

# 1Q20 Results



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# 1Q20 Highlights

- ✓ Reduction of **0.2% in load in the concession area**
- ✓ **EBITDA of R\$ 1,696 million**, growth of **10.8%**
- ✓ **Net Income of R\$ 904 million**, growth of **58.5%**
- ✓ Net Debt of **R\$ 15.1 billion** and leverage of **2.21x Net Debt/EBITDA<sup>1</sup>**
- ✓ Investments of **R\$ 516 million**, growth of **15.9%**
- ✓ **CPFL Paulista tariff adjustment** in Apr-20, with an adjustment of **+6.05%** for the consumers (postponed to July 1<sup>st</sup>) and an increase of **+6.92%** in Parcel B

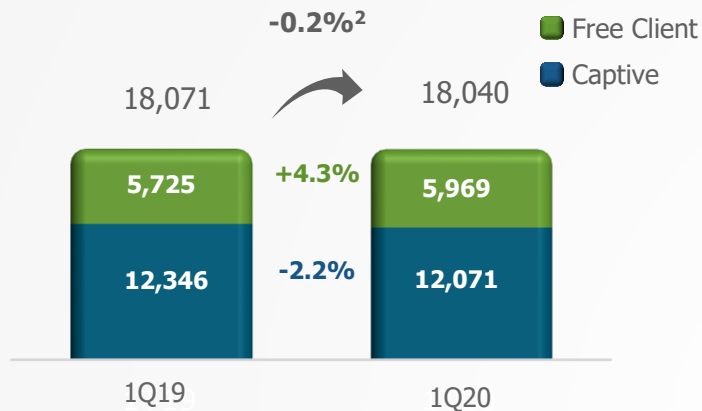


- ✓ **CPFL Renováveis' Delisting Tender Offer:** registered by CVM on Apr 27<sup>th</sup>; auction will occur on Jun 10<sup>th</sup>, according to the Notice released on May 6<sup>th</sup>
- ✓ Entry of **CPFL Energia's shares** in the **Ibovespa** of the B3, in May-20
- ✓ **CPFL Energia** won the **Equities Deal of the Year 2020 - Americas**, granted by The Banker (Financial Times) to its 2019 Re-IPO (R\$ 3.7 billion)
- ✓ Aneel recognized **CPFL Santa Cruz** as the best distributor in the country for the **Global Continuity Performance (DGC)** in 2019

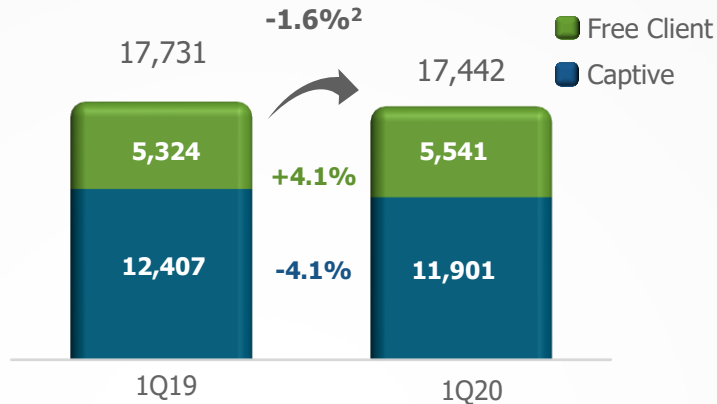


# 1Q20 Energy Sales

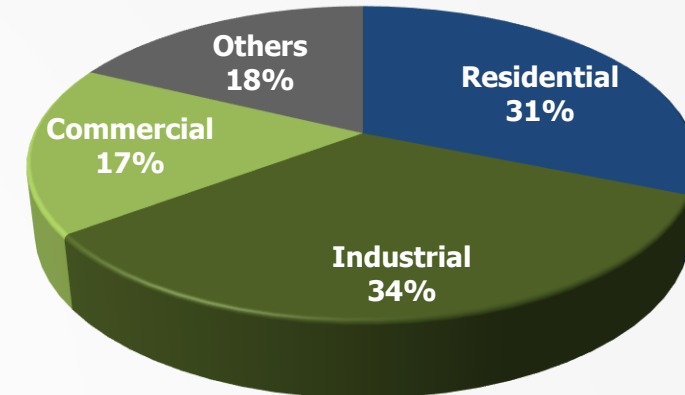
## Load<sup>1</sup> in the concession area | GWh



