ENGIE BRASIL ENERGIA S.A.

SCRIPT OF THE CONFERENCE CALL WITH WEBCAST
RESULTS FOR THE SECOND QUARTER 2019
August 07, 2019 – 11:00 a.m. (BRASÍLIA TIME)

Operator: Good morning. This is the conference call of ENGIE Brasil Energia where we shall discuss the results for the second quarter 2019. 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 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 Officer and Chief Financial and Investor Relations Officer of ENGIE Brasil Energia and **Rafael Bósio**, Investor Relations Manager, both of whom will comment on the performance of ENGIE Brasil Energia in the second quarter 2019. 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 area.

I will now turn the call over to **Eduardo Sattamini**. Please go ahead.

EDUARDO SATTAMINI: Good morning everyone. Once more it is a pleasure to be here with you to present the results for the second quarter 2019.

The first thing I would like to tell you, ladies and gentlemen, is that as from August 15, I will be ceasing to accumulate the position of Chief Financial Officer. At yesterday's Board meeting, we received approval for the nomination of Marcelo Malta. Malta is a professional who has already been working with us for many years and who besides being accounts manager, performed functions as a director of some of our subsidiaries and partners, as for example, Itasa, as well as being president of the Board of our pension fund, PREVIG - a professional of high caliber and who is also going to assist me in this function. This will reduce the work load on me, giving me the opportunity to focus on the principal businesses of the Company. I will continue to retain the position of Investor Relations Officer, a group strategy designed to maintain the information and relationship of the Company at the highest level.

Very well, let's talk a little about results. The results for this quarter underscore the maxim that we have been saying for a long time that as far as we are concerned a quarter-on-quarter, year-on-year comparison which the market requires of us, is not the best way to analyze results. When we look at the second quarter 2019 and compare it with the second quarter 2018, we can see a significant fall in Ebitda and in net income, occasioned by the different strategy of generation allocation in these two years as well as variations in Price Differences Settlement (PLD). PLD levels also affected thermoelectric dispatch as well as non-recurring items in 2018, both of which boosted results in that period. Furthermore, there was the impact of TAG in the 18 days of ownership in the quarter when the asset generated some income but more than offset by all the expenses relative to the transaction being debited in the same quarter. Thus, we had a series of effects which contributed to a very large decline, although when we look at the first half of the year as a whole, we see that this fall was not so accentuated after all. And principally when we exclude non-recurring items.

So let's begin with sales. Our sales were a little higher in the quarter, mainly due to our trading activity. Activities from trading made a contribution of nearly R$ 190 million to operating revenue when compared with revenues from trading in the same period last year. There was also a decline in revenue as a result of settlements in the short-term market across the CCEE, a reflection of a reduced long position in this second quarter in relation to the same period last year.

But there were also some positive factors at play such as the 4.8% increase in average prices. We also had some components involving the consolidation of our distributed solar generation company, contributing a payment of R$ 23 million to this quarter's revenues.

Just to give you an idea, average PLD in the second quarter of 2018 was R$ 302.68 against R$ 131.37 in the second quarter of 2019. This is to say, on average, not a PLD which would justify generation by merit of any of our thermoelectric power plants. We even got to the point in April/May of generating secondary energy as well as having PLD at its floor for some weeks in the second quarter.

As for Ebitda, there was a decrease of 3.7%, although in the first half as a whole there was a small increase. And here, when we talk of a "small increase" in the first half, I mean an increase when the non-recurring effects are excluded. Ebitda would have been 4 or 5% higher if we take away the R$ 70 million of non-recurring items involving receivables from insurance claims in the second quarter of 2018. And if for example, we take away the negative contribution of TAG of R$ 28 million in this second quarter 2019, then comparing first half years and excluding non-recurring items, we would have seen an approximately 4 or 4.5% growth in Ebitda.

The same effect applies to net income although not enough to reverse the decline, because we also had a significant hike in net debt. We can see that the net debt of the second quarter of 2018 was R$ 6.2 billion and in the second quarter 2019, R$ 11,4 billion. So while you had lower inflation, lower rates of interest, amounts of debt more than doubled and consequently, we had higher financial expenses. The major part of these financial expenses are the result of investments which have yet to make any significant contribution. An example of these investments is TAG, which contributed 18 days of income only, of wealth. And another is Umburanas, which we have just finished, finalizing the construction at the end of the month of April and without the contribution from this generator complex in its entirety in the quarter's results.

