

Earnings Release 2012

COPASA

A água de Minas

CSMG3 NOVO MERCADO BM&FBOVESPA

IBrX ÍNDICE BRASIL

Índice de Ações com Tag Along Diferenciado ITAG

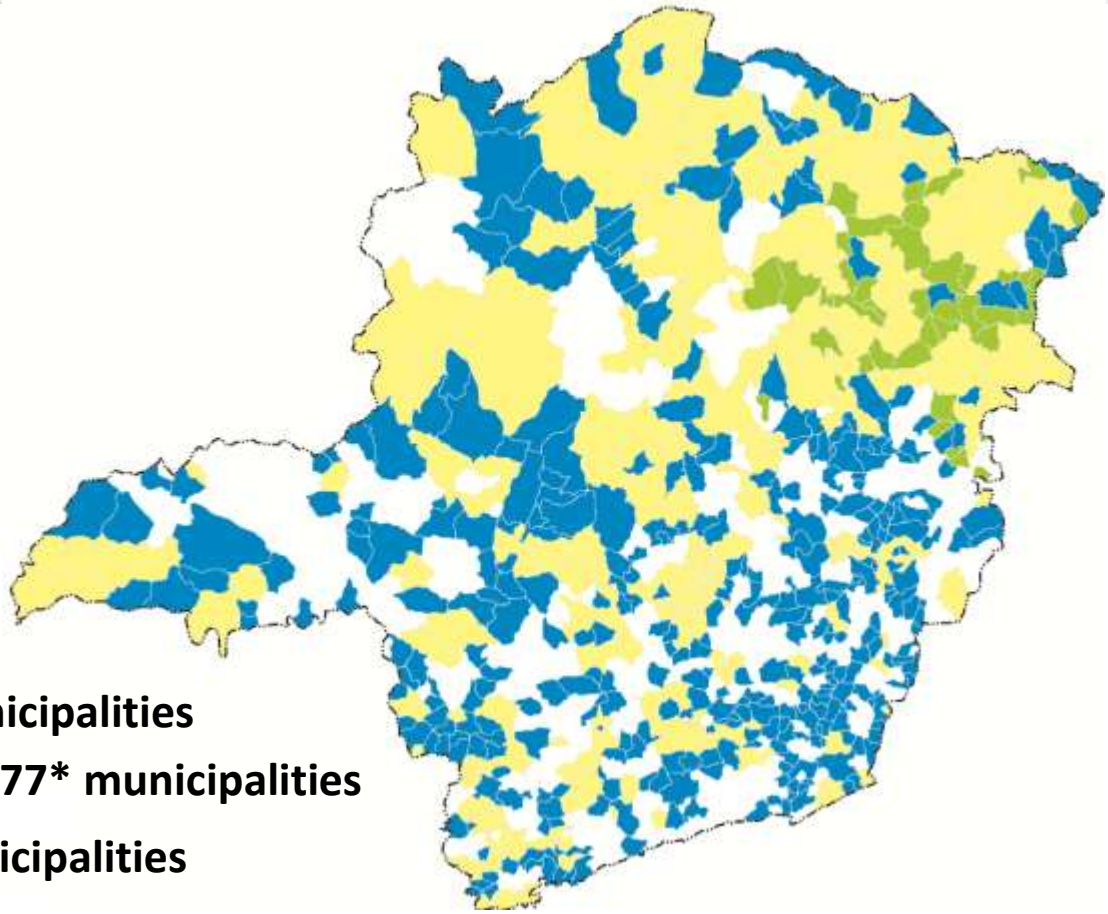
Índice de Governança Corporativa Trade IGCT

