

CEMIG

RESULTS

2nd Quarter 2017



Disclaimer



Certain statements and estimates in this material may represent expectations about future events or results, which are subject to risks and uncertainties, which may be known or unknown. There is no guarantee that the events or results will take place as referred to in these expectations.

These expectations are based on the present assumptions and analyses from the point of view of our management, in accordance with their experience and other factors such as the macroeconomic environment, and market conditions in the electricity sector; and on our expectations for future results, many of which are not under our control.

Important factors that could lead to significant differences between actual results and the projections about future events or results include our business strategy, Brazilian and international economic conditions, technology, our financial strategy, changes in the electricity sector, hydrological conditions, conditions in the financial and energy markets, uncertainty on our results from future operations, plans and objectives, and other factors. Because of these and other factors, our real results may differ significantly from those indicated in or implied by such statements.

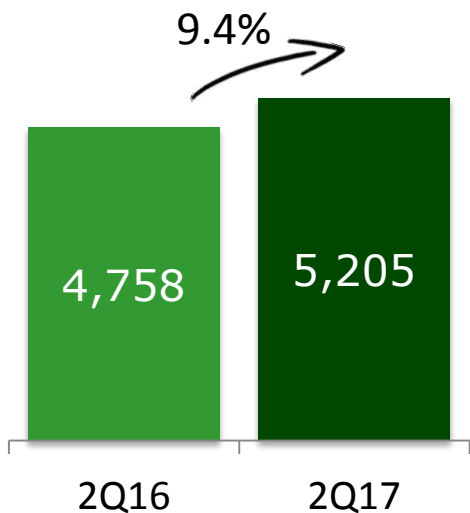
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To evaluate the risks and uncertainties as they relate to Cemig, and to obtain additional information about factors that could give rise to different results from those estimated by Cemig, please consult the section on Risk Factors included in the Reference Form filed with the Brazilian Securities Commission – CVM – and in the 20-F form filed with the U.S. Securities and Exchange Commission – SEC.

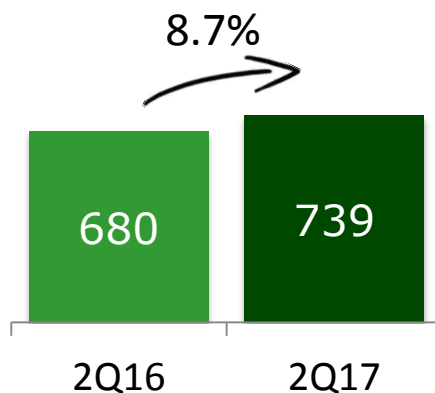
In this material, financial amounts are in **R\$ million** (R\$ mn) unless otherwise stated.
Financial data reflect the adoption of IFRS.

