

First Quarter 2020 Results and Outlook

April 27, 2020

**WORLD CLASS
PERFORMANCE**
DELIVERING
**HOMETOWN
SERVICE**



FOCUSED ON WORLD CLASS PERFORMANCE

CMS ENERGY

**CMS
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This presentation is made as of the date hereof and contains “forward-looking statements” as defined in Rule 3b-6 of the Securities Exchange Act of 1934, Rule 175 of the Securities Act of 1933, and relevant legal decisions. The forward-looking statements are subject to risks and uncertainties. All forward-looking statements should be considered in the context of the risk and other factors detailed from time to time in CMS Energy’s and Consumers Energy’s Securities and Exchange Commission filings. Forward-looking statements should be read in conjunction with “FORWARD-LOOKING STATEMENTS AND INFORMATION” and “RISK FACTORS” sections of CMS Energy’s and Consumers Energy’s most recent Form 10-K and as updated in reports CMS Energy and Consumers Energy file with the Securities and Exchange Commission. CMS Energy’s and Consumers Energy’s “FORWARD-LOOKING STATEMENTS AND INFORMATION” and “RISK FACTORS” sections are incorporated herein by reference and discuss important factors that could cause CMS Energy’s and Consumers Energy’s results to differ materially from those anticipated in such statements. CMS Energy and Consumers Energy undertake no obligation to update any of the information presented herein to reflect facts, events or circumstances after the date hereof.

The presentation also includes non-GAAP measures when describing CMS Energy’s results of operations and financial performance. A reconciliation of each of these measures to the most directly comparable GAAP measure is included in the appendix and posted on our website at www.cmsenergy.com.

CMS Energy provides historical financial results on both a reported (GAAP) and adjusted (non-GAAP) basis and provides forward-looking guidance on an adjusted basis. During an oral presentation, references to “earnings” are on an adjusted basis. All references to net income refer to net income available to common stockholders and references to earnings per share are on a diluted basis. Adjustments could include items such as discontinued operations, asset sales, impairments, restructuring costs, regulatory items from prior years, or other items. Management views adjusted earnings as a key measure of the company’s present operating financial performance and uses adjusted earnings for external communications with analysts and investors. Internally, the company uses adjusted earnings to measure and assess performance. Because the company is not able to estimate the impact of specific line items, which have the potential to significantly impact, favorably or unfavorably, the company’s reported earnings in future periods, the company is not providing reported earnings guidance nor is it providing a reconciliation for the comparable future period earnings. The adjusted earnings should be considered supplemental information to assist in understanding our business results, rather than as a substitute for the reported earnings.

Investors and others should note that CMS Energy routinely posts important information on its website and considers the Investor Relations section, www.cmsenergy.com/investor-relations, a channel of distribution.

- Business Update & Long-Term Outlook
- COVID-19 Response

Patti Poppe
President & CEO



- Financial Results

Rejji Hayes
Executive VP & CFO

<u>Results</u>	<u>Amount</u>	<u>Commentary</u>
• First Quarter 2020 EPS ^{a)}	\$0.86	<i>Challenging weather offset by cost management</i>
<u>Guidance (as of 1/30/20)</u>		
• Full-year EPS ^{a)}	\$2.64 – \$2.68	<i>Unchanged given uncertainty of duration & full impact of COVID-19</i>
<u>Long-Term Outlook</u>		
• EPS ^{a)} & DPS Growth	+6% to +8%	<i>Long-term investment thesis remains intact</i>

^{a)} -----
Adjusted EPS (non-GAAP)

... earnings growth despite headwinds.

Co-workers

- Enhanced safety protocols
 - Work from home (office)
 - Direct job-site reporting (field)
- Flexible time off policies
- Sequestration of critical roles
- Proactive quarantining and contact tracing

Customers

- Dedicated customer service representatives helping to navigate stimulus programs
- Suspended shut-offs for low-income and senior customers
- Rescheduled non-critical, in-home work
- Continue to operate critical services

Community

- Dream Maker Fund
 - \$1 MM for local small businesses
- CE Foundation
 - \$1.1 MM for food banks, local charities, and health care PPE
- Matching contributions for all employee donations

