



CEMIG

RESULTS 1Q2018

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.

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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.

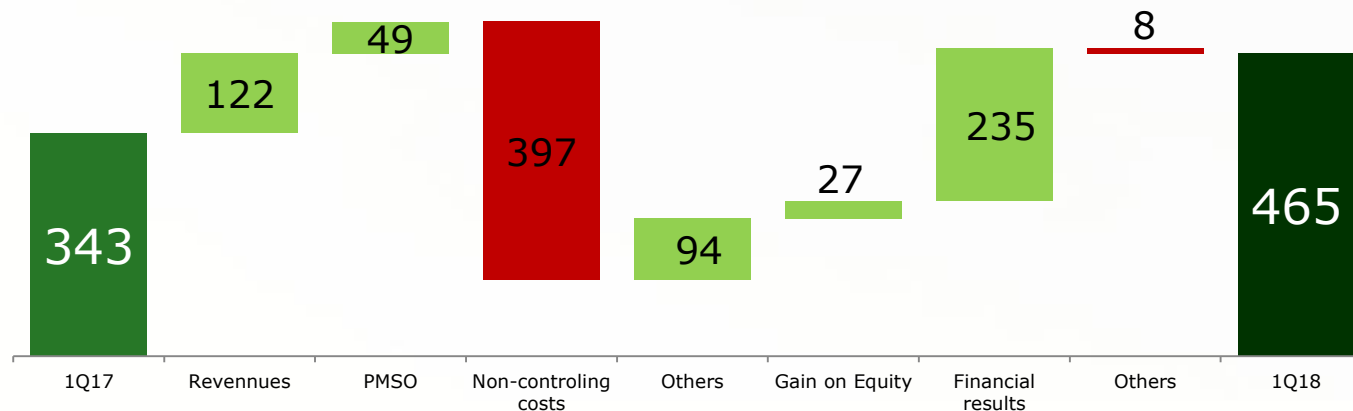
In this material, financial amounts are in **R\$ million** (R\$ mn) unless otherwise stated.
Financial data reflect the adoption of IFRS.

Highlights of consolidated results



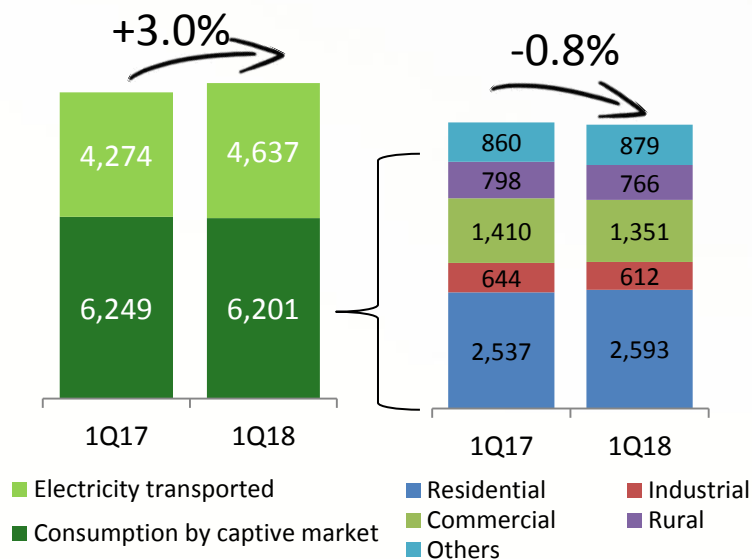
- 1Q18 Net profit R\$ 465 million – up 35.6% YoY
- Operational cash flow (Ebitda) over R\$ 1 billion
- Improved operational efficiency
 - PMSO expenses down R\$ 49mn YoY
- Borrowing costs down R\$ 171 million on: reduction of debt, and lower Selic rate
- Equity gain R\$ 57 mn in 1Q18
- Market recognizes improvement in credit quality
 - Fitch upgraded Brazilian rating three notches – to investment grade – and upgraded global rating one notch
 - S&P: upgraded one notch on Brazilian scale (investment grade)
- Focus on the execution of the divestment program

Change of Net debt- increase of 35.9%



- Greater operational efficiency translates into gain for Cemig group
 - Adaption of workforce provides gain of R\$ 49 million
- Borrowing costs down R\$ 171 million due to reduction of debt and fall in the Selic rate
- Equity gain in investees positive at R\$ 57 million

