



**Results for  
3Q20  
CEMIG**

# 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 analyses from the point of view of our management, in accordance with their experience and other factors such as the macroeconomic environment, market conditions in the electricity sector, and expected 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 Cemig's 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. Due to these and other factors, our 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 staff nor any party related to any of them or their representatives shall have any responsibility for any losses that may arise 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.

# Highlights

## Operational efficiency

For the first time, Opex of Cemig D is below the regulatory limit: R\$ 127 million below the limit in 9M20.

## Reduction in financial leverage

Continuous reduction in financial leverage, reaching 1.55x of consolidated EBITDA adj. in 3Q20.

## Strong cash generation

Consolidated Ebitda up 630%, YoY; Adjusted Ebitda up 24%, at R\$ 1.3 billion

## Ratings

Efficient financial management translates into recognition by leading risk rating agencies

## Energy losses and default


Actions intensified to combat power losses, and default, to comply with regulatory limits

## Dow Jones Sustainability Index


Cemig has now been included in the DJSI World for 21 years, since the index was created in 1999

# Ratings – Focus on credit quality


- **Fitch and Moody's** upgraded Cemig's ratings; **Standard & Poor's** upgraded Outlook to Positive



Investment Grade										Speculative Grade											
AAA	AA+	AA	AA-	A+	++	A-	BBB+	BBB	BBB-	BB+	BB	BB-	B+	B	B-	CCC	CC	F	RD/D		
												Bond									



Investment Grade										Speculative Grade											
AAA	AA+	AA	AA-	A+	++	A-	BBB+	BBB	BBB-	BB+	BB	BB-	B+	B	B-	CCC+	CCC	CCC-	CC	F	D
														Bond							



Investment Grade										Speculative Grade										
AAA	Aa1	Aa2	Aa3	A1	A2	A3	Baa1	Baa2	Baa3	Ba1	Ba2	Ba3	B1	B2	B3	Caa1	Caa2	Caa3	Ca	F

Brazilian scale

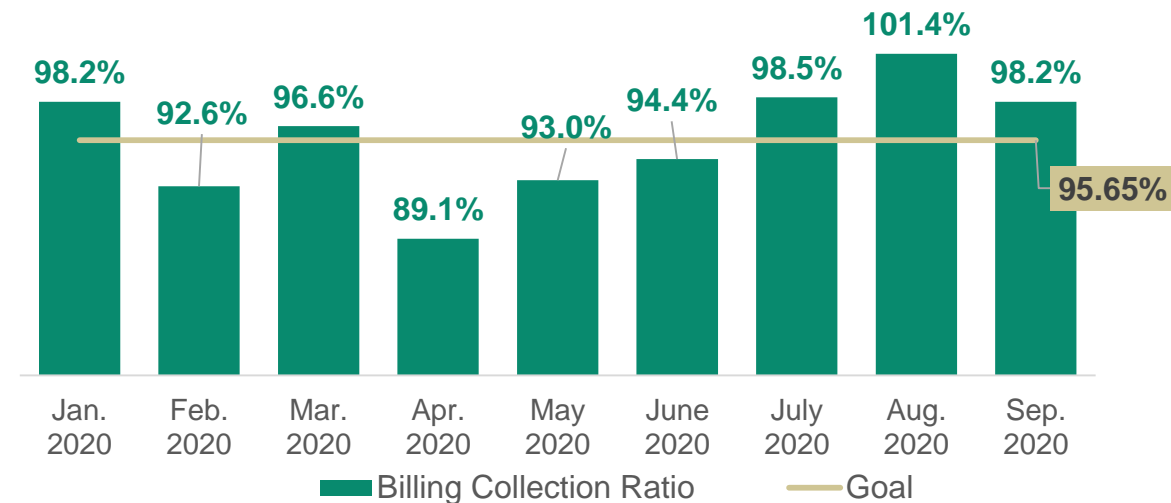
  

Global scale

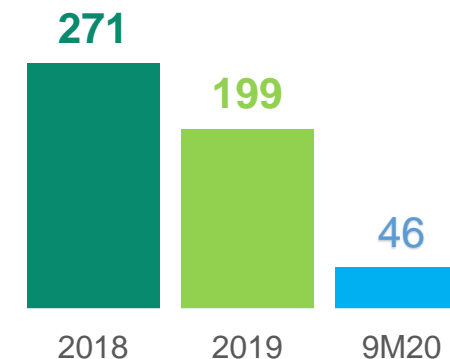
# CEMIG D: Combating default

- Combating default is a major challenge in 2020, due to the pandemic restrictions.  
Disconnections: **237,000** in August through October.
- **R\$ 231 mn reversal** of default provision following renegotiation with Minas Gerais State government.
- Receipt of bills by credit and debit card begins.
- **R\$ 140 million** in settlements with largest defaulters and retail clients.
- Client renegotiation campaign via WhatsApp:
  - **20,385** agreements to pay by installments,
  - **R\$ 27.2 million** in negotiation.

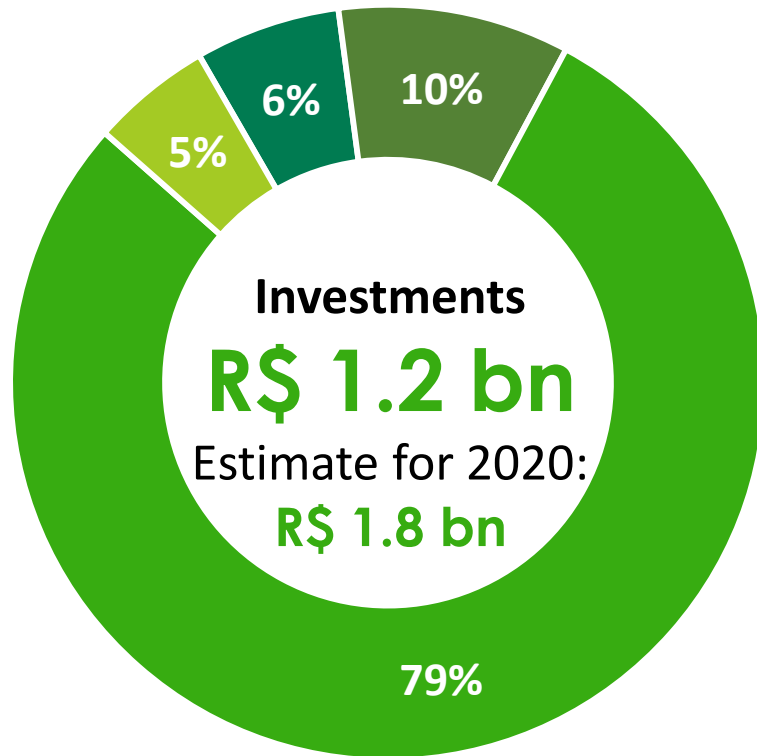
**Billing Collection Ratio**  
(Actual revenue / Billing), %



