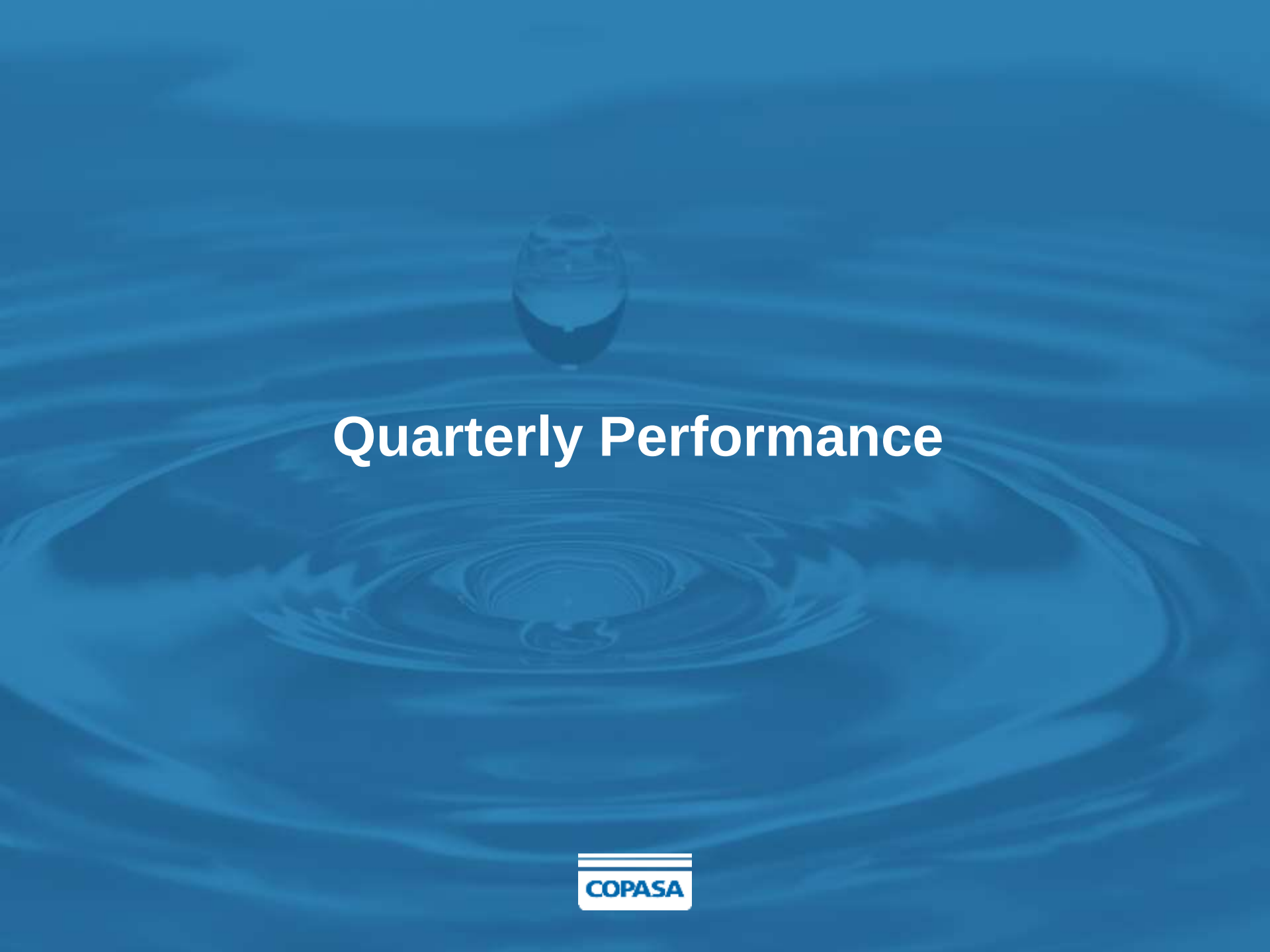


**EARNINGS PRESENTATION 3Q19**  
**5 NOVEMBER 2019**





# Quarterly Performance

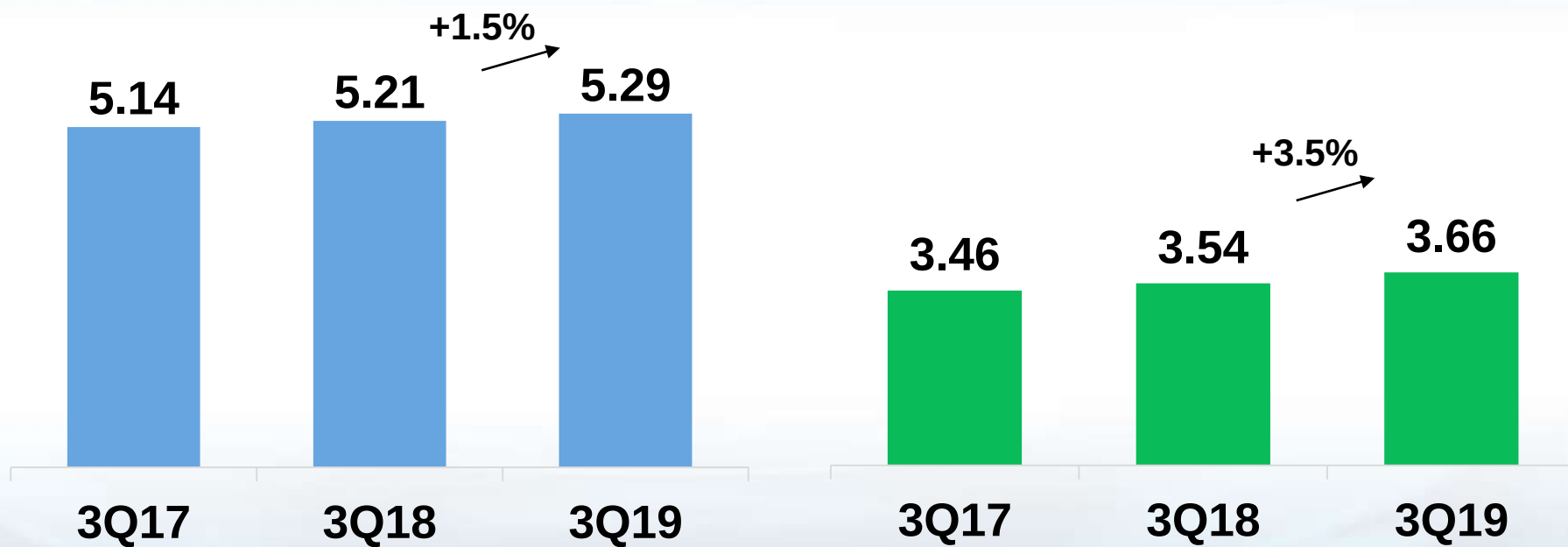
# NUMBER OF UNITS Consolidated

3

(million)

