

# 4Q20 Results



**CPFE**

B3 LISTED NM

**IBOVESPA B3**

**IBRX B3**

**IEE B3**

**ISE B3**

**ICO2 B3**

**IGC B3**

**ITAG B3**



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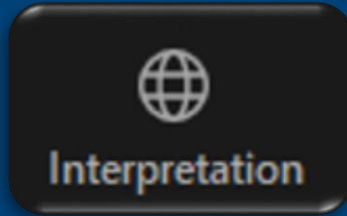
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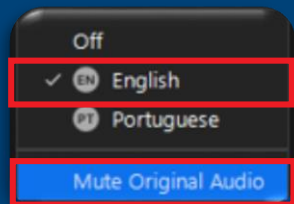
# Initial Guidelines

## Simultaneous Translation into English:

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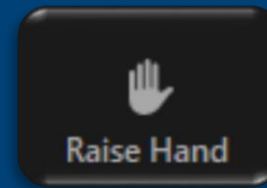
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## Q&A Session

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- Your audio will be opened for you to ask the question **live** directly to the executives
- Inform your **name** and **institution**





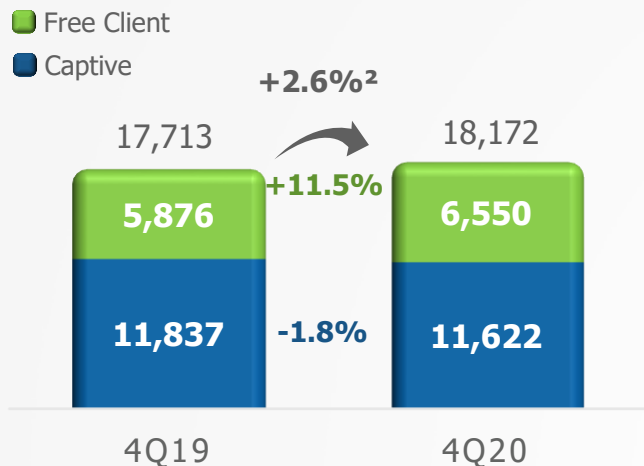
# Highlights

- ✓ **Load in the concession area: +2.6% in 4Q20 and -1.7% in 2020**
- ✓ **EBITDA of R\$ 1,921 million (+10.4%) in 4Q20 and of R\$ 6,780 million (+6.0%) in 2020**
- ✓ **Net Income of R\$ 989 million (+15.5%) in 4Q20 and of R\$ 3,707 million (+34.9%) in 2020**
- ✓ **Net Debt of R\$ 15.7 billion and leverage of 2.19x Net Debt/EBITDA<sup>1</sup>**
- ✓ **Conclusion of the plan of CPFL Renováveis' integration to CPFL Energia Group**
- ✓ **Solution for the GSF in the free market, in the amount of R\$ 140 million (impact on EBITDA in 2020)**
- ✓ **Investments of R\$ 880 million (+30.9%) in 4Q20 and of R\$ 2,808 million (+24.6%) in 2020**
- ✓ **Management Proposal of dividends in the amount of R\$ 1,731 million, R\$ 1.50/share**

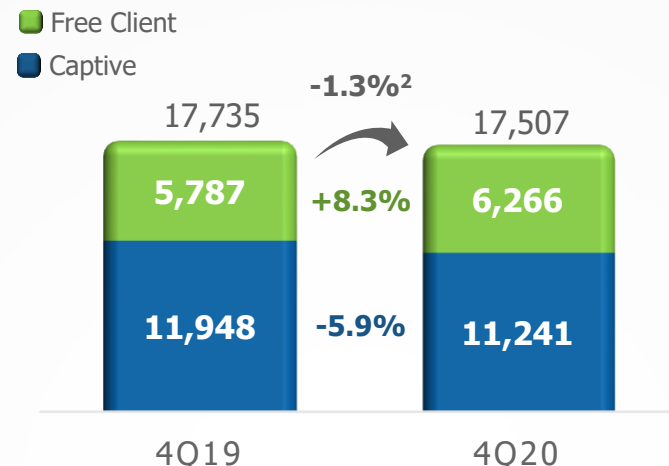
- ✓ **SAIDI and SAIFI of all discos are below ANEEL limits**
- ✓ **Positive tariff adjustments for parcel B, reflecting the impact of the IGP-M and investments in RAB**
- ✓ **Gameleira Wind Complex entry into operation as of 2Q21, 2.5 years before Aneel's official deadline**
- ✓ **Entry of CPFL Energia's shares in the Ibovespa, MSCI, ISE, ICO2 indexes and in Santander's ESG portfolio**
- ✓ **CPFL Energia was recognized by Credit Suisse, in its Global ESG Report, as one of its analysts' favorite shares**
- ✓ **Release of the 2020-2024 Sustainability Plan and entry into the "Liderança com Impacto" Program with UN Global Compact Network Brazil (SDG 3 – Good health and well-being)**
- ✓ **Pilot Project of electrification of operational fleet in Indaiatuba-SP**
- ✓ **CPFL Energia is part of CDP's Supplier Engagement Leaderboard**

