

CEMIG

3Q19

RESULTS



Disclaimer

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 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).

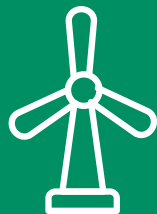
In this material, financial amounts are in **R\$ million (R\$ mn)** unless otherwise stated. Financial data reflect the adoption of IFRS.



Highlights



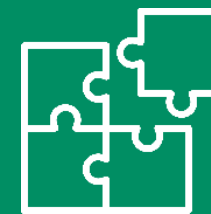
Provision for social security contributions on profit shares



Cemig GT - 4th Auction to purchase renewable-source supply



Cemig quality indicators



Gain on disposal and re-measurement of equity interest

Provision for tax claim

– Social Security contributions on profit shares

- The federal tax authority opened administrative and judicial proceedings against Cemig relating to:
 - **Social security contributions on profit sharing payments, in 1999–2016.**
- The authority argues that Cemig had not complied with Law 10101/2000, by allegedly not previously established clear rules and objectives for distribution of these amounts.
- The chances of loss in this dispute have been reassessed, from ‘possible’ to ‘probable’.

Amounts provisioned – R\$ '000			
Cemig H	Cemig D	Cemig GT	Total
160,259	763,729	258,625	1,182,613

Impact on net profit (R\$ '000)			
116,277	566,833	179,252	862,313

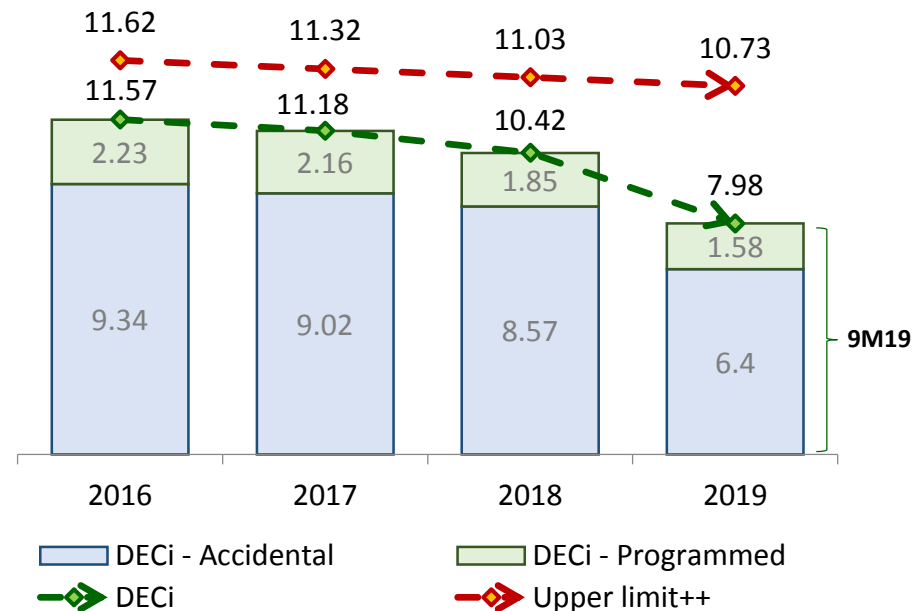
4th auction to acquire renewable supply

- Successful auctions to buy incentive-bearing supply
 - solar and/or wind – in the Free Market
 - ✓ Incentive is 50% discount on TUSD and TUST.
- Total acquired: **798.97 MW_{average}**

Auctions				
	Date	MW _{average}	Start	Period of supply
1 st	Jun. 6, 2018	431.49	Jan. 2022	20 years
2 nd	Oct. 4, 2018	152.50	Jan. 2022	20 years
3 rd	Sep. 13, 2019	196.98	Jan. 2023	19 years
4 th	Nov. 14, 2019	18.00	Jan. 2023	19 years
Total		798.97 MW_{average}		

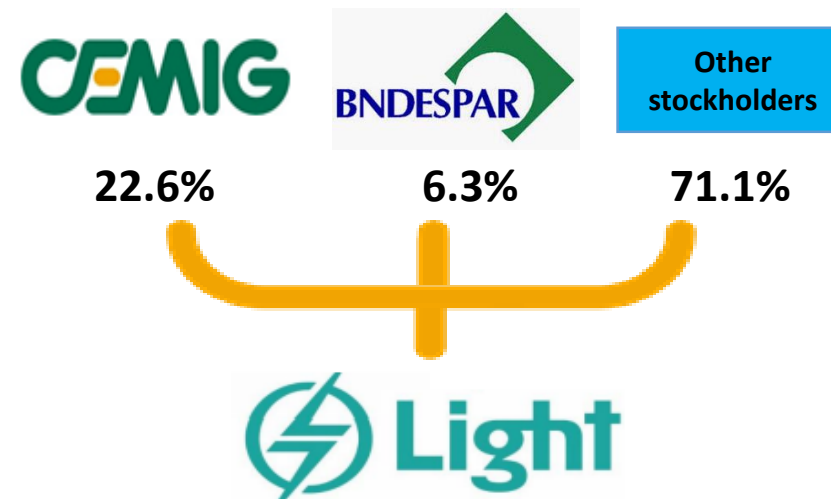
Recalculation of DEC

- Aneel served infringement notice on Cemig
 - ✓ **Disagreement on details** of method used for calculation of the indicators for **2016 and 2017**
 - ✓ Cemig was fined **R\$ 29 million**.
- In **October 2019** Cemig re-presented calculation of the indicators to Aneel.
 - ✓ Indicators **remained** within the required limits.



Disposal of shares in Light

- Cemig maintains commitment to execute its Disinvestment Program
 - ✓ Sold: **33,333,333** shares in Light at **R\$ 18.75** per share.
 - ✓ Total: **R\$ 625 million**.
- **Gain from the disposal** of this position was **R\$ 224 million**.
 - ✓ Capital gain: **R\$ 73 million**.
 - ✓ Result of remeasurement: **R\$ 151 million**.