In other words, we had an increase in debt which has still to feed through to the Company's results. It is natural in the investment cycle of a company which is growing, and investing, to take advantage of the opportunities that arise, to also take advantage to leverage a little more. We had a low level of capital efficiency and very low debt, and now we are reaching debt amounts we consider to be at cruising speed level. At these levels today, we have reached an ideal level for servicing debt and having a more efficient capital structure. This does not mean that we cannot continue growing. We are going to find ways of maintaining growth, yes – the opportunities are there in the market to be harnessed. We hope to receive good news by the year-end as to new projects such as the Campo Largo II project, which we have already decided to begin and for the supply of the free market. There may be other eventual M&A opportunities as well.

Moving on to slide 6 on the highlights of the quarter. We have already talked about the issue of TAG, which was closed on the June 13, the Company taking a stake of 29.25% in TAG. This stake is an indirect one through a direct stake in Transportadora Aliança, in which we have a partnership with CDPQ and with Engie Paris.

Another important event was also recorded in this second quarter of 2019. Commercial operations began on June 28 at the Pampa Sul Plant. This involves the addition of a further 345 megawatts of installed capacity to our generator complex and currently operating to supply agreements which came into effect on July 1.

I would remind you that due to the delay in completing the plant, we renegotiated the PPAs with the regulated market - in the first half in the case of most of the agreements - managing to bilaterally negotiate and cancel them. And so now as from July 1, 2019, we are now implementing these agreements, guaranteeing fixed revenue and variable revenue flows in accordance with generation levels.

Also in July on the 15th as a subsequent event, we concluded the 9th issue of simple infrastructure debentures. This was the largest issue of incentivized debentures ever made in Brazil. The issue amounted to R$ 1.6 billion, and we achieved some efficiency on the placement, something around 15 to 20 bps of efficiency. In an issue of this size, we see this as a major victory and I would say that we have never raised resources so cheaply as these resources which as a component part of our business plan, made absolute sense.

Besides this, in slide 7 we have another highlight which was the closing of a partnership with L'Oréal which is now to use clean energy from our Trairí Wind Complex at all its units in Brazil. This is the way towards energy transition that we aim to follow and obviously in the direction of decarbonizing our clients. This is the Company's vision of reducing the carbon footprint of our clients in various forms through the generation of clean energy, certificates of clean development. This is the way that today we are positioning ourselves as an agent which adds value and decarbonizes the operation of our clients.

In slide 9, we have… the only change would be the inclusion of TAG, where, as already mentioned, we have now taken a stake of 32.5% in Transportadora Aliança, which holds 90% of TAG. The remaining 10% has been retained by Petrobras, but which has already expressed an interest in selling and probably we shall be examining this opportunity in the next few months as soon as the decision to divest is made.

In Slide 10, there is a small change in our presentation. Now we have various lines of business. So in the area of generation, which was our leading business and still is our principal business, we have reached 60 plants in operation with an 8.7 gigawatt capacity. This is where we were on June 30, already incorporating Pampa Sul and also the remainder of the Umburanas plants, which went into commercial operations during the quarter.

In the transmission line area, we have Gralha Azul Line with one thousand kilometers of line and an additional five substations, about which we shall speak later on. In the distributed solar business we have 2,199 installed systems with a capacity of 28,273 kilowatt-peak (kWp). This is an activity which has reported significant growth and where we have increasingly concentrated on the B2B market, and increasingly less on the residential market, penetrating the commercial market via agencies and representatives. The B2B market is our focus based on long-term agreements.

On the right hand side of this slide, we touch on our energy matrix. This is a matrix where the participation of thermoelectricity has increased due to Pampa, although not forgetting that Pampa and Jorge Lacerda are assets where we have expressed a wish to sell as part of the Group's strategy of exiting coal. At Jorge Lacerda, the process is already well advanced, negotiating with potential buyers details of allocation of risk so that we can close this operation before year-end 2019. This is our intention. In Pampa's case, we had paralyzed the sale process until the plant went into commercial operations. With the entry into commercial operations now, we should resume the process although such a process obviously takes time, the preparation, a non-binding offer, signature of the confidentiality contracts, confidentiality agreement, disclosure of information, a non-binding price offer, evaluation of the offer, before we get to the closing stage. Therefore, we imagine that we will have this process up and running in the second half of this year with a potential closing in the first half of next year. This is our idea.

