



# 2Q21 Results





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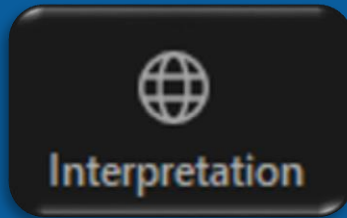
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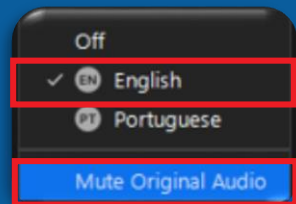
# Initial Guidelines

## Simultaneous Translation into English:

1<sup>st</sup> Step: Click on



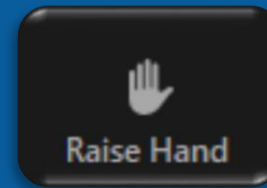
2<sup>nd</sup> Step: Choose



For the English version of the presentation,  
please access: [\*\*www.cpfl.com.br/ir\*\*](http://www.cpfl.com.br/ir)

## Q&A Session

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2<sup>nd</sup> Step: ID yourself

- Your audio will be opened for you to ask the question **live** directly to the executives
- Inform your **name** and **institution**

# 2Q21 Highlights

- ✓ Increase of **13.7%** in load in the concession area
- ✓ **EBITDA** of **R\$ 2,054 million**, growth of **70.0%**
- ✓ **Net Income** of **R\$ 1,126 million**, growth of **143.6%**
- ✓ Net Debt of **R\$ 15.7 billion** and leverage of **1.88x Net Debt/EBITDA<sup>1</sup>**
- ✓ Investments of **R\$ 1,019 million**, growth of **57.2%**
- ✓ **RGE tariff adjustment** of **+9.95%** for the consumer in Jun-21
- ✓ Declaration of **dividends** in the amount of **R\$ 1,731 million, R\$ 1.50/share**

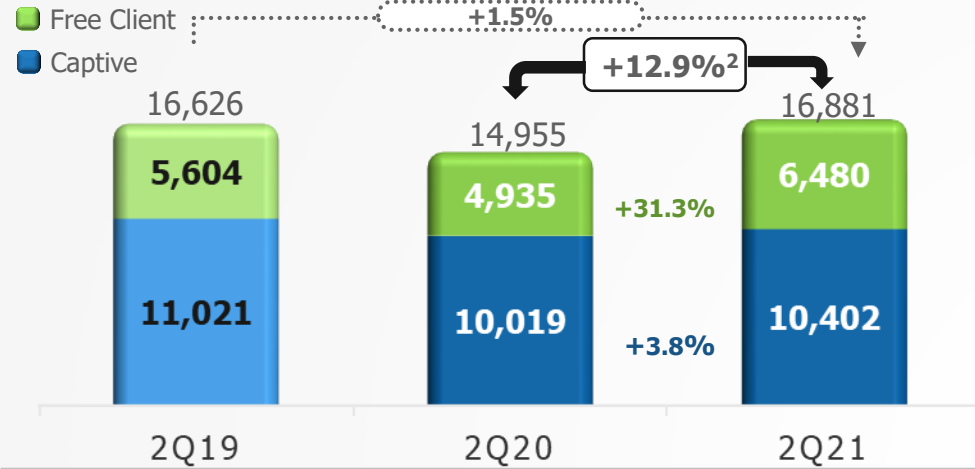


- ✓ **CPFL Energia** acquired 66.1% of **CEEE-Transmissão** for R\$ 2.67 billion
- ✓ **Start-up of Costa das Dunas, Figueira Branca and Gameleira** wind farms (Gameleira wind complex), 2.5 years before Aneel's official date
- ✓ **CPFL Energia** is member of the **FTSE4Good Index**
- ✓ **CPFL Energia** was recognized in the **World Finance Corporate Governance Awards 2021**
- ✓ **CPFL Santa Cruz** won for the second time **ANEEL Quality Award** in the category from 30 thousand to 400 thousand clients

