



A Melhor Energia do Brasil.

September 2014 results



Overcoming new challenges – to continue to grow

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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.

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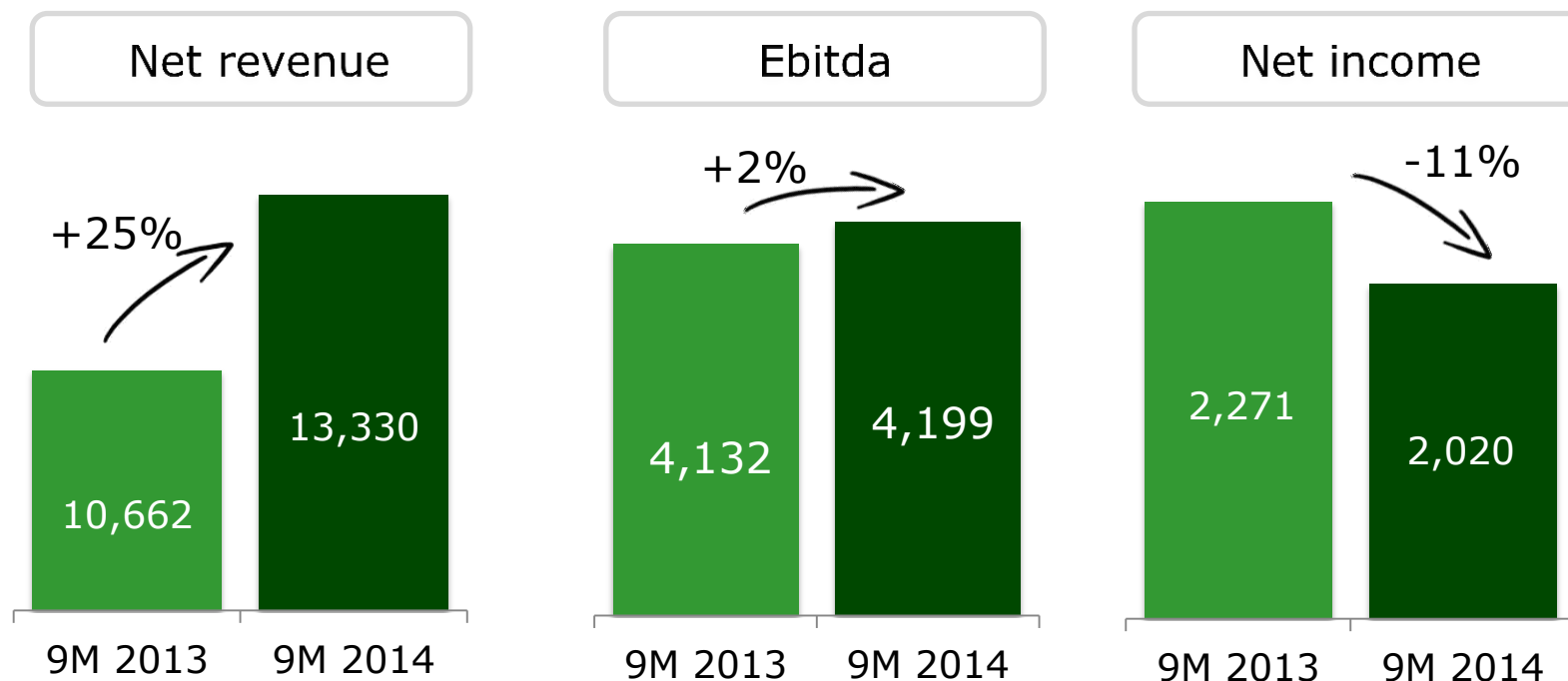
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In this material, financial amounts are in R\$ million (R\$ mn) unless otherwise stated.

Financial data reflect the adoption of IFRS.

Our results up to September (IFRS)



➤ Exposure to spot market creates constant challenges

- Revenue reflects gains earned by trading strategy
- Negative effect from reduction of hydro generation stronger in 3Q14
- Equity-method loss in Madeira Energia was a significant negative effect

- **Renova:** Investment of R\$ 1.5 billion – Strategy: expansion of generation from renewable sources
- **Taesá:** Role of *FIP Coliseu* extended for 720 days
- Natural gas: Increase of stake in **Gasmig**
 - ✓ Acquisition of the 40% held by **Petrobrás** for R\$ 600 million
- Expansion of generation: Acquisition of 49.9% interest in **Retiro Baixo Energética S.A. ("RBE")**
- Sustainability: Cemig once again included in the **'DJSI World'** (Dow Jones Sustainability World Index).

