

2014 Results



Focus on operational efficiency, and maximization of profit

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 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 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 otherwise stated.
Financial data reflect the adoption of IFRS.

Priority: qualified and experienced executives



(Cemig department titles:)

DVP

DGA

DJR

DRC

DGE

DFN

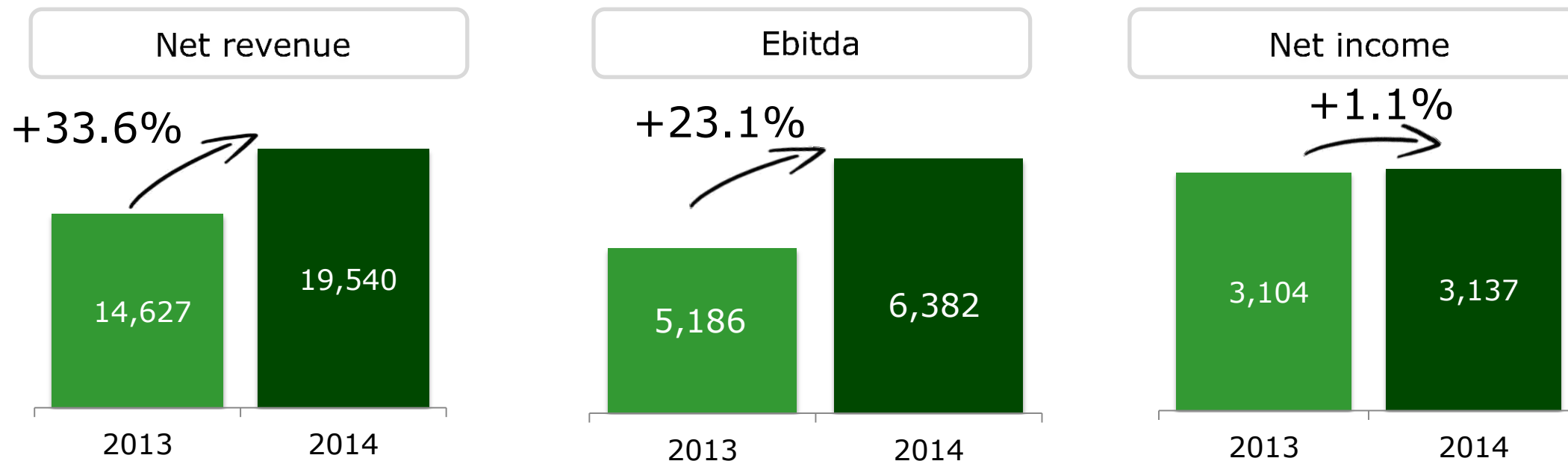
DDN

DDC

DGT

DCM

Cemig's 2014 results (IFRS)



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 contribution from Madeira Energia R\$ 388 million

Generation: continues to be the priority in the short term

- Renova: focus on assets in renewable generation
- Aliança: platform for consolidation of medium and large scale assets

Transmission

- Cemig GT – restoration of financial balance through investments in strengthening and expansion
- Taesa – synergy being successfully captured

Distribution

- Commitment to quality of services provided
 - ✓ SAIDI and SAIFI beat Aneel targets
 - ✓ Aneel makes significant changes in the tariff structure
 - Extraordinary Tariff Adjustment
 - Tariff ‘flag’ system

Gasmig

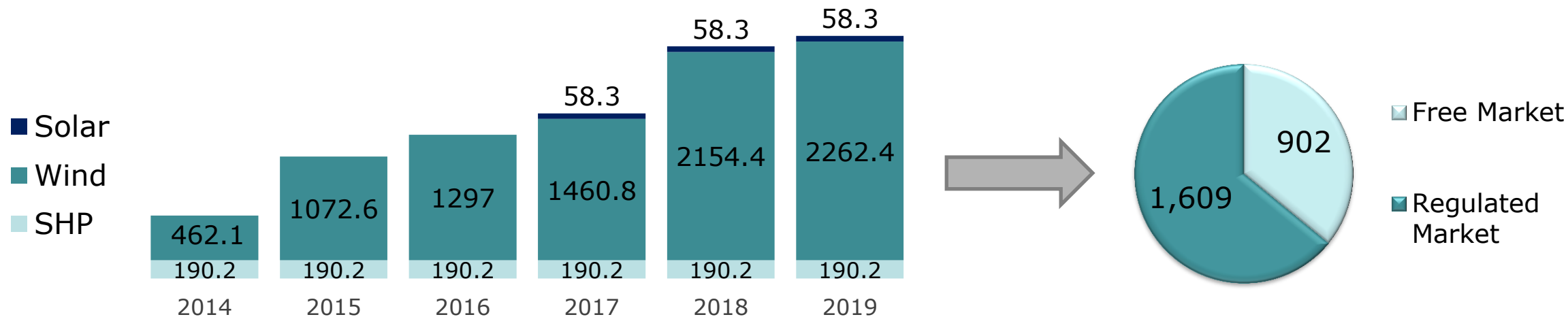
- Renewal of gas distribution concession (+30 years)
- Natural as a promising growth vector

Sustainability: Cemig makes constant advances in corporate sustainability.

Strengthening of Renova to speed its growth

- Conclusion of the capital increase – Cemig GT enters controlling stockholder block
 - ✓ Total capital input by Cemig GT: R\$ 1.5 billion
 - ✓ Positions in the new controlling block:
 - Cemig 36.6%, Light 21.2%, RR Participações 21.22%

Renova – 2,511 MW of installed capacity contracted:



Fitch Rating maintains A(bra) long-term rating, Brazilian scale, with outlook stable

ALIANÇA: growth platform for large and medium-sized generation assets

- Cemig GT and Vale have concluded structuring of the company: **Aliança Geração de Energia**
 - ✓ Valuation: R\$ 4.5 billion
 - Ownership: Cemig GT – 45%
Vale – 55%
- Aliança is born with major generating assets
 - ✓ Porto Estrela, Igarapava, Funil, Capim Branco I, Capim Branco II, Aimorés and Candonga
 - ✓ 1,158 MW in operation (652MW average)
 - ✓ 100% contracted

