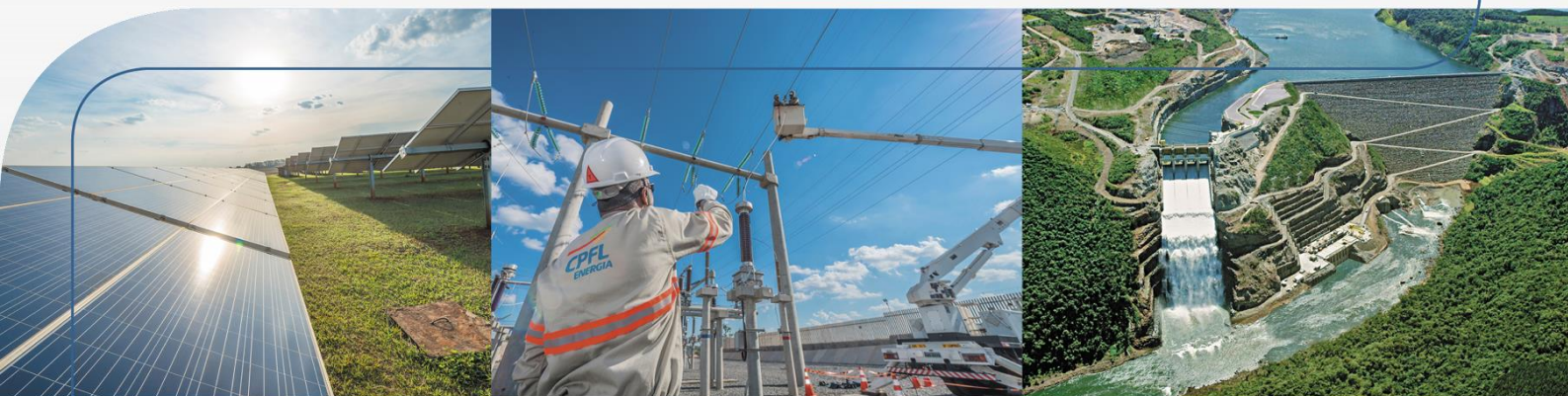


# 4Q19 CPFL Results



- ✓ Increase of **1.2% in load in the concession area**
  - In 4Q19, load grew **2.4%**
- ✓ **EBITDA of R\$ 6,394 million**, growth of **13.4%**
- ✓ **Net Income of R\$ 2,748 million**, growth of **26.9%**
- ✓ Net Debt of **R\$ 16.8 billion** and leverage of **2.52x Net Debt/EBITDA**
- ✓ Investments of **R\$ 2,254 million**, growth of **9.3%**
- ✓ **CPFL Piratininga tariff revision** in Oct-19, with an adjustment of **-7.80%** for the consumers and an increase of **6.2%** in Parcel B
- ✓ **Dividends in the amount of R\$ 2,075 million**, R\$ 1.80 per share
- ✓ CPFL Energia's Re-IPO, in Jun-19: **R\$ 3.7 billion @ R\$ 27.50/share**
- ✓ **Conclusion of the transfer of CPFL Renováveis shares**, with the corresponding payment of R\$ 4.1 billion (R\$16.85/share)
  - Integration process in CPFL Energia headquarters in Campinas
  - Debt replacement in the amount of R\$ 838 million, reducing financial expenses



## Conference Call with Simultaneous Translation into English (Bilingual Q&A)

Tuesday, March 10, 2020 – 11:00 a.m. (BRT), 10:00 a.m. (ET)

**Portuguese:** (+55) 11 3181.8565 or (+55) 11 4210.1803 (Brazil)

**English:** (+1) 412 717-9627 (USA) and (+1) 844 204-8942 (Other Countries)

**Access code:** CPFL

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## MESSAGE FROM THE CEO

**Another year of excellent results**

The year 2019 signaled a new moment for the CPFL Energia Group. Three years after its control was acquired by Chinese conglomerate State Grid, CPFL Energia returned to the capital markets through a new share offering to access funds that could be necessary to ensure the Group's continuous growth. The purpose was to keep the Company listed, go back to the market, so that investors could once again follow the trajectory of CPFL, which remains the same as before - a company that is concerned with transparency, financial discipline and strong governance.

Funds raised from the share offering were used to acquire State Grid's interest in CPFL Renováveis. As part of this process, in July 2019, we started to fully integrate the administrative activities of CPFL Renováveis and CPFL Energia (concluded in 3Q19) primarily to capture potential synergies between the organizational models of both companies. This initiative further reinforces the Management's commitment to the Company's growth and to creating value for its shareholders.

The CPFL group remained active this year, making improvements in its operations and management and seeking to adopt industry best practices. We continued the deployment of cutting-edge technologies in our business and the digitalization of support activities to achieve greater cost-efficiency, while constantly monitoring the developments in the political and economic scenario in our markets in Brazil.

The 2019 results reflected the growth in energy sales, our disciplined management of costs and expenses, as well as the decline in interest rates in Brazil.

Energy sales in the concession area totaled 68,055 GWh, up 1.3%. The residential and commercial segments recorded growth of 3.8% and 3.4%, respectively, reflecting the slow recovery of economic activity, while the industrial segment registered a 1.4% decline. Electricity supply through other concessionaires, licensees and authorized suppliers registered an increase of 0.6%.

CPFL group reached its higher Net Income, of R\$ 2,748 million in 2019 (+26.9%). The same happened to the operating cash generation, measured by EBITDA, which reached R\$ 6,394 million in 2019 (+13.4%), both reflecting the positive results led by the distribution business, mainly reflecting the conclusion of the tariff review process at CPFL Paulista, RGE Sul and RGE during the course of 2018.

We continue to work on value-creation initiatives and on our investment plan in 2019, backed by financial discipline, as well as the engagement and commitment of our teams. We invested R\$ 2,254 million during this period. For the next 5 years, we intend to invest R\$ 13.5 billion, of which R\$ 11.6 billion will be used to expansion, maintenance and improvements in our distribution grid. Another R\$ 1.2 billion will be allocated to generation projects under construction and the maintenance of existing plants. In transmission, R\$

564 million will be invested in projects under construction and in the Commercialization and Services segment, we will invest R\$ 233 million.

With the focus on optimizing the capital structure, consolidated financial leverage of CPFL Energia remains at adequate levels. The Company's net debt to EBITDA ratio was 2.52 times at the end of the year based on the criteria used to measure our financial covenants.

Regarding dividend payment, we will continue to balance growth and yield and will submit a proposal of nearly 80% of payout ratio for 2020, related to 2019 results. Our dividend policy remains in minimum payout of 50%.

On the social and sustainability fronts, we invested R\$150 million in the "CPFL in Hospitals Program", an initiative that will help public and philanthropic institutions to reduce their electricity bills through energy efficiency actions. Over the next 3 years, photovoltaic panels generating up to 25MWp of energy will be installed at the philanthropic hospitals, which will help reduce about 6,000 t/CO<sub>2</sub> per year – the equivalent of planting about 900 trees.

Finally, I reiterate our trust and commitment to shareholders, clients, partners, society and other stakeholders, while remaining optimistic about the advances in the Brazilian electricity sector and confident about our business platform, based on operational efficiency, corporate governance, sustainability, financial discipline and synergistic growth, and being increasingly prepared to face the challenges and opportunities in the country.

**Gustavo Estrella**  
CEO of CPFL Energia

#### KEY INDICATORS

| Indicators (R\$ Million)               | 4Q19   | 4Q18   | Var.   | 2019   | 2018   | Var.   |
|--|--------|--------|--------|--------|--------|--------|
| Load in the Concession Area - GWh      | 17,717 | 17,308 | 2.4%   | 68,747 | 67,919 | 1.2%   |
| Sales within the Concession Area - GWh | 17,735 | 17,026 | 4.2%   | 68,055 | 67,213 | 1.3%   |
| Captive Market                         | 11,948 | 11,512 | 3.8%   | 45,898 | 45,589 | 0.7%   |
| Free Client                            | 5,787  | 5,513  | 5.0%   | 22,156 | 21,624 | 2.5%   |
| Gross Operating Revenue                | 11,753 | 10,314 | 14.0%  | 45,009 | 42,626 | 5.6%   |
| Net Operating Revenue                  | 8,022  | 6,686  | 20.0%  | 29,932 | 28,137 | 6.4%   |
| EBITDA <sup>(1)</sup>                  | 1,741  | 1,354  | 28.6%  | 6,394  | 5,637  | 13.4%  |
| Distribution                           | 331    | 312    | 6.2%   | 1,307  | 1,272  | 2.7%   |
| Conventional generation                | 22     | 14     | 55.6%  | 99     | 96     | 3.2%   |
| Renewable generation                   | (19)   | (13)   | 39.6%  | (50)   | (39)   | 27.7%  |
| Commercialization, Services & Others   | 3,468  | 2,705  | 28.2%  | 11,397 | 11,218 | 1.6%   |
| Net Income                             | 857    | 670    | 27.8%  | 2,748  | 2,166  | 26.9%  |
| Net Debt <sup>(2)</sup>                | 16,849 | 16,274 | 3.5%   | 16,849 | 16,274 | 3.5%   |
| Net Debt / EBITDA <sup>(2)</sup>       | 2,52x  | 3,05x  | -17.2% | 2,52x  | 3,05x  | -17.2% |
| Investments <sup>(3)</sup>             | 672    | 693    | -3.0%  | 2,254  | 2,062  | 9.3%   |

Notes:

(1) EBITDA is calculated from the sum of net income, taxes, financial result, depreciation/amortization, as CVM Instruction no. 527/12. See the calculation in item 3.1 of this report;

(2) In covenants criteria, which considers CPFL Energia stake in each project;

(3) Does not include special obligations.

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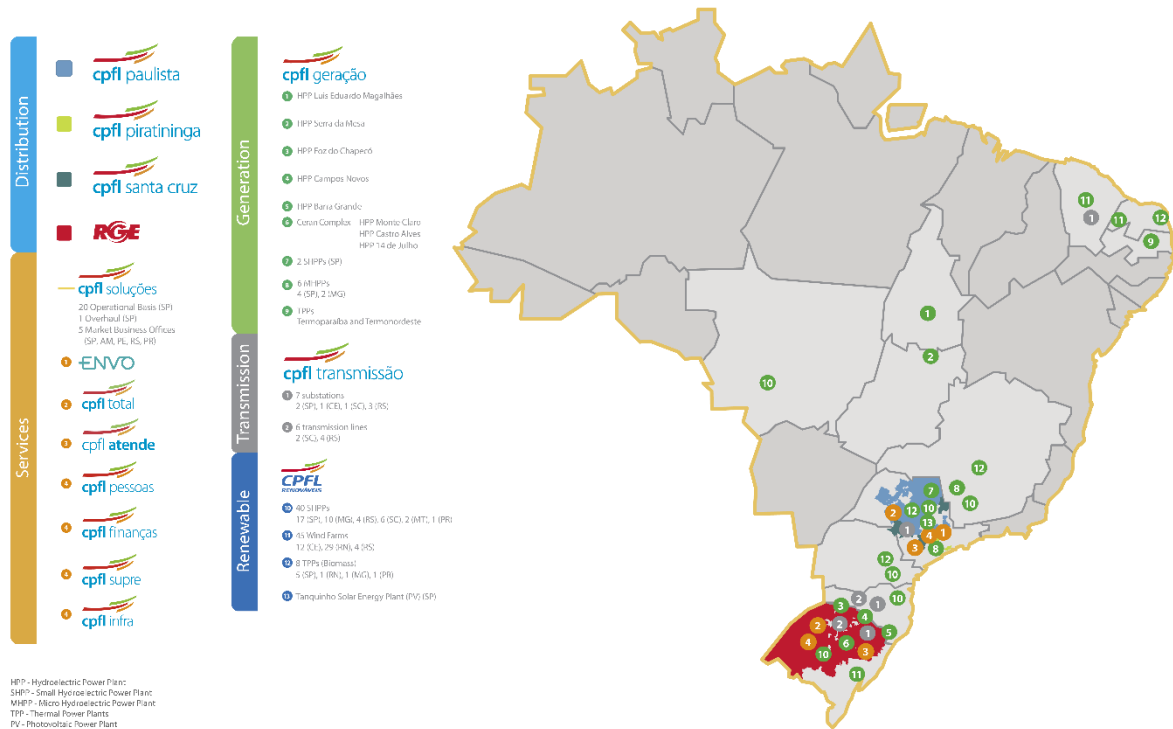
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## 1) COMPANY PROFILE AND CORPORATE STRUCTURE

### Company Operation

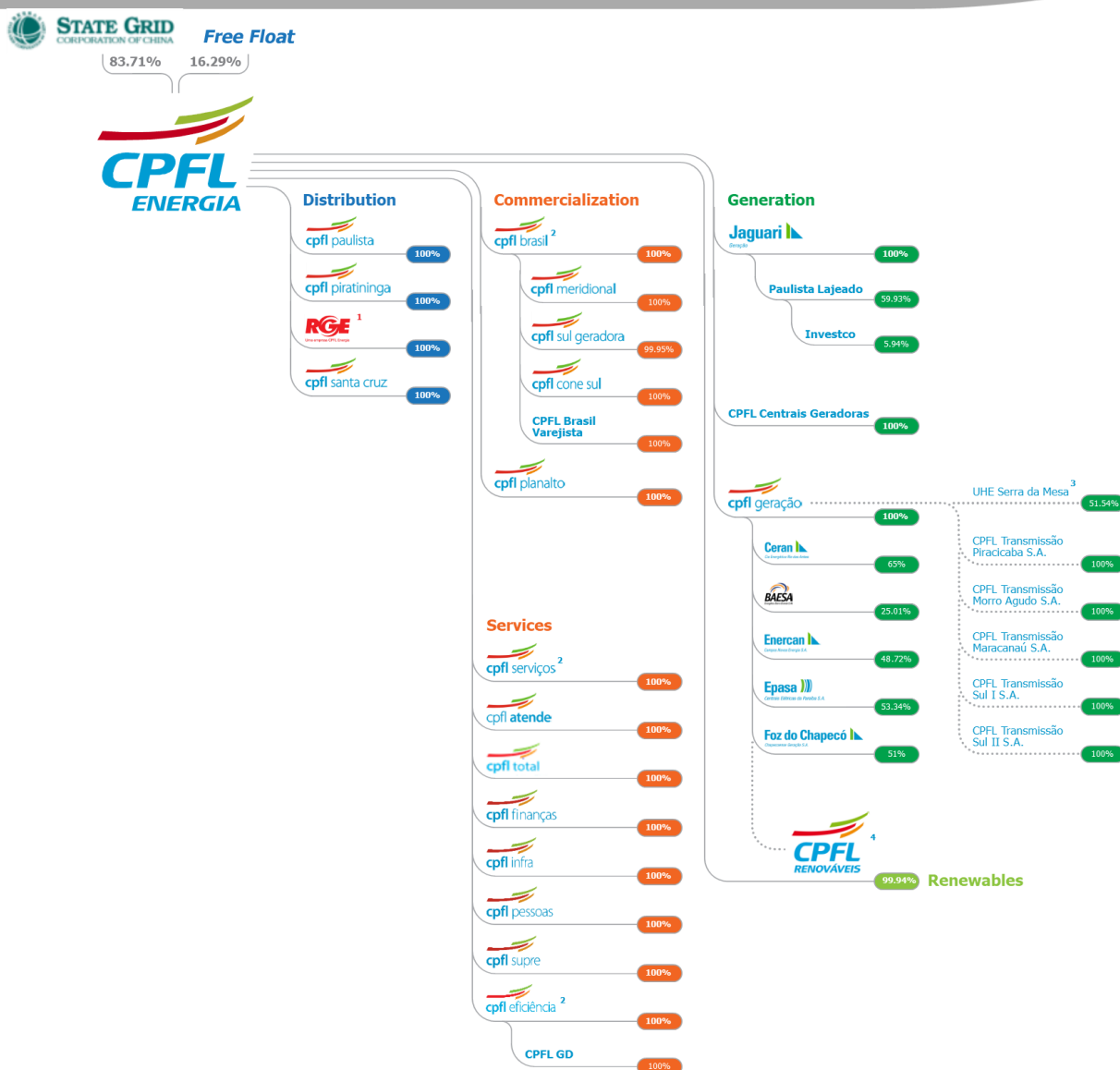
CPFL Energia operates in the Generation, Transmission, Distribution, Commercialization and Services segments, with presence in 11 states in all regions of the country.



CPFL is the second largest distributor in volume of energy sales, with 14% of the national market, serving approximately 9.8 million customers in 687 municipalities. With 4,304 MW of installed capacity, it is the third largest private generator in the country, being the leader in renewable generation, operating in hydroelectric, solar, wind and biomass sources. It also has investments in Transmission, with the acquisition of three new projects in 2018, and a national performance of CPFL Soluções, providing integrated solutions in energy management and commercialization, energy efficiency, distributed generation, energy infrastructure and consulting services.

### Shareholders Structure

CPFL Energia is a holding company that owns stake in other companies. State Grid Corporation of China (SGCC) controls CPFL Energia through its subsidiaries State Grid International Development Co., Ltd, State Grid International Development Limited (SGID), International Grid Holdings Limited, State Grid Brazil Power Participações S.A. (SGBP) and ESC Energia S.A.:



Reference date: 12/31/2019

Notes:

(1) RGE is held by CPFL Energia (89.0107%) and CPFL Brasil (10.9893%).

(2) CPFL Soluções = CPFL Brasil + CPFL Serviços + CPFL Eficiência;

(3) 51.54% stake of the availability of power and energy of Serra da Mesa HPP

(4) CPFL Renováveis is controlled by CPFL Energia (46.7609%) and CPFL Geração (53.1831%)

## Corporate Governance

The corporate governance model adopted by CPFL Energia and its subsidiaries is based on the principles of transparency, equity, accountability and corporate responsibility.

CPFL's Management is composed of the Board of Directors, its decision-making authority, and the Board of Executive Officers, its executive body. CPFL also has five advisory committees, which support the Board in its decisions and monitor relevant and strategic themes, and a permanent Fiscal Council, composed of three members, that also exercises the duties of Audit Committee, in line with Sarbanes-Oxley Law (SOX), applicable to foreign companies listed on U.S. stock exchanges.

The guidelines and documents on corporate governance are available at the Investor Relations website <http://www.cpfl.com.br/ir>.

## Dividend Policy

On May 21, 2019, CPFL Energia announced to its shareholders and to the market that its Board of Directors approved, at the meeting held on that date, the adoption of a dividend distribution policy, which determines that the Company should distribute annually, as dividends, at least 50% of the adjusted net income, in accordance with the Brazilian Corporate Law. Furthermore, the Dividend Policy sets out the factors that will influence the amount of the distributions, as well as other issues considered relevant by the Board of Directors and the shareholders. The Dividend Policy also highlights that certain obligations contained in the Company's financial contracts may limit the amount of dividends and/or interest on own capital that may be distributed.

The approved Dividend Policy is merely indicative, with the purpose of signaling to the market the treatment that the Company intends to give to the distribution of dividends to its shareholders, having, therefore, a programmatic character, not binding upon the Company or its governing bodies.

The Dividend Policy is available at the Investor Relations website <http://www.cpfl.com.br/ir>.

## 2) OPERATIONAL PERFORMANCE

### 2.1) Distribution

#### 2.1.1) Load net of losses in the concession area

| Load in the Concession Area - GWh |               |               |             |               |               |             |
|-----------------------------------|---------------|---------------|-------------|---------------|---------------|-------------|
|                                   | 4Q19          | 4Q18          | Var.        | 2019          | 2018          | Var.        |
| Captive Market                    | 11,837        | 11,705        | 1.1%        | 45,793        | 45,572        | 0.5%        |
| Free Client                       | 5,879         | 5,602         | 4.9%        | 22,954        | 22,347        | 2.7%        |
| <b>Total</b>                      | <b>17,717</b> | <b>17,308</b> | <b>2.4%</b> | <b>68,747</b> | <b>67,919</b> | <b>1.2%</b> |

Note: If excluding the consumption of large consumers that migrate to the National Grid, the load within the concession area would have the following variations: +2.8% in the quarter and +1.9% in the year.

#### 2.1.2) Sales within the Distributors' Concession Area

| Sales within the Concession Area - GWh |               |               |             |               |               |               |             |               |
|--|---------------|---------------|-------------|---------------|---------------|---------------|-------------|---------------|
|  | 4Q19          | 4Q18          | Var.        | Part.         | 2019          | 2018          | Var.        | Part.         |
| Residential                            | 5,319         | 4,970         | 7.0%        | 30.0%         | 20,355        | 19,618        | 3.8%        | 29.9%         |
| Industrial                             | 6,391         | 6,371         | 0.3%        | 36.0%         | 24,683        | 25,023        | -1.4%       | 36.3%         |
| Commercial                             | 3,032         | 2,841         | 6.7%        | 17.1%         | 11,423        | 11,048        | 3.4%        | 16.8%         |
| Others                                 | 2,993         | 2,844         | 5.3%        | 16.9%         | 11,593        | 11,524        | 0.6%        | 17.0%         |
| <b>Total</b>                           | <b>17,735</b> | <b>17,026</b> | <b>4.2%</b> | <b>100.0%</b> | <b>68,055</b> | <b>67,213</b> | <b>1.3%</b> | <b>100.0%</b> |

Note: The tables with sales within the concession area by distributor are attached to this report in item 6.10.

Concession area in 4Q19:

- **Residential and Commercial segments (30.0% and 17.1% of total sales, respectively):** increase of 7.0% and 6.7% respectively, impacted by a greater number of days in the billing calendar and higher temperatures, which favored the consumption of these classes.
- **Industrial segment (36.0% of total sales):** increase of 0.3%, showing a slight

recovery in industrial activity. The migration of two large customers located in the concession area of CPFL Piratininga to the Basic Network in 2018 still affected the result for this quarter; excluding this effect, the variation in the industrial class would be an increase of 0.8%.

Concession area in 2019:

- **Residential and Commercial segments (29.9% and 16.8% of total sales, respectively):** increase of 3.8% and 3.4%, respectively, favored by the high temperature in the first and last months of the year, which favored the increase in consumption, especially in the state of São Paulo, partially offset by a higher temperature in the South region in the winter, which reduced the consumption for heating, the growth of Distributed Generation in the concession area and the macroeconomic scenario.
- **Industrial segment (36.3% of total sales):** reduction of 1.4%, reflecting the weak economic performance and the migration of consumers to the basic network.

| Sales to the Captive Market - GWh |               |               |             |               |               |             |
|-----------------------------------|---------------|---------------|-------------|---------------|---------------|-------------|
|                                   | 4Q19          | 4Q18          | Var.        | 2019          | 2018          | Var.        |
| Residential                       | 5,319         | 4,970         | 7.0%        | 20,355        | 19,618        | 3.8%        |
| Industrial                        | 1,456         | 1,561         | -6.7%       | 5,671         | 6,151         | -7.8%       |
| Commercial                        | 2,318         | 2,217         | 4.5%        | 8,724         | 8,630         | 1.1%        |
| Others                            | 2,855         | 2,763         | 3.3%        | 11,148        | 11,190        | -0.4%       |
| <b>Total</b>                      | <b>11,948</b> | <b>11,512</b> | <b>3.8%</b> | <b>45,898</b> | <b>45,589</b> | <b>0.7%</b> |

Note: The tables with captive market sales by distributor are attached to this report in item 6.11.

| Free Client - GWh |              |              |             |               |               |             |
|-------------------|--------------|--------------|-------------|---------------|---------------|-------------|
|                   | 4Q19         | 4Q18         | Var.        | 2019          | 2018          | Var.        |
| Industrial        | 4,935        | 4,809        | 2.6%        | 19,012        | 18,872        | 0.7%        |
| Commercial        | 714          | 624          | 14.5%       | 2,699         | 2,418         | 11.6%       |
| Others            | 138          | 80           | 72.2%       | 445           | 334           | 33.3%       |
| <b>Total</b>      | <b>5,787</b> | <b>5,513</b> | <b>5.0%</b> | <b>22,156</b> | <b>21,624</b> | <b>2.5%</b> |

| Free Client by Distributor - GWh |              |              |             |               |               |             |
|----------------------------------|--------------|--------------|-------------|---------------|---------------|-------------|
|                                  | 4Q19         | 4Q18         | Var.        | 2019          | 2018          | Var.        |
| CPFL Paulista                    | 2,712        | 2,593        | 4.6%        | 10,338        | 10,027        | 3.1%        |
| CPFL Piratininga                 | 1,588        | 1,548        | 2.6%        | 6,095         | 6,255         | -2.6%       |
| RGE                              | 1,291        | 1,205        | 7.2%        | 4,995         | 4,724         | 5.7%        |
| CPFL Santa Cruz                  | 195          | 168          | 16.5%       | 727           | 619           | 17.6%       |
| <b>Total</b>                     | <b>5,787</b> | <b>5,513</b> | <b>5.0%</b> | <b>22,156</b> | <b>21,624</b> | <b>2.5%</b> |

### 2.1.3) Losses

The consolidated losses index of CPFL Energia was of 8.89% in the 12 months ended in December/19, compared to 9.03% in December/18, a decrease of 0.14 p.p.. Comparing to September/19, the reduction reached 0.42 p.p., mainly associated with a neutral billing calendar in the quarter, while in the third quarter the number of billing days was less than the 365 days considered in the load, which temporarily raised the energy losses.



| 12M Accumulated Losses <sup>1</sup> |        |        |        |         |        |              |
|-------------------------------------|--------|--------|--------|---------|--------|--------------|
|                                     | Dec-18 | Mar-19 | Jun-19 | Sept-19 | Dec-19 | ANEEL        |
| <b>CPFL Energia</b>                 | 9.03%  | 8.84%  | 9.01%  | 9.31%   | 8.89%  | <b>8.19%</b> |
| CPFL Paulista                       | 9.13%  | 8.86%  | 9.13%  | 9.63%   | 9.12%  | <b>8.37%</b> |
| CPFL Piratininga                    | 7.94%  | 7.69%  | 7.88%  | 7.99%   | 7.59%  | <b>6.53%</b> |
| RGE                                 | 9.70%  | 9.78%  | 9.74%  | 9.86%   | 9.62%  | <b>9.14%</b> |
| CPFL Santa Cruz                     | 8.56%  | 7.82%  | 8.10%  | 8.34%   | 7.69%  | <b>7.58%</b> |

Notes:

- 1) The figures above were adequate to a better comparison with the regulatory losses trajectory defined by the Regulatory Agency (ANEEL). In CPFL Piratininga, RGE and RGE Sul, high-voltage customers were disregarded.

