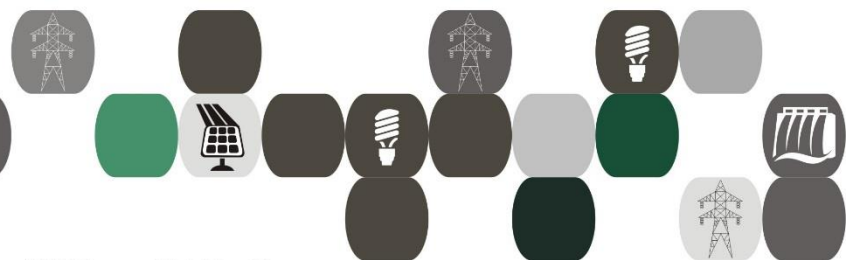




## *Successful Strategy*

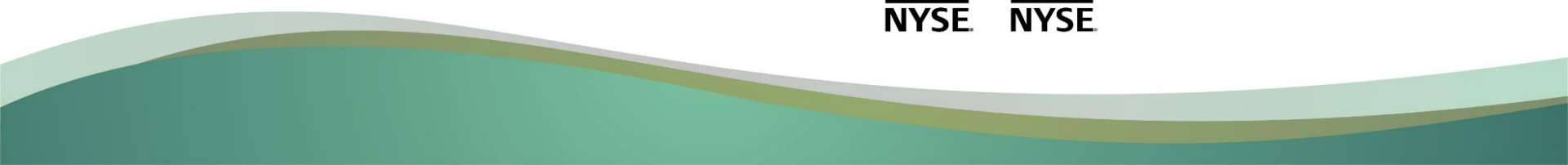
*Performance reflects balanced portfolio structure*

*2017*



**CIG**  
**LISTED**  
**NYSE.**

**CIG.C**  
**LISTED**  
**NYSE.**



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

**#1**

Integrated Power  
Utility in Brazil

**#4<sup>(2)</sup>**

Market cap  
US\$ 3.1<sup>(1)</sup> B.

**#1**

Market share in  
the free market

**Leading  
consolidator**

Role in  
industry

In the Power Industry since **1952**

(1) As of June 29<sup>th</sup>, 2017

(2) In the Brazilian Energy Industry

**121**

Power plants

**86**



**32**



**1**



**2**



**8.4 GW**

Total installed capacity

**540,000 km**

Electricity Distribution lines



**8,200 km**

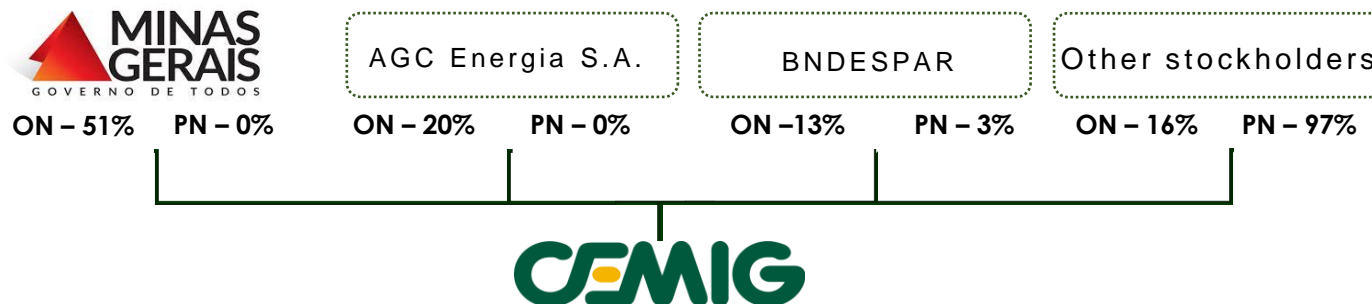
Power Transmission lines



- Based in State of Minas Gerais, controlling shareholder
  - Assets in 23 Brazilian states
- Strong financial profile:
 

– 1Q17	Net revenues: R\$4.8 bn	EBITDA: R\$1.1 bn
– 2016	Net revenues: R\$18.7 bn	EBITDA: R\$2.6 bn
– 2015	Net revenues: R\$21.9 bn	EBITDA: R\$5.5 bn
- Among the most liquid stocks in Brazil's electricity sector
  - listed on 3 stock exchanges New York, São Paulo, Madrid
  - More than 120,000 shareholders in more than 40 countries
  - Average Daily Trading Volume (last twelve months up to April)

**R\$61.9M in Bovespa and US\$12.3M in NYSE**
- Solid dividend policy
  - Minimum 50% payout ratio
  - Every two years, may pay extra dividends, if cash conditions permit
- Shareholder Structure:



### An Emerging Powerhouse Economy

**#1** Latin American economy

**#9** Ranking of economy in world<sup>(1)</sup>

**R\$6.3 Trillion** GDP 2016

**0.39%** GDP growth 2017<sup>(2)</sup>

**206 M** Population

(1) World Bank

(2) Brazil's Central Bank Focus Report, June 30<sup>th</sup> 2017

# Cemig is Uniquely Positioned

Unmatched scale

## Largest Integrated Utility in Brazil

**#1**

Electricity  
Distributor

**#2**

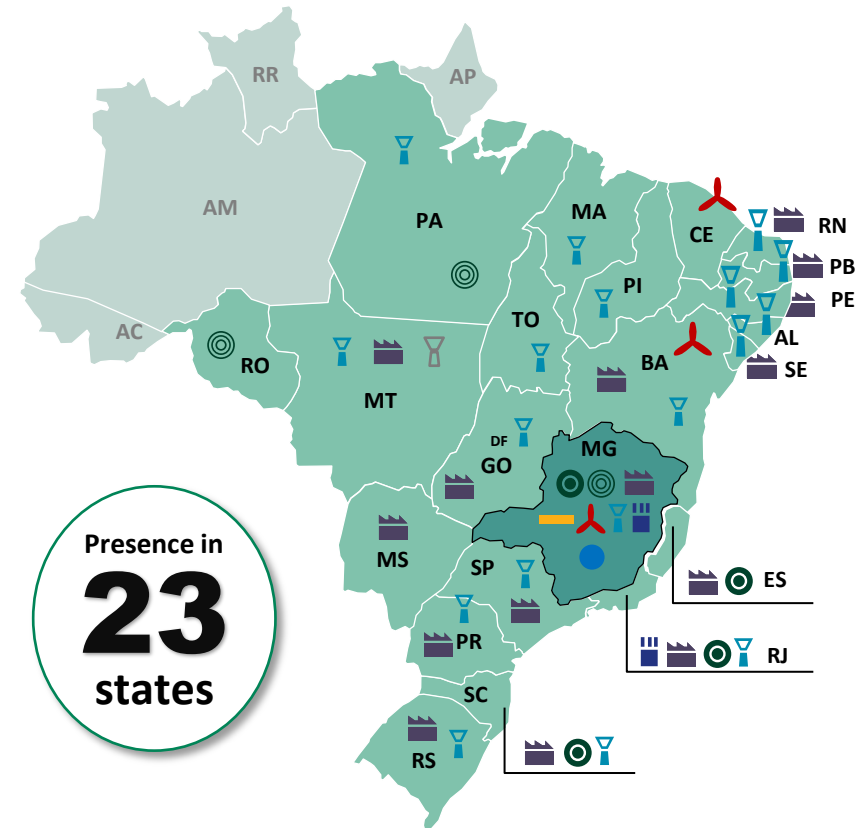
Largest Power  
Transmission  
Group

**#3**

Largest Power  
Generation  
Group

**#1** Integrated Power Utility in Brazil

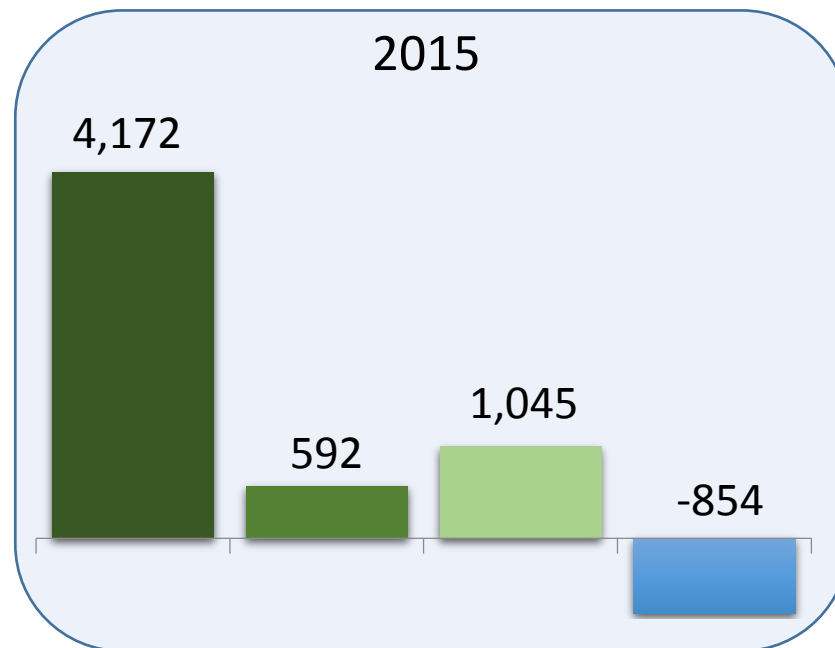
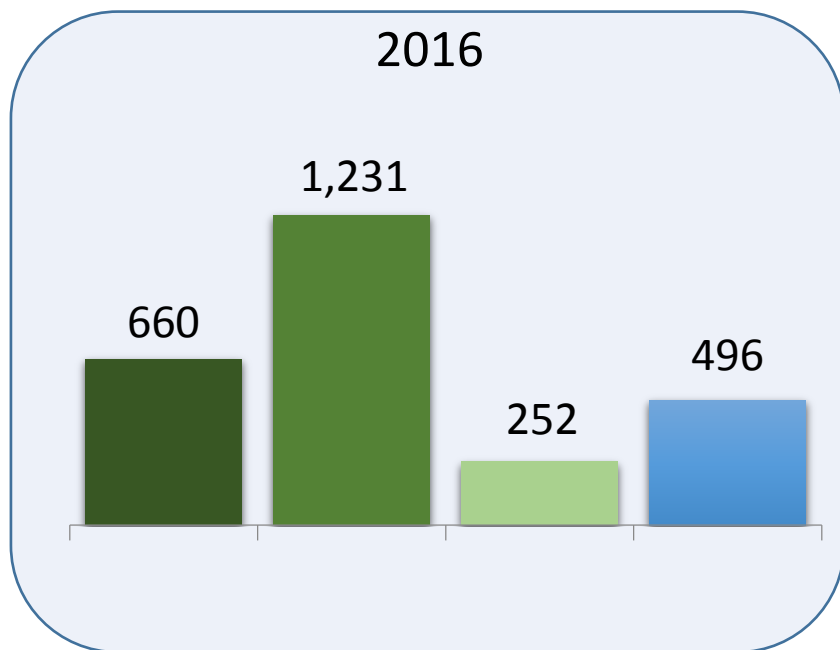
- Power Generation
- Power Generation (under construction)
- Power Transmission
- Power Transmission (under construction)
- Electricity Distribution
- Cemig "Free Consumer" Clients
- Wind Power Generation
- Natural Gas Distribution
- Telecom Backbone Provider



