



A Melhor Energia do Brasil.

2015 Results



2015, A year of important decisions

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 analyzes 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 our expectations for future results, many of which are not under our control.

Important factors that could lead to significant differences between actual results and the projections about future events or results include our business strategy, Brazilian and international economic conditions, technology, our financial strategy, changes in the electricity sector, hydrological conditions, conditions in the financial and energy markets, uncertainty on our results from future operations, plans and objectives, and other factors. Because of these and other factors, our real results 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 give rise to 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.

- Focus on operational efficiency
 - Efficiency measures contribute to reduction of 8% (nominal) in PMSO* in 2015
 - Further reductions expected in 2016 and 2017
 - 2015–16 profit sharing agreement benefits Company's sustainability
 - Staff structure – reshaping through voluntary retirement incentive plans
- New portfolio strategy being finalized
 - Three business dimensions: focus on investment, optimization, availability for disinvestment
 - Adaptation of the rates of return required by the economic context
- Corporate governance – strengthening
- Financial sustainability assured
 - Board of Directors proposes to pay R\$ 634mn in dividends
 - Short term debt has been refinanced

* PMSO : Personnel, Materials, outsourced Services and Other expenses.

Highlights – Generation

- Auction 12 of 2015: Cemig won **concessions to operate 18 plants**
 - Investment of R\$ 2.2 billion – installed capacity 699.6 MW
 - Return higher than cost of capital
- Federal Supreme Court (STF):
 - Reconciliation proceedings in progress on **Jaguara** hydro plant concession
- Renegotiation of hydrological risk
 - Cemig GT accepted this in the Regulated Market, for the **Queimado** and **Irapé** plants
 - Regulatory asset of R\$ 63 million recognized in 2015
- Creation of **Aliança Energia**:
 - Equity method earnings R\$ 107 million

- Cemig D's concession contracts renewed for a further 30 years
 - New concession contracts make distributors subject to efficiency requirements:
 - ✓ Service quality
 - ✓ Sustainability of economic and financial management

- Winner of IASC 2015 Consumer Satisfaction Award
 - ✓ Category: Southeast Region / over 400,000 consumers



- Winner of the Anefac-Fipecafi-Serasa **Transparency Trophy**
 - Awarded for transparency in financial statements



Quanto mais transparente,
mais valiosa.

- Abrasca **Value Creation Award**
 - – outstanding performance, Electricity Sector



Recognition

16th year running in the **DJSI** World Index
(selected every year since the index was created)

MEMBER OF
Dow Jones
Sustainability Indices
In Collaboration with RobecoSAM



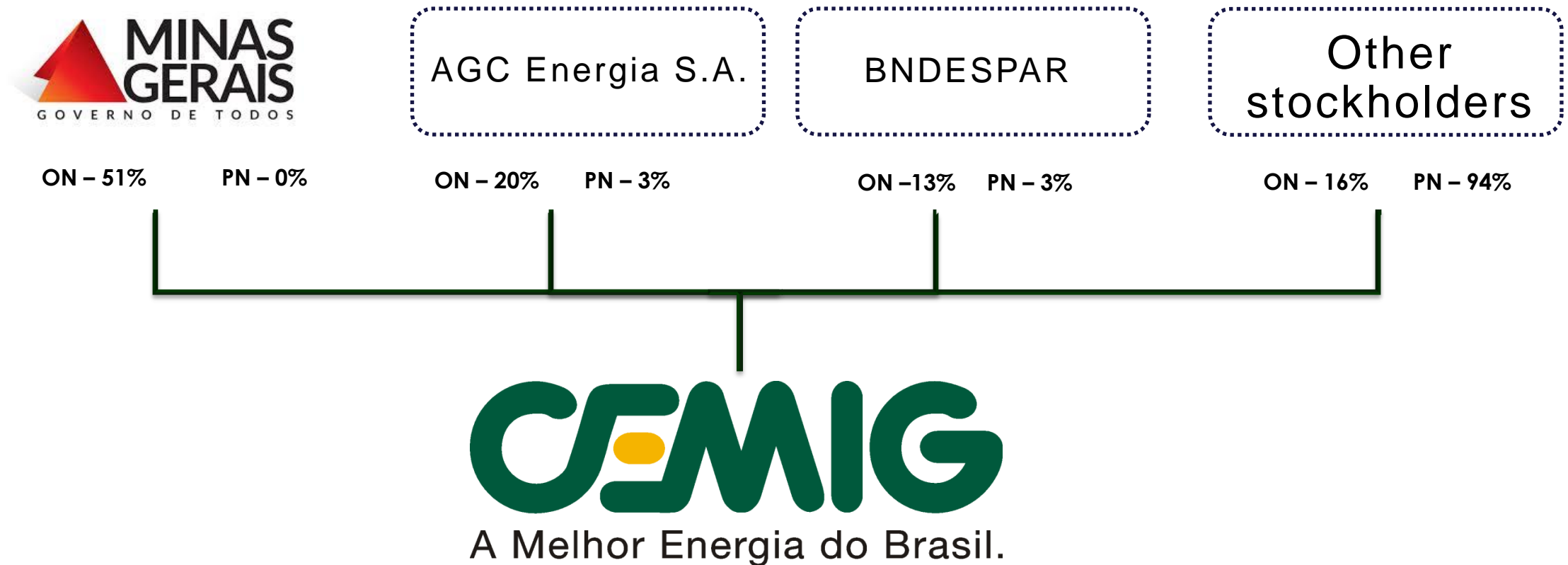
11th year running in the **ISE**
Corporate Sustainability Index (BM&FBovespa)

