

# Quest for excellence translates into Results



**CEMIG: 1Q14 Results**

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.

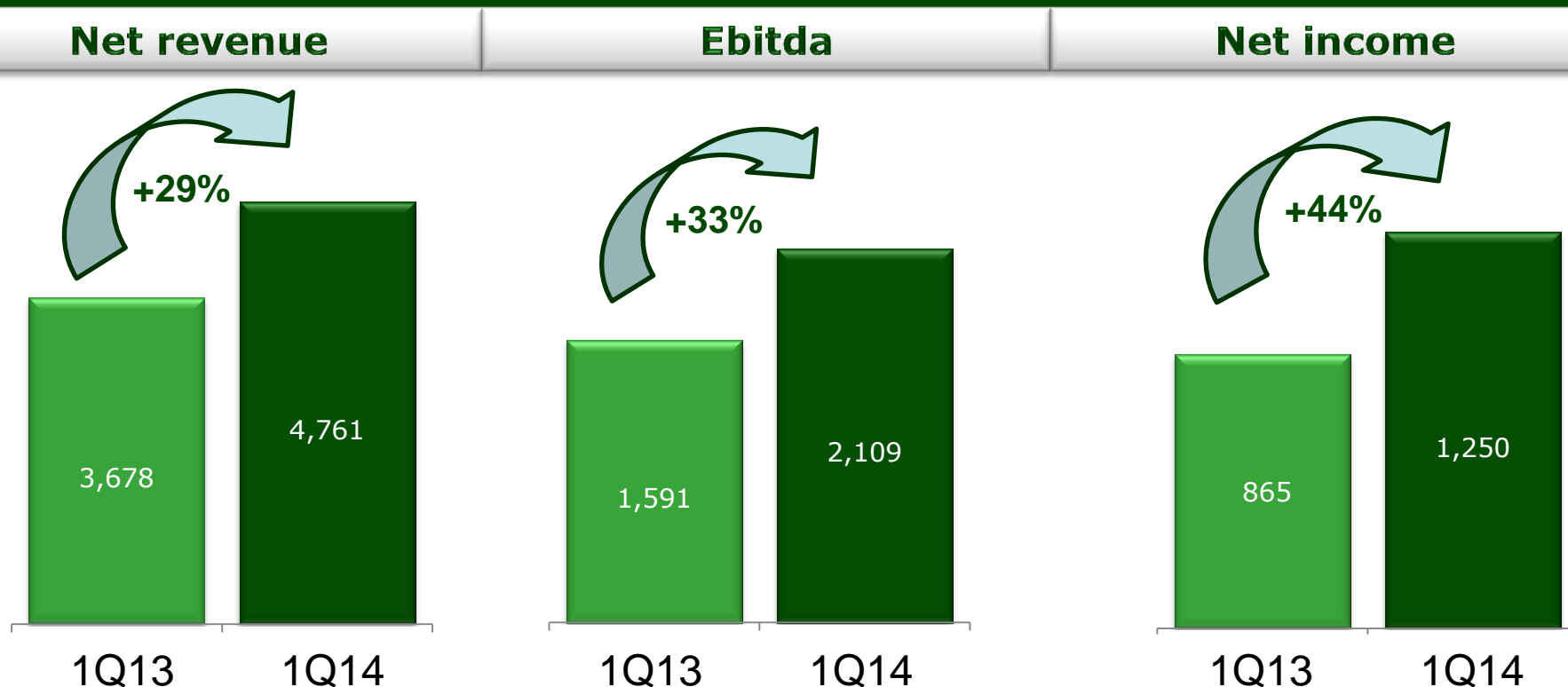
Important factors that can lead to significant differences between actual results and the projections about future events or results include Cemig's business strategy, Brazilian and international economic conditions, technology, Cemig's financial strategy, changes in the electricity sector, hydrological 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.

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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 made explicit otherwise. Financial data reflect the adoption of IFRS.

