

# Year-End 2019 Results and Outlook

## January 30, 2020

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



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## **FOCUSED ON WORLD CLASS PERFORMANCE**

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**CMS ENERGY**

**CMS  
LISTED  
NYSE**

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](http://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. Similarly, management views the ratio of Funds From Operations (FFO)/Average Debt as a key measure of the company’s operating financial performance and its financial position, and uses the ratio for external communications with analysts and investors. Because the company does not establish its target FFO/Average Debt ratio based on a specific target numerator and target denominator, the company is unable to provide a reconciliation to a comparable GAAP financial measure for future periods.

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](http://www.cmsenergy.com/investor-relations), a channel of distribution.

- Business Update & Outlook
- 5-yr Capital Plan Update

**Patti Poppe**  
**President & CEO**



- Financial Results

**Reiji Hayes**  
**Executive VP & CFO**

# Financial Results & Outlook...

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## 2019 Results

- EPS<sup>a)</sup>
- Operating Cash Flow (MM)

### Amount

\$2.49 ✓

\$1,790

VS.

Prior Year

+7%

\$87

## 2020 Outlook

- EPS<sup>a)</sup> Guidance
- Annual Dividend

\$2.64 – \$2.68

+6% to +8%

\$1.63

+7%

## Long-Term Outlook

- EPS<sup>a)</sup> & DPS Growth
- 5-yr Capital Plan (Bn)

+6% to +8%

\$12¼

Up from \$11¾

<sup>a)</sup> Adjusted EPS (non-GAAP)

... 17<sup>th</sup> consecutive year of industry-leading financial performance.

# CMS' 2019 Performance Exemplifies...

CMS ENERGY



## PEOPLE

- Ranked #1 for customer satisfaction in Midwest residential gas by JD Power
- Ranked top tercile for customer satisfaction in Midwest residential electric by JD Power
- Attracted 75 MWs of new electric load to Michigan
- Ranked 1<sup>st</sup> quartile for employee engagement



## PLANET

- Approval of Integrated Resource Plan
- Announced net zero methane emissions goal by 2030 for our gas delivery system
- Expanded Utility wind portfolio by 30%
- Enhanced, restored or protected ~1,500 acres of land
- Reduced water use by 286 million gallons
- Achieved 473 MWs of Demand Response



## PROFIT

- 17 years of +7% EPS<sup>aj</sup> growth
- Raised dividend +7% YoY, 14<sup>th</sup> increase in as many years
- Generated ~\$1.8 Bn of operating cash flow
- Issued tax-exempt financing to restore coal ash sites
- IRP order approved 5.88% incentive on PPAs



## PERFORMANCE

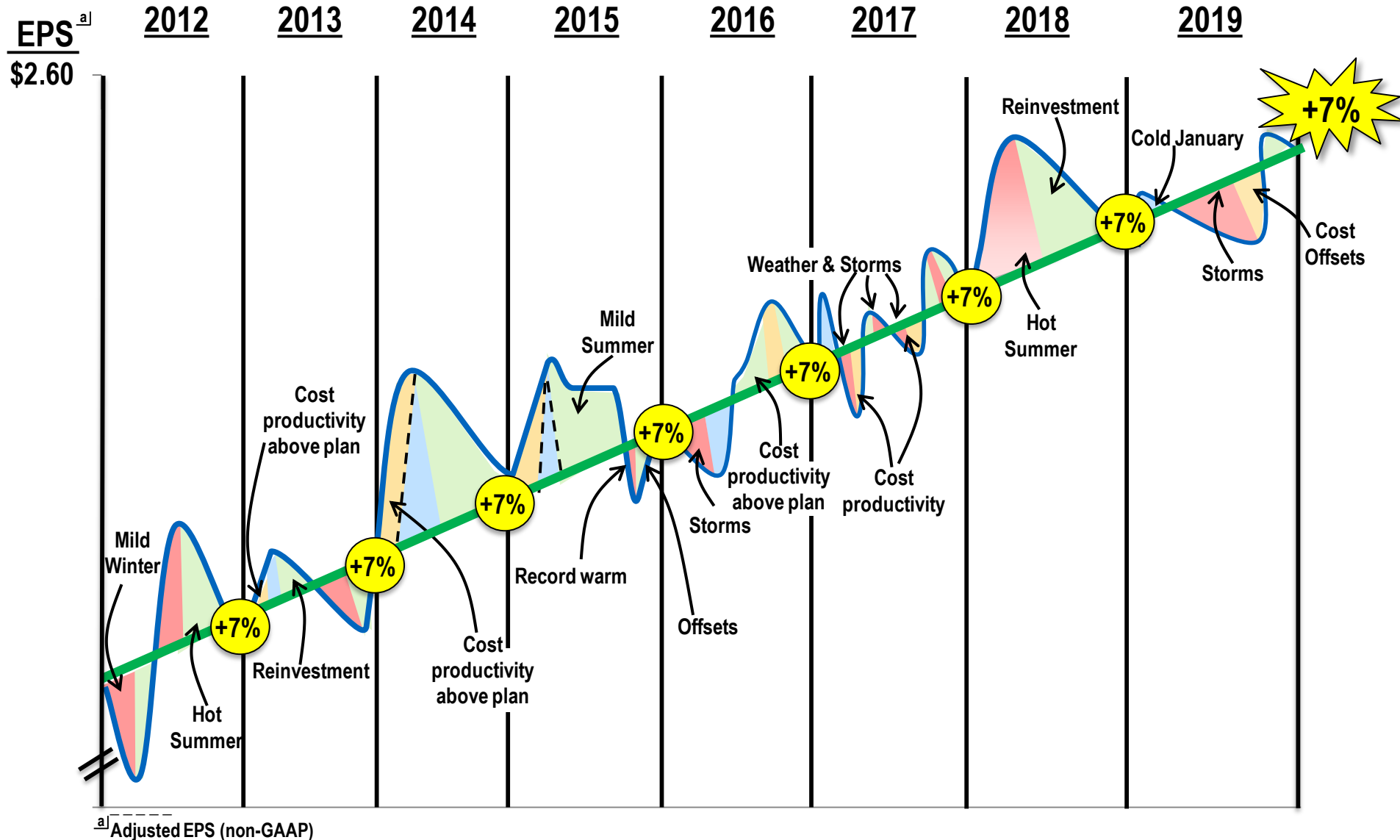
- Constructive regulatory outcomes with electric settlement and gas order
- Realized >\$20 MM of waste elimination through the CE Way
- Best performance ever for customer on-time delivery (COTD)
- Finished #1 overall (2<sup>nd</sup> year consecutively) in the sector for cyber security testing
- Reduced 600k calls to contact centers

<sup>aj</sup> Adjusted EPS (non-GAAP) CAGR

... world class performance delivering hometown service.

# Managing Work Every Year...

CMS ENERGY



... maximizes benefits for customers and investors.

## People

- Top decile safety performance
  - Implement gas safety management system (API 1173)
  - Eliminate 9,250 gas vintage services
- Top quartile Customer Experience Index (CXi  $\geq$  72)
- Maintain top quartile employee engagement

## Planet

- Continue progress in reduction of CO<sub>2</sub> and methane emissions
- Enhance, restore or protect 1,000 acres of land
- Reduce water use by 200 million gallons

## Profit

- Consistent industry-leading financial performance
- Solid investment grade credit ratings
- Meet customer affordability targets
- Meet O&M cost performance targets

### ENABLING THOSE CLOSEST TO THE WORK

Performance  
through

**CE WAY**

### Utilizing the 5 Basic Plays



**WASTE ELIMINATION**

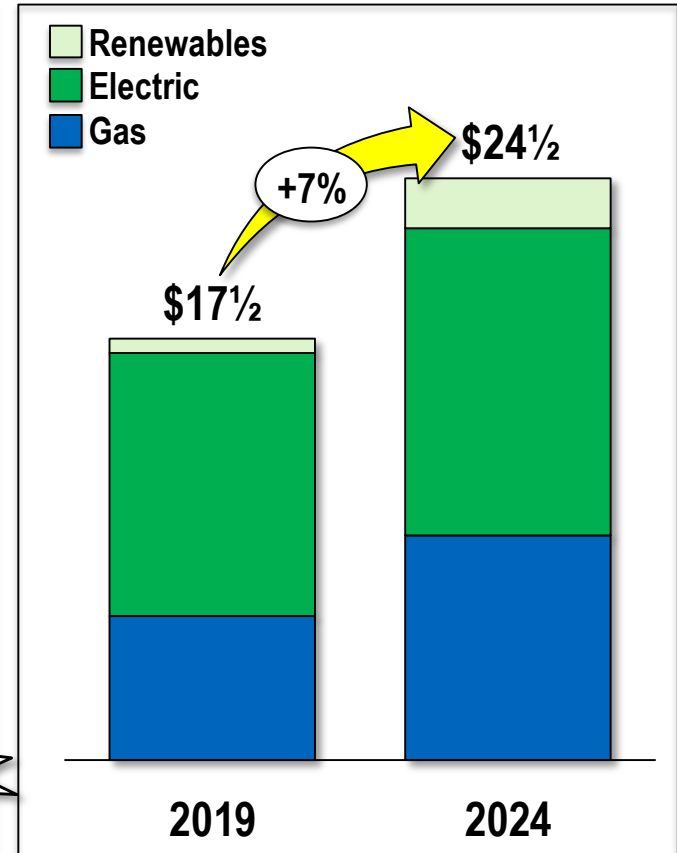


... will enable an 18<sup>th</sup> year of strong performance.

