

# 4Q19 Earnings Release

São Paulo, February 11 2020 - Companhia de Gas de São Paulo - Comgas (B3: CGAS3 e CGAS5), announces its results for the fourth quarter of 2019 (4Q19) and the year of 2019. The following financial and operating information is presented in accordance with International Financial Reporting Standards (IFRS) and all comparisons are made with the fourth quarter of 2018 (4Q18) and the year of 2018, or as indicated.

We surpassed the mark of 2 million customers, connecting around 104 thousand new customers throughout 2019.

The ex-term volume decreased by 0.7% in 2019. The residential segment grew by 1% in the year, attributable to the addition of new customers. Commercial volume grew 3% in 2019, following the acceleration of some sectors.

The industrial volume decreased by 1% in the year, mainly impacted by the reduction in the activities of large customers in the period.

The Company's net revenue reached R\$ 9.5 billion in the period, 39% higher than in 2018, reflecting the pass-through of the increase in the cost of gas in tariffs.

In the same period, the cost of gas and transportation increased by 29%.

Selling, general and administrative expenses, excluding amortization, increased by 8% in the year, totaling 559 million. Normalized EBITDA reached R \$ 2,217 million, 14% above the previous period.

Investments totaled R\$ 899 million in the year, in line with the Guidance released by the Company and the plan approved in the Tariff Review.

We ended the year with normalized leverage of 1.6x, reflecting the debt position, as well as the distribution of dividends, interest on own capital and capital reduction at the end of 2019.

## Summary of Financial Information

4Q19	4Q18	4Q19 x 4Q18	R\$ thousands	2019	2018	2019 x 2018
2,009,271	1,905,455	5.4%	Total Customers	2,009,271	1,905,455	5.4%
1,113,440	1,151,410	-3.3%	Volume Ex-thermal	4,512,371	4,543,298	-0.7%
633,740	1,092,919	-42.0%	EBITDA	2,512,011	2,185,708	14.9%
367,171	858,843	-57.2%	Net Income	1,367,179	1,339,433	2.1%
489,614	464,551	5.4%	Normalized EBITDA <sup>1</sup>	2,217,330	1,938,296	14.4%
277,027	269,777	2.7%	Normalized Net Income <sup>1</sup>	1,198,269	1,002,095	19.6%
299,111	148,684	>100%	CAPEX	898,780	529,604	69.7%
3,597,412	1,555,276	>100%	Net Debt	3,597,412	1,555,276	>100%
1,62x	0,67x	>100%	Normalized Leverage <sup>2</sup>	1,62x	0,67x	>100%

1 – Recurrent | 2 – 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 February 06, 2020, and revised and approved for disclosure by the Board of Directors at a meeting held on February 11, 2020. These documents are available at <http://ri.comgas.com.br/>

## Volume

4Q19	4Q18	4Q19 x 4Q18	Volume (thousands m <sup>3</sup> )	2019	2018	2019 x 2018
68,736	69,025	-0.4%	Residential	279,450	276,153	1.2%
41,154	40,223	2.3%	Commercial	160,573	156,464	2.6%
865,449	887,017	-2.4%	Industrial	3,516,469	3,557,349	-1.1%
83,091	91,336	-9.0%	Cogeneration	333,800	327,399	2.0%
55,010	63,809	-13.8%	Automotive	222,079	225,933	-1.7%
<b>1,113,440</b>	<b>1,151,410</b>	<b>-3.3%</b>	<b>Total</b>	<b>4,512,371</b>	<b>4,543,298</b>	<b>-0.7%</b>
12.1	12.5	-3.2%	mm <sup>3</sup> /day	12.4	12.4	-0.0%

### Residential:

Drop of 0.4% in the volume of 4Q19, justified by the increase in average temperature in the period. In the annual comparison, it increased by 1.2%, reflecting the addition of 103 thousand new customers in the last 12 months.

### Commercial:

Segment grew 2.3% in 4Q19 and 2.6% in 2019, driven by the Beverage and Food sector, together with Malls and Commercial Buildings.

### Industrial:

Result 2.4% lower than 4Q18 affected by adverse situations in the operations of major clients in the sector. In the annual comparison, it decreased by 1.1%, because of changes in the demands of these customers.

