



Strategic Sale of EnerBank

CMS ENERGY

June 8, 2021

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Presentation endnotes are included after the appendix.



Leading a World Class Energy Company



Garrick Rochow
President and CEO



Transaction Overview

Transaction: Sale of EnerBank

Buyer: Regions Bank, a subsidiary of Regions Financial Corporation (NYSE: RF)

Transaction Value: \$960 MM for 100% stake

- EnerBank will merge with Regions Bank; Regions Bank will assume EnerBank's assets and liabilities, including deposits
- (3.0x book equity value^a)

Use of Proceeds: Eliminates planned equity issuances from 2022 to 2024 and funds ongoing utility customer investments

Anticipated Closing: Q4 2021

- Subject to required regulatory approvals and other customary closing conditions

Presentation endnotes are included after the appendix.

Compelling Strategic Rationale . . .

- **Exit from non-core business at attractive valuation (3.0x book equity^a)**
 - Median bank trading valuations of $\sim 1.9x^b$
- **Funds key utility initiatives (including Clean Energy Transformation)**
 - $>7\%$ rate base growth^c in current capital plan
 - Reduces future equity issuance needs
- **Improves risk profile**
 - $>95\%$ pro forma regulated utility earnings

Presentation endnotes are included after the appendix.

. . . improves risk profile and reduces equity needs.

Revised 2021 Guidance . . .

	<u>Original Adjusted EPS</u>	<u>Revised Adjusted EPS</u>
Utility	\$3.03 – \$3.07	\$3.03 – \$3.07
Enterprises	0.12 – 0.13	0.12 – 0.13
EnerBank	0.20 – 0.22	Disc. Ops
Parent and Other	<u>(0.52) – (0.55)</u>	<u>(0.52) – (0.55)</u>
Continuing Operations	<u>\$2.83 – \$2.87</u>	<u>\$2.61 – \$2.65</u>
Discontinued Operations	--	0.22
Consolidated EPS	<u>\$2.83 – \$2.87</u>	<u>\$2.83 – \$2.87^a</u>

