

2020 Regaining Financial Solidity

CEMIG



AVISO IMPORTANTE

Some statements and estimates in this material may represent expectations about future events or results that involve risks and uncertainties known and unknown. There is no guarantee that the events or results referred to in these expectations will occur.

These expectations are based on present assumptions and analyses from the viewpoint of our management, based on their experience, the macroeconomic environment, market conditions in the energy sector and our expected future results, many of which are not under Cemig's control.

Important factors that can lead to significant differences between actual results and projections about future events or results include Cemig's business strategy, Brazilian and international economic conditions, technology, Cemig's financial strategy, changes in the energy sector, hydrological conditions, conditions in the financial markets, uncertainty regarding future results of operations, plans and objectives as well as other factors. Because of these and other factors, our actual results may differ significantly from those indicated in or implied by these statements.

The information and opinions contained herein should not be understood as a recommendation to potential investors and no investment decision should be based on the truthfulness, or completeness as of the date hereof 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 lead to different results from those estimated by Cemig, please consult the section on Risk Factors included in our Formulário de Referência filed with the Brazilian Securities Commission – CVM, and in Form 20-F 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

Brazil's Leading Power Utility

In the Power Industry since 1952

1ST

Integrated Power Utility in Brazil

5ST

Market Cap - US\$2.92B⁽¹⁾

1ST

Market share in the free market⁽²⁾

3ST

**EBITDA⁽³⁾ – 2019 US\$1.15B
June, 2020 (LTM) US\$0.81B**

(1) As of Ago 17th, 2020

(2) In the Brazilian Energy Industry

(3) FX R\$/US\$4,0307 on December 31st, 2019 and R\$/US\$5.4760 on June, 2020



Cemig: in Numbers

88

Power plants

80



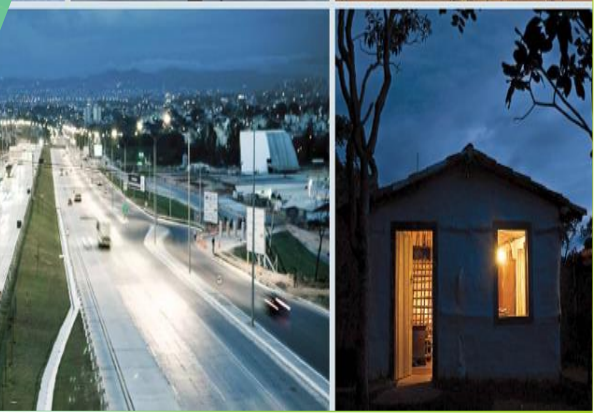
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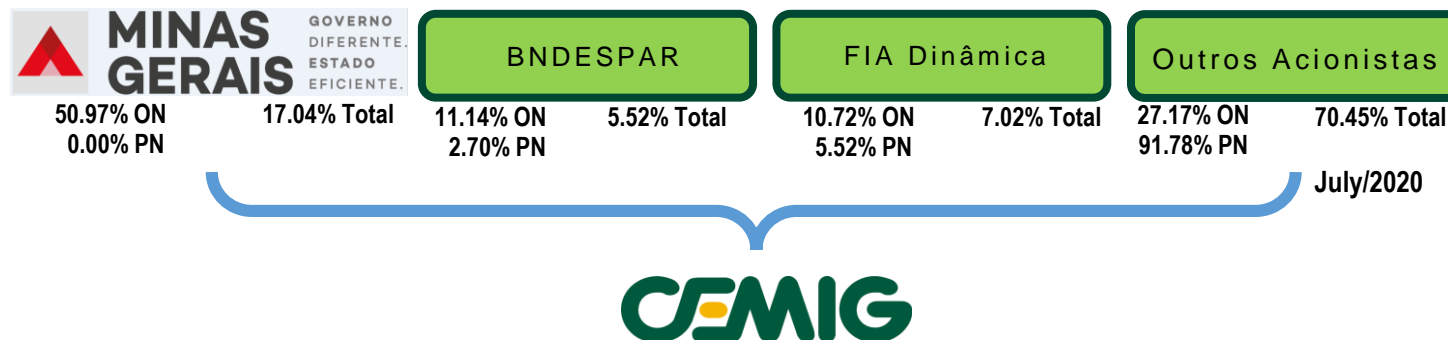
1



1

6.1
GW**Total installed capacity**557,592
KM**Electricity Distribution lines**9,830
KM**Power Transmission lines**

Cemig at a Glance



1

Based in State of Minas Gerais

2

Among the most liquid stocks in Brazil's electricity sector

- listed on New York, São Paulo and Madrid
- More than 198,000 shareholders in more than 39 countries
- Average daily trading volume until August 18th, 2020
R\$77.8M in Bovespa and US\$5.3M in NYSE

3

Solid dividend policy

**Shareholder
structure**

Cemig is Uniquely Positioned

#1

Integrated Power Utility in Brazil

1st

(1)

Electricity
Distributor

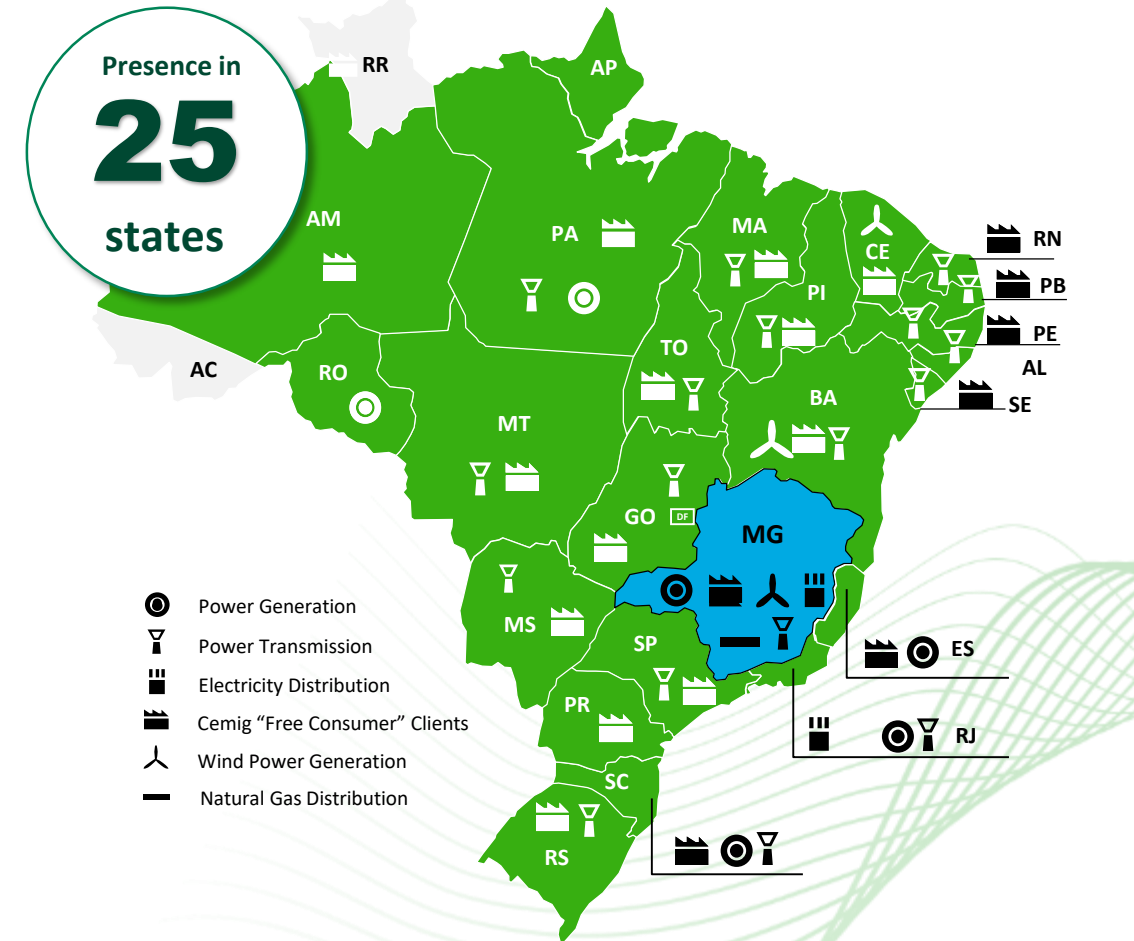
2nd

Largest Power
Transmission
Group

6th

Largest Power
Generation
Group

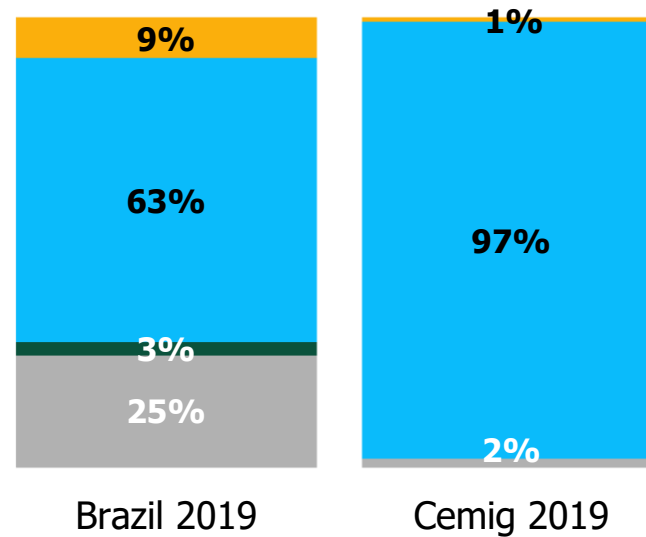
Integrated



(1) In terms of length of electricity distribution lines – January, 2020

Leader in Renewable Hydro Power Energy

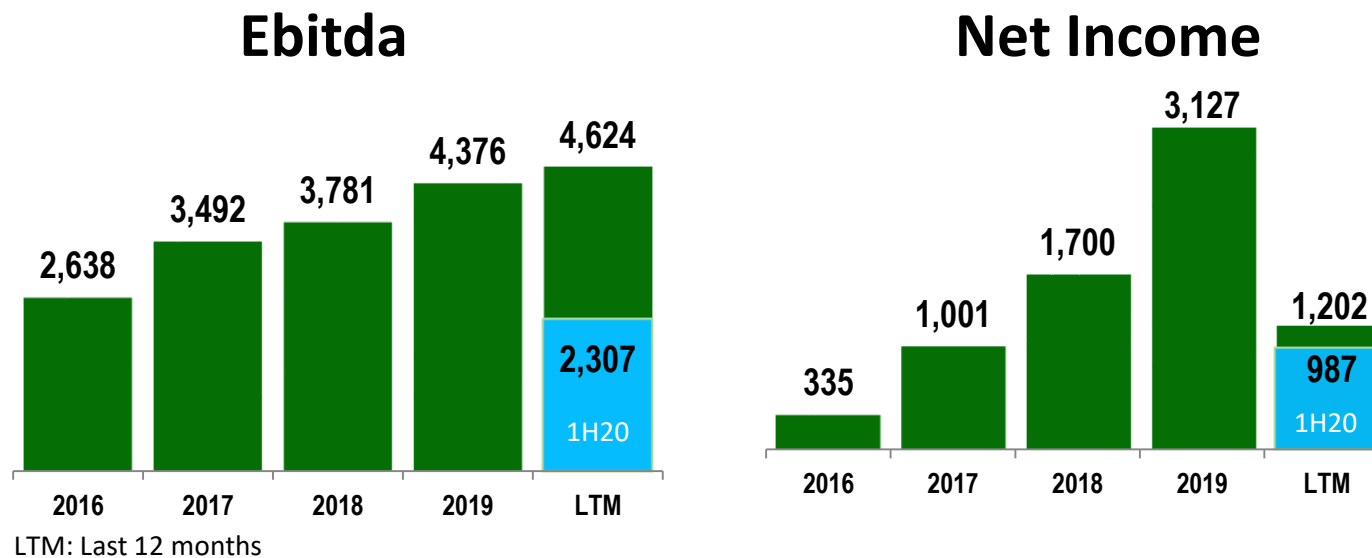
Power Generation by Source



■ Fossil Source Fuels ■ Nuclear ■ Hydro ■ Others

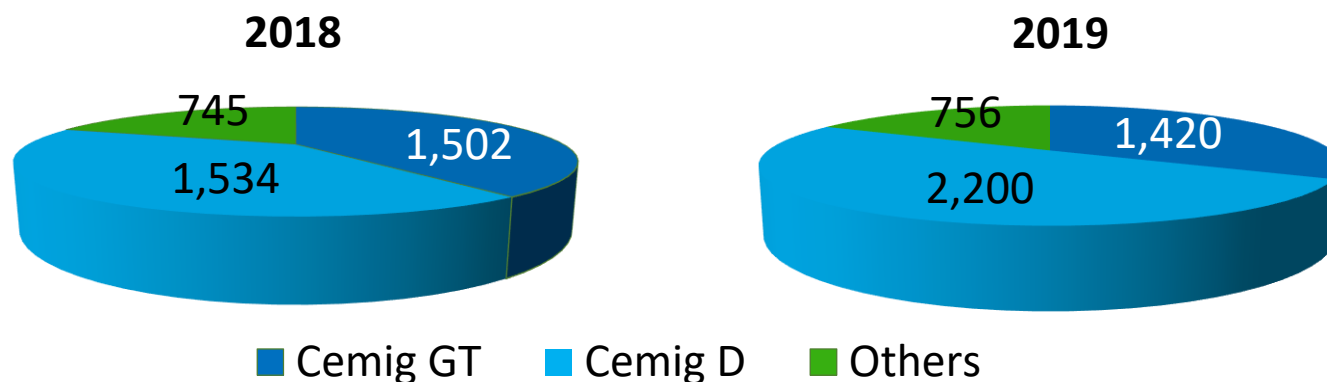


CASH GENERATION



Breakdown of Ebitda

Diversified, Low Risk Business Portfolio



Most of the revenues are inflation protected

Solid dividend policy

Bylaws

- Guaranteed - The minimum annual dividend

Shares	Number of Shares	Guarantee	Minimum Annual
Common	507,670,289	-	-
Preferred	1,011,082,312	R\$ 0.50	R\$ 505,541,156
Total	1,518,752,601	-	R\$ 505,541,156