### Cogeneration:

In 4Q19, the segment's result was 9% below the same period of the previous year and 2% above the accumulated result for the year, mainly due to the inversion of the PLD price curve (Difference Settlement Price).

### Automotive (NGV):

13.8% drop compared to 4Q18 and 1.7% when compared to 2018, a result directly related to the lower competitiveness of natural gas compared to other energy sources, in addition to a greater comparative base associated with the effects of the truckers strike.

## Net Revenue

Net revenue reached R\$ 2.5 billion, 32.1% higher than in 4Q18. Year-to-date, net revenue totaled R\$ 9.5 billion, advancing 39.1% compared to 2018. The result is justified by the pass through of the increase in gas and transportation costs in the tariffs defined by the regulatory agency.

4Q19	4Q18	2019 x 2018	R\$ thousand	2019	2018	2019 x 2018
<b>3,172,748</b>	<b>2,324,811</b>	<b>36.5%</b>	<b>Gross Revenue from Sales/Services</b>	<b>12,007,634</b>	<b>8,695,208</b>	<b>38.1%</b>
-642,908	-409,463	57.0%	Gross Revenue Deductions	-2,493,412	-1,855,197	34.4%
<b>2,529,840</b>	<b>1,915,349</b>	<b>32.1%</b>	<b>Net Revenue</b>	<b>9,514,222</b>	<b>6,840,011</b>	<b>39.1%</b>
2,238,103	1,781,033	25.7%	Gas Sales	8,636,220	6,363,621	35.7%
271,561	123,302	>100%	Construction Revenue	813,341	415,753	95.6%
20,177	11,013	83.2%	Other Revenues	64,661	60,638	6.6%

## Cost of Goods and Services

The total cost of goods and services sold, which is mainly composed of the cost of gas (commodity), transportation and construction cost, was R\$ 1,686 million in 4Q19 and R\$ 6,402 million in the year, showing a growth of 17% and 31% respectively.

4Q19	4Q18	4Q19 x 4Q18	R\$ Thousands	2019	2018	2019 x 2018
-1,434,918	-1,309,210	9.6%	Cost of Gas and Transportation	-5,733,707	-4,454,007	28.7%
-271,561	-123,302	>100%	Construction costs	-813,341	-415,753	95.6%
20,131	-9,116	n/a	Other costs	144,711	-31,955	n/a
<b>-1,686,349</b>	<b>-1,441,627</b>	<b>17.0%</b>	<b>Cost of Gas and/ or Services</b>	<b>-6,402,338</b>	<b>-4,901,715</b>	<b>30.6%</b>

Gas and transportation costs, excluding construction and other costs, were R \$ 1,435 million in the quarter, an increase of 9.6% when compared to 4Q18, and R \$ 5,734 million in the year, an increase of 29%. This variation reflects the increase in the unit cost of gas, directly linked to the increase in the exchange rate variation in the period, which is one of the references of gas contracts.

It is important to note that the differences between the actual cost incurred and the cost of gas included in the tariff (and charged to customers according to the tariff structure defined by ARSESP) are accumulated in the current regulatory account and passed on / charged as determined by the Regulator in periodic adjustments or in tariff reviews. This balance is adjusted monthly by the Selic rate.

At the end of the period, the Company returned R \$ 137 million from the current regulatory account to customers, ending the period with a liability balance of R \$ 4.6 million. According to the accounting rules, this balance is not recorded in the Company's books, being disclosed through Note 11 to the Financial Statements.

## Operational Expenses

Selling, general and administrative expenses, excluding amortization, ended the period with a result 12% higher than 4Q18, totaling R\$ 175 million, due to the increase in costs with materials and equipment to support the operation's growth. In the year, the result accumulated R\$ 559 million, a result 8% above the same previous period, in line with the IGP-M for the period.

The result of operating expenses in 4Q19 was R\$ 295 million, including non-recurring effect of R\$ 18 million referring to asset write-off. In 4Q18, the other operating income and expenses line was positively impacted by the non-recurring effects of recognizing tax credits and closing legal disputes (R\$ 76 million - with null effects on the normalized result and R\$ 726 million, respectively), which directly influences the comparative basis of the period.

