ENGIE BRASIL ENERGIA S.A.

SCRIPT OF THE CONFERENCE CALL WITH WEBCAST
RESULTS FOR THE SECOND QUARTER 2020
JULY 31, 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 second 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 second 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. And once again with you to report on a quarter demonstrating the capacity of the Company's management to guarantee good results and overcome difficulties. This was a quarter dominated by the impact of Covid-19 on the Brazilian economy but which with the competence and capacity of our managers here we were successful in achieving a very satisfactory result. Clearly, Covid had its impact on our operation as you will see later on, but the result represents the Company's capacity and

resilience as well as the growth strategy implemented back in 2016 with an increase in our debt on the one hand but also profitable investments and now producing results, on the other.

So, let's begin by talking about slide 05, page 05, on the question of net operating revenues where we had a 23.4% increase. This increase is due to some organic elements, increases in average prices and in volumes. But there are also some nonrecurring components, which have already been indicated to the market and by the analysts. We had R$ 80 million due to the reimbursement of tax credits, besides which we had a small nonrecurring item involving the issue of indemnifications recovered from an insurance claim as well as revenues from contractual fines. But this also reflects our management activity, and activity which brings resilience to our results.

In relation to Ebitda, we saw an increase of 36.1%, and here I think we should highlight TAG's contribution. If we compare quarter by quarter, TAG contributed R$ 188 million of these R$ 1.431 billion, a significant contribution indicative of how the investment in TAG is profitable and is bringing considerable value to our Company. And this amount should grow over time with the reduction of the debt in TAG, in the SPC, in the investee company, improving Ebitda even more in the next few quarters.

We saw an important impact here from the decline in inflation on our financial result and this has meant that our net income has been affected positively by this decline in monetary restatement of our debts, in the monetary restatement of our concessions payable. And also the decline in interest rates contributing so that our financial expenses are also lower. Consequently, we reached a growth in net income in relation to the second quarter 2019 of nearly 100%, 98.7% in fact. There are some important factors here that need highlighting as we have said, not just TAG, but we also had the effective startup of Pampa. Pampa also contributed to this second quarter. And the contribution from this operation was a little more generous in the second quarter of 2020 than in the second quarter of 2019.

Continuing on slide 05 as well, it's important to highlight the question of the reduction in net debt thanks to the Company's cash generation. On the negative side, we also had much lower electric energy output due to the hydrological crisis in southern Brazil where a good number of our hydroelectric plants are located. Just to give you an idea, our hydroelectric plants produced 60% less than the same quarter last year. The thermoelectric plants partially compensated for this, production from thermal sources increasing by about 10%, but overall, our power output was 50% of the energy production that we registered in the same quarter in 2019.

It is worth remembering that this energy production, or a large part of it, is linked to the hydroelectric plants and they do not represent a loss or gain in revenue when we generate energy in excess. Why? Because we have a mechanism for reallocating energy which protects all the system's hydro plants from the hydrological risk. So specifically, this year we are benefiting from this type of insurance in the light of the low hydrology in the south and receiving energy from the other plants in the system elsewhere. In other years, normally we would have the opposite situation where we end up producing more and ceding this energy to other plants in the system.

Another point also is that our headcount has been on the increase, a natural increase this. In this period from 2019 to 2020, we had the full entry into operations in the second quarter of 2019 of the Umburanas Complex, we saw the startup of the Pampa operation and we have three large projects under construction. And you can also see here how we increased the number of employees in projects under construction. We will talk about it later, but we have Campo Largo II, a wind complex in Bahia, a continuation of our wind farm cluster in upstate Bahia, and we have Gralha Azul, a transmission line project most of it still concentrated in the state of Paraná. We also have Novo Estado, a transmission operation between the states of Tocantins and Pará, and recently acquired and already with construction at full speed ahead.