Dividends' proposal to be paid in 2020:

- Total to be distributed of the 2019 net profit : R\$764 million
- R\$400 million to be paid as Interest on Equity
 - by December 30, 2020
 - record date: December 23, 2019
- R\$364 million as dividends to be paid by December 30, 2020
 - to stockholders of record on date of the AGM

Dividend yield of 3.8%⁽¹⁾



Balance Sheet

2.01x Net debt to Ebitda – 1H20

52% Debt in foreign currency * - 1H20

3.7 R\$ billion Cash on hand – 1H20

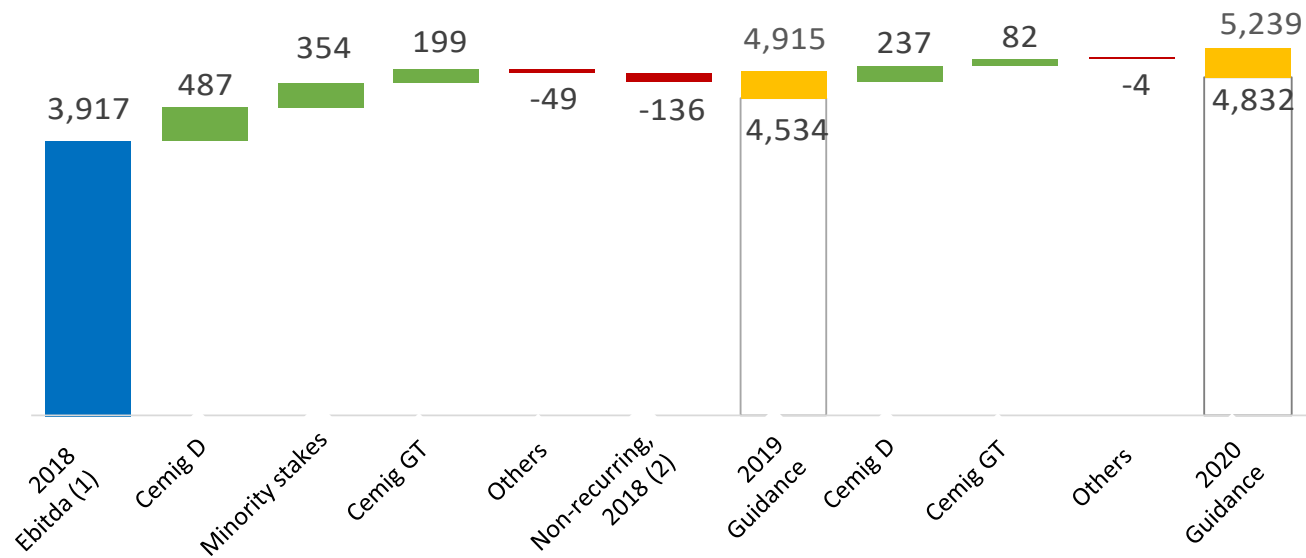
12.0 R\$ billion Net Revenue – 1H20

STABILITY

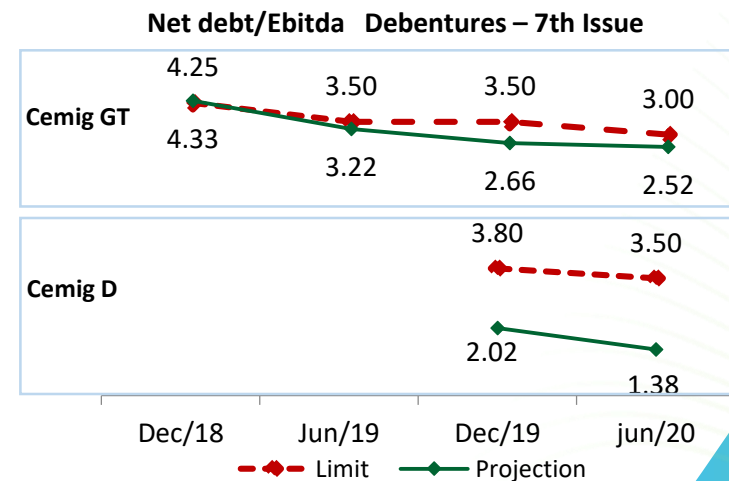
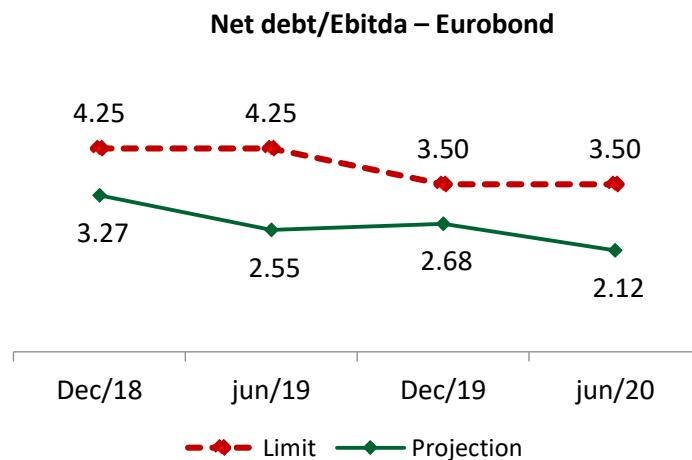
* Debt in Dollar converted into CDI percentage per hedging instrument, within a band of Exchange variation



Ebitda Consolidated 2019 - Guidance



- (1) 2018 Ebitda (3,781) updated to June 2019 R\$.
- (2) Light, LightGer, Santo Antônio, Telecom, Wind farms (Parajuru and Volta do Rio), generation indemnity and Quotas revenue.
- (3) Calculation excludes cashflow from sale of Light.



Net debt and Ebitda are adjusted according to the definitions in the debt contracts.

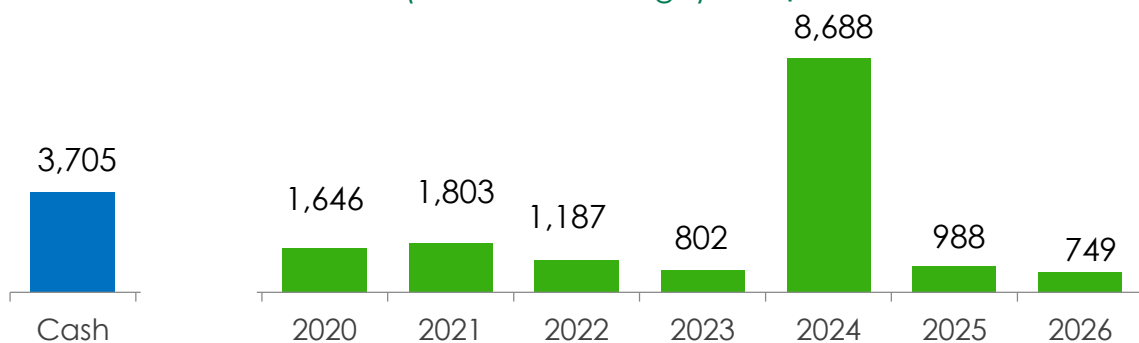
GUIDANCE

Debt profile – consolidated

In July, S&P reaffirmed the Company's ratings and upgraded outlook to positive

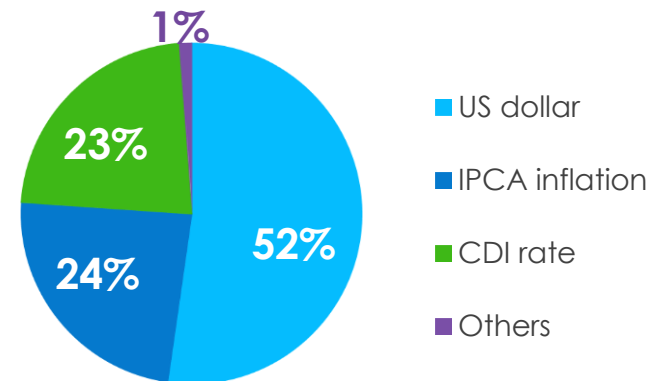
Maturities timetable – Average tenor: 3.8 years

Net debt (Debt – Cash and securities): **R\$ 12.2 billion**
Total net debt (Net debt – Hedge): **R\$ 8.9 billion**



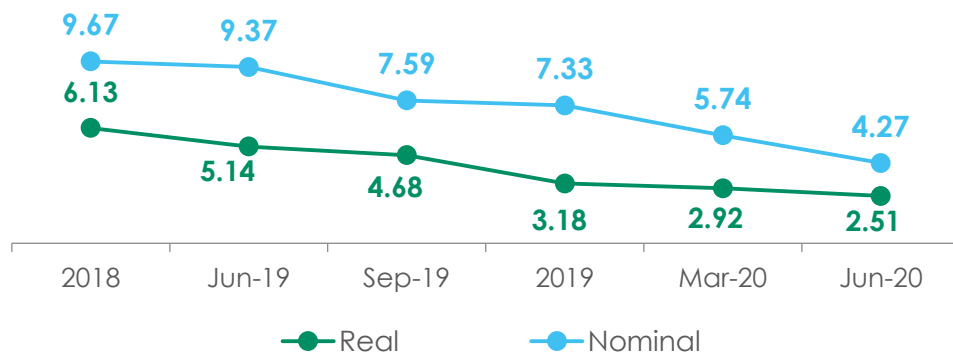
■ **R\$ 83.6 million** amortized in 2Q20.

Main indexors

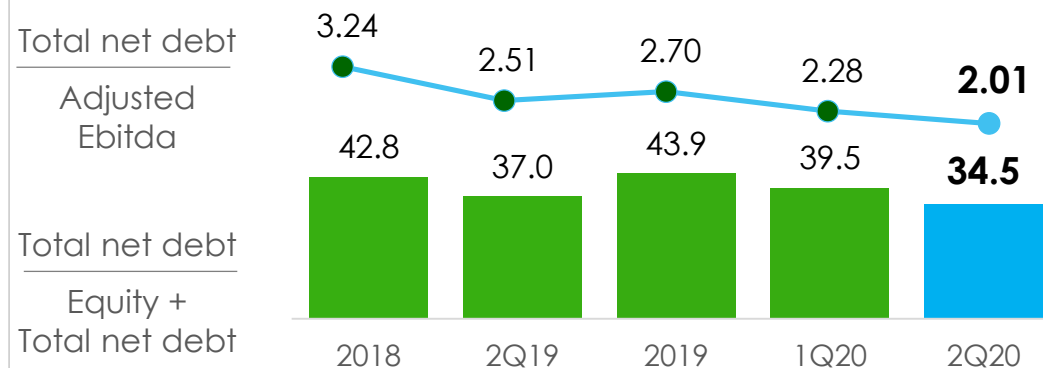


■ Hedge instrument transformed USD debt into debt at fixed percentage of CDI rate, within an FX variation band.

