

# XXIII

Annual Meeting  
with the Capital Markets

**CEMIG**

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- Certain statements and estimates in this material may represent expectations about future events or results which are subject to risks and uncertainties that 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 Senior Management, in accordance with their experience, and also on factors, such as the macroeconomic environment, market conditions in the electricity sector, and expected future results, many of which are not under Cemig's control.
- Important factors that can lead to significant differences between actual results and the projections about future events or results include alterations that may be considered necessary in Cemig's business strategy, Brazilian and international economic conditions, technology, Cemig's financial strategy, changes in the electricity sector, hydrological conditions, conditions in the financial and electricity markets, uncertainty on our results from future operations, plans, and objectives, and other factors. Because of these and other factors, the real results of Cemig may differ significantly from those indicated in or implied in such statements.
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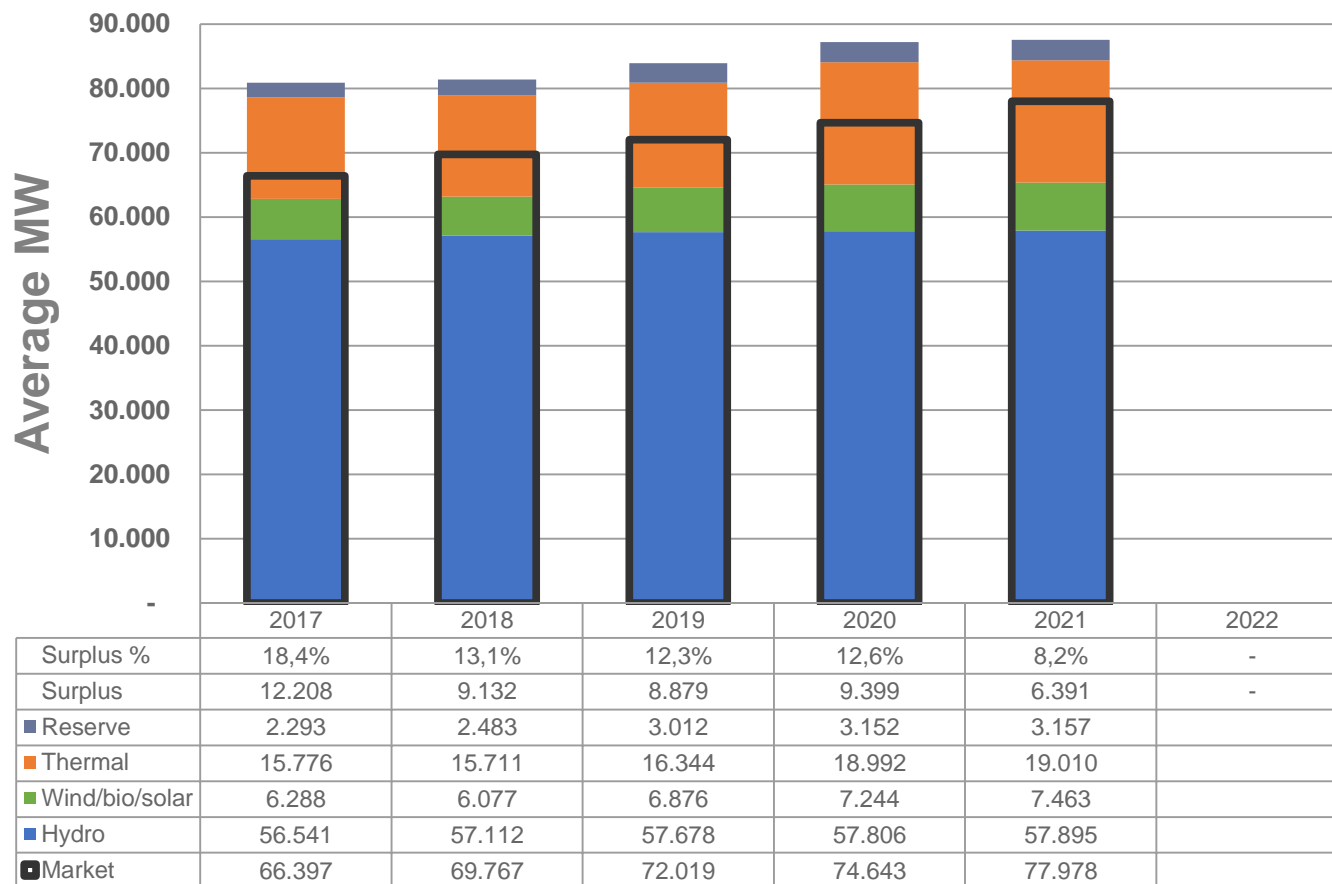
# Cemig GT and the Grid: Supply and demand

Executive responsible:

Marcus Vinícius de Castro Lobato

# Supplying the Brazilian National Grid

Government operational forecasts in **May 2017**



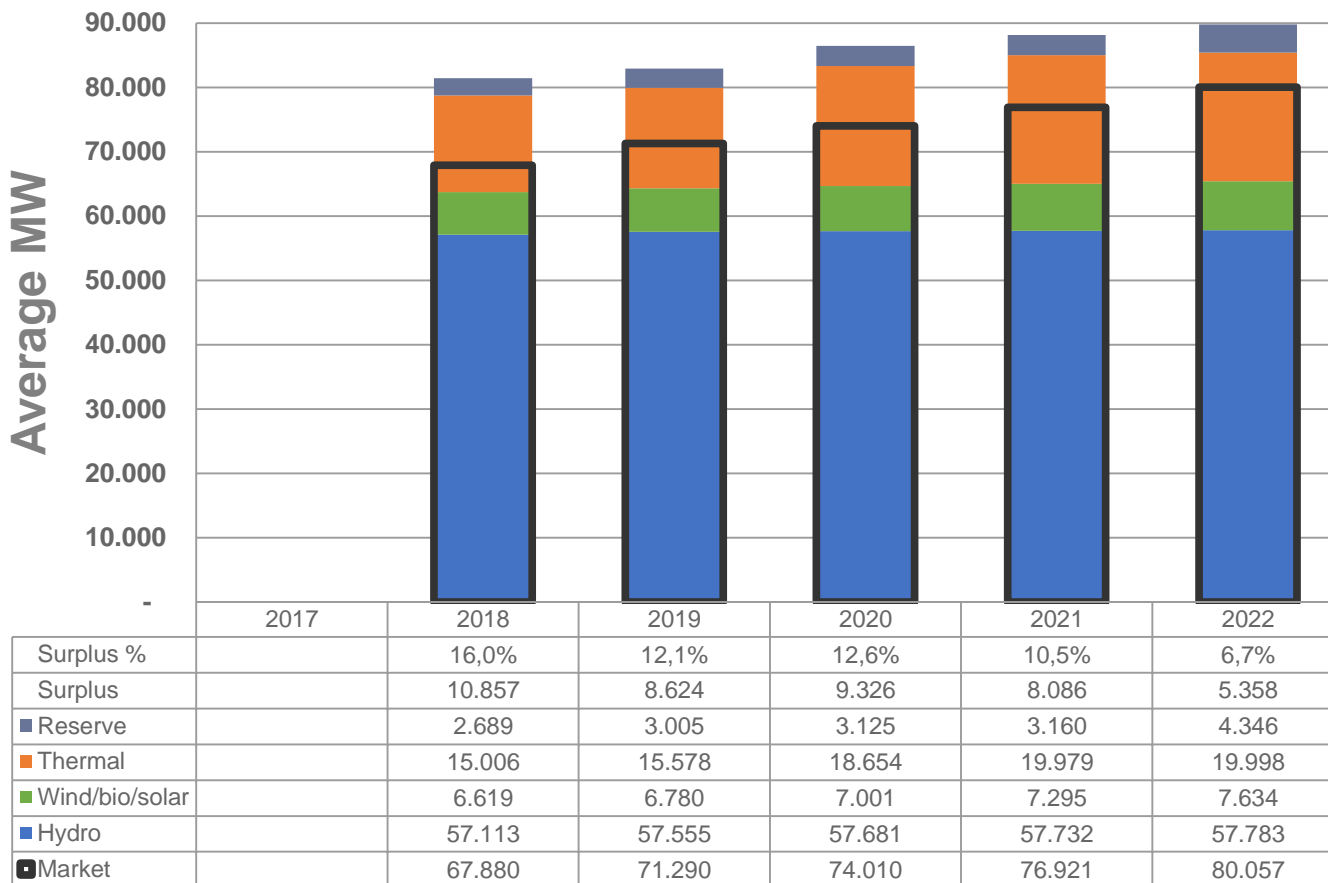
Source: **May 2017 monthly operational survey (PMO)** including effects of ordinary review of physical offtake guarantees of hydroelectric plants (Mining and Energy Ministry Order 178/2017),

