

4Q19 Results



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2019 Highlights

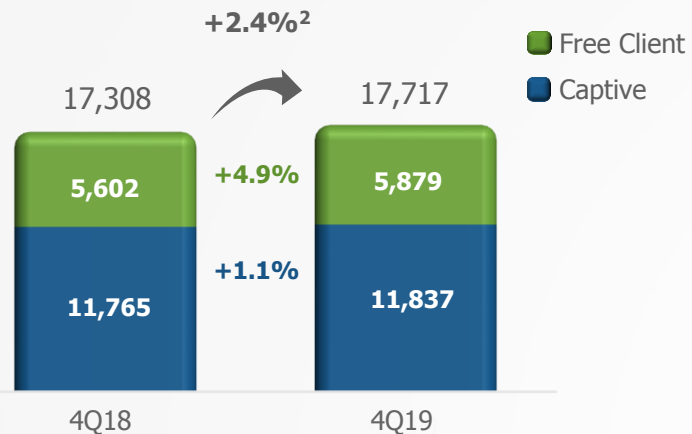
- ✓ Increase of **1.2% in load in the concession area**
 - In 4Q19, **load grew 2.4%**
- ✓ **EBITDA of R\$ 6,394 million**, growth of **13.4%**
- ✓ **Net Income of R\$ 2,748 million**, growth of **26.9%**
- ✓ Net Debt of **R\$ 16.8 billion** and leverage of **2.52x Net Debt/EBITDA¹**
- ✓ Investments 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
- ✓ Management proposal of **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



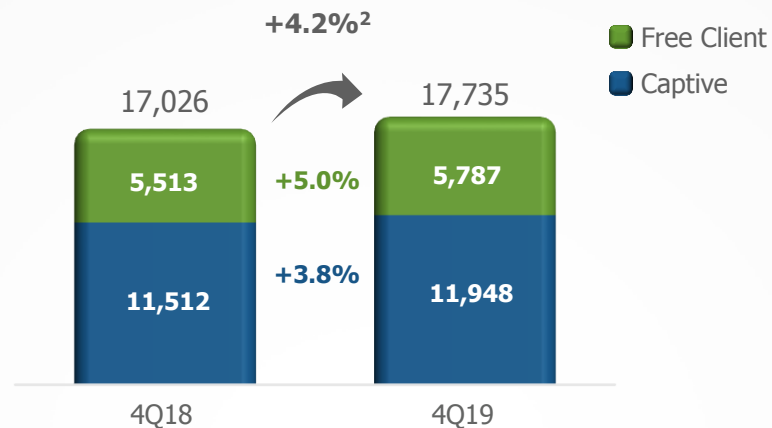
1) Financial covenants criteria.

4Q19 Energy Sales

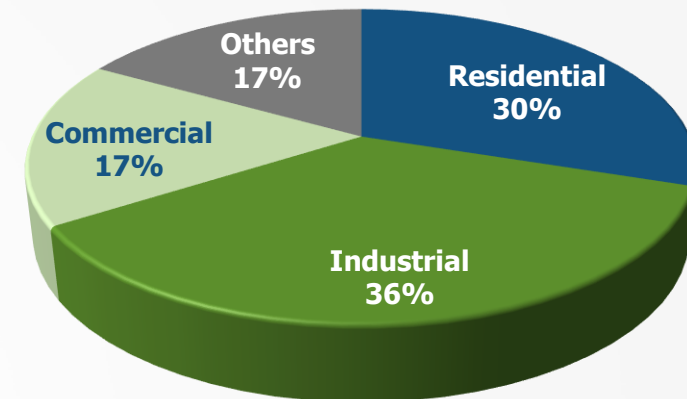
Load¹ in the concession area | GWh



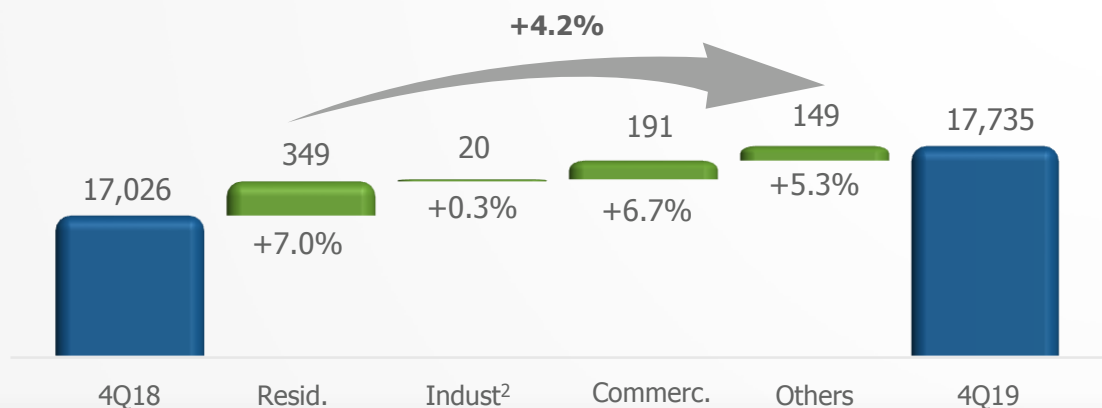
Sales in the concession area | GWh



Breakdown in the concession area | 4Q19



Sales by consumption segment | GWh



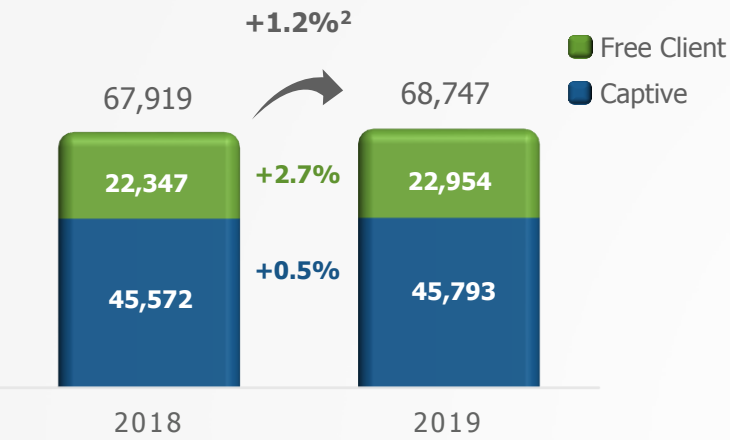
Main impacts by segment | %

	Resid	Ind	Com	Others	Total
Billing calendar	2.0	0.7	1.7	1.1	1.3
Temperature	3.8	-	3.7	0.6	1.8
Consumer migrations	-	-0.5	-	-2.5	-0.6
DG	-0.5	-0.1	-0.9	-0.2	-0.4
Macroeconomics/ Others	1.7	0.2	2.3	6.3	2.1