Diversified portfolio

Diversified, Low Risk Business Portfolio

## Breakdown of Ebitda

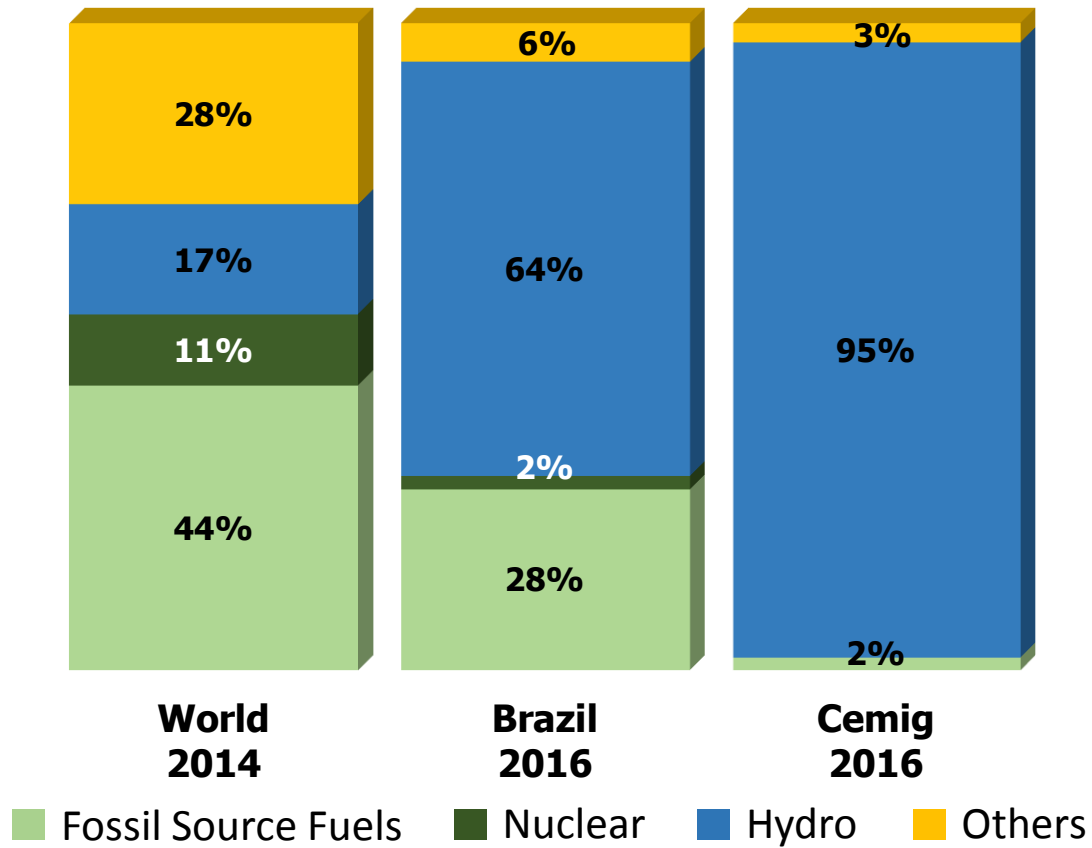


■ Generation ■ Transmission ■ Distribution ■ Others

Most of the revenues are inflation protected



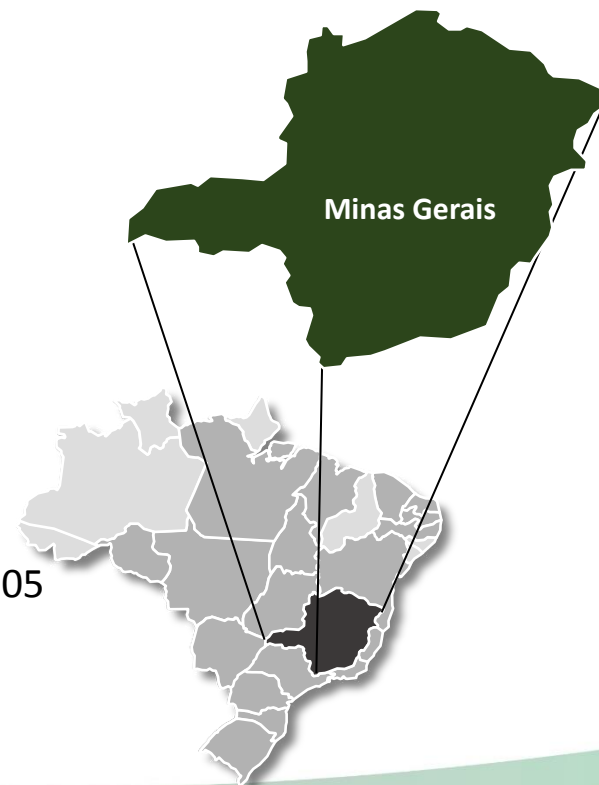
## Power Generation by Source



Source: EPE [BEN 2011 – Preliminar Results and IEA [Key World Energy Statistics-2010]

## Strong governance

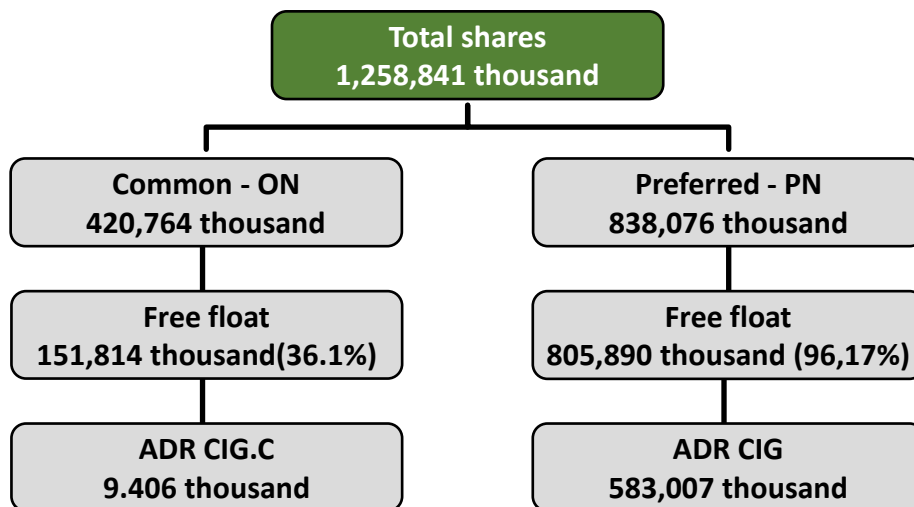
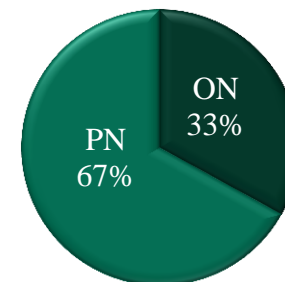
- ✓ Minas Gerais, controlling shareholder – a positive influence
  - One of fastest growing, investor-friendly states in Brazil
  - Growth and profitability interest aligned with minority shareholders
  - 7 from a total of 15 members are appointed by minority shareholders
- ✓ Pro-market corporate bylaws include
  - Minimum 50% dividend payout
  - Capex limited to 40% of EBITDA
  - Net debt limited to 2.5x EBITDA
  - Net debt limited to 50% of total cap.
- ✓ Leader in sustainability
  - Only Latin American utility in DJSI – Dow Jones since 1999
  - Included in the ISE – Bovespa Sustainability Index since 2005
- ✓ Present in the Global Dow Index



# The blend of shareholders provides long term perspective

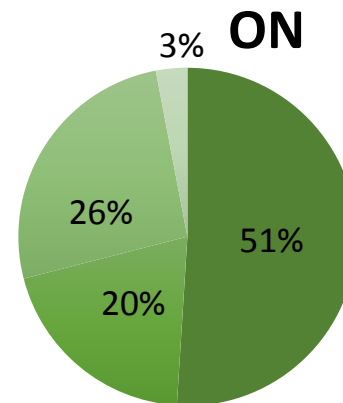
- Our shareholder diversity provides a global business management vision focused on sustainability of the company's activities
- Listed in major stock exchanges
  - BOVESPA (Brazil) ,NYSE (USA) and LATIBEX (Spain)**

Total Shares



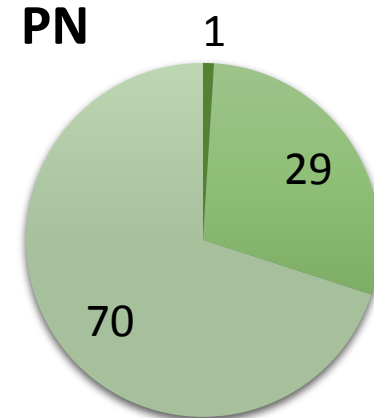
Share nominal value = R\$5.00

ADR outstanding approximately 22% of total shares and 34% of PN shares  
 1 ADR = 1 share in Bovespa  
 ON shares have voting rights



