



# 3Q21 RESULTS



IBRX100 B3 IEE B3 ISE B3 ICO2 B3

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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 events or results will occur 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**.

## Ebitda and Net profit

Robust growth in 9M21: Ebitda **R\$ 6.3 bn** (up 53.6% YoY);  
Net profit **R\$ 2.8 bn** (up 75.1% YoY)

## Cemig D (Distribution) – Opex and Ebitda

Opex and Ebitda of Cemig D within regulatory parameters:  
Opex: **R\$ 279 mn** – below the regulatory level;  
Ebitda: **R\$ 267 mn** – above the regulatory level.

## Recognition of GSF in investees

**R\$ 308 mn** from renegotiating GSF of jointly-controlled subsidiaries  
– positive contribution to **Equity income\***

## Best ratings in Cemig's history

Financial and operational results led to **upgrades by all the risk rating agencies**

## Highlight: Trading

First transfers of trading contracts to Cemig H in 3Q21  
– greater visibility for the **Trading** business.

## Quality indicators

Investments in Cemig D ensure **stability and reliability** in the system:  
DEC outage index – 9.46 hours – remains below the Aneel limit.

\* (Gain on interests in non-consolidated investees)

In line with Cemig's strategic planning and disinvestment program

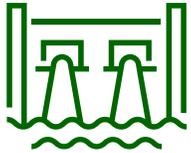
- Sale to **Angra Partners**
  - Total amount **R\$60 mn** (shares + receivables)
  - Earn-out subject to liquidity events specified in the contract
- As well as the amounts received, the sale:
  - Frees up management efforts
  - Enhances capital allocation
  - Creates potential for use of tax credits
- Investment is already valued at zero in the balance sheet
- Transaction is subject to approval of conditions precedent



Cemig reiterates its commitment to concentrate activities on its core business and improve quality of service in the State of Minas Gerais

# Execution of investment program

R\$ 1.4 bn invested up to September 2021



## Generation

**R\$ 96 mn**

Expansion and modernization of generation



## Transmission

**R\$ 106 mn**

Strengthening and upgrading – with increase in RAP



## Distribution

**R\$ 1.125 bn**

Investments in maintenance and modernization of the electricity system



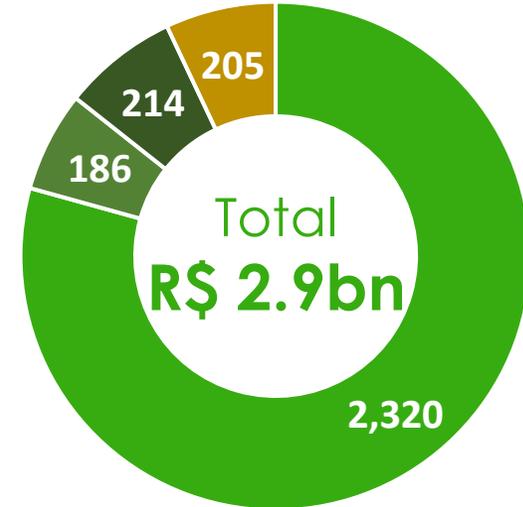
## Other investments

**R\$ 82 mn**

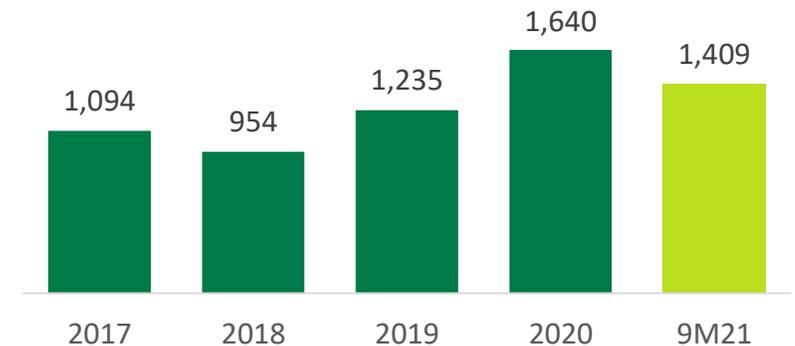
Gasmig R\$ 69 mn

Capital Injection into Cemig SIM – R\$ 13mn

Planned for 2021

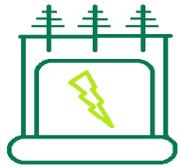


- Distribution
- Generation
- Transmission
- Other



# MAIS ENERGIA PROGRAM - (“MORE ENERGY”)

The **Mais Energia program** will amplify Cemig's transformation capacity, providing more quality, safety and reliability in the system to meet clients' needs.



## 200 new substations

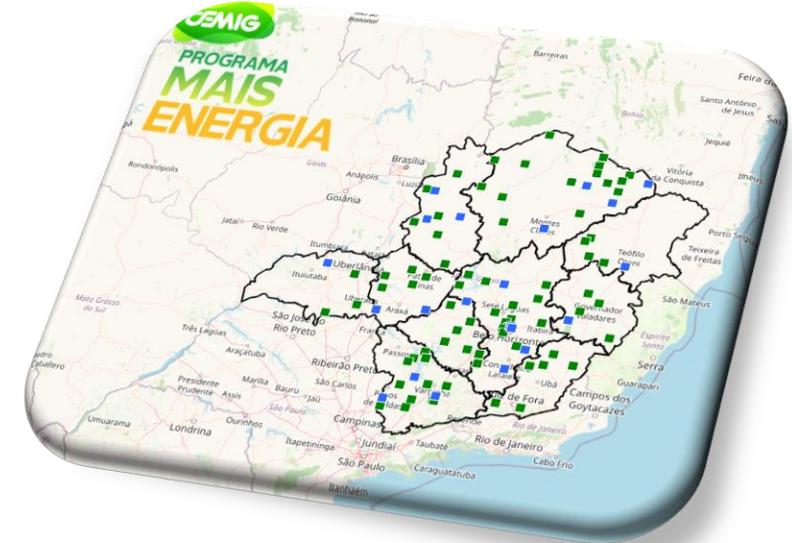
- bringing the total to **615 in operation** until 2027
- **22** energized by December 2021 and **80** in 2022



Total investment of **R\$ 5 bn** by 2027



**8.7 million** clients benefited

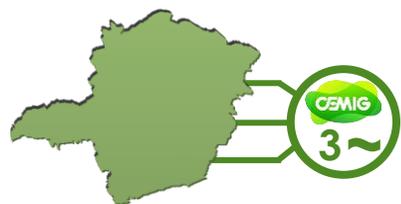


Click here to see map of Cemig's substations.

