ENGIE BRASIL ENERGIA S.A.

SCRIPT OF THE CONFERENCE CALL WITH WEBCAST
RESULTS FOR THE THIRD QUARTER 2019
NOVEMBER 06, 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 third 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 **Marcelo Malta**, Chief Financial Officer and **Rafael Bósio**, Investor Relations Manager, both of whom will comment on the performance of ENGIE Brasil Energia in the third 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 **Marcelo Malta**. Please go ahead.

MARCELO MALTA: Good morning to all and thank you for taking part in this conference call for presenting the results of the third quarter 2019. This is my first call since I took over the position of Chief Financial Officer in August. Unfortunately Sattamini cannot be with us on the call since he is out of the country on a trip which was not originally scheduled. He sends his apologies to you and certainly he will be taking part in the upcoming conference calls.
Very well, for those who do not know me still, I joined ENGIE in 2005 and in the fifteen years of my career, I worked as accounts manager as well as financial planning and control

manager and as financial and administrative director for some of our subsidiaries. So these years in the Company have enabled me to accumulate a reasonable knowledge of the Company's businesses and also of our financial processes.

To begin with today, we show slide 5 with the key financial and operational indicators for the period. As can be seen, we had important growth in the EBITDA and in the net income between the two compared quarters. This financial performance was driven principally by two factors: the first is the beginning of commercial operations at the Campo Largo and Umburanas wind complexes and also the beginning of commercial operations at our Pampa Sul thermoelectric plant. So the commercial operations of these plants when comparing the two quarters, added approximately R$ 140 million to our EBITDA. A further factor which also contributed to the financial performance of this quarter was the execution of a guarantee covering the construction agreement of Pampa Sul. The drawing on this guarantee was prompted in large part by the delay in the conclusion of the work. Initially there was a contractual forecast for conclusion of the work by December 31, 2018. In the end, work on the project was concluded in late June 2019. So to compensate the results which were not generated due to the delay in the conclusion of the work, we executed this guarantee, the amounts arising therefrom having already been received in the amount of R$ 354 million, which net of PIS and COFINS, boosted our EBITDA by R$ 321 million.

Slides 6 and 7 show our highlights for the quarter. From the point of view of funding, we concluded two significant operations recently, one in July, which was the ninth debenture issue in the amount of R$ 1.6 billion. The debentures back the Assú V, Umburanas, Jaguara and Miranda projects. The debentures were issued with tranches maturing between 7 and 10 years at a cost of IPCA plus 3.6% to 3.9% per annum.

Now more recently in October, we concluded the contracting of financing with the BNDES of R$ 1.26 billion, this for the construction of the Umburanas Wind Complex, an agreement of 19 years with a rate at TLP plus 1.97% per year. On the Gralha Azul project, our transmission line of a thousand kilometers and under construction in the state of Paraná, we have received two installation licenses, one for the Ponta Grossa substation and the other for a large part of our transmission line itself. I consider these are two important events in the progress towards the implementation of this line as well as compliance with the installation schedule.

Yesterday, the Board of Directors approved the distribution of 100% of the net income for the first half in the amount of R$ 893 million as well as interest on equity capital for R$ 354 million. Shares become ex-dividend and ex-interest as from December 3, 2019 with

payment dates to be defined in due course and announced to the market.

During the quarter, we also received some important recognitions, being elected company of the year by *Época Negócios 360°* magazine, as well as being awarded for the tenth time and seventh consecutive time, with the Transparency Trophy sponsored by ANEFAC, FIPECAFI and SERASA EXPERIAN. I will now pass over to Rafael Bósio, who is going to comment on the most important updates for this quarter in the first sections of the presentation, before I return to comment on financial performance in a little more detail.

RAFAEL BÓSIO: Thanks, Malta, and good morning to all listening in. Very well, the first update relates to what we did subsequent to what was presented for the second quarter 2019 and shown in slide 9, namely in the simplified shareholding control where ENGIE Brasil Energia has a direct stake in TAG with 29.25%, resulting from the incorporation of Aliança Transportadora de Gás by TAG, in September. A similar adjustment due to this restructuring is shown in slide 12 on the natural gas segment where we can now see the direct stakes of ENGIE S/A and EBE, with 29.25% each, CDPQ with 31.5% and Petrobras with the remaining 10%.

Moving on to the distributed solar generation segment in slide 15.

RAFAEL BÓSIO: Sorry everyone, we lost the connection. So resuming, I'll go back a little. I was commenting also on slide 15 on distributed solar generation and our geographic advance in the second quarter with a major contribution from the B2B segment to the growth in sales in accordance with our strategy.

