

2Q18 Results



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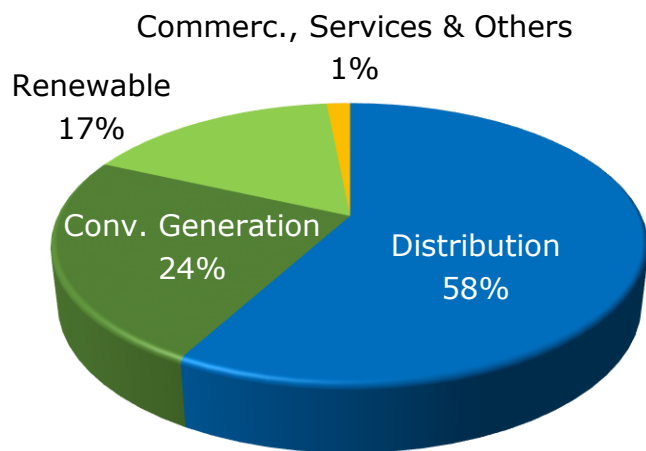
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- ✓ **Increase in load** in the concession area (**+3.8%**), highlighting the growth of the residential class
- ✓ Growth of **16.5% in Net Operating Revenue** and of **33.3% in EBITDA**
- ✓ Net debt of **R\$ 15.7 billion** and leverage of **3.11x Net Debt/EBITDA¹**
- ✓ Funding totalizing **R\$ 3.4 billion**, at competitive costs
- ✓ Investments of **R\$ 422 million**
- ✓ Conclusion of **RGE's** tariff revision, in Jun-18, with an average effect of **+20.58%** to be perceived by the consumers
- ✓ **CPFL Geração** won the **Lot 9** of the **Transmission Auction** in Jun-18 - Maracanaú II - Ceará
- ✓ **Relevant Sector Issues:** Tariff Flags/Regulatory Assets, GSF and Law Project

