2Q19 RESULTS

Conference Call
August 8th, 2019
(Portuguese with simultaneous translation into English)
11 a.m. (Brasília time)
10 a.m. (NY - EDT time)
3 p.m. (London time)
Phone: + 1 (412) 717-9627 | + 1 (844) 204-8942
Portuguese:
Phone: + 55 (11) 3181-8565

São Paulo, August 6, 2019: CESP - Companhia Energética de São Paulo ("CESP"), (B3: CESP3, CESP5 and CESP6) releases its results for the second quarter of 2019. The information was produced according to the International Financial Reporting Standards ("IFRS") and accounting practices adopted in Brazil, compared to the same period in 2018, except as otherwise indicated in this publication.

2Q19 RESULTS

ADJUSTED EBITDA 114% HIGHER AND ADJUSTED COSTS & EXPENSES 29% LOWER THAN 2Q18.

Financial and Operating Highlights - R$ thousand	2Q19	2Q18	Chg. (%)	6M19	6M18	Chg. (%)
Gross operating revenue	435,104	459,465	-5%	857,265	920,848	-7%
Net operating revenue	368,377	391,222	-6%	723,995	785,395	-8%
Gross operation profit	156,630	93,241	68%	162,366	365,980	-56%
Costs and expenses	(268,253)	25,907	n.m.	(726,981)	(234,778)	n.m.
EBITDA	192,745	496,260	-61%	168,145	708,853	-76%
Adjusted EBITDA	218,592	102,352	114%	260,189	413,166	-37%
Adjusted EBITDA margin	59%	26%	33 p.p.	36%	53%	-17 p.p.
Net income (loss)	(4,002)	340,989	n.m.	(162,245)	337,260	n.m.
Net debt (net cash)	1,405,235	(173,254)	n.m.	1,405,235	(173,254)	n.m.
Net debt (net cash)/EBITDA LTM	5.1x	-0.5x	5.6x	5.1x	-0.5x	5.6x
Net debt (net cash)/EBITDA adj. LTM	4.0x	-0.5x	4.5x	4.0x	-0.5x	4.5x

2Q19 HIGHLIGHTS

- Generation of 949 average MW of energy, in line with the physical guarantee.
- Adjusted EBITDA of R$219 million, up 114% over 2Q18
- Adjusted EBITDA margin of 59%, an increase of 33 p.p over 2Q18.
- Court settlements totaling approximately R$130 million.
- Approval of Energy Trading Policy and Risk Management. Progress in the studies to create a trading company, promoting a more active participation of the Company in the energy market.
- Long Term Incentive Policy Approval - ILP aligning senior management compensation with performance, result and value generation criteria.
- Conclusion of the second voluntary dismissal program - VDP in Jul/19 with 20 employees joining and non-recurring expense of R$6 million impacting the 3Q19.
- The Porto Primavera Power Transmission System Use Tariff (TUST) was recalculated, establishing a tariff of R$7,693/kW, an increase of 17.6% over the previous tariff, effective July 1, 2019.
- Expression of no interest in the renewal of the Jaguari Plant, concentrating the Company's efforts on assets that generate more shareholder value.
- On July 29, 2019, CCEE operationalized the court decision resulting from the suspensive effect of the injunction obtained by the Company in September 2017 questioning the update of risk aversion parameters in computer models that have a direct impact on pricing and market exposure. short term. The amount updated by IGP-M is R$97 million. In the period ended June 30, 2019, the Company recorded a provision of R$96 million. The total amount paid on August 5, 2019 was R$69 million, resulting from the restated amount plus the accumulated balance receivable from CCEE of R$28 million.

TABLE OF CONTENTS

MESSAGE FROM THE MANAGEMENT

In June 2019, we completed another quarter of intense transformation at CESP in operation and results management, people, incentives and compensation, expenditure, particularly in costs and expenses, litigation and reformulation of the energy trading area.

This quarter we generated 949 average MW of energy, with an availability index of 93.9%, consistently above the reference values established by ANEEL and in line with the Company's physical guarantee.

Adjusted EBITDA of R$ 219 million in 2Q19, 114% higher than the same quarter last year, generating an Adjusted EBITDA Margin of 59%, more than double the same period of 2018. This result was achieved by a combination of factors, notably the R$ 109 million decrease in purchased energy compared to 2Q18, as a result of the new energy seasonalization and commercialization strategy, coupled with a consistent decrease in several recurring expenses as Personnel (excluding voluntary dismissal plan expenses), Materials, Third Party Services and Rent, which fell by 35%, 18%, 18% and 39%, respectively, in 2Q19 when compared to the same quarter of the previous year.

As anticipated, we approved in due course and evolved in the implementation of SAP as CESP's new ERP, which will bring us greater control, data compilation, analysis and decision agility. Additionally, we are preparing to the transition of part of our recurring activities to a shared services center that will allow us to increase the scope, agility and quality of scheduled tasks with reduced costs. These initiatives combined with an ongoing and intense effort to review structure, routines, processes and systems, have provided CESP with significant gains in productivity and reduced costs.

With regard to personnel management, in July 2019 we concluded a second round of the voluntary dismissal plan with the adhesion of 20 additional employees at the cost of R$6 million. We ended July 2019 with 254 employees, already considering the recomposition of various positions with market professionals, aligned with the profile, skills and incentives needed for the new CESP. Since the privatization, we have already reduced the average age of our team from 53 to 45 years. Currently 34% of our workforce is under 40 years old, compared to 10% in December 2018.

This drastic change in professional profile was accompanied by a new system of performance goals, the creation of a transparent, accessible and agile environment in our new administrative headquarters and a direct and integrative communication strategy for this staff. In addition to the fixed and variable remuneration system, it is worth noting that our Board of Directors approved the Long Term Incentive policy this quarter, aligning high management compensation with performance, results and value creation criteria.

This quarter we have advanced in the analysis and prioritization of contingent liability, with the execution of some judicial and extrajudicial agreements in line with our focus on an increasingly assertive approach to reducing this risk of CESP.

In relation to Jaguari plant, which represented less than 1% of the energy produced by CESP in the first half of this year, in line with the State of São Paulo's intention to plead with the Federal Government for the exploration of said hydroelectric plant after the of the current concession expiry, as described in item 2.8 of Public Notice No. SF 001/2018 - Disposal of Shares of the Capital Stock of the Company (Privatization Notice), our Board of Directors deliberated on the non-interest in renewal of the concession of this plant currently due for May 2020.

In the last months, we have defined and structured the bases of the Company's energy trading area by hiring leaders in the area, defining and approving the Company's energy trading policy, as well as the market risk, hydrological risk and credit risk rules that support the best practices in this segment. We also defined the basis for the operation of CESP's energy trading commission, according to the best corporate governance practices and aiming at the formation of a solid environment, team and market practice.

We reiterate our enthusiasm for the collaborative environment, the opportunities identified and the ongoing transformation process. In the coming quarters we will focus on the continuity of a solid contingent liability management, the maturity of our intelligence and energy trading operation, the optimization of our financial liability management and the consolidation of the culture of high performance, motivation and results.

CESP, an energy company!

Fábio Rogério Zanfelice	Mario Bertoncini
Chief Executive Officer	Chief Financial and IR Officer

COMPANY PROFILE

The Government of the State of São Paulo created CESP in 1966, and the year of 2018 was emblematic because it marked its privatization process. Since December 11, 2018, CESP became a privately held company, a result of a partnership between Votorantim group and Canada Pension Plan Investment Board (CPPIB).

GENERATING COMPLEX

CESP holds the concession for three hydroelectric power plants, operating under the price regime, with 18 generating units, total installed capacity of 1,655 MW and physical guarantee of 948 average MW.

The plants are located in the hydrographic basins of the Paraná River, in the west region of the State of São Paulo, and the Paraíba do Sul river, in the east region of the State of São Paulo, and comprise the following generating complex:

Asset Portfolio

Porto Primavera

Installed capacity: 1,540 MW

Physical guarantee: 887 avg. MW

Concession up to Apr/49

Location: Rosana

Reservoir area: 2,250 km2

Extension of dam: 10.2 km

Generating units: 14

Start-up of operations: 1999

Paraibuna

Installed capacity: 87 MW

Physical guarantee: 48 avg. MW

Concession up to Mar/21

Location: Paraibuna

Reservoir area: 177 km2

Extension of dam: 0.5 km

Generating units: 2

Start-up of operations: 1978

Jaguari

Installed capacity: 28 MW

Physical guarantee: 13 avg. MW

Concession up to May/20

Location: São José dos Campos

Reservoir area: 56 km2

Extension of dam: 1.0 km

Generating units: 2

Start-up of operations: 1972

ELETRIC ENERGY PRODUCTION

Generation (Avg. MW)

Power Plants	2Q19	2Q18	Chg. (%)	6M19	6M18	Chg. (%)
Porto Primavera	920	938	-2%	993	1,033	-4%
Paraibuna	26	38	-33%	18	31	-40%
Jaguari	3	9	-62%	2	6	-60%
Total	**949**	**985**	**-4%**	**1,013**	**1,070**	**-5%**

The electric energy production in the hydroelectric power plants operated by CESP totaled 949 average MW in 2Q19, a decrease of 4% compared to 2Q18.