Cost of debt – %



Leverage – %



FitchRatings

BB-

Cemig H, Cemig GT e Cemig D

Global Scale

STANDARD
& POOR'S

B

Cemig H, Cemig GT e Cemig D

Global Scale



B1

Cemig H, Cemig GT e Cemig D

Global Scale

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Result for Cemig D Tariff Review

Aneel approved readjustment in the Technical Note 45/2018

- May 28th anniversary regulatory date

Main points of the Review for the 4th Tariff Cycle:

- Investment around R\$ 5 billion
- Investment on 'Special obligations' around R\$ 1.2 billion
- Opex: Cemig D scores above average in efficiency metrics

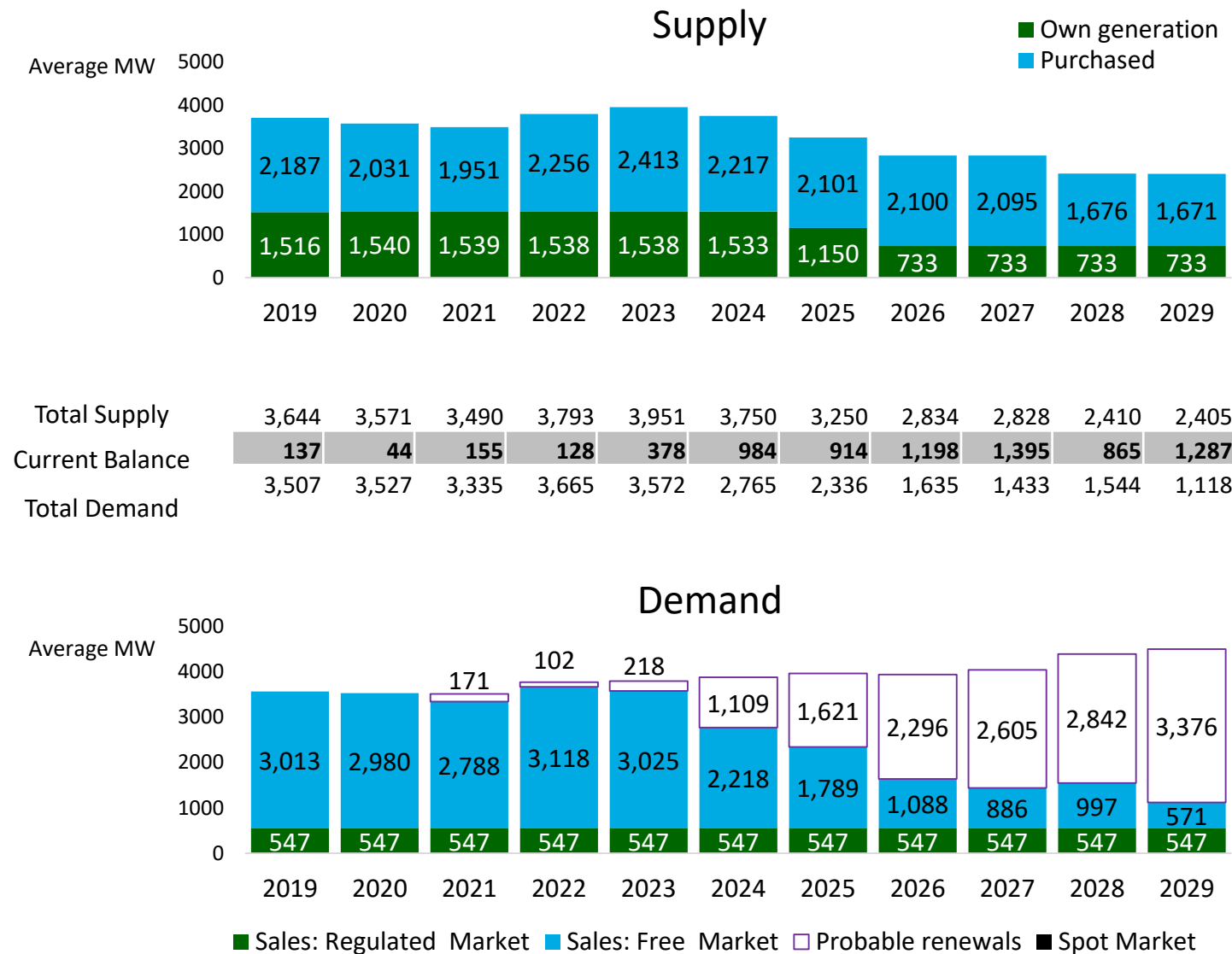
Regulatory asset base (RAB)	2013	2018
Remuneration Base – gross R\$	15,724	20,490
Remuneration Base – net R\$	5,849	8,906
Average depreciation rate	3.84 %	3.84%
WACC	7.51%	8.09%
Remuneration of the special obligations	-	149
CAIMI R\$	147	333
QRR R\$ - Depreciation (Gross RAB x Dep rate)	590	787
Remuneration of capital R\$ (Net RAB x WACC)	587	1,236

Currency – April/2018

FAIR READJUSTMENT

Cemig GT: Supply/demand

Position in May, 2020



POWER BALANCE



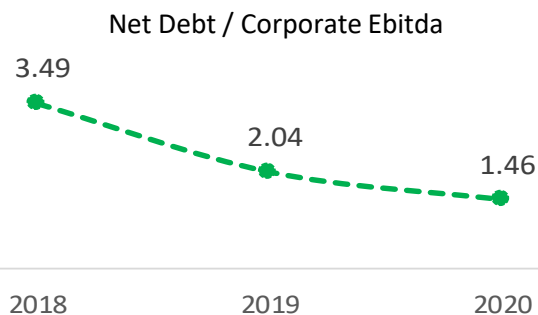
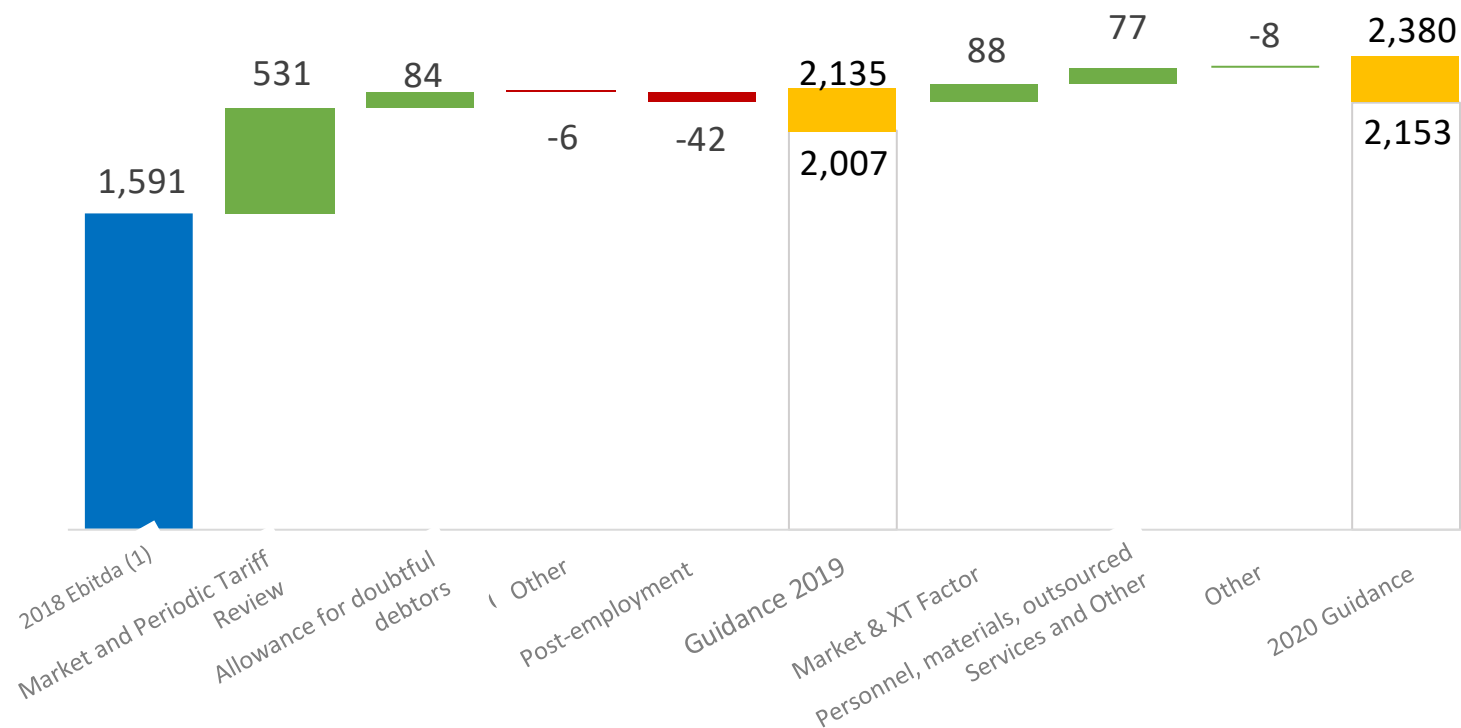
Relações com Investidores

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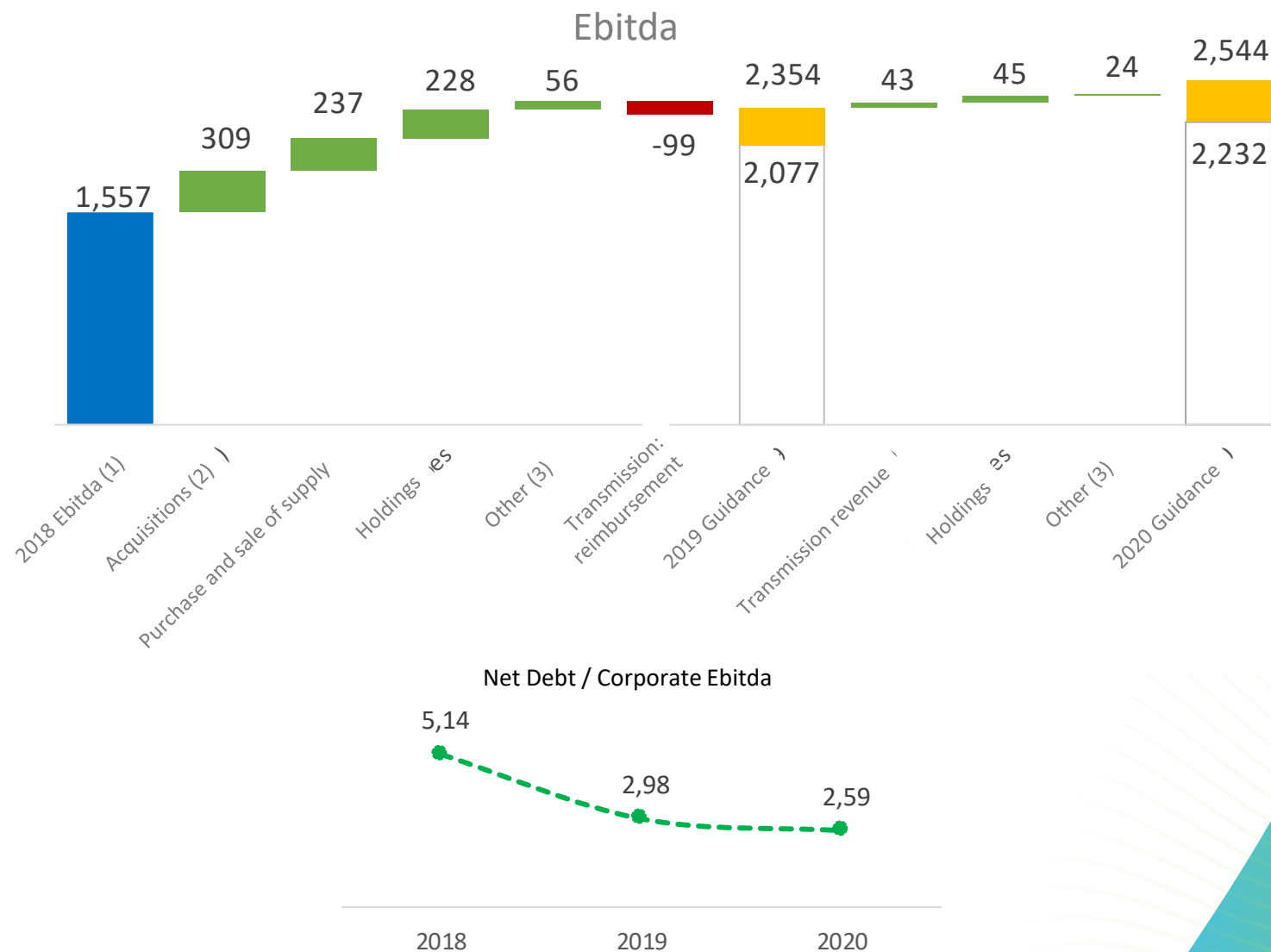
Cemig D: Ebitda 2019