People



PEOPLE

Planet



PLANET

Profit



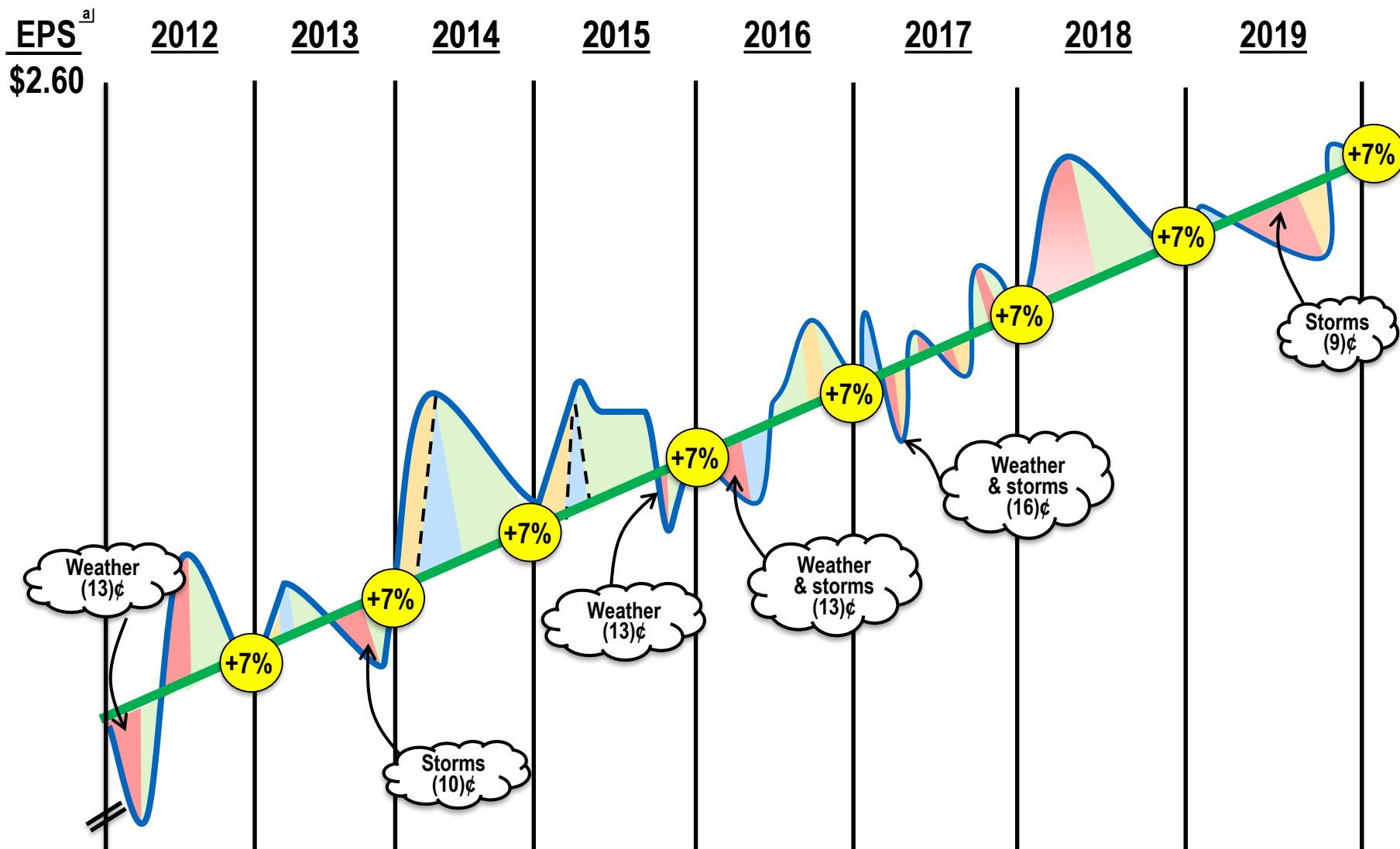
PROFIT

Underpinned by Performance

... embodies our commitment to the Triple Bottom Line.

Managing Work Every Year...

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^{a)} Adjusted EPS (non-GAAP)

... maximizes benefits for customers and investors.

Compelling Investment Thesis...

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... adaptive to changing conditions.

2020 First Quarter EPS Results...



Results

	<u>2019</u>	<u>2020</u>
EPS – (GAAP)	\$0.75	\$0.85
Adjustments ^{a]}	<u>--</u>	<u>0.01</u>
Adjusted (non-GAAP)	<u>\$0.75</u>	<u>\$0.86</u>

By Business Segment

	<u>EPS^{b]}</u>
Utility	\$0.86
Enterprises	0.06
EnerBank	0.05
Parent & other	(0.11)
CMS Energy	<u>\$0.86</u>

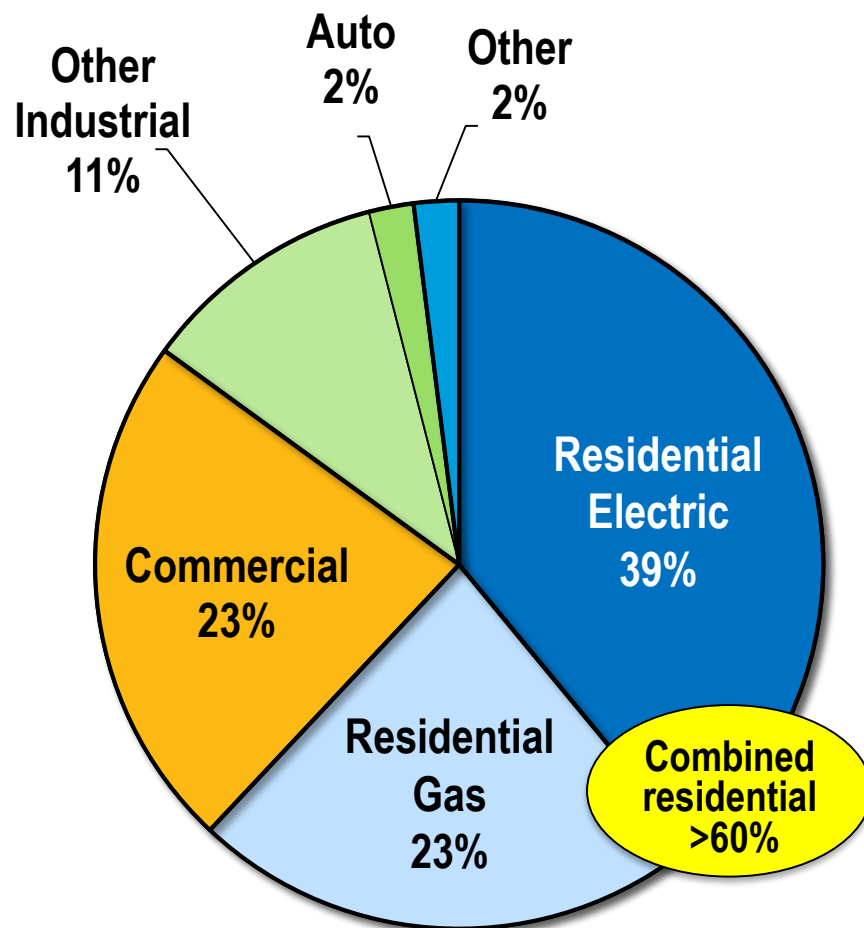
^{a]} See non-GAAP reconciliations ^{b]} Adjusted EPS (non-GAAP)

