

Rio Manso System Reservoir

COPASA

Earnings Presentation 1Q18

02 May 2018

Índice de Ações com Governança Corporativa Diferenciada IGC

Índice de Ações com Tag Along Diferenciado ITAG

Índice de Governança Corporativa Trade IGCT

Índice Brasil IBRX

CSMG3 NOVO MERCADO BM&FBOVESPA

DISCLAIMER

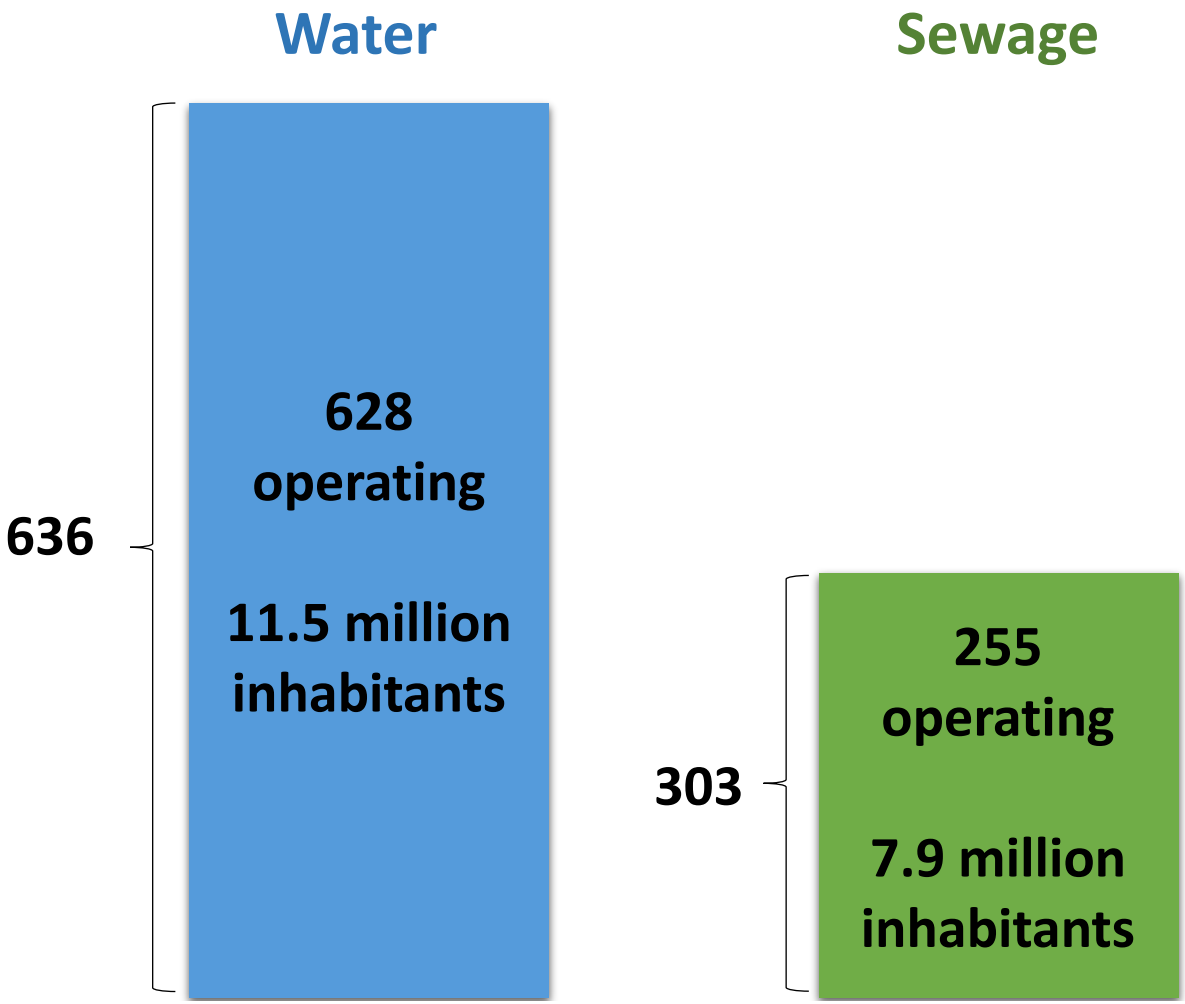
Any statements that may be made during this presentation regarding COPASA MG's business prospects, projections and operational and financial goals are premises and expectations of the Company's management, based on information currently available. They involve risks and uncertainties, since they refer 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.

