CEMIG

RESULTS 2017

Assertive decision-making points to path of success

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.

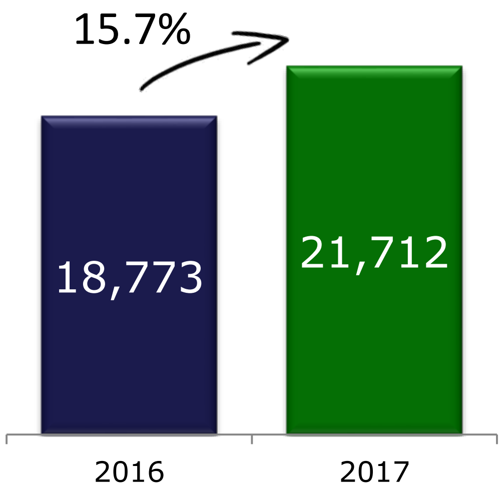
The information and opinions herein should not be understood as a recommendation to potential investors, and no investment decision should be based on the veracity, currentness or completeness of this information or these opinions. None of our professionals nor any of their related parties or representatives 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 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.

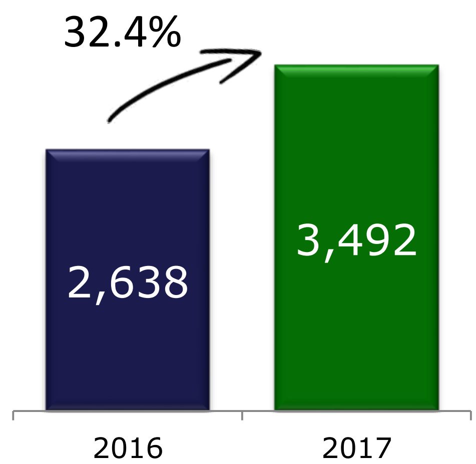
In this material, financial amounts are in **R$ million** (R$ mn) unless otherwise stated.
Financial data reflect the adoption of IFRS.

2017 Results

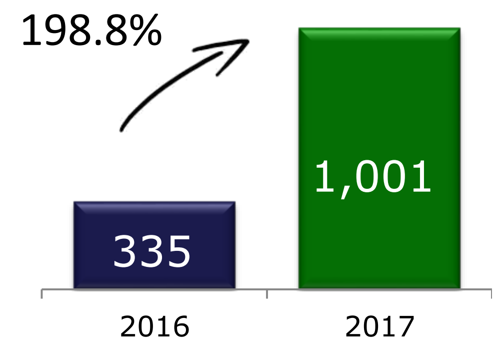
Net revenue



Ebitda



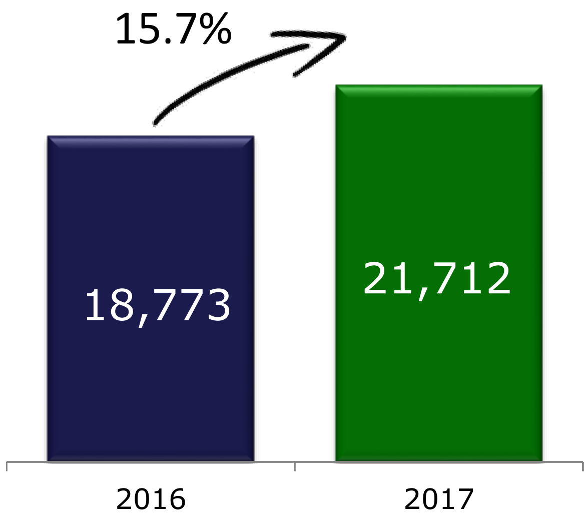
Net profit

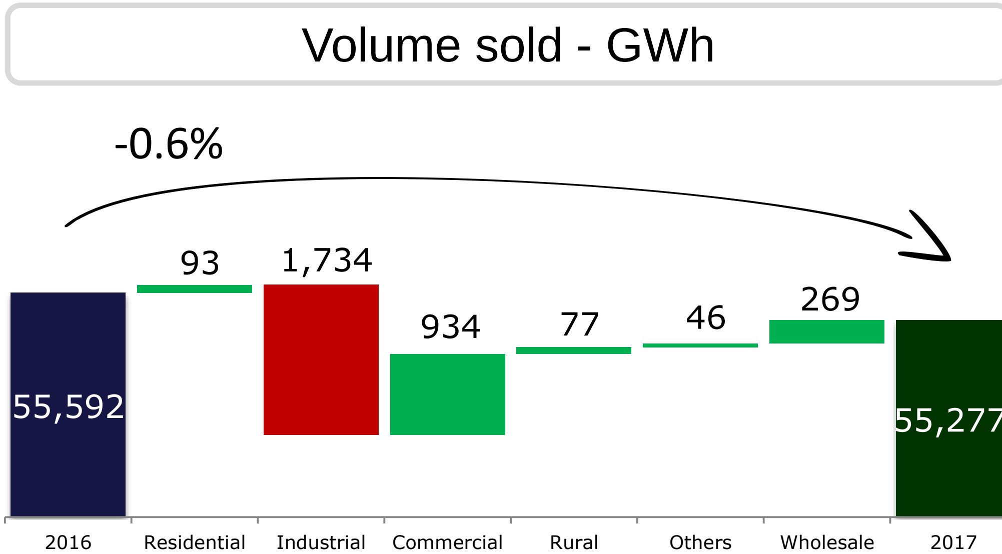


- Factors in 2017 net revenue:
  - CVA item this year is a gain of R$ 988 million– in 2016 it was negative R$ 1.455 million
  - Generation Indemnity revenue: gain of R$ 272 million
- Ebitda includes expense of R$ 564 million for ICMS tax Regularization Plan (PRCT)
- Changes to life insurance cut aggregate post-retirement obligation by R$ 619 million
- Lower debt, and lower Selic rate, reduce debt expense by R$ 530 million
- Investees' equity contribution: R$ 252 million negative, vs. R$ 302 million negative in 2016

1 - '*Nova Regularize*' = Minas Gerais State Tax Regularization Plan.

