



2Q18

Results



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.

Ebitda**R\$810 million in 2Q18****Growth of 9.5% (2Q18/2Q17)****R\$1,817 million****Reduction of 1.3%
(1H18/1H17)****PMSO****R\$710 million****Reduction of R\$177 million (2Q18/2Q17)****R\$1,378 million****Reduction of 14.0%
(1H18/1H17)****Net profit
(adjusted)****R\$236 million****Growth of 71% (2Q18/2Q17)****R\$700 million****Increase of 45.5%
(1H18/1H17)****Telecom assets****R\$649 million - Total amount****Premium of 76.8% on auction reserve price****Success in asset
sale auction****Hedge on Eurobond issue****Accounting effect in net profit: R\$296 million****Second tranche issued: US\$500 million – July 2018**

On August 8, 2018 Cemig held its public auction of telecom assets

Winning bids



Presented by *American Tower do Brasil*

- R\$571 million, 70.41% above reserve price



Presented by *Algar Soluções*

- R\$77.9 million, 139.86% above reserve price

After signature of the sale agreements, conclusion of the transaction will depend on:

- compliance with suspensive conditions as stated in the tender announcement,
- including, if applicable, approval by the Brazilian competition authority, CADE.

Net financial expenses: additional R\$ 449 million

- R\$532 million – Expense (in R\$) on FX variation with increase in USD exchange rate
- R\$83 million – Gain on financial instruments

Financial instruments adopted for protection of foreign currency-denominated debt

- Protection of interest payments- **Swap**
 - The transaction replaces payment of interest charges at 9.25% in US dollars with 150.49% of the local CDI rate
- Protection of the principal - **Call Spread**
 - Protection for variation in R\$/US\$ Exchange rate between floor of R\$3.25 and ceiling of R\$5.00
 - Within this band, the Company pays the floor amount, at maturity. If the ceiling is exceeded, at maturity the Company pays the floor level of R\$3.25 plus the difference between the US\$/R\$ exchange rate and the ceiling level of R\$5.00.

Fair value calculation:

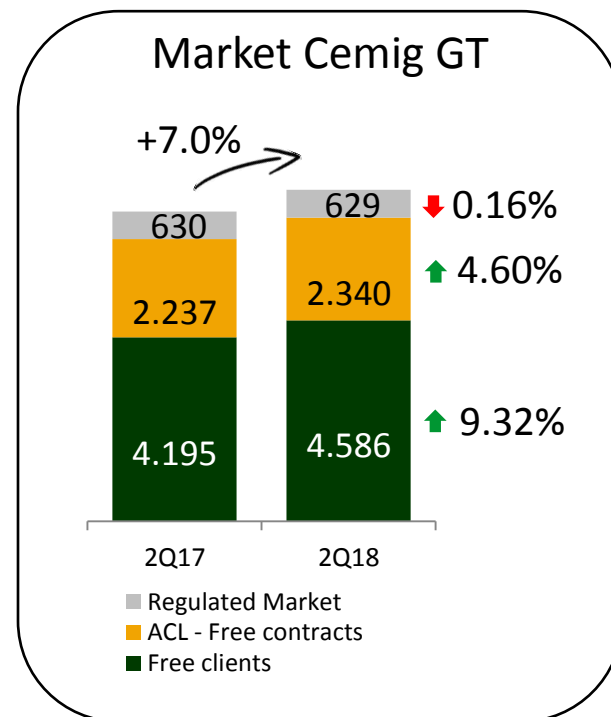
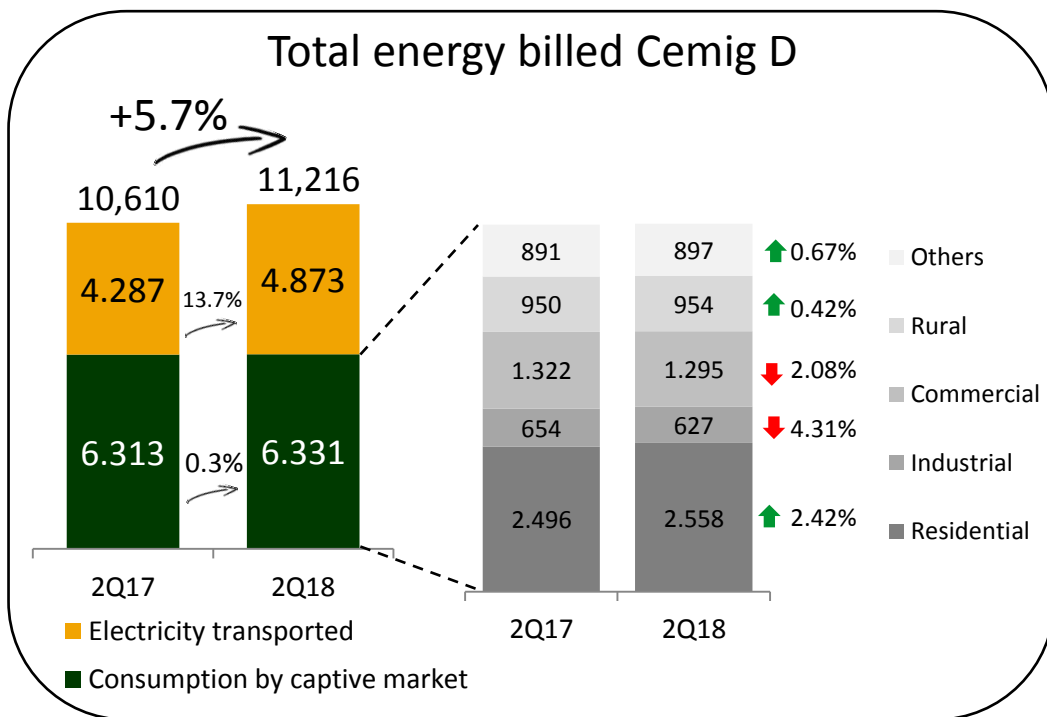
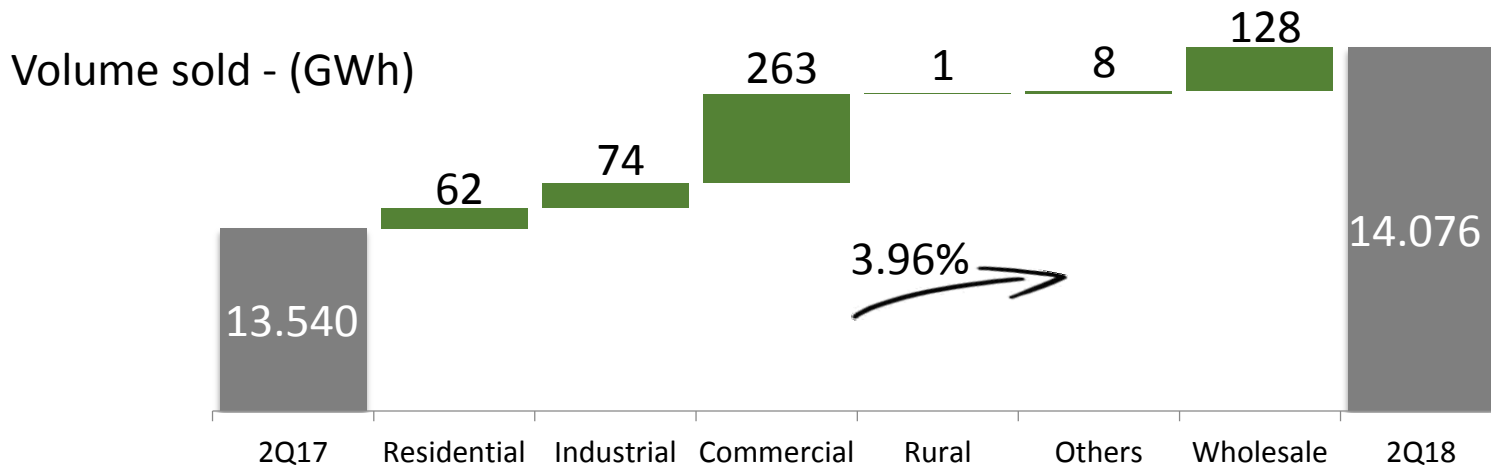
The main variables used in the calculation of **fair value** of these hedge transactions are:

- Expectations for future variations in the **CDI** rate and
- the **US dollar** exchange rate.

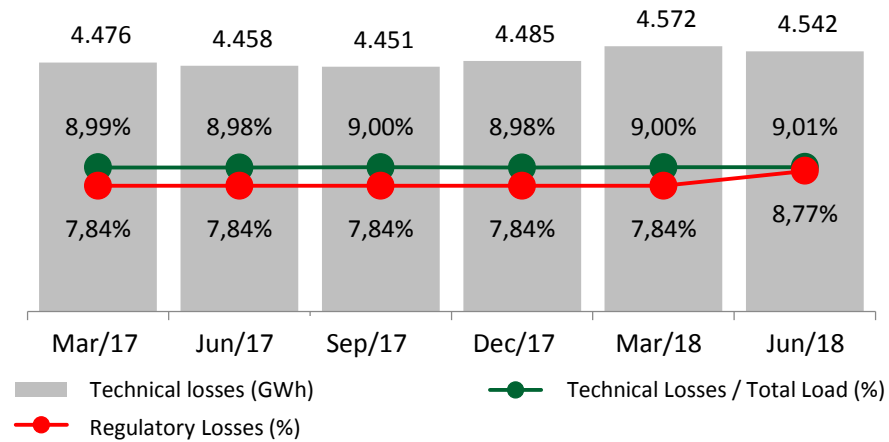
Note:

- The net expense of R\$449 million is **non-cash**: it is an accounting effect.
- **Cash flow** is protected from FX variation by the financial instruments contracted.

