



1Q20 RESULTS PRESENTATION



Disclaimer

The summary statements contained in this document have a certain **degree of risk** and uncertainty relating to business prospects, financial, strategic and economic projections, among others, and such information is based on assumptions, data and expectations that, although considered by the Company, **may not be accurate, materialize** or be under the Company's control. Due to these factors, the actual results may differ materially from those indicated or implied by this material.

The Company does not guarantee, in any form or to any extent, that the trends herein disclosed shall be confirmed. The information and opinions contained in this presentation **should not be considered as a recommendation** for investment, which should not be based solely on the truthfulness, timeliness or completeness of such information or opinions. None of the Company's representatives, advisors or related parties shall be liable for any **losses that may arise from the use or the information** contained in this material.





agenda



COVID-19 pandemic



highlights 1Q20



contingencies



energy market



financial performance



2020 key initiatives

COVID-19 PANDEMIC

OPERATIONS CONTINGENCY PLAN

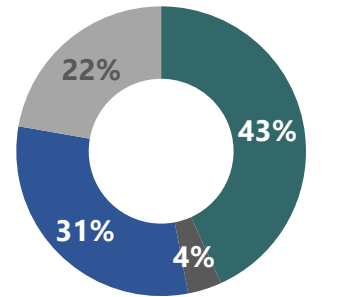
- ✓ **83% of CESP employees are working from home**, considering plants and headquarters
- ✓ **Preventive measures** to preserve our health, safety and continuity of our operations
- ✓ Definition of **minimum maintenance activities** to preserve operational reliability of facilities with a restricted team
- ✓ **Plan for resuming activities** with no defined date

MAIN RISKS

- ✓ **Market and customer monitoring** to minimize risks and financial impacts
- ✓ Evaluation and **monitoring of trading counterparties**
- ✓ **Impacts on GSF and other regulatory measures** due to the reduced energy load

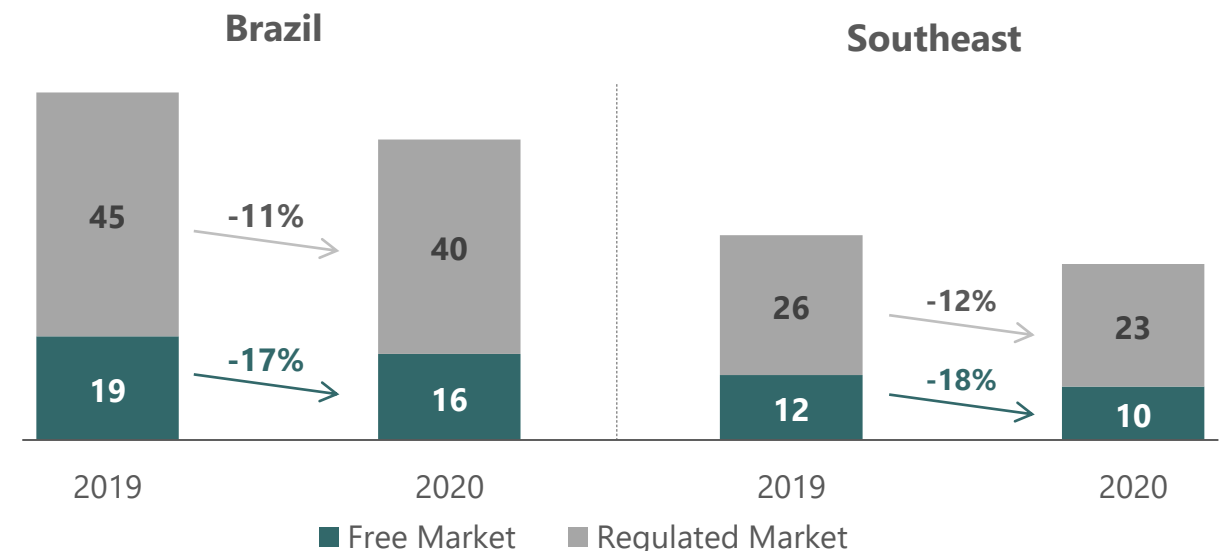
CUSTOMER PROFILE CESP GENERATING CO.

