

# 1Q16 Results



# 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.

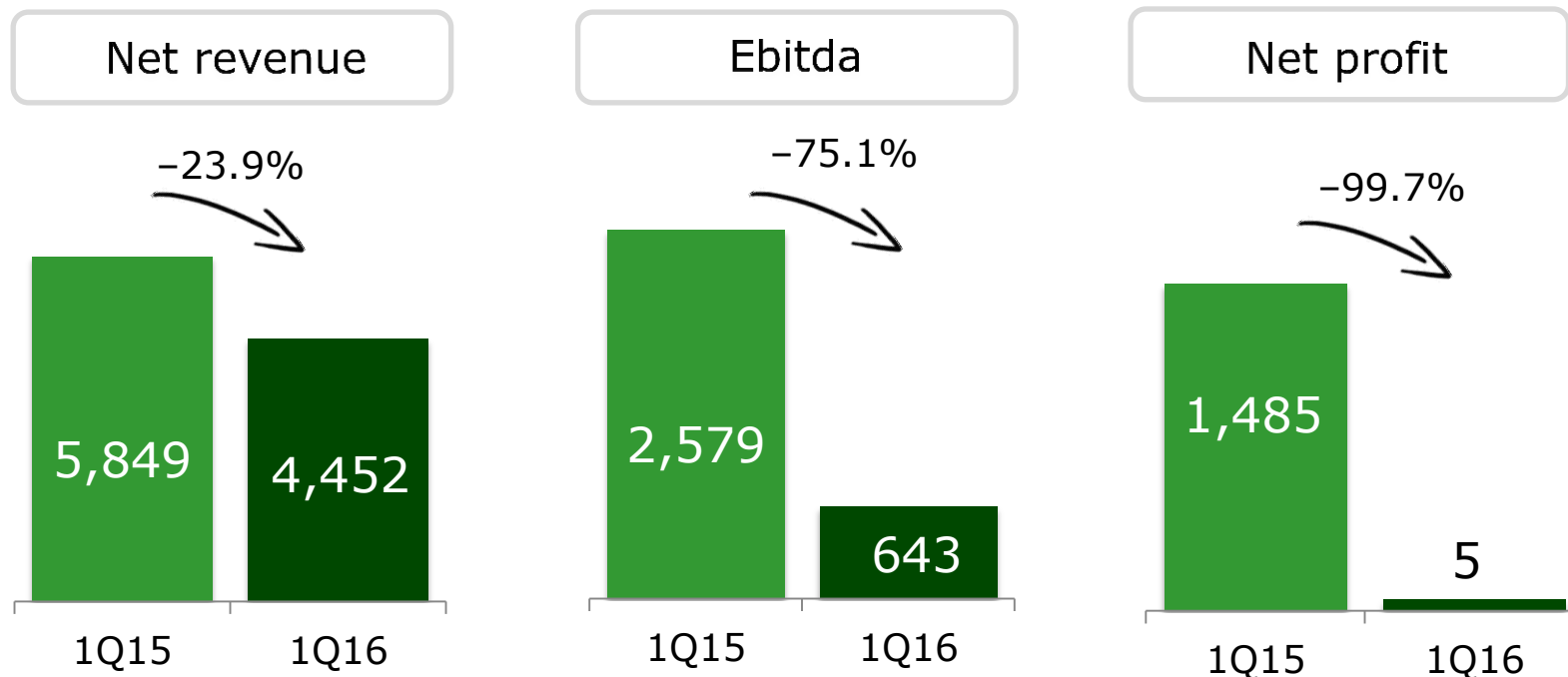
Important factors that could lead to significant differences between actual results and the projections about future events or results include our business strategy, Brazilian and international economic conditions, technology, our financial strategy, changes in the electricity sector, hydrological conditions,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

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 our 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 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.

# Our results in 1Q16



## Main Factors affecting Results in the quarter:

- Change in the of allocation of supply in 2016.
- Average spot price significantly lower YoY.
- Significantly lower sales of gas to industry and thermal generation plants.
- Negative equity contribution from Renova has significant effect: R\$ 152 million.
- Fair value gain of R\$ 735 million in stockholding transaction recognized in 1Q15.