Total energy billed Cemig D



Market Cemig GT



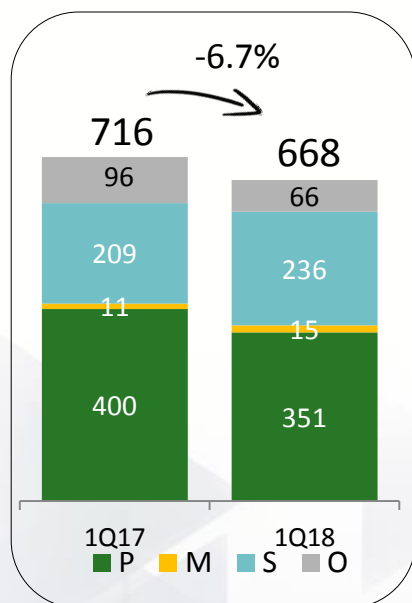
➤ Cemig D: Total energy billed – up 3.0% vs. 1Q17

- Total energy transported (Free Clients in Cemig D's concession area) – up 8.5%.
- Sales to final consumers down 0.8%

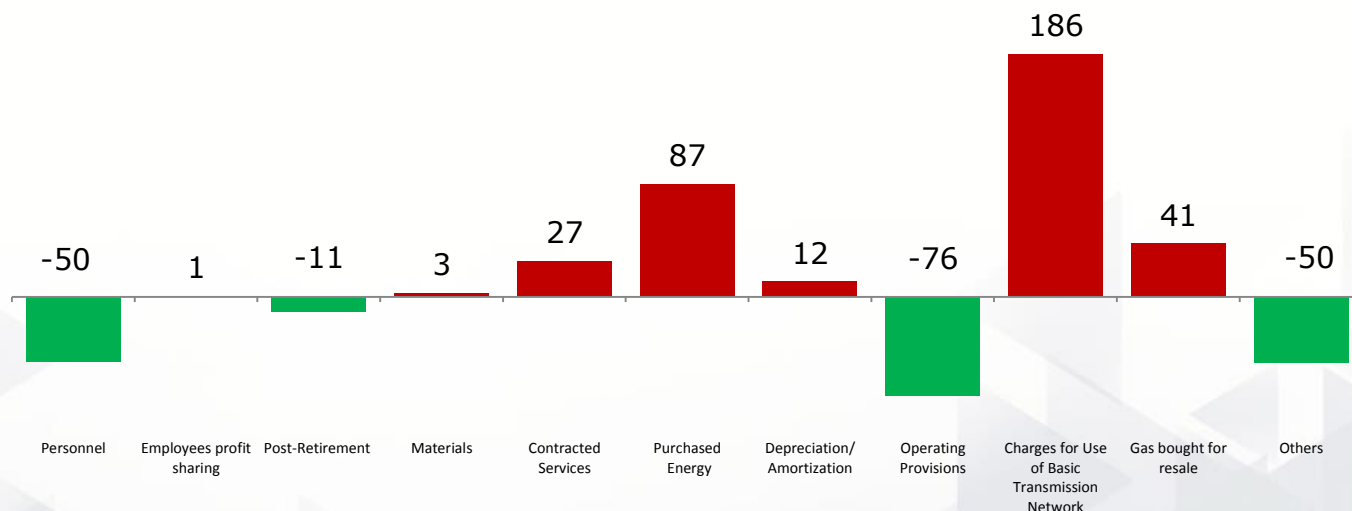
➤ Cemig GT continues to serve effectively the same market, even with the reduction in total supply available to it with the deduction of the Jaguará, Miranda and Volta Grande hydroelectric plants (\cong 700 MW average – or \cong 30% of Cemig GT's total power offtake guarantee of 1Q17)

Consolidated operational expenses – 1Q18 vs. 1Q17

- Improved operational efficiency reduces PMSO expenses¹
 - Expenses on personnel R\$ 50 mn lower – result of voluntary retirement plans
 - New voluntary retirement plan, accepted by 175 employees: estimated expense of R\$ 28 mn to be posted in 2Q18
- Provisions for employment-law cases R\$ 46 million lower
- Provisions for losses on investments
 - Light – provision R\$ 19 mn higher in 1Q18 than 1Q17 – balance is now R\$ 542 mn
 - SAAG – provision R\$ 43 mn lower in 1Q18 than 1Q17 – balance is now R\$ 316 mn