Plant is exposed to spot market

- Non-Availability Factor (FID*)
 - Concession contract specifies Availability Index of 99.5% for rotors
 - ✓ **Mesa Energia** applied to Aneel to modify the figure while Santo Antônio Plant was under construction
- Cost with exclusion of liability
 - Illegal strikes caused delay in startup of rotors
 - ✓ Application has been made to competent bodies to postpone dates of sales contracts with distributors by 63.61 days
- GSF affected performance

Increase in Cemig's stake in Santo Antônio

- Purchase of **SAAG's** 7.87% interest in **Mesa**
 - Contingency clause exempts **Cemig** from disbursements related to exposure to spot market prior to signature of the contract
 - Other contingencies limited to 12.4% of total purchase value of the asset

Entry of **Cemig GT** into the controlling stockholding block of **Renova**

- **Cemig GT** subscribed capital increase of R\$ 1.5 billion
 - Made advance against capital increase of R\$ 810 million
 - R\$ 740 million refers to acquisition of the interest in **Brasil PCH**
- Structuring of *Chipeley* as growth vehicle for **Cemig GT** and **Renova**

RENOVA ENERGIA	ON SHARES		PN SHARES		TOTAL SHARES	% OF TOTAL CAPITAL
	Quantity	%	Quantity	%	Quantity	%
Controlling block	188,309,629	79	-	-	188,309,629	59.1
RR Participações	50,561,797	21.2	-	-	50,561,797	15.9
Light Energia	50,561,797	21.2	-	-	50,561,797	15.9
CEMIG GT	87,186,035	36.6	-	-	87,186,035	27.3
Other stockholders	49,786,482	21	80,408,816	100	130,195,298	41
RR Participações	9,560,093	4	-	-	9,560,093	3
BNDESPar	9,311,425	3.9	18,622,850	23.2	27,934,275	8.8
InfraBrasil	11,651,467	4.9	23,302,933	29	34,954,400	11
FIP Caixa Ambiental	5,470,293	2.3	10,940,586	13.6	16,410,879	5.2
Other	13,793,204	5.9	27,542,447	34.2	41,335,651	13
Total	238,096,111	100	80,408,816	100	318,504,927	100

➤ FIP Coliseu

- Role of this FIP (equity fund) extended for up to 720 days (from Oct. 21, 2014)
- Partial split of FIP Coliseu
 - Santander leaves the stockholders' agreement
 - ✓ FIP Resling created with Santander as sole unit holder
- Cemig has increased number of shares with voting rights

➤ New structure maintains shared management with remaining unit holders of FIP Coliseu

➤ Structure after the split and issuance of Units:

	ON shares	%	PN shares	%	Total capital	%
FIP Coliseu	228,775,790	35.7%	-	0.0%	228,775,790	22.10%
Cemig	293,072,229	45.7%	155,050,644	39.5%	448,122,873	43.40%
Market	93,446,517	14.6%	186,892,944	47.6%	280,339,461	27.10%
FIP Resling	25,419,533	4.0%	50,839,064	12.90%	76,258,597	7.40%
Total	640,714,069	100.0%	392,782,652	100.00%	1,033,496,721	100.00%

- The only company in the electricity sector in Latin America that has been in the Dow Jones index for 15 years running



- Rated by CDP of London as Brazil's '*Leading company in Transparency on Climate Change*'



- Included in MSCI 2014 Global Sustainability Indexes



- **Cemig GT:** 98% of generation renewable
- **Renova:** 100% of generation renewable
- **Retiro Baixo:** 100% of generation renewable

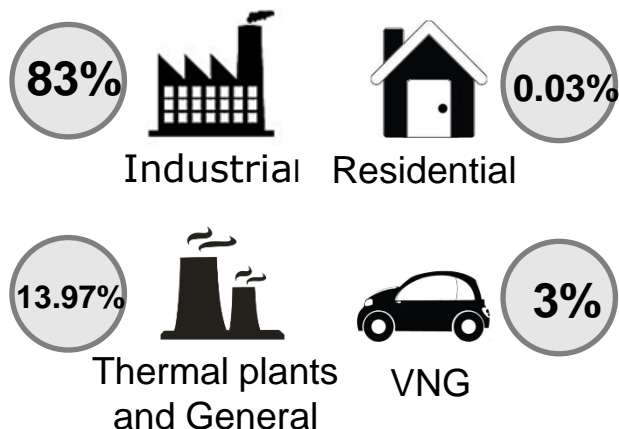
Cemig – generation portfolio – MW*

PHASE	Hydro plants	Small hydro plants	Wind plants	Solar plants	Thermal plants	TOTAL
IN OPERATION	7,067	259	82	1	184	7,593
UNDER CONSTRUCTION / CONTRACTED	1,142	29	141	1	-	1,313
TOTAL	8,209	288	223	2	184	8,906

