ENGIE BRASIL ENERGIA S.A.

SCRIPT OF THE VIDEO CONFERENCE
RESULT OF THE THIRD QUARTER 2023
NOVEMBER 7, 2023 – 11:00 a.m. (BRASILIA TIME)

ADRIANA WAGNER: Hi and a good morning to all. We are now beginning the video conference for the first quarter of 2023 of ENGIE Brasil Energia. I am Adriana Wagner; the Company's Investor Relations Analyst and I would like to make a few announcements before beginning the call.

Currently, those who are connected are in listening mode only. Later, when we open the questions and answers session to participants, you may submit your questions via the Zoom Q&A tool. Please note that this video conference is being recorded.

We have also made available in our website www.engie.com.br/investidores the files for the Presentation and Results Release as well as the ITR and other documents filed yesterday at the CVM where more detailed analysis of the financial statements, operational results, ESG indicators and advances made with the implementation of new projects are disclosed, among other factors of note in the period.

Before proceeding further, I would like to clarify that any statements that may be made during this video conference 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 are therefore subject to change. 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.

To present ENGIE Brasil Energia's third quarter 2023 performance are Eduardo Takamori, Chief Financial and Investor Relations Officer and Rafael Bósio, Investor Relations Manager of the Company.

I would like now to pass the floor to Takamori to begin the presentation. Please go ahead:

EDUARDO TAKAMORI: How many are we now, Adri? 113 participants?

ADRIANA WAGNER: Yes, that's exactly it.

EDUARDO TAKAMORI: Great. Good morning to all, good afternoon here. I am speaking direct from our headquarters in Paris this time. I hope the connection will help us.

Moving on to our first slide without further ado, we begin by commenting a little on the adjusted Ebitda. We saw a significant increase in Ebitda of 23.5%, from R$ 1.4 billion to almost R$ 1.8 billion.

You are going to see that one of the main drivers of results was the transmission segment, and here it is worth making the first clarification: of these R$ 318 million, R$ 50 million represent the increase in RAP, effectively because in the same period last year, part of the assets were in the final stages of construction and implementation. Now, this quarter, we already had all the assets in operational mode at both Gralha Azul and Novo Estado.

So we have a portion of this R$ 318 million which is effectively, an increase in revenue; and additionally to this, about R$ 270 million coming from IFRS adjustments, both in relation to the comparative period…in the third quarter of last year, we booked an increase of cost, which as a function of the accounting treatment, goes directly to the result — different from generation, and in transmission this is a little different — and will not reoccur, because the assets are already up and running.

And we also have a small increase in revenue now in the third quarter of this year, totaling this R$ 318 million, which is a very important variation in our result.

The R$ 118 million here in the second positive item of Ebitda variation reflects equity income from TAG, and we are going to examine this in detail. Net income attributable to ENGIE Brasil Energia jumped from R$ 202 million to R$ 320 million — we are going to look at this point as well - also very positive.

And finally, the third main element here which justifies this variation in Ebitda is the result of the disposal of Pampa Sul, totally in line with our strategy of decarbonization and the policy of our controlling company. Only the negative side to this transaction is that you lose the revenue from this operation as well which was important — it was long-term revenue at a good price —, but then this is part of the bigger picture and we are very comfortable and confident that we are on the right track.

On the right hand side of the slide, we show the variation in adjusted net income. We jumped from R$ 709 million to R$ 928 million, an increase of more than 30% year-on-year.

Naturally, we also have the positive effect of having lower depreciation and amortization, of course reflecting the sale of Pampa Sul — that is we no longer have the asset associated with the Pampa Sul thermoelectric plant — and a combination of an increase in financial costs which, firstly, was driven by the third item here, a concessions payable expense — we had an increase of R$ 83 million in the quarter, basically because it is restated at the IPCA, and the IPCA posted an important variation between quarters — and the net result in financial expenses came in positive at R$ 40 million.

Thus we had a reduction in both financial expenses and financial revenues resulting in a net R$ 40 million. The result of these two items of cost increases of UBP (Use of Public Property) and the net result of financial expenses resulted in this R$ 43 million shown here on this slide.

And finally since you have a higher taxable base, there is also a larger payment of Income Tax and Social Contribution on Net Profit.

In the next slide, we go on to talk about the highlights from the business point of view. The first of these, which we have already reported to the market, is the expanded diversification of our portfolio with the acquisition of five photovoltaic complexes — denominated the Cruzeiro project.

We have already had a very good specific call last Wednesday in relation to this last acquisition — and which actually did not take place during the third quarter, but shortly afterwords. We were able to disclose details of the debt — very competitive — and also underscored that this operation meets all the criteria of return and risk allocation as well as creating great value for the Company. These assets are located in the same region where we already have assets operating, creating a very important synergy.

Here with this project, important to also point out that the assets are substantially contracted over the long-term. The project has a distribution of two thirds of commercial capacity allocated to the regulated market via very long-term agreements. Even the remaining part, the third remaining part, which is allocated to the Free Contracting Environment (ACL), also has long-term contracts — out to 2042. So despite this allocation to the regulated and free markets, the free portion as well, there is no recontracting or market risk.

In the lower part of the slide, it is worth mentioning that we closed the operation for the acquisition of CEEE Geração's stake. CEEE Geração relinquished its stake in the Machadinho Consortium, and the other partners exercised their purchase options. This operation has increased our portfolio by a little more than 5 MWm, which is also always welcome — for Machadinho is a hydropower plant, entirely compatible with our business. It should be recalled that we are responsible for the entire operation of Machadinho — it is EBE that is responsible for the plant's operation.

