



2Q21 RESULTS

PRESENTATION

Disclaimer

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2Q21 HIGHLIGHTS

CONTINGENCIES

ENERGY MARKET &
COMMERCIAL STRATEGY

FINANCIAL PERFORMANCE

ESG AGENDA

CLOSING REMARKS

2Q21 Highlights

OPERATION

- Energy generation of 768 MW average
- HPP Porto Primavera's flow reduction, accordingly with legal determination
- 95.9% availability index, consistently above ANEEL's reference values

FINANCIAL PERFORMANCE

- Adjusted EBITDA⁽¹⁾ of BRL222 million in 2Q21
- Operational cash generation, after debt services, of BRL274 million, with a cash conversion ratio of 123% in 2Q21⁽²⁾
- Gross reduction of total contingent liability in BRL636 million⁽³⁾ in 2Q21 compared to previous quarter

COMMERCIAL STRATEGY

- 2021 energy balance exposure equalized with an average price of R\$239/MWh
- Improvement on contract sale of medium and long term, allied to client portfolio diversification aiming to reduce risks



Notas: (1) Adjusted EBITDA excludes allowance for litigation; (2) Cash conversion ratio = Operational cash flow after debt service / Adjusted EBITDA; (3) Proforma after monetary adjustment – considers settlements up to July 29, 2021.

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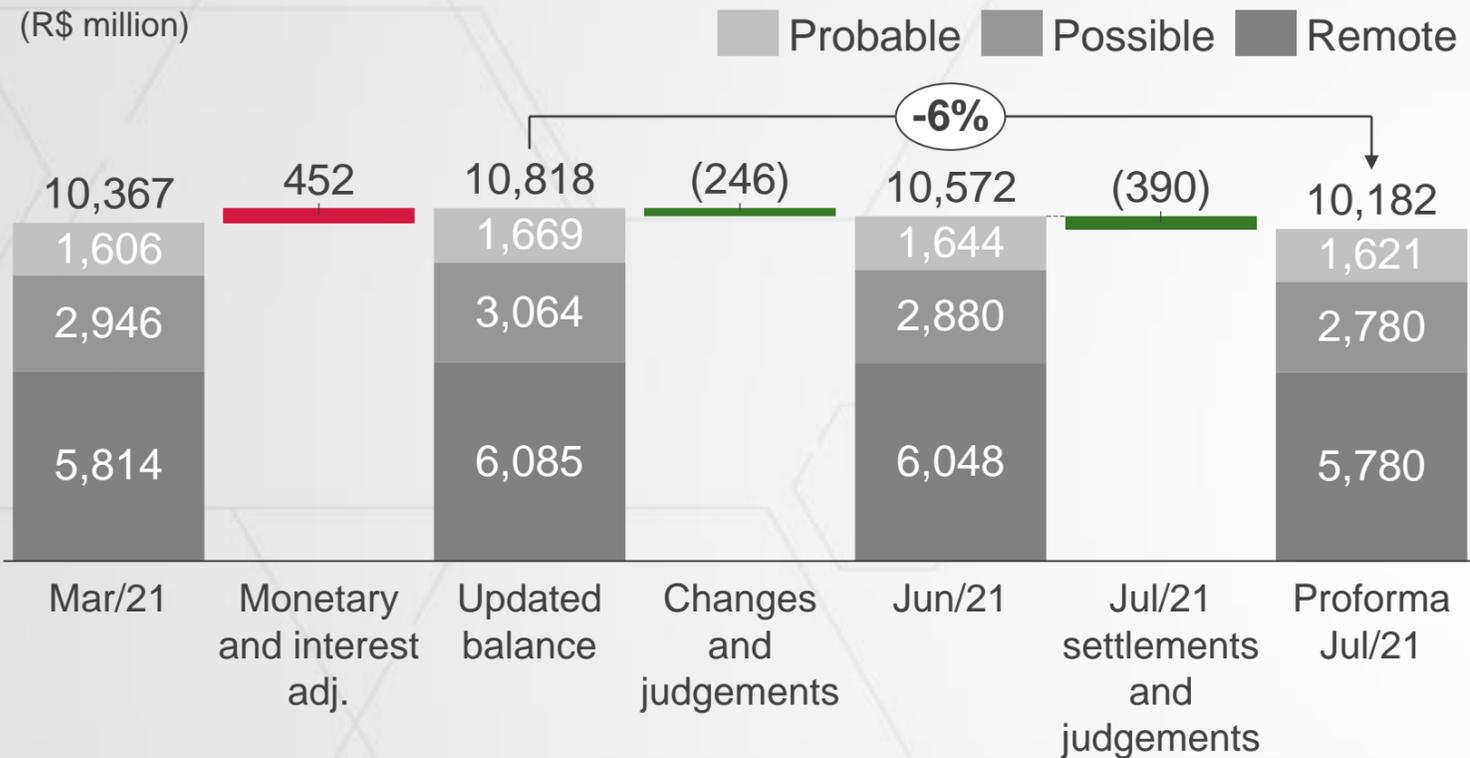
ESG AGENDA

