

EARNINGS RESULTS

4Q08

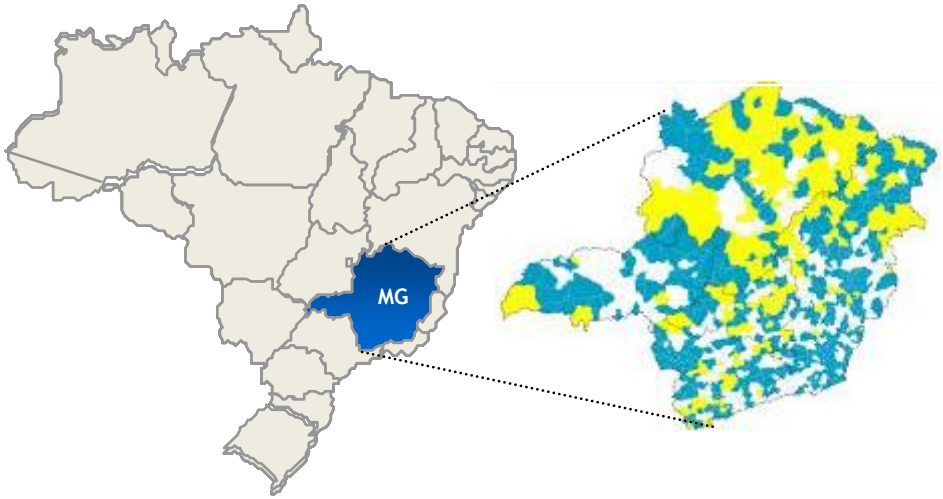
4Q08 Highlights

- **Net operating revenues increased by 9.5% in the 4Q08 versus 4Q07, totaling R$ 541 million in 4Q08 and 2.1 billion in 2008.**
- **EBITDA was R$ 185 million in 4Q08, totaling R$ 828 million in 2008 and R$ 845 million adjusted by non-recurring expenses.**
- **In 4Q08, we signed concession agreements to provide sewage services in 3 municipalities and we renewed concession agreements to operate water services in 5 municipalities. In 2008, we signed concession agreements to operate sewage services in 8 municipalities and expanded our operations in the city of Brumadinho[1]. We also renewed concession agreements to provide water services in 12 municipalities and sewage services in 1 municipality.**
- **In 4Q08, we started providing water services to 1 municipality (1,294 inhabitants) and sewage services to 15 municipalities (198 thousand inhabitants). In 2008, we began providing water services to 4 municipalities and sewage services to 32 municipalities, including the expansion of the city of Brumadinho[1].**
- **Interest on Equity – R$ 38.9 million distributed on March 27, 2009 related to the 4Q08 and R$ 115.9 million in the year of 2008.**

1 - We expanded our operations to 22,407 inhabitants from 1,956 .

COPASA - Overview

Copasa has concessions to operate in 611 MG municipalities



- Water and sewage concessions : 192 municipalities
- Water concessions: 419 municipalities
- Not covered: 242 municipalities

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.

	2008	2007	Chg (%)[3]
Population Attended– Water (Million)	12.4	12.0	3.5
Population Attended— Sewage (Million)	6.8	6.2	8.8
Connections[(1)] – Water (Million)	3.3	3.2	3.3
Connections[(1)] – Sewage (Million)	1.7	1.5	9.8
Water Units[(2)] - (Million)	4.0	3.9	3.1
Sewage Units[(2)] – (Million)	2.2	2.0	8.2
Water Network (Thousand Km)	40.7	39.7	2.6
Sewage Network (Thousand Km)	14.7	13.2	11.4

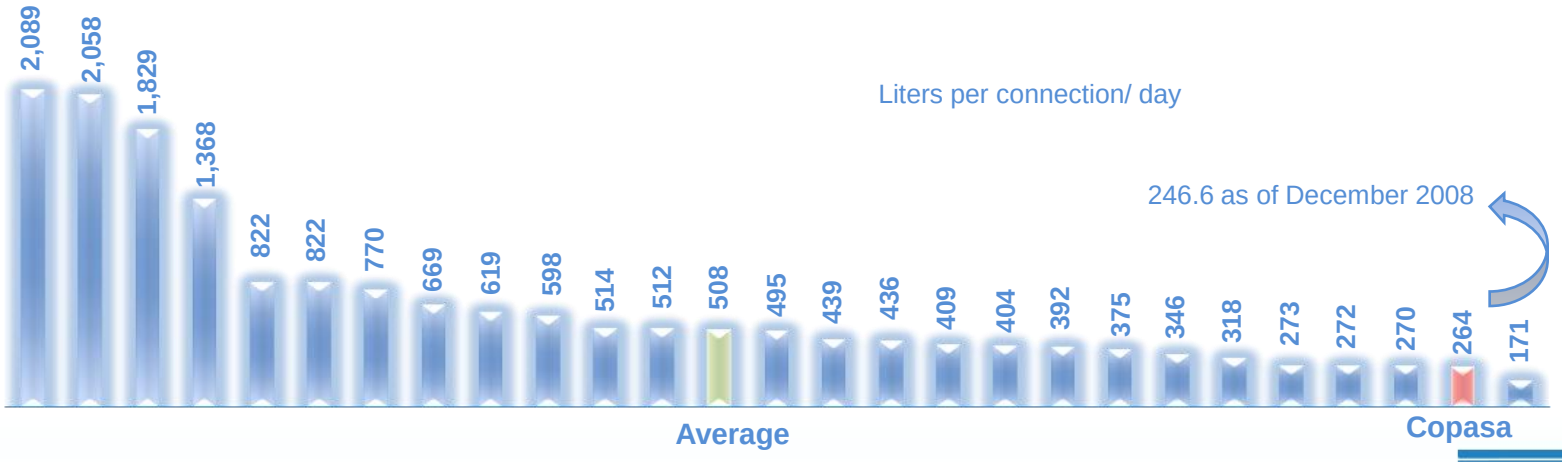
1 - Connection: link between the company's pipeline and the client building.
2 - Unit: subdivisions of a building.
I.E.: a 10 apartments building has 1 connection and 10 units.
3 - Variation is calculated by considering the full number with all decimal digits.

