Eletrobras

2Q18 Conference Call

August 2018

Disclaimer

This presentation may include **estimates and forecasts** that **are not statements of facts that happened in the past** they rather reflect **beliefs and expectations of our management** and may stand as estimates and forecasts about **future events** according to Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities and Exchange Act of 1934, as amended.

The words “believes,” “may,” “can,” “estimates,” “continues,” “forecasts,” “intends,” “hopes,” and similar are targeted at pointing out to **estimates that necessarily imply risks and uncertainties, whether known or not.**

Risks and Uncertainties which are known include, without limitation: **economic, regulatory, political and commercial conditions** existing in Brazil and abroad, **changes in interest rates, inflation and value of Brazilian Reais, changes in volumes and standard for use of electric energy** by consumers, **competitive conditions,** our level of **indebtedness,** the likeliness that we receive **payments connected to our receivables, changes in our rainfall and water levels** in reservoirs used to operate our hydropower plants, our **plans concerning financing and capital investment, governmental regulations** in effect or subsequently established, as well as other risks described in our annual report and other documents registered with

CVM Comissão de Valores Mobiliários

U.S. SECURITIES AND EXCHANGE COMMISSION MCMXXXIV

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The estimates and forecasts solely refer to the date on which they are stated, thus we do not undertake **any obligation to update any of these estimates or forecasts** as a result of new information or future events. The future results of the operations and efforts of the Companies may be different from the current expectations and **investors, then, should not rely solely on the information stated herein.**

This material includes **calculations that may not reflect accurate results owing to rounding-off performed.**

Highlights

Highlights - Financial

Gross Revenue	BRL 14,822 Million | 36% ↑ over **2Q17**
CVM Ebitda	BRL 5,293 Million | 96% ↑ over **2Q17**
Net Income	BRL 2,832 Million | 807% ↑ over **2Q17**

Highlights - Operating

Reduction of Indebtedness

Net Debt / Managerial Ebitda

Generation

Increment of **814 MW** installed power in 2018

Transmission

Physical Aggregation of **194 Km**

Distribution - Privatization

119% Discount Index

July 2018
Sale of Distribuição Piauí to Equatorial Energia

Regulation

GAG improvement

Recognition under Generation according to Homologating Res. No. 2421 of Aneel with BRL 1 billion

Investments

BRL 978 Million

Investment, especially for the project of Transmission and Generation in SPE's

Our Business

Physical Aggregation of ventures in 2018

june 2018

+ 814.05 MW
Physical aggregation in **2018**

december 2018

+ 1489.20 MW
of Eletrobras will still enter into commercial operation in **2018**

Highlights
Entry into commercial operation

sep/2018
Pindaí I, II e III

dec/2018
Sinop

dec/2019
Belo Monte

159,745 MW
Total installed capacity of Brasil

48,629 MW
Total installed capacity of Eletrobras

30.4%
Of the installed capacity of Brazil

Plant	Eletrobras shareholding	Total Capacity	Capacity in operation	Total Aggregation Jun/2018	Aggregation Jun/2018 - ELB
Belo Monte	49,98%	11,233.10 MW	5,733.09 MW	1,222.22 MW	610.87
São Manoel	33,33%	700.00 MW	700,00 MW	525.00 MW	174.98
Casa Nova III	100%	28.20 MW	28.20 MW	28.20 MW	28.20
Total	**–**	**11,961.30 MW**	**6,461.29 MW**	**1,775.42 MW**	**814.05**

Brazilian Interconnection

The larges transmission company in Latin Latina

71,782 km
total transmission lines

65,043 km — **48,2%**
with voltage ≥ 230kV — **of Brasil**

+ 194 km
of physical aggregation in 2018

2018

1960

Evolução da Transmissão
- Rede básica

Highlights:

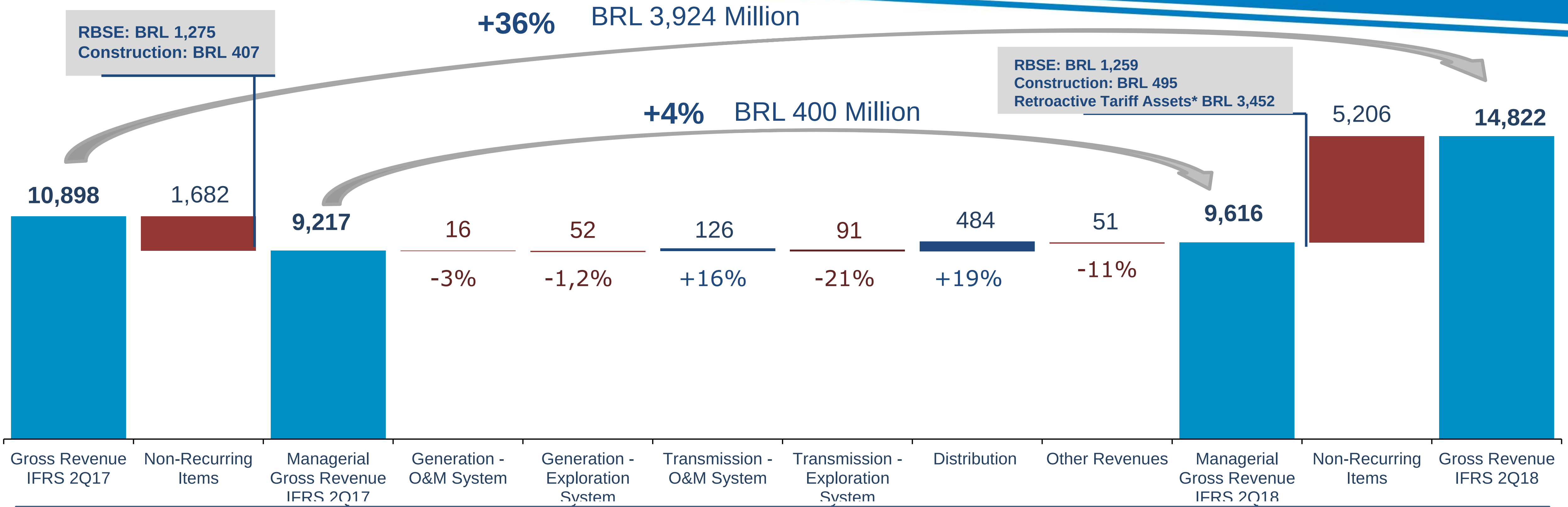
- SE Jaboatão 230/69 kV – 300 MVA (PE)
- Sectioning of LT 230 kV Recife II / Pirapama II, CD para conexão na SE Jaboatão II – 11,2 km (PE)
- LT 230 kV Mascarenhas Linhares – 99 km (ES)
- LT 500 kV Brasília19, Leste – Luziânia C1 e C2 – 144 km (DF/GO)
- LT 230 kV Foz do Chapecó – Pinhalzinho C1 - 40 km (RS/SC)

Total RAP aggregated in the Eletrobras System

R $ 35 Million / Year

Finance

Gross Revenue in 2Q18



Generation

Exploration System

- **Increase of revenue** of Eletronuclear, net of BRL 59 million offset by:
- **New book of revenue** connected to the index of unavailability of P. Afonso at BRL 71 million in Chesf.
- **Lower transfer from Itaipu commercialization in** BRL 31 million.