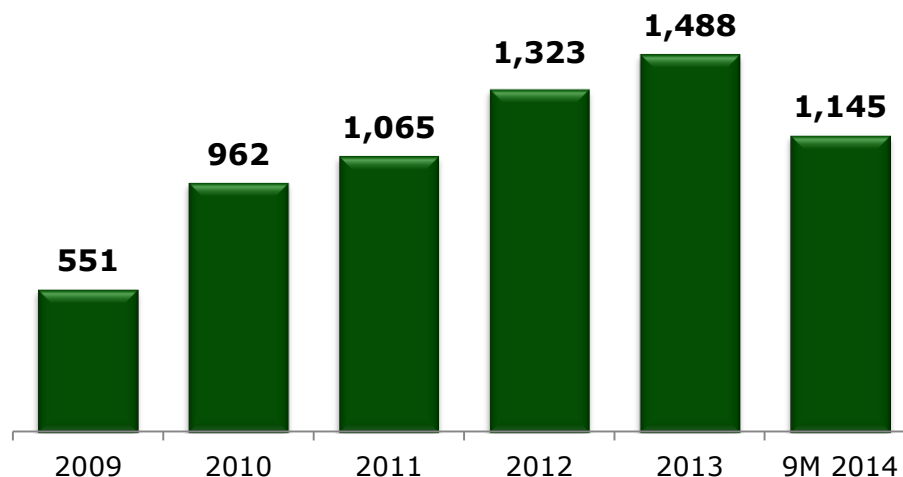
- Santo Antônio hydroelectric plant
 - ✓ Increase in Cemig's equity stake in SAAG
 - ✓ 32 rotors in commercial operation – approx. 2,300 MW
- Belo Monte hydroelectric plant – under construction
 - ✓ Start dates for the 24 rotors range from February 2016 to January 2019
- Renova – Wind farms
 - ✓ Under construction
 - Alto Sertão II Complex (567.7 MW average)
 - ✓ Contracted
 - Alto Sertão III Complex (363.2 MW average)
 - 17 wind farms (with 183.9 MW average) contracted in the A-5 Auction of 2013

Natural Gas: Business with a promising future

Segmentos de Atuação



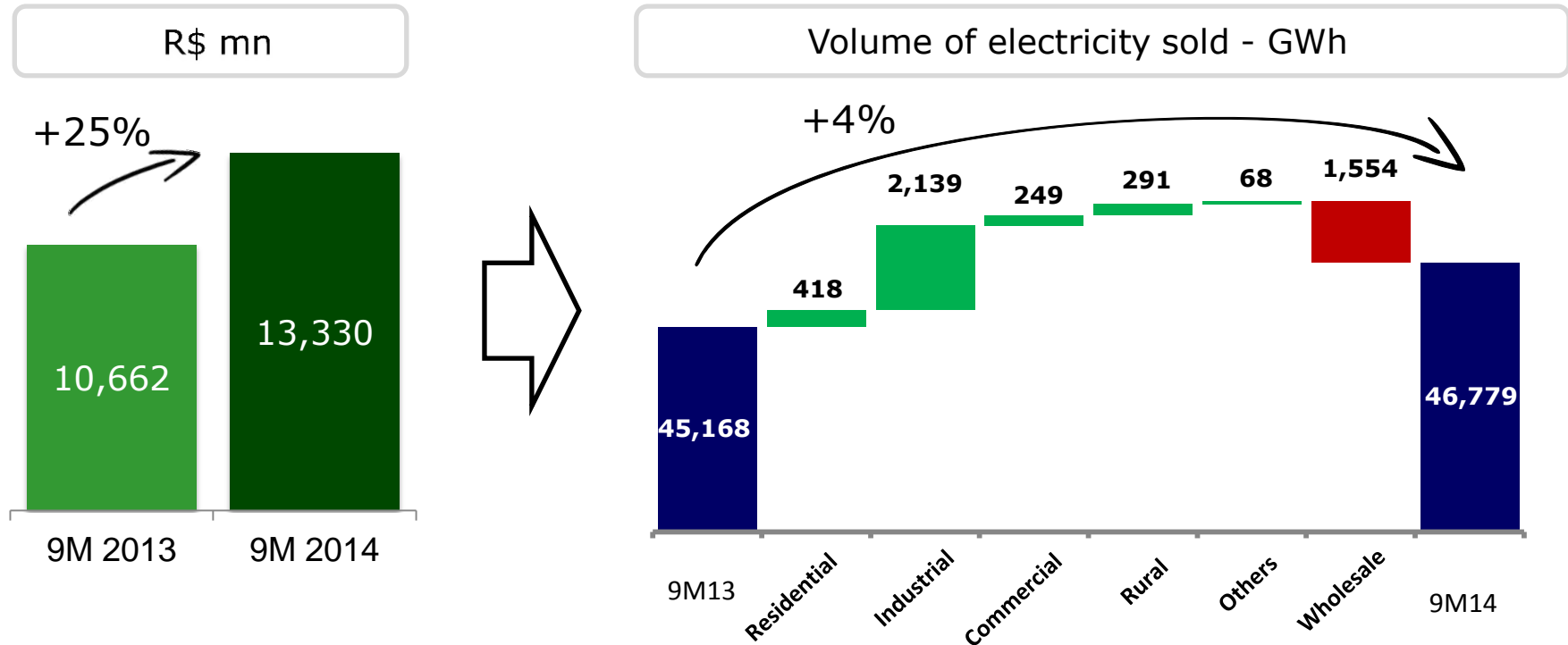
Natural gas volume sold (million m³)



