

3Q15 Results



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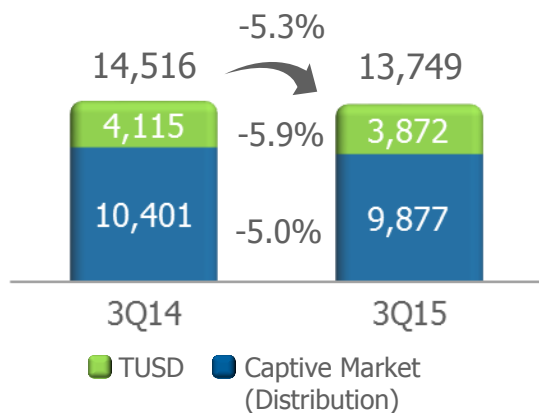
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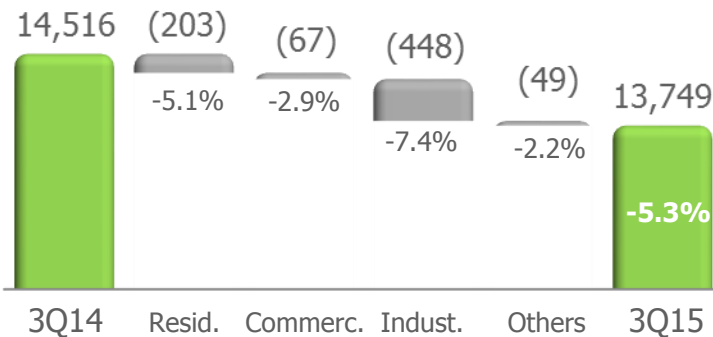
- Sales dropped **5.3%** in the concession area - residential (**-5.1%**), commercial (**-2.9%**) and industrial (**-7.4%**)
- Investments of **R\$ 219 million** in 3Q15 and **R\$ 931 million** in 9M15
- Conclusion of **CPFL Piratininga's** tariff revision in October 2015: (i) increase of **5.31%** of the parcel B (in relation to the RTE), from R\$ 717 million to R\$ 755 million; and (ii) pass through of **R\$ 475 million** of accumulated CVA and other financial components
- **CPFL Energia's shares** were maintained in the **Dow Jones Sustainability Emerging Markets Index (DJSI Emerging Markets)**, for the 4th consecutive year
- **CPFL Energia** were maintained in the **MSCI Global Sustainability Index Series**, which include companies with the highest sustainability standards in their sectors, for the 2nd consecutive year
- **CPFL** among the 150 best companies to work for by **Exame Você S.A. Guide 2015**, for the 14th consecutive year
- **CPFL** among the 20 more innovative companies of Brazil in **2015 Best Innovator Award**
- **CPFL Energia** was selected as the best practice of water risks management in the **2015 edition** of the **CDP** in Latin America



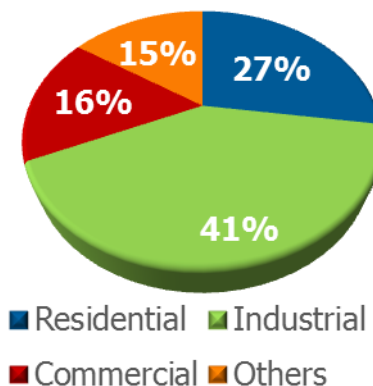
► Sales in the concession area | GWh



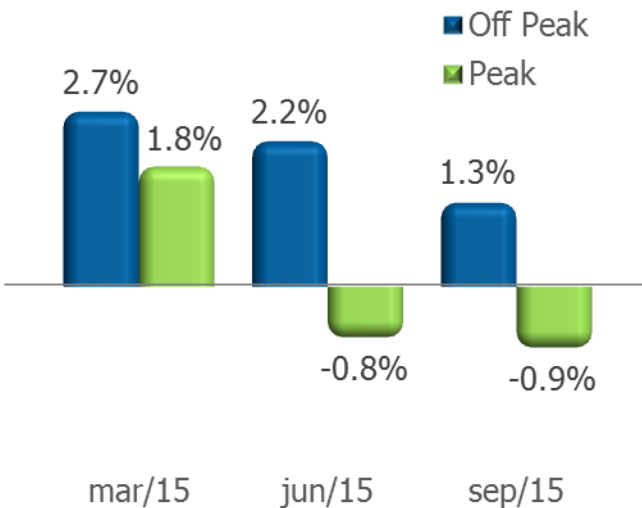
► Sales by consumption segment | GWh



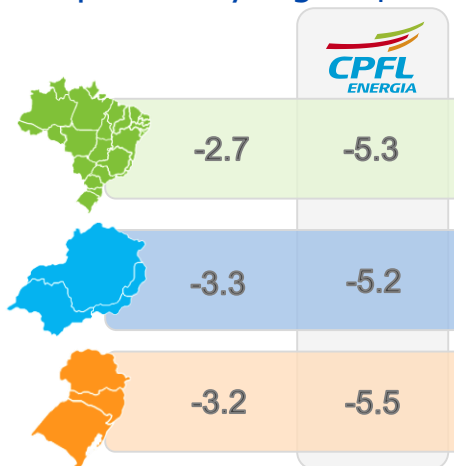
► Market Breakdown in the Concession Area | 3Q15



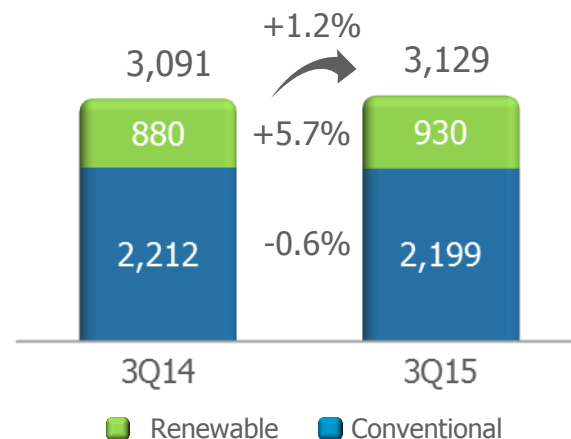
► Contracted Demand | % same month of 2014



