

3Q19 Results



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3Q19 Highlights

- ✓ **EBITDA** of **R\$ 1,618 million**, growth of **4.5%**
- ✓ **Net Income** of **R\$ 748 million**, growth of **19.4%**
- ✓ Net Debt of **R\$ 16.8 billion** and leverage of **2.68x Net Debt/EBITDA¹**
- ✓ Investments of **R\$ 616 million**, growth of **17.4%**
- ✓ Implementation of **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
- ✓ **Conclusion of the transfer of CPFL Renováveis shares**, with the corresponding payment of R\$ 4.1 billion (R\$16.85/share)
 - Generation installed capacity of **4,304 MW**, considering the 99.94% stake in CPFL Renováveis
- ✓ Recognition in **2019 Exame Sustainability Guide** as the most sustainable company in the utilities sector, highlighting **CPFL at Hospitals** program
 - Also highlighted in the thematic category **Relationship with the Community**, with the projects of **CPFL Institute**



1) Financial covenants criteria.

5th Tariff Revision Cycle CPFL Piratininga

Oct - 19

R\$ MM

Gross Regulatory Asset Base	3,837
Net Regulatory Asset Base	2,487
Parcel B	921
Regulatory EBITDA	460

5th Cycle x 2018 RTA

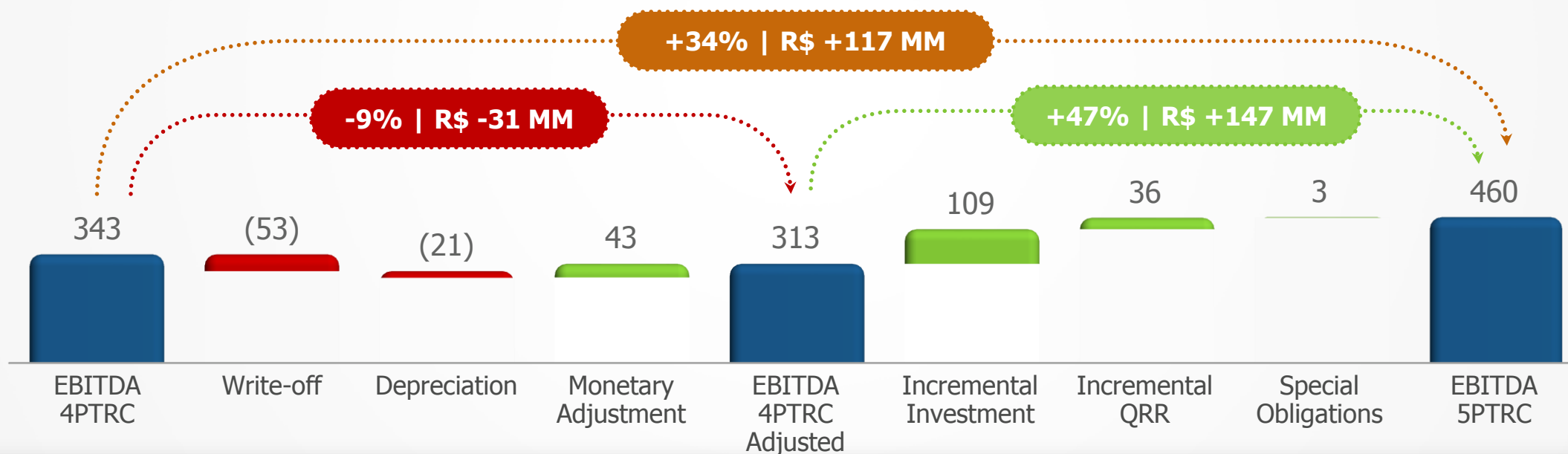
Parcel A	Parcel B	Financial Components	Average effect
-8.32%	6.17%	-2.40%	-7.80%

