

EARNINGS RESULTS

3Q09

CSMG3
NOVO MERCADO
BOVESPA BRASIL

IBrX ÍNDICE BRASIL

Índice de Ações com Governança Corporativa Diferenciada IGC

Índice de Ações com Tag Along Diferenciado ITAG

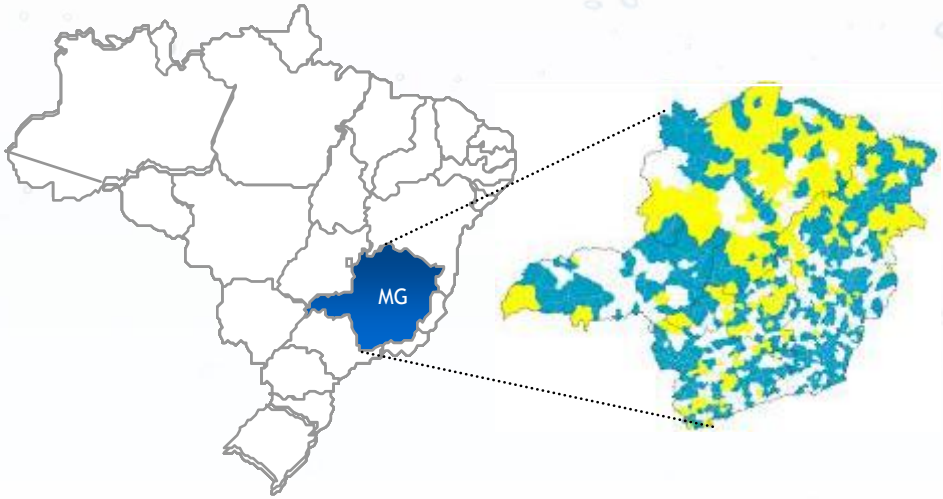
Highlights

- Net operating revenue was R$ 1,63 billion in 9M09, 7.4% higher than R$ 1,52 billion in 9M08.
- EBITDA totaled R$ 704 million in 9M09, 9.5% higher than R$ 643 million in 9M08.
- Net income was R$ 362 million in 9M09, 3.9% higher than R$ 349 million in 9M08.
- We began providing sewage services to the municipalities of Engenheiro Navarro and Patos de M which have a combined population of 142,900 inhabitants.
- The water service concession was renewed for the city of Liberdade.
- Payment of Interest on Equity related to 3Q09 - R$37.9 million that will be paid on 11/20/2009.

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COPASA – Overview

COPASA has concessions to operate in 611 MG municipalities



- Water and sewage concessions: 194 municipalities
- Water concessions: 417 municipalities
- Not covered: 242 municipalities

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COPASA – Overview

- Since 1963, providing water and sewage services in the State of Minas Gerais.
- COPASA operates within a natural monopoly with low operating risk.

	September 2009 [3]	September 2008 [3]	Var (%)[4]
Population Served – Water (million)	12.7	12.4	2.4
Population Served – Sewage (million)	7.3	6.5	12.9
Connections [1] – Water (million)	3.4	3.3	2.6
Connections [1] – Sewage (million)	1.8	1.6	15.0
Water Units [2] (million)	4.1	4.0	2.5
Sewage Units [2] (million)	2.4	2.1	12.9
Water Network (thousand kilometers)	41.1	40.7	1.1
Sewage Network (thousand kilometers)	15.1	14.6	3.3

1 – Connection: link between the company's pipeline and the customer's building.
2 – Unit: subdivision of a building. Eg.: a 10 apartment building has 1 connection and 10 units.
3 – Include cities operated by subsidiary COPANOR.
4 – Variation is calculated by considering the number with all decimal places.

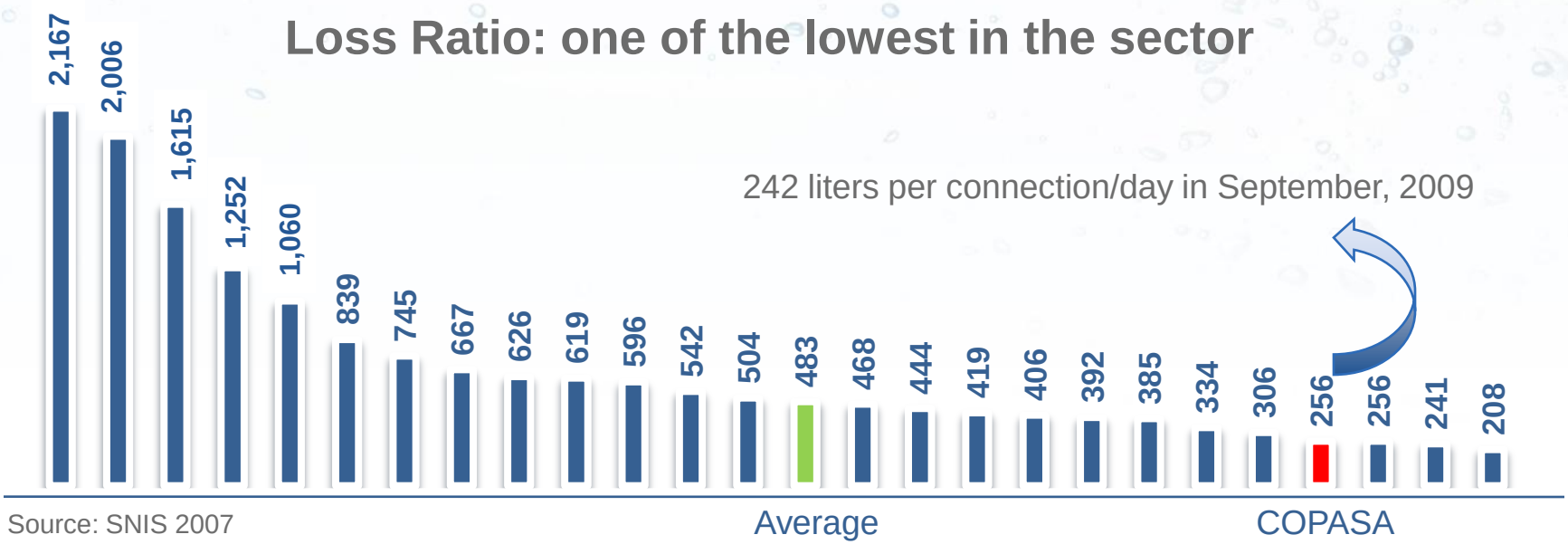
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Operating Efficiency