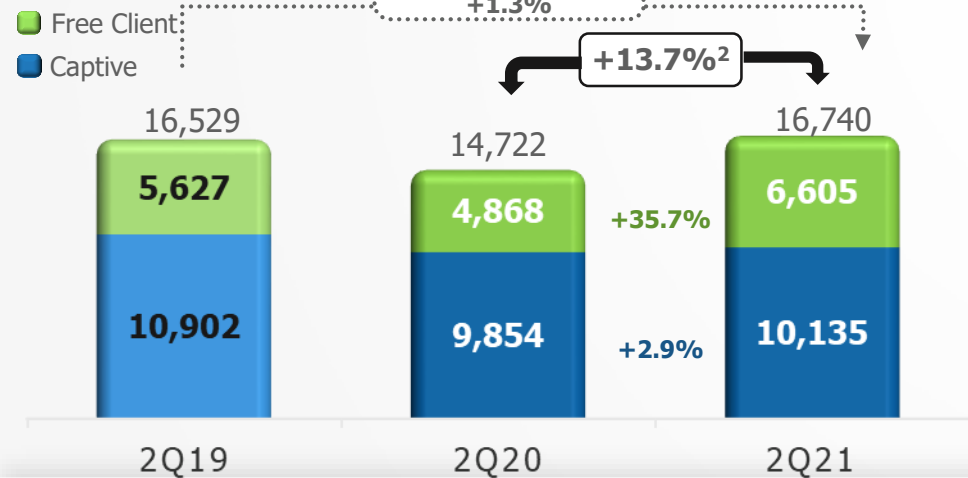


# 2Q21 Energy Sales

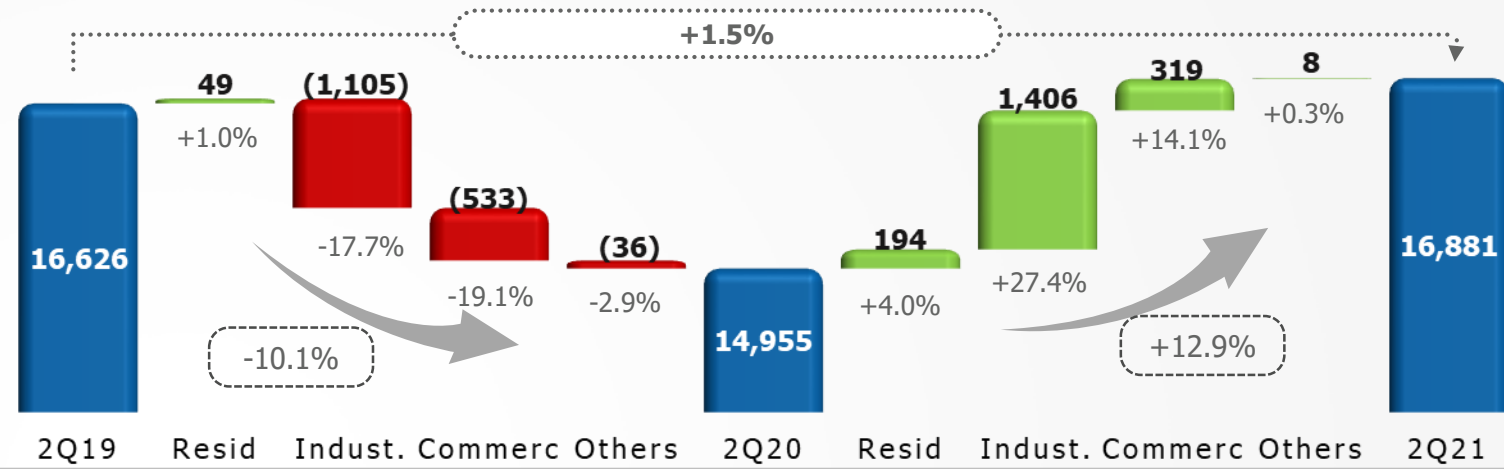
## Sales in the concession area | GWh



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



## Sales by consumption segment | GWh



## Main impacts by segment | %

	Resid	Indust	Comm	Others	Total
Billing calendar	-0.3%	-0.4%	0.0%	-0.1%	-0.3%
Temperature	0.9%	0.0%	0.2%	0.1%	0.3%
Migrations	0.0%	0.0%	0.0%	-5.1%	-0.9%
DG	-1.2%	-0.2%	-1.3%	-0.6%	-0.8%
Macroeconomics/ Others	4.6%	28.0%	15.2%	6.0%	14.4%
<b>Total</b>	<b>4.0%</b>	<b>27.4%</b>	<b>14.1%</b>	<b>0.3%</b>	<b>12.9%</b>

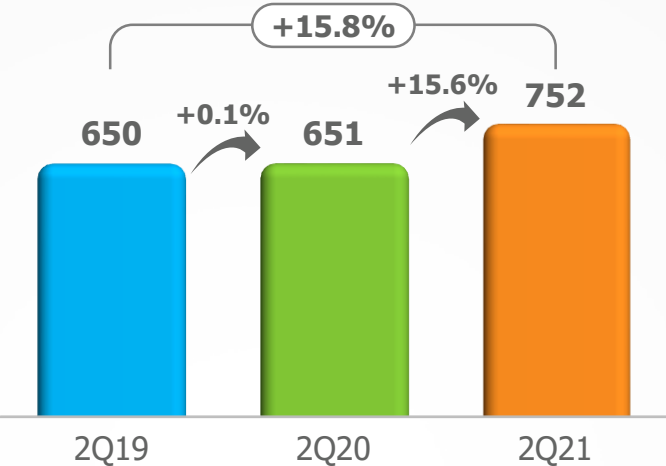
1) Load net of losses; 2) If excluding the migration of licensees, the load and the sales within the concession area in 2Q21 would have the following variations: +14.0% and +14.0%, respectively. If excluding the migration in comparison with 2Q19, the load and the sales would have the following variation: +2.6% and +3.4%

# Performance of Main Industrial Activities

Food (17.9%<sup>1</sup>)



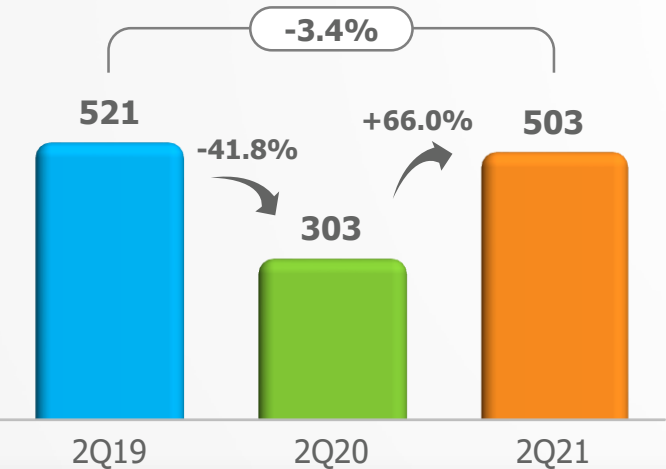
Chemicals (11.5%<sup>1</sup>)



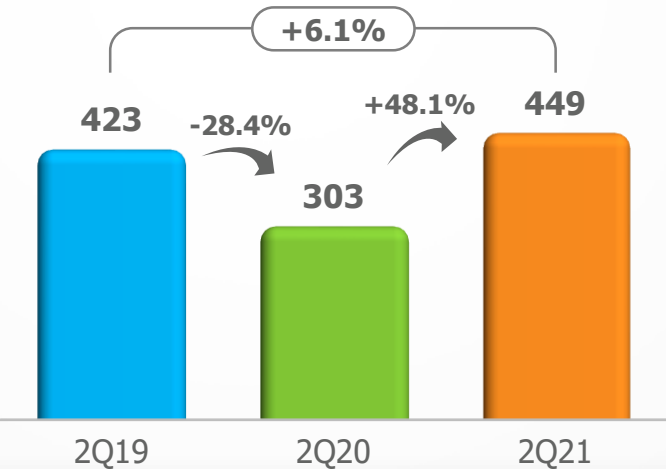
Rubber and Plastic (9.7%<sup>1</sup>)



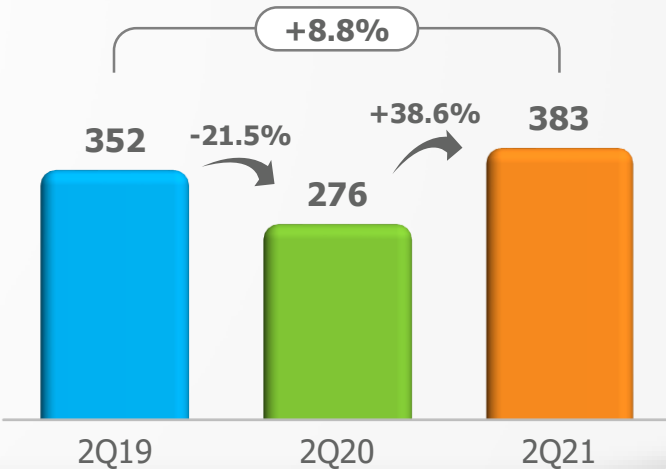
Vehicles (7.7%<sup>1</sup>)