Índice de Sustentabilidade Empresarial ISE 2013

Índice de Ações com Governança Corporativa Diferenciada IGC

OVERVIEW

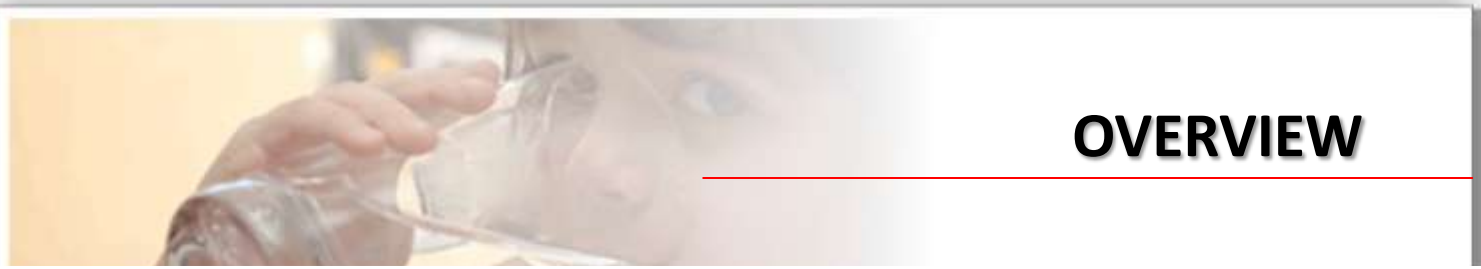
Present in 625 of the 853 municipalities in Minas Gerais



- Water-only concessions : 348 municipalities
- Water and sewage concessions : 277* municipalities
- Not covered by COPASA: 228 municipalities
- COPANOR

Numbers include COPASA MG and subsidiary COPANOR.

***30 sewage concessions (97,000 inhabitants) of the subsidiary COPANOR have been included, which weren't reported in the December 2012 Operating Release. Also, 4 new concessions of the Parent company that were signed in December 2012 have been included, which were not reported on the Operating Release from that month.**



OVERVIEW

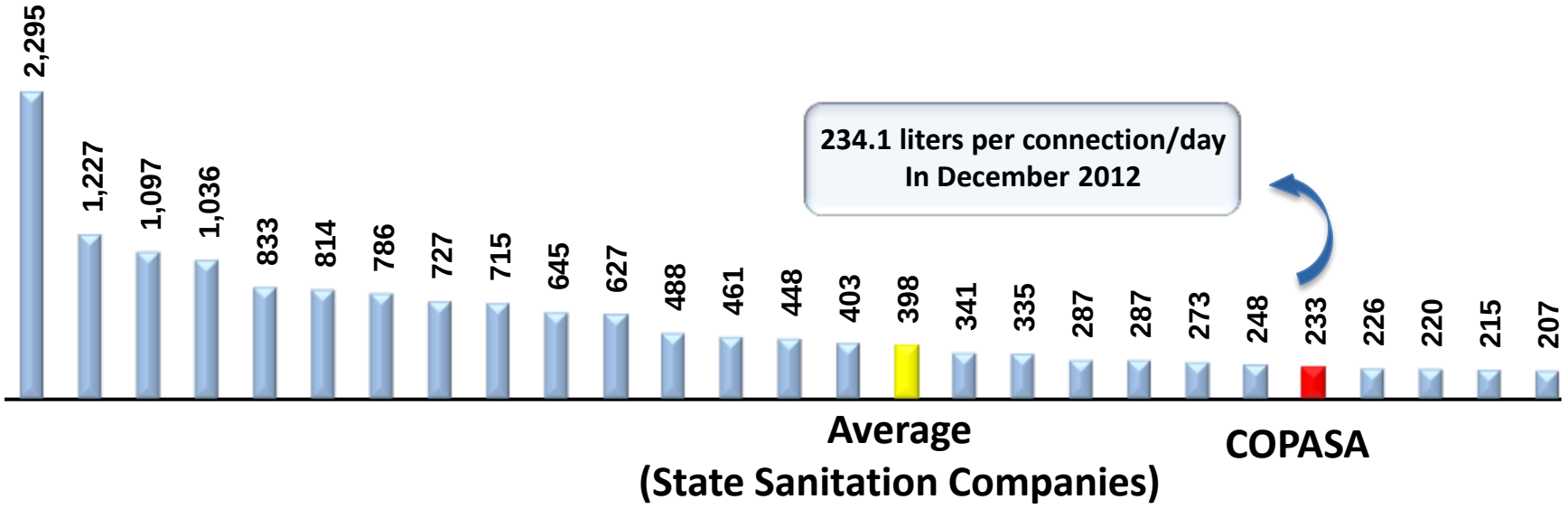
	December 2012[3]	December 2011[3]	Var (%)[4]
Population Served – Water (million)	14.1	13.6	3.3
Population Served – Sewage (million)	8.8	8.3	6.2
Water Connections (million)[1]	3.8	3.6	4.0
Sewage Connections (million)[1]	2.3	2.1	7.0
Water Units (million)[2]	4.6	4.4	3.9
Sewage Units (million)[2]	2.9	2.7	6.8
Water Network (1,000 km)	44.9	43.9	2.2
Sewage Network (1,000 km)	20.1	18.1	11.0

