



# 2018

## Regaining Financial Solidity



Some statements and estimates in this material may represent expectations about future events or results that involve risks and uncertainties known and unknown. There is no guarantee that the events or results referred to in these expectations will occur.

These expectations are based on present assumptions and analyses from the viewpoint of our management, based on their experience, the macroeconomic environment, market conditions in the energy sector and our expected future results, many of which are not under Cemig's control.

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

The information and opinions contained herein should not be understood as a recommendation to potential investors and no investment decision should be based on the truthfulness, or completeness as of the date hereof of this information or these opinions. None of Cemig's professionals nor any of their related parties or representatives shall have any liability for any losses that may result from the use of the content of this presentation.

To evaluate the risks and uncertainties as they relate to Cemig, and to obtain additional information about factors that could lead to different results from those estimated by Cemig, please consult the section on Risk Factors included in our Formulário de Referência filed with the Brazilian Securities Commission – CVM, and in Form 20-F 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

Integrated Power  
Utility in Brazil



Market share in the  
free market



Market Cap  
US\$4.3B <sup>(1)</sup>



EBITDA 2017  
US\$1.1B<sup>(3)</sup>

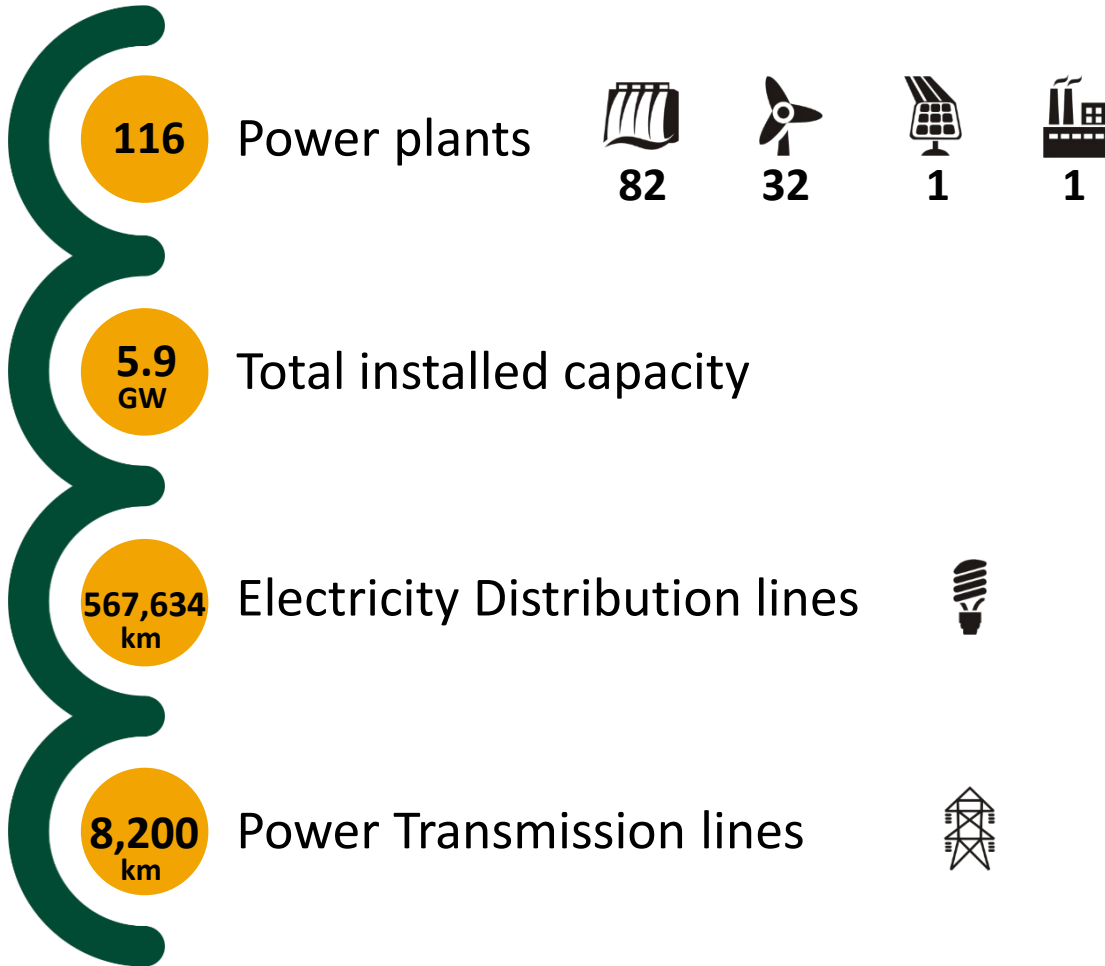
In the Power Industry since **1952**

LEADER

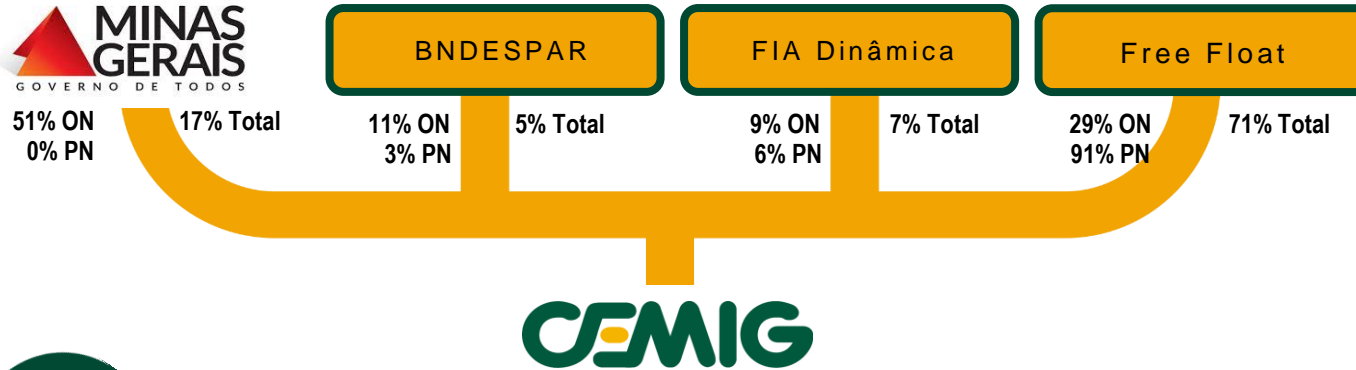
(1) As of October 31<sup>st</sup>, 2018

(2) In the Brazilian Energy Industry

(3) US\$3.3080 – on December 29<sup>th</sup>, 2017



POWER UTILITY



**1** Based in State of Minas Gerais



**2** Among the most liquid stocks in Brazil's electricity sector

- listed on New York, São Paulo and Madrid
- More than 140,000 shareholders in 38 countries
- Average daily trading volume in Oct/2018 (preferred share)

**R\$100,0M in Bovespa and US\$10.4M in NYSE**

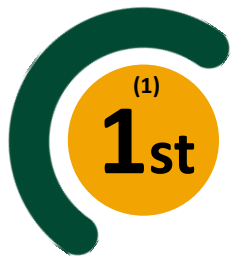
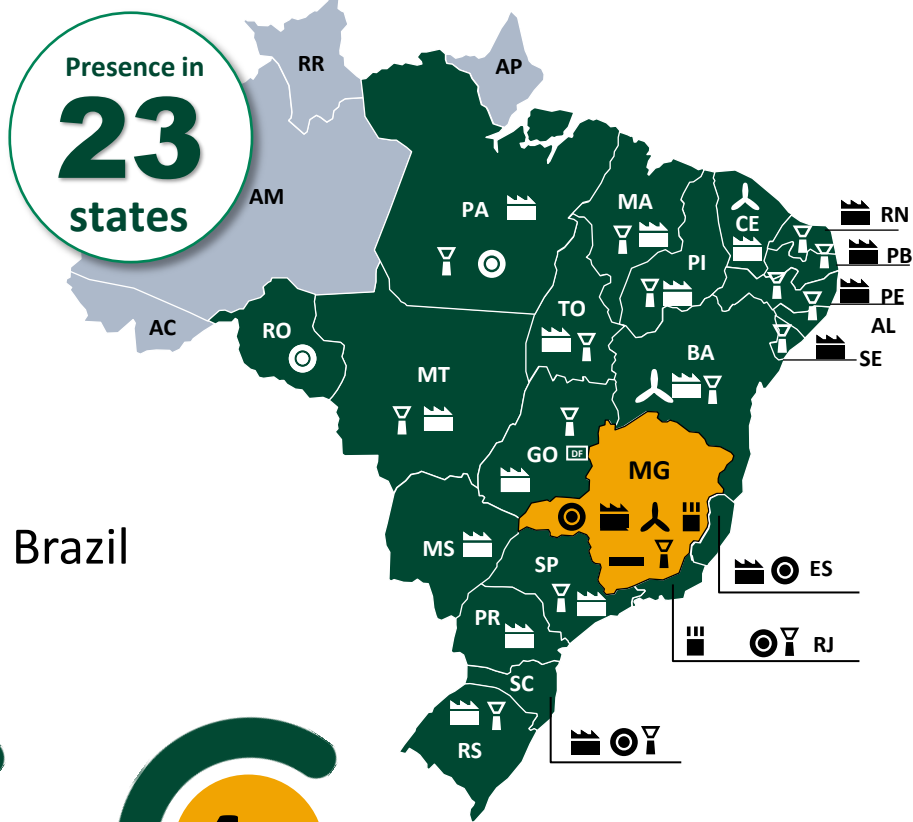


**3** Solid dividend policy

- Minimum 50% payout ratio
- Minimum R\$0.50 per preferred share

# #1

## Integrated Power Utility in Brazil



**Electricity Distributor**



**Largest Power Transmission Group**



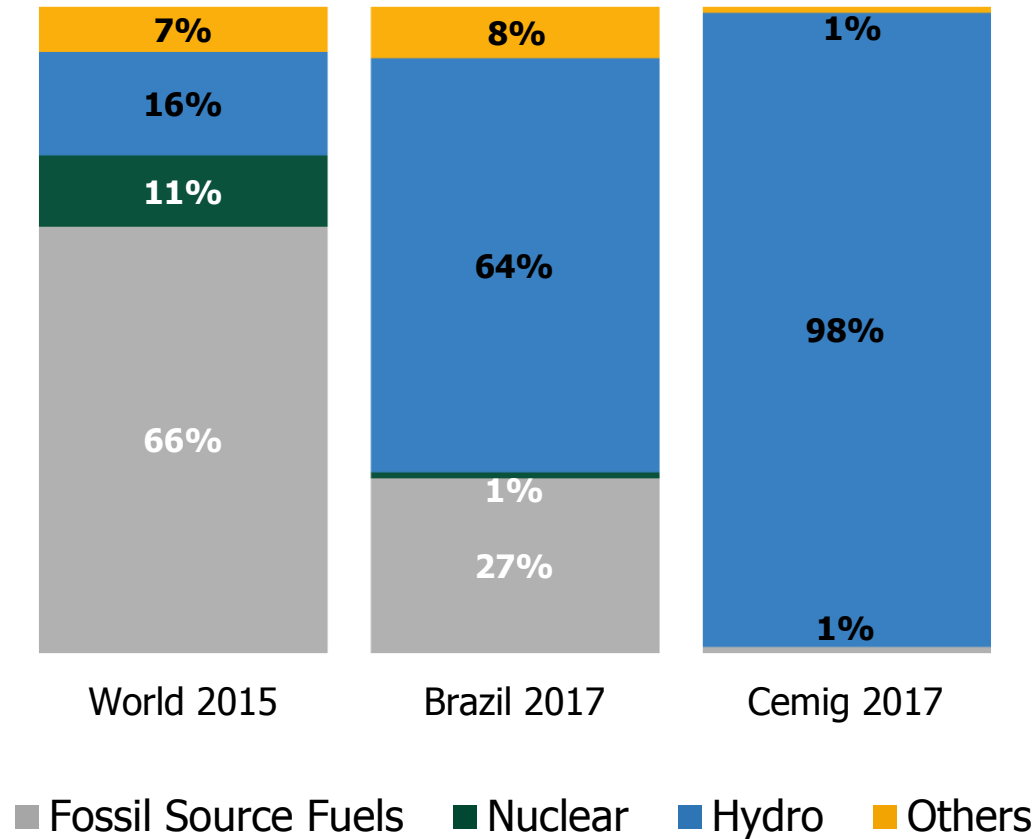
**Largest Power Generation Group**

- Power Generation
- Power Transmission
- Electricity Distribution
- Cemig "Free Consumer" Clients
- Wind Power Generation
- Natural Gas Distribution

**INTEGRATED**

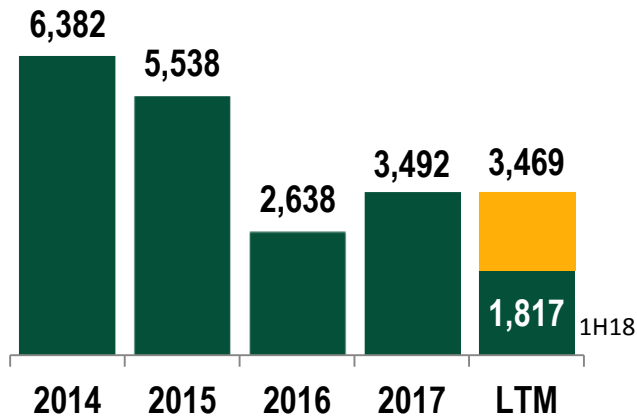
(1) In terms of length of electricity distribution lines

