

Earnings Presentation 1Q19

26 April 2019



DISCLAIMER

Any statements that may be made during this presentation regarding COPASA MG's business prospects, projections and operational and financial goals are premises and expectations of the Company's management, based on information currently available. They involve risks and uncertainties, since they refer to future events, and therefore depend on circumstances that may or may not occur. Changes in macroeconomic policy, legislation or other operating factors may affect the future performance of COPASA MG and lead to results that materially differ from those expressed in such considerations.



1. OPERATIONAL PERFORMANCE

2. FINANCIAL PERFORMANCE

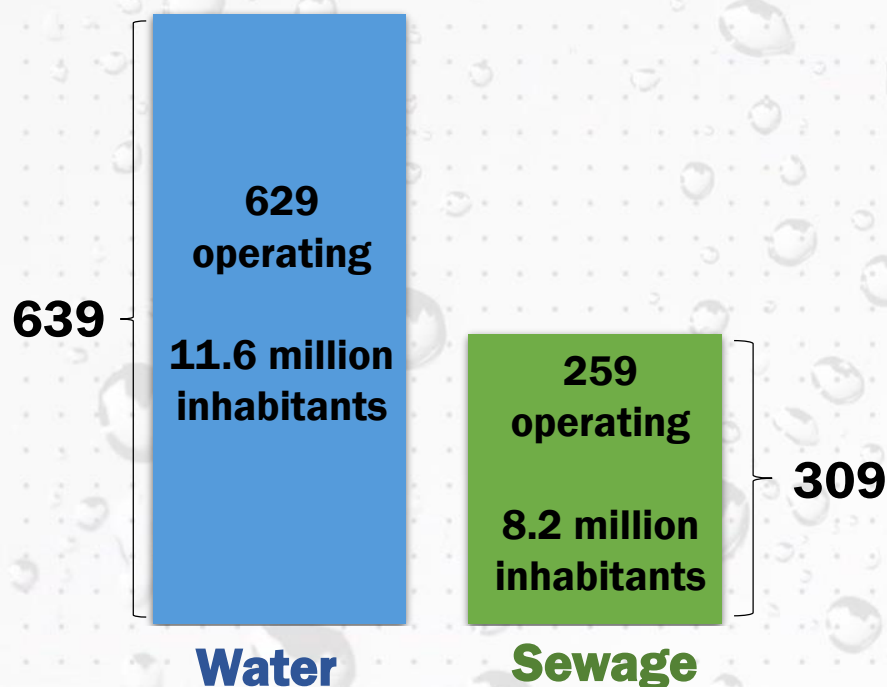
3. Q&A SESSION

OPERATIONAL PERFORMANCE

CONCESSIONS

Consolidated

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- Expired concessions: 70 (4.2% of revenues)
- There are no concessions to expire until June 2020
- % of revenues from concessions to expire from Jan/2034 : 78.1%
- Expiration of 8 largest concessions: 50% of revenues
 - Belo Horizonte – 2034
 - Contagem – 2073
 - Betim – 2042
 - Montes Claros – 2048
 - Ipatinga – 2022
 - Ribeirão das Neves – 2034
 - Divinópolis – 2041
 - Pouso Alegre – 2046

NUMBER OF UNITS

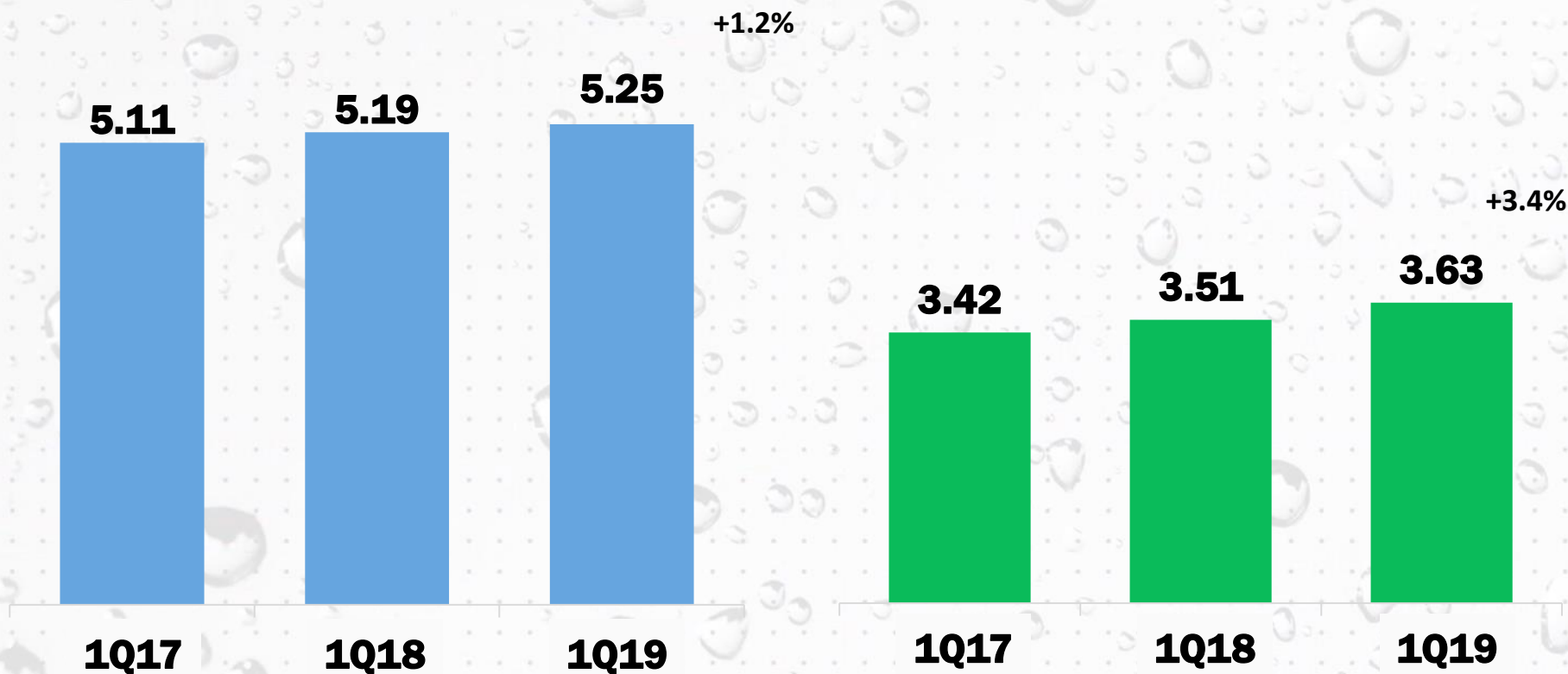
Consolidated

6

(million)