2Q17 Results

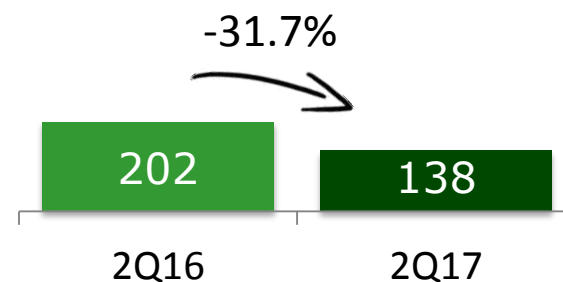
Net revenue



Ebitda

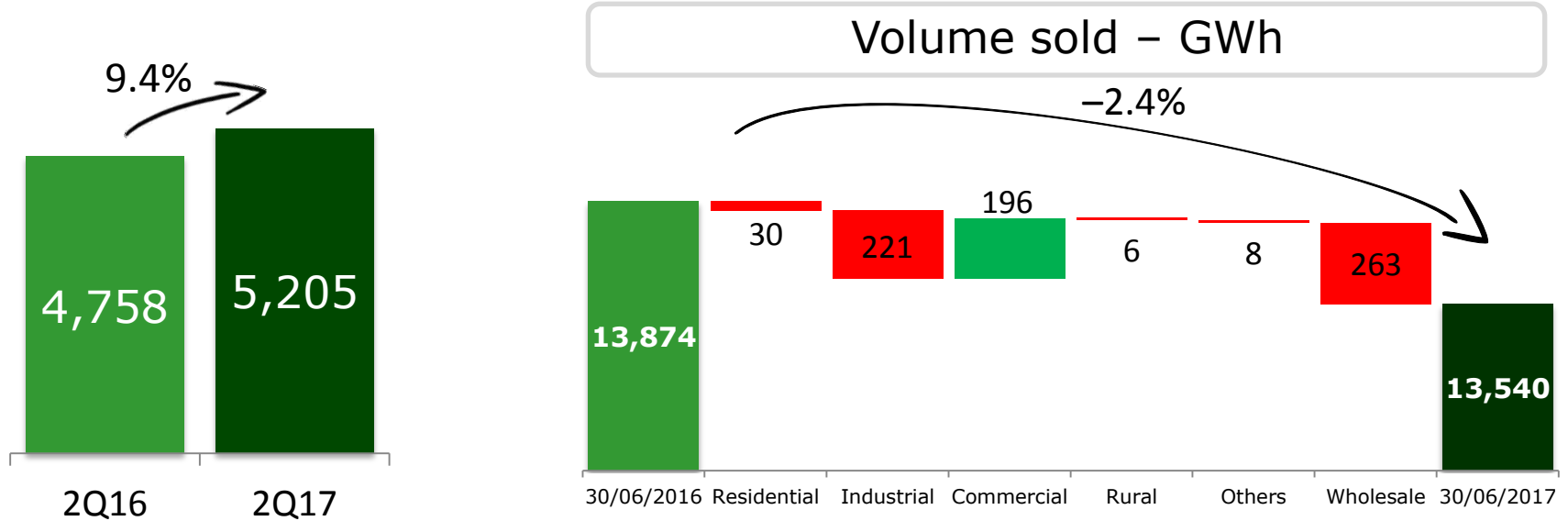


Net profit



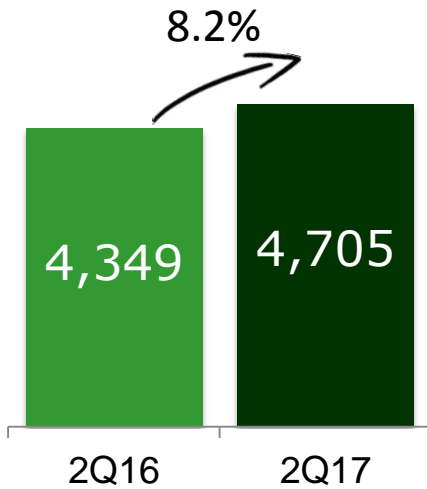
- CVA contributed to increased revenue (+)
- Provisions for losses on investment lower year-on-year – positive effect (+)
- Total power supplied (wholesale + retail), to all consumers in the year 2.4% lower YoY
- Equity gain in investees weaker than in 2Q16 (R\$ 30mn this year, R\$ 72mn in 2Q16) (–)
- Financial expenses have negative effect (–)
 - Monetary variation on CVA: R\$ 22 million negative in 2Q17, R\$ 167 million positive in 2Q16
- Provision for labor-law litigation increases expenses by R\$ 125mn.

