

Earnings Release 2Q12

COPASA

A água de Minas

CSMG3 NOVO MERCADO BM&FBOVESPA

IBrX ÍNDICE BRASIL

Índice de Ações com Tag Along Diferenciado ITAG

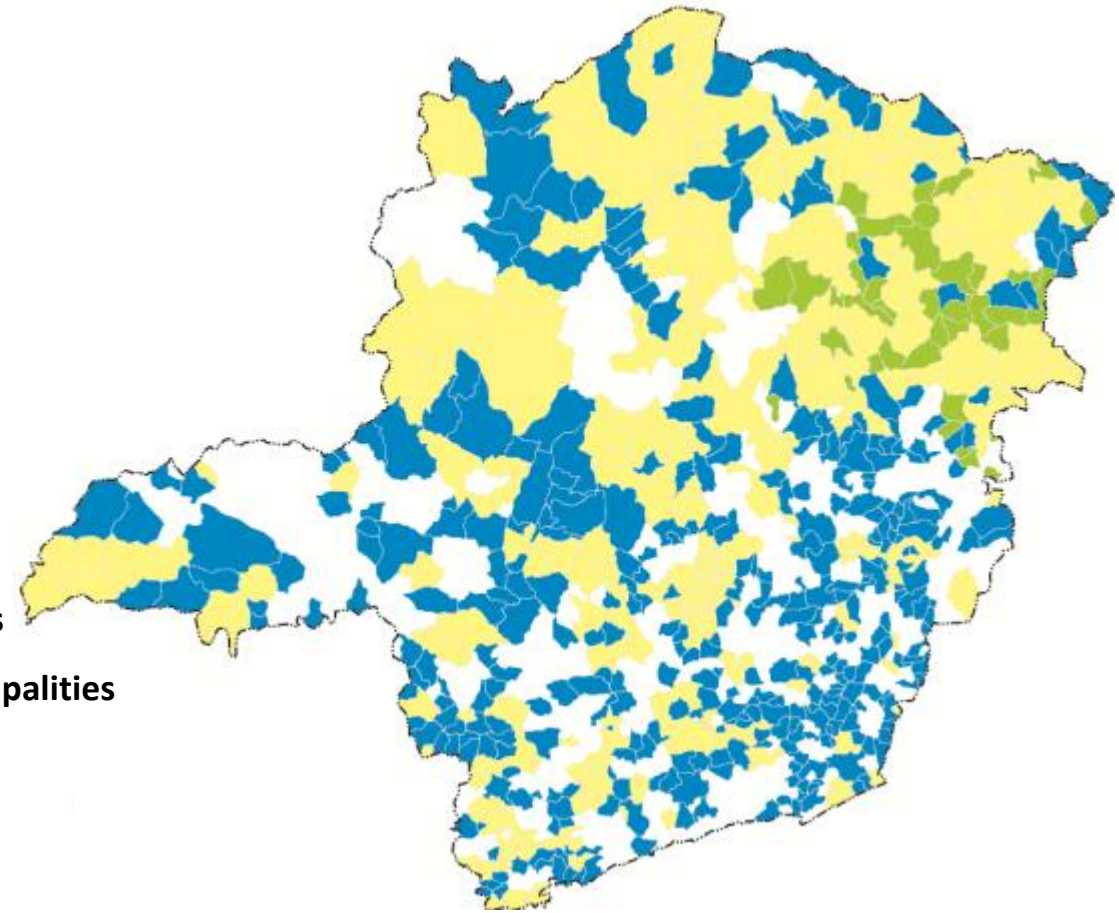
Índice de Governança Corporativa Trade IGCT

Índice de Sustentabilidade Empresarial ISE 2012

Índice de Ações com Governança Corporativa Diferenciada IGC

OVERVIEW

Present in 624 of the 853 municipalities in Minas Gerais



- Water-only concessions : 388 municipalities
- Water and sewage concessions : 236 municipalities
- Not covered by COPASA: 229 municipalities
- COPANOR

Numbers include COPASA MG and subsidiary COPANOR.