Water

Sewage



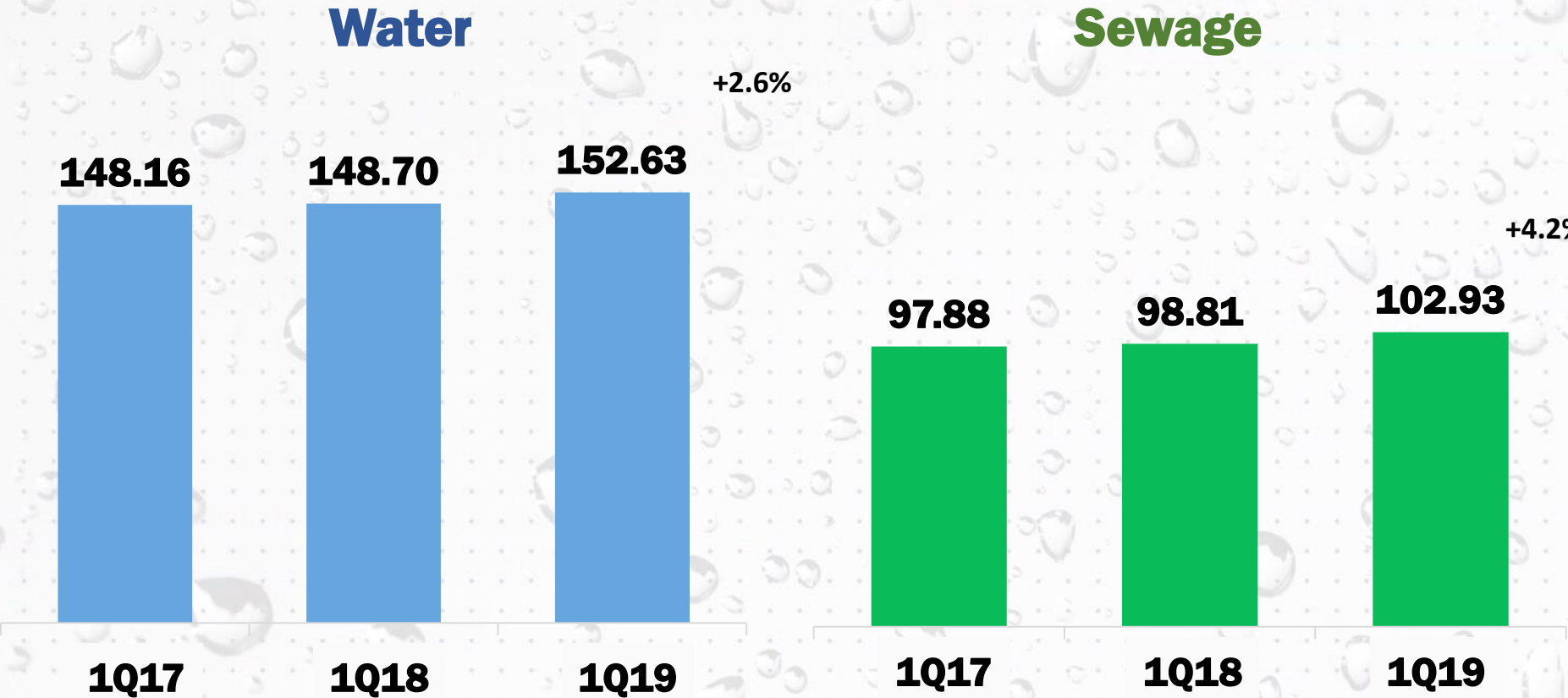
MEASURED VOLUME

Consolidated - Quarters

(million m³)

Water

Sewage



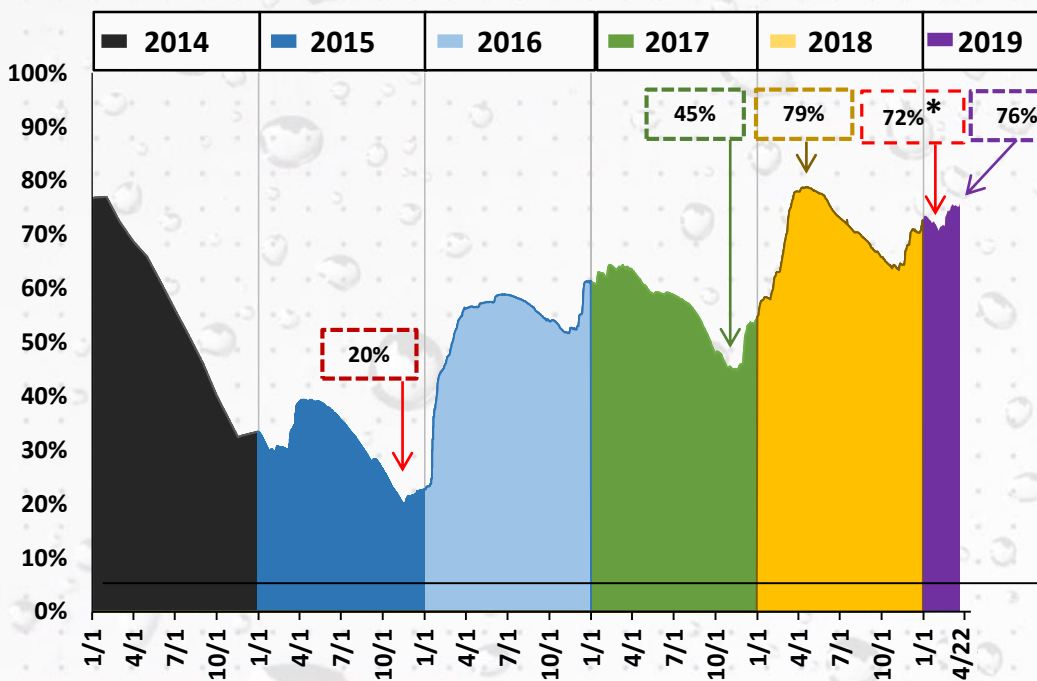
Consumption Days				
1Q17	Var (%)	1Q18	Var (%)	1Q19
89.25	2.80%	91.75	-0.49%	91.30



