

4Q17/2017 Results



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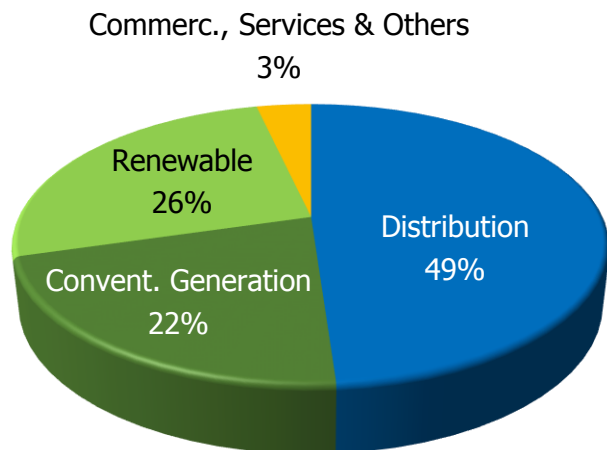
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- ✓ **Increase in load** in the concession area (**+2.2%**)¹
- ✓ Increases of **39.9% in Net Operating Revenue** and of **17.9% in EBITDA**
- ✓ Investments of **R\$ 694 million** in **4Q17** and of **R\$ 2,617 million** in **2017**
- ✓ Net debt of **R\$ 14.5 billion** and leverage of **3.20x Net Debt/EBITDA**²
- ✓ **Integration** of RGE Sul
- ✓ **Grouping** of the concessions of the distribution companies **CPFL Santa Cruz**, **CPFL Jaguari**, **CPFL Leste Paulista**, **CPFL Sul Paulista** and **CPFL Mococa**
- ✓ **CPFL Energia's Tag Along Tender Offer:** auction occurred on Nov 30, 2017;
State Grid now holds 94.75% of the shares issued by CPFL Energia
- ✓ **Relevant Sector Issues:** GSF, Eletrobras, WACC and
Law Project (Public Consultation 33)

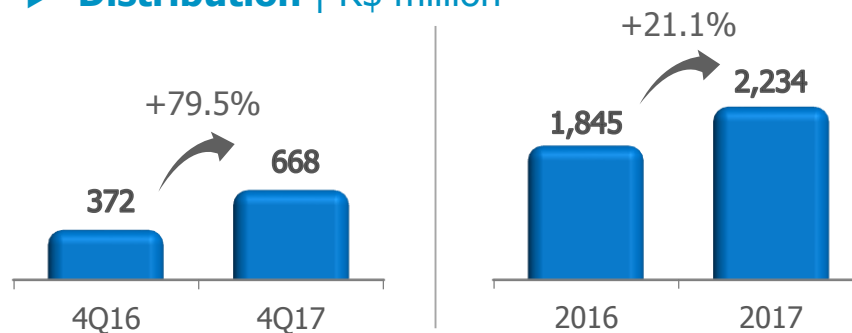
1) Excluding RGE Sul (Nov/Dec-16 and Jan/Dec-17); 2) Financial covenants criteria.