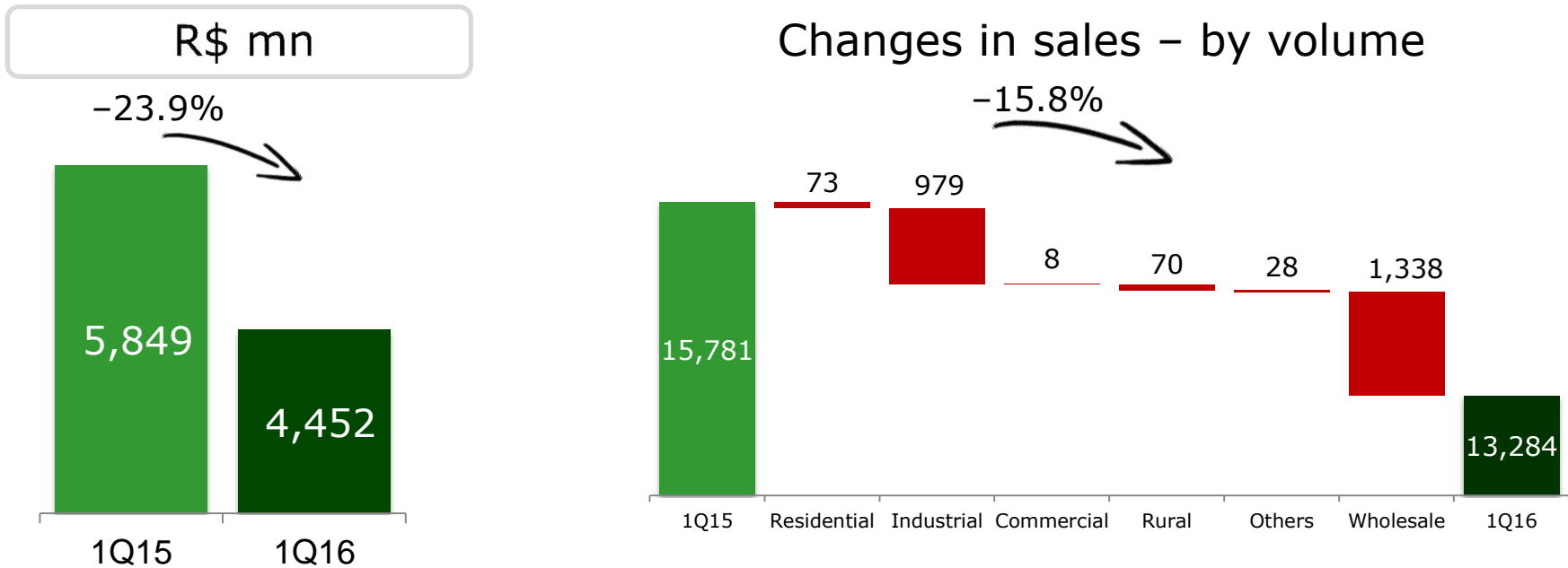
- The Energy Ministry has set criteria for indemnity of transmission assets.
- Taesa wins auction bid: Lot P – State of Tocantins.
  - ✓ RAP of R\$ 56 mn, 90 km of transmission lines, 2 substations
- Advance against future capital increase in Cemig D: R\$ 410 million.
- Capital increase in Renova: R\$ 200 million from Cemig GT.
- EGM called, for May 27, 2016:
  - ✓ Agenda: Put option granted to FIP Redentor.
- 21st Annual Cemig–Apimec meeting: May 24, 2016.

## Criteria set for indemnity of transmission assets

- Amounts of indemnity, once approved, to be received within a period of 8 years from the 2017 tariff adjustment.
- Amounts outstanding to be updated by the IPCA inflation index.
- Remunerated initially at 10.44% p.a. – based on the cost of capital of the transmission segment, decided by Aneel.

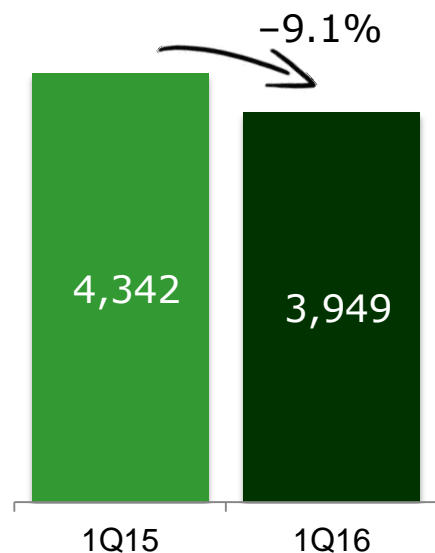
- The Company is still calculating and assessing the effect arising from the most recent information – the Company's initial estimate is an addition to revenue of approx R\$ 500 million.