Operating Efficiency

Default Ratio: the lowest in the sector

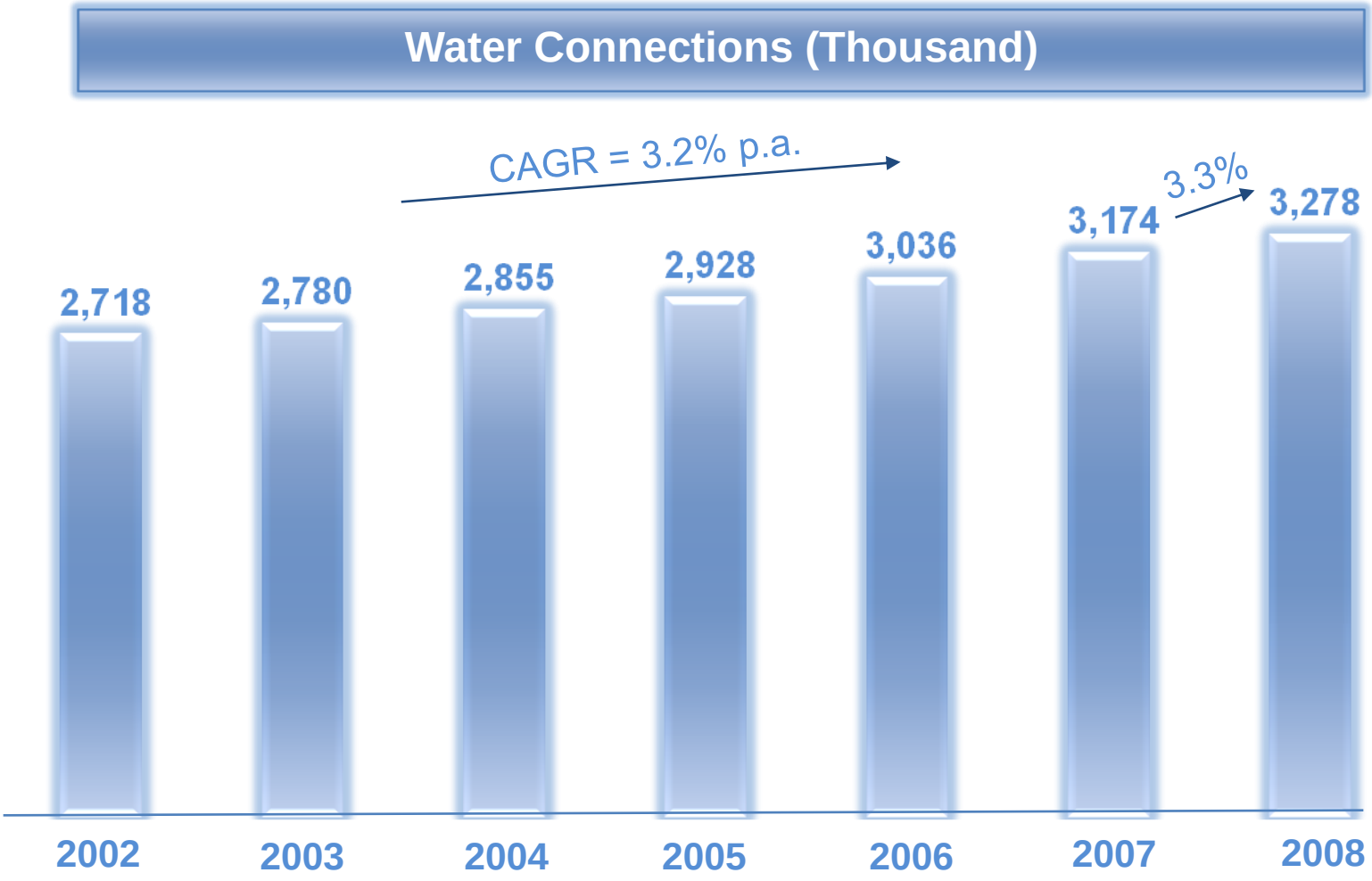
Default Ratio	1.59%

Loss Ratio: one of the lowest in the sector



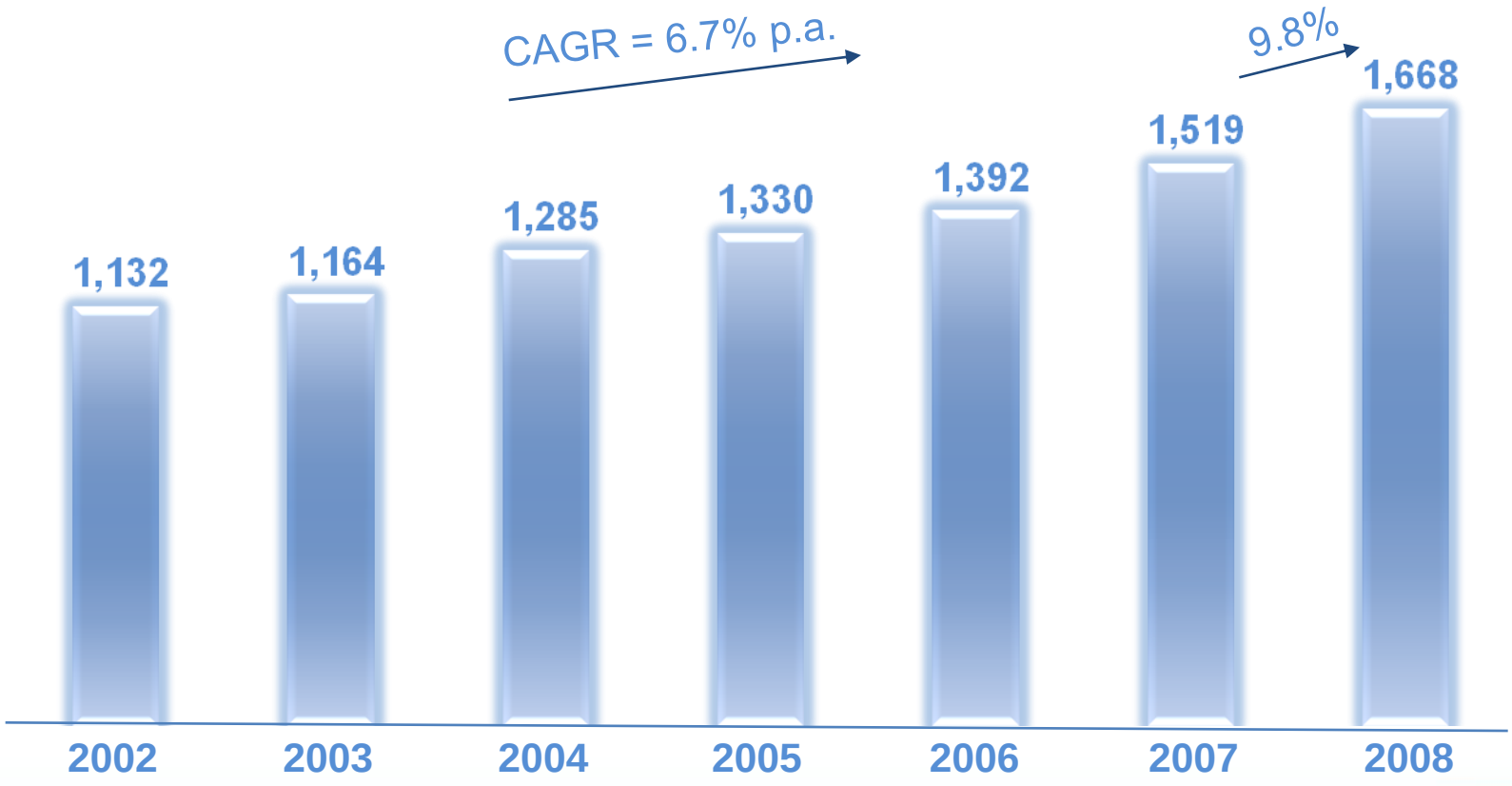
Source: 2006 National Information System on Sanitation

Customers


Water Connections (Thousand)
CAGR = 3.2% p.a.
3.3%
2,718
2,780
2,855
2,928
3,036
3,174
3,278
2002
2003
2004
2005
2006
2007
2008

Customers

Sewage Connections (Thousand)