Increase of 6.17% in Parcel B

- ✓ Increase in RAB
- ✓ Higher regulatory depreciation rate

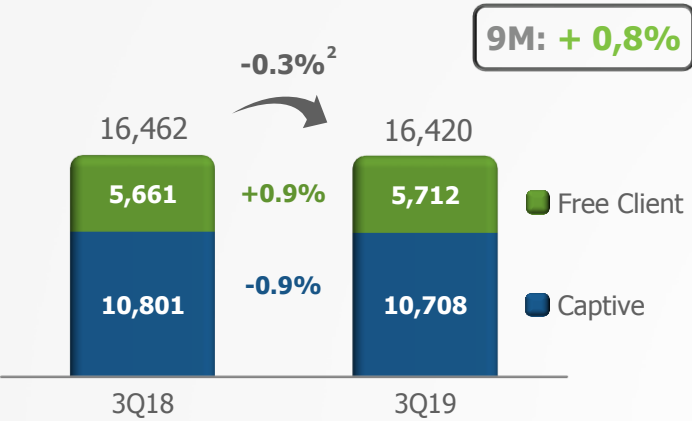
Decrease of 8.32% in Parcel A

- ✓ Decrease of R\$ 299 million in CDE mainly due to the end of CCEE loans

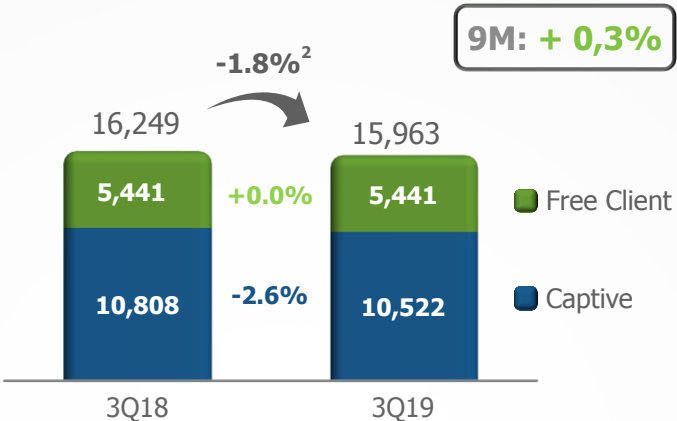


3Q19 Energy Sales

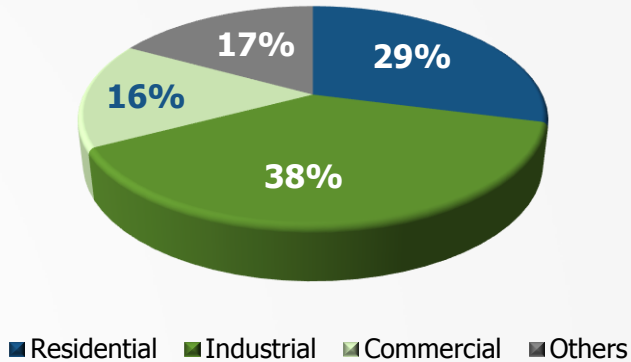
Load¹ in the concession area | GWh



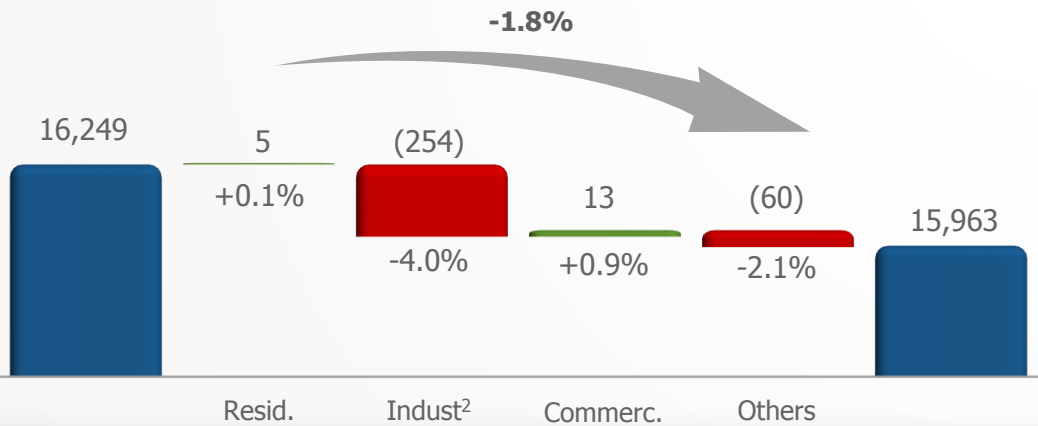
Sales in the concession area | GWh



Breakdown in the concession area | 3Q19



Sales by consumption segment | GWh



Main impacts by segment | %

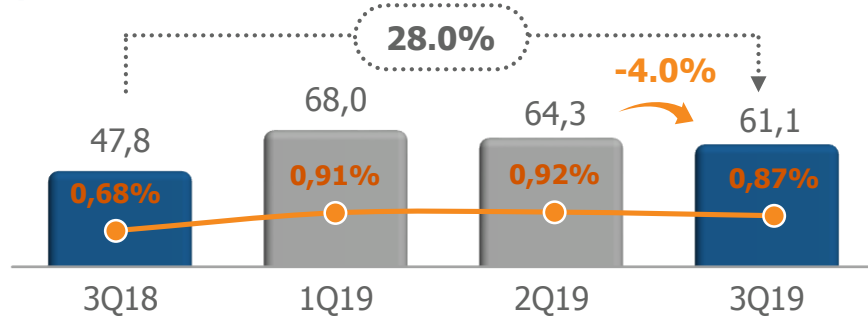
	Resid	Ind	Com	Others	Total
Billing calendar	-0.9	-0.2	-0.7	-0.6	-0.6
Temperature	1.2	-	1.3	0.2	0.6
Consumer migrations	-	-1.3	-	-1.7	-0.8
DG	-0.3	-0.1	-0.6	-0.1	-0.2
Macroeconomics/ Others	0.1	-2.4	0.9	0.1	-0.8

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: +0.7% and -1.0%, respectively.

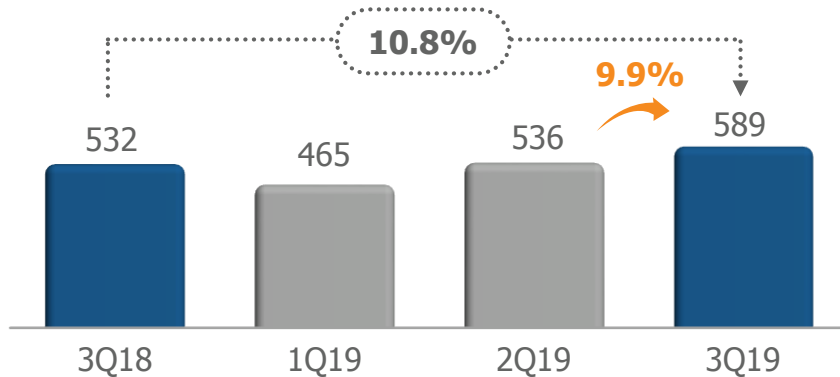
Delinquency and Energy Losses

Delinquency

ADA | R\$ MM

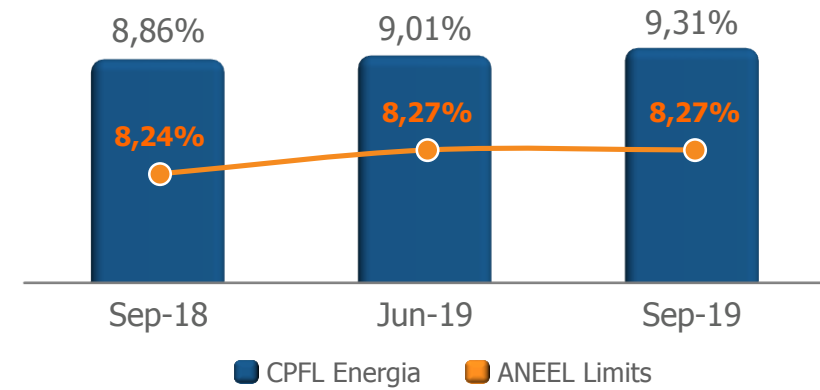


Collection actions | Power Cuts (thousands)



