# ENGIE BRASIL ENERGIA S.A.

## SCRIPT OF THE CONFERENCE CALL WITH WEBCAST
## RESULTS FOR THE FOURTH QUARTER 2019
## FEBRUARY 19, 2020 – 2:00 P.M.

**Operator**: Good afternoon. This is the conference call of ENGIE Brasil Energia where we shall discuss the results for the fourth quarter 2019 and the year 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 is **Rafael Bósio**, Investor Relations Manager, who will comment on the performance of ENGIE Brasil Energia in the fourth quarter 2019 and the year 2019. Immediately afterwards, he will take any questions you may have. We would remind you that journalists wishing to ask questions should do so via e-mail, sending their questions to the Company's Press Relations area.

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

**RAFAEL BÓSIO:** Many thanks and good afternoon everyone. Good, before getting into the presentation as such, I want to mention that our CEO, Eduardo Sattamini, and our CFO, Marcelo Malta, cannot be with us today on the call due to commitments which could not be rearranged, namely commitments with our Strategic Committee, which requires that overseas directors be present. With that said, let's get started. Very well, I think one can say that 2019 was a year of many challenges and achievements for ENGIE Brasil Energia, right? If on the one hand we had a year of very volatile hydrology, despite a deficit in hydroelectric generation more or less at the same level as 2018, spot prices behaved very differently from the norm. Prices were lower in the second and third quarters, historically dryer periods, and higher in the first and fourth quarters, normally the wettest period of

the year. On the other hand, we were able to chalk up various successes - success in the acquisition of TAG, startup in operations at the Umburanas Wind Complex - Phase I, at the Pampa Sul Thermoelectric Plant and at the end of the year in December, the acquisition of the Novo Estado transmission project.

Very well, let's begin with slide 5 of our presentation of results, where we show the key financial and operational indicators. In the table, we see that revenues for 2019 surpassed by about R$ 1 billion those of 2018, recording growth of 11.5%. Later on, in the presentation, we will go into greater detail on the evolution in revenues, Ebitda and net income, but we can already anticipate that growth in revenue was largely due to startup in operations at the new plants. In addition to Umburanas and Pampa Sul, startup of which was in 2019, mention should also be made of Campo Largo - Phase I, which went on stream at the end of 2018, but where 2019 was the first year to contribute in full to the Company's results. And in addition to the foregoing, revenues were driven by higher turnover in the trading and transmission segments.

Ebitda reported growth of 18.2%, naturally also driven by the expansion in installed capacity. But there were other elements in play as well such as a positive contribution from TAG, an increased result via income on Jaguara and Miranda financial assets, a reduction in energy purchases for portfolio management, and in the third quarter, recognition of R$ 321 million indemnity payout on a claim for the delay in concluding work on the Pampa Sul Thermoelectric Plant.

Moving on to the bottom line, net income was practically flat largely due to the increase in financial expenses with higher interest and monetary restatement, not only on debt but also on concessions payable. And we also had greater depreciation and amortization, precisely because of our expanded generating complex, as well as greater amounts paid out in income tax and social contribution. But we will go into more detail with these indicators closer to the end of the presentation in the financial performance part.

Let's now look at the highlights since our last disclosure, in slide 6. We would draw your attention again to the acquisition of Novo Estado Energia, the concessionaire for building, operating and maintaining more than 1,800 kilometers of transmission lines, a new substation and the expansion of a further three in the states of Pará and Tocantins. Also worth pointing out was the booking of R$ 351 million in dividends from TAG, originating from retained earnings. And the third highlight in this slide is our continued presence, for the 15$^{th}$ consecutive year, in the Corporate Sustainability Stock Index, a source of great pride for us.

In slide 7, there is another highlight connected to sustainability: the renewal of the partnership with Banco Itaú for offsetting greenhouse gas emissions which the bank recorded in 2018 through the acquisition of carbon credits pertaining to the Lages Cogeneration unit.

Last but not least, the final highlight, the much awaited complementary dividend proposal and approved yesterday by the Board of Directors in the amount of about R$ 950 million. Of course, this must still be ratified by the Annual General Meeting in April - however, the proposal means that our payout again reaches 100% of distributable net income, and this in tandem with the Company's ongoing major investment and growth cycle.