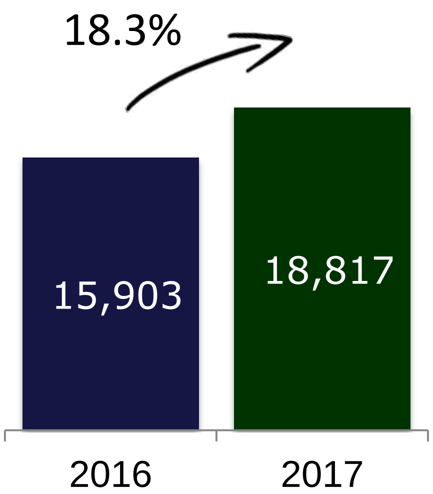
Consolidated net revenue



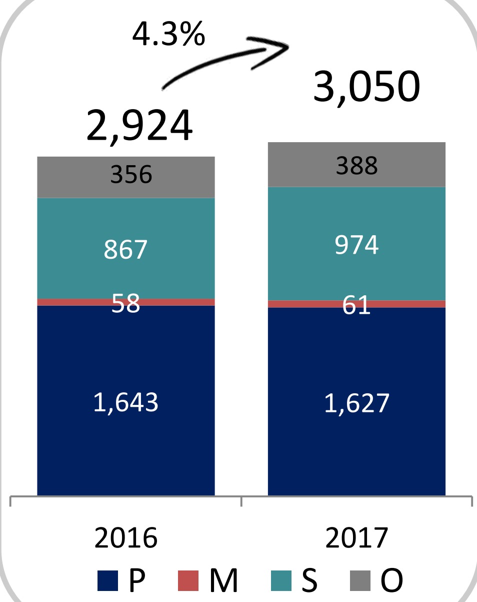


- ✓ From 2016 to 2017, change in CVA contributed R$ 2.443 billion positive in net revenue
- ✓ Revenue from supply of gas 21.8% higher, at R$ 315 million
- ✓ Generation indemnity revenue gain of R$ 272 million
  - for adjustment to yet unamortized balance of concessions for the São Simão and Miranda Plants, as per Ministry Order 291/17. Asset now totals R$ 1.084 billion.
- ✓ Revenue from transactions in CCEE R$ 699 million higher than in 2016
- ✓ R$ 562 million expense posted for ICMS tax settlement program

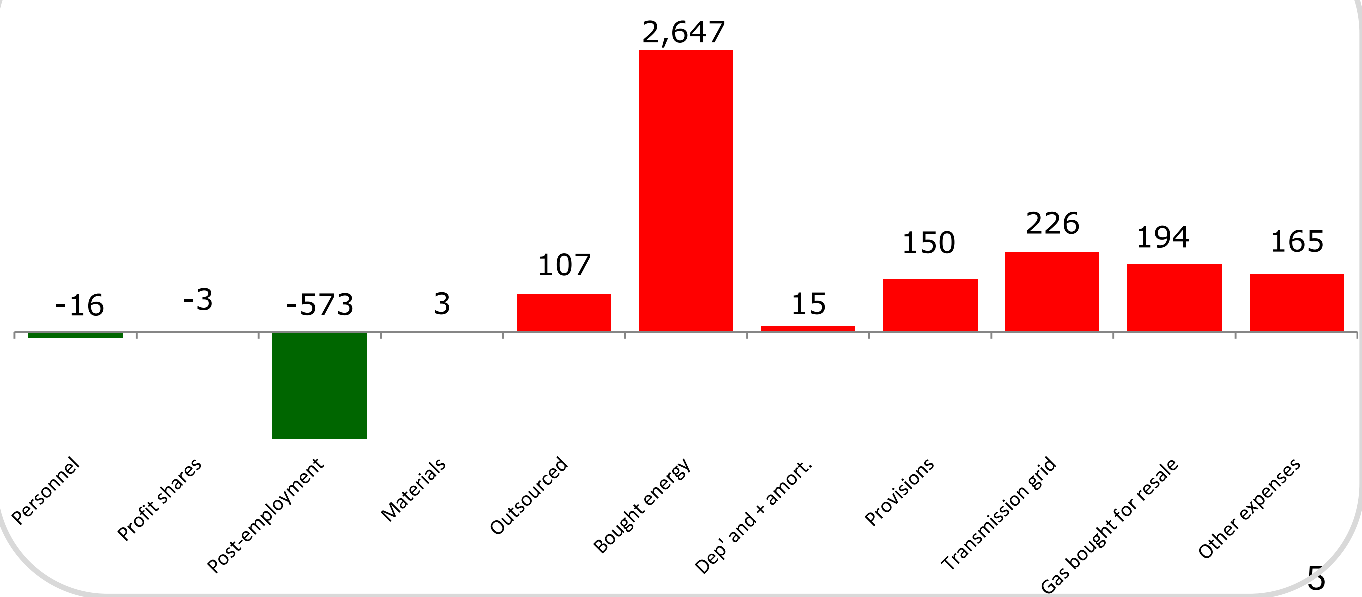
Operational expenses



- ✓ Personnel expenses: lower due to voluntary retirement program
  - ✓ 1,189 employees joined the program in 2017
- ✓ Reassessment of Life insurance reduces total post-retirement obligation by R$ 619 million
- ✓ Electricity and gas purchased for resale: total costs higher
- ✓ Action taken help reduce default
  - ✓ Default provision down from R$ 382 million in 2016 to R$ 248 million in 2017
- ✓ Provisions for losses on investments
  - ✓ Parati – R$ 231 million provision in 2017, balance R$ 507 million
  - ✓ SAAG– R$ 115 million provision in 2017, balance R$ 312 million