Energy Losses

Losses | Last 12 months



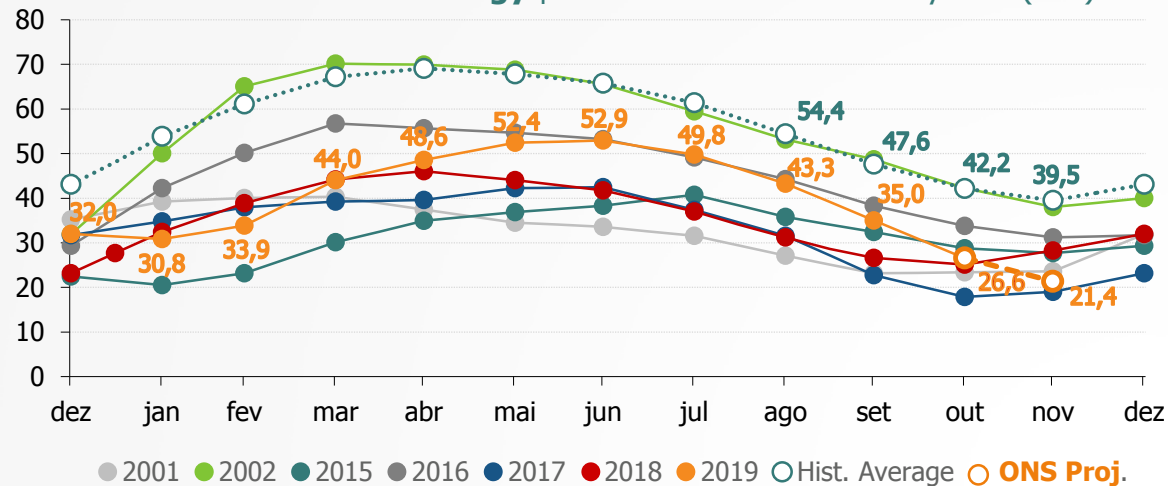
Main impacts:

- ✓ Differences in the billing calendar
 - Sep-19 x Sep-18: **-2.3 days**
 - Sep-19 x Jun-19: **-0.7 days**
- ✓ Higher temperatures in the end of Sep-19, resulting in an increase in load (unbilled and losses)

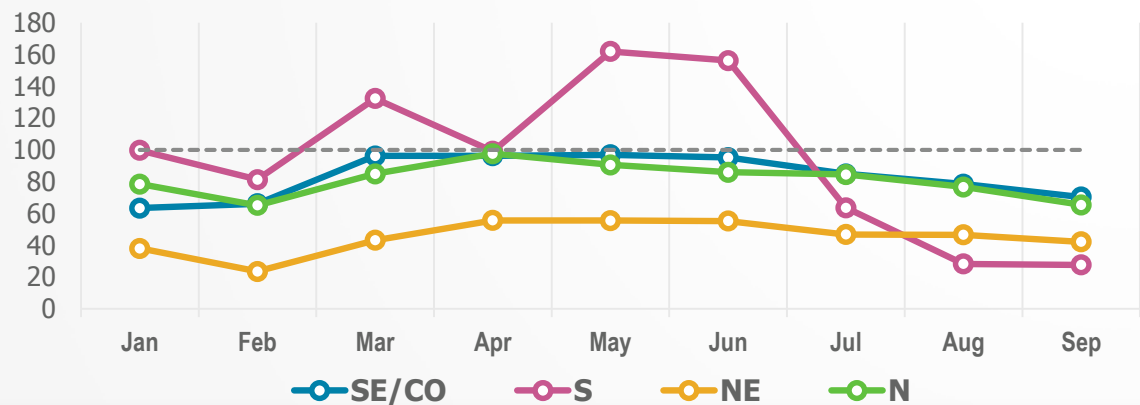
Hydrological Scenario

Reservoir Evolution

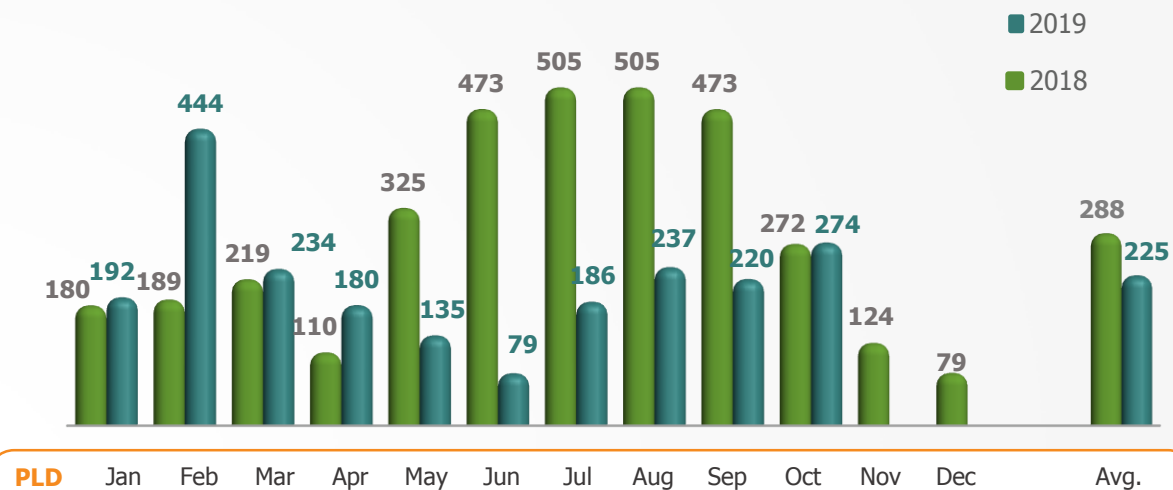
% Maximum Storable Energy | National Interconnected System (SIN)