Going on now to the section on sales and commercialization strategies in slide 19, there was no significant change in energy contracting in this quarter, although it is important to show the growth in the number of free clients, that is a growth of 19% compared with the third quarter of 2018.

As is customary, on slide 21, we have updated the graph on volumes of decontracted energy on the left hand side where we can see an increase in availability from 2019 to 2021 in relation to what we disclosed in the last quarter, in the second quarter of 2019. This is naturally part of our strategy for mitigating the impacts of GSF, of the hydroelectric generation deficit, via portfolio management.

You can see on a quarter-on-quarter basis that there was a reduction in decontracting in the years between 2022 and 2024, a small variation but one which should intensify as we

get closer to these years. Because it is rare for free clients to purchase energy much more than a year and half to a year ahead. So sales should begin to be executed in the next year for delivery of energy during the course of these years.

And if we look at the energy balance on slide 22, we will see that in relation to the second quarter there was a reduction in purchase prices for the three years we show from 2019 to 2021, and an increase in the sales price in 2020 and 2021 with stability in 2019, which is good news given the increase in margin there.

RAFAEL BÓSIO: Hello again everyone, returning to the matter in hand, let us continue the presentation here. I was about to start on expansion where we show the development and construction of the new projects, of the new assets.

On slide 26, we see that the third quarter was characterized by the start of work on the Campo Largo Wind Complex Phase II, both in terms of the execution of new accesses as well as work on the connection network and expansion of the substation. And with this we maintain our forecast of startup in commercial operations scheduled for 2021.

In slide 27, the next slide, we show progress on installing the Gralha Azul Transmission System being built in the state of Paraná. As Malta has already said, during the quarter we obtained licenses allowing us to begin work on the Ponta Grossa substation which is at the very heart of the system. An now in October we have received the licenses to begin construction of the transmission line as such. So, just as with Campo Largo Phase II, we are in compliance with the schedule, maintaining our forecast of startup in operations. And in the case of the Gralha Azul Transmission System, are keeping to our forecast of start-up 12 months ahead of the scheduled timeframe limit of March 2023.

So now I will return you to Malta so that he can comment on EBE' s financial performance in the quarter and I will come back for the Question and Answer session. Malta, the floor is yours.

MARCELO MALTA: Ok, thank you. So onto slide 30 where we show the variation in net operating revenue, EBITDA and net income. Our net operating revenue saw a slight increase in the third quarter and this slight growth was impacted principally by a reduction

in the positive effects of transactions across the CCEE of R$ 409 million. And counterbalancing this, in cost as well we saw a reduction in CCEE operations in the amount of R$ 412 million. The net effect of the CCEE between the compared quarters was R$ 3 million, but as we have here in the revenues a negative impact of R$ 409 million, we are not capturing here a very significant increase in the Company's operating revenue. And in the case of the EBITDA, here we had an important growth of 55.1%, a significant boost to this growth being the result of the startup in operations, as I said at the beginning, of Campo Largo, Umburanas and Pampa Sul. And also the impact of booking the results of executing the guarantee, the proceeds of which were received in August 2019. If we exclude the effect of the guarantee, the variation of the EBITDA would be around 24% between the quarters under comparison.

And net income also reported important growth of 56.2% between quarters. In the same way, if we eliminate the effects of the execution of the guarantee, the variation in net income would be about 12%.

It is worth pointing out that there was an increase in financial expenses of R$ 100 million, a reflection of the growth in Company debt.

Slide 31 details the evolution of net operating revenue, an increase of R$ 215 million with the elevation of sales volume as already mentioned driven principally by the startup of operations at Umburanas, Campo Largo and Pampa Sul. With trading operations we saw an increase in revenue of R$ 98 million. On the other hand, there was an increase in costs of R$ 103 million, which resulted in an impact for the quarter for trading operations of R$ 5 million negative.

We also have R$ 68 million transmission infrastructure construction revenue, and as infrastructure construction costs, R$ 64 million. So the net effect of the transmission operation was a net positive result of R$ 4 million. We had an average selling price increase which added a further R$ 29 million to our net operating revenue. That corresponds principally to inflation with the increase in our price being something in the region of 4%.

At ENGIE Solar, the installation of solar panels added R$ 14 million to revenues courtesy

basically of the acquisition of control of ENGIE Solar in August 2018, when we consolidated this operation. There are also the lesser effects here of Jaguara and Miranda, where there was a variation in net revenue of R$ 9 million.