Metallurgy (6.9%<sup>1</sup>)



Metal Products (5.9%<sup>1</sup>)

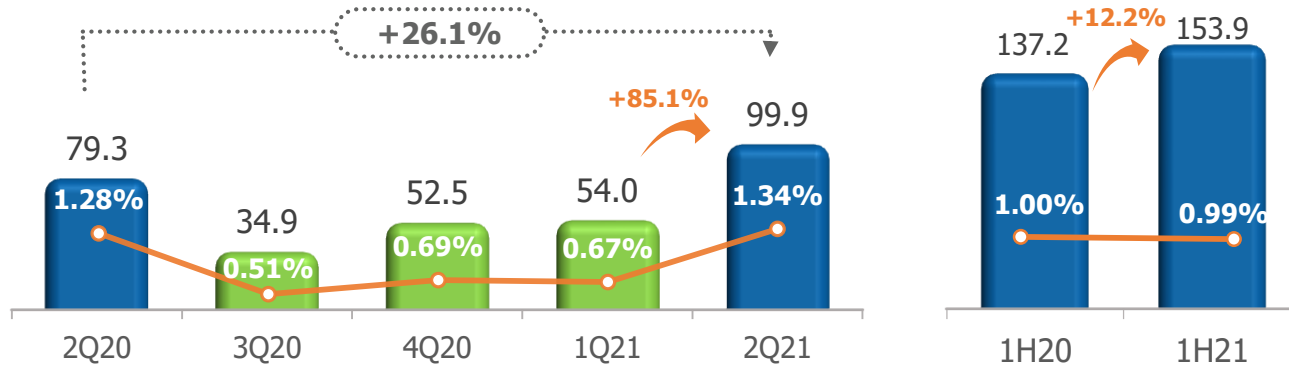


1) Share of the activity in total industrial segment.

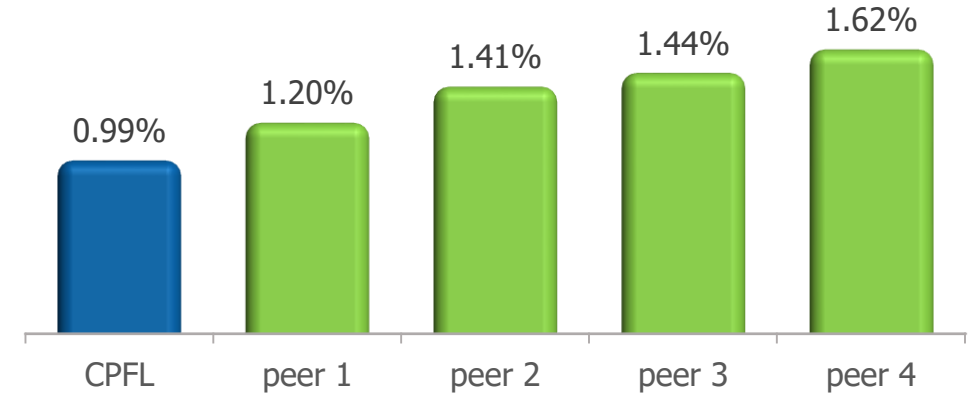
# Delinquency and Energy Losses

## ADA | R\$ million

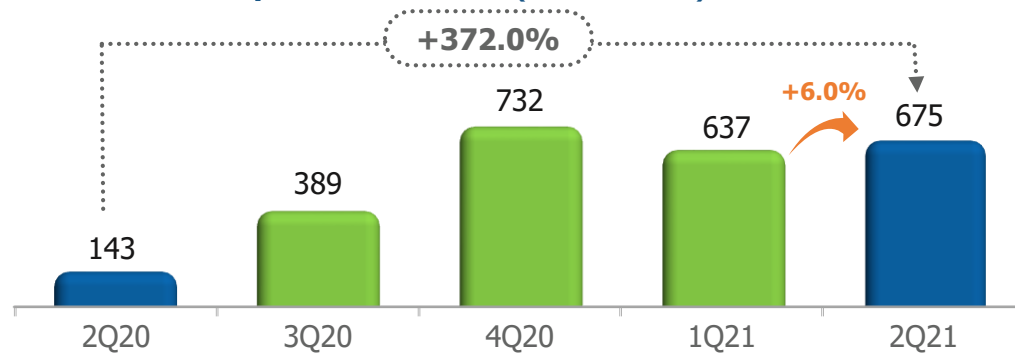
■ ADA ■ % ADA / Revenue from Sales to Final Consumers



## Benchmark 1H21 | % ADA/Revenue from sales to Final Consumers<sup>1</sup>

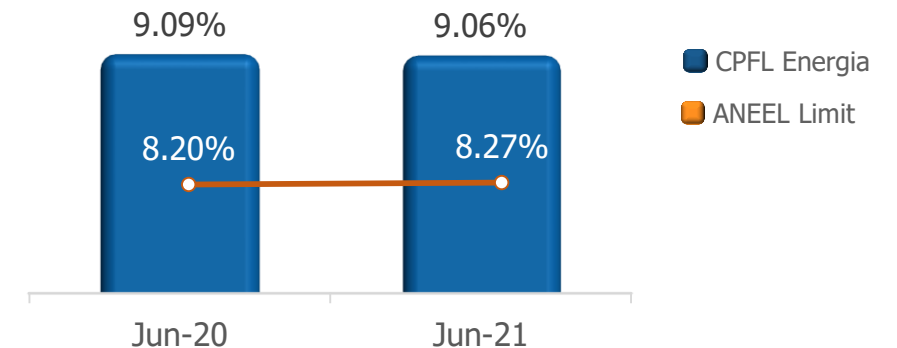


## Collection actions | Power cuts (thousands)



✓ Resolution 878 – Prohibition of power cuts in 2020 from March 24<sup>th</sup> to July 31<sup>th</sup>

## Losses | Last 12 months<sup>2</sup>



1) In order to calculate the ADA/Revenue from Sales to Final Consumers, the same criterion as the quarterly ADA report of CPFL Energia was adopted, that is, it does not consider items of Gross Revenue that are not included in the consumer's account, such as: unbilled consumption, subsidies, adjustments to the concession's financial asset, sectoral financial assets and liabilities, revenue from building the infrastructure of the concession, revenue with CCEE, among others; 2) Excluding the differences in the billing calendar, losses in 2Q21 would have a variation of +0.13% (9.09% in 2Q21 vs 8.96% in 2Q20).