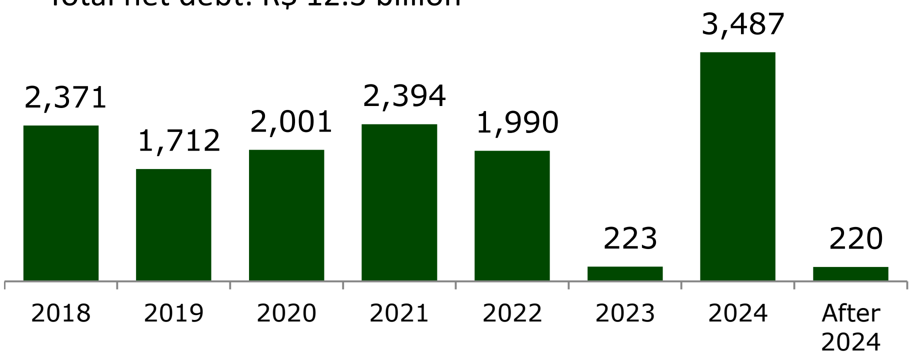
Change in consolidated operational expenses, 2016–2017



Cemig, consolidated: debt profile

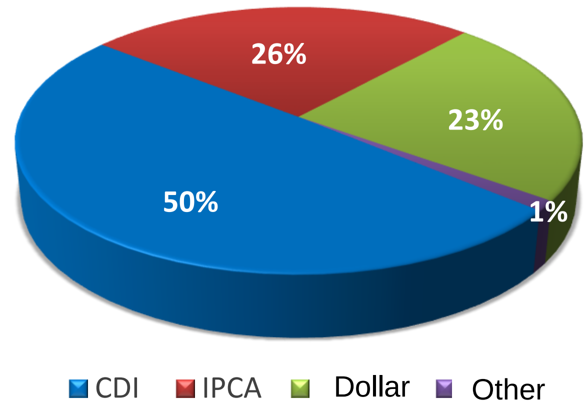
Maturities timetable – Average tenor: 4.1 years

Total net debt: R$ 12.3 billion



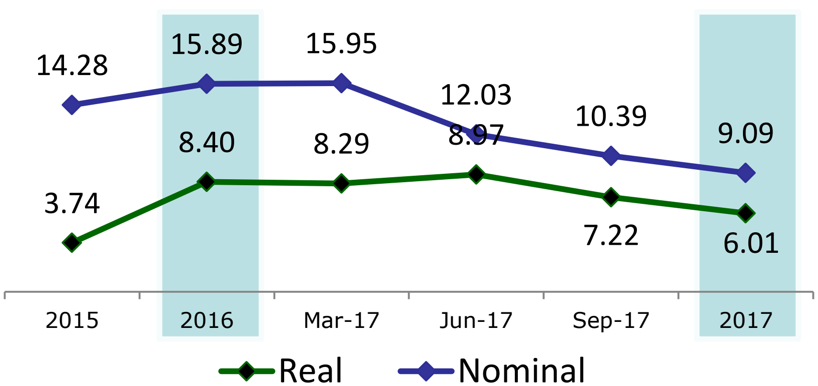
- Each 1 p.p. reduction in Selic rate estimated to reduce debt cost by R$ 127 million
- Financial expenses are already lower due to reduction in the Selic rate: R$ **530** million lower in 2017 compared to 2016

Main indexors

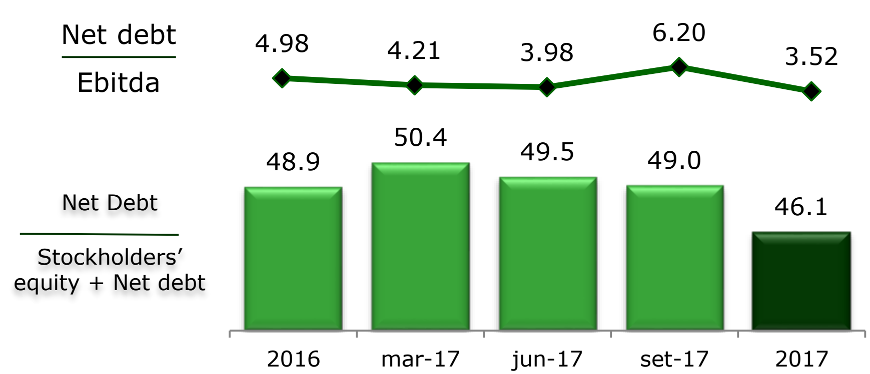


- Debt in Dollar converted into CDI percentage per hedging instrument, within a band of Exchange variation