**Default provision**  
R\$ mn



# Execution of investment program (to Sep. 2020)

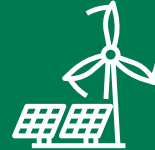


■ Generation

■ Transmission

■ Distribution

■ Capital contributions and acquisitions



## Generation

**R\$ 76 million**

*Expansion and modernization of plants*



## Transmission

**R\$ 121 million**

*Strengthening and upgrading – with increase in RAP*



## Distribution

**R\$ 960 million**

*Investments in maintenance and modernization of the electricity system*



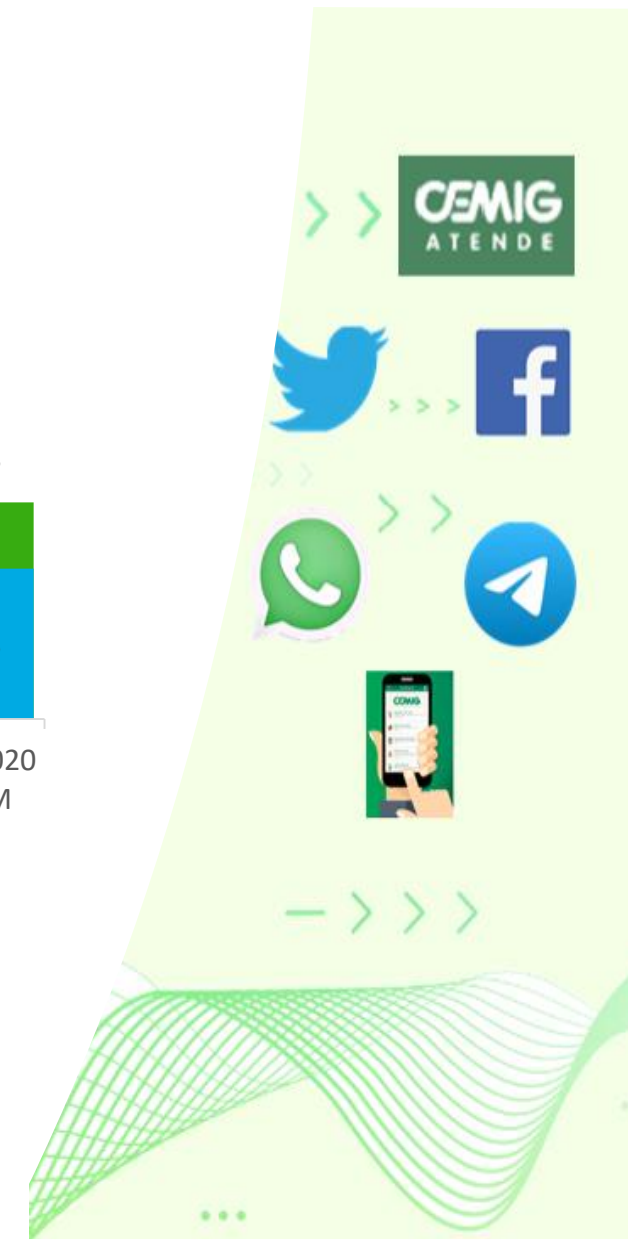
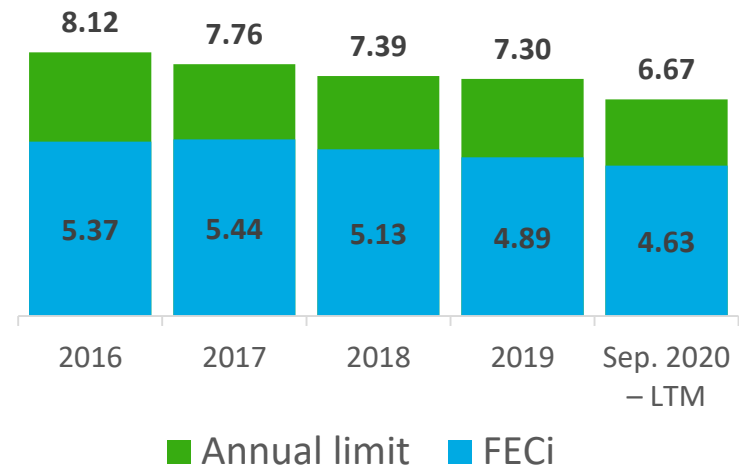
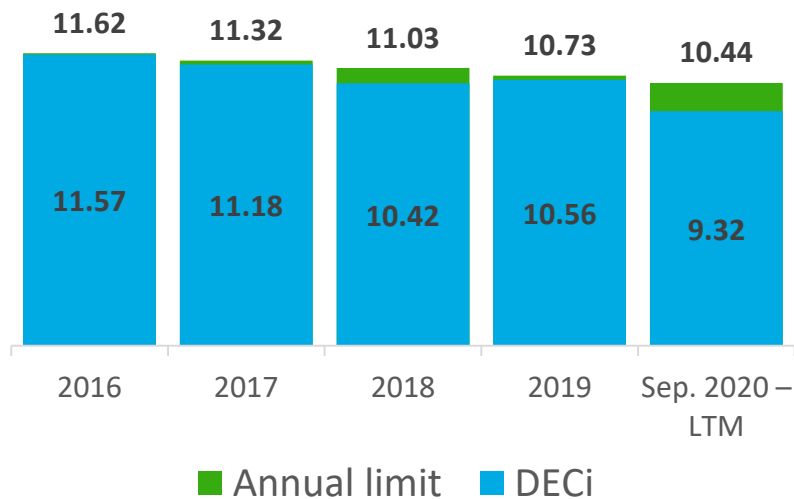
## Capital contributions/acquisitions