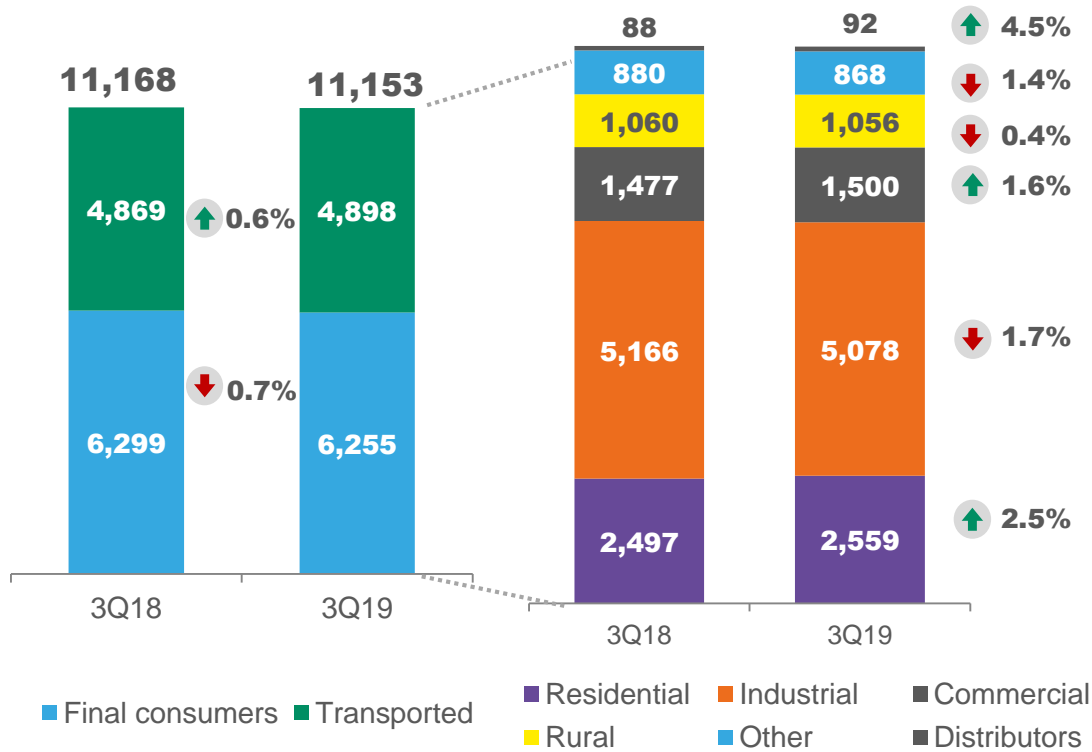
Electricity market of 3Q19 - GWh



Cemig D

Cemig D: Billed market + Transmission

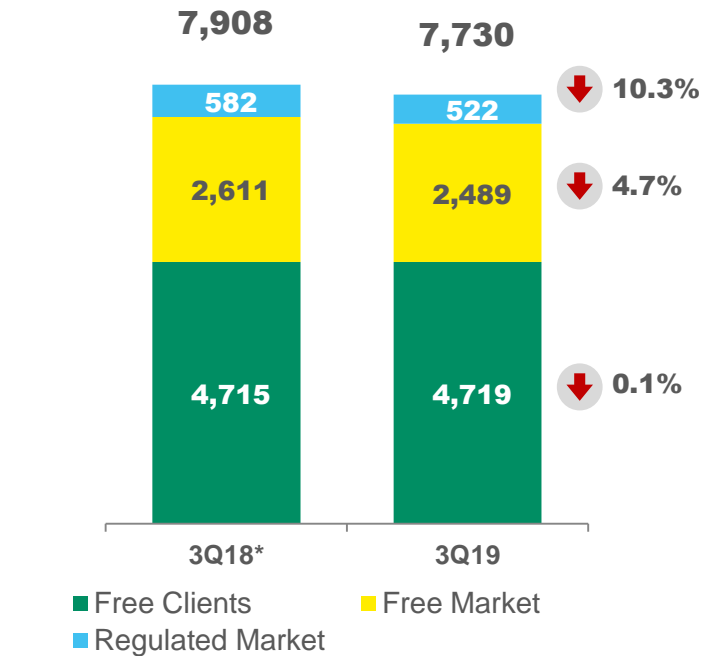
↓ 0.1%



Cemig GT

Market of Cemig GT

↓ 2.2%



Sales in Free Market: traders and generators; and 'bilateral' contracts with other agents.

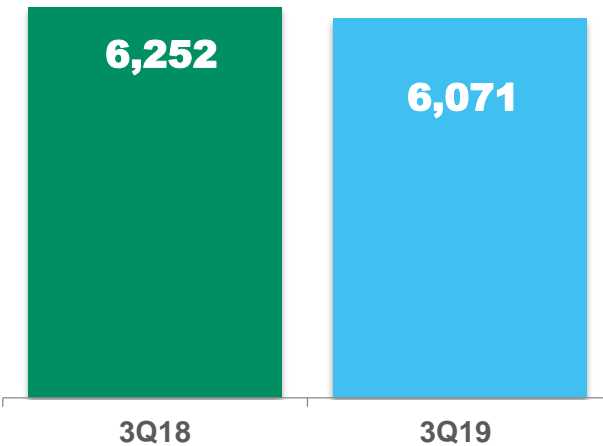
* Includes sales of: Cemig PCH, Horizontes, Sá Carvalho, Rosal, and the Praias de Parajuru and Volta do Rio Wind farms.