# Supplying the Brazilian National Grid

Government operational forecasts in **May 2018**

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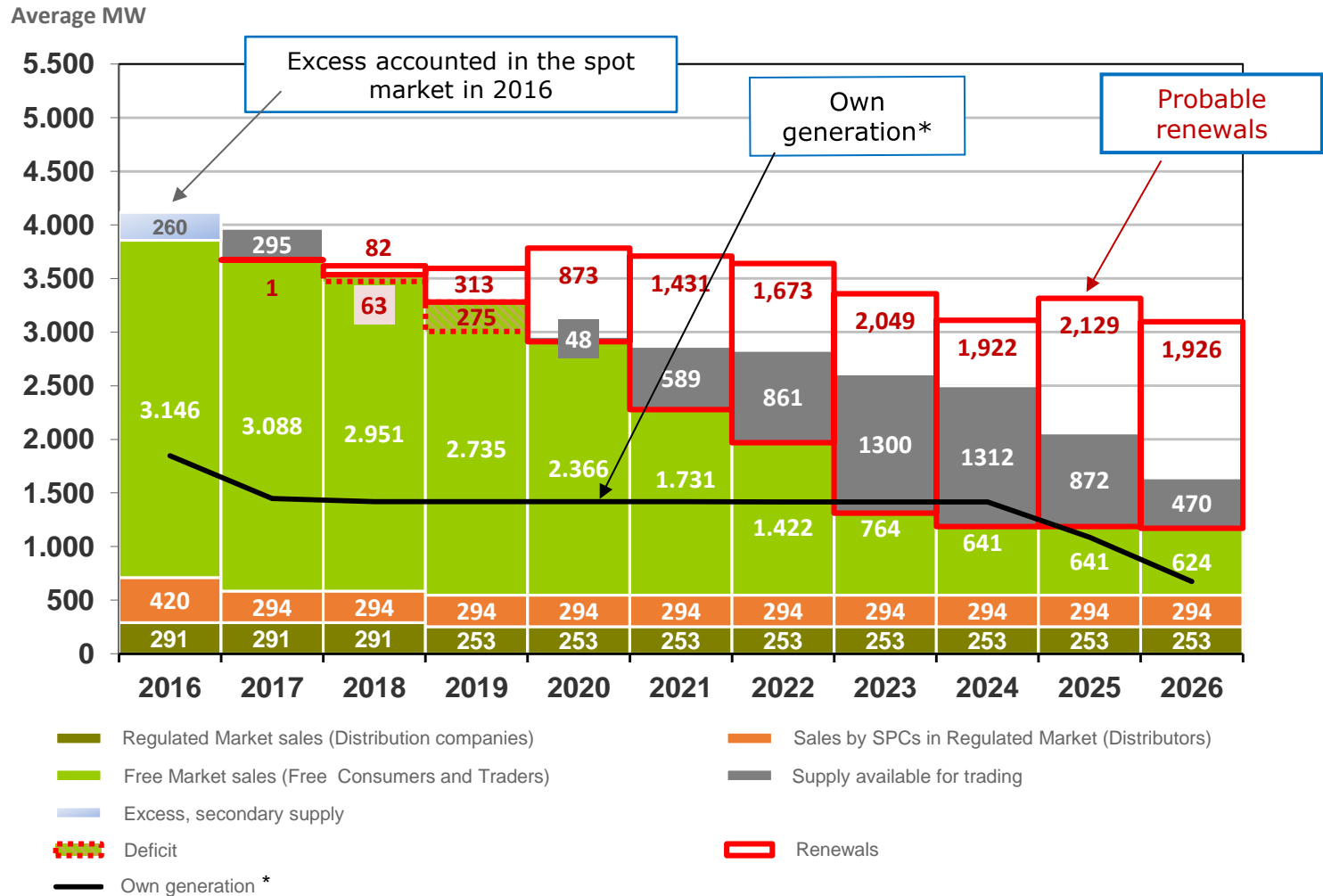
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Source: **May 2018 monthly operational survey (PMO)** (includes contracting of Angra III as Reserve Energy from Jan, 2022),

# Cemig GT: Sources and sales

Figures presented at Cemig's 22nd Annual Meeting with Capital Markets, June 1, 2017:



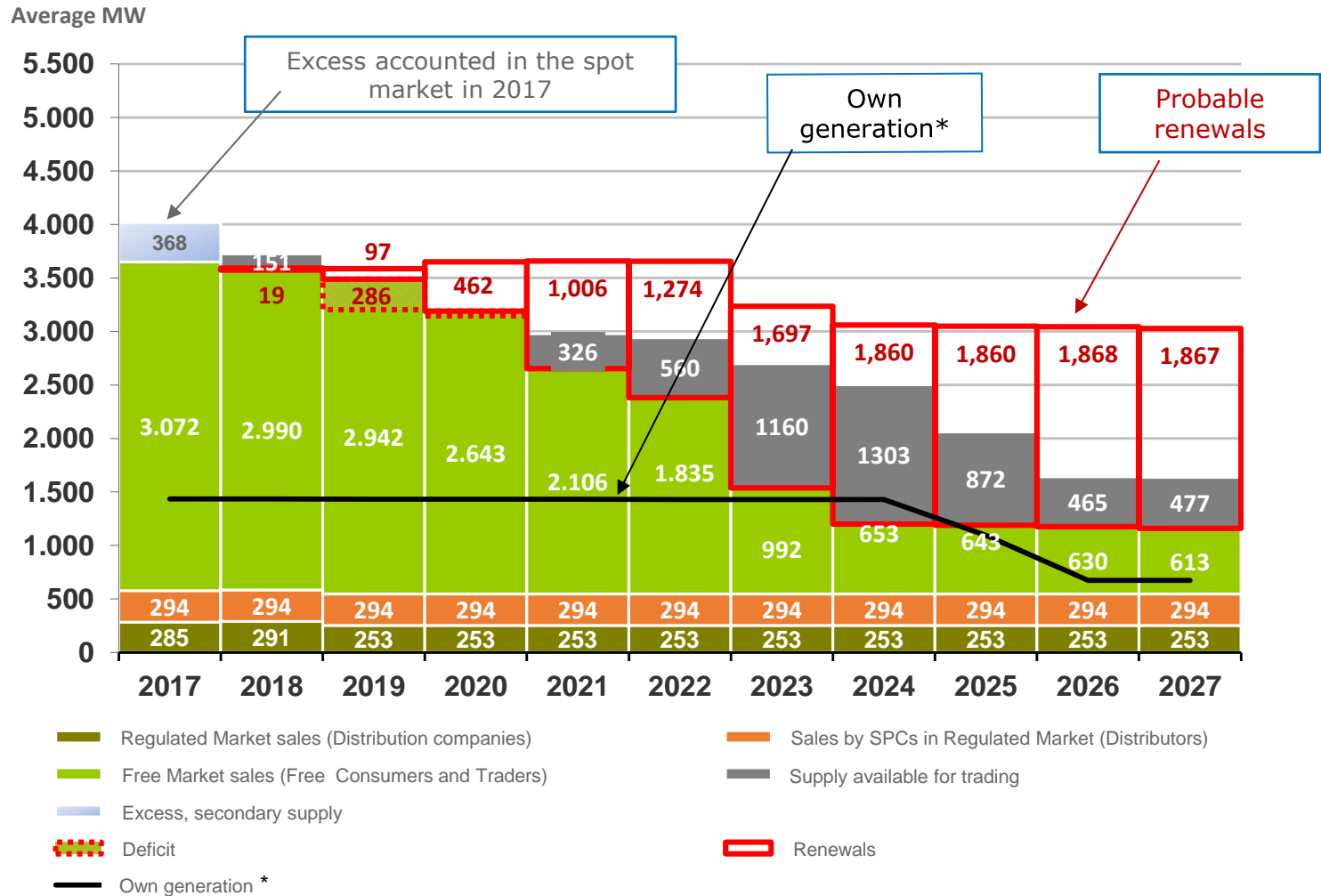
\* Own generation: Includes total availability of energy from the SPCs of Cemig GT, and non-representation of intermediation of contracts,