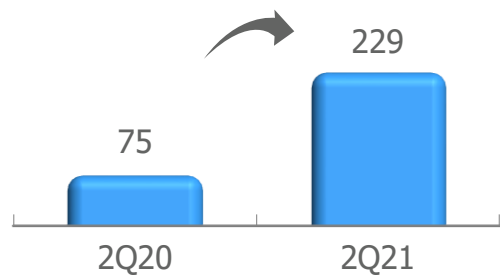


# 2Q21 Generation



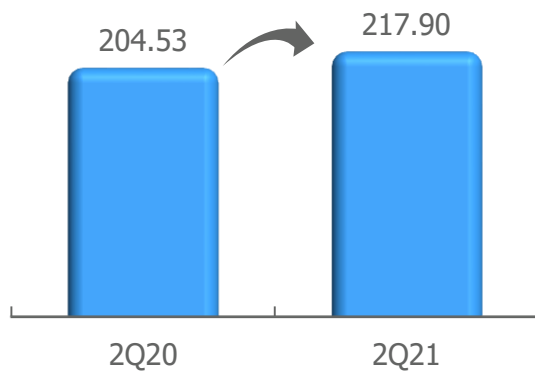
**Average PLD**  
(SE/CW – R\$/MWh)

**+204.0%**

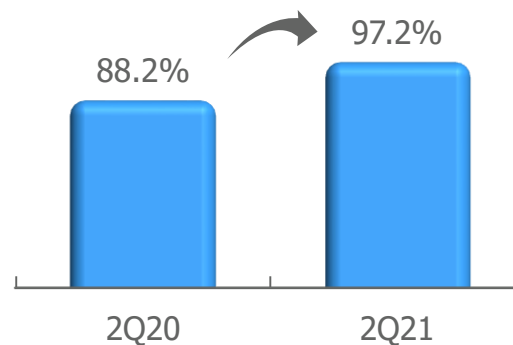


**HPPs<sup>1</sup> – Flow - m<sup>3</sup>/s**

**+6.5%**

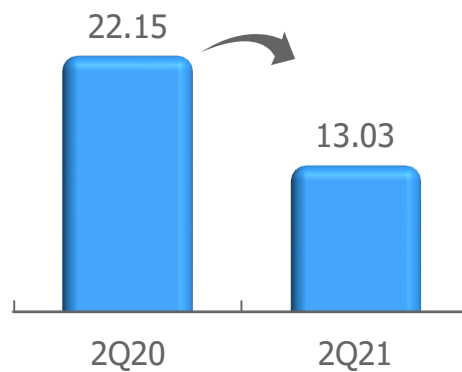


**GSF**  
**+10.2%**



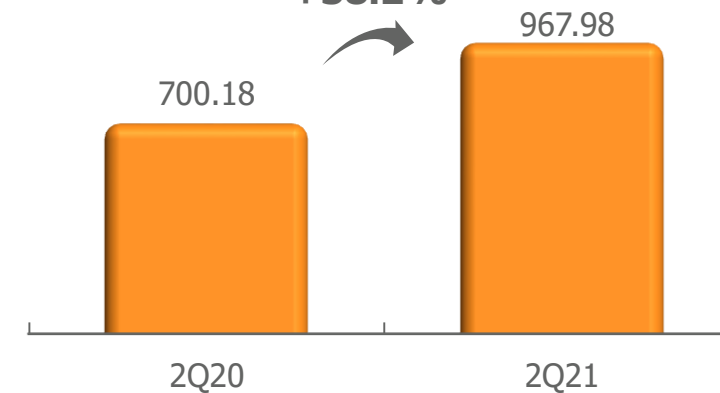
**SHPPs – Flow - m<sup>3</sup>/s**

**-41.2%**



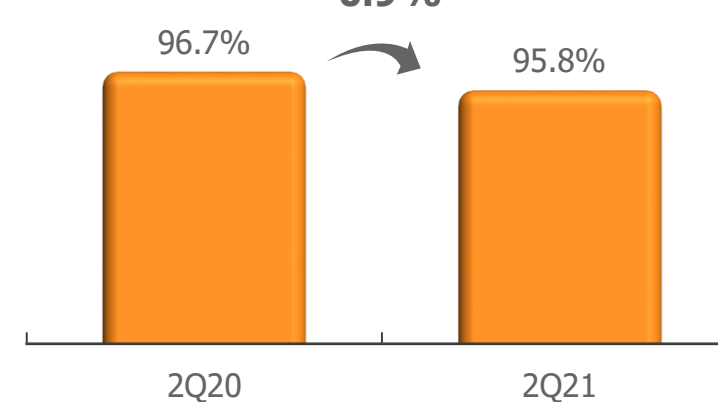
**Wind - Generation (GWh)**

**+38.2%**



**Wind - Availability**

**-0.9%**

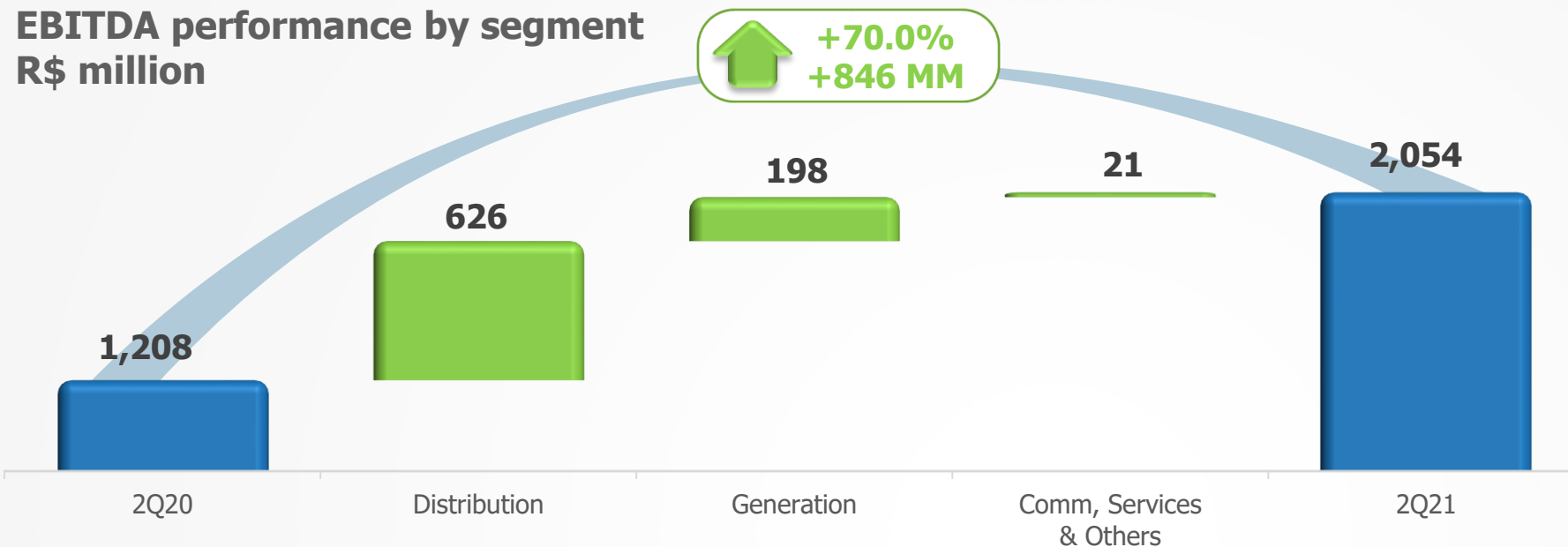


1) Does not include Semesa. Weighted average by installed capacity.