► Sales growth in the concession area | Comparison by region | %



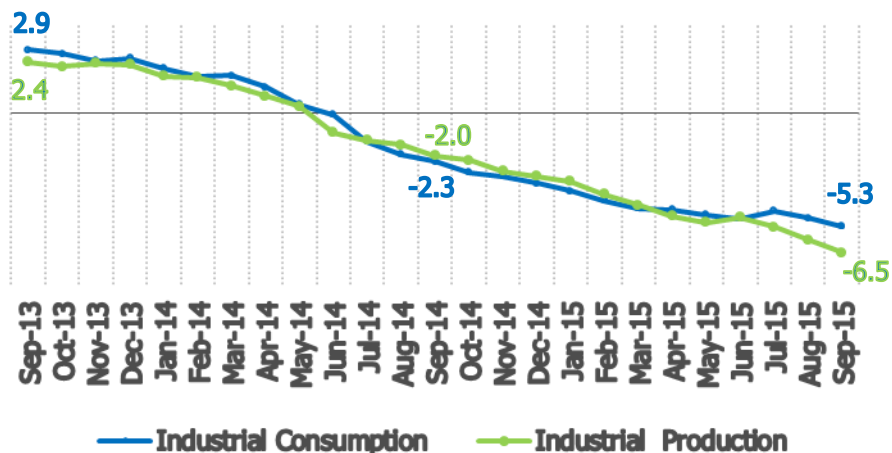
► Generation Installed Capacity¹ | MW



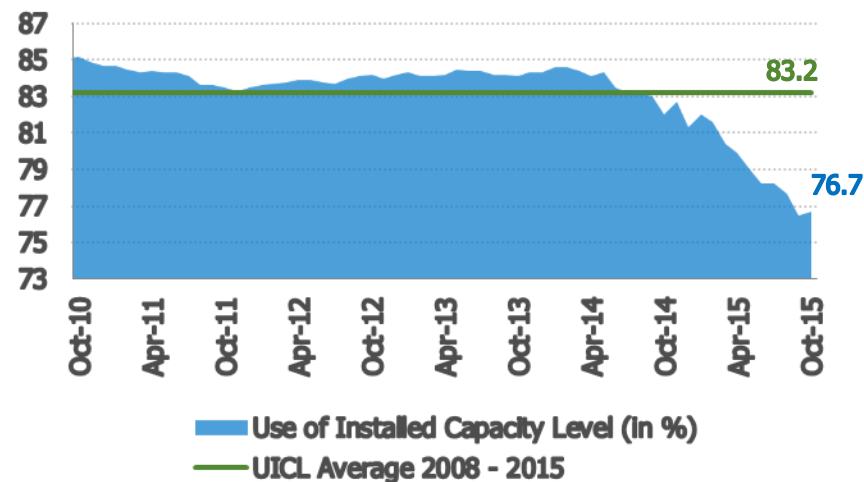
1) Take into account CPFL Energia's 51.6% stake in CPFL Renováveis

Macroeconomic drawdown reinforcing decrease in industrial consumption in 3Q15

► Industrial Production¹ and industrial consumption in CPFL Energia | Growth in last 12 months (%)

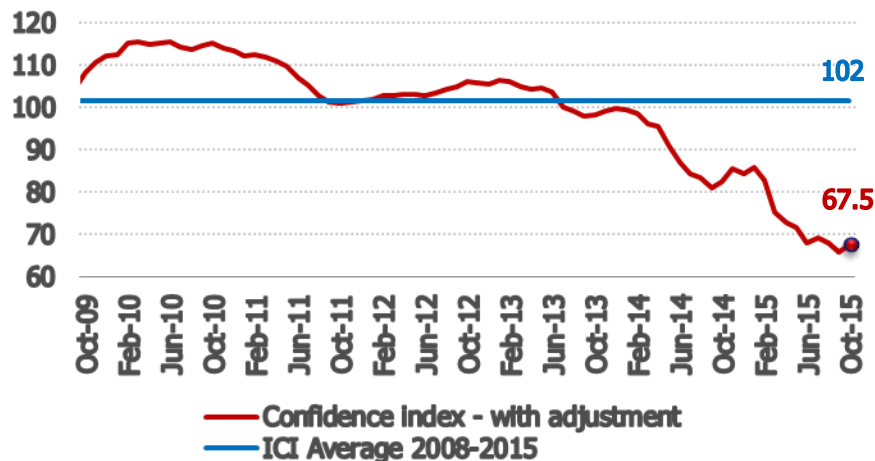


► Utilization of Installed Capacity²

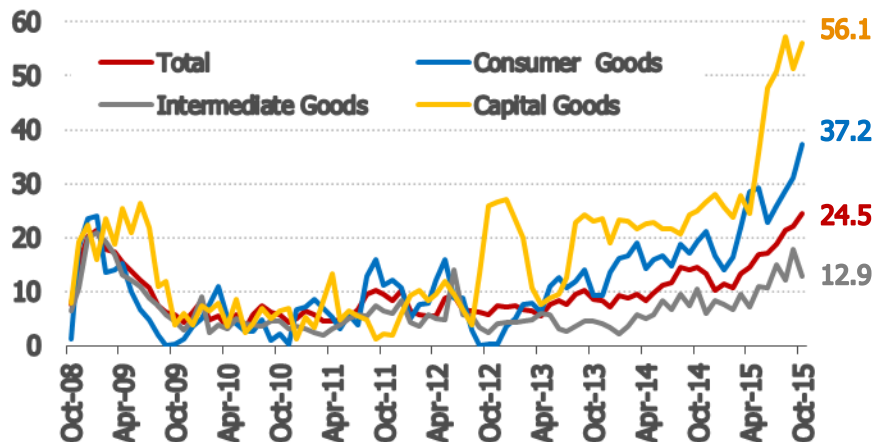


► Industrial Confidence²

Diffusion Index, over 100=positive



► Excessive Inventory | Manufacturing Industry² (% entrepreneurs)



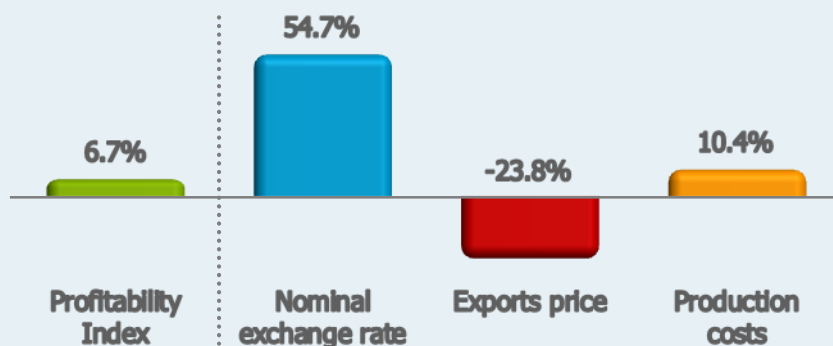
Currency Devaluation | Possible competitiveness improvement in important sectors of our concession area

Short Term

Opportunities

- Immediate effect on profitability of sectors with export coefficient greater than the import coefficient

► **Exports Profitability Index¹** | August/15 x August/14



Examples:

Food and Paper/Pulp: 15.5% and 4.5% of the total industry in the concession area of CPFL Energia³

Difficulties

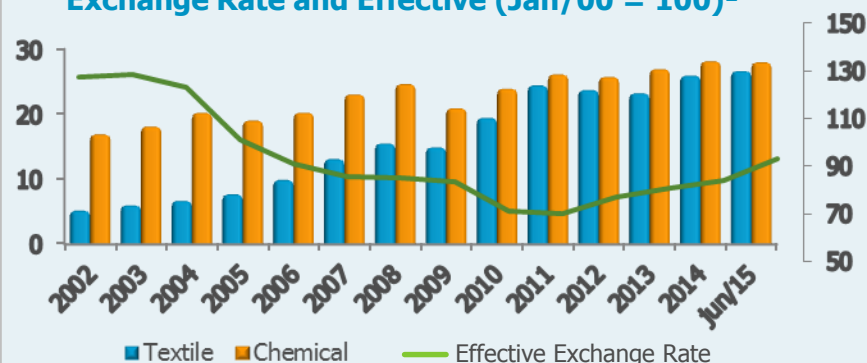
- Increase of the corporate debt in US dollars
- Downturn in global demand, especially China (-16.6% in exports in 9M15)¹

Long Term

Opportunities

- Possible reversal of the increase in imports over the last 10 years (e.g. Chemical and Textile)

► **Import coefficient (% - Selected sectors) and Real Exchange Rate and Effective (Jan/00 = 100)²**



Chemical and Textile: 11.5% and 7% of the total industry in the concession area of CPFL Energia³