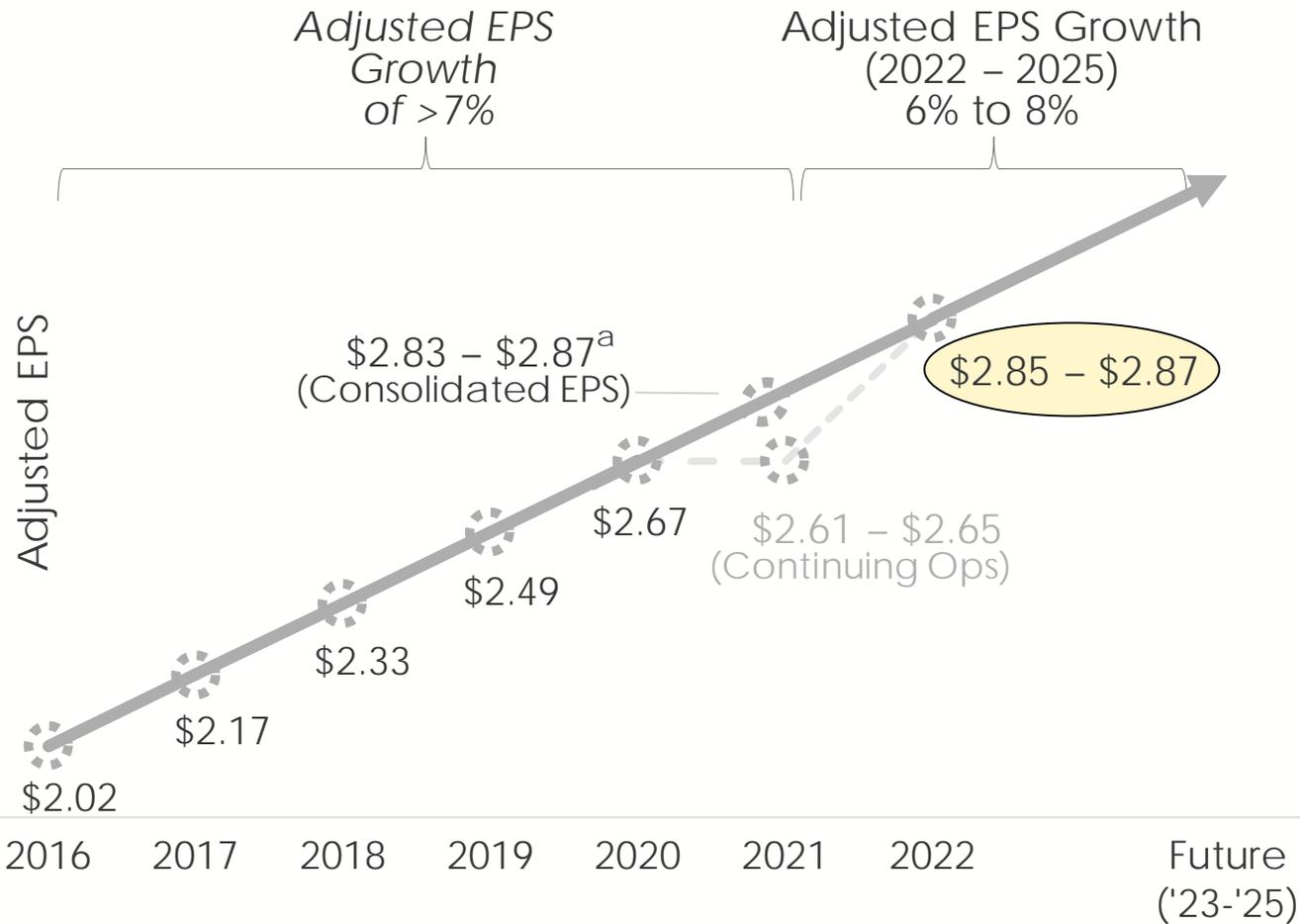
+6% to +8%

Presentation endnotes are included after the appendix.

. . . reflects EnerBank in Discontinued Ops. 6

Maintains Track Record of . . .

Continued Growth After Sale



Presentation endnotes are included after the appendix.

Near-term Financial Targets

2021 Dividend: \$1.74 (No Change)

Dividend Policy: Maintain ~60% Target (LT Growth in-line with Earnings)