RESERVOIR LEVELS – BHMA

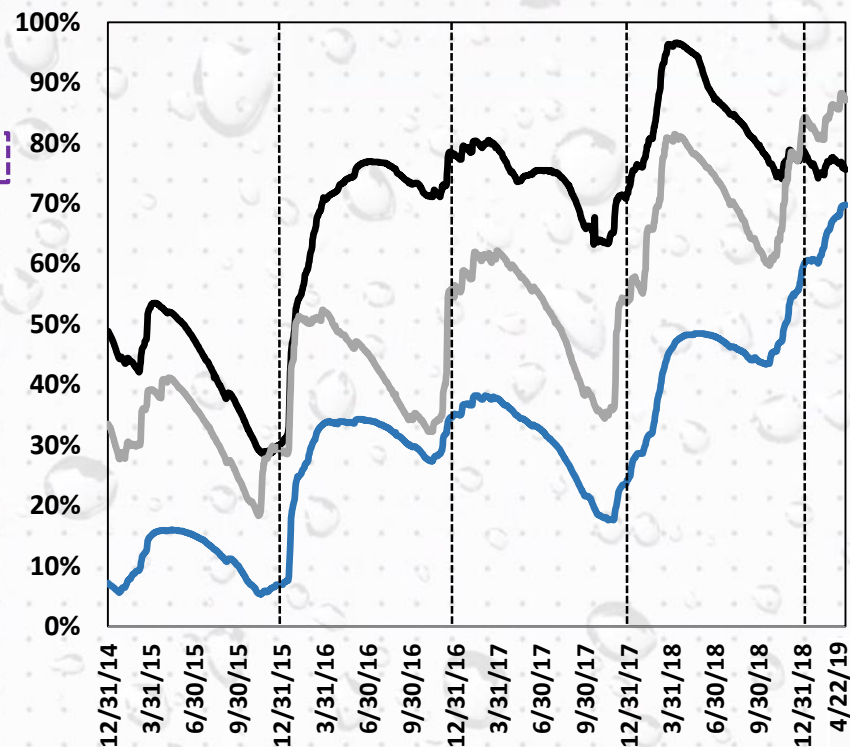
Rio Manso, Vargem das Flores and Serra Azul

Aggregate Volume



* Brumadinho Dam Collapse: 25 Jan 2019

Volumes per Reservoir



44% of Belo Horizonte
Metropolitan Area Supply

Reservoir	Dec/15	Dec/16	Dec/17	Dec/18	25/Jan/19	Apr/19
Rio Manso	30.2%	78.0%	72.3%	78.6%	76.5%	75.2%
Vargem das Flores	28.9%	56.3%	53.9%	81.8%	82.4%	86.4%
Serra Azul	6.9%	35.1%	24.5%	58.8%	60.8%	72.4%

RESERVOIR LEVELS - BHMA

Rio Manso System Reservoir

Jan/2015

72.7 million m³

Current

112.2 million m³

RESERVOIR LEVELS - BHMA

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Serra Azul System Reservoir

Jan/2015

6.2 million m³



Current

63.7 million m³



RESERVOIR LEVELS - BHMA

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Vargem das Flores System Reservoir