The reduction in production resulted from systemic factors relating to the supply policy under the National Interconnected System. The frequent rainfall in the southern region and in the Itaipu stretch during the period, together with the characteristic consumption observed in the second quarter, lower than in the first quarter, contributed to the implementation, by the National Electric Energy Operator (ONS), of the water preservation policy in reservoirs of upstream plants of the Paraná River basin, thus causing a smaller generation in the Porto Primavera plant.

Despite the lower production of electricity during 2Q19 when compared to 2Q18 by resolution of ONS, CESP's production was in line with its physical guarantee in effect during this quarter.

AVAILABILITY

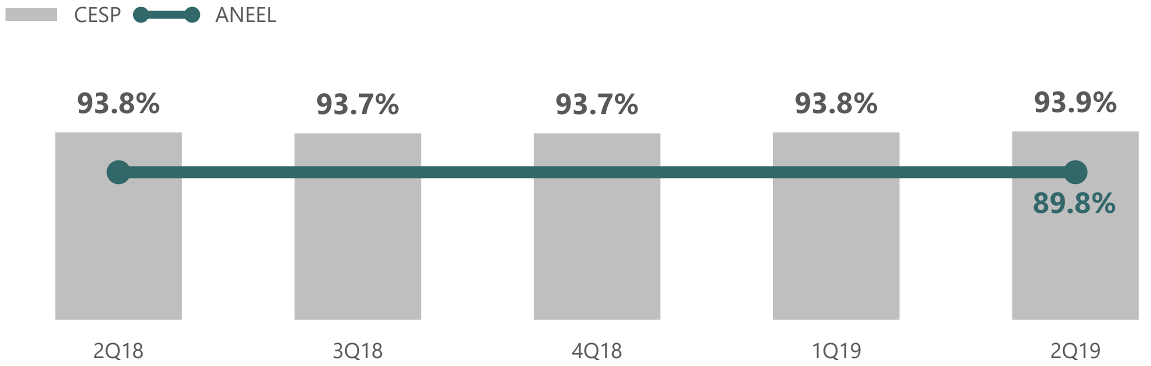
CESP meets its commercial commitments in accordance with the regulatory and systemic availability requirements (generation needs to meet the systemic demand), according to the economy principles.

In 2Q19, plants operated by CESP reached an average availability index of 93.9%, a slight increase compared to 2Q18, when it reached 93.8%, reflecting the good maintenance management and, consequently, greater efficiency in the scheduled shutdowns that in 2Q19 were performed in less time.

According to ANEEL Resolution No. 614/2014, if the availability index of a hydropower plant under the Energy Reallocation Mechanism (MRE) is lower than the reference availability index considered in the calculation of the respective physical guarantee, the plant will be subject to the application of the energy reduction mechanism. With these assumptions, this indicator becomes the primary measure to evaluate the performance of hydroelectric plants and the main monitoring tool to mitigate risks of operational impacts to commercial commitments.

The availability index of CESP´s plants is consistently higher than the reference values established by ANEEL due to the efficiency in the management of the operation of the plants.

Availability Index(1)
Moving Average of 60 months (%)



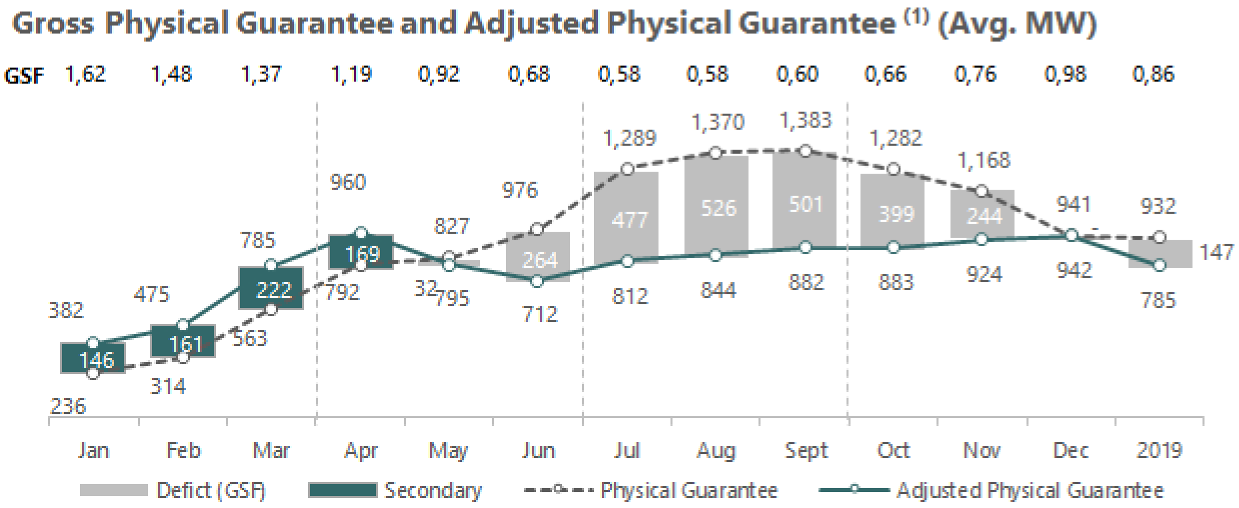
(1) The availability index is determined based on the physical guarantee and is calculated based on the Forced Unavailability Rate (TEIFa) and Scheduled Unavailability Rate (TEIP), defined by ANEEL.

COMMERCIAL STRATEGY

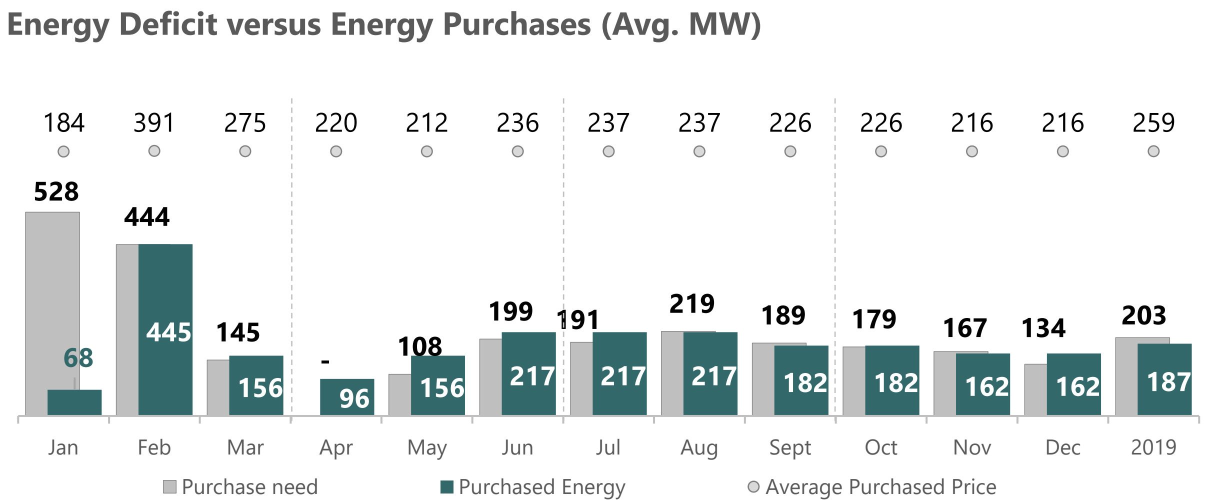
The Company's commercial strategy is based on a detailed planning and proactive management of the energy commercialization and balance, focused on the market, in order to generate value and mitigate the hydrological risk.

In 2019 CESP's physical guarantee seasonality strategy began to seek the optimization of results through the analysis of expected inflows and prices for the periods of the year.

We present in the chart below our physical guarantee seasonality curve for 2019 and the seasonality curve adjusted by the GSF assumptions according to CCEE projection.



