

## Q3 2013 Earnings Call

### Company Participants

- Arlindo Porto Neto, Deputy CEO
- Luiz Fernando Rolla, CFO & IR Officer
- Paulo Eduardo Pereira Guimaraes, Chief Finance & Account Manager
- Stefano Dutra Vivenza, Investor Market Manager

### Other Participants

- Felipe Mattar, Analyst
- Lilyanna Yang, Analyst
- Unidentified Participant, Analyst

### Presentation

#### Stefano Dutra Vivenza {BIO 19752863 <GO>}

Good day to all of you. My name is Stefano Dutra Vivenza, CEMIG's Investor Market Manager. We're now initiating the transmission of this webcast, showing the Third Quarter 2013 results of CEMIG.

Attending are Dr. Arlindo Porto Neto, our Vice President; Dr. Luiz Fernando Rolla, Chief Officer for Finance, Investor Relations. And the transmission can be also followed up through our telephone number 5511-3193-8150 and also through our website, [ri.CEMIG.com.br](http://ri.CEMIG.com.br).

We'll now hand over the floor to our Chief Officer for Finance, Investor Relations, Fernando Rolla, to begin his presentation.

#### Luiz Fernando Rolla {BIO 1852035 <GO>}

Yes. We'd like to thank the presence in this teleconference. We will present our Third Quarter results. First of all, apologizing for the absence of Dr. Bastos de Moraes -- Djalma Bastos de Moraes, our CEO. Unfortunately, he will not be able to attend. But we do have the presence of Dr. Arlindo Porto, our Vice President, who is in charge of our environment protection policies.

As usual, we'll split our presentation into two parts, the first one more strategic and the second, more properly to comment on our quarterly figures.

In this first part, I and Dr. Arlindo, we will establish a dialogue about the long-term vision of CEMIG and how it impacts our results. We should start by talking a little bit about our master plan. This plan has been in implementation for some time already, some 10 years and we can see the results at every quarter in CEMIG. We are updating this master plan right now, isn't it?

## **Arlindo Porto Neto** {BIO 16830743 <GO>}

So good morning. Yes, no doubt, indeed, Dr. Rolla, CEMIG's constant concern is to set up projects for short, mid-term, long-term periods. So we are in our master plan. We try to sense the reality of the market, seeking the achievement, accomplishment of our results. 579 measure of 2009, our Board decided to go for this updating because transformation is very huge and very concrete actions should be implemented.

So ever since 2012, it's been our philosophy to seek operational efficiency. That's our highly regulated market so the results are only achieved through planning and execution.

We listed 21 initiatives under our master plan, some of them of a managerial approach, some others, operational. And we try to reduce costs, expenses increase efficiency and ultimately, increasing our revenues. And we got those results in 2013. We should achieve results in terms of reductions of costs by BRL200 million as provided for under our master plan. We should see the results in terms of reductions of costs by BRL200 million as provided for under our master plan.

Yes. In order to achieve that, we needed to engage all our employees, our service providers and establishing parameters for profitability and results. But the quality should be always be preserved and by doing this, we have managed to achieve the results that we can celebrate with you, commemorate every quarter.

And our long-term view seeks to grow into -- from this structure that we have today -- integrated structure and of a generation distribution of electricity, we intend to have this very balanced growth. Recently, we acquired 51% equity in Brasil PCH and this is inserted into this wider context style sustainability. We are seeking this long-term view based on those 3 dimensions.

In order to grow, the company must be first of all aware of the environments around it. So CEMIG is one of the -- is the largest power utility in Latin America. We are in the very comfortable position in that regard and our main concern is with sustainability.

From the inset of our inclusion in the Dow Jones Sustainability Index, we have kept this concern, not only with sustainability but also being at the top among the top companies in terms of this concern with sustainability. More than 90% of our power comes from Hydro plants and we must be concerned about our rivers and combined progress, development and social sustainability.