# Consolidated net revenue



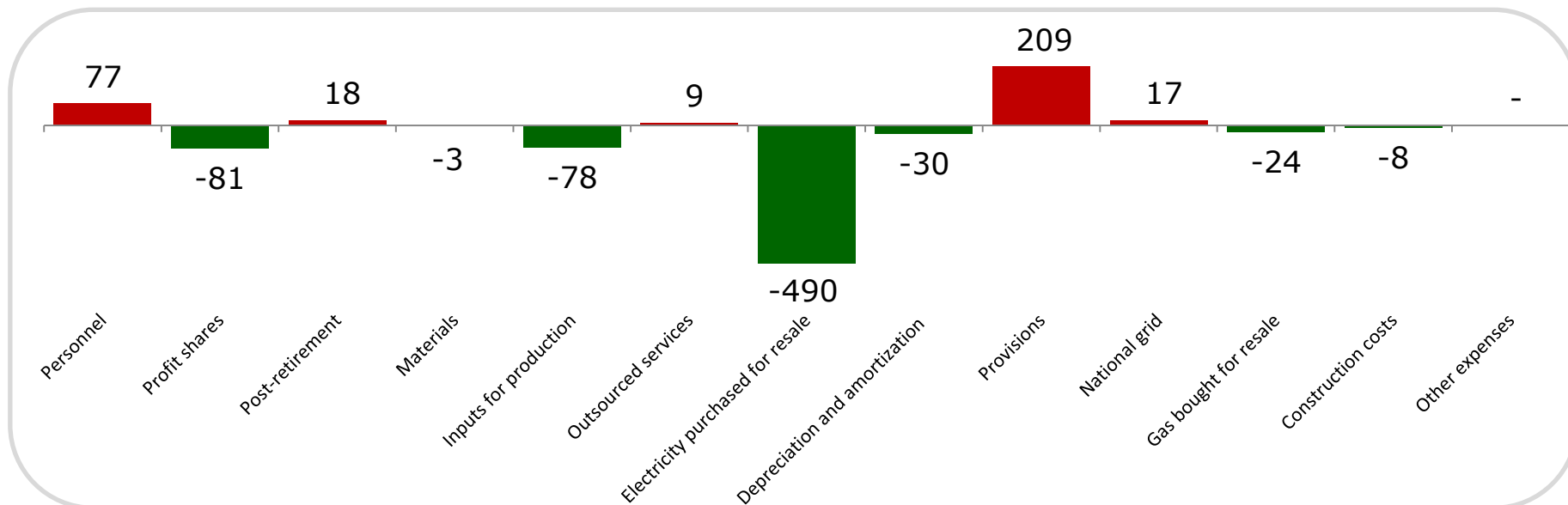
- Lower volume of electricity sold on the wholesale market (CCEE)
  - ✓ Seasonality of demand – higher volume in 2<sup>nd</sup> half 2016
- Average spot price lower in 2016
  - ✓ R\$ 34.69/MWh in 1Q16 – vs. R\$ 388.48/MWh in 1Q15
- Output of *São Simão* plant transferred to quota regime – since Sep. 15, 2015
- Volume of gas sold 24.6% lower
  - main fall is in industrial consumers and thermoelectric generating plants

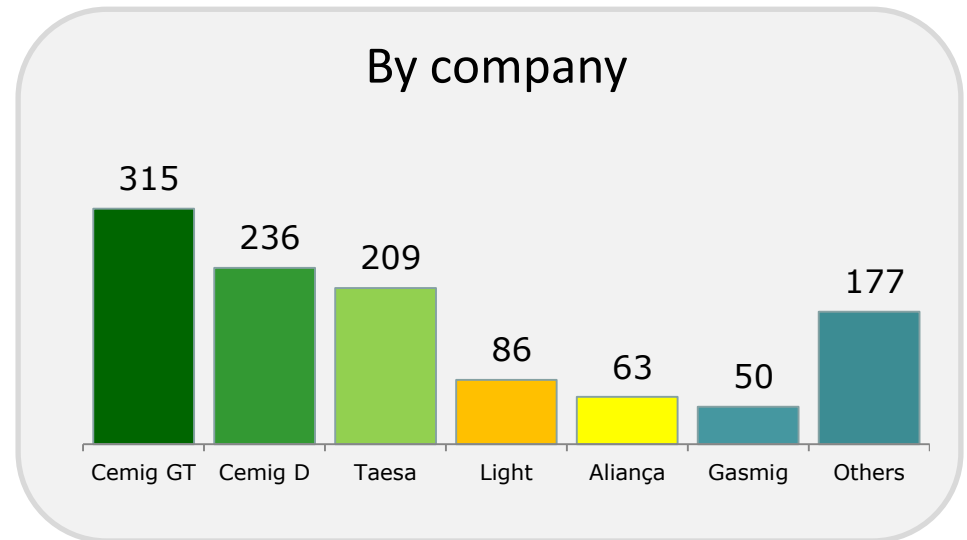
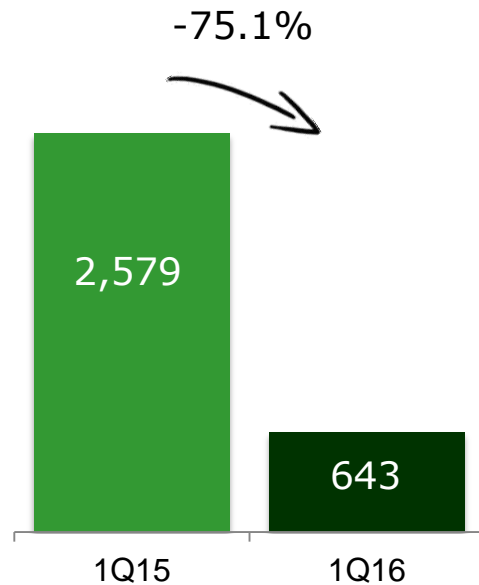
# Consolidated operational expenses