# Cemig – Results in 1Q14



- **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 Jaguará Hydro Plant

➤ ***On May 14, 2014, Brazil's Higher Appeal Court\* was divided on Cemig's application to retain its concession for the Jaguará 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 Jaguará Plant – until final judgment In the case***



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

- **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)





- **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

- Rated *Prime* by Oekom Research – 3rd year running
- *Best Annual Report* – Winner, 15<sup>th</sup> 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* – 9<sup>th</sup> year running
- BM&FBovespa *ICO2 Carbon Efficient* index – 4<sup>th</sup> year running

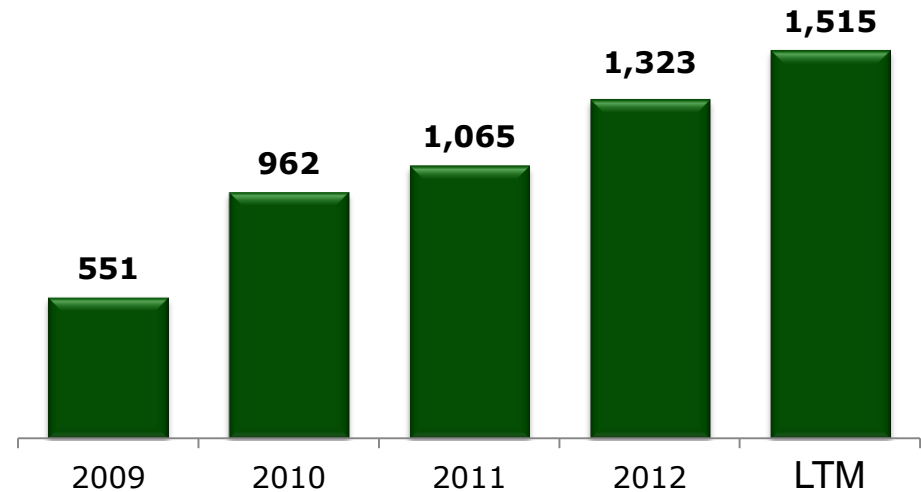
# Gasmig: a growing business



Companhia de Gás  
de Minas Gerais



Volume of natural gas sold (million m<sup>3</sup>)

