

**2Q20 results  
reflect greater  
operational efficiency**

**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

- Recurring Ebitda **R\$ 2.3 billion** in **1H20** (up 12% year-on-year).
- Distribution: Total load down 4% YoY in **1H 20** – down 6% YoY in **2Q20**.
- Periodic Review of Transmission Revenue: **R\$ 430 mn** gain in bottom line.
- Covid Account: Receiving **R\$ 1.4 billion** up to January 2021.
- Strong cash position, and leverage reduced:  
Net debt/Ebitda down to 2x.



# Cemig in the fight against Covid-19

## Crisis Management Committee – Strategic aims:

Ensure service continuity.

**Energy** is essential for the population.  
Carrying out action plans to **maintain adequate supply**.

Employees' health and safety

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

Relationship with our clients

Using **digital solutions**; creating innovative rules for relationship.

Social responsibility

Strongest impacts are on **health** and **social issues**.  
We **donate funds** to hospitals and encourage registration in social programs.

Financial sustainability

Implementing **conservative cash management**  
- and optimizing operational expenses.

# Execution of investment program

Market segment	2020		Executed	%
	Planned	Revised*	Up to June 2020	Executed
Distribution	1,667	1,473	571	38.76%
Generation	95	77	19	24.68%
Transmission	250	160	76	47.50%
<b>Total of investments</b>	<b>2,012</b>	<b>1,710</b>	<b>666</b>	<b>38.95%</b>

\* Revised after start of quarantine.

- Cemig has reviewed its investment program for 2020, but maintains the plan to invest **R\$ 10.4 billion** over 2020–24.



# Programmed Voluntary Severance Program

- 396 employees (approximately 7% of Cemig group's total) accepted the Voluntary Severance Program implemented in 2Q.
- Payment of the standard legal severance payments.
- Total cost: **R\$ 59 million**
  - Cemig GT: 61 employees; cost **R\$ 11 million**
  - Cemig D: 329 employees; cost **R\$ 46 million**
  - Others: 6 employees; cost **R\$ 2 million**
- Annual saving of **R\$ 95 million** (taking into account partial re-hiring).
- Expected payback time: **8 months**

# Cemig D – Acceptance of the ‘Covid Account’

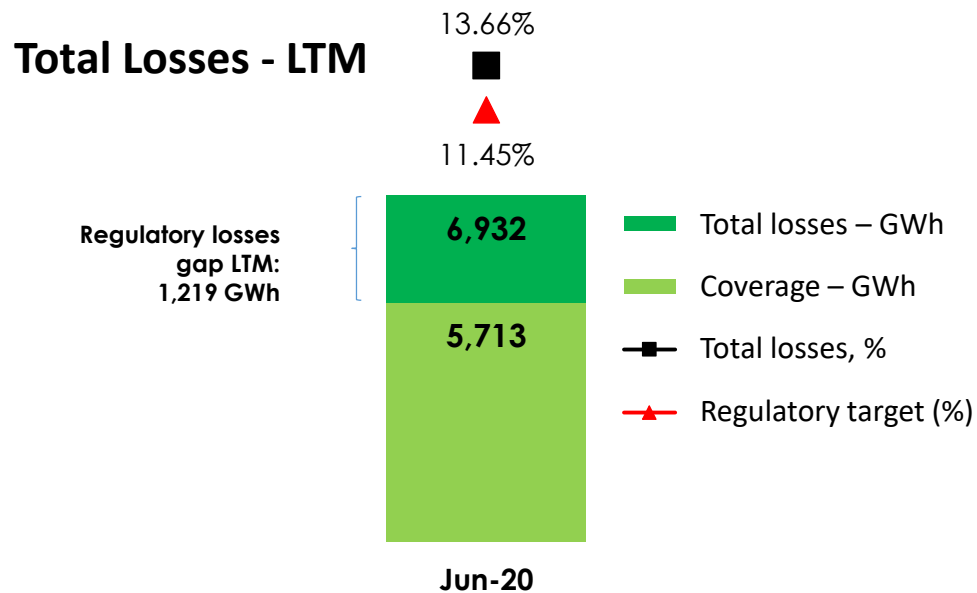
- Total: **R\$ 1.40 billion**
  - First tranche, **R\$ 1.18 billion**, received July 31, 2020.
  - Remainder, **R\$ 220 million**, in six installments, August 2020–January 2021
  
- The amounts received are not added to the debt nor the net profit of Cemig D:
  - they will be taken into account in the calculation of the Regulatory asset, updated by the Selic rate.

# Cemig D proposal to reduce tariff adjustment

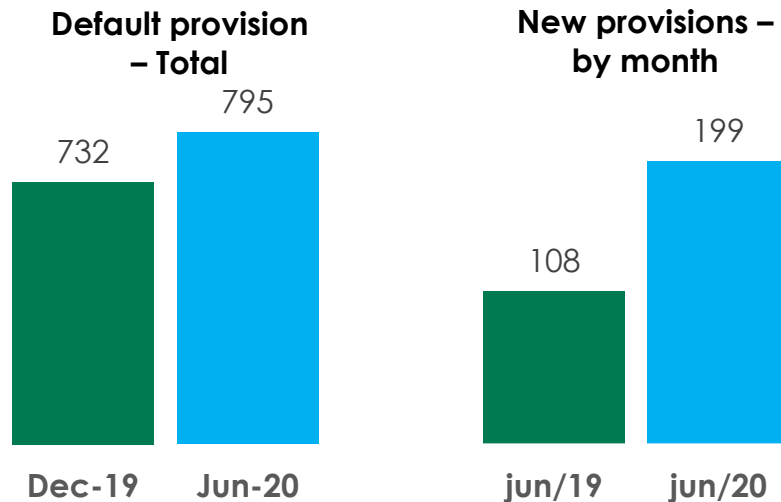
- On June 25 the Council of Aneel approved Cemig D's tariff adjustment – an average of 4.27%, backdated to May 28.
- After an administrative appeal contesting the adjustment, Cemig submitted a new proposal to Aneel, based on the concept of totally exceptional conditions caused by the Covid-19 pandemic.
- Cemig D proposed bringing forward its planned **R\$ 714 .4 million** restitution to clients – equal to part of the escrow deposit released after its successful legal action against inclusion of ICMS tax in the basis for calculation of PIS, Pasep and Cofins taxes.
- The proposal has **no effect** on revenue or profit, since this amount has already been provisioned for restitution to consumers – the provision will be reversed.



# Cemig D – Default and losses



## Default



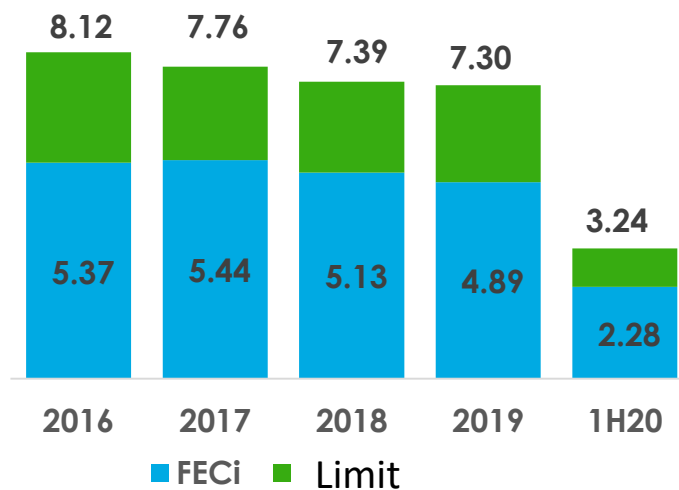
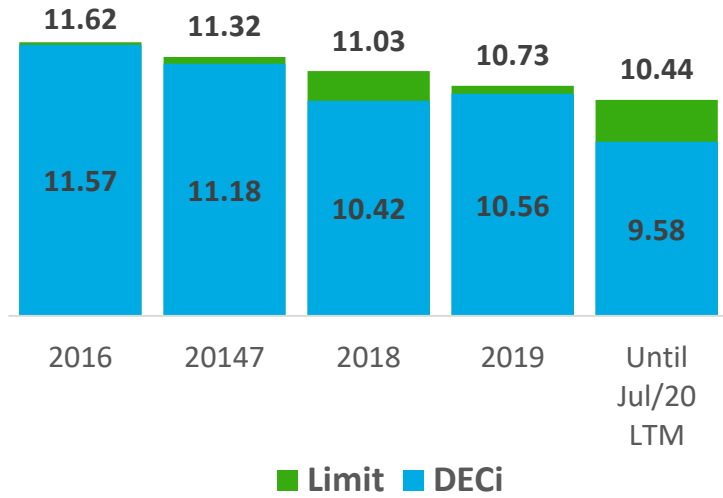
## Structural measures for losses and metering