4Q19	4Q18	4Q19 x 4Q18	R\$ Thousands	2019	2018	2019 x 2018
-42,467	-36,375	16.7%	Selling Expenses	-154,908	-146,400	5.8%
-133,076	-120,169	10.7%	General and Administrative Expenses	-404,442	-369,798	9.4%
<b>-175,542</b>	<b>-156,544</b>	<b>12.1%</b>	<b>Sales, General and Administrative Expenses</b>	<b>-559,349</b>	<b>-516,199</b>	<b>8.4%</b>
-34,209	775,742	n/a	Other Operating Expenses/ Revenues	-40,523	763,609	n/a
-85,691	-83,974	2.0%	Amortization	-337,668	-342,601	-1.4%
<b>-295,443</b>	<b>535,224</b>	<b>n/a</b>	<b>Operational Expenses/ Revenues</b>	<b>-937,540</b>	<b>-95,189</b>	<b>&gt;100%</b>

## EBITDA

EBITDA normalized by the regulatory current account totaled R\$ 490 million in 4Q19 and R\$ 2,217 million in the year, a result mainly influenced by the correction of margins due to inflation. IFRS EBITDA reached R\$ 633 million in 4Q19, 42% lower than the result for 2018, due to non-recurring events in the comparison basis.

4Q19	4Q18	4Q19 x 4Q18	R\$ Thousands	2019	2018	2019 x 2018
2,529,840	1,915,349	32.1%	Net Sales	9,514,222	6,840,011	39.1%
-1,686,349	-1,441,627	17.0%	Cost of Gas and/or Services	-6,402,338	-4,901,715	30.6%
843,492	473,721	78.1%	Gross Revenue	3,111,884	1,938,296	60.5%
-175,542	-156,544	12.1%	SG&A Expenses	-559,349	-516,199	8.4%
-34,209	775,742	n/a	Other Operating Expenses/ Revenues	-40,523	763,609	n/a
633,740	1,092,919	-42.0%	EBITDA	2,512,011	2,185,708	14.9%
489,614	464,551	5.4%	Normalized EBITDA	2,217,330	1,938,296	14.4%
0.44	0.40	9.0%	Normalized EBITDA Margin (R\$/ M³)	0.49	0.43	15.2%

## Net Financial Expenses/Revenues

Net financial income and expenses ended 4Q19 with an amount of R\$ -64 million, accumulated in the year reached R\$ -180 million, reflecting the increase in the Company's net debt balance. In addition, the comparative basis for the period was impacted by monetary reversals related to the closing of legal disputes.

## Net Income

Net income normalized by the regulatory current account was R\$ 277 million in 4Q19 (R\$ 367 million in IFRS) and R\$ 1,198 million in the year (R \$ 1,367 in IFRS).

## Investments

Investments totaled R\$ 299 million in 4Q19 and R \$ 899 million accumulated in the year, an increase of 70% when compared to 2018, in line with what was planned by the Company and with the investment plan of the approved regulatory cycle.

## Debt

In 4Q19, the Company announced the issuance of its eighth Debenture, for R\$ 2 billion. This transaction directly affected the net debt result in the period. Currently, 84% of Comgas' financing matures in the long term. The normalized net leverage went from 0.67x in December 2018 to 1.62x at the end of 4Q19, reflecting the debt position, as well as the distribution of dividends, interest on own capital and capital reduction realized at the end of 2019.

Dec 19	Dec 18		Dec 19 x Dec 18
889,795	1,322,666	Loans and Financing	-32.7%
4,355,147	2,328,879	Debentures	87.0%
-374,730	-368,928	Derivatives	1.6%
10,842	0	Leases	n/a
4,881,055	3,282,617	Total Debt	48.7%
1,283,643	1,727,341	(-) Cash, Cash Equivalents And Marketable Securities	-25.7%
3,597,412	1,555,276	Net Debt	>100%
2,512,012	2,185,708	EBITDA (last 12 months)	14.9%
2,217,330	1,938,296	Normalized EBITDA (last 12 months) <sup>1</sup>	14.4%
-4,565	251,359	Regulatory Current Account	n/a
0.16	0.17	Short Term Debt/Total Debt	-7.0%
1,43x	0,71x	Leverage	>100%
1,62x	0,67x	Normalized Leverage <sup>2</sup>	>100%

1 - Recurrent | 2 - Normalized Net Debt / Normalized Recurring EBITDA last 12 months.