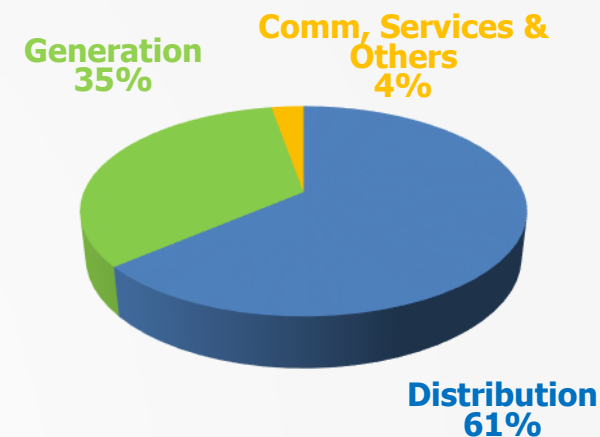


# 2Q21 Results

## EBITDA performance by segment R\$ million



## EBITDA breakdown by segment



### Distribution: R\$ 1,249 million (+100.7%)

- ✓ Market / Tariff (+R\$ 407 MM)
- ✓ Concession financial asset (+R\$ 283 MM)
- ✓ Other Revenues (+ R\$ 21 MM)
- ✓ PMSO (-R\$ 54 MM)
- ✓ PDD (-R\$ 21 MM)
- ✓ Private Pension Plan (-R\$ 14 MM)
- ✓ Others (+R\$ 3 MM)

IPCA	
2Q20	2Q21
-0.62%	2.08%

### Generation: R\$ 728 million (+37.3%)

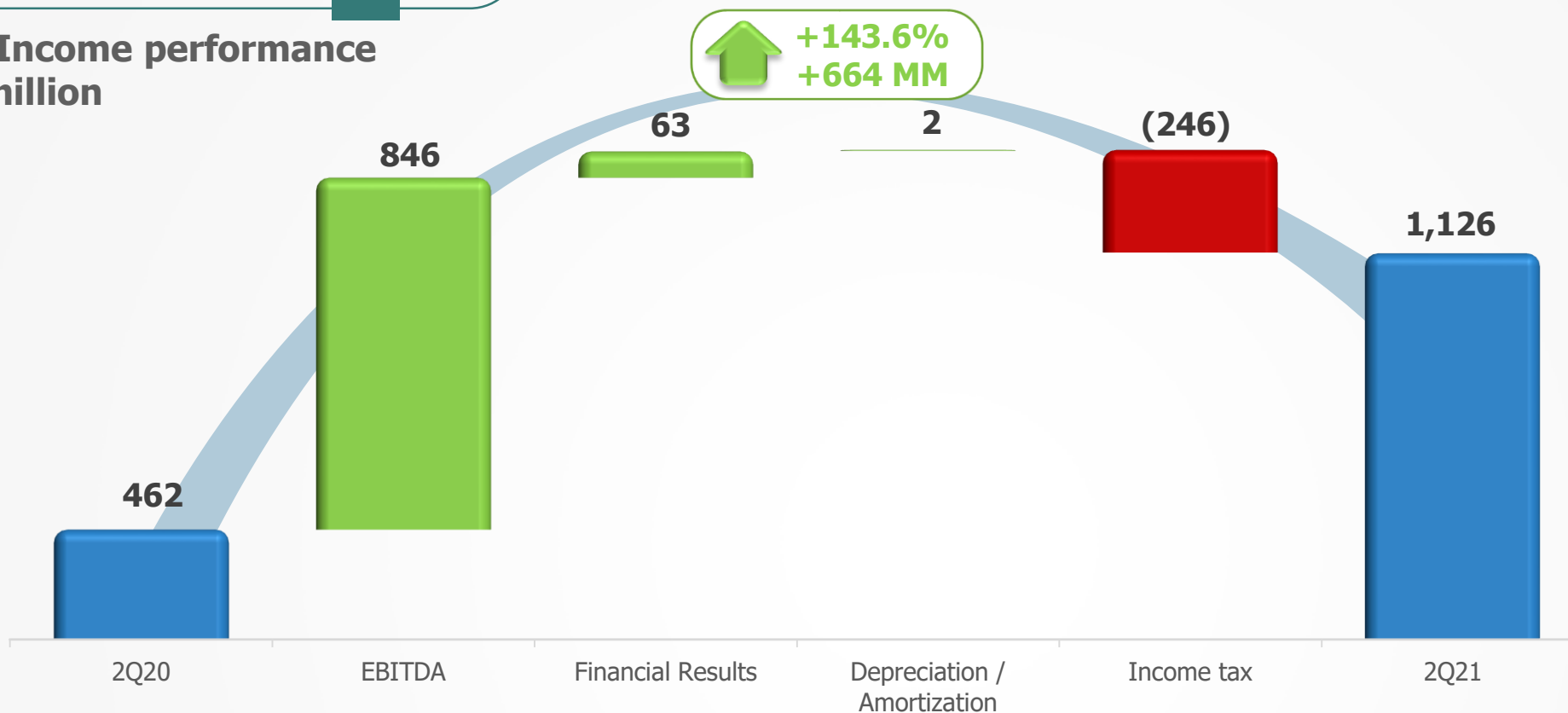
- ✓ Energy contract readjustments (+R\$ 134 MM)
- ✓ Higher wind farms generation (+R\$ 52 MM)
- ✓ SHPP's contracts seasonality (+R\$ 39 MM)
- ✓ Higher UBP, due to IGP-M (-R\$ 18 MM)
- ✓ GSF (-R\$ 5 MM)
- ✓ Others (-R\$ 3 MM)