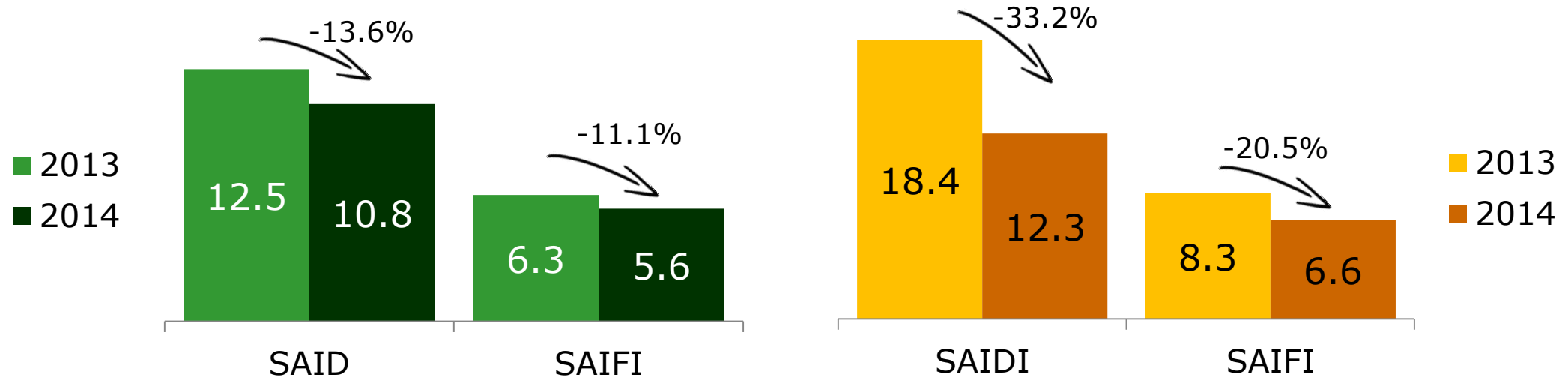
- Success in our management model
 - ✓ Confidence in Cemig management keeps partners in **FIP Coliseu**
- Policy of robust dividends
 - ✓ More than R\$ 1 billion in dividends and Interest on Equity
- Base of premium assets
 - ✓ High levels of availability of the transmission lines and other facilities
 - ✓ Approximately 9,800 km of transmissions lines



Indicators prove quality of services provided

Cemig D

Light



- Efficient management - highlighting our commitment to electricity supply quality
 - ✓ Best service quality performance for ten years
- Cemig D score in Aneel consumer satisfaction survey:
 - ✓ Up 10.92% – from 61.98 to 68.75 points

Aneel: makes significant changes in tariff structure

Aneel approves Extraordinary Tariff Adjustments

- Average increases from March 2, 2015 :
 - ✓ 28.76% for Cemig D, 22.48% for Light

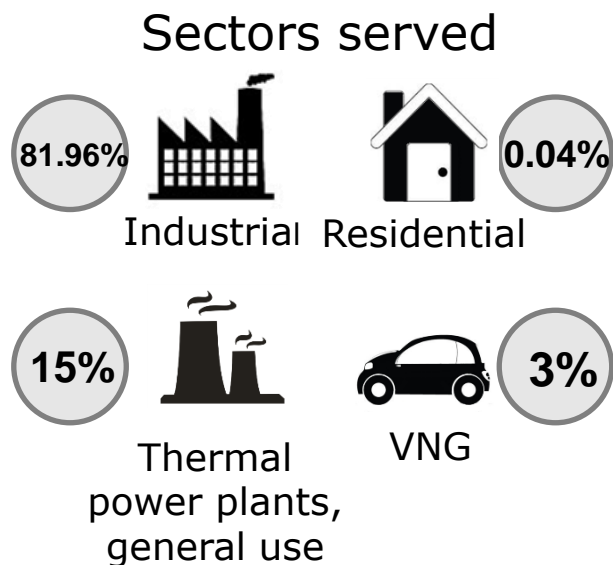
Tariff adjustment covers several factors:

- Increase of the CDE contribution
- Increased cost of purchase of electricity due to adjustment in the rate for Itaipu, plus exchange rate variation
- Result of the 14th Auction for power supply from existing facilities, and the 18th Adjustment Auction
- Cost of involuntary exposure to spot market

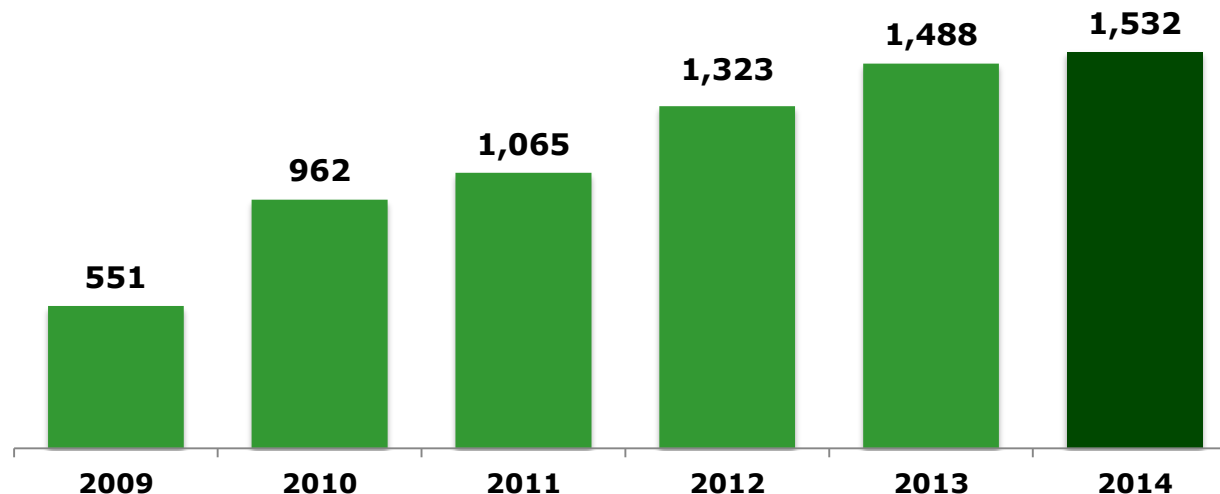
‘Flag’ band system covers:

- Change in cost arising from use of thermal generation, and from exposure to spot market
- Change in cost of the variable portion of CCEAR availability contracts
- System Service Charge (ESS) for plants dispatched in cost order but with marginal generation cost higher than the spot price ceiling
- ESS generated for electricity supply security
- Involuntary exposure
- Hydrological risk of quota contracts
- Hydrological risk of Itaipu
- Excess of the Energy Reserve Account (Coner)

Flag	Green	Yellow	Red	History – for Cemig
Generation conditions	Benign	Less favorable	More costly	Jan 2015 – Red Feb 2015 – Red Mar 2015 – Red
Tariff	No change	Increased by R\$0.025 for each kWh consumed	Increased by R\$0.055 for each kWh consumed	



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.
- Distribution contract signed with Petrobras to supply natural gas to the Nitrogen-based Fertilizer Plant (UFN-V), at Uberaba, Minas Gerais.
- 30-year extension of concession contract for distribution of piped natural gas in Minas Gerais State – now expires in 2053.

