

# 1Q 2015 Results



Ensuring corporate sustainability  
– Every day

# Disclaimer

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Certain statements and estimates in this material may represent expectations about future events or results, which are subject to risks and uncertainties that may be known or unknown. There is no guarantee that the events or results will take place as referred to in these expectations.

These expectations are based on the present assumptions and analyses from the point of view of our management, in accordance with their experience and other factors such as the macroeconomic environment, and market conditions in the electricity sector; and on expected future results, many of which are not under Cemig's control.

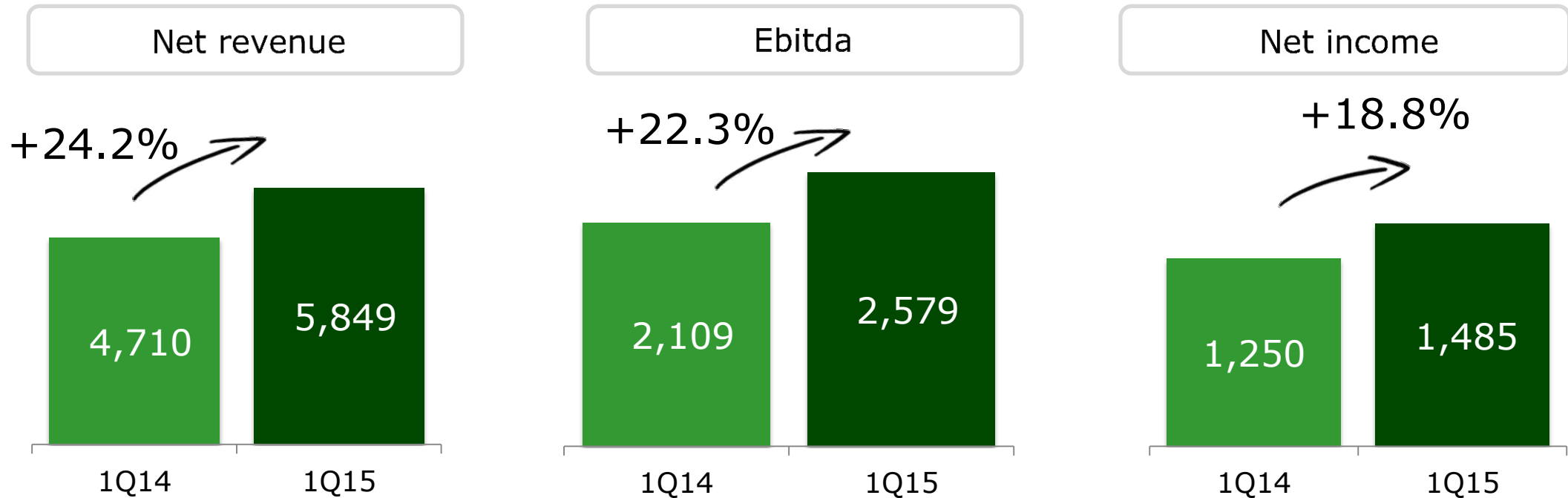
Important factors that could lead to significant differences between actual results and the projections about future events or results include Cemig's business strategy, Brazilian and international economic conditions, technology, Cemig's financial strategy, changes in the electricity sector, hydrological conditions, conditions in the financial and energy markets, uncertainty on our results from future operations, plans and objectives, and other factors. Because of these and other factors, the real results of Cemig may differ significantly from those indicated in or implied by such statements.

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To evaluate the risks and uncertainties as they relate to Cemig, and to obtain additional information about factors that could originate different results from those estimated by Cemig, please consult the section on Risk Factors included in the Reference Form filed with the Brazilian Securities Commission – CVM – and in the 20-F form filed with the U.S. Securities and Exchange Commission – SEC.

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

# Our results in 1Q15 (IFRS)



Cemig's portfolio of businesses keeps its results stable

- Trading policy maximizes results
- Extraordinary Tariff Review affects 1Q15 results

Gain in 1Q15 on fair valuation of investment in **Aliança**

Cemig/Light consortium wins auction to build **Itaocara I** Hydro Plant

- Cemig 49%; Light 51%

Cemig D's annual tariff adjustment in April 2015

- Average increase of 7.07%

Quest for improvements in corporate sustainability continues every day

Gain on Aliança stockholding reorganization

# The Itaocara I hydroelectric plant

## Consortium of Cemig (49%) and Light (51%) wins auction for **Itaocara I** Hydro Plant

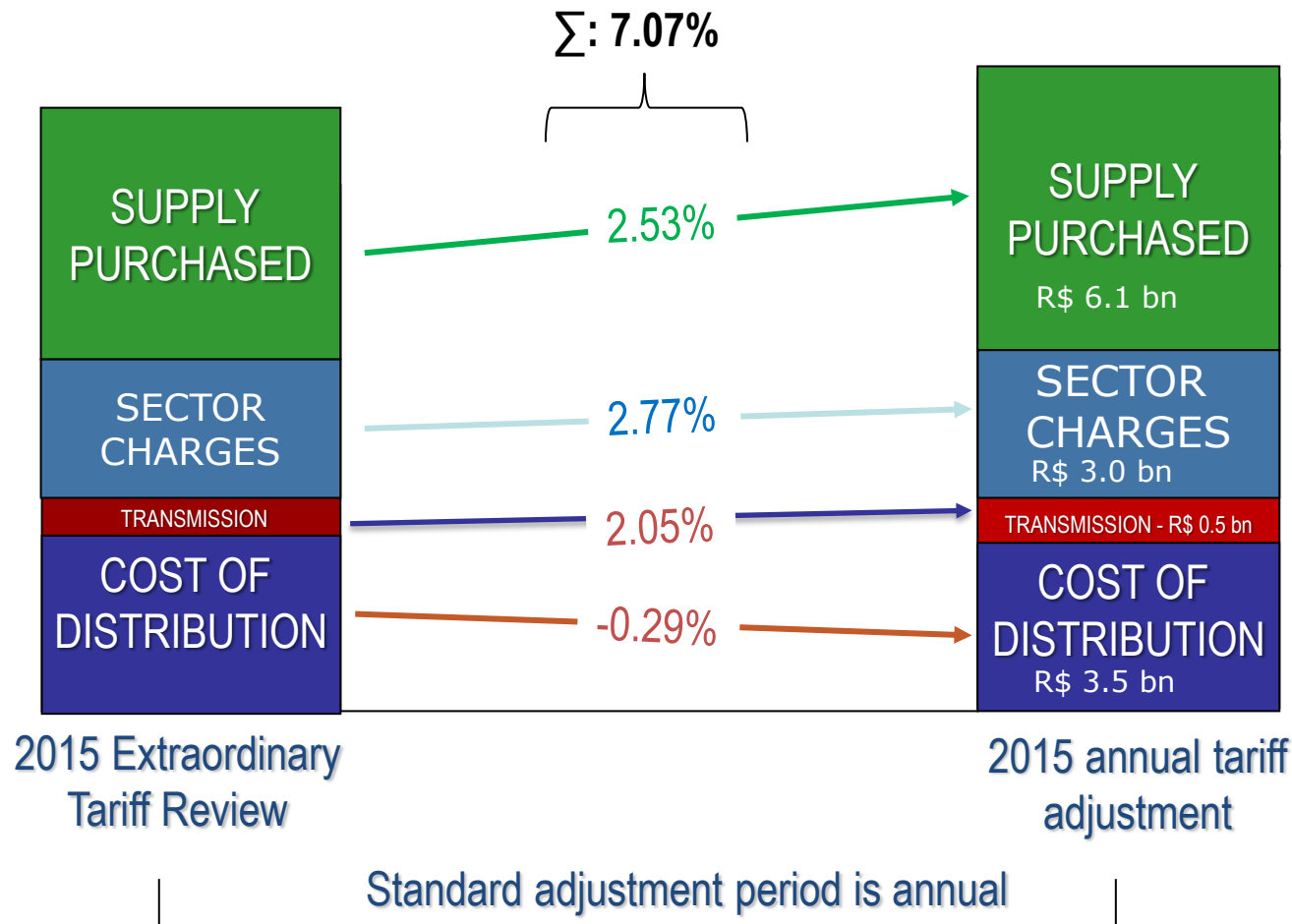
- Project features
  - ✓ Installed capacity 150 MW
  - ✓ Physical Guarantee 93.4 MW
  - ✓ Installation License already issued
  - ✓ 95.5% of physical guarantee goes to regulated market
- Investment of R\$ 1 bn (March 2015 currency)
- Capital structure
  - ✓ Own funds 30%
  - ✓ BNDES 40%
  - ✓ Debentures 30%
- A-5 auction
  - ✓ Power supply sold: 89.20 Mw average
  - ✓ Sale price in regulated market: R\$154.99/MWh
  - ✓ Start up planned for: 2Q 2018