### Comm, Services & Others: R\$ 77 million (+38.5%)

- ✓ Pis/Cofins over ICMS (+45 MM)
- ✓ Services (+R\$ 5 MM) – mainly CPFL Eficiência
- ✓ Commercialization (-R\$ 30 MM) – lower margin
- ✓ Others (+R\$ 2 MM)

# 2Q21 Results

Net Income performance  
R\$ million

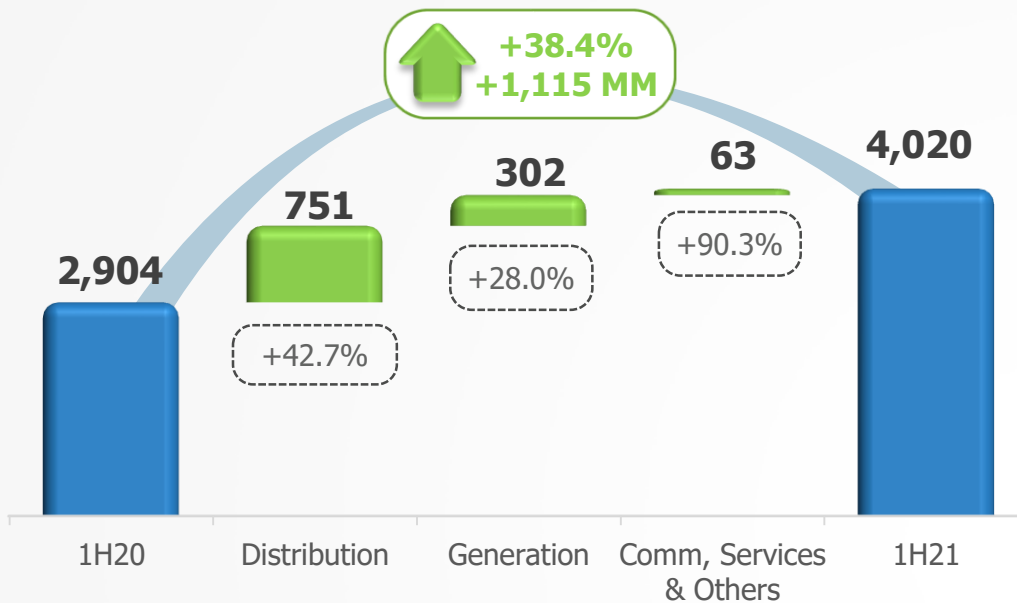


## Financial Result



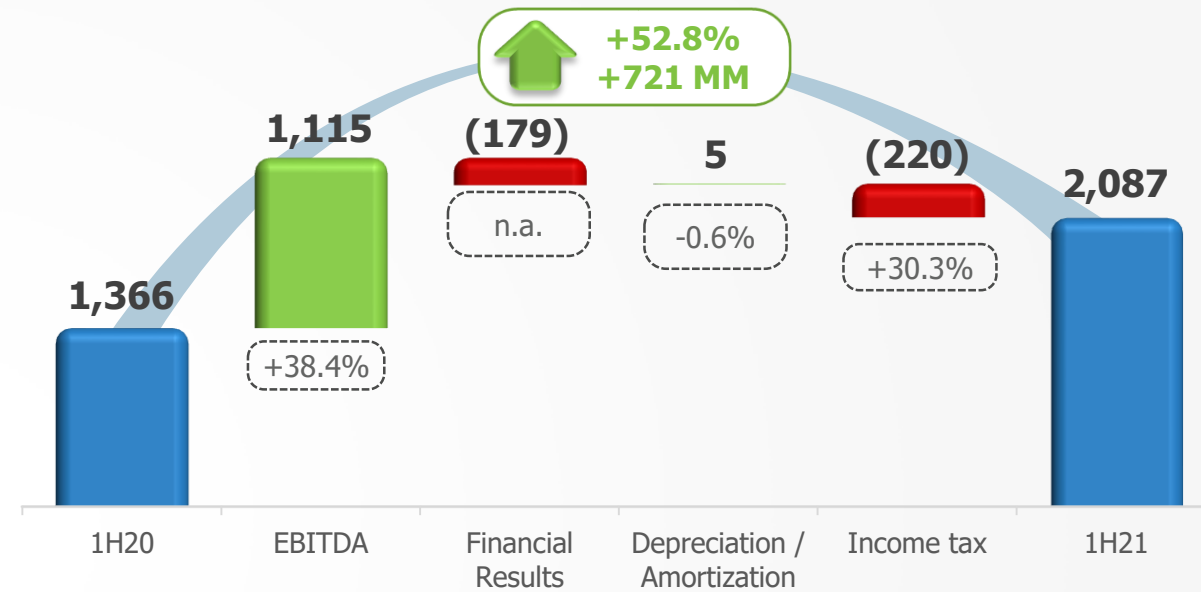
- ✓ Late payment interest and fines (+R\$ 63 MM)
- ✓ MTM (+R\$ 41 MM)
- ✓ Pis/Cofins over ICMS – CPFL Brasil (+R\$ 40 MM)
- ✓ Expenses with net debt (-R\$ 84 MM)
- ✓ Others (+R\$ 3 MM)

# 1H21 Results



## EBITDA

- ✓ Increase in Distribution segment (+42.7%), mainly favored by good performance in market/tariff and concession financial asset
- ✓ Generation reflecting higher wind farms generation and energy contract readjustments
- ✓ Commercialization favored by PIS/Cofins over ICMS, while Services segment is improving results, mainly in CPFL Eficiência

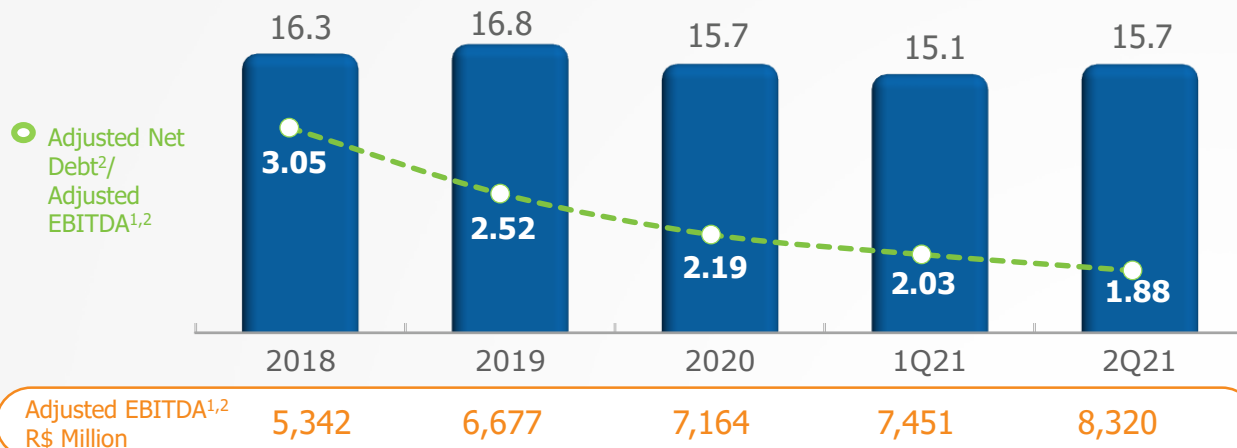


## Net Income

- ✓ Financial results impacted by MTM (-R\$ 249 MM) and higher cost of debt (-R\$ 69 MM), partially offset by late payment interest and fines (+R\$ 102 MM)
- ✓ Higher income tax due to better operational results