So that's our raw material and say, we should be concerned with the people who live alongside our rivers and the people -- the communities surrounding our generation plants

and this also goes along side-by-side with economic concerns. We have commitments with our local communities, our providers in terms of quantity, quality and also we should be concerned with interest of our shareholders. Without that, we could not be kept as part of this index.

So this is all pervasive in our company, our employees, our service providers, our shareholders. There's multiple responsibility and the respect materializes and the results are more and more absorbed by the communities and this is true to our commitment. That's what we're going to do with Renova, for example. We'll integrate capital.

In 1993, CEMIG put in motion the first wind plant. It was a small one. But it was very innovative and our technicians, our experts are in tending with the trends towards the future. We have nowadays two large wind power parks and we had this photovoltaic atlas and another one wind powered and this is a major investment in the area in Minas Gerais.

We shouldn't socialize this information and keep our technicians updated with all the technological information with the photovoltaic plant we inaugurated in 2013. The first stadium in Brazil having a -- here in Belo Horizonte de Mineiro [ph] with their -- with this roof covered with photovoltaic cells and that we are advancing in the direction of new alternative source of energy to further foster our development and growth. And all of this brings us to a very significant result in this quarter.

44% of our results are derived from equity, in other companies with investors that we jointly selected for our expansion and we, naturally, we attend to the top interests of the shareholders, which are the dividends. We paid BRL4.87 per share. That's meaning an increase in, 22% in the year. That's very positive result.

Let's now talk a little bit about the impacts of the strategy in our results. As you said already for this year, we had this impact of that new determination, 579. It reduced significantly the revenues deriving from transmission operations. But our strategies pretty much made up for this in terms of our revenues as compared to the same quarter in 2012.

As for cash generation in the order -- in excess, we could keep the level 2012. If we exclude exceptional gain that was deriving from the Taesa equity with the IPO we had last year. So the results are described as trajectory and the strategy for growth that we have adopted, of course, the Provisional Measure from the government brought different -- some specific conditions. But we are in position to keep growing. As you mentioned, our commitment to include in our process the sustainability is what really has brought to us these positive results.

If we look at Slide number 5, we have a series of good news about sustainability. Indeed, this slide shows precisely what I was capable of commenting on very shortly. Under sustainability, there is this crucial point, which is the triple result safe investments, keeping EBITDA levels at -- abreast with the market and shareholders and so on.

If we have that tripled, we are aware of the fact that this is our target, if we have changes in rationalization because of the 579 decree of the government, we should go and we

have gone for alternatives in terms of investments in trying to make up that expected reduction in revenues imposed by law and we have very daringly and responsibly making new investments and as you just mentioned in Brazil, you see age. This will be done with due respect to confidentiality.

Another strategic issue is, as you referred to, the Provisional Measure 579. We challenged the decision from -- taken by the mines and energy ministry of Brazil and this is very relevant in our results. Could you please delve a little deeper into this issue?

### **Luiz Fernando Rolla {BIO 1852035 <GO>}**

Yes. I think that in Brazil, we have the privilege to live in a democratic country and the democratic process also counts on this, triple, executive, the judiciary and legislative.

There was this government decision approved by Congress and since we see that we have strong arguments in terms of the Jaguara plant, power plant that you refer to, we can clarify whatever question can be raised about this. We are in a very comfortable position. The judiciary understands that our contract, our standing contract with the Ministry of Energy enables us to rely on a continuation of our concession we respect the government's decision. But we will do our best to stand for the interest of our investors.

In the strategic point of view and especially cash flow, another issue that has all to do with transparency, as we have dealt with in our investments is the recent increase in generation capacity of Santo Antonio and when we decided for -- going into this project, one of the most relevant issues that made the investment attractive was the dissipation of these results and the coming in of other generating plants.

Last year, we disclosed the anticipated entrance of these new plants and now the recent announced decisions, will allow us to derive major results from this. This is the information that we had disclosed to the investor market so that it could be at ease to decide, take decisions without too much investment. We have top level technical staff and this staff started operating with Santo Antônio in the management and technical operation we could improve the wire resources utilization. This is an example of synergy that I think is an example posed by the CEMIG Group, that's our reality and thereby, we're seeking ever better results.