Default Ratio: the lowest in the sector

Default ratio	**1.54%**

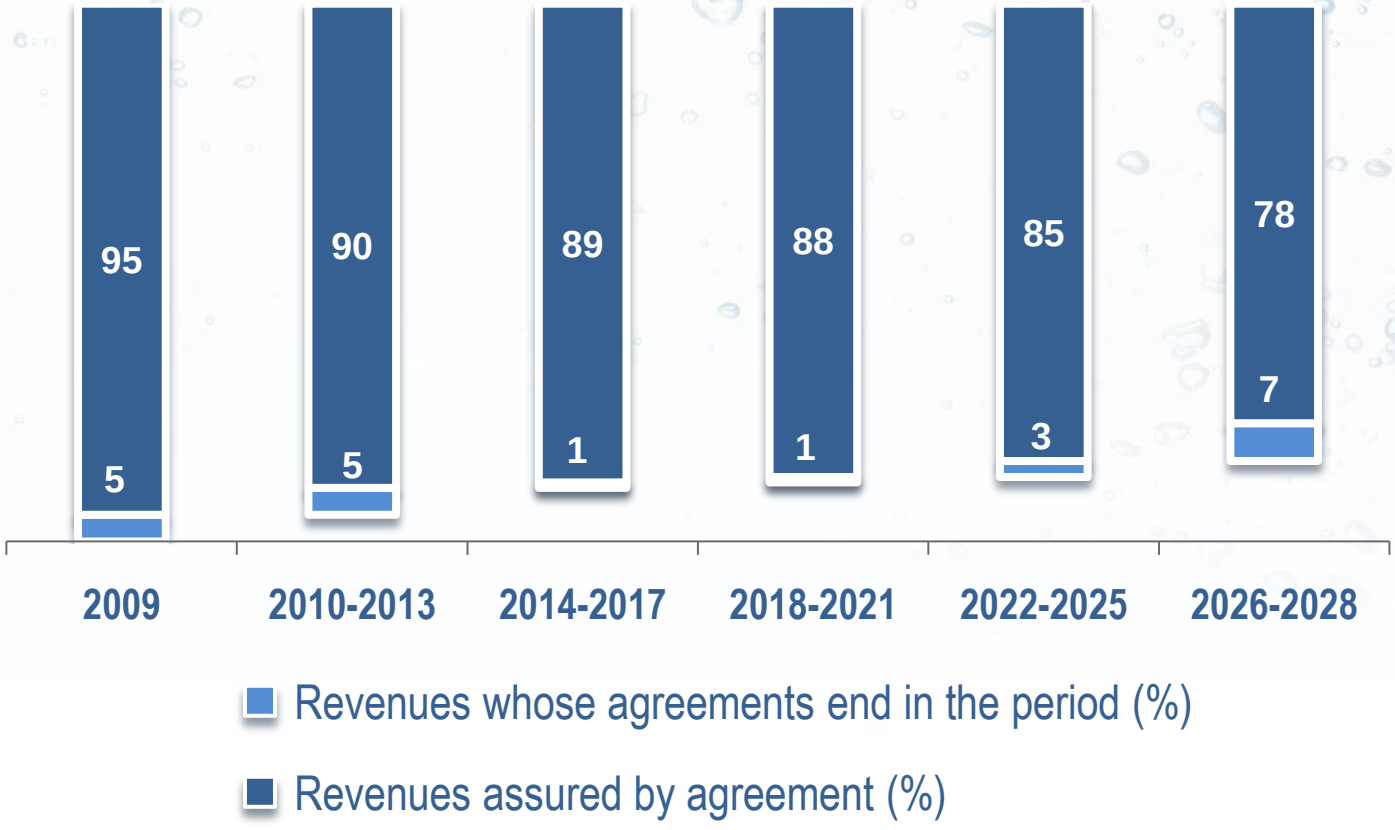
Loss Ratio: one of the lowest in the sector



