

**Results for  
1Q20**

**CEMIG**

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

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In this material, financial amounts are in **R\$ million** (R\$ mn) unless otherwise stated. Financial data reflect adoption of IFRS.

# Cemig in the fight against Covid-19

## Cemig's Crisis Management Committee – strategic aims

Ensure  
service continuity

**Energy** is essential for the population.  
Plans and action to **maintain adequate supply**.

Employees'  
health and safety

Some of our employees are in the **front line**, others can work **remotely**.  
We implement **health** authorities' instructions, and protect our teams' **safety**.

Relationship with  
clients

**People are isolated** in their homes.  
We are promoting **digital options**; create new bases for relationship.

Social  
responsibility

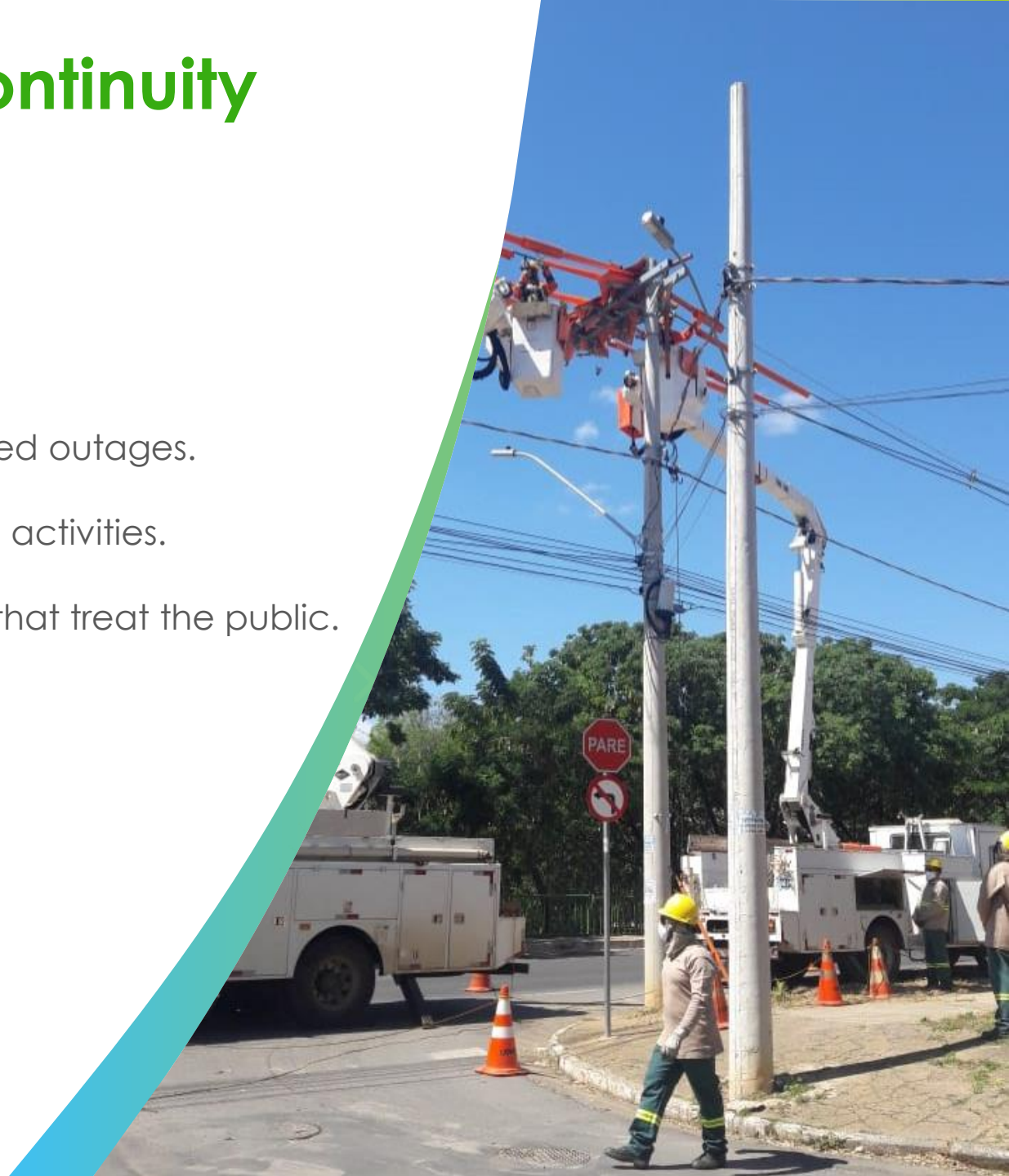
**Health** and **social issues** suffered biggest impacts.  
We **donate** to hospitals and encourage registration in social programs.

Financial  
sustainability

**Lower load** and risk of **default**.  
We optimize operational expenses to **guarantee operation**.

# Covid-19 – Ensuring service continuity

- Programmed disconnections reduced.
- Live-wire work teams increased to reduce programmed outages.
- Preserve and prioritize supply to essential services and activities.
- Service priority: medical/hospital units, and locations that treat the public.
- 2020-22 distribution investment program maintained.
- We expect to see results in improved service quality.



# Covid-19 – Employees' health and safety

- To **reduce proximity working**: System Operations Center (COS) **divided** into 2 locations; Distribution Operations Center (COD) divided into 5 locations.
- Employees' **temperatures measured** by laser thermometer.
- Multi-scenario operational **contingency plan** (benchmarking with other countries).
- 3,200 people **home-office** working (1,900 employees, 1,300 outsourced).
- Traditional flu **vaccinations** brought forward.
- **Field teams**: review of work procedures.
- Contractors' heavy work teams: **extra vehicles**, to reducing **proximity**.

# Covid-19 – Social responsibility

- R\$5 million **donated** to public hospitals and charities in Minas Gerais.
- **Low-income** residential users encouraged to register for **tariff exemptions** – for 3 months starting April 1, 2020.
- Commercial, industrial clients can **defer consumption** of contracted volumes.
- Special **installment payment** facilities for public hospitals, charities, and micro-companies affected.
- Suspension of all **disconnections** for essential services.





# Covid-19 – Financial sustainability

## Cash preservation measures

- 2020 capex reprogrammed – 13% reduction.
- Efforts to reduce materials and services contracts.
  - Approximately R\$ 100 million, to date.
- Dividends: conservative proposal, in line with realized profit.
  - Interest on Equity: R\$ 400mn, in 2 equal payments – Jun. 30 and Dec. 30, 2020.  
Ex-date: Dec. 23, 2019.
  - Dividends: R\$ 364mn, by Dec. 30.  
Ex-date: date of AGM.
- Payment of employment-law taxes and charges deferred.



# Covid-19 – government measures

## Measures already in place

- Legislation: Emergency Law (*Medida Provisória*) 950/20, on temporary measures for the industry:
  - Federal funds to pay electricity bills of low-income customers.
  - Legal framework for financing of distributors.
- Payments released from Reserve Fund. Cemig D's portion: R\$ 122 mn.
- Aneel Resolution 878/20: no disconnections of residential, urban or rural customers for default for 90 days.
- Lower transmission charge payments for Distributors and Free Clients.
  - Reduction for Cemig D in April: R\$ 14 mn.
- Payment of employment-law taxes and charges deferred.