Jan/2015

9.9 million m³



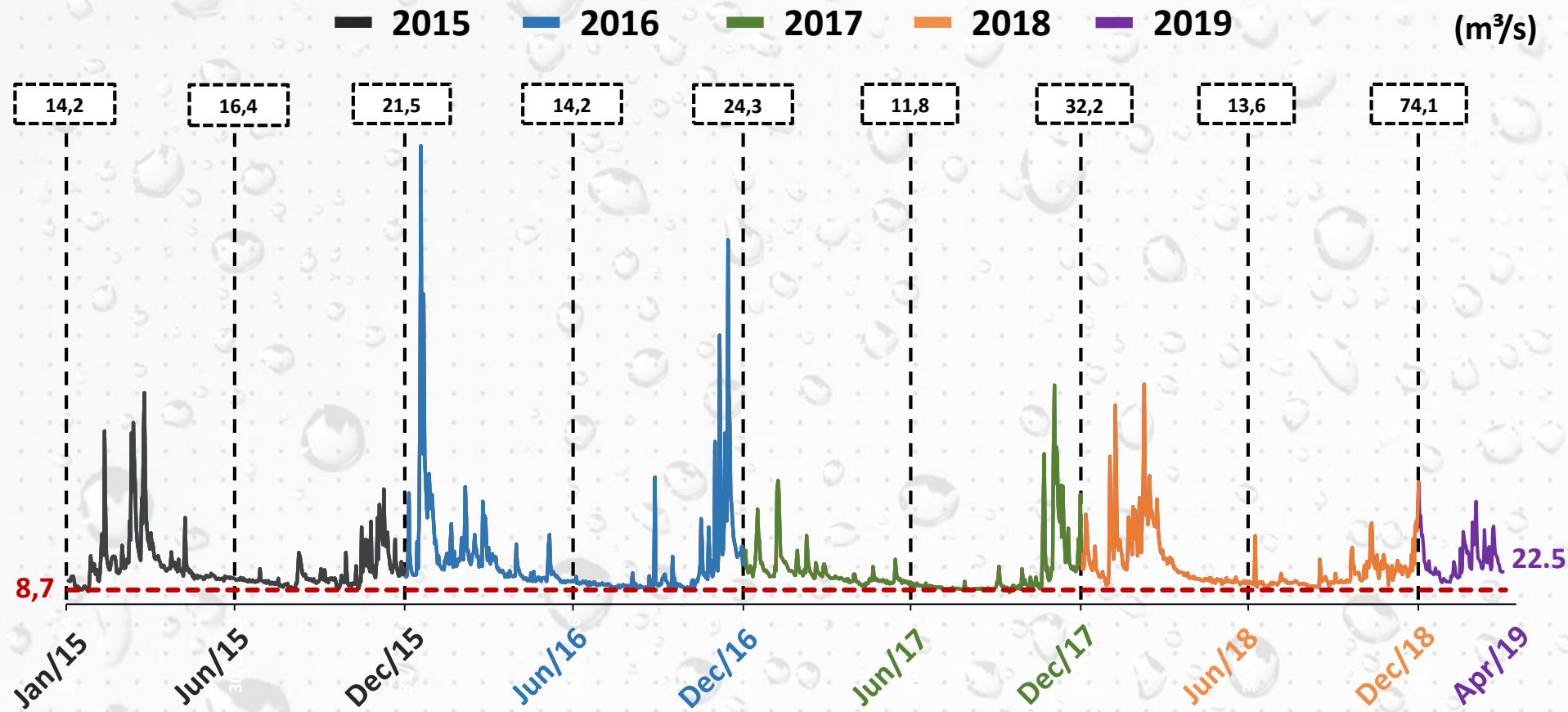
Current

33.9 million m³



DAS VELHAS RIVER FLOW – BHMA

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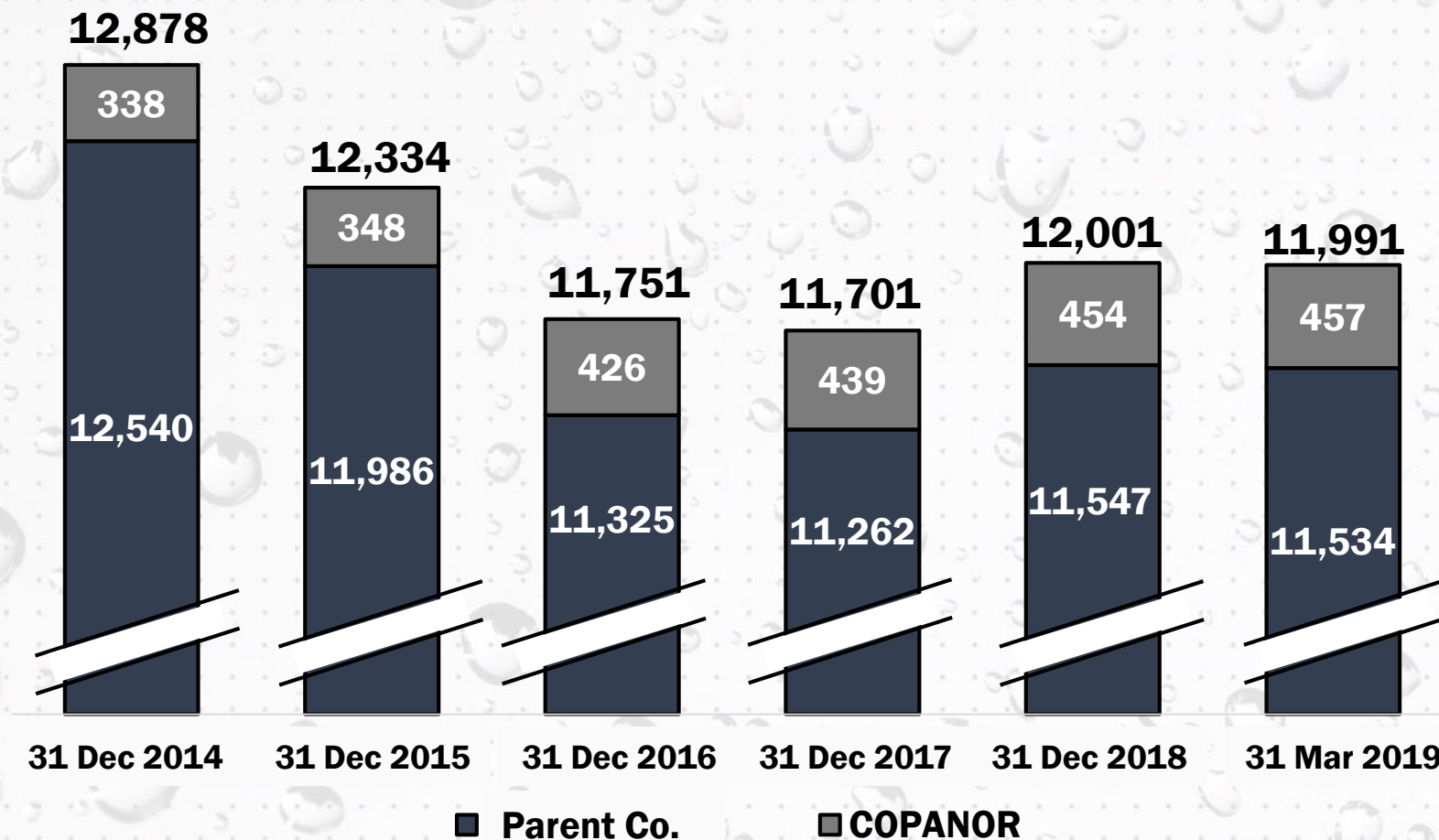