Agenda

1. Operational Performance
2. Financial Performance
3. Developing Actions
4. Q&A Session

Operational Performance

Concessions Board - Consolidated



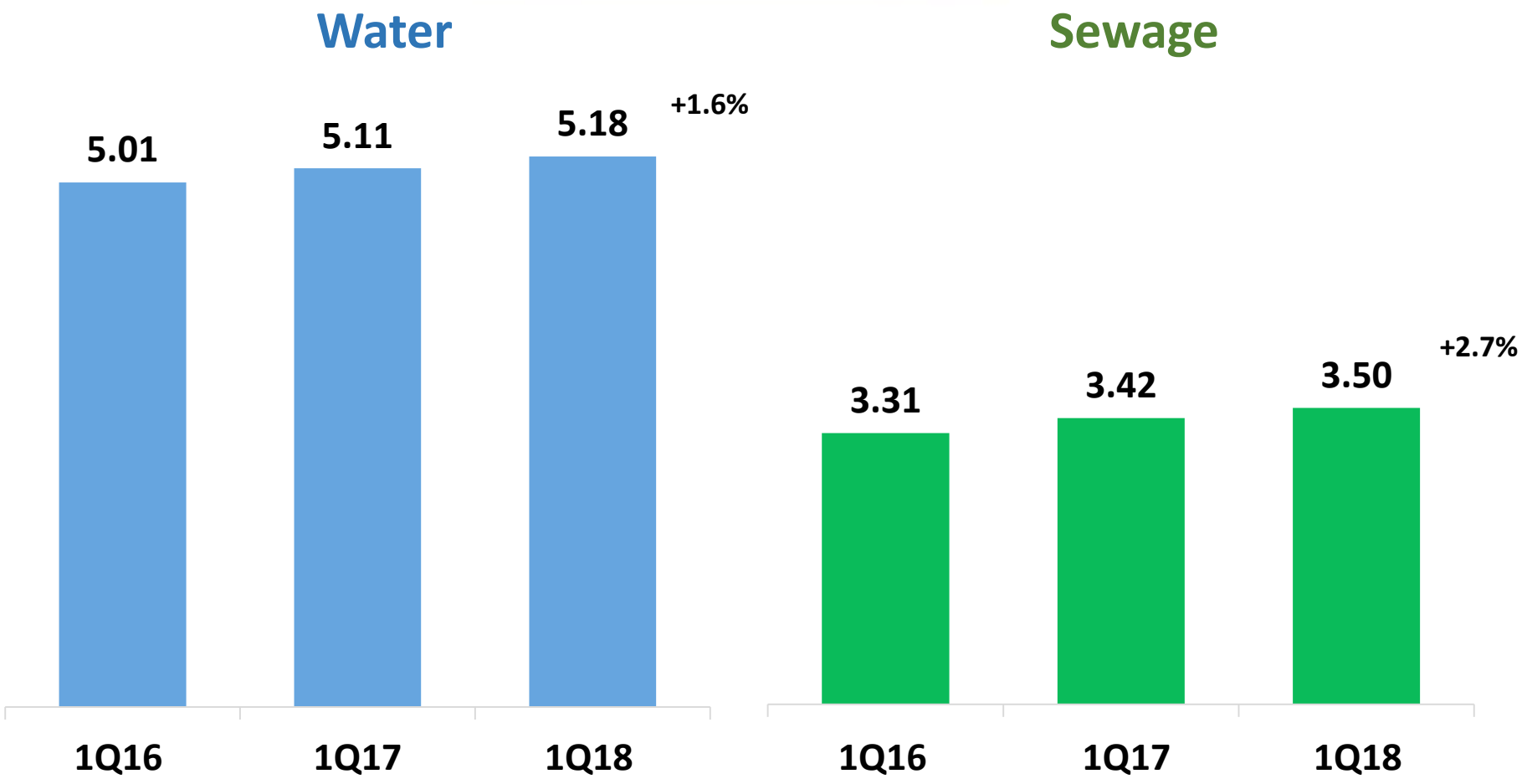
Operational Performance

Concessions in Renewal Stage - Consolidated

- **Total concessions:**
  - **Water: 636**
  - **Sewage: 303**
- **Expired concessions: 4% of revenues**
  - **Water: 77**
  - **Sewage: 5**
- **Concessions with authorization law approved: 59 (72%)**
  - **Technical studies and internal approvals: 47**
  - **Cooperation Agreement in formalization stage: 03**
  - **Consultation and Public Hearing stage: 09**
- **Number of concessions to expire until Jun/2020: 0**
- **% of revenues from concessions to expire from Jan/2034: 76%**

