

ModernGraham Valuation

Cia Energetica de
Minas Gerais CEMIG-
ADR



Company Name:

Company Ticker

CIG

Date of Analysis

12/29/2016

Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

Defensive Investor; must pass 6 out of the following 7 tests.

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$2,986,429,672	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.72	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Fail
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	-29.68%	Fail
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	3.54	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	0.73	Pass

Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.

1. Sufficiently Strong Financial Condition	Current Ratio > 1.5	0.72	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-3.35	Fail
3. Earnings Stability	Positive EPS for 5 years prior		Pass
4. Dividend Record	Currently Pays Dividend		Pass
5. Earnings Growth	EPSmg greater than 5 years ago		Fail

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$0.66
MG Growth Estimate	-4.25%
MG Value	\$0.00
MG Value based on 3% Growth	\$9.55
MG Value based on 0% Growth	\$5.60
Market Implied Growth Rate	-2.48%

MG Opinion

Current Price	\$2.33
% of Intrinsic Value	N/A
Opinion	Overvalued
MG Grade	C

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$4.83
Graham Number	\$4.31
PEmg	3.54
Current Ratio	0.72
PB Ratio	0.73
Current Dividend	\$0.10
Dividend Yield	4.21%
Number of Consecutive Years of Dividend Growth	1

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$0.26	Next Fiscal Year Estimate	\$0.66
Dec2015	\$0.51	Dec2015	\$0.92
Dec2014	\$0.94	Dec2014	\$1.13
Dec2013	\$1.05	Dec2013	\$1.21
Dec2012	\$1.64	Dec2012	\$1.23
Dec2011	\$1.04	Dec2011	\$0.98
Dec2010	\$1.06	Dec2010	\$0.88
Dec2009	\$1.14	Dec2009	\$0.75
Dec2008	\$0.58	Dec2008	\$0.55
Dec2007	\$0.71	Dec2007	\$0.52
Dec2006	\$0.25	Dec2006	\$0.40
Dec2005	\$0.63	Dec2005	\$0.42
Dec2004	\$0.51	Dec2004	\$0.28
Dec2003	\$0.39	Dec2003	\$0.15
Dec2002	\$0.00	Dec2002	\$0.03
Dec2001	\$0.00	Dec2001	\$0.04
Dec2000	\$0.15	Dec2000	\$0.05
Dec1999	\$0.00	Balance Sheet Information 6/1/2016	
Dec1998	\$0.00	Total Current Assets	\$2,382,480,000
Dec1997	\$0.00	Total Current Liabilities	\$3,325,700,000
Dec1996	\$0.00	Long-Term Debt	\$3,163,238,000
		Total Assets	\$12,483,308,000
		Intangible Assets	\$3,063,347,000
		Total Liabilities	\$8,453,973,000
		Shares Outstanding (Diluted Average)	1,258,281,000





Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author did not hold a position in any company mentioned in this article at the time of publication and had no intention of changing those holdings within the next 72 hours.

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