Water

Sewage

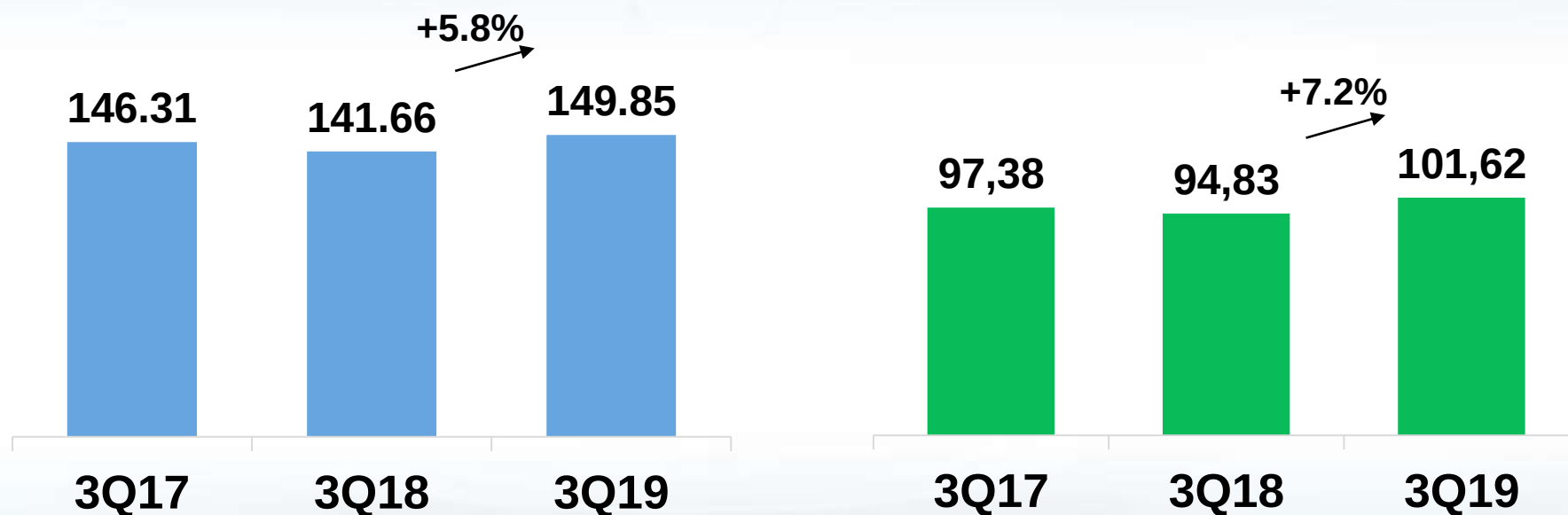


# MEASURED VOLUME Consolidated

(million m<sup>3</sup>)

Water

Sewage

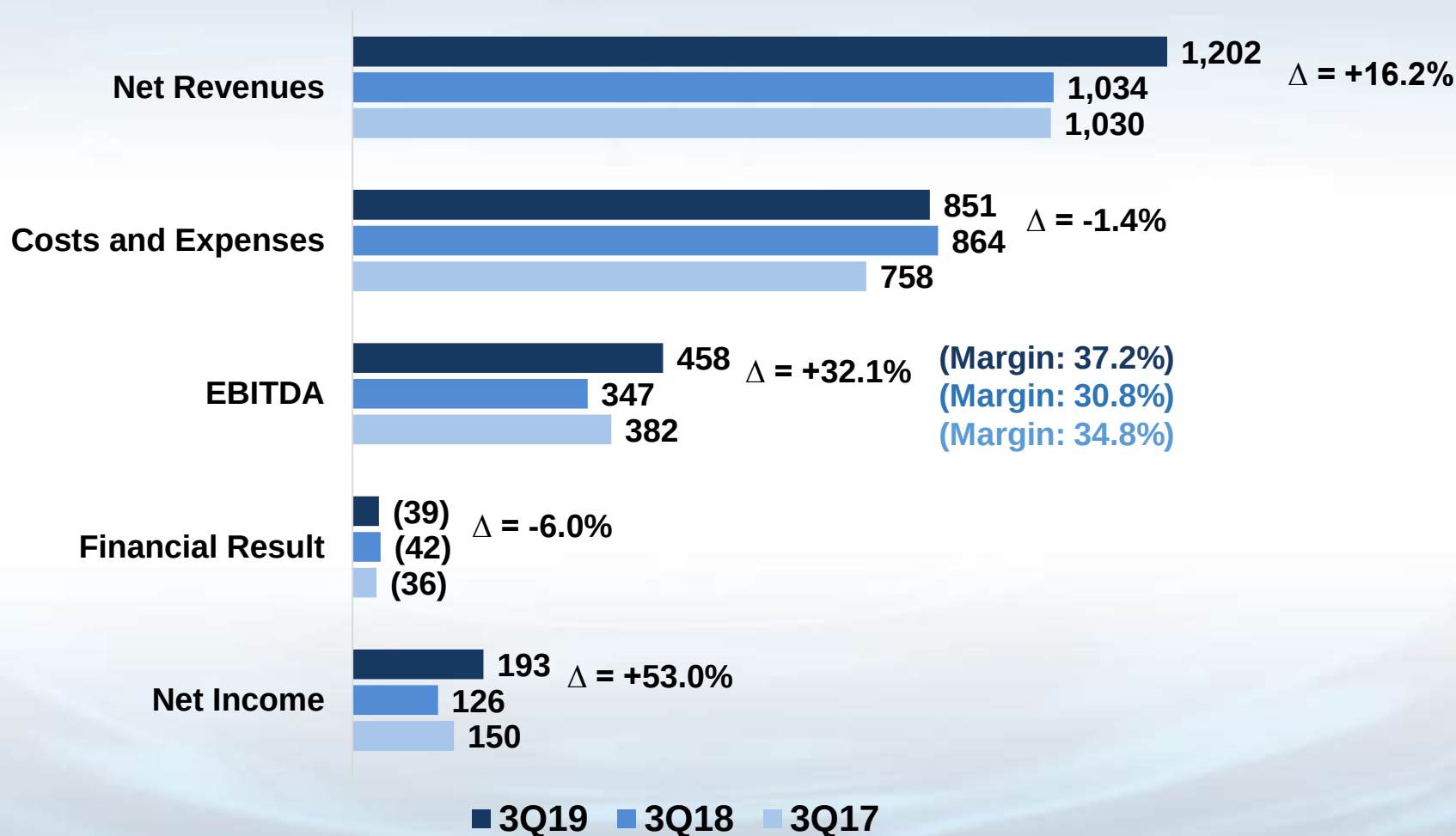


| Consumption Days |         |      |         |      |
|------------------|---------|------|---------|------|
| 3Q17             | Var (%) | 3Q18 | Var (%) | 3Q19 |
| 91.4             | -2.41%  | 89.2 | 3.42%   | 92.2 |

