Q2 2021 Earnings Call

Company Participants

- Antonio Carlos Velez Braga, General Manager, Investor Relations
- Leonardo George de Magalhaes, Chief Financial and Investor Relations OfficerCompanhia Energetica de Minas Gerais-CEMIG
- Marney Tadeu Antunes, Chief Distribution Officer
- Reynaldo Passanezi Filho, Chief Executive Officer

Presentation

Operator

Ladies and gentlemen, thank you for waiting. Welcome to the Cemig's Second Quarter 2021 Conference Call. We inform that all participants will be in listen-only mode during the company's presentation. After that, there will be a Q&A session when further instructions will be given. (Operator Instructions) Now I would like to turn the floor over to Mr. Antonio Carlos Velez Braga. Please Mr. Braga the floor is yours.

Antonio Carlos Velez Braga {BIO 16813855 <GO>}

Good afternoon, everyone. I am Antonio Velez, Cemig's Investor Relations Superintendent. We now start Cemig's second quarter of 2021 earnings call and webcast. With the following executives, Reynaldo Passanezi Filho, CEO; Dimas Costa, Chief Commercial Officer; Eduardo Soares, Chief Legal and Regulatory Officer; Leonardo George de Magalhaes, CFO and IR Officer; Marney Tadeu Antunes, Chief Distribution Officer; Mauricio Dall'Agnese, Chief CemigPar participation the Strategy, Environments and Innovation; and Thadeu Carneiro da Silva, Generation and Transmission Officer.

This broadcast can be followed via the phone numbers in Brazil, (55) 11 3127 4970 or the US (1) 516 300 1066. As well as on the links available in our RI website ri.cemig.com.br. For the initial remarks, I would like to turn the floor to our CEO; Reynaldo Passanezi.

Reynaldo Passanezi Filho {BIO 15054064 <GO>}

Good afternoon. Good afternoon, everyone. It is a pleasure to be in here in this conference call bringing to you the results of the second quarter of Cemig. I am going to go straight to the presentation.

You can turn to page 3 on the Cemig's highlight. Here we have our main highlight. I would say that the main message is about a consistent recovery, very robust recovery on the company's result. These are robust figures that's prove our subset[ph] and this turnaround in the company's recovery and in terms of financial results you can see our final results in the quarter, we reached an EDITDA of BRL2,590 million, a 38% higher than the same quarter last year, and net income of almost BRL1 billion. So in a single quarter the company reached BRL2.6 billion in EBITDA, BRL2 billion of net income. Here also we have the result for the first six months which are very significant BRL4.4 billion in EBITDA and BRL2.4 billion of net income. Just to give you an idea and we are here every day and sometimes we forget to make long term comparison. And I thought it would be nice to have the long-term comparison now. And I would like to compare that to 2018. So if we compare the results in May, single semester is delivering more than the whole -- 18 whether in EBITDA or profit in a single semester in 6 months our EBITDA was BRL4.4 billion in six months in 2018, it was BRL3.7 billion. So we are 17% higher in six months the results that we reached into any --

And the same thing applies to net profits, and we are saying that in six months, we had almost BRL2.4 billion of net profits -- net profit in 2018 of BRL1.7 billion. So I would say that just here you can see that consistency and the results are very sound results that the company is delivering, according to its strategic planning.

And where these results come from? Well, first, from a huge effort in terms of operating efficiency, which takes us to the second topic, OpEx and EBITDA for distribution. We were already delivering in the last quarters, the OpEx that was within the regulatory limits. And now this is the first time in history that we were able also to deliver our EBITDA, that is higher than the regulatory limits.

So today, we have an OpEx that is 10% in average lower than the maximum regulatory limit. We maintaining quality. We are able to have lower expenses than the regulatory OpEx establishes and at the same time, our EBITDA was over the regulatory limits, and we are increasing selection, reducing losses, increasing disconnections and that's how we were able to get such a good EBITDA over the regulatory limits.