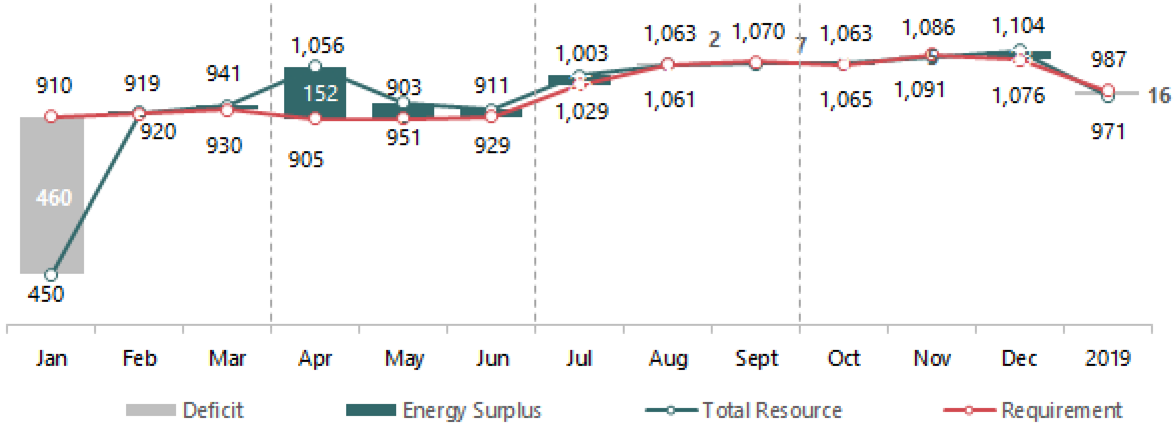
As a result of the physical guarantee revisions and influenced by the effect of the GSF, CESP presented a deficient energy balance for the year 2019. Accordingly, since December 11, 2018, when the new management assumed the management of the Company, the strategy of optimizing the result and reducing exposure to hydrological risk has been implemented. By the end of 2Q19, 187 average MW of energy were purchased for the year 2019 at an average price of R$259/MWh compared to a purchase of 240 average MW at an average price of R$353/MWh for the year 2018.



It is worth mentioning that in 1Q19, the Company settled its receivables from CCEE with the deficit generated in Jan/19, totaling a purchased energy of R$75 million see 1Q19 financial statements note 23.1. In 2Q19, energy purchases from CCEE totaled R$3 million. Thus, based on current estimates, the 2Q19 and the 6M19 concentrated 16% and 62% of total energy purchased in the year, respectively.

As a result of the new management strategy, CESP's energy balance for 2019 is illustrated below and demonstrates the equalization of the deficit for 2019.

2019 Energy Balance After Energy Purchases (Avg. MW)



CESP is working to complete the equalization of the existing deficit from 2020 to 2022 within the windows of opportunity presented.

CUSTOMERS

CESP's free-market sales contracts were mostly carried out between 2003 and 2015 and are adjusted for inflation (~70%) and the dollar (~30%). In 2Q19, the average adjusted price of contracts in the free market was R$197/MWh. From 2023 on the volume of energy sold is substantially lower and we do not have sales in the free market as of 2026.

Regulated market contracts began in 2009 and 2010 maturing in 2038 and 2039, with a volume of 230 Avg. MW. In 2Q19, the average adjusted price of regulated market contracts was R$235/MWh.

We present below the profile of CESP's energy sales contracts.

Customers Profile (Avg. MW)

Regulated Market Average Prices

Initial Date	Final Date	Volume (Avg. MW)	Initial Gross Price (R$/MWh)	Initial Gross Price (R$/MWh)(1)
01/01/2009	12/31/2038	82	125 (3)	239
01/01/2010	12/31/2039	148	116 (2)	232
Total		**230**	**119**	**235**

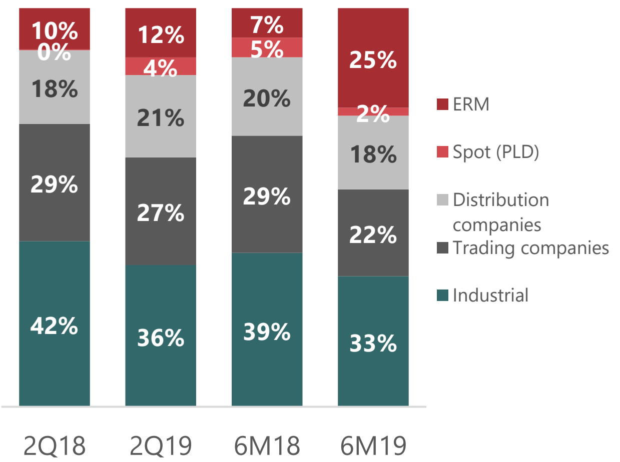
(1) Prices adjusted based on the IPCA rate. | (2) Initial base date is 12/16/2005 | (3) Initial base date is 06/29/2006.

It is worth mentioning that in 2016, CESP renegotiated the volume of 230 average MW relating to regulated market contracts as a way of mitigating its exposure to the hydrological risk. Accordingly, such physical guarantee portion is 100% hedged against GSF variations.

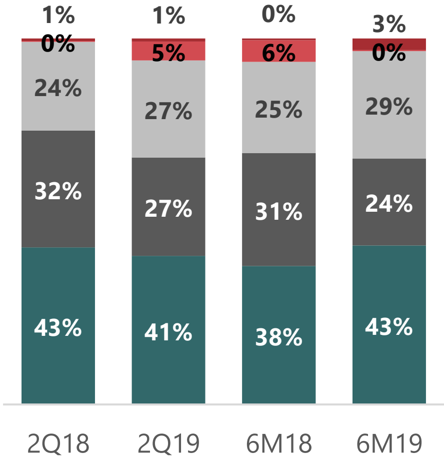
In 2Q19, the Company met its commitments to customers in the free and regulated markets. Free customers (industrial customers and trading companies) accounted for 63% of sales amount and 68% of revenue, compared to 71% and 75%, respectively, in the 2Q18.

The lower share of free customers in sales volume resulted from the reduced contracts with trading companies, in line with the Company's energy balancing strategy, which was in deficit, and consumption profile of industrial customers in 2Q19, which exercised contractual volume options (flexibility).

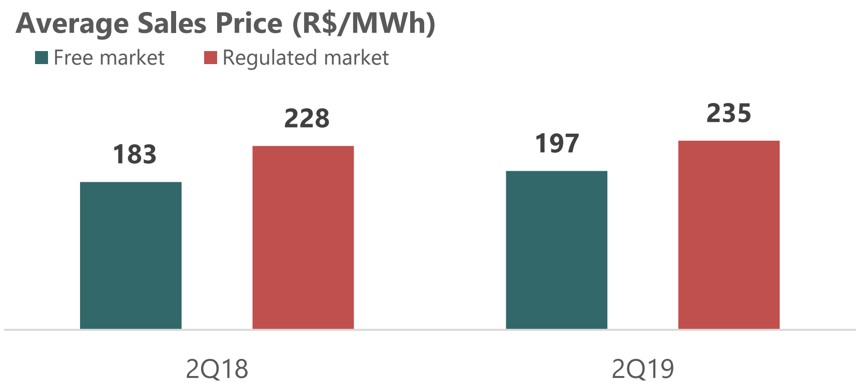
Sales Customer Profile (%)
(In MWh)



Revenue Customer Profile (%)
(In R$)



In 2Q19, the average price of energy sales for the free market (industrial customers and trading companies) was R$197/MWh, an increase of 7% compared to 2Q18, primarily due to price readjustment of inflation and dollar-indexed contracts. The average price in the regulated market (distributors) in 2Q19 was R$235/MWh, up 3% over the 2Q18, mainly due to price adjustments reflecting the inflation (IPCA) for the period.