<https://geo.cemig.com.br/programa-mais-energia/>

# The Minas Three-Phase Program

Better **Reliability** and **Quality** in service to clients in the countryside



Conversion of these networks from **single-phase** to **three-phase**  
 Interconnections for operational flexibilities and automation of protection systems



Transforming subsistence **agriculture** into **agribusiness**

- Making more energy available for development of the countryside areas of Minas Gerais



Total investment planned from 2021 through 2027: **R\$ 1.8 bn:**

- 2021-2022 : **R\$ 335 million**
- 2023-2027 : **R\$ 1.45 billion**



Cemig once again wins the **Transparency Trophy** – for companies with distinctive transparency practices in their financial statements – in the category *Companies with net sales above R\$8 billion.*

Cemig was a finalist in the **2021 Abradee Awards:** **2nd-placed** in the *Evolution in Performance* category.

The awards assess **distributors** for their performance in criteria ranging from economic-financial management to social-environmental responsibility.

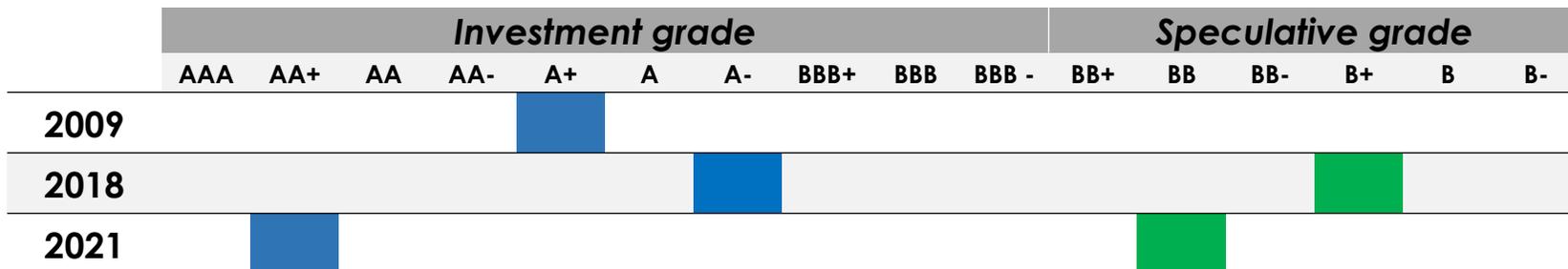


# Best ratings in Cemig's history

Upgrades of Cemig's ratings reflect

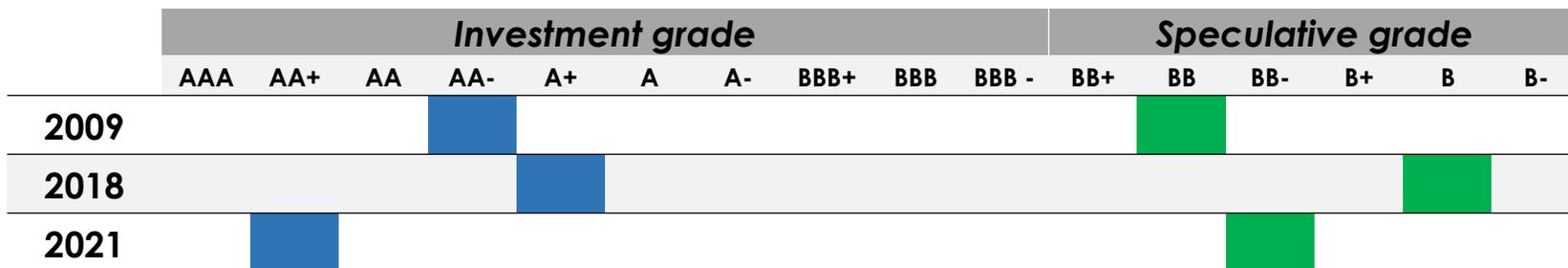
- reduction of leverage and improved operational performance