- ✓ Customer Profile in 2020¹: **22% regulated market and 78% free market**
- ✓ **Robust customer profile** in the free market.
- ✓ As of this date, **no impact on the customer portfolio**



- industrial
- trading companies ²
- distributors
- generators

CONSUMPTION BY PROFILE AND SUBMARKET- 1 to 15/APR - CCEE (average GW)





agenda



COVID-19 pandemic



highlights 1Q20



contingencies



energy market



financial performance



2020 key initiatives

1Q20 HIGHLIGHTS



OPERATIONAL EFFICIENCY

- ✓ **1,105 average MW** energy generation, 17% above the Company physical guarantee of 948 average MW
- ✓ **Average Availability Index of 94.1%** in 1Q20, (93.8% in 1Q19), consistently higher than the reference values defined by ANEEL
- ✓ After the pandemic announcement as a result of COVID-19, **the Company continues to operate according to the ONS order**



FINANCIAL PERFORMANCE

- ✓ **Net Operating Revenue growth of 30%** reaching **BRL 461 million**, of which **BRL 61 million** was provided by **CESP trading company** operations
- ✓ **Adjusted EBITDA¹ of BRL 336** million in the 1Q20, increase of BRL 294 million
- ✓ **BRL 242 million** of operating cash flow generation after debt service, with a cash conversion² of 72%



ENERGY TRADING

- ✓ **CESP Trading company** started operations in January 2020 with a positive result marked to market of BRL 25 million in 1Q20
- ✓ **2020 energy balance equalized** considering the market GSF
- ✓ **Reduction of 63% or BRL 141 million** in the cost of purchased energy in 1Q20

(1) Excludes VDP and provision for litigation

(2) Cash conversion = OCF after Debt Service/Adjusted EBITDA



agenda



COVID-19 pandemic



highlights 1Q20



contingencies



energy market



financial performance



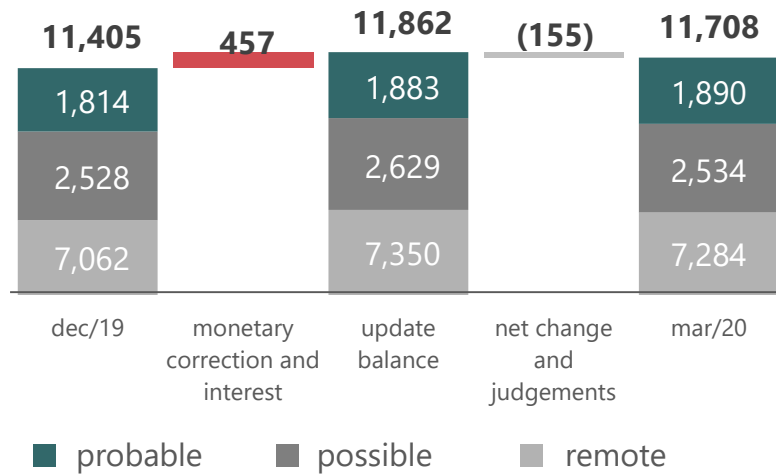
2020 key initiatives

CONTINGENT liability and asset

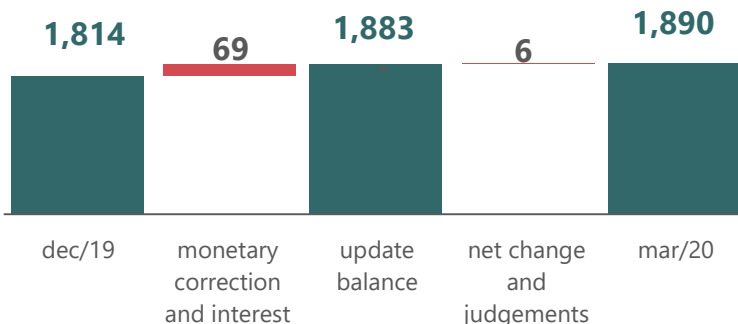
CONTINGENT LIABILITY REDUCED BY **BRL 155 MILLION** BEFORE THE MONETARY CORRECTION AND A FLAT PROVISIONED AMOUNT

Contingent Liabilities

Contingent Liabilities – 1Q20 Variation (BRL million)

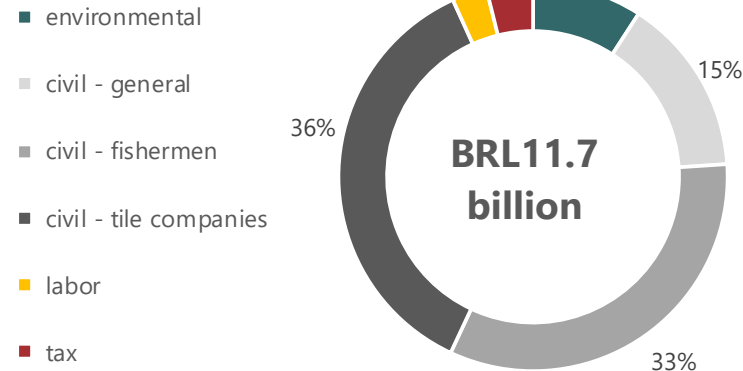


1Q20 Probable Variation (BRL million)