And here, we should take a look at the whole picture and make a comparison. Once again, turning back to 2018, we were not within the regulatory OpEx and EBITDA. We were 5% more or rather 5% higher than our regulatory OpEx. And we were 22% lower than the regulatory EBITDA. So if we consider that difference, we have an adjustment of almost BRL250 million now over the regulatory evidence, if we consider the number that we had in 2018 that was lower than the regulatory EBITDA.

So these are very significant results that show our efforts of operating efficiency and improvement in the company's performance because EBITDA is not only operating expenses, but also a good collection practice, low provision and low delinquencies. So we are very pleased to announce that EBITDA of BRL119 million above the regulatory EBITDA. In 2018, it was 22% lower than the regulatory limit. So this is an adjustment of almost 30% in only three years.

The same thing we can say about our quality indicators. This is our all time low for the EC 9.46 hours, starting -- the end of last year, we were able to be under 10 hours in that indicator. And obviously, this is a very positive scenario when we have a long term vision.

And we have been able to do that, thanks to our legal successes with no significant tariff impact per consumers. Our tariff adjustment was only of 128% zero for residential consumers, and this is the lowest in this industry in the second consecutive quarter because thanks to our tax credit, PIS, Pasep and Cofins that we are reimbursing our consumers. So we have been able to do that with no impact for -- and tariffs for consumers and that is the second adjustment that we don't need to adjust anything.

And finally, here we have a challenge and we want to accelerate these BRL822 million in investment. They are very close to what we carried out in 2018. So here in six months, we have the same amount of 2018, and that's 20% higher than last year. But of course, for our objective which is the largest investment program in history, we still have to accelerate and we have this challenge of accelerating it in the second half of the year, and Leonardo and Velez will comment more on that. Here we are highlighting operating topics, EBITDA and profit that are record when we do that historical comparisons, we can really see that they more than double their results. And when we compare that to a few years ago, these are fantastic results in terms of efficiency, whether by meeting the regulatory office or the regulatory EBITDA in the first time in the company's history, an excellent quality indicators and understanding the country's situation because of the pandemic and the lower tariff adjustments and the industry for two consecutive years and generating value by investments with the largest investment program in the company's history, which are these BRL22.5 billion for the next five years. This is on the operation point of view. I think we can move on to the next page now.

And here, we are bringing some non-recurring topics. First, the buyback of Eurobonds, and Leonardo and Velez will go into that. But this was a success with inclusion, we bought back BRL500 million of our bonds and eliminating therefore, a risk regarding the FX rates, that's something that the company had and regarding those securities, also. The recognition of GSF 910 million with the extension of the plants, right. And this is interesting, because this is was immediate cash effectively, we gained more or less two years, two years and something in terms -- in glance that -- we're doing 2024, 2025. And now we have the reprofiling of RBSE and also updating of assets using our PE, and that's adding BRL211 million to net profit.

And here we have our strategy also which is the acquisition of Sete Lagoas Transmissora BRL40 million that shows our objectives or going back to the market also in terms of analyzing acquisition opportunities, if they represent synergy with a company, and this is a substation that connects two of our online. So exactly, because of that, it has a lot of synergy and this acquisition will generate a lot of value.

And obviously, we show the highlight sound cash position. This is very important in a scenario in which our spot price is too high. We have GSF. And so there is the need of Cash Disbursements of CDA, because this is only going to come next year and distribution adjustments. But this is a strong cash position of almost BRL7 billion and an EBITDA net debt ratio in 0.91 at a minimum ratio here.

So these are the main highlights that I wanted to bring to you. And we'll be available to take your questions in the Q&A session. And now I turn the floor to Leonardo and Velez, but when you see the whole picture, and I think that's what's interesting it is really to see, in fact, how the company is improving. And I think this is our objectives to keep delivering more and more within our strategic planning this recovery Cemig.