CLOSING REMARKS

Contingent **Liability** and **Três Irmãos** Lawsuit

Gross reduction of total contingent liability of R\$636 million⁽¹⁾ in 2Q21

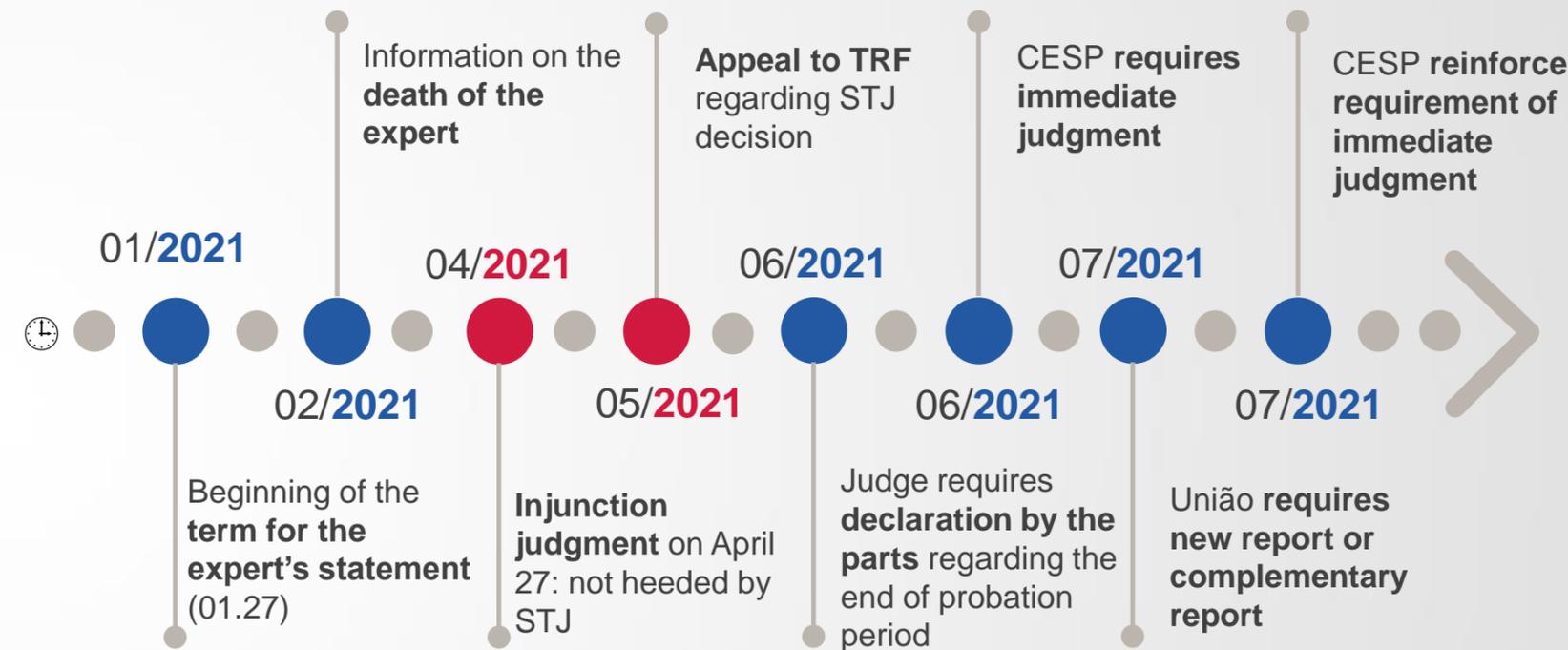
Contingent Liability: Lawsuit's variation



Reduction of R\$636 million⁽¹⁾ of proforma total contingent liability due to judicial settlements, revision of estimates and favorable decisions

Monetary adjustment of the contingent liability is a result of the increment in the **IGP-M index** (~6%) in 2Q21

Três Irmãos: Recent events



Lawsuit that discusses the compensation due to the non-renewal of the **Três Irmãos HPP concession**

Undisputed value: R\$1.7 billion with reference date of June 2012 and expert report value: R\$4.7 with reference date of June 2012

Nota: (1) Proforma do not consider monetary adjustment and interest and considers settlements, changes and judgements up to July 29, 2021.