# FINANCIAL HIGHLIGHTS

## Parent Company

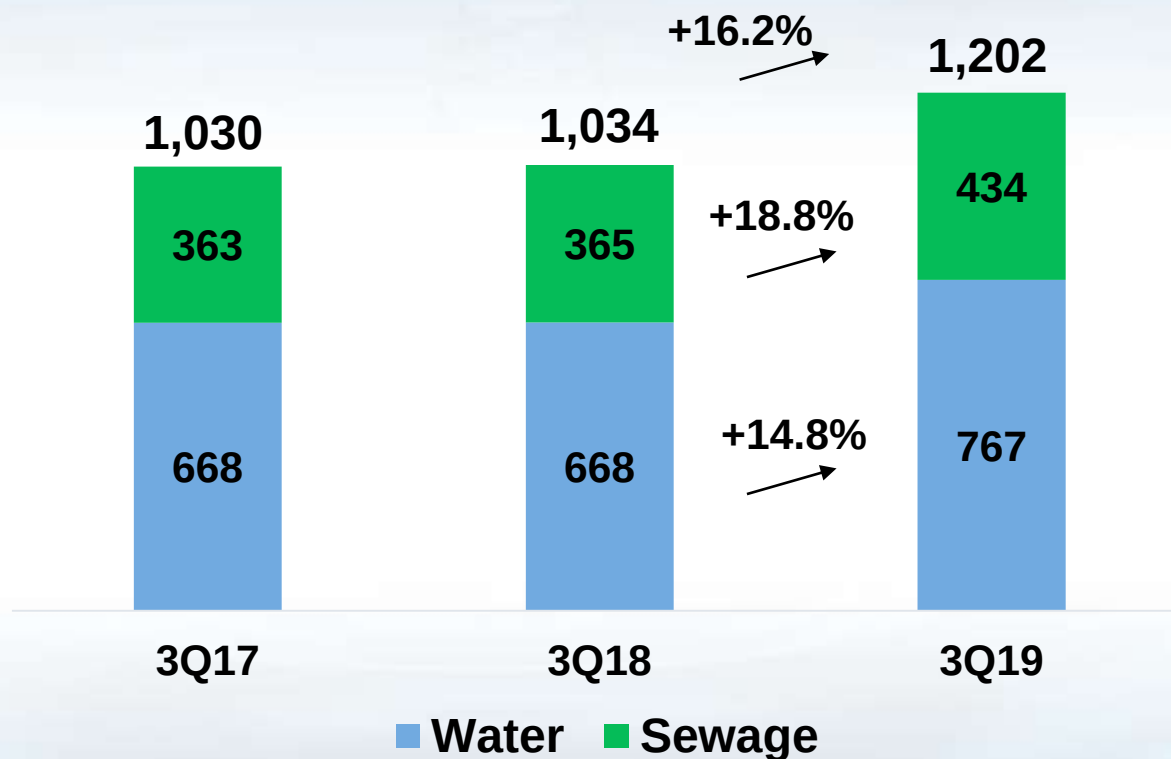
(BRL million)



# NET REVENUES

## Parent Company

(BRL million)



- 3Q18: Includes BRL605,000 from solid waste
- 3Q19: Includes BRL514,000 from solid waste