- Growth in PMSO expenses lower than inflation
- Lower cost of purchasing supply
  - ✓ 20.2% lower than in 1Q15
- Provisions for losses on investments: impacts on results:
  - ✓ Parati: Total provision R\$ 1.324 billion, of which R\$ 79 million in 2016
  - ✓ SAAG: Total provision R\$ 157mn, of which R\$ 9 mn in 2016

Change in consolidated operational expenses in 1Q16



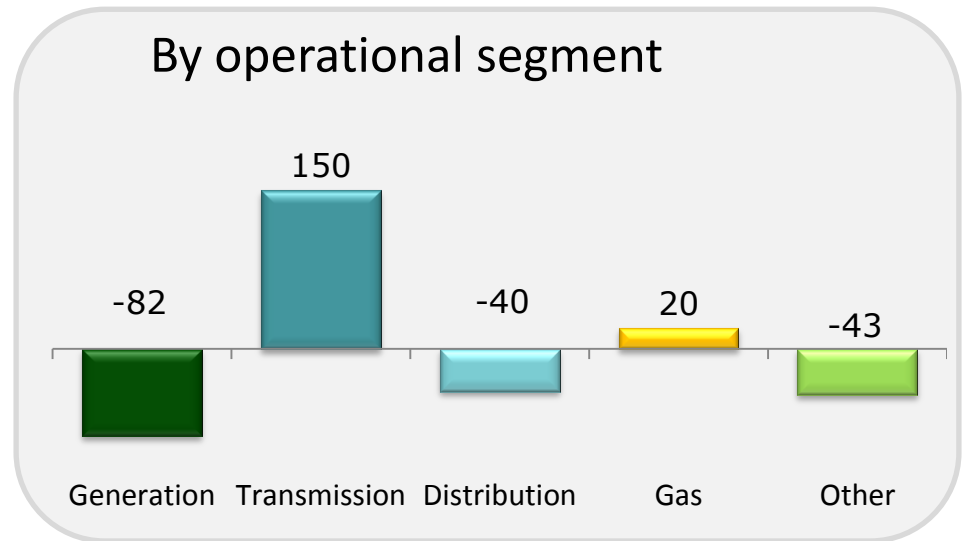
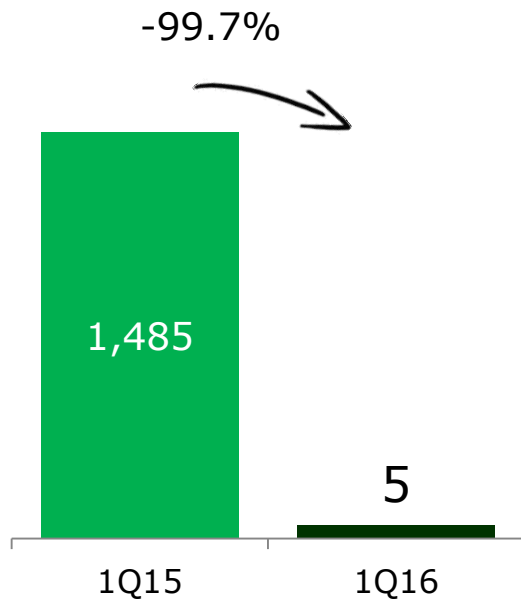


## Factors affecting Ebitda in the quarter:

- Revenue from wholesale market transactions (CCEE) down 99.7%
  - ✓ R\$ 2 million in 1Q16, vs. R\$ 1.01 billion in 1Q15
- Fair value gain of R\$ 735 million in stockholding transaction recognized in 1Q15



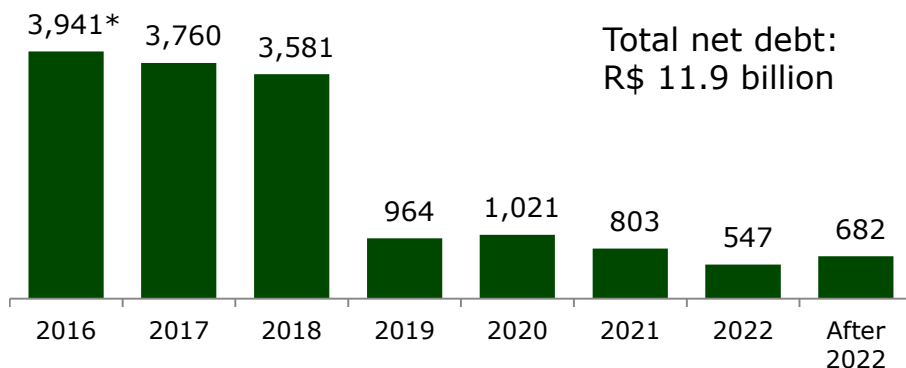
# Consolidated net profit



- Equity-method contribution from Renova (generation): negative R\$ 151 million
- Fair value gain of R\$ 573 million in stockholding transaction recognized in 1Q15