Cost of debt – %

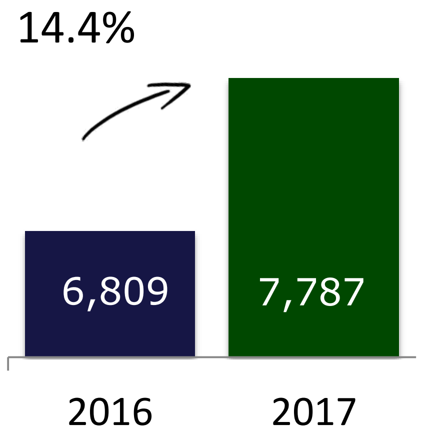


Leverage – %

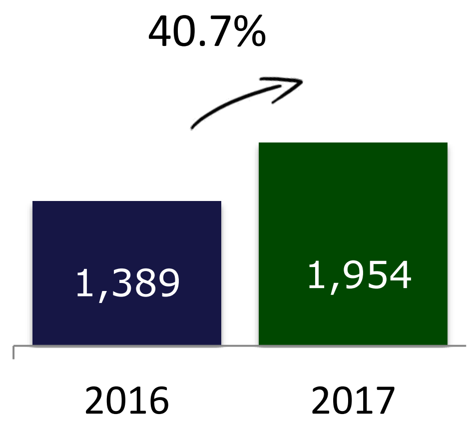


Cemig GT – 2017 results

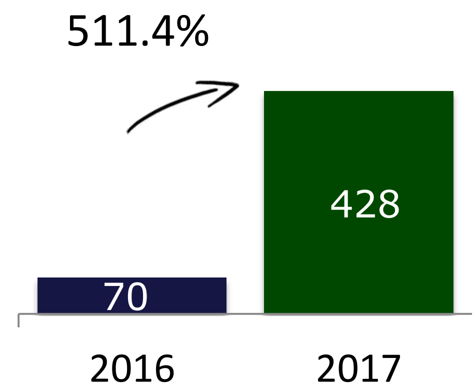
Net revenue



Ebitda



Net profit

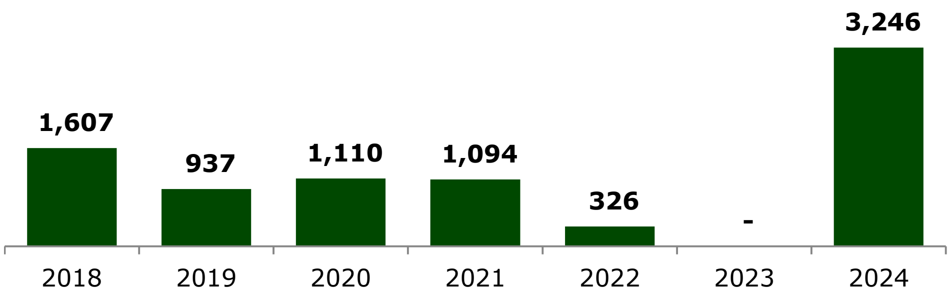


- ✓ Generation indemnity revenue gain of R$ 272 million
  - for adjustment to yet unamortized balance of concessions for São Simão and Miranda Plants (Ministry Order 291/17)
- ✓ Revenue from supply of power up 8.5% (= up R$ 559 million) from 2016
- ✓ Revenue from transactions on CCEE R$ 499 million higher
- ✓ ICMS tax Regularization plan: impact of R$ 29 million on Ebitda, R$ 20 million on Net profit.
- ✓ Cost of supply bought for resale 36% higher (R$ 1.118 billion)
- ✓ 2017 Equity method contribution R$ 519 million negative, vs. R$ 448 million negative in 2016

Cemig GT – debt profile

Maturities timetable – Average tenor: 4.3 years

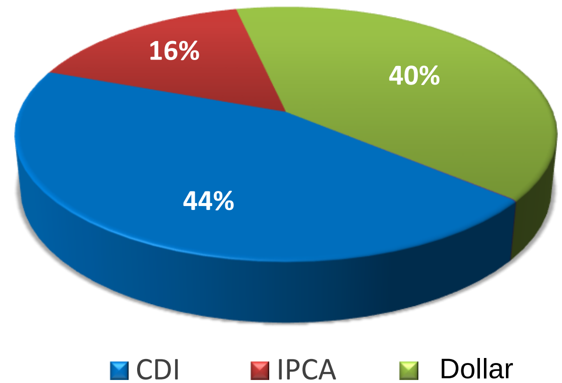
Total net debt: R$ 7.4 billion



Restrictive covenants

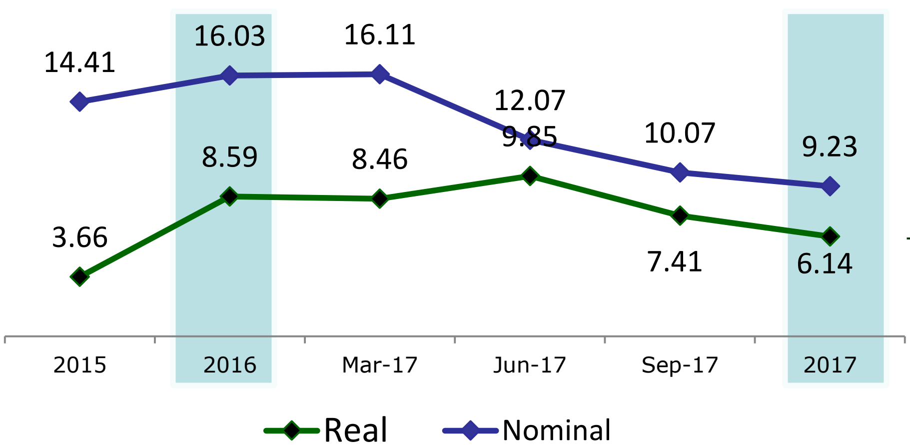
For details see Note 18 (*Loans, financings and debentures*)

Main indexors

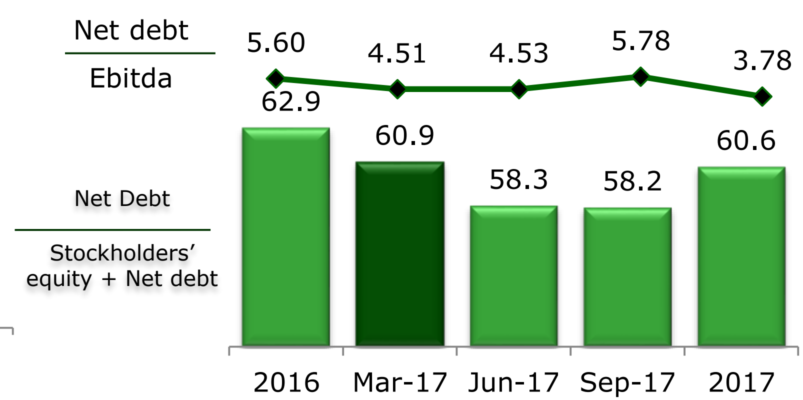


- Debt in Dollar converted into CDI percentage per hedging instrument, within a band of Exchange variation

