

# 2Q19 Earnings Release

São Paulo, August 07 2019 - Companhia de Gas de São Paulo - Comgas (B3: CGAS3 e CGAS5), announces its results for the second quarter of 2019 (2Q19). The following financial and operating information is presented in accordance with International Financial Reporting Standards (IFRS) and all comparisons are made from the second quarter of 2018 (2Q18) or as indicated.

Ex-thermal volume grew by 3% in 2Q19. Industrial volume up 2% from 2Q18, reflecting the recovery of industrial production after the hit caused by truck drivers' strike during the comparative base.

Commercial volume increased by 3% compared to 2Q18, supported by the addition of 874 customers in the last 12 months.

Residential volume up 2%, with the addition of 93 thousand customers in the last 12 months.

Net revenue reached R\$ 2.3 billion in the period, 47% higher than 2Q18, reflecting the increase in the cost of gas and its pass through to the tariff set by the regulator (ARSESP), recovery of regulatory current account and volume growth.

Gas and transportation costs increased by 32% in the quarter, on the back of higher gas and transportation costs, combined with higher volume distributed.

Selling, general and administrative expenses, excluding amortization, increased by 8% in 2Q18 to 126 million.

Normalized EBITDA totaled R\$ 578 million on the quarter, an increase of 18% from 2Q18, explained by the inflation pass through to the margins coupled with higher sales volume.

Investments reached R\$ 200 million in 2Q19, up 54% from 2Q18, in line with the plan for the year after the conclusion of the fourth Ordinary Tariff Review.

Recurring normalized Net Debt/EBITDA reached 0.39x, reflecting the evolution of normalized EBITDA and cash generation in the period.

Finally, on 05/23/2019, ARSESP concluded the fourth Ordinary Tariff Review of Comgas, from May 31, 2018 to May 30, 2024. The Maximum Margin (P0) was set at R\$ 0.5182 per cubic meter (in April 2018 currency). For Efficiency Factor, the established percentage was 0.52% per year.

## Summary of Financial Information

2Q19	2Q18	2Q19 x 2Q18	R\$ thousands	1H19	1H18	1H19 x 1H18
1,944,852	1,850,533	5.1%	Total Customers	1,944,852	1,850,533	5.1%
1,143,936	1,111,012	3.0%	Volume Ex-thermal	2,251,602	2,182,748	3.2%
672,262	330,813	>100%	EBITDA	1,119,406	705,183	58.7%
362,088	114,007	>100%	Net Income	562,144	293,100	91.8%
578,298	490,782	17.8%	Normalized EBITDA	1,077,693	928,156	16.1%
307,401	219,468	40.1%	Normalized Net Income	548,278	438,829	24.9%
199,663	130,105	53.5%	CAPEX	380,880	242,040	57.4%
1,053,367	1,387,635	-24.1%	Net Debt	1,053,367	1,387,635	-24.1%
0,39x	0,76x	-48,7%	Normalized Leverage*	0,39x	0,76x	-48,7 %

\*Normalized Net Debt / Normalized Recurring EBITDA last 12 months.

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We recommend reading this material together with the Company's other periodical information required by CVM Instruction 480, including, but not limited to, the Company's Financial Statements, which were already analyzed by the Audit Board on August 05, 2019, and revised and approved for disclosure by the Board of Directors at a meeting held on August 08, 2019. These documents are available at <http://ri.comgas.com.br/>

## Volume

2Q19	2Q18	2Q19 x 2Q18	Volume (thousands m <sup>3</sup> )	1H19	1H18	1H19 x 1H18
70,882	69,339	2.2%	Residential	124,632	125,456	-0.7%
39,334	38,058	3.4%	Commercial	77,903	73,934	5.4%
891,586	869,879	2.5%	Industrial	1,765,687	1,730,671	2.0%
85,319	78,826	8.2%	Cogeneration	170,334	149,817	13.7%
56,816	54,910	3.5%	Automotive	113,046	102,870	9.9%
<b>1,143,936</b>	<b>1,111,012</b>	<b>3.0%</b>	<b>Total</b>	<b>2,251,602</b>	<b>2,182,748</b>	<b>3.2%</b>
12.6	12.2	3.0%	mm <sup>3</sup> /day	12.4	12.1	3.2%

### Residential:

Up 2.2% in 2Q19, due to the addition of more than 93 thousand customers in the last 12 months. In 1H19, the volume fell 0.7%, due to higher average temperature.

### Commercial:

Growth of 3.4% in 2Q19 and 5.4% in 1H19. Result mainly supported by the increase in the number of customers, which added 874 in the last 12 months.

### Industrial:

Result 2.5% higher than 2Q18. Modest recovery in economic activity after the hit caused by truck drivers' strike in 2Q18. The segment's highlights in the quarter were Chemical/Petrochemical and Ceramic sectors.

### Cogeneration:

Growth of 8.2% in 2Q19, on the back of increased demand from large customers.

### Automotive (NGV):

Increase of 3.5% over 2Q18, due to the competitiveness of natural gas when compared to liquid fuels.

## Net Revenue

Net revenue reached R\$ 2,339 million, up 47% from 2Q18. The result is mainly explained by the pass through of gas and transportation costs to the tariffs set by the regulator (ARSESP), coupled with higher volume distributed.