... driven by investments and cost performance.

	<u>Potential Impacts</u>	<u>Mitigating Factors</u>
Utility	<ul style="list-style-type: none"> • Lower sales volume from commercial and industrial • Increased uncollectible accounts • Sequestration/quarantine-related costs 	<ul style="list-style-type: none"> • Higher margin residential usage • Regulatory deferral mechanisms • Operational flexibility/waste elimination • Fiscal stimulus customer support
Enterprises	<ul style="list-style-type: none"> • Revenue stability 	<ul style="list-style-type: none"> • Capacity and Energy at DIG are 100% & 95% contracted, respectively • Remaining assets are under long-term PPAs with quality off-takers/contracts
EnerBank	<ul style="list-style-type: none"> • Loan originations • Higher charge-offs 	<ul style="list-style-type: none"> • 750+ FICO score borrowers • Market share gain opportunities • Conservative loan loss provision • Lower funding costs
Parent/Liquidity	<ul style="list-style-type: none"> • Capital market dislocation • Higher funding costs 	<ul style="list-style-type: none"> • 2020 financing plan on track • No 2020 maturities remaining (no CP) • Planned equity needs fully priced • Conservative funding assumptions • No required pension contributions

... difficult to predict, so preparing robust risk mitigation.

2019 Electric & Gas Rate Mix^{a)}



2020 EPS Sensitivities^{b)}

1% Full Year Δ in Volume

	Electric	Gas
Residential	~ 3+¢	2 ¢
Commercial	~ 2	1½
Industrial	1½ +	

Impact of Observed Electric Trends

(since March)

	C&I	Residential
Volume	20% - 25% ↓	5+% ↑
X EPS	~2½¢ per 1%	~3+¢ per 1%
÷ Months	12 mo.	12 mo.
Total	(4)¢ - (5)¢	~1¢

(3)¢ - (4)¢/ mo. EPS impact during extensive social distancing

^{a)} Tariff net of PSQR and GCR

^{b)} Non-GAAP

... partially offset by diversification and favorable mix.

