

# 2Q17 Results



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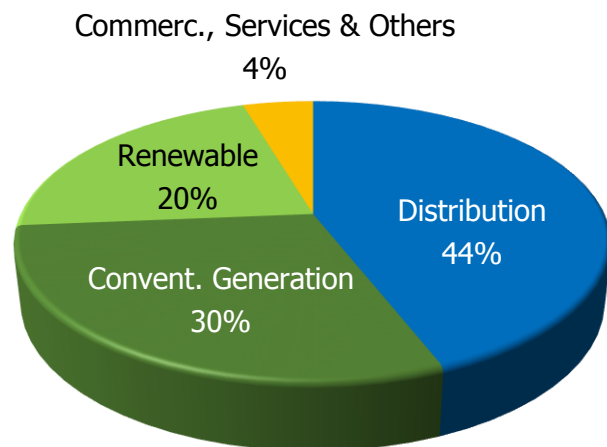
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- ✓ **Stable sales** in the concession area (**+0.5%**)<sup>1</sup>
- ✓ **Reduction in the contracted demand: -1.2%** Off Peak and **-2.1%** Peak (Jun-17 vs. Jun-16)<sup>1,2</sup>
- ✓ Increases of **33.1% in Net Operating Revenue** and of **6.3% in EBITDA**
- ✓ Investments of **R\$ 698 million**<sup>3</sup>
- ✓ Net debt of **R\$ 13.6 billion** and leverage of **3.28x Net Debt/EBITDA**<sup>4</sup>
- ✓ **RGE tariff adjustment**, in Jun-17, with an **average effect of +5.00%** to be perceived by the consumers
- ✓ Anticipation of commercial start-up of **Pedra Cheirosa Wind Complex (48.3 MW)**, in Jun-17
- ✓ Anticipation of commercial start-up of **CPFL Transmissão Morro Agudo**, in Jul-17
- ✓ **Current status of State Grid transaction:** Tag Along Tender Offer in progress, according to the Material Fact of July 7
- ✓ **Public Consultation:** improvement of the legal framework of the electric sector

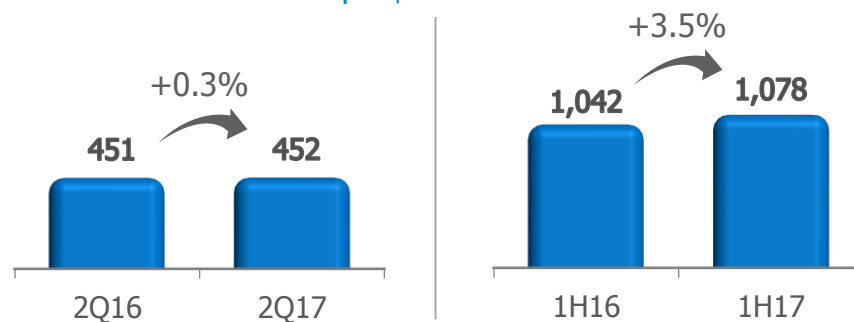
1) Excluding RGE Sul; 2) Excluding a large A1 consumer, whose demand reduction does not impact the parcel B; 3) Considering the investments in transmission, in the amount of R\$ 2 million; 4) Financial covenants criteria.