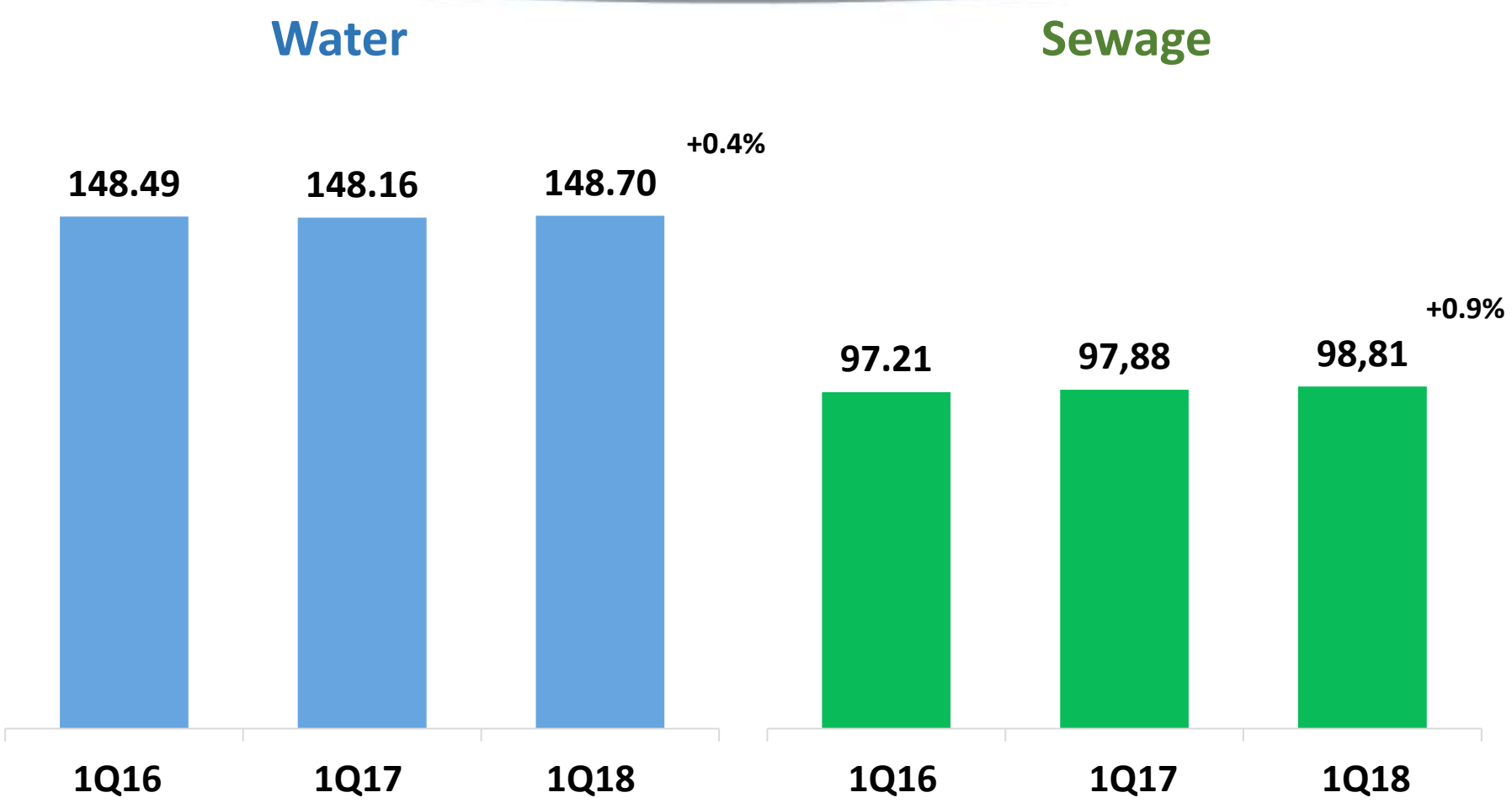
Operational Performance

Number of Units (million) – Consolidated



Operational Performance

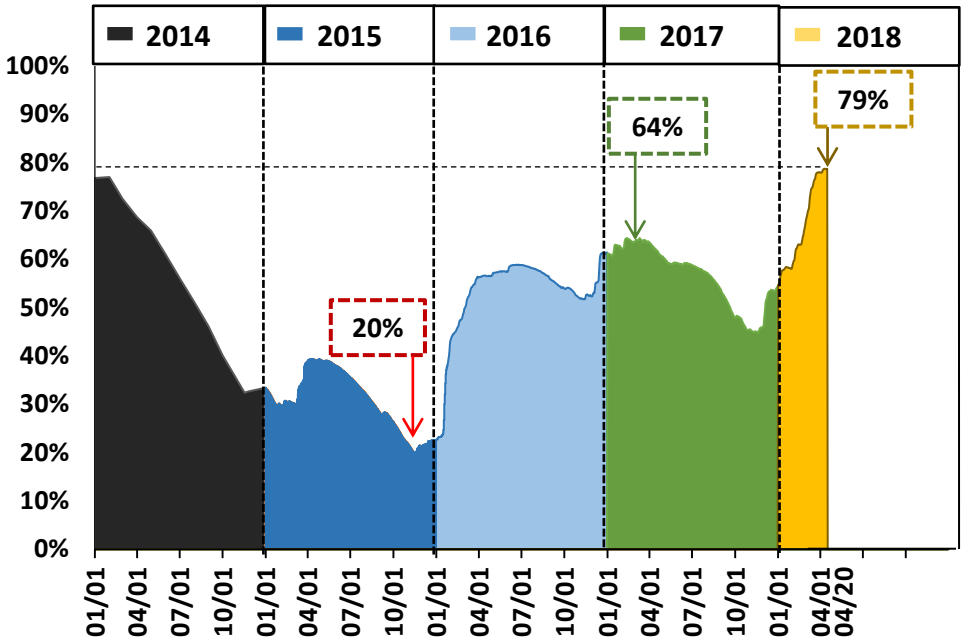
Measured Volume (million m³) – Consolidated



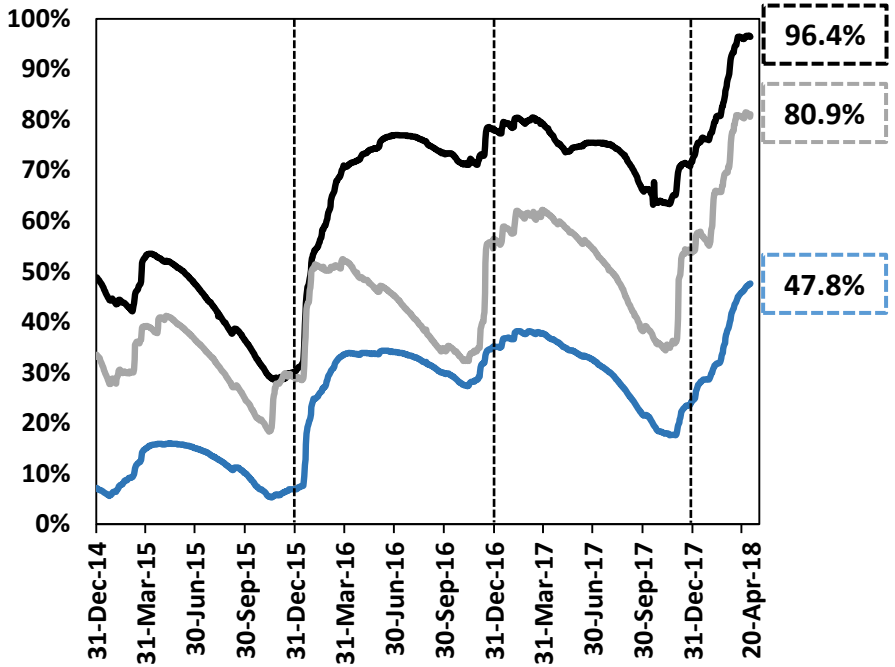
Operational Performance

Belo Horizonte Metropolitan Area - Reservoir Levels

Paraopeba System



Volumes per Reservoir



45% of Belo Horizonte Metropolitan Area Supply

Reservoir	Dec/15	Dec/16	Dec/17	Apr/17	Apr/18
Rio Manso	30.2%	78.0%	72.3%	76.3%	96.4%
Vargem das Flores	28.9%	56.3%	53.9%	60.0%	80.9%
Serra Azul	6.9%	35.1%	24.5%	36.5%	47.8%