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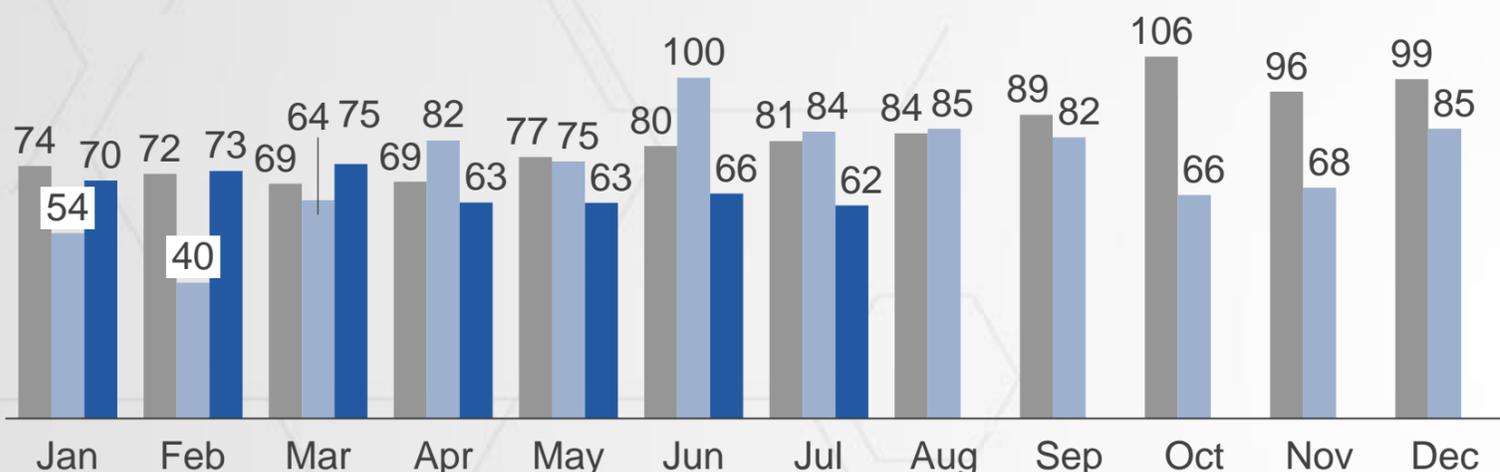
Energy Market

Lowest level of inflows in over 91 years and low reservoirs levels characterizes the 2Q21 hydro scenario

Inflows in comparison to historical average

(Southeast monthly inflows - %LTA)

2001 2014 2021



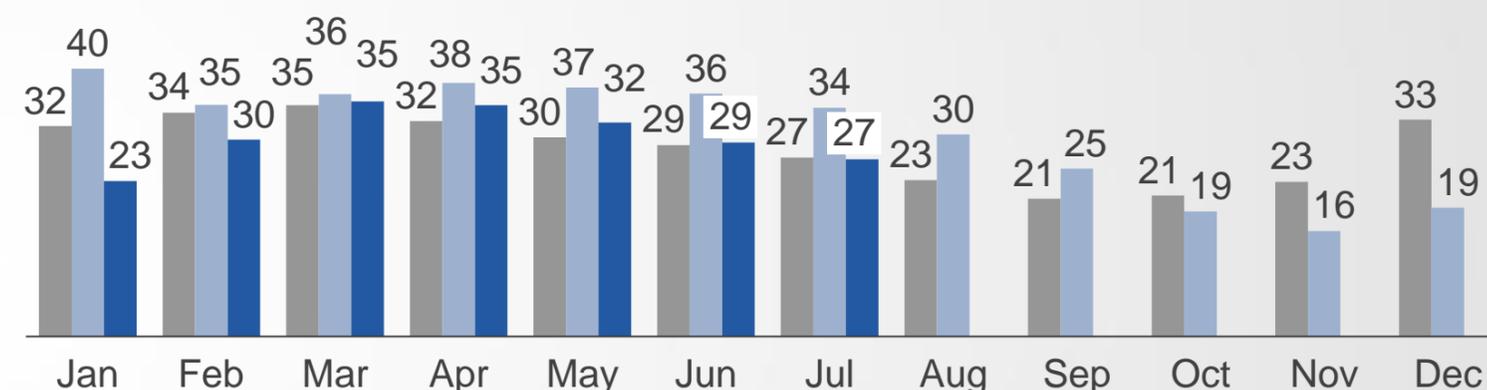
2021 performance lower than the accomplished in years with adverse hydro conditions, such as 2001 and 2014