### Location



# Distribution: Annual Tariff Adjustment of Cemig D

Weightings / components in the adjustment for costs passed through to tariffs



## Bridging funds for the tariff adjustment:

- Loans from CCEE (Wholesale Trading Chamber) – the ‘ACR Account’ created for this purpose
- The Portion A Items Variation Account – the ‘Energy CVA’
- Increase in transmission cost

## ALIANÇA: growth platform for large and medium-sized generation assets

- Recognition of R\$735 million in 1Q15 as gain on stockholding reorganization

Cemig's interest in Alliance	1,306
Book value of assets	(571)
Transaction gain recorded in the income of 2015	735

- Cemig GT and Vale have concluded structuring of the company: **Aliança Geração de Energia**
- Aliança is born with major generating assets
  - ✓ Porto Estrela, Igarapava, Funil, Capim Branco I, Capim Branco II, Aimorés and Candonga
  - ✓ 1,158 MW in operation (652MW average)
  - ✓ 100% contracted

- Publication of **Annual and Sustainability Report** for 2014
  - ✓ Uses the new **Global Reporting Initiative methodology** – GRI G4
  - ✓ Available for reading or download, including IOS and Android platforms for tablets and smartphones
- Publication of Cemig’s **Greenhouse Gas Emissions Inventory**
- Cemig subscribes to the **Value Chain Management Program**
  - ✓ Aim: Train suppliers to prepare greenhouse gas emissions inventories





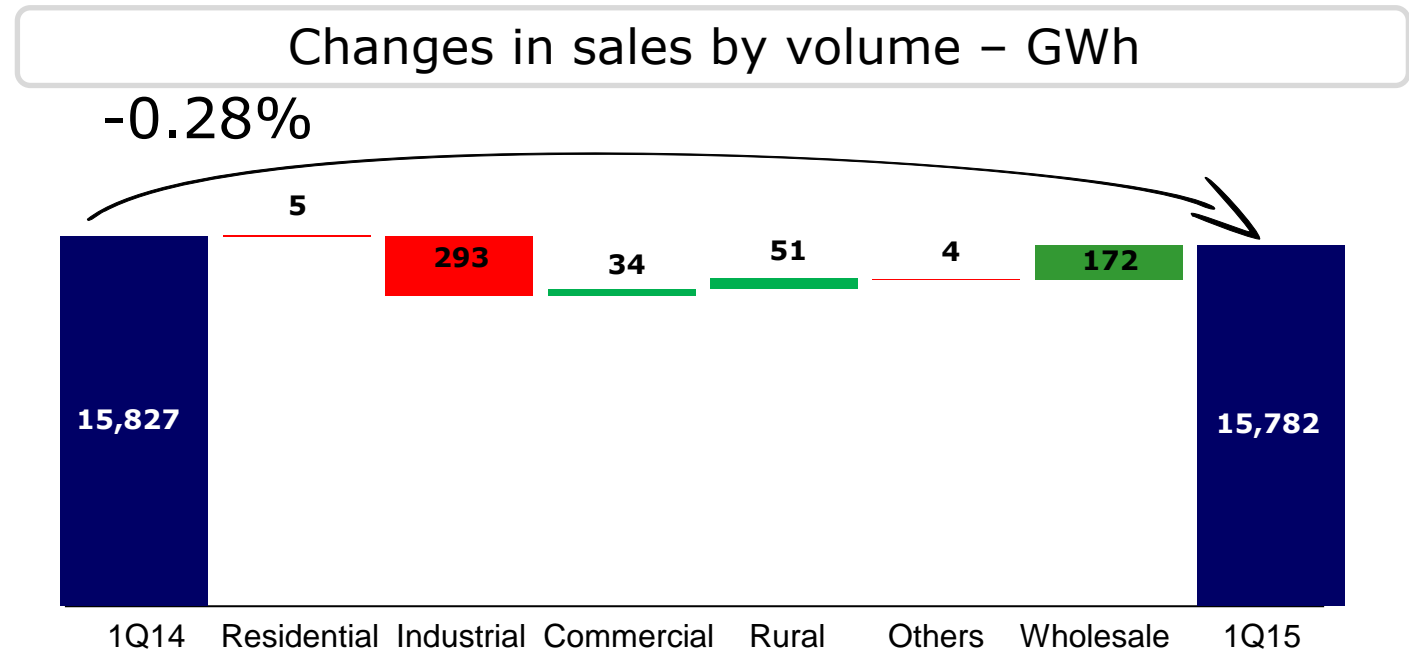
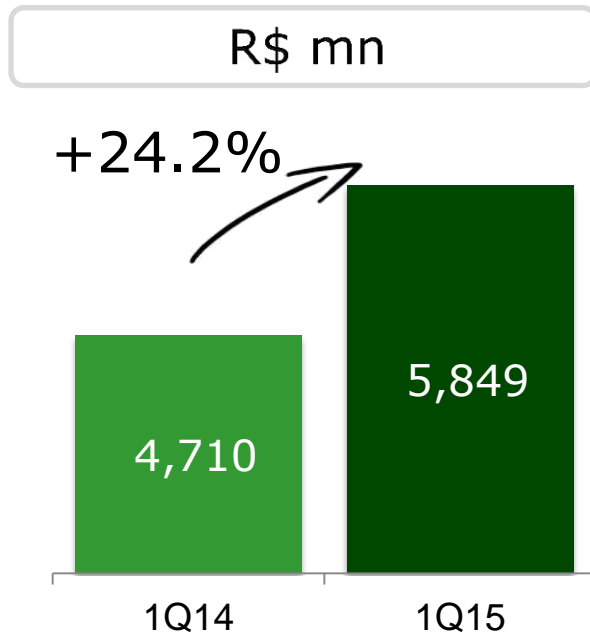
- Included in the BM&F Bovespa/BNDES **Carbon Efficiency Index** for the fifth year running
- **Sustainability Yearbook 2015**: *RobecoSAM Silver Class* rating for 2015 in *Electric Utilities* category
- **CDP** Supply Chain program rates Cemig Brazilian leader in transparency on climate change information

