Quest for excellence translates into Results

CEMIG: 1Q14 Results

Disclaimer

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 can 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 electricity 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.

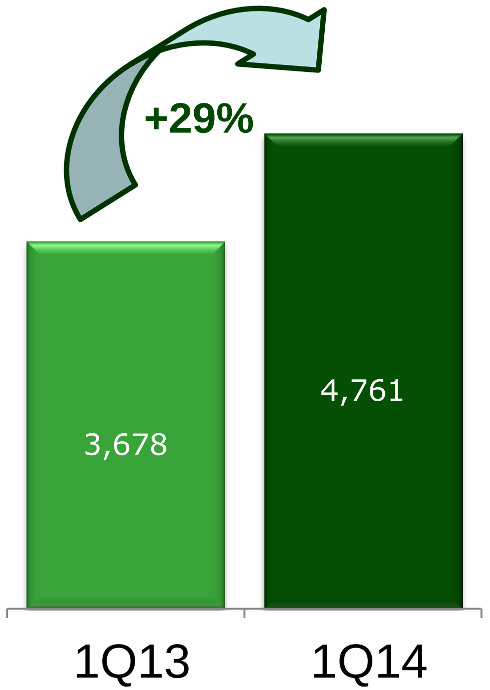
The information and opinions herein should not be understood as a recommendation to potential investors, and no investment decision should be based on the veracity, currentness or completeness of this information or these opinions. None of Cemig's professionals nor any of their related parties or representatives shall have any liability for any losses that may result from use of the content of this presentation.

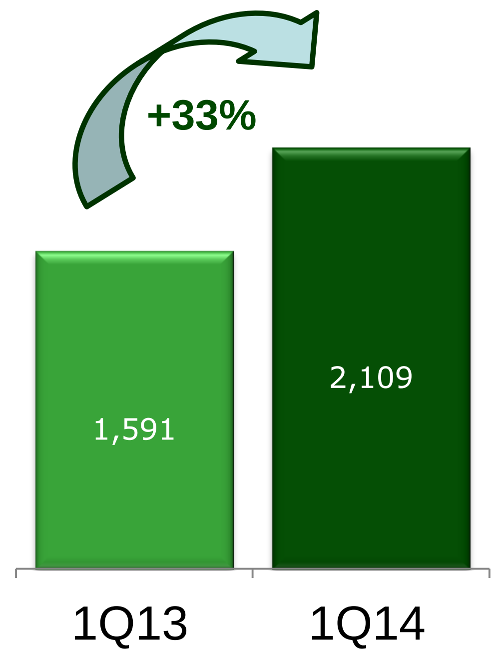
To evaluate the risks and uncertainties as they relate to Cemig, and to obtain additional information about factors that could originate different results from those estimated by Cemig, please consult the section on Risk Factors included in the Reference Form filed with the Brazilian Securities Commission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

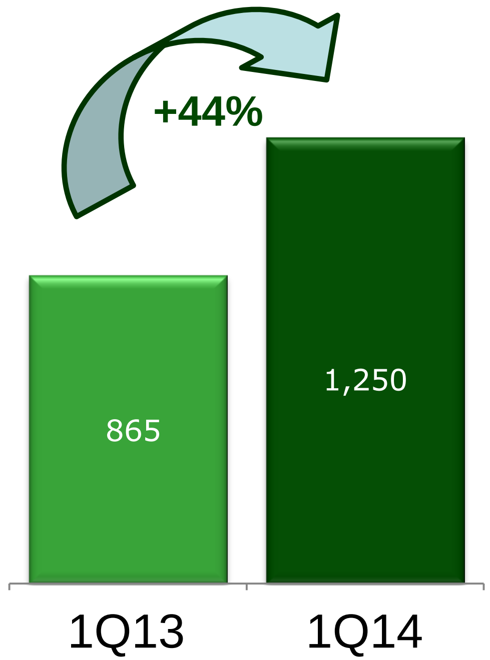
In this material, financial amounts are in R$ million (R$ mn) unless made explicit otherwise. Financial data reflect the adoption of IFRS.

Cemig – Results in 1Q14

Net revenue	Ebitda	Net income







- **Balanced portfolio of businesses –> sustainable growth**
- **Revenue boosted by exposure to spot market**
  - **Ebitda reflects our operational efficiency**
  - **Right strategic decisions, well taken, boost results**

The Jaguara Hydro Plant

A Melhor Energia do Brasil.

- ***On May 14, 2014, Brazil's Higher Appeal Court* was divided on Cemig's application to retain its concession for the Jaguara plant:***
  - ✓ *Of the 5 judges, one asked for full review of the records.*

    The case is adjourned, with judgment votes currently tied:
    - *2 in favor of Cemig retaining the concession,*
    - *2 against.*

** Superior Tribunal de Justiça – STJ. Case Nº 20432/DF.*

- ***Cemig remains in control of The Jaguara Plant – until final judgment In the case***

Generation portfolio – Cemig Group

Cemig Group: Portfolio of generation plants - MW*						
Phase	***Hydro***	***Small hydro***	***Wind***	***Solar***	***Thermal***	***Total***
In Operation	***6,803***	***259***	***70***	***1***	***184***	***7,317***
Under construction / contracted	***1,083***	***29***	***153***	***1***	***-***	***1,267***
In development	***7,270***	***191***	***1,272***	***36***	***1,500***	***10,268***
TOTAL	***15,156***	***479***	***1,495***	***38***	***1,684***	***18,852***

- **Santo Antônio hydroelectric plant (Cemig interest 10%)**
  - ✓ 26 generating units in commercial operation – 1,856 MW approx
- **Belo Monte hydroelectric plant – under construction (8.12%)**
  - ✓ 24 units, 11,233 MW – commercial startup planned from Feb. 2015 to Jan. 2019
- **Renova -New wind farms with power placed and contracted**
  - ***Alto Sertão II*** complex (567.7 average MW).
  - ***Alto Sertão III*** (363.2 average MW).
  - Contracted in the A–5 Auction of 2013: 17 more wind farms (183.9 MW)

* These figures refer only to Cemig's interest, direct or indirect, at March 31, 2014 – For more details. and other projects, please see the 1Q14 Earnings Release.

Photovoltaic generation in action

- Photovoltaic plant on the roof of Belo Horizonte’s *Mineirão* football stadium supplies the stadium and also Cemig’s distribution system
  - ✓ Capacity 1.42 MW
  - ✓ Output not used by stadium feeds Cemig’s network

- Sete Lagoas Photovoltaic Plant
  - ✓ Under construction in the city of Sete Lagoas
  - ✓ Installed capacity 3.3 MW
  - ✓ Works started March 2013 for completion Dec. 2014

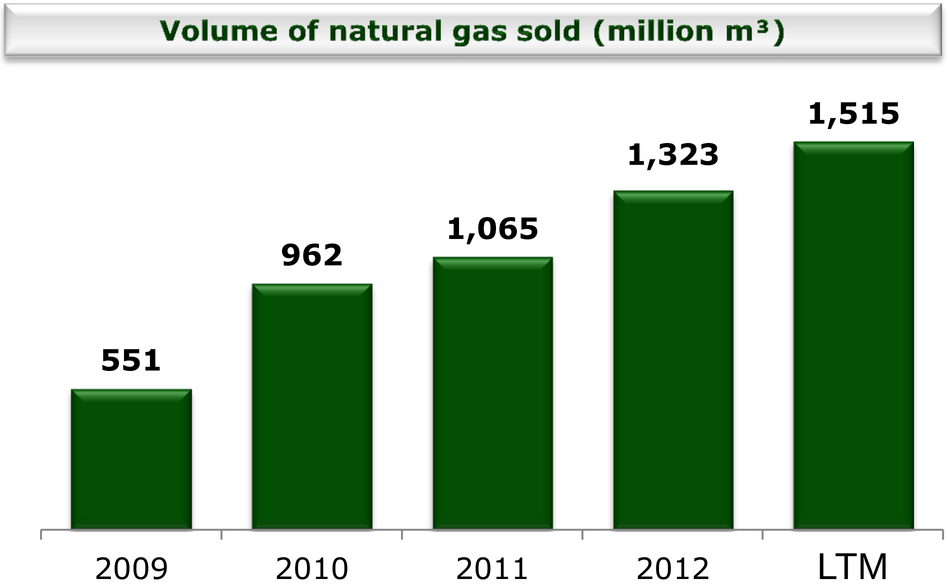
Our sustainability commitment – recognized

A Melhor Energia do Brasil.

- **Rated *Prime* by Oekom Research – 3rd year running**
- ***Best Annual Report* – Winner, 15th annual Abrasca Awards**
- **In *Dow Jones Sustainability Index* ('DJSI World') for the last 14 years; and rated *World Leader* in *Utilities* sector, 2 years**
- **Included in BM&FBovespa *ISE Corporate Sustainability Index* – 9th year running**
- **BM&FBovespa *ICO2 Carbon Efficient* index – 4th year running**

Gasmig: a growing business

GASMIG
Uma empresa Cemig
Companhia de Gás de Minas Gerais

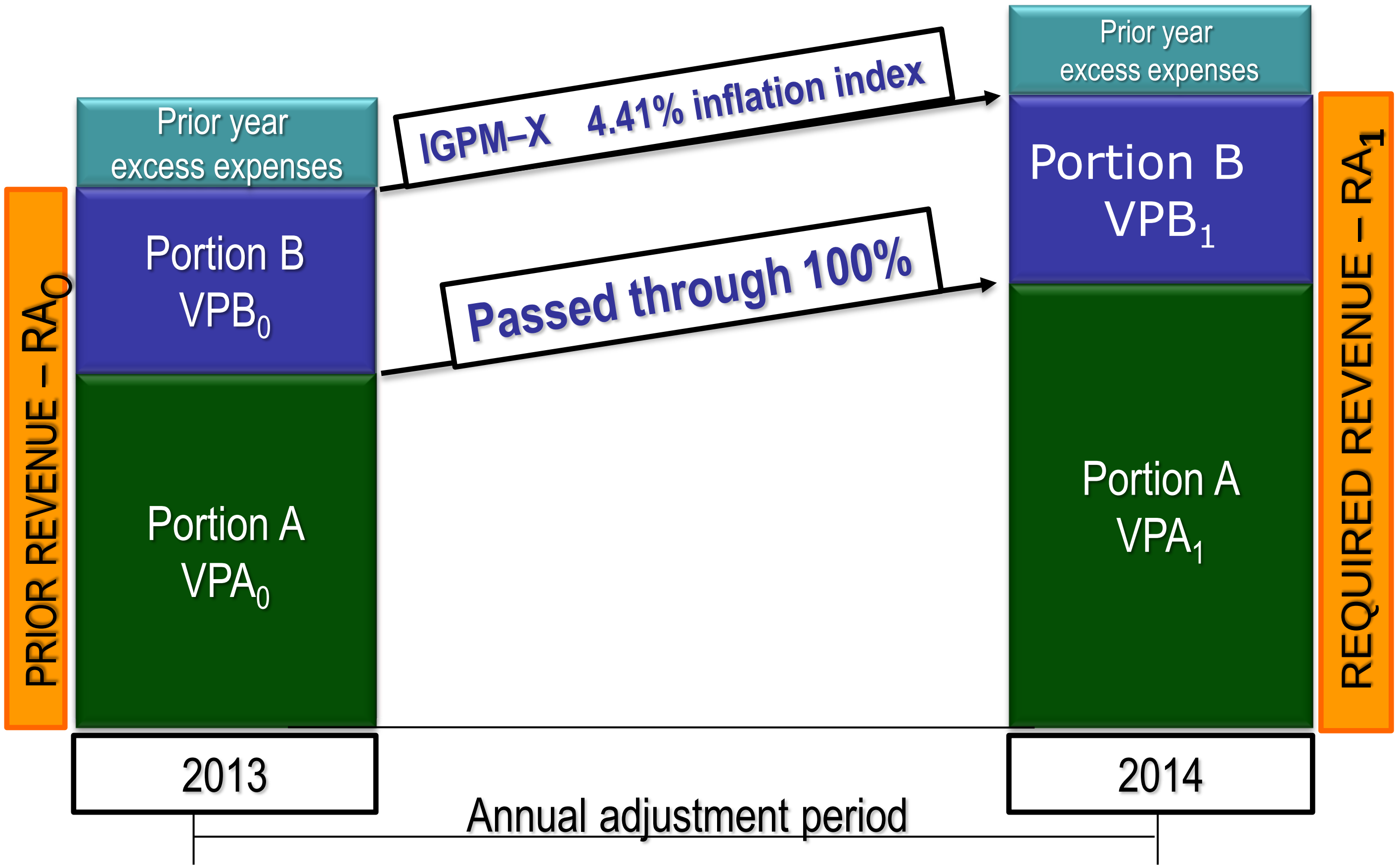


LTM – Last twelve months

- **1Q14 gross revenue: R$ 415 million – up 15% YoY.**
- **Natural gas volume sold in 1Q14: 401 million m³ – up 7% from 1Q13.**
- **1,552 clients: 324 industrial, 1,228 residential.**
- **Under construction: Brazil's biggest gas distribution pipeline**

  – to serve 'Minas Triangle' and Center-West of Minas

Cemig D – Annual rate adjustment



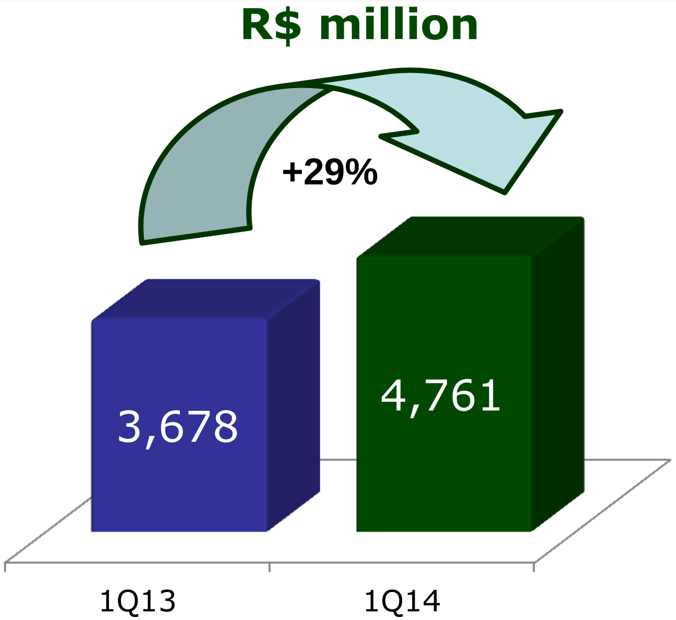
- **11.91%: 'economic' tariff adjustment**
- **16.33%: total adjustment (economic, + financial components)**
- **14.76%: effect for consumers**

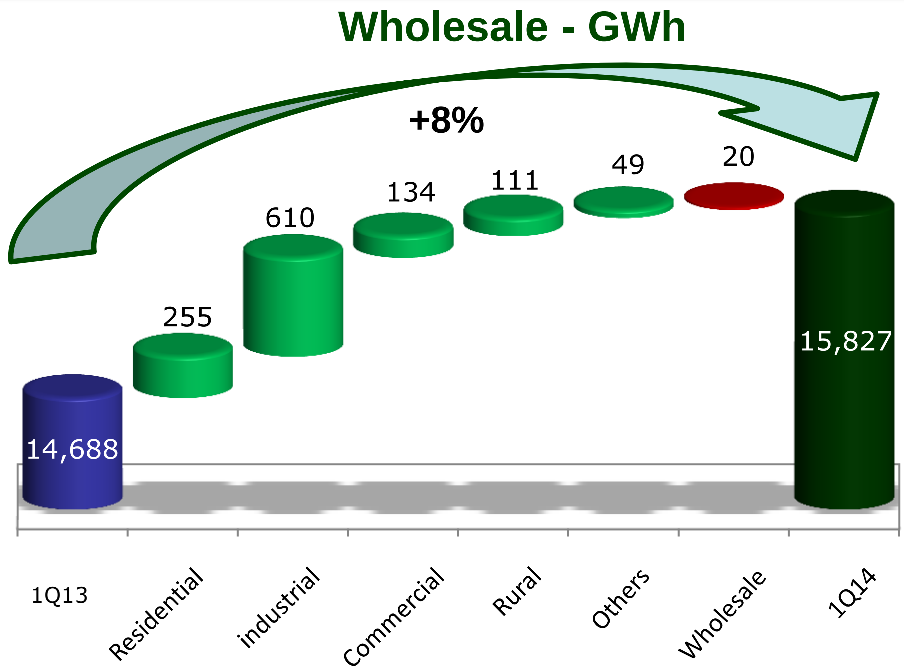
Prior year excess expenses = *De facto* distributor's expenditure in last 12 months not covered by calculated tariff level – passed through to tariffs in next 12 months.

1Q14 Results

in detail

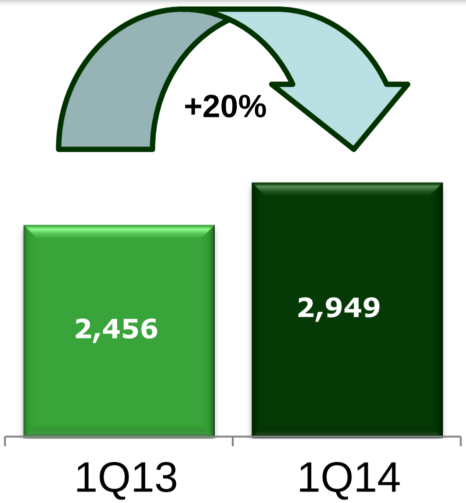
Consolidated net revenue





- **Commercial strategy provides revenue growth**
  - ✓ **Higher sales volume for traders and generators**
  - ✓ **Gain from high spot price in 1Q14**
- **Growth in Cemig's number of clients**
- **Cemig GT growth: 33%, 127 industrial clients**
  - ✓ **Cemig D growth: 3%, 231,000 new consumer connections**

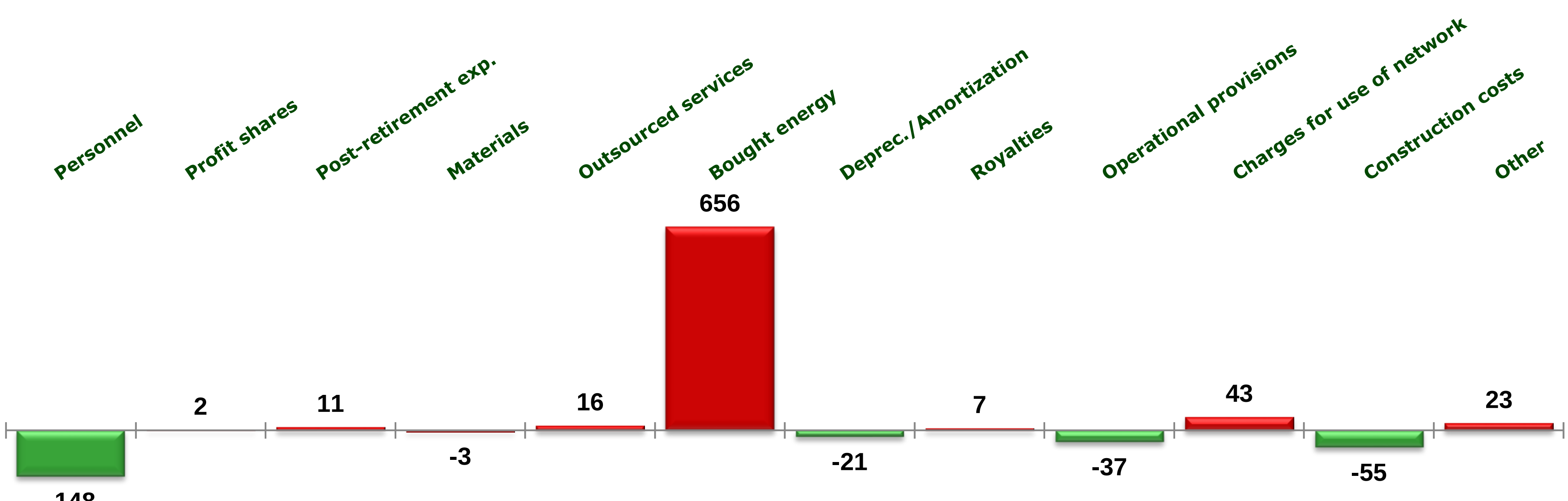
Operational expenses



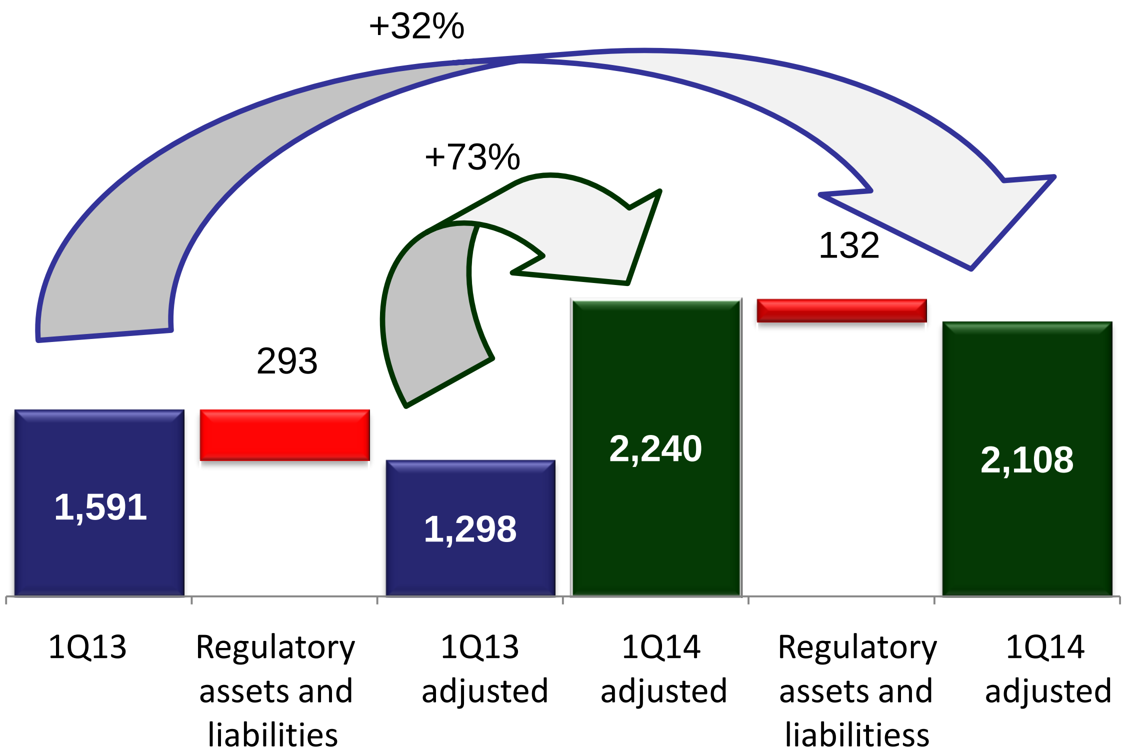
- **Personnel expenses: down 33% from 1Q13 to 1Q14**
- **PMSO* down 15% YoY in 1Q14**
- **Cost of energy sold: reduced by reimbursement from CDE of R$ 836mn for extra expense**

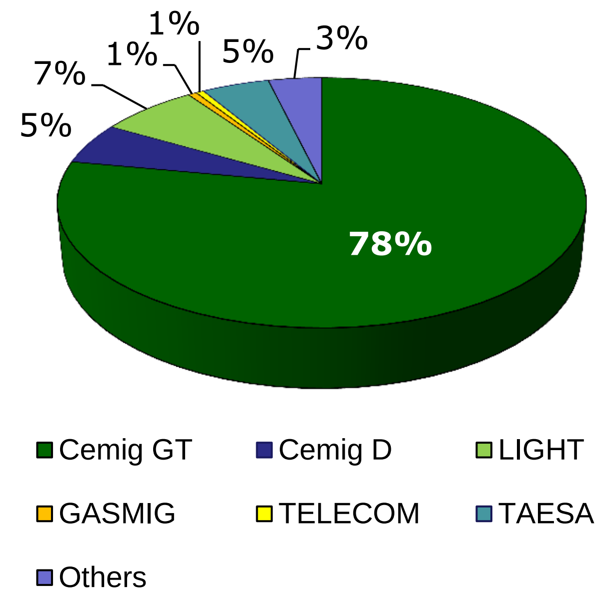
* PMSO – Personnel, Material, Services and Other expenses

Expenses in 1Q14/1Q13 – consolidated



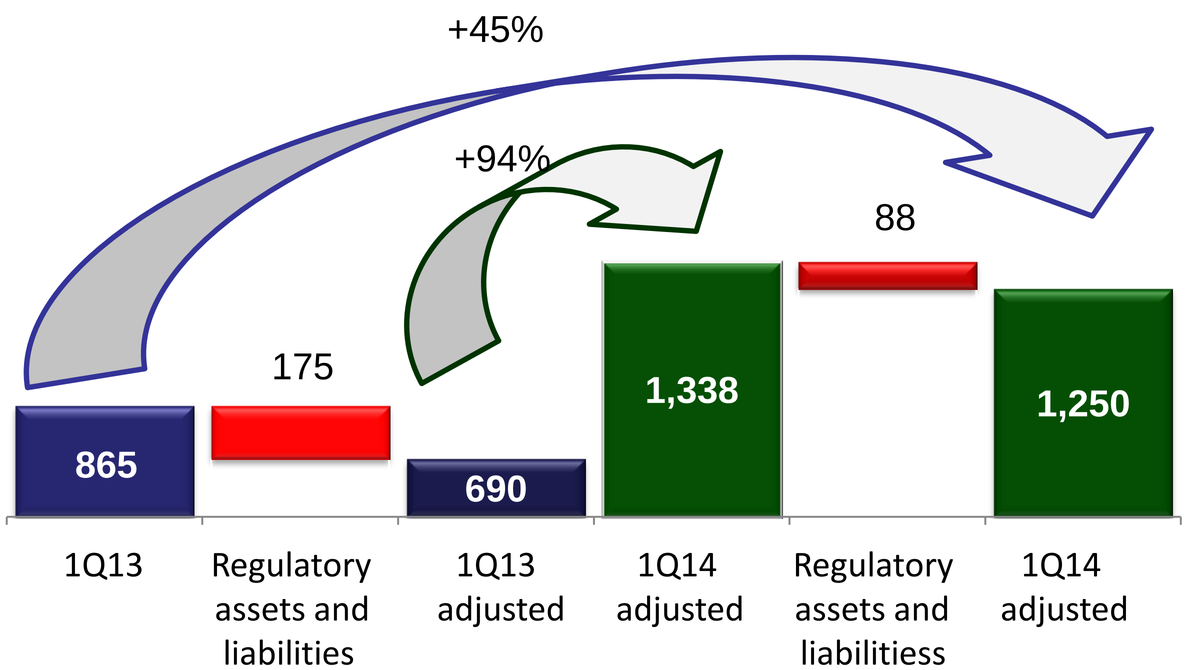
Ebitda consolidated



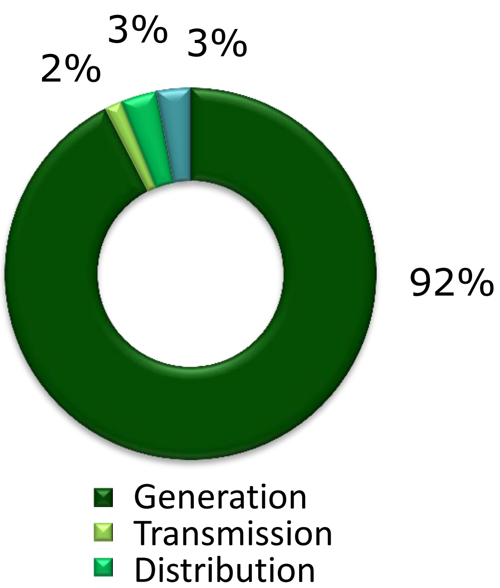


➤ **Subsidiaries represent 18.2% of Ebitda**

Consolidated net income



By segment



- **Successful acquisitions contribute strongly to profit**
  - ✓ **Main companies contributed 25% of Net income in 1Q14**

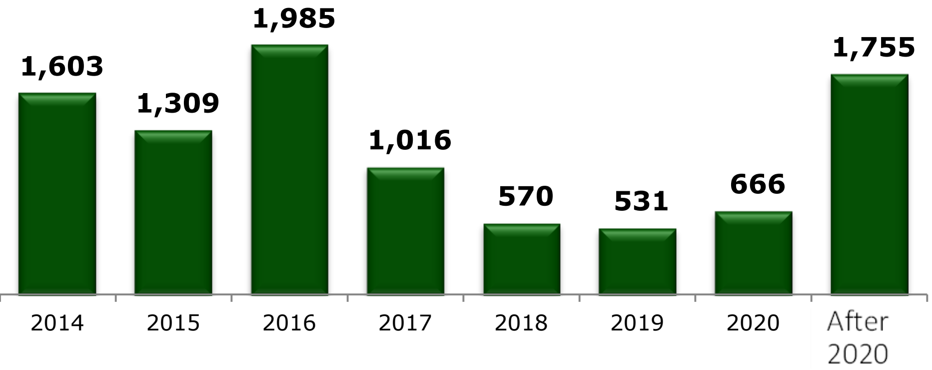
Consolidated debt profile

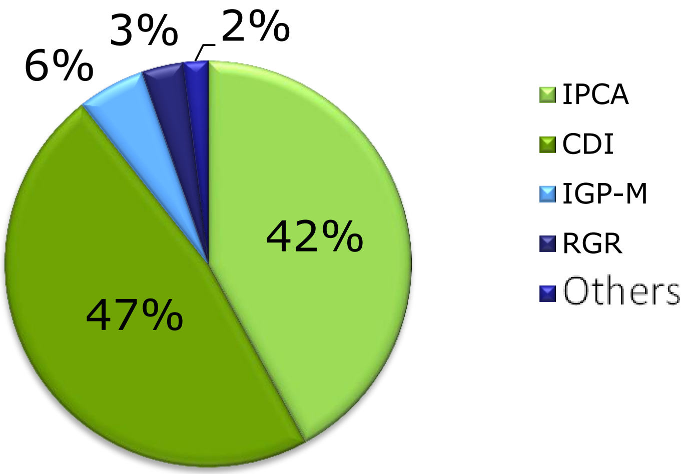
A Melhor Energia do Brasil.

Maturities timetable
Average tenor: 4.2 years

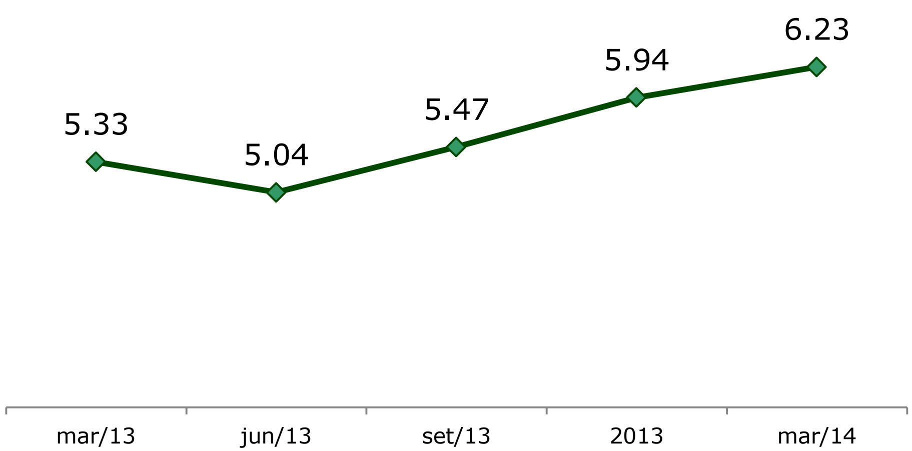
Main indexors

Net debt – total: R$ 7.4 billion

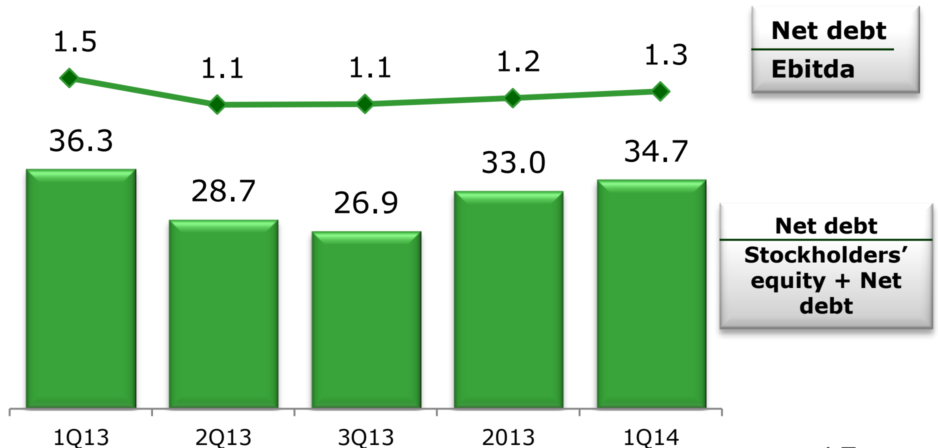




Real average cost of debt – %



Leverage – %



Investment program

R$ '000	2014	
	Planned	Actual to end March
GENERATION	**975,559**	**821,046**
Investment program	45,069	10,512
Cash injections	190,547	70,591
Acquisition of Brasil PCH	739.943	739,943
TRANSMISSION	**115,441**	**15,778**
Investment program	115,441	15,778
CEMIG D	**1,009,392**	**179,396**
Investment programn	1,009,392	179,396
CEMIG H	**2,731**	**2,690**
Investment program	41	-
Cash injections	2,690	2,690
CEMIG – TOTAL INVESTMENTS	**2,103,123**	**1,018,910**

Cash flow

A Melhor Energia do Brasil.

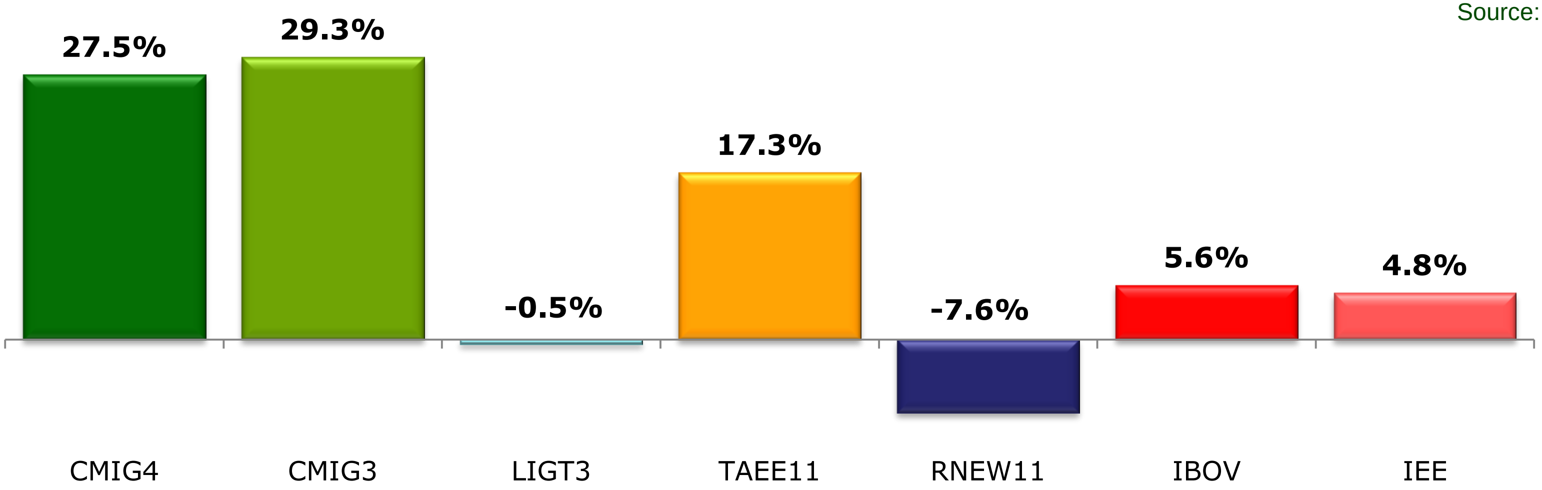
- **Prepared for opportunities**

Cash Flow Statement	1Q14
Cash at beginning of period	**2,202**
Cash generated by operations	**618**
Net profit	1,250
Depreciation and amortization	182
Passthrough from CDE	(760)
Other adjustments	(54)
Financing activities	**(11)**
Financings obtained and capital increase	505
Payments of loans and financings	(516)
Investment activity	**(1,699)**
Fixed and Intangible assets	(76)
Cash at end of period	**1,110**
Total Cash	**2,043**

Capital market

Cemig companies, vs. indices: Jan.1 – May 14, 2014

Source: Economática.



2013 dividends approved at AGM – April 30, 2014

- Total payment for 2013 business year: **R$ 1.655** billion:
  - ✓ **R$ 533** million as Interest on Equity – paid December 19, 2013
  - ✓ **R$ 1.122** billion as dividends = **R$ 0.892052774** per share, to stockholders of record on April 30, 2014.

Investor Relations

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