■ MG government

■ Local Investors

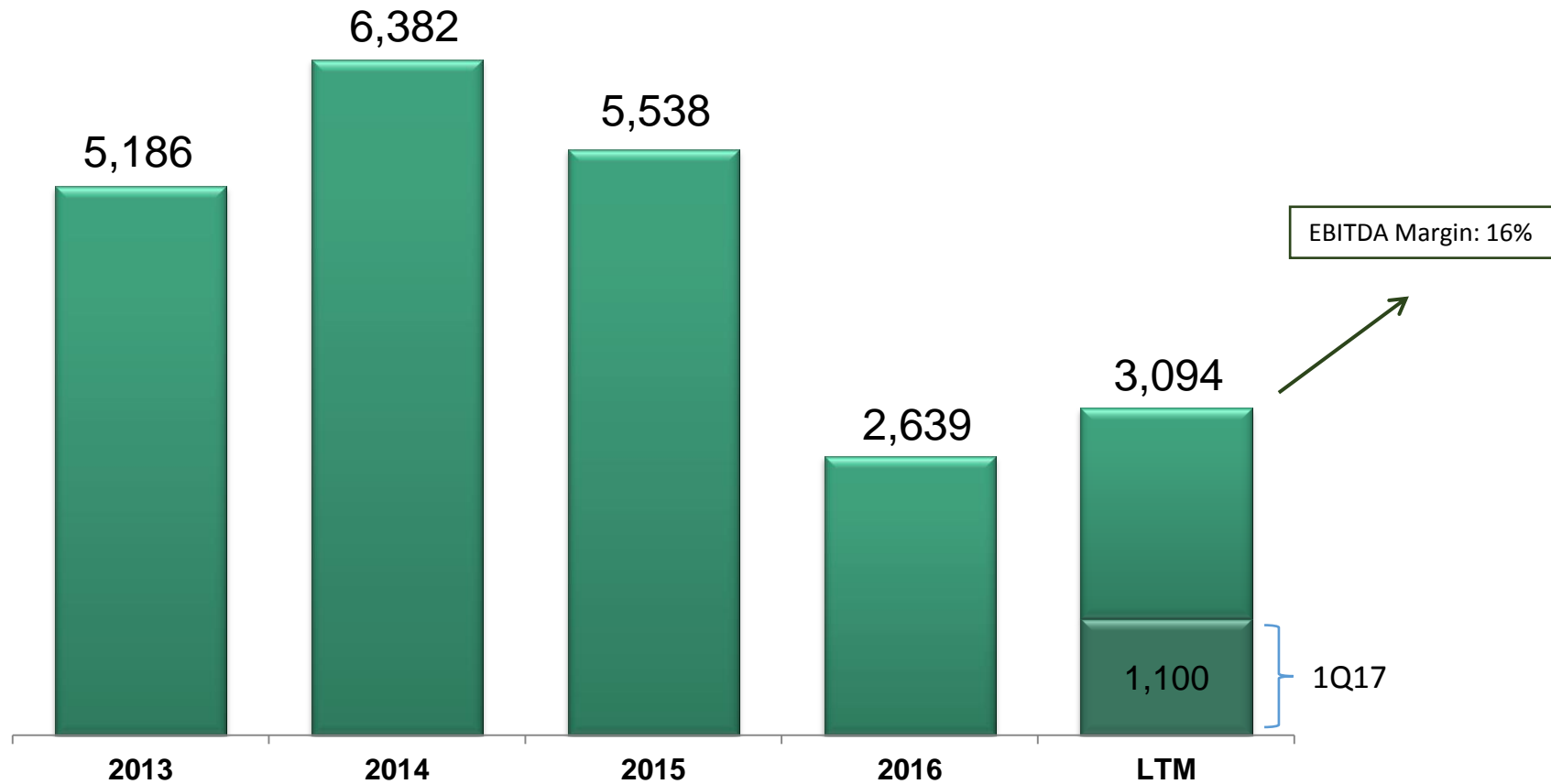


■ AGC Energia SA

■ International Investors

# EBITDA

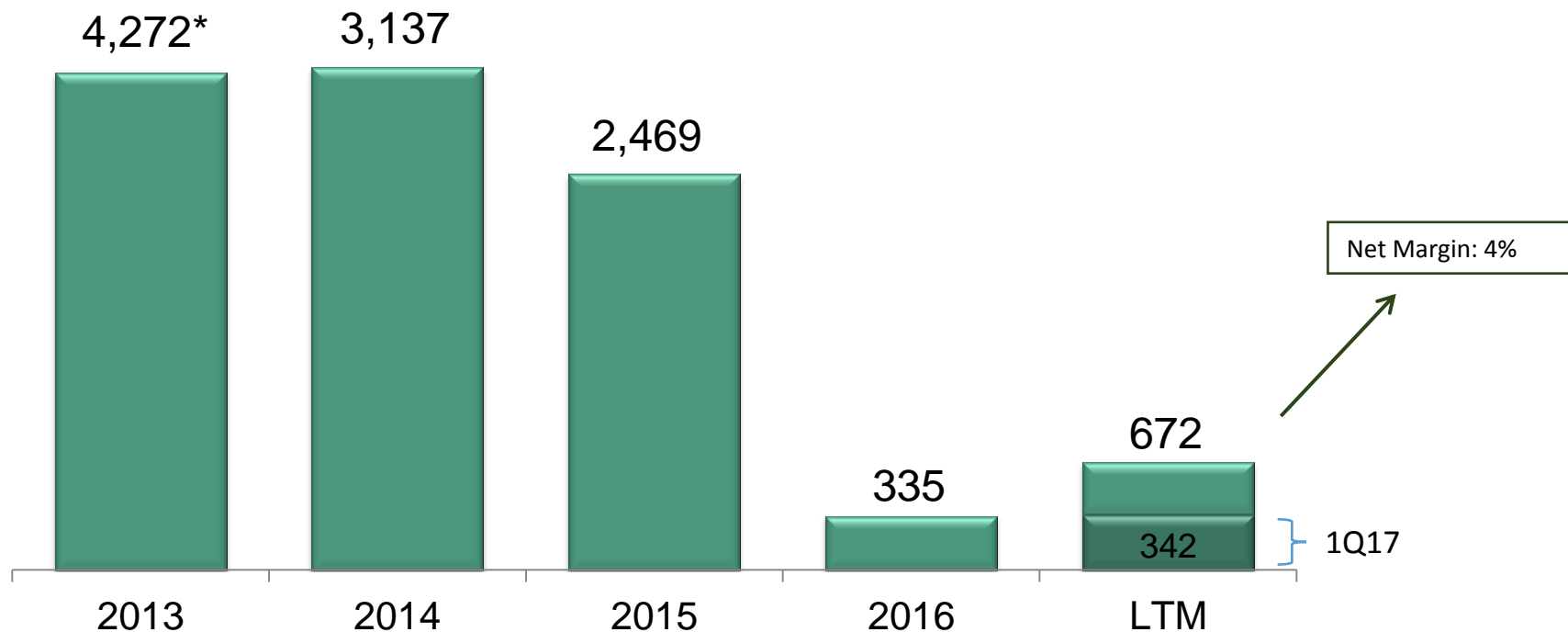
R\$ million



LTM - Last twelve months

# Net Income

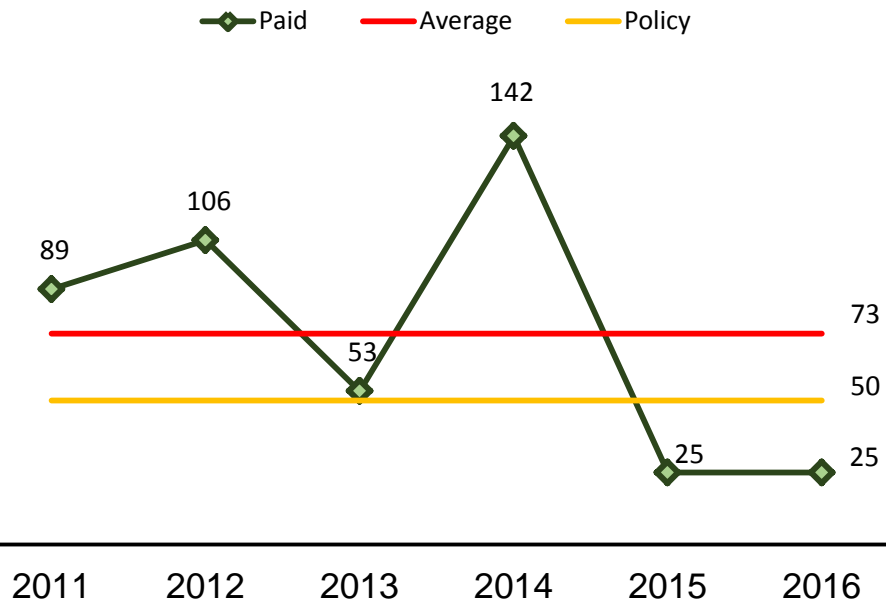
R\$ million



LTM - Last twelve months

\*Includes non-recurring gain of R\$1,572 million with the CRC's (Accounts receivable from Minas Gerais State government) anticipated settlement.

## Dividend Payout (% of Net Income)



## Dividend Yield (%)



**4.2x**

Net debt to EBITDA – 1Q17

**0.2%**

Debt in foreign currency<sup>(\*)</sup>

**R\$1.7B**

Cash on hand

**R\$4.8B**

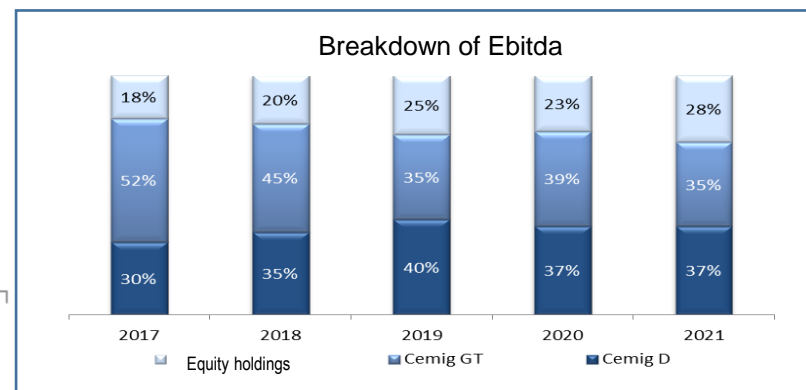
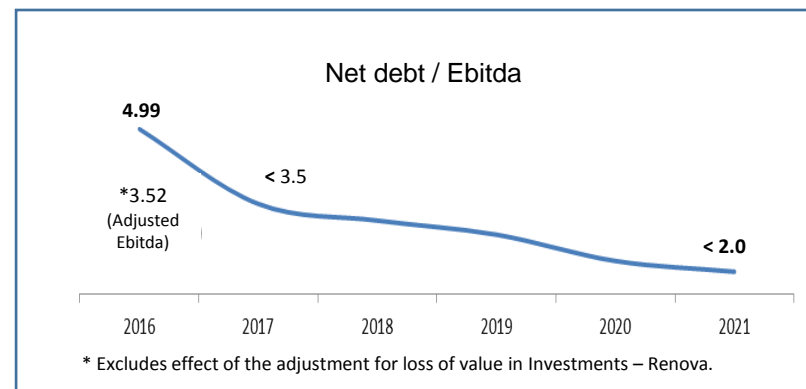
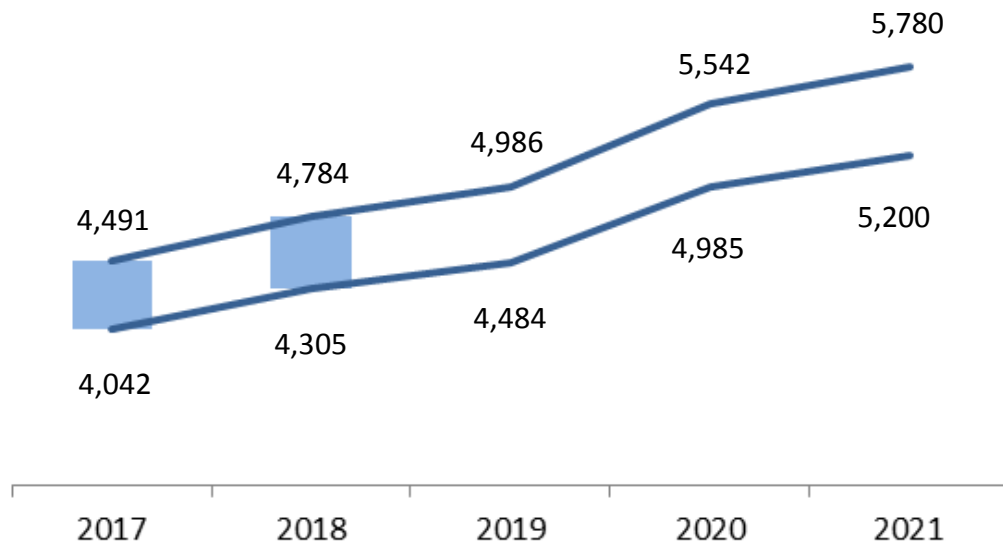
Net Revenue – 1Q17

\*Net of financial hedging

# EBITDA Guidance – 2017/2021

## Main assumptions

- ✓ Free Market to remain as at present (2017-2021)
- ✓ *Jaguara, São Simão, Miranda* and *Volta Grande* plants operate under Regime of Quotas until Dec/2017
- ✓ Without indemnity for the 4 plants above
- ✓ Without indemnity for the 14 plants of 'Lot D'
- ✓ No sales of assets



Figures in constant 2017 currency



# Disinvestment program

Strategy was designed to deleverage Cemig

Company	Criterion			% stake	Book value <sup>1</sup> R\$ mn	Status
	Liquidity	Longer-term returns	Strategic			
taesa	✓	✗	✗	19%	1,432 <sup>2</sup>	Negotiation of equity interests
TRANSMINEIRA Transmissão Mineira	✓	✗	✓	25%	77	Final phase of signature of contracts
Santo Antônio ENERGIA	✗	✓	✓	18%	1,278	Binding proposal
RENOVA ENERGIA	✗	✓	✗	-	315	Non-binding proposal (primary capitalization)
Light ENERGIA	✓	✗	✗	43%	530	Negotiation of equity interests
Cachoeirão, Pipoca, Paracambi	✓	✗	✗	49%	127	Negotiation of equity interests
GAMIG	✗	✗	✓	49% ON 100% PN	1,202	Preparing tender
CEMIG TELECOM	✗	✗	✓	100%	193	Preparing tender
norteENERGIA USINA HIDRELÉTRICA MEDO MONTE	✗	✓	✓	12%	1,392	Hiring advisors
Gas exploration concessions	✗	✗	✓	24.5%	16	Preparing tender
				Total	6,562	

(1) Value reported in the Company's accounting. Does not represent a guarantee or expectation of the real sale value of the assets. Exceptions: Taesa, Transmineira, Renova and Light Energia

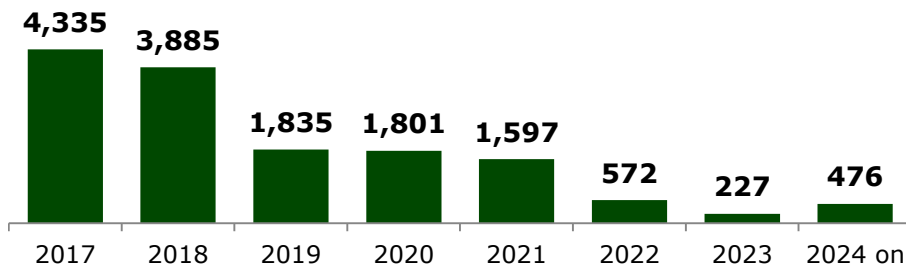
(2) Market value (BM&F Bovespa) as of March 31, 2017: R\$ 22.44/unit.

