

# 3Q19 Earnings Release

São Paulo, November 06 2019 - Companhia de Gas de São Paulo - Comgas (B3: CGAS3 e CGAS5), announces its results for the third quarter of 2019 (3Q19). The following financial and operating information is presented in accordance with International Financial Reporting Standards (IFRS) and all comparisons are made from the third quarter of 2018 (3Q18) or as indicated.

Ex-thermal volume totaled 1.1 billion m<sup>3</sup> distributed in the quarter, a decrease of 5% when compared to the same period of 2018.

Commercial volume fell by 2% in the quarter, while the industrial segment fell by 6%, due to adverse situations that affected the production of large clients. In this period, residential volume grew by 5%, explained by the addition of approximately 92 thousand clients in the last 12 months.

The Company's net revenue reached R \$ 2.6 billion in the period, reflecting the pass through of the increase in gas cost in tariffs, reflecting the exchange variation, which is one of the references of gas supply contracts.

Gas and transportation costs increased by 19% in the quarter, explained by the increase in the unit cost of the gas and transportation molecule.

Selling, general and administrative expenses, excluding amortization, increased by 9% in 3Q19, totaling 140 million.

Normalized EBITDA totaled R\$ 650 million in the quarter. Investments totaled R\$ 219 million in 3Q19, in line with the Company's outlook.

We ended the quarter with normalized EBITDA of 0.10x, as measured by Net Debt/EBITDA for the last 12 months.

## Summary of Financial Information

3Q19	3Q18	3Q19 x 3Q18	R\$ thousands	9M19	9M18	9M19 x 9M18
1,972,308	1,879,498	4.9%	Total Customers	1,972,308	1,879,498	4.9%
1,147,328	1,209,141	-5.1%	Volume Ex-thermal	3,398,930	3,391,888	0.2%
758,866	387,605	95.8%	EBITDA	1,878,272	1,092,788	71.9%
437,864	187,491	>100%	Net Income	1,000,008	480,591	>100%
650,023	545,589	19.1%	Normalized EBITDA	1,727,716	1,473,745	17.2%
372,962	293,488	27.1%	Normalized Net Income	921,241	732,317	25.8%
218,788	138,880	57.5%	CAPEX	599,668	380,920	57.4%
359,563	1,025,471	-64.9%	Net Debt	359,563	1,025,471	-64.9%
0,10x	0,46x	-78.3%	Normalized Leverage*	0,10x	0,46x	-78.3%

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

## Investor Relations

Nelson Gomes  
CEO

Guilherme Machado  
CFO & IRO

Telephone: +55 11 4504-5065  
E-mail: [investidores@comgas.com.br](mailto:investidores@comgas.com.br)

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 November 04, 2019, and revised and approved for disclosure by the Board of Directors at a meeting held on November 05, 2019. These documents are available at <http://ri.comgas.com.br/>

## Volume

3Q19	3Q18	3Q19 x 3Q18	Volume (thousands m <sup>3</sup> )	9M19	9M18	9M19 x 9M18
86,081	81,672	5.4%	Residential	210,713	207,128	1.7%
41,516	42,307	-1.9%	Commercial	119,419	116,241	2.7%
885,333	939,661	-5.8%	Industrial	2,651,020	2,670,332	-0.7%
80,375	86,246	-6.8%	Cogeneration	250,709	236,063	6.2%
54,023	59,255	-8.8%	Automotive	167,069	162,124	3.0%
<b>1,147,328</b>	<b>1,209,141</b>	<b>-5.1%</b>	<b>Total</b>	<b>3,398,930</b>	<b>3,391,888</b>	<b>0.2%</b>
12.5	13.1	-5.1%	mm <sup>3</sup> /day	12.5	12.4	0.2%

### Residential:

The segment posted an increase of 5.4% in 3Q19, explained by the addition of 92 thousand new customers in the last 12 months.

### Commercial:

Reduction of 1.9% in 3Q19, due to the decrease in demand from large clients. Year to date, the segment grew by 2.7%, driven by the addition of 765 new customers in the last 12 months.