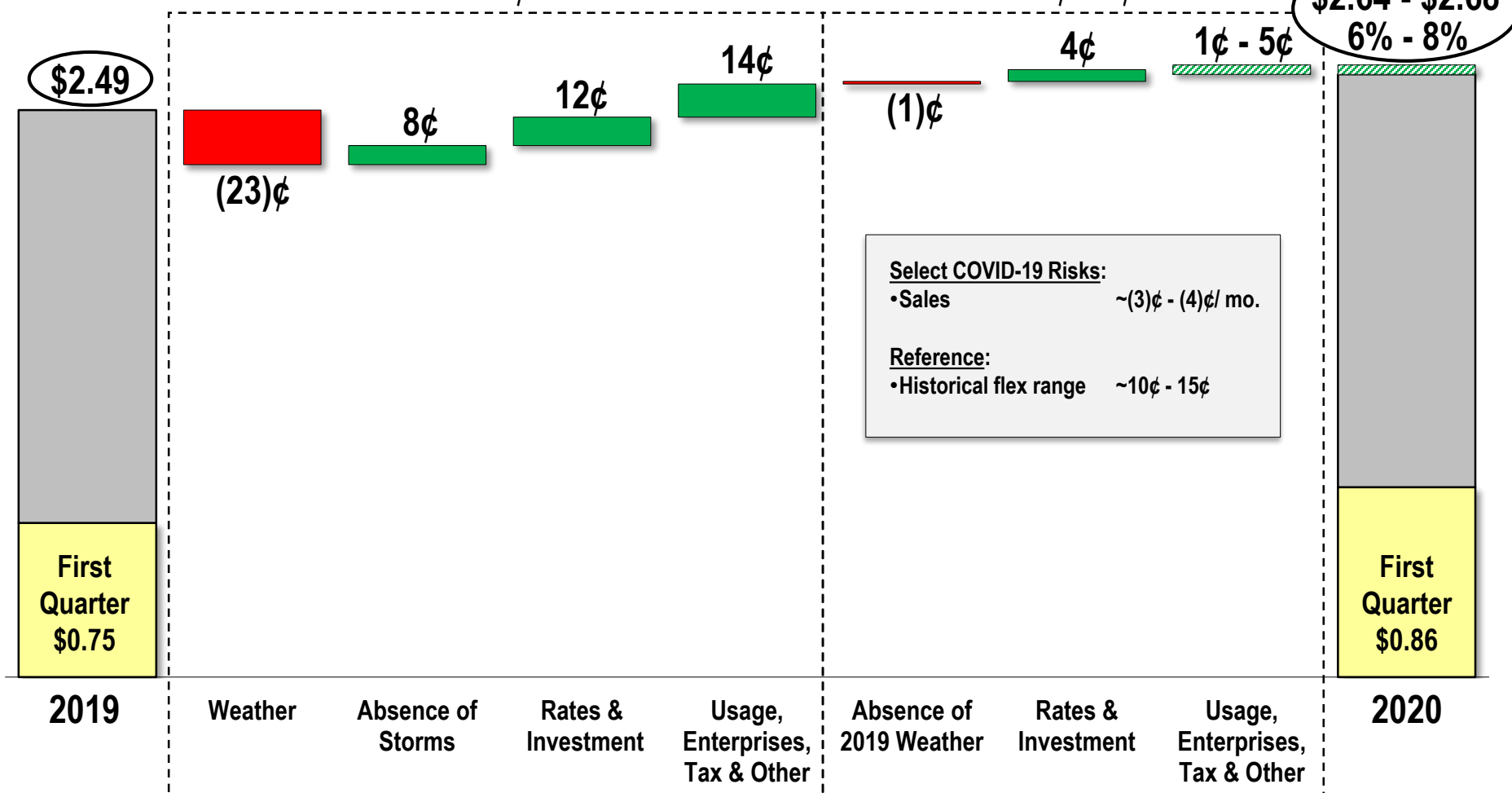
First Quarter

11¢

Nine Months To Go

4¢ - 8¢

\$2.64 - \$2.68
6% - 8%



^{a]} Adjusted EPS (non-GAAP)

... manageable through Q1, with longer-term risks of COVID-19 unclear.

Financing Plan on Track...

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Planned 2020 Financing

Existing Facilities

	<u>Plan</u> (MM)	<u>YTD</u> (MM)
Consumers Energy:		
First Mortgage Bonds	\$650	\$575
Term Loan	\$300	\$300
CMS Parent:		
New Debt	\$325	\$300
Planned Equity	Up to \$250	\$100
Retirements:		
Consumers Energy	\$100	\$100
Other:		
Pension Contribution	\$531	\$531

3.5%
closed 3/26

Term-loan
L+50
2021 maturity

\$150 MM
priced

Called

\$250 MM
(Nov-2021)

\$850 MM
(Jun-2023)

Consumers
Energy

\$2.3 Bn^{a)}
of net liquidity position
with no CP outstanding
(as of 3/31/20)

\$550 MM
(Jun-2023)

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Energy

^{a)} \$1,606 MM in available revolvers + \$834 MM of unrestricted cash - \$119 MM of cash at EnerBank and Other

... with emphasis on liquidity management.

Consumers Energy	S&P	Moody's	Fitch
Senior Secured	A	Aa3	A+
Commercial Paper	A-2	P-1	F-2
Outlook	Stable	Stable	Stable
<div>Highest Governance Practices Score (GA-1)</div>			
CMS Energy			
Senior Unsecured	BBB	Baa1	BBB
Junior Subordinated	BBB-	Baa2	BB+
Outlook	Stable	Stable	Stable
Last Review	Oct. 2019	Jul. 2019	Oct. 2019

Ratings Drivers

- Strong financial position
- Growing operating cash flow
- Return on regulated investment
- Supportive regulatory environment

... at solid investment-grade levels.

Investment Thesis



Nearly two decades of industry-leading, financial performance

Takeaways

- ✓ **Prudent Liquidity Management**
 - 2020 financings largely executed
 - No pension contributions required in 2020
- ✓ **Operational Excellence and Track Record**
 - Increased productivity driven by the CE Way
 - Adaptive to changing conditions
- ✓ **Top-Tier Regulatory Construct**
 - Forward-looking test years
 - 10-month rate cases
- ✓ **Visible and Executable 10-yr Capital Plan (\$25 Bn)**
 - ~85% of projects are less than \$200 MM
- ✓ **Clean and Lean Energy Strategy**
 - Replacing PPAs and coal with renewables and energy waste reduction
 - Net zero carbon (2040) and methane (2030) goals^{a)}

^{a)} Methane emissions for our natural gas delivery system

... remains intact, regardless of changing conditions.

Q & A

Thank You!