(1) 2018 Realized Ebitda (1,534) ad
R\$ mn (June 2019)



Cemig GT: Ebitda 2019

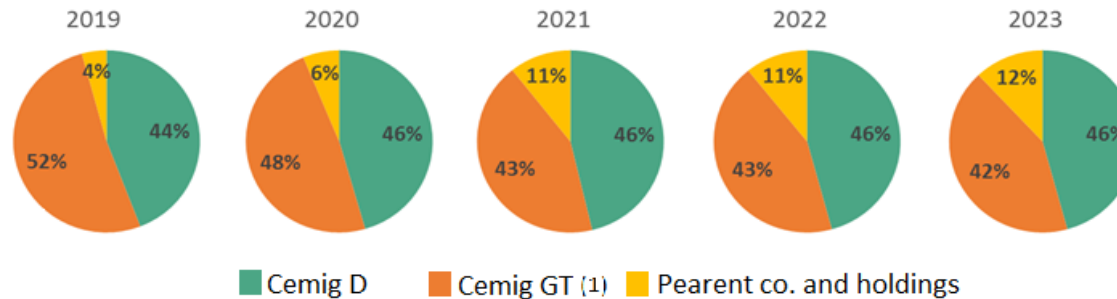


- (1) 2018 adjusted Ebitda (1,517) adjusted to June 2019 R\$.
- (2) Parajuru, Volta do Rio and wholly-owned subsidiaries of the Cemig parent company.
- (3) Includes PMSO, PDV, other revenues and expenses and non-recurring items.

GUIDANCE

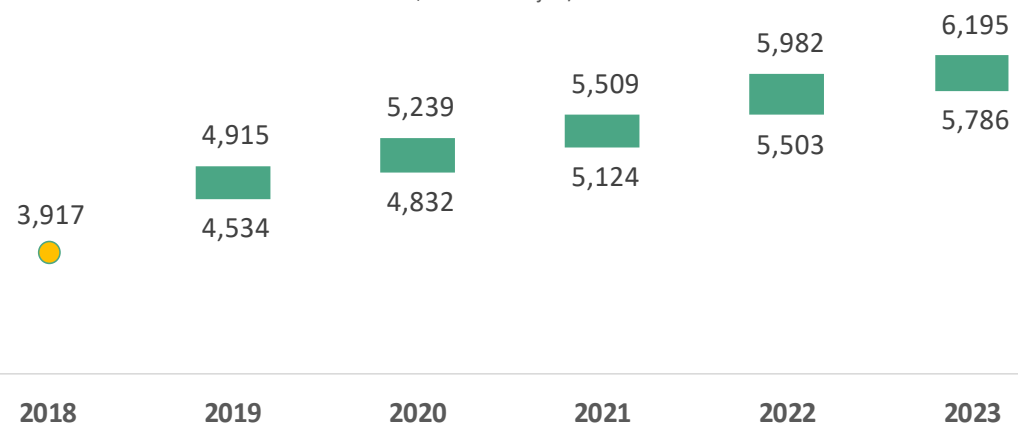
CEMIG – Guidance, 2019–23

Ebitda breakdown



(1) Cemig GT and its subsidiaries.

EBITDA



Summary of Covenant Package (Eurobond)

Cemig Consolidated (Guarantor)

▪ Maintenance Covenants

Leverage Maintenance	
Covenant Net Debt / Covenant EBITDA	Cemig
31/Dec/2017 and 30/Jun/2018	5.00x
31/Dec/2018 and 30/Jun/2019	4.25x
31/Dec/2019 and 30/Jun/2020	3.50x
31/Dec/2020 and s/a thereafter	3.00x

Liens Maintenance	
Total Secured Debt / Covenant EBITDA	Cemig
31/Dec/2017	2.00x
30/Jun/2018 and semi-annually thereafter	1.75x

Dividend Payments
Minimum Legally Required Only

Cemig GT (Issuer & Restricted Subsidiaries)

▪ Maintenance Covenants

Leverage Maintenance	
Covenant Net Debt / Covenant EBITDA	Cemig GT
31/Dec/2017 and 30/Jun/2018	5.50x
31/Dec/2018 and 30/Jun/2019	5.00x
31/Dec/2019 and 30/Jun/2020	4.50x
31/Dec/2020 and 30/Jun/2021	3.00x
31/Dec/2021 and s/a thereafter	2.50x

Liens Maintenance	
Total Secured Debt / Covenant EBITDA	Cemig GT
31/Dec/2017 and semi-annually thereafter	1.50x

▪ Incurrence Covenants

Limitation on Incurrence of Indebtedness	
Covenant Net Debt / Covenant EBITDA	Cemig GT
On or Before 31/Dec/2018	5.50x
On or Before 31/Dec/2019	5.00x
On or Before 31/Dec/2020	4.50x
On or Before 31/Dec/2021	3.00x
Thereafter	2.50x
(+) General Basket of US\$100mm or 3% of CNTA	

Limitation on Incurrence of Liens	
Total Secured Debt / Covenant EBITDA	1.50x

Restricted Payments	
% of Net Income from Sept. 30, 2017	Cemig GT
If Cov. Net Debt / Cov. EBITDA > 2.5x	0%
If Cov. Net Debt / Cov. EBITDA ≤ 2.5x	50%
(+) Minimum Legally Required Dividends Carve-Out	
(+) US\$30mm or PF 2.5x Cov. Net Debt / Cov. EBITDA	

Asset Sales
Transaction with Affiliates
Limitation on Sale and Lease-Backs
Limitation on Dividend Restrictions on Restricted Subs
Consolidation, Merger, Conveyance, Sale or Lease
Change of Control Put @ 101%

Additional Provisions

- Penalty Interest for Failure to Comply with any Maintenance Covenant: **+2.0% p.a.** for as long as any Maintenance Covenant is breached
- Penalty Interest for Failure to Implement Bank Debt Refinancing: **+2.0% p.a.** if Bank Debt Refinancing not implemented by Feb. 15, 2018

Covenant Ebitda reconciliation

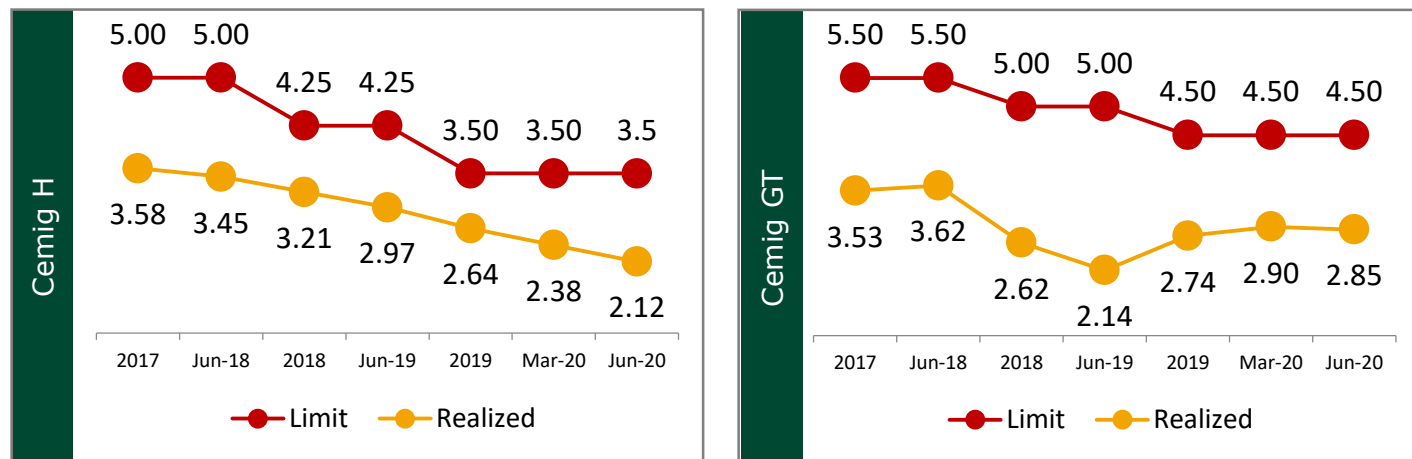
12 months	2Q20	
R\$ mn	GT	H
Consolidated debt	9,564	15,86
Debt contracts with Forluz	246	1,089
Liabilities under any put option	553	553
Consolidated cash and cash equivalents and consolidated securities posted as current assets	-1,361	-3,705
Derivative hedge instrument	-3,281	-3,281
Net debt covenant	5,721	10,52
Ebitda covenant – 12 months	2,005	4,957
Net debt covenant / Ebitda covenant	2.85	2.12
Limit for Net debt covenant / Ebitda covenant	4.50	3.50

Covenant Net Debt reconciliation

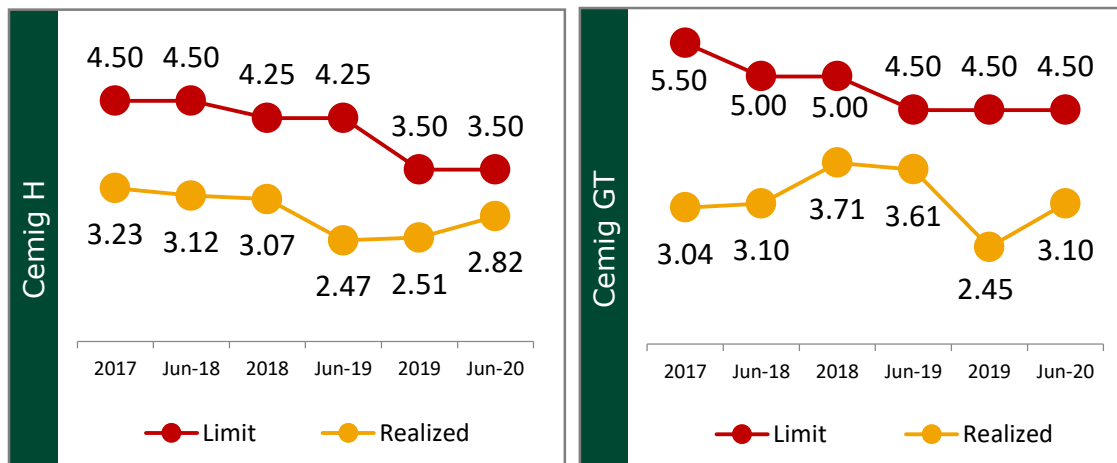
Last 12 months	2Q20	
R\$ mn	GT	H
consolidated Indebtedness; plus	9.564	15.862
Derivative financial instruments	- 3.281	- 3.281
debt contracts with Forluz; plus	246	1.089
(a) the carrying liability of any put option obligation, less	553	553
consolidated cash and cash equivalents and consolidated marketable securities recorded as current assets.	- 1.361	- 3.705
Covenant Net Debt	5.721	10.518
Covenant Net Debt to Covenant EBITDA Ratio	2,85	2,12
Limit Covenant Net Debt to Covenant EBITDA Ratio	4,50	3,50
Total Secured Debt		758
Total Secured Debt to Covenant EBITDA Ratio		0,32

Net debt/Ebitda

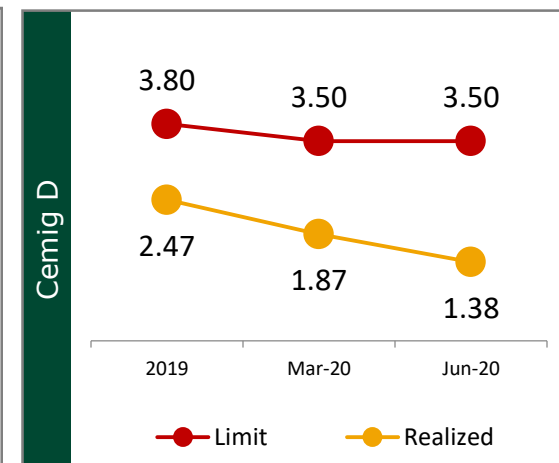
Eurobonds' Covenant - (LTM – Last twelve months)