**R\$ 63 million**

*Cemig SIM – R\$ 20 mn  
Centroeste – R\$ 43 mn*

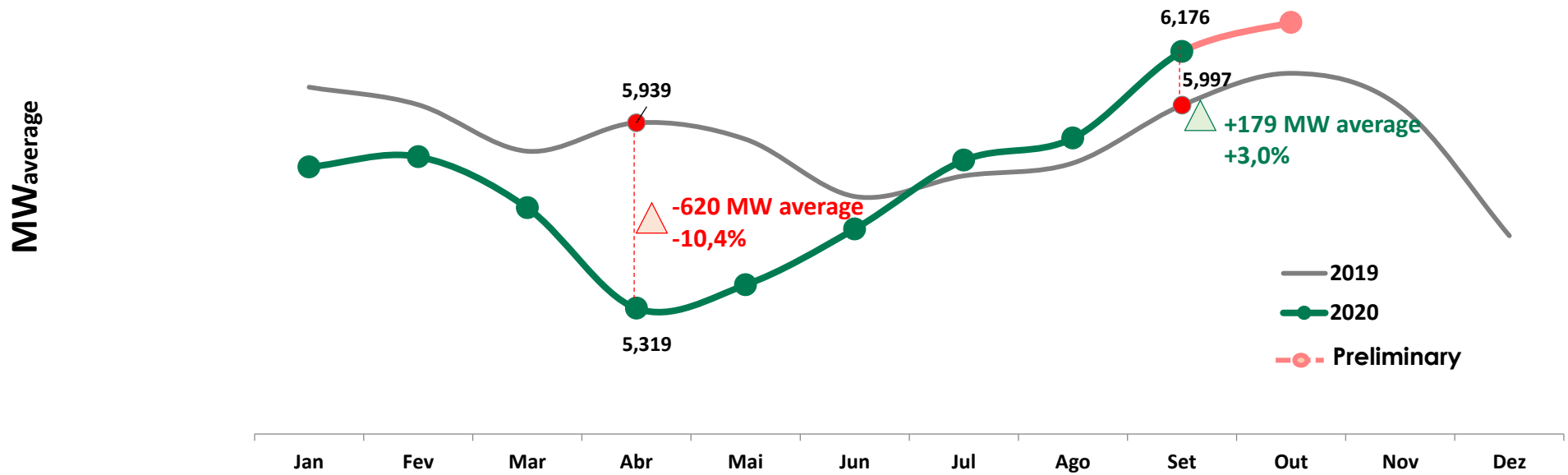
# Cemig D – quality indicators

Improving indicators – evidence of our commitment to service quality

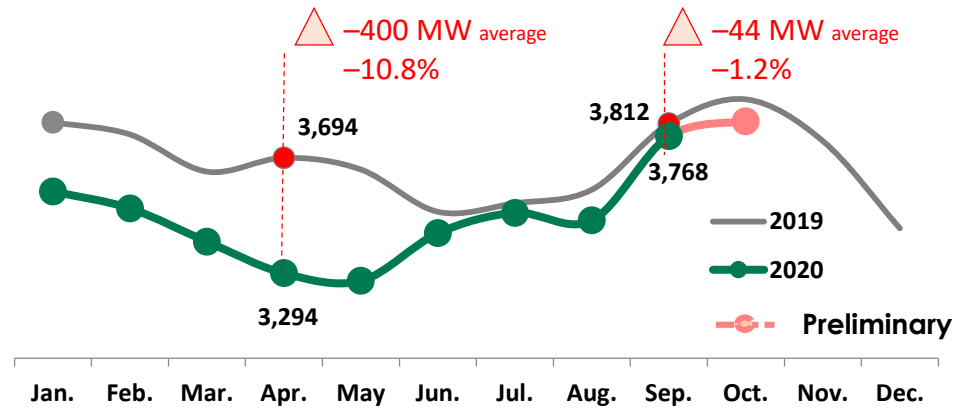


# Cemig D – Distribution: Load figures

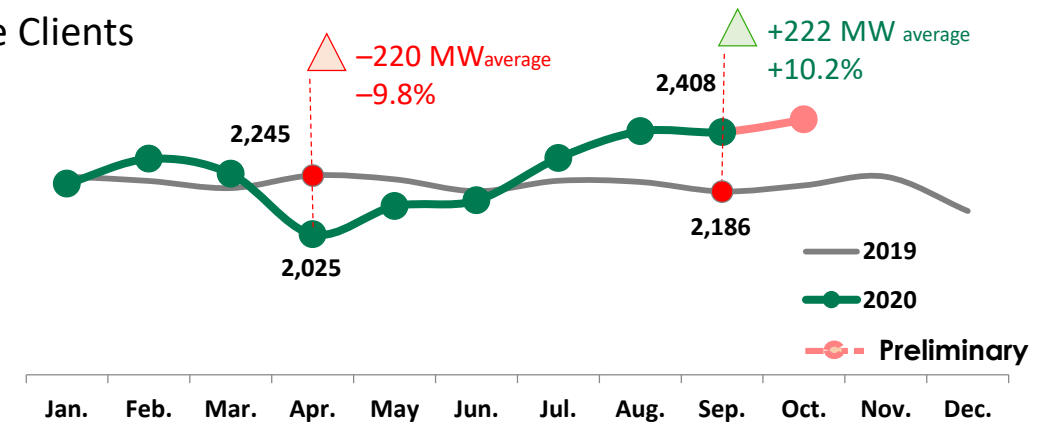
Significant market recovery



Own load



Free Clients

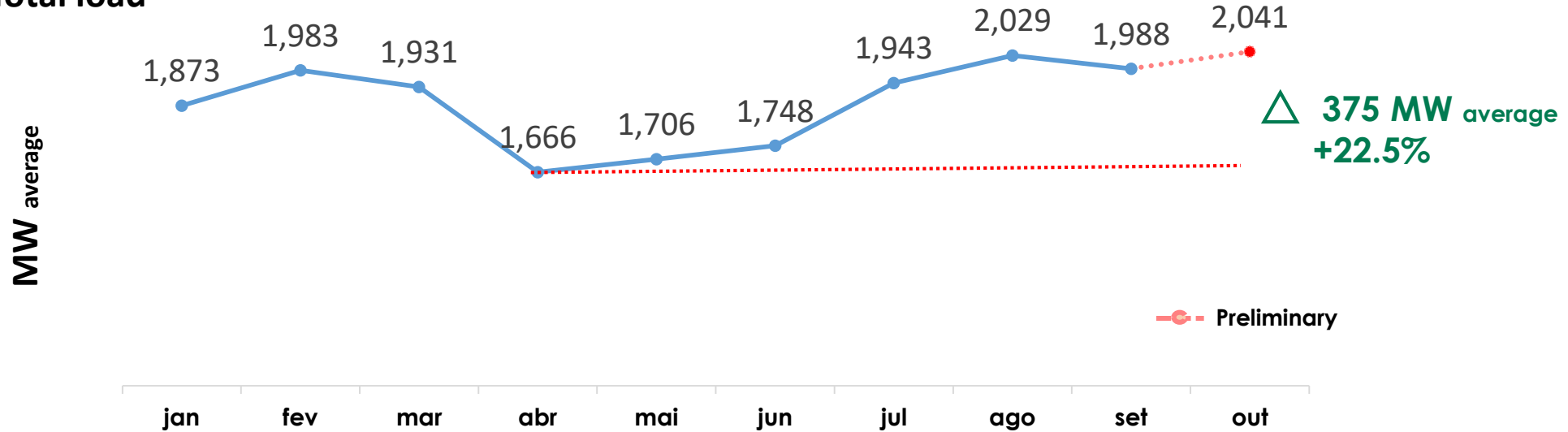




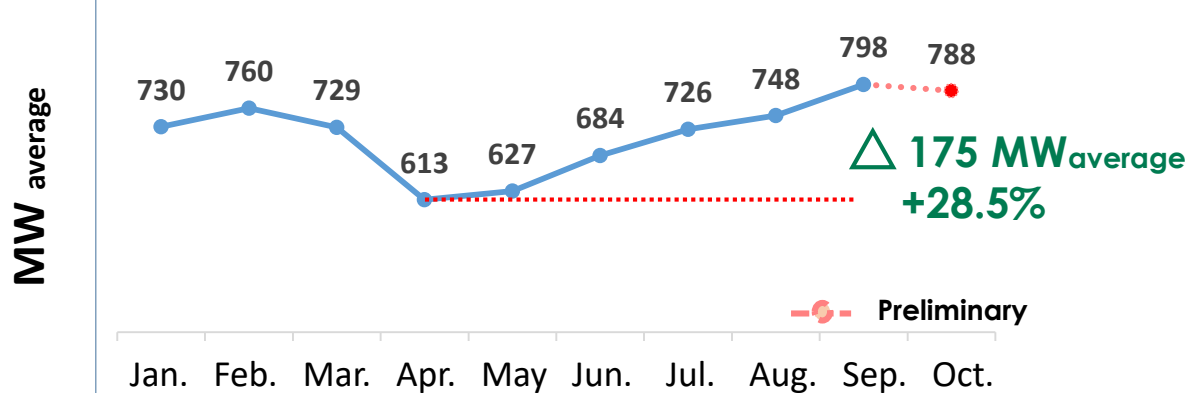
# Cemig GT – Load figures for Free Clients