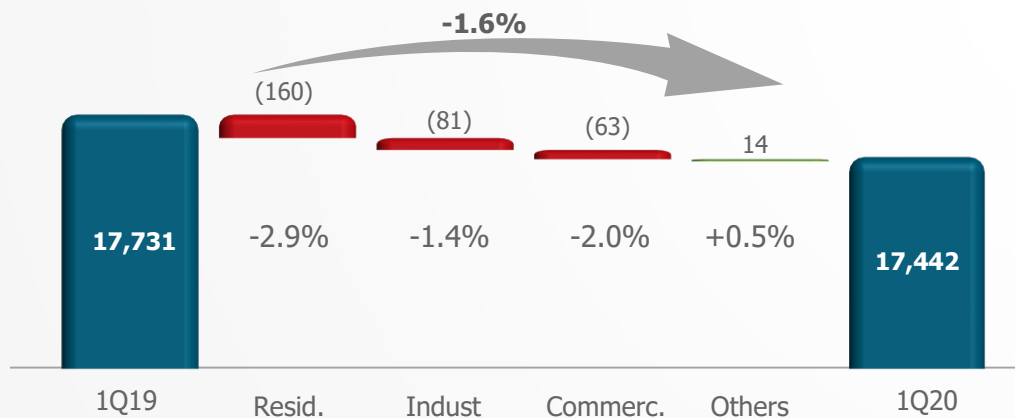
## Sales in the concession area | GWh



## Breakdown in the concession area | 1Q20



## Sales by consumption segment | GWh



## Main impacts by segment | %

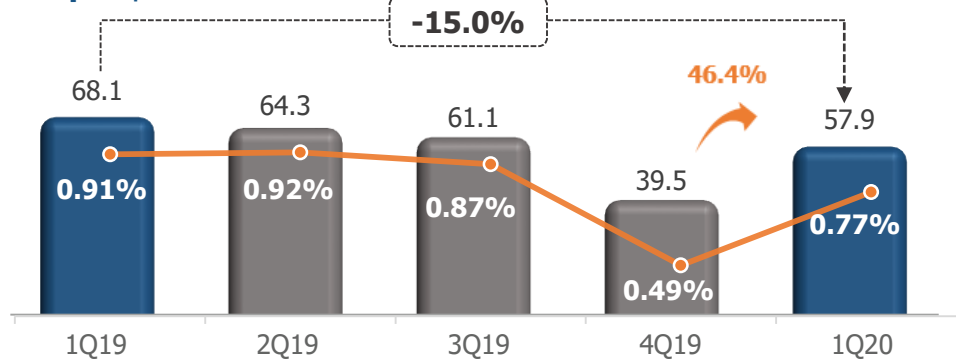
	Resid	Ind	Com	Others	Total
Billing calendar	-0.2	0.6	0.2	-	0.2
Temperature	-3.1	-	-3.0	-0.4	-1.6
Migrations	-	-1.2	-	-2.6	-0.9
DG	-0.7	-0.2	-1.3	-0.3	-0.6
Macroeconomics/ Others	1.1	-0.6	2.1	3.8	1.2

1) Load net of losses; 2) If excluding the migration of large consumers, the load and the sales within the concession area in 1Q20 would have the following variations: +0.7% and -0.8%, respectively.