## Investment Plan

|                                 | Prior<br>'19-'23<br>Plan              | New<br>'20-'24<br>Plan               |
|---------------------------------|---------------------------------------|--------------------------------------|
| <b>Capital Investment (Bn):</b> |                                       |                                      |
| Renewables                      | \$ 1 <sup>3</sup> / <sub>4</sub>      | \$ 1 <sup>3</sup> / <sub>4</sub>     |
| Electric Utility                | 5                                     | 5 <sup>1</sup> / <sub>2</sub>        |
| Gas Utility                     | <u>5</u>                              | <u>5</u>                             |
| <b>Total</b>                    | \$ <u>11<sup>3</sup>/<sub>4</sub></u> | <b>\$12<sup>1</sup>/<sub>4</sub></b> |

## Rate Base Growth



**\$25 Bn 10-Yr Plan<sup>a)</sup> with \$3 - \$4 Bn of Opportunities**

<sup>a)</sup> 10-yr Plan includes years 2019 through 2028

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

# Regulatory Outlook...

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**2019**

**2020**

**Regulatory / Policy**

2016 Energy  
Law fully  
implemented

**Electric**

Q1:  
File next  
electric rate  
case

Dec.  
Expected  
final order

**Gas**

9/26:  
Final order  
U-20322<sup>a|</sup>

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

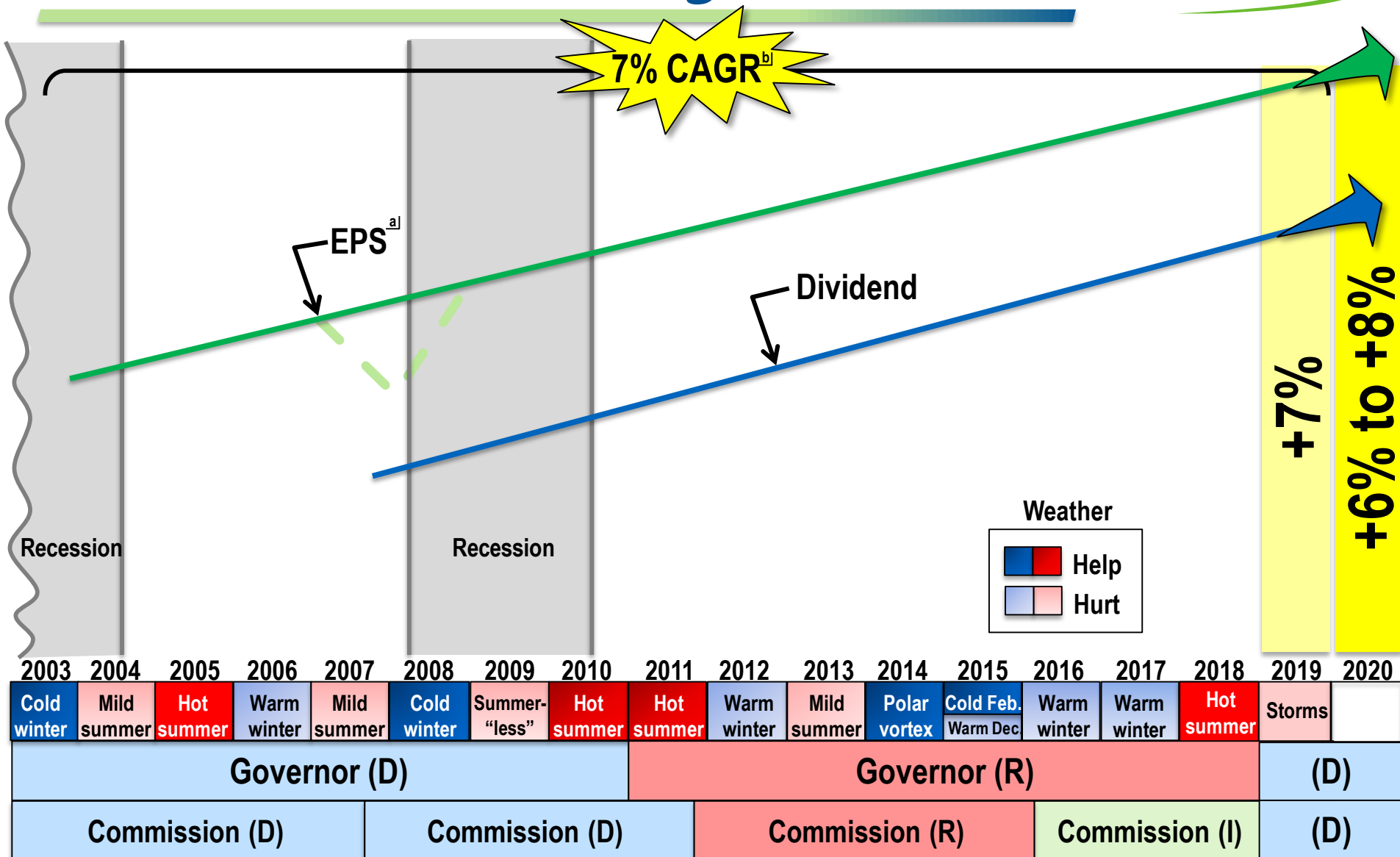
Oct.  
Expected  
final order

<sup>a|</sup>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. 9

# Consistent Growth Through...


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<sup>a]</sup> Adjusted EPS (non-GAAP) <sup>b]</sup> Non-GAAP

... changing circumstances.

## Results

|                            | <u>2018</u>          | <u>2019</u>                                                                       |
|----------------------------|----------------------|-----------------------------------------------------------------------------------|
| <b>EPS -- (GAAP)</b>       | <b>\$2.32</b>        | <b>\$2.39</b>                                                                     |
| Adjustments <sup>a)</sup>  | 0.01                 | 0.10                                                                              |
| <b>Adjusted (non-GAAP)</b> | <b><u>\$2.33</u></b> | <b><u>\$2.49</u></b>                                                              |
|                            |                      |  |
| <b>Fourth Quarter</b>      |                      |                                                                                   |
|                            | <u>2018</u>          | <u>2019</u>                                                                       |
| <b>EPS -- (GAAP)</b>       | <b>38¢</b>           | <b>58¢</b>                                                                        |
| Adjustments <sup>a)</sup>  | <u>2</u>             | <u>10</u>                                                                         |
| <b>Adjusted (non-GAAP)</b> | <b><u>40¢</u></b>    | <b><u>68¢</u></b>                                                                 |

<sup>a)</sup> See appendix for additional details

## By Business Segment

|                   | <u>EPS<br/>Adjusted<sup>b)</sup></u> | <u>Jan. 2019<br/>Guidance<sup>b)</sup></u> |
|-------------------|--------------------------------------|--------------------------------------------|
| Consumers         | \$2.63                               | \$2.63 – \$2.67                            |
| Enterprises       | 0.12                                 | 0.14                                       |
| EnerBank          | 0.17                                 | 0.16                                       |
| Parent and other  | (0.43)                               | (0.46)                                     |
| <b>CMS Energy</b> | <b><u>\$2.49</u></b>                 | <b><u>\$2.47 – \$2.51</u></b>              |

<sup>b)</sup> Adjusted EPS (non-GAAP)

... reflect 7%<sup>b)</sup> EPS growth.

# 2019 Targets Achieved...

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Adjusted EPS (non-GAAP)

**Target**

\$2.47 – \$2.51  
+6% to +8%

**Actual**

\$2.49 ✓

**+7%**

DPS growth

In-line w/ earnings

In-line w/ earnings ✓

Operating cash flow (MM)

\$1,650

\$1,790 ✓

Customer bills <sup>a/</sup>

Electric

2%

(2)% ✓

Gas

(4)%

(3)% ✓

FFO/average debt (non-GAAP)

~ 17%  
(solid investment grade)

~17½% ✓

Utility investment (Bn)

\$2.2

\$2.3 ✓

Planned equity issuance (MM)

\$70

None (\$250 priced) ✓

<sup>a/</sup> Assumes residential weather normalized sales

... providing sustainable benefits for customers and investors.

