

# 1Q21 RESULTS



**CEMIG**

OUR POWER, YOUR STRENGTH

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

# Highlights

## Ebitda

Ebitda **R\$ 1,845 million** up **133.2%** from 1 Q20  
Adjusted Ebitda: up **22.9%** from 1 Q20

## Net profit

Net profit **R\$ 422 million** vs. **R\$ 68 million** in 1 Q20  
Adjusted net profit: up **36.5%** YoY

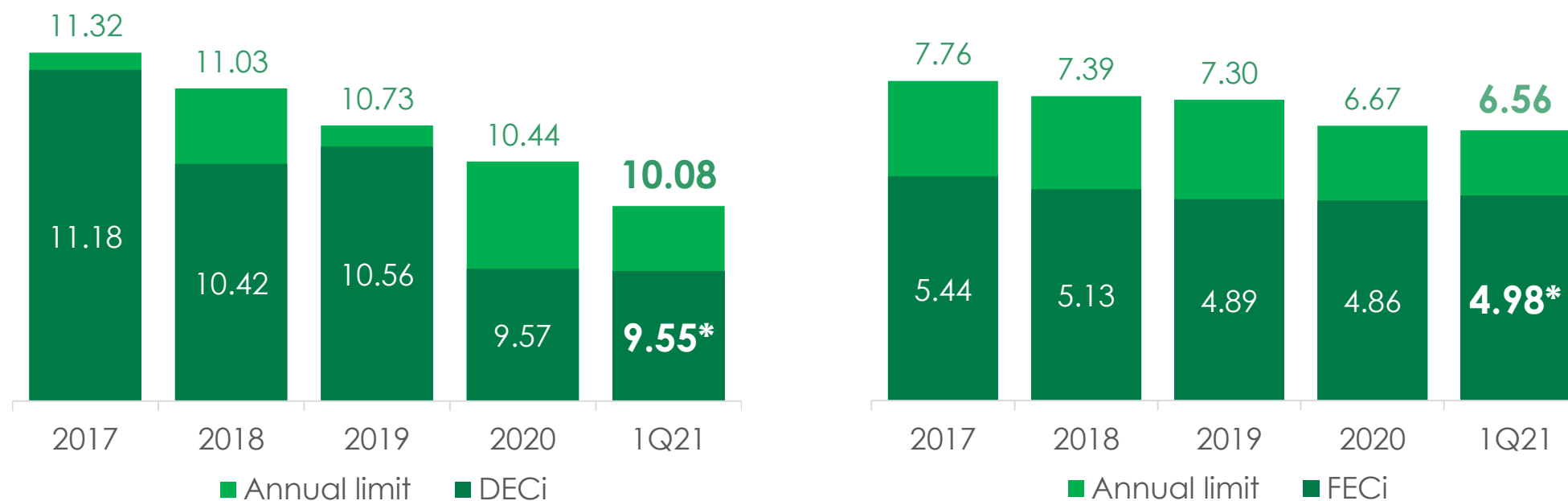
## Quality indicator

**DEC** outage indicator of Cemig D continues to improve:  
Average consumer outage: **9.55 hours** /year (annualized)

## Strong cash generation

Solid cash position: **R\$ 6,181 million** at March 31,  
– ensuring compliance with the investment plan and management of debt

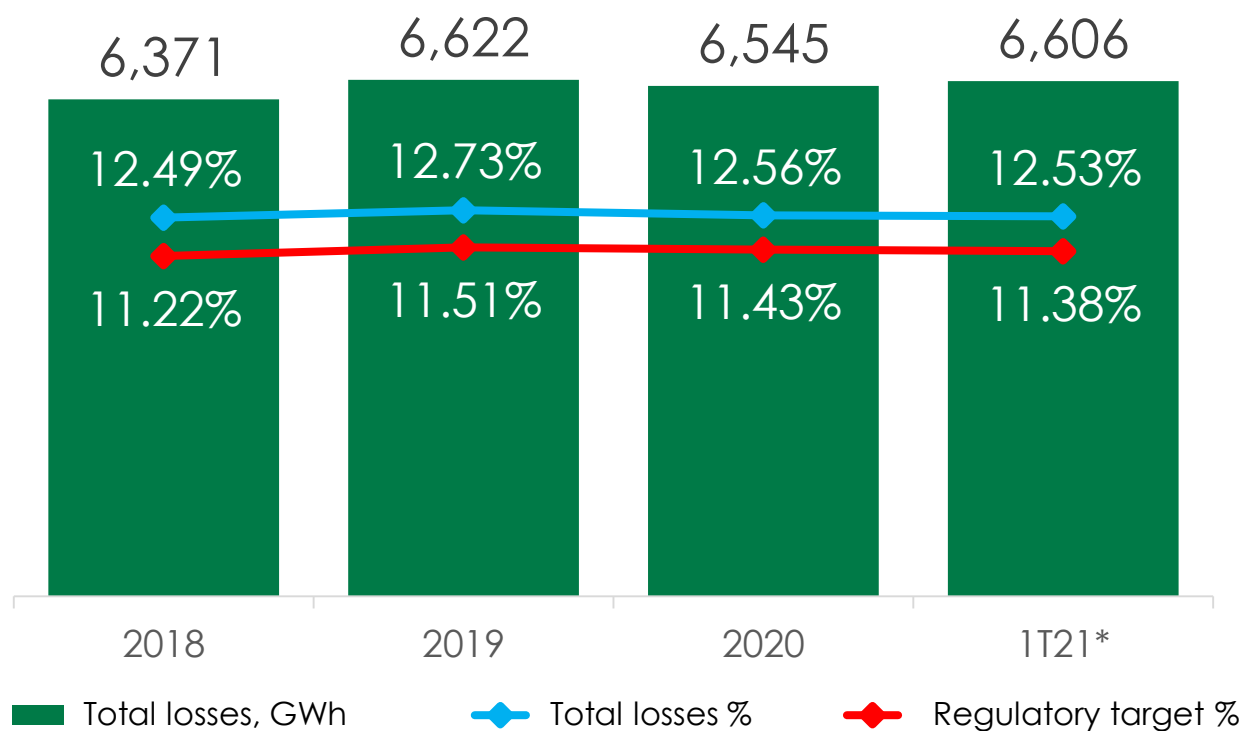
# Cemig D: Best-ever DECI outage indicator



- Averages for 12 months (moving window, April 2020 – March 2021).

