

2Q19 Results



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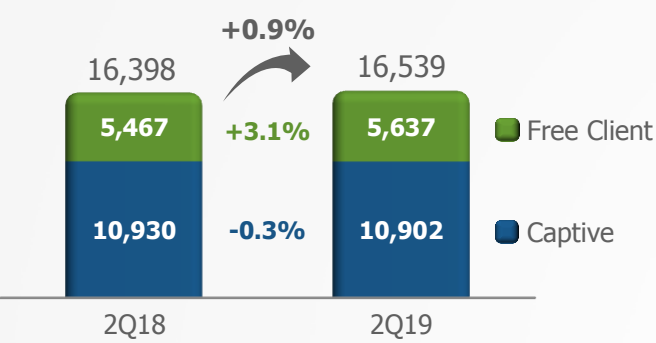
2Q19 Highlights

- ✓ Increase of **0.9%** in load in the concession area
- ✓ **EBITDA** of **R\$ 1,505 million**, growth of **9.9%**
- ✓ **Net Income** of **R\$ 574 million**, growth of **27.4%**
- ✓ Net Debt of **R\$ 11.0 billion** and leverage of **1.93x Net Debt/EBITDA¹**
- ✓ Investments of **R\$ 521 million**, growth of **23.5%**
- ✓ **RGE-RGE Sul's tariff adjustments**, in Jun-19: (i) increase of **7.14%** of RGE's parcel B, and (ii) increase of **9.10%** of RGE Sul's parcel B
- ✓ **CPFL Energia's Re-IPO**, in Jun-19: **R\$ 3.7 billion @ R\$ 27.50/share**; total offering: **134.3 MM shares**; since the offering - price: **+22.3%²** and ADTV: **R\$ 109.5 MM** (from Jun 13 to Aug 13)

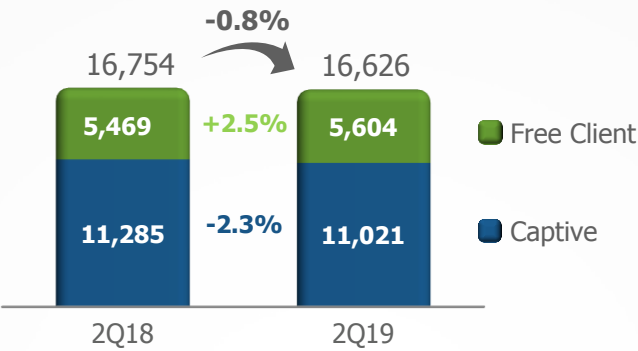
1) Financial covenants criteria; 2) From R\$ 27.50/share to R\$ 33.62/share on Aug 13.