Consolidated net revenue



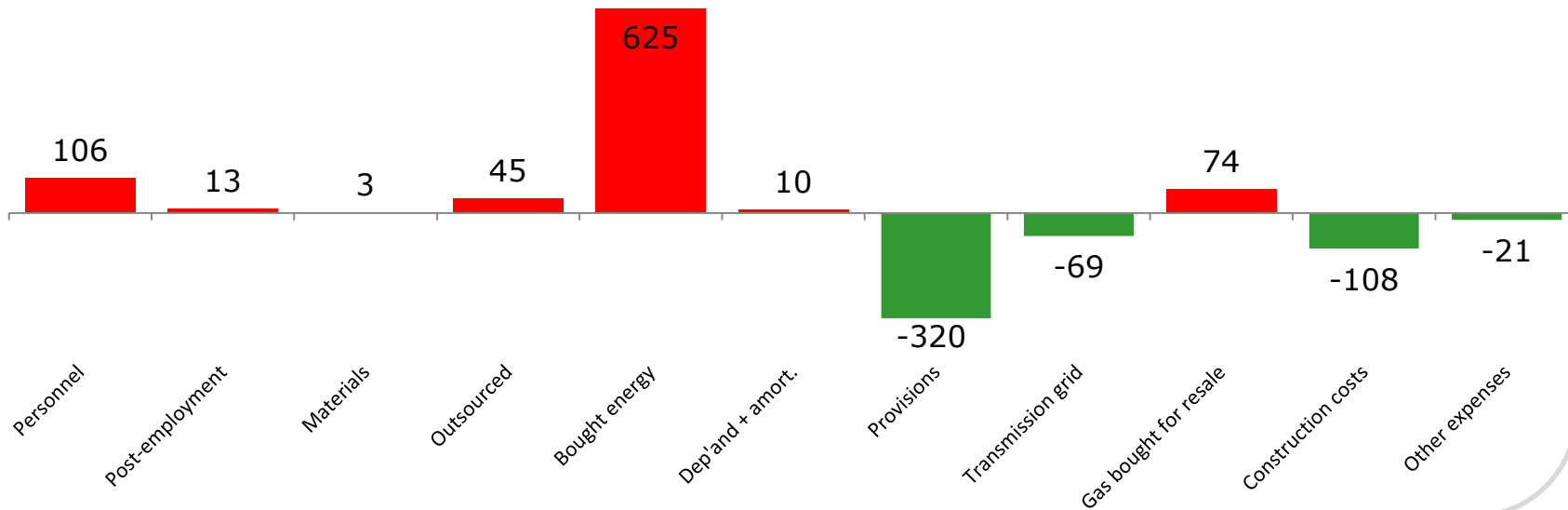
- CVA year-on-year comparison – component in revenue R\$ 502mn higher
- Revenue from transactions in CCEE R\$ 144mn higher
- Transmission indemnity revenue R\$ 355mn lower in 2Q17
 - – was R\$ 561mn in 2Q16
- Revenue from supply of gas R\$ 92mn higher

Operational expenses



- Cost of power supply purchased R\$ 625mn higher
- New voluntary retirement scheme for 2017: in 2Q17, 891 employees accepted.
 - Expense of R\$ 165mn recognized, R\$ 64mn in 2Q16; savings of R\$ 175mn expected in 2018.
- Provisions for losses on investments:
 - Parati – balance R\$ 1.158 billion. In 2Q17; reversal of R\$ 8mn, compares with R\$ 355mn in 2Q16.
 - SAAG – balance is R\$ 238 million. In 2Q17, reversal of R\$ 5mn; compares with R\$ 17mn in 2Q16.