The CPFL group has intensified the actions against non-technical losses in recent years. The main achievements of the semester were:

- (i) Recovery of 681 GWh of energy, of which 493 GWh related to revenue growth and 188 GWh of retroactive energy
- (ii) Improvement of the Energy Ticket for inspection: 930 kWh (an increase of 21% over 2018)
- (iii) Conducting 567,000 inspections at consumer units;
- (iv) Joint actions with police stations, involving 160 clients, between arrests and indictment for power theft;
- (v) Cut out of 103,000 inactivated consumer units;
- (vi) Telemetry installation with inspection and meter replacement for 2,300 group A customers
- (vii) Implementation of armored measuring boxes for 2,500 customers;
- (viii) Installation of 3,200 meters in distribution transformers, to improve losses mapping
- (ix) Regularization of 2,200 clandestine consumers;
- (x) Replacing obsolete / defective meters with new electronics;
- (xi) Losses mapping in Risk Areas, through the installation of 41 measurement sets in Baixada Santista
- (xii) Communication of CPFL Energia's actions to combat losses in physical and digital media, showing that energy theft is a crime and it is subject to penalties. In 2019, more than 26 press reports on the topic from CPFL were registered (an increase of 6% over 2018)

#### 2.1.4) SAIDI and SAIFI

The SAIDI (System Average Interruption Duration Index) measures the average duration, in hours, of interruption per consumer per year and the SAIFI (System Average Interruption Frequency Index) measures the average number of interruptions per consumer per year. Such indicators measure the quality and reliability of the electricity supply.

| SAIDI Indicators              |                   |       |       |       |                    |
|-------------------------------|-------------------|-------|-------|-------|--------------------|
| Distributor                   | SAIDI (hours)     |       |       |       |                    |
|                               | 2016              | 2017  | 2018  | 2019  | ANEEL <sup>1</sup> |
| CPFL Paulista                 | 7.62              | 7.14  | 6.17  | 6.72  | <b>7.38</b>        |
| CPFL Piratininga <sup>2</sup> | 8.44 <sup>2</sup> | 6.97  | 5.92  | 6.48  | <b>6.41</b>        |
| RGE <sup>3</sup>              | 16.82             | 14.83 | 14.44 | 14.01 | <b>11.08</b>       |
| CPFL Santa Cruz               | 8.47              | 6.22  | 6.01  | 5.56  | <b>8.46</b>        |

| SAIFI Indicators              |                       |      |      |      |                    |
|-------------------------------|-----------------------|------|------|------|--------------------|
| Distributor                   | SAIFI (interruptions) |      |      |      |                    |
|                               | 2016                  | 2017 | 2018 | 2019 | ANEEL <sup>1</sup> |
| CPFL Paulista                 | 5.00                  | 4.94 | 4.03 | 4.38 | <b>6.32</b>        |
| CPFL Piratininga <sup>2</sup> | 3.97 <sup>2</sup>     | 4.45 | 3.87 | 4.34 | <b>5.68</b>        |
| RGE <sup>3</sup>              | 8.44                  | 7.68 | 6.10 | 6.25 | <b>8.35</b>        |
| CPFL Santa Cruz               | 6.25                  | 5.13 | 5.09 | 4.25 | <b>7.64</b>        |

Notes:

1) ANEEL limit;

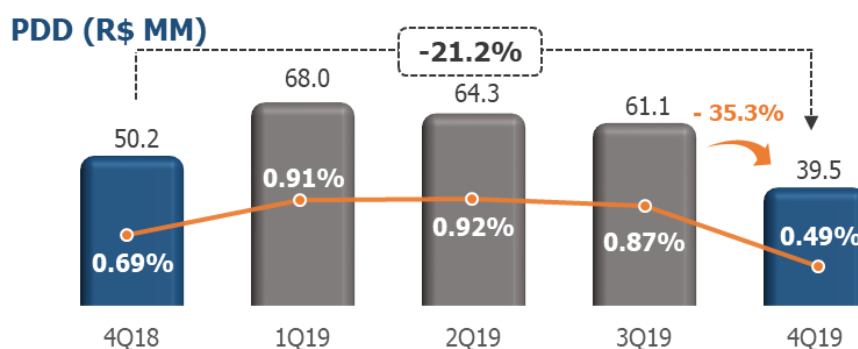
2) In previous disclosures, we reported a SAIDI of 6.97 and a SAIFI of 3.80 for CPFL Piratininga in 2016. This figure excluded the effect of a CTEEP transmission failure during a storm. However, an ANEEL decision determined that this effect should be included in the SIDI and SAIFI statistics, thus correcting the values shown in the table

3) Since 2019, the RGE and RGE Sul concessions have been unified, becoming a single distributor for the purpose of calculating technical indicators

This result carries the impact of climatic events from the beginning of 2019, which was higher than 2018.

In this comparison, it is worth highlighting the reduction in the SAIDI of RGE (-3.0%) and of CPFL Santa Cruz (-7.5%), as well as in the SAIFI of CPFL Santa Cruz (-16.5%) compared to 2018.

### 2.1.5) Delinquency



The ADA decreased by R\$ 10 million (21.2%) in 4Q19 compared to 4Q18. Compared to 3Q19, there was a reduction of 35.3% (R\$ 22 million).

In order to combat the advance in the level of defaults accentuated by the economic situation in the country in recent years, CPFL has intensified collection actions, highlighting:

- i. Intensified negotiations with customers with judicial and inactive debts (Group A) totaling an amount of R\$ 18 MM. These actions were combined to energy efficiency projects, aiming to avoid future defaults;

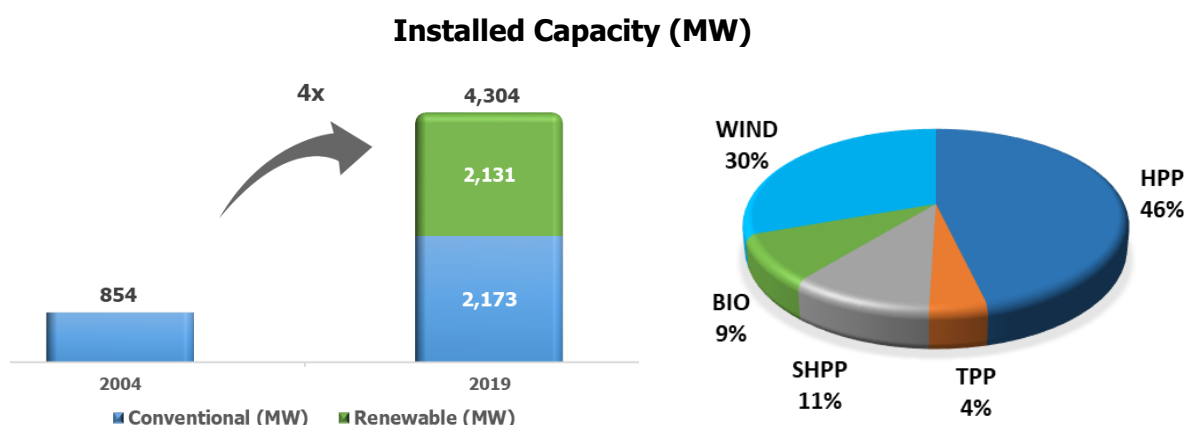
- ii. Increase of power cuts in 4Q19 (589 thousand in 3Q19 *versus* 591 thousand power cuts in 4Q19). In 2019, the CPFL Group made 2.18 MM power cuts, 12% more than in 2018 (1.94 MM), being the Company's largest historical volume;
- iii. Increase in the volume of Negativity and Protest actions in 2019 compared to 2018 by 18% and 118% respectively, with a total volume of more than 7 MM in the year;
- iv. 270,000 debt installments made for group B customers, of which 71% were made through the Web.

## 2.2) Conventional and Renewable Generation

### 2.2.1) Installed Capacity

In 4Q19, the Generation installed capacity of CPFL Energia group, considering the proportional stake in each project, is of 4,304 MW.

Since the IPO in 2004, CPFL Energia has been expanding its portfolio and today has a capacity 4 times higher.



Note: Take into account CPFL Energia's 99.94% stake in CPFL Renováveis. Source breakdown graphic does not consider 1 MW of Solar Generation of Tanquinho Plant.

### 2.2.2) Operational and under construction Projects

CPFL Geração's project portfolio (considering CPFL Energia's participation in each project) totals 2,173 MW of installed capacity in operation. The plants in operation comprise 8 HPPs (1,966 MW), 2 TPPs (182 MW), and 9 SHPPs (24 MW).

| CPFL Geração - Portfolio |       |     |      |              |
|--------------------------|-------|-----|------|--------------|
| In MW                    | HPP   | TPP | SHPP | Total        |
| In Operation             | 1,966 | 182 | 24   | <b>2,173</b> |

CPFL Renováveis's project portfolio (100% Stake) totals 2,133 MW of installed capacity in operation and 110 MW of capacity under construction. The plants in operation comprise 40 SHPPs (453 MW), 45 wind farms (1,309 MW), 8 biomass thermoelectric plants (370

MW) e 1 solar plant (1 MW). Still under construction 1 SHPP (28 MW) and 4 wind farms (82 MW).

Additionally, CPFL Renováveis has wind, solar and SHPP projects under development totaling 2,904 MW.

The table below illustrates the overall portfolio of assets (100% stake) in operation, construction and development, and their installed capacity:

| CPFL Renováveis - Portfolio (100% Stake) |            |            |              |            |              |
|--|------------|------------|--------------|------------|--------------|
| In MW                                    | SHPP       | Bio        | Wind         | Solar      | Total        |
| In Operation                             | 453        | 370        | 1,309        | 1          | 2,133        |
| In Construction                          | 28         | -          | 82           | -          | 110          |
| In Development                           | 149        | -          | 2,415        | 340        | 2,904        |
| <b>Total</b>                             | <b>630</b> | <b>370</b> | <b>3,806</b> | <b>341</b> | <b>5,147</b> |

### SHPP Lucia Cherobim

SHPP Lucia Cherobim, a project located in the state of Paraná, is scheduled to start operating in 2024. Installed capacity is 28.0 MW and physical guarantee is 16.6 average MW. The energy was sold under a long-term contract at the 2018 new energy auction (A-6). (Price: R \$ 197.58 / MWh - December 2019).

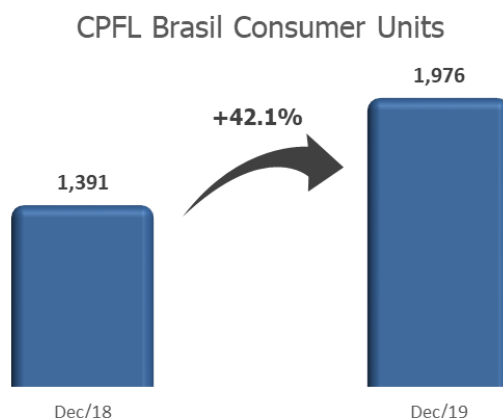
### Gameleira Complex Wind Farms

The Gameleira Complex Wind Farms (Costa das Dunas, Figueira Branca, Farol de Touros and Gameleira), located in the state of Rio Grande do Norte, is scheduled to start operating in 2024. The installed capacity is 81.7 MW and the physical guarantee is 39.4 average MW. Part of the energy (12.0 average MW) was sold under a long-term contract at the 2018 new energy auction (A-6). (Price: R\$ 93.49 / MWh - December 2019) and the rest was sold on the free market.

## 2.3) Commercialization

### Number of Commercialization Consumer Units

In December 2019, CPFL Brasil's Consumer Units reached a total of 1,976, a 42.1% increase.



## 2.4) Transmission

| Operational Portfolio |          |                 |                   |                 |              |                 |
|-----------------------|----------|-----------------|-------------------|-----------------|--------------|-----------------|
| Project               | Location | RAP<br>(R\$ MM) | Capex<br>(R\$ MM) | Operation Start | Substation # | Network<br>(Km) |
| Piracicaba            | SP       | 8.9             | 100               | Apr/16          | 1            | 0               |
| Morro Agudo           | SP       | 10.8            | 100               | Jun/17          | 1            | 1               |

| In Construction Portfolio |          |                 |   |                 |              |                 |
|---------------------------|----------|-----------------|---|-----------------|--------------|-----------------|
| Project                   | Location | RAP<br>(R\$ MM) | Estimated Capex<br>by Aneel<br>(R\$ MM) | Operation Start | Substation # | Network<br>(Km) |
| Maracanaú                 | CE       | 7.9             | 102                                     | Mar/22          | 1            | 2               |
| Sul I                     | SC       | 26.4            | 366                                     | Mar/24          | 1            | 320             |
| Sul II                    | RS       | 33.9            | 349                                     | Mar/24          | 3            | 85              |

Notes: Base Date - Piracicaba (12/19/12) – Morro Agudo (06/01/14) – Maracanaú (06/28/18) – Sul I and II (12/20/18).  
RAP stands for Allowed Annual Revenue.

## 3) CPFL ENERGIA ECONOMIC-FINANCIAL PERFORMANCE

### 3.1) Economic-Financial Performance

| Consolidated Income Statement - CPFL ENERGIA (R\$ Million) |              |              |              |               |               |              |
|--|--------------|--------------|--------------|---------------|---------------|--------------|
|  | 4Q19         | 4Q18         | Var.         | 2019          | 2018          | Var.         |
| Gross Operating Revenue                                    | 11,753       | 10,314       | 14.0%        | 45,009        | 42,626        | 5.6%         |
| Net Operating Revenue                                      | 8,022        | 6,686        | 20.0%        | 29,932        | 28,137        | 6.4%         |
| Revenue from building the infrastructure                   | 600          | 569          | 5.4%         | 2,088         | 1,772         | 17.8%        |
| <b>Net Operating Revenue (ex-rev. from infrastructure)</b> | <b>7,423</b> | <b>6,118</b> | <b>21.3%</b> | <b>27,844</b> | <b>26,364</b> | <b>5.6%</b>  |
| Cost of Electric Power                                     | (4,839)      | (3,885)      | 24.6%        | (18,371)      | (17,838)      | 3.0%         |
| <b>Contribution Margin</b>                                 | <b>2,583</b> | <b>2,233</b> | <b>15.7%</b> | <b>9,473</b>  | <b>8,526</b>  | <b>11.1%</b> |
| PMSO   | (908)        | (950)        | -4.3%        | (3,318)       | (3,134)       | 5.9%         |
| Other Operating Costs & Expenses                           | (1,076)      | (994)        | 8.3%         | (3,880)       | (3,456)       | 12.3%        |
| Equity Income  | 92           | 93           | -1.6%        | 349           | 334           | 4.5%         |
| <b>EBITDA<sup>1</sup></b>                                  | <b>1,741</b> | <b>1,354</b> | <b>28.6%</b> | <b>6,394</b>  | <b>5,637</b>  | <b>13.4%</b> |
| Financial Income (Expense)                                 | (163)        | (271)        | -39.9%       | (726)         | (1,103)       | -34.1%       |
| Income Before Taxes  | 1,127        | 681          | 65.6%        | 3,986         | 2,940         | 35.6%        |
| <b>Net Income</b>  | <b>857</b>   | <b>670</b>   | <b>27.8%</b> | <b>2,748</b>  | <b>2,166</b>  | <b>26.9%</b> |

Note: (1) EBITDA is calculated from the sum of net income, taxes, financial result and depreciation/amortization, according to CVM Instruction no. 527/12.

| CPFL Energia - Key financial indicators by business segment (R\$ million) |              |                         |                      |        |               |
|---|--------------|-------------------------|----------------------|--------|---------------|
|   | Distribution | Conventional Generation | Renewable Generation | Others | Consolidated  |
| <b>4Q19</b>   |              |                         |                      |        |               |
| EBITDA <sup>1</sup>   | 997          | 331                     | 376                  | 35     | <b>1,741</b>  |
| Financial results   | (23)         | (26)                    | (88)                 | (25)   | <b>(163)</b>  |
| Net Income  | 608          | 239                     | 115                  | (105)  | <b>857</b>    |
| <b>4Q18</b>   |              |                         |                      |        |               |
| EBITDA <sup>1</sup>   | 726          | 312                     | 298                  | 17     | <b>1,354</b>  |
| Financial results   | (61)         | (43)                    | (129)                | (37)   | <b>(271)</b>  |
| Net Income  | 511          | 234                     | 107                  | (182)  | <b>670</b>    |
| <b>Variation (%)</b>  |              |                         |                      |        |               |
| EBITDA <sup>1</sup>   | 37.3%        | 6.2%                    | 26.1%                | 108.4% | <b>28.6%</b>  |
| Financial results   | -61.8%       | -39.4%                  | -31.9%               | -32.8% | <b>-39.9%</b> |
| Net Income  | 18.8%        | 2.0%                    | 7.3%                 | -42.5% | <b>27.8%</b>  |



| CPFL Energia - Key financial indicators by business segment (R\$ million) |              |                         |                      |         |                |
|---|--------------|-------------------------|----------------------|---------|----------------|
|   | Distribution | Conventional Generation | Renewable Generation | Others  | Consolidated   |
| <b>2019</b>   |              |                         |                      |         |                |
| EBITDA <sup>1</sup>   | 3,696        | 1,307                   | 1,204                | 188     | <b>6,394</b>   |
| Financial results   | (197)        | (153)                   | (404)                | 27      | <b>(726)</b>   |
| Net Income  | 1,835        | 864                     | 107                  | (57)    | <b>2,748</b>   |
| <b>2018</b>   |              |                         |                      |         |                |
| EBITDA <sup>1</sup>   | 3,004        | 1,272                   | 1,209                | 152     | <b>5,637</b>   |
| Financial results   | (310)        | (248)                   | (504)                | (40)    | <b>(1,103)</b> |
| Net Income  | 1,432        | 770                     | 119                  | (155)   | <b>2,166</b>   |
| <b>Variation (%)</b>  |              |                         |                      |         |                |
| EBITDA <sup>1</sup>   | 23.0%        | 2.7%                    | -0.4%                | 23.3%   | <b>13.4%</b>   |
| Financial results   | -36.3%       | -38.5%                  | -19.9%               | -167.7% | <b>-34.1%</b>  |
| Net Income  | 28.1%        | 12.2%                   | -9.9%                | -63.3%  | <b>26.9%</b>   |

Notes: (1) The analysis by business segment is presented in chapter 5; (2) The breakdown of economic-financial performance by business segment is presented in annex 6.4.

## Non-cash effects, extraordinary items and others

We highlight below the non-cash effects, extraordinary items and others of greater relevance observed in the periods analyzed, as a way to facilitate the understanding of the variations in Company's results.

| EBITDA effects - R\$ million                           | 4Q19 | 4Q18  | 2019  | 2018  |
|--|------|-------|-------|-------|
| Adjustments in the concession financial assets (VNR)   | 45   | 43    | 281   | 345   |
| Legal and judicial expenses                            | (46) | (74)  | (172) | (187) |
| Assets write-off                                       | (72) | (113) | (174) | (188) |
| Other extraordinary items:                             |      |       |       |       |
| Integration of CPFL Renováveis with CPFL Energia       | (4)  | -     | (9)   | -     |
| CPFL Renováveis - end of grace period in O&M contracts | (6)  | (3)   | (20)  | (5)   |
| CPFL Renováveis - PIS/Cofins credit recovery           | -    | -     | -     | 17    |

| Financial results effects - R\$ million    | 4Q19 | 4Q18 | 2019 | 2018 |
|--|------|------|------|------|
| Mark-to-market (MTM)                       | 2    | 18   | 2    | (27) |
| Financial revenues due to re-IPO resources | -    | -    | 63   | -    |

## Operating Revenue

In 4Q19, gross operating revenue reached R\$ 11,753 million, representing an increase of 14.0% (R\$ 1,439 million). Deductions from the gross operating revenue were of R\$ 3,730 million in 4Q19, representing an increase of 2.8% (R\$ 103 million). Net operating revenue reached R\$ 8,022 million in 4Q19, registering an increase of 20.0% (R\$ 1,336 million).

In 2019, gross operating revenue reached R\$ 45,009 million, representing an increase of 5.6% (R\$ 2,383 million). Deductions from the gross operating revenue were of R\$ 15,077 million in 2019, representing an increase of 4.1% (R\$ 587 million). Net operating revenue reached R\$ 29,932 million in 2019, registering an increase of 6.4% (R\$ 1,796 million).

The breakdown of net operating revenue by business segment is presented in the table below:

| Net Operating Revenue - CPFL ENERGIA (R\$ Milhões) |              |              |              |               |               |             |
|--|--------------|--------------|--------------|---------------|---------------|-------------|
|  | 4Q19         | 4Q18         | Var.         | 2019          | 2018          | Var.        |
| Distribution                                       | 6,423        | 5,160        | 24.5%        | 24,260        | 22,467        | 8.0%        |
| Conventional Generation                            | 322          | 285          | 13.0%        | 1,213         | 1,144         | 6.0%        |
| Renewable Generation                               | 583          | 516          | 13.1%        | 1,928         | 1,936         | -0.4%       |
| Commercialization                                  | 949          | 963          | -1.5%        | 3,491         | 3,496         | -0.2%       |
| Services   | 164          | 153          | 7.0%         | 614           | 533           | 15.3%       |
| Elimination and Others                             | (419)        | (391)        | 7.2%         | (1,574)       | (1,441)       | 9.2%        |
| <b>Total</b>                                       | <b>8,022</b> | <b>6,686</b> | <b>20.0%</b> | <b>29,932</b> | <b>28,137</b> | <b>6.4%</b> |

For further details about the revenue variation by segment, see chapter 5 – Performance of Business Segments.

## Cost of Electric Energy

| Cost of Electric Energy (R\$ Million)  |              |              |              |               |               |             |
|--|--------------|--------------|--------------|---------------|---------------|-------------|
|  | 4Q19         | 4Q18         | Var.         | 2019          | 2018          | Var.        |
| <b>Cost of Electric Power Purchased for Resale</b>   |              |              |              |               |               |             |
| Energy from Itaipu Binacional  | 692          | 643          | 7.6%         | 2,794         | 2,668         | 4.7%        |
| PROINFA  | 94           | 81           | 17.1%        | 397           | 331           | 20.1%       |
| Energy Purchased through Auction in the Regulated Environment, Bilateral Contracts and Energy Purchased in the Spot Market | 3,812        | 2,893        | 31.8%        | 14,199        | 13,970        | 1.6%        |
| PIS and COFINS Tax Credit  | (401)        | (317)        | 26.6%        | (1,484)       | (1,503)       | -1.3%       |
| <b>Total</b>   | <b>4,197</b> | <b>3,300</b> | <b>27.2%</b> | <b>15,907</b> | <b>15,466</b> | <b>2.8%</b> |
| <b>Charges for the Use of the Transmission and Distribution System</b>   |              |              |              |               |               |             |
| Basic Network Charges  | 550          | 485          | 13.5%        | 2,081         | 2,115         | -1.6%       |
| Itaipu Transmission Charges  | 71           | 68           | 4.1%         | 281           | 266           | 5.6%        |
| Connection Charges   | 40           | 47           | -14.5%       | 174           | 163           | 6.6%        |
| Charges for the Use of the Distribution System   | 12           | 14           | -16.5%       | 48            | 49            | -2.0%       |
| ESS / EER  | 33           | 32           | 2.6%         | 127           | 29            | 340.4%      |
| PIS and COFINS Tax Credit  | (64)         | (60)         | 6.3%         | (246)         | (249)         | -1.4%       |
| <b>Total</b>   | <b>642</b>   | <b>585</b>   | <b>9.6%</b>  | <b>2,464</b>  | <b>2,372</b>  | <b>3.9%</b> |
| <b>Cost of Electric Energy</b>   | <b>4,839</b> | <b>3,885</b> | <b>24.6%</b> | <b>18,371</b> | <b>17,838</b> | <b>3.0%</b> |

## Cost of Electric Power Purchased for Resale

In 4Q19, the cost of electric power purchased for resale reached R\$ 4,197 million, an increase of 27.2% (R\$ 898 million), mainly affected by the **energy purchased in auctions, bilateral contracts and spot market**, which grew 31.8% (R\$ 919 million). This increase was due to the higher average purchase price and the higher volume of purchased energy, as shown in the tables below.

In 2019, this cost reached R\$ 15,907 million, an increase of 2.8% (R\$ 440 million), mainly due to:

- Higher cost of **energy purchased in auctions, bilateral contracts and spot market** (R\$ 229 million), due to an increase in the volume of purchased energy, partially offset by the reduction in the average purchase price;
- Increase in **Itaipu** cost (R\$ 126 million), due to the increase in the average purchase price (reflecting exchange variation), partially offset by the decrease in the volume of purchased energy.

| Volume of purchased energy (GWh)   | 4Q19          | 4Q18          | Var.        | 2019          | 2018          | Var.        |
|--|---------------|---------------|-------------|---------------|---------------|-------------|
| Energy from Itaipu Binacional  | 2,780         | 2,806         | -1.0%       | 11,021        | 11,117        | -0.9%       |
| PROINFA  | 295           | 305           | -3.3%       | 1,102         | 1,111         | -0.8%       |
| Energy Purchased through Auction in the Regulated Environment, Bilateral Contracts and Energy Purchased in the Spot Market | 16,956        | 15,918        | 6.5%        | 66,283        | 61,461        | 7.8%        |
| <b>Total</b>   | <b>20,030</b> | <b>19,030</b> | <b>5.3%</b> | <b>78,406</b> | <b>73,689</b> | <b>6.4%</b> |

| Average price (R\$/MWh)  | 4Q19          | 4Q18          | Var.         | 2019          | 2018          | Var.         |
|--|---------------|---------------|--------------|---------------|---------------|--------------|
| Energy from Itaipu Binacional  | 249.03        | 229.13        | 8.7%         | 253.52        | 240.03        | 5.6%         |
| PROINFA  | 319.71        | 264.09        | 21.1%        | 360.43        | 297.52        | 21.1%        |
| Energy Purchased through Auction in the Regulated Environment, Bilateral Contracts and Energy Purchased in the Spot Market | 224.82        | 181.72        | 23.7%        | 214.22        | 227.30        | -5.8%        |
| <b>Total</b>   | <b>209.56</b> | <b>173.39</b> | <b>20.9%</b> | <b>202.88</b> | <b>209.89</b> | <b>-3.3%</b> |

## Charges for the Use of the Transmission and Distribution System

In 4Q19, charges for the use of the transmission and distribution system reached R\$ 642 million, an increase of 9.6% (R\$ 56 million). This variation was mainly due to the increase in **connection and transmission charges** (basic network, Itaipu transmission, connection and usage of the distribution system), which totaled an increase of R\$ 59 million in the period.

In 2019, charges totaled R\$ 2,464 million, an increase of 3.9% (R\$ 92 million), with the main variation (R\$ 98 million) in **sector charges (ESS/EER)** due to CONER resources that drastically reduced this expense in 2018.

## Contribution margin

In 4Q19, **contribution margin** reached R\$ 2,583 million, an increase of 15.7% (R\$ 351 million). In 2019, **contribution margin** was R\$ 9,473 million, an increase of 11.1% (R\$ 947 million). Quarter and year results mainly reflect the good performance of the Distribution segment.