Leonardo George de Magalhaes {BIO 21639277 <GO>}

Thank you, Reynaldo. Good morning, actually good afternoon, everyone, and thank you for being with us here in this conference call for the second quarter earnings of Cemig. So now we are going to go into the details about the renegotiation of Hydrological risk. Basically, here we have the plants where we have the concessions, Reynaldo already mentioned. We highlight here in (inaudible) in other points you they have cash generation that is too high and we were able to have additional cash generation for two more years up to 2027 as important to have this cash generation preparing the company for renewal process in this concession and a possible payment of a concession grant fee then.

Right now this is a non-cash effect, is only in the results but further on, I mean in the future this extension will represent a very significant cash generation for the company in 2026 and '27. We understand that this was very important, and in the prior quarter we mentioned that we would possibly post this in this quarter on the inflows these effects. And here are the effects posted into our financial statements.

And the next slide, we have our Eurobond buyback. We believe this is a very important to highlight in our meeting with investors in May, we mentioned that if we had an opportunity to restart the process of buying back the bonds is still in 2021 if there was a window of reduction in the FX rate, we would start the process and today the FX rate is over 530. But there was a moment in which it was close to BRL5 and we took the opportunity. We then a lot the spread 509, and we had the opportunity to start and concluded the bonds operation.

It was successful. There was demand of BRL774 million and with a premium of 16.25% it's premium considering the face value of the activity shows how the company is improving its rating and, I think the premium represents that improvement in the credit quality of the company there for those facts and this would involve BRL3.107 billion in payments. We withdrew BRL500 million related to these bonds. And the net cash effect was BRL2.309 billion. This separation was concluded in August.

So now in this third quarter, we are going to have a non-recurring impact, which is the premium payment with a net effect for social contribution and income tax of BRL325 million in our financial statements. In the third quarter, that is not posted yet, but at the end of the day we believe this was a very important movement to reduce our FX exposure, and more than that considering that we have a first partial hedge also a better debt profile, and when Velez talks about that is going to be a very clear how the company now has a much better debt profile because we remove the BRL1.5 million for 2024. We were BRL8 billion to much a less amount. We believe in fact, it's better for the company in its cash management and debt profile.

On the next slide, we have the effects of the bond. In the second quarter, the total FX were BRL617 million credit, but looking only at the ahead we have a negative effect of

BRL426 million because of the interest rates considering that we switched our hedge. We changed FX variation by CDI, considering CDI was up in this last quarter, that has a negative impact on the pricing of our hedge. But on the other hand, considering the FX rate was down we end of the quarter close to 500[ph] had up positive effect of BRL1.043 billion.

So in the quarter we have a positive effect and the balance sheet of the company up BRL617 million because of these operations that involve the updating of the principal amount of our debt of the bond and also how much our hedge adjusted to market value used in that pricing.

Moving on, this is an important highlight and we mentioned in prior quarter the tariff adjustment of the company was approved on May 25 by now that tariff review considering all consumption classes of BRL1.28, but for residential consumers for the second year in a row this was zero adjustment that is during the pandemic our consumers, residential consumers had no tariff adjustments and we believe this is an important piece of data that helps the company to maintain the delinquency level very low and we'll talk more about that in a few minutes. And that was, thanks to the beginning of reimbursement of -- was up in 15 tax credit and we started reimbursing those amounts. The total BRL4 billion, and these amounts are considered in the last to tariff adjustments and we started already reimbursing BRL1.5 billion in these credits.

We believe this was an important event for the company. We were successful, and the company also is benefiting consumers thanks to it's proactive action into any await when we started this lawsuit. Moving on to our investment program. We had BRL822 million invested up to June, the total amount and so far, BRL2.9 billion. This is a great challenge for us to be able to carry out all this plan by the end of the year. This first six months was the one with the greater challenges in terms of acquiring equipments, considering FX variation and also the price increases still in the international market.

All of that causes this investment process in the first half of the year to be more challenging and we hope in the last semester this investment program it's accelerated and just to give you an example, we have around 30 substations to be concluded in the second half of the year. And because of that we understand that the second half of the year we will be able to have a better performance in terms of our investments execution.

