

XXIVth

Cemig Annual Meeting
With Investors

The 2019 annual tariff adjustment

Economic Regulation Department

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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.

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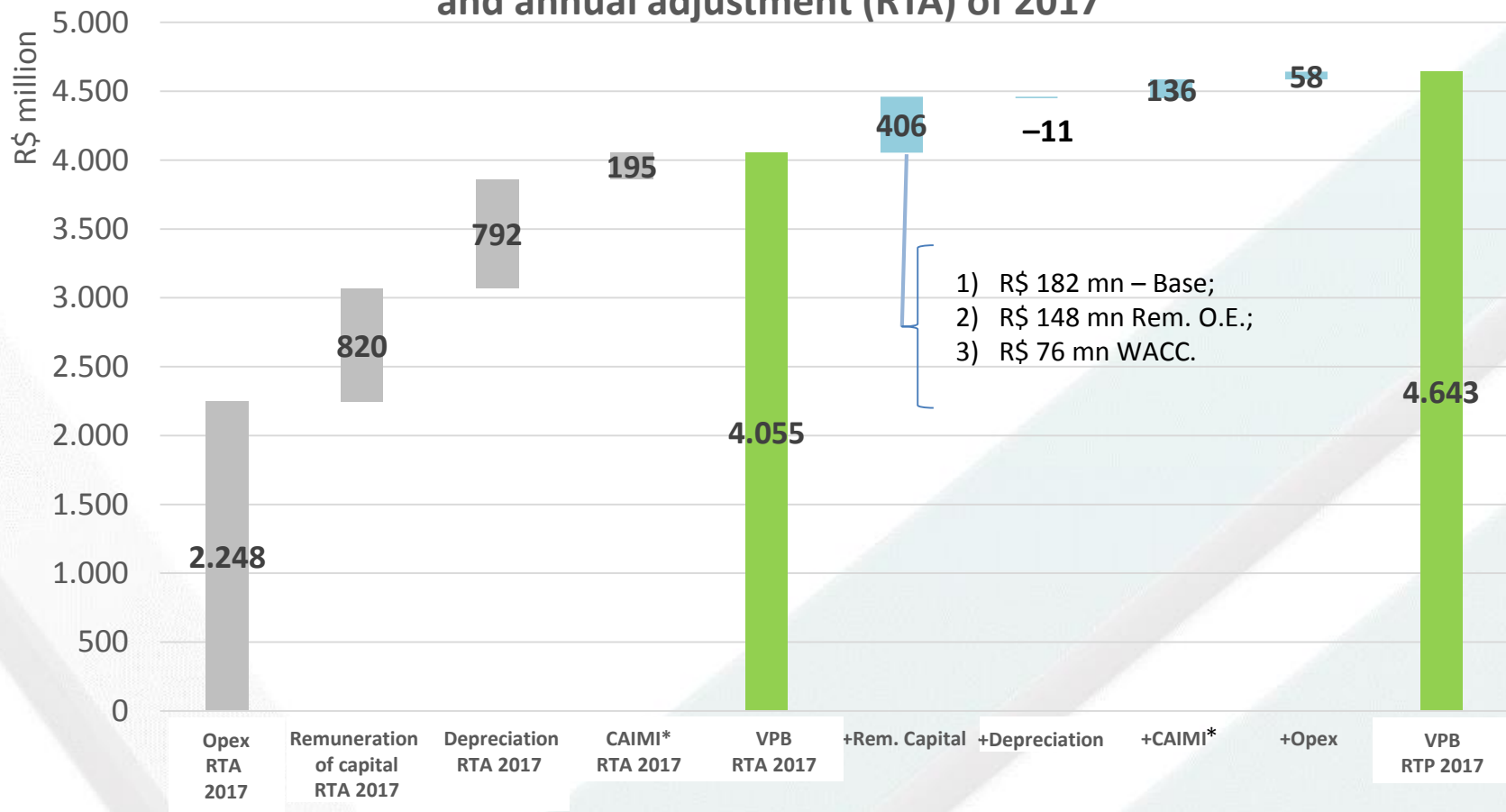
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In this material, financial amounts are in **R\$ million (R\$ mn)** unless otherwise stated. Financial data reflect the adoption of IFRS