Now jumping a few slides where there was no significant change, let's go to slide 10 please. Here in this slide, in the light of the acquisition of Novo Estado Energia, here naturally we are adding in the length of the lines of this project, and in the map as well on the right hand side, you can see in the black symbols the forecasted substations. This also is reflected - now jumping a few more slides - in slide 14, an increase in our share of total allowed revenue, which was auctioned between 2003 and 2019. Up to this point, we had a 2% share but now with Novo Estado we have 5% of the total RAP to have been auctioned off in this period. All this means that we are expanding our operations in the transmission segment in line with our strategy.

Going on to the distributed solar generation segment in slide 15, here we show the consolidated numbers of units and installed capacity in 2019, focusing on the continued strategy of intensifying activities in the B2B segment, which in 2019, accounted for 91.4% of total installed capacity.

Now let's take a look at slide 19, the energy sales and commercialization strategy. The new aspect here is that we are now breaking down the contracting mix for 2021, which up to now had not been shown, as well as updating the number of free customers with an increase in 2019 of 21%, reaching 621 customers. This is linked to the next slide 20, where we demonstrate how our portfolio is diversified. If we compared this graph with what we showed in the third quarter, in recent quarters, in the preceding year, sales to commercial retail were 4% but now rising to 5.7%. So I believe that we can say that this reflects the capture of new customers through migration by this client category. This tends to intensify with the expansion in the free market. We are working to capture these opportunities of new customers.

In slide 21, we updated the graph for uncontracted energy on the left hand side, again showing growth in availability between 2020 and 2022 to a more comfortable level in relation to our portfolio management for mitigating the impacts of GSF arising from the hydroelectric generation deficit.

And again in subsequent years, we executed energy sales for delivery in 2023 and 2024, as part of our strategy of gradual energy sales. And here you will also see in the next slide, the energy balance where we breakdown the year 2025 with uncontracted energy level at 45.2%.

So now looking at the energy balance in slide 22, we shall see that again there was an increase in sale price in 2020 and 2021 compared with the third quarter, and now we are also presenting net average buying and selling prices for 2022, also previously not broken down, highlighting here that the sale price remains close to R$ 190 per MW/h.

In the expansion section, if you would like to now look at slide 25, we show the evolution in development and construction of new assets, with special reference to Jirau. So, despite the fall in recorded generation in the fourth quarter, our generation remained flat in relation to 2018. Here, it's worth noting the uptime factor at the plant with 99.7%, confirming the excellent operational performance of the asset. Indeed, in January, figures for generation were published showing that Jirau Hydroelectric Plant was ranked the third most important plant in generation after Itaipu and Belo Monte alone.

Slide 26 shows an update on the construction of the Campo Largo Wind Complex - Phase II, energy for which will be sold to the free market. Construction continues to show significant advances, permitting us to maintain our forecasts for startup in operations before the end of 2021.

In the next slide, that's slide 27, we show good progress in the installation of the Gralha Azul Transmission System and for which all installation licenses are now issued. Work continues, that is work on the Ponta Grossa substation, which is the core of the system, began in September and is on schedule.

From now on we include a slide on Transmissora Novo Estado Energia, slide 28, wherein we shall be updating the market on progress for implementation of this project. As I have already said, this will have over 1,800 kilometers of transmission line, a new substation and the upgrade of a further existing three. We expect the closing of this operation to take place within the forthcoming weeks, I would say before the end of the first quarter.

Now moving on to the financial performance section in slide 31, where we publish the graphs showing the evolution in the last four years of our net operating revenue, with a growth of 15% annually, as well as growth of 18% in Ebitda and 14% annually in net income. These results reflect our sound financial performance.

Here in the next slide, we begin to go into a little more detail on the trend between the years 2018 and 2019, naturally beginning with revenue in slide 32. Net operating revenue at ENGIE Brasil Energia rose 11.5% in 2019, and the most significant factors driving this result being an increase in sales volume, up 4.1%, with an additional R$ 383 million of revenue in 2019. The next factor was an increase of 4.5% in average sales price, which accounted for a further R$ 200 million extra revenue for the year. This can largely be explained by monetary restatement of the agreements as well as new agreements via the trading company at higher average prices compared to those prevailing in existing agreements.