Change in consolidated operational expenses, 2Q16–2Q17

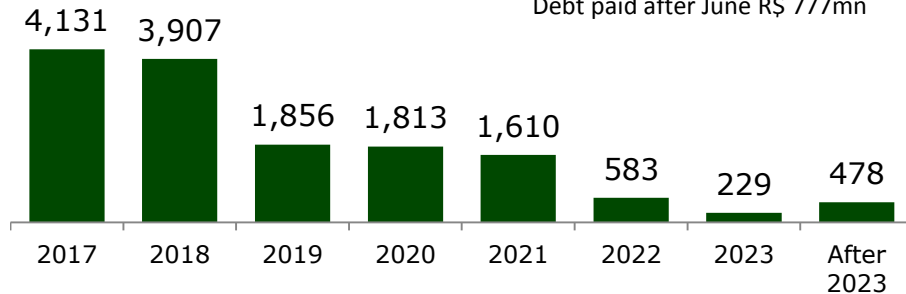


Cemig, consolidated: debt profile

Maturities timetable – Average tenor: 2.4 years

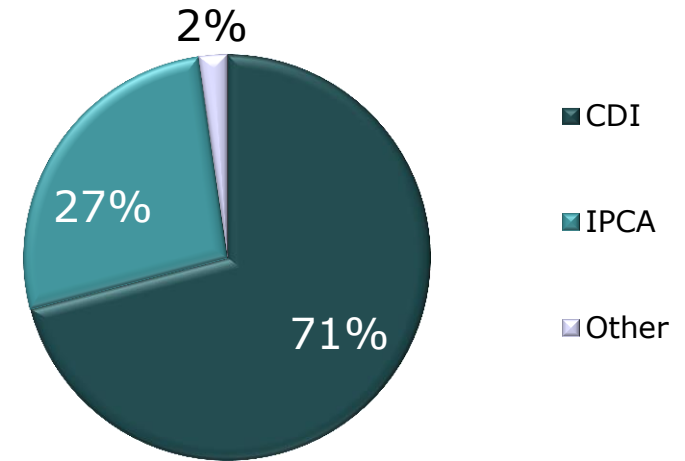
Total net debt: R\$ 12.5 billion

Reduced by R\$ 473 million in the quarter
Debt paid after June R\$ 777mn

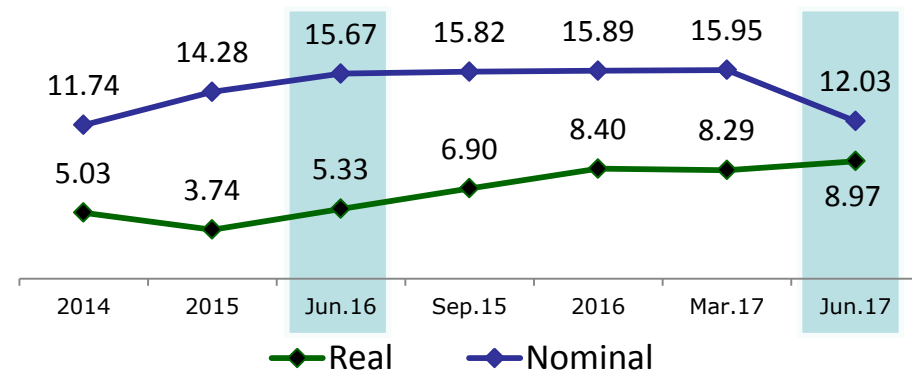


- Each 1 p.p. reduction in Selic rate estimated to reduce debt cost by R\$ 125mn
- Financial expenses are already lower due to reduction in the Selic rate

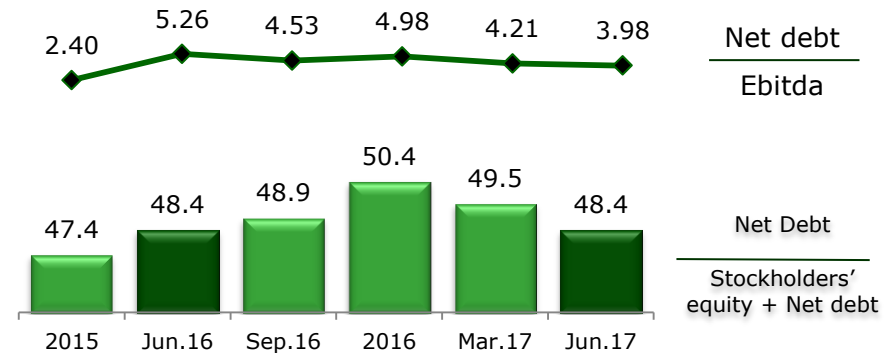
Main indexes



Cost of debt – %



Leverage – %



Cemig GT – 2Q17 results



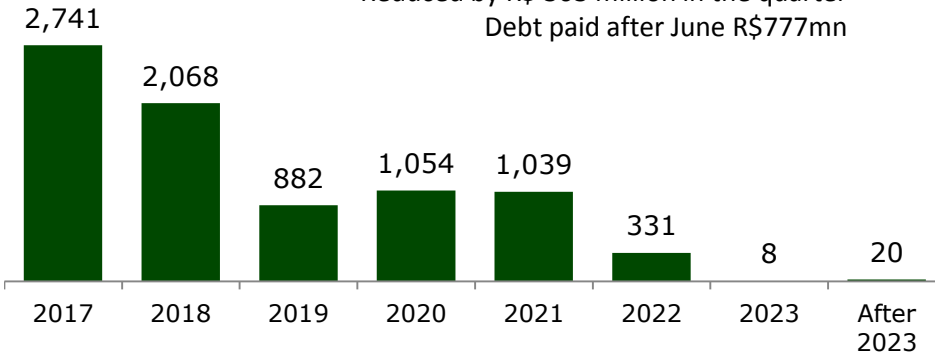
- Revenue from transactions in the CCEE R\$ 144mn higher
 - Higher average Spot Price¹ : R\$ 302/MWh in 2Q17 vs. R\$ 62/MWh in 2Q16
- Transmission indemnity revenue of R\$ 204mn recognized in 2Q17 (R\$ 149mn of this was for consent by Aneel to adjust BRR). Compares to R\$ 561mn in 2Q16.
- New voluntary retirement scheme for 2017: in 2Q17, 174 employees accepted.
 - Expense of R\$ 38mn recognized, R\$ 16mn in 2Q16