# 4Q20 Energy Sales

## Load<sup>1</sup> in the concession area | GWh

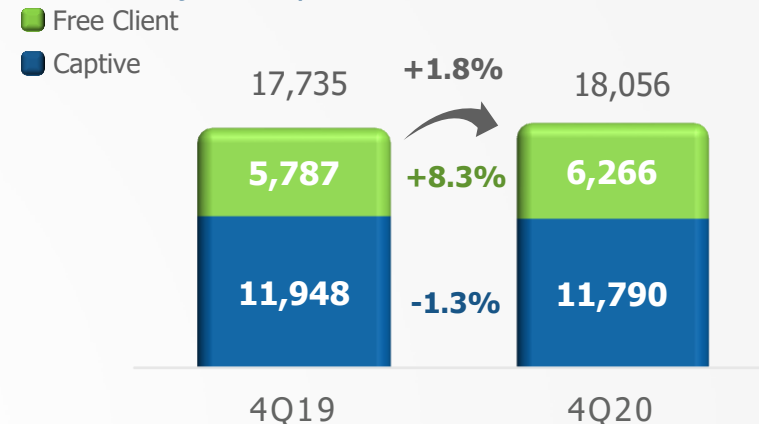


## Sales in the concession area | GWh

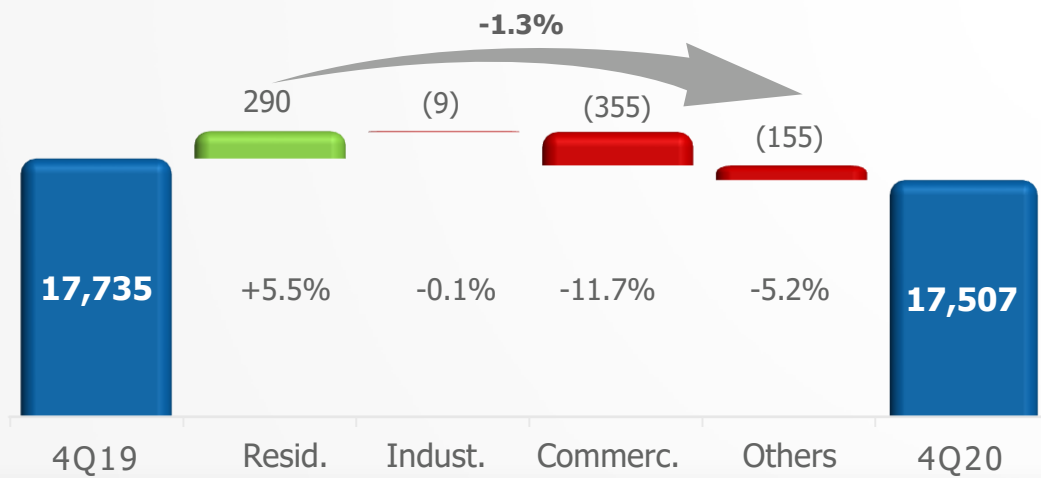


## Sales in the concession area | GWh

Adjusted by Aneel Resolution No. 863/2019



## Sales by consumption segment | GWh



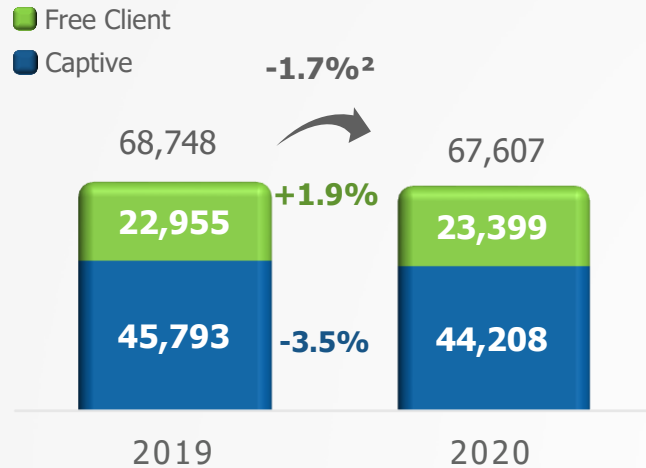
## Main impacts by segment | %

	Resid	Ind	Com	Others	Total
Billing calendar	-1.0%	-0.6%	-1.0%	-1.1%	<b>-0.9%</b>
Temperature	3.7%	0.0%	0.8%	-0.1%	<b>1.2%</b>
Migrations	0.0%	-1.6%	0.0%	0.0%	<b>-0.6%</b>
DG	-1.2%	-0.2%	-1.6%	-0.6%	<b>-0.8%</b>
REN.863/2019 <sup>3</sup>	0.0%	-3.2%	-5.2%	-6.2%	<b>-3.1%</b>
<b>Macroeconomics/ Others</b>	<b>4.0%</b>	<b>5.5%</b>	<b>-4.8%</b>	<b>2.7%</b>	<b>2.8%</b>

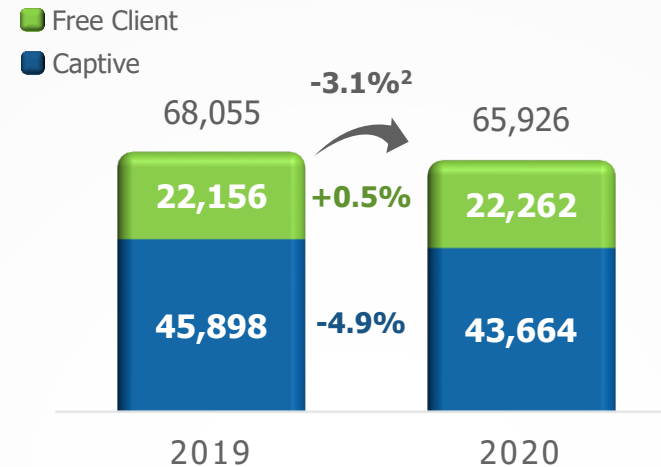
1) Load net of losses; 2) If excluding the migration of large consumers, the load and the sales within the concession area in 4Q20 would have the following variations: +3.1% and -0.7%, respectively; 3) Aneel Resolution No. 863/2019 determined the reading and billing adjustment for the calendar month for Group A captive customers.