## PMSO

| PMSO (R\$ million)                     |              |              |           |               |                |                |              |              |
|--|--------------|--------------|-----------|---------------|----------------|----------------|--------------|--------------|
|  | 4Q19         | 4Q18         | Variation |               | 2019           | 2018           | Variação     |              |
|  |              |              | R\$ MM    | %             |                |                | R\$ MM       | %            |
| Personnel                              | (403)        | (380)        | (23)      | 6.0%          | (1,481)        | (1,414)        | (66)         | 4.7%         |
| Material                               | (75)         | (70)         | (5)       | 7.5%          | (279)          | (258)          | (21)         | 8.2%         |
| Outsourced Services                    | (199)        | (193)        | (6)       | 3.3%          | (715)          | (692)          | (23)         | 3.3%         |
| Other Operating Costs/Expenses         | (231)        | (306)        | 76        | -24.7%        | (844)          | (770)          | (74)         | 9.6%         |
| <i>Allowance for doubtful accounts</i> | <i>(39)</i>  | <i>(56)</i>  | <i>17</i> | <i>-30.6%</i> | <i>(233)</i>   | <i>(169)</i>   | <i>(64)</i>  | <i>37.9%</i> |
| <i>Legal and judicial expenses</i>     | <i>(46)</i>  | <i>(74)</i>  | <i>28</i> | <i>-37.4%</i> | <i>(172)</i>   | <i>(187)</i>   | <i>14</i>    | <i>-7.6%</i> |
| <i>Others</i>                          | <i>(146)</i> | <i>(177)</i> | <i>31</i> | <i>-17.5%</i> | <i>(438)</i>   | <i>(414)</i>   | <i>(24)</i>  | <i>5.8%</i>  |
| <b>Total Reported PMSO</b>             | <b>(908)</b> | <b>(950)</b> | <b>41</b> | <b>-4.3%</b>  | <b>(3,318)</b> | <b>(3,134)</b> | <b>(184)</b> | <b>5.9%</b>  |

PMSO reached R\$ 908 million in 4Q19, a decrease of 4.3% (R\$ 41 million), due to the following factors:

- (i) Decrease of 36.0% (R\$ 41 million) in assets write-off, due to the higher amount in project assets recorded in CPFL Renováveis in 4Q18, related to investments uncertainty, partially offset by the lower assets write-off in the distribution companies recorded in 4Q19;
- (ii) Decrease of 37.4% (R\$ 28 million) in legal and judicial expenses;
- (iii) Decrease of 30.6% (R\$ 17 million) in allowance for doubtful accounts, reflecting the efforts to fight delinquency, with the increase in power cuts, in addition to

negotiations with hospitals and other public institutions, which were combined to energy efficiency projects, aiming to avoid future defaults;

Partially offset by:

- (iv) Extraordinary effects observed in CPFL Renováveis, totaling R\$ 7 million:
  - a. Expenses related to the integration of CPFL Renováveis to CPFL Energia group (R\$ 4 million);
  - b. End of grace period in O&M contracts for the Campo dos Ventos and São Benedito wind farms (R\$ 3 million);
- (v) Increase of 28.2% (R\$ 7 million) in expenses with grid and substation maintenance, related to Capex efforts;
- (vi) Other items with a variation of 4.5% (R\$ 31 million), in line with inflation (IPCA of 4.31% and IGP-M of 7.30%).

In 2019, PMSO reached R\$ 3,318 million, an increase of 5.9% (R\$ 184 million), due to the following factors:

- (i) Increase of 37.9% (R\$ 64 million) in allowance for doubtful accounts;
- (ii) Extraordinary effects observed in CPFL Renováveis, totaling a variation of R\$ 42 million:
  - a. PIS/Cofins credit recovery in 2Q18 (R\$ 17 million);
  - b. End of grace period in O&M contracts for the Campo dos Ventos and São Benedito wind farms (R\$ 16 million);
  - c. Expenses related to the integration of CPFL Renováveis to CPFL Energia group (R\$ 9 million);
- (iii) Increase of 31.5% (R\$ 26 million) in expenses with grid and substation maintenance, related to Capex efforts;
- (iv) Items linked to inflation with a variation of 3.2% (R\$ 81 million);

Partially offset by:

- (v) Decrease of 7.6% (R\$ 14 million) in legal and judicial expenses;
- (vi) Decrease of 7.4% (R\$ 14 million) in assets write-off.

### **Other operating costs and expenses**

| Other operating costs and expenses   |              |            |             |              |              |              |
|--------------------------------------|--------------|------------|-------------|--------------|--------------|--------------|
|                                      | 4Q19         | 4Q18       | Var.        | 2019         | 2018         | Var.         |
| Costs of Building the Infrastructure | 599          | 569        | 5.3%        | 2,086        | 1,772        | 17.7%        |
| Private Pension Fund                 | 27           | 22         | 21.4%       | 113          | 90           | 25.2%        |
| Depreciation and Amortization        | 451          | 402        | 12.0%       | 1,681        | 1,594        | 5.5%         |
| <b>Total</b>                         | <b>1,076</b> | <b>994</b> | <b>8.3%</b> | <b>3,880</b> | <b>3,456</b> | <b>12.3%</b> |

### **EBITDA**

In 4Q19, **EBITDA** reached R\$ 1,741 million, registering an increase of 28.6% (R\$ 387 million), mainly reflecting the good performance of the Distribution segment; the other segments also presented positive variations.

In 2019, **EBITDA** reached R\$ 6,394 million, an increase of 13.4% (R\$ 757 million), mainly reflecting the performance of the Distribution segment.

EBITDA is calculated according to CVM Instruction no. 527/12 and showed in the table below:

| EBITDA and Net Income conciliation (R\$ million) |              |              |              |              |              |              |
|--|--------------|--------------|--------------|--------------|--------------|--------------|
|  | 4Q19         | 4Q18         | Var.         | 2019         | 2018         | Var.         |
| <b>Net Income</b>                                | <b>857</b>   | <b>670</b>   | <b>27.8%</b> | <b>2,748</b> | <b>2,166</b> | <b>26.9%</b> |
| Depreciation and Amortization                    | 451          | 403          | 12.0%        | 1,682        | 1,595        | 5.5%         |
| Financial Result                                 | 163          | 271          | -39.9%       | 726          | 1,103        | -34.1%       |
| Income Tax / Social Contribution                 | 271          | 10           | 2484.3%      | 1,238        | 774          | 60.0%        |
| <b>EBITDA</b>                                    | <b>1,741</b> | <b>1,354</b> | <b>28.6%</b> | <b>6,394</b> | <b>5,637</b> | <b>13.4%</b> |

## Financial Result

| Financial Result (R\$ Million) |              |              |               |              |                |               |
|--------------------------------|--------------|--------------|---------------|--------------|----------------|---------------|
|                                | 4Q19         | 4Q18         | Var.          | 2019         | 2018           | Var.          |
| Revenues                       | 186          | 184          | 1.0%          | 904          | 762            | 18.5%         |
| Expenses                       | (348)        | (454)        | -23.4%        | (1,630)      | (1,865)        | -12.6%        |
| <b>Financial Result</b>        | <b>(163)</b> | <b>(271)</b> | <b>-39.9%</b> | <b>(726)</b> | <b>(1,103)</b> | <b>-34.1%</b> |

In 4Q19, **net financial expense** was of R\$ 163 million, a reduction of 39.9% (R\$ 108 million). The variation is basically explained by the reduction of 28.4% (R\$ 98 million) in the **expenses with the net debt** (debt charges net of income from financial investments), due to the reduction in interest rates (CDI) and the lower indebtedness (for further details, see item 3.2.1 – Debt IFRS).

In 2019, **net financial expense** was of R\$ 726 million, a reduction of 34.1% (R\$ 376 million). The items explaining this variation are as follows:

- (i) Reduction of 19.5% (R\$ 264 million) in the **expenses with the net debt** (debt charges net of income from financial investments), reflecting the lower interest rate, the decrease in the indebtedness and the higher cash balance observed since June 13<sup>th</sup> until September 30<sup>th</sup>, when CPFL Renováveis shares were transferred from State Grid to CPFL Energia (R\$ 63 million – extraordinary effect);
- (ii) Variation of R\$ 29 million in the **mark-to-market** (non-cash effect);
- (i) Increase of 4.8% (R\$ 17 million) in **additions, late payment fines, negotiations and installments**;
- (ii) Other effects (R\$ 66 million).

## Income Tax and Social Contribution

In 4Q19, Income Tax and Social Contribution recorded an increase of R\$ 260 million. This increase is mainly explained by the variation on Income before Taxes and by the recognition of tax credits in RGE and CPFL Renováveis, in accordance with ICVM 371, in the amount of R\$ 211 million in 4Q18 and R\$ 41 million in 4Q19, impacting this comparison in R\$ 169 million.

In 2019, Income Tax and Social Contribution recorded an increase of R\$ 464 million, influenced by the same effects mentioned above.



## Net Income

**Net income** was of R\$ 857 million in 4Q19, registering an increase of 27.8% (R\$ 186 million). In addition to a good EBITDA performance, lower net financial expenses contributed to this result.

In 2019, **net income** was of R\$ 2,748 million, registering an increase of 26.9% (R\$ 582 million).

## Allocation of Net Income from the Fiscal Year

CPFL Energia's dividend policy stipulates that a minimum of 50% of adjusted net income, in accordance with the Brazilian Corporate Law, will be distributed to shareholders. The proposal for allocation of net income from the fiscal year is shown below:

|   | R\$ thousand     |
|---|------------------|
| <b>Net income of the fiscal year - Individual</b> | <b>2,702,671</b> |
| Realization of comprehensive income               | 25,672           |
| Prescribed dividend                               | 765              |
| <b>Net income base for allocation</b>             | <b>2,729,108</b> |
| Legal reserve                                     | (135,134)        |
| Statutory reserve - working capital reinforcement | (518,795)        |
| Mandatory minimum dividend                        | (641,884)        |
| Proposed additional dividend                      | (1,433,295)      |

## Dividend

The Board of Directors propose the payment of R\$ 2,075 million in dividends to holders of common shares traded on B3 S.A. – Brasil, Bolsa, Balcão (B3). This proposed amount corresponds to R\$ 1.800972882 per share, related to the fiscal year of 2019.

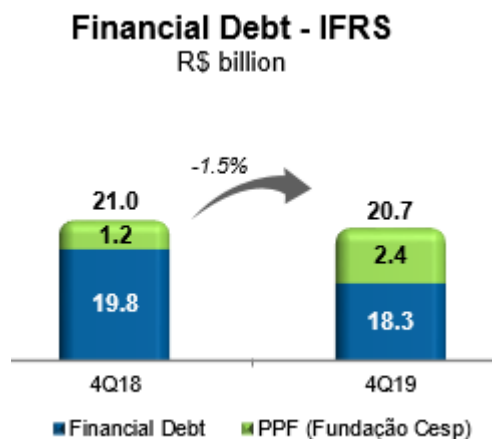
## Statutory Reserve – Working Capital Reinforcement

For this fiscal year, considering the current macro scenario with an incipient economic recovery, and also considering the uncertainties regarding hydrology, the Company's Management is proposing the allocation of R\$ 519 million to the statutory reserve - working capital reinforcement.

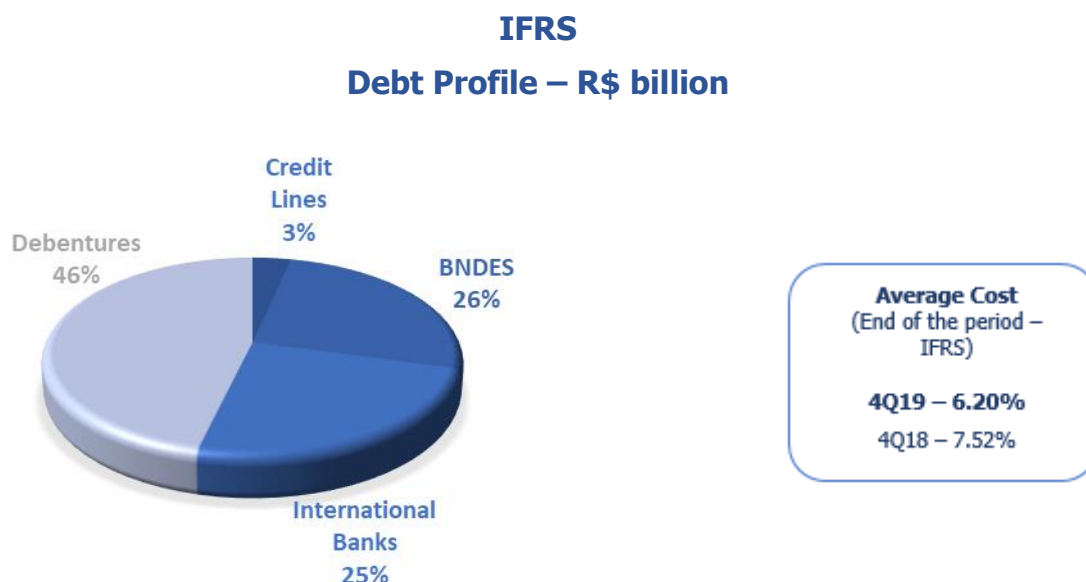
## 3.2) Indebtedness

### 3.2.1) Debt (IFRS)

On December 31, 2019, the financial debt of the CPFL Group was R\$ 21 billion, a variation of -1.5% compared to the last quarter; the total financial debt was of R\$ 18.3 billion.



Note: includes the mark-to-market (MTM) effect and borrowing costs.

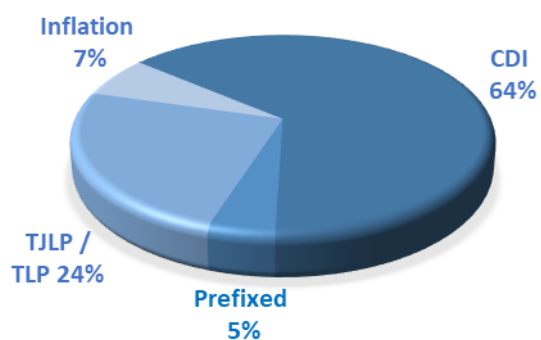


The CPFL Group constantly seek to mitigate any possibility of markets fluctuations risks and, because of these, a share of its debts portfolio, around R\$ 5 billion, have hedge operations. Considering, for instance, foreign loans, which represents almost 26% of the total debts (IFRS criteria), it was contracted swap operations, aiming foreign exchange protection as well as the rate linked to the contract.

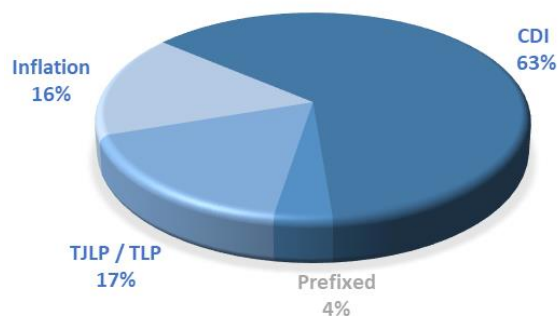
## Indexation After Hedge

4Q18 vs. 4Q19

4Q18



4Q19

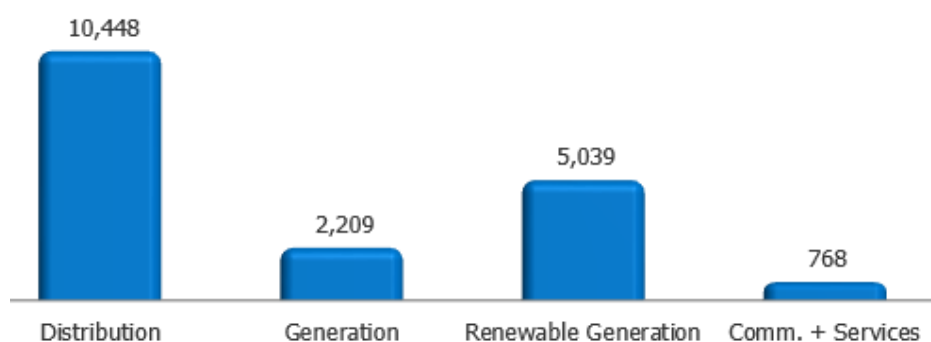


Note: Considering the foreign loan debts (24.5% in the 4Q19), it is contracted swap operations, aiming the protection of the foreign exchange and the rate fluctuations linked to the contract.

## Net Debt in IFRS criteria

| IFRS   R\$ Million               | 4Q19            | 4Q18            | Var. %       |
|----------------------------------|-----------------|-----------------|--------------|
| Financial Debt (including hedge) | (18,294)        | (19,752)        | -7.4%        |
| (+) Available Funds              | 1,937           | 1,891           | 2.4%         |
| <b>(=) Net Debt</b>              | <b>(16,357)</b> | <b>(17,860)</b> | <b>-8.4%</b> |

## Debt by segment (R\$ Million – IFRS)



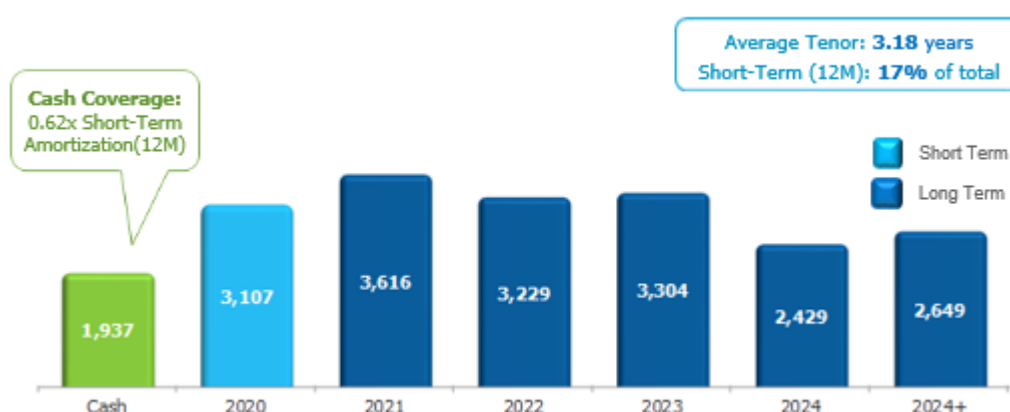
Notes:

- 1) The Generation segment considers CPFL Geração, Ceran and CPFL Transmissão Piracicaba; Service segment considers CPFL Serviços and CPFL Eficiência Energética.
- 2) Considers only the debt's notional and derivatives.

## Debt Amortization Schedule in IFRS (Dec-19)

The Group CPFL constantly evaluates market opportunities to close deals that goes along with the company's strategies and policies. Thus, in view of the large market access that CPFL has at its disposal to liquidity sources, through diversified funding alternatives, through either local market financing lines or international market, the debt portfolio of CPFL Energia presents different funding instruments.

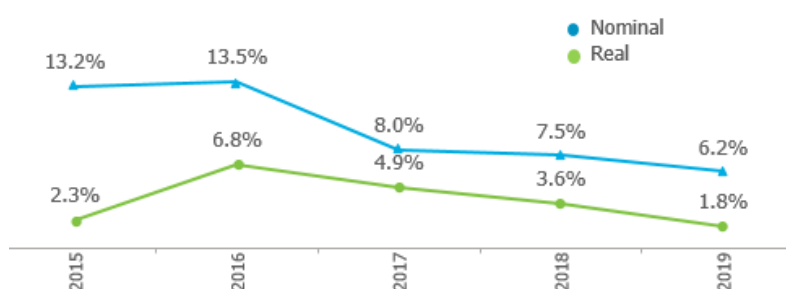
The cash position at the end of 4Q19 had a coverage ratio of **0.62x** the amortizations of the next 12 months, which allows the CPFL Group to partially honor the amortization commitments in 2020. The average amortization term, calculated from this schedule is of **3.18 years**.



Note: Considers only the notional and hedge of the debt. In order to reach the financial result of R\$ 18,294 million, should be included charges and the mark-to-market (MTM) effect and cost with funding.

The debt amortization schedule of the financial debt below considers only the notional of the debts and derivatives.

## Gross Debt Cost<sup>1</sup> in IFRS criteria



Note: the calculation considers the average cost in the end of the period, since it better reflects the interest rate variations.

## Ratings

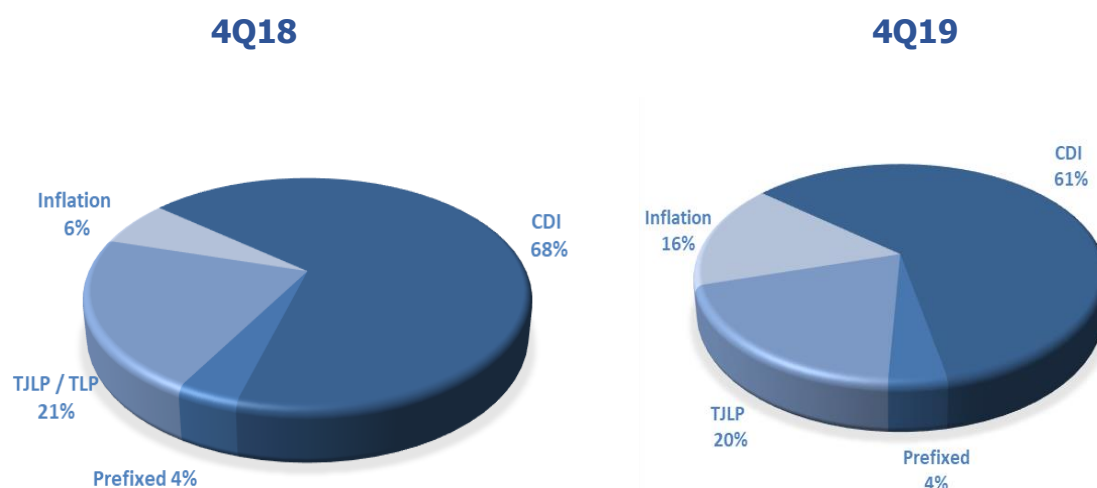
The following table shows the corporate ratings of CPFL Energia.

| Ratings of CPFL Energia - Corporate Credit |                     |               |             |
|--|---------------------|---------------|-------------|
| Agency                                     | Scale               | Rating        | Perspective |
| Standard & Poor's                          | Brazilian           | brAAA         | Stable      |
| Fitch Ratings                              | Brazilian           | AAA(bra)      | Stable      |
| Moody's                                    | Brazilian<br>Global | Aaa.br<br>Ba1 | Stable      |

### 3.2.2) Debt in Financial Covenants Criteria

#### Indexation and Debt Cost in Financial Covenants Criteria

#### Indexation<sup>1</sup> after Hedge<sup>2</sup> in Financial Covenants criteria 4Q18 vs. 4Q19



1) The total amount considers a proportional consolidation of CPFL Renováveis, CERAN, ENERCAN, Foz do Chapecó and EPASA.

2) For debts contracted in foreign currency (23.6% of total), swap operations were contracted, aiming the protection of the foreign exchange and the rate fluctuations linked to the contract.

#### Net Debt in Financial Covenants Criteria and Leverage

In the end of the 4Q19, the *Proforma* Net Debt totaled **R\$ 16,849** million, an increase of **3.5%** compared to net debt position at the end of 4Q18, of **R\$ 16,274** million.

| Covenant Criteria   R\$ Million               | 4Q19            | 4Q18            | Var.          |
|---|-----------------|-----------------|---------------|
| Financial Debt (including hedge) <sup>1</sup> | (18,987)        | (17,868)        | 6.3%          |
| (+) Available Funds                           | 2,138           | 1,593           | 34.2%         |
| <b>(=) Net Debt</b>                           | <b>(16,849)</b> | <b>(16,274)</b> | <b>3.5%</b>   |
| EBITDA Proforma <sup>2</sup>                  | 6,677           | 5,343           | 25.0%         |
| <b>Net Debt / EBITDA</b>                      | <b>2.52</b>     | <b>3.05</b>     | <b>-17.2%</b> |

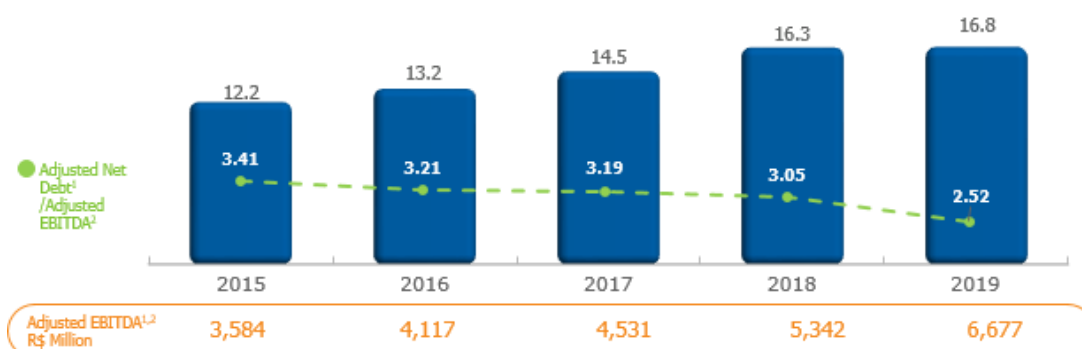
1) The total amount considers a proportional consolidation of CPFL Renováveis, CERAN, ENERCAN, Foz do Chapecó and EPASA. 2) *Proforma* EBITDA in the financial covenants criteria: adjusted according CPFL Energia's stake in each of its subsidiaries.



In line with the criteria for calculation of financial covenants of loan agreements with financial institutions, net debt and the EBITDA are adjusted according to the equivalent stake of CPFL Energia in each of its subsidiaries.

Considering that, the *Proforma* Net Debt totaled **R\$ 16,849 million** and *Proforma* EBITDA in the last 12 months reached **R\$ 6,677 million**, the ratio *Proforma* Net Debt / EBITDA at the end of 4Q19 reached **2.52x**.

### Leverage in Financial covenants criteria - R\$ billion



## 3.3) Investments

### 3.3.1) Actual Investments

| Segment                          | Investments (R\$ Million) |            |              |              |              |             |
|----------------------------------|---------------------------|------------|--------------|--------------|--------------|-------------|
|                                  | 4Q19                      | 4Q18       | Var.         | 2019         | 2018         | Var.        |
| Distribution                     | 598                       | 617        | -3.1%        | 2,033        | 1,770        | 14.9%       |
| Generation - Conventional        | 5                         | 6          | -17.5%       | 12           | 8.05         | 43.7%       |
| Generation - Renewable           | 32                        | 51         | -38.4%       | 126          | 225          | -44.0%      |
| Commercialization                | 7                         | 1          | 750.9%       | 9            | 3            | 193.1%      |
| Services and Others <sup>1</sup> | 22                        | 18         | 22.2%        | 54           | 53           | 1.2%        |
| Transmission                     | 10                        | 1          | 1778.3%      | 21           | 3            | 504.1%      |
| <b>Total</b>                     | <b>672</b>                | <b>693</b> | <b>-3.0%</b> | <b>2,254</b> | <b>2,062</b> | <b>9.3%</b> |

Note: 1) Others – basically refer to assets and transactions that are not related to the listed segments.