And the final highlight in this slide here is in relation to Santo Agostinho. Despite the fact that at the end of the third quarter 2023, we had 12 wind turbines out of a total of 70, in operation, in the period since September 30 we have already accelerated implementation and now have 19 wind turbines in commercial operation — representing more or less 30% of the project in commercial operation —, and we have another 30% operating on a test basis; in other words, 60% already on the right track to full completion. And we maintain our forecast of commercial operations of the entire complex by year end.

The next slide shows ESG indicators. Firstly and also a reflection of the sale of Pampa Sul, we are already seeing a very significant reduction in the intensity of the Company's emissions. Basically what remains is Scope 3, and these we are going to address in another way. Which also means that we are going to change the structure of this slide here from now on.

Moving to the right hand side, we move forward to occupational health and safety which is not only an important issue for us, but also a license to operate. We had a very significant reduction in the accident frequency rate, very important. We are very happy about it because its a huge and continuous effort so that all our employees, both direct and outside service providers go home in the same way that they arrived for work.

Also, moving to the end of the right hand side, we show over these last few quarters, how we have been able to make very important progress in the percentage of women in our labor force. This is a very effective policy, and we have worked hard to achieve this. And we can see this evolution both in terms of the Company's global values of 25% to 28% — nearly 29% —, and also in positions of leadership. This here represents an increase of more than 10% for the women… of those we had in the third quarter of last year compared to the same quarter this year.

In the lower part of the slide, we show a little of investments in innovation and social responsibility. There was a very significant jump in investments in innovation and also for the accumulated nine months of this year despite maintaining the same levels for the quarter against the quarter of last year.

And as for investment in social responsibility, we also maintained the same level of accumulated investment over the nine months of last year versus the first nine months this year. Worthy of note is that our resources, our obligations our incentivized resources fell just a touch but we offset this with our own resources in this period.

Rafael, can I pass over to you?

RAFAEL BÓSIO: Yes, you can pass over to me. Thanks, Taka. Good morning everyone. Thank you for the audience and the interest in ENGIE Brasil Energia.

EDUARDO TAKAMORI: We are already over 200 now. Thank you.

RAFAEL BÓSIO: Starting out with the slide on commercial strategy, our classic slide where we update our energy balance. Just reminding you that we have the energy balance in greater detail in the attachments in slide 35, but here we exhibit it in graphic form.

So, for those that follow and accompany more closely the quarter-on-quarter evolution continue noting that we have maintained energy sales, despite a certain reduction in appetite, which is natural in a scenario in which prices are being pressured downwards but I repeat: we continue in the market, continue selling.

During the course of the quarter, we reduced by 74 average MW the uncontracted balance in the years from 25 to 28, without detecting any impact on the average selling price - stable in relation to what we reported in the second quarter for these years of 23, 24 and 25.

So we continue to pursue our strategy to the letter, seeking to accompany the opening of the Free Market, to capture migrating consumers. I believe the next slide will show exactly that. The next slide please, Adri.

In this slide, we can see we continued to post expressive growth in the number of customers: in relation to last year, this was more than 22%; and in relation to the last quarter, the second quarter, we grew by about 10% in customer numbers, which confirms all that we have said, that our strategy is to capture expansion in the Free Trading

Environment, specially in niches where the consumer has a greater appetite and for our part, we are able to find better prices for contracting. This ends up reflecting in the maintenance of the average price levels in our portfolio.

In the next slide, we move onto the expansion section, where we report to the market on the progress of work on our projects. The first project is the Santo Agostinho Wind Complex. Operations began in the first quarter, the first wind turbines… Takamori has already given you an update here of the number of wind turbines already generating either on a test basis or in actual commercial operations. Overall completion of the project stands at 87.5% with 100% of work on access roads, network and substation now complete in this third quarter. So this is a project which is already operational, which is in a gradual stage of ramp up: in 2023, we have Santo Agostinho.

In the next slide, we have Serra do Assuruá, which is the largest project under implementation in the Engie Group anywhere in the world and should go into operation at the end of next year. This means we are adding capacity both in 2023 and in 2024, with Serra do Assuruá — as you can see from the photo here, we have already begun concreting the wind turbine tower foundations with entry into operations next year; and in the next slide, slide 14, in 2025 we continue adding capacity to our portfolio. This time, with a photovoltaic project, Assú Sol, also in the state of Rio Grande do Norte, and a project of significance — more than 750 MW of installed capacity — and where work on implementation started in July.

So this twin expansion in generation is to add a further 2GW of installed capacity to our portfolio. This translates into growth over three years of more than 20% in generation which we shall be delivering.

Leaving the generation segment — the next slide please, Adri —, we also see growth… growth is being viabilized in the transmission segment, where we stress, we point out that in the continued diversification of our revenue stream, we already have two operational projects, as Takamori has already mentioned: Gralha Azul and Novo Estado.

In the first quarter of 2024, we should go into operations with Gavião Real, which is a small project we acquired in an auction last year, but in the following slide, we have the lot in Auction 5, which we have named Asa Branca, which is a project… yes, this is a major project: more than a thousand kilometers of transmission line which we are going to incorporate in the transmission portfolio, precisely to expand the diversification of our revenue, bringing stability to our result.

Finally, in the next slide, we have the already well known slide of Jirau Hydropower Plant, in which our controlling company has 40% stake. Expectation exists as to a potential transfer of this asset to ENGIE Brasil Energia.

Just to recall, Jirau is a plant which is already operational — in October, it will be ten years since start of operations. And it is a plant with many positive aspects. You can see that it is operating at a 100% uptime factor. Also, in this quarter, it was the first company in Brazil to be awarded IHA certification and only the second plant in the world to have such certification, proof of the plant's high operational level.