Unfavorable inflow situation, aggravated as of April 2021, concentrated in Paranaíba, Grande and Paraná rivers basin, central storage region of Southeast submarket

Stored Energy

(Southeast monthly reservoir levels - % total)

2001 2014 2021



Reservoirs at 27% in July 2021, lowest level for the period since 2001

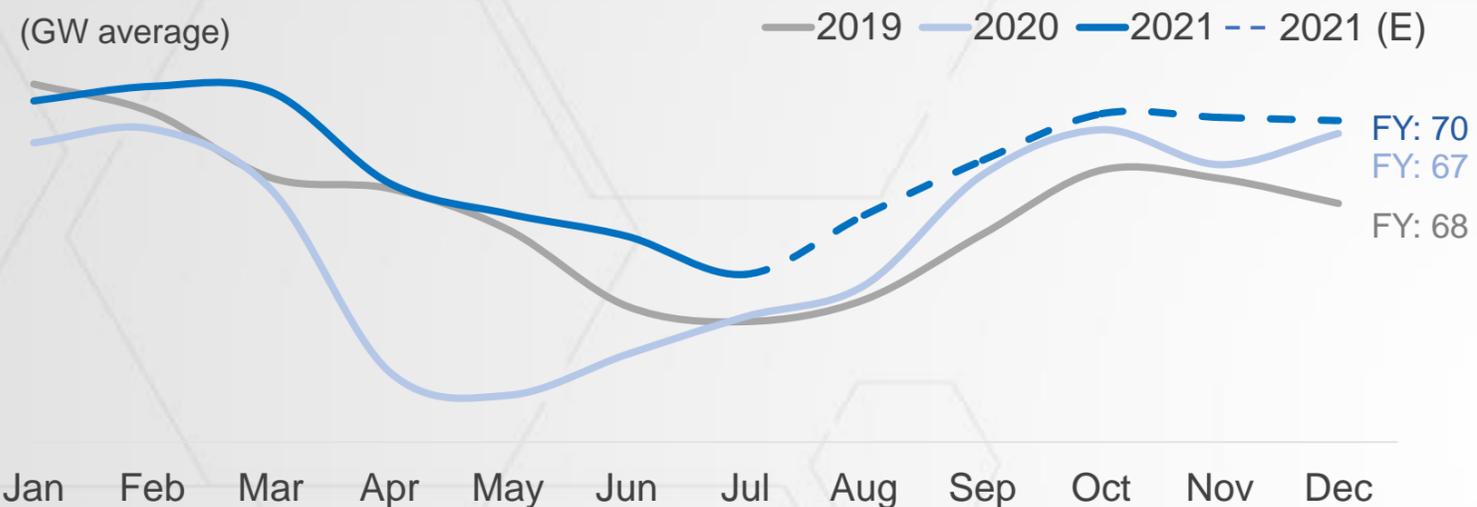
In face of the challenging scenario, measures are being taken by the regulators to avoid an excessive reduction of the reservoir's levels

Notes: ANE: Affluent Natural Energy ("Inflows") - Source: ONS / LTA: Long Term Average (since 1931); update on July 26, 2021 / Stored Energy: Source: ONS; update on July 27, 2021

Energy Market

Signs of economic recovery, translated in an increase of demand, have an important impact in the market

Load - National Interconnected System



Load Evolution - 2021 (E)



Load reflects strong **increase of trade and service sectors** associated to the maintenance of **high pace of the industry**, as well as the **resumption of consumer trust**