**Fitch**  
Ratings

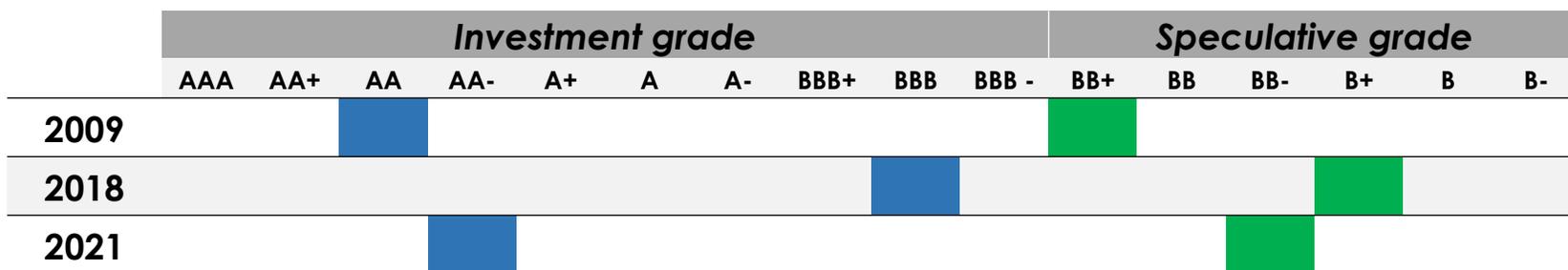


■ Brazilian scale  
■ Global scale

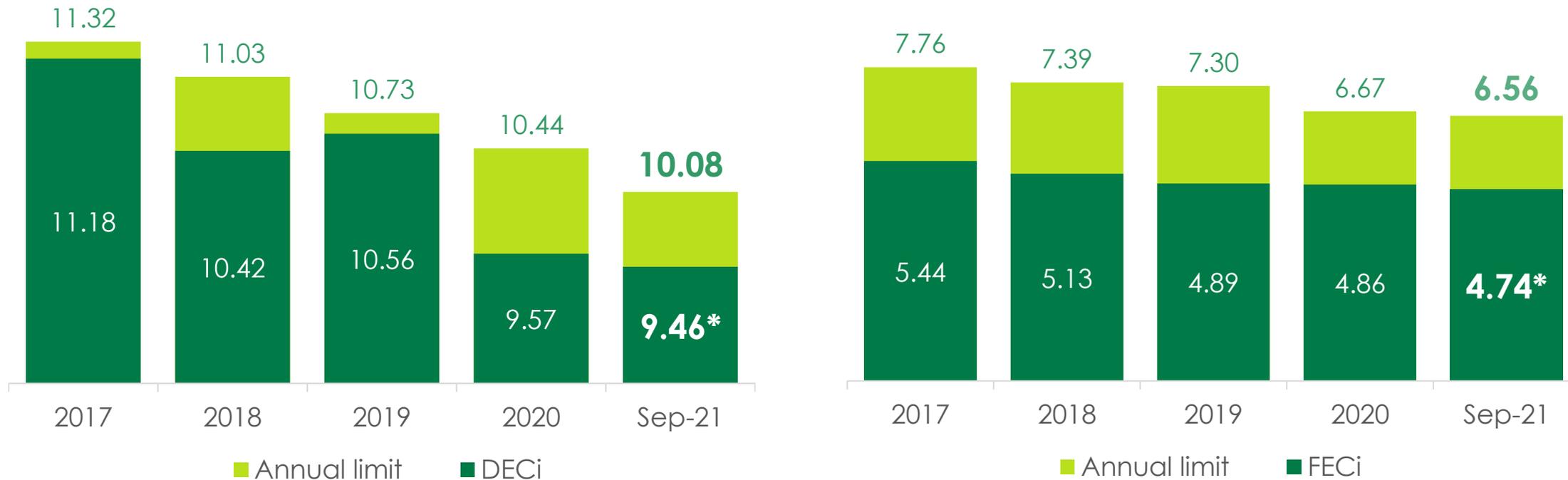
**S&P Global**



**MOODY'S**



Our investment in **electricity distribution** enables us to deliver **reliable service** with **quality** to our customers



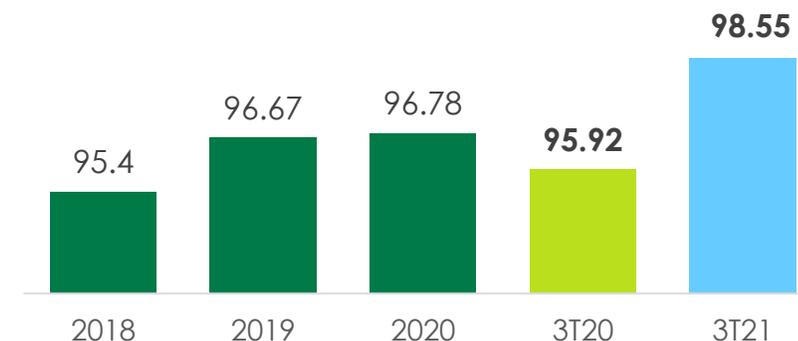
(\* ) September figure is for 12-month window (Oct. 2020 – Sep. 2021)

## CEMIG D: Combating default

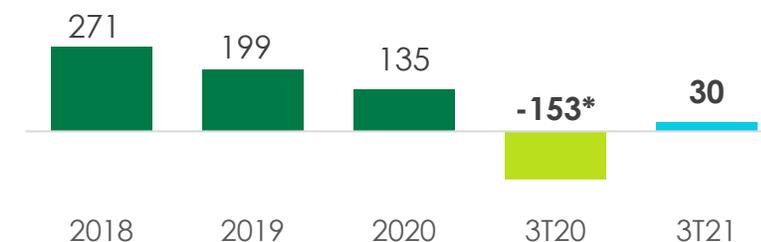
Intensified collection activities, and greater efficiency in combating default, helped in producing a lower-than-estimated default provision

- Collection index reached **98.55%** in 3Q21
- Volume of collection activity **13%** higher than in 2Q21
  - ✓ 8 million interactions via collection letters, local-notary protests, postings on public credit records, texts and emails
- **1.01 million** customer disconnections in 9M21 – **173%** more than in 9M20
- Automation of local-notary protest procedure
  - ✓ 154,000 customer bills sent in 3Q21 – 6% more than in 3Q20
- New payment channels, including on-line negotiation, made available in 2021
  - ✓ **R\$ 43 million** collected in payments via PIX (Brazil's new free-of-charge instant payment system) – 236,000 transactions in 3Q21
  - ✓ Volume of payments via debit or credit card near-doubled in 3Q21 – total of 18,000 transactions
- Payment of overdue electricity bills by credit card allowed – transferring risk of receipt to the card operator

**Receivables Collection Index**  
 = collection/billing, %  
 12-month moving averages



**Default provision: Changes (R\$ mn)**



\* Includes **R\$231 mn reversal** of provisions for losses on receivables from Minas Gerais State (net of provisions made).

# CEMIG D: Combating energy losses

New initiatives to combat losses have made a significant contribution to reduction, converging toward the regulatory limit.





# RESULTS



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# Main factors in the 3Q21 results

## Cemig H

Strategy of giving more visibility to Trading

- Segregation of the Trading business
- Transfer of contracts from Cemig GT to the holding company.