# 2020 Energy Sales

## Load<sup>1</sup> in the concession area | GWh

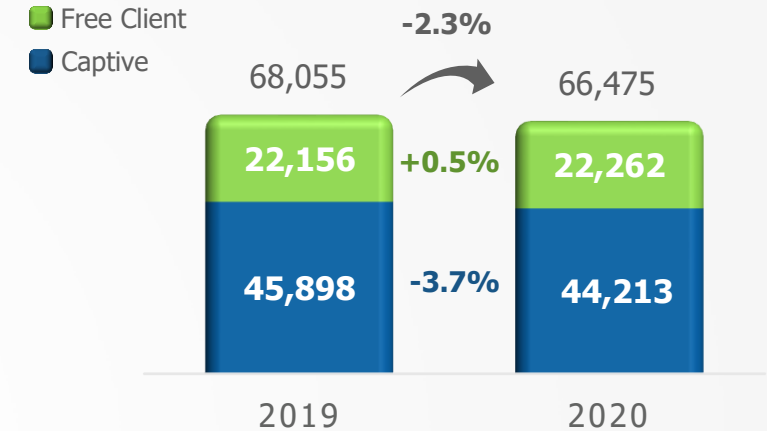


## Sales in the concession area | GWh

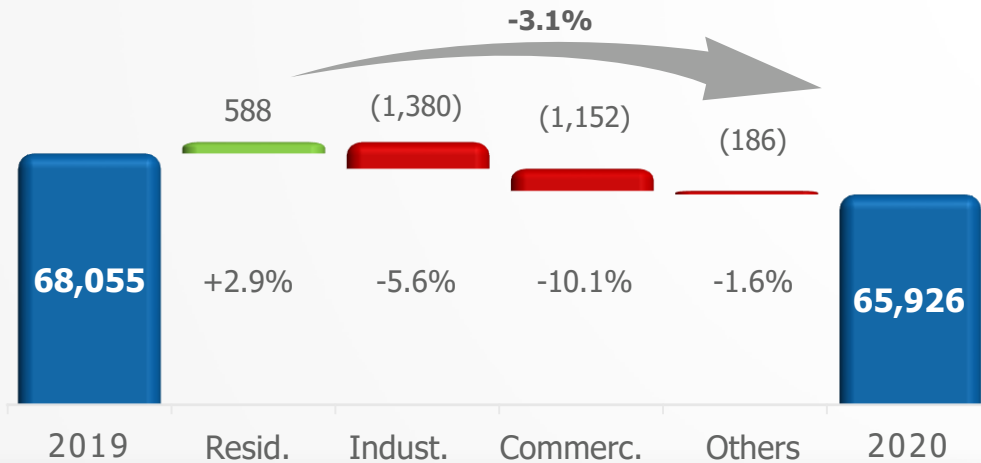


## Sales in the concession area | GWh

Adjusted by Aneel Resolution No. 863/2019



## Sales by consumption segment | GWh

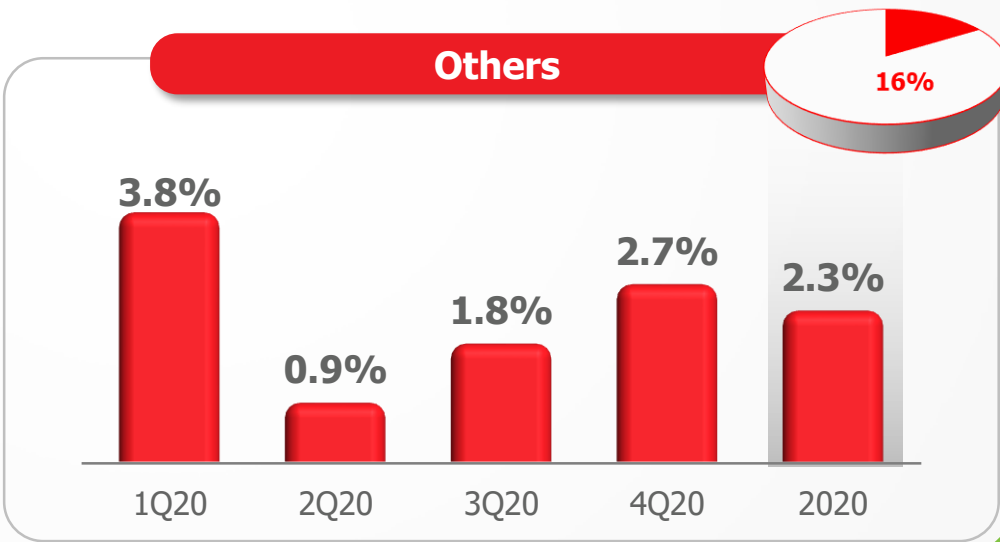
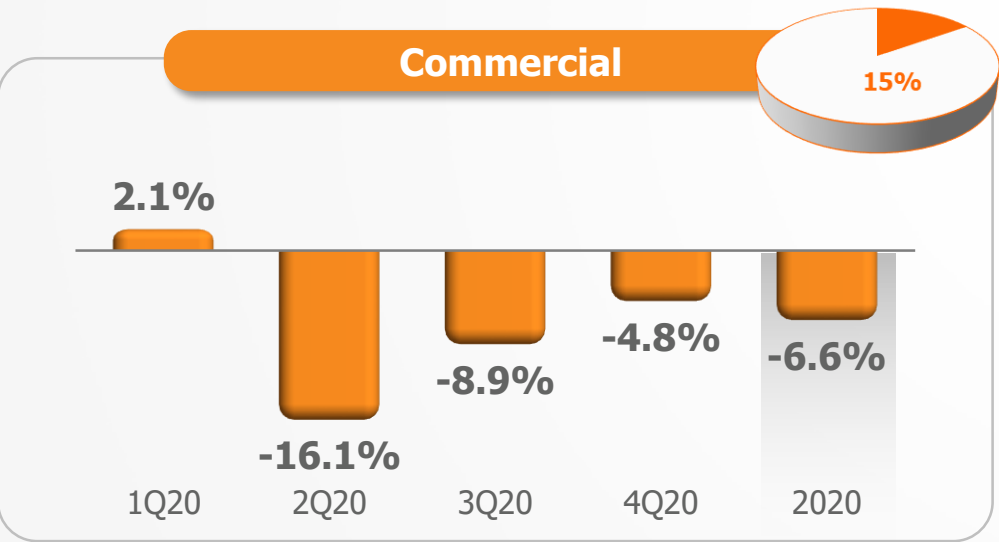
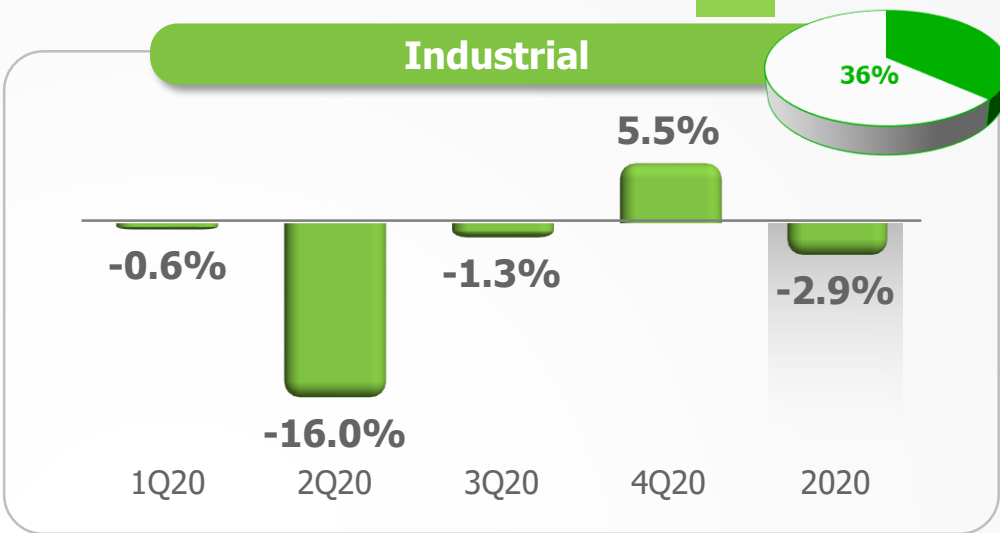
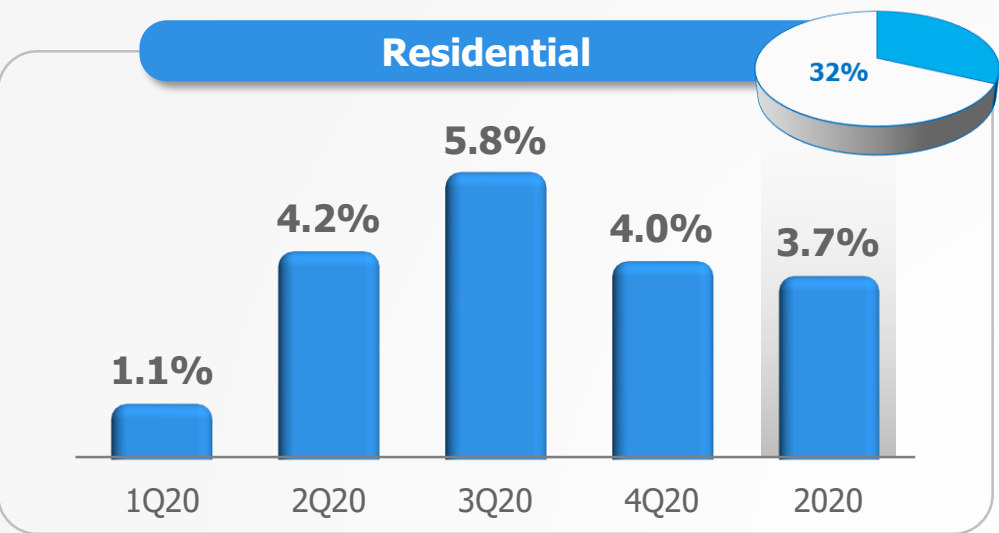


## Main impacts by segment | %

	Resid	Ind	Com	Others	Total
Billing calendar	0.2%	-0.2%	0.2%	-0.2%	<b>0.0%</b>
Temperature	-0.1%	0.0%	-0.9%	-0.2%	<b>-0.2%</b>
Migrations	0.0%	-1.5%	0.0%	-1.5%	<b>-0.8%</b>
DG	-0.9%	-0.2%	-1.3%	-0.4%	<b>-0.6%</b>
REN.863/2019 <sup>3</sup>	0.0%	-0.8%	-1.4%	-1.6%	<b>-0.8%</b>
<b>Macroeconomics/ Others</b>	<b>3.7%</b>	<b>-2.9%</b>	<b>-6.6%</b>	<b>2.3%</b>	<b>-0.6%</b>

1) Load net of losses; 2) If excluding the migration of large consumers, the load and the sales within the concession area in 2020 would have the following variations: -1.1% and -2.3%, respectively; 3) Aneel Resolution No. 863/2019 determined the reading and billing adjustment for the calendar month for Group A captive customers.

# Growth by segment in 2020 – adjusted figures<sup>1</sup>



Despite the strong impact of covid-19 pandemic in 2Q20, segments presented a recovery in 2H20, ending the year with a decrease of only **-0.6%**, compared to a GDP of **-4.1%** in the same period

1) Adjusted by billing calendar, temperature, migrations, DG and Aneel Resolution No. 863/2019.