# Cemig - consolidated debt profile

R\$ million

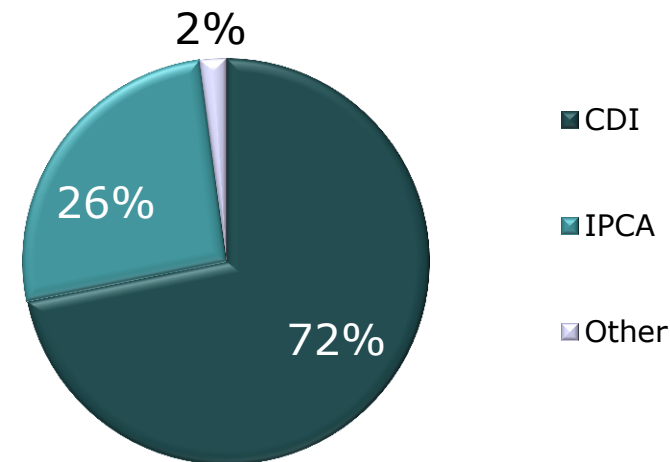
Maturities timetable – Average tenor: 2.6 years

Total net debt : R\$ 13.0 billion

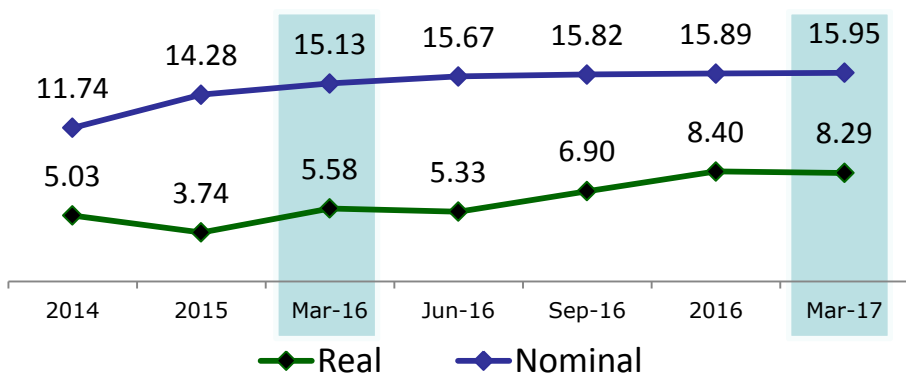


- Each 1 p.p. cut in Selic rate estimated to reduce cost of debt by R\$ 125 million per year
- Selic: expected to be 8.5% at end-2017 (Central Bank Focus Report – May 12, 2017)

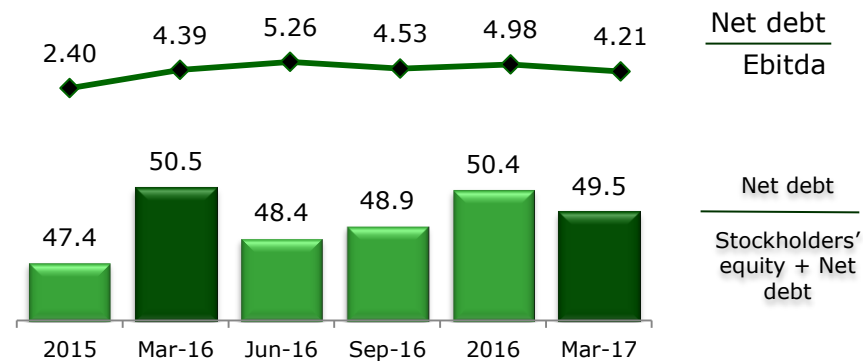
Main indexes



Cost of debt – %



Leverage – %

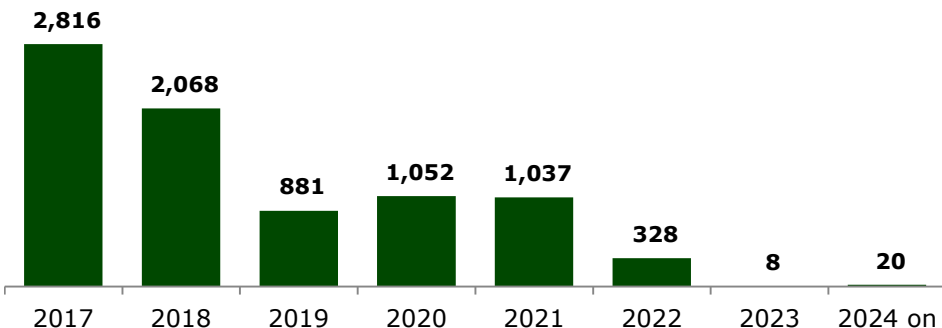


# Cemig GT – debt profile

R\$ million

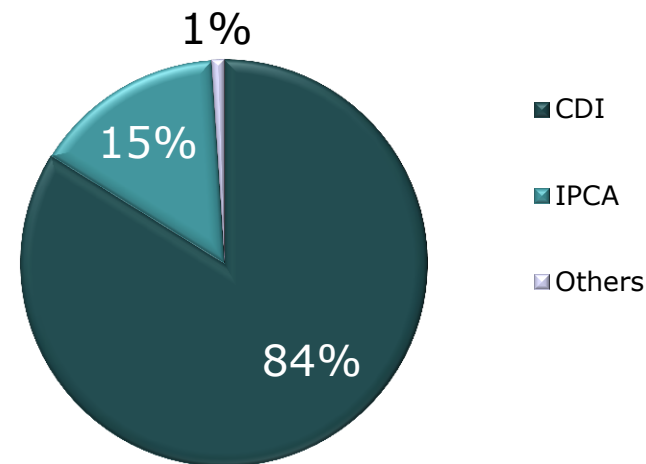
Maturities timetable – Average tenor: 2.4 years

Total net debt: R\$ 7.6 billion

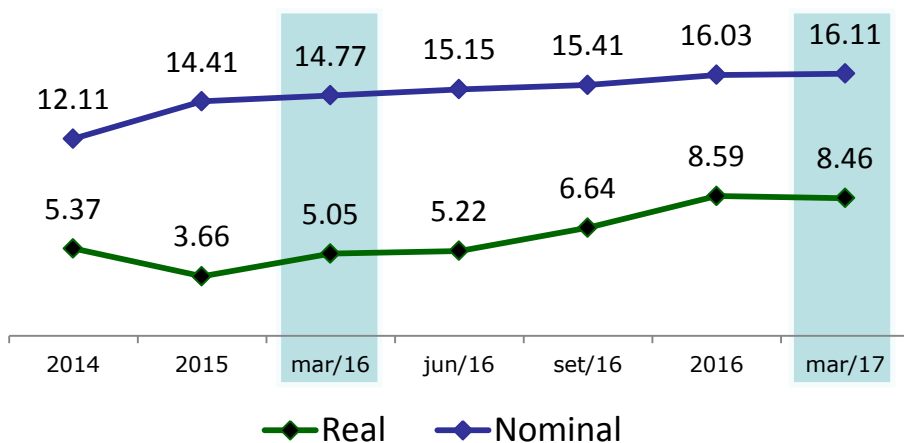


Restrictive covenants - For details see Note 18 (*Loans, financings and debentures*)