Difficulties

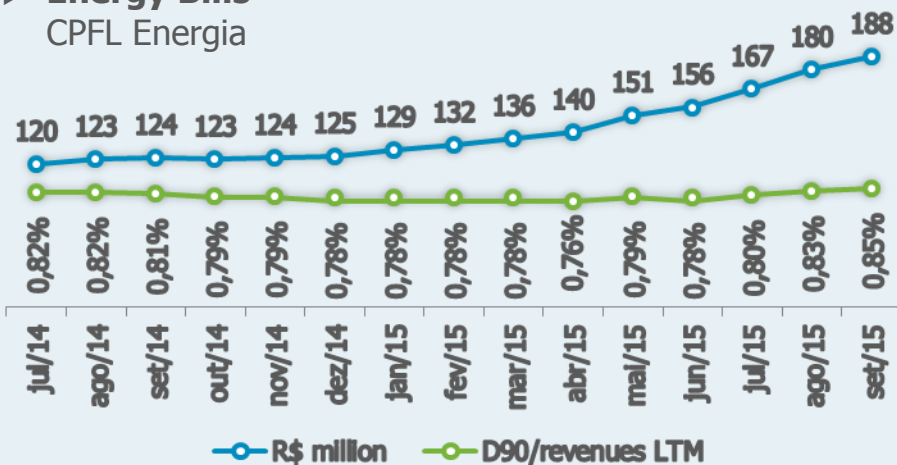
- Deficient infrastructure
- Excessive bureaucracy
- High incidence of tax on production
- Investments in low level (17.7% of GDP in June/15)

Delinquency Evolution

R\$ million in D90/Revenues (LTM)

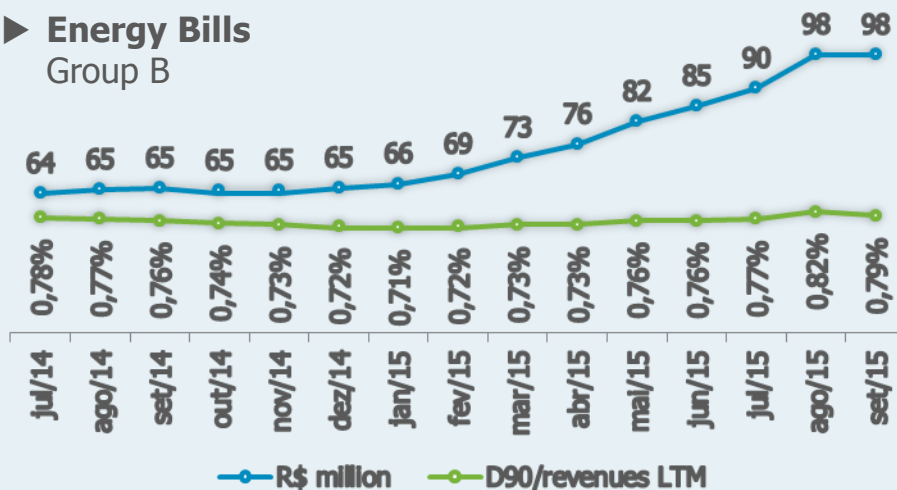
► Energy Bills

CPFL Energia



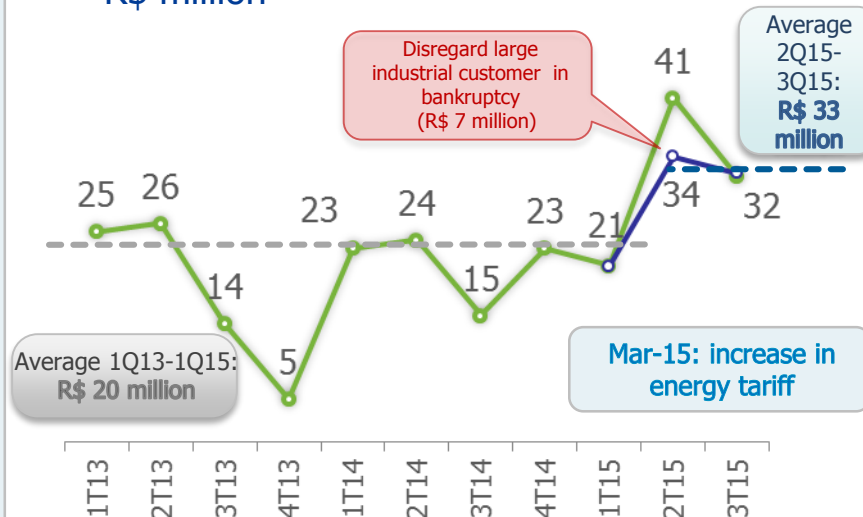
► Energy Bills

Group B



► Allowance for doubtful accounts

R\$ million



Strengthening of collection actions to avoid the advance of delinquency

% Recovered Revenue / Revenues in 12 months

3Q14	3Q15
3.18%	3.88%

IFRS

Proportionate Consolidation of Generation + Sectorial Financial Assets & Liabilities + Non recurring items

Net Revenue¹

 **17.5%**
R\$ 703 million

3Q14	3Q15
R\$ 4,012	R\$ 4,715
million	million

 **21.9%**
R\$ 835 million

3Q14	3Q15
R\$ 3,810	R\$ 4,645
million	million

EBITDA

 **25.7%**
R\$ 220 million

3Q14	3Q15
R\$ 860	R\$ 1,080
million	million

 **7.6%**
R\$ 76 million

3Q14	3Q15
R\$ 999	R\$ 1,074
million	million















Net Income

 **188.5%**
R\$ 183 million

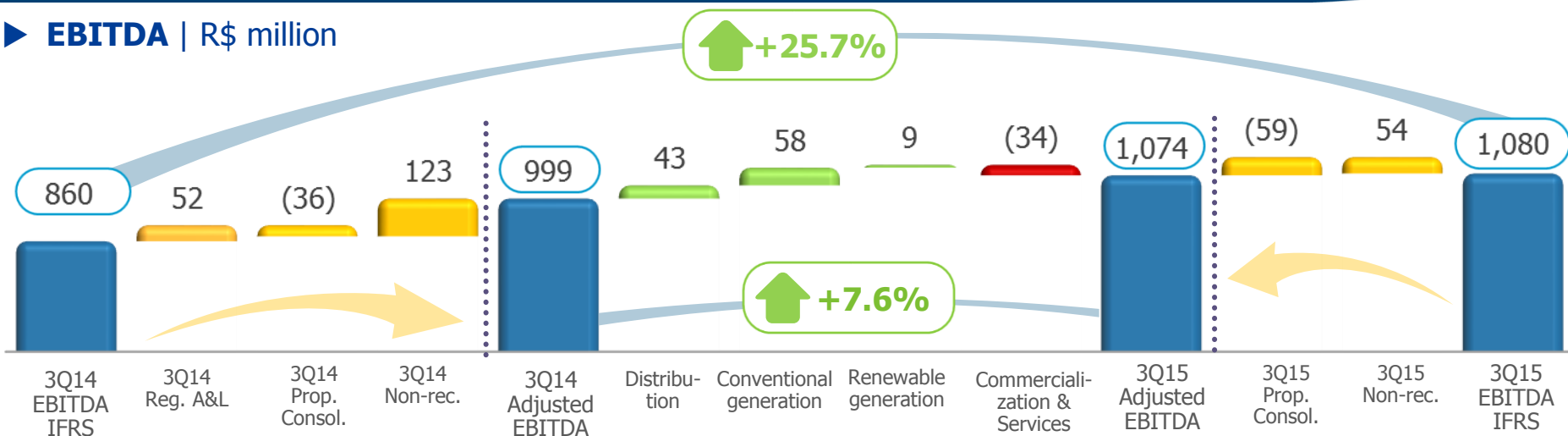
3Q14	3Q15
R\$ 97	R\$ 280
million	million