### Industrial:

Result 5.8% lower than in 3Q18 due to adverse situations that affected the production of large clients in this segment.

### Cogeneration:

Decrease of 6.8% in 3Q19, due to the maintenance of large customer plants. The segment increased by 6.2% year-to-date.

### Automotive (NGV):

Decrease of 8.8% compared to 3Q18 due to lower competitiveness of natural gas against other energy sources.

## Net Revenue

Net revenue totaled R \$ 2.6 billion. The result is justified by the transfer of the increase in gas and transportation costs in the tariffs set by the regulatory agency.

3Q19	3Q18	3Q19 x 3Q18	R\$ thousand	9M19	9M18	9M19 x 9M18
<b>3,271,286</b>	<b>2,460,188</b>	<b>33.0%</b>	<b>Gross Revenue from Sales/Services</b>	<b>8,834,886</b>	<b>6,370,397</b>	<b>38.7%</b>
-685,756	-559,204	22.6%	Gross Revenue Deductions	-1,850,505	-1,445,734	28.0%
<b>2,585,530</b>	<b>1,900,984</b>	<b>36.0%</b>	<b>Net Revenue</b>	<b>6,984,381</b>	<b>4,924,663</b>	<b>41.8%</b>
2,367,023	1,773,183	33.5%	Gas Sales	6,398,122	4,582,588	39.6%
199,730	106,781	87.0%	Construction Revenue	541,780	292,451	85.3%
18,777	21,020	-10.7%	Other Revenues	44,480	49,624	-10.4%

## Cost of Goods and Services

Total cost of goods and services sold, which is mainly comprised of the cost of gas (commodity), transportation and construction cost, was R \$ 1,666 million in 3Q19, an increase of 21% over 3Q18.

3Q19	3Q18	3Q19 x 3Q18	R\$ Thousands	9M19	9M18	9M19 x 9M18
-1,510,958	-1,265,119	19.4%	Cost of Gas and Transportation	-4,298,789	-3,156,159	36.2%
-199,730	-106,781	87.0%	Construction costs	-541,780	-292,451	85.3%
44,497	-5,388	n/a	Other costs	124,580	-11,477	n/a
<b>-1,666,191</b>	<b>-1,377,288</b>	<b>21.0%</b>	<b>Cost of Gas and/ or Services</b>	<b>-4,715,989</b>	<b>-3,460,087</b>	<b>36.3%</b>

Gas and transportation costs, excluding construction and other costs, were R \$ 1,511 million in the quarter, an increase of 19.4% when compared to 3Q18. This variation reflects the increase in the unit cost of gas mainly impacted by the increase in exchange variation in the period.

Importantly, the differences between the actual cost incurred and the cost of gas included in the tariff (and charged to customers as per the tariff structure defined by ARSESP) are accumulated in the regulatory current account and passed/charged as determined by the Regulator in the periodic readjustments or tariff reviews. This balance is monthly adjusted by the Selic rate.

At the end of the period, the active balance of the regulatory current account totaled R \$ 132 million. In accordance with accounting standards, this balance is not accounted for in the Company's books, but is disclosed through Note 9 to the interim financial statements.

## Operational Expenses

Operating Expenses increased by 9.4% in 3Q19, totaling R \$ 243 million, and 1.9% YTD, reaching R \$ 642 million.

Selling, general and administrative expenses, excluding amortization, ended the period with a 9.1% increase over 3Q18, totaling R \$ 140 million.

