



2Q20 RESULTS PRESENTATION



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COVID-19 pandemic



highlights 2Q20



contingencies



energy market



financial performance



2020 key initiatives

COVID-19 PANDEMIC

Operations Contingency Plan

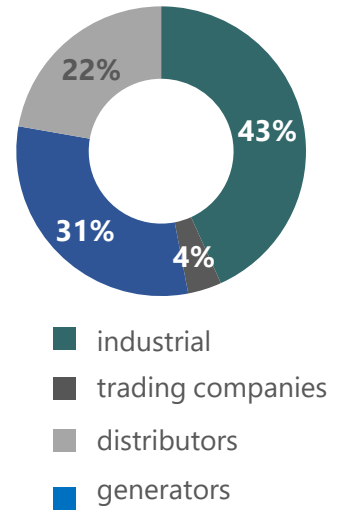
- ✓ **82% of CESP employees are working from home**, considering plants and headquarters
- ✓ **Preventive measures** appropriate to preserve our health, safety and continuity of our operations
- ✓ **Plan for resuming office activities** with no defined date

Main Risks

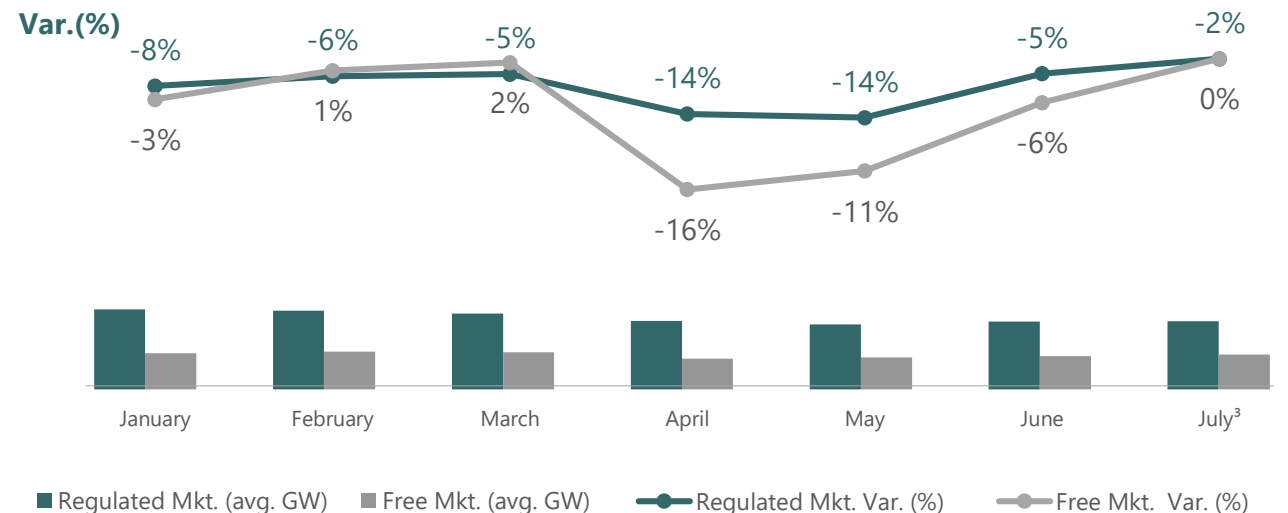
- ✓ Ensure **the health and safety of our team** and the full continuity of our operations and support activities
- ✓ **Monitoring the market and customers** aiming to reduce risks
- ✓ **Impacts on GSF, energy prices** and other regulatory measures due to the reduced energy consumption

Customer Profile CESP Generation Co.

- ✓ Customer Profile in 2020¹: **22% regulated market** and **78% free market**
- ✓ **Robust customer** profile in the free market
- ✓ There was no default by any customer
- ✓ **Contractual renegotiations have no material impact** on results and **preserve the present value** of contracts



Southeast Submarket - Energy consumption in 2020 and variation vs. 2019²





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2Q20 HIGHLIGHTS



OPERATIONAL EFFICIENCY

- ✓ **966 MW** energy generation, 2% above the Company physical guarantee of 948 average MW
- ✓ **Availability Index of 94.5%** in 2Q20, (93.9% in 2Q19), 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 32%** reaching **BRL 486 million**
- ✓ **Adjusted EBITDA¹ of BRL 287 million** in the 2Q20, with **Adjusted EBITDA margin of 59%**, an **increase of BRL 68 million** or **31%** compared to 2Q19
- ✓ **Reduction by BRL1 billion** of total liability contingencies², **BRL154 millions in probable**
- ✓ **BRL 263 million** of operating cash flow generation after debt service, **with a cash conversion³ of 92%** in 2Q20



ENERGY TRADING

- ✓ **2020 energy balance equalized**
- ✓ **Acquisition of ~ 83% of the energy** needed to cover the 2021 energy deficit
- ✓ **New energy sales contracts** for the period from 2023 to 2025
- ✓ CESP Trading Co. with **positive result marked to market of BRL 22 million** since the beginning of operations in January 2020

(1) Excludes, VDP, provision for litigation and write-off of judicial deposits

(2) Before monetary adjustment and interest

(3) Cash conversion = OCF after Debt Service/Adjusted EBITDA. Includes the postponed amount of BRL39 million PIS/COFINS for 2H20 according to the ordinances of the Ministry of Economy. Disregarding this effect, the cash conversion would be 78%.