Cost of debt- %

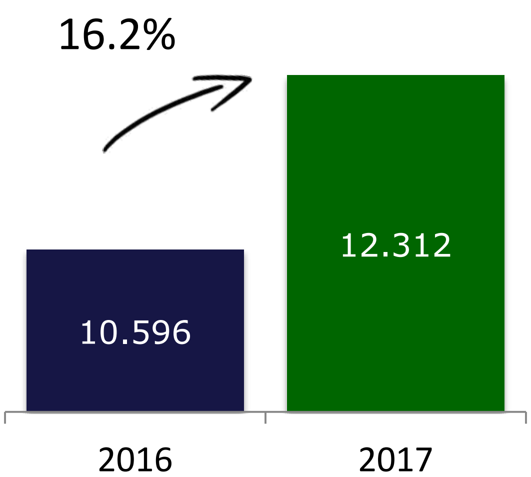


Leverage - %

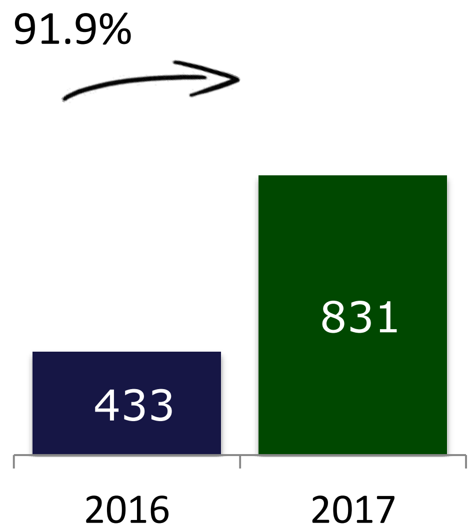


Cemig D – 2017 results

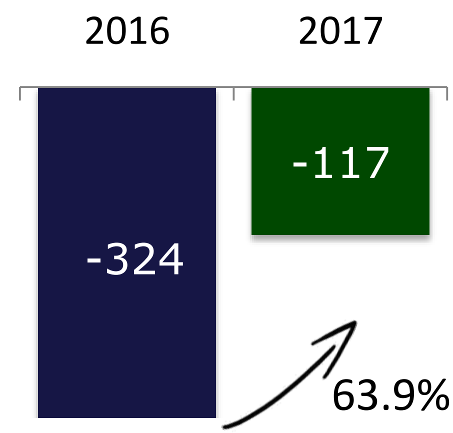
Net revenue



Ebitda



Net profit

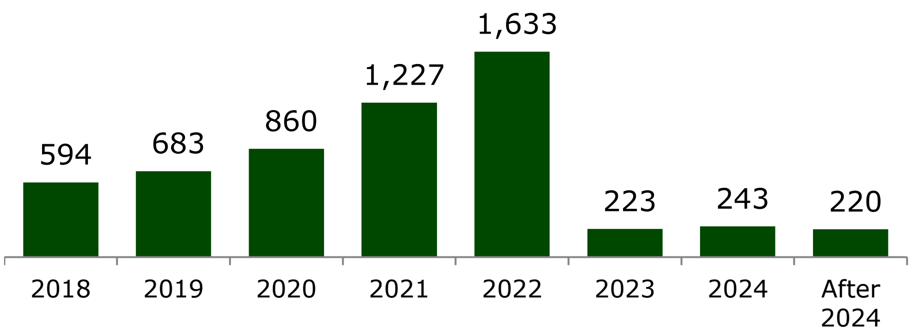


- ✓ Consumption in Cemig D's concession area:
  - Volume distributed: 1.10% lower
  - Captive market: 3.1% lower
  - Supply transported: 2.05% higher
- ✓ CVA – positive effect on net profit
  - CVA item this year is R$ 988 million gain – in 2016 it was negative R$ 1.455 billion
- ✓ ICMS tax regularization plan: R$ 535 million effect on Ebitda, R$ 368 million on Net profit.
- ✓ Default provision R$ 228 million, vs. R$ 381 million in 2016
- ✓ Fall in Selic interest rate and debt reduced cost of debt in the year by R$ 272 million

