



Cemig Results 2020

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.

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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.

2020 highlights

Ebitda

2020 Ebitda
Adjusted Ebitda

R\$ 5.694 billion – **29.6%** higher than in 2019
7.1% higher than in 2019

Net profit

2020 Net profit
Adjusted net profit:

R\$ 2.864 billion – **10.3%** lower than in 2019
up **14.0%** YoY

Quality indicator

2020 **DEC** outage indicator: Best in Cemig's history
(Average / consumer) **9.57 hours/year**

Leverage reduced

Continuous **reduction of net debt:**
1.28x cons. adjusted Ebitda at end-2020

Sale of Light

Remaining stake sold for **R\$ 1.372 billion** (R\$ 20.00 per share)

Best DEC indicator in Cemig's history

Cemig works uninterruptedly to ensure provision of services with quality – reflected in improvement of its indicators



Compliance with quality indicator levels confirms
25 years remaining period for the concession



GSF agreement adds concession contract periods

Estimated extensions of the periods of **our concessions**

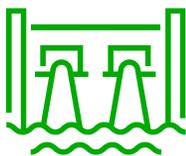
	Item	Offtake guarantee MW _{average}	Valuation (IPCA+9.63%) Dec. 20: R\$'000	Estimated concession extension (months)	Estimated time remaining (months)
Cemig's wholly-owned subsidiaries, and consortia	Cemig		836,284		
	Emborcação	500	427,801	23	76
	Nova ponte	270	252,896	25	78
	Sá Carvalho	56	48,909	22	67
	Rosal	29	25,451	46	180
	Outras	399	81,227	-	-
Cemig equity interests	Aliança		137,521		
	Amador Aguiar I	61	46,355	65	251
	Aimorés	82	24,466	21	199
	Amador Aguiar II	52	24,071	35	221
	Candongá	15	14,433	14	185
	Funil	38	13,117	23	201
	Igarapava	35	9,567	45	139
	Porto Estrela	19	5,512	15	151
	Norte Energia	560	1,914	1	295
	Brasil PCH	40	3	-	-
	Santo Antônio	376	47,716	23	326
	Total	2,532	1.023,438		
	Pending regulation*	Lot D	420	310,185	84

* Lot D: Guaranteed by Law 14120/2021 – to be regulated by Aneel.

Awaits ratification of the amounts calculated by CCEE on March 2. From that date, Cemig will have 60 days to accept.

Investment program: Execution

Investment of R\$ 1.909 billion in 2020



Generation

R\$ 109 mn

Expansion and modernization of plants



Transmission

R\$ 153 mn

Strengthening and upgrading – increase in RAP



Distribution

R\$ 1,378 mn

Maintenance and modernization of system

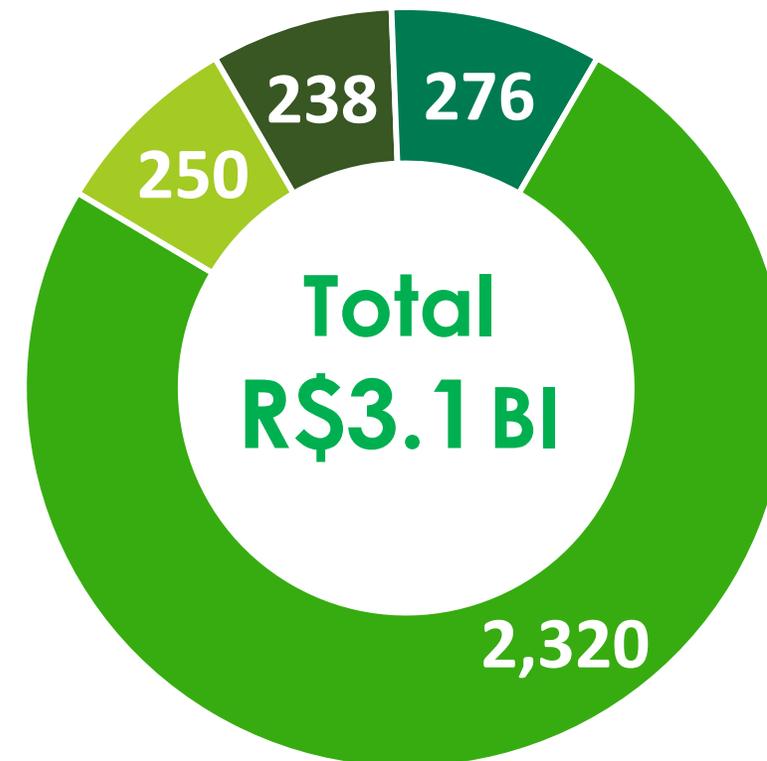


Capital contributions/acquisitions

R\$ 269 mn

*Cemig Sim – R\$ 74 million
Volta do Rio – R\$ 136 million*

Planned for 2021



■ Generation

■ Transmission

■ Distribution

■ Capital /acquisition

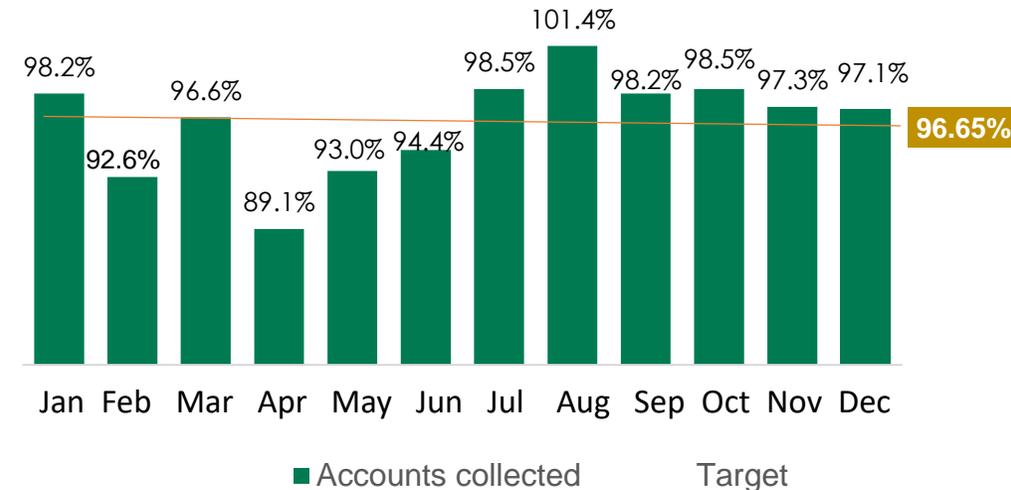
CEMIG D: Combating default

2020: a challenging year, due to the pandemic

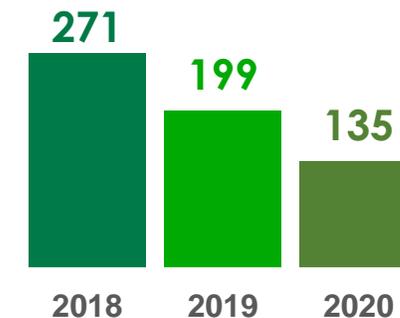
Implantação de um programa de contingenciamento eficaz:

- Effective contingency program implemented:
- Daily monitoring of collection and default indicators.
- More / enhanced application of collection instruments
- **685,000** disconnections in 2020
 - we expect **1.7 million** in 2021
- Easing of rules for installment payments; incentives for payment at sight.
- A highlight: reversal of the R\$ **231mn** default provision for payments expected from Minas Gerais State
- Expanding negotiating channels
 - (e.g. agree payment by installments via WhatsApp).
- Diversifying means of payment (credit and debit cards, PicPay cashback, accreditation of online banks)

ÍnBilling Collection Ratio
(Actual revenue / Billing), %



Default provision – changes
(R\$ mn)



Standardization of transmission accounting practices

In December 2020 the CVM* issued a technical opinion on accounting practices for the transmission sector, aiming to standardize the sector's procedures for reporting and disclosure.

As a result Cemig has changed its accounting procedures for transmission, with backdated effects.

The main alterations are:

- While work on strengthening/improving infrastructure is in progress, the margin on construction cost is reported; a contractual asset is recognized, adjusted to present value, based on the specific rate of remuneration calculated by the Company.
- The value of the contractual asset is updated monthly, based on the rate of remuneration specific to the contract.
- O&M revenue is reported during the period of the concession.

This table shows the backdated accounting effects in the financial statements:

R\$ mn	01.01.2019	2019	2020
Net effect in Income statement	145	66	127
Impacts on Stockholders' equity	145	211	338

* Brazilian Securities Commission

Proposal for allocation of 2020 net profit

The Board of Directors decided to submit the following proposal to the AGM:

- **R\$1.482 billion** as mandatory minimum dividend
 - ✓ **R\$553 million** in Interest on Equity (declared in Sep. and Dec. 2020)
 - ✓ **R\$929 million** in complementary dividends (proposed for declaration at AGM – April 2021)

Total yield: 7%*

Capital increase – of 11.4968% – through a stock bonus

	Share capital at Dec. 2020	Bonus in shares	Share capital after bonus
Preferenciais	1,011,082,312	116,243,122	1,127,325,434
Ordinárias	507,670,289	58,366,345	566,036,634
Total	1,518,752,601	174,609,467	1,693,362,068

* Calculation of Dividend Yield - Dividends declared as JCP + dividends to be declared (AGO / Apr). Closing price of preferred shares on 03/26/2021

Cemig takes initiatives aligned with best ESG practices and is committed to guaranteeing sustainability in all its businesses.

Cemig is a benchmark in the global market for investors seeking sustainable companies – a leader in the key sustainability indices in Brazil and worldwide: included in the Dow Jones Sustainability World Index, CDP (Carbon Disclosure Project), the ISE sustainability index of the São Paulo stock exchange (B3), and the FTSE4GOOD index.

Generation: 100% renewable:

- Greenhouse gas emissions reduced 78% with the shutdown of the *Igarapé* Thermoelectric Plant.

Environmental preservation:

- More than 400 hectares of Preservation Areas in Cemig's environmental stations.

42 Energy Efficiency projects :

- Investment of R\$ 52.3 million to improve quality of life for people in Minas Gerais: new lighting in public schools; equipment for philanthropic hospitals, homes for the elderly, and establishments of APAE (Disabled People's Support Association) and APAC (Prisoners' Protection and Assistance Association).
- Savings of 82,386 MWh/year – equivalent to supply for 52,811 homes/year, and more than 7 million tons of CO₂ emissions avoided.

International Renewable Energy Certificate (I-REC) for the Emborcação Hydroelectric Plant:

- This certification enables clients to prove the renewable origin of energy they acquire.

Volunteering program:

- Online mentoring and events with needy young people, supporting philanthropic institutions, benefiting more than 45,000 people including the elderly, children and teenagers in vulnerable social situations.

20 sports projects:

- Investment of R\$ 4.7 million, benefiting some 6,000 socially vulnerable young people and Paralympic athletes.





4Q20 and 2020 RESULTS

Main factors in 2020 results

Cemig H

Equity method gain: 184.6% higher in 2020

- **R\$ 356mn** in 2020, vs. **R\$ 125mn** in 2019

Cemig D

Volume of electricity distributed **1.1%** lower

- Captive market: **5.3%** lower
- Transport for clients: **4.4%** higher

Reversal of default provision: **R\$ 231 mn**

Opex within regulatory target

Cemig GT

Marking to market of Eurobond:

- Positive effect in 2020: **R\$ 4mn**
- Positive effect in 2019: **R\$ 764mn**

Effects of Periodic Tariff Review and standardization of accounting practices: **R\$ 621mn**

Marking to market of Eurobond and hedge instruments

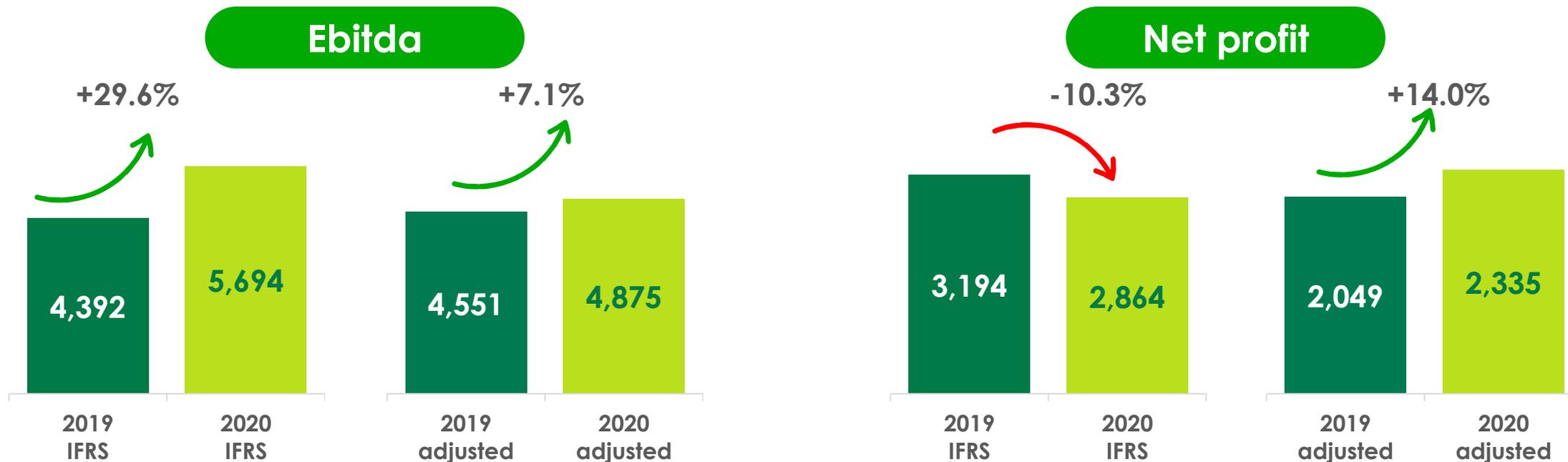
Hedge instrument mitigates effect of FX variation on results