2Q19 Energy Sales

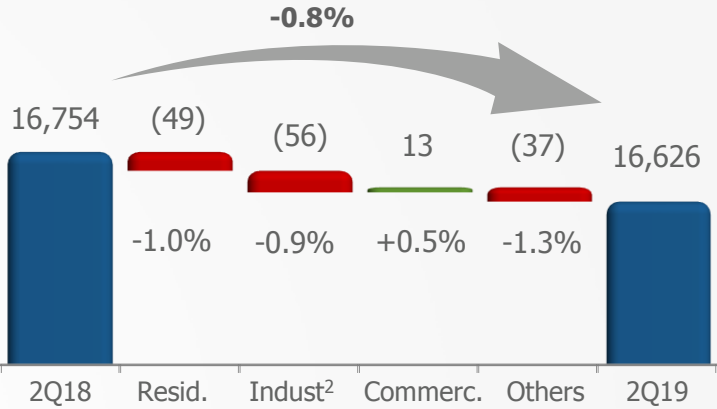
Load¹ in the concession area | GWh



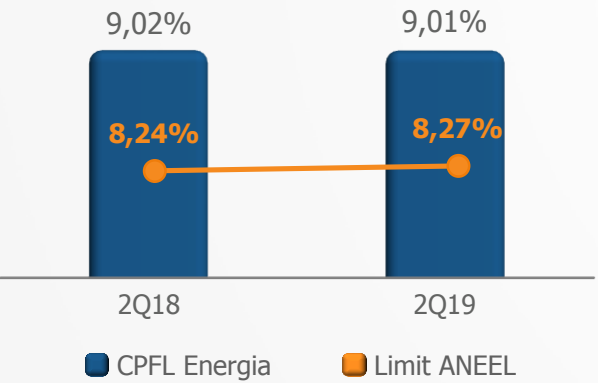
Sales⁽²⁾ in the concession area | GWh



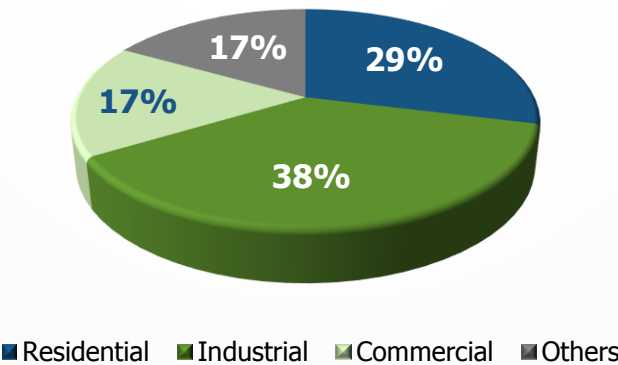
Sales by consumption segment | GWh



Losses | 2Q19



Breakdown in the concession area | 2Q19



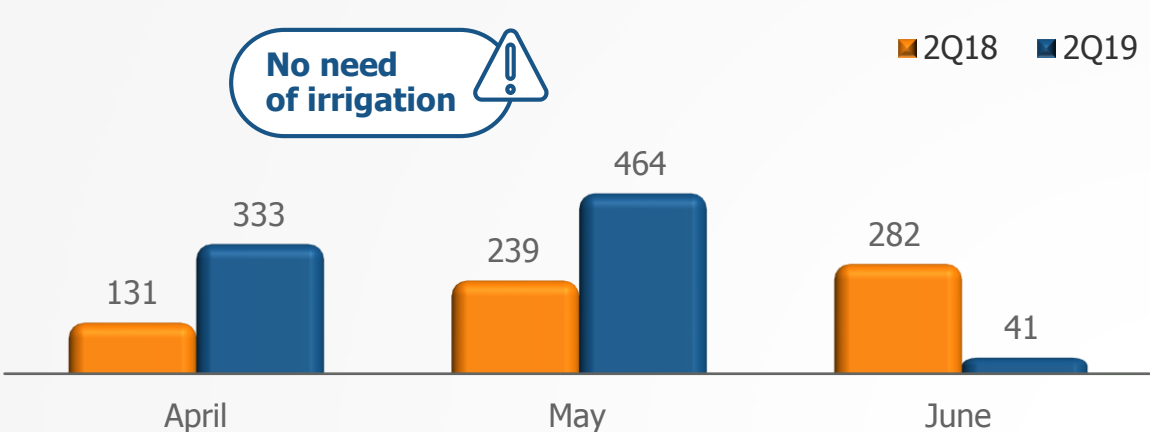
Main impacts by segment | %

	Resid	Ind	Com	Total
Billing calendar	-1.6	-0.5	-1.4	-1.1
Temperature	-1.3	-	-0.4	-0.5
Migr. National Grid	-	-1.8	-	-0.7

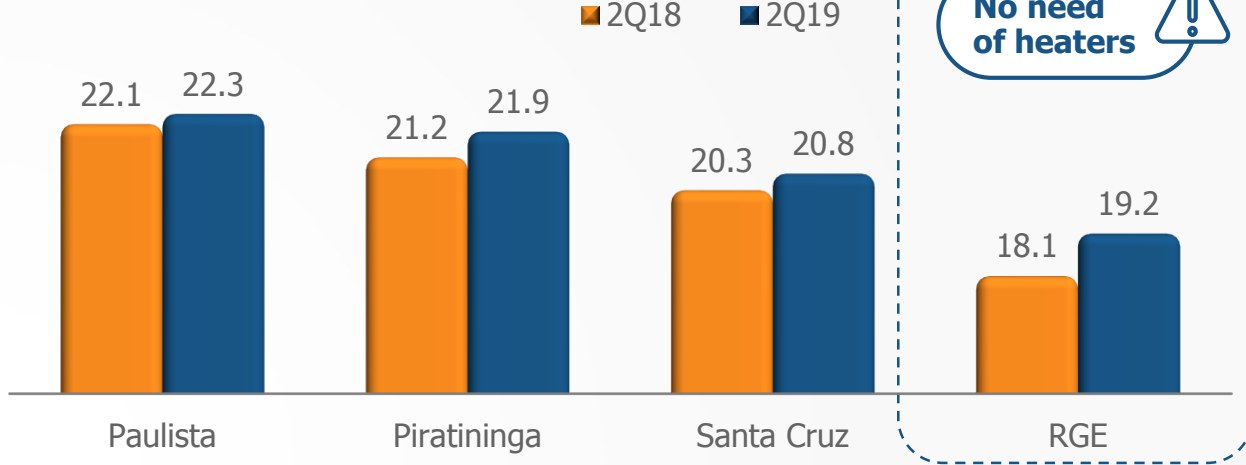
1) Load net of losses; 2) If excluding the consumption of two large consumers that migrate to the National Grid, the sales within the concession area in 2Q19 would have the following variation: -0.1%.