## Cemig D

Volume of electricity distributed **4.3%** higher YoY:

- Captive market: **1.2%** higher
- Transport for clients: **7.9%** higher

Realized **Opex** and **Ebitda** still within regulator's parameters

## Cemig GT

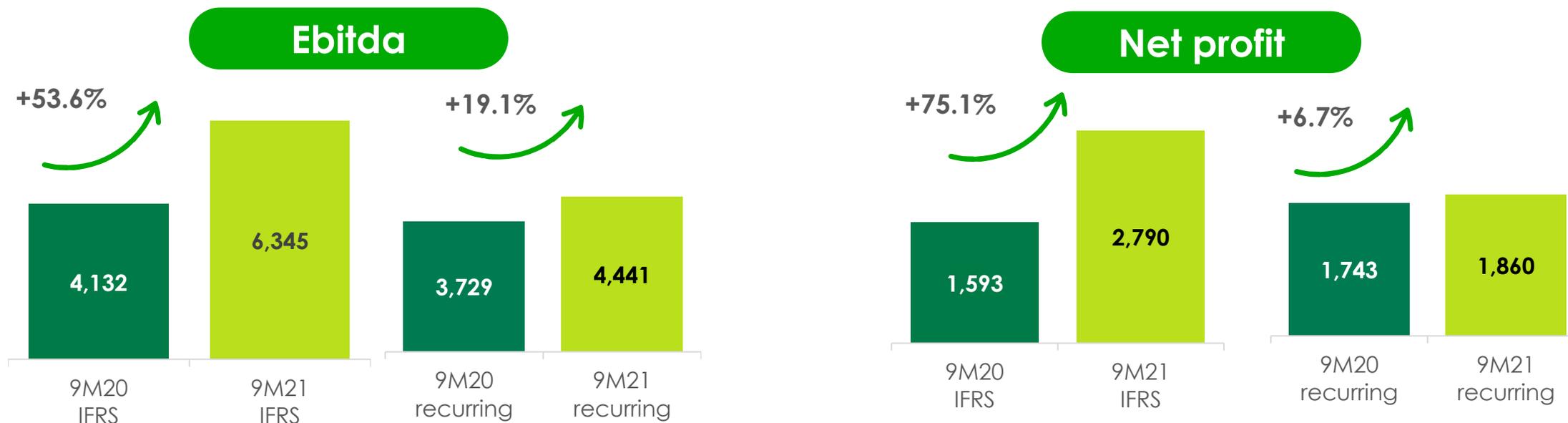
Renegotiation of hydrological risk: **R\$430 mn**

- Cemig: **R\$122 mn**; Investees: **R\$308 mn**

Eurobond buyback: **US\$500 mn**, with premium of **R\$491 mn**

# 9M21: Cemig net profit

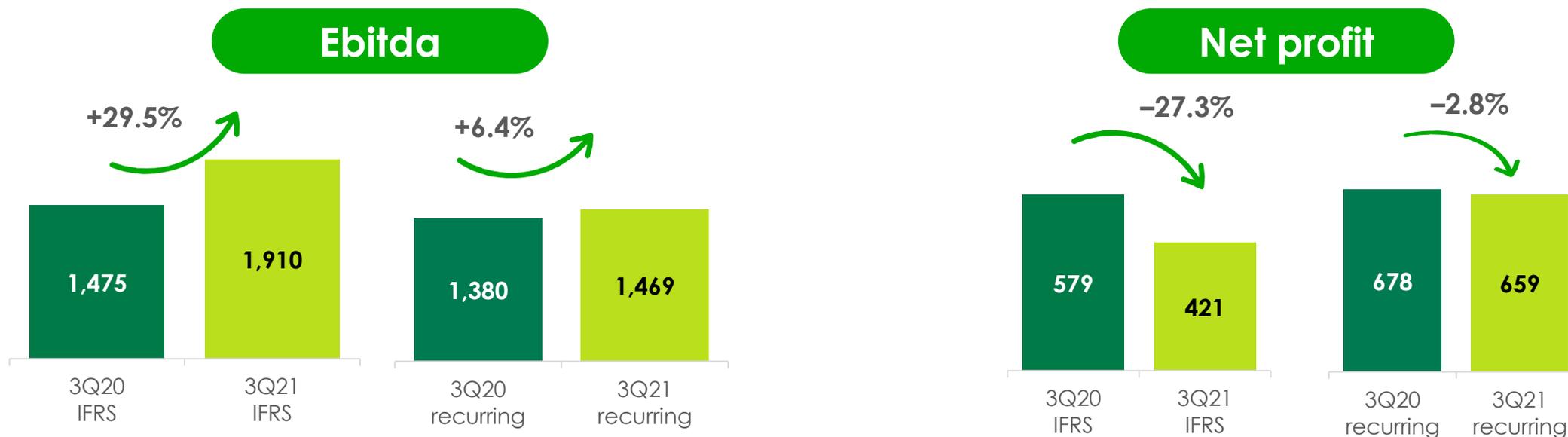
Economic recovery in Cemig's concession area boosted results



Adjustments	Ebitda		Profit	
	9M20	9M21	9M20	9M21
<b>IFRS</b>	4,132	6,345	1,593	2,790
Light: Remeasurement / Sale	270	-109	178	-72
Net gain (loss) on Periodic Review (National Grid)	-480	-217	-317	-143
Reversal of tax provisions	-	-90	-	-59
Doubtful debtors provision – Renova	37	-	37	-
Renegotiation of hydrological risk (investees)	-	-308	-	-308
Renegotiation of hydrological risk	-	-1,032	-	-681
Advances against services provided	-	-148	-	-132
Result of business combination	-52	-	-34	-
Reversal of default provision – Minas Gerais State	-178	-	-117	-
Eurobond	-	-	403	465
<b>Recurring</b>	<b>3,729</b>	<b>4,441</b>	<b>1,743</b>	<b>1,860</b>

# Cemig's net profit in 3Q21

Higher profit in 2021, even with effects of 3Q fall in reservoir levels, with lower GSF