Item	2019	2020	var.
Hedge: Swap (interest)	653	1,389	736
Hedge: Call spread (principal)	1,038	1,560	522
Balance of hedge – MtM	1,691	2,949	1,258
Amount of gain from swap (settlements in 2020)		495	495
Effect on the hedge			1,753
Debt (principal)	6,046	7,795	1,749
Impact on 2020 Financial income (expenses)			4

Hedge transactions contracted to protect against FX variation risk:

- *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**

2020 consolidated Ebitda and net profit

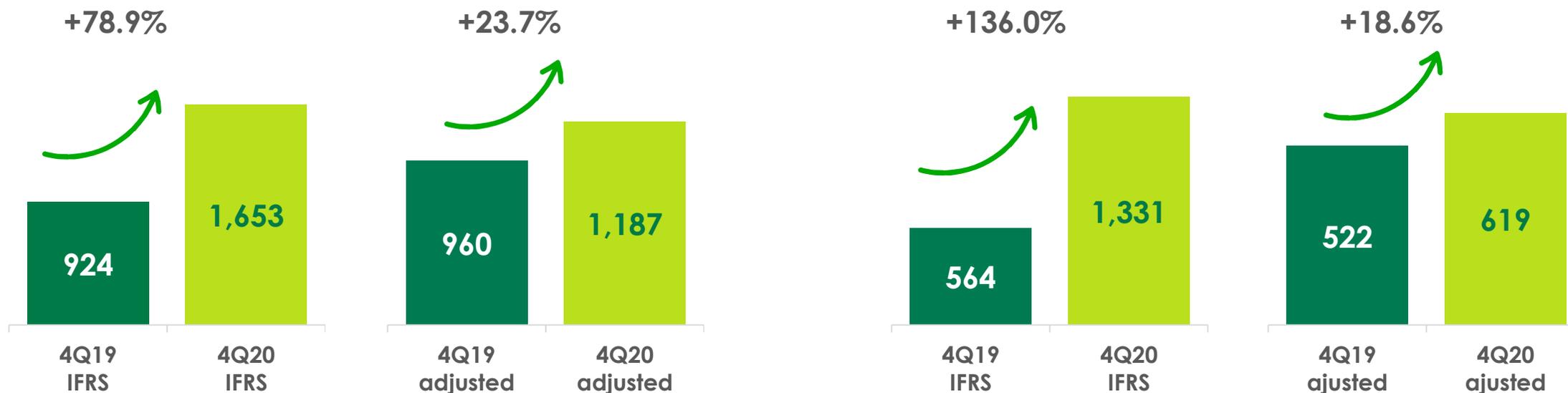


Adjustments	Ebitda		Profit	
	2019	2020	2019	2020
IFRS	4,392	5,694	3,194	2,864
Profit/loss from discontinued operations – Light	(309)	-	(224)	-
Credits of PIS, Pasep and Cofins tax on ICMS	(1.428)	-	(1,984)	-
FX exposure – Eurobond	-	-	(504)	(2)
Provision for doubtful receivables – Renova	688	37	688	37
Fair value revaluation – Centroeste	-	(52)	-	(34)
Tariff Review / Standardization of accounting practices	(100)	(621)	(66)	(410)
Reversal of provision: Minas Gerais State	-	(178)	-	(117)
Tax provisions – Social Security contributions on profit shares	1,183	-	862	-
Write-offs and impairments	125	(5)	83	(3)
Adjusted	4,551	4,875	2,049	2,335

4Q20 consolidated Ebitda and net profit

Ebitda

Net profit



Adjustments	Ebitda		Profit	
	4Q19	4Q20	4Q19	4Q20
IFRS	924	1,653	564	1,331
Credits of PIS, Pasep and Cofins tax on ICMS	11	-	7	-
Transmission tariff review, and standardization of accounting practices	(100)	(191)	(66)	(126)
Assets held for sale (Light)	-	(270)	-	(178)
FX exposure – Eurobond	-	-	(66)	(405)
Write-offs and impairments	125	(5)	83	(3)
Adjusted	960	1,187	522	619

Cemig GT: 2020 Ebitda and net profit

Trading activity affected by the pandemic:

Ebitda

Net profit



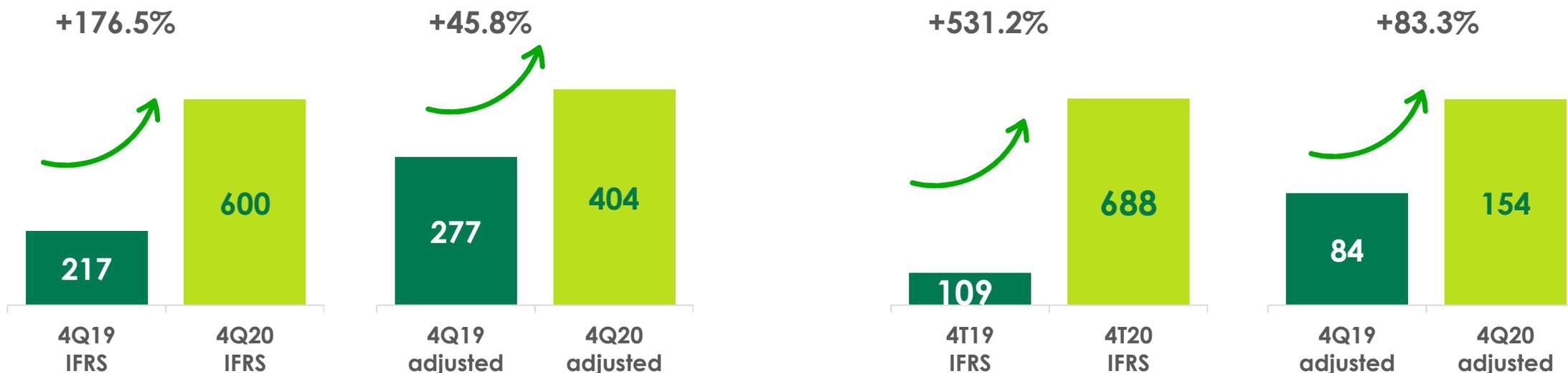
Adjustments	Ebitda		Profit	
	2019	2020	2019	2020
IFRS	1,521	2,586	901	1,056
Tax provisions – Social Security contributions on profit shares	284	-	187	-
FX exposure – Eurobond	-	-	(504)	(2)
Credits of PIS, Pasep and Cofins – ICMS Supreme Court judgment	(414)	-	(273)	-
Transmission tariff review, and standardization of accounting practices	(100)	(621)	(66)	(410)
Provision for receivables – Renova	688	-	688	-
Write-offs and impairments	125	(5)	83	(3)
Adjusted	2,104	1,960	1,016	641