Macroeconomic scenario still not favorable and weather also affecting negatively the market performance

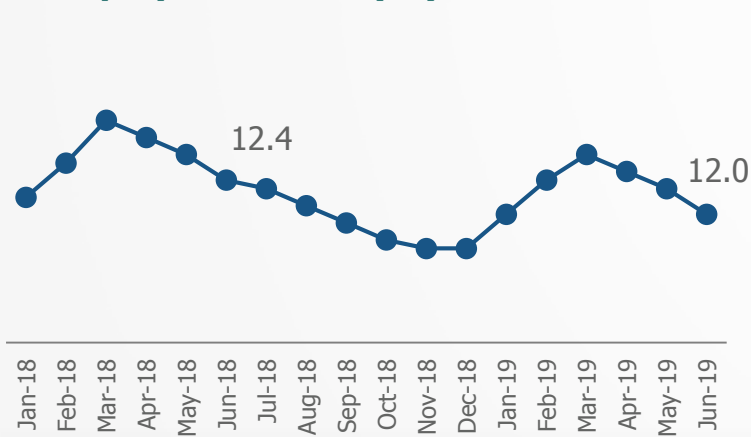
Rainfall in RGE¹ (mm)



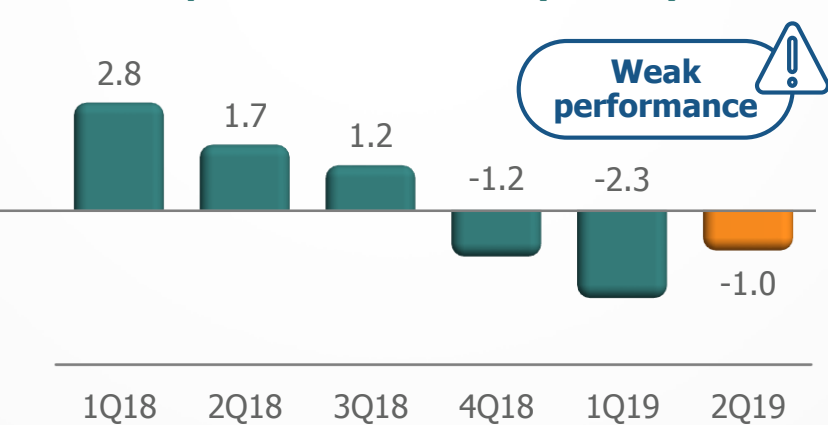
Temperature¹ (°C)



Unemployment rate² (%)



Industrial production - Brazil² (% YoY)



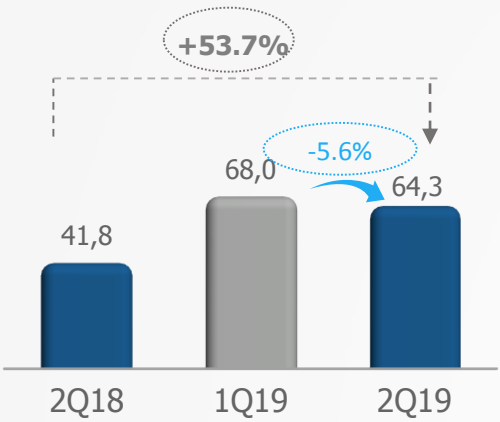
Retail sales² (% YoY)



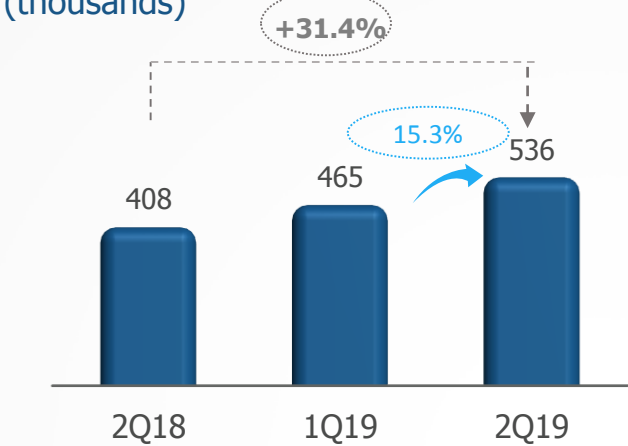
1) Source: Somar; 2) Source: IBGE.