OPERATING REVENUE

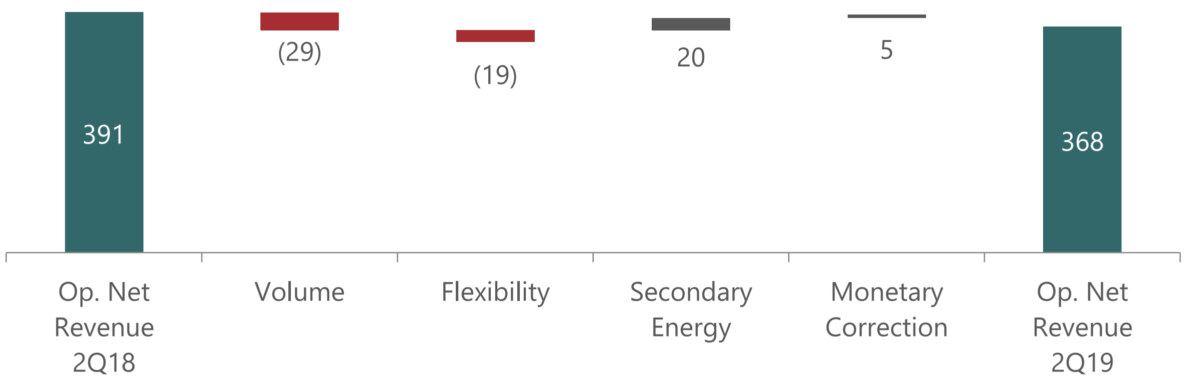
In 2Q19, Net Operating Revenue totaled R$368 million, a decrease of R$23 million (-6%) in relation to 2Q18, mainly due to:

- **Energy Sales – Volume:** Reduction of R$29 million in the volume of sales contracts with trading companies, aligned with the Company's energy balance strategy, which was in deficit, and a mechanism for the protection against hydrological risk exposure (GSF) and;
- **Energy Sales - Flexibility:** Reduction of R$19 million in the volume of sales for the industry (free market) arising from contractual conditions previously agreed (flexibility).

These effects were partially offset by:

- **Short-term energy – Energy Surplus:** Increase of R$20 million due to the new energy balance management strategy of the Company's, generating energy surplus in 2Q19 and;
- **Energy Sales – Monetary Correction:** Increase of R$5 million resulting from a readjustment clause in the contracts with distributors (regulated market).

Operating Revenue 2Q18 vs. 2Q19 (R$ million)



It is worth mentioning that as a result of the new concession contract for Porto Primavera, there was a change in the concession regime of the plant, going from a public service to an independent producer. As of June 19, CESP will no longer incur the Global Reversion Reserve (RGR) of approximately 2.6% of Gross Revenue for the entire term of the concession and will incur the Public Domain Use Concession rate (UBP) of 2.5% of the Gross Revenue only for the next 5 years. It is noteworthy that the recognition of the total UBP balance to be paid will be amortized over the 30 year concession period, as detailed in note 18 of financial statements 2Q19.

OPERATING COSTS AND EXPENSES

Operating Costs and Expenses totaled R$268 million in 2Q19 compared to a reversal of R$26 million in 2Q18.

In 2Q18 we had some non-recurring effects, described below:

- **Provision for litigation:** In 2Q18 there was a reversal of the provision in the amount of R$293 million resulting from the court agreement with the Prosecution Service of Mato Grosso do Sul.
- **Provision for social and environmental commitments:** In 2Q18 there was a reversal of R$28 million considering that the agreement with Mato Grosso do Sul resulted in the settlement of this obligation.

These effects were partially offset by:

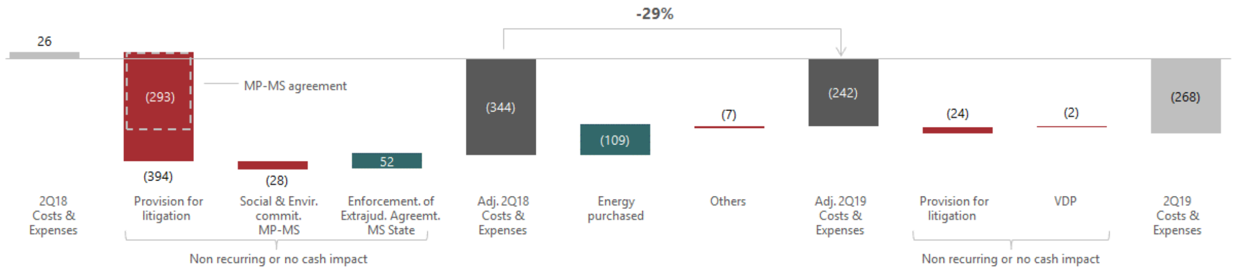
- **Enforcement of extrajudicial agreement MS State:** In 2Q18, R$52 million were provisioned for the agreement, of which R$2 million was paid to Bataguassu City Hall and R$50 million to the State of Mato Grosso do Sul, in 10 consecutive annual installments.
- Additionally, in 2Q19 there was a **reclassification** of expenses with monetary restatement to provision for litigation from costs and expenses to financial expenses. Details of the reclassification are in 2Q19 financial statements note 3.1.

Excluding non-recurring or non-cash items, total costs and expenses totaled R$242 million in 2Q19, a 29% decrease compared to 2Q18 mainly due to:

- **Energy purchased:** Reduction of R$109 million compared to 2Q18, in line with the new seasonalization and commercialization strategy adopted by the Company.

It is noteworthy that several fronts of initiatives for operational efficiency gains and rationalization of costs and expenses were taken by the Company. In 2Q19 we saw significant reductions compared to 2Q18, especially in the costs of: personnel (-35%), materials (-18%), third party services (-18%) and rents (-39%). More details about costs and expenses are available in the table on page 27.

Costs & Expenses 2Q18 vs. 2Q19 (R$ million)



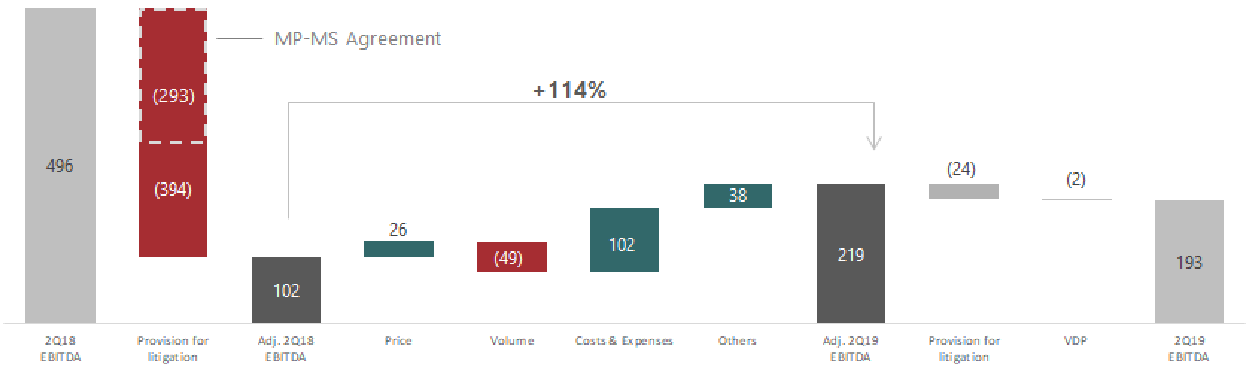
It is worth mentioning that as a result of the new concession contract for Porto Primavera, the Transmission Use-of-System Charges (TUST) was recalculated, establishing a tariff of R$7,693/kW, an increase of 17.6% over the previous tariff, effective as of July 1, 2019.

EBITDA

EBIT / EBITDA - R$ thousand	2Q19	2Q18	Chg. (%)	6M19	6M18	Chg. (%)
Net Income	**(4,002)**	**340,989**	**n.m.**	**(162,245)**	**337,260**	**n.m.**
Tax and social contribution (net)	4,152	(67,327)	n.m.	7,623	(18,903)	n.m.
Financial result	99,974	143,467	-30%	151,636	232,260	-35%
= EBIT	**100,124**	**417,129**	**-76%**	**(2,986)**	**550,617**	**n.m.**
Depreciation / amortization	92,621	79,131	17%	171,131	158,236	8%
EBITDA	**192,745**	**496,260**	**-61%**	**168,145**	**708,853**	**-76%**
VDP - Voluntary dismissal Program	2,287	-	n.m.	104,791	-	n.m.
Provision for litigation	23,560	(393,908)	n.m.	(12,747)	(295,687)	-96%
Adjusted EBITDA	**218,592**	**102,352**	**114%**	**260,189**	**413,166**	**-37%**
Adjusted EBITDA margin	59%	26%	33 p.p.	36%	53%	-17 p.p.

Adjusted EBITDA totaled R$219 million (+114%) in 2Q19 with a margin of 59% (+33 p.p). The 114% increase over 2Q18 was mainly due to the reduction in purchased energy costs (-R$109 million) partially offset by the reduction in revenue from free market customers due to: (i) lower sales volume, in line with the strategy to reduce exposure to hydrological risk and (ii) contractual flexibility exercised by customers.