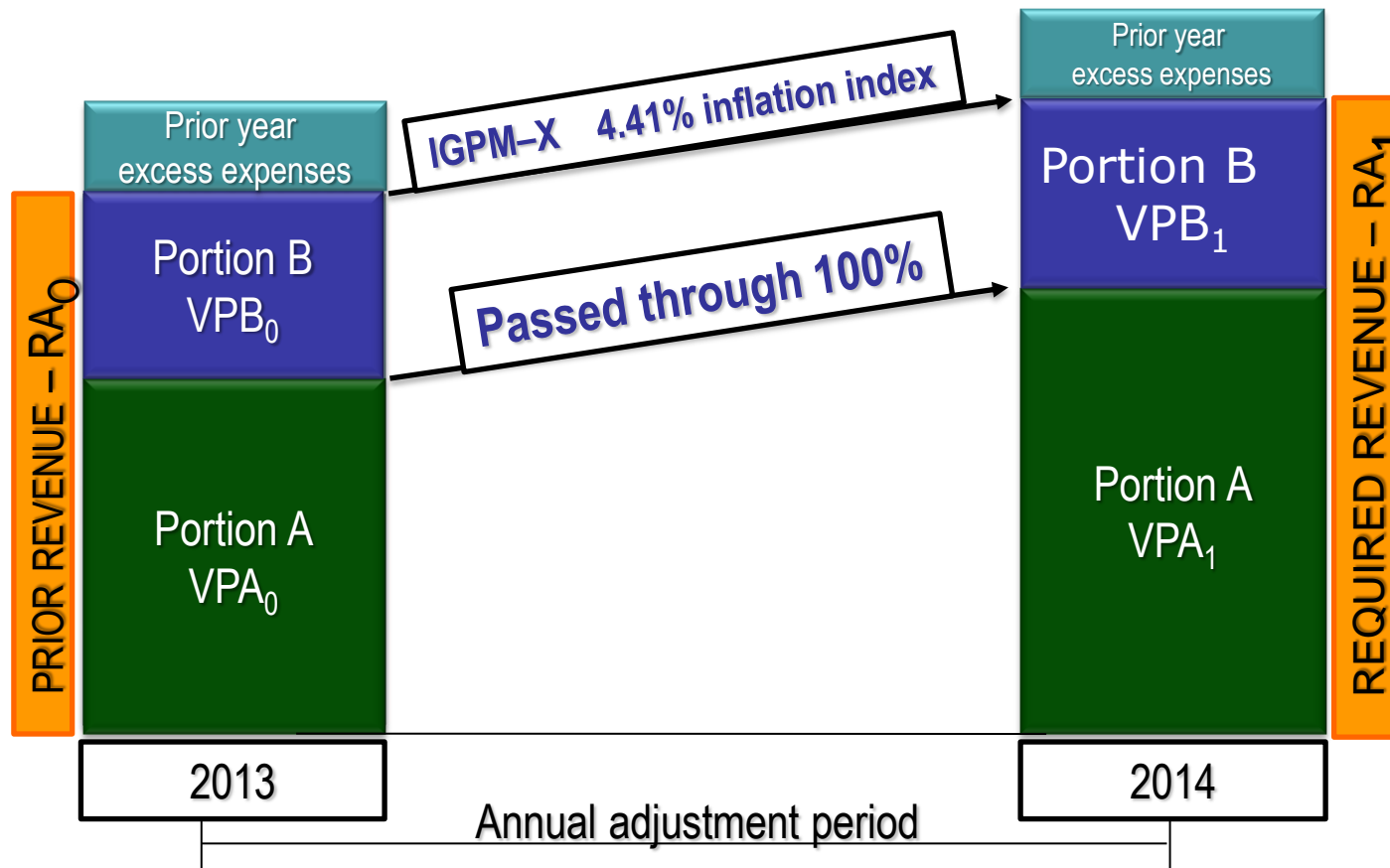


LTM – Last twelve months

- **1Q14 gross revenue: R\$ 415 million – up 15% YoY.**
- **Natural gas volume sold in 1Q14: 401 million m<sup>3</sup> – 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



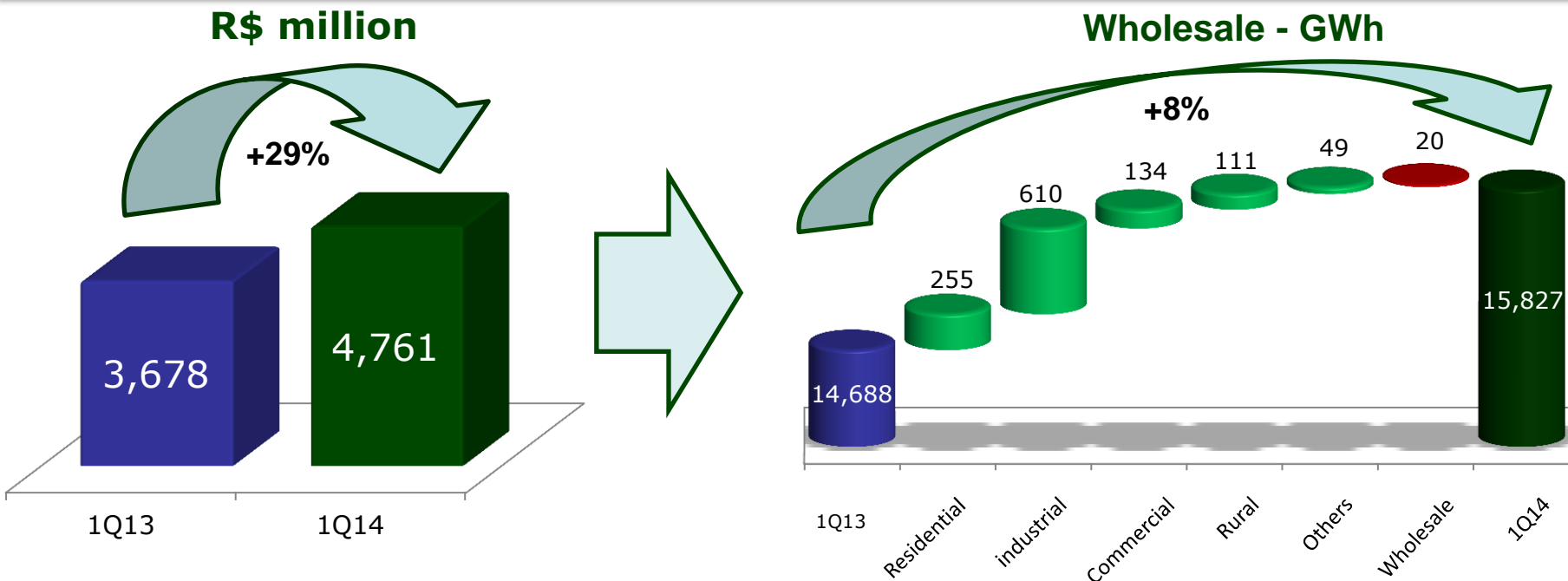
- **11.91%: 'economic' tariff adjustment**
- **16.33%: total adjustment (economic, + financial components)**
- **14.76%: effect for consumers**