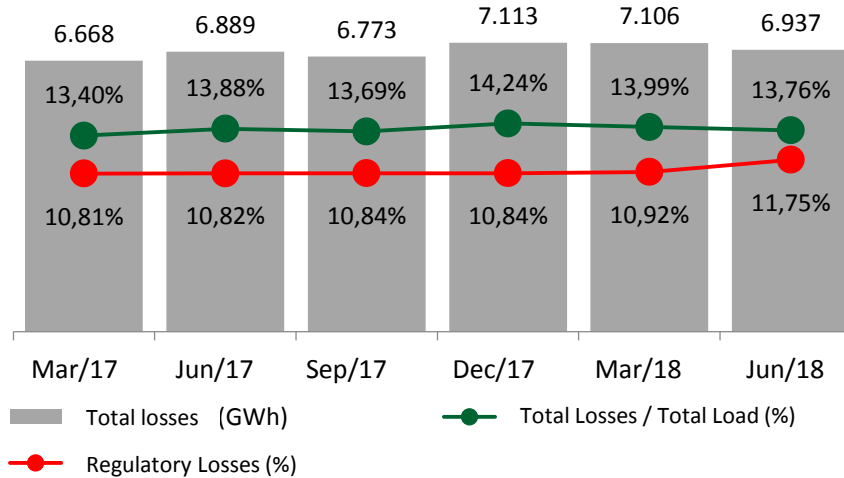
The foreign exchange variation expense not being offset, in the half-year, by the hedge instruments contracted, resulted in a net negative accounting effect for the transaction in this period – and was caused by expected future values for variation resulting from the CDI rate (as indicated by the domestic future interest rates curve) being higher than the figures indicated by the future curve for the R\$/US\$ exchange rate. This situation, which occurred basically in the months of May and June 2018, was due to the instability of the macroeconomic scenario.



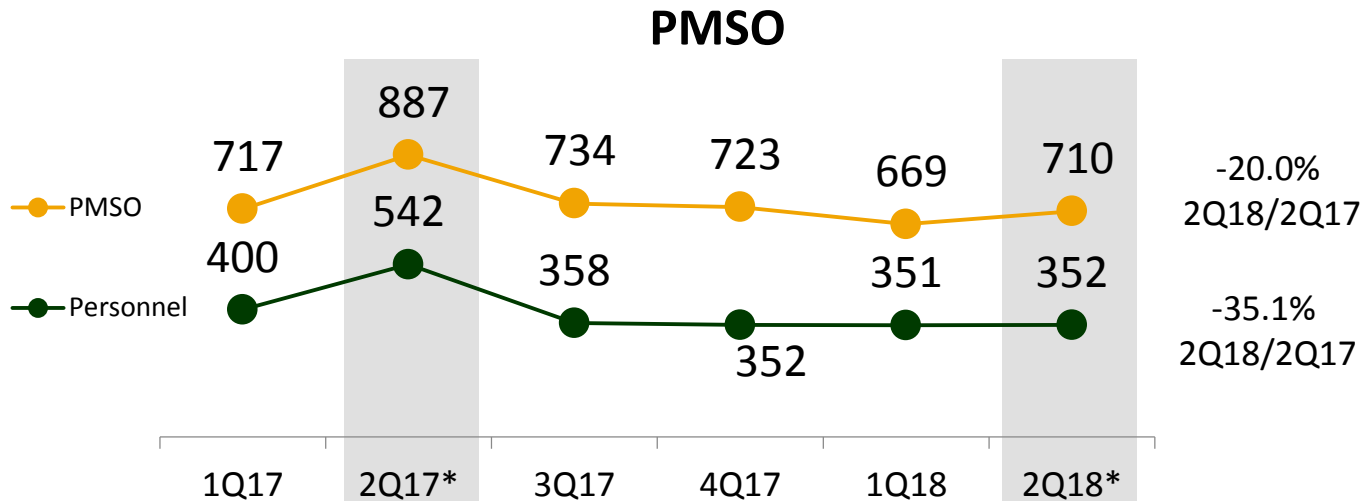
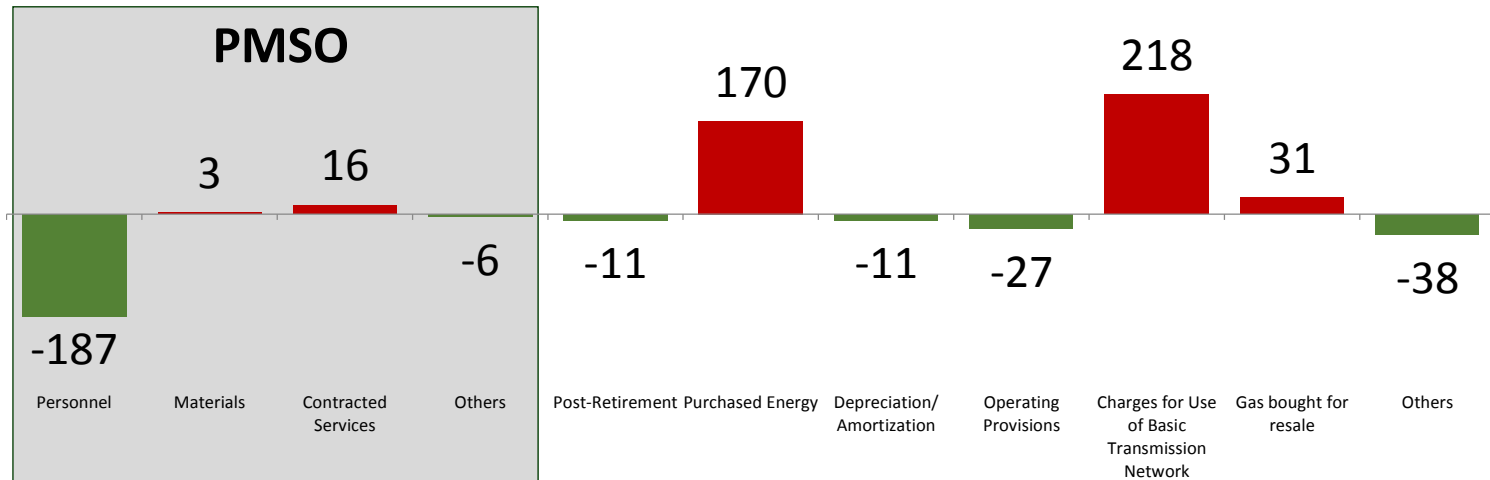
Technical losses