# Cemig, consolidated: debt profile

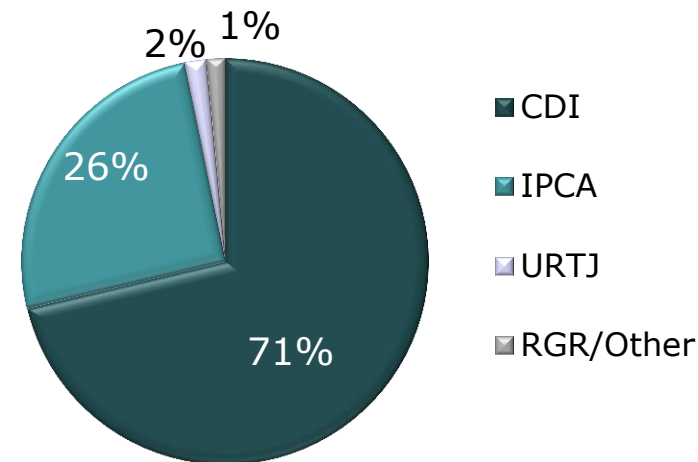
Maturities timetable – Average tenor: 2.8 years



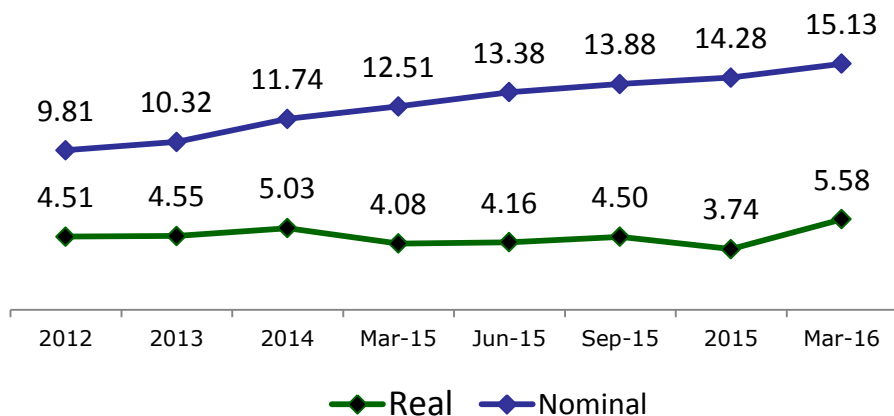
\* A significant part of this total matures in December 2016.

\* R\$ 600 million rolled over for maturity in April 2018.

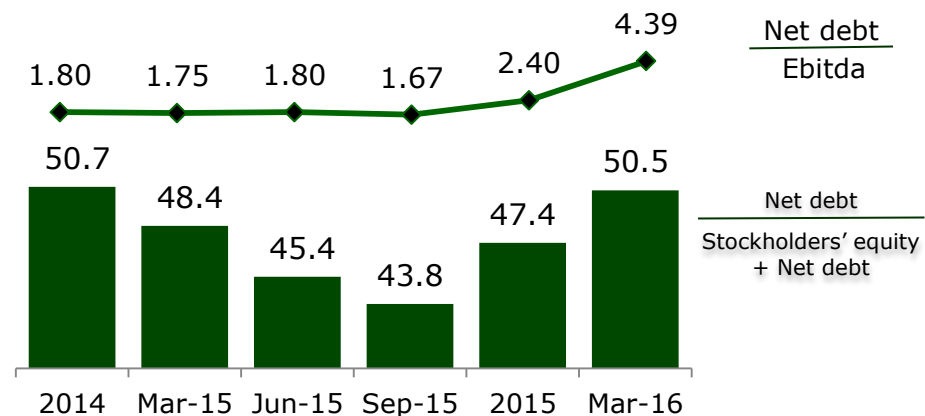
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Cost of debt – %