## Cemig D – Energy losses

### Losses in distribution



\* 12 months (moving window, April 2020 – March 2021).

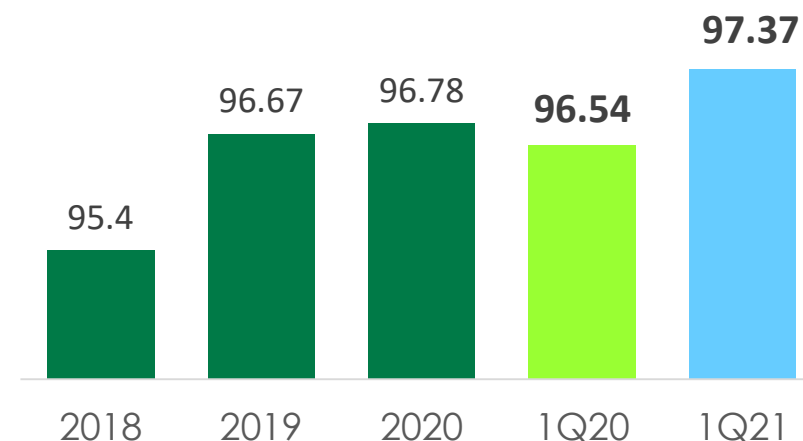
# CEMIG D: Combating default

In March 2021 Cemig adopted enhanced criteria for accounting default provisions, seeking more accuracy for the *Residential* and *Commercial* user categories

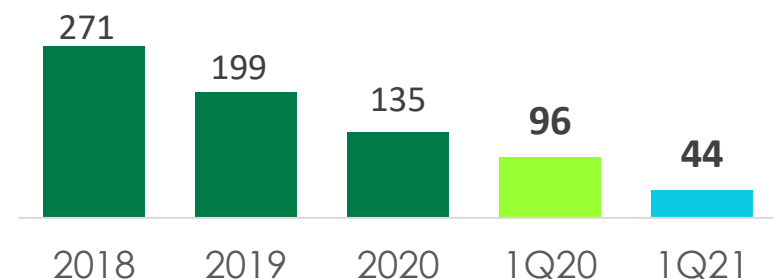
Actions for collection:

- Increase of more than 60% in disconnections (330,000 suspensions of service); start of massive 'Remote Disconnection' operation, and 85% use of the other collection tools.
- Easing of rules for installment payments; incentives for payment at sight. More recently, we launched a dedicated campaign for low-income clients and small retail traders.
- We expanded negotiating channels, with more digitalization (e.g. payment by installments via WhatsApp).
- We further diversified means of payment (credit and debit cards, cashback, Pix, accreditation of online banks).

**Receivables Collection Index ('ARFA') –  
(Collection/Billing) % - 12-month moving average**



**Default provision – changes  
(R\$ mn)**



## PDVP 2021 – Voluntary severance program

In May 2021 the Board approved a new voluntary severance program:

- Available to employees of Cemig, Cemig D or Cemig GT joining between **May 4 and 31, 2021**, with a few exceptions.
- Payment of full formal severance payments, in the **“On Request”** mode  
– plus additional indemnity bonus:

Time with Cemig (years)	Multiple for each year of work
0 to 20	20% of compensation
21 to 35	30% of compensation
As from 36	Fixed amount of 10.5 times compensation

# GSF agreement increases concession contract periods

Estimates of extensions of our concession periods

	Item	Offtake guarantee MW <sub>average</sub>	Valuation (IPCA+9.63%) Dec. 20: R\$'000	Estimated concession extension (months)	Estimated time remaining (months)
Cemig's wholly-owned subsidiaries, and consortia	<b>Cemig</b>	1,674	1,146,469		
	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
	Lot D	420	310,185	84	382
	Others (11 plants)	399	81,227	-	-
Cemig equity interests	<b>Aliança</b>	302	137,521	-	-
	<b>Norte Energia</b>	560	1,914	1	25
	<b>Brasil PCH</b>	40	3	-	-
	<b>Santo Antônio</b>	376	47,716	23	326
	<b>Total</b>	<b>2,952</b>	<b>1,333,623</b>		

- The asset referring to Lot D was effectively recognized by Aneel, which adjusted the text of Normative Resolution 895/2020 in order to include these plants after deliberation by its Collegiate Board of Directors
- Awaiting ratification of the amounts sent by CCEE to Aneel on March 2. From date of ratification, Cemig will have 60 days to accept (sign up).
- (1) (Monetary updating by IPCA inflation + 9.63%)



# Disinvestment: Cemig's stake in Taesa

Plan for transaction by special auction under B3 rules



## Shares owned by Cemig

	ON (common) shares	PN (Preferred) shares	Total shares	Total market value of Taesa
Qty.	218,370,005	5,646,184	224,016,189	2.961 MM
%	36.97%	1.28%	21.68%	on May 14, 2021

## Tentative timetable for disinvestment process

May 6 – July 30, 2021	Period for diligence
First half of June, 2021	Auction Tender disclosed
By July 30, 2021	Delivery of envelopes
By August 16, 2021	Ratification of the result of the Auction

Cemig reserves the right to revoke or alter this tentative timetable, and the above conditions and characteristics of the Transaction, at any time. They are still pending additional corporate approvals. For details on the process see: [www.cemig.com.br/leilaotaesa](http://www.cemig.com.br/leilaotaesa)