# 1Q14 Results

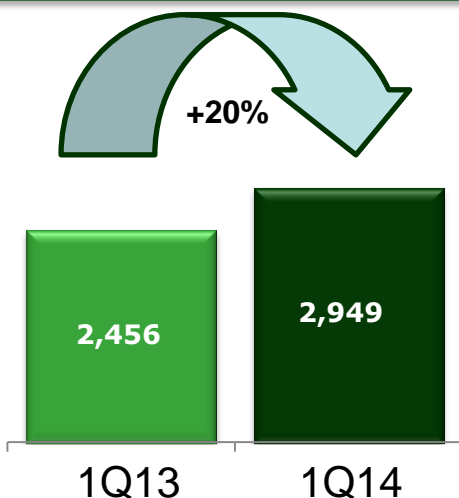
## in detail

# 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

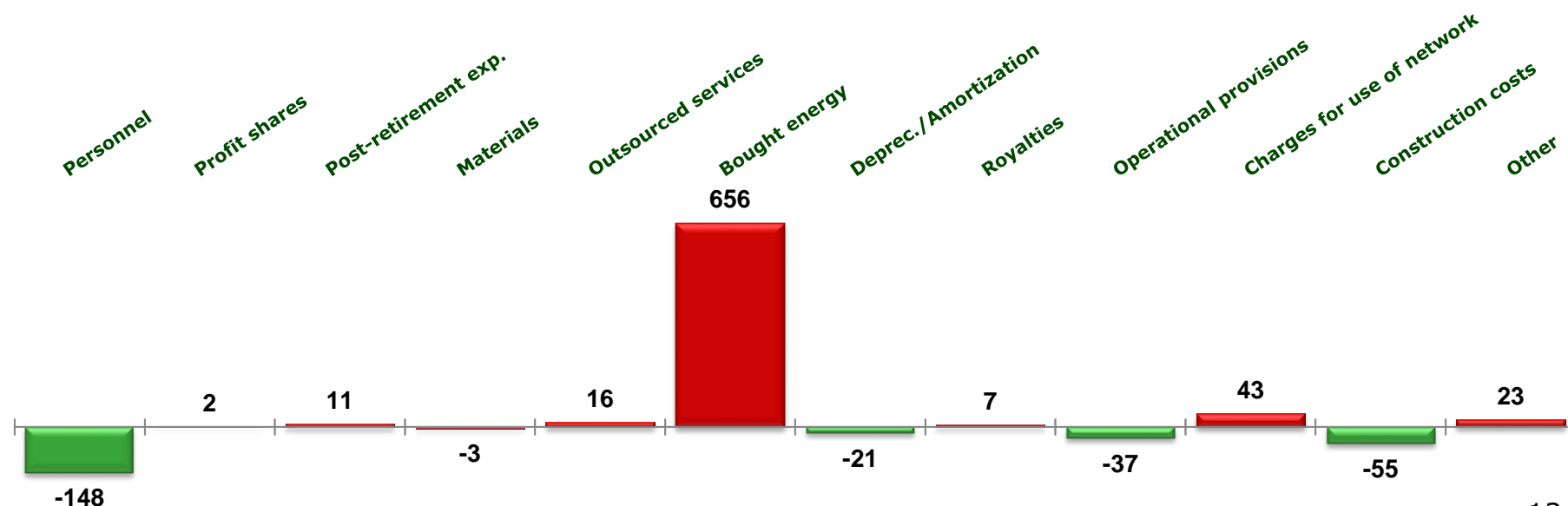
# Operational expenses



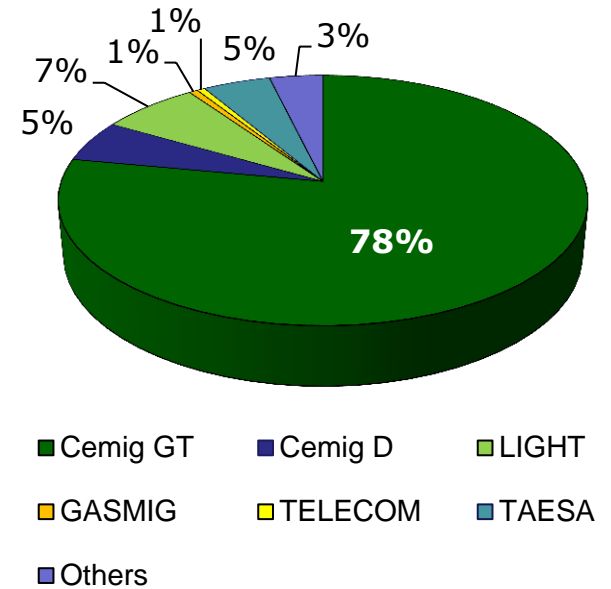