## Being implemented

- Emergency 'Covid Account' financing



# Covid-19 – Revision of investment program

- R\$ 266mn of 2020 capex postponed: 13% reduction.
- Cemig D: Total for 2020–22 preserved.
- We expect this to result in improved quality of service.

Market segment	2020 Planned	Postponed	2020 Revised	Up to March 2020 Executed	% Executed
Distribution	1,667	168	1,499	228	15.2%
Generation	95	17	78	8	10.3%
Transmission	250	81	169	49	29.0%
<b>Total of investments</b>	<b>2,012</b>	<b>266</b>	<b>1,746</b>	<b>285</b>	<b>16.3%</b>

# Covid-19 – Effects on Cemig D

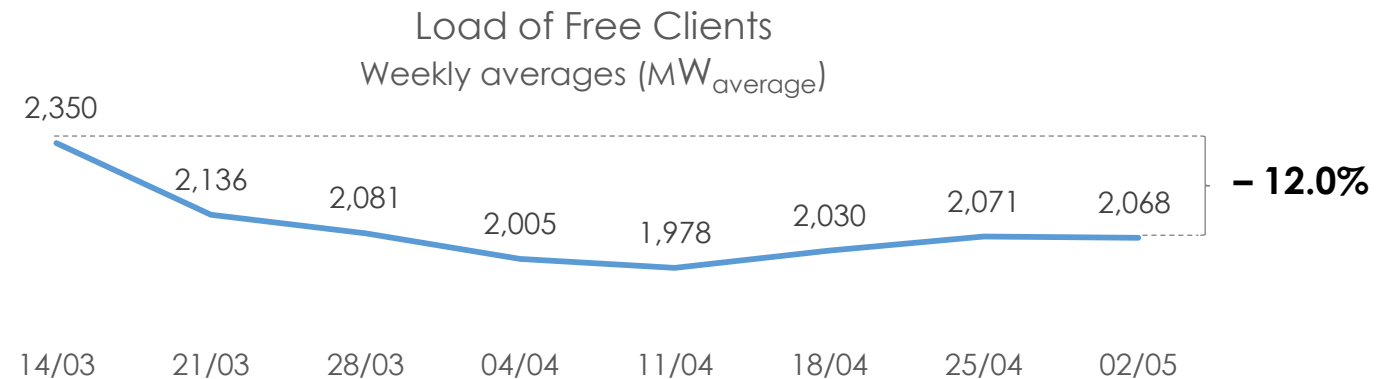
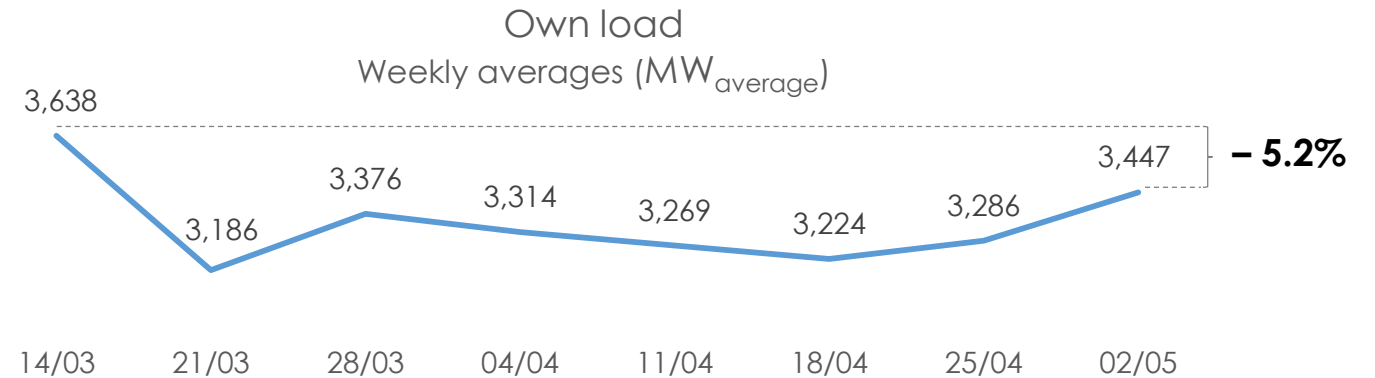
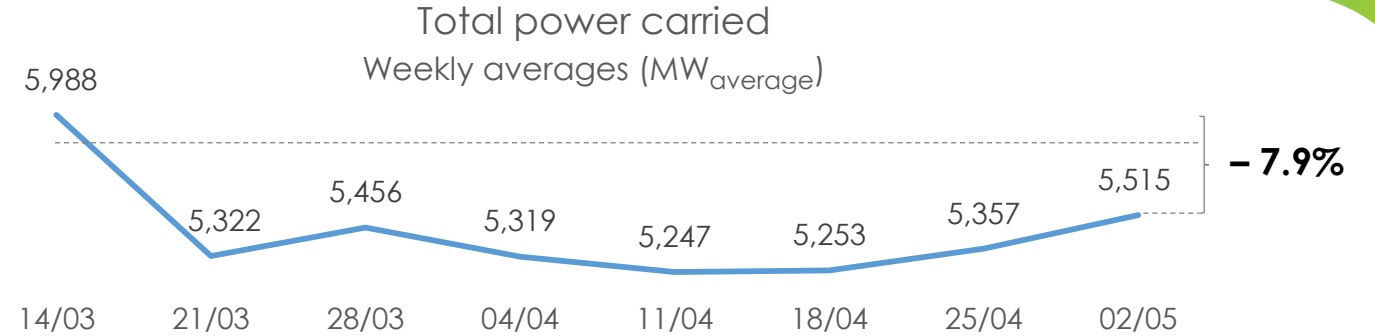
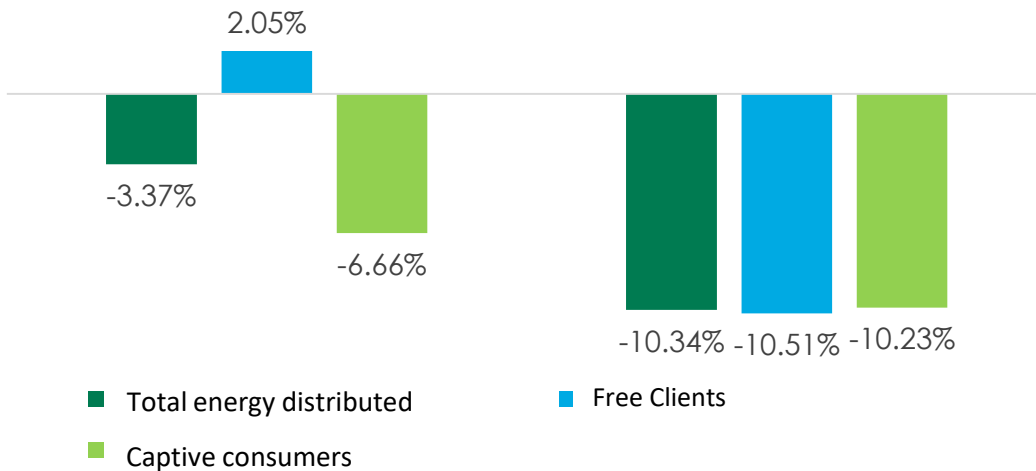
Provision for doubtful receivables (R\$ mn)	Apr. 2020	Mar. 2020	Change R\$
Year to date	135.1	96.1	39.0
Preliminary April			

