



A Melhor Energia do Brasil.

Dr. Mauro Borges Lemos
Chief Executive Officer





Some statements and estimates in this material may represent expectations about future events or results that involve risks and uncertainties known and unknown. There is no guarantee that the events or results referred to in these expectations will occur.

These expectations are based on present assumptions and analyses from the viewpoint of our management, based on their experience, the macroeconomic environment, market conditions in the energy sector and our expected future results, many of which are not under Cemig's control.

Important factors that can lead to significant differences between actual results and projections about future events or results include Cemig's business strategy, Brazilian and international economic conditions, technology, Cemig's financial strategy, changes in the energy sector, hydrological conditions, conditions in the financial markets, uncertainty regarding future results of operations, plans and objectives as well as other factors. Because of these and other factors, our actual results may differ significantly from those indicated in or implied by these 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 lead to different results from those estimated by Cemig, please consult the section on Risk Factors included in our Formulário de Referência filed with the Brazilian Securities Commission – CVM, and in Form 20-F filed with the U.S. Securities and Exchange Commission – SEC.

All figures are in BR GAAP.



Cemig intends to continue growing,
sustainably – providing:

- returns for shareholders,
- well-being for society, and
- preservation of the environment.



Cemig must grow in a sustainable way with a special care for :

- Ethical values
- Extremely transparent decision making process
- First class corporate governance practices
- Our clients who must be provided with safe, reliable and high quality service
- Our employees who will be assured a clean and safe workplace environment as well as a career plan which provides growth opportunities for all .
- Our shareholders who should be rewarded a sound return on their investment



The new appointments to Cemig's Board of Directors follow the criteria of knowledge, skill, qualification, and dedication to efforts for the Company's growth in the coming years.

- Best corporate governance practices to guarantee the best and most transparent decision-making.
- Intensive use of the abilities and experience of the members of the Board of Directors, through the committees that cover all the aspects of management of the Cemig Group.
- Priority for Long-term Strategy: updating of the Long-term Strategic Plan in the new context for the economy and for the Brazilian electricity sector.
- Wide-ranging action to meet the objectives of integration of the electricity sector at state, national and international level.



(Cemig department titles:)

