

XIX Encontro Anual CEMIG-APIMEC

CEMIG GT – Supply and demand balance in the National Grid

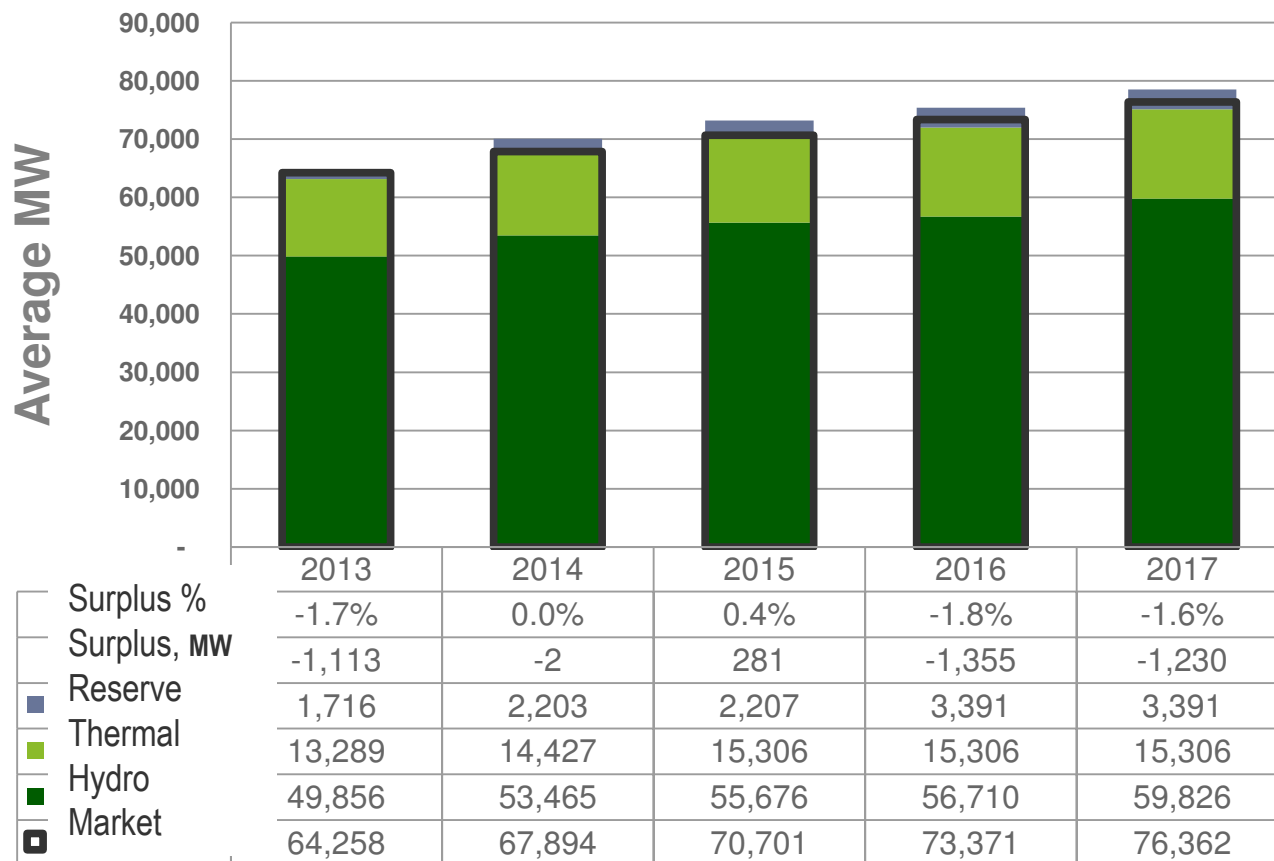
Belo Horizonte, May 26, 2014

Presented by: Marcus Vinícius de Castro Lobato





2013 Forecast



Source: **PMO, May 2013**; Analysis: Cemig,

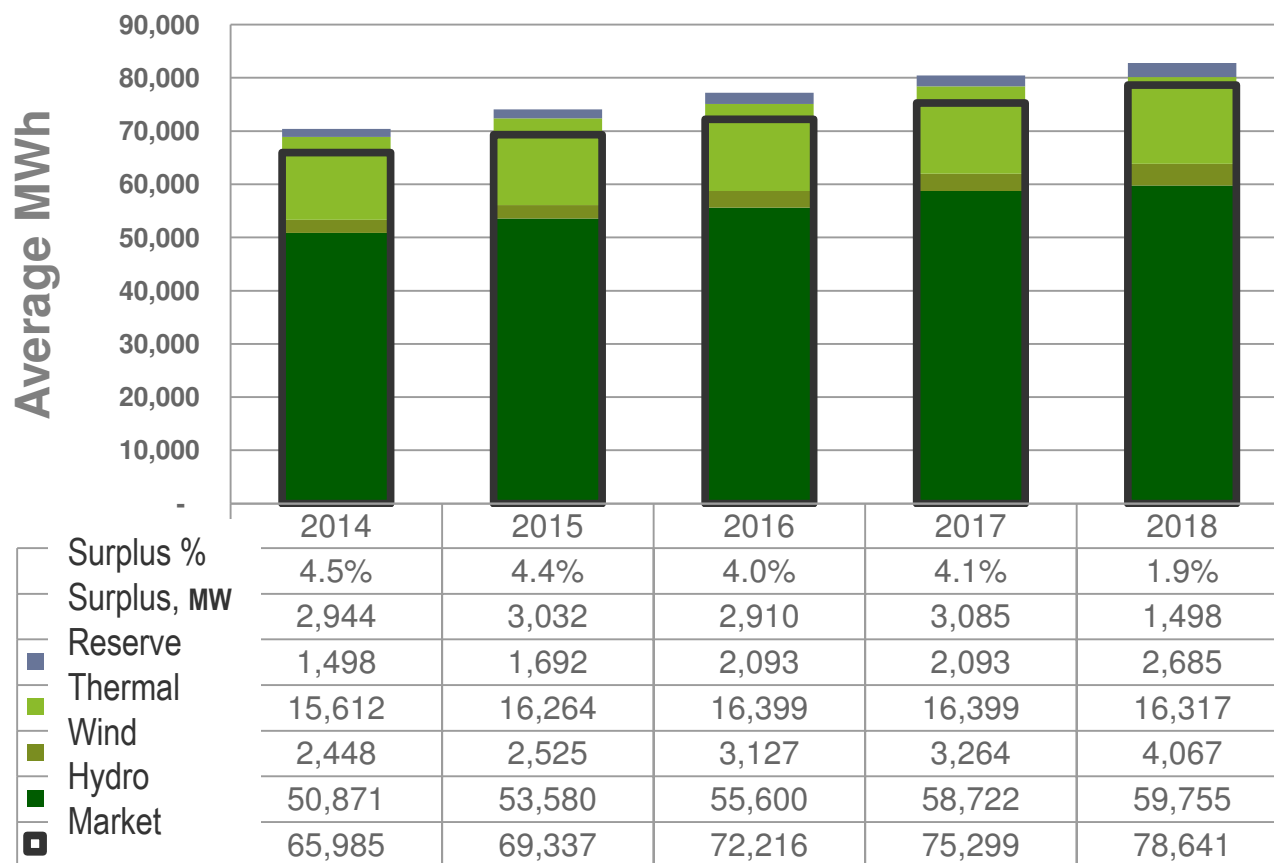
Assumes: (i) GDP growth of 4.5% in 2013–2017 (1st four-monthly revision, 2013).