We should also comment about Gasmig. Gasmig is a company in the group, 60% equity in partnership with Petrobras and we see huge potential in that in view of the increasing demand for natural gas. In Brazil, there's a lot of room for growth. But we really have seen a major increase already in the sales and this has required some additional investments. Perhaps you could comment on the importance of natural gas for CEMIG's business.

As a power utility, we should seek all the options that could translate into higher EU yield, supplying, for example, gas to industries and even to houses, homes. A gas deposit that was recently discovered in the San Francisco basin here Minas Gerais, CEMIG could not be out of this. We participated in 4 blocks. We are nearing completion of the prospection and

resource phase. This is a very good alternative for the state of Minas Gerais in energy terms.

In addition to being an investment that CEMIG can make seeking to acquire new areas and incorporating this gas into our existing processes, our transmission lines that crisscross on the state of Minas Gerais and another 26 Brazilian states.

This puts us in a very comfortable position in terms of gas and we here at Belo Horizonte we have a new option, a new alternative, providing gas to homes in some district that are already being served. And that's what we have to do, supply the needs of the consumer and never losing sight of the -- our environmental concerns.

The investors in CEMIG they should share in this concern. There are so many areas where gas would be useful for promoting local development at a lower cost. We are in a position to expand our gas pipelines for distribution, wider distribution. We have a lot already being sold and this shows our potential.

With this, we close this first phase of our meeting. I would like to thank Dr. Arlindo for his presence and comments, especially as far as our long-term vision is concerned and sustainability issues.

### **Arlindo Porto Neto** {BIO 16830743 <GO>}

All right. Thank you and I am sure that the figures have been presented and are going to be presented now. I'm confident that CEMIG has been true to its role. I wish you a good presentation and I wish our investors can really have a feel of what we have to show.

### **Luiz Fernando Rolla** {BIO 1852035 <GO>}

The second part of our presentation, I would like to invite Dr. Paulo Pereira Guimarães, that's our Manager for Finance -- Chief Finance Manager and also our Chief Account Manager, who are going to present the results from this Third Quarter.

And as we have shown before, in our first part of the meeting, we showed the numbers pertaining to a net profit and EBITDA. Now, we'll go deep into these figures explaining some of those figures that was showed in the first part.

We'll start by the consolidated net revenue. This has grown, in general, by 3.2%. If we compare 2013 to 2012, we see how we are being successful with our commercialization strategy, enabling not only increasing the volume of energy sold. But also with a higher TRT in the short term and we have this substantial increase of 3.2% of performance is very good and despite the fact that, as I said, there's been a reduction in the transmission revenues due to the government decision. But we had other aspects that made up for this. We're able to absorb very positively that reduction in transmission revenues.

FINAL

Now going on to operational expenses. We had a reduction that was a result as we're going to analyze in detail. But a result of our cost-reduction measures we implemented a program described by Dr. Arlindo, involving 21 initiatives for cost-reduction. Among which, reduction or slimming down of workforce there is strongly and this has enabled us to have a renewal of our staff and workforce. We are aging -- about 1/2 of my trainees already have been with us for 25, 30 years with the company. This asks for recycling of all our staff.

On PMSO [ph], PMSO associated company had a 2% down trend in real terms by reference to the IPCA, that's consumer inflation index. There was this net increase. But this is because our workforce reduction program has not had all its impacts yet. Part of this people that were disconnected from the company I assume the process of doing so and this year, we had a cost reduction in terms of labor costs, as described under our performance comments. This is in line with what the company has decided to do this year with the Board and the entire administration and all management levels than we have been achieving all our desired results.

In our opinion, the Third Quarter results were normal. What would you say? Yes. As we present these results to our board, one of the points that we highlight is that there is nothing there that's non-recurrent. There's no deviation from what we have planned and from what we had also planned to deliver to our shareholders.