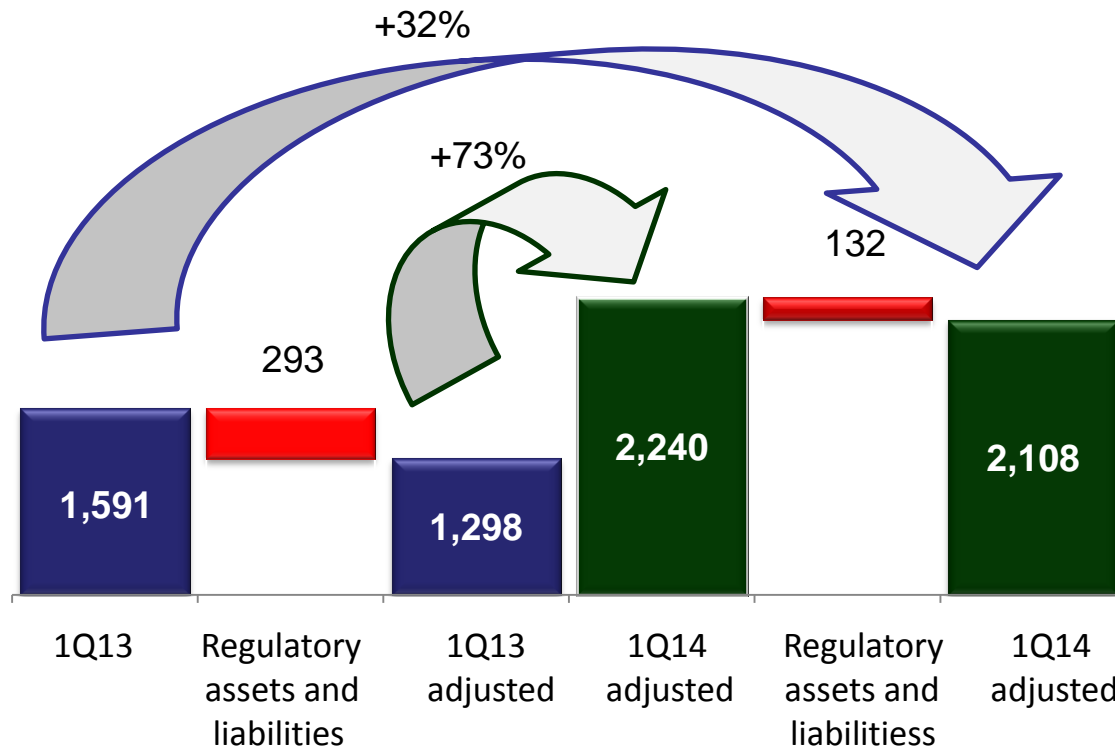
- **Personnel expenses: down 33% from 1Q13 to 1Q14**
- **PMSO\* down 15% YoY in 1Q14**
- **Cost of energy sold: reduced by reimbursement from CDE of R\$ 836mn for extra expense**