Let's move on to the next slide. On the question of highlights, we decided to underscore those applying to Covid-19, despite extensively covering this aspect in the last quarter. As you know, we ended up reporting on the first quarter 2020 in June, just a month ago. Important to say that we saw a very strong effect on load, and this in turn affected the GSF, to the disadvantage of the plants in the MRE. Currently, the plants that provide a compensating element to the system are the hydroelectric plants, when you have a load today it is being supplied by the intermittent generators, wind, solar and after that you have the flexibility of the thermal power plants, many of the thermals have flexibility. And in this respect that this variation is manifested in the hydro plants. This is a flexibility which the hydroelectric plants have and which we are discussing with the government on a service which the hydro plants provide to the system but which currently goes unremunerated and ends up disadvantaging them because they have less energy which is contracted. When a situation such as this one arises with a drop in demand, the plant ceases to generate but without any form of remuneration for being on standby, for the flexibility they lend to the system.

The damage has not been great this quarter because the PLD turned out to be low and indeed we were down to a minimum PLD in April, then a PLD of about R$ 70 per MWh in May, something around R$ 110, R$ 115 in June. Or in other words, on average we had a PLD close to R$ 100, that is to say, a PLD which did not have any serious effect on us, perhaps R$ 90 per MWh was the average PLD. R$ 85, sorry, I worked it out quickly here in my head and this is the number I came to...

Very well, another thing, we had an average reduction of 7.8% in consumption bearing in mind that we had take-or-pay agreements, so this consumption represented just a decrease of 5.5% of energy billed to the clients. This had some impact on our billings. But as you can see, the impact was modest. We were successful in renegotiating some billings with clients, providing some form of relief for those experiencing more critical liquidity problems. And in the end we arrived at a situation which neither affected our clients untowardly, attending their needs, nor affecting the result of the Company.

Well, we made some significant investments for protecting our employees, the surrounding community in which we carry on our business, and with this we feel confident with the way the operation is running. Ok, we have had to make some changes in our operational regime, we have had some plants go into confinement to safeguard the health of our operators but all this while maintaining operations without any problems.

In the table on the right, we are reiterating the measures we adopted. We saw the generalized adoption of remote working, what we call home office working, changes in shift working as we have already had cause to comment, the use of rapid tests to guarantee the health of our employees as well as our subcontracted and outsourced people, hygiene protocols. As we have already said, we undertook major renegotiations of payment terms to alleviate the cash position of some of our clients. On a selective basis, we sat down with those that had been worst impacted with their operations paralyzed. So, there was 273 average MW of energy contracted. Or put another way, if we look at our free energy portfolio it was nearly 10% of the total volume sold in the free market. And we took action to contain defaults and to maintain these doubtful debts at historical levels.

So, to give you an idea, we had some minor defaulting stress at the beginning of the quarter back in April when we renegotiated and adjusted amounts. And by the end of June, default levels had returned to historic ones, or about 1% or 2%. And that level of default is not a permanent level of default.Rather it is the client that has some cash difficulty, leaves the monthly bill unpaid because he also needs to window dress his balance sheet a little and show a more favorable indicator at the time and then the following month, settle his debt.

Moving on to the next slide, we continue to look at the highlights in slide 7 where we show the acquisition of the remaining shareholding stake in TAG, still in the hands of Petrobras, our own stake moving up from 29.75% to 32,50%. Sorry, 29.25% to 32.50%, and this is going to be reflected later in the third quarter by an increased contribution from TAG. We also reported highly effective commercial activity during the quarter, selling energy still at average prices very close to those of our portfolio, R$ 190.00 per MWh. And we sold about 100 average MW between 2021 and 2022, and over 150 average MW from 2023 to 2025. Clearly, as our portfolio is more sold in the short term, practically all sold in the short term in 2021, 2022, our commercial activity is favoring agreements with terms a little further out, 2023, 2024 and 2025 where we have larger volumes than over the next two years, 2021 and 2022.

We approved with the Board, an interim dividend payout of 55% of the distributable net income, a total volume of about R$ 678 million. And we adopted a conservative posture in respect to dividend distribution. Today we are in the middle of an investment program worth R$ 7 billion between 2020 and 2021, involving those projects which I mentioned to you, Campo Largo, Gralha Azul and Novo Estado. So, it's a conservative decision but one which we can reanalyze a little later if the cash situation, the situation of the country, the situation of the economy returns to normal, OK? This is still not a final payout decision for the year 2020. Rather it is indicative of our normally conservative posture in relation to the management of the Company's cash and liquidity.

