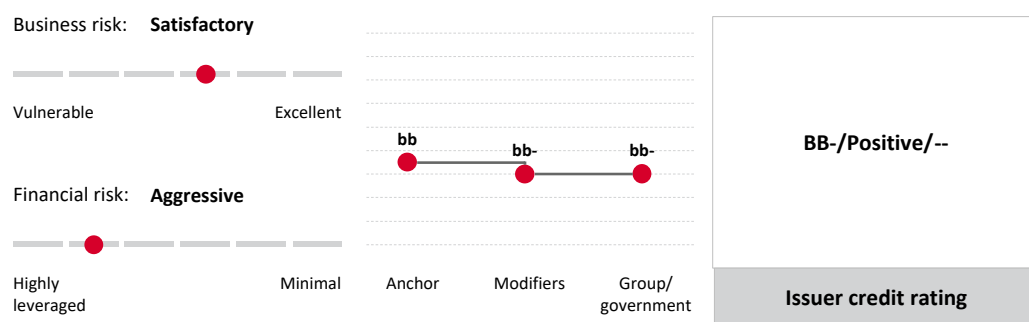


Companhia Energetica de Minas Gerais

November 27, 2025

This report does not constitute a rating action.

Ratings Score Snapshot



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Credit Highlights

Overview

Key strengths	Key risks
Among largest integrated electric utility companies in Brazil, serving roughly 9.5 million clients in Minas Gerais.	Sizable capital expenditure required by investment plan will constrain free cash flow in next few years and require additional debt.
Supportive regulatory framework, with 65%-75% of EBITDA generated in regulated electricity.	High domestic interest rates will keep debt service costly because half of group's debt is floating rate.
Continuity of investment plan will support cash flow generation.	Exposure to hydrological conditions could increase energy costs and working capital needs.
Debt contracts limit potential interference from controlling shareholder State of Minas Gerais until 2029.	Political uncertainties and fiscal strain in Minas Gerais could undermine financial flexibility.

Although significant capital expenditure and persistently high interest rates continue to constrain CEMIG's free operating cash flow, we expect its leverage to remain controlled. The bulk of Companhia Energetica de Minas Gerais' (CEMIG's) investment plan, totaling Brazilian real (R\$) 39.2 billion for the 2025-2028 cycle, aims at reinforcing the group's core business within

Minas Gerais. Investment will be allocated mostly to power distribution (60%), but also power transmission and generation (20%), gas distribution (5%), and other (15%).

Given the company will finance investments with a combination of its own cash generation and new debt, we expect nominal debt and related interest expenses to rise. We forecast gross debt to increase to R\$22 billion-R\$27 billion between 2026 and 2028, up from R\$9.8 billion in 2023 and R\$12.3 billion in 2024. As a result, we still expect an annual free operating cash flow (FOCF) shortfall, with adjusted net debt to EBITDA set to reach 3.2x by the end of 2025, peak near 3.5x in 2026 and 2027, and decline to 3.3x afterward. Additionally, we foresee funds from operations (FFO) to debt at 18%-22% over the next few years.

CEMIG's converting of investments into additional cash flow underpins our positive outlook. In the past few years, the group received tariff adjustments above inflation for CEMIG-D and the transmission lines of CEMIG-GT of 7.32% in 2024 and 7.78% in 2025, boosting revenue, EBITDA, and cash flow generation. However, we forecast more conservative future tariff adjustments based solely on inflation, whereas the previous updates were usually 2%-3% above inflation. These tariff adjustments could support EBITDA in the May 2028 revision.

Moreover, our base-case scenario contemplates risk from hydro concession renewals. CEMIG's Emborcação, Nova Ponte, and Sá Carvalho hydro plant concessions, totaling more than half of its installed capacity and R\$900 million in EBITDA, expire between 2026 and 2027. While the renewal process is progressing, we don't factor the renewals into our projections because they depend on the Ministry of Mines and Energy's approval. The renewed concessions could increase exposure to electricity prices in the long term, in our view, and make profitability more volatile if the company maintains short positions and relies on additional energy purchases.

CEMIG's privatization process and the potential transfer of control to the federal government remain under discussion. On Nov. 6, 2025, the State of Minas Gerais informed CEMIG that, in continuity of its participation in the Programa de Pleno Pagamento de Dívida dos Estados, it had included CEMIG among the assets available to address the state's public debt with the federal government. While this step supports discussions on a potential transfer of the company's control to the federal government, no formal transaction or binding proposal has been announced.

At the same time, the state is pursuing a potential privatization of CEMIG, but this would require legislative approval and a popular referendum. Given the public's low acceptance of the idea, the likelihood of such a referendum passing is low, particularly in light of the upcoming election year. We will continue to monitor the outcome from these discussions and assess potential effects on CEMIG's governance and strategic positioning.

Our rating on CEMIG continues to reflect political risks associated with its state ownership, given Minas Gerais holds 50.97% of voting shares and 17.04% of total shares. Since 2019, we haven't seen any negative government intervention. Debt agreements limit dividend distributions, thereby preventing the state from draining cash to support its financial flexibility. However, with debt maturities approaching, we will closely monitor the government's influence on CEMIG.

Outlook

The positive outlook indicates our expectation that we could upgrade CEMIG and its subsidiaries in the next 12-24 months if the company successfully converted investments into additional cash flow or renewed hydro concessions without significant payment of grant fees. In this scenario, we would expect the company to maintain controlled leveraged, with adjusted net debt to EBITDA below 3.5x, FFO to debt of more than 20%, and lower FOCF shortfalls.