## Power Generation by Source

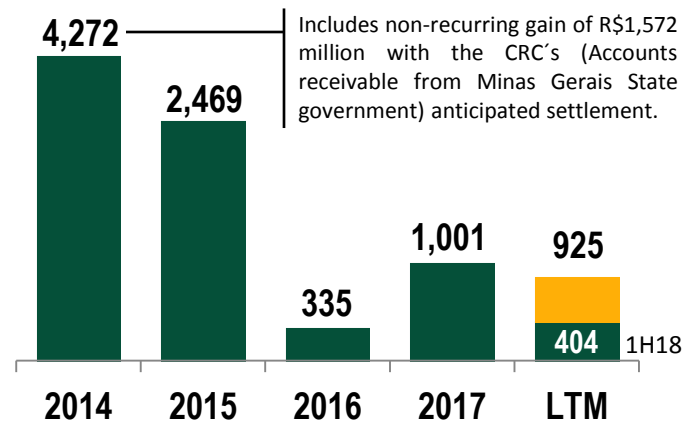


RENEWABLE LEADER

## Ebitda

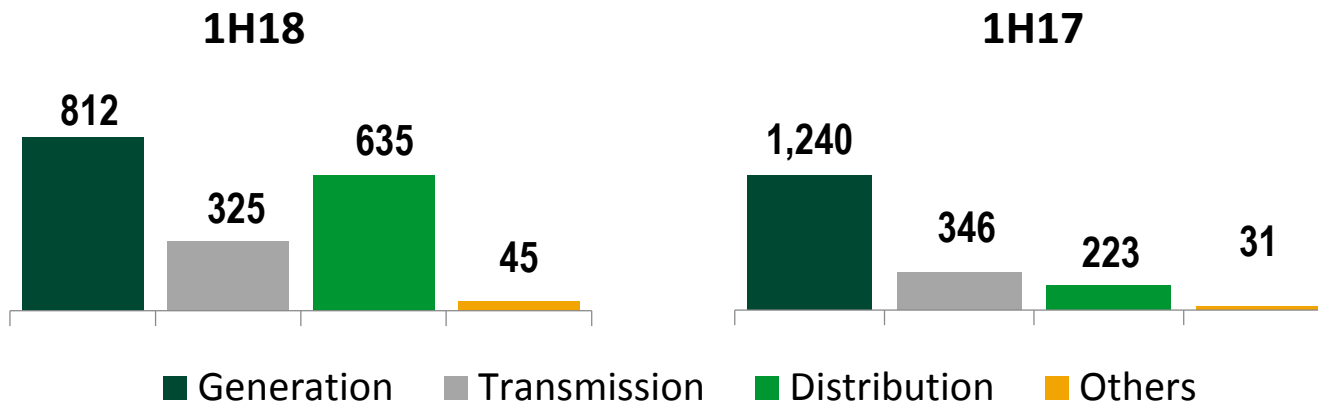


## Net Income



## Breakdown of Ebitda

Diversified, Low Risk Business Portfolio



Most of the revenues are inflation protected



## Bylaws

- Guaranteed - The minimum annual dividend

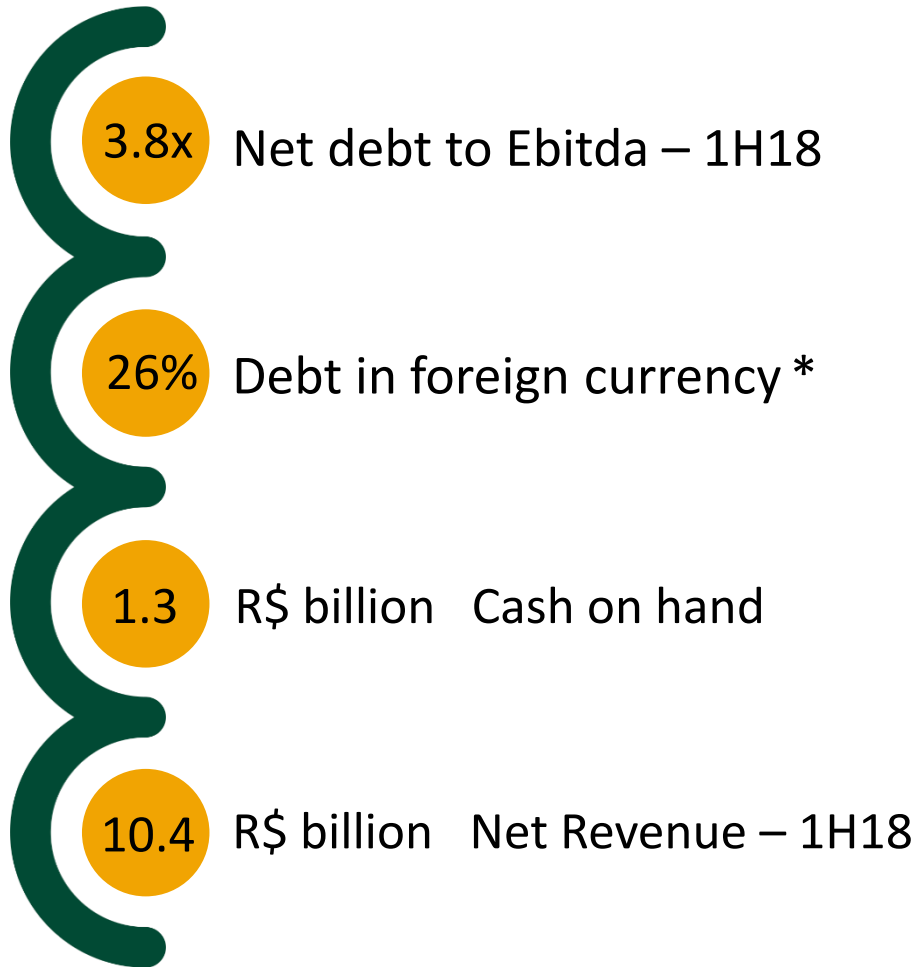
Shares	Number of Shares	Guarantee	Minimum Annual
Common	487,614,213	-	
Preferred	971,138,388	R\$ 0.50	R\$ 485.569.194
<b>Total</b>	<b>1,458,752,601</b>	<b>-</b>	<b>R\$ 485.569.194</b>

- Minimum payout – 50% of the net profit

## 2018 - Dividend yield 5.9%\*

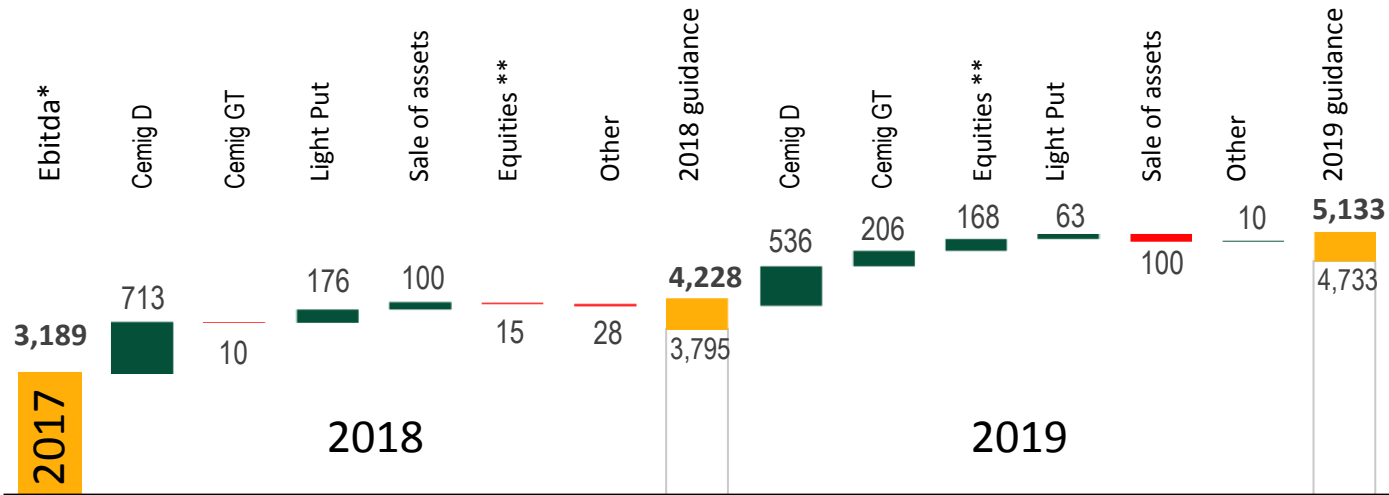
- R\$0.50 per preferred share
- R\$0.03 per common share
- To be paid in a single installment by December 30, 2018

\* Considering share price as of December 30, 2017

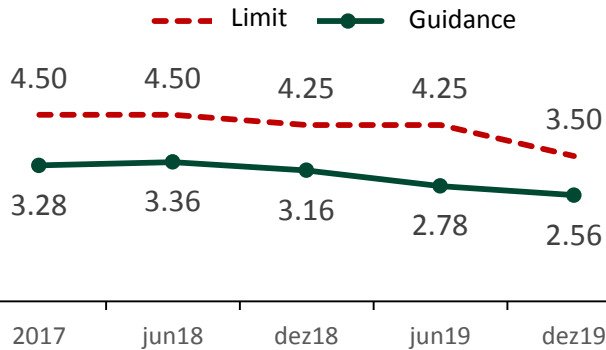


STABILITY

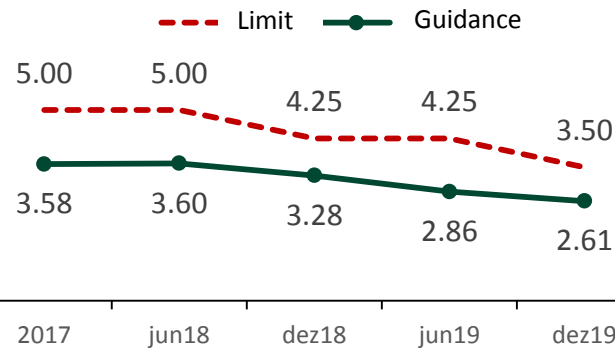
\* Debt in Dollar converted into CDI percentage per hedging instrument, within a band of Exchange variation



Net debt/Ebitda\*\*\* – Refinancing



Net debt/Ebitda\*\*\* – Eurobond



\* Recurring 2017 Ebitda.

\*\* Refers to total of companies in which Cemig H has equity interests, other than Cemig D and Cemig GT.

\*\*\* Net debt and Ebitda are adjusted according to the definitions in the debt contracts.

Source: Cemig.

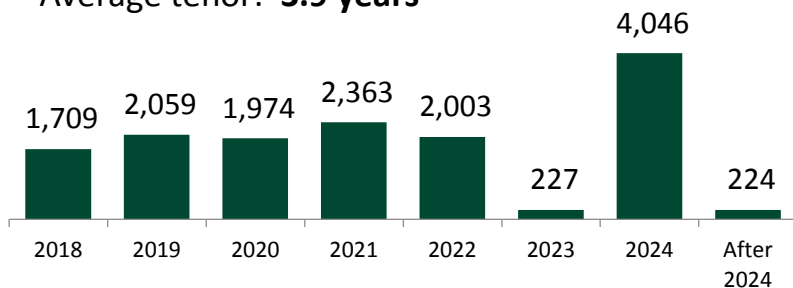
Ebitda IFRS - Constant June 2018 R\$ mn

PROJECTION

R\$ million

### Maturities timetable

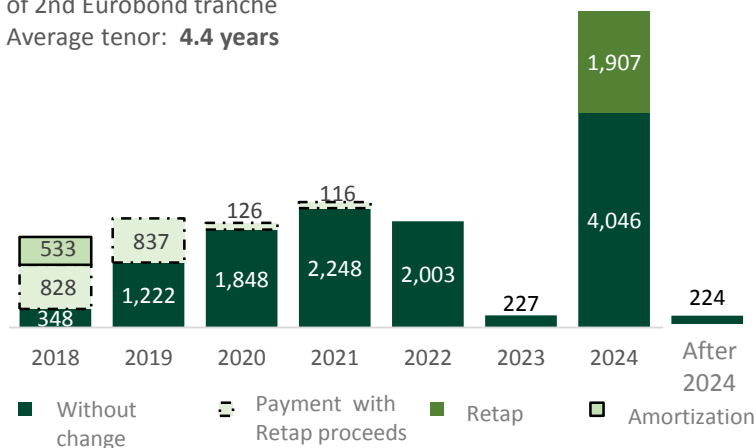
Total net debt: **R\$13.3 billion**  
Average tenor: **3.9 years**



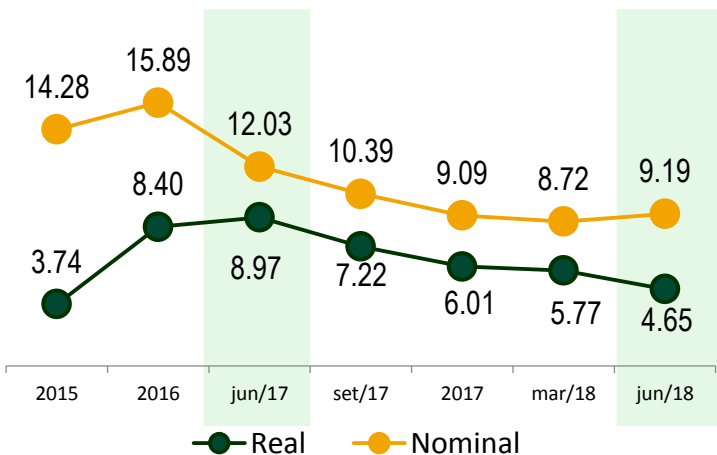
Cemig GT: amortized R\$ 533 million in Debentures and made early repayment of R\$ 385 million, with proceeds of the second Eurobond tranche.