42% of Belo Horizonte Metropolitan Area Supply

COPASA

NUMBER OF EMPLOYEES

13



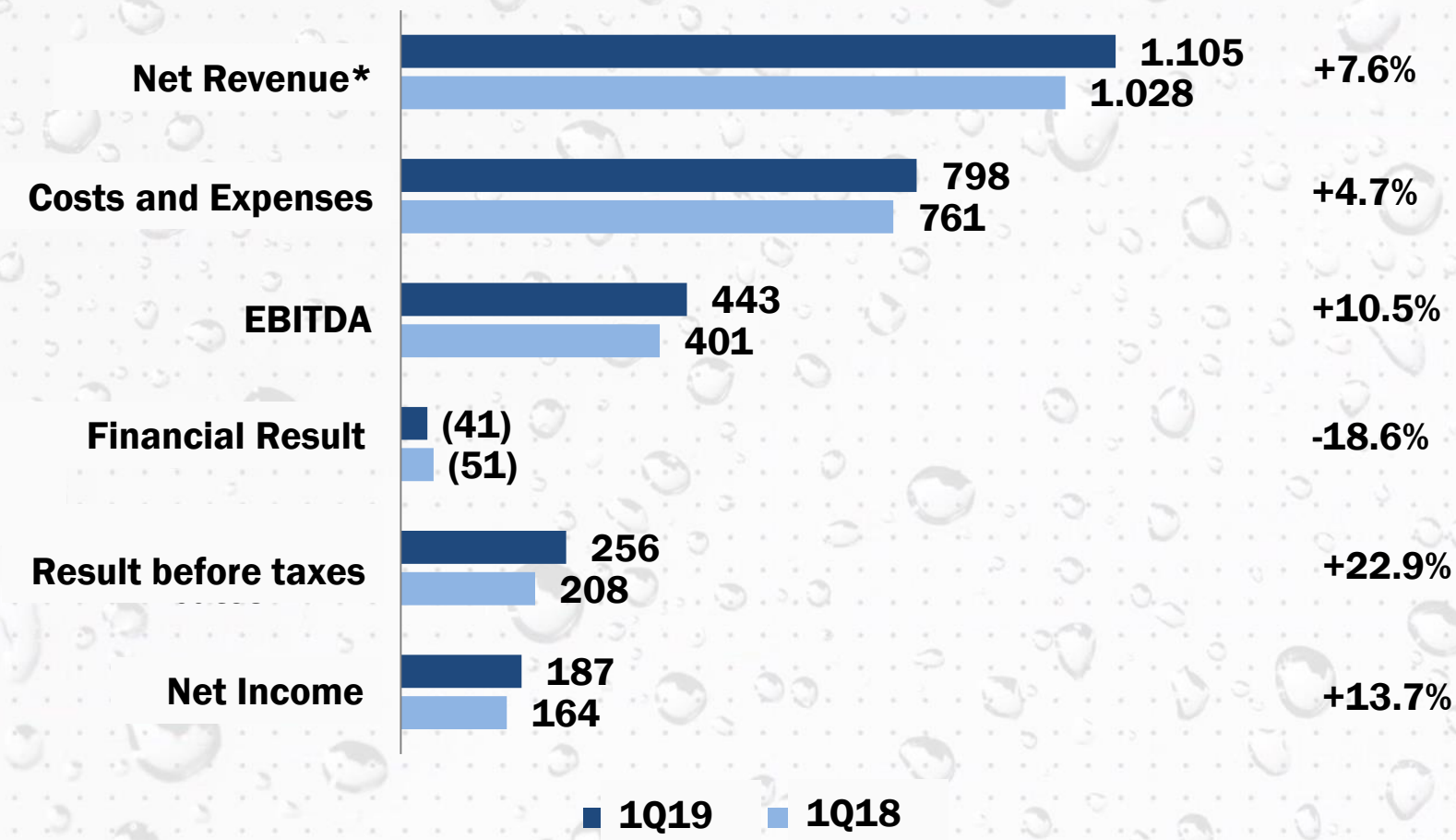
FINANCIAL PERFORMANCE

FINANCIAL HIGHLIGHTS

Parent Co. - Quarters

15

(BRL million)



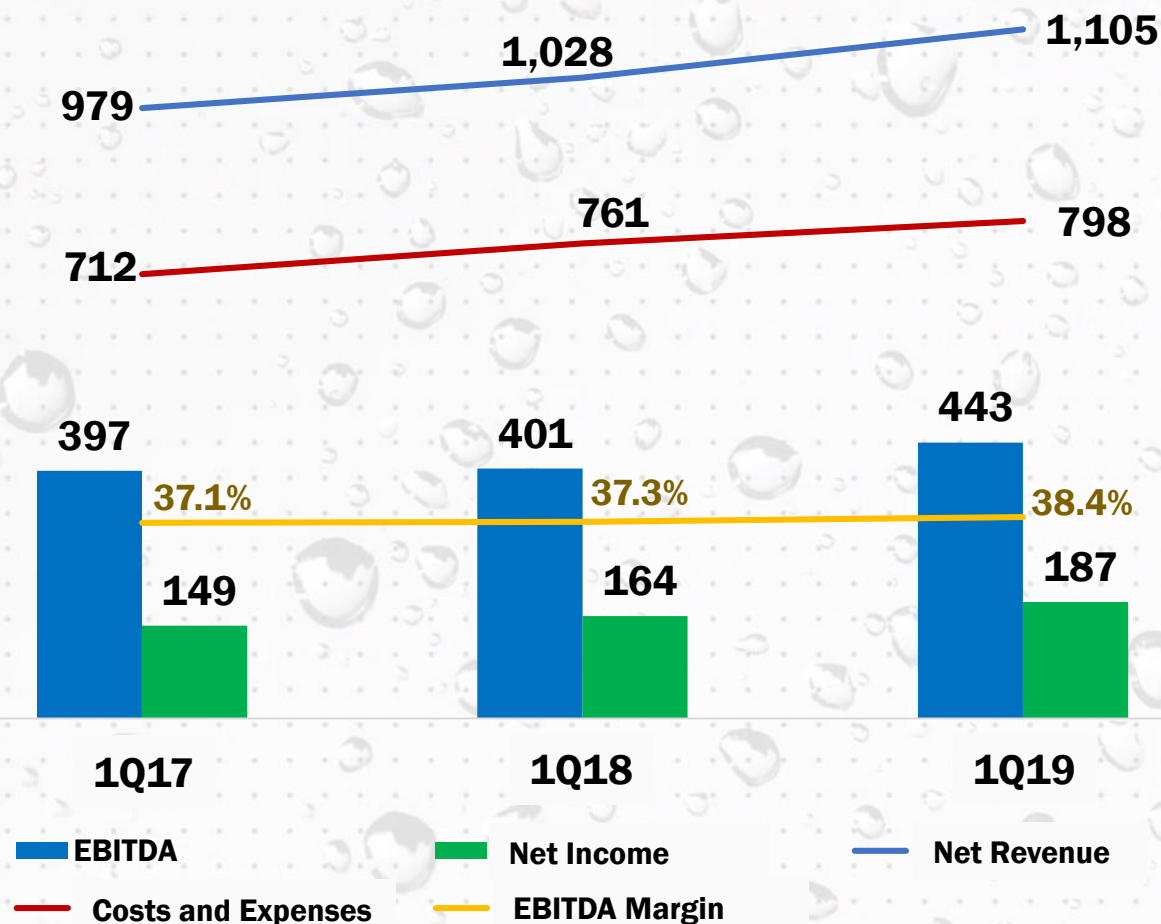
* Includes Net Revenues of Water, Sewage and Solid Waste

REVENUES, COSTS AND EXPENSES, EBITDA AND INCOME

Quarters

16

(BRL million)