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OVERVIEW

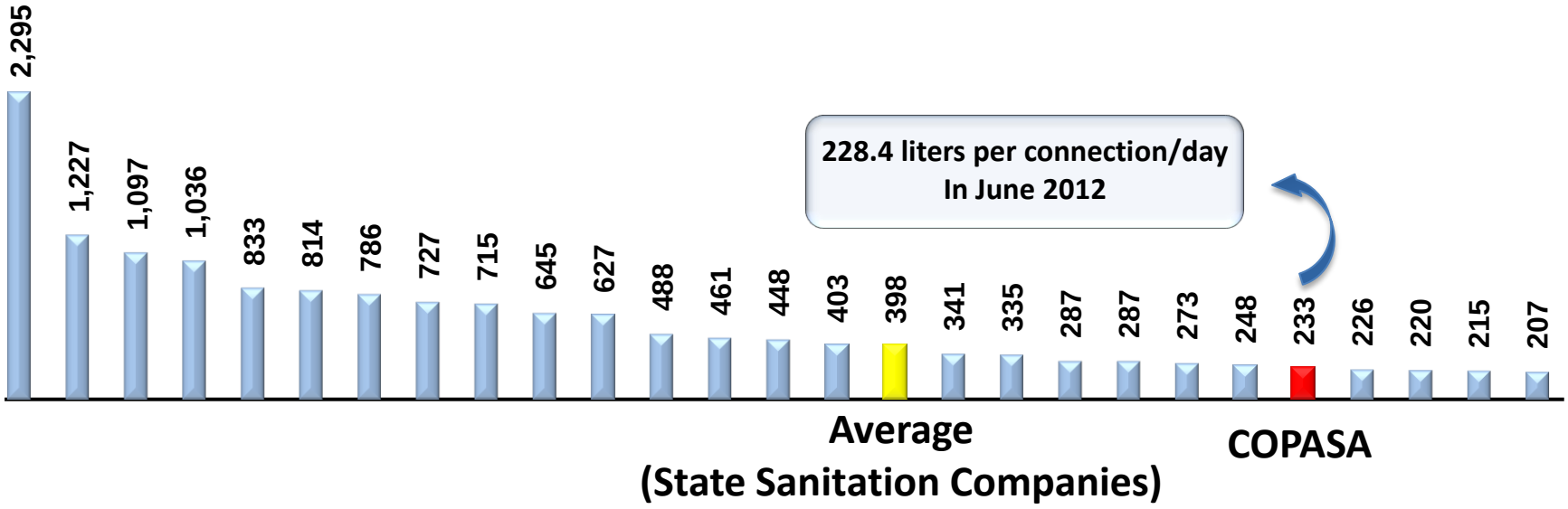
	2Q12[3]	2Q11[3]	Var (%)[4]
Population Served – Water (million)	13.8	13.3	3.4
Population Served – Sewage (million)	8.5	8.0	6.6
Water Connections (million)[1]	3.7	3.6	3.9
Sewage Connections (million)[1]	2.2	2.0	8.2
Water Units (million)[2]	4.5	4.3	3.6
Sewage Units (million)[2]	2.8	2.6	7.8
Water Network (1,000 km)	44.5	43.3	2.6
Sewage Network (1,000 km)	18.6	16.5	12.5

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.