## 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.

	Projected 2019 <sup>2</sup>		2019
	Mín	Máx	Achieved
Total Customers (thousand)	2,005	2,025	2,009
Volume ex-thermal (mm m <sup>3</sup> )	4,600	4,750	4,512
Normalized EBITDA (R\$ mm) <sup>1</sup>	1,950	2,100	2,217
CAPEX (R\$ mm)	800	900	899

	Projected 2020		
	Mín		Máx
Normalized EBITDA (R\$ mm) <sup>1</sup>	2,250	-	2,400
CAPEX (R\$ mm)	900	-	1,000

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, because of which actual results may differ materially of future results expressed or implied by the forward-looking statements and information.

## Income Statement – IFRS

4Q19	4Q18	4Q19 x 4Q18	R\$ thousand	2019	2018	2019 x 2018
3,172,748	2,324,811	36.5%	<b>Gross Revenue from Sales/Services</b>	12,007,634	8,695,208	38.1%
-642,908	-409,463	57.0%	Gross Revenue Deductions	-2,493,412	-1,855,197	34.4%
<b>2,529,840</b>	<b>1,915,349</b>	<b>32.1%</b>	<b>Net Revenue</b>	<b>9,514,222</b>	<b>6,840,011</b>	<b>39.1%</b>
2,238,103	1,781,033	25.7%	Gas Sales	8,636,220	6,363,621	35.7%
271,561	123,302	>100%	Construction Revenue	813,341	415,753	95.6%
20,177	11,013	83.2%	Other Revenues	64,661	60,638	6.6%
<b>-1,686,349</b>	<b>-1,441,627</b>	<b>17.0%</b>	<b>Cost of Gas and/or Services</b>	<b>-6,402,338</b>	<b>-4,901,715</b>	<b>30.6%</b>
-1,414,788	-1,318,325	7.3%	Cost of Gas and Transportation	-5,588,997	-4,485,962	24.6%
-271,561	-123,302	>100%	Construction Costs	-813,341	-415,753	95.6%
<b>843,492</b>	<b>473,721</b>	<b>78.1%</b>	<b>Gross Profit</b>	<b>3,111,884</b>	<b>1,938,296</b>	<b>60.5%</b>
<b>-295,443</b>	<b>535,224</b>	<b>n/a</b>	<b>Other Operational Results</b>	<b>-937,540</b>	<b>-95,189</b>	<b>&gt;100%</b>
-42,467	-36,375	16.7%	Selling Expenses	-154,908	-146,400	5.8%
-218,767	-204,143	7.2%	General and Administrative Expenses	-742,109	-712,398	4.2%
-34,209	775,742	n/a	Other Operational Expenses	-40,523	763,609	n/a
<b>548,049</b>	<b>1,008,945</b>	<b>-45.7%</b>	<b>Operating Income</b>	<b>2,174,344</b>	<b>1,843,107</b>	<b>18.0%</b>
<b>-64,325</b>	<b>221,758</b>	<b>n/a</b>	<b>Net Financial Expenses</b>	<b>-180,381</b>	<b>78,773</b>	<b>n/a</b>
<b>483,724</b>	<b>1,230,704</b>	<b>-60.7%</b>	<b>Earnings Before Income Tax and Social Contribution</b>	<b>1,993,963</b>	<b>1,921,880</b>	<b>3.8%</b>
-116,552	-371,861	-68.7%	Income Tax and Social Contribution	-626,784	-582,447	7.6%
<b>367,172</b>	<b>858,843</b>	<b>-57.2%</b>	<b>Net Income</b>	<b>1,367,179</b>	<b>1,339,433</b>	<b>2.1%</b>
<b>Net Earnings Per Share (R\$)</b>						
3.23	6.37	-49.2%	Common	10.10	9.89	2.1%
3.56	7.00	-49.2%	Preferred	11.11	10.88	2.1%