- 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 – quality indicators



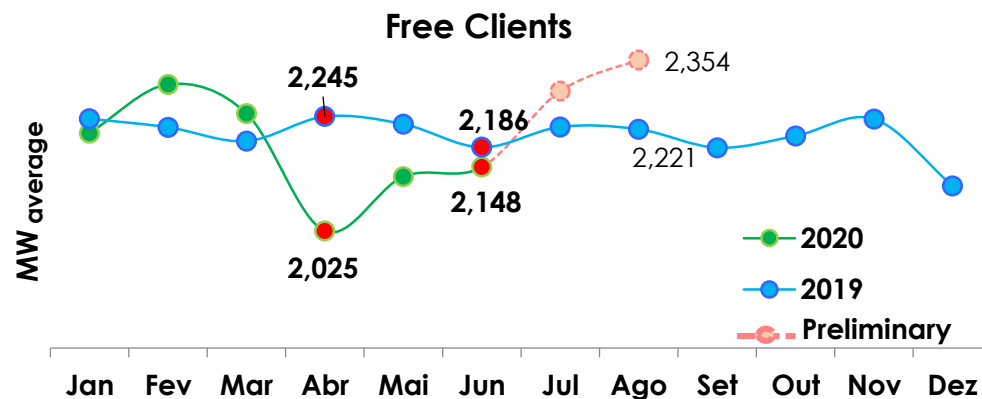
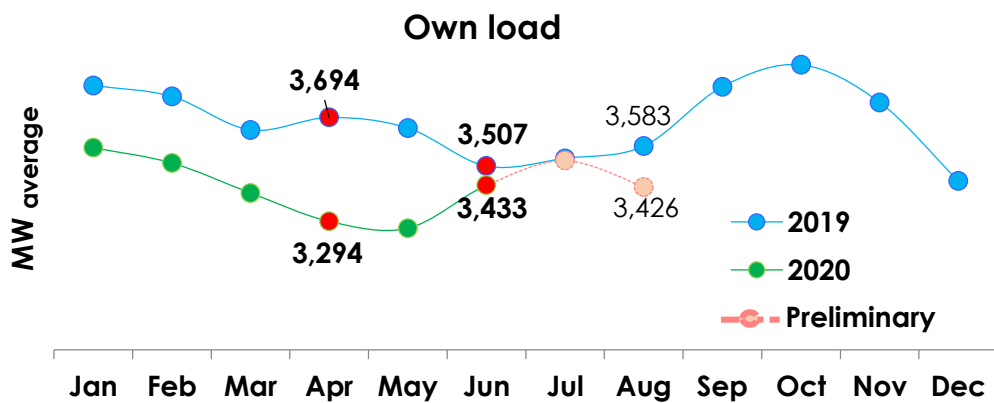
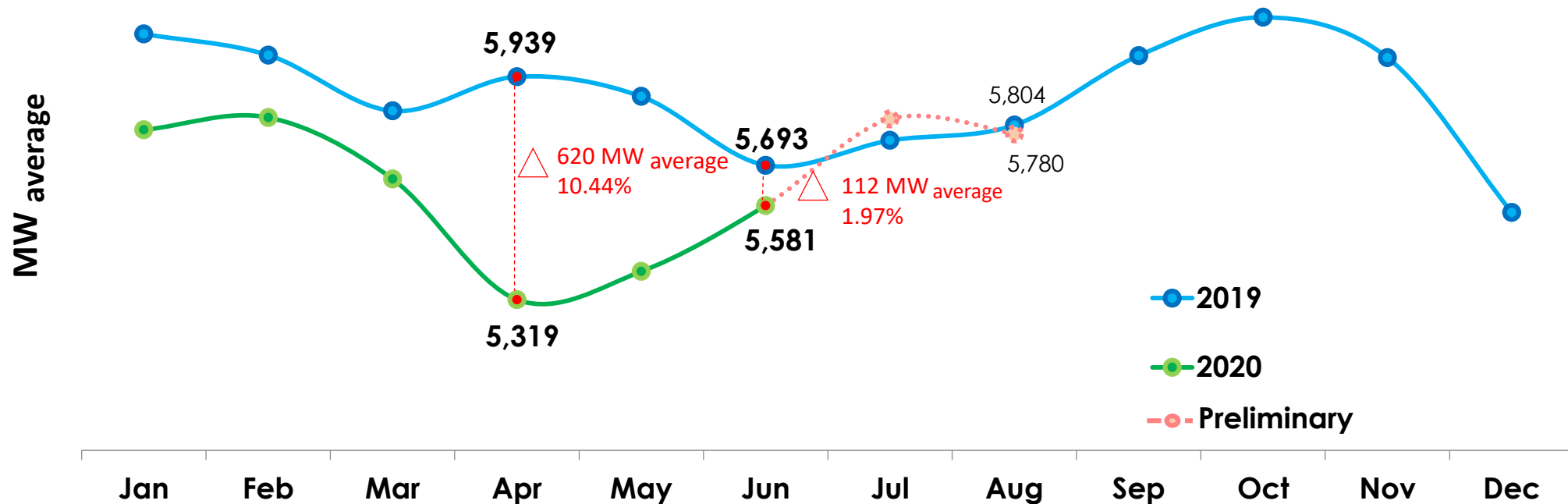
Service quality

- Robust investment program in 2020–22 underlines commitment to modernization of asset base
- improving quality indicators and client satisfaction.



8.6 million consumers

# Cemig D – Distribution Load



# Cemig GT – Periodic Review of Transmission Revenue

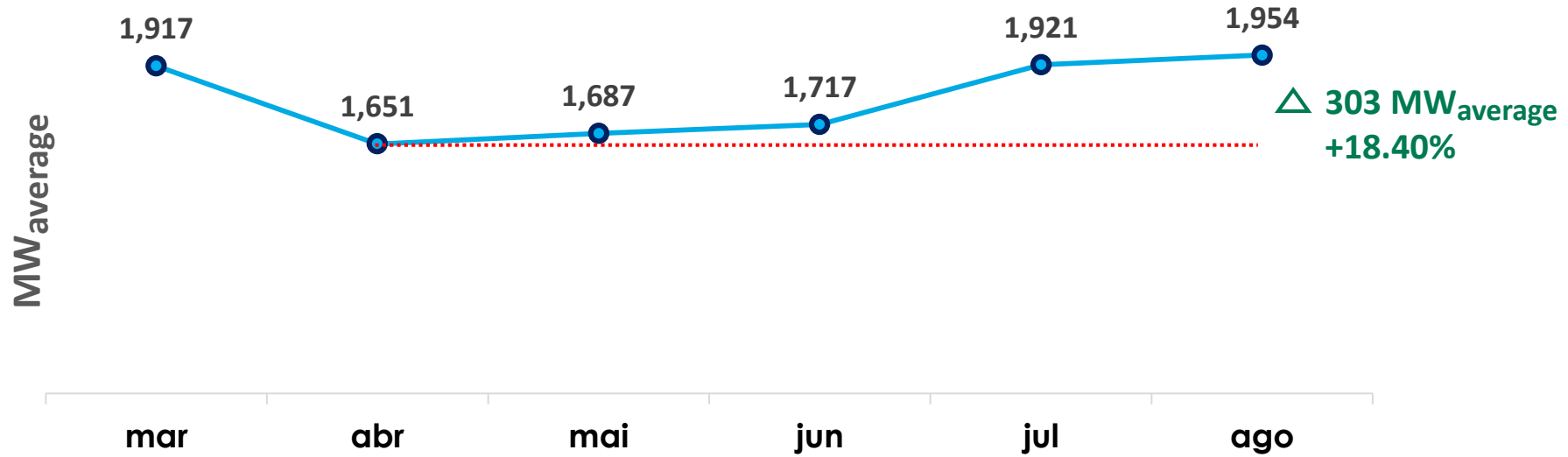
- Periodic Review of RAP for assets of: the transmission concession contracts renewed under Law 12783/2013
- Cemig GT was classified as a “**benchmark**” for the sector, together with CTEEP.
- Increase of 9.13% in RAP includes the start of payment not previously received for updating of the Regulatory cost of capital from 2013 to 2017 for improvements made to national grid facilities.
- Adjustment component, to make good delay of the review from July 1, 2018 to July 1, 2020:
  - **R\$ 171 million** – diluted up to 2023
  - **R\$ 54 million** – in the 2020–21 cycle

2018 RAP in effect		Adjustment portion	Cemig GT – 2020-21 cycle	
Aneel Ratifying Resolution 2408 of 2018	Aneel Ratifying Resolution 2712 of 2020		Total RAP (in R\$ of June 2018)	Total RAP, adjusted (R\$ of June 2020)
640	698	54	752	779

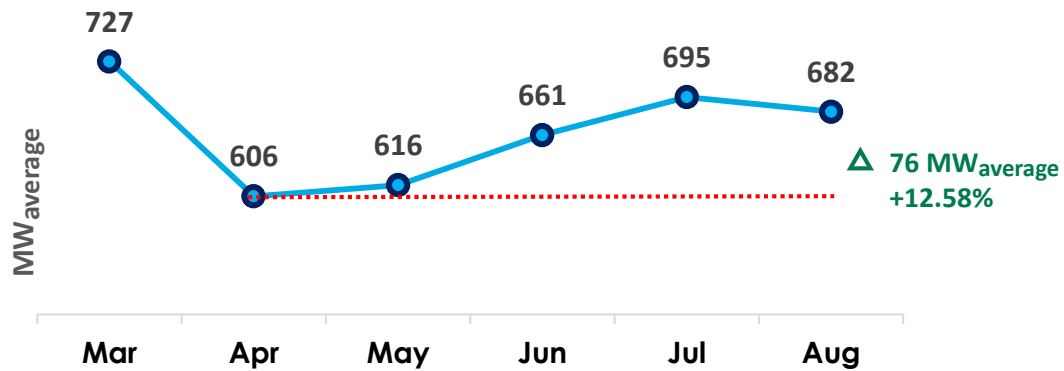
- Gain of **R\$ 430 million** due to the Review of RAP in 2Q, reflecting updating of the amounts for existing components of the Asset Base, and additions and upgrades made by Cemig, using the new price matrix, and the new Regulatory WACC.