In slide 08, we discuss a little more about a product which we are launching. We are in the process of greatly dynamizing our commercial area and looking towards a market which is opening up, assuming a dynamism completely different from what we have seen in the past. So, we launched a product known as E-conomiza, a product designed to facilitate access to the free market for small customers. Simplified, with a discount in relation to the distributor's tariff, it offers a simplification in migration, in management. So, the representative of the agreements with the CCEE is our retailer and the focus on this product is on clients with a load factor of less than 1 average MW. It has a level of flexibility which is adequate for clients which have difficulties in managing an energy portfolio. In short, this is a product where we facilitate the life of those small consumers that do not have within their management structure, energy specialists, thus operating on their behalf. This is a variation on a product which we had already launched last year, a product by adherence, where we also have a complete standardization of these agreements to facilitate negotiation, to facilitate understanding on the part of our clients.

Very well and the last highlight here is that the Campo Largo Phase II project was registered

under the Clean Development Mechanism and is also to contribute with an annual reduction of approximately 790 thousand tons of CO2, that is in the direction of carbon neutralization of our clients which is one of our strategic objectives.

Well moving on to slide 10, there is no major change here other than the alteration of the 29.25% to 32.5% stake in TAG. The other information remains the same as in the preceding quarter.

In slide 11, here also there is no really relevant information or alteration other than small changes in the numbers for Distributed Solar Generation. You can see that there was a significant reduction in the level of activity in this last quarter due to Covid-19 and somewhat more conservative posture by our clients negotiating significant investments with us.

In slide 12, little major change other than small changes in market share, some adjustment among our competitors but we retained our 6.3% market share in the generation segment.

In slide 13, the only change that we have here is the alteration in relation to the percentage, percentages in the structure of TAG. We have included some information that we had during the first quarters of TAG which we disclosed to the market, but which is already public knowledge. We have transferred this information in the attachment to the presentation. So, this here is more to give an idea of what the asset is, TAG as the largest operator of gas pipelines in Brazil.

In slide 14 also no significant alteration other than to mention the postponement of the transmission auction fixed for June but which was cancelled and will be held as a single auction for 2020, in a rather more robust auction with a larger number of lines. We are examining the projects in this case so that we can participate effectively in the auction.

Distributed solar generation we have mentioned, in slide 15, recorded a decline in relation to the second quarter of 2019 in terms of the number of units installed during the quarter. This is a reflection as we said of the downturn in the economy and increased conservatism among our clients with respect to making an investment at this juncture.

Moving on to the energy market on page 17. As already mentioned, along with the pandemic came a reduction in demand. Obviously, the resumption in load is going to depend on economic activity. And what we have seen here is that we had a very large decrease in April, in May a small recovery and in June already with significant recovery. We

are still below the levels of 2019, but with a much lower percentage, I would say of the order of 15% in April, 10% in May and today we are in the 5% range below 2019 for June. And figures for July reveal that we are showing satisfactory recovery in relation to 2019. And the perspective is that we shall see a recovery, I'm not sure if it is a perspective or a hope, but it looks like, the way things are going, for me a perspective, for some it's a hope, that we shall see an effective V-shape recovery.

A change which we have made in this graph on the left is that we have begun to show here what is, what was the effect of the GSF in the relation to the theoretical offer which we have. So if we have a shortfall in supply due to hydrology, this supply does not materialize. And this shows that despite having a large excess supply, this excess supply not occurring, it regularizes prices in the market.

Moving on to slide 19 is the balanced portfolio. Just to mention that this is one of the reasons for our resilience: we have a balanced position between the free market, between the regulated market. In the free market many final consumers and opportunities for structured products in the trading part, in the wholesale market, with trading companies.