Starting on the last slide — and a slide which in fact, remains unchanged since the last quarter —, and where we show projects that are at a more advanced stage for the development in our portfolio. These projects are not under construction, everyone — just to make it clear —, rather, they are those awaiting a more suitable moment in market conditions to be developed.

We can see here the marginal cost of expansion… the cost of implementation of these projects, this is above the average long-term price, but it is important to keep a diversified portfolio of projects to be developed, because when there is a positive turn of events in market conditions, we need to be ready to resume growth, bearing in mind that to develop a project from the start until the green light for implementation can take from 4 to 5 years. So it is important to have projects at the ready for implementation when better conditions return.

Takamori, I think that I have finished my short speech and give you the floor again for you to comment on financial performance.

EDUARDO TAKAMORI: Excellent. Thank you, Rafael. Here in this slide on financial performance, the first point is to remember that despite a series of investments and although commenting that we are going to distribute 55% of the dividends for the first half, it is worth alerting you all to the fact that our Return on Equity is extremely positive.

We have a return which has exceeded the level of 30%, which is much above the average for the sector and in particular this year, we have gone even higher, having surpassed, 37% in this third quarter of 2023.

The return on invested capital, which also sweeps up debt and all the Company's capital, has naturally converged to a level of 20%. It was a little more in the past but this is naturally a function of the optimization of our capital structure and in this way we are delivering more value to the shareholder here.

On the right hand side of the slide, we show all the investment that we have made over the last few years to date, that is from 2016: nearly R$ 26 billion, and there is much more in the pipeline. Here we show as well that over time, we emerged from a purely generation company and then added the transmission project, intimately connected with our business, transferring electrical energy — and now renewable energy — from one side to the other of the country, meeting the needs of our customers also and contributing with the energy transition and, more recently, the opportune investment in TAG, which is a little distant from the electric energy sector, but which makes a lot of sense also and which has contributed much to our result.

Worth noting is that over this period, we recorded growth of adjusted Ebitda of more than 100%, more than doubling it; a very significant net income also with an increase of 65%; and an accumulation of dividends and interest on capital of nearly R$ 14 billion, which makes us very proud.

Can we move on to the next slide? Here we go to the slide which has many bars in the chart, so it's always something of a challenge to explain. But here in summary, we have a reduction of 8.5% in our net operating revenue, and just remembering Pampa Sul alone — the elimination of Pampa Sul from our portfolio — already accounts for a reduction of R$ 162 million, compared with the third quarter last year, and this represents this 8.5%… it represents almost… 6% of this 8.5%, and thus basically justifies all this remainder here.

The second point of note here is that we also had a superior remuneration of a financial asset which is the first bar, of R$ 59 million, basically the Jaguara and Miranda assets — they are the generation assets which carry a very significant portion contracted under the quota regime — and naturally, indexed to the IPCA and its variation causes this effect on our net operating revenues.

Continuing with the slide here, we have a R$ 39 million reduction basically due to lower hydropower generation year-on-year, despite a positive impact from exportation and not normally a characteristic of this period of the year, the product of spilled hydropower which was exported. See how this R$ 39 million also represents more or less, 1.5% of this variation of 8.5%.

And, the central bar, also highlights a reduction of R$ 40 million year-on -year, basically a function of a decrease in sales, even when discounting Pampa. Rafael has already commented a little on the slide where we covered the commercial part.

However, even with the reduction in sales volume, excluding Pampa, we had an increase in average price of 0.6% — Rafael has already spoken of this as well —, showing that we have been very successful in the way we have managed our portfolio.

Finally, I would draw your attention to the dark blue bar of -R$65 million, originating from a decline in revenue from trading operations — so we sold less —, but this reduction here in NOR is less important because we had a compatible reduction with this purchase for the purposes of trading and so the result became basically neutral, and which generated this reduction of R$ 2.7 billion to R$ 2.5 billion. A little later on I will talk a little about transmission.

On the result from corporate stakes, here we present TAG. TAG does not publish it results but we try to provide a breakdown here so that you can understand. TAG had generated an important result — the net income which it distributes to us is important —, so we break down the result a little more.

I would draw your attention firstly to the final bar, which is what interests all of you. TAG had a net income of practically R$ 1 billion in this quarter, the third quarter. A third of this more or less, 32.5%, come to EBE as a contribution to Ebitda via equity income, and here, then, of this R$ 985 million, we are entitled to R$ 320 million.

So how do we compare with the third quarter of the preceding year? Equity income rose from R$ 202 million to R$ 320 million, and the variation was R$ 118 million year-on year, and this R$ 118 million is going to appear a little later on in the Ebitda slide.

Here, in the case of the first bar, R$ 2.37 billion of NOR, basically, the most important effect was the readjusting of transportation tariffs. This contributed to the R$ 118 million in Ebitda variation which we are receiving… in net income that we receive as Ebitda.

R$ 70 million comes from this adjustment to transportation tariffs. A second important element here is a lower financial expense, of the same order, R$ 88 million. The lower financial expenses is both due to the reduction in CDI — an important part of the debt is indexed to CDI — and also the impact of refinancing as well.

And a fourth element here is that, in spite of having all this benefit of adjustment in transportation tariff and lower financial expense, we had a considerably higher tax base and for this reason, we are paying more tax and hence an increase in tax payable.

What I would like you to remember here is this variation of R$ 118 million, increasing from R$ 202 million to R$ 320 million, which is what is shown in this slide — this R$ 118 million will link in with the next slide.

Here we make this link of net operating revenue also with Ebitda. So the bar about which we have just talked, this contribution from TAG, appears in light blue more or less in the middle of the slide, a little to the right, R$ 118 million.