Moving on to the next slide, 11 and some historical background data on the generation part. So, installed capacity has grown 134% since the privatization of Gerasul back in 98, in other words, a company which since then has just grown continuously and grown more strongly still over the past three years, leveraging the opportunities which have come up. Also with a significant return there, an investment with a significant return, in 2017 and 2018, when we had high rates of interest, and obviously, this contributed to the long term return from the projects we embarked on at that time.

And in the bottom portion, we show our position as market leader with investments still to mature. And here in the green bit we show 1.9 of growth in capacity, we have Campo Largo with 360 megawatts of capacity as well as Jirau, which still has potential to bring additional capacity at some future point in time to EBE. This process has been mothballed until we are able to see more clearly the way ahead and manage to solve the structural problems of the

project, which are being sorted out, debt negotiations with the BNDES, changes in profile and operations at a constant reservoir level. Thus all are things which are being worked on to improve the project, are being worked on by the controlling company so that we can absorb the project into EBE with fewer problems.

In this context also we have had the already announced departure of Edson Silva, who is our Chief Regulation Officer. As from October 1, he will be assuming the position of CEO at Energia Sustentável do Brasil, the company which built and operates Jirau, and to be replaced as from October 1 also by a professional who has made his career here - Marcos Keller. This was the other change of the three changes on the Management Board, announced yesterday. This is to take place right at the beginning of October, but is important because this is a person who has already had many years in the market, the competence to sort out regulatory problems and a capable negotiator so that we can improve this project and endeavor shortly to insert it in the smoothest possible way into Engie Brasil Energia's portfolio.

We increased our market share from 6.3% to 6.6% in the second quarter with new capacity both in wind generation as well as thermal (Pampa).

In the next slide, we discuss a little about TAG. We have already presented the characteristics of the company to you, but here it is important to mention that today in partnership with Engie S/A, Paris, with CDPQ, we are working on the transition process right now with various professionals also drawn from Engie Brasil in relation to the administration of TAG. Gustavo Labanca, who was our Chief Business Development Officer, has been made CEO of the Company, making this the third change we have had in our Management Board. Guilherme Ferrari, who was our business development manager has now taken over the Chief Business Development Officer's slot and will now be responsible not only for business development but also the part of strategy and innovation. We have combined these two areas into one so that innovation is at the service of new businesses and we can use innovation as an element to drive our business development.

In slide 13, important here to mention that there is an average maturity of the TAG agreements of approximately 12 years, that is a 12-year agreement with Petrobras. With the expiry of contracts over the next 12 years, fresh agreements at regulated prices will come into effect, the business being a natural monopoly and a regulated activity. Thus, at the appropriate moment new tariffs will be negotiated based on the usage of the gas pipelines and of course the required return on the asset base plus OPEX and depreciation. So this is an activity which also is long lasting and I believe is going to give us greater predictability in dividend flow.

In slide 14, transmission. Here there is not much which is new, the only novelty here is that we won Gralha Azul and that we are developing this project and all according to the normal work schedule. There may be a degree of anticipation with the issue of the preliminary license which in turn may allow anticipation of the installation offer and with this beginning construction a little earlier, gaining a little more comfort with importation or eventually generating a possible anticipation over and above the anticipation already forecasted in the business plan. We have already mentioned distributed solar generation. This is still an incipient business we are developing and we are conscious that we are still searching for the right model here. We have already discovered the way for much better penetration by operating in the B2B market through long-term relationships, on a BOO or BOT basis. This has been our strategy in relation to Distributed Solar.

Let's go on to slide 17, which is where we discuss the energy market. So we have been emphasizing mainly the question of an excess supply which is a function of hydrology, although this will normalize. And to the extent that you have economic growth, in a way, we have been lucky that the country has not been growing. If Brazil had been growing, probably we would be experiencing much greater energy restrictions than we are in reality. On the right hand side of the slide, we see the volatility in PLD. If we look at it on an intra-year basis, we hit the price ceiling in February and plumbed the price floor in April. So I mean these are things which are going to give an adequate signal of price as a function of hydrology although perhaps they are things to be part of a discussion on how to calibrate this so that this volatility is not so great in future.