Credit / FFO to Debt: Solid Investment Grade Target Mid-teens

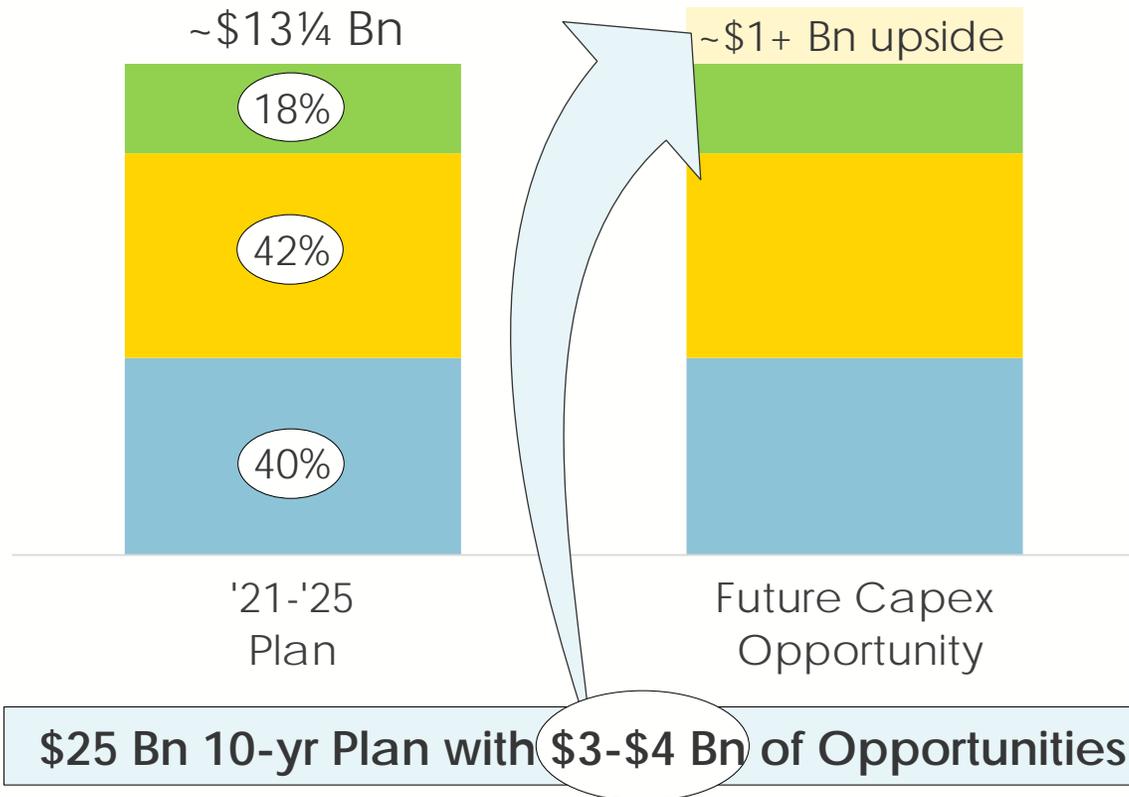
Planned Equity: None 2022 - 2024

. . . consistent industry-leading financial performance.

Non-Core Business Sale . . .

Customer Investment Plan

- Clean Energy Generation
- Electric
- Gas



Upside Opportunities

- Electric distribution reliability
- Grid modernization
- Gas distribution and safety
- Clean energy generation

Delivers rate base growth without dilution

. . . funds utility capital deployment.

A Simple Investment Thesis . . .



Industry-leading clean energy commitment
Net Zero Carbon (2040) & Net Zero Methane (2030)^a

Excellence through the ***CE WAY***

Top-tier regulatory jurisdiction^b

Premium total shareholder return
6% to 8% adjusted EPS growth + ~3% dividend yield

Presentation endnotes are included after the appendix.

. . . gets even simpler. 9

Q&A

Thank You

Endnotes

Presentation Endnotes (pg 1)



Slide 4: ^a\$318 MM book equity value as of 3/31/2021

Slide 5: ^a\$318 MM book equity value as of 3/31/2021 ^bBased on median price / tangible book value multiple for banks in the KBW Regional Banking Index as of 04-June-21 ^cAssumes ~\$21½ Bn rate base in 2021, \$28 Bn in 2025, CAGR

Slide 6: ^aAssumes 2021 close and high end of guidance given year-to-date performance

Slide 7: ^aAssumes 2021 close and high end of guidance given year-to-date performance

Slide 9: ^aMethane emissions from our natural gas delivery system and carbon emissions company-wide ^bUBS Research, 2020 state rankings and D.C.

GAAP Reconciliation

CMS ENERGY CORPORATION
Earnings Per Share By Year GAAP Reconciliation
(Unaudited)



	2016	2017	2018	2019	2020	GAAP Average 2016 - 2020 Growth
Reported earnings (loss) per share - GAAP	\$1.98	\$1.64	\$2.32	\$2.39	\$2.64	9.4%
Pretax items:						
Electric and gas utility	0.04	-	-	0.02	0.08	
Tax impact	(0.01)	0.12 (a)	0.01	(*)	(0.02)	
Enterprises	*	*	0.02	*	*	
Tax impact	(*)	0.20 (a)	(0.02)	(*)	(0.01) (a)	
EnerBank	-	-	-	-	-	
Tax impact	-	0.01 (a)	*	-	-	
Corporate interest and other	0.02	0.01	*	0.11	(*)	Adjusted Average 2016 - 2020 Growth
Tax impact	(0.01)	0.19 (a)	(*)	(0.03)	(0.02) (a)	7.2%
Discontinued operations (income) loss, net	*	*	(*)	*	*	
Asset impairment charges	-	-	-	-	-	
Tax impact	-	-	-	-	-	
Cumulative accounting changes	-	-	-	-	-	
Tax impact	-	-	-	-	-	
Adjusted earnings per share - non-GAAP	\$2.02	\$2.17	\$2.33	\$2.49	\$2.67	

* Less than \$0.01 per share.

(a) Reflects the impact of tax reform.