Natural Energy (Water Inflow) - ENA



Expectations for PLD



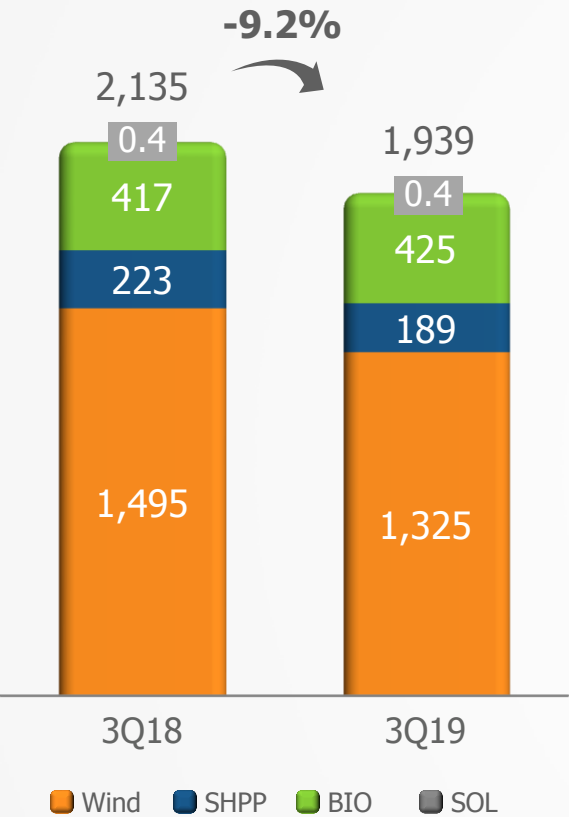
✓ **2019 PLD** (CPFL estimates): **R\$ 225/MWh**

✓ **GSF 2019: 0.814 (-18.6%)**

✓ **Storage 2020:**

- reinforcements in the transmission system will allow the best use of the hydrological variability in Brazil

Renewable Generation - By source (GWh)



+8 GWh

- Energy generation in the 3Q19 had a similar result to the 3Q18.



-35 GWh

- Worsening in inflow in the southern region and in the states of Minas Gerais and São Paulo.

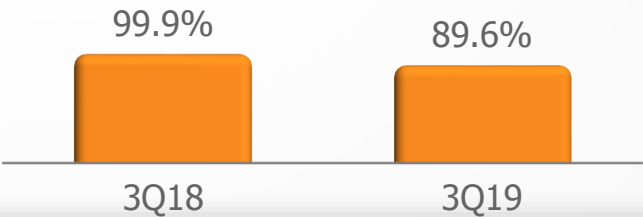


-169 GWh

- Lower incidence of winds in Ceará, Rio Grande do Norte and Rio Grande do Sul led to a reduction in generation, partially offset by the improved availability of wind farms in 3Q19, including those operated by Suzlon.