## ► EBITDA<sup>1</sup> Breakdown | 2Q17 | R\$ million

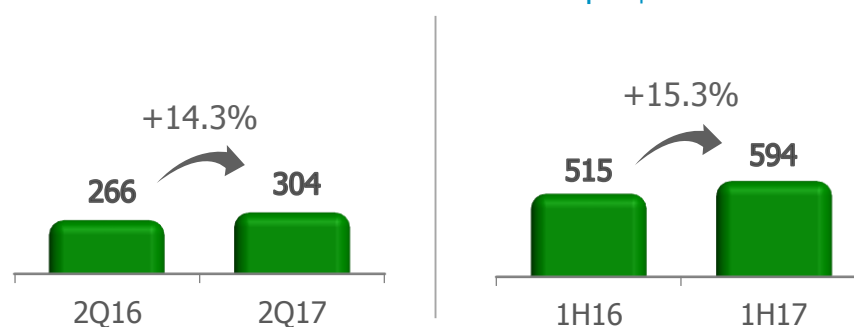


**Total: R\$ 1,027 million**

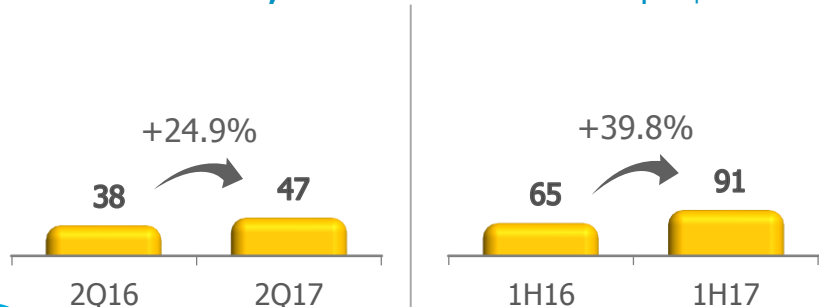
## ► Distribution | R\$ million



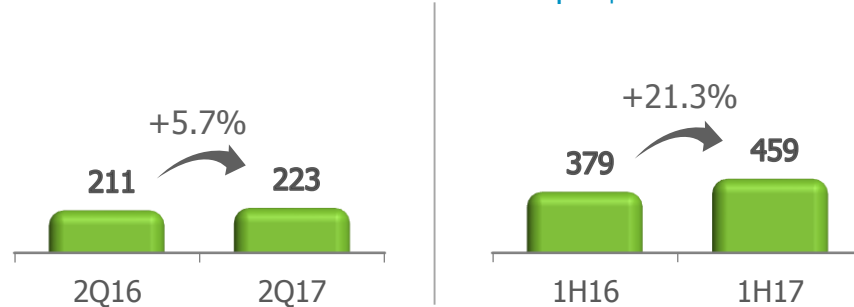
## ► Conventional Generation | R\$ million



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



## ► Renewable Generation | R\$ million

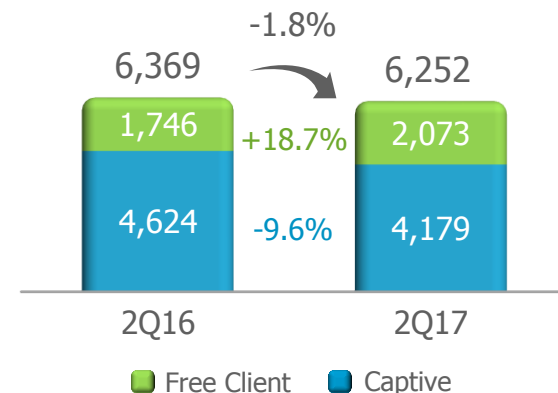


1) EBITDA is calculated from the sum of net income, taxes, financial result, depreciation/amortization, as CVM Instruction no. 527/12.

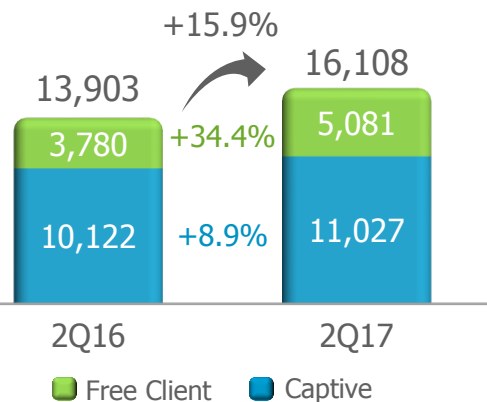
## Highlights

- ✓ **Increase in sales** in the concession area (+**15.9%**)
- ✓ **RGE Sul (2Q17)** added **2,134 GWh** in sales
- ✓ Disregarding RGE Sul:
  - **Stable sales** in the concession area (+**0.5%**)
  - **Reduction in load** in the concession area (-**1.8%**)
  - **Reduction in the contracted demand:** -**1.2%** Off Peak and -**2.1%** Peak (Jun-17 vs. Jun-16)<sup>1</sup>
  - **Losses:** from **8.89%** in 2Q16 and **9.14%** in 1Q17 to **8.84%** in 2Q17

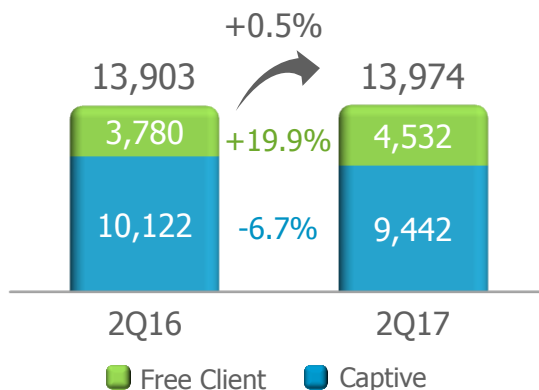
### ► Load in the concession area (without RGE Sul)<sup>2,3</sup> | average MW