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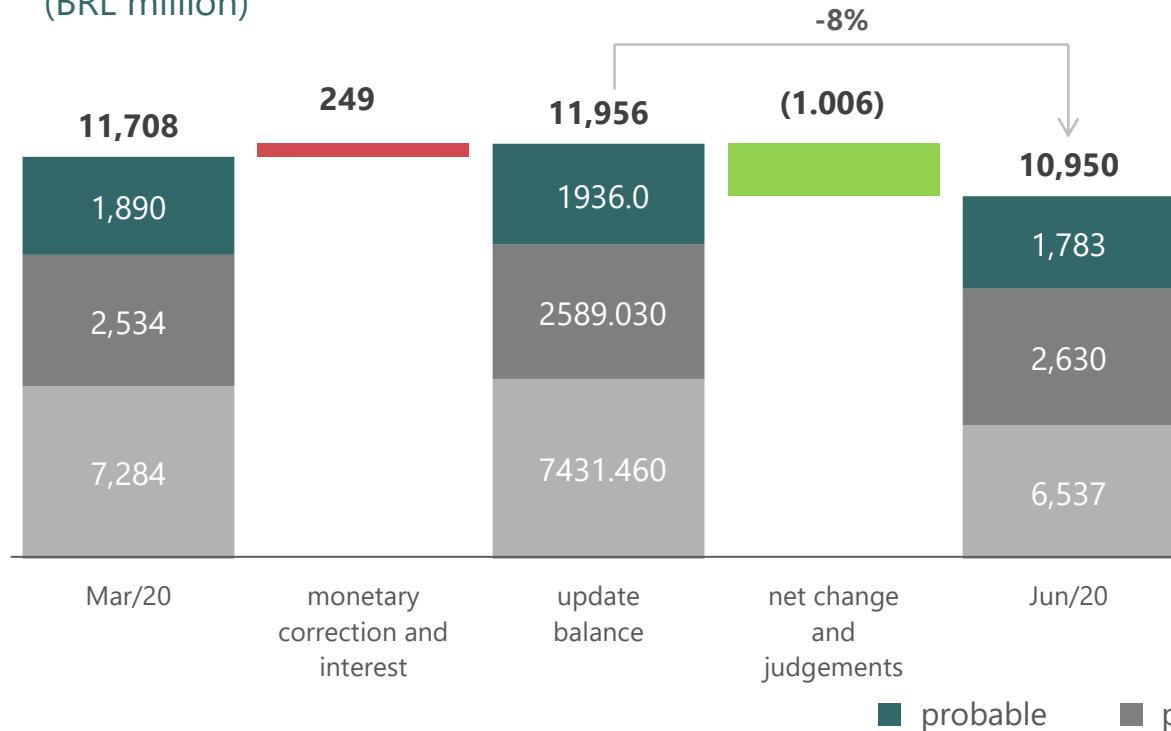


2020 key initiatives

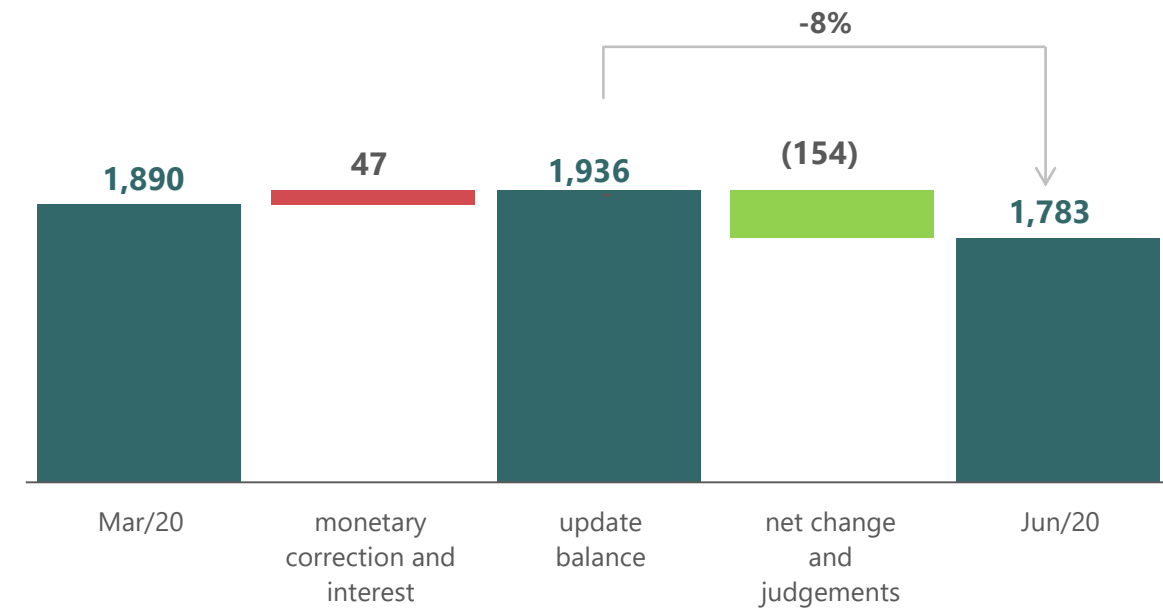
CONTINGENT liability

TOTAL CONTINGENT LIABILITY REDUCED BY **BRL 1 BILLION¹** AND **BRL154 MILLIONS¹** IN PROBABLE IN 2Q20

Contingent Liabilities – 2Q20 Variation
(BRL million)



2Q20 Probable Variation
(BRL million)



Proactive management of contingent liability resulted in **definitive favorable decisions and review of values attributed** to strategic cases.