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# Analyzing the 1Q15 results

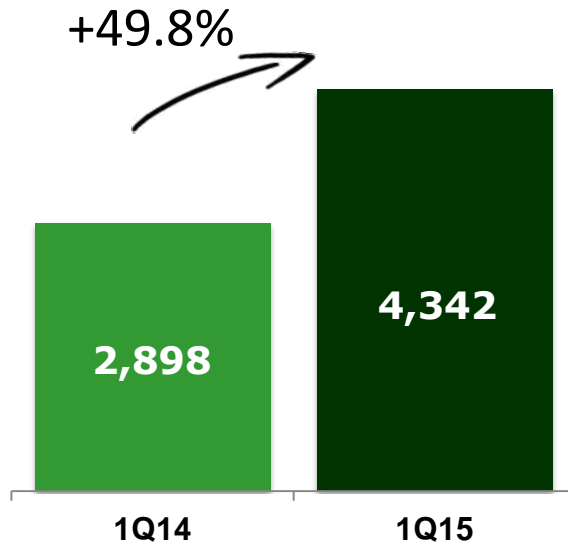
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# Consolidated net revenue



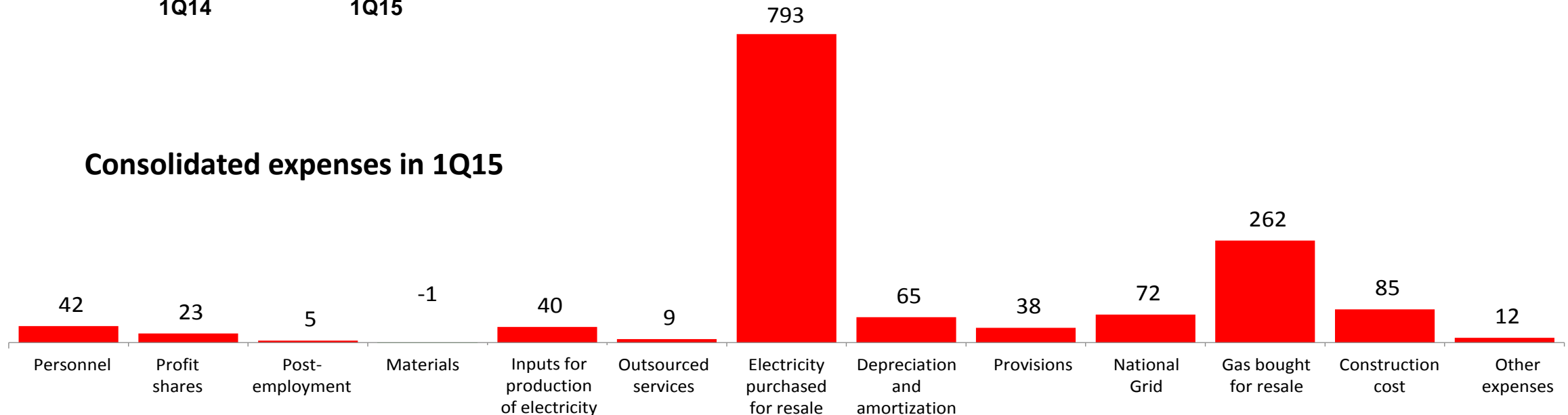
- Consolidation of **Gasmig** has positive effect in 1Q15 revenue: R\$ 426mn
- *CVA* and *Other financial components* in tariff calculation: R\$ 550 mn
- Higher seasonality of consumption in early months of 2015
- Efficient management of trading minimizes impact caused by adverse hydrology
- GSF (Generation Scaling Factor) averaged 79% in 1Q15