2Q19	2Q18	2Q19 x 2Q18	R\$ thousand	1H19	1H18	1H19 x 1H18
2,956,168	2,059,872	43.5%	Gross Revenue from Sales/Services	5,563,600	3,910,209	42.3%
-617,369	-467,069	32.2%	Gross Revenue Deductions	-1,164,749	-886,530	31.4%
<b>2,338,799</b>	<b>1,592,803</b>	<b>46.8%</b>	<b>Net Revenue</b>	<b>4,398,851</b>	<b>3,023,679</b>	<b>45.5%</b>
2,144,345	1,481,910	44.7%	Gas Sales	4,031,099	2,809,405	43.5%
182,114	96,177	89.4%	Construction Revenue	342,050	185,670	84.2%
12,340	14,716	-16.1%	Other Revenues	25,702	28,604	-10.1%

## Cost of Goods and Services

Total cost of goods and services sold, which consists mainly of the gas cost (commodity), transportation and construction costs, totaled R \$ 1,551 million in 2Q19, an increase of 36.0% over 2Q18.

2Q19	2Q18	2Q19 x 2Q18	R\$ Thousands	1H19	1H18	1H19 x 1H18
-1,363,107	-1,036,653	31.5%	Cost of Gas and Transportation	-2,696,111	-1,883,248	43.2%
-182,114	-96,177	89.4%	Construction costs	-342,050	-185,670	84.2%
-5,650	-7,538	-25.0%	Other costs	-11,637	-13,882	-16.2%
<b>-1,550,871</b>	<b>-1,140,367</b>	<b>36.0%</b>	<b>Cost of Gas and/ or Services</b>	<b>-3,049,798</b>	<b>-2,082,799</b>	<b>46.4%</b>

Gas and transportation costs, excluding construction and other costs, totaled R\$ 1,363 million in the quarter, an increase of 31.5% from 2Q18. This variation reflects the increase in the unitary cost of gas together with the increase in volume distributed. The increase in unitary gas cost compared to 2Q18 reflects the forex variation in the period.

The differences between the actual cost incurred and the cost of gas embedded in the tariff (and billed to customers according to the tariff structure set by ARSESP) are accumulated in the regulatory current account and passed through/billed as determined by ARSESP in the periodic price adjustments or tariff reviews. This balance is adjusted by the basic interest rate (Selic) on a monthly basis.

At the end of the period, the current regulatory account amounted R\$ 230 million. In accordance with accounting standards, this balance is not booked in the Company's records and it is disclosed in Note 10 of the Company's Interim Financial Statement.

## Operational Expenses

Operating Expenses decreased by 3.4% in 2Q19, totaling R\$ 200 million.

Selling, general and administrative expenses, excluding amortization, ended the period with a 7.5% increase over 2Q18, totaling R\$ 126 million, due to seasonality of expenses in the period.

2Q19	2Q18	2Q19 x 2Q18	R\$ Thousands	1H19	1H18	1H19 x 1H18
-37,416	-35,270	6.1%	Selling Expenses	-70,720	-71,562	-1.2%
-88,964	-82,289	8.1%	General and Administrative Expenses	-173,110	-159,818	8.3%
<b>-126,380</b>	<b>-117,559</b>	<b>7.5%</b>	<b>Sales, General and Administrative Expenses</b>	<b>-243,830</b>	<b>-231,380</b>	<b>5.4%</b>
10,714	-4,064	n/a	Other Operating Expenses/ Revenues	14,183	-4,317	n/a
-84,732	-85,876	-1.3%	Amortization	-169,647	-172,813	-1.8%
<b>-200,397</b>	<b>-207,499</b>	<b>-3.4%</b>	<b>Operational Expenses/ Revenues</b>	<b>-399,295</b>	<b>-408,510</b>	<b>-2.3%</b>

## EBITDA

EBITDA normalized by the regulatory current account totaled R\$ 578 million in 2Q19, an increase of 17.8% when compared to 2Q18, justified by the inflation adjustment to the margins, in addition to higher sales volume. IFRS EBITDA reached R\$ 672 million in 2Q19, reflecting the recovery of the regulatory current account.

2Q19	2Q18	2Q19 x 2Q18	R\$ Thousands	1H19	1H18	1H19 x 1H18
2,338,799	1,592,803	46.8%	Net Sales	4,398,851	3,023,679	45.5%
-1,550,871	-1,140,367	36.0%	Cost of Gas and/or Services	-3,049,798	-2,082,799	46.4%
787,928	452,436	74.2%	Gross Revenue	1,349,053	940,880	43.4%
-126,380	-117,558	7.5%	SG&A Expenses	-243,831	-231,379	5.4%
10,714	-4,064	n/a	Other Operating Expenses/ Revenues	14,183	-4,317	n/a
672,262	330,813	>100%	EBITDA	1,119,406	705,183	58.7%
578,298	490,782	17.8%	Normalized EBITDA	1,077,693	928,156	16.1%
0.51	0.44	14.4%	Normalized EBITDA Margin (R\$/ M <sup>3</sup> )	0.48	0.43	12.6%

## Net Financial Expenses/Revenues

Net financial income and expenses finished 2Q19 with an amount of R\$ -36 million, 44% down from 2Q18. The reduction was mainly due to the fall in inflation indices (IPCA and IGP-M) and TJLP, associated with a lower net debt balance.