Source: SNIS 2007

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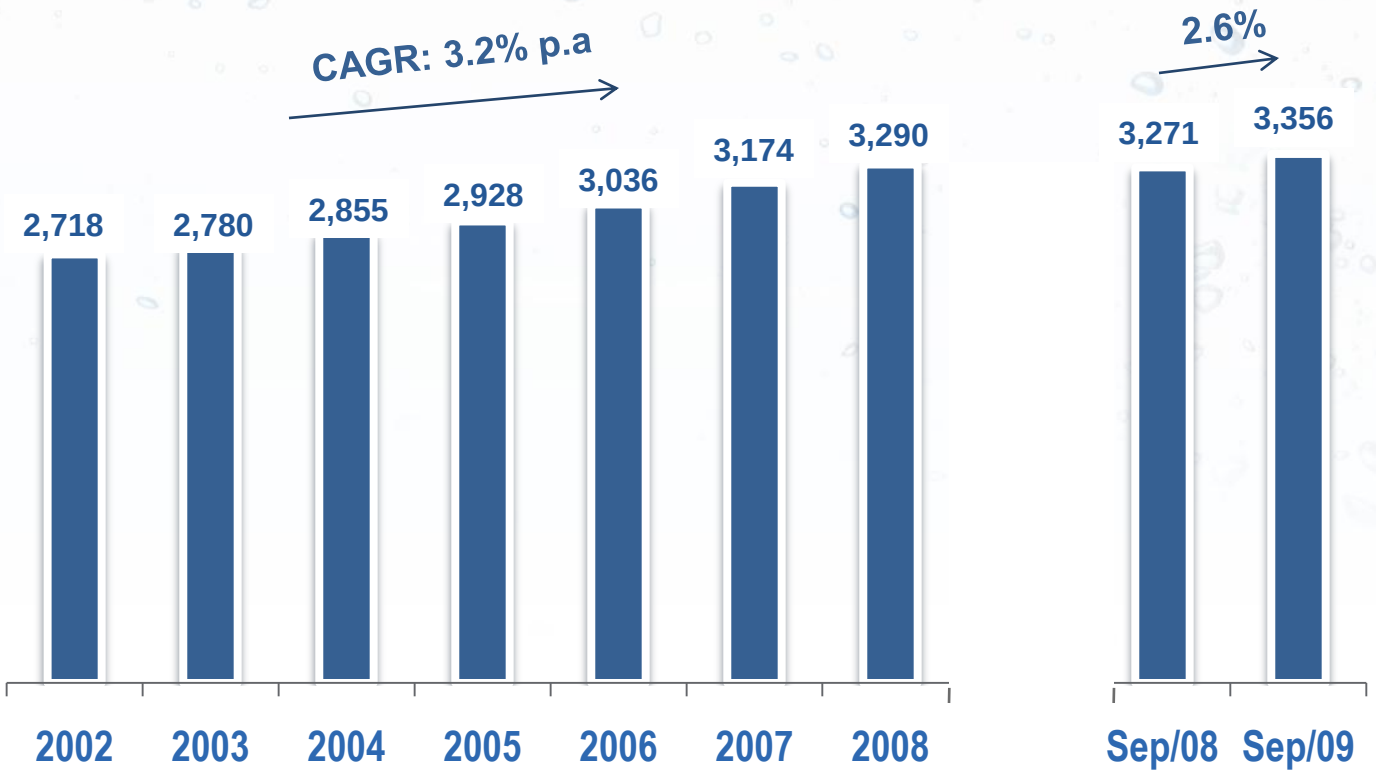
Concessions



1 – In the percentage of the revenues whose agreements end in 2009 are included the concessions agreements expired in the last few years that are with the negotiation process in order to be renewed . This process should be concluded shortly.

Customers

Water Connections (Thousand)



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Customers

Sewage Connections (thousand)



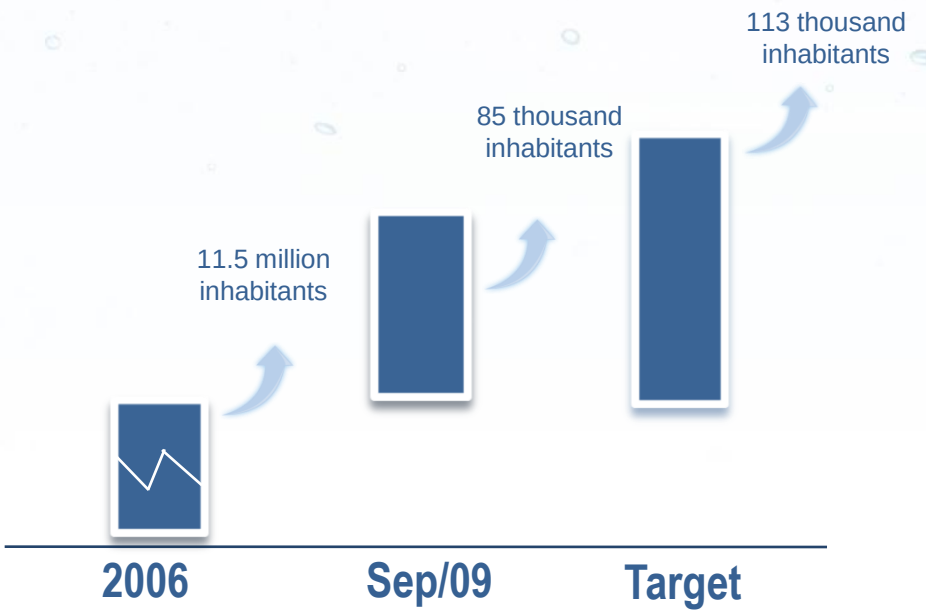
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Growth Drivers