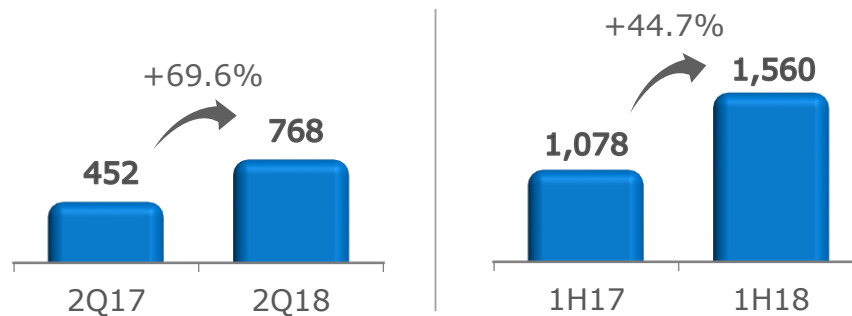


► EBITDA¹ Breakdown | 2Q18 | R\$ million

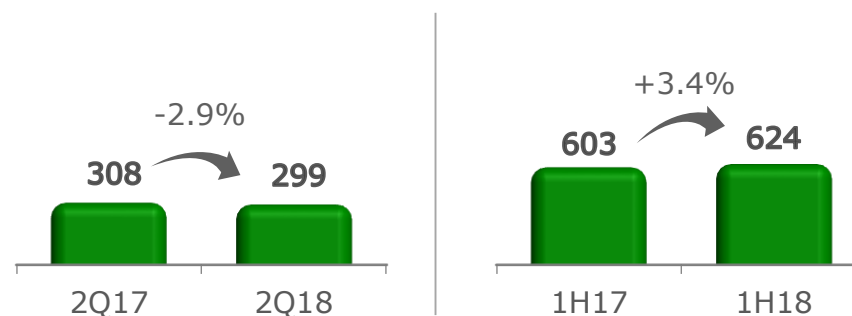


Total: R\$ 1,370 million

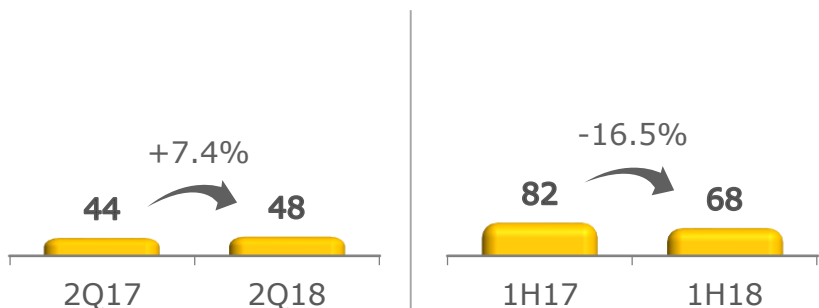
► Distribution | R\$ million



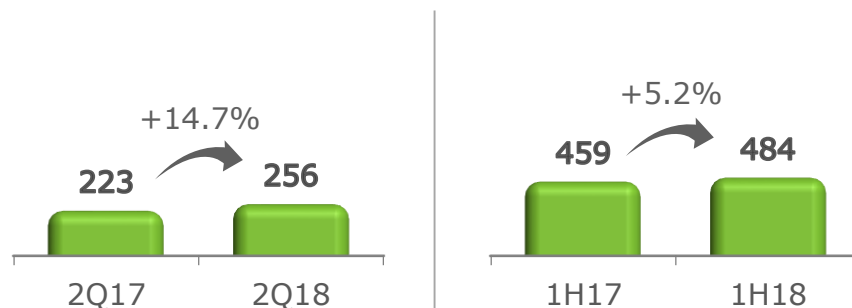
► Conventional Generation | R\$ million



► Commerc., Services & Others | R\$ million



► Renewable Generation | R\$ million

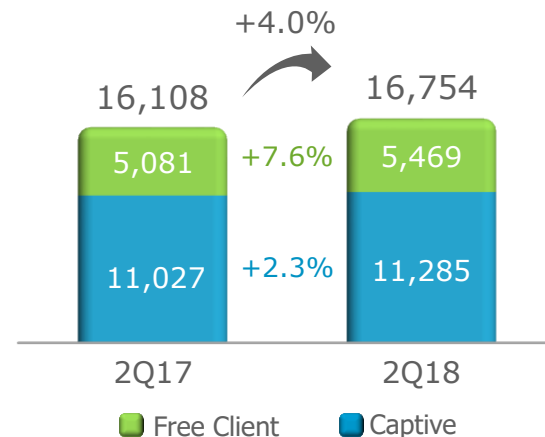


1) EBITDA is calculated from the sum of net income, taxes, financial result, depreciation/amortization, as CVM Instruction no. 527/12.

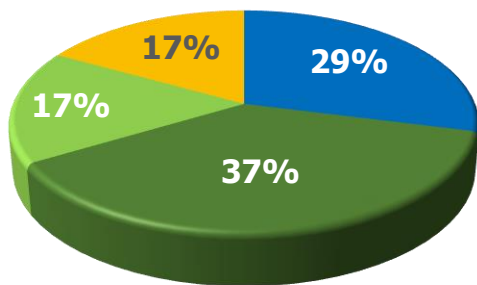
Highlights

- ✓ **Increase in load¹** in the concession area (+**3.8%**)
- ✓ **Increase in sales** in the concession area (+**4.0%**)
- ✓ Growth in **Residential** (+**5.7%**) and **Commercial** (+**3.7%**) classes, reflecting the high temperature
- ✓ Growth in **Industrial** class (+**2.4%**), impacted by the truckers' strike