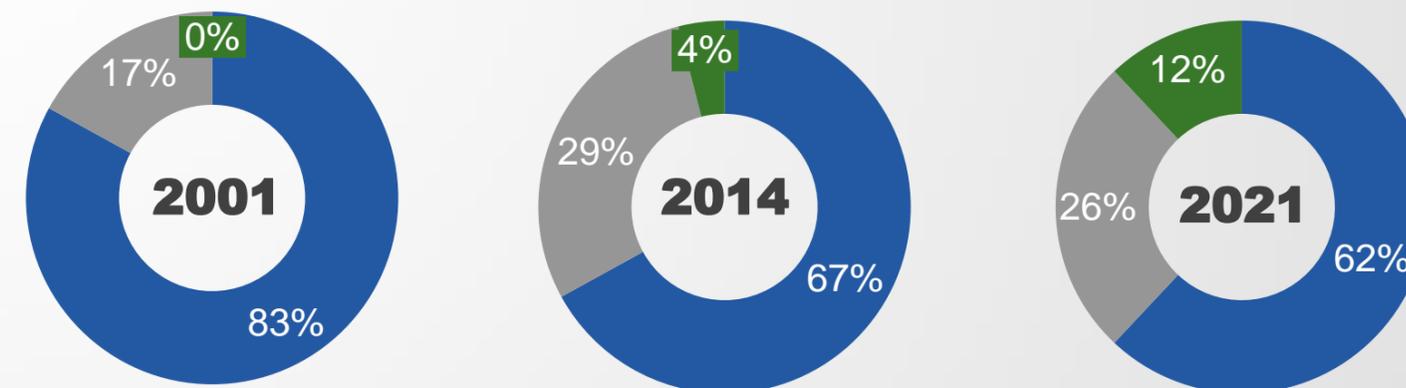
Brazilian Energy Matrix Evolution

Since 2001, with the rationing, the Brazilian **energy matrix diversified** a lot

Between 2001 and 2014, the expansion of the matrix was supported by thermal plants and, more recently, **by renewable sources, such as wind and solar**

(% Installed Capacity in Operation)

■ Hydro ■ Thermal ■ Wind + Solar



2021 Energy Balance

Despite the unfavorable hydro scenario, 2021 exposure was equalized

2021 exposure equalized with an average price of **R\$239/MWh**

Equalized balance considering CCEE's **GSF** premise of **73%** for 2021

Each **1 p.p. of GSF variation** reflects **~7 MWavg of exposure in the energy balance**

Acquisition of **97%** of **2022 energy exposure**

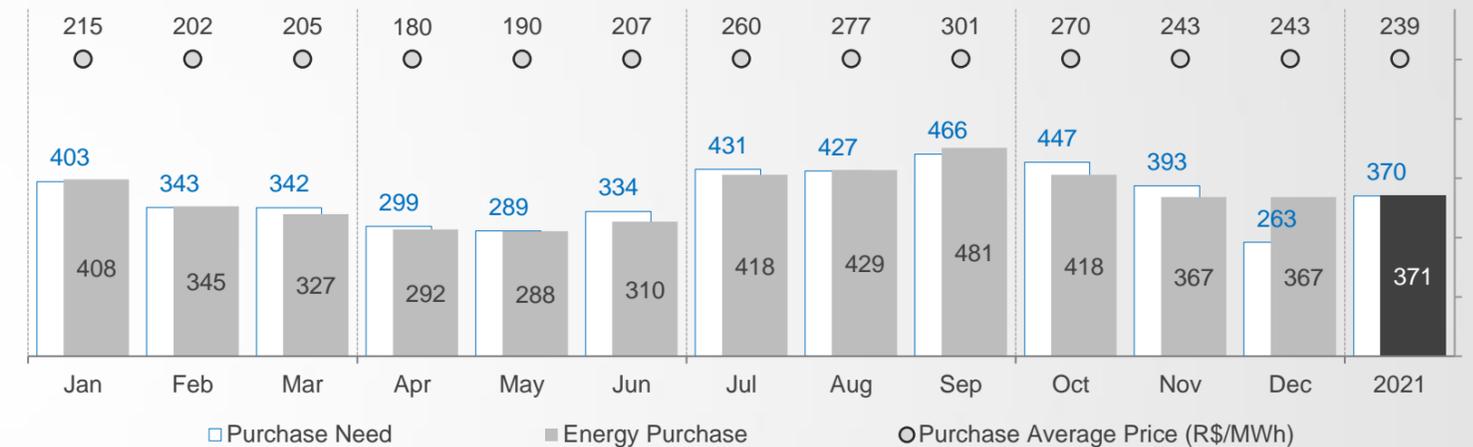
1 Gross and Adjusted Physical Guarantee (MWavg)