Operation of all concessions

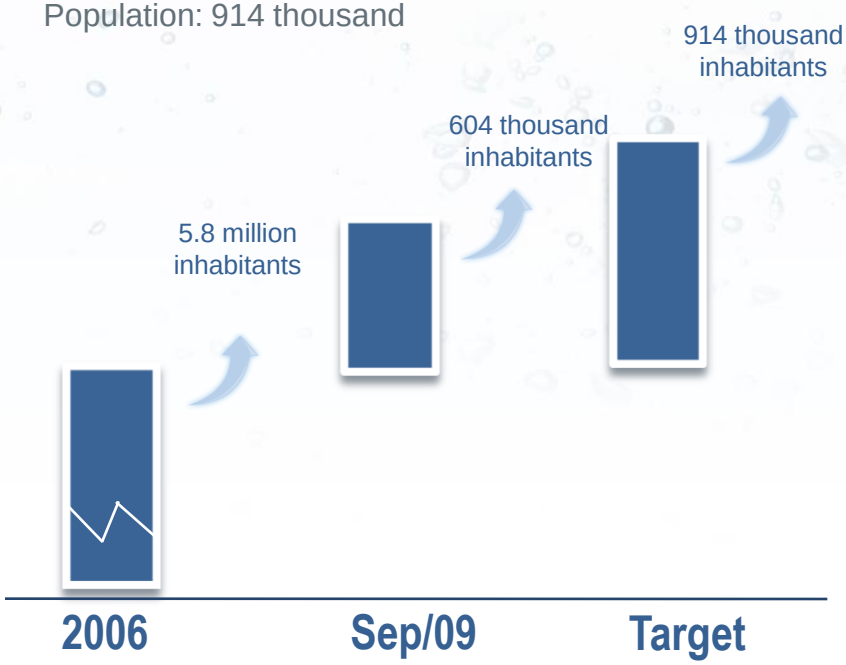
Water

Population: 113 thousand



Sewage

Population: 914 thousand



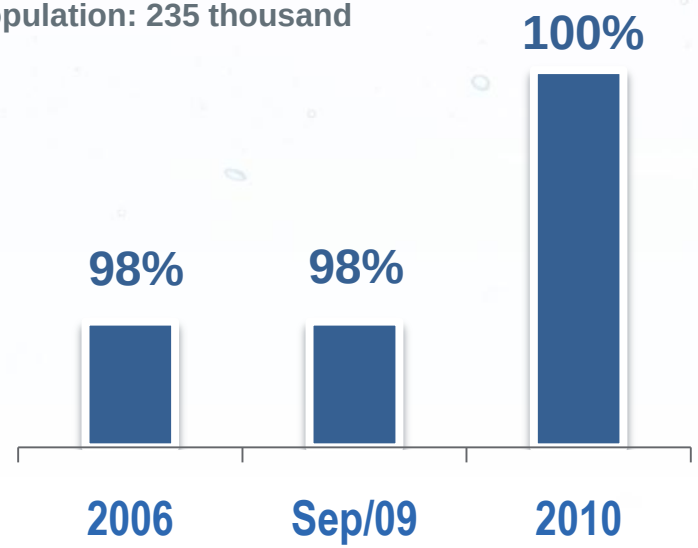
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Growth Drivers

Increase of Coverage Ratio

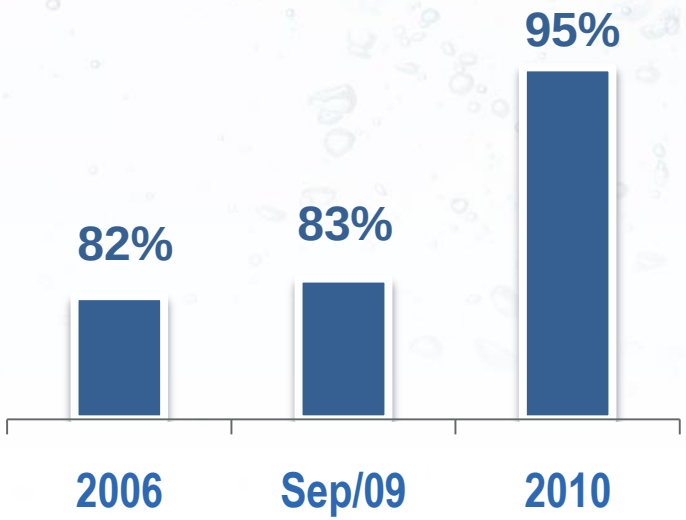
Water

Population: 235 thousand



Sewage

Population: 837 thousand



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Growth Drivers

Expansion of Sewage Concessions

Municipalities with water concession and no sewage concession as of 09/30/2009	417
Municipalities with population > 15,000 inhabitants	51
Total population (million)	1.90
Municipalities with population < 15,000 inhabitants	108
Total population (million)	0.61

# of Municipalities	Status	Population (thousand)
07	Signed	59
14	Law enacted	107
70	Negotiation	450
91	Total	616

# of Municipalities	Status	Population (thousand)
14	Signed	473
07	Law enacted	455
28	Negotiation	971
49	Total	1,899

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Growth Drivers

Expansion of Water and Sewage Concessions

Municipalities without water and sewage concession as of 09/30/2009	242
Municipalities with population > 15,000 inhabitants	33
Total population (million)	1.50
Other municipalities	209

# of Municipalities	Status	Population (thousand)
02	Signed	69
-	Law enacted	-
13	Negotiation	633
15	Total	702

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Investments

CAPEX 2009		
(R$ million)	**Estimated 2009**	**Actual 9M09**
Water	339	347
Sewage	674	346
Other	32	14
Total	**1,045**	**707**

Estimated Investment *(R$ million)*		
	2009	**2010**
Current Concessions	**447**	**365**
Water	154	105
Sewage	261	228
Other	32	32
New Concessions	**598**	**480**
Water	185	151
Sewage	413	329
TOTAL	**1,045**	**845**

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Awards

COPASA: CHAMPION OF CHAMPIONS



Award “Empresa de Valor 2009” (2009 Company of Value) granted by the Valor Econômico newspaper.

The best amongst the 1000 largest and best companies in Brazil.

Twice champion as the “Best Water and Sanitation Company in Brazil”

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Creation of Regulatory Agency

- **March 31, 2009** ⇨ **Bill forwarded by the State of Minas Gerais Government to the State House of Representatives (ALMG).**
- **July 17, 2009** ⇨ **Legislative process concluded by ALMG.**
- **August 3 , 2009** ⇨ **Law 18,309/2009 is enacted by the State Governor, creating the Regulatory Agency for Water Supply and Sanitary Sewage Services of the State of Minas Gerais (ARSAE-MG).**
- **October 14, 2009** ⇨ **Executive officers of ARSAE-MG approved by ALMG.**
- **October 20, 2009** ⇨ **Executive officers approval published by the Official State newspaper.**
- **November 4, 2009** ⇨ **COPASA and COPANOR filed their proposals for Service Regulations with ARSAE-MG.**

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2009 Dividends

- 35% of net income distributed as Interest on Equity.
- 1Q09 ⇨ Distributed on 03/27/09 - R$37.2 million (R$0.32/share) paid on 05/26/09.
- 2Q09 ⇨ Distributed on 06/26/09 - R$43.7 million (R$0.38/share) paid on 08/20/09.
- 3Q09 ⇨ Distributed on 09/24/09 - R$37.9 million (R$0.33/share) to paid on 11/20/09.