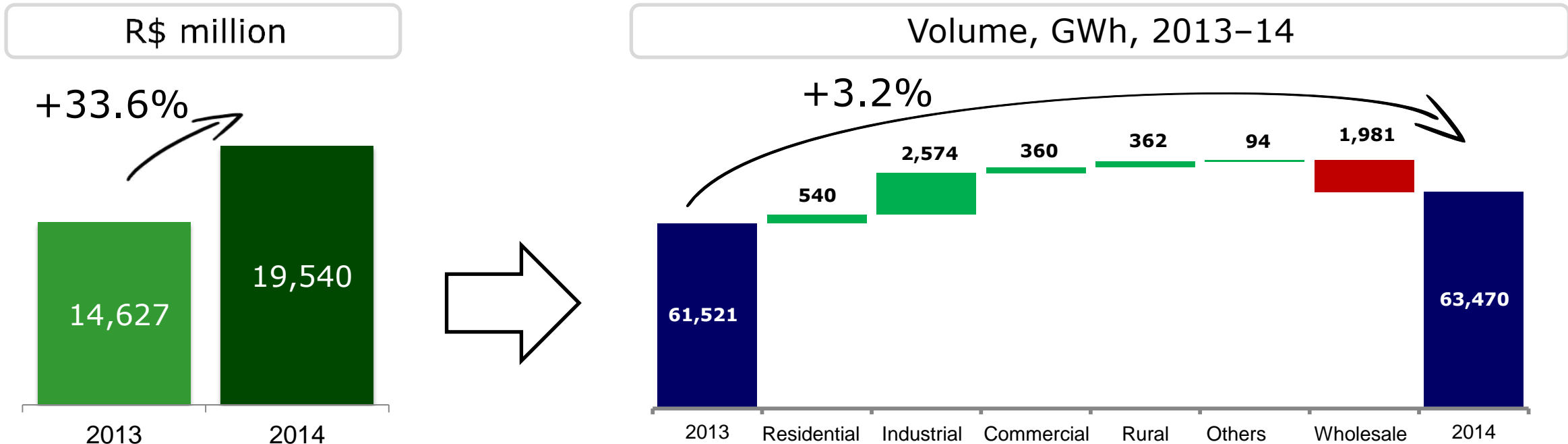
- Handling of vegetation: 7% fewer outages due to trees interfering with the distribution system.
- Workplace health and safety: Lost-Time Injury Frequency Rate (LFTR)¹ for the workforce reduced from 0.42 to 0.40.
- Energy efficiency: Programs saved 59,377 MWh. Power saved is enough to supply more than 41,000 homes consuming at the average domestic consumption rate of 120 kWh/month
- Research and Development: Over 160 projects in progress, for investment of more than R\$ 60 million. We are the Brazilian electricity utility with the highest number of patents – 43 – deposited with the INPI (National Industrial Property Institute).

¹ On the US200,000 criterion (*accidents with time off work per 200,000 work-hours*).

- Cemig is the only company in Latin American electricity sector to be included in the *Dow Jones Sustainability Index* for 15 years running
- Rated '*Climate Change Transparency Leader*' by *Carbon Disclosure Project* (London)
- Rated *Prime* (B–) by German sustainability rating agency *Oekom Research*
- 10th year running in *ISE Corporate Sustainability Index* (*BM&FBovespa*)
- Winner for the second year running, of *Best Client Service*, in the *Public Services – Electricity category*, in the consumer-voted 'Complaints Line' survey by *Época* magazine
- Winner of the accounting *Transparency Trophy* – for transparency in financial statements – awarded by the accounting organizations *Anefac*, *Fipecafi*, and *Serasa*

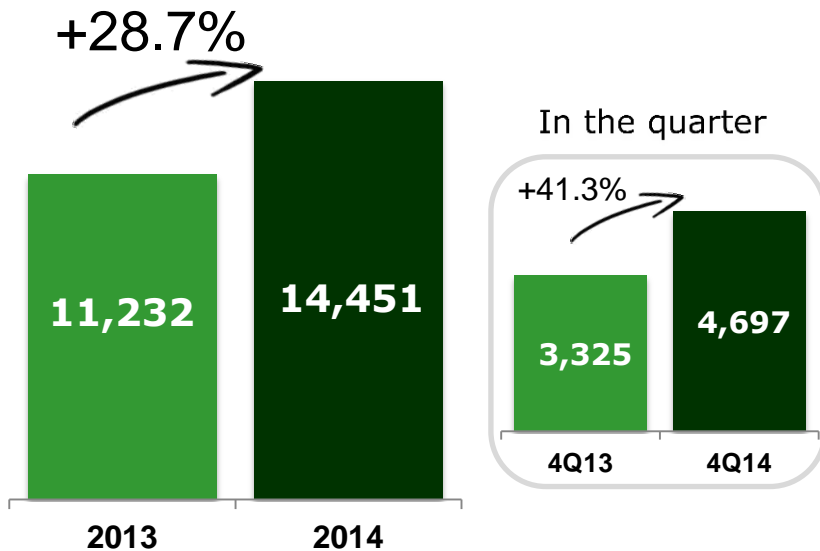
2014 Results

Consolidated net revenue



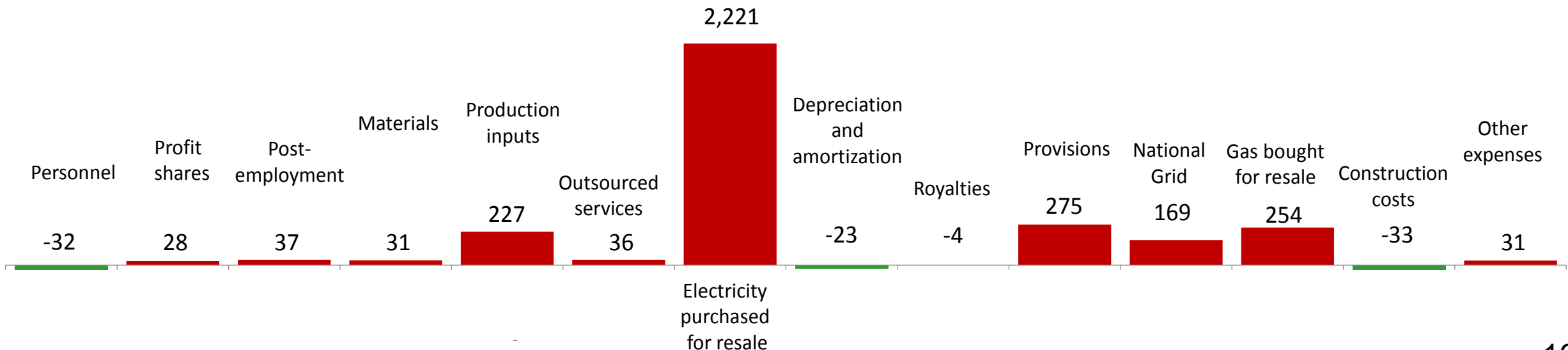
- Strategic approach to trading increases gains in short-term market
 - ✓ Sales in CCEE are R\$ 2.3 billion, up 96.8% from 2013
 - ✓ Termination of batch of Regulated Market contracts – supply redirected to Free Market
- Recognition of CVA and other financial components
 - ✓ R\$ 1.1 billion in Cemig D in 4Q14