EBITDA 2Q18 vs. 2Q19 (R$ million)



FINANCIAL RESULT

Financial Results – R$ thousand	2Q19	2Q18	Chg. (%)	6M19	6M18	Chg. (%)
Financial revenues	**26,567**	**15,271**	**74%**	**72,048**	**54,038**	**33%**
Financial expenses	**(126,541)**	**(158,738)**	**-20%**	**(223,684)**	**(286,298)**	**-22%**
Debt charges	(39,179)	(6,388)	n.m.	(74,566)	(12,953)	n.m.
Other finance costs	(84,041)	(101,739)	-17%	(134,098)	(203,997)	-34%
Exchange variation	(3,321)	(50,611)	-93%	(15,020)	(69,348)	-78%
Financial results	**(99,974)**	**(143,467)**	**-30%**	**(151,636)**	**(232,260)**	**-35%**

In 2Q19, the Company presented a net financial expense of R$100 million, compared to R$143 million in 2Q18. This was mainly due to:

Exchange variation: Reduction of R$47 million in exchange variation resulting from payments of principal of debt with BNDES indexed to exchange variation (basket of currencies) made in the normal course of debt amortization.

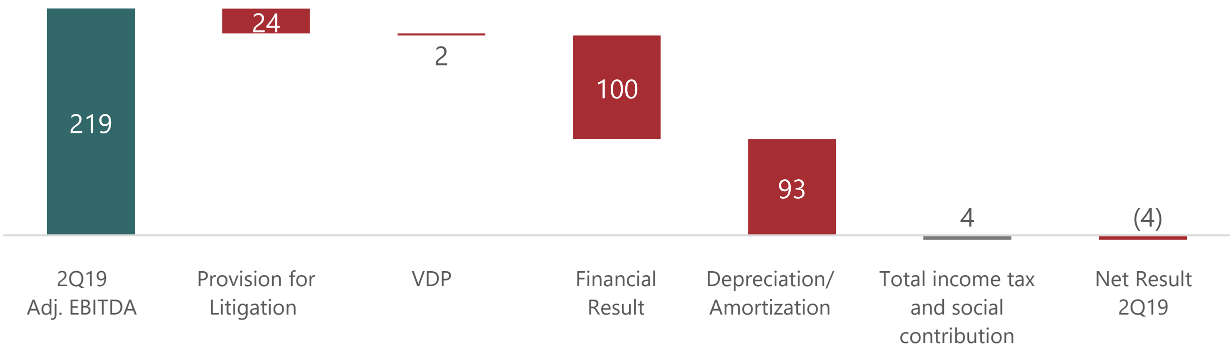
Debt charges: Increase of R$33 million mainly due to the recognition of the obligations of the 11th issue of simple non-convertible debentures in the amount of R$1.8 billion disbursed in January 2019.

Other finance costs: Reduction of R$18 million, impacted by the reduction in the balance of provision for litigation. It is noteworthy that in this quarter there was a reclassification of expenses with monetary restatement on provision for litigation from the cost group and expenses to financial expenses. Details of the reclassification are in 2Q19 financial statements note 3.1.

Financial revenues: Increase of R$11 million due to the higher cash level between April 1 and May 3, when the payment of Porto Primavera concession fee was made.

NET RESULT

In 2Q19, net loss was R$4 million, against Net Income of R$341 million in 2Q18. Excluding the effects of the MP-MS agreement in 2Q18 (R$293 million), the main impact on Net Income was the restatement of the provision for litigation. Excluding the effects of provisions for litigation, the main impacts were: (i) reduction in gross operating revenue due to lower sales volume in the free market and (ii) reduction in costs and expenses as a result of lower purchased energy volume. Both effects are in line with the new strategy of seasonalization, commercialization and reduction of exposure to hydrological risk adopted by the Company. The chart below shows the main factors that influenced net income in 2Q19, based on adjusted EBITDA for the same period:

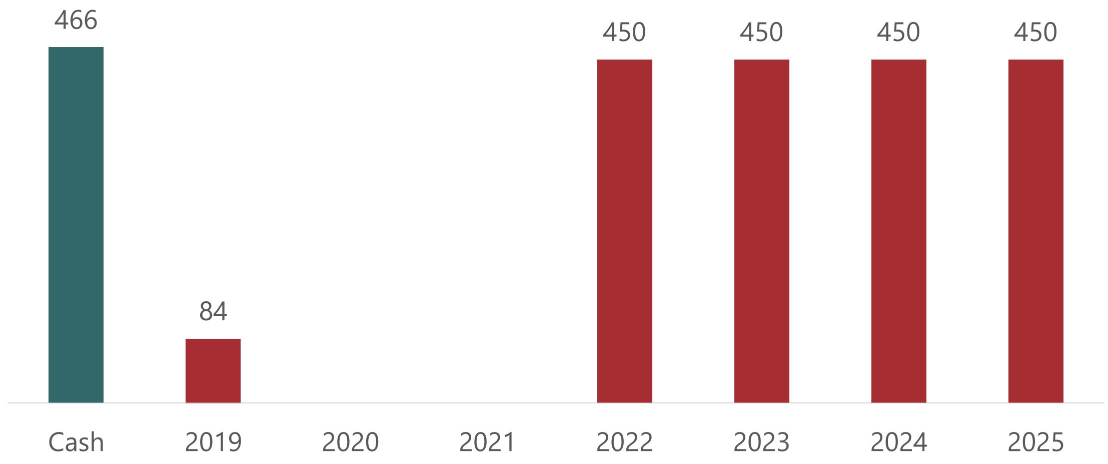


INDEBTEDNESS

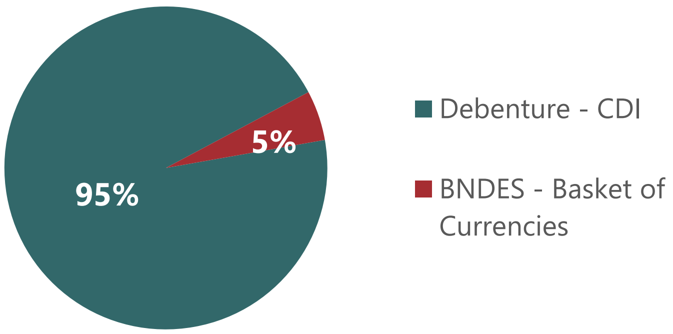
As of March 31, 2019 the gross debt totaled R$1,871 million, against R$335 million on June 30, 2018. The increase in debt refers to the 11th issuance of simple, non-convertible debentures, to pay the renewal of the concession of Porto Primavera HPP, with remuneration corresponding to 100% of the cumulative variation of the daily average DI rate, plus 1.64% per annual, payable on a semiannual basis, and with the principal maturing within 7 years, with a three-year grace period.

As of June 30, 2019, the average tenor was 4.7 years. The debt is mainly expressed in Brazilian reais and indexed to the CDI rate.

Amortization Schedule (R$ million) (1)



Gross Debt by Index



As of June 30, 2019, cash and cash equivalents totaled R$466 million, against R$508 million on June 30, 2018. Net debt totaled R$1,405 million against a net cash position of R$173 million in 2Q18, impacted by the 11th issuance of simple, non-convertible debentures made in 1Q19, held in cash with the main purpose of paying, the concession fee of Porto Primavera and dividends (R$297 million).

RATING

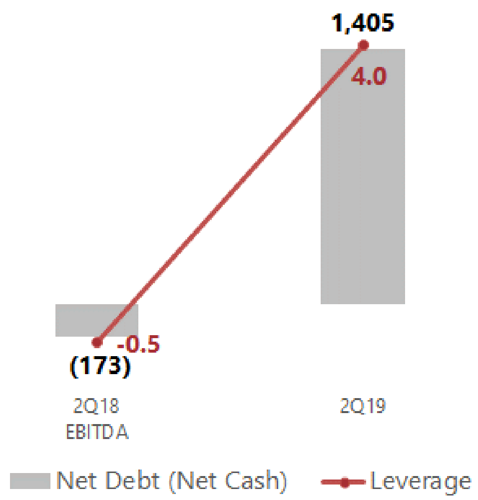
In July 2019 S&P revised and reiterated CESP's global and local rating, maintaining as detailed below:

	Rating	Outlook	Revised
STANDARD & POOR'S	BB- | br.AAA	Stable	Jul/19

LEVERAGE

The leverage, measured by the ratio of net debt to adjusted EBITDA, stood at 4.0x in 2Q19, an increase compared to 2Q18, when the Company had a net cash profile.

Net Debt (R$ million) and Leverage[1] (x)



(1) Leverage measured by Net Debt / Adjusted EBITDA LTM ratio.