The first point which I would highlight in this slide here is that the effect… I am talking about TAG. The second important element here: the green bars. The effect of transmission here, distributed in three different places in the graph, and I am going to say it once only to facilitate understanding.

In the two bars at the extremities, which is where we make the adjustments for IFRS, they amount to R$ 229 million plus R$ 39 million, which is the result of marking to market, is an accounting treatment required by current regulations.

And the central bar is indeed cash. It is that effect about which I spoke at the beginning which is effectively the variation of the projects under construction, partially under construction, in the finishing lap of construction last year but fully operational now. This reflects an effective increase of RAP of R$ 50 million.

So we cover TAG in light blue; the greens are the allocation of the result of our transmission concessions here in Ebitda — part of this is adjusted for transmission, adjusted for the central bars — and, in the central bars, in which we increased from R$ 1.66 billion to R$ 1.72 billion, which is basically justified by the disposal of Pampa Sul, which is the most significant bar, -R$ 162 million year-on-year – we have already spoken a little about this in the preceding slides.

A further important element here is that we had lower hydropower generation in this period, year-on-year, about which we have also already spoken; there was a positive impact from exportation, but indeed there was a negative effect here of a reduction in relation to the same period in 2022.

The final point I would like to highlight among these central bars here of the adjusted Ebitda is the first blue bar, which is R$ 101 million, reflecting a reduction in the volume of energy purchases. Of course with this moment — and Rafael has already commented a little on this —, this moment of very low prices, we have lower activity both in terms of the purchase of energy from third parties and also resale of energy of third parties, which translates into this reduction here in purchase volume.

Here, Jaguara and Miranda, which is the bar with R$ 59 million — we have already commented also in the preceding slide —, is due to the remuneration of the financial asset. And here it is interesting to note as well that we can see an improvement in Ebitda due to the fact that we no longer have the cost of fuel, this also a function of the sale of Pampa.

The final point in the slide worthy of note is that, after our adjusted Ebitda, there at the end of the slide, in the right hand corner, we can see a non-recurring R$ 61 million. This here is basically the impairment of our Solar Paracatu. We experienced an extreme weather event of strong winds there which damaged part of the equipment. Part of this equipment has already been written off so we have recognized the corresponding impairment — R$ 61 million.

Worthy of note is also that while we have recognized this impairment, the project is insured — it is a project which was already operating — and the insurance claim is still in progress. We shall be giving you news on the outcome of this claim in due course.

Just to conclude this slide here then, we had a very significant increase, considering these adjustments of the transmission IFRS of 23%, and, even if the IFRS adjustments are excluded, the increase in Ebitda here would have still been significant, of 4% year-on-year.

Now, yes, to the next slide. Here we talk about the evolution in net profit, we show, demonstrate, a very significant growth of 31%, from R$ 709 million to R$ 928 million. The key element here is the Ebitda; it jumped from R$ 1.432 billion to R$ 1.768 billion and, so we have this variation of R$ 336 million, as we have just explained in the preceding slide.

Proceeding, we have the question of depreciation and amortization which we have ceased to have with the disposal of Pampa. The, next, of -R$ 43 million, basically, we have already explained also, which is the equivalent of both the increase in concession expenses payable, at R$ 83 million, and the net positive of revenue less financial expenses also at R$ 40 million — so the net here gives an amount of -R$ 43 million. And finally, the increase in taxes as a function of the higher tax base and closing with a spectacular result of R$ 928 million for the quarter of adjusted net income.

The focus of the next slide moves away a little from the numbers for Ebitda and profit and more towards capital structure. And here, beginning with the bar for 3Q23 of R$ 18.7 billion, gross debt was at a similar level to the second quarter — R$ 18.9 billion, nearly R$ 19 billion —, with just a small variation, and the same level as the end of 22.

The main difference here was that we had a more robust cash position in the second quarter, which was R$ 4.7 billion — as you may remember —, and, due to payout of dividends in September now, when we paid R$ 1.5 billion, this cash position fell to approximately R$ 3.1 billion.

We still have some deposits held in escrow of R$ 290 million, and our net debt here which was close to R$ 14 billion — R$ 13.9 billion — in the second quarter, rose to R$ 15.3 billion.

So in terms of ratios, here we maintain a level of 2.5x in total debt/Ebitda and 2.1… 2x net debt/adjusted Ebitda. So it is a very comfortable position and compatible with the current point in time here both in terms of preparing the Company for undertaking all the investments to which we are already committed as well as executing, realizing, the operation which I just mentioned here, in recent weeks.

In the following slide, the debt profile shows that we have a short-term position of R$ 2.4 billion payable — maturing debt of R$ 2.4 billion. Part of it is in CDI, and there is a more significant part in IPCA, also short-term. Up to the end of next year, and after the 12-month period hence, we still have a further R$ 600 million to settle, making about R$ 3 billion from now through to the end of next year.

The debt profile is very satisfactory in terms of our cash generation — R$ 2.2 billion, R$ 2.3 billion in the next three years —, that is… 25 and 26, and with debt makeup largely indexed to IPCA (80%), 10% to CDI and 10%, TJLP roughly making up our debt profile here, very comfortable. The nominal cost of debt is 10.7% — very good as well.

And the next slide, we link in with the investment plan. Up to now we have shown what the debt profile was, the current position of our capital structure and now we move on to the investment part.

Much is going to happen in the next few years, so we shall certainly have a lot of news here on investments. We made investments of almost R$ 3.5 billion this year — this in the final stretch of the year, and we are going to close off these R$ 3.5 billion —, largely the final touches to Santo Agostinho, another R$ 1 billion invested this year, and Serra do Assuruá also having already absorbed more than R$ 1 billion over the course of this year here.