3Q19	3Q18	3Q19 x 3Q18	R\$ Thousands	9M19	9M18	9M19 x 9M18
-41,721	-38,463	8.5%	Selling Expenses	-112,441	-110,025	2.2%
-98,255	-89,813	9.4%	General and Administrative Expenses	-271,366	-249,630	8.7%
<b>-139,976</b>	<b>-128,276</b>	<b>9.1%</b>	<b>Sales, General and Administrative Expenses</b>	<b>-383,806</b>	<b>-359,655</b>	<b>6.7%</b>
-20,497	-7,816	>100%	Other Operating Expenses/ Revenues	-6,314	-12,133	-48.0%
-82,329	-85,813	-4.1%	Amortization	-251,976	-258,627	-2.6%
<b>-242,802</b>	<b>-221,905</b>	<b>9.4%</b>	<b>Operational Expenses/ Revenues</b>	<b>-642,097</b>	<b>-630,415</b>	<b>1.9%</b>

## EBITDA

EBITDA normalized by the regulatory current account totaled R \$ 650 million in 3Q19, impacted by the correction of inflation in margins. IFRS EBITDA reached R \$ 759 million in 3Q19, due to the recovery of the regulatory current account balance.

3Q19	3Q18	3Q19 x 3Q18	R\$ Thousands	9M19	9M18	9M19 x 9M18
2,585,530	1,900,984	36.0%	Net Sales	6,984,381	4,924,663	41.8%
-1,666,191	-1,377,288	21.0%	Cost of Gas and/or Services	-4,715,989	-3,460,087	36.3%
919,339	523,696	75.5%	Gross Revenue	2,268,392	1,464,576	54.9%
-139,976	-128,275	9.1%	SG&A Expenses	-383,807	-359,655	6.7%
-20,497	-7,816	>100%	Other Operating Expenses/ Revenues	-6,314	-12,133	-48.0%
758,866	387,605	95.8%	EBITDA	1,878,272	1,092,788	71.9%
650,023	545,589	19.1%	Normalized EBITDA	1,727,716	1,473,745	17.2%
0.57	0.45	25.6%	Normalized EBITDA Margin (R\$/ M <sup>3</sup> )	0.51	0.43	17.0%

## Net Financial Expenses/Revenues

Net financial income and expenses ended 3Q19 with an amount of R \$ -27 million, 52% down on 3Q18. The reduction was mainly due to the fall in inflation indices (IPCA and IGP-M), CDI and TJLP, associated with the reduction in net debt and higher cash balance.

## Net Income

Net income normalized by the regulatory current account was R \$ 373 million in 3Q19 (R \$ 438 million in IFRS).

## Investments

Investments totaled R \$ 219 million in 3Q19 and R \$ 600 million in the year, as planned for the period.

## Debt

Net debt fell by 76.9% compared to 3Q18, with 81% of total long-term debt. Normalized net leverage went from 0.67x in December 2018 to 0.10x at the end of 3Q19, a decrease explained by cash generation in the period.

Sep 19	Dec 18		Sep 19 x Dec 18
1,046,892	1,322,666	Loans and Financing	-20.8%
2,386,308	2,328,879	Debentures	2.5%
-409,320	-368,928	Derivatives	10.9%
11,443	0	Leases	n/a
3,035,323	3,282,617	Total Debt	-7.5%
2,675,760	1,727,341	(-) Cash, Cash Equivalents And Marketable Securities	54.9%
359,563	1,555,276	Net Debt	-76.9%
2,971,189	2,185,708	EBITDA (last 12 months)	35.9%
2,192,222	1,938,296	Normalized EBITDA (last 12 months) <sup>1</sup>	13.1%
132,016	251,359	Regulatory Current Account	-47.5%
0.19	0.17	Short Term Debt/Total Debt	7.6%
0.12x	0.71x	Leverage	-83.1%
0.10x	0.67x	Normalized Leverage <sup>2</sup>	-85.1%

1 - Recurrent | 2 - Net Debt Normalized / Normalized Recurring 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	9M19	Guidance <sup>2</sup> 2019	
	Achieved	Acheved	Mín	Máx
Total customers (thousand)	1,905	1,972	2,005	2,025
Volume ex-thermal (mm m <sup>3</sup> )	4,543	3,399	4,600	4,750
Normalized EBITDA <sup>1</sup> (R\$m)	1,938	1,728	1,950	2,100
CAPEX (R\$m)	530	600	800	900

1- Recurring;

2- Revised values according Material Fact published in August 07, 2019.