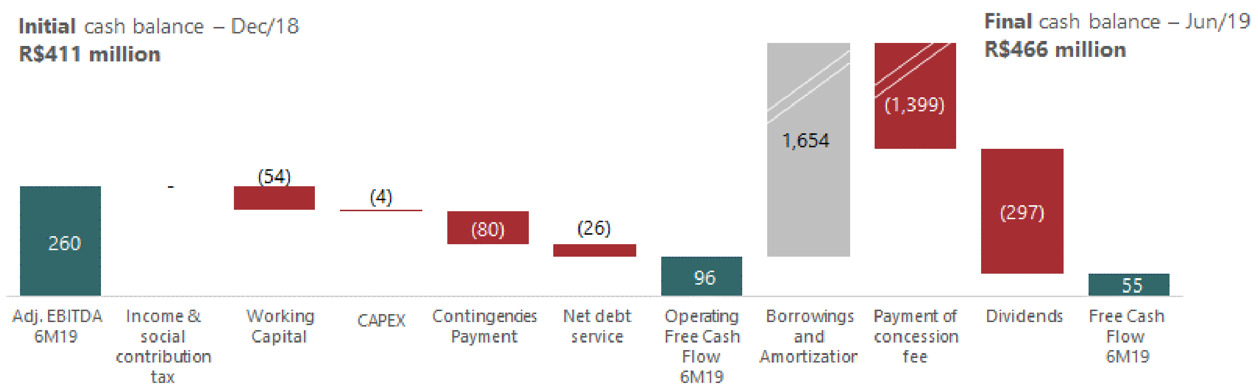
FREE CASH FLOW

Cash Flow - R$ thousand	2Q19	2Q18	Chg. (%)	6M19	6M18	Chg. (%)
Adjusted EBITDA	218,592	102,352	114%	260,189	413,166	-37%
Income & social contribution tax	-	28,393	n.m.	-	-	n.m.
Working capital	(20,724)	63,683	n.m.	(53,611)	(21,250)	152%
CAPEX	(3,046)	(1,319)	131%	(3,629)	(6,208)	-42%
Contingencies payment	(57,561)	(8,176)	n.m.	(80,380)	(56,595)	42%
Net debt service	(51,699)	(1,899)	n.m.	(26,072)	(764)	n.m.
Operating Free Cash Flow	**85,562**	**183,034**	**-53%**	**96,497**	**328,349**	**-71%**
Borrowings [1]	-	-	n.m.	1,778,766	-	n.m.
Payment of concession fee	(1,398,703)	-	n.m.	(1,398,703)	-	n.m.
Amortization	(84,413)	(72,212)	17%	(124,576)	(104,599)	19%
Dividends	(297,164)	(25,573)	n.m.	(297,164)	(25,573)	n.m.
Free Cash Flow	**(1,694,718)**	**85,249**	**n.m.**	**54,820**	**198,177**	**-72%**
Initial cash balance	2,160,424	423,464	n.m.	410,886	310,536	32%
Final cash balance	465,706	508,713	-8%	465,706	508,713	-8%

[1] Considers the deduction for funding costs.

Free Cash Flow in 6M19 was R$55 million, lower than 6M18 mainly due to: (i) reduction in working capital due to increased volume of energy purchased; (ii) growth in debt service due to the R$1,800 million debentures raised in 1Q19 and (iii) litigation payment; (iv) payment of Porto Primavera concession fee and (v) dividend payment.

Cash Flow (R$ million)



INVESTMENTS

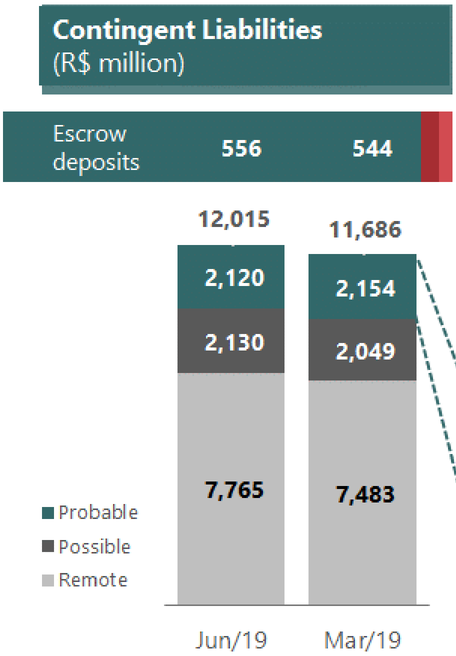
In 2Q19, CESP's investments totaled R$3 million, mainly for the maintenance of its hydroelectric power plants.

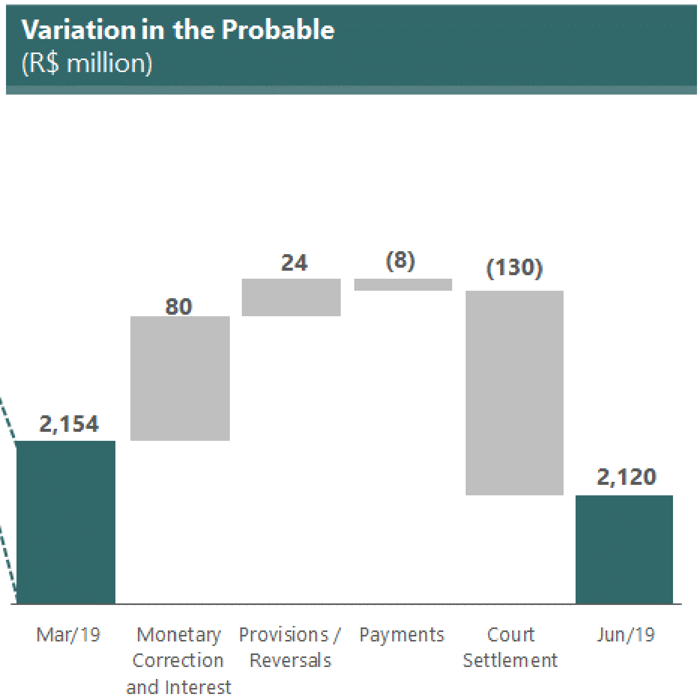
CONTINGENCIES

Contingent Liabilities

The Company is currently a party to lawsuits representing a total liability contingency of R$12 billion. The increase of R$329 million in relation to the 1Q19 is mainly due to monetary restatement and interest on the amounts under discussion.

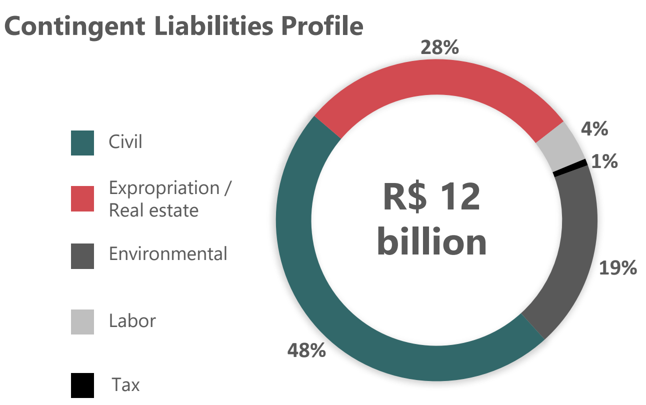
The chart below shows the total contingency movement in relation to 1Q19 and further details of the contingency movement classified as probable. The most significant variation is due to court settlements signed by CESP in April 2019 totaling R$130 million.

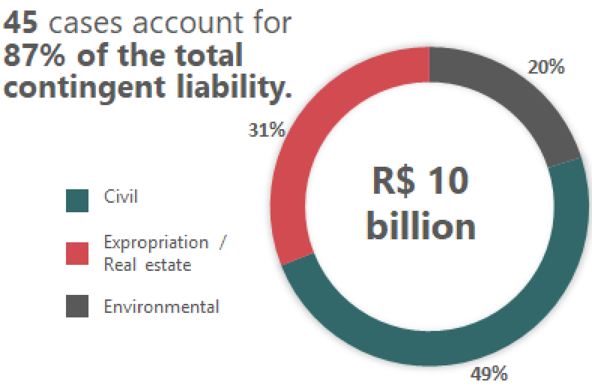




In accordance with its liability portfolio management strategy, the Company constantly reviews the risk forecasts of the lawsuits, as well as the amounts under discussion. Additionally, in order to optimize the management and reduction of the contingent liability, the Company carefully qualifies certain actions as being “strategic”, which are subject to its own monitoring and are conducted by external offices of the highest technical level. The classification of a certain action as "strategic" considers, above all: (i) the contingency value; (ii) the risk prognosis; and (iii) the sensitivity of the subject matter of the judicial discussion.