DVP

DGA

DJR

DRC

DGE

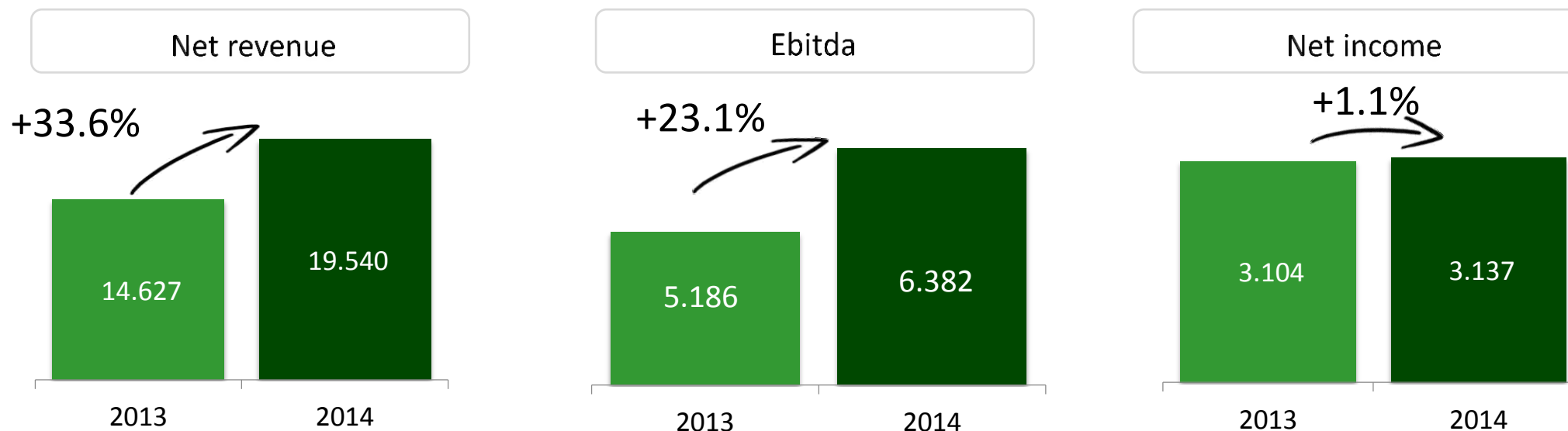
DFN

DDN

DDC

DGT

DCM

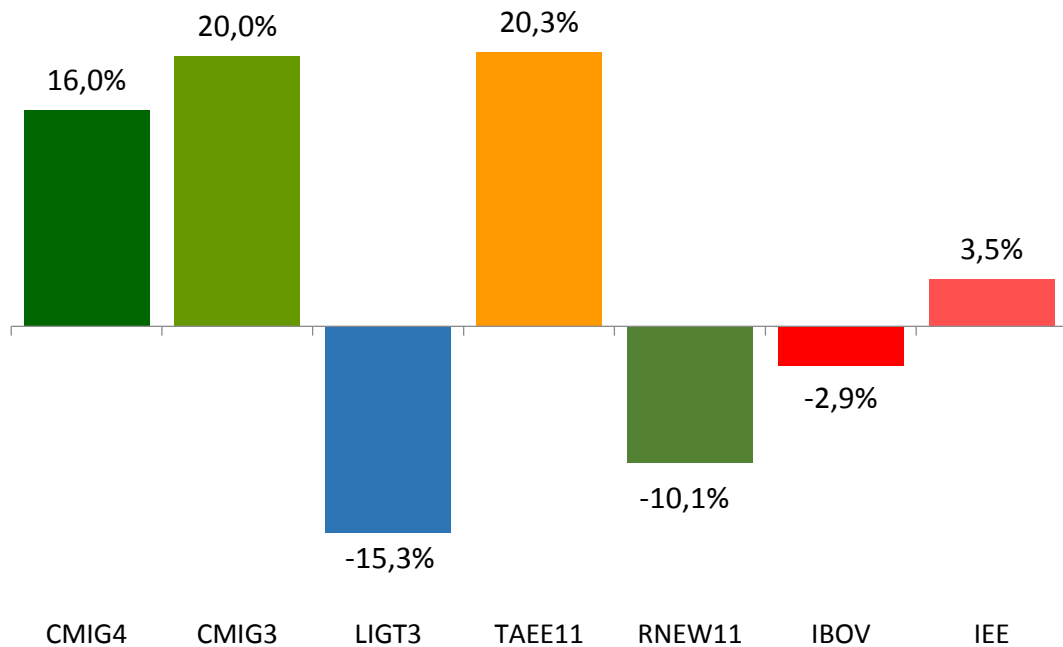


Constant challenges in the execution of our strategy – in a challenging context

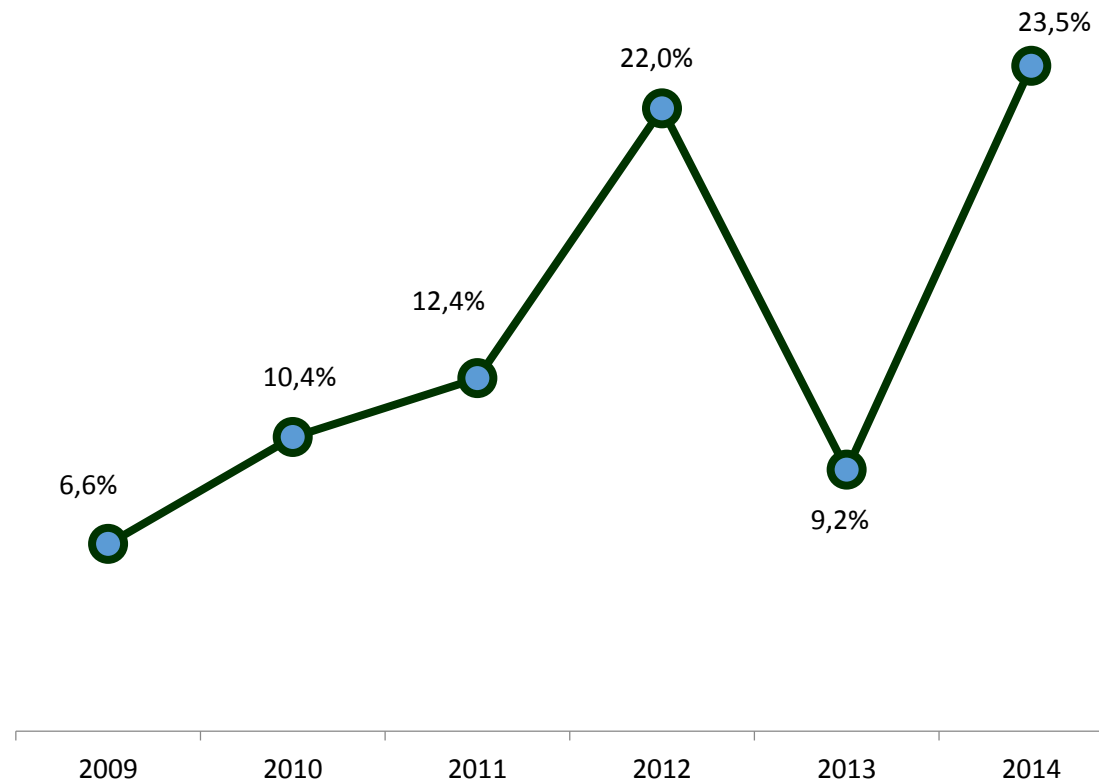
- Results in 2014 affected by significant hydroelectric shortfall
- Efficacy in trading strategy translates into profits
- Equity Loss from Madeira Energia R\$ 388 million