In slide 20, we have something new to show to you. We have a diversified client base and so no major change there. And this is also very important to show that our diversification also guarantees us a reduction in demand more in line with the reduction in general demand in the economy as a whole, thus avoiding such a large exposure for example to the auto parts sector where demand was down more than 60%. And the right-hand side of the slide shows the development in the number of free clients of our portfolio, showing indeed that migration is occurring and that we need to be prepared. Indeed, we have been preparing, for a larger number of clients and smaller size clients. And this is going to require people, it is requiring people, another corporate structure, another commercial approach.

Slide 21 shows what we have already been saying that we have a very comfortable position in terms of contracting for our portfolio, basically totally contracted up to 2022. We always hold about 10% of total energy uncontracted so that we can cover the fluctuations in hydrology. And we have some energy still available for contracting as from 2023, this obviously increasing because we have agreements in the free market which vary between 3 and 6, 7 years. Thus, on a five-year basis, we will always have to recontract and always have to be commercially active so that we can protect and hedge our portfolio. And this is important as well because in this way we are not subject to a large volume of uncontracted energy in any given year and are also guaranteed a reasonable level of stability in the selling prices of our portfolio.

In the following slide, 22, is our energy balance for whoever needs to do a little more complete modeling of our results.

Let's move onto the expansion part, slide 24 where we always talk about Jirau. Jirau is still being structured in terms of solutions and adjustments to the project, a very complex structure, everyone knows that and already for a long period in the hands of our controlling company. We still have no definition in relation to the transfer which has been forecast since implementation but which for reasons of difficulties due to GSF, cash difficulties, problems which we had during the work, the controlling company remains conservative...

Operator: Ladies and gentlemen, please wait, please remain connected. Please wait for reconnection to the speaker.

EDUARDO SATTAMINI: Hi everyone, sorry, we got disconnected. I was talking about Jirau, that the project has a high level of complexity and that the controlling company continues its conservative posture in only presenting the project for our evaluation when they can show us a rounded project and one where a good part of the risks have been mitigated. This was always our view, and as Jirau was a project with a greater degree of complexity, with problems during construction, and with the strong impact of GSF changing its economics, the controlling company has not made any decision in relation to this. We await the decision of the controlling company with respect to this project therefore.

Moving on to slide 26 on the Campo Largo - Phase II wind project. In our projects whether the Campo Largo project, Gralha Azul, Novo Estado, obviously in this quarter of Covid-19 we had various problems that needed to be overcome. And in the case of Campo Largo II we had a stoppage at the construction site of 32 days due to municipal decrees and which are going to impact our construction schedule for about 60 days. We always adopt a conservative

position in our energy balance on the assumption that there are always delays in construction. And our schedule, normally the construction schedule is more ambitious and more aggressive than the schedule in the business model. So, you can see that this delay is eating into all the fat which we had built into our schedule. But there is still the chance that we can deliver results as outlined in our business plan. This therefore is a warning sign, a concern, but still as yet with no negative impact feeding through to our result.

In the case of the Gralha Azul transmission line we experienced a single event in the city of Pinhão, although work continues, the work front was changed, we were obliged to mobilize people on other work fronts. However we came to an agreement with the city government and a safer operational protocol agreed with the municipal health authorities. As of today, there is no obstacle to the completion of the project.

In the case of the Novo Estado project, the impact of Covid was in the rate of ramp up of mobilization. But this has also been negotiated with our contractors so that we have a schedule with sufficient tranquility to ensure entry into operations at the end of 2021 as originally forecast.

In relation to projects under development, the latest news here is the development of the Campo Largo Photovoltaic Complex, where currently we are involved in the licensing of 400 average MW, sorry, installed, of solar panels in that region. This will have the advantage of capturing synergies that we have there in our wind farm cluster. We also have some infrastructure facilities being used for this new installation. Obviously, the decision has not been taken to install these panels, but it also becomes a growth option in our portfolio and joining our pipeline of projects to be developed.

Now I am going to pass the floor to Malta to talk about the Company's financial performance.