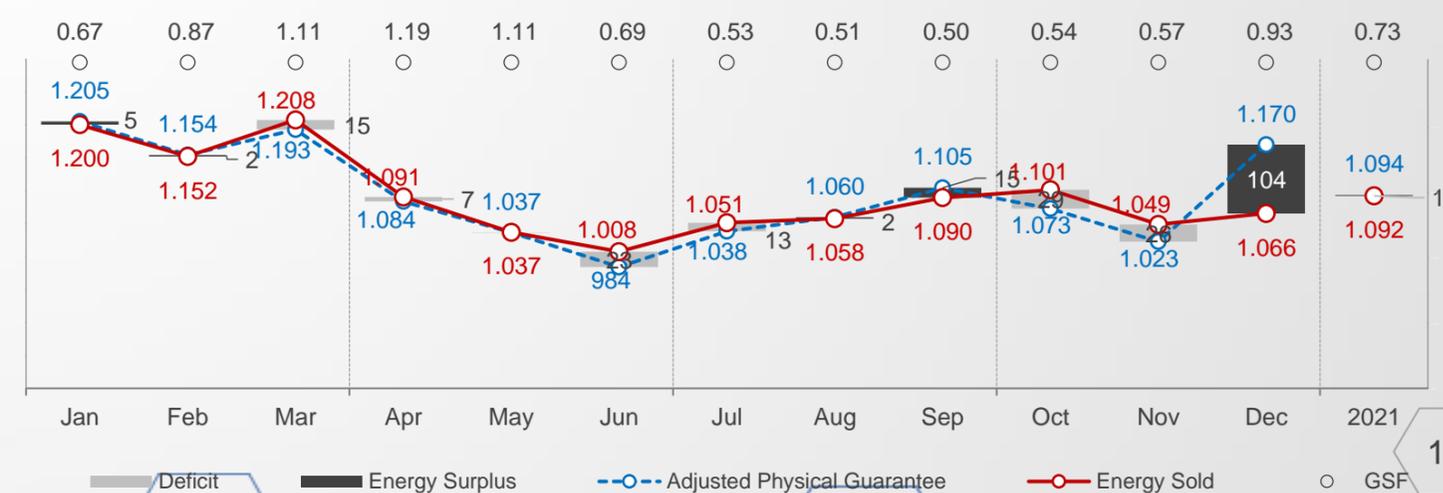
2 Energy Balance – Prior to Energy Purchases (MWavg)



3 Energy Purchase (MWavg)



4 Energy Balance – After Energy Purchases (MWavg)



Commercial Strategy

Market windows bring opportunities to advance the contracting level with competitive prices

Go-to-Market: development of new markets and opportunities to **expand and diversify the client portfolio** aiming to reduce risks and maximize results

Capture opportunities in future energy sales, specially **as of 2024.**

Market Intelligence

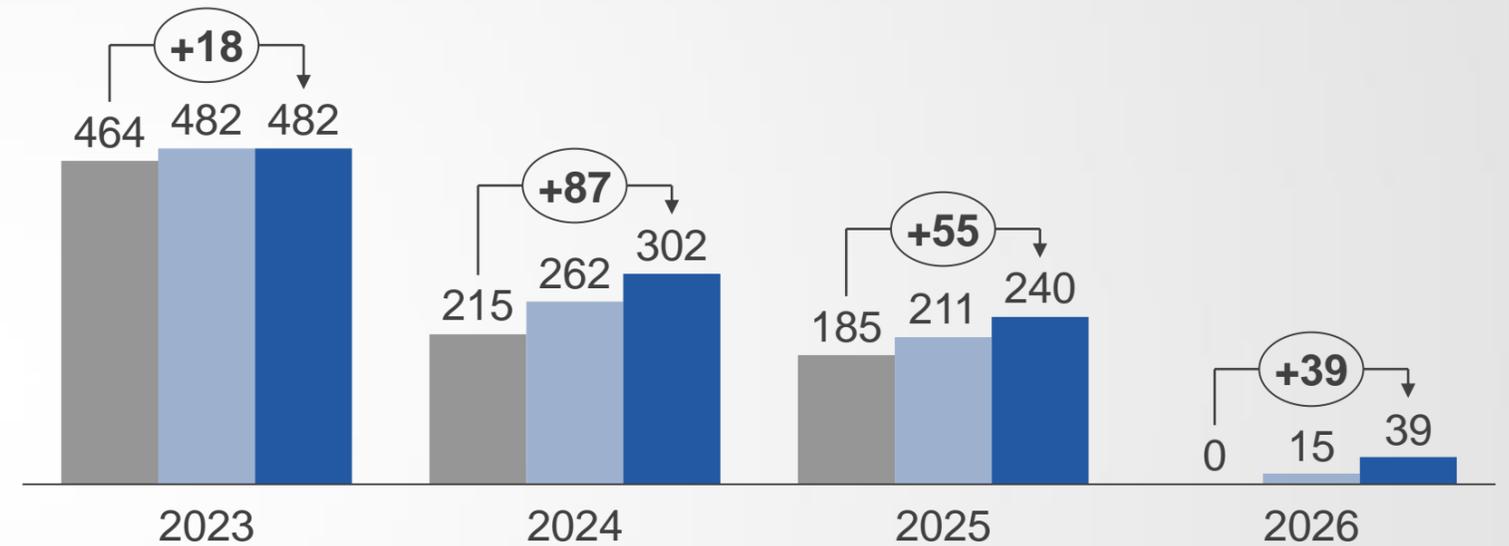
Market and Credit Risks



Evolution of Energy Sold – Free Market

(MW average)