- Construction begun on Brazil's largest gas distribution pipeline
 - ✓ Will serve the 'Triangle' and Center-West regions of Minas
- Gross revenue in 9M14 was R\$ 1.234 billion, 10% higher than in 9M13 (R\$ 1.120 billion)
- Volume of natural gas sold in 9M14 (1.145 billion m³), up 3.3% from 9M13 (1.109 bn m³)
- 1,783 clients served – 1,415 are residential

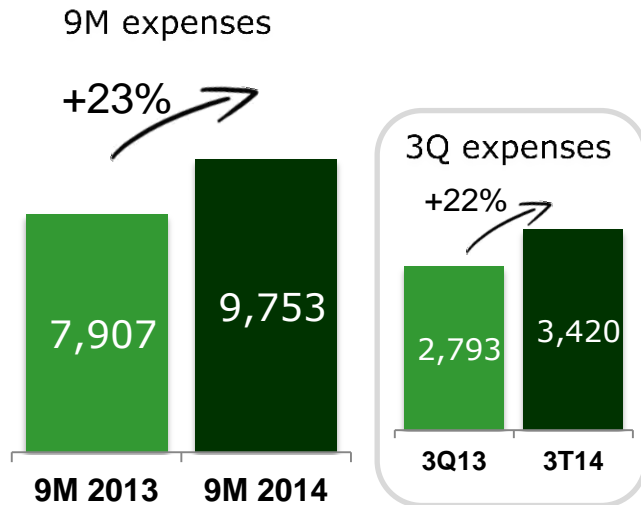
Results to September 2014

Consolidated net revenue



- Growth in revenue reflects our trading strategy
 - ✓ With ending of Regulated Market Auction contracts – demand moved to Free Market
- Growth in number of Cemig clients
 - ✓ Cemig GT: Year-on-year growth of 21.4% – 516 clients added
 - ✓ Cemig D: YoY growth of 3.8% – more than 8 million customers

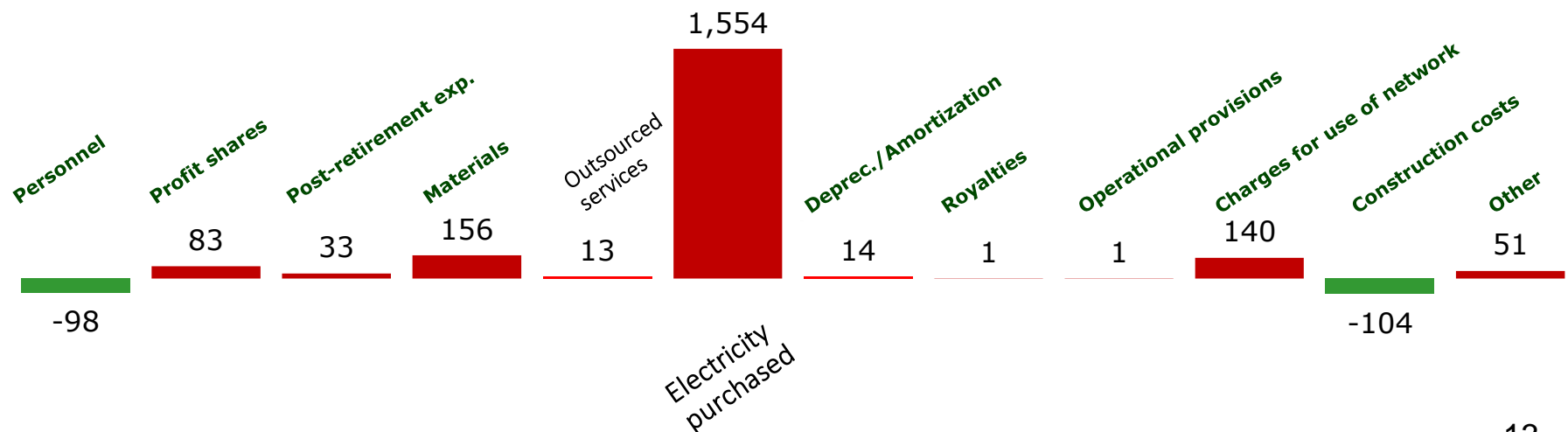
Operational expenses in 9 months of 2014