6th year running in the **ICO2** Carbon Efficient Index



Commitment to creation of value for
stockholders, employees and suppliers

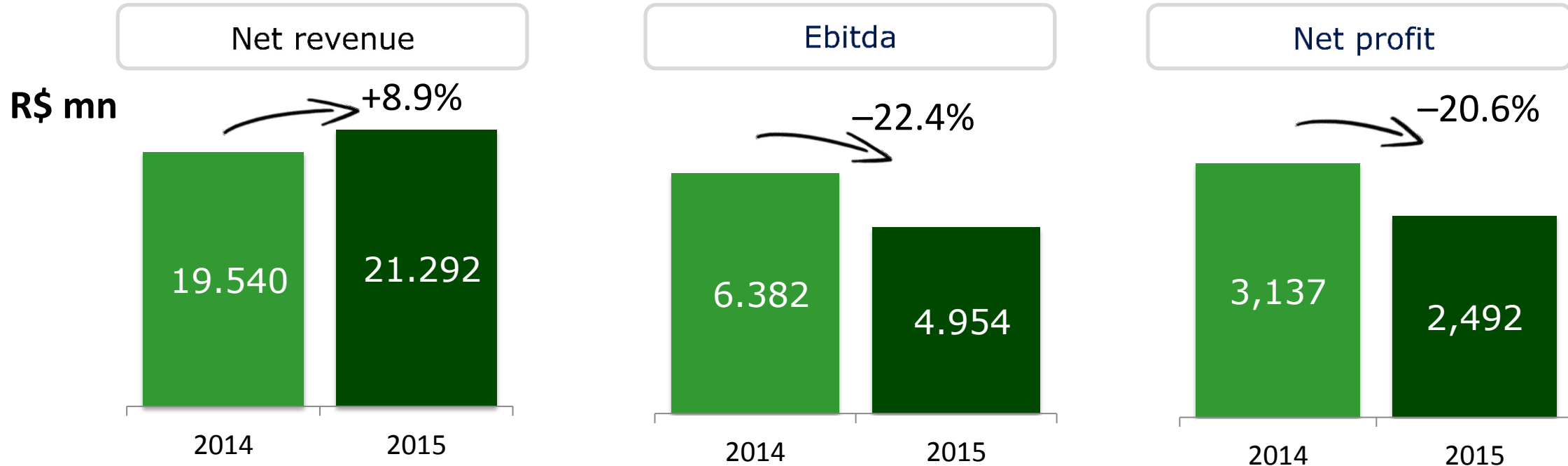
Stockholding structure



- The Stockholders' Agreement of 2011 between Cemig and AGC Energia remains unchanged.
http://cemig.infoinvest.com.br/enu/8867/AcordodeAcionistas_ing.pdf

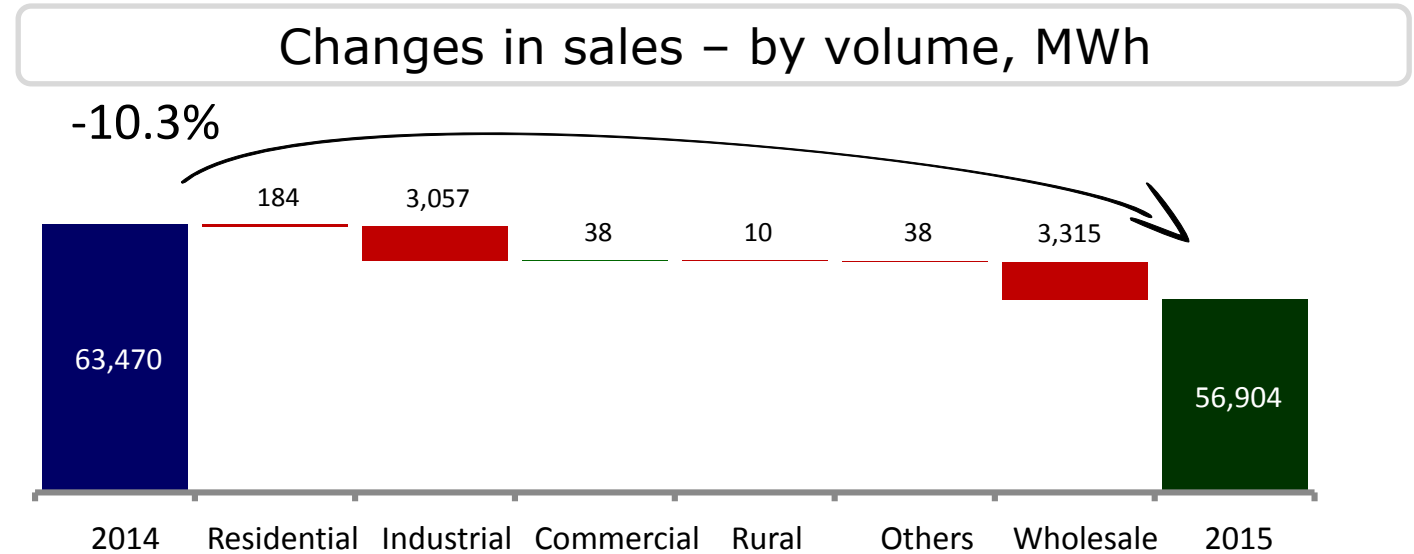
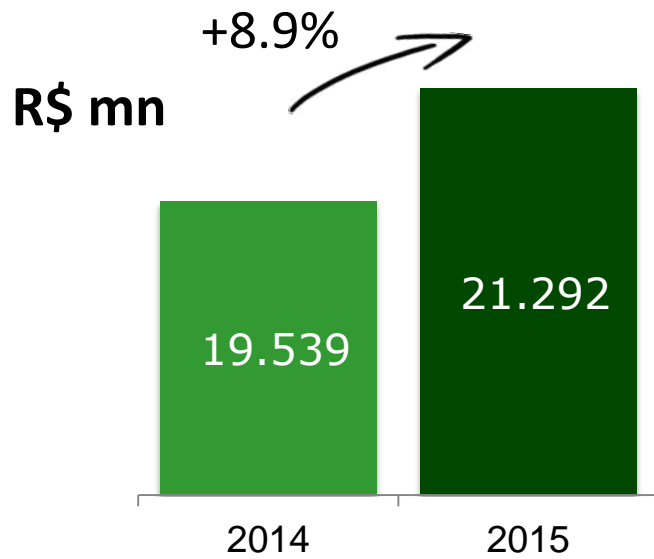
Analyzing the 2015 results