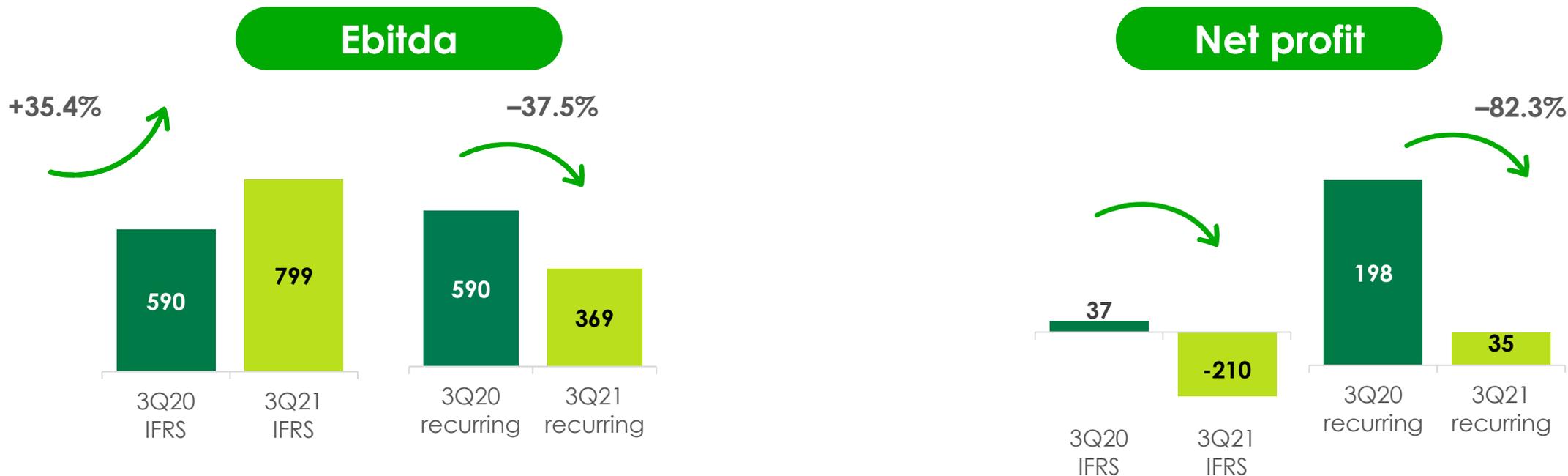


Adjustments	Ebitda		Profit	
	3Q20	3Q21	3Q20	3Q21
<b>IFRS</b>	1,475	1,910	579	421
Remeasurement – Light	136	-	90	-
Renegotiation of hydrological risk	-	-122	-	-81
Renegotiation of hydrological risk (investees)	-	-308	-	-308
Reversal of tax provisions	-	-11	-	-7
Reversal of default provision – Minas Gerais State	-231	-	-152	-
Eurobond	-	-	161	634
<b>Recurring</b>	<b>1,380</b>	<b>1,469</b>	<b>678</b>	<b>659</b>

# Cemig GT: net profit in 3Q21

## Trading strategy minimizes impact of GSF on results

Highlight > transfer of part of trading contracts to Cemig H in 3Q21



**Effects of start of transfer of trading contracts to Cemig H in 3Q21:**

**R\$ 125mn** in **Ebitda**;

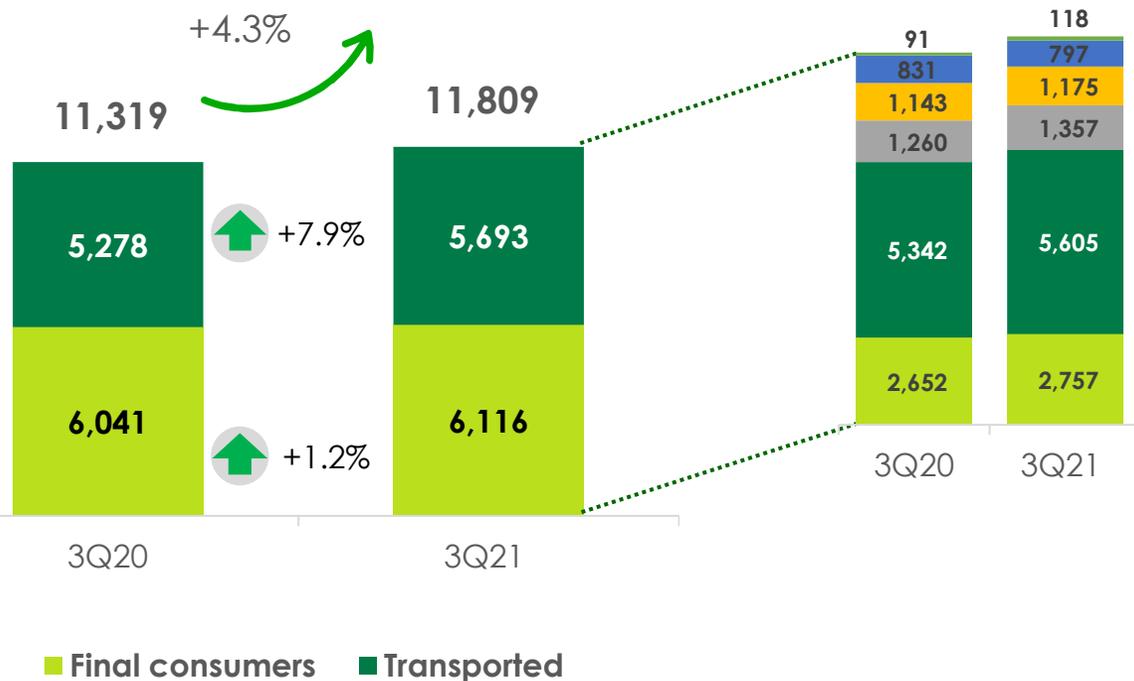
**R\$ 83mn** in **Net profit**

Adjustments	Ebitda		Profit	
	3Q20	3Q21	3Q20	3Q21
<b>IFRS</b>	590	799	37	-210
Renegotiation of hydrological risk	-	-122	-	-81
Renegotiation of hydrological risk (investees)	-	-308	-	-308
Eurobonds	-	-	161	634
<b>Recurring</b>	<b>590</b>	<b>369</b>	<b>198</b>	<b>35</b>