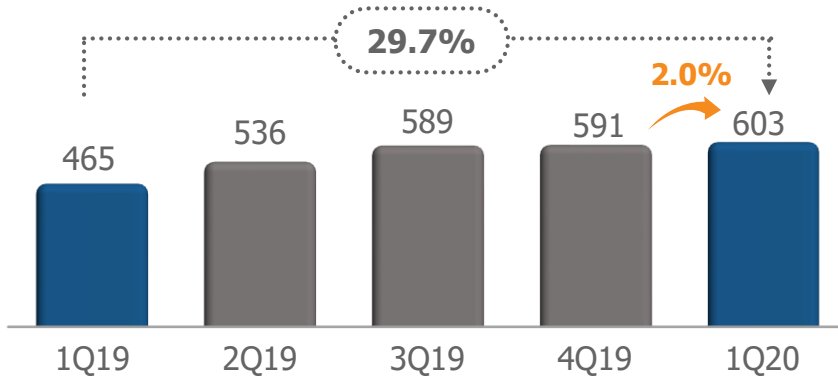
# Delinquency and Energy Losses

## Delinquency

ADA | R\$ MM

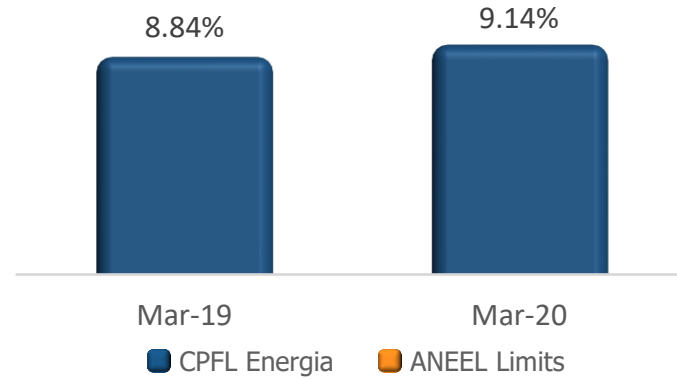


## Collection actions | Power cuts (thousands)



## Energy Losses

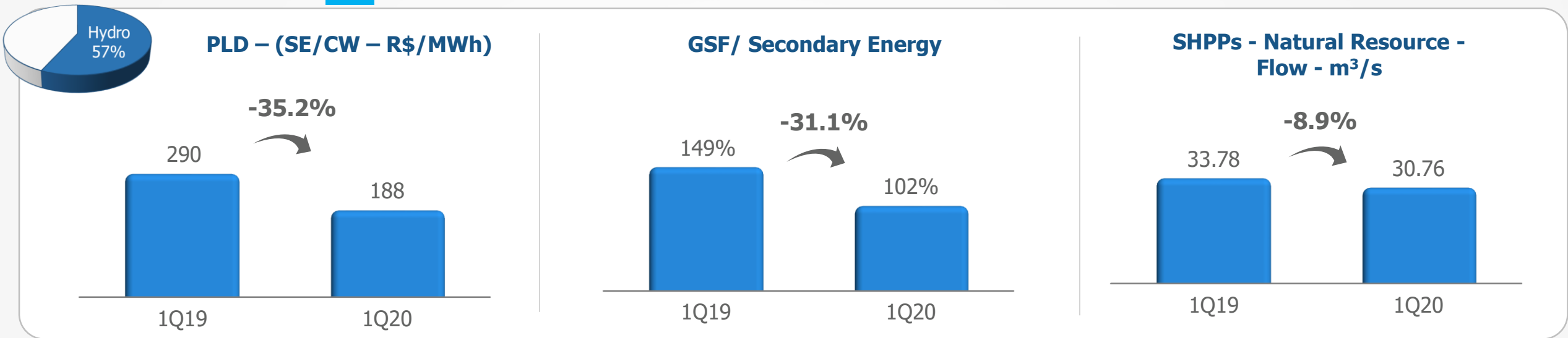
Losses | Last 12 months



- ✓ There was an increase in losses when comparing Mar-20 to Mar-19.
  - Differences in the billing calendar: -0.55 day<sup>1</sup>
- ✓ Intensified actions against losses:
  - 200.7 GWh of recovered energy (+18%)
  - 137,000 inspections (-1%)
  - Installation of telemetry with inspection
  - Replacement of meters on Group A customers

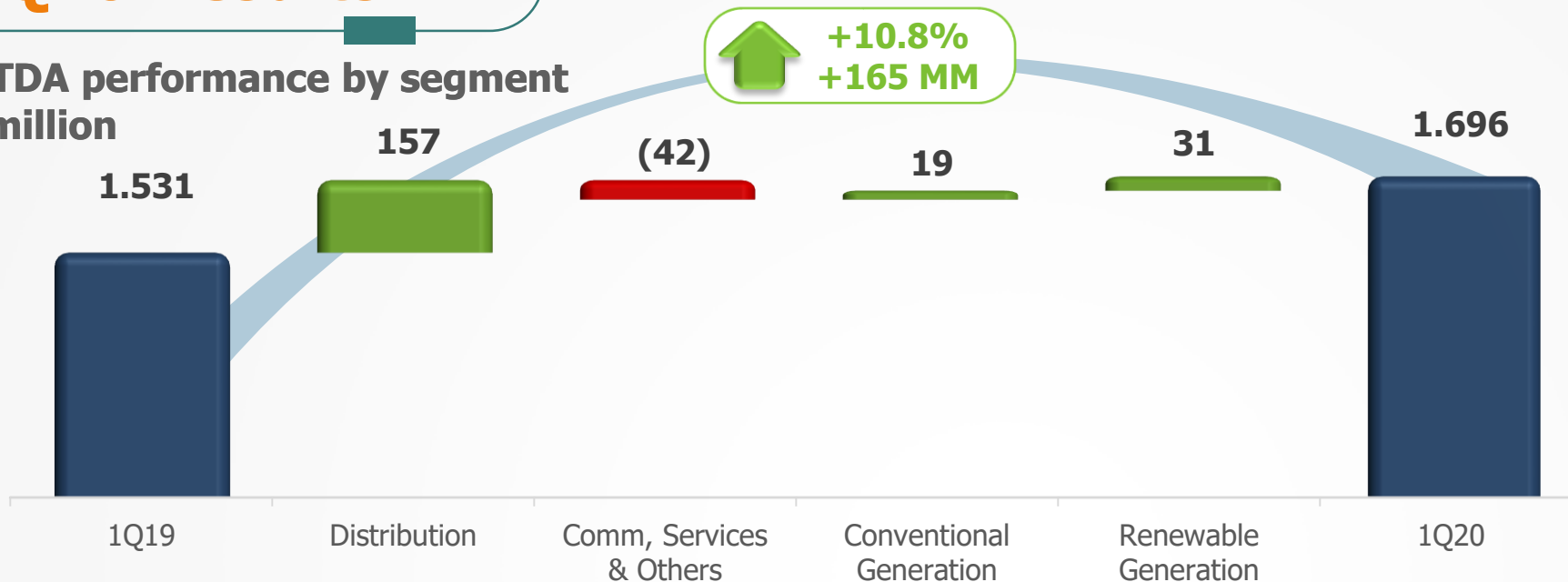
1) Excluding the differences in the billing calendar, Losses in the 1Q20 would have a variation of +0.03% (8.95% in 1Q19 vs 8.98% in 1Q20)