# Consolidated operational expenses

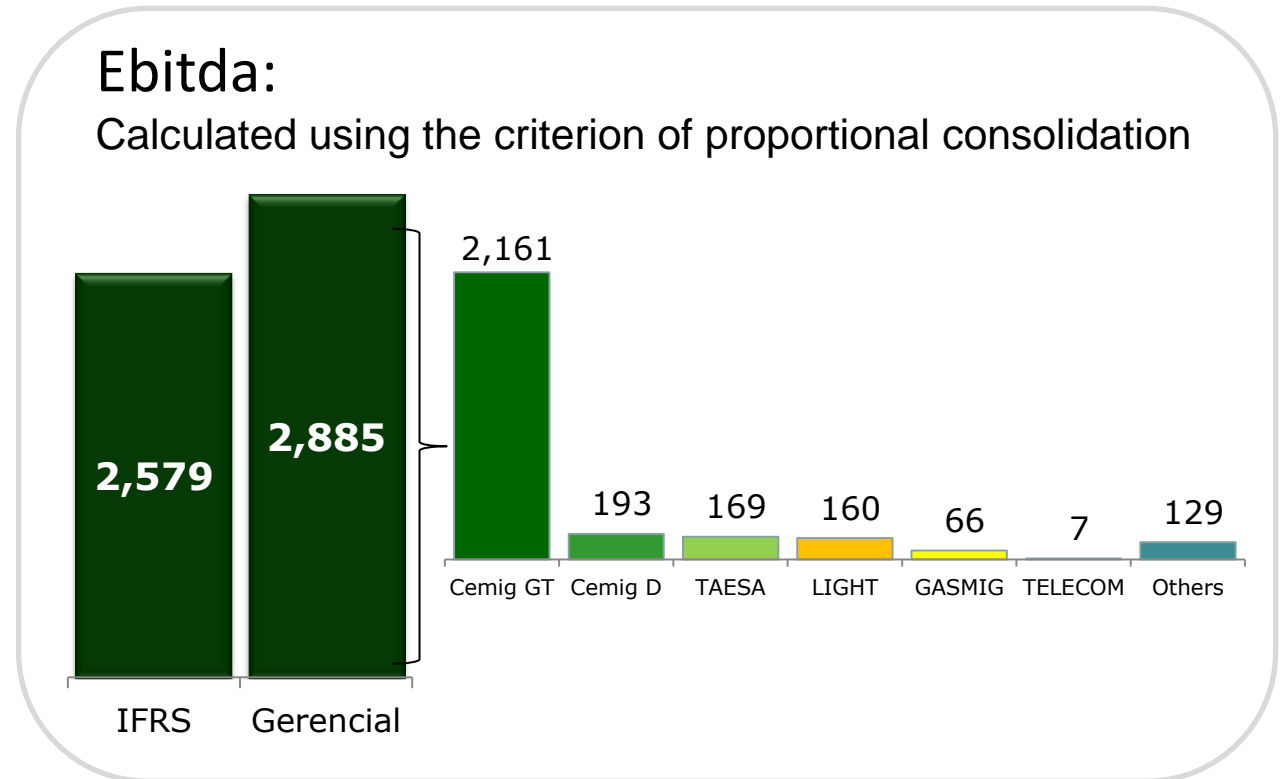
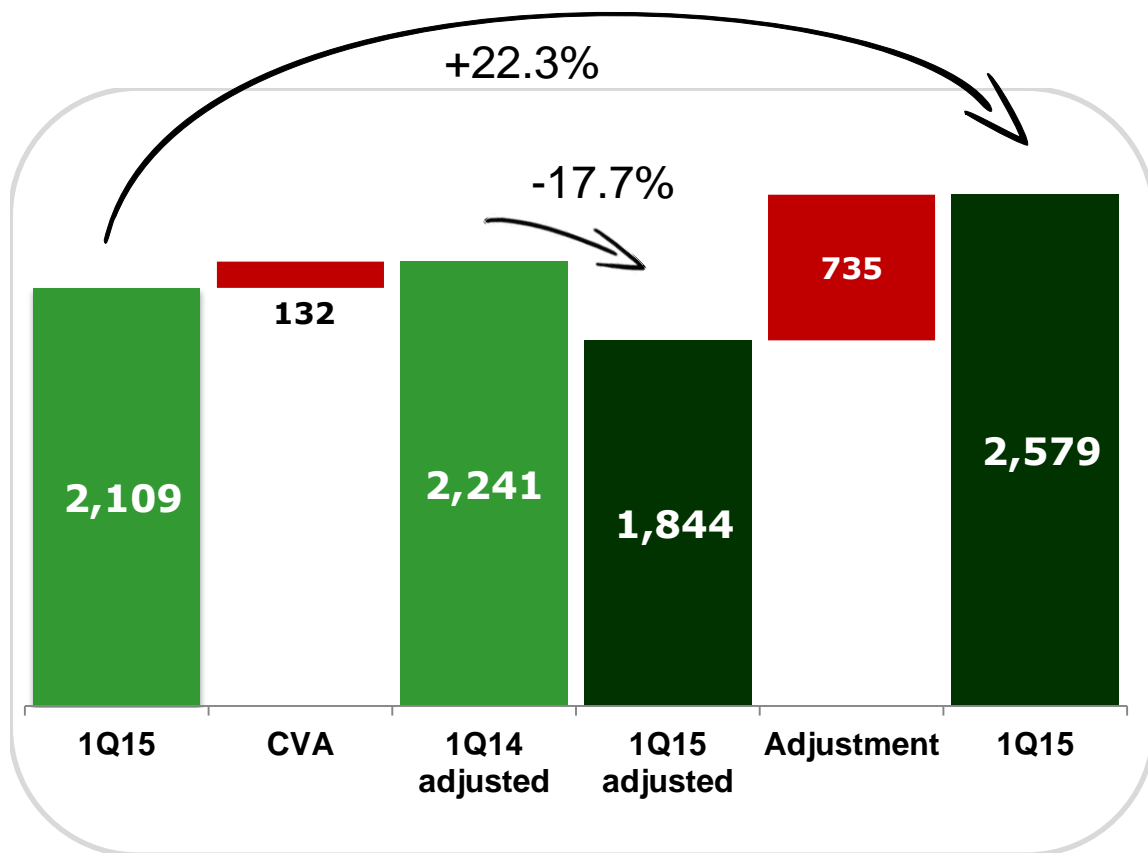


- Increased personnel expenses primarily due to:
  - ✓ November 2014 routine salary adjustment
  - ✓ 3% increase in 1Q15 ruled by judgement on 2012 negotiation
- Fuel oil affects account line Inputs for production of electricity
- Consolidation of **Gasmig** affects 1Q15