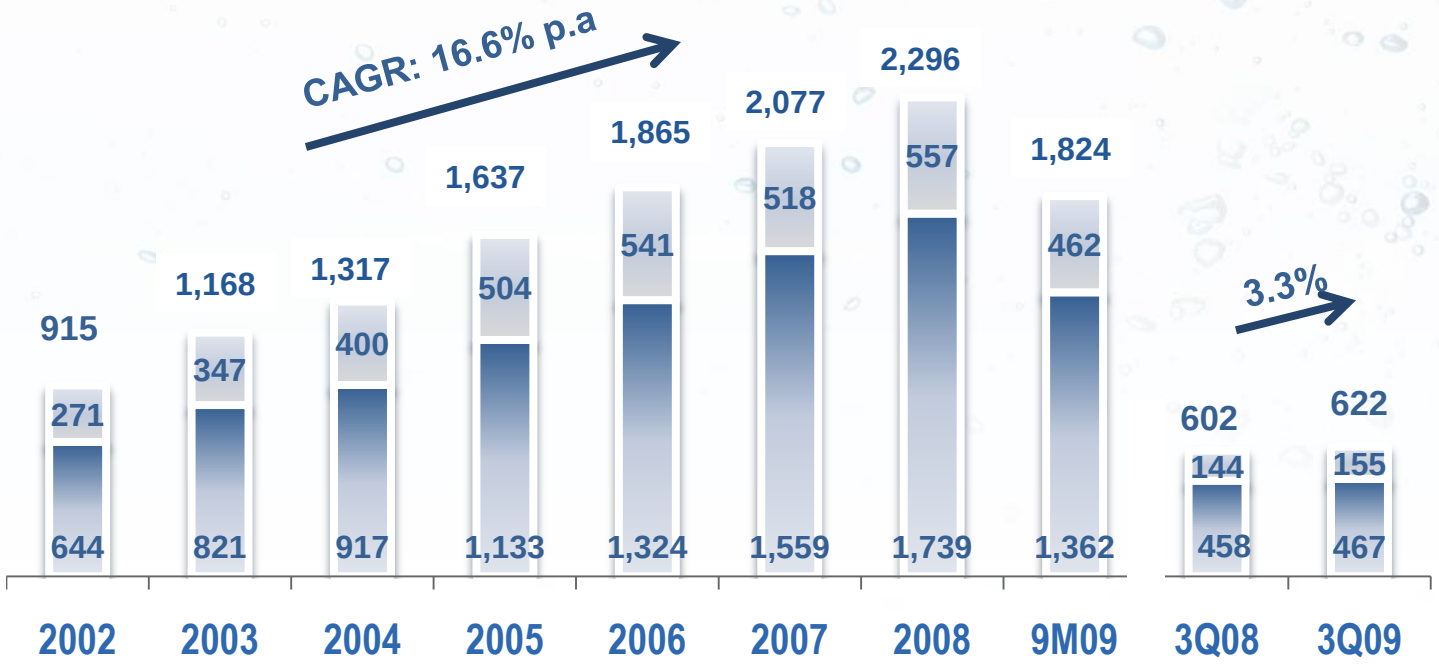
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FINANCIAL PERFORMANCE

Cash Generation

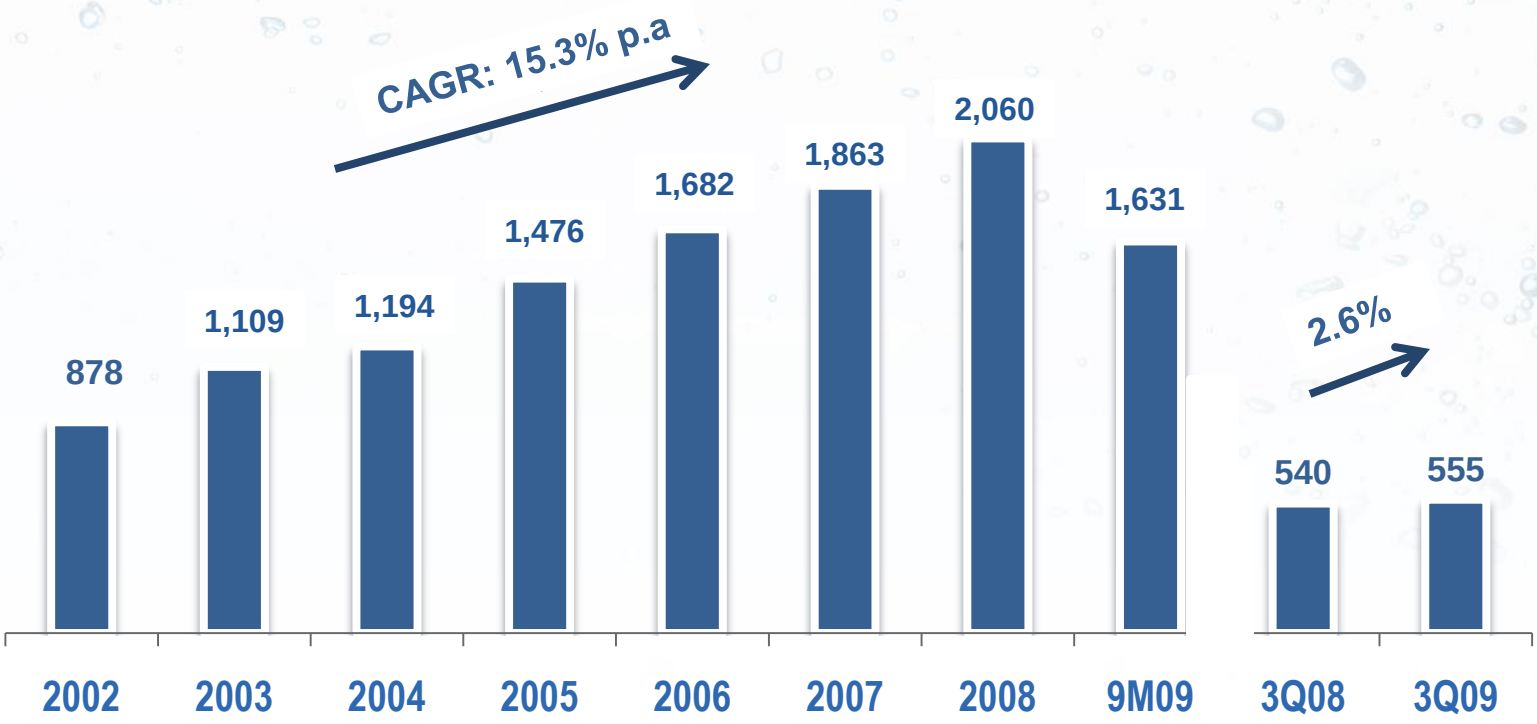
Gross Revenue (R$ million)