# MANAGEABLE COSTS

## Parent Company

7

(BRL million)

| Breakdown                                       | 3Q17         | 3Q18                | 3Q19               |
|-------------------------------------------------|--------------|---------------------|--------------------|
| Personnel                                       | 306.9        | 336.5 +9.7%         | 337.6 +0.3%        |
| Outsourced Services<br>(exclud. non manageable) | 98.5         | 108.4 +10.0%        | 105.4 -2.8%        |
| Rio Manso PPP                                   | 21.3         | 25.6 +20.2%         | 18.6 -27.1%        |
| Materials<br>(exclud. non manageable)           | 13.5         | 13.3 -1.8%          | 14.5 +9.3%         |
| Provision for<br>Doubtful Accounts              | 52.5         | 79.7 +51.7%         | 47.5 -40.4%        |
| Tariff Transfers to<br>Municipalities           | 21.5         | 23.0 +6.8%          | 26.9 +16.8%        |
| Sundry Operational<br>Costs                     | 9.2          | 7.7 -16.3%          | 8.2 +6.1%          |
| <b>Subtotal</b>                                 | <b>523.5</b> | <b>594.3 +13.5%</b> | <b>558.7 -6.0%</b> |



# NON-MANAGEABLE COSTS AND OTHERS

## Parent Company

8

(BRL million)

Non-Manageable Costs

| Breakdown            |                                      | 3Q17   | 3Q18   |        | 3Q19   |        |
|----------------------|--------------------------------------|--------|--------|--------|--------|--------|
| Non-Manageable Costs | Electricity                          | 96.6   | 128.6  | +33.1% | 131.5  | +2.2%  |
|                      | Telecomm.                            | 4.0    | 2.9    | -28.0% | 3.3    | +12.6% |
|                      | Treatment Chemicals                  | 14.1   | 14.5   | +2.4%  | 18.3   | +26.7% |
|                      | Fuels and Lubricants                 | 5.9    | 6.5    | +11.2% | 6.7    | +2.0%  |
|                      | Tax Credits                          | (30.3) | (28.6) | -5.6%  | (23.3) | -18.4% |
| Subtotal             |                                      | 90.4   | 124.0  | +37.2% | 136.4  | +10.1% |
| Others               | Charge for Usage of Hydric Resources | 2.9    | 4.2    | +47.2% | 3.0    | -27.9% |
|                      | Depreciation and Amortization        | 141.3  | 141.3  | -      | 153.2  | +8.4%  |
| Total                |                                      | 758.0  | 863.7  | +13.9% | 851.4  | -1.4%  |



# OTHER REVENUES (EXPENSES), PROFIT SHARING, EQUITY INCOME

## Parent Company

(BRL million)

| Breakdown                  | 3Q17        | 3Q18      | Δ%       | 3Q19        | Δ%       |
|----------------------------|-------------|-----------|----------|-------------|----------|
| Other Operational Revenues | 61          | 85        | 39.8%    | 23          | -72.4%   |
| Other Operational Expenses | (80)        | (37)      | -53.6%   | (53)        | 41.6%    |
| Employees' Profit Sharing  | (9)         | (8)       | -15.1%   | (12)        | 52.8%    |
| Equity Income              | (2)         | (5)       | -        | (4)         | -5.1%    |
| <b>TOTAL</b>               | <b>(31)</b> | <b>35</b> | <b>-</b> | <b>(46)</b> | <b>-</b> |

# CAPEX

## Finished and Projected Investments

### Finished Investments

(BRL million)

| Breakdown           | 2017       | 2018       | 9M19       |
|---------------------|------------|------------|------------|
| Water               | 239        | 293        | 204        |
| Sewage              | 252        | 357        | 212        |
| Others              | 20         | 36         | 38         |
| <b>COPASA TOTAL</b> | <b>511</b> | <b>686</b> | <b>454</b> |
| COPANOR             | 28         | 46         | 28         |
| <b>MAIN TOTAL</b>   | <b>539</b> | <b>732</b> | <b>482</b> |