(ii) Excludes thermal projects that sold electricity in new-built energy auctions that were not built.





2014 Forecast



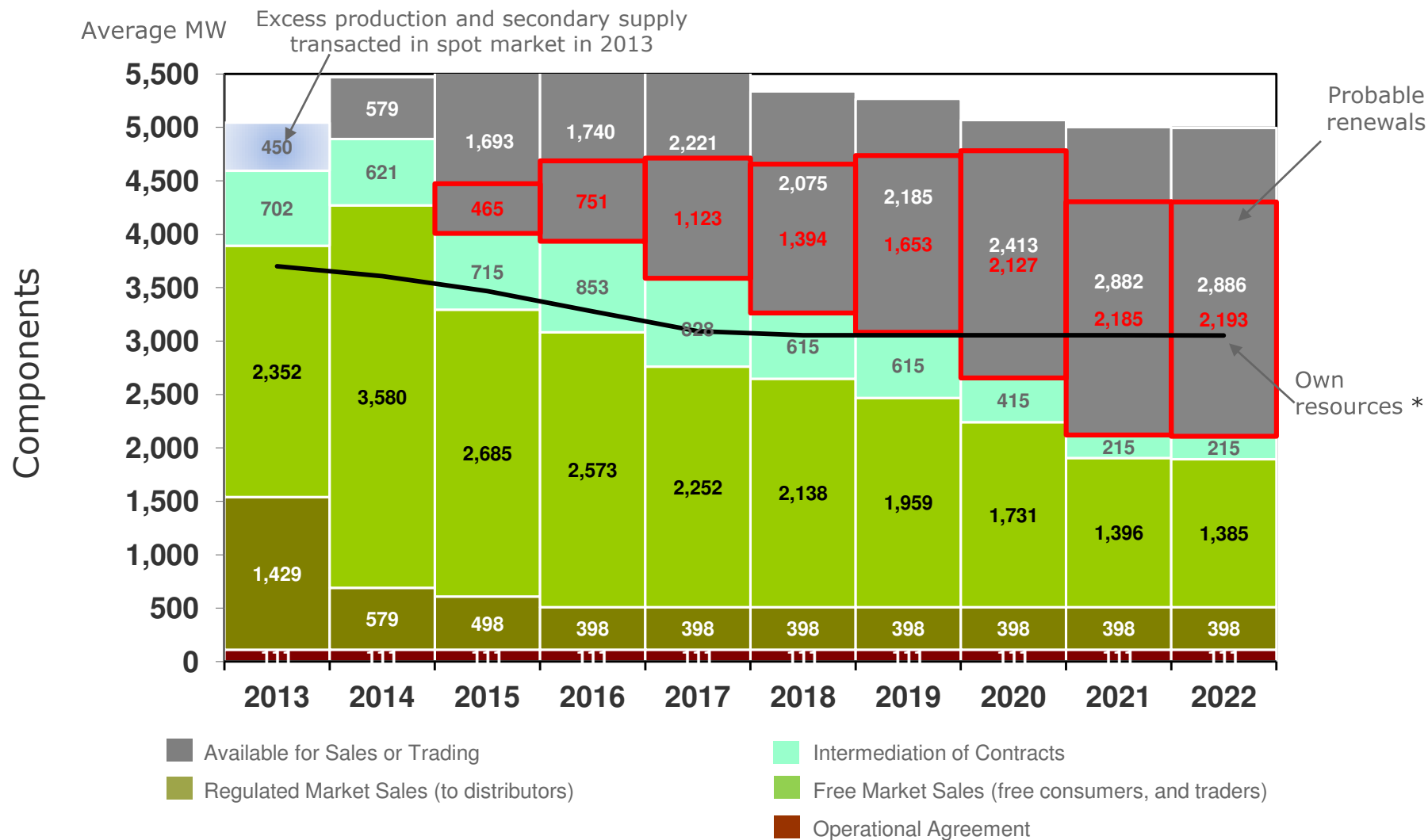
Source: **PMO, May 2014**; Analysis: Cemig,

Assumes: (i) GDP Growth of 4.8% from 2014–2018 (1st four-monthly revision, 2013).

(ii) Excludes thermal projects that sold electricity in new-built energy auctions that were not built.