## Collection in relation to the expected

Month	2020
March	89.5%
April	91.8%

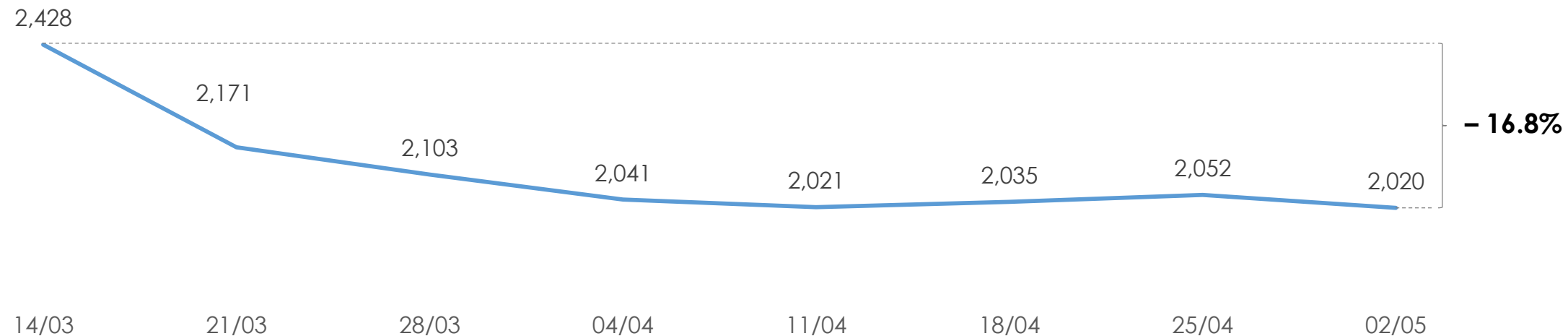
March 2019 – March 2020

April 2019 – April 2020



# Covid-19 – Effects on Cemig GT

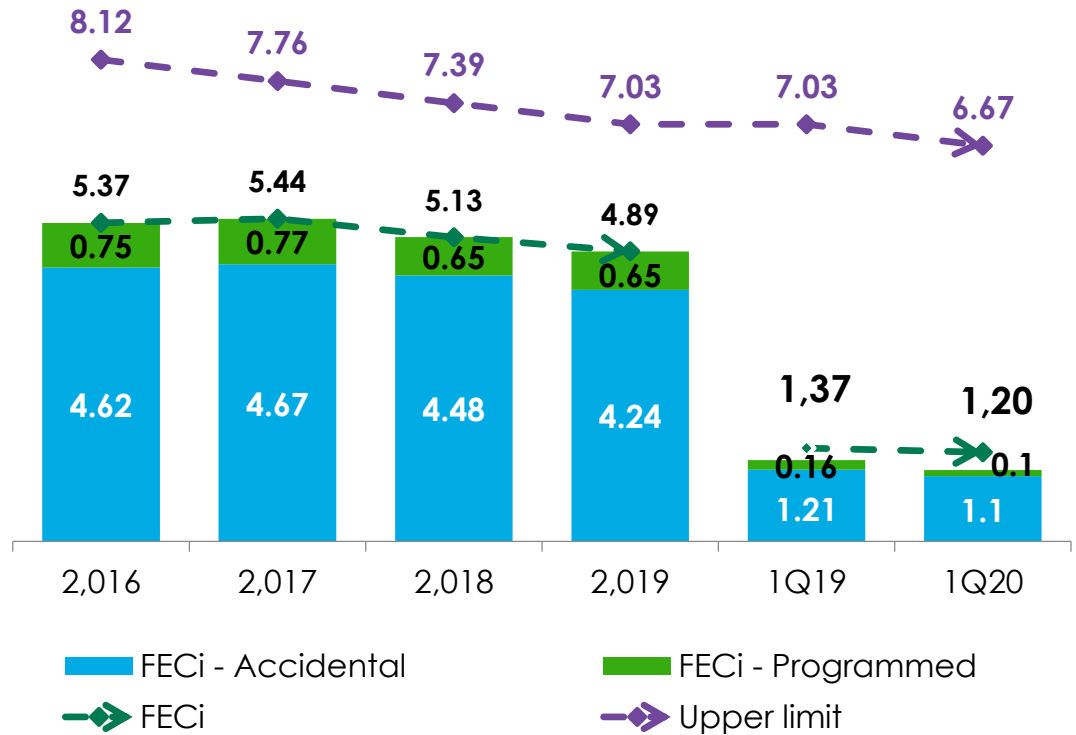
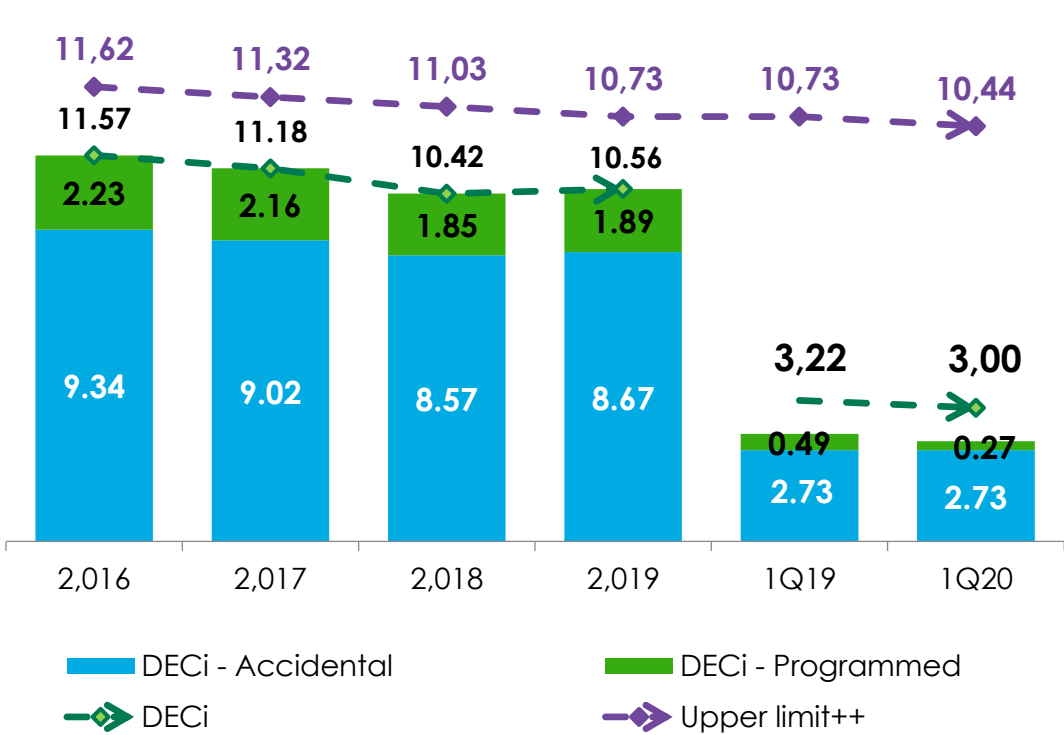
Consumption by Free Clients  
Weekly averages ( $MW_{average}$ )