Cemig GT: 4Q20 Ebitda and net profit

Recovery in economic activity reflected increased sales to Free Market

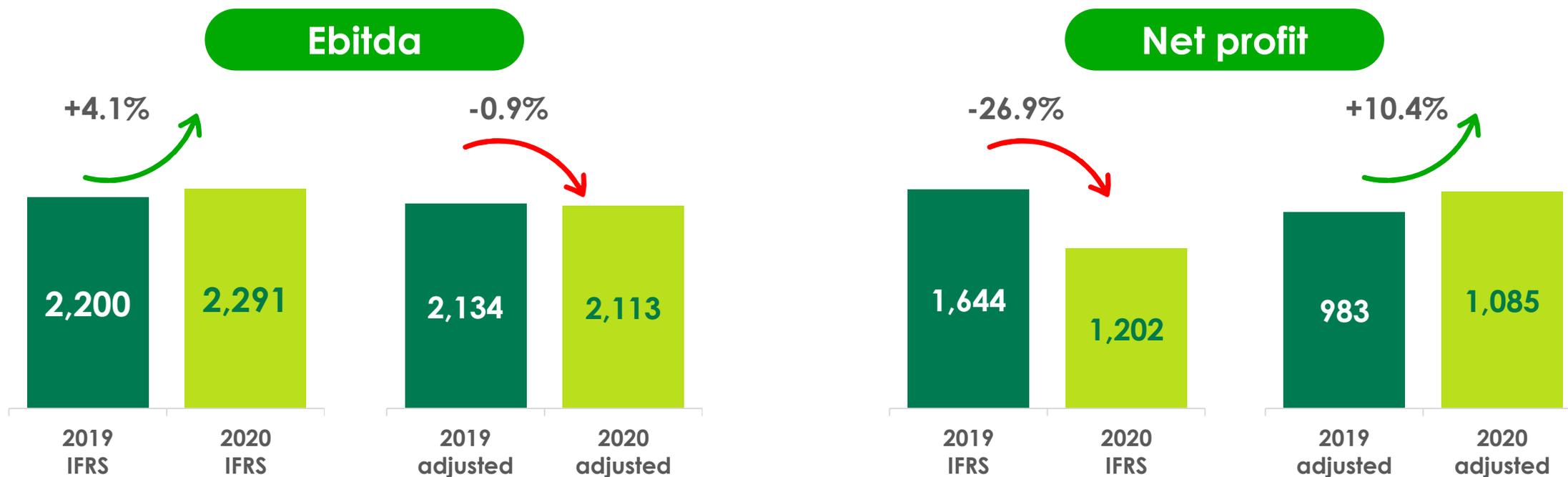
Ebitda

Net profit



Adjustments	Ebitda		Profit	
	4Q19	4Q20	4Q19	4Q20
IFRS	217	600	109	688
Credits of PIS, Pasep and Cofins tax – re ICMS	10	-	7	-
Standardization of accounting practices	(100)	(191)	(66)	(126)
Tax provisions – Social Security contributions on profit shares	25	-	17	-
FX exposure – Eurobond	-	-	(66)	(405)
Write-offs and impairments	125	(5)	83	(3)
Adjusted	277	404	84	154

Cemig D: 2020 Ebitda and net profit

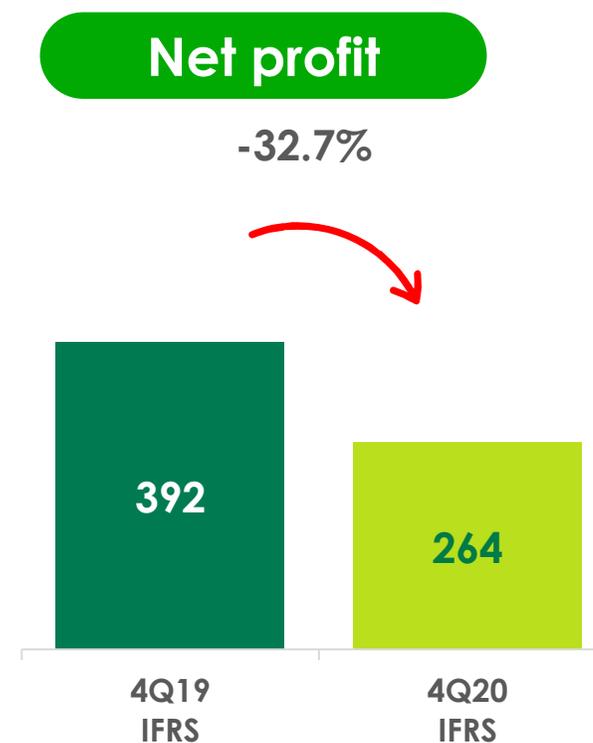
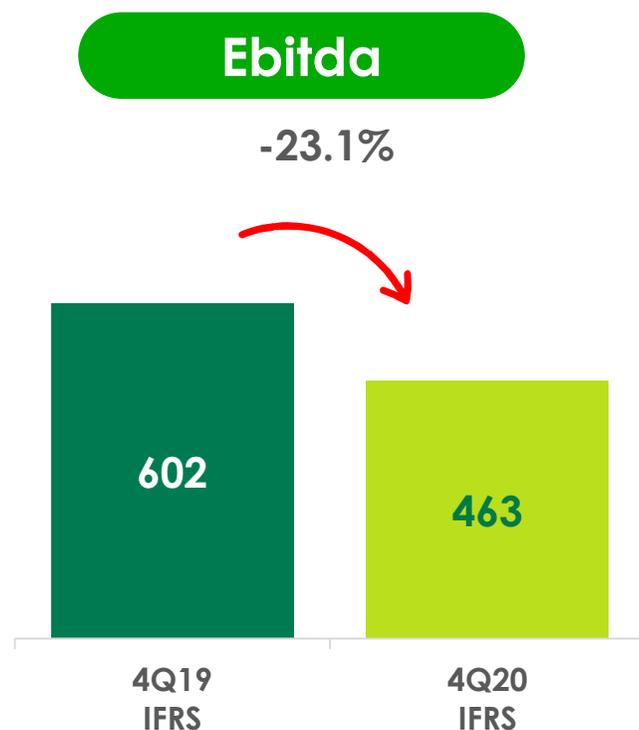