► Sales in the concession area | GWh

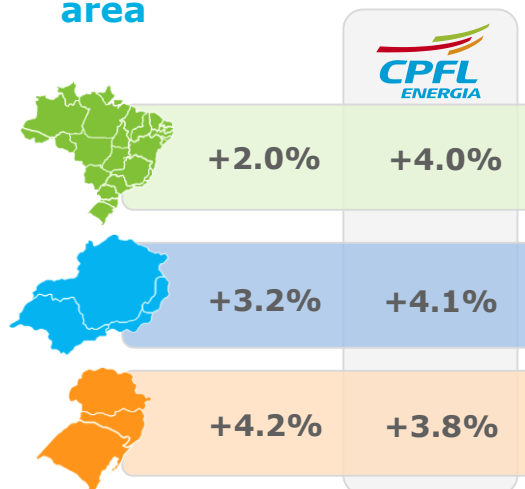


► Market Breakdown in the concession area | 2Q18

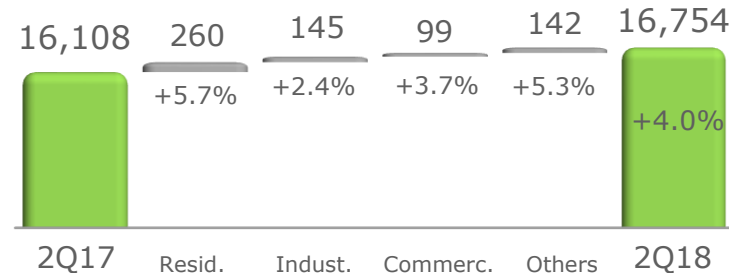


■ Residential
■ Commercial
■ Industrial
■ Others

► Comparison by Region | Sales in the conc. area

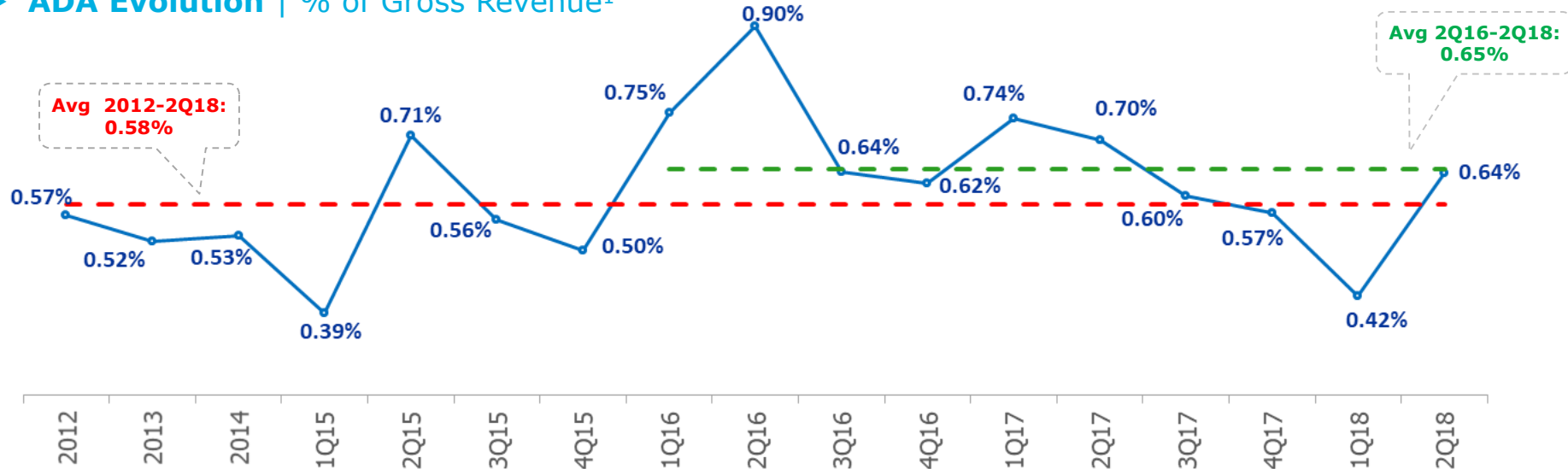


► Sales by consumption segment | GWh

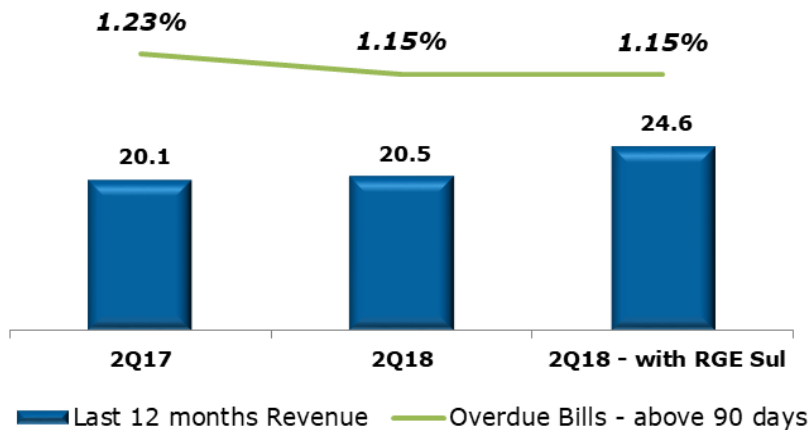


2Q18 Delinquency

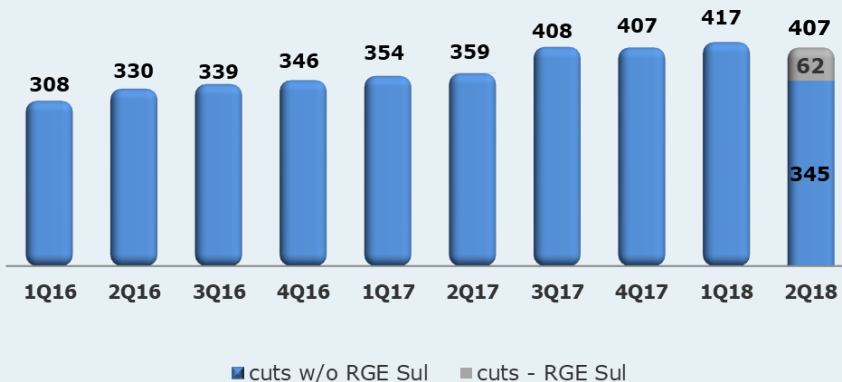
► ADA Evolution | % of Gross Revenue¹



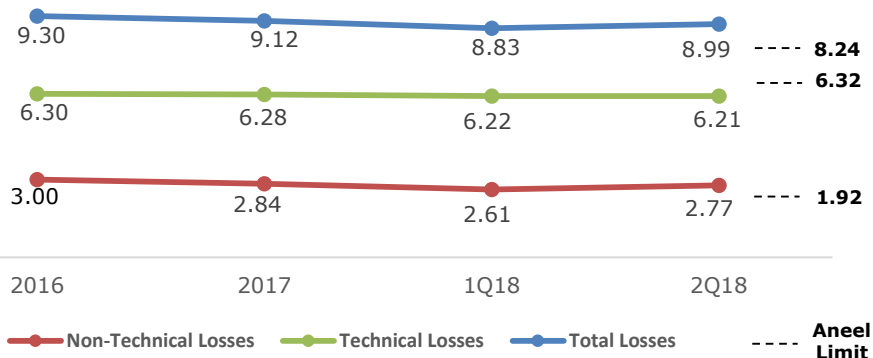
► Total (R\$) Overdue Bills – Above 90 days | in % of Gross Revenue – LTM²