## Consolidated expenses in 1Q15

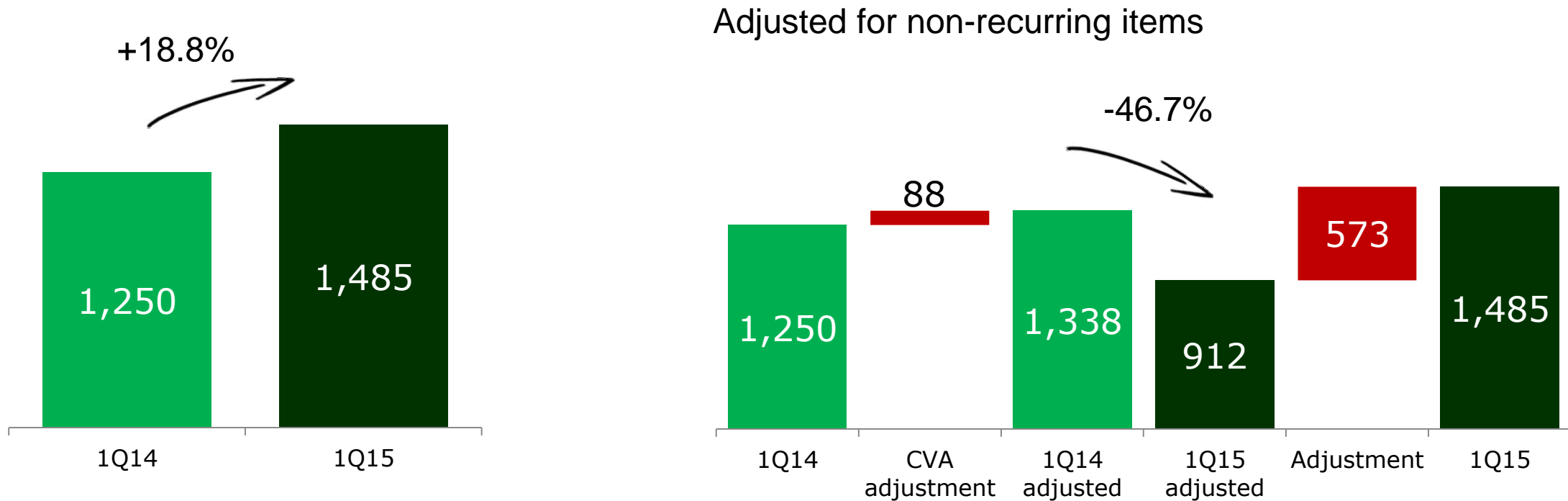


# Consolidated Ebitda



- Non-recurring accounting item in 2015 with no effect on cash
  - ✓ R\$ 735 mn gain on fair value booking of investment in **Aliança**

# Consolidated net income



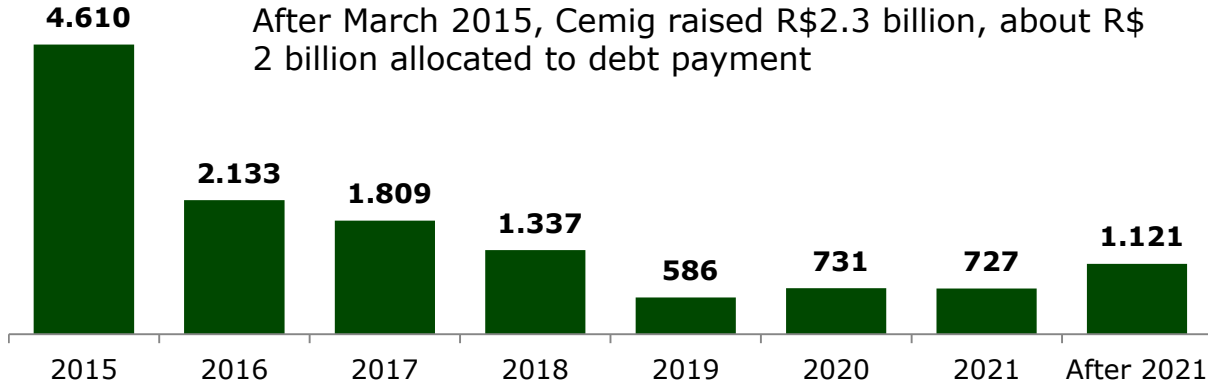
- Equity interests contributed 17.2% of Profit
- Non-recurring item generates accounting gain in 1Q15
  - ✓ R\$573 mn gain on fair value booking of investment in **Aliança**

# Cemig: consolidated debt profile

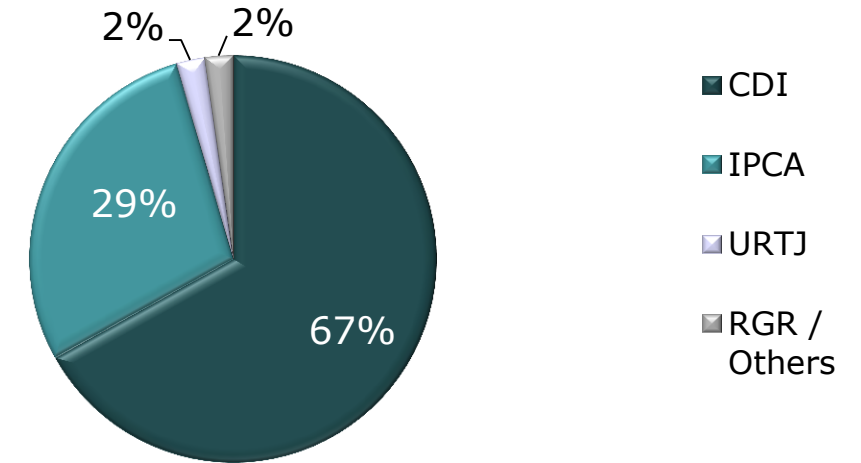
Maturities timetable – Average tenor: 2.9 years

Total net debt: R\$ 11.9 billion

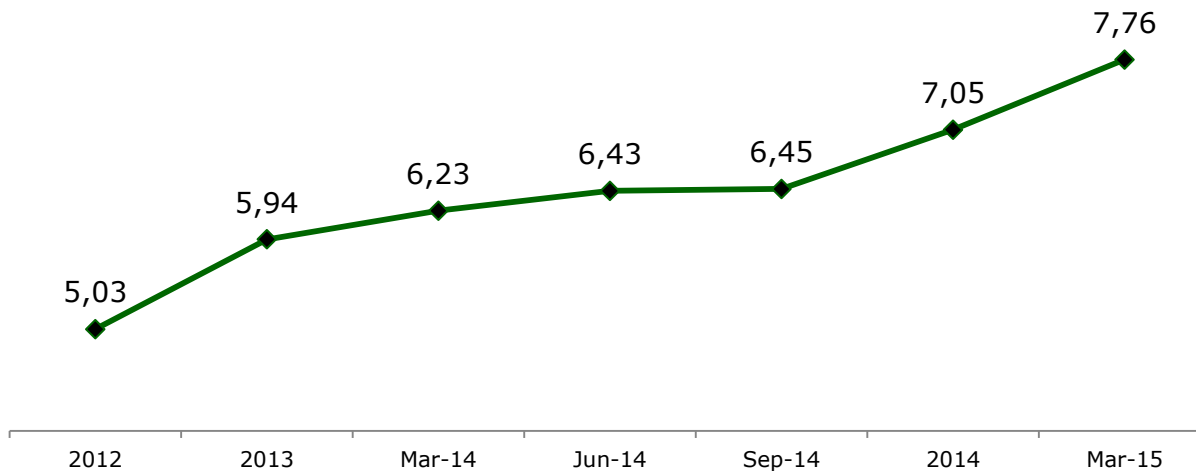
After March 2015, Cemig raised R\$2.3 billion, about R\$ 2 billion allocated to debt payment