We also have an additional contribution of R$ 42 million from the Jaguara and Miranda hydro plants as a function of the increase in remuneration of the financial assets, both due to the increase in average balance of the asset as well as variation in the IPCA inflation index between 2018 and 2019. And here of course we cannot but mention the major contribution from the trading segment in net operating revenue, with an additional R$ 494 million in 2019. There was also additional revenue from the transmission segment and in the solar panel sales segment, R$ 122 million in transmission and R$ 61 million in solar panel sales. Here it should be noted that the sales in the solar panels segment were impacted when we acquired full control of ENGIE Geração Solar Distribuída in August 2018. Thus, in 2018, we did not include the benefits of this company for the full 12 months in our results, unlike 2019. For this reason there is a difference here, one of the reasons, one of the principal reasons we have a difference of R$ 61 million in revenue between one year and the other.

Now to the factors reducing our revenue compared with 2018, of particular importance was the lower result in the short-term market. We had a reduction in our long position on the CCEE in 2019 compared with 2018, which ended up exceeding the positive contributions from higher thermoelectric generation, a lesser GSF impact and higher MRE revenues as a result of increased hydro generation, all feeding though to a R$ 224 million reduction in CCEE revenue in 2019. Again in 2018, further one-off revenues of R$ 74 million were booked with respect to indemnification for claims involving the Passo Fundo and São Salvador, and also the fine for downtime at the Santa Mônica Wind Complex, among others. So, while we booked these R$ 74 million in revenue in 2018, we did not enjoy the same result in 2019.

It is also worth remembering that in the third quarter 2019, we received the result of a claim for delays in concluding the construction of the Pampa Sul Thermoelectric Plant of R$ 321 million, an amount which was incorporated in the result for 2019 as other operating revenues. While this has no impact on net operating revenue, as we shall see in the following slide 33, there is naturally an impact on Ebitda.

Very well, we achieved an Ebitda 18.2% higher relative to 2018, equivalent to a margin of 52.7%, that's a growth of 3.1 percentage points compared with 2018. Worth observing that the margin was affected by trading operations, booking of the costs and income associated with the construction of the transmission line as well as the sale of solar panels, which are operations bearing lower margins, and other activities which the company executes, particularly generation. So, there is a dilution in the margin, but even so there was an increase over 2018.

Good, moving on to the annual variation of Ebitda, together with the facts commented in the preceding slide, relative to the increase in volume and average sale price, higher remuneration and monetary restatement at Jaguara and Miranda and Gralha Azul, and the receipt of proceeds of a claim for delays at Pampa Sul, there was also a positive impact, as I already mentioned, from the fall in energy purchase volumes related to the management of our portfolio 2019, also driven by the expansion at our generating complex, which led to a reduction of R$ 185 million in these costs. And finally as a positive effect, we had an R$ 81 million contribution, via equity income, from Transportadora Associada de Gás, TAG, as an addition to ENGIE Brasil Energia's Ebitda.

Impacting negatively on Ebitda, vis-a-vis 2018, we naturally had the higher costs and expenses principally due to the entry into operation of the new plants. There was an increase of R$ 90 million in costs of outsourced materials and services, R$ 84 million with payroll, general and administrative and other costs, R$ 53 million more in charges for use of the network, both as a function of the annual readjustment as well as the increase in capacity, and also R$ 21 million extra in fuel costs with the startup in operations and consumption of coal at Pampa Sul, and also the consumption of proprietary coal supplies.

The negative effect we had here of R$ 74 million relative to the indemnification and fines, all this which contributed to the Ebitda result in 2018, I have already commented on. We also had a decrease of R$ 73 million in the result from short-term transactions, to a large degree generated by the exposure to submarket prices between the Northeast, Southeast and Center-West, basically impacting the annual result of the CCEE. Finally, we have here a

R$ 38 million lower result from trading, although important to point out that this is relates to marking to market agreements outstanding on December 31, 2019.

Moving to slide 34, I believe I have already commented on this. We can see that there was a 0.2% reduction in profit, practically stable therefore relative to 2018, with a worse financial result. Important to remember however, that not only was there an increase in payment of interest and monetary restatement on higher debt, but also an increase in monetary restatement and interest on concessions payable. It is natural to expect that with the amortization of debt and, if no new debt is taken on for new projects, we will see a reduction in financial overheads and the bottom line will begin to gradually improve.

In addition, in 2020, we will have the full contribution to results from these assets which started operations last year, Pampa Sul and Umburanas. Thus, there is reason to expect an improvement in this result.