Adjustments	Ebitda		Profit	
	2019	2020	2019	2020
IFRS	2,200	2,291	1,644	1,202
Reversal of provision: Minas Gerais State	-	(178)	-	(117)
Tax provisions – Social Security contributions on profit shares	764	-	566	-
Credits of PIS, Pasep and Cofins taxes – ICMS judgment	(830)	-	(1,227)	-
Ajusted	2,134	2,113	983	1,085

Cemig D: 4Q20 Ebitda and net profit

Profit affected by higher default provision in 4Q20

- **R\$ 89mn** in 4Q20, vs. **R\$ 2mn** in 4Q19



Market of Cemig D in 2020 – GWh

Market showed resilience during the pandemic

Consumption of clients that migrated from captive market to Free Market totaled **376GWh** in 2020. Without this:

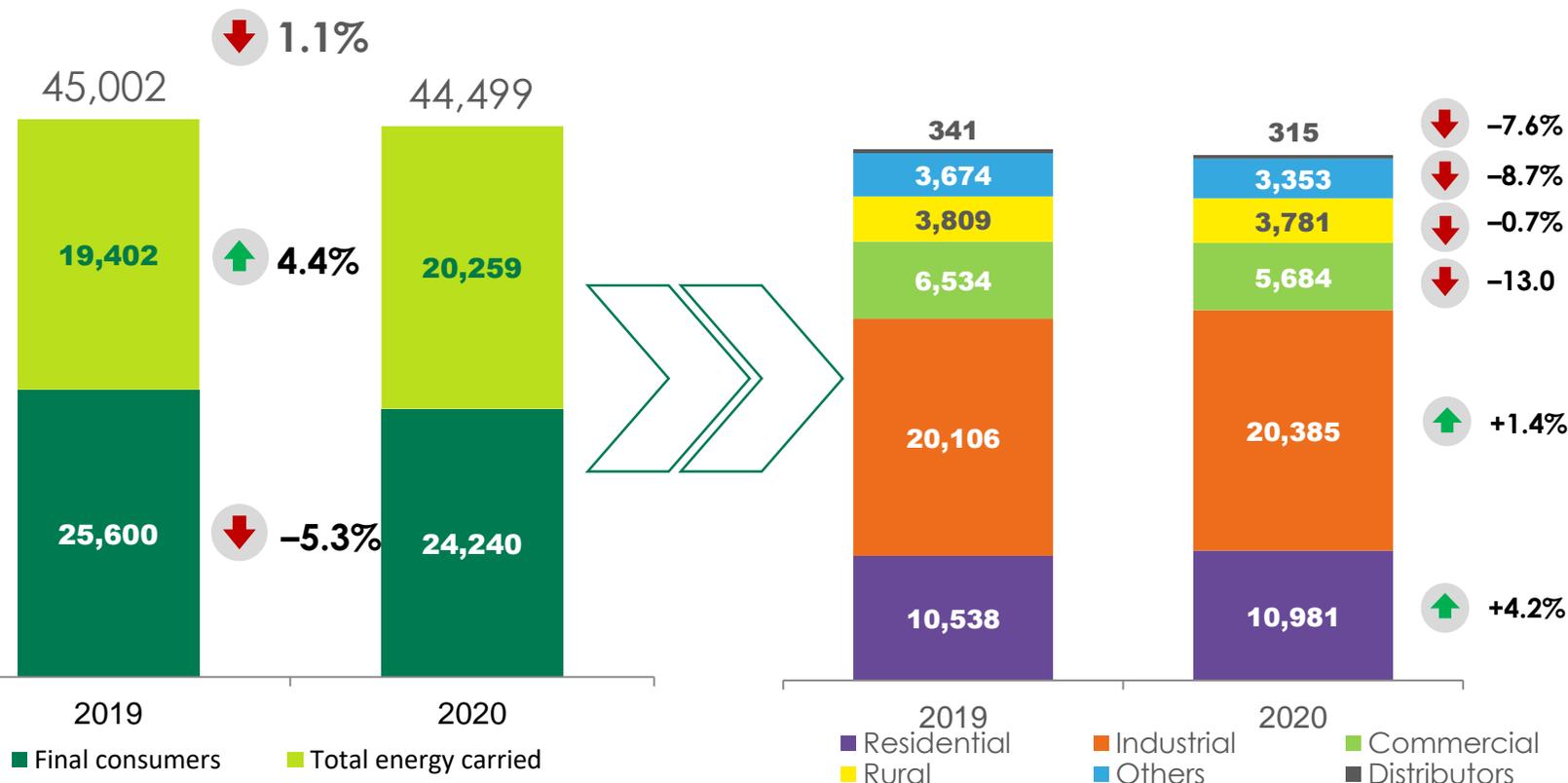
- Energy carried for clients would have been **up 2.5%** – vs. up **4.4%**
- Consumption by final consumers would have been **down 3.8%** – vs. **down 5.3%**

Consumption of clients that migrated from captive market to **Distributed Generation** totaled **626GWh** in 2020.

Without this:

- Total energy distributed would have been **up 0.3%** – vs. **1.1%**
- Consumption by final consumers would have been **down 2.9%** – vs. **down 5.3%**

