



Message from the Management

Message from the President of AES Brasil

AES Brasil remains focused on being recognized by its customers and shareholders as the main partner of innovative energy solutions, working to generate value for all stakeholders that interact with its companies. In the year 2017 we achieved important results that bring us closer to the goals we set for our business.

AES Tietê has among its objectives to diversify its portfolio through growth in renewable generation. In 2017, we completed significant acquisitions of solar and wind generation assets under long-term contracts. The complementarity of generation sources, operational synergies and capital structure are important levers of value creation within our strategy.

Regarding solutions for customers, AES Tietê has positioned itself as a unique player in the market. Its capacity to plan and execute customized projects for customers is one important competitive differential for us to be able to take a position as leaders in an energy segment that is undergoing profound transformation.

Another important achievement for AES Brasil in 2017 was the migration from Eletropaulo to the Novo

Mercado, a segment of the B3 containing companies with special standards of corporate governance. With the transformation of preferential shares into ordinary shares, AES Brasil now holds 16.84% of the capital in the distributor, which no longer has a controlling shareholder. The new corporate structure will boost the growth of its investments, allowing the distributor to reach even higher levels of quality in providing services to the population of the metropolitan region of São Paulo.

Innovation is a key element in all of AES Brasil's businesses. When we incorporate technologies that provide greater efficiency and agility in daily activities, we are adding value to our business in relation to a society that is searching for new production models and a low carbon economy. This is the future of the energy sector and the path we should continue to take in 2018 and in the long term.

Julian Nebreda
CEO of AES Brasil

AES Tietê's portfolio diversification and its position as a unique player are important achievements of 2017 that bring us closer to the goals we set for our business

Message from the President of AES Tietê

AES Tietê is a company in transformation, investing and believing in innovation to grow and generate value sustainably for its shareholders. Keeping pace with the changes happening in Brazil's electricity industry, we have migrated from a business model focused on generating power at hydroelectric plants to one that delivers unique solutions to customers, with diversified energy sources and new technologies; leverages our capacity for growth.

In 2017, we completed the acquisition of the Alto Sertão II wind farm and the Boa Hora Solar Complex, in addition to an investment agreement for the construction of the Guaimbê Solar Complex. We also enabled the construction of the Água Vermelha Solar Complex, when we won the 25th New A-4 Energy Auction, focused on photovoltaic generation. These solar complexes will add about 300 MW in installed capacity in the State of São Paulo. The diversification of generating sources minimizes hydrological risks and directs us to meet our goal of achieving 50% of our EBITDA with non-hydroelectric power businesses by 2020.

On the services front, we have reinforced our commitment to forming partnerships and building innovative solutions to provide our customers with the utmost autonomy in managing the energy supply. Our teams in the commercial and market intelligence areas undergo continual training and keep an attentive eye on key trends, products and services that meet changing energy needs.

Our end-to-end work on projects, with capacity for planning and execution, guarantee development of customized and integrated systems, with distributed generation, purchase and sale of energy on the free market, cost reduction and energy efficiency being made possible. In addition, we strive to add value to our customers' production chains by offering solutions to fulfill global ambitions for more sustainable businesses that have less environmental impact.

It was with this vision that we structured an innovative product in 2017, Mãos na Mata, a reforestation project for degraded areas in the catchment basins of our reservoirs, and started to commercialize renewable energy certificates in the international standard I-REC Standard, which guarantees traceability of the energy consumed by customers. These two solutions add value directly to our customers' businesses, reducing carbon emissions from our operations.

We also made important advances in how we manage our assets, with the opening of a new Energy Generation Operations Center (COGE, its acronym in Portuguese). Located in the city of Bauru (São Paulo), the new space is equipped with the latest technology so that we can remotely operate and more agilely and efficiently work on our generation complexes. We also monitor our reservoirs from there in order to guarantee that areas of the Atlantic Forest restored with native species are being cared for.

These achievements were only possible with the dedication and efforts of our employees. We were once again ranked among the Best Companies to Work For in Brazil, recognition that attests to our commitment to building an ethical workplace that respects and values people, and we were selected for the 11th consecutive time to integrate B3's Corporate Sustainability Index, which reflects the company's commitment to good corporate governance, social responsibility, economic-financial management and environmental preservation practices.

We plan to invest an approximate total of R\$ 980 million by 2021 in programs to modernize and maintain hydroelectric plants, in addition to building new assets. We will face significant challenges in the coming years and we are confident that with the commitment of all of us that are part of AES Tietê, we will achieve our strategic objectives and our vision of being recognized by our customers and shareholders as the main partner of innovative energy solutions in a safe way sustainable, reliable and affordable.

Ítalo Freitas
CEO of AES Tietê