# Cemig GT: Sources and sales

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## The view today

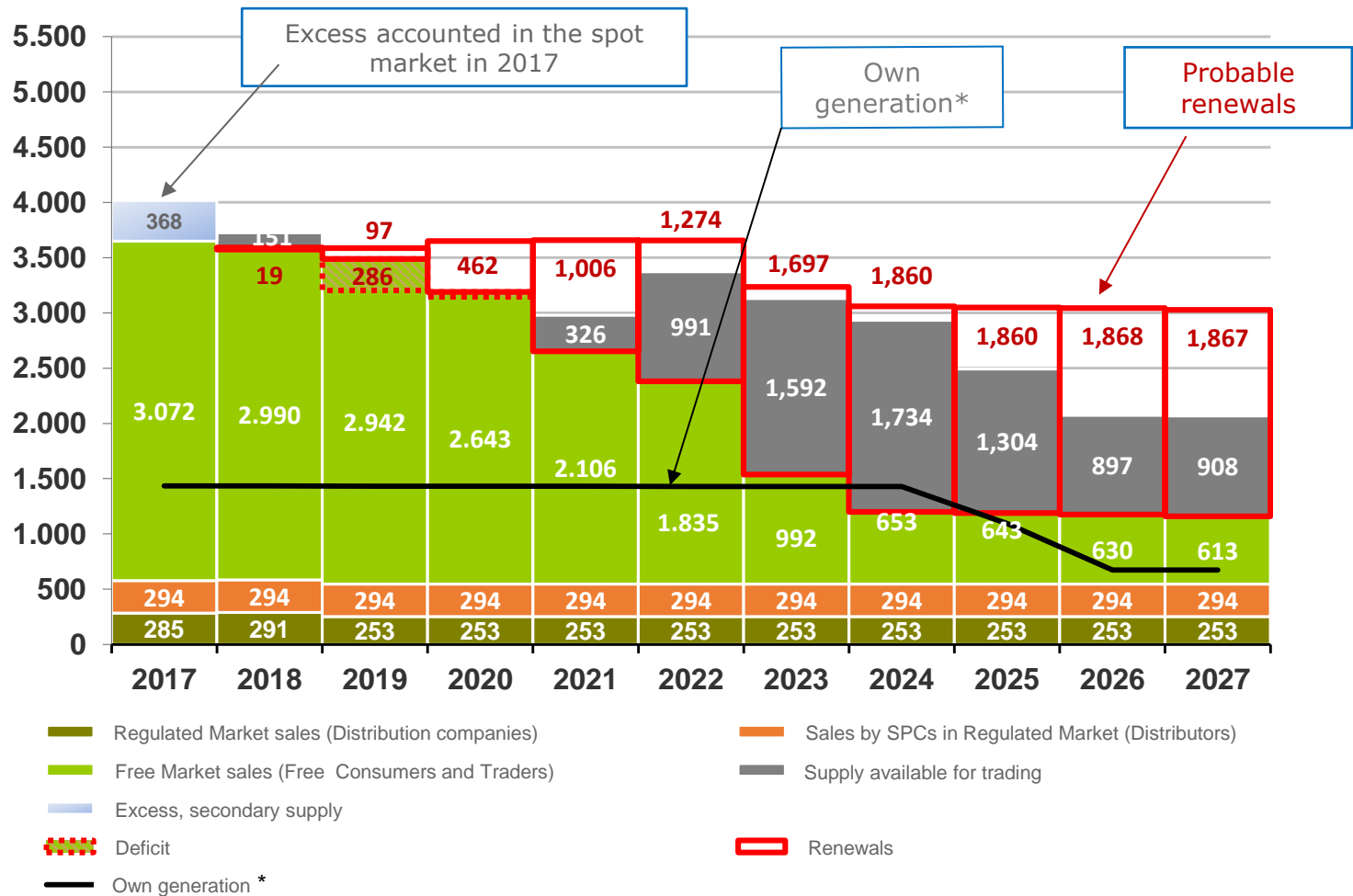


(\*) Includes total availability of energy from the SPCs of Cemig GT, and non-representation of intermediation of contracts, Amounts shown for 2017 are actual (realized), including the effect of the GSF on Cemig's total physical offtake guarantee,

# Cemig GT: Sources and sales

## Updated with the Energy Purchase Auction – Solar or Wind

MW-médios



(\*) Includes total availability of energy from the SPCs of Cemig GT, and non-representation of intermediation of contracts, Amounts shown for 2017 are actual (realized), including the effect of the GSF on Cemig's total physical offtake guarantee,



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# Cemig GT: Supply and demand

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Own generation Purchased	1,434	1,433	1,432	1,431	1,430	1,430	1,429	1,094	674	674
Purchased	2,292	1,770	1,714	1,548	1,943	1,701	1,505	1,399	1,399	1,394
<b>Total supply</b>	<b>3,726</b>	<b>3,203</b>	<b>3,146</b>	<b>2,979</b>	<b>3,373</b>	<b>3,131</b>	<b>2,934</b>	<b>2,493</b>	<b>2,073</b>	<b>2,068</b>
Sales: Free Market	2,990	2,942	2,643	2,106	1,835	992	653	643	630	613
Sales: Regulated Market	585	547	547	547	547	547	547	547	547	547
<b>Total demand:</b>	<b>3,575</b>	<b>3,489</b>	<b>3,190</b>	<b>2,653</b>	<b>2,382</b>	<b>1,539</b>	<b>1,200</b>	<b>1,190</b>	<b>1,177</b>	<b>1,160</b>
<b>Balance available</b>	<b>151</b>	<b>-286</b>	<b>-44</b>	<b>326</b>	<b>991</b>	<b>1,592</b>	<b>1,734</b>	<b>1,303</b>	<b>896</b>	<b>908</b>

**Updated with the Energy Purchase Auction – Solar or Wind**

Position on April 2, 2018

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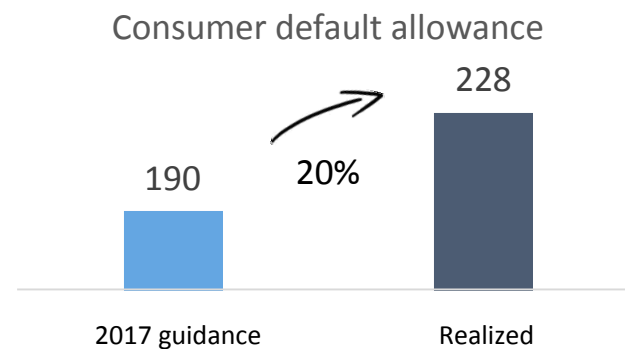
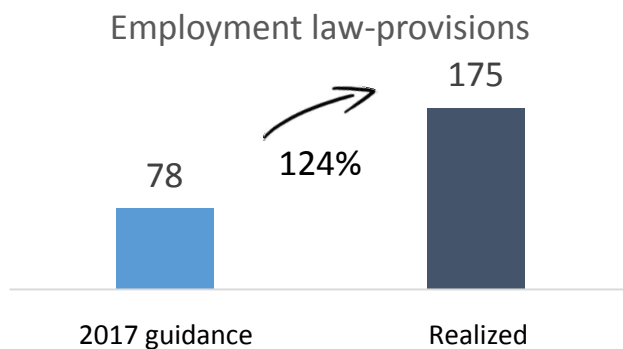
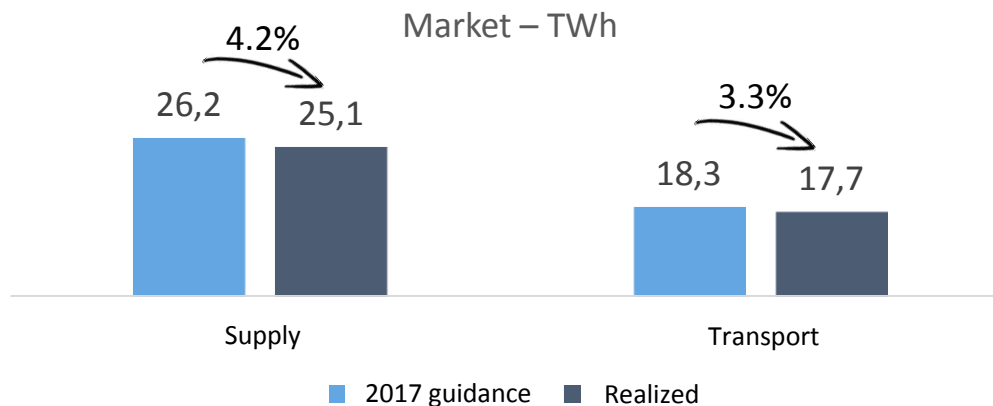
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## Cemig D