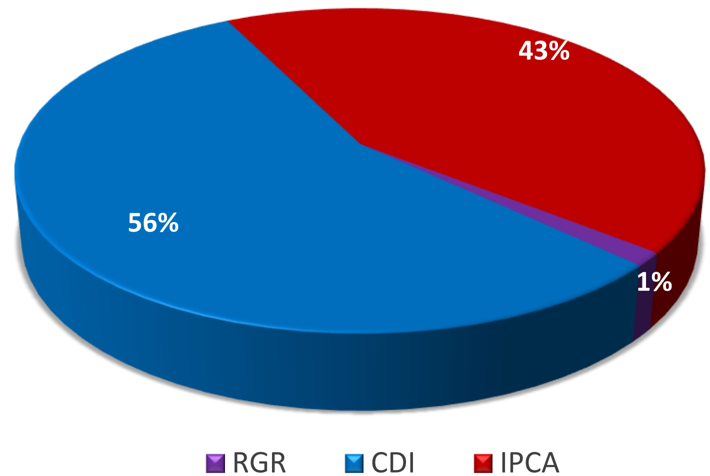
Cemig D – Debt profile

Maturities timetable – Average tenor: 4.0 years

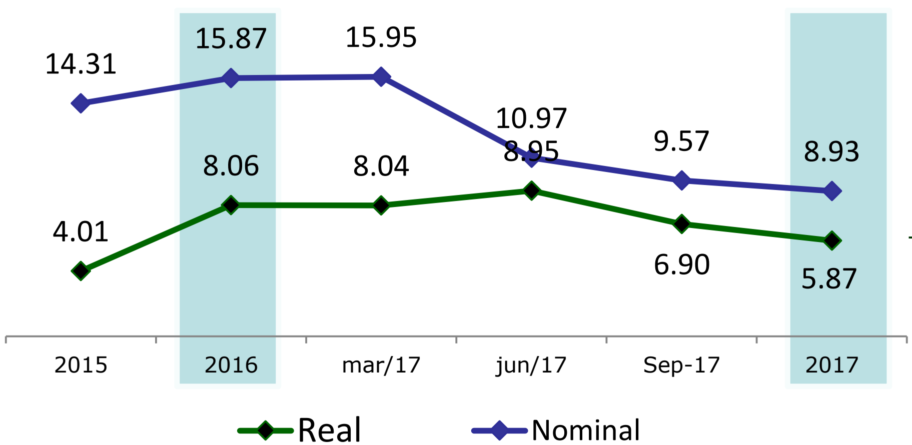
Total net debt: R$ 4.9 billion



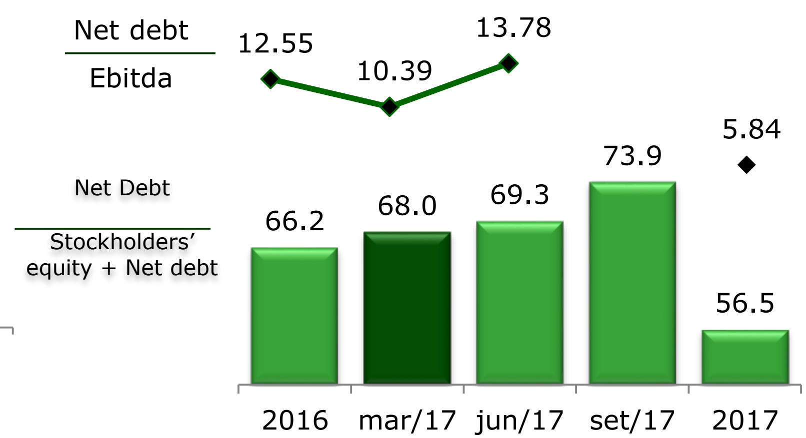
Main indexors



Cost of debt- %



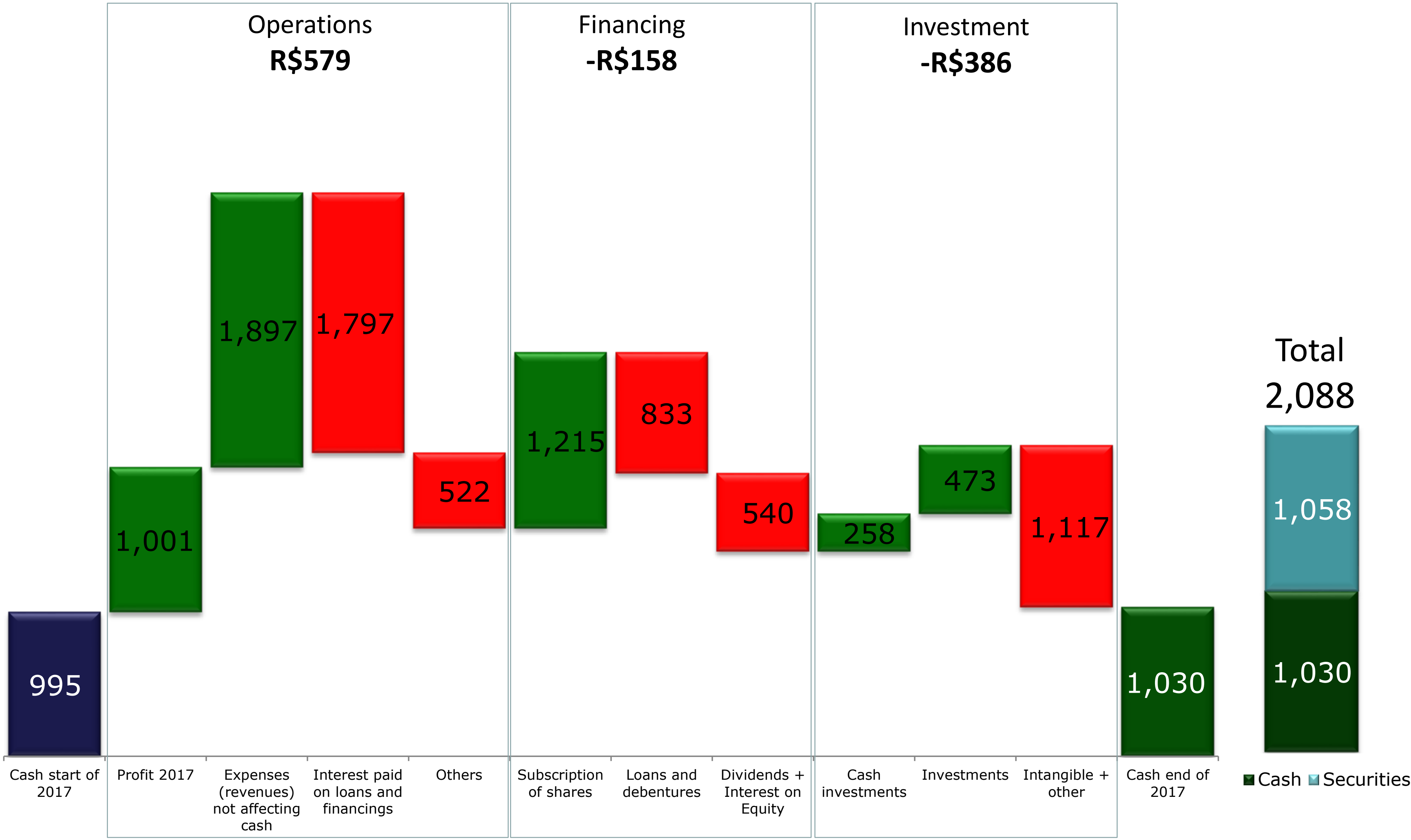
Leverage – %



Investiment

	2017
GENERATION	**277**
Investment program	22
Aportes	**255**
Renova Energia S.A.	18
Aliança Norte	52
SPE – Guanhães	97
SPE - Amazônia Energia Participações S.A. (Belo Monte)	85
Usina Hidrelétrica Itaocara S.A.	3
TRANSMISSION	**33**
Investment program	33
CEMIG D	**1,013**
Investment program	1,013
Total	**1,545**