# 1Q20 Generation

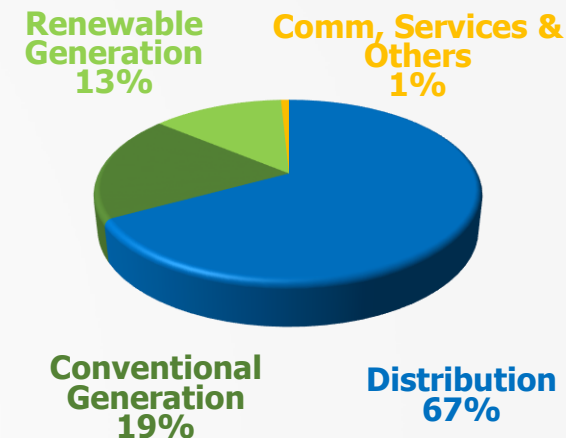


# 1Q20 Results

## EBITDA performance by segment R\$ million



## EBITDA breakdown by segment



### Distribution: +16.0%



- ✓ Market / tariff (+R\$ 135 MM)
- ✓ Concession financial asset (+R\$ 74 MM)
- ✓ PIS/Cofins over ICMS in CPFL Santa Cruz – 1Q19 (-R\$ 34 MM)
- ✓ PMSO / ADA (-R\$ 9 MM)
- ✓ Others (-R\$ 9 MM)