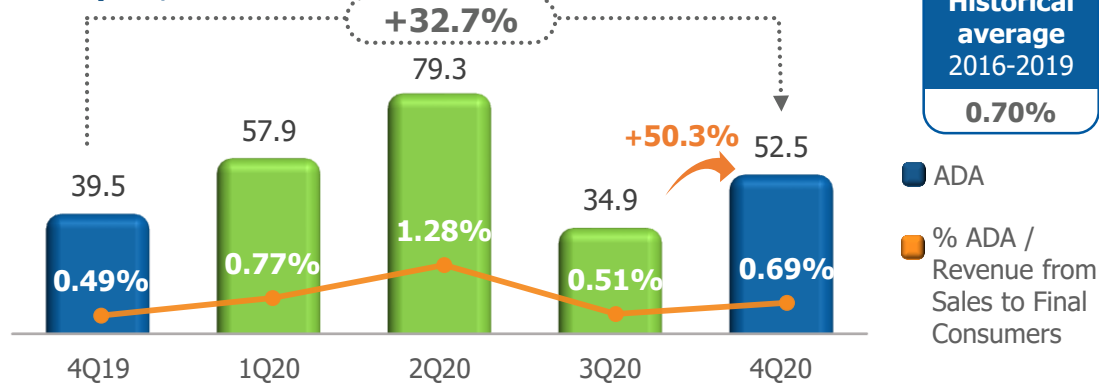


# Delinquency and Energy Losses

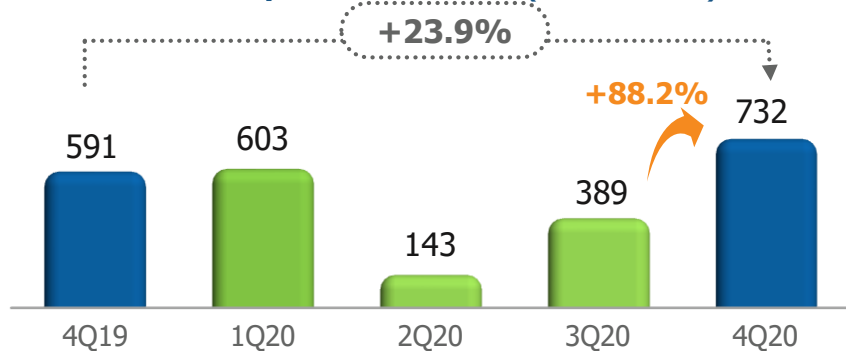
## Delinquency

ADA | R\$ million

Historical average  
2016-2019  
0.70%



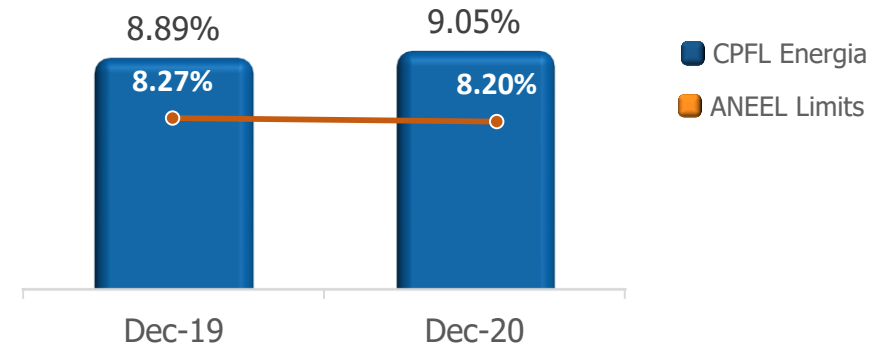
## Collection actions | Power cuts (thousands)



✓ Resolution 878 – Prohibition of power cuts from March 24<sup>th</sup> to July 31<sup>th</sup>

## Energy Losses

### Losses | Last 12 months



✓ Excluding the differences in the billing calendar, losses in 4Q20 would have a variation of +0.01% (9.05% in 4Q20 vs 9.04% in 4Q19)

✓ Intensified actions against losses:

- 739 GWh of recovered energy (+8.5%)
- 599,000 inspections (+5.6%)
- Armored Box and measurement set roll-out, with more than 16k customers shielded

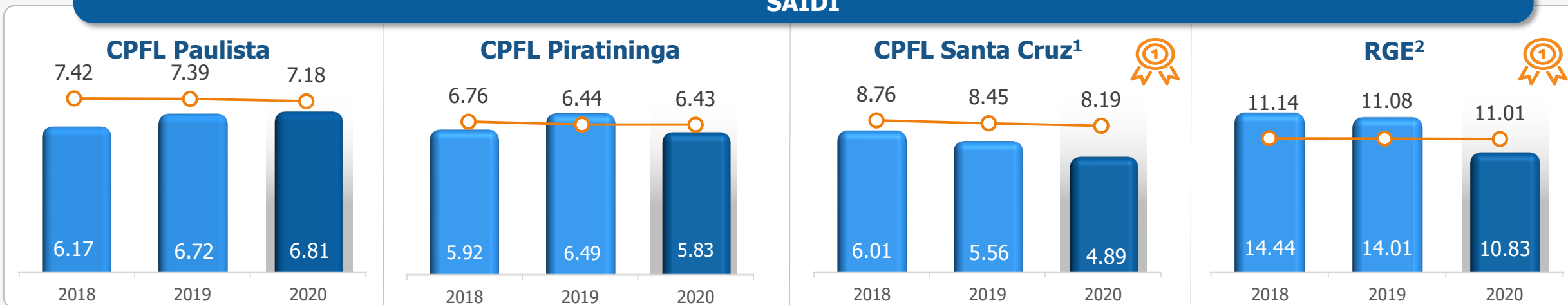




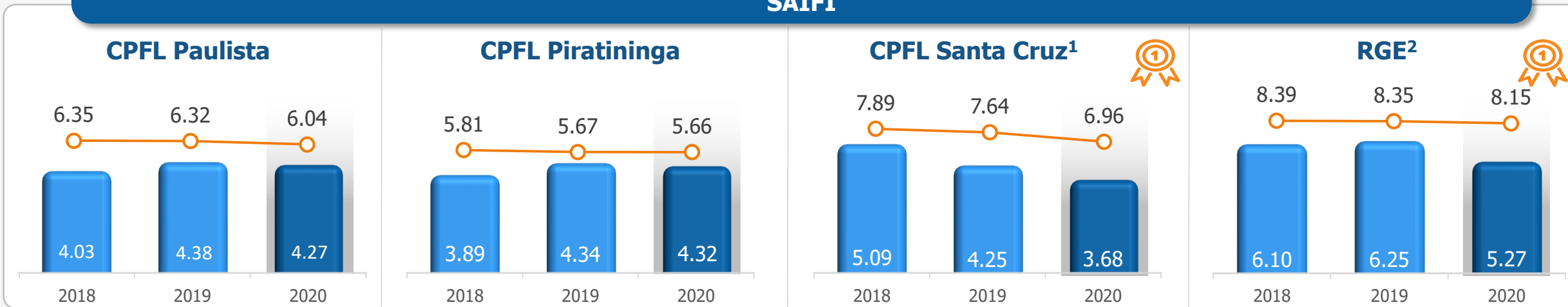
# SAIDI and SAIFI

For the first time since RGE Sul acquisition, RGE's SAIDI was below regulatory levels  
We also reached historical lows in CPFL Santa Cruz

## SAIDI



## SAIFI



■ Results

■ ANEEL Limits

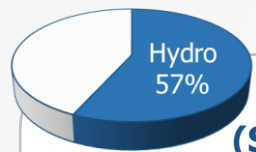


**Best Historical Results**

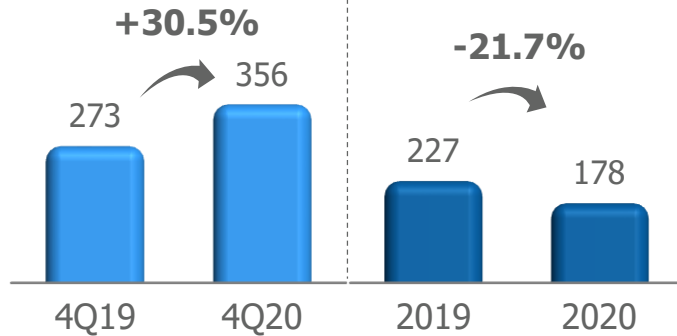
1) Since 2018, the concessions of CPFL Santa Cruz, Sul Paulista, Mococa, Jaguari and Leste Paulista have been unified, becoming a single distributor for purposes of calculating technical indicators;

2) Since 2019, the concessions of RGE and RGE Sul have also been unified.