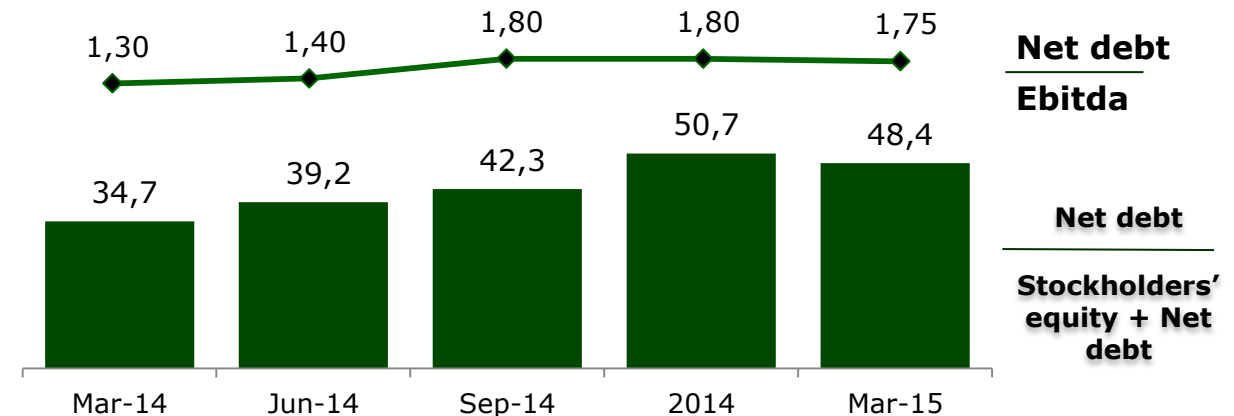
Main indexes



Real cost of debt – %



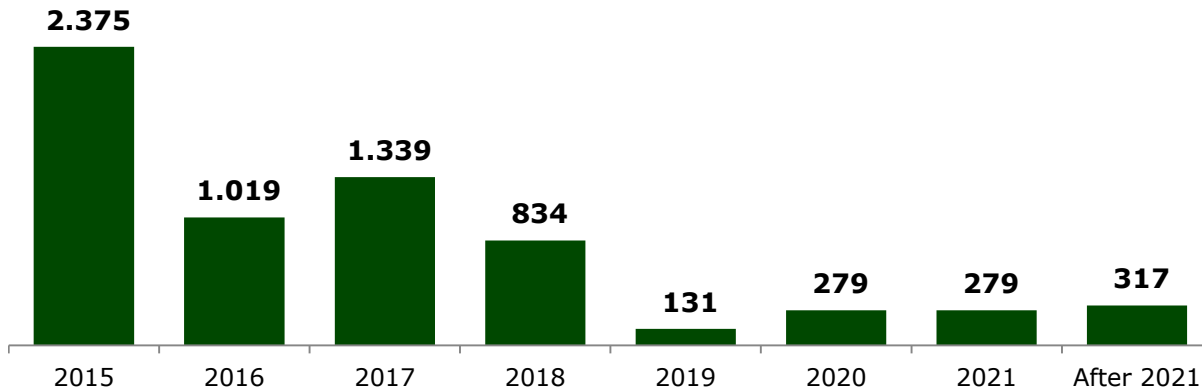
Leverage – %



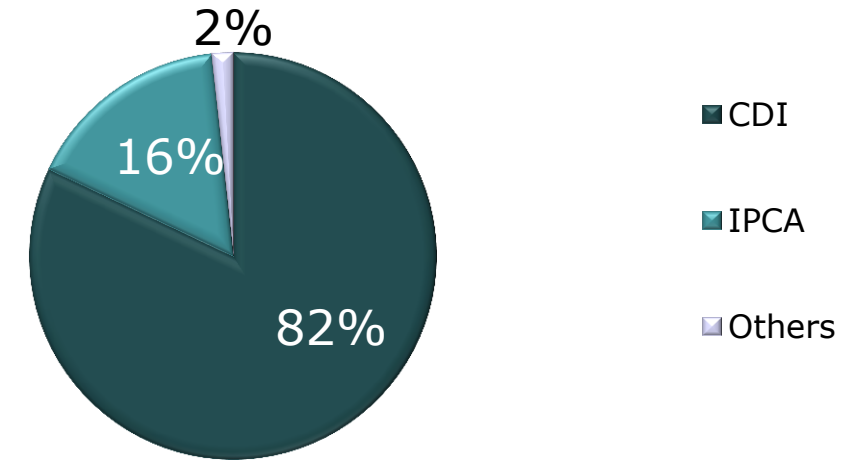
# Cemig GT – debt profile

Maturities timetable – Average tenor: 2.6 years

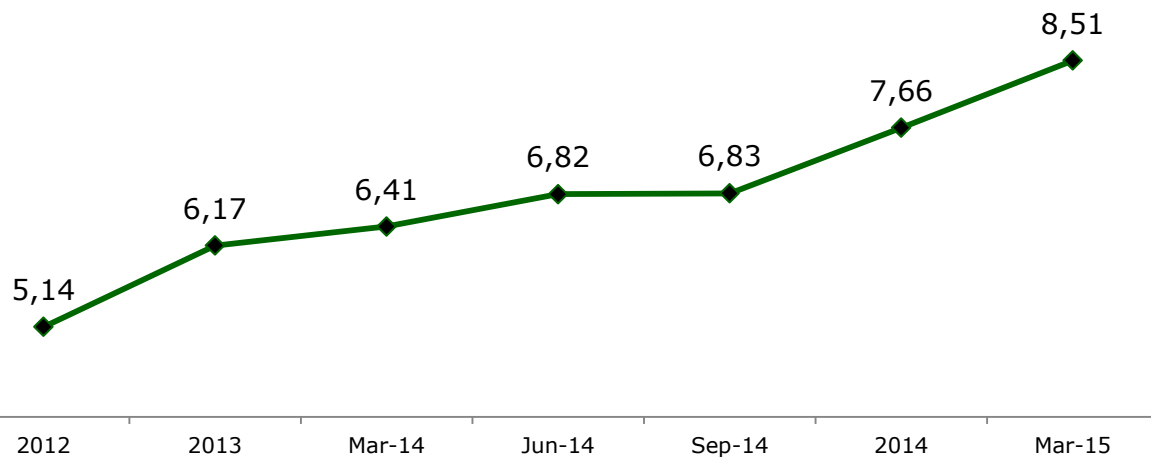
Total net debt: R\$ 6.2 billion



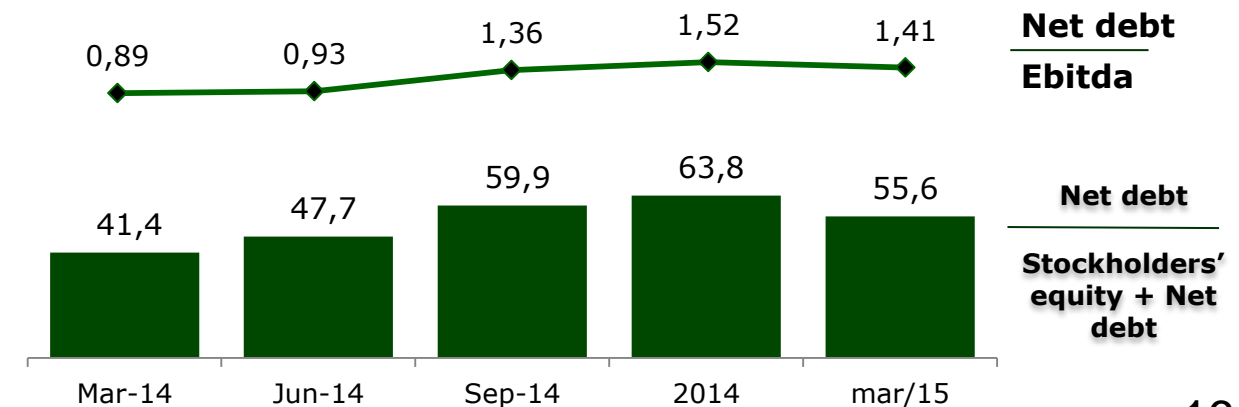
Main indexes



Real cost of debt – %



Leverage – %

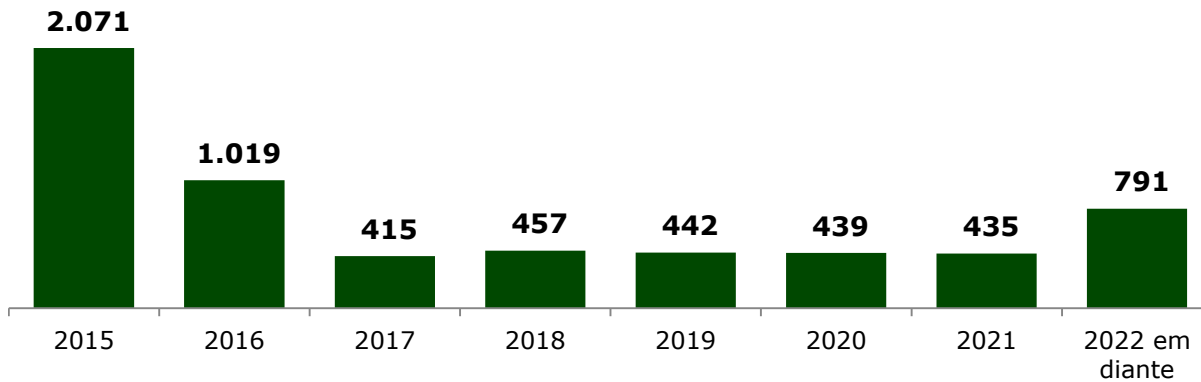




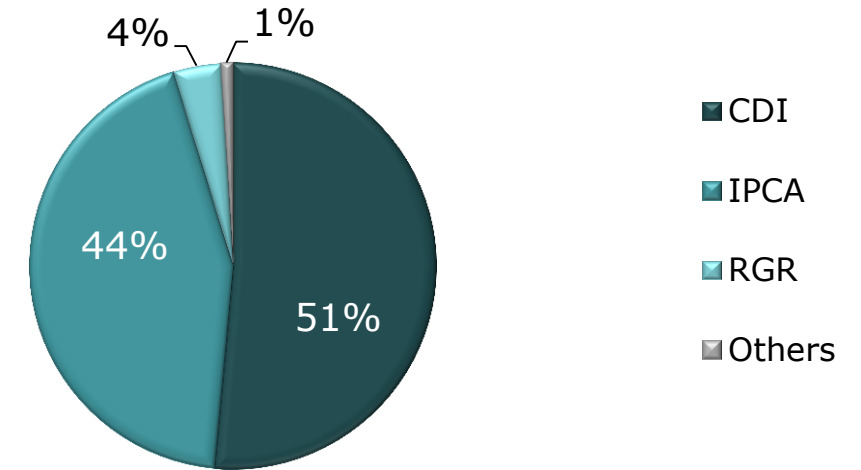
# Cemig D – debt profile

Maturities timetable – Average tenor: 3.4 years

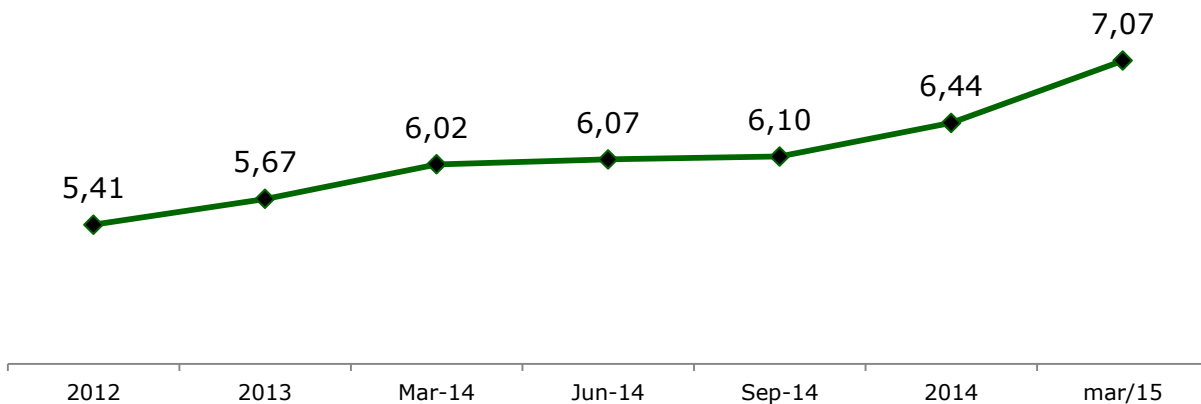
Total net debt: R\$ 5.8 billion



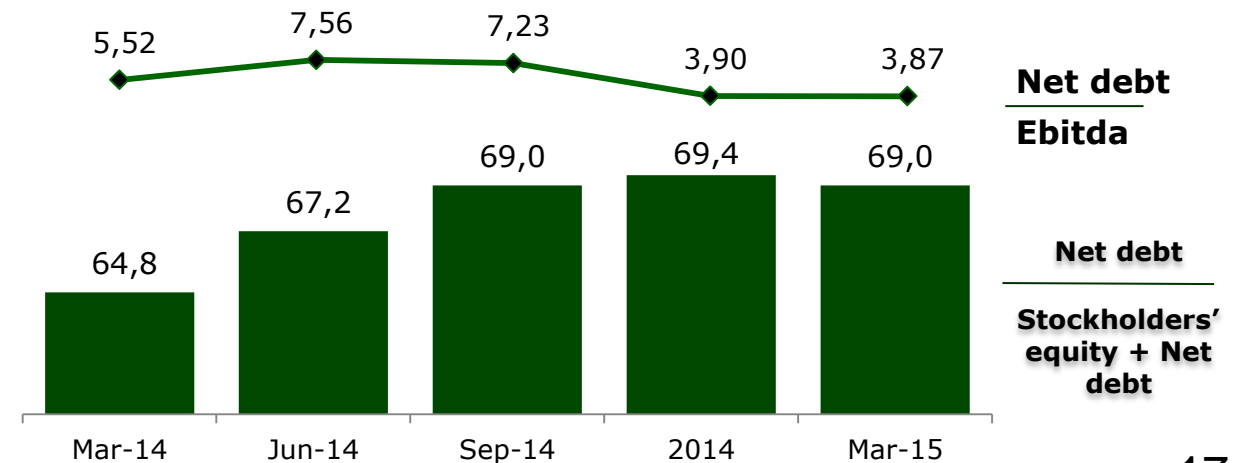
Main indexes



Real cost of debt – %



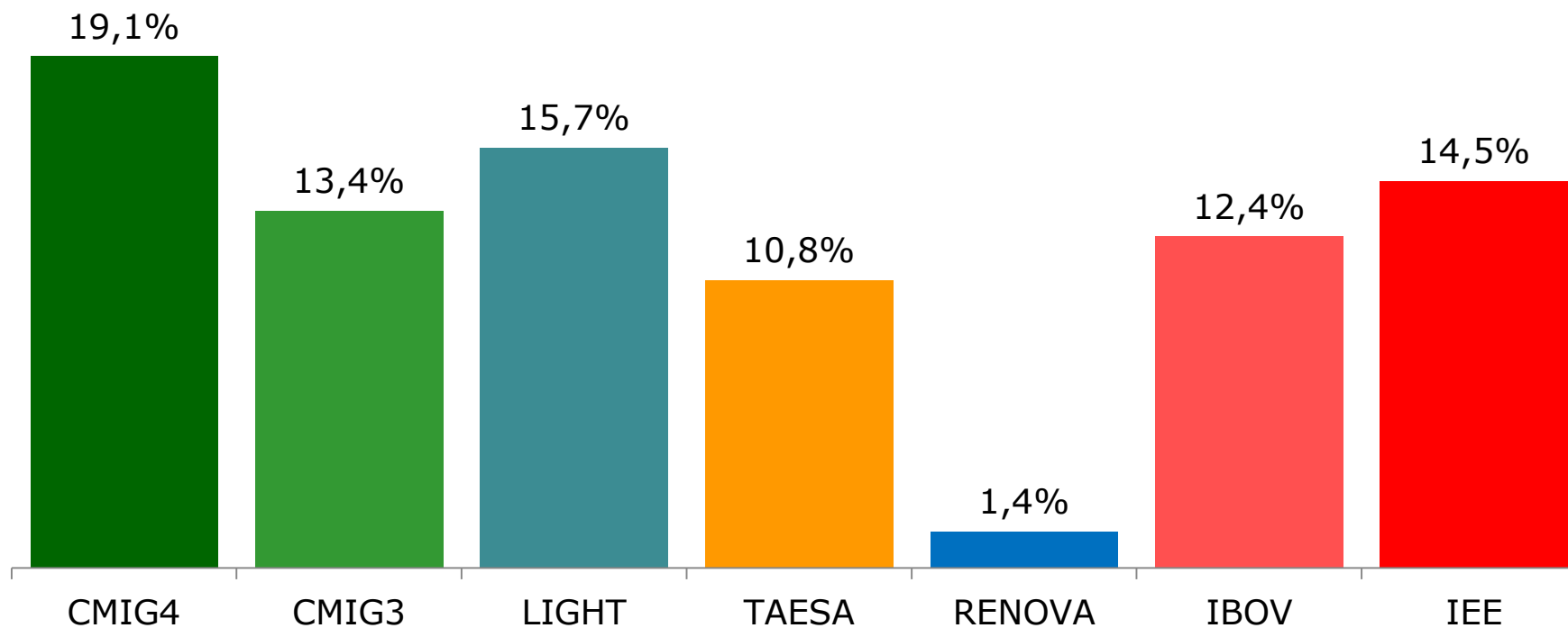
Leverage – %



June 2014 R\$ mn	Planned	Realized
	2015	1Q15