Consolidated net revenue in 3Q19

R\$ mn

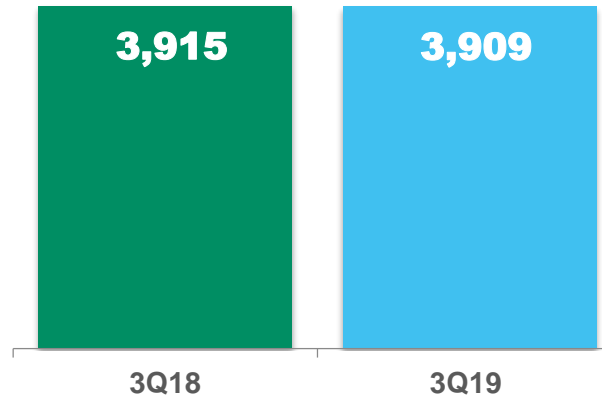
Cemig, Consolidated

3Q18–3Q19:  -2.9%



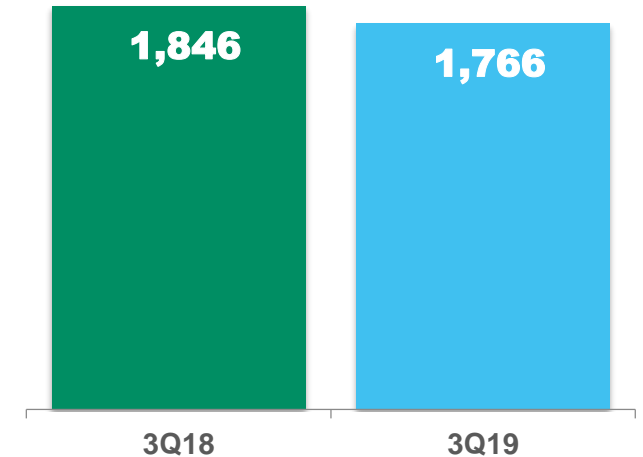
Cemig D

3Q18–3Q19:  0.2%



Cemig GT

3Q18–3Q19:  -4.3%

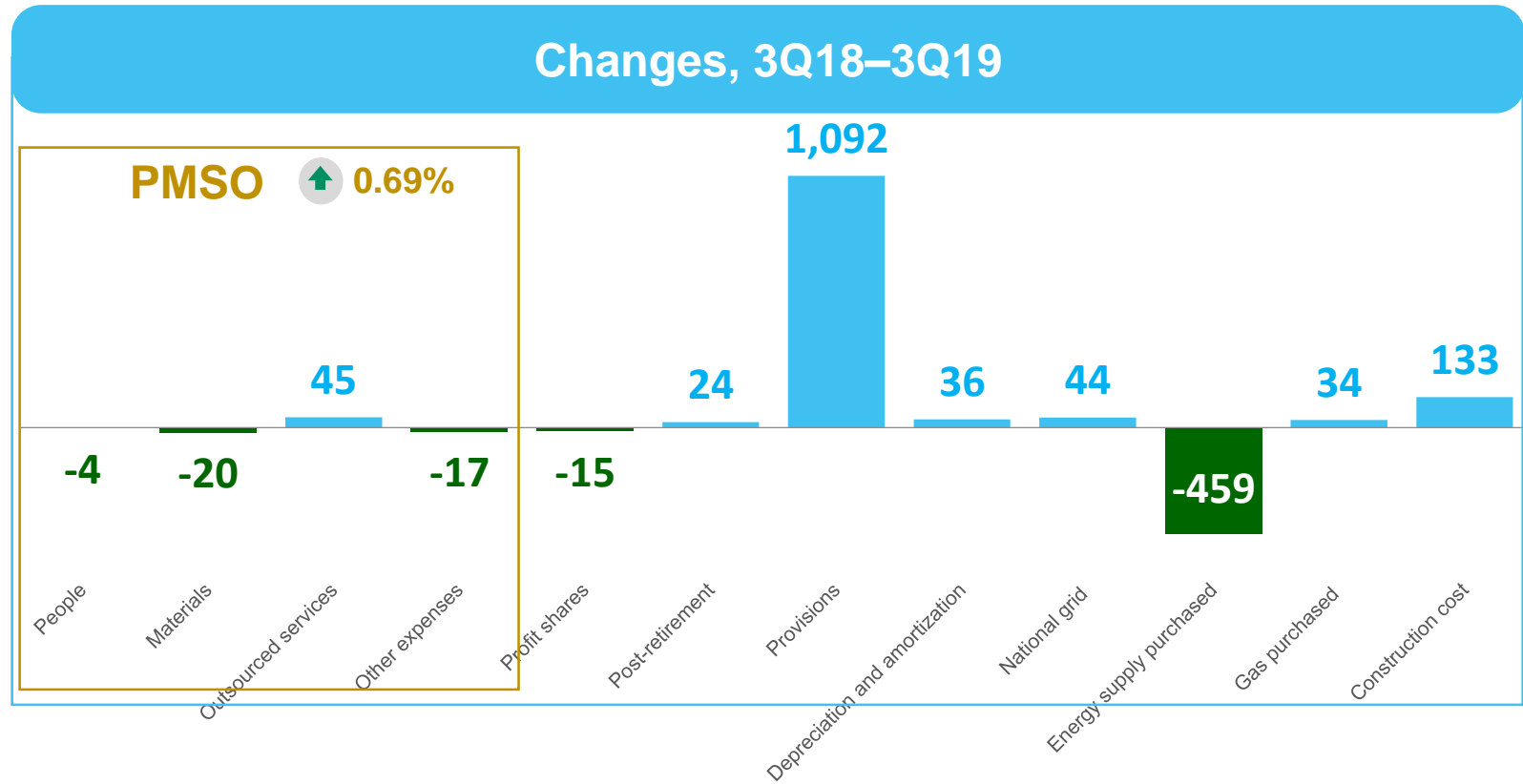
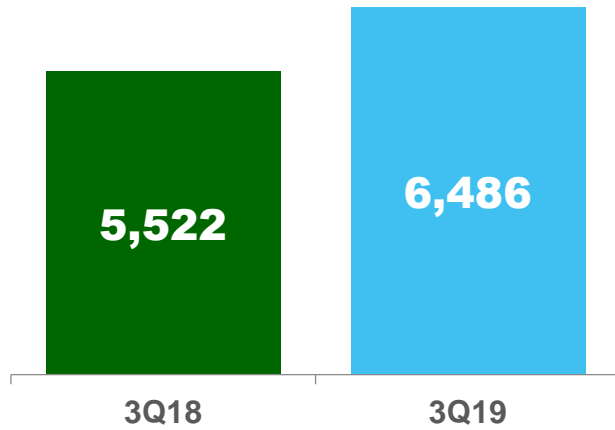


- *CVA and Other financial components*: Total impacting revenue in 3Q19 is down **R\$ 668** million compared to 3Q18.
 - ✓ In 3Q19 – Negative item: **(-) R\$ 35 million**
 - ✓ In 3Q18 – Positive item (gain): **(+) R\$ 633 million**