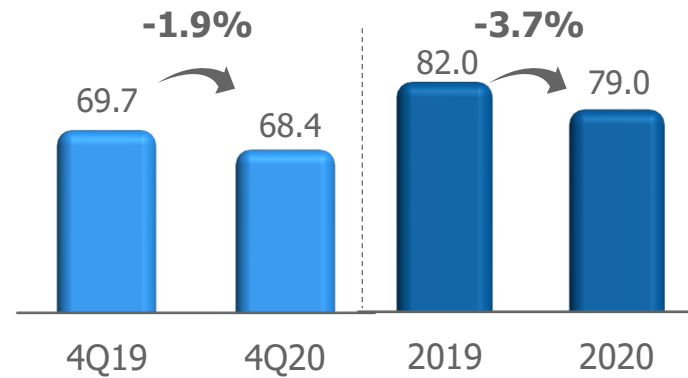
# 4Q20/2020 Generation



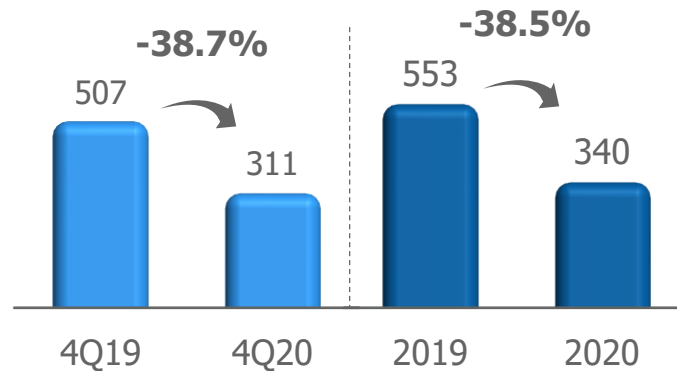
**PLD<sup>1</sup>**  
(SE/CW – R\$/MWh)



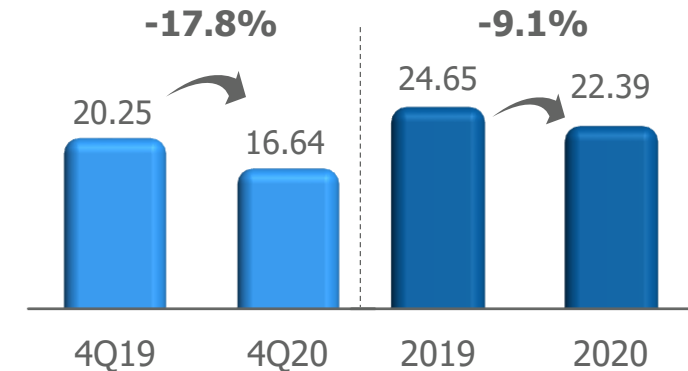
**GSF**



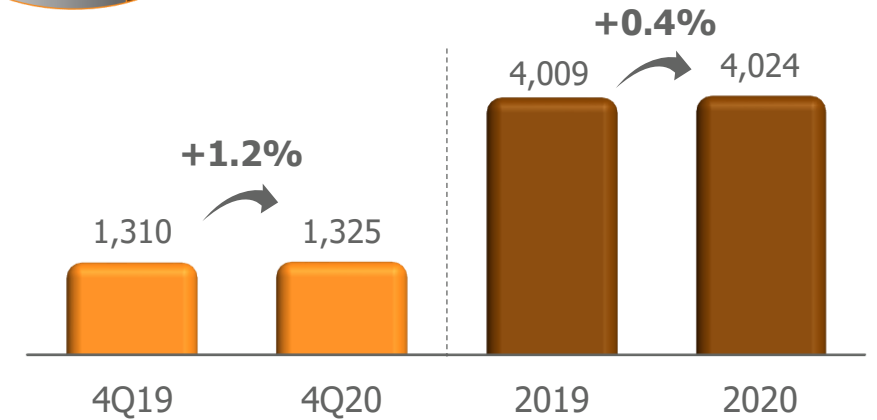
**HPPs<sup>2</sup> – Flow - m<sup>3</sup>/s**