### Maturities timetable – after Retap

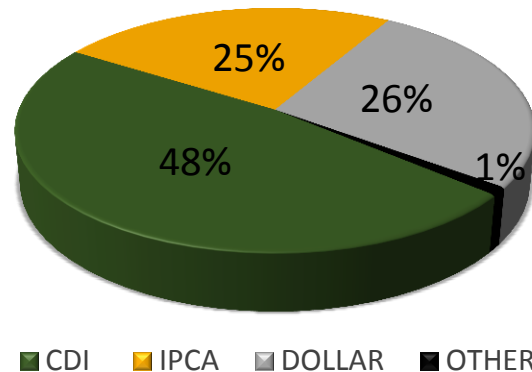
Consolidated debt (in R\$ of July 2018) - including expectation of use of 2nd Eurobond tranche  
Average tenor: **4.4 years**



### Cost of debt – % p.a.



### Leverage – %



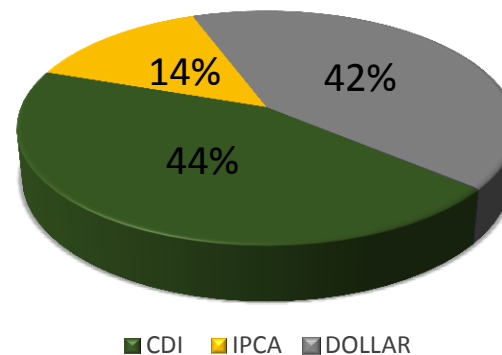
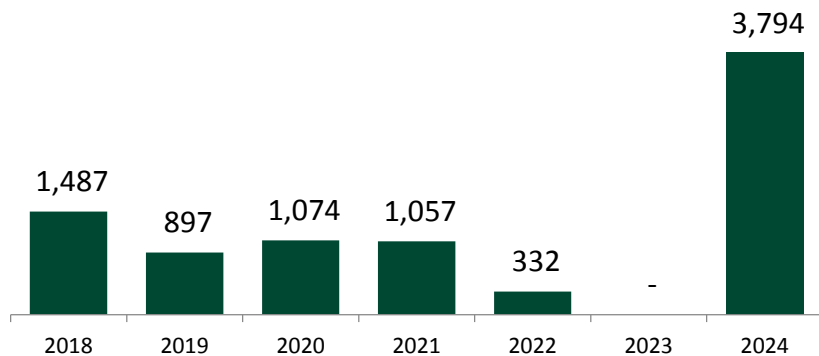
\*As of June 2018

R\$ million

Maturities timetable – Average tenor: 4.1 years

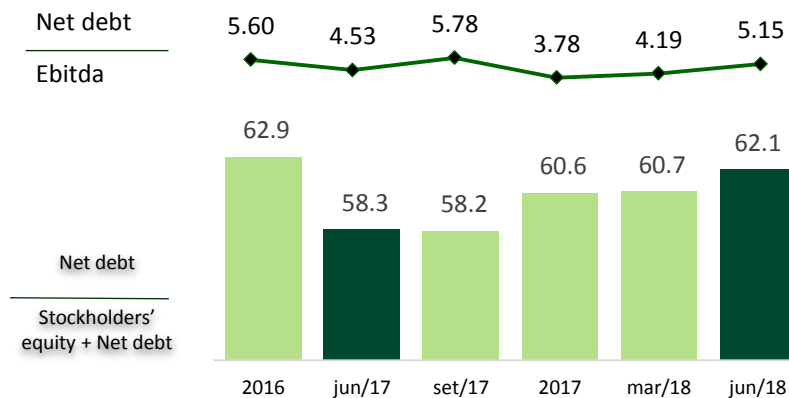
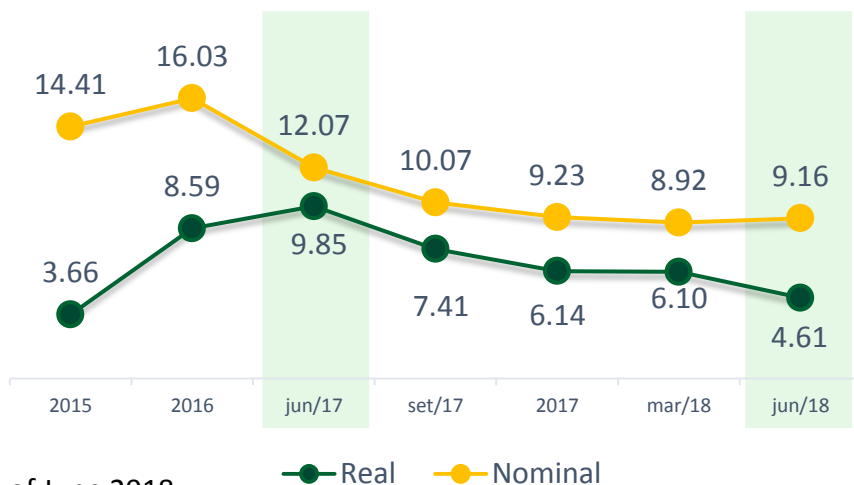
Main indexors

Total net debt: R\$7.9 billion



Cost of debt – % p.a.

Leverage – %



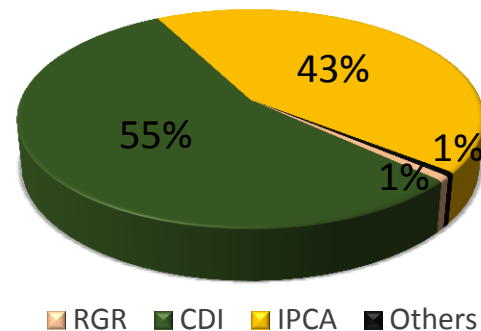
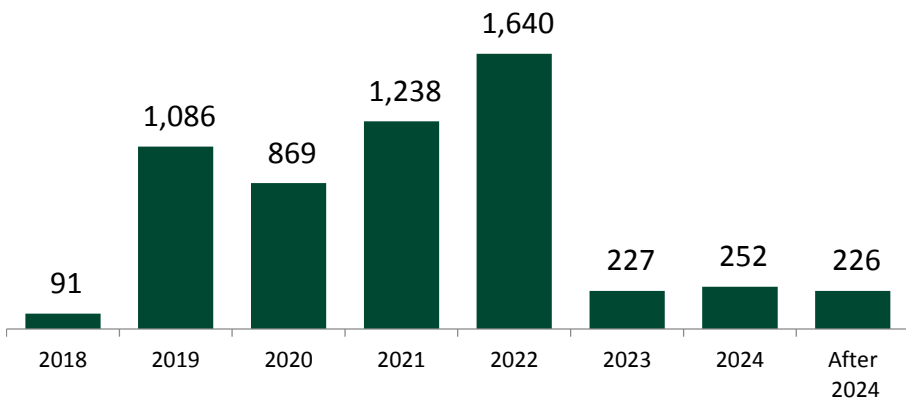
\*As of June 2018

R\$ million

Maturities timetable – Average tenor: 3.6 years

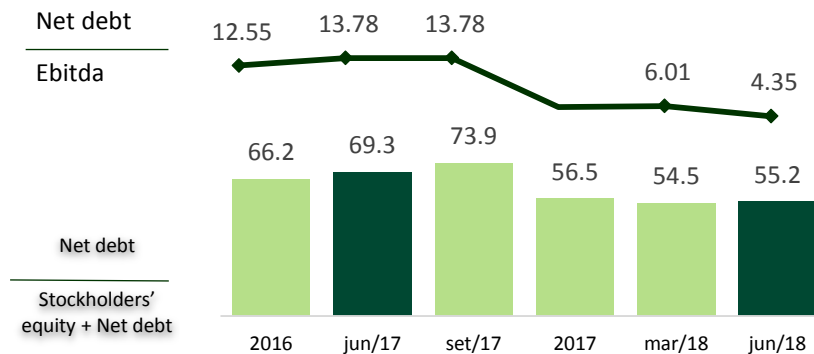
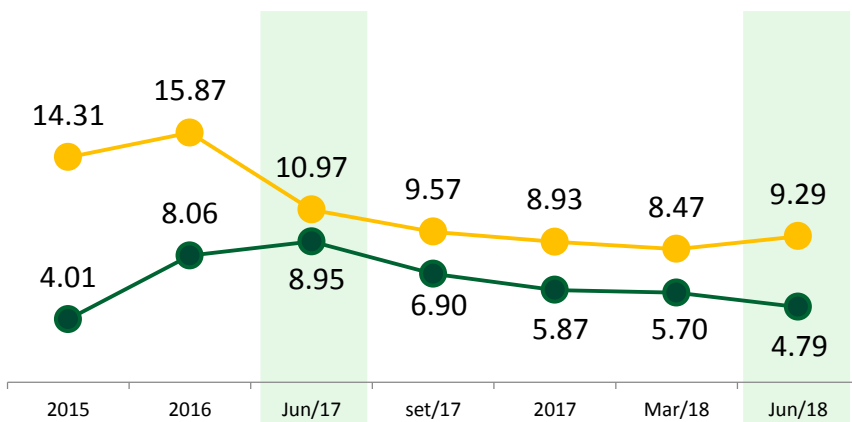
Main indexors

Total net debt: R\$4.9 billion



Cost of debt – % p.a.

Leverage – %



\*As of June 2018

● Real ● Nominal

Strategy was designed to deleverage Cemig

Company	Stake %	Amount R\$ MM	Status
<b>Realized</b>			
taesa	9,86%	717	Block trade completed
TRANSMINEIRA	25%	80	Transfer, to Taesa, completed (Nov. 2017)
<b>TOTAL</b>		<b>797</b>	
<b>In progress</b>			
CEMIG TELECOM	100%	649 <sup>(1)</sup>	Auction for sale of assets concluded- August 08, 2018
RENOVA	-	- <sup>(2)</sup>	Restructuring with assets' sale for settlement of pre-payments under PPA
Light	48,86%	1.353 <sup>(3)</sup>	New timetable and structure for disposal
Santo Antônio	18%	1.117 <sup>(4)</sup>	Negotiations with potential purchaser resumed
CENTROESTE	51%	48 <sup>(5)</sup>	Transfer of 51% position of the shares to Taesa in legal analysis
GAMIG	Até 49%	1.180 <sup>(4)</sup>	Structuring of sale model in legal analysis
Consórcios de Exploração de Gás	24,50%	21 <sup>(4)</sup>	Auction on July 3rd, 2018 had no tenderers / Studies for a new auction
norteENERGIA	12%	1.443 <sup>(4)</sup>	Negotiations between private stokholderes for sale of 50,02%
Cachoeirão, Pipoca, Paracambi	49%	125 <sup>(4)</sup>	Transaction postponed to 2019
<b>TOTAL</b>		<b>5.936</b>	

Notes:

- (1) Total value of bids won on August 8th, 18 auction
- (2) Under evaluation
- (3) Market value (BM&F Bovespa) on May 05 th, 2018: R\$13,58/share
- (4) Book value
- (5) Valuation by the Company

ASSET SALE

Solid fundamentals assured by excellent financial management, stable profitability, strong cash generation and robust corporate governance.

**FitchRatings**

A-(bra) Cemig H, Cemig GT and Cemig D National Scale  
 B+ Cemig H, Cemig GT e Cemig D Global Scale

Investment Grade										Speculative Grade									
AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-	B+	B	B-	CCC	CC	C	RD/D
													Euro						

**STANDARD & POOR'S**

brA+ Cemig H, Cemig GT and Cemig D National Scale  
 B Cemig H, Cemig GT and Cemig D Global Scale

Investment Grade										Speculative Grade											
AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-	B+	B	B-	CCC+	CCC	CCC-	CC	C	D
														Euro							



Baa2.br Cemig H, Cemig GT and Cemig D National Scale  
 B1 Cemig H, Cemig GT and Cemig D Global Scale

Investment Grade										Speculative Grade											
Aaa	Aa1	Aa2	Aa3	A1	A2	A3	Baa1	Baa2	Baa3	Ba1	Ba2	Ba3	B1	B2	B3	Caa1	Caa2	Caa3	Ca	C	

RATING



Aneel approved readjustment in the Technical Note 45/2018

- May 28<sup>th</sup> anniversary regulatory date

Main points of the Review for the 4<sup>th</sup> Tariff Cycle:

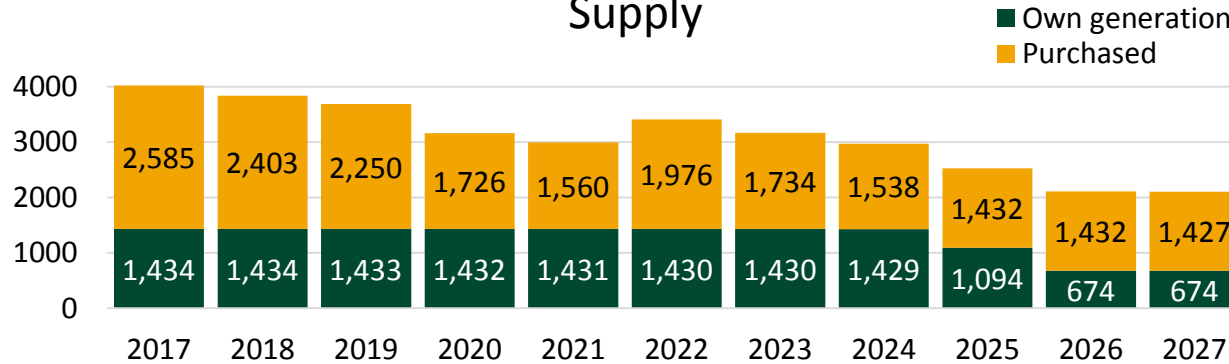
- Investment around R\$ 5 billion
- Investment on 'Special obligations' around R\$ 1.2 billion
- Opex: Cemig D scores above average in efficiency metrics