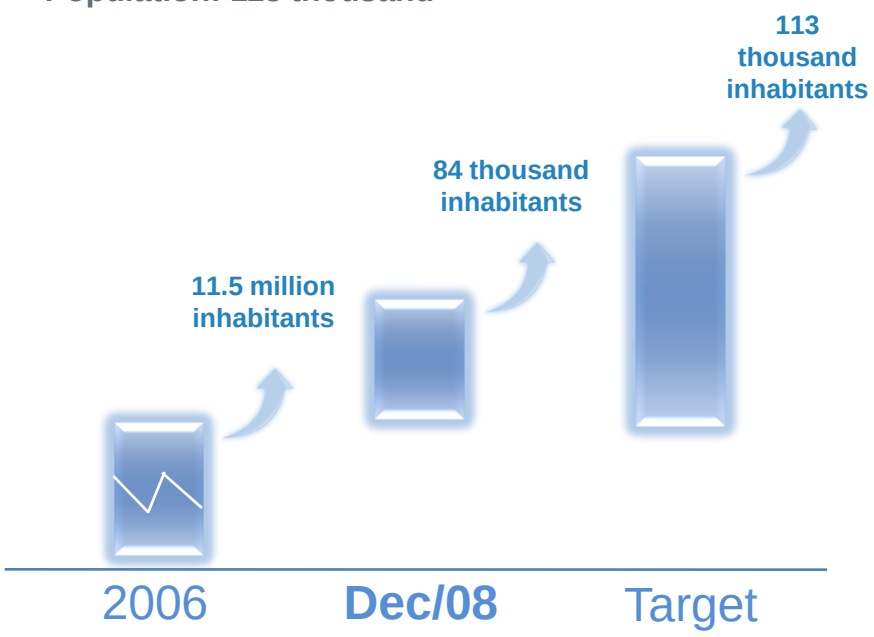


Growth Drivers

Operating all the concessions

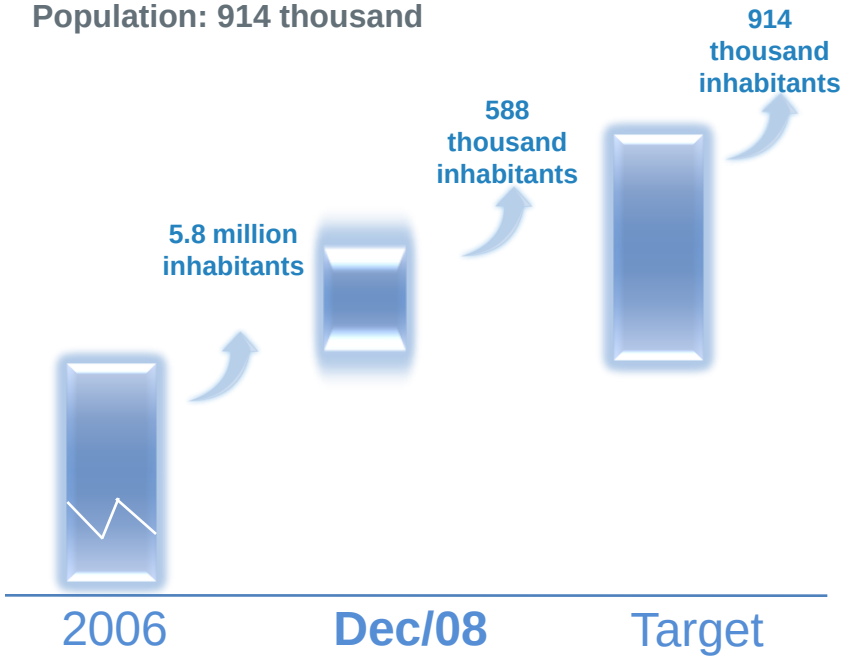
Water

Population: 113 thousand



Sewage

Population: 914 thousand

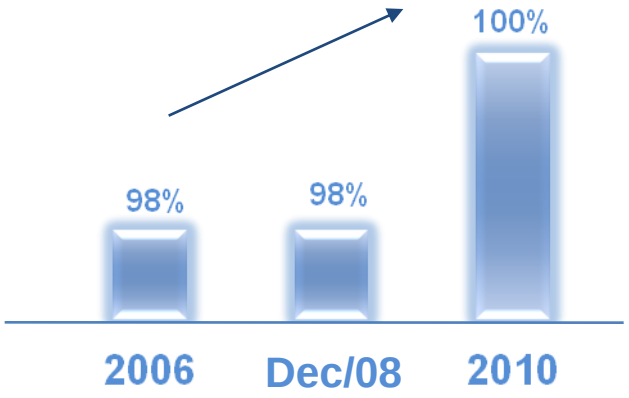


Growth Drivers

Increase in Coverage Ratio

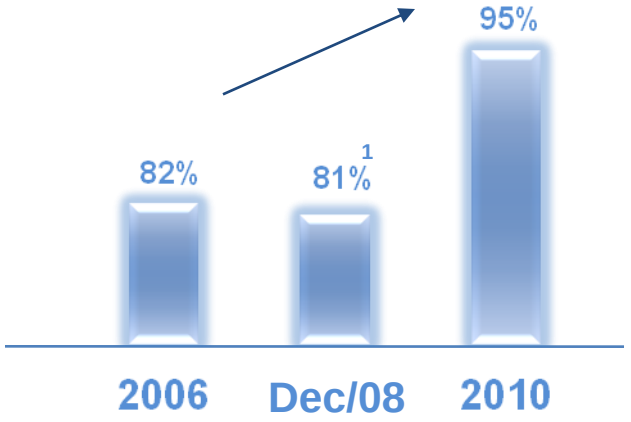
Water Supply Ratio

Population: 235 thousand



Sewage Collection Ratio

Population: 837 thousand



1- Low level of attendance in new operating areas have reduced the sewage collection ratio.

Growth Drivers

Expansion of Sewage Concessions

Municipalities with Water Concession and no Sewage Connection (December 31, 2008)	419
Concession Municipalities with >15,000 inhabitants	51
Total Population (million)	1.90
Municipalities with < 15,000 inhabitants	108
Total Population (million)	0.61

# Municipalities	Status	Population (thousand)
07	Signed	59
05	Law voted	32
51	Negotiation	368
63	Total	459

# Municipalities	Status	Population (thousand)
13	Signed	430
07	Law voted	553
25	Negotiation	812
45	Total	1,795

Growth Drivers

Expansion of Water and Sewage Concessions

Municipalities without Water and Sewage Concession (December 31, 2008)	242
Municipalities with >15,000 inhabitants	33
Total Population (million)	1.5
Other Municipalities	209



# Municipalities	Status	Population (thousand)
02	Signed	69
-	Law Voted	-
11	Negotiation	554
13	Total	623

Investments

CAPEX 2008		
R$ Million	FY08 Projected	Actual Figures
Water	326	397
Sewage	644	383
Others	30	25
Total	1,000	805