► Collection actions | Cuts (thousands)³



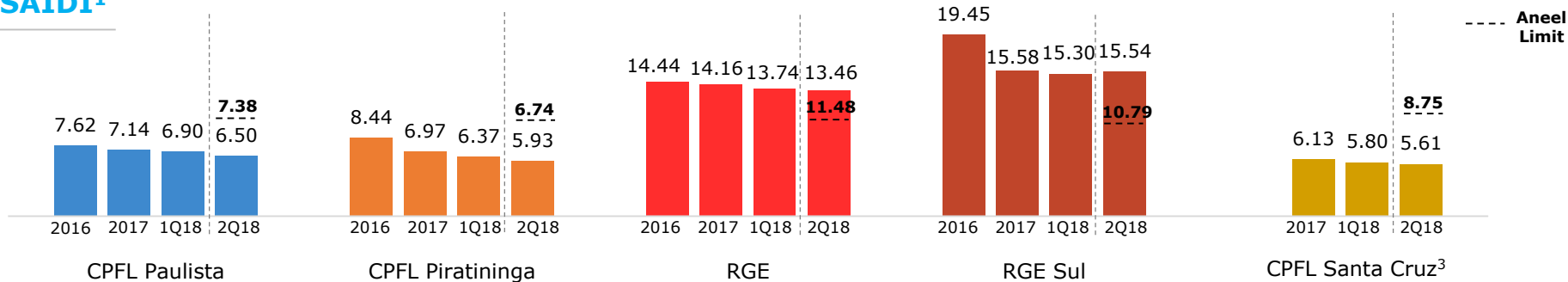
Losses



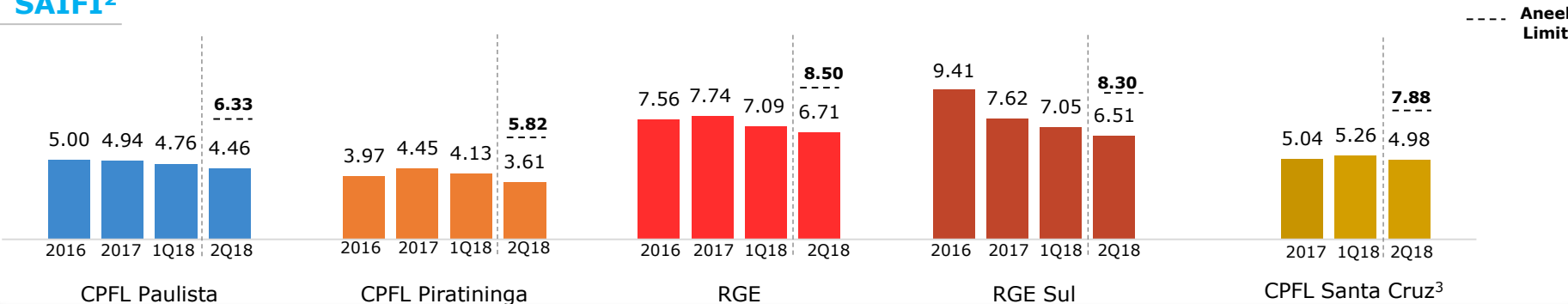
CPFL have been intensifying and reshaping its anti-loss program; besides the increase in the number of inspections, we have other initiatives:

- Prospecting of new technologies to combat theft of energy
- Expansion of the telemetry client network
- Improvement, modernization and shielding of the distribution network
- Replacement of measuring equipment, modernization of the park
- Update of public lighting points and inspection of new expansion projects
- Registry update