Transmission

O&M System

- **Adjustment** of Annual Allowed Revenue **(RAP) of 2.85%**;
- **New RAPs** related to reinforcements in the system lines, with emphasis on **Chesf.**

Exploration System

- **Compensation of the adjustment of SIN** recalculated due to projected investments for the 2017-2018 cycle**.**

Distribution

- Revenue arising out of the **recognition of tariff assets -** MME Ordinance No. 301 in R$ 389 million;
- Tariff Adjustments

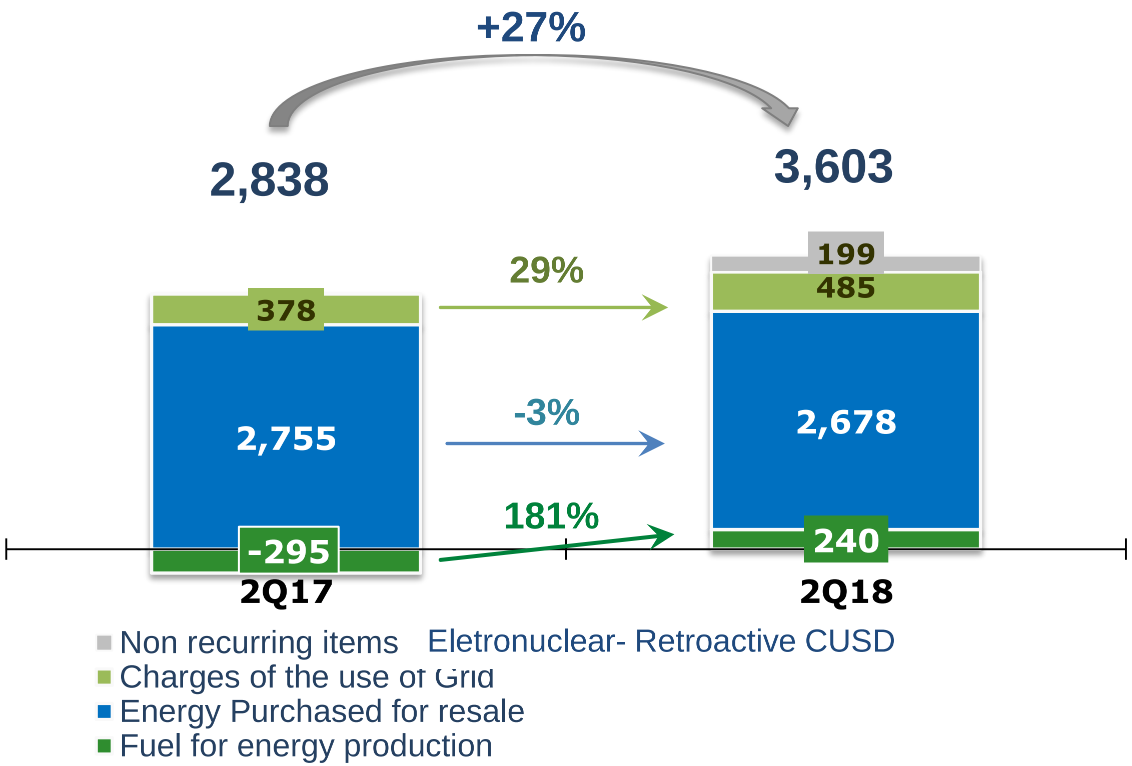
Ceal – 21.6%
Cepisa – 27.6%
Amazonas – 17%

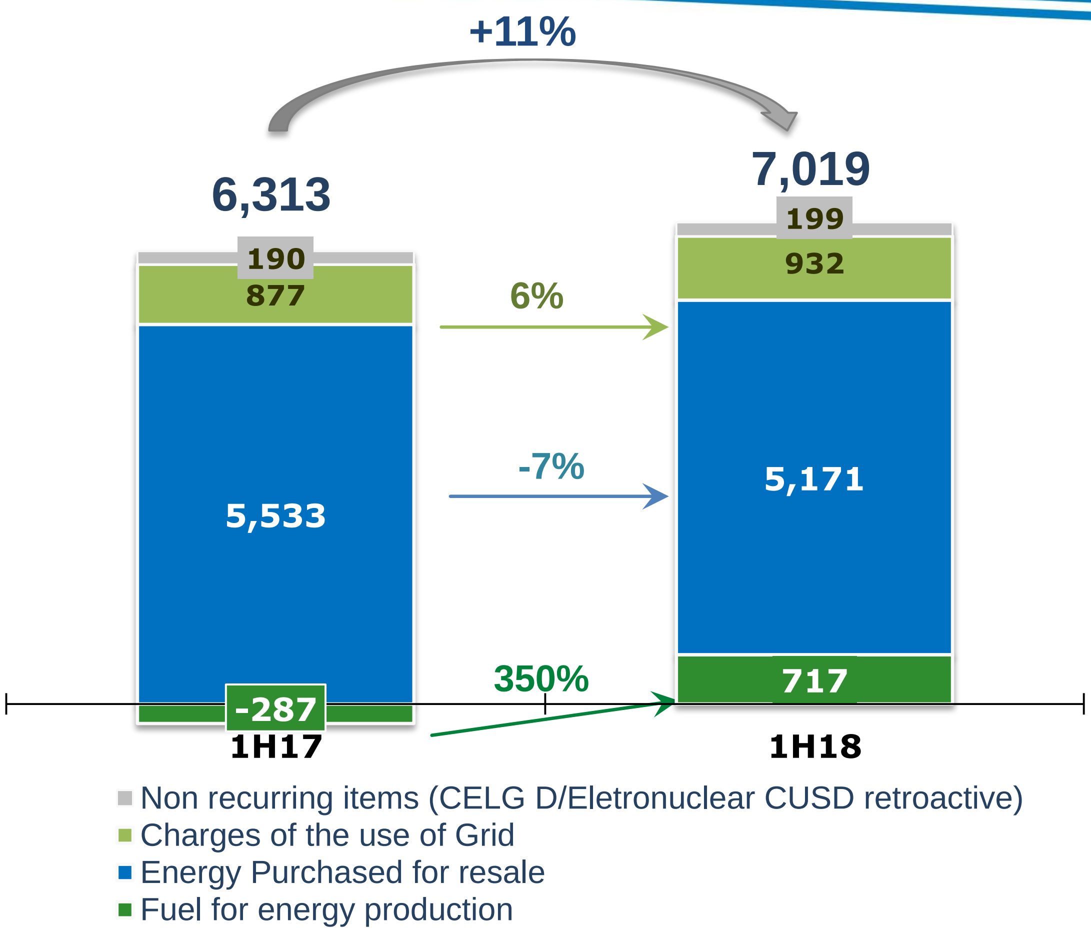
Other Revenues

- **Holding** - non-recognition in 2018 of the revenue of Procel, conditioned to approval through public hearing on the 3Q18. In 2017 was R$ 111 million

* Sums connected to the period from November 2016 to March 2018.

General Costs (BRL Million)