45 Strategic Cases Breakdown

Contingent liabilities profile



- 45 cases account for 79% of the total contingent liability
- Even during a pandemic, the **negotiations** adopted to reduce the contingency liability are **maintained**, with **financial discipline** and criteria

Contingent Asset Três Irmãos Lawsuit

Lawsuit on the reimbursement of indemnifiable assets of the Três Irmãos HPP concession

Revaluation **BRL 4.7 bi**
(basis of Jun/2012)

The value is composed of:

Plant: **BRL 1.9 bi** Floodgate and Canal: **BRL 1.0 bi** Land: **BRL 1.8 bi**

Last moves:

- Nov/19: Case referred to the judge
- Dec/19: conversion to electronic format

Monitoring of the trial in the 1st instance



agenda



COVID-19 pandemic



highlights 1Q20



contingencies



energy market



financial performance

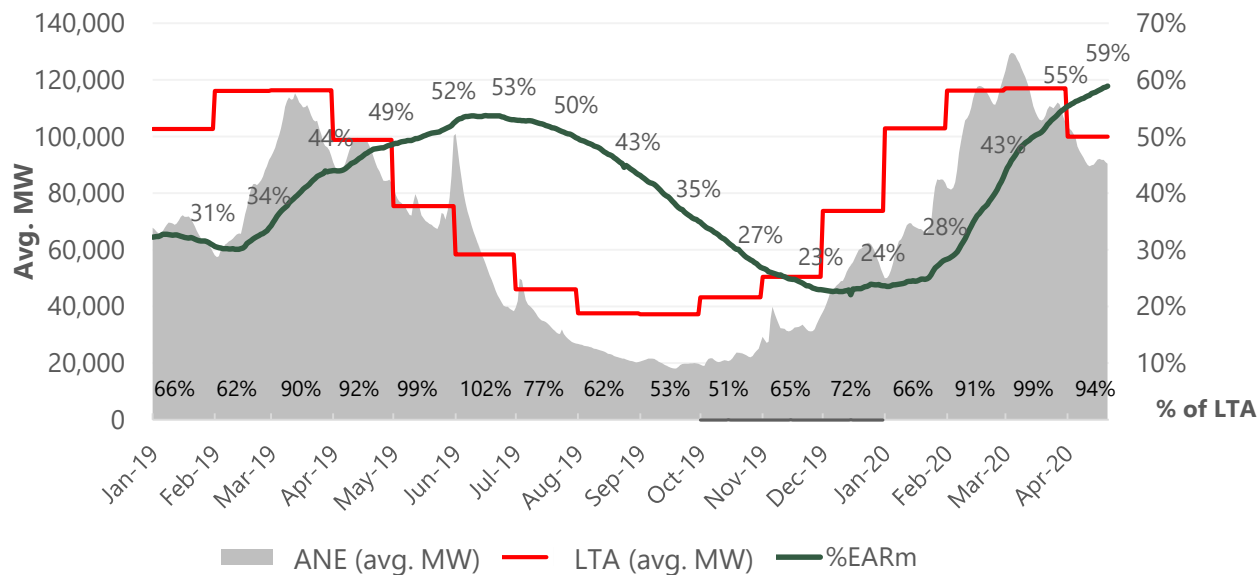


2020 key initiatives

ENERGY market

AFFLUENT NATURAL ENERGY (ANE) PERFORMANCE IN LINE WITH THE LONG-TERM AVERAGE (LTA) AND ENERGY DEMAND BELOW ONS AND EPE² INITIAL FORECAST FROM MARCH