Utility

**Adjusted EPS**  
**(non-GAAP)**

**\$2.84 – \$2.88**

Enterprises

**0.08 – 0.10**

EnerBank

**0.18 – 0.20**

Parent and other

**(0.46) – (0.50)**

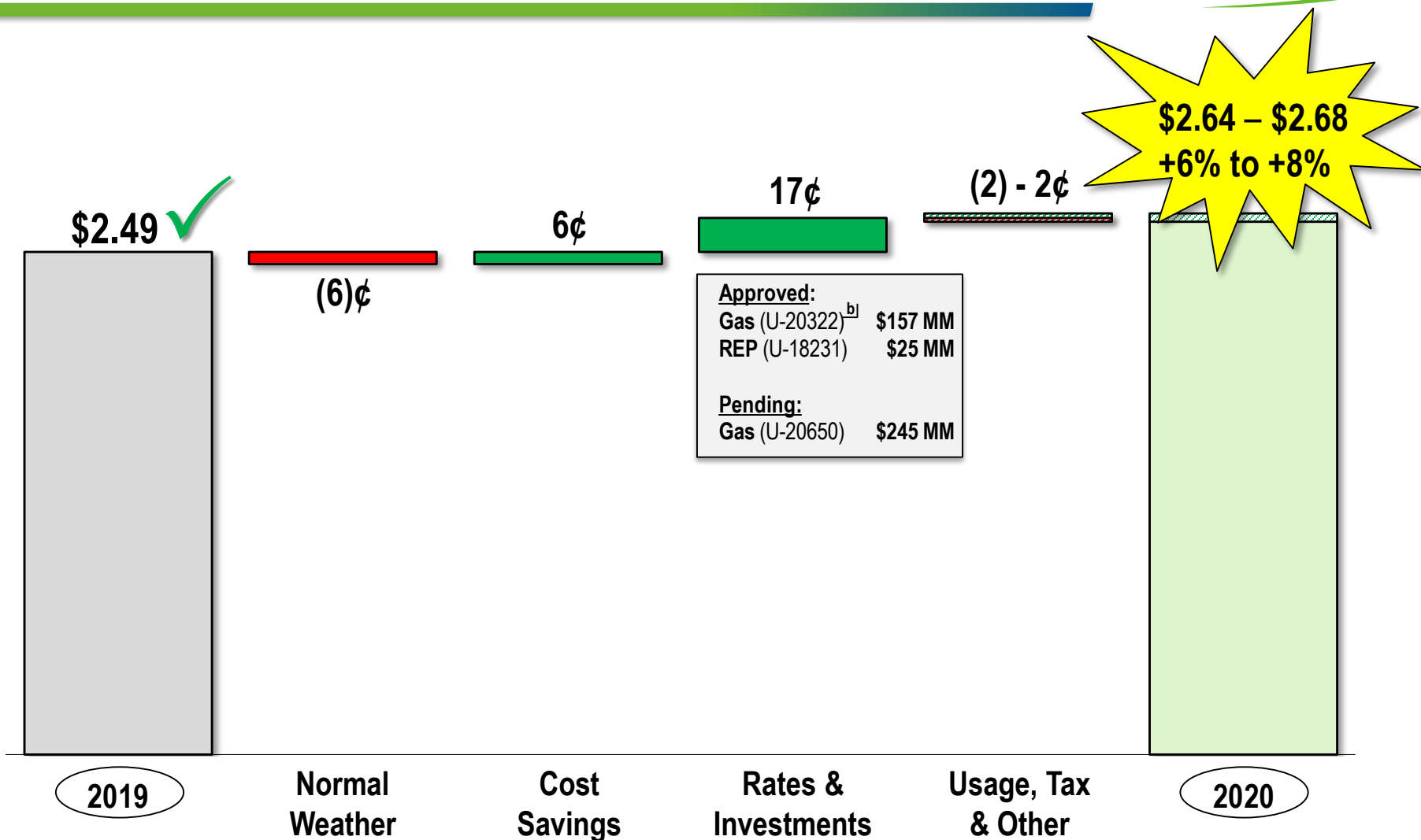
**Consolidated EPS**

**\$2.64 – \$2.68**

**+6% to +8%**

<sup>a)</sup> Adjusted EPS (non-GAAP)

... built on 2019's actual performance.



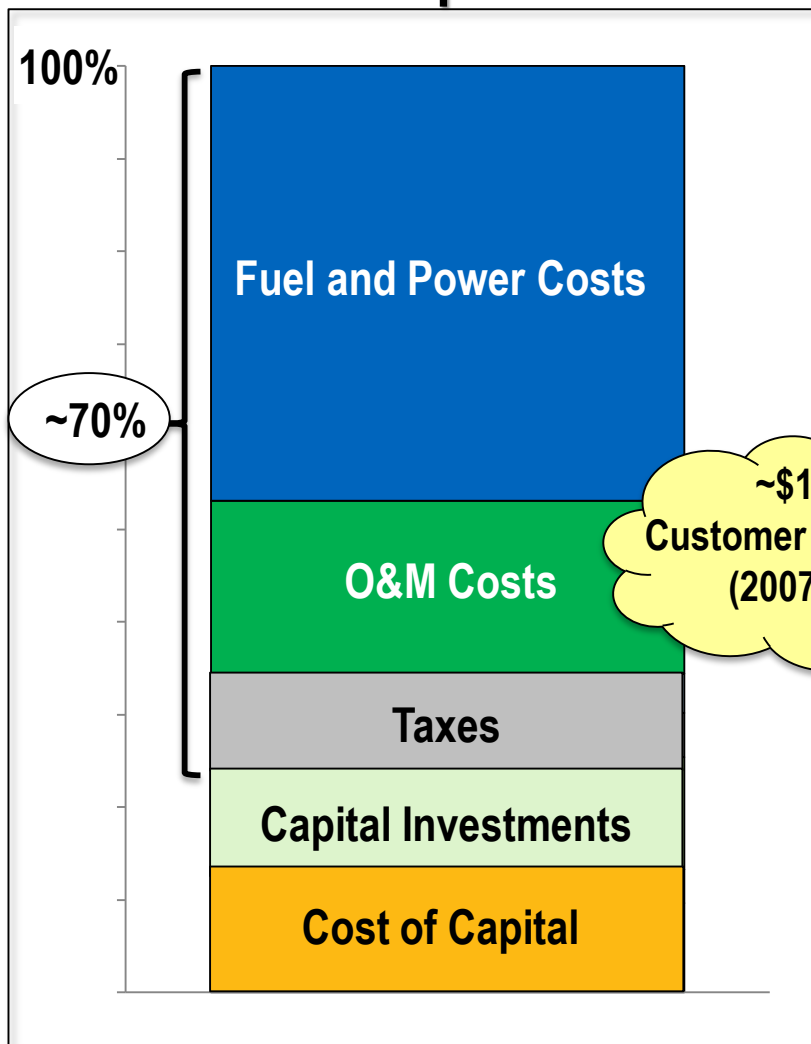
<sup>a]</sup> Adjusted EPS (non-GAAP) <sup>b]</sup> \$13 MM of Calc. C included in rates, offset by lower tax expense

... supports another year of 6% to 8% growth.