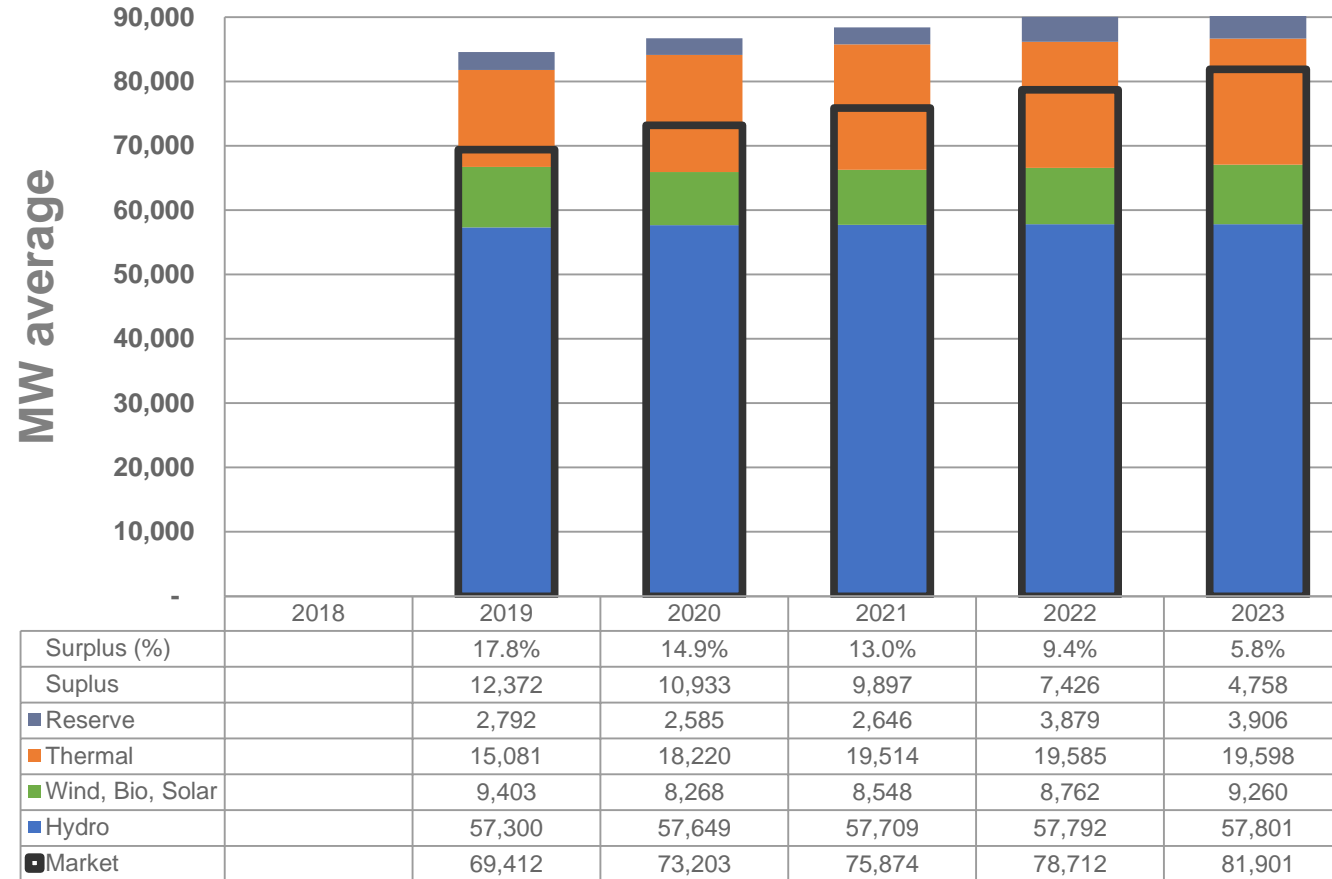
Cemig GT - 7th debenture issue



Cemig D - 7th debenture issue



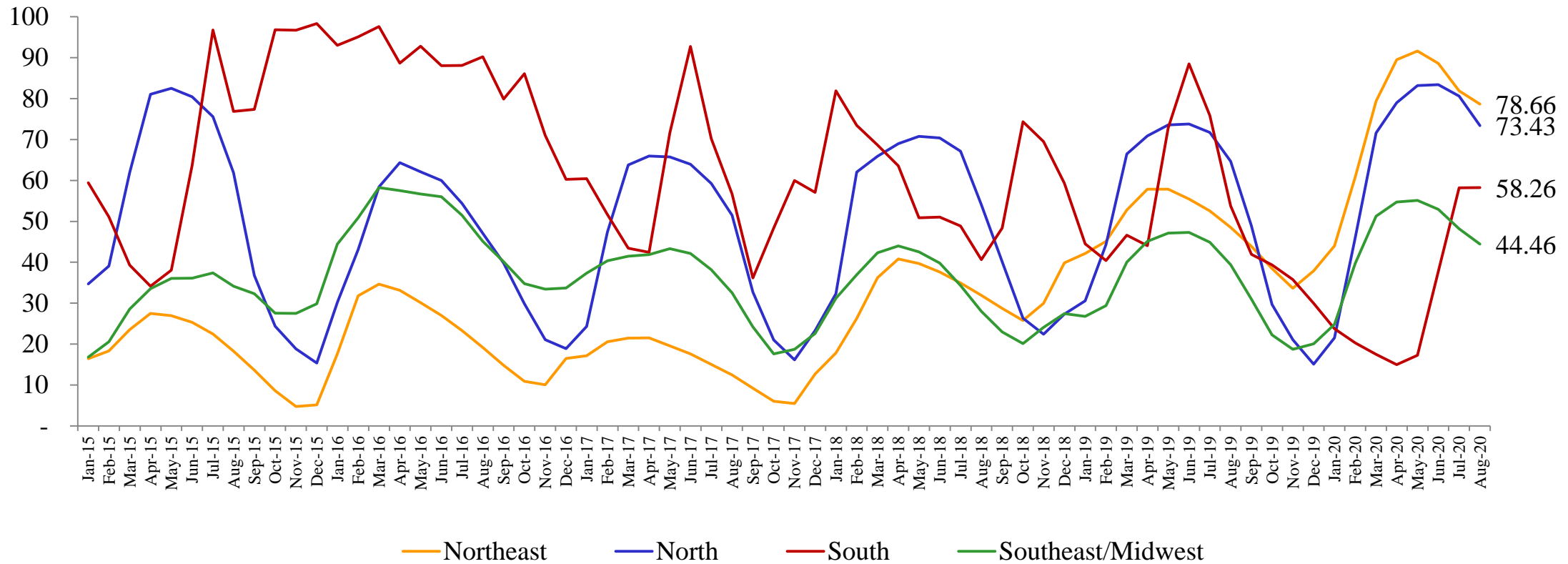
Brazilian National Grid: projections for 2019 – 23



Source: May 2019 monthly operational survey (PMO).

Level of reservoirs (%)

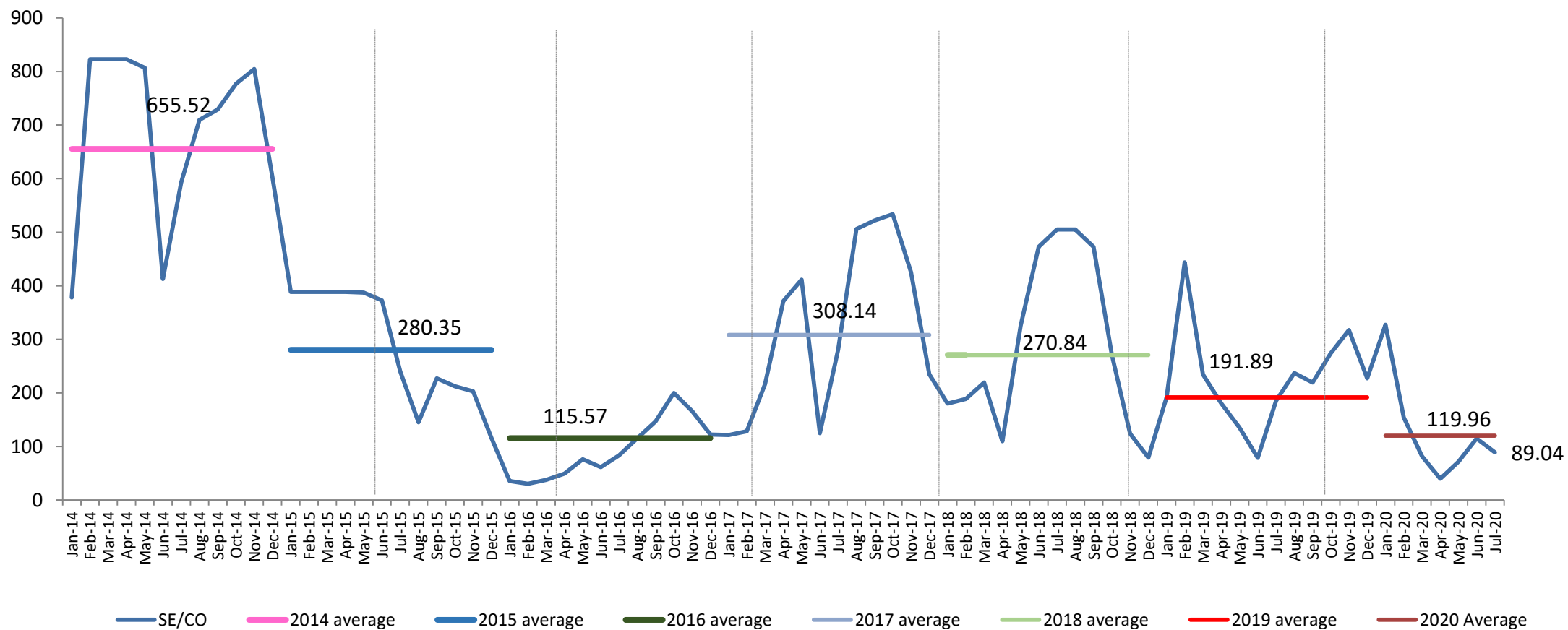
by region (%)*



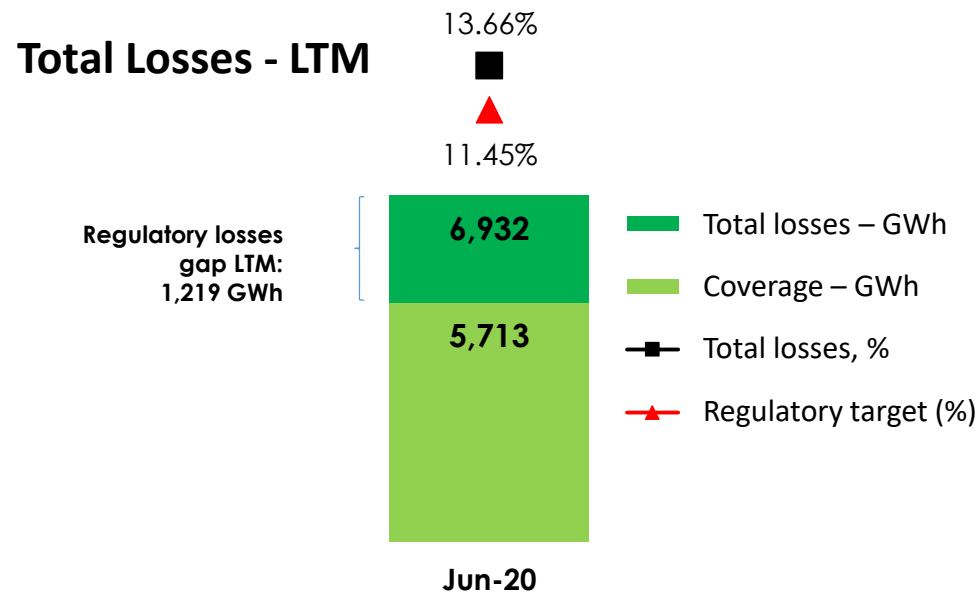
*Source: ONS

Spot price

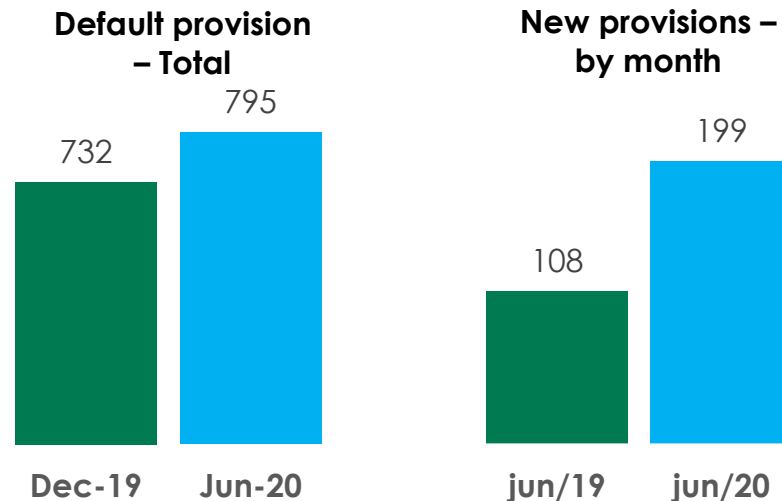
Brazil: eletricity spot price – monthly average (R\$/MWh)