Delinquency

ADA | R\$ MM



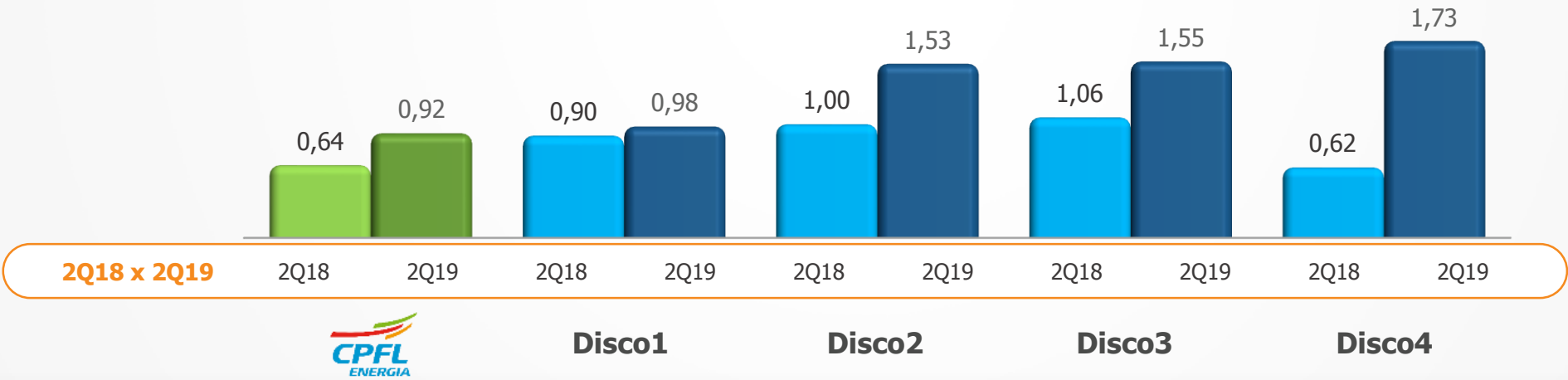
Collection actions | Power Cuts (thousands)



Actions in progress - 2019

- Increase of power cuts in the 2Q19 and expectation of keeping the same level until the end of the year (meter and circuit braker)
- Intensification of other collection actions: 2.9 million negativity in 2Q19 (641k higher than 1Q19)
- New payment options (debit and credit) for the negotiation of overdue accounts

Benchmarking – 2Q18 X 2Q19 (% ADA/Billed Revenue)¹

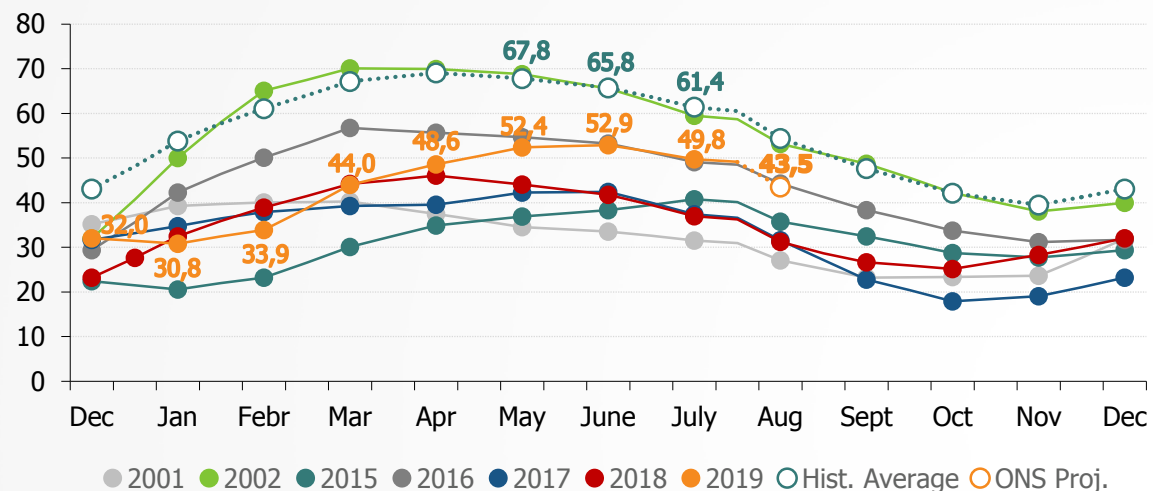


1) Source: Earnings Release.