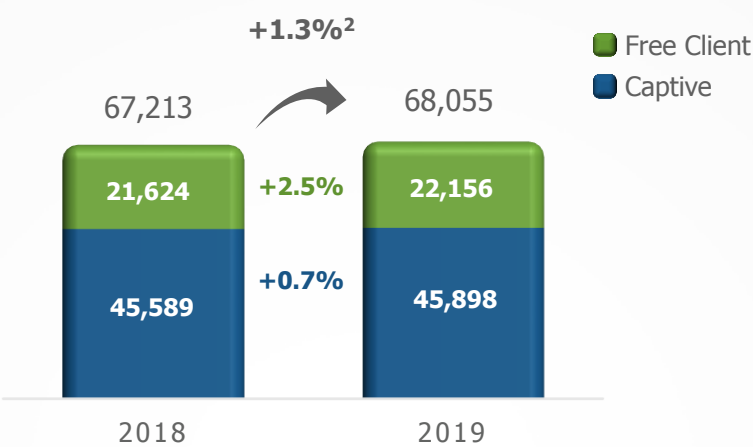
1) Load net of losses; 2) If excluding the consumption of large consumers that migrate to the National Grid, the load and the sales within the concession area in 4Q19 would have the following variations: +2.8% and +4.8%, respectively.

2019 Energy Sales

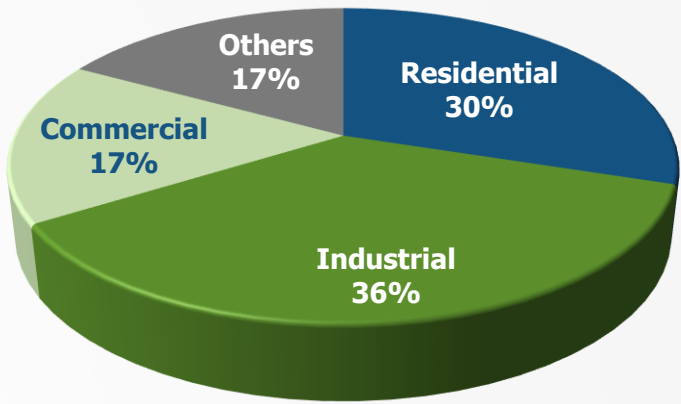
Load¹ in the concession area | GWh



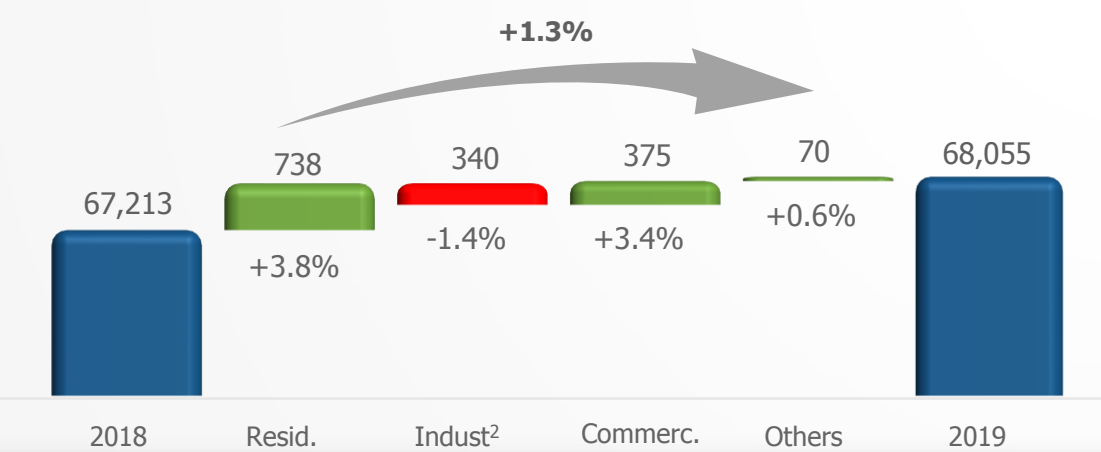
Sales in the concession area | GWh



Breakdown in the concession area | 2019



Sales by consumption segment | GWh



Main impacts by segment | %

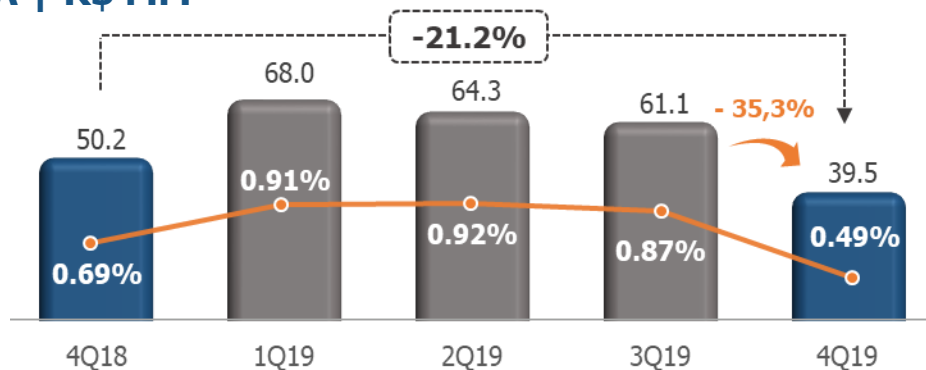
	Resid	Ind	Com	Others	Total
Billing calendar	0.1	0.0	0.1	0.0	0.0
Temperature	2.3	-	2.2	0.3	1.1
Consumer migrations	-	-1.3	-	-1.0	-0.7
DG	-0.3	-0.1	-0.5	-0.1	-0.2
Macroeconomics/ Others	1.7	0.0	1.6	1.4	1.1

1) Load net of losses; 2) 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% and +1.9%, respectively.

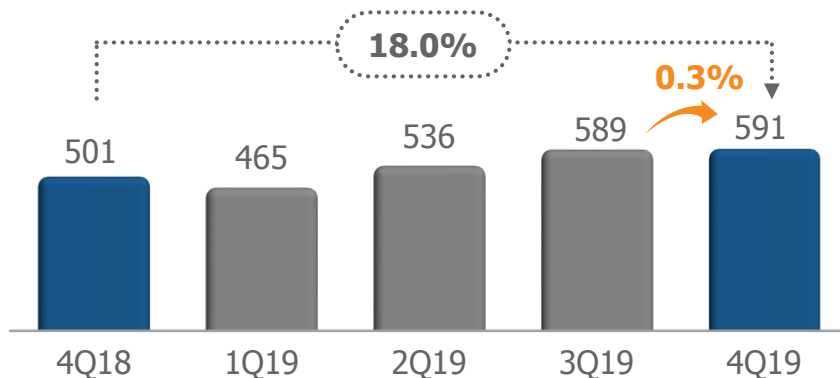
Delinquency and Energy Losses

Delinquency

ADA | R\$ MM

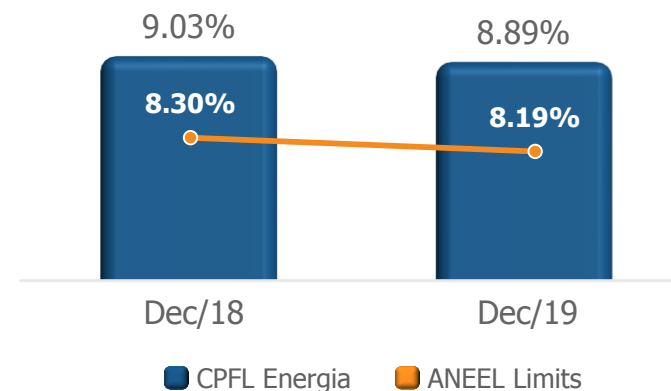


Collection actions | Power Cuts (thousands)