Cash flow



NET CHANGE IN CASH AND EQUIVALENTS– **R$35**

Highlights

- ✓ Debt profile lengthened
  - Bank debt re-profiled; Eurobond issue
- ✓ Execution of disinvestment program
  - So far: R$ 797 million
- ✓ Capital increase – submitted for ratification to EGM, April 23
  - Total subscribed: R$ 1.325 billion
- ✓ Cemig D Tariff review
  - Effective May 28, 2018
- ✓ DECi and FECi
  - Both indices are within Aneel limit

Debt profile lengthened:

✓ Short term debt of R$ 3.4 billion re-profiled

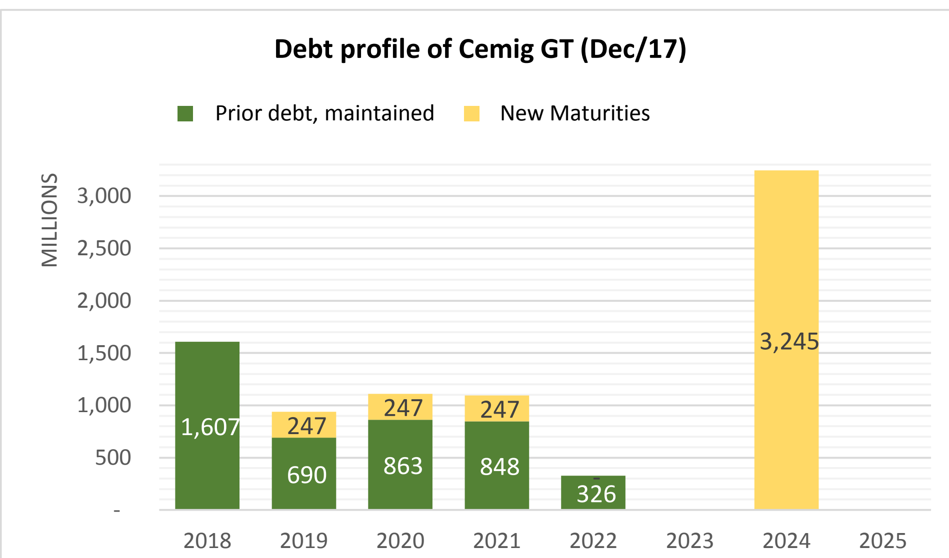
- Amortization in 36 monthly tranches
  - Cemig GT: R$ 741 million – from January 2019
  - Cemig D: R$ 2.700 billion – from July 2019

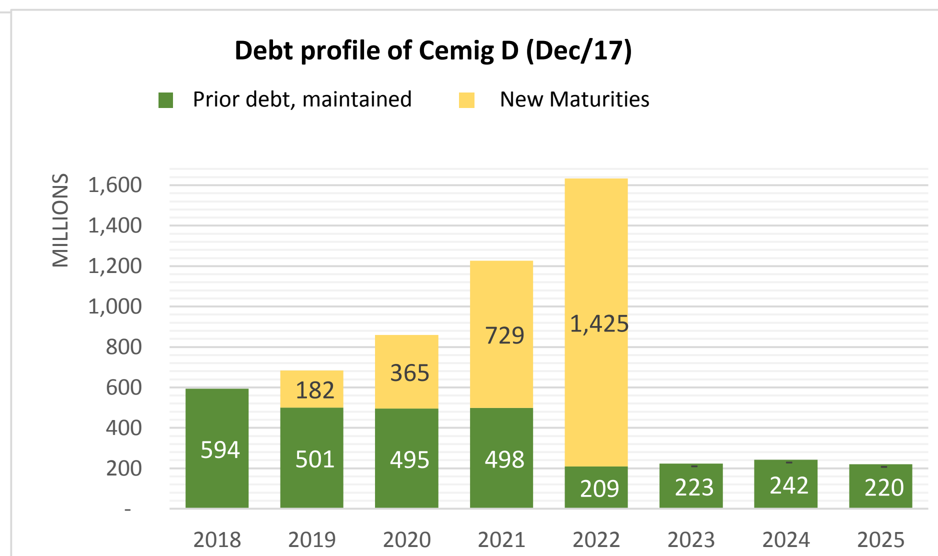
✓ Successful Eurobond issue – for US$1 billion (R$ 3.2 billion)

- 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





Our disinvestment program – execution

Company	% Stake	Book value R$ mn	Status
Realized			
taesa	9.86%	717[1]	Block trade completed Sale of 34 million Units. Cemig interest reduced from 31.54% to 21.68% (Nov. 2017)
TRANSMINEIRA	25%	80[1]	Transfer, to Taesa, completed (Nov. 2017); R$ 24 mn received as dividends and R$ 56 mn paid by Taesa on closing.
Em andamento			
CEMIG TELECOM	100%	247[2]	Absorption of CemigTelecom by Cemig completed on March 31, 2018.
RENOVA ENERGIA	-	413[3]	Proposal by Cemig to Renova that Renova should sell its 51% interest in Brasil PCH to a third party or to Cemig itself, as a means of making possible settlement of amounts owed to Cemig GT for advance payments under a power supply contract. Involves no disbursement by Cemig (Mar. 2018)
Light	48.86%	1,350[4]	In negotiation with proposers
SantoAntônio	18%	1.117[2]	Resumption of negotiations with potential purchaser
Consórcios de Exploração de Gás	24.50%	16[2]	Tender will be published in April 2018
GASMIG	ON (common) shares - 49% PN (preferred) shares - 100%	1,180[2]	Structuring of the sale model
norteENERGIA	12%	1,443[2]	Transaction postponed to 2019
Cachoeirão, Pipoca, Paracambi	49%	125[2]	Transaction postponed to 2019

(1) Effective amount of transaction.
(2) Amounts reported in the Company's accounting. Do not represent a guarantee or expectation of the real sale value of the assets.
(3) Amount of the advance against receivables, payable by Renova.
(4) Market value (São Paulo Stock Exchange – B3) on March 29, 2018: R$ 13.55/share.