And I would highlight here, for 2024, an expectation of R$ 6.9 billion of investment. It is a very significant investment, although totally compatible also with our degree of leverage, with our cash generation and, pervading all, our track record here of financial discipline and investment capacity, totally compatible with our balance sheet. We have almost R$ 3.5 billion going into Serra do Assuruá, plus R$ 2 billion and something for Assú Sol, so these are some very significant investments, albeit totally manageable within our capital structure.

In the next slide, we come to the end here. It is my last slide, which shows dividend distribution over time. Most years we have distributed 100% of distributable net income; and, naturally, in some moments of our history, we have reduced this, limited to 55%, which is the minimum payout and a commitment of management here.

And here I would like to point out that while we have already mentioned a first half payout of 55%, I would like to share with you so that everyone knows our track record of financial discipline and of management, both in terms of risk as well as portfolio here and it is natural that this distribution of dividends should be compatible with the moment of growth which we are experiencing.

We have just seen a slide which shows our entire expansion to which we have already committed and naturally this dividend policy has to be compatible - always seeking to maximize the return on shareholder's equity — this, at the end of the day is what we are always looking for here.

With this I conclude my part here of comments on the slides which are being presented and registered at the CVM as well — right, Rafa? — Can we now move on to the Q&A session?

ADRIANA WAGNER: We now begin the questions and answers session. To ask a question, just send it using the Q&A tool of this video conference.

Our first question, Taka, comes from Julia Zaniolo, of Santander. She has two questions. I am going to put the first question and then come back to the second afterwards. The first is as follows: “Even excluding the non-recurring effects, TAG’s result was very good. What is the outlook for the next few quarters? Can we expect this level of results to continue from TAG with less pressure from the financial result on the bottom line?”.

EDUARDO TAKAMORI: Hi, Julia. A good question, because TAG always brings surprises in our results and following on from the results of our main business here, TAG having a business different from what we are used to dealing with here. It is worth remembering that TAG is an investment — both from the point of view that the results come via the equity method to us here — as well as the fact that we do not give guidance on TAG, nor in terms of our results.

So for this reason, I cannot give you details. We have a stake of more or less one third in TAG here and TAG has its own independent existence so it would be a guess anyway. It has a management, a management team. So I will owe you this one; we are unable to share any forecast for the next quarters. We are hopeful it will continue to generate a really good return on our investment.

ADRIANA WAGNER: Julia’s second question is as follows: “Can you give us an update on the interest and possibility of Engie taking part in the next Reserve Auction?”.

EDUARDO TAKAMORI: Engie, naturally monitors all the opportunities for contracting long-term energy and this is not going to change. Reserve, capacity, all these auctions here, we are watching. There is no specific treatment worthy of noting. We are always seeking to maximize returns to the shareholder and reduce the risk of recontracting — it is a very long-term risk —, so yes we are continuing to monitor.

ADRIANA WAGNER: Thank you, Taka. The next question comes from Mr. Bandeira, who is a personal investor, and he asks: “Will the Company maintain unchanged its policy for distribution of dividends? When will it announce the payment date of the dividends already approved and provisioned and will we announce fresh earnings before the year end?”.

EDUARDO TAKAMORI: The question is a good one but here again we have little to share with you at present, because it depends on a major set of circumstances: the evolution of the business, other opportunities that may appear for investment, recycling of capital… so there is a great deal that can happen and it would be a little premature on our part to establish dates, moments, volumes or percentage payout at this point in time, OK?

So, in this case as well, unfortunately I am unable to anticipate much at this time.

RAFAEL BÓSIO: Takamori, I think we could comment here so as to leave it entirely clear with the investor — perhaps those that do not accompany us so closely —, that our dividend distribution policy remains unaltered. The policy, as is shown in a previous slide, provides for a minimum payment of 55% of distributable net income; that is at least 55%. In other words, there is the flexibility of paying between 55% and 100% depending on all those factors which Takamori has mentioned.

So, this is a decision that… there is a recommendation from the Management Board — right, Taka? — to the Board of Directors, and it is the Board of Directors which approves and submits the proposal to the General Shareholder's Meeting. However, the policy as such, is to pay at least 55%, and this will not change.

EDUARDO TAKAMORI: That's it. And, naturally, when we were in a less leveraged position, it was easier to distribute 100% of dividends every time. But it is worth placing this in the overall context here that even the 55% which we have announced for the first half is much above what the market in expansion distributes. So just to remind you that we perform magic here.

RAFAEL BÓSIO: It is. — It is like this, right, Taka? — We have become a dividend and growth player as well; after all, we are paying more than half of what we make in profit and still growing at a good rate of acceleration, especially over the last few years.

ADRIANA WAGNER: Continuing here, Taka, the next question comes from Daniel Travitzky at Safra. He has two questions. I am going to ask the first and then come back with the second. The first is on the acquisition of the solar complexes which we announced last week. "Why not develop greenfield as other companies and Engie itself is doing in other projects? CAPEX/MW is not competitive or are there other reasons?" — if we could explore this theme further.

EDUARDO TAKAMORI: We can look at this, yes. This question is very good. Basically here, we continue developing several projects — Rafael has discussed those in our portfolio of projects in our pipeline. The question is that starting from zero, the project needs to contract energy over the long-term so that you can reduce market risk.

It is not a good moment for you to begin the entire contracting process, and we, as always, monitor the market and see good opportunities for the allocation of capital — in this specific case, of a solar project. It is compatible with our long-term objective of contracting renewable energy and occurred at a moment of enormous synergy with our operational assets. All the assets which we are incorporating are present in states in which we already have a footprint, already with operational projects, and additionally these assets are contracted over an ultra-long period.