But even if part of this investment under distribution, which is the highest one BRL2.3 billion, if we cannot conclude all of that by the end of the year we understand that, where we will have to accelerate, and at the most it should be concluded by 2022. We are alert to the situation and the company is really working to conclude the investment programs in 2021 and 2022. So that we can include them in our regulatory tariff review.

Moving on, we talk about quality indicators, and matters that involve delinquency. And now I'll turn the floor to Marney, our Distribution Officer and he worked on to make a distribution and the process and he will comment more.

Marney Tadeu Antunes {BIO 18106764 <GO>}

Thank you, Leonardo. Good afternoon, everyone. Just stressing what Reynaldo mentioned in the beginning that we reached the lowest level of the DEC in history. Now we are at BRL9.46 and this is a moving indicator in 12 months so is July of 2020 to July of -- June 2021. So this figure is much lower than the regulatory limit.

I would like to highlight two topics here. The first one is a programmed DEC and the other one is the accidental DEC program, the ones would be even the higher than last year's. Because our investments were higher but because we are using new technologies we have a great management there. So that we did not increase the program, the DEC, which is too fair enough the greater to for maintenance and the accidental DEC is worked by our investment plans and it has to do with the substations that are under construction 30 substations, 30 kilometers of transmission lines, all of that thanks to a -- because of the pandemic, we will be able to really leverage now in the second half of the year. We had some bidding problems, but all the events have been taken care of when will be able to move on and all these comments also can be applied to FEC 489, much lower than the regulatory limit, which is 656 also historical results.

Next slide please. Now turning to our delinquency, and how we are fighting delinquency. I would like to mention that because of the pandemic and its consequences when we could not make disconnections in some customer's categories, the isolation and all the economic prices that we had. We then had to develop a special plan to fight delinquency and we developed a program for merchants.

We were very successful in the results of this program, helping the merchants to go back, and start working again. And then we increase the number of disconnections were allowed. We added intelligence to the process to have a better return and all of that allowed us to have a better collection index. You can see here in the first line. We had a collection index of 98.8, the highest levels in the past few years. This is collection over billing and 49.4% in our collection activities that is 60% higher than the same period of last year.

Also we automated, protests automatic activities electronic protest as we implemented that. We started charging bills in the credit card in instalments for the past due bills also renegotiated instalments we are what's up with disconnections we had 201 more disconnections than the same period of last year in the categories where we could have the disconnections again, and also we have new payment channels and you can see here on the spring.

But I also would like to highlight that thanks to that if we look to the chart, the top chart, you have 98.87, which is our collection index, selection over billing and our ADA has a very satisfactory results. Thanks to the improvement in the rules reversals that we are working on, and also all these selection actions. And I would like to add the losses. We are doing very well in delinquency and we are doing very well in terms of the losses. Our losses today, and we just end of July at 11.92. Our target for the year is 11.09. We are very close to it, and the regulatory we expect that by October of next year, that's our strategic planning to reach the regulatory level for losses. So we are doing well in losses and delinquency which prove our plan is on the right track.

Thank you very much, and I'll turn the floor back to Velez.

Antonio Carlos Velez Braga {BIO 16813855 <GO>}

Thank you very much, Marney. So now let's turn to Slide 13, and where we start the company's results. Here we have the main effects for the second quarter of 2021. For Cemig Holding we had operating efficiency initiative, which was our voluntary redundancy program. We had enrollments of 324 employees and the cost was of BRL35 million.

For Cemig distribution exclusively we should highlight as we already mentioned a strong growth in the volume of distributed energy of 12.4%. Our market, captive market that is the sale for end consumers grew 5.3% and transport for clients for free clients here, also had a strong growth over 21%, and we are going to go into the details of this growth, and if it were not -- by distributed generation and as you know this is very strong and manager wise growth for total consumption would have been over 14%, but we are going to go into the details shortly.