**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

3Q19	3Q18	3Q19 x 3Q18	R\$ thousand	9M19	9M18	9M19 x 9M18
3,271,286	2,460,188	33.0%	<b>Gross Revenue from Sales/Services</b>	8,834,886	6,370,397	38.7%
-685,756	-559,204	22.6%	Gross Revenue Deductions	-1,850,505	-1,445,734	28.0%
<b>2,585,530</b>	<b>1,900,984</b>	<b>36.0%</b>	<b>Net Revenue</b>	<b>6,984,381</b>	<b>4,924,663</b>	<b>41.8%</b>
2,367,023	1,773,183	33.5%	Gas Sales	6,398,122	4,582,588	39.6%
199,730	106,781	87.0%	Construction Revenue	541,780	292,451	85.3%
18,777	21,020	-10.7%	Other Revenues	44,480	49,624	-10.4%
<b>-1,666,191</b>	<b>-1,377,288</b>	<b>21.0%</b>	<b>Cost of Gas and/or Services</b>	<b>-4,715,989</b>	<b>-3,460,087</b>	<b>36.3%</b>
-1,466,461	-1,270,507	15.4%	Cost of Gas and Transportation	-4,174,209	-3,167,636	31.8%
-199,730	-106,781	87.0%	Construction Costs	-541,780	-292,451	85.3%
<b>919,339</b>	<b>523,696</b>	<b>75.5%</b>	<b>Gross Profit</b>	<b>2,268,392</b>	<b>1,464,576</b>	<b>54.9%</b>
<b>-242,802</b>	<b>-221,905</b>	<b>9.4%</b>	<b>Other Operational Results</b>	<b>-642,097</b>	<b>-630,415</b>	<b>1.9%</b>
-41,721	-38,463	8.5%	Selling Expenses	-112,441	-110,025	2.2%
-180,585	-175,626	2.8%	General and Administrative Expenses	-523,342	-508,257	3.0%
-20,497	-7,816	>100%	Other Operational Expenses	-6,314	-12,133	-48.0%
<b>676,536</b>	<b>301,791</b>	<b>&gt;100%</b>	<b>Operating Income</b>	<b>1,626,295</b>	<b>834,161</b>	<b>95.0%</b>
<b>-26,681</b>	<b>-55,430</b>	<b>-51.9%</b>	<b>Net Financial Expenses</b>	<b>-116,056</b>	<b>-142,985</b>	<b>-18.8%</b>
<b>649,855</b>	<b>246,361</b>	<b>&gt;100%</b>	<b>Earnings Before Income Tax and Social Contribution</b>	<b>1,510,239</b>	<b>691,176</b>	<b>&gt;100%</b>
-211,991	-58,870	>100%	Income Tax and Social Contribution	-510,231	-210,585	>100%
<b>437,864</b>	<b>187,491</b>	<b>&gt;100%</b>	<b>Net Income</b>	<b>1,000,009</b>	<b>480,591</b>	<b>&gt;100%</b>
<b>Net Earnings Per Share (R\$)</b>						
3.23	1.38	>100%	Common	7.39	3.55	>100%
3.56	1.52	>100%	Preferred	8.12	3.90	>100%