► EBITDA¹ Breakdown | 4Q17 | R\$ million

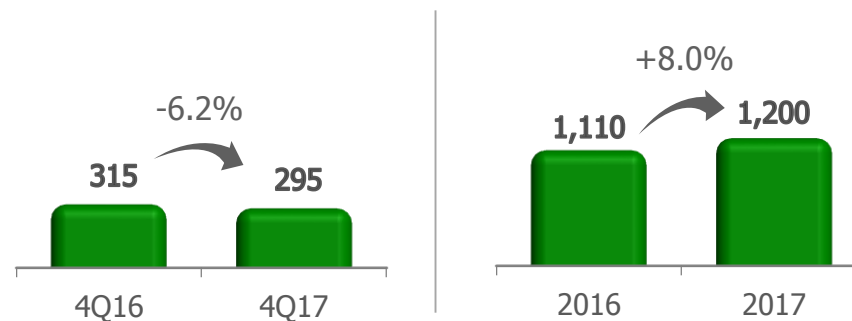


Total: R\$ 1,366 million

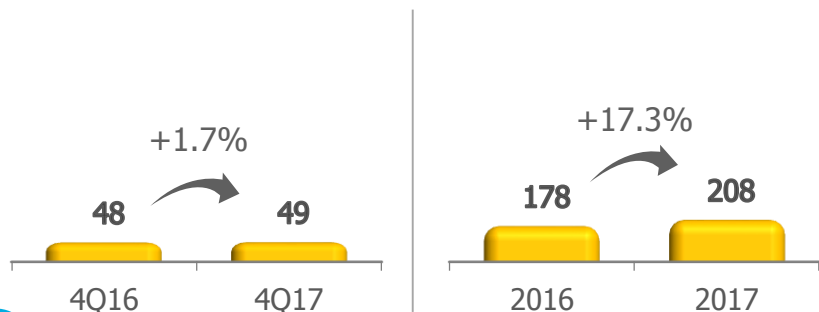
► Distribution | R\$ million



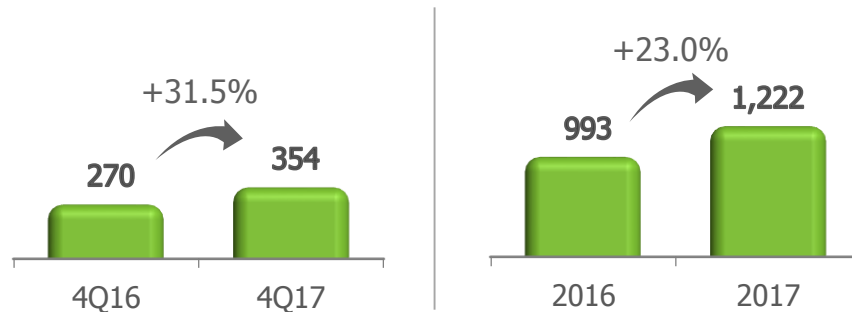
► Conventional Generation | R\$ million



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



► Renewable Generation | R\$ million

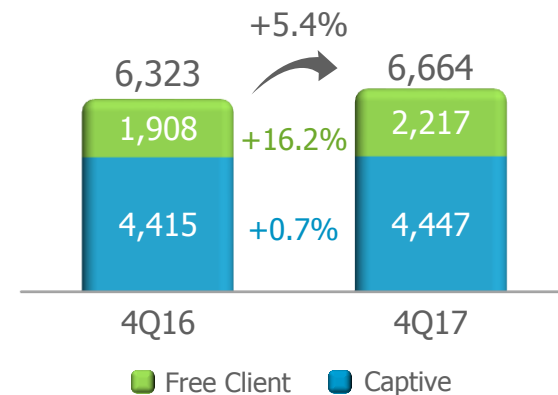


1) EBITDA is calculated from the sum of net income, taxes, financial result, depreciation/amortization, as CVM Instruction no. 527/12.

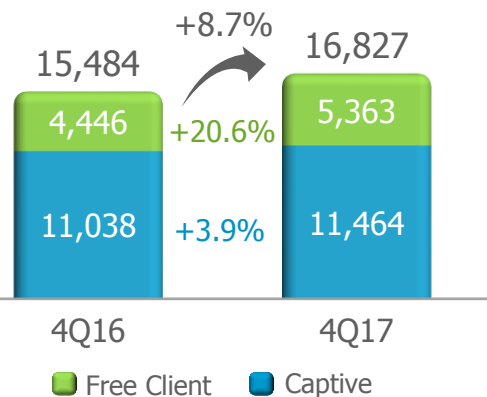
Highlights

- ✓ **Increase in sales** in the concession area (+**8.7%**)
- ✓ **RGE Sul (4Q17)** added **669 GWh** in sales¹
- ✓ Disregarding RGE Sul:
 - **Increase in sales** in the concession area (+**4.8%**)
 - **Increase in load** in the concession area (+**5.4%**)
 - **Losses**: from **9.09%** in 4Q16 and **8.98%** in 3Q17 to **8.81%** in 4Q17

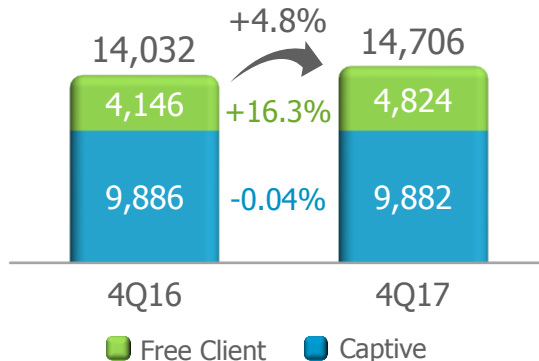
► Load in the concession area (without RGE Sul)^{1,2} | average MW



► Sales in the concession area (with RGE Sul)¹ | GWh



► Sales in the concession area (without RGE Sul)¹ | GWh

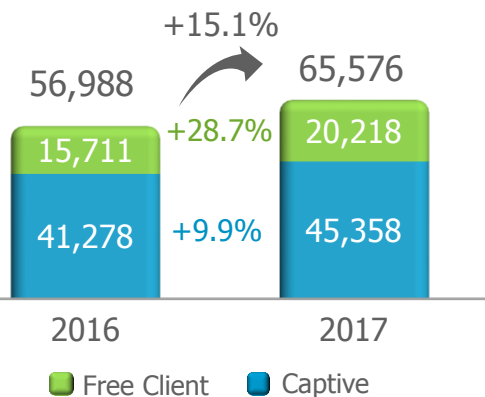


► Sales by consumption segment (without RGE Sul)¹ | GWh

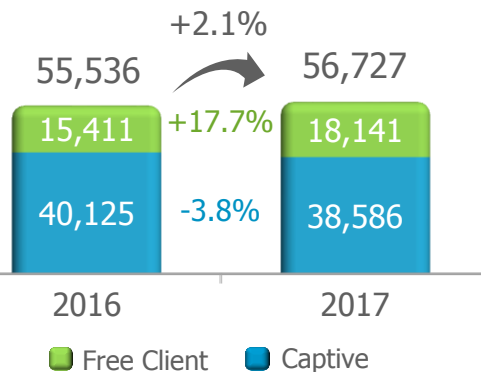


2017 Energy Sales

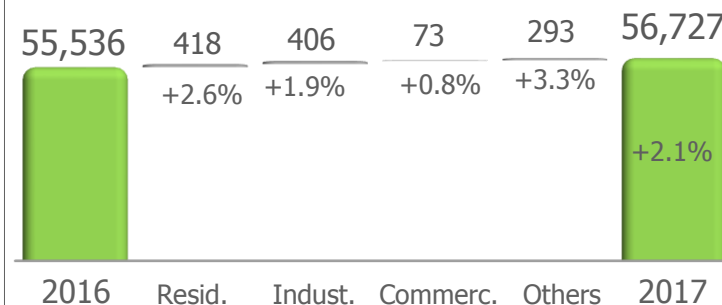
Sales in the concession area (with RGE Sul)¹ | GWh