However, proceeding to slide 35, we continue registering consistency in our indicators, a ROE of 33%, a growth, higher in relation to the third quarter of the year, a small drop in relation to 2018. And with ROIC, there was also a small decline year-on-year. Naturally in the case of the ROE, a reflection of stagnation in profit and an increase in shareholders' equity, and ROIC, a decline due to the Company's increased debt. But even so, indicators were very consistent, including when compared to our peers with stock exchange listings.

In slide 36 therefore, we now delve a little deeper into the trend in our debt. At the end of 2019, we reported a net debt to Ebitda ratio of 2 times, an increase compared to 2018 which was 1.6 times, but there is also a decline in relation to the third quarter, when it stood at 2.3 times. Potentially, this indicator could rise again in the next quarter not only with the acquisition of Novo Estado, but also with the need for investment in the project. And also again in the first quarter, in January, we paid out dividends with respect to the first semester 2019, which reduced our cash position, naturally increasing our net debt figure.

The graph in slide 37 shows the evolution in net debt in the fourth quarter, that is, between the third quarter and December 31, indicating an improvement of 9.2% compared with the third quarter, with the inclusion of R$ 351 million in dividends from TAG largely emanating from retained profits.

In slide 38, we updated the profile and make-up of our debt. Consideration should be given that the new expansion cycle presented an opportunity for the Company to optimize our capital structure. What is worth commenting in relation to 2018 is that we reduced

indexation to the TJLP from 35% to 24% and increasing CDI from 19% to 27%. And with a decline in nominal cost of debt of 8.6% in 2018 to 7.6% in 2019. And to conclude, remember we continue to have strong cash generation with which to meet our commitments, thus allowing us to maintain our AAA rating.

Moving onto slide 39, which shows our investment plan. Here important to note that this graph still does not include in forecasted investments for the next few years, the amounts which will be used for the acquisition of Novo Estado as well as its construction. Our investments in 2019 amounted to R$ 4.9 billion. Important to note in the last four years, if we do a sum here, that we invested more than R$ 15 billion. And this is important because as we move to slide 40, we can see that this was the exactly the same period when we had a payout of 100%. In other words, in the period during which we invested R$ 15 billion, we distributed the entire adjustable net income to our shareholders.

I think with this I will conclude the presentation and we can now open the session for questions and answers.

BEGINNING OF THE QUESTIONS AND ANSWERS SESSION

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). Our first question comes from Carolina Carneiro of Credit Suisse.

CAROLINA CARNEIRO: Good afternoon, and thanks for the call. I have two questions. In the first, I would like you to comment a little about the possible participation in the gas auction that is going to take place in April. We have seen in that first list that was published in the Official Gazette, of the MME and ANEEL, with the projects to be enrolled and we have seen included there Jorge Lacerda. Could you comment a little on what is the idea here, if you are going to convert the plant or are you thinking possibly of doing some sort of retrofit so that you can participate in the auction. Just so that we can try to understand the idea. And in the second question, I would like you to comment on whether there has been any progress in relation to the development of the Santo Agostinho Complex. I remember that you were about to close some agreements and they even mentioned this at the Investor Day Meeting. I would like to know if there has been any new development in relation to the contracting, the possible expansion of the contracting of the complex in the free market. Thank you.

RAFAEL BÓSIO: Hi Carol, thanks for the questions. Good, as to Jorge Lacerda, if I am not

mistaken, there is the possibility of its participation yes in this upcoming auction, and for this reason it was enrolled in the auction, despite the unit being coal-fired. I need to see this in more detail when I get back to the company. Here, this initiative involved the strategy of also leveraging the sale of this asset, of which the market is aware. For example, with success in the auction, you are going to have a 15-year agreement, so transforming, improving the conditions for the sale of this asset. So there is this possibility. With respect to Santo Agostinho, we are continuing the work of contracting in the free market, this has been ongoing. While the time to begin construction has still not come, the strategy continues, the contracting in the free market, to render a start on construction work a viable proposition. We should be making an announcement soon, but I have no date, I have no set date to give you at present.

CAROLINA CARNEIRO: No, fine, thanks. Could I ask just one more question then in relation to the hydrological scenario for this year? You had a very good year, but we also had a year which was a little difficult in relation to allocation and the GSF itself, surprising some operators. I would like to know if you could give us the scenario with which you are working for the GSF this year specifically.