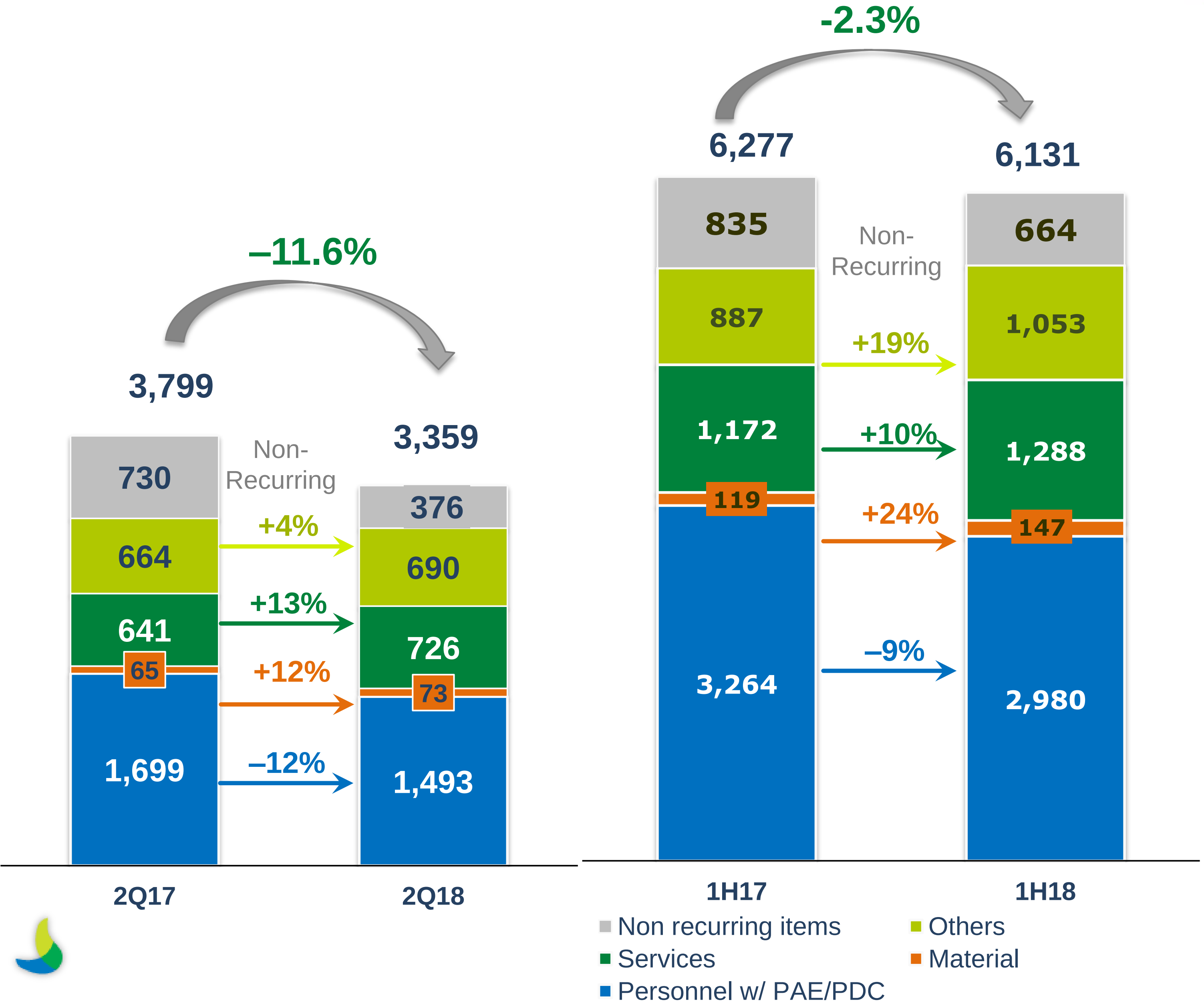




•**Charges for Use of the Electricity Grid:** Addition o tariffs for connection and frontier according to Homologating Resolution No. 2259/2017 at Amazonas D of R$ 72 million in 2Q18.
•**Fuels:** (i) (i) Recognition of the right to reimburse total costs (own generation, leased generation and PIEs) occurred in 2Q17 and 1H17 according to ANEEL Resolution 427. (ii) in 2Q18, fuel costs were reclassified under the respective headings of total costs , according to resolution Aneel 811; (iii) Larger dispatch via the Santa Cruz Thermoelectric Plant.
•**Power Purchased f/ Resale:** (i) Reduction in distributors and in Amazonas GT;
(ii) increase in generation of UTE's Aparecida and Mauá Block 3, thus reducing the need for power purchase.

Personnel, Materials, Services and Other

(R$ million)



Personnel

Decrease in the expenses with personnel as a result of PAE and PDC (Dismissal Plan)

Material

Maintenance

TPP Aparecida **R$ 12 million** in 1H18

Eletronuclear - Angra 2 **R$ 12 million** in 1H18

Services

Increase in **third-party services over** shutdown of **Angra 2 in R$ 54 million** in 1H18

Other

Cutting factor in **R$ 197 million** in Amazonas D

Main Non-Recurring Items

PAE
2Q17 **706 million** in 1H17 **R$ 96 million**

PDC
R$ 24 million 2Q18 **R$ 296 million in** 1H18

Ceron e Eletronuclear R$ 106 million of Extraordinay Social Contribution in 2Q18

Cepisa R$ 231 Million Teresina Municipality Agreement and Agespisa in 2Q18

Operating Provisions

amounts in Million BRL	2Q17	2Q18	%	Position on 06/30/18
Guarantees	-9	-81	800%	**534**
(-) Contingencies	-414	-834	101%	**24,552**
Contingency of Compulsory Loan	-356	-167	-53%	**16,788**
PCLD - Consumers and Resellers	-52	-299	475%	**1,689**
PCLD - Financing and Loans	5	24	380%	**281**
Onerous Contracts	907	334	-63%	**1,624**
Allowance/Reversal for Losses with Investments	-9	-24	167%	**2,114**
Impairment	118	-163	238%	**17,095**
TFRH – Pará Rate	-51	1,334	2,716%	**0**
Other	70	195	179%	
Total	**194**	**334**	**72%**	**64,677**

Fiscal allowances of BRL 563 Million connected to the collection of ICMS by Rondônia State Government;

Furnas - **BRL 166 Million** connected to case with supplier

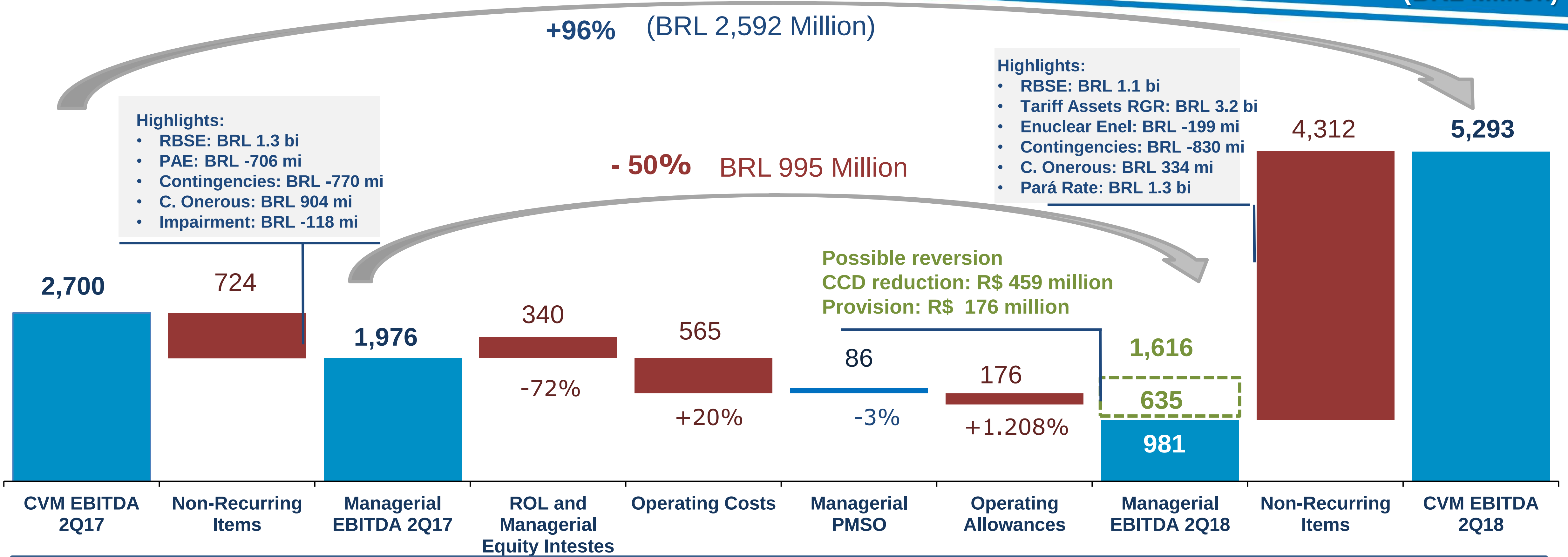
Compulsory Loan - R$ 167million, reclassification of risk and changes in court decisions

Cepisa – IFRS 9 impact in the amount of R$ 199 million

Reversal of Angra III (BRL 417 Million) and **Furnas** (BRL 38 Million)

Book of Angra III (BRL 417 Million) offset by **Reversal of Distributors** (BRL 47 Million)

2Q18 Ebitda
(BRL Million)



ROL and Managerial Equity Interest:

Negative Equity on:
- Madeira Energia at **BRL 199 Million**;
- ESBR at **BRL 62 Million**
- Itaguaçu da Bahia Energias Renováveis **BRL 33 Million**.

Operating Costs:

- Reduction in recover of fuel expenses in 2Q18 totaling **BRL 459 million**, with possibility of reversal after inspection by Aneel;
- Higher cost connected to the increase of power generation at UTE Santa Cruz, however, neutralizing the generation of income in the same amount

Managerial PMSO:

- Policy of reduction of costs established by the Company with PAE.