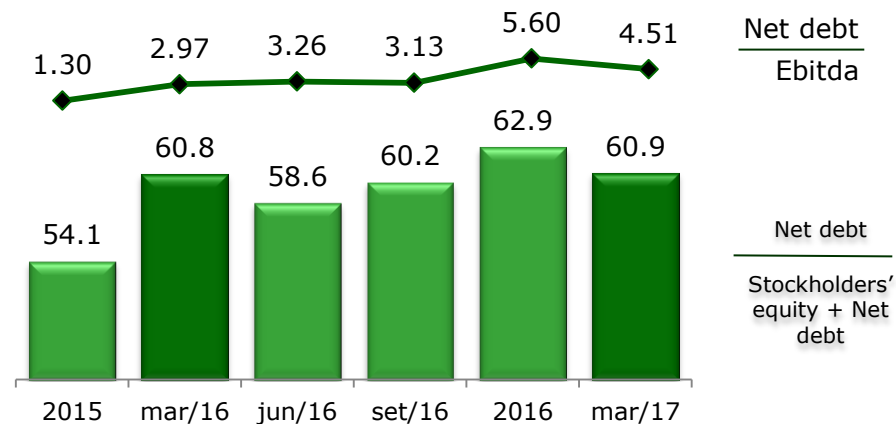
Main indexes



Cost of debt – %



Leverage – %

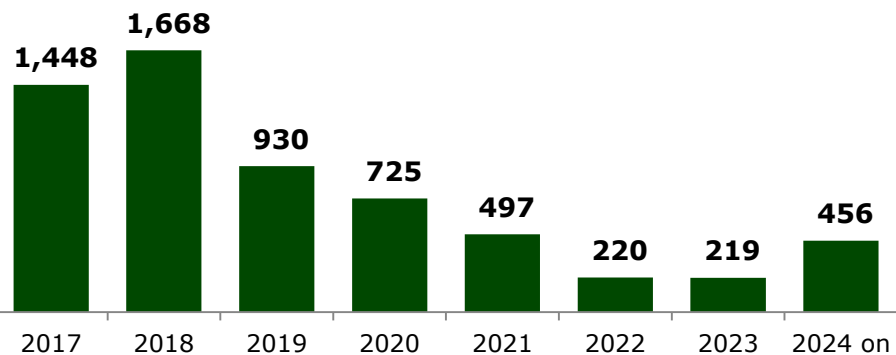


# Cemig D – debt profile

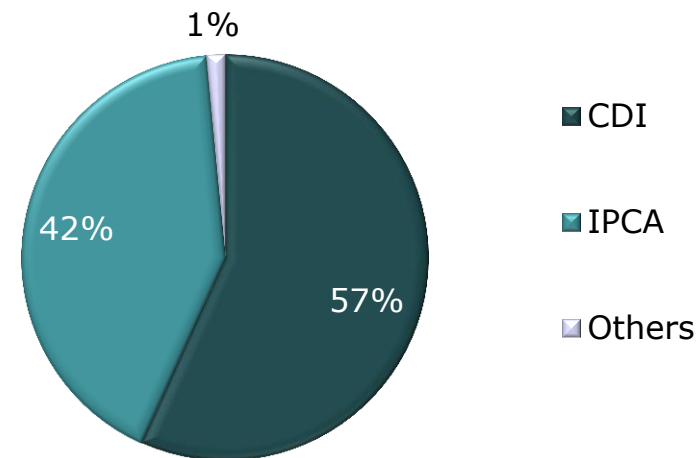
R\$ million

Maturities timetable – Average tenor: 3.2 years

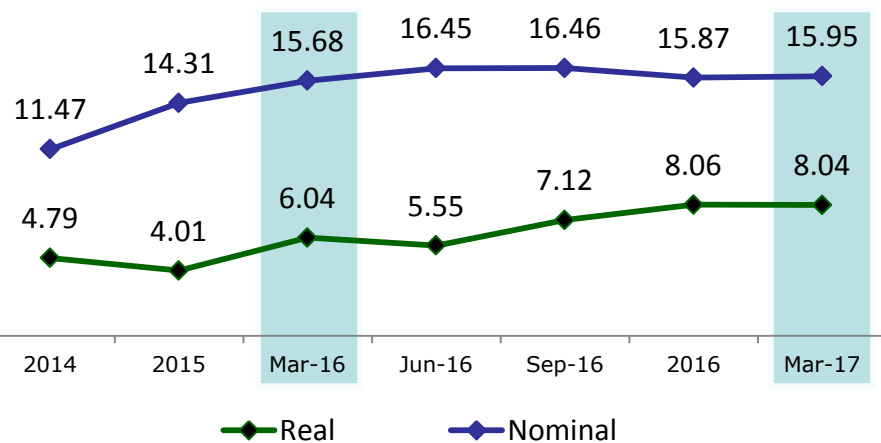
Total net debt: R\$ 5.4 billion



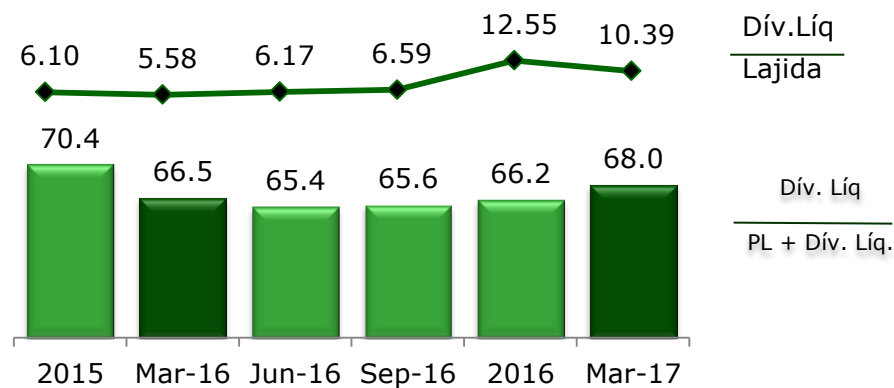
Main indexors



Cost of debt – %



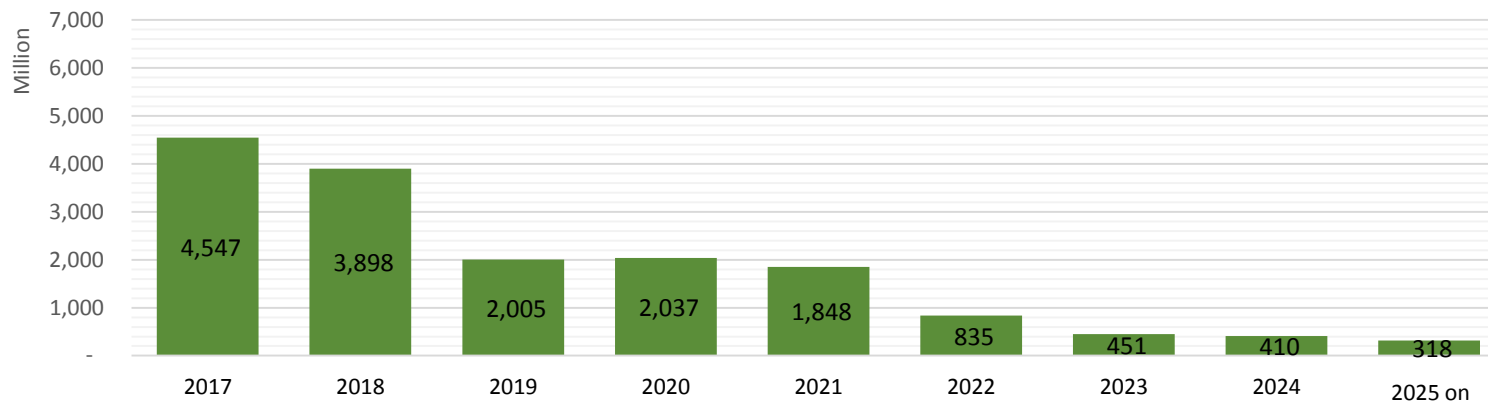
Leverage – %



# Reprofiling of Cemig's debt

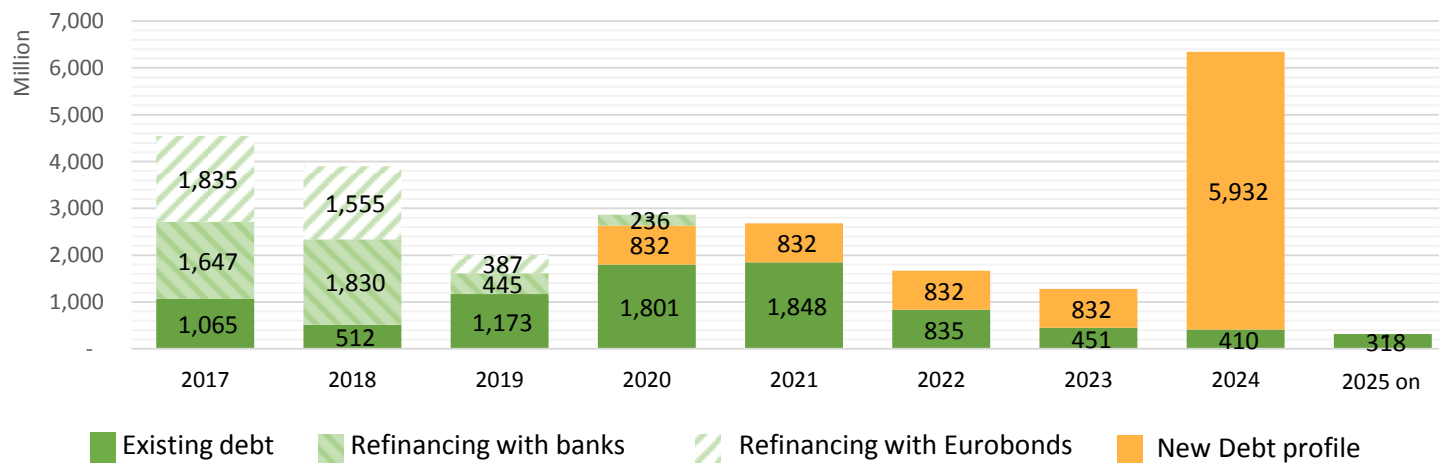
## Changing debt profile

Current Debt profile (R\$ MM) (Balance as of December 31, 2016)



Debt profile proposal: Euobond (7-yr bullet) and banks (3-yr grace period and 5-yr amortization)

Debt profile after reficianing (R\$ MM)



# Our Credit capacity

In March 2017



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

Grau de Investimento										Grau Especulativo										
AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-	B+	B	B-	CCC	CC	C	RD/D	
												Euro								



Baa1.br Cemig H, Cemig GT and Cemig D National Scale  
 B1 Cemig H, Cemig GT and Cemig D Global Scale

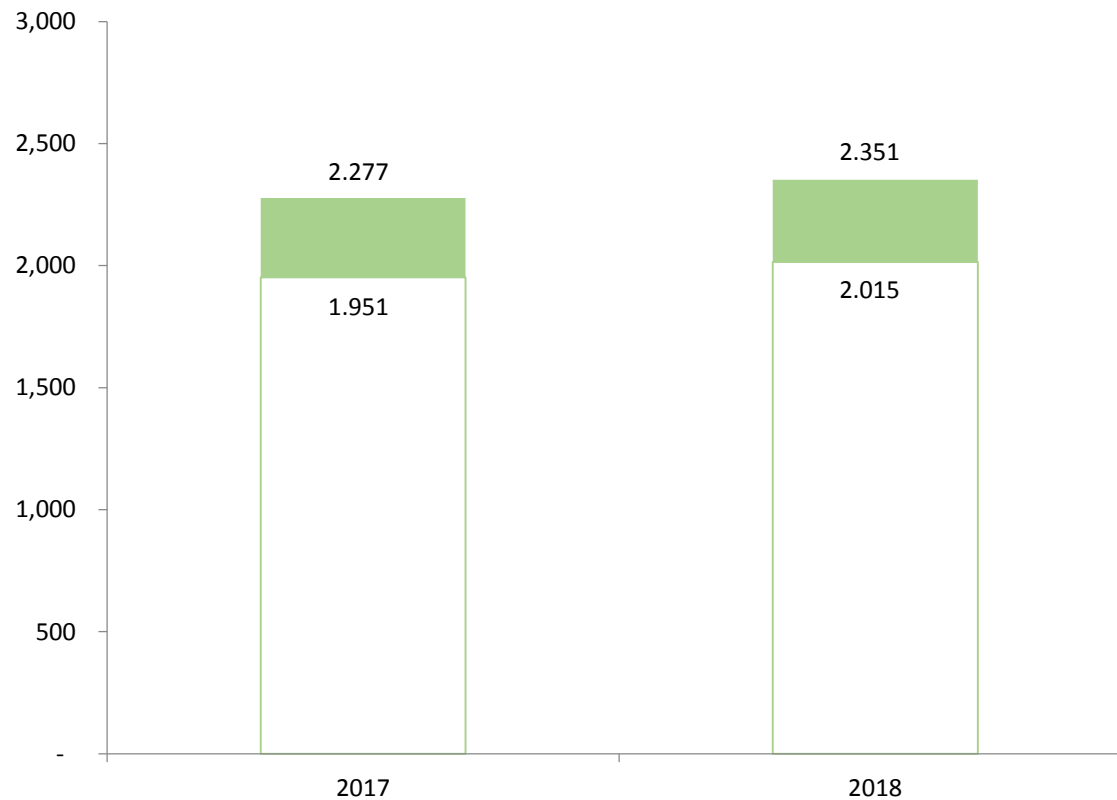
Grau de Investimento										Grau Especulativo										
Aaa	Aa1	Aa2	Aa3	A1	A2	A3	Baa1	Baa2	Baa3	Ba1	Ba2	Ba3	B1	B2	B3	Caa1	Caa2	Caa3	Ca	C