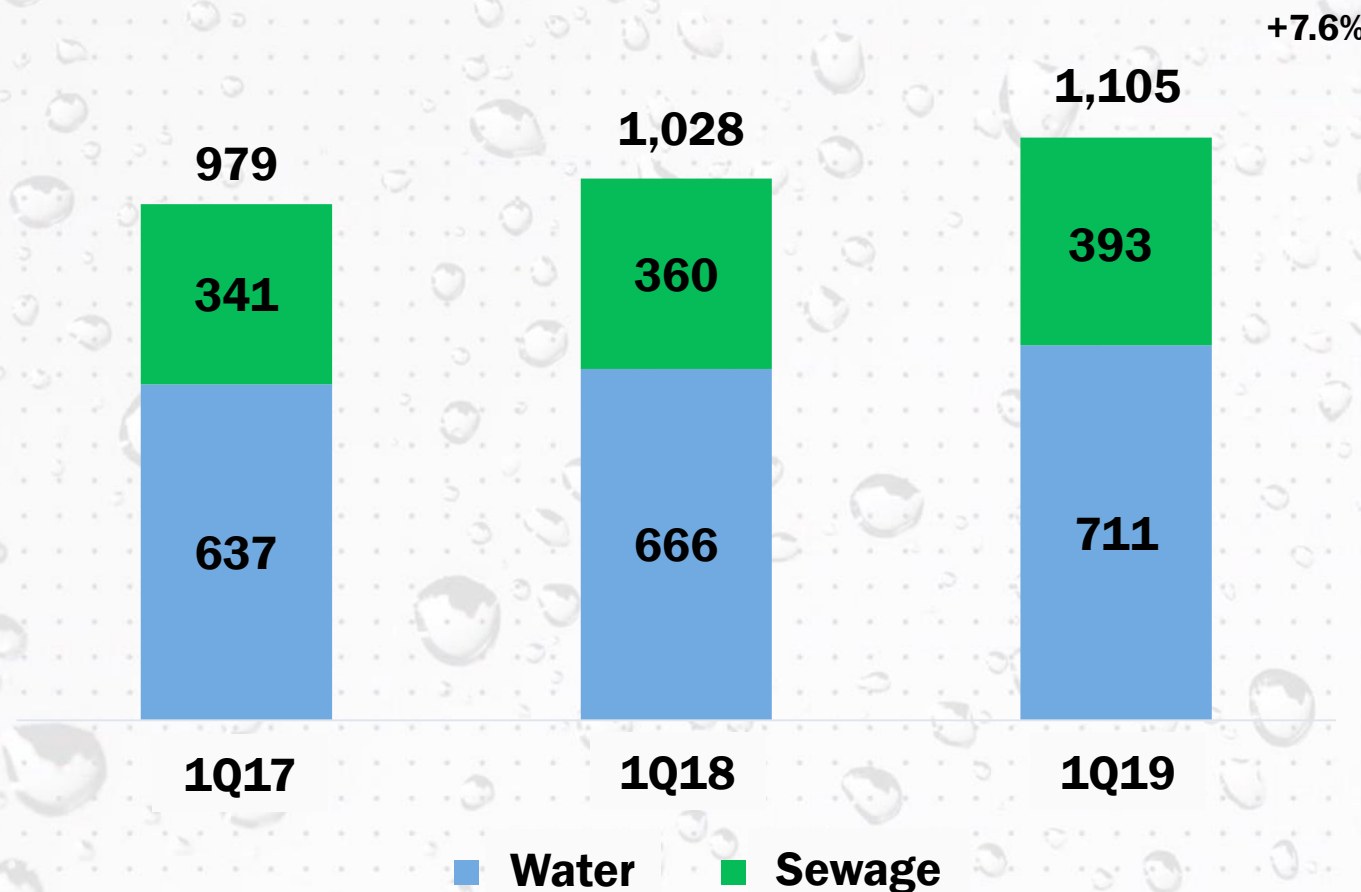


NET REVENUES

Parent Co. - Quarters

17

(BRL million)



- 1Q18: Includes BRL 676,000 from solid waste
- 1Q19: Includes BRL 541,000 from solid waste

MANAGEABLE COSTS

Parent Co. - Quarters

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(BRL million)

Breakdown	1Q17	1Q18	1Q19
Personnel	286	313 +9.2%	314 +0.5%
Outsourced Services (exclud. non manageable)	94	100 +6.0%	110 +10.2%
Rio Manso PPP	11	19 +72.2%	20 +10.1%
Materials (exclud. non manageable)	12	12 +4.4%	12 -3.7%
Provision for doubtful accounts	49	57 +17.1%	50 -11.8%
Tariff transfers to municipalities	19	21 +13.7%	22 +6.4%
Sundry Operational Costs	7	7 +5.5%	6 -10.6%
Subtotal	477	529 +10.8%	536 +1.4%

OTHER COSTS

Parent Co. - Quarters

19

(BRL million)

Non-Manageable Costs

Breakdown	1Q17	1Q18		1Q19	
Electricity	92	81	-12.4%	114	+41.5%
Telecomm.	4	3	-27.8%	3	-5.3%
Treatment Chemicals	18	22	+19.6%	20	-9.5%
Fuels and Lubricants	5	6	+18.1%	6	-0.5%
Tax Credits	(30)	(26)	-12.6%	(30)	+13.2%
Subtotal	90	86	-4.8%	114	+32.4%
Charge for use of hydric resources	3	5	+62.3%	3	-46.7%
Depreciation and Amortization	142	142	-0.1%	145	+2.4%
Total	712	761	+6.9%	798	+4.7%

Others

EBITDA AND ADJUSTED EBITDA

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Non-Manageable Items

Breakdown (BRL million)	1Q19
EBITDA (a)	442.5
<i>EBITDA Margin</i>	38.4%
Electricity	10.1
Treatment Chemicals	-
Fuels and Lubricants	(1.7)
Telecommunications	(0.1)
Taxes and Fees (except income tax and social contribution)	5.7
Estimated compensation (b)	13.9
EBITDA with adjustments for non-manageable items (a)+(b)	456.5
<i>EBITDA with adjustments Margin</i>	39.6%

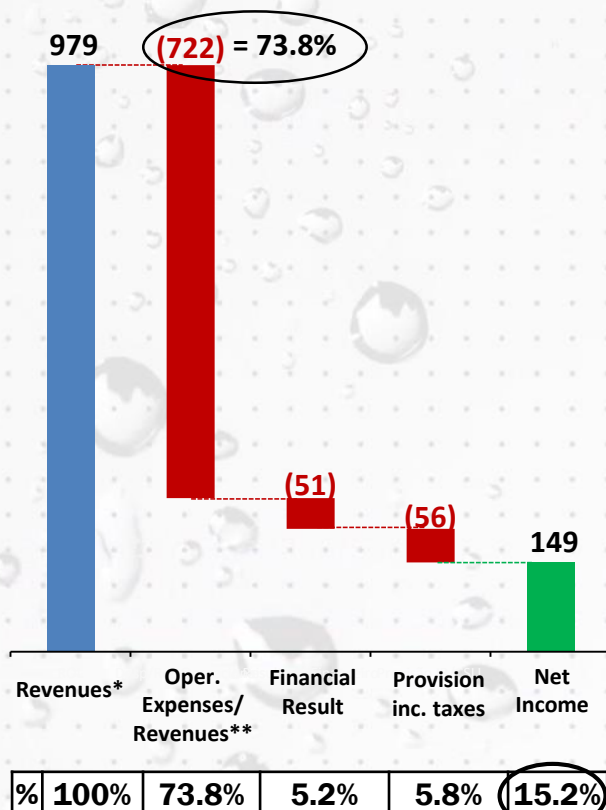
INCOME STATEMENTS

Parent Co. – Quarters

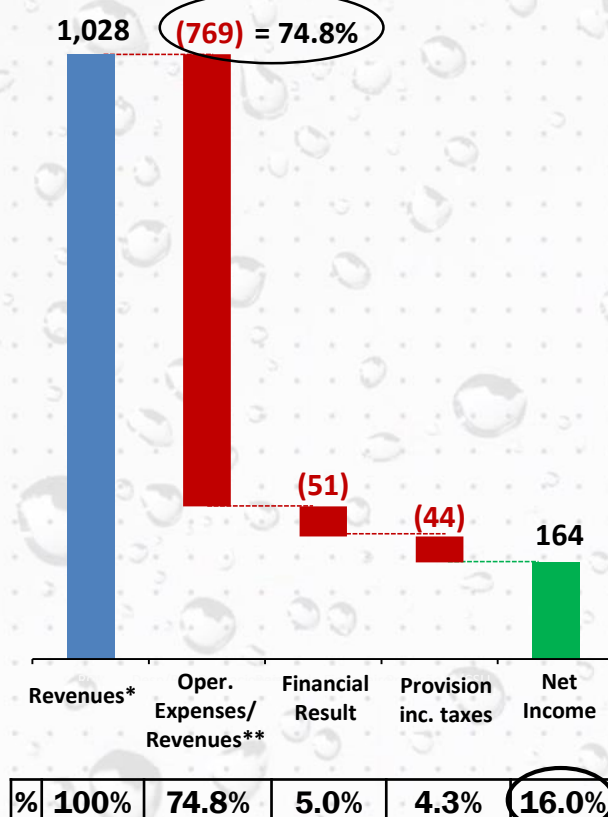
21

(BRL million)