Cemig GT – debt profile

Maturities timetable – Average tenor: 2.1 years

Total net debt: R\$ 7.2 billion

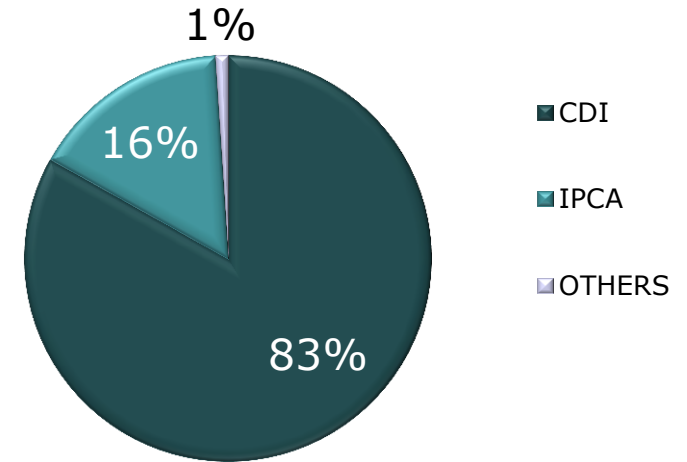
Reduced by R\$ 363 million in the quarter
Debt paid after June R\$777mn



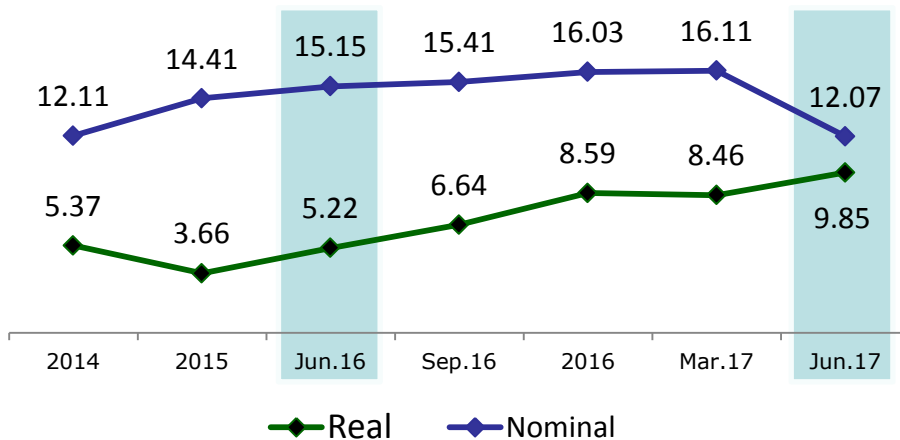
Restrictive covenants

For details see Note 18 (Loans, financings and debentures)