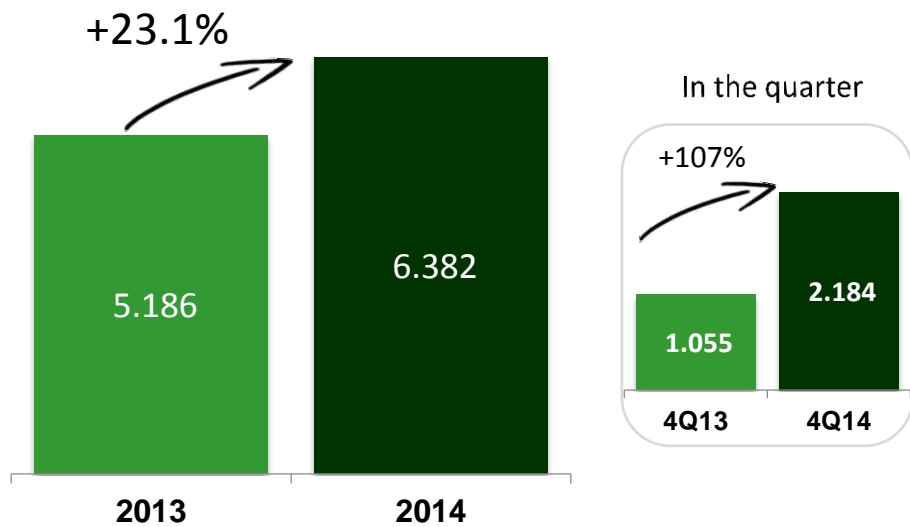
Our shares performance in 2014



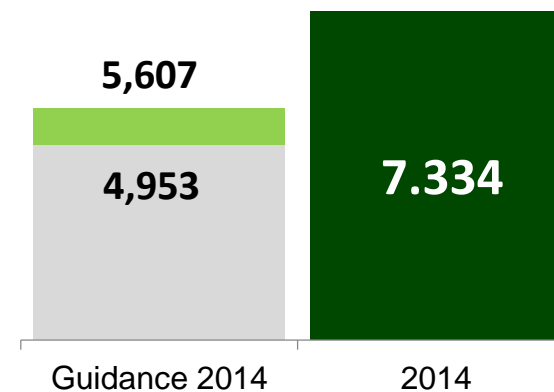
Dividend Yield (%)