Total losses

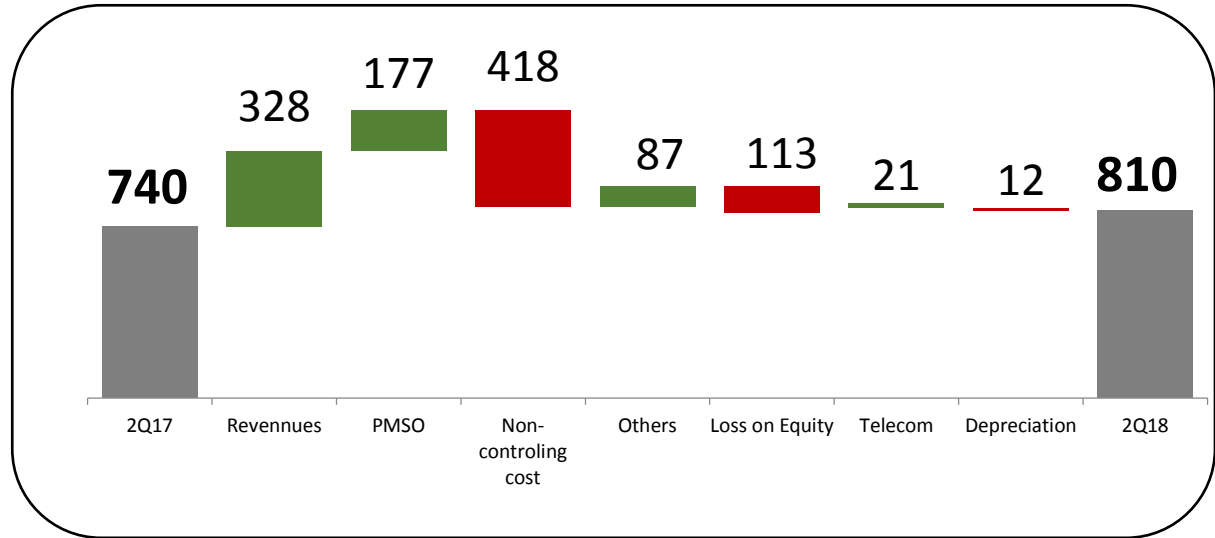
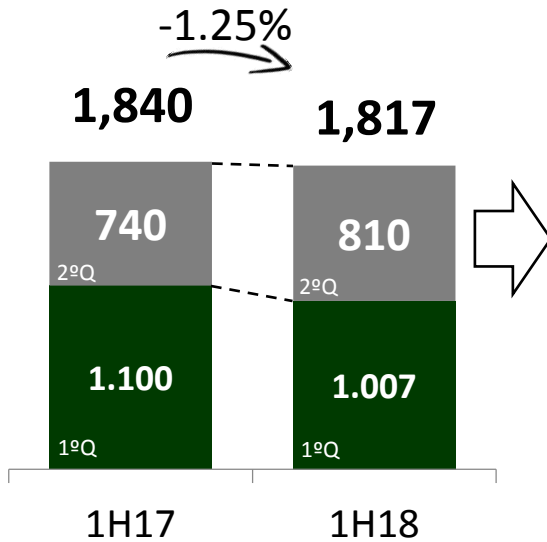