1 - Connections: link between the company's pipeline and the customer's building.
2 - Unit: subdivision of a building.
(E.g.: a 10 apartment building has 1 connection and 10 units)
3 - Consolidated data (includes cities operated by COPANOR).
4 - Variation is calculated by considering the number with all decimal places.

OPERATING EFFICIENCY

Default Ratio — one of the lowest in the sector — **1.32%**

Loss Index[1] — one of the lowest in the sector (liters per connection/day)



1 - Source: SNIS 2010 (National Sanitation Data System)

EXPANSION PLAN 2011 - 2013

Obtain sewage concessions in cities where COPASA owns water concessions

POPULATION OVER 15,000 INHABITANTS	
Nº of municipalities	31
Population (thousands)	1,500

- ✓ 8 concessions signed – 596,000 inhabitants
- ✓ 2 authorizing laws voted
- ✓ 21 concessions in negotiation

POPULATION UNDER 15,000 INHABITANTS	
Nº of municipalities	93
Population (thousands)	600

- ✓ 18 concessions signed – 99,000 inhabitants
- ✓ 34 authorizing laws voted
- ✓ 41 concessions in negotiation

Obtain water and sewage concessions in cities where COPASA does not own concessions

POPULATION OVER 15,000 INHABITANTS	
Nº of municipalities	31
Population (thousands)	1,400