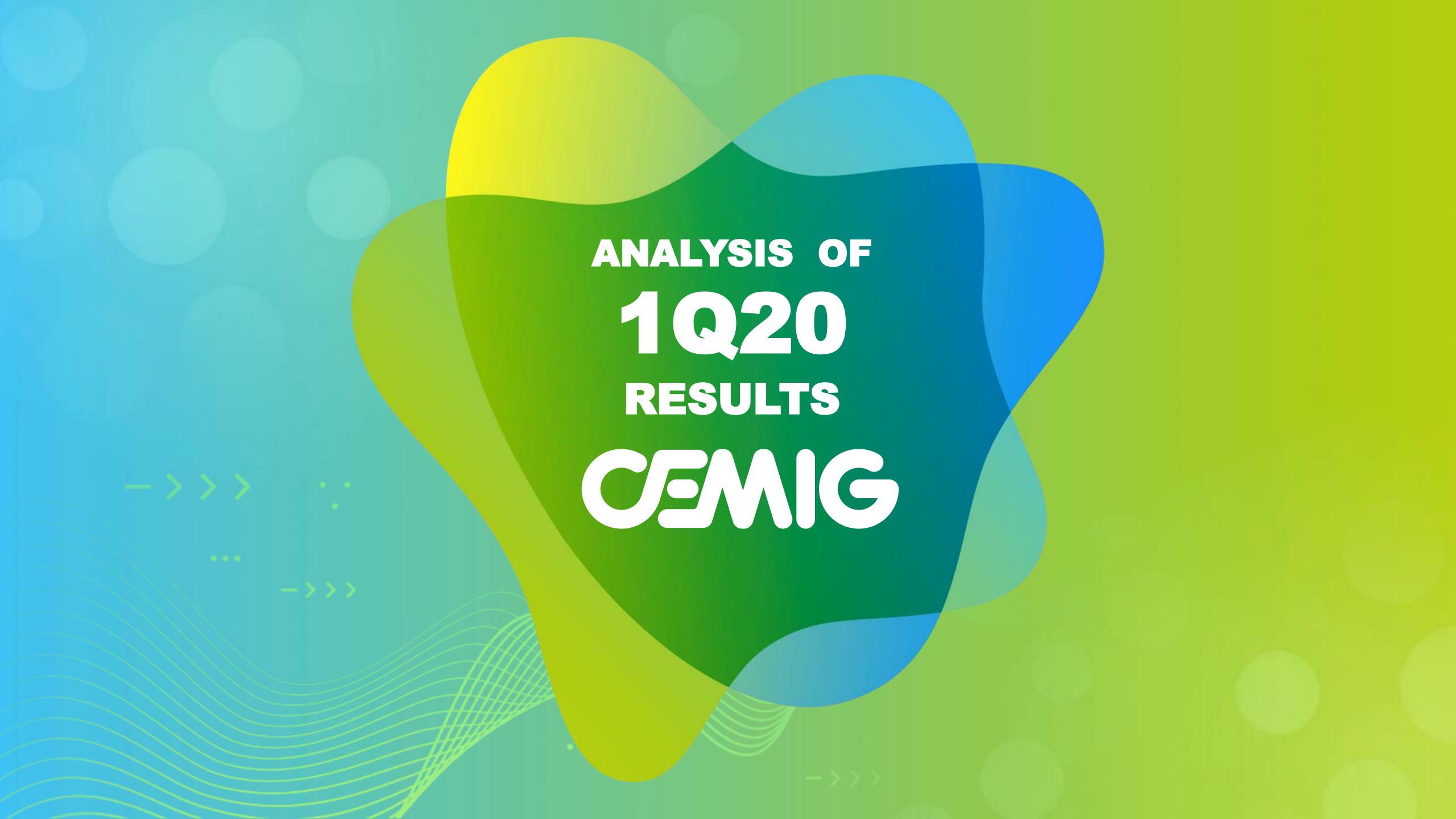


■ Negotiations seeking to preserve the net present value of contracts

■ Seeking to preserve cash in the marketing activity

# Cemig D – Continuous improvement in quality indicators





**ANALYSIS OF  
1Q20  
RESULTS  
CEMIG**

# Main factors in the 1Q20 results

## Cemig H

- Light: re-valuation at market  
Reduction of R\$ 609 million.
- Centroeste: re-valuation at fair value  
Gain of R\$ 52 million.

## Cemig D

- Volume of electricity sold 2.0% lower YoY.
  - Captive clients – down 4.2%
  - Transmission – up 1.0%
- Allowance for doubtful receivables: up R\$ 33 mn.

## Cemig GT

- Allocation strategy generated a gain of R \$ 434 million in 1Q19 and R \$ 20 million in 1Q20
  - 1.05 in 1Q20, vs. 1.49 in 1Q19
  - R\$ 187.9 in 1Q20 vs. R\$ 290.1 in 1Q19
- Foreign exchange variations
  - R\$ 438 mn negative impact of in 1Q20
  - R\$ 119 mn positive impact in 1Q19



# FX exposure: temporary effects in Company's results

Hedges – contracted for protection of foreign-currency-denominated debt

■ **Full swap** for interest: set at 142% of CDI rate.

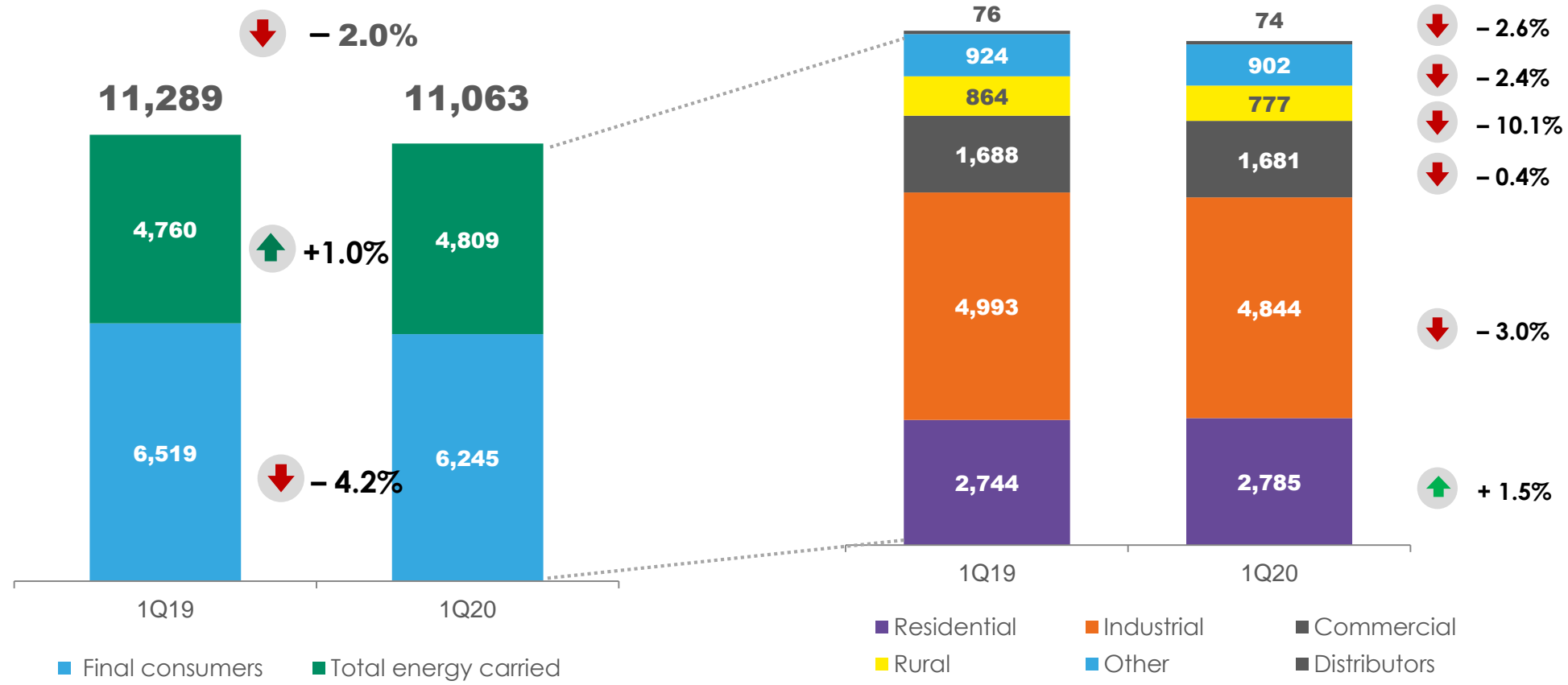
■ **Call spread** for principal: protection for range US\$= R\$ 3.45 to R\$ 5.00