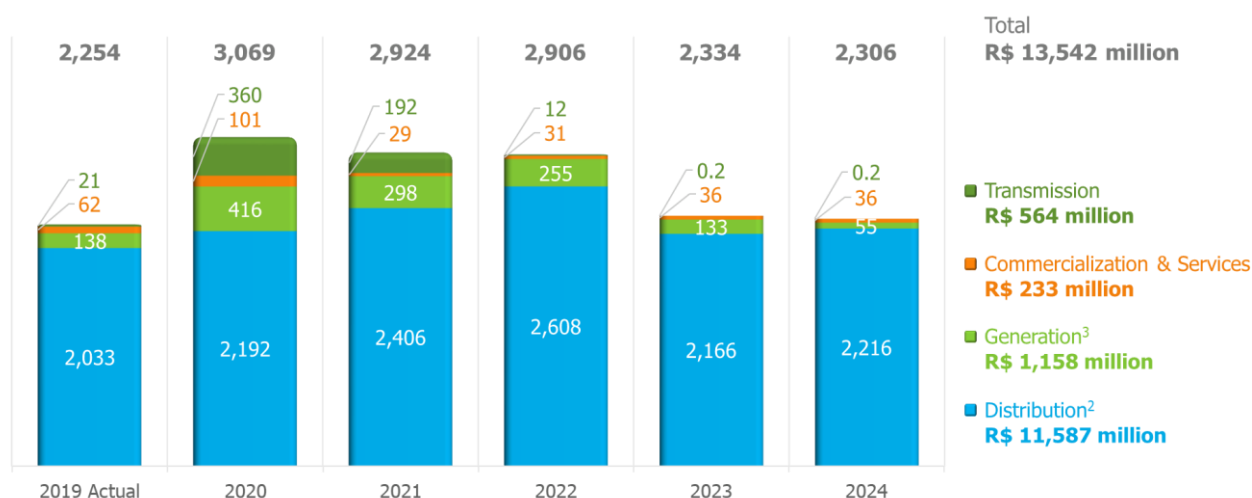
In 2019, the investments were R\$ 2,254 million, an increase of 9.3%, compared to R\$ 2,062 million registered in 2018. We also highlight investments made by CPFL Energia in the Distribution segment:

- Expansion and strengthening of the electric system;
- Electricity system maintenance and improvements;
- Operational infrastructure;
- Upgrade of management and operational support systems;
- Customer help services.

### 3.3.2) Investment Guidance

On November 29, 2019, CPFL Energia's Board of Directors approved Board of Executive Officers' proposal for 2020 Annual Budget and 2021/2024 Multiannual Plan for the Company, which was previously discussed by the Budget and Corporate Finance Commission.

### Investments Guidance (R\$ million)<sup>1</sup>



Notes:

- 1) Constant currency;
- 2) Disregard investments in Special Obligations (among other items financed by consumers);
- 3) Conventional + Renewable.

## 4) STOCK MARKETS

### 4.1) Stock Performance

On December 30<sup>th</sup>, 2019, CPFL Energia was listed on both the B3 (Novo Mercado) and the New York Stock Exchange (NYSE) (ADR Level III) segments with the highest levels of corporate governance.

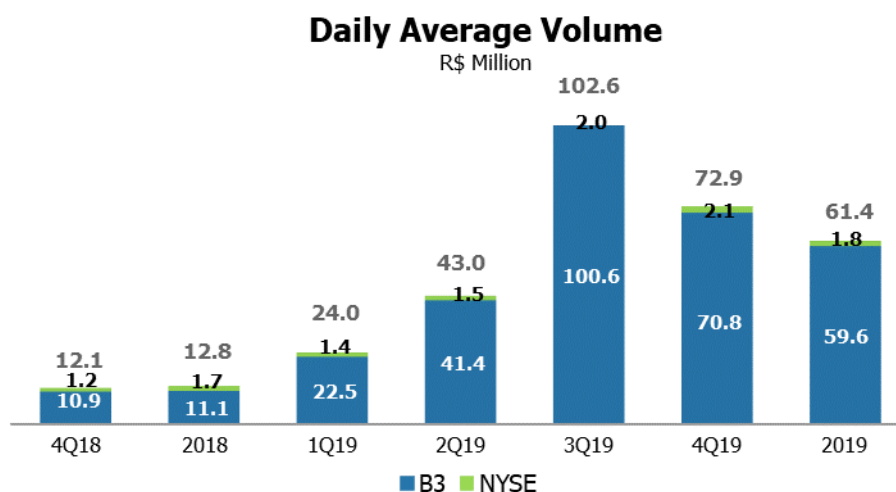
| B3         |              |              |              | NYSE       |              |              |              |
|------------|--------------|--------------|--------------|------------|--------------|--------------|--------------|
| Date       | CPFE3 (R\$)  | IEE          | IBOV         | Date       | CPL (US\$)   | DJBr20       | Dow Jones    |
| 12/30/2019 | R\$ 35.55    | 76,627       | 115,645      | 12/30/2019 | \$ 17.46     | 25,727       | 28,462       |
| 09/30/2019 | R\$ 32.89    | 68,122       | 104,745      | 09/30/2019 | \$ 15.77     | 22,562       | 26,917       |
| 12/28/2018 | R\$ 28.85    | 49,266       | 87,887       | 12/28/2018 | \$ 14.82     | 21,739       | 23,139       |
| <b>QoQ</b> | <b>8.1%</b>  | <b>12.5%</b> | <b>10.4%</b> | <b>QoQ</b> | <b>10.7%</b> | <b>14.0%</b> | <b>5.7%</b>  |
| <b>YoY</b> | <b>23.2%</b> | <b>55.5%</b> | <b>31.6%</b> | <b>YoY</b> | <b>17.8%</b> | <b>18.3%</b> | <b>23.0%</b> |

CPFL Energia's shares ended the year at R\$ 35.55 per share on the B3 and US\$ 17.46 per ADR on the NYSE, an appreciation of 8.1% and 10.7% in the quarter, respectively. Considering the variation in the last 12 months, the shares and ADRs presented an appreciation of 23.2% on the B3 and of 17.8% on the NYSE.

### 4.2) Daily Average Volume

The daily trading volume in 4Q19 averaged R\$ 72.9 million, of which R\$ 70.8 million on the B3 and R\$ 2.1 million on the NYSE, representing an increase of 502.2% if compared to 4Q18, while daily trading volume of the IBOVESPA and IEE had an increase of 19.3%

and 21,2%, respectively. This increase in the volume of CPFL Energia shares is mainly due to the increase in the Company's free float from 5.25% to 16.29% after the Public Offering of Shares concluded on June 12<sup>th</sup>, 2019.



Note: Considers the sum of the average daily volume on the B3 and NYSE.

### 4.3) Termination of ADRs Program and Delisting from NYSE

Following the Company's announcement on December 18<sup>th</sup>, 2019 of its intention to terminate its deposit agreement with Citibank, N.A. and to delist the ADSs from the NYSE, with the eventual plan to terminate its registration with the U.S. Securities and Exchange Commission (the "SEC"), on January 28, 2020, the NYSE suspended trading in the ADSs and filed a Form 25 with the SEC to permanently remove the ADSs from listing.

The Company first issued ADSs and listed them on the NYSE in September 2004, mainly, to promote trading in its common shares and to raise the visibility of the Company's brand in the United States. CPFL now finds that the economic rationale for maintaining a listing on the NYSE has declined due in part to (i) increases in trading volume of Brazilian stocks on the B3 S.A. – Bolsa, Brasil, Balcão (the São Paulo Stock Exchange or the "B3") in Brazil by overseas investors due to the internationalization of the Brazilian financial and capital markets, as well as the narrowing of the gap between U.S. and Brazilian disclosure standards with respect to financial reporting; and (ii) a decreasing trend in recent years in the trading volume of the Company's ADSs on the NYSE.

CPFL will maintain the listing of its common shares on the B3, and the Company will continue to be subject to applicable disclosure requirements under Brazilian laws and regulations. CPFL intends to continue to disclose its periodic reports, annual and interim results and communications as required by applicable laws and regulations on its website.

## 5) PERFORMANCE OF BUSINESS SEGMENTS

### 5.1) Distribution Segment

#### 5.1.1) Economic-Financial Performance

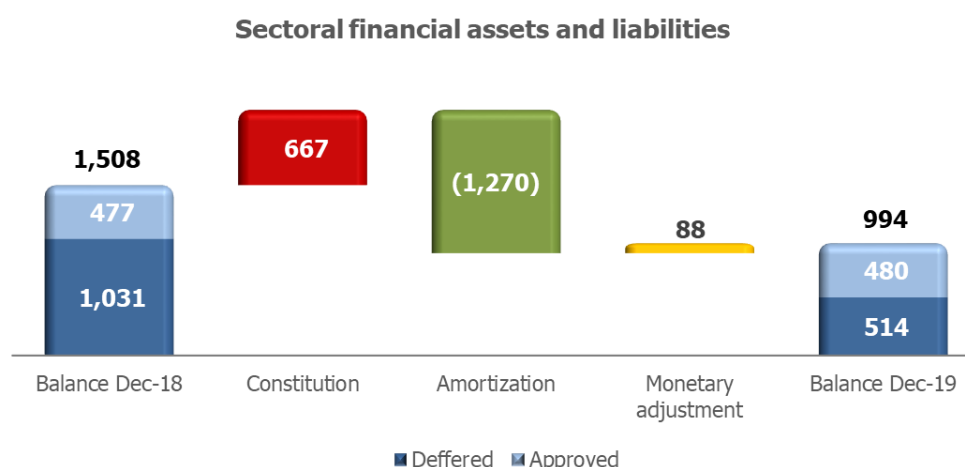
| Consolidated Income Statement - Distribution (R\$ Million) |              |              |              |               |               |              |
|--|--------------|--------------|--------------|---------------|---------------|--------------|
|  | 4Q19         | 4Q18         | Var.         | 2019          | 2018          | Var.         |
| <b>Gross Operating Revenue</b>                             | <b>9,963</b> | <b>8,613</b> | <b>15.7%</b> | <b>38,656</b> | <b>36,310</b> | <b>6.5%</b>  |
| <b>Net Operating Revenue</b>                               | <b>6,423</b> | <b>5,160</b> | <b>24.5%</b> | <b>24,260</b> | <b>22,467</b> | <b>8.0%</b>  |
| Cost of Electric Power                                     | (4,071)      | (3,104)      | 31.1%        | (15,623)      | (15,022)      | 4.0%         |
| Operating Costs & Expenses                                 | (1,585)      | (1,526)      | 3.8%         | (5,761)       | (5,208)       | 10.6%        |
| EBIT   | 768          | 530          | 44.9%        | 2,876         | 2,237         | 28.5%        |
| <b>EBITDA <sup>(1)</sup></b>                               | <b>997</b>   | <b>726</b>   | <b>37.3%</b> | <b>3,696</b>  | <b>3,004</b>  | <b>23.0%</b> |
| Financial Income (Expense)                                 | (23)         | (61)         | -61.8%       | (197)         | (310)         | -36.3%       |
| Income Before Taxes  | 744          | 469          | 58.7%        | 2,679         | 1,928         | 39.0%        |
| <b>Net Income</b>  | <b>608</b>   | <b>511</b>   | <b>18.8%</b> | <b>1,835</b>  | <b>1,432</b>  | <b>28.1%</b> |

Note:

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

### Sectoral Financial Assets and Liabilities

On December 31<sup>st</sup>, 2019, the balance of sectoral financial assets and liabilities was positive in R\$ 994 million. If compared to December 31<sup>st</sup>, 2018, there was a reduction of R\$ 514 million, as demonstrated in the chart below.



The variation in this balance was due to the constitution of an asset of R\$ 667 million, mainly due to higher costs with Itaipu energy (tariff coverage and GSF) and an increase in sector charges. On the other hand, there was an amortization of R\$ 1,270 million, mainly favored by the tariff readjustments that took place in this period, allowing to pass-through the costs to the consumers. The monetary adjustment of assets and liabilities totaled R\$ 88 million.

## Operating Revenue

| Operating Revenue  |                |                |              |                 |                 |             |
|--|----------------|----------------|--------------|-----------------|-----------------|-------------|
|  | 4Q19           | 4Q18           | Var.         | 2019            | 2018            | Var.        |
| <b>Gross Operating Revenue</b>                             |                |                |              |                 |                 |             |
| Revenue with Energy Sales (Captive + TUSD)                 | 9,093          | 8,245          | 10.3%        | 34,012          | 30,203          | 12.6%       |
| Short-term Electric Energy                                 | 304            | 13             | 0.0%         | 1,103           | 781             | 41.3%       |
| Revenue from Building the Infrastructure of the Concession | 590            | 568            | 3.7%         | 2,067           | 1,771           | 16.7%       |
| Sectoral Financial Assets and Liabilities                  | (538)          | (735)          | -26.8%       | (602)           | 1,208           | 0.0%        |
| CDE Resources - Low-income and Other Tariff Subsidies      | 397            | 375            | 6.0%         | 1,516           | 1,536           | -1.3%       |
| Adjustments to the Concession's Financial Asset            | 45             | 43             | 5.0%         | 281             | 345             | -18.7%      |
| Other Revenues and Income                                  | 91             | 122            | -25.5%       | 364             | 525             | -30.6%      |
| Compensatory Fines (DIC/FIC)                               | (18)           | (17)           | 5.4%         | (85)            | (58)            | 46.7%       |
| <b>Total</b>   | <b>9,963</b>   | <b>8,613</b>   | <b>15.7%</b> | <b>38,656</b>   | <b>36,310</b>   | <b>6.5%</b> |
| <b>Deductions from the Gross Operating Revenue</b>         |                |                |              |                 |                 |             |
| ICMS Tax   | (1,857)        | (1,647)        | 12.8%        | (6,817)         | (6,090)         | 11.9%       |
| PIS and COFINS Taxes                                       | (879)          | (743)          | 18.3%        | (3,332)         | (3,179)         | 4.8%        |
| CDE Sector Charge  | (651)          | (1,187)        | -45.1%       | (3,642)         | (4,016)         | -9.3%       |
| R&D and Energy Efficiency Program                          | (58)           | (45)           | 27.7%        | (220)           | (203)           | 8.4%        |
| PROINFRA   | (48)           | (40)           | 21.6%        | (175)           | (152)           | 15.5%       |
| Tariff Flags and Others                                    | (39)           | 216            | 0.0%         | (181)           | (179)           | 1.1%        |
| Others   | (7)            | (7)            | 11.7%        | (28)            | (24)            | 16.3%       |
| <b>Total</b>   | <b>(3,540)</b> | <b>(3,452)</b> | <b>2.5%</b>  | <b>(14,396)</b> | <b>(13,843)</b> | <b>4.0%</b> |
| <b>Net Operating Revenue</b>                               | <b>6,423</b>   | <b>5,160</b>   | <b>24.5%</b> | <b>24,260</b>   | <b>22,467</b>   | <b>8.0%</b> |

In 4Q19, gross operating revenue amounted to R\$ 9,963 million, an increase of 15.7% (R\$ 1,351 million), due to the following factors:

- Increase of 10.3% (R\$ 849 million) in the revenue with energy sales (captive + free clients), due to: (i) the positive average tariff adjustment in the distribution companies for the period between 4Q18 and 4Q19 (average increase of 13.31% in CPFL Santa Cruz in March-19, of 8.66% in CPFL Paulista in April-19, of 8.63% in RGE and 1.72% in RGE Sul in June-19); (ii) the increase of 2.4% in the load in the concession area<sup>1</sup>. On the other hand there was a tariff review with negative average effect for consumer of 7.80% at CPFL Piratininga;
- Variation of R\$ 291 million in Short-term Electric Energy due to a higher spot price (PLD);
- Decrease of 26.8% (R\$ 197 million) in the accounting of Sectoral Financial Assets/Liabilities;
- Increase of 6.0% (R\$ 22 million) in tariff subsidies (CDE);
- Increase of 3.7% (R\$ 21 million) in revenue from building the infrastructure of the concession, which has its counterpart in the same amount in operational costs;

Partially offset by:

- Decrease of 20.3% (R\$ 30 million) in others items;

Deductions from the gross operating revenue were R\$ 3,540 million in 4Q19, representing an increase of 2.5% (R\$ 88 million), due to the following factors:

- Increase of 14.5% (R\$ 346 million) in taxes (ICMS and PIS/Cofins);
- Variation of R\$ 255 million in tariff flags approved by CCEE;
- Increase of 23.9% (R\$ 22 million) in the others items.

<sup>1</sup> If excluding the consumption of large consumers that migrate to the National Grid, the load and the sales within the concession area in 4Q19 would have the following variations: +2.8%



Partially offset by the following factors:

- Decrease of 45.1% (R\$ 535 million) at CDE due to the reduction of the CDE quota, mainly due to the termination of ACR account loans.

Net operating revenue reached R\$ 6,423 million in 4Q19, representing an increase of 24.5% (R\$ 1,263 million).

In 2019, gross operating revenue amounted to R\$ 38,656 million, an increase of 6.5% (R\$ 2,346 million), due to the following factors:

- Increase of 12.6% (R\$ 3,810 million) in the revenue with energy sales (captive + free clients), due to: (i) the positive average tariff adjustment in the distribution companies for the period between 2018 and 2019; and (ii) the increase of 1.2% in the load within the concession area<sup>2</sup>;
- Increase of 41.3% (R\$ 322 million) in Short-term Electric Energy due to a higher energy surplus, since in 2018 there was the Surplus and Deficit Offset Mechanism (MCSD) to reduce the distribution contracting, which did not happen again in 2019;
- Increase of 16.7% (R\$ 296 million) in revenue from building the infrastructure of the concession;

Partially offset by:

- Variation of R\$ 1,810 million in the Sectoral Financial Assets/Liabilities, from a sectoral financial asset of R\$ 1,208 million in 2018 to a liability of R\$ 602 million in 2019;
- Decrease of 30.6% (R\$ 160 million) in other revenues and income,
- Decrease of 18.7% (R\$ 64 million) in the adjustments to the Concession's Financial Asset;
- Increase of 46.7% (R\$ 27 million) in compensatory fines (DIC/FIC) mainly due to rainstorms observed in the Southern region in early 2019.
- Decrease of 1.3% (R\$ 20 million) in the CDE sector charge;

Deductions from the gross operating revenue were R\$ 14,396 million in 2019, representing an increase of 4.0% (R\$ 553 million), due to the following factors:

- Increase of 9.5% (R\$ 880 million) in taxes (ICMS and PIS/COFINS);
- Increase of 15.5% (R\$ 24 million) in Proinfa;
- Increase of 5.7% (R\$ 23 million) in the others items;

Partially offset by:

- Decrease of 9.3% (R\$ 374 million) in the CDE sector charge;

Net operating revenue reached R\$ 24,260 million in 2019, representing an increase of 8.0% (R\$ 1,793 million).

<sup>2</sup>) If excluding the consumption of large consumers that migrate to the National Grid, the load and the sales within the concession area in 3Q19 would have the following variations: +1.9%.

## Cost of Electric Energy

| Cost of Electric Energy (R\$ Million)  |              |              |              |               |               |             |
|--|--------------|--------------|--------------|---------------|---------------|-------------|
|  | 4Q19         | 4Q18         | Var.         | 2019          | 2018          | Var.        |
| <b>Cost of Electric Power Purchased for Resale</b>   |              |              |              |               |               |             |
| Energy from Itaipu Binacional  | 692          | 643          | 7.6%         | 2,794         | 2,668         | 4.7%        |
| PROINFA  | 94           | 81           | 17.1%        | 397           | 331           | 20.1%       |
| Energy Purchased through Auction in the Regulated Environment, Bilateral Contracts and Energy Purchased in the Spot Market | 3,000        | 2,061        | 45.6%        | 11,298        | 10,979        | 2.9%        |
| PIS and COFINS Tax Credit  | (331)        | (242)        | 36.7%        | (1,228)       | (1,239)       | -0.9%       |
| <b>Total</b>   | <b>3,456</b> | <b>2,542</b> | <b>35.9%</b> | <b>13,260</b> | <b>12,738</b> | <b>4.1%</b> |
| <b>Charges for the Use of the Transmission and Distribution System</b>   |              |              |              |               |               |             |
| Basic Network Charges  | 529          | 465          | 13.7%        | 2,001         | 2,039         | -1.8%       |
| Itaipu Transmission Charges  | 71           | 68           | 4.1%         | 281           | 266           | 5.6%        |
| Connection Charges   | 38           | 45           | -15.6%       | 167           | 155           | 7.4%        |
| Charges for the Use of the Distribution System   | 6            | 9            | -25.9%       | 29            | 30            | -3.8%       |
| ESS / EER  | 33           | 32           | 2.5%         | 127           | 29            | -           |
| PIS and COFINS Tax Credit  | (63)         | (57)         | 9.1%         | (241)         | (235)         | 2.7%        |
| <b>Total</b>   | <b>615</b>   | <b>562</b>   | <b>9.4%</b>  | <b>2,363</b>  | <b>2,284</b>  | <b>3.5%</b> |
| <b>Cost of Electric Energy</b>   | <b>4,071</b> | <b>3,104</b> | <b>31.1%</b> | <b>15,623</b> | <b>15,022</b> | <b>4.0%</b> |

### Cost of Electric Power Purchased for Resale

In 4Q19, the cost of electric Power Purchased for Resale amounted to R\$ 3,456 million, representing an increase of 35.9% (R\$ 914 million), due to a **cost of energy purchased in the regulated environment, bilateral contracts and short term**, which had an increase of 45.6% (R\$ 939 million) due to an increase in the volume of purchased energy and an increase in the average purchase price, according to the table below.

In 2019, the cost of electric Power Purchased for Resale amounted to R\$ 13,260 million, representing an increase of 4.1% (R\$ 522 million) due to:

- Higher cost of **energy purchased in auctions, bilateral contracts and spot market** (R\$ 319 million), due to an increase in the volume of purchased energy, partially offset by the reduction in the average purchase price;
- Increase in **Itaipu** cost (R\$ 126 million), due to the increase in the average purchase price (reflecting exchange variation), partially offset by the decrease in the volume of purchased energy.

| Volume of purchased energy (GWh)   | 4Q19          | 4Q18          | Var.        | 2019          | 2018          | Var.        |
|--|---------------|---------------|-------------|---------------|---------------|-------------|
| Energy from Itaipu Binacional  | 2,780         | 2,806         | -1.0%       | 11,021        | 11,117        | -0.9%       |
| PROINFA  | 295           | 305           | -3.3%       | 1,102         | 1,111         | -0.8%       |
| Energy Purchased through Auction in the Regulated Environment, Bilateral Contracts and Energy Purchased in the Spot Market | 11,658        | 10,370        | 12.4%       | 47,056        | 41,638        | 13.0%       |
| <b>Total</b>   | <b>14,733</b> | <b>13,482</b> | <b>9.3%</b> | <b>59,179</b> | <b>53,866</b> | <b>9.9%</b> |

| Average price (R\$/MWh)  | 4Q19          | 4Q18          | Var.         | 2019          | 2018          | Var.         |
|--|---------------|---------------|--------------|---------------|---------------|--------------|
| Energy from Itaipu Binacional  | 249.03        | 229.13        | 8.7%         | 253.52        | 240.03        | 5.6%         |
| PROINFA  | 319.71        | 264.09        | 21.1%        | 360.43        | 297.52        | 21.1%        |
| Energy Purchased through Auction in the Regulated Environment, Bilateral Contracts and Energy Purchased in the Spot Market | 257.35        | 198.72        | 29.5%        | 240.09        | 263.67        | -8.9%        |
| <b>Total</b>   | <b>234.58</b> | <b>188.59</b> | <b>24.4%</b> | <b>224.07</b> | <b>236.48</b> | <b>-5.2%</b> |

### Charges for the Use of the Transmission and Distribution System

In 4Q19, the **charges for the use of the transmission and distribution system** reached R\$ 615 million, representing an increase 9.4% (R\$ 53 million). The variation was mainly due to the increase in **connection and transmission charges** (Basic Network Charges, Itaipu Transmission Charges, Connection and Use of the Distribution System) that totaled an increase of R\$ 57 million in the period.

In 2019, the **charges for the use of the transmission and distribution system** reached R\$ 2,363 million, representing an increase 3.5% (R\$ 79 million) being the main

variation (R\$ 98 Million) in **sector charges (ESS/EER)** due to CONER resources that drastically reduced this expenses in 2018.

## Operating Costs and Expenses

Operating costs and expenses reached R\$ 1,585 million in 4Q19, an increase of 3.8% (R\$ 59 million). In 2019, operating costs and expenses reached R\$ 5,761 million, an increase of 10.6% (R\$ 553 million).

The factors that explain these variations follow below:

### **PMSO**

| Reported PMSO (R\$ million)            |              |              |             |               |                |                |              |              |
|--|--------------|--------------|-------------|---------------|----------------|----------------|--------------|--------------|
|  | 4Q19         | 4Q18         | Variation   |               | 2019           | 2018           | Variação     |              |
|  |              |              | R\$ MM      | %             |                |                | R\$ MM       | %            |
| Personnel                              | (258)        | (245)        | (13)        | 5.2%          | (962)          | (926)          | (36)         | 3.9%         |
| Material                               | (44)         | (46)         | 2           | -5.3%         | (180)          | (170)          | (10)         | 5.9%         |
| Outsourced Services                    | (233)        | (239)        | 6           | -2.5%         | (872)          | (866)          | (5)          | 0.6%         |
| Other Operating Costs/Expenses         | (204)        | (209)        | 5           | -2.4%         | (749)          | (620)          | (130)        | 20.9%        |
| <i>Allowance for doubtful accounts</i> | <i>(40)</i>  | <i>(50)</i>  | <i>11</i>   | <i>-21.2%</i> | <i>(233)</i>   | <i>(166)</i>   | <i>(67)</i>  | <i>40.5%</i> |
| <i>Legal and judicial expenses</i>     | <i>(44)</i>  | <i>(67)</i>  | <i>22</i>   | <i>-33.5%</i> | <i>(166)</i>   | <i>(179)</i>   | <i>12</i>    | <i>-7.0%</i> |
| <i>Others</i>                          | <i>(120)</i> | <i>(92)</i>  | <i>(28)</i> | <i>30.4%</i>  | <i>(350)</i>   | <i>(275)</i>   | <i>(75)</i>  | <i>27.1%</i> |
| <b>Total Reported PMSO</b>             | <b>(739)</b> | <b>(739)</b> | <b>1</b>    | <b>-0.1%</b>  | <b>(2,763)</b> | <b>(2,582)</b> | <b>(181)</b> | <b>7.0%</b>  |

In 4Q19, **PMSO** reached R\$ 739 million, a decrease of 0.1% (R\$ 1 million) due to:

- (i) Decrease of 33.5% (R\$ 22 million) in legal and judicial expenses;
- (ii) Decrease of 21.2% (R\$ 11 million) in allowance for doubtful accounts, reflecting the efforts to fight delinquency, with the increase in power cuts, in addition to negotiations with hospitals and other public institutions, which were combined to energy efficiency projects, aiming to avoid future defaults;
- (iii) Others items with a variation of -0.4% (R\$ 2 million).