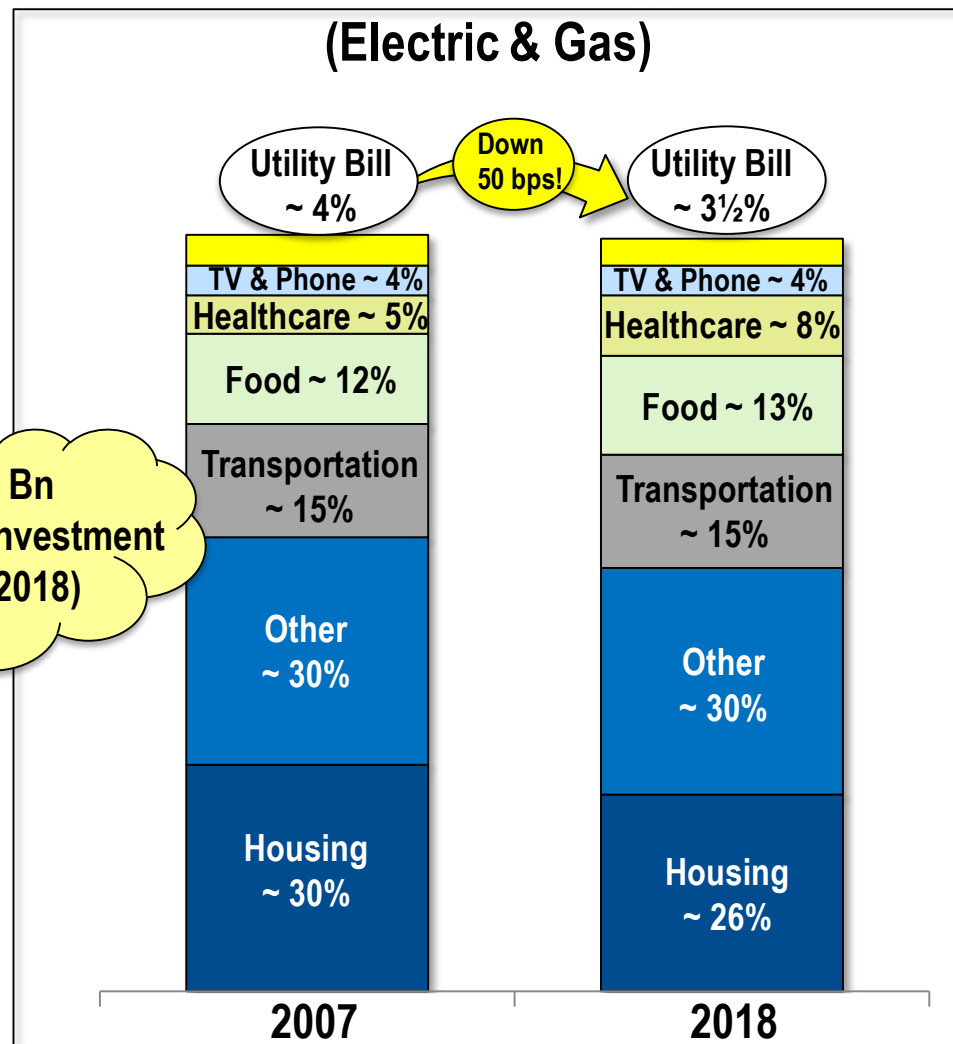
# Our Entire Cost Structure...

CMS ENERGY

## Cost Components



## Residential Bills as % of Wallet<sup>a)</sup> (Electric & Gas)



<sup>a)</sup> Consumers Energy Bill as % of Michigan Household Income, in current dollars.  
Source: Fred.stlouisfed.org, Bls.gov, Consumers Internal Bills; Percentages may not total 100% due to rounding.

... offers cost reduction opportunities to maintain customer affordability.

## Economic Development

### Economic Indicators:

Building Permits<sup>a]</sup>

Population Growth  
2010→2018

Unemployment\*

\*Nov. 2019 Unemployment

Source: bea.gov, census.gov, bls.gov

<sup>a]</sup> 12 months Dec. 2010 → Dec. 2019

### Grand Rapids

229%

8%

3.0%

### MI

139%

1%

4.0%

### U.S.

128%

6%

3.5%

## 2019 Economic Impact

Deal of the Year Award (Glanbia Campus)

– Mid-America Economic Development Council

## 2019 Top 20

Utilities in Economic Development

– Site Selection Magazine

## 2019 & 2018

Editor's Choice Top Utility Honorable Mention

(Economic Development Deal of the Year)

– Business Facilities

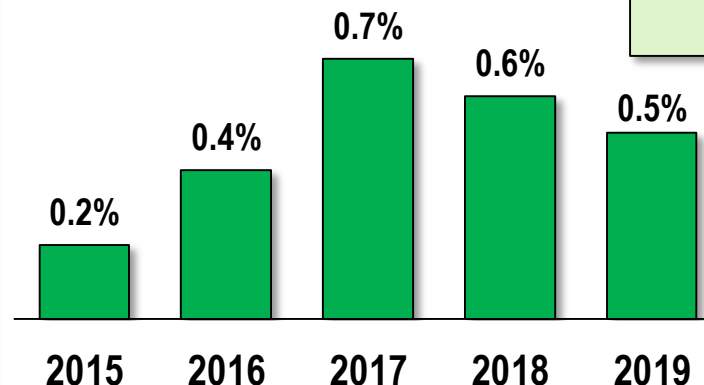
>\$1.5 Bn Michigan investment  
+  
>3,600 jobs<sup>b]</sup>

## Residential Customer Growth

### Avg. Electric Customer Count

Avg. Annual Sales Growth<sup>c]</sup>

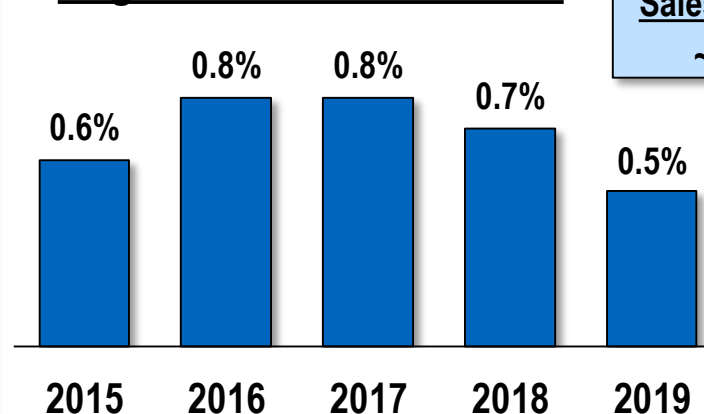
~1%



### Avg. Gas Customer Count

Avg. Annual Sales Growth<sup>c]</sup>

~1½%



<sup>b]</sup> As announced in 2019

<sup>c]</sup> 2015-2019 annual average weather normalized sales growth, excluding Energy Efficiency

... drives industrial activity and long-term high-margin load growth.

# 2020 and Long-Term Financial Targets...

**CMS ENERGY**

**Adjusted EPS (non-GAAP)**

**2020**  
\$2.64 – \$2.68  
+6% to +8%

**Long-Term Plan**  
+6% to +8%

**DPS growth**

In-line w/ earnings

In-line w/ earnings

**Operating cash flow (MM)**

\$1,750<sup>a|</sup>

Up \$100

**Customer price**

**Electric**

<1%

**Gas**

<2%

~ Inflation

**FFO/average debt (non-GAAP)**

~ 17%

Investment grade

**Utility investment (Bn)**

\$2.2

~ \$2.5/ yr.

**Planned equity issuance (MM)**

Up to \$250 (priced)

~ \$150/ yr.

<sup>a|</sup> Excludes \$531 MM discretionary pension contribution in January 2020 (non-GAAP)

... provide sustainable benefits for customer and investors. 17

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

<sup>a|</sup> Adjusted (non-GAAP) <sup>b|</sup> Reflect 2020 sales forecast; weather - normalized <sup>c|</sup> Energy Efficiency

... reflect effective risk mitigation.

# Compelling Investment Thesis...

**CMS ENERGY**



... adaptive to changing conditions.

