

# 1Q17 Results



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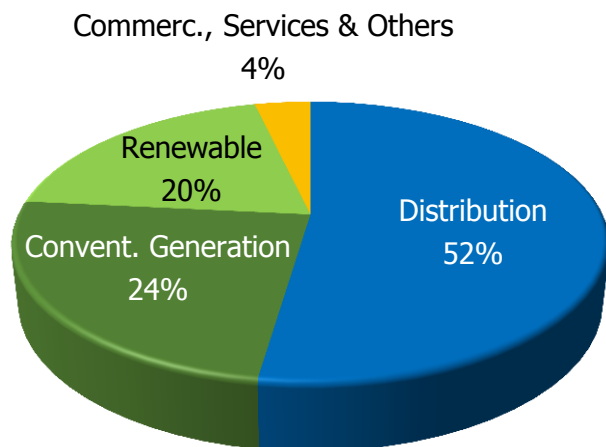
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- ✓ Stable load in the concession area (**-0.4%**)<sup>1</sup>
- ✓ **Contracted demand** is being preserved: **-0.6%** Off Peak and **-0.2%** Peak (Mar-17 vs. Mar-16)<sup>1,2</sup>
- ✓ Increases of **27.7% in Net Operating Revenue** and of **15.6% in EBITDA**
- ✓ Investments of **R\$ 681 million**<sup>3</sup>
- ✓ Net debt of **R\$ 13.8 billion** and leverage of **3.30x Net Debt/EBITDA**<sup>4</sup>
- ✓ **CPFL Paulista tariff adjustment**, in Apr-17, with an **average effect of -10.50%** to be perceived by the consumers
- ✓ **RGE Sul tariff adjustment**, in Apr-17, with an **average effect of -6.43%** to be perceived by the consumers
- ✓ **Current status of State Grid transaction**: appraisal report of the Unified Tender Offer in preparation, as approved in the EGM of March 27, 2017
- ✓ Launch of **Envo**, a company that will offer solutions in distributed solar power generation, mainly to residential clients
- ✓ **2016 Annual Report** released on April 5, 2017

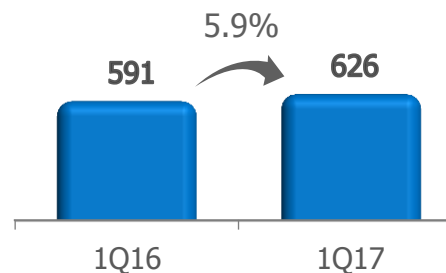
1) Excluding RGE Sul; 2) Excluding an A1 big client, whose demand reduction does not impact the parcel B; 3) Considering the investments in transmission, in the amount of R\$ 38 million; 4) Financial covenants criteria.

## ► EBITDA<sup>1</sup> Breakdown | 1Q17 | R\$ million

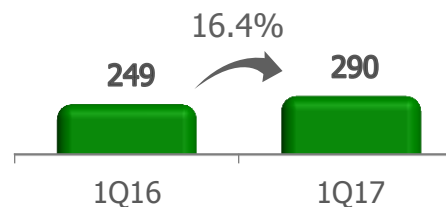


**Total: R\$ 1,196 million**

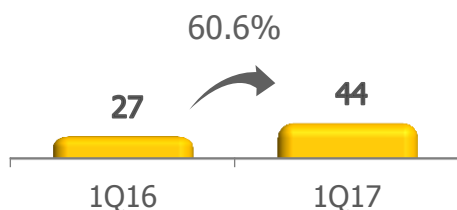
## ► Distribution | R\$ million



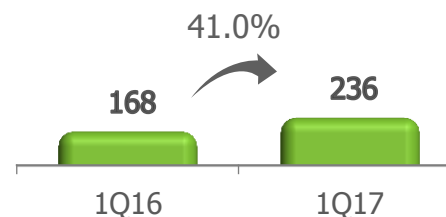
## ► Conventional Generation | R\$ million