<b>GENERATION</b>	<b>761</b>	<b>333</b>
Investment program	99	2
Injections	663	331
Aliança Norte	354	306
Madeira Energia S.A. – Mesa	115	-
Guanhães SPC (Minas PCH program)	100	-
SPC: Belo Monte (Amazônia Energia Participações S.A.)	92	24
Others	1	1
<b>TRANSMISSION</b>	<b>212</b>	<b>44</b>
Investment program	212	44
<b>CEMIG D</b>	<b>1,186</b>	<b>255</b>
Investment program	1,186	255
<b>CEMIG H</b>	<b>185</b>	<b>11</b>
Investment program	3	1
Injections	182	10
<b>Total, investments – Cemig</b>	<b>2,347</b>	<b>644</b>

Cash Flow Statement	1Q15	1Q14
<b>Cash at beginning of period</b>	<b>887</b>	<b>2,202</b>
<b>Cash generated by operations</b>	<b>332</b>	<b>618</b>
Net profit	1,485	1,250
Current and deferred income tax and Social Contribution tax	574	579
Depreciation and amortization	247	182
Gain on the Aliança stockholding reorganization	(735)	-
CVA and Other financial components in tariff adjustment	(63)	-
Other adjustments	(1,177)	(1.392)
<b>Financing activities</b>	<b>(583)</b>	<b>(11)</b>
Financings obtained and capital increase	200	505
Interest on Equity, and dividends	(26)	-
Payments of loans and financings	(757)	(516)
<b>Investment activity</b>	<b>(18)</b>	<b>(1,699)</b>
Securities - Financial Investment	555	91
Acquisition of ownership interest and future capital commitments	(331)	(1,623)
Fixed and Intangible assets	(242)	(167)
<b>Cash at end of period</b>	<b>617</b>	<b>1,110</b>
<b>Total Cash</b>	<b>1,074</b>	

\* Total cash available = sum of Cash and cash equivalents plus short and long-term Securities.



Source: Economática - Movement in share prices and indices in 2015 up to May 18<sup>th</sup>



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