## Net Income

Net income normalized by the regulatory current account totaled R\$ 307 million in 2Q19 (R\$ 362 million in IFRS), up 40.1% from 2Q18.

## Investments

Investments totaled R\$ 200 million in 2Q19, as planned for the period.

## Debt

Net debt fell by 32.3% compared to 2Q18, with 81.1% of the gross debt maturing in long term. Normalized net leverage decreased from 0.67x in December 2018 to 0.39x at the end of quarter, due to cash generation in the period.

Jun 19	Dec 18		Jun 19 x Dec 18
1,104,477	1,322,666	Loans and Financing	-16.5%
2,480,967	2,328,879	Debentures	6.5%
-387,149	-368,928	Derivatives	4.9%
12,033	0	Leases	n/a
3,210,328	3,282,617	Total Debt	-2.2%
2,156,961	1,727,341	(-) Cash, Cash Equivalents And Marketable Securities	24.9%
1,053,367	1,555,276	Net Debt	-32.3%
2,599,930	2,185,708	EBITDA (last 12 months)	19.0%
2,087,788	1,938,296	Normalized EBITDA (last 12 months) <sup>1</sup>	7.7%
230,351	251,359	Regulatory Current Account	-8.4%
0.19	0.17	Short Term Debt/Total Debt	9.2%
0.41x	0.71x	Leverage	-43.1%
0.39x	0.67x	Normalized Leverage <sup>2</sup>	-41.4%

1 - Recurrent | 2 - Net Debt / Normalized EBITDA LTM

## Guidance

This section contains the projections by range of variation of some operational and financial parameters of Comgas for the fiscal year 2019, as well as the results from 2018. In addition, the other parts of this report may also contain projections. Such projections are only estimative and indicative, and are not a guarantee of any future results.

	2018	1H19	Guidance 2019		2019 Revised	
	Achieved	Achieved	Mín	Máx	Mín	Máx
Total customers (thousand)	1,905	1,944	2,005	2,025	2,005	2,025
Volume ex-thermal (mm m <sup>3</sup> )	4,543	2,252	4,600	4,750	4,600	4,750
Normalized EBITDA <sup>1</sup> (R\$ mm)	1,938	1,078	1,950	2,100	1,950	2,100
CAPEX (R\$ mm)	530	381	400	900	800	900

1- Recurring

**Disclaimer:** This document contains forward-looking statements and information. Such statements and forward-looking statements are only forward-looking statements and not guarantees of future performance. We caution all stakeholders that such forward-looking statements and information are and will be subject to risks, uncertainties and factors relating to Comgas operations and business environments, as a result of which actual results may differ materially of future results expressed or implied by the forward-looking statements and information.

## Income Statement – IFRS

2Q19	2Q18	2Q19 x 2Q18	R\$ thousand	1H19	1H18	1H19 x 1H18
2,956,168	2,059,872	43.5%	<b>Gross Revenue from Sales/Services</b>	5,563,600	3,910,209	42.3%
-617,369	-467,069	32.2%	Gross Revenue Deductions	-1,164,749	-886,530	31.4%
<b>2,338,799</b>	<b>1,592,803</b>	<b>46.8%</b>	<b>Net Revenue</b>	<b>4,398,851</b>	<b>3,023,679</b>	<b>45.5%</b>
2,144,345	1,481,910	44.7%	Gas Sales	4,031,099	2,809,405	43.5%
182,114	96,177	89.4%	Construction Revenue	342,050	185,670	84.2%
12,340	14,716	-16.1%	Other Revenues	25,702	28,604	-10.1%
<b>-1,550,871</b>	<b>-1,140,367</b>	<b>36.0%</b>	<b>Cost of Gas and/or Services</b>	<b>-3,049,798</b>	<b>-2,082,799</b>	<b>46.4%</b>
-1,368,757	-1,044,190	31.1%	Cost of Gas and Transportation	-2,707,748	-1,897,129	42.7%
-182,114	-96,177	89.4%	Construction Costs	-342,050	-185,670	84.2%
<b>787,928</b>	<b>452,436</b>	<b>74.2%</b>	<b>Gross Profit</b>	<b>1,349,053</b>	<b>940,880</b>	<b>43.4%</b>
<b>-200,397</b>	<b>-207,499</b>	<b>-3.4%</b>	<b>Other Operational Results</b>	<b>-399,294</b>	<b>-408,510</b>	<b>-2.3%</b>
-37,416	-35,270	6.1%	Selling Expenses	-70,720	-71,562	-1.2%
-173,695	-168,165	3.3%	General and Administrative Expenses	-342,757	-332,631	3.0%
10,714	-4,064	n/a	Other Operational Expenses	14,183	-4,317	n/a
<b>587,531</b>	<b>244,937</b>	<b>&gt;100%</b>	<b>Operating Income</b>	<b>949,759</b>	<b>532,370</b>	<b>78.4%</b>
<b>-36,898</b>	<b>-65,926</b>	<b>-44.0%</b>	<b>Net Financial Expenses</b>	<b>-89,375</b>	<b>-87,555</b>	<b>2.1%</b>
<b>550,633</b>	<b>179,011</b>	<b>&gt;100%</b>	<b>Earnings Before Income Tax and Social Contribution</b>	<b>860,384</b>	<b>444,815</b>	<b>93.4%</b>
-188,545	-65,004	>100%	Income Tax and Social Contribution	-298,240	-151,715	96.6%
<b>362,088</b>	<b>114,007</b>	<b>&gt;100%</b>	<b>Net Income</b>	<b>562,144</b>	<b>293,100</b>	<b>91.8%</b>
<b>Net Earnings Per Share (R\$)</b>						
2.67	0.84	>100%	Common	4.15	2.16	92.1%
2.94	0.93	>100%	Preferred	4.57	2.38	92.0%