MARCELO MALTA: Good morning everyone. Let´s move on to slide 31. This slide shows clearly a consistent growth over the years. Comparing the two quarters, we can see some significant variations in our operational result for Ebitda/net income. As Sattamini has already mentioned, this growth is partially due to nonrecurring effects with respect to a judgement res judicta of a lawsuit which occurred during the quarter, adding R$ 80 million to our net operating revenue, and R$ 73 million in our financial revenues. The R$ 73 million is the monetary restatement of this principal amount of R$ 80 million. So, this amount added R$ 153 million to our result. In addition, we had there at TAG a further nonrecurring event which was the booking of an extemporaneous tax credit related to the Sudene fiscal incentive which produced an additional R$ 72 million for our Ebitda. But even if we exclude

these effects, you can see from the next slides that we had significant increases in Ebitda and in net income as well.

Moving on to slide 32, in the first graph, we show a normally consistent distribution between quarters. This only fails to occur when we have some nonrecurring event taking place involving GSF and PLD. But as I have said, under normal situations these results are distributed over the quarters.

In the following graph, we can see a variation in our net operating revenue from R$ 2,176 million in the second quarter of 2019 to R$ 2,687 million in the second quarter of 2020. As I have already suggested, this variation is due mainly to the clawing back of taxes due to a successful lawsuit during the quarter of R$ 80 million, the increase in our average selling price of somewhere around 3%, which is basically inflation, that added R$ 37 million to revenues. Sales volume also increased and largely reflects the entry into operation of Pampa Sul, compensated with a reduction in recurring consumption from a weaker economy with the onset of the Covid pandemic.

We also booked indemnities received in this second quarter as well as the collection from suppliers of penalty fees for delays in work or downtime at our plants. This brought an additional R$ 20 million to our operating revenue. Remuneration of financial assets - that is basically interest and monetary correction on the financial asset of the Jaguara and Miranda concessions – because of the decline in inflation we produced a negative impact of R$ 37 million in our net operational revenue. There was also a negative effect of R$ 10 million in our revenue for transactions across the CCEE. We also had an increase in cost in the CCEE which generated a negative impact in our Ebitda, which we will see later, of R$ 18 million.

So, this R$ 18 million is the combination of positive and negative elements. Positive ones were basically generation by order of merit from our Jorge Lacerda plant. This occurred due to electricity generation restrictions in this period, partially the result of the drought in the southern region of the country. And one other positive effect this quarter was that in the second quarter 2019, we had a mismatch of PLD between the North/Northeast submarket and the South/Southeast submarket. This had a negative effect in the second quarter of last year while the impact of the mismatch this quarter was not so significant.

As for negative impacts in the CCEE we had GSF, which generated a significant impact but attenuated by the marked reduction in PLD in the quarter. And we also had a significant effect of the MRE, this, as has already been mentioned, due to the drought in the south of the country which meant a significant reduction in hydroelectric generation in this period.

In trading there was a negative impact on operating revenue although on the other side we had a reduction in cost of R$ 19 million, which produced a net result – impacting our Ebitda - of R$ 4 million positive.

Revenue from transmission assets: this revenue is due to the application of the IFRIC 12 accounting norm and is made up of the incurred cost, booked to our costs, plus a margin for construction management. So here under revenue we have R$ 411 million, which significantly impacts this variation of 23.4%, but on the other hand we had a cost effect of R$ 392 million, producing an impact on Ebitda of R$ 18 million.

As we have already mentioned, the solar panel business was significantly affected by the economic downturn in the quarter. To compensate these effects, we drastically cut our costs as well by R$ 12 million. As a result, the impact of this asset or from solar panels sales on our Ebitda was only R$ 3 million negative.

Moving on to the next slide, here we show TAG's results in a rather more summarized format. TAG reported operating revenue in the quarter of R$ 1,414 million, a cost of R$ 563 million, general administrative expenses of R$ 31 million, a financial result of R$ 346 million, income tax and social contribution of R$ 68 million. Important to reiterate an extemporary credit relating to Sudene tax credits of R$ 246 million, and booked this quarter. Of the R$ 246 million, we have as our participation R$ 72 million. So TAG's profit in the quarter was R$ 552 million, of which R$ 246 million less income tax on the extemporary credits, and the R$ 162, which is our participation in the profit of TAG, includes a nonrecurring effect of R$ 72 million, our participation in this extemporary credit.