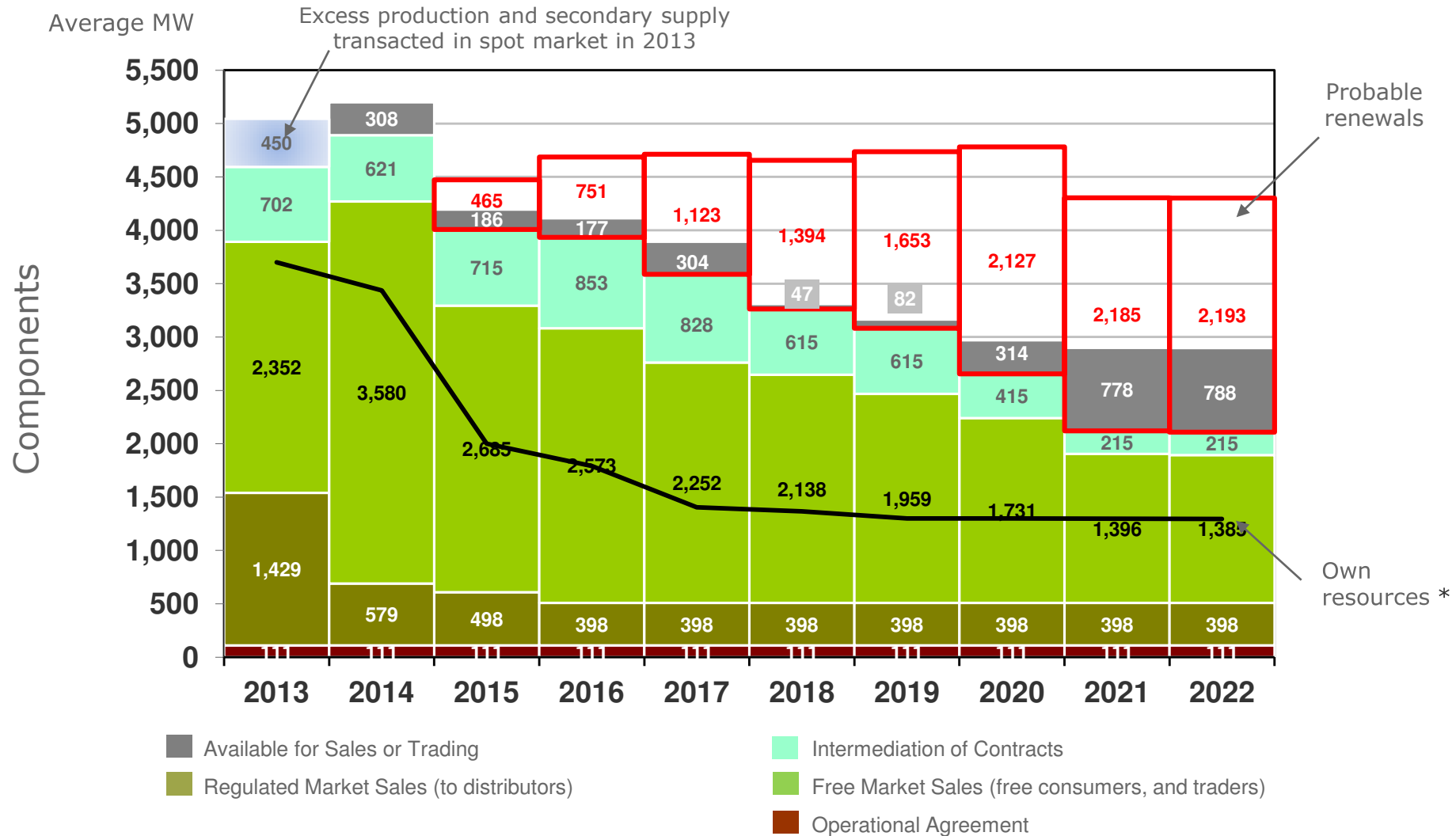
CEMIG GT: Balance of supply and demand



(*) Excludes Hydroelectric Plants with **second** concession period expiring in coming years. Maintains the Jaguará, São Simão and Miranda plants.



CEMIG GT: Balance of supply and demand

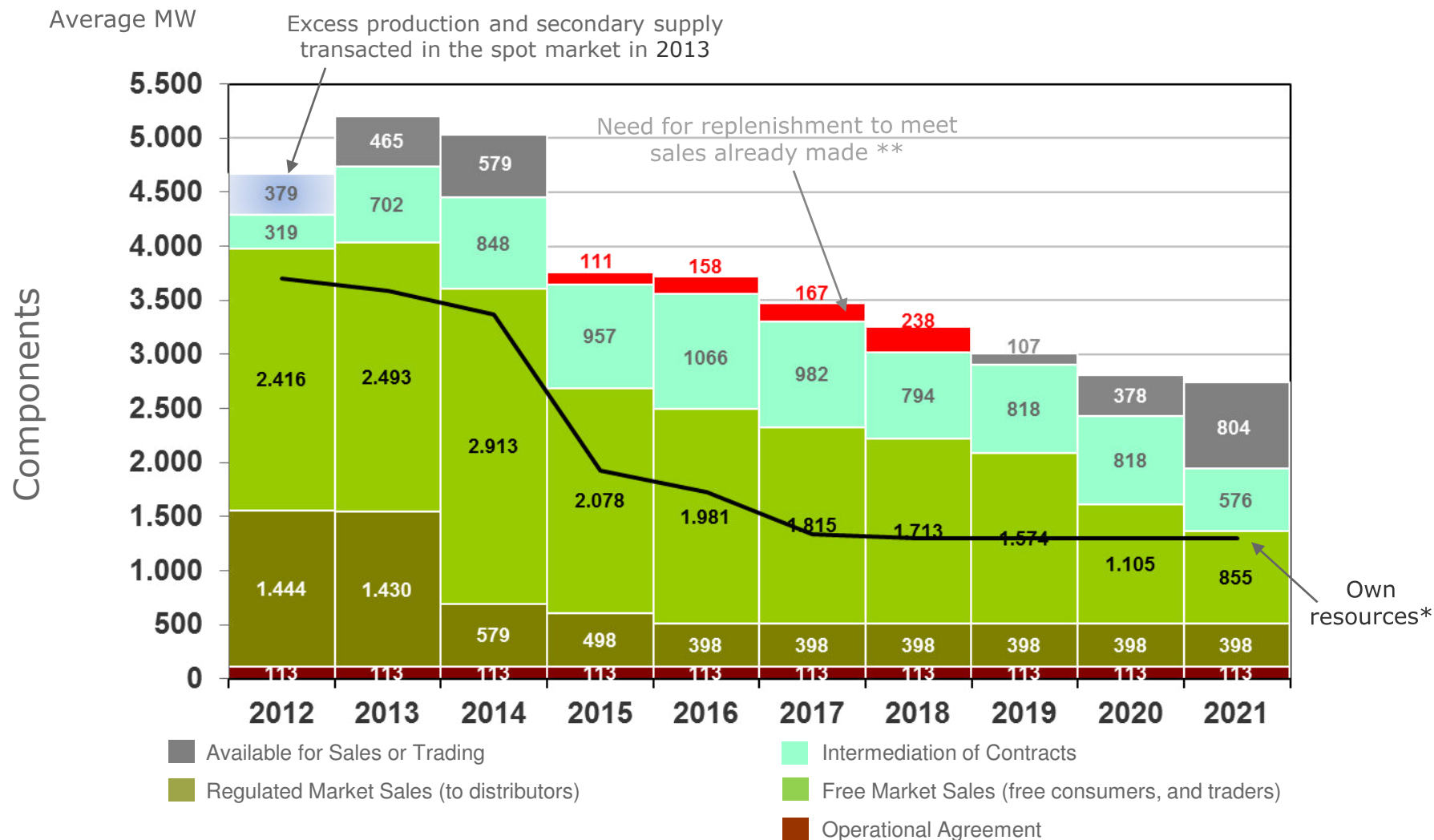


(*) Excludes Hydroelectric Plants with **first or second** concession period expiring in coming years.





CEMIG GT: Balance of supply and demand



(*) Excludes Hydroelectric Plants with **first or second** concession period expiring in coming years.