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

Dividend Policy

- Distributed by means of interest on equity

2008 Fiscal Year

- 30% Net Income of the period
- Payment ⇨ 04/30/2009

2009 Fiscal Year

- 35% Net Income in the period
- Payment ⇨ within 60 (sixty) days of the Board of Directors' approval.
- 4Q09 Payment ⇨ will be established by the Ordinary Shareholders´ Meeting

2010 Fiscal Year and Following years

- % distributed (not exceed 50%) ⇨ decided in the first quarter of each year by the Board of Directors and submitted to Shareholders ´Meeting
- Payments ⇨ within 60 (sixty) days of the Board of Directors' approval

Tariff Readjustment

- **Tariff Readjustment approved ⇨ 9.05%**
- **Tariff Readjustment suspended due to Injunction by Minas Gerais State Supreme Court (TJMG)**
- **Establishment of a Regulatory Agency**

Awards

2008

“ Prêmio Abrasca de Criação de Valor”

The best company in the sanitation, water and gas services sector

COPASA
A água de Minas

2005
2006
2007
2008

Dinheiro

“Melhores da Dinheiro”

The best company in the public services sector

COPASA
A água de Minas

2008

Jornal Valor Econômico

“Prêmio Empresa de Valor”

The best company in the sanitation sector

COPASA
A água de Minas

Outlook

- The beginning of new municipal governments
- Stable Cash Generation ⇨ Residential Client Base
- R$ 1.2 billion in funding already contracted with the Government Severance Indemnity Fund (FGTS) and the Brazilian Development Bank (BNDES)
- Cash & Equivalents of R$ 791 million