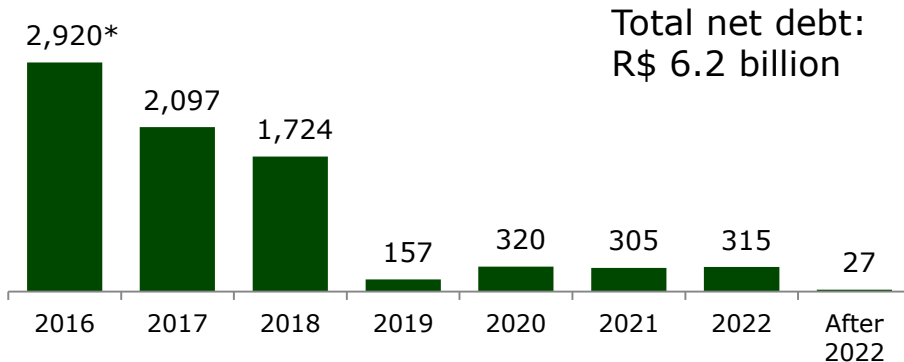


Leverage – %



# Cemig GT – debt profile

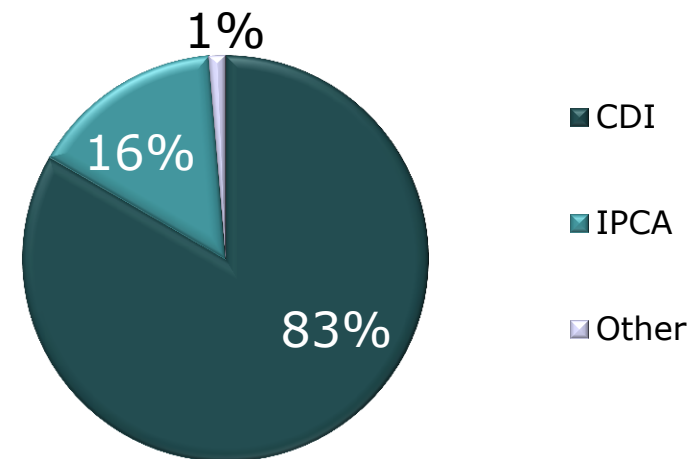
Maturities timetable – Average tenor: 2.2 years



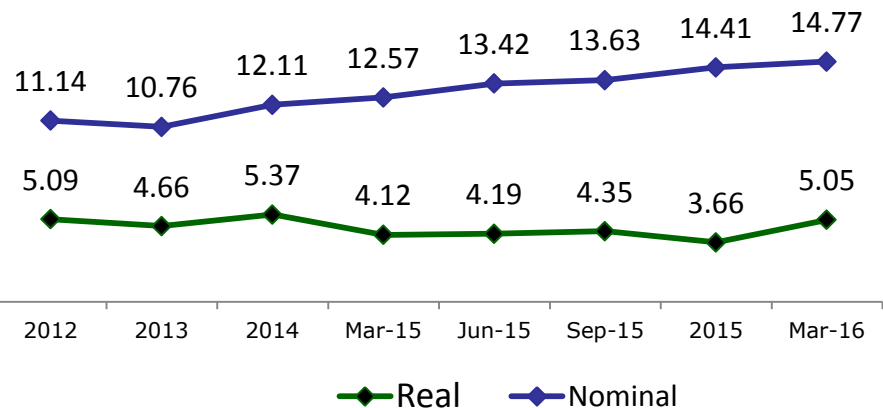
Total net debt:  
R\$ 6.2 billion

\* A significant part of this total matures in December 2016.

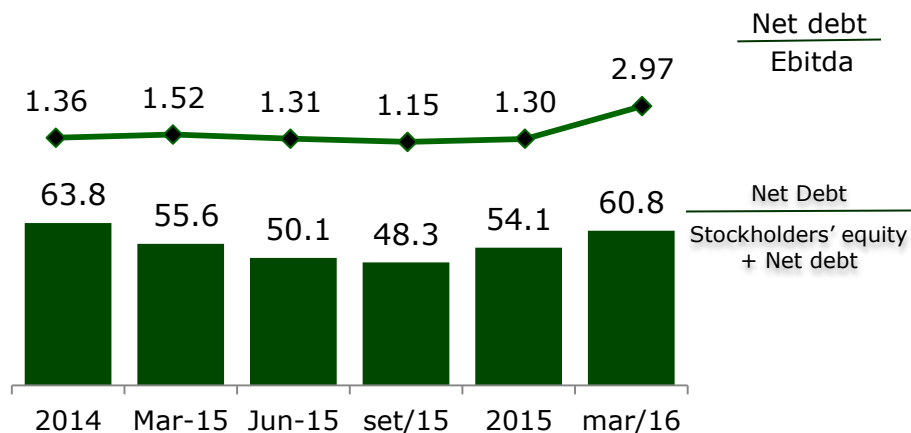
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Cost of debt – %