## Income Statement – Normalized

4Q19	4Q18	4Q19 x 4Q18	R\$ thousand	2019	2018	2019 x 2018
3,172,748	2,324,811	36.5%	<b>Gross Revenue from Sales/Services</b>	12,007,634	8,695,208	38.1%
-684,479	-525,009	30.4%	Gross Revenue Deductions	-2,648,724	-1,983,011	33.6%
<b>2,488,269</b>	<b>1,799,802</b>	<b>38.3%</b>	<b>Net Revenue</b>	<b>9,358,910</b>	<b>6,712,197</b>	<b>39.4%</b>
2,196,531	1,665,487	31.9%	Gas Sales	8,480,908	6,235,806	36.0%
271,561	123,302	>100%	Construction Revenue	813,341	415,753	95.6%
20,177	11,013	83.2%	Other Revenues	64,661	60,638	6.6%
<b>-1,788,903</b>	<b>-1,162,043</b>	<b>53.9%</b>	<b>Cost of Gas and/or Services</b>	<b>-6,517,934</b>	<b>-4,228,904</b>	<b>54.1%</b>
-1,517,342	-1,038,740	46.1%	Cost of Gas and Transportation	-5,704,593	-3,813,152	49.6%
-271,561	-123,302	>100%	Construction Costs	-813,341	-415,753	95.6%
<b>699,366</b>	<b>637,760</b>	<b>9.7%</b>	<b>Gross Profit</b>	<b>2,840,976</b>	<b>2,483,292</b>	<b>14.4%</b>
<b>-295,444</b>	<b>458,773</b>	<b>n/a</b>	<b>Other Operational Results</b>	<b>-961,313</b>	<b>-171,641</b>	<b>&gt;100%</b>
-42,467	-36,375	16.7%	Selling Expenses	-154,908	-146,400	5.8%
-218,767	-204,143	7.2%	General and Administrative Expenses	-742,109	-712,398	4.2%
-34,209	699,291	n/a	Other Operational Expenses	-64,296	687,157	n/a
<b>403,922</b>	<b>1,096,532</b>	<b>-63.2%</b>	<b>Operating Income</b>	<b>1,879,663</b>	<b>2,311,651</b>	<b>-18.7%</b>
<b>-56,781</b>	<b>225,024</b>	<b>n/a</b>	<b>Net Financial Expenses</b>	<b>-141,625</b>	<b>82,485</b>	<b>n/a</b>
<b>347,141</b>	<b>1,321,556</b>	<b>-73.7%</b>	<b>Earnings Before Income Tax and Social Contribution</b>	<b>1,738,038</b>	<b>2,394,136</b>	<b>-27.4%</b>
-70,115	-402,751	-82.6%	Income Tax and Social Contribution	-539,770	-743,013	-27.4%
<b>277,027</b>	<b>918,805</b>	<b>-69.8%</b>	<b>Net Income</b>	<b>1,198,269</b>	<b>1,651,123</b>	<b>-27.4%</b>