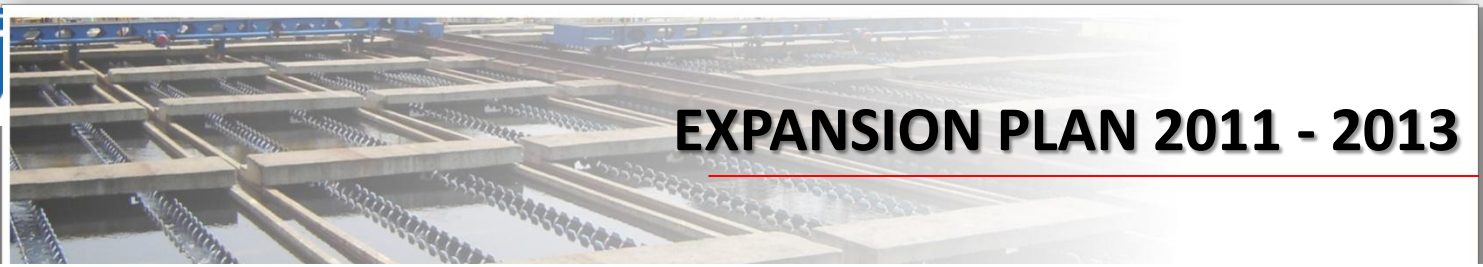
OPERATING EFFICIENCY

Default Ratio — one of the lowest in the sector — **1.23%**

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



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

- ✓ 4 concessions signed – 391,000 inhabitants
- ✓ 3 authorizing laws voted
- ✓ 24 concessions in negotiation

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

- ✓ 10 concessions signed – 59,000 inhabitants
- ✓ 39 authorizing laws voted
- ✓ 44 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