 **33.8%**
R\$ 77 million

3Q14	3Q15
R\$ 228	R\$ 305
million	million

	EBITDA		Net Income	
	3Q14	3Q15	3Q14	3Q15
Proportionate Consolidation of Generation (A)	 36	 59	 3	 12
Sectorial Financial Assets & Liabilities (B)	 52		 45	
GSF and Energy Purchase (CPFL Geração and CPFL Renováveis) (C)	 123	 54	 89	 37
Total (A+B+C)	 139	 6	 131	 25

EBITDA | R\$ million



+ Conventional generation → +21.7% (R\$ 58 million)

- + Seasonality strategy (R\$ 29 million)
- + Epasa's better performance (R\$ 23 million)
- + Other effects (R\$ 6 million)

+ Distribution → +8.3% (R\$ 43 million)

- + Itaipu currency variation (R\$ 97 million)
- + PIS/Cofins pass-through (R\$ 14 million)
- 5.3% decrease in energy sales in the concession area (R\$ 12 million)
- 5.8% increase in manageable PMSO (R\$ 21 million)
- Allowance for Doubtful Accounts (R\$ 18 million) and collection actions (R\$ 4 million)
- Legal and judicial indemnities (R\$ 13 million)

+ Renewable generation → +6.1% (R\$ 9 million)

- + Expenses related to the association with DESA – 3Q14 (R\$ 3 million)
- + Insurance indemnity right in TPP Bio Pedra – 1st payment (R\$ 2 million)
- Morro dos Ventos II commercial startup

- Commercialization, Services and Holding → -53.3% (R\$ 34 million)