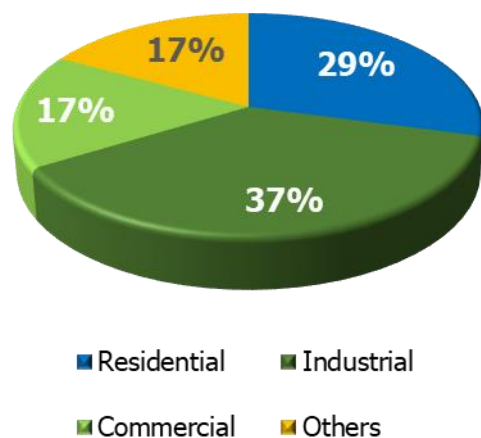
Sales in the concession area (without RGE Sul)¹ | GWh



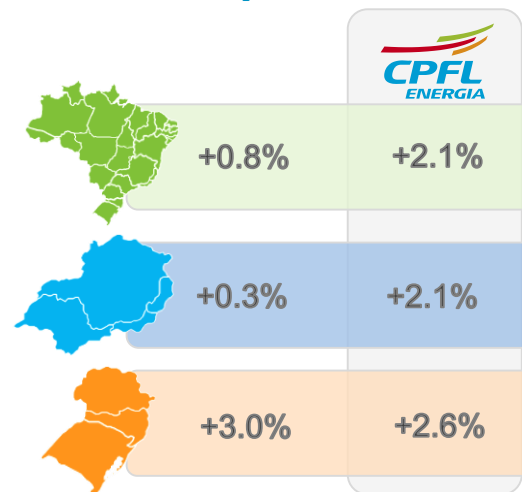
Sales by consumption segment (without RGE Sul)¹ | GWh



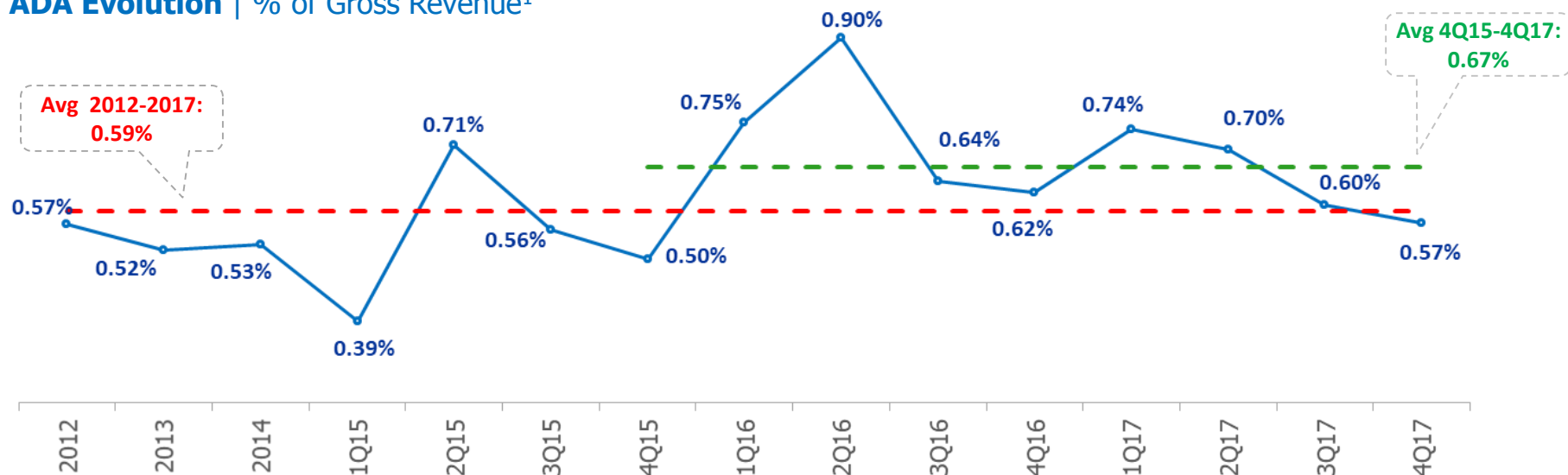
Market breakdown | Sales in the concession area



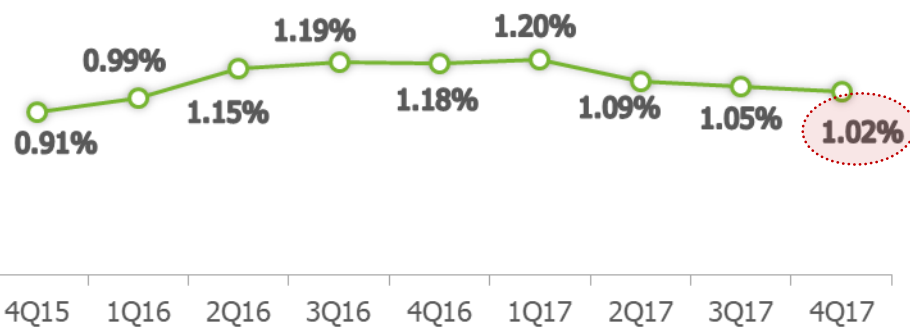
Comparison by Region | Sales in the concession area (without RGE Sul)¹



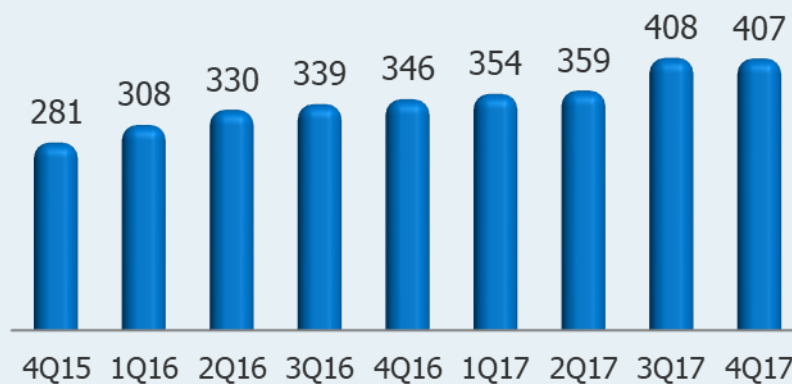
► ADA Evolution | % of Gross Revenue¹



► Total (R\$) Overdue Bills – Above 90 days | in % of revenues – LTM²



► Collection actions | Cuts (thousands)