Change in consolidated operational expenses– 2Q18/2Q17

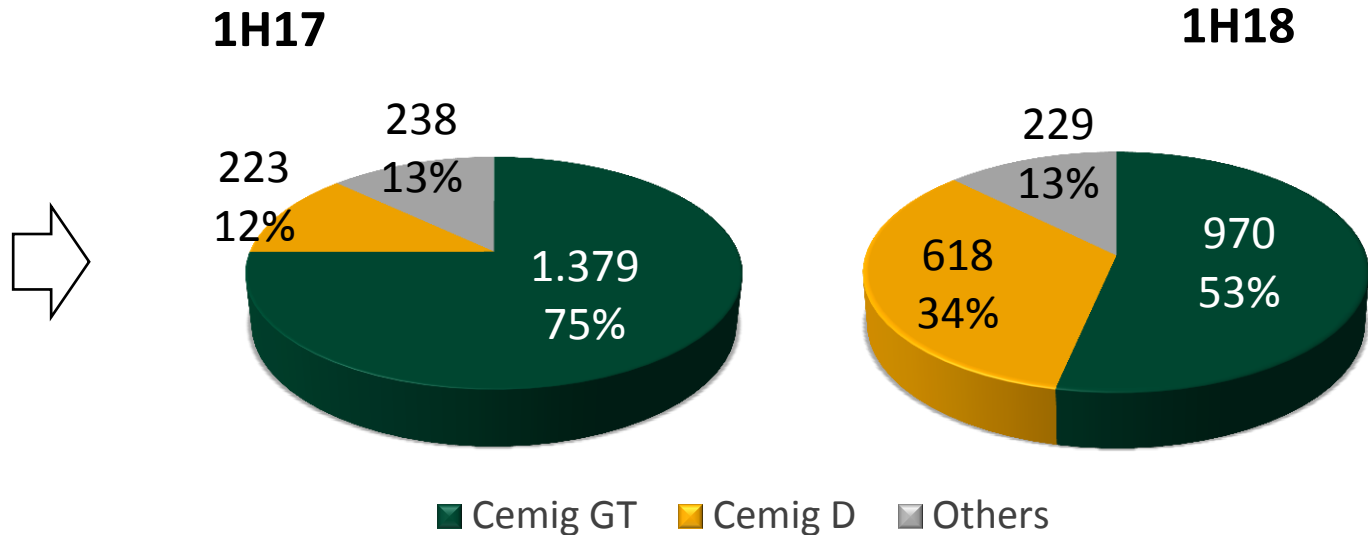


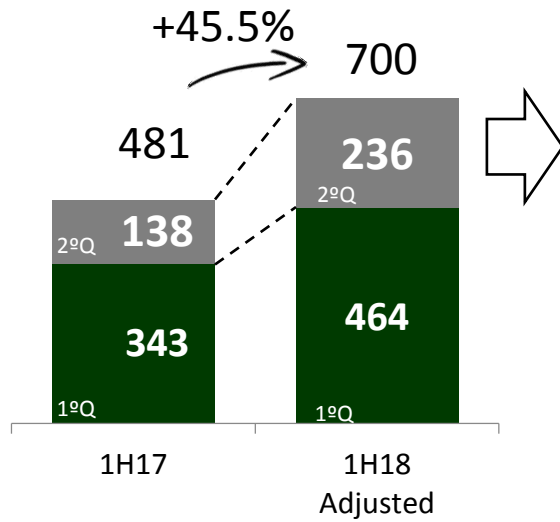
* Expense on employees joining the voluntary retirement plan: R\$26 million in 2Q18 and R\$165 million in 2Q17