- Lower gains in spot market – lower PLD

IPCA
IGP-M

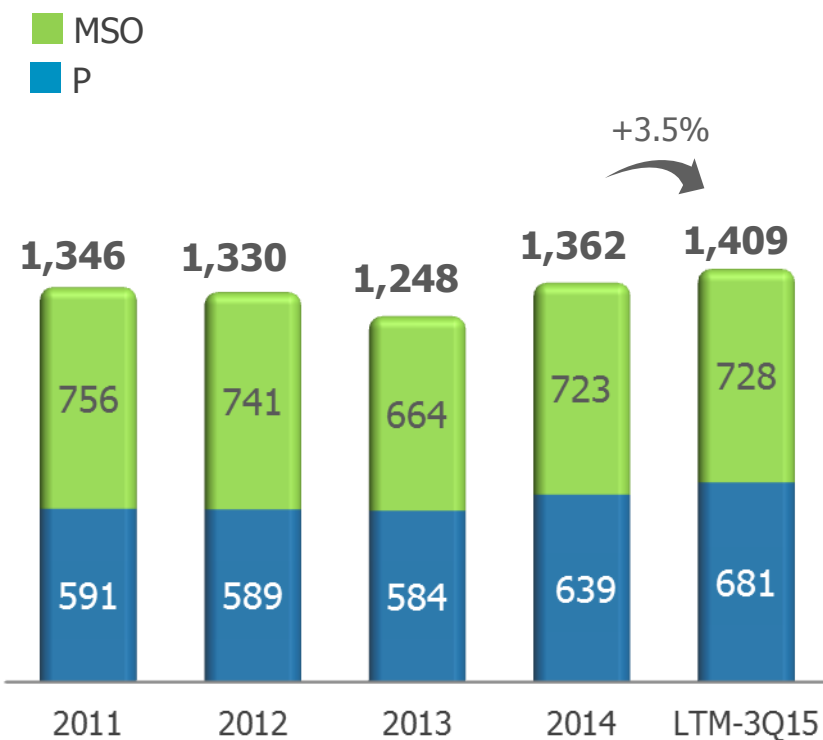
Last 12 months

9.5%
8.4%

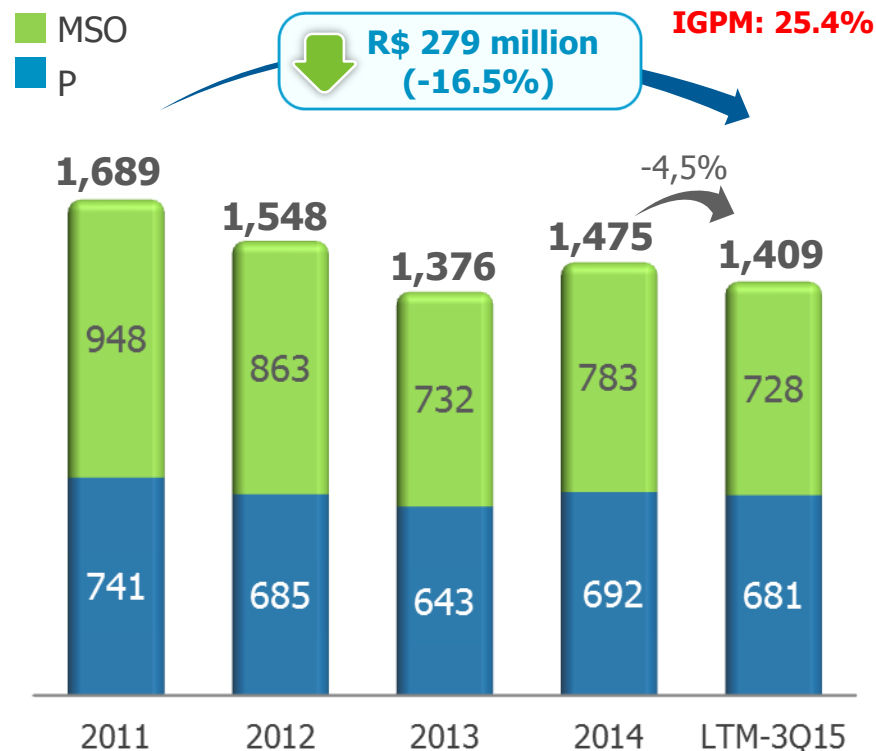
PLD (R\$/MWh)¹

3Q14	3Q15
677.01	204.07

► Nominal Adjusted PMSO | R\$ Million



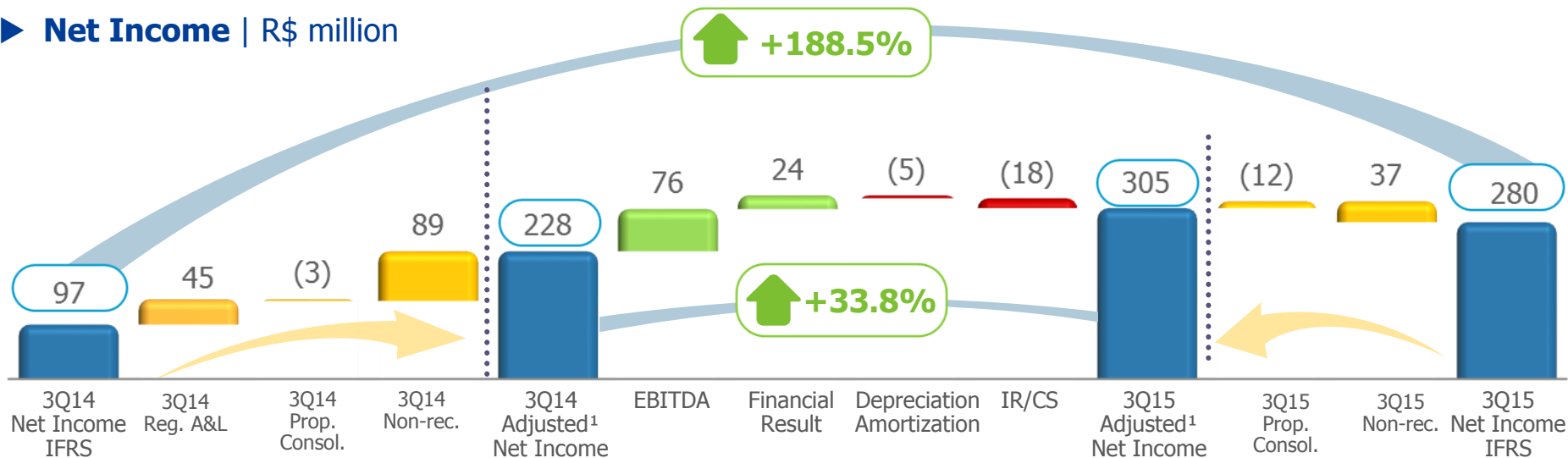
► Real Adjusted PMSO¹ | R\$ Million



PMSO decreased by 16.5% (R\$ 279 million) in real terms

1) June/15. Variation of IGP-M in the period 2015 x 2011= 25.4%; 2015 x 2012 = 16.3% and 2015 x 2013 = 10.3% and 2015 x 2014=8.4%. PMSO disregarding Private Pension Fund. Excludes non-recurring items, acquisition of fuel oil for EPASA power plants, PMSO of Services and CPFL Renováveis segments, Legal, Judicial and Indemnities and Personnel capitalization costs since January 2014, due to the new methodology established by Aneel.

► Net Income | R\$ million



+ 7.6% increase in EBITDA (R\$ 76 million)

+ 7.0% decrease in Negative Net Financial Result (R\$ 24 million)

- + Variation of discos' concession financial asset (R\$ 146 million)
- + Restatement of sectorial financial assets/liabilities (CVA) (R\$ 39 million)
- + Arrears of interest and fines / installment payments (R\$ 32 million)
- Mark-to-market effect – operations under Law 4,131 – non-cash (R\$ 33 million)
- Increase in CDI and debt (R\$ 119 million)
- Itaipu currency variation (R\$ 97 million)
- PIS/Cofins on financial revenues (R\$ 19 million)
- + Others (R\$ 10 million)

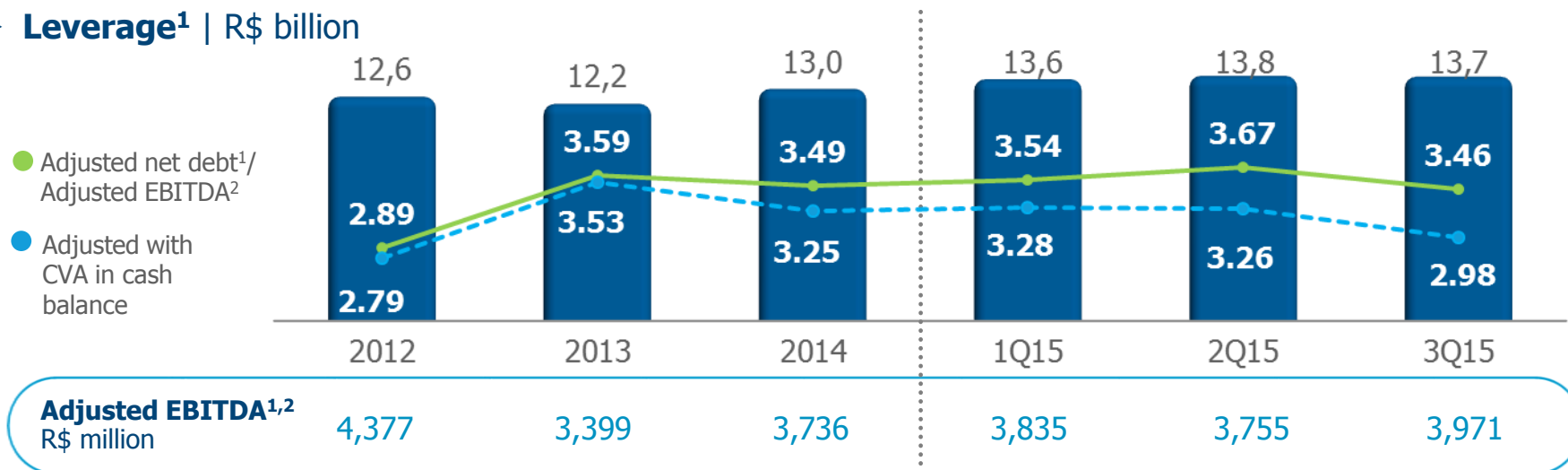
Compensated by sectorial financial assets (Revenue)

	3Q14	3Q15
CDI	11.6% p.a.	14.7% p.a.
R\$/US\$²	2.45	3.97

- 1.9% increase in Depreciation and Amortization (R\$ 5 million)

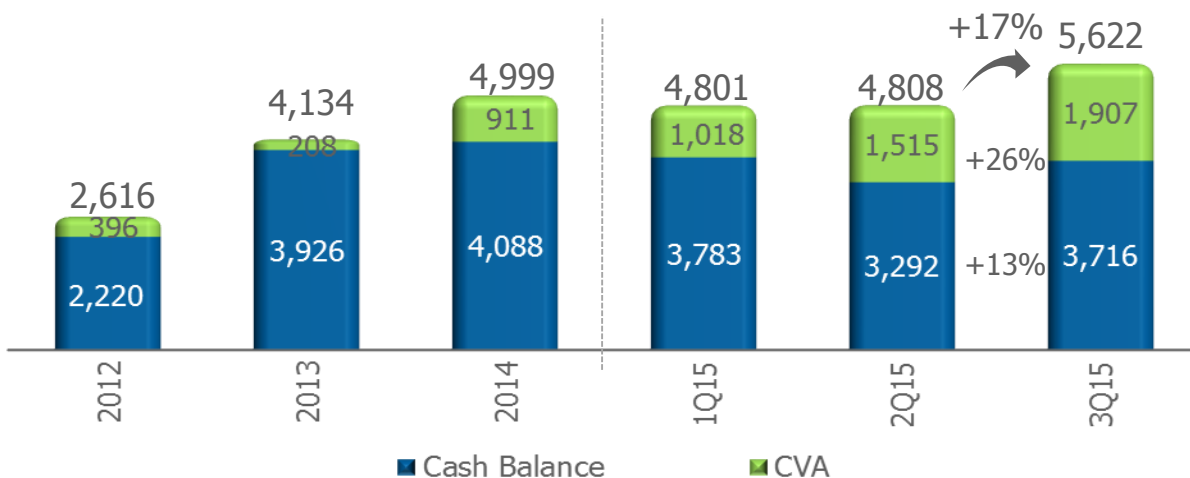
- Increase of Income Tax and Social Contribution (R\$ 18 million)