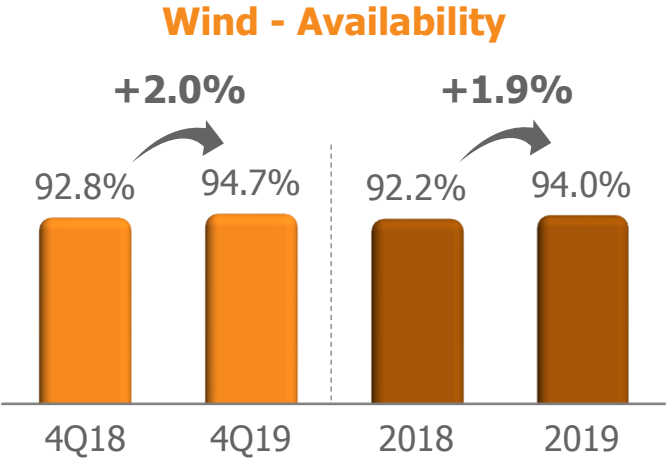
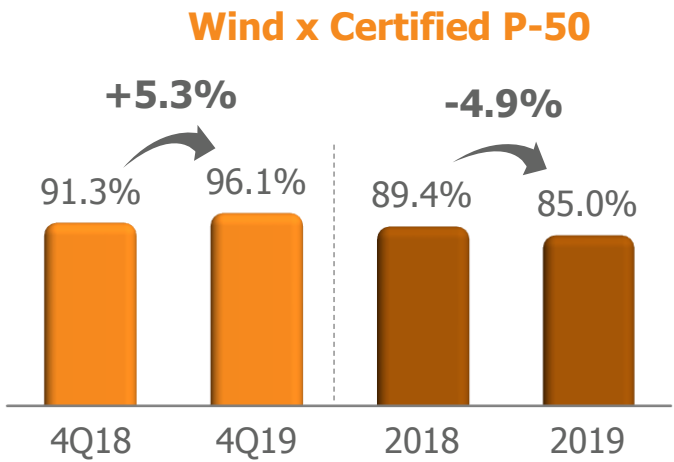
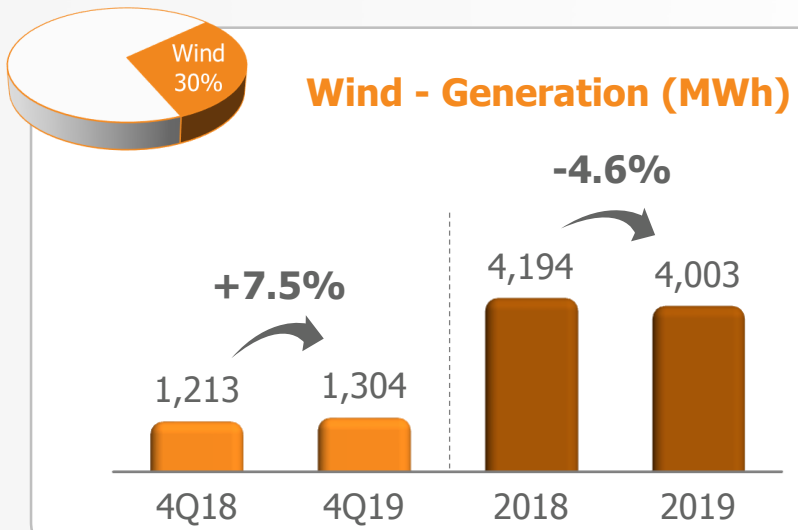
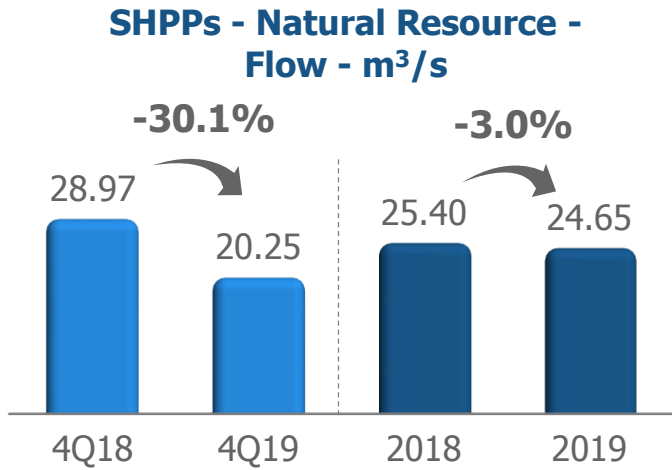
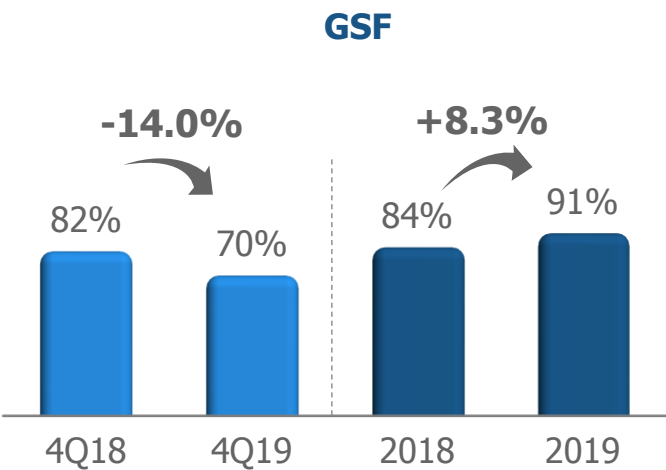
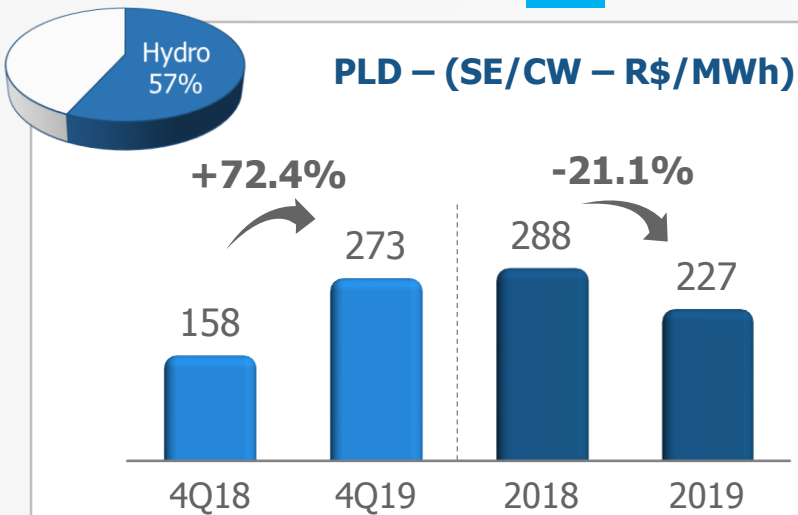
Energy Losses