2015 Results



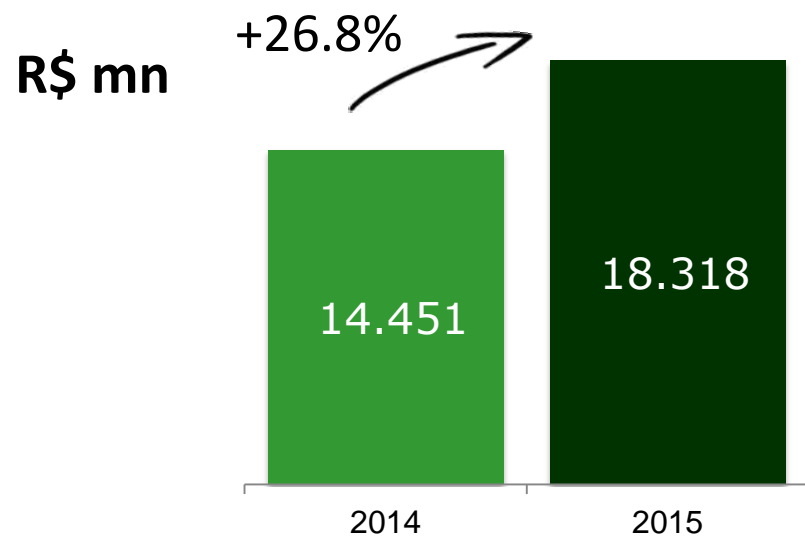
- Net revenue – boosted by: (i) tariff adjustments; (ii) gas supply revenue
- Deficit in hydro generation, and lower spot price, reduce net profit
 - Spot price: averaged R\$ 287.20/MWh in 2015 vs. R\$ 688.89/MWh in 2014
 - GSF*: averaged 84.61% in 2015 vs. 90.61% in 2014
- Reduced by: provision for put option on Parati shares
 - R\$ 1.079 billion in 2015 : R\$ 899 million in 4Q15

Consolidated net revenue



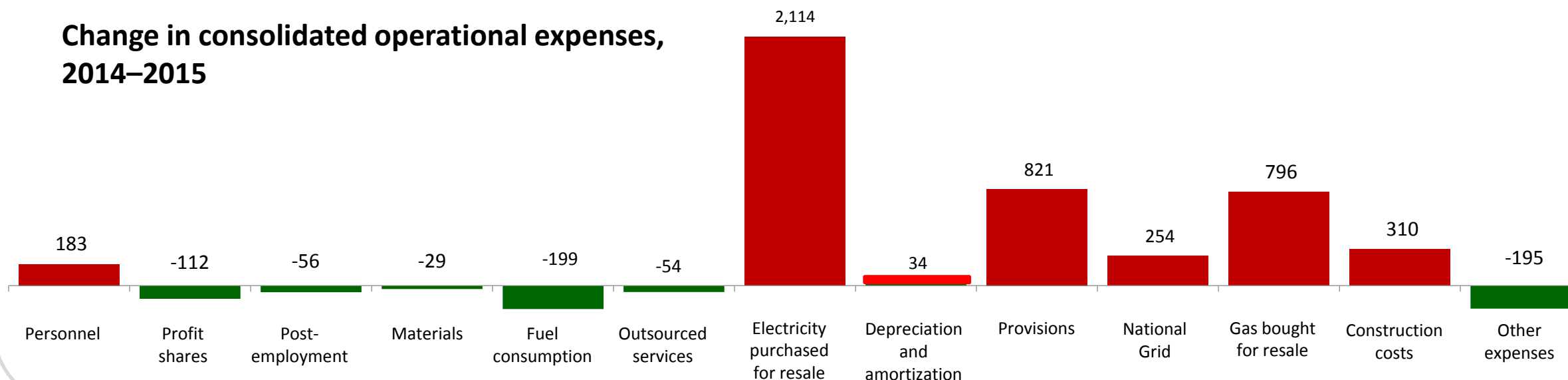
- Main factors affecting revenue:
 - Annual Tariff Adjustments – with average effect:
 - ✓ 7.07% as from April 8, 2015
 - ✓ 14.76% as from April 8, 2014 (full effect in 2015)
- Extraordinary Tariff Adjustment – average effect: increase of 28.76%

Consolidated operational expenses



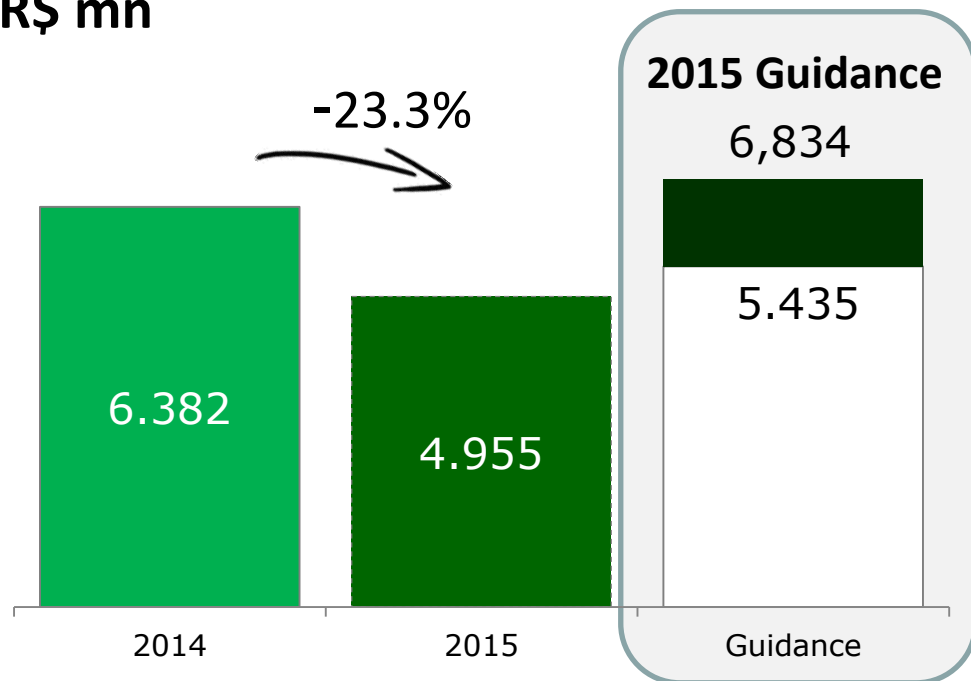
- Wide-ranging group of efficiency measures being implemented
 - *Manageable costs (PMSO) already reduced by 8% (nominal) in 2015*
 - *Further reductions expected in 2016 and 2017*
- Provisions for losses on investments
 - *Parati: Total provision R\$1.245 billion, of which R\$1.079 billion in 2015*
 - *SAAG: Total provision R\$148 million, of which R\$119 million in 2015*