Moving on to slide 19, we always talk about our balanced portfolio, continuing here more or less on the basis of 60% - 40%, between the free market and the regulated market. And here it is important that we place an increasingly greater focus on the growth of our free client base. If you look at the foot of the slide, you can see that we had a growth of 66% in the number of free customers between the second quarter 2018 and the second quarter of 2019, and here we are talking about clients in an economic group not about units. When we talk about units, this growth is much greater still. And this is already a curtain raiser for a market which is going to be much more dispersed than one may imagine and to go hand in hand with the regulatory changes which are pending the voting of PL 1917 in Congress.

In slide 20, when you speak of an increase in the free market you are creating a larger market which is to become increasingly more important. In this context, you need to think about how we can protect ourselves from a systemic problem. So we have adopted as a strategy, to be diversified across market segments, segments of the economy, without a major concentration. Today our largest concentration is in rubber and plastic and then steel-making, cement and so on. But we have already seen higher concentrations in the cement business. Cement went as high as 15% of our portfolio although we seek to administer such concentrations, to compose the portfolio in the most diversified way

possible in order to avoid systemic risk. And also on the other hand, we adopt a process of credit analysis, principally with large clients, a much more sophisticated analysis where we enjoy guarantee rights, counterparty rights, etc., leaving us confident that there is no risk of significant default. In fact, the only default situation that we have is short-term market defaults. We have that volume of resources here and when we go long in the short-term market in the CCEE, we wait to be paid or when we go short at any time, consume our credits. This problem is well on the way to being solved through the GSF solution, which has already passed through the Lower House and is now with the Senate. This should unlock the market from the moment in which, to benefit from generation outside the order of merit, a credit will be generated in favor of the hydroelectric generators which will then be converted into an extension of the concession period. In this context, the companies with court injunctions will have to desist from proceeding with these injunctions, pay their debts and with this you should see the short-term market regularized. Our expectation is that this will all come to fruition during the course of the second half and that we can begin 2020 already with a different scenario and with it the disappearance of short-term delinquency, thus restoring the normality we had in the past.

Going onto slide 21, commercialization strategy. As you know we have a strategy of contracting energy little by little for the following years. Currently, we have a larger energy volume than 2020, 2020 and 2021, and today I would say that we are already over-contracted or contracted up to the maximum limit. We always have to leave a little energy for these next few years, if only because we still do not have a totally regularized hydrological system: the reservoirs are recovering but the hydrology is still uncertain. Because of the GSF, we need to have a reasonable volume of uncontracted energy.

So as we have already done, within the next few years when we consider that we have already reached the limit, we will do the purchasing and formation of products also through the use of short-term third party energy.

OK, the energy balance we always glance at rapidly and move on. It is one more instrument for analysis in the modeling of the Company.

With expansion, we have already spoken of Jirau about our intention to transfer it when the asset is mature, with its problems relatively resolved, when there is less uncertainty, in order not to depreciate the asset and not to introduce uncertainty into the Company.

In slide 26, let's look at Campo Largo phase 2. We have taken the decision to begin construction. We have begun construction now at the end of June, with the first installation licenses, and we are now involved with the topographic part, drillings and brush clearance, the internal accesses and assembly areas. The photograph which you see here is of the access to the first assembly area.

In slide 27, transmission lines, the news here is that we have the issuance of the preliminary license for the Ponta Grossa substation. It is one of the main components in the transmission system that is being installed in the state of Paraná. We are awaiting a definition of the conditions precedent, with the issue of an installation license expected in the next two months. So we expect to have this license by the end of the month of September.

And here with projects under development there is little that is new here. We continue with our photovoltaic plants up there in Rio Grande do Norte, where we have Santo Agostinho Project, where we are attempting to work to develop for the free market similarly to what we did with Campo Largo, phase 2. We also have Umburanas, phase 2 and Campo Largo phase 3. That is to say that we have in the region of nearly 1,500 megawatts of installed renewable energy as an addition to the generating complex. And there is also Norte-Catarinense, with an installed capacity of 600 megawatts, which we are attempting to develop as a viable project with an LNG terminal together with Golar Power, which incidentally, is registered for this A-6 auction scheduled to take place at the end of the year.

With financial performance, as we have already talked about the big picture as far as the major financial amounts are concerned and involving operating revenue and profitability, I will now go on to the detailing part so that we can speak about the key items affecting the numbers.

We have already spoken of the net operating revenue and the trading operation, the latter generating nearly R$ 190 million more than the preceding quarter. We had R$ 51 million with a 4.8% increase in average price. The solar panels business which we have already touched on as well, generated R$ 23 million. Transmission construction revenue is already being recognized in the accounts, in the quarter this amounting to R$ 22 million. Later we will see that in parallel this is linked to the cost we have incurred. So in fact, net-net, it comes out as a small margin, something around 2 decimal point and a bit percent. Effectively, transmission will only begin to generate a significant result from the moment it goes into operation.