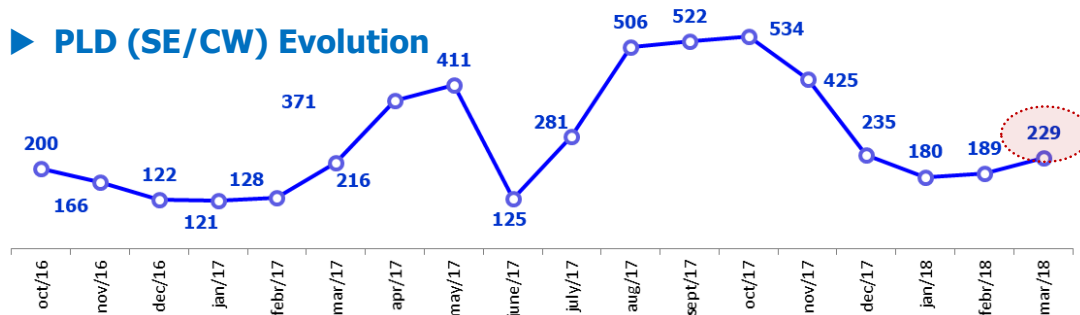


Generation: Performance in 2017

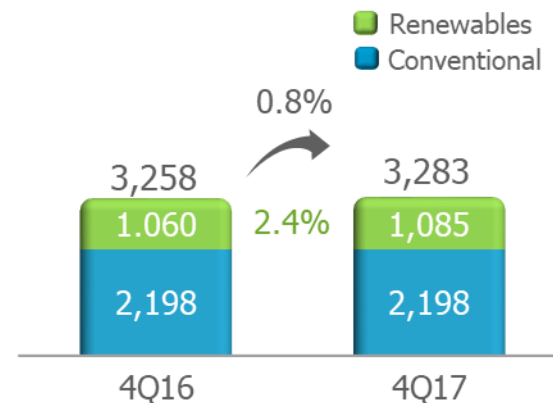
Highlights

- ✓ GSF registered in 2017 (-20.6%)
- ✓ Wind generation below the P50 (-10.9%) in 2017

