

Earnings Release

2Q18



CPFL
RENOVÁVEIS

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Message from the CEO

“CPFL Renováveis posted EBITDA of R\$ 255.8 million in 2Q18, a 15% growth compared to the same period in 2017. This growth proves the success of our business model and signals that we must continue the initiatives already rolled out in 2018.

In 2Q18, the Company posted net revenue of R\$ 415.0 million, a 0.7% growth compared to the 2Q17, despite the 4.4% drop in energy generation to 1,461.0 GWh in the period. Generation performance was mainly affected by the weaker winds in Brazil’s Northeastern region, where more wind farms of the Company are located.

CPFL Renováveis continues to seek alternatives to create value for its shareholders and other stakeholders, through energy trading strategies, such as the Surplus and Deficit Compensation Mechanism (MCSD) and use of tax credits, among others. These initiatives had a positive impact on our key financial indicators: growth in revenue and EBITDA and reduction in loss and leverage, which ended 2Q18 at 3.5 times, the lowest ever.

Finally, CPFL Renováveis informs that it has announced to the market the decisions of the Securities and Exchange Commission of Brazil (CVM) about the Public Tender Offer (PTO) due to the indirect sale of controlling interest in the Company to State Grid.”

Fernando Mano da Silva
Chief Executive Officer

2Q18 Results

São Paulo, August 9, 2018 – CPFL Energias Renováveis S.A. (“CPFL Renováveis” or “Company”) announces today its results for the second quarter of 2018 (2Q18) and the six-month period ended June 30, 2018 (1H18). Except where stated otherwise, the following financial and operating information is presented on a consolidated basis and in accordance with Brazilian corporate law.

Highlights of the quarter

- i. Energy generation of 1,461.0 GWh (-4.4% vs. 2Q17);
- ii. Net revenue of R\$415.0 million (+0.7% vs. 2Q17);
- iii. EBITDA of R\$ 225.8 million (+14.7% vs. 2Q17);
- iv. Net loss of R\$ 36.5 million (-49.1% vs. 2Q17);
- v. Liquidity adequate for the Company’s profile: cash of R\$1.7 billion¹;
- vi. On May 3, 2018, the Company disclosed a Material Fact notice announcing the decision of the Board of Commissioners of CVM, which partially considered valid the appeal filed against the decision of CVM’s technical area regarding the registration of the public tender offer through the indirect sale of control of CPFL Renováveis. The partial acceptance of this appeal was to: “(i) Modify SRE’s decision regarding the determination of a minimum price to be used in the Public Tender Offer; and (ii) Uphold SRE’s determination that the JSP [Justified Statement of Price] be restated with the following adjustments: use of annual EBITDA data in place of quarterly data in order to avoid distortions arising from seasonal effects and the inclusion of the outlook of the companies in order to reflect the differences in their growth expectations.”;
- vii. On June 4, 2018, the Company disclosed a Material Fact notice informing the acceptance of its request to extend the period for complying with Official Letter 114/2018/CVM/SRE/GER-1, earlier scheduled for June 4, 2018 and now extended to June 18, 2018; and
- viii. On June 21, 2018, the Company disclosed a Material Fact notice informing that it received from its indirect controlling shareholder, State Grid Brazil Power Participações Ltda. (“State Grid”), the documents sent by it to the Securities and Exchange Commission of Brazil (“CVM”), including the new Justified Price Statement for the Public Tender Offer of shares issued by the Company through the indirect sale of its control.

¹ Includes cash and cash equivalents, financial investments, securities, reserve account (restricted financial investments).

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Economic and Operating Indicators

(R\$ thousand)	2Q18	2Q17	2Q18 vs. 2Q17	1H18	1H17	1H18 vs. 1H17
Statement of Income						
Net Revenue	415,036	412,074	0.7%	798,584	783,007	2.0%
Ebitda ⁽¹⁾	255,758	222,997	14.7%	483,545	459,468	5.2%
Ebitda Margin	61.6%	54.1%	7.5 p.p	60.6%	58.7%	1.9 p.p
Net result	-36,540	-71,782	-49.1%	-109,061	-126,445	-13.7%
Operating Indicators						
Capacity in operation (MW)	2,103	2,103	-	2,103	2,103	-
# plants in operation	93	93	-	93	93	-
Energy generated (GWh) ⁽²⁾	1,461	1,528	-4.4%	2,683	2,823	-5.0%
Number of Employees ⁽³⁾	429	454	-5.5%	429	454	-5.5%

¹ EBITDA corresponds to net income before: (i) depreciation and amortization expenses; (ii) income and social contribution taxes (federal income taxes); and (iii) financial result, pursuant to CVM Instruction 527 of October 4, 2012.

² As a result of the settlement in the Electricity Trading Chamber ("CCEE"), for accounting effects the Company considers generation provisioned in the last month of the current period.

³ Includes interns and executive officers.

Portfolio in operation

One of the competitive advantages of CPFL Renováveis is its diversified portfolio, which at the end of 2Q18 comprised 93 plants located in 58 Brazilian municipalities. To service this portfolio, the Company relies on a robust and highly scalable platform.

At the end of 2Q18, the Company's capacity was distributed as follows:

Source	Capacity in operation (MW)	Number of assets	% of portfolio
Wind	1,308.5	45	62.2%
SHPP	423.0	39	20.1%
Biomass	370.0	8	17.6%
Solar	1.1	1	0.1%
Total in operation	2,102.6	93	100.0%

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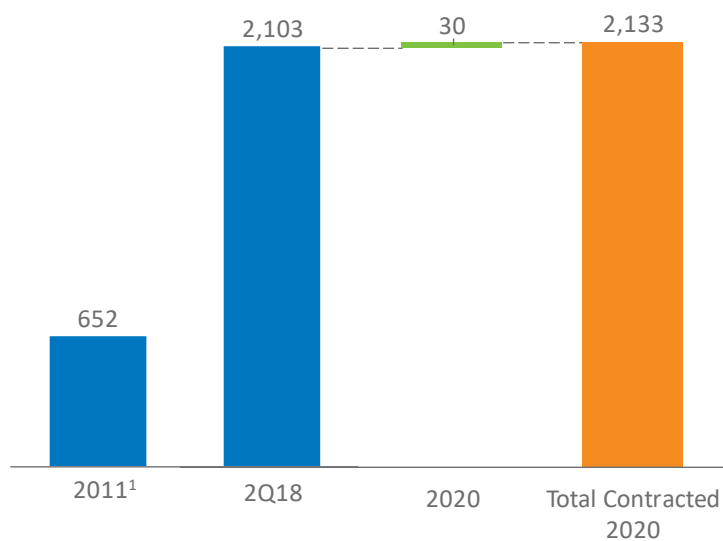
Portfolio: projects under construction

The Company currently has one SHPP under construction, which will add 29.9 MW to its generation capacity in the coming years:

Project	Source	State	Location	Capacity (MW)	Start of operations
PCH Boa Vista 2	SHPP	MG	Varginha	29.9 ¹	2020

¹ According to Aneel Order 2,157, there was an increase in installed capacity at SHPP Boa Vista 2, from 26.5 MW to 29.9 MW, due to optimization of the project.

Evolution of contracted portfolio until 2020 (MW)



¹ August 2011 - Creation of CPFL Renováveis

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Status of Works

SHPP Boa Vista 2



- ✓ 29.9 MW of capacity
- ✓ Installation license issued in July 2016, reviewed in March 2017
- ✓ Construction started in February 2017
- ✓ Status: concrete pouring of the structures and assembling of equipment
- ✓ Location: Varginha / MG
- ✓ Commercial startup: 1Q20

Apart from the assets in operation and projects under implementation, the Company has a pipeline of projects under development with total capacity of 2.6 GW.

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Generation conditions

Wind source

Energy generation from wind projects in Brazil has registered strong growth in recent years. The installed capacity of wind farms in Brazil reached 13 GW in June 2018, distributed among 529 wind farms. Brazil's electricity grid is expected to have 28.5 GW of wind power generation capacity by the end of 2026².

Energy generation by wind farms varies mainly according to average wind speed. In the Northeastern and Southern regions of Brazil, wind farms generate less energy in the first and second quarters of the year due to lower average wind speed, compared to the third and fourth quarters. Revenue of wind farms depends on the agreement and may be based on effective generation or seasonal adjustment.

Note that each wind farm has its capacity factor defined according to a certificate issued by independent specialized companies, mainly based on the characteristics of the wind measured in the region and the specific characteristics of each project. The volume of energy that can be traded in wind projects is based on their certified generation potential. Furthermore, a wind project is only allowed to sell its energy through regulated energy auctions if the measurement of capacity factor considers wind measurements of at least three years. Hence, the efficiency of wind farms can be measured by comparing the certified capacity factor and effective generation by the asset, considering the generation during 12-month periods, which is the time frame required to eliminate any effects of seasonal variations in winds during the year.

Surplus and Deficit Offset Mechanism (MCSO)

To mitigate the negative effects on distributors from the high levels of overcontracting, ANEEL has taken a few measures to enable distributors to reduce their surplus energy.

ANEEL Resolution 693 of 2015 (amended by ANEEL Resolution 726 of 2016 and ANEEL Resolution 727 of 2016) regulated the electricity Surplus and Deficit Offset Mechanism ("MCSO") with the participation of generation projects that sold energy in Alternative Source Auctions ("LFA") and New Energy Auctions ("LEN").

Through the MCSO of New Energy, implemented in a centralized manner by CCEE, distribution companies have the possibility of declaring their surplus and deficit while the generation projects that are interested may declare their offers to reduce their contracted energy (partially or fully for an established period). CCEE uses the declaration of all agents, making optimized energy swaps among distribution and generation companies. Lastly, the CCEE books all the operations and may ratify the reduction proposed by the generation company. If that happens, the energy will no longer be contracted for the period established in the agreement and may be sold in the Free Contracting Environment ("ACL").

The projects of CPFL Renováveis that participated in the MCSO A-0 from July 2017 to December 2017 are the Morros dos Ventos II, Atlântica I, II and IV wind farms and the Macacos wind complex with capacity for 197.4 MW, totaling 91.2 MWavg not contracted.

² Ten-Year Energy Expansion Plan 2026

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Moreover, Atlântica, Macacos, Morro dos Ventos II and Pedra Cheirosa wind farms participated in MCSD A-1 in January, 2018, with capacity of 275.7 MW, totaling 131.0 MWavg not contracted in 2018.