Change in consolidated operational expenses, 2014–2015

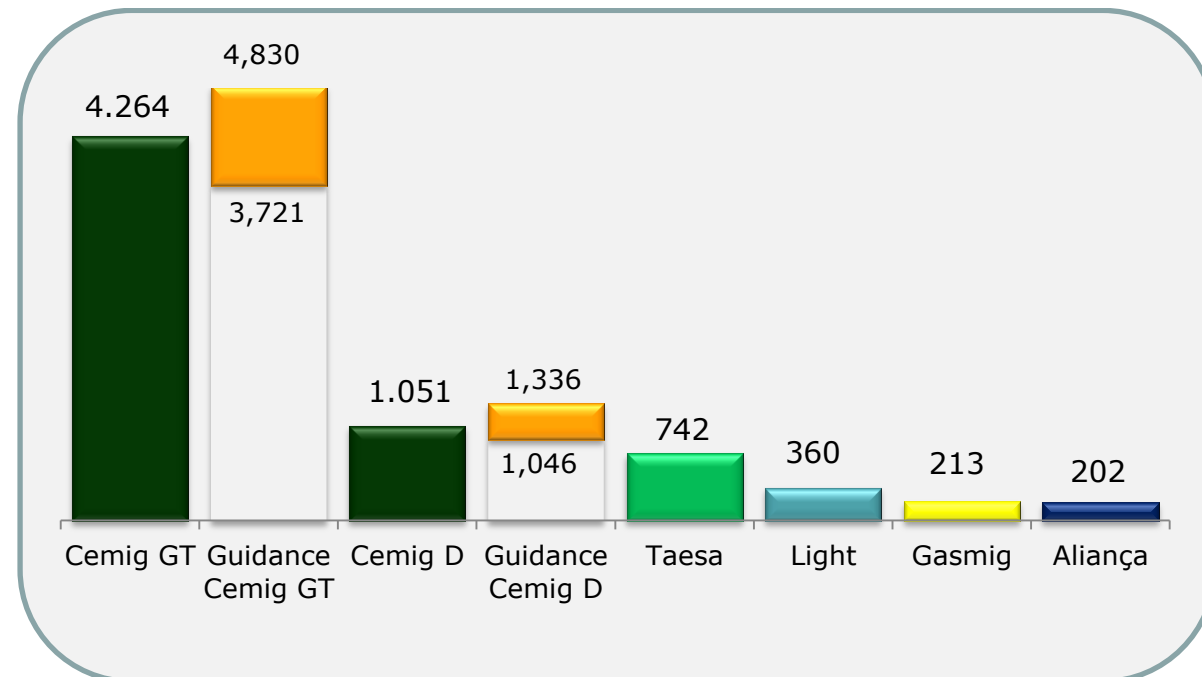


Consolidated Ebitda

R\$ mn



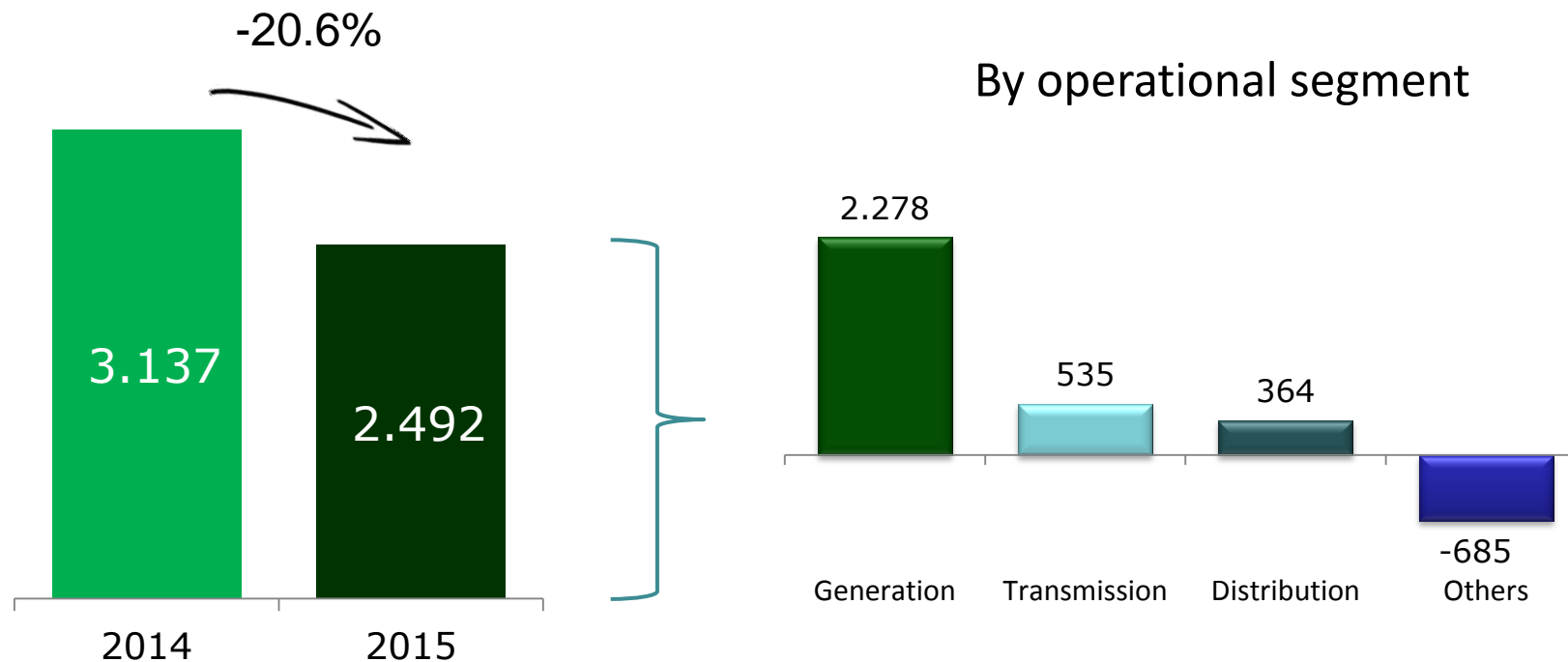
By company



- 2015 consolidated Ebitda 23.3% lower than in 2014.
 - Main effect is from provision for Parati shares put option: R\$ 1.079 billion
- Ebitda of Cemig GT and Cemig D perform: within Guidance given at 20th annual Cemig/Apimec.