Growth of 9.5 % - 2Q18/2Q17

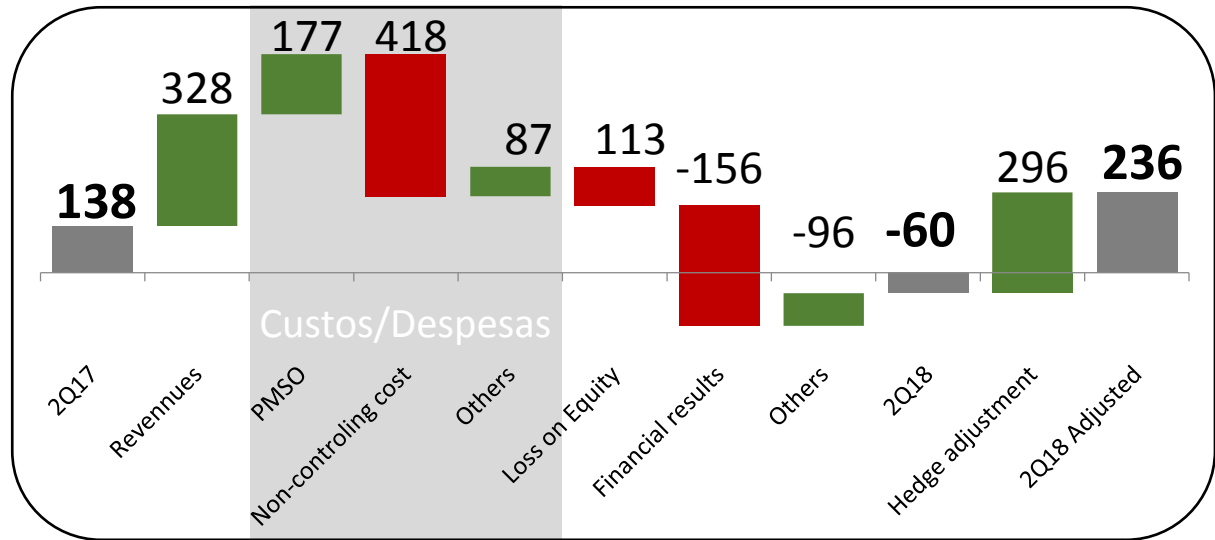


By Company

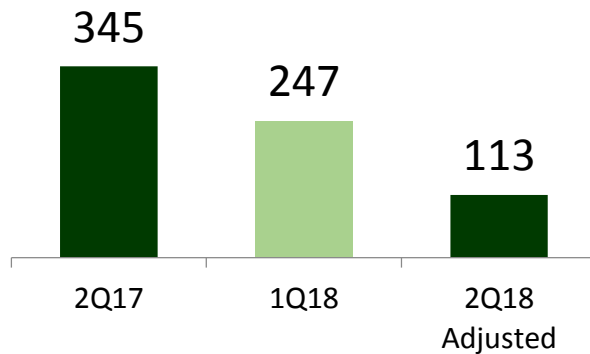




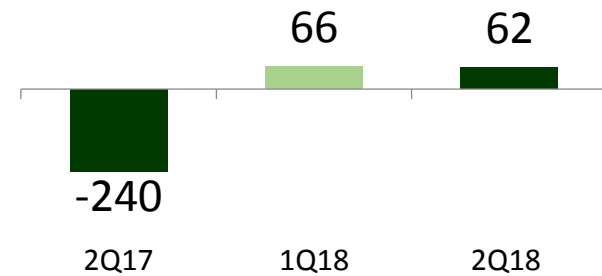
Growth of 71% 2Q18/2Q17



Net profit Cemig GT



Net profit Cemig D



An additional tranche of the December 5, 2017 **Eurobond issue** was issued on July 18, 2018

- Amount: US\$500 million
- Yield: 9.14% p.a.
- Interest: Six-monthly
- Maturity of principal: December 2024

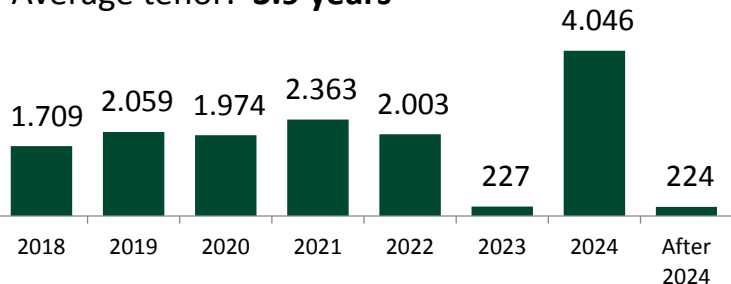
Financial instruments adopted for protection of foreign currency-denominated debt in the additional tranche:

- Protection of interest payments: **Swap**
 - The transaction replaces the payments of interest charges at 9.25% in US dollars with 125.52% of the local CDI rate.
- Protection of the principal: **Call Spread**
 - Protection for variation in the USD exchange rate between: floor of R\$3.85 and ceiling of R\$5.00
 - Within this band, the Company pays the floor amount, at maturity. If the ceiling is exceeded, at maturity the Company pays the floor level plus the difference between the US\$/R\$ exchange rate and the ceiling level of R\$5.00.