Currently, the group of strategic actions comprises 45 lawsuits, which represent approximately 87% of the Company's judicial liabilities disputes and have the profile detailed below:





Contingent Assets

The Company is also a party to legal proceedings that represent contingent assets. Currently, regarding these claims, there is a net asset available for reversal in the amount of R$1,949 million, which basically refers to the cases that discuss the indemnification for the reversal of Três Irmãos, Jupiá and Ilha Solteira hydroelectric power plants. The chart below provides more detailed information regarding the litigation involving the Company.

Net Contingent Assets Available for Reversal (R$ million)

The indemnity proceeding of Três Irmãos (case No. 45939-32.2014.4.01.3400) is still in its initial phase, with discussions about the court report produced in the case, which valued reversible assets at **R$4.7 billion** (at historical values from Jun/12). The appraised value is composed of: Plant: **R$1.9 bi** | Floodgate and Canal: **R$1.0 billion** | Land: **R$1.8 billion**.

The analysis and manifestations related to the judicial report should take place during the second semester of 2019. Then, when the line for final allegations is over, the period for court judgment opens.

At the same time as the case in the first instance, there is an appeal pending judgment (special appeal No. 1.643.760 / SP) in the Superior Court of Justice (STJ), brought by CESP in Dec/16 seeking the immediate payment by the Federal Government of the undisputed value of **R$1.7 billion** (historical values of Jun/12). We are currently awaiting the inclusion of the appeal in the STJ (Superior Court of Justice) agenda.

Regarding the lawsuit involving the reversibility of the assets of Ilha Solteira and Jupiá, in the first instance, a judgment was rendered that upheld the claim partially, only to determine that the Union pay the indemnity amount in a single installment. The Company's request to increase the indemnity amount set by the Federal Government (Ilha Solteira Power Plant: R$2 million (historical value of Jun/15) and the Jupiá Power Plant: the Union did not accept any amount due).

After an appeal was filed by both parties, the case was sent to the second instance and is currently awaiting judgment.

PERSONNEL

In December 2018, CESP had 519 employees and, after the completion of the previously announced voluntary dismissal program (VDP) in February and July 2019, it now has 254 employees, and the staff has been reorganized under a new compensation system aligned with well-defined criteria of performance, results and value generation.

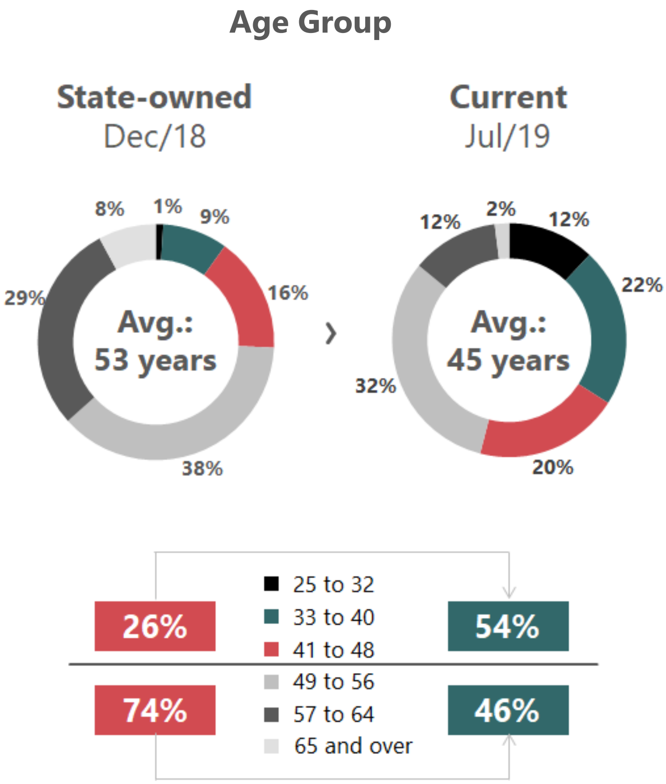
In Feb/19 CESP held VDP I with 327 employees, and cost of R$118 million (1Q19: R$103 million, 2Q19: R$2 million). In July 19, the PDV II was held with 20 people adhesion and cost of R$6 million impacting 3Q19.

Total cost of VDP will be R$124 million, of which R$103 million impacted 1Q19 results, R$2 million in 2Q19 and the remaining amount will impact 3Q19.

In December 2018, the average age of CESP employees was 53 years and now it is 45 years. The distribution of employees by age group is detailed below:

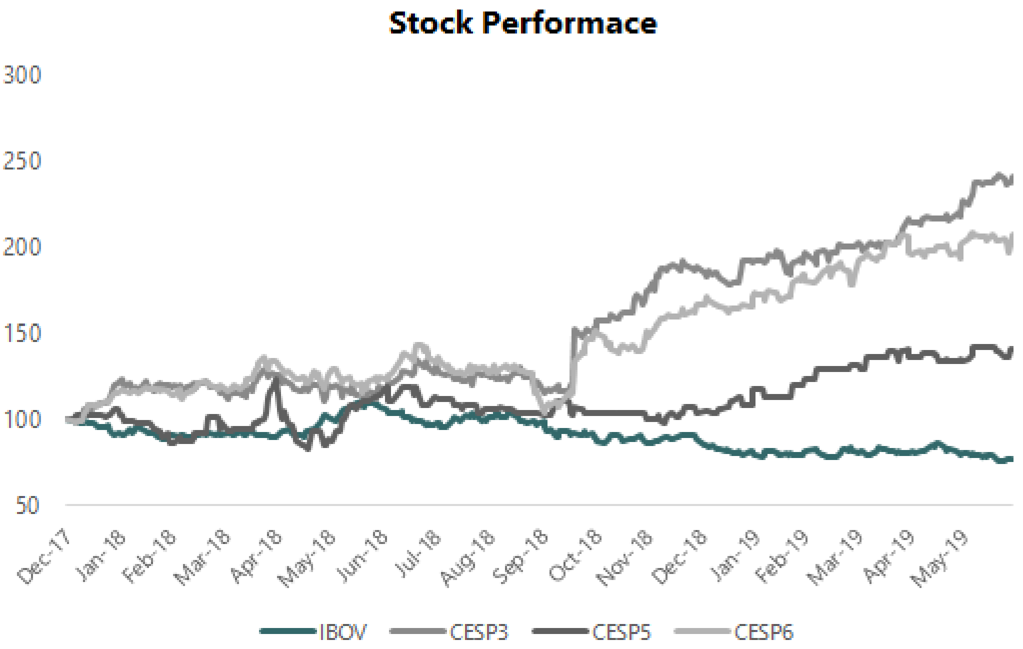
Headcount

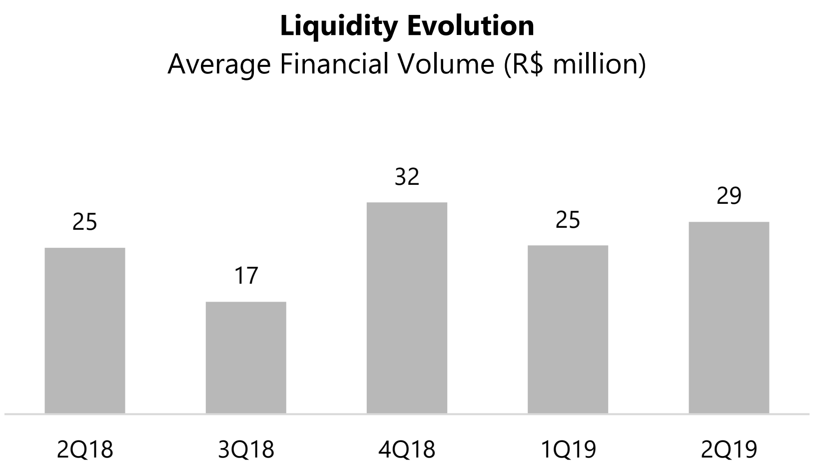
(1) Already considering the recomposition of various positions with market professionals.



CAPITAL MARKETS

As of June 30, 2019, Class B Preferred Shares (CESP6), which represent 64.4% of the Company's total capital, were quoted at R$27.18. CESP6 shares had an average daily liquidity of R$29 million in 2Q19. Common Shares (CESP3), representing 33.3% of the capital, were quoted at R$26.79. Class A Preferred (CESP5), which represent 2.3% of the capital, were quoted at R$27.38.





As of June 30, 2019, the Company's capital stock was represented by 327,502,673 shares, traded on the Level 1 of B3 – Brasil, Bolsa, Balcão. As of Jun 30, 2019 CESP´s market price was R$8.9 billion. In 2Q19, the free float stood at 60% of total shares.