## Cash Flow Statement

4Q19	4Q18	4Q19 x 4Q18	R\$ thousand	2019	2018	2019 x 2018
483,723	1,230,704	-60.7%	<b>Profit Before Income Tax and Social Contribution</b>	1,993,963	1,921,880	3.8%
85,831	84,113	2.04%	Amortization	338,269	343,157	-1.42%
20,771	20,772	0.00%	Loss on the Write-off of Intangible Assets	43,443	29,542	47.05%
937	555	68.62%	Granted Options Recognized	2,603	1,699	53.16%
619	6,070	-89.80%	Provision for Judicial demands	6,588	10,291	-35.98%
75,816	-106,121	n/a	Interest and Monetary Variation	234,595	119,793	95.83%
23,029	17,166	34.15%	Provision for profit sharing	57,057	54,089	5.49%
3,416	2,942	16.13%	Impairment of trade receivables	12,898	16,215	-20.45%
-4,316	-192,406	-97.76%	Others	-24,901	-203,371	-87.76%
<b>689,826</b>	<b>337,797</b>	<b>&gt;100%</b>	<b>Cash Generated from Operations</b>	<b>2,664,515</b>	<b>1,567,296</b>	<b>70.0%</b>
<b>-102,103</b>	<b>-78,522</b>	<b>30.0%</b>	<b>Variations in Assets and Liabilities</b>	<b>-152,211</b>	<b>5,874</b>	<b>n/a</b>
77,191	106,180	-27.30%	Accounts Receivable	-265,956	-53,881	>100%
-18,538	-241	>100%	Inventories	-21,314	8,183	n/a
-89,231	-374,786	-76.19%	Taxes and Contributions	-59,125	-418,167	-85.86%
-38,903	208,275	n/a	Suppliers	284,953	545,009	-47.72%
-22,600	-12,125	86.40%	Provisions and employee benefits	-60,649	-49,628	22.21%
-5,584	-6,891	-18.97%	Post-employment benefits	-27,571	-26,225	5.13%
-4,439	1,066	n/a	Others	-2,550	584	n/a
<b>587,723</b>	<b>259,275</b>	<b>&gt;100%</b>	<b>Cash Flow from Operating Activities</b>	<b>2,512,304</b>	<b>1,573,170</b>	<b>59.7%</b>
<b>524,277</b>	<b>-150,515</b>	<b>n/a</b>	<b>Cash Flow from Investing Activities</b>	<b>202,037</b>	<b>-1,121,605</b>	<b>n/a</b>
771,845	-801	n/a	Marketable Securities	977,778	-590,989	n/a
0	0	n/a	Cash received from sale of permanent assets	28	1,123	-97.52%
-247,568	-149,714	65.36%	Additions to Intangible Assets	-775,769	-531,739	45.89%
<b>-1,744,068</b>	<b>-830,400</b>	<b>&gt;100%</b>	<b>Cash Flow from Financing Activities</b>	<b>-2,233,548</b>	<b>-1,576,469</b>	<b>41.7%</b>
1,996,385	0	n/a	Proceeds from new loans, borrowings and debentures	1,998,235	482,449	>100%
-133,885	-128,711	4.02%	Amortization from Principal, Loans and Financing	-626,439	-1,263,509	-50.42%
-136,220	-136,624	-0.30%	Interest paid on Loans and Financing	-200,348	-230,333	-13.02%
29,768	22,526	32.15%	Derivative Financial Instruments	108,196	191,691	-43.56%
-598	0	n/a	Amortization from Principal on Leases	-2,362	0	n/a
-262	0	n/a	Interest paid on Leases	-870	0	n/a
-1,999,583	-587,591	>100%	Dividends and interest on capital paid	-2,010,101	-756,767	>100%
<b>-632,069</b>	<b>-721,640</b>	<b>-12.4%</b>	<b>Increase (Decrease) of Cash and Cash Equivalents</b>	<b>480,793</b>	<b>-1,124,904</b>	<b>n/a</b>
1,715,479	1,324,258	29.5%	<b>Opening Balance of Cash and Cash Equivalents</b>	<b>0</b>	<b>1,727,521</b>	<b>-100.0%</b>
1,083,410	602,618	79.8%	<b>Closing Balance of Cash and Cash Equivalents</b>	<b>1,083,410</b>	<b>602,618</b>	<b>79.8%</b>