Maturities timetable

Total net debt: **R\$13.3 billion**

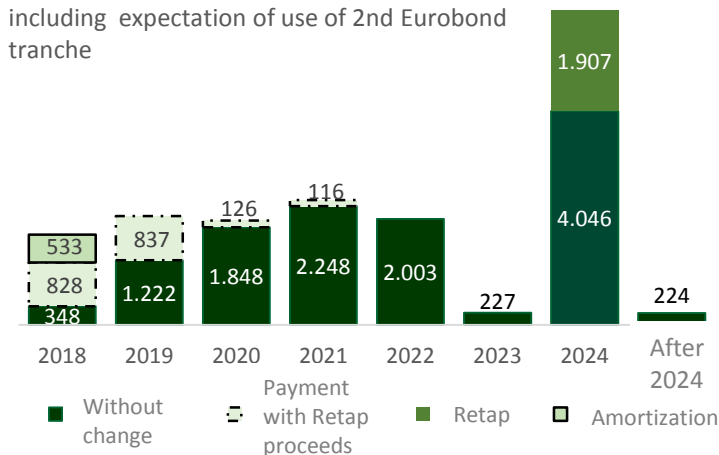
Average tenor: **3.9 years**



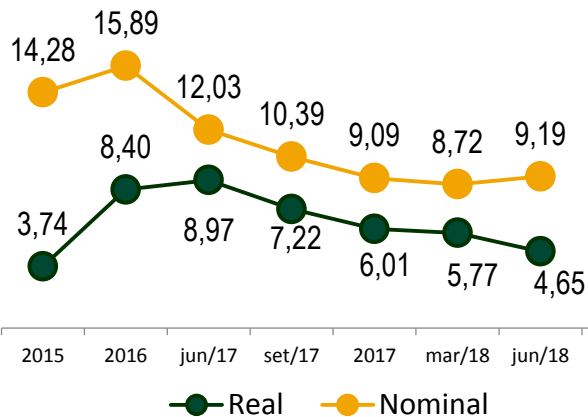
Cemig GT: amortized R\$ 533 million in Debentures and made early repayment of R\$ 385 million, with proceeds of the second Eurobond tranche.

Maturities timetable – pós Retap

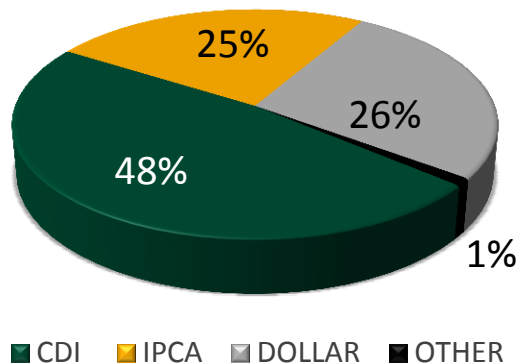
Consolidated debt (in R\$ of July 2018) - including expectation of use of 2nd Eurobond tranche



Cost of debt- %

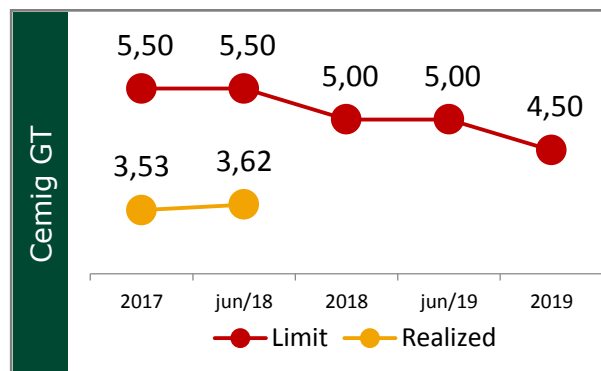
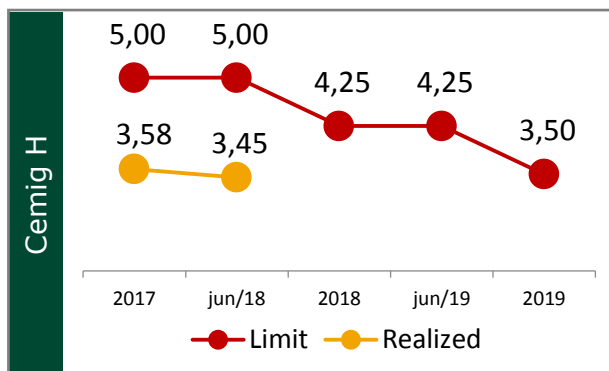


Main indexors

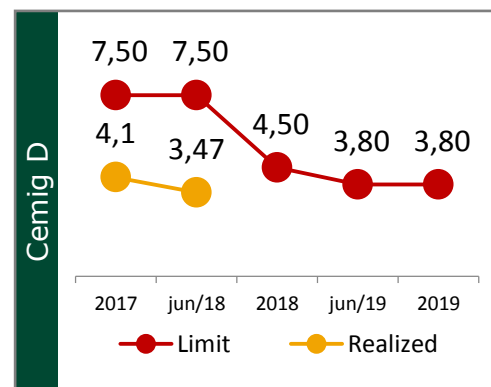
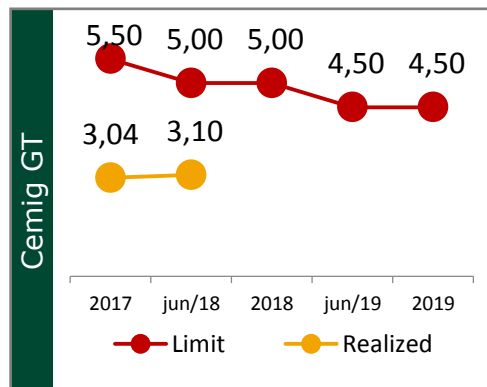
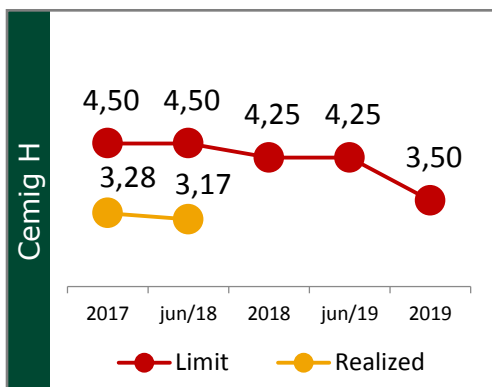