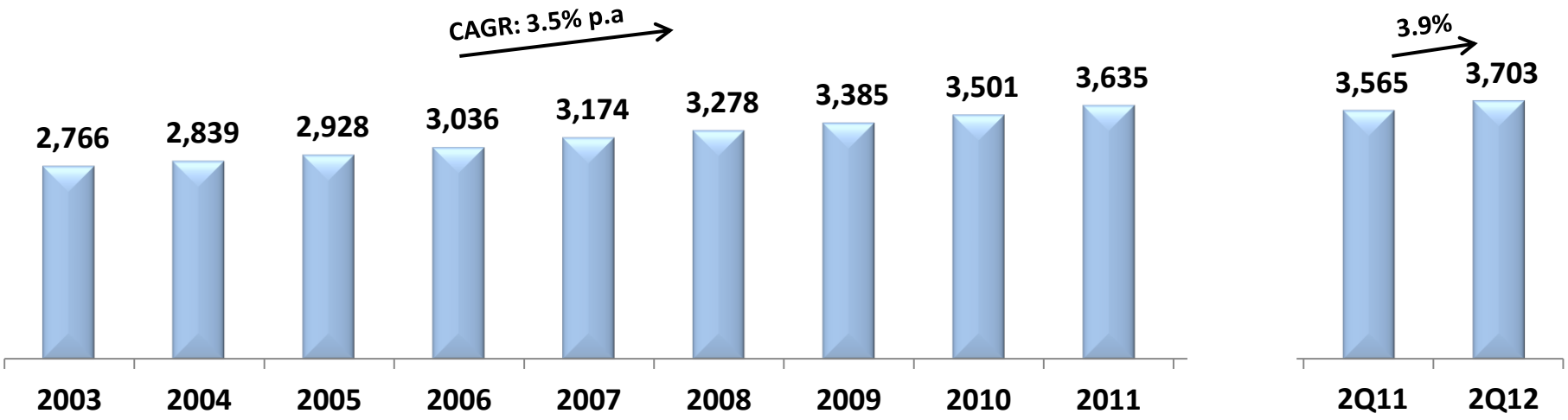


INVESTMENTS

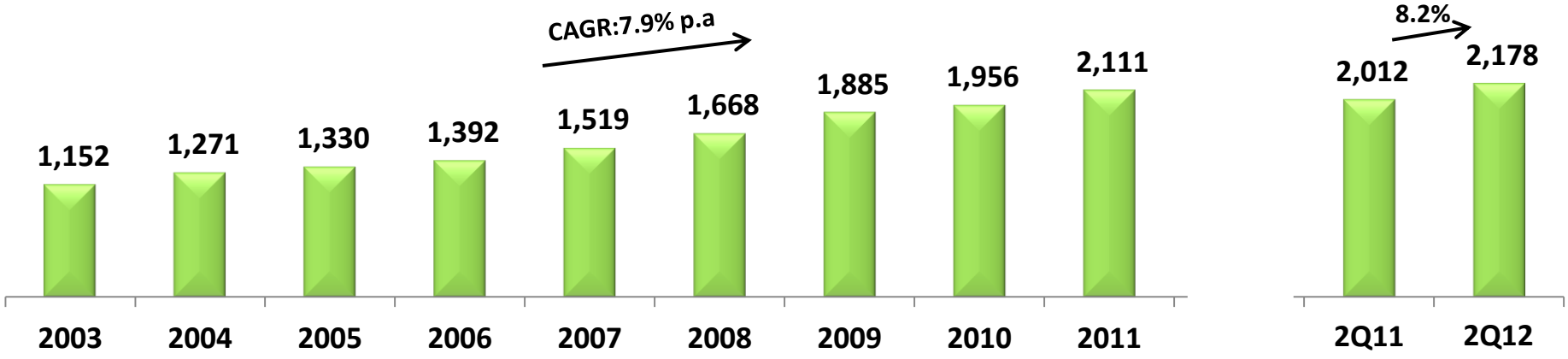
CAPEX (R$ million)				
	2011	2012 Estimate	2Q12	1H12
Water	270	300	64	118
Sewage	391	533	106	201
Others	22	17	4	9
Total	**683**	**850**	**174**	**328**

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);
2012*	R$ 75.0 million (R$ 0.6381 per share).

* Amount distributed until June 2012



Financial Performance 2Q12

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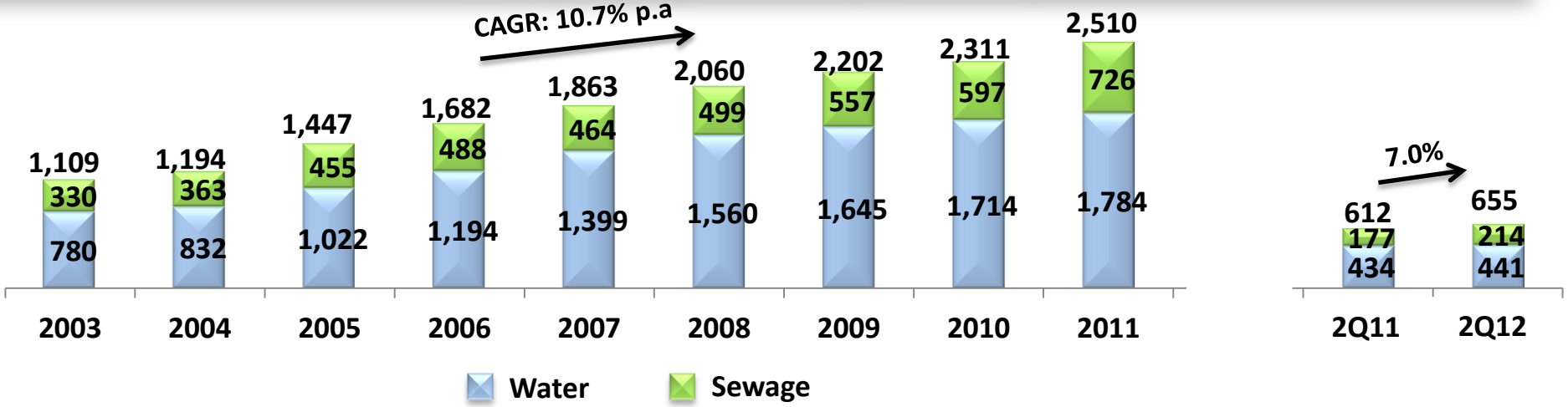
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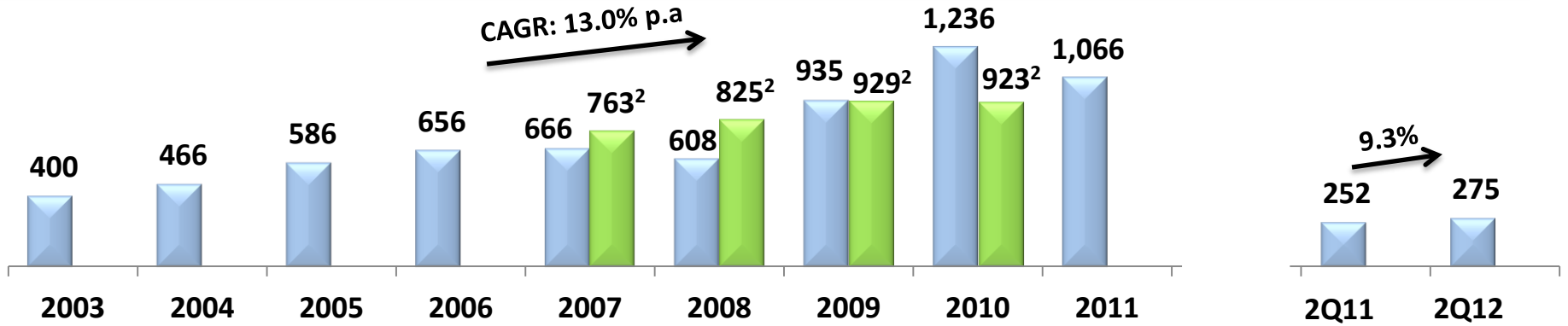
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CASH GENERATION