Significant market recovery

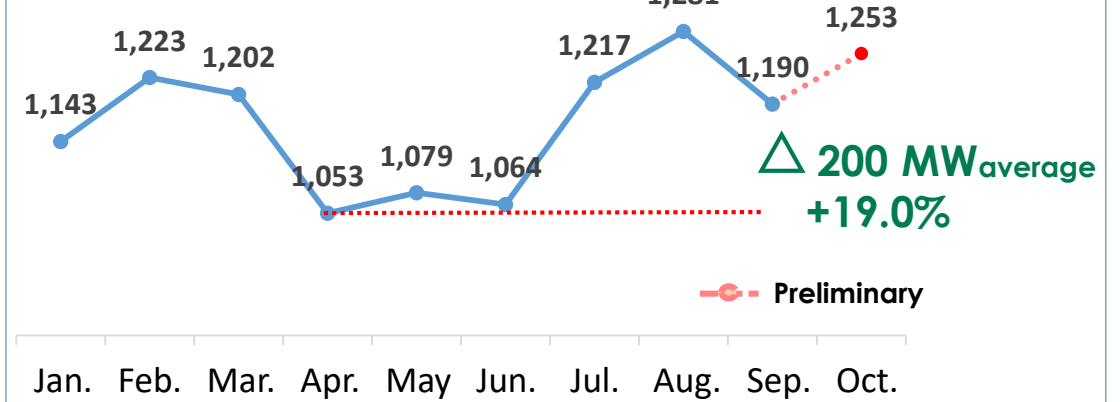
**Total load**



**Load – incentive-bearing**



**Load – conventional**





**3Q20**

**RESULTS AND ANALYSIS**

**CEMIG**

# Main factors in 3Q20 results

## Cemig H

- **Light** revalued at market – reduction of **R\$ 136 million**,  
Impact on profit is **R\$ 90 million**  
(Stock price: R\$ 14.50/share on 9/30/20, and R\$ 22.75/share on 11/13/20)

## Cemig D

- Volume distributed is **1.4%** higher in 3Q20 than in 3Q19
  - Captive market: **3.6%** lower
  - Transport for clients: **7.8%** higher
- Default provision reversed: **R\$ 231 million**  
(R\$ 178 million in the year)

## Cemig GT

- Marking to market of Eurobond:
  - Negative effect of **R\$ 12 mn** in 3Q19
  - Negative effect of **R\$ 244 mn** in 3Q20

## Marking to market of Eurobond and hedge instruments:

Temporary impact on Financial expenses on pressure from the exchange rate, reflecting uncertainties of domestic and international context

Item	Sep. 2020	Jun. 2020	Change
Hedge – Swap (interest)	1,678	1,698	-20
Hedge – Call spread (principal)	1,607	1,584	23
<b>Balance of hedge – MtM</b>	<b>3,285</b>	<b>3,282</b>	<b>3</b>
Debt (principal)	8,461	8,214	247
<b>Impact on 3Q20 Financial income (expenses)</b>			<b>-244</b>

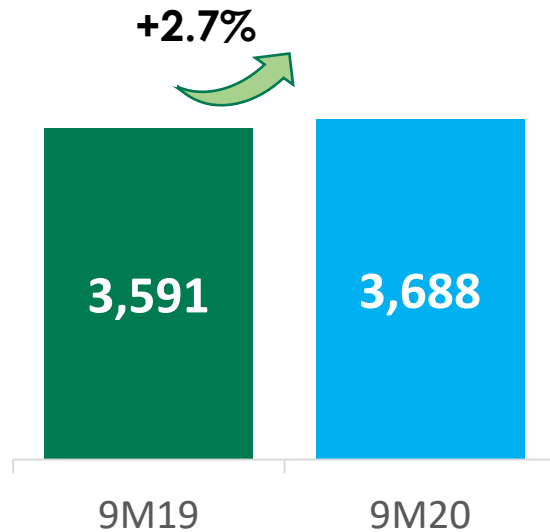
### Hedges contracted for protection of debt denominated in foreign currency

- Full swap for interest: set at 142% of CDI rate (average for main issue and retap)
- Call spread for principal: protection for range US\$= **R\$ 3.45** to **R\$ 5.00**

