes from the migration, that this in a certain way may come to aggravate subcontracting of the distributor, which is also a concern we have. We understand that the financial health of the sector is linked to the financial health of all the entities in the chain and that the distributor has to ensure its own existence. So, how is this going to reflect later in regulatory changes that we are going to see, in the discussions on rebalancing that they, the distributors, have been talking about with Aneel? This is an important reason for you not to break up the structure of the sector, not to disrespect agreements, and to understand that this can have an impact on the sector as well

So, we are tracking the regulatory part, we are tracking the commercial part, as I said, we are selling and so on, but also we are tracking the regulatory part to endeavor to have a regulation which is increasingly, I would say, liberal, in the sense of not imposing so many restrictions and I think this is very much in line with the PL 232 bill pending in the Senate. We see this bill with a certain degree of anxiety because therein lie some very important elements as for example the removal of the obligation of the distributors to save energy as well as the reduction in the subsidy for energy sources which are today already competitive such as the eventual bid-ask market as well as a more defined program for market opening.

So, all these things we are looking at favorably. Obviously, there is a concern about how the regulation is to be and effectively how it is to develop. This I would say comes afterwards with the regulation of the law which will eventually be promulgated. But this is part of the regulatory activity of a sector which has a critical importance and one which, due to its own

characteristics, needs to have a regulator, to have a state-sponsored policy.

CAROLINA CARNEIRO: Perfect, thank you very much.

OPERATOR: Reminding you that to ask questions just touch asterisk 1 (*1). Please wait while we collect more questions. Thank you.

CONCLUSION

Operator: We now conclude the questions and answers session. I would like to hand over to Eduardo Sattamini for his final considerations. Please, Sattamini, you can go ahead.

EDUARDO SATTAMINI: I would like to thank you again for the presence of all. I am very happy to always have people that ask us questions. It is an opportunity to clarify as was the case with Gabriel, André and Carol here, veteran analysts, who I know well. I am also pleased that the presentation, I would say, was very complete so as not to raise any doubts. So many thanks to all and until the nest quarter - I hope one with good results and with more clarity for you to understand this crazy year we are living through in 2020. Is that OK? Best regards.

Operator: Thank you. Engie Brasil Energia's conference call is concluded. We thank the participation of all, and we wish you a good afternoon. And thank you for using Voitel.