Cemig D – Default and losses



Default



Structural measures for losses and metering

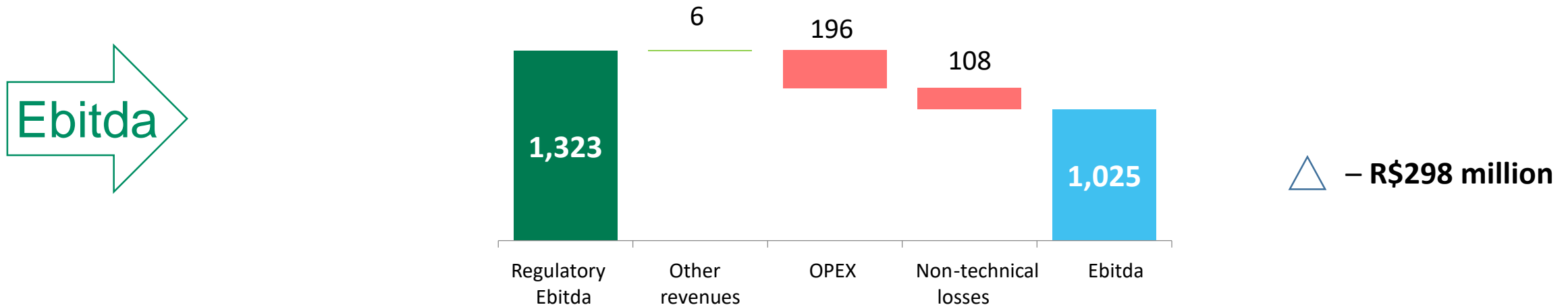
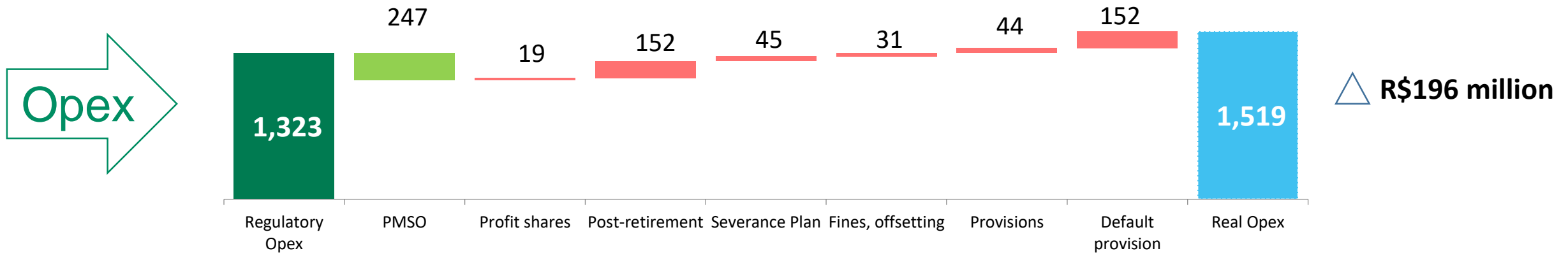
- Installation of telemetering for:
 - 100% of High Voltage and Free Clients (~1,900 consumers).
 - 97.5% of Medium Voltage clients (12,850 consumer units).
 - 20,000 Low Voltage clients – up to July 2020.
- 313,000 inspections** made up to July 2020 (= 100% of 2019).
- Loss target until the end of the year: 956 Gwh

Measures for management of default

- Disconnections:
 - Up to July, 30% of planned total have been executed
 - Disconnections resumed in August
- Renegotiation campaign for: *low-income residential, public hospitals, philanthropic entities, and micro-companies.*
- New law enables debt owed by Minas Gerais state government to be offset against state ICMS tax.
- Target for total default provision by end of 2020: R\$170 million.

Cemig D – 1H20 Regulatory Opex and Ebitda

Opex within regulatory target, after excluding Voluntary severance plan and Default provision

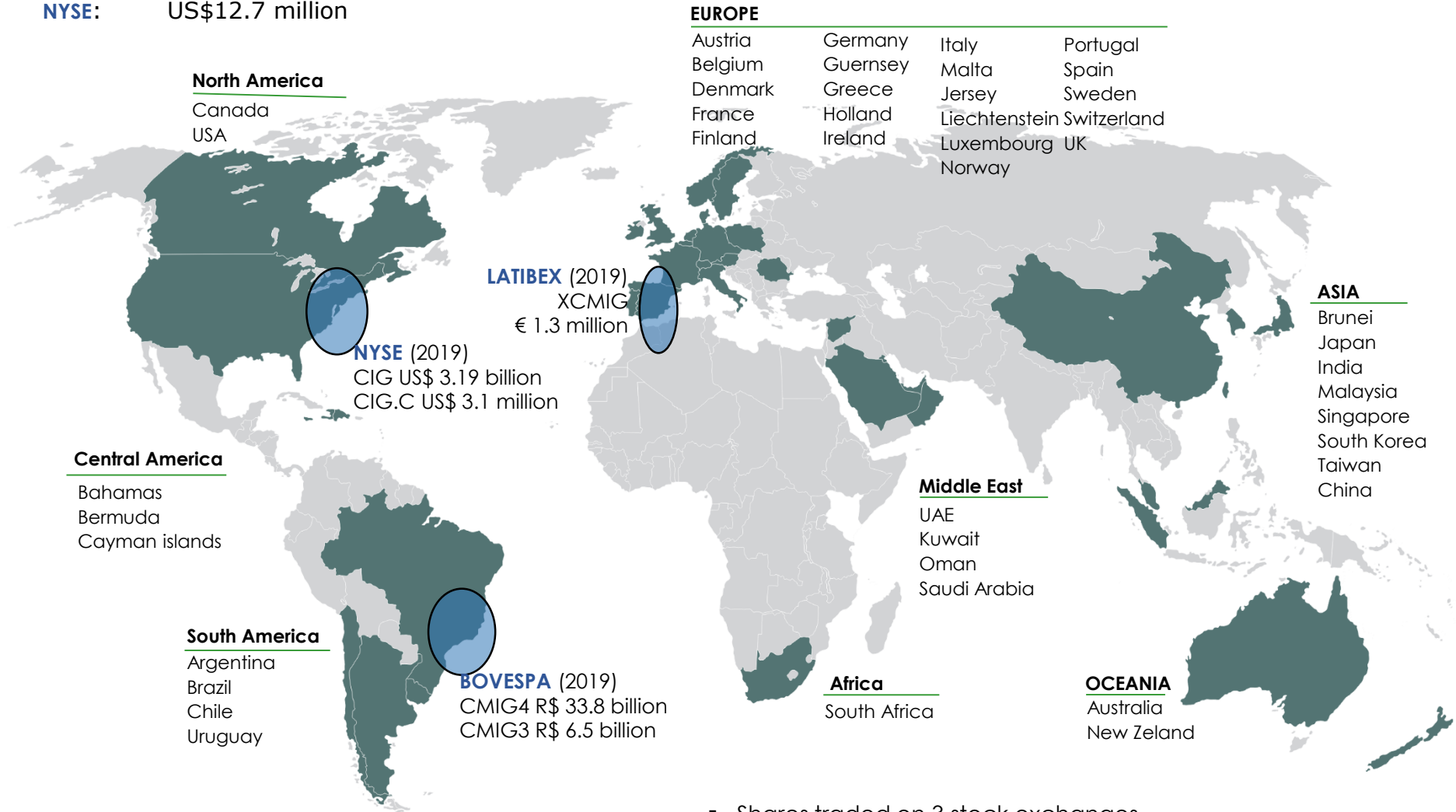


Strong shareholders base assures liquidity

Average daily trading volume in 2019

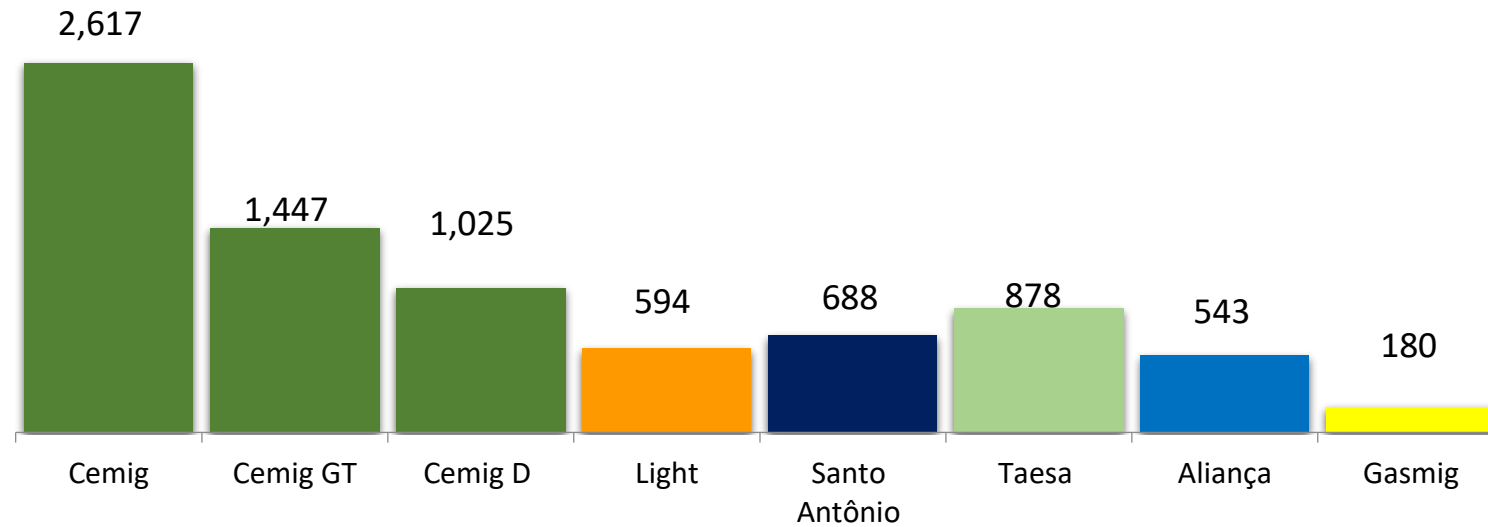
BOVESPA: R\$162.3 million

NYSE: US\$12.7 million



- Shares traded on 3 stock exchanges
- Over 150,000 stockholders in 40 countries

Ebitda by company - 2019



Companies	1H20	% Cemig	Proportional
Cemig	2.617		2.617
Cemig GT	1.447	100,00%	1.447
Cemig D	1.025	100,00%	1.025
Light	594	22,58%	134
Santo Antônio	688	15,51%	107
Taesa	878	21,68%	190
Aliança - 2019	543	45,00%	244
Gasmig	180	99,57%	179