We should read these actions that we are taking towards improving on the operational performance of our company. On the other side, we have seen expansion in our equity interest, in other companies and this has some impact in these operational expenses. But if we look at all this little diagram, 11, we can see that this increase in energy. But as part of our strategy to protect our cash flow, you remember what Dr. Arlindo said about the question, the issue involving the extension of concession for the Jaguará hydro plant, our involvement, that involved an investment made, an acquisition made and we can see that in our figures.

**Arlindo Porto Neto** {BIO 16830743 <GO>}

Yes. Precisely. In addition to the legal measures we took to protect our revenues, this is another issue that points to the fact that we have taken all the necessary measures.

**Luiz Fernando Rolla** {BIO 1852035 <GO>}

Yes. We trust -- we are confident that we have success in our legal action taken against the government restrictions of revenues. But we have to have a backup, as we are doing, investing in other assets. You could see here this growth in 3.8% in EBITDA. That's also in line with what we had disclosed to the market in May this year through our guidance. If we manage our numbers with the guidance figures, we can see that we have delivered already 81%, the low limit of EBITDA. That's true to what we promised to our investors when we disclosed those plans.

FINAL

Only BRL1 billion EBITDA in the Fourth Quarter we would be already within the expected level. But as we can see here, we have already overshoot the average for quarters. We understand that this performance is very positive already from this vision -- within the vision that we had conveyed to the market, we have already been true to our promise by acquiring Brasil PCH.

If we imagined that in the First Quarter, part of our results are not including that portion of the revenues that's only revised as from the Second Quarter. So the expectations are point all to the fact that we really overshoot even, exceed the levels that we aimed at, we still have room for growth.

If we had incorporated CVA, CVA balance by September was some BRL200 million plus. If we had included it there. So our performance would have been even better in that slide.

In that slide, all information that is considered relevant by the company under CVM, the information -- I wouldn't be able, at this point, to tell precisely that results considering the aspect that you raised. But if I'm not mistaken, if all the regulatory assets and liabilities would be accounted for, that figure would be a little below that. But on the other hand, we have already incorporated the results from the previous financial year. It would be from 400 to 771. Any doubts about this, we are available for questions.

Net profits. Consolidated net income on Page 13 shows growth, very good results arising from our acquisitions of equity interest in other companies, Taesa, Light and others. Light, there is an air utility.

Last year, our profitability level was already very good. We had a reduction in the net financial expenses deriving from Paulo's work and his relentless effort to reduce our expenses and that's -- next slide shows our consolidated debt profile, reaching BRL9.5 billion and that's an outstanding result.

Paulo will comment on that slide.

### **Paulo Eduardo Pereira Guimaraes** {BIO 20547429 <GO>}

Yes. Good morning, to all of you. The debt profile of CEMIG shows credit position that's very comfortable. Our average term is four years. You can see the degree of leverage, it has come down over recent quarters and that is a reflection of our intention to reduce our debt. From December 2012 through today, we have reduced our debt by BRL900 million and it's now sitting at a very adequate level for operations, a 5.2% per year at constant currency levels.

This year, we had the impacts of increase in interest rates. But we're now have 43% of our debt index to the CDI. This is indeed very comfortable, given the present scenario, financial economic scenario, we have seen in the market, an increase in the cost of debt in general. But if we look in detail to the results of the companies, we can see that the improvement is even clearer.

FINAL

In CEMIG GT, we had a reduction in EBITDA. We had this outstanding 2012 because of the IPO of Taesa. If we disassociate debt, yes, we will have this transmission adapted to this new situation brought by the 579 measure. But the net results show that we are going okay with our strategy in terms of liquidating in the market in the short-term market, we have had a very good result.