# Indebtedness

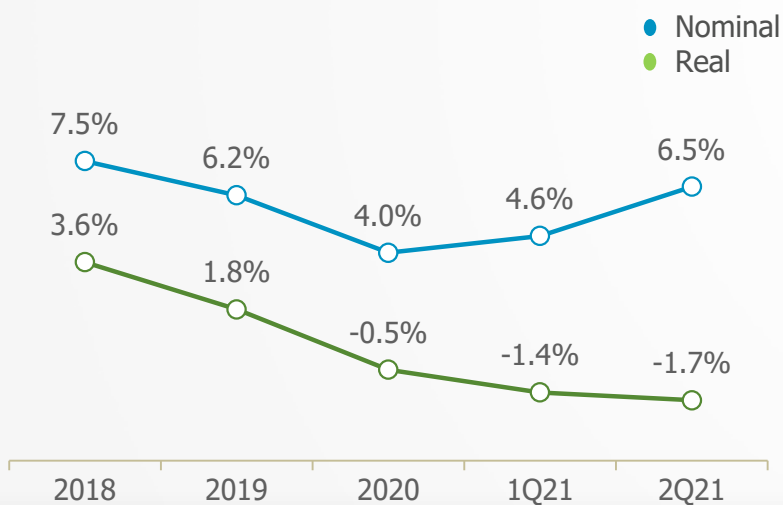
## Leverage | Financial covenants criteria | R\$ billion



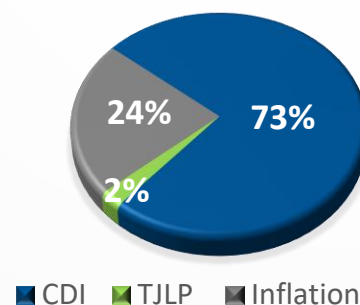
## Declaration of Dividends

Following our plan to **balance growth and yield**, after the acquisition of 66.1% of CEEE-T, Management decided to pay supplementary dividends in the amount of **R\$1,731 million, R\$1.50/share**, corresponding to 50% of payout, **totaling 100% payout** related to 2020 distributable results.

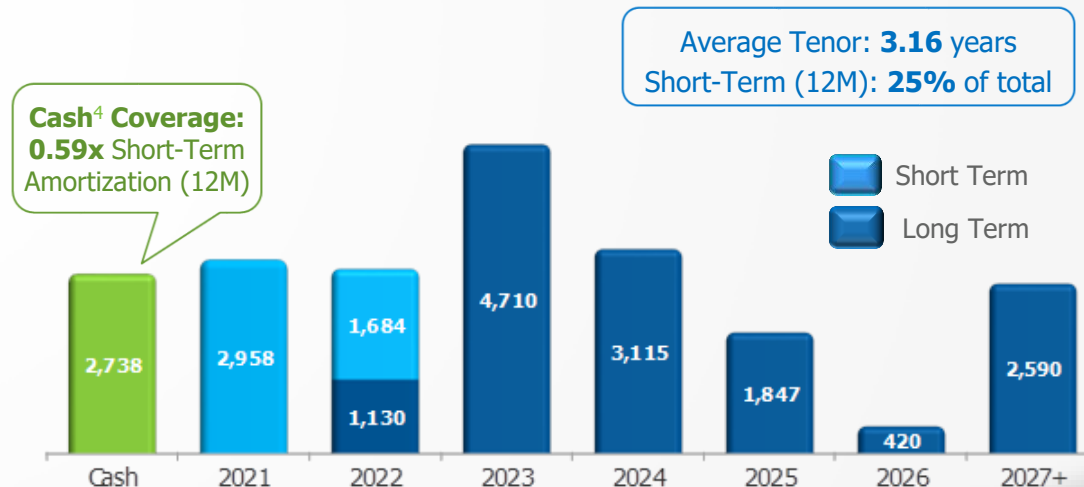
## Gross debt cost³ IFRS | End of period



## Gross debt breakdown by indexer³ IFRS | 2Q21



## Debt Amortization Schedule | IFRS | End of period



1) LTM EBITDA; 2) Adjusted by the proportional consolidation as well as considering SGBP's loan agreement; 3) Financial debt (-) hedge; 4) It does not consider the amount of R\$ 283k of Marketable Securities, according to covenants criteria.



# 2Q21 Capex

## 2Q21

**R\$ 1,019 MM**  
(+57.2%)

## 1H21

**R\$ 1,714 MM**  
(+48.0%)

**R\$ 738 MM**  
(+35.2%)

**R\$ 1,334 MM**  
(+33.5%)

### Distribution

72%

- Expansion, improvements and modernization of the grid
- IT / Infrastructure / Equipment

### Generation & Transmission

25%

- Construction of Gameleira wind complex and Cherobim SHPP
- Recovery and Maintenance Plan of Plants and Farms
- Construction of Sul I, Sul II and Maracanaú transmission projects

### Commercialization & Services

2%

- IT / Vehicles / Equipment / Tools

Generation  
**R\$ 224 MM**  
(+257.8%)

Generation  
**R\$ 267 MM**  
(+187.4%)

Transmission  
**R\$ 36 MM**  
(+11.9%)

Transmission  
**R\$ 74 MM**  
(+85.9%)