- ✓ 31 concessions in negotiation



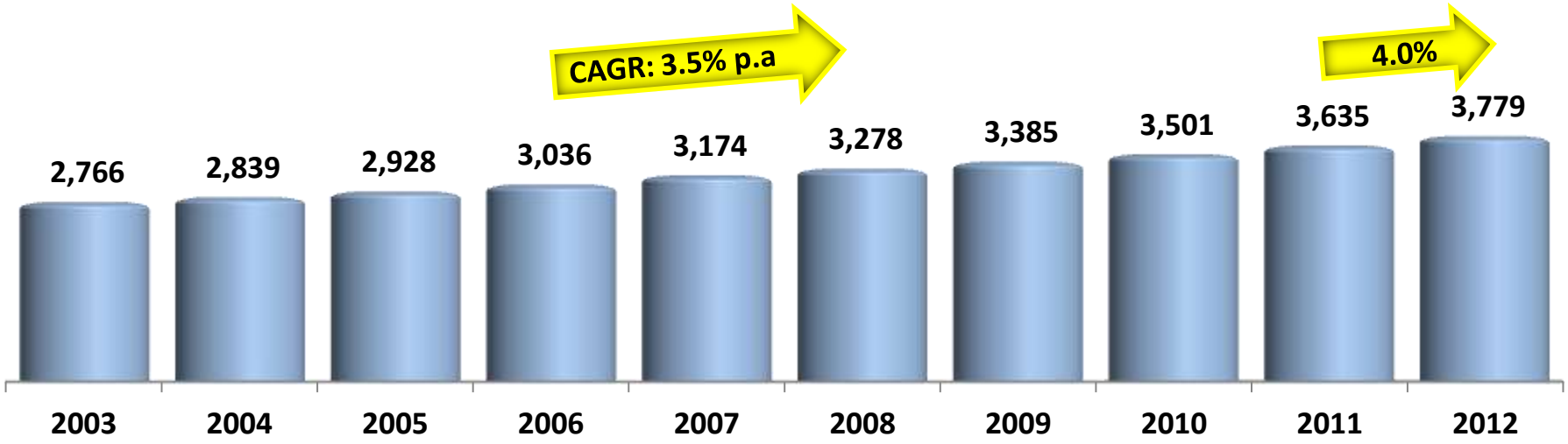
INVESTMENTS

CAPEX (R$ million)		
	Projected	Accomplished
	2012	2012
Water	300	236
Sewage	533	505
Others	17	14
Total	**850**	**755**

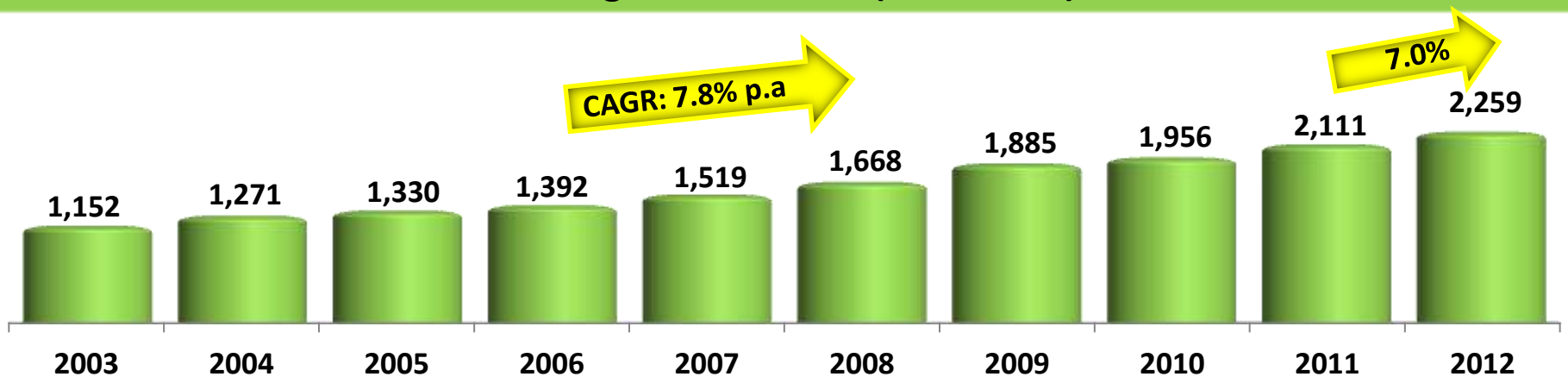
CAPEX 2013 (R$ million)	
	Projected
Water	257
Sewage	600
Others	43
Total	**900**

CUSTOMERS

Water Connections (thousands)



Sewage Connections (thousands)



DIVIDEND POLICY

- ✓ payout defined annually by the Board of Directors;
- ✓ distribution as Interest on Equity (IOE);
- ✓ 35% of the Net Income for 2012;
- ✓ payment: up to 60 days from Board of Directors' approval.

1Q12	R$ 37.8 million (R$ 0.3285 per share);
2Q12	R$ 37.2 million (R$ 0.3096 per share);
3Q12	R$ 37.9 million (R$ 0.3229 per share);
4Q12	R$ 46.5 million (R$ 0.3954 per share).
Total distributed in 2012	R$ 159.4 million (R$ 1.3564 per share).