Hydrological Scenario

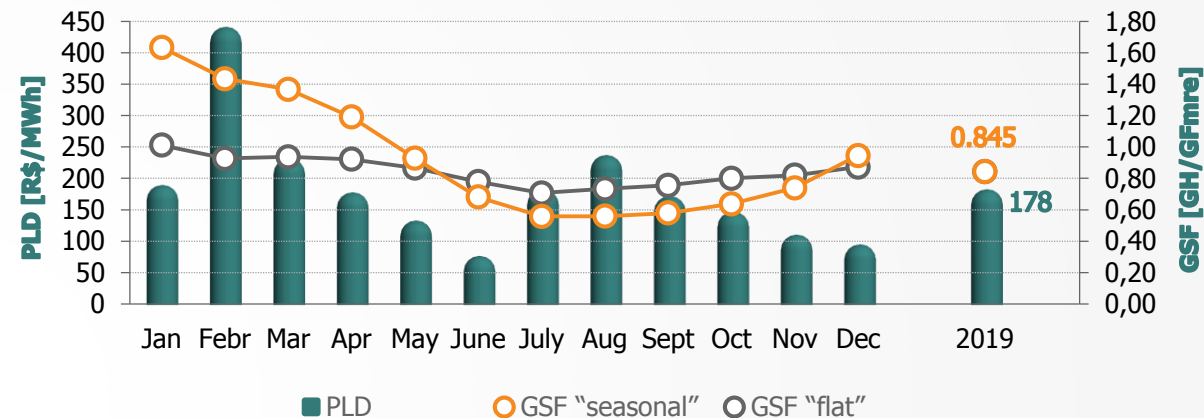
Reservoir Evolution

% Maximum Storable Energy | National Interconnected System (SIN)



- ✓ **2019:** due to rainfall in the last October and November, the SIN storage began 10% higher than 2018
- ✓ **Jan-Feb 2019:** typical storage recovery of this period was not observed
- ✓ **As of March:** near-normal rainfall in the SE/CW and above in the South allowed a significant storage recovery
- ✓ Solving transmission lines problems (**Madeira**) and the commissioning of new lines (**Belo Monte**) also **contributed to the storage recovery**

Expectations for PLD

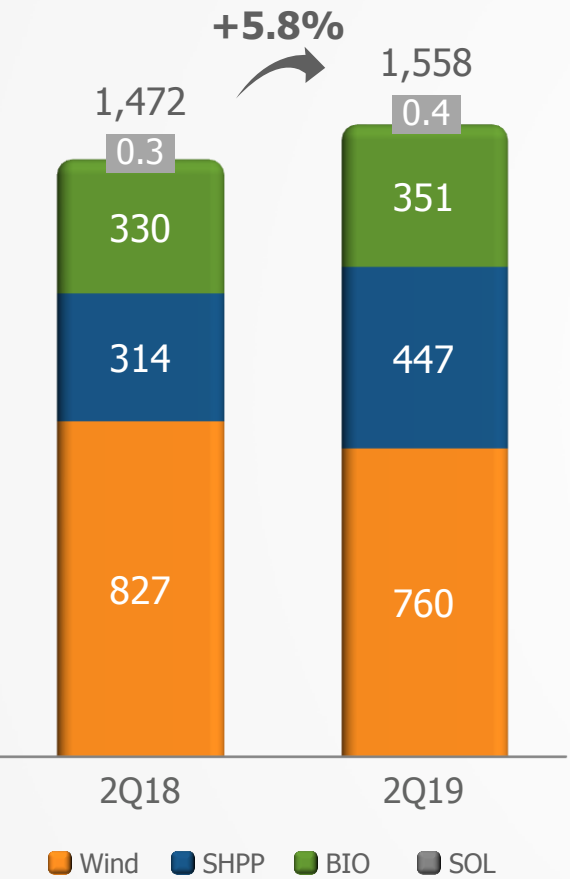


- ✓ **2019 PLD** expected avg: **R\$ 185/MWh**
- ✓ **GSF: -15.7%** (Jul-Sep are the more critical months, when GSF reaches -45% considering the seasonal MRE assured energy)
- ✓ In the coming years, the expansion of renewable sources and hydroelectricity is much lower than the demand growth: **expect a smaller impact of GSF**

Renewable Generation - Performance



Generation by source (GWh)



**+21
GWh**

- More favorable climate conditions enabled higher crushing volume in 2Q19, resulting in higher generation.



**+132
GWh**

- Boa Vista 2 SHPP start-up in November 2018;
- Better inflow in the southern region and in the states of Mato Grosso and São Paulo, which offset the lower inflow in the state of Minas Gerais.



**-67
GWh**

- Lower winds in Ceará and Rio Grande do Norte, despite the improved availability in 2Q19 of the farms operated by Suzlon. In the Rio Grande do Sul wind farms, the performance was similar in both periods.