**1Q21  
RESULTS**

# Main factors in the 1Q21 results

## Cemig H

Equity method gain in subsidiaries **up 45.1% YoY**

- **R\$ 119 million** in 1Q21 vs. **R\$ 82mn** in 1Q20

Positive effect in **Taesá**; reversal of impairment in **Guanhães**

## Cemig D

Volume of electricity distributed **up 3.3% YoY:**

- Captive market: **1.7%** lower
- Transport for clients: **9.7%** higher

Opex within regulatory target

## Cemig GT

Effects of FX variation and marking to market of the Eurobond:

- Negative effect of **R\$ 619 million** (net of tax) in 1Q21

# Mark-to-market effects on Eurobond and hedge instruments

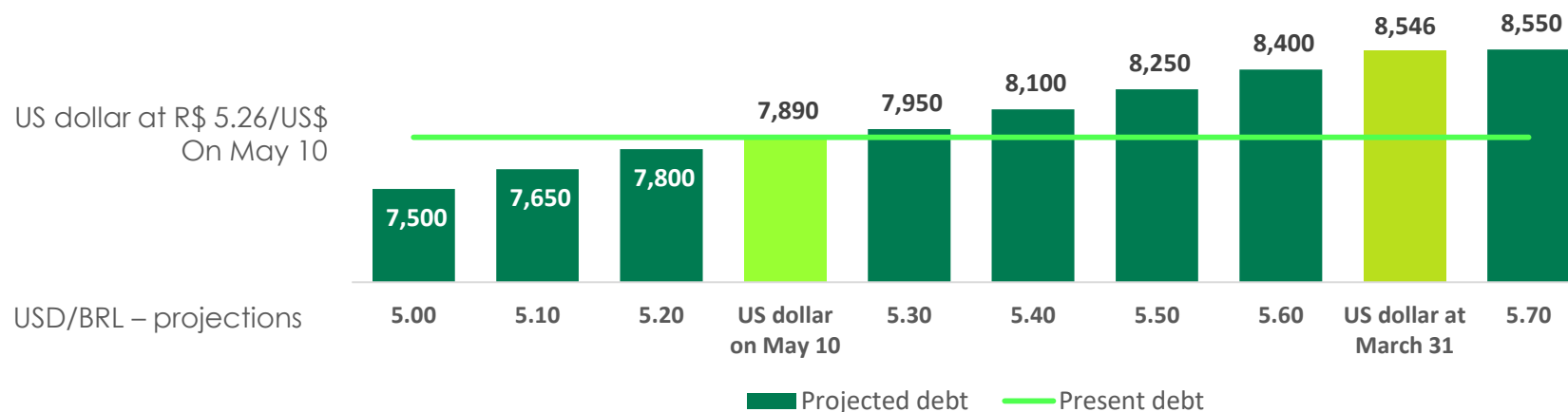
Depreciation of BRL ( to R\$ 5.697/US\$ at end of March ): significant effect on 1 Q profit

Item	2020	1Q21	Change
Hedge: Swap (interest)	1,389	1,175	-214
Hedge: Call spread (principal)	1,560	1,586	26
<b>Hedge – total</b>	<b>2,949</b>	<b>2,761</b>	<b>-188</b>
Debt (principal)	7,795	8,546	-751
<b>Impact on 1Q21 Financial revenue (expenses)</b>			<b>-939</b>
Impact on net profit in 1Q21			-619

Hedge transactions contracted to protect against foreign currency variation risk

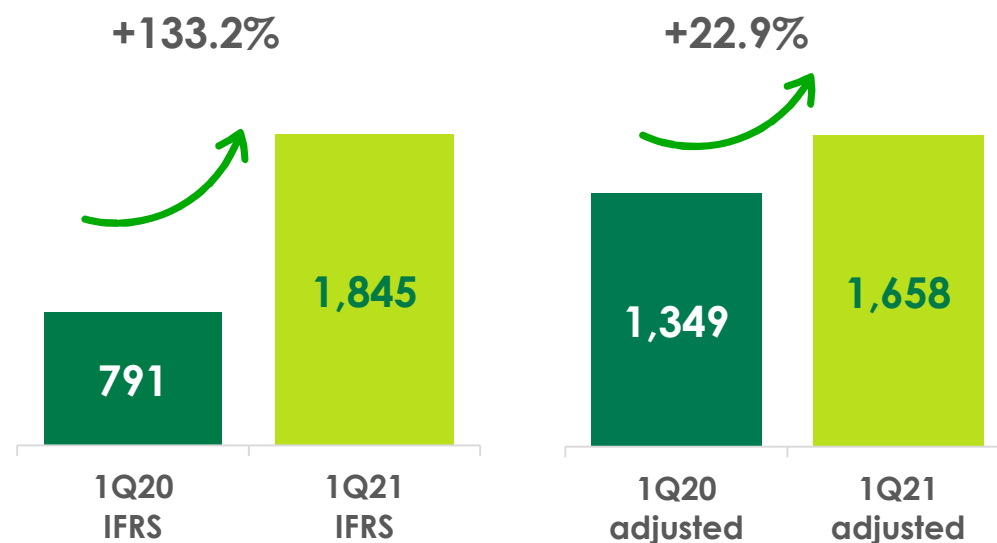
- *Full swap* for interest: set at 142% of CDI rate (average for main issue and retap)
- *Call spread* for principal: protection for range US\$= **R\$ 3.45** to **R\$ 5.00**