Financial Performance 2012

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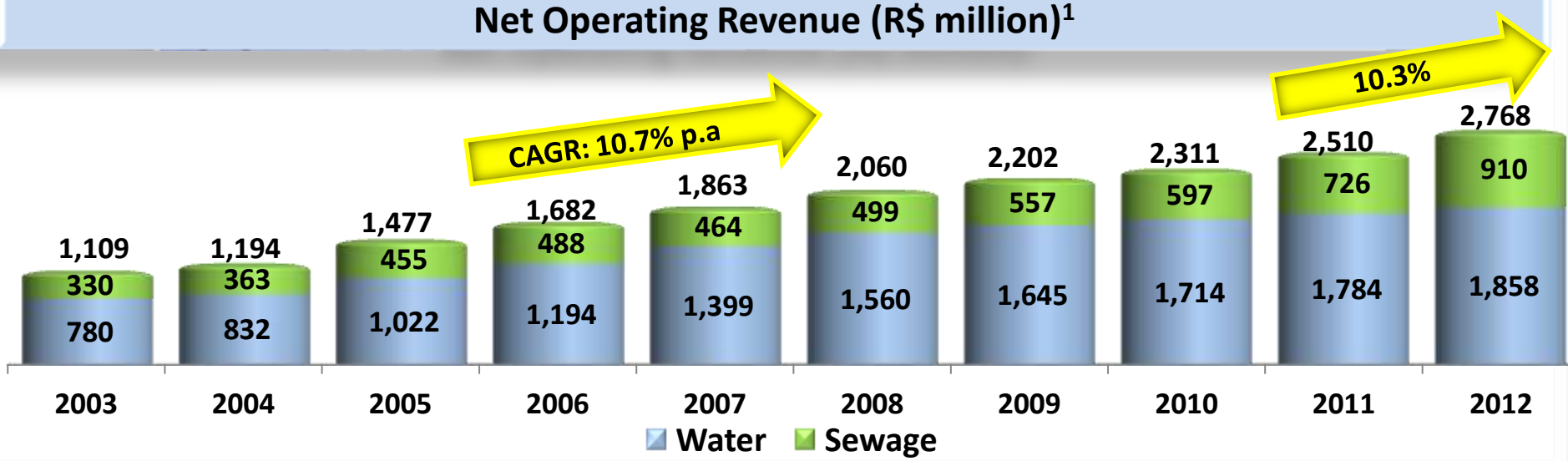
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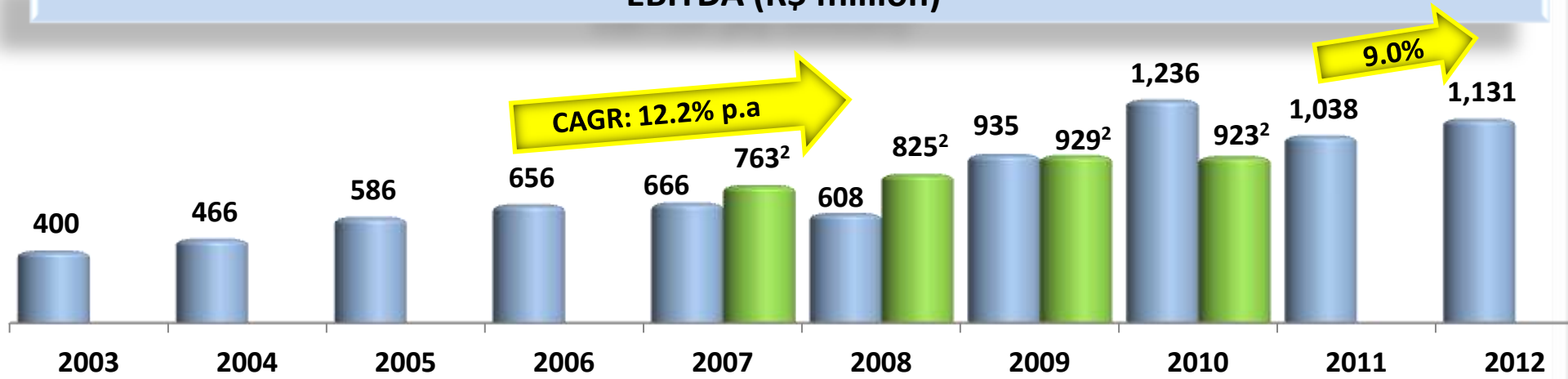
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CASH GENERATION

Net Operating Revenue (R$ million)[1]