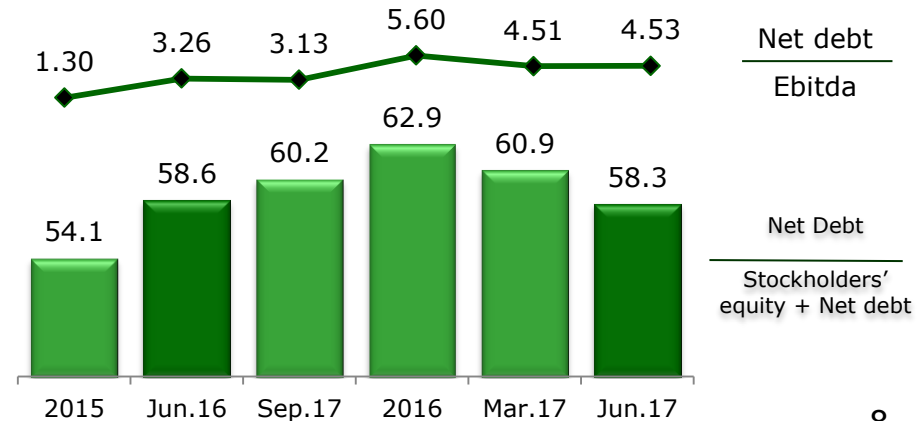
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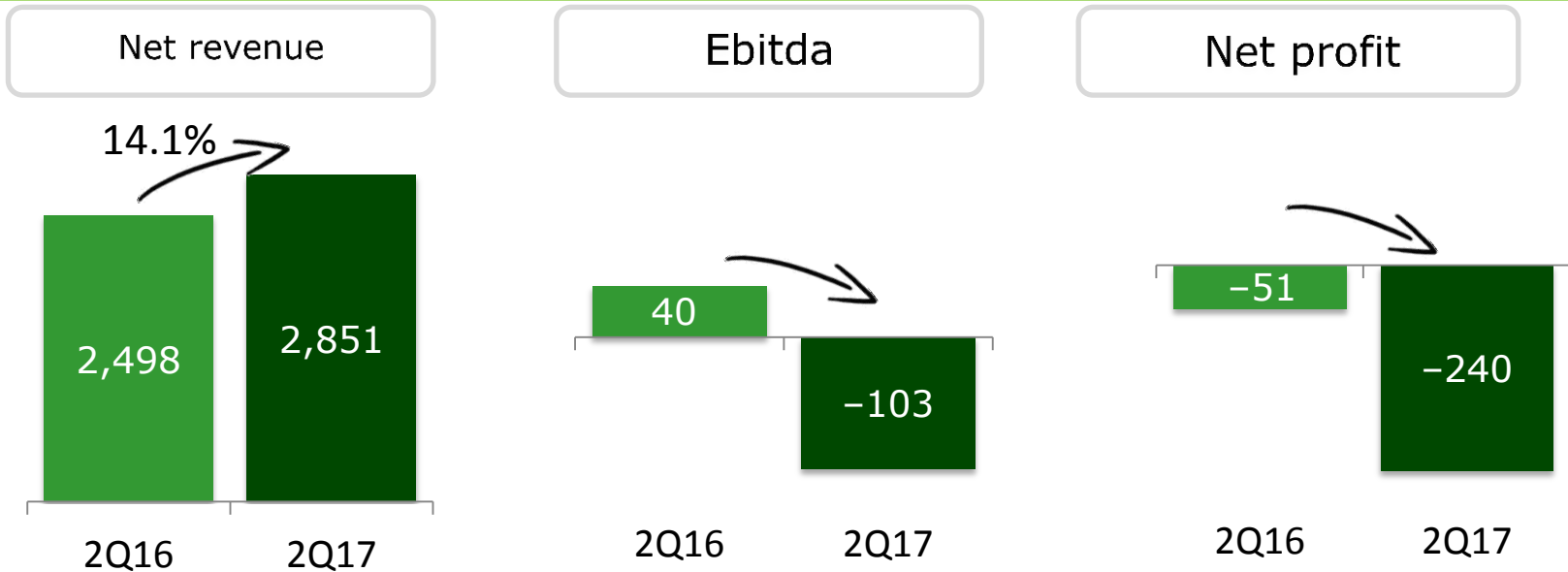
Cost of debt – %



Leverage – %



Cemig D – 2Q17 results



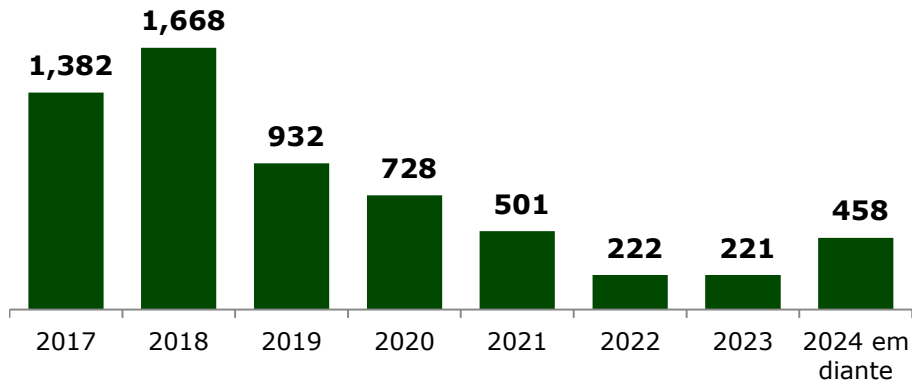
- CVA contributes R\$ 502mn to increase in revenue:
 - R\$ 29mn realized in 2Q17, vs. R\$ 531mn realized in 2Q16
- Cost of power supply purchased R\$ 456mn higher
- Consumption in Cemig D's concession area:
 - Volume distributed: 5.5% lower
 - Captive market: 6.1% lower
 - Transported: 4.7% lower
- Complementary downward adjustment of R\$ 214 million for realization of CVA
- Provision for labor-law litigation increased expenses by R\$ 97mn.
- Retirement program: joined by 705 employees, expense of R\$ 123mn recognized, R\$ 44mn in 2Q16