Appendix

	<u>Sensitivity</u>	<u>Full-Year Impact</u>	
		<u>EPS^a</u> (¢)	<u>OCF</u> (\$ MM)
Sales^b			
Electric (~36,500 GWh)	± 1%	± 6	± 25
Gas (~300 Bcf)	± 5	± 13	± 50
Gas prices (NYMEX)	± 50¢	± 0	± 55
Utility Earned ROE			
Electric	± 10 bps	± 1½	± 6
Gas	± 10	± 1	± 4
Interest rates	± 25 bps	± <1	± 2
Effective Tax Rate (16%)	± 100 bps	± 3	± 0
EE^c Incentives (1.5% electric)	± 25 bps	± 1	± 5

^{a|} Adjusted (non-GAAP) ^{b|} Reflect 2020 sales forecast; weather - normalized ^{c|} Energy Efficiency

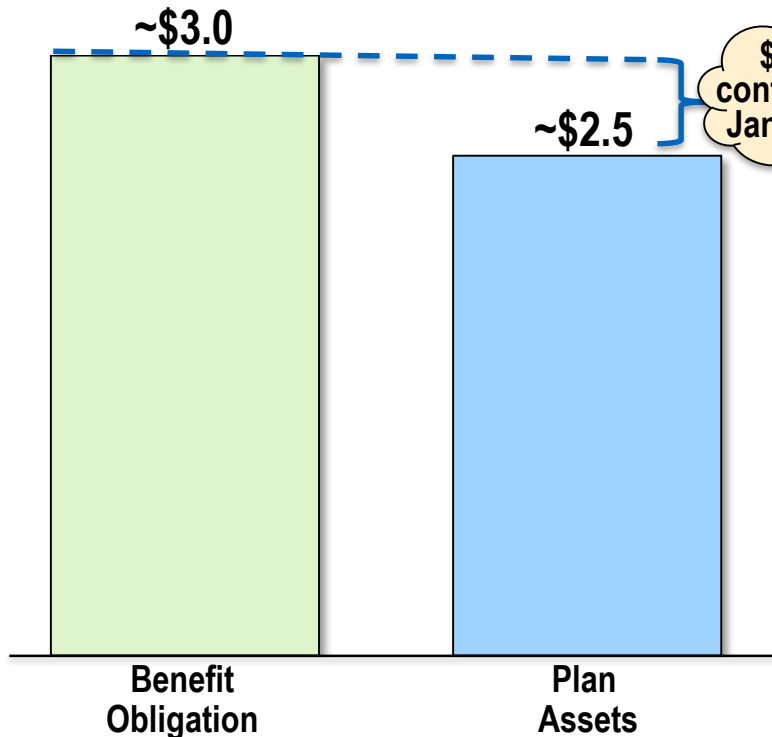
... reflect effective risk mitigation.

Pension

(Bn)

Asset Allocation

Equity	55%
Fixed-income	39%
Multi-asset	6%
Expected rate of return	6.75%

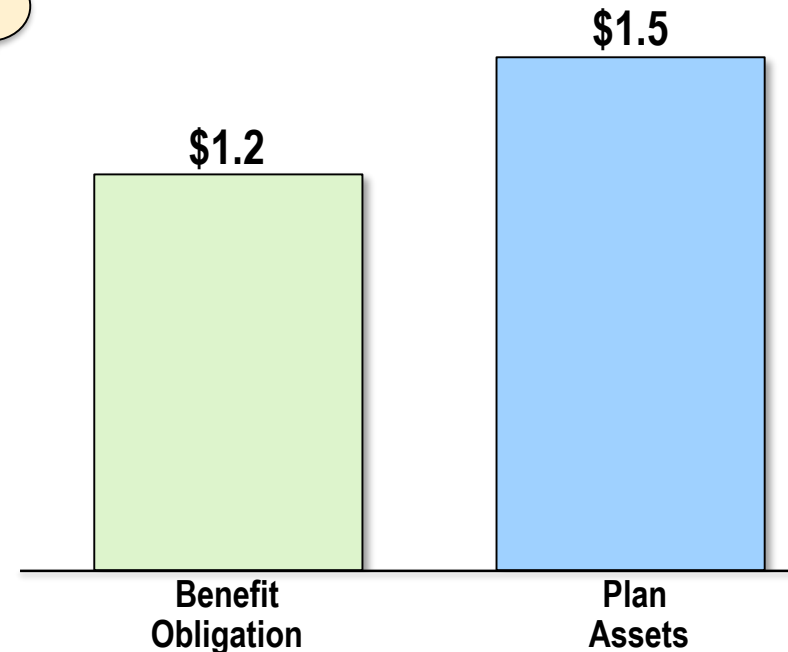


OPEB

(Bn)

Asset Allocation

Equity	48%
Fixed-income	33%
Multi-asset	19%
Expected rate of return	6.75%



^{a]} As of December 31, 2019. Asset allocation does not include market performance, rebalancing or contributions. Estimated expected rate of return for 2020.

... do not require incremental contributions in 2020.

Regulatory Outlook...