Efforts during the pandemic help dismantle contingent liability with discretion and **financial discipline**

45 cases account for ~74% of the total contingent liability

¹ Before to the impact of monetary correction

CONTINGENT asset

TRÊS IRMÃOS LAWSUIT

LAWSUIT THAT DISCUSSES THE COMPENSATION DUE TO THE NON-RENEWAL OF THE TRÊS IRMÃOS HPP CONCESSION

Revaluation **BRL4.7 bi**
(basis of jun/2012)

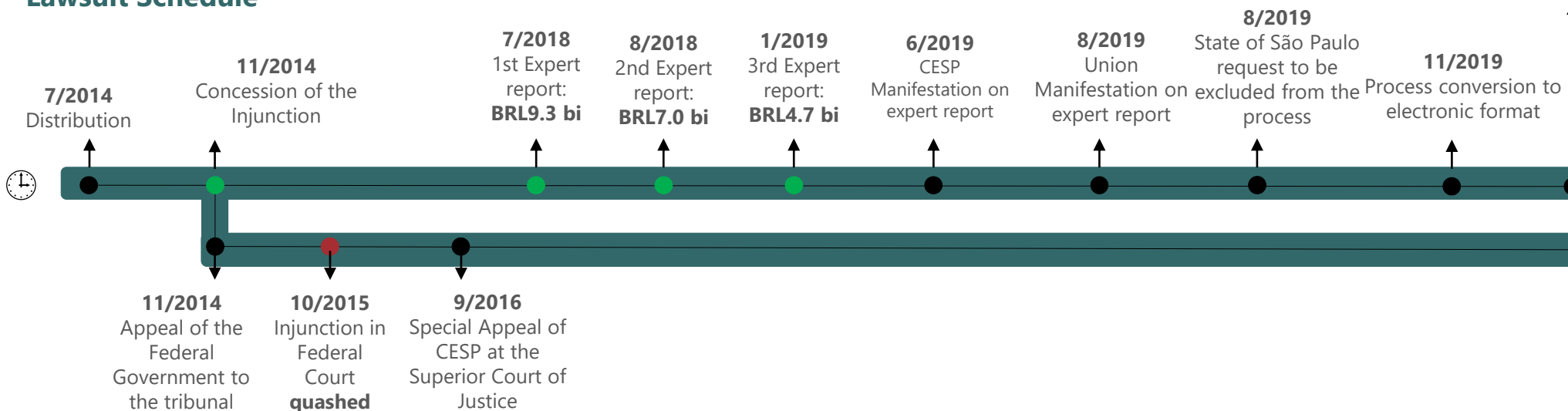
The value is composed of⁽¹⁾:

Plant: **BRL1.9 bi** Floodgate/Canal: **BRL1 bi** Land: **BRL1.8 bi**

LAST STEP

07/10/2020
Summons for expert opinion

Lawsuit Schedule



LAST STEP: First Instance Lawsuit

- Corrections in the lawsuit digitalization process
- Judge determines the **expert's opinion regarding** the Union's questions about the report (**deadline for manifestation 15 working days** after correction of the lawsuit digitalization process)

Special Appeal to Release Undisputed Amount

- CESP requests the payment by the Union of the undisputed amount of BRL 1.7 billion (basis Jun/12)
- In the first instance, CESP obtained a favorable decision, later revoked by the court
- CESP then appealed to the Supreme Court, with the respective appeal pending judgment