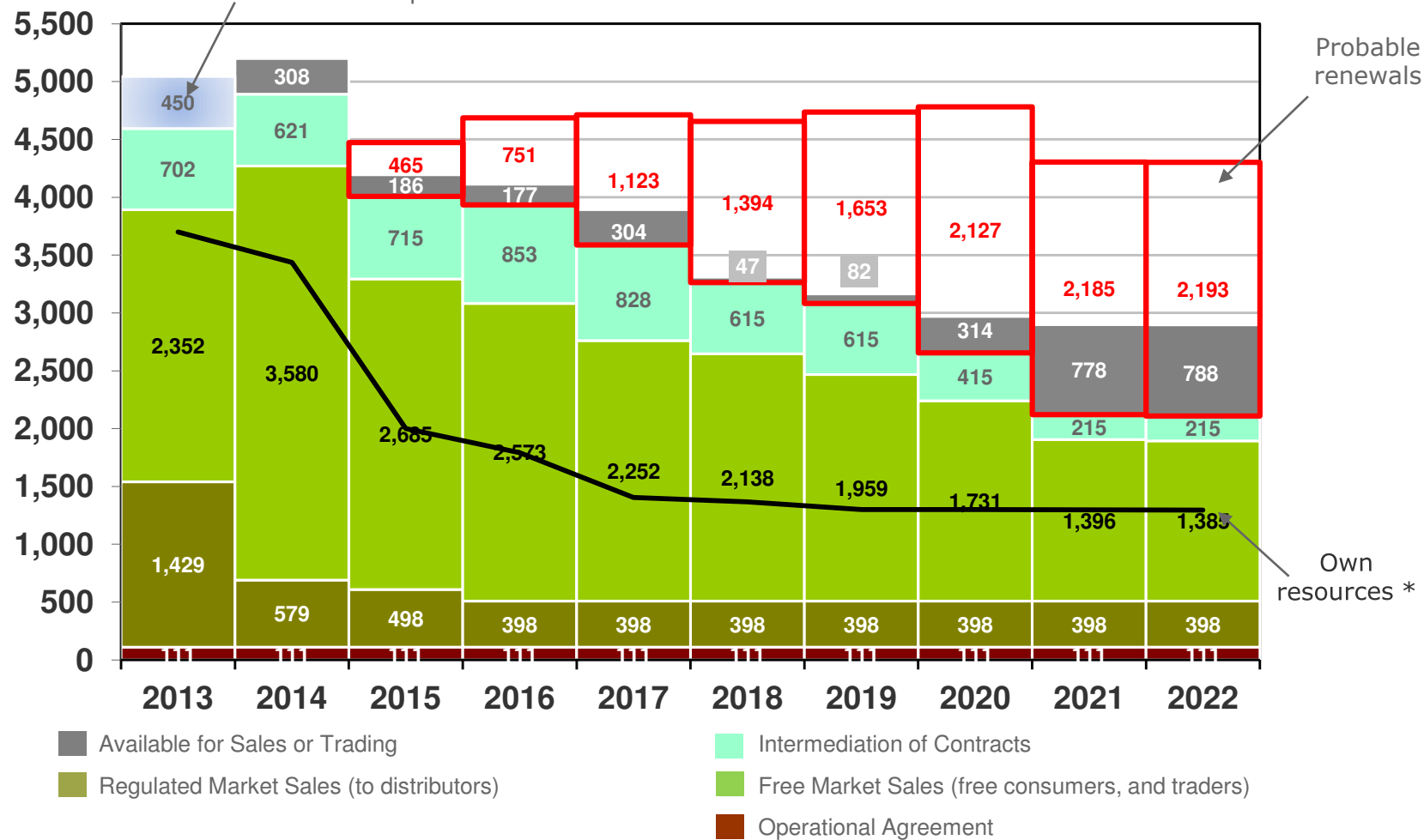


CEMIG GT: Balance of supply and demand

Average MW

Excess production and secondary supply
transacted in the spot market in 2013

Components



(*) Excludes Hydroelectric Plants with **first or second** concession period expiring in coming years.



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Thank you !

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Guidance, 2014–2018

Belo Horizonte, May 26, 2014

Presented by Emílio Castelar P. Pereira



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 Senior Management, in accordance with their experience, and also on factors, such as the macroeconomic environment, market conditions in the electricity sector, and 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 alterations that may be considered necessary in 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 in 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 the 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 give rise to different results from those estimated by the Company, we recommend consulting the section 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).

MAIN ASSUMPTIONS FOR GUIDANCE 2014 – 2018





- **In line with Cemig's Long-term Strategic Plan:**

Cemig will continue to grow over the long term. Possible reductions in Ebitda arising from Law 12783/2013 (enacted January 11, 2013, from Provisional Measure 579, of September 11, 2002) may result in significant changes or growth speed.

We will adopt several initiatives to achieve the intended result, such as **operational efficiency, synergy gains and growth, either through acquisitions or interest participation in new projects**, to compensate for the effect related to the non-renewal of the concessions of *Jaguara, São Simão* and *Miranda* hydroelectric plants.

Thus, we expect, that the current growth path presented will at least **preserve the present level of Ebitda (*)**.

We will present two separate projections, considering both possibilities: the renewal or non-renewal of the concessions referred above. **Cemig believes the concessions will be maintained, as it is stated in the signed concession contract.**

(*) This refers to Ebitda on the Internal Management Accounting basis: which includes all the minority interests.





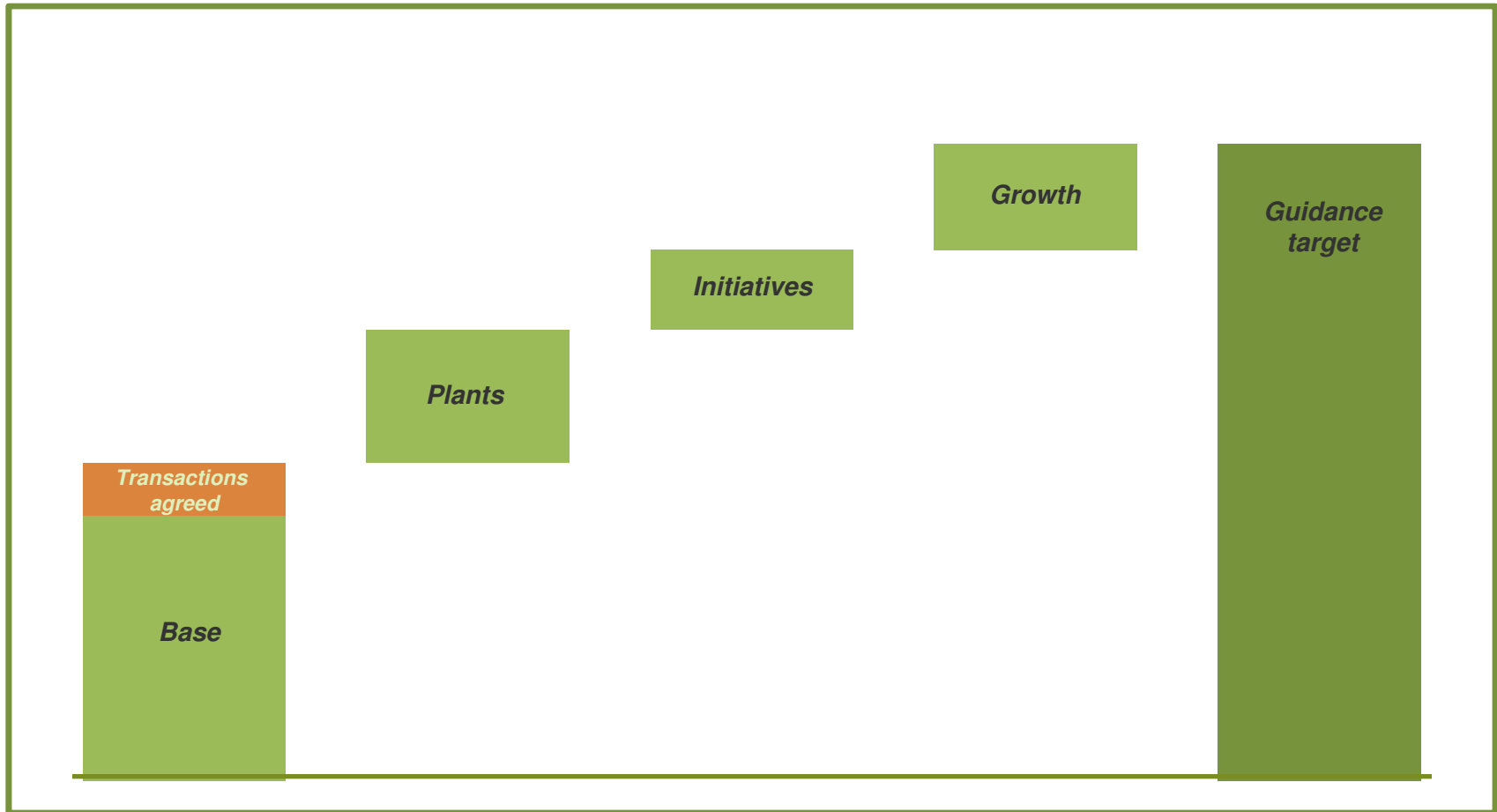
The following are described proactive initiatives to overcome challenges:

- **Operational efficiency:** We will continue to aggressively seek operational efficiency in all the processes within the Group's companies, through practices which will include: benchmarking, automation, combating fraud and delinquency, re-engineering of processes, optimization of routine, among others.
- **Synergies:** Seeking to **generate additional synergies within the companies of the Group, specially Light**, with which **Cemig D** (Distribution) is developing a formal operations program that began in 2013.
- **Workforce adjustment program:** The objective is that the operational processes are, in terms of cost, adjusted to generation, transmission and distribution benchmarks. It includes headcount reduction and new hirings as needed.
- We will seek to **reduce funding costs** for our projects.
- These and other initiatives **have been considered in the preparation of the guidance 2014-2018.**





Rationale behind EBIDTA: Guidance for 2014–2018

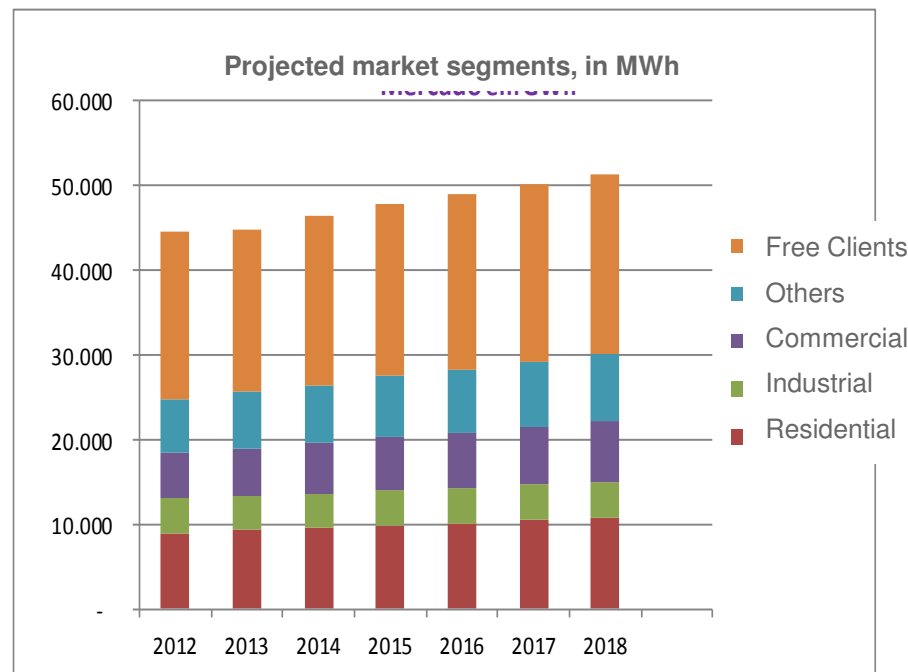
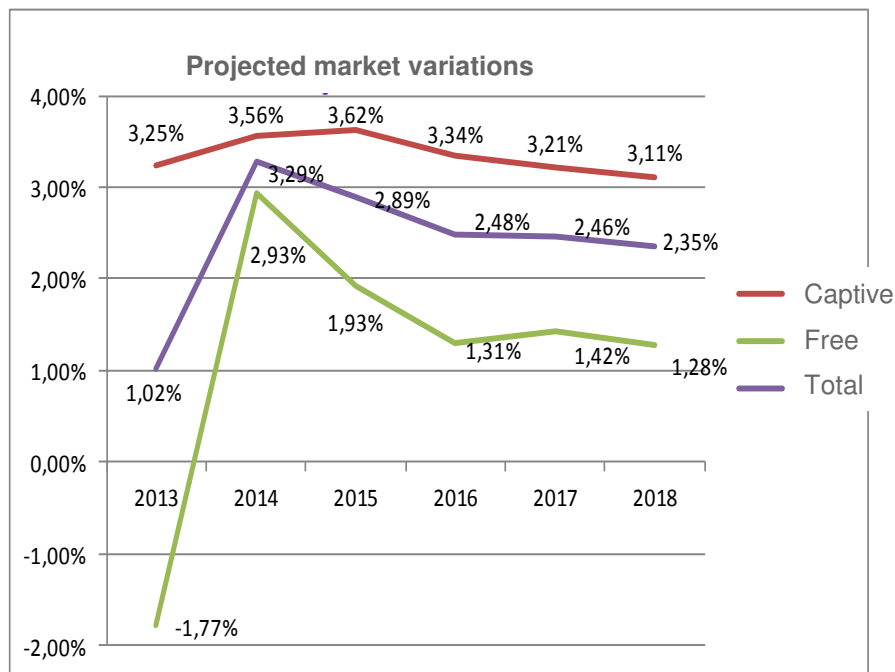


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CEMIG-APIMEC

CEMIG D



Moderate Growth for following years



2013 – Industry performance (exports) affected by adverse world economic trends.

2014 – Demand was depressed the year before, returning to slow growth.