Thus, in this way, we are going to achieve the best of all worlds: of synergy; of the project which makes sense to us, contracted at good levels, at adequate prices — extremely interesting —; and also permitting part of the recontracting at a very long term which also makes sense to us, complementing our portfolio adequately. So it all makes sense.

It is not a case of "or one or another", no. In fact, all we did was to allocate capital in the most adequate way possible for this particular point in time.

ADRIANA WAGNER: And the second question also from Daniel is whether we could comment in greater detail on the sales agreements this quarter "that we have seen at interesting prices despite the small volume. If we could talk about the duration and general conditions and what is the replicability of these contracts".

EDUARDO TAKAMORI: Rafa, can you deal with this one?

RAFAEL BÓSIO: Let me see. I was looking at the questions here and was distracted.

EDUARDO TAKAMORI: No, the question is basically on the evolution of the contracts.

RAFAEL BÓSIO: Ah, OK… sure. No, it is about what I commented on in that slide on commercialization — right, Taka? —, that we reduced our selling appetite a little in these moments when prices are under pressure, but we have been seeking to identify market niches in expansion within the free contracting environment where we have a win-win situation: we can sell at a higher price than the market average, but the consumer is also buying energy at a price considerably below what it pays the distributor, so the two sides end up gaining.

And with this, we are able to reduce the impact on the average price of the portfolio. We have a portfolio which is very large and totally indexed, so there is an inertia, a moment of strong demand, and it takes the sale of a very large volume of energy at a price lower than the average before any significant impact is registered.

And we have been efficient in this question of softening these impacts, mainly because we are highly contracted in the short-term — and even the medium-term. If you look at our energy balance, we have a higher volume of uncontracted energy only as from 27, even 28, which we could mention.

ADRIANA WAGNER: Ok. Thank you, Rafael and Taka. The next question is from Henrique Peretti, an analyst at J.P. Morgan. He has a question on CAPEX. “In the first half, the Company invested about R$ 1.9 bi, and the guidance for the year is R$ 3.5 billion”, so he would like to know where this major acceleration is going to come from in CAPEX which we have for the fourth quarter.

And, besides this, “in the light of leverage post incorporation of Atlas Energy, can we expect a pause in the rhythm of acquisitions or new projects? Thank you”.

EDUARDO TAKAMORI: Ok. Henrique, despite having invested only… — “only”, right? — having invested R$ 2 bi in the first quarter and there still remains R$ 1.5 bi, you have the third quarter also, where we have already invested part of this amount. Basically, demand for cash has come mostly this year from Santo Agostinho. And we are on the home leg of Santo Agostinho, which is naturally going to require another important tranche to finish the job.

And some of the difference here — perhaps more than half the difference here — comes from Serra do Assuruá, a project where we already have begun work and where there will be an important focus of investment already in this fourth quarter on the acquisition of equipment. So by and large, what justifies this jump in investment during these final stages of the year is Serra do Assuruá.

Ah, and on the second part of the question, about the degree of leverage: no, you cannot expect a pause in the rhythm of acquisitions of new projects. We continue being at the same time… having a financial discipline, but Engie is a multinational company which has a huge balance sheet and if it has to embark on a new project…

“If it has to embark” is like this: if there is an adequate project with an adequate return and an adequate risk profile compatible with our growth strategy and long-term view, we will embark on this project, with the best capital structure, respecting all the investment criteria. And this is the advantage of being in a multinational group.

ADRIANA WAGNER: And following on here, our next question comes from…

EDUARDO TAKAMORI: And remembering, right?… — just to finalize this point — remembering that debt is only part of the capital structure equation. Remembering then: it is not only with debt that we do business.

ADRIANA WAGNER: Ok. Moving on here to the next question from Marcelo Sá, sell side analyst at Itaú. He asks: "What do you expect in terms of legislative changes which could occur in the sector, given that PL 414 is dead and, in theory", according to him, "as Secretary Efrain has spoken of a reset in the sector?".

RAFAEL BÓSIO: Here is the bouncing ball you were waiting for…

EDUARDO TAKAMORI: Hi there, Marcelo!

RAFAEL BÓSIO: Good one, Marcelo!

EDUARDO TAKAMORI: I have to be careful not to say more than I can. Marcelo, this is a very good question.

No. No, the question is very good and it's like this, we are always hopeful and always optimistic, moderately optimistic with Brazil — just look at the size of the investment that we are making here. So we are "buyers" of Brazil, we make investments in Brazil.

So in spite of 414 having suffered a lot, and been a long time in Congress, we see that this so called reset of the sector may be a very generic expression still and could converge with some themes included in PL 414 that could blend with… some things were already implemented in 414, so we could see a new version and are hopeful that something will bear fruit from all these legislative discussions.

So for example we are banking on the opening of the market; a reduction in the subsidy of distributed generation; with the correction of the question of self-production of energy, which has been watered down over time…

So, yes, we are banking on this regulatory improvement, which is certainly going to ensure that Brazil assumes a position which is super competitive and that the renewable generation we have here materializes in GDP, in the creation of value for society.

So there are some important things that can happen which would benefit our business directly at ENGIE Brasil Energia as well as the electric sector as a whole. And I have already commented on some of them here.

ADRIANA WAGNER: Ok. Another one here, Taka, from Marcelo Sá as well. He is asking about the Capacity Auction and if we have hydropower projects which might participate; what is this potential capacity and whether we have an idea as to auction demand.

EDUARDO TAKAMORI: Ok. Excellent question as well. In the Capacity Auction, we have two suitable hydro projects to participate in the auction – Ponte de Pedra and Salto Santiago. At Salto Santiago, the machines are very big. The available power there: there are two spaces for additional turbines available with power output exceeding 700 MW... Sorry, Salto Santiago and Jaguara.