## Income Statement – Normalized

2Q19	2Q18	2Q19 x 2Q18	R\$ thousand	1H19	1H18	1H19 x 1H18
2,956,167	2,059,872	43.5%	Gross Revenue from Sales/Services	5,563,600	3,910,209	42.3%
-655,546	-471,428	39.1%	Gross Revenue Deductions	-1,238,785	-895,591	38.3%
<b>2,300,621</b>	<b>1,588,444</b>	<b>44.8%</b>	<b>Net Revenue</b>	<b>4,324,815</b>	<b>3,014,618</b>	<b>43.5%</b>
2,106,167	1,477,551	42.5%	Gas Sales	3,957,063	2,800,344	41.3%
182,114	96,177	89.4%	Construction Revenue	342,050	185,670	84.2%
12,340	14,716	-16.2%	Other Revenues	25,702	28,604	-10.1%
<b>-1,592,323</b>	<b>-976,040</b>	<b>63.1%</b>	<b>Cost of Gas and/or Services</b>	<b>-2,993,702</b>	<b>-1,850,766</b>	<b>61.8%</b>
-1,410,209	-879,864	60.3%	Cost of Gas and Transportation	-2,651,652	-1,665,096	59.2%
-182,114	-96,177	89.4%	Construction Costs	-342,050	-185,670	84.2%
<b>708,298</b>	<b>612,404</b>	<b>15.7%</b>	<b>Gross Profit</b>	<b>1,331,113</b>	<b>1,163,853</b>	<b>14.4%</b>
<b>-214,732</b>	<b>-207,499</b>	<b>3.5%</b>	<b>Other Operational Results</b>	<b>-423,068</b>	<b>-408,510</b>	<b>3.6%</b>
-37,416	-35,270	6.1%	Selling Expenses	-70,720	-71,562	-1.2%
-173,695	-168,165	3.3%	General and Administrative Expenses	-342,757	-332,631	3.0%
-3,621	-4,064	-10.9%	Other Operational Expenses	-9,590	-4,317	>100%
<b>493,566</b>	<b>404,905</b>	<b>21.9%</b>	<b>Operating Income</b>	<b>908,045</b>	<b>755,343</b>	<b>20.2%</b>
<b>-25,791</b>	<b>-66,104</b>	<b>-61.0%</b>	<b>Net Financial Expenses</b>	<b>-68,670</b>	<b>-89,726</b>	<b>-23.5%</b>
<b>467,775</b>	<b>338,801</b>	<b>38.1%</b>	<b>Earnings Before Income Tax and Social Contribution</b>	<b>839,375</b>	<b>665,617</b>	<b>26.1%</b>
-160,374	-119,333	34.4%	Income Tax and Social Contribution	-291,097	-226,788	28.4%
<b>307,401</b>	<b>219,468</b>	<b>40.1%</b>	<b>Net Income</b>	<b>548,278</b>	<b>438,829</b>	<b>24.9%</b>