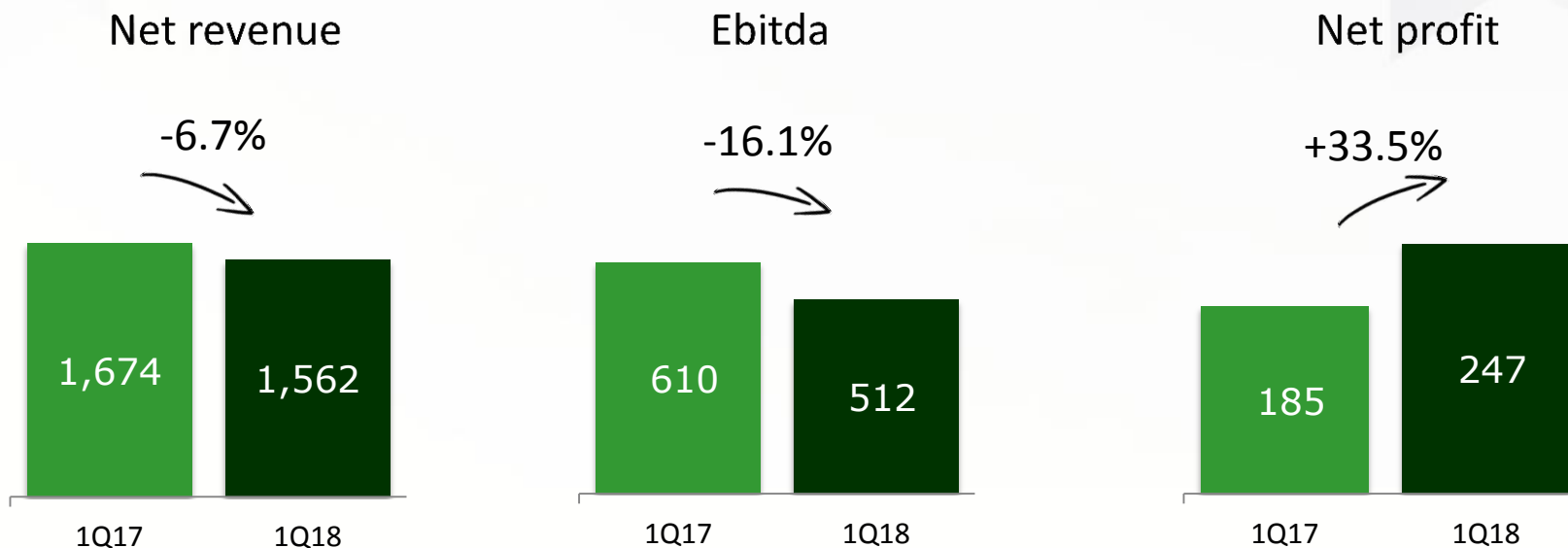


Change in consolidated operational expenses – 1Q18/1Q17



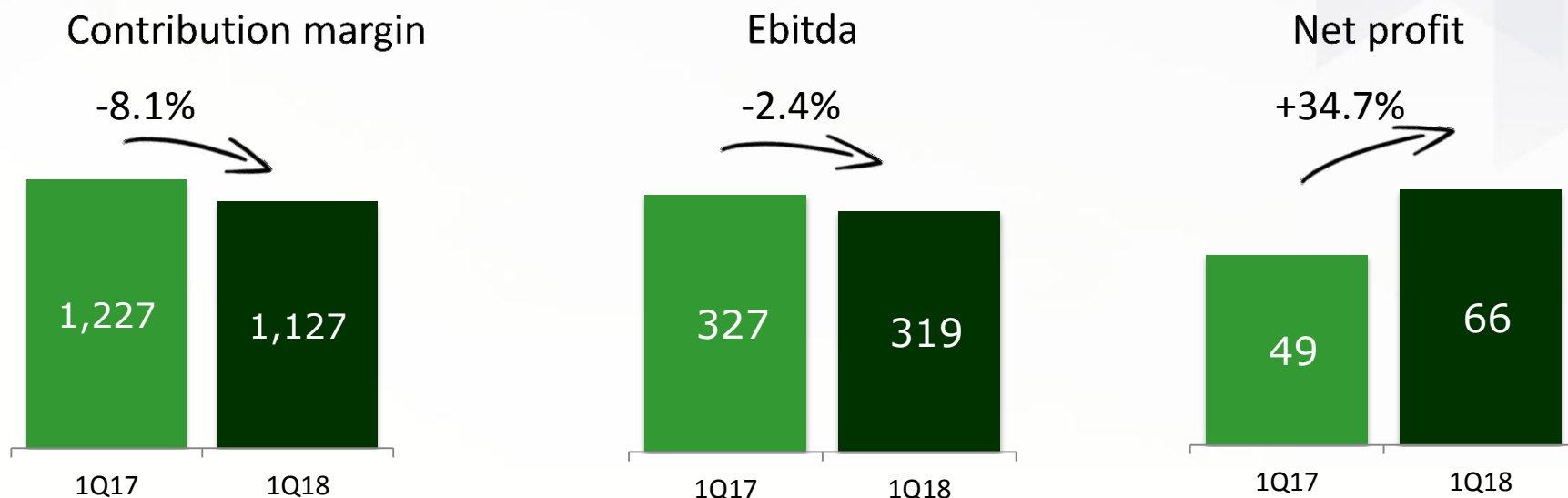
¹ PMSO = Personnel, Materials, Outsourced services and Other expenses