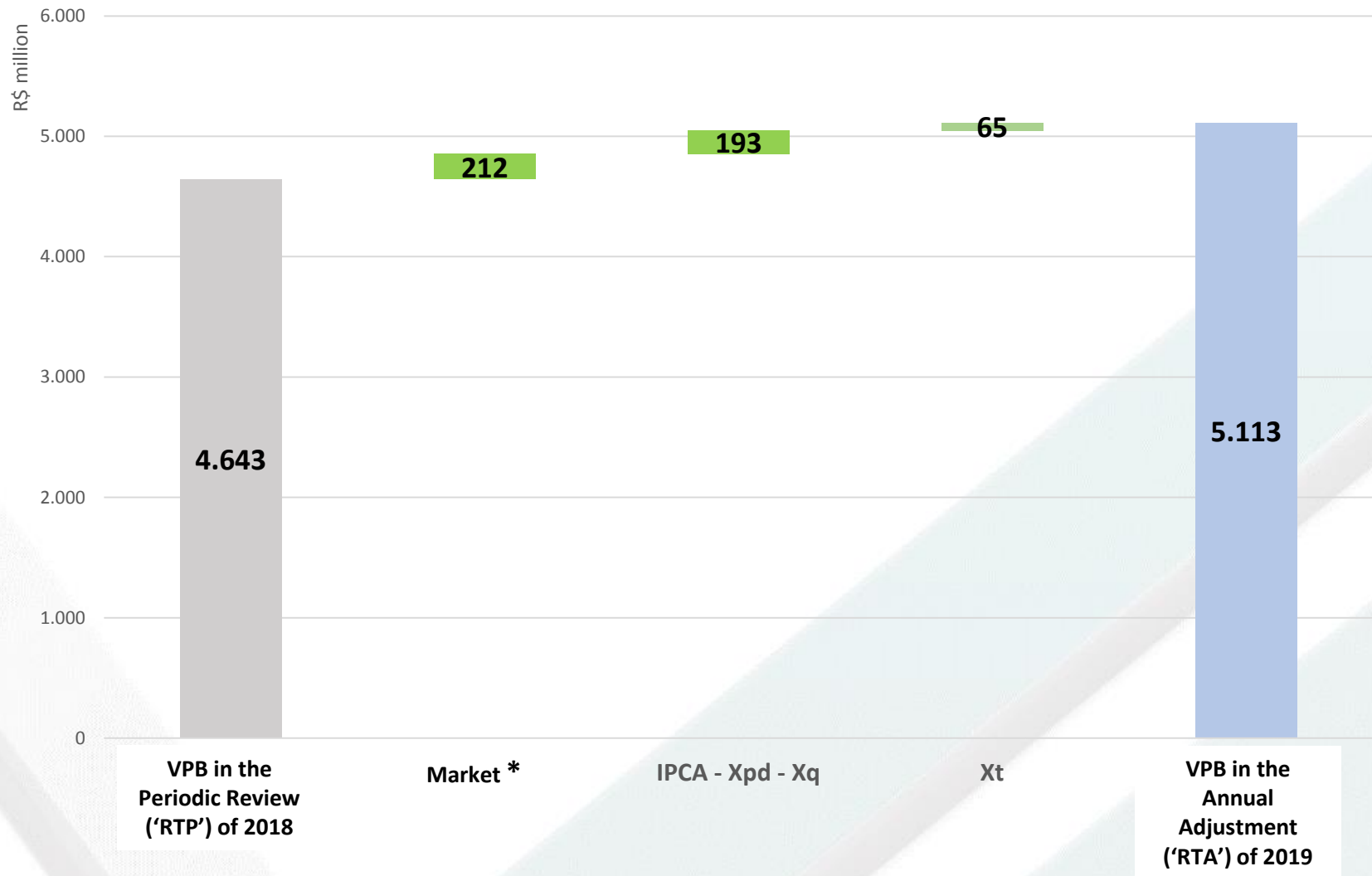
VPB was R\$ 589 million higher in 2018

VPB (Value of Portion B) at the 2018 Periodic Tariff Review (RTP) and annual adjustment (RTA) of 2017