\* PMSO – Personnel, Material, Services and Other expenses

## Expenses in 1Q14/1Q13 – consolidated

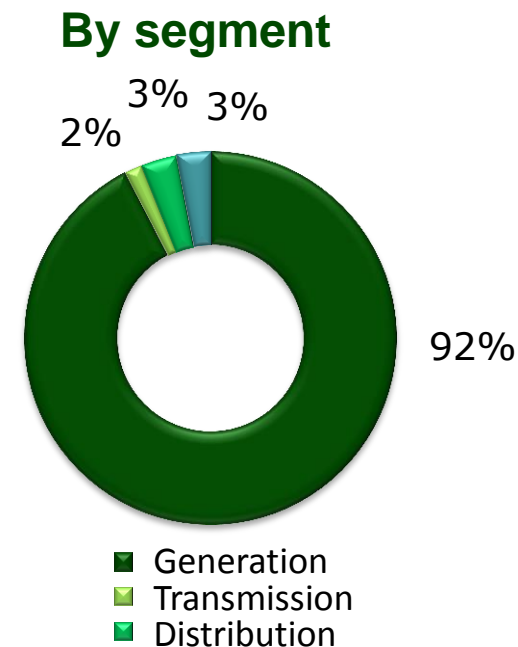
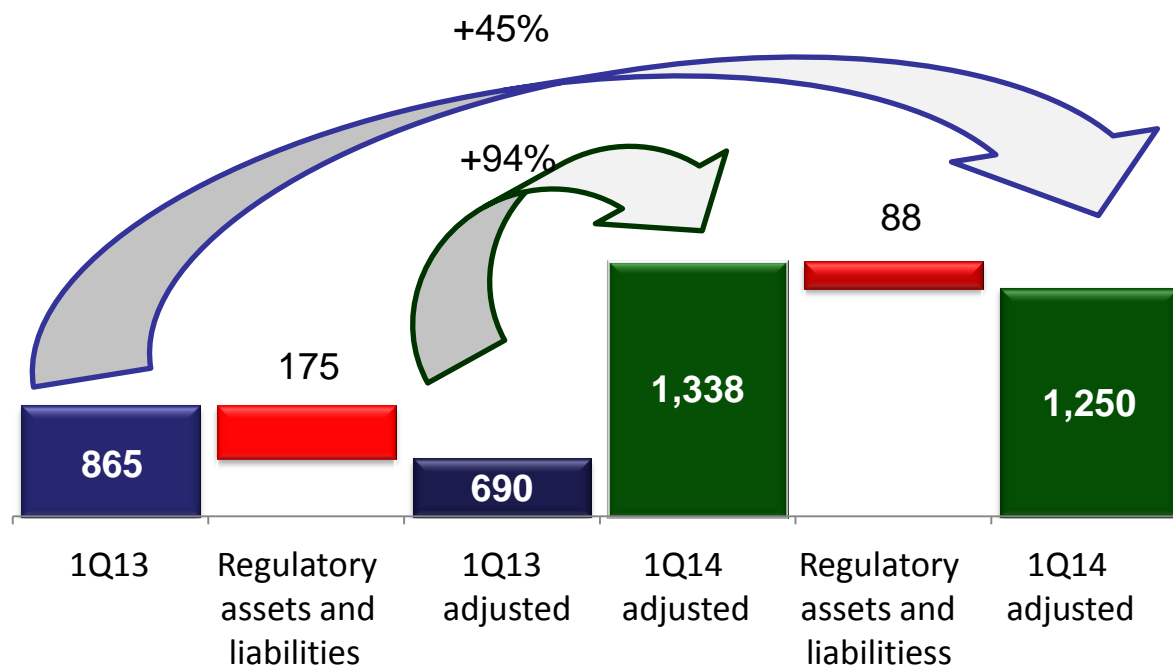