Downside scenario

We could revise the outlook to stable or lower the ratings on CEMIG and its subsidiaries if the group's credit metrics deteriorated from our expectations. In such a scenario, we would see adjusted net debt to EBITDA ratio consistently above 4.5x, FFO to debt below 13%, and negative FOCF. This deterioration could happen if persistently rising energy costs hurt cash flow, particularly if hydrological conditions deteriorated over the next two years.

Additionally, if the group were unable to mitigate risk related to its energy imbalance across various submarkets in the power trading segment, losses could increase. This scenario could also worsen credit metrics because of significantly higher-than-anticipated investments or a substantial debt-financed acquisition that does not generate corresponding cash flow, resulting in a heavier interest burden.

Furthermore, increased dividend distributions could contribute to weaker metrics and pressure liquidity, either due to challenges in refinancing or limited covenant headroom.

Upside scenario

We could upgrade CEMIG if it demonstrated a narrower FOCF shortfall in the coming years, particularly while maintaining solid credit metrics. In this context, we would need to see FFO to debt exceeding 20% and debt to EBITDA below 3.5x consistently. This improvement is contingent on the State of Minas Gerais refraining from interfering in the group's operations. Credit metrics could strengthen if CEMIG generates increased cash flow from its investments or continues to sell noncore assets to prepay outstanding debt.

Our Base-Case Scenario

Assumptions
- Brazil's GDP to grow 2.3% in 2025, 1.7% in 2026, and 2.1% in 2027. - Nevertheless, CEMIG's energy consumption at the distribution business to decline to about 3.6% in 2025 and 0.8% in 2026, then grow to 0.5%-1% as a result of captive clients' migration to the distributed generation segment and free market. - Rate adjustment of 7.78% in 2025 for CEMIG-D, as approved by Brazil's electricity regulator, with future rates increasing in line with previous year's inflation, to 5.1% in 2026 and 4.4% in 2027. - Average cost of energy in the distribution business at around R\$370 per megawatt-hour (MWh) in 2025 and then increasing in line with inflation starting in 2026. - Favorable hydrological conditions in 2026 as a result of reservoir capacity recovery during the wet season in 2024-2025. - Global scaling factor, which determines the group's level of energy delivery, of roughly 85% starting in 2025. - Average energy sale price at R\$200-R\$210 per MWh in 2025, R\$240-R\$250 in 2026, and around R\$250 in 2027, considering the existing contracts. - Average energy purchase costs of R\$90-R\$100 per MWh starting in 2026, reflecting still-favorable hydrological conditions.

- Permitted annual revenue of CEMIG's transmission lines of about R\$1.45 billion in the 2025-2026 cycle and increasing in line with inflation starting in 2026, with new projects and the modernization of transmission lines supporting the increase.
- Net revenue in the transmission segment of about R\$1.3 billion in 2025, R\$1.4 billion in 2026, and R\$1.5 billion in 2027.
- Gas distribution at Gasmig at 1 million cubic meters in 2025 and increasing with GDP from 2026 onward, with an average price of R\$3.0-R\$3.5 per cubic meter.
- Annual capital expenditure (capex) of about R\$6 billion in 2025, R\$7 billion in 2026, and R\$6.7 billion in 2027.
- Average interest rate at 14.8% in 2025, 13% in 2026, and 11.1% in 2027.
- Although the group plans additional minority stakes divestments, we don't incorporate them, given the uncertain timing.
- Dividend payment of R\$3.7 billion in 2025 and R\$1.5 billion-R\$2.0 billion from 2026, representing a payout of 50% of the previous year's net income.

Key metrics

Companhia Energetica de Minas Gerais - CEMIG--Forecast summary

Period ending	Dec-31-2021	Dec-31-2022	Dec-31-2023	Dec-31-2024	Dec-31-2025	Dec-31-2026	Dec-31-2027	Dec-31-2028
(Mil. BRL)	2021a	2022a	2023a	2024a	2025e	2026f	2027f	2028f
Revenue	29,245	28,392	30,089	33,601	36,002	39,617	40,362	41,598
Gross profit	7,796	8,372	10,267	11,623	12,230	13,055	14,098	15,228
EBITDA (reported)	6,645	6,864	8,496	11,254	6,606	7,349	7,972	8,528
Plus: Operating lease adjustment (OLA) rent	--	--	--	--	--	--	--	--
Plus/(less): Other	(1,889)	(1,869)	(2,256)	(3,755)	843	868	1,161	1,410
EBITDA	4,756	4,995	6,240	7,499	7,449	8,217	9,133	9,938
Less: Cash interest paid	(1,593)	(1,014)	(1,031)	(962)	(1,816)	(2,303)	(2,327)	(2,107)
Less: Cash taxes paid	(500)	(704)	(601)	(1,136)	(654)	(680)	(737)	(835)
Plus/(less): Other	--	--	--	--	--	--	--	--
Funds from operations (FFO)	2,662	3,277	4,608	5,401	4,980	5,234	6,070	6,996
EBIT	4,945	4,380	5,193	6,354	7,027	7,660	8,286	8,928
Interest expense	1,269	1,642	1,782	1,589	2,307	2,816	2,858	2,654
Cash flow from operations (CFO)	3,683	6,613	6,644	5,497	4,639	4,546	5,516	6,216
Capital expenditure (capex)	2,032	3,405	4,942	5,358	6,009	7,031	6,702	5,589
Free operating cash flow (FOCF)	1,652	3,208	1,702	138	(1,370)	(2,485)	(1,187)	627
Dividends	1,416	2,094	1,823	4,294	3,731	1,634	1,699	1,842
Share repurchases (reported)	--	--	--	--	--	--	--	--
Discretionary cash flow (DCF)	235	1,114	(121)	(4,156)	(5,100)	(4,119)	(2,886)	(1,214)
Debt (reported)	11,364	10,579	9,831	12,279	19,140	22,382	25,624	27,734
Plus: Lease liabilities debt	244	355	433	429	425	422	418	415
Plus: Pension and other postretirement debt	--	--	--	--	--	--	--	--
Less: Accessible cash and liquid Investments	(2,549)	(3,185)	(2,311)	(2,256)	(3,498)	(2,268)	(2,250)	(2,763)