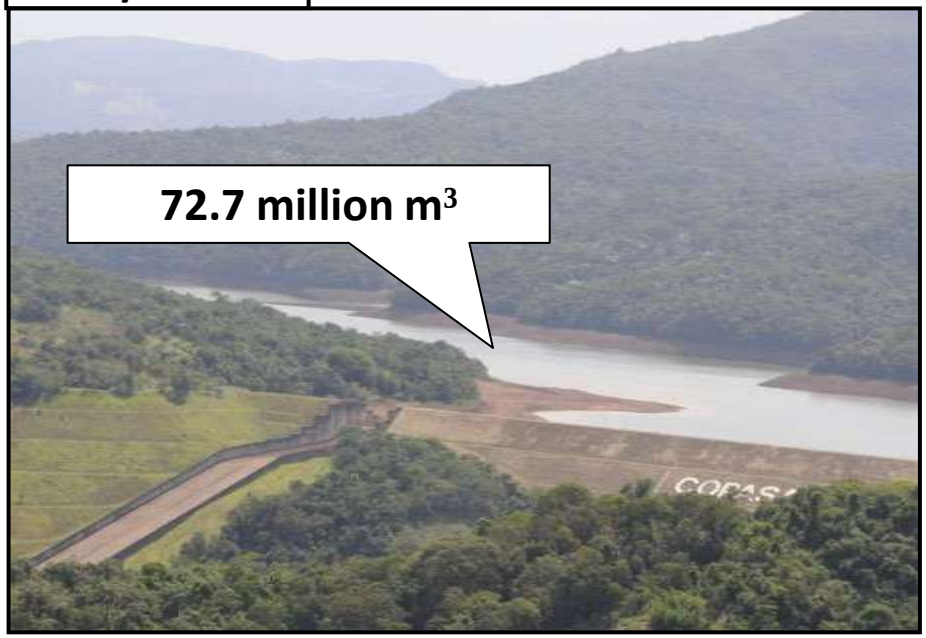
Operational Performance

Belo Horizonte Metropolitan Area - Reservoir Levels

Rio Manso System Reservoir

Collected volume from Paraopeba River (Dec/15 to Mar/18): 168 million m³

Jan/2015



Mar/2018



Operational Performance

Belo Horizonte Metropolitan Area - Reservoir Levels

Serra Azul System Reservoir

Jan/2015



Mar/2018



Operational Performance

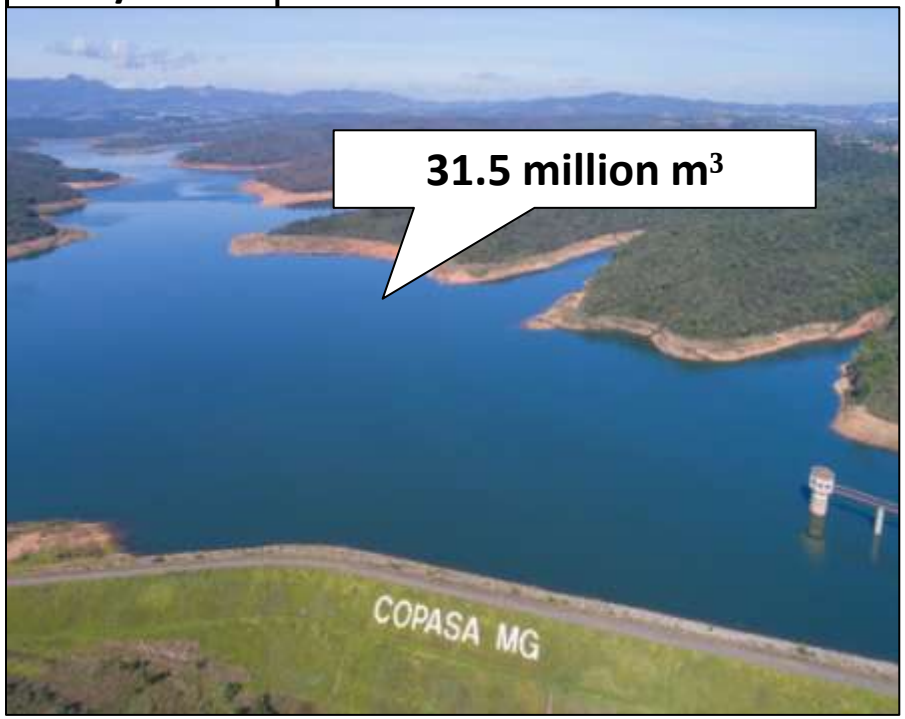
Belo Horizonte Metropolitan Area - Reservoir Levels