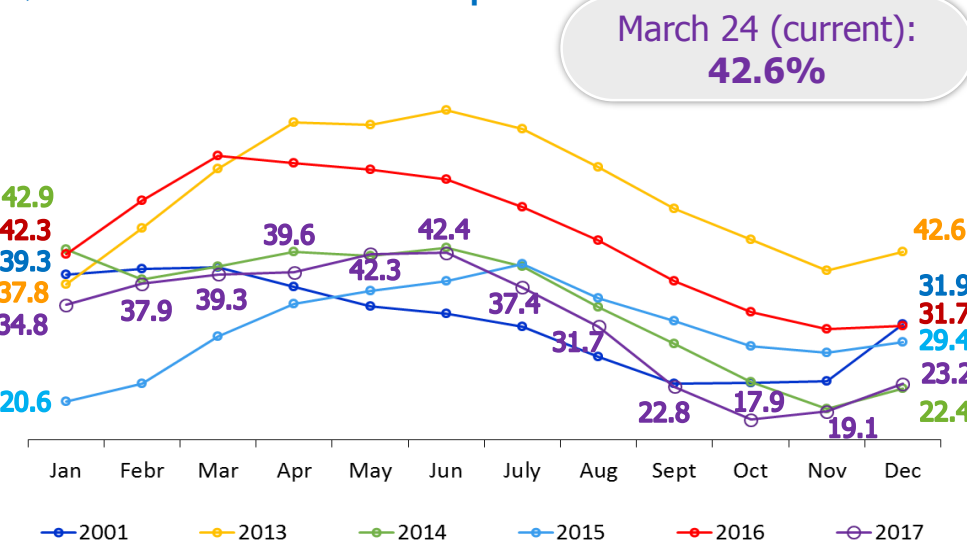
► PLD (SE/CW) Evolution



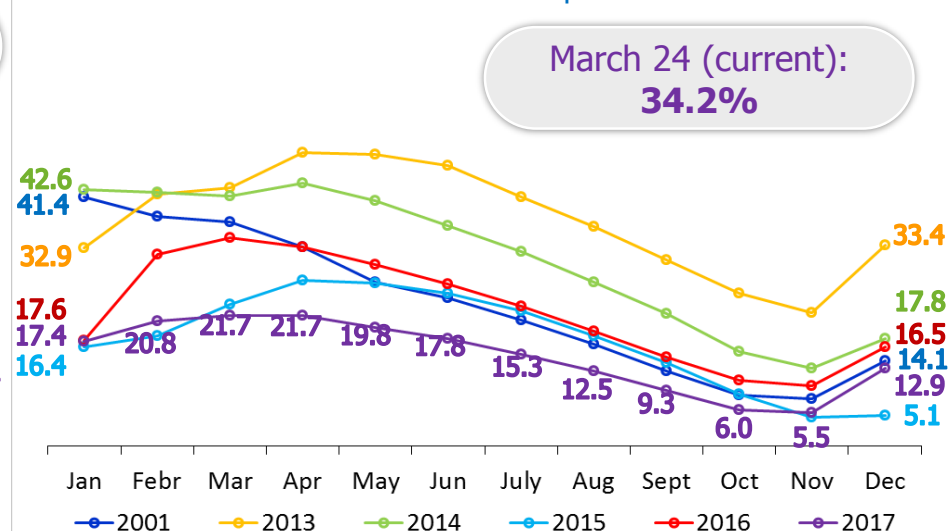
► 2017 Installed Capacity¹ | MW



► NIPS Reservoir Levels | %



► Northeast Reservoir Levels | %



IFRS

Net Revenue



35.3%
R\$ 1,948 million

4Q16	4Q17
R\$ 5,512	R\$ 7,460
million	million



31.0%
R\$ 1,546 million

4Q16	4Q17
R\$ 4,989	R\$ 6,535
million	million

EBITDA



36.0%
R\$ 362 million

4Q16	4Q17
R\$ 1,004	R\$ 1,366
million	million



28.8%
R\$ 278 million

4Q16	4Q17
R\$ 969	R\$ 1,247
million	million

Net Income



262.6%
R\$ 360 million

4Q16	4Q17
R\$ 137	R\$ 498
million	million



157.3%
R\$ 259 million

4Q16	4Q17
R\$ 165	R\$ 424
million	million

IFRS (-) RGE Sul
(WITHOUT ACQUISITION
DEBT ADJUSTMENTS)

Key Factors - IFRS

EBITDA:

- + Distribution: total var. of +R\$ 296 MM**
 - Market/tariff (+R\$ 118 MM)
 - RGE Sul (+R\$ 83 MM)
 - Appraisal report - RAB CPFL Paulista (+R\$ 63 MM)
 - Concession financial asset (+R\$ 56 MM)
 - PMSO (-R\$ 89 MM):
 - ✓ Inflation/collective bargaining agreem. effect (-R\$ 20 MM)
 - ✓ Legal and judicial expenses (-R\$ 30 MM)
 - ✓ Machines and lines/networks maintenance (-R\$ 15 MM)
 - ✓ Personnel (-R\$ 13 MM)
 - ✓ Loss on disposal, deactivation of assets (-R\$ 6 MM)

- + Renewable Generation: total var. of +R\$ 85 MM**
 - Lower provision for losses and write-off (+R\$ 48 MM)
 - Start-up of wind farms - ACL complex (+R\$ 27 MM)

EBITDA:

- + Commerc., Serv. & Others: total var. of +R\$ 1 MM**
- Conventional Generation: total var. of -R\$ 20 MM**
 - GSF/seasonalization/indemnity (-R\$ 25 MM)

Net Income:

- + Financial Result: total var. of +R\$ 164 MM**
 - Debt charges, net of income from financial investments (+R\$ 184 MM)
 - RGE Sul: consolid. (+R\$ 20 MM) & acquis. (-R\$ 34 MM)

IFRS

Net Revenue



39.9%
R\$ 7,633 million

2016	2017
R\$ 19,112 million	R\$ 26,745 million



25.6%
R\$ 4,761 million

2016	2017
R\$ 18,589 million	R\$ 23,350 million

EBITDA



17.9%
R\$ 738 million

2016	2017
R\$ 4,126 million	R\$ 4,864 million



10.7%
R\$ 439 million

2016	2017
R\$ 4,090 million	R\$ 4,529 million

Net Income



41.4%
R\$ 364 million

2016	2017
R\$ 879 million	R\$ 1,243 million



31.3%
R\$ 284 million

2016	2017
R\$ 907 million	R\$ 1,191 million

IFRS (-) RGE Sul
(WITHOUT ACQUISITION
DEBT ADJUSTMENTS)

Key Factors - IFRS

EBITDA:

- + Distribution: total var. of +R\$ 390 MM**
 - RGE Sul (+R\$ 299 MM)
 - Market/tariff (+R\$ 256 MM)
 - Itaipu's exchange variation (+R\$ 36 MM)
 - Allowance for doubtful accounts (+R\$ 36 MM)
 - Private pension fund (-R\$ 29 MM)
 - PMSO (-R\$ 228 MM):
 - ✓ Inflation/collective bargaining agreem. effect (-R\$ 96 MM)
 - ✓ Machines and lines/networks maintenance (-R\$ 32 MM)
 - ✓ Legal and judicial expenses (-R\$ 24 MM)
 - ✓ Loss on disposal, deactivation of assets (-R\$ 22 MM)
 - ✓ Personnel (-R\$ 18 MM)
 - ✓ Reinforcement of collection actions (-R\$ 9 MM)

- + Renewable Generation: total var. of +R\$ 228 MM**
 - Start-up of wind farms – ACL complex (+R\$ 179 MM)
 - Price readjustments of contracts (+R\$ 70 MM)
 - Contractual penalties in 2016 (+R\$ 53 MM)
 - Lower wind farms generation (-R\$ 32 MM)
 - Lower biomass thermal plants generation (-R\$ 20 MM)
 - GSF/seasonalization/hedge (-R\$ 18 MM)