Cemig GT – 1Q18 results



- Net revenue reflects reduction of ~30% in total Offtake Guarantee level due to exclusion of Jaguará, Miranda and Volta Grande hydro plants (\cong 700 MW++average):
 - Gross revenue from supply, however, fell by only R\$ 40 million (2.54%)
 - Average price up 1.3% – from R\$ 230 to R\$ 233 / MWh
 - Volume of energy sold slightly lower YoY (down 4.0%)
 - Transactions on CCEE (Power Trading Exchange) R\$ 98 mn lower
- Expenses on PMSO* R\$ 18.8 mn lower – mainly due to voluntary retirement plans of prior years.
- Borrowing costs R\$ 101 million lower in 1Q18 than 1Q17, due to reduction of debt and lower Selic rate

Cemig D – 1Q18 results



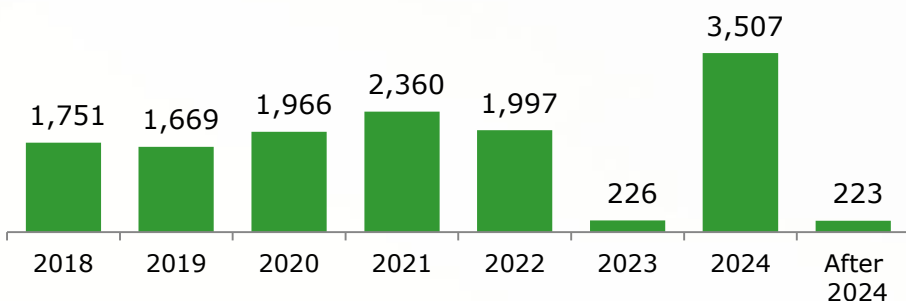
- Consumption in Cemig D's concession area:
 - Volume distributed: 3.0% higher YoY
 - Captive market: 0.8% lower
 - Supply transported: 8.5% higher
- Cemig D's tariff adjustment: average rate charged to clients reduced by 10.66%, and TUSD charge reduced 40%, for the 2017-18 period
- Expenses on PMSO* R\$ 19.4 mn lower – mainly due to voluntary retirement plans of prior years
- Borrowing costs R\$ 58 million lower in 1Q18 than 1Q17, due to reduction of debt and lower Selic rate.

* PMSO = Personnel, Materials, Outsourced services and Other expenses

Cemig, consolidated: debt profile

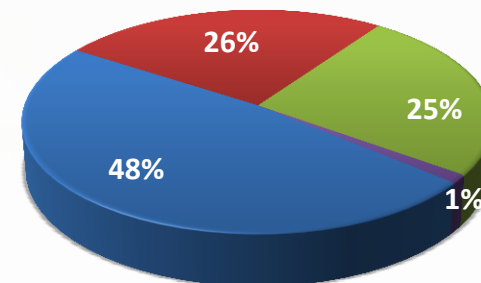
Maturities timetable – Average tenor: 4.1 years

Total net debt: R\$12.8 billion



- Gross debt reduced by R\$ 700 million in the 1Q2018 – from R\$ 14.4 billion to R\$ 13.7 billion
- Borrowing costs lower due to lower debt and fall in Selic basic interest rate: R\$ 171 lower than in 1Q17