Companhia Energetica de Minas Gerais - CEMIG--Forecast summary

Plus/(less): Other	10,525	9,959	8,389	7,594	7,608	7,608	7,608	7,608
Debt	19,584	17,708	16,341	18,046	23,676	28,143	31,400	32,994
Equity	19,462	21,783	24,655	27,383	26,921	28,684	30,669	33,003
FOCF (adjusted for lease capex)	1,652	3,208	1,702	138	(1,338)	(2,453)	(1,155)	658
Interest expense (reported)	1,254	1,016	1,191	1,104	1,816	2,303	2,327	2,107
Capex (reported)	2,032	3,405	4,942	5,358	6,009	7,031	6,702	5,589
Cash and short-term investments (reported)	2,549	3,185	2,311	2,256	3,498	2,268	2,250	2,763
Adjusted ratios								
Debt/EBITDA (x)	4.1	3.5	2.6	2.4	3.2	3.4	3.4	3.3
FFO/debt (%)	13.6	18.5	28.2	29.9	21.0	18.6	19.3	21.2
FFO cash interest coverage (x)	2.7	4.2	5.5	6.6	3.7	3.3	3.6	4.3
EBITDA interest coverage (x)	3.7	3.0	3.5	4.7	3.2	2.9	3.2	3.7
CFO/debt (%)	18.8	37.3	40.7	30.5	19.6	16.2	17.6	18.8
FOCF/debt (%)	8.4	18.1	10.4	0.8	(5.8)	(8.8)	(3.8)	1.9
DCF/debt (%)	1.2	6.3	(0.7)	(23.0)	(21.5)	(14.6)	(9.2)	(3.7)
Lease capex-adjusted FOCF/debt (%)	8.4	18.1	10.4	0.8	(5.7)	(8.7)	(3.7)	2.0
Annual revenue growth (%)	20.5	(2.9)	6.0	11.7	7.1	10.0	1.9	3.1
Gross margin (%)	26.7	29.5	34.1	34.6	34.0	33.0	34.9	36.6
EBITDA margin (%)	16.3	17.6	20.7	22.3	20.7	20.7	22.6	23.9
Return on capital (%)	13.0	11.2	12.9	14.7	14.6	14.3	13.9	13.9
Return on total assets (%)	9.3	8.3	9.6	11.1	11.0	10.8	10.7	10.8
EBITDA/cash interest (x)	3.0	4.9	6.1	7.8	4.1	3.6	3.9	4.7
EBIT interest coverage (x)	3.9	2.7	2.9	4.0	3.0	2.7	2.9	3.4
Debt/debt and equity (%)	50.2	44.8	39.9	39.7	46.8	49.5	50.6	50.0
Debt fixed-charge coverage (x)	3.7	3.0	3.5	4.7	1.5	1.5	2.4	3.0
Debt/debt and undepreciated equity (%)	50.2	44.8	39.9	39.7	46.8	49.5	50.6	50.0

All figures are adjusted by S&P Global Ratings, unless stated as reported. a--Actual. e--Estimate. f--Forecast. R\$--Brazilian real.

Company Description

CEMIG is one of the largest utility groups in Brazil, operating across three segments: electricity and gas distribution (approximately 60% of projected EBITDA for 2025), generation and energy trading (25%-30%), and transmission (10%-15%). The group serves roughly 9.5 million clients in Minas Gerais, one of Brazil's most densely populated states. Additionally, CEMIG has an installed generation capacity of 4.5 gigawatts and benefits from R\$1.2 billion in permitted annual revenue from its 5,060 kilometers of fully owned power transmission lines, as well as holds a 21.68% stake in Transmissora Aliança de Energia Elétrica S.A. (TAESA; not rated), a power transmission company based in Brazil. CEMIG is controlled by the State of Minas Gerais, which holds 50.97% of the voting shares and 17.04% of the total shares.

Peer Comparison

In our view, CEMIG compares well with other integrated players in the Brazilian electricity sector, such as Energisa (BB/Stable/--) and Neoenergia (BB/Stable/--), particularly in size and

Companhia Energetica de Minas Gerais

geographic diversification. These groups primarily generate revenue from the power distribution segment, while also, except for Energisa, operating power generation. The generation segment accounts for 25%-30% of CEMIG's EBITDA, while it represents 10%-15% for Neoenergia and less than 5% for Energisa.