- 2017: Guidance vs. Realized

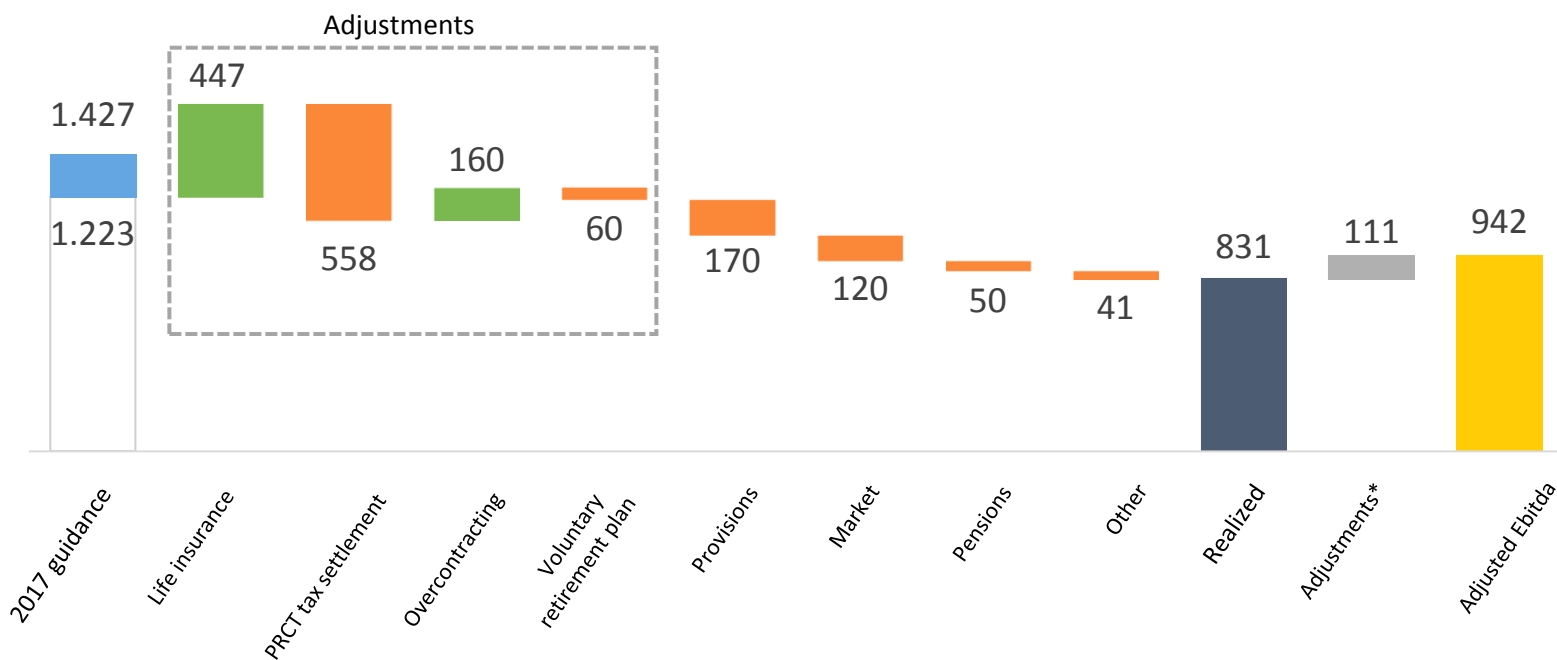
## Cemig D – 2017 Guidance vs. Realized



R\$ mn

Source: Cemig

## Cemig D – 2017 Guidance vs. Realized



\* Includes R\$ 160 mn for voluntary retirement program ('PDVP'), of which R\$ 100 mn was already included in 2017 Guidance.

Ebitda IFRS - R\$ mn

Source: Cemig

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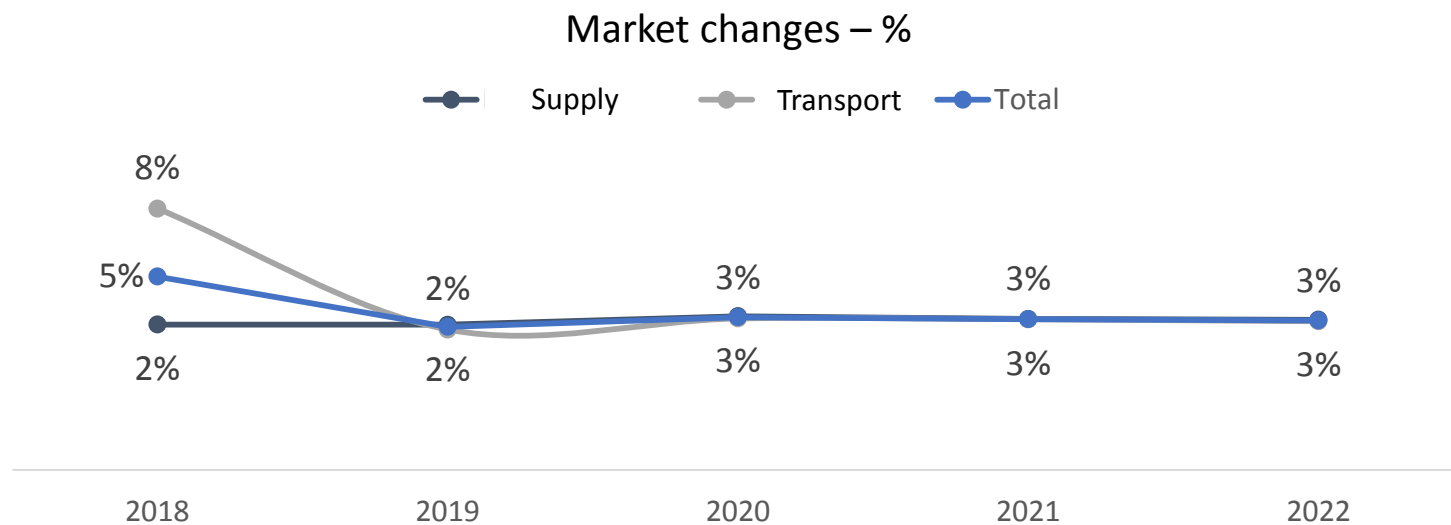
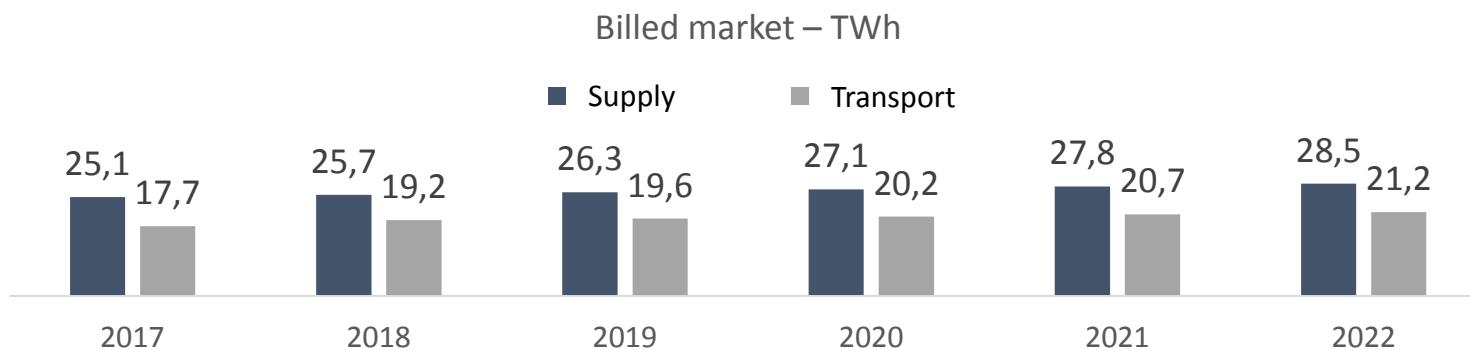
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## Cemig D