EXHIBITS

Income Statement - R$ thousand	2Q19	2Q18	Chg. (%)	6M19	6M18	Chg. (%)
Operating income	**435,104**	**459,465**	**-5%**	**857,265**	**920,848**	**-7%**
Energy supply	176,733	196,458	-10%	355,854	345,197	3%
Energy supply - contracts	116,787	146,185	-20%	214,764	280,920	-24%
Energy supply - auctions	115,453	110,834	4%	236,338	227,828	4%
Short-term energy	25,483	5,307	n.m.	49,030	65,596	-25%
Other income	648	681	-5%	1,279	1,307	-2%
Deductions from operating revenues	**(66,727)**	**(68,243)**	**-2%**	**(133,270)**	**(135,453)**	**-2%**
Quota for the reversal of global reserves - RGR	(12,309)	(10,280)	20%	(24,617)	(20,559)	20%
Research and development	(3,678)	(3,907)	-6%	(7,229)	(7,843)	-8%
Taxes on services - ISS	(35)	(32)	9%	(69)	(63)	10%
COFINS on operating revenues	(31,791)	(34,632)	-8%	(62,403)	(66,923)	-7%
PIS on operating revenues	(6,901)	(7,519)	-8%	(13,547)	(14,529)	-7%
Financial compensation for use of water resources	(11,229)	(11,143)	1%	(23,837)	(24,076)	-1%
Inspection fee of electricity services - TFSE	(784)	(730)	7%	(1,568)	(1,460)	7%
Net operating revenue	**368,377**	**391,222**	**-6%**	**723,995**	**785,395**	**-8%**
Cost of energy service	**(211,747)**	**(297,981)**	**-29%**	**(561,629)**	**(419,415)**	**34%**
Cost with electric energy	**(105,219)**	**(206,563)**	**-49%**	**(356,455)**	**(239,575)**	**49%**
Charges of use on transmission system/system service	(31,778)	(31,164)	2%	(63,017)	(62,140)	1%
Purchased energy	(83,334)	(192,049)	-57%	(320,156)	(196,643)	63%
COFINS/PIS credits on charges of purchased power grid	9,893	16,650	-41%	26,718	19,208	39%
Cost with operation	**(106,528)**	**(91,418)**	**17%**	**(205,174)**	**(179,840)**	**14%**
Personnel	(5,556)	(6,237)	-11%	(11,060)	(11,729)	-6%
VDP - Voluntary dismissal program	(625)	-	n.m.	(8,816)	-	n.m.
Material	(830)	(690)	20%	(1,738)	(1,092)	59%
Third-party services	(4,375)	(6,189)	-29%	(8,417)	(11,326)	-26%
Generating depreciation	(90,722)	(77,303)	17%	(167,371)	(154,636)	8%
Other expenses	(4,420)	(999)	n.m.	(7,772)	(1,057)	n.m.
Gross operating income	**156,630**	**93,241**	**68%**	**162,366**	**365,980**	**-56%**
Operating expenses	**-**	**-**	**0%**	**-**	**-**	**0%**
General and administrative expenses	(34,348)	(44,184)	-22%	(178,246)	(84,399)	111%
Other operating expenses	(22,452)	355,156	n.m.	17,725	268,724	-93%
Other (expenses) net revenues	294	12,916	-98%	(4,831)	312	n.m.
Total	**(56,506)**	**323,888**	**n.m.**	**(165,352)**	**184,637**	**n.m.**
Income (loss) operational before financial result	**100,124**	**417,129**	**-76%**	**(2,986)**	**550,617**	**n.m.**
Financial income	26,567	15,271	74%	72,048	54,038	33%
Financial expenses	(126,541)	(158,738)	-20%	(223,684)	(286,298)	-22%
Financial result	**(99,974)**	**(143,467)**	**-30%**	**(151,636)**	**(232,260)**	**-35%**
Income (loss) before tax and social contribution	**150**	**273,662**	**-100%**	**(154,622)**	**318,357**	**n.m.**
Income tax and social contribution	-	36,901	n.m.	-	-	n.m.
Deferred Income tax and social contribution	(4,152)	30,426	n.m.	(7,623)	18,903	n.m.
Total income tax and social contribution	**(4,152)**	**67,327**	**n.m.**	**(7,623)**	**18,903**	**n.m.**
Net income (loss) for the period	**(4,002)**	**340,989**	**n.m.**	**(162,245)**	**337,260**	**n.m.**
Net income (loss) for the period per share	(0.01)	1.04	n.m.	(0.50)	1.03	n.m.

Asset	06/30/2019	12/31/2018
Current	**782,557**	**854,999**
Cash and cash equivalents	465,706	410,886
Receivables	180,946	240,802
Taxes and contributions for offset	36,038	79,203
Prepaid expenses	15,021	15,580
Other credits	84,846	108,528
Non-current	**10,897,515**	**9,471,501**
Pledges and restricted deposits	556,114	536,254
Deferred taxes and social contribution	571,603	579,226
Warehouse	4,713	4,302
Prepaid expenses	-	7,511
Other credits	9,104	1,361
Assets available for reversal	1,949,430	1,949,430
Intangible assets	1,603,567	36,800
Fixed assets	6,202,984	6,356,617
Total assets	**11,680,072**	**10,326,500**

Liabilities and Shareholders 'Equity	06/30/2019	12/31/2018
Current	**472,280**	**884,398**
Suppliers	1,809	7,595
Energy purchased for resale	132,699	167,822
Loans, financing and debentures	91,380	214,556
Taxes and social contributions	16,127	19,061
Sector charges	111,032	141,742
Dividends and interest on capital	1,586	298,750
Estimated liabilities and payroll	15,341	25,211
Use of public asset tax	7,319	-
Other obligations	94,987	9,661
Non-current	**4,263,605**	**2,340,036**
Loans, financing and debentures	1,779,561	1,080
Sectoral charges	35,852	35,852
Provision for litigation	2,120,009	2,156,162
Estimated liabilities and payroll	3,008	-
Social and environmental obligations	72,915	72,915
Use of public asset tax	176,148	-
Other obligations	76,112	74,027
Shareholders' Equity	**6,944,187**	**7,102,066**
Capital stock	5,975,433	5,975,433
Capital reserves	1,929,098	1,929,098
Equity valuation adjustments	(964,994)	(976,752)
Other comprehensive income	(375,935)	(380,301)
Profit reserves	554,588	554,588
Accumulated profits / (losses)	(174,003)	-
Total Liabilities and Shareholders 'Equity	**11,680,072**	**10,326,500**

Costs & Expenses – R$ thousand	2Q19	2Q18	Chg. (%)	6M19	6M18	Chg. (%)
Purchased energy	(83,335)	(192,049)	-57%	(320,156)	(196,643)	63%
Regulatory charges	(31,777)	(31,164)	2%	(63,017)	(62,140)	1%
COFINS / PIS credits without transmission system charges	9,893	16,650	-41%	26,718	19,208	39%
Personnel	(22,143)	(34,245)	-35%	(61,151)	(65,591)	-7%
VDP - voluntary dismissal program	(2,287)	-	n.m.	(104,791)	-	n.m.
Administrators	(438)	(501)	-13%	(804)	(1,050)	-23%
Social security entity - CPC 33/IAS 19	(3,380)	(2,582)	31%	(6,752)	(5,165)	31%
Material	(966)	(1,184)	-18%	(2,170)	(1,995)	9%
Third-party services	(12,619)	(15,385)	-18%	(25,517)	(27,202)	-6%
Depreciation/amortization	(92,621)	(79,131)	17%	(171,131)	(158,236)	8%
Other expenses - ONS/CCEE	(230)	(236)	-3%	(468)	(479)	-2%
Rents	(747)	(1,232)	-39%	(1,461)	(2,122)	-97%
MP- MS Agreement implementation	-	(52,000)	n.m.	-	(52,000)	n.m.
Reversal (Provision) for social and environmental commitments	-	27,585	n.m.	-	27,585	n.m.
Reversal (Provision) for reduction to the realizable value of warehouse	2,654	79	n.m.	7,450	123	n.m.
Provision for litigation	(23,560)	393,908	n.m.	12,747	295,687	-96%
Reversal (Provision) PIS/COFINS for update of judicial deposits	(132)	30	n.m.	(213)	841	n.m.
Estimated loss of credits	(617)	(511)	21%	(364)	(653)	-44%
Late costs	(581)	(638)	-9%	(607)	(972)	-38%
Other expenses	(5,367)	(1,487)	n.m.	(15,294)	(3,974)	n.m.
Total	**(268,253)**	**25,907**	**n.m.**	**(726,981)**	**(234,778)**	**n.m.**