# Q & A

## *Thank You!*



**CMS ENERGY**

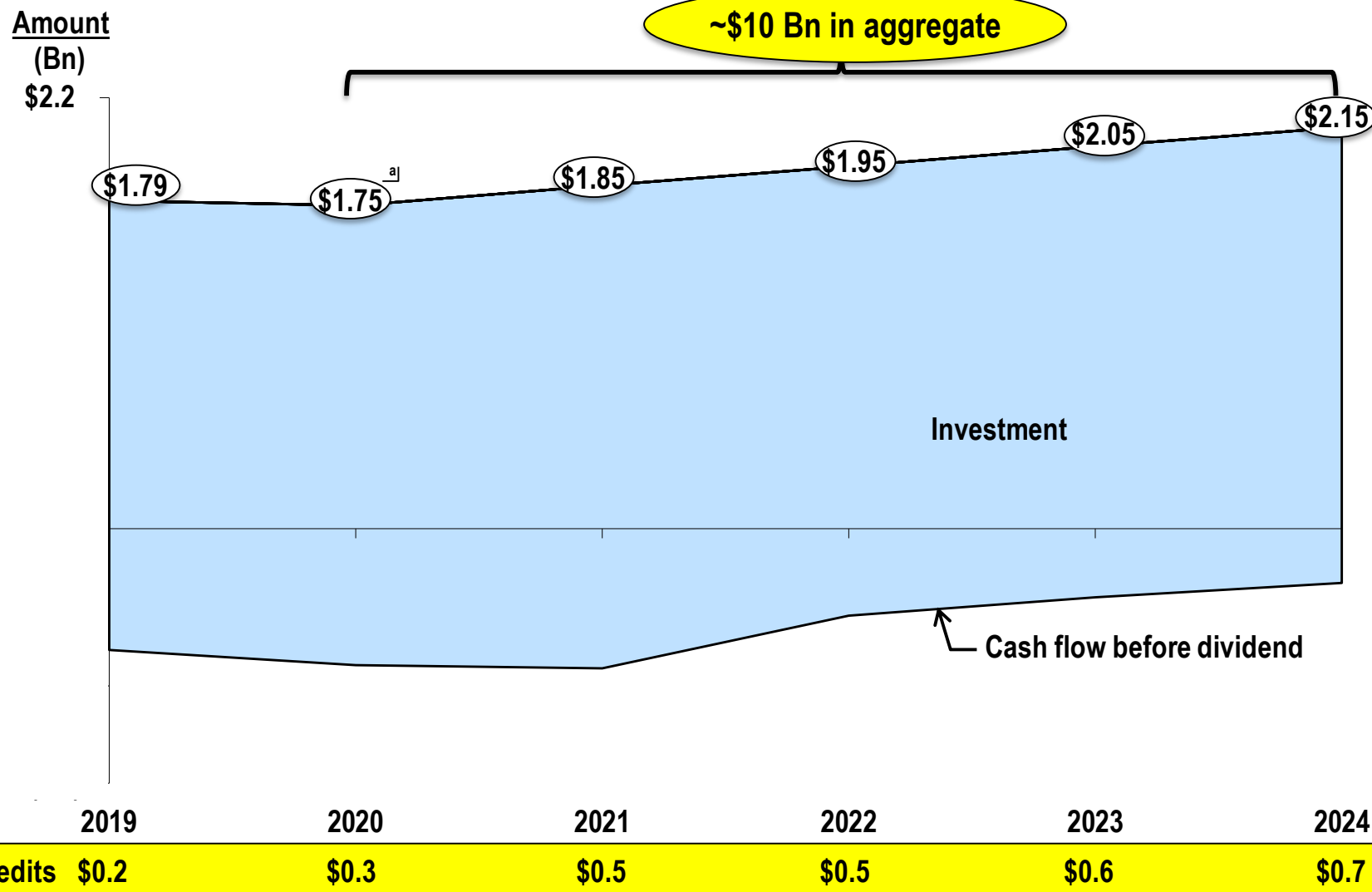
## Appendix

## 5-year Plan

|                             | (Bn)         |              |              |              |              |               |
|-----------------------------|--------------|--------------|--------------|--------------|--------------|---------------|
|                             | <u>2020</u>  | <u>2021</u>  | <u>2022</u>  | <u>2023</u>  | <u>2024</u>  | <u>Total</u>  |
| Renewables                  | \$0.4        | \$0.4        | \$0.3        | \$0.3        | \$0.4        | \$1.8         |
| Electric Utility            | 0.9          | 1.2          | 1.1          | 1.1          | 1.1          | 5.4           |
| Gas Utility                 | <u>0.9</u>   | <u>1.1</u>   | <u>0.9</u>   | <u>1.1</u>   | <u>1.0</u>   | <u>5.0</u>    |
| Total                       | <u>\$2.2</u> | <u>\$2.7</u> | <u>\$2.3</u> | <u>\$2.5</u> | <u>\$2.5</u> | <u>\$12.2</u> |
| Depreciation & Amortization | \$1.0        | \$1.1        | \$1.1        | \$1.2        | \$1.2        | \$5.6         |

# Operating Cash Flow Generation...

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<sup>a</sup> Excludes \$531 MM discretionary pension contribution in January 2020 (non-GAAP)

... remains strong and supports our capital plan.

| 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> <div>CMS Energy</div> <div> Highest<br/>Governance<br/>Practices Score<br/>(GA-1) </div> </div> |           |           |           |
| 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

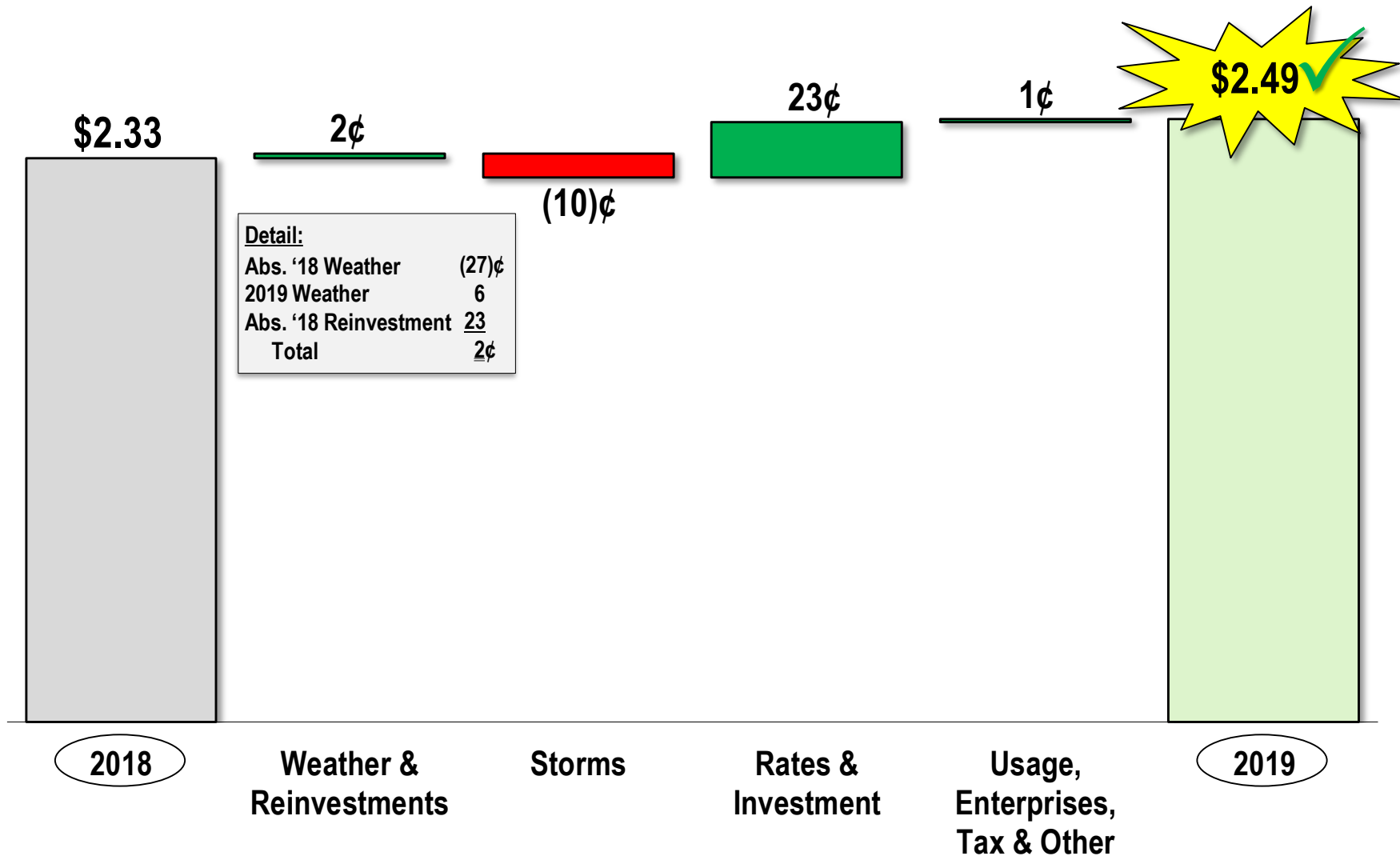
... at solid investment-grade levels.

# 2020 Financing Plan...

|                          | <b>Plan</b><br>(MM) | <b>YTD<sup>a]</sup></b><br>(MM) |                                                                                                                     |
|--------------------------|---------------------|---------------------------------|---------------------------------------------------------------------------------------------------------------------|
| <b>Issuances:</b>        |                     |                                 |                                                                                                                     |
| <b>Consumers Energy:</b> |                     |                                 |                                                                                                                     |
| First Mortgage Bonds     | \$650               | \$ --                           | <ul style="list-style-type: none"> <li>• Supports Utility investment, including pension funding</li> </ul>          |
| Term Loan                | 300                 | 300                             |                                                                                                                     |
| <b>CMS Parent:</b>       |                     |                                 |                                                                                                                     |
| New Debt                 | \$325               | \$ --                           | <ul style="list-style-type: none"> <li>• Senior unsecured &amp; hybrids</li> <li>• Healthy balance sheet</li> </ul> |
| Planned Equity           |                     | --                              |                                                                                                                     |
| <b>Retirements:</b>      |                     |                                 |                                                                                                                     |
| Consumers Energy         | \$100               | \$ --                           | <ul style="list-style-type: none"> <li>• Refinance FMBs</li> </ul>                                                  |
| <b>Other:</b>            |                     |                                 |                                                                                                                     |
| Pension Contribution     | \$531               | \$531                           | <ul style="list-style-type: none"> <li>• Mitigates risk at low cost</li> </ul>                                      |

<sup>a]</sup> As of 1/30/2020

... provides financing flexibility.