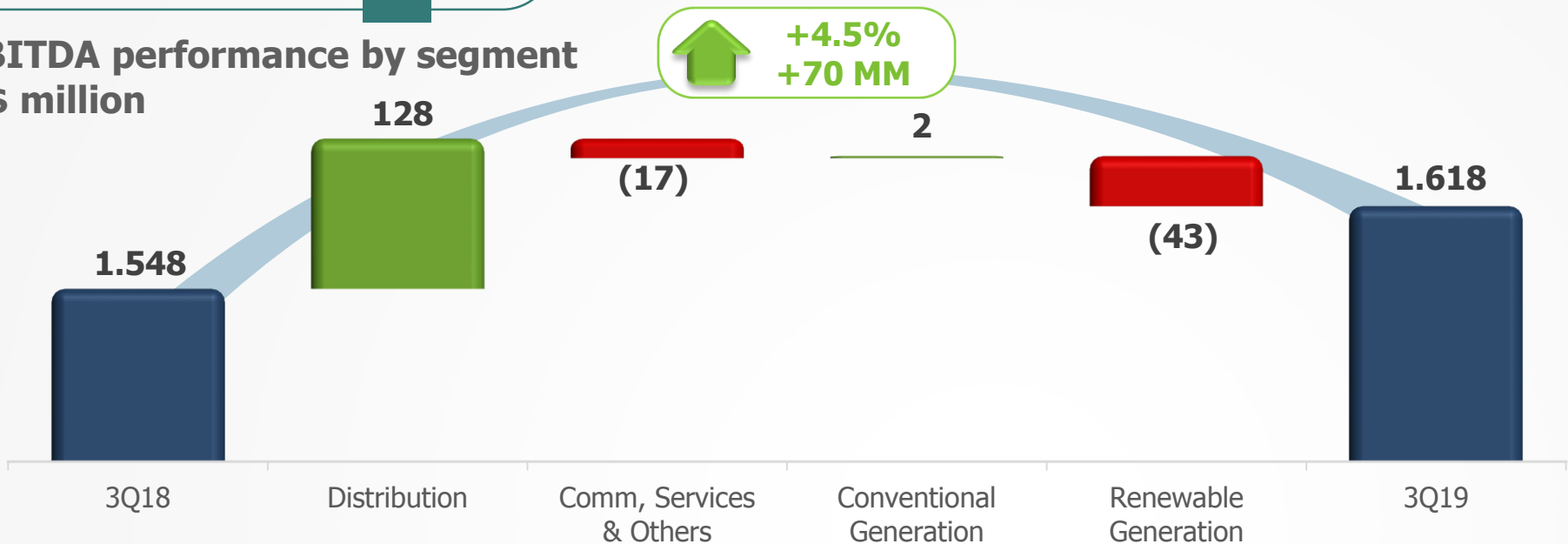


Wind Performance – Wind x Certified P-50

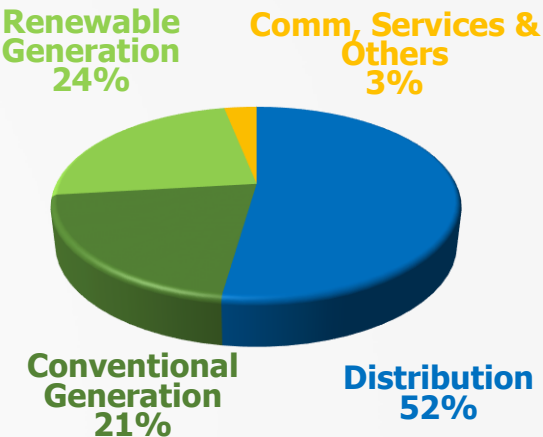


3Q19 Results

EBITDA performance by segment R\$ million



EBITDA breakdown by segment



Distribution: +17.8%



- ✓ Market / tariff (+R\$ 187 MM)
- ✓ CPFL Piratininga RAB Appraisal Report (+R\$ 42 MM)
- ✓ Concession financial asset (-R\$ 78 MM)
- ✓ PMSO (-R\$ 23 MM):
 - Assets write-off/opex related to capex (-R\$ 17 MM)
 - Private Pension Fund (-R\$ 6 MM)

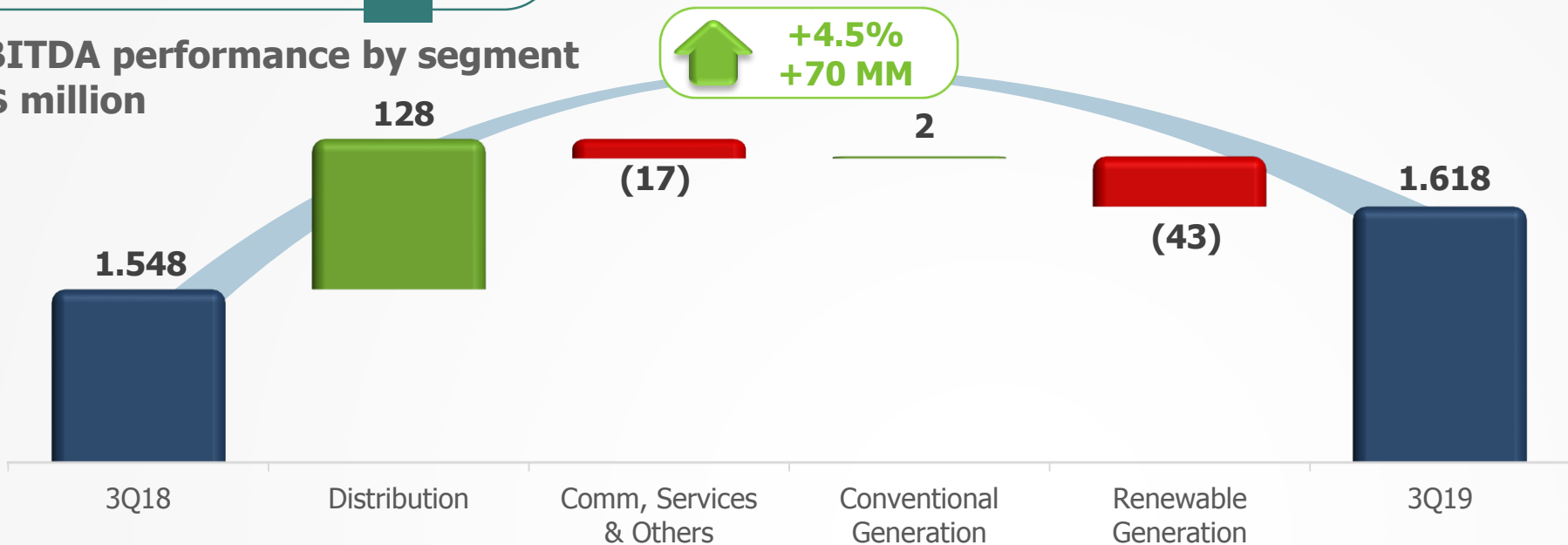
Comm, Services & Others: -24.8%



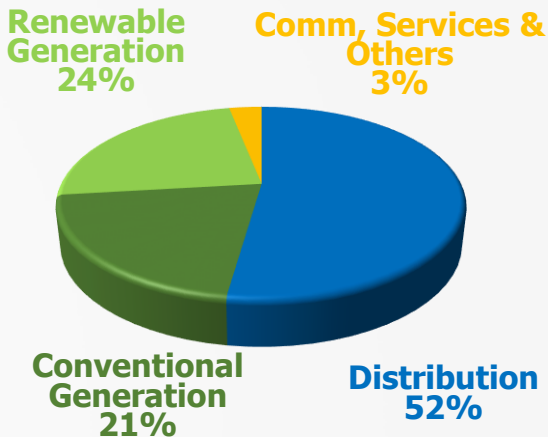
- ✓ Commercialization: Margin loss (-R\$ 16 MM)

3Q19 Results

EBITDA performance by segment R\$ million



EBITDA breakdown by segment



Conventional Generation: +0.5%



- ✓ Inflation over energy contracts (+R\$ 32 MM)
- ✓ Lower hydro and thermal generation (-R\$ 17 MM)
- ✓ Epasa retroactive tax credit in 3Q18 (-R\$ 11 MM)