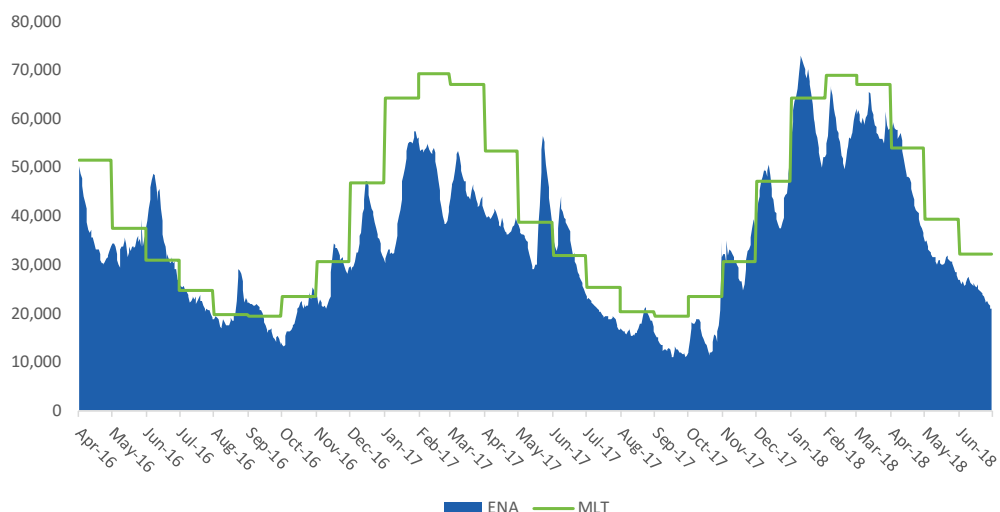
Hydro source

According to Brazil's National Electricity Regulatory Agency (ANEEL), small hydroelectric plants (SHPP) are small plants with installed capacity between 5 MW and 30 MW and reservoir areas of up to thirteen square kilometers. Due to their specific characteristics compared to large plants and the possibility of construction near major urban consumption centers, these projects represent an adequate alternative for complementing Brazil's energy grid. In June 2018, about 64.0% of Brazil's installed capacity was concentrated in hydroelectric projects, 3.6% of which are SHPPs (5.7 GW in installed capacity distributed among 1,111 projects³). Brazil's electricity grid is expected to have 8.2 GW in hydroelectric energy capacity (SHPP) and Hydroelectric Power Generation Central (CGH) capacity by the end of 2026⁴.

Hydroelectric energy is generated from river flows, which can be measured through Affluent Natural Energy (ENA) into reservoirs. ENA is the volume of energy that can be generated using the flow of water of a given river to the point of use. The higher the ENA more the energy that can be generated. ENA values are expressed in MWavg or as a percentage of the long-term historic average (%LTA), which began in 1931. ENAs vary mainly with rainfall and directly influence generation by hydroelectric plants in the region in question.

Below is the ENA history for the last 24 months ended June 2018 for the Southeast / Midwest and South sub-systems, where the SHPPs operated by CPFL Renováveis are located.

Affluent Natural Energy (ENA) - Southeast / Midwest
(MWavg – last 24 months – June 2018)



Source: National Electricity System Operator (ONS)

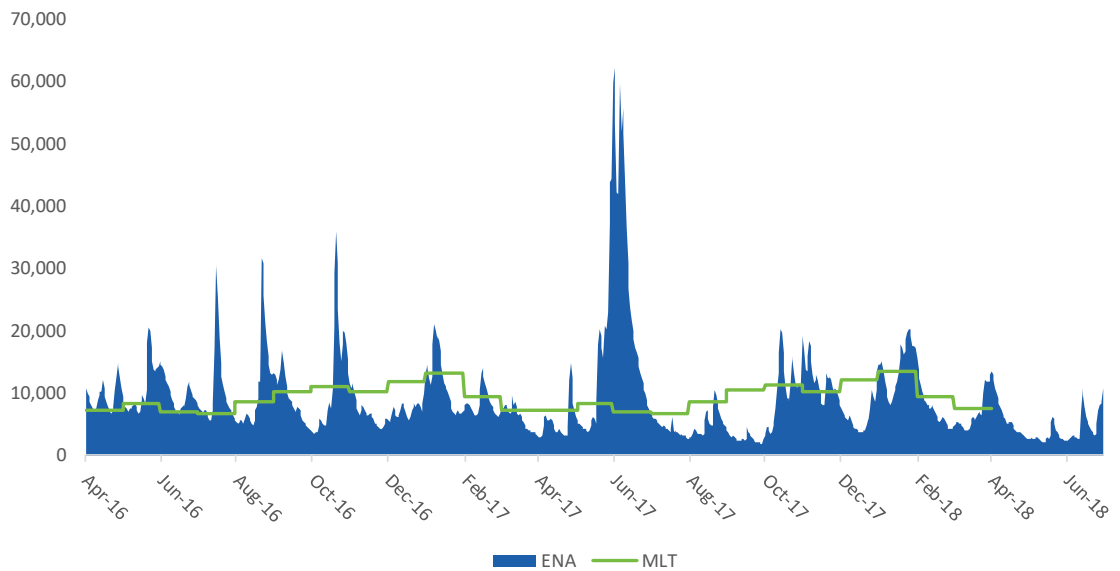
³ Considers SHPPs (Small Hydroelectric Power Plants) and CGHs (Hydroelectric Power Generation Centrals) – Source: BIG (ANEEL) - June/2018

⁴ Ten-Year Energy Expansion Plan 2026

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The Southeastern/Midwestern regions, where most of the SHPPs of CPFL Renováveis are located, ended 2Q18 with reservoir⁵ storage levels at 39.8%, down 2.4 p.p. from the levels seen at the end of 2Q17 (42.2%).

Affluent Natural Energy (ENA) – South (MWavg – last 24 months – June 2018)



In the Southern region, reservoir levels ended 2Q18 at 51.1% of their storage capacity, decreasing by 41.7p.p. from the end of 2Q17 (92.8%).

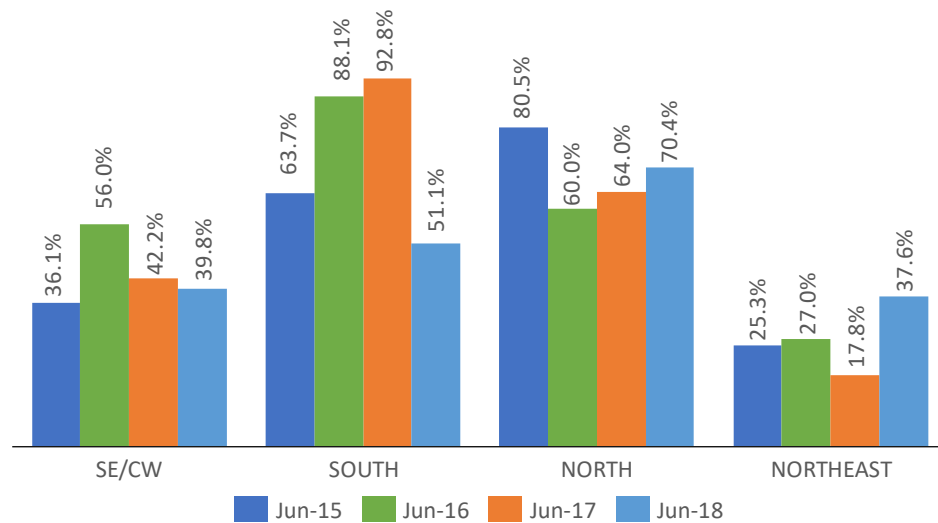
Energy stored is the energy available based on the water in reservoirs that can be used at the respective operational levels. It is represented as a percentage of maximum storable energy.

The following chart shows that the Southeastern/Midwestern and Southern regions in Brazil registered a decrease in reservoir levels in relation to 2Q17, with the Southern region registering a significant decline of 41.7 p.p.. On the contrary, reservoir levels in the Northern and Northeastern regions increased in 2Q18 when compared to 2Q17.

⁵ Source: ONS – Daily Operations Bulletin (June/2018)

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Reservoir storage levels in June - 2015 to 2018



Source: ONS

MRE (Energy Reallocation Mechanism): Revenues from SHPPs are recognized based on the seasonally adjusted physical guarantee of each plant registered at the Electricity Trading Chamber. The difference between energy generated and physical guarantee is covered by the Energy Reallocation Mechanism (MRE). The volume of energy generated above or below physical guarantee is valued by a tariff called the “Energy Optimization Tariff” (TEO), which covers only the plant’s variable operating and maintenance costs. This additional revenue or expense is accounted monthly for each generator. It was R\$ 11.58/MWh in 2017. In 2018, TEO will be R\$ 11.88/MWh. These amounts are restated by the National Electricity Regulatory Agency (ANEEL).

If the plants in the MRE do not generate the sum of the physical guarantees due to unfavorable hydrological conditions, they apportion the energy deficit in proportion to their physical guarantees and the financial settlement is valued at the Spot Price (PLD). This effect is defined as the Generation Scaling Factor (GSF). Similarly, if generation is higher than the sum of physical guarantees at MRE plants, this surplus is also priced at the PLD. This effect is defined as Secondary Energy.

In 2017, the minimum PLD was R\$ 33.68/MWh and the maximum PLD is R\$ 533.82/MWh. For 2018, ANEEL established minimum PLD of R\$ 40.16/MWh and maximum PLD of R\$ 505.18/MWh.

In May 2017, the four SHPPs - Socorro, Três Saltos, Dourados and Guaporé – returned to the MRE due to Law 13,360/2016, which established that “hydroelectric projects not dispatched in a centralized manner and which choose to participate in the MRE can only be removed from said mechanism upon their request or in case of loss of concession.”

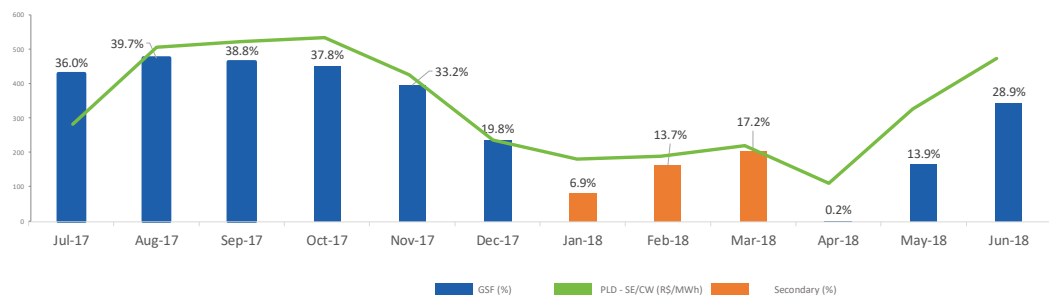
Injunction on revision of physical guarantee of SHPPs: The adverse hydrological scenario in recent years has directly impacted generation at hydroelectric plants. The result is that generation has been lower than physical guarantee in many hydroelectric plants. The MME is responsible for the methodology of revision of physical guarantee, which considers the generation history of the SHPPs since 2001. Considering this scenario, the physical guarantees of some of the SHPPs of CPFL Renováveis should be marked down. However, CPFL Renováveis, through the Brazilian Association of Clean Energy Generation (ABRAGEL), obtained an injunction suspending the effects of Decree 463/2009 related to the revision of the physical guarantee of SHPPs, reestablishing the original

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values and preventing new revisions until the pleas of generators are discussed among the agents. Meanwhile, the CCEE should consider the original values established for SHPPs included in the lawsuit, as well as in the accounting and settlement processes after the injunction.

The charts below show the history of Generation Scaling Factor (GSF)/Secondary Energy and average PLD in the Southeast/Midwest in the last 12 months.

GSF¹ and Secondary Energy (%) history vs. PLD in the Southeastern/Midwestern region (R\$/MWh)



Source: CCEE.

¹ The GSF (%) values shown in the chart are negative, but inverted for better viewing of information. The months of May and June 2018 include the amounts provisioned in CCEE.

Renegotiation of hydrological risk (GSF) and APINE injunction: Since the end of 2013, generation by hydroelectric plants participating in the MRE has been lower than their physical guarantees, resulting in costs due to GSF being lower than one.

In June 2015, the Brazilian Association of Independent Electricity Producers (APINE) filed a suit to protect its associated hydraulic generators with regard to GSF. The injunction against the application of GSF was approved in July 2015.

Between May and October 2015, ANEEL discussed the matter through Public Hearing 32 (AP 32/2015) to obtain supporting data and additional information for a conceptual discussion of GSF. Several industry agents and associations submitted proposals for structuring and mitigating the GSF risk.