Net Operating Revenue (R$ million)[1]



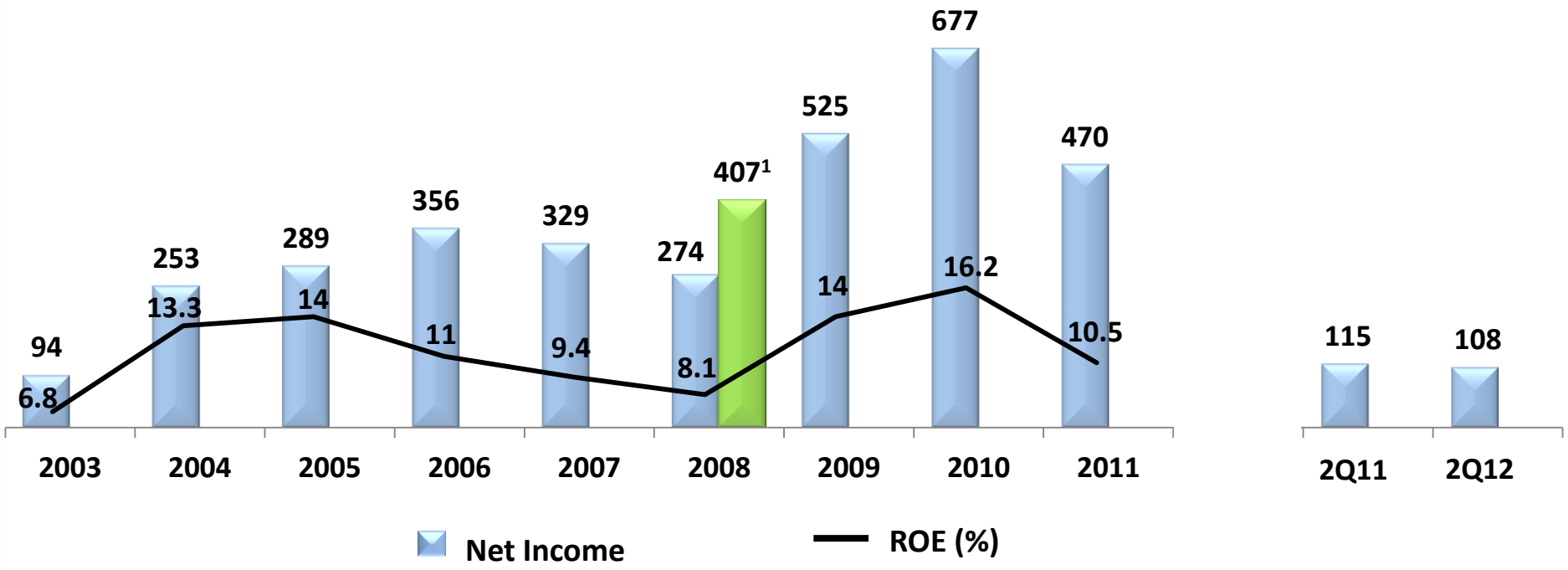
EBITDA (R$ million) [1]