## Cash Flow Statement

2Q19	2Q18	2Q19 x 2Q18	R\$ thousand	1H19	1H18	1H19 x 1H18
550,633	179,011	>100%	<b>Profit Before Income Tax and Social Contribution</b>	860,384	444,815	93.4%
84,870	86,014	-1.33%	Amortization	169,970	173,090	-1.80%
5,855	4,507	29.92%	Loss on the Write-off of Intangible Assets	11,612	5,759	>100%
555	345	60.85%	Granted Options Recognized	1,110	658	68.78%
4,473	27	>100%	Provision for Judicial demands	4,823	1,027	>100%
51,740	84,726	-38.93%	Interest and Monetary Variation	114,132	152,280	-25.05%
12,324	10,690	15.28%	Provision for profit sharing	19,152	17,254	11.00%
2,658	2,861	-7.10%	Impairment of trade receivables	4,761	7,201	-33.89%
-14,335	0	n/a	Recovery taxes program	-23,773	0	n/a
-48,114	-4,397	>100%	Gas paid and not used	-91,821	-7,755	>100%
-326	-30	>100%	Others	-985	-452	>100%
<b>650,334</b>	<b>363,754</b>	<b>78.8%</b>	<b>Cash Generated from Operations</b>	<b>1,069,365</b>	<b>793,878</b>	<b>34.7%</b>
<b>1,251</b>	<b>17,792</b>	<b>-93.0%</b>	<b>Variations in Assets and Liabilities</b>	<b>-96,871</b>	<b>-53,311</b>	<b>81.7%</b>
-134,255	-117,730	14.04%	Accounts Receivable	-341,919	-115,101	>100%
-939	2,201	n/a	Inventories	-1,025	7,581	n/a
-5,355	-9,103	-41.18%	Taxes and Contributions	55,480	-65,899	n/a
59,842	152,076	-60.65%	Suppliers	74,662	167,534	-55.43%
-242	192	n/a	Provisions and employee benefits	-34,891	-34,037	2.51%
82,870	0	n/a	Gas paid not used	161,463	0	n/a
-6,165	-6,995	-11.87%	Post-employment benefits	-13,761	-13,465	2.20%
5,495	-2,849	n/a	Others	3,120	76	>100%
<b>651,585</b>	<b>381,546</b>	<b>70.8%</b>	<b>Cash Flow from Operating Activities</b>	<b>972,494</b>	<b>740,567</b>	<b>31.3%</b>
<b>-174,562</b>	<b>-859,659</b>	<b>-79.7%</b>	<b>Cash Flow from Investing Activities</b>	<b>-115,444</b>	<b>-842,260</b>	<b>-86.3%</b>
-357	-705,233	-99.95%	Marketable Securities	204,915	-591,756	n/a
0	0	n/a	Cash received from sale of permanent assets	28	1,123	-97.52%
-174,205	-154,426	12.81%	Additions to Intangible Assets	-320,387	-251,627	27.33%
<b>-131,590</b>	<b>369,619</b>	<b>n/a</b>	<b>Cash Flow from Financing Activities</b>	<b>-249,331</b>	<b>-249,635</b>	<b>-0.1%</b>
0	482,227	n/a	Proceeds from new loans, borrowings and debentures	0	482,227	-100.00%
-128,758	-116,765	10.27%	Amortization from Principal, Loans and Financing	-237,287	-616,162	-61.49%
-25,884	-19,241	34.53%	Interest paid on Loans and Financing	-40,661	-44,642	-8.92%
23,793	23,410	1.63%	Derivative Financial Instruments	40,644	98,118	-58.58%
-577	0	n/a	Amortization from Principal on Leases	-1,175	0	n/a
-164	0	n/a	Interest paid on Leases	-334	0	n/a
0	-12	-100.00%	Dividends and interest on capital paid	-10,518	-169,176	-93.78%
<b>345,433</b>	<b>-108,494</b>	<b>n/a</b>	<b>Increase (Decrease) of Cash and Cash Equivalents</b>	<b>607,719</b>	<b>-351,328</b>	<b>n/a</b>
<b>864,906</b>	<b>1,484,686</b>	<b>-41.7%</b>	<b>Opening Balance of Cash and Cash Equivalents</b>	<b>602,618</b>	<b>1,727,521</b>	<b>-65.1%</b>
<b>1,210,338</b>	<b>1,376,192</b>	<b>-12.1%</b>	<b>Closing Balance of Cash and Cash Equivalents</b>	<b>1,210,338</b>	<b>1,376,192</b>	<b>-12.1%</b>



## Balance Sheet

R\$ thousand	Jun 19	Dec 18	Jun 19 x Dec 18
<b>TOTAL ASSETS</b>	<b>9,147,022</b>	<b>8,360,577</b>	<b>9.4%</b>
<b>Current Assets</b>	<b>3,796,086</b>	<b>3,232,515</b>	<b>17.4%</b>
Cash and Cash Equivalents	1,210,338	602,618	>100%
Marketable Securities	946,623	1,124,723	-15.8%
Accounts Receivable	1,038,065	674,992	53.8%
Derivative Financial Instruments	117,233	114,891	2.0%
Inventories	64,578	65,259	-1.0%
Gas paid and not used	93,188	254,651	-63.4%
Receivables from Related Parties	1,552	1,158	34.0%
Income Tax and Social Contribution	0	72,143	-100.0%
Taxes Recoverable	297,701	292,204	1.9%
Other Current Assets	26,808	29,876	-10.3%
<b>Non Current Assets</b>	<b>5,350,936</b>	<b>5,128,062</b>	<b>4.3%</b>
Accounts Receivable	12,392	20,155	-38.5%
Other recoverable taxes	13,517	11,076	22.0%
Judicial Deposits	54,975	52,885	4.0%
Derivative Financial Instruments	269,916	254,037	6.3%
Other Current Assets	407	756	-46.2%
Right of use	11,544	0	n/a
Assets contracts	338,548	217,855	55.4%
Intangible Assets	4,649,637	4,571,298	1.7%
<b>TOTAL LIABILITIES</b>	<b>9,147,022</b>	<b>8,360,577</b>	<b>9.4%</b>
<b>Current Liabilities</b>	<b>2,251,247</b>	<b>1,915,210</b>	<b>17.5%</b>
Loans, Financing and Debenture	720,200	679,735	6.0%
Suppliers	1,058,729	1,012,895	4.5%
Salaries and Social Deductions	47,781	63,520	-24.8%
Income tax payables	178,345	0	n/a
Other taxes payable	175,250	70,768	>100%
Dividends and Interest on Capital Payable	1,033	11,551	-91.1%
Payable and Related Parties	6,063	14,994	-59.6%
Others Financial Liabilities	53,373	52,868	1.0%
Leases	2,234	0	n/a
Other Payables	8,239	8,879	-7.2%
<b>Non Current Liabilities</b>	<b>3,611,197</b>	<b>3,724,043</b>	<b>-3.0%</b>
Loans, Financing and Debenture	2,865,244	2,971,810	-3.6%
Provisions for Contingencies	129,040	120,972	6.7%
Obligations with retirement benefits	513,359	504,320	1.8%
Deferred income and social contribution taxes	73,583	102,426	-28.2%
Deferred income	6,365	6,464	-1.5%
Leases	9,799	0	n/a
Other non-current liabilities	13,807	18,051	-23.5%
<b>Equity</b>	<b>3,284,578</b>	<b>2,721,324</b>	<b>20.7%</b>
Share Capital	2,036,315	1,650,032	23.4%
Capital Reserve	4,866	60,032	-91.9%
Revaluation Reserve	5,761	5,761	0.0%
Carrying value adjustments	-161,597	-161,597	0.0%
Profit reserve	837,089	1,167,096	-28.3%
Retained Earnings	562,144	0	n/a