As a result of negotiations that took place in 2015, ANEEL created a methodology to allow generators to exchange the risk of not being able to generate the equivalent of their physical guarantees for a "risk bonus" to be calculated for each plant.

Together with the progress of AP 032/2015, MP 688 was published in August 2015, which determined the criteria for renegotiating the hydrological risk (GSF). Law 13.203/2015, sanctioned and enacted in December 2015, resulted from the conversion of said MP and allowed hydroelectric generators to renegotiate the risk of their agreements due to years of low rainfall.

Therefore, through dispatches no. 4.122 of December 24, 2015, and no. 4.132 of December 28, 2015, ANEEL approved the renegotiation of hydrological risk of the following CPFL Renováveis plants: SHPP Arvoredo, SHPP Salto Góes, SHPP Varginha, SHPP Santa Luzia, SHPP Plano Alto, SHPP Alto Irani, SHPP Cocais Grande, SHPP Figueirópolis and SHPP Ludesa, as shown in the table below:

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SHPP	Guarantee (MWavg)*	MWavg renegotiated	Product**
Arvoredo	7.4	7.0	SP100
Salto Góes	11.1	11.1	SP100
Varginha	5.4	4.0	SP100
Santa Luzia	18.4	14.0	SP100
Plano Alto	9.3	9.3	SP100
Alto Irani	12.4	12.4	SP100
Cocais Grande	4.6	4.6	SP100
Figueirópolis	12.6	12.2	SP100
Ludesa	21.2	16.7	SP100
TOTAL	102.4	91.3	

* Physical guarantee amounts in accordance with ANEEL Decree no. 30.

** SP 100 is the product where the generator transfers the hydrological risk (GSF) and secondary energy to the Centralized Account of Tariff Flag Funds (CCRBT), as specified by REN 684/2015. This term means that the Company renegotiated 100% of the hydrological risk (GSF) of plants in the ACR for a bonus of R\$ 9.50/MWh.

Generators who opted for renegotiation of the hydrological risk (GSF) of plants had to cancel any ongoing lawsuits and settle the GSF obligations between May and December 2015, after which they would be entitled to GSF refund for 2015, net of the agreed bonus, recognizing this amount as revenue for assets traded in PROINFA and as a cost reducer for other assets in the regulated market.

In December 2017, SHPP Mata Velha joined the hydrological risk renegotiation process, effective from January 2018.

With regard to plants in the Free Contracting Environment (ACL), the Company decided not to join the proposed renegotiation of hydrological risk (GSF), as established by Law 13,203/2015 and ANEEL Resolution 684/2015.

Thus, 29 SHPPs of CPFL Renováveis, totaling 131.2 MWavg, with contracts negotiated in the ACL remained protected by the injunction granted to APINE.

In February 2018, the injunction was vacated, but the balances due in the past were maintained. Therefore, the companies would have to disburse funds only for the risk after the duration of the injunction.

In April 2018, the Brazilian Association of Independent Electricity Producers (APINE) filed for a provisional remedy to reestablish the injunction and, in May 2018, the claim was accepted in favor of APINE, reestablishing its original effects, in which previous conditions are maintained and no GSF adjustment is applied.

As part of Public Hearing 33/2017, which was held in February 2018, the MME submitted the draft of a Bill that intends to modernize the legal framework, compiling several contributions made during the period the public hearing was open.

At the same time, Provisional Presidential Decree 814/2017, issued at the end of last year to address the privatization of Eletrobrás and six of its subsidiaries, had several amendments, including some of them aimed at resolving the issue of the Generation Scaling Factor (GSF) by establishing the terms for renegotiation of the hydrological risk for the hydroelectric generators affected, with agreements in the Free Contracting Environment. However, the Decree became ineffective on June 2, 2018.

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Lastly, with the Provisional Presidential Decree 814/2017 losing effect, the government forwarded Bill 10,332/2018 to the Congress through an Order. The bill includes some of the main points of Provisional Presidential Decree 814/2018. Other points were also included in the matter through amendments, which include the terms for renegotiation of GSF. Since it was submitted as an urgent issue, the Bill was approved by the full session of the Chamber of Deputies and is now pending approval by the Senate. Only after that will the Bill be submitted for presidential sanction and the Law will be passed.

Biomass source

Biomass-fired energy generation is considered an attractive alternative for diversifying the energy matrix in place of fossil fuels such as oil and coal. In this category, most plants in Brazil use waste from industrial processing of sugarcane, particularly sugarcane bagasse, to generate energy.

Energy produced from this byproduct has been used as an input since the construction of the first sugar and ethanol plants, most of them located in the states of São Paulo, Goiás, Minas Gerais, Mato Grosso do Sul and Paraná, close to major urban energy consumption centers. At first, it was intended to meet the needs of these production units. However, the increased energy efficiency of the sector enabled the generation of surplus energy, which was sold, thereby increasing the importance of its use in the national energy matrix.

In June 2018, power generation plants using biomass accounted for 14.5 GW⁶ of the country's installed capacity (548 projects). The 2026 PDE⁷ projects growth of this source, which should reach installed capacity of 16.9 GW in December 2026.

Recognition of revenue from electricity generation projects using sugarcane biomass depends on the agreement and be in accordance with a plant's effective generation or be seasonalized. Generation, in turn, mirrors the seasonal effect of harvest, which in the Southeastern region, begins in April and ends in November. Meanwhile, in the Northeastern region, the production cycle begins in August and ends in March the following year. Therefore, the same seasonal effect is observed in their revenues, which generally leads them to register lower revenues in the first half of the year than in the second.

Revision of physical guarantee: Pursuant to MME Decree no. 564/2014, the biomass plants of CPFL Renováveis, which have a joint capacity of 370 MW, had their physical guarantees revised as of January 2017. The calculation methodology for revision considers average generation of 12 months (May to April). If average generation is below 90% or above 105% of the plant's current physical guarantee, it will become the plant's physical guarantee in January the following year.

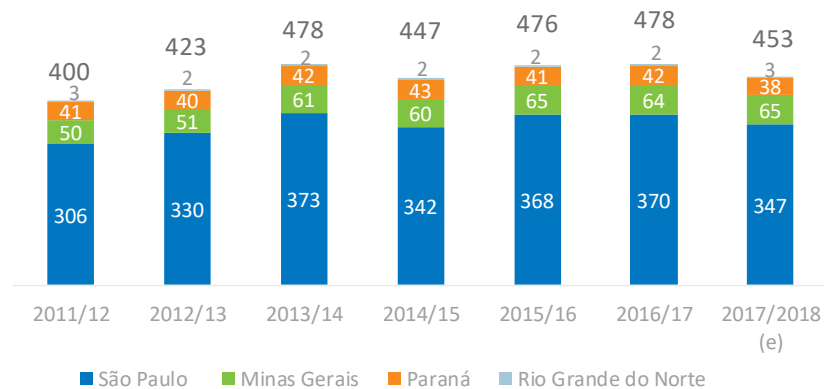
The following chart presents historical data on sugarcane harvest in the states where the Company operates:

⁶ BIG (ANEEL) – June/2018

⁷ Ten-Year Energy Expansion Plan 2026

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Historical data on sugarcane harvest by state (millions of tons)



Source: National Supply Company (CONAB). Base date: December 2017

Solar source

Photovoltaic energy generation is the only method that directly transforms solar energy (radiation) into electricity. This direct conversion is the result of the effects generated by the contact with semiconductor materials such as silicon, generating the photovoltaic effect.

In its report "Analysis of Inclusion of Solar Generation in the Brazilian Energy Matrix" released in May 2012, the Energy Research Company (EPE) points out that despite natural fluctuations, such as long periods of rain that could produce temporary effects, variations between years are quite low (between 4% and 6% in arid regions and up to 10% in coastal or mountainous areas⁸). The EPE launched an updated study on the country's solar sector and revealed that this source has a potential of 30,000 GW in Brazil, more than 200 times higher than the current grid.

Solar energy accounted for very little in Brazil, at 1.3 GW⁹ in 2,231 plants installed in the country in June 2018. Nonetheless, the 2026 Ten-Year Energy Plan (PDE)¹⁰ projects significant growth of this source, which should reach installed capacity of 9.7 GW in December 2026.

CPFL Renováveis was an early explorer of this source and has been operating a solar power plant – the Tanquinho plant in Campinas, São Paulo - since 2012. The plant has installed capacity of 1.1 MW, physical guarantee of 0.2 MW_{avg} and its energy is sold through a contract in the Free Contracting Environment (ACL).

⁸ "Uncertainty in Long-Term Photovoltaic Yield Predictions", CanmetEnergy

⁹ BIG (ANEEL) – June/2018

¹⁰ Ten-Year Energy Expansion Plan 2026

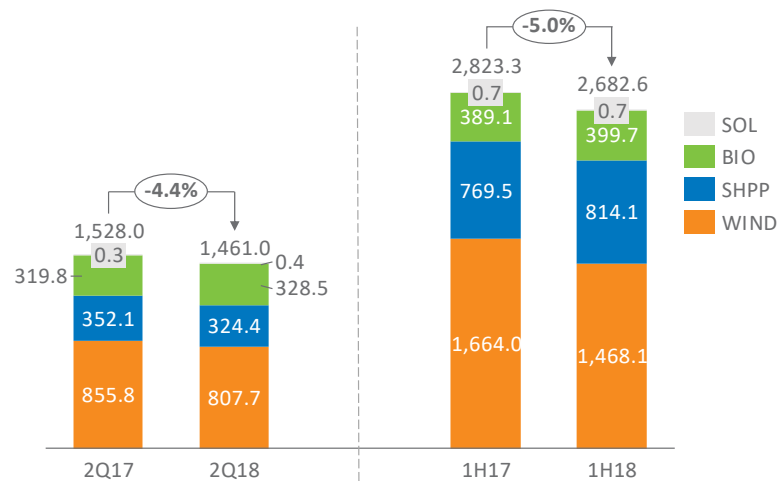
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Energy generation

In 2Q18, CPFL Renováveis generated 1,461.0 GWh of energy, a decrease of 4.4% compared to 2Q17 (-67.1 GWh). In 1H18, CPFL Renováveis generated 2,682.6 GWh of energy, 5.0% less than in 1H17 (-140.7 GWh).

The following chart breaks down energy generation by source:

Energy generation by source (GWh)



CPFL Renováveis' asset portfolio is diversified in terms of both energy sources and geographic location. This is an important characteristic since it mitigates the effects of seasonality and weather, which vary according to the renewable source and the location of each asset. A detailed description of the operating portfolio is available in the annex - Assets in the Portfolio.

WIND

In 2Q18, the volume of energy generated by wind farms decreased 5.6% (-48.1 GWh) compared to 2Q17. This decrease is mainly due to weaker winds in Ceará, Rio Grande do Norte and Rio Grande do Sul, which was partially offset by the operational startup of the Pedra Cheirosa wind complex in June 2017.

In 1H18, wind power generation decreased 11.8% (-195.9 GWh) compared to 1H17, due to the factors explained in the quarter and the lower availability of wind farms in Ceará due to the wind turbines operated by Suzlon¹¹.

Efficiency rates in the last 12, 24 and 36 months were 81.9%, 85.9% and 88.0%, respectively. In the last 36 months, the efficiency rate was affected by slower-than-expected winds in Rio Grande do Norte, mainly due to the El Niño phenomenon at the end of 2015 and the beginning of 2016. In this period, we also had unstable performance at the startup of new farms in Rio Grande do Sul and Rio

¹¹ The operation and maintenance of farms in Ceará were conducted by Suzlon, from India, which filed for bankruptcy and decided to discontinue its operations in Brazil. CPFL Renováveis took over the operation, and in December 2017, its Board of Directors' Meeting approved the contracting of Siemens Gamesa to provide O&M services in wind complexes in Ceará (SIIF, Bons Ventos and Rosa dos Ventos), to replace the supplier Suzlon. In January 2018, Siemens Gamesa started the recovery plan of wind turbines.