## Income Statement – Normalized

3Q19	3Q18	3Q19 x 3Q18	R\$ thousand	9M19	9M18	9M19 x 9M18
3,271,286	2,460,188	33.0%	<b>Gross Revenue from Sales/Services</b>	8,834,886	6,370,397	38.7%
-725,461	-562,411	29.0%	Gross Revenue Deductions	-1,964,246	-1,458,002	34.7%
<b>2,545,826</b>	<b>1,897,777</b>	<b>34.1%</b>	<b>Net Revenue</b>	<b>6,870,640</b>	<b>4,912,395</b>	<b>39.9%</b>
2,327,318	1,769,976	31.5%	Gas Sales	6,284,381	4,570,320	37.5%
199,730	106,781	87.0%	Construction Revenue	541,780	292,451	85.3%
18,777	21,020	-10.7%	Other Revenues	44,480	49,624	-10.4%
<b>-1,735,329</b>	<b>-1,216,096</b>	<b>42.7%</b>	<b>Cost of Gas and/or Services</b>	<b>-4,729,031</b>	<b>-3,066,862</b>	<b>54.2%</b>
-1,535,599	-1,109,315	38.4%	Cost of Gas and Transportation	-4,187,251	-2,774,411	50.9%
-199,730	-106,781	87.0%	Construction Costs	-541,780	-292,451	85.3%
<b>810,496</b>	<b>681,680</b>	<b>18.9%</b>	<b>Gross Profit</b>	<b>2,141,609</b>	<b>1,845,533</b>	<b>16.0%</b>
<b>-242,802</b>	<b>-221,905</b>	<b>9.4%</b>	<b>Other Operational Results</b>	<b>-665,870</b>	<b>-630,415</b>	<b>5.6%</b>
-41,721	-38,463	8.5%	Selling Expenses	-112,441	-110,025	2.2%
-180,585	-175,626	2.8%	General and Administrative Expenses	-523,342	-508,257	3.0%
-20,497	-7,816	>100%	Other Operational Expenses	-30,087	-12,133	>100%
<b>567,694</b>	<b>459,775</b>	<b>23.5%</b>	<b>Operating Income</b>	<b>1,475,739</b>	<b>1,215,118</b>	<b>21.4%</b>
<b>-16,174</b>	<b>-52,812</b>	<b>-69.4%</b>	<b>Net Financial Expenses</b>	<b>-84,844</b>	<b>-142,539</b>	<b>-40.5%</b>
<b>551,520</b>	<b>406,963</b>	<b>35.5%</b>	<b>Earnings Before Income Tax and Social Contribution</b>	<b>1,390,895</b>	<b>1,072,579</b>	<b>29.7%</b>
-178,557	-113,475	57.4%	Income Tax and Social Contribution	-469,655	-340,262	38.0%
<b>372,962</b>	<b>293,488</b>	<b>27.1%</b>	<b>Net Income</b>	<b>921,241</b>	<b>732,317</b>	<b>25.8%</b>