All three groups are planning significant investments in power distribution over the next few years, which weighs on their financial risk. Given CEMIG's elevated capex plan, we still expect negative FOCF in the next few years, although debt to EBITDA and FFO to debt should remain consistent near 3.0x-3.5x and 18%-20%, respectively.

Meanwhile, Neoenergia's debt to EBITDA will be slightly worse than CEMIG's, at 4.0x-4.5x in the next two years, although we expect the company to reduce FOCF shortfalls from 2026 onward as it concludes the investment cycle in transmission lines and benefits from the additional cash generation. As a result, we view CEMIG and Neoenergia's financial risk as aggressive.

Energisa has better financial risk because we foresee its debt to EBITDA improving to 3.5x with positive FOCF by 2027.

Unlike its peers, CEMIG is exposed to political cycles due to its public ownership, which we reflect in our ratings.

Companhia Energetica de Minas Gerais - CEMIG--Peer Comparisons

	Companhia Energetica de Minas Gerais - CEMIG	Energisa S.A.	Neoenergia S.A.
Foreign currency issuer credit rating	BB-/Positive/--	BB/Stable/--	BB/Stable/--
Local currency issuer credit rating	BB-/Positive/--	BB/Stable/--	BB/Stable/--
Period	Annual	Annual	Annual
Period ending	2024-12-31	2024-12-31	2024-12-31
Mil.	R\$	R\$	R\$
Revenue	33,601	27,309	36,677
EBITDA	7,499	7,343	10,339
Funds from operations (FFO)	5,401	2,706	7,508
Interest	1,589	3,024	4,791
Cash interest paid	962	4,084	3,359
Operating cash flow (OCF)	5,497	3,134	3,242
Capital expenditure	5,358	6,194	9,811
Free operating cash flow (FOCF)	138	(3,061)	(6,569)
Discretionary cash flow (DCF)	(4,156)	(4,657)	(7,705)
Cash and short-term investments	2,256	8,561	7,826
Gross available cash	2,256	8,561	7,826
Debt	18,046	28,151	48,901
Equity	27,383	20,792	32,747
EBITDA margin (%)	22.3	26.9	28.2
Return on capital (%)	14.7	14.8	10.2
EBITDA interest coverage (x)	4.7	2.4	2.2
FFO cash interest coverage (x)	6.6	1.7	3.2
Debt/EBITDA (x)	2.4	3.8	4.7
FFO/debt (%)	29.9	9.6	15.4
OCF/debt (%)	30.5	11.1	6.6

Companhia Energetica de Minas Gerais - CEMIG--Peer Comparisons

FOCF/debt (%)	0.8	(10.9)	(13.4)
DCF/debt (%)	(23.0)	(16.5)	(15.8)

Business Risk

Brazil's regulatory framework supports the cash flow stability of regulated activities at CEMIG. Its two regulated segments, distribution and transmission, contribute to more than half of the company's consolidated EBITDA.

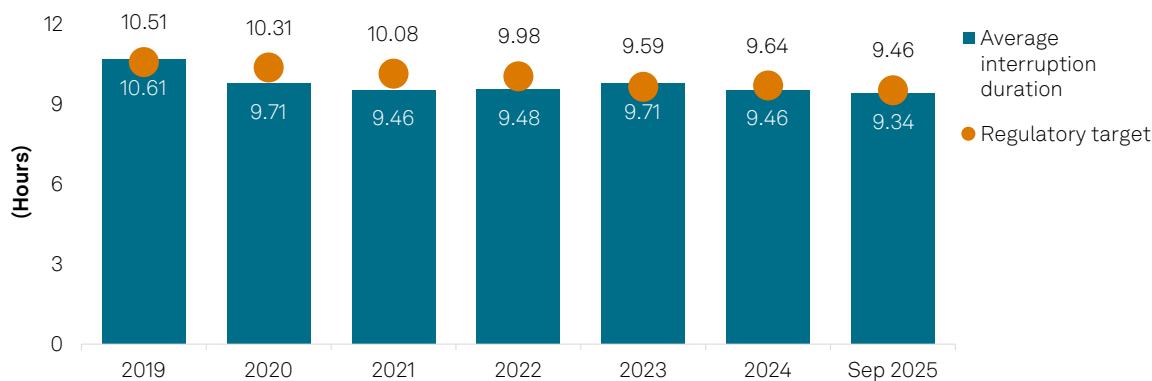
In these segments, the electricity regulator establishes rates for distribution and transmission companies to compensate for investments made within their concession areas. Rate-setting for transmission companies is fairly straightforward, given these entities earn revenue-based fees on their availability to the system.

Distribution companies operate under a model of cost pass-through mechanisms and investment-reward schemes. In addition, they are subject to rate readjustments every four to five years, depending on the concession contract; for instance, CEMIG-D's rate reviews occur in May, and the next is expected in 2028. These adjustments enable companies to transfer electricity costs and general administrative expenses--which are linked to inflation--to tariffs. During each cycle, the regulator determines a new weighted average cost of capital to compensate for investments made during the concession period, and in the case of CEMIG, this has been above inflation.

In recent years, in the distribution segment, CEMIG-D has implemented cost-reduction and efficiency measures within its concession area, while also investing in connecting new clients and upgrading its distribution network. It also plans to invest R\$23.2 billion for the 2025-2028 cycle (it already invested R\$3.6 billion in the nine months ended September 2025), which will enable efficiency gains in the next rate review cycle. It will also enable the group to maintain quality indicators (DEC and FEC) within the regulatory limit, as it has successfully done since breaching them in 2023 due to extreme weather conditions in Minas Gerais.