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Grande do Norte, combined with necessary repairs at the farms, whose effects are being remedied over the months, as well as availability issues at the farms in Ceará, which were operated by Suzlon.

In addition, 1H18 was affected by the La Niña phenomenon that provided the conditions for the reduction in wind speed in Northeastern Brazil, where the wind complexes of CPFL Renováveis are located. Note that, although El Niño and La Niña are oceanic and atmospheric phenomena with opposite characteristics, their impacts may be similar in certain regions and periods of the year.

Capacity factor and efficiency rate of wind farms in the last 12 months:

Asset	State	Certified Capacity Factor ^{10 11}	Actual capacity factor last 12 months	Efficiency rate ¹²
SIIF wind complex ⁽¹⁾	CE	35.0%	26.5%	75.8%
BVP Geradora wind complex ⁽²⁾	CE	38.5%	23.0%	59.6%
Rosa dos Ventos wind complex	CE	45.2%	31.3%	69.3%
Santa Clara wind complex ⁽³⁾	RN	40.2%	32.4%	80.5%
Morro dos Ventos wind complex ⁽⁴⁾	RN	43.3%	37.5%	86.6%
Atlântica wind complex ⁽⁵⁾	RS	43.2%	39.8%	92.1%
Macacos I wind complex ⁽⁶⁾	RN	49.1%	44.4%	90.3%
Campo dos Ventos II wind farm	RN	46.7%	39.7%	84.9%
Eurus wind complex ⁽⁷⁾	RN	44.4%	41.1%	92.5%
Morro dos Ventos II wind farm	RN	53.9%	43.5%	80.6%
Campo dos Ventos and São Benedito wind complex ⁽⁸⁾	RN	58.2%	53.2%	91.4%
Pedra Cheirosa wind complex ⁽⁹⁾	CE	60.9%	46.5%	76.4%
Total		45.0%	37.3%	81.9%

Capacity factor and efficiency rate of wind farms in the last 24 months:

Asset	State	Certified Capacity Factor ^{10 11}	Actual capacity factor last 24 months	Efficiency rate ¹²
SIIF wind complex ⁽¹⁾	CE	35.0%	29.4%	84.0%
BVP Geradora wind complex ⁽²⁾	CE	38.5%	29.0%	75.2%
Rosa dos Ventos wind complex	CE	45.2%	36.9%	81.6%
Santa Clara wind complex ⁽³⁾	RN	40.2%	34.3%	85.2%
Morro dos Ventos wind complex ⁽⁴⁾	RN	43.3%	38.4%	88.6%
Atlântica wind complex ⁽⁵⁾	RS	43.2%	39.7%	92.0%
Macacos I wind complex ⁽⁶⁾	RN	49.1%	45.8%	93.2%
Campo dos Ventos II wind farm	RN	46.7%	40.7%	87.1%
Eurus wind complex ⁽⁷⁾	RN	44.4%	41.9%	94.3%

2Q18 Results

Morro dos Ventos II wind farm	RN	53.9%	46.3%	85.8%
Total		41.3%	35.6%	85.9%

Capacity factor and efficiency rate of wind farms in the last 36 months:

Wind farms	State	Certified Capacity Factor ^{10 11}	Actual capacity factor last 36 months	Efficiency rate ¹²
SIIF wind complex ⁽¹⁾	CE	35.0%	31.8%	90.9%
BVP Geradora wind complex ⁽²⁾	CE	38.5%	32.6%	84.7%
Rosa dos Ventos wind complex	CE	45.2%	40.0%	88.3%
Santa Clara wind complex ⁽³⁾	RN	40.2%	33.9%	84.2%
Morro dos Ventos wind complex ⁽⁴⁾	RN	43.3%	38.0%	87.7%
Atlântica wind complex ⁽⁵⁾	RS	43.2%	38.7%	89.7%
Macacos I wind complex ⁽⁶⁾	RN	49.1%	45.0%	91.5%
Campo dos Ventos II wind farm	RN	46.7%	40.2%	85.9%
Eurus wind complex ⁽⁷⁾	RN	44.4%	41.6%	93.6%
Morro dos Ventos II wind farm	RN	53.9%	44.5%	82.6%
Total		41.3%	36.3%	88.0%

¹ The SIIF wind complex comprises the Paracuru, Foz do Rio Choró, Icarazinho and Praia Formosa wind farms.

² The BVP Geradora wind complex comprises the Enacel, Bons Ventos, Taíba Albatroz and Canoa Quebrada wind farms.

³ The Santa Clara wind complex comprises the Santa Clara I, Santa Clara II, Santa Clara III, Santa Clara IV, Santa Clara V, Santa Clara VI and Eurus VI wind farms.

⁴ The Morro dos Ventos wind complex comprises the Morro dos Ventos I, III, IV, VI and IX farms.

⁵ The Atlântica wind complex comprises the Atlântica I, Atlântica II, Atlântica IV and Atlântica V wind farms.

⁶ The Macacos I complex comprises the Macacos, Juremas, Pedra Preta and Costa Branca wind farms.

⁷ The Eurus Complex comprises the Eurus I and Eurus II wind farms.

⁸ Campo dos Ventos e São Benedito Complex consists of the Campo dos Ventos I, III and V, São Domingos, Ventos de São Martinho, Ventos de São Benedito, Ventos de Santo Dimas, Ventos de Santa Mônica and Ventos de Santa Úrsula wind parks.

⁹ The Pedra Cheirosa Complex comprises the Pedra Cheirosa I and II wind farms.

¹⁰ The capacity factor considers losses in the basic network for P50, estimated at 2.5%.

¹¹ Update of wind power certifications due to improvement of analysis resulting from more data available.

¹² The efficiency rate (ratio of real and certified capacity factor) corresponds to the generation factor calculated by dividing realized generation by certified generation (P50).

HYDRO ENERGY (SHPP)

Energy generation at SHPPs decreased 7.9% (-27.7 GWh) in 2Q18 compared to 2Q17. This reduction is basically due to lower generation at SHPPs located in the Southern region. In 1H18, generation increased 5.8% (+44.6 GWh) due to better inflows in areas where the Company operates, in 1Q18, resulting from the hydrological situation in the regions.

Total energy generated by plants in the MRE has, in recent years, been lower than their total physical guarantee, causing a deficit (GSF) which, depending on the volume contracted, results in an exposure in the spot market for such plants. Except in 1Q17 and 1Q18, where there was secondary energy since the seasonally adjusted physical guarantees of plants in the MRE are more concentrated in other months of the year. The Company has no material effect for plants that sold energy in the regulated market, due to the renegotiation of hydrological risk (GSF). The effects at CPFL Renováveis are described in the "Net Revenue" and "Energy generation Costs" sections.

2Q18 Results

BIOMASS

In 2Q18, energy generation from biomass-fired thermal power plants increased by 2.7% (+8.7 GWh) mainly due to higher generation resulting from the anticipation of the harvest and efficiency gains with stored bagasse generation. This scenario also impacted energy generation at biomass power plants in 1H18, which increased by 2.7% (+10.6 GWh) compared to 1H17.

2Q18 Results

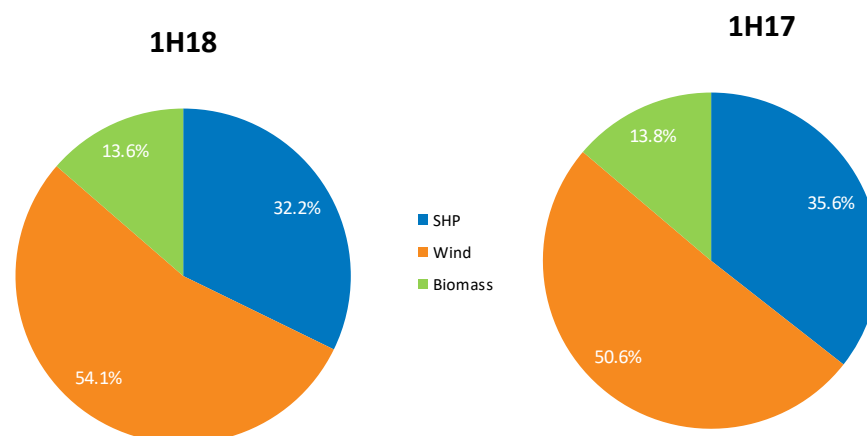
Economic and financial performance

Income Statement

(R\$ thousand)	2Q18	2Q17	2Q18 vs. 2Q17	1H18	1H17	1H18 vs. 1H17
Net Revenue	415,036	412,074	0.7%	798,584	783,007	2.0%
Cost of generation of electric energy	(123,980)	(139,365)	-11.0%	(251,078)	(239,145)	5.0%
Depreciation and amortization	(113,223)	(113,442)	-0.2%	(229,956)	(224,597)	2.4%
Gross Profit	177,833	159,267	11.7%	317,550	319,265	-0.5%
General and administrative expenses	(35,298)	(49,712)	-29.0%	(63,961)	(84,394)	-24.2%
Amortization of the exploitation right	(38,985)	(38,625)	0.9%	(78,191)	(77,250)	1.2%
Depreciation and amortization	(2,279)	(795)	186.7%	(4,027)	(1,848)	117.9%
Operating Income	101,271	70,135	44.4%	171,371	155,773	10.0%
Financial income	(119,119)	(128,031)	-7.0%	(248,334)	(256,185)	-3.1%
Income tax and social contribution	(18,692)	(13,886)	34.6%	(32,098)	(26,033)	23.3%
Net result	(36,540)	(71,782)	-49.1%	(109,061)	(126,445)	-13.7%
EBITDA	255,758	222,997	14.7%	483,545	459,468	5.2%
EBITDA margin	61.6%	54.1%	7.5 p.p.	60.6%	58.7%	1.9 p.p.

Net Revenue

Net revenue by energy source¹



¹ Solar power accounted for 0.2% in 1H18 and 1H17.

Net revenue amounted to R\$ 415.0 million in 2Q18, increasing by 0.7% from 2Q17 (+R\$3.0 million). This increase is mainly explained by the following factors:

2Q18 Results

- (i) Increase of R\$ 26.6 million in revenue from wind farms, mainly: a) due to the positive effect of R\$ 24.4 million, in 2Q18, of the new energy auction through Surplus and Deficit Offset Mechanism (MCSD), since the contract price in the free market was higher than the contract price in the regulated market for the eight wind farms that participated in the auction; and b) the commercial startup of the Pedra Cheirosa wind complex in the amount of R\$ 13.2 million. These effects were partially offset by lower generation at the wind complexes in Ceará (which were operated by Suzlon) and Rio Grande do Norte.
- (ii) Decrease of R\$ 25.5 million in revenue from SHPPs and the Holding Company, chiefly due to the strategic difference of seasonality of physical guarantee of SHPPs between the periods. Additionally, the higher revenue in the Holding Company is basically due to the settlement of energy purchased to rebuild guarantees, which did not repeat in 2Q18.
- (iii) Increase of R\$ 1.9 million in revenue from biomass plants, mainly due to the seasonality strategy of physical guarantee of biomasses and the positive settlement at CCEE due to higher generation by some plants.