¹ Before the impacts of monetary correction



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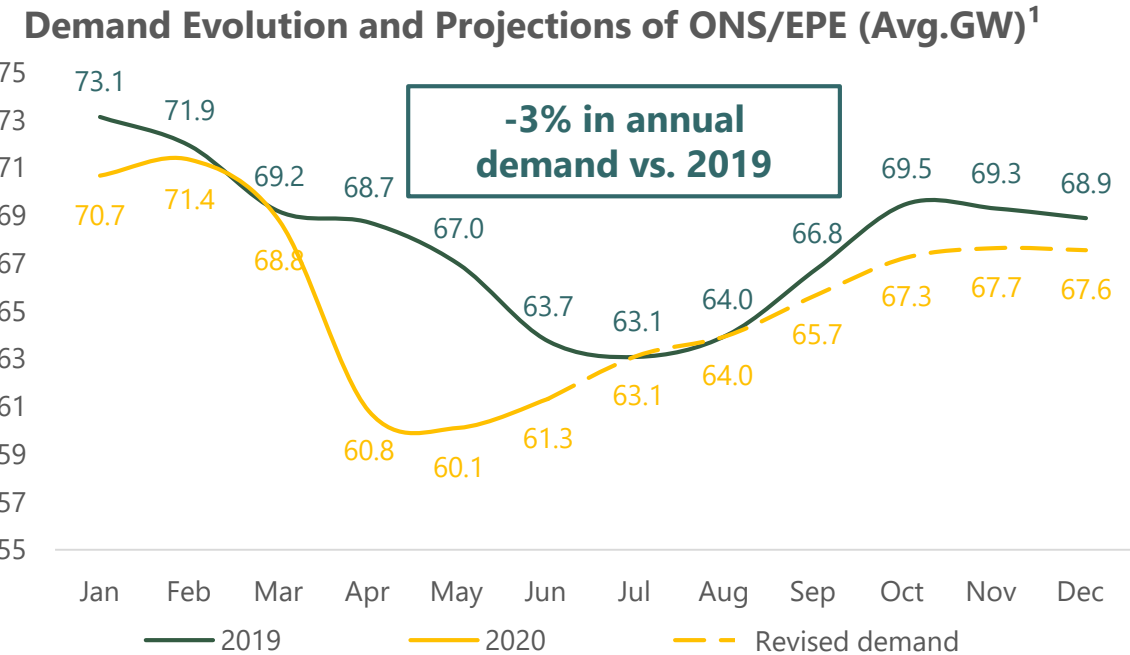
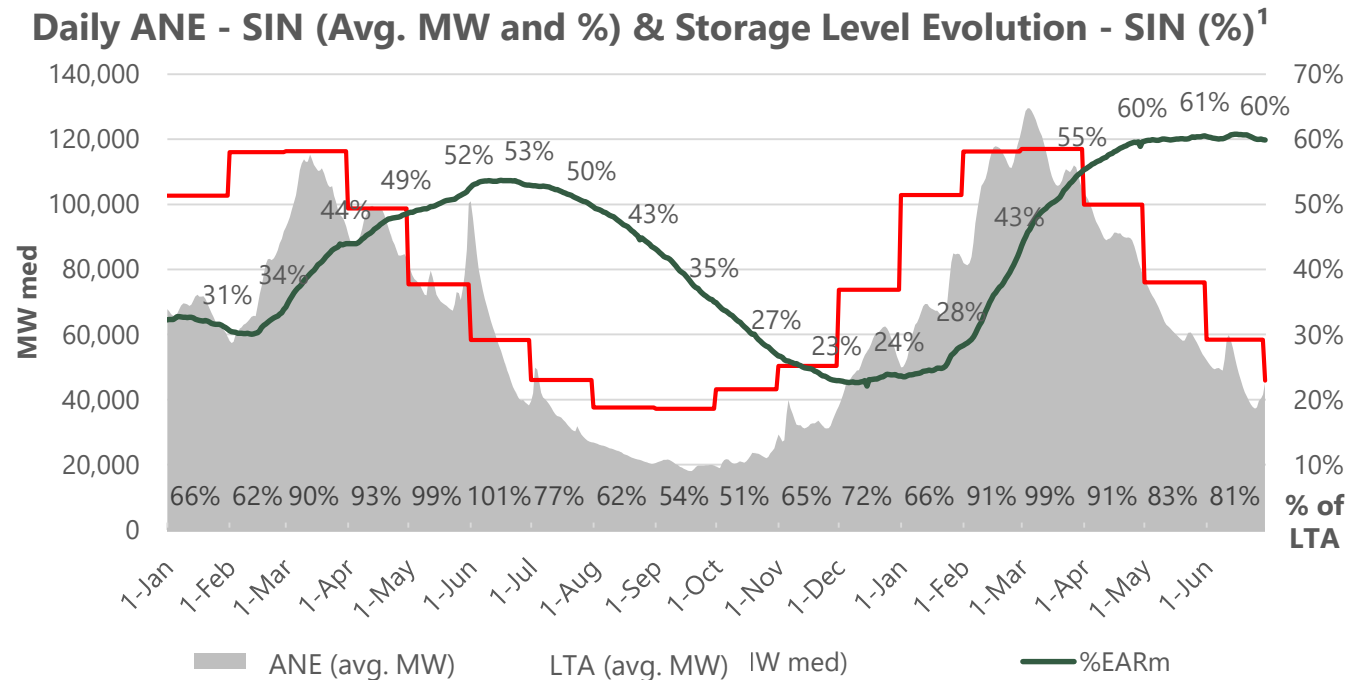


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COVID-19 CONTAINMENT MEASURES IMPACTED THE SYSTEM DEMAND WITH A **9% REDUCTION** IN RELATION TO 2Q19



Storage at the end of **Jun/20 at 60%**, compared to 53% in Jun/19, due to better inflows and energy consumption reduction in 2020

Energy consumption forecast¹, with drops of **1% and 3% in 3Q20 and 4Q20**, respectively, compared to the same period in 2019

Review of the **GSF** projected by the CCEE for 2020 from 81%, at the end of Apr/20, to the **current 80%**