806

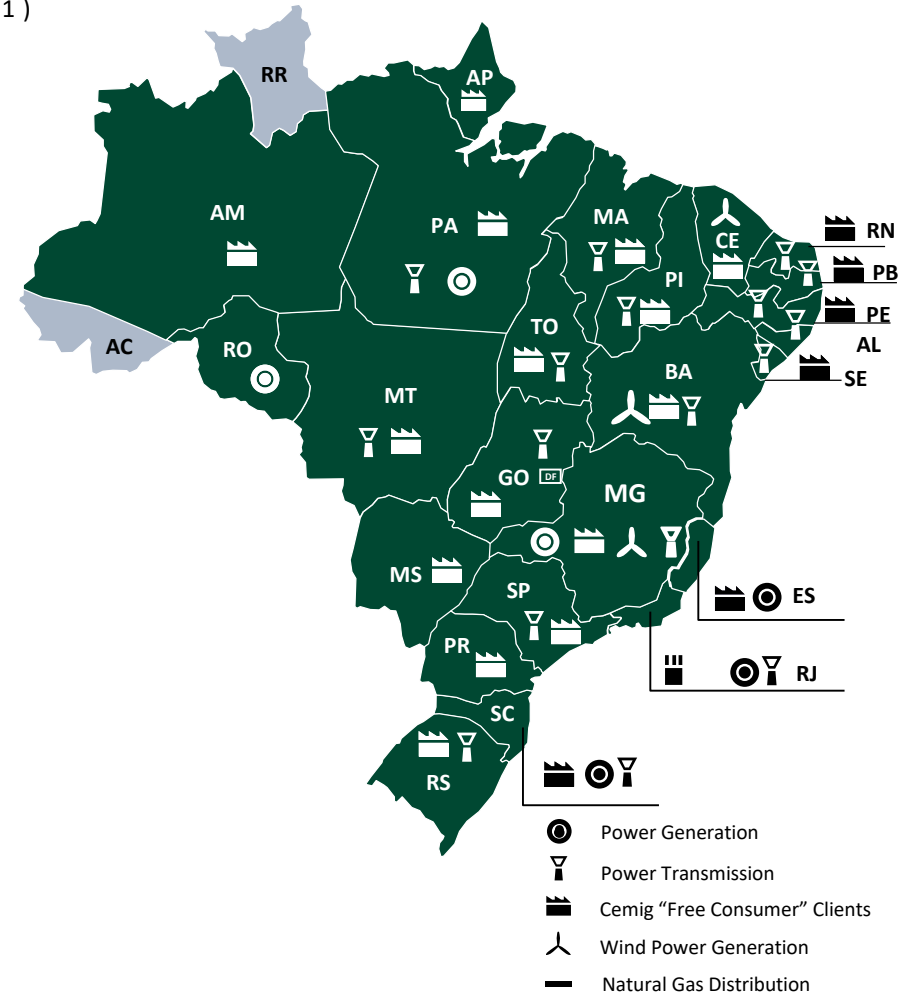
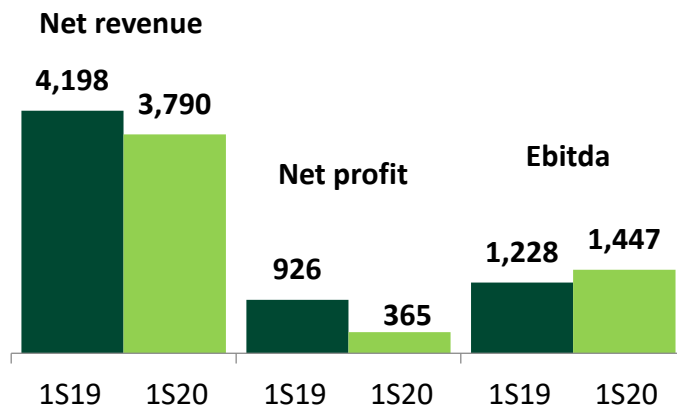
R\$mnn RAP - Annual Permitted Revenues (2020/2021)

4,930

Km in transmission line

2,6
GW

Total installed capacity



8.9

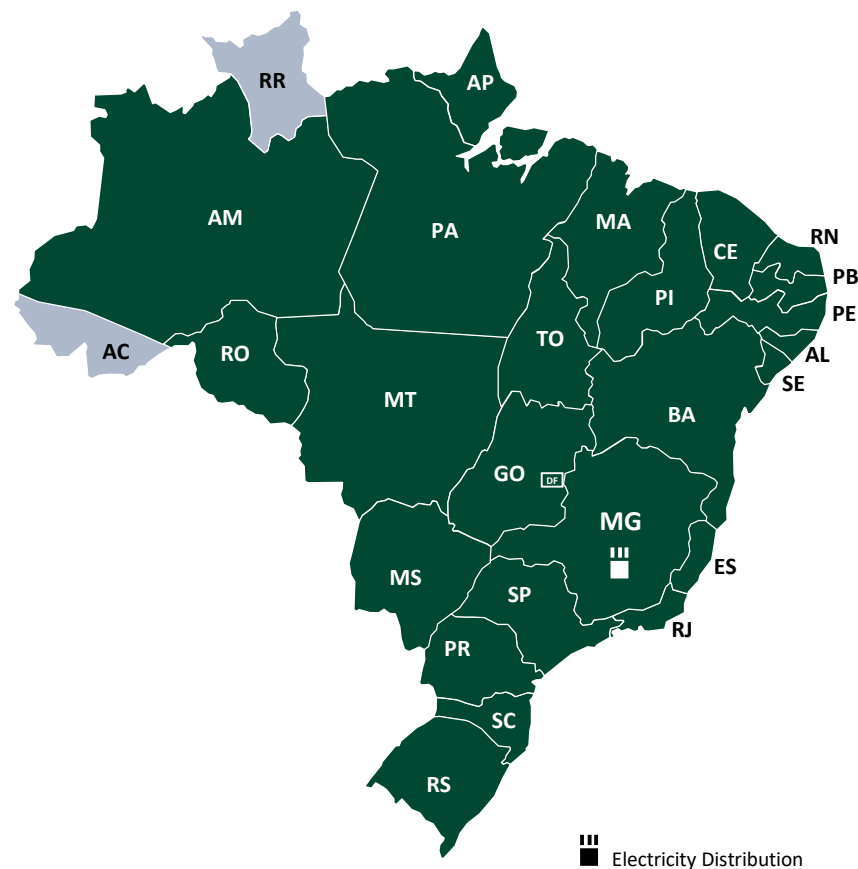
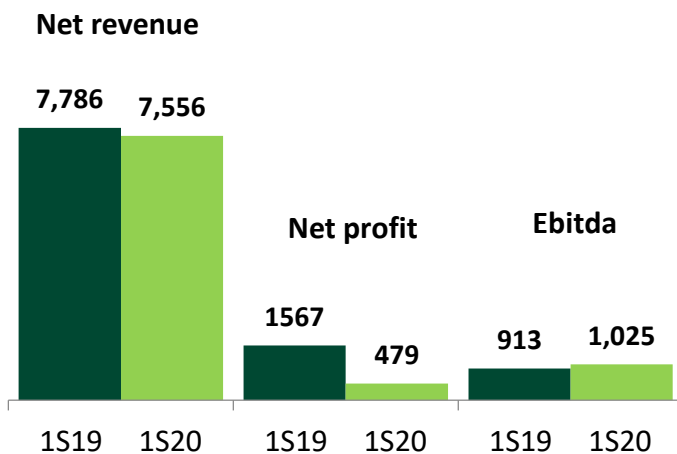
R\$ bn Net RAB - Regulatory Asset Base

539,807

Km in distribution lines

8,6

Number of consumers (million)

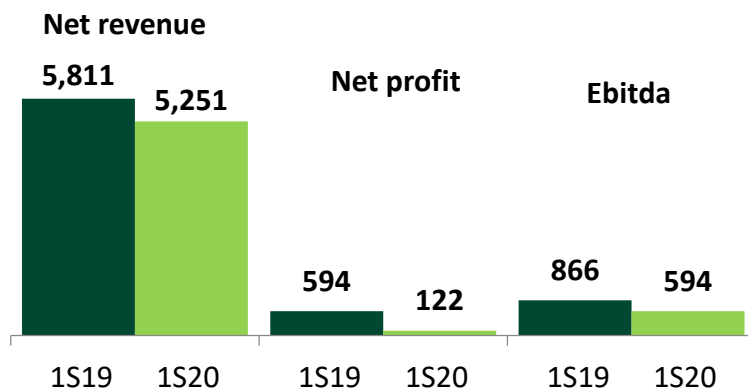


8.5 R\$ bn Net RAB - Regulatory Asset Base

1,024 MW installed capacity

648 MWavg Assured Energy

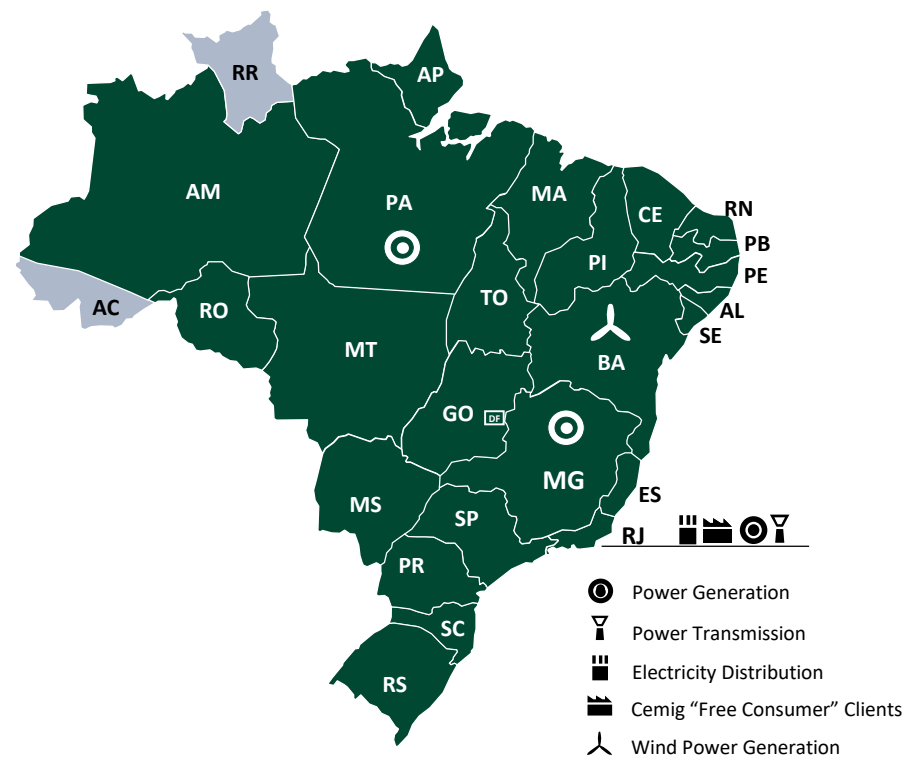
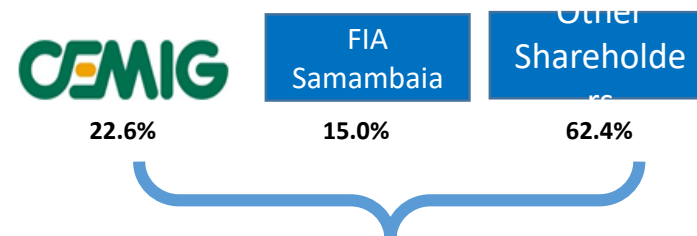
4.3 R\$ bn of market capitalization
May, 28



FitchRatings A+(bra)



STANDARD & POOR'S Baa1.br B1



2.73

R\$ bn RAP - Annual Permitted Revenues (2019/2020)