Consolidated operational expenses

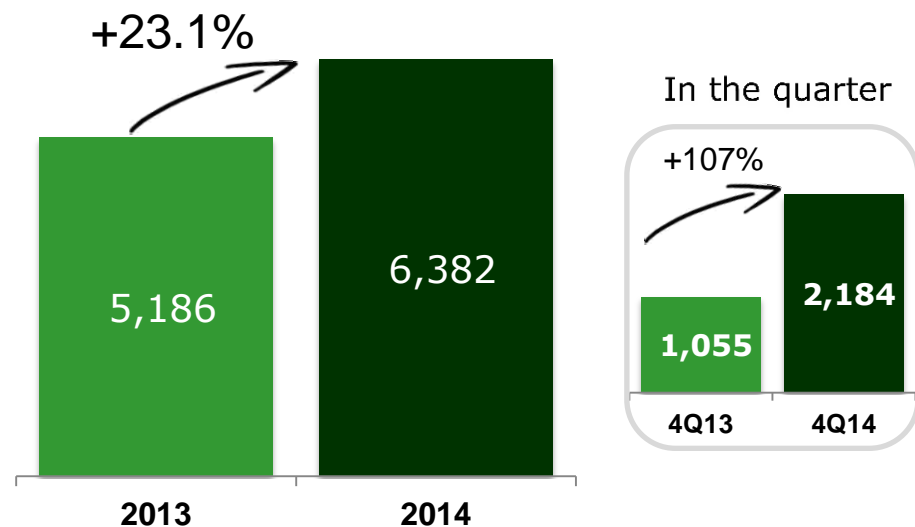


- R\$2.302 billion received from Energy Development Account (*Conta de Desenvolvimento Energético – CDE*)
 - Compensation for higher cost of electricity purchased for resale
- Significant increase in operational provisions
 - ✓ R\$127 million – for 3% real salary increase for employees under annual collective bargaining agreement appealed by union
 - ✓ R\$195 million for losses on investments:
 - R\$166 million under the Parati put options
 - R\$29 million under the put option for units of SAAG