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2019

2020

Regulatory / Policy

2016 Energy
Law fully
implemented

4/15:
COVID-19 order
U-20757
for deferred
accounting

Electric

2/27: ✓
Filed \$244 MM^{a]}
U-20697
10.5% ROE

Dec.
Expected
final order

Gas

9/26: ✓
Final order
U-20322^{b]}

12/16: ✓
Filed \$245 MM
U-20650
10.5% ROE

Oct.
Expected
final order

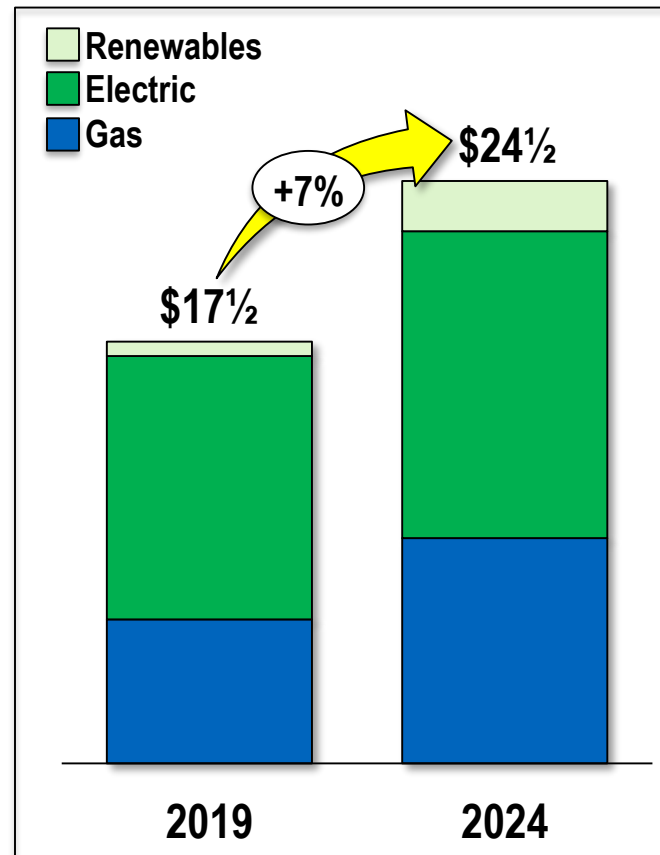
^{a]}Including \$36 MM of Calc. C DFIT Amortization ^{b]}Final order \$157 MM, 9.9% ROE excluding \$13 MM of Calc. C included in rates, offset by lower tax expense

... limited to general rate cases and COVID-19 matters. 19

Investment Plan

<u>Capital Investment (Bn):</u>	<u>Prior '19-'23 Plan</u>	<u>New '20-'24 Plan</u>
Renewables	\$ 1 ³ / ₄	\$ 1 ³ / ₄
Electric Utility	5	5 ¹ / ₂
Gas Utility	<u>5</u>	<u>5</u>
Total	\$ <u>11³/₄</u>	\$ <u>12¹/₄</u>

Rate Base Growth



\$25 Bn 10-Yr Plan^{a)} with \$3 - \$4 Bn of Opportunities

^{a)} 10-yr Plan includes years 2019 through 2028

... includes increased renewables and maintains focus on safety & reliability.



DIG & Other

- ~1,000 MWs of plants in MI
- DIG long-term energy (>95% contracted) & short-term capacity (100% contracted)
- Filer City PPA with the Utility
- Upside: tightening supply with future retirements



Renewable Platform

Operating Projects:

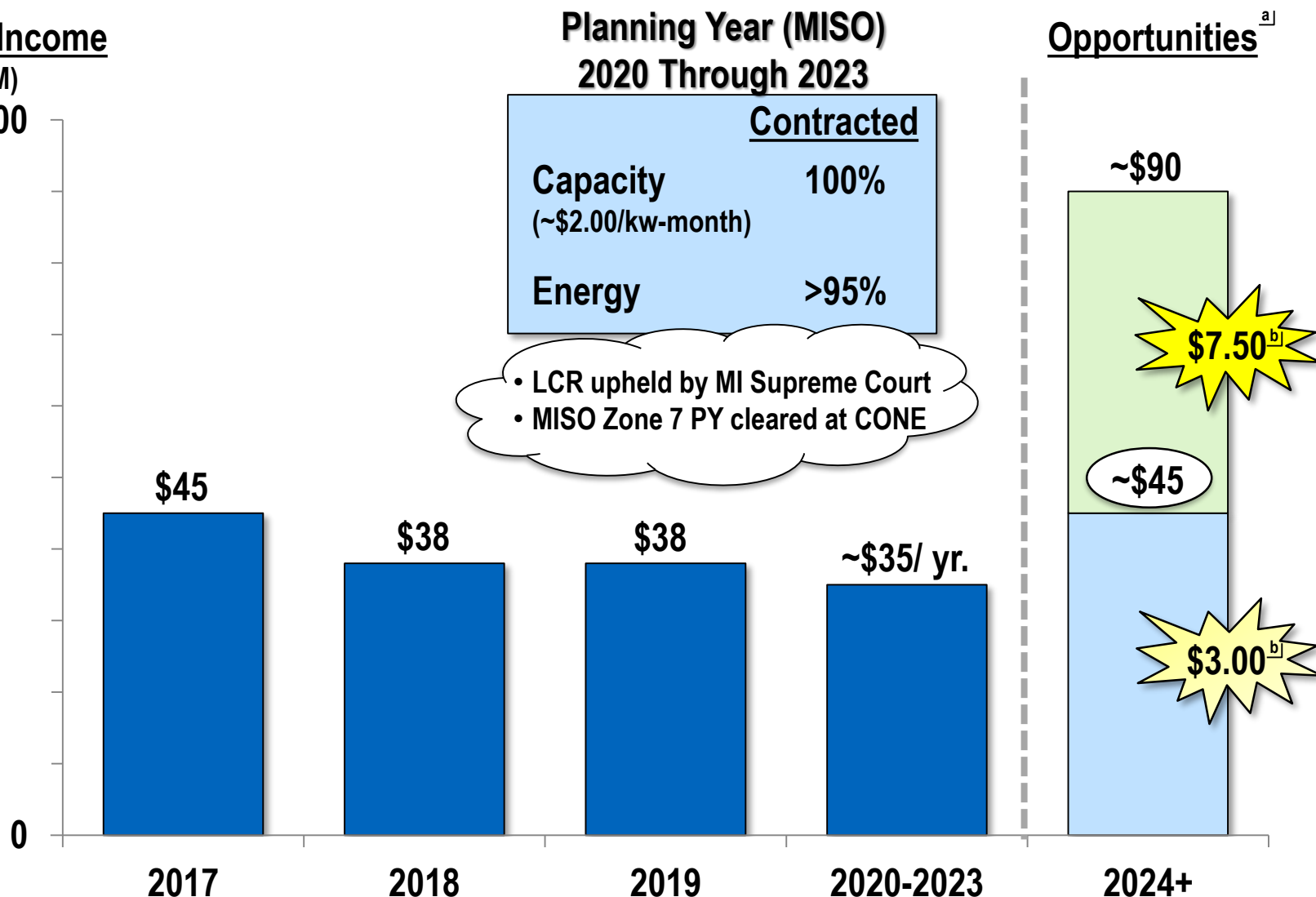
- 27 MWs of solar
- 64 MWs biomass
- 105 MWs of wind (15-year PPA with GM)
- Nearly 100% contracted
- Upside: utility-like returns with creditworthy counterparties