We expect the company to keep investing in its distribution network, including its substations, system reinforcement and redundancy, and preventive maintenance. Improved quality metrics benefit distributors by reducing discounts applied to electricity bills as well as the risk of not distributing dividends (in case of noncompliance for more than two years) and even concession termination (for more than three years of noncompliance).

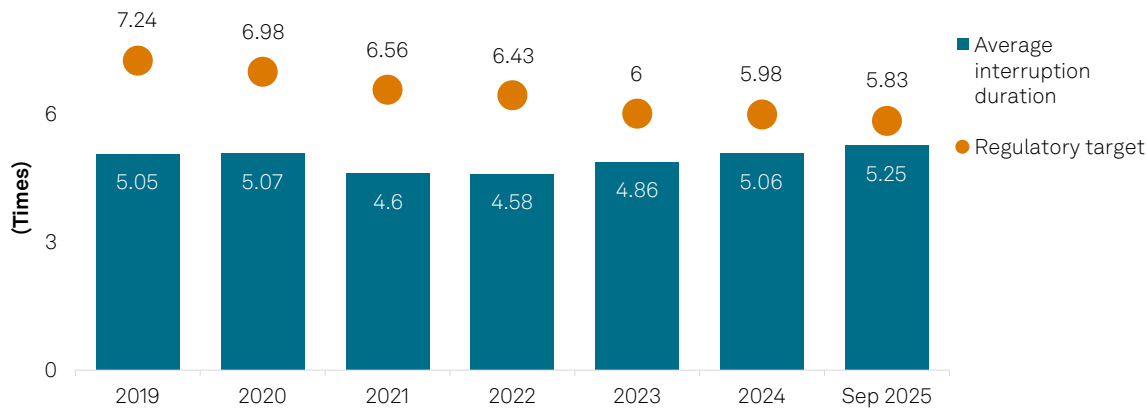
System Average Interruption Duration (DEC) Index



Source: S&P Global Ratings.

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System Average Interruption Frequency (FEC) Index

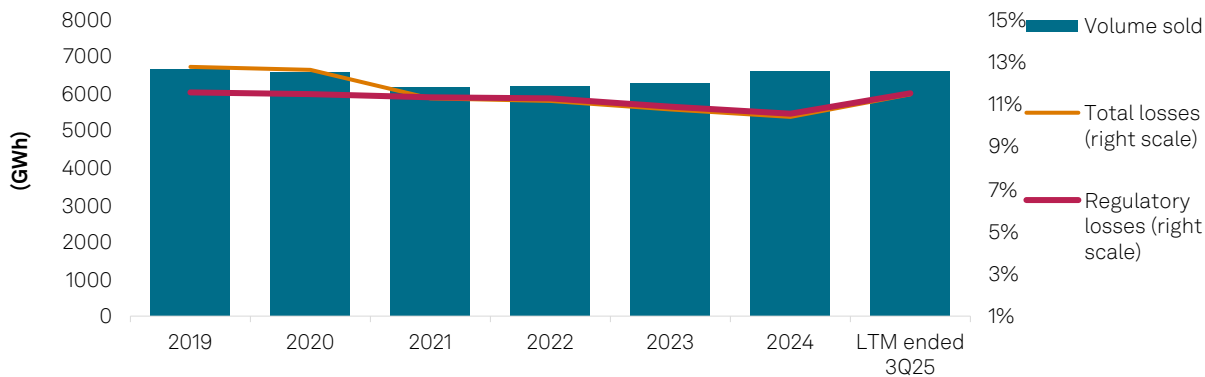


Source: S&P Global Ratings.

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Furthermore, the company is actively investing in reducing energy losses. For the 12 months ended September 2025, energy losses were slightly below regulatory targets, and we expect the company's initiatives to upgrade outdated energy metering, disconnect delinquent customers, expand payment options, and renegotiate outstanding bills with customers will help keep energy losses controlled.

CEMIG eletricity losses



Source: S&P Global Ratings.

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In the transmission segment, CEMIG-GT operates 5,060 kilometers of power transmission lines, comprising 73 lines and 40 substations, with gross permitted annual revenue of R\$1.2 billion for the 2025-2026 cycle. Additionally, CEMIG-GT holds a 21.68% stake in TAESA, which will contribute R\$160 million in dividends in 2025 and R\$300 million-R\$400 million per year in the subsequent years to CEMIG.

CEMIG plans to invest R\$4.3 billion over the next few years in reinforcing and upgrading its transmission infrastructure, which will further increase permitted annual revenue. Given that CEMIG has maintained over 99.9% availability on its lines, we anticipate investments in this segment will contribute to the stability of cash generation and gains of scale.

CEMIG-GT, which is responsible for the company's generation capacity, has an asset base mostly consisting of hydro plants--more than 90% of its installed capacity--and sells its energy mostly in the unregulated market with a combination of short- and long-term contracts. The company's generation capacity meets 30%-40% of its power purchase agreements, making it a net buyer of energy. In our view, this increases CEMIG's cash flow exposure to volatile energy prices, which could intensify if the company is unable to renew 1,780 MW of installed capacity--representing more than half of total capacity--set to expire by 2027.