### Multi-Annual Business Plan

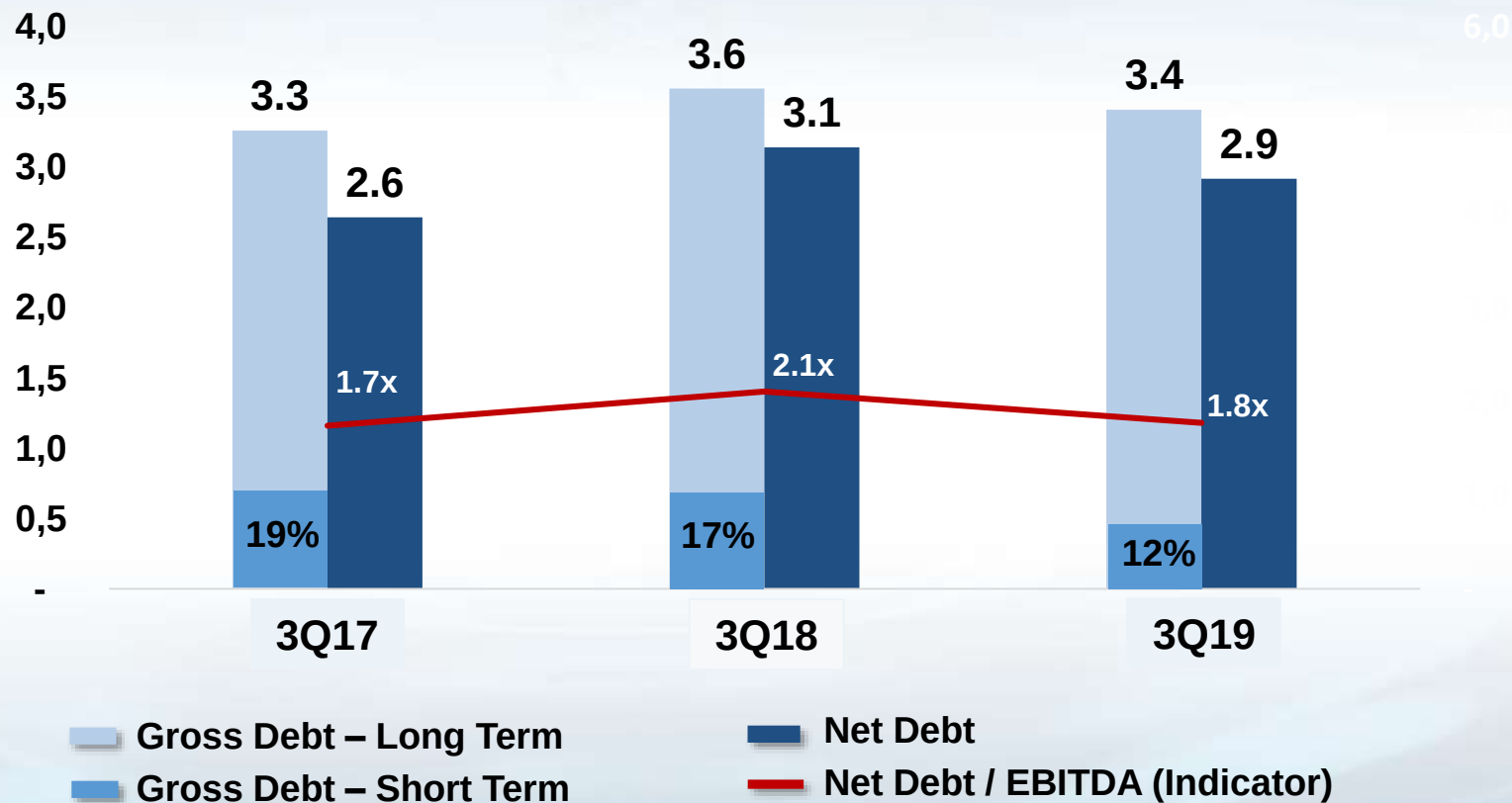
| Year | Parent Co. | COPANOR |
|------|------------|---------|
| 2019 | 750        | 36      |
| 2020 | 800        | 40      |
| 2021 | 800        | 40      |
| 2022 | 800        | 40      |
| 2023 | 800        | 40      |