In 1H18, net revenue stood at R\$ 798.6 million, an increase of 2.0% from 1H17 (R\$ 783 million). This increase is chiefly due to factors that affected the quarter, combined with the adjustment in prices of contracts.

Net revenue	2Q18	2Q17	2Q18 vs. 2Q17	1H18	1H17	1H18 vs. 1H17
SHP ¹	113,068	138,594	-18.4%	257,286	278,919	-7.8%
Wind	227,911	201,287	13.2%	432,362	395,961	9.2%
Biomass	73,978	72,128	2.6%	108,772	107,974	0.7%
Solar	80	65	23.1%	165	153	7.8%
Total	415,037	412,074	0.7%	798,584	783,007	2.0%

¹ Considers operations at the holding company.

Note that the recognition of revenue from SHPPs (excluding Proinfa agreements) is based on the seasonal adjustment curve of physical guarantee. Revenue of wind and biomass-powered plants depends on the agreement and may be based on effective generation or seasonal adjustment. For more details, see the map of energy sale agreements in the annex.

2Q18 Results

Energy generation costs

(R\$ thousand)	2Q18	2Q17	2Q18 vs. 2Q17	1H18	1H17	1H18 vs. 1H17
Cost of energy purchase	(66,628)	(62,656)	6.3%	(112,388)	(90,780)	23.8%
Amortization of the hydrological risk premium - GSF	(1,338)	(590)	126.8%	(1,928)	(1,180)	63.4%
Charges for the use of the system	(15,356)	(24,693)	-37.8%	(40,056)	(49,840)	-19.6%
PMSO ⁽¹⁾	(40,658)	(51,426)	-20.9%	(96,706)	(97,345)	-0.7%
Cost of energy generation	(123,980)	(139,365)	-11.0%	(251,078)	(239,145)	5.0%
Depreciation and amortization	(113,223)	(113,442)	-0.2%	(229,956)	(224,597)	2.4%
Total of energy generation costs + depreciation and amortization	(237,203)	(252,807)	-6.2%	(481,034)	(463,742)	3.7%

¹ Personnel, material, outsourced services and other.

In 2Q18, energy generation costs, excluding depreciation and amortization, totaled R\$ 124.0 million, down 11.0% in relation to 2Q17 (-R\$ 15.4 million). In 1H18, energy generation costs, excluding depreciation and amortization, totaled R\$ 251.1 million, up 5.0% compared to 1H17 (+R\$ 11.9 million).

Energy purchase cost

Energy purchase cost totaled R\$66.6 million in 2Q18, up 6.3% compared to 2Q17 (+R\$ 4.0 million). This increase is basically due to the recognition of R\$ 3.8 million related to annual and four-year revisions of energy sale agreements of the Santa Clara and Morro dos Ventos wind complexes in 2Q18. No 1H18, energy purchase costs increased 23.8% (+R\$ 21.6 million) mainly due to the purchases to meet the short-term market needs and hedge and to the recognition of R\$ 3.8 million mentioned in the quarter, partially offset by lower GSF.

System use charges

Cost of system use fees totaled R\$ 15.4 million, 37.8% lower than in 2Q17 (-R\$9.3 million). In 1H18, system use fees totaled R\$ 40.1 million, 19.6% lower than in 1H17 (-R\$ 9.8 million). This reduction is chiefly due to the positive effect of retroactive recovery of PIS and Cofins credits (non-recurring effect), partially offset by the adjustments in connection charges and the distribution and transmission system use and connection tariffs.

PMSO

Costs with personnel, materials, outsourced services and others (PMSO) reached R\$ 40.7 million in 2Q18, down 20.9% (-R\$ 10.8 million) compared to 2Q17. This reduction is mainly due to retroactive

2Q18 Results

recovery of PIS and Cofins credits (non-recurring effect), partially offset by the operational startup of the Pedra Cheirosa wind complex in June 2017.

In 1H18, PMSO costs totaled R\$ 96.7 million, virtually stable from 1H17 (R\$ 97.3 million), due to the increase in costs with materials mainly related to the maintenance work due to the insourcing of O&M services in the farms in Ceará and the operational startup of the Pedra Cheirosa wind complex, which was partially offset by the retroactive recovery of PIS and Cofins credits (non-recurring effect).

Depreciation and Amortization

Depreciation and amortization costs totaled R\$ 113.2 million, remaining stable in relation to 2Q17 (R\$ 113.4 million). In 1H18, depreciation and amortization costs totaled R\$ 230.0 million, increasing 2.4% chiefly due to the operational startup of the Pedra Cheirosa wind complex.

General and administrative expenses

(R\$ thousand)	2Q18	2Q17	2Q18 vs. 2Q17	1H18	1H17	1H18 vs. 1H17
Expenses with personnel	(19,576)	(15,792)	24.0%	(36,784)	(32,658)	4.0%
Outsourced services	(14,933)	(15,001)	-0.5%	(30,404)	(29,548)	2.9%
Others	(789)	(18,919)	-95.8%	(3,227)	(22,188)	-85.5%
General and administrative expenses	(35,298)	(49,712)	-29.0%	(63,961)	(84,394)	-24.2%
Depreciation and amortization	(2,279)	(795)	186.7%	(4,027)	(1,848)	117.9%
Amortization of the right to exploit	(38,985)	(38,625)	0.9%	(78,191)	(77,250)	1.2%
Total general and administrative expenses + depreciation and amortization	(76,562)	(89,132)	-14.1%	(146,179)	(163,492)	-10.6%

¹ Considering expenses related to occupation, material and professional services

General and administrative expenses, excluding depreciation and amortization, totaled R\$ 35.3 million in 2Q18, decreasing 29.0% (-R\$ 14.4 million) in relation to 2Q17. In 1H18, general and administrative expenses, excluding depreciation and amortization, totaled R\$ 64.0 million, down 24.2% (-R\$ 20.4 million) compared to 1H17. These variations are basically explained by the following factors:

- (i) Write-off of the intangible assets at SHPP projects due to the uncertainty surrounding their implementation, amounting to R\$ 16.2 million in 2Q17 (non-recurring provision with no cash effect);
- (ii) Reversal of provision for impairment of R\$ 5.8 million in 1Q18; and
- (iii) Increase in personnel expenses mainly due to the trade union agreement and the labor charges totaling R\$ 1.3 million in 2Q18 and R\$ 1.6 million in 1H18 chiefly due to the change in the Occupational Accident Risk (RAT) and Accident Prevention Factor (FAT) tax rates.

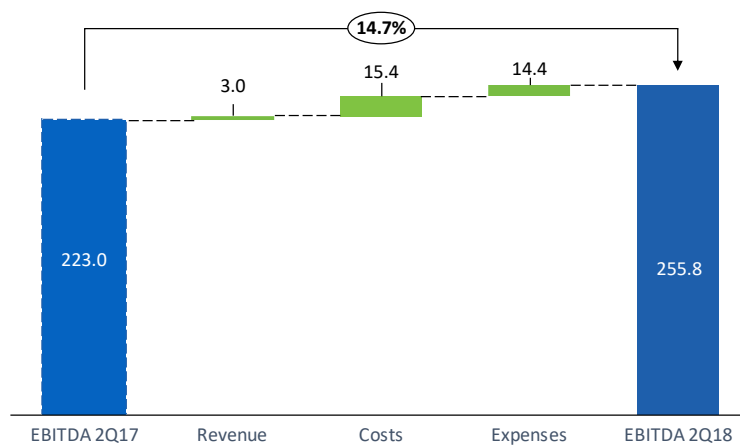
2Q18 Results

EBITDA

In 2Q18, EBITDA totaled R\$ 255.8 million, up 14.7% compared to 2Q17 (+R\$ 32.8 million). EBITDA Margin reached 61.6% in 2Q18, up 7.5 p.p. in relation to 2Q17.

This result is mainly due to the retroactive recovery of PIS and Cofins credits from industry charges and MSO (Material, Services and Others) in 2Q18 (non-recurring effect), and the write-off of intangible assets at SHPP projects due to the uncertainty surrounding their implementation, in the amount of R\$ 16.2 million in 2Q17 (non-recurring provision with no cash effect). These items were partially offset by higher costs with energy purchases.

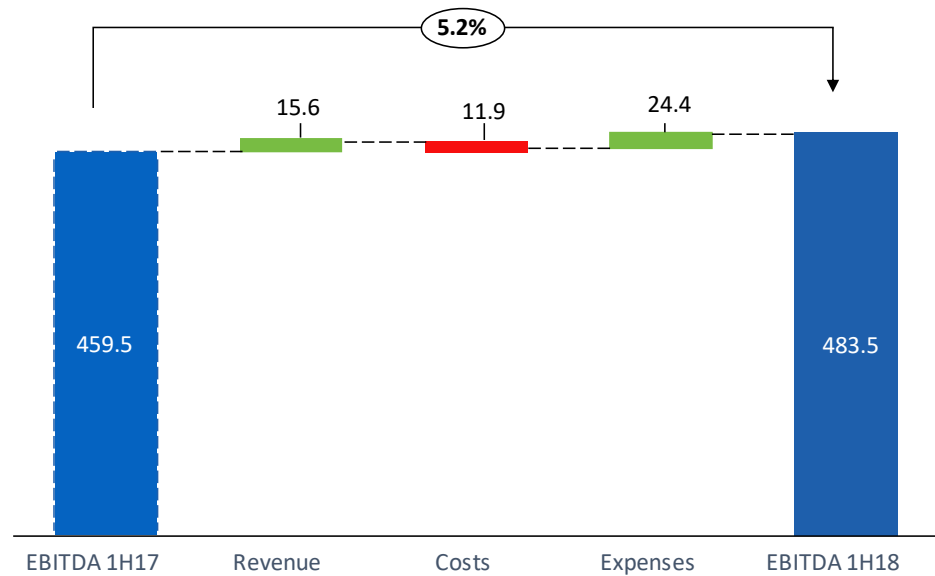
EBITDA evolution – 2Q18 vs. 2Q17 (R\$ million)



In 1H18, EBITDA totaled R\$ 483.5 million, an increase of 5.2% from R\$ 459.0 million in 1H17. EBITDA margin reached 60.6% in 1H18, 1.9 p.p. higher than in 1H17. This result is chiefly due to the increase in net revenue, mainly driven by the operational startup of the Pedra Cheirosa wind complex, the retroactive recovery of PIS and Cofins credits from industry and MSO (Material, Services and Others) charges in 2Q18 (non-recurring effect), and the write-off of intangible assets of SHPP projects due to the uncertainty surrounding their implementation, amounting to R\$ 16.2 million in 2Q17 (non-recurring provision with no cash effect). These items were partially offset by higher energy generation costs, especially costs with the purchase of energy to meet the exposures in the short-term market and hedge.

2Q18 Results

EBITDA evolution – 1H18 vs. 1H17 (R\$ million)



Financial Result

(R\$ thousand)	2Q18	2Q17	2Q18 vs. 2Q17	1H18	1H17	1H18 vs. 1H17
Financial revenues	29,873	32,850	-9.1%	60,012	71,740	-16.2%
Financial expenses	(148,992)	(160,881)	-7.4%	(308,346)	(327,925)	-6.0%
Financial Result	(119,119)	(128,031)	-7.0%	(248,334)	(256,185)	-3.1%

CPFL Renováveis posted net financial loss of R\$ 119.1 million in 2Q18, down 7.0% in relation to 2Q17 (R\$ 128.0 million). In 1H18, net financial result was R\$ 248.3 million, down 3.1% compared to 1H17 (R\$ 256.2 million).