## ► Commerc., Services & Others | R\$ million



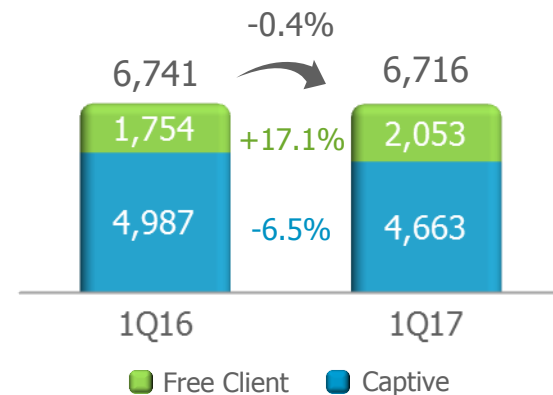
## ► Renewable Generation | R\$ million



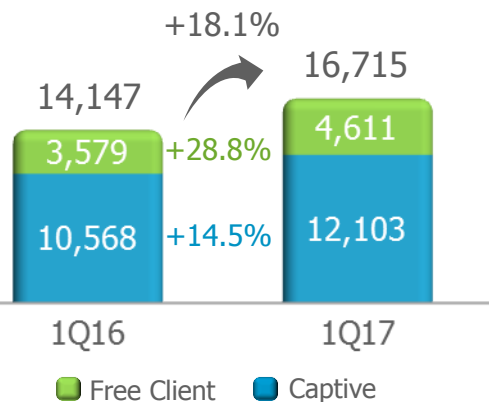
## Highlights

- ✓ **Increase in sales** in the concession area (+**18.1%**)
- ✓ **RGE Sul (1Q17)** added **2,549 GWh** in sales
- ✓ Disregarding RGE Sul:
  - **Stable load** in the concession area (**-0.4%**)
  - **Stable sales** in the concession area (**+0.1%**)
  - **Contracted demand** maintenance: **-0.6%** Off Peak and **-0.2%** Peak (Mar-17 vs. Mar-16)<sup>1</sup>
  - **Losses**<sup>2</sup>: from **8.69%** in 1Q16 and **9.08%** in 4Q16 to **9.14%** in 1Q17 (change in the market mix and increase in the number of cuts)

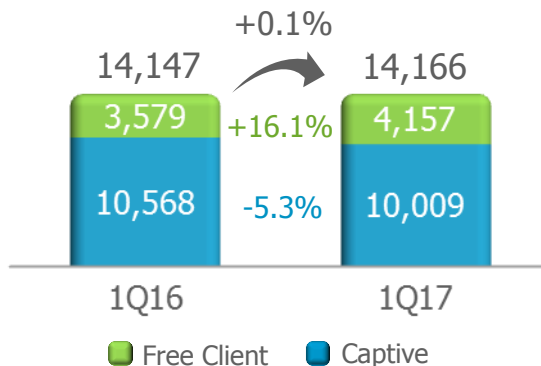
### ► Load in the concession area (without RGE Sul)<sup>3,4,5</sup> | average MW



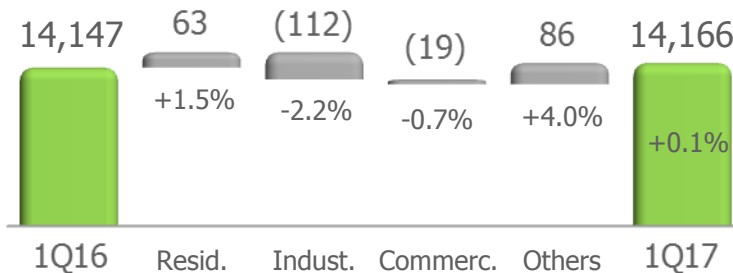
### ► Sales in the concession area (with RGE Sul)<sup>5</sup> | GWh



### ► Sales in the concession area (without RGE Sul)<sup>4,5</sup> | GWh



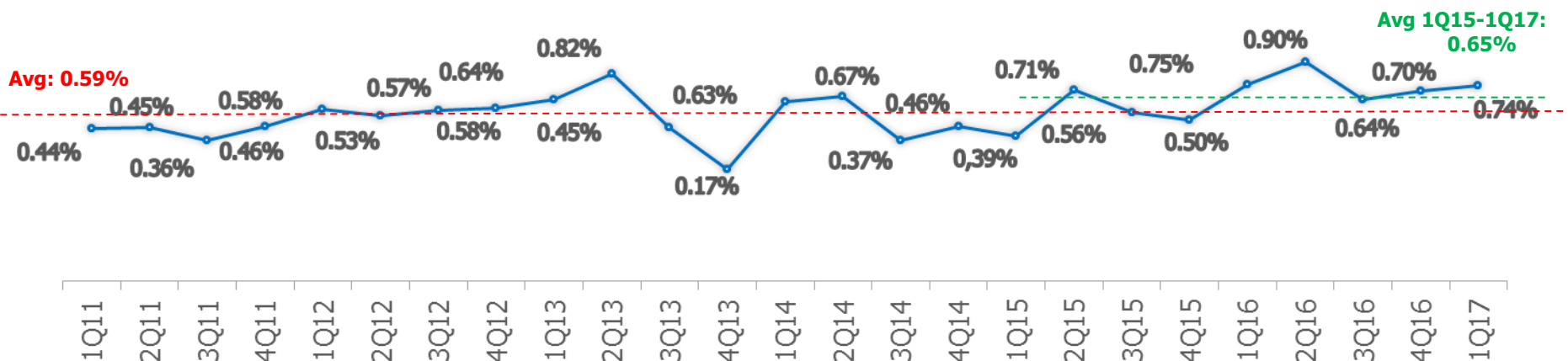
### ► Sales by consumption segment (without RGE Sul)<sup>4,5</sup> | GWh