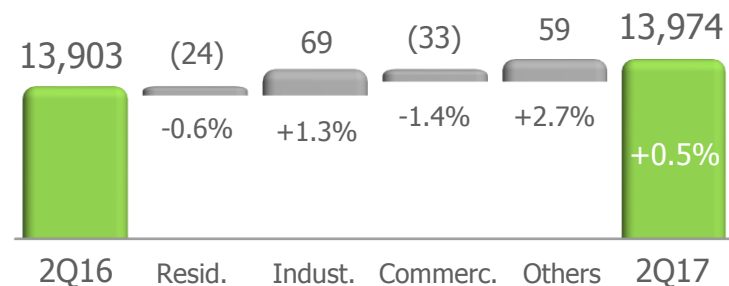
### ► Sales in the concession area (with RGE Sul)<sup>3</sup> | GWh



### ► Sales in the concession area (without RGE Sul)<sup>3</sup> | GWh

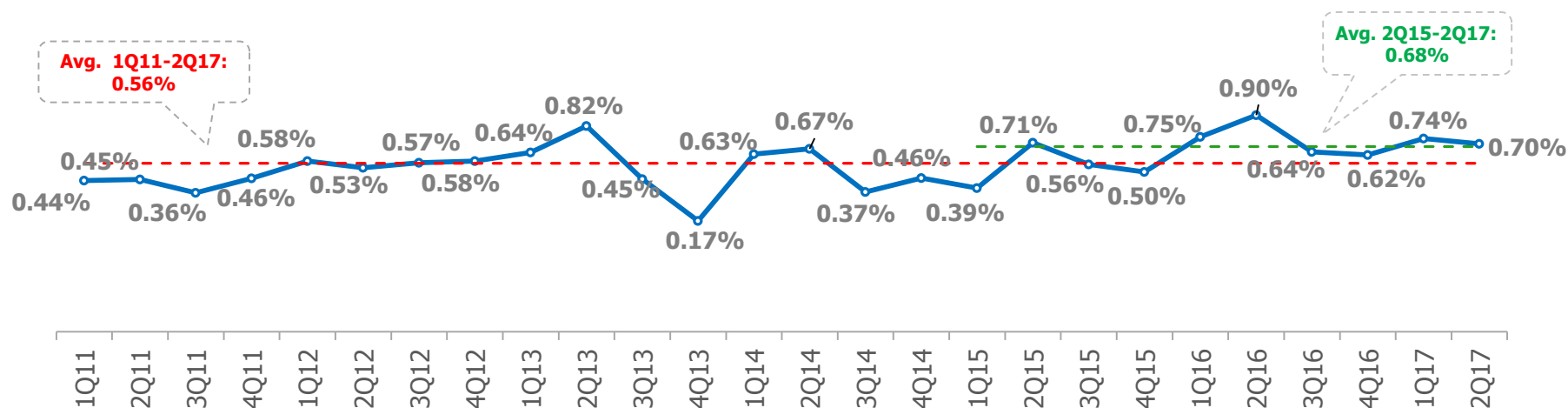


### ► Sales by consumption segment (without RGE Sul)<sup>3</sup> | GWh

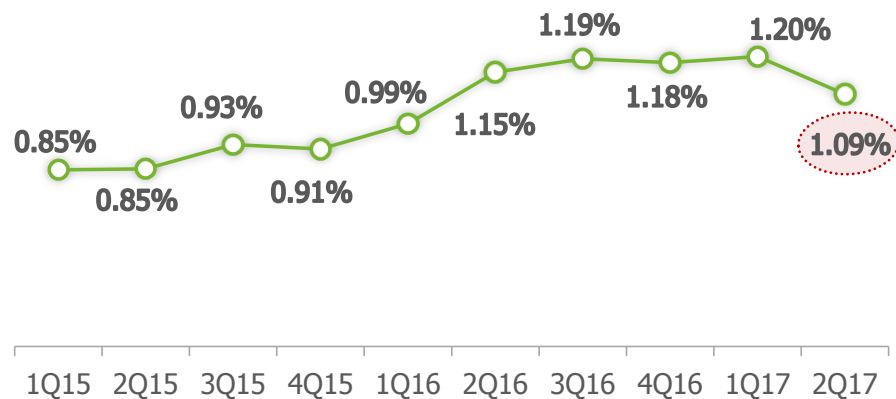


# 2Q17 Delinquency

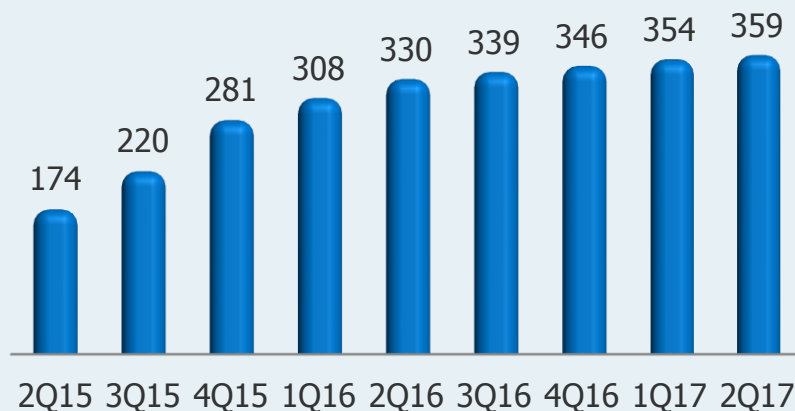
## ► ADA Evolution | % of Gross Revenue<sup>1</sup>



## ► Total (R\$) Overdue Bills – Above 90 days | in % of revenues – LTM<sup>2</sup>



## ► Collection actions | Cuts (thousands)



1) 1) ADA/Revenue from Sales to Final Consumers – last 12 months. 2) Revenue from Sales to Final Consumers – last 12 months.

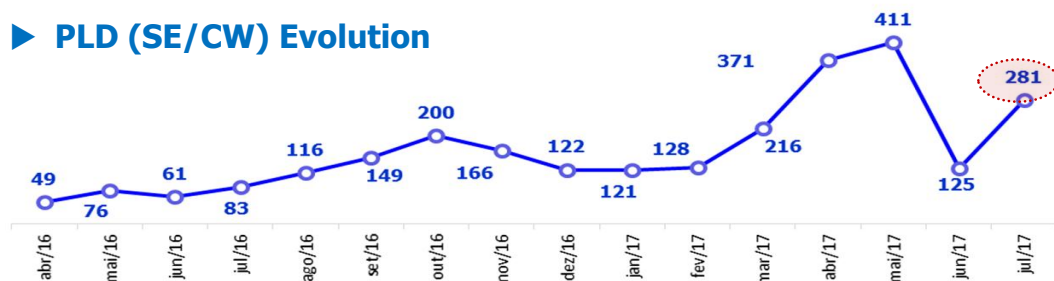


# Generation: Performance in 2Q17

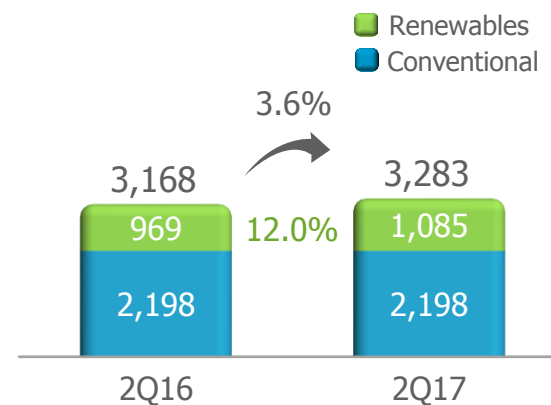
## Highlights

- ✓ Anticipation of commercial start-up of **Pedra Cheirosa Wind Complex (48.3 MW)**, in Jun-17
- ✓ **Unfavorable hydrological situation** has led the PLD (SE/CW) from **R\$ 61/MWh** in Jun-16 to **R\$ 125/MWh** in Jun-17
- ✓ **Unfavorable wind situation:** generation below the P50