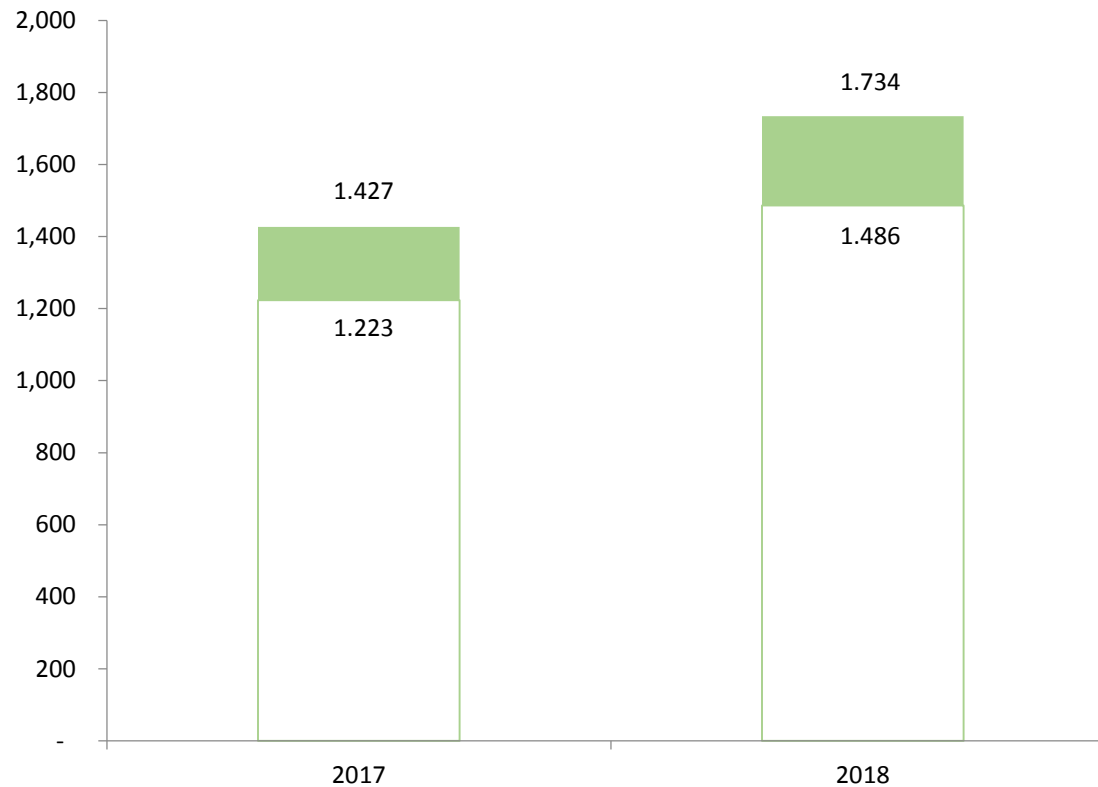
brBB+ Cemig H, Cemig GT and Cemig D National Scale  
 B Cemig H, Cemig GT and Cemig D Global Scale

Grau de Investimento										Grau Especulativo											
AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-	B+	B	B-	CCC+	CCC	CCC-	CC	C	D
														Euro							

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



Source: Cemig.  
Figures in constant 2017 currency

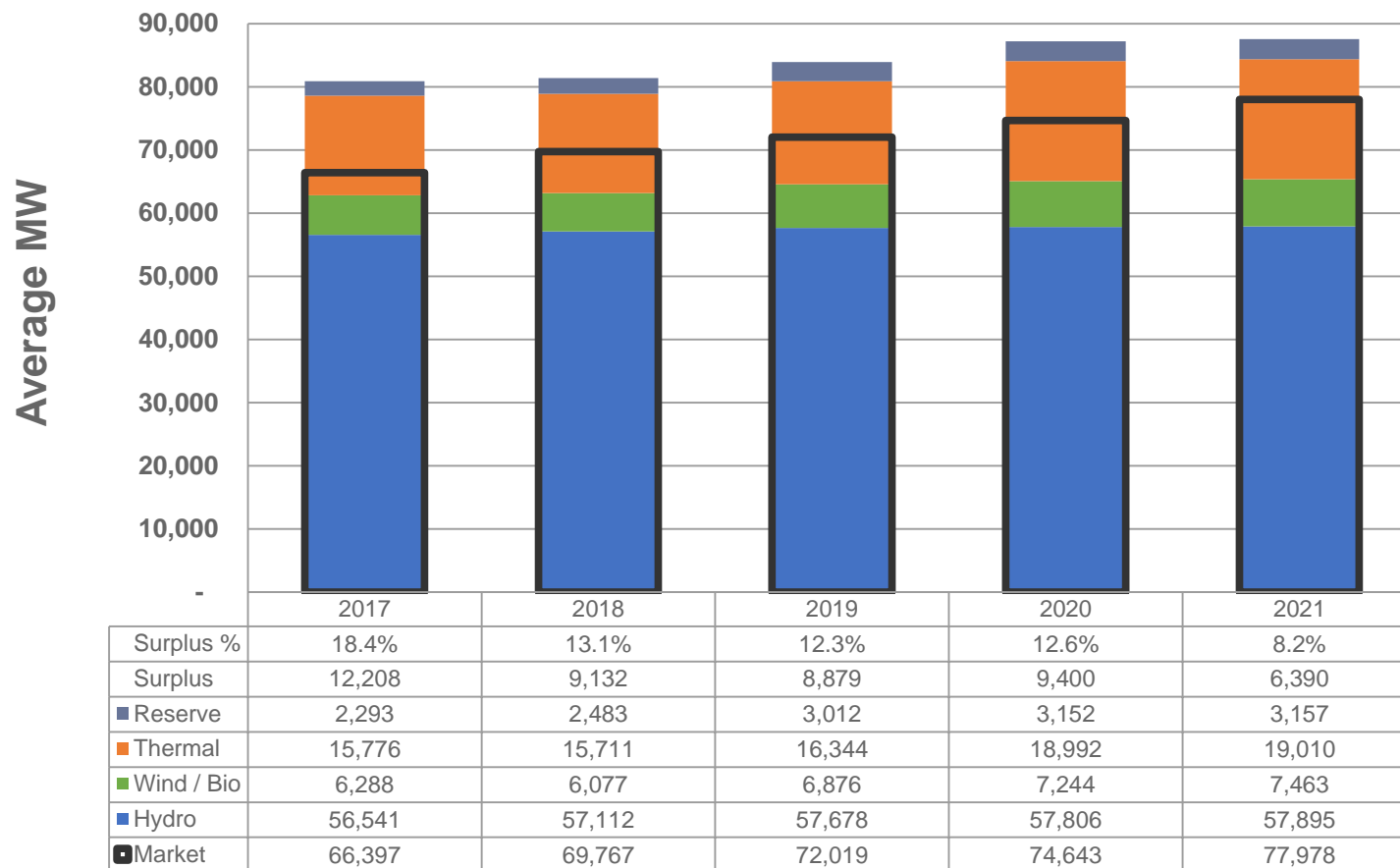


Source: Cemig.  
Figures in constant 2017 currency



# Brazilian National Grid: projections for 2017 – 21

Made in 2017

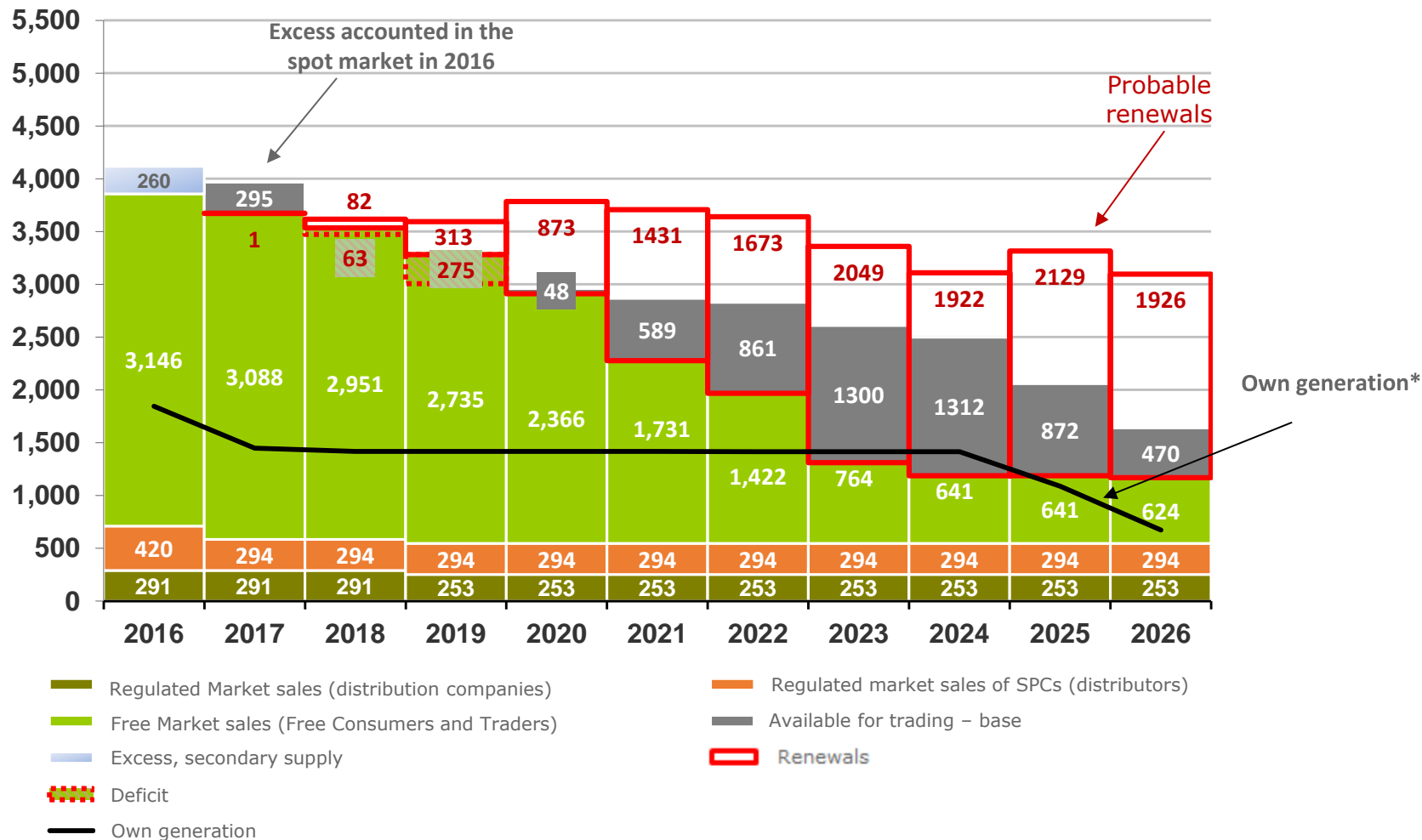


Source: **PMO (Monthly Operation Program), May 2017**, after first four-month review of 2017

Assuming GDP growth of 2.0% in 2016-2021.

# Cemig GT: Supply/demand

MW average



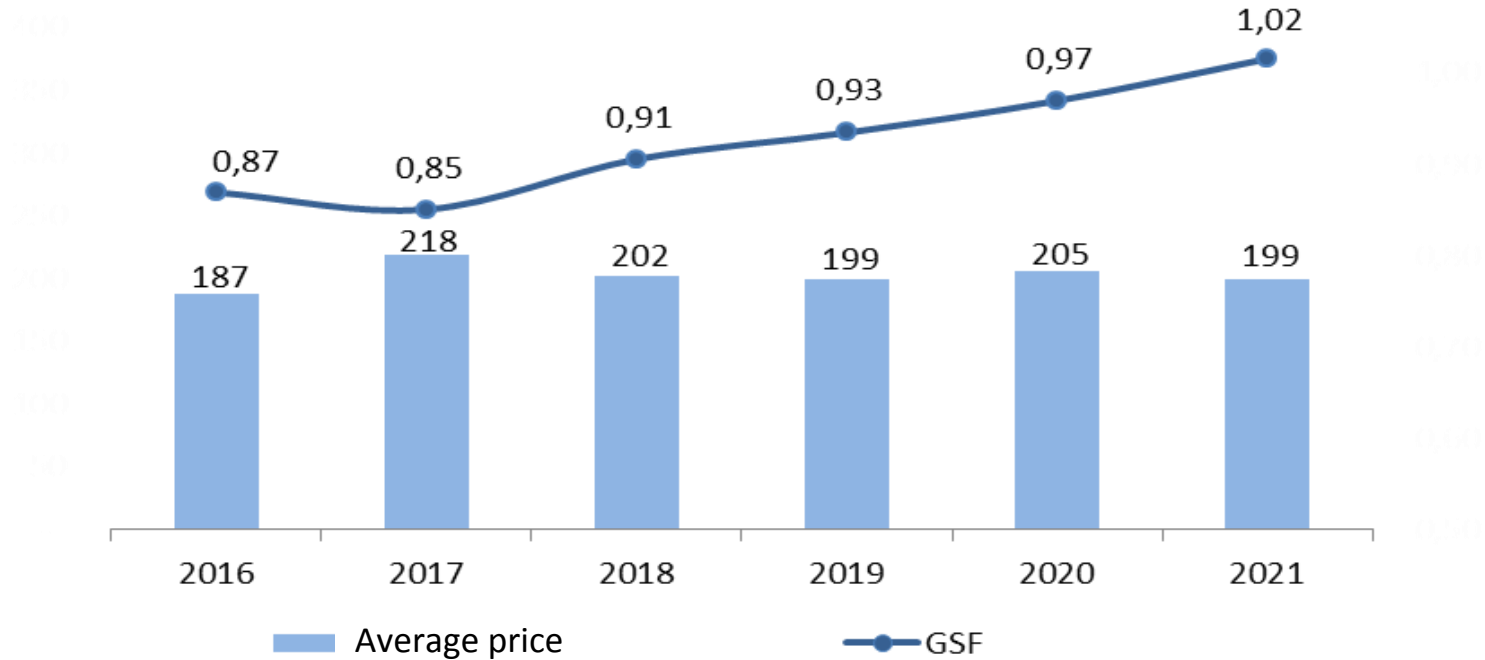
(\*) Assumes exclusion of the Hydroelectric Plants of which the first or second concession periods expire in coming years; non-inclusion of intermediation in the sales portfolio of Cemig GT; and **100% availability of the supply from the SPCs of Cemig GT.**