Losses | Last 12 months



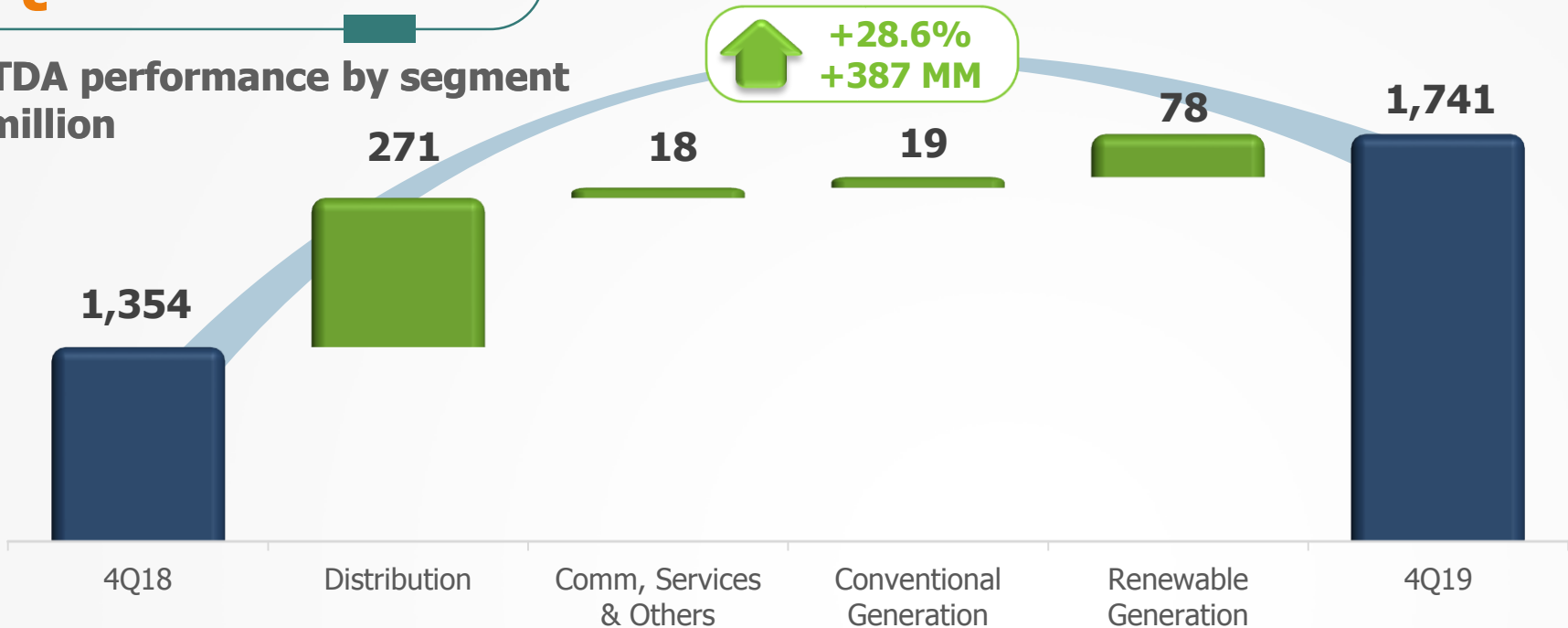
- ✓ There was a reduction in losses when comparing Dec/19 to Dec/18
- ✓ Intensified actions against losses:
 - 681 GWh of recovered energy
 - 567,000 inspections
 - implementation of armored boxes
 - mapping of risk areas

2019 Generation

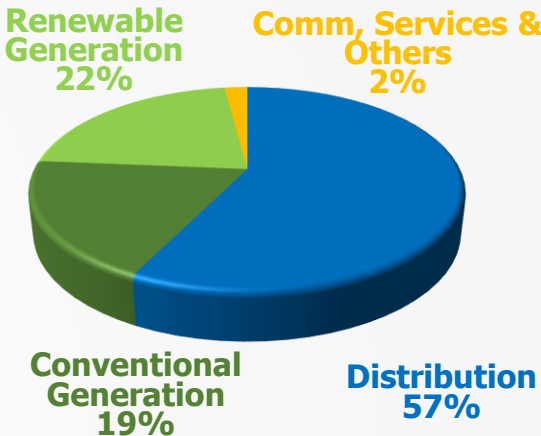


4Q19 Results

EBITDA performance by segment
R\$ million



EBITDA breakdown by segment



Distribution: +37.3%



- ✓ Market / tariff (+R\$ 238 MM)
- ✓ Other Revenues (+R\$ 12 MM)
- ✓ ADA (+R\$ 11 MM)
- ✓ Others (+R\$ 10 MM)