# Cemig GT – Load

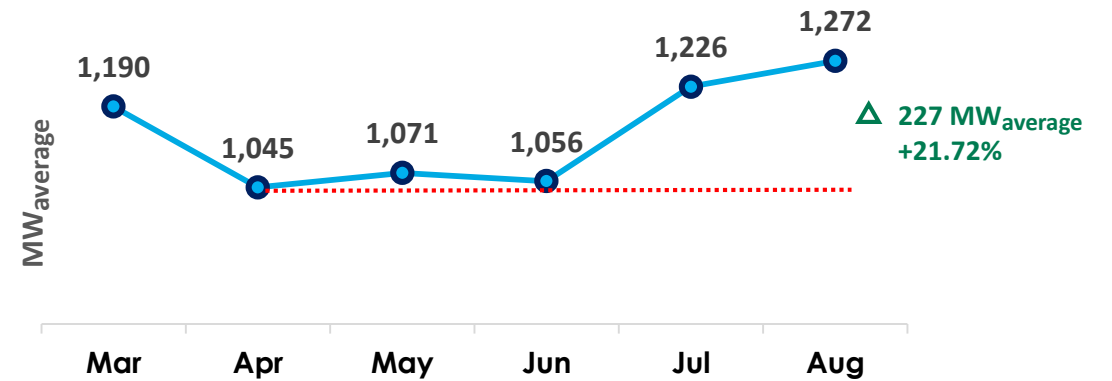
## Cemig GT Total



## Cemig GT – Incentive-bearing supply



## Cemig GT – Conventional supply



# Covid-19: plan for Free Clients

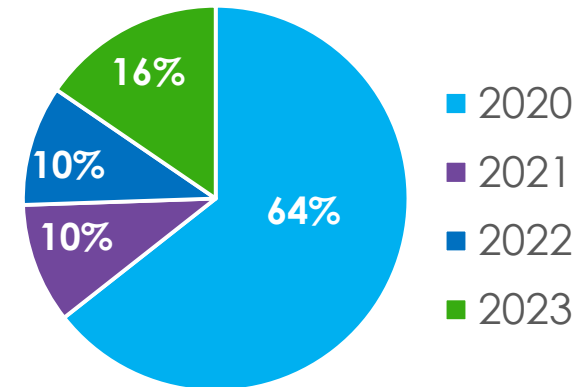
■ Cemig D: Invoices payable in up to 12 monthly installments, from July, at 1% per month interest.

■ If total is settled in 2020, interest waived.

■ Cemig GT: Difference between agreed offtake and metered consumption can be paid in up to 36 monthly installments, from July, with interest at 1% per month.

■ If total is settled in 2020, interest waived.

■ We expect to receive the majority of the postponed cash flow in 2020:





# **ANALYSIS OF RESULTS**

# **CEMIG**

# Main factors in the 2Q20 results

## Cemig H

- Light: re-valuation at market:  
Gain of **R\$ 475 million**

## Cemig D

- Volume of electricity sold 6.0% lower.
  - Captive clients – down 8.0%
  - Transmission – down 3.5%
- Voluntary Severance Program – Expense: **R\$ 46 million**

## Cemig GT

- Profit affected by sale of energy at the lower limit of flexibility contract range.
- Tariff review – adjustment of Permitted Revenue (RAP)
  - Positive effect on Ebitda of: **R\$ 430 mn**
  - Voluntary Severance Program – Expense: **R\$ 11 mn**
- Marking to market of Eurobond:
  - Positive effect in 2Q19: **R\$ 558 mn**
  - Positive effect in 2Q20: **R\$ 71 mn**



# Marking to market of Eurobond and hedge instruments

## Hedges contracted for protection of dollar-denominated debt

- 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**

## Effect on financial result

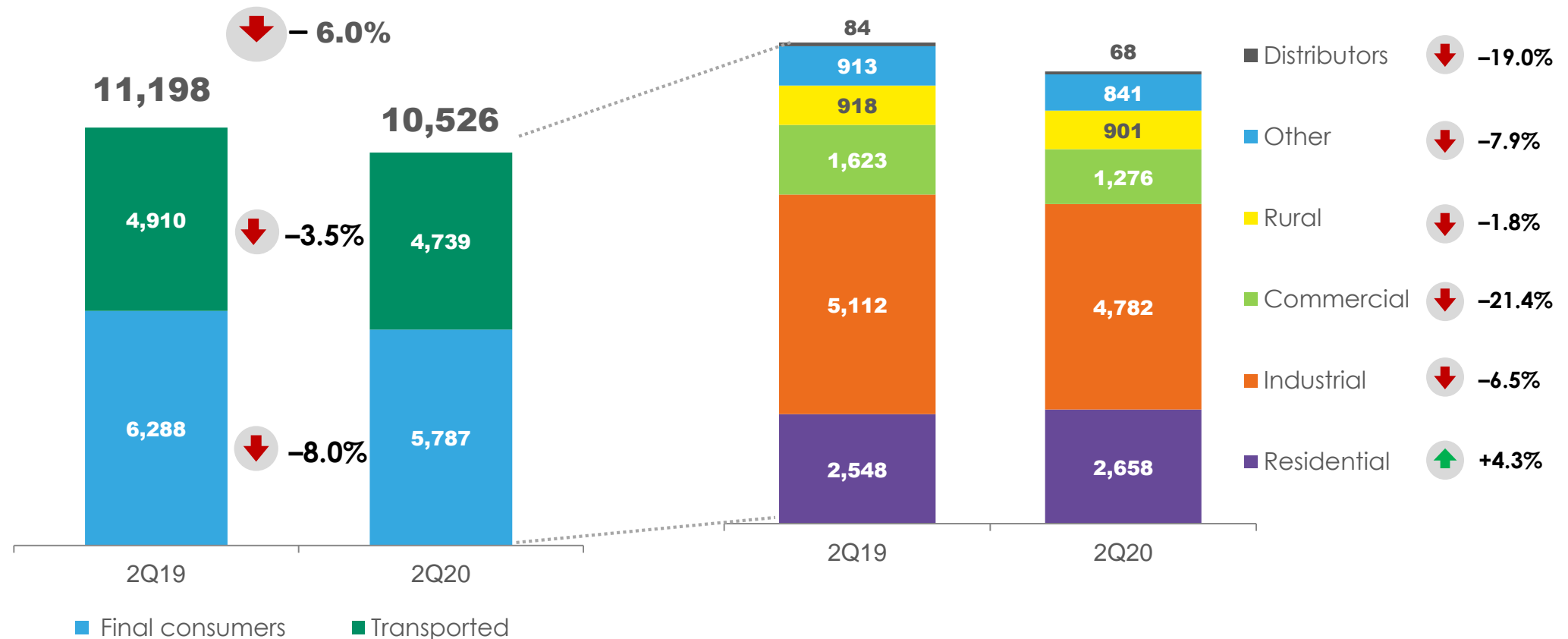
Item	Jun. 2020	Mar. 2020	Change
Hedge – Swap (interest)	1,698	1,474	224
Hedge – Call spread (principal)	1,584	1,531	53
<b>Balance of hedge – MtM</b>	<b>3,282</b>	<b>3,005</b>	<b>277</b>
Amount received under swap (settlement: June)	210	–	210
<b>Effect of hedge in the quarter</b>			<b>487</b>
Debt (principal)	8,214	7,798	416
<b>Impact on 2Q20 Financial income (expenses)</b>			<b>71</b>

Increase in value of the hedge is mainly due to lowering of the DI future interest curve = Cemig expects to pay less interest.