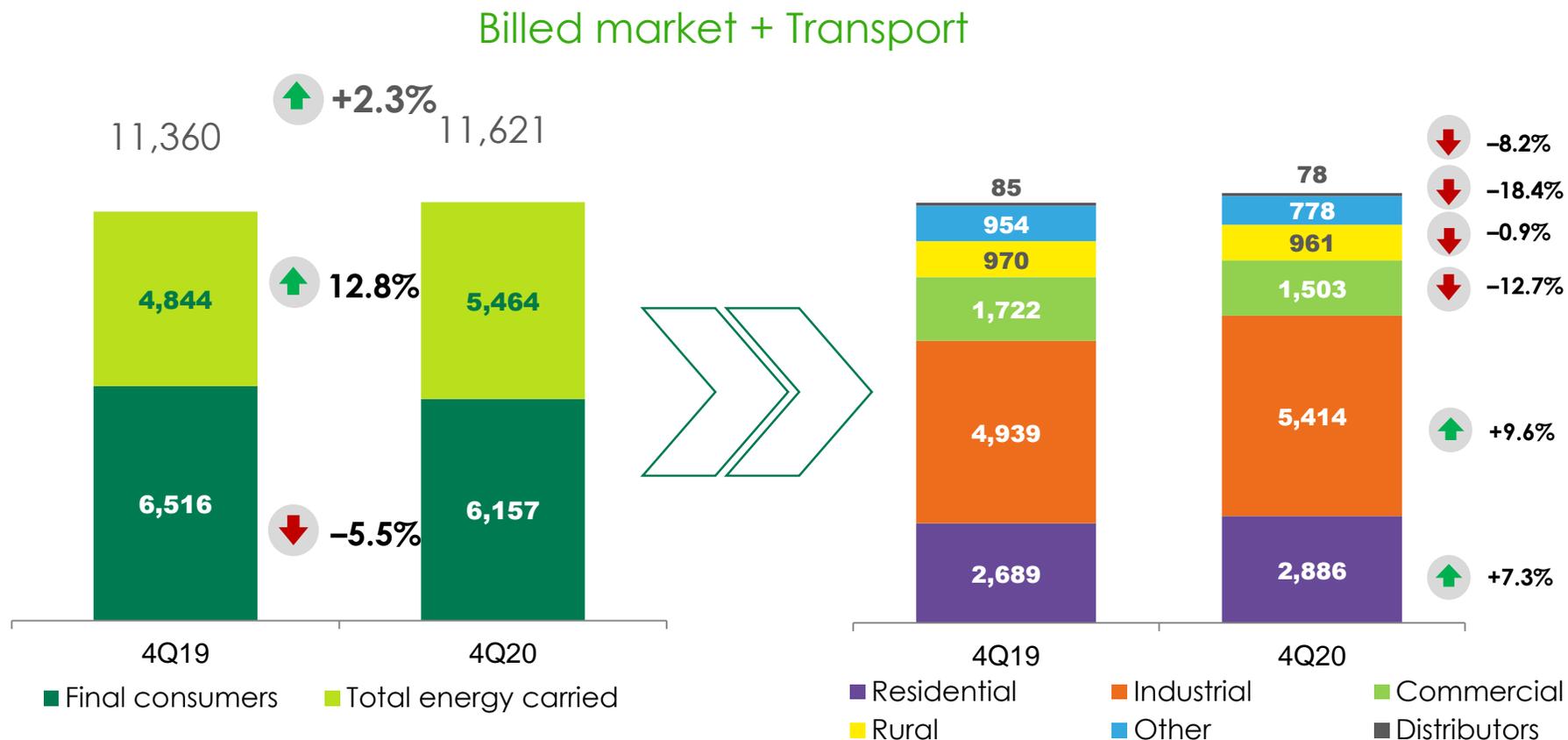
Billed market + Transport



Distributed generation: Significant potential impacts on Cemig D's tariff –
There is an important need for discussion on subsidies through a nationwide tariff policy.

Market of Cemig D, 4Q20 – GWh

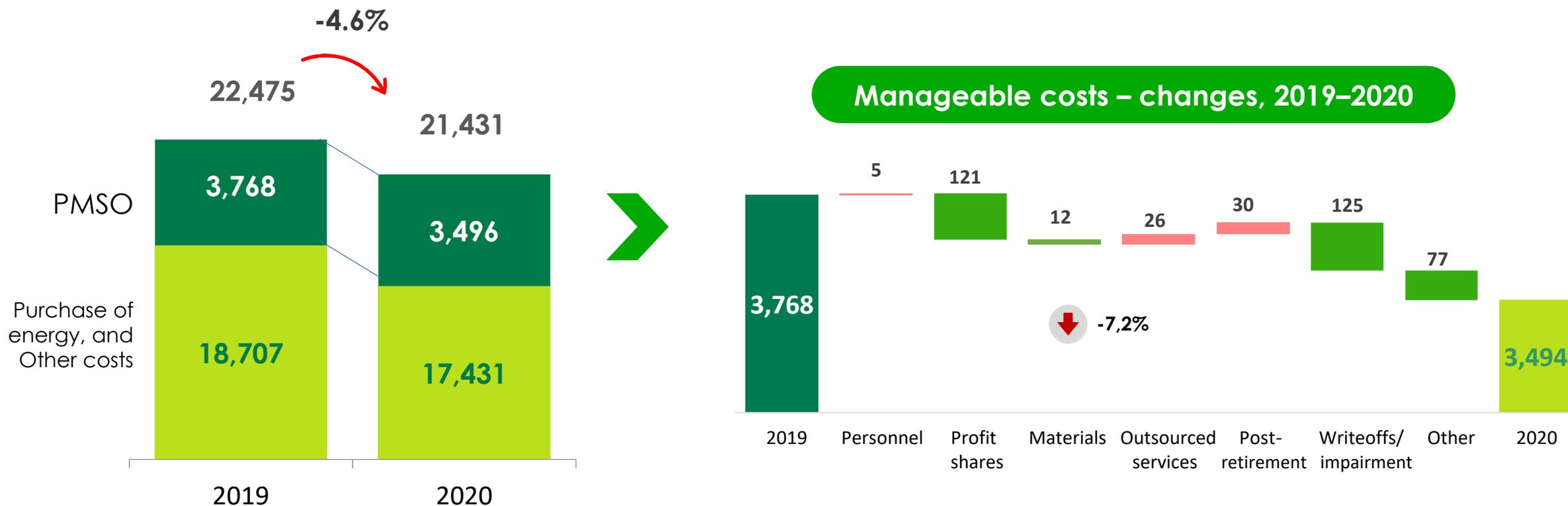
Strong resumption of industrial consumption in 4Q20



- Consumption by clients migrating from captive to Free market in 2020: **146GWh**
- Adjusted for this, variations would be:
 - Energy transported: up **9.8%**
 - Final consumers: down **3.3%**