Daily ANE - SIN (Avg. MW and %) & Storage Level Evolution - SIN (%)¹

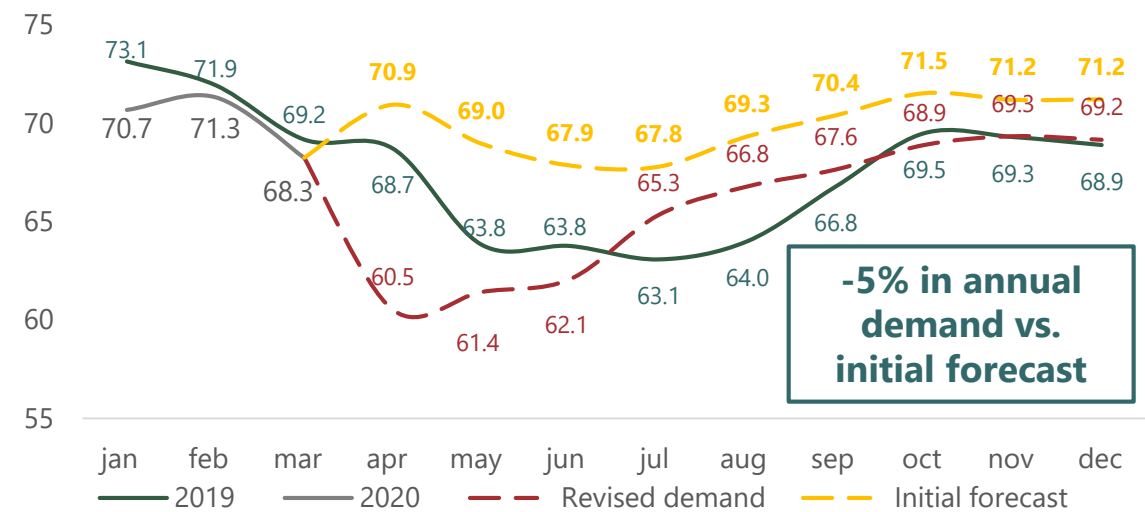


The better inflow in the 1Q20 resulted in a **55% stored energy** at the end of the period (vs. 34% in 1Q19)

The energy **demand forecast revised by ONS decreased by 11% in 2Q20 and 4% in 3Q20**, compared to the same period in 2019

CCEE revised the projected GSF for 2020 of 85%, in early Mar/20, to 81%

Demand Evolution and Projections of ONS/EPE (Avg.GW)³



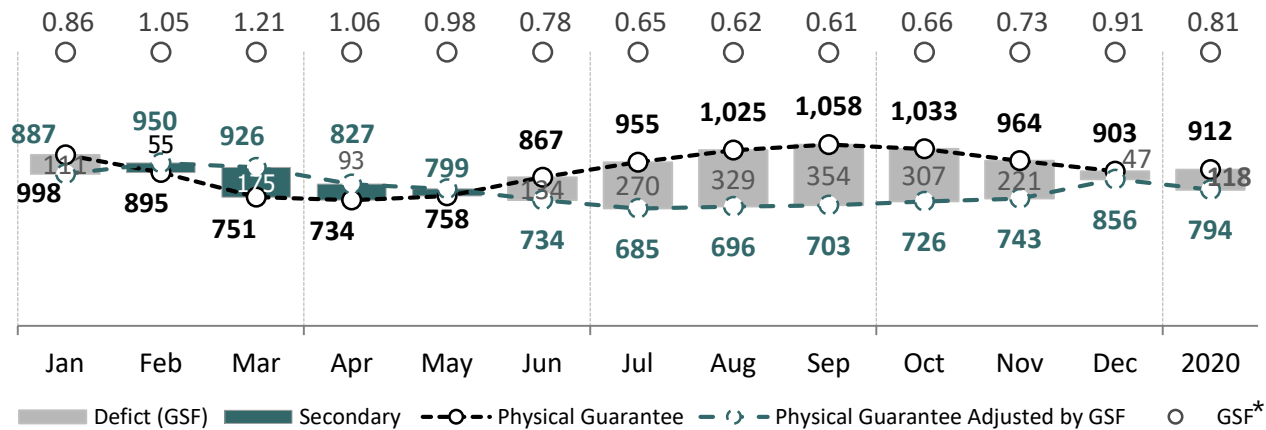
ENERGY balance 2020

2020 energy balance equalized on March 31, 2020, within the windows of opportunity

Reduction of 63% or BRL 141 million in the cost of purchased energy in 1Q20 vs. 1Q19

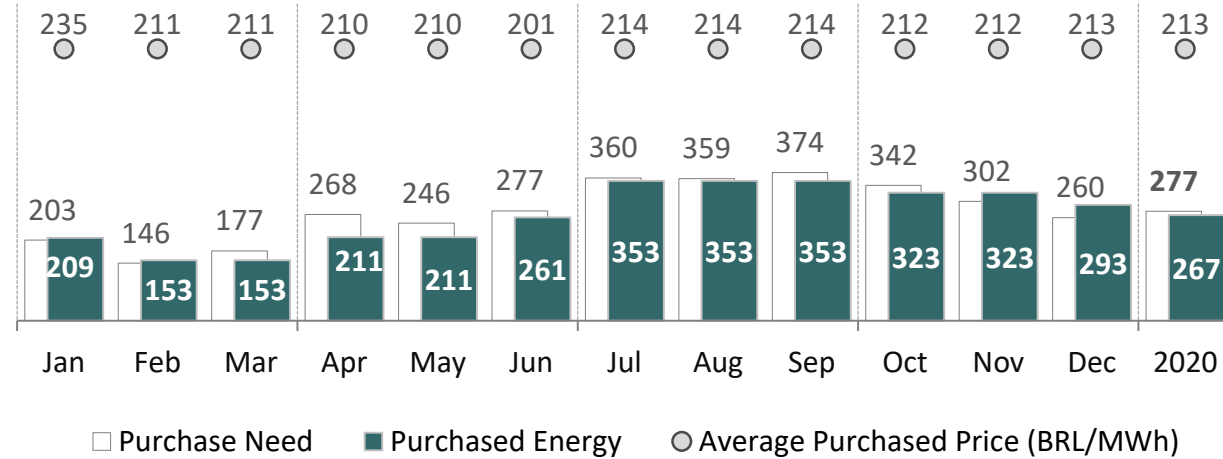
Commercialization **strategy mitigated GSF** effects in 1Q20