# Energy market in 2Q20 – GWh

## Cemig D: billed market + transmission





**Commercial and industrial consumers felt the effects of the pandemic on the economy most strongly. We expect improvement in 3Q20.**

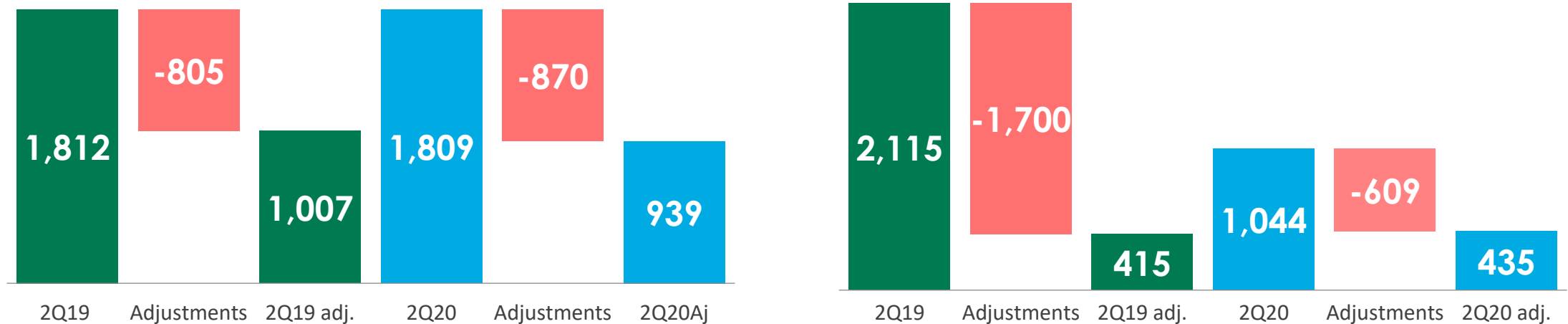
# 2Q20 consolidated Ebitda and net profit

## Ebitda

2Q19-2Q20  -0.2%  
2Q19aj-2Q20aj  -6.8%

## Net profit

2Q19-2Q20  -50.6%  
2Q19aj-2Q20aj  +4.8%

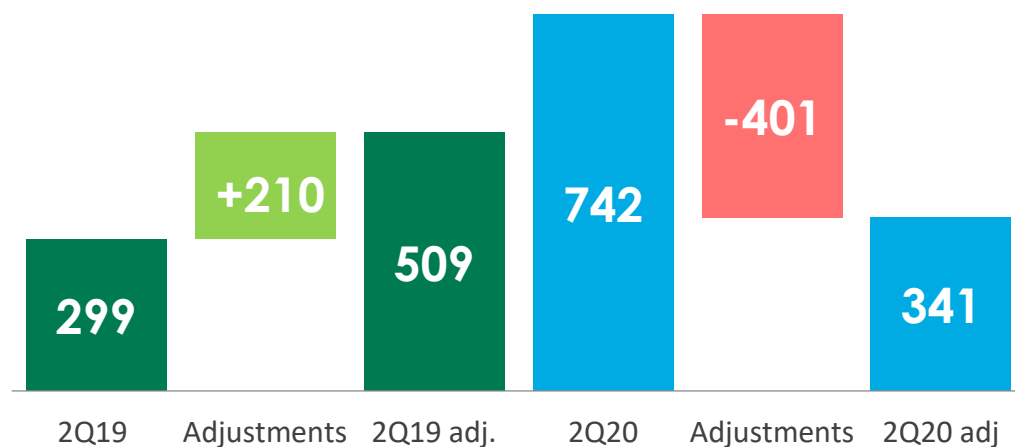


Management adjustments	Ebitda		Profit	
	2Q20	2Q19	2Q20	2Q19
Tariff Review of transmission company	-430	-	-283	-
Voluntary Severance Program	59	-	39	-
Remeasurement – Light	-475	-	-314	-
Sale of surplus – thermal energy	-42	-	-28	-
FX exposure – Eurobond	-	-	-47	-368
PIS / Cofins judgment	-	-1,439	-	-1,984
Provision – receivable from Renova	37	688	37	688
Seasonalization – Spot price, GSF	-19	-54	-13	-36
<b>Total, adjustments</b>	<b>-870</b>	<b>-805</b>	<b>-609</b>	<b>-1,700</b>

# Cemig GT: 2Q20 Ebitda and net profit

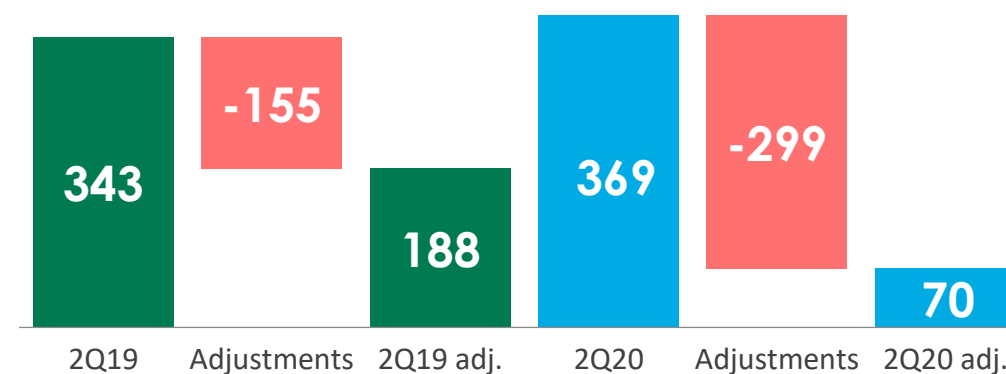
## Ebitda

2Q19-2Q20 ▲ +148.2%  
2Q19aj-2Q20aj ▼ -33.0%



## Net profit

2Q19-2Q20 ▲ +7.6%  
2Q19aj-2Q20aj ▼ -62.8%



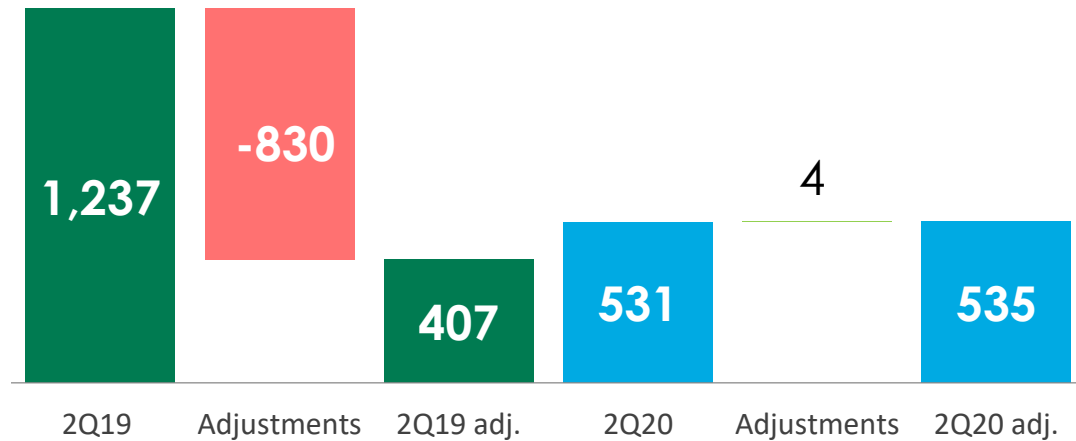
Profit affected by sale of energy at the lower limit of flexibility contract range.

Adjustments	Ebitda		Profit	
	2Q20	2Q19	2Q20	2Q19
Transmission Revenue (RAP) review	-430	-	-283	-
Voluntary Severance Program:	11	-	7	-
FX exposure – Eurobond	-	-	-47	-368
PIS / Cofins judgment	-	-424	-	-439
Provision – receivable from Renova	37	688	37	688
Seasonalization – Spot price, GSF	-19	-54	-13	-36
<b>Total, adjustments</b>	<b>-401</b>	<b>210</b>	<b>-299</b>	<b>-155</b>