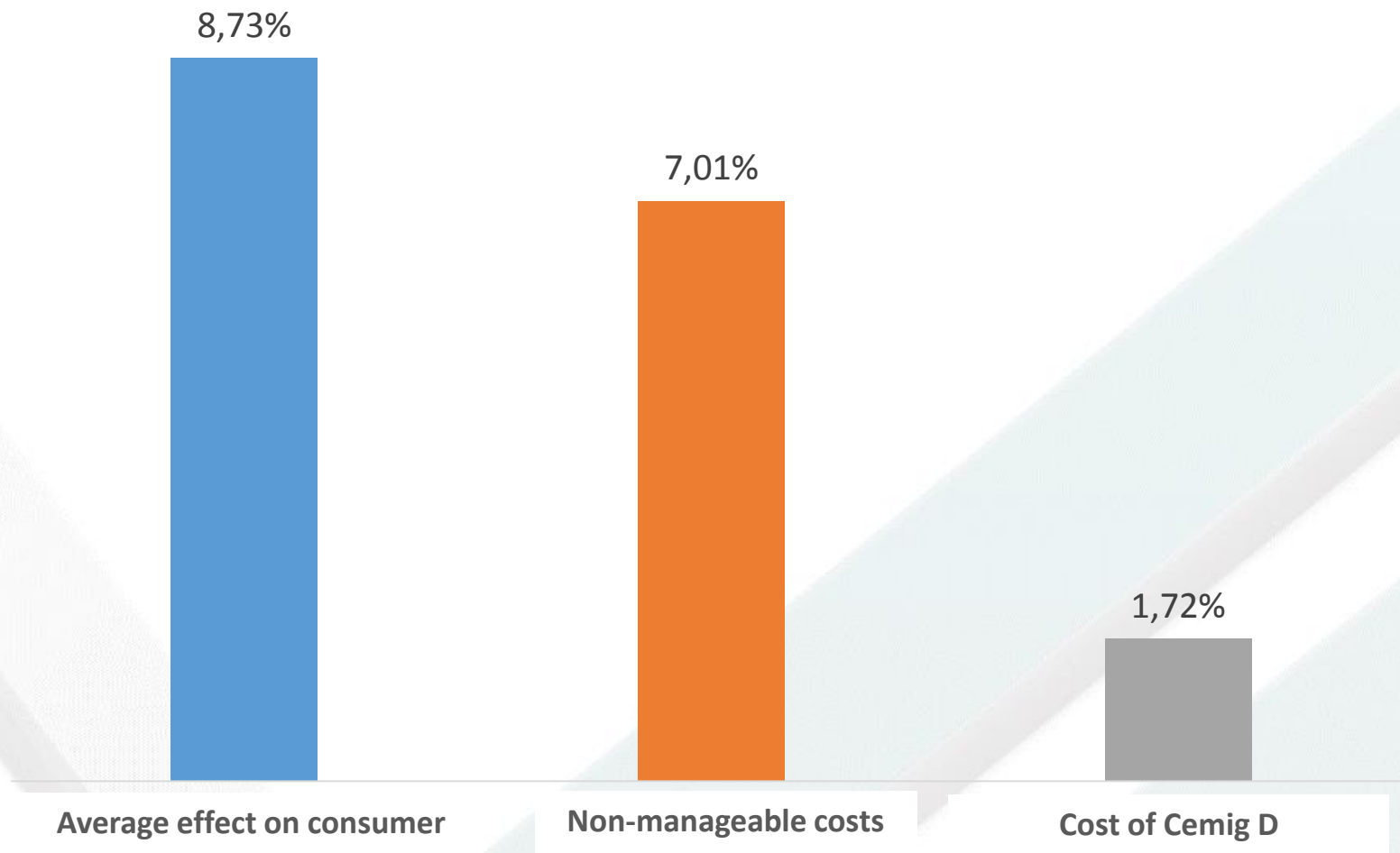
(* Caimi = annual property/equip. running costs.)