## Balance Sheet

R\$ thousand	Dec 19	Dec 18	Dec 19 x Dec 18
<b>TOTAL ASSETS</b>	<b>8,451,722</b>	<b>8,360,577</b>	<b>1.1%</b>
<b>Current Assets</b>	<b>2,792,056</b>	<b>3,232,515</b>	<b>-13.6%</b>
Cash and Cash Equivalents	1,083,410	602,618	79.8%
Marketable Securities	200,233	1,124,723	-82.2%
Accounts Receivable	974,296	674,992	44.3%
Derivative Financial Instruments	128,786	114,891	12.1%
Inventories	89,586	65,259	37.3%
Gas paid and not used	23,464	254,651	-90.8%
Receivables from Related Parties	1,820	1,158	57.2%
Income Tax and Social Contribution	0	72,143	-100.0%
Taxes Recoverable	249,957	292,204	-14.5%
Other Current Assets	40,504	29,876	35.6%
<b>Non Current Assets</b>	<b>5,659,666</b>	<b>5,128,062</b>	<b>10.4%</b>
Accounts Receivable	13,101	20,155	-35.0%
Other recoverable taxes	19,902	11,076	79.7%
Judicial Deposits	52,104	52,885	-1.5%
Derivative Financial Instruments	245,944	254,037	-3.2%
Other Current Assets	195	756	-74.2%
Right of use	10,128	0	n/a
Assets contracts	594,602	217,855	>100%
Intangible Assets	4,705,232	4,571,298	2.9%
<b>TOTAL LIABILITIES</b>	<b>8,451,723</b>	<b>8,360,577</b>	<b>1.1%</b>
<b>Current Liabilities</b>	<b>2,807,894</b>	<b>1,915,210</b>	<b>46.6%</b>
Loans, Financing and Debenture	908,522	679,735	33.7%
Suppliers	1,154,206	1,012,895	14.0%
Salaries and Social Deductions	59,928	63,520	-5.7%
Income tax payables	395,730	0	n/a
Other taxes payable	177,463	70,768	>100%
Dividends and Interest on Capital Payable	1,450	11,551	-87.4%
Payable and Related Parties	6,515	14,994	-56.5%
Others Financial Liabilities	92,111	52,868	74.2%
Leases	1,680	0	n/a
Other Payables	10,288	8,879	15.9%
<b>Non Current Liabilities</b>	<b>5,124,321</b>	<b>3,724,043</b>	<b>37.6%</b>
Loans, Financing and Debenture	4,336,420	2,971,810	45.9%
Provisions for Contingencies	128,735	120,972	6.4%
Obligations with retirement benefits	630,549	504,320	25.0%
Deferred income and social contribution taxes	0	102,426	-100.0%
Deferred income	6,142	6,464	-5.0%
Leases	9,163	0	n/a
Other non-current liabilities	13,312	18,051	-26.3%
<b>Equity</b>	<b>519,508</b>	<b>2,721,324</b>	<b>-80.9%</b>
Share Capital	536,315	1,650,032	-67.5%
Capital Reserve	6,175	60,032	-89.7%
Revaluation Reserve	5,761	5,761	0.0%
Carrying value adjustments	-233,009	-161,597	44.2%
Profit reserve	204,266	1,167,096	-82.5%
Retained Earnings	0	0	n/a

## Appendix I - Markets

4Q19	4Q18	4Q19 x 4Q18	Residential	2019	2018	2019 x 2018
1,300,329	1,236,883	5.1%	Meters	1,300,329	1,236,883	5.1%
1,989,004	1,886,220	5.4%	Numbers of UDA's	1,989,004	1,886,220	5.4%
68,736	69,025	-0.4%	Volume (mm m <sup>3</sup> )	279,450	276,153	1.2%
343,679	265,286	29.6%	Net Revenue	1,295,107	986,073	31.3%
-89,805	-80,469	11.6%	Cost	-361,492	-277,504	30.3%
-11,216	124	n/a	Regulatory Current Account	-28,879	26,675	n/a
242,658	184,941	31.2%	Normalized Margin	904,736	735,244	23.1%
3.53	2.68	31.8%	R\$/m <sup>3</sup> Normalized	3.24	2.66	21.6%

\*UDA's (Unidade Domiciliar Autônoma)

4Q19	4Q18	4Q19 x 4Q18	Commercial	2019	2018	2019 x 2018
18,652	17,672	5.5%	Meters	18,652	17,672	5.5%
41,154	40,223	2.3%	Volume (mm m <sup>3</sup> )	160,573	156,464	2.6%
137,974	108,445	27.2%	Net Revenue	507,550	387,069	31.1%
-53,818	-47,023	14.5%	Cost	-206,876	-156,388	32.3%
-5,754	3,502	n/a	Regulatory Current Account	-12,167	18,454	n/a
78,402	64,924	20.8%	Normalized Margin	288,507	249,135	15.8%
1.91	1.61	18.0%	R\$/m <sup>3</sup> Normalized	1.80	1.59	12.8%

4Q19	4Q18	4Q19 x 4Q18	Industrial	2019	2018	2019 x 2018
1,358	1,290	5.3%	Meters	1,358	1,290	5.3%
865,449	887,017	-2.4%	Volume (mm m <sup>3</sup> )	3,516,469	3,557,349	-1.1%
1,550,988	1,233,197	25.8%	Net Revenue	6,045,600	4,411,737	37.0%
-1,131,841	-1,035,443	9.3%	Cost	-4,528,404	-3,542,551	27.8%
-102,555	145,082	n/a	Regulatory Current Account	-173,354	479,531	n/a
316,592	342,836	-7.7%	Normalized Margin	1,343,842	1,348,717	-0.4%
0.37	0.39	-5.4%	R\$/m <sup>3</sup> Normalized	0.38	0.38	0.8%