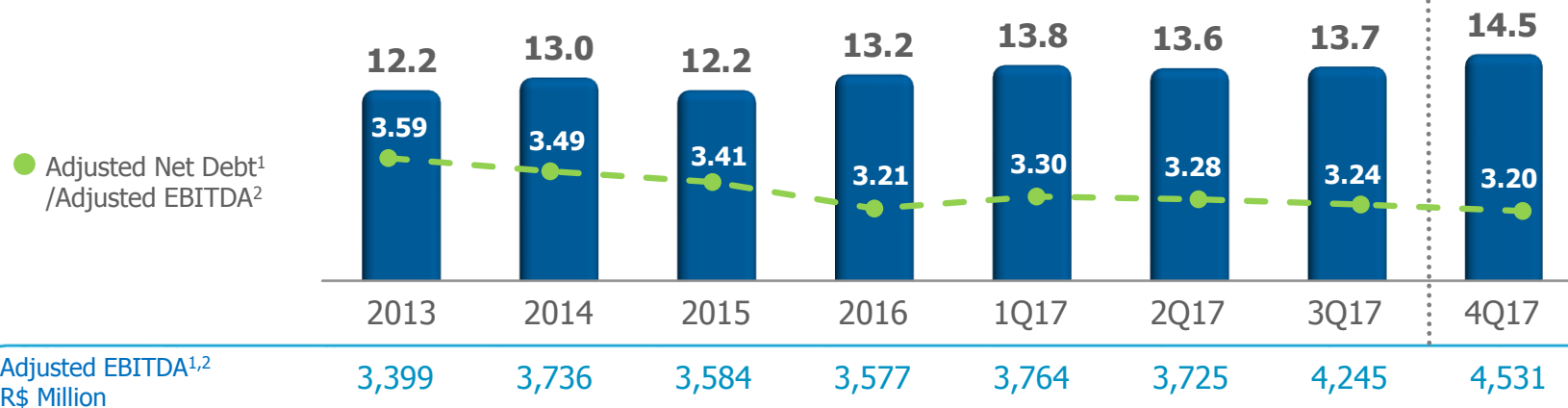
EBITDA:

- + Conventional Generation: total var. of +R\$ 89 MM**
 - Margin gains by price (+R\$ 39 MM)
 - Financial adjustments of UBP (+R\$ 30 MM)
 - EPASA's performance (+R\$ 25 MM)
- + Commc., Serv. & Others: total var. of +R\$ 31 MM**
 - Margin gains by price and volume (+R\$ 70 MM)
 - Contractual penalties in 2016 (-R\$ 57 MM)

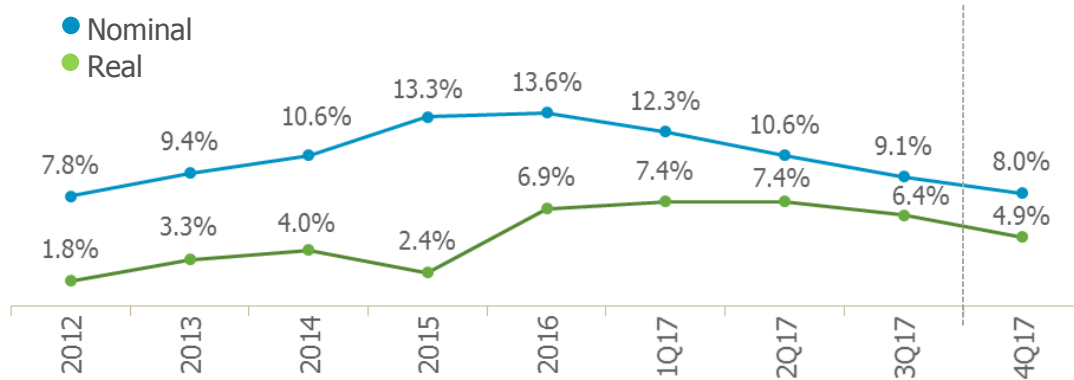
Net Income:

- Financial Result: total var. of -R\$ 34 MM**
 - Debt charges, net of income from financial investments (+R\$ 365 MM)
 - RGE Sul: consolid. (-R\$ 74 MM) & acquis. (-R\$ 186 MM)
 - Zero Cost Collar derivative (-R\$ 49 MM)
 - Debts installments with consumers (-R\$ 36 MM)
 - Itaipu's exchange variation (-R\$ 36 MM)