# Cemig D: 2Q20 Ebitda and net profit

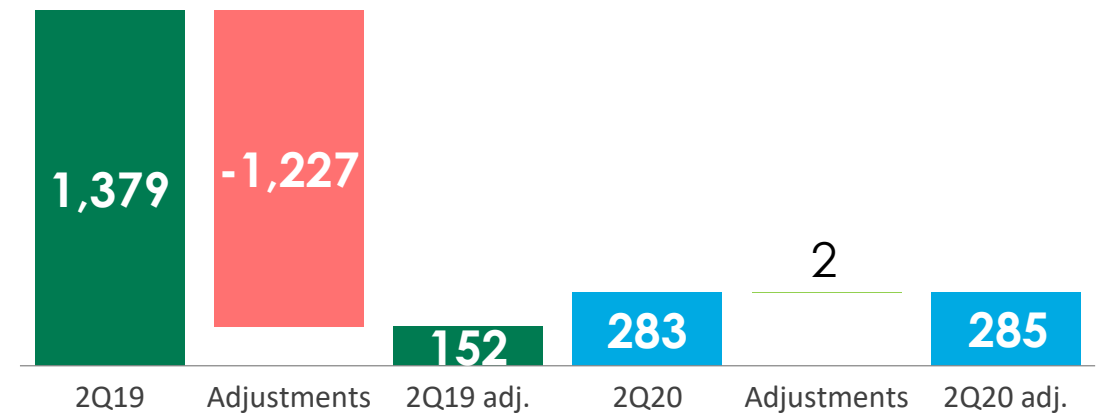
## Ebitda

2Q19-2Q20 ↓ -57.1%  
2Q19aj-2Q20aj ↑ +31.4%



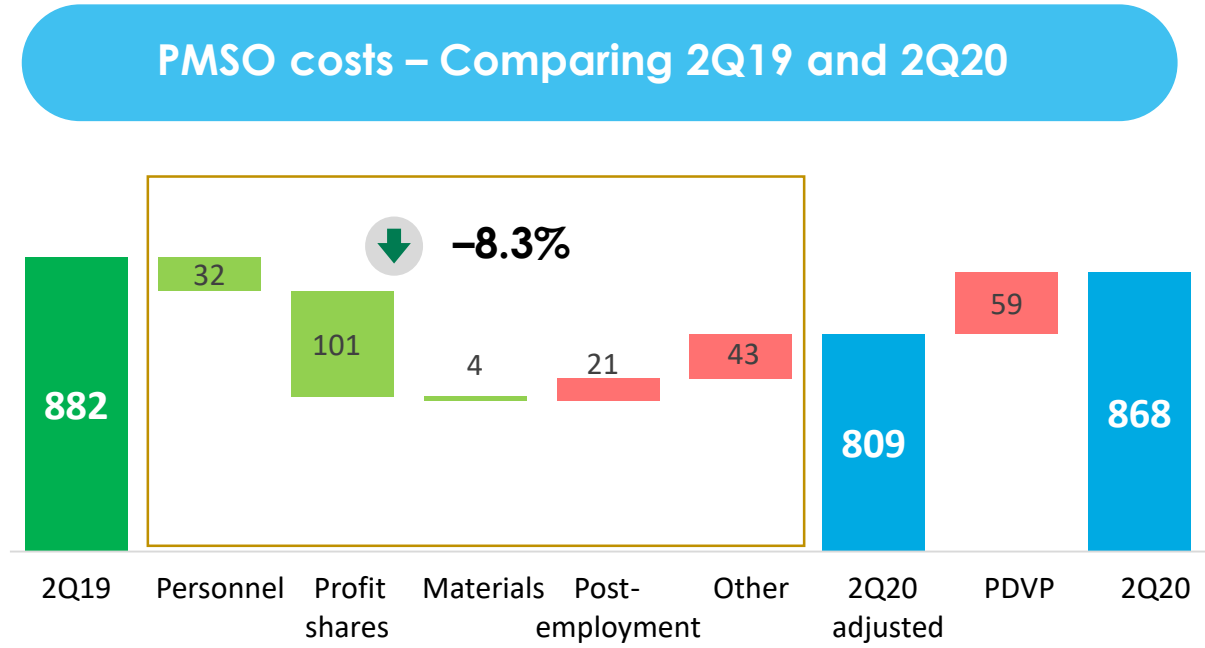
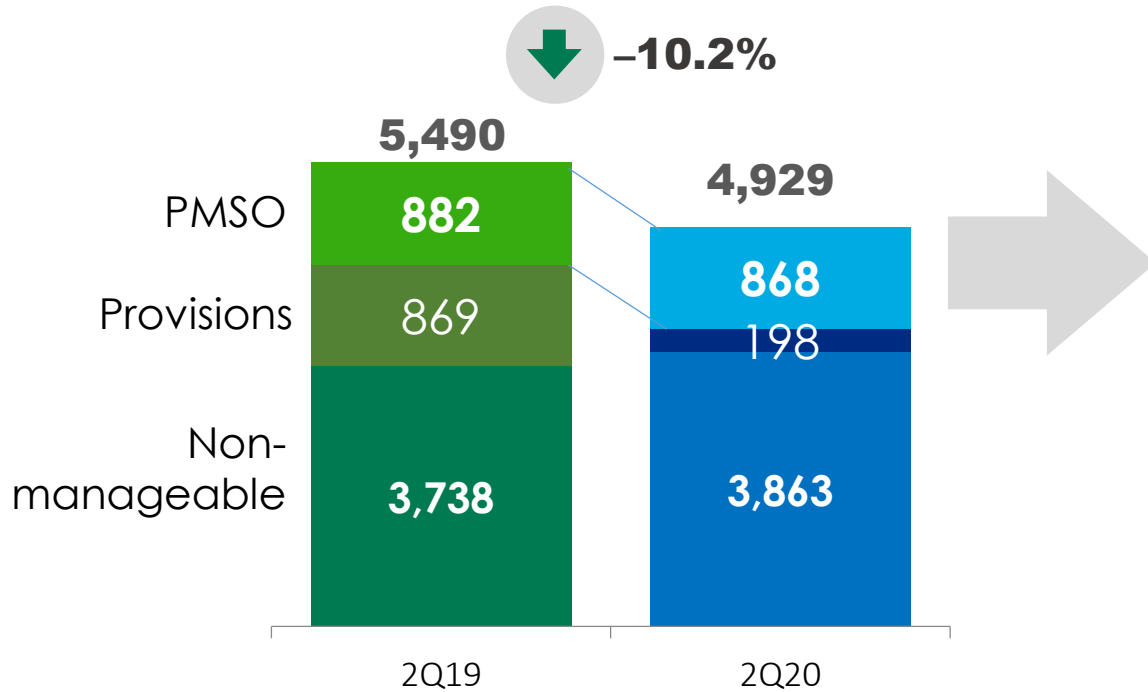
## Net profit

1Q19-1Q20 ↓ -79.5%  
2Q19aj-2Q20aj ↑ +87.5%



Adjustments	Ebitda		Profit	
	2Q20	2Q19	2Q20	2Q19
Voluntary Severance Program:	46	-	30	-
PIS / Cofins judgment	-	-830	-	-1,227
Sale of surplus thermal energy	-42	-	-28	-
<b>Total, adjustments</b>	<b>4</b>	<b>-830</b>	<b>2</b>	<b>-1,227</b>

# Consolidated operational costs and expenses 2Q20



## Commitment to operational efficiency

- 2020 budget revised: ~R\$ 150 million cut from 2020 budget in materials and services contracts.
- 396 employees accepted Voluntary Severance Program implemented in 2Q.  
Payback expected : eight months.

# 1H20 results: main factors

## Cemig H

- Light: re-valuation at market: Reduction of **R\$ 134 mn**
- Centroeste: re-valuation at fair value: Gain of **R\$ 52 mn**

## Cemig D

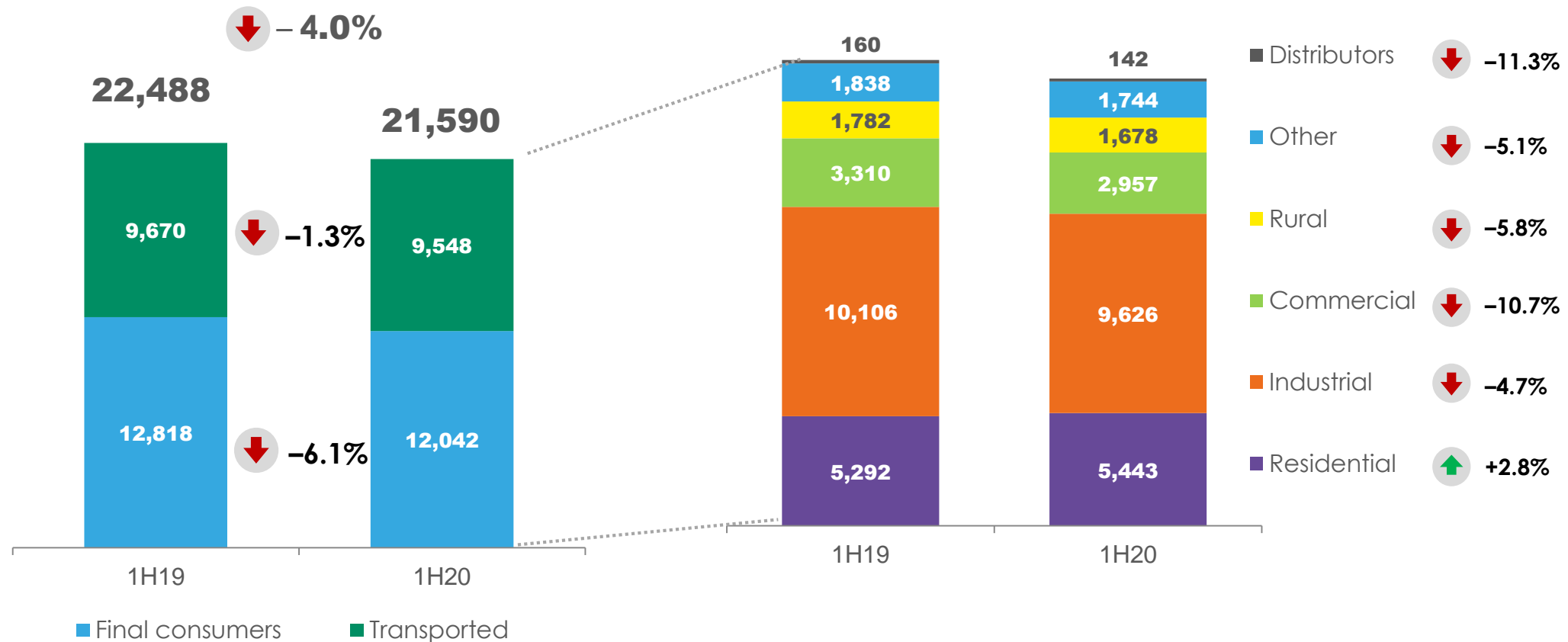
- Electricity distributed: down 4.0% YoY
  - Captive clients: down 6.1% YoY
  - Transmission: down 1.3% YoY
- Voluntary Severance Program – expense: **R\$ 46 mn**
- Allowance for doubtful receivables: Up **R\$ 91 mn** YoY