2Q19 Results



Distribution

Conventional
Generation

Renewable
Generation

Commercialization,
Services & Others



EBITDA

Net Income

R\$ 1,505 MM **+** R\$ 135 MM
9.9%

R\$ 873 MM **+** R\$ 106 MM
13.8%

R\$ 334 MM **+** R\$ 35 MM
11.8%

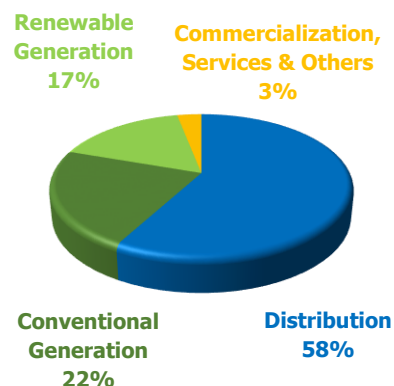
R\$ 251 MM **-** R\$ 5 MM
1.9%

R\$ 46 MM **-** R\$ 1 MM
2.3%

R\$ 574 MM **+** R\$ 123 MM
27.4%

Highlights

EBITDA by Segment



- Market / tariff (+R\$ 235 MM)
- Concession financial asset (+R\$ 63 MM)
- RAB appraisal report in 2Q18 (-R\$ 93 MM)
- PMSO¹ (-R\$ 86 MM):
 - ✓ Assets write-off/opex rel. to capex (-R\$ 25 MM)
 - ✓ ADA (-R\$ 22 MM)
 - ✓ Inflation (-R\$ 17 MM)
 - ✓ Legal and judicial expenses (-R\$ 8 MM)
 - ✓ Private Pension Fund (-R\$ 6 MM)

- Inflation effect over the contracts (+R\$ 22 MM)
- Higher hydro and thermal generation (+R\$ 13 MM)

- PIS/Cofins credits recovery in 2Q18 (-R\$ 17 MM)
- Lower wind farms generation (-R\$ 16 MM)
- O&M - ACL payments (-R\$ 6 MM)
- PPA seasonalization (+R\$ 28 MM)
- GSF (+R\$ 13 MM)

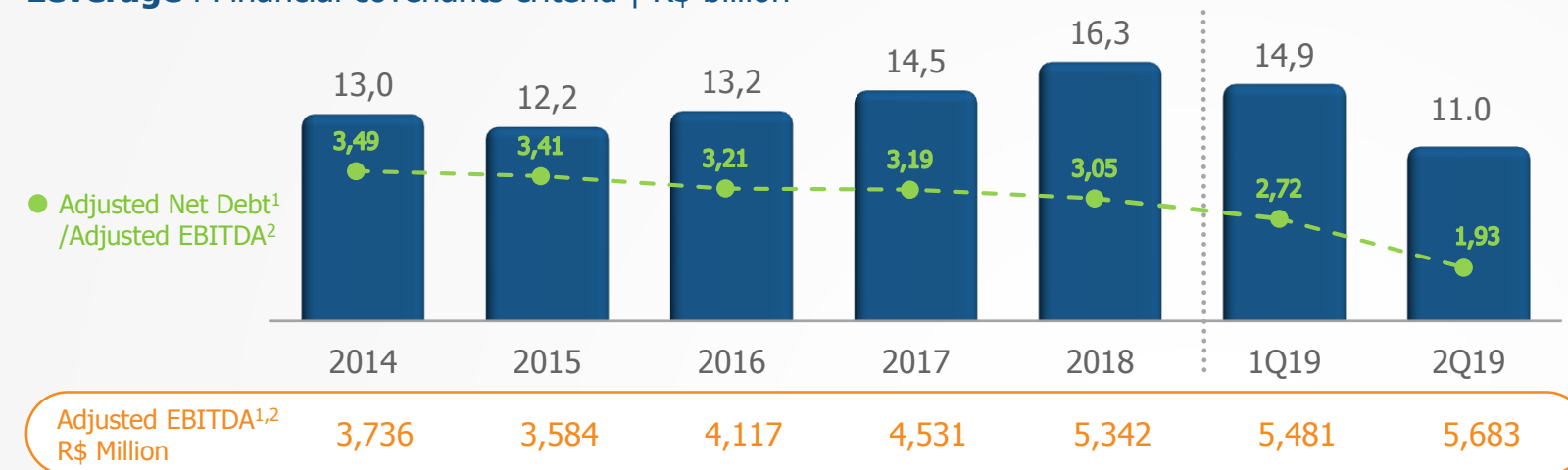
- Commercialization: margin loss – volume (-R\$ 12 MM)
- Services: margin gain - new contracts - CPFL Serviços (+R\$ 11 MM)

- EBITDA (+R\$ 135 MM)
- Financial Result (+R\$ 34 MM):
 - ✓ Debt charges² - mainly due to the reduction in the indebtedness (+R\$ 22 MM)
 - ✓ Additions and late payment fines (+R\$ 25 MM)
- Deprec. & Amortiz. (-R\$ 6 MM)
- Income Tax & Social Contrib. (-R\$ 51 MM)

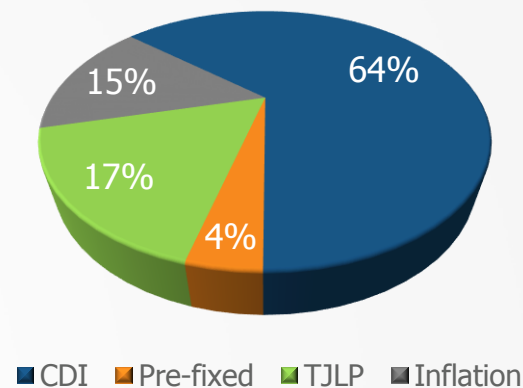
1) Includes Private Pension Fund; 2) Net of income from financial investments, including sectoral financial assets and liabilities.