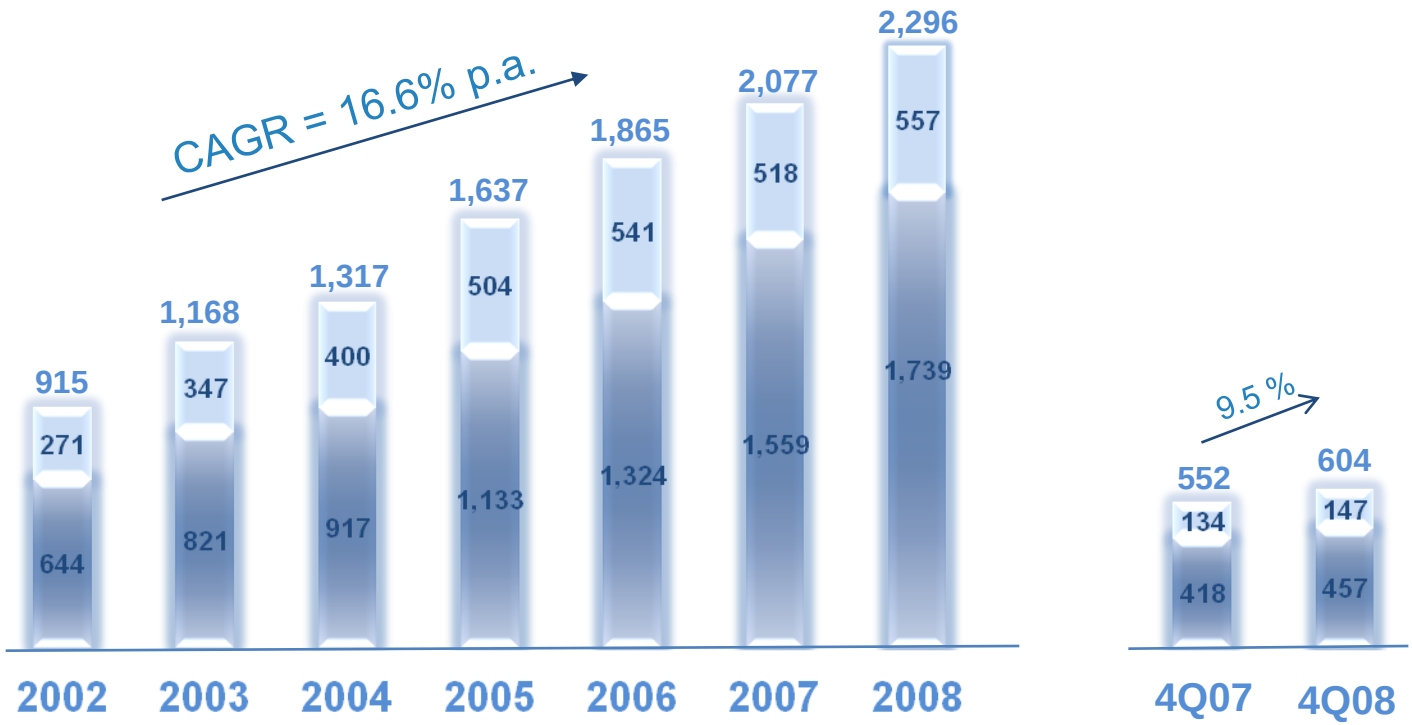
Excellent Opportunities even during the global crisis



FINANCIAL RESULTS

Cash Generation

Gross Revenue (R$ Million)