## Appendix I - Segments

2Q19	2Q18	2Q19 x 2Q18	Residential	1H19	1H18	1H19 x 1H18
1,258,947	1,222,368	3.0%	Meters	1,258,947	1,222,368	3.0%
1,925,109	1,831,740	5.1%	Numbers of UDA's	1,925,109	1,831,740	5.1%
70,882	69,339	2.2%	Volume (mm m <sup>3</sup> )	124,632	125,456	-0.7%
308,026	238,830	29.0%	Net Revenue	518,953	429,026	21.0%
-88,493	-65,955	34.2%	Cost	-156,604	-111,059	41.0%
-7,864	10,971	n/a	Regulatory Current Account	-6,605	15,394	n/a
211,669	183,846	15.1%	Normalized Margin	355,744	333,361	6.7%
2.99	2.65	12.6%	R\$/m <sup>3</sup> Normalized	2.85	2.66	7.4%

\*UDA's (Unidade Domiciliar Autônoma)

2Q19	2Q18	2Q19 x 2Q18	Commercial	1H19	1H18	1H19 x 1H18
18,171	17,297	5.1%	Meters	18,171	17,297	5.1%
39,334	38,058	3.4%	Volume (mm m <sup>3</sup> )	77,903	73,934	5.4%
125,581	90,735	38.4%	Net Revenue	229,508	172,285	33.2%
-49,160	-36,054	36.4%	Cost	-97,884	-64,859	50.9%
-3,341	6,428	n/a	Regulatory Current Account	-1,702	9,199	n/a
73,080	61,109	19.6%	Normalized Margin	129,922	116,625	11.4%
1.86	1.61	15.7%	R\$/m <sup>3</sup> Normalized	1.67	1.58	5.7%

2Q19	2Q18	2Q19 x 2Q18	Industrial	1H19	1H18	1H19 x 1H18
1,299	1,225	6.0%	Meters	1,299	1,225	6.0%
891,586	869,879	2.5%	Volume (mm m <sup>3</sup> )	1,765,687	1,730,671	2.0%
1,512,160	1,017,538	48.6%	Net Revenue	2,900,568	1,959,418	48.0%
-1,114,203	-823,588	35.3%	Cost	-2,214,442	-1,513,808	46.3%
-54,459	139,101	n/a	Regulatory Current Account	5,718	204,037	-97.2%
343,498	333,051	3.1%	Normalized Margin	691,844	649,647	6.5%
0.39	0.38	0.6%	R\$/m <sup>3</sup> Normalized	0.39	0.38	4.4%

2Q19	2Q18	2Q19 x 2Q18	Cogeneration	1H19	1H18	1H19 x 1H18
32	29	10.3%	Meters	32	29	10.3%
85,318	78,826	8.2%	Volume(mm m <sup>3</sup> )	170,334	149,817	13.7%
110,597	71,850	53.9%	Net Revenue	214,120	130,525	64.0%
-88,227	-63,394	39.2%	Cost	-176,952	-110,625	60.0%
-2,395	9,016	n/a	Regulatory Current Account	872	12,425	-93.0%
19,975	17,472	14.3%	Normalized Margin	38,040	32,325	17.7%
0.23	0.22	5.6%	R\$/m <sup>3</sup> Normalized	0.22	0.22	3.5%

2Q19	2Q18	2Q19 x 2Q18	Automotive	1H19	1H18	1H19 x 1H18
239	240	-0.4%	Meters	239	240	-0.4%
56,816	54,910	3.5%	Volume(mm m <sup>3</sup> )	113,046	102,870	9.9%
87,981	62,957	39.7%	Net revenue	167,950	118,151	42.1%
-71,037	-52,061	36.4%	Cost	-141,948	-90,689	56.5%
-3,716	485	n/a	Regulatory Current Account	-767	-6,470	-88.1%
13,228	11,381	16.2%	Normalized Margin	25,235	20,992	20.2%
0.23	0.21	12.3%	R\$/m <sup>3</sup> Normalized	0.22	0.20	9.4%