Indebtedness

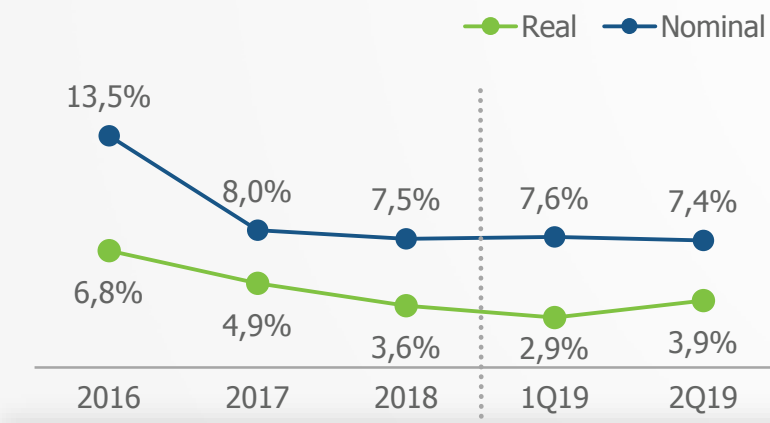
Leverage | Financial covenants criteria | R\$ billion



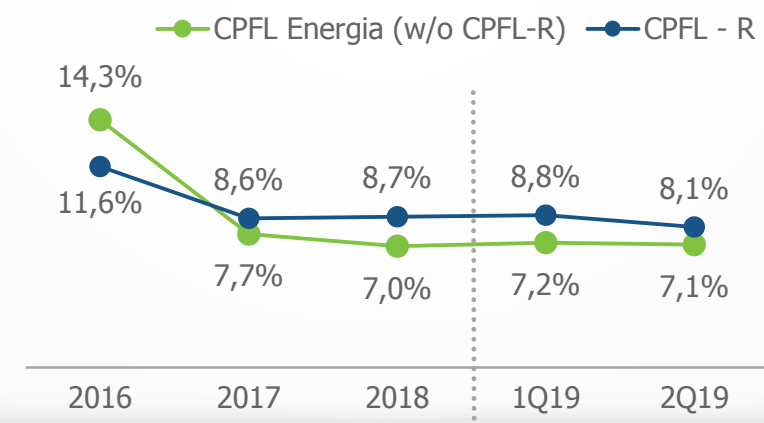
Gross debt breakdown by indexer³
IFRS | 2Q19



Gross debt cost³ | IFRS | End of period



CPFL Energia x CPFL Renováveis
Gross debt cost³ | IFRS | End of period



Liabilities Management

- 1Q19:** CPFL Renováveis debt profile was intense in BNDES indexes (TJLP, Pre-fixed).
- On May 19, CPFL Renováveis issued debentures in a total amount of R\$ 838 MM in order to achieve CPFL Energia average debt cost and ensure more adequate costs for the company.

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

Re-IPO

CPFL Energia's Re-IPO, in Jun-19: R\$ 3.7 billion

- R\$ 27.50/share
- Total offering: **134.3 MM shares**

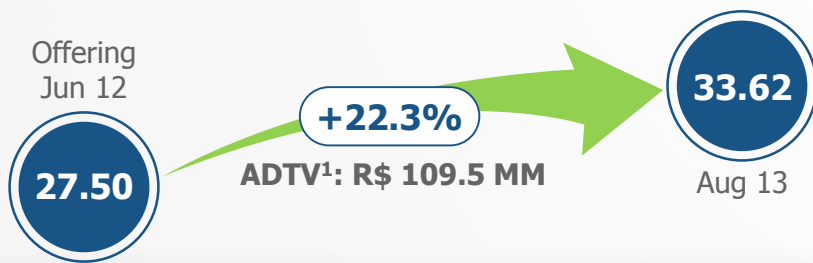
Roadshow:

- **61** meetings
- **14** videoconferences
(Asia, Australia, Netherlands, Middle East and Brazil)
- **4** group events
- Total visited investors: **+115**

Offering:

- Total orders: **135**
- **58%** Brazilian investors; **42%** foreign investors

Shares Performance:



1) Average Daily Trading Volume (ADTV):
from Jun 13 (day after the day of the offer) to Aug 13.