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

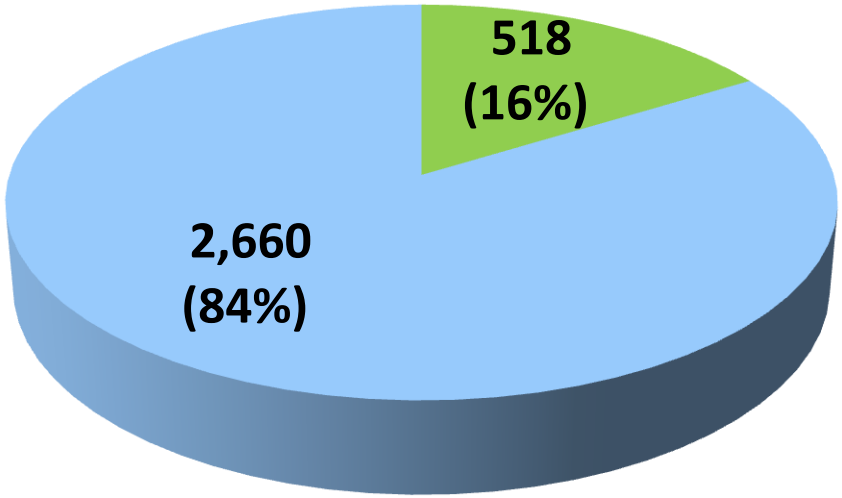
Net Income (R$ million)



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

INDEBTEDNESS

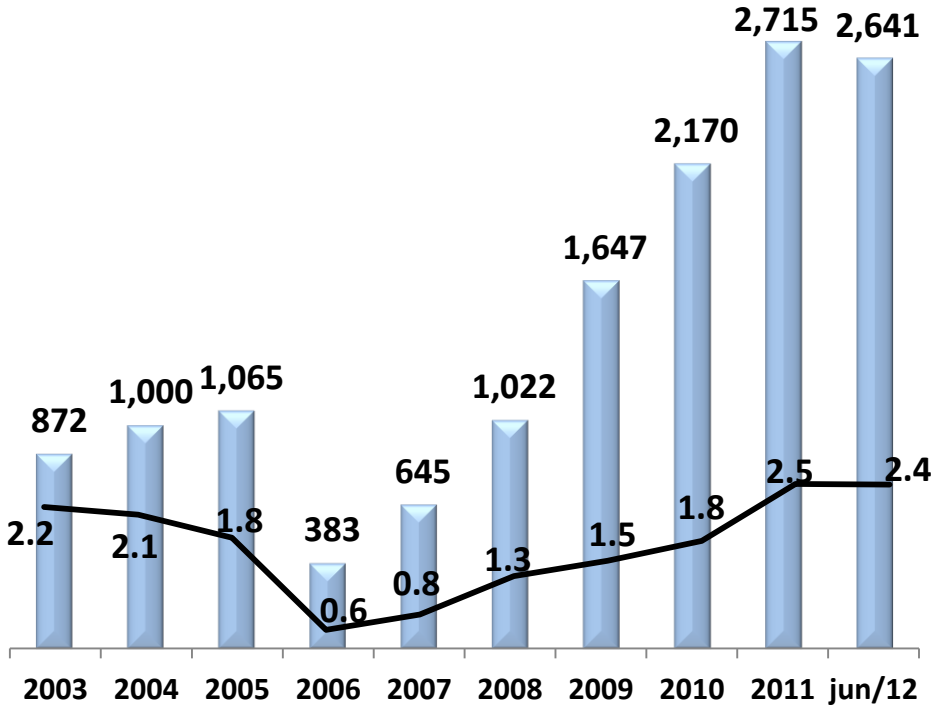
Gross Indebtedness (R$ million)