VPB in 2019

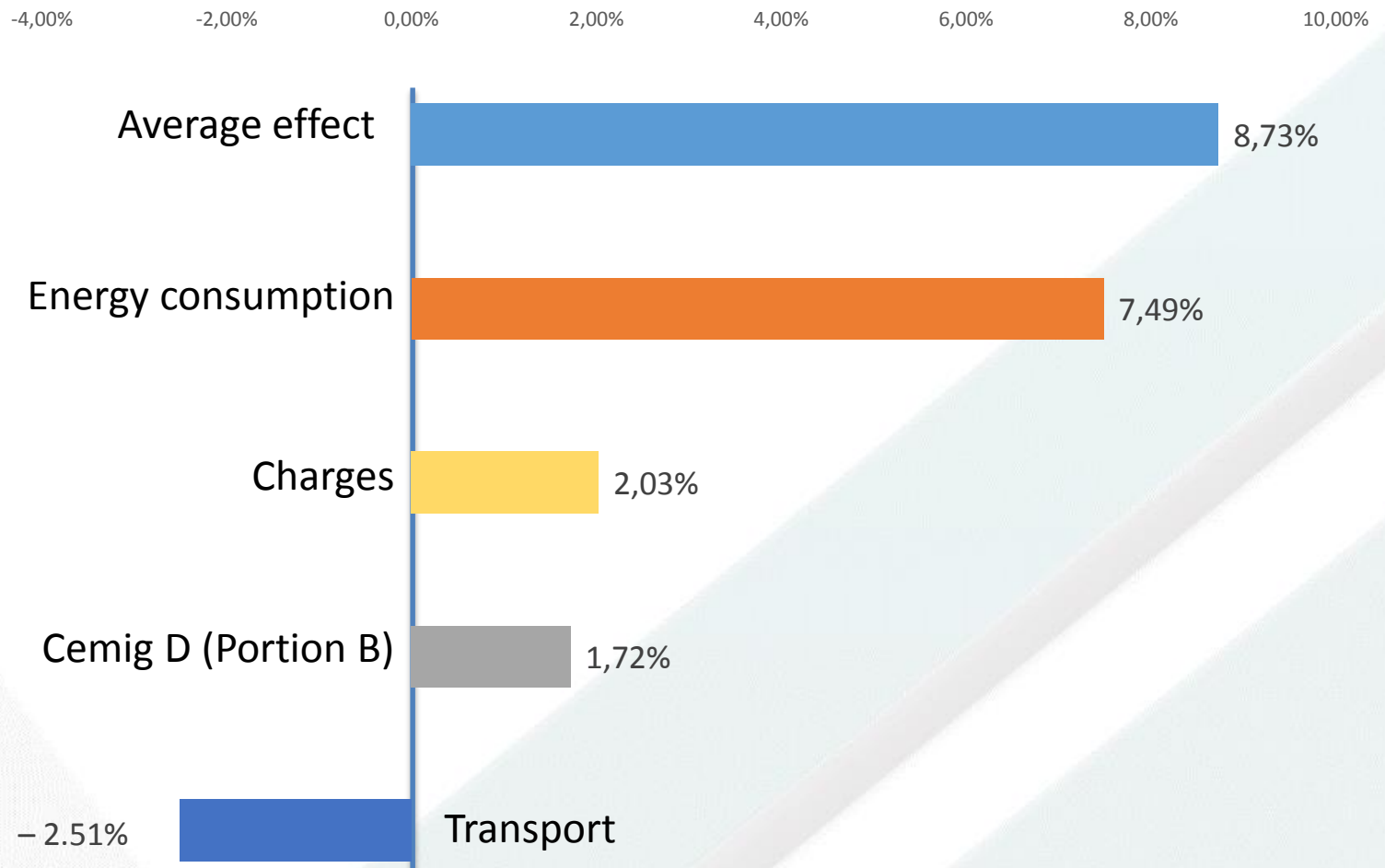


* Average increase: 3.66%.

Impact to consumers was mainly non-manageable items



Power supply had the biggest impact in the tariff increase



Average effect – by voltage level

Including effect of subsidies

SUBGROUP	VARIATION (%)	TUSD				TE (%)
		TUSD (%)	TUSD, load B (%)	TUSD, CDE (%)	TUSD, OTHERS (%)	
A2	15.18	14.4	1.4	11.2	1.9	0.8
A3	9.19	8.0	2.0	2.8	3.3	1.2
A4	8.88	6.4	1.2	4.5	0.7	2.5
B1	6.93	4.6	0.4	2.7	1.5	2.4
B2	16.11	9.7	3.0	3.7	3.0	6.4
B3	7.26	4.8	0.4	2.9	1.5	2.4
A	10.71	8.7	1.2	6.4	1.1	2.0
B	7.89	5.1	0.6	2.9	1.6	2.8
A+B	8.73	6.2	0.8	3.9	1.5	2.5

Source: Aneel PCAT (tariff breakdown) spreadsheet.