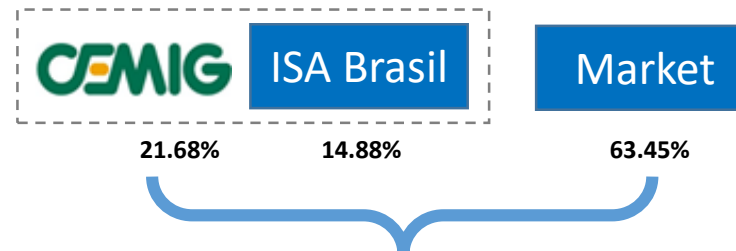
13,579

Km in transmission lines

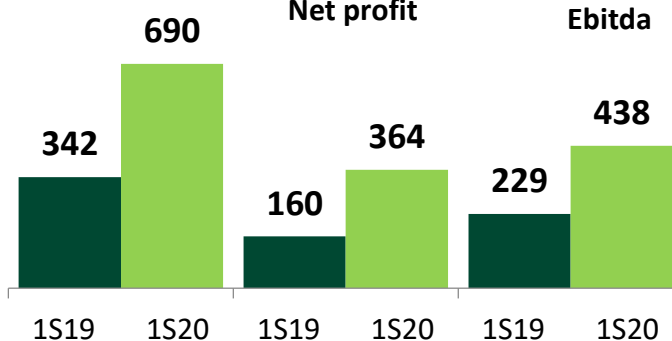
9,8

May, 28

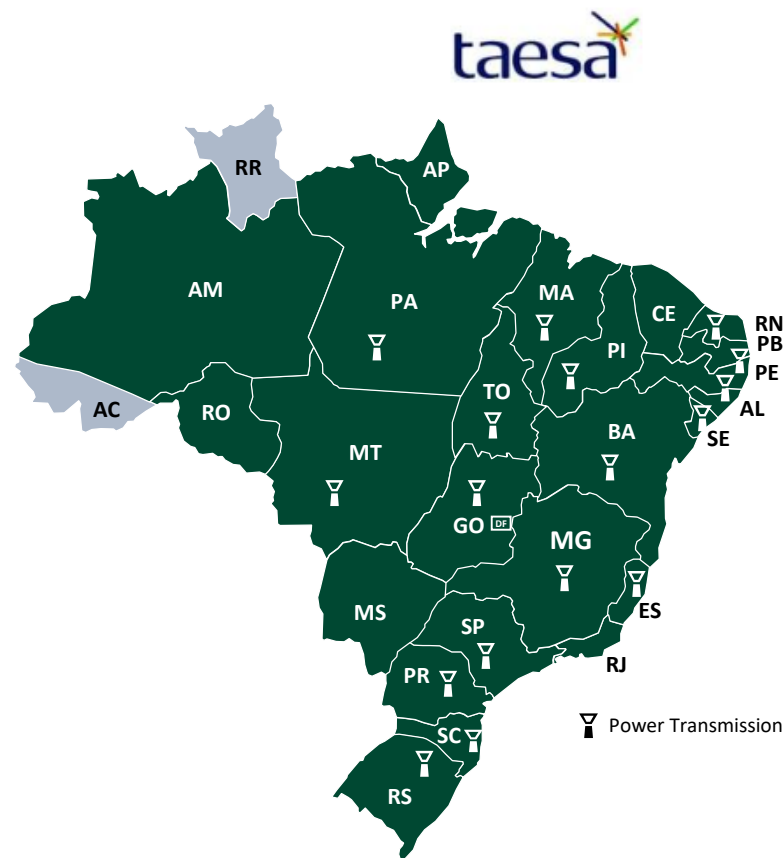
R\$ bn of market capitalization

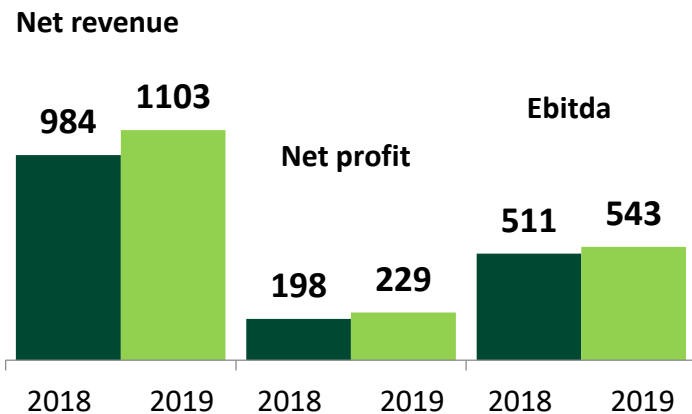
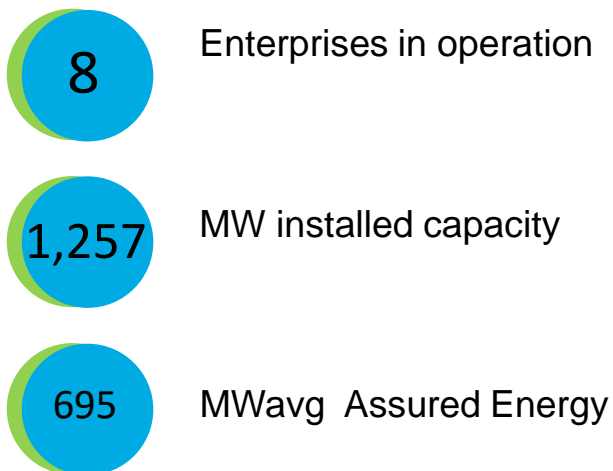


Net revenue

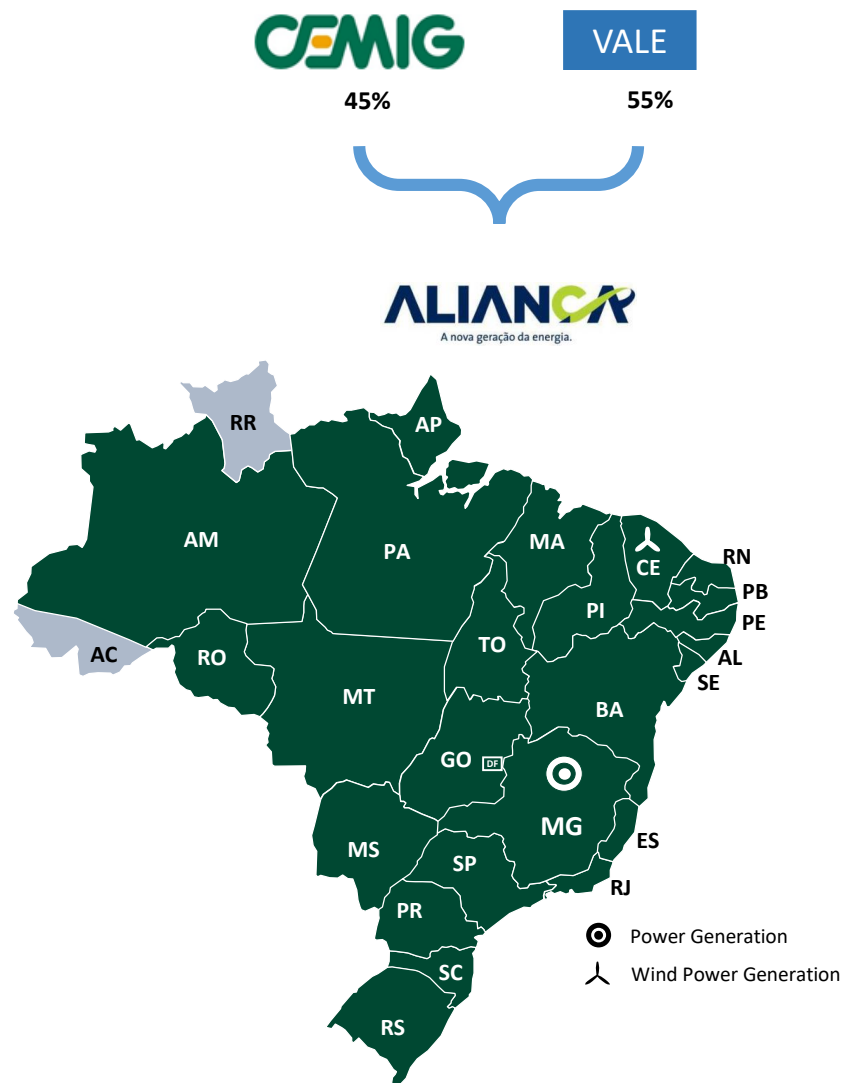


FitchRatings AAA(bra) M Aaa.br STANDARD & POOR'S brAAA

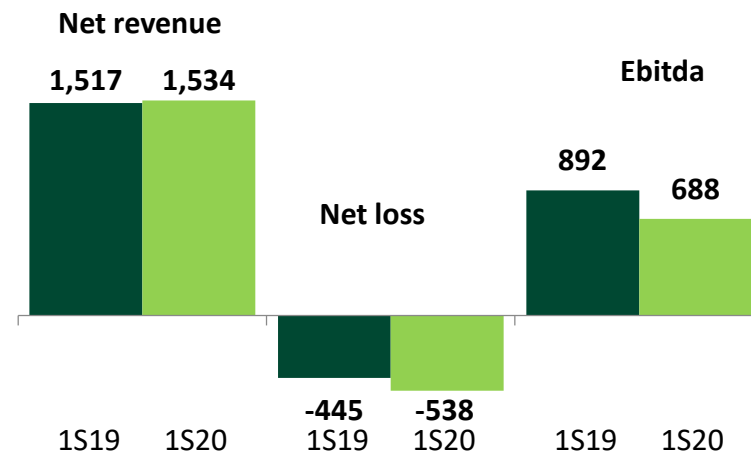
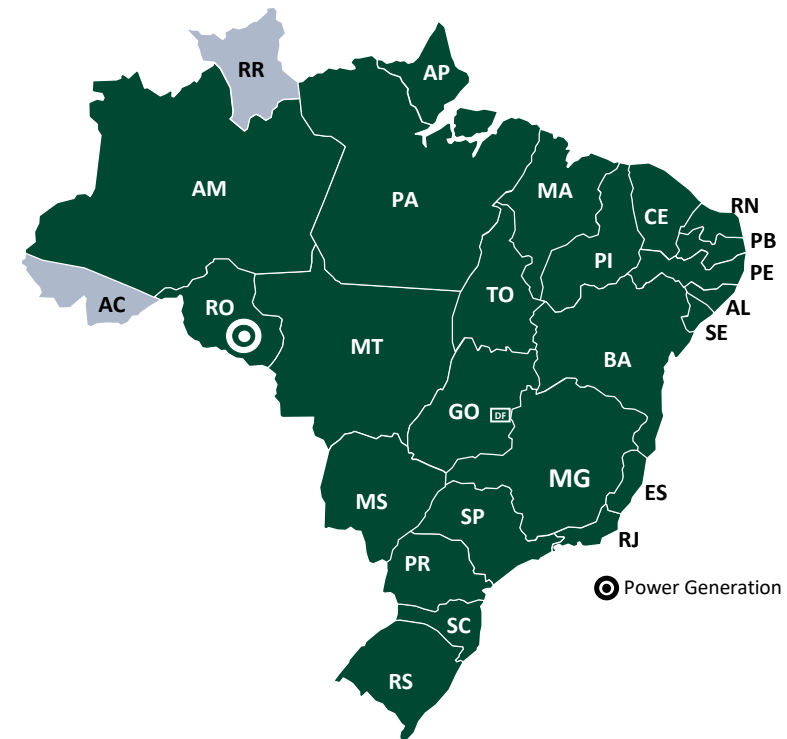
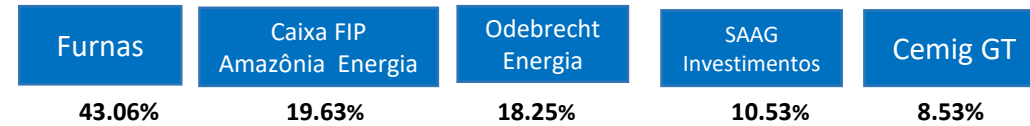


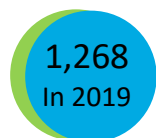


FitchRatings **AAA(bra)**



- 3,568 MW installed capacity
- 2,424 MWavg Assured Energy
- 50 Generator units – bulb turbine
- 20 R\$ billion – Capex

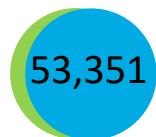




Km pipeline



Billion m³/year



Consumers units

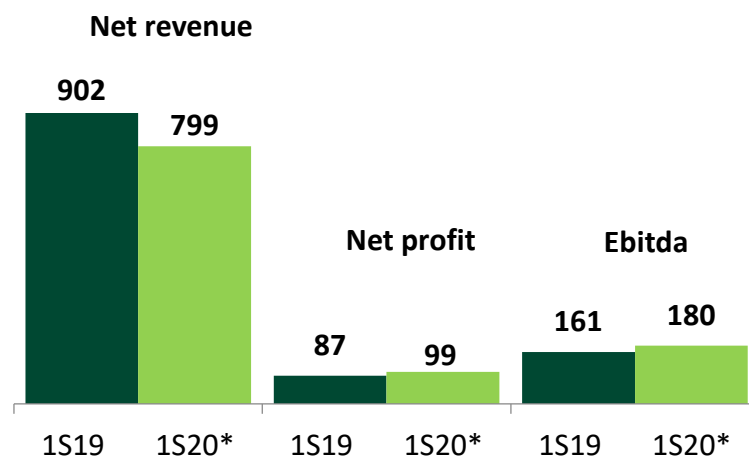
CEMIG

99.57%

Municipality of
Belo Horizonte

0.43%

GA|MIG



*Estimated figures