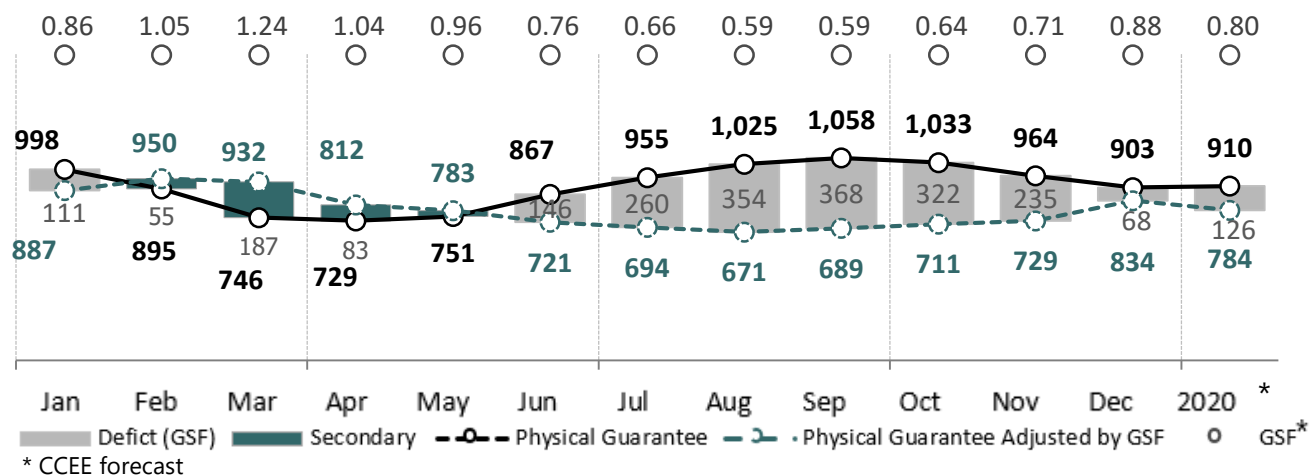
ENERGY balance 2020

Deficit of 75 average MW in 2Q20 made it possible to settle a balance receivable of BRL15 million at CCEE

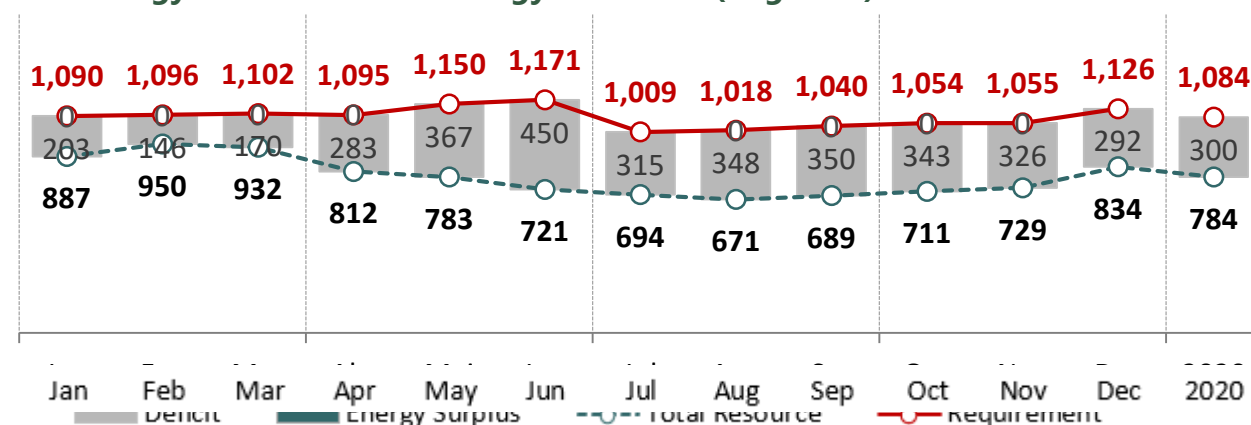
Commercialization strategy mitigated GSF effects