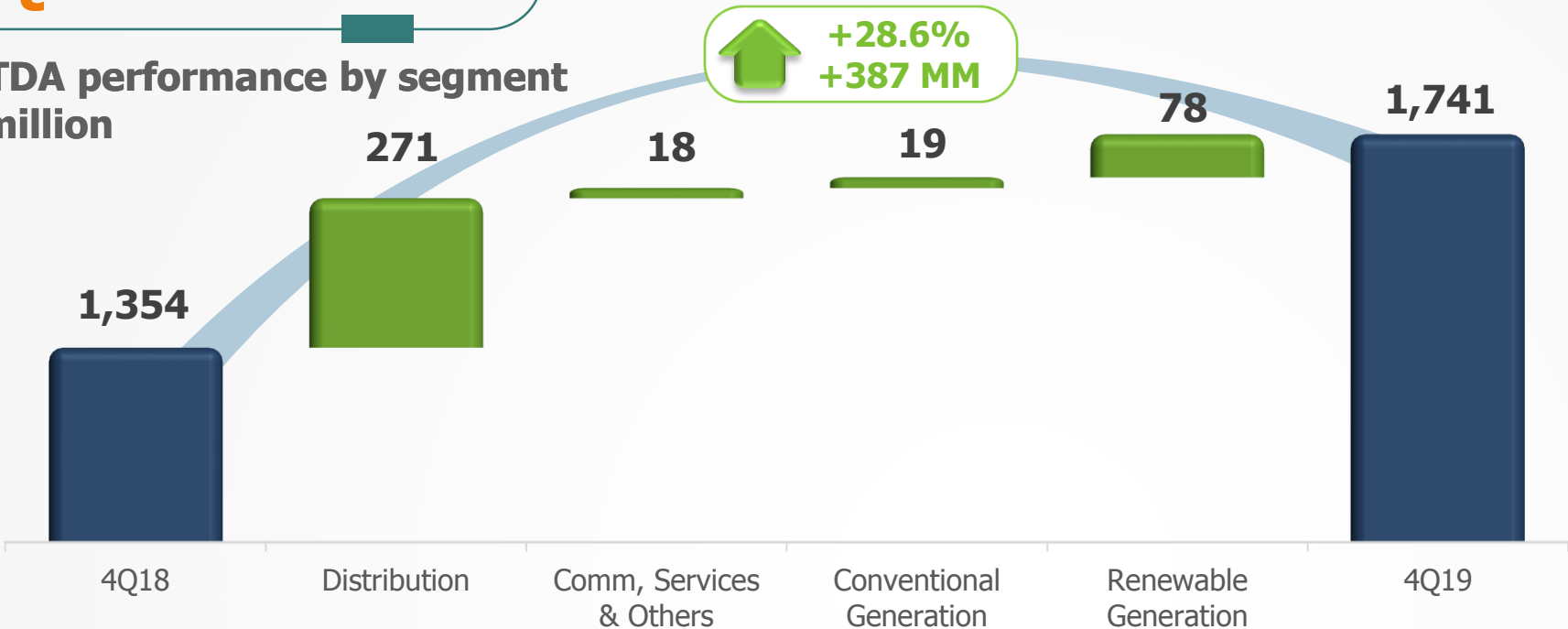
Comm, Services & Others: +108.4%



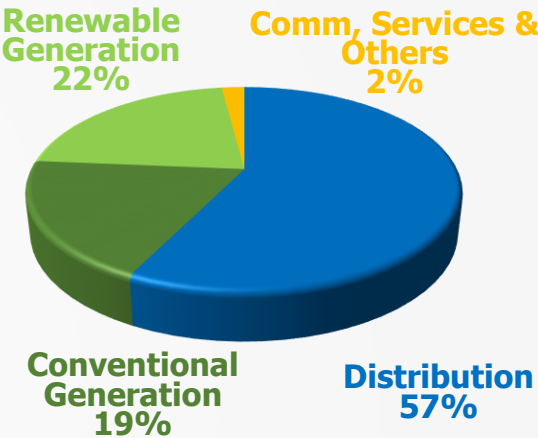
- ✓ Services: better performance in CPFL Serviços and CPFL Eficiência (+R\$ 16 MM)
- ✓ Commercialization: margin gain (+R\$ 8 MM)
- ✓ Others: holding (-R\$ 5 MM)

4Q19 Results

EBITDA performance by segment
R\$ million



EBITDA breakdown
by segment



Conventional Generation: +6.1%



- ✓ Inflation over energy contracts (+R\$ 25 MM)
- ✓ Free market GSF (-R\$ 7 MM)
- ✓ Others (+R\$ 1 MM)

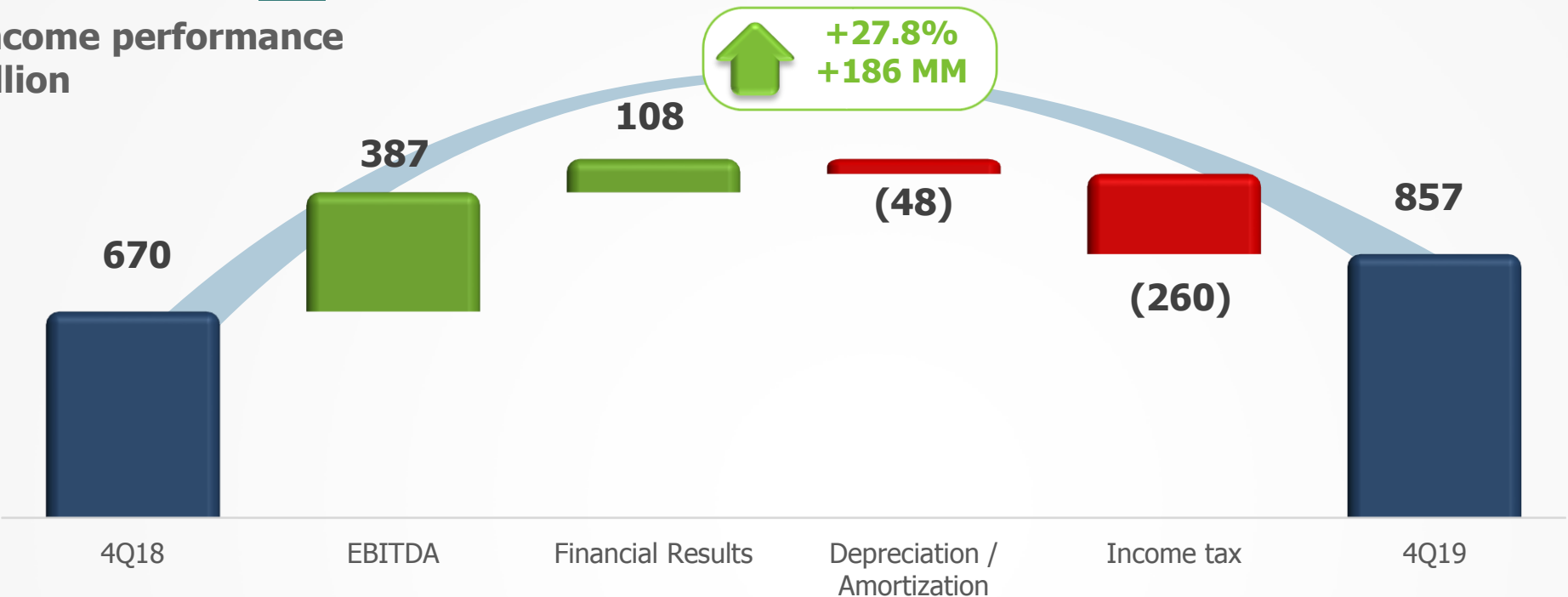
Renewable Generation: +26.1%



- ✓ Assets write-off in 4Q18 (+R\$ 60 MM)
- ✓ Higher wind farm generation (+R\$ 28 MM)
- ✓ Integration - CPFL Renováveis and CPFL Energia (-R\$ 4 MM)
- ✓ O&M ACL payments (-R\$ 3 MM)
- ✓ Others (-R\$ 3 MM)

4Q19 Results

Net Income performance
R\$ million



Financial Results



- ✓ Expenses with the net debt – lower interest rates and indebtedness (**+R\$ 98 MM**)
- ✓ Others (**+R\$ 10 MM**)