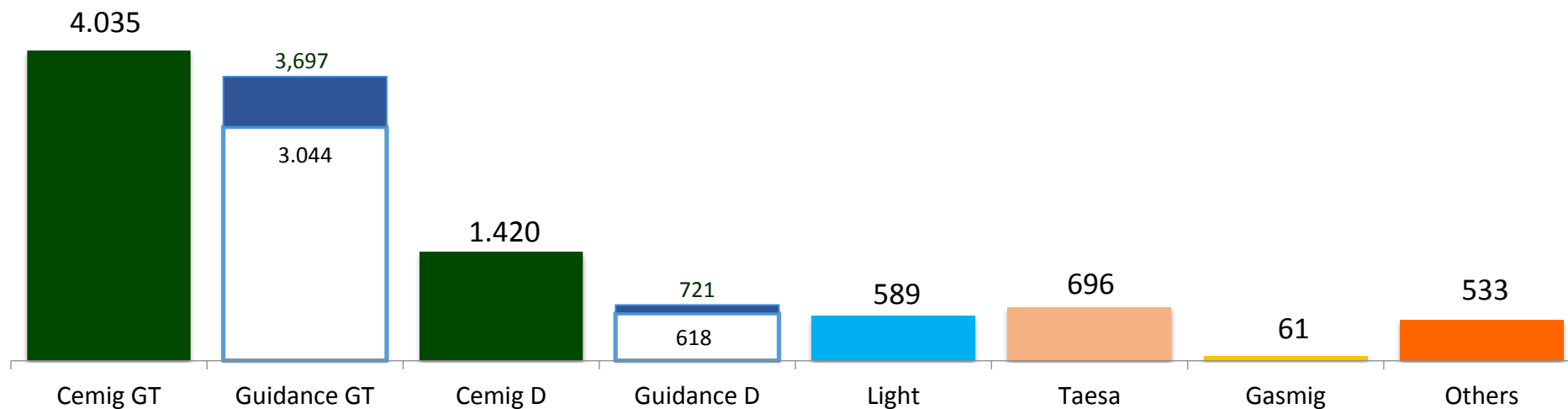
Source: Economática – 2014 variations



Ebitda Guidance*



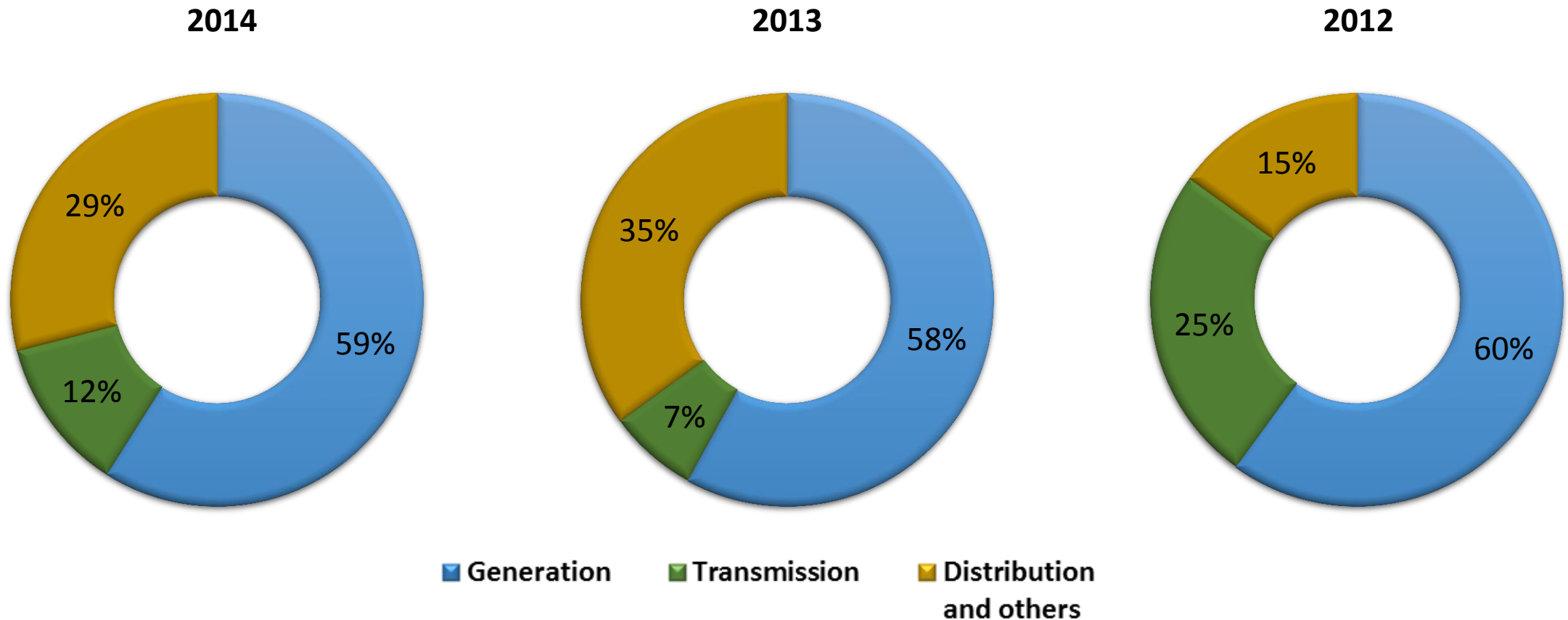
Exceeded top of guidance range in 2014



* Ebitda calculated using the criterion of proportional consolidation, adopted in the Guidance presented at the 19th Annual Cemig/Apimec Investors' Meeting.



EBITDA Breakdown translates the long term strategies

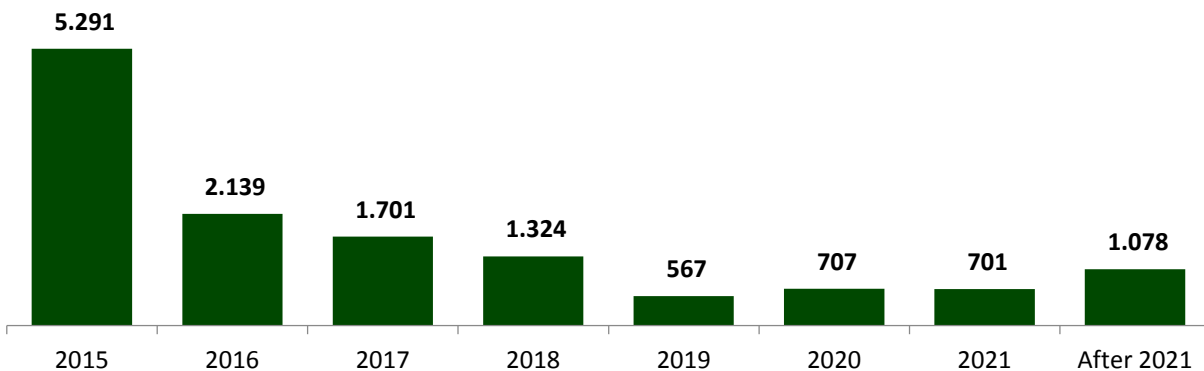


- Most of the revenues are inflation protected
- Long term contracts imply cash flow predictability