Depreciation of USD against BRL would positively affect net profit

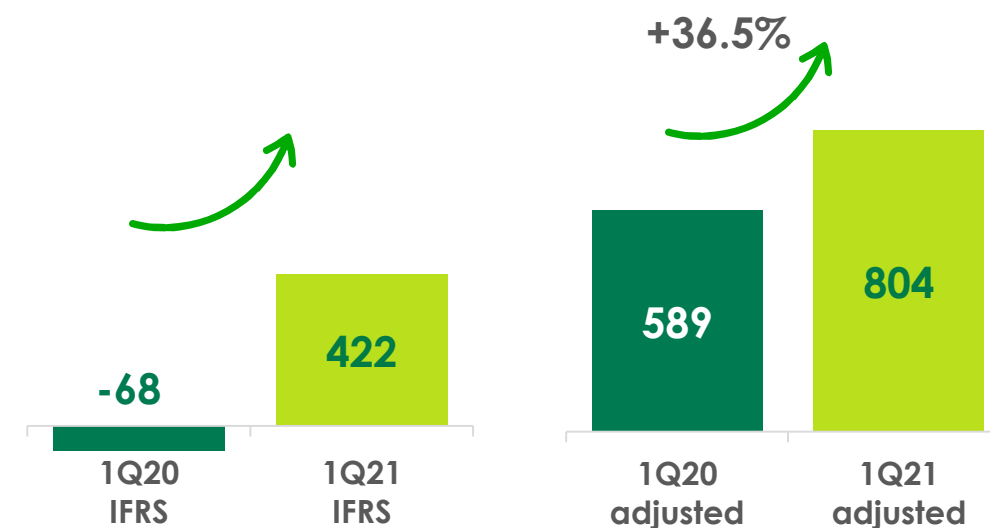


# 1Q21 consolidated Ebitda and Net profit

## Ebitda



## Net profit

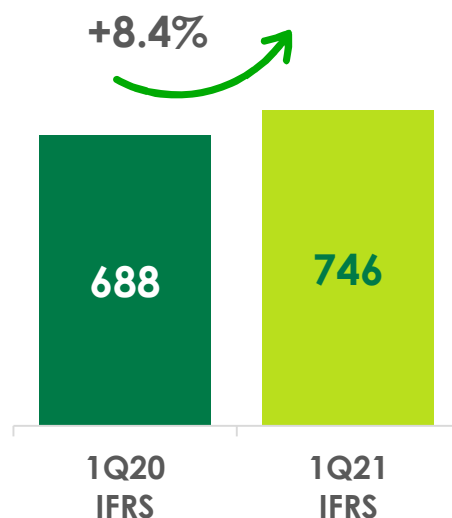


	Ebitda		Net profit	
	1Q20	1Q21	1Q20	1Q21
<b>IFRS</b>	<b>791</b>	<b>1,845</b>	<b>(68)</b>	<b>422</b>
Adjustments to fair value – Light	609	–	402	–
Result of business combination (Centroeste)	(51)	–	(34)	–
FX exposure – Eurobond	–	–	289	619
Disposal of asset held for sale	–	(108)	–	(185)
Reversal of tax provision in Cemig D related to profit sharing	–	(79)	–	(52)
<b>Adjusted</b>	<b>1,349</b>	<b>1,658</b>	<b>589</b>	<b>804</b>