So, at Jaguara, we also have another two spaces for additional turbines, two existing spaces for turbines. We are continually evaluating the economics for viabilizing these two projects –the two pairs of existing turbine spaces these two hydroelectric plants. These should total power output close to roughly one thousand MW - 700 MW on the one hand and 200 MW and a bit on the other.

And as to the question of auction demand, it always raises questions on our part because we can see that on the one hand you have an absurd capacity in hydropower generation but at the same time you have recently seen the use of thermoelectric generation in some regions to complement power supply due to generation, transmission downtime....

In this way the need for capacity arises, although the way of calculating this capacity is still very incipient, and the models used for calculating this capacity are also still not sufficiently developed, which does not give us great confidence in giving a firm number or forecast as to how much capacity will be needed in the medium- to long-term.

ADRIANA WAGNER: Thank you, Taka. And one more additional question from Marcelo as to how we are seeing the volatility of PLD as we enter the summer season. "We are imagining that many situations will arise of price mismatching due to operational and stronger load restrictions. Could this pressure the longer energy price curve further as well?"

EDUARDO TAKAMORI: I think it's easier to win the lottery than to answer with any precision what you are asking here, Marcelo. We have already had various situations in the past few years where the entire market had convictions, but these convictions came to nothing so it's like this: we know that in this period anything can happen: if the rains are delayed a little, if the rains begin a little ahead of schedule, it means we have a little more availability from the asset… so, macro-climatic events are increasingly more difficult to interpret so risk is ever present.

Naturally, we have a situation of oversupply of generation, reducing a little, at least in the majority of scenarios, the chance of having any major mismatches although yes they can occur as indeed they did occur a few weeks back with a very significant mismatch of price.

ADRIANA WAGNER: Thank you, Taka. The next question comes from Tarcísio Ramos, a personal investor and he asks: "With the forecast of investments of R$ 3.5 billion for this year and R$ 6.8 billion next, up to what level does the Company imagine going with respect to the net debt/Ebitda ratio next year?".

EDUARDO TAKAMORI: That's a good question. It ties in with what I commented just now that debt is only one of the ways we raise resources for making investments.

Historically, we have maintained our AAA rating — with Fitch —, and we intend to continue to pursue this rating and for this reason we have a series of restrictions on maximum leverage here. So we will continue pursuing this. There is no internal element, no change of route which would detract from this idea. Also, we have all the covenants here with debts already contracted and so we are going to continue with the same efficient management of the capital structure.

RAFAEL BÓSIO: Just by way of an addendum — right, Takamori? —, we do not disclose projections but as you rightly said, everything is under control and we shall not be breaking though a level which might threaten our rating.

EDUARDO TAKAMORI: Exactly. We are going to work so this does not happen.

ADRIANA WAGNER: Moving forward here, we have a question from Diogo at BBI, and he says: "In view of the prospects for low short- and medium-term prices, which depress sales price mix and naturally, trading operations, what does Engie see as the way forward for maximizing results in the current market scenario?".

EDUARDO TAKAMORI: First continuing to pursue optimum portfolio management — thus anticipating market movements and maximizing the opportunities from price mismatching, which we do already, and manage our customer base well.

Get closer to consumers… something also which we have been doing: getting closer to the smaller consumers, where we also have higher margins. So nothing different from what we do already. We dedicate a lot of time and energy in the efficient management of both our capital as well as our energy portfolio.

And naturally, to hold back a little in investment in new uncontracted projects, so nothing which we have to sweat unduly for contracts at this time of ultra-long agreements for viabilizing new projects. So it is natural that we should be looking with a little more attention at transmission rather than generation, to make good use of our capital, our equity.

ADRIANA WAGNER: Thanks, Taka. The next question comes from Tarcísio Ramos, also a personal investor. He asks if Engie is evaluating new acquisitions in the gas sector, such as TAG, or even some form of organic growth in the sector via TAG.

EDUARDO TAKAMORI: Here it is worth remembering that Engie invests in TAG via two different vehicles: the first is ENGIE Brasil Energia, which is this listed company here about which we are talking; and it made an investment of the same amount via the controlling company of ENGIE Brasil Energia. So there are two vehicles for investments in infrastructure networks. So, there is no reason why we should not make new investments.

I think that organic growth via TAG also is natural, it's just that there is always the discussion as to which vehicle will be used to effect this investment — whether here at ENGIE Brasil Energia or the controlling company —, just to point out that our vocation here is the electric energy sector.

I have no specific information here to share with you but I would like to remined you that there are these two investment vehicles.

ADRIANA WAGNER: Thank you, Taka. We have various questions. Some we are going to address later directly here through the IR. Those wanting to ask questions should send them through the Q&A mechanism.

The next question comes from Fábio, a personal investor. He asks us about maintenance and operational costs of the solar and wind plants and if there are already statistics on this in relation to hydroelectric plants.

And in relation to distributed generation and improvement in off-grid battery technologies from a long-term point of view, if we think this to be a risk in the light of the possibility of companies becoming autonomous in their energy generation.

EDUARDO TAKAMORI: Fábio, as to the first part of the question on maintenance cost relative to wind and solar versus hydro, I am going to have to do my homework and study further — I don't have an answer for you at the tip of my tongue. Rafa, if you could add something please? — on the… — Do you want to say something?

RAFAEL BÓSIO: No, I think what we can talk about is relative to Ebitda margin by source. Margins are the greatest… we have seen the largest in the case of wind energy… but also very close to hydropower, if we look at it on average — right, Takamori? That is all that we are able to comment now to at least give some help to him.

EDUARDO TAKAMORI: Yes.