2020: Consolidated operational costs and expenses

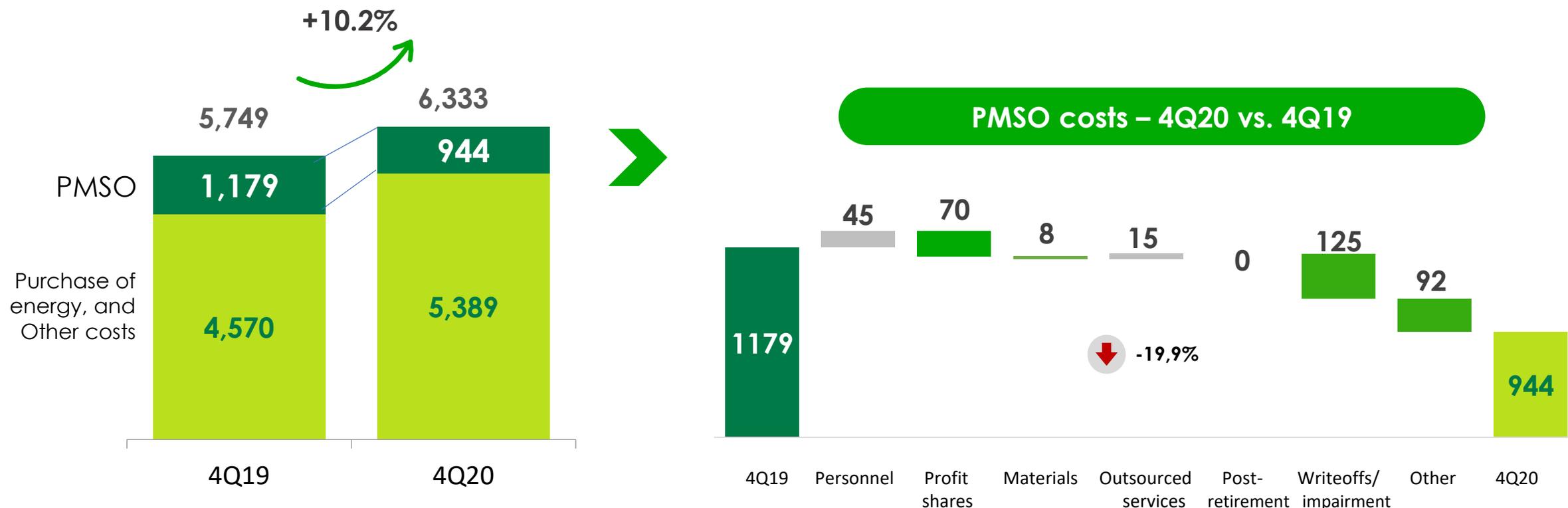
Operational expenses below the regulatory benchmark



- Write-offs and impairments totaled **R\$ 125MM**,
– mainly reflecting decommissioning of *Igarapé* thermal plant, and impairment in *Volta do Rio*.

4Q20: Consolidated operational costs and expenses

Operational expenses below the regulatory benchmark

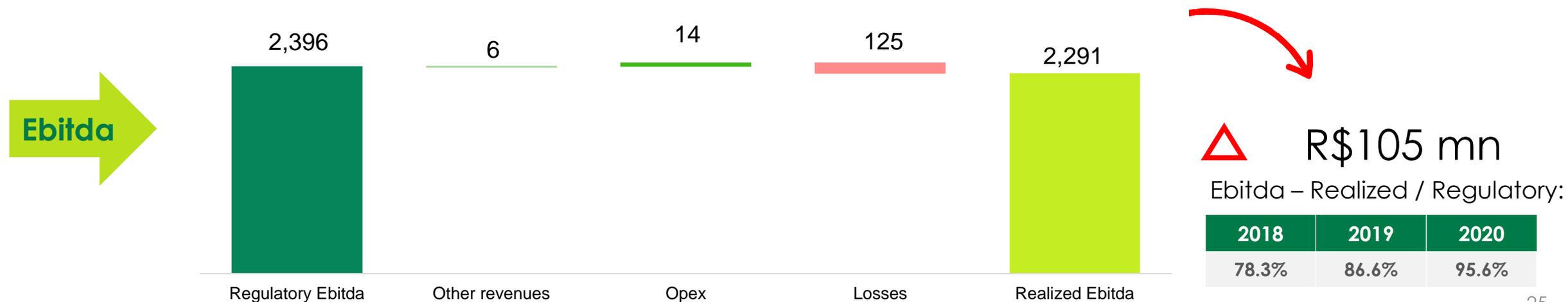
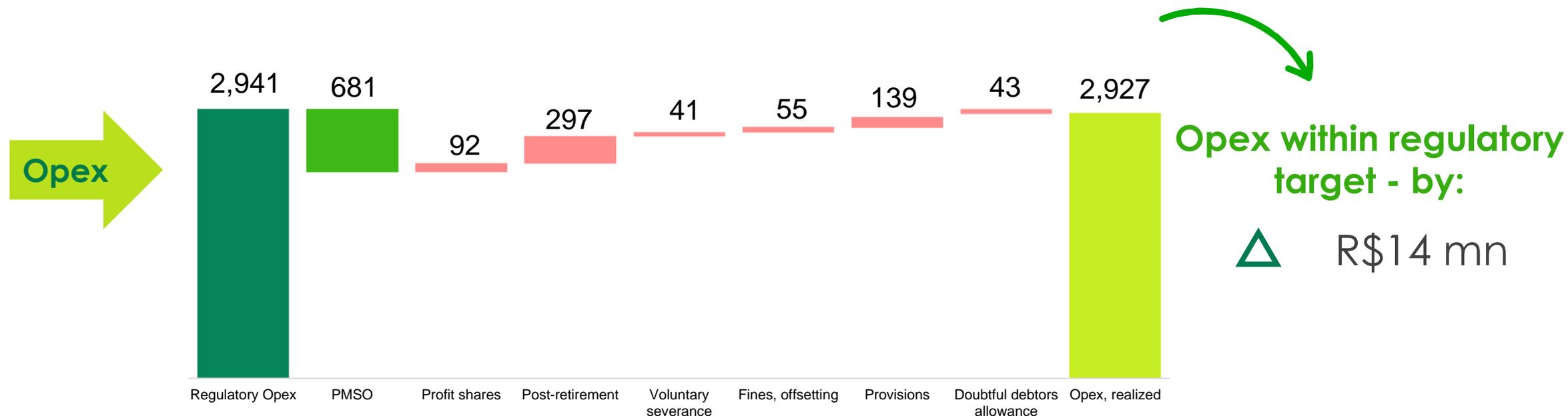


Write-offs and impairments totaled **R\$ 125mn**,

– mainly reflecting decommissioning of *Igarapé* thermal plant, and impairment in *Volta do Rio*.

Cemig D: 2020 Regulatory Opex and Ebitda

R\$ mn



Debt profile – consolidated

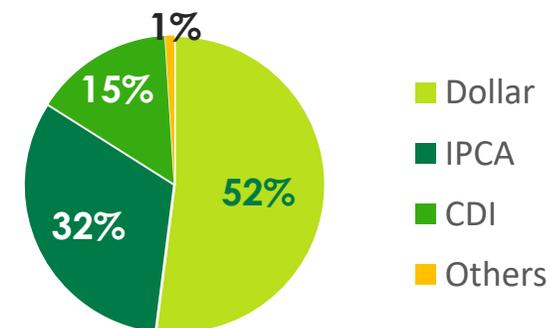
Debt profile – consolidated

Maturities timetable – Average tenor: 3.8 years

Net debt (Debt – Cash and securities): **R\$ 9.2 bn**
 Total net debt (Net debt – Hedge): **R\$ 6.3 bn**