Cemig D – Debt profile

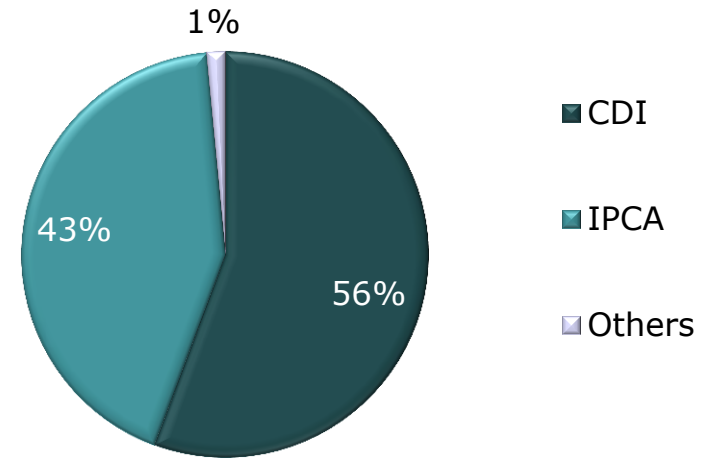
Maturities timetable – Average tenor: 2.8 years

Total net debt: R\$ 5.2 billion

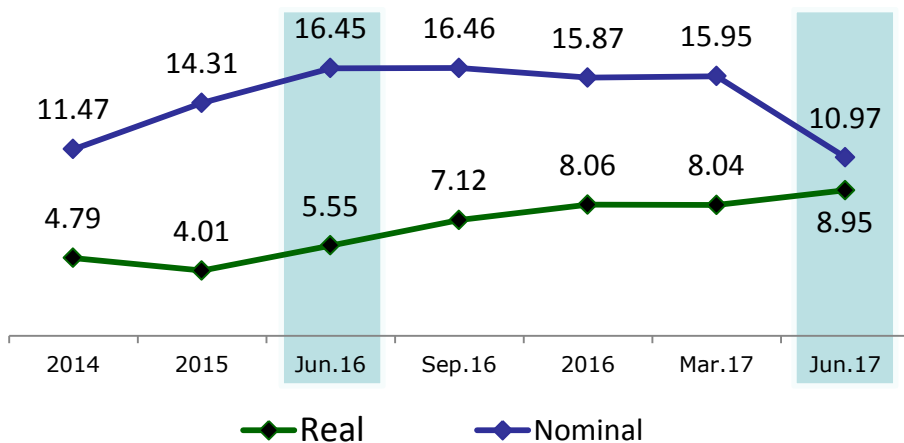
Reduced by R\$ 206 million in the quarter