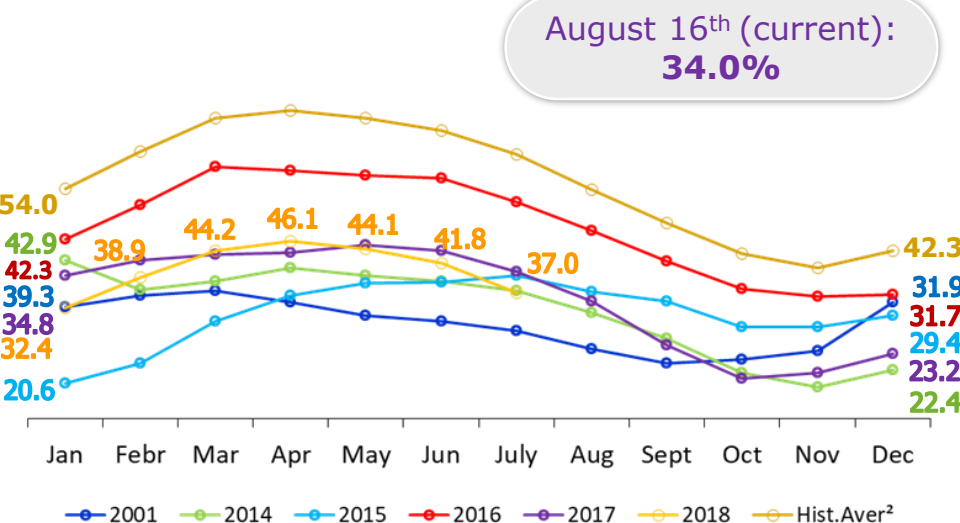
SAIDI¹



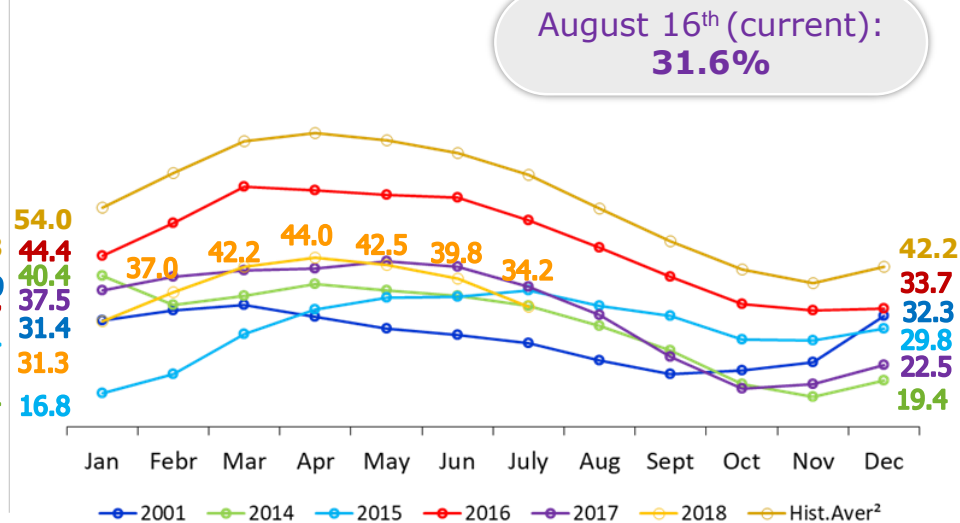
SAIFI²



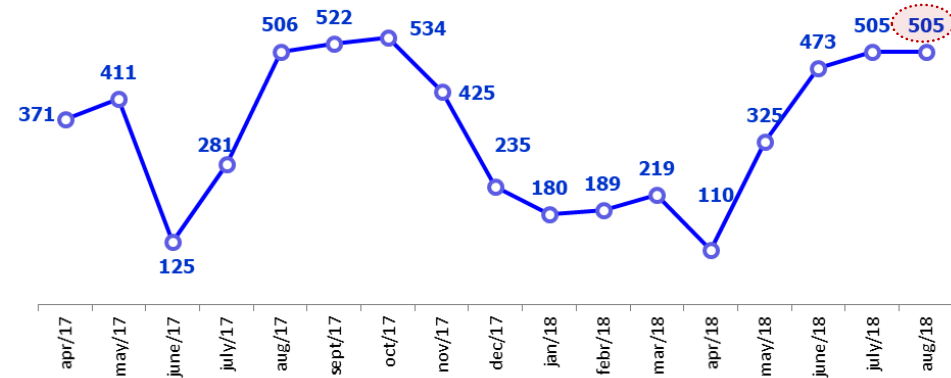
► NIPS Reservoir Levels | %



► Southeast Reservoir Levels | %

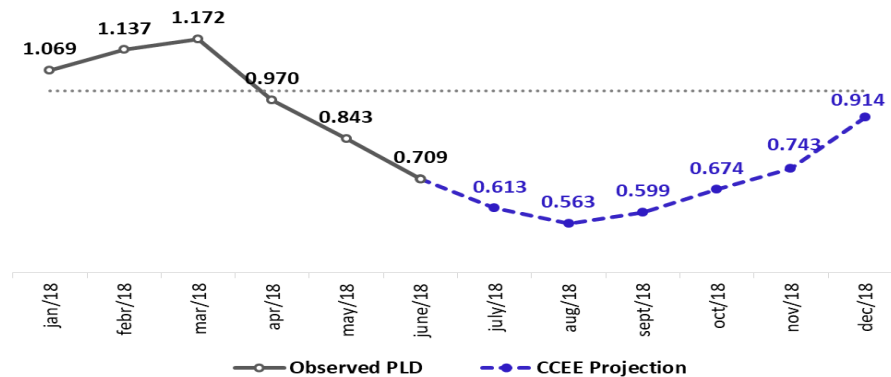


► PLD (SE/CW) Evolution



► GSF - Projection

✓ The GSF verified in June was 0.709 and in July was 0.613. The outlook is that hydraulic generation will continue below the physical guarantee in the year 2018



2Q

1H

Net Revenue



16.5%
R\$ 983 MM

2Q17	2Q18
R\$ 5,963	R\$ 6,945
MM	MM



15.8%
R\$ 1,819 MM

1H17	1H18
R\$ 11,501	R\$ 13,320
MM	MM

EBITDA



33.3%
R\$ 342 MM

2Q17	2Q18
R\$ 1,027	R\$ 1,370
MM	MM