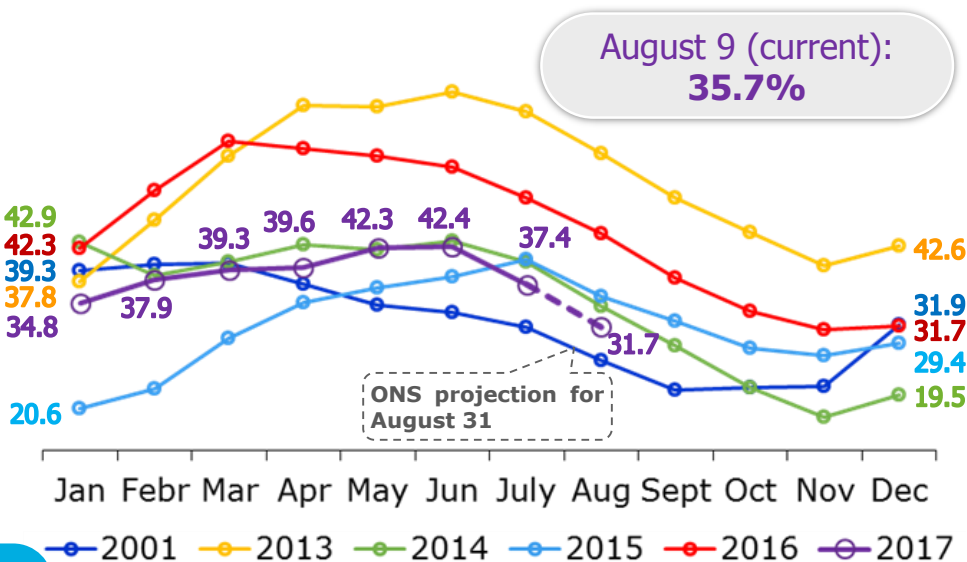
## ► PLD (SE/CW) Evolution



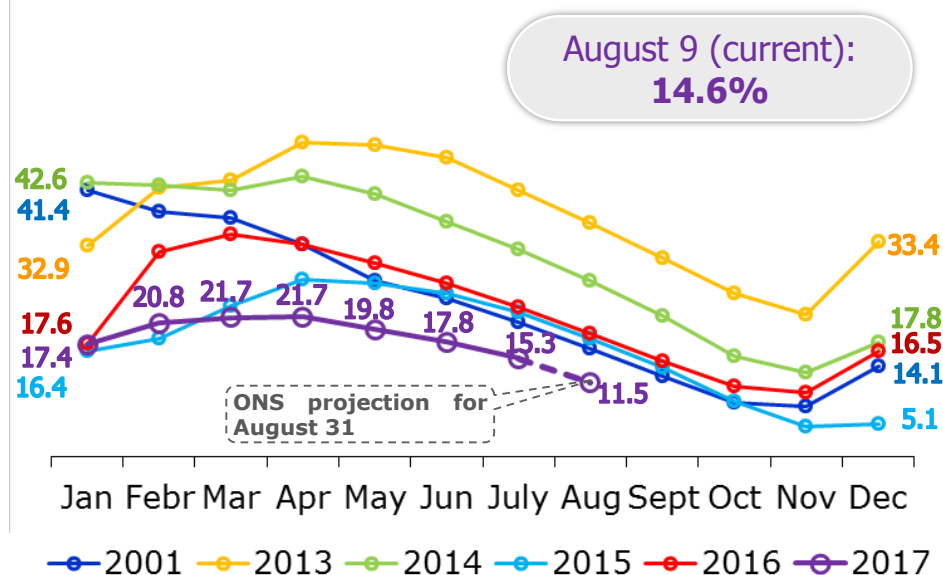
## ► 2Q17 Installed Capacity<sup>1</sup> | MW



## ► NIPS Reservoir Levels | %



## ► Northeast Reservoir Levels | %



1) Considering proportional stake in the generation projects.

IFRS

## Net Revenue

**33.1%**  
**R\$ 1,482 million**

2Q16	2Q17
<b>R\$ 4,481 million</b>	<b>R\$ 5,963 million</b>

**16.4%**  
**R\$ 736 million**

2Q16	2Q17
<b>R\$ 4,481 million</b>	<b>R\$ 5,217 million</b>

## EBITDA

**6.3%**  
**R\$ 61 million**

2Q16	2Q17
<b>R\$ 966 million</b>	<b>R\$ 1,027 million</b>

**3.6%**  
**R\$ 35 million**

2Q16	2Q17
<b>R\$ 966 million</b>	<b>R\$ 1,001 million</b>

## Net Income

**-48.7%**  
**R\$ 117 million**

2Q16	2Q17
<b>R\$ 240 million</b>	<b>R\$ 123 million</b>

**-34.0%**  
**R\$ 82 million**

2Q16	2Q17
<b>R\$ 240 million</b>	<b>R\$ 159 million</b>

IFRS (-) RGE Sul  
(do not exclude the effects  
of the acquisition debt<sup>1</sup>)

## Key Factors

### EBITDA:

- Distribution: total var. of +R\$ 2 MM**
  - Itaipu's exchange variation (+R\$ 43 MM)
  - RGE Sul (+R\$ 26 MM)
  - Concession financial asset (-R\$ 35 MM)
  - Manageable PMSO + ADA + Reinforcement of collection actions (-R\$ 24 MM)
- Conventional Generation: total var. of +R\$ 38 MM**
  - Price readjustments of contracts (+R\$ 18 MM)
  - Financial adjustments of UBP (+R\$ 12 MM)
- Renewable Generation: total var. of +R\$ 12 MM**
  - Contractual penalties in 2Q16 (+R\$ 38 MM)
  - Start-up of wind farms - ACL complex (+R\$ 32 MM)
  - Lower wind farms generation (-R\$ 30 MM)