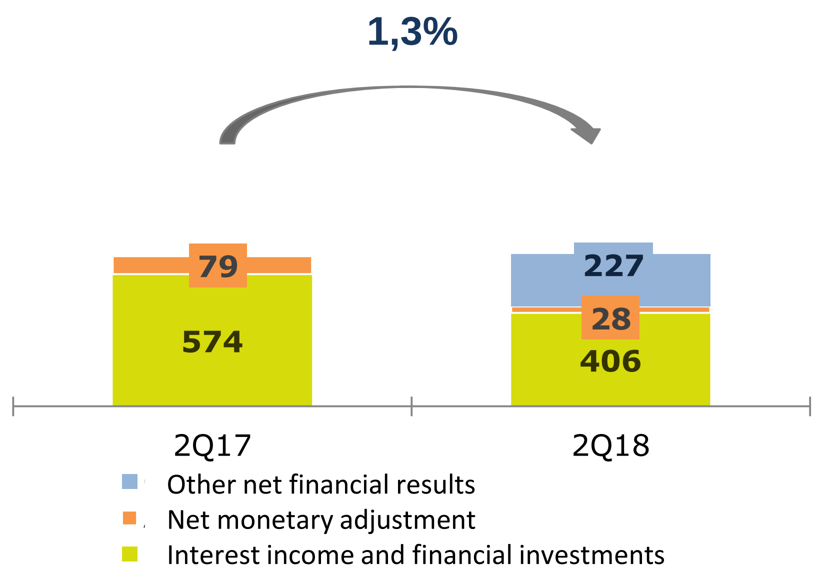
Operating Provisions:

- Impact of IFRS 9 on **PCLD**, impacting 2Q18 in **BRL 199 million;**
- **Increase of Guarantees amounting to BRL 72 Million** – renegotiation of CCD Petrobras

Financial Income 2Q18

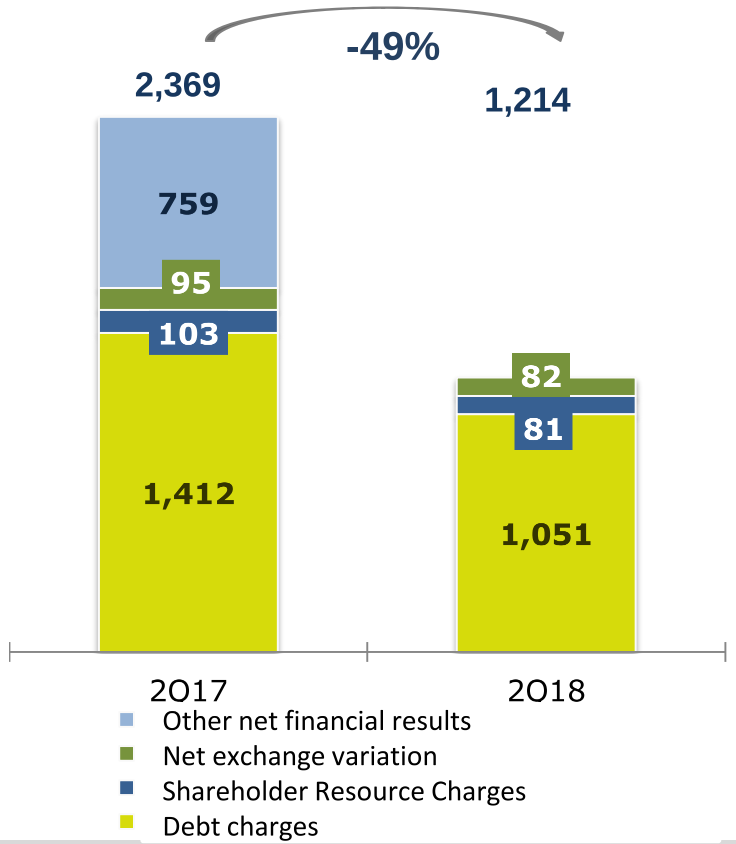
(R$ million)

Financial Revenue

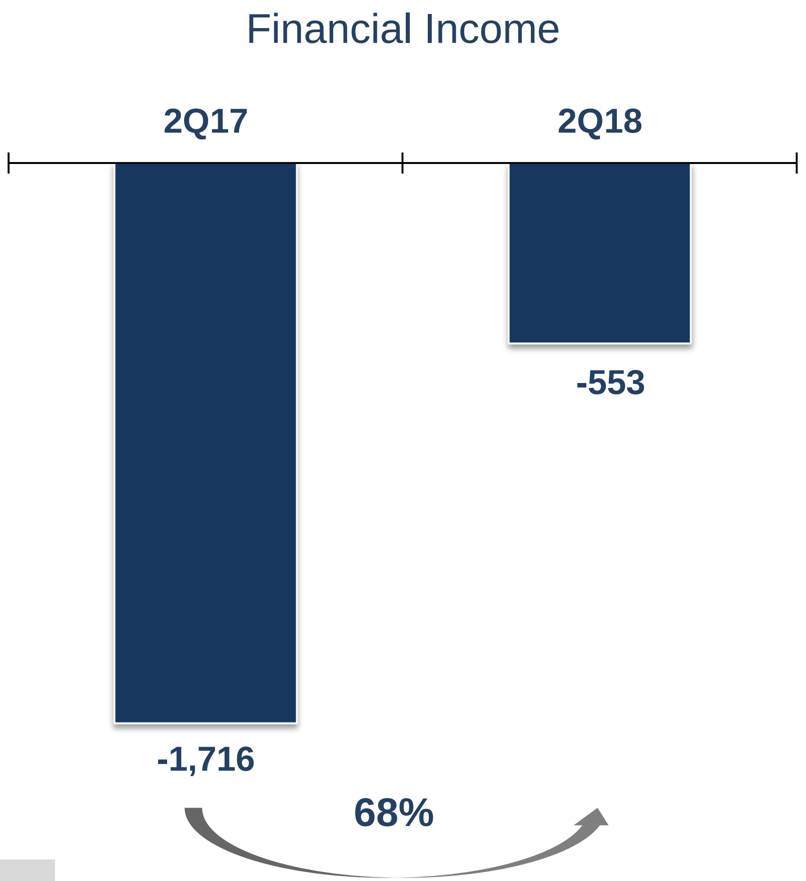


Revenue with Interest and Financial Investments and Net Inflation Adjustment - Reduction of Indices (Selic, IPCA and other).