23.1%
R\$ 513 MM

1H17	1H18
R\$ 2,223	R\$ 2,736
MM	MM

Net Income



265.5%
R\$ 327 MM

2Q17	2Q18
R\$ 123	R\$ 450
MM	MM



144.8%
R\$ 514 MM

1H17	1H18
R\$ 355	R\$ 870
MM	MM

Main Effects Observed

EBITDA:

- + Distribution: total var. of +R\$ 315 MM**
 - Market/tariff (+R\$ 155 MM)
 - Concession financial asset (+R\$ 106 MM)
 - Private pension fund (+R\$ 6 MM)
 - PMSO (+R\$ 36 MM):
 - ✓ Legal and judicial expenses (+R\$ 26 MM)
- Conventional Generation: total var. of -R\$ 9 MM**
 - Reduction on Semesa physical guarantee by 5% in CPFL Geração (-R\$ 7 MM)
- + Commerc., Serv. & Others: total var. of +R\$ 3 MM**

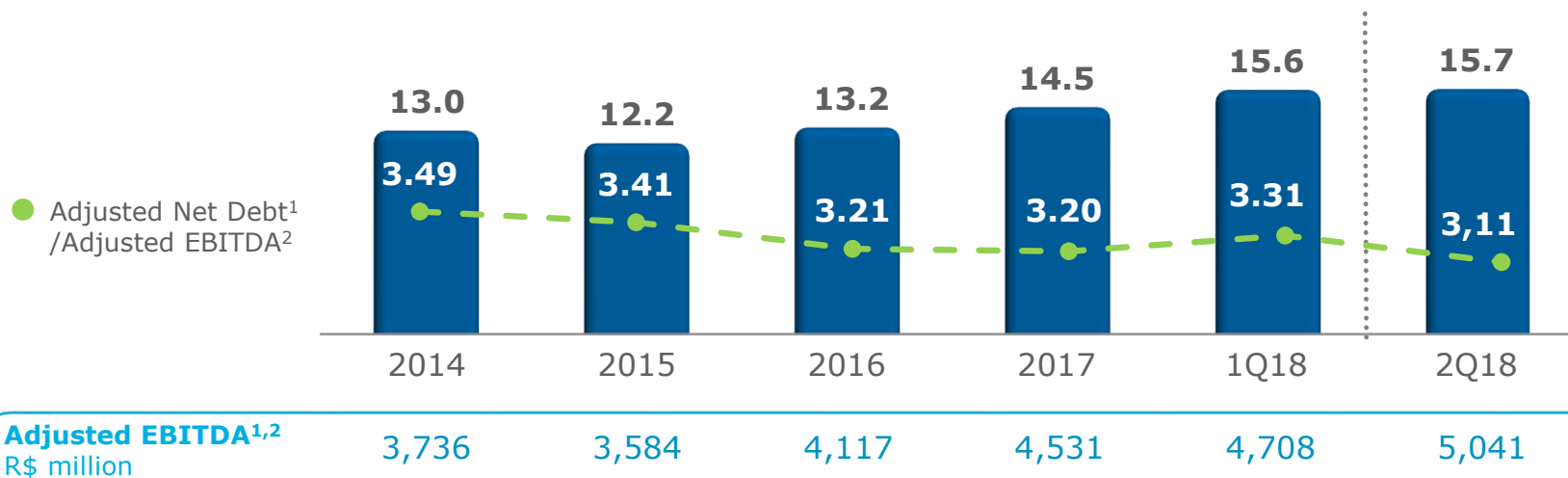
EBITDA:

- + Renewable Generation: total var. of +R\$ 33 MM**
 - PIS/Cofins retroactive credits recovery (+R\$ 18 MM)
 - Surplus/Deficit Comp. Mech. - MCSD (+R\$ 13 MM)
 - Start-up of Pedra Cheirosa Complex (+R\$ 8 MM)
 - Lower wind farms generation (-R\$ 14 MM)

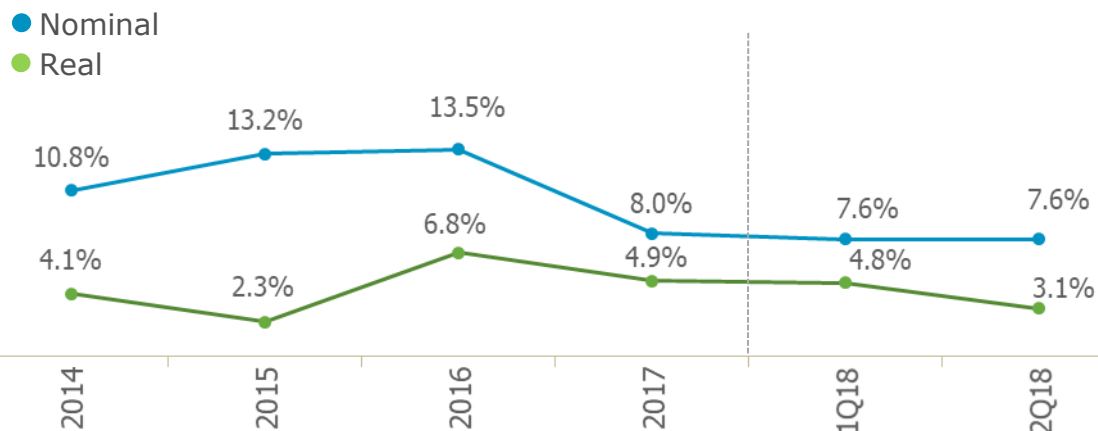
Net Income:

- + Financial Result: total var. of +R\$ 172 MM**
 - Debt charges¹ – due basically to the reduction in interest rate/debt cost (+R\$ 123 MM)
 - MTM (+R\$ 58 MM)

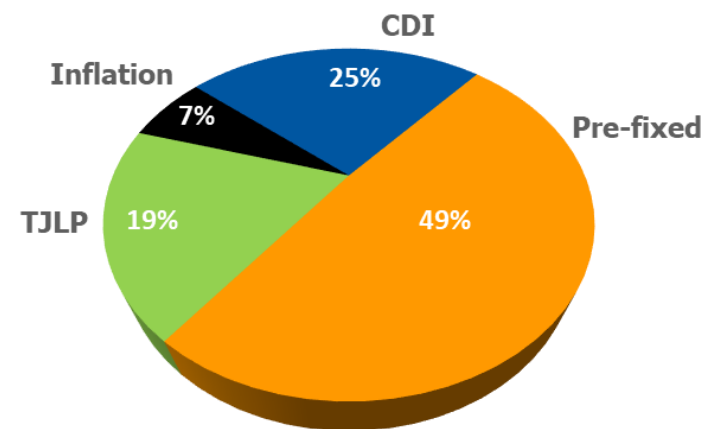
► Leverage | Financial covenants criteria | R\$ billion