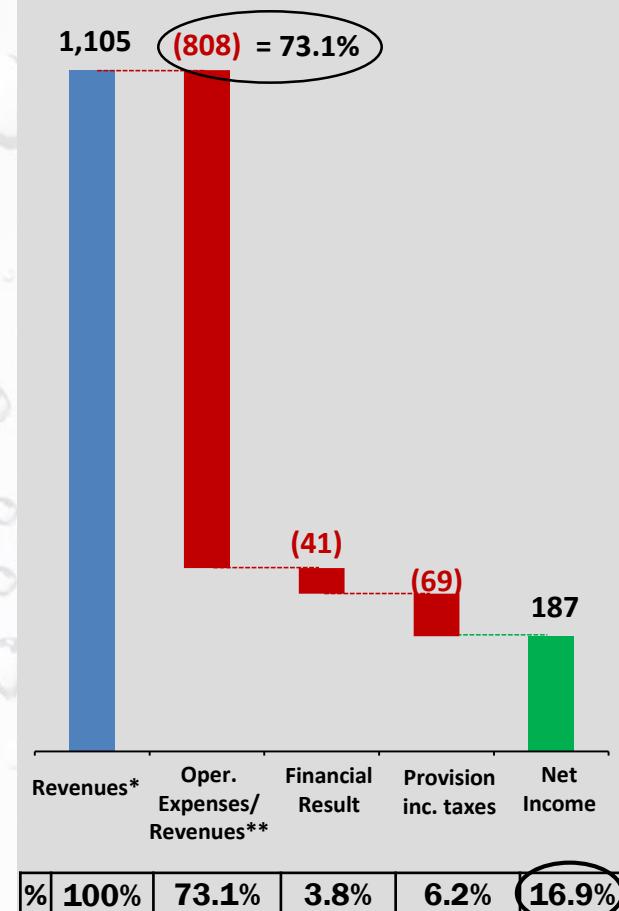
1Q17



1Q18



1Q19



* Revenues: Net Water, Sewage and Solid Waste Revenues.

** Operational Expenses/Revenues: Costs and Expenses + Other Operational Revenues (Expenses) + Profit Sharing + Equity Income.



INVESTMENT PROGRAM

CAPEX

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(BRL million)

Breakdown	2016	2017	2018	1Q19
Water ⁽¹⁾	171	239	293	59
Sewage	218	252	357	70
Others	6	20	36	8
COPASA TOTAL	395	511	686	138
COPANOR	33	28	46	9
MAIN TOTAL	428	539	732	147

(1) Includes investments of the Paraopeba Water Collection System (Rio Manso PPP), whose amounts in 2016 and 2018 were of BRL 7 million and BRL 3 million, respectively.

INVESTMENT PROGRAM

Multi-Annual Business Plan – 2019-2023

Reference Amounts (BRL million)¹

Year	Parent Co.	COPANOR ²
2019	750	36
2020	800	40
2021	800	40
2022	800	40
2023	800	40

1) Amounts from 2020 onward are subject to change, in line with tariff adjustments to be set each year.

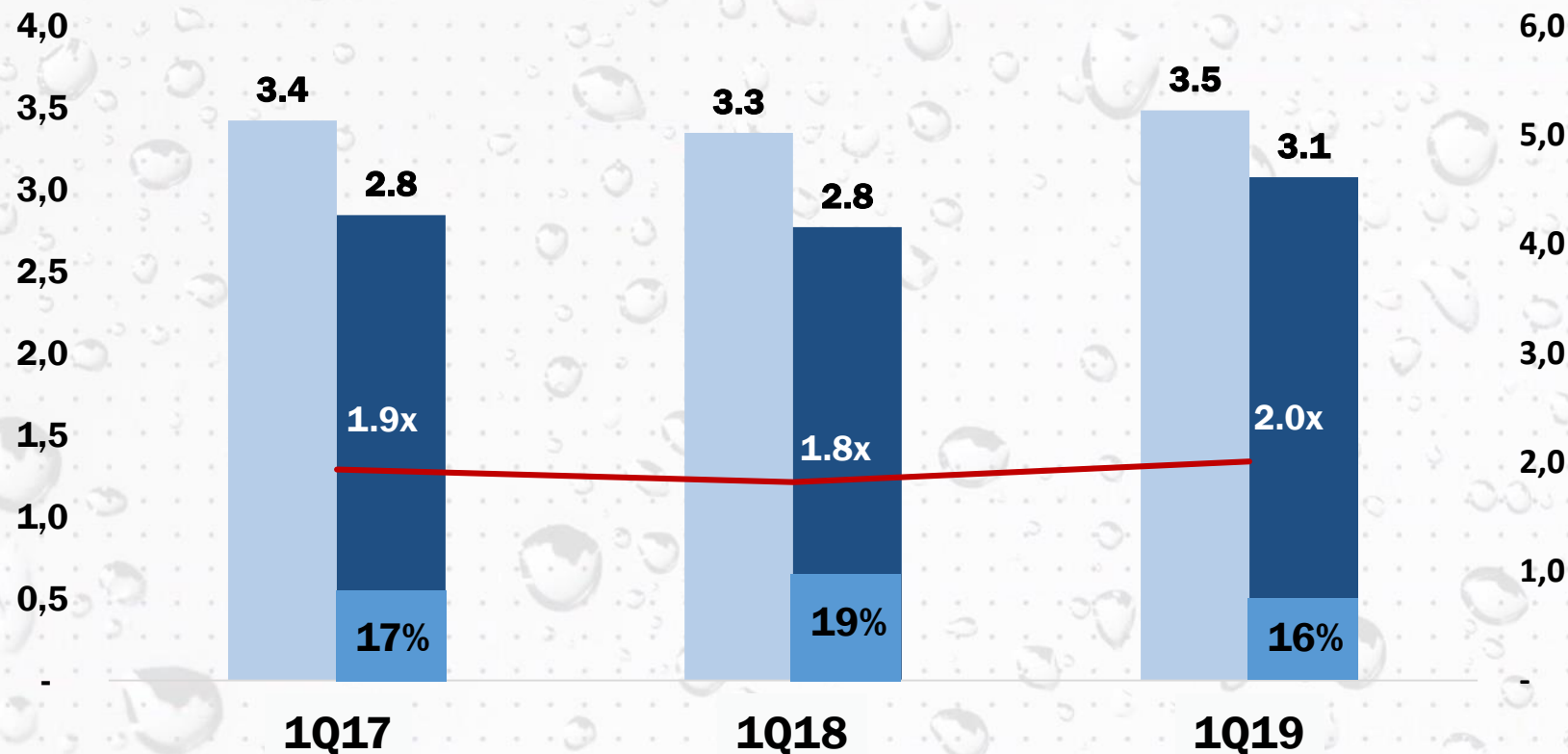
2) Projected amounts are in basis of Dec/2018 nominal prices.