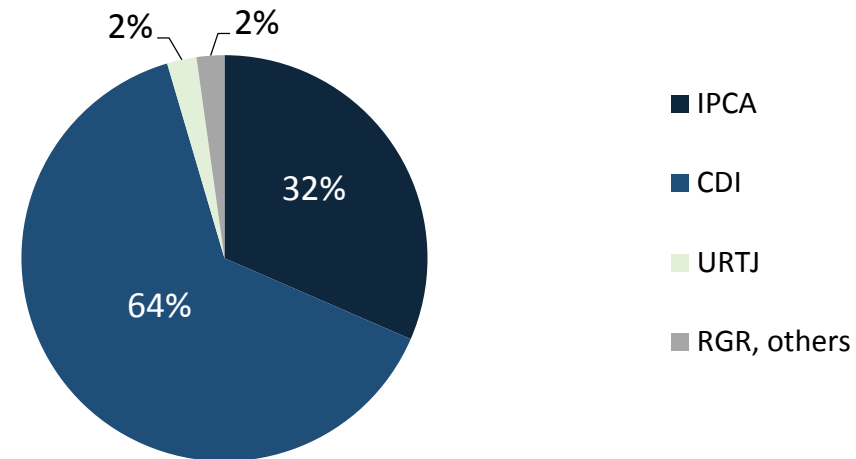


Maturities timetable – average tenor: 4.1 anos

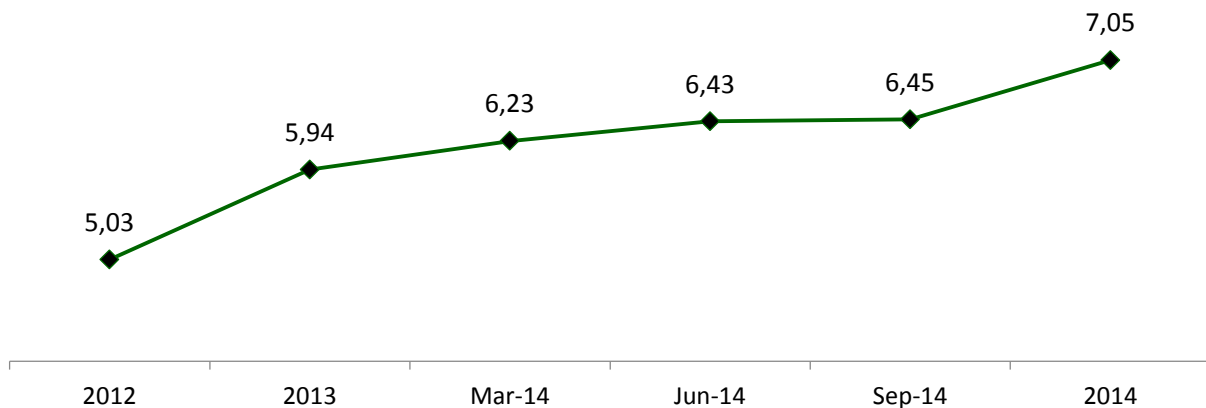
Total net debt: R\$ 11.6 billion



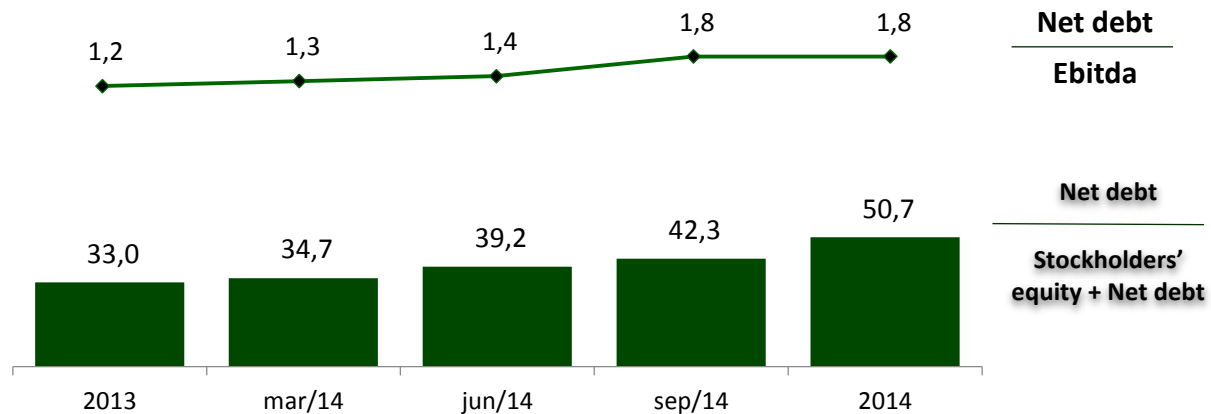
Main indexors



Real average cost of debt – %



Leverage – %



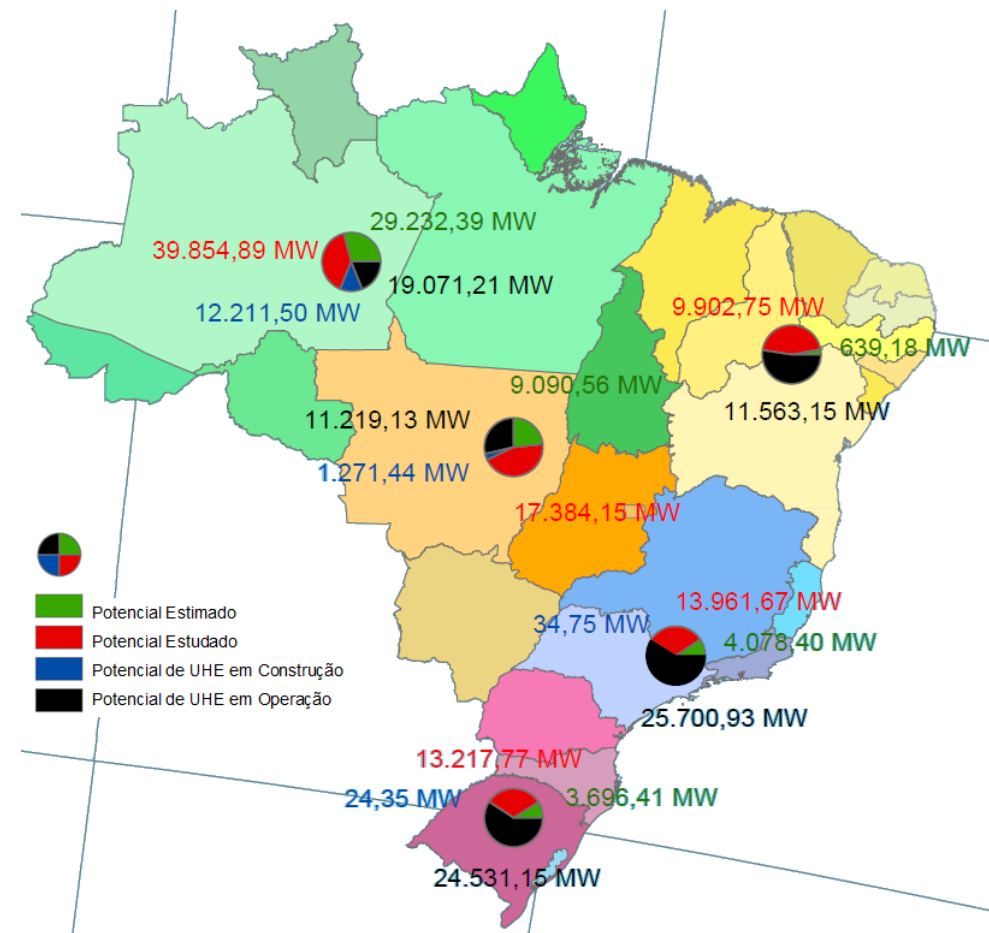


Strategic view on the long term

The company's **core business** is the power industry in where our expertise assures a large competitive edge in the marketplace:

- Power generation is clearly a priority for the short and medium term: the tight demand and supply balance will prevail for the coming years. As a consequence , the growth drivers will be :