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Cash Generation

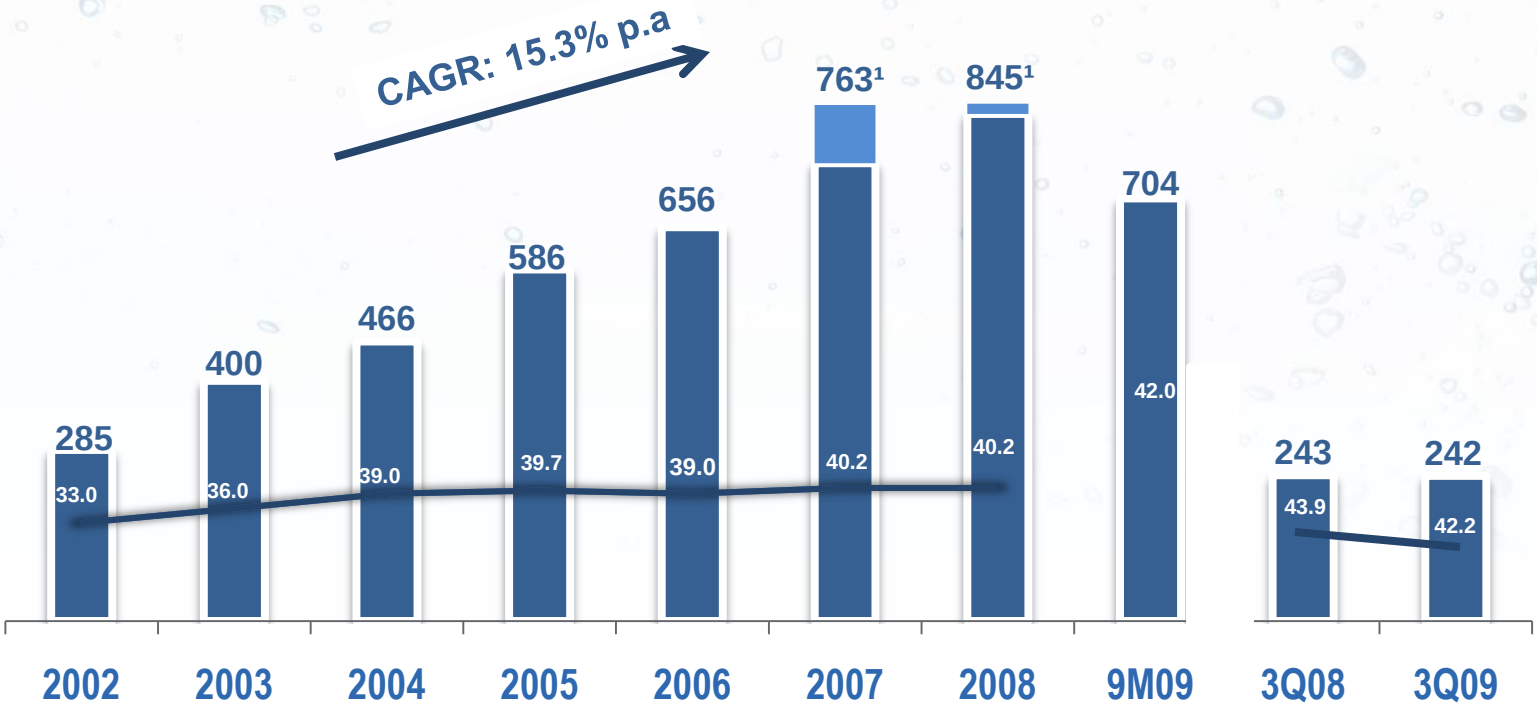
Net Operating Revenue (R$ million)