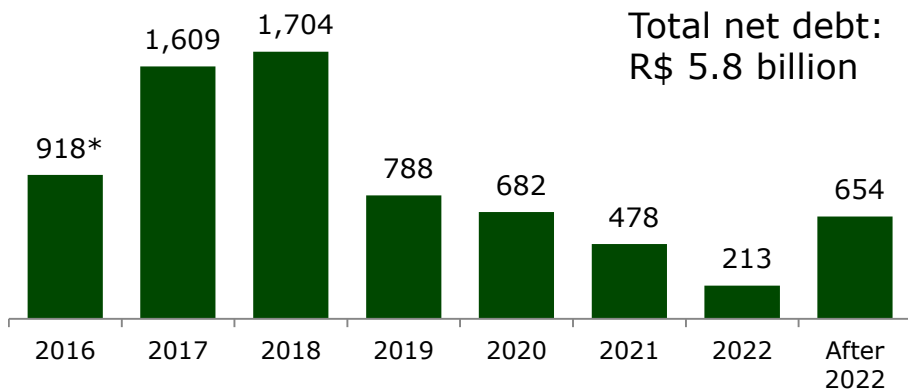


Leverage – %



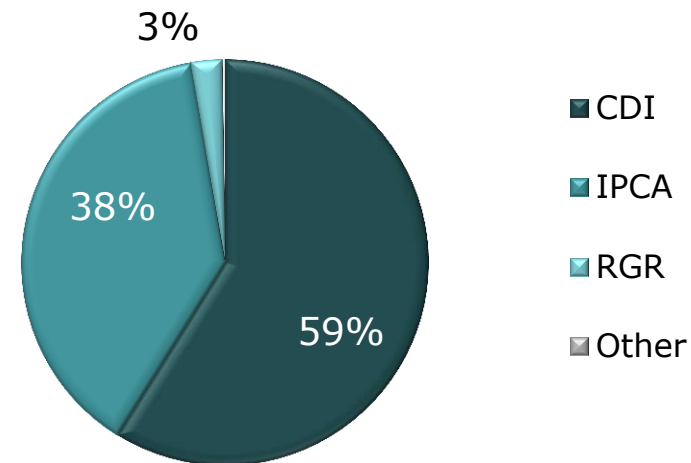
# Cemig D – Debt profile

Maturities timetable – Average tenor: 3.5 years

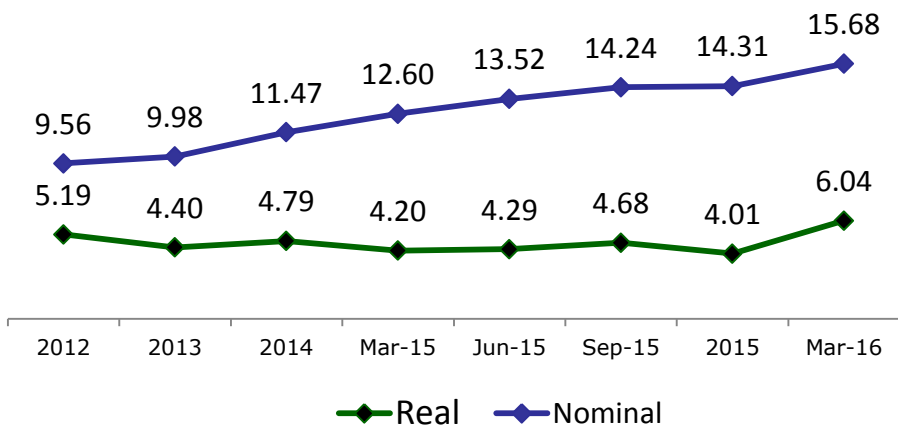


\* Cemig D rolled over R\$ 600 million for maturity in April 2018

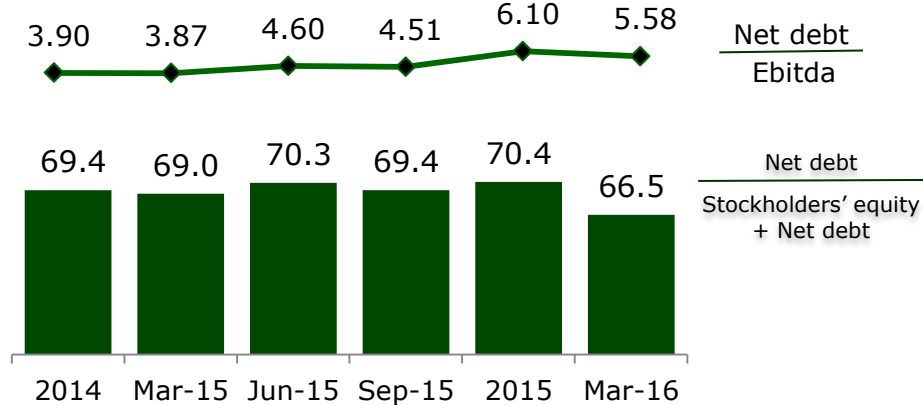
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Cost of debt – %