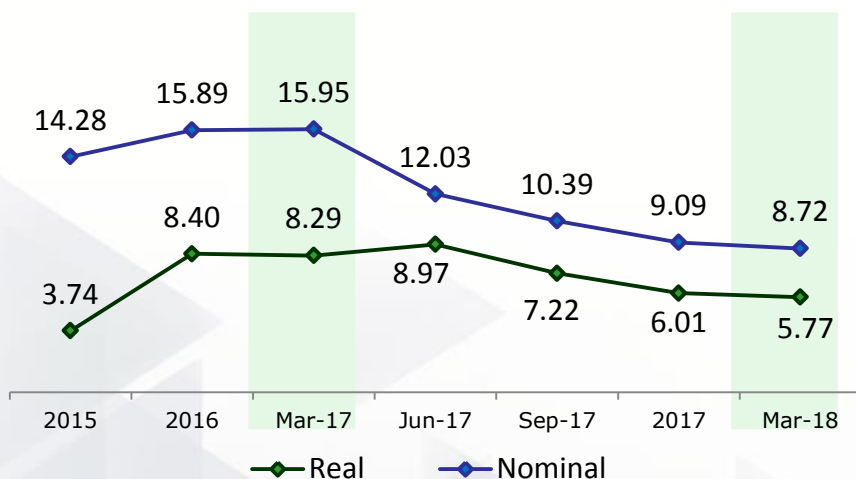
Main indexors



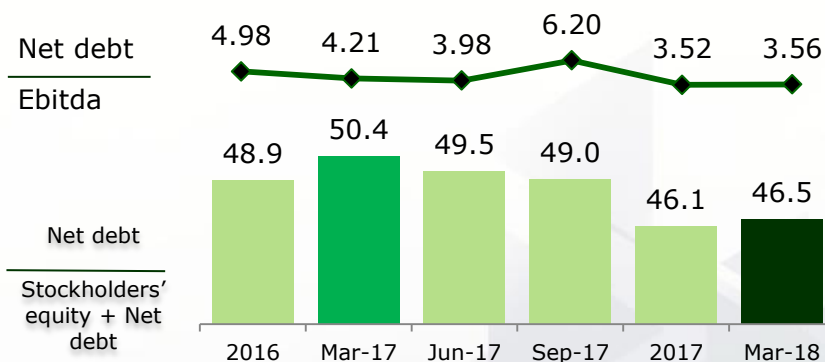
■ CDI ■ IPCA ■ DOLLAR ■ OTHERS

- A hedge was contracted, transforming the debt in US dollars into a debt costing a set percentage of the CDI rate, within an FX variation band

Cost of debt – %



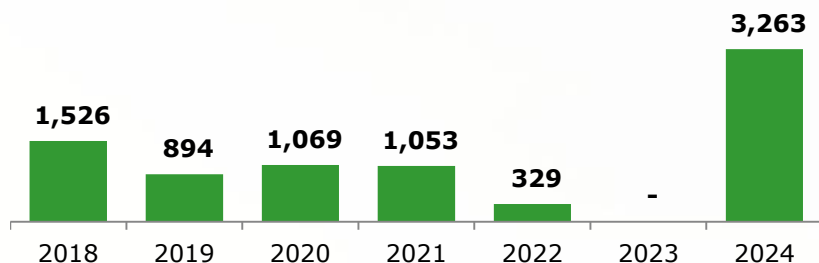
Leverage – %



Cemig GT: debt profile

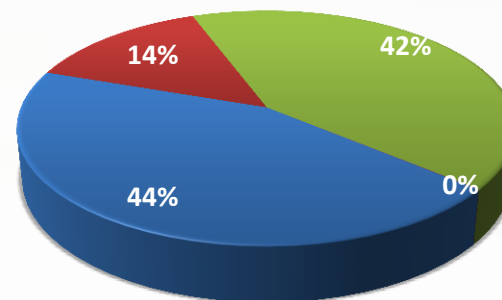
Maturities timetable – Average tenor: 4.1 years

Total net debt: R\$7.8 billion



- Gross debt reduced by R\$ 183 million in the 1Q2018 – from R\$ 8.3 bn to R\$ 8.1 bn
- See Note 17 to the financial statements (Loans, financings and debentures)