Partially offset by

- (i) Increase of 64.7% (R\$ 28 million) in assets write-off relating to discontinued projects;
- (ii) Increase of 28.2% (R\$ 7 million) in expenses with grid and substation maintenance, related to Capex efforts;

In 2019, o **PMSO** reached R\$ 2,763 million, an increase of 7.0% (R\$ 181 million) due to:

- (i) Increase of 40.5% (R\$ 67 million) in allowance for doubtful accounts;
- (ii) Increase of 38.8% (R\$ 45 million) in assets write-off relating to discontinued projects;
- (iii) Increase of 31.5% (R\$ 26 million) in expenses with grid and substation maintenance, related to Capex efforts;
- (iv) Items linked to inflation with a variation of 2.7% (R\$ 56 million);

Partially offset by:

- (i) Decrease of 7.0% (R\$ 12 million) in legal and judicial expenses;

### **Other operating costs and expenses**

| Other operating costs and expenses   |            |            |             |              |              |              |
|--------------------------------------|------------|------------|-------------|--------------|--------------|--------------|
|                                      | 4Q19       | 4Q18       | Var.        | 2019         | 2018         | Var.         |
| Costs of Building the Infrastructure | 590        | 568        | 3.7%        | 2,067        | 1,771        | 16.7%        |
| Private Pension Fund                 | 27         | 22         | 21.4%       | 111          | 88           | 25.3%        |
| Depreciation and Amortization        | 216        | 182        | 18.3%       | 764          | 710          | 7.5%         |
| <b>Total</b>                         | <b>832</b> | <b>773</b> | <b>7.7%</b> | <b>2,941</b> | <b>2,569</b> | <b>14.5%</b> |

### **EBITDA**

**EBITDA** totaled R\$ 997 million in 4Q19, an increase of 37.3% (R\$ 271 million), mainly favored by the positive effects of tariff adjustments between 2018 and 2019 combined with the market growth in the period.

In 2019, **EBITDA** totaled R\$ 3,696 million, an increase of 23.0% (R\$ 692 million) than 2018, favored by market performance and increased tariffs, partially offset by a lower PMSO and ADA.

| Conciliation of Net Income and EBITDA (R\$ million) |            |            |              |              |              |              |
|---|------------|------------|--------------|--------------|--------------|--------------|
|   | 4Q19       | 4Q18       | Var.         | 2019         | 2018         | Var.         |
| <b>Net income</b>                                   | <b>608</b> | <b>511</b> | <b>18.8%</b> | <b>1,835</b> | <b>1,432</b> | <b>28.1%</b> |
| Depreciation and Amortization                       | 230        | 196        | 16.9%        | 820          | 767          | 7.0%         |
| Financial Results                                   | 23         | 61         | -61.8%       | 197          | 310          | -36.3%       |
| Income Tax /Social Contribution                     | 137        | (42)       | -            | 844          | 495          | 70.5%        |
| <b>EBITDA</b>                                       | <b>997</b> | <b>726</b> | <b>37.3%</b> | <b>3,696</b> | <b>3,004</b> | <b>23.0%</b> |

### **Financial Result**

| Resultado Financeiro (R\$ Milhões) |             |             |               |              |              |               |
|------------------------------------|-------------|-------------|---------------|--------------|--------------|---------------|
|                                    | 4T19        | 4T18        | Var.          | 2019         | 2018         | Var.          |
| <b>Receitas</b>                    | 163         | 161         | 1.1%          | 624          | 575          | 8.7%          |
| <b>Despesas</b>                    | (186)       | (222)       | -16.2%        | (822)        | (885)        | -7.1%         |
| <b>Resultado Financeiro</b>        | <b>(23)</b> | <b>(61)</b> | <b>-61.8%</b> | <b>(197)</b> | <b>(310)</b> | <b>-36.3%</b> |

In 4Q19, the net financial result recorded a net financial expense of R\$ 23 million, a decrease of 61.8% (R\$ 38 million) mainly due to the reduction of 22.7% (R\$ 40 million) in expenses with net debt favored by the reduction in interest rates (CDI).

In 2019, the net financial result recorded a net financial expense of R\$ 197 million, a decrease of 36.3% (R\$ 113 million). The items that explain this variation are:

- Decrease of 6.3% (R\$ 42 million) in the **expenses with net debt** due to the reduction in interest rate (CDI)
- Decrease of 19.5% (R\$ 18 million) in **contingency update**;
- Increase of 3.4% (R\$ 12 million) in **late payment interest and fines**;

- Increase of 9.8% (R\$ 8 million) in **sectoral financial assets update**;
- Variation of R\$ 34 million in **others items of financial income and expenses**.

## Net Income

**Net Income** totaled R\$ 608 million in 4Q19, an increase of 18.8% (R\$ 96 million). In 2019, **Net Income** totaled R\$ 1,835 million, an increase of 28.1% (R\$ 402 million).

## 5.1.2) Tariff Events

### Reference dates

| Tariff Revision  |               |               |                      |                          |
|------------------|---------------|---------------|----------------------|--------------------------|
| Distributor      | Periodicity   | Next Revision | Cycle                | Tariff Process Dates     |
| CPFL Piratininga | Every 4 years | October 2023  | 6 <sup>th</sup> PTRC | October 23 <sup>rd</sup> |
| CPFL Santa Cruz  | Every 5 years | March 2021    | 5 <sup>th</sup> PTRC | March 22 <sup>nd</sup>   |
| CPFL Paulista    | Every 5 years | April 2023    | 5 <sup>th</sup> PTRC | April 8 <sup>th</sup>    |
| RGE              | Every 5 years | June 2023     | 5 <sup>th</sup> PTRC | June 19 <sup>th</sup>    |

### Annual tariff adjustments and periodic tariff reviews

| Annual Tariff Adjustments (ATAs)   |                 |               |               |              | Periodic tariff reviews (PTRs) |
|------------------------------------|-----------------|---------------|---------------|--------------|--------------------------------|
|                                    | CPFL Santa Cruz | CPFL Paulista | RGE           | RGE Sul      | CPFL Piratininga               |
| Ratifying Resolution               | 2,522           | 2,526         | 2,557         |              | 2,627                          |
| <b>Adjustment</b>                  | <b>13.70%</b>   | <b>12.02%</b> | <b>10.05%</b> |              | <b>1.88%</b>                   |
| Parcel A                           | 1.12%           | 0.78%         | -2.16%        |              | -6.64%                         |
| Parcel B                           | 0.90%           | 2.17%         | 2.21%         |              | 1.24%                          |
| Financial Components               | 11.68%          | 9.07%         | 10.00%        |              | 7.28%                          |
| <b>Effect on consumer billings</b> | <b>13.31%</b>   | <b>8.66%</b>  | <b>8.63%</b>  | <b>1.72%</b> | <b>-7.80%</b>                  |
| Date of entry into force           | 03/22/2019      | 04/08/2019    | 06/19/2019    |              | 10/23/2019                     |

## 5.2) Commercialization and Services Segments

| Consolidated Income Statement - Commercialization (R\$ Million) |           |           |               |           |           |               |
|---|-----------|-----------|---------------|-----------|-----------|---------------|
|   | 4Q19      | 4Q18      | Var.          | 2019      | 2018      | Var.          |
| Net Operating Revenue   | 949       | 963       | -1.5%         | 3,491     | 3,496     | -0.2%         |
| <b>EBITDA<sup>(1)</sup></b>                                     | <b>22</b> | <b>14</b> | <b>55.6%</b>  | <b>99</b> | <b>96</b> | <b>3.2%</b>   |
| <b>Net Income</b>   | <b>8</b>  | <b>10</b> | <b>-22.3%</b> | <b>47</b> | <b>53</b> | <b>-10.6%</b> |

| Consolidated Income Statement - Services (R\$ Million) |           |            |              |            |           |              |
|--|-----------|------------|--------------|------------|-----------|--------------|
|  | 4Q19      | 4Q18       | Var.         | 2019       | 2018      | Var.         |
| Net Operating Revenue                                  | 164       | 153        | 7.0%         | 614        | 533       | 15.3%        |
| <b>EBITDA<sup>(1)</sup></b>                            | <b>32</b> | <b>16</b>  | <b>98.5%</b> | <b>138</b> | <b>95</b> | <b>45.5%</b> |
| <b>Net Income</b>                                      | <b>20</b> | <b>(3)</b> | <b>-</b>     | <b>83</b>  | <b>43</b> | <b>94.0%</b> |

Note:

(1) EBITDA is calculated from the sum of net income, taxes, financial result and depreciation/amortization.

## 5.3) Conventional Generation Segment

### Economic-Financial Performance

| Consolidated Income Statement - Conventional Generation (R\$ million) |            |            |              |              |              |              |
|---|------------|------------|--------------|--------------|--------------|--------------|
|   | 4Q19       | 4Q18       | Var.         | 2019         | 2018         | Var.         |
| Gross Operating Revenue   | 359        | 316        | 13.7%        | 1,350        | 1,276        | 5.8%         |
| Deductions of Operating Revenue                                       | (37)       | (31)       | <b>20.1%</b> | (137)        | (132)        | <b>3.9%</b>  |
| <b>Net Operating Revenue</b>  | <b>322</b> | <b>285</b> | <b>13.0%</b> | <b>1,213</b> | <b>1,144</b> | <b>6.0%</b>  |
| Cost of Electric Power  | (43)       | (35)       | 22.2%        | (133)        | (102)        | 29.9%        |
| Operating Costs & Expenses  | (70)       | (60)       | 15.4%        | (241)        | (221)        | 9.1%         |
| EBIT  | 210        | 190        | 10.6%        | 839          | 821          | 2.2%         |
| <b>EBITDA</b>   | <b>331</b> | <b>312</b> | <b>6.2%</b>  | <b>1,307</b> | <b>1,272</b> | <b>2.7%</b>  |
| Financial Income (Expense)  | (26)       | (43)       | -39.4%       | (153)        | (248)        | -38.5%       |
| Income Before Taxes   | 275        | 240        | 14.9%        | 1,035        | 907          | 14.1%        |
| <b>Net Income</b>   | <b>239</b> | <b>234</b> | <b>2.0%</b>  | <b>864</b>   | <b>770</b>   | <b>12.2%</b> |

Note: EBITDA is calculated from the sum of net income, taxes, financial result and depreciation/amortization.

### Operating Revenue

In 4Q19, the **Gross Operating Revenue** reached R\$ 359 million, an increase of 13.7% (R\$ 43 million). The **Net Operating Revenue** was of R\$ 322 million, an increase of 13.0% (R\$ 37 million).

The main factors that affected the net operating revenue were:

- Increase of R\$ 23 million in the revenue with Power Supply, mainly due to contracts readjustment in CPFL Geração and Ceran (R\$ 22 million) and also to the increase in energy sold in CCEE (R\$ 2 million);
- Increase of R\$ 10 million in the Infrastructure Construction Revenue, related to the beginning of the construction of transmission lines and substations; this revenue has counterpart in operating costs;
- Increase of 74.7% (R\$ 10 million) in other operating revenues, due to the Baesa agreement of (R\$ 7 million) and the increase in the revenue of the transmission projects in operation (R\$ 3 million);

These effects were partially offset by:

- Increase of 15.5% (R\$ 4 million) of PIS/COFINS;
- CFURH accounting (R\$ 2 million) in deductions from the operating revenue; until 2018 it was allocated in the account "Others", in operating costs and expenses.

In 2019, the **Gross Operating Revenue** was of R\$ 1,350 million, an increase of 5.8% (R\$ 74 million) compared to 2018. The **Net Operating Revenue** was of R\$ 1,213 million, an increase of 6.0% (R\$ 69 million).

The main factors contributing to the increase in net operating revenue were:

- Increase in the energy supply revenue, mainly due to the contracts readjustment in CPFL Geração (R\$ 60 million);
- Increase of R\$ 20 million in the Infrastructure Construction Revenue;
- Increase of 12.0% in Other Revenues (R\$ 9 million);
- Reduction of PIS/Cofins, P&D/PEE, ISS and inspection fee (R\$ 3 million);

These effects were partially offset by:

- Reduction in the spot market revenue (R\$ 15 million);

- CFURH accounting (R\$ 9 million) in deductions of operating revenue, until 2018 it was allocated in the account "Others", in operating costs and expenses.

## Cost of Electric Power

In 4Q19, the cost of electricity reached R\$ 43 million, a 22.2% change (R\$ 8 million) compared to the 4Q18, due to higher expenses with GSF.

In 2019, the cost of electricity was R\$ 133 million, an increase of 29.9% (R\$ 31 million) compared to 2018, because of the increase with the costs with purchased energy to resale (R\$ 26 million) and to the readjustment in sector charges.

## Operating Costs and Expenses

The Operating Costs and Expenses were R\$ 70 million in the 4Q19, a 15.4% change (R\$ 10 million). In 2019, the Operating Costs and Expenses were R\$ 241 million, varying 9.1%.

The factors that explain these costs were:

### PMSO

|                                | PMSO (R\$ million) |           |            |              |            |            |            |              |
|--------------------------------|--------------------|-----------|------------|--------------|------------|------------|------------|--------------|
|                                | 4Q19               | 4Q18      | Variation  |              | 2019       | 2018       | Variation  |              |
|                                |                    |           | R\$ MM     | %            |            |            | R\$ MM     | %            |
| <b>PMSO</b>                    |                    |           |            |              |            |            |            |              |
| Personnel                      | 12                 | 9         | 2          | 22.5%        | 38         | 35         | 3          | 8.5%         |
| Material                       | 1                  | 1         | (0)        | -18.0%       | 3          | 3          | 0          | 14.5%        |
| Outsourced Services            | 10                 | 8         | 1          | 14.3%        | 28         | 23         | 6          | 24.7%        |
| Other Operating Costs/Expenses | 9                  | 12        | (3)        | -27.3%       | 32         | 41         | (9)        | -22.4%       |
| <i>GSF Risk Premium</i>        | 2                  | 4         | (0)        | -42.1%       | 10         | 10         | (0)        | 0.0%         |
| <i>Others</i>                  | 6                  | 8         | (2)        | -19.8%       | 22         | 31         | (9)        | -29.3%       |
| <b>Total PMSO</b>              | <b>31</b>          | <b>31</b> | <b>(0)</b> | <b>-8.5%</b> | <b>101</b> | <b>101</b> | <b>(0)</b> | <b>-0.1%</b> |

The PMSO reached R\$ 31 million in the 4Q19, registering a decrease of 8.5% compared to the 4Q18. This result is essentially explained by the CFURH reclassification to the deductions in operating revenue (R\$ 2 million), partially offset by the increase in Personnel (R\$ 2 million), due to the headcount increase and the effects of the collective bargaining agreement;

In 2019, the PMSO ended up with R\$ 101 million, keeping the same level of 2018. The CFURH reclassification represented a reduction of R\$ 9 million, which was offset by an increase of Outsourced Services (R\$ 6 million), due to the maintenance of machinery and equipment, auditing/consulting, and Personnel (R\$ 3 million).

### Other operating costs and expenses

| Other operating costs and expenses     |             |             |               |             |              |               |
|--|-------------|-------------|---------------|-------------|--------------|---------------|
|  | 4Q19        | 4Q18        | Var.          | 2019        | 2018         | Var.          |
| Costs with Infrastructure Construction | 10          | 0           | 3028,2%       | 21          | 2            | 1195,2%       |
| Private Pension Fund                   | (0)         | (0)         | 21,8%         | (2)         | (2)          | 21,8%         |
| Depreciation and Amortization          | (27)        | (26)        | 2,5%          | (109)       | (106)        | 2,1%          |
| <b>Total</b>                           | <b>(17)</b> | <b>(26)</b> | <b>-33,7%</b> | <b>(89)</b> | <b>(106)</b> | <b>-16,0%</b> |



## Equity Income

| Equity Income (R\$ Million) |           |           |              |            |            |             |
|-----------------------------|-----------|-----------|--------------|------------|------------|-------------|
|                             | 4Q19      | 4Q18      | Var. %       | 2019       | 2018       | Var. %      |
| <b>Projects</b>             |           |           |              |            |            |             |
| Barra Grande HPP            | 4         | 5         | -9.0%        | 1          | 1          | -5.2%       |
| Campos Novos HPP            | 30        | 31        | -1.3%        | 123        | 101        | 21.5%       |
| Foz do Chapecó HPP          | 40        | 32        | 24.5%        | 141        | 127        | 10.8%       |
| Epasa TPP                   | 17        | 26        | -32.7%       | 85         | 105        | -19.6%      |
| <b>Total</b>                | <b>92</b> | <b>93</b> | <b>-1.6%</b> | <b>350</b> | <b>335</b> | <b>4.4%</b> |

Note: Disclosure of interest in subsidiaries is made in accordance with IFRS 12 and CPC 45.

In 4Q19, the result of the Equity Income was R\$ 92 million, a reduction of 1.6% (R\$ 1 million).

| Equity Income (R\$ Million) |          |          |              |          |          |              |
|-----------------------------|----------|----------|--------------|----------|----------|--------------|
| <b>BARRA GRANDE</b>         | 4Q19     | 4Q18     | Var. %       | 2019     | 2018     | Var. %       |
| Net Revenue                 | 23       | 24       | -7.1%        | 72       | 80       | -10.8%       |
| Operating Costs / Expenses  | (14)     | (13)     | 6.9%         | (50)     | (54)     | -6.0%        |
| Deprec. / Amortization      | (3)      | (3)      | 1.3%         | (13)     | (13)     | 0.5%         |
| Net Financial Result        | (1)      | (4)      | -61.9%       | (7)      | (12)     | -40.3%       |
| Income Tax                  | (0)      | (0)      | 16.5%        | (0)      | (0)      | -8.5%        |
| <b>Net Income</b>           | <b>4</b> | <b>5</b> | <b>-9.0%</b> | <b>1</b> | <b>1</b> | <b>-5.2%</b> |

| Equity Income (R\$ Million) |           |           |              |            |            |              |
|-----------------------------|-----------|-----------|--------------|------------|------------|--------------|
| <b>CAMPOS NOVOS</b>         | 4Q19      | 4Q18      | Var. %       | 2019       | 2018       | Var. %       |
| Net Revenue                 | 81        | 78        | 3.8%         | 317        | 288        | 10.0%        |
| Operating Costs / Expenses  | (28)      | (23)      | 21.8%        | (94)       | (92)       | 2.1%         |
| Deprec. / Amortization      | (6)       | (6)       | 1.0%         | (24)       | (24)       | -1.9%        |
| Net Financial Result        | (2)       | (5)       | -47.4%       | (14)       | (20)       | -32.5%       |
| Income Tax                  | (14)      | (14)      | 3.2%         | (62)       | (49)       | 24.5%        |
| <b>Net Income</b>           | <b>30</b> | <b>31</b> | <b>-1.3%</b> | <b>123</b> | <b>101</b> | <b>21.5%</b> |

| Equity Income (R\$ Million) |           |           |              |            |            |              |
|-----------------------------|-----------|-----------|--------------|------------|------------|--------------|
| <b>FOZ DO CHAPECÓ</b>       | 4Q19      | 4Q18      | Var. %       | 2019       | 2018       | Var. %       |
| Net Revenue                 | 117       | 110       | 5.6%         | 450        | 441        | 2.0%         |
| Operating Costs / Expenses  | (25)      | (25)      | -2.1%        | (100)      | (98)       | 2.2%         |
| Deprec. / Amortization      | (16)      | (13)      | 25.1%        | (63)       | (60)       | 5.4%         |
| Net Financial Result        | (17)      | (21)      | -19.6%       | (75)       | (90)       | -16.1%       |
| Income Tax                  | (19)      | (17)      | 13.5%        | (70)       | (63)       | 10.1%        |
| <b>Net Income</b>           | <b>40</b> | <b>32</b> | <b>24.5%</b> | <b>141</b> | <b>127</b> | <b>10.8%</b> |

| Equity Income (R\$ Million) |           |           |               |           |            |               |
|-----------------------------|-----------|-----------|---------------|-----------|------------|---------------|
| EPASA                       | 4Q19      | 4Q18      | Var. %        | 2019      | 2018       | Var. %        |
| Net Revenue                 | 44        | 121       | -63.1%        | 299       | 448        | -33.3%        |
| Operating Costs / Expenses  | (17)      | (83)      | -78.9%        | (18)      | (300)      | -93.9%        |
| Deprec. / Amortization      | (5)       | (4)       | 5.4%          | (19)      | (18)       | 0.5%          |
| Net Financial Result        | (1)       | (2)       | -33.8%        | (5)       | (7)        | -19.4%        |
| Income Tax                  | (5)       | (5)       | -17.1%        | (21)      | (21)       | 0.6%          |
| <b>Net Income</b>           | <b>17</b> | <b>26</b> | <b>-32.7%</b> | <b>85</b> | <b>105</b> | <b>-19.6%</b> |

The main factors that explain these variations:

#### Barra Grande:

In 4Q19, reduction of 7.1% in the net revenue due to CFURH reclassification, from Other Expenses to deduction of operating revenue, and lower PLD. This effect was partially offset by a reduction of 61.9% in the financial result, due to a reduction of expenses with UBP, favored by a lower IGP-M (0.67% in 4Q19 versus 2.49% in 4Q18).

In the year, the lower revenue offset the positive outcome with UBP.

#### Campos Novos:

In 4Q19, there was an increase of 3.8% in net revenue, especially due to contract readjustments, reduction of 47.4% in the financial result, because of fewer expenses with debt charges (lower CDI) and UBP (lower IGP-M). These effects were partially offset by higher costs with energy purchase.

In the year, the result was favored by the readjustment of the prices in contracts and due to the positive outcome of the financial result, which came from lower expenses with UBP and debt.

#### Foz do Chapecó:

In 4Q19, there was an increase of 5.6% in the net revenue, mainly due to the seasonality and improvement of 19.6% in the financial result, due to lower debt and expenses with UBP.

In the year, the outcome was favored mostly because of the financial result, due to the same reasons mentioned above.

#### Epasa:

In 4Q19 as well as in the year, there was lower volume of generation.

#### EBITDA

In 4Q19, the **EBITDA** was of R\$ 331 million, an increase of 6.2% (R\$ 19 million), largely explained by contracts readjustment, which was partially offset by GSF expenses.

In 2019, the **EBITDA** was of R\$ 1.307 million, an increase of 2.7% (R\$ 35 million), largely explained by contracts readjustment, Baesa agreement and variation on generated energy.

| Conciliation of Net Income and EBITDA (R\$ million) |            |            |             |              |              |              |
|---|------------|------------|-------------|--------------|--------------|--------------|
|   | 4Q19       | 4Q18       | Var.        | 2019         | 2018         | Var.         |
| <b>Net Income</b>                                   | <b>239</b> | <b>234</b> | <b>2.0%</b> | <b>864</b>   | <b>770</b>   | <b>12.2%</b> |
| Depreciation and Amortization                       | 30         | 29         | 2.3%        | 119          | 117          | 1.9%         |
| Financial Result                                    | 26         | 43         | -39.4%      | 153          | 248          | -38.5%       |
| Income Tax /Social Contribution                     | 36         | 5          | 584.5%      | 172          | 137          | 25.2%        |
| <b>EBITDA</b>                                       | <b>331</b> | <b>312</b> | <b>6.2%</b> | <b>1,307</b> | <b>1,272</b> | <b>2.7%</b>  |

## Financial Result

| Financial Result (IFRS - R\$ Million) |             |             |               |              |              |               |
|---------------------------------------|-------------|-------------|---------------|--------------|--------------|---------------|
|                                       | 4Q19        | 4Q18        | Var.          | 2019         | 2018         | Var.          |
| Financial Revenues                    | 9           | 21          | -55.1%        | 45           | 76           | -40.2%        |
| Financial Expenses                    | (36)        | (64)        | -44.5%        | (198)        | (324)        | -38.9%        |
| <b>Financial Result</b>               | <b>(26)</b> | <b>(43)</b> | <b>-39.4%</b> | <b>(153)</b> | <b>(248)</b> | <b>-38.5%</b> |

In 4Q19, the financial result was a **net financial expense** of R\$ 26 million, a reduction of 39.4% (R\$ 17 million) compared to 4Q18. This variation occurred because of lower expenses with net debt (R\$ 25 million), partially offset by negative mark to market – cash effect (R\$ 3 million) and others (R\$ 4 million).

In 2019, the financial result was a **net financial expense** of R\$ 153 million, which represents a reduction of 38.5% (R\$ 96 million) compared to 2018. The main factors were lower expenses with net debt (R\$ 72 million), higher expenses with zero-cost collar derivative<sup>3</sup> (R\$ 25 million) and higher mark-to-market (R\$ 4 million), partially offset by other items (R\$ 6 million).

## Net Income

In 4Q19, the **net income** was of R\$ 239 million, an increase of 1.9% (R\$ 5 million).

In 2019, the **net income** was of R\$ 863 million, an increase of 12.1% (R\$ 93 million).

<sup>3</sup>In 2015, the subsidiary CPFL Geração contracted US\$ put and call options, involving the same financial institution as counterpart, and which on a combined basis are characterized as an operation usually known as zero-cost collar. This operation does not involve any kind of speculation, inasmuch as it is aimed to minimizing any negative impacts on future revenues of the joint venture ENERCAN, which has electric energy sale agreements with annual restatement of part of the tariff based on the variation in the US\$. In addition, according to Management's view, the scenario was favorable to this operation regarding this type of financial instrument, considering the high volatility implicit in dollar options and the fact that there was no initial cost.

## 5.4) CPFL Renováveis

### Economic-Financial Performance

| Consolidated Income Statement - CPFL RENOVÁVEIS (R\$ Million) |            |            |              |              |              |              |
|---|------------|------------|--------------|--------------|--------------|--------------|
|   | 4Q19       | 4Q18       | Var.         | 2019         | 2018         | Var.         |
| <b>Gross Operating Revenue</b>                                | 621        | 545        | <b>13.9%</b> | 2,043        | 2,044        | <b>-0.1%</b> |
| <b>Net Operating Revenue</b>                                  | <b>583</b> | <b>516</b> | <b>13.1%</b> | <b>1,928</b> | <b>1,936</b> | <b>-0.4%</b> |
| Cost of Electric Power  | (94)       | (59)       | 59.8%        | (320)        | (320)        | -0.2%        |
| Operating Costs & Expenses                                    | (275)      | (314)      | -12.5%       | (1,051)      | (1,030)      | 2.0%         |
| EBIT  | 215        | 143        | 49.9%        | 558          | 586          | -4.8%        |
| <b>EBITDA<sup>1</sup></b>                                     | <b>376</b> | <b>298</b> | <b>26.1%</b> | <b>1,204</b> | <b>1,209</b> | <b>-0.4%</b> |
| Financial Income (Expense)                                    | (88)       | (129)      | -31.9%       | (404)        | (504)        | -19.9%       |
| Income Before Taxes   | 127        | 14         | 812.5%       | 154          | 82           | 89.1%        |
| <b>Net Income</b>   | <b>115</b> | <b>107</b> | <b>7.3%</b>  | <b>107</b>   | <b>119</b>   | <b>-9.9%</b> |

Note:

(1) EBITDA is calculated from the sum of net income, taxes, financial result and depreciation/amortization.