1. Gross Physical Guarantee and Adjusted Physical Guarantee (Avg. MW)

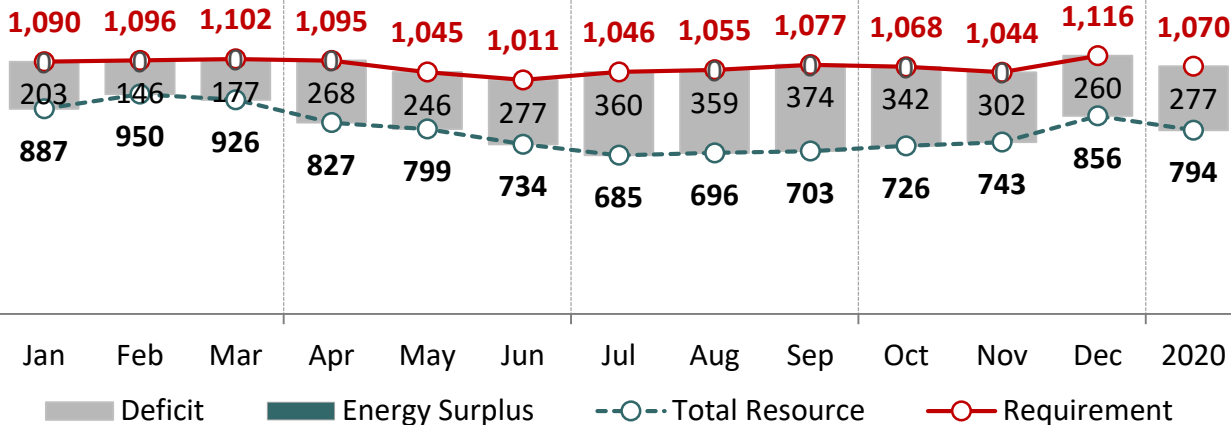


* CCEE forecast

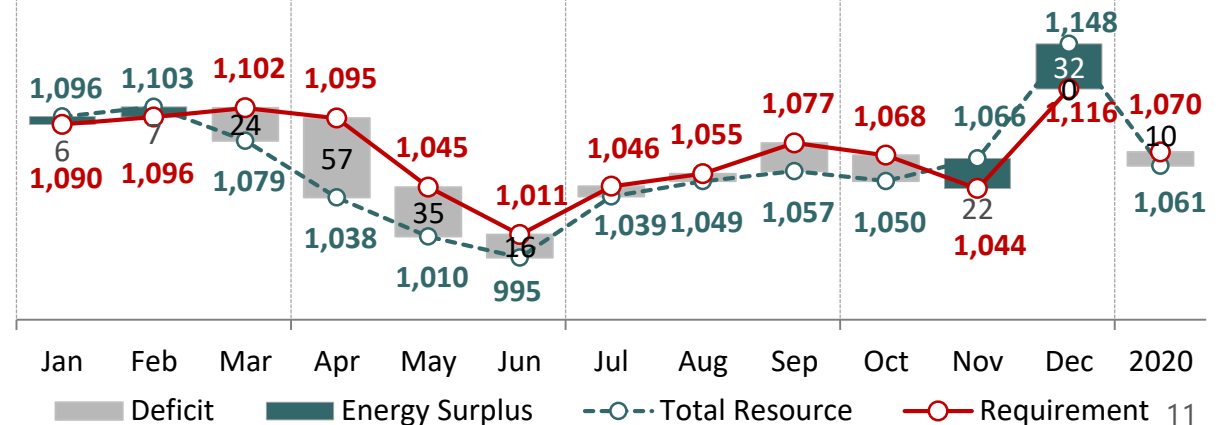
3. Energy Deficit versus Energy Purchases (Avg. MW)