► Leverage¹ | R\$ billion



CPFL Piratininga starts to receive R\$ 475 million in CVAs from October 2015

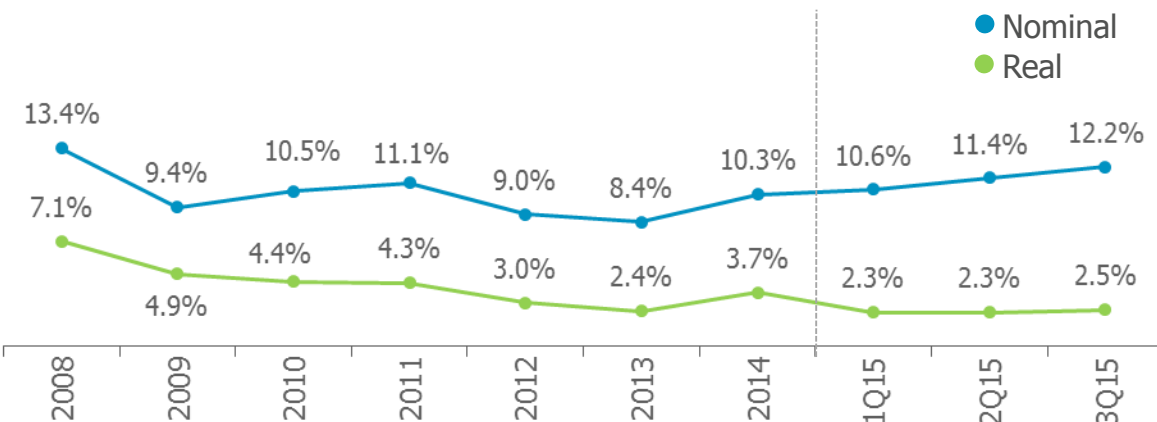
► Evolution of Cash Balance and CVA | R\$ billion



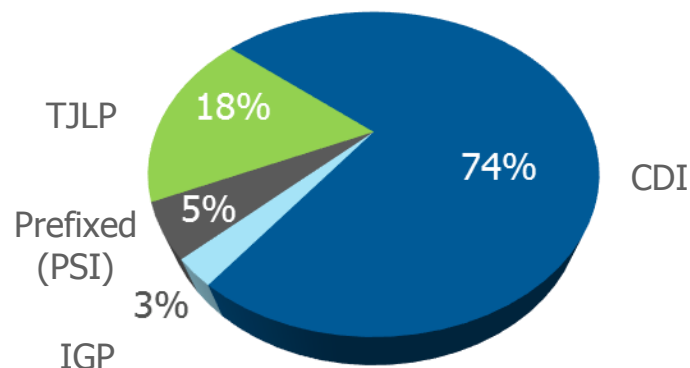
A CVA's receivable (until 3Q15) has been affecting cash balance.

Adjusting this cash balance, net debt / EBITDA would reach **2.98x in **3Q15**.**