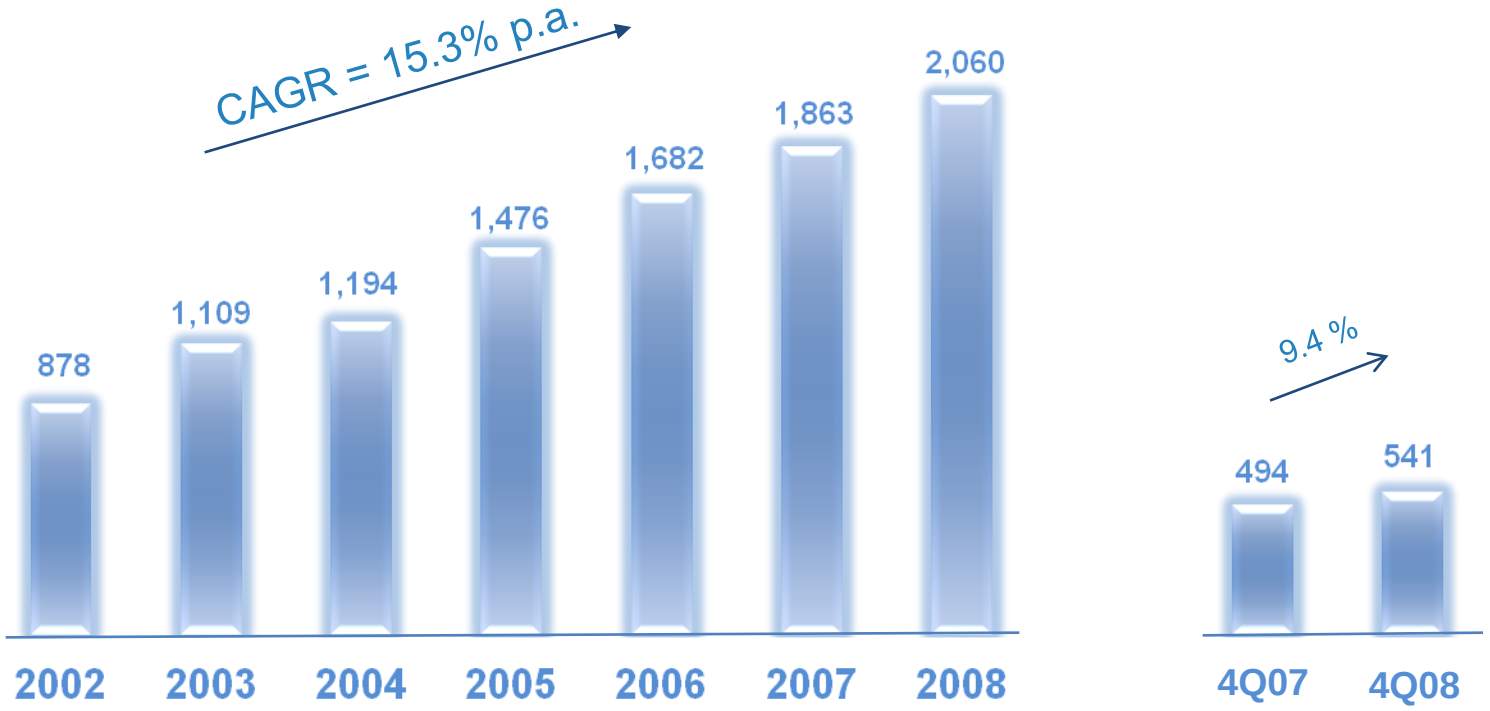


Sewage

Water

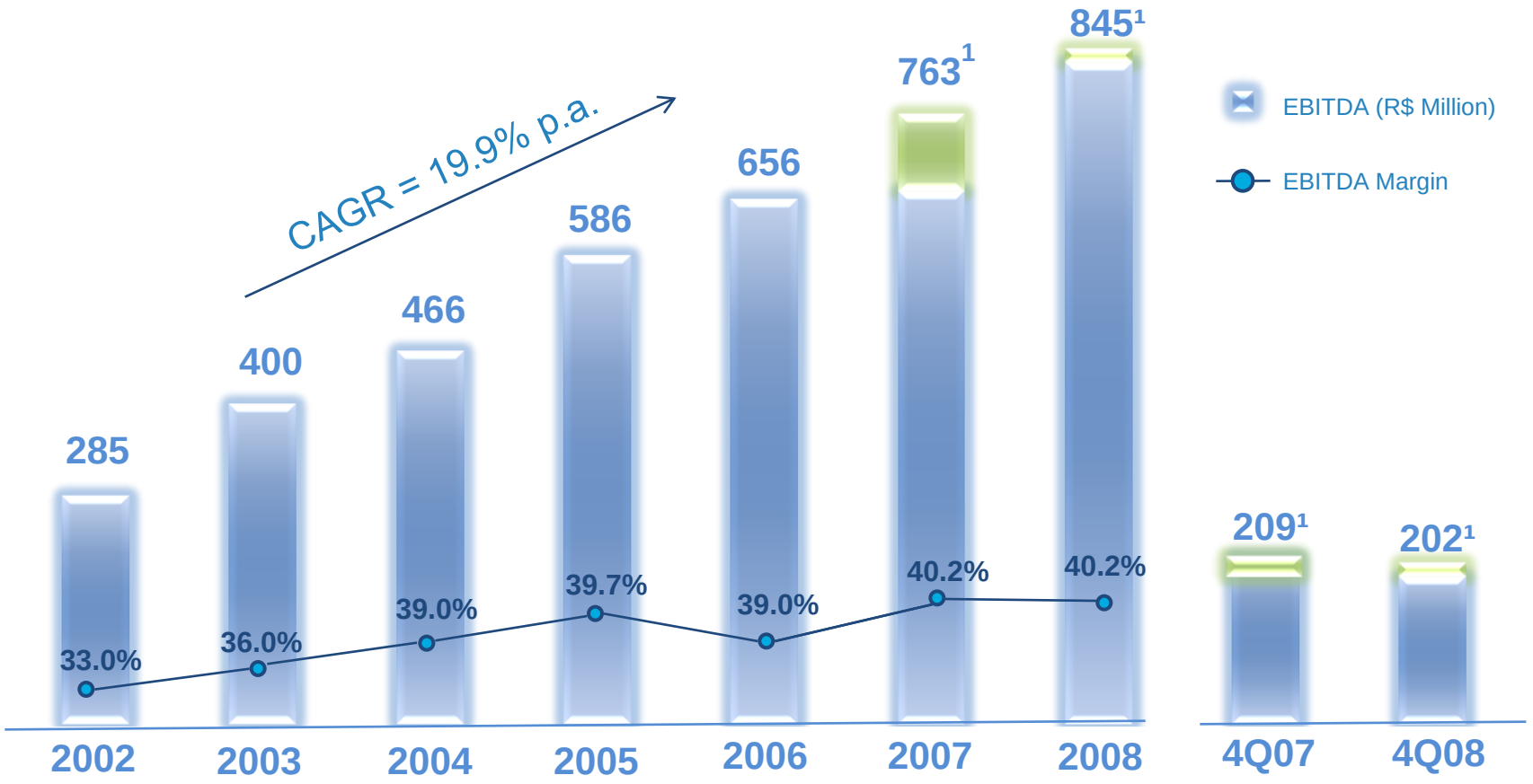
Cash Generation

Net Operating Revenue (R$ Million)