 - Renewable power with competitive prices comprising wind and solar sources.
 - Natural gas fired thermal power plants which will have an undeniable and important role in the reliability of the power supply in Brazil.
 - New hydro power projects which are still the most cost effective source of power in Brazil: as a point of concern, the increasing social and environment cost of the projects must be addressed.

Brazilian Hydro capacity is large and greatly untapped

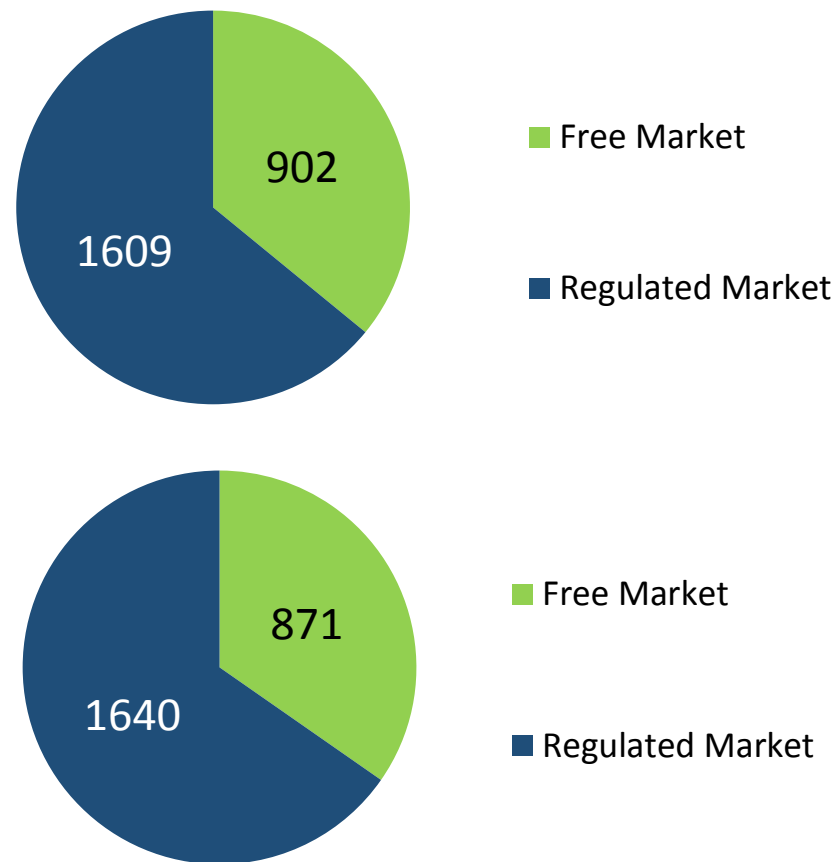
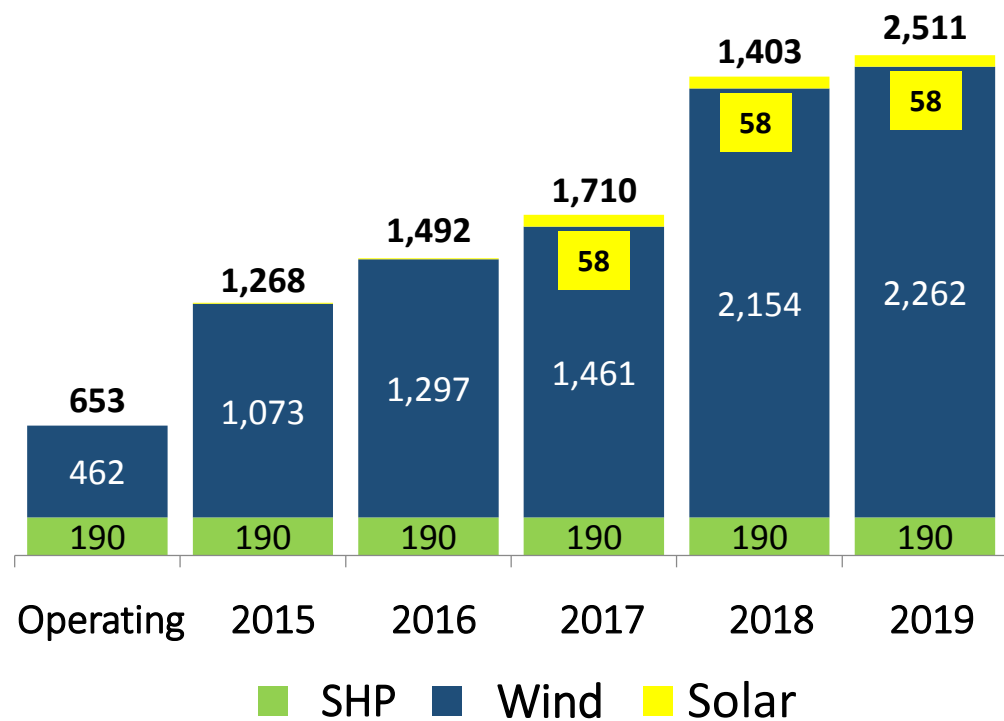