2020 energy balance equalized

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

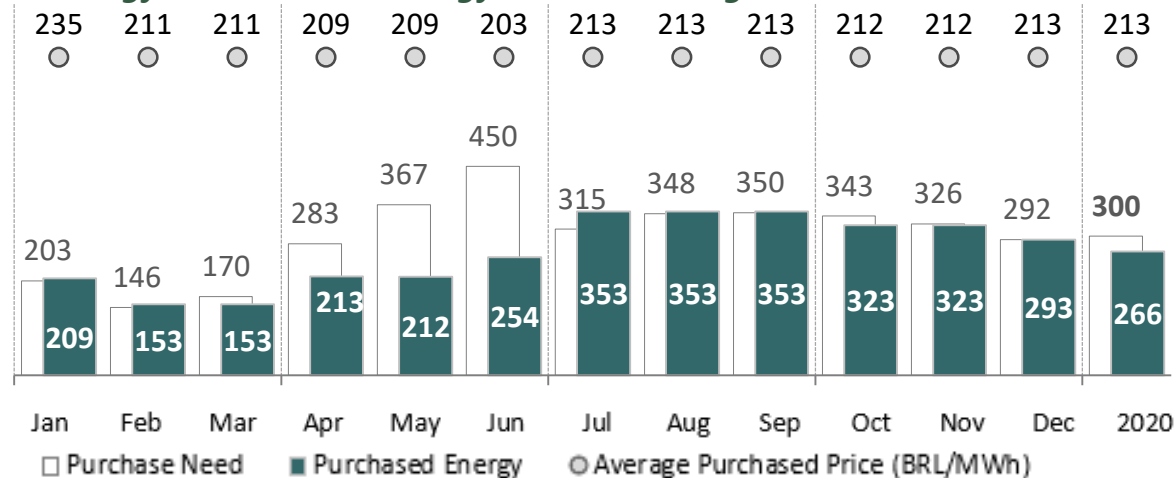


2. Energy Balance Prior to Energy Purchases (Avg. MW)

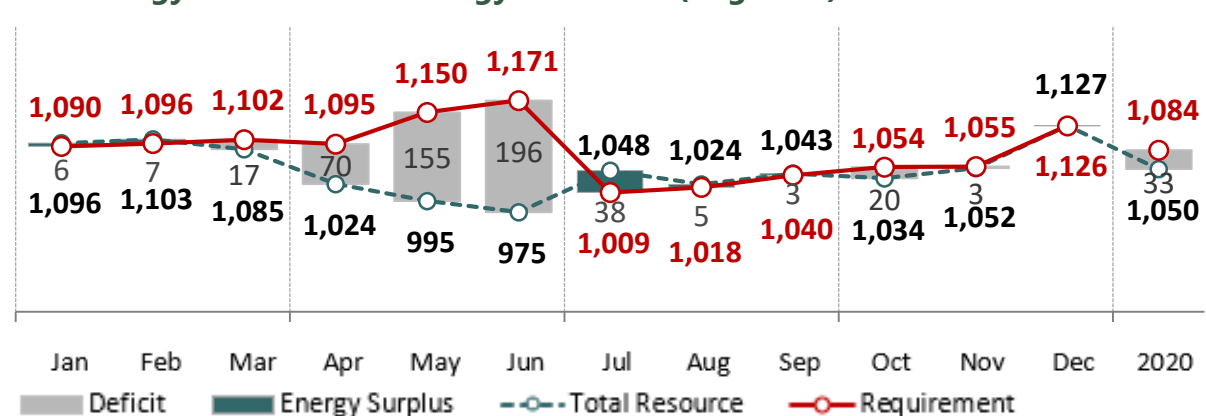


¹ Includes sale of energy to settle balance at CCEE in PLD + negative goodwill transactions

3. Energy Deficit¹ versus Energy Purchases² (Avg. MW)



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



² Difference between purchase need and purchased energy paid at a PLD of BRL93/MWh in 2Q20



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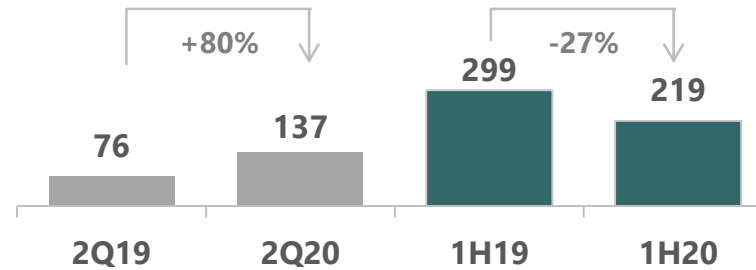
2020 key initiatives

FOCUS on cost discipline

REDUCTION IN **COSTS AND EXPENSES** WITH PERSONNEL, SERVICES, MATERIALS AND RENTALS, REFLECT NEW PATAMAR FOCUSED ON EFFICIENCY AND FINANCIAL DISCIPLINE



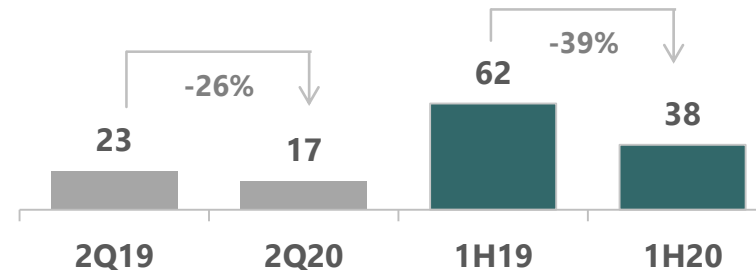
Energy purchases



In line with the **seasonalization strategy**, an average **225MW was acquired** in 2Q20, 44% above the volume of 2Q19, at an average price of BRL207/MWh, **8% below the price of 2Q19**



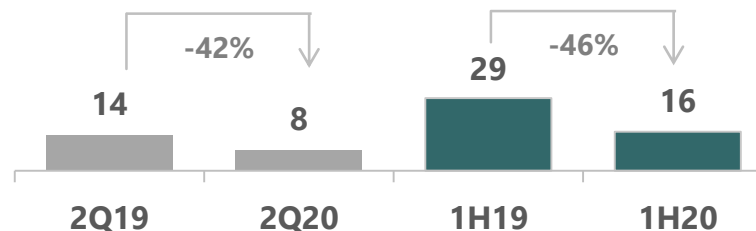
Personnel and Administrators¹



Review of the organizational structure and reformulation of the management model with a reduction in the number of employees



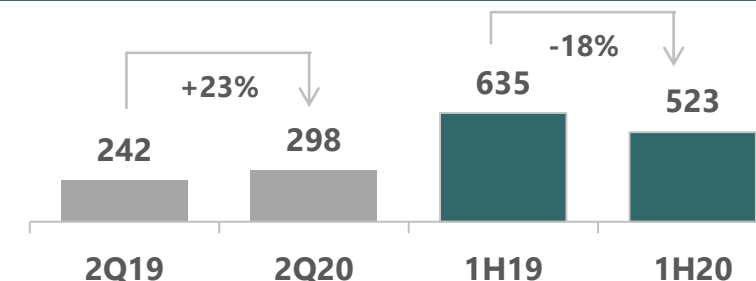
Third Party Services, Materials and Rents