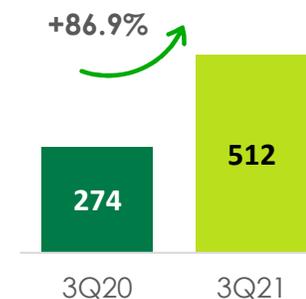
# Market of Cemig D in 3Q21 – GWh

Resumption of economic activity boosted growth of energy market

Cemig D: billed market + transmission



## Energy injected - GWh



Significant growth in **Distributed Generation** in 2021



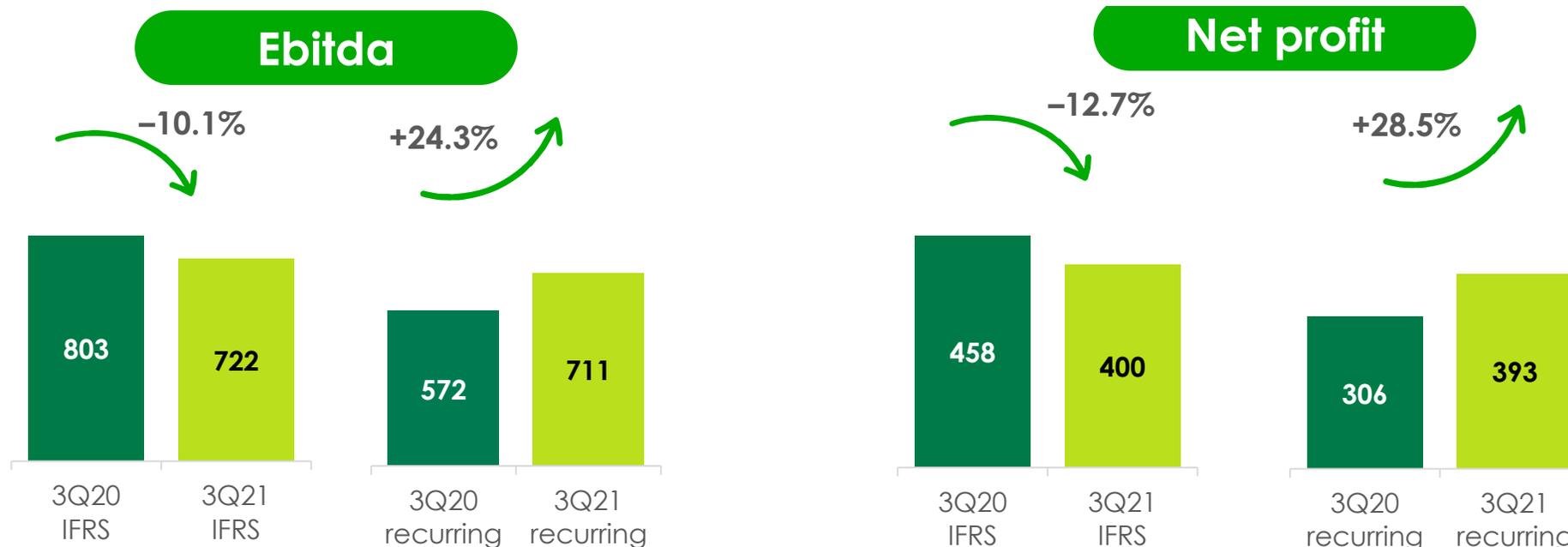
## 4.2%

Distributed generation was of Cemig D's total energy market

# Cemig D: net profit in 3Q21

Factors in robust 3Q result include:

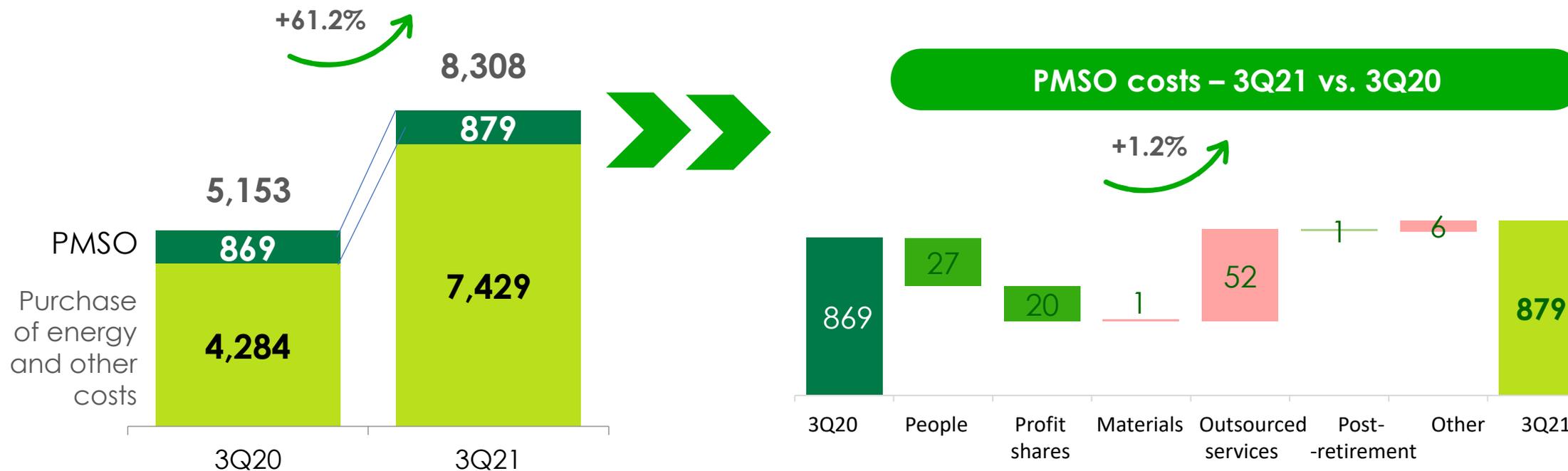
- Growth of the energy market
- Reduction of default and energy losses



Adjustments	Ebitda		Profit	
	3Q20	3Q21	3Q20	3Q21
<b>IFRS</b>	803	722	458	400
Reversal of default provision – Minas Gerais State	-231	-	-152	-
Reversal of tax provisions	-	-11	-	-7
<b>Recurring</b>	<b>572</b>	<b>711</b>	<b>306</b>	<b>393</b>