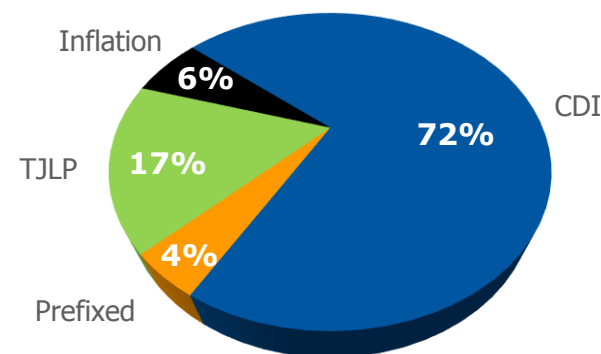
► Leverage¹ | R\$ Billion



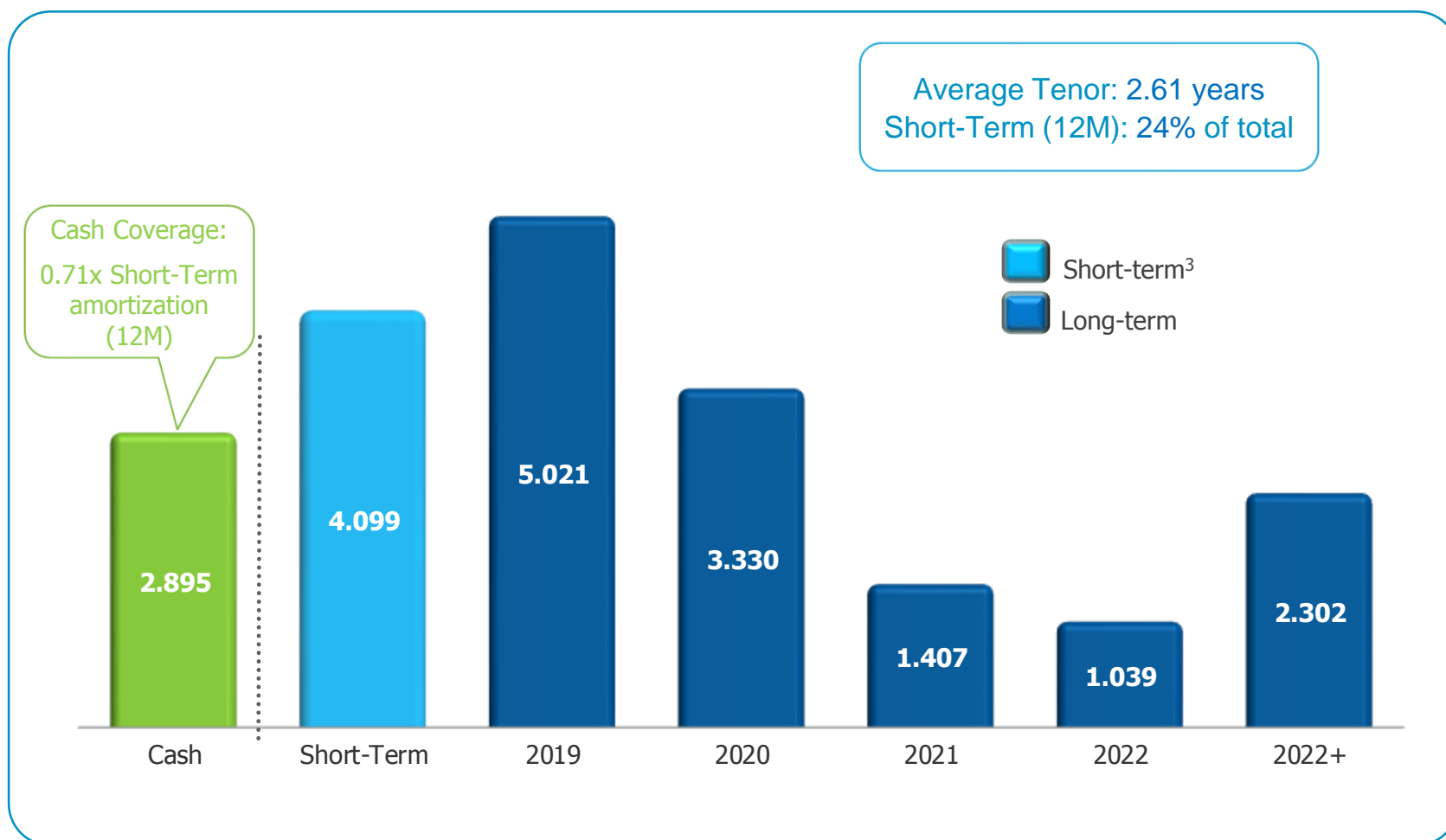
► Gross Debt Cost^{3,4} | end of period



► Gross Debt Breakdown by Indexer | 4Q17^{1,4}



► Debt amortization schedule^{1,2} | Dec-17 | R\$ Million



Boa Vista II SHPP – Under Construction

Status: concrete of the structures and equipment assembly in progress.



Commercial Start-up	Installed Capacity	Assured Energy	PPA ¹	Location	Financing
2020	29.9 MW	14.0 average-MW	21 st LEN 2015 R\$ 225.53/MWh until 2049	Minas Gerais	BNDES

1) Constant Currency (Sep-17).