RAFAEL BÓSIO: We don't reveal our strategy, but it is well known that it is difficult to deviate much from the sector's strategy as a whole or the average strategy for the sector. You can go a little above or a little below, but not as in the past when you could be in a totally inverted position. The sector has learnt this year I believe, allocating a little more energy in the month of January and then beginning to allocate less energy from February through April, expecting higher prices in January, which turned out to be the case and with prices now effectively in decline with the improvement in hydrology. And our outlook for GSF is not very different from what the market is forecasting, which CCEE is projecting. We are working with a number which is close to theirs, but of course, occasionally, we have to intervene to close off a position.

CAROLINA CARNEIRO: That is fine, thank you very much.

OPERATOR: Our next question comes from Gustavo Mielli of Itaú BBA.

MARCELO: Good afternoon everyone, this is Marcelo Sá here. I would like to touch a little more as to what expectations you have on the approval of the PL for the electricity sector this year. Do you think it will be approved and do you think it will be approved with substantial changes? What is your thinking on the subject? And if you could give us a little of your view of when you think eventually the question of energy backing could be

implemented, if you think this could take place next year. What is your thinking on the matter in this respect? Thank you.

RAFAEL BÓSIO: Hi Marcelo, thanks for the questions. I think there are very few people able to give you a schedule for the approval of the PL as well as the changes in the contracting of energy backing. We depend on the legislative branch, and also in the case of the legislative framework, things have to progress there in Brasília. But we know that the administration understands that this is an important matter, if only to unlock the short-term market, the question of the GSF, and also for sector planning purposes and the question of contracting energy backing. The implementation of the hourly PLD as from next year gives us a better idea of price for the market, which to some extent, attenuates the need for contracting energy backing. We have to wait and see how things evolve, so really there is no schedule. But our regulatory people are working on it, working hard, trying to contribute with the sector, with the regulations for the sector and to a degree, attempting to instill a sense of urgency. But really we have no control over this, right, Marcelo?

MARCELO: That's excellent. And if you would allow me a little more, just to understand what the expectation is in relation to the PL for the GSF, which at the end of the day was approved some time ago and is now in the Senate, which may or may not veto part of the PL. I heard news indicating that the Senate had no interest at all to vote on this although later the news was a little more positive. What is your thinking in this respect, do you think a solution could be found on the basis of this PL or we would have to eventually await and see what the outcome of eventual legal challenges might be?

RAFAEL BÓSIO: Perhaps one thing depends on the other. But I believe that voting this PL certainly could advance. But again, it's toss up guessing when all this is going to happen. We will continue to monitor the situation.

MARCELO: That's excellent, thank you Rafael.

RAFAEL BÓSIO: Thanks, Marcelo.

OPERATOR: Our next question is from Fernando Leitão of JB Investimentos.

FERNANDO LEITÃO: Ladies and gentlemen, good afternoon, thanks for the call. On Jirau, what would be the most favorable conditions for the stake to be transferred to EBE? And would there be some financial offset with this? Thanks.

RAFAEL BÓSIO: Indeed, what is going on with Jirau? As we have seen, from the operational point of view, the plant is working very well. But it has economically and financially suffered with the GSF. It is a plant which is 100% contracted, so it loses physical guarantee, and has indeed been losing it, as with all hydroelectric generators over the past few years, despite having renegotiated, but it has had losses, given that total GSF is not covered. Debt servicing expenses have also had an impact. So as far as I can understand, the controlling company and the other partners are looking for a way out with a possibility that perhaps through pre-payment of debt, alleviating the weight of financial expenses, rendering this asset profitable, in other words creating a situation where the partners no longer have to constantly inject capital as has been happening. In this way you stop the bleeding and from that point on the asset can be transferred. But none of this means a financial trade off. In fact, the asset will be evaluated on the basis of its conditions at the time of transfer. Thus, it could be a better asset financially than it is today given the efforts of the partners to make it more attractive although the transfer model used does not mean it will be evaluated any better. There is no possibility of any one of the parties involved losing out (destruction of value) in this transfer from the controlling company to ENGIE Brasil Energia. There is a Special Independent Committee for Transactions with Related Parties, led by minorities, providing comfort to these shareholders.

FERNANDO LEITÃO: Ok, thanks. And one more question please in relation to TAG. You have already had positive results at the end of the year. I mean what is the prognosis for impacts on the numbers at EBE coming from TAG during 2020? Thanks.