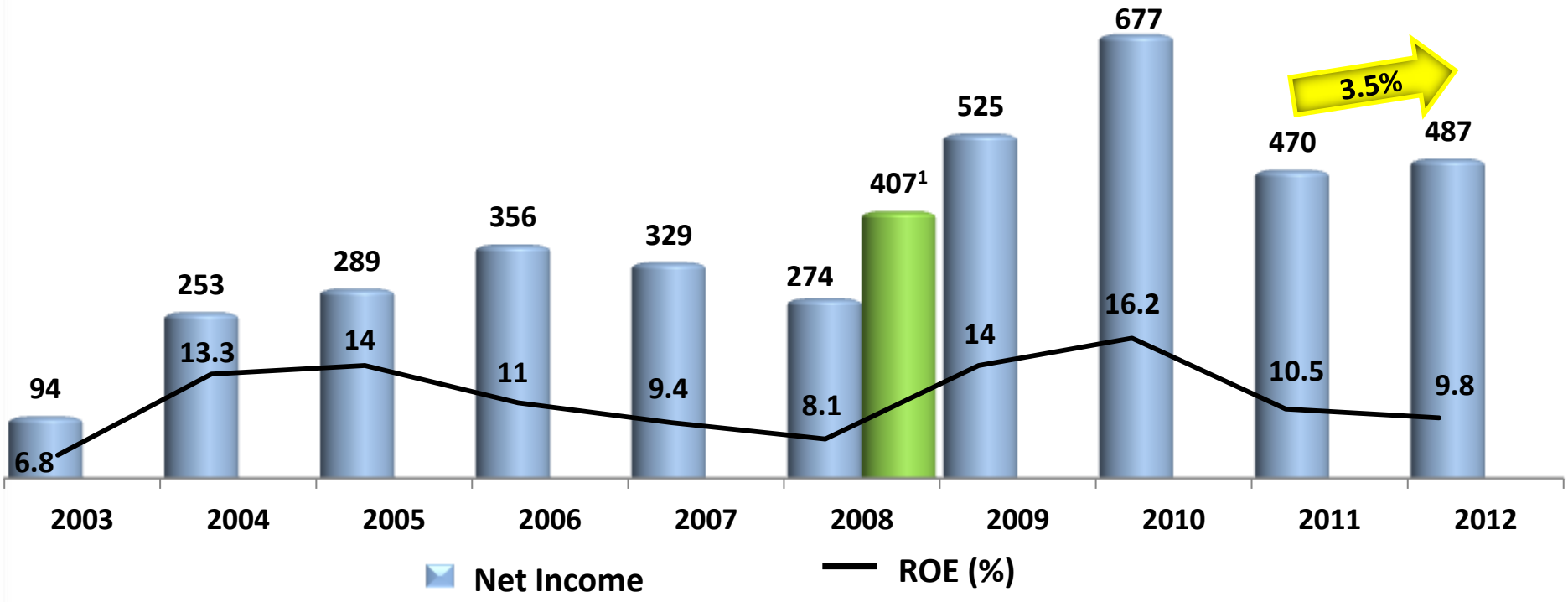
EBITDA (R$ million)[1]



1. Does not include Construction Revenues arising from the convergence into IFRS (Financial Statements from 2008 onwards) or Revenues from Finished Products.
2. EBITDA adjusted to non-recurring items.