The GP debt -- IGP debt was very good. CEMIG GT, rather. Yes. It's been reducing in recent months. We have reduced it by BRL600 million. As you can see in 2016, there was this valley that has been filled up with BRL200 million plus -- BRL100 million -- BRL200 million. We paid BRL600 million for the next three years up to 2016. So our average turn should increase a little bit.

Yes. This subsequent event, we announced it under our TR as a subsequent event that was negotiated with Bank of Brazil and we could roll the debt at the same rate as before. The GT debt is mostly indexed to the AICPA and IGPM and CDI, rather. And we are in that respect at a very comfortable position as well.

We should remember that GT, CEMIG GT numbers consider Taesa as its subsidiary but we should remember that Taesa we will be transferred to CEMIG holding. Recently, we had a shareholders meeting when this transfer of Taesa was authorized by reducing equity of CEMIG GT in that company.

According to the corporation law, currently enforced in Brazil we can -- we have a deadline that's now to December 2 for reducing debt capital and there was a recent assembly or meeting that confirmed that -- that confirmed the fact that the firm trust in us in terms of our -- the way we deal with our debt and our debt profile, the credit quality for CEMIG GT is very good and we now can see CEMIG GT as a tool for growth because it's low leverage and very strong cash generation. Our intention is to keep on reducing the indebtedness of CEMIG GT. But we will also go for acquisitions that -- we'll go -- we'll have -- we'll rely on our resources that will be -- funds that will be implemented.

In the next slide, we can see that the performances are different. GT is always growing very strongly. But CEMIG D has gone through this consumer price reduction and as we had already foreseen in the Second Quarter, you can see also in the Third Quarter the actual impact of that revised rates policy or electricity rates policy.

We have -- but our reduction in costs are not yet fully reflected here. That's why EBITDA shows a little decrease. But in general, we had a 10% improvement in revenues mostly because, as compared to 2012, we had a 20% reduction as imposed by the Federal Government in our consumer price and billings.

So the distribution -- CEMIG Distribution, also has some other aspects of this performance also impacted and the leverage of CEMIG D is a little higher than the others because of the operational cash generation and the problems you've just raised. But you can see that CEMIG D in terms of that the position is comfortable because it doesn't exceed BRL1 billion per year into the next few years.



FINAL

We have increased our indebtedness by BRL800 million. But our credit condition is pretty much adequate still. Emblematic was that we issued debentures or bonds and earlier this year and the demand exceeded the supply of funds and with the 12-year maturity and -- although we can see that the indebtedness here is higher than with the holding and with CEMIG GT. But we are in position to reduce that indebtedness into the next few years according to our needs.

That shows that we are in a very strong position to keep our financial health. We had this short-term impact from the government measures. But our position for the future is pretty much assured.

I now call your attention to this last figure here in cash flow. The available cash. This is all good news. All these figures are good news, BRL4.6 billion in September 2013, 35% growth in cash generation. Yes. We have an effective cash and also our bonds and securities, you see those big numbers investments. A total figure for investments of BRL1.384 billion. Actually this number could go for BRL3.8 billion in terms of other adjustments and this is all good news, the best news we have to show.

Yes. We paid BRL3.3 billion. Only CEMIG holding, we paid BRL1.1 billion that we had attracted in 2012 and we paid some other amount in the consolidated, following our strategy to keep the health of our -- the financial health of our company and to pay dividends to our shareholders.

Talking about shareholders, capital markets also showed a very good performance. That's how our shares performed in comparison with -- in excess such as BOVESPA and others. We had this tremendously positive performance in 2013 report with the huge -- we will have very good positive -- very positive results for our investments, our shares are one of the most liquid in the market in BOVESPA and in the New York Stock Exchange and the latter involving USD28 million daily that shows how the investors trust our results.

In order to encourage our investors even further, we have now launched our Apple and Android apps. You have all the figures you may wish for, one is in Portuguese, the other is in English and these apps bring all the information in a very neat and structured way. So that's for access by our investors through all our figures and for the information.

In October last year, we took part in the New York Exchange closing bell. You can see many representatives of our company, the closing bell in that CEMIG day.