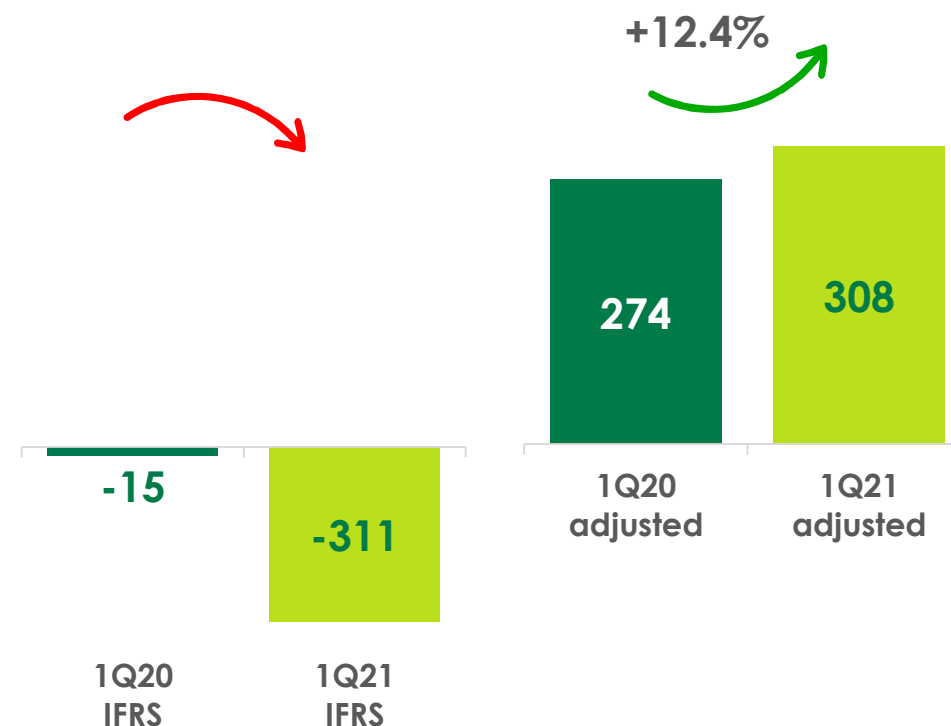
# Cemig GT: 1Q21 Ebitda and net profit

Ebitda growth supported by performance of the trading business

## Ebitda



## Net profit

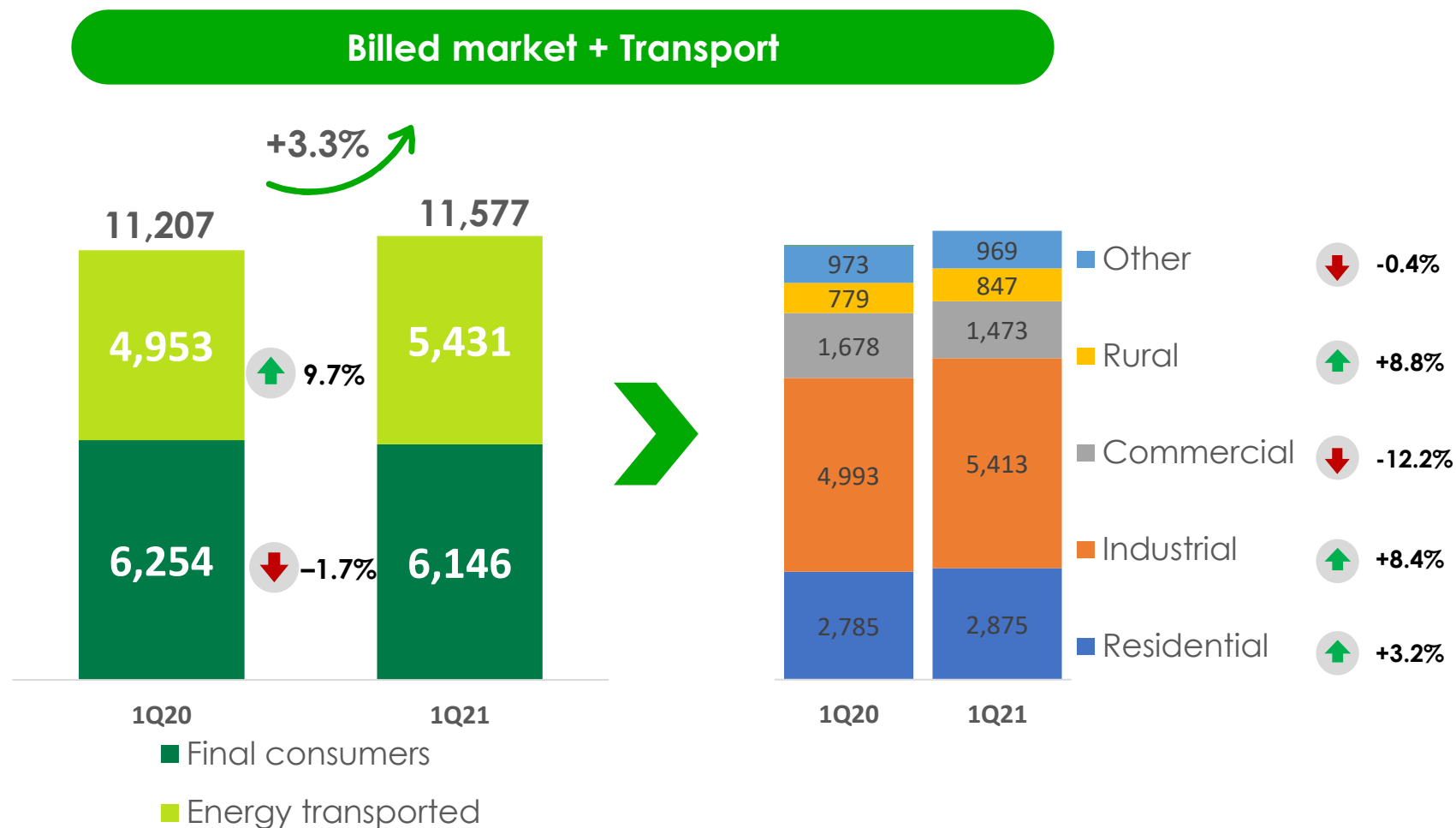
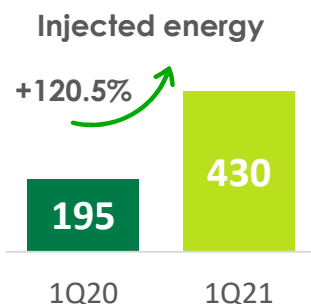


	Ebitda		Net profit	
	1Q20	1Q21	1Q20	1Q21
IFRS	688	746	-15	-311
FX exposure – Hedge	–	–	289	619
Adjusted	688	746	274	308

# Market of Cemig GT, 1Q21 – GWh

Strong resumption of industrial consumers in 1Q21

- Consumption by clients migrating from captive to Free market in 1Q21: **181 GWh**
- Energy carried for clients would have grown **7.9% YoY**, vs. **9.7%**
- Consumption by final consumers would have been **up 0.9%**, instead of **up 1.7%**
- Distributed Generation in the Cemig D concession area

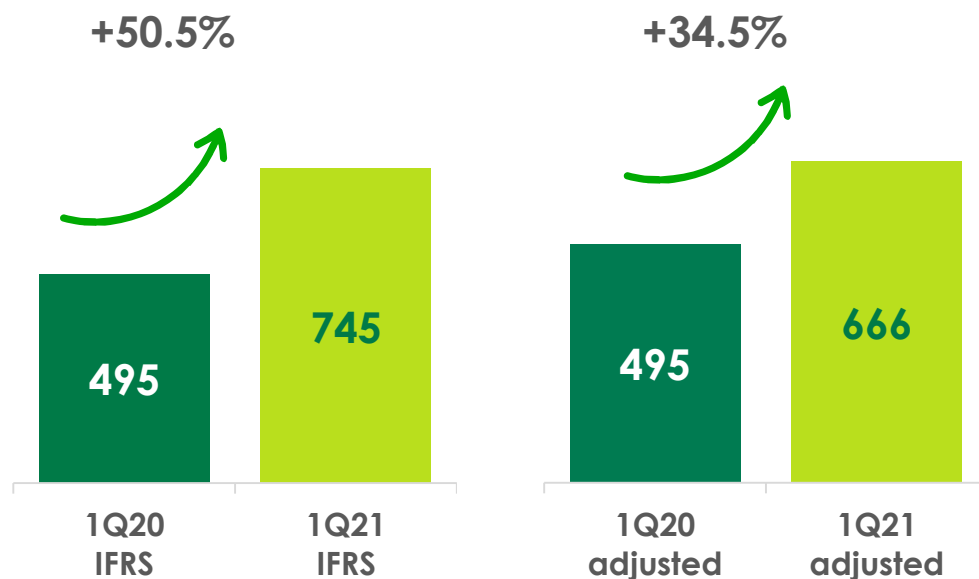


**Distributed generation:** Significant potential impacts for Cemig D's tariff: important need for discussion on subsidies through a nationwide tariff policy