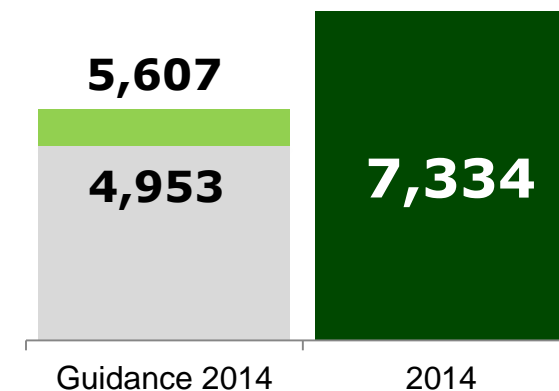
Consolidated expenses in 2014



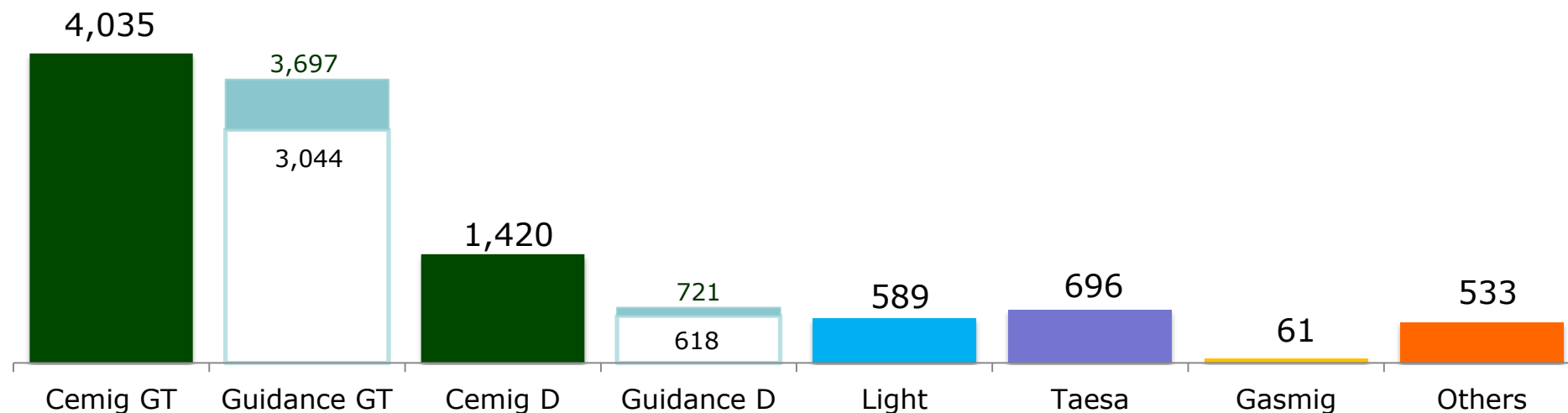
Consolidated Ebitda



Ebitda Guidance*

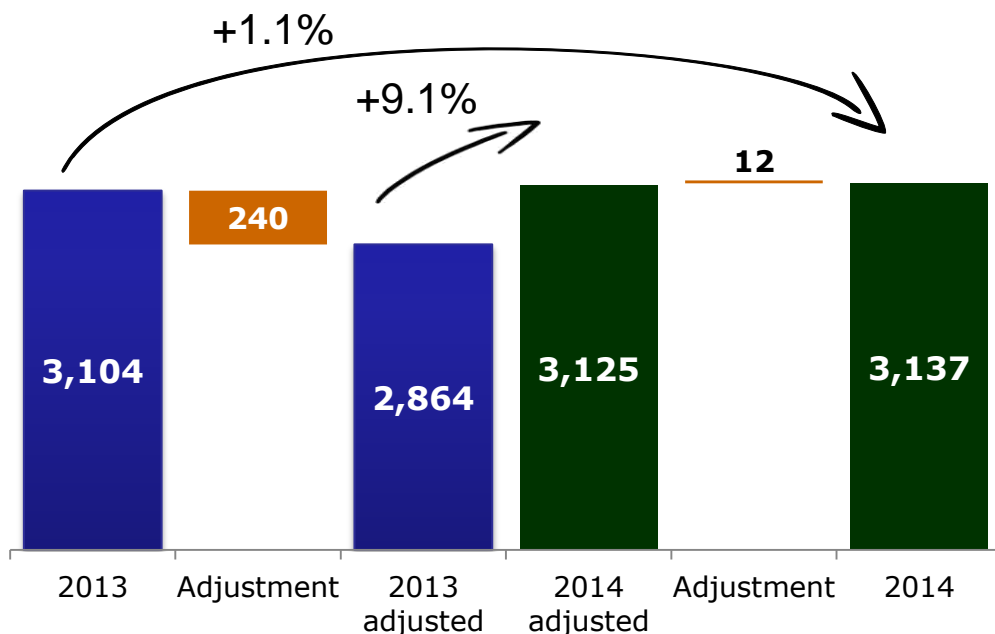


Exceeded top of guidance range in 2014



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

Consolidated Net income



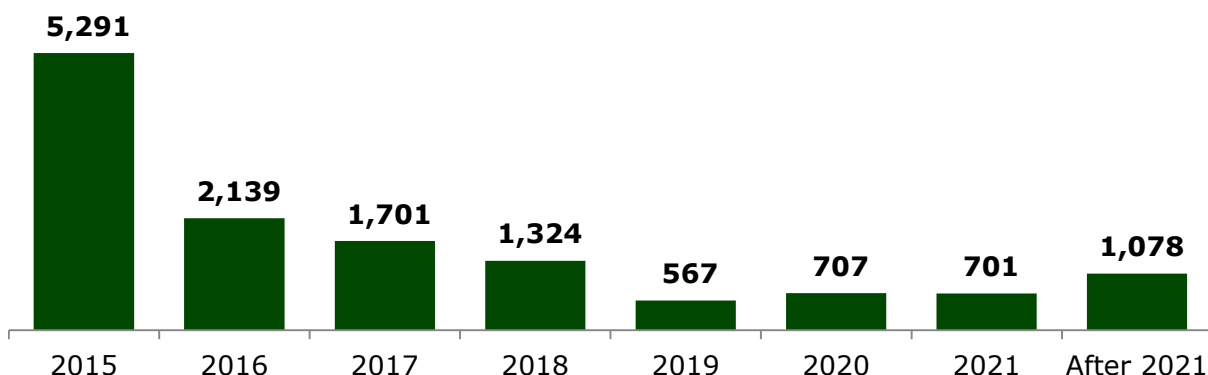
Non-recurring items	2014	2013	%
NET INCOME FOR THE PERIOD	3,137	3,104	1.1%
Monetary updating on advances against capital increase from Minas Gerais State government	158	-	
Gain on disposal of investment	-	-284	
Unrealized profit on disposal of investment	-	53	
Transmission indemnity revenue	-236	-9	
Personnel expense item – 2012 collective negotiation	84	-	
Negative equity contribution in Madeira Energia	167	-	
Gain on change of accounting method in subsidiary	-185	-	
ADJUSTED NET INCOME FOR THE PERIOD	3,125	2,864	9.1%

- Bottom line impacted by (i) lower hydro generation, and (ii) exposure to spot market
 - ✓ GSF (Generation Scaling Factor) averaged 90.61% in 2014
- Negative equity contribution of R\$ 388 million from Madeira Energia
 - ✓ R\$ 131 million due to Generation Availability Factor (FID)
 - ✓ R\$ 122 million provision for losses on amounts receivable from construction consortium at Santo Antônio:
 - (i) for delay in start of commercial operation of generation units – and
 - (ii) difference between cost of power sold and tariff price of electricity sold by Santo Antônio