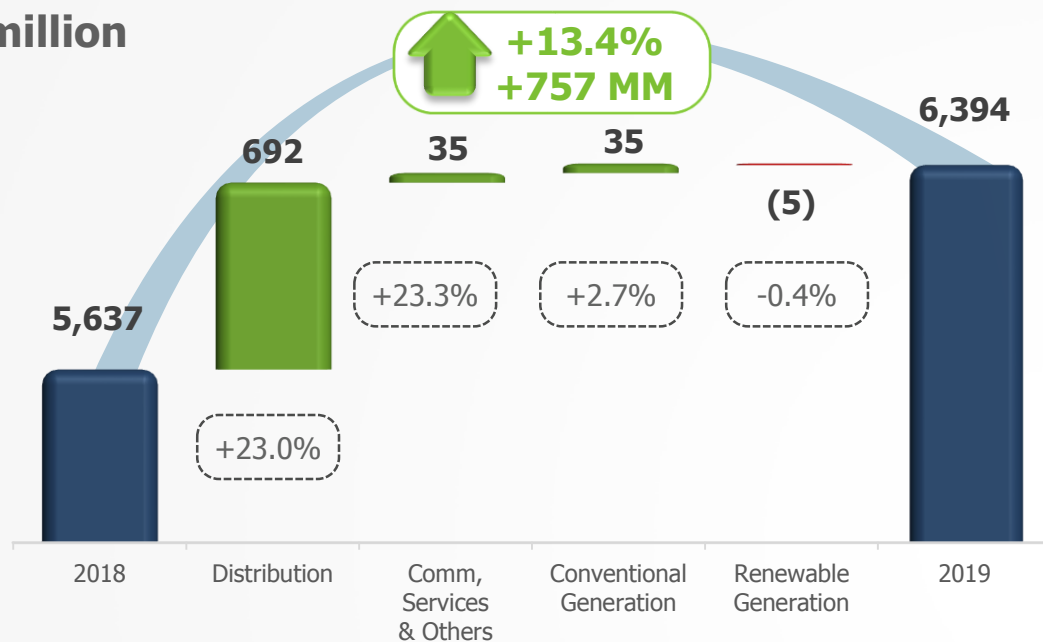
Income Tax



- ✓ Recognition of tax credits in RGE and CPFL Renováveis in 4Q18 and 4Q19 (**-R\$ 169 MM**)

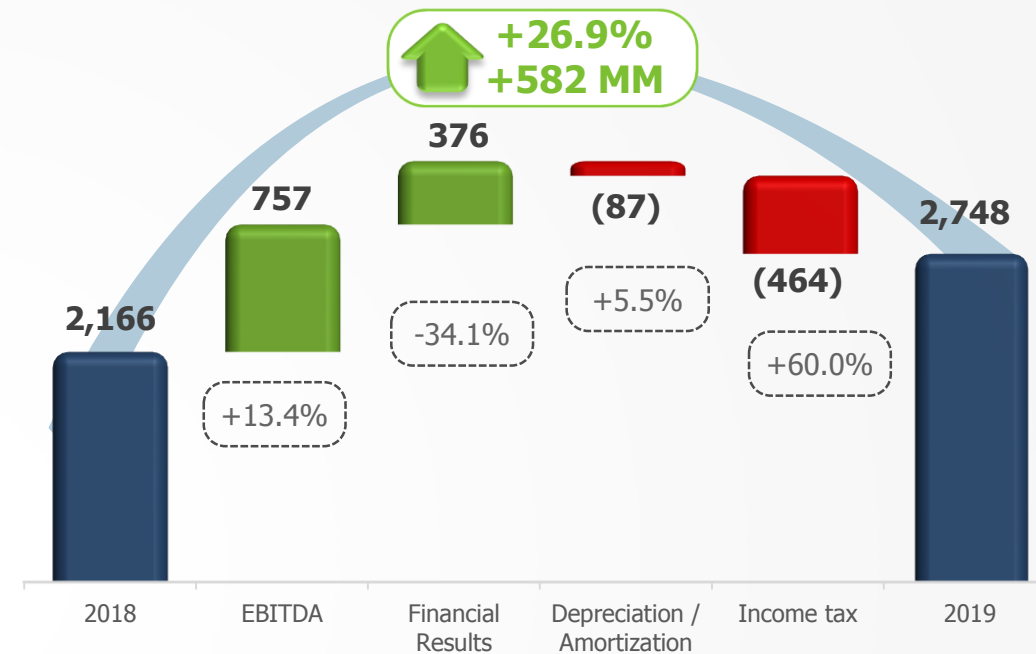
2019 Results

Performance of EBITDA and Net Income R\$ million



EBITDA

- ✓ Growth driven by good performance of Distribution segment (**+23.0%**), mainly favored by increase in market and tariffs, partially offset by PMSO and ADA
- ✓ Renewable Generation virtually stable (**-0.4%**), despite weak wind performance in 2019
- ✓ CPFL Serviços and CPFL Eficiência also growing