Tariff Adjustment Index: Summary of 2014 decision

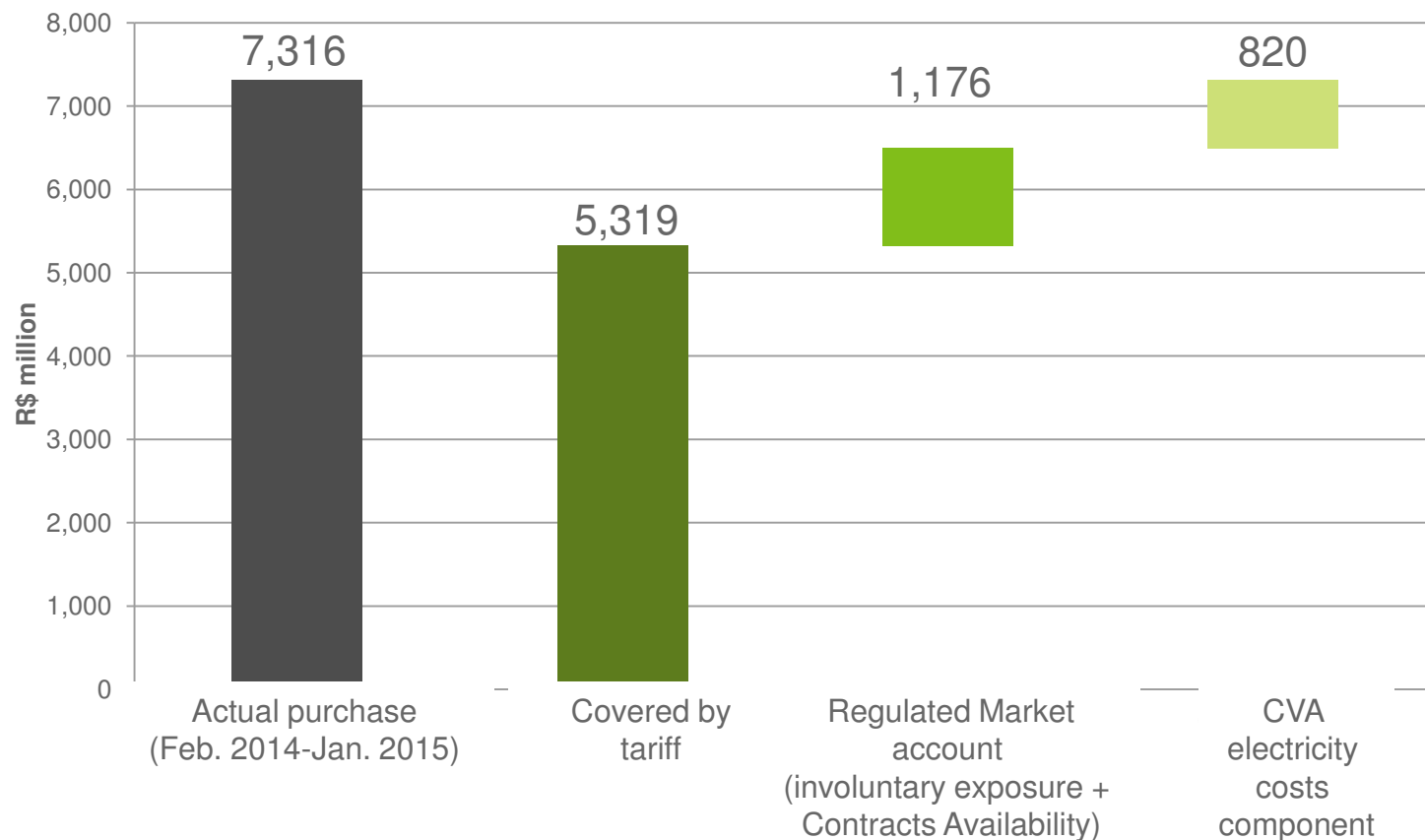
Composition of Revenue (R\$ bn)	2013	2014	Annual change	Weight in the adjustment
Portion A	5.479	6.318	15.33%	9.65%
Portion B	3.226	3.423	6.11%	2.26%
Total revenue	8.705	9.742	11.91%	11.91%

New revenue (2014) - R\$ bn	R\$ 9.742
Prior year revenue (2013) - R\$ bn	R\$ 8.705
Adjustment index (economic basis)	11.91%
Financial component – 2014	4.41%
Adjustment index including financial components (tariff applied)	16.33%
Financial components previous year and Appeal of 2013 Review	-1.57%
AVERAGE EFFECT	14.76%

- Portion A: Increase reflects energy purchases.
- Portion B: Increase of approximately R\$ 52 million in Portion B of the Tariff Review, arising from the Administrative Review Appeal made by Cemig requesting reassessment of the Asset Remuneration Base. The adjustment was retroactive to 2013. The increase in Portion B impacted the entire tariff cycle.



Electricity Cost Account (CVA) 2014



Investment planned for 2014 – 2018 of approx. R\$ 880 million per year

Constant June 2014 R\$ '000

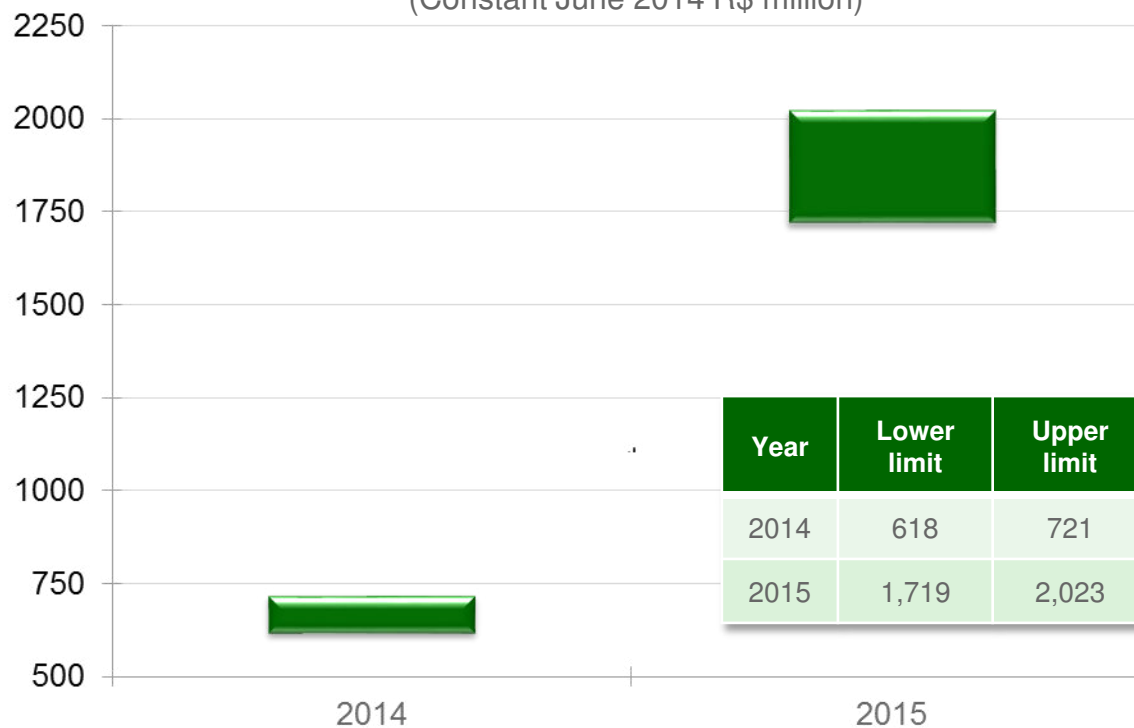
	Total planned for 2014 – 2018
Electricity system	3,608,926
Infrastructure and others	442,530
Subtotal	4,051,455
Clients' resources	339,580
Total	4,391,035

Investments adhere to regulatory framework requirements.



CEMIG D (DISTRIBUTION)

(Constant June 2014 R\$ million)