4Q19	4Q18	4Q19 x 4Q18	Cogeneration	2019	2018	2019 x 2018
33	30	10.0%	Meters	33	30	10.0%
83,091	91,336	-9.0%	Volume(mm m <sup>3</sup> )	333,800	327,399	2.0%
113,256	96,913	16.9%	Net Revenue	437,327	315,925	38.4%
-87,610	-87,804	-0.2%	Cost	-351,035	-277,084	26.7%
-6,445	10,714	n/a	Regulatory Current Account	-9,916	32,058	n/a
19,201	19,823	-3.1%	Normalized Margin	76,376	70,899	7.7%
0.23	0.22	6.5%	R\$/m <sup>3</sup> Normalized	0.23	0.22	5.7%

4Q19	4Q18	4Q19 x 4Q18	Automotive	2019	2018	2019 x 2018
222	241	-7.9%	Meters	222	241	-7.9%
55,010	63,809	-13.8%	Volume(mm m <sup>3</sup> )	222,079	225,933	-1.7%
92,204	77,188	19.5%	Net revenue	350,637	262,813	33.4%
-71,846	-75,044	-4.3%	Cost	-285,901	-228,415	25.2%
-6,541	11,613	n/a	Regulatory Current Account	-11,909	13,067	n/a
13,817	13,757	0.4%	Normalized Margin	52,827	47,465	11.3%
0.25	0.22	16.5%	R\$/m <sup>3</sup> Normalized	0.24	0.21	13.2%

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

4Q19	4Q18	4Q19 x 4Q18	Thermal Generation	2019	2018	2019 x 2018
2	2	0.0%	Meters	2	2	0.0%
87,140	36,239	>100%	Volume(mm m <sup>3</sup> )	330,281	333,523	-1.0%
3,828	1,665	>100%	Net Revenue	14,732	15,313	-3.8%
3,828	1,665	>100%	Normalized Margin	14,732	15,313	-3.8%
0.04	0.05	-4.4%	R\$/m <sup>3</sup> Normalized	0.04	0.05	-2.8%

## 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 the 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 05/23/2019, ARSESP published the Final Technical Note NTN-0030-2019 and the Detailed Report referring to the conclusion of the 4th Ordinary Tariff Review of Comgás, covering the period from May 31, 2018 to May 30, 2024. The Final Technical Note NTF-0030-2019 determined, in relation to the Maximum Margin (P0), the value of R \$ 0.5182 per cubic meter, in April 2018 currency, having its value readjusted by the variation of the IGP-M in the period between May 2018 and April 2019 and discounted from Factor X. For Factor X, the percentage established was 0.52% per year.

Because of the tariff review result, ARSESP published Resolution 875 on May 30, updating the distribution margins for each segment in addition to the cost of gas and the transfer of the graphic account. This determination was rectified on 06/04/2019, as some bands of customers in the high load factor industrial 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 the third Comgás tariff review process. This schedule provided for the publication of a methodological technical note, calculation of the weighted average cost of capital, maximum margin and compensatory adjustments for the period between 05/31/2014 and 05/30/2018.

This resolution provided for a public hearing and consultation between 10/24/2019 and 11/18/2019 and the publication of the results was scheduled to take place until 12/16/2019.

On 12/07/2019, ARSESP published resolution 933, approving the amount determined in the Technical Note and Detailed Report from CP 14/2019 and CP 15/2019, as a result of the 3rd Comgás Ordinary Tariff Review.

## Appendix III – Natural Gas Supply Agreements

The Company has natural gas supply contracts signed between Comgás and Petrobras under the conditions described below, in addition to the Terms of Commitment for entering into a future gas contract, guaranteeing supply until the year 2027:

- 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 2019, for the daily supply of 5.22 million m<sup>3</sup> of gas per day. As of 2020, a new one firm agreement with Petrobras effective until December 2023, replaced this contract. Daily contracted amount of 4.62 million m<sup>3</sup>/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.