### EBITDA:

- Commerc., Serv. & Others: total var. of +R\$ 9 MM**
  - Margin gain by price and volume (+R\$ 34 MM)
  - Contractual penalties in 2Q16 (-R\$ 26 MM)

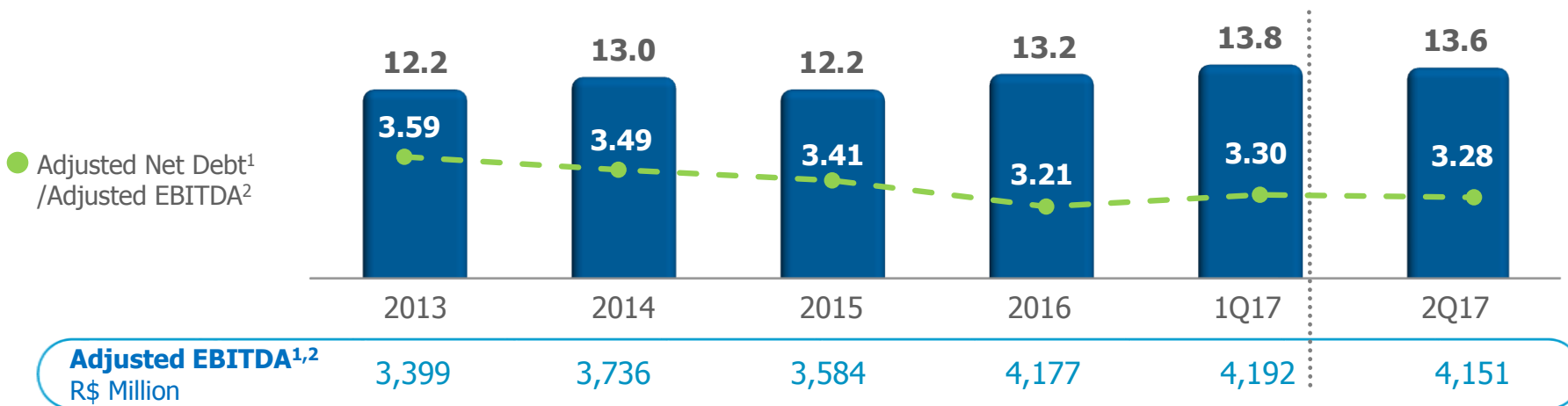
### Net Income:

- Financial Result: total var. of -R\$ 154 MM**
  - Itaipu's exchange variation (-R\$ 43 MM)
  - Zero Cost Collar derivative (-R\$ 39 MM)
  - MTM (-R\$ 33 MM)
  - RGE Sul: consolidation (-R\$ 29 MM) and acquisition (-R\$ 49 MM)
  - Debt charges, net of income from financial investments (+R\$ 97 MM)
- Income Tax/Social Contr.: total var. of +R\$ 45 MM**

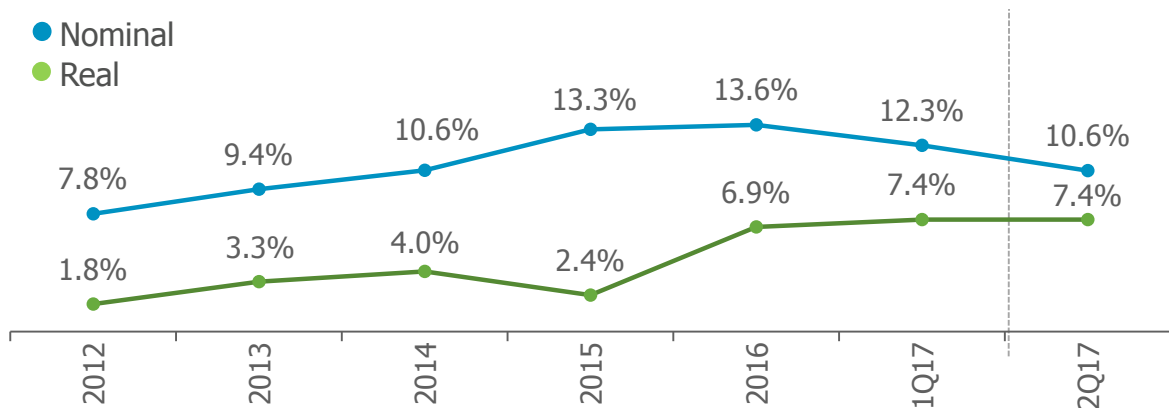
<sup>1</sup> The impacts caused by the funding of the acquisition of RGE Sul in the financial result (due to the reduction of Cash and increase in Indebtedness) were not excluded in our analyzes.