Consolidated net profit

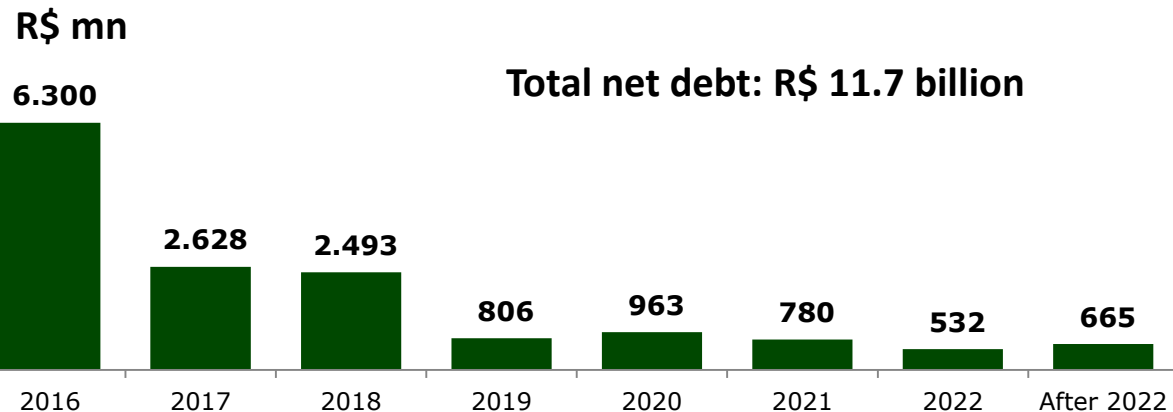
R\$ mn



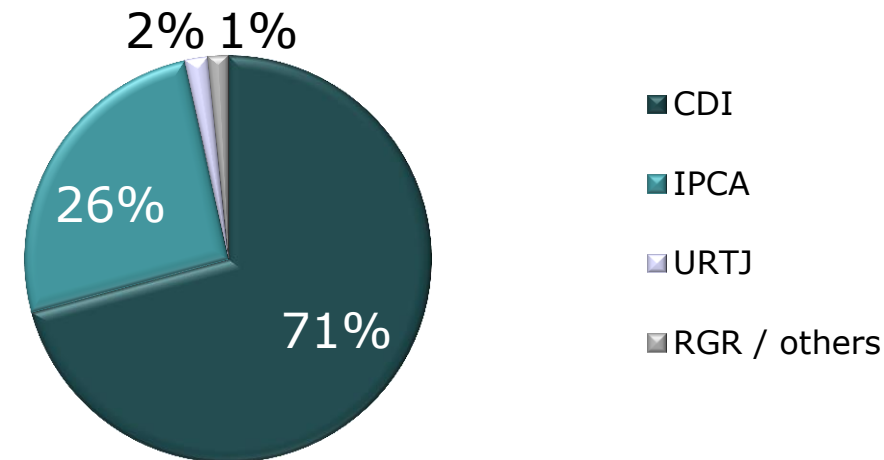
- Cemig's 2015 net profit was 20.6% less than in 2014
 - Main factor was provision of R\$ 1.079 billion for the *put option* in shares of *Parati*.

Cemig, consolidated: debt profile

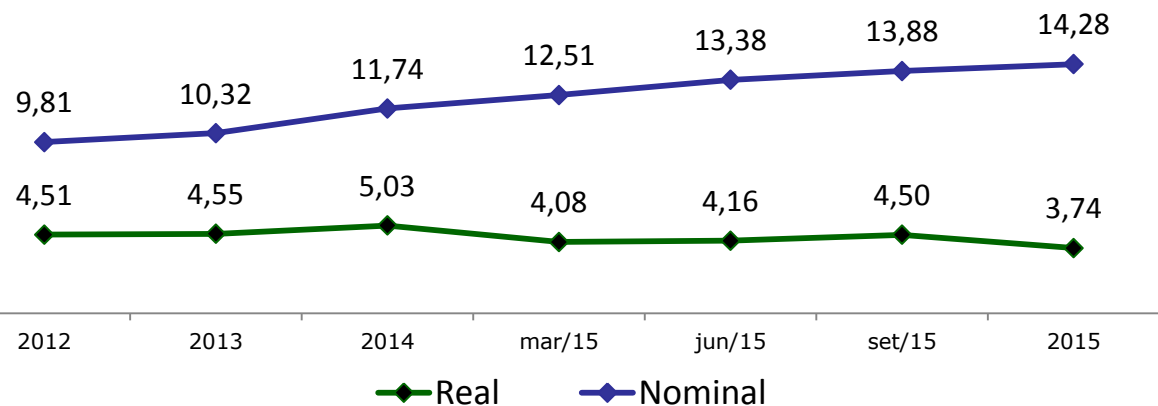
Maturities timetable – Average tenor: 2.8 years