So we now come to the end of our presentation and we are available to the investors to clarify any points that you may wish to see in more depth.

## Questions And Answers

### Operator

Ladies and gentlemen. We'll now start our Q&A. (Operator Instructions)

## Q - Unidentified Participant

First of all, I would like to know what you think of the amount of money involved in Santo Ant nio, the price in long-term involved. What do you think of that? And as for PC age, when do you expect that deal to be closed, really? And what about Renova, BRL 1.4 billion will be in investment, really. And what will be CEMIG's equity in that structure?

## A - Luiz Fernando Rolla {BIO 1852035 <GO>}

Thank you, Felipe, for your question. Yes. In actual fact, the price that was proposed by the federal government in that auction was fit [ph] within the long term content of a reduction in the electricity prices. At first, this reduction was very sharp. But as we had warned the market in May, in two, three years, the prices would come again to the normal levels around BRL110 per megawatt hour. This reflects the present structure and what the government has decided. But this is going within the scope of what we had imagined.

As for Brasil PCH, we are now appending authorization by agencies, the financial agencies, such as CAGI [ph], an energy agency are now [ph] -- that we will take some more 30 or 60 days for completion and as of -- after that, we will carry on with our plans. We will pay in Renova so that it can be -- it can meet its obligations with Petrobras.

What would you have to say about that, Paulo?

## A - Paulo Eduardo Pereira Guimaraes {BIO 20547429 <GO>}

Yes. We should wait for this period that (inaudible) has to make a statement that also will use CEMIG GP and another partner to create equity funds for Renova.

## Operator

(Operator Instruction). Our next question from Mr. Juliano [ph] from Ita  Bank.

## Q - Unidentified Participant

I would like to hear from you in terms of the next auction, A-1.

## A - Luiz Fernando Rolla {BIO 1852035 <GO>}

Yes, could you please repeat the question.

## Q - Unidentified Participant

A-1 auction. How do you see that in terms of price and how are you gearing up to it? Also, depending on the price that comes out of this, how will be your position in terms of working capital for next year?

## A - Luiz Fernando Rolla {BIO 1852035 <GO>}

The entire structure of acquiring acquisitions of CEMIG D generation plans or capacities we have completed in April. A-1 participation rate equity was already planned for, had

already been planned for and we had the impact of the governmental measure 579.

This next -- this upcoming auction, A-1 auction, will happen within this new scenario and we expect to have BRL 140 million, BRL 150 million of megawatt hour. This should be transferred to the consumer price, otherwise, it will be determined according to the IPCA. But it's a very comfortable value that we aim at and it will enable us to advance with our distribution.

### **Q - Unidentified Participant**

This energy is -- energy price is BRL102 million. We can see that BRL500 million could be the additional for -- to working capital next year. Can you confirm this?

### **A - Luiz Fernando Rolla {BIO 1852035 <GO>}**

Yes. I don't see any problems in that. We already had planned for the renewal of these supply contracts when we revised our prices downwards. Unless there is a detachment of prices, we don't believe it's going to happen. But between what we have planned and what the A-1 auction will show. But if the price can -- turns out to be even higher than planned, of course, this will have a substantial impact in the working -- in our working capital and we'll have to adjust that for the 2014 TR.

### **Q - Unidentified Participant**

Could you mention the price that you had planned for or foreseen?

### **A - Luiz Fernando Rolla {BIO 1852035 <GO>}**

Well our CVA accumulated is around BRL200 million, if it remains at that level, it should reach in BRL300 million for next two years.

### **Q - Unidentified Participant**

And what about CVA, do you believed it to remain into 2014.

### **A - Luiz Fernando Rolla {BIO 1852035 <GO>}**

Yes. We still don't have an official position from the Ministry of Energy perception and what we've heard is that there'll be -- there will no longer be subsidies because the emergency situation that they saw in 2012 will not repeat itself in 2014.

### **Operator**

Our next question from Lilyanna Yang from UBS.