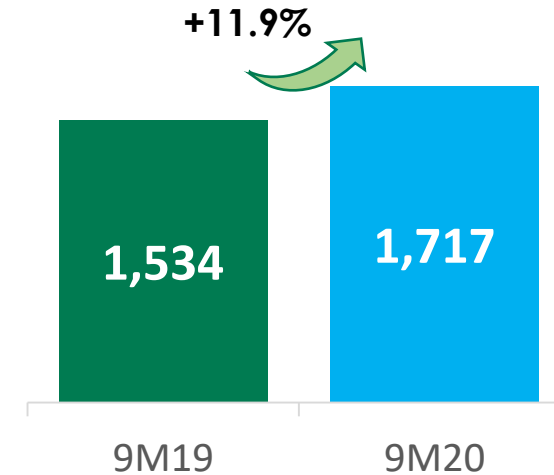


# 9M20 consolidated Ebitda and Net Profit

## Adjusted Ebitda



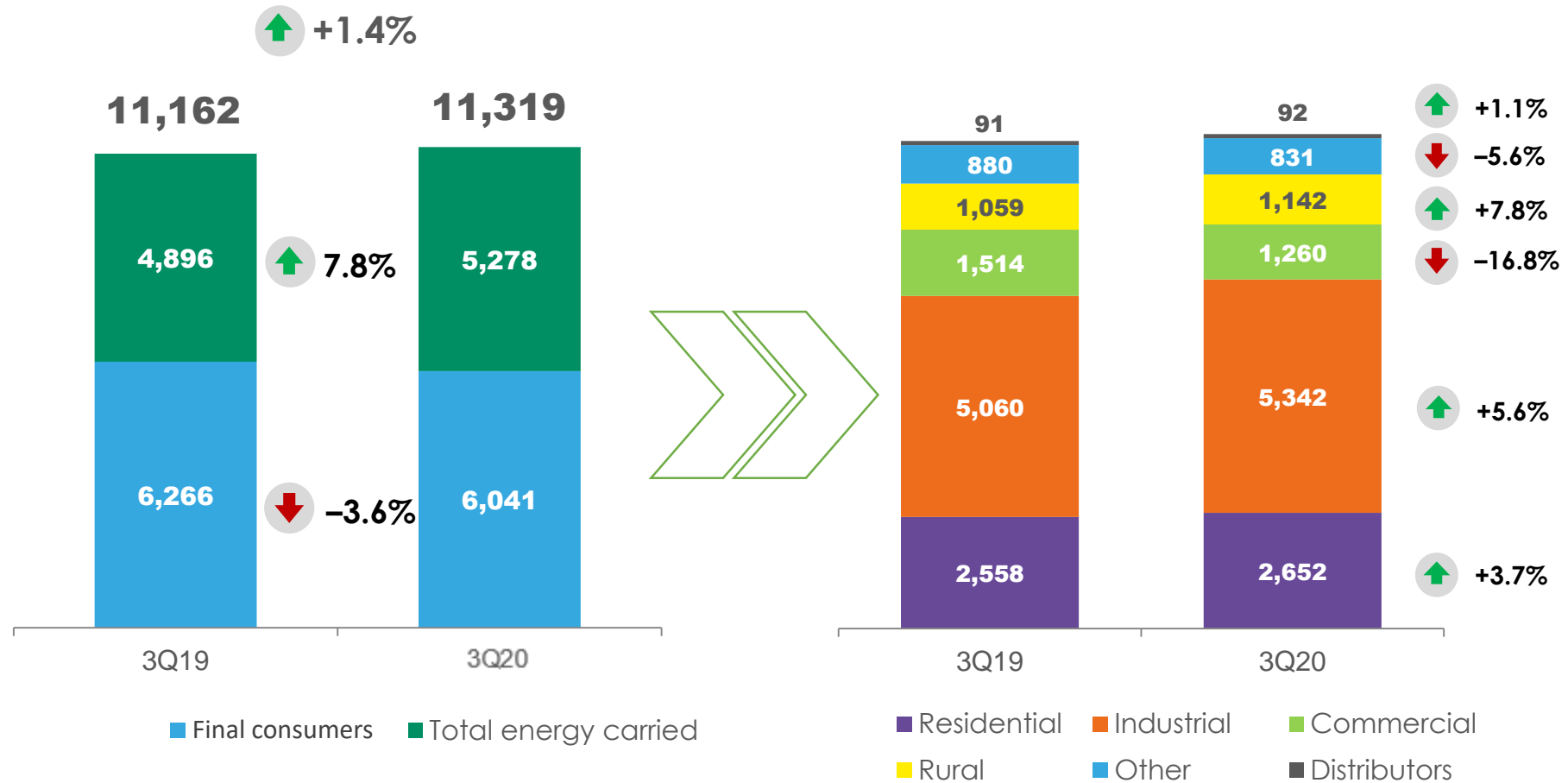
## Adjusted Net Profit



	Ebitda		Profit	
	9M20	9M19	9M20	9M19
<b>IFRS</b>	<b>4.041</b>	<b>3.468</b>	<b>1.533</b>	<b>2.630</b>
Profit/loss from discontinued operations – Light	-	-309	-	-224
Credits of PIS, Pasep and Cofins tax on ICMS	-	-1.439	-	-1.984
FX exposure – Eurobond	-	-	403	-438
Provision for receivables – Renova	37	688	37	688
Remeasurement – Light	270	-	178	-
Fair value revaluation – Centroeste	-52	-	-34	-
Tariff review of transmission company	-430	-	-283	-
Reversal of provision: Minas Gerais State	-178	-	-117	-
Tax provisions – INSS tax on profit shares	-	1.183	-	862
<b>Adjusted</b>	<b>3.688</b>	<b>3.591</b>	<b>1.717</b>	<b>1.534</b>

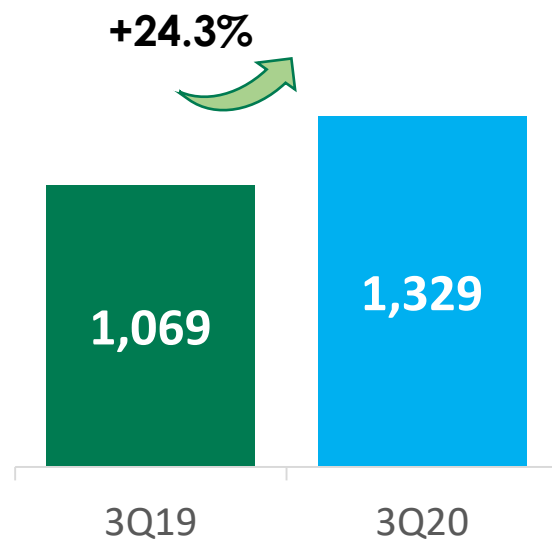
# Cemig GT's market, 3Q20 – GWh

## Billed market + Transport

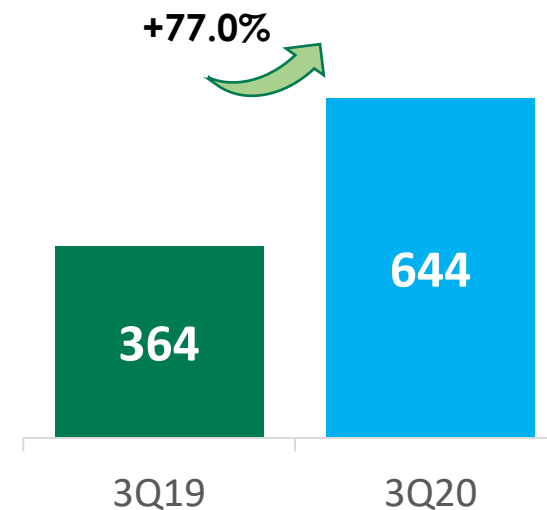


# 3Q20 Consolidated Ebitda and Net Profit

## Adjusted Ebitda



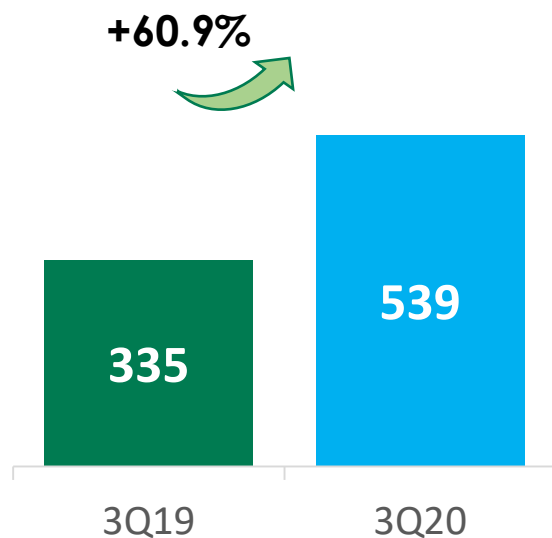
## Adjusted Net Profit



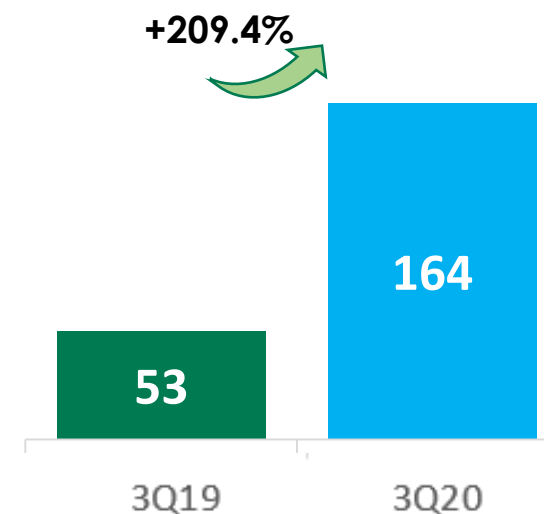
	Ebitda		Profit	
	3Q20	3Q19	3Q20	3Q19
<b>IFRS</b>	<b>1,424</b>	<b>195</b>	<b>545</b>	<b>-282</b>
Profit/loss from discontinued operations	-	-309	-	-224
FX exposure – Eurobond	-	-	161	8
Remeasurement – Light	136	-	90	-
Reversal of provision: Minas Gerais State	-231	-	-152	-
Tax provisions – INSS tax on profit shares	-	1,183	-	862
<b>Adjusted</b>	<b>1,329</b>	<b>1,069</b>	<b>644</b>	<b>364</b>