## Cash Flow Statement

3Q19	3Q18	3Q19 x 3Q18	R\$ thousand	9M19	9M18	9M19 x 9M18
649,855	246,361	>100%	<b>Profit Before Income Tax and Social Contribution</b>	1,510,239	691,176	>100%
82,468	85,953	-4.05%	Amortization	252,438	259,044	-2.55%
11,060	3,012	>100%	Loss on the Write-off of Intangible Assets	22,672	8,771	>100%
555	485	14.43%	Granted Options Recognized	1,666	1,144	45.66%
1,146	3,195	-64.11%	Provision for Judicial demands	5,969	4,221	41.41%
44,646	73,633	-39.37%	Interest and Monetary Variation	158,778	225,914	-29.72%
14,876	19,669	-24.37%	Provision for profit sharing	34,028	36,923	-7.84%
4,722	6,072	-22.24%	Impairment of trade receivables	9,483	13,274	-28.56%
4,173	-2,761	n/a	Others	-20,584	-10,968	87.68%
<b>813,503</b>	<b>435,619</b>	<b>86.7%</b>	<b>Cash Generated from Operations</b>	<b>1,974,689</b>	<b>1,229,499</b>	<b>60.6%</b>
<b>138,582</b>	<b>137,711</b>	<b>0.6%</b>	<b>Variations in Assets and Liabilities</b>	<b>-50,109</b>	<b>84,398</b>	<b>n/a</b>
-1,228	-44,960	-97.27%	Accounts Receivable	-343,147	-160,061	>100%
-1,751	842	n/a	Inventories	-2,776	8,424	n/a
-25,374	22,518	n/a	Taxes and Contributions	30,106	-43,382	n/a
179,551	169,201	6.12%	Suppliers	323,856	336,734	-3.82%
-3,157	-3,465	-8.88%	Provisions and employee benefits	-38,048	-37,503	1.45%
-8,226	-5,869	40.15%	Post-employment benefits	-21,987	-19,334	13.72%
-1,232	-556	>100%	Others	1,887	-480	n/a
<b>952,085</b>	<b>573,330</b>	<b>66.1%</b>	<b>Cash Flow from Operating Activities</b>	<b>1,924,580</b>	<b>1,313,897</b>	<b>46.5%</b>
<b>-206,796</b>	<b>-128,829</b>	<b>60.5%</b>	<b>Cash Flow from Investing Activities</b>	<b>-322,240</b>	<b>-971,090</b>	<b>-66.8%</b>
1,018	1,569	-35.11%	Marketable Securities	205,933	-590,188	n/a
0	0	n/a	Cash received from sale of permanent assets	28	1,123	-97.52%
-207,814	-130,398	59.37%	Additions to Intangible Assets	-528,201	-382,025	38.26%
<b>-240,148</b>	<b>-496,435</b>	<b>-51.6%</b>	<b>Cash Flow from Financing Activities</b>	<b>-489,479</b>	<b>-746,070</b>	<b>-34.4%</b>
1,850	222	>100%	Proceeds from new loans, borrowings and debentures	1,850	482,449	-99.62%
-255,267	-518,636	-50.78%	Amortization from Principal, Loans and Financing	-492,554	-1,134,799	-56.60%
-23,467	-49,067	-52.17%	Interest paid on Loans and Financing	-64,128	-93,709	-31.57%
37,784	71,047	-46.82%	Derivative Financial Instruments	78,428	169,165	-53.64%
-589	0	n/a	Amortization from Principal on Leases	-1,765	0	n/a
-274	0	n/a	Interest paid on Leases	-608	0	n/a
0	0	#DIV/0!	Dividends and interest on capital paid	-10,518	-169,176	-93.78%
<b>505,141</b>	<b>-51,934</b>	<b>n/a</b>	<b>Increase (Decrease) of Cash and Cash Equivalents</b>	<b>1,112,861</b>	<b>-403,263</b>	<b>n/a</b>
<b>1,210,338</b>	<b>1,376,192</b>	<b>-12.1%</b>	<b>Opening Balance of Cash and Cash Equivalents</b>	<b>602,618</b>	<b>1,727,521</b>	<b>-65.1%</b>
<b>1,715,479</b>	<b>1,324,258</b>	<b>29.5%</b>	<b>Closing Balance of Cash and Cash Equivalents</b>	<b>1,715,479</b>	<b>1,324,258</b>	<b>29.5%</b>