4Q20 1Q21 2Q21



Client Profile



Mining



Industrial gases



Road implements



Cyclical consumption



Oil



Banks



Manufacturing



Utilities



Food

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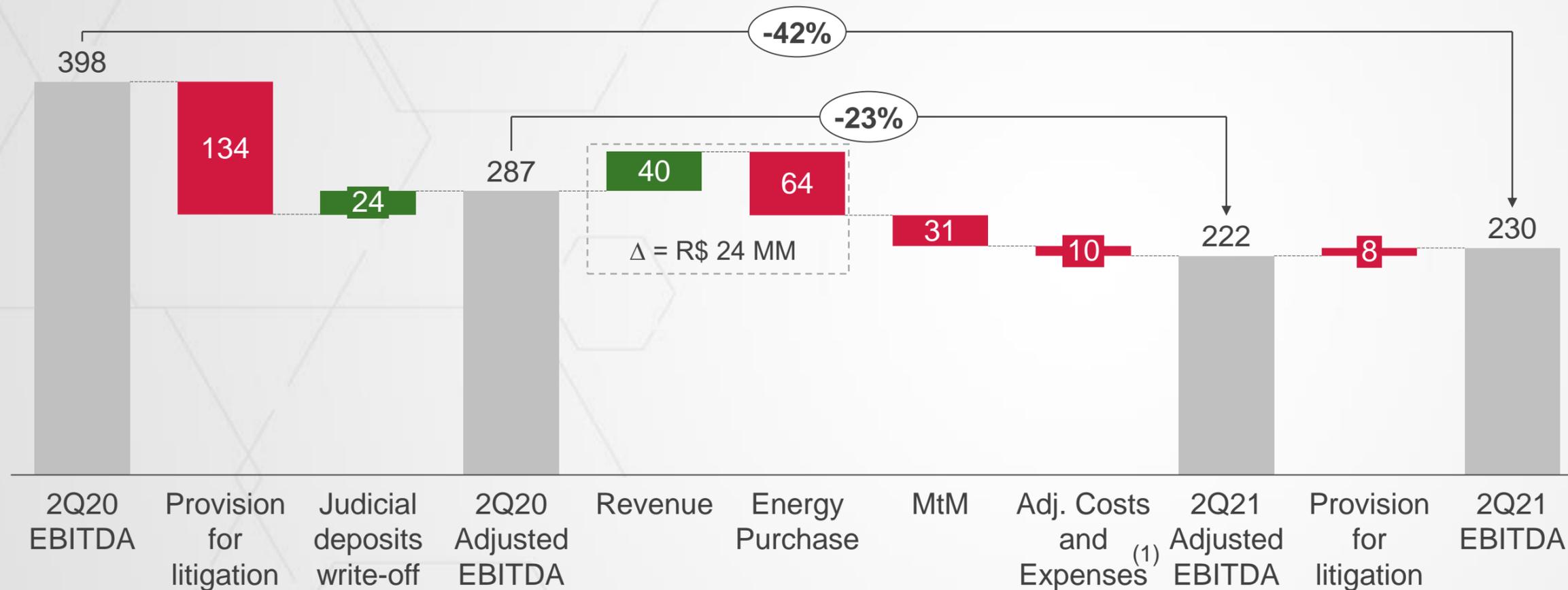
CLOSING REMARKS

Financial Performance

2Q21 Adjusted EBITDA reflects hydro crisis' impact on volume and price of energy purchased

ADJUSTED EBITDA

(R\$ million)



Reduction of **energy margin** reflects hydro crisis and 2Q20 non-recurring effects

Trading **MtM** brought negative and non-cash results of R\$31 million

Growth of R\$10 million of **operational costs and expenses** is mainly explained by the **postponement of expenses and non-recurring effects in 2020**