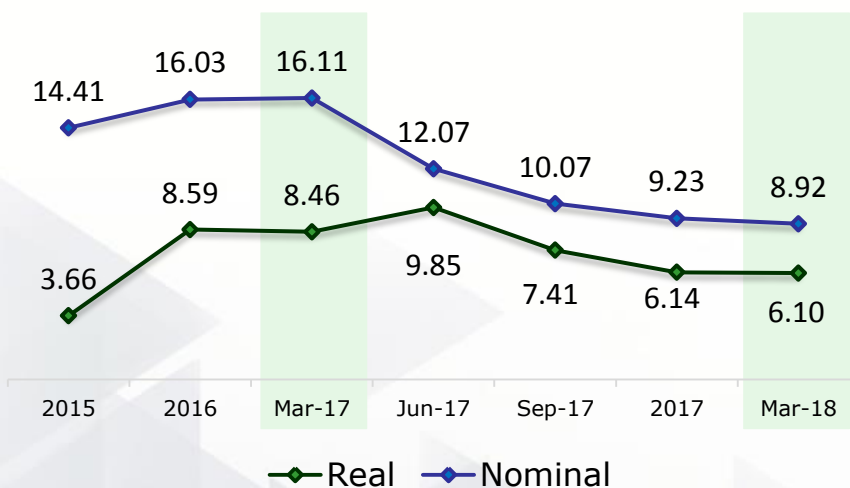
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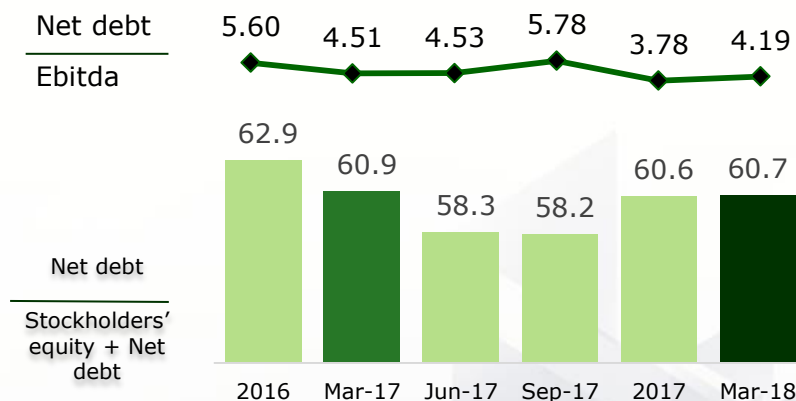
■ CDI ■ IPCA ■ DOLLAR ■ OTHERS

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Cost of debt – %



Leverage – %

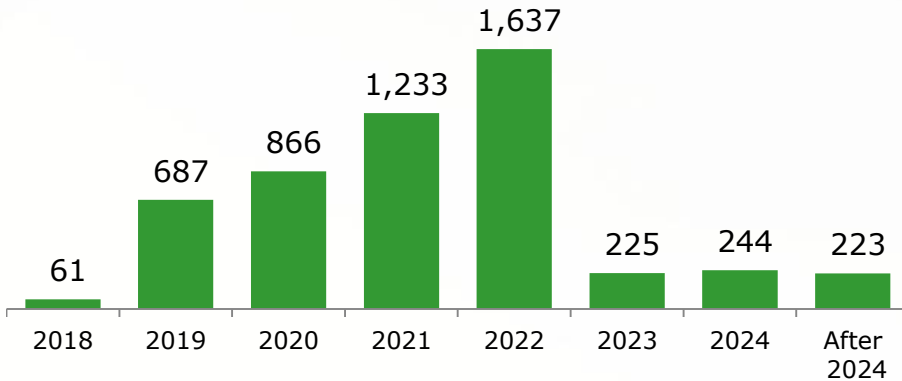


Perfil da dívida Cemig D



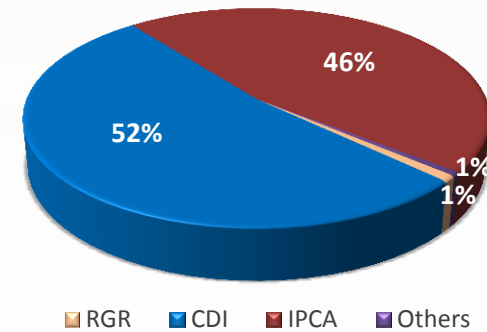
Maturities timetable – Average tenor: 4.1 years