In the next few years, we expect results at CEMIG-GT and CEMIG-H to face pressure from rising exposure to spot prices, which could increase energy purchase costs, especially because of significant exposure to regional price spreads in the Brazilian electricity market. We expect negative EBITDA generation at about -R\$35 million in 2026 at CEMIG-H, though EBITDA should significantly improve from 2027 onward amid an increase in sales prices, recovering market prices, and the termination of purchase contracts at high prices.

Financial Risk

As a result of the debt incurred to finance the group's significant investment plan of R\$39.2 billion for the 2025-2028 cycle, we anticipate a significant increase in the group's nominal debt. The rising interest burden will keep leverage above 3.0x and FFO to debt at around 20% in the next few years.

We forecast negative FOCF due to elevated capex and negative discretionary cash flow amid dividend distributions of R\$3.7 billion in 2025 and R\$1.5 billion-R\$2 billion starting in 2026, considering the payout policy of 50% of the net income from the previous year. This will limit the company's ability to pay down debt until the tariff adjustment in 2028.

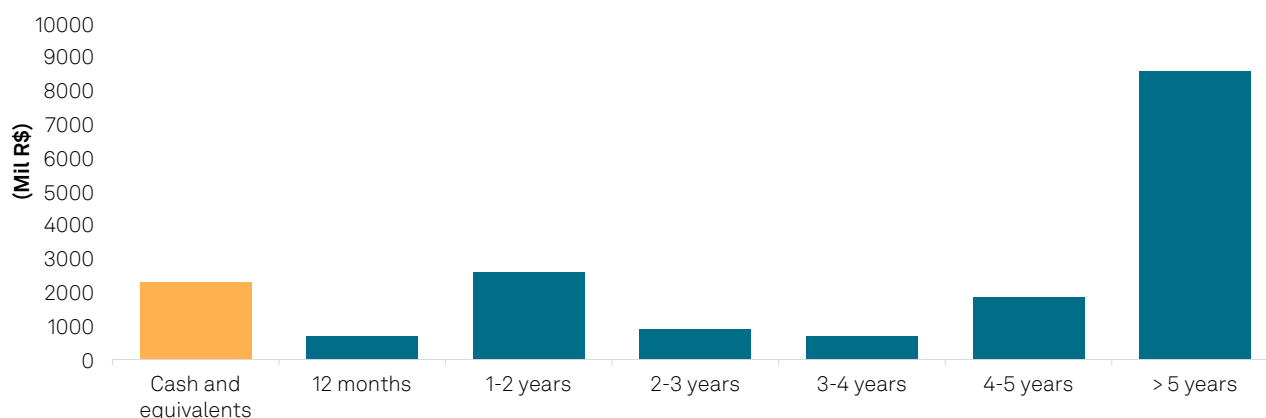
We project CEMIG's net debt to EBITDA will reach 3.2x by the end of 2025, peak at around 3.5x in 2026 and 2027, and decline to 3.3x thereafter. FFO to debt will be 18%-22% in the next few years.

On a positive perspective, CEMIG has already addressed its debt maturities in 2026 and maintains an extended debt maturity schedule, which we view as a credit strength.

Debt maturities

Debt maturities

As of September 2025



Source: S&P Global Ratings.

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The group's debt consists largely of debentures, with a smaller portion of credit lines from multilateral banks. Nearly 80% of total debt matures beyond the next 12 months. As of Sept. 30, 2025, CEMIG's adjusted gross debt was R\$23.3 billion. In our adjusted debt metrics, we include R\$15.4 billion of gross debt, lease liabilities of R\$425 million, pension-related liabilities of R\$4.2 billion, and financial guarantees provided to Belo Monte, CEMIG's equity affiliate, for R\$3.3 billion. In addition, we net the cash position of R\$2.3 billion, reaching adjusted debt of R\$21 billion as of Sept. 30, 2025.

Companhia Energetica de Minas Gerais - CEMIG--Financial Summary

Period ending	Dec-31-2019	Dec-31-2020	Dec-31-2021	Dec-31-2022	Dec-31-2023	Dec-31-2024
Reporting period	2019a	2020a	2021a	2022a	2023a	2024a
Display currency (mil.)	R\$	R\$	R\$	R\$	R\$	R\$
Revenues	22,225	24,273	29,245	28,392	30,089	33,601
EBITDA	4,382	6,326	4,756	4,995	6,240	7,499
Funds from operations (FFO)	1,350	5,001	2,662	3,277	4,608	5,401
Interest expense	1,758	1,703	1,269	1,642	1,782	1,589
Cash interest paid	1,265	1,085	1,593	1,014	1,031	962
Operating cash flow (OCF)	2,037	8,609	3,683	6,613	6,644	5,497

Companhia Energetica de Minas Gerais

Companhia Energetica de Minas Gerais - CEMIG--Financial Summary

Capital expenditure	1,927	1,538	2,032	3,405	4,942	5,358
Free operating cash flow (FOCF)	110	7,072	1,652	3,208	1,702	138
Discretionary cash flow (DCF)	(591)	6,473	235	1,114	(121)	(4,156)
Cash and short-term investments	1,276	5,041	2,549	3,185	2,311	2,256
Gross available cash	1,276	5,041	2,549	3,185	2,311	2,256
Debt	23,895	19,457	19,584	17,708	16,341	18,046
Common equity	16,103	17,477	19,462	21,783	24,655	27,383
Adjusted ratios						
EBITDA margin (%)	19.7	26.1	16.3	17.6	20.7	22.3
Return on capital (%)	9.2	15.4	13.0	11.2	12.9	14.7
EBITDA interest coverage (x)	2.5	3.7	3.7	3.0	3.5	4.7
FFO cash interest coverage (x)	2.1	5.6	2.7	4.2	5.5	6.6
Debt/EBITDA (x)	5.5	3.1	4.1	3.5	2.6	2.4
FFO/debt (%)	5.7	25.7	13.6	18.5	28.2	29.9
OCF/debt (%)	8.5	44.2	18.8	37.3	40.7	30.5
FOCF/debt (%)	0.5	36.3	8.4	18.1	10.4	0.8
DCF/debt (%)	(2.5)	33.3	1.2	6.3	(0.7)	(23.0)