"DIG" (750 MW) & Peakers (200 MW)...

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Pre-Tax Income

(MM)
\$100



^{a]} Assumes 100% capacity available at \$3.00 and \$7.50/ kw-month. ^{b]} \$/ kw-month

... offers risk mitigation to Plan with future upside opportunities.

GAAP Reconciliation

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Reconciliation of GAAP EPS to Non-GAAP Adjusted EPS by Segment (Unaudited)

	<i>In Millions, Except Per Share Amounts</i>	
	<u>Three Months Ended</u>	
	<u>3/31/20</u>	<u>3/31/19</u>
Electric Utility		
Reported net income per share	\$ 0.41	\$ 0.37
<i>Reconciling items:</i>		
Other exclusions from adjusted earnings	0.01	-
Tax impact	(*)	-
Voluntary separation program	0.03	-
Tax impact	(0.01)	-
Adjusted net income per share – non-GAAP	<u>\$ 0.44</u>	<u>\$ 0.37</u>
Gas Utility		
Reported net income per share	\$ 0.41	\$ 0.43
<i>Reconciling items:</i>		
Other exclusions from adjusted earnings	*	-
Tax impact	(*)	-
Voluntary separation program	0.01	-
Tax impact	(*)	-
Adjusted net income per share – non-GAAP	<u>\$ 0.42</u>	<u>\$ 0.43</u>
Enterprises		
Reported net income per share	\$ 0.07	\$ 0.02
<i>Reconciling items:</i>		
Other exclusions from adjusted earnings	*	(*)
Tax impact	(*)	*
Tax reform	(0.01)	-
Voluntary separation program	*	-
Tax impact	(*)	-
Adjusted net income per share – non-GAAP	<u>\$ 0.06</u>	<u>\$ 0.02</u>
EnerBank		
Reported net income per share	\$ 0.05	\$ 0.04
<i>Reconciling items:</i>		
Other exclusions from adjusted earnings	-	-
Tax impact	-	-
Adjusted net income per share – non-GAAP	<u>\$ 0.05</u>	<u>\$ 0.04</u>
Corporate Interest and Other		
Reported net loss per share	\$ (0.09)	\$ (0.11)
<i>Reconciling items:</i>		
Other exclusions from adjusted earnings	(*)	*
Tax impact	*	(*)
Tax reform	(0.02)	-
Adjusted net loss per share – non-GAAP	<u>\$ (0.11)</u>	<u>\$ (0.11)</u>
Consolidated		
Reported net income per share	\$ 0.85	\$ 0.75
<i>Reconciling items:</i>		
Other exclusions from adjusted earnings	0.01	(*)
Tax impact	(*)	*
Tax reform	(0.03)	-
Voluntary separation program	0.04	-
Tax impact	(0.01)	-
Adjusted net income per share – non-GAAP	<u>\$ 0.86</u>	<u>\$ 0.75</u>
Average Common Shares Outstanding – Diluted	<u>285.2</u>	<u>283.6</u>

* Less than \$0.01 per share.

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Reconciliation of GAAP Net Income to Non-GAAP Adjusted Net Income by Quarter (Unaudited)

		<i>In Millions, Except Per Share Amounts</i>	
		2020	
		1Q	
Net Income Available to Common Stockholders	\$	243	
<i>Reconciling items:</i>			
Electric utility and gas utility		15	
Tax impact		(4)	
Enterprises		1	
Tax impact		(4)	
EnerBank		-	
Tax impact		-	
Corporate interest and other		(2)	
Tax impact		(4)	
Adjusted Net Income – Non-GAAP	\$	245	
Average Common Shares Outstanding – Diluted		285.2	
Diluted Earnings Per Average Common Share	\$	0.85	
<i>Reconciling items:</i>			
Electric utility and gas utility		0.05	
Tax impact		(0.01)	
Enterprises		*	
Tax impact		(0.01)	
EnerBank		-	
Tax impact		-	
Corporate interest and other		(*)	
Tax impact		(0.02)	
Adjusted Diluted Earnings Per Average Common Share – Non-GAAP	\$	0.86	