<sup>a)</sup> Adjusted EPS (non-GAAP)

... illustrates another year of 7% growth.

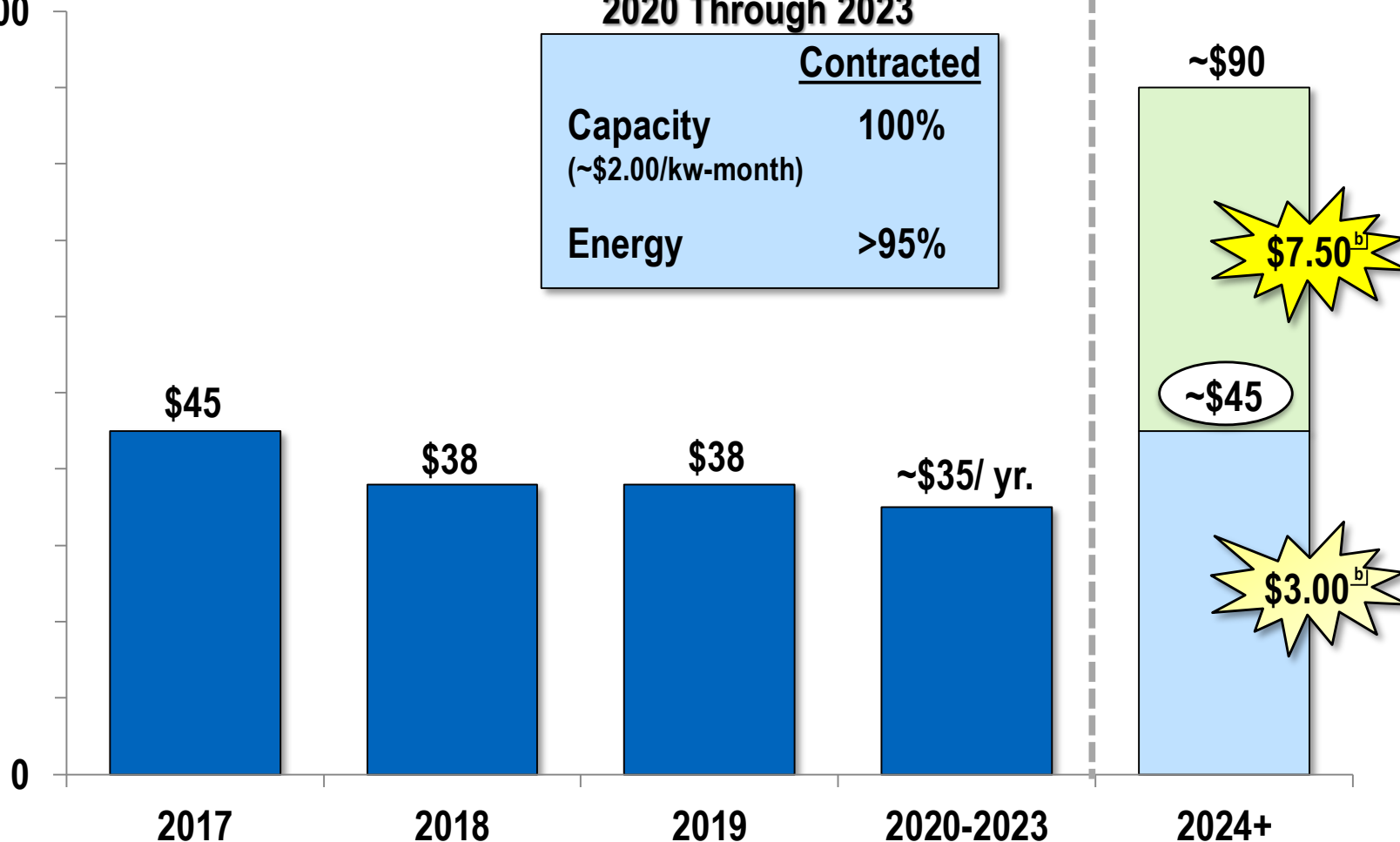
# "DIG" (750 MW) & Peakers (200 MW)...

CMS ENERGY

## Pre-Tax Income

(MM)

\$100



<sup>a)</sup> Assumes 100% capacity available at \$3.00 and \$7.50/ kw-month. <sup>b)</sup> \$/ kw-month

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

## **GAAP Reconciliation**

# CMS ENERGY CORPORATION

## Reconciliation of GAAP EPS to Non-GAAP

### Adjusted EPS by Segment

#### (Unaudited)

|                                                    | <i>In Millions, Except Per Share Amounts</i> |                  |                            |                  |
|----------------------------------------------------|----------------------------------------------|------------------|----------------------------|------------------|
|                                                    | <i>Three Months Ended</i>                    |                  | <i>Twelve Months Ended</i> |                  |
|                                                    | <i>12/31/19</i>                              | <i>12/31/18</i>  | <i>12/31/19</i>            | <i>12/31/18</i>  |
| <b>Electric Utility</b>                            |                                              |                  |                            |                  |
| Reported net income per share                      | \$ 0.32                                      | \$ 0.24          | \$ 1.79                    | \$ 1.89          |
| <i>Reconciling items:</i>                          |                                              |                  |                            |                  |
| Other exclusions from adjusted earnings            | 0.02                                         | -                | 0.02                       | -                |
| Tax impact                                         | (*)                                          | -                | (*)                        | -                |
| Tax reform                                         | -                                            | *                | -                          | 0.01             |
| Adjusted net income per share – non-GAAP           | <u>\$ 0.34</u>                               | <u>\$ 0.24</u>   | <u>\$ 1.81</u>             | <u>\$ 1.90</u>   |
| <b>Gas Utility</b>                                 |                                              |                  |                            |                  |
| Reported net income per share                      | \$ 0.40                                      | \$ 0.23          | \$ 0.82                    | \$ 0.60          |
| <i>Reconciling items:</i>                          |                                              |                  |                            |                  |
| Tax reform                                         | -                                            | *                | -                          | *                |
| Adjusted net income per share – non-GAAP           | <u>\$ 0.40</u>                               | <u>\$ 0.23</u>   | <u>\$ 0.82</u>             | <u>\$ 0.60</u>   |
| <b>Enterprises</b>                                 |                                              |                  |                            |                  |
| Reported net income per share                      | \$ 0.05                                      | \$ -             | \$ 0.12                    | \$ 0.12          |
| <i>Reconciling items:</i>                          |                                              |                  |                            |                  |
| Other exclusions from adjusted earnings            | (*)                                          | 0.03             | *                          | 0.03             |
| Tax impact                                         | *                                            | (*)              | (*)                        | (*)              |
| Gain on assets previously sold                     | -                                            | -                | (*)                        | (0.01)           |
| Tax impact                                         | -                                            | -                | *                          | *                |
| Tax reform                                         | -                                            | (0.01)           | -                          | (0.02)           |
| Adjusted net income per share – non-GAAP           | <u>\$ 0.05</u>                               | <u>\$ 0.02</u>   | <u>\$ 0.12</u>             | <u>\$ 0.12</u>   |
| <b>EnerBank</b>                                    |                                              |                  |                            |                  |
| Reported net income per share                      | \$ 0.06                                      | \$ 0.04          | \$ 0.17                    | \$ 0.13          |
| <i>Reconciling items:</i>                          |                                              |                  |                            |                  |
| Tax reform                                         | -                                            | *                | -                          | *                |
| Adjusted net income per share – non-GAAP           | <u>\$ 0.06</u>                               | <u>\$ 0.04</u>   | <u>\$ 0.17</u>             | <u>\$ 0.13</u>   |
| <b>Corporate Interest and Other</b>                |                                              |                  |                            |                  |
| Reported net loss per share                        | \$ (0.25)                                    | \$ (0.13)        | \$ (0.51)                  | \$ (0.42)        |
| <i>Reconciling items:</i>                          |                                              |                  |                            |                  |
| Other exclusions from adjusted earnings            | 0.11                                         | *                | 0.11                       | *                |
| Tax impact                                         | (0.03)                                       | (*)              | (0.03)                     | (*)              |
| Tax reform                                         | -                                            | (*)              | -                          | (*)              |
| Adjusted net loss per share – non-GAAP             | <u>\$ (0.17)</u>                             | <u>\$ (0.13)</u> | <u>\$ (0.43)</u>           | <u>\$ (0.42)</u> |
| <b>Consolidated</b>                                |                                              |                  |                            |                  |
| Reported net income per share                      | \$ 0.58                                      | \$ 0.38          | \$ 2.39                    | \$ 2.32          |
| <i>Reconciling items:</i>                          |                                              |                  |                            |                  |
| Other exclusions from adjusted earnings            | 0.13                                         | 0.03             | 0.13                       | 0.03             |
| Tax impact                                         | (0.03)                                       | (*)              | (0.03)                     | (*)              |
| Gain on assets previously sold                     | -                                            | -                | (*)                        | (0.01)           |
| Tax impact                                         | -                                            | -                | *                          | *                |
| Tax reform                                         | -                                            | (0.01)           | -                          | (0.01)           |
| Adjusted net income per share – non-GAAP           | <u>\$ 0.68</u>                               | <u>\$ 0.40</u>   | <u>\$ 2.49</u>             | <u>\$ 2.33</u>   |
| <b>Average Common Shares Outstanding – Diluted</b> | <u>284.8</u>                                 | <u>283.3</u>     | <u>284.3</u>               | <u>282.9</u>     |