In the short-term market, on the CCEE we recorded a decline of R$ 115 million, mainly due to a reduction in PLD, GSF, and seasonal weighting, the Company carrying a lower long position this quarter than the same quarter last year. We had non-recurring revenue from

the indemnification of a claim of R$ 70 million in the second quarter 2018, which we have already mentioned and clearly we did not have the same non-recurring revenue this quarter. There was a 4.1% reduction in sales volume, reflecting the reduction in consumption of our clients and in turn due to the failure of the economy to recover. Our hope is that the situation will improve over the next few months, that stagnation will be reversed and a more optimistic outlook on the part of Brazilian businessmen and the consumer will emerge so that the economy resumes growth and we can enter a virtuous growth cycle.

We had a reduction of R$ 16 million in revenue from Jaguara and Miranda, principally due to the reduction in remuneration on the financial asset, and in turn reflecting lower inflation given the IPCA component in this remuneration. This is the way also that the financial asset is booked for these hydroelectric plants, the concession for which dates from 2017. So you have an asset which is remunerated at the IPCA with inflation lower than the IPCA in the second quarter of 2019 in relation to the same quarter 2018. So this is what comprises this 2% of growth in our revenue. Moving on to Ebitda, we have a reduction of purchases for portfolio management which is giving us here R$ 88 million, but we are going to have an increase in purchases as a function of our short-term pressure, represented here by this R$ 147 million negative. We have already spoken about average price, so some of these components here have already been touched on previously.

So I think these are the two key factors at play, the R$ 147 million less in the Ebitda result as a function of the short-term market, and these R$ 88 million reduction in purchases for managing the portfolio. So you have a reduction of 14% in the Ebitda due to these various elements listed here in slide 32.

Moving on to slide 33 for net income. So the reduction in net income implies a reduction in tax which is a positive component. There were no provisions for impairment, which were made for William Arjona back in the second quarter 2018. But on the other hand, we had the impact in the Ebitda in function of the various elements of which we have spoken, namely GSF, energy allocation, a lower PLD, etc. The financial result was significantly lower due to an increase in interest and monetary restatement on debt – which was increased to finance investments which have still to mature.

And up to the current time, depreciation and amortization as a function of the startup in operations of Campo Largo I, last year, beginning operations in the second half of 2018 and Umburanas, which began operations this year. As a result, net income fell from R$ 589 million to R$ 385 million.

On the matter of financial indicators, perhaps the thing here is to highlight in slide 34, the question of the second quarter 2019 indicating a return on invested capital falling to 17.5%.

Because also the debt as we have already said, is more of the same. Debt is part of our invested capital, but still without a corresponding result and with the integral impact of making these investments. Here there will be a recovery over the next few months when we shall be completing a full year since these acquisitions were made, and this indicator is fully restored to normal levels.

Going onto debt, the Company currently has a net debt/Ebitda ratio of 2.6x. We should also have a reduction for the same reason. As soon as the investments that were made are recognized in the Ebitda, this ratio should be restored to what we always talk about as an equilibrium between a 2 and a 2.5x ratio over the long term. We believe this to be the ideal debt ratio for the Company long term, allowing us to continue investing when these investments begin to give us a return and the ratio declines again. So our idea is to keep between this 2.5 and a maximum of 3x of net debt/Ebitda, and always administering within this range, which we believe to be the optimal capital structure, using our own capital and third party capital in a balanced way and without pressuring our credit ratings and maintaining our competitive advantage as an AAA-rated company. This is our strategy.

In relation to net debt, basically impacted by the injection of capital in TAG, but obviously offset by the operational structure, in slide 37 we have a major concentration at the end of the quarter in 2020. This has already been partially resolved by the issue of debentures which we have mentioned. So the debentures issued for a duration of 7 and 10 years will cover the R$ 3 billion which we have here and part of the bridge loan we obtained from the banks for funding the acquisition of TAG. Thus, a part of this concentration of leverage shown here in 2020 is going to disappear, and we are going to reduce debt in 2020 by something in the region of R$ 1.4 billion

Cash flow normal, comfortable and you can see that from the Company's very robust cash generation. In 2022, we will still have a portion of the 4131 loan, which in all probability will also be normalized in future years. We present no risk, our credit is very good, there is no risk of refinancing, so we can continue to amortize and service our debt as we generate cash, that is always taking into account our commitment to distribute dividends, about which we shall discuss later.