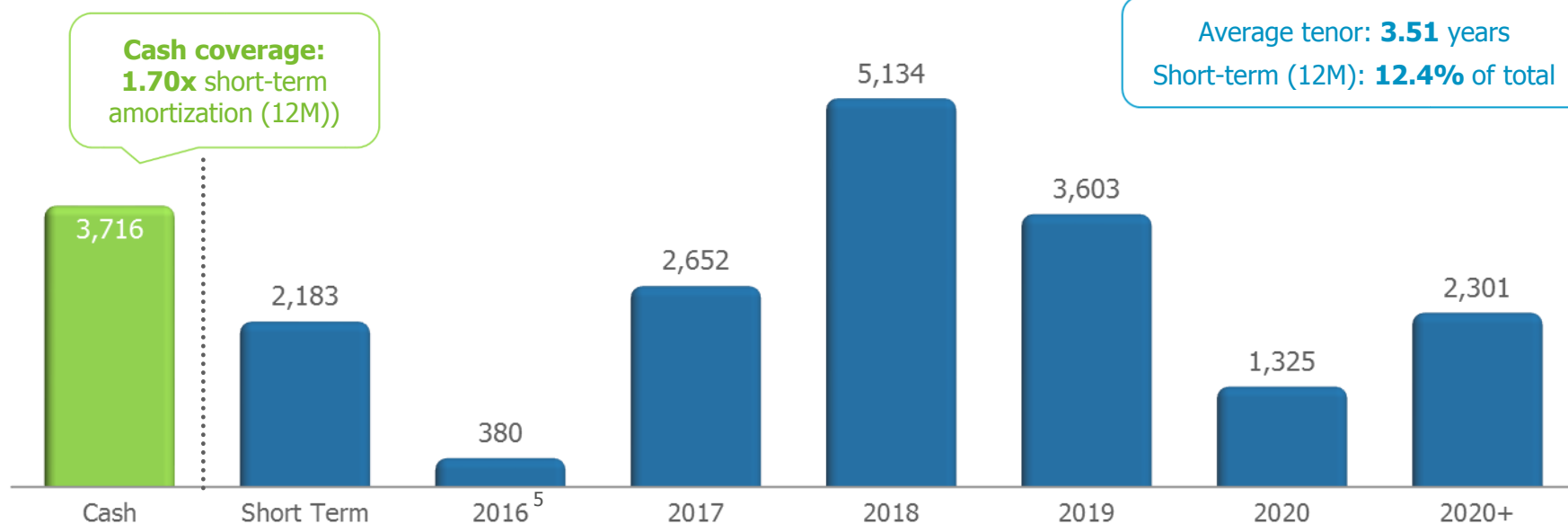
► Gross debt cost^{1,2} | LTM



► Gross debt breakdown by indexer | 3Q15 ^{2,4}

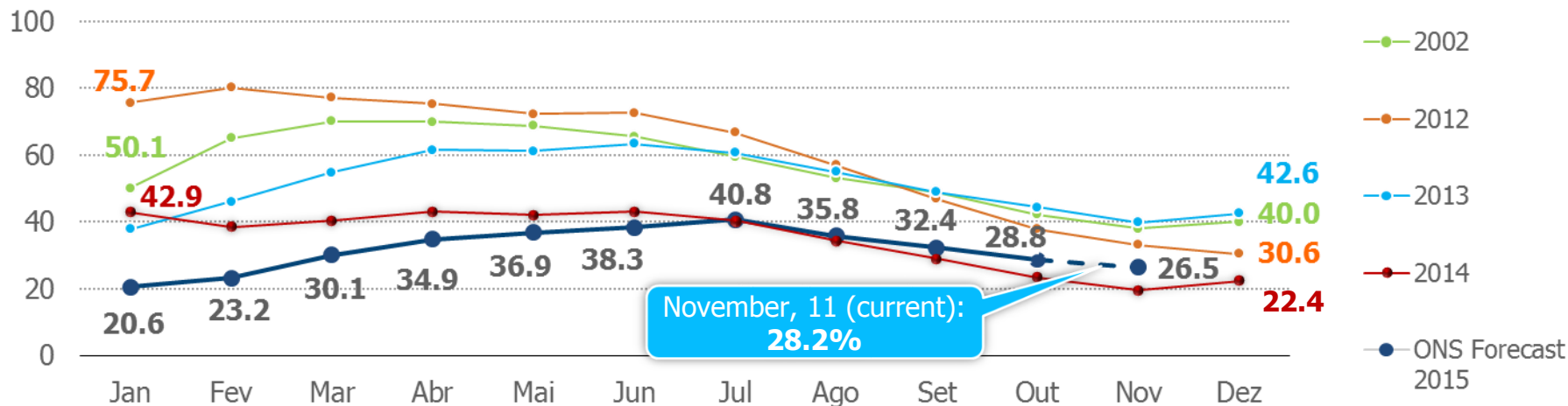


► Debt amortization schedule^{3,4} | Sep-15 | R\$ million

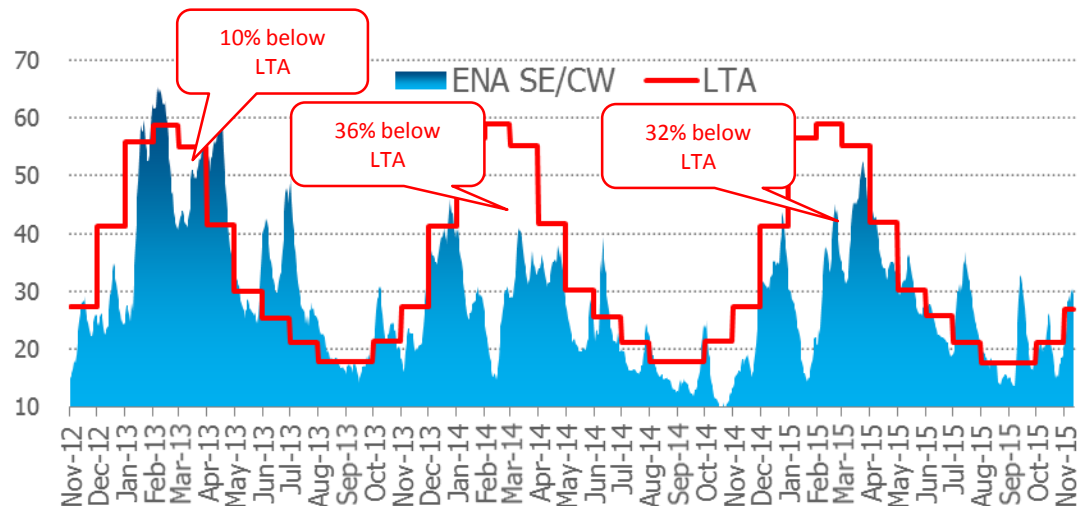


1) Adjusted by the proportional consolidation since 2012; 2) Financial debt (+) private pension fund (-) hedge; 3) Considers Debt Principal, including hedge; 4) Covenants Criteria; 5) Amortization from October-2016.

► NIPS Reservoir Levels | %



► Natural Inflow Energy (ENA) | SE/CW | GW average

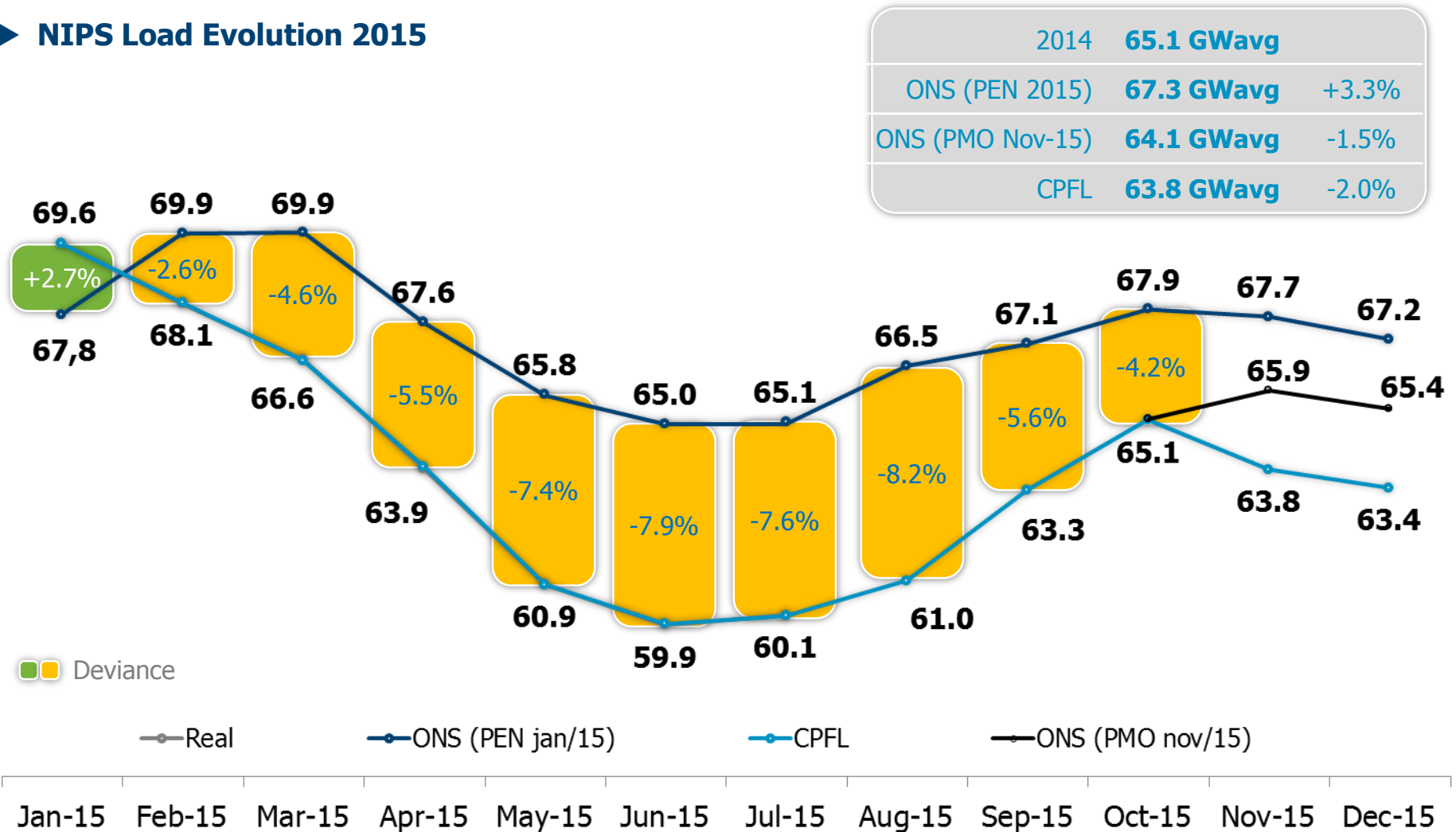


► ENA | % LTA

	2013	2014	2015
SE/CW			
Wet	91%	63%	67%
Dry	112%	79%	105%
Year	102%	68%	78%
South			
Wet	113%	115%	137%
Dry	128%	157%	136%
Year	125%	144%	140%
NIPS			
Wet	88%	73%	71%
Dry	110%	98%	109%
Year	99%	82%	88%