## Balance Sheet

R\$ thousand	Sep 19	Dec 18	Sep 19 x Dec 18
<b>TOTAL ASSETS</b>	<b>9,740,890</b>	<b>8,360,577</b>	<b>16.5%</b>
<b>Current Assets</b>	<b>4,258,394</b>	<b>3,232,515</b>	<b>31.7%</b>
Cash and Cash Equivalents	1,715,479	602,618	>100%
Marketable Securities	960,282	1,124,723	-14.6%
Accounts Receivable	1,044,796	674,992	54.8%
Derivative Financial Instruments	136,661	114,891	18.9%
Inventories	60,527	65,259	-7.3%
Gas paid and not used	32,676	254,651	-87.2%
Receivables from Related Parties	1,354	1,158	16.9%
Income Tax and Social Contribution	0	72,143	-100.0%
Taxes Recoverable	267,007	292,204	-8.6%
Other Current Assets	39,612	29,876	32.6%
<b>Non Current Assets</b>	<b>5,482,496</b>	<b>5,128,062</b>	<b>6.9%</b>
Accounts Receivable	12,623	20,155	-37.4%
Other recoverable taxes	15,676	11,076	41.5%
Judicial Deposits	54,932	52,885	3.9%
Derivative Financial Instruments	272,659	254,037	7.3%
Other Current Assets	280	756	-63.0%
Right of use	10,836	0	n/a
Assets contracts	426,371	217,855	95.7%
Intangible Assets	4,689,119	4,571,298	2.6%
<b>TOTAL LIABILITIES</b>	<b>9,740,890</b>	<b>8,360,577</b>	<b>16.5%</b>
<b>Current Liabilities</b>	<b>2,558,341</b>	<b>1,915,210</b>	<b>33.6%</b>
Loans, Financing and Debenture	696,469	679,735	2.5%
Suppliers	1,177,151	1,012,895	16.2%
Salaries and Social Deductions	59,500	63,520	-6.3%
Income tax payables	344,907	0	n/a
Other taxes payable	188,026	70,768	>100%
Dividends and Interest on Capital Payable	1,033	11,551	-91.1%
Payable and Related Parties	9,320	14,994	-37.8%
Others Financial Liabilities	69,577	52,868	31.6%
Leases	1,970	0	n/a
Other Payables	10,388	8,879	17.0%
<b>Non Current Liabilities</b>	<b>3,459,735</b>	<b>3,724,043</b>	<b>-7.1%</b>
Loans, Financing and Debenture	2,736,731	2,971,810	-7.9%
Provisions for Contingencies	130,344	120,972	7.7%
Obligations with retirement benefits	516,533	504,320	2.4%
Deferred income and social contribution taxes	46,856	102,426	-54.3%
Deferred income	6,237	6,464	-3.5%
Leases	9,474	0	n/a
Other non-current liabilities	13,560	18,051	-24.9%
<b>Equity</b>	<b>3,722,814</b>	<b>2,721,324</b>	<b>36.8%</b>
Share Capital	2,036,315	1,650,032	23.4%
Capital Reserve	5,238	60,032	-91.3%
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	1,000,008	0	n/a

## Appendix I - Markets

3Q19	3Q18	3Q19 x 3Q18	Residential	9M19	9M18	9M19 x 9M18
1,275,869	1,238,475	3.0%	Meters	1,275,869	1,238,475	3.0%
1,952,430	1,860,438	4.9%	Numbers of UDA's	1,952,430	1,860,438	4.9%
86,081	81,672	5.4%	Volume (mm m <sup>3</sup> )	210,713	207,128	1.7%
432,476	291,761	48.2%	Net Revenue	951,429	720,787	32.0%
-115,083	-85,976	33.9%	Cost	-271,687	-197,035	37.9%
-11,058	11,157	n/a	Regulatory Current Account	-17,663	26,551	n/a
306,335	216,942	41.2%	Normalized Margin	662,079	550,303	20.3%
3.56	2.66	34.0%	R\$/m <sup>3</sup> Normalized	3.14	2.66	18.3%

\*UDA's (Unidade Domiciliar Autônoma)

3Q19	3Q18	3Q19 x 3Q18	Commercial	9M19	9M18	9M19 x 9M18
18,293	17,528	4.4%	Meters	18,293	17,528	4.4%
41,516	42,307	-1.9%	Volume (mm m <sup>3</sup> )	119,419	116,241	2.7%
140,068	106,339	31.7%	Net Revenue	369,576	278,624	32.6%
-55,174	-44,506	24.0%	Cost	-153,058	-109,365	40.0%
-4,711	5,753	n/a	Regulatory Current Account	-6,413	14,952	n/a
80,183	67,586	18.6%	Normalized Margin	210,105	184,211	14.1%
1.93	1.60	20.9%	R\$/m <sup>3</sup> Normalized	1.76	1.58	11.0%