Moving on to the next slide, the first graph is the distribution by quarter. The second graph shows the change in Ebitda which in the second quarter of 2019 was R$ 1,052 million, and in the second quarter 2020, R$ 1,432 million. An increase of 36% between quarters. If we excluded the nonrecurring effects of the lawsuit of R$ 80 million, and the extemporary credit of TAG of R$ 72 million, our Ebitda would have grown somewhere in the region of 22%.

Talking a little of each one of these impacts on the increase of Ebitda, the recovery of tax credits which added R$ 80 million, price and volume R$ 73 million representing purchase of energy for the portfolio, with increased purchases in the second quarter of 2019 for covering the energy requirements of Pampa Sul with the delay in startup of commercial operations. In fuels, we also had a reduction in the cost of fuel – a combination between

consumption of fuel for Pampa Sul and a reduction in the consumption of fuel at Jorge Lacerda.

In the case of Royalties, we also had an impact of R$ 24 million resulting from lower hydroelectric generation due to the drought in the south of the country. R$ 20 million of indemnity payments as already mentioned in penalty fees charged to suppliers. Remuneration of the Jaguara and Miranda financial assets, which reduced our result by R$ 37 million, third party services and provisions and other effects were due basically to the increase in costs of Pampa Sul, which went into operations at the end of the second quarter of 2019. Charges for the use of the network reported an increase in cost of R$ 13 million, for account of the entry into commercial operations of Pampa. Solar panels as I mentioned previously, despite the downturn already mentioned, the impact was not so significant at R$ 3 million in our Ebitda. And the transmission assets also as already mentioned reported a positive effect of R$ 18 million on Ebitda. And equity income of R$ 172 million, the difference between our share of the results of TAG in the second quarter of 2019, which was negative, and the participation in the result of the second quarter 2020 which was positive. So as already discussed in the previous slide, of the R$ 188 million here, we have R$ 72 million as a nonrecurring effect from the booking of an extemporary credit at TAG.

Now on to the next slide, 35, in the bottom graph we have a significant evolution in our net income of 98.7%. Therefore, here in the Ebitda as a nonrecurring effect we had the R$ 80 million gain plus the R$ 72 million restatement of the gain from the lawsuit and an aggregate nonrecurring impact here of R$ 152 million. In addition, the R$ 72 million nonrecurring from our stake in TAG. Thus, we have a significant impact here from nonrecurring effects on the Ebitda.

In the financial result, we had the restatement of the gain from the successful lawsuit which generated a nonrecurring credit of R$ 73 million. The increase of income tax and social contribution due to variation in profit before tax between quarters, while there was a R$ 29 million increase in depreciation and amortization, principally due to the start of operations at Pampa Sul.

If we exclude the nonrecurring effects on Ebitda of R$ 80 million from the lawsuit gain and the extemporary credit at TAG for R$ 72 million, and also the effect on the financial result from the restatement of the gain from the same lawsuit in the amount of R$ 73 million, we would still have an increase of 54% in our net income. This increase is due partially to the positive impact of monetary restatement of our debt, something in the region of R$ 76 million, and also equity income from TAG.

In the next slide, 36, our financial indicators which continue consistent between the two quarters, for the ROE, we showed an increase mainly due to the growth of our net income. And in the case of the ROIC, also an increase in the EBIT having grown proportionally more than the invested capital.

In the next slide, 37, we show here the statement of our gross and net debt ratios. We can see between 2019 and 20 the maintenance of 2.8 times the ratio of gross debt/Ebitda. Looking at net debt/Ebitda, there was a slight reduction due mainly to our increased cash position of R$ 400 million. And we also had a significant reduction in operating cash flow to total debt to 0.25. So, we end the quarter with gross debt of R$ 15,823 million and net debt of R$ 10,772 million.