# Cemig GT: Supply/demand

Position on May 16, 2017

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Own generation	1,047	1,013	1,013	1,013	1,012	1,010	1,010	1,010	675	256
Supply from the SPCs	418	418	418	418	418	418	418	418	418	418
Purchased	2,501	2,022	1,562	1,514	1,426	1,390	1,171	1,061	955	955
<b>Total supply</b>	<b>3,966</b>	<b>3,453</b>	<b>2,993</b>	<b>2,944</b>	<b>2,856</b>	<b>2,818</b>	<b>2,599</b>	<b>2,488</b>	<b>2,048</b>	<b>1,629</b>
Sales: Free Market	3,088	2,951	2,735	2,366	1,731	1,422	764	641	641	624
Sales: Regulated Market	585	585	547	547	547	547	547	547	547	547
<b>Total demand:</b>	<b>3,673</b>	<b>3,536</b>	<b>3,282</b>	<b>2,913</b>	<b>2,278</b>	<b>1,969</b>	<b>1,311</b>	<b>1,188</b>	<b>1,188</b>	<b>1,171</b>
<b>Balance available</b>	<b>295</b>	<b>-63</b>	<b>-275</b>	<b>48</b>	<b>589</b>	<b>861</b>	<b>1,300</b>	<b>1,312</b>	<b>872</b>	<b>470</b>

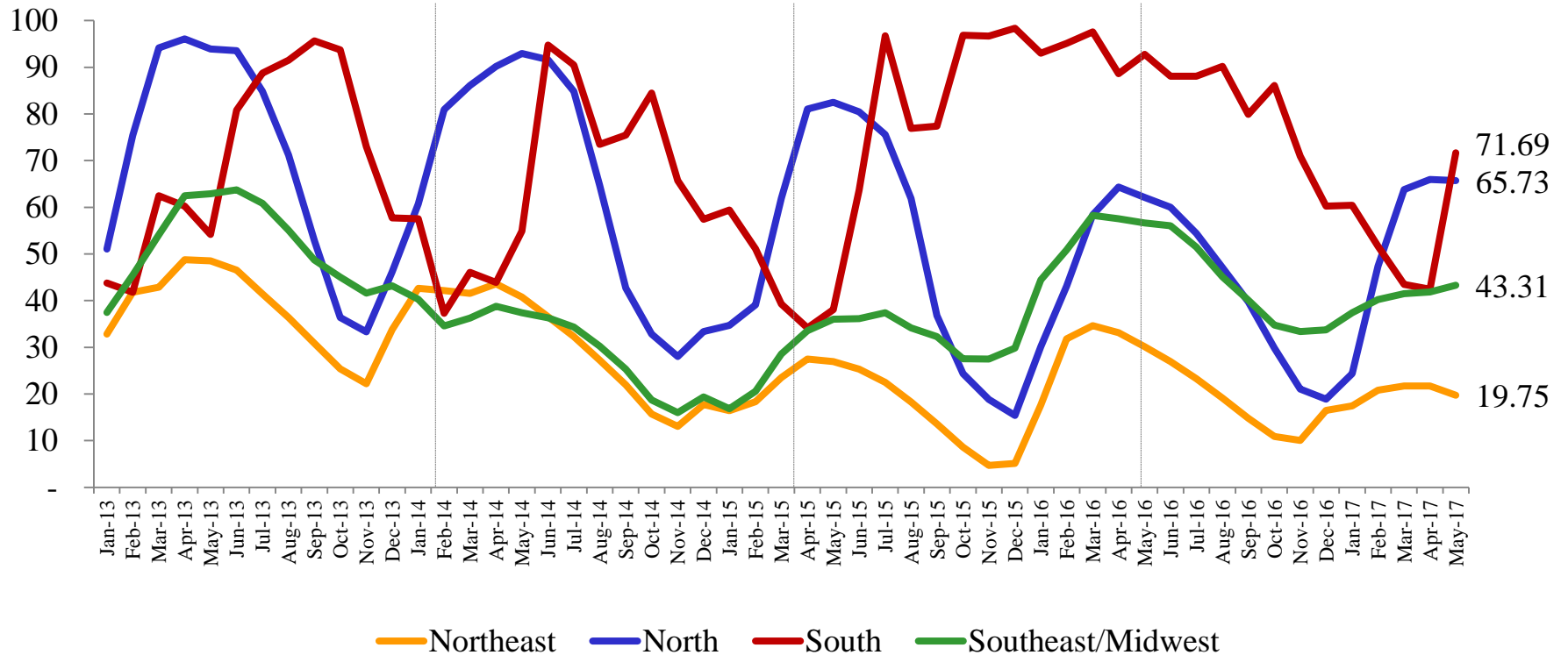
# Average prices and the GSF (Generation Scaling Factor)



Source: Cemig.  
Figures in constant 2017 currency

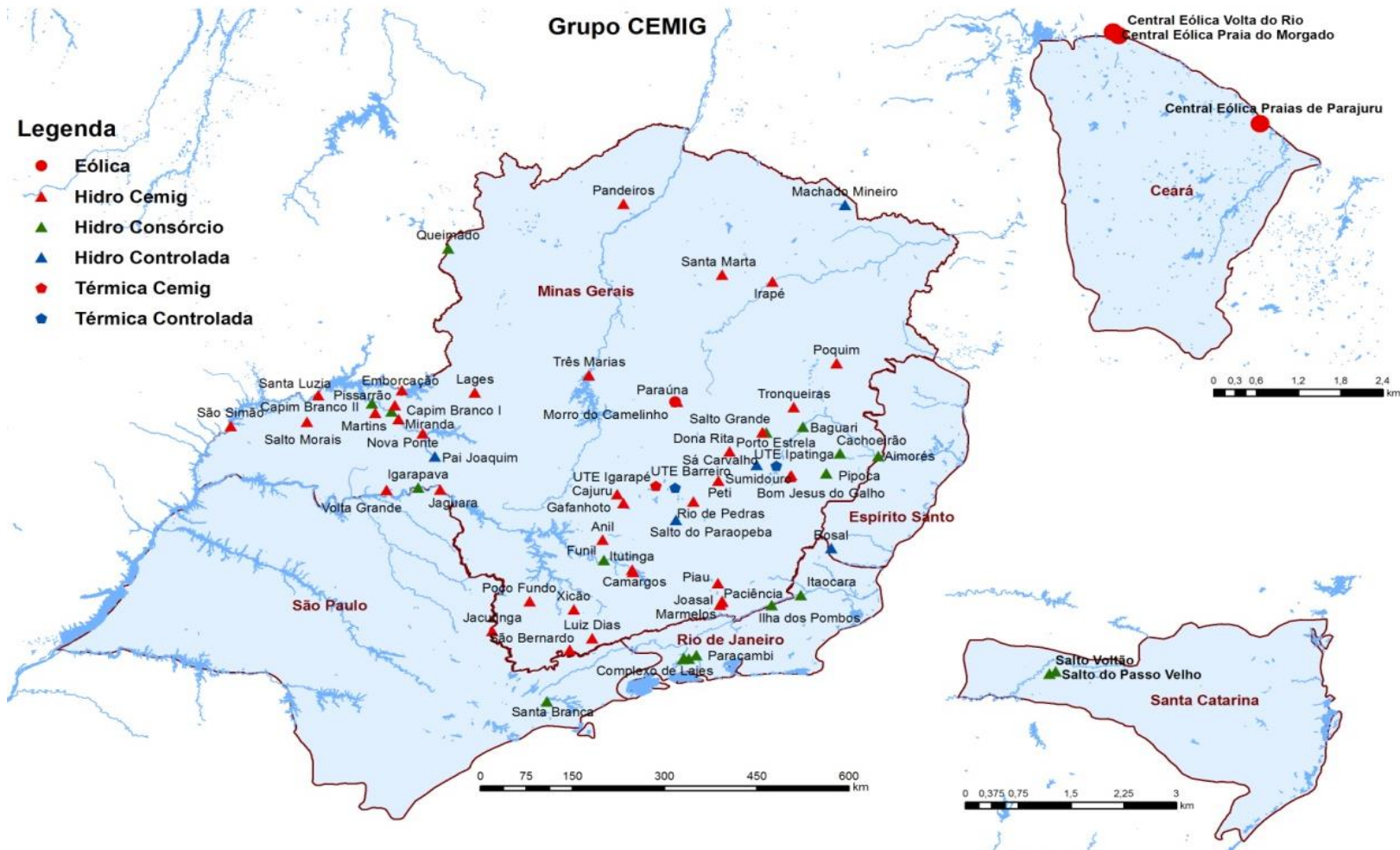
# Level of reservoirs (%)