- Guidance. 2018–2022

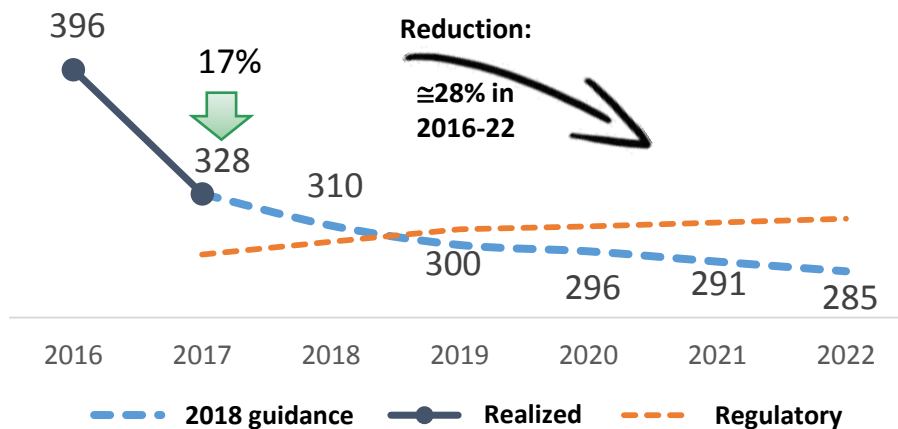


## Cemig D – 2018 Guidance

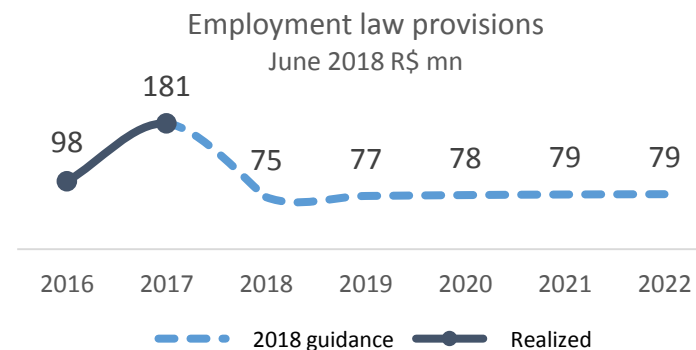
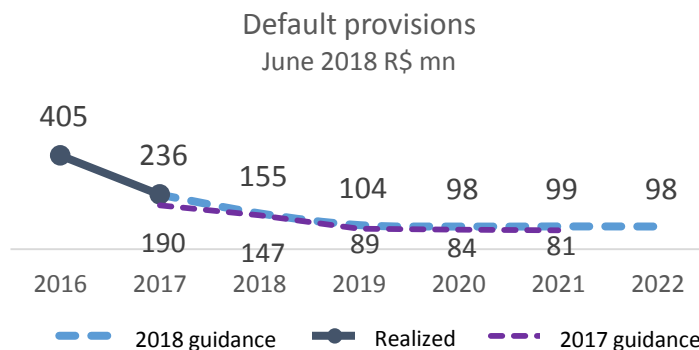


# Cemig D – 2018 Guidance

- Opex/client below regulatory limit as from 2019



Number of Clients	
2016	8,260,336
2017	8,346,898
2018	8,575,696
2019	8,759,411
2020	8,942,877
2021	9,126,344
2022	9,309,808



Constant June 2018 R\$ mn

Source: Cemig

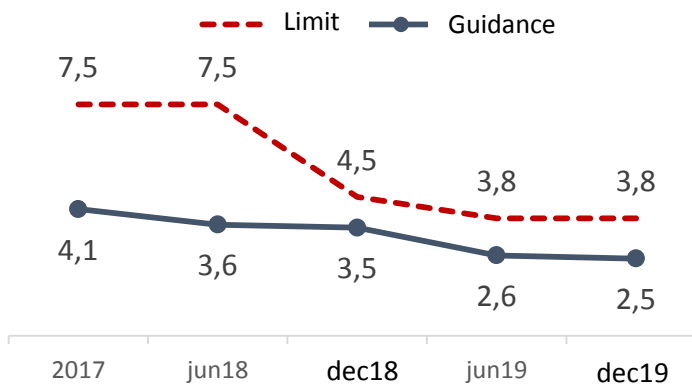
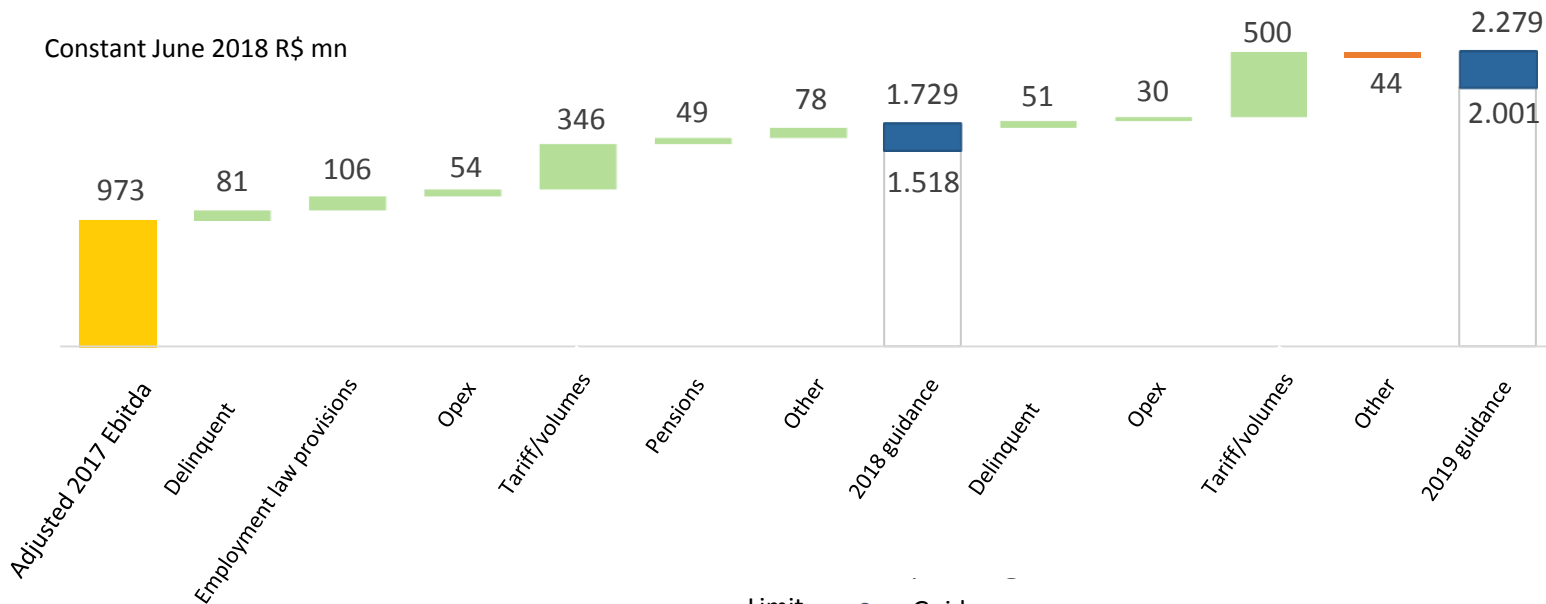
# Cemig D – 2018 Guidance

- Capital expenditure

Constant June 2018 R\$ mn	Multi-year planning					TOTAL
	2018	2019	2020	2021	2022	
Electricity system	1,052	931	1,057	915	675	4,630
Infrastructure / Other	86	115	91	60	58	411
<b>Total, Cemig</b>	<b>1,138</b>	<b>1,047</b>	<b>1,148</b>	<b>975</b>	<b>734</b>	<b>5,041</b>
Client funds (Electricity system)	231	205	233	201	149	1,019
<b>Total</b>	<b>1,369</b>	<b>1,251</b>	<b>1,381</b>	<b>1,176</b>	<b>882</b>	<b>6,059</b>