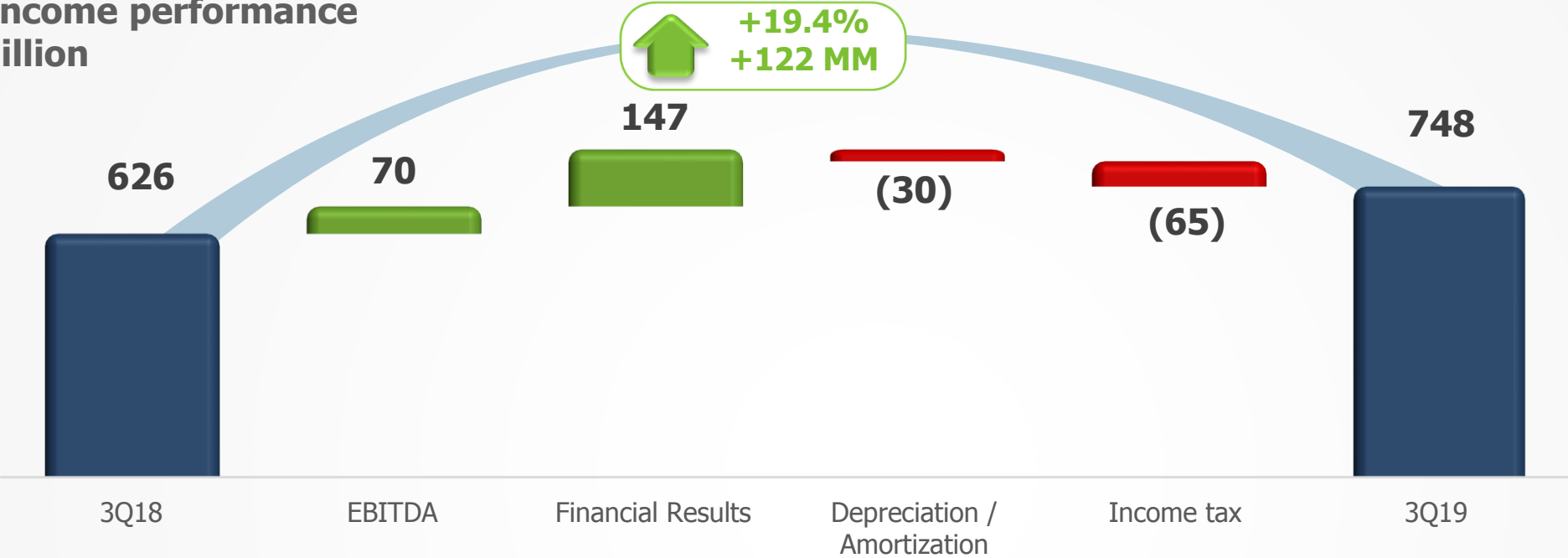
Renewable Generation: -10.0%



- ✓ Lower wind farm generation (-R\$ 34 MM)
- ✓ Difference in energy price: new energy auction versus MCSD 2018 (-R\$ 32 MM)
- ✓ Assets write-off (-R\$ 9 MM)
- ✓ O&M ACL payments (-R\$ 6 MM)
- ✓ PPA seasonalization (+R\$ 45 MM)

3Q19 Results

Net Income performance
R\$ million



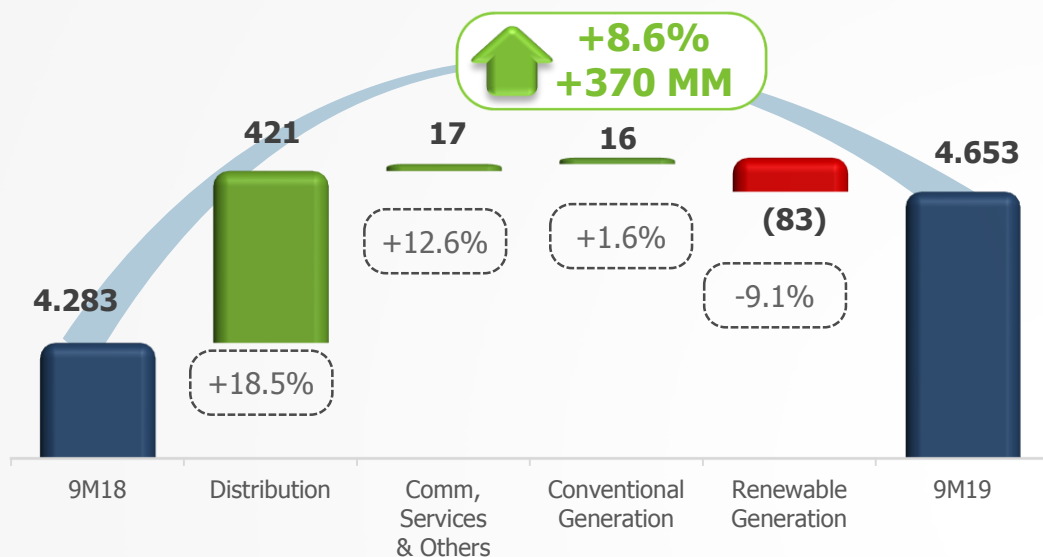
Financial Results



- ✓ Financial revenues from re-IPO resources (**+R\$ 56 MM**)
- ✓ Expenses with the net debt – due to lower interest rates and indebtedness (**+R\$ 53 MM**)
- ✓ Mark-to-Market effect (**+R\$ 32 MM**)