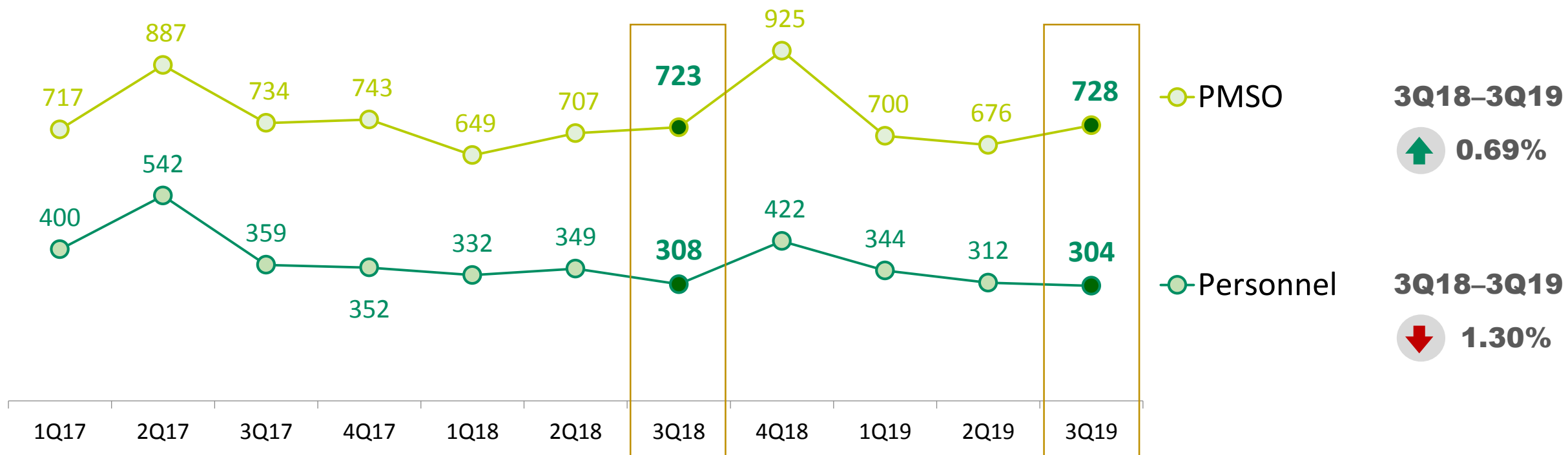
Operating costs and expenses – consolidated