## Cemig D – 2018 Guidance

Constant June 2018 R\$ mn



Source: Cemig

\* Adjusted according to definition in the debt contract  
Ebitda IFRS - Constant June 2018 R\$ mn

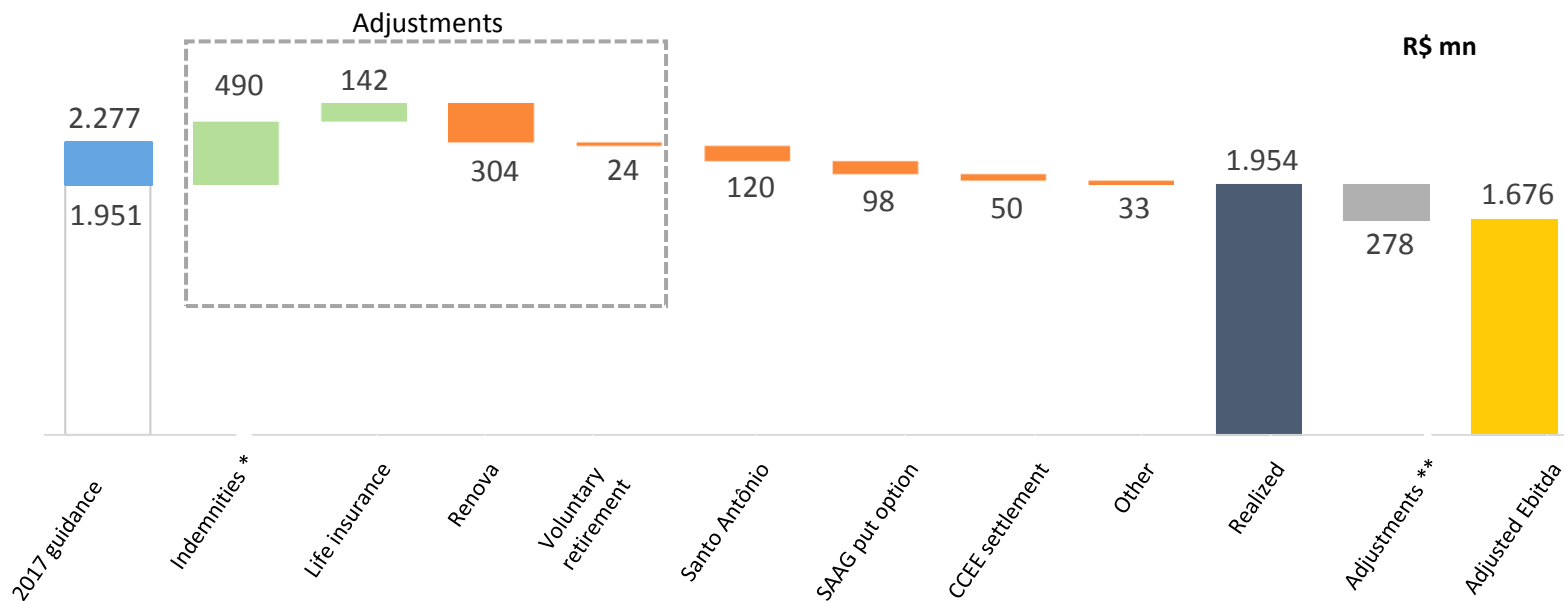
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# Cemig GT

- 2017: Guidance vs. Realized

## CEMIG GT – 2017 Guidance vs. Realized



\* Indemnity for generation assets (R\$ 272 mn), recognition of value of cables and conductors in the Transmission BRR (R\$ 149 mn), updating of generation indemnity (R\$ 25 mn), and updating of the financial BRR asset of transmission (R\$ 44 mn).

\*\* Includes R\$ 50 mn expense on voluntary severance program ("PDVP"), of which R\$ 26 mn was already included in 2017 Guidance.

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# Cemig GT

- Guidance. 2018–2022

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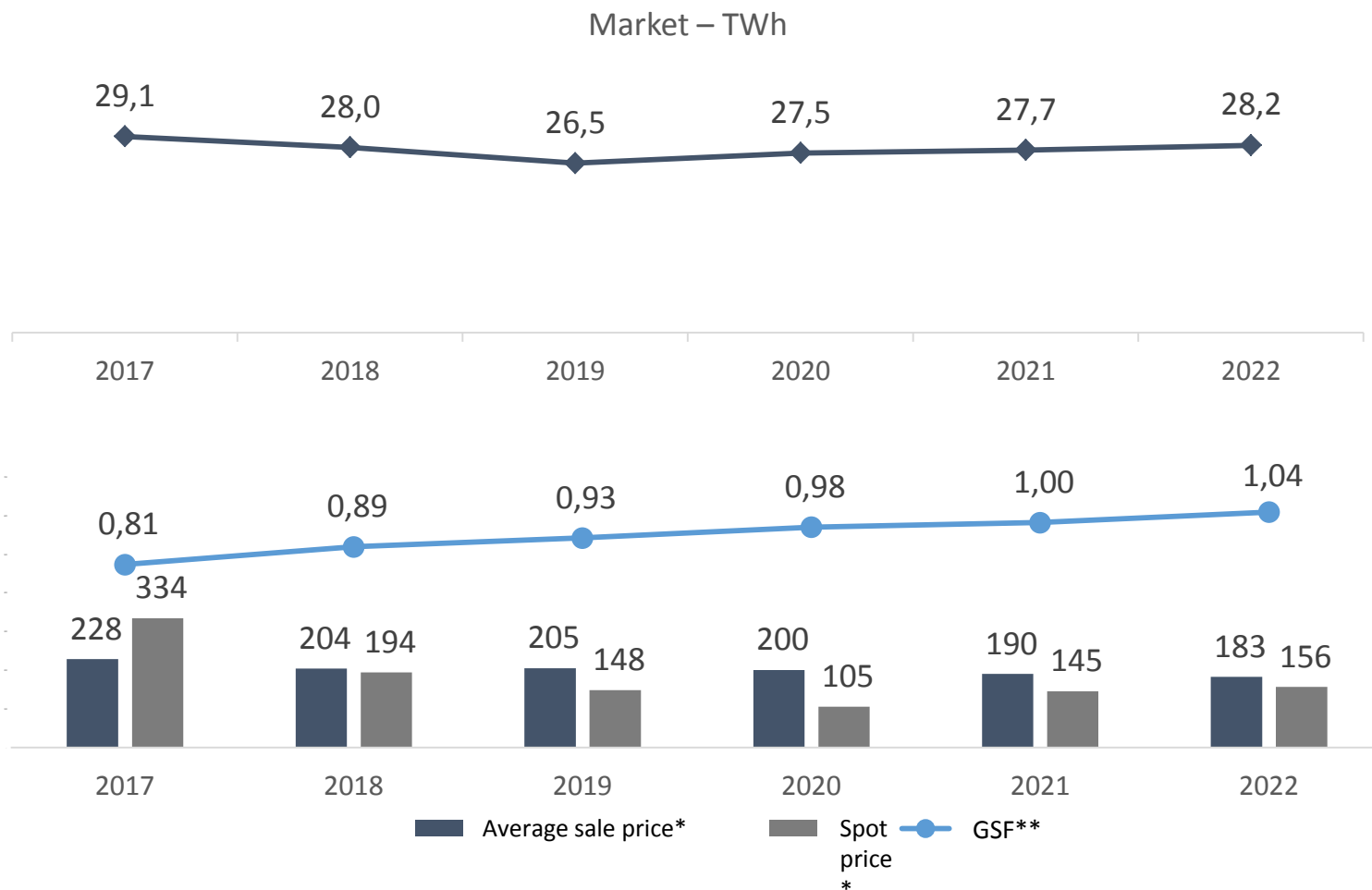
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# Cemig GT – 2018 Guidance

- Main assumptions used in construction of 2018–2022 guidance:
  - ✓ More benign hydrology.
  - ✓ Does not take into account the disposal of assets planned in the divestment program.
  - ✓ Renewal of contracts with Free Clients.
  - ✓ Does not take into account receipt of indemnity for the generation assets.
  - ✓ Improvement in the results of the affiliated companies.