		<i>In Millions, Except Per Share Amounts</i>			
		2019			
		1Q	2Q	3Q	4Q
Net Income Available to Common Stockholders	\$	213	\$ 93	\$ 207	\$ 167
<i>Reconciling items:</i>					
Electric utility and gas utility		-	-	-	6
Tax impact		-	-	-	(1)
Enterprises		(*)	*	1	(1)
Tax impact		*	(*)	(*)	*
EnerBank		-	-	-	-
Tax impact		-	-	-	-
Corporate interest and other		*	*	*	31
Tax impact		(*)	(*)	(*)	(8)
Adjusted Net Income – Non-GAAP	\$	213	\$ 93	\$ 208	\$ 194
Average Common Shares Outstanding – Diluted		283.6	284.0	284.6	284.8
Diluted Earnings Per Average Common Share	\$	0.75	\$ 0.33	\$ 0.73	\$ 0.58
<i>Reconciling items:</i>					
Electric utility and gas utility		-	-	-	0.02
Tax impact		-	-	-	(*)
Enterprises		(*)	*	*	(*)
Tax impact		*	(*)	(*)	*
EnerBank		-	-	-	-
Tax impact		-	-	-	-
Corporate interest and other		*	*	*	0.11
Tax impact		(*)	(*)	(*)	(0.03)
Adjusted Diluted Earnings Per Average Common Share – Non-GAAP	\$	0.75	\$ 0.33	\$ 0.73	\$ 0.68

* Less than \$0.5 million or \$0.01 per share.

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Reconciliation of GAAP Net Income to Non-GAAP Adjusted Net Income (Unaudited)

	<i>In Millions, Except Per Share Amounts</i>	
	<u>Three Months Ended</u>	
	<u>3/31/20</u>	<u>3/31/19</u>
Net Income Available to Common Stockholders	\$ 243	\$ 213
<i>Reconciling items:</i>		
Other exclusions from adjusted earnings	3	(*)
Tax impact	(*)	*
Tax reform	(9)	-
Voluntary separation program	11	-
Tax impact	(3)	-
Adjusted net income – non-GAAP	<u>\$ 245</u>	<u>\$ 213</u>
Average Common Shares Outstanding		
Basic	283.3	282.8
Diluted	285.2	283.6
Basic Earnings Per Average Common Share		
Reported net income per share	\$ 0.86	\$ 0.75
<i>Reconciling items:</i>		
Other exclusions from adjusted earnings	0.01	(*)
Tax impact	(*)	*
Tax reform	(0.03)	-
Voluntary separation program	0.04	-
Tax impact	(0.01)	-
Adjusted net income per share – non-GAAP	<u>\$ 0.87</u>	<u>\$ 0.75</u>
Diluted Earnings Per Average Common Share		
Reported net income per share	\$ 0.85	\$ 0.75
<i>Reconciling items:</i>		
Other exclusions from adjusted earnings	0.01	(*)
Tax impact	(*)	*
Tax reform	(0.03)	-
Voluntary separation program	0.04	-
Tax impact	(0.01)	-
Adjusted net income per share – non-GAAP	<u>\$ 0.86</u>	<u>\$ 0.75</u>

* Less than \$0.5 million or \$0.01 per share.

Management views adjusted (non-Generally Accepted Accounting Principles) earnings as a key measure of the Company's present operating financial performance and uses adjusted earnings for external communications with analysts and investors. Internally, the Company uses adjusted earnings to measure and assess performance. Adjustments could include items such as discontinued operations, asset sales, impairments, restructuring costs, regulatory items from prior years, or other items detailed in these summary financial statements. Adjusted earnings should be considered supplemental information to assist in understanding our business results, rather than as a substitute for reported earnings.

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Earnings Per Share By Year GAAP Reconciliation
(Unaudited)

	2012	2013	2014	2015	2016	2017	2018	2019
Reported earnings per share - GAAP	\$1.42	\$1.66	\$1.74	\$1.89	\$1.98	\$1.64	\$2.32	\$2.39
Pretax items:								
Electric and gas utility	0.27	-	-	-	0.04	-	-	0.02
Tax impact	(0.10)	-	-	-	(0.01)	0.12 (a)	0.01 (a)	(*)
Enterprises	(0.01)	*	0.05	*	*	*	0.02	*
Tax impact	*	(*)	(0.02)	(*)	(*)	0.20 (a)	(0.02) (a)	(*)
EnerBank	-	-	-	-	-	-	-	-
Tax impact	-	-	-	-	-	0.01 (a)	*	-
Corporate interest and other	*	*	*	*	0.02	0.01	*	0.11
Tax impact	(*)	(*)	(*)	(*)	(0.01)	0.19 (a)	(*)	(0.03)
Discontinued operations (income) loss, net	(0.03)	*	(*)	(*)	*	*	(*)	(*)
Adjusted earnings per share - non-GAAP	\$1.55	\$1.66	\$1.77	\$1.89	\$2.02	\$2.17	\$2.33	\$2.49

* Less than \$0.01 per share.

(a) Reflects the impact of tax reform.