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



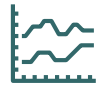
Total Costs and Expenses²



(1) Excludes VDP | (2) Excludes, VDP, provision for litigation and write-off of judicial deposits

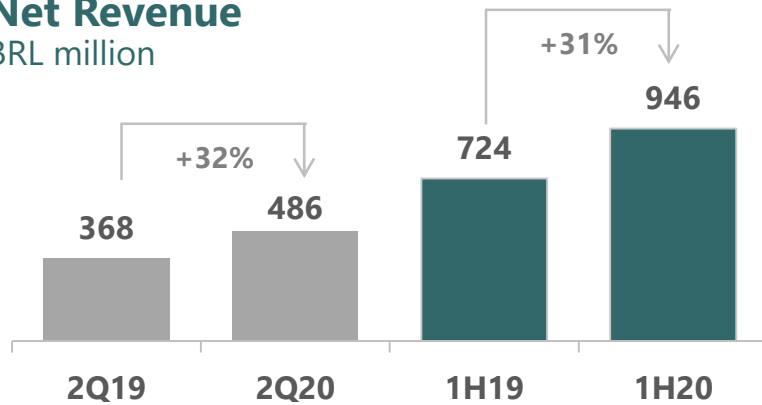
FINANCIAL performance

REVENUE GROWTH, ENERGY BALANCE MANAGEMENT AND COST DISCIPLINE ALLOW GROWTH IN **ADJUSTED EBITDA WITH STRONG CASH GENERATION**