### Operating Revenue

In 4Q19, **Gross Operating Revenue** reached R\$ 621 million, representing an increase of 13.9% (R\$ 76 million). **Net Operating Revenue** reached R\$ 583 million, representing an increase of 13.1% (R\$ 67 million). These variations are mainly explained by the following factors:

#### Wind Source and Holding Company:

- Increase of R\$ 50 million in revenue from wind farms and the Holding Company, mainly due to: (i) the higher generation of wind complexes (R\$ 26 million); and (ii) hedge operations settled at the PLD price (R\$ 15 million).

#### SHPPs Source:

- Increase of R\$ 18 million in revenue from SHPPs, mainly due to the different strategy of seasonal adjustment of physical guarantee in the agreements between the periods and the adjustments in agreements.

#### Biomass Source:

- Biomass revenue remained practically stable between the periods.

In 2019, **Gross Operating Revenue** reached R\$ 2,043 million, representing a reduction of 0.1% (R\$ 1 million). **Net Operating Revenue** reached R\$ 1,928 million, representing a reduction of 0.4% (R\$ 8 million). These variations are mainly explained by the following factors:

#### Wind Source and Holding Company:

- Reduction of R\$ 75 million in revenue from wind farms and the Holding Company,

mainly due to: (i) lower generation of wind complexes (R\$ 70 million); and (ii) the difference in the price of energy sold in the new energy auction through the Surplus and Deficit Offset Mechanism (MCSD), since the energy no longer contracted in 2018 was sold in the free market at a price higher than the contract price in the regulated market in 2019 (R\$ 48 million). These items were partially offset by hedge operations settled at the PLD price (R\$ 31 million).

### SHPPs Source:

- Increase of R\$ 63 million in revenue from SHPPs, mainly due to the different strategy of seasonal adjustment of physical guarantee in the agreements between the periods, the GSF exposure and the adjustments in agreements.

### Biomass Source:

- Increase of R\$ 3 million in biomass revenue due to the higher generation at some plants (R\$ 16 million), partially offset by the strategy of contract seasonalization - lower in 2019 (R\$ 14 million).

## Cost of Electric Power

| Cost of Electric Energy (R\$ Million)                           |             |             |              |              |              |              |
|---|-------------|-------------|--------------|--------------|--------------|--------------|
|   | 4Q19        | 4Q18        | Var.         | 2019         | 2018         | Var.         |
| Cost of Electric Power Purchased for Resale                     | (67)        | (34)        | 99.7%        | (219)        | (231)        | -5.2%        |
| Charges for the Use of the Transmission and Distribution System | (27)        | (25)        | 6.2%         | (101)        | (89)         | 12.7%        |
| <b>Financial Result</b>   | <b>(94)</b> | <b>(59)</b> | <b>59.8%</b> | <b>(320)</b> | <b>(320)</b> | <b>-0.2%</b> |

In 4Q19, **Cost of Electric Energy** totaled R\$ 94 million, representing an increase of 59.8% (R\$ 35 million). In 2019, **Cost of Electric Energy** totaled R\$ 320 million, a reduction of 0.2% (R\$ 1 million).

Energy purchase cost totaled R\$ 67 million in 4Q19, an increase of 99.7% (R\$ 34 million), mainly due to the higher energy volume purchased for hedge operations. In 2019, energy purchase cost totaled R\$ 219 million, a reduction of 5.2% (R\$ 12 million), mainly due to the lower energy volume purchased for hedge operations and energy deficits at wind farms that participated in the MCSD due to flat seasonality in 2018.

Cost of charges for the use of the system totaled R\$ 27 million in 4Q19, an increase of 6.2% (R\$ 2 million), mainly due to the price adjustments in connection charges, as well as the distribution and transmission system use and connection tariffs. In 2019, cost of charges for the use of the system totaled R\$ 101 million, an increase of 12.7% (R\$ 11 million), mainly due to: (i) price adjustment in connection charges, as well as the distribution and transmission system use and connection tariffs; and (ii) the positive effect of the recovery of PIS and Cofins credits in 2Q18 (extraordinary item).

## Operating Costs and Expenses

**Operating Costs and Expenses** reached R\$ 275 million in 4Q19, compared to R\$ 314 million in 4Q18, representing a reduction of 12.5% (R\$ 39 million). In 2019, **Operating Costs and Expenses** reached R\$ 1,051 million, compared to R\$ 1,030 million in 2018, representing an increase of 2.0% (R\$ 20 million). The factors that explain these variations follow:

**PMSO**

| Reported PMSO (R\$ million)    |       |       |           |        |       |       |          |        |
|--------------------------------|-------|-------|-----------|--------|-------|-------|----------|--------|
|                                | 4Q19  | 4Q18  | Variation |        | 2019  | 2018  | Variação |        |
|                                |       |       | R\$ MM    | %      |       |       | R\$ MM   | %      |
| Reported PMSO                  |       |       |           |        |       |       |          |        |
| Personnel                      | (30)  | (26)  | (4)       | 14.7%  | (115) | (102) | (13)     | 12.3%  |
| Material                       | (7)   | (6)   | (2)       | 31.2%  | (21)  | (26)  | 6        | -21.3% |
| Outsourced Services            | (55)  | (48)  | (7)       | 13.8%  | (203) | (169) | (34)     | 20.0%  |
| Other Operating Costs/Expenses | (21)  | (79)  | 58        | -73.6% | (66)  | (109) | 43       | -39.6% |
| Total Reported PMSO            | (113) | (159) | 46        | -28.7% | (405) | (407) | 2        | -0.6%  |

The PMSO item reached R\$ 113 million in 4Q19, compared to R\$ 159 million in 4Q18, a reduction of 28.7% (R\$ 46 million), mainly due to:

- (i) reduction in provisions for losses and assets write-off in 4Q19 in relation to 4Q18, in the amount of R\$ 60 million; the write-off and provision for loss of project assets is due to the uncertainty of investments;

Partially offset by:

- (ii) increase of expenses in the process of integration with CPFL Energia, in the amount of R\$ 4 million (extraordinary item);
- (iii) price adjustment on agreements with O&M suppliers of wind turbines at Campo dos Ventos and São Benedito wind complexes, after the end of the partial grace period in the initial years of operation, in the amount of R\$ 3 million (extraordinary item).

In 2019, the PMSO item reached R\$ 405 million, compared to R\$ 407 million in 2018, a reduction of 0.6% (R\$ 2 million).

**Other operating costs and expenses**

Other operating costs and expenses, represented by Depreciation and Amortization accounts, reached R\$ 162 million in 4Q19, increase of 4.2% (R\$ 7 million). In 2019, other operating costs and expenses reached R\$ 646 million, an increase of 3.6% (R\$ 23 million). These increases are mainly explained by the operational startup of Boa Vista II SHPP, in November 2018.

**EBITDA**

In 4Q19, EBITDA was of R\$ 376 million, compared to R\$ 298 million in 4Q18, an increase of 26.1% (R\$ 78 million). This result is mainly due to: (i) the reduction in provisions for losses and write-off of assets in 2019 in relation to 2018 (R\$ 60 million); and (ii) the higher generation from the wind farms (R\$ 28 million). These items were partially offset by the increase of expenses in the process of integration with CPFL Energia (R\$ 4 million) (extraordinary item) and the price adjustment on agreements with O&M suppliers of wind turbines at Campo dos Ventos and São Benedito wind complexes (R\$ 3 million) (extraordinary item).

In 2019, EBITDA was of R\$ 1,204 million, compared to R\$ 1,209 million in 2018, a reduction of 0.4% (R\$ 5 million). This result is mainly due to the lower generation from

the wind farms/MCSD (R\$ 93 million); partially offsetting: (i) GSF exposure (R\$ 35 million), (ii) strategy of seasonal adjustment of physical guarantee in the agreements (R\$ 20 million) and (iii) Boa Vista II SHPP - energy ballast (R\$ 32 million).

| EBITDA and Net Income conciliation (R\$ million) |            |            |              |              |              |              |
|--|------------|------------|--------------|--------------|--------------|--------------|
|  | 4Q19       | 4Q18       | Var.         | 2019         | 2018         | Var.         |
| <b>Net Income</b>                                | <b>115</b> | <b>107</b> | <b>7.3%</b>  | <b>107</b>   | <b>119</b>   | <b>-9.9%</b> |
| De preciation and Amortization                   | 162        | 155        | 4.2%         | 646          | 623          | 3.6%         |
| Financial Result                                 | 88         | 129        | -31.9%       | 404          | 504          | -19.9%       |
| Income Tax / Social Contribution                 | 12         | (93)       | -            | 47           | (37)         | -            |
| <b>EBITDA</b>                                    | <b>376</b> | <b>298</b> | <b>26.1%</b> | <b>1,204</b> | <b>1,209</b> | <b>-0.4%</b> |

## Financial Result

| Financial Result (R\$ Million) |             |              |               |              |              |               |
|--------------------------------|-------------|--------------|---------------|--------------|--------------|---------------|
|                                | 4Q19        | 4Q18         | Var.          | 2019         | 2018         | Var.          |
| Revenues                       | 31          | 37           | -15.6%        | 173          | 132          | 31.1%         |
| Expenses                       | (119)       | (166)        | -28.2%        | (576)        | (636)        | -9.4%         |
| <b>Financial Result</b>        | <b>(88)</b> | <b>(129)</b> | <b>-31.9%</b> | <b>(404)</b> | <b>(504)</b> | <b>-19.9%</b> |

In 4Q19, net financial result registered a net financial expense of R\$ 88 million, a reduction of 31.9% (R\$ 41 million). This variation is basically explained by the reductions: (i) of 27.7% (R\$ 31 million) in **expenses with the net debt** (debt charges, net of income from financial investments), due to the reduction in interest rates (CDI and TJLP) and lower indebtedness; and (ii) of 60.8% (R\$ 10 million) in other effects.

In 2019, net financial result registered a net financial expense of R\$ 404 million, a reduction of 19.9% (R\$ 100 million). This variation is basically explained by the reductions: (i) of 16.1% (R\$ 71 million) in **expenses with the net debt**, due to the reduction in interest rates (CDI and TJLP) and lower indebtedness; and (ii) of 47.4% (R\$ 29 million) in other effects.

## Income Tax and Social Contribution

CPFL Renováveis adopts the presumed income method to calculate income tax and social contribution of its operational subsidiaries, excluding the SPCs Boa Vista 2, Pedra Cheirosa I and II, Desa Morro dos Ventos II, Mata Velha and Solar 1, which adopt the taxable income regime.

In order to seek greater operating efficiency and simplify the organizational structure, in August 2018, approval was given to the merger with the Company of the direct subsidiary SIIF Energies do Brasil Ltda. and the indirect subsidiaries SIIF Desenvolvimento de Projetos de Energia Eólica Ltda., Eólica Icaraizinho Geração e Comercialização de Energia S.A. and Eólica Formosa Geração e Comercialização de Energia S.A. Furthermore, in November 2018, approval was given to the merger with the Company of the direct subsidiary T-15 Energia S.A. and the indirect subsidiaries PCH Participações S.A., BVP S.A. and BVP Geradora de Energia S.A.

In light of the corporate restructuring conducted by CPFL Renováveis, as mentioned in the paragraph above, and in accordance with CPC 32 – Taxes on Profit and CVM Instruction



371/2002 - article 2, the Company assessed the recognition of deferred tax asset related to tax losses and the social contribution tax loss carryforwards in previous years.

This assessment included a technical study using the Company's multiyear budget, which concluded that with the results of the companies merged with CPFL Renováveis (parent company), in which the Company did not hold operating assets, the Company will obtain taxable profit in the next 10 years (starting 2023) and will use accrued tax losses, which enable it to record the deferred tax credits.

Based on a study conducted and on expected realization, on December 31, 2018, deferred tax assets were recorded under non-current assets in the amount of R\$ 87 million, of which R\$ 64 million related to income tax and R\$ 23 million to social contribution on tax losses and social contribution tax loss carryforwards of previous years.

Furthermore, R\$ 6 million were also recognized, of which R\$ 4 million for income tax and R\$ 2 million for social contribution, related to provisions for future realization.

With the recognition of taxable credits, income tax and social contribution was positive at R\$ 93 million in 4Q18, compared to an expense of R\$ 12 million in 4Q19. In 2018, the effect was a positive R\$ 37 million, compared to an expense of R\$ 47 million in 2017.

## Net Income

In 4Q19, net income was of R\$ 115 million, compared to the net income of R\$ 107 million in 4Q18, an increase of 7.3% (R\$ 8 million). This performance reflects the improvement in EBITDA and financial result, partially offset by the worsening of the income tax and social contribution item.

In 2019, net income was of R\$ 107 million, compared to the net income of R\$ 119 million in 2018, a reduction of 9.9% (R\$ 12 million). This performance reflects the worsening of the EBITDA, depreciation and amortization, and the income tax and social contribution item, partially offset by the improvement in financial result.

## 6) ATTACHMENTS

### 6.1) Balance Sheet - Assets – CPFL Energia

(R\$ thousands)



|  | Consolidated      |                   |
|--|-------------------|-------------------|
| ASSETS                                   | 12/31/2019        | 12/31/2018        |
| <b>CURRENT</b>                           |                   |                   |
| Cash and Cash Equivalents                | 1,937,163         | 1,891,457         |
| Bonds and securities                     | 851,004           | -                 |
| Consumers, Concessionaries and Licensees | 4,985,578         | 4,547,951         |
| Dividend and Interest on Equity          | 100,297           | 100,182           |
| Recoverable Taxes                        | 419,126           | 411,256           |
| Derivatives                              | 281,326           | 309,484           |
| Sectoral Financial Assets                | 1,093,588         | 1,330,981         |
| Concession Financial Assets              | -                 | -                 |
| Contractual Assets                       | 24,387            | 23,535            |
| Other assets                             | 648,161           | 787,470           |
| <b>TOTAL CURRENT</b>                     | <b>10,340,630</b> | <b>9,402,316</b>  |
| <b>NON-CURRENT</b>                       |                   |                   |
| Consumers, Concessionaries and Licensees | 713,068           | 752,795           |
| Judicial Deposits                        | 757,370           | 854,374           |
| Recoverable Taxes                        | 472,123           | 253,691           |
| Sectoral Financial Assets                | 2,748             | 223,880           |
| Derivatives                              | 369,767           | 347,507           |
| Deferred Taxes                           | 1,064,716         | 956,380           |
| Concession Financial Assets              | 8,779,717         | 7,430,149         |
| Investments at Cost                      | 116,654           | 116,654           |
| Other assets                             | 736,019           | 927,440           |
| Investments                              | 997,997           | 980,362           |
| Property, Plant and Equipment            | 9,083,710         | 9,456,614         |
| Contractual Assets                       | 1,322,822         | 1,046,433         |
| Intangible Assets                        | 9,320,953         | 9,462,935         |
| <b>TOTAL NON-CURRENT</b>                 | <b>33,737,664</b> | <b>32,809,214</b> |
| <b>TOTAL ASSETS</b>                      | <b>44,078,293</b> | <b>42,211,530</b> |

## 6.2) Balance Sheet - Liabilities – CPFL Energia

(R\$ thousands)



|   | Consolidated      |                   |
|---|-------------------|-------------------|
| LIABILITIES AND SHAREHOLDERS' EQUITY              | 12/31/2019        | 12/31/2018        |
| <b>CURRENT</b>                                    |                   |                   |
| Trade payables                                    | 3,260,180         | 2,398,085         |
| Borrowings  | 2,776,193         | 2,446,113         |
| Debentures  | 682,582           | 917,352           |
| Private pension plan                              | 224,851           | 86,623            |
| Regulatory liabilities                            | 232,251           | 150,656           |
| Taxes, Fees and Contributions                     | 960,497           | 765,438           |
| Dividends   | 668,859           | 532,608           |
| Estimated payroll                                 | 125,057           | 119,252           |
| Derivatives                                       | 29,400            | 8,139             |
| Sectoral Financial Liabilities                    | -                 | -                 |
| Use of public asset                               | 11,771            | 11,570            |
| Other payables                                    | 1,094,269         | 979,296           |
| <b>TOTAL CURRENT</b>                              | <b>10,065,908</b> | <b>8,415,132</b>  |
| <b>NON-CURRENT</b>                                |                   |                   |
| Trade payables                                    | 359,944           | 333,036           |
| Borrowings  | 7,587,102         | 8,989,846         |
| Debentures  | 7,863,696         | 8,023,493         |
| Private pension plan                              | 2,153,327         | 1,156,639         |
| Taxes, Fees and Contributions                     | 157,003           | 9,691             |
| Deferred tax liabilities                          | 1,048,069         | 1,136,227         |
| Provision for tax, civil and labor risks          | 600,775           | 979,360           |
| Derivatives                                       | 6,157             | 23,659            |
| Sectoral financial liabilities                    | 102,561           | 46,703            |
| Use of public asset                               | 91,181            | 89,965            |
| Other payables                                    | 759,331           | 475,396           |
| <b>TOTAL NON-CURRENT</b>                          | <b>20,729,147</b> | <b>21,264,015</b> |
| <b>SHAREHOLDERS' EQUITY</b>                       |                   |                   |
| Issued capital                                    | 9,388,081         | 5,741,284         |
| Capital Reserves                                  | (1,640,962)       | 469,257           |
| Legal Reserve                                     | 900,992           | 900,992           |
| Statutory reserve - working capital improvement   | 4,046,305         | 3,527,510         |
| Dividend  | 1,433,295         | -                 |
| Accumulated comprehensive income                  | (1,268,465)       | (376,294)         |
| Retained earnings                                 | 135,134           | -                 |
|   | 12,994,381        | 10,262,749        |
| Equity attributable to noncontrolling interests   | 288,857           | 2,269,634         |
| <b>TOTAL SHAREHOLDERS' EQUITY</b>                 | <b>13,283,238</b> | <b>12,532,383</b> |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b> | <b>44,078,294</b> | <b>42,211,530</b> |

## 6.3) Income Statement – CPFL Energia

(R\$ thousands)



|   | Consolidated       |                    |               |                     |                     |               |
|---|--------------------|--------------------|---------------|---------------------|---------------------|---------------|
|   | 4Q19               | 4Q18               | Variation     | 2019                | 2018                | Variation     |
| <b>OPERATING REVENUES</b>                     |                    |                    |               |                     |                     |               |
| Electricity Sales to Final Customers          | 8,548,336          | 7,892,531          | 8.3%          | 31,761,628          | 29,021,436          | 9.4%          |
| Electricity Sales to Distributors             | 1,646,031          | 1,308,572          | 25.8%         | 6,102,761           | 5,452,488           | 11.9%         |
| Revenue from building the infrastructure      | 599,554            | 568,769            | 5.4%          | 2,087,995           | 1,772,222           | 17.8%         |
| Update of concession's financial asset        | 44,632             | 42,517             | 5.0%          | 280,632             | 345,015             | -18.7%        |
| Sectorial financial assets and liabilities    | (537,914)          | (734,837)          | -26.8%        | (602,461)           | 1,207,917           | -             |
| Other Operating Revenues                      | 1,451,865          | 1,235,989          | 17.5%         | 5,378,583           | 4,827,178           | 11.4%         |
|   | <b>11,752,504</b>  | <b>10,313,541</b>  | <b>14.0%</b>  | <b>45,009,138</b>   | <b>42,626,257</b>   | <b>5.6%</b>   |
| <b>DEDUCTIONS FROM OPERATING REVENUES</b>     | <b>(3,730,263)</b> | <b>(3,627,219)</b> | <b>2.8%</b>   | <b>(15,076,664)</b> | <b>(14,489,630)</b> | <b>4.1%</b>   |
| <b>NET OPERATING REVENUES</b>                 | <b>8,022,241</b>   | <b>6,686,322</b>   | <b>20.0%</b>  | <b>29,932,474</b>   | <b>28,136,627</b>   | <b>6.4%</b>   |
| <b>COST OF ELECTRIC ENERGY SERVICES</b>       |                    |                    |               |                     |                     |               |
| Electricity Purchased for Resale              | (4,197,452)        | (3,299,523)        | 27.2%         | (15,906,742)        | (15,466,265)        | 2.8%          |
| Electricity Network Usage Charges             | (641,767)          | (585,423)          | 9.6%          | (2,464,254)         | (2,371,901)         | 3.9%          |
|   | <b>(4,839,219)</b> | <b>(3,884,946)</b> | <b>24.6%</b>  | <b>(18,370,996)</b> | <b>(17,838,165)</b> | <b>3.0%</b>   |
| <b>OPERATING COSTS AND EXPENSES</b>           |                    |                    |               |                     |                     |               |
| Personnel                                     | (403,080)          | (380,253)          | 6.0%          | (1,480,549)         | (1,414,475)         | 4.7%          |
| Material                                      | (75,284)           | (70,043)           | 7.5%          | (279,288)           | (258,079)           | 8.2%          |
| Outsourced Services                           | (199,469)          | (193,190)          | 3.3%          | (714,884)           | (691,754)           | 3.3%          |
| Other Operating Costs/Expenses                | (230,613)          | (306,268)          | -24.7%        | (843,593)           | (769,552)           | 9.6%          |
| Allowance for Doubtful Accounts               | (38,558)           | (55,522)           | -30.6%        | (233,424)           | (169,259)           | 37.9%         |
| Legal and judicial expenses                   | (46,340)           | (74,083)           | -37.4%        | (172,495)           | (186,686)           | -7.6%         |
| Others  | (145,715)          | (176,663)          | -17.5%        | (437,674)           | (413,607)           | 5.8%          |
| Cost of building the infrastructure           | (598,641)          | (568,757)          | 5.3%          | (2,086,057)         | (1,772,162)         | 17.7%         |
| Employee Pension Plans                        | (27,281)           | (22,477)           | 21.4%         | (112,603)           | (89,909)            | 25.2%         |
| Depreciation and Amortization                 | (394,091)          | (329,675)          | 19.5%         | (1,423,972)         | (1,307,207)         | 8.9%          |
| Amortization of Concession's Intangible       | (56,431)           | (72,736)           | -22.4%        | (257,082)           | (286,858)           | -10.4%        |
|   | <b>(1,984,890)</b> | <b>(1,943,400)</b> | <b>2.1%</b>   | <b>(7,198,028)</b>  | <b>(6,589,995)</b>  | <b>9.2%</b>   |
| <b>EBITDA<sup>1</sup></b>                     | <b>1,740,549</b>   | <b>1,353,748</b>   | <b>28.6%</b>  | <b>6,394,173</b>    | <b>5,637,308</b>    | <b>13.4%</b>  |
| <b>INCOME FROM ELECTRIC ENERGY SERVICE</b>    | <b>1,198,132</b>   | <b>857,976</b>     | <b>39.6%</b>  | <b>4,363,450</b>    | <b>3,708,467</b>    | <b>17.7%</b>  |
| <b>FINANCIAL REVENUES (EXPENSES)</b>          |                    |                    |               |                     |                     |               |
| Financial Revenues                            | 185,513            | 183,596            | 1.0%          | 903,575             | 762,413             | 18.5%         |
| Financial Expenses                            | (348,039)          | (454,118)          | -23.4%        | (1,629,822)         | (1,865,100)         | -12.6%        |
|   | <b>(162,525)</b>   | <b>(270,521)</b>   | <b>-39.9%</b> | <b>(726,247)</b>    | <b>(1,102,687)</b>  | <b>-34.1%</b> |
| <b>EQUITY ACCOUNTING</b>                      |                    |                    |               |                     |                     |               |
| Equity Accounting                             | 91,895             | 93,361             | -1.6%         | 349,669             | 334,777             | 4.4%          |
| Assets Surplus Value Amortization             | (145)              | (145)              | 0.0%          | (579)               | (579)               | 0.0%          |
|   | <b>91,750</b>      | <b>93,216</b>      | <b>-1.6%</b>  | <b>349,090</b>      | <b>334,198</b>      | <b>4.5%</b>   |
| <b>INCOME BEFORE TAXES</b>                    | <b>1,127,357</b>   | <b>680,671</b>     | <b>65.6%</b>  | <b>3,986,293</b>    | <b>2,939,977</b>    | <b>35.6%</b>  |
| Social Contribution                           | (75,821)           | (6,203)            | 1122.3%       | (336,610)           | (213,673)           | 57.5%         |
| Income Tax                                    | (195,009)          | (4,277)            | 4460.0%       | (901,386)           | (560,310)           | 60.9%         |
| <b>NET INCOME</b>                             | <b>856,527</b>     | <b>670,191</b>     | <b>27.8%</b>  | <b>2,748,296</b>    | <b>2,165,995</b>    | <b>26.9%</b>  |
| <b>Controlling Shareholders' Interest</b>     | <b>841,635</b>     | <b>604,816</b>     | <b>39.2%</b>  | <b>2,702,671</b>    | <b>2,058,040</b>    | <b>31.3%</b>  |
| <b>Non-Controlling Shareholders' Interest</b> | <b>14,891</b>      | <b>65,375</b>      | <b>-77.2%</b> | <b>45,625</b>       | <b>107,954</b>      | <b>-57.7%</b> |

Note:

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

## 6.4) Income Statement by business segment

(R\$ thousands)

| Income Statement by business segment - CPFL Energia (R\$ million)        |              |                         |                      |                   |                |               |              |                 |
|--|--------------|-------------------------|----------------------|-------------------|----------------|---------------|--------------|-----------------|
|  | Distribution | Conventional Generation | Renewable Generation | Commercialization | Services       | Others        | Eliminations | Total           |
| <b>4Q19</b>  |              |                         |                      |                   |                |               |              |                 |
| Net operating revenue  | 6,423        | 322                     | 583                  | 949               | 164            | 0             | (419)        | <b>8,022</b>    |
| Operating costs and expenses   | (5,426)      | (83)                    | (207)                | (926)             | (132)          | (19)          | 419          | <b>(6,373)</b>  |
| Depreciation e amortization  | (230)        | (30)                    | (162)                | (6)               | (8)            | (16)          | -            | <b>(451)</b>    |
| <b>Income from electric energy service</b>                               | <b>768</b>   | <b>210</b>              | <b>215</b>           | <b>17</b>         | <b>23</b>      | <b>(34)</b>   | -            | <b>1,198</b>    |
| Equity accounting  | -            | 92                      | -                    | -                 | -              | -             | -            | <b>92</b>       |
| <b>EBITDA</b>  | <b>997</b>   | <b>331</b>              | <b>376</b>           | <b>22</b>         | <b>32</b>      | <b>(19)</b>   | -            | <b>1,741</b>    |
| Financial result   | (23)         | (26)                    | (88)                 | (6)               | 1              | (20)          | -            | <b>(163)</b>    |
| Income (loss) before taxes   | 744          | 275                     | 127                  | 11                | 24             | (54)          | -            | <b>1,127</b>    |
| Income tax and social contribution                                       | (137)        | (36)                    | (12)                 | (3)               | (4)            | (79)          | -            | <b>(271)</b>    |
| <b>Net income (loss)</b>   | <b>608</b>   | <b>239</b>              | <b>115</b>           | <b>8</b>          | <b>20</b>      | <b>(133)</b>  | -            | <b>857</b>      |
| <b>4Q18</b>  |              |                         |                      |                   |                |               |              |                 |
| Net operating revenue  | 5,160        | 285                     | 516                  | 963               | 153            | -             | (391)        | <b>6,686</b>    |
| Operating costs and expenses   | (4,434)      | (66)                    | (218)                | (948)             | (137)          | (13)          | 391          | <b>(5,426)</b>  |
| Depreciation e amortization  | (196)        | (29)                    | (155)                | (1)               | (6)            | (16)          | -            | <b>(402)</b>    |
| <b>Income from electric energy service</b>                               | <b>530</b>   | <b>190</b>              | <b>143</b>           | <b>14</b>         | <b>10</b>      | <b>(29)</b>   | -            | <b>858</b>      |
| Equity accounting  | -            | 93                      | -                    | -                 | -              | -             | -            | <b>93</b>       |
| <b>EBITDA</b>  | <b>726</b>   | <b>312</b>              | <b>298</b>           | <b>14</b>         | <b>16</b>      | <b>(13)</b>   | -            | <b>1,354</b>    |
| Financial result   | (61)         | (43)                    | (129)                | 0                 | 1              | (38)          | -            | <b>(271)</b>    |
| Income (loss) before taxes   | 469          | 240                     | 14                   | 14                | 11             | (67)          | -            | <b>681</b>      |
| Income tax and social contribution                                       | 42           | (5)                     | 93                   | (4)               | (14)           | (122)         | -            | <b>(10)</b>     |
| <b>Net income (loss)</b>   | <b>511</b>   | <b>234</b>              | <b>107</b>           | <b>10</b>         | <b>(3)</b>     | <b>(189)</b>  | -            | <b>670</b>      |
| <b>Variation</b>   |              |                         |                      |                   |                |               |              |                 |
| Net operating revenue  | 24.5%        | 13.0%                   | 13.1%                | -1.5%             | 7.0%           | -             | 7.2%         | <b>20.0%</b>    |
| Operating costs and expenses   | 22.4%        | 24.4%                   | -4.9%                | -2.3%             | -3.7%          | 39.6%         | 7.2%         | <b>17.5%</b>    |
| Depreciation e amortization  | 16.9%        | 2.8%                    | 4.2%                 | 910.8%            | 44.8%          | 0.4%          | -            | <b>12.0%</b>    |
| <b>Income from electric energy service</b>                               | <b>44.9%</b> | <b>10.6%</b>            | <b>49.9%</b>         | <b>21.5%</b>      | <b>128.3%</b>  | <b>18.4%</b>  | -            | <b>39.6%</b>    |
| Equity accounting  | -            | -1.4%                   | -                    | -                 | -              | -             | -            | <b>-1.4%</b>    |
| <b>EBITDA</b>  | <b>37.3%</b> | <b>6.2%</b>             | <b>26.1%</b>         | <b>55.6%</b>      | <b>98.5%</b>   | <b>39.6%</b>  | -            | <b>28.6%</b>    |
| Financial result   | -61.8%       | -39.4%                  | -31.9%               | -2699.6%          | -              | -47.9%        | -            | <b>-39.9%</b>   |
| Income (loss) before taxes   | 58.7%        | 14.9%                   | 812.5%               | -23.1%            | 124.8%         | -19.0%        | -            | <b>65.6%</b>    |
| Income tax and social contribution                                       | -423.8%      | 584.5%                  | -112.7%              | -25.2%            | -71.0%         | -             | -            | <b>2484.3%</b>  |
| <b>Net income (loss)</b>   | <b>18.8%</b> | <b>2.0%</b>             | <b>7.3%</b>          | <b>-22.3%</b>     | <b>-721.3%</b> | <b>-29.8%</b> | -            | <b>27.8%</b>    |
| <b>Income Statement by business segment - CPFL Energia (R\$ million)</b> |              |                         |                      |                   |                |               |              |                 |
|  | Distribution | Conventional Generation | Renewable Generation | Commercialization | Services       | Others        | Eliminations | Total           |
| <b>2019</b>  |              |                         |                      |                   |                |               |              |                 |
| Net operating revenue  | 24,260       | 1,213                   | 1,928                | 3,491             | 614            | 2             | (1,576)      | <b>29,932</b>   |
| Operating costs and expenses   | (20,564)     | (255)                   | (724)                | (3,391)           | (476)          | (53)          | 1,576        | <b>(23,887)</b> |
| Depreciation e amortization  | (820)        | (119)                   | (646)                | (7)               | (27)           | (63)          | -            | <b>(1,682)</b>  |
| <b>Income from electric energy service</b>                               | <b>2,876</b> | <b>839</b>              | <b>558</b>           | <b>92</b>         | <b>112</b>     | <b>(113)</b>  | -            | <b>4,363</b>    |
| Equity accounting  | -            | 350                     | -                    | -                 | -              | -             | -            | <b>350</b>      |
| <b>EBITDA</b>  | <b>3,696</b> | <b>1,307</b>            | <b>1,204</b>         | <b>99</b>         | <b>138</b>     | <b>(50)</b>   | -            | <b>6,394</b>    |
| Financial result   | (197)        | (153)                   | (404)                | (23)              | 2              | 48            | -            | <b>(726)</b>    |
| Income (loss) before taxes   | 2,679        | 1,035                   | 154                  | 70                | 114            | (65)          | -            | <b>3,986</b>    |
| Income tax and social contribution                                       | (844)        | (172)                   | (47)                 | (22)              | (30)           | (123)         | -            | <b>(1,238)</b>  |
| <b>Net income (loss)</b>   | <b>1,835</b> | <b>864</b>              | <b>107</b>           | <b>47</b>         | <b>83</b>      | <b>(188)</b>  | -            | <b>2,748</b>    |
| <b>2018</b>  |              |                         |                      |                   |                |               |              |                 |
| Net operating revenue  | 22,467       | 1,144                   | 1,936                | 3,496             | 533            | -             | (1,441)      | <b>28,137</b>   |
| Operating costs and expenses   | (19,463)     | (207)                   | (728)                | (3,400)           | (438)          | (39)          | 1,441        | <b>(22,834)</b> |
| Depreciation e amortization  | (767)        | (116)                   | (623)                | (2)               | (23)           | (63)          | -            | <b>(1,594)</b>  |
| <b>Income from electric energy service</b>                               | <b>2,237</b> | <b>821</b>              | <b>586</b>           | <b>94</b>         | <b>73</b>      | <b>(102)</b>  | -            | <b>3,708</b>    |
| Equity accounting  | -            | 334                     | -                    | -                 | -              | -             | -            | <b>334</b>      |
| <b>EBITDA</b>  | <b>3,004</b> | <b>1,272</b>            | <b>1,209</b>         | <b>96</b>         | <b>95</b>      | <b>(39)</b>   | -            | <b>5,637</b>    |
| Financial result   | (310)        | (248)                   | (504)                | (13)              | (0)            | (27)          | -            | <b>(1,103)</b>  |
| Income (loss) before taxes   | 1,928        | 907                     | 82                   | 81                | 72             | (129)         | -            | <b>2,940</b>    |
| Income tax and social contribution                                       | (495)        | (137)                   | 37                   | (28)              | (30)           | (122)         | -            | <b>(774)</b>    |
| <b>Net income (loss)</b>   | <b>1,432</b> | <b>770</b>              | <b>119</b>           | <b>53</b>         | <b>43</b>      | <b>(251)</b>  | -            | <b>2,166</b>    |
| <b>Variation</b>   |              |                         |                      |                   |                |               |              |                 |
| Net operating revenue  | 8.0%         | 6.0%                    | -0.4%                | -0.2%             | 15.3%          | -             | 9.4%         | <b>6.4%</b>     |
| Operating costs and expenses   | 5.7%         | 23.2%                   | -0.4%                | -0.3%             | 8.7%           | 33.6%         | 9.4%         | <b>4.6%</b>     |
| Depreciation e amortization  | 7.0%         | 2.4%                    | 3.6%                 | 200.4%            | 17.7%          | 0.1%          | -            | <b>5.5%</b>     |
| <b>Income from electric energy service</b>                               | <b>28.5%</b> | <b>2.2%</b>             | <b>-4.8%</b>         | <b>-1.7%</b>      | <b>54.1%</b>   | <b>10.7%</b>  | -            | <b>17.7%</b>    |
| Equity accounting  | -            | 4.6%                    | -                    | -                 | -              | -             | -            | <b>4.6%</b>     |
| <b>EBITDA</b>  | <b>23.0%</b> | <b>2.7%</b>             | <b>-0.4%</b>         | <b>3.2%</b>       | <b>45.5%</b>   | <b>27.7%</b>  | -            | <b>13.4%</b>    |
| Financial result   | -36.3%       | -38.5%                  | -19.9%               | 74.3%             | -              | -277.2%       | -            | <b>-34.1%</b>   |
| Income (loss) before taxes   | 39.0%        | 14.1%                   | 89.1%                | -13.9%            | 56.8%          | -49.8%        | -            | <b>35.5%</b>    |
| Income tax and social contribution                                       | 70.5%        | 25.2%                   | -226.5%              | -20.3%            | 2.8%           | -             | -            | <b>60.0%</b>    |
| <b>Net income (loss)</b>   | <b>28.1%</b> | <b>12.2%</b>            | <b>-9.9%</b>         | <b>-10.6%</b>     | <b>94.0%</b>   | <b>-25.3%</b> | -            | <b>26.9%</b>    |

## 6.5) Cash Flow – CPFL Energia

(R\$ thousands)



| Consolidated   |                    |                    |
|--|--------------------|--------------------|
|  | 4Q19               | 2019               |
| <b>Beginning Balance</b>   | <b>3,231,732</b>   | <b>1,891,457</b>   |
| Net Income Before Taxes  | 1,127,357          | 3,986,293          |
| Depreciation and Amortization  | 450,522            | 1,681,053          |
| Interest on Debts and Monetary and Foreign Exchange Restatements                 | 210,089            | 919,820            |
| Consumers, Concessionaries and Licensees   | (28,804)           | (631,078)          |
| Sectoral Financial Assets  | 587,465            | 628,157            |
| Accounts Receivable - Resources Provided by the CDE/CCEE                         | (13,041)           | 36,240             |
| Suppliers  | 64,806             | 880,187            |
| Sectoral Financial Liabilities   | (49,552)           | (25,696)           |
| Accounts Payable - CDE   | (32,664)           | (20,187)           |
| Interest on Debts and Debentures Paid  | (325,758)          | (1,132,480)        |
| Income Tax and Social Contribution Paid  | (194,358)          | (963,806)          |
| Others   | 94,478             | 422,440            |
|  | 763,183            | 1,794,650          |
| <b>Total Operating Activities</b>  | <b>1,890,540</b>   | <b>5,780,943</b>   |
| <b>Investment Activities</b>   |                    |                    |
| Purchases of Contract Asset, Property, Plant and Equipment and Intangible Assets | (672,207)          | (2,254,449)        |
| Others   | (857,807)          | (4,914,207)        |
| <b>Total Investment Activities</b>   | <b>(1,530,014)</b> | <b>(7,168,656)</b> |
| <b>Financing Activities</b>  |                    |                    |
| Capital Increase of Noncontrolling Shareholder                                   | (1,705)            | 3,622,305          |
| Loans and Debentures   | (417)              | 5,256,705          |
| Principal Amortization of Loans and Debentures, Net of Derivatives               | (1,160,525)        | (6,917,354)        |
| Dividend and Interest on Equity Paid   | (492,448)          | (528,248)          |
| Others   | -                  | 12                 |
| <b>Total Financing Activities</b>  | <b>(1,655,094)</b> | <b>1,433,420</b>   |
| <b>Cash Flow Generation</b>  | <b>(1,294,568)</b> | <b>45,707</b>      |
| <b>Ending Balance - 12/31/2019</b>   | <b>1,937,164</b>   | <b>1,937,164</b>   |

## 6.6) Income Statement – Conventional Generation Segment

(R\$ thousands)



| Conventional Generation                                |                 |                 |               |                  |                  |               |
|--|-----------------|-----------------|---------------|------------------|------------------|---------------|
|  | 4Q19            | 4Q18            | Var.          | 2019             | 2018             | Var.          |
| <b>OPERATING REVENUE</b>                               |                 |                 |               |                  |                  |               |
| Electricity Sales to Distributors                      | 324.670         | 301.379         | 7,7%          | 1.244.821        | 1.199.674        | 3,8%          |
| Revenue from construction of concession infrastructure | 9.942           | 318             | 3028,2%       | 21.172           | 1.635            | 1195,2%       |
| Other Operating Revenues                               | 24.320          | 13.918          | 74,7%         | 83.705           | 74.704           | 12,0%         |
|  | <b>358.932</b>  | <b>315.615</b>  | <b>13,7%</b>  | <b>1.349.698</b> | <b>1.276.013</b> | <b>5,8%</b>   |
| <b>DEDUCTIONS FROM OPERATING REVENUE</b>               |                 |                 |               |                  |                  |               |
|  | (36.813)        | (30.646)        | 20,1%         | (136.817)        | (131.634)        | 3,9%          |
| <b>NET OPERATING REVENUE</b>                           | <b>322.119</b>  | <b>284.969</b>  | <b>13,0%</b>  | <b>1.212.881</b> | <b>1.144.379</b> | <b>6,0%</b>   |
| <b>COST OF ELETRIC ENERGY SERVICES</b>                 |                 |                 |               |                  |                  |               |
| Electricity Purchased for Resale                       | (35.343)        | (29.411)        | 20,2%         | (105.033)        | (76.697)         | 36,9%         |
| Electricity Network Usage Charges                      | (7.175)         | (5.385)         | 33,2%         | (28.002)         | (25.724)         | 8,9%          |
|  | <b>(42.518)</b> | <b>(34.796)</b> | <b>22,2%</b>  | <b>(133.035)</b> | <b>(102.421)</b> | <b>29,9%</b>  |
| <b>OPERATING COSTS AND EXPENSES</b>                    |                 |                 |               |                  |                  |               |
| Personnel  | (11.596)        | (9.467)         | 22,5%         | (38.357)         | (35.366)         | 8,5%          |
| Material   | (700)           | (854)           | -18,0%        | (3.421)          | (2.987)          | 14,5%         |
| Outsourced Services                                    | (9.513)         | (8.326)         | 14,3%         | (28.100)         | (22.535)         | 24,7%         |
| Other Operating Costs/Expenses                         | (8.880)         | (12.212)        | -27,3%        | (31.505)         | (40.590)         | -22,4%        |
| Costs of infrastructure construction                   | (9.029)         | (306)           | 2848,6%       | (19.234)         | (1.575)          | 1121,2%       |
| Employee Pension Plans                                 | (473)           | (388)           | 21,8%         | (1.892)          | (1.553)          | 21,8%         |
| Depreciation and Amortization                          | (26.925)        | (26.263)        | 2,5%          | (108.606)        | (106.406)        | 2,1%          |
| Amortization of Concession's Intangible                | (2.492)         | (2.492)         | 0,0%          | (9.966)          | (9.966)          | 0,0%          |
|  | <b>(69.608)</b> | <b>(60.308)</b> | <b>15,4%</b>  | <b>(241.082)</b> | <b>(220.979)</b> | <b>9,1%</b>   |
| <b>EBITDA<sup>1</sup></b>                              | <b>331.305</b>  | <b>311.979</b>  | <b>6,2%</b>   | <b>1.307.007</b> | <b>1.272.128</b> | <b>2,7%</b>   |
| <b>EBIT</b>  | <b>209.993</b>  | <b>189.864</b>  | <b>10,6%</b>  | <b>838.765</b>   | <b>820.979</b>   | <b>2,2%</b>   |
| <b>FINANCIAL INCOME (EXPENSE)</b>                      |                 |                 |               |                  |                  |               |
| Financial Income                                       | 9.398           | 20.945          | -55,1%        | 45.323           | 75.844           | -40,2%        |
| Financial Expenses                                     | (35.684)        | (64.297)        | -44,5%        | (197.998)        | (324.121)        | -38,9%        |
|  | <b>(26.287)</b> | <b>(43.352)</b> | <b>-39,4%</b> | <b>(152.674)</b> | <b>(248.277)</b> | <b>-38,5%</b> |
| <b>EQUITY ACCOUNTING</b>                               |                 |                 |               |                  |                  |               |
| Equity Accounting                                      | 91.895          | 93.361          | -1,6%         | 349.669          | 334.777          | 4,4%          |
| Assets Surplus Value Amortization                      | (145)           | (145)           | 0,0%          | (579)            | (579)            | 0,0%          |
|  | <b>91.750</b>   | <b>93.216</b>   | <b>-1,6%</b>  | <b>349.090</b>   | <b>334.198</b>   | <b>4,5%</b>   |
| <b>INCOME BEFORE TAXES ON INCOME</b>                   | <b>275.457</b>  | <b>239.728</b>  | <b>14,9%</b>  | <b>1.035.180</b> | <b>906.899</b>   | <b>14,1%</b>  |
| Social Contribution                                    | (9.894)         | (1.840)         | -             | (45.993)         | (37.009)         | 24,3%         |
| Income Tax   | (26.469)        | (3.473)         | -             | (125.601)        | (100.079)        | 25,5%         |
| <b>NET INCOME</b>                                      | <b>239.094</b>  | <b>234.415</b>  | <b>2,0%</b>   | <b>863.586</b>   | <b>769.810</b>   | <b>12,2%</b>  |

Note:

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



## 6.7) Income Statement – CPFL Renováveis

(R\$ thousands)



|  | Consolidated   |                |               |                  |                  |              |
|--|----------------|----------------|---------------|------------------|------------------|--------------|
|  | 4Q19           | 4Q18           | Variation     | 2019             | 2018             | Variation    |
| <b>OPERATING REVENUES</b>                  |                |                |               |                  |                  |              |
| Electricity Sales to Final Customers       | 5,600          | 5,175          | 8.2%          | 22,188           | 21,417           | 3.6%         |
| Electricity Sales to Distributors          | 613,035        | 536,725        | 14.2%         | 2,014,838        | 2,015,036        | 0.0%         |
| Other Operating Revenues                   | 2,328          | 3,159          | -26.3%        | 5,927            | 7,949            | -25.4%       |
|  | <b>620,963</b> | <b>545,058</b> | <b>13.9%</b>  | <b>2,042,952</b> | <b>2,044,403</b> | <b>-0.1%</b> |
| DEDUCTIONS FROM OPERATING REVENUES         | (37,494)       | (28,975)       | 29.4%         | (114,941)        | (108,084)        | 6.3%         |
| <b>NET OPERATING REVENUES</b>              | <b>583,469</b> | <b>516,084</b> | <b>13.1%</b>  | <b>1,928,011</b> | <b>1,936,319</b> | <b>-0.4%</b> |
| <b>COST OF ELECTRIC ENERGY SERVICES</b>    |                |                |               |                  |                  |              |
| Electricity Purchased for Resale           | (67,175)       | (33,642)       | 99.7%         | (218,927)        | (230,979)        | -5.2%        |
| Electricity Network Usage Charges          | (26,564)       | (25,022)       | 6.2%          | (100,707)        | (89,368)         | 12.7%        |
|  | (93,739)       | (58,664)       | 59.8%         | (319,634)        | (320,346)        | -0.2%        |
| <b>OPERATING COSTS AND EXPENSES</b>        |                |                |               |                  |                  |              |
| Personnel                                  | (30,207)       | (26,341)       | 14.7%         | (114,871)        | (102,269)        | 12.3%        |
| Material                                   | (7,321)        | (5,579)        | 31.2%         | (20,636)         | (26,215)         | -21.3%       |
| Outsourced Services                        | (54,989)       | (48,300)       | 13.8%         | (203,197)        | (169,295)        | 20.0%        |
| Other Operating Costs/Expenses             | (20,806)       | (78,775)       | -73.6%        | (66,142)         | (109,432)        | -39.6%       |
| Depreciation and Amortization              | (121,962)      | (114,803)      | 6.2%          | (486,495)        | (465,459)        | 4.5%         |
| Amortization of Concession's Intangible    | (39,807)       | (40,433)       | -1.5%         | (159,227)        | (157,647)        | 1.0%         |
|  | (275,092)      | (314,231)      | -12.5%        | (1,050,567)      | (1,030,317)      | 2.0%         |
| <b>EBITDA<sup>1</sup></b>                  | <b>376,408</b> | <b>298,425</b> | <b>26.1%</b>  | <b>1,203,532</b> | <b>1,208,761</b> | <b>-0.4%</b> |
| <b>INCOME FROM ELECTRIC ENERGY SERVICE</b> | <b>214,638</b> | <b>143,189</b> | <b>49.9%</b>  | <b>557,810</b>   | <b>585,655</b>   | <b>-4.8%</b> |
| <b>FINANCIAL REVENUES (EXPENSES)</b>       |                |                |               |                  |                  |              |
| Financial Revenues                         | 31,288         | 37,084         | -15.6%        | 172,658          | 131,694          | 31.1%        |
| Financial Expenses                         | (119,421)      | (166,410)      | -28.2%        | (576,292)        | (635,820)        | -9.4%        |
|  | (88,134)       | (129,326)      | -31.9%        | (403,634)        | (504,125)        | -19.9%       |
| <b>INCOME BEFORE TAXES ON INCOME</b>       | <b>126,505</b> | <b>13,863</b>  | <b>812.5%</b> | <b>154,176</b>   | <b>81,530</b>    | <b>89.1%</b> |
| Social Contribution                        | (5,114)        | 21,694         | -             | (17,836)         | 1,647            | -            |
| Income Tax                                 | (6,732)        | 71,263         | -             | (29,316)         | 35,629           | -            |
| <b>NET INCOME</b>                          | <b>114,658</b> | <b>106,820</b> | <b>7.3%</b>   | <b>107,024</b>   | <b>118,805</b>   | <b>-9.9%</b> |

Note:

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

## 6.8) Income Statement – Distribution Segment

(R\$ thousand)



| Consolidated                                    |                    |                    |               |                     |                     |              |
|---|--------------------|--------------------|---------------|---------------------|---------------------|--------------|
|   | 4Q19               | 4Q18               | Variation     | 2019                | 2018                | Variation    |
| <b>OPERATING REVENUE</b>                        |                    |                    |               |                     |                     |              |
| Electricity Sales to Final Customers            | 7,972,897          | 7,375,245          | 8.1%          | 29,588,296          | 27,076,283          | 9.3%         |
| Electricity Sales to Distributors               | 501,820            | 161,915            | 209.9%        | 2,160,766           | 1,250,487           | 72.8%        |
| Revenue from building the infrastructure        | 589,612            | 568,451            | 3.7%          | 2,066,823           | 1,770,587           | 16.7%        |
| Adjustments to the concession's financial asset | 44,632             | 42,517             | 5.0%          | 280,632             | 345,015             | -18.7%       |
| Sectoral financial assets and liabilities       | (537,914)          | (734,837)          | -26.8%        | (602,461)           | 1,207,917           | -            |
| Other Operating Revenues                        | 1,392,144          | 1,199,249          | 16.1%         | 5,162,016           | 4,660,027           | 10.8%        |
|   | <b>9,963,191</b>   | <b>8,612,541</b>   | <b>15.7%</b>  | <b>38,656,072</b>   | <b>36,310,317</b>   | <b>6.5%</b>  |
| DEDUCTIONS FROM OPERATING REVENUE               | (3,539,759)        | (3,452,128)        | 2.5%          | (14,395,775)        | (13,842,999)        | 4.0%         |
| <b>NET OPERATING REVENUE</b>                    | <b>6,423,433</b>   | <b>5,160,413</b>   | <b>24.5%</b>  | <b>24,260,297</b>   | <b>22,467,318</b>   | <b>8.0%</b>  |
| <b>COST OF ELECTRIC ENERGY SERVICES</b>         |                    |                    |               |                     |                     |              |
| Electricity Purchased for Resale                | (3,456,104)        | (2,542,474)        | 35.9%         | (13,260,342)        | (12,738,247)        | 4.1%         |
| Electricity Network Usage Charges               | (614,959)          | (561,922)          | 9.4%          | (2,363,146)         | (2,284,056)         | 3.5%         |
|   | <b>(4,071,063)</b> | <b>(3,104,396)</b> | <b>31.1%</b>  | <b>(15,623,488)</b> | <b>(15,022,304)</b> | <b>4.0%</b>  |
| <b>OPERATING COSTS AND EXPENSES</b>             |                    |                    |               |                     |                     |              |
| Personnel                                       | (257,998)          | (245,253)          | 5.2%          | (961,956)           | (925,513)           | 3.9%         |
| Material  | (43,546)           | (45,985)           | -5.3%         | (180,219)           | (170,223)           | 5.9%         |
| Outsourced Services                             | (233,498)          | (239,364)          | -2.5%         | (871,707)           | (866,273)           | 0.6%         |
| Other Operating Costs/Expenses                  | (203,533)          | (208,546)          | -2.4%         | (749,378)           | (619,831)           | 20.9%        |
| <i>Allowance for Doubtful Accounts</i>          | <i>(39,538)</i>    | <i>(50,152)</i>    | <i>-21.2%</i> | <i>(233,077)</i>    | <i>(165,942)</i>    | <i>40.5%</i> |
| <i>Legal and Judicial Expenses</i>              | <i>(44,356)</i>    | <i>(66,664)</i>    | <i>-33.5%</i> | <i>(166,230)</i>    | <i>(178,680)</i>    | <i>-7.0%</i> |
| <i>Others</i>                                   | <i>(119,639)</i>   | <i>(91,730)</i>    | <i>30.4%</i>  | <i>(349,761)</i>    | <i>(275,208)</i>    | <i>27.1%</i> |
| Cost of building the infrastructure             | (589,612)          | (568,451)          | 3.7%          | (2,066,823)         | (1,770,587)         | 16.7%        |
| Employee Pension Plans                          | (26,808)           | (22,089)           | 21.4%         | (110,711)           | (88,356)            | 25.3%        |
| Depreciation and Amortization                   | (215,575)          | (182,302)          | 18.3%         | (763,675)           | (710,265)           | 7.5%         |
| Amortization of Concession's Intangible         | (14,133)           | (14,133)           | 0.0%          | (56,531)            | (56,531)            | 0.0%         |
|   | <b>(1,584,704)</b> | <b>(1,526,123)</b> | <b>3.8%</b>   | <b>(5,760,999)</b>  | <b>(5,207,579)</b>  | <b>10.6%</b> |
| <b>EBITDA<sup>1</sup></b>                       | <b>997,374</b>     | <b>726,329</b>     | <b>37.3%</b>  | <b>3,696,016</b>    | <b>3,004,231</b>    | <b>23.0%</b> |
| <b>EBIT</b>                                     | <b>767,666</b>     | <b>529,894</b>     | <b>44.9%</b>  | <b>2,875,809</b>    | <b>2,237,434</b>    | <b>28.5%</b> |
| <b>FINANCIAL INCOME (EXPENSE)</b>               |                    |                    |               |                     |                     |              |
| Financial Income                                | 162,873            | 161,151            | 1.1%          | 624,459             | 574,685             | 8.7%         |
| Financial Expenses                              | (186,131)          | (222,015)          | -16.2%        | (821,739)           | (884,583)           | -7.1%        |
| Interest on Equity                              | (23,258)           | (60,865)           | -61.8%        | (197,280)           | (309,898)           | -36.3%       |
|   | <b>744,408</b>     | <b>469,030</b>     | <b>58.7%</b>  | <b>2,678,529</b>    | <b>1,927,537</b>    | <b>39.0%</b> |
| <b>INCOME BEFORE TAXES ON INCOME</b>            |                    |                    |               |                     |                     |              |
| Social Contribution                             | (38,376)           | 11,181             | -443.2%       | (228,113)           | (132,166)           | 72.6%        |
| Income Tax                                      | (98,448)           | 31,080             | -416.8%       | (615,841)           | (362,954)           | 69.7%        |
| <b>NET INCOME</b>                               | <b>607,584</b>     | <b>511,291</b>     | <b>18.8%</b>  | <b>1,834,575</b>    | <b>1,432,416</b>    | <b>28.1%</b> |