Average effect – by voltage level

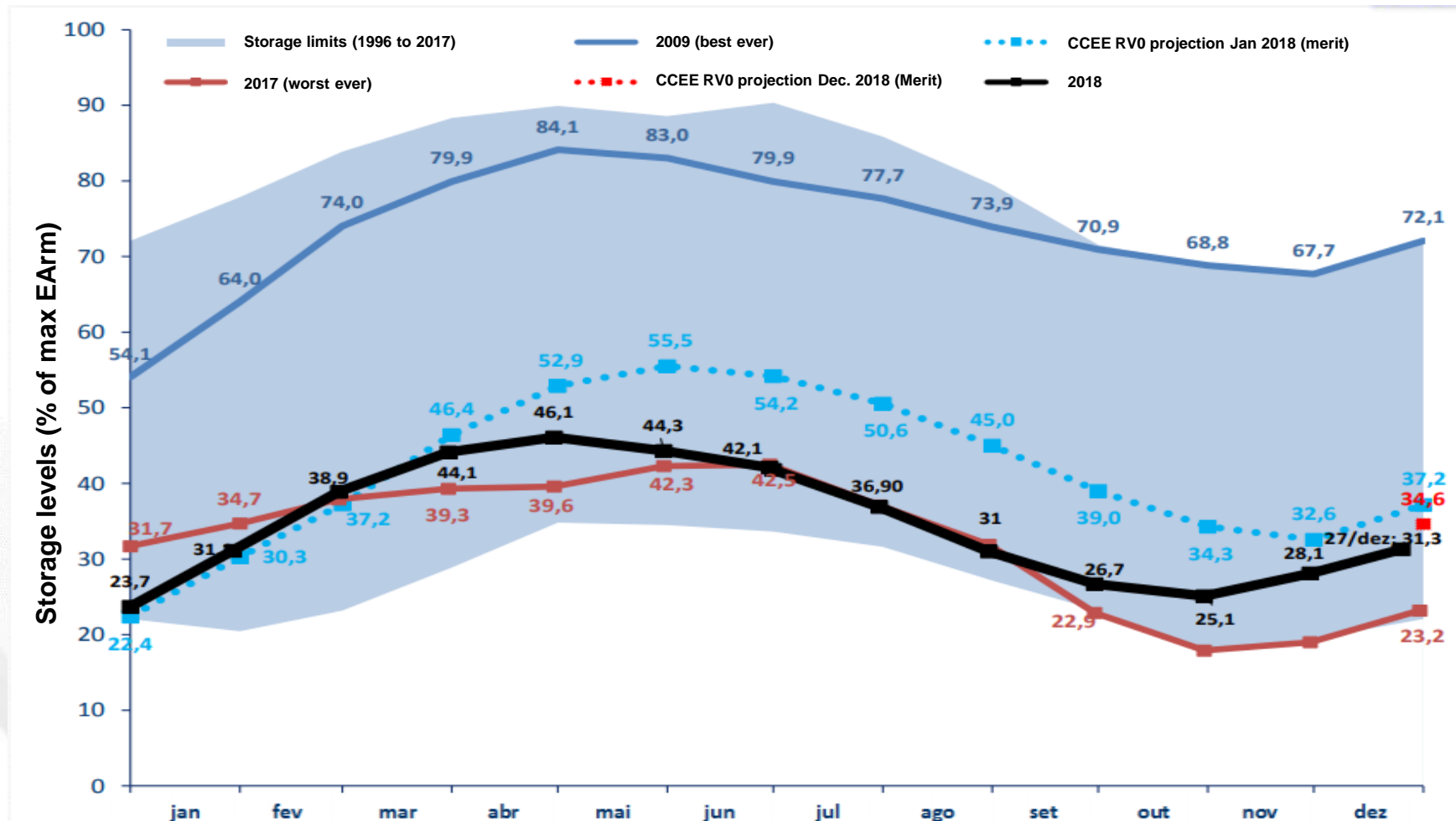
Without effect of subsidies

SUBGROUP	VARIATION (%)	TUSD				TE (%)
		TUSD (%)	TUSD, load B (%)	TUSD, Charges (%)	TUSD, OTHERS (%)	
A2	14.40	24.8	9.7	12.5	2.6	-10.4
A3	8.84	13.0	6.4	2.0	4.6	-4.1
A4	7.56	6.2	3.9	1.7	0.5	1.4
B1	6.84	6.2	2.6	1.2	2.4	0.6
B2	7.07	6.5	2.7	1.3	2.4	0.6
B3	7.07	6.5	2.7	1.3	2.4	0.6