## Effect on financial result

Item	Mar. 2020	Dec. 2019	Change
Hedge – <b>Swap</b> (interest rate)	1,474	653	821
Hedge – <b>Call spread</b> (principal)	1,531	1,038	493
<b>Hedge – total</b>	<b>3,005</b>	<b>1,691</b>	<b>1,314</b>
Debt (principal)	7,798	6,046	1,752
<b>Financial impact in 1Q20</b>			<b>438</b>

# Energy market in 1Q20 – GWh

## Cemig D: billed market + transmission



# 1Q20 – Consolidated figures

## Ebitda

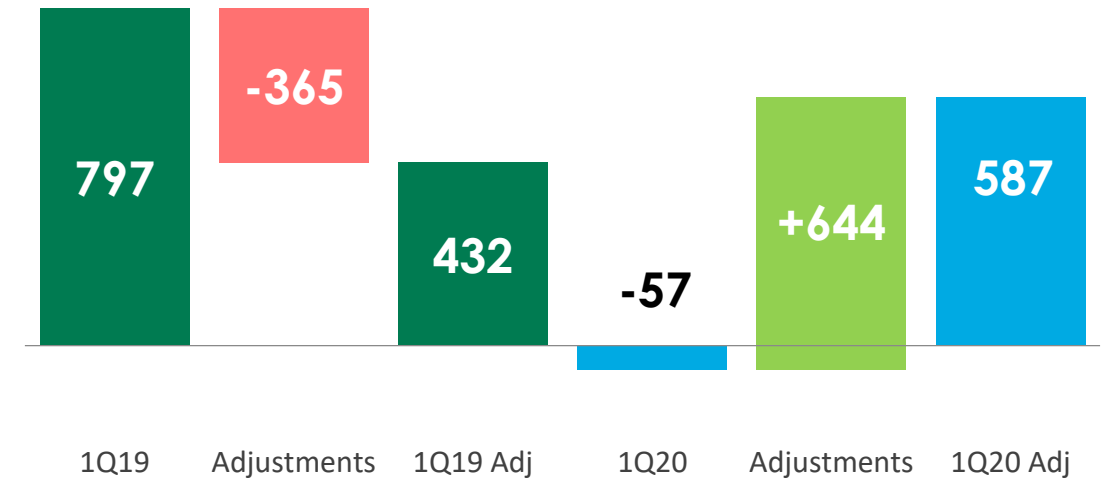
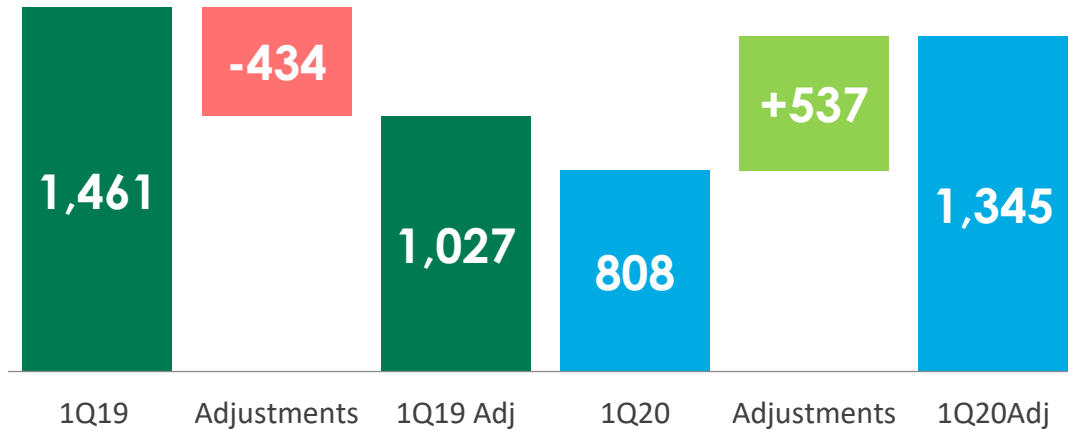
1Q19-1Q20  -44.7%