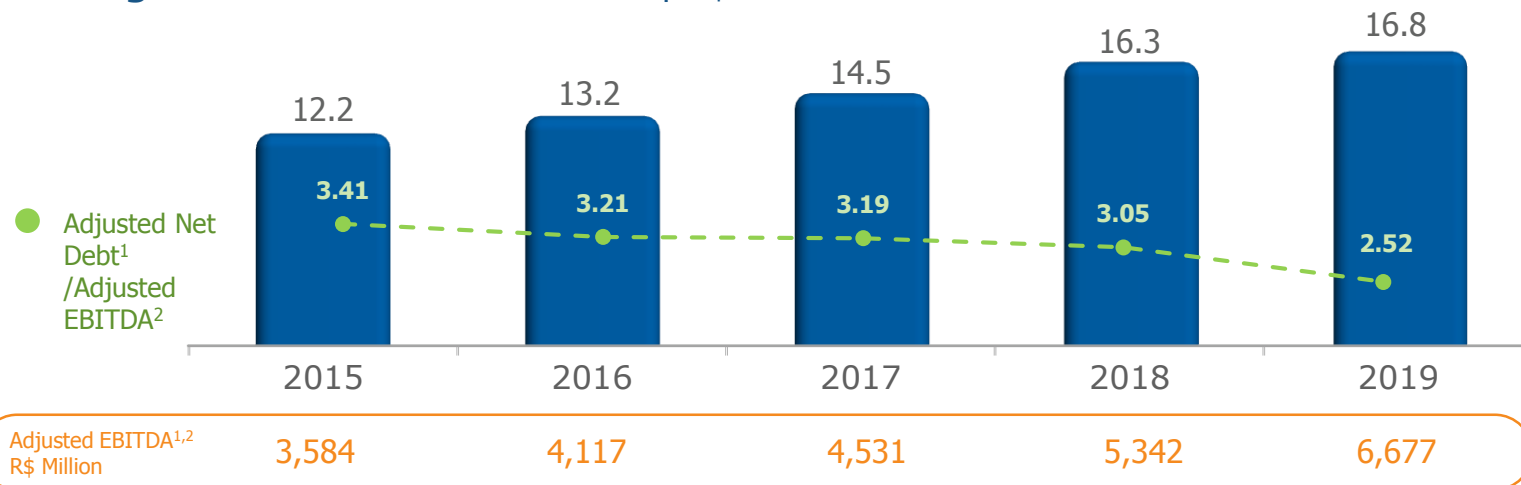


Net Income

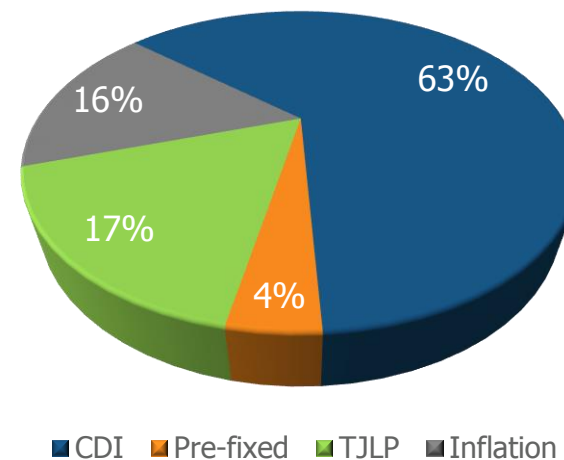
- ✓ Financial results favored by lower interest rates, decrease in indebtedness and extraordinary financial revenue due to re-IPO resources
- ✓ Higher income tax due to better EBITDA and financial results, in addition to the recognition of tax credits

Indebtedness

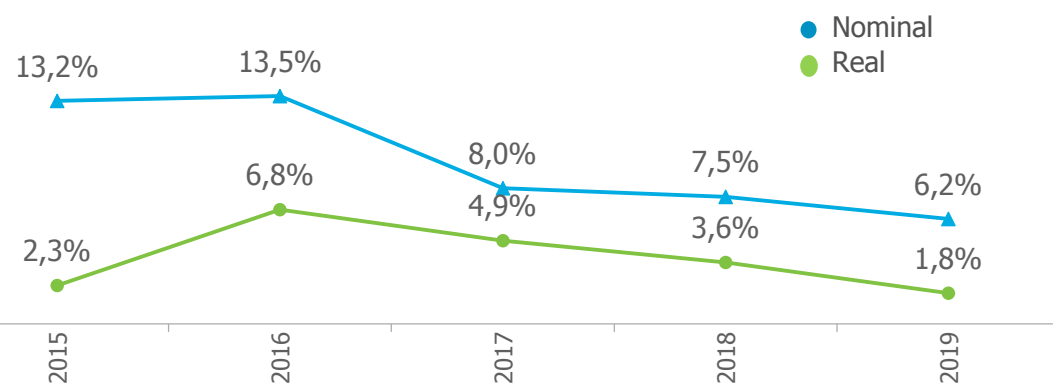
Leverage | Financial covenants criteria | R\$ billion



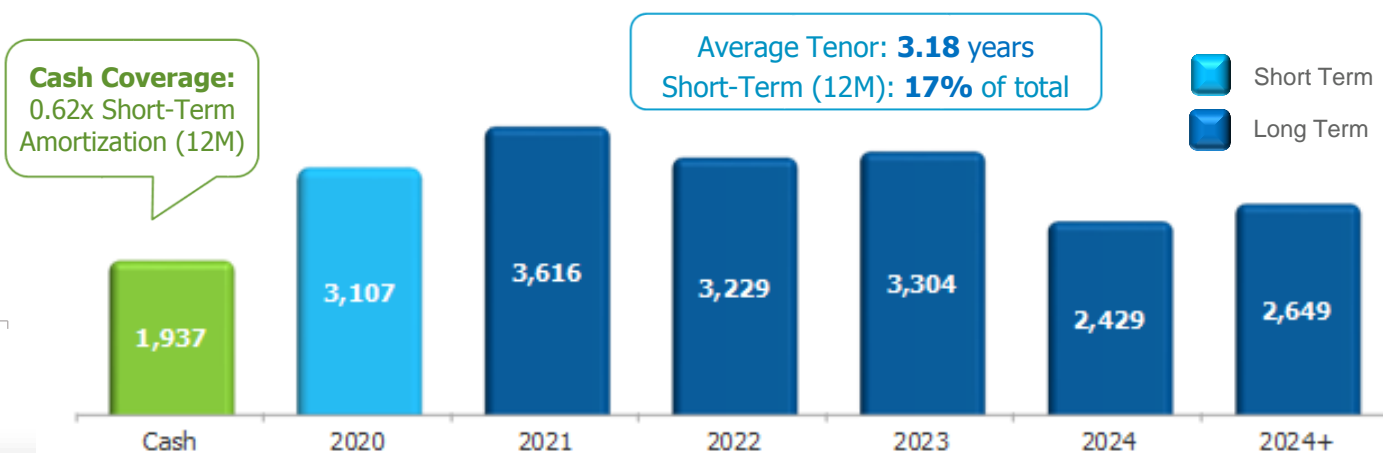
Gross debt breakdown by indexer³
IFRS | 4Q19