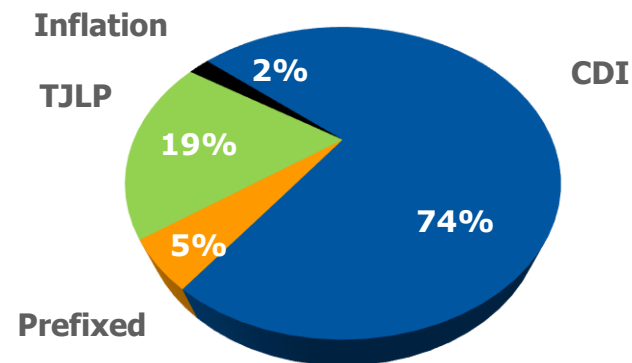
## ► Leverage<sup>1</sup> | R\$ Billion



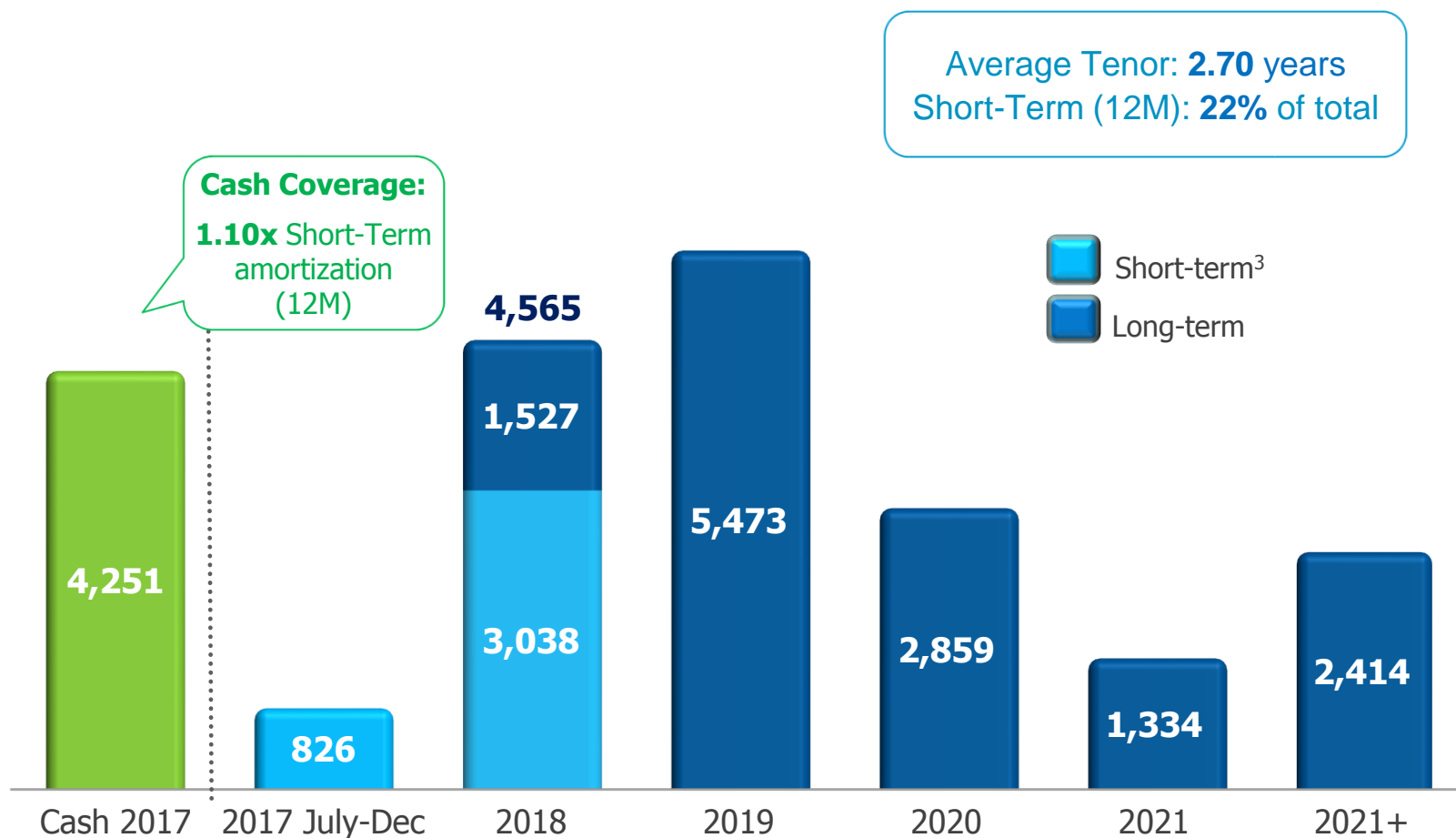
## ► Gross Debt Cost<sup>3,4</sup> | end of period