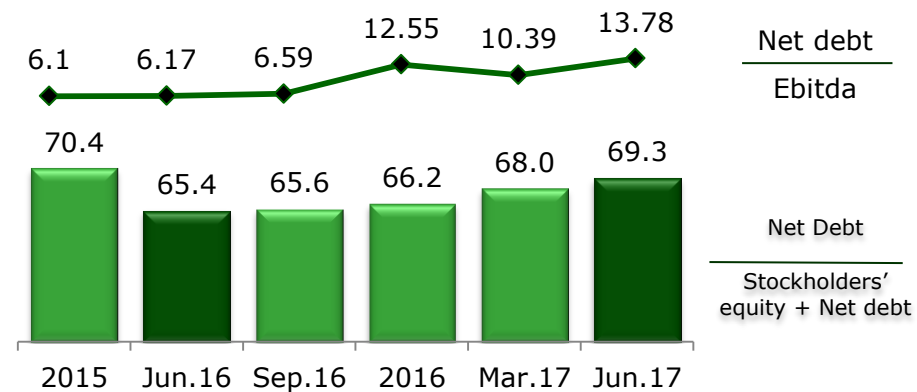
Main indexes



Cost of debt – %



Leverage – %



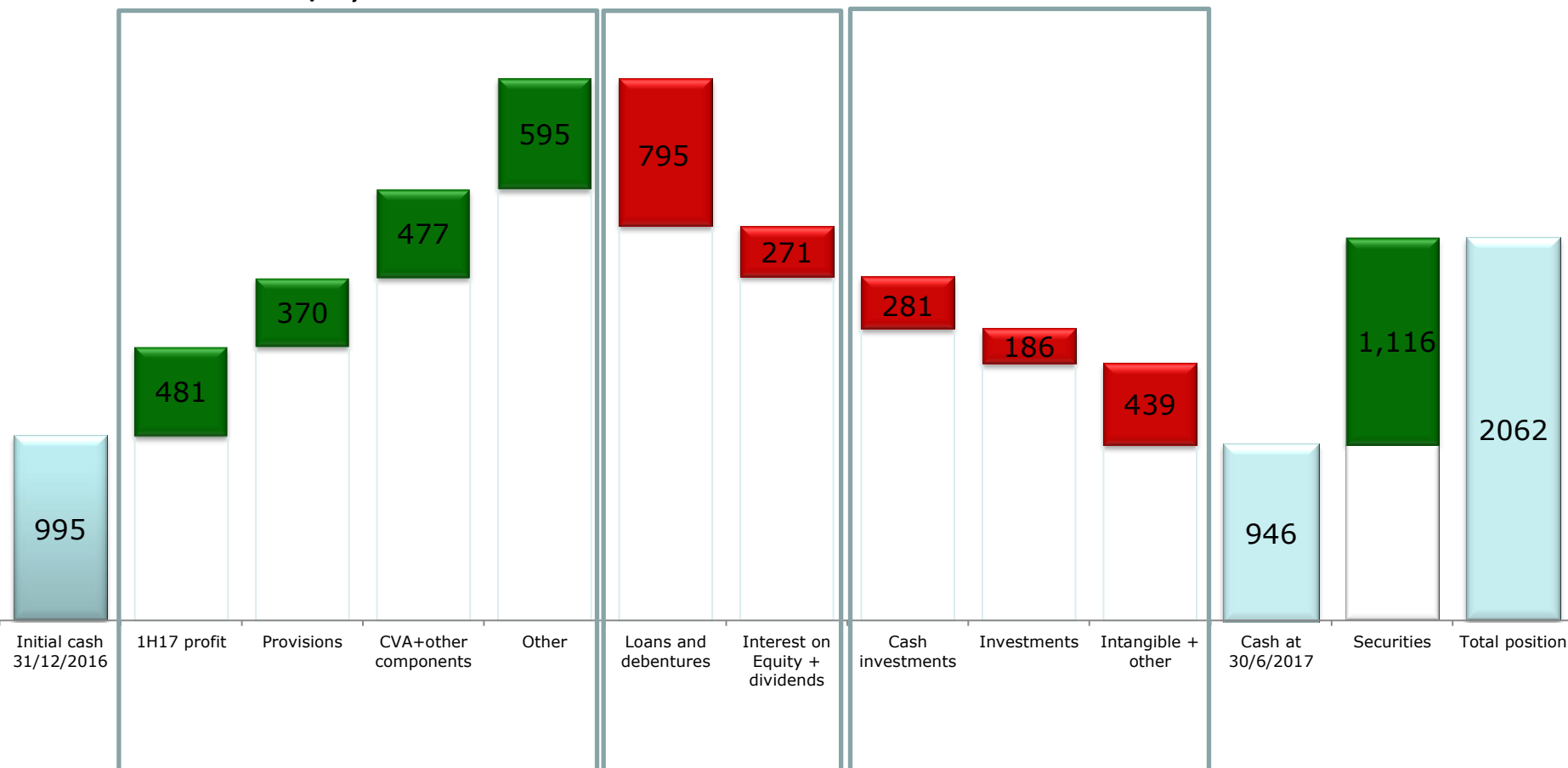
Cash flow



Cash generated
by operations
R\$ 1,923

Financing
-R\$ 1,066

Investment
-R\$ 906





Investor relations

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