RAFAEL BÓSIO: You're welcome. Very well, we are not giving a forecast, we don't give guidance, although I would say that the result for the fourth quarter is a good yardstick. There was a contribution of R$ 86 million to EBE's Ebitda from net income at TAG, so this represents a good parameter. This could be deemed a floor, because from henceforth TAG is paying down its commitments, its debt declining and cost of debt as well. And with this, net income should increase, so increasing the contribution to EBE. I would say that this is a good yardstick, the contribution in the fourth quarter.

FERNANDO LEITÃO: Ok, thank you very much.

RAFAEL BÓSIO: You're welcome, thank you.

OPERATOR: And our next question comes from Pedro Manfredini of Goldman Sachs.

PEDRO MANFREDINI: Rafael, thanks for your time and thanks for the presentation. Just a

very simple question. If I recall something, this purchased energy of yours, which you even increased this past quarter, you purchased short term for the next three years, do you have a breakdown of how much is conventional and how much is incentivized energy and if this additional amount that you bought was more conventional or incentivized?

RAFAEL BÓSIO: OK, I don't have this breakdown to give you and I do not believe I could give it to you even if I had it unless we could give a breakdown for the next quarter. But the tendency is for it to be conventional energy. Obviously, we also buy incentivized energy, or we do an energy swap, we deliver conventional energy and get incentivized energy, but I believe that it must be conventional which is purchased, in the short term, for mitigating the GSF effect. So, it makes no sense to buy incentivized energy at a higher cost and not to resell. So if you buy incentivized energy certainly you will have a demand from a client on the other side. Or you will hold off until demand from a client appears.

PEDRO MANFREDINI: I understand. Generally it is matched, that's good. That's clear. And another question, just on the sale, the possible sale of coal-fired assets, has there been any consultation of recent? The process continues open, from which I understand that there is a guideline from the parent there, of the holding company, and that you have to make this sale at the end of the day on account of decarbonization. Thus it is a group measure. This process is pending. Have you had any consultation recently from any company or have you seen any progress that you can comment on? Or has nothing changed?

RAFAEL BÓSIO: Yes, yes. Now we have two, now the process has sort of divided into two. We have the Jorge Lacerda Complex and Pampa Sul. Pampa Sul is momentarily at a standstill as we are awaiting an operating track record from the time the plant went into operation in June. There were some generation problems with a rather high downtime but this was sorted out by the end of last year and we are now waiting for some months of operational performance with an uptime ratio we believe is adequate, to be able to put the plant up for sale. So, there is a pause in the process, but there should be a resumption in the sale of Pampa Sul before year-end, a return to the Pampa Sul process. Jorge Lacerda continues, has been continuing. We continue in the market and we have received some proposals, but none were binding proposals. So we are still awaiting developments in the process. One of the measures we took, I commented in a previous question, was to enroll Jorge Lacerda in the upcoming A-4 auction so that we would have an agreement involving the plant and to be able to offer this agreement to a potential interested party. Because what has taken place is that with many of these current interested parties, they want power purchasing agreements with us for a very long period, which does not make sense. If the idea is to decarbonize, energy from coal fired thermal electric sources makes no sense. So the idea is

to offer an agreement with the distributor as part of the package. Naturally, should we be successful in the auction or in the event that we do not receive an adequate binding offer up to auction date. So yes, we are working and should have some new developments to announce in the upcoming months.

PEDRO MANFREDINI: That's fine, thanks Rafael.

RAFAEL BÓSIO: You're welcome.

OPERATOR: Our next question comes from Gabriel Francisco of XP.

GABRIEL FRANCISCO: Hi Rafael, congratulations on the results and thanks for taking my question. It's an easy one. In the fourth quarter 2019, there was, at least to be found here in the release, no result or cost in the name of Aliança, only for TAG. I would like to understand that if this is to be the way of things from here on, whether there is debt in the name of Aliança which could be tax inefficient, or also expenses, such is the case of any holding. This is my question. Thanks.

RAFAEL BÓSIO: Hi Gabriel. In this case you have to understand that there was a reverse incorporation of Aliança, so the company Aliança no longer exists, it's gone, there was a merger with TAG. So now we have a single company, we no longer have two companies, all the debt is under the TAG umbrella now. So that is why I said this quarter was the first clean quarter, a company with the three months with the reverse incorporation in place using the resources. So, it becomes a good parameter.

GABRIEL FRANCISCO: Perfect. Thanks very much.

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.