As already mentioned, we had a reversal in our ADA BRL1 million that was in order to better reflect that provision but I should highlight that even result that reversal we would have a 50%, reduction in provision, following the same criteria of last year. Just to make clear here that there is an improvement regardless, the reversal.

And as already mentioned by our CEO, the OpEx for the distributing company is within the regulatory target. For Cemig GT we did have the effect of the postings for GSF hydrological risk renegotiation with a positive impact in our EBITDA of BRL910 million. So we had reprofiling of RBSE was a positive BRL211 million marking to market of a Eurobond as our CFO mentioned had a positive effect in 2021 of BRL777 million and with a lower positive effect in the same period of 2020 of BRL71 million so that also caused this Cemig GTs result increase and we will show you that in details when we go company by company. And equity income for the Cemig GT, we had a negative impact of BRL119 million in the second quarter of '21 vis-a-vis a negative impact in the 2Q.

So any of BRL8 million that negative equity income was mainly because of (inaudible). Turning to slide 14. We have here results in the first half of the year. The consolidated for Cemig for 2021 first half of the year. So strong growth for EBITDA and net profit whether an accounting IFRS figures or recurring numbers when we consider the period adjustments. So EBITDA for instance the IFRS, EBITDA increased 66.9% reaching BRL4,435 million in this first half of the year, while recurring figure for EBITDA reached BRL2,973 million was a growth of 29.5%.

Our net profit and IFRS grew 133.5% from BRL1,14 million in the first half of '22 BRL2,368 million in the first half of 2021. Now, and the recurring results last year's net profit in the first half was a BRL1,58 million and it increased 45.8% reaching BRL1,543 million in the first six months of 2021.

We do have adjustments on the bottom of the page. And as I mentioned, the highlight here the GSF which was the highest BRL910 million. And the second quarter of 2021, the consolidated results also had growth, anyway you look at it in accounting wise and recurring figures as well, and this was because of the highest energy consumption in our concession area now. So we had a growth in gas consumption from Gasmig that was very relevant of 85% in the period. And just Gasmig alone had a growth in its EBITDA of BRL94 million in the second quarter of '21 vis-a-vis the second quarter of '20.

So consolidated EBITDA and IFRS grew 38.8%, reaching BRL2,590 million, and in the second quarter of 2021 the adjusted figure was of BRL1,321 million, up 39.4% about the net profit, it was up 79.9% from BRL1,82 million to BRL1,946 million in IFRS, while the adjusted net profit with no as fact of the FX exposure, we had an increase of 58.7% from BRL441 million to BRL700 million. So, and recurring firms I think we can say that net profits increase almost 80% in IFRS and the adjusted almost 60%.

So these are great results for our second quarter of 2021. Go into the details of the Cemig GT. We also grow as you can see and we should highlight that because of the adjustments, and our contracts and also settlements and CCE, we had an average price of BRL248.34 in the second quarter of 2021. That is a energy selling price vis-a-vis BRL219.63, in the same period of 2020. So Cemig GT EBITDA grew in IFRS of 112.6% reaching BRL1,699 million while the adjusted result in the EBITDA was BRL430 million, up 34.8%. The IFRS net profit reached BRL1,444 million, up 254.8%, and the adjusted net profit was BRL198 million increasing over 360%.

Turning to slide 17, talk a little bit about the energy market for Cemig distribution. Now, as we mentioned energy build-to-end consumers and transported energy both increase of 12.4% out of that is transported energy for free clients increased 21.4%, and consumers energy increased 5.3%. We should now here turn to the industrial area in our concession area where we had a strong recovery of 19.6%, that was increasing consumption really, really strong because of the recovery, but also residential customers is -- here that you remember last year in this period other stores were basically closed.

So there was an increase of 8.8% in the commercial area, but the residential consumers -- attention during the pandemic, they were consuming regularly and we did have increasing some consumption in the residential segment. And even then in 2021 we still see growth in that area of 4%.