Total: R$ 3,178

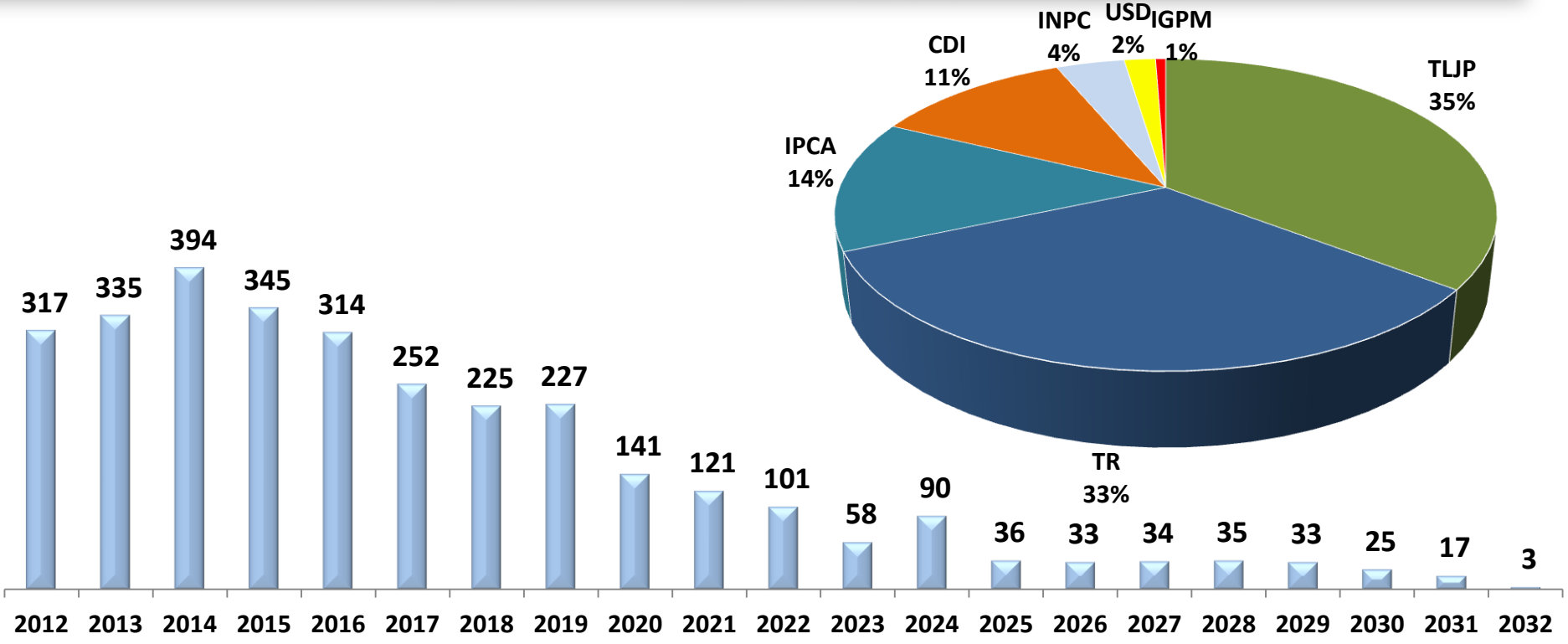
Short Term Long Term

Net Debt (R$ million)



INDEBTEDNESS

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



Average rate: 8.4% p.a[2]

1. As of June 30, 2012, the Company had R$ 988 million in 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 Company also had a loan contracted with the KfW in the amount of € 100.0 million.

2. With the exception of contracts with BNDES, all loans still have their remaining balances pegged to specific indexes, such as TR, IGP-M, INPC, IPCA, CDI, and USD forex.



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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