



# **CPFL**

## **ENERGIA**



**2Q08**

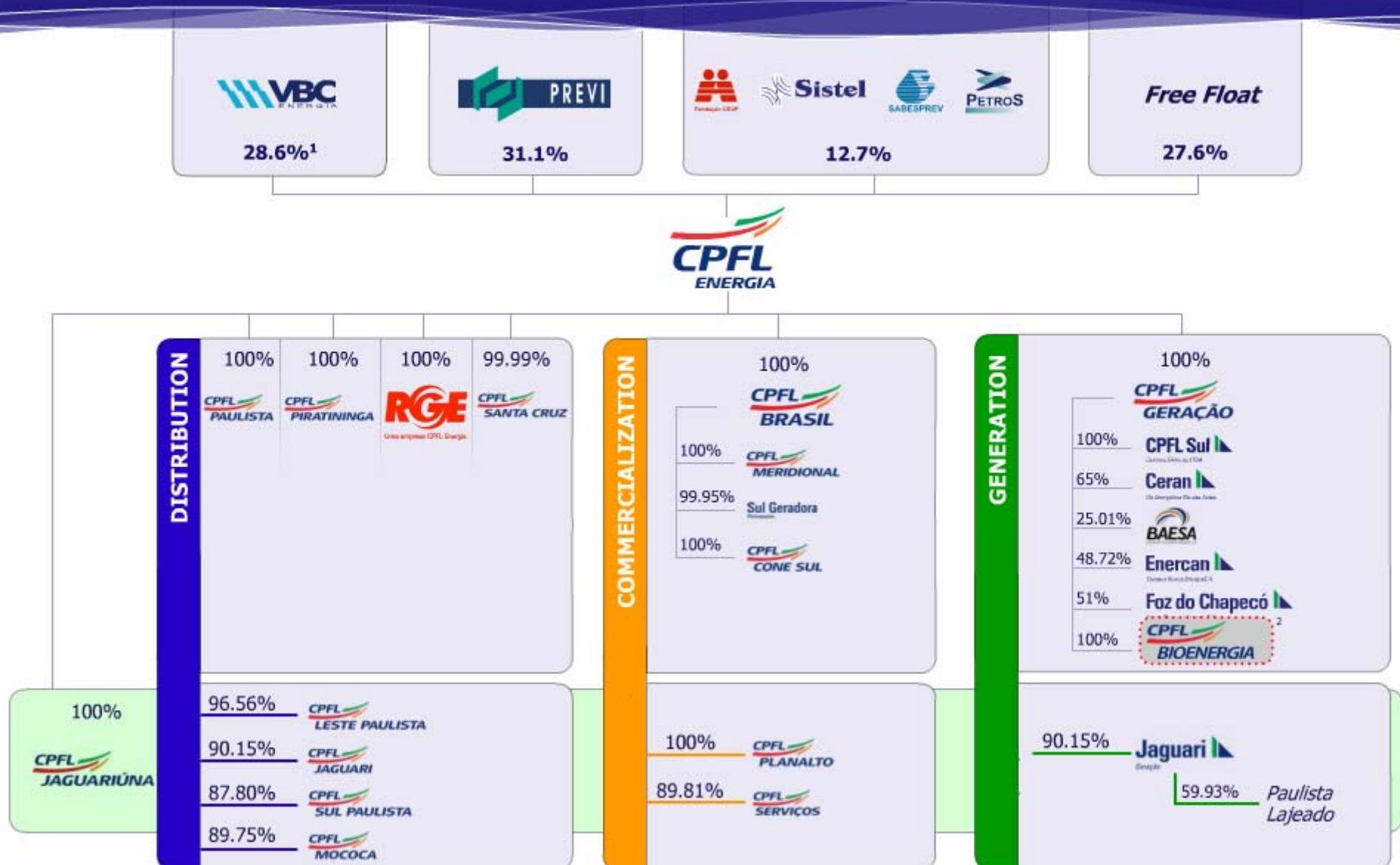


- Growth of 5.1% in sales volume in the concession area<sup>1</sup>
- Growth of 177% in revenue from Value Added Services and CPFL Total
- Distribution of R\$ 602 million in dividends in the first half, equivalent to 100% of net income