# Cemig GT: 3Q20 Ebitda and Net Profit

## Adjusted Ebitda



## Adjusted Net Profit

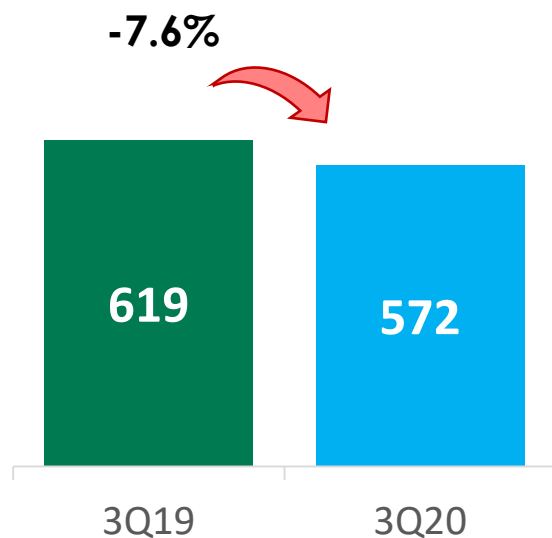


	Ebitda		Profit	
	3Q20	3Q19	3Q20	3Q19
<b>IFRS</b>	<b>539</b>	<b>76</b>	<b>3</b>	<b>-134</b>
Tax provisions – INSS tax on profit shares	-	259	-	179
FX exposure – Eurobond	-	-	161	8
<b>Adjusted</b>	<b>539</b>	<b>335</b>	<b>164</b>	<b>53</b>

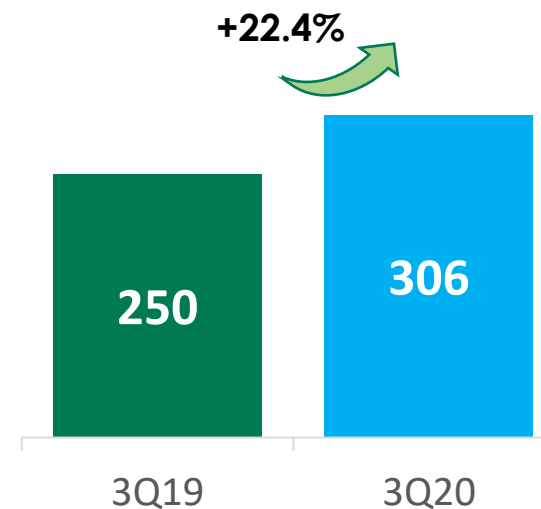


# Cemig D: 3Q20 Ebitda and net profit

## Adjusted Ebitda



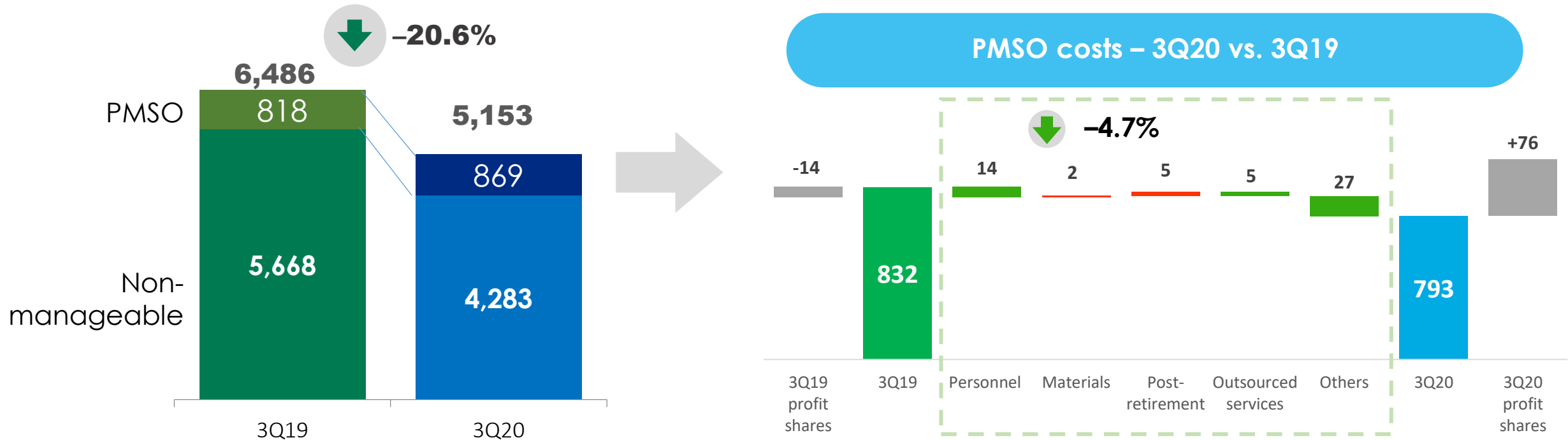
## Adjusted Net Profit



	Ebitda		Profit	
	3Q20	3Q19	3Q20	3Q19
<b>IFRS</b>	<b>803</b>	<b>-145</b>	<b>458</b>	<b>-316</b>
Reversal of provision: Minas Gerais State	-231	-	-152	-
Tax provisions – INSS tax on profit shares	-	764	-	566
<b>Ajdusted</b>	<b>572</b>	<b>619</b>	<b>306</b>	<b>250</b>