Cash Generation

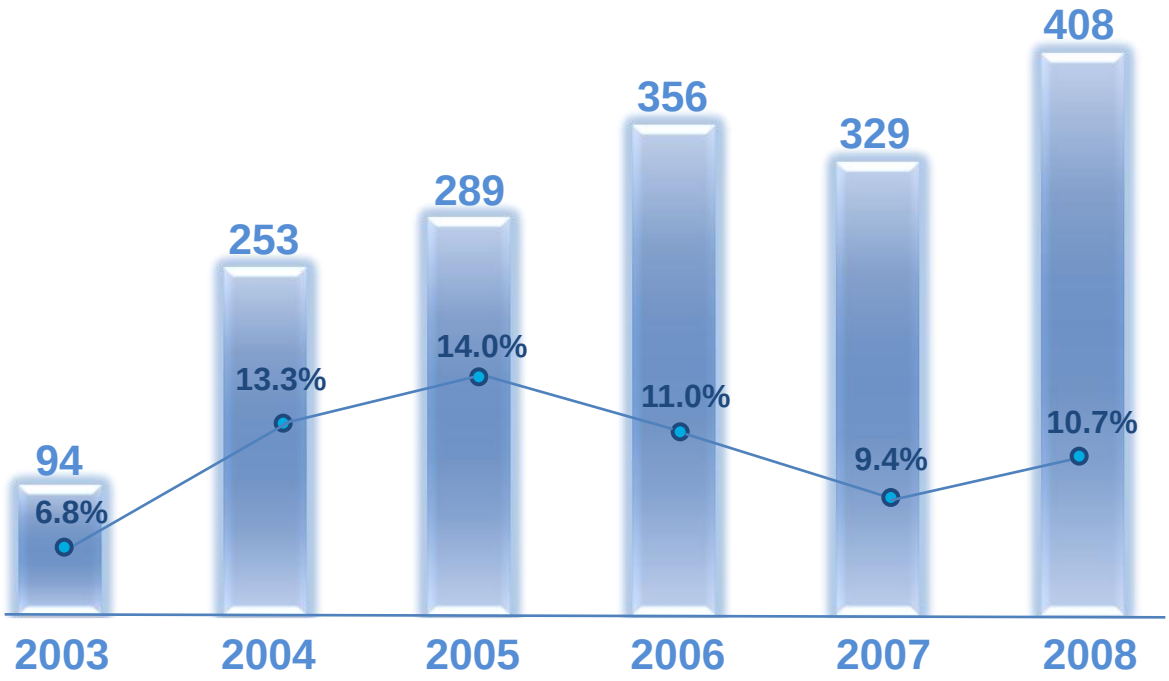
EBITDA (R$ Million)



1- EBITDA and EBITDA Margin Adjusted by non-recurring expenses

Profitability

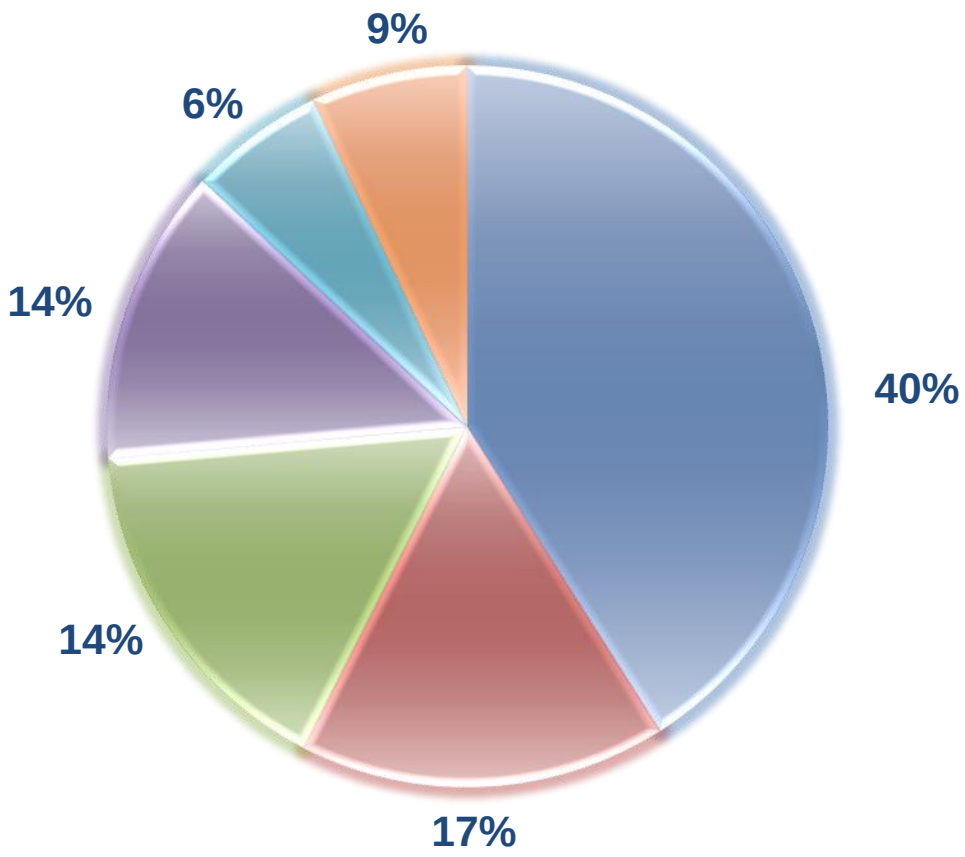
Net Income (R$ Million)



Net Income (R$ Million)