RAFAEL BÓSIO: Similar margins.

EDUARDO TAKAMORI: Yes, but nothing that would really be remarkably different, no.

Here on the second part of the question — about distributed generation —, distributed generation is always complex, because to start with it carries a very large subsidy, since distributed generation, even without batteries, is wreaking enormous damage in the electric energy sector, demobilizing the wind production chain; reducing the space for new hydroelectric projects as well where there is still room to implement such operations; SHPs, biomass...

So there is a very substantial subsidy associated with distributed generation, which even by itself without the subsidy would render this energy viable today. It already represents a risk for generation companies like us — and not only us. In addition to being a risk for the generation companies like us, it transfers the cost of a gigantic bill to a portion of the population that has no way of paying; so basically who pays the bill via tax and tariff, is the individual who hasn't a roof to install the distributed generation model. This is the first part of the reply.

The second part is that even if we were successful in regulatory evolution and eliminated the subsidy from distributed generation — and this ties in with your question —, if you developed a well-packaged distributed generation system with a battery, you would still have a price difference of some hundreds of reais to make up to render the battery viable and effectively eliminate the distributed generation and battery combination from the system.

This happens in some places around the world— Australia has already been doing this for some time because indeed you have a daily price journey throughout the day that justifies you putting in a battery there. Chile is doing the same, California…

But of course, you have to have the market conditions for this to happen. And before you get to this point in time, all the players in the electric sector are going to have to coordinate in order to dispatch in the most adequate manner possible. You are going to use the entire hydropower complex, which is one gigantic battery — a potential energy battery instead of a chemical battery, in the most efficient manner possible. So you have a great deal of room to optimize our system before you go into this distributed energy and battery partnership.

First an adequate price needs to materialize, in short, because you cannot succumb to the temptation of adopting a policy of subsidizing the battery, which is a heresy almost: at a time when you are unable to use hydropower sources properly, you introduce a greater subsidy to adopt another technology, which does not generate energy — all it does is complement the other energy source —, when you are not using all the other resources in the most efficient manner.

So at the current time… there are some places in the world where it makes sense, but here in Brazil at present it makes no sense.

RAFAEL BÓSIO: Taka, I think that… I would like to add something. Please correct me if you think that I am wrong, but there is an additional factor to the strong subsidy that DG is having in Brazil for some years now. The issue here is that there is a certain market reserve.

We are unable to compete directly with DG in the case of the private individual but when there is a comprehensive opening of the Free Market, it is then that there will be competition and then we are going to see whether we are going to be competitive with DG or not. Because in conventional generation and centralized generation, we have several assets which are already amortized, depreciated and thus have a generation cost which is very competitive for meeting the challenge from DG.

Is it like that? Does my observation make sense, Taka?

EDUARDO TAKAMORI: Super pertinent, totally. It is an antidote for this size of subsidy which is currently built into distributed generation. Certainly. And remembering that if you open the market, you can optimize the existing resources — right, Rafael? — so you can get all this idle capacity, pricing adequately and generating value for society, without new investments, which is excellent for everyone.

RAFAEL BÓSIO: Exactly. We are in a very complex situation. We have a subsidized source with a market reserve which prompts the question about risk for the others. We are unable to react because it is not allowed. They are letting us “play alone" and with an incentive.

ADRIANA WAGNER: Ok, thanks. We are close to our time limit here. We have some more questions to be addressed by the IR area. And now I will give the floor back to Rafael as well as Takamori, for their final considerations.

RAFAEL BÓSIO: Taka, I’ll go first here and again thank the audience and the interest shown and repeat what Adri said, that here in the IR area we continue at your disposal to answer questions which were or were not answered and those which may arise later. We have a lot of questions on payout and payment date, Taka. We think we will do our homework so that we can arrive at a date and the sooner the better. And I return the floor to you to conclude our call. Thank you everyone.

EDUARDO TAKAMORI: I would also like to thank the participation of all. I believe I have one final point that I forgot while answering Marcelo’s question. He asked about state of play in Congress — PL and so on —, but I think that there is also a theme that has gone unnoticed by many of us, which is Aneel’s decision on RBSE.

RBSE is an expression in which we commonly talk about the value that was overpaid by all users of the transmission network over recent years. The team at Aneel, have technically identified this and, given the complexity of the issue and its impacts, no decision has yet been taken; it goes onto the agenda and is then eliminated from the agenda, and this has been a constant feature. And the impact is very significant for all users.

So at a time when we are talking about a billing excess, an excess of subsidies, a very large cost burden for the sector, we understand that it is natural that one begins with the important themes and one of these is RBSE. It needs the attention of Aneel — there is already enough technical material for management to take a decision —, and we believe that this could have a very important impact of about R$ 8 billion for the whole of society, the reimbursement of amounts overpaid — clearly overpaid.

So we are waiting here for this matter to be decided soon and naturally, we are going to receive the reimbursement proportional to our participation as a user of the transmission network. Just as a reminder here that the user is not only generation; the user is the generator, is the free consumer, is the distributor…. All the users of the Brazilian energy transmission system.

So, I think this is also a very important theme which I wanted to address since it is a very relevant theme for society as a whole: it is an amount which could perhaps cut the total cost of transmission for one year by a third. Clearly this reimbursement would be made in installments over time but it is on too large a scale for us to leave in abeyance and postpone taking a decision.

With this, I think I can conclude my contribution here also, Rafa, so that we don't surpass the allotted time of this video conference and thanking again the participation of all.

ADRIANA WAGNER: The video conference of ENGIE Brasil Energia is concluded. A good afternoon to all.

RAFAEL BÓSIO: Good afternoon. Thank you everyone. Bye bye.