## Cemig GT

- Profit affected by sale of energy at lower limit of flexibility contract range.
- Review of Permitted Transmission Revenue.
  - Positive effect of **R\$ 430 million** on Ebitda
- Voluntary Severance Program:
  - Expense of **R\$ 11 million**
- Marking to market of Eurobond:
  - Positive effect of **R\$ 677 mn** in 1H19
  - Negative effect of **R\$ 367 mn** in 1H20

# Energy market in 1H20 – GWh

## Cemig D: billed market + transmission





**Commercial and industrial consumers felt the effects of the pandemic on the economy most strongly. We expect improvement in 3Q20.**





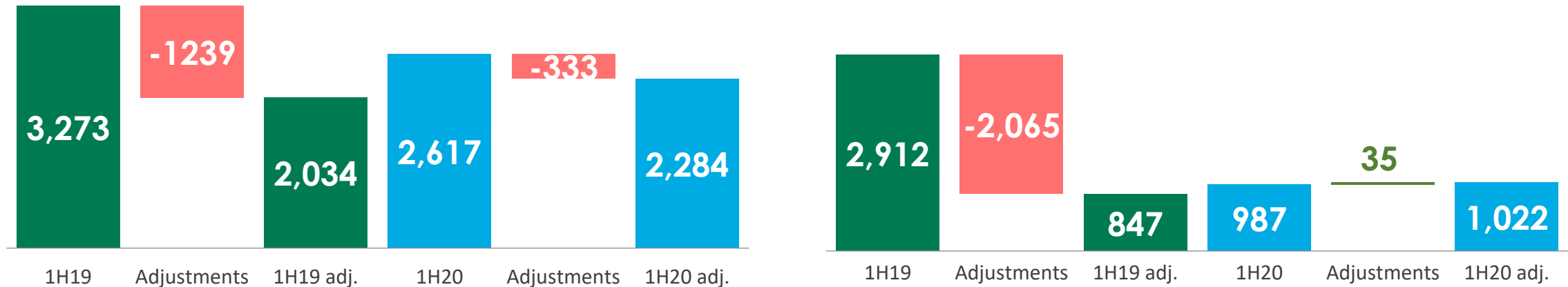
# 1H20 consolidated Ebitda and net profit

## Ebitda

1H19-1H20  -20.0%  
1H19adj-1H20adj  12.3%

## Net profit



1H19-1H20  -66.1%  
1H19adj-1H20adj  20.7%





Adjustments	Ebitda		Profit	
	1H20	1H19	1H20	1H19
Periodic Review of Transmission Revenue	-430	-	-283	-
Voluntary Severance Program	59	-	39	-
Remeasurement – Light	134	-	88	-
Centroeste: Re-valuation at fair value	-52	-	-34	-
Sale of surplus – thermal energy	-42	-	-28	-
FX exposure – Eurobond	-	-	242	-447
PIS / Cofins judgment	-	-1,439	-	-1,984
Provision – receivable from Renova	37	688	37	688
Spot price and GSF	-39	-488	-26	-322
<b>Total, adjustments</b>	<b>-333</b>	<b>-1,239</b>	<b>35</b>	<b>-2,065</b>

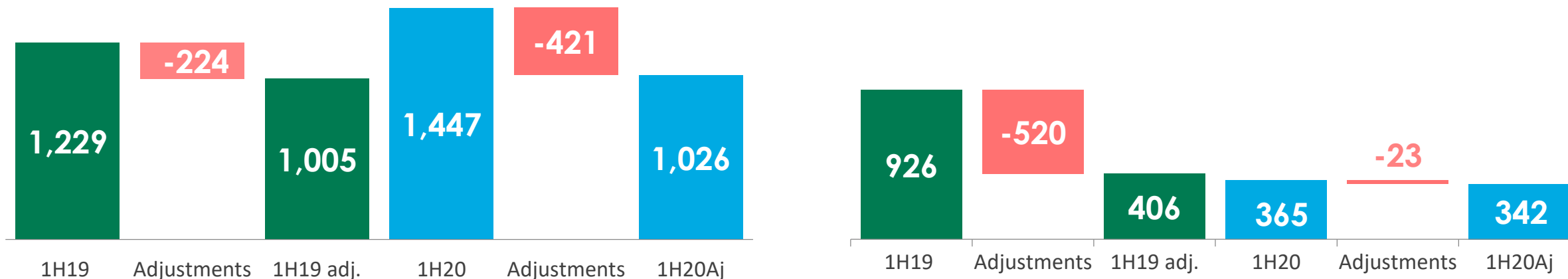
# 1H20 Cemig GT Ebitda and net profit

## Ebitda

1H19-1H20  +17.7%  
1H20adj/1H19adj  +2.1%

## Net profit

1H19-1H20  -60.6%  
1H20aj/1H19aj  -15.8%



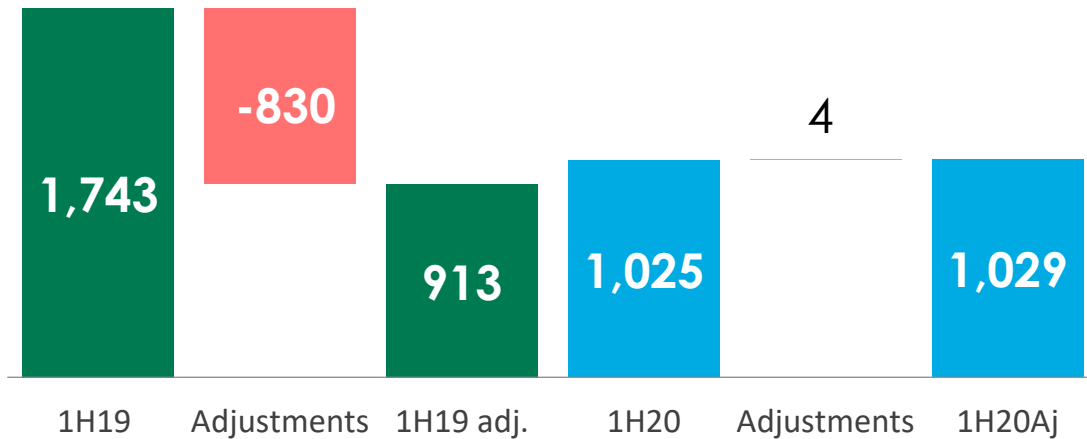
Profit affected by sales of energy at the lower limit of flexibility contract range.

Adjustments	Ebitda		Profit	
	1H20	1H19	1H20	1H19
Tariff Review of transmission company	-430	-	-283	-
Voluntary Severance Program	11	-	7	-
FX exposure – Eurobond	-	-	242	-447
PIS / Cofins judgment	-	-424	-	-439
Provision – receivable from Renova	37	688	37	688
Seasonalization – Spot price, GSF	-39	-488	-26	-322
<b>Total, adjustments</b>	<b>-421</b>	<b>-224</b>	<b>-23</b>	<b>-520</b>