R\$ mn

17.5%



R\$ mn

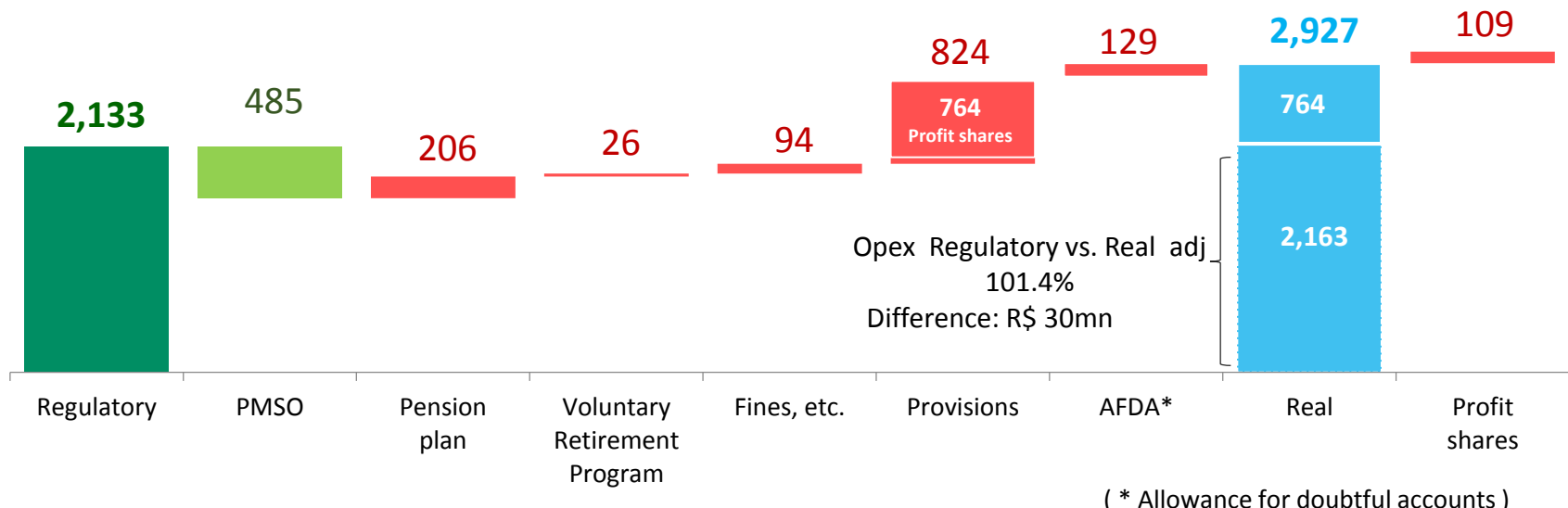


Cemig D: Ebitda, Opex: regulatory vs. real – 9M19



R\$ mn

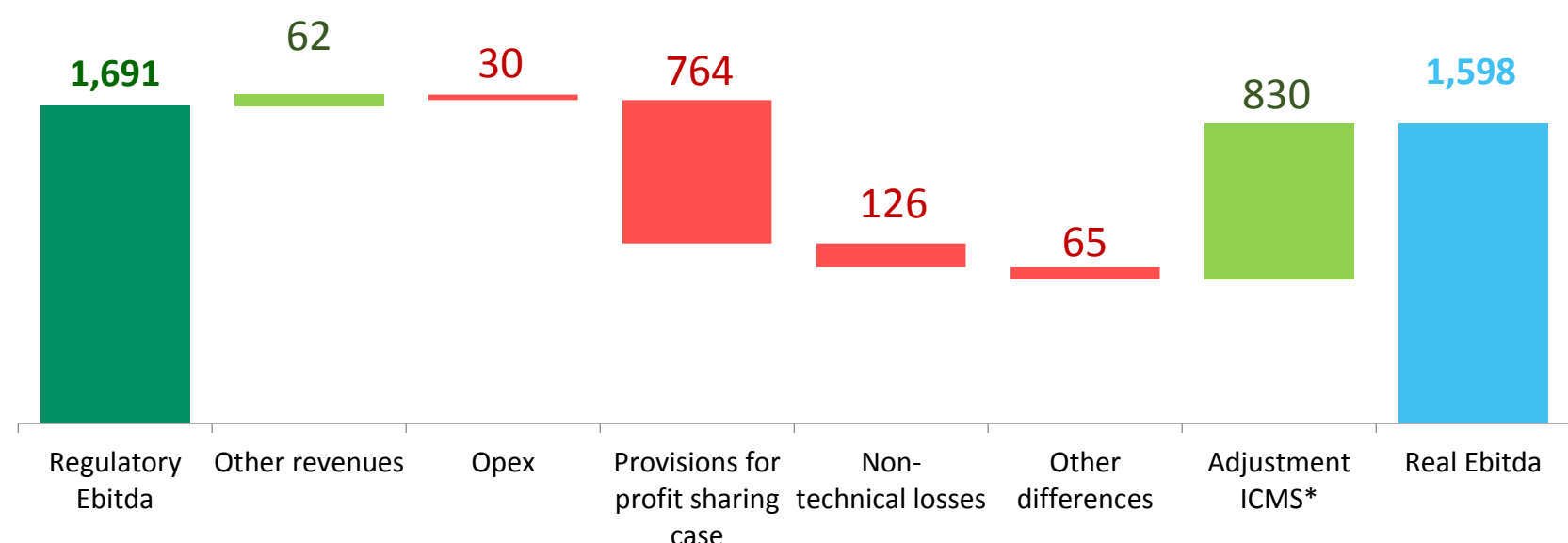
Opex



Opex:
Regulatory vs. Real
137.2%
Difference: R\$ 794mn

R\$ mn

Ebitda



Ebitda:
Adjusted vs. Regulatory,
94.5%
Difference: R\$ -93mn

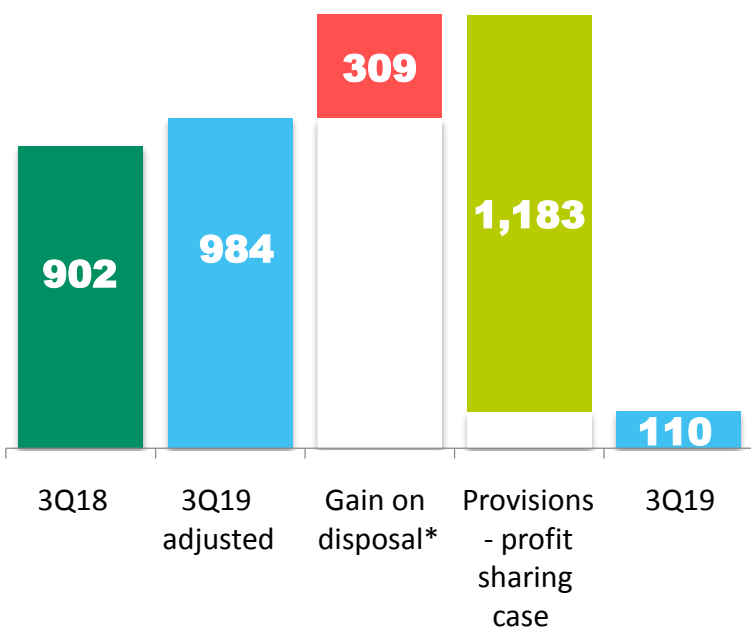
* Exclusion of ICMS tax from the taxable base for Pasep and Cofins taxes

Ebitda – 3Q19

R\$ mn

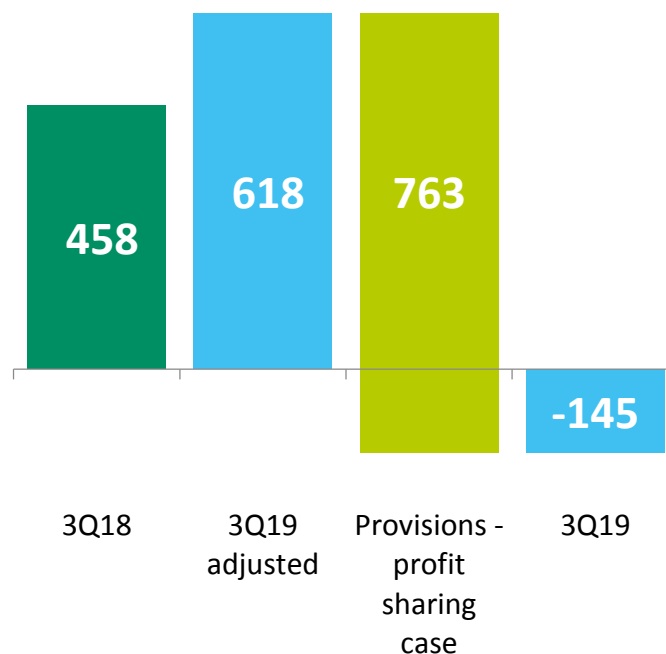
Cemig, Consolidated

3Q18–3Q19 ↓ 87.8%
 3Q18–3Q19 Adjusted: ↑ 9.1%



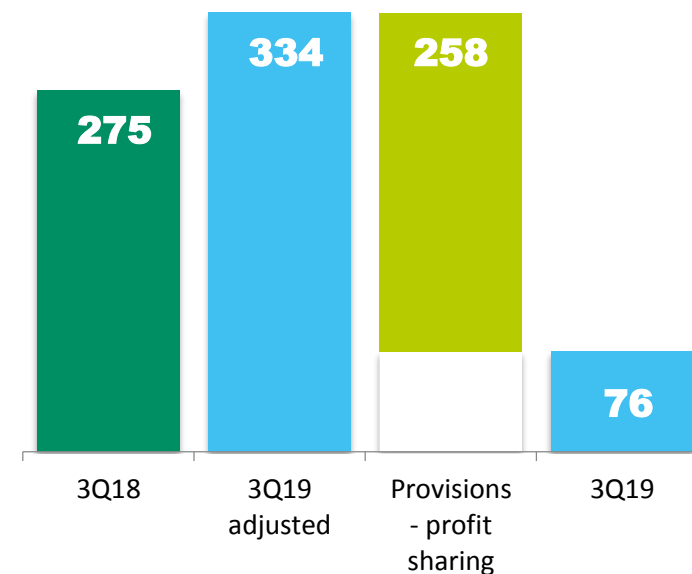
Cemig D

3Q18–3Q19 ↓ %
 3Q18–3Q19 Adjusted: ↑ 34.9%



Cemig GT

3Q18–3Q19 ↓ 72.5%
 3Q18 to 3Q19 Adjusted ↑ 21.5%



- Disposal of interest in and control of Light – details in Note 36 to the financial statements.