Reconciliation Of Companhia Energetica de Minas Gerais - CEMIG Reported Amounts With S&P Global Adjusted Amounts (Mil. R\$)

	Debt	Shareholder Equity	Revenue	EBITDA	Operating income	Interest expense	S&PGR adjusted EBITDA	Operating cash flow	Dividends	Capital expenditure
Financial year	Dec-31-2024									
Company reported amounts	12,279	27,378	39,820	11,254	9,878	1,104	7,499	5,497	4,294	5,358
Cash taxes paid	-	-	-	-	-	-	(1,136)	-	-	-
Cash interest paid	-	-	-	-	-	-	(962)	-	-	-
Lease liabilities	429	-	-	-	-	-	-	-	-	-
Accessible cash and liquid investments	(2,256)	-	-	-	-	-	-	-	-	-
Dividends from equity investments	-	-	-	350	-	-	-	-	-	-
Income (expense) of unconsolid. cos.	-	-	-	(224)	-	-	-	-	-	-
Nonoperating income (expense)	-	-	-	-	356	-	-	-	-	-
Noncontrolling/ minority interest	-	5	-	-	-	-	-	-	-	-
Debt: Guarantees	3,288	-	-	-	-	-	-	-	-	-

Reconciliation Of Companhia Energetica de Minas Gerais - CEMIG Reported Amounts With S&P Global Adjusted Amounts (Mil. R\$)

	Debt	Shareholder Equity	Revenue	EBITDA	Operating income	Interest expense	S&PGR adjusted EBITDA	Operating cash flow	Dividends	Capital expenditure
Debt: Workers comp/ self insurance	4,306	-	-	-	-	-	-	-	-	-
Revenue: other	-	-	(6,219)	(6,219)	(6,219)	-	-	-	-	-
COGS: other nonoperating nonrecurring items	-	-	-	5,002	5,002	-	-	-	-	-
EBITDA - Gain/(loss) on disposals of PP&E	-	-	-	(1,674)	(1,674)	-	-	-	-	-
EBITDA: other income/ (expense)	-	-	-	(1,475)	(1,475)	-	-	-	-	-
EBITDA: other	-	-	-	485	485	-	-	-	-	-
Interest expense: other	-	-	-	-	-	485	-	-	-	-
Working capital: Taxes	-	-	-	-	-	-	-	1,136	-	-
Working capital: other	-	-	-	-	-	-	-	264	-	-
OCF: Taxes	-	-	-	-	-	-	-	(1,136)	-	-
OCF: other	-	-	-	-	-	-	-	(264)	-	-
Total adjustments	5,767	5	(6,219)	(3,755)	(3,524)	485	(2,098)	-	-	-
S&P Global Ratings adjusted	Debt	Equity	Revenue	EBITDA	EBIT	Interest expense	Funds from Operations	Operating cash flow	Dividends	Capital expenditure
	18,046	27,383	33,601	7,499	6,354	1,589	5,401	5,497	4,294	5,358

Liquidity

We view CEMIG's liquidity as adequate. As of Sept 30, 2025, we expect that cash sources will exceed cash uses by more than 10% over the next 12 months. The company has maintained a solid cash position, which will be bolstered by R\$4 billion in new contracted debt from the 14th and 11th offerings for CEMIG-D (R\$2.5 billion) and CEMIG-GT (R\$1.5 billion), respectively. These will go toward prepaying CEMIG-D's seventh issuance and CEMIG GT's ninth issuance within the next year, reinforcing our view that management continues to effectively manage liabilities.

Furthermore, as a result of the operating and financial performance improvement over recent years, CEMIG has enhanced its access to debt and capital markets. This allowed for the extension of debt maturities while maintaining stable debt costs, supporting the group's sizable investment plan. We also expect the company to continue remunerating shareholders at 50% of the previous year's net income, in line with its dividend policy.

Principal liquidity sources	Principal liquidity uses
• Cash and cash equivalents of R\$2.3 billion as of Sept. 30, 2025. • Expected cash FFO generation of around R\$5.1 billion in the next 12 months from Sept. 30, 2025. • New contracted debt, after September, of R\$4 billion.	• Short-term debt maturities of about R\$3 billion as of Sept. 30, 2025. • Maintenance capex of about R\$3.5 billion. • Working capital outflows of about R\$500 million in the next 12 months. • Dividend payment of R\$2.6 billion in the next 12 months, assuming a 50% dividend payout.