Note:

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

## 6.9) Economic-Financial performance by Distributor

(R\$ thousand)



| CPFL PAULISTA                  |                  |                  |              |                   |                   |              |
|--------------------------------|------------------|------------------|--------------|-------------------|-------------------|--------------|
|                                | 4Q19             | 4Q18             | Var.         | 2019              | 2018              | Var.         |
| <b>Gross Operating Revenue</b> | <b>4,492,218</b> | <b>3,766,229</b> | <b>19.3%</b> | <b>16,936,198</b> | <b>15,817,680</b> | <b>7.1%</b>  |
| Net Operating Revenue          | 2,894,225        | 2,279,888        | 26.9%        | 10,730,696        | 9,892,570         | 8.5%         |
| Cost of Electric Power         | (1,893,801)      | (1,424,800)      | 32.9%        | (7,136,199)       | (6,769,557)       | 5.4%         |
| Operating Costs & Expenses     | (633,996)        | (587,291)        | 8.0%         | (2,319,714)       | (2,094,084)       | 10.8%        |
| EBIT                           | 366,429          | 267,797          | 36.8%        | 1,274,783         | 1,028,929         | 23.9%        |
| <b>EBITDA<sup>(1)</sup></b>    | <b>445,439</b>   | <b>329,913</b>   | <b>35.0%</b> | <b>1,551,519</b>  | <b>1,287,003</b>  | <b>20.6%</b> |
| Financial Income (Expense)     | 418              | (12,986)         | -103.2%      | (46,933)          | (76,911)          | -39.0%       |
| Income Before Taxes            | 366,847          | 254,810          | 44.0%        | 1,227,851         | 952,019           | 29.0%        |
| <b>Net Income</b>              | <b>284,447</b>   | <b>205,770</b>   | <b>38.2%</b> | <b>837,604</b>    | <b>649,516</b>    | <b>29.0%</b> |

| CPFL PIRATININGA               |                  |                  |              |                  |                  |              |
|--------------------------------|------------------|------------------|--------------|------------------|------------------|--------------|
|                                | 4Q19             | 4Q18             | Var.         | 2019             | 2018             | Var.         |
| <b>Gross Operating Revenue</b> | <b>1,731,342</b> | <b>1,516,438</b> | <b>14.2%</b> | <b>7,027,117</b> | <b>6,446,884</b> | <b>9.0%</b>  |
| Net Operating Revenue          | 1,121,650        | 870,372          | 28.9%        | 4,345,303        | 3,879,542        | 12.0%        |
| Cost of Electric Power         | (784,363)        | (550,150)        | 42.6%        | (3,019,013)      | (2,725,556)      | 10.8%        |
| Operating Costs & Expenses     | (222,006)        | (249,635)        | -11.1%       | (872,627)        | (831,908)        | 4.9%         |
| EBIT                           | 115,281          | 70,587           | 63.3%        | 453,663          | 322,078          | 40.9%        |
| <b>EBITDA<sup>(1)</sup></b>    | <b>147,290</b>   | <b>96,237</b>    | <b>53.0%</b> | <b>568,076</b>   | <b>422,308</b>   | <b>34.5%</b> |
| Financial Income (Expense)     | (3,255)          | (8,469)          | -61.6%       | (30,928)         | (48,548)         | -36.3%       |
| Income Before Taxes            | 112,026          | 62,118           | 80.3%        | 422,734          | 273,530          | 54.5%        |
| <b>Net Income</b>              | <b>86,014</b>    | <b>50,551</b>    | <b>70.2%</b> | <b>281,634</b>   | <b>182,654</b>   | <b>54.2%</b> |

| RGE                            |                  |                  |              |                   |                   |              |
|--------------------------------|------------------|------------------|--------------|-------------------|-------------------|--------------|
|                                | 4Q19             | 4Q18             | Var.         | 2019              | 2018              | Var.         |
| <b>Gross Operating Revenue</b> | <b>3,295,901</b> | <b>2,931,138</b> | <b>12.4%</b> | <b>12,936,555</b> | <b>12,364,980</b> | <b>4.6%</b>  |
| Net Operating Revenue          | 2,091,397        | 1,750,031        | 19.5%        | 7,963,590         | 7,590,040         | 4.9%         |
| Cost of Electric Power         | (1,211,213)      | (979,140)        | 23.7%        | (4,771,167)       | (4,852,886)       | -1.7%        |
| Operating Costs & Expenses     | (619,464)        | (607,024)        | 2.0%         | (2,202,233)       | (1,979,630)       | 11.2%        |
| EBIT                           | 260,721          | 163,868          | 59.1%        | 990,189           | 757,524           | 30.7%        |
| <b>EBITDA<sup>(1)</sup></b>    | <b>365,279</b>   | <b>260,783</b>   | <b>40.1%</b> | <b>1,368,431</b>  | <b>1,120,578</b>  | <b>22.1%</b> |
| Financial Income (Expense)     | (18,884)         | (37,948)         | -50.2%       | (108,863)         | (170,424)         | -36.1%       |
| Income Before Taxes            | 241,837          | 125,920          | 92.1%        | 881,327           | 587,100           | 50.1%        |
| <b>Net Income</b>              | <b>213,956</b>   | <b>231,437</b>   | <b>-7.6%</b> | <b>614,109</b>    | <b>519,055</b>    | <b>18.3%</b> |

| CPFL SANTA CRUZ                |                |                |              |                  |                  |              |
|--------------------------------|----------------|----------------|--------------|------------------|------------------|--------------|
|                                | 4Q19           | 4Q18           | Var.         | 2019             | 2018             | Var.         |
| <b>Gross Operating Revenue</b> | <b>443,730</b> | <b>398,737</b> | <b>11.3%</b> | <b>1,756,202</b> | <b>1,680,773</b> | <b>4.5%</b>  |
| Net Operating Revenue          | 316,160        | 260,122        | 21.5%        | 1,220,707        | 1,105,165        | 10.5%        |
| Cost of Electric Power         | (181,687)      | (150,306)      | 20.9%        | (697,109)        | (674,305)        | 3.4%         |
| Operating Costs & Expenses     | (109,239)      | (82,173)       | 32.9%        | (366,425)        | (301,957)        | 21.3%        |
| EBIT                           | 25,234         | 27,642         | -8.7%        | 157,174          | 128,904          | 21.9%        |
| <b>EBITDA<sup>(1)</sup></b>    | <b>39,366</b>  | <b>39,395</b>  | <b>-0.1%</b> | <b>207,989</b>   | <b>174,341</b>   | <b>19.3%</b> |
| Financial Income (Expense)     | (1,537)        | (1,461)        | 5.2%         | (10,556)         | (14,015)         | -24.7%       |
| Income Before Taxes            | 23,698         | 26,181         | -9.5%        | 146,618          | 114,888          | 27.6%        |
| <b>Net Income</b>              | <b>23,166</b>  | <b>23,533</b>  | <b>-1.6%</b> | <b>101,228</b>   | <b>81,191</b>    | <b>24.7%</b> |

Note:

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

## 6.10) Sales within the Concession Area by Distributor

(In GWh)



| CPFL Paulista |              |              |             |               |               |             |
|---------------|--------------|--------------|-------------|---------------|---------------|-------------|
|               | 4Q19         | 4Q18         | Var.        | 2019          | 2018          | Var.        |
| Residential   | 2,679        | 2,458        | 9.0%        | 9,888         | 9,426         | 4.9%        |
| Industrial    | 2,904        | 2,867        | 1.3%        | 11,034        | 11,057        | -0.2%       |
| Commercial    | 1,600        | 1,474        | 8.6%        | 5,854         | 5,596         | 4.6%        |
| Others        | 1,250        | 1,139        | 9.8%        | 4,593         | 4,488         | 2.3%        |
| <b>Total</b>  | <b>8,434</b> | <b>7,938</b> | <b>6.2%</b> | <b>31,369</b> | <b>30,568</b> | <b>2.6%</b> |

| CPFL Piratininga |              |              |             |               |               |              |
|------------------|--------------|--------------|-------------|---------------|---------------|--------------|
|                  | 4Q19         | 4Q18         | Var.        | 2019          | 2018          | Var.         |
| Residential      | 1,011        | 973          | 3.9%        | 4,027         | 3,905         | 3.1%         |
| Industrial       | 1,574        | 1,616        | -2.6%       | 6,148         | 6,542         | -6.0%        |
| Commercial       | 672          | 628          | 7.2%        | 2,576         | 2,464         | 4.6%         |
| Others           | 338          | 327          | 3.3%        | 1,307         | 1,229         | 6.3%         |
| <b>Total</b>     | <b>3,596</b> | <b>3,544</b> | <b>1.4%</b> | <b>14,058</b> | <b>14,140</b> | <b>-0.6%</b> |

| RGE          |              |              |             |               |               |              |
|--------------|--------------|--------------|-------------|---------------|---------------|--------------|
|              | 4Q19         | 4Q18         | Var.        | 2019          | 2018          | Var.         |
| Residential  | 1,410        | 1,334        | 5.7%        | 5,605         | 5,487         | 2.2%         |
| Industrial   | 1,629        | 1,619        | 0.6%        | 6,419         | 6,420         | 0.0%         |
| Commercial   | 659          | 647          | 1.9%        | 2,618         | 2,635         | -0.6%        |
| Others       | 1,193        | 1,199        | -0.5%       | 4,926         | 5,087         | -3.2%        |
| <b>Total</b> | <b>4,891</b> | <b>4,798</b> | <b>1.9%</b> | <b>19,568</b> | <b>19,629</b> | <b>-0.3%</b> |

| CPFL Santa Cruz |            |            |             |              |              |             |
|-----------------|------------|------------|-------------|--------------|--------------|-------------|
|                 | 4Q19       | 4Q18       | Var.        | 2019         | 2018         | Var.        |
| Residential     | 218        | 205        | 6.3%        | 836          | 800          | 4.5%        |
| Industrial      | 285        | 269        | 5.9%        | 1,082        | 1,004        | 7.8%        |
| Commercial      | 100        | 92         | 7.6%        | 375          | 353          | 6.2%        |
| Others          | 212        | 179        | 18.3%       | 768          | 719          | 6.7%        |
| <b>Total</b>    | <b>814</b> | <b>745</b> | <b>9.2%</b> | <b>3,061</b> | <b>2,876</b> | <b>6.4%</b> |

## 6.11) Sales to the Captive Market by Distributor

(in GWh)



| CPFL Paulista |              |              |             |               |               |             |
|---------------|--------------|--------------|-------------|---------------|---------------|-------------|
|               | 4Q19         | 4Q18         | Var.        | 2019          | 2018          | Var.        |
| Residential   | 2,679        | 2,458        | 9.0%        | 9,888         | 9,426         | 4.9%        |
| Industrial    | 652          | 663          | -1.6%       | 2,420         | 2,548         | -5.0%       |
| Commercial    | 1,195        | 1,114        | 7.3%        | 4,325         | 4,210         | 2.7%        |
| Others        | 1,194        | 1,109        | 7.7%        | 4,397         | 4,356         | 0.9%        |
| <b>Total</b>  | <b>5,721</b> | <b>5,344</b> | <b>7.1%</b> | <b>21,030</b> | <b>20,540</b> | <b>2.4%</b> |

| CPFL Piratininga |              |              |             |              |              |             |
|------------------|--------------|--------------|-------------|--------------|--------------|-------------|
|                  | 4Q19         | 4Q18         | Var.        | 2019         | 2018         | Var.        |
| Residential      | 1,011        | 973          | 3.9%        | 4,027        | 3,905        | 3.1%        |
| Industrial       | 258          | 286          | -9.8%       | 1,021        | 1,147        | -11.0%      |
| Commercial       | 476          | 453          | 4.9%        | 1,827        | 1,774        | 3.0%        |
| Others           | 262          | 284          | -7.6%       | 1,088        | 1,059        | 2.8%        |
| <b>Total</b>     | <b>2,007</b> | <b>1,997</b> | <b>0.5%</b> | <b>7,963</b> | <b>7,886</b> | <b>1.0%</b> |

| RGE          |              |              |             |               |               |              |
|--------------|--------------|--------------|-------------|---------------|---------------|--------------|
|              | 4Q19         | 4Q18         | Var.        | 2019          | 2018          | Var.         |
| Residential  | 1,410        | 1,334        | 5.7%        | 5,605         | 5,487         | 2.2%         |
| Industrial   | 447          | 505          | -11.5%      | 1,844         | 2,048         | -10.0%       |
| Commercial   | 556          | 563          | -1.2%       | 2,227         | 2,315         | -3.8%        |
| Others       | 1,187        | 1,191        | -0.4%       | 4,897         | 5,055         | -3.1%        |
| <b>Total</b> | <b>3,600</b> | <b>3,594</b> | <b>0.2%</b> | <b>14,573</b> | <b>14,905</b> | <b>-2.2%</b> |

| CPFL Santa Cruz |            |            |             |              |              |             |
|-----------------|------------|------------|-------------|--------------|--------------|-------------|
|                 | 4Q19       | 4Q18       | Var.        | 2019         | 2018         | Var.        |
| Residential     | 218        | 205        | 6.3%        | 836          | 800          | 4.5%        |
| Industrial      | 99         | 107        | -7.9%       | 386          | 407          | -5.3%       |
| Commercial      | 91         | 87         | 4.6%        | 345          | 331          | 4.4%        |
| Others          | 211        | 179        | 18.2%       | 766          | 719          | 6.5%        |
| <b>Total</b>    | <b>619</b> | <b>578</b> | <b>7.1%</b> | <b>2,333</b> | <b>2,258</b> | <b>3.3%</b> |

## 6.12) Information on Interest in Companies

| Energy distribution                                       | Company Type                | Equity Interest          | Location (State)                                  | Number of municipalities | Approximate number of consumers (in thousands) | Concession term | End of the concession |
|---|-----------------------------|--------------------------|---|--------------------------|--|-----------------|-----------------------|
| Companhia Paulista de Força e Luz ("CPFL Paulista")       | Publicly-quoted corporation | Direct 100%              | Countryside of São Paulo                          | 234                      | 4,581  | 30 years        | November 2027         |
| Companhia Piratininga de Força e Luz ("CPFL Piratininga") | Publicly-quoted corporation | Direct 100%              | Countryside and seaside of São Paulo              | 27                       | 1,789  | 30 years        | October 2028          |
| RGE Sul Distribuidora de Energia S.A. ("RGE") (a)         | Publicly-quoted corporation | Direct and Indirect 100% | Countryside of Rio Grande do Sul                  | 381                      | 2,922  | 30 years        | November 2027         |
| Companhia Jaguarí de Energia ("CPFL Santa Cruz")          | Private corporation         | Direct 100%              | Countryside of São Paulo, Paraná and Minas Gerais | 45                       | 466  | 30 years        | July 2045             |

Note:

- (a) On December 31, 2018, was approved the grouping of the concessions of the distribution companies RGE Sul Distribuidora de Energia S.A. ("RGE Sul") and Rio Grande Energia S.A. ("RGE"), considering RGE Sul as the Merging Company and RGE as the Merged Company;

| Energy generation (conventional and renewable sources)    | Company Type                | Equity Interest            | Location (State)                     | Number of plants / type of energy | Installed capacity |                    |
|---|-----------------------------|----------------------------|--------------------------------------|-----------------------------------|--------------------|--------------------|
|   |                             |                            |                                      |                                   | Total              | CPFL participation |
| CPFL Geração de Energia S.A. ("CPFL Geração")             | Publicly-quoted corporation | Direct 100%                | São Paulo and Goiás                  | 3 Hydroelectric (b)               | 1,295              | 678                |
| CERAN - Companhia Energética Rio das Antas ("CERAN")      | Private corporation         | Indirect 65%               | Rio Grande do Sul                    | 3 Hydroelectric                   | 360                | 234                |
| Foz do Chapecó Energia S.A. ("Foz do Chapecó")            | Private corporation         | Indirect 51% (c)           | Santa Catarina and Rio Grande do Sul | 1 Hydroelectric                   | 855                | 436                |
| Campos Novos Energia S.A. ("ENERCAN")                     | Private corporation         | Indirect 48.72%            | Santa Catarina                       | 1 Hydroelectric                   | 880                | 429                |
| BAESA - Energética Barra Grande S.A. ("BAESA")            | Private corporation         | Indirect 25.01%            | Santa Catarina and Rio Grande do Sul | 1 Hydroelectric                   | 690                | 173                |
| Centrais Elétricas da Paraíba S.A. ("EPASA")              | Private corporation         | Indirect 53.34%            | Paraíba                              | 2 Thermoelectric                  | 342                | 182                |
| Paulista Lajeado Energia S.A. ("Paulista Lajeado")        | Private corporation         | Indirect 59.93% (d)        | Tocantins                            | 1 Hydroelectric                   | 903                | 38                 |
| CPFL Energias Renováveis S.A. ("CPFL Renováveis")         | Publicly-quoted corporation | Direct and Indirect 99.94% | See chapter 2.2.2                    | See chapter 2.2.2                 | See chapter 2.2.2  | See chapter 2.2.2  |
| CPFL Centrais Geradoras Ltda. ("CPFL Centrais Geradoras") | Limited company             | Direct 100%                | São Paulo and Minas Gerais           | 6 MHPPs                           | 4                  | 4                  |

| Transmission   | Company Type        | Core activity                         | Equity Interest |
|--|---------------------|---------------------------------------|-----------------|
| CPFL Transmissão Piracicaba S.A. ("CPFL Piracicaba")   | Private corporation | Electric energy transmission services | Indirect 100%   |
| CPFL Transmissão Morro Agudo S.A. ("CPFL Morro Agudo") | Private corporation | Electric energy transmission services | Indirect 100%   |
| CPFL Transmissão Maracanaú S.A. ("CPFL Maracanaú")     | Private corporation | Electric energy transmission services | Indirect 100%   |
| CPFL Transmissão Sul I S.A. ("CPFL Sul I")             | Private corporation | Electric energy transmission services | Indirect 100%   |
| CPFL Transmissão Sul II S.A. ("CPFL Sul II")           | Private corporation | Electric energy transmission services | Indirect 100%   |

Notes:

- (b) CPFL Geração holds 51.54% of the assured power and power of the Serra da Mesa HPP, whose concession belongs to Furnas. The Cariobinha HPP and the Carioba TPP projects are deactivated pending the position of the Ministry of Mines and Energy on the anticipated closure of its concession and are not included in the table;
- (c) The joint venture Chapecoense fully consolidates the interim financial statements of its direct subsidiary, Foz de Chapecó;
- (d) Paulista Lajeado has a 7% participation in the installed power of Investco S.A. (5.94% share of its capital).

| Energy commercialization   | Company Type        | Core activity                                      | Equity Interest |
|--|---------------------|--|-----------------|
| CPFL Comercialização Brasil S.A. ("CPFL Brasil")                                 | Private corporation | Energy commercialization                           | Direct 100%     |
| Clion Assessoria e Comercialização de Energia Elétrica Ltda. ("CPFL Meridional") | Limited company     | Commercialization and provision of energy services | Indirect 100%   |
| CPFL Comercialização Cone Sul S.A. ("CPFL Cone Sul")                             | Private corporation | Energy commercialization                           | Indirect 100%   |
| CPFL Planalto Ltda. ("CPFL Planalto")  | Limited company     | Energy commercialization                           | Direct 100%     |
| CPFL Brasil Varejista S.A. ("CPFL Brasil Varejista")                             | Private corporation | Energy commercialization                           | Indirect 100%   |

| Services  | Company Type        | Core activity  | Equity Interest |
|---|---------------------|--|-----------------|
| CPFL Serviços, Equipamentos, Indústria e Comércio S.A. ("CPFL Serviços")    | Private corporation | Manufacturing, commercialization, rental and maintenance of electro-mechanical equipment and service provision | Direct 100%     |
| Nect Serviços Administrativos de Infraestrutura Ltda ("CPFL Infra") (g)     | Limited company     | Infrastructure and Fleet Services  | Direct 100%     |
| Nect Serviços Administrativos de Recursos Humanos Ltda ("CPFL Pessoas") (g) | Limited company     | Human Resources Services   | Direct 100%     |
| Nect Serviços Administrativos Financeiros Ltda ("CPFL Finanças") (g)        | Limited company     | Financial services   | Direct 100%     |
| Nect Serviços Adm de Suprimentos e Logística Ltda ("CPFL Supre") (g)        | Limited company     | Supply & Logistics Services  | Direct 100%     |
| CPFL Atende Centro de Contatos e Atendimento Ltda. ("CPFL Atende")          | Limited company     | Provision of telephone answering services  | Direct 100%     |
| CPFL Total Serviços Administrativos Ltda. ("CPFL Total")                    | Limited company     | Billing and collection services  | Direct 100%     |
| CPFL Eficiência Energética S.A. ("CPFL Eficiência")                         | Private corporation | Management in Energy Efficiency  | Direct 100%     |
| TI Nect Serviços de Informática Ltda. ("Authi")                             | Limited company     | IT services  | Direct 100%     |
| CPFL GD S.A. ("CPFL GD")  | Private corporation | Electric energy generation services  | Indirect 100%   |



| Others   | Company Type        | Core activity              | Equity Interest    |
|--|---------------------|----------------------------|--------------------|
| CPFL Jaguar de Geração de Energia Ltda. ("Jaguar Geração") | Limited company     | Venture capital company    | Direct<br>100%     |
| Chapecoense Geração S.A. ("Chapecoense")                   | Private corporation | Venture capital company    | Indirect<br>51%    |
| Sul Geradora Participações S.A. ("Sul Geradora")           | Private corporation | Venture capital company    | Indirect<br>99.95% |
| CPFL Telecom S.A. ("CPFL Telecom")                         | Private corporation | Telecommunication services | Direct<br>100%     |

## 6.13) Reconciliation of Net Debt/EBITDA Pro Forma ratio of CPFL Energia for purposes of financial covenants calculation

(R\$ million)

### Net Debt Pro Forma Reconciliation (4Q19)

Net debt - Generation projects

| Dec-19                                 | Majority-controlled subsidiaries (fully consolidated) |                 |                  |              | Investees accounted for under the equity method |            |             |           |            | Total        |
|--|---|-----------------|------------------|--------------|---|------------|-------------|-----------|------------|--------------|
|  | CERAN   | CPFL Renováveis | Paulista Lajeado | Subtotal     | ENERCAN   | BAESA      | Chapecoense | EPASA     | Subtotal   |              |
| Borrowings and Debentures              | 317   | 5.005           | -                | 5.322        | 389   | -          | 255         | 152       | 795        | 6.117        |
| (-) Cash and Cash Equivalents          | (33)  | (413)           | (10)             | (455)        | (77)  | (18)       | (241)       | (96)      | (432)      | (888)        |
| <b>Net Debt</b>                        | <b>284</b>  | <b>4.592</b>    | <b>-9.564</b>    | <b>4.867</b> | <b>312</b>                                      | <b>-18</b> | <b>14</b>   | <b>55</b> | <b>363</b> | <b>5.230</b> |
| CPFL Stake (%)                         | 65,00%  | 99,94%          | 59,93%           | -            | 48,72%  | 25,01%     | 51,00%      | 53,34%    | -          | -            |
| <b>Net Debt in Generation Projects</b> | <b>185</b>  | <b>4.589</b>    | <b>-6</b>        | <b>4.768</b> | <b>152</b>                                      | <b>-5</b>  | <b>7</b>    | <b>30</b> | <b>184</b> | <b>4.952</b> |

#### Reconciliation

| CPFL Energia                    |               |
|---------------------------------|---------------|
| Gross Debt                      | 18.910        |
| (-) Cash and Cash Equivalents   | (1.937)       |
| <b>Net Debt (IFRS)</b>          | <b>16.972</b> |
| (-) Fully Consolidated Projects | (4.867)       |
| (+) Proportional Consolidation  | 4.952         |
| <b>Net Debt (Pro Forma)</b>     | <b>17.058</b> |

### EBITDA Pro Forma Reconciliation (4Q19 - LTM)

EBITDA - Generation Projects

| 4Q19LTM                    | Majority-controlled subsidiaries (fully consolidated) |                 |                  |              | Investees accounted for under the equity method |           |             |            |              | Total        |
|----------------------------|---|-----------------|------------------|--------------|---|-----------|-------------|------------|--------------|--------------|
|                            | CERAN   | CPFL Renováveis | Paulista Lajeado | Subtotal     | ENERCAN   | BAESA     | Chapecoense | EPASA      | Subtotal     |              |
| Net operating revenue      | 339   | 1.928           | 42               | 2.309        | 651   | 286       | 881         | 560        | 2.379        | 4.688        |
| Operating cost and expense | (103)   | (724)           | (25)             | (852)        | (193)   | (201)     | -           | (319)      | (713)        | (1.566)      |
| <b>EBITDA</b>              | <b>236</b>  | <b>1.204</b>    | <b>16.982</b>    | <b>1.457</b> | <b>458</b>                                      | <b>85</b> | <b>881</b>  | <b>241</b> | <b>1.666</b> | <b>3.123</b> |
| CPFL stake (%)             | 65,00%  | 99,94%          | 59,93%           | -            | 48,72%  | 25,01%    | 51,00%      | 53,34%     | -            | -            |
| <b>Proportional EBITDA</b> | <b>154</b>  | <b>1.203</b>    | <b>10</b>        | <b>1.367</b> | <b>223</b>                                      | <b>21</b> | <b>450</b>  | <b>129</b> | <b>823</b>   | <b>2.189</b> |

#### Reconciliation

| CPFL Energia - 4Q19 LTM                  |              |
|--|--------------|
| <b>Net income</b>                        | <b>2.748</b> |
| Amortization                             | 1.681        |
| Financial Results                        | 726          |
| Income Tax /Social Contribution          | 1.238        |
| <b>EBITDA</b>                            | <b>6.394</b> |
| (-) Equity income                        | (349)        |
| (-) EBITDA - Fully consolidated projects | (1.457)      |
| (+) Proportional EBITDA                  | 2.189        |
| <b>EBITDA Pro Forma</b>                  | <b>6.777</b> |
| <b>Net Debt / EBITDA Pro Forma</b>       | <b>2,52x</b> |

Note: in accordance with financial covenants calculation in cases of assets acquired by the Company.