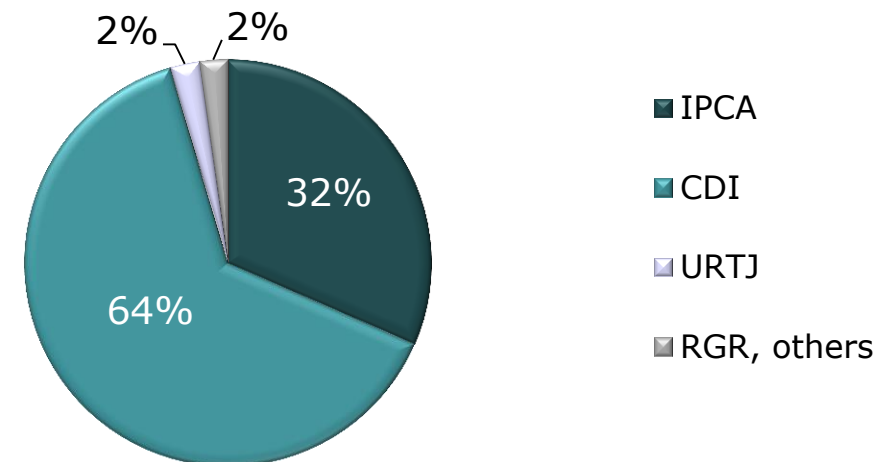
Cemig's consolidated debt profile

Maturities timetable – average tenor: 4.1 anos

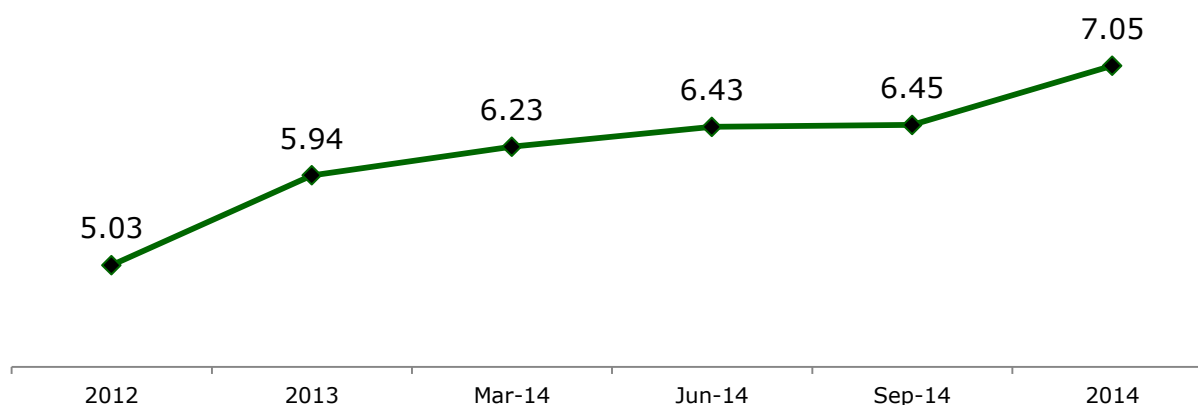
Total net debt: R\$ 11.6 billion



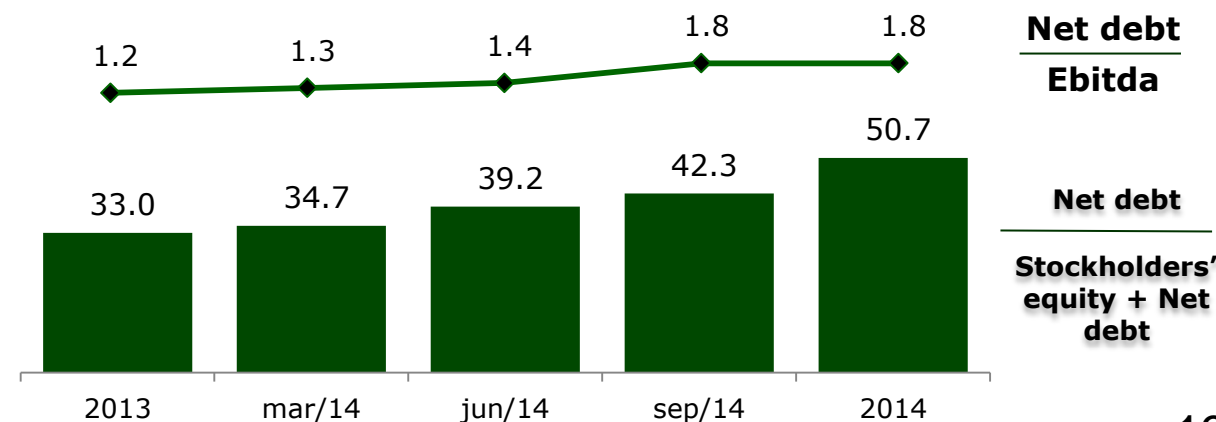
Main indexors



Real average cost of debt – %



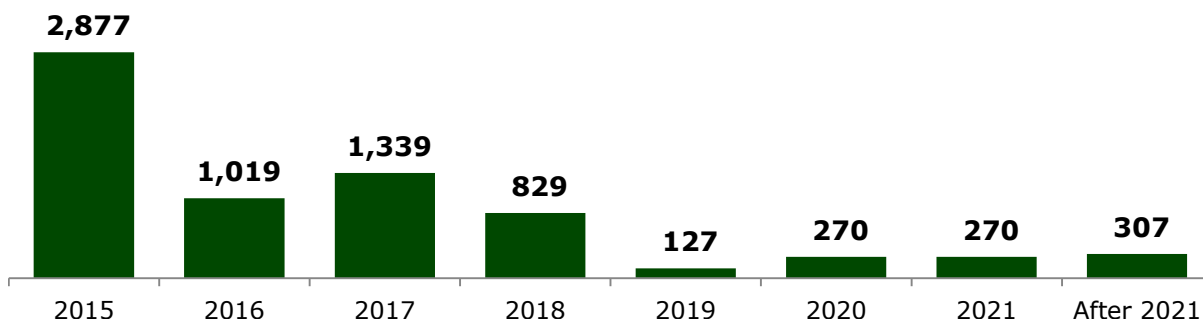
Leverage – %



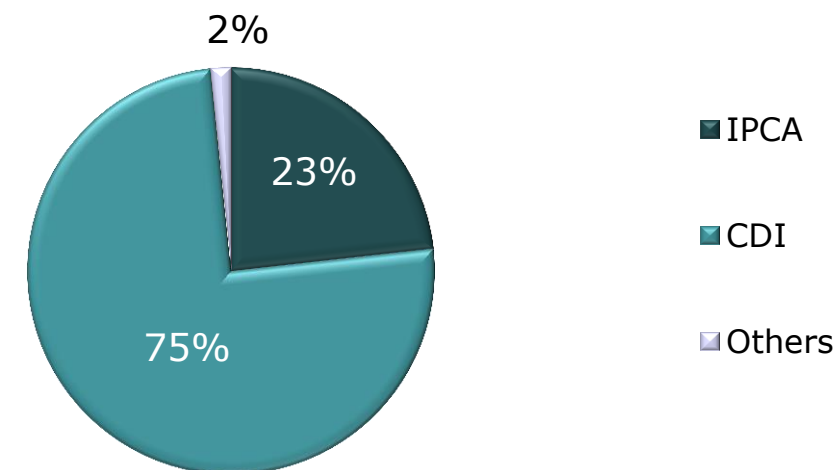
Cemig GT – debt profile

Maturities timetable – Average tenor: 2.7 years

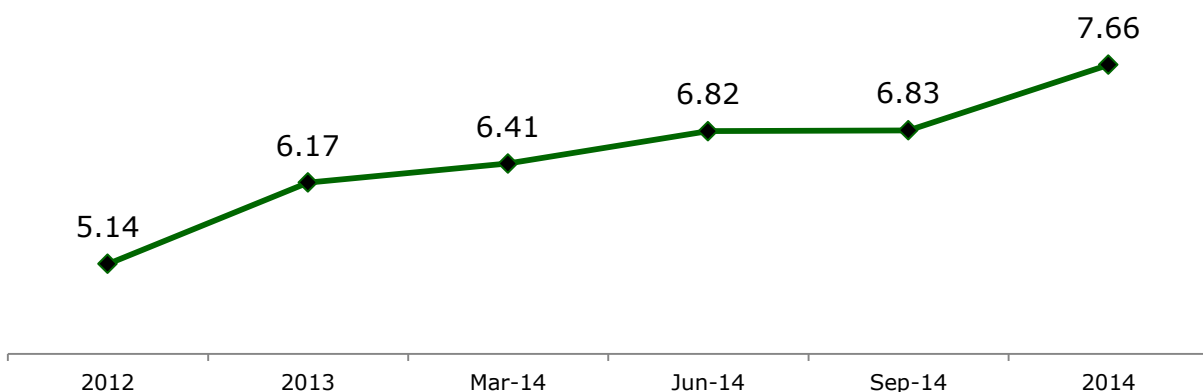
Total net debt: R\$ 6.1 billion



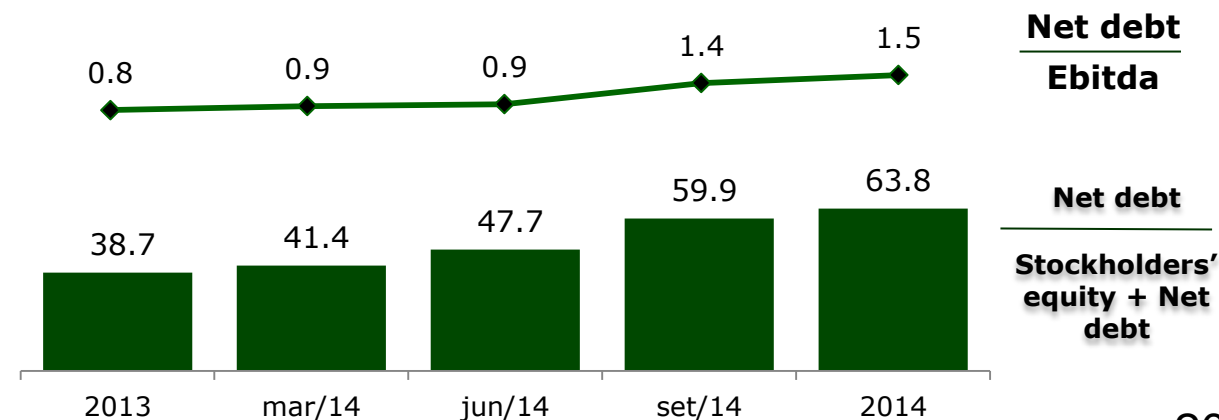
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Real average cost of debt – %