**R\$ 22 MM**  
(+171.6%)

**R\$ 38 MM**  
(+48.3%)

# Commercial start-up of three of Gameleira's Wind Farms

## Costa das Dunas



Installed capacity  
**28.4 MW**

Physical guarantee  
**14.3 MW average**

Start of Operation  
**06/24/2021**

## Figueira Branca



Installed capacity  
**10.7 MW**

Physical guarantee  
**5.4 MW average**

Start of Operation  
**07/19/2021**

## Gameleira



Installed capacity  
**17.8 MW**

Physical guarantee  
**8.8 MW average**

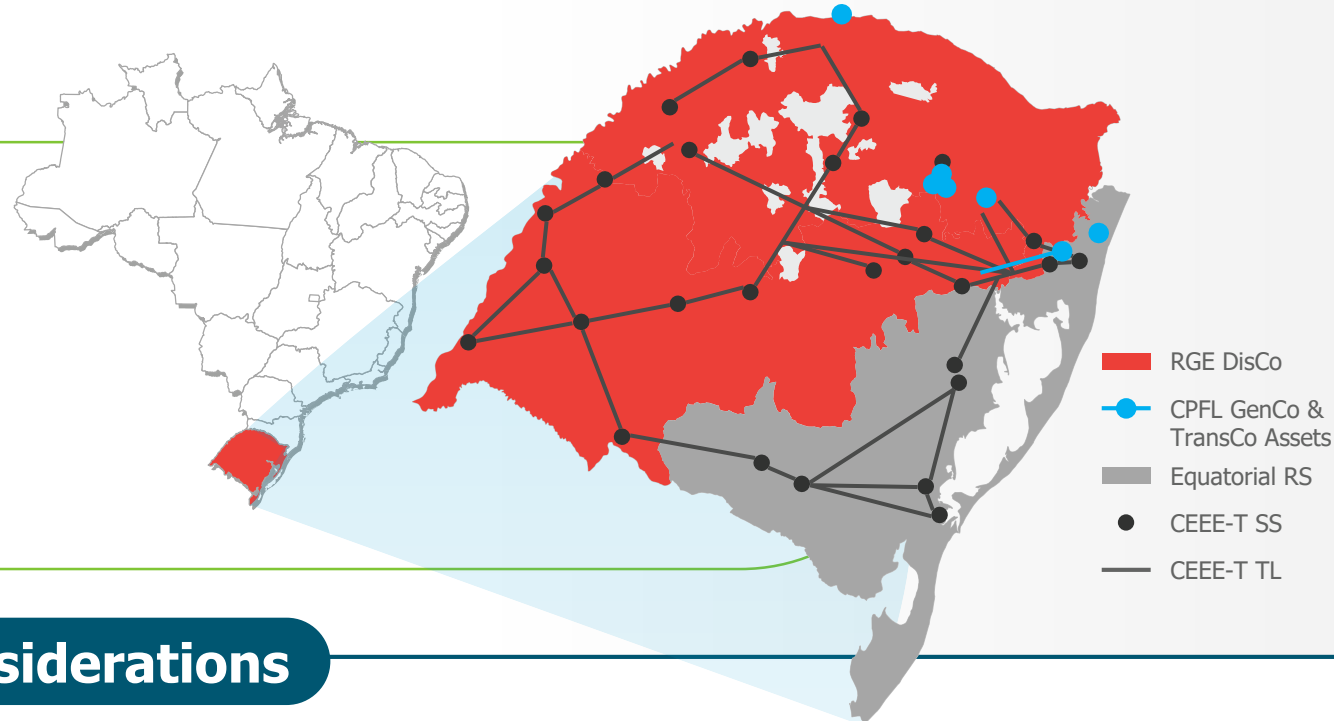
Start of Operation  
**08/06/2021**

## Gameleira Wind Complex

- +1 wind farm to start operation in 2H21:  
**Farol de Touros (24.9 MW)**
- Location:  
**Rio Grande do Norte**
- Total Installed Capacity:  
**81.7 MW**
- Total Physical Guarantee:  
**41.0 MW average**
- PPA: **30% regulated market (2018 A-6 auction) | 70% free market**
- Capex: **R\$ 396 MM (-5% if compared to Aneel's grant)**
- Entry into operation (Aneel's official date):  
**Jan-24**

# CEEE-T Acquisition

- ✓ 6,037 km of Transmission Lines<sup>1</sup>
- ✓ 72 Substations<sup>1</sup>
- ✓ ~R\$ 1 Bn current RAP<sup>2</sup>
- ✓ ~R\$ 200 million in Net Income<sup>3</sup>
- ✓ ~4% of all Brazilian Transmission Lines



## Strategic Considerations

- ✓ **Unique opportunity** to acquire Category 1 Asset with Transmission low risk profile, in addition to **synergies** with CPFL current operations (SAIDI/SAIFI, operation in emergencies, "DITs")
- ✓ **Diversification of operations** in a new sub-segment for CPFL, with **long term revenue streams** over more than 20 years of concession remaining
- ✓ **OPEX optimization** to lead to **higher operational margin**, adopting ZBB methodology and CPFL's efficiency profile
- ✓ Great potential for **Capex** improvement in an **underinvested asset** – estimated in **R\$ 1.5 billion in 5 years**
- ✓ Debt replacement to **optimize financial situation** + competitive funding alternative - **room for leverage improvement**

1) 4km of TLs and 1 SS from Lot 06 of 2020 Auction  
2) Aneel RAP for cycle 2020/2021  
3) 2020 segment info



# Sustainability Plan 2020-2024

## Electric Mobility – Indaiatuba

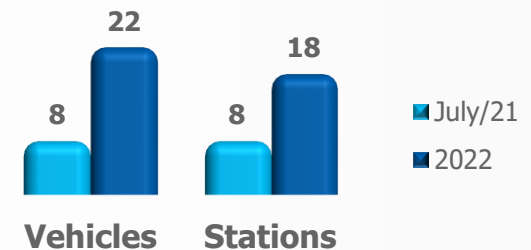
### Goals

- ✓ Deploy **100% of the operational fleet of an EA with 100% electric vehicles** (22 Vehicles and 18 Charging Stations)
- ✓ Internalize knowledge for an **eventual expansion**
- ✓ **Different categories of electric vehicles** will be used (passenger, utility and trucks)
- ✓ The project will **last 36 months**

### Benefits

- ✓ Promote **innovation** and introduction of new equipment
- ✓ **Expand knowledge** about different types of electric vehicles and their application in operation
- ✓ **Zero Carbon Emissions**

### Current Status



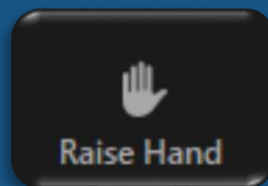
9<sup>th</sup> Commitment of  
Sustainability Plan



# Q&A



1<sup>st</sup> Step: Click on



2<sup>nd</sup> Step: ID yourself

- Your audio will be opened for you to ask the question **live** directly to the executives
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# Thank you