So it really is a very important growth. As I mentioned in terms of this distributed generation, the total energy there increase over 90% in the second quarter of 2021 compared to Q2 '20. And so in 2Q '20, we had 232 gigawatt hour injected in our system because of distributed generation, and 2Q '21 we have 442 gigawatt hour. So when we add these figures the total distributed energy, we conclude that total consumption in concession area for Cemig Distribution actually increased 14.1%.

We also had migration of captive clients to free clients. So this is what you see for our end consumers. They also had this dynamic therefore, we saw migration in the second quarter of 153 gigawatt hour, and so comparing total distributed energy for Cemig Distribution in the second quarter of '21 to the second quarter of '19, which would be a better comparison base because it was before the pandemic, there was a growth of 3.8%.

So, once again growth, we see growth on all areas, from all angles we looked at it. Now on Slide 18, we have the Cemig Distribution results. We did not have any non-recurring impact here. And that's why you only see EBITDA and net profit in IFRS. There was an increase in energy volume and here we once again highlight industry, only the industrial sector we had an increase of 907 gigawatt hour.

We had a reversal as I mentioned in the provision of ADA in the second quarter of BRL8 million vis-a-vis provision of BRL120 million in the second Q '20. If we had done the provision in 2021 using the same criteria of last year the provision would have been BRL41 million. Even then it would be much lower stressing what we already said regarding all our initiatives to increase collection and reduce delinquencies.

On Slide 19, operating costs and expenses. So was an increase of 25.3%, and when we remove our items such as purchase of energy, or energy that repurchase and then sell for commercialization. And so PMSO itself went from 100, and 856 to 919, and there was an increase specifically here, and outsourced services. It was mix of the two main reasons.

Last year because of the pandemic, some IT expenses are have been reduced because services were reduced considering the pandemic. And also there was a migration of a data center, while we're migrating information from one data center to another we had an overlapping of two service providers. This has been concluded already.

And we have to remember that in the second quarter of 2020 basically we didn't have disconnections of our overdue customers. And in August they started again, but in the second quarter of 2021, we had 332,000 disconnections, but we didn't have any in 2Q '20 and this is a service that is done basically by our subcontractor.

Now turning to Slide 20. We have here the comparison both of our OpEx and EBITDA both regulatory of Cemig Distribution. So the real numbers, this is all right this has been already mentioned by our CEO. We're just going to go into the details here. The regulatory OpEx in the first half was BRL1,571 million and the realized OpEx was BRL1,433 million better than the regulatory and BRL128 million just in the first half of the year. I should highlight here the PMSO itself is lower than the regulatory in BRL385 million.

But because of the other expenses that we have such as profit sharing program, a post retirement and the voluntary redundancy program and other provisions that are higher-end that we bring in. So that we can factor those into the comparison and we still suffer a little bit. And now that we have the realized OpEx of BRL1,440 million but as our CEO mentioned that it's important to see it as a whole picture in 2018 the realized it was 5% higher than the regulatory OpEx. In 2019 year is over 29% and then just in 2020 as you know you're following the company by the end of the year the third and fourth quarters alone, that we were able to have a better performance and the OpEx and 2022, it was 0.5%[ph] lower and now just in the first half of the year, we are 8% lower than the regulatory OpEx.

About the EBITDA, the regulatory EBITDA in the first half it was of BRL1,217 million and the realized was BRL1,336 million. As we see it was better than the regulatory OpEx was better as well and just losses were a little bit lower in the 51, in this half of the year and much lower figure than what we had last year. And Marney mentioned, by October of next year we should be within the regulatory level as well.