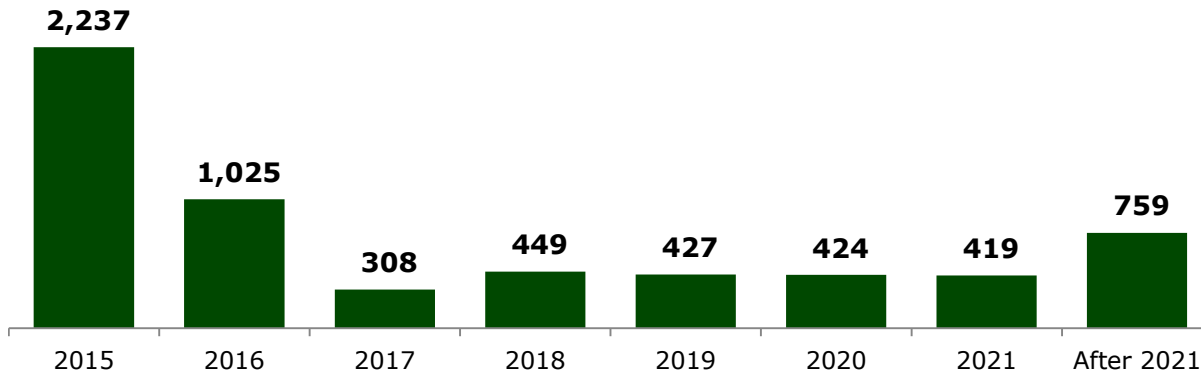
Leverage – %



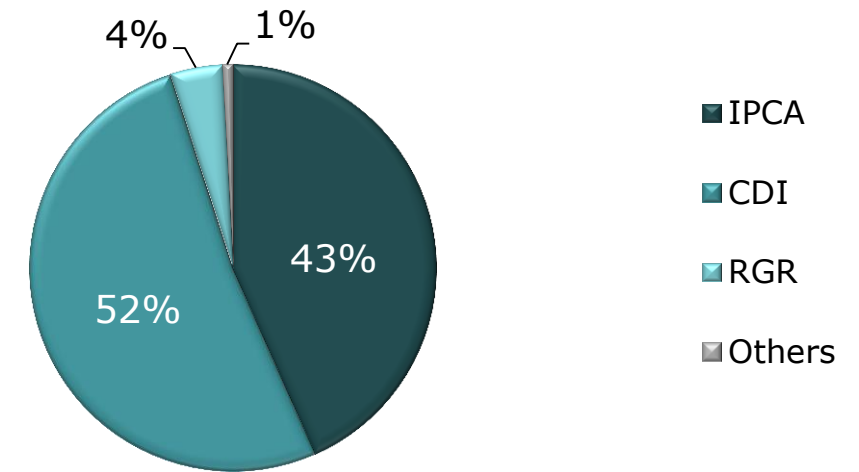
Cemig D – debt profile

Maturities timetable – Average tenor: 4.3 years

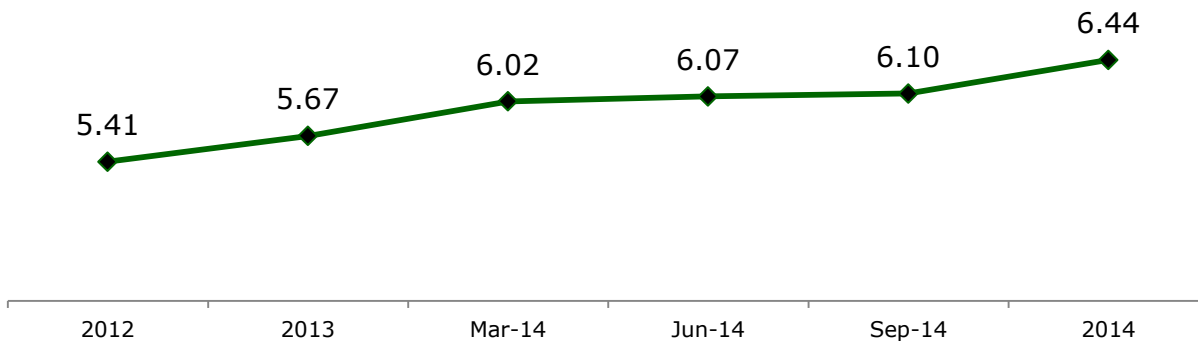
Total net debt: R\$ 4.8 billion



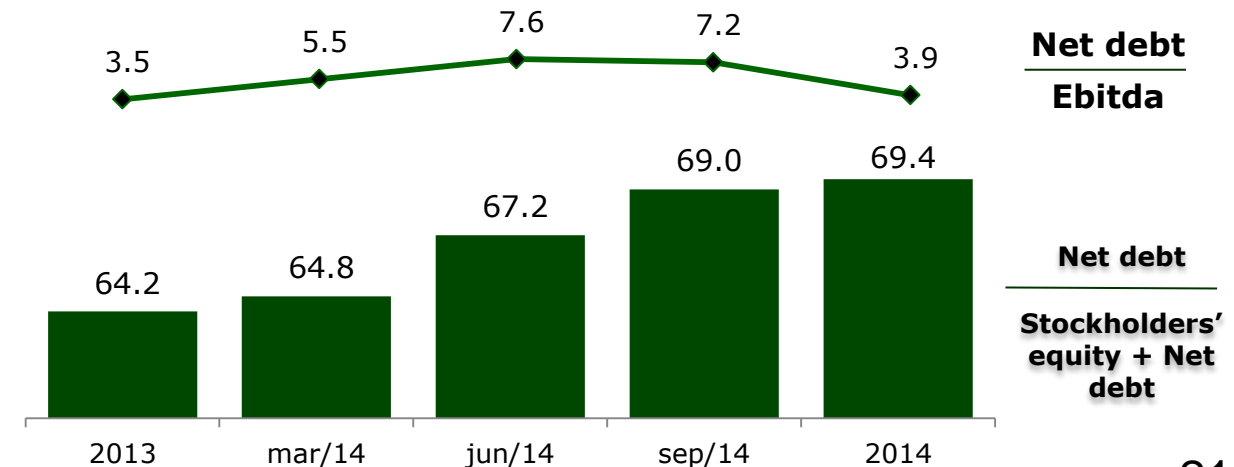
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Real average cost of debt – %



Leverage – %



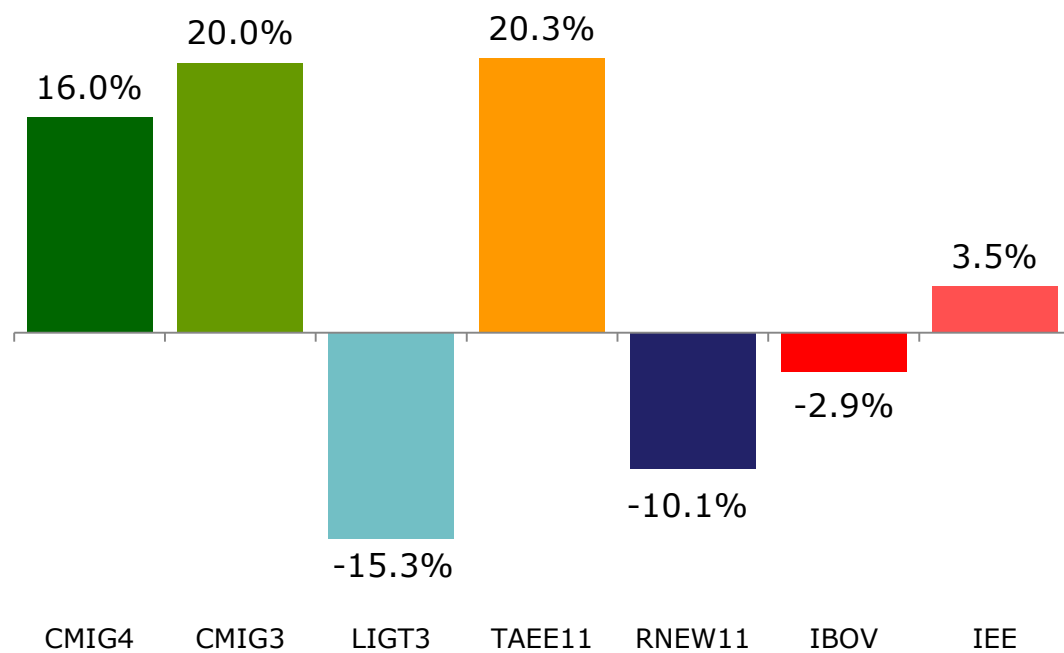
Description	Actual	Planned
	2014	2015
GENERATION	3,012	529
Investment program	72	83
Capital injections	2,939	446
<i>Acquisition of Brasil PCH</i>	740	-
<i>Renova</i>	810	-
<i>Investment in SAAG</i>	241	-
<i>Prothea Project</i>	886	-
<i>Others</i>	262	446
TRANSMISSION	119	159
Investment program	119	159
CEMIG D	1,129	1,046
Investment program	1,129	1,046
CEMIG holding company	597	171
Investment program	1	3
Capital injections	596	168
CEMIG – INVESTMENTS	4,856	1,905