# Ebitda consolidated



➤ **Subsidiaries represent 18.2% of Ebitda**

# Consolidated net income



➤ **Successful acquisitions contribute strongly to profit**

✓ **Main companies contributed 25% of Net income in 1Q14**

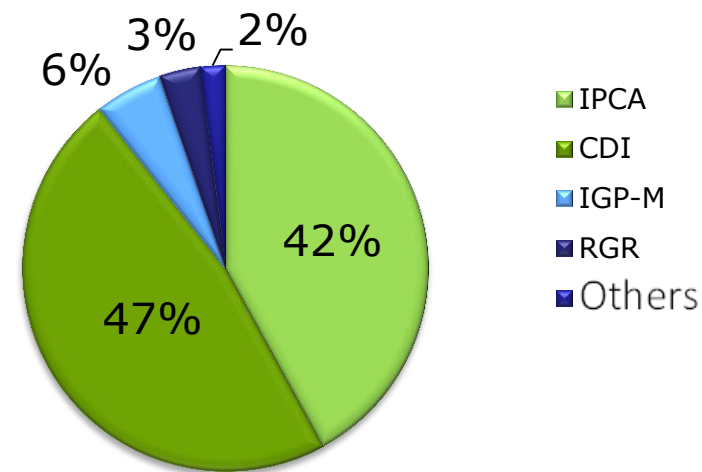
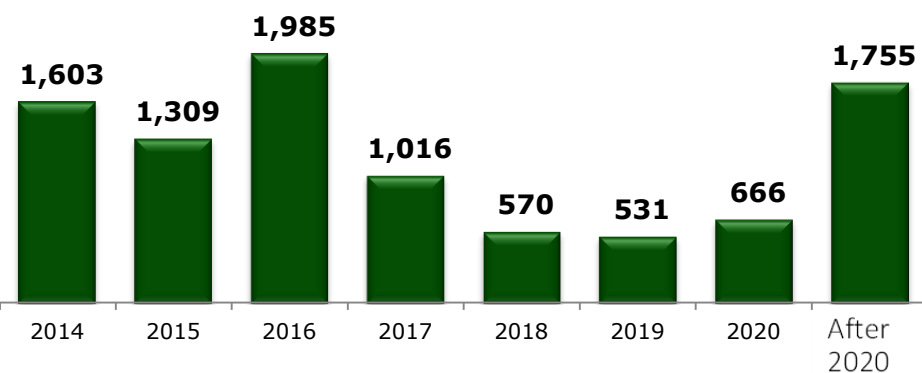


# Consolidated debt profile

**Maturities timetable**  
Average tenor: 4.2 years

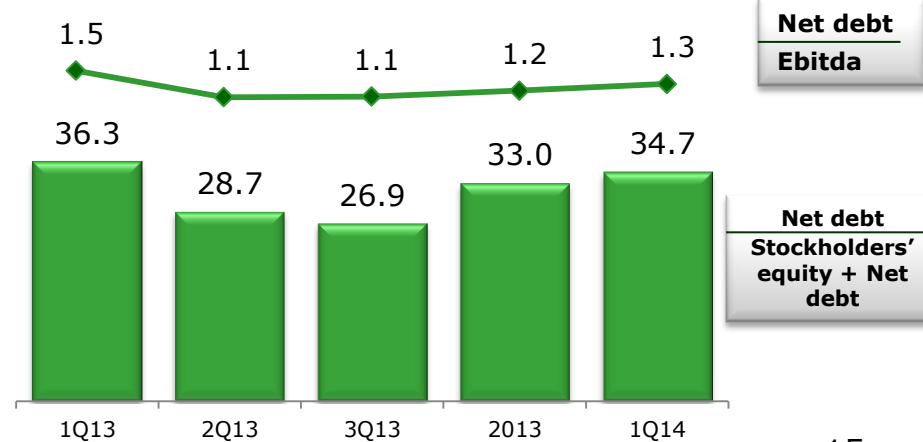
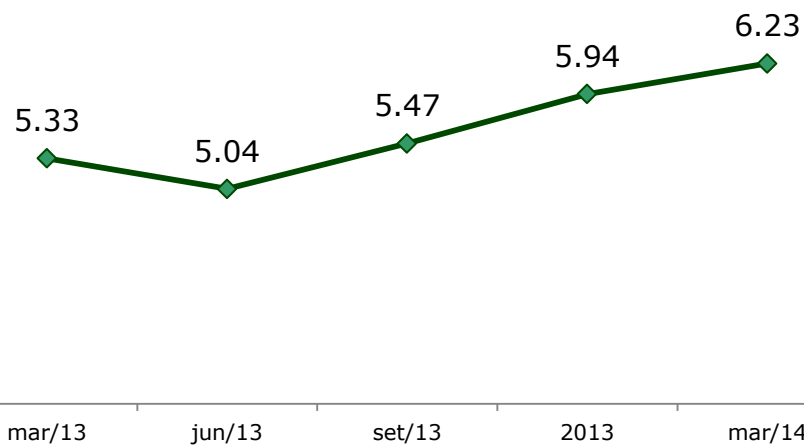
**Main indexors**