In slide 38, we discuss our investments. Here we see a large volume of investments made over the past three years: R$ 5.5 billion in 2017, R$ 3.4 billion in 2018, R$ 5.5 billion in 2019, and a continuing high level in 2020, R$ 2.6 billion. That is to say, we have a large investment volume, maximizing this opportunity to leverage the Company and a low interest environment to capture the opportunities.

Moving on to slide 39, on dividends where over the past few years, we have been paying out 100%. Our policy is to pay the maximum possible with periods where we reduce the distribution due to some kind of external threat such as in 2014 and 2015 with the financial crisis, impeachment, etc., or when we made investments such as was the case in 2008, 2009, 2010, when we acquired São Salvador, then Estreito. Ponte de Pedra was also in this period and as a result these were periods when we also reduced our dividends. However, always maintaining our minimum payout of 55% of adjusted net income, adjusted in function of the IFRS, which we had to adopt in 2011. So this has been our philosophy.

We decided not to declare dividends now in the second quarter since we shall be paying complementary dividends for fiscal year 2018 in September and we saw no reason to decide on dividends at present. Today we have a market opportunity which could materialize and meanwhile we can use the additional time to develop a convincing dividend distribution strategy for 2019.

This is the message we have for you and we are now available for questions and answers.

BEGINNING OF THE QUESTIONS AND ANSWERS SESSION

OPERATOR: Ladies and gentlemen, we shall 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 TIAGO SILVA of SANTANDER.

TIAGO, please go ahead.

THIAGO SILVA: Good morning to all. Thanks for the call. I have two questions. The first is in relation to growth. We have seen the company in the past two or three years changing the focus of growth or complementing growth first in the transmission part – which was an agreeable surprise – and then recently, TAG with an expansion into gas. I would like to know what you are aiming at. Sattamini commented well at the outset of the presentation that you are going to have good news before the year-end in the area of organic growth. But I would like to know more about inorganic growth, more especially M&A, taking advantage of market conditions as they are now, be it in gas, now with the pre-salt auction, be it for another energy source, if it is in the generation area. My question is rather to know also in which direction the company is growing. And my second question, returning a little to this question of dividends, we noted that really the discussion on dividends, the interim dividend for the first half of the year was withdrawn from the agenda. Could you give a little more background details as to any discussion on a change in strategy on the distribution of dividends in the light of this growth. Thank you.

EDUARDO SATTAMINI: No, no change in strategy… I'll begin with the easiest part. There is no change in the strategy for distributing dividends. We have always said this is between the 55%, which we consider to be a good payout, and which is part and parcel of our declared thinking of many years, and the 100%, where we distribute the full amount which is when we have a favorable environment for distribution without putting the Company's soundness at risk in the light of any eventual investment opportunities that may arise. So all we did was to postpone the process so that we could analyze the opportunities we see ahead - should they arise. As to the opportunities, in 2017, we took the decision to invest in transmission, that is, ceasing to be a pure generator to try and invest in other energy infrastructural segments. In other words, this was a decision taken at a given point in time when we visualized very limited perspectives for profitable development in generation and we understood that if we had a more diversified activity within the scope of energy infrastructure, the opportunities would appear in one way or the other whether in one segment or another. It was then that transmission came up, and afterwards, opportunities in generation did reappear through the development of the free market, and now recently in the gas market an opportunity emerged also related to energy infrastructure. We try to keep focused on this energy infrastructure segment with an activity which is a little more diversified between the subsegments. So as for these investment possibilities over the coming years, we are going to look for opportunities in the three segments for the time being, that is in gas infrastructure, transmission infrastructure and generation infrastructure. And we have projects involving various opportunities, various opportunities in this segment. So the choice will eventually have to be made as to the best allocation as part of this strategy.

TIAGO SILVA: That's excellent. Thanks.

OPERATOR/A: REMINDING YOU THAT TO ASK QUESTIONS JUST TOUCH ASTERISK 1 (*1). PLEASE WAIT WHILE WE COLLECT THE QUESTIONS. AND OUR NEXT QUESTION COMES FROM MARIA CAROLINA CARNEIRO OF CREDIT SUISSE. PLEASE GO AHEAD MARIA CAROLINA.