In the next slide, 38, we show the change in our net debt. We highlight here our operational activity, the cash flow generated by our operational activity of R$ 1,237 million. We also had a quarter receiving dividends from TAG of R$ 322 million. In addition, there was a working capital variation of R$ 604 million. A significant part of this amount is the financial asset of transmission which added a further R$ 400 million plus to this amount here. And besides this also the credit resulting from the gain from the lawsuit ruled in the Company's favor in this quarter, of R$ 153 million, and which has still not been compensated. In this context we are awaiting ratification from the Brazilian internal revenue service. We expect that in the next 45 days we will have this ratification, after which we can begin compensating this credit against federal taxes payable.

In the quarter, we also had payment of interest on shareholders' equity, R$ 271 million, and we have an effect of appropriated interest in an amount of R$ 199 million, which does not generate a cash effect, and is a book entry appropriation of interest. And we had investments in the quarter of R$ 134 million, principally those in Campo Largo II. The other effects involving debt changes are not so significant.

The next slide, 39, we have a breakdown of our debt. We can see here that over the next three years a significant part of our debt is being amortized. These debts are largely 4131 loans and shorter-term operations for which there is a substantial part up for amortization by 2022. And in addition, amortization of some debentures, especially the 8th issue in the amount of R$ 1 billion next year.

In the graph at the side, we show the breakdown of our balanced debt, longer term debt, indexed to the IPCA and TJLP, and shorter term debts indexed to the CDI. And in the small

chart below we can see a significant reduction in the nominal cost of our debt, of 8% in the second quarter of 2019, and this now standing at 5.8% in this second quarter 2020. And this due to more competitive costs which we have obtained in recent debt negotiations, in the more recent debt negotiations.

In the next slide we show our CAPEX, significant CAPEX over the years, and a large part of it financed from third party capital, increasing the accumulated amount of our total investments. During 2020, we have R$ 4,567 million of investments forecast. This CAPEX will be allocated largely to Novo Estado, for which we have 1.7 billion set aside, Campo Largo II, R$ 1 billion, Gralha Azul R$ 900 million, and a residual amount for Pampa Sul of R$ 200 million. Meanwhile in 2021, we also have planned allocations to Novo Estado R$ 1.3 billion, Gralha Azul R$ 600 million, and Campo Largo II, R$ 300 million.

Moving on to slide 41 and our dividend policy. As already mentioned by Sattamini, the decision in this half was to distribute 55% of our net result. And during the year but more towards the end of the year, should the situation be a little clearer in terms of cash flow, we are going to evaluate our payout for 2020 with greater precision.

There is nothing important to change in the graph showing the competitive advantages. And with this I end my presentation on financial indicators and will be happy to answer eventual questions.

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).
Please wait while we check for questions**.** Our first question comes from Marcelo Sá of Itaú.

MARCELO SÁ: Hi everyone, thank you for the call and congratulations on the result. I have two questions, one in relation to the selling price that you mentioned, in the release itself you wrote that you sold that amount of energy and managed to maintain the average price of R$ 190 net of tax. I just wanted your confirmation that the price at which you sold this energy was really at this level. And if so, I would like to understand how it is that you managed to sell at this price level. I don't know whether it is incentivized energy that you are including in this calculation, when set against a scenario with an oversupply of energy and a very depressed price. This is what struck me particularly. And another point I would like to understand in relation to the coal projects, the operational coal assets that you have which are up for sale and I was wanting to understand if you could give a little more detail. Thank you.