# 1H20 Cemig D Ebitda and net profit

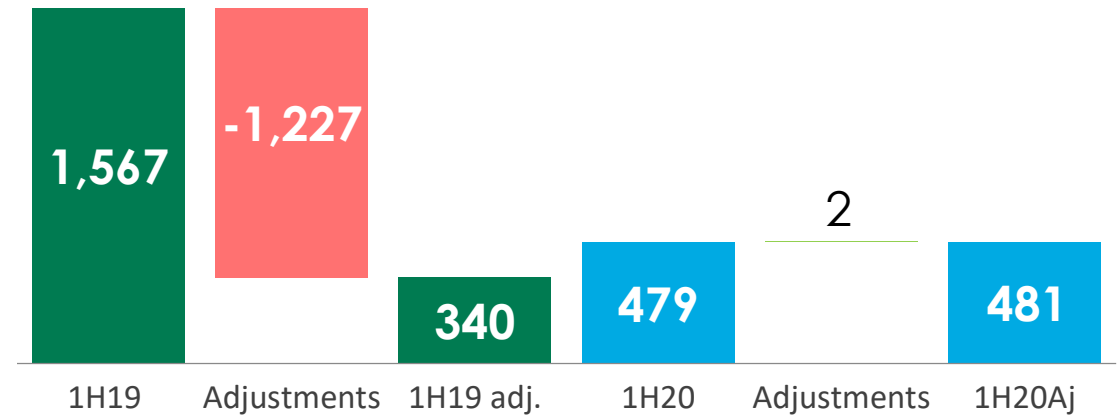
## Ebitda

1H19–1H209  -41.2%  
1H19adj–1H20adj  +12.7%



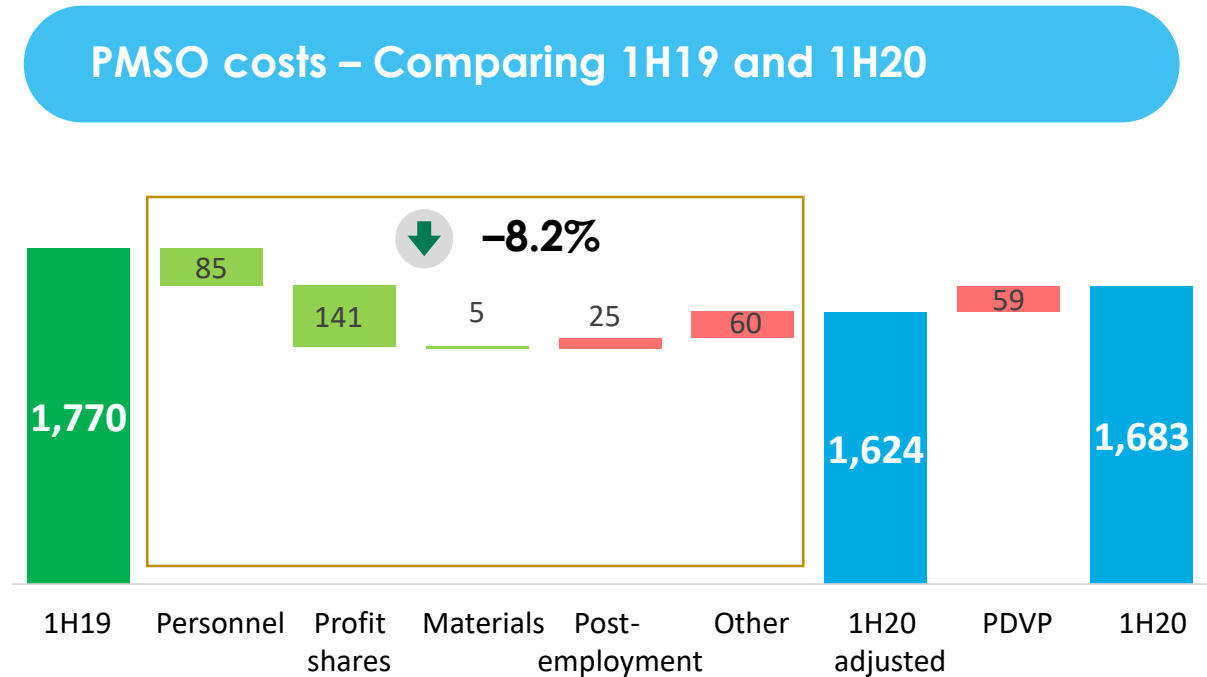
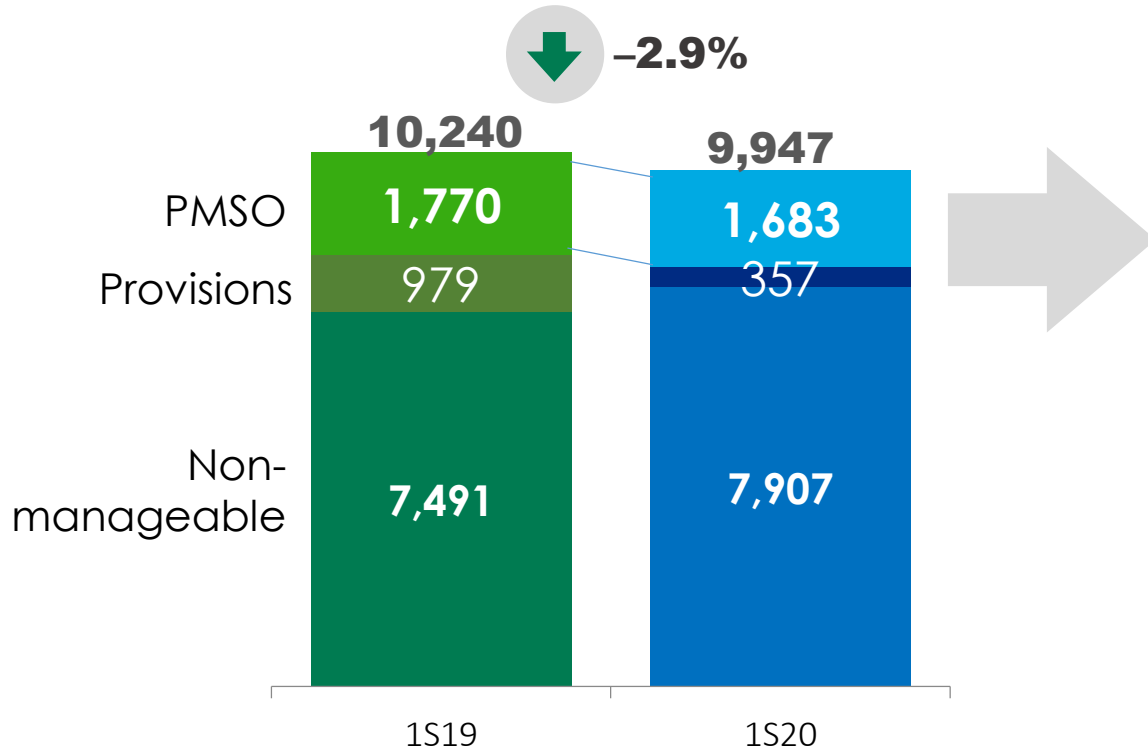
## Net profit

1H19–1H20  -69.4%  
1H19adj–1H20adj  +41.5%



Adjustments	Ebitda		Net profit	
	2Q20	2Q19	2Q20	2Q19
Voluntary Severance Program	46	-	30	-
PIS / Cofins judgment	-	-830	-	-1,227
Surplus energy sales – thermal	-42	-	-28	-
<b>Total, adjustments</b>	<b>4</b>	<b>-830</b>	<b>2</b>	<b>-1,227</b>

# 1H20: Consolidated operational costs and expenses

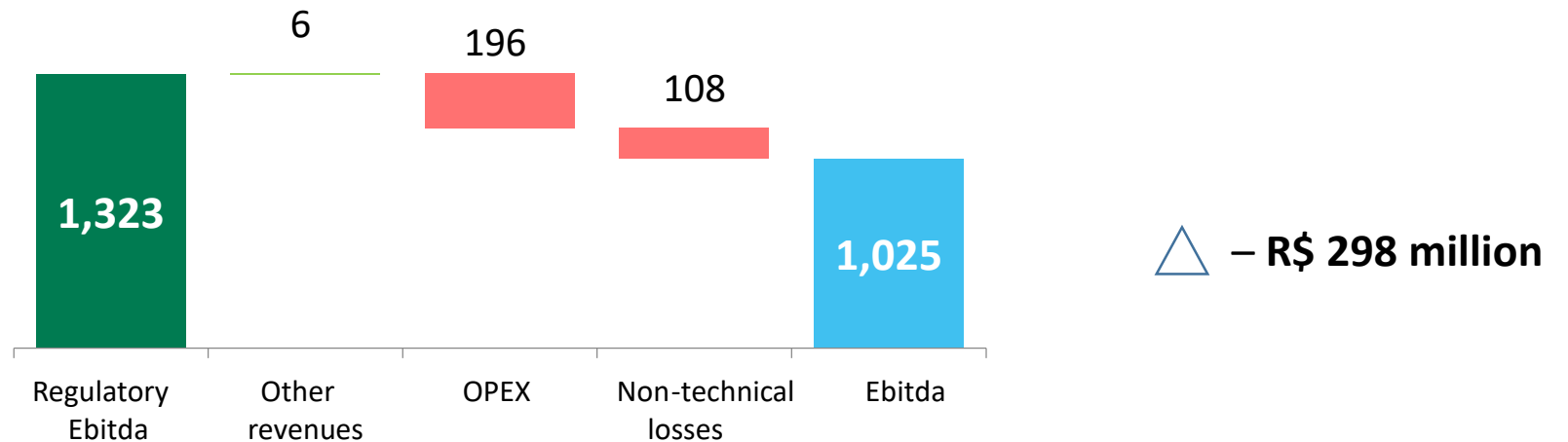
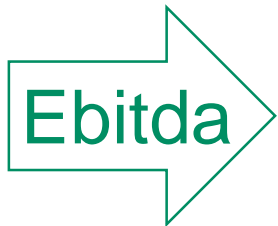
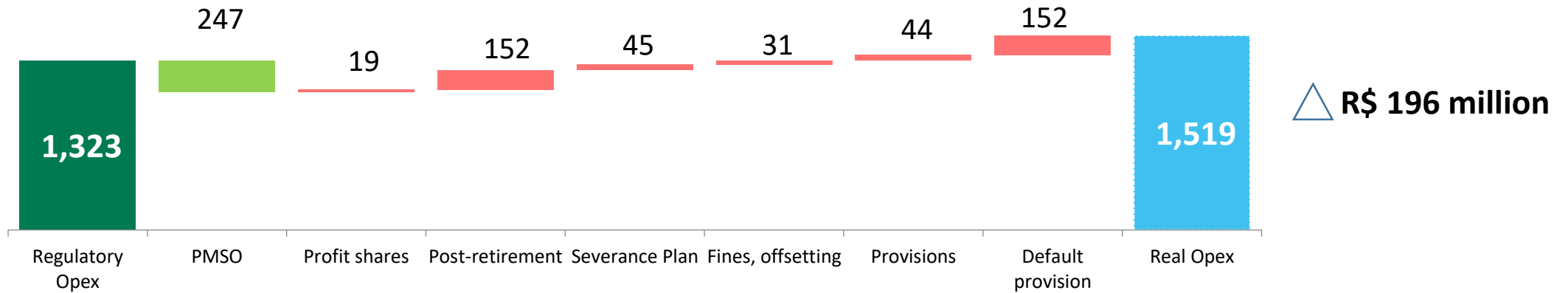