Capex(e)^{1,2} 2018-2022 | R\$ Million

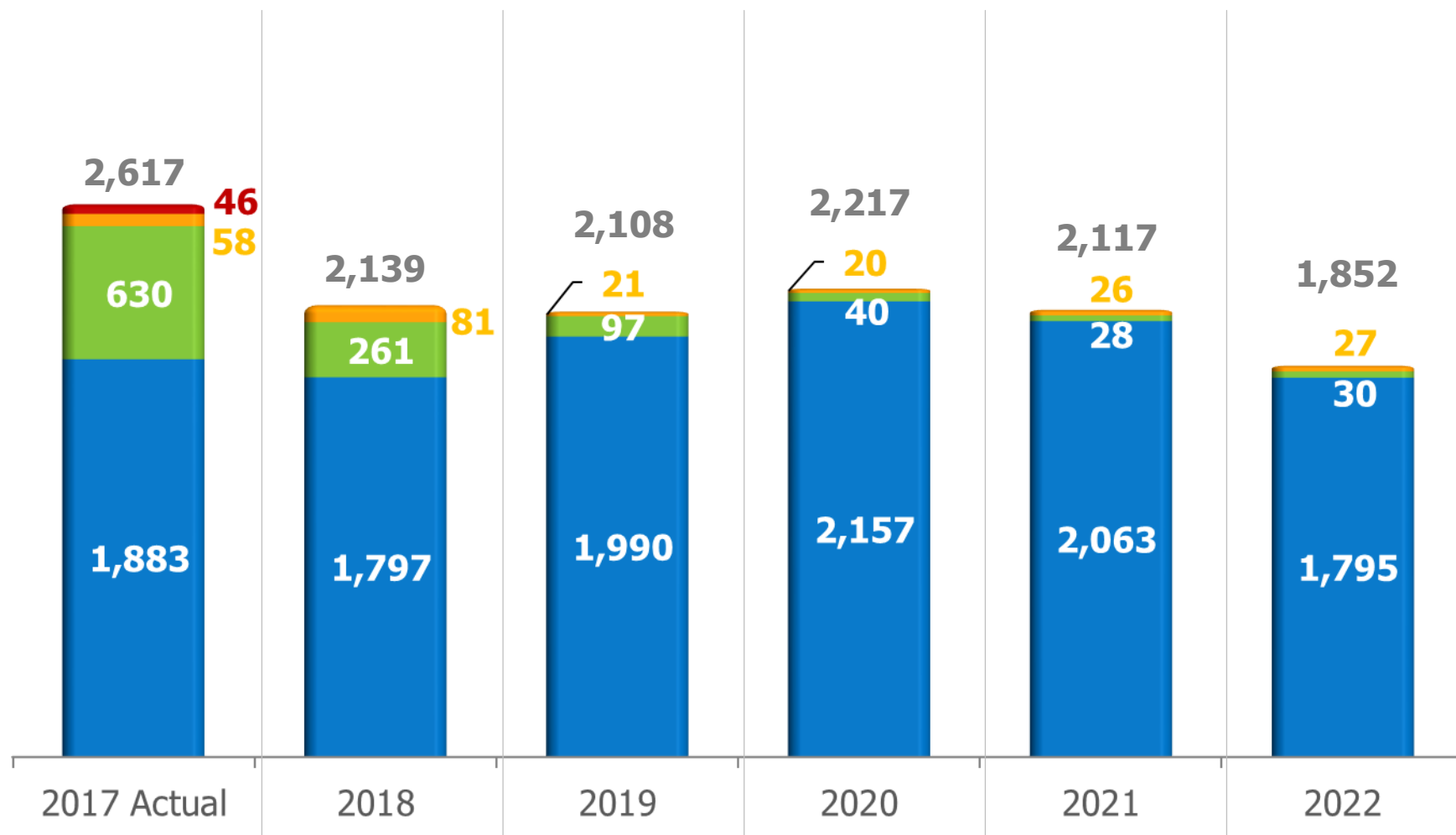
Total:
R\$ 10,432 million

■ Distribution³:
R\$ 9,802 million

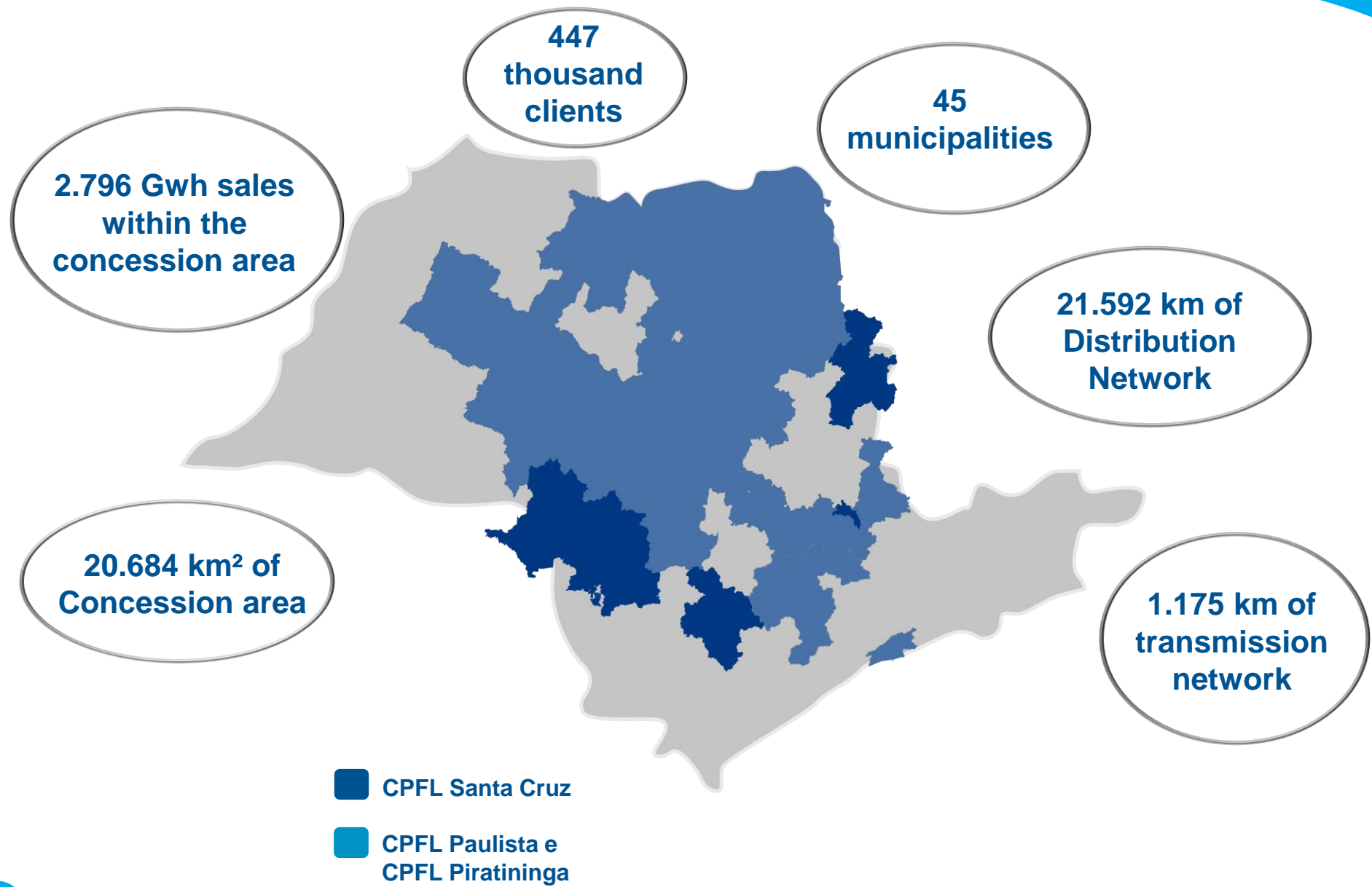
■ Generation⁴:
R\$ 455 million

■ Trading & Services:
R\$ 176 million

■ Transmission



1) Constant currency; 2) Investment plan disclosed in 4Q17 Earnings Release in March 2018; 3) Disregard investments in Special Obligations on Distribution segment (among other items financed by consumers); 4) Conventional + Renewable.





CPFL
ENERGIA