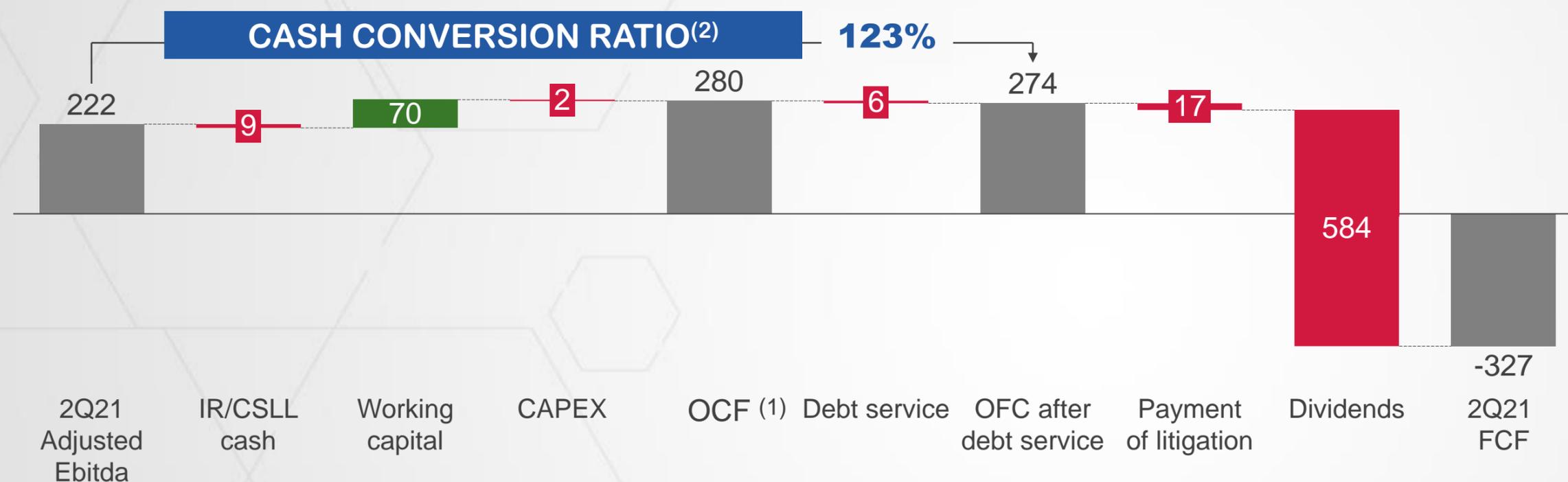
Notes: (1) Adjusted Costs and Expenses considers total operational costs and expenses minus provision for litigation, judicial deposits write-off, depreciation, amortization and MtM.

Financial Performance

Working capital impacts positively 2Q21's operational cash flow

CASH FLOW

(R\$ million)



Working capital of R\$70 million considers R\$31 million gains as a result of WC management in 2Q21 and **R\$34 million of MtM trading results**

Dividend payment in April, 2021, explains impact in 2Q21's free cash flow

FINANCIAL LEVERAGE ⁽³⁾

2Q20	2Q21
1.0x	1.6x

AVERAGE TERM – DEBT (years)

2Q20	2Q21
4.0	7.3

CREDIT RATING

S&P and Fitch reaffirms CESP's rating in 2021

FitchRatings BB | AAA(br)

STANDARD & POOR'S BB- | br.AAA

Notes: (1) OCF = Operational Cash Flow; (2) Cash Conversion Ratio = OCF after debt service / Adjusted EBITDA; (3) Net Debt/Adjusted EBITDA.

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Quarter market by progress in important fronts of the strategy and market recognition

MSCI
ESG RATINGS



CCC B BB BBB **A** AA AAA

Upgrade on MSCI's ESG rating from 'BBB' to 'A'

Recognition of one of the main international rating agencies



UN Global Compact

Commitment to comply with the ten sustainability principles, based on Human and Labor Rights, Environment and Anticorruption



Climate Change and Water Safety metrics disclosure

An important step in the transparency of management information on two topics essential to CESP's businesses



Establishment of Diversity and Inclusion work group

Conclusion of the diagnosis analysis and construction of an action plan to become a more inclusive company

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Closing Remarks

CESP 2Q21



PORTFOLIO ACTIVE MANAGEMENT

- Mitigation of the impact on average energy purchase price to equalize the energy balance of 2021 and 2022
- Growth of energy contracting from 2024 onwards, with competitive prices

CONTINGENT LIABILITY DE-RISKING

- Reduction of contingent liabilities due to judicial settlements and revision of estimates based on the progress of proceedings

ESG AGENDA

- Upgrade MSCI ESG Rating: “A”
- Improvements in the adoption of Corporate Governance best practices



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