Net Revenue	EBITDA	Net Income
 <b>3.9%</b>	 <b>-11.8%</b>	 <b>-11.1%</b>
R\$ 2,310 million (2Q08) R\$ 2,224 million (2Q07)	R\$ 718 million (2Q08) R\$ 814 million (2Q07)	R\$ 329 million (2Q08) R\$ 369 million (2Q07)

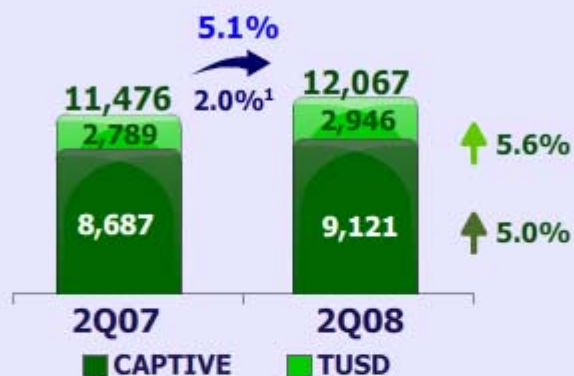
- Constitution of CPFL Bioenergia, for investments in energy generation from biomass
- Appreciation of 2.8% in the shares of CPFL on Bovespa in 2Q08 and 12.2% in 1H08, beating the IEE and Ibovespa in 1H08
- S&P increases credit rating of CPFL Energia and subsidiaries to AA+ on the national scale
- CPFL Energia is elected the best company in Latin America in Corporate Governance by Latin Finance and Management and Excellence and receives a Corporate Governance AA+ classification from Austin Rating

**CPFL Paulista and CPFL Piratininga were recognized with ABRADÉE's Best Energy Distributors in Brazil award, being ranked in 1<sup>st</sup> and 2<sup>nd</sup> place respectively**





## Concession Area Sales (GWh)



■ With Acquisition ■ Without Acquisition<sup>1</sup>

### Residential and industrial classes positively impacted:

- Increase in employment, income and credit
- Increase in industrial activity in the concession area

### Commercial and rural classes negatively impacted:

- Low temperatures
- High rainfall

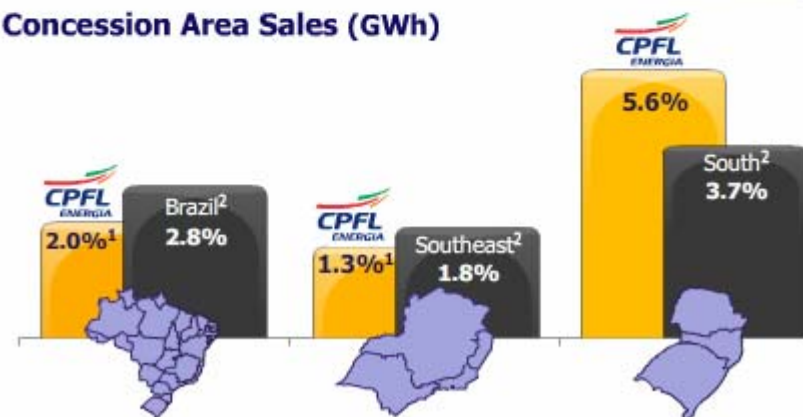
## Free Market Sales (GWh)