INCOME

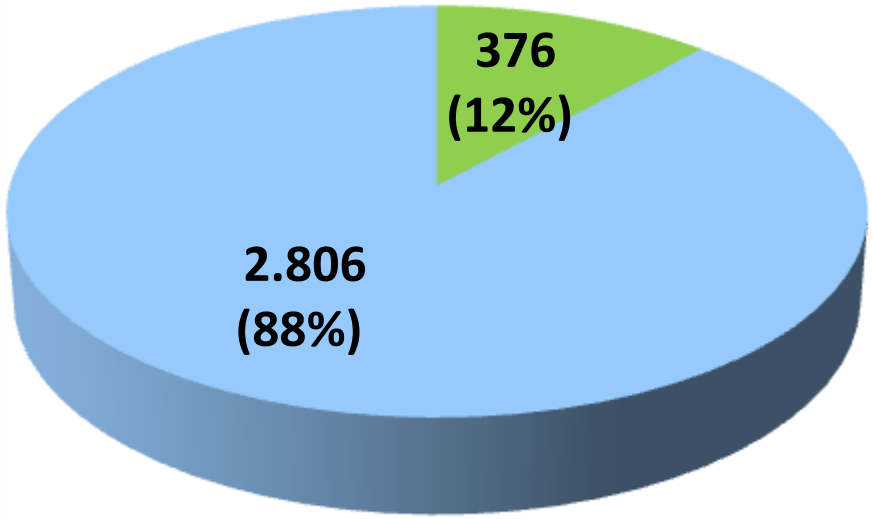
Net Income (R$ million)



1. Amount reported in 2008 and subsequently changed to recognize tax debts.

INDEBTEDNESS

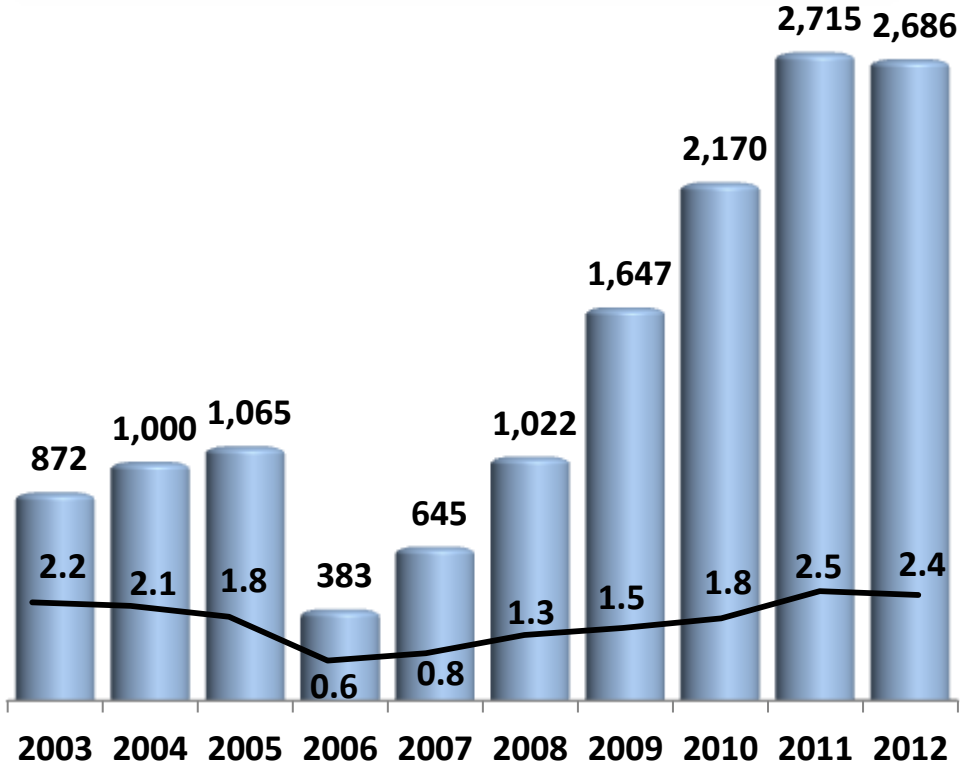
Gross Indebtedness (R$ million)