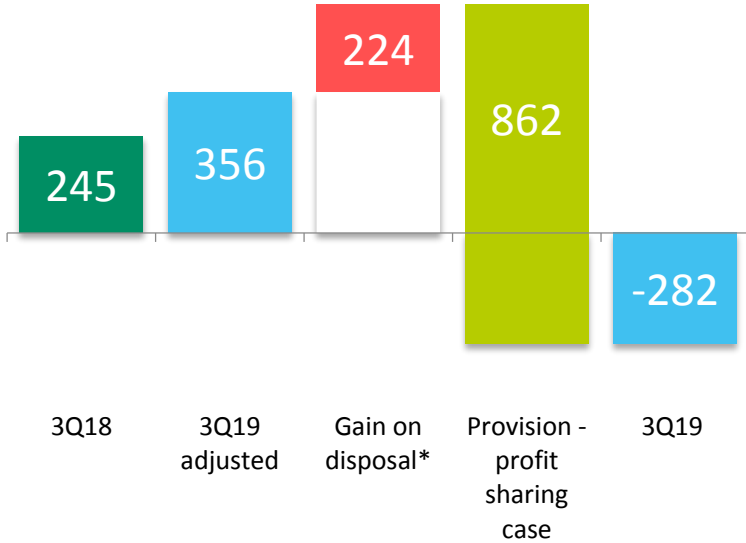
Net profit, 3Q19



R\$ mn

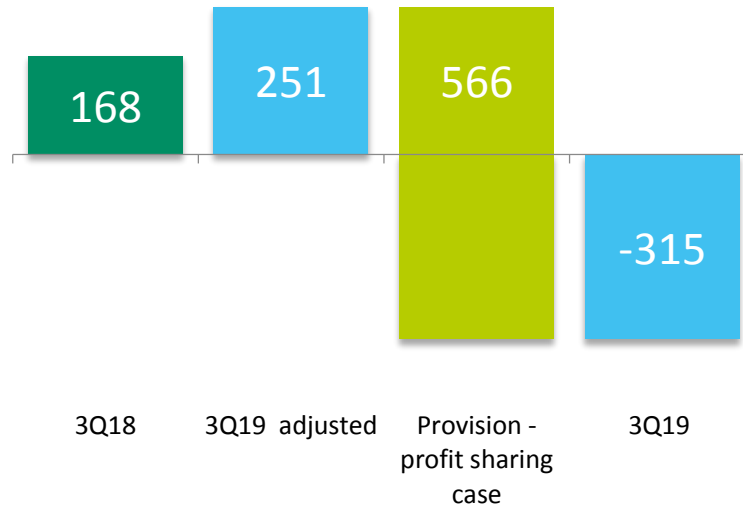
Cemig, Consolidated

3Q18–3Q19 %
 3Q18–3Q19 Adjusted: 45.3%



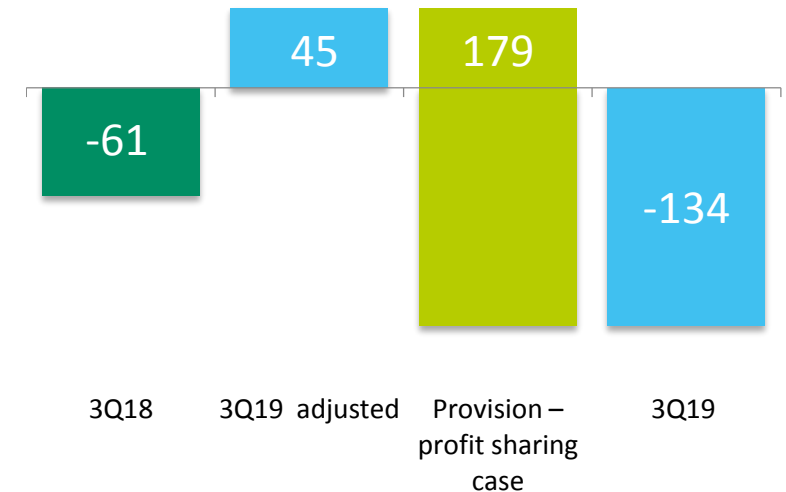
Cemig D

3Q18–3Q19 %
 3Q18–3Q19 Adjusted: 49.4%



Cemig GT

3Q18–3Q19 119.7%
 3Q18–3Q19 %

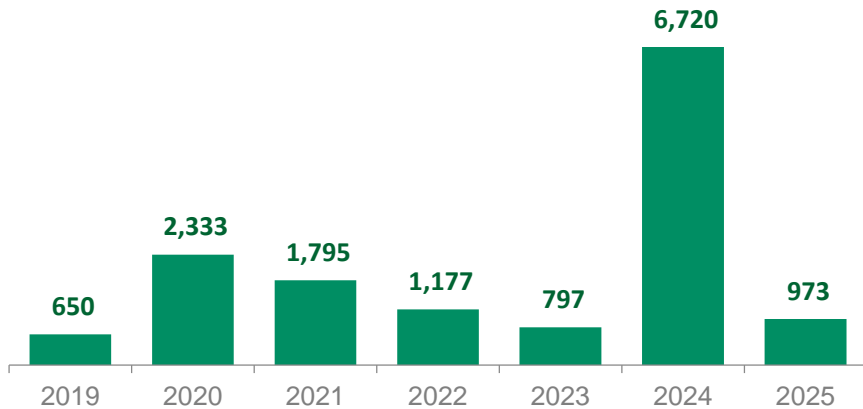


- Disposal of interest in and control of Light – details in Note 36 to the financial statements.