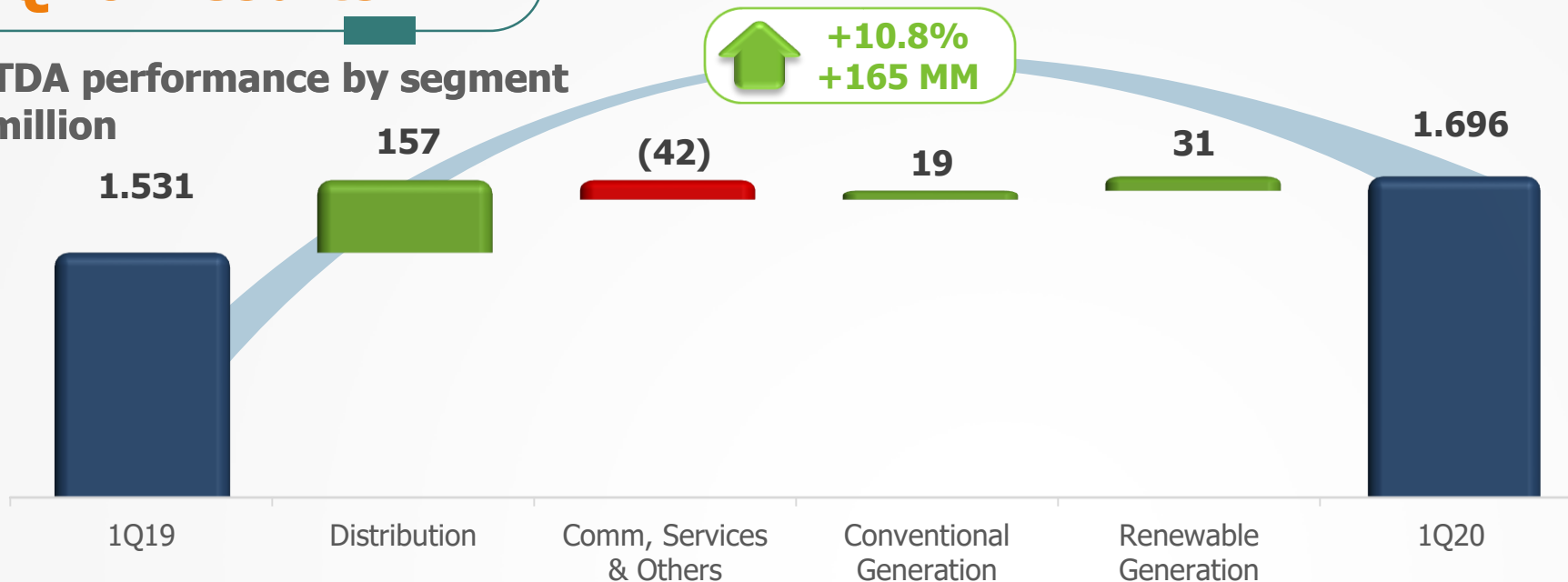
### Commerc., Services & Others: -75.4%



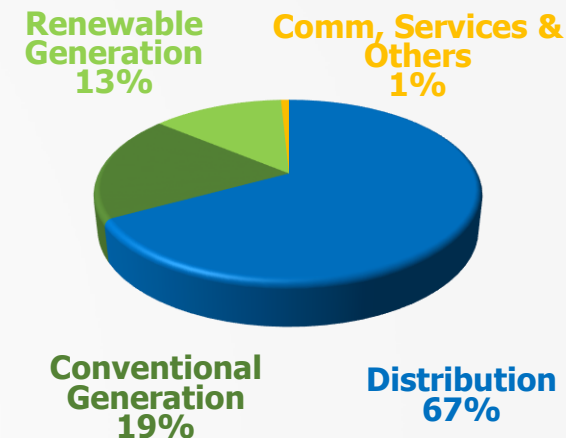
- ✓ Commercialization (-R\$ 30 MM) – lower margin
- ✓ Services (-R\$ 7 MM)
- ✓ Others (-R\$ 4 MM)

# 1Q20 Results

## EBITDA performance by segment R\$ million



## EBITDA breakdown by segment



### Conventional Generation: +6.3%



- ✓ Inflation over energy contracts (+R\$ 24 MM)
- ✓ Epasa overhaul – 1Q19 (+R\$ 11 MM)
- ✓ Lower thermal generation (-R\$ 15 MM)

### Renewable Generation: +16.0%

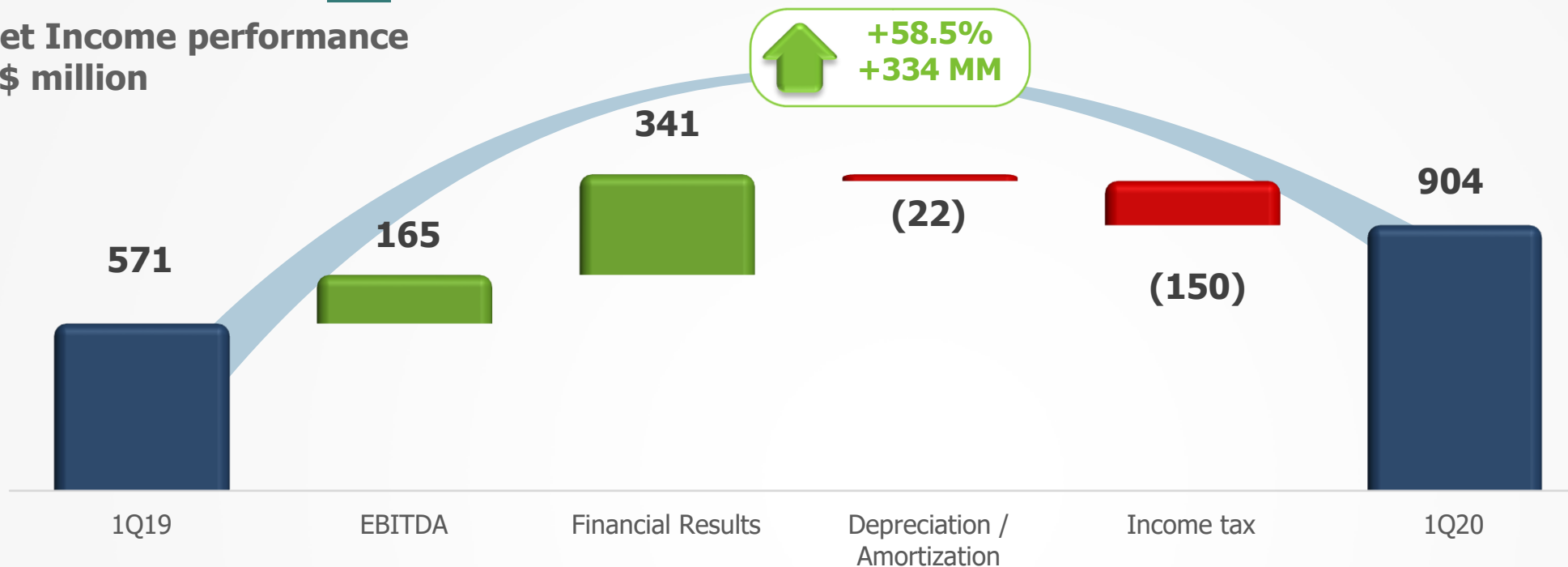


- ✓ SHPPs PPA seasonalization (+R\$ 54 MM)
- ✓ Biomass - seasonalization and higher generation (+R\$ 15 MM)
- ✓ Inflation over energy contracts (+R\$ 12 MM)
- ✓ GSF/Secondary - SHPPs (-R\$ 29 MM)
- ✓ Lower wind farms generation (-R\$ 25 MM)