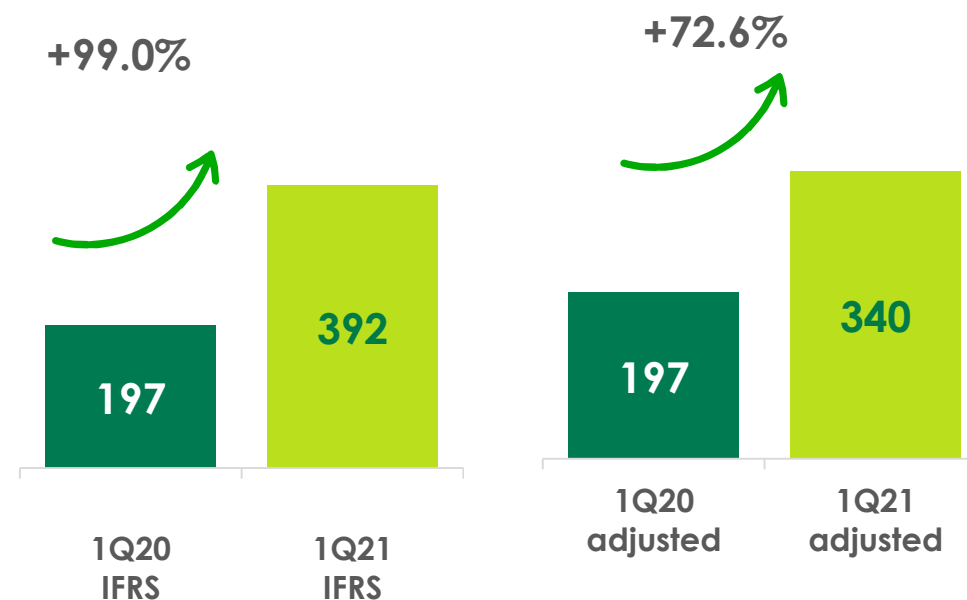
# Cemig D: 1Q21 Ebitda and net profit

Growth in energy market, and revised provisions, contributed to strong profit in 1Q

## Ebitda



## Net profit

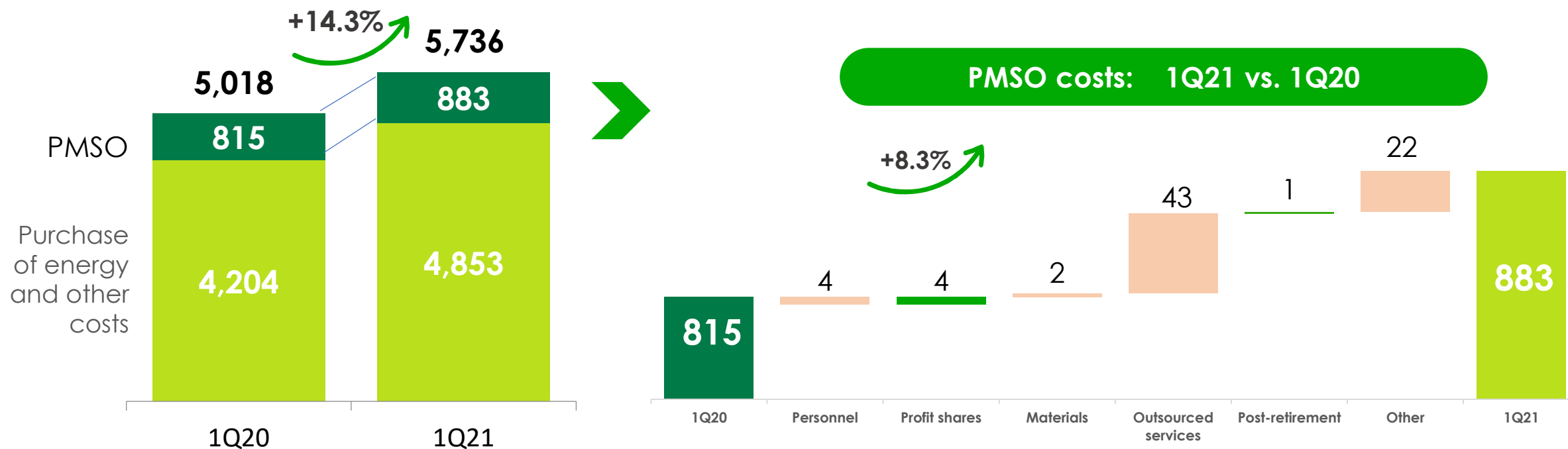


	Ebitda		Profit	
	1Q20	1Q21	1Q20	1Q21
IFRS	495	745	197	392
Reversal of tax provision in Cemig D related to profit sharing	–	–79	–	–52
Adjusted	495	666	197	340