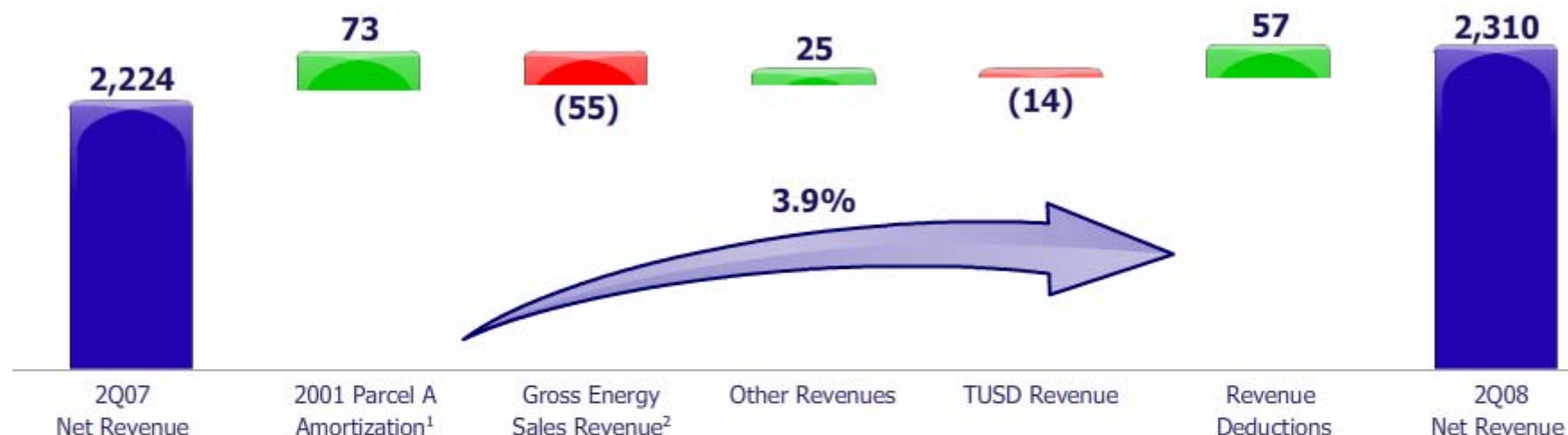
## Total Energy Sales (GWh)



## Concession Area Sales (GWh)



## Net Revenue - R\$ million



## 3.9% Net Revenue Increase (R\$ 86 million)

- + Amortization of Parcel A of 2001<sup>1</sup> (R\$ 73 million)
- Reduction of 0.6% in Gross Revenues from Energy Sales (R\$ 55 million)<sup>2</sup>
  - + Add-on from CPFL Jaguariúna (R\$ 108 million)
  - + Physical sales of energy and market mix earnings (R\$ 71 million)<sup>3</sup>
  - Distribution tariffs reduction, partially compensated for increase in the commercialization average price (R\$ 234 million)
- + Increase of 77.5% in Other Revenues (R\$ 25 million)
  - + Increase of 177% in Revenues from Value-Added Services and CPFLTotal (R\$ 12 million)
- Reduction of 6.9% in TUSD Revenue (R\$ 14 million)
- + Reduction of 4.8% in Deductions from Revenue (R\$ 57 million)
  - + Reduction of CCC amounts (R\$ 12 million)
  - + Amortization of asset for increase of PIS/COFINS in 2Q07 (R\$ 30 million)<sup>4</sup>



## EBITDA - R\$ million



**11.8% EBITDA  
Decrease  
(R\$ 96 million)**

- + Increase of 3.9% in Net Revenues (R\$ 86 million)
- Increase of 8.5% in Energy Costs and Charges<sup>1</sup> (R\$ 97 million)
  - Add-on from CPF Jaguariúna (R\$ 35 million)
- Amortization of Parcel A of 2001<sup>2</sup> (R\$ 46 million)
- Increase of 14.8% in Operating Costs and Expenses<sup>3</sup> (R\$ 38 million)
  - Add-on from CPFL Janguariúna (R\$ 19 million) and Castro Alves HPP (R\$ 1 million)
- Non-operating Result and Others<sup>4</sup> (R\$ 1 million)