\* Less than \$0.01 per share.

# CMS ENERGY CORPORATION

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

|                                                                      | <i>In Millions, Except Per Share Amounts</i> |                |                |                |
|----------------------------------------------------------------------|----------------------------------------------|----------------|----------------|----------------|
|                                                                      | <b>2019</b>                                  |                |                |                |
|                                                                      | <b>1Q</b>                                    | <b>2Q</b>      | <b>3Q</b>      | <b>4Q</b>      |
| <b>Net Income Available to Common Stockholders</b>                   | \$ 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)            |
| <b>Adjusted Net Income – Non-GAAP</b>                                | <u>\$ 213</u>                                | <u>\$ 93</u>   | <u>\$ 208</u>  | <u>\$ 194</u>  |
| <b>Average Common Shares Outstanding – Diluted</b>                   | 283.6                                        | 284.0          | 284.6          | 284.8          |
| <b>Diluted Earnings Per Average Common Share</b>                     | \$ 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)         |
| <b>Adjusted Diluted Earnings Per Average Common Share – Non-GAAP</b> | <u>\$ 0.75</u>                               | <u>\$ 0.33</u> | <u>\$ 0.73</u> | <u>\$ 0.68</u> |

|                                                                      | <i>In Millions, Except Per Share Amounts</i> |                |                |                |
|----------------------------------------------------------------------|----------------------------------------------|----------------|----------------|----------------|
|                                                                      | <b>2018</b>                                  |                |                |                |
|                                                                      | <b>1Q</b>                                    | <b>2Q</b>      | <b>3Q</b>      | <b>4Q</b>      |
| <b>Net Income Available to Common Stockholders</b>                   | \$ 241                                       | \$ 139         | \$ 169         | \$ 108         |
| <i>Reconciling items:</i>                                            |                                              |                |                |                |
| Electric utility and gas utility                                     | -                                            | -              | -              | -              |
| Tax impact                                                           | -                                            | -              | -              | 2              |
| Enterprises                                                          | *                                            | (3)            | *              | 8              |
| Tax impact                                                           | (*)                                          | 1              | (*)            | (5)            |
| EnerBank                                                             | -                                            | -              | -              | -              |
| Tax impact                                                           | -                                            | -              | -              | *              |
| Corporate interest and other                                         | *                                            | *              | *              | *              |
| Tax impact                                                           | (*)                                          | (*)            | (*)            | (1)            |
| <b>Adjusted Net Income – Non-GAAP</b>                                | <u>\$ 241</u>                                | <u>\$ 137</u>  | <u>\$ 169</u>  | <u>\$ 112</u>  |
| <b>Average Common Shares Outstanding – Diluted</b>                   | 282.2                                        | 282.6          | 283.2          | 283.3          |
| <b>Diluted Earnings Per Average Common Share</b>                     | \$ 0.86                                      | \$ 0.49        | \$ 0.59        | \$ 0.38        |
| <i>Reconciling items:</i>                                            |                                              |                |                |                |
| Electric utility and gas utility                                     | -                                            | -              | -              | -              |
| Tax impact                                                           | -                                            | -              | -              | *              |
| Enterprises                                                          | *                                            | (0.01)         | *              | 0.03           |
| Tax impact                                                           | (*)                                          | *              | (*)            | (0.01)         |
| EnerBank                                                             | -                                            | -              | -              | -              |
| Tax impact                                                           | -                                            | -              | -              | *              |
| Corporate interest and other                                         | *                                            | *              | *              | *              |
| Tax impact                                                           | (*)                                          | (*)            | (*)            | (*)            |
| <b>Adjusted Diluted Earnings Per Average Common Share – Non-GAAP</b> | <u>\$ 0.86</u>                               | <u>\$ 0.48</u> | <u>\$ 0.59</u> | <u>\$ 0.40</u> |

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

## CMS ENERGY CORPORATION

### Reconciliations 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>Twelve Months Ended</u> |                 |
|                                                    | <u>12/31/19</u>                              | <u>12/31/18</u> | <u>12/31/19</u>            | <u>12/31/18</u> |
| <b>Net Income Available to Common Stockholders</b> | \$ 167                                       | \$ 108          | \$ 680                     | \$ 657          |
| <i>Reconciling items:</i>                          |                                              |                 |                            |                 |
| Other exclusions from adjusted earnings            | 36                                           | 8               | 37                         | 9               |
| Tax impact                                         | (9)                                          | (*)             | (9)                        | (*)             |
| Gain on assets previously sold                     | -                                            | -               | (*)                        | (4)             |
| Tax impact                                         | -                                            | -               | *                          | 1               |
| Tax reform                                         | -                                            | (4)             | -                          | (4)             |
| Adjusted net income – non-GAAP                     | <u>\$ 194</u>                                | <u>\$ 112</u>   | <u>\$ 708</u>              | <u>\$ 659</u>   |
| <b>Average Common Shares Outstanding</b>           |                                              |                 |                            |                 |
| Basic                                              | 283.0                                        | 282.6           | 283.0                      | 282.2           |
| Diluted                                            | 284.8                                        | 283.3           | 284.3                      | 282.9           |
| <b>Basic Earnings Per Average Common Share</b>     |                                              |                 |                            |                 |
| Reported net income per share                      | \$ 0.59                                      | \$ 0.38         | \$ 2.40                    | \$ 2.33         |
| <i>Reconciling items:</i>                          |                                              |                 |                            |                 |
| Other exclusions from adjusted earnings            | 0.13                                         | 0.03            | 0.13                       | 0.03            |
| Tax impact                                         | (0.03)                                       | (*)             | (0.03)                     | (*)             |
| Gain on assets previously sold                     | -                                            | -               | (*)                        | (0.01)          |
| Tax impact                                         | -                                            | -               | *                          | *               |
| Tax reform                                         | -                                            | (0.02)          | -                          | (0.02)          |
| Adjusted net income per share – non-GAAP           | <u>\$ 0.69</u>                               | <u>\$ 0.39</u>  | <u>\$ 2.50</u>             | <u>\$ 2.33</u>  |
| <b>Diluted Earnings Per Average Common Share</b>   |                                              |                 |                            |                 |
| Reported net income per share                      | \$ 0.58                                      | \$ 0.38         | \$ 2.39                    | \$ 2.32         |
| <i>Reconciling items:</i>                          |                                              |                 |                            |                 |
| Other exclusions from adjusted earnings            | 0.13                                         | 0.03            | 0.13                       | 0.03            |
| Tax impact                                         | (0.03)                                       | (*)             | (0.03)                     | (*)             |
| Gain on assets previously sold                     | -                                            | -               | (*)                        | (0.01)          |
| Tax impact                                         | -                                            | -               | *                          | *               |
| Tax reform                                         | -                                            | (0.01)          | -                          | (0.01)          |
| Adjusted net income per share – non-GAAP           | <u>\$ 0.68</u>                               | <u>\$ 0.40</u>  | <u>\$ 2.49</u>             | <u>\$ 2.33</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.