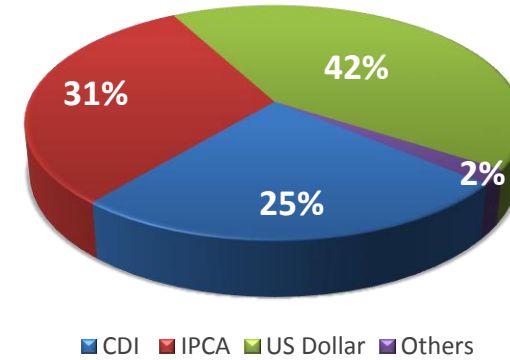
Cemig, consolidated: debt profile

Maturities timetable – Average tenor: 4.4 years

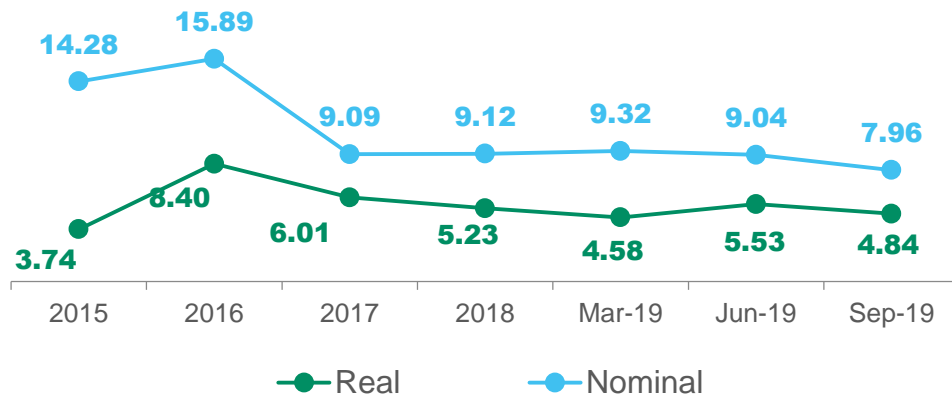
Total net debt: **R\$ 13.6 billion**



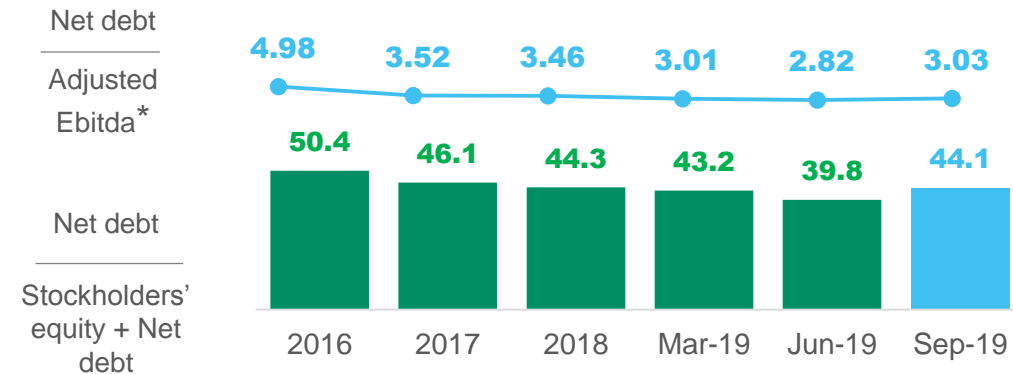
Main indexors



Cost of debt – %



Main indexors

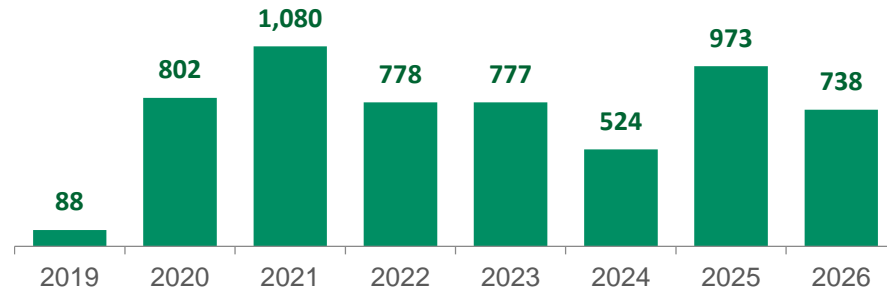


* Adjustments: ICMS tax ruling, discontinued operation, Renova provision, profit sharing.