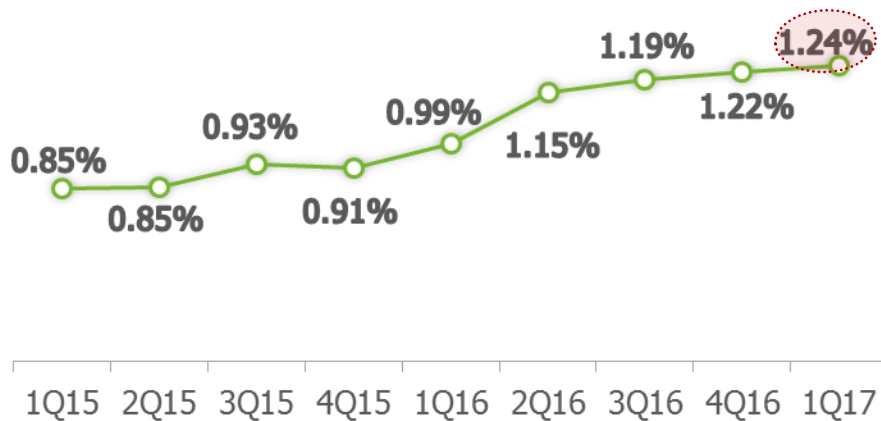
1) Excluding a large A1 consumer, whose demand reduction does not impact parcel B; 2) Reported values were adequate to ANEEL's criteria (customers connected in A1 voltage are disregarded in load); 3) Load net of losses; 4) If excluding the consumption of a large consumer of the steel industry, the load in the concession area would be: -0.2% and free client: +18.5%; Sales in the concession area: +0.8%, free client: +20.0%, Industrial segment: -0.3%; 5) RGE Sul (1Q17).



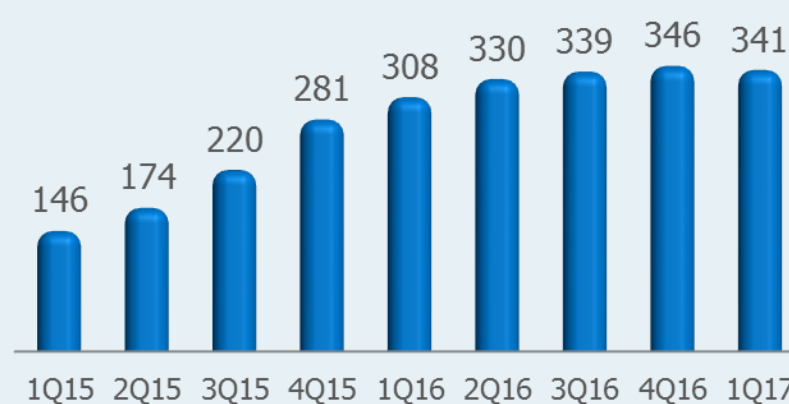
## ► ADA Evolution | % of Gross Revenue<sup>1</sup>