Gross debt cost³ IFRS | End of period

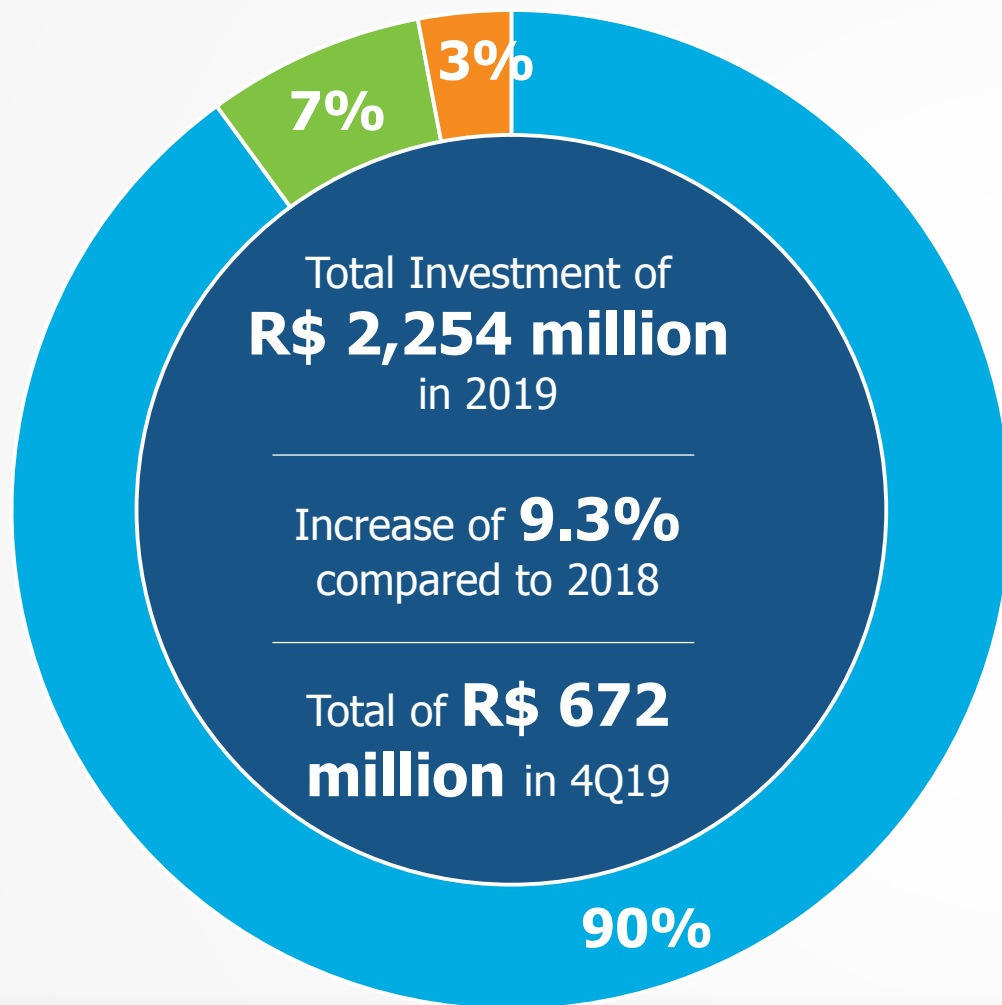


Debt Amortization Schedule | IFRS | End of period



1) LTM EBITDA; 2) Adjusted by the proportional consolidation; 3) Financial debt (-) hedge.

CAPEX 2019



Distribution



- **R\$ 2,033 million**
- Increase of 14.9% if compared to 2018
- Expansion and strengthening of the electric system
- Upgrade of management and operational support systems



Renewable Generation

- **R\$ 126 million**
- Implementation of the projects **Gameleira** and **Cherobim**



Transmission

- **R\$ 21 million**
- Beginning of the projects sold in 2018 auctions:
 - **Maracanaú**
 - **Sul I and Sul II**



Conventional Generation

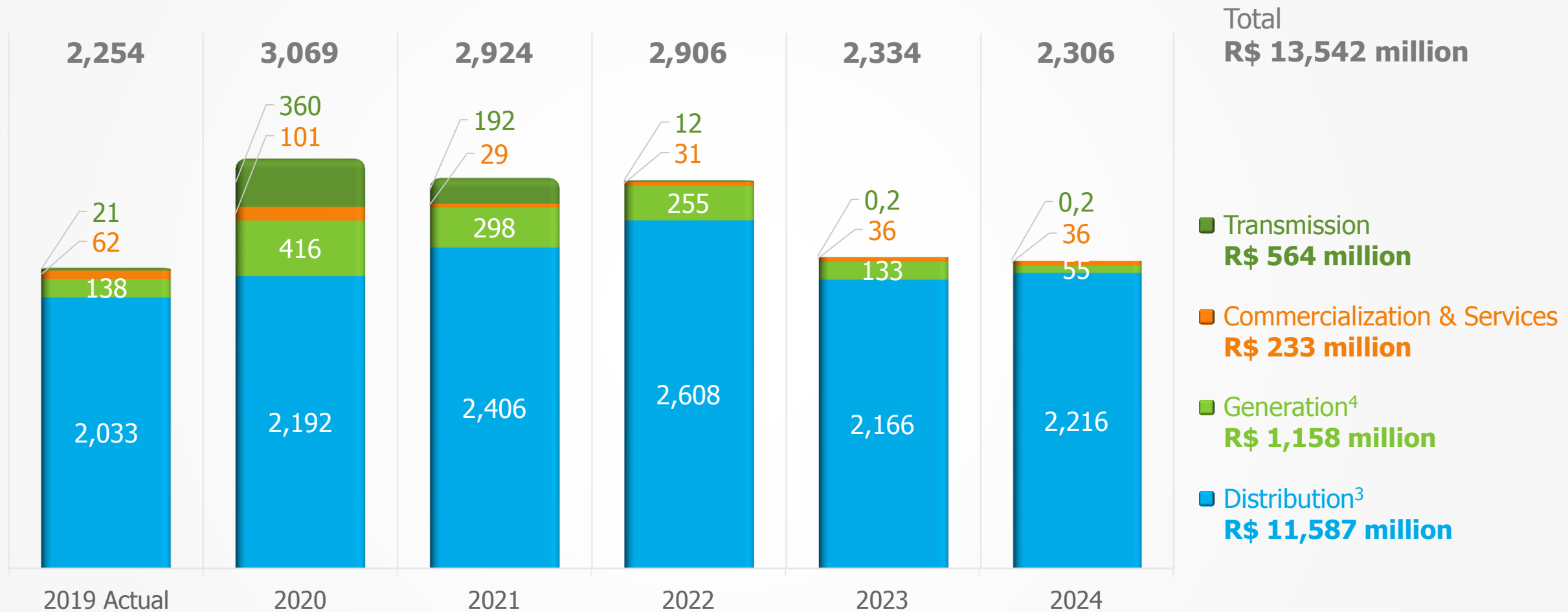
- **R\$ 12 million**
- Operational infrastructure and maintenance improvements



Services

- **R\$ 62 million**
- Upgrade of management and operational support systems
- Uptrend systems to support management decisions, operational and clients issues

Capex(e)^{1,2} 2020-2024 | R\$ Million



1) Constant currency; 2) Investment plan disclosed in 4Q19/2019 Earnings Release, in March 2020; 3) Disregard investments in Special Obligations on Distribution segment (among other items financed by consumers); 4) Conventional + Renewable.

Strategic Plan 2020-24

OUR PILLARS



✓ **Work with Safety**, our non-negotiable commitment

✓ **Seek Growth Opportunities:**

- **Acquisition of new discos** in the next years
- Development of **generation projects** and assessment of acquisition opportunities
- In transmission, focus on **lots with some synergy** with CPFL assets

✓ **Digitalize** processes and customer services in Distribution and in CPFL Soluções

✓ **Digital Operation in Distribution:** automatic dispatch and ADMS

✓ **Automatize and modernize Distribution assets** (smart grid), to improve reliability and quality of service

✓ **Operational Efficiency:**

- Increase **availability and efficiency** of generation assets
- **Fight losses and delinquency**
- Be agile in system's interventions to **reduce SAIDI/SAIFI**

✓ Meet sector's **regulatory requirements**

✓ **Take care of the relationship with our customers**, with attention, cordiality and meeting deadlines

EXAMPLES OF ACTIONS

For the 1st time, we have a Sustainability Plan combined to the Strategic Plan

Because HOW we deliver our strategic goals and targets is as important as delivering them



THANK YOU