A	9.43	10.0	5.3	3.7	1.1	-0.6
B	6.94	6.3	2.7	1.3	2.4	0.6
A+B	7.72	7.3	3.3	1.8	2.2	0.4

Source: Aneel PCAT (tariff breakdown) spreadsheet.

In 2018 hydrology conditions were adverse

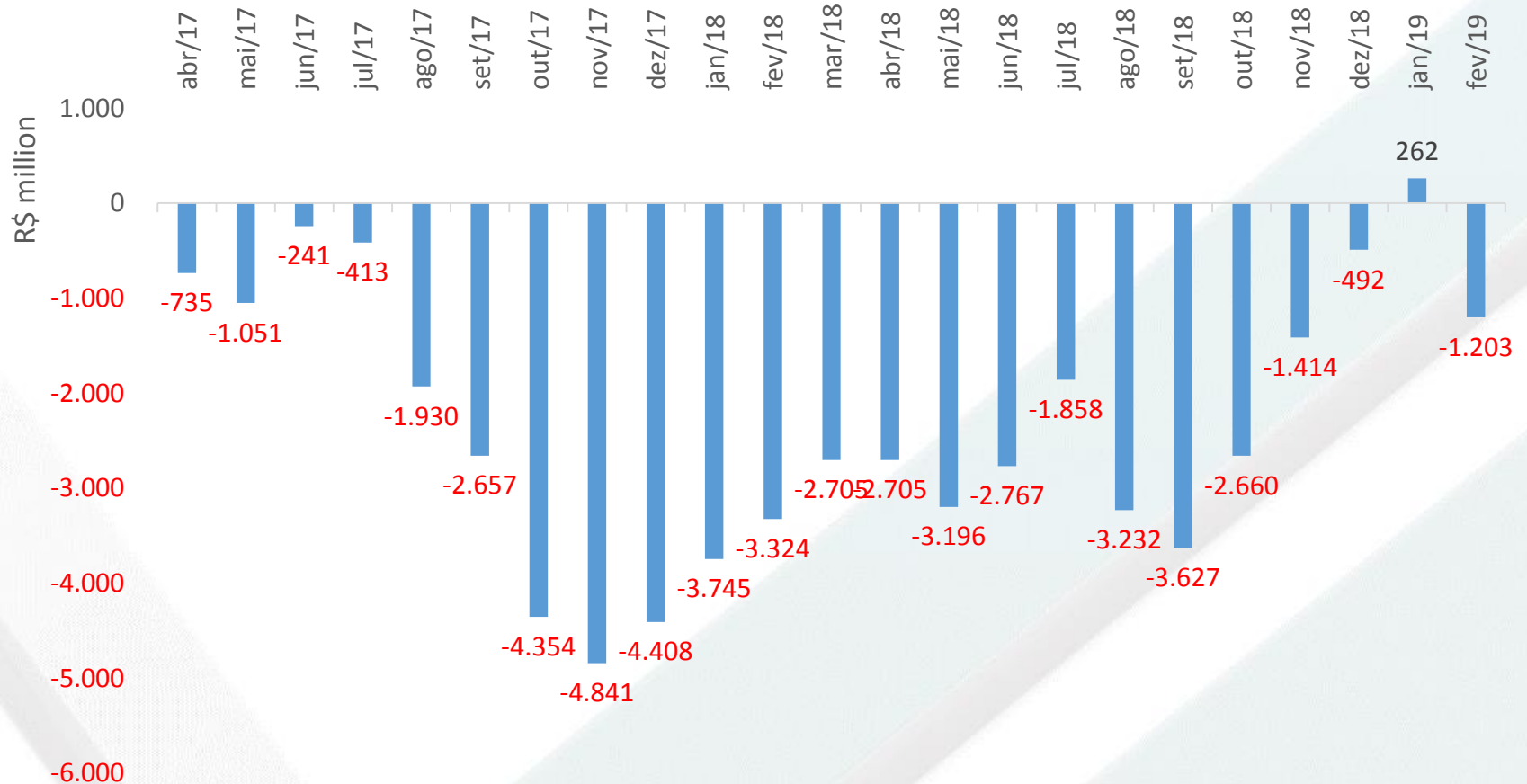
Reservoir storage levels (whole national grid)



The criterion for identifying best- and worst-ever years is: storage level at the end of November each year (end of dry season).