# Cemig GT – 2018 Guidance



Source: Cemig

\* Constant R\$/MWh

\*\* Generation Scaling Factor

# Cemig GT – 2018 Guidance

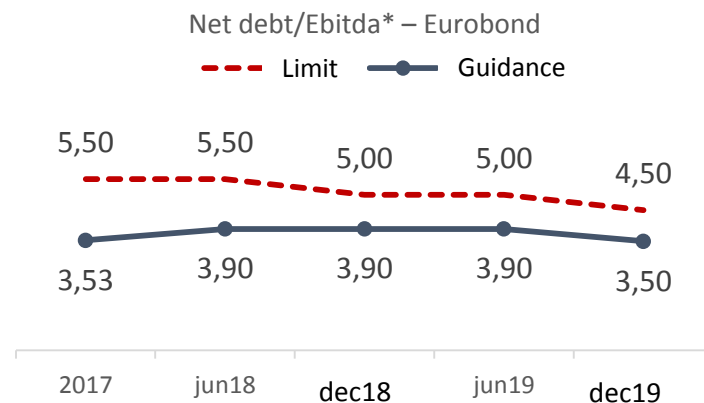
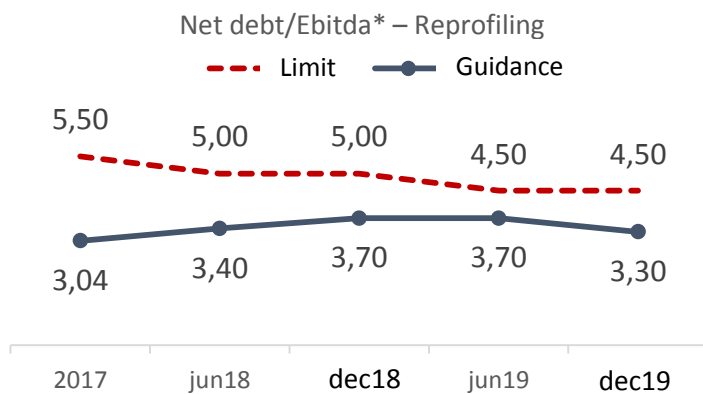
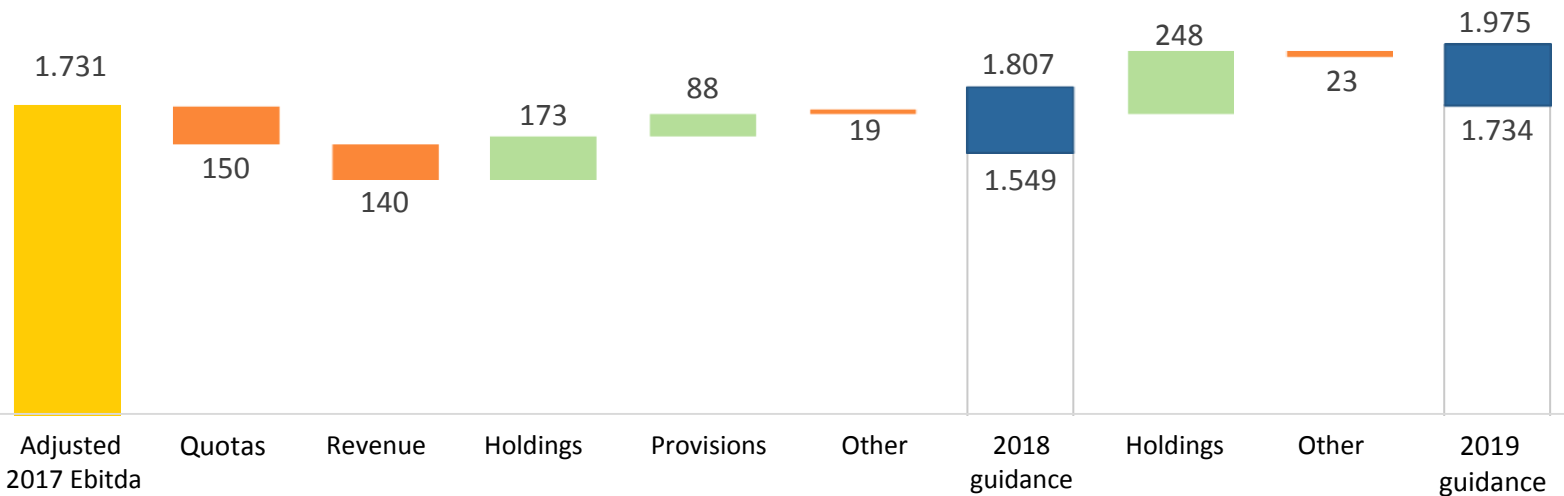
- Capital expenditure

Constant June 2018 R\$ mn	Multi-year planning					TOTAL
	2018	2019	2020	2021	2022	
<b>Generation (operation &amp; maintenance)</b>	<b>55</b>	<b>111</b>	<b>76</b>	<b>26</b>	<b>14</b>	<b>283</b>
<b>Cash injections</b>	<b>257</b>	<b>18</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>278</b>
Amazônia	119	5	-	-	-	125
Aliança Norte	72	3	-	-	-	76
Guanhães	61	-	-	-	-	61
Itaocara	5	2	2	-	-	10
Renova	-	7	-	-	-	7
<b>Transmission (strengthening/improvement*)</b>	<b>156</b>	<b>197</b>	<b>212</b>	<b>182</b>	<b>198</b>	<b>945</b>
<b>Total</b>	<b>468</b>	<b>326</b>	<b>290</b>	<b>209</b>	<b>213</b>	<b>1,506</b>

\* An important component of investments in transmission planned for the 5-year period are the improvements for maintenance and continuity of transmission service, and strengthening of the transmission grid – those projects authorized by Aneel to increase transmission capacity, and/or reliability or useful life of the assets.

# Cemig GT – 2018 Guidance

Ebitda IFRS - Constant June 2018 R\$ mn



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

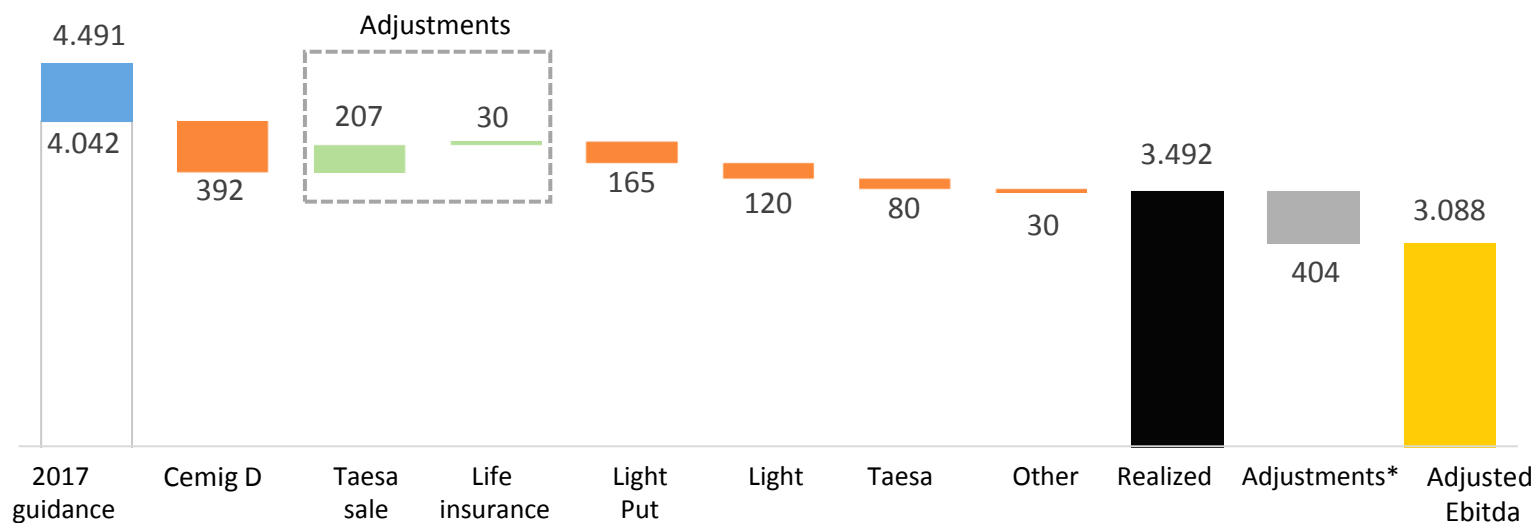
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# CEMIG

- 2017: Guidance vs. Realized

## CEMIG – 2017 Guidance vs. Realized



\* This excludes: the non-recurring items of Cemig D and Cemig GT; the gain on the sale of stock in Taesa, of R\$ 207 mn; and the life insurance item of R\$ 30 mn.