## ► Total Overdue Bills – Above 90 days | in % of revenues – LTM<sup>2</sup>



## ► Collection actions | Cuts (thousands)

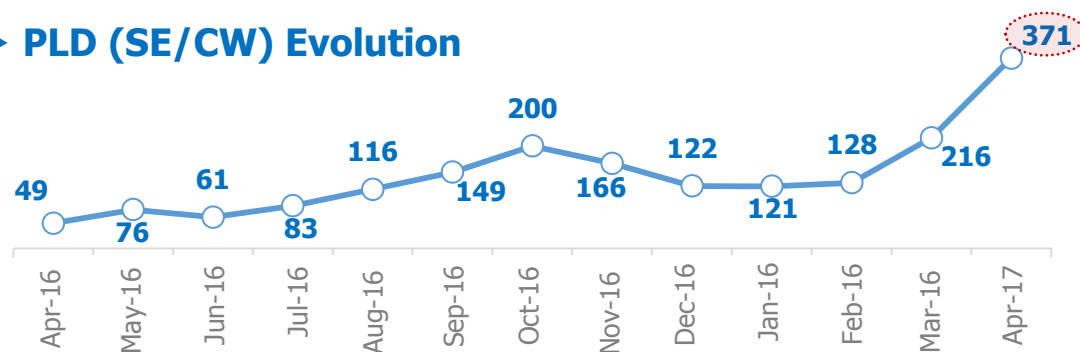


# Generation: Performance in 1Q17

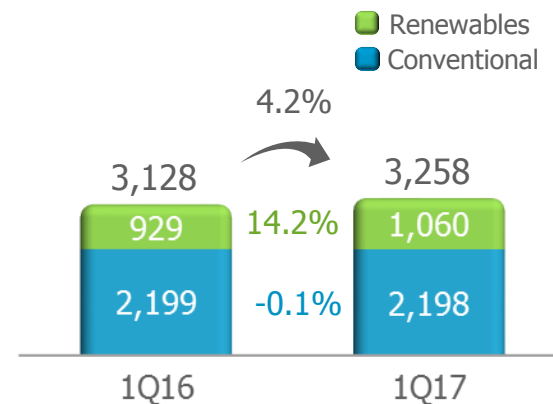
## Highlights

- ✓ Unfavorable hydrological situation has led the PLD (SE/CW) from R\$ 49/MWh in Apr-16 to R\$ 371/MWh in Apr-17

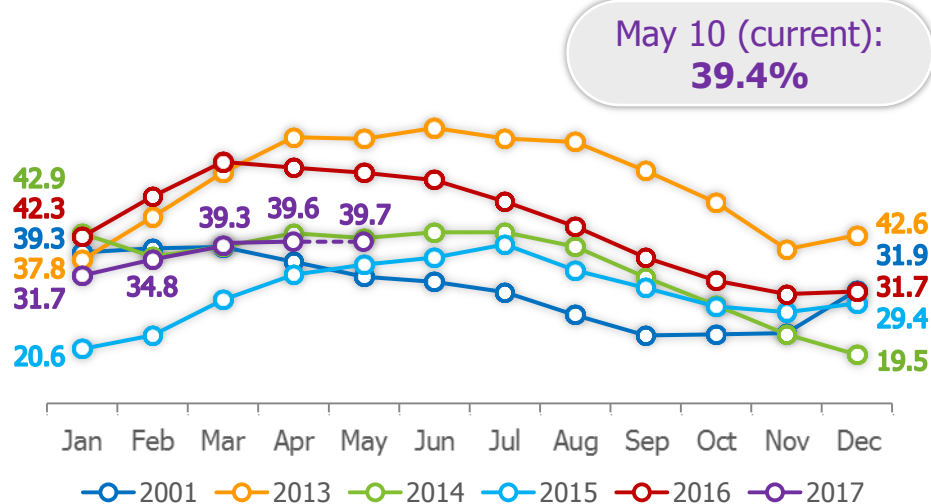
## ► PLD (SE/CW) Evolution



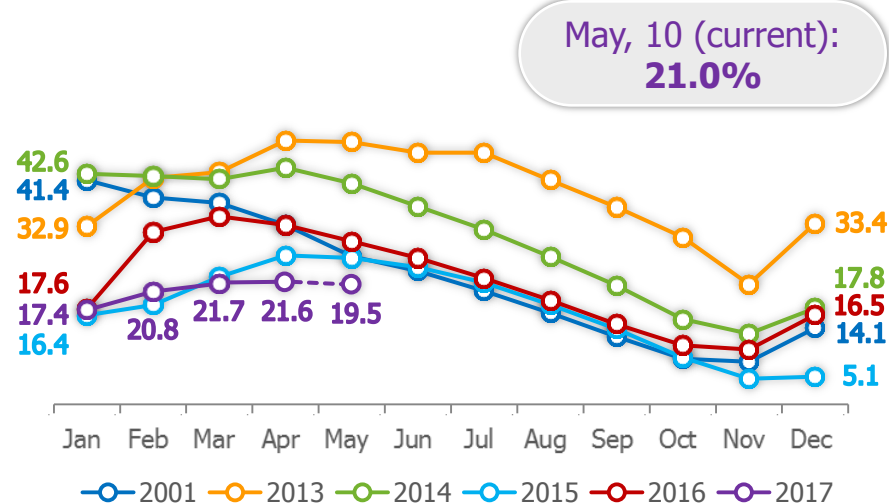
## ► 1Q17 Installed Capacity<sup>1</sup> | %



## ► NIPS Reservoir Levels | %



## ► Northeast Reservoir Levels | %



1) Considering proportional stake in the generation projects.