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Cash Generation

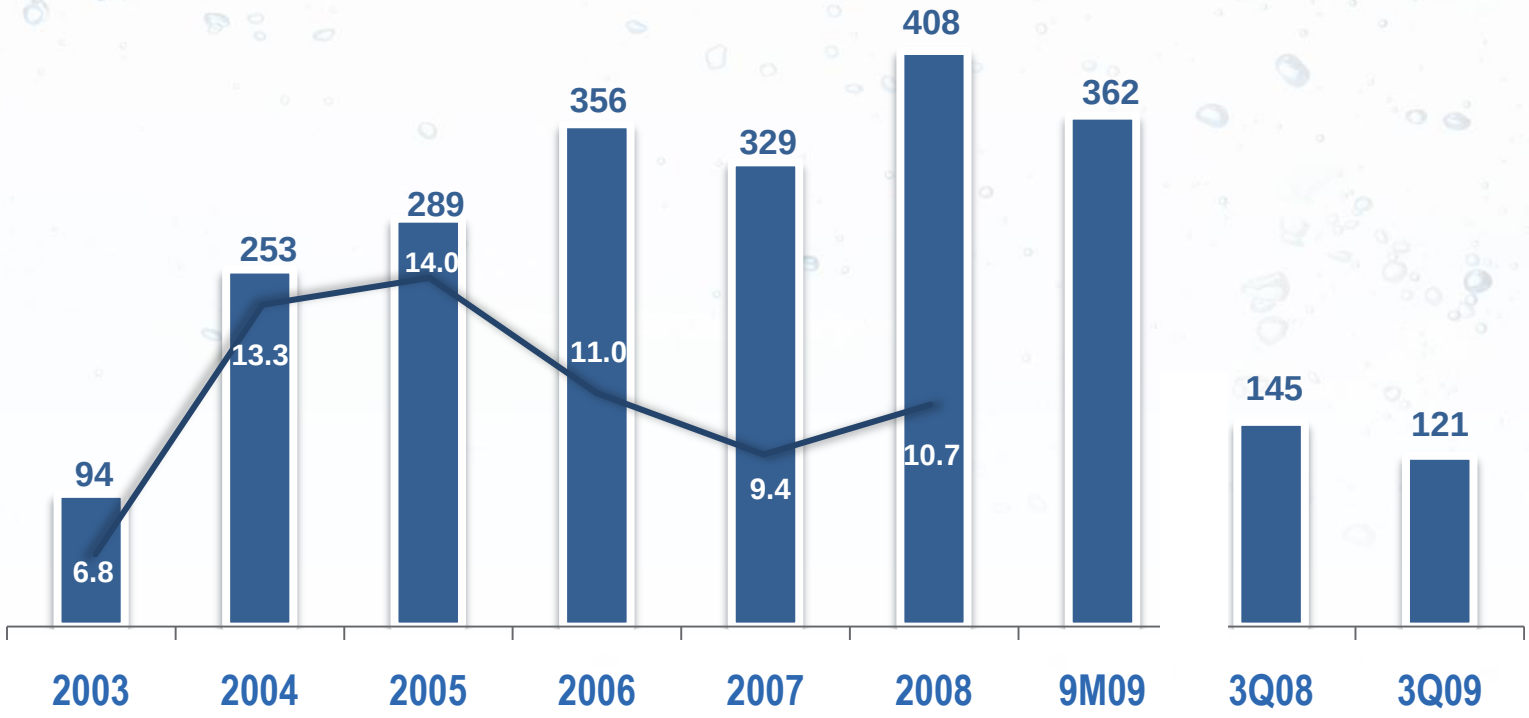
EBITDA (R$ million)



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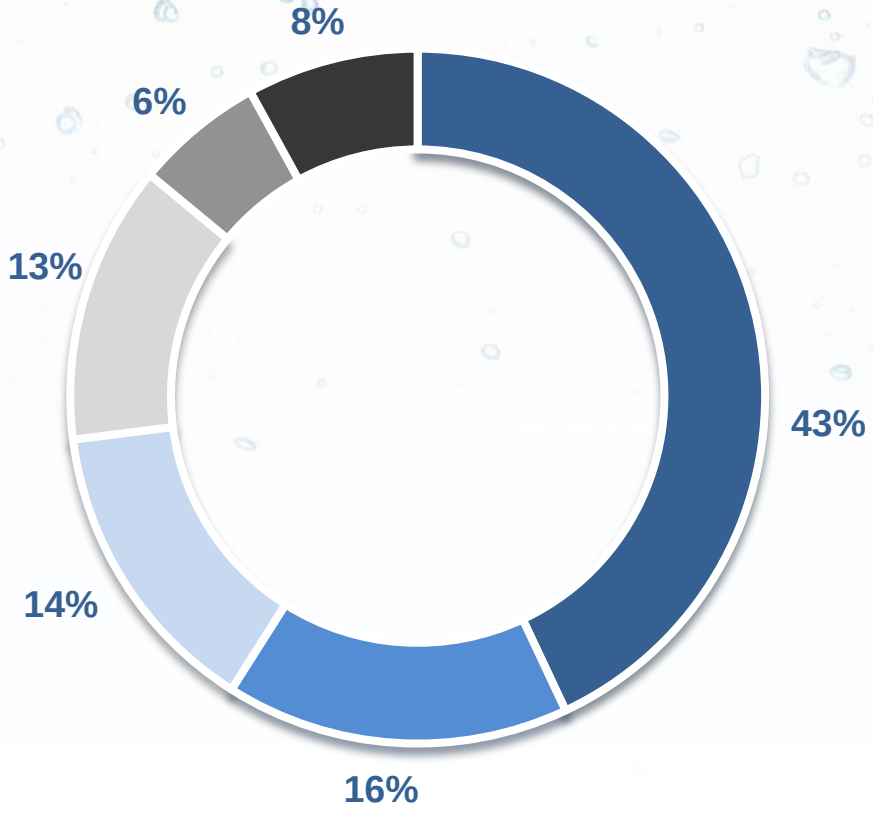
Profitability

Net Income (R$ million)



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Administrative, Operating and Sales Expenses in 3Q09