Financial Expenses

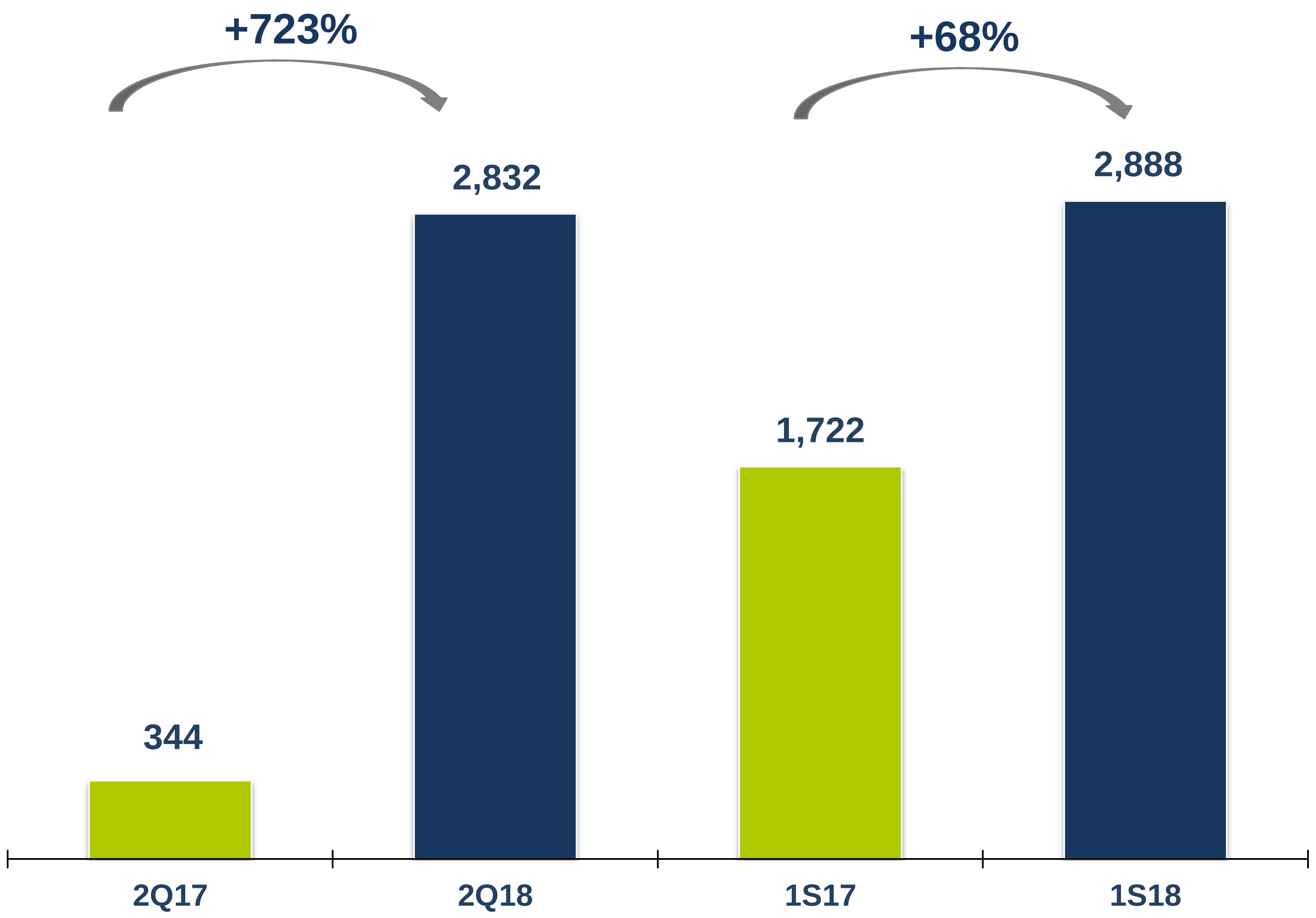


Charges - Reduction of the balance of liabilities under financings and loans and reduction of indices with Caixa, BB, CEF and CAF.



Other Income – (i) Adjustment of tariff assets of distribution, and (ii) operations with derivatives (negative at BRL 48 Million in 2Q17, and positive at BRL 178 Million in 2Q18; (ii) Increase of revenue from Late payment charges at BRL 90 Million

Net Earnings
(R$ million)



- Tariff asset revenue resulting from the recognition by Ordinance No. 301/2018 – R$ 4.2 billion
- RBSE – R$ 1.2 billion
- Reversal of Pará Rate – R$ 1.3 billion
- Provision for Compulsory Loan – R$ 167 million
- Volunteer Dismissal Plan – PDC – R$ 24 million
- Cepisa Agreement with /Agespisa/Sefaz-PI – R$ 231 million
- Provision for Fiscal allowance connected to the lawsuit filed by Rondônia State Government for collection of ICMS – R$ 563 million

Income by Segment 2Q18

values in BRL Million

		Generation Total	Generation Variation	Transmission Total	Transmission Variation	G&T Total	G&T Variation	Distribution Total	Distribution Variation
ROL	**2Q18**	**4,580**	**-4%**	**2,597**	**-3%**	**7,177**	**-4%**	**5,669**	**175%**
	2Q17	4,772		2,667		7,439		2,059	
(-) PMSO	**2Q18**	**-1,046**	**-22%**	**-1,028**	**-27%**	**-2,074**	**-25%**	**-1,204**	**156%**
	2Q17	-1,339		-1,411		-2,750		-471	
(-) Operating Costs and Expenses	**2Q18**	**-1,511**	**-31%**	**-373**	**128%**	**-1,884**	**-20%**	**-2,686**	**75%**
	2Q17	-2,178		-163		-2,341		-1,534	
Ebitda	**2Q18**	**2,422**	**50%**	**1,211**	**9%**	**3,633**	**34%**	**1,844**	**1288%**
	2Q17	1,613		1,107		2,719		133	
Financial Income	**2Q18**	**-266**	**37%**	**-321**	**47%**	**-587**	**43%**	**-385**	**59%**
	2Q17	-425		-606		-1,031		-936	
Net Income	**2Q18**	**1,100**	**33%**	**705**	**4736%**	**1,805**	**123%**	**906**	**330%**
	2Q17	826		-15		810		-394	

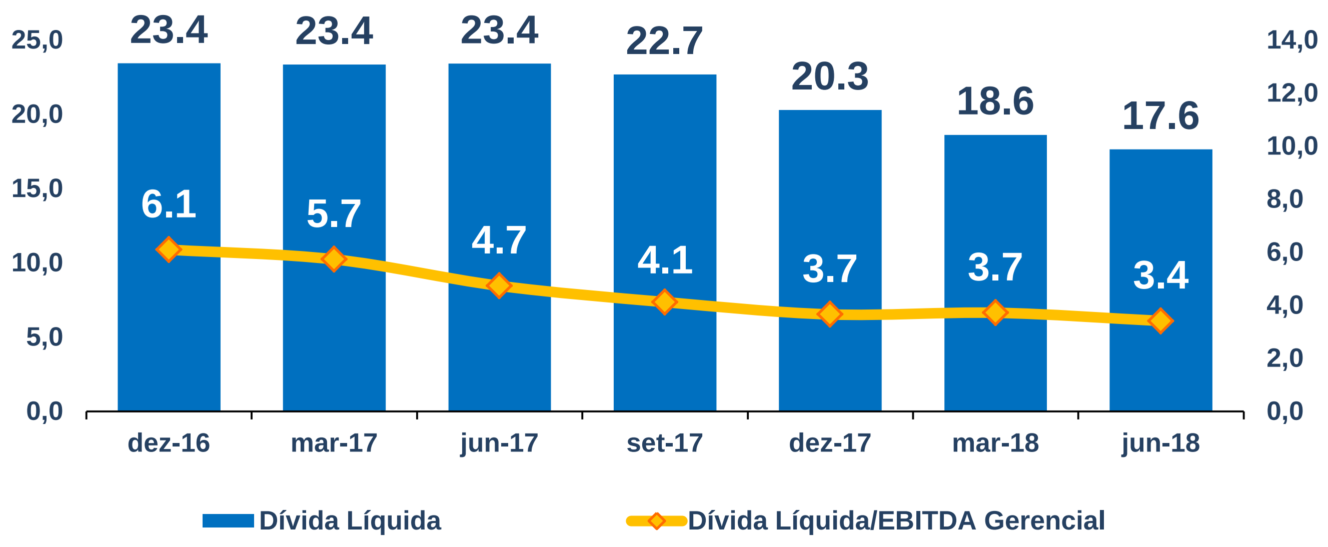
	2Q18	2Q17
RBSE	1,259	1,275
Income Tax	-428	-433
Net RBSE	831	842

PMSO GT	Costs GT	PMSO Distribution	Costs Distribution	Revenue Dist.
•Cost reduction policy •PAE in 2Q17 and PDC in 2Q18	• Debt charges reduction •**Furnas** provision for contingencies against supplier in of **R$ 166 million**	• Registration of agreements: **Cepisa**/ Teresina Municipality and Agespisa of **R$ 231 million;** • **Amazonas D** - cut-off factor **R$ 197 million** • **Ceron** - Extraordinary contribution to the pension plan of **R$ 92 million**; • **Amz / Roraima and Acre** lawsuits totaling **R$ 68 million** and P.Bresser fees of **R$ 11 million**	•**Ceron** – Fiscal provision of **R$ 563 milhões;** • **PCLD – R$ 199 million** • Reduction in recover of fuel expenses in 2Q18 totaling **R$ 459 million**	• Regulatory asset in **R$ 3.842 million;** •Positive tariff readjustment in Eletroacre, Ceal, Ceron e Boa Vista

Net Debt

Goal	Net Debt / Adjusted EBITDA < 3.0

Net Debt/Ebitda



EBITDA (LTM)	3.8	4.0	4.9	5.5	5.5	5.0	5.2

Gross Debt	BRL 44,876 Million
Financing to be paid without RGR	42,304
(-) (Cash + Securities)	7,786
(-) Financing to be received without RGR and with adjustment of EDE's*	14,809
(-) Net amount of Itaipu Financial Assets	2,068
Net Debt*	**BRL 17,641 Million**

* 1. Gross debt disregards financings, granted with resources from RGR, owed by a company outside the Eletrobras group (BRL 1,163 Million) and credits related to the federalization of Distributors, pursuant to Articles 21-A and 21-B of Law 12783/2013 (BRL 1,409 Million). 2. Receivables due by company outside the Eletrobras group to the RGR account (1,163 Million) and adjusted by the receivables of the Distribution Companies held for sale (BRL 4,328 Million) were excluded.