# 1Q20 Results

Net Income performance  
R\$ million



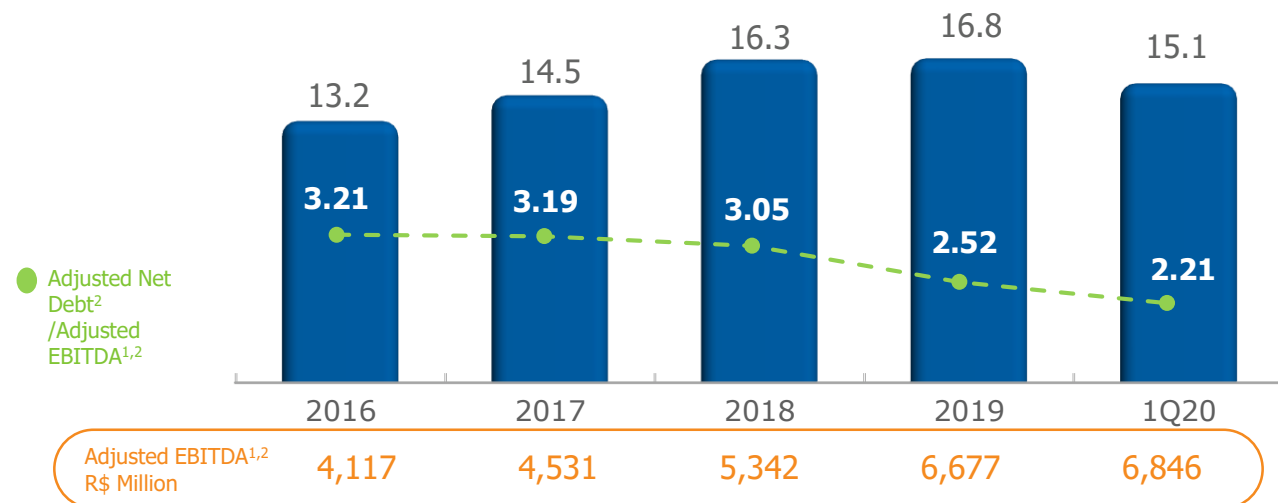
## Financial Results



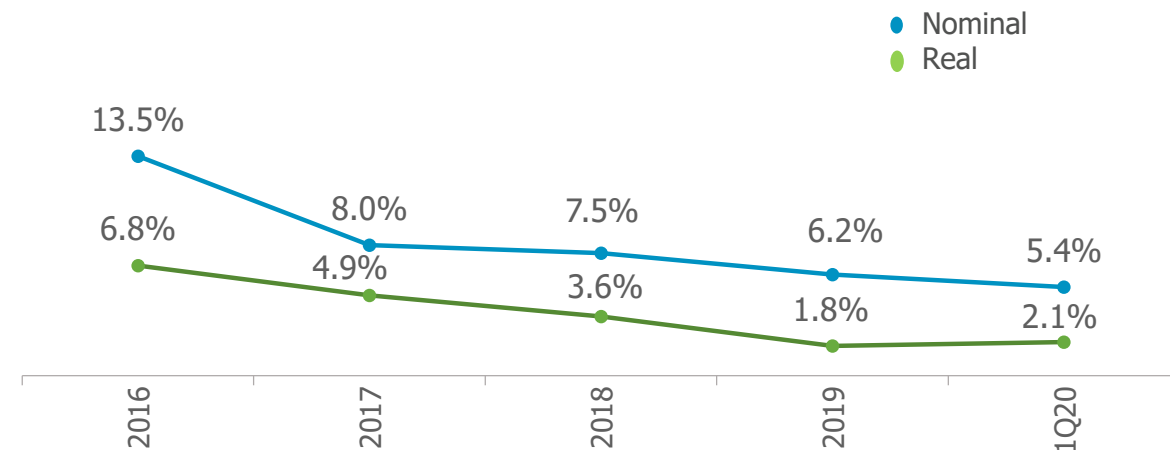
- ✓ Mark-to-market effect (**+R\$ 260 MM**) – new debts (Law 4,131) in the amount of R\$ 2.9 billion and market conditions deterioration
- ✓ Expenses with net debt (**+R\$ 67 MM**) – lower CDI and net indebtedness
- ✓ Others (**+R\$ 14 MM**)