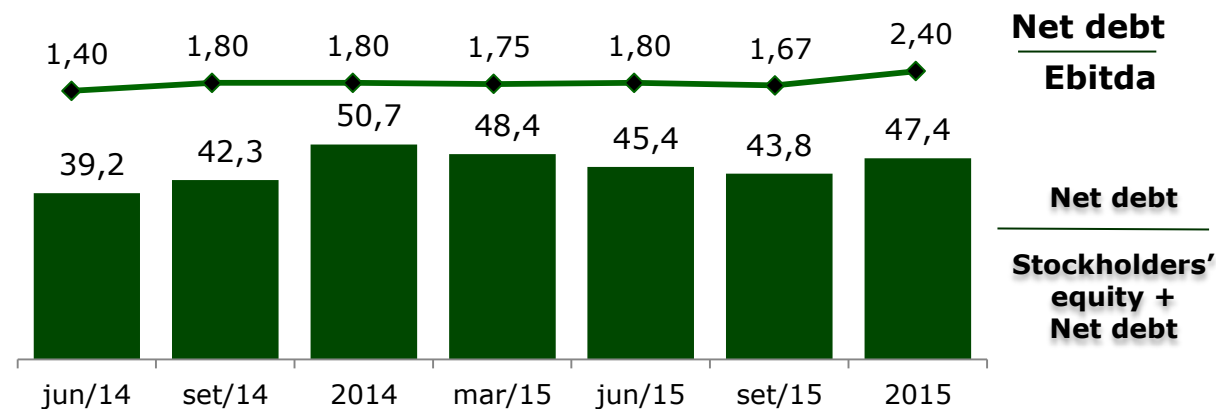
Main indexors



Cost of debt – %

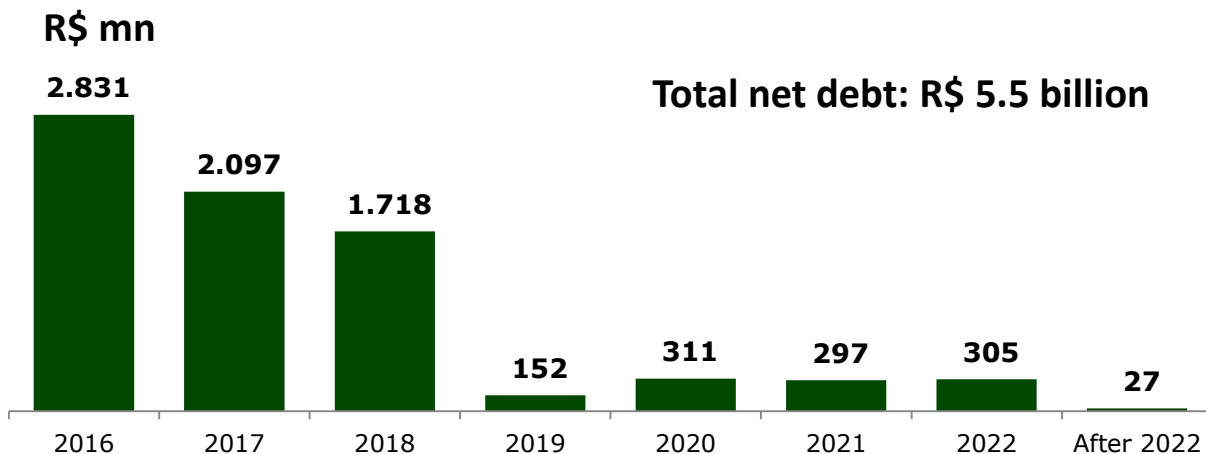


Leverage – %

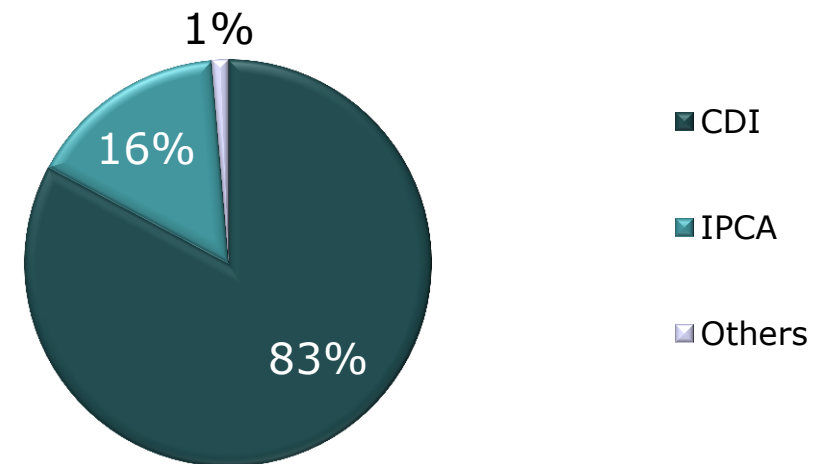


Cemig GT – debt profile

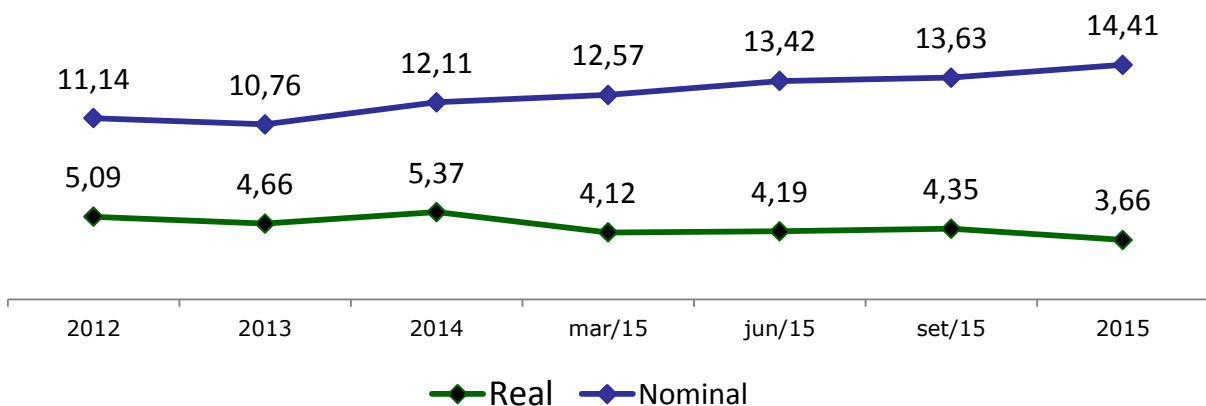
Maturities timetable – Average tenor: 2.4 years