## Segments – Distributed Volumes (Self-producers / Self-importers)

2Q19	2Q18	2Q19 x 2Q18	Thermal Generation	1H19	1H18	1H19 x 1H18
2	2	0.0%	Meters	2	2	0.0%
772	79,819	-99.0%	Volume(mm m <sup>3</sup> )	124,726	85,741	45.5%
5	3,656	-99.9%	Net Revenue	5,701	3,925	45.2%
5	3,656	-99.9%	Normalized Margin	5,701	3,925	45.2%
0.01	0.05	-85.9%	R\$/m <sup>3</sup> Normalized	0.05	0.05	-0.2%

## Appendix II - Tariffs and Adjustments

As a utility providing a public service, Comgas' activities are regulated by São Paulo State Sanitation and Energy Regulatory Agency (ARSESP), an agency of the São Paulo state government.

The distribution of piped natural gas commercially operated by the Company is regulated by a concession contract that establishes five-year tariff cycles and the conditions for calculating and applying the tariffs during these cycles. The goal is to ensure a fair margin both for the Concessionaire and for Users. The funds to cover the Company's operating costs, investments and shareholder returns come from this margin.

On May 31, 2009, the second tariff revision was carried out, which set the Company's Maximum Margin (PO) at R\$0.3052/m<sup>3</sup>, with an efficiency factor (X Factor) of 0.82%.

The rate paid by consumers is formed by the cost of gas and product transportation plus the Company's margin and taxes.

The tariff resulting from the five-year revision is adjusted annually on the anniversary of the signing of the concession contract (May 31). The adjustment is determined by ARSESP and consists of updating the distribution margins by the IGP-M and the cost of gas and of its transportation, considering the actual cumulative variations in the prices of the natural gas acquired by Comgas. In the case of extreme cost variations, the regulator may determine the need for an extraordinary adjustment.

### Postponement of the 2014-19 Tariff Revision

ARSESP, through Resolution 494, decided to postpone the tariff revision process of Comgas, which initially was scheduled to occur by May 2014, to 01/30/2015. According to the resolution, only in February 2014 was ARSESP able to conclude the process of hiring an expert consultancy to assist it with said tariff revision process, which started in March 2014. Consequently, until the date scheduled for

concluding the tariff revision process, there was insufficient time to conduct the methodological definitions, analyze the Concessionaire's data and propose the maximum distribution margins for the new 2014-19 tariff cycle, including the holding of public consultations and hearings to enable the necessary transparency and publicity of the procedure.

On the same day on which it announced the postponement of the tariff revision, ARSESP published Resolution 496, which provides for the temporary adjustment of the distribution margins of Comgas, which will be in force from May 2014 until the end of the tariff revision process, scheduled for January 2015. This adjustment considered the IGP-M inflation of 5.27% in the period and an X factor of 0.55%, both proportional to 8/12 of the indexes in the last 12 months, given that the tariff revision was postponed for eight months, resulting in a net adjustment of 4.72%

Considering the margins adjusted for inflation less the X factor, the restated gas cost and pass-through of the current account, the adjustments in rates in May 2014 averaged 2.6% in the residential, 1.2% in the commercial, 0.6% in the industrial and 4.3% in the GNV.

Resolution 533, published by ARSESP on 12/10/2014, extended the deadline for the tariff revision to 05/31/2015. Due to the new deadline, the Agency decided to complement the inflation adjustment with the 4/12 that were not considered in the adjustment authorized by Resolution 496, and the Company's margins were increased by an additional 2.33%.

On the same date, ARSESP published Resolution 534, which restated the cost of gas and the current account pass-through. These two factors, combined with the margin adjustment based on inflation described above, resulted in the following adjustments in gas sale rates: average adjustments of 2.2% in the residential and commercial, 2.0% in the industrial and 3.8% in the GNV segment.

On 03/25/2015, the summary of the minutes of 301st Meeting of the Executive Board of ARSESP held on 03/11/2015, was published in the state register DOESP informing that the Executive Board of ARSESP had voted to implement procedures to: (i) invalidate Article 2 of Resolution 494 of 05/27/2014, which described the criteria for monetary restatement applicable to the tariffs of the Company for the period from May to December 2014, to instead apply the contractual criteria, which means an adjustment based on the IGP-M index in the last 12 months, pursuant to the rapporteur's vote; and (ii) invalidate Resolution 517/2014 and Technical Note 02/2014, which discussed the definition of the WACC.

On 05/09/2015, ARSESP published Resolution 575, which restated the cost of gas and the current account pass-through. These two factors, combined with the margin adjustment based on inflation of 4.16%, resulted in the following adjustments in gas sale rates: average increase of 6.25% in the residential, 7.7% in the commercial, 9.6% in the industrial segment and 9.2% for GNV stations.

On 05/23/2016, ARSESP published Resolution 648, which restated the cost of gas and the current account pass-through. These two factors, combined with the margin adjustment based on inflation of 9.81%, resulted in the following adjustments in gas sale rate: average decrease of 3% in the residential, 11% in the commercial, 21% in the industrial segment and an increase of 2% for GNV stations.