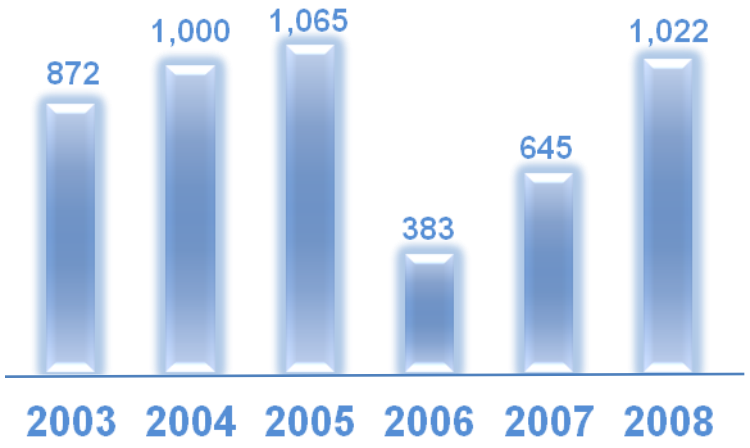
ROE (%)

Total Costs Breakdown 2008



Indebteness

Net Debt (R$ Million)

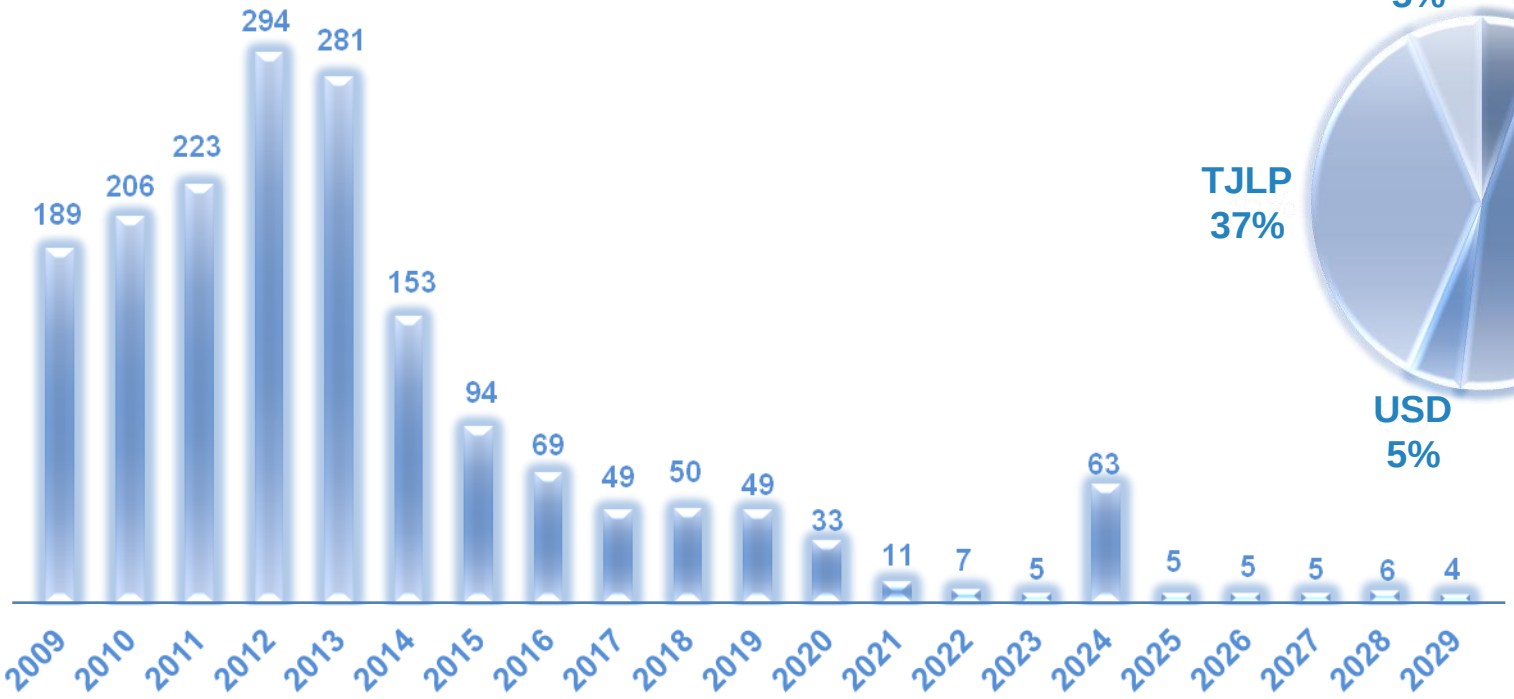


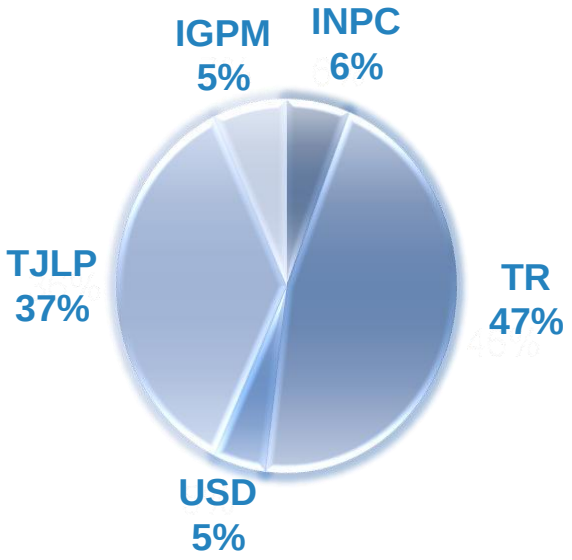
Gross Debt (R$ Million)



Indebteness

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





Real Average Cost of Debt : 5.32% p.a

1- On December 31, 2008, the Company had R$ 1.2 billion of loans contracted from the Government Severance Indemnity Fund (FGTS) and the BNDES, to be disbursed and booked as liabilities according to the progress of the investments. As of December 2008, the average grace period remaining was 10 and 36 months, respectively, with amortization terms of 240 and 180 months, respectively.

Disclaimer

This document may contain future considerations on COPASA's business prospects. These are mere projections and, therefore, based entirely 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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A água de Minas

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