Financial income

On June 30, 2018, cash and cash equivalents and marketable securities of CPFL Renováveis totaled R\$ 1,681.1 million, compared to R\$ 1,320.0 million on June 30, 2017.

In 2Q18, financial income totaled R\$ 29.9 million, down 9.1% from 2Q17 (-R\$ 3.0 million). In 1H18, financial income totaled R\$ 60.0 million, down 16.2% from 1H17 (-R\$ 11.6 million), mainly due to the reduction in the average CDI rate (6.39% in 2Q18 vs. 10.92% in 2Q17 and 6.56% in 1H18 vs. 10.07% in 1H17), partially offset by income from inflation adjustment on financial settlement at CCEE.

2Q18 Results

Financial expenses

Financial expenses totaled R\$ 149.0 million in 2Q18, down 7.4% from 2Q17 (-R\$ 11.9 million). In 1H18, financial expenses totaled R\$ 308.3 million, down 6.0% from 1H17 (-R\$ 19.6 million). These variations are mainly due to the reduction in the average CDI rate and the TJLP rate, partially offset by the increase in project expenses related to long-term loans and inflation adjustment on the provision for GSF.

Income and Social Contribution Taxes

The Company adopts the presumed income method to calculate income tax and social contribution of its operational subsidiaries, excluding the SPEs BVP Geradora, Formosa, Icaraizinho, Bio Energia and Mata Velha, which adopt the taxable income regime.

Income and social contribution taxes totaled R\$ 18.7 million in 2Q18, compared to R\$ 13.9 million in 2Q17. In 1H18, these expenses totaled R\$ 32.1 million compared to R\$ 26.0 million in 1H17. These changes occurred mainly due to the increase in operating expenses at the SPEs under the presumed income, which are subject to payment of income and social contribution taxes at a rate of 3.08% and the increase in financial income in these SPEs, which are subject to payment of income and social contribution taxes at the rate of 34%.

Net Income (Loss)

In 2Q18, the Company recorded net loss of R\$36.5 million, compared to net loss of R\$ 71.8 million in 2Q17. In 1H18, the Company recorded net loss of R\$ 109.1 million in relation to net loss of R\$ 126.4 million in 1H17. This result is mainly a due to better EBITDA and financial result.

Investments

CPFL Renováveis invested R\$ 95.3 million in 1H18, basically allocated to SHPP Boa Vista 2 under construction.

2Q18 Results

Balance Sheet

	06/30/2018	12/31/2017		06/30/2018	12/31/2017
Assets			Liabilities		
Current and Long-term	2,257,101	2,304,426	Current and Long-term	8,585,395	8,717,024
Cash and cash equivalents	1,681,107	1,664,399	Providers	78,823	201,793
Trade Receivables (clients)	317,260	369,851	Tax obligations, Labor Obligations and Charges	55,362	61,921
Recoverable taxes	107,462	75,198	Dividends and interest on shareholders' equity payable	7,712	12,206
Deferred taxes	1,161	696	Debentures, Loans and Financing	5,990,471	6,510,808
Related parties	8,892	8,612	Intercompany loan	373,962	-
Other	141,219	185,670	Other	2,079,065	1,930,296
			Equity	4,023,879	4,138,978
Permanent	7,571,483	7,700,204	Capital Stock	3,390,870	3,390,870
Intangible	2,780,690	2,851,372	Capital Reserve	592,138	592,138
			Profit Reserve	12,942	12,942
			Valuation adjustment	34,662	36,498
			Accrued profits / losses	-	111,825
			Non-controlling shareholders	105,092	106,530
Total assets	12,609,274	12,856,002	Total liabilities and Equity	12,609,274	12,856,002

Main variations in assets

Current and non-current assets ended 2Q18 at R\$ 2.2 billion, down 2.1% (-R\$ 47.3 million) from December 31, 2017.

Cash, cash equivalents, financial investments, marketable securities and restricted financial investments closed 2Q18 at R\$ 1.7 billion, up 1.0% from December 31, 2017. This increase is mainly due the following factors: (i) cash generation in projects, which was partially offset by (ii) investments made in projects under construction; and (iii) amortizations and interest on loans.

Accounts receivable (Customers) decreased 14.2% from the end of 4Q17, mainly due to lower revenue from wind farms and SHPPs (R\$ 67.1 million), partially offset by the reclassification of other accounts receivable totaling R\$ 14.4 million.

The decrease in property, plant and equipment (-1.7%) was mainly due to the depreciation of assets in the quarter, amounting to R\$ 228.6 million. These items were partially offset by the acquisition of an asset under construction (SHPP Boa Vista 2) amounting to R\$ 67.0 million, the recovery of wind turbines in the amount of R\$ 19.9 million and other acquisitions.

Main variations in liabilities

Current and non-current liabilities ended 2Q18 at R\$ 8.6 billion, 1.5% (-R\$ 131.6 million) lower than the balance on December 31, 2017, mainly influenced by the payment of suppliers of wind turbines.

Shareholders' equity ended 2Q18 at R\$ 4.0 billion, down 2.8% (-R\$ 115.1 million) from December 31, 2017.

Debt

2Q18 Results

The Company ended 2Q18 with total bank debt of R\$ 5,990.5 million, a decrease of 6.2% from 2Q17 (R\$ 6,387.8 million). Considering bridge loans (which will be settled using long-term debt), the Company's debt has an average term of 5.23 years and an average nominal cost of 8.44% p.a. (132.2% of CDI on June 30, 2018).

The funding transactions in the last six months were mostly aimed at strengthening the Company's cash position and financing investments required for the construction of the current project.

As such, in the last six months the Company raised funds totaling R\$ 266.9 million, as follows:

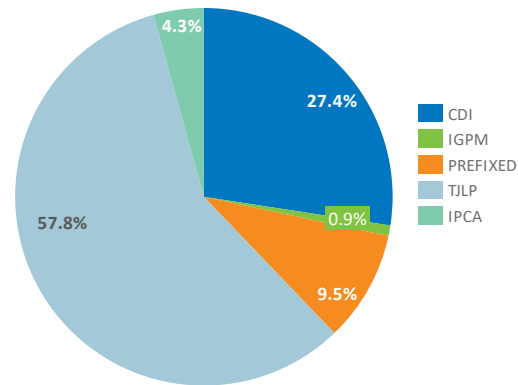
- (i) R\$ 16.0 million related to three Bank Credit Notes (CCB) of SHPP Boa Vista 2, issued to Banco BBM at a cost of CDI + 1.90% p.a.;
- (ii) R\$ 84.2 million related to long-term financing of Pedra Cheirosa I from BNB at a fixed cost of 10.14% p.a. subject to on-time payment bonus of 15%, which reduces the fixed cost to 8.62% p.a.
- (iii) R\$ 76.8 million related to long-term financing of Pedra Cheirosa II at a fixed cost of 10.14% p.a. subject to on-time payment bonus of 15%, which reduces the fixed cost to 8.62% p.a.; and
- (iv) R\$ 90.0 million related to long-term financing of Boa Vista 2 from BNDES at TJLP + 2.52% p.a.

The main amortizations made in the last six months are:

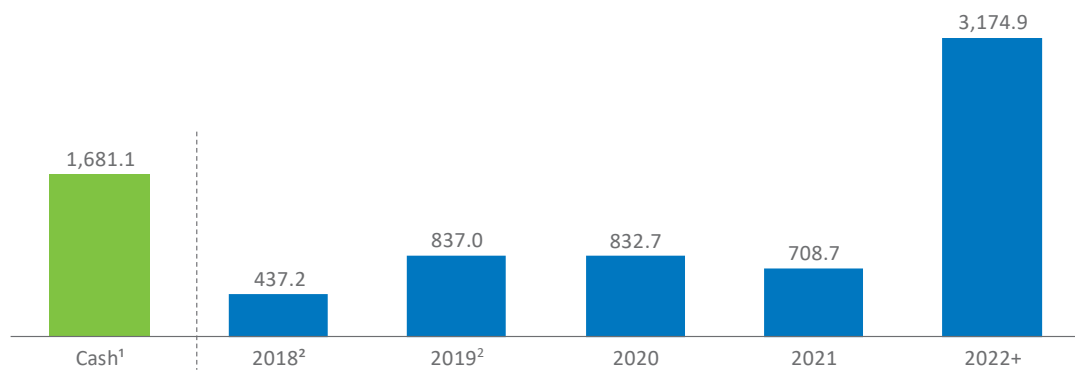
- (i) R\$ 60.0 million related to the amortization of the 2nd issue of debentures of CPFL Renováveis;
- (ii) R\$ 64.7 million related to the amortization and settlement of the 1st issue of debentures of Pedra Cheirosa I;
- (iii) R\$ 59.2 million related to the amortization and settlement of the 1st issue of debentures of Pedra Cheirosa II;
- (iv) R\$ 44.0 million related to the amortization and settlement of two CCBs of CPFL Renováveis;
- (v) R\$ 21.7 million related to the amortization of the 2nd issue of the debentures of Dobrevê Energia S.A.;
- (vi) R\$ 64.5 million related to the amortization of the 1st issue of debentures of CPFL Renováveis;
- (vii) R\$ 98.7 million related to the amortization of the 3rd issue of debentures of CPFL Renováveis;
- (viii) R\$ 56 million related to the amortization of redeemable preferred shares of Turbina 15; and
- (ix) R\$ 62.0 million related to the amortization of promissory notes of SPE Boa Vista 2 S.A.

2Q18 Results

Debt by index – June 2018



Debt amortization schedule (R\$ million) – June 2018



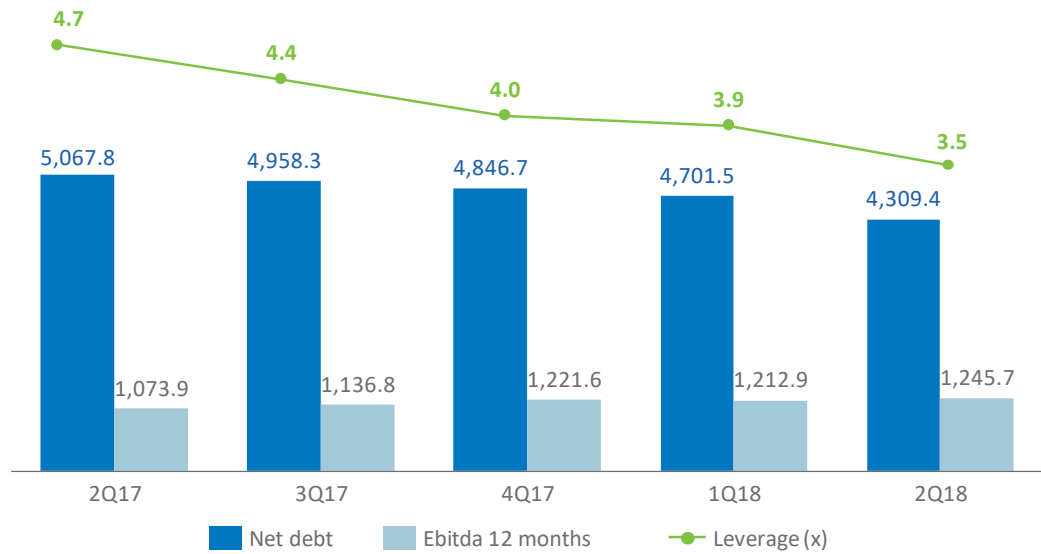
¹ Cash balance considers the reserve account (restricted investments) of R\$ 662.1 million in 2Q18 (R\$ 531.1 million in 2Q17).