**5.4% excluding  
CPFL  
Jaguariúna**

**7.0% excluding  
new companies**

IGP-M: 13.4%<sup>5</sup>  
IPCA: 6.1%<sup>5</sup>

## Net Income - R\$ million



**11.1% Net Income Decrease  
(R\$ 41 million)**

**Excluding 2Q07 Non-recurring effect¹:  
14.6% decrease**

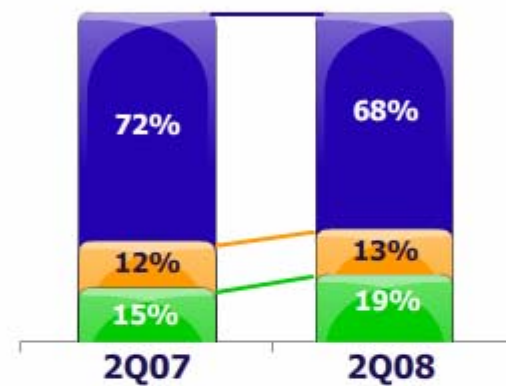
- ➖ Reduction of 11.8% in EBITDA (R\$ 96 million)
- ➕ Increase of 9.7% in Financial Result (R\$ 15 million)
  - ➕ Increase of 11.7% in Financial Income (R\$ 9 million)
    - ➕ Financial Income yield (R\$ 7 million)
    - ➕ CPFL Geração's SPPs Carbon Credits (R\$ 1 million)
  - ➕ Reduction of 2.7% in Financial Expenses (R\$ 6 million)
    - ➕ Hedge expense for CPFL Jaguariúna's acquisition in 2Q07 (R\$ 23 million)
  - ➖ HPP Castro Alves financing (R\$ 3 million) and CPFL Jaguariúna's acquisition (R\$ 14 million)
- ➕ Reduction in Income Tax, Social Contribution and Others² (R\$ 40 million)

EBITDA Breakdown<sup>1</sup>



■ Generation ■ Commercialization ■ Distribution

Net Income Breakdown<sup>1</sup>



Margin Evolution<sup>2</sup>



**CPFL Energia  
maintains  
EBITDA Margin  
above 30%**



**CPFL distributes 100% of net income in dividends:  
R\$ 602 million in 1H08 – R\$ 1.25 per share**

Since the IPO (2H04), CPFL Energia's dividend yield has already reached 57.0%<sup>3</sup>

**Declared dividends<sup>1</sup> vs. Annualized Dividend Yield<sup>2</sup>**

- Declared dividends (R\$ million)
- Dividend Yield (last 2 half year)



CPFL price (R\$/ON) - Average

Period	2H04	1H05	2H05	1H06	2H06	1H07	2H07	1H08
CPFL price (R\$/ON) - Average	16.58	18.85	23.33	30.05	28.25	31.74	35.99	36.11

### Delinquency<sup>1</sup> (%)



### Rebilling index - to each 10 thousand billed accounts<sup>3</sup>



1) Bills overdue for more than 30 days - % of total billing - balance in June 30, 2008

3) June/08 - annualized values

5) 2Q07 not considering CPFL Jaguari's subsidiaries

2) CPFL Paulista, CPFL Piratininga and RGE. Until Dec/08, all distributors will be covered

4) Last available information - simple average of the competitors distributors for 2006 ABRADEE prize

### DEC<sup>1</sup> - Hours



### FEC<sup>1</sup> - Times





**CPFL Energia Group was the major winner of the Abradee Award 2008  
and IASC ANEEL Award 2008**

**Awards won in 4 categories**



**Best Electric Energy  
Distribution company  
in Brazil<sup>1</sup>**



**Conquered categories:**

- Quality of Management
- Operating Performance
- Economic-Financial Management
- Social Responsibility



**2<sup>nd</sup> Best Electric Energy Distribution company in Brazil<sup>1</sup>**



**2<sup>nd</sup> place in the dimensions of "Evaluation  
by Customer" and "Social Responsibility"**

**Golden Trophy in the Gaucho Quality  
and Productivity Program – GQPP**



**Winner of the IASC ANEEL 2008 Award  
Best distribution company in the perception of the customers**





- Organizational restructuring and gains in efficiency
- Lower commercial and total delinquency inventory
- ISO:9001, ISO:14001, OHSAS18001 and SA8000 certifications
- Better financial management



- Reduction in delinquency levels, particularly in the public sector
- Better tax management with recovery of tax credits
- Reduction of Operating Costs and Expenses
- Reversal of Provisions for Doubtful Debts



- Operational restructuring and standardization of processes
- Revision of contracts for the supply of materials and services
- Implementation of tax planning
- ISO 9001:2000 certification



14 de Julho HPP



**CPFL's stake (65%)**

- 97% of the Civil Works
- 65% of the Electromechanical Equipment Assembly

**CPFL Investment: R\$ 279 million**

- Filling of the Reservoir: September 2008 (e)
- Commercial Operation: 4Q08
- 65 MW and 32,5 MWmedium