Leverage – %



	Planned	Realized	
	2016	March 2016	%
<b>GENERATION</b>	<b>3,346</b>	<b>1,926</b>	<b>58</b>
Investment program	76	6	8
Capital injections	1,054	479	46
Renova Energia S.A.	240	200	83
<i>Norte</i>	200	77	38
<i>Madeira Energia S.A. - Mesa</i>	124	79	64
<i>SPC – Amazônia Energia Participações S.A. (Belo Monte)</i>	324	124	38
<i>Other</i>	405	200	49
<i>Auction 012/2015 - Grant of concessions</i>	2,216	1,441	65
<b>Cemig GT – Transmission</b>	<b>76</b>	<b>7</b>	<b>9</b>
Investment program	76	7	9
<b>Cemig D – Distribution</b>	<b>1,222</b>	<b>215</b>	<b>18</b>
Investment program	1,222	215	18
<b>Cemig – Holding company</b>	<b>21</b>	<b>-</b>	<b>-</b>
Investment program	1	-	-
Capital injections	20	-	-
<b>Total of investments</b>	<b>4,665</b>	<b>2,148</b>	<b>46</b>

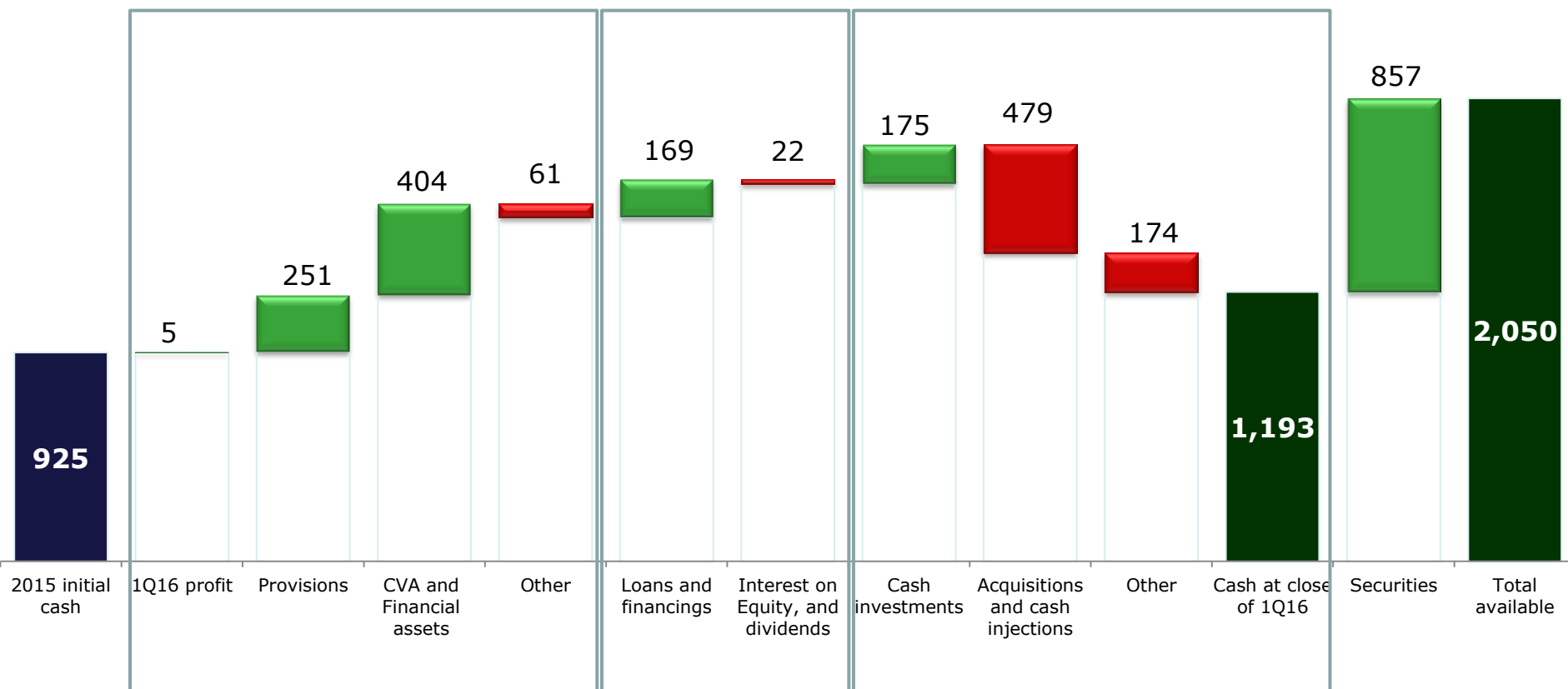
June 2015 R\$ million

# Cash flow

Cash from operations  
**R\$599**

Financing  
**R\$147**

Investments  
**- R\$478**





A Melhor Energia do Brasil.

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## Investor relations

Tel: +55 (31) 3506-5024

Fax: +55 (31) 3506-5025

[ri@cemig.com.br](mailto:ri@cemig.com.br)

<http://ri.cemig.com.br>

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