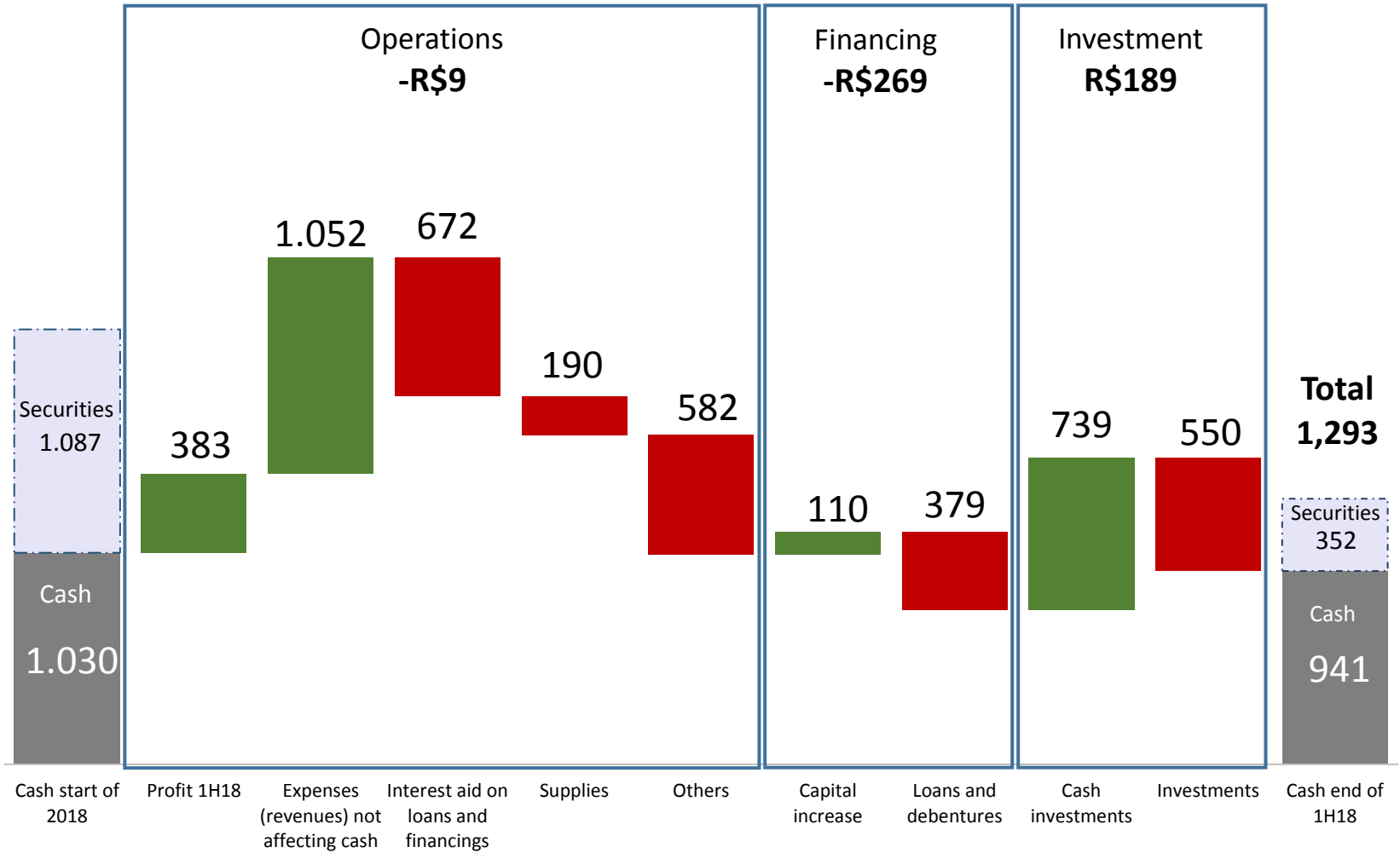
Net debt/Ebitda

Eurobonds' Covenant - (LTM – last twelve months)



Reprofiling's Covenant - (LTM – last twelve months)







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