Foz do Chapecó HPP



**CPFL's stake (51%)**

- 43% of the Civil Works
- 10% of the Electromechanical Equipment Assembly

**CPFL Investment: R\$ 1.1 billion**

- Commercial Operation: 3Q10
- 436 MW and 220 MWmedium



## COMMERCIALIZATION

### Value Added Services

62 sold works in 2Q08: R\$ 37 million

#### Transmission Systems

##### Highlights:

- Works in plants
- 75 MVA
- 50 km of Transmission Lines

#### Distribution Systems

#### Self-Production Systems

##### Highlights:

- Shopping Centers works
- 6.4 MVA

52 Underconstruction Works<sup>1</sup>: R\$ 65 million



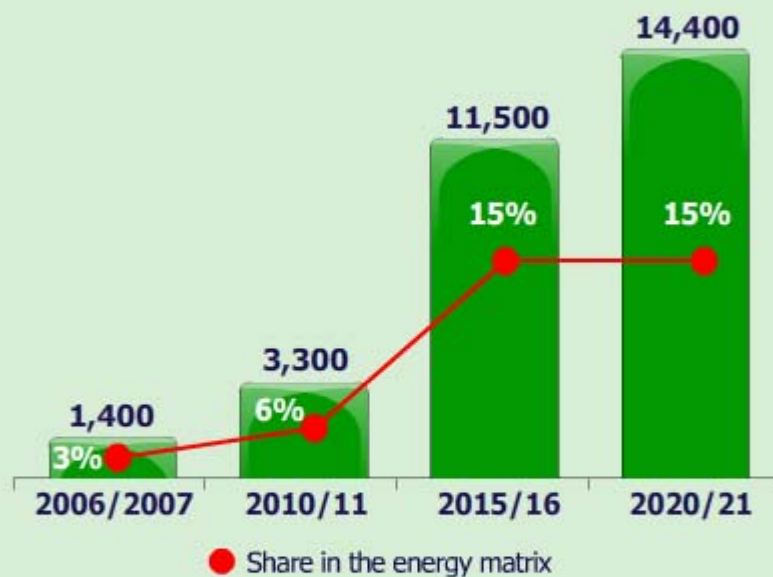
### CPFLTOTAL... pagamentos e serviços

	Customer Service Points <sup>3</sup>	Transactions (thousand units)	Gross Revenue (R\$ thousand)
<b>2Q08</b>	977	2,023	1,574
	123%	108%	117%
<b>2Q07</b>	439	974	727

### VAS - Gross Revenues<sup>2</sup> - R\$ million



### Expansion Bioelectricity<sup>1</sup> (MWmedium)



**Forecast of expansion in the energetic matrix:  
5 times current potential up to 2021**

### Concession area – CPFL Energia



**87%<sup>2</sup> of total sugar cane production  
is in the São Paulo state**

**CPFL Bioenergia's** constitution, focused in electrical energy generation  
projects through sugar cane bagasse

## GENERATION

## Business Model

### CPFL invests in the generation-related machinery

- High pressure boilers
- Condensing turbines
- Back pressure turbines
- Substation and transmission line



CPFL receives the exceed energy,  
for a certain period

### Business Opportunities

There are more than 500 MW being analyzed

## COMMERCIALIZATION

CPFL Brasil is looking for additional energy  
purchase from biomass source



CPFL presents 6 potential deals of bioelectricity  
energy purchase in the short term



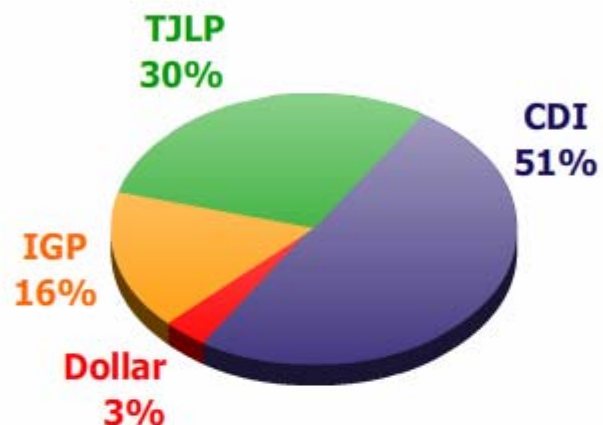
## Adjusted Net Debt (R\$ million)