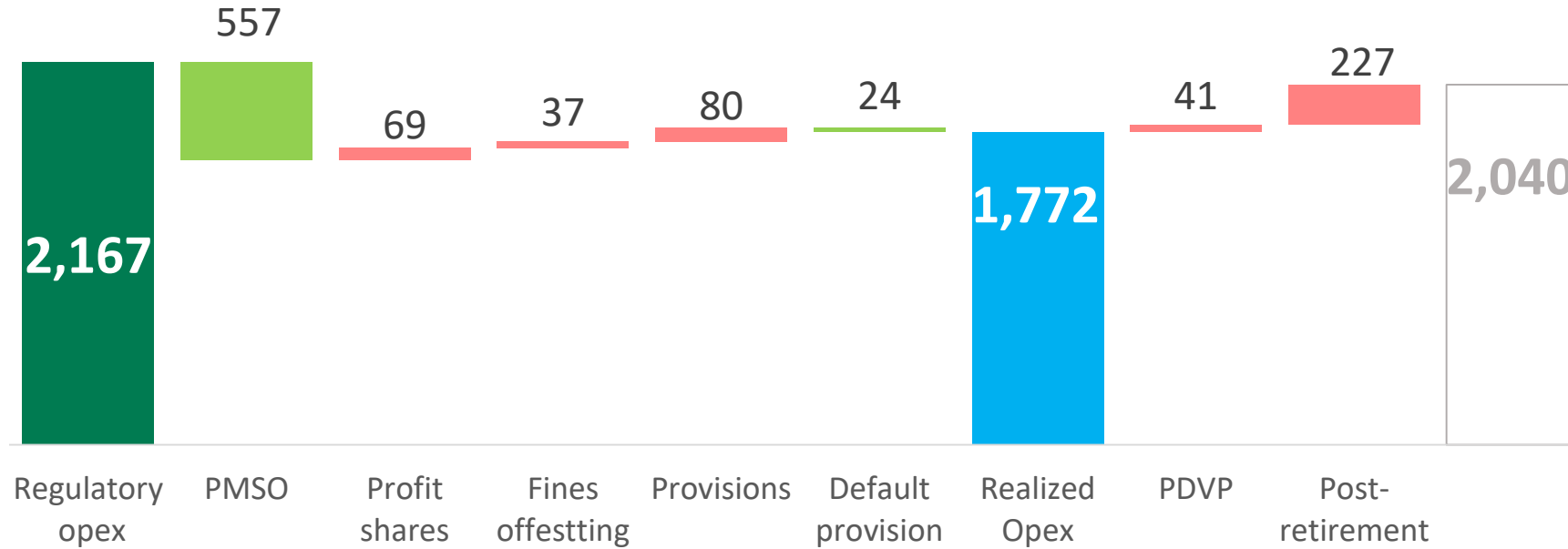
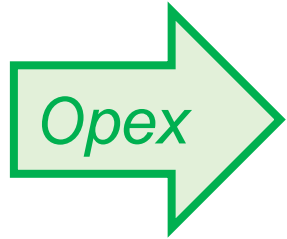
# 3Q20: Consolidated operational costs and expenses

Programs implemented reduced costs without compromising service quality

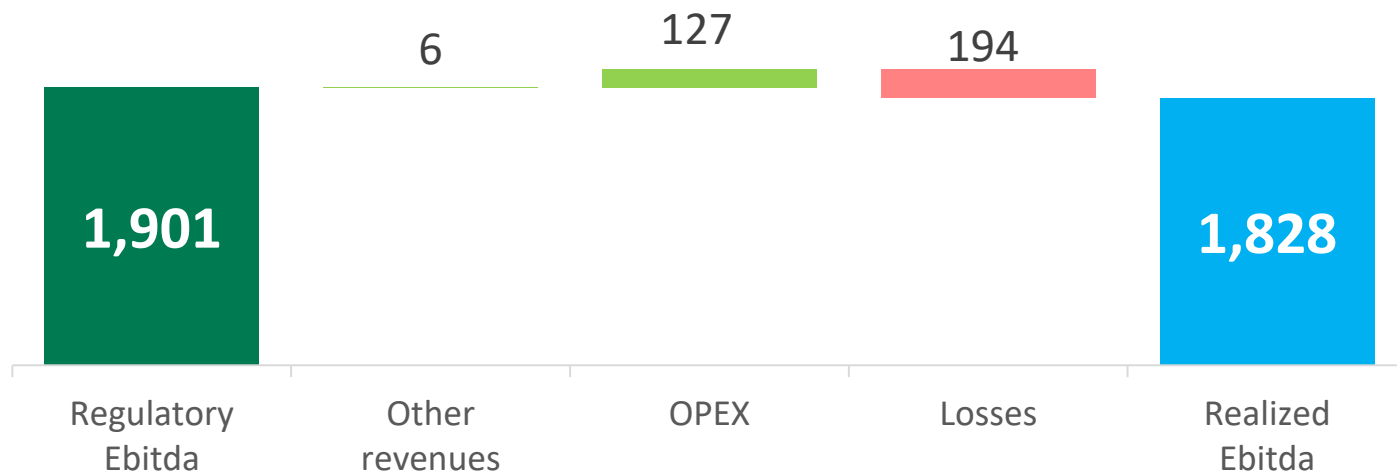
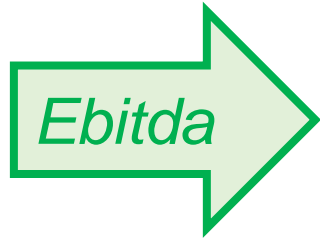


- 9M profit shares 32% lower: **R\$ 160 mn** in 9M19, **R\$ 109 mn** in 9M20
- Provision of **R\$ 102 mn reversed** in 3Q20 – vs. provision of **R\$ 1,297 mn made** in 3Q19
  - 2020: Negotiation with Minas Gerais State: reversal of **R\$ 231 mn** provision for default, July 2020 (Law 23.510/2019)
  - 2019: Tax contingency provisions (INSS profit sharing case) with effect of **R\$ 1,182 mn**

# Cemig D: 9M20 Regulatory Opex and Ebitda



Opex within regulatory target  
 ▲ R\$127 million



▲ R\$ 73 million

Ebitda: Realized/Regulatory

2018	2019
78.3%	86.6%

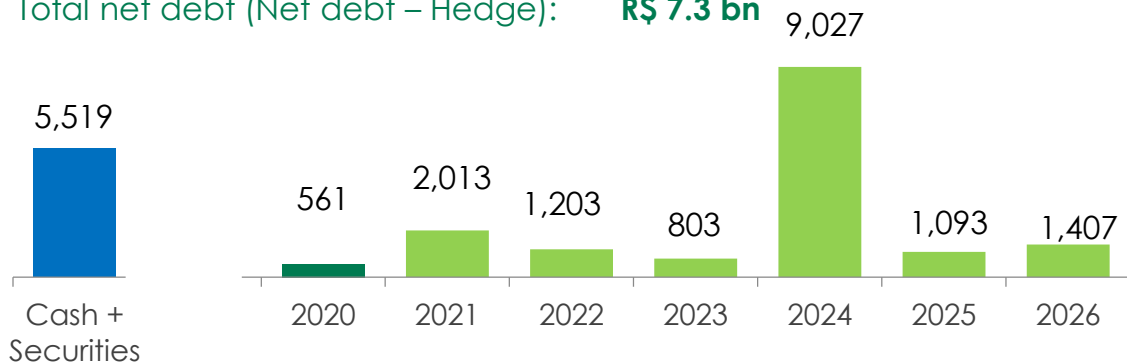
# Debt profile – consolidated

Effective strategy reduced costs and leverage

## Maturities timetable – Average tenor: 3.9 years

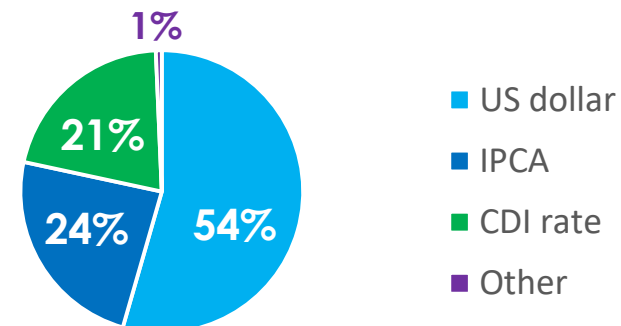
Net debt (Debt – Cash and Securities): **R\$ 10.6 bn**