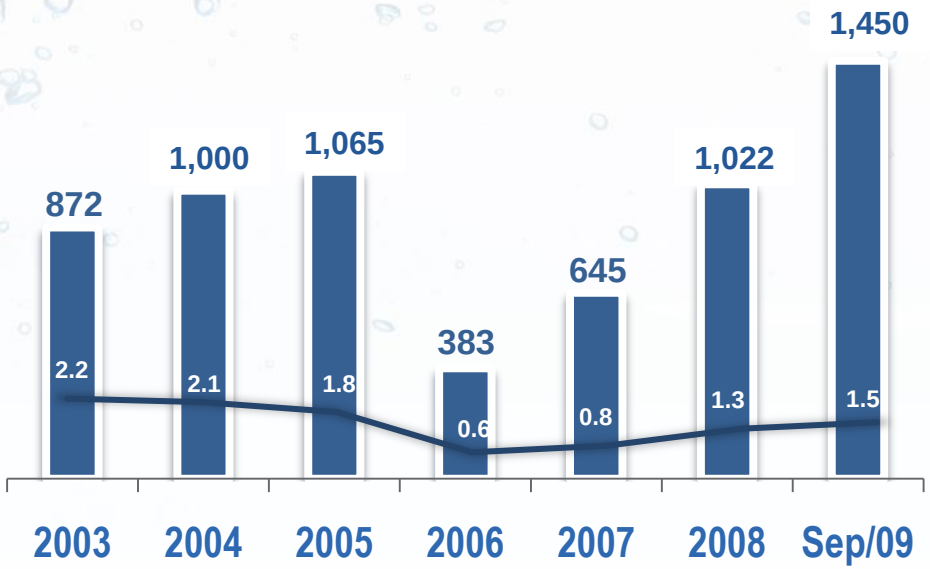


- Payroll
- Depreciation and Amortization
- Electric Power
- Outsourced Services
- Material
- Other Costs

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Indebtedness

Net Debt (R$ million)



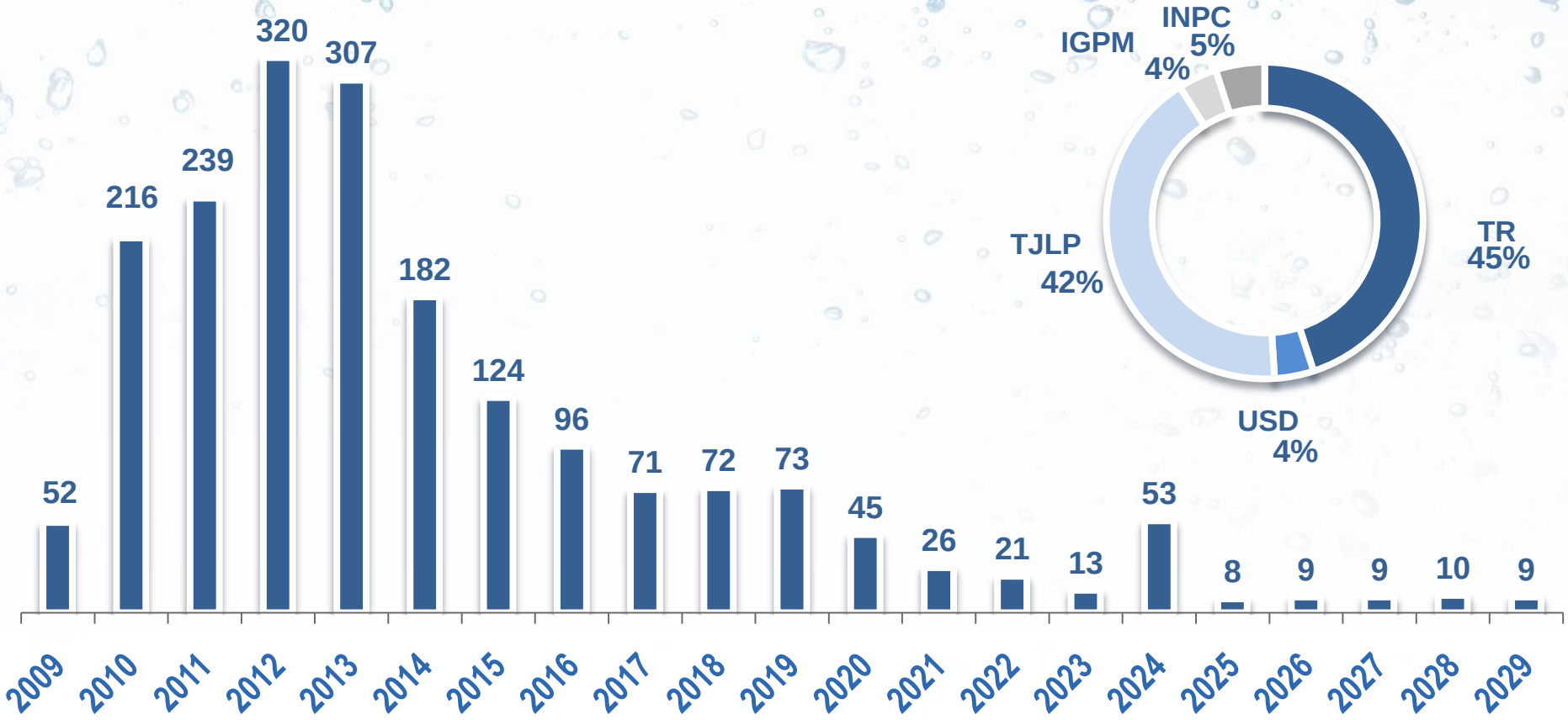
Gross Debt (R$ million)



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Indebtedness

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



Actual Average Cost of Debt: 5.0% p.a

1- As of 09/30/2009, the Company had R$853 million of funds contracted from the Government Severance Indemnity Fund (FGTS) and the Brazilian Development Bank (BNDES) to be disbursed and recorded in liabilities as investments are made. The average grace period remaining of these funds is 10 and 36 months, respectively, with amortization terms of 20 and 15 years, respectively, and they are not displayed in the chart.

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.

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