### **Q - Lilyanna Yang {BIO 14003234 <GO>}**

Thank you for the opportunity. Could you update me on how the Jaguar process is going?

FINAL

## A - Luiz Fernando Rolla {BIO 1852035 <GO>}

This process is precisely at the same position that we had at our Second Quarter conference. There was an injunction from the Ministry and a decision is pending and has -- we expected that for this week. But it was postponed. But our injunction is valid and as from September, we are going to liquidate Jaguará in the spot market in line with a strategy that we announced to the market earlier this year.

## Operator

Our next question comes from Felipe Mattar with Goldman Sachs.

## Q - Felipe Mattar {BIO 1900681 <GO>}

Very quick questions. First, I would like to be updated on the issue of your gas blocks. Is this negotiation that's going on seeking a partner or what? And also, if you had any news on when or if after the completion of this process, there will be an increase in equity by the end of next year, perhaps?

Another question. In terms of your strategy for acquisitions, there are some assets that are shared with free consumers or cell producers, is there a possibility of -- possible new partnerships and acquisitions with contracts? I would like to know if you stick to this strategy following the same direction as some months ago and having viewed that next year is an electoral year, presidential elections are coming and perhaps this could have some impact in our strategy.

## A - Luiz Fernando Rolla {BIO 1852035 <GO>}

Thank you for your question. Let's begin with the gas. The gas we're still waiting for the completion of our feasibility study that's being conducted with American companies that will point at the need for investments in order to exploit the gas from the San Francisco basin especially the 4 blocks that we already have in partnership with other investors.

This feasibility study is crucial for decision-making not only considering the price of gas. But also the volume. We have seen also that demand for natural gas once the supply is made available, the demand will grow substantially and this will be beneficiary to -- a benefit to Gasmig, which is the public utility, gas utility for the state. After that feasibility study has been completed, we'll be in position to disclose our further plans.

That timetable we -- having viewed -- well only after the completion of the study, anymore disclosures will be possible, we will have to be a little patient and wait for these studies to be completed for further disclosures.

Of course, actually, there are several negotiations in progress. In generation, there are some opportunities, like, for example -- well, Petrobras for one is revising their strategy for participation in the electrical sector -- electricity sector. We're also seeking all the opportunities for growth so projects, new projects such as -- for example, the one we are conducting through Renova.

We are then seeking these alternatives from that point of view of substitution of generation capacity that's going to be returned to the government by 2015. So with Brasil PCH, we have acquired some 300,000 megawatts or 300 megawatts. We're not going to reduce our pace in that regard just because of the presidential elections. It does not impact us anyway. So we will still keep on firmly pursuing our goals according to our master plan.

## Operator

We now close the Q&A session. Now, I would like to hand the floor to Dr. Luiz Fernando Rolla for his final considerations.

### A - Luiz Fernando Rolla {BIO 1852035 <GO>}

I would like to thank you, your interest in participating in our teleconference. We hope we have informed you appropriately. Our analysts and investors, we have this concern of making our TR the most informative possible. Our Accounting department was awarded two prizes, the ANEFAC [ph] Transparency Trophy and our top accountant, Leonardo Magalhaes, was considered -- was awarded the prize of Professional of the Year. That makes us very proud, very happy.

There's a professional that has shone repeatedly in his area of competence that an outstanding performance bringing over the years the more precise and transparent way the figures of CEMIG so that you can evaluate what's going on in a very professional way.

This is of course, a result of our vision of going for best practices and best possible corporate governance. We have these demonstrations of recognition and that makes us even more sure that we are going. We're headed in the right direction. Please convey to him our congratulations and our satisfaction.

Of course, we have our strategy for growth being implemented. So well described by Dr. Arlindo. Our prospects are forever more growth to meet the expectations of our investors, our clients, our employees, our shareholders. Every new quarter, we try to reflect in our results all these strategies and expectations.

I would like to thank you all for your interest, again. And we wish you a very good day.

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