## ► Gross Debt Breakdown by Indexer | 2Q17<sup>1,4</sup>




## ► Debt amortization schedule<sup>1,2</sup> | Jun-17 | R\$ Million



# Pedra Cheirosa Wind Complex – Commercial Start-up



**CPFL Renováveis  
anticipated in 1 year  
the Wind Complex  
Start-up**

A wide-angle photograph of the Pedra Cheirosa Wind Complex. Three large white wind turbines are visible, spaced out across a flat, green landscape under a clear blue sky with a few wispy clouds. A dirt road or path leads from the foreground towards the turbines.

Commercial Start-up	Installed Capacity	Assured Energy	PPA <sup>1</sup>	Location	Financing
June/2017	48.3 MW	26.1 average-MW	18 <sup>th</sup> LEN 2014 R\$ 156.50/MWh until 2047	Ceará	BNDES e BNB (under analysis)

1) Constant Currency (June-17).



# SHPP Boa Vista II – Under Construction



Commercial Start-up	Installed Capacity	Assured Energy	PPA <sup>1</sup>	Location	Financing
2020	29.9 MW	14.0 average-MW	21 <sup>st</sup> LEN 2015 R\$ 225.53/MWh until 2049	Minas Gerais	BNDES (under analysis)

1) Constant Currency (June-17).

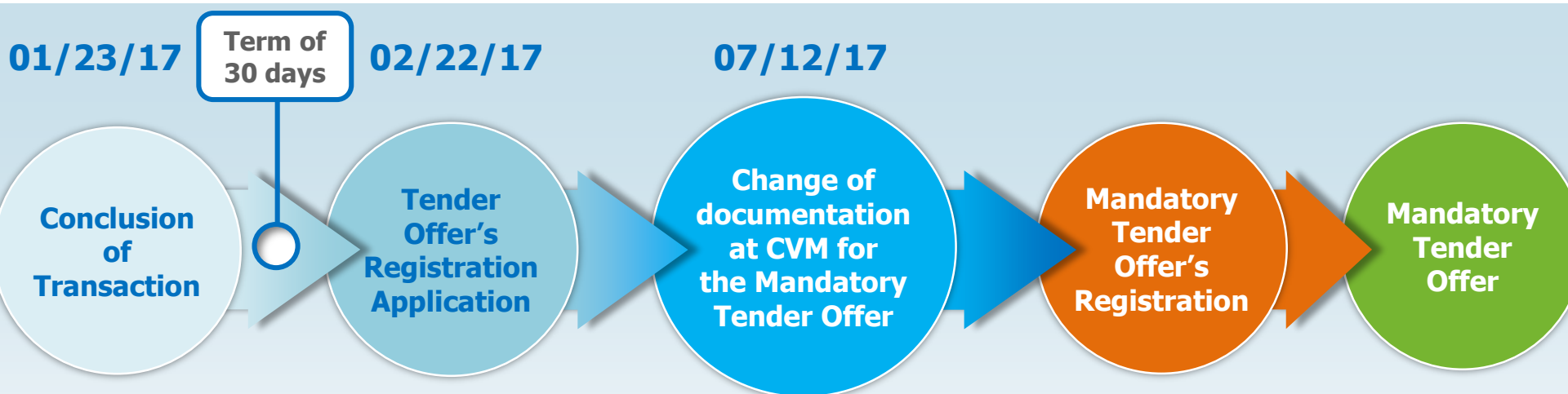


**STATE GRID**  
CORPORATION OF CHINA

54.6%

**Free Float**

45.4%



Acquisition of the stakes of Camargo Corrêa, Previ and Bonaire (54.6% of the total of CPFL Energia)

**R\$ 25.51/share**  
(updated by Selic)

## Current status:

- On 07/07/17, CPFL Energia released a Material Fact informing that State Grid decided to proceed solely with the Mandatory Tender Offer resulting from the transfer of control of the Company
- The applicable documentation for the Company's tender offer was duly adjusted to reflect the foregoing decision and were filed with the CVM on 07/12/17



***CPFL***  
***ENERGIA***