## Commitment to operational efficiency

- 2020 budget revised: **R\$ 150 million** cut from 2020 budget in materials and services contracts.
- 396 employees accepted Voluntary Severance Program implemented in 2Q:  
Payback expected in: eight months.

# Cemig D – 1H20 Regulatory Opex and Ebitda

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



# Cash flow

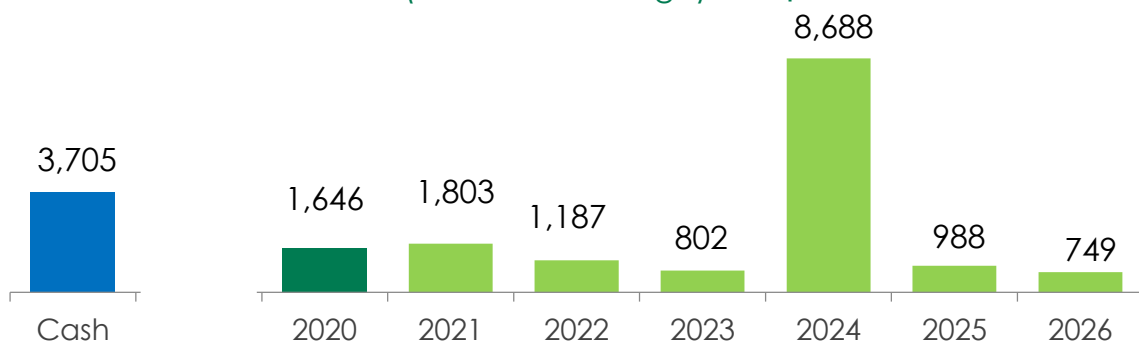
<b>Cash in December/19</b>	<b>1,288</b>
Cash generation in the semester	4,206
Financing/Leasing	-1,087
Investments	-702
<b>Cash in June/20</b>	<b>3,705</b>

# Debt profile – consolidated

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

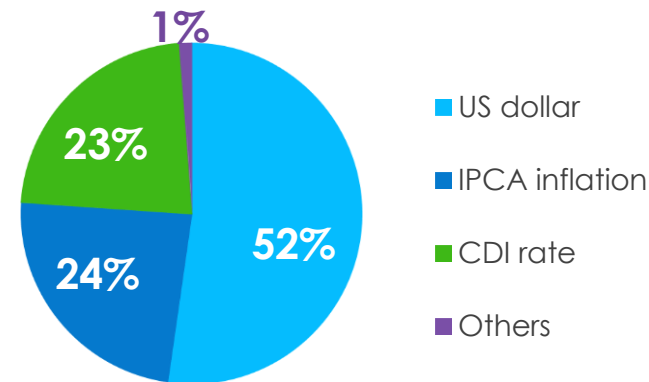
## Maturities timetable – Average tenor: 3.8 years

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



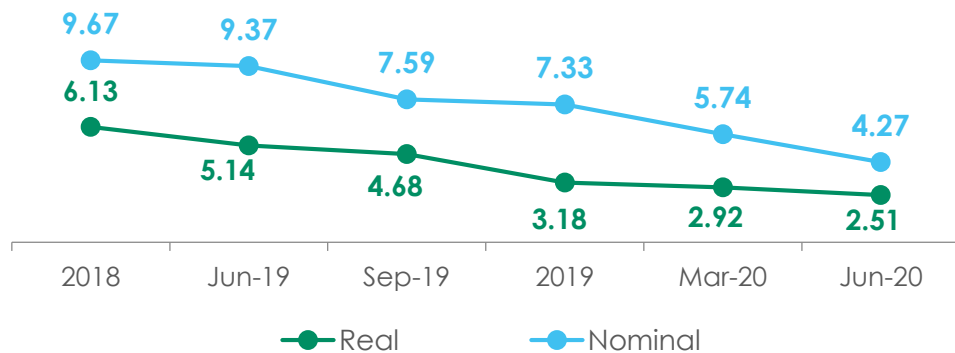
- **R\$ 83.6 million** amortized in 2Q20.

## Main indexors

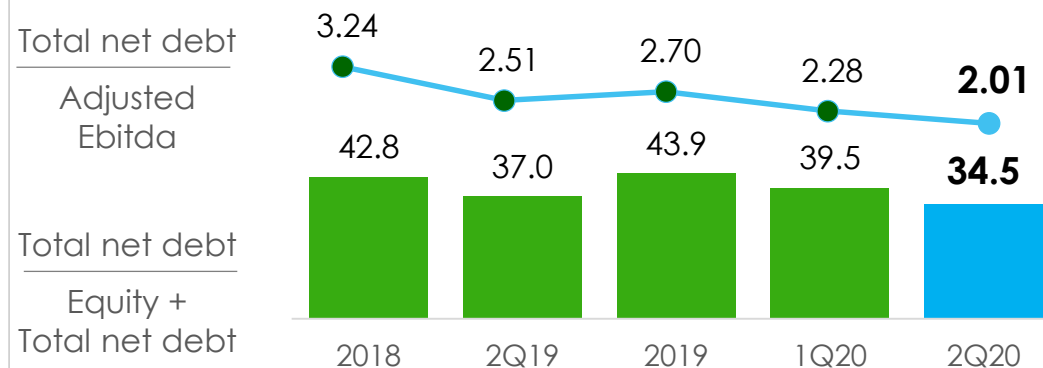


- Hedge instrument transformed USD debt into debt at fixed percentage of CDI rate, within an FX variation band.

## Cost of debt – %



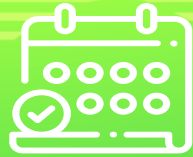
## Leverage – %



# Covenant of the Eurobond

	R\$ mn	2019		1Q20		2Q20	
		GT	H	GT	H	GT	H
Consolidated debt		7,887	14,776	9,419	15,763	9,564	15,862
Debt contracts with Forluz		253	1,117	248	1,097	246	1,089
Liabilities under any put option		483	483	504	504	553	553
Consolidated cash and cash equivalents and consolidated securities posted as current assets		- 584	-1,289	-857	-2,441	-1,361	-3,705
Derivative hedge instrument		- 1,691	-1,691	-3,005	-3,005	-3,281	-3,281
<b>Net debt covenant</b>		<b>6,348</b>	<b>13,396</b>	<b>6,308</b>	<b>11,917</b>	<b>5,721</b>	<b>10,518</b>
<b>Ebitda covenant – 12 months</b>		<b>2,319</b>	<b>5,066</b>	<b>2,174</b>	<b>5,007</b>	<b>2,005</b>	<b>4,957</b>
<b>Net debt covenant / Ebitda covenant</b>		<b>2.74</b>	<b>2.64</b>	<b>2.90</b>	<b>2.38</b>	<b>2.85</b>	<b>2.12</b>
Limit for Net debt covenant / Ebitda covenant		4.50	3.50	4.50	3.50	4.50	3.50





***SAVE THE DATE: September 15, 2020***

**25th Annual Cemig Meeting  
with the Capital Markets**



The logo for Cemig, featuring the word "CEMIG" in a bold, white, sans-serif font. The letters are slightly shadowed, giving them a three-dimensional appearance as if they are floating above a dark green rectangular background. The background of the entire slide is a vibrant gradient from light blue on the left to bright green on the right, with several overlapping, organic shapes in shades of yellow, green, and blue. In the bottom left corner, there are faint, light green decorative elements including a series of horizontal lines, a set of three right-pointing chevrons, and a set of three dots.

**Investor Relations**

**Tel: +55 (31) 3506-5024**

**ri@cemig.com.br**

**<http://ri.cemig.com.br>**