Regulatory asset base (RAB)	2013	2018
Remuneration Base – gross R\$	15,724	20,490
Remuneration Base – net R\$	5,849	8,906
Average depreciation rate	3.84 %	3.84%
Remuneration of the special obligations	-	149
WACC	7.51%	8.09%
CAIMI R\$	147	333
QRR R\$ - Depreciation (Gross RAB x Dep rate)	590	787
Remuneration of capital R\$	587	1,236

Position in August, 2018

## Supply

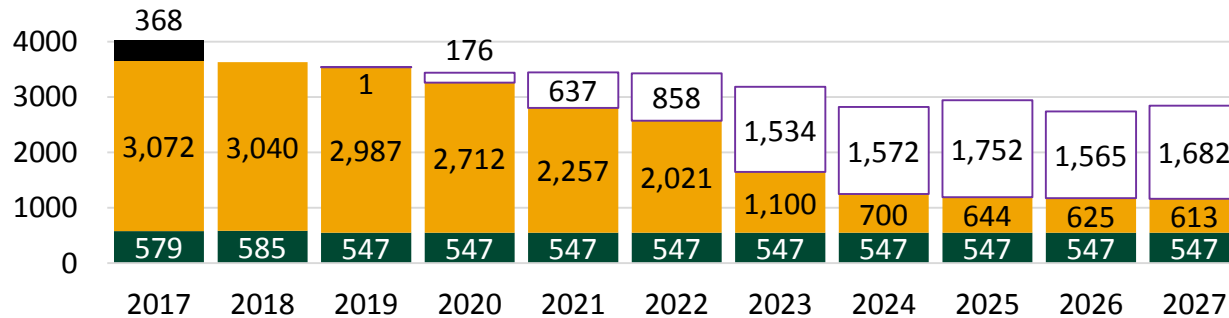
Average MW



Total Supply	4,019	3,837	3,683	3,158	2,991	3,406	3,164	2,967	2,526	2,106	2,101
Current Balance	0	212	149	-101	187	838	1,517	1,720	1,335	934	941
Total Demand	4,019	3,625	3,534	3,259	2,804	2,568	1,647	1,247	1,191	1,172	1,160

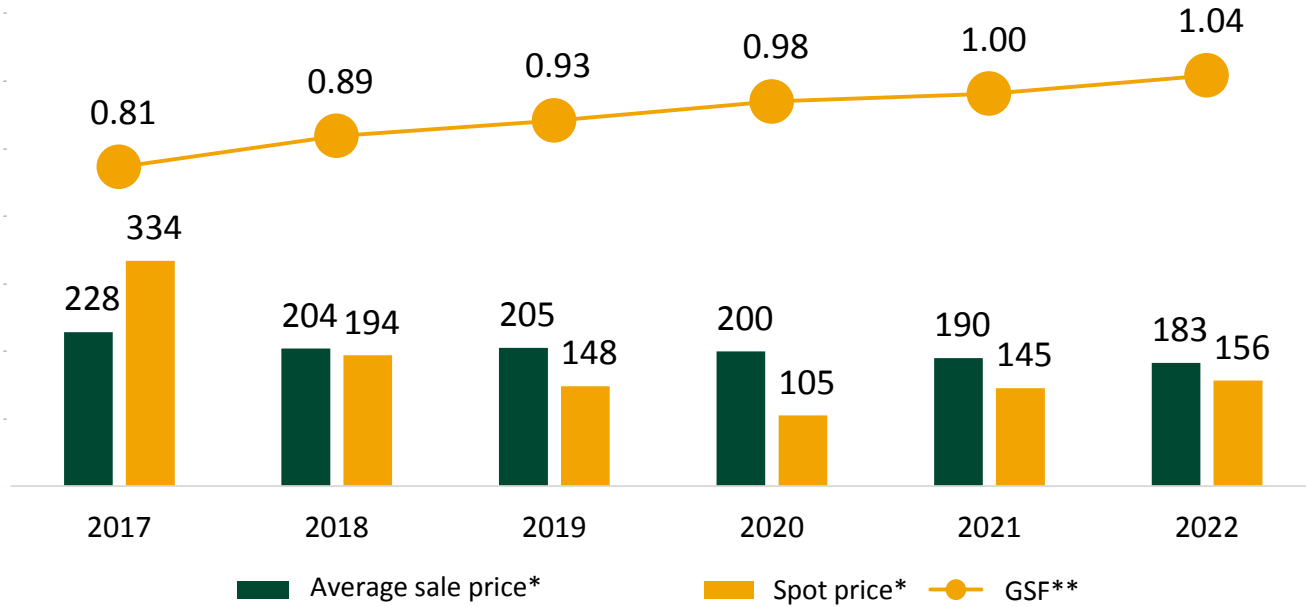
## Demand

Average MW



■ Sales: Regulated Market ■ Sales: Free Market □ Probable renewals ■ Spot Market

POWER BALANCE



SALE PRICE & GSF

Source: Cemig

\* Generation Scaling Factor

\*\* Constant R\$/MWh



MEMBER OF  
**Dow Jones**  
**Sustainability Indices**  
In Collaboration with RobecoSAM



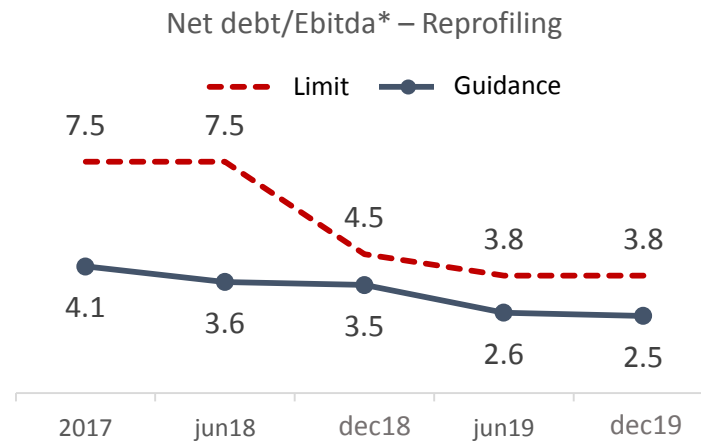
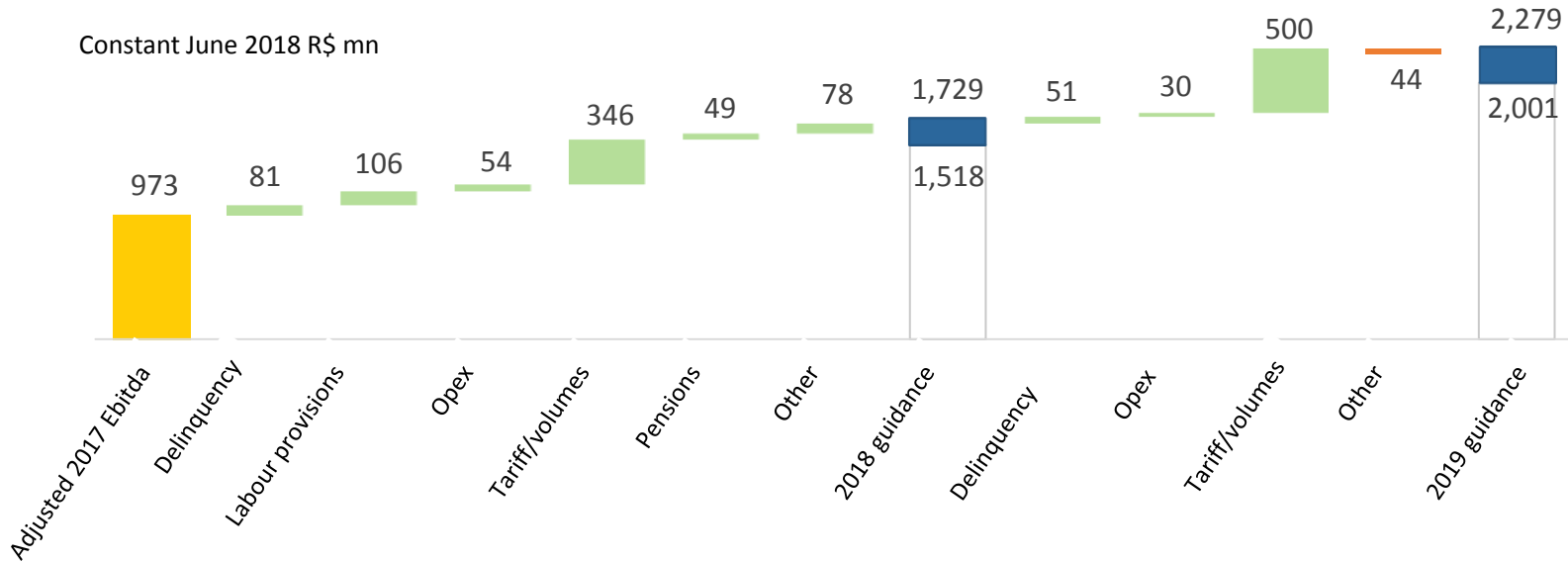
# CEMIG

## Investor Relations

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[ri@cemig.com.br](mailto:ri@cemig.com.br)

<http://ri.cemig.com.br>

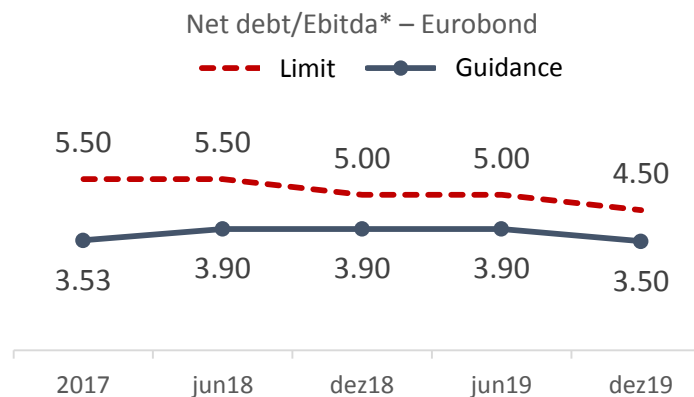
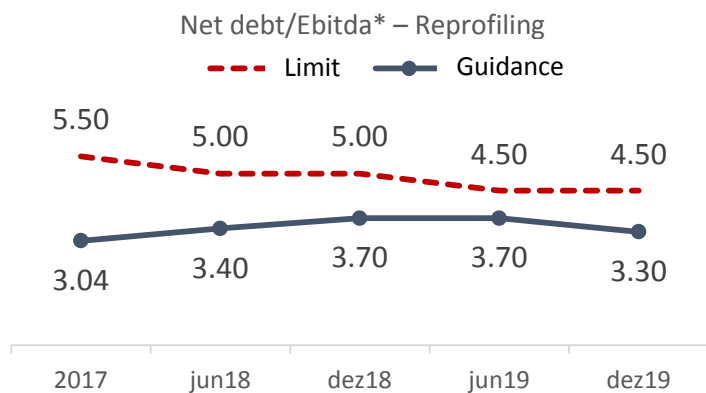
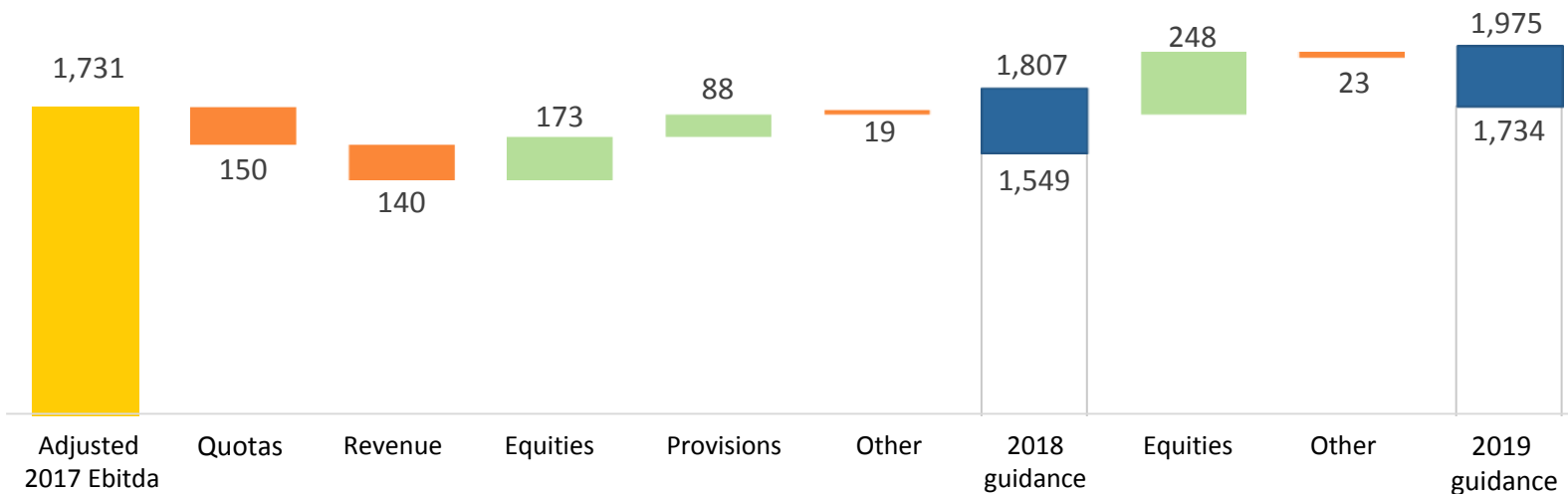


Source: Cemig.