2. Energy Balance Prior to Energy Purchases (Avg. MW)



4. Energy Balance After Energy Purchases (Avg. MW)





agenda



COVID-19 pandemic



highlights 1Q20



contingencies



energy market



financial performance



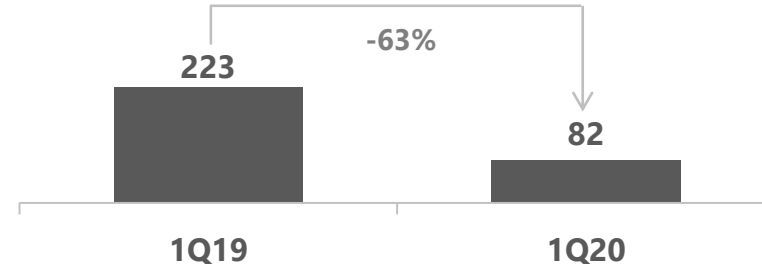
2020 key initiatives

FOCUS on cost discipline

REDUCTION IN MANAGEABLE **COSTS AND EXPENSES** REFLECTS INITIATIVES AND STRATEGIES IMPLEMENTED SINCE 2019 AND NEW LEVEL OF COST EFFICIENCY AND DISCIPLINE



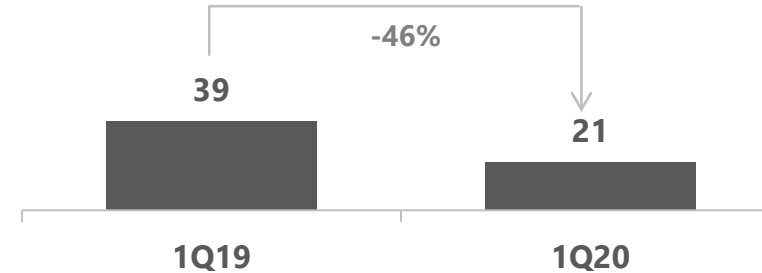
Energy purchases



New strategy of energy balance management



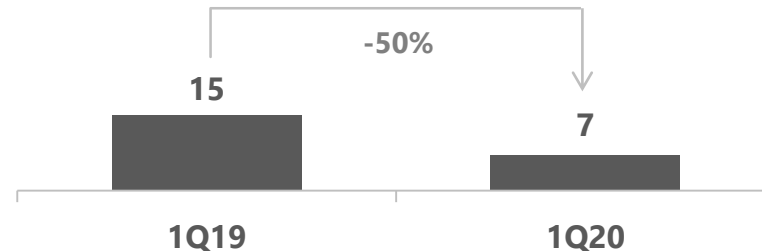
Personnel and Administrators⁽¹⁾



Reduction of ~ 50% in the headcount with reformulation of the management model



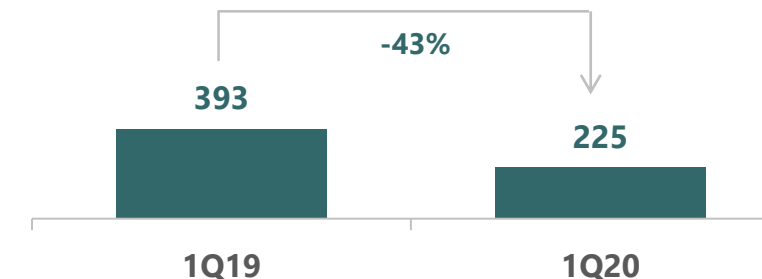
Third Party Services, Materials and Rents



Contract renegotiation and process review enabling to capture efficiencies in costs and operations



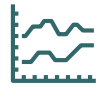
Total Costs and Expenses⁽²⁾



(1) Excludes VDP| (2) Excludes, VDP and provision for litigation

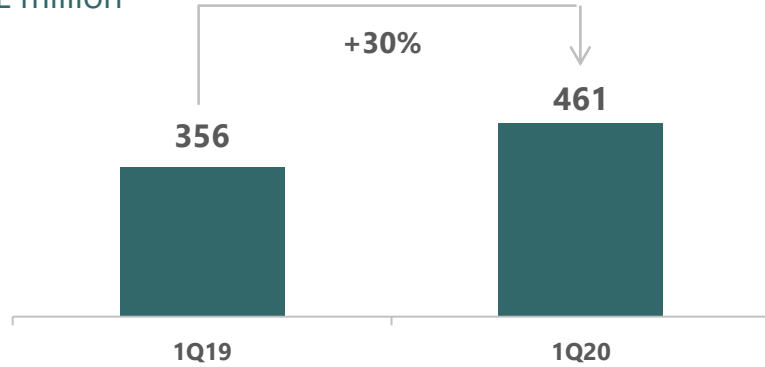
FINANCIAL performance

COST DISCIPLINE AND BEGINNING OF TRADING OPERATIONS ALLOWS **ADJUSTED EBITDA GROWTH BY BRL 294 MILLION AND STRONG CASH GENERATION**