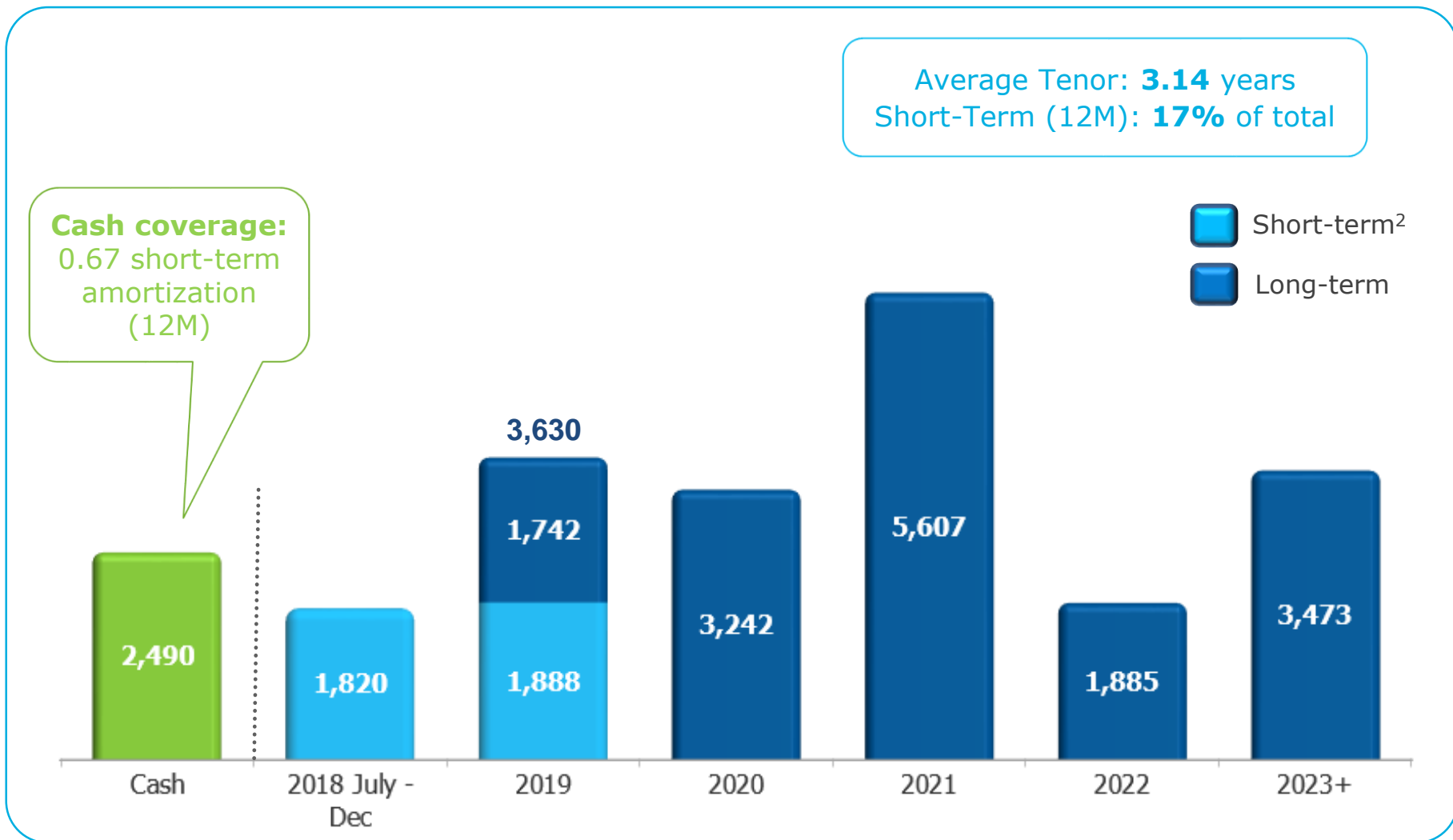
► Gross debt cost³ | IFRS | end of period



► Gross debt breakdown by indexer³ | IFRS | 2Q18



► Debt amortization schedule¹ | IFRS | R\$ million

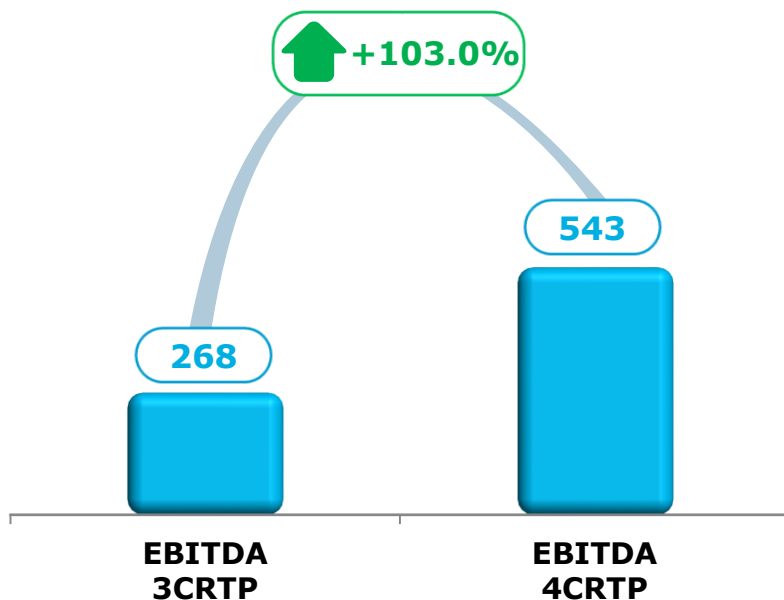




RGE's Tariff Review | Jun-18 | R\$ million

Gross Regulatory Asset Base	4,374
Net Regulatory Asset Base	3,032
WACC after taxes	8.09%

► Regulatory EBITDA | R\$ million



Transmission Auction

- CPFL Geração participated in the Transmission Auction nr. 02/2018 (Jun 28) and won the Lot 9 - Maracanaú - State of Ceará
- Main characteristics of the project:
 - ✓ Construction term: **Mar-22**
 - ✓ Contracted RAP: **R\$ 7.9 million**
 - ✓ Investment estimated by Aneel: **R\$ 102.2 million**



CPFL
ENERGIA