Total net debt (Net debt – Hedge): **R\$ 7.3 bn**



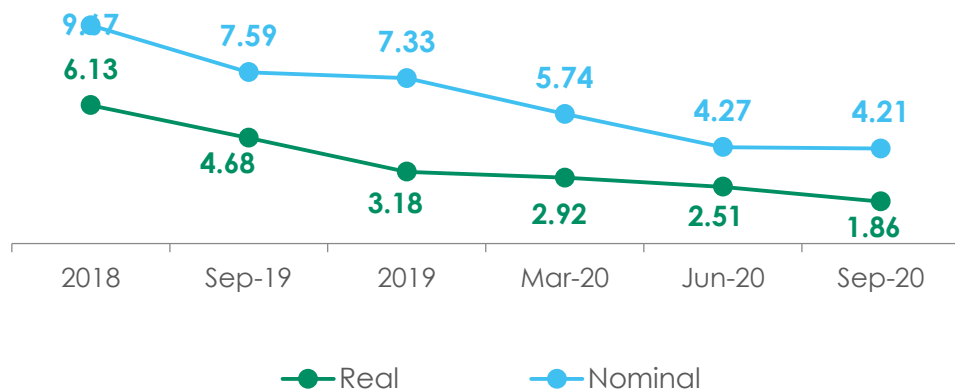
■ **R\$ 294 million** amortized in 3Q20

## Main indexors

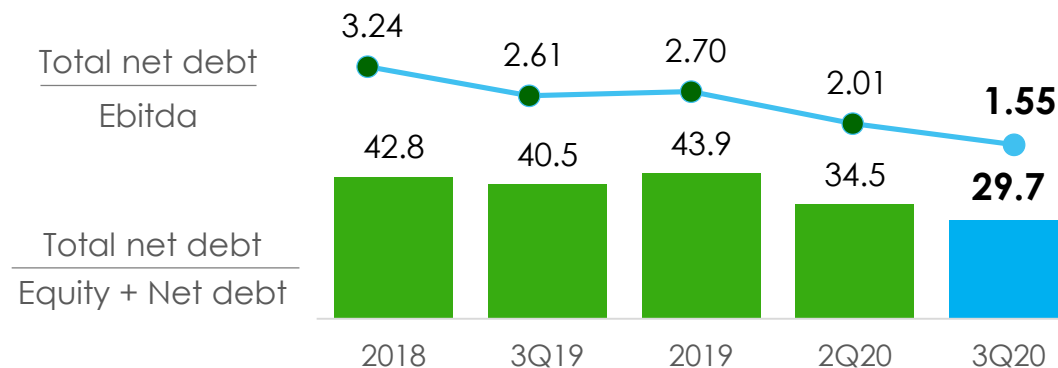


■ The hedge instrument transformed debt in USD into debt costing a set percentage of CDI rate, within an FX band.

## Cost of debt – %

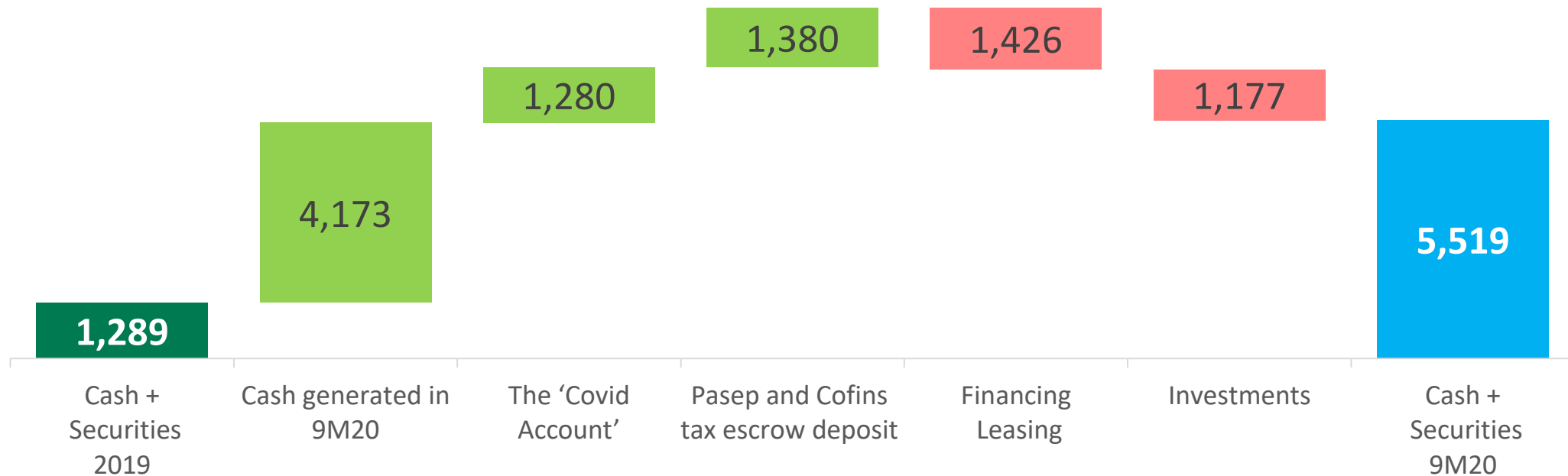


## Leverage – %



# Consolidated Cash flow

Strong cash generation in 9M20



Comfortable cash position to meet commitments assumed and face economic uncertainties of current scenario

# Outlook – expectations

## Solution for GSF

Regulations being prepared to establish extension of period of plant concessions  
– **Cemig plants: more than 24 months**

## Digital Transformation

Modernization of the relationship with customers, suppliers and employees by updating platforms, adopting virtual assistants, B2B integration and process robotization

## Public Tender

Tender to acquire wind projects  
**9 wind projects** being considered, with **2.13 GW** installed capacity

## Photovoltaic Solar Projects

Cemig GT has a portfolio of photovoltaic solar generation projects totaling **1.75 GWp**

## Revision of Planning

Executive Board discussions on the Brazilian power industry aiming to **assess opportunities and challenges** of **Cemig's business**

## New Energy Project

Program in execution – aims to further empower our organization culture, recognize the value of what is good, set aside what is not working, and work on processes and conduct that can be improved

## Disinvestments

Commitment to optimize allocation of capital – interest maintained in sale of the remaining stake in **Light**

The CEMIG logo is rendered in a bold, white, sans-serif font. The letters 'C', 'E', and 'M' are connected, as are 'I' and 'G'. The logo is centered within a large, abstract graphic composed of overlapping organic shapes in shades of yellow, green, and blue. The background of the entire slide is a gradient from light blue on the left to light green on the right, with faint decorative elements like circles and wavy lines.

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