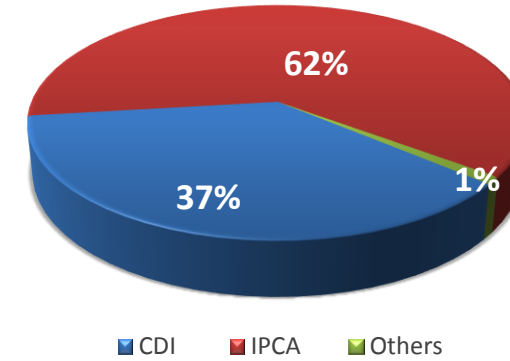
Cemig D – Debt profile

Maturities timetable – Average tenor: 4.1 years

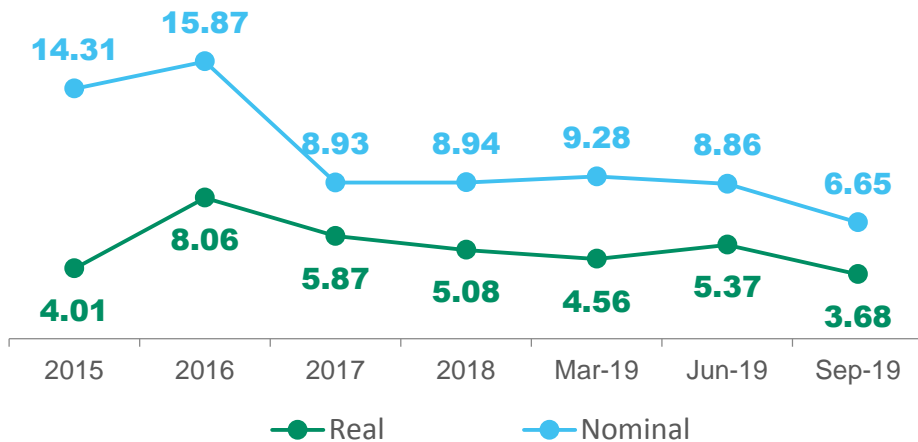
Total net debt: **R\$ 5.6 billion**



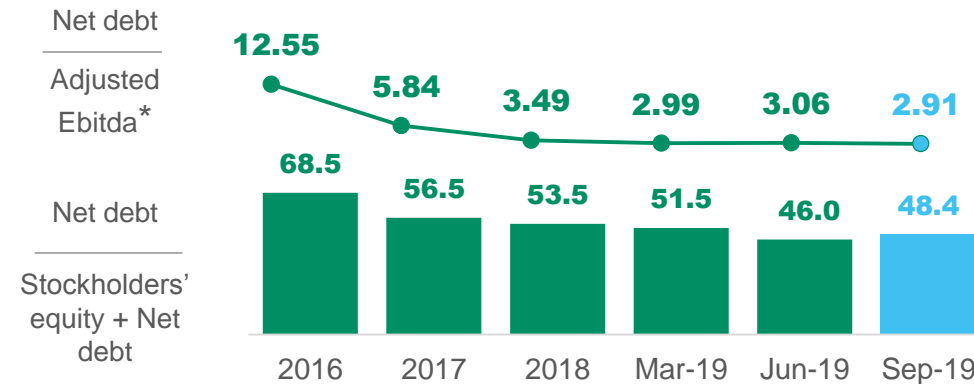
Main indexes



Cost of debt – %



Leverage – %

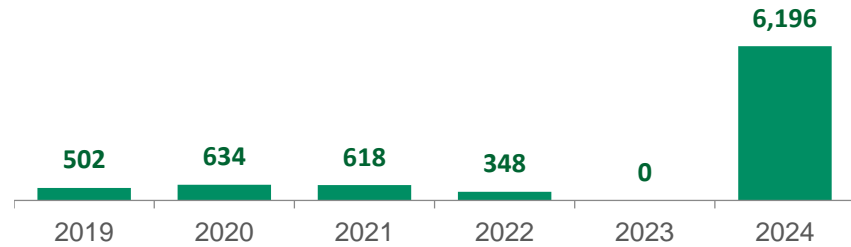


* Adjustments for ICMS tax ruling.

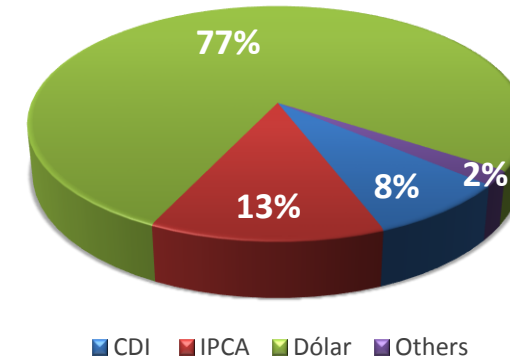
Cemig GT – debt profile

Maturities timetable – Average tenor: 4.4 years

Total net debt: **R\$ 7.5 billion**

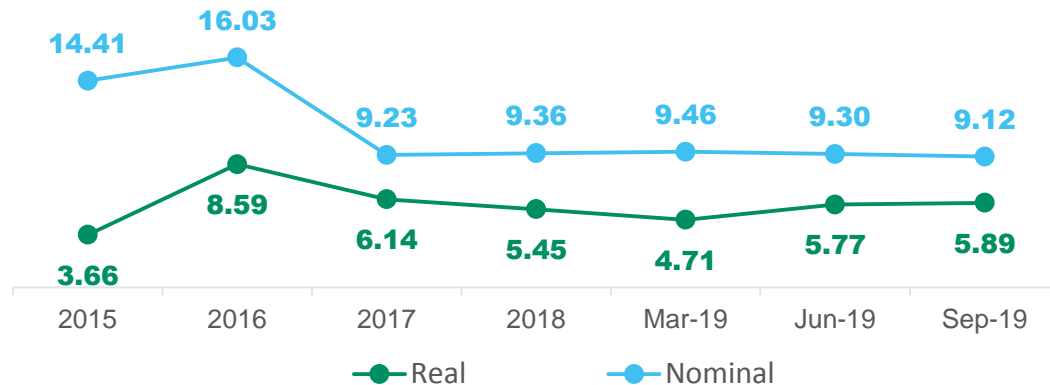


Main indexes

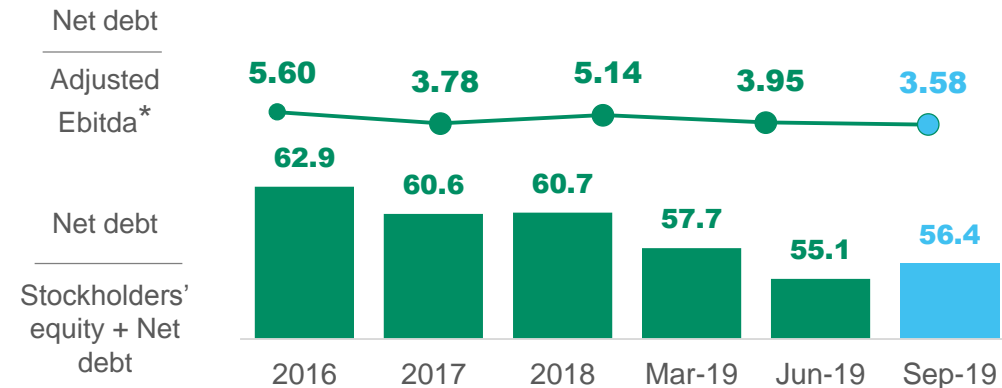


Hedge instrument transformed debt in US dollars into percentage of CDI rate, within an FX variation band.

Cost of debt – %



Leverage – %



* Adjustments for: ICMS tax ruling, Renova provision.

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