Total: R$ 3,182

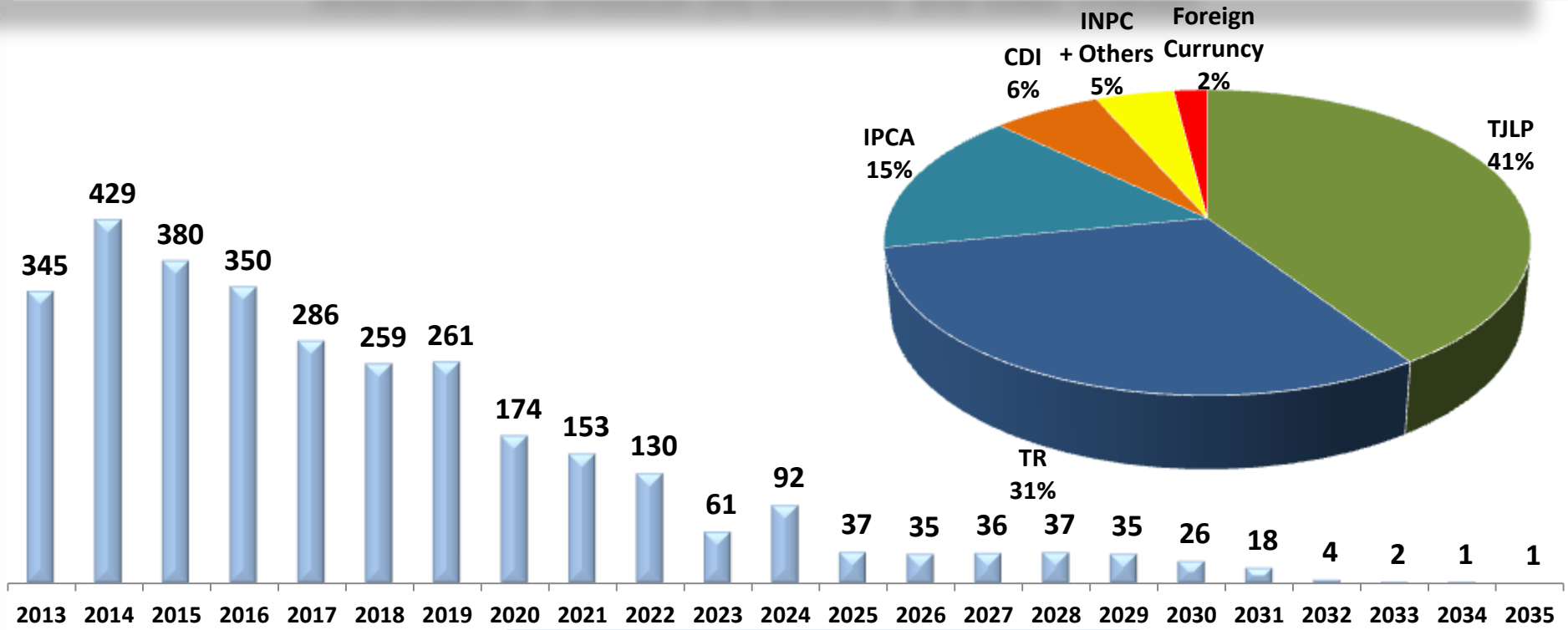
Short Term Long Term

Net Debt (R$ million)



INDEBTEDNESS

Amortization Schedule (R$ million)[1] and Debt Indexes



Average rate: 7.96% p.a[2]

1. As of December 31, 2012, the Company had R$ 789.3 million in funds contracted from BNDES and Caixa Econômica Federal (CEF), to be disbursed and recorded in liabilities as investments are made. The Company also had a loan contracted with the KfW in the amount of € 97.7 million. The Company also had a remaining balance of R$ 135.9 million referring to the 5th Issue of debentures which, although it has been released by the financial agent, is booked as restricted financial investment.
2. The average rate of these loans was 7.96% pa, while some funding lines also had their balances pegged to specific indices, such as TR, IPCA, IGPM, US dollar and euro, as shown in debt chart from Earnings Release 4Q12.



Disclaimer:

This document may contain future considerations on COPASA's business prospects. These are mere projections, being, therefore, entirely based on COPASA's management expectations regarding the future of the business. Such forward-looking statements are subject to risks and uncertainties which depend on factors including economic, political, financial and commercial conditions in the markets where we operate. Investors are hereby advised that these forecasts are no guarantee of future performance since they involve risks and uncertainties.

COPASA

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