We have had, as already mentioned, a reduction of transactions conducted across the CCEE which reduced net operating revenue by R$ 412 million. On the other hand, we also had a reduction in cost amounting to R$ 409 million. This reduction was driven by the decrease in PLD between compared quarters, in the third quarter of 2018 average PLD was R$ 494.0 and in this quarter it was about R$ 214.0. In addition to this there were also the effects of GSF – a small reduction in thermoelectric generation from the Jorge Lacerda assets.

We have a small effect here of R$ 15 million, booked in the third quarter of last year which is relative to indemnities arising from insurance claims and contractual fines which we recognized in the books to recompose revenue which we lost due to events provoking claims and contractual non-compliance.

Moving on to the next slide, the change in EBITDA, there was a significant impact from the booking of the indemnity arising from the execution of the guarantee and already referred to previously, of R$ 321 million net of tax. We also had an increase in sales volume, also as already mentioned, due principally to the start of operations at Pampa Sul, Umburanas and Campo Largo. We had a decline in the volume of energy purchases of R$ 45 million between the compared quarters. We also saw a decline in fuel consumption, principally due to the reduction of thermoelectric generation at our Jorge Lacerda Complex.

We also saw a rise in average selling prices basically due to the readjustment in our sales agreements. There was also an additional R$ 21 million which was the amount TAG added to our EBITDA for the quarter. There were also the impacts here of financial assets of Jaguara and Miranda, totaling R$ 10 million. And we had reductions or increases in costs with third party services, personnel, SG&A, insurance and charges for the use of the network, again driven principally by the start of operations at Pampa Sul, Umburanas and Campo Largo.

As already mentioned also, we had an additional R$ 15 million reflecting the recomposition of revenue from the collection of an insurance indemnity and claims for contractual fines. Less significant amounts are also included here from the results of trading and transactions conducted in the CCEE and the reversal of not very significant provisions of an operational nature.

In addition to all that we have discussed on EBITDA, with net income, we had as a consequence the impact from the increase in income tax and social contribution due to the growth in EBITDA, and as already mentioned there was also an increase in net financial expenses of R$ 100 million, largely a reflection of increased company debt. And finally, we saw an increase in depreciation and amortization of assets also following the start-up of commercial operations at Pampa Sul, Umburanas and Campo Largo.

Moving on to slide 34, ROE. There was a small reduction, not very significant, with a larger drop in return on invested capital and the result of an increase in the level of the Company's debt.

The next slide shows the breakdown in debt for the third quarter where there was a growth in gross debt and net debt against EBITDA, again, as already mentioned, due to the increase in Company debt, principally given the acquisition of TAG and the projects we are developing. As a result we reported 2.7 times for gross debt/EBITDA and 2.3 times net debt/EBITDA, thus still giving us a comfortable level of leverage.

In the next slide we can see the trend in debt. The principal components here in this evolution are dividends and interest on equity capital paid out during the year. We also have here the impacts of monetary restatement and FX variation of R$ 250 million. The FX translation effect is offset against R$ 213 million, and also shown here in the graph in the form of exchange rate hedge operations. We also have R$ 211 million of appropriated interest, R$ 183 million working capital and R$ 121 million of income tax and social contribution paid.

Additionally, during the period, there were investments in the period of R$ 93 million, amounts paid on concession liabilities of R$ 18 million. And less significant capitalized

interest and leasing costs paid of R$ 3 million. And cash generated by the operation in the period of R$ 1,464 bi as well as already mentioned, the effects of the indemnity received from the execution of the Pampa Sul guarantee.

This here is the other part of the results arising from the execution of the guarantee. One part was to principally cover the negative impacts of the result which we recorded or results which we failed to generate due to the delay in the start-up in operations. We also had the execution of another guarantee to cover excess costs with construction work in the amount of approximately 18 million dollars which is equivalent to these R$ 72 million.

And in the next slide we have the profile showing the composition of debt with a concentration of debt maturing in 2022, principally Law 4131 operations which we recently concluded. In addition, we also have the payment of the installment for the fifth and sixth issue of debentures. And from 2025 to 2029, a large concentration of maturities on issued debentures. Also worth pointing out was the reduction in the nominal cost of the debt, 7.6%, compared with the third quarter 2018 when this cost stood at 8.6%.

In slide 38, we show our investment plan. In 2019, we had some significant amounts mainly relating to the acquisition of TAG, of R$ 3.5 billion and Pampa. In 2019, we had investments amounting to something like R$ 700 million. In 2020, we also have a forecast for Gralha Azul, something in the region of R$ 1 billion, and Campo Largo II at around R$ 900 million. In 2021, we again have Gralha Azul and Campo Largo, the two comprising this amount of R$ 1.65 billion.