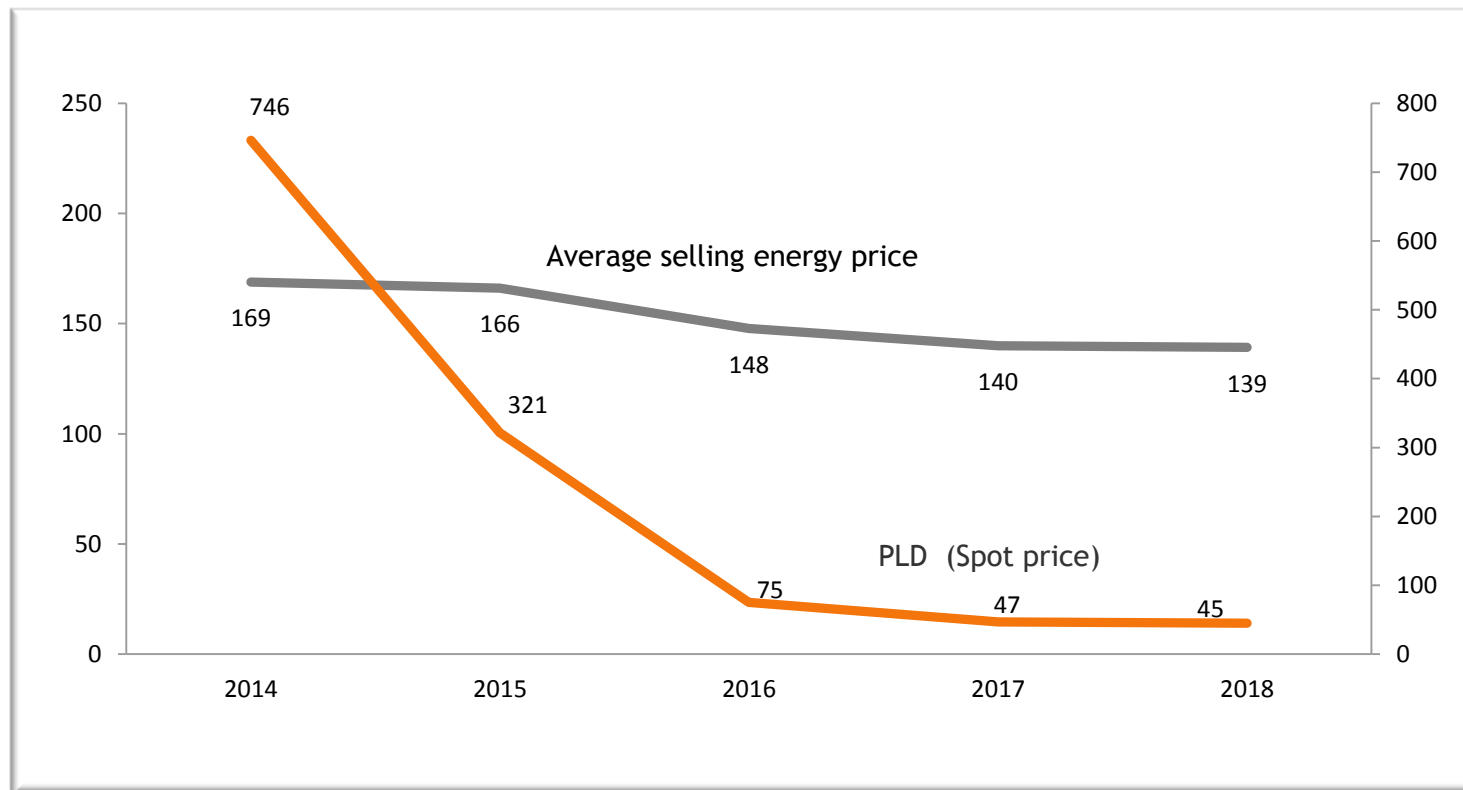
CEMIG GT – GENERATION AND TRANSMISSION





Declining average prices in the period, considering spot prices

June 2014 R\$/MWh



The average price considers Cemig's current generation plant portfolio.

Investment planned for 2014 – 2018

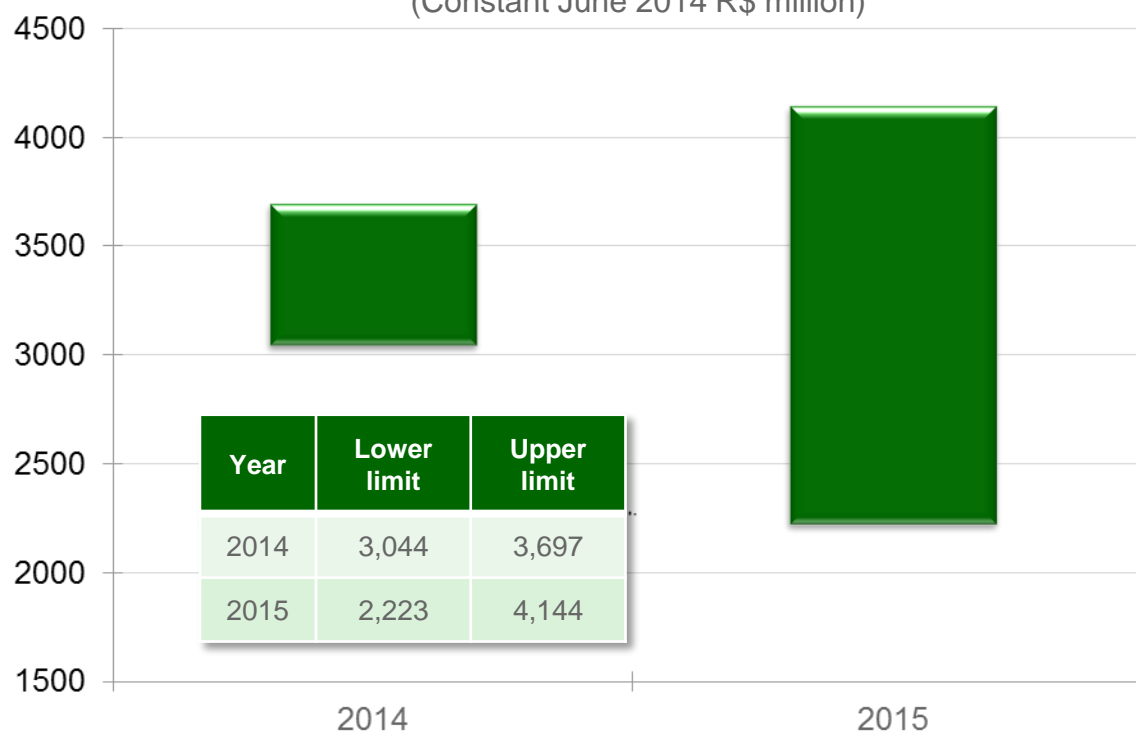
Constant June 2014 R\$ '000

	Total planned for 2014–2018
Generation	225,256
Cash into subsidiaries	1,919,111
Transmission	423,249
Total	2,567,616

Cash injections: Guanhães, Santo Antônio, Belo Monte, Brasil PCH, additional participation in Santo Antônio and Retiro Baixo.

CEMIG GT (GENERATION AND TRANSMISSION)

(Constant June 2014 R\$ million)



(*) EBITDA: includes ali minority participation.