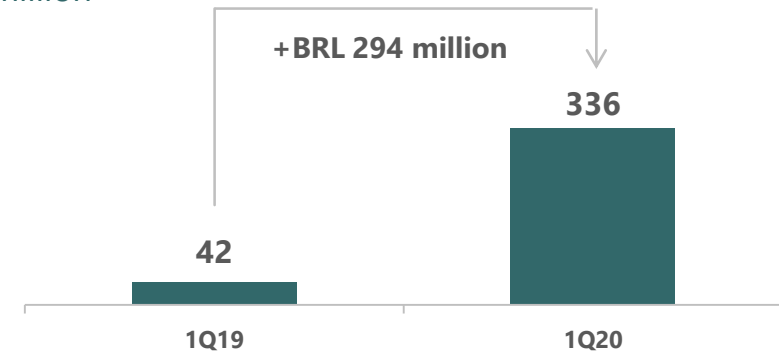
Net Revenue

BRL million



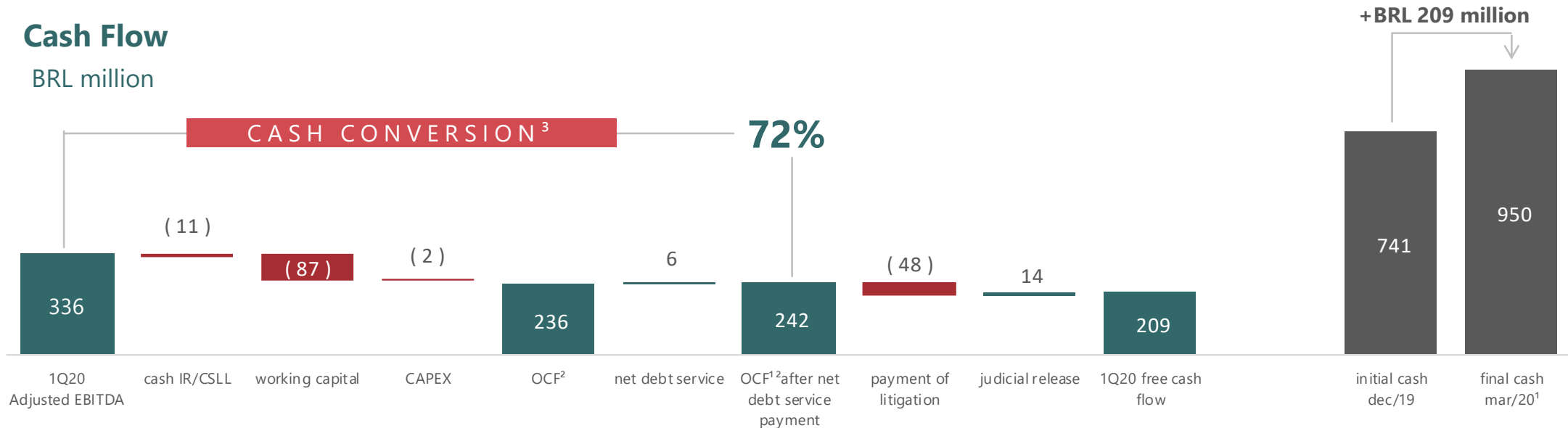
Adjusted EBITDA¹

BRL million



Cash Flow

BRL million

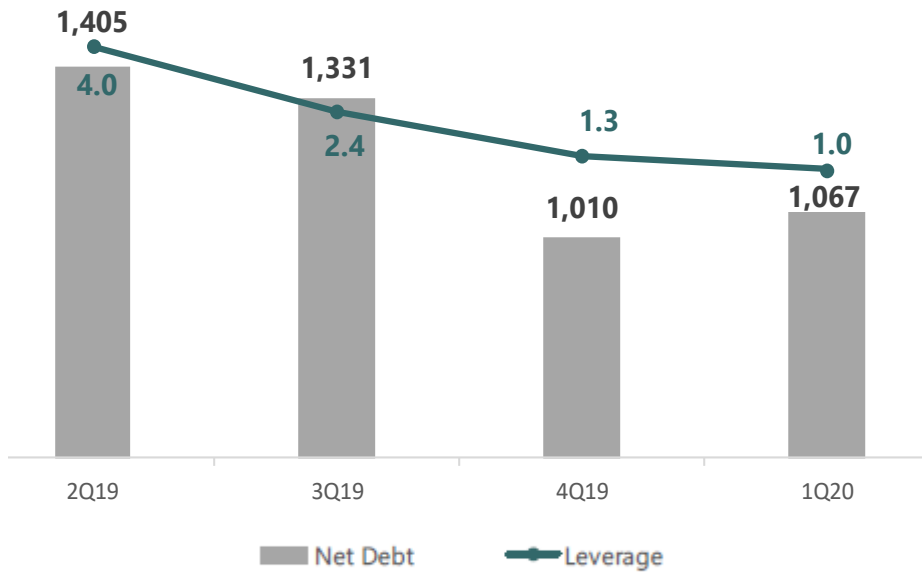


(1) Excludes VDP and provision for litigation/ (2) OCF = Operating Cash Flow | (3) Considers cash conversion = (OCF after Debt Service/Adjusted EBITDA)

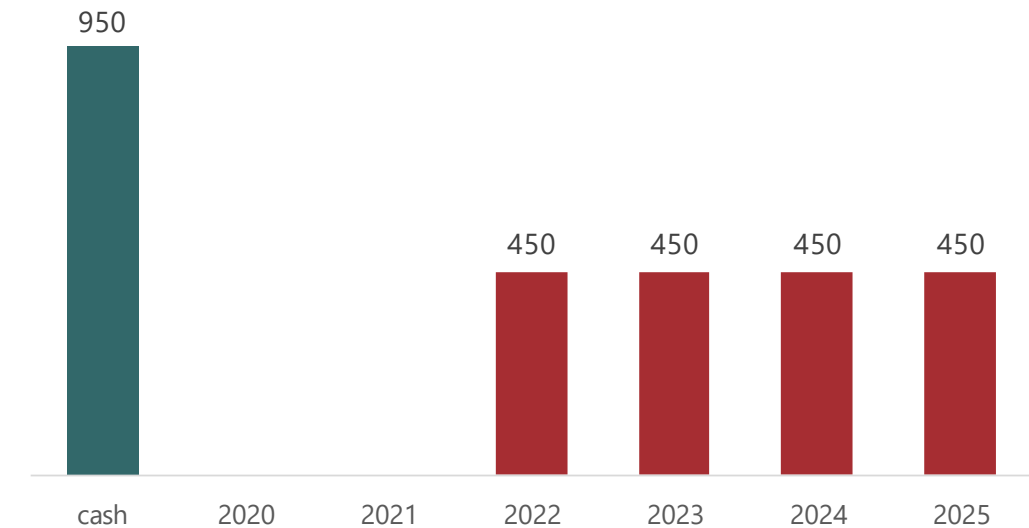
CAPITAL structure

ROBUST CAPITAL STRUCTURE, WITH STRONG CASH GENERATION AND LOW LEVERAGE

Net Debt⁽²⁾ (BRL million) and Leverage⁽¹⁾(x)



Amortization Schedule 1Q20 (BRL million)



Rating

**STANDARD
& POOR'S**

Rating

BB- | br.AAA

Outlook

Stable

Revised

Apr/2019

Gross Debt: BRL1.8 billion

Average debt term
of 4.2 years

Debenture at CDI + 1.64% p.a., payable in four
annual installments, between 2022 and 2025



agenda



COVID-19 pandemic



highlights 1Q20



contingencies



energy market



financial performance



2020 key initiatives

CESP 2020

Key Initiatives



Operation

- Advance in the **occupational health and safety** agenda aiming at a **benchmark** position
- Continuous and discipline management of **costs and expenses**
- Advances in **automation and artificial intelligent** of critical processes



Contingencies

- Even during a pandemic, **the negotiations adopted to reduce the contingency liability are maintained**, with financial discipline and criteria
- Release of **judicial deposits**
- **Monitoring** of the trial in the 1st instance of the **Três Irmãos** lawsuit



Energy Trading

- Consolidation of **CESP Trading** operations
- Optimized **energy balance** management
- Focus on **medium and long term** energy **exposures**



CEO and IR
Mario Bertoncini
mario.bertoncini@cesp.com.br

CFO
Marcelo de Jesus
marcelo.jesus@cesp.com.br

IR Team

Isabela Cerbasi
isabela.cerbasi@cesp.com.br
+55 11 3092-2812

Lúcia César
lucia.cesari@cesp.com.br
+55 11 3092-2813

Gregory Lima
gregory.lima@cesp.com.br
+55 11 3092-2820

ri.cesp.com.br
cesp.com.br