Adjusted:  +31.0%

## Net profit

1Q19-1Q20  -

Adjusted:  +35.9%

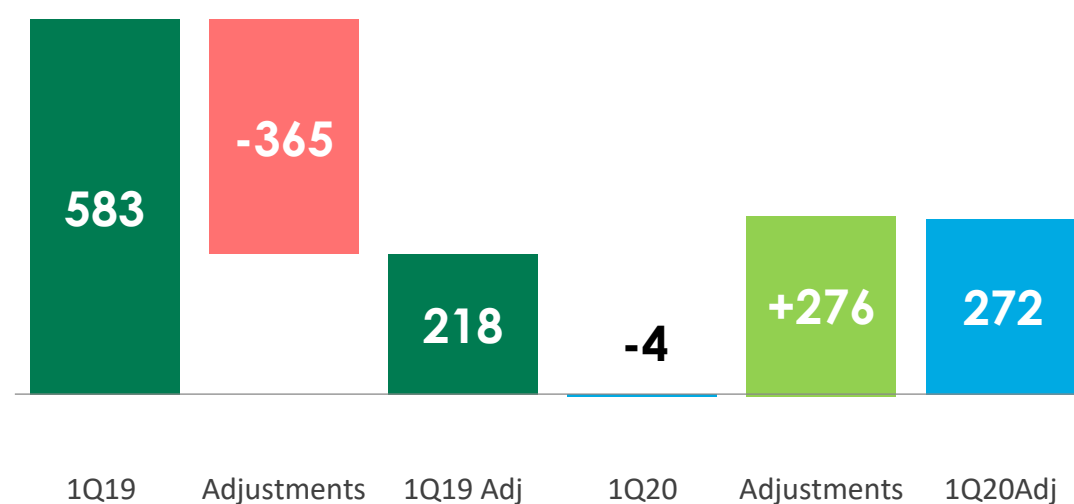
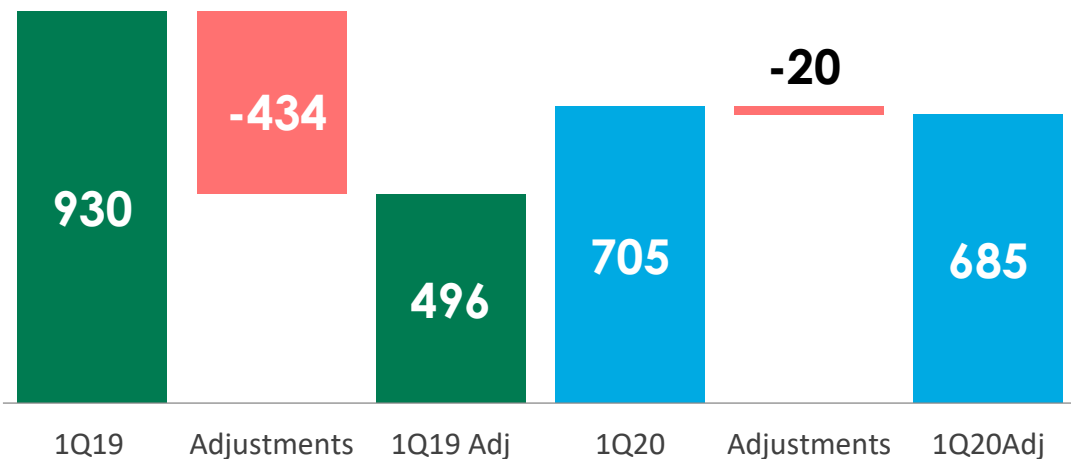


Adjustments	Company	Ebitda		Profit	
		1Q20	1Q19	1Q20	1Q19
Light	Cemig H	609	-	402	-
Centroeste	Cemig H	-52	-	-34	-
FX exposure	Cemig H , GT	-	-	289	-79
PLD e GSF	Cemig H , GT	-20	-434	-13	-286
<b>Total Adjustments</b>		<b>537</b>	<b>-434</b>	<b>644</b>	<b>-365</b>

# 1Q20 – Cemig GT figures

**Ebitda**  
 1Q20/1Q19 ↓ -24,2%  
 1Q20aj/1Q19aj ↑ +38,1%

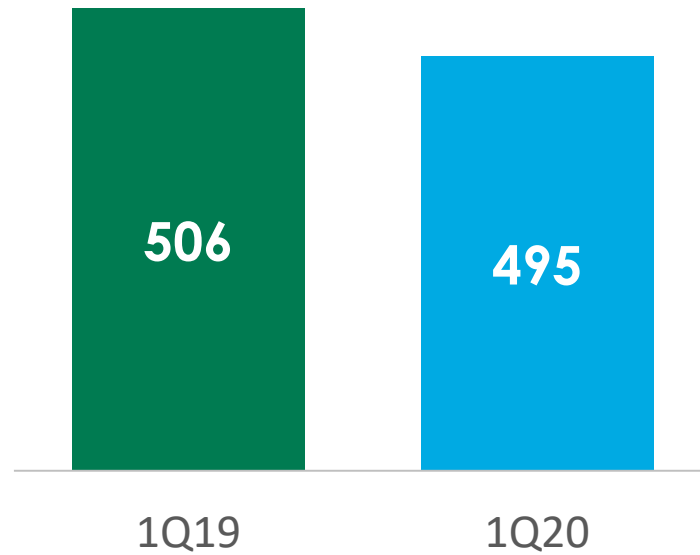
**Net profit**  
 1Q20/1Q19 ↓ -24,8%  
 1Q20aj/1Q19aj ↑ +24,8%



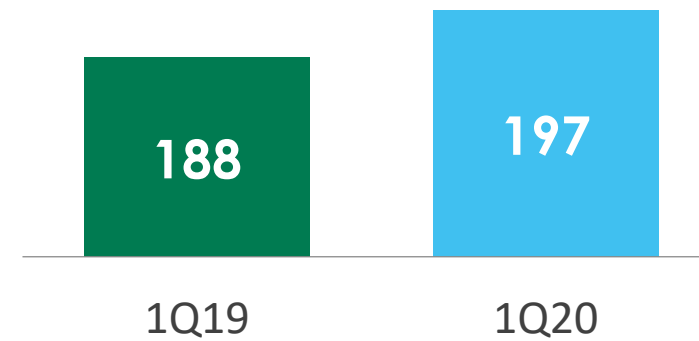
Adjustments	Company	Ebitda		Profit	
		1Q20	1Q19	1Q20	1Q19
FX exposure	Cemig H, GT	-	-	289	-79
PLD e GSF	Cemig H, GT	-20	-434	-13	-286
<b>Total Adjustments</b>		<b>-20</b>	<b>-434</b>	<b>276</b>	<b>-365</b>