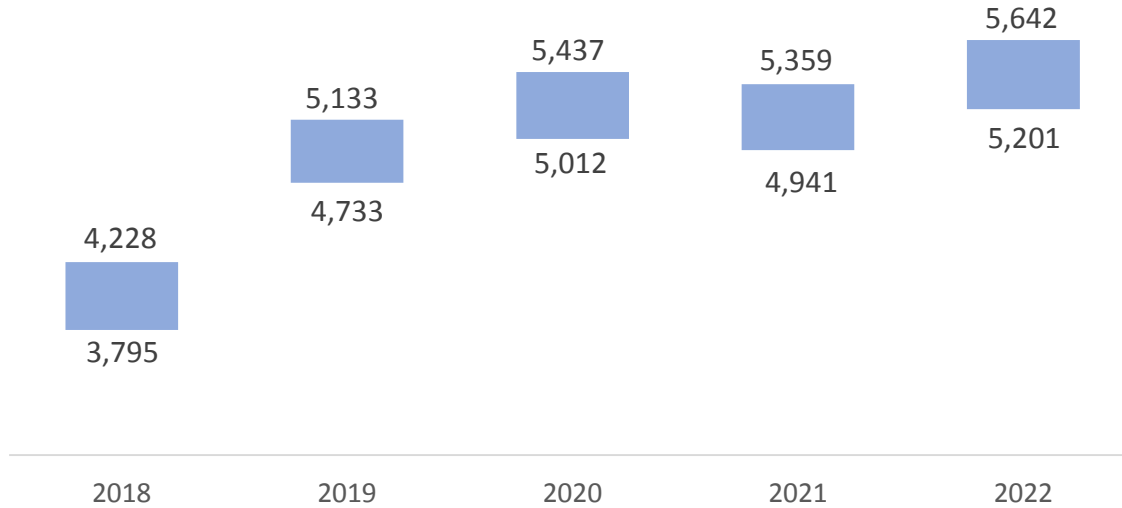
\* Adjusted according to definition in the debt contract.

Ebitda IFRS - Constant June 2018 R\$ mn

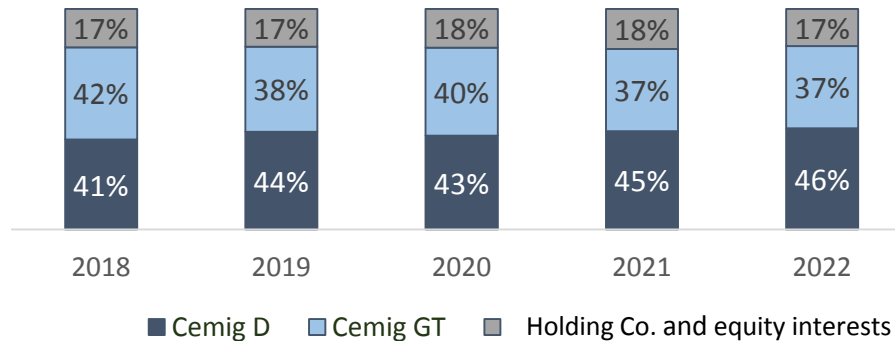
Ebitda IFRS - Constant June 2018 R\$ mn



\* Net debt and Ebitda are adjusted according to the definitions in the debt contracts.



Breakdown of Ebitda



Source: Cemig.

Constant June 2018 R\$ mn

## Cemig Consolidated (Guarantor)

- Maintenance Covenants

Leverage Maintenance	
Covenant Net Debt / Covenant EBITDA	Cemig
31/Dec/2017 and 30/Jun/2018	5.00x
31/Dec/2018 and 30/Jun/2019	4.25x
31/Dec/2019 and 30/Jun/2020	3.50x
31/Dec/2020 and s/a thereafter	3.00x

Liens Maintenance	
Total Secured Debt / Covenant EBITDA	Cemig
31/Dec/2017	2.00x
30/Jun/2018 and semi-annually thereafter	1.75x

Dividend Payments
Minimum Legally Required Only

## Cemig GT (Issuer & Restricted Subsidiaries)

- Maintenance Covenants

Leverage Maintenance	
Covenant Net Debt / Covenant EBITDA	Cemig GT
31/Dec/2017 and 30/Jun/2018	5.50x
31/Dec/2018 and 30/Jun/2019	5.00x
31/Dec/2019 and 30/Jun/2020	4.50x
31/Dec/2020 and 30/Jun/2021	3.00x
31/Dec/2021 and s/a thereafter	2.50x

Liens Maintenance	
Total Secured Debt / Covenant EBITDA	Cemig GT
31/Dec/2017 and semi-annually thereafter	1.50x

- Incurrence Covenants

Limitation on Incurrence of Indebtedness	
Covenant Net Debt / Covenant EBITDA	Cemig GT
On or Before 31/Dec/2018	5.50x
On or Before 31/Dec/2019	5.00x
On or Before 31/Dec/2020	4.50x
On or Before 31/Dec/2021	3.00x
Thereafter	2.50x
(+ ) General Basket of US\$100mm or 3% of CNTA	

Limitation on Incurrence of Liens	
Total Secured Debt / Covenant EBITDA	1.50x

Restricted Payments	
% of Net Income from Sept. 30, 2017	Cemig GT
If Cov. Net Debt / Cov. EBITDA > 2.5x	0%
If Cov. Net Debt / Cov. EBITDA ≤ 2.5x	50%
(+ ) Minimum Legally Required Dividends Carve-Out	
(+ ) US\$30mm or PF 2.5x Cov. Net Debt / Cov. EBITDA	

Asset Sales
Transaction with Affiliates
Limitation on Sale and Lease-Backs
Limitation on Dividend Restrictions on Restricted Subs
Consolidation, Merger, Conveyance, Sale or Lease
Change of Control Put @ 101%

### Additional Provisions

- Penalty Interest for Failure to Comply with any Maintenance Covenant: **+2.0% p.a.** for as long as any Maintenance Covenant is breached
- Penalty Interest for Failure to Implement Bank Debt Refinancing: **+2.0% p.a.** if Bank Debt Refinancing not implemented by Feb. 15, 2018

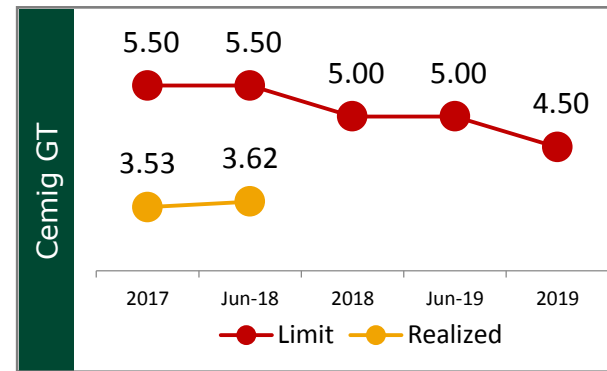
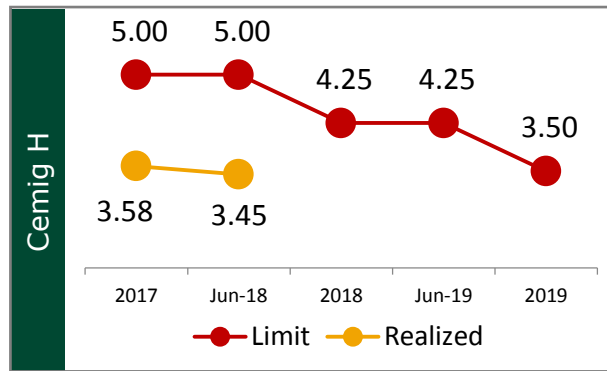


12 months	June 30, 2018	
R\$ (in million)	H	GT
<b>Consolidated Indebtedness</b>	<b>14,604</b>	<b>8,641</b>
<i>plus</i> debt contracts with Forluz	1,067	241
<i>plus</i> carrying liability of any put option obligation	1,042	414
<i>minus</i> escrow account amounts deposited to satisfy any put option obligation	(89)	-
<i>minus</i> consolidated cash and cash equivalents; plus consolidated marketable securities recorded as current assets	(1,229)	(647)
<b>Covenant Net Debt</b>	<b>15,395</b>	<b>8,649</b>
<b>Covenant EBITDA</b>	<b>4,467</b>	<b>2,391</b>
Covenant Net Debt / Covenant Ebitda	3.45	3.62
Total Secured Debt	6,211	
Total Secured Debt / Covenant EBITDA	1.39	

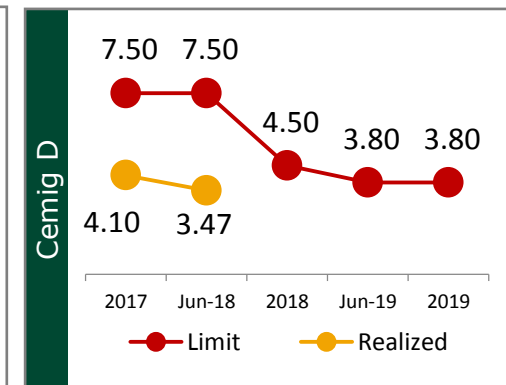
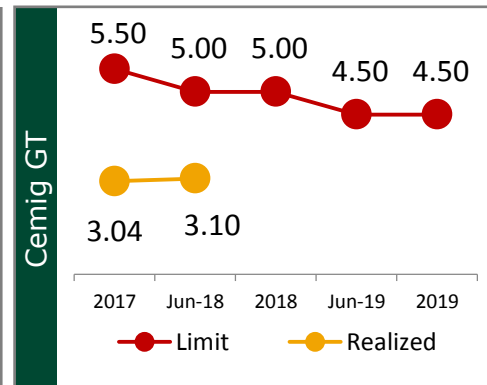
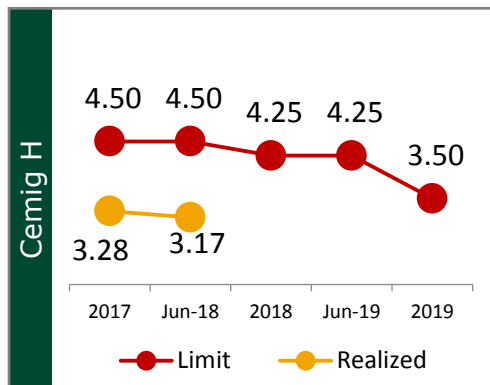
12 months	June 30,2018	
R\$ (in million)	H	GT
<b>Net income for the period/year (i)</b>	<b>925</b>	<b>(36)</b>
Net financial expenses	1,118	1,170
Income tax and Social Contribution tax	577	266
Depreciation and amortization	850	145
<b>EBTIDA</b>	<b>3,470</b>	<b>1,545</b>
minus minority interest result	338	673
minus provision for the variation in value of the put option obligations	385	98
minus non-operating result (which includes any gains on asset sales and any asset write-off or impairments)	(2)	41
minus non-cash credits and gains increasing net income, to the extent they are non-recurring	(720)	(243)
plus expenses related to adherence to the Minas Gerais State Tax Credits Regularization Plan (Plano de Regularização de Créditos Tributários – PRCT), incurred in the third quarter of 2017	562	30
minus non-cash revenues related to transmission and generation indemnification	(407)	(407)
plus cash dividends received from minority investments (as measured in the statement of cash flows)	394	207
minus monetary updating of concession grant fees	(324)	(324)
plus cash inflows related to power generation concession grant fee	245	245
plus cash inflows related to transmission revenue for cost of capital coverage	526	526
<b>Covenant EBITDA</b>	<b>4,467</b>	<b>2,391</b>

## Net debt/Ebitda

### Eurobonds' Covenant - (LTM – Last twelve months)

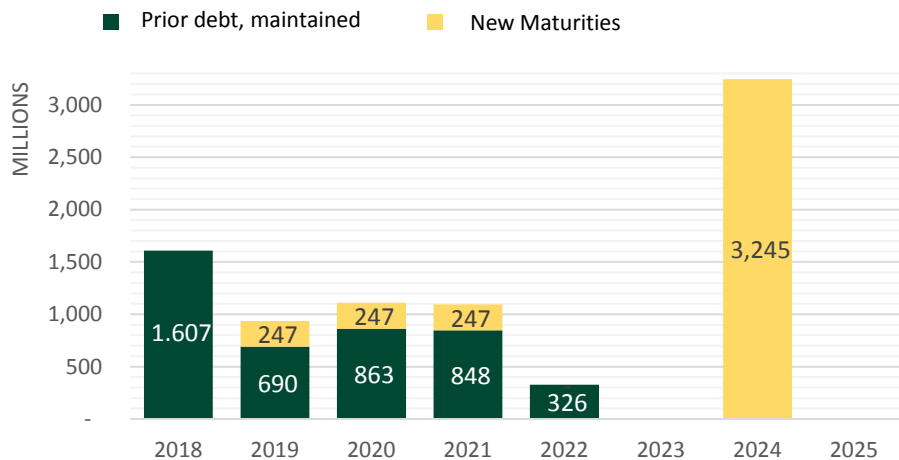


### Reprofiling's Covenant - (LTM – Last twelve months)

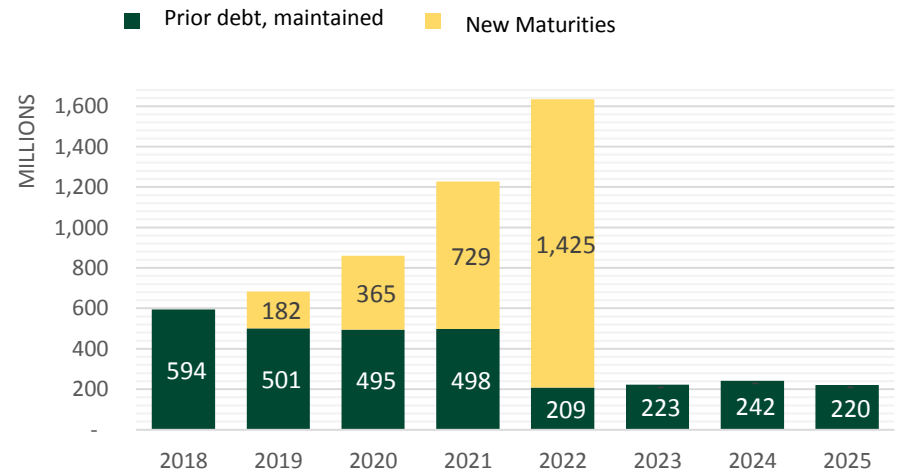


- Short term debt of R\$ 3.4 billion re-profiled
  - Amortization in 36 monthly tranches
    - ✓ Cemig GT: R\$ 741 million – from January 2019
    - ✓ Cemig D: R\$ 2.700 billion – from July 2019
- Successful Eurobond issue – for US\$1 billion (R\$ 3.2 billion)
  - Maturity 7 years, coupon 9.25%
  - Secondary market yield trading at ~7.5%
- Improved credit perception, raising S&P’s rating on the Company
  - National brBBB- scale for brBBB, with a positive outlook