Source: <http://www.eletronbras.com>



At the end of 2014, **Renova** had **2,511 MW** of installed generating capacity contracted.

Contracting of **205 MW** was added in the fourth quarter of the year.



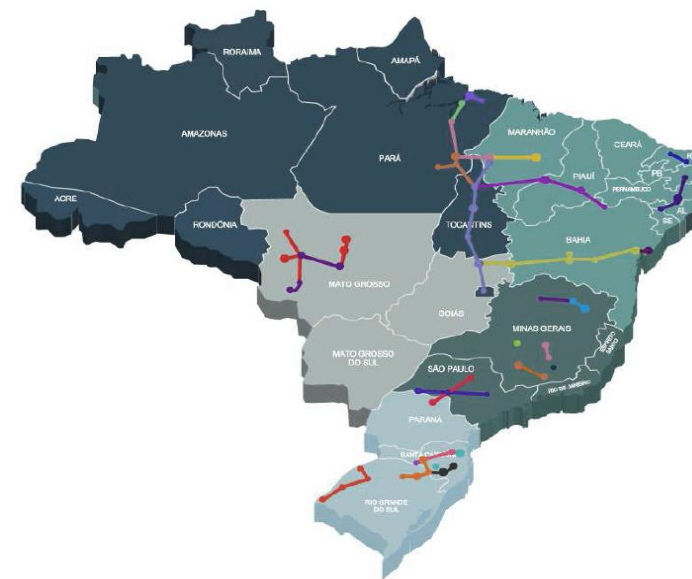
Power Transmission : The most stable and tested regulation



- Power transmission plays a key role on the optimization of the power plant dispatch, system reliability and mitigation of the hydrological risk.
- Over the next ten years the interconnected system will need additional investments representing the construction of more 100,000 km of power lines.

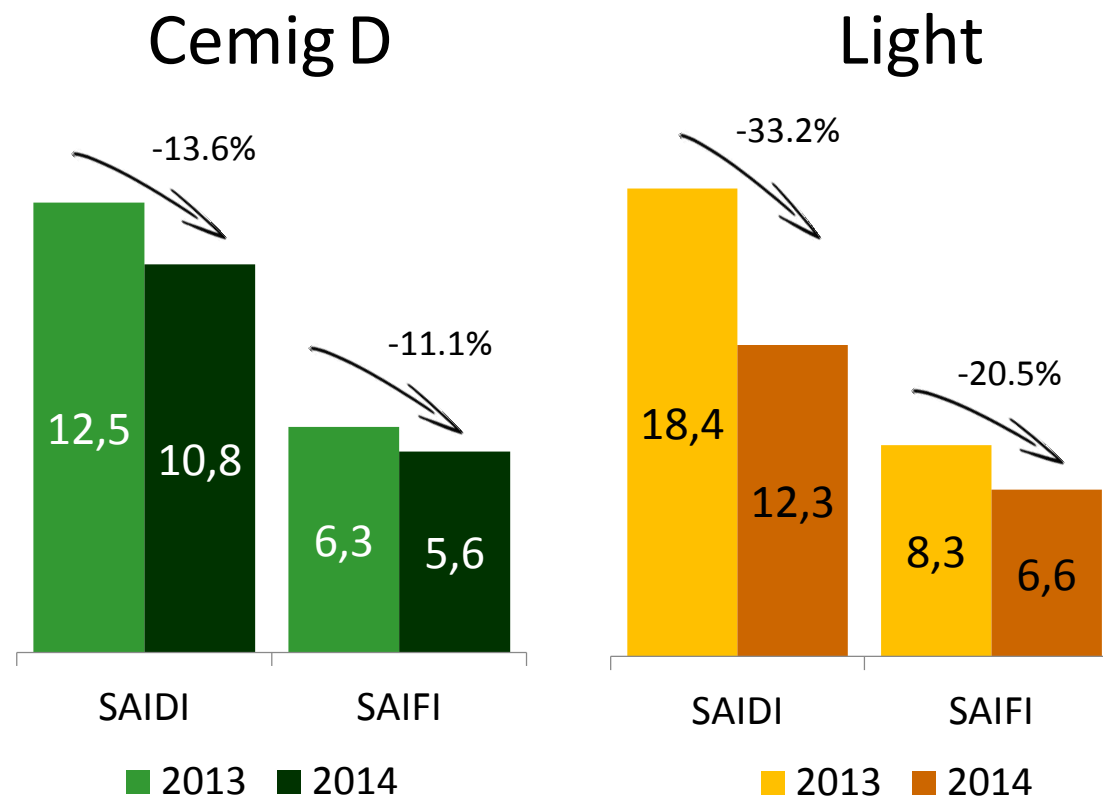


- Our vehicle to carry out transmission power projects
- Policy of robust dividends
 - ✓ More than R\$ 1 billion in dividends and Interest on Equity
- Base of premium assets
 - ✓ High levels of availability of the transmission lines and other facilities
 - ✓ Approximately 9,800 km of transmissions lines





- The aging of the power distribution network also will require very heavy investment to replace depreciated assets over the next five years: the regulation should be changed to incentivize the distribution companies to carry out the projects on schedule and at the lowest cost.
- The concession contract renewal is coming soon: regulator's focus will be CAPEX and efficiency benchmark.



SAIDI: System Average Interruption Duration Index

SAIFI: System Average Interruption Frequency Index

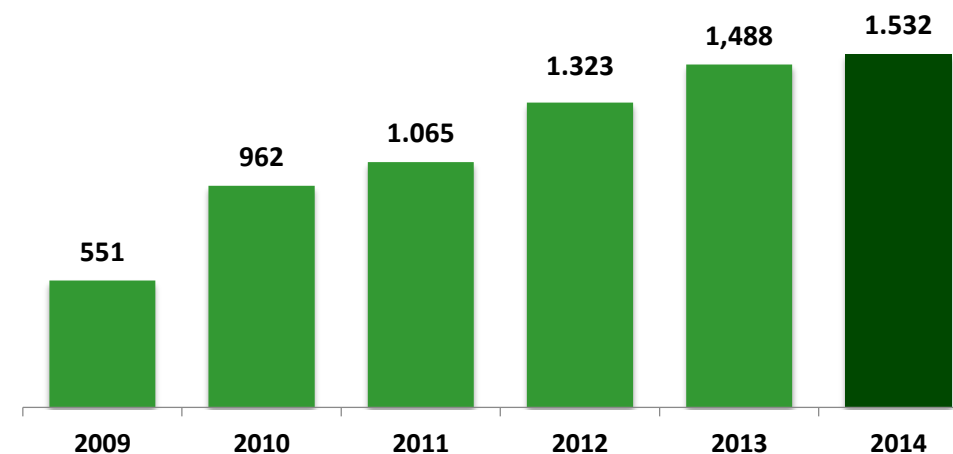


- Apart of the key role on the power generation, the natural gas industry development will represent on the economic growth of Brazil and, in special, in the State of Minas Gerais the most promising driver.

- Expansion of the existing gas pipeline network toward the urban centers to reach household clients.
- Construction of the pipeline to supply the demand of Petrobrás' Fertilizer Plant.
- Association with strategic partner to set up a joint venture to operate concession areas.
- 30-year extension of concession contract for distribution of piped natural gas in Minas Gerais State – now expires in 2053.



Volume of natural gas sold (million m³)



- Gross revenue in 2014: R\$ 1.66 billion – up 10% from 2013.
- 1,824 clients served – 1,446 of them are residential.



- Appropriate selection of investments based on strategy, on the composition of the business portfolio focused on electricity, and on returns compatible with the risk associated with each business.
- Operational management that meets the criteria of efficiency and quality with moderate costs, compatible with best worldwide and Brazilian practices. Compliance with the regulatory rules will be priority for the regulated businesses.
- Financing structure also compatible with the investment, preservation of credit quality and access to the investor market. The partnership with investors is vital for Cemig to accelerate its growth.
- Cemig will employ best practices in management of human resources, to ensure that its body of employees – the motors of growth – have the highest qualifications.
- Dividend policy that satisfies stockholders and meets the need for growth to guarantee market share for a company of its size.



- Clearly the greatest priority in the short term is an appropriate resolution of the issue of extension of concession contracts for the *Jaguara*, *São Simão* and *Miranda* plants. There are many difficulties, but we will seek the best possible solution to the legal dispute through negotiation with the federal government.
- Imbalances between the various sectors, exacerbated by the current water shortage, cannot be allowed to prevent our companies' growth, nor meeting of the growth in demand. Obstacles to investments in new projects that are vital for Brazil's economic growth will need to be removed. We will be proactive in seeking solutions jointly with the entities of the sector and the federal authorities.
- Viable alternatives for growth using the opportunities that the sector, though currently in crisis, offers – as well as those that are already strong growth factors, such as natural gas and generation from renewable sources.



- The only LatAm power company in the Dow Jones Sustainability Index – and in this index for 15 years in a row;
- Voted ‘Leader in climate change transparency’ by CDP (Carbon Disclosure Project – London);
- Ranked *Prime* (B–) by sustainability rating agency Oekom Research (Germany);
- Included in ISE Corporate Sustainability Index (BM&FBovespa, Brazil), 10th year running;
- Winner in Customer Service Quality poll – ‘*Complain Here*’ site of *Época* magazine (Brazil) –
in *Public Services – Electricity* category: second year running;
- Winner, ‘Transparency Trophy’ – given by the accounting organizations *Anefac*, *Fipecafi* and *Serasa*
– for companies practicing transparency in financial statements.



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Índice de
Sustentabilidade
Empresarial