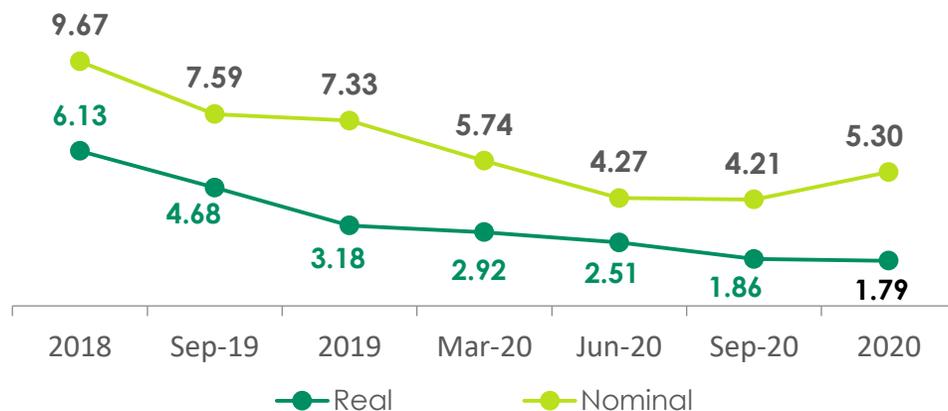


Main indexes

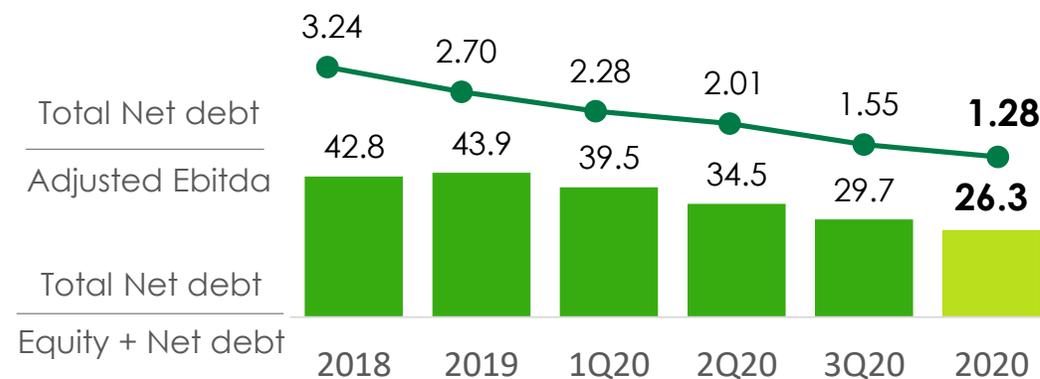


(i) Debt in USD protected by hedge instrument, within an FX variation band – converted into % of Brazilian CDI rate.

Cost of debt – %

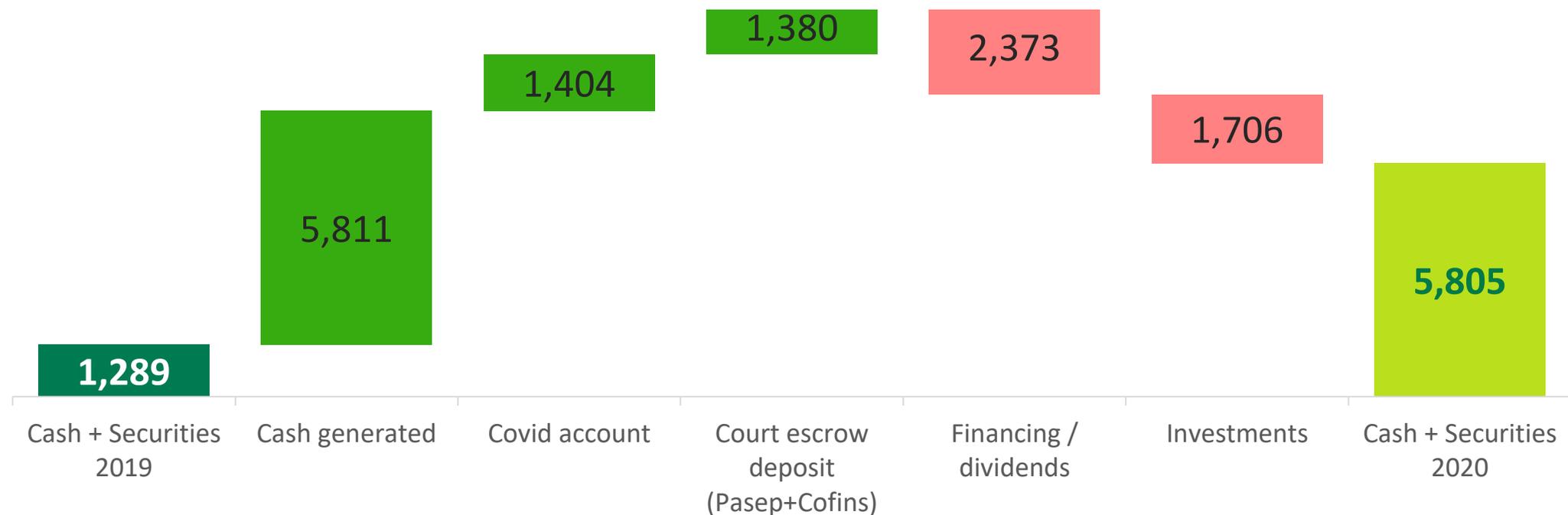


Leverage – %



Stable cash flow

Strong cash generation in 2020



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

Management's priorities

Opex within regulatory limit

✓ Achieved

Strengthening of Cemig D's Investment Program

✓ Achieved

DEC within regulatory limit

✓ Achieved

Optimization of capital allocation

✓ ⌚ Partially achieved

Definitive solution for Renova

✓ ⌚ Partially achieved

Renewal of concessions

⌚ In progress

Investment in renewable generation sources (wind and solar)

⌚ In progress

Non-technical losses – reduction to regulatory level

⌚ In progress

Restructuring of retirement benefit plans

⌚ In progress

Liability management for Eurobonds

⌚ In progress

Digital transformation

⌚ In progress

Growth in retail electricity sales

⌚ In progress

Expectations for 2021

Directives for future success

Organizational culture

Development of an organizational culture project
– further building/strengthening our corporate values.

Strategic planning

Conclude review of strategic planning, aiming for “focus to achieve”:
– priority for generation, transmission and distribution businesses;
– seek leadership in client satisfaction, safety and efficiency

Management of debt

Continuous management – aim:
– lengthening of profile, lower cost,
– lower concentration of maturities, lower FX exposure.

Capital allocation

Commitment to maximize value through disinvestment, and allocation of capital with higher returns.

Digitalization

Modernize relationship with clients, suppliers and employees through
– updating of platforms, adoption of ‘virtual assistants’
and automation of processes.

26TH ANNUAL CEMIG MEETING WITH THE CAPITAL MARKETS





Investor Relations
Tel: +55 31 3506-5024
ri@cemig.com.br
<http://ri.Cemig.com.br>