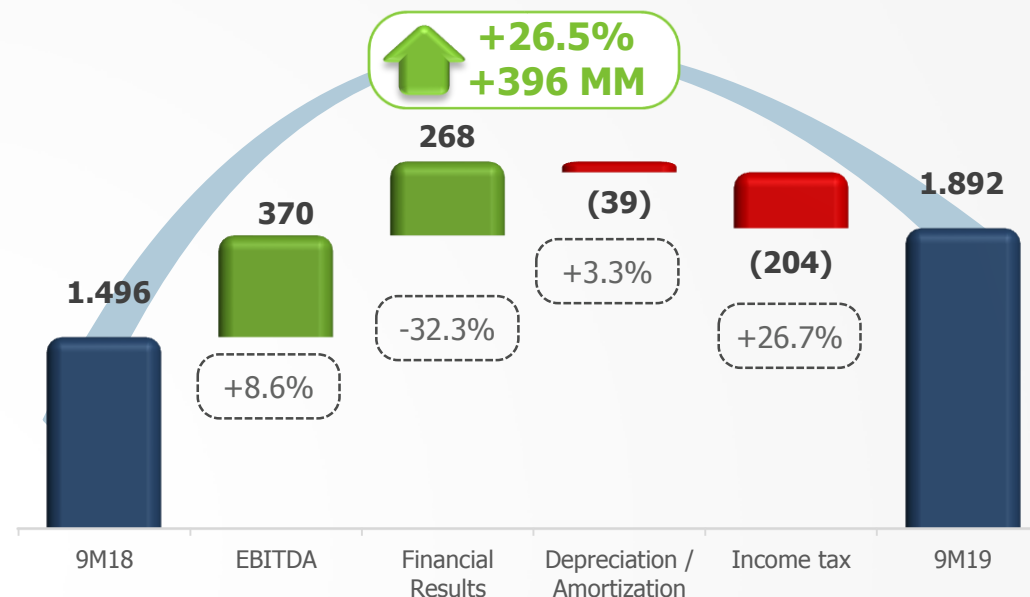
9M19 Results

Performance of EBITDA and Net Income R\$ million



EBITDA

- ✓ Distribution continues as a highlight, with an increase of **18.5%**, mainly favored by 2018 tariff revisions
- ✓ Good performance of Conventional Generation and Commercialization, Services & Others offset the negative impact of Renewable Generation (weak wind performance in 2019)

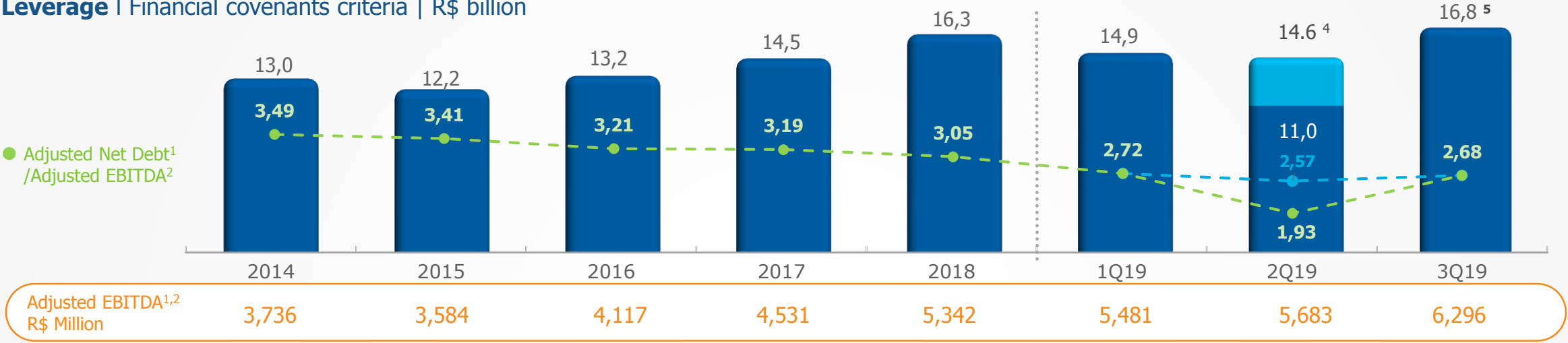


Net Income

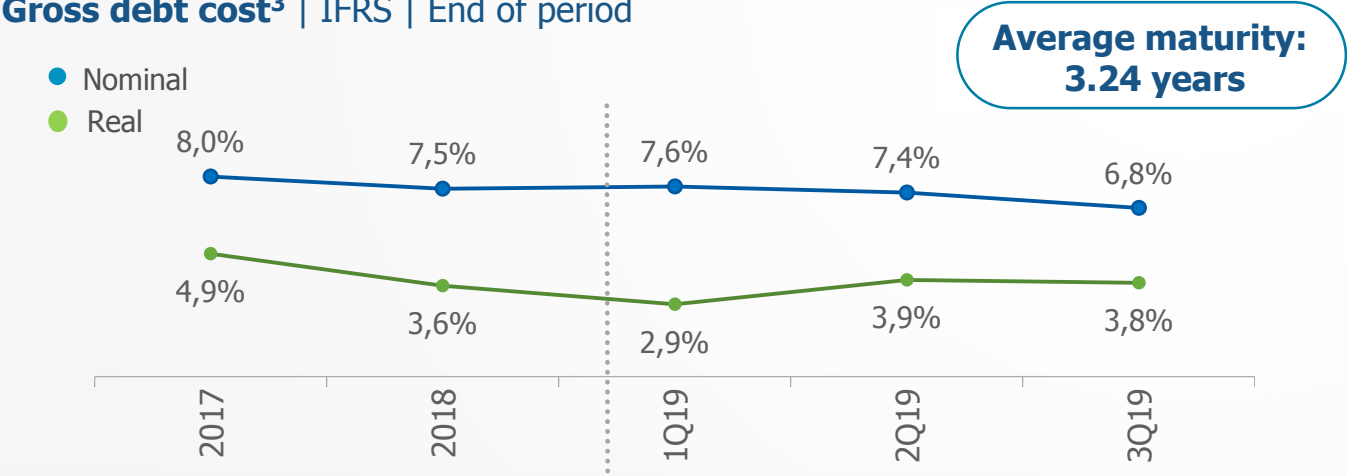
- ✓ Financial results favored by lower interest rates and indebtedness, along with higher regulatory assets
- ✓ Higher income tax due to better EBITDA and financial results