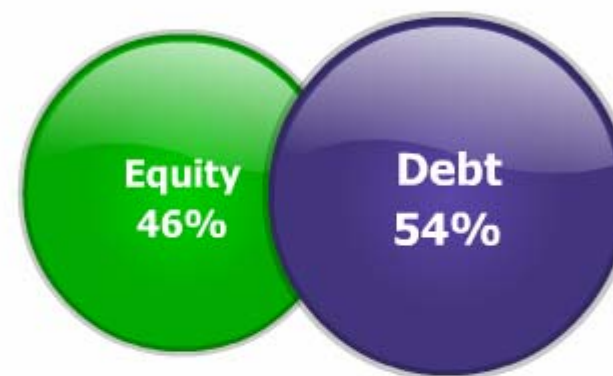
## Adjusted Net Debt / EBITDA<sup>2</sup> (R\$ billion)



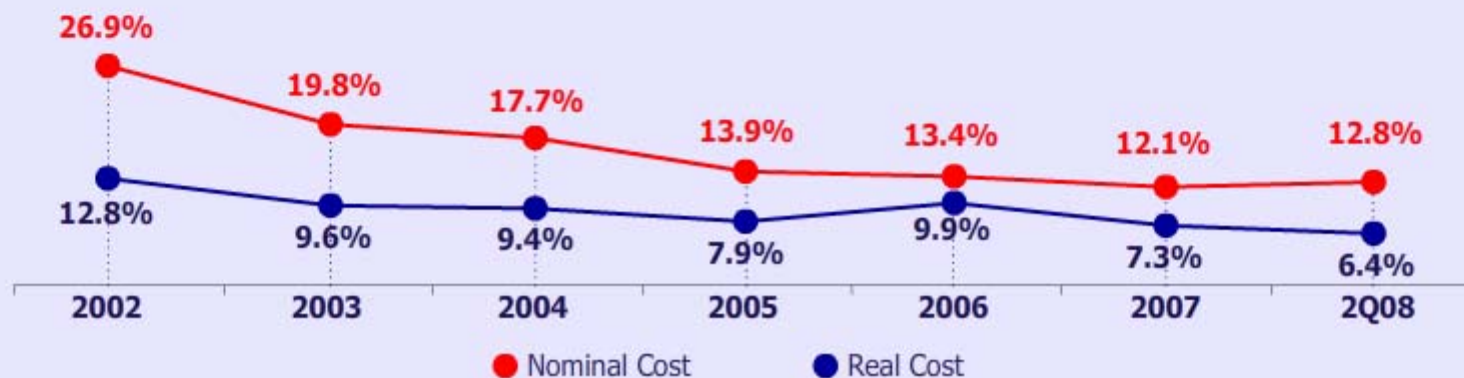
### Debt Breakdown



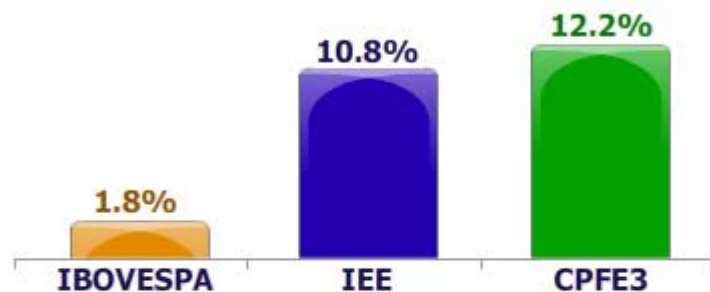
### Capital Structure<sup>1</sup>



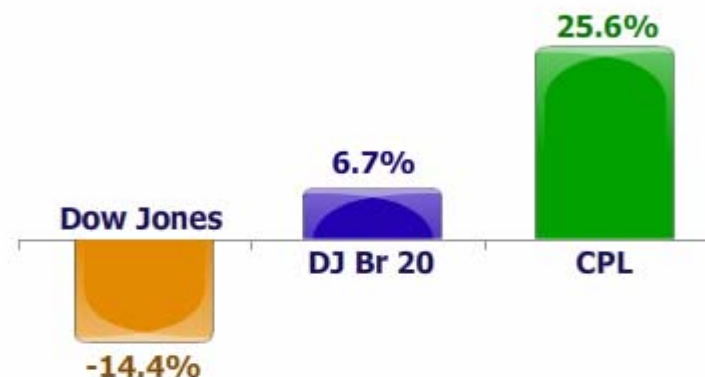
### Debt Cost Evolution



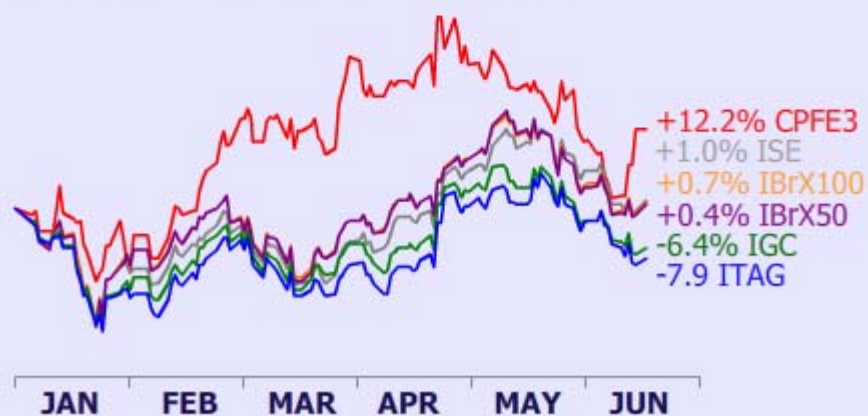
## Shares Performance – Bovespa<sup>1</sup>



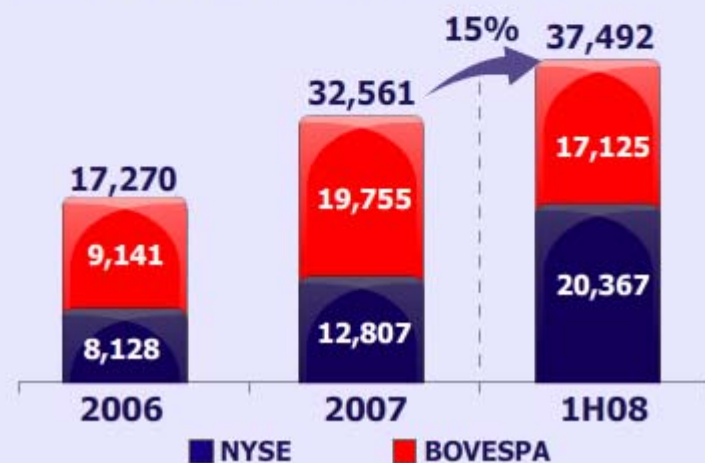
## Shares Performance – Nyse<sup>1</sup>



## CPFL's Performance<sup>1</sup> vs. Main Indexes



## Daily Average Volume – R\$ thousand







As from July 2008  
**brAA+ Rating**



**AA+ Rating**



1<sup>st</sup> company in Brazil to obtain the **AA+ rating**

"... the institution adopts excellent Corporate Governance practices..."

"... maintain an explicit commitment to the improvement of existing practices and to the introduction of new practices..."

Austin Rating



"... synergy of the CPFL Group, resulting from its integrated operation in the Brazilian electricity sector..."

"... the ready access to credit lines both in the banking market and also the capital markets..."

"... above average efficiency ratios..."

Standard & Poor's

**Elected the best company in Corporate Governance in Latin America by the Latin Finance Magazine and the Management & Excellence Consultancy<sup>1</sup>**



# **CPFL**

## **ENERGIA**

**2Q08**



**Investor Relations**

Phone.: 55 19 3756 6083

E-mail: [ri@cpfl.com.br](mailto:ri@cpfl.com.br)

Website: [www.cpfl.com.br/ir](http://www.cpfl.com.br/ir)