EDUARDO SATTAMINI: Let's look at this one, hi Marcelo, thanks for the question. The first question, the first answer is an easy one. In fact, we are talking about average prices and we had a lot of activity involving incentivized energy. Incentivized energy has a premium which is the wire tariff discount, you end up selling at a higher price than the conventional price which you see in the market. So, with this you know that the wire discount is significant, and we managed to maintain price levels compatible with those already in our portfolio. So, this is the first answer. The second is in relation to the coal assets. No, the projects are still not, we have no clear signs of a sale and we continue looking for solutions for these assets. As we, as you know – and this was mentioned in the previous quarter, Pampa is at the curve of the bath tub stage and is making a series of necessary adjustments so the operation is more rounded and when this occurs we should resume the selling process. Jorge Lacerda is a project, an older plant, more complex with the CDE, and one for which we have been analyzing the possibilities, talking to potential interested parties. However, we have still been unable to find a solution which would be a solution satisfactory to us. For the time being we are operating in the way we are able, in a profitable manner, generating cash. It is a project, a plant which is not a drain on resources.

MARCELO SÁ: That's fine, thank you very much.

Operator: Our next question comes from Henrique Peretti of JP Morgan.

HENRIQUE PERETTI: Hi Sattamini, good afternoon, all well? I have two questions. The first would be on the effect of the flexibilizations. So, if you could give an idea for us how are the reductions in consumption load, request for renegotiation in July and also the outlook for the rest of the year. And the second question I have is on this announcement you made today on ENGIE's strategic guidance. Including accelerating investments in renewable generation and infrastructure, revising the strategy in the services area and also investments. Does this have any practical explanation in the company's strategy or is it simply a continuation of what you were already doing? Thank you.

EDUARDO SATTAMINI: Thank you, Henrique, the sound was a little muffled, but I will try to reply to what I understood. With flexibilization, what we tried to do with our clients, our partners, was to offer them some type of flexibility in terms of cash. What do we mean

by this? Some clients did not consume the take-or-pay, they consumed below take-or-pay and what we negotiated with them is that they would take the energy and in some cases this occurred, consequently benefiting from the settlement of this energy at a high PLD, although now the PLD is a little lower. But we believe that given the cash difficulty, we ought to help them in their moment of need. So, what we did was postpone billing but with the collection of interest compatible with the risk of the client and this is one way of helping them through this period of difficulty. This is one example of flexibilization. Some others, we rescheduled for a longer period, others a shorter period, in order not to impact the year's cash. So, in short, every client in accordance with his needs, his capacity, with ENGIE discussing possibilities of flexibilization of the agreement, but always looking at ways to avoid any significant impact on our result. If I understood your question, flexibilization was conducted at this level and you will see that we ended up with a good result, this type of renegotiation not being reflected in the result for the quarter. As to the second aspect in relation to the announcement of the group, it basically defines the focus on renewable energies and energy infrastructure which is what we do here in Brazil today at Engie Brasil Energia. So for us the impact is zero, but we needed to give this information to the market showing: look the Group is fine tuning its strategy overseas, reevaluating part of solutions for clients with the divesting of assets where the Group is in a minority position. For instance, the Group has a significant stake overseas in the environmental segment, that is Suez Environment, where it has 30% of the listed company. The idea is that the group should sell these investments, divest these assets which are not core to our strategy so that it can free up resources to allow us to continue growing, continue investing in renewable power and energy infrastructure. In our case, we recently invested in transmission and transportation of gas in the gas pipelines of TAG. So for us this underscores our strategy, it also holds out an expectation of more attention and more availability of resources for this growth.

HENRIQUE PERETTI: Thank you Sattamini, sorry about the sound. I have just one follow-up on the first question, are you still feeling the effect of flexibilization and on cash in relation to the question of billing in July and in the second half or not?

EDUARDO SATTAMINI: Look, yes we have this, but in a more diluted form this quarter, something around R$ 30 million, which will be recovered in the next three months, next six months. That is basically what flexibilization represented in cash. In the result we registered it through a system of debit notes in order not to de-characterize the client's

agreement. And the client is going to pay us with interest as I said, interest adequate to the risk of each one of the clients.

HENRIQUE PERETTI: OK, thank you**.**

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 all for taking part. We are in the midst of a difficult year, but the Group is working, our team is working so as not to feel these impacts on our operation, so that we protect our employees and the communities in which our operations are inserted. And we hope that we can reach the end of the year stronger and better and more prepared to meet future crises than the one we are already experiencing. Many thanks to all and until the next quarter.

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.