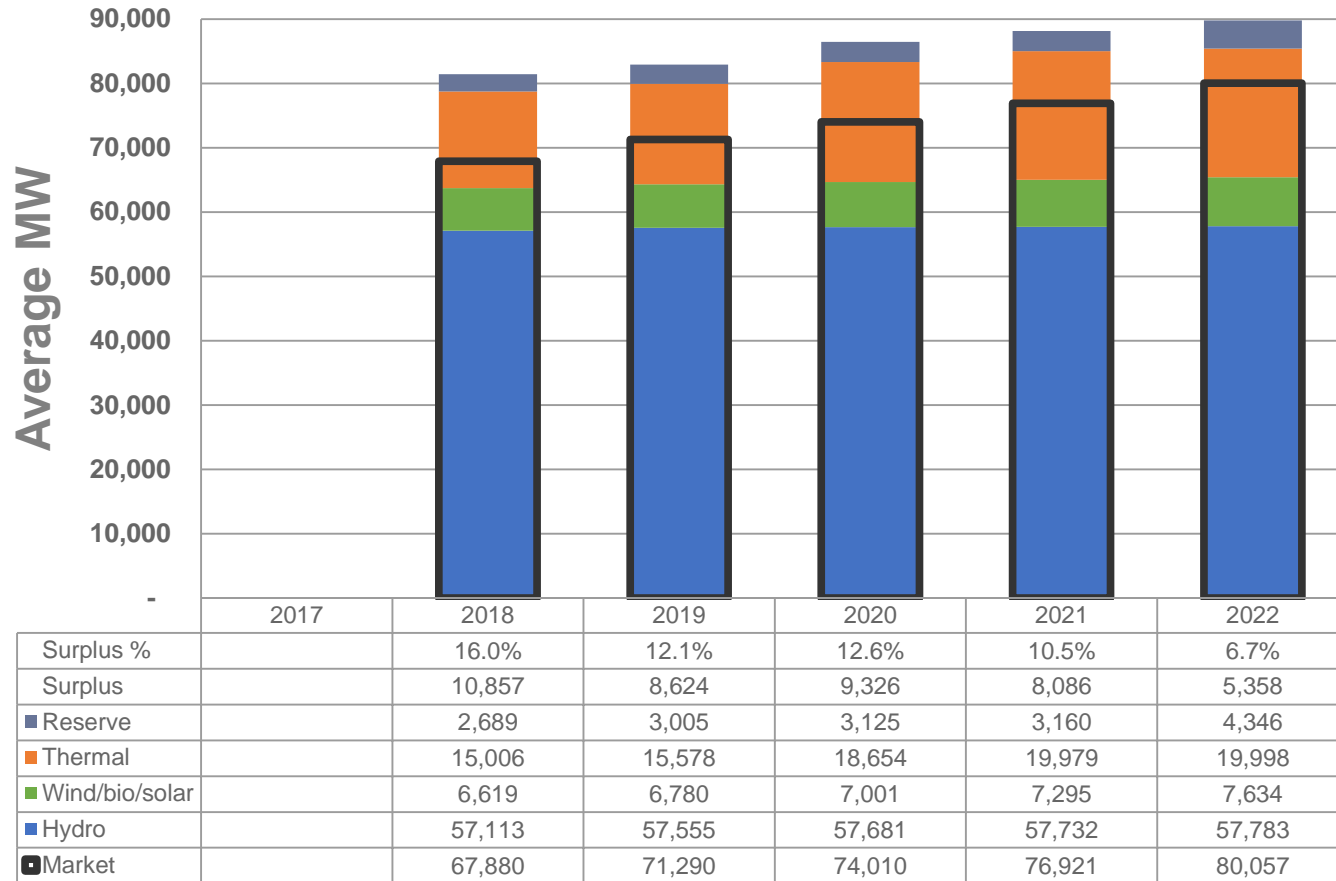
**Debt profile of Cemig GT (Dec/17)**



**Debt profile of Cemig D (Dec/17)**

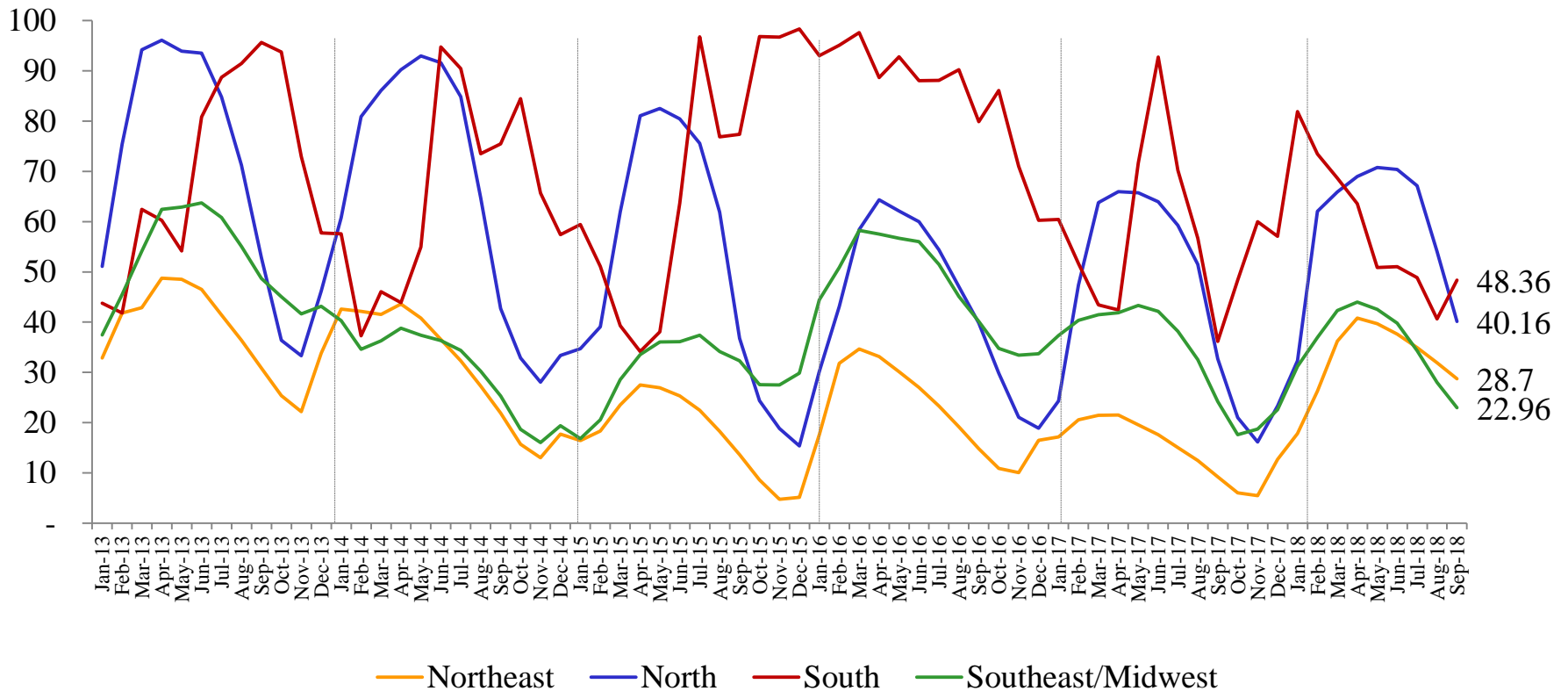


Made in May 2018



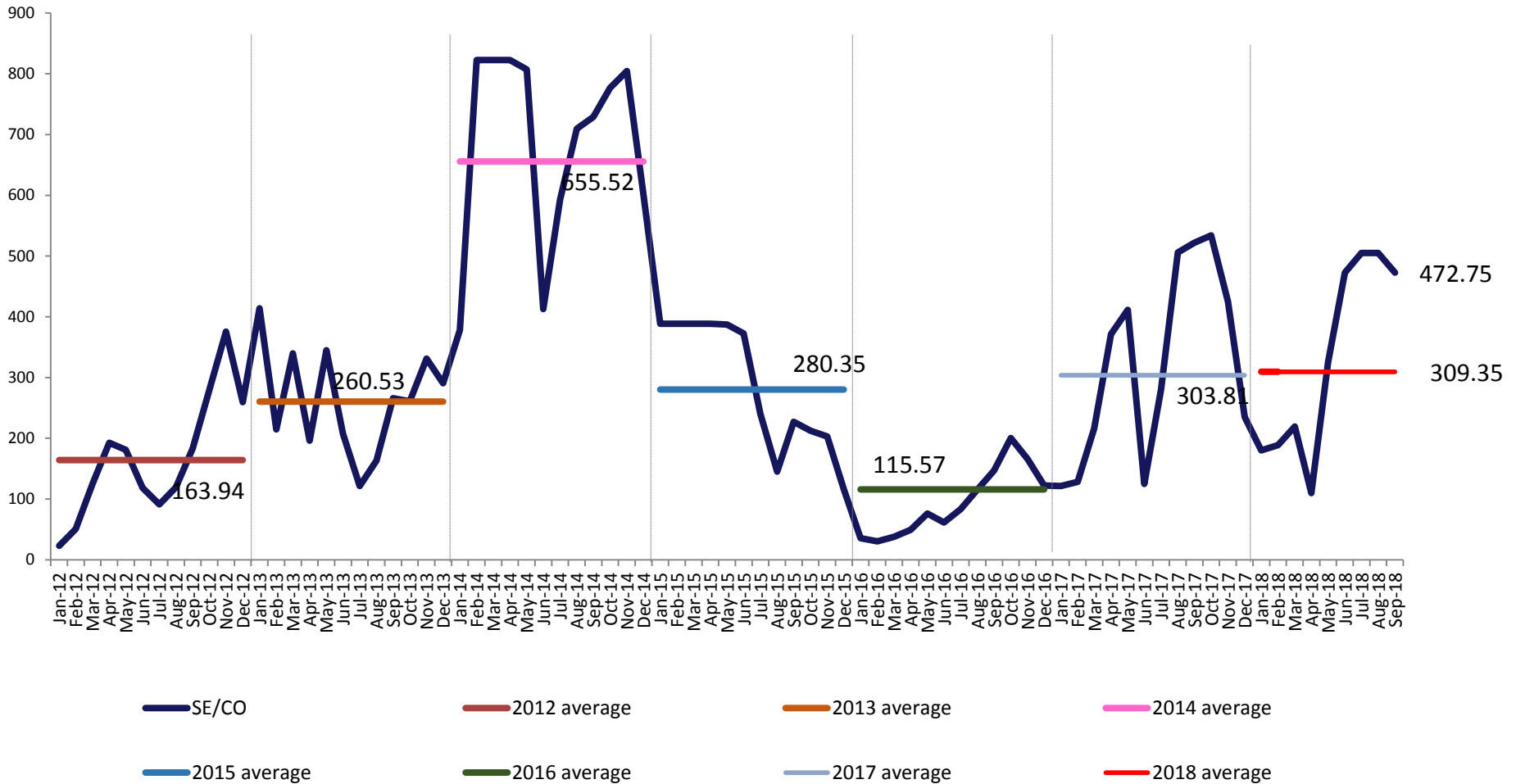
Source: **May 2018 monthly operational survey (PMO)** (includes contracting of Angra III as Reserve Energy from Jan, 2022),

by region (%)\*



\*Source: ONS

Brazil: electricity spot price - monthly average (R\$/MWh)



#	Type	Plant	Installed capacity (MW)	Assured energy (average MW)	Auction – 27 September (with 30 years of concession)		
					Winner	Price (bn)	Premium
1	HPP	São Simão	1,710	1,281	SPIC PACIFIC ENERGY PTY LTD.	7.180	6.51%
2	HPP	Jaguara	424	336	ENGIE BRASIL	2.171	13.59%
3	HPP	Miranda	408	202	ENGIE BRASIL	1.360	22.42%
4	HPP	Volta Grande	380	229	ENEL BRASIL S.A.	1.419	9.84%
<b>TOTAL</b>			<b>2,922</b>	<b>2,048</b>		<b>12.130</b>	<b>9.73%</b>