Post-offering



STATE GRID
BRAZIL POWER PARTICIPAÇÕES S.A.
国网巴西电力股份公司

Free Float

83.71%

16.29%



Allocation vs. Demand

R\$ billion

3.93x

3.7

Allocation

14.5

Total Demand



Corporate Governance

Advisory Committees to CPFL Energia's Board of Directors - Related Parties Committee



Members nominated by State Grid



Independent members

- The Related Parties Committee shall have in its composition at least 1 independent member, as defined by Novo Mercado Regulation; **it has now 2 independent members**
- The Committees meeting can only be validly held with the presence of all 3 members (siting or alternate)

Creation of the Corporate Governance Directorship

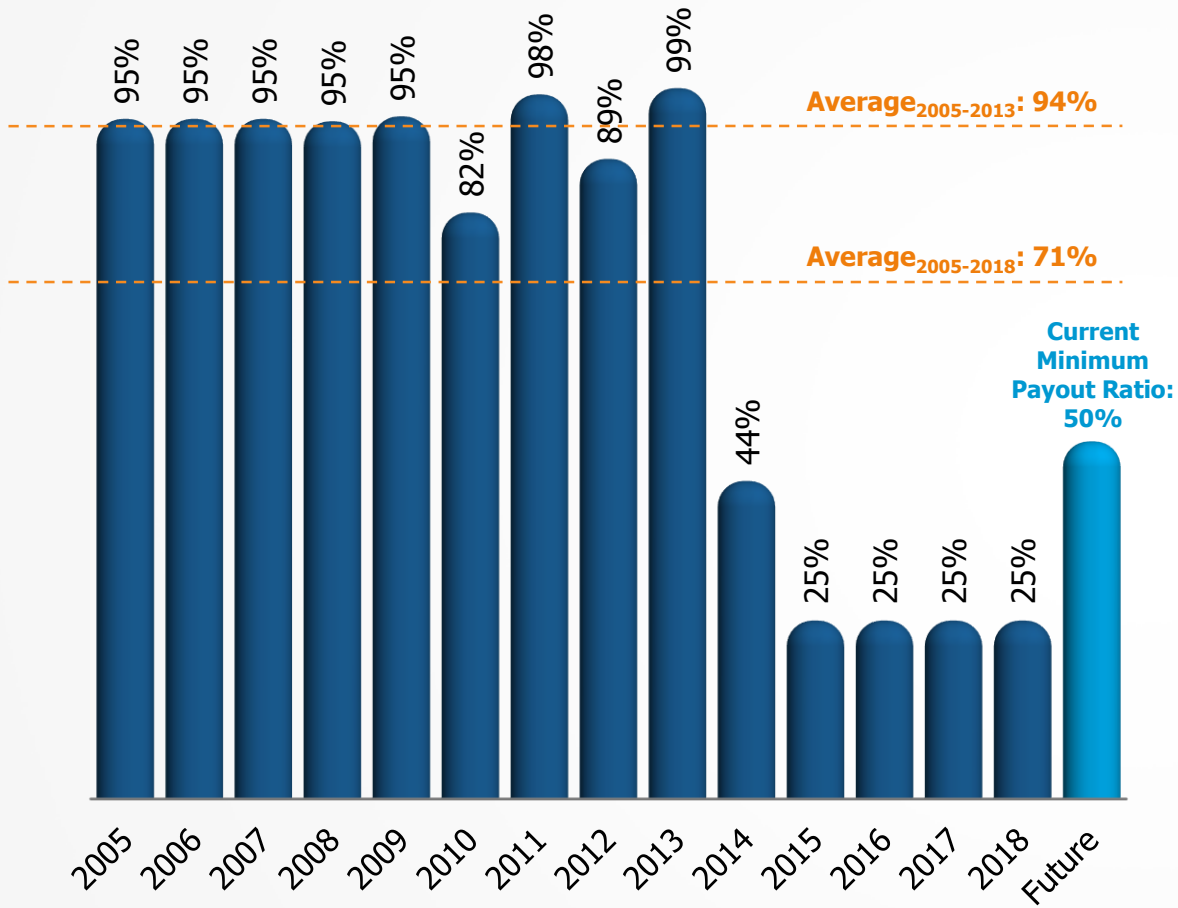
- Demonstrates to the market the concern regarding Corporate Governance issues, such as **accountability** and **transparency**
- Director reports administratively to the Chief Legal and Institutional Relations Officer and functionally to the Board of Directors



*High corporate governance standards
in Brazil and in the U.S.*

Dividends Policy

Dividend Payout Ratio (%)



Considerations

- ✓ On May 21, 2019, **CPFL Energia** announced it set a minimum payout ratio of 50%.



- ✓ The definition of payout ratio will depend on a **balance** between **growth** and **yield**.





THANK YOU





CPFL
ENERGIA