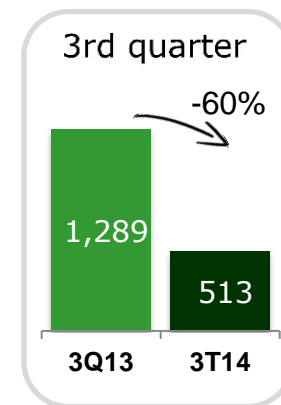
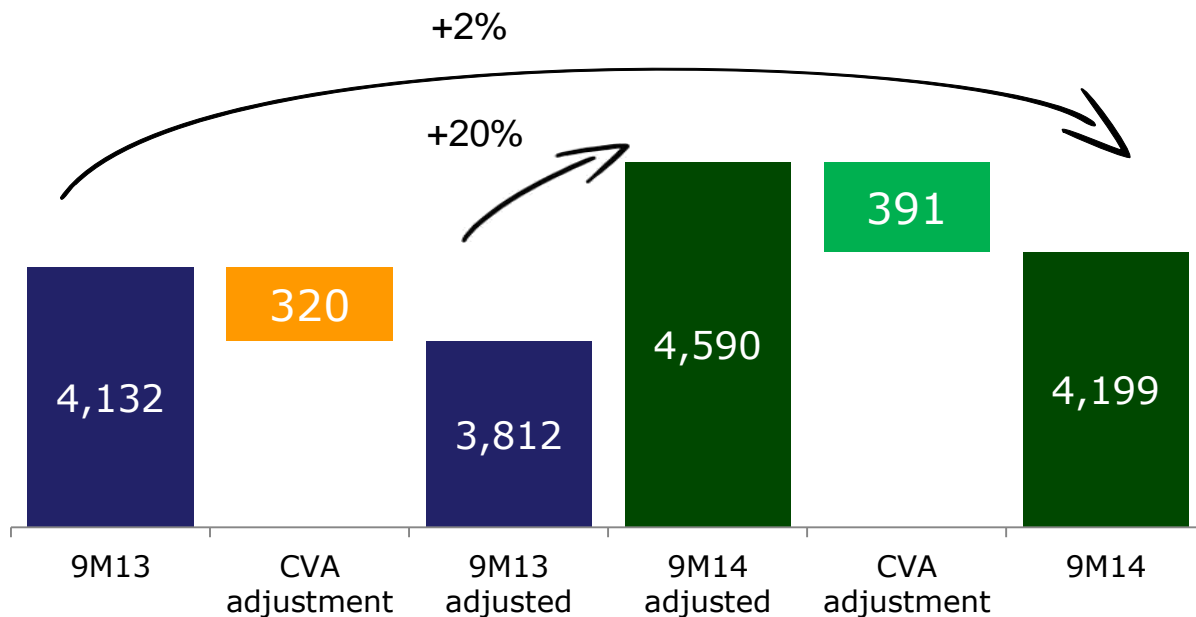
- Funding from CDE* in year to September
 - R\$ 1.906 billion – reimbursement of cost of electricity purchased: R\$ 1.654 billion received so far
- Accounted in assets: R\$ 498 million
 - R\$ 246mn as reimbursement of tariff subsidies
 - R\$ 252mn as reimbursement of cost of electricity purchased

* CDE: *Conta de Desenvolvimento Energético* – Energy Development Account.