# 1Q21: Consolidated operational costs and expenses

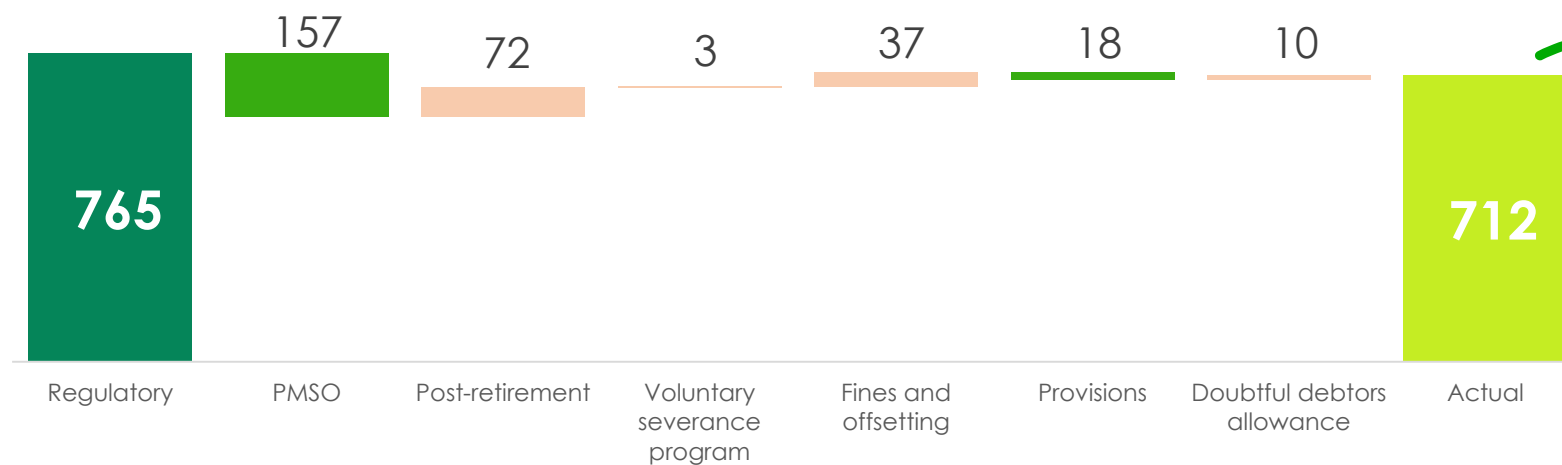
Operational expenses below regulatory benchmark



- 21% increase in cost of energy purchased for resale and Charges for use of the National Grid in 1Q21
  - Energy: R\$ 3,108 – vs. R\$ 2,814
  - Charges: R\$ 476 – vs. R\$ 365

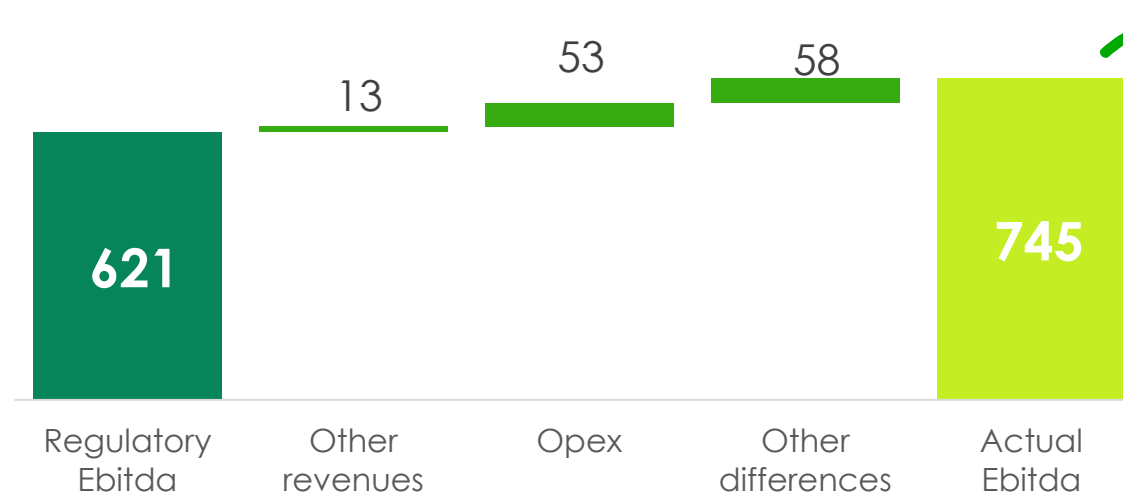
# Cemig D: 1Q21 Regulatory Opex and Ebitda

R\$ mn



Opex within regulatory target

▲ R\$53 MM



▲ R\$124 MM

Ebitda: Realized / Regulatory

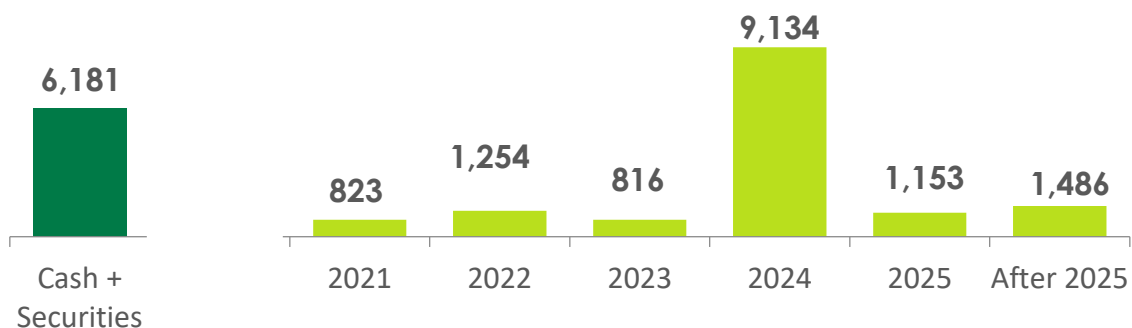
2019	2020	1Q21
86.6%	95.6%	120%

# Debt profile – consolidated

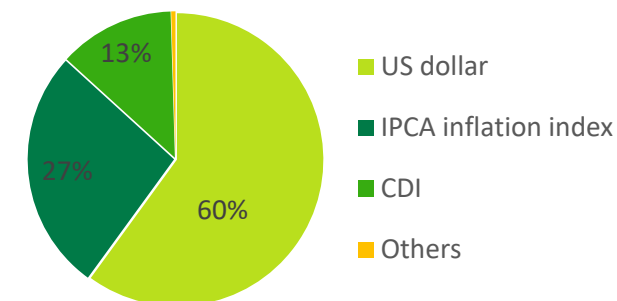
Effective strategy reduced costs and leverage