# 1Q20 – Cemig D figures

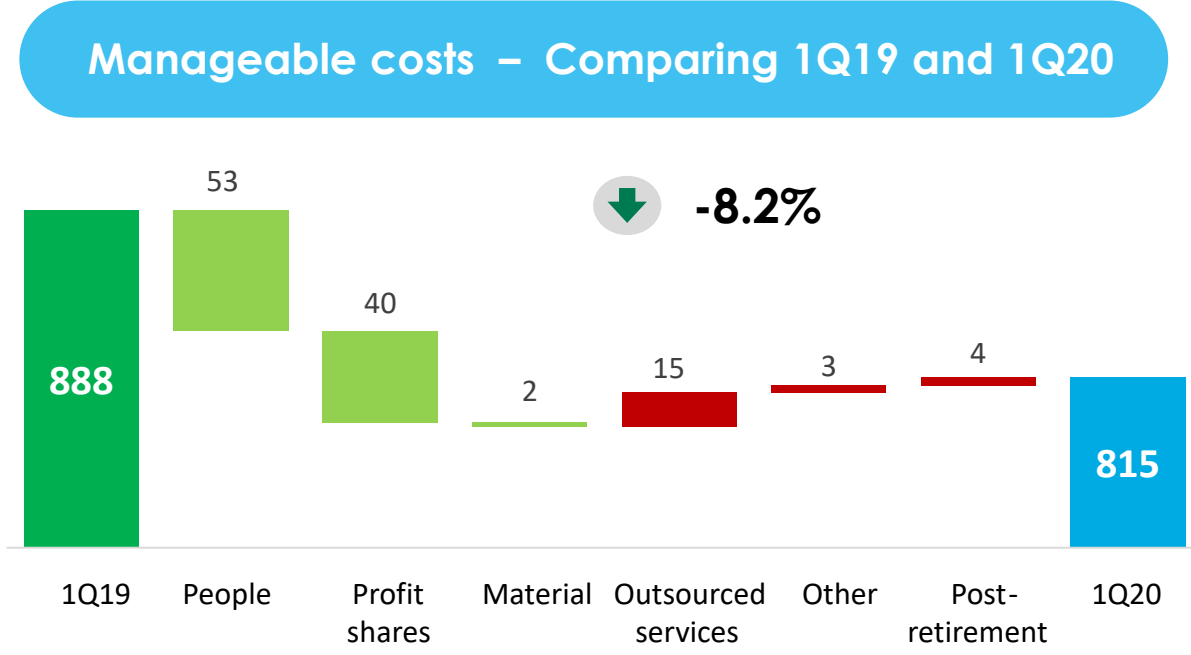
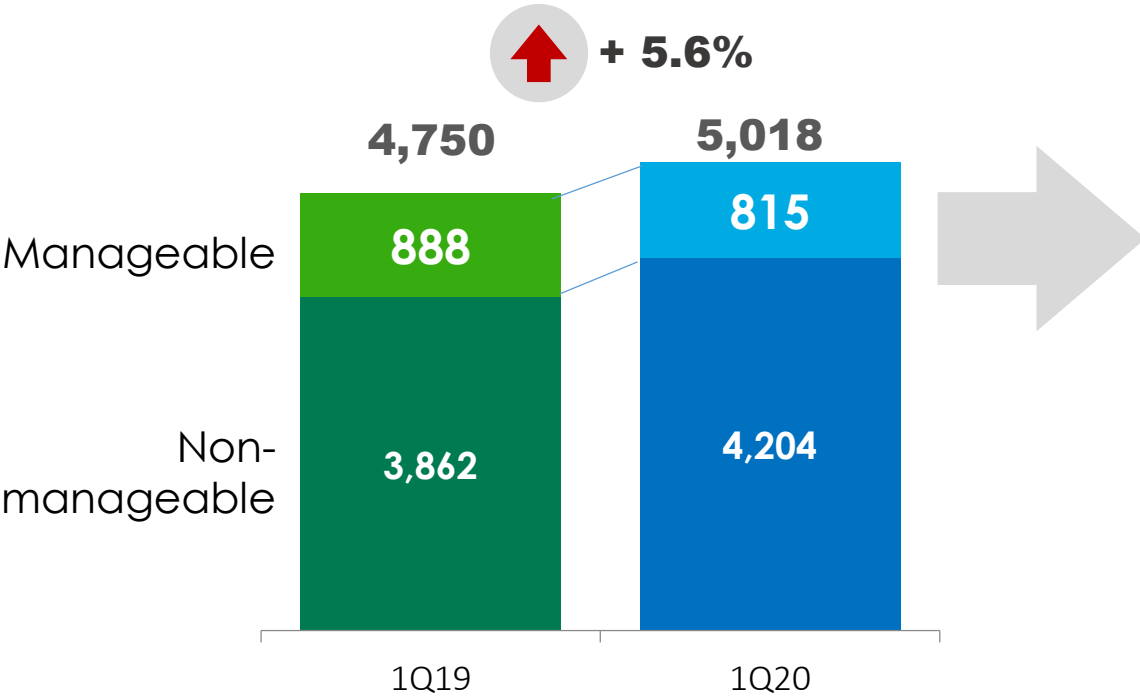
Cemig D  
1Q20/1Q19 ↓ -2,2%



Cemig D  
1Q20/1Q19 ↑ +4,8%



# Operating costs and expenses – consolidated



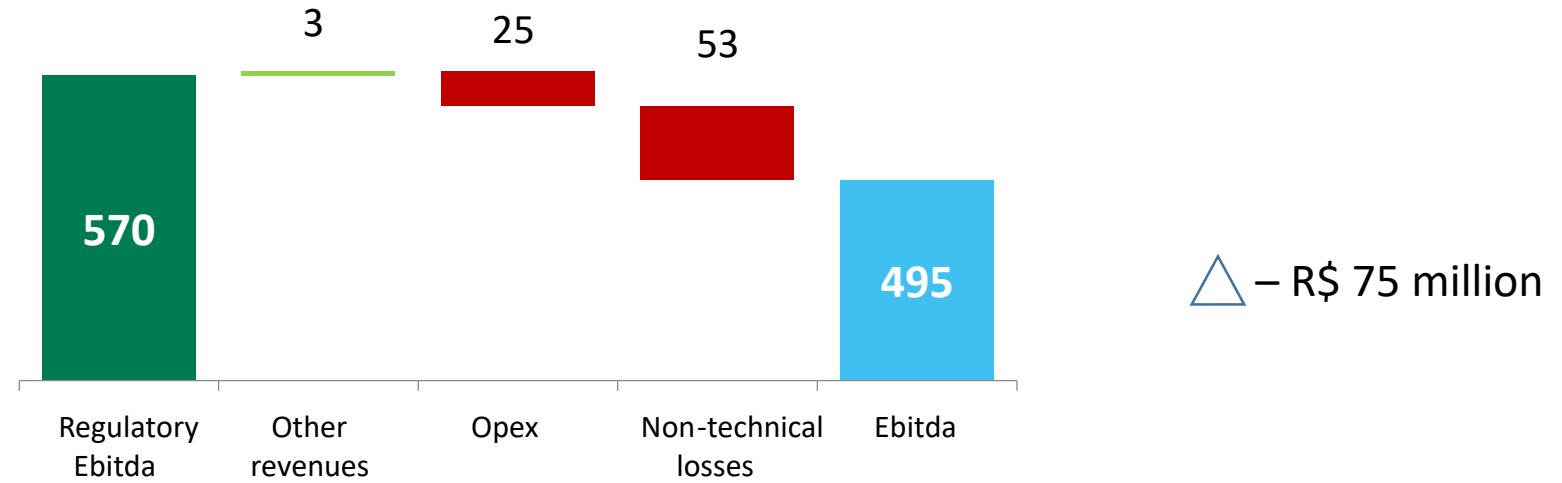
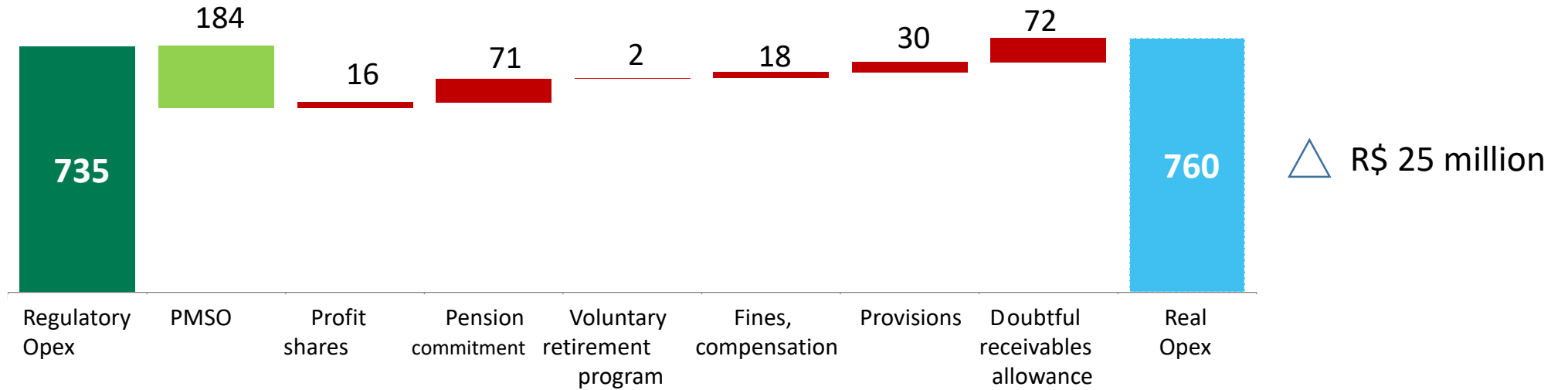
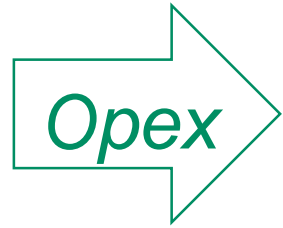
## Gains from improved operational efficiency

- 2020 budget revised: R\$ 100 mn cut in materials and services contracts.
- PDV voluntary retirement program in May: 8-month payback expected.