IFRS

## Net Revenue



**27.7%**  
**R\$ 1,202 million**

1Q16	1Q17
<b>R\$ 4,337</b>	<b>R\$ 5,539</b>
million	million



**10.0%**  
**R\$ 436 million**

1Q16	1Q17
<b>R\$ 4,337</b>	<b>R\$ 4,772</b>
million	million

## EBITDA



**15.6%**  
**R\$ 161 million**

1Q16	1Q17
<b>R\$ 1,035</b>	<b>R\$ 1,196</b>
million	million



**4.2%**  
**R\$ 44 million**

1Q16	1Q17
<b>R\$ 1,035</b>	<b>R\$ 1,078</b>
million	million

## Net Income



**-0.1%**  
**R\$ 0.3 million**

1Q16	1Q17
<b>R\$ 232</b>	<b>R\$ 232</b>
million	million



**-11.5%**  
**R\$ 27 million**

1Q16	1Q17
<b>R\$ 232</b>	<b>R\$ 206</b>
million	million

IFRS (-) RGE Sul

## Key Factors

### EBITDA:

- + Distribution: total var. of +R\$ 35 MM**
  - RGE Sul (+R\$ 117 MM)
  - Market (+R\$ 14 MM)
  - Concession financial asset (-R\$ 47 MM)
  - Manageable PMSO + ADA + Reinforcement of collection actions (-R\$ 39 MM)
- + Renewable Generation: total var. of +R\$ 69 MM**
  - Seasonality (+R\$ 35 MM)
  - Start-up of wind farms - ACL complex (+R\$ 32 MM)

### EBITDA:

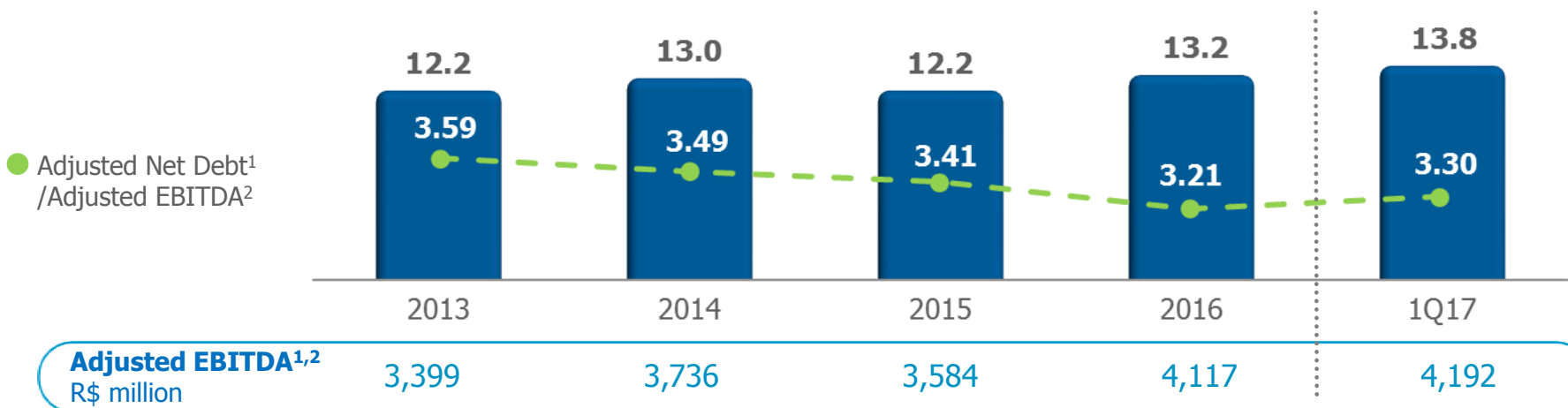
- + Conventional Generation: total var. of +R\$ 41 MM**
  - Price readjustments of contracts (+R\$ 24 MM)
- + Commerc., Serv. & Others: total var. of +R\$ 16 MM**
  - Margin gain by price and volume (+R\$ 25 MM)

### Net Income:

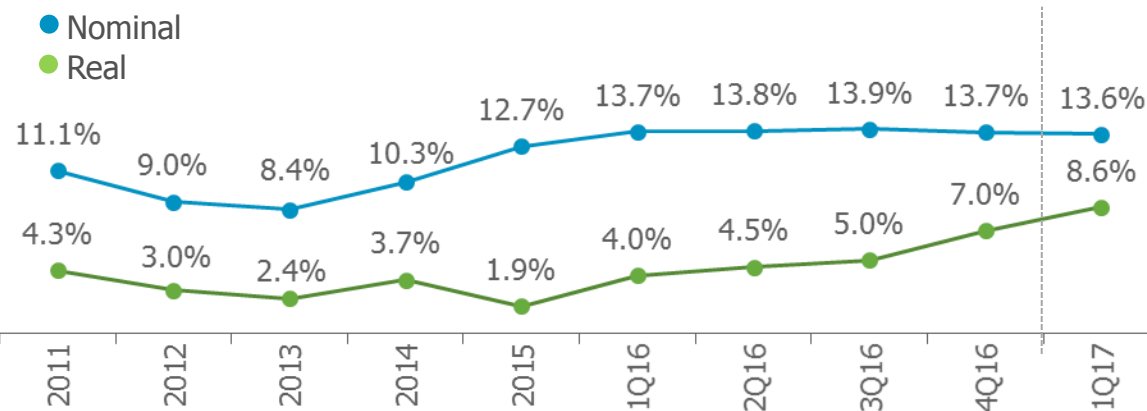
- Financial Result: total var. of -R\$ 117 MM**
  - Sectoral financial assets/liabilities update (-R\$ 73 MM)
  - RGE Sul (-R\$ 28 MM)
  - MTM (-R\$ 19 MM)