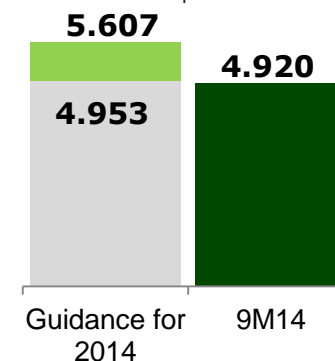
Consolidated expenses, 9M 2014



Consolidated Ebitda

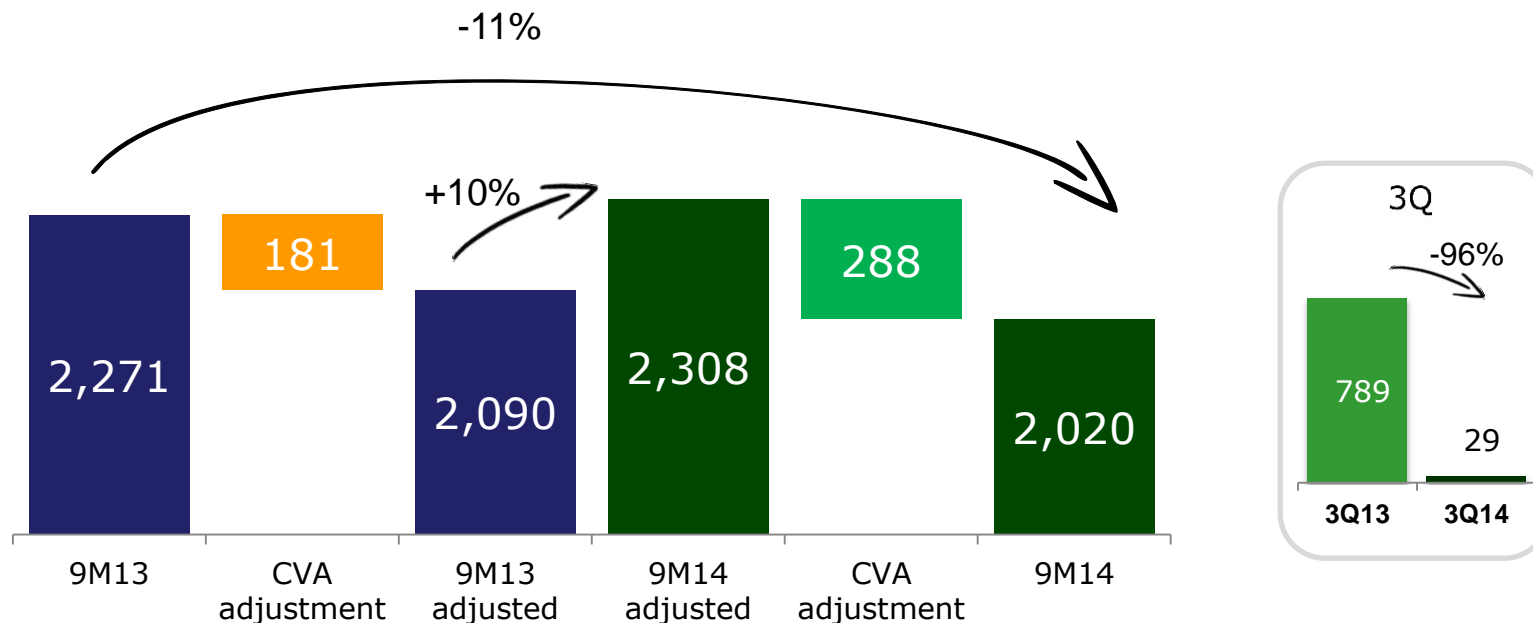


Ebitda Guidance,
US\$ bn*



- Ebitda on internal accounting is 99.3% of lower limit of guidance
- Ebitda adversely affected by cost of purchase of electricity
- Average spot price in 2014: R\$ 676.16 / MWh

Consolidated net income



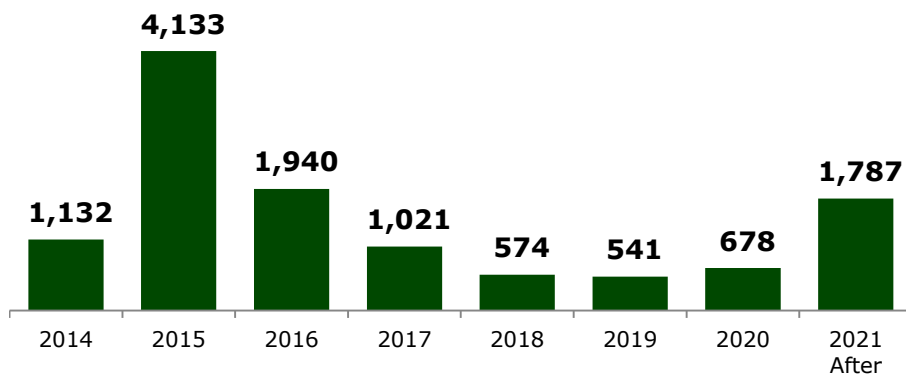
- ✓ Results affected by lower hydro generation and exposure to spot market
 - GSF* in 9M14 averaged 92.79%
 - Madeira Energy returned negative equity income of R\$ 329 million in 3Q14
- ✓ Higher net financial expenses were also a factor in reducing net income

* GSF – Generation Scaling Factor.