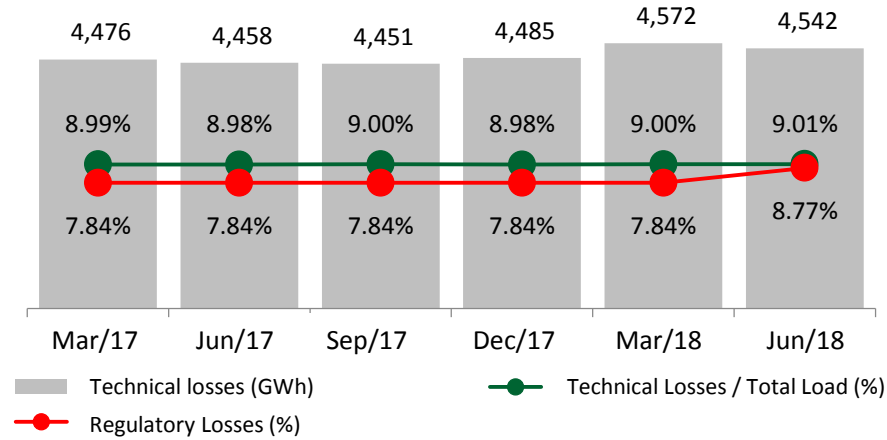
In August, 2017 Mining and Energy Ministry Order 291/17 established the values of indemnity, payable to Cemig GT

Total the indemnity is R\$ 1.119 billion in June, 2018:

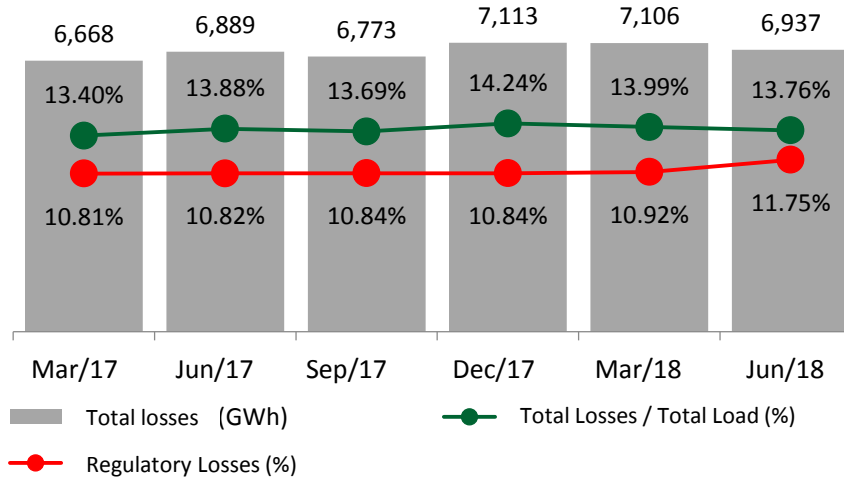
- Miranda R\$ 835 mn
- São Simão R\$ 284 mn



## Technical losses



## Total losses



Average daily trading volume in Oct/2018 (preferred share)

**BOVESPA:** R\$100.2 million  
**NYSE:** US\$10.4 million

**North America**

Canada  
 USA

**EUROPE**

Austria	Germany	Italy	Portugal
Belgium	Guernsey	Malta	Spain
Denmark	Greece	Jersey	Sweden
France	Holland	Liechtenstein	Switzerland
Finland	Ireland	Luxembourg	UK
		Norway	

**ASIA**

Brunei  
 Japan  
 India  
 Malaysia  
 Singapore  
 South Korea  
 Taiwan  
 China

**LATIBEX (2017)**  
 XCMIG  
 € 7.1 million

**NYSE (2017)**  
 CIG US\$ 2.95 billion  
 CIG.C US\$ 2.3 million

**Central America**

Bahamas  
 Bermuda  
 Cayman islands

**Middle East**

UAE  
 Kuwait  
 Oman  
 Saudi Arabia

**South America**

Argentina  
 Brazil  
 Chile  
 Uruguay

**BOVESPA (2017)**  
 CMIG4 R\$ 17.0 billion  
 CMIG3 R\$ 1.1 billion

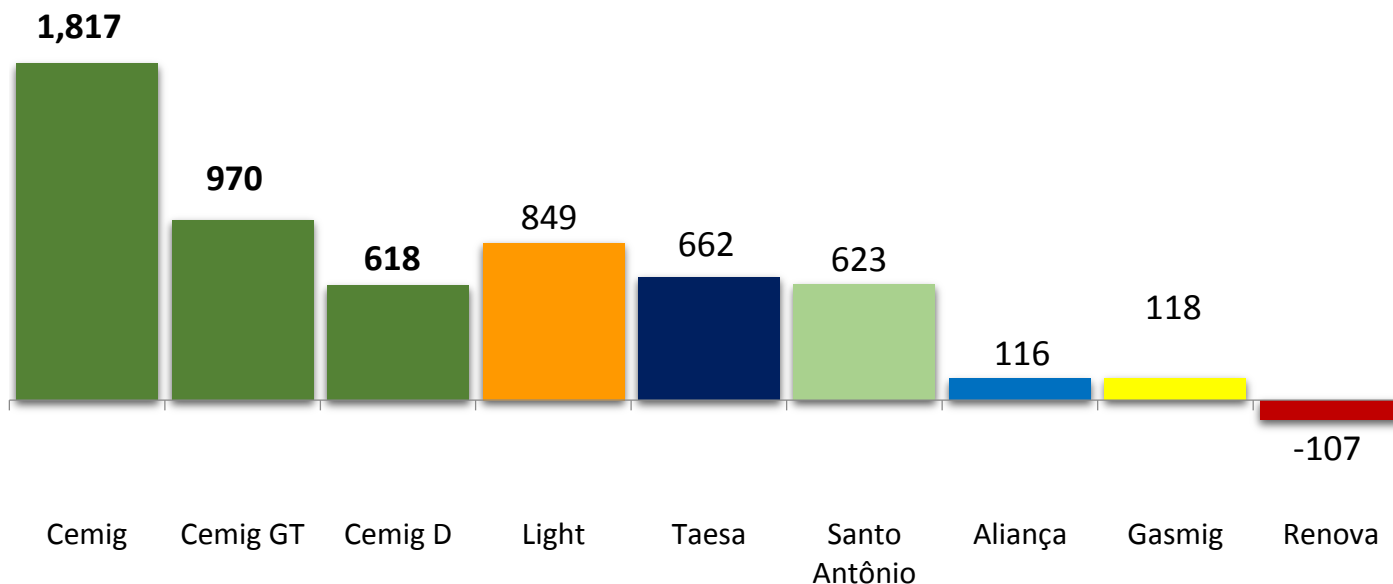
**Africa**

South Africa

**OCEANIA**

Australia  
 New Zealand

- Shares traded on 3 stock exchanges
- Over 140,000 stockholders in 38 countries



Companies	Ebitda 1H18	% Cemig	Proportional	Guidance 2018
Cemig	1,817		1,817	3,795 - 4,228
Cemig GT	970	100%	970	1,549 - 1,807
Cemig D	618	100%	618	1,518 - 1,729
Light	849	48,86%	415	
Taesa	662	21,68%	144	
Aliança*	116	45%	52	
Gasmig	118	99,57%	117	
Santo Antônio	623	18%	113	
Renova	-107	36,23%	-39	

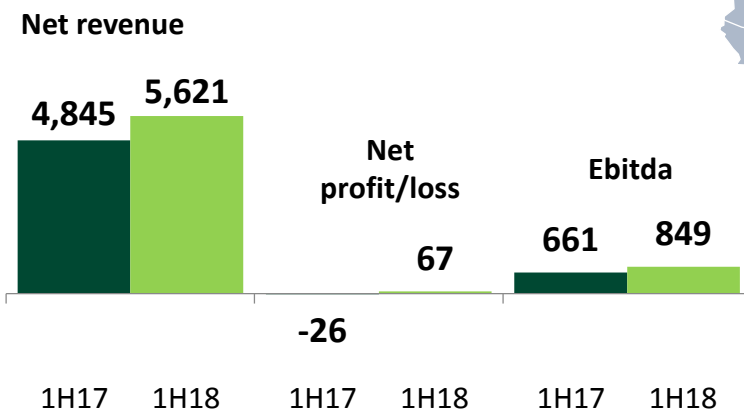
\* Estimate

8.5 R\$ bn Net RAB - Regulatory Asset Base

1,024 MW installed capacity

648 MWavg Assured Energy

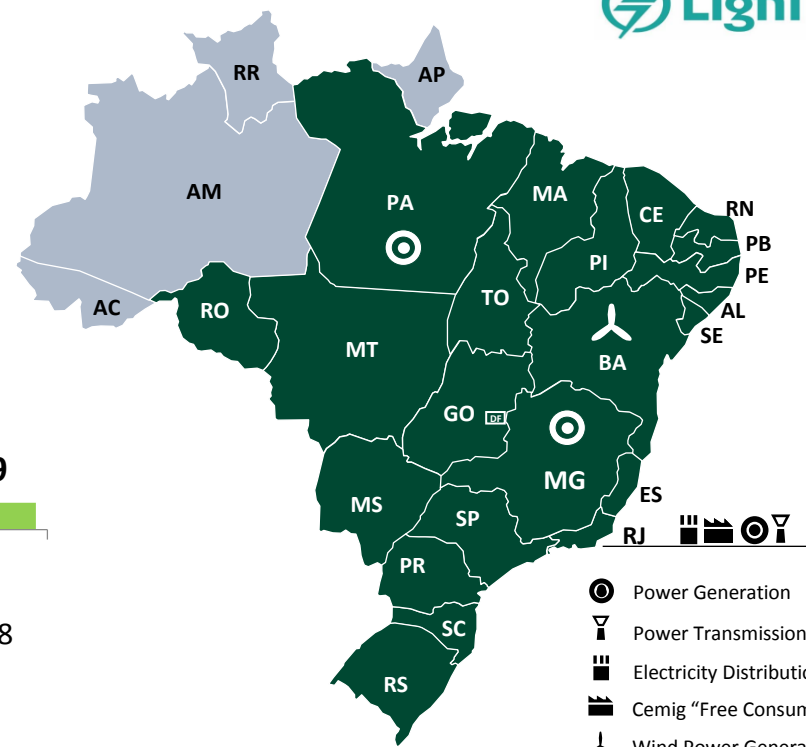
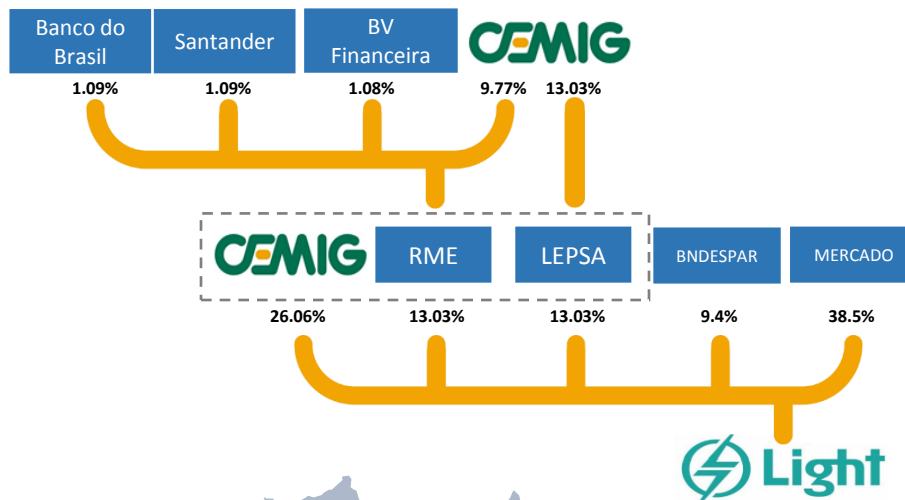
2.8 R\$ bn of market capitalization  
Aug, 27<sup>th</sup>