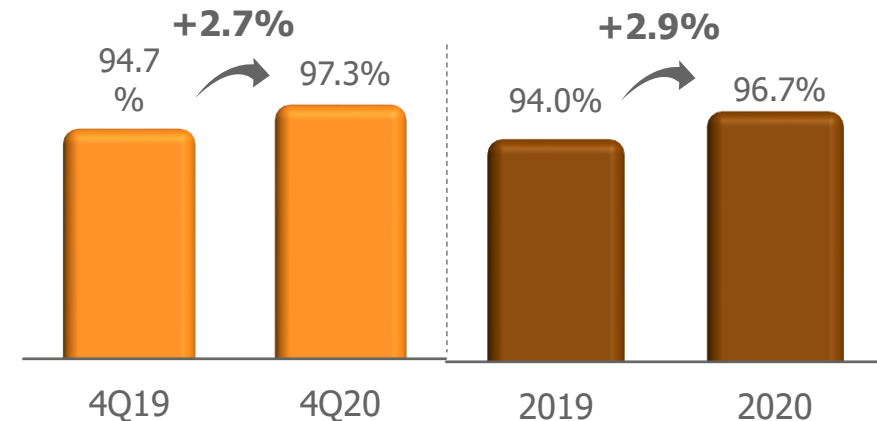
**SHPPs - Flow - m<sup>3</sup>/s**



**Wind - Generation (MWh)**



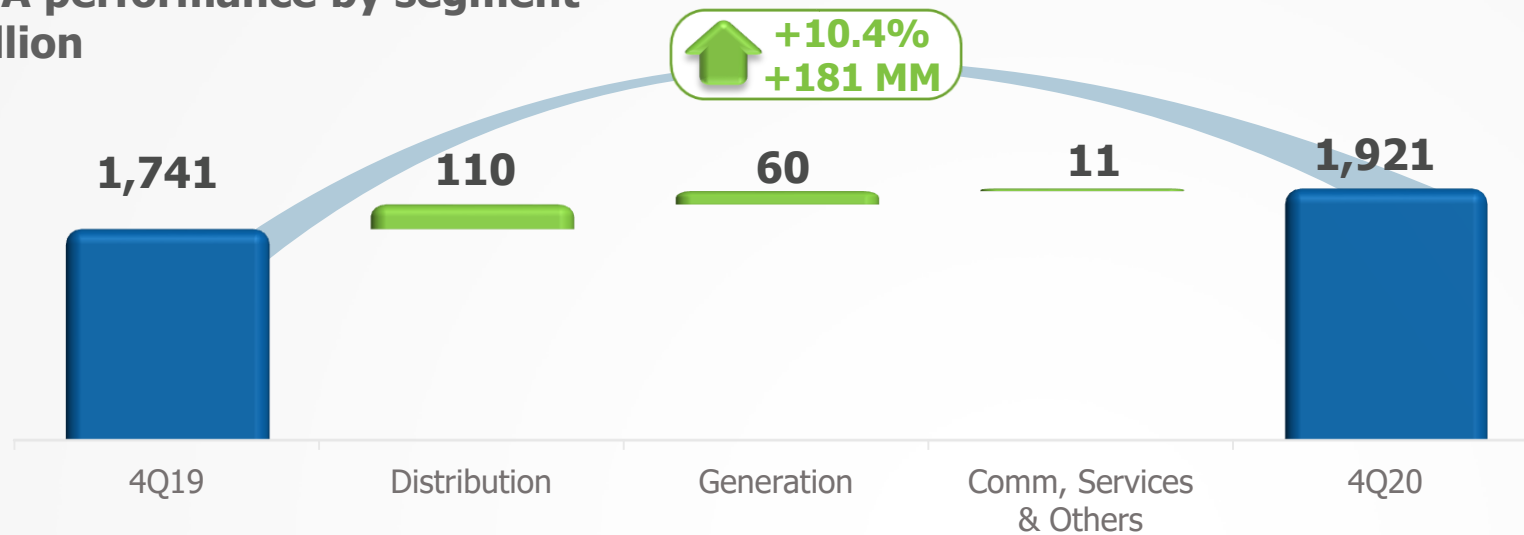
**Wind - Availability**



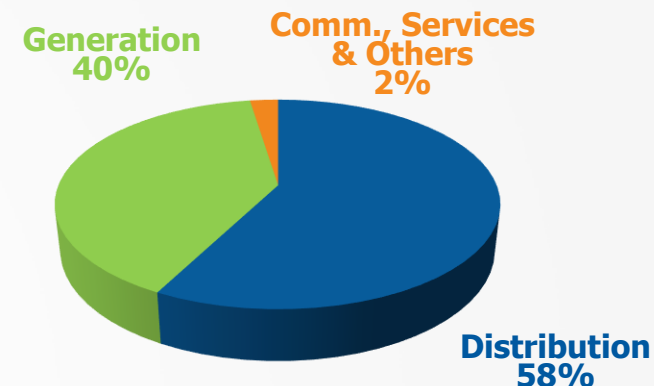
1) PLD: Monthly Average; 2) HPPs: Does not include Semesa. Weighted average by installed capacity.

# 4Q20 Results

## EBITDA performance by segment R\$ million



## EBITDA breakdown by segment



### Distribution: R\$ 1,107 million (+11.0%)

- ✓ Concession financial asset (+R\$ 187 MM)
- ✓ PMSO (-R\$ 42 MM)
- ✓ Pension Plan (-R\$ 15 MM)
- ✓ ADA (-R\$ 13 MM)
- ✓ Others (-R\$ 6 MM)

IPCA	
4Q19	4Q20
0.57%	2.41%

### Generation: R\$ 768 million (+8.5%)

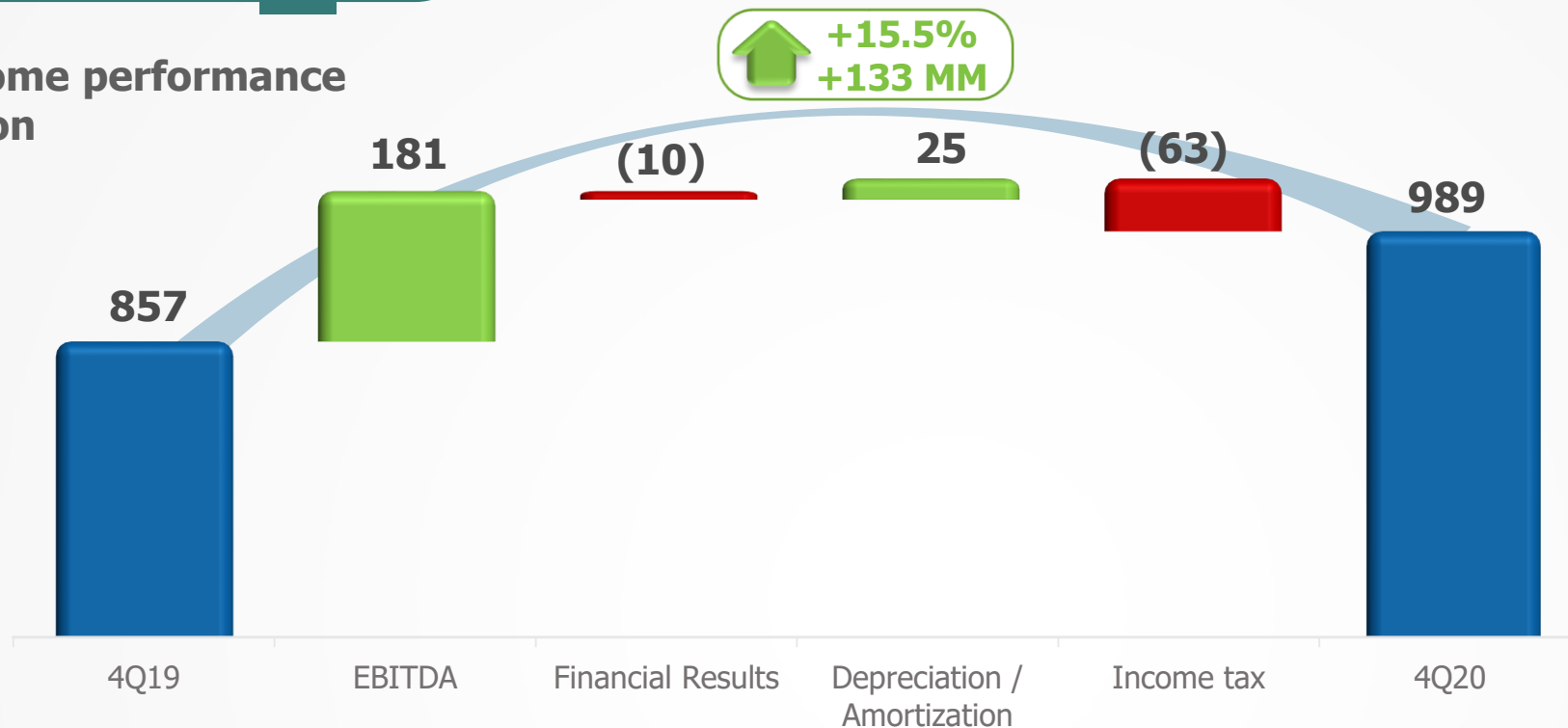
- ✓ Solution for the free market GSF (+R\$ 140 MM)
- ✓ Energy contract readjustments (+R\$ 34 MM)
- ✓ Assets write-off (-R\$ 44 MM)
- ✓ Epasa depreciation rate (-R\$ 25 MM)
- ✓ Higher UBP, due to IGP-M (-R\$ 22 MM)
- ✓ SHPP's contracts seasonality (-R\$ 14 MM)
- ✓ Others (-R\$ 9 MM)

### Comm., Services & Others: R\$ 47 million (+31.3%)

- ✓ Commercialization (+R\$ 6 MM) – higher prices
- ✓ Services (+R\$ 6 MM) – mainly CPFL Serviços and CPFL Eficiência
- ✓ Others (-R\$ 1 MM)

# 4Q20 Results

Net Income performance  
R\$ million



## Financial Results



- ✓ MTM (-R\$ 81 MM)
- ✓ Late payment interest and fines (+R\$ 71 MM)
- ✓ Expenses with net debt (+R\$ 38 MM)
- ✓ Others (-R\$ 38 MM)