On 09/29/2016, ARSESP published Resolution 670 updating the cost of gas and the transfer of the current account, which resulted in the following adjustments to the gas sales tariffs: average decrease of 3.16% in the residential segment, 5.70% in the commercial segment, 9.78% in the industrial sector and 0.07% for GNV stations. This adjustment is valid from 10/03/2016.

ARSESP, through Technical Note No. RTG / 01/2016 and Notice of Public Hearing No. 04/2016 of November 24, 2016, resumed the process of discussion of Comgas' tariff review methodology. On December 15, 2016, the WACC discussion process was also resumed, through Technical Note No. RTG / 02/2016 and Notice of Public Consultation Reopening No. 02/2014.

On December 20, 2016, ARSESP published the Notice of Suspension of Public Consultations and Hearings Regarding the Tariff Review Process of Comgas, suspending the process as per court orders. The facts that generated these decisions are still being discussed in court, without any current impediment to resume the process.

On May 29, 2017, ARSESP published ordinance 727, restating the cost of gas and the current account pass-through. These two factors, combined with the adjustment of our distribution margin by 2.55%, resulted in the following adjustments in gas sale tariffs: increase between 2.6% and 7.8% in the residential segment, 6.1% and 11.8% in the commercial segment, 11.8% and 18.9% in the industrial segment, and 6.3% for NGV stations.

On May 30, 2017, ARSESP published the Notice to Reopen Public Consultation for contributions to define the weighted average cost of capital, with June 23 being the deadline. Other matters were not mentioned in the notice.

On May 30, 2018, ARSESP published the decree 798, restating the cost of gas and the current account pass-through. These two factors, combined with the adjustment of our distribution margin by 1.07%, resulted in the following adjustments in gas sale tariffs: increase between 1.0% and 8.0% in the residential segment, 5.8% and 12.9% in the commercial segment, 12.9% and 21.0% in the industrial segment, and reduction of 1.1% for NGV stations.

On December 05, 2018, ARSESP published the resolution 840/2018, with the public consulting no. 10, 11 and 12, about the WACC, Methodology and Tariff cycle alterations.

On 02/01/2019, ARSESP published Resolution 849, which updated the weighted average cost of gas and transportation contained in tariffs, which varies according to the international oil price and the exchange rate. In addition, it carried out the transfer of the regulatory current account, accumulated in the last 12 months. The publication affected the tariffs of the different segments and consumption volumes, with the average increase for the residential segment being up to 11% and for trade up to 14%. For Industry the impact was 32% and for NGV it was a readjustment of 40%.

On 02/06/2019, ARSESP released the results of Public Consultations 10, 11 and 12 of 2018, through the publication of Technical Note NT.F-0002-2019 that defined the weighted average cost of capital at 8.27% for the next cycle and the Technical Note NT.F-0003-2019 that defines the methodology to be used in the tariff revision process. The final draft of the 6<sup>th</sup> Addendum to the Concession Agreement was also published.

On 26/02/2019, ARSESP published Deliberation nº 852 that reduced the percentage of variation of the tariffs of Comgas, by deferral of time. The reductions were applied to all segments in a distinct way, being: - 3% in the residential segment; -4% for the commercial segment; -7% for the industrial segment; and -8% for Natural Gas (NGV), considering the tariff applied to gas stations. The adjustment entered into force on 03/01/2019 and should be maintained until the base date for updating Comgas tariffs on 05/31/2019.

On 02/04/2019, ARSESP announced the opening of Public Consultation No. 03/2019 and Public Hearing No. 01/2019 for contributions to the Proposal of Maximum Margin, X Factor and Tariff Structure of the 4<sup>th</sup> Ordinary Tariff Review. The hearing took place on 04/17/2019.

On 05/23/2019 ARSESP published Final Technical Note NTN-0030-2019 and the Detailed Report regarding the conclusion of the 4th Comgas' Ordinary Tariff Review, which encompasses the period between May 31<sup>st</sup>, 2018 and May 30<sup>th</sup>, 2024. Final Technical Note NTF-0030-2019 determined, in relation to the Maximum Margin (P0), the amount of R\$ 0.5182 per cubic meter, in April 2018 currency. For Factor X, the established percentage was 0.52% per year.

## Appendix III – Natural Gas Supply Agreements

The Company maintains natural gas supply agreements with Petrobras under the following conditions:

- Firm Imported agreement with Petrobras, in effect through December 2021, for the daily supply of 8.1 million m<sup>3</sup> of Bolivian gas
- Firm agreement with Petrobras, in effect through December 2021, for the daily supply of 4.22 million m<sup>3</sup> of gas per day
- “Back-to-back” natural gas supply agreements under the Thermal Power Priority Program (PPT) for the daily supply of 0.3 million m<sup>3</sup> per day to supply Corn Products (Ingredion), in effect through March 2023.

The prices under the agreements are composed of two portions: one pegged to a basket of fuel oils in the international market and adjusted on a quarterly basis; and the other adjusted on an annual basis in accordance with domestic inflation. The cost of gas is denominated in R\$/m<sup>3</sup>, and Bolivian gas is calculated in US\$/MMBTU.