Ratification of capital increase

- ✓ Stockholders subscribe R$ 1.3 billion
  - Same rights as existing shares of same class

Shares	Subscription	Auction On 21st of March,2018	Total subscription
ON	53,720	13,130	66,850
PN	131,246	1,816	133,061
Total	**184,966**	**14,945**	**199,911**
Valores Subscritos	**R$ 1,215,223**	**R$ 110,700**	**R$ 1,325,923**

- ✓ Proposal for ratification submitted to EGM (April 23)

- ✓ Cemig's share capital

Type	Nº of shares	Subscription	Total shares
ON	420,764	66,850	487,614
PN	838,077	133,061	971,138
Total Ações	**1,258,841**	**199,911**	**1,458,752**

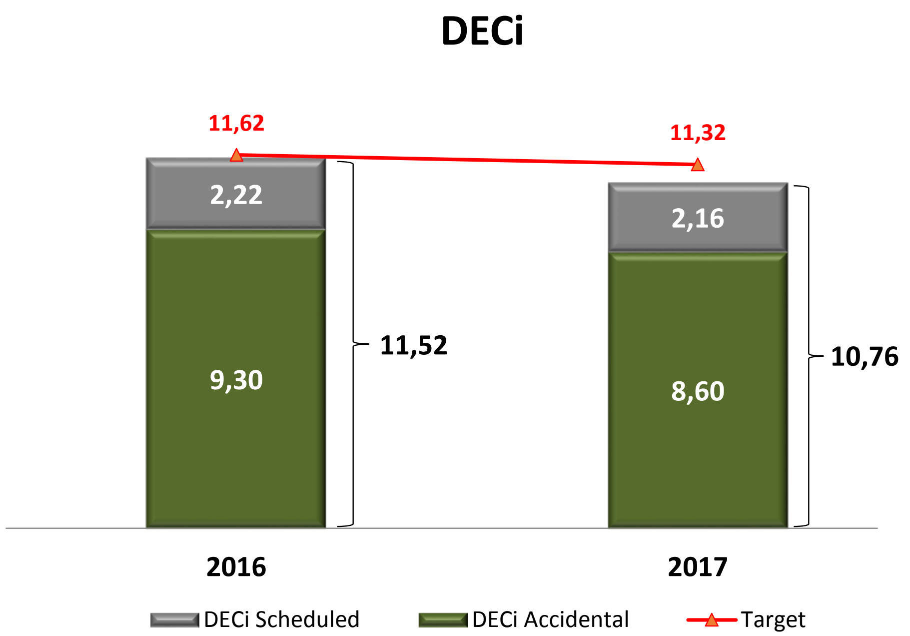
Preliminary result for Cemig D Tariff Review

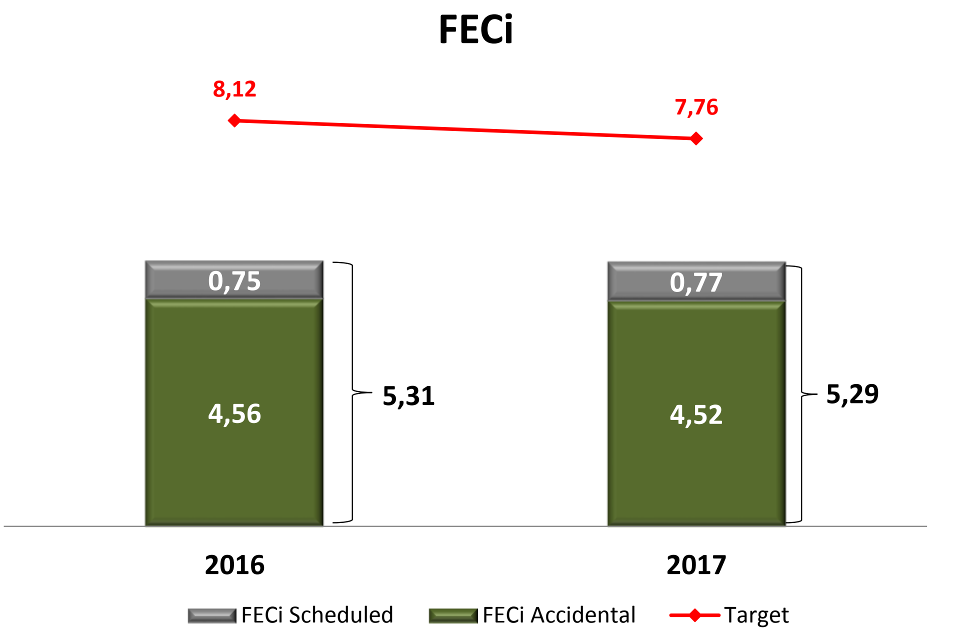
- ✓ Aneel released preliminary readjustment in theTechnical Note 45/2018-SGT
- ✓ Main points of the Review for the 4th Tariff Cycle:
  - Investment around R$ 5 billion
  - Investment on ‘Special obligations´ around R$ 1.2 billion
  - Opex: Cemig D scores above average in efficiency metrics
- ✓ The Aneel proposal – main figures

Cemig D Tariff review	2013	2018 Proposed
Remuneration Base – gross R$	15,724	21,480
Remuneration Base – net R$	5,849	9,277
Average depreciation rate	3.84 %	3.84%
Remuneration of the special obligations	-	142
WACC	7.51%	8.09%
CAIMI R$	147	336
QRR R$	590	824
Remuneration of capital R$	587	1,274

Quality indicators – DEC and FEC

- ✓ Quality of electricity supply, and as a result maintain the satisfaction of clients and consumers





Investor relations

Tel: +55 (31) 3506-5024

ri@cemig.com.br

http://ri.cemig.com.br