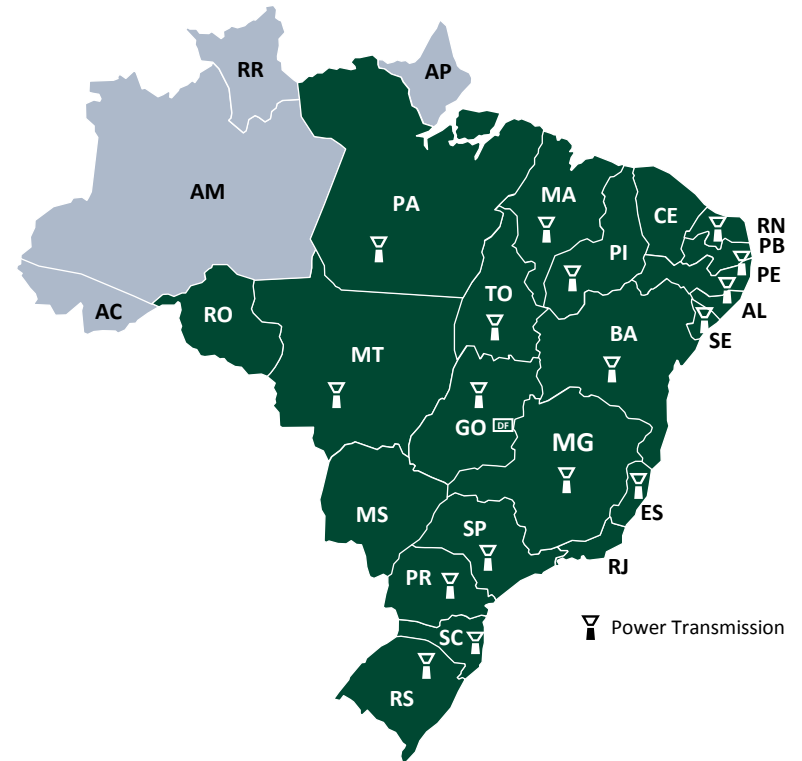
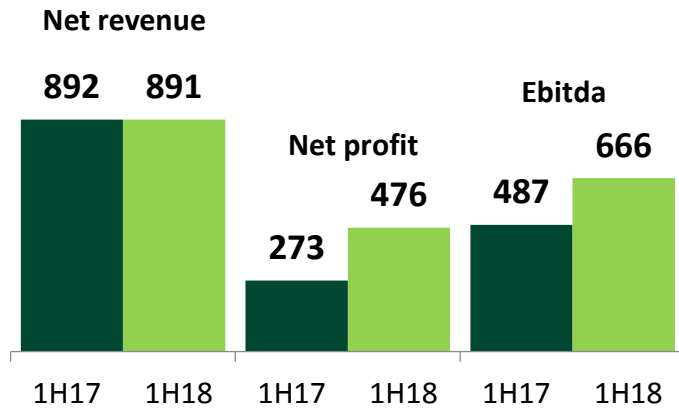
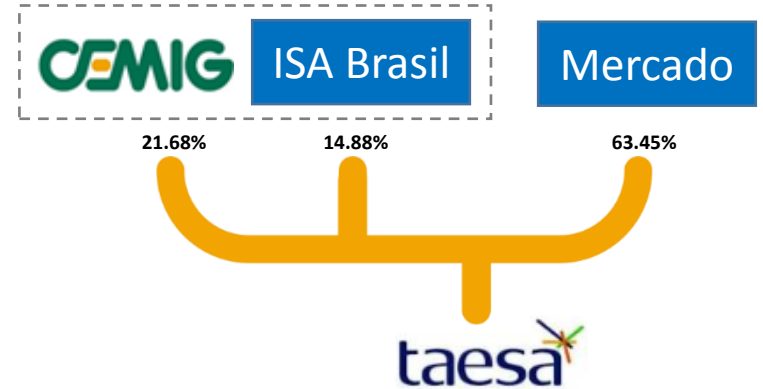
FitchRatings A+(bra)



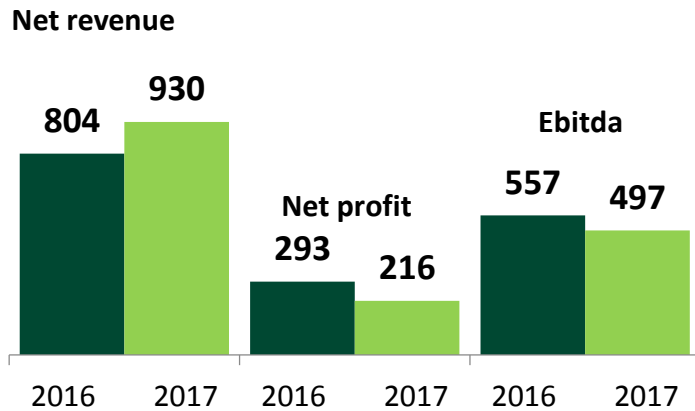
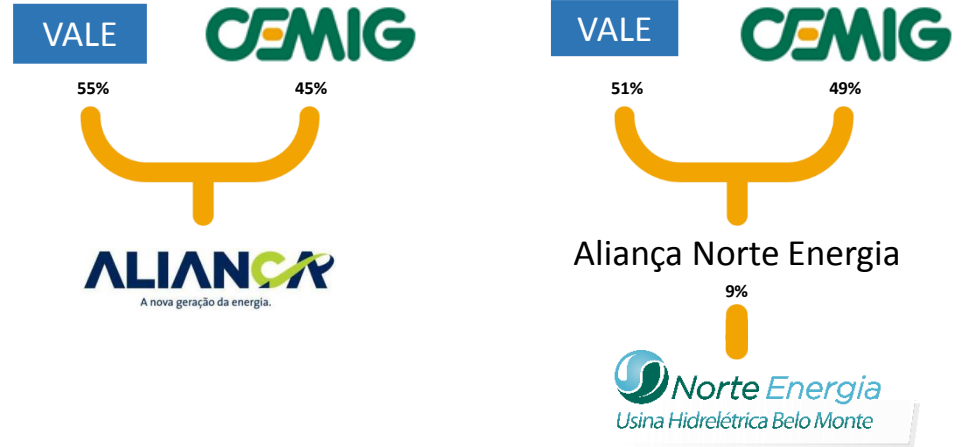
STANDARD & POOR'S Baa1.br B1



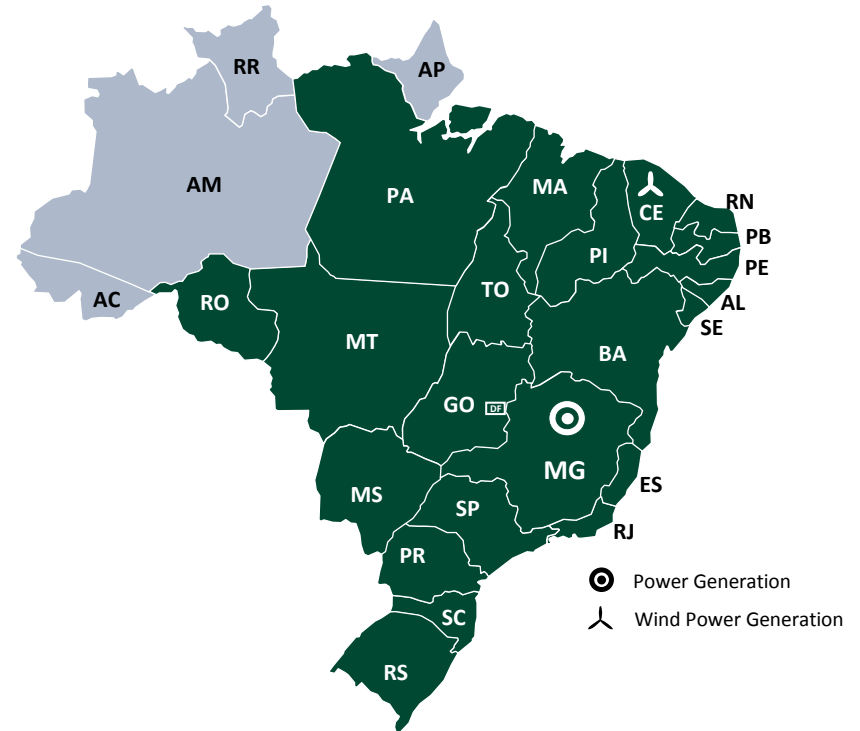
- 2.6 R\$ bn RAP - Annual Permitted Revenues (2018/2019 )
- 12,135 Km in transmission line
- 7.3 R\$ bn of market capitalization Aug.27<sup>th</sup>



- 8 Enterprises in operation
- 1,257 MW installed capacity
- 695 MWavg Assured Energy



FitchRatings AAA(bra)

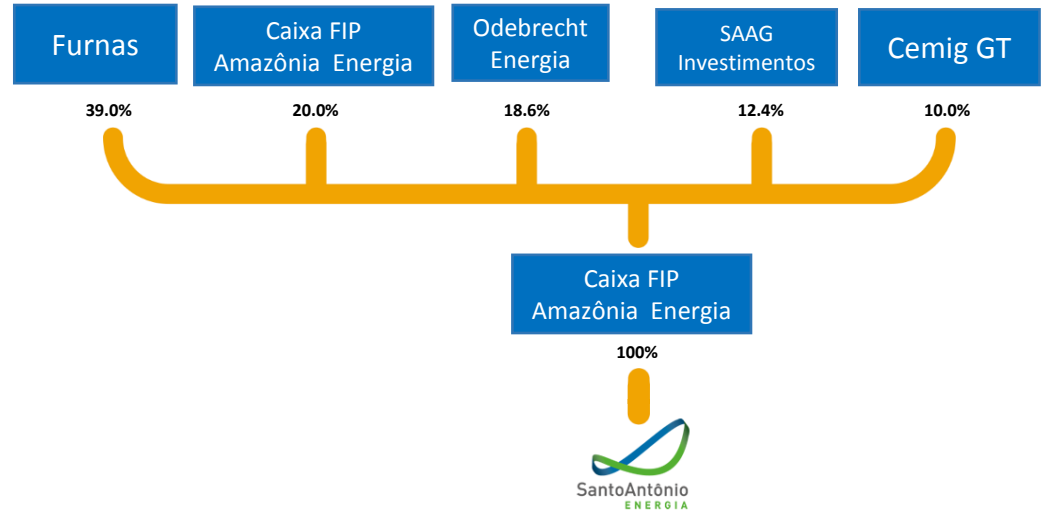


3,568 MW installed capacity

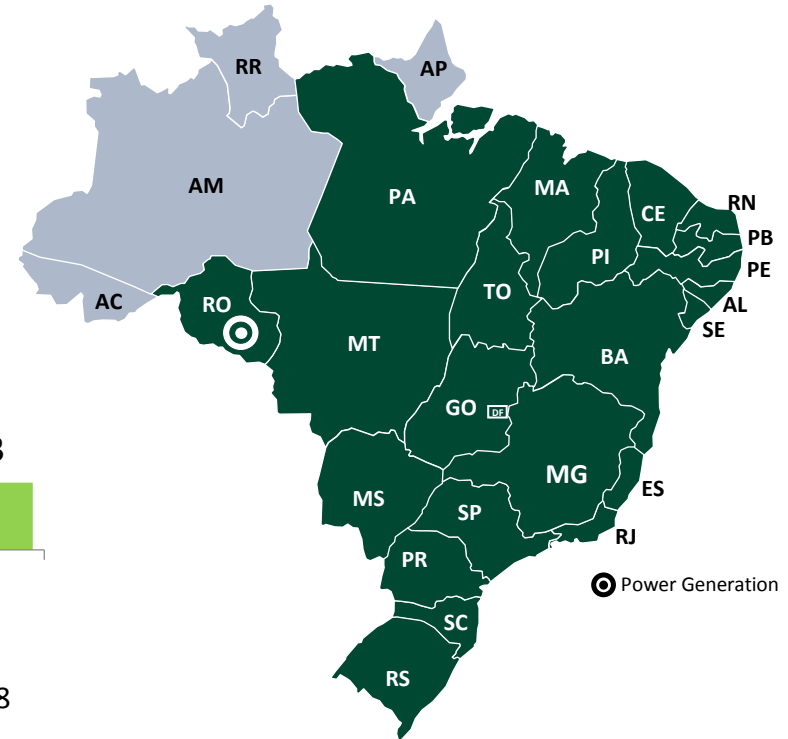
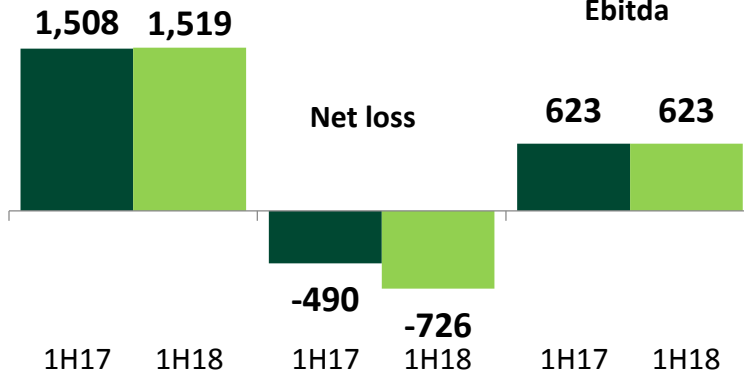
2,424 MWavg Assured Energy

50 Generator units – bulb turbine

20 R\$ billion – Capex



Net revenue



**1,094** Km pipeline  
In 2017

**1.1** Billion m<sup>3</sup>/year

**37,235** Consumers units

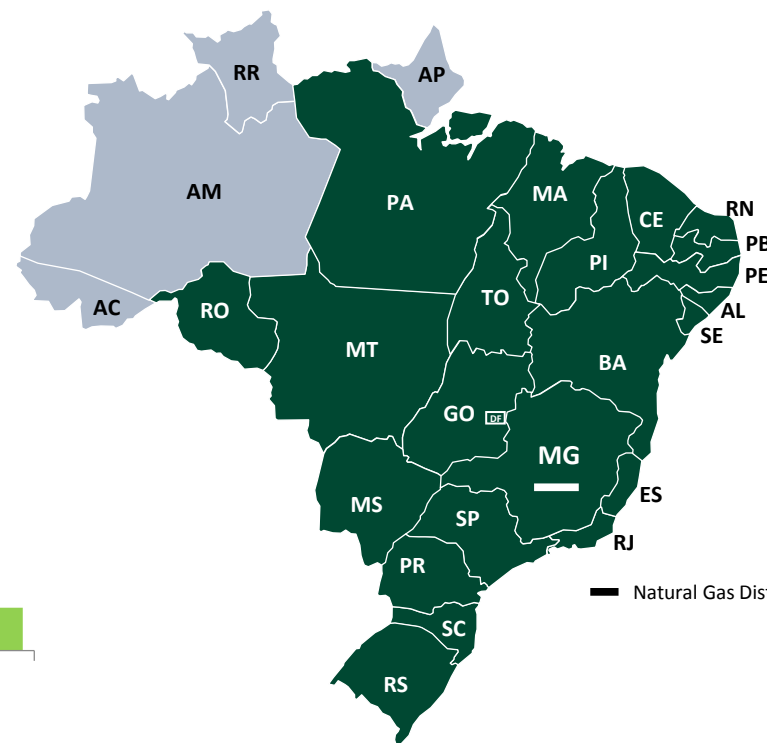
**20** R\$ million – Capex



Município de Belo Horizonte

99.57%

0.43%



Net revenue