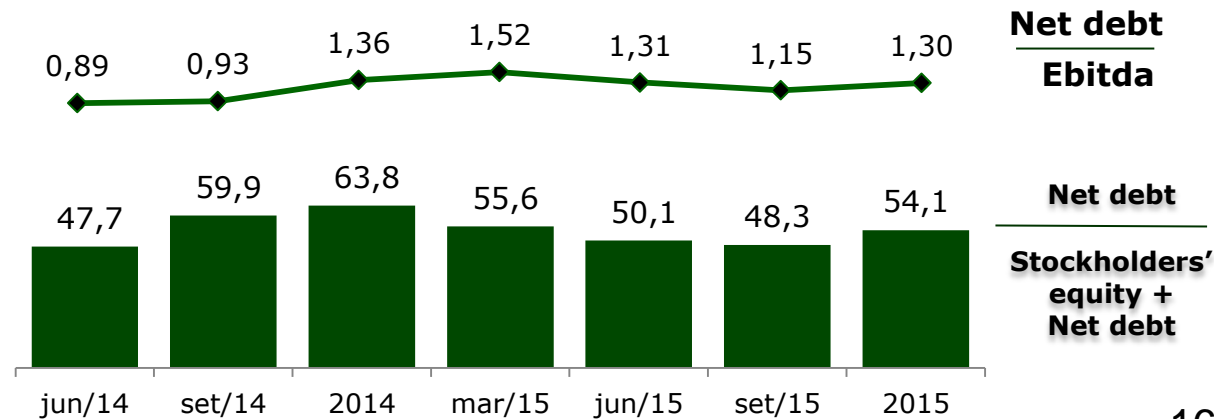
Main indexes



Cost of debt – %

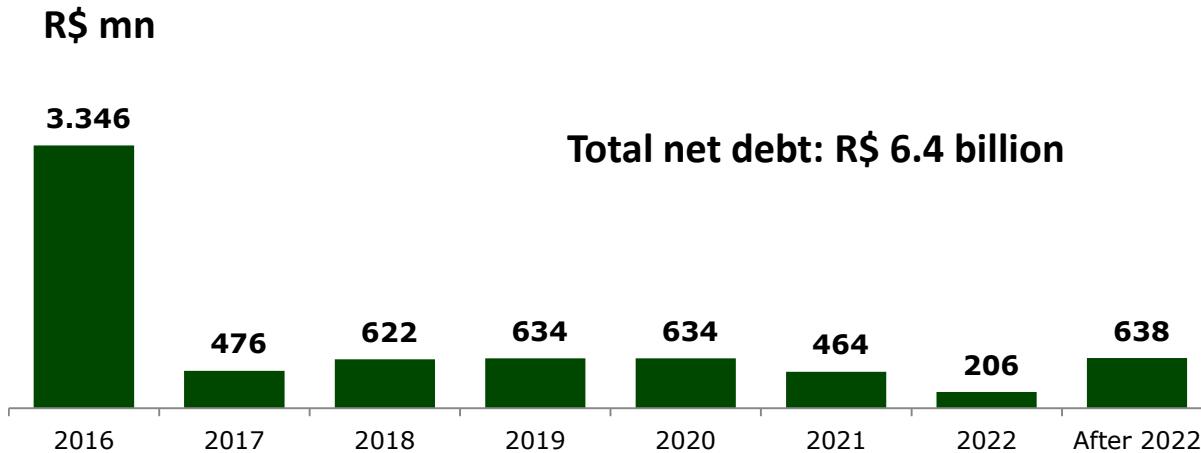


Leverage – %

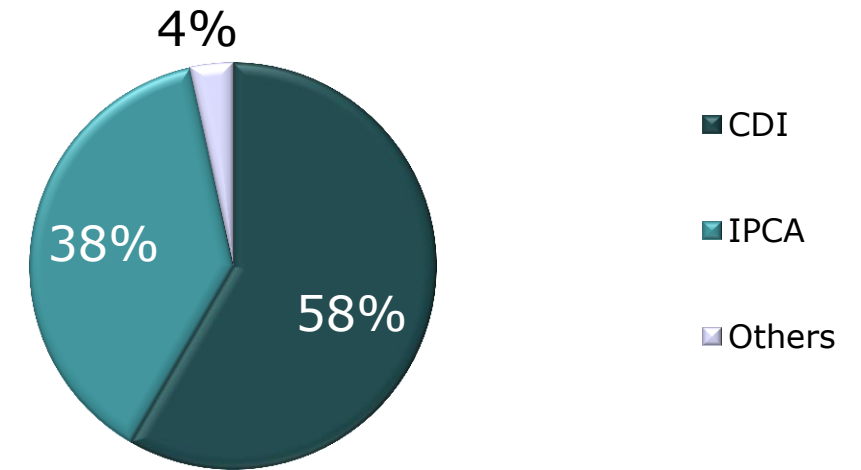


Cemig D – Debt profile

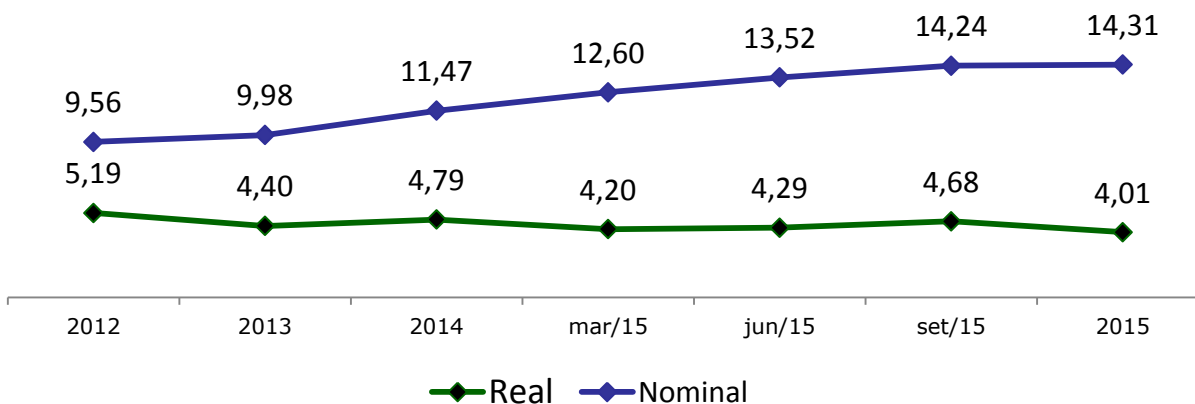
Maturities timetable – Average tenor: 3.2 years