**Net debt – total: R\$ 7.4 billion**



**Real average cost of debt – %**

**Leverage – %**



# Investment program

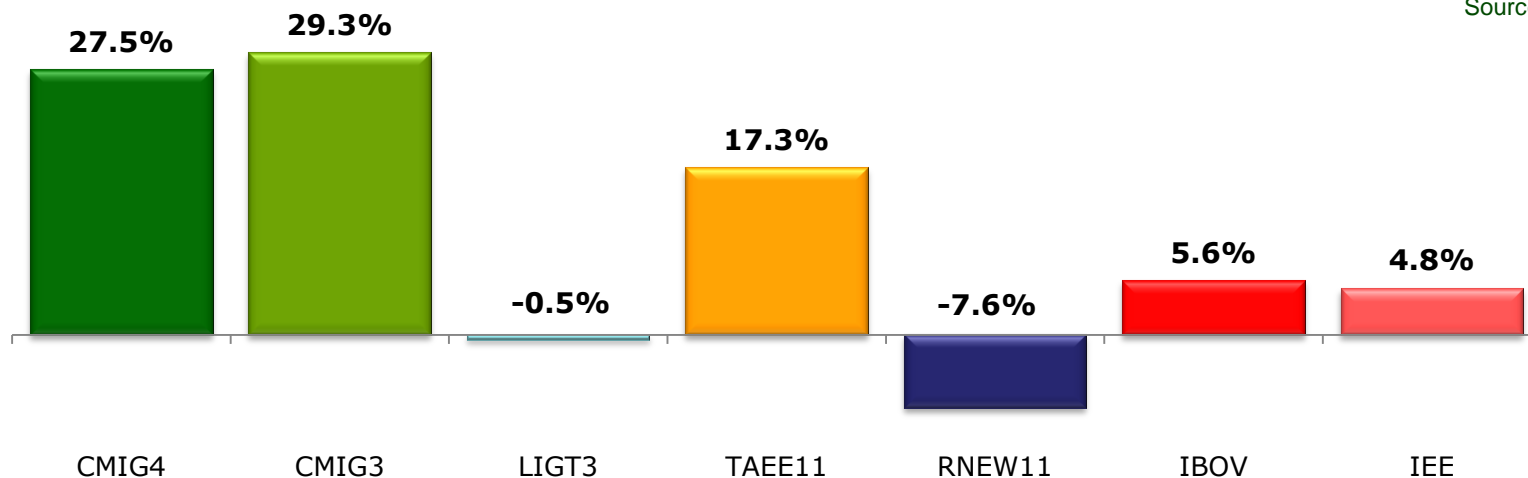
R\$ '000	2014	
	Planned	Actual to end March
<b>GENERATION</b>	<b>975,559</b>	<b>821,046</b>
Investment program	45,069	10,512
Cash injections	190,547	70,591
Acquisition of Brasil PCH	739.943	739,943
<b>TRANSMISSION</b>	<b>115,441</b>	<b>15,778</b>
Investment program	115,441	15,778
<b>CEMIG D</b>	<b>1,009,392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

## ➤ 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)
<b>Financing activities</b>	<b>(11)</b>
Financings obtained and capital increase	505
Payments of loans and financings	(516)
<b>Investment activity</b>	<b>(1,699)</b>
Fixed and Intangible assets	(76)
Cash at end of period	1,110
<b>Total Cash</b>	<b>2,043</b>

## 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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