# Cemig D – Regulatory Opex and Ebitda

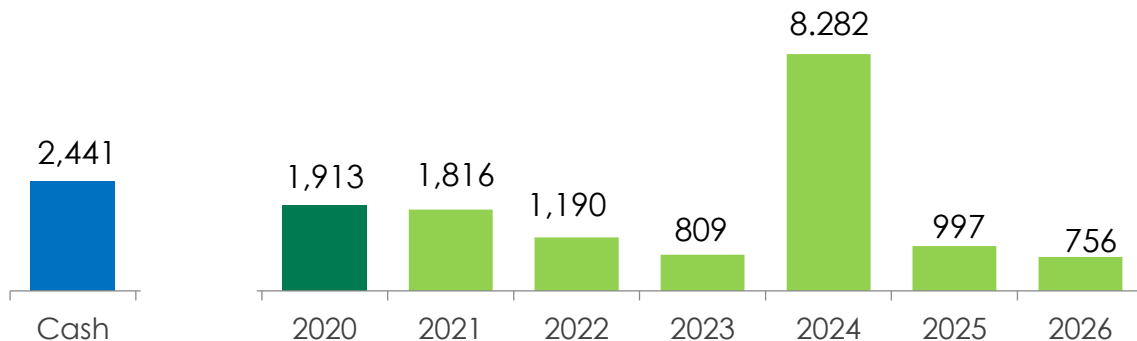
Increased receivables provision due to pandemic prevents Cemig from reaching regulatory Opex



# Debt profile – consolidated

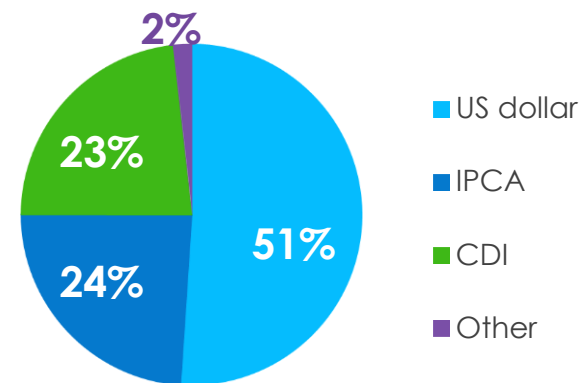
## Maturities timetable – Average tenor: 3.9 years

Net debt (Debt – Cash and securities): **R\$ 13.3 billion.**  
 Total net debt (Net debt – Hedge): **R\$ 10.3 billion.**



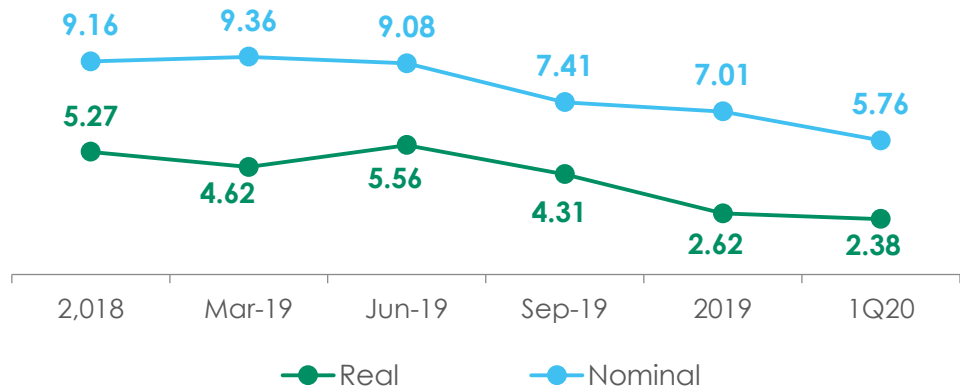
➤ R\$ 972.4 mn amortized in 1Q20

## Main indexes

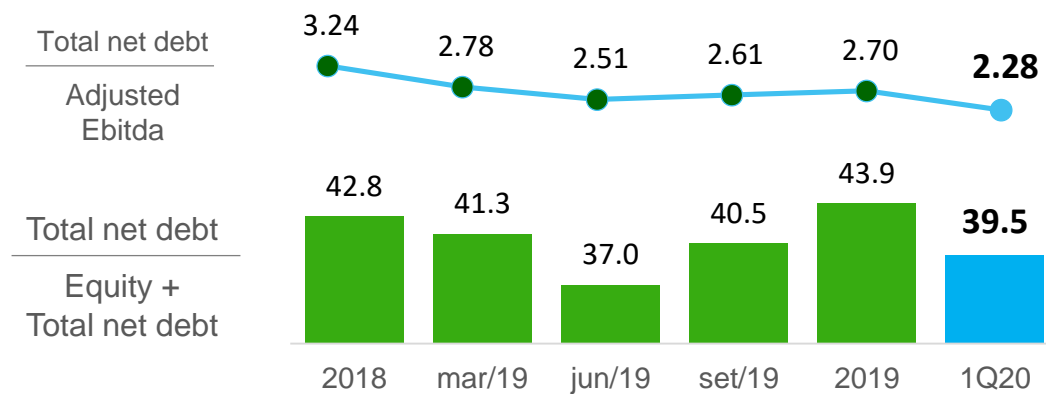


Hedge instrument transformed debt in USD into debt costing a set percentage of CDI rate, within an FX variation band.

## Cost of debt – %



## Leverage – %



# Covenants of the Eurobond

R\$ mn	2,019		1Q20	
	GT	H	GT	H
Consolidated debt	7,887	14,776	9,419	15,763
Debt contracts with Forluz	253	1,117	248	1,097
Liabilities under any put option	483	483	504	504
Consolidated cash and cash equivalents and consolidated securities posted as current assets	- 584	- 1,289	- 857	- 2,441
Derivative hedge instrument	- 1,691	- 1,691	- 3,005	- 3,005
<b>Net Debt covenant</b>	<b>6,348</b>	<b>13,396</b>	<b>6,308</b>	<b>11,917</b>
<b>Ebitda covenant – 12 months</b>	<b>2,319</b>	<b>5,066</b>	<b>2,174</b>	<b>5,007</b>
<b>Net Debt covenant / Ebitda covenant</b>	<b>2.74</b>	<b>2.64</b>	<b>2.90</b>	<b>2.38</b>
Limit of { Net debt covenant / Ebitda covenant }	4.50	3.50	4.50	3.50

The CEMIG logo is rendered in a bold, white, sans-serif font. The letters are thick and closely spaced, with a slight shadow effect that makes them stand out against the dark green background of the central graphic. The background itself is a large, abstract shape composed of overlapping organic forms in shades of yellow, green, and blue.

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