In June 2013 R\$ million.

Cash flow

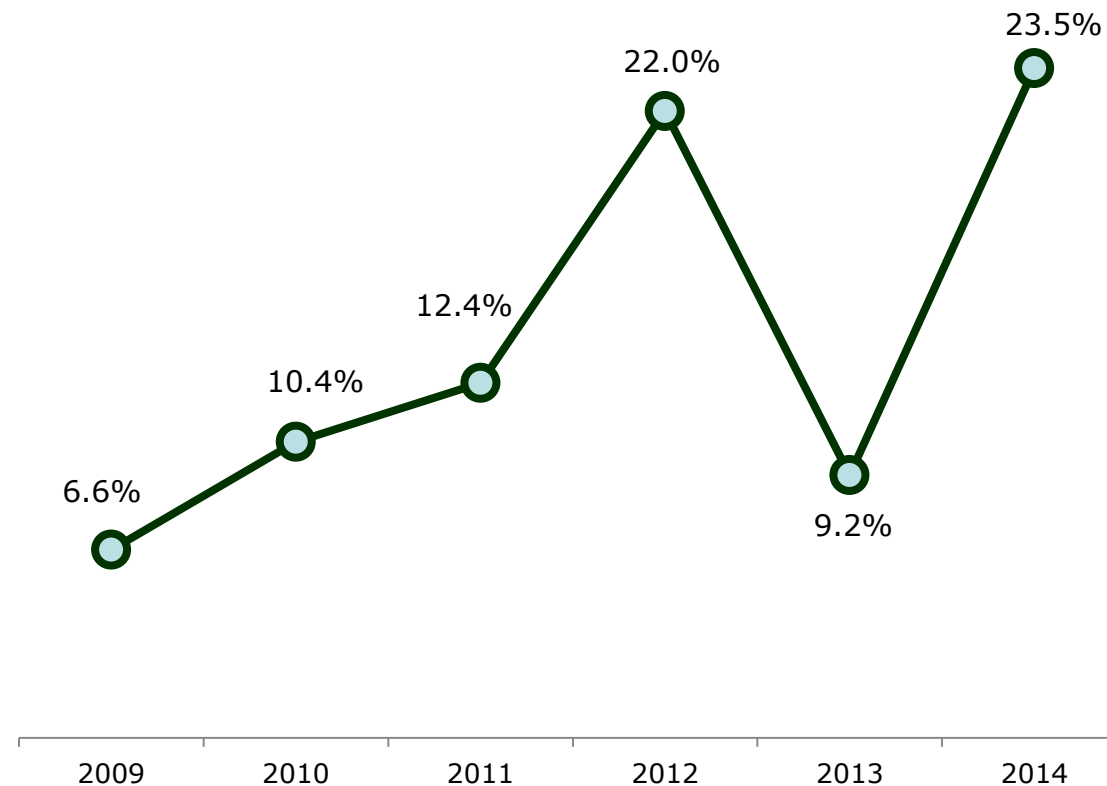
Cash flow statement	2014	2013
Cash at start of period	2,202	1,919
Cash generated by operations	3,734	3,515
Net income	3,137	3,104
Depreciation and amortization	801	824
Gain on disposal of investments	-	(284)
Equity loss in subsidiaries	(210)	(764)
Other adjustments	7	635
Financing activities	(749)	(5,735)
Loans, financings and debentures obtained	4,562	2,467
Payments of loans and financings	(1,394)	(3,601)
Interest on Equity, and dividends	(3,917)	(4,600)
Investment activity	(4,300)	2,503
Securities – Cash investments	116	(267)
Receipt of CRC Account from Minas Gerais state government	-	2,466
Investments	(3,416)	1,242
Fixed / Intangible and others	(1,000)	(938)
Cash at end of period	887	2,202
Total cash available	1,898	

Our shares performance



Source: Economática – 2014 variations

Dividend Yield (%)



Proposal for allocation of net income

The Board of Directors will propose to the Annual General Meeting, to be held in April 2015, that the income for 2014, in the amount of R\$3,137 million, and the balance of retained earnings, related to realization of the Valuation Adjustments Reserve in the amount of R\$71 million, should be allocated as follows:

- R\$ 797 million, corresponding to 25% of the Net profit, to be paid as dividends, by December 31, 2015, as follows:
 - ✓ R\$ 230 million as Interest on Equity, and
 - ✓ R\$ 567 million as complementary dividends; and
- R\$ 2,410 million to be held in Stockholders' equity as follows:
 - ✓ R\$ 797 million, corresponding to 25% of the net profit, in the account Reserve for Obligatory Dividends, to be paid as and when the Company's financial situation permits;
 - ✓ R\$ 1,584 million in the Retained earnings reserve, to guarantee the Company's investments planned for the 2015 business year, in accordance with a capital budget; and
 - ✓ R\$ 29 million in the Tax incentives reserve, in reference to the tax incentive amounts obtained in 2014 in relation to the investments made in the region of Sudene (the Development Authority for the Northeast).

Recommendation by the Board of Directors:

"that, monthly, the Office of the Chief Finance and Investor Relations Officer should present to this Committee, together with the material relating to Net financial revenue (expenses), a report containing:

- The variables and impacts relating to: a) the processes of renewal of the concessions for the Jaguará, São Simão and Miranda Hydroelectric Plants; b) rationalization, and the possibility of rationing of electricity in Brazil; c) the deficit in the generation of the hydroelectric plants (GSF); and d) market conditions vis-à-vis maintenance of the liquidity of Cemig, Cemig D and Cemig GT.
- Performance of the initiatives to improve the cash positions of Cemig, Cemig D and Cemig GT, notably in relation to the reduction and optimization of their costs."



A Melhor Energia do Brasil.

Investor Relations

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