Tariffs were insufficient to cover energy purchases

Balance of 'Flag' accounts – whole of Brazil



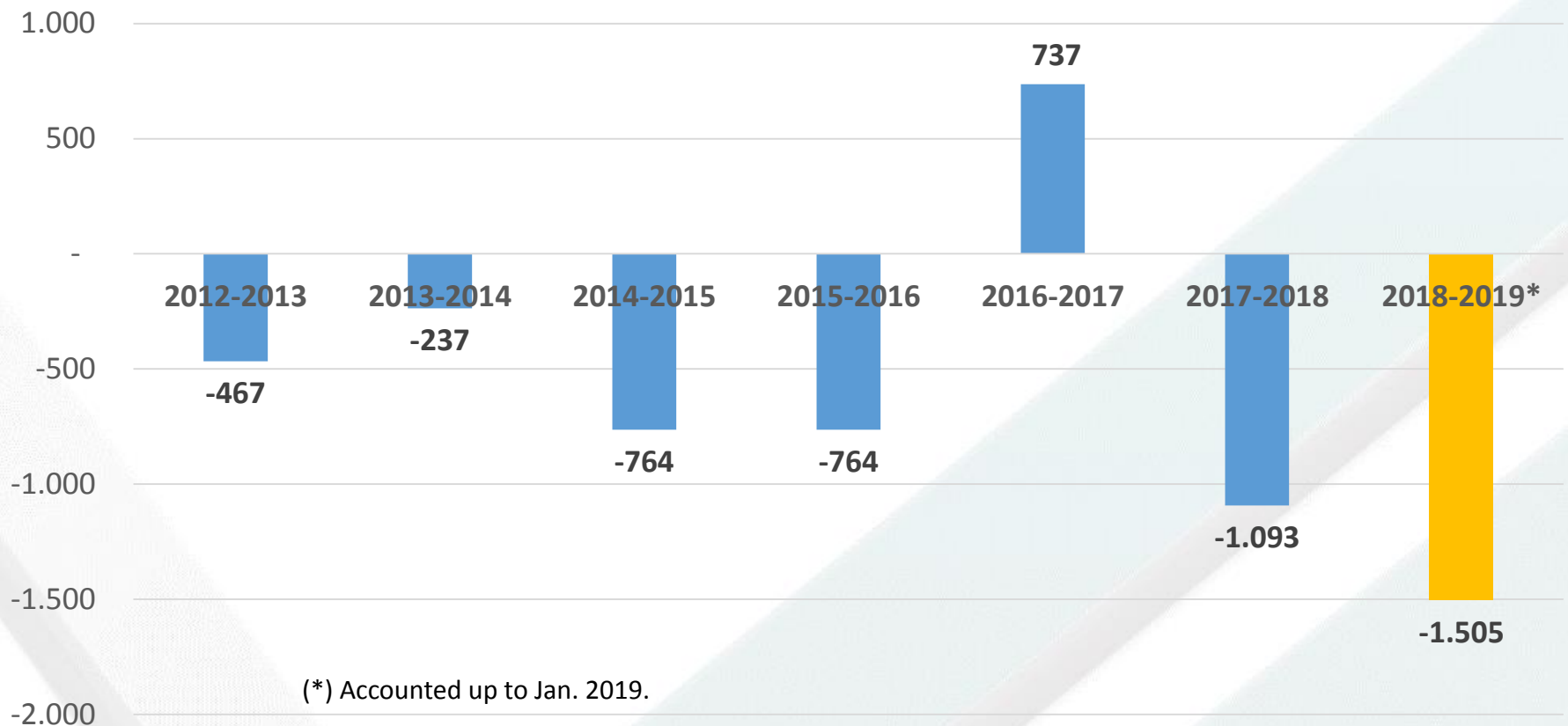
Tariffs were insufficient to cover energy purchases