# 3Q21: Consolidated operational costs and expenses

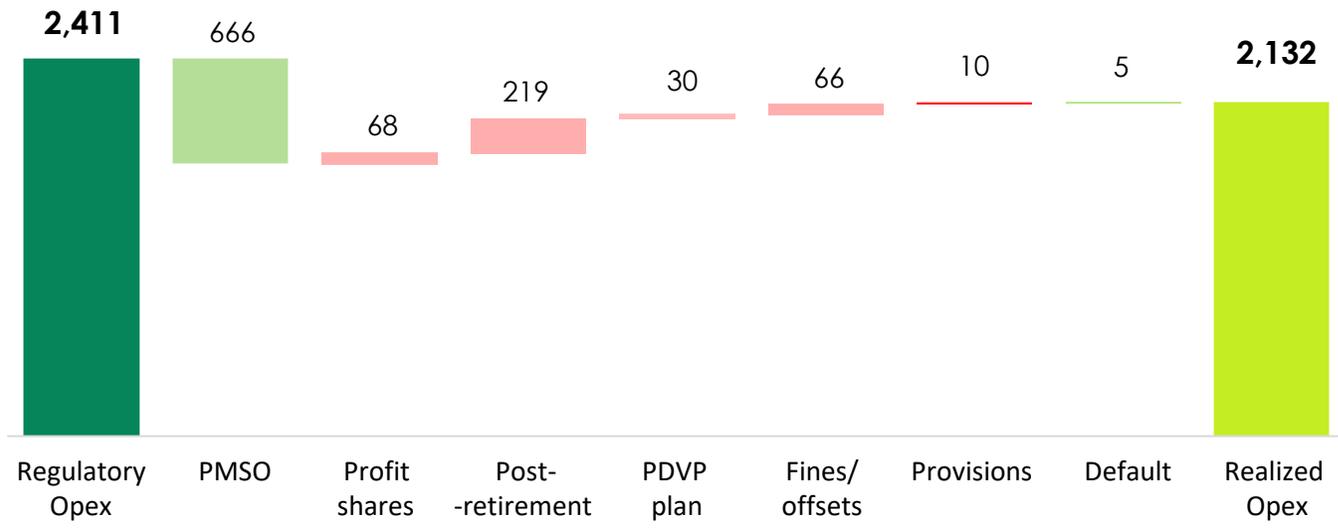
Operational expenses below the regulatory benchmark



- Manageable expenses (**PMSO**) grew by significantly less than inflation.
- Expense on outsourced services was **17.1%** higher – note:
  - 9M21 had non-recurring IT expenses, with migration of data center;
  - In **3Q20**, expenses were lower due to the pandemic;
- Expenses on disconnection and reconnection were **272.0%** higher YoY in 3Q21 – a total of **348,000** disconnections in 3Q21, vs. **150,000** in 3Q20.

# Cemig D: Regulatory opex and Ebitda – Sep. 2021

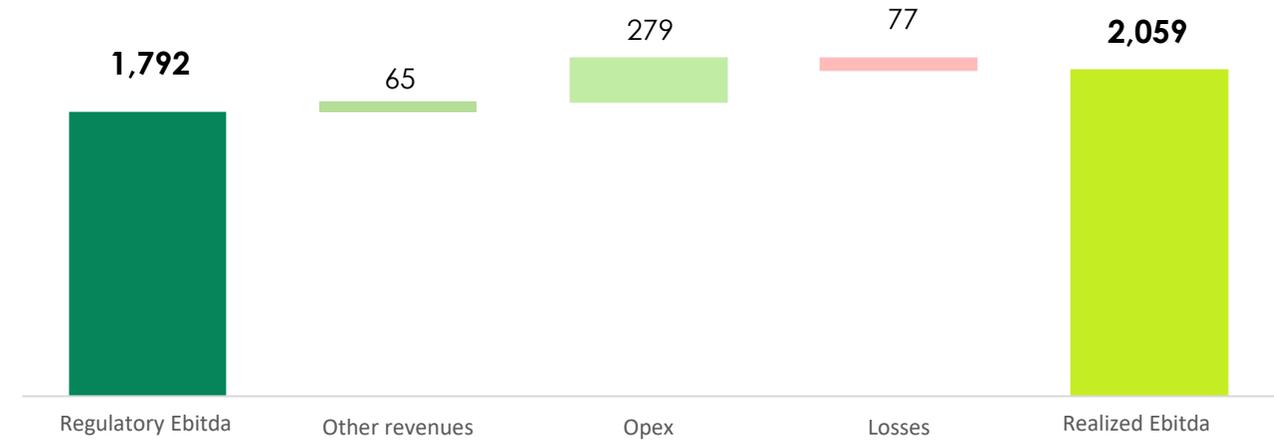
Commitment to operational efficiency keeps indicators within the regulatory limits



**△ R\$ 279 mn**

Opex: Realized / Regulatory

2018	2019	2020	9M21
105.4%	128.3%	99.5%	88.4%



**△ R\$ 267 mn**

Ebitda: Realized / Regulatory

2018	2019	2020	9M21
78.3%	86.6%	95.6%	114.9%

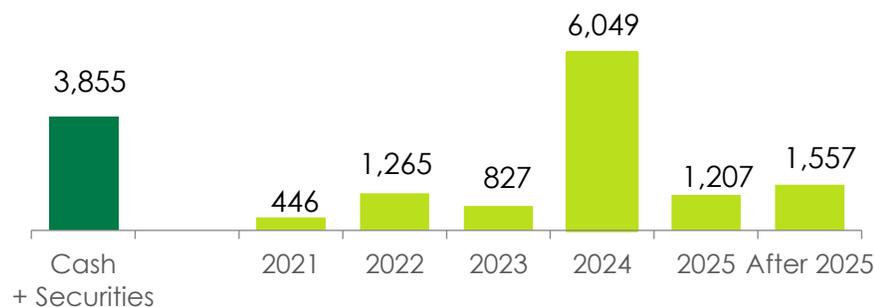
R\$ mn

# Debt profile – consolidated

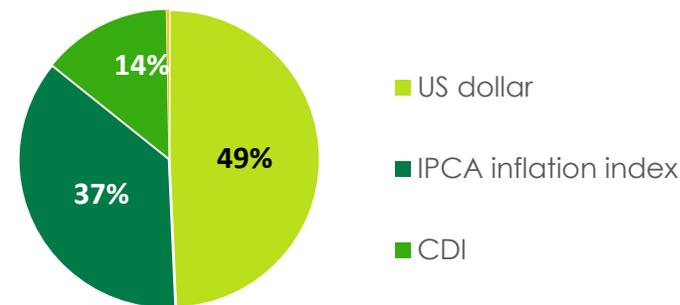
Eurobond buyback transaction reduced concentration of debt in 2024, and Cemig’s FX exposure

## Maturities timetable – Average tenor: 3.4 years

Net debt (Debt – {Cash + Securities}): **R\$ 7.5 bn**  
 Total net debt (Net debt – Hedge): **R\$ 6.2 bn**