# DEBT

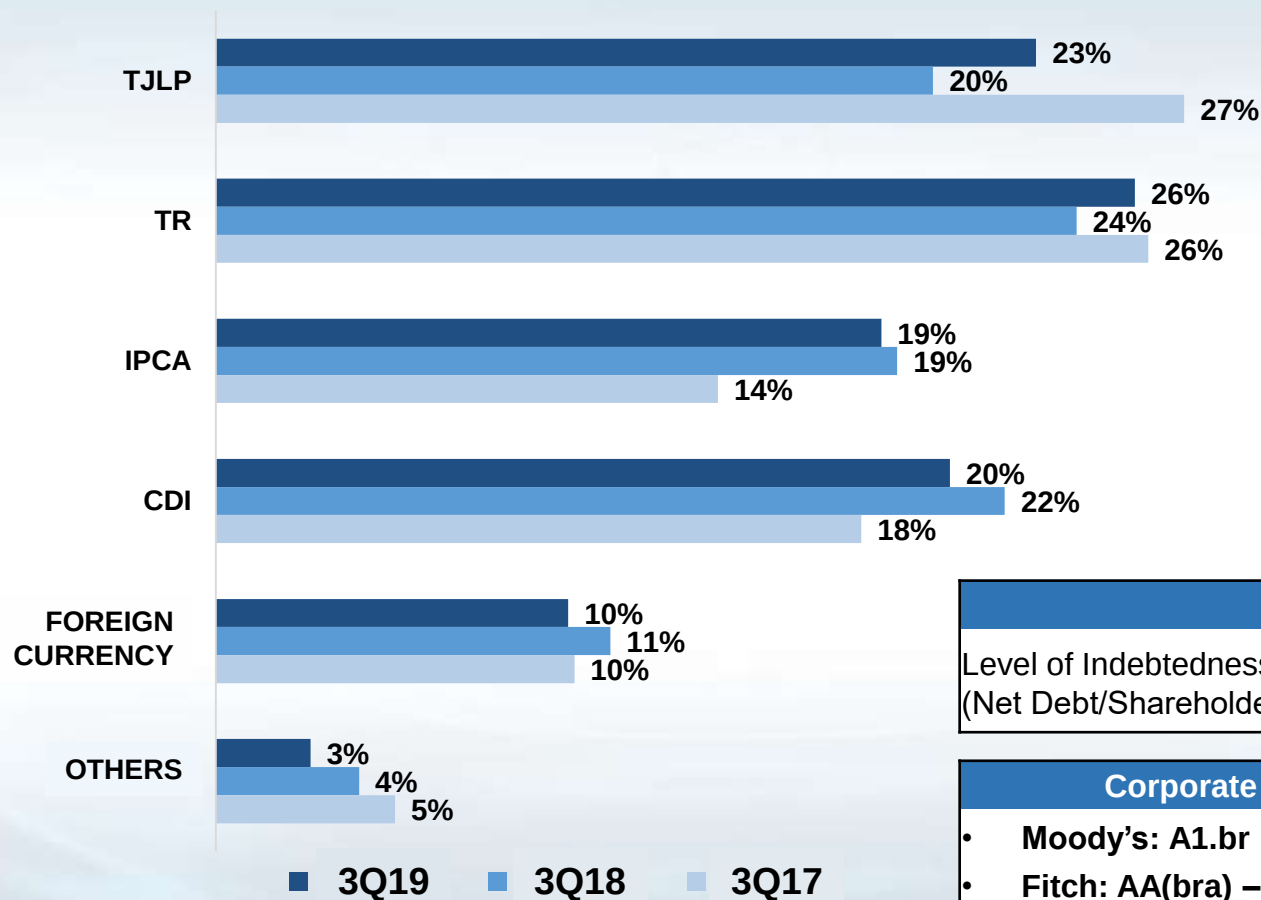
## Gross Debt, Net Debt and Leverage

BRL billion



# DEBT

## Indices, Average Coupon, Rating



### Average Coupon (p.a.)

|      |      |
|------|------|
| 3Q19 | 6.6% |
| 3Q18 | 6.8% |
| 3Q17 | 8.0% |

|                                                          | 3Q17  | 3Q18  | 3Q19  |
|----------------------------------------------------------|-------|-------|-------|
| Level of Indebtedness<br>(Net Debt/Shareholders' Equity) | 42.4% | 50.8% | 44.2% |

### Corporate Ratings – National Scale

- **Moody's: A1.br**
- **Fitch: AA(bra) – positive outlook**

## FINANCIAL COVENANTS

| Covenant                                 | Limit         | 3Q19 Indicator |
|------------------------------------------|---------------|----------------|
| Net Debt / EBITDA                        | $\leq 3.0x$ * | 1.8x           |
| EBITDA / Debt Service                    | $>1.2x$       | 2.0x           |
| Total Liabilities / Shareholders' Equity | $\leq 1.0x$   | 0.7x           |

\* Indicator may reach  $\leq 4.0x$ , by specific authorization by the Board of Directors