Now turning to Slide 21. We have here our debt profile, consolidated debt profile. So here you see in the first chart the maturities timetable with average tenure of 3.4 years. Our net debt is of BRL6.3 billion that's say the total debt minus cash and securities, and we still reduced our hedge because this is an asset that we have, and we showed that this is something that we can use at any time when we are ready to settle the bond whether at maturity date or in a prepayment. This is considered a cash, also because of covenant calculation is back. So by the end of the quarter, our cash was almost BRL7 billion which is maturities timetable that we see here plus BRL456 million in 2021, in '22, BRL1,259 million, in 2023, BRL821 million. So up to 2023, we have almost (inaudible) stable that is fine for the company's cash generation, but in 2024 we have the maturity of this bond, and we should highlight that by June we had it as a BRL819 million but since we are carried out the operation in July and August and we settle it then August BRL500 million. We are already reflecting the real maturity in 2024, which will be BRL5,585 million and much better and we did not have a debt for instance here. We use the cash that we had, by the end of the quarter we'll be able to make the payments.

So we are not rolling out debt from this year to another one in terms of the investors the US dollar is the almost relevant 57% of our debt is indexed by dollar, IPCA represents 30% and CDI 13%, then we have other (inaudible) that are not very representative even then. We have our the hedge protecting our dollar nominated debt. The principal is protected in between 3.45 per dollar -- some 3.45 until 5, and we have a full swap for the interest rates of around 165% and as a very competitive cost of debt.

In terms of cost of debt nominal terms in the quarter, we reached 8%. But if we calculate the real terms which is important, and it's important to do debt. As you know our revenue are protected against the inflation. So our debt cost in real terms is still coming down reaching 1.06% a year. And leverage is still going down, both in terms net debt over EBITDA and total net debt over equity plus net cash in 2018, net debt over EBITDA was 3.24 times in December of 2018 and now in June is 0.91.

Now in terms of capital structure it was 42.8 in 2018 and now it is at 20.2% in June. A significant reduction and this is reflected in our credit quality, in the performance of our debentures and our bonds in the secondary markets. Now turning to the end of the figures in our results on 22, the slide number 22. We can have a consolidated cash flow. This is what would be the reconciliation. So by the end of last year, cash and securities was of BRL5,805 million. The cash generation was of BRL2,944 million. We did have cash inflow settlements of derivative instruments of BRL889 million. We reimbursed our consumers BRL910 million regarding the tax credits of PIS and Cofins that allowed us to have a very low readjustment last year and this year and repay loans and finances with no further funding. We also paid dividend. That's why we have that BRL734 million in financing activities, we sold light in January and we raised BRL1,366 million and we invested BRL829 million in a way that our cash by the end of the quarter reached BRL6,998 million.

Now, I will turn the floor to Leonardo on Slide 23 to talk about the management priorities.

Leonardo George de Magalhaes {BIO 21639277 <GO>}

I will be very brief so that we have time for our questions. In addition to operating efficiency measures, which are part of those management's routine in our strategic plan disclosed by May, we were very transparent and we mentioned our principle. Our main initiatives in terms of value generation for the company and this slide is a -- kind of an accountability to show you how the actions are moving forward.

This is our guide. A lot of the measures and a lot of the topics have been already carried out and we are working in the remaining ones. And we expect that in the next quarters, we will bring to you more and more of these measures already achieved and these involve restructuring our retirement benefit plans and also value generation and we understand that considering the results we are bringing to you and by the deliveries that involve operating efficiency of the company and a better structure of capital, we understand we are on the right track to have and to carry out all these measures that we consider to be the most relevant ones. That's it, Velez.

Antonio Carlos Velez Braga {BIO 16813855 <GO>}

Very well. We now conclude the presentation. We prepared for you for this call. And now we turn to our Q&A session.

Questions And Answers

Operator

(Operator Instructions). If there are no further questions, we turn the floor back to Mr. Reynaldo Passanezi Filho for his final remarks.

A - Reynaldo Passanezi Filho {BIO 15054064 <GO>}

Very well, good afternoon, everyone and thank you very much for being with us in this call. We hope to see you within 90-days with the results of the third quarter. We expect that they are as robust and consistent as the ones we just brought to you. Thank you all very much. See you next time.

Operator

Conference call of Cemig has ended. Thank you very much for your participation and have a nice afternoon.