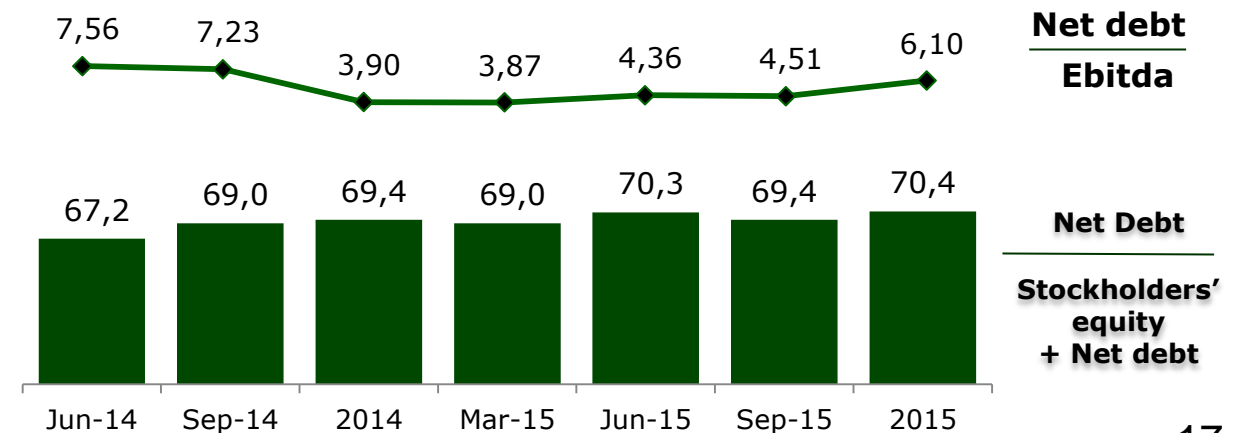
Main indexes



Cost of debt – %



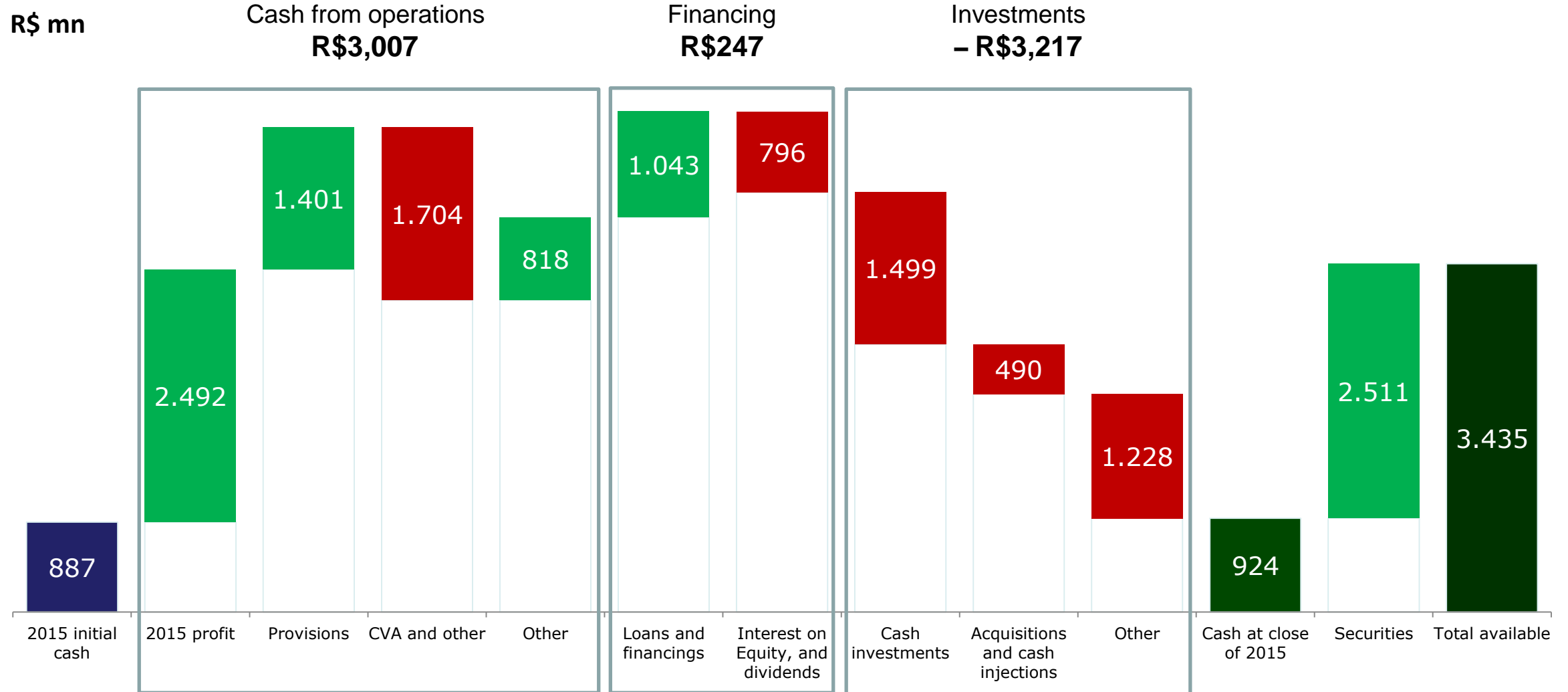
Leverage – %



Descrição	Realizado	Planejado
	2015	2016
GENERATION	535,818	2,693,818
Investment program	36,090	49,854
Capital injections	499,728	427,611
<i>Aliança Norte</i>	367,342	62,897
<i>Madeira Energia S/A – MESA</i>	-	113,000
<i>SPE - Amazônia Energia Participações S.A. (Belo Monte)</i>	120,123	132,805
<i>Others</i>	12,264	118,909
Auction 012/2015 - Concession Grant Fee	-	2,216,353
TRANSMISSION	43,133	46,181
Investment program	43,133	46,181
Cemig D	1,107,996	829,772
Investment program	1,107,996	829,772
Cemig – holding company	29,255	17,512
Investment program	2,264	866
Capital injections	26,991	16,646
TOTAL INVESTMENT	1,716,202	3,587,283

In constant currency - June 2014 (R\$ '000).

Cash flow



Proposal for allocation of net profit

The Board of Directors will propose to the AGM to be held by April 30, 2016:

- That the profit for 2015, in the amount of R\$ 2,491,375,000, and the balance of Retained earnings, of R\$ 59,536,000, should be allocated as follows:
 - R\$ 633,967,000 as the minimum obligatory dividend, to be paid to stockholders as follows:
 - R\$ 200,000,000 as Interest on Equity, in two equal installments, by June 30 and December 30, 2016, to stockholders whose names were on the Company's Nominal Share Registry on December 26, 2015;
 - R\$ 433,967,000 as dividends for the 2015 business year, by December 30, 2016, to stockholders on the Company's Nominal Share Registry on the date on which the Annual General Meeting is held;
 - R\$ 633,967,000 to be held in Stockholders' equity in a Reserve for obligatory dividends not distributed, to be paid as and when the Company's financial situation permits;
 - R\$ 1,262,280,000 to be held in Stockholders' equity in the Retained earnings reserve, to provide funding for the Company's consolidated investments planned for 2016, in accordance with a capital budget; and
 - R\$ 20,696,000 to be held in Stockholders' equity in the Tax incentives reserve, for tax incentive amounts gained in 2015 due to investments in the region of Sudene.



Investor relations

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