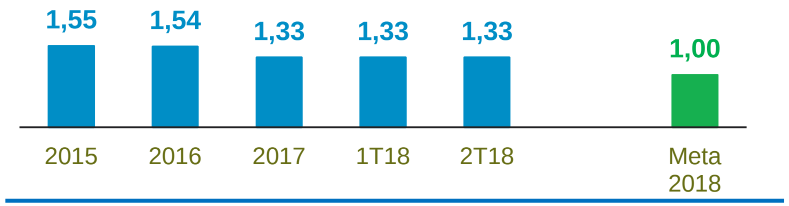
** Except for debentures, amounting to BRL 460 million.

Business and Management Plan

2021/22 Challenge: main results

Operating Excellence

Recurring PMSO/Regulatory PMSO



736
joinings in PDC

BRL 231 Million
annual savings

BRL 1.03 Billion
gains in $GAG_{Improvement}$

BRL 25 Million
savings with HE, premium for dangerous work and on-call

CSC
Go Live in Jul/18

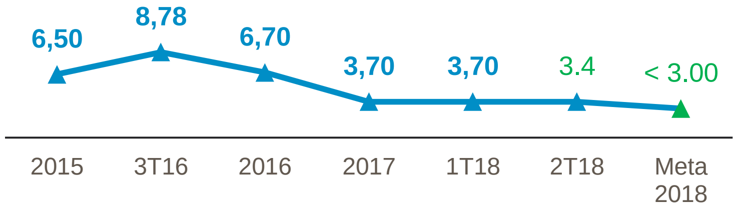
ProERP

Apr	implementation in 4 companies
Oct	other companies

CNPE Resolution
established a working group to facilitate Angra 3

Financial Discipline

Net Debt/Managerial EBITDA



BRL 95 Million
sale of shares of Eletropaulo by Eletropar

Eletrobras Distribuição Piauí
sale in Jul/18

Aug/18
privatization of other distributors

BRL 1.07 Million
sale of administrative property of Chesf and Eletronorte

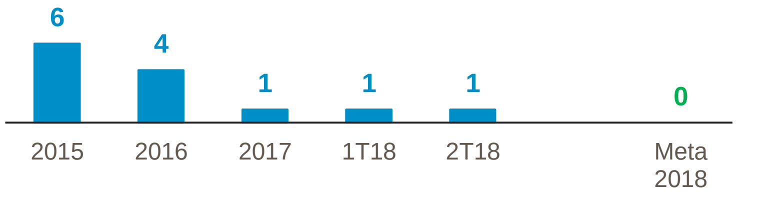
BRL 3.1 bi
sale of **71 SPE's** in **Sept/18**

Completed Works
Santo Antonio (3,568 MW), Jirau (3.750 MW) and Mauá 3 (591 MW);
Belo Monte Transmissora (2,092 km): complete

BRL 5.75 mi
annual reduction of administrative costs

Governance and Compliance

No. of Material Weaknesses



"Alçada" Policy approved at the holding and at the other companies of Eletrobras

IG-Sest - Level 1. Excellence Level in 2nd Cycle, with maximum scores in the three dimensions: Transparency of Information, Management/Control/Audit and Boards/Committees/Departments
B3 Governance Seal

Material Weaknesses reduction from 6 to 1 (Accounting closing to be eliminated until Dec/18)

Reduction of 80% Significant Deficits from 2016 to 2017

Establishment of the Statutory Audit Committee

Independent Assessment of 200 Directors and Officers of Eletrobras Companies.
Assessment of 190 Directors appointed in SPE's and Affiliates.

Master Plan 2018-2022 Investments

BRL million

Investment	Budgeted in 2018	Accomplished in 2Q18	Accomplished in 1H18	Accomplished 1H18 (%)	2019	2020	2021	2022	2018 - 2022
Corporate Projects	**4,382**	**715**	**1,222**	**27.9%**	**3,094**	**2,490**	**2,205**	**2,068**	**14,239**
Generation	1,321	148	257	19.5%	968	1,055	938	874	5,157
Transmission	2,367	283	488	20.6%	1.858	1,184	994	896	7,300
Infrastructure and Other	434	108	194	44.7%	268	251	273	297	1,523
Distribution*	260	176	283	108.8%	0	0	0	0	260
Investment in SPE's	**1,826**	**263**	**632**	**34.6%**	**688**	**677**	**898**	**1,428**	**5,517**
Generation	1,490	261	604	40.5%	389	639	891	1,428	4,837
Transmission	336	2	28	8.3%	299	38	7	0	680
Total	**6,208**	**978**	**1,854**	**29.9%**	**3,782**	**3,168**	**3,103**	**3,496**	**19,756**

*Planning covers only until March 2018, owing to previous expectation of control transfer.

Sale of Interest in 71 SPE's

59 | 1,605 MW Generation (wind farms)

12 | Transmission 2,910 km

Minimum Price: BRL 3.1 Billion

Auction divided in 18 lots:

- 8 Generation lots
- 10 Transmission lots

Estimate of Accomplishment: September 27, 2018

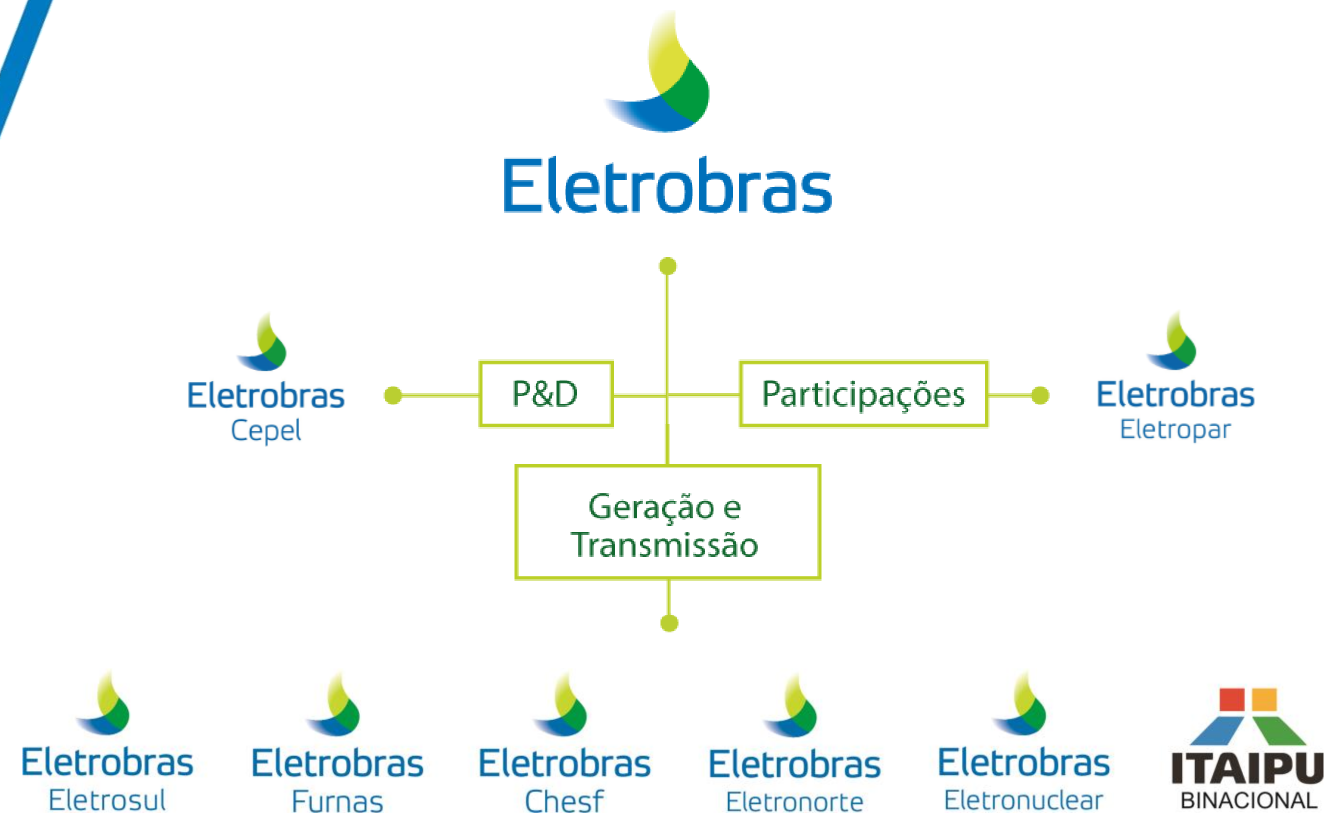
Future Structure

Strengthening focused on
Generation and Transmission

Expectation of
49.9 GW of installed capacity
until 2018

Maintenance of
50 strategic
SPE's

Lean
Structure

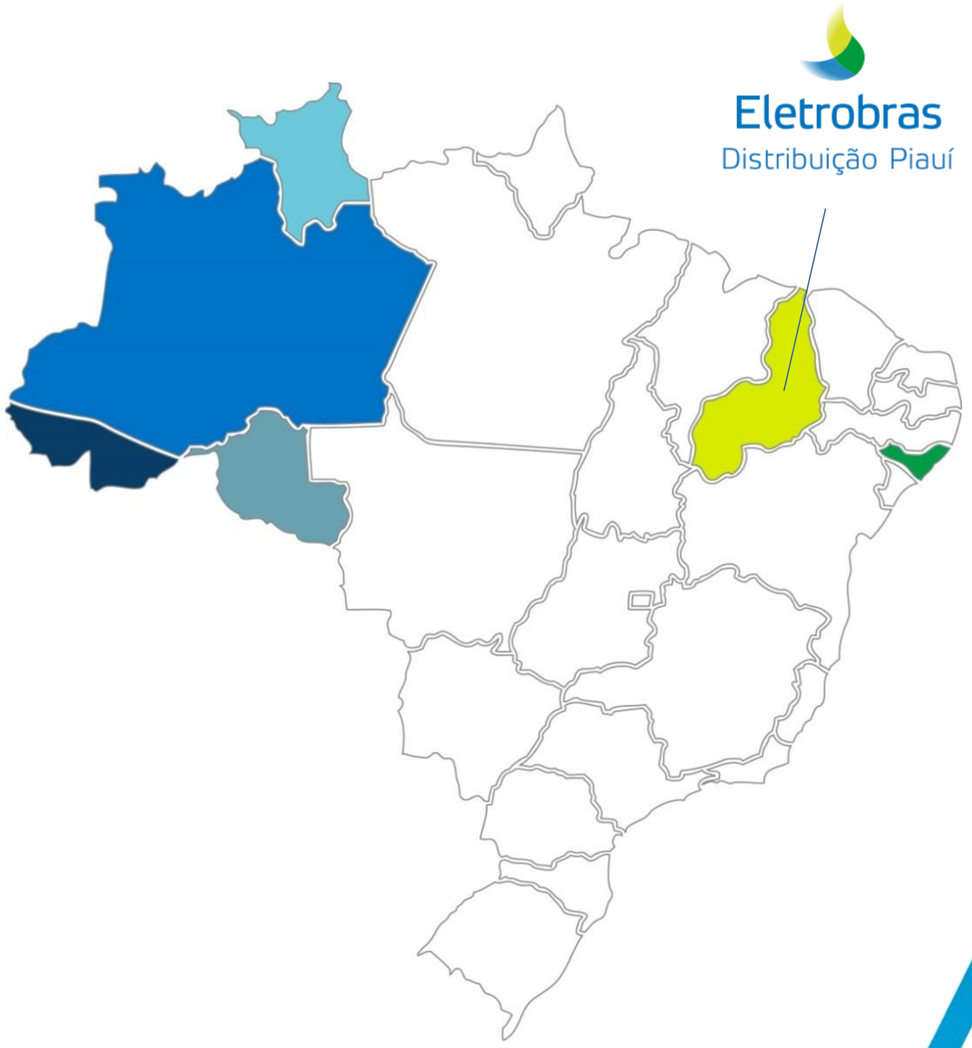


Current Eletrobras Companies

Segment	Total SPE's	Book Value (BRL Million)
Generation	134	17,242
Transmission	38	8,207
Services	3	69
Total	**175**	**25,518**

Companies Eletrobras - End in 2018

Segment	Total SPE's	Book Value (BRL Million)
Generation	32	15,314
Transmission	17	5,204
Services	1	3
Total	**50**	**20,522**



Privatization of Cepisa

Jul/2018

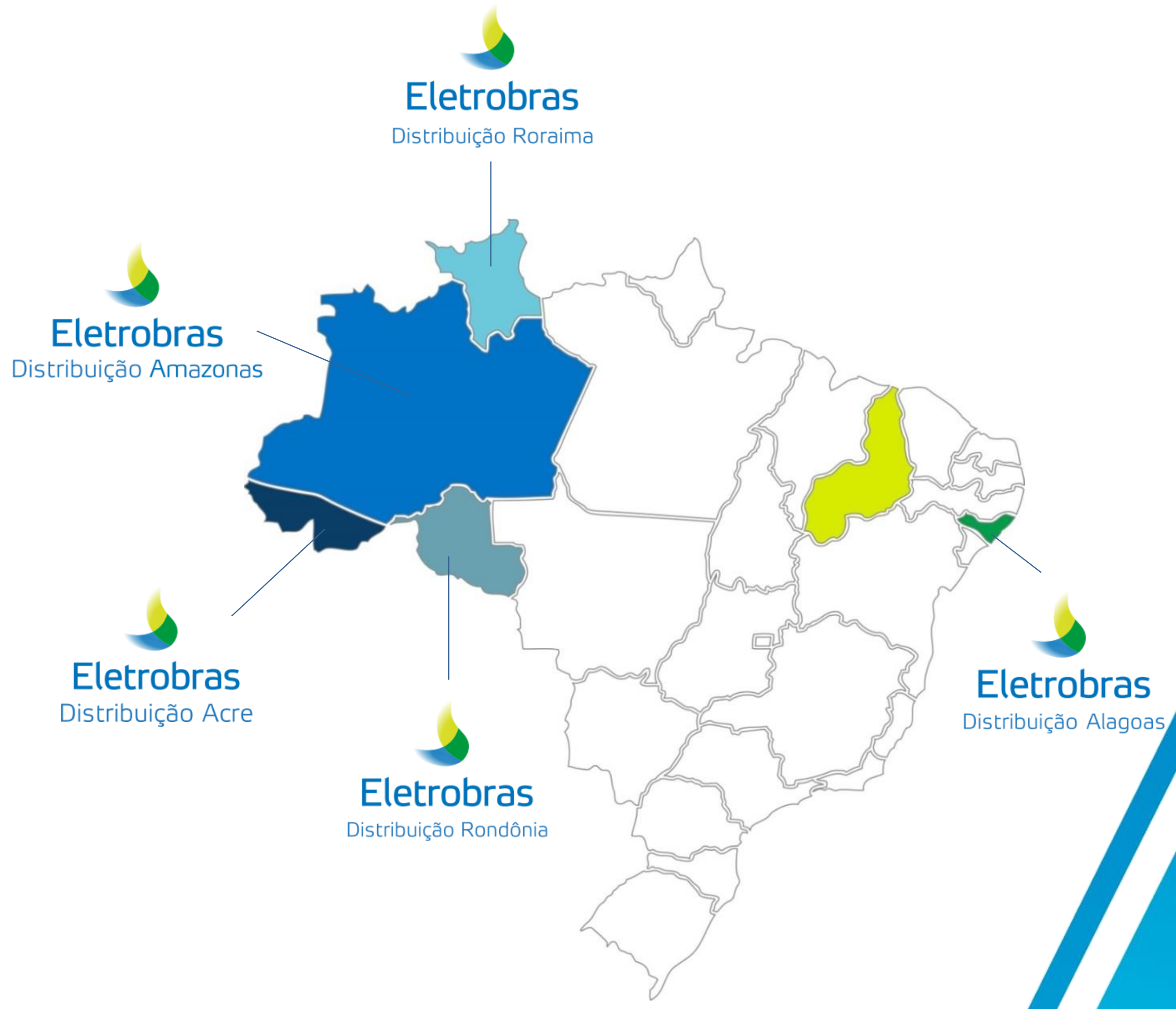
Auction	8.52%	BRL 95 mi
Equatorial winning bidder	tariff reduction	grant

until Sept/2018

Homologation of the result

until Oct/2018

Disbursement/Assumption of Eletrobras' Debt
Contract Execution
New Utility Company's Capital Increase
Concession Agreement Execution