3Q19	3Q18	3Q19 x 3Q18	Industrial	9M19	9M18	9M19 x 9M18
1,320	1,259	4.8%	Meters	1,320	1,259	4.8%
885,333	939,661	-5.8%	Volume (mm m <sup>3</sup> )	2,651,020	2,670,332	-0.7%
1,594,045	1,219,122	30.8%	Net Revenue	4,494,613	3,178,540	41.4%
-1,182,121	-993,300	19.0%	Cost	-3,396,563	-2,507,108	35.5%
-76,488	130,412	n/a	Regulatory Current Account	-70,770	334,449	n/a
335,436	356,234	-5.8%	Normalized Margin	1,027,280	1,005,881	2.1%
0.38	0.38	-0.1%	R\$/m <sup>3</sup> Normalized	0.39	0.38	2.9%

3Q19	3Q18	3Q19 x 3Q18	Cogeneration	9M19	9M18	9M19 x 9M18
35	29	20.7%	Meters	35	29	20.7%
80,375	86,246	-6.8%	Volume(mm m <sup>3</sup> )	250,709	236,063	6.2%
109,951	88,487	24.3%	Net Revenue	324,071	219,012	48.0%
-86,473	-78,655	9.9%	Cost	-263,425	-189,280	39.2%
-4,343	8,919	n/a	Regulatory Current Account	-3,471	21,344	n/a
19,135	18,751	2.0%	Normalized Margin	57,175	51,076	11.9%
0.24	0.22	9.5%	R\$/m <sup>3</sup> Normalized	0.23	0.22	5.4%

3Q19	3Q18	3Q19 x 3Q18	Automotive	9M19	9M18	9M19 x 9M18
228	242	-5.8%	Meters	228	242	-5.8%
54,023	59,255	-8.8%	Volume(mm m <sup>3</sup> )	167,069	162,124	3.1%
90,483	67,474	34.1%	Net revenue	258,433	185,625	39.2%
-72,107	-62,682	15.0%	Cost	-214,055	-153,371	39.6%
-4,601	7,924	n/a	Regulatory Current Account	-5,368	1,454	n/a
13,775	12,716	8.3%	Normalized Margin	39,010	33,708	15.7%
0.25	0.21	18.8%	R\$/m <sup>3</sup> Normalized	0.23	0.21	12.3%

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

3Q19	3Q18	3Q19 x 3Q18	Thermal Generation	9M19	9M18	9M19 x 9M18
2	2	0.0%	Meters	2	2	0.0%
118,416	211,543	-44.0%	Volume(mm m <sup>3</sup> )	243,142	297,284	-18.2%
5,202	9,722	-46.5%	Net Revenue	10,903	13,647	-20.1%
5,202	9,722	-46.5%	Normalized Margin	10,903	13,647	-20.1%
0.04	0.05	-4.4%	R\$/m <sup>3</sup> Normalized	0.04	0.05	-2.3%

## 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 n° 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 the receipt of the contribution to the Proposal for calculation of the Maximum Margin, X Factor and Tariff Structure of the 4<sup>th</sup> Ordinary Tariff Review. The hearing took place on 04/17/2019, and the forecast for the conclusion of the Comgas Ordinary Tariff Review process is May 24 of this year.

On 23/05/2019 ARSESP published Final Technical Note NTN-0030-2019 and the Detailed Report on the conclusion of the 4th Comgas Ordinary Tariff Review, from May 31, 2018 to May 30, 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, having its value adjusted by the IGP-M variation in the period from May 2018 to April 2019 and discounted from Factor X. For Factor X, the established percentage was 0.52% per year.

Because of the result of the tariff review, ARSESP published on May 30, 2019, deliberation 875 updating the distribution margins for each segment in addition to the cost of gas and the transfer of the graphic account.

This resolution was rectified, on 06/04/2019, as some bands of customers of the high load factor segment, TUSD industrial segment and TUSD cogeneration segment were without published values.

On 09/04/2019, ARSESP published resolution 901 establishing the schedule of events for Comgás' third tariff review process. This schedule provides for the publication of a methodological technical note, calculation of the weighted average cost of capital, maximum margin and compensatory adjustments for the period from 05/31/2014 to 05/30/2018.

This determination provides for consultation and public hearing between 10/24/2019 and 11/18/2019 and the publication of the final results is expected to occur until 12/16/2019.

## 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.