# Indebtedness

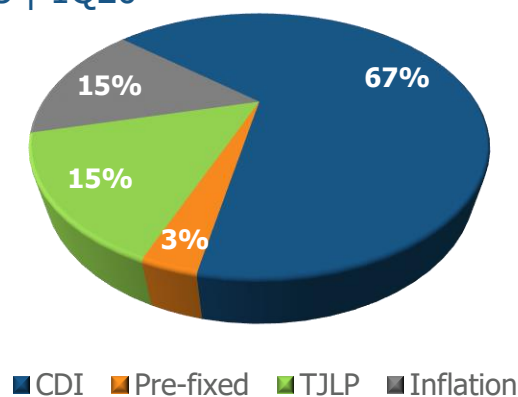
**Leverage** | Financial covenants criteria | R\$ billion



**Gross debt cost<sup>3</sup>** IFRS | End of period



**Gross debt breakdown by indexer<sup>3</sup>**  
IFRS | 1Q20



**Liquidity position**

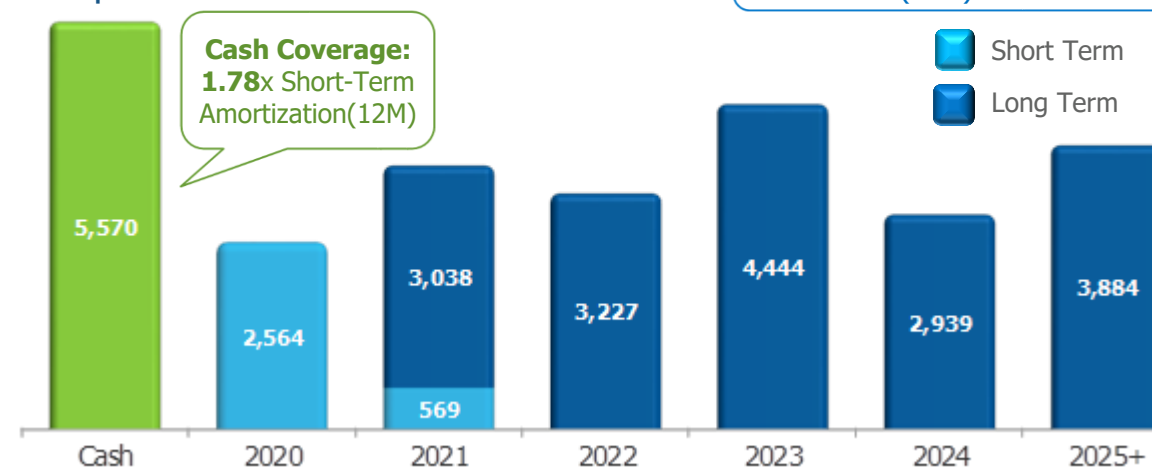
**Funding in 1Q20**

- Total amount: **R\$ 2.9 billion**
- Average term: **4 years**
- All in cost: **~CDI + 0.8%**