Vargem das Flores System Reservoir

Jan/2015

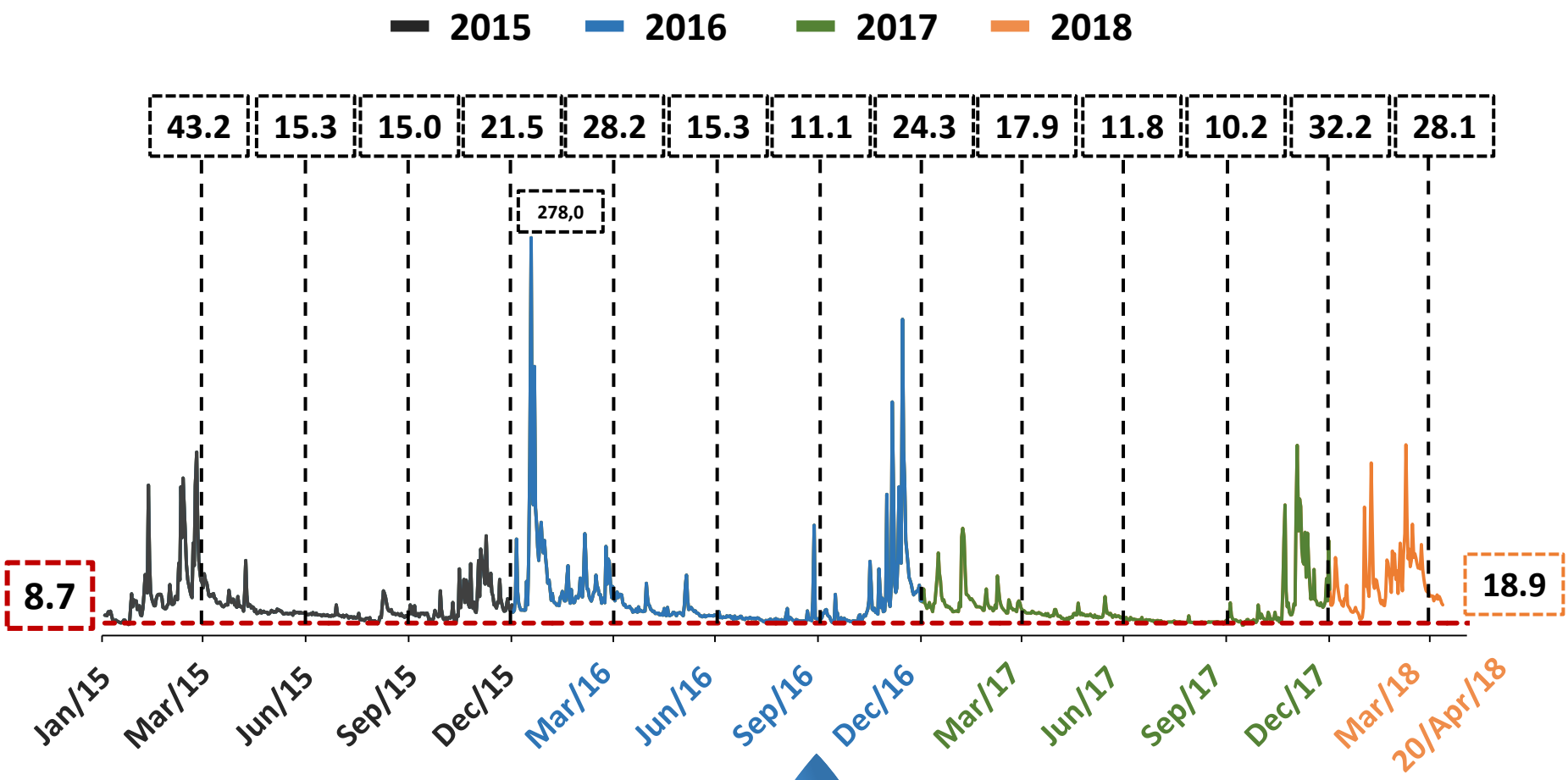


Mar/2018



Operational Performance

Das Velhas River Flow (m³/s) - Belo Horizonte Metropolitan Area



43% of Belo Horizonte Metropolitan Area Supply

Pacuí River Water Collection Construction

Expansion of the water supply system of Montes Claros

Details:

- **Projected amount:** up to R$140 million
- **Start:** Aug/2017; **Projected conclusion:** 2nd half of 2018
- **Adductor:** Intake (345 L/s); Extension (56 Km)



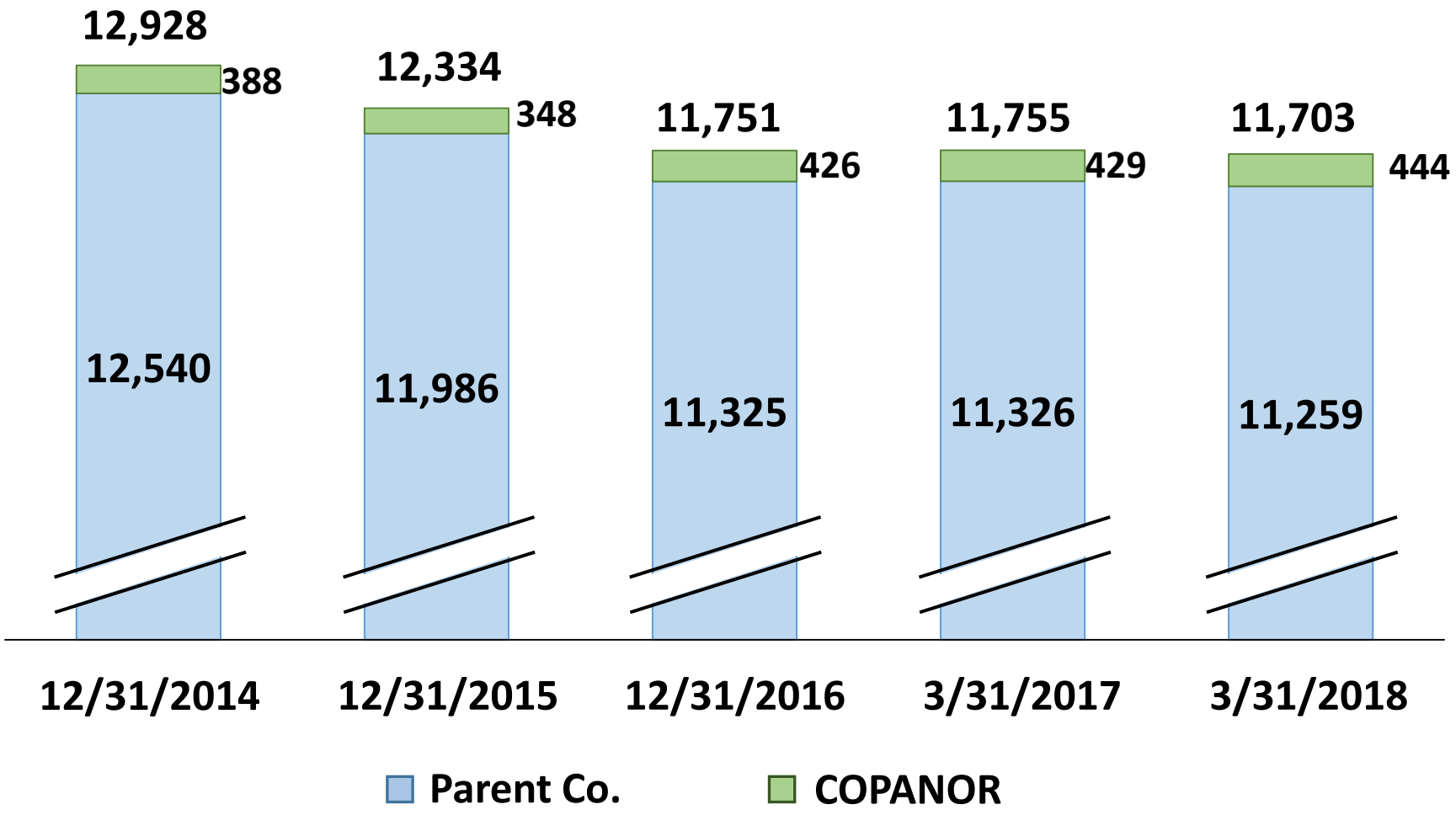


TRECHO	COMPRIMENTO TOTAL	EXECUTADO	
		COMPRIM.	%
AAB	2.024m	1.892m	93,5%
AAT-01	18.469m	17.581m	95,2%
AAT-02	16.093m	12.444m	77,3%
AAT-03 RURAL	11.887m	2.650m	22,3%
AAT-03 URBANO	6.761m	4.222m	62,4%
TOTAL	55.234m	38.789m	70,2%