² Considers financial charges of R\$ 60.9 million in 2018 and R\$ 3.1 million in 2019.

The Company, in accordance with the nature of its business, has a portfolio of plants under construction or that recently started operating. As such, for these assets debt is already included in the balance sheet, without matching EBITDA.

2Q18 Results

Net Debt/EBITDA (R\$ million)¹



¹ Cash balance considers the reserve account (restricted investments) of R\$ 662.1 million at the end of 2Q18 (R\$ 531.1 million at the end of 2Q17).

Debt with related parties

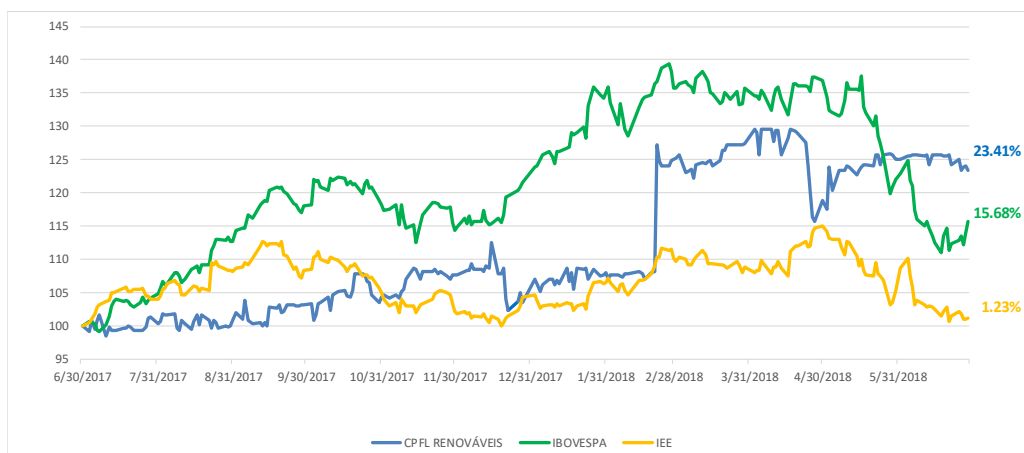
On March 26, 2018, the Company entered into with its subsidiary CPFL Geração a loan agreement for the overall amount of R\$ 600 million, at interest rate of 107% of the CDI, with total disbursements of R\$ 371 million up to June 30, 2018. The proceeds were used to strengthen the Company's cash position.

These disbursements are within a credit limit of up to R\$800 million approved with its parent company, leaving a balance of R\$ 429 million to be accessed.

Capital Markets

CPFL Renováveis stock (CPRE3) closed 2Q18 at R\$ 15.90, up 23.4% from 2Q17. In the comparison period, the Bovespa Index (IBOV), increased by 15.7%, and the Electricity Index (IEE) rose 1.2%.

Performance CPRE3 vs. IBOV and IEE: 07/01/2017 to 06/30/2018



2018 Results

Corporate Governance

CPFL Renováveis is listed on the Novo Mercado, the listing segment of B3 with the highest corporate governance standards, and its capital stock is composed exclusively of fully paid-up common shares.

The Company's corporate governance structure comprises a Board of Directors, supported by two Advisory Committees (Finance and Operations), the Audit Board, the Board of Executive Officers and Internal Audit.

The executives are guided by four principles to ensure that the management of CPFL Renováveis is conducted ethically and with complete respect for government agencies and for local communities where the Company operates: transparency, fairness, accountability and corporate responsibility.

The Board of Directors is the collective decision-making body responsible for establishing the Company's policies and general business guidelines, including its long-term strategy, control and appraisal of the Company's performance. It is also responsible for supervising the management activities of the Board of Executive Officers, among other responsibilities given to it by Brazilian law and by the Company's Bylaws.

The Board of Directors is formed by nine directors, two of them independent, with a unified term of office of one year, with reelection allowed. Board meetings are ordinarily held every two months and extraordinarily when convened by its chairman or by any two directors.

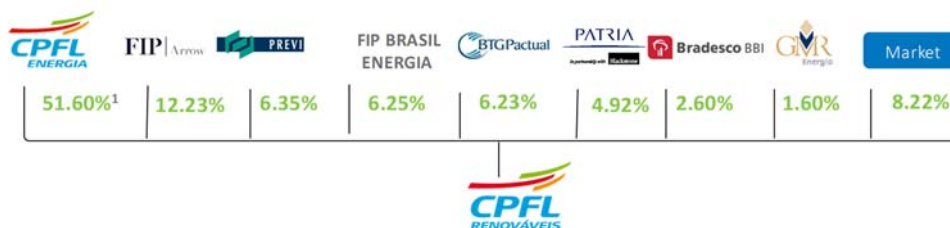
CPFL Renováveis also maintains a permanent Audit Board, which is formed by three members elected at the Annual Shareholders Meeting and who may be reelected.

The Board of Executive Officers is formed by up to seven statutory officers who serve a two-year term, with reelection allowed. The Board of Executive Officers is responsible for representing the Company and for managing its business activities in accordance with the guidelines set by the Board of Directors.

The guidelines and documents on corporate governance are available at the Investor Relations website www.cpfrenovaveis.com.br/ri.

Ownership structure

The following chart shows the Company's current ownership structure:



¹ Through CPFL Geração

2Q18 Results

Contacts	Conference call	CPRE3
Fernando Mano da Silva Chief Executive Officer	Conference Call / Webcast	Stock price on 08/08/2018: R\$ 16.29
Alessandro Gregori Filho Chief Financial and Investor Relations Officer	Date: August 10, 2018	Market Value: Brazilian Real: R\$8.2 billion
Flávia de Lima Carvalho Superintendent of Finance, Investor Relations and Communication	Time: 2:00 p.m. (Brasília time) 1:00 p.m. (Eastern time)	U.S. dollar: USD 2.2 billion
Luciana Silvestre Fonseca Investor Relations Specialist	Conference call in Portuguese with simultaneous translation into English.	
E-mail: ri@cpflrenovaveis.com.br Phone: 11 3157-9312	Dial-in: Brazil: (+55)11 3193-1001 or (+55)11 2820-4001 USA: +1 888 700 0802 World: +1 786 924-6977	
Media Relations RP1 Comunicação Empresarial Phone: 11-5501-4655		
	Code: CPFL Renovaveis	

2Q18 Results

Glossary

A-3 (A minus three) - Refers to Auction for the Purchase of Energy from new projects with supply beginning three years ahead.

A-5 (A minus five) – Refers to Auction for the Purchase of Energy from new projects with supply beginning five years ahead.

ABEEólica – Brazilian Wind Power Association.

ANEEL (National Electricity Regulatory Agency) - An autonomous government agency that regulates and inspects the generation, transmission, distribution and trading of electricity in Brazil, striving for quality of the services provided, for equal treatment of users, and for controlling the reasonability of fees charged from consumers, preserving the economic and financial feasibility of the agents and the sector.

Installed capacity – The maximum electricity generation capacity of a plant.

Electric Energy Trading Chamber (CCEE) - A private non-profit organization. It functions under the authorization of the government and under the regulation and supervision of ANEEL with the purpose of enabling the purchase and sale of electricity among CCEE agents, restricted to the National Interconnected System (SIN).

EBITDA (Earnings Before Interest, Taxes, Depreciation & Amortization) - The Company's financial results before deducting interest, taxes, depreciation and amortization expenses.

Affluent Natural Energy (ENA) - Measured in MW average, it is a way of presenting the status of a river's flow at any given time. It is usually calculated as a percentage to show whether it is above or below the historical long-term average (monthly historical average from 1931 to 2011).

Energy Research Company (EPE) - Federal public company linked to the Ministry of Mines and Energy. Responsible for the country's energy planning, covering generation, transmission, distribution, oil and gas.

Physical Guarantee – A portion of the SIN's physical guarantee allocated to each plant, which will be the contracting limit for generators in the system. Determination of physical guarantee and its revisions are proposed by the National Electricity System Operator (ONS) together with the Energy Research Company (EPE), with approval by the Ministry of Mines and Environment (MME).

GSF (Generation Scaling Factor) – The percentage of energy that all MRE participants are generating in relation to their total Physical Guarantee.

Electric Energy Index (IEE) – An industry index of BMF&BOVESPA that measures the performance of the electricity sector.

Energy Auctions – Bidding processes established by the MME and ANEEL for the purchase and sale of energy. They can be characterized as: LEN – New Energy Auction; LER – Energy Reserve Auction; LFA – Alternative Source Auctions.

Spot market – A market that accepts transactions in which delivery of the product occurs in the short term and payment is at sight. It is common to resort to this market to purchase electricity urgently, usually due to scarcity of the resource, which causes prices to go up.

2Q18 Results

Free Market - An energy contracting environment where the prices are freely negotiated between consumers and generation or trading agents.

Regulated Market - This market has specific regulations for aspects such as energy price, submarket for agreement registration and duration of supply, which are not subject to bilateral amendments by the agents. Although it is not contracted at auctions, the energy generated by the binational plant of Itaipu and the energy associated with the Incentive Program for Alternative Sources of Energy (PROINFA) qualify under the ACR, because their contracting is regulated under specific conditions established by ANEEL.

Energy Reallocation Mechanism (MRE) - It is aimed at fully utilizing the production capacity, resulting in a process of transfer of energy between generators.

National Electricity System Operator (ONS) - A private legal entity authorized to coordinate and control energy generation and transmission operations in the interconnected systems.

Power Purchase Agreement (PPA) - energy purchase agreement.

P50 - estimate that indicates there is a 50% chance that actual energy production in the long term will exceed this value. Estimated average energy production.

P90 - estimate that indicates there is a 90% chance that actual energy production in the long term will exceed this value. Conservative estimate of energy production.

Spot Price (PLD) – Short-term price at which the differences between contracted and generated energy are settled. Price volatility is directly related to the dynamic of affluents.

Small Hydropower Plants (SHPP) - Hydroelectric projects with capacity of 1,000 KW or more, or lower than 30,000 KW, with a total reservoir area of 3.0 km or less.

PROINFA - Incentive Program for Alternative Energy Sources.

SIN (National Interconnected System) - A large hydrothermal system with strong presence in hydroelectric plants, comprising generation units in the Southern, Southeastern, Midwestern, Northeastern and Northern regions of Brazil. Operation in the system is based on interdependence, integrating hydroelectric resources for energy generation and transmission to serve the market. Interconnection enables the exchange of energy between regions with different climate and hydrological variations, which tend to cause production surplus or shortfall. The system also envisages the reduction of operating costs and minimizing thermal production.

Energy Optimization Tariff (TEO) – Used for pricing MRE transactions, established by ANEEL.

2Q18 Results

Annexes – Map of energy sale agreements

Contracting Environment	Revenue	Generation Adjustments	Comments
Wind			
PROINFA	Recognized according to generation.	Forseen inversely proportional adjustment in the energy fees according to the actual production. Registered in the Revenue.	Cash adjustment done in the following year.
ACR	Recognized according to generation.	To each contract are determined superior and inferior limits, inside a four-year time range. The surplus or deficient generation, inside these limits, are reimbursed at the end of the four years. Outside the limits, the reimbursement is done in the following year.	The compensation cash adjustment done in the following year, after annual accounting (out of limits) and after four-years (inside the limits).
ACL	Recognized according to generation.	Value of generation that are different from the commercialized, are liquidated at PLD or bilateral contracts.	Monthly cash impact, according to generation.
SHP			
PROINFA	Recognized according to physical guarantee seasonality.	Adjustments related to generation deviation are recognized in revenue line, including GSF and secondary.	Cash adjustment done in the following year.
ACR	Recognized according to physical guarantee seasonality.	Adjustments related to generation deviation (TEO) are recognized in revenue line, including GSF and secondary (PLD).	Cash is completed after CCEE accounting (2 months).
ACL	Recognized according to physical guarantee seasonality.	Adjustments related to generation deviation (TEO) are recognized in revenue line, including GSF and secondary (PLD).	Cash is completed after CCEE accounting (2 months).
Biomass			
ACR	Recognized according to generation.	Adjustments related to generation deviation are recognized in revenue line.	Cash adjustment done in the following year, according to each contract mechanism.
ACL	Recognized according to generation or seasonality	Adjustments related to generation deviation are recognized in costs line (PLD or bilateral).	Cash is completed after CCEE accounting (2 months).