DEBT

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Gross Debt, Net Debt and Leverage

BRL billion

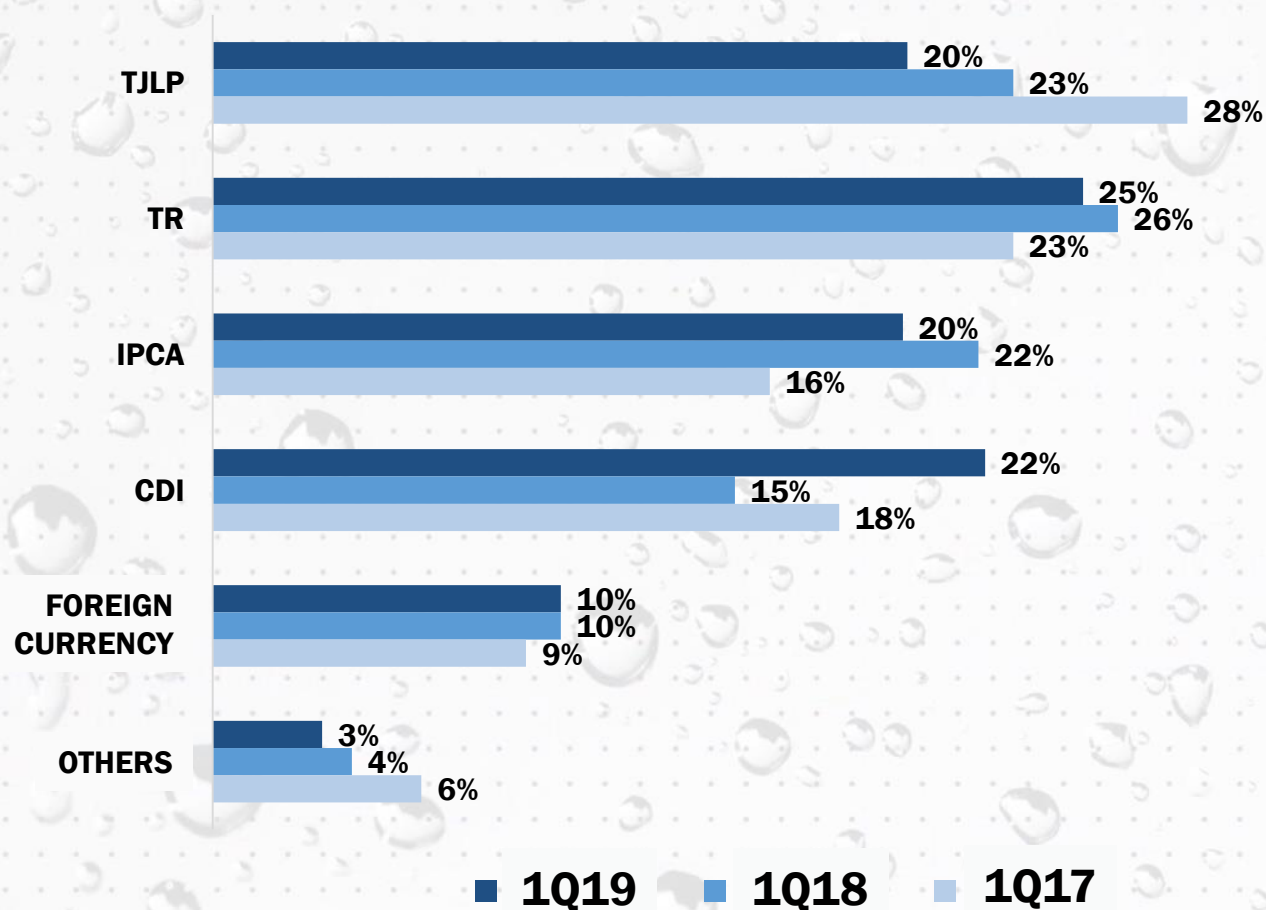


■ Gross Debt - Long Term
■ Gross Debt - Short Term

■ Net Debt
— Net Debt / EBITDA (Indicator)

DEBT

Debt by Index and Average Coupon



Average Coupon (p.a.)

1Q19	6.9%
1Q18	7.0%
1Q17	8.9%

SHAREHOLDERS' COMPENSATION

Dividend Policy

Regular Dividends

- Between 25% and 50% of Net Income.
- Quarterly declarations, with payment in up to 60 days (except referring to 4Q).

Extraordinary Dividends: must observe the Efficient Margin of Regulatory Leverage of 2.1x Net Debt/EBITDA (with a margin of 0.1x up or down).

Below 2.0x	Between 2.0x and 2.2x	Above 2.2x
After conducting semiannual studies that indicate that a payment of "Extraordinary Dividends" will not jeopardize the financial health, the Investment Plan or current liquidity, the Board of Directors may propose the payment of "Extraordinary Dividends".	Payout will comply with the "Regular Dividends" criteria.	Mandatory minimum (25%).

SHAREHOLDERS' COMPENSATION

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2019 Dividends

2019 Fiscal Year:

The Board of Directors, in meeting held 28 Feb 2019, approved the percentage of **25% of Net Income** to be distributed as Interest on Equity – IOE.

Regular Dividends

Reference Period	Date of Board of Directors' Meeting	Date of Payment	Gross Amount (BRL million)
1Q19	21 Mar 2019	until 20 May 2019	53.0

Q&A SESSION



Contacts

www.copasa.com.br/ir

ir@copasa.com.br

+55 (31) 3250-2015