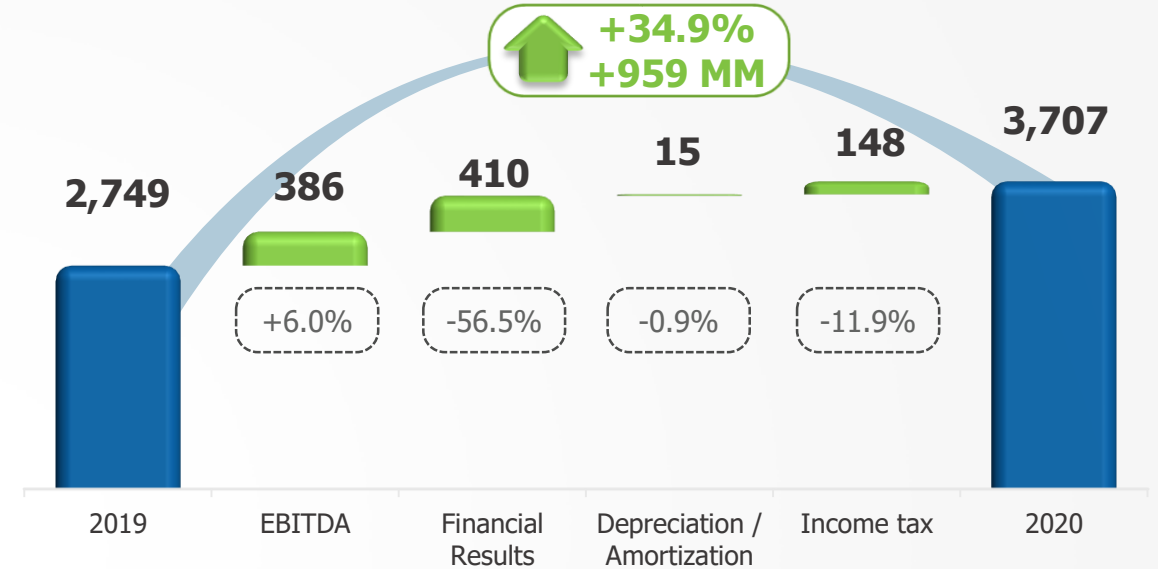
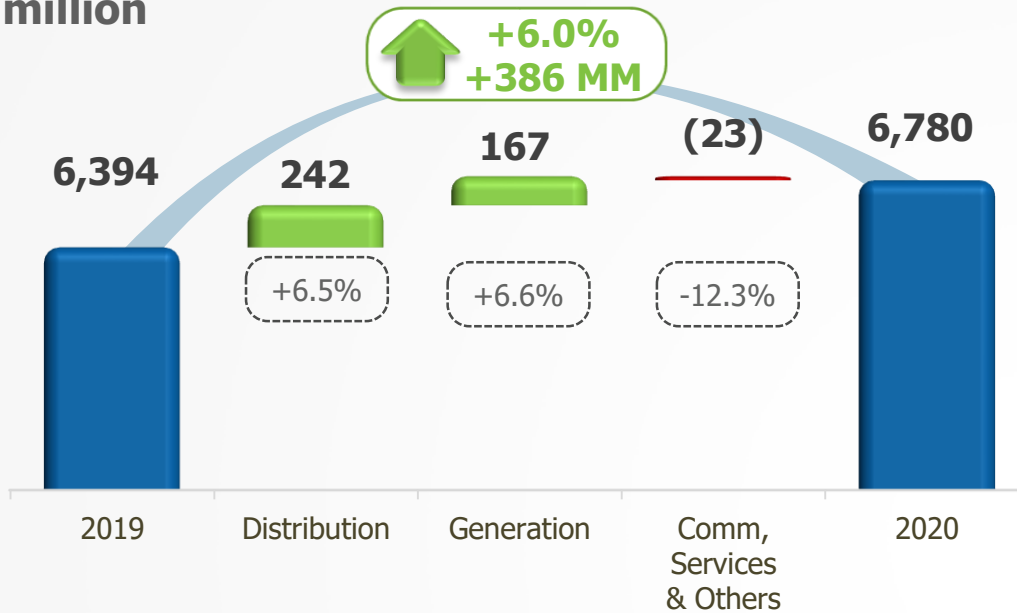
## Income Tax



- ✓ Higher income tax due to better results

# 2020 Results

## Performance of EBITDA and Net Income R\$ million



### EBITDA

- ✓ Increase in Distribution segment (+6.5%), mainly favored by good performance in market/tariff and concession financial asset
- ✓ Generation reflecting the solution for the free market GSF and energy contract readjustments, partially offset by weaker results in Epasa and higher UBP, due to IGP-M

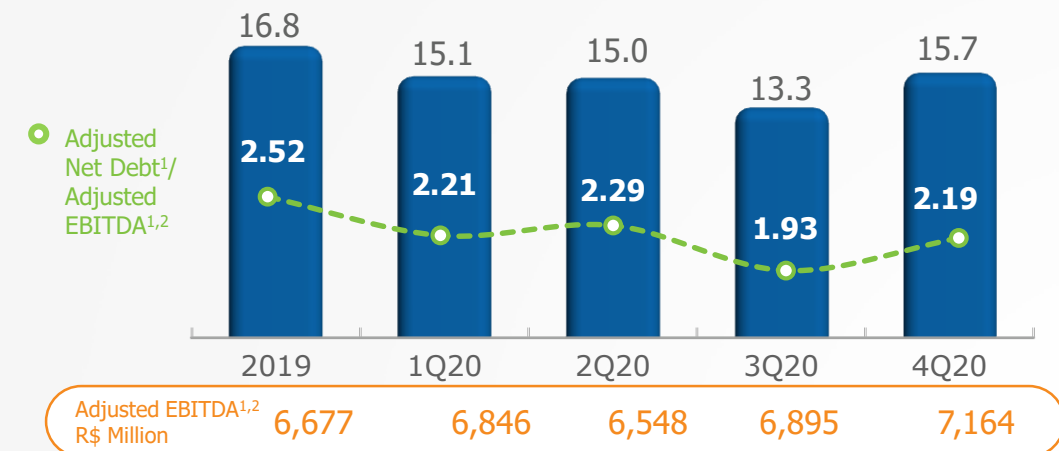
### Net Income

- ✓ Financial results favored by lower cost of debt (+R\$ 376 MM), MTM (+R\$ 117 MM) and late payment interest and fines (+R\$ 112 MM), partially offset by monetary adjustments of regulatory assets (-R\$ 71 MM) and Re-IPO resources in 2019 (-R\$ 62 MM)
- ✓ Recognition of tax credits (+R\$ 323 MM), partially offset by higher income tax due to better results



# Indebtedness

## Leverage | Financial covenants criteria | R\$ billion

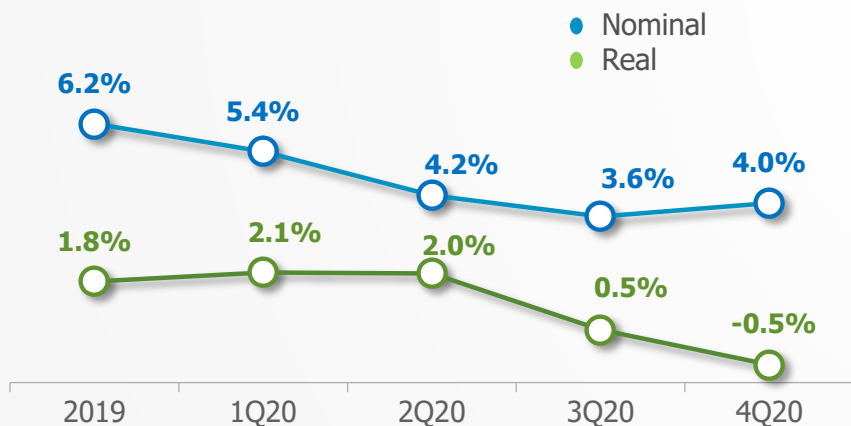


## Management's dividend proposal

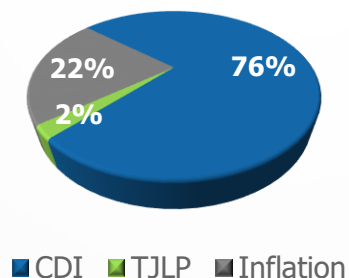
Given the current macro scenario and as the Company is evaluating potential M&A deals, Management is proposing dividends in the amount of **R\$ 1,731 million**, **R\$ 1.50/share** (50% payout ratio), to be approved in the next AGM, on April 30<sup>th</sup>.