2Q18 Results

Annexes – assets in operation

Projects	City	State	Installed Capacity (MW)	Physical guarantee (MWh)	Contracted Energy 2018 (MWh)	Price (R\$/MWh) Jun/18	PPA	
Wind								
Atlântica wind complex	Atlântica I	Palmares do Sul	RS	30.0	13.1	13.1	241.00	ACL
	Atlântica II	Palmares do Sul	RS	30.0	12.9	12.9	241.00	ACL
	Atlântica IV	Palmares do Sul	RS	30.0	13.0	13.0	241.00	ACL
	Atlântica V	Palmares do Sul	RS	30.0	12.3	13.7	242.00	ACL
SIF wind complex	Foz do Rio Choró	Beberibe	CE	25.2	7.4	7.4	439.84	Proinfa
	Icarazinho	Amontada	CE	54.6	22.1	21.5	405.50	Proinfa
	Paracuru	Paracuru	CE	25.2	12.6	11.8	399.59	Proinfa
	Praia Formosa	Camocim	CE	105.0	28.8	28.1	450.15	Proinfa
Santa Clara wind complex	Santa Clara I	Parazinho	RN	30.0	13.7	12.7	240.21	LER 2009
	Santa Clara II	Parazinho	RN	30.0	12.8	11.4	240.21	LER 2009
	Santa Clara III	Parazinho	RN	30.0	12.5	11.9	240.21	LER 2009
	Santa Clara IV	Parazinho	RN	30.0	12.3	10.9	240.21	LER 2009
	Santa Clara V	Parazinho	RN	30.0	12.4	11.3	240.21	LER 2009
	Santa Clara VI	Parazinho	RN	30.0	12.3	10.5	240.21	LER 2009
Macacos I wind complex	EURUS VI	Parazinho	RN	8.0	3.2	2.7	240.21	LER 2009
	Macacos	João Camara	RN	20.7	9.8	9.7	245.00	ACL
	Juremas	João Camara	RN	16.1	7.6	7.5	245.00	ACL
	Pedra Preta	João Camara	RN	20.7	10.3	10.1	245.00	ACL
Bons Ventos wind complex	Costa Branca	João Camara	RN	20.7	9.8	9.8	245.00	ACL
	Bons Ventos	Aracati	CE	50.0	16.4	15.9	451.34	Proinfa
	Taiba Albatroz	São Gonçalo do Amarante	CE	16.5	6.7	6.6	411.32	Proinfa
	Canoa Quebrada - BV	Aracati	CE	57.0	24.1	22.9	413.72	Proinfa
Rosa dos Ventos wind complex	Enacel	Aracati	CE	31.5	10.2	10.0	464.61	Proinfa
	Campo dos Ventos II	João Camara	RN	30.0	15.0	13.2	196.87	LER 2010
	Canoa Quebrada - RV	Aracati	CE	10.5	3.3	3.3	453.19	Proinfa
	Lagoa do Mato - RV	Aracati	CE	3.2	1.4	1.4	399.59	Proinfa
Morro dos Ventos wind complex	Morro dos Ventos I	João Camara	RN	28.8	13.6	12.7	241.87	LER 2009
	Morro dos Ventos III	João Camara	RN	28.8	13.9	12.8	241.82	LER 2009
	Morro dos Ventos IV	João Camara	RN	28.8	13.7	12.2	241.84	LER 2009
	Morro dos Ventos VI	João Camara	RN	28.8	13.1	11.1	241.89	LER 2009
	Morro dos Ventos IX	João Camara	RN	30.0	14.3	12.7	241.85	LER 2009
Eurus wind complex	Eurus I	João Câmara	RN	30.0	15.5	12.8	193.83	LER 2010
	Eurus III	João Câmara	RN	30.0	16.1	14.7	193.81	LER 2010
Campo dos Ventos wind complex	Morro dos Ventos II	João Camara	RN	29.2	15.4	15.1	242.00	ACL
	Campo dos Ventos I	João Câmara	RN	25.2	13.6	-	185.21	ACL
	Campo dos Ventos III	João Camara	RN	25.2	13.4	-	185.21	ACL
	Campo dos Ventos V	Parazinho	RN	25.2	13.1	64.6	185.21	ACL
	São Domingos	São Miguel do Gostoso	RN	25.2	-	-	185.21	ACL
	Ventos de São Martinho	Touros	RN	14.7	-	-	185.21	ACL
São Benedito wind complex	Ventos de São Benedito	São Miguel do Gostoso	RN	29.4	-	-	185.21	ACL
	Ventos de Santo Dimas	São Miguel do Gostoso	RN	29.4	-	60.6	185.21	ACL
	Ventos de Santa Mônica	Touros	RN	29.4	-	-	185.21	ACL
	Ventos de Santa Úrsula	Touros	RN	27.3	-	-	185.21	ACL
Pedra Cheirosa wind complex	Pedra Cheirosa I	Itarema	CE	25.2	14.5	13.6	265.00	ACL
	Pedra Cheirosa II	Itarema	CE	23.1	13	12.5	265.00	ACL
Subtotal Wind				1,308.5	499.2	558.6	284.13	

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Projects	City	State	Installed Capacity (MW)	Physical guarantee (MWm)	Contracted Energy 2018 (MWm)	Price (R\$/MWh) Jun/18	PPA
SHPP							
Alto Irani	Arvoredo	SC	21.0	12.4	12.4	266.28	Proinfa
Americana	Americana	SP	30.0	5.9	5.9	260.33	ACL
Andorinhas	Bozano	RS	0.5	0.4	0.4	245.94	ACL
Arvoredo	Arvoredo	SC	13.0	7.4	7.0	249.49	LFA
Barra da Paciência	Gonzaga	MG	23.0	14.9	14.8	257.85	ACL
Buritis	Buritizal	SP	0.8	0.4	0.4	260.33	ACL
Capão Preto	São Carlos	SP	4.3	2.2	2.2	260.33	ACL
Chibarro	Araraquara	SP	2.6	1.5	1.5	260.33	ACL
Cocais Grande	Antonio Dias	MG	10.0	4.6	4.6	266.28	Proinfa
Corrente Grande	Açucena	MG	14.0	8.5	8.4	257.85	ACL
Diamante	Nortelândia	MT	4.2	1.6	1.6	228.41	ACL
Dourados	Nuporanga	SP	10.8	5.7	5.7	260.33	ACL
Eloy Chaves	Espirito Santo do Pinhal	SP	18.8	11.0	11.0	260.33	ACL
Esmeril	Patrocínio Paulista	SP	5.0	2.9	2.9	260.33	ACL
Figueirópolis	Indiavaí	MT	19.4	12.6	12.5	259.52	Proinfa
Gavião Peixoto	Gavião Peixoto	SP	4.8	3.6	3.6	260.33	ACL
Guaporé	Guaporé	RS	0.7	0.4	0.4	245.94	ACL
Jaguari	Pedreira	SP	11.8	4.5	4.5	260.33	ACL
Lençóis	Macatuba	SP	1.7	1.0	1.0	260.33	ACL
Ludesa	Ipuacu	SC	30.0	21.2	16.7	266.28	Proinfa
Mata Velha	Unai	MG	24.0	13.1	12.7	170.20	ACR
Monjolinho	São Carlos	SP	0.6	0.1	0.4	219.12	ACL
Ninho da Águia	Delfim Moreira	MG	10.0	6.5	4.2	257.85	ACL
Novo Horizonte	Campina Grande do Sul	PR	23.0	10.4	10.0	175.62	ACL
Paíol	Frei Inocêncio	MG	20.0	10.5	10.9	257.81	ACL
Pinhal	Espirito Santo do Pinhal	SP	6.8	3.7	3.7	260.33	ACL
Pirapó	Roque Gonzales	RS	0.8	0.6	0.6	245.94	ACL
Plano Alto	Xavantina	SC	16.0	9.3	9.3	266.28	Proinfa
Saltinho	Muitos Capões	RS	0.8	0.7	0.7	245.94	ACL
Salto Góes	Tangará	SC	20.0	11.1	11.1	230.70	LFA
Salto Grande	Campinas	SP	4.6	2.6	2.6	260.33	ACL
Santa Luzia	São Domingos	SC	28.5	18.4	18.0	252.66	LFA 2007 / ACL
Santana	São Carlos	SP	4.3	2.6	2.6	260.33	ACL
São Gonçalo	São Gonçalo do Rio Abaixo	MG	11.0	7.2	6.4	257.85	ACL
São Joaquim	Guará	SP	8.1	5.1	5.1	260.33	ACL
Socorro	Socorro	SP	1.0	0.3	0.3	260.33	ACL
Três Saltos	Torrinha	SP	0.6	0.4	0.4	260.33	ACL
Varginha	Chalé	MG	9.0	5.4	4.0	249.49	LFA 2007
Várzea Alegre	Chalé	MG	7.5	4.9	4.8	257.85	ACL
Subtotal SHPP			423.0	235.5	225.3	249.23	

Projects	City	State	Installed Capacity (MW)	Physical guarantee (MWm)	Contracted Energy 2018 (MWm)	Price (R\$/MWh) Jun/18	PPA
Biomass							
Alvorada	Araporã	MG	50.0	15.2	18.0	195.00	ACL
Baía Formosa	Baía Formosa	RN	40.0	4.0	11.0	279.07	LEN 2006
Bio Buriti	Buritizal	SP	50.0	10.8	10.8	238.94	ACL
Bio Energia	Pirassununga	SP	45.0	5.2	6.4	240.01	ACL
Bio Ipê	Nova Independência	SP	25.0	4.3	4.3	238.94	ACL
Bio Pedra	Serrana	SP	70.0	23.9	24.4	231.33	LER 2010
Coopcana	São Carlos do Ivaí	PR	50.0	18.0	18.0	195.00	ACL
Ester	Cosmópolis	SP	40.0	14.5	16.4	206.64	LFA 2007 / ACL
Subtotal Biomass			370.0	95.9	109.4	218.68	

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Project	City	State	Installed Capacity (MW)	Physical guarantee (MWm)	Contracted Energy 2018 (MWm)	Price (R\$/MWh) Jun/18	PPA
Solar							
Tanquinho	Campinas	SP	1.1	0.2	0.2	235.72	ACL
Subtotal Solar			1.1	0.2	0.2	235.72	
TOTAL			2,102.5	830.8		266.73	

2Q18 Results

Annexes – assets under construction

Project	State	Installed Capacity (MW)	Physical guarantee (MWm)	Contracted Energy (MWm)	Price (R\$/MWh) Jun/18	PPA
SHPP						
Boa Vista 2	MG	29.9	15.2	14.0	240.47	21º LEN 2015 (A-5)
Subtotal SHPP		29.9	15.2	14.0	240.47	
TOTAL		29.9	15.2	14.0	240.47	