Covenant Analysis

Requirements

CEMIG has recurring and acceleration financial covenants that are measured semiannually:

- CEMIG-GT: Consolidated maximum net debt to EBITDA at 3.5x from 2025 until December 2029 and 4.0x afterward.
- CEMIG-D: Consolidated maximum net debt to EBITDA at 3.5x from 2025 until June 2029 and 4.0x afterward.
- CEMIG: Consolidated maximum net debt to EBITDA at 3.0x from 2025 until June 2026, 3.5x from July 2026 until December 2029, and 4.0x afterward.

Compliance expectations

We expect the group to comply with the required thresholds for the next three years, albeit with a narrow cushion of 20%-25% because of the increase in indebtedness to finance the group's sizable capex.

Environmental, Social, And Governance

Governance factors are a negative consideration in our credit rating analysis of CEMIG, mainly reflecting political risk associated with its state ownership. In the past, the group's controlling shareholder, the State of Minas Gerais, drained cash from the company through dividends, which resulted in financing challenges for CEMIG. Since 2019, however, there have been no negative interventions, and we expect this to remain the case.

We believe the risk of government interference has fallen because CEMIG's debt agreements still restrict upstreaming dividends to the state, thereby reducing the state's ability to access the group's cash flow. Furthermore, the Brazilian electricity sector operates under a federal regulatory framework that provides protection against the state's interference in CEMIG's operations.

While we consider environmental and social factors to have a neutral impact on our ratings on CEMIG, extreme weather events could lead to extended power outages for customers, as in 2023. However, since then, the group has enhanced its performance and quality indicators to below the regulatory limits through substantial investments aimed at improving network resilience and redundancy.

Even though the generation segment contributes lower EBITDA (25%-30%, considering energy trading), CEMIG needs to purchase energy to honor its contracts in the free market. This poses some risks because hydrological conditions can cause volatility in energy prices and elevate the group's operating costs.

Conversely, we believe CEMIG is well positioned for the energy transition, given that all of its generation capacity is renewable. Additionally, the company intends to continue investing in the expansion of its renewable generation segment in the next five years.

Group Influence

CEMIG-D and CEMIG-GT are, in our view, CEMIG's most important subsidiaries. We believe it's highly unlikely that CEMIG will sell these subsidiaries, given they fulfill core activities for the company.

Government Influence

We rate CEMIG and its subsidiaries above the ratings on its controlling shareholder, Minas Gerais (B-/Stable/--). We don't expect an extraordinary action from Minas Gerais that could further impair the company's liquidity and credit metrics, because:

- Although the state controls 51% of CEMIG, it operates under the supervision of the federal regulator, Agencia Nacional de Energia Elétrica (ANEEL); and
- Financial covenants on CEMIG's debt limit dividend distributions to the minimum set in the company's bylaws and prohibit any amendment of those bylaws. This is the case for CEMIG-D's seventh and eighth local debenture issuances that mature 2026 and 2029, respectively, which amounted to R\$2.2 billion as of Sept. 30, 2025, or 10% of total debt.

These factors reinforce our view that despite Minas Gerais' currently weak fiscal position, CEMIG will continue operating and servicing its debt. However, we will continue to closely monitor the government's influence on CEMIG, particularly after the payment of such debts.

Rating Component Scores

Foreign currency issuer credit rating	BB-/Positive/--
Local currency issuer credit rating	BB-/Positive/--
Business risk	Satisfactory
Country risk	Moderately High
Industry risk	Low
Competitive position	Satisfactory
Financial risk	Aggressive
Cash flow/leverage	Aggressive
Anchor	bb
Modifiers	
Diversification/portfolio effect	Neutral (no impact)
Capital structure	Neutral (no impact)
Financial policy	Neutral (no impact)
Liquidity	Adequate (no impact)
Management and governance	Moderately Negative (-1 notch)
Comparable rating analysis	Neutral (no impact)
Stand-alone credit profile	bb-
Group status of CEMIG-D to CEMIG	Core
Group status of CEMIG-GT to CEMIG	Core

Related Criteria

- [Criteria | Corporates | General: Sector-Specific Corporate Methodology](#), July 7, 2025
- [Criteria | Corporates | General: Corporate Methodology](#), Jan. 7 2024
- [Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities](#), Jan. 7 2024
- [General Criteria: Environmental, Social, And Governance Principles In Credit Ratings](#), Oct. 10 2021
- [General Criteria: Group Rating Methodology](#), July 1 2019
- [Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments](#), April 1 2019
- [Criteria | Corporates | General: Reflecting Subordination Risk In Corporate Issue Ratings](#), March 28 2018
- [General Criteria: Rating Government-Related Entities: Methodology And Assumptions](#), March 24 2015
- [Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers](#), Dec. 16 2014
- [General Criteria: Methodology: Industry Risk](#), Nov. 19 2013
- [General Criteria: Country Risk Assessment Methodology And Assumptions](#), Nov. 19 2013
- [General Criteria: Principles Of Credit Ratings](#), Feb. 16 2011

Related Research

- [Companhia Energetica de Minas Gerais](#), Aug. 22, 2025

Ratings Detail (as of November 19, 2025)*

Companhia Energetica de Minas Gerais - CEMIG	
Issuer Credit Rating	BB-/Positive/--

Issuer Credit Ratings History

26-Nov-2024	BB-/Positive/--
28-Jan-2021	BB-/Stable/--
10-Jul-2020	B/Positive/--

Related Entities

Cemig Distribuicao S.A.	
Issuer Credit Rating	BB-/Positive/--

Cemig Geracao e Transmissao S.A.	
Issuer Credit Rating	BB-/Positive/--

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

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