Operational Performance

Staff – Consolidated
(number of employees)

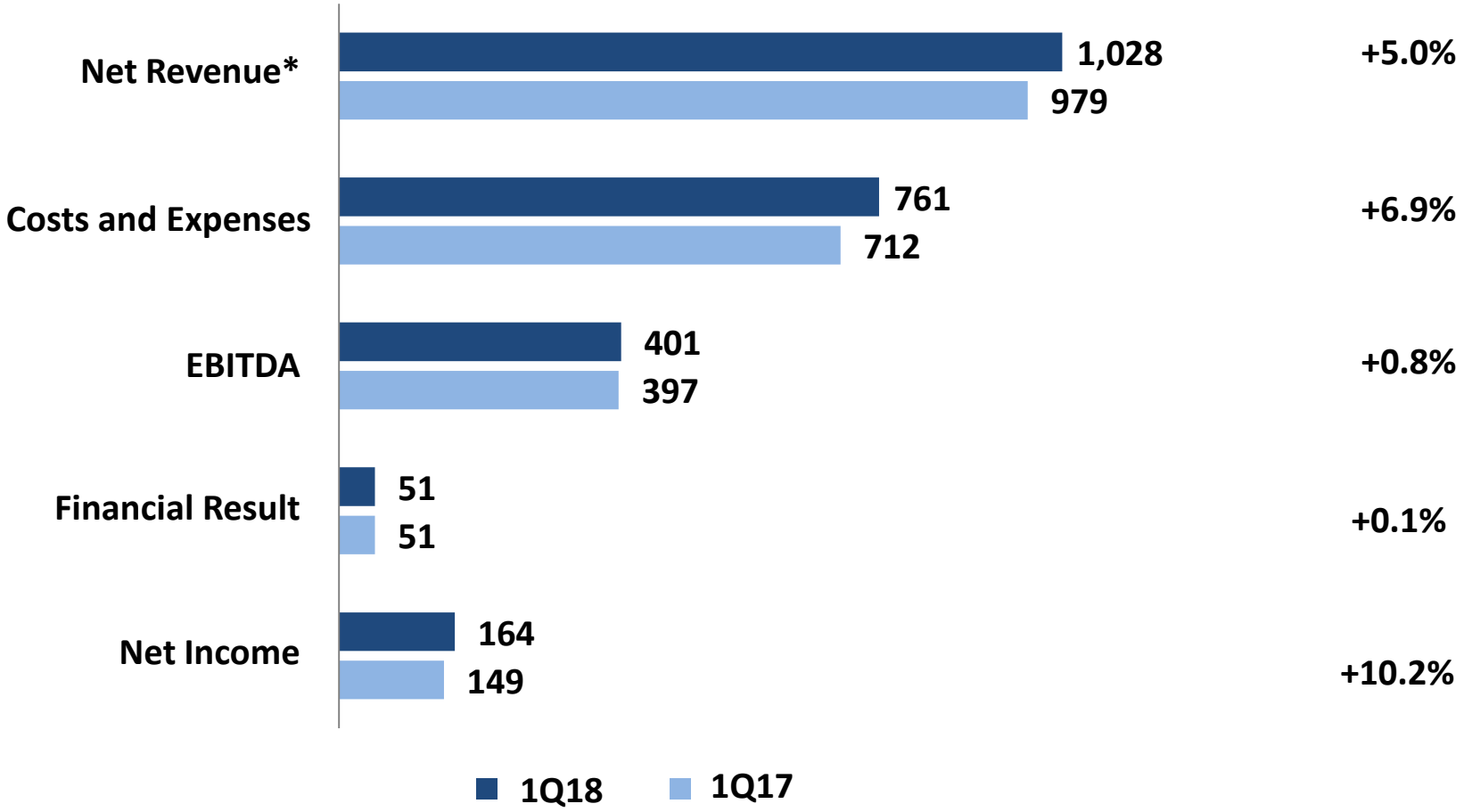


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Quarterly Financial Performance