MARIA CAROLINA: Hi, good morning everyone. And thanks for the call. Two questions. The first on TAG. I would like you to comment – even if we do not have too much detail – on those changes in the gas market, which you think can have an impact on TAG, and even on your own market in the light of the information we have up to now on the modifications suggested by the government. And the second question is about Jirau, which is to know if you have any update on the transfer process. Thanks.

EDUARDO SATTAMINI: Hi Carol. Sattamini here. So to the first question on TAG. Our view is a very optimistic one in relation to the changes which are being proposed. We are looking at a market where Petrobras has a monopoly, and if at the very beginning a monopoly was necessary to constitute the market, it has since been an impediment for growth in this market if only because of the capacity of investment of a single player and because the diversity of the business in which it was operating. But the moment you remove this monopoly and you make the market more competitive and what you expect to see is a significant growth in the gas market, in its output, in volumes consumed, in the cheapening of gas. Consequently, gas infrastructure becomes more important and the opportunities are going to emerge through investment in gas pipelines themselves which we are operating, new entry points, new compression equipment, entry substations and delivery substations. So you have a series of add-ons, thanks to this greater dynamism in the gas market. And our significant presence in this segment is going to allow us, that is the natural operator of these regulated assets, to acquire new infrastructural capacity, enabling us to leverage our position. So, in our view, it is extremely positive that we understand that in Brazil, there is a tradition of respect for agreements and that we have signed agreements for a given period. And after that we shall have a regulated activity, which is going to take into consideration an adequate return and so on just as with a normal activity with which we are accustomed involving energy transmission by the transmitters and by the distributors of electric energy. In a regulated activity, you take into consideration the asset base, regulatory return, operational costs. It is our belief that we have much to add in terms of efficiency of these systems and with this to be able to achieve adequate returns for the risk of this activity. So, volume is going to guarantee longevity and this in turn is going to ensure new opportunities. So that was the first part of the question. The second part of the question is in relation to Jirau. As I already commented, Jirau continues suffering on account of GSF, as is the case with all hydroelectric plants, with difficulties in responding to this because of its contracted volumes. Jirau is obliged to contract to assure the BNDES of a level of contraction which guarantees a higher degree of leverage and this obviously has an impact on cash so that the company continues to depend on injections from the shareholders. And there is a series of other elements which are being discussed with the government to improve the operation such as for example operations at a constant quota level, so translating into a greater assured volume of energy for the plant and as with other operations also raising the issue of unharnessed energy due to insufficient transmission line capacity. There are various things which we are discussing within the regulatory environment which should shed a little more light and stability on the cash flow for the project. And with this for sure

we will renew the discussions. Today, we even have Itaú hired, contracting them if I am not mistaken in the middle of 2017, but I think it was in the middle of 2017. But due to the GSF problem worsening in this period, we preferred to hold off a little in order to not bring this uncertainty into our listed company. In this way, always leave the uncertainty to be handled by the controlling company, and at the appropriate time resume discussions with the company and the minority shareholders as to the value of the asset. So while the situation continues unchanged without a solution to the majority part of the problems and while we do not have a greater comfort level for incorporating this asset, we are not going to take any action in this direction.

MARIA CAROLINA: That's OK. Thank you very much.

OPERATOR/A:.ONCE MORE I WOULD LIKE TO REMIND YOU THAT TO ASK A QUESTION, JUST TOUCH ASTERISK 1(*1). PLEASE WAIT WHILE WE COLLECT MORE QUESTIONS.

FINAL CONSIERATIONS

Operator: We now conclude the questions and answers session. I would like to ask **Eduardo Sattamini** to make some final considerations. Please Mr. **Sattamini** you may go ahead...

EDUARDO SATTAMINI: I would like to thank you for participating in the call. We have a very large number of investors and analysts known to us and we do track the list of people and the questions. I would like to also thank Thiago and Carol for their questions. We normally try during the presentation to answer a good part of the questions which are posed to us during the quarter so that we can provide clarifications not just for some but for all these questions which are asked. We are here at your disposal. In the next quarter we shall be here again and I hope that Malta will also take part with us then, explaining the financial part a little more while I will cover more the strategic part, focusing on our business. Thank you everyone and good afternoon.

CONCLUSION

Operator: The conference call of ENGIE Brasil Energia is now concluded. We thank the participation of all and have a good afternoon. And thank for using Voitel.