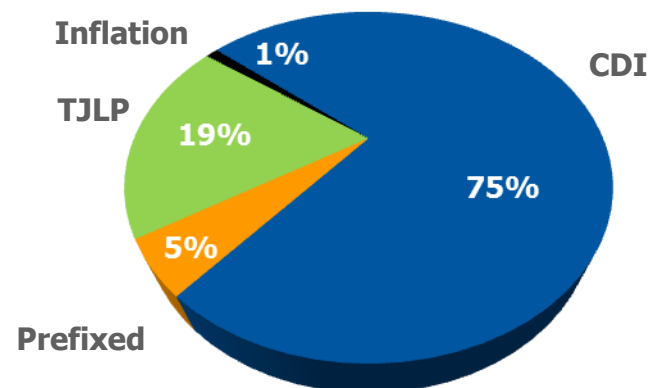
## ► Leverage<sup>1</sup> | R\$ billion



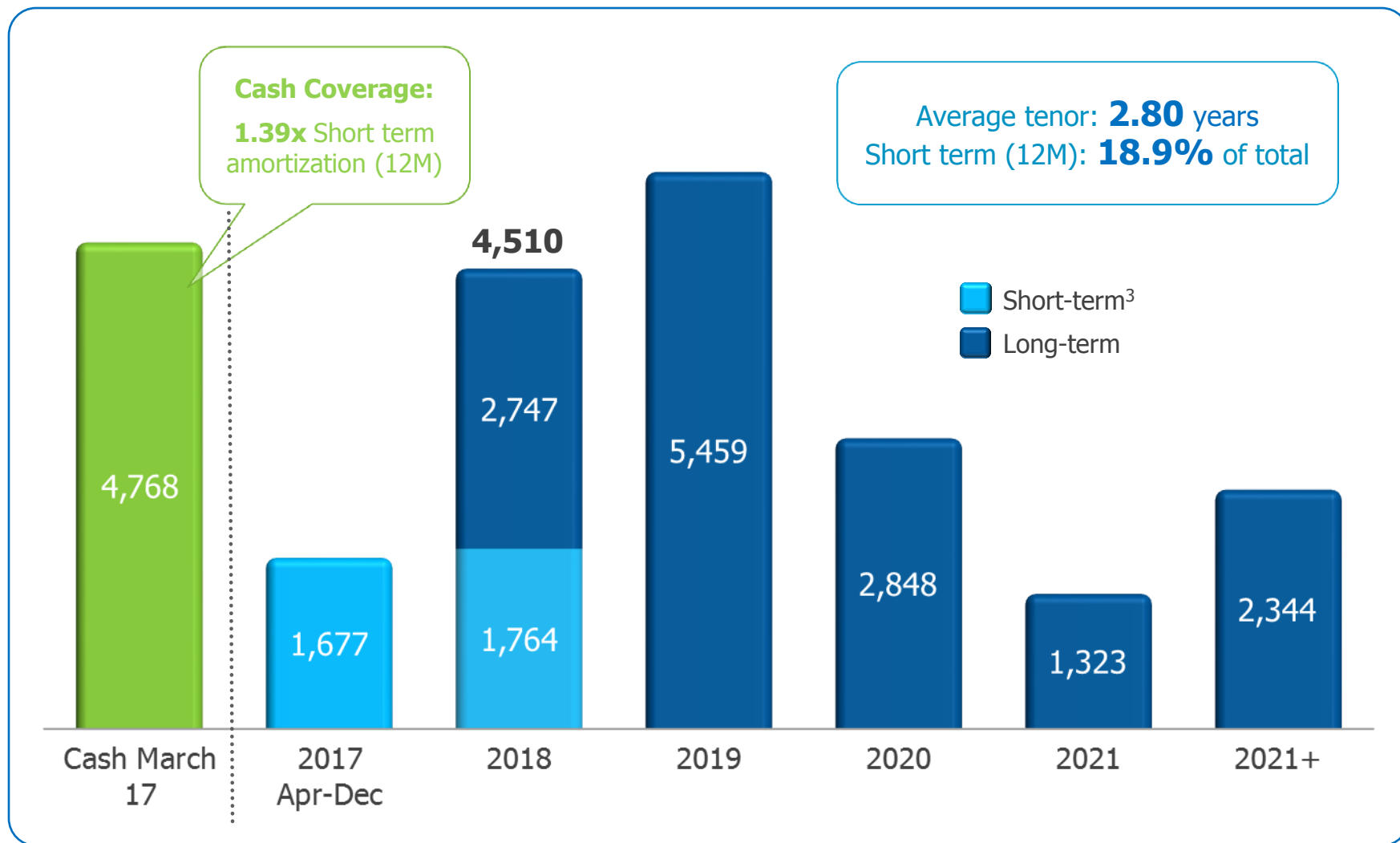
## ► Gross debt cost<sup>3,4</sup> | LTM