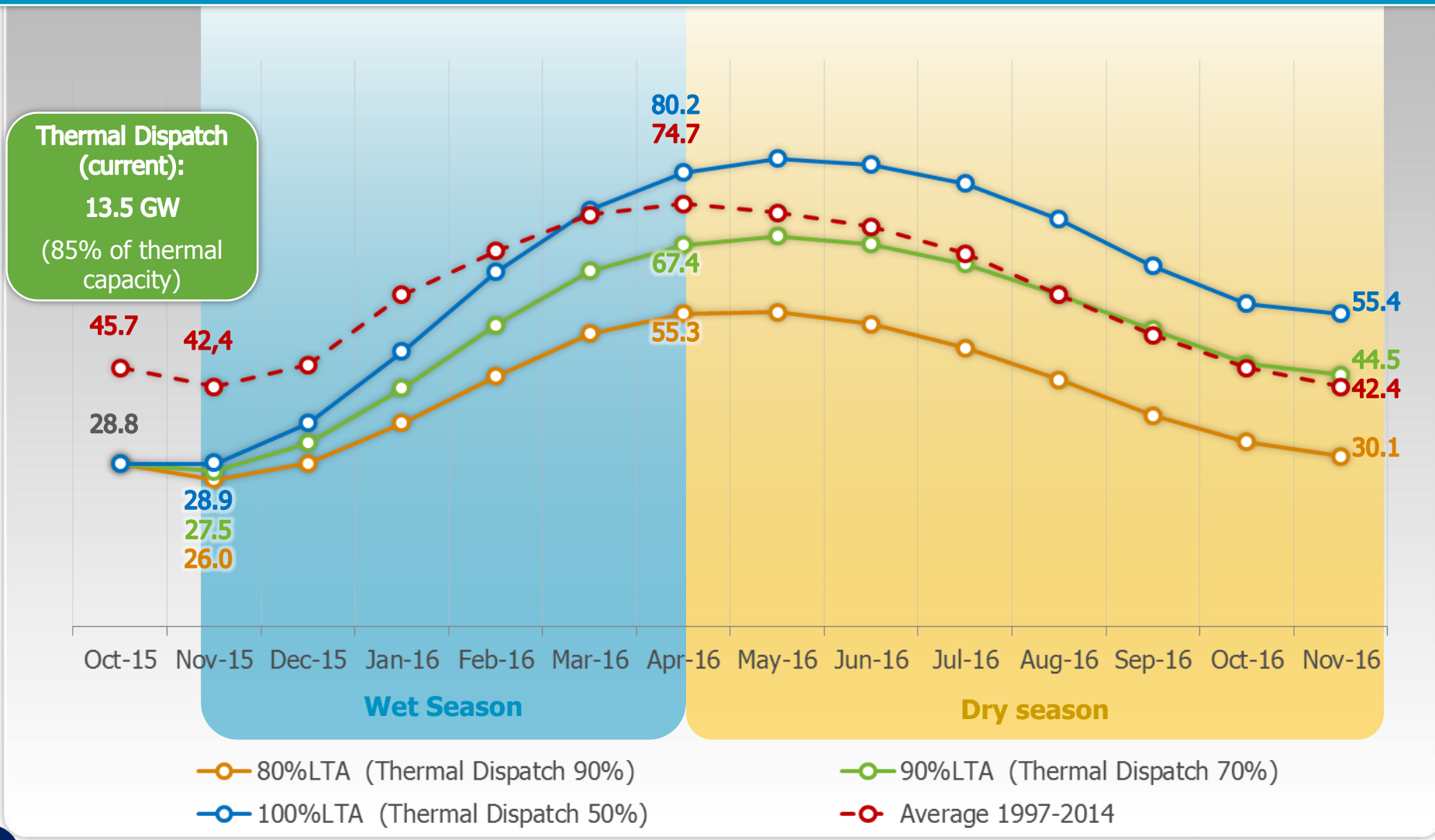
NIPS Load Evolution | Load reduction contributes to the preservation of reservoirs levels

► NIPS Load Evolution 2015



2016 | Scenarios for reservoir levels

For 2016, the expectation is to reach a reservoir level in November similar to the average in the period 1997-2014, considering 90% of LTA and thermal dispatch of 70%



► Proposal

Regulated Market (ACR)

- ✓ Protection against GSF, up to 100%, by the payment of a risk premium

Higher flexibility of options allows adhesion of agents with different contracting levels and risk perception

Current text, that is already being discussed in Senate, does not bring significant changes → Companies may proceed with analysis

Free Market (ACL)

- ✓ Generator contracts hedge to mitigate hydrological risk

Need of a definition about the regulation of reserve energy contracting

If approved, new amendments to the PM688 should be regulated → agents still wait for more details

Adhering to the renegotiation, 2015 GSF will be reimbursed

► Next steps

Approval by Senate

ANEEL Regulation

Analysis and Internal Approvals

Generators adhesion

Tariff Review final result | October, 2015 (R\$ million)

Gross Regulatory Asset Base	3,020
Depreciation rate	3.65%
Depreciation Quota	110
Net Regulatory Asset Base	1,906
Pre-tax WACC	12.26%
Capital Return	234
Special Obligations	10
Regulatory EBITDA	354
OPEX ¹ = CAOM + CAIMI	447
Parcel B	801
Parcel B adjusted by market (-) Other revenues	755
Parcel A	3,649
Required Revenue	4,404

► Increase of 5.31% in Parcel B from R\$ 717 million to R\$ 755 million

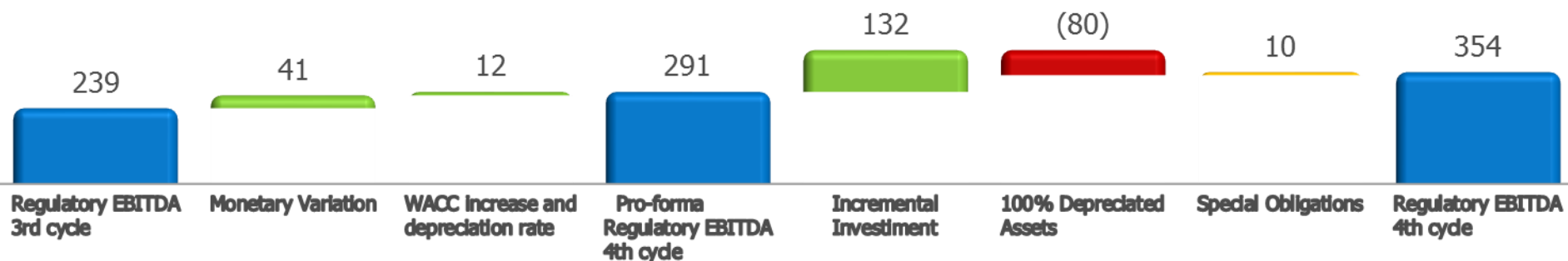
- ✓ Increase of Net RAB
- ✓ Increase of WACC from 7.50% to 8.09%
- ✓ Addition of special obligations remuneration

► Accumulated CVA and other financial components to be passed through to tariffs

- ✓ Pass-through of **R\$ 475 million** in CVA and others financial components

4TRC x ETR			
Parcel A	Parcel B	Financial Components	Average effect
7.13%	0.93%	13.05%	21.11%

► Reconciliation of Regulatory EBITDA | 3rd and 4th Tariff Review Cycle (R\$ million)



DJSI Emerging Markets

✓ **4th** consecutive **year**

✓ Listed on **NYSE**

✓ The index represents **92 companies** based in **14 emerging countries**

✓ The index covers the companies with the **highest sustainability performance** in the world

MEMBER OF

**Dow Jones
Sustainability Indices**

In Collaboration with RobecoSAM

MSCI

✓ **2nd** **year** consecutive

✓ MSCI owns more than **500 indexes**

✓ The index covers the companies with the **highest ESG standards** in its respective sectors

MSCI



2015 Constituent
MSCI Global
Sustainability Indexes



Best Companies to work at | Guia Você S.A.



- Evaluation of the **150 best companies** to work in Brazil
- **CPFL Energia** is among the **10 best companies** in the Electric Sector

Best Innovator 2015 | A.T. Kearney and Época Negócios Magazine



- Ranking made by A. T. Kearney which has awarded the most innovative companies
- **CPFL Energia** is among the **20 most innovative companies** based in Brazil

Water Risk Management | CDP Latin America



- Selected the best experiences in water risk management, use of internal carbon price and natural capital management
- **CPFL Energia** was elected as the best water risk management process

Impact Awards | ASUG SAP



- Evaluation of successful **IT cases**
- **CPFL Energia** took the **1st place** using the case "Telemedicação do Grupo A – Programa Tauron"



CPFL
ENERGIA