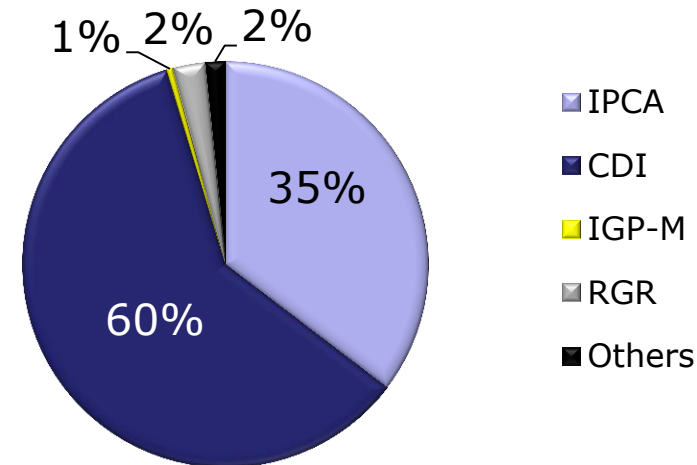
Consolidated debt profile

Maturities timetable – Average tenor: 3.3 anos

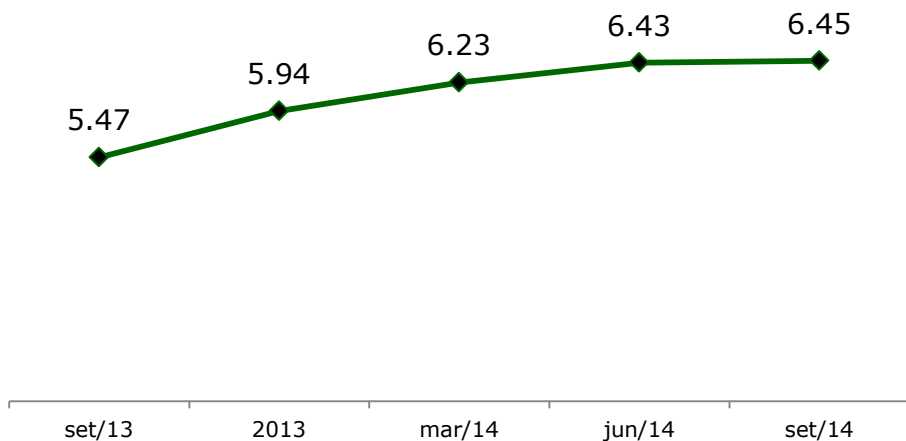
Total net debt: R\$ 9.5 bn



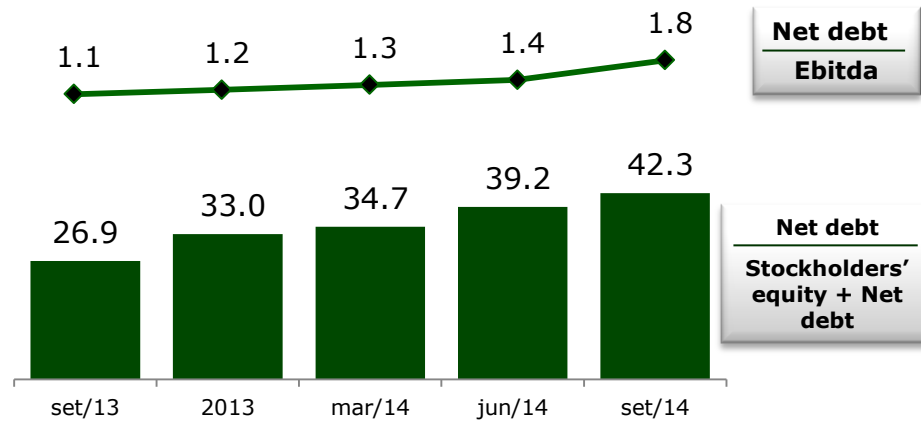
Main indexors



Real average cost of debt – %

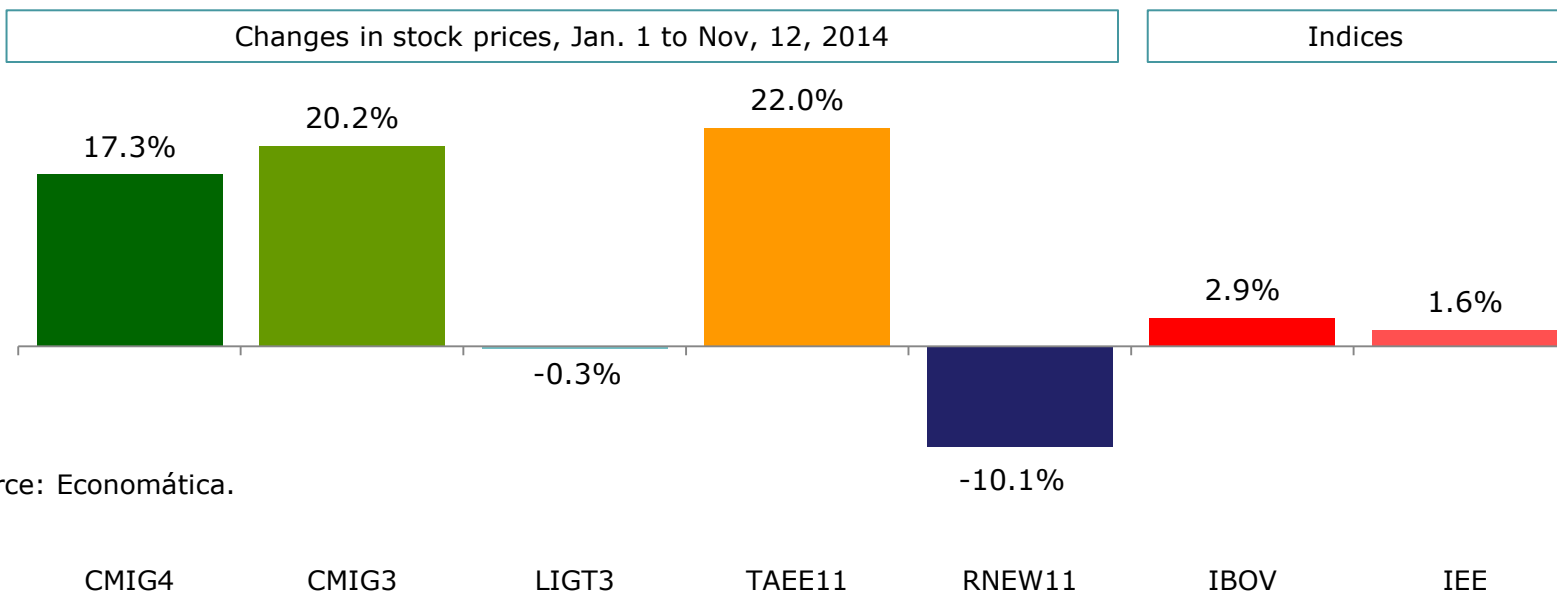


Leverage – %



R\$ mn	2014	
	Planned for the year	Actual to end September
GENERATION	2,940	2,793
Investment program	129	61
Cash used	2,811	2,732
Aquisition of Brasil PCH	740	740
Renova	810	810
Investment in SAAG	160	160
Prothea Project	803	802
Other	298	220
TRANSMISSION	138	64
Investment Program	138	64
CEMIG D	1,260	767
Investment Program	1,260	767
CEMIG H	15	14
Investment Program	1	-
Aportes	14	14
CEMIG 'S INVESTMENTS	4,353	3,638

Cash flow statements, R\$ mn	September 2014	September 2013
Cash at start of period	2,202	1,919
Cash from operations	3,249	2,654
Net income	2,020	2,271
Depreciation and amortization	587	574
Gain on disposal of investments	-	(284)
Equity gain (loss) in subsidiaries	(34)	(600)
Other adjustments	676	693
Financing	(779)	(3,846)
Loans, financings, debentures obtained	3,129	2,467
Payment of loans and financings	(1,088)	(3,375)
Interest on Equity, and dividends	(2,820)	(2,938)
Investment	(3,345)	1,384
CRC account (received from Minas Gerais State government)	-	2,466
Investments	(2,731)	1,330
Fixed and intangible assets, and others	(614)	(2,412)
Cash at end of period	1,327	2,111
Total cash	2,329	



Strong dividend policy

- Extraordinary dividends of R\$ 1.1 billion – R\$ 0.8742 per share
 - ✓ R\$ 1.1 billion to be paid to stockholders* on Dec. 19, 2014



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