Indebtedness

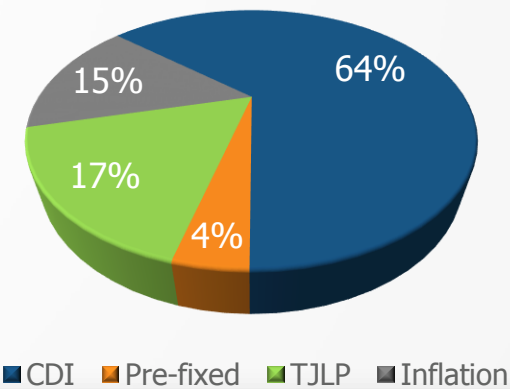
Leverage | Financial covenants criteria | R\$ billion



Gross debt cost³ | IFRS | End of period

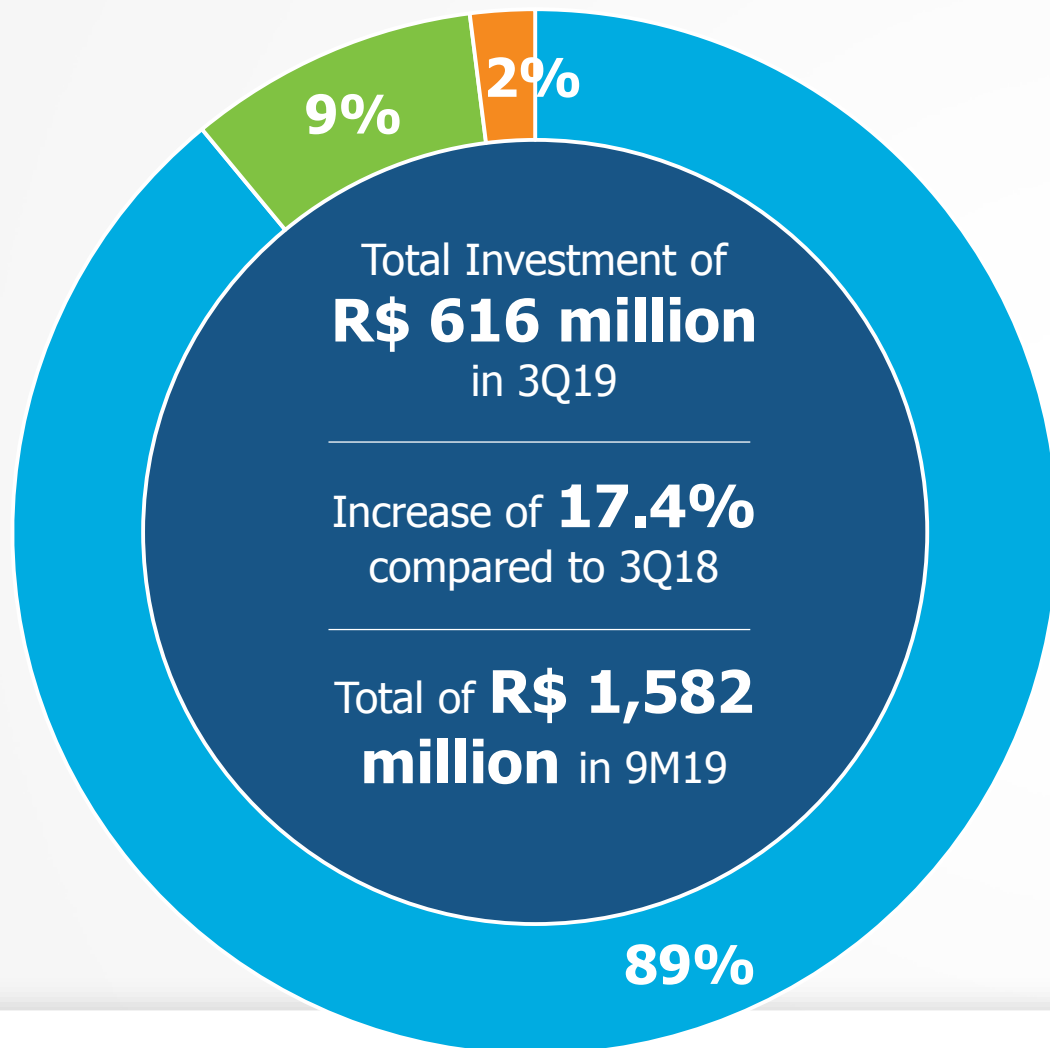


Gross debt breakdown by indexer³
IFRS | 3Q19



1) LTM EBITDA; 2) Adjusted by the proportional consolidation; 3) Financial debt (-) hedge; 4) If not considering Re-IPO impact, Financial Covenant was 2,57x (Net Debt w/o Re-IPO impact was R\$ 14,6 billion); 5) The increase of the Net Debt and Ebitda occurred mainly due to the consolidation of CPFL Renováveis, considering financial covenants criteria.

CAPEX 3Q19



■ Discos ■ Gencos / Transcos ■ Comm, Services and Others

Distribution



- **R\$ 550 million**
- Increase of 27.2% compared to 3Q18
- Total of R\$ 1.436 million in 9M19
- Expansion and strengthening of the electric system

Renewable Generation



- **R\$ 45 million**
- Implementation of the projects **Gameleira** and **Cherobim**

Transmission



- **R\$ 8 million**
- Beginning of the projects sold in 2018 auctions:
 - **Maracanaú**
 - **Sul I and Sul II**

Conventional Generation

- **R\$ 2 million**
- Operational infrastructure and maintenance improvements

Services



- **R\$ 10 million**
- Upgrade of management and operational support systems
- Uptrend systems to support management decisions, operational and clients issues



THANK YOU