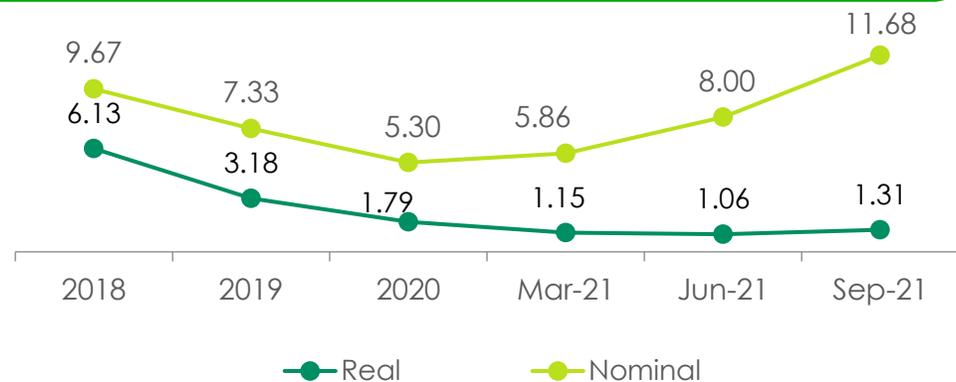


## Main indexors

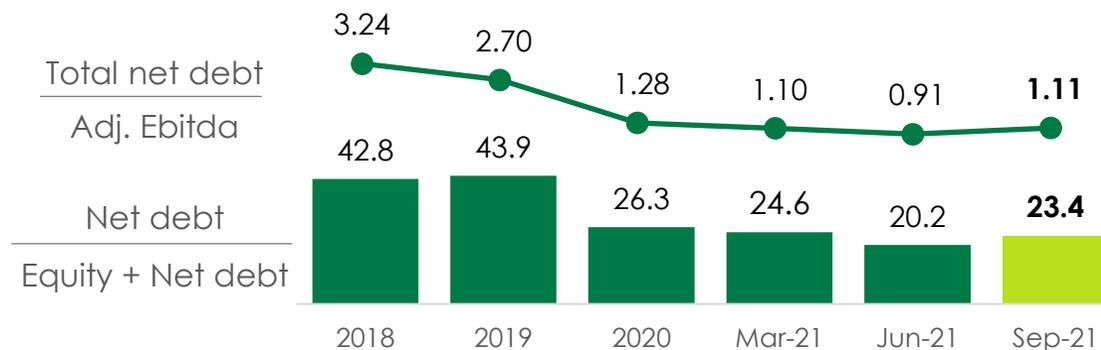


- Debt in USD is protected by a hedge, within an FX variation band – converted to % of Brazilian CDI rate.

## Cost of debt – %



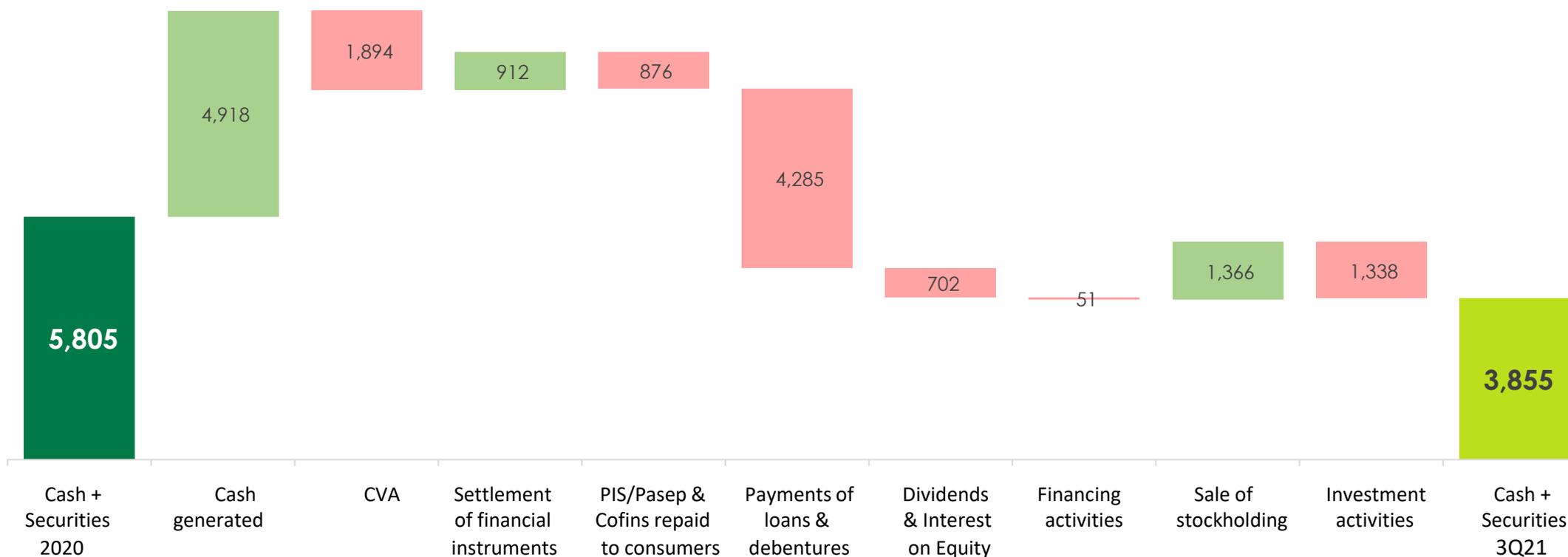
## Leverage – %



# Consolidated cash flow

Robust cash at end of 3Q:

enables compliance with investment plan targets, and management of debt



# Management's priorities

Opex within regulatory limit	✓ Achieved
Strengthen Cemig D's investment program	✓ Achieved
DEC within regulatory limit	✓ Achieved
Bonds – liability management	✓ Achieved
The disinvestment Program	✓ ⌚ Partially achieved
Definitive solution for Renova	✓ ⌚ Partially achieved
Renew concessions	⌚ In progress
Invest in renewable generation (wind and solar)	⌚ In progress
Non-technical losses – reduce to regulatory level	⌚ In progress
Restructure retirement benefit plans	⌚ In progress
Digital transformation	⌚ In progress
Growth in retail electricity sales	⌚ In progress



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