In slide 36, we show the trend in dividends proposed and paid by the Company. As already mentioned, the board approved the distribution of dividends on the total profit for the first half of 2019, equivalent to a payout of R$ 1.09 per share, as well as approving the credit of interest on equity capital for R$ 354 million, which amounts to the payment of interest per share of R$ 0.43. So, totaling dividends for the first half of 2019 and interest on equity capital, we reach an amount of R$ 1.52 per share.

With this I conclude my part and open for questions and answers.

Operator: We now open the session for questions and answers. To ask a question, please touch asterisk 1 (*1). To withdraw a question from the list, touch 2 (*2). Please Kaique Vasconcellos of Banco Safra, you may go ahead.

KAIQUE VASCONCELLOS: Hi, everyone, good morning again. So let me repeat. I would first like to understand what interest you have in the next transmission auction, is there any region where you can see any synergy or how are you analyzing this moment we are experiencing, the competition, etc. And the second question is on the commercialization of energy, whether you have a view, what the strategy for the GSF is for next year, if you have an update for long-term prices. Thanks.

RAFAEL BÓSIO: Good morning Kaique, let's look at this one, the transmission auction, we should be taking part but naturally we cannot reveal which lots we are going to put in bids for so as not to spoil our strategy for the auction. But yes, we are interested, our interest is to increase our presence in this segment, expanding our participation. On forecasts for next year with respect to GSF, we are moving into the rainy season proper so naturally we should have better visibility closer to the year end. But in any case we are already prepared through our portfolio management to meet the challenge of a GSF at a level close to actual, which we should still be experiencing in 2019. And depending on how things turn out in reality, we will continue to adjust the portfolio accordingly, fine tuning, selling or buying energy to close or open the position. This is already part of our strategy.

With respect to prices, short-term prices are under a lot of pressure from hydrology. This year in the first half, hydrology was actually better with reservoir levels above those for the same period in 2018, but with much greater volatility than last year. And now there has been a worsening in hydrology principally in the months of September and October. October shaped up to be one of the worst months in the historical series of 88 years, if I am not mistaken, the fifth worst month of all time. And November looks like having very weak hydrology as well according to the forecasts we have received. So this is putting pressure on the short-term price for 2020 and even 2021, with prices in excess of R$ 200.0. And naturally from 2022, 2023 the prices fall away and begin to be less influenced by this pressure on hydrology, with prices running at about R$ 160.0, more for the long-term. I think that is it. Did I answer your question, Kaique?

KAIQUE VASCONCELLOS: No, it's clear. Thank you very much.

RAFAEL BÓSIO: Thank you!

OPERATOR: Going on to our next question, Fernando Zorzi of Banco Itaú. Fernando, please go ahead**.**

FERNANDO ZORZI: Good morning, everyone. I would like to ask a question in relation to energy backing. A document on energy backing was put out last week by the Electric Sector Modernization Committee, wherein there is the expectation of implementation in the middle of 2021. I would like to know a little as to whether you, for your part, have already taken a look at this in any study as to how this could impact the Company. We believe here that the hydroelectric reservoir plants should see some increased valorization of energy backing given the greater security they lend to the system. If you can comment a little about this. Also in relation to this point, how would this separation be between backing and the energy for the contracts already in existence nowadays. I think that's it. Thank you.

RAFAEL BÓSIO: Hi Fernando, very well. I understand that this alteration is to be applied to new agreements, you are going to have auctions for backing and for energy. This is for the future and should not impact existing contracts. Naturally the company is evaluating, and the issue is being monitored closely by our regulatory team, seeking to evaluate not only the negative impacts but principally the positive ones. For example, the opportunity to create new products such as the normalization of sold energy, where a wind generator needs to normalize to offset the potential exposure of its generation. This is changing and has indeed did change at the last auction -among other products which may emerge. So everything is being analyzed now. I think it is a little early to go into details.

FERNANDO ZORZI: No, that's very clear. Thank you.

Operator: I would like to remined you that to ask a question just touch asterisk 1(*1).

FINAL CONSIDERATIONS

Operator: We now conclude the questions and answers session. I would like to ask

Marcelo Malta for some final considerations. Please, Mr. **Malta** you can go ahead.

MARCELO MALTA: I would like to thank you all for your participation in this conference call. As usual we are available to you along with our investor relations team to clarify any eventual doubts which my still remain from the presentation of results for the third quarter 2019. A good afternoon to all and until the next time.

CONCLUSION

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