## ► Gross Debt Breakdown by Indexer | 1Q17<sup>1,4</sup>



## ► Debt amortization schedule<sup>1,2</sup> | Mar-17 | R\$ million



# Growth Projects: Generation | Greenfield projects



Commercial Start-up  
**2018-  
 2020<sub>(e)</sub>**  
**75 MW**  
 of installed capacity  
**41**  
 average-MW  
 of assured energy

**3 GW pipeline**

	Pedra Cheirosa Wind Farms	Boa Vista II SHPP
<b>Commercial Start-up</b>	2018 <sup>1</sup>	2020
<b>Installed Capacity</b>	48.3 MW	26.5 MW
<b>Assured Energy</b>	26.1 average-MW	14.8 average-MW
<b>PPA<sup>2</sup></b>	18 <sup>th</sup> LEN 2014 R\$ 156.50/MWh until 2037	21 <sup>st</sup> LEN 2015 R\$ 225.53/MWh until 2049
<b>Financing</b>	BNDES and BNB (under analysis)	BNDES (under analysis)

1) Gradual commercial operation from 1H18; 2) Constant Currency (Mar-17).



*Solar energy. From generation to generation.*

Inaugurated on **May 2**,  
Envo offers **clean and renewable energy** and a **reduction of up to 95%** in the energy bill of its customers



## The Solution

Envo offers solution for families to be able to generate solar electricity at home and, thus, obtain a significant savings in the energy bills.

The solution delivers a project that evaluates the individual potential of each residence, management of the homologation with the local distributor, supply and installation of all necessary equipment.

## Area of activity

In this first moment, the sales efforts and the initial focus of action of Envo will be the cities of the region of Campinas, Sorocaba, Jundiaí and surroundings. The company already has plans to expand in other locations in the state.