A higher payout ratio will be implemented later this year if deals are not successful, following our plan to **balance growth and yield for our shareholders**.

## Gross debt cost<sup>3</sup> IFRS | End of period



## Gross debt breakdown by indexer<sup>3</sup> IFRS | 4Q20



## Debt Amortization Schedule | IFRS End of period



1) LTM EBITDA; 2) Adjusted by the proportional consolidation as well as considering SGBP's loan agreement; 3) Financial debt (-) hedge.

**4Q20****R\$ 880 MM**  
(+30.9%)**2020****R\$ 2,808 MM**  
(+24.6%)

## 4Q20/2020 Capex

### Distribution

81%

- Expansion, improvements and modernization of the grid
- IT / Vehicles / Equipment / Infrastructure

**R\$ 716 MM**  
(+19.8%)**R\$ 2,317 MM**  
(+13.9%)

### Generation & Transmission

15%

- Construction of Gameleira wind complex and Cherobim SHPP
- Recovery and maintenance plan of plants and farms
- IT
- Construction of Sul I, Sul II and Maracanaú transmission projects

Generation  
**R\$ 91 MM**  
(+151.4%)Generation  
**R\$ 283 MM**  
(+105.5%)Transmission  
**R\$ 40 MM**  
(+307.1%)Transmission  
**R\$ 134 MM**  
(+539.5%)

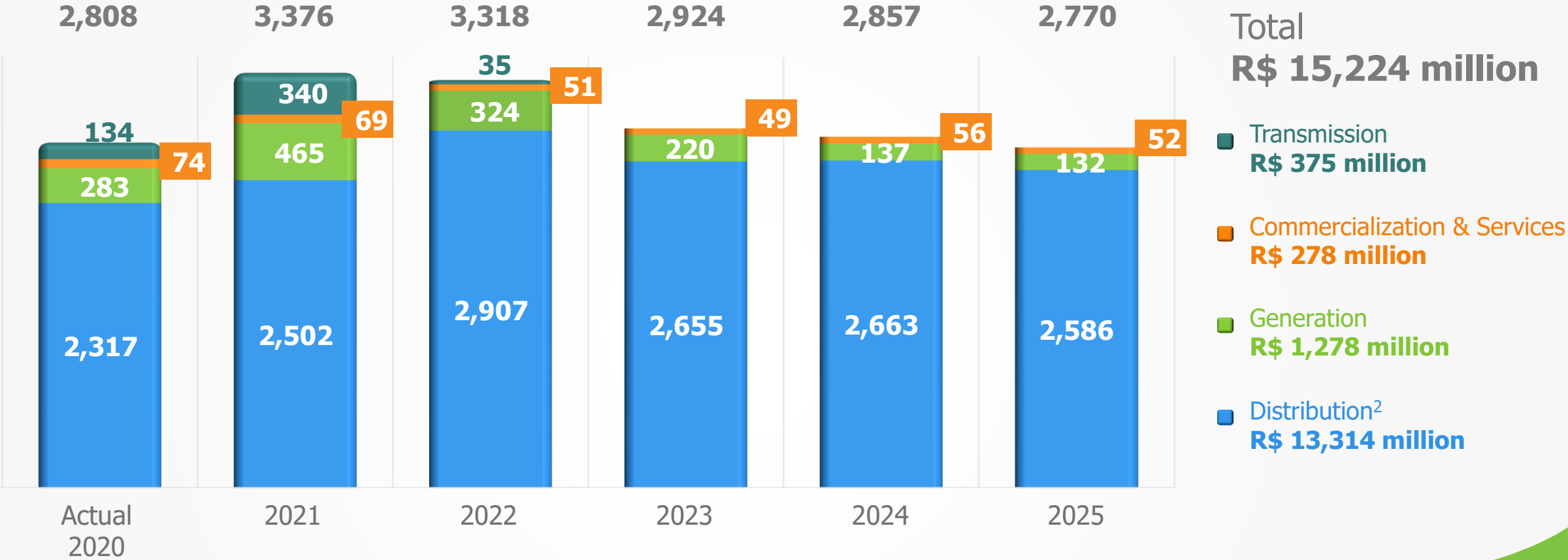
### Commercialization & Services

4%

- IT / Vehicles / Equipment
- Energy Efficiency and Distributed Generation projects

**R\$ 33 MM**  
(+16.2%)**R\$ 74 MM**  
(+19.2%)

# New Capex estimates<sup>1</sup> totaling R\$ 15.2 billion in 2021-2025



1) Constant currency; 2) Disregard investments in Special Obligations on Distribution segment (among other items financed by consumers).

# Gameleira wind complex: entry into operation in 2021

- Wind farms: **Costa das Dunas, Figueira Branca, Farol de Touros** and **Gameleira**
- Location: **Rio Grande do Norte**
- Installed capacity: **81.7 MW**
- Physical guarantee: **41.0 MW average**
- PPA: **30% regulated market (2018 A-6 auction) | 70% free market**
- Capex: **R\$ 396 MM (-5% if compared to Aneel's grant)**
- Entry into operation (Aneel's official date): **Jan-24**

Full operation in 2021, with gradual entry of the farms from 2Q21 onwards

**Generated energy during the anticipation period was sold in the free market**



# Sustainability Plan 2020-2024

## Results achieved in 2020

### Sustainable Energy

- ✓ **11.3 TWh** of generated renewable energy (**98.9% of total**)
- ✓ **23.7%** of reduction in GHG emissions in 2020<sup>1</sup>
- ✓ **9,807** refurbished transformers
- ✓ **100% of critical components<sup>2</sup>** in the grid destined to reverse supply chain



### Smart Solutions

- ✓ Jaguariúna-SP Project: **22,094 smart meters in Group B**
- ✓ Conclusion of the implementation of 100% of smart meters in Group A: **35,094 installed in 4 discos**
- ✓ **52.5%** of our total energy consumption is telemetered
- ✓ **86.5%** of digital customer services: **110 million** attendances | **90** services available
- ✓ **+54% digital bills**, reaching 3.47 million clients



### Society Shared Value

- ✓ **"CPFL nos Hospitais": R\$ 72.2 million** invested since the beginning of the Program, benefiting **84 hospitals**, and **340k benefited** by Instituto CPFL programs
- ✓ **103.5k low income families** benefited by Energy Efficiency Program, with investments of **R\$ 50.8 million**
- ✓ **R\$ 31.1 million** invested in **programs with impact on society** by Instituto CPFL, through programs such as **"CPFL Jovem Geração"** and donations to fight covid-19 pandemic



1) Considers scope 1 emissions (eg, burning fossil fuels, fleet, etc.) and scope 2 (technical losses and energy consumption);

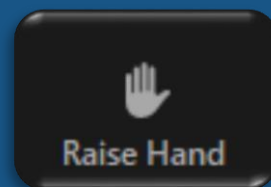
2) Comprises posts, crosspieces, transformers, 15kV equipment and copper, aluminum and iron scraps.



# Q&A



1<sup>st</sup> Step: Click on



2<sup>nd</sup> Step: ID yourself

- Your audio will be opened for you to ask the question **live** directly to the executives
- Inform your **name** and **institution**





# Thank you