**Apr-20**

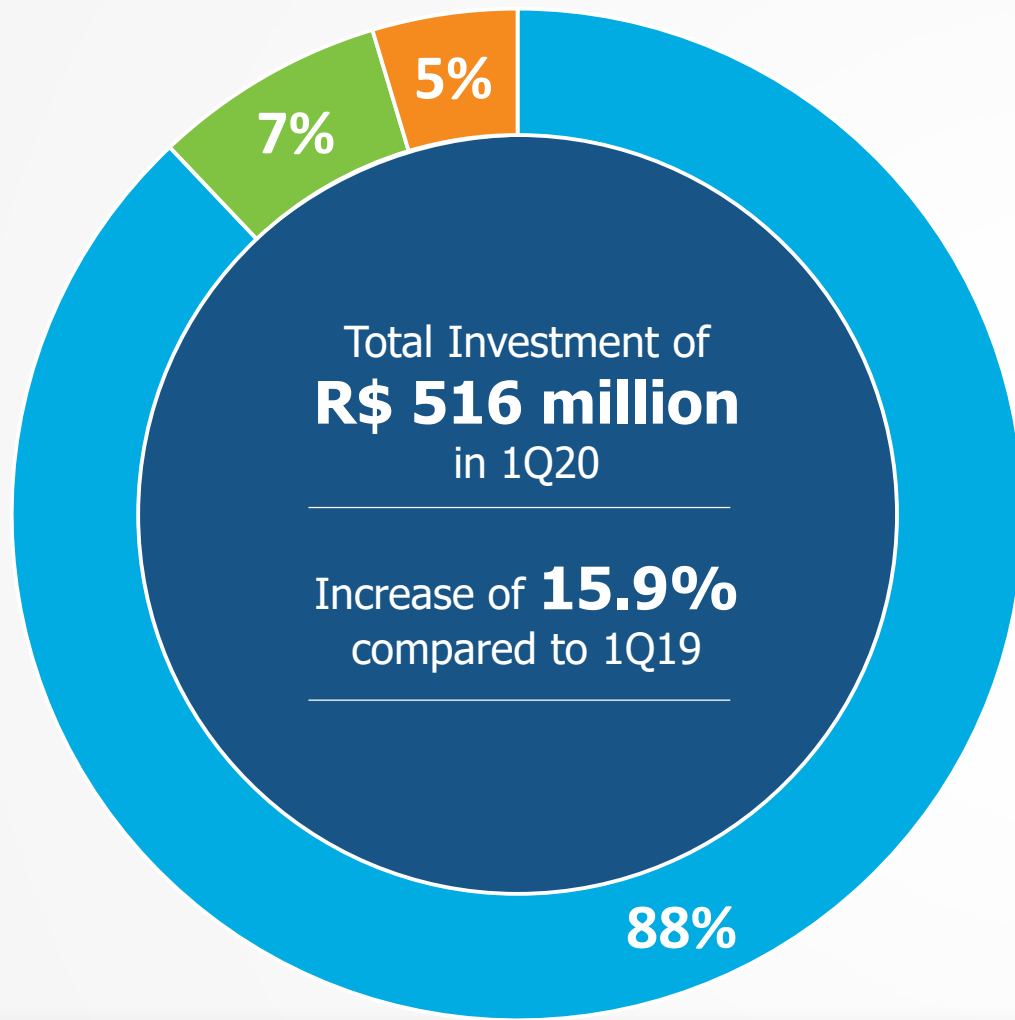
- Contract signed with BNDES: **R\$ 3.5 billion**
- Term: **20 years**
- Disbursement: **~1/3 in 1H20**

**Debt Amortization Schedule | IFRS**  
End of period



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

# CAPEX 1Q20



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

## Distribution



- **R\$ 454 million**
- Increase of 12.5% if compared to 1Q19
- Expansion, upgrade and maintenance of the electric system

## Renewable Generation



- **R\$ 30 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\$ 1 million**
- Operational infrastructure and maintenance improvements

## Services



- **R\$ 24 million**
- Upgrade of management and operational support systems
- Acquisition and replacement of vehicles and equipment

# COVID-19

## Important measures in CPFL Energia

On March 11<sup>th</sup>, 2020, the World Health Organization designated COVID-19 as a pandemic

**Creation of a Crisis Committee in the beginning of Mar-20, with daily meetings and a strong commitment of the Board of Executives, assuring a fast decision-making**

Benchmarking with State Grid in China and adoption of best practices

### Health and safety of our employees

- ✓ **Cancellation of events and travel** (since the 1st week of March)
- ✓ Anticipation of the **flu vaccination campaign** (+11 thousand employees vaccinated)
- ✓ **Monitoring/Daily survey** of employees health status
- ✓ Distribution of **masks, alcohol gel and daily temperature monitoring** for all on-site employees
- ✓ Changes in **Daily Safety Dialogues**, from face-to-face to remote sessions



### Operation continuity

- ✓ Daily Dashboard with **critical KPIs** for the operations
- ✓ **80% of corporate employees** working at home
- ✓ **Call center with 30% of attendants working at home** (remote customer service)
- ✓ **Migration of agencies** from physical to virtual customer service
- ✓ **Decentralization of operational basis and substations**, creating new sites and changing working schedule





# COVID-19

## Important measures in CPFL Energia

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### Operation Centers

Execution of a **contingency plan** to assure operation continuity

**IT and information security** reinforcement

**Physical segregation of operation (Distribution and Generation)**, virtually connected with each other:

- Campinas and Jundiaí (divided in 3 places)
- São Leopoldo (divided in 4 places)

**Remote operation** for distribution commercial services

Mapping and recycling professionals for **backup for emergency situations**



### Financial health and measures to assure collection

Incentive to **digital channels**, through **Marketing Campaigns**

Improvements in our **website, App, IVR, chatbot** and implementation of **free internet**

Increase of **37% in bills sent by e-mail**

New payment option: **credit card** (implemented in 15 days)

Implementation of **"Delivery Collection"** with 97 teams



**CPFL Energia acted in a timely manner to preserve its employees and activities and now works on a plan for the post-crisis period**



# THANK YOU





***CPFL***  
***ENERGIA***