Privatization of other Distributors

Aug/23/2018

Deposit as guarantee

Aug/30/2018 (Amazonas D – 26/09)

Auction

|

until Oct/2018

Homologation of results

|

until Nov/2018

Disbursement/Assumption of Eletrobras' Debt
Contract Execution
New Utility Company's Capital Increase
Concession Agreement Execution

Eletrobras' Distributors

	ED Piauí	ED Acre	ED Alagoas	ED Amazonas	ED Rondônia	ED Roraima
Value of Grant Bonus (at each 1% above the 100% of index of discount)	BRL 5 Million x 19= **BRL 95 Million**	BRL 1.5 Million	BRL 1.5 Million	BRL 15 Million	BRL 5 Million	BRL 1.5 Million
% Capital and Voting Capital Acquired	89.94%	90.26%	89.94%	90.00%	90.00%	90.00%
Value (Eletrobras' Equity)	BRL 45 Thousand	BRL 45 Thousand	BRL 45 Thousand	BRL 45 Thousand	BRL 45 Thousand	BRL 45 Thousand
Obligation of Capital Disbursement	BRL 721 Million	BRL 239 Million	BRL 546 Million	BRL 491 Million	BRL 254 Million	BRL 176 Million
EV/BRR	2.8	2.2	3.2	3.1	2.3	2.9
	Sold					
	119% Index of Discount (relaxation + grant)					

Debt assumed and disbursement by the new controlling shareholder

Market	Equity Value	Debt to be assumed by Eletrobras	Disbursement of new Controlling Shareholder	Possibility of Interest of 30%	Remaining Debt of RO
Eletrobras Distribuição Acre	-113,730	BRL114 Million	BRL 239 Million	102,345	262,255
Eletrobras Distribuição Amazonas	-8,911,817	BRL8,911 Million	BRL 491 Million	210,587	1,528,191
Eletrobras Distribuição Rondônia	-1,832,880	BRL 1,833 Million	BRL 241 Million	108,790	806,440
Eletrobras Distribuição Roraima	-342,070	BRL342 Million	BRL 176 Million	75,428	73,296
Eletrobras Distribuição Alagoas	385,801	BRL 0.050 Million	BRL 546 Million	233,902	1,287,533
Eletrobras Distribuição Piauí	283,421	BRL 0.050 Million	BRL 721 Million	308,964	1,063,288
Total		**R$ 11.2 billion**	**R$ 2.4 billion**	**R$ 1.04 billion**	**R$ 5.0 billion**

BRL 11.2 Billion

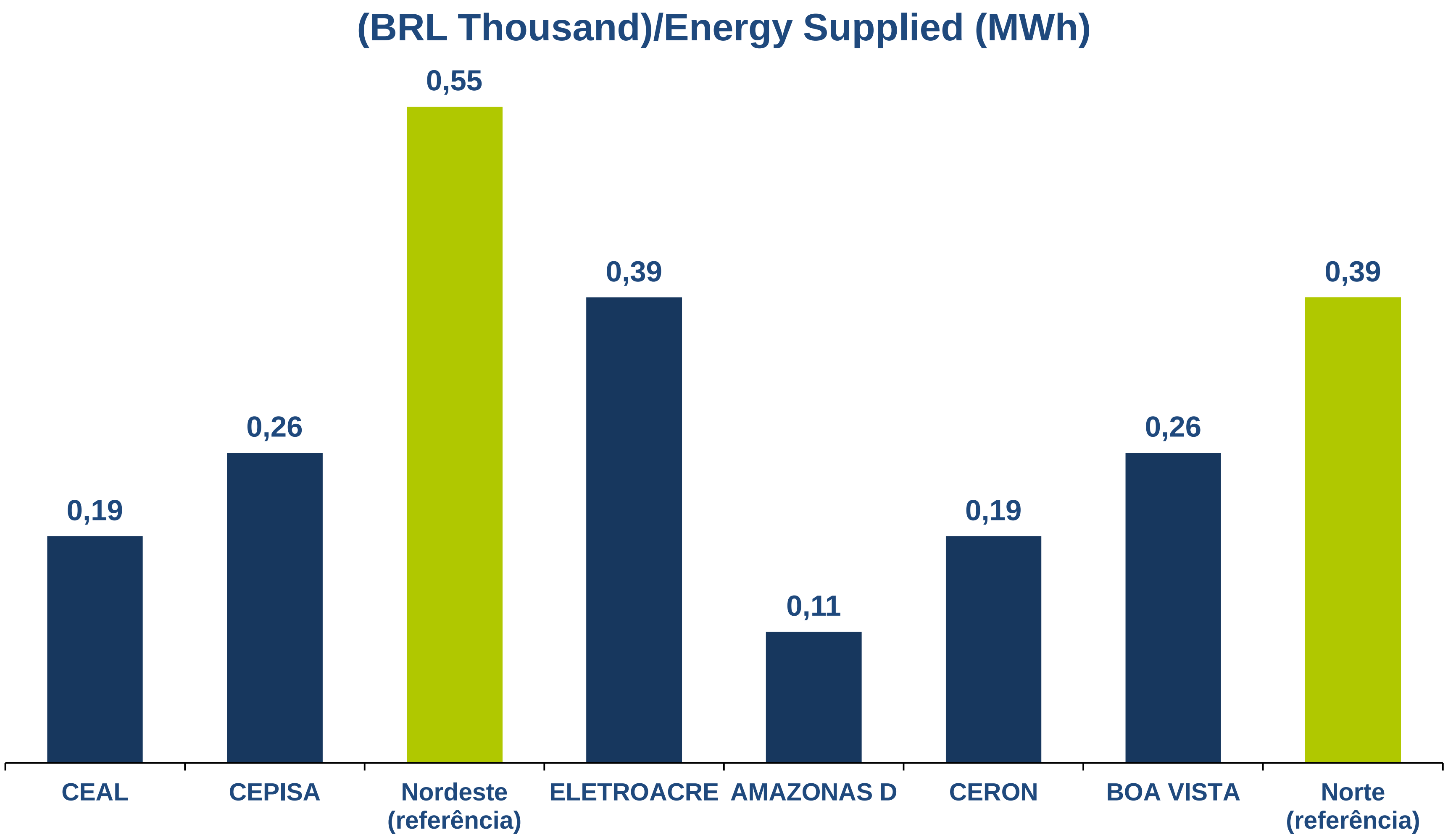
debt that Eletrobras
is assuming

with the possibility of assuming up to

30%

of the companies' capital,
reducing even more the indebtedness

Remuneration Basis



The benchmarking companies have higher BRR's per unit of energy sold, thus standing as an opportunity of yield per additional investment.

Investigation

The results of the independent investigation procedures were presented to the Board of Directors by Hogan Lovells. This stage of hired services was completed in May 2018 with the **approval of the Independent Commission** ("GICI").

The DOJ **declined** to prosecute Eletrobras related to the Foreign Corrupt Practices Act (FCPA). The DOJ did not impose sanction, did not impose conditions, nor determined the indication of monitor.

Eletrobras' **engagement with Hogan Lovells** US LLP is still ongoing, as the firm is assisting the Company with the implementation of certain remedial actions and negotiating a resolution before the U.S. Securities and Exchange Commission ("SEC")."

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Eletrobras MINISTÉRIO DE MINAS E ENERGIA