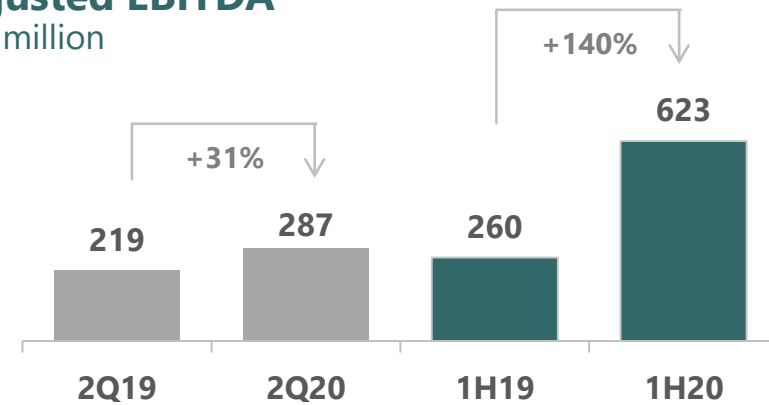
Net Revenue

BRL million



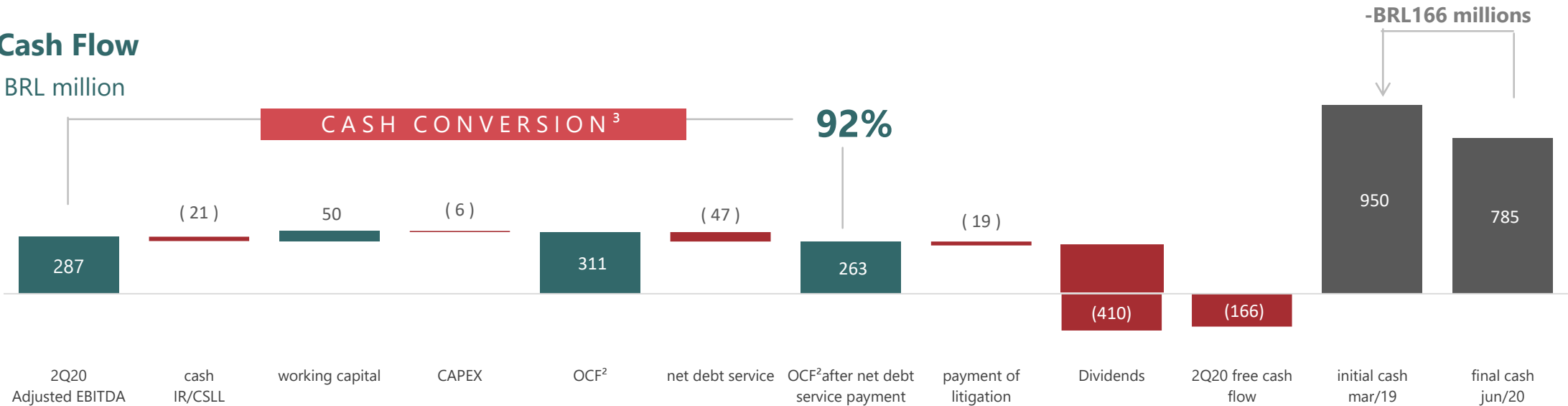
Adjusted EBITDA¹

BRL million



Cash Flow

BRL million

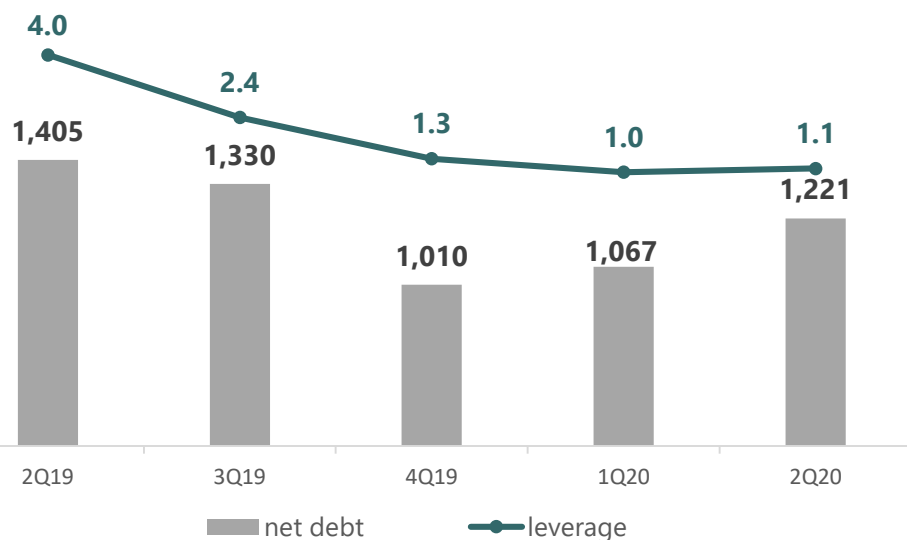


(1) Excludes VDP, provision for litigation and write-off of judicial deposits/ (2) OCF = Operating Cash Flow | (3) cash conversion = (OCF after Debt Service/Adjusted EBITDA). Includes the postponed amount of BRL39 million PIS/COFINS for 2H20 according to the ordinances of the Ministry of Economy. Disregarding this effect, the cash conversion would be 78%.

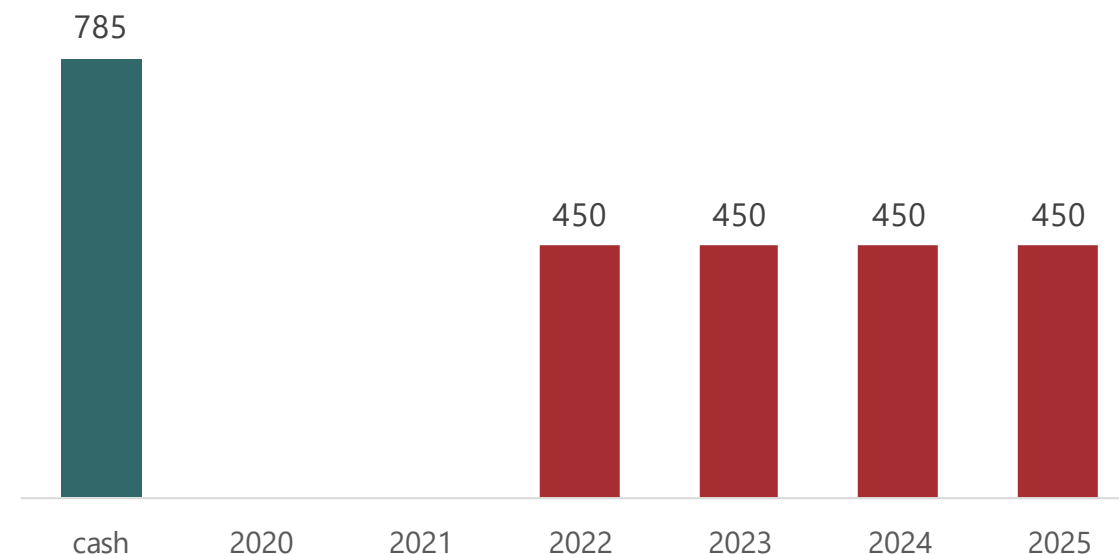
ESTRUTURA DE capital

ROBUST CAPITAL STRUCTURE, WITH STRONG CASH POSITION AND LOW LEVERAGE

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



Amortization Schedule 2Q20
(BRL million)



	Rating	Outlook	Revised
FitchRatings	BB AAA(br)	Negative	Jul/2020
STANDARD & POOR'S	BB- br.AAA	Stable	Jul/2020

Gross Debt: BRL1.8 billion

Average debt term of 4 years

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



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2020 key initiatives

CESP 2020 Key Initiatives



Operation

- Advance in the **Occupational Health and Safety** agenda aiming at a prominent position in the sector
- Continuous and discipline management of **costs and expenses**
- Advances in **automation** and **artificial intelligent** systems
- Advance in **ESG¹** strategy with the support of **specialized consultants** to prepare **diagnoses and advancing best practices**
- Obtaining certification for issuing **I-REC** (International Renewable Energy Certificates)



Contingencies

- Progress in the strategy for resolving **contingency liability**, with financial discipline and criteria
- Release of **judicial deposits**
- Strategic management of the **Três Irmãos** lawsuit and monitoring of the case trial in the first instance



Energy Trading

- Consolidation of **CESP Trading** operations
- **Equating the 2020** energy exposure and **advancing** exposure mitigation in **2021 and 2022**
- Focus on **long-term** energy **exposures**, with gradual and careful execution of the commercialization strategy



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