**CMS ENERGY CORPORATION**  
**Reconciliation of Non-GAAP FFO to Average Debt Ratio**  
**(Unaudited)**

| <b>FUNDS FROM OPERATIONS</b>                  |                        |
|-----------------------------------------------|------------------------|
|                                               | <i>In Millions</i>     |
|                                               | <u>Year Ended</u>      |
|                                               | <u>12/31/19</u>        |
| Net Cash Provided by Operating Activities     | \$ 1,790               |
| Reconciling items:                            |                        |
| Working capital                               | 63                     |
| Other                                         | (132)                  |
| <b>Funds From Operations (FFO) – Non-GAAP</b> | <b><u>\$ 1,721</u></b> |

| AVERAGE DEBT                                           |           | <i>In Millions</i> |          |
|--------------------------------------------------------|-----------|--------------------|----------|
|                                                        | As of     |                    |          |
|                                                        | 12/31/19  |                    | 12/31/18 |
| <b>Indebtedness</b>                                    |           |                    |          |
| Long-term debt <sup>(1)</sup>                          | \$ 13,062 | \$                 | 11,589   |
| Capital leases and financing obligation <sup>(1)</sup> | 95        |                    | 91       |
| Notes payable <sup>(1)</sup>                           | 90        |                    | 97       |
| <b>Total Indebtedness</b>                              | 13,247    |                    | 11,777   |
| <i>Reconciling items:</i>                              |           |                    |          |
| Securitization debt <sup>(1)</sup>                     | (251)     |                    | (277)    |
| EnerBank debt <sup>(1)</sup>                           | (2,389)   |                    | (1,758)  |
| 50% of Junior subordinated notes <sup>(1)</sup>        | (555)     |                    | (240)    |
| <b>Adjusted Debt – Non-GAAP</b>                        | \$ 10,052 | \$                 | 9,502    |
| <b>Average Debt – Non-GAAP</b>                         | \$ 9,777  |                    |          |

<sup>(1)</sup> Includes current and non-current portions.

| <b>FFO TO AVERAGE DEBT RATIO</b>            |                                  |
|---------------------------------------------|----------------------------------|
|                                             | <i>In Millions, Except Ratio</i> |
|                                             | <u>Year Ended</u>                |
|                                             | <u>12/31/19</u>                  |
| Funds from operations (FFO) – non-GAAP      | \$ 1,721                         |
| Average debt – non-GAAP                     | \$ 9,777                         |
| <b>FFO to Average Debt Ratio – Non-GAAP</b> | <b><u>17.6%</u></b>              |

## CMS ENERGY CORPORATION

### Earnings Per Share By Year GAAP Reconciliation (Unaudited)

|                                                              | 2003     | 2004   | 2005     | 2006     | 2007     | 2008       | 2009   | 2010   | 2011   | 2012   | 2013   | 2014   | 2015   | 2016   | 2017     | 2018   | 2019   | GAAP<br>2019 over<br>2003<br>CAGR<br>NM                | GAAP<br>2019 over<br>2018<br>Growth<br>3%                |
|--------------------------------------------------------------|----------|--------|----------|----------|----------|------------|--------|--------|--------|--------|--------|--------|--------|--------|----------|--------|--------|--------------------------------------------------------|----------------------------------------------------------|
| <b>Reported earnings (loss) per share - GAAP</b>             | (\$0.30) | \$0.64 | (\$0.44) | (\$0.41) | (\$1.02) | \$1.20     | \$0.91 | \$1.28 | \$1.58 | \$1.42 | \$1.66 | \$1.74 | \$1.89 | \$1.98 | \$1.64   | \$2.32 | \$2.39 |                                                        |                                                          |
| <b>Pretax items:</b>                                         |          |        |          |          |          |            |        |        |        |        |        |        |        |        |          |        |        |                                                        |                                                          |
| Electric and gas utility                                     | 0.32     | (0.60) | -        | -        | (0.06)   | 0.08       | 0.55   | 0.05   | -      | 0.27   | -      | -      | -      | 0.04   | -        | -      | 0.02   |                                                        |                                                          |
| Tax impact                                                   | (0.11)   | 0.21   | -        | -        | (0.01)   | (0.03)     | (0.22) | (0.02) | -      | (0.10) | -      | -      | -      | (0.01) | 0.12 (b) | 0.01   | (*)    |                                                        |                                                          |
| Enterprises                                                  | 0.93     | 0.97   | 0.06     | (0.12)   | 1.67     | (0.02)     | 0.14   | (0.05) | *      | (0.01) | *      | 0.05   | *      | *      | *        | 0.02   | *      |                                                        |                                                          |
| Tax impact                                                   | (0.19)   | (0.35) | (0.02)   | 0.10     | (0.42)   | *          | (0.05) | 0.02   | (0.11) | *      | (*)    | (0.02) | (*)    | (*)    | 0.20 (b) | (0.02) | (*)    |                                                        |                                                          |
| EnerBank                                                     | -        | -      | -        | -        | -        | -          | -      | -      | -      | -      | -      | -      | -      | -      | -        | -      | -      |                                                        |                                                          |
| Tax impact                                                   | -        | -      | -        | -        | -        | -          | -      | -      | -      | -      | -      | -      | -      | -      | 0.01 (b) | *      | -      |                                                        |                                                          |
| Corporate interest and other                                 | 0.25     | (0.06) | 0.06     | 0.45     | 0.17     | 0.01       | 0.01   | *      | -      | *      | *      | *      | *      | 0.02   | 0.01     | *      | 0.11   |                                                        |                                                          |
| Tax impact                                                   | (0.09)   | 0.03   | (0.02)   | (0.18)   | (0.49)   | (0.03)     | (*)    | (*)    | (0.01) | (*)    | (*)    | (*)    | (*)    | (0.01) | 0.19 (b) | (*)    | (0.03) |                                                        |                                                          |
| Discontinued operations (income) loss, net                   | (0.16)   | 0.02   | (0.07)   | (0.03)   | 0.40     | (*)        | (0.08) | 0.08   | (0.01) | (0.03) | *      | (*)    | (*)    | *      | *        | (*)    | (*)    |                                                        |                                                          |
| Asset impairment charges                                     | -        | -      | 2.80     | 1.07     | 0.93     | -          | -      | -      | -      | -      | -      | -      | -      | -      | -        | -      | -      |                                                        |                                                          |
| Tax impact                                                   | -        | -      | (0.98)   | (0.31)   | (0.33)   | -          | -      | -      | -      | -      | -      | -      | -      | -      | -        | -      | -      |                                                        |                                                          |
| Cumulative accounting changes                                | 0.25     | 0.02   | -        | -        | -        | -          | -      | -      | -      | -      | -      | -      | -      | -      | -        | -      | -      |                                                        |                                                          |
| Tax impact                                                   | (0.09)   | (0.01) | -        | -        | -        | -          | -      | -      | -      | -      | -      | -      | -      | -      | -        | -      | -      |                                                        |                                                          |
| <b>Adjusted earnings per share, including MTM - non-GAAP</b> | \$0.81   | \$0.87 | \$1.39   | \$0.57   | \$0.84   | \$1.21 (a) | \$1.26 | \$1.36 | \$1.45 | \$1.55 | \$1.66 | \$1.77 | \$1.89 | \$2.02 | \$2.17   | \$2.33 | \$2.49 | <b>Adjusted<br/>2019 over<br/>2003<br/>CAGR<br/>7%</b> | <b>Adjusted<br/>2019 over<br/>2018<br/>Growth<br/>7%</b> |
| Mark-to-market                                               |          | 0.04   | (0.65)   | 0.80     |          |            |        |        |        |        |        |        |        |        |          |        |        |                                                        |                                                          |
| Tax impact                                                   |          | (0.01) | 0.22     | (0.29)   |          |            |        |        |        |        |        |        |        |        |          |        |        |                                                        |                                                          |
| <b>Adjusted earnings per share, excluding MTM - non-GAAP</b> | NA       | \$0.90 | \$0.96   | \$1.08   | NA       | NA         | NA     | NA     | NA     | NA     | NA     | NA     | NA     | NA     | NA       | NA     | NA     |                                                        |                                                          |

\* Less than \$0.01 per share.

(a) \$1.25 excluding discontinued Exeter operations and accounting changes related to convertible debt and restricted stock.

(b) Reflects the impact of tax reform.

**CMS ENERGY CORPORATION**  
**Reconciliation of GAAP Operating Activities**  
**to Non-GAAP Operating Activities**  
**(Unaudited)**  
(mils)

|                                                           | <u>2020</u>     |
|-----------------------------------------------------------|-----------------|
| <b>GAAP Net cash provided by operating activities</b>     | <b>\$ 1,219</b> |
| Add back discretionary pension contribution               | <u>531</u>      |
| <b>Non-GAAP Net cash provided by operating activities</b> | <b>\$ 1,750</b> |