Balance of 'Flag' accounts – Cemig D



Tariff coverages have been insufficient

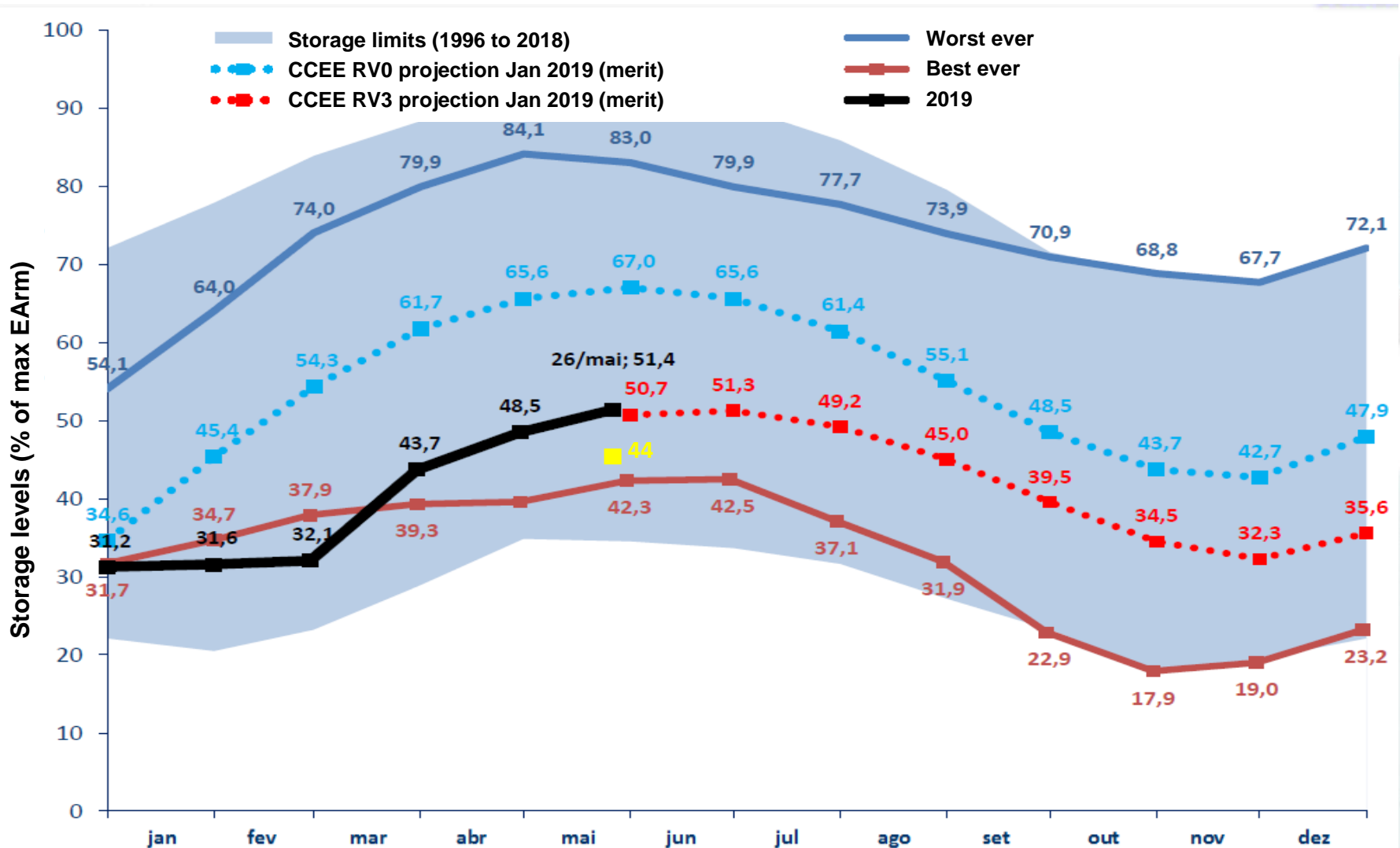
CVA amount – posted on 5th business day of month (current R\$ million)



Total deficit: R\$ 4.01 billion

In 2019 hydrology has been better ... (so far ...)

Reservoir storage levels – all of national grid



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