## Maturities timetable – Average tenor: 3.8 years

Net debt (= Debt – Cash and securities): **R\$ 8.5 bn**  
Total net debt (= Net debt – Hedge): **R\$ 5.7 bn**

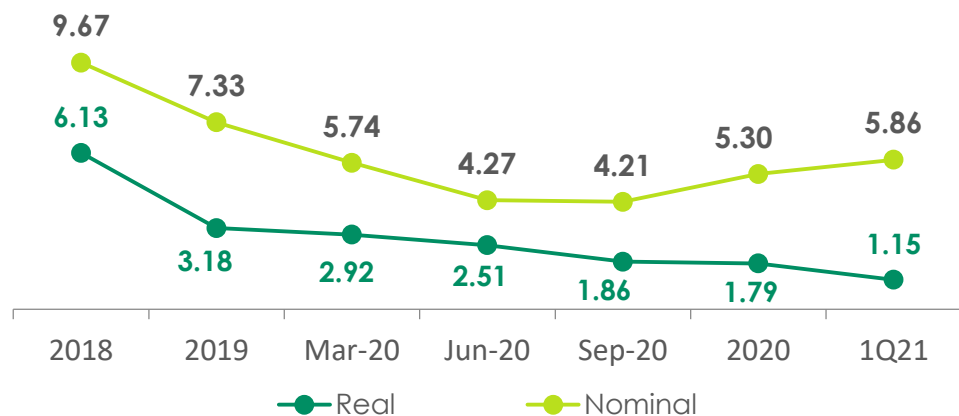


## Main indexes

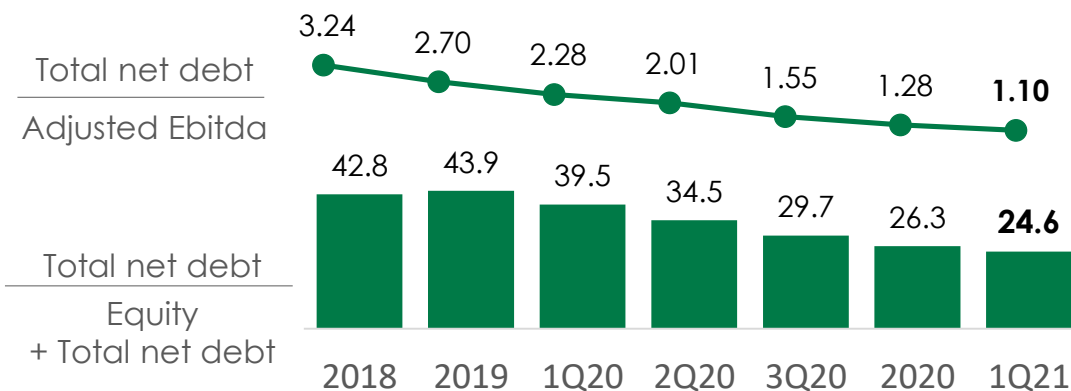


Debt in USD protected by hedge instrument, within an FX variation band – converted into % of Brazilian CDI rate.

## Cost of debt – %



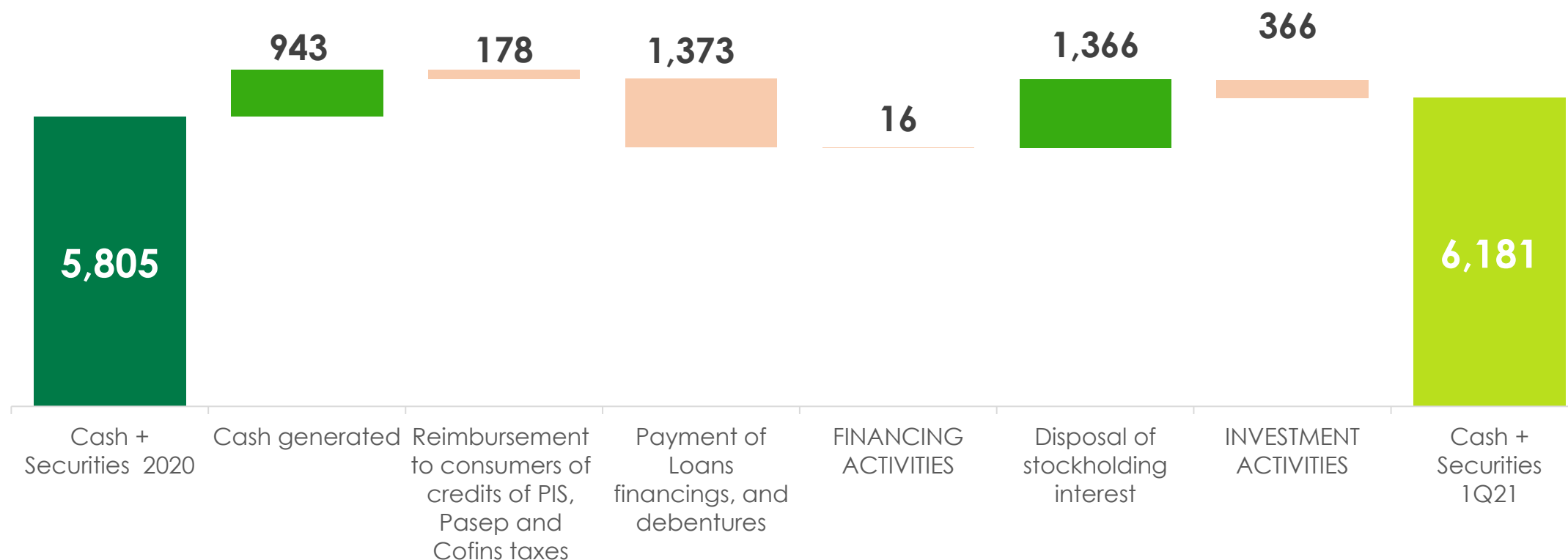
## Leverage – %



# Consolidated cash flow

Robust cash position

– sustains our program for investments and amortization of debt



# 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



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