# Capex(e)<sup>1,2</sup> 2017-2021 | R\$ Million

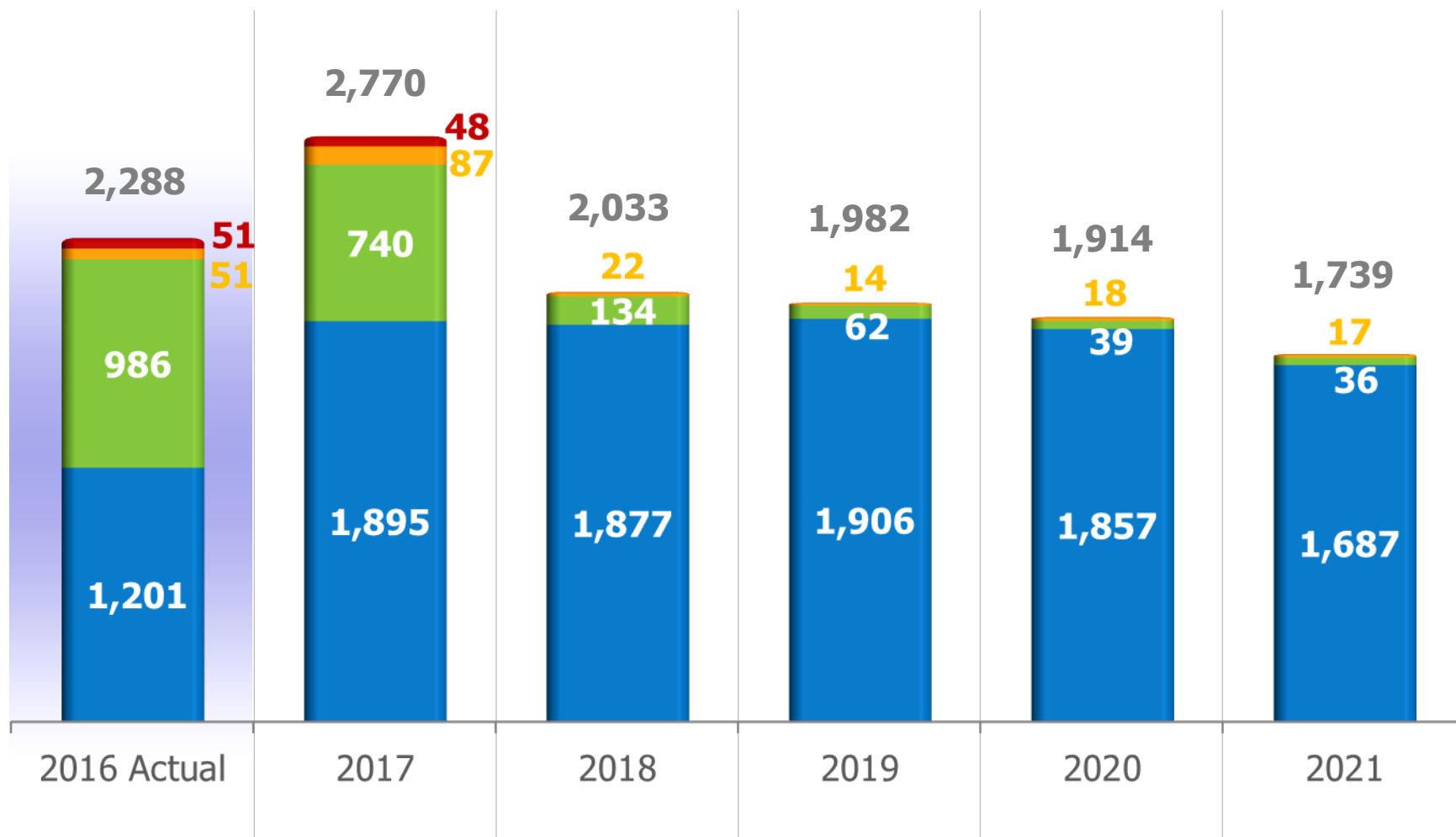
Total:  
R\$ 10,438 million

**Distribution<sup>3</sup>:**  
R\$ 9,222 million

**Generation<sup>4</sup>:**  
R\$ 1,011 million

**Trading & Services:**  
R\$ 157 million

**Transmission:**  
R\$ 48 million



1) Constant currency; 2) Investment plan disclosed in 1Q17 Earnings Release on May 11, 2017; 3) Disregard investments in Special Obligations on Distribution segment (among other items financed by consumers); 4) Conventional + Renewable.

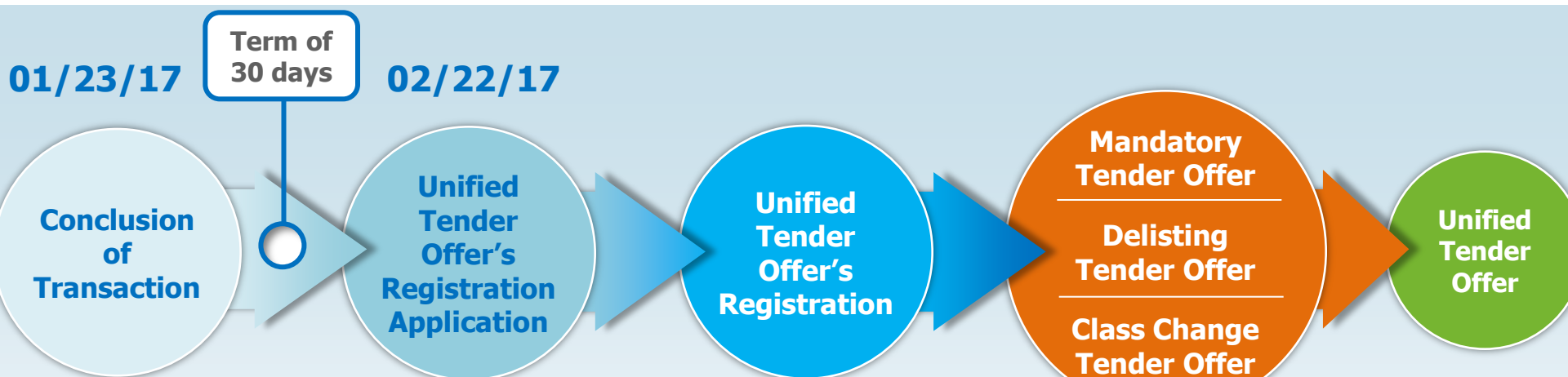


**STATE GRID**  
CORPORATION OF CHINA

54.6%

**Free Float**

45.4%



Acquisition of the stakes of Camargo Corrêa, Previ and Bonaire (54.6% of the total of CPFL Energia)

**R\$ 25.51/share**  
(updated by Selic)

## Current status:

- EGM of 03/27/17 of CPFL Energia decided:
  - i. change of the publicly-held company registration, from class "A" to class "B", and delisting from BM&FBOVESPA's Novo Mercado – **APPROVED**
  - ii. choice of the firm to produce the appraisal report – **CREDIT SUISSE**
- Appraisal report of the Unified Tender Offer in preparation

**Classes "A" and "B" have a similar level of disclosure**





***CPFL***  
***ENERGIA***