Ebitda IFRS – R\$ mn

Source: Cemig

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# CEMIG

- Guidance. 2018–2022

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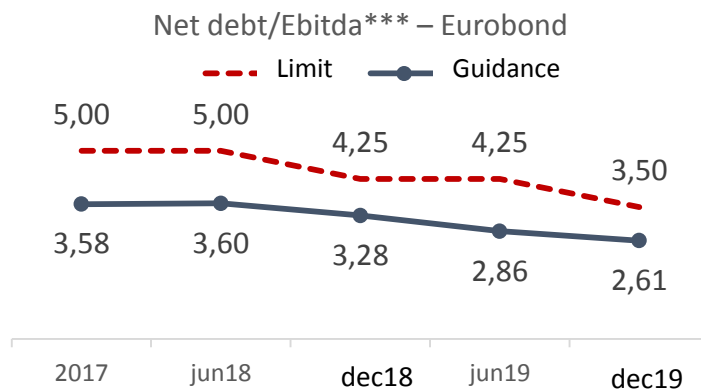
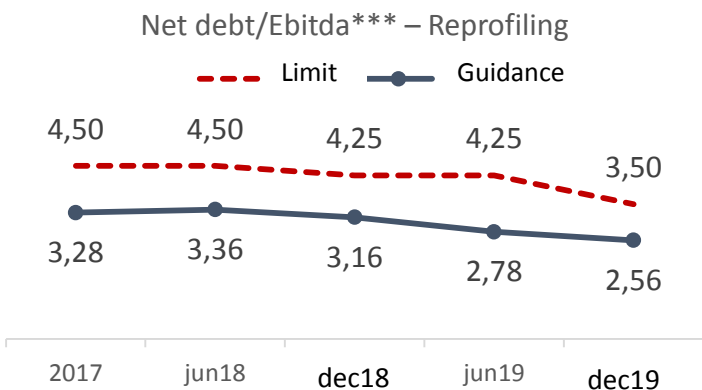
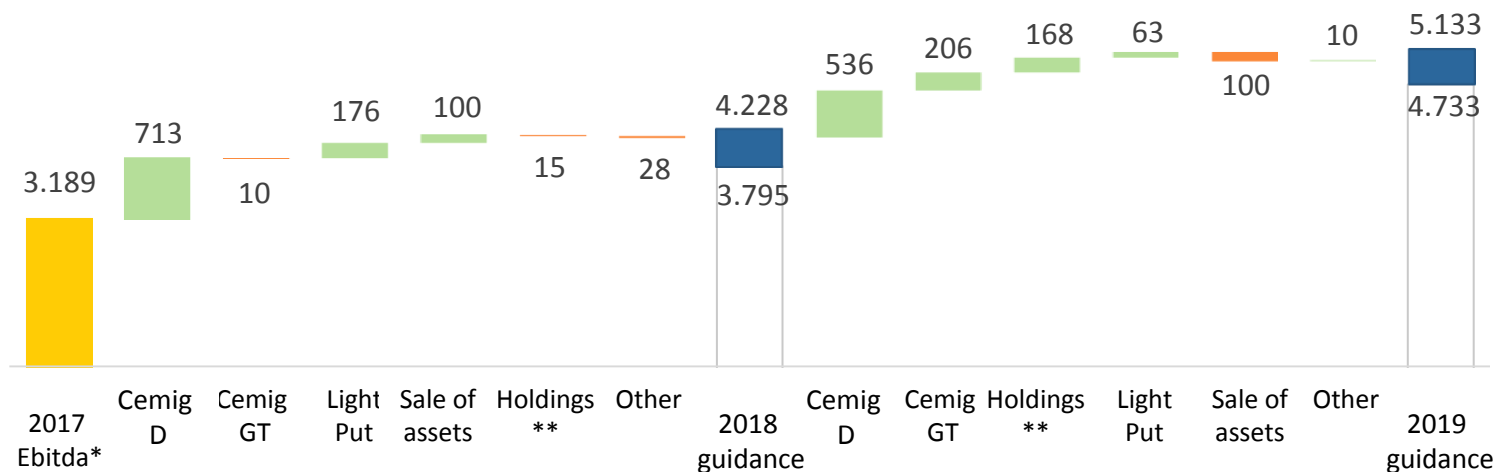
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# CEMIG – 2018 Guidance

- **Results expected to improve over the period**

- ✓ Actions to increase productivity (reduction of headcount, efficiency of processes, etc).
  - ✓ Positive effect of Cemig D's 5-year Tariff Review in 2018.
  - ✓ Normalization of hydrology.
  - ✓ Improvement in the results of the affiliates and subsidiaries.
- 
- The projections in this guidance take into account sales of assets in 2018 that are necessary for full settlement of the Light put option (R\$ 600 mn), which has exercise date in November this year.

## CEMIG – 2018 Guidance



\* Recurring 2017 Ebitda.

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

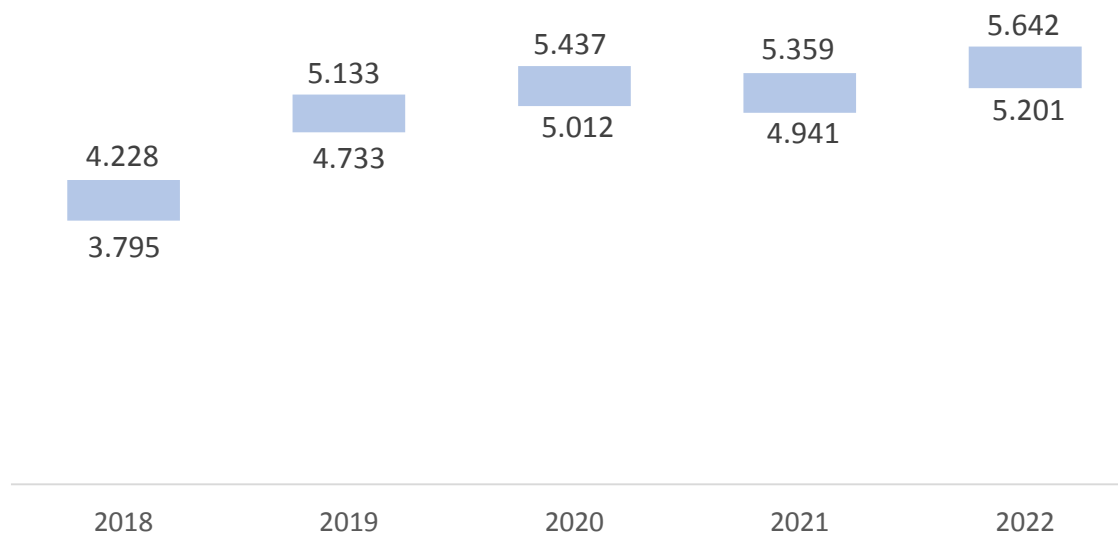
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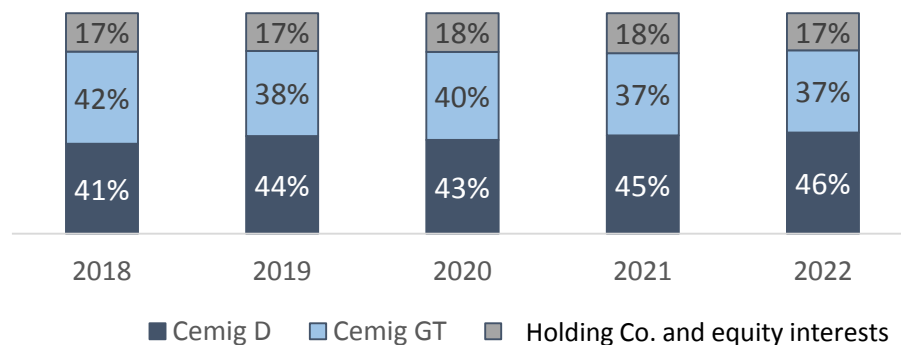
# CEMIG – Guidance, 2018–22

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## Breakdown of Ebitda



Source: Cemig

Constant June 2018 R\$ mn

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