# SHAREHOLDERS' COMPENSATION

## Dividend Policy:

**Regular Dividends**: between 25% and 50% of Net Income, with quarterly declarations.

**Extraordinary Dividends**: in accordance with the Regulatory Leverage (Net Debt)

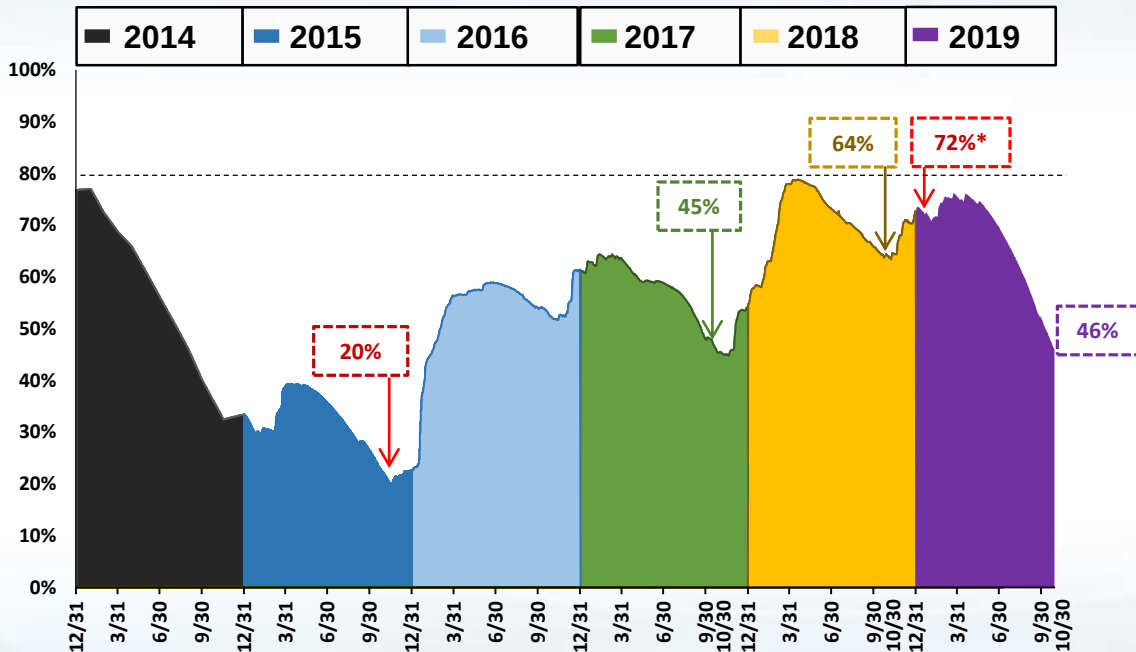
| Below 2.0x                                                                                                                                                                                                                                                           | Between 2.0x and 2.2x              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

**Regular Dividends for 2019:** 25% of Net Income to be distributed as Interest on Equity – IOE, as defined by the Board of Directors, in meeting held on 28 Feb 2019.

| Reference               | Date of Board of Directors' Meeting | Date of Payment   | Gross Amount (BRL million) |
|-------------------------|-------------------------------------|-------------------|----------------------------|
| 1Q19                    | 21 Mar 2019                         | 20 May 2019       | 53.0                       |
| 2Q19                    | 14 Jun 2019                         | 13 Aug 2019       | 21.0                       |
| 3Q19                    | 19 Sep 2019                         | Until 18 Nov 2019 | 52.1                       |
| <b>Accumulated 2019</b> |                                     |                   | <b>126.1</b>               |

# HYDROLOGICAL SITUATION – BHMA

## Aggregate Volume Rio Manso, Serra Azul and Vargem das Flores

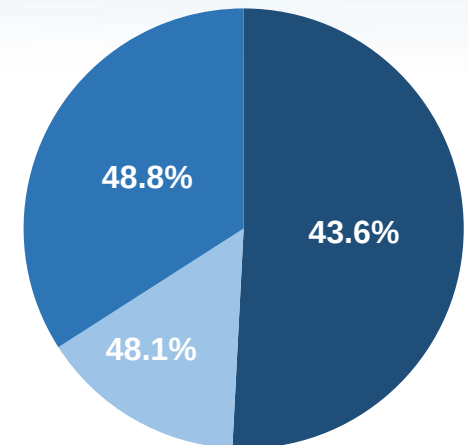


\* Brumadinho Dam Collapse: 25 Jan 2019

44%

of Belo Horizonte Metropolitan Area supply  
comes from those 3 combined reservoirs

## Volume Available per Reservoir (%) 30 October 2019



- Rio Manso (149.0 million m³)
- Serra Azul (87.9 million m³)
- Vargem das Flores (39.1 million m³)

### Rio das Velhas System

|                                      |           |
|--------------------------------------|-----------|
| BHMA population served               | 42%       |
| Collection grant                     | 8.7 m³/s  |
| Average flow last 15 days            | 14.5 m³/s |
| Average utilized flow last 12 months | 6.8 m³/s  |



# Q&A Session

# 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.



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