by region (%)\*

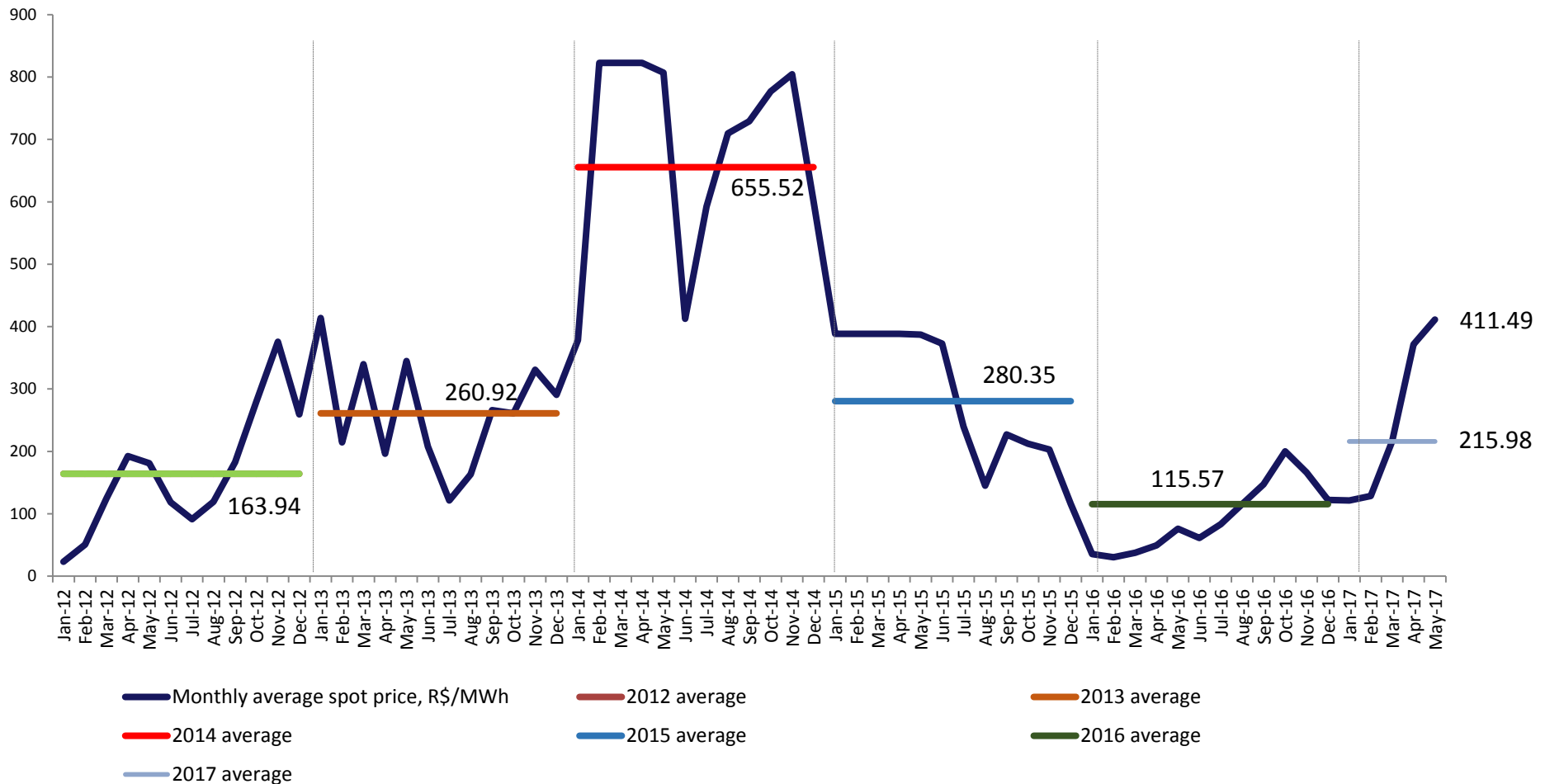


\*Source: ONS

# Minas Gerais state - Main Rivers and Plant



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



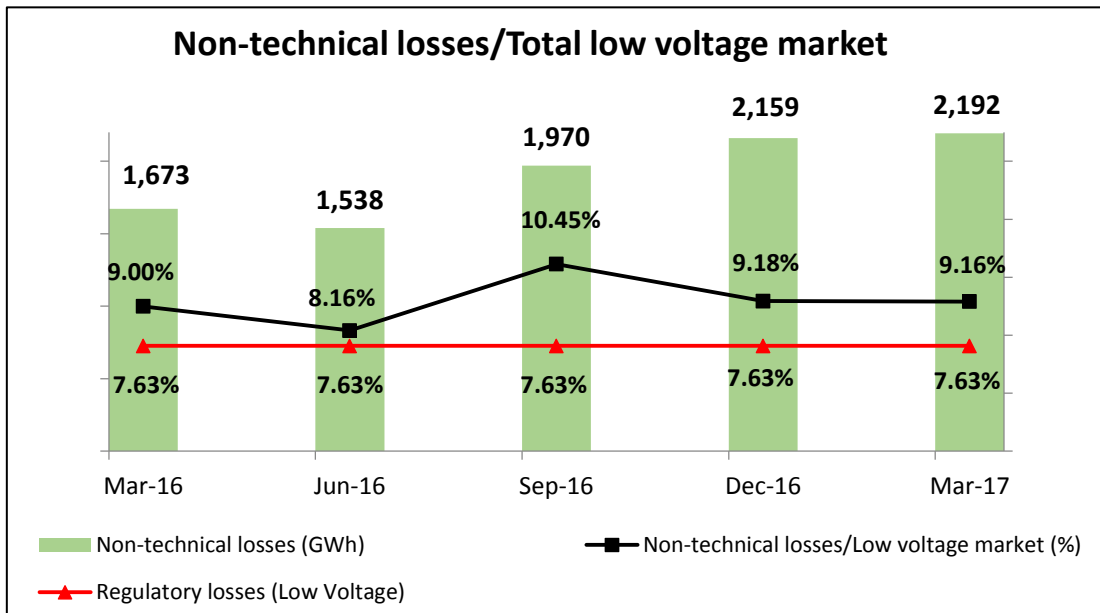
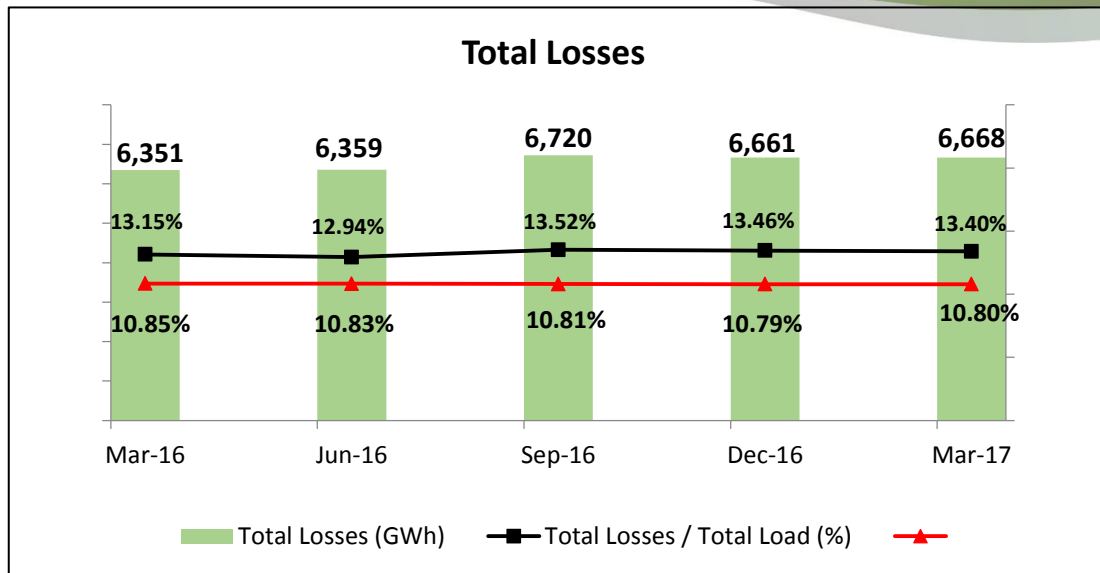
## 2nd maturity:

#	Type	Plant	Expiry of concession	Installed capacity (MW)	firm output (average MW)	Historic cost 09.30.2015	Deemed Cost 09.30.2015
1	HPP	Volta Grande	Feb/2017	380	229		
<b>TOTAL 2nd renewal</b>				<b>380</b>	<b>229</b>		

## 1st maturity:

#	Type	Plant	Expiry of concession	Installed capacity (MW)	firm output (average MW)	Historic cost 09.30.2015	Deemed Cost 09.30.2015
1	HPP	São Simão	Jan/2015	1,710	1,281		
2	HPP	Jaguara	Aug/2013	424	336		
3	HPP	Miranda	Dec/2016	408	202		
<b>TOTAL 1st renewal</b>				<b>2,542</b>	<b>1,819</b>		



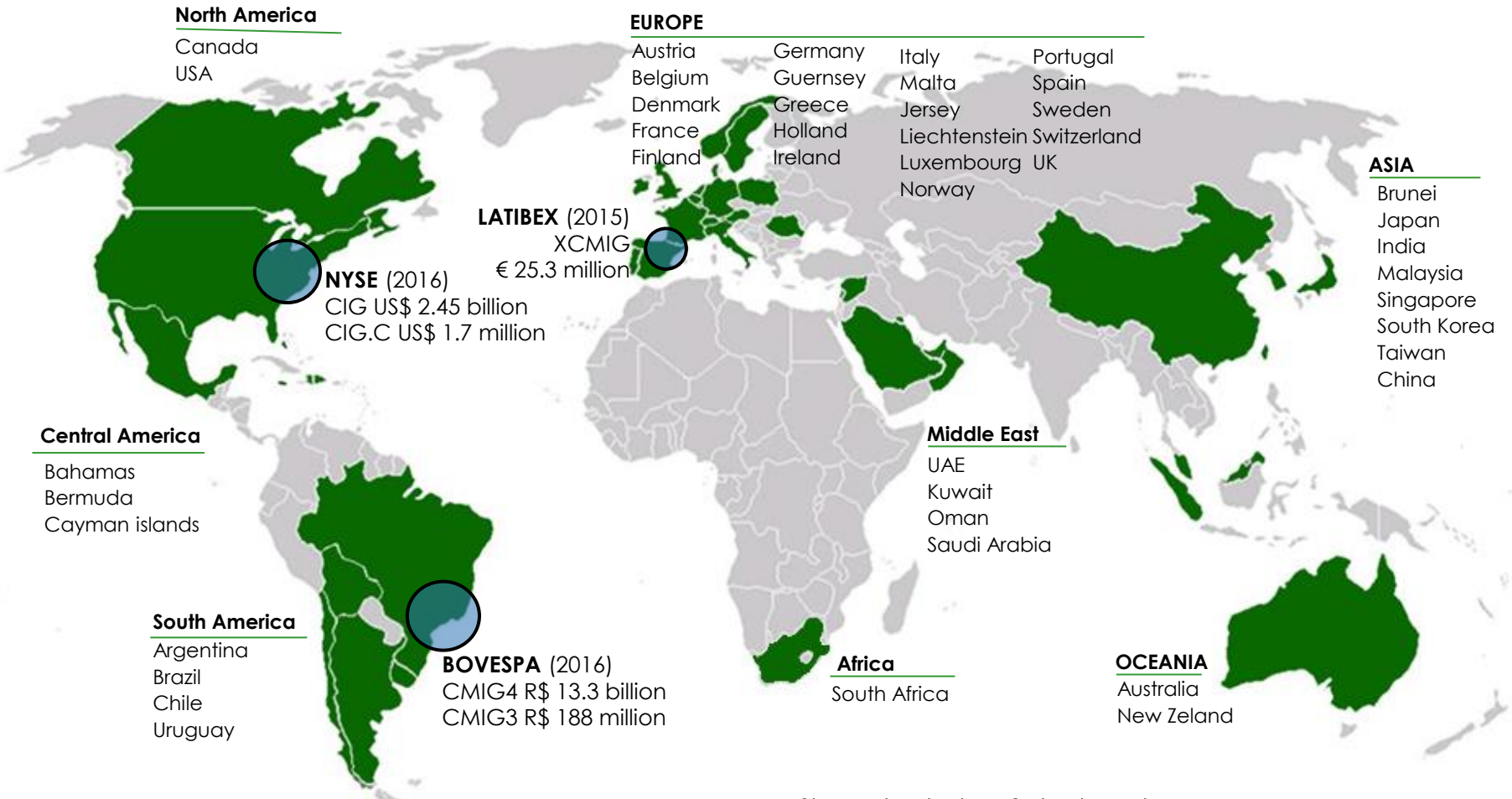


# Strong shareholders base assures liquidity

Average daily trading volume of shares in the last twelve months

**Bovespa:** R\$61.9 million

**NYSE:** US\$12.3 million



- Shares traded on 3 stock exchanges
- Over 120,000 stockholders in more than 40 countries



A Melhor Energia do Brasil.

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## Investor Relations

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

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

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