Total net debt: R\$4.9 billion

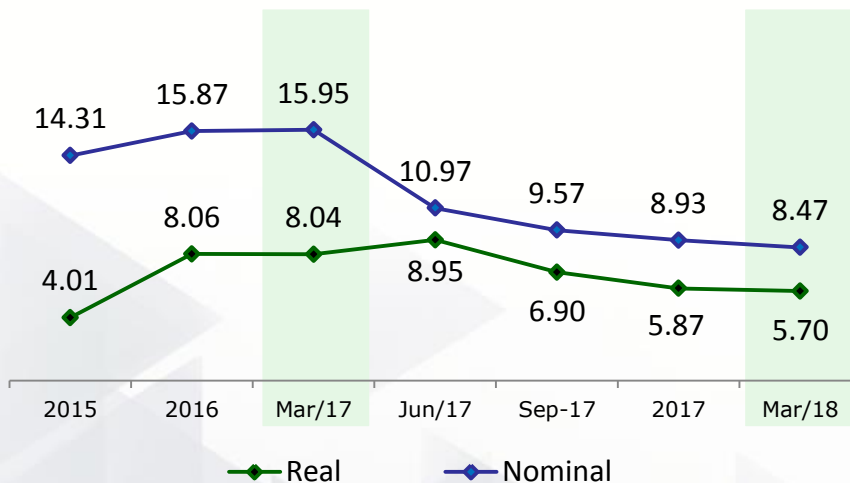


- R\$ 400 million Note issue in May
- Gross debt reduced by R\$ 507 million in the 1Q2018 – from R\$ 5.7 bn to R\$ 5.2 bn

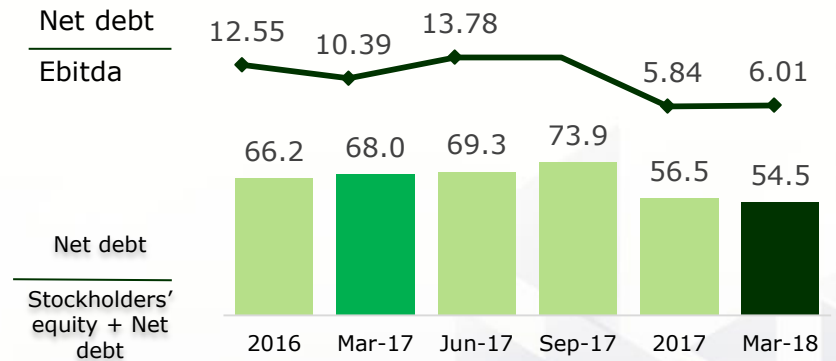
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Cost of debt – %



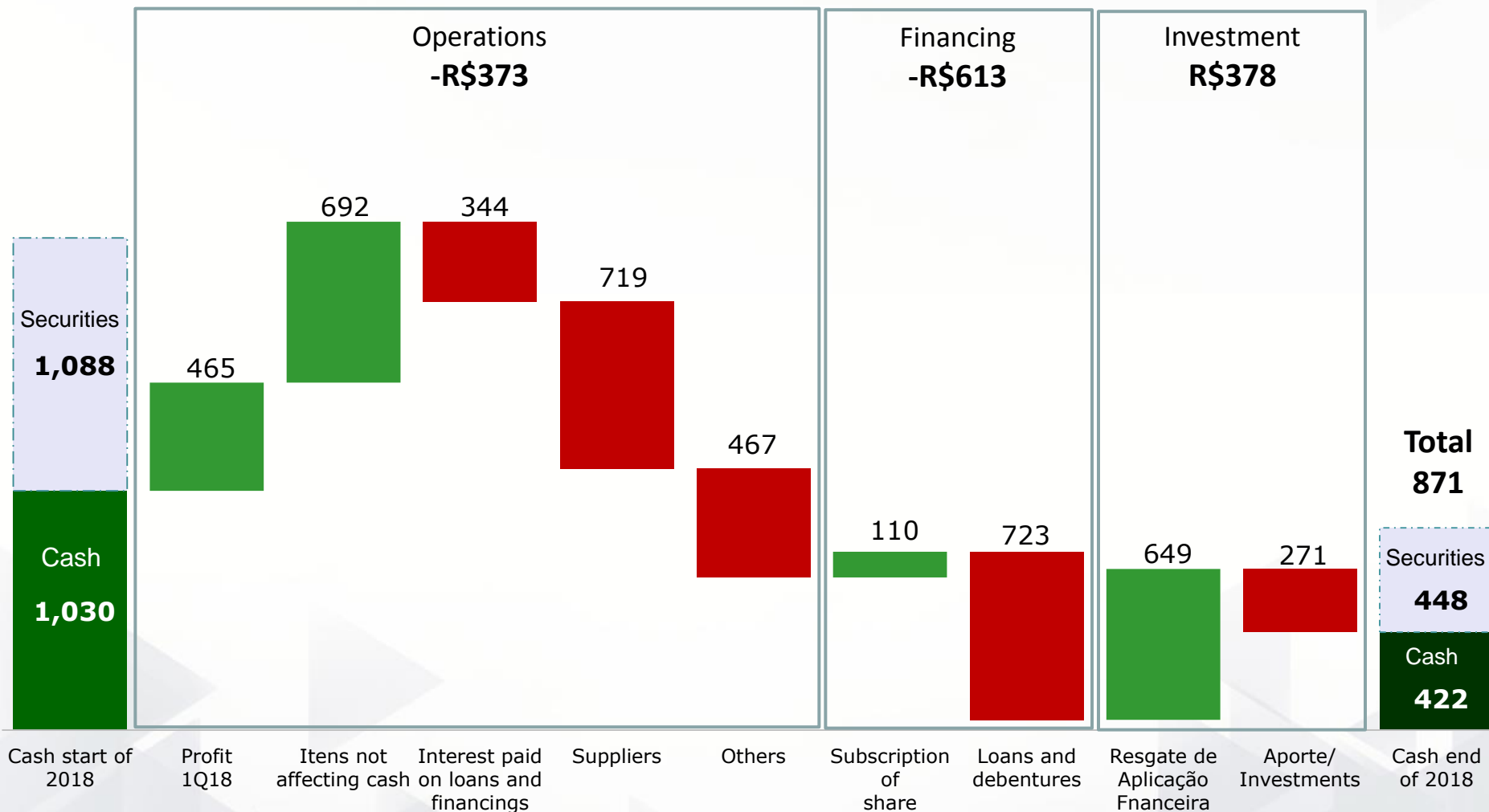
Leverage – %



Description	2018	1Q18
GENERATION	314	85
Investment program	54	3
Aportes	260	82
<i>Aliança Norte</i>	72	23
<i>SPE – Guanhães</i>	64	18
<i>SPE - Amazônia Energia Participações S.A. (Belo Monte)</i>	119	38
<i>Usina Hidrelétrica Itaocara S.A.</i>	5	3
TRANSMISSION	160	2
Investment program	160	2
CEMIG D	1,138	182
Investment program	1,138	182
Total	1,612	269

Cash flow

- Net cash position reduced by R\$ 608 million
- Redemption of securities totaling R\$ 640 million



Improvement in credit quality

- Rating agencies classify Cemig Investment Grade



BBB-(bra) Cemig H, Cemig GT and Cemig D
 B Cemig H, Cemig GT and Cemig D

National Scale
 Global Scale

Investment Grade										Speculative Grade											
AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-	B+	B	B-	CCC	CC	C	RD/D		
														Bond							



brBBB Cemig H, Cemig GT and Cemig D
 B Cemig H, Cemig GT and Cemig D

National Scale
 Global Scale

Investment Grade										Speculative Grade											
AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-	B+	B	B-	CCC+	CCC	CCC-	CC	C	D
														Bond							



B2.br Cemig H, Cemig GT and Cemig D
 B3 Cemig H, Cemig GT and Cemig D

National Scale
 Global Scale

Investment Grade										Speculative Grade										
Aaa	Aa1	Aa2	Aa3	A1	A2	A3	Baa1	Baa2	Baa3	Ba1	Ba2	Ba3	B1	B2	B3	Caa1	Caa2	Caa3	Ca	C

- CemigTelecom
 - Absorption finalized
 - Public hearing for auction held April 18
 - Tender announcement to be published by end of May
- Transfer of transmission assets to Taesa
 - Cemig owns 51% of Companhia Centroeste de Minas Gerais S.A. – Centroeste
 - Taesa has presented a non-binding proposal
- Periodic Tariff Review for Cemig D
 - Final phase of process of review - positive effect on the Ebitda of R\$500 million per year
 - Result of review will be ratified by Council of Aneel on May 22
- Cemig's 23rd Annual Meeting with the Capital Markets – May 29
 - Round table with the Executive Board
 - Updating of financial forecasts
 - Updating of Cemig GT's 'Sources and Uses' diagram
 - Strategic presentations



CEMIG

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