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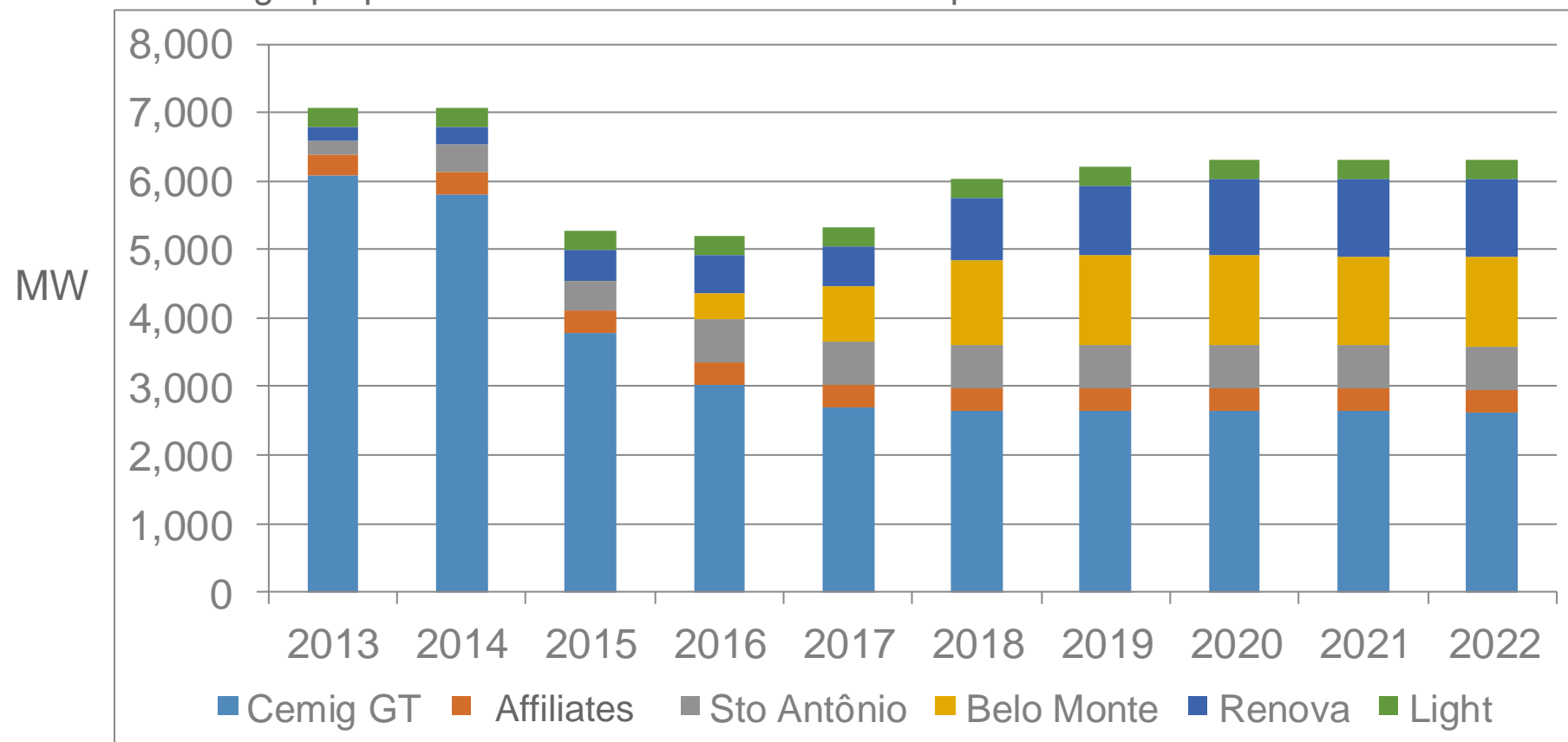
CEMIG – THE HOLDING COMPANY



Consolidated installed generation capacity

Considers:

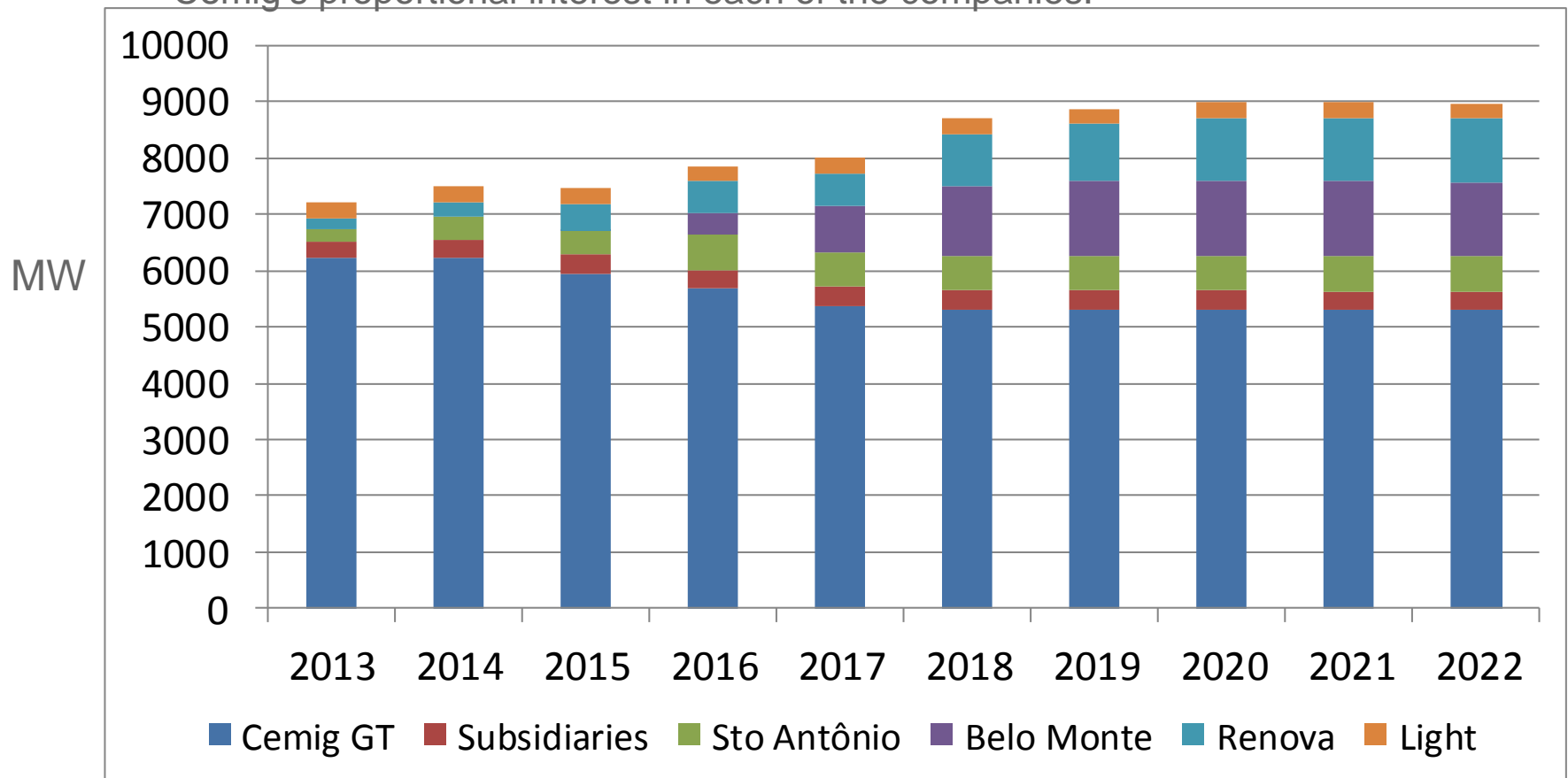
- Non-renewal of the *Jaguara*, *São Simão* and *Miranda* power plants;
- Cemig's proportional interest in each of the companies.



Consolidated installed generation capacity

Considers:

- Concession renewal of *Jaguara*, *São Simão* and *Miranda* power plants;
- Cemig's proportional interest in each of the companies.



Investment planned for 2014 – 2018

Constant June 2014 R\$ '000

	Total planned for 2014 – 2018
Capital into subsidiaries	622,785
Other	3,728
Total	626,514

Acquisition / new assets – historic average: R\$1.4 bn/year.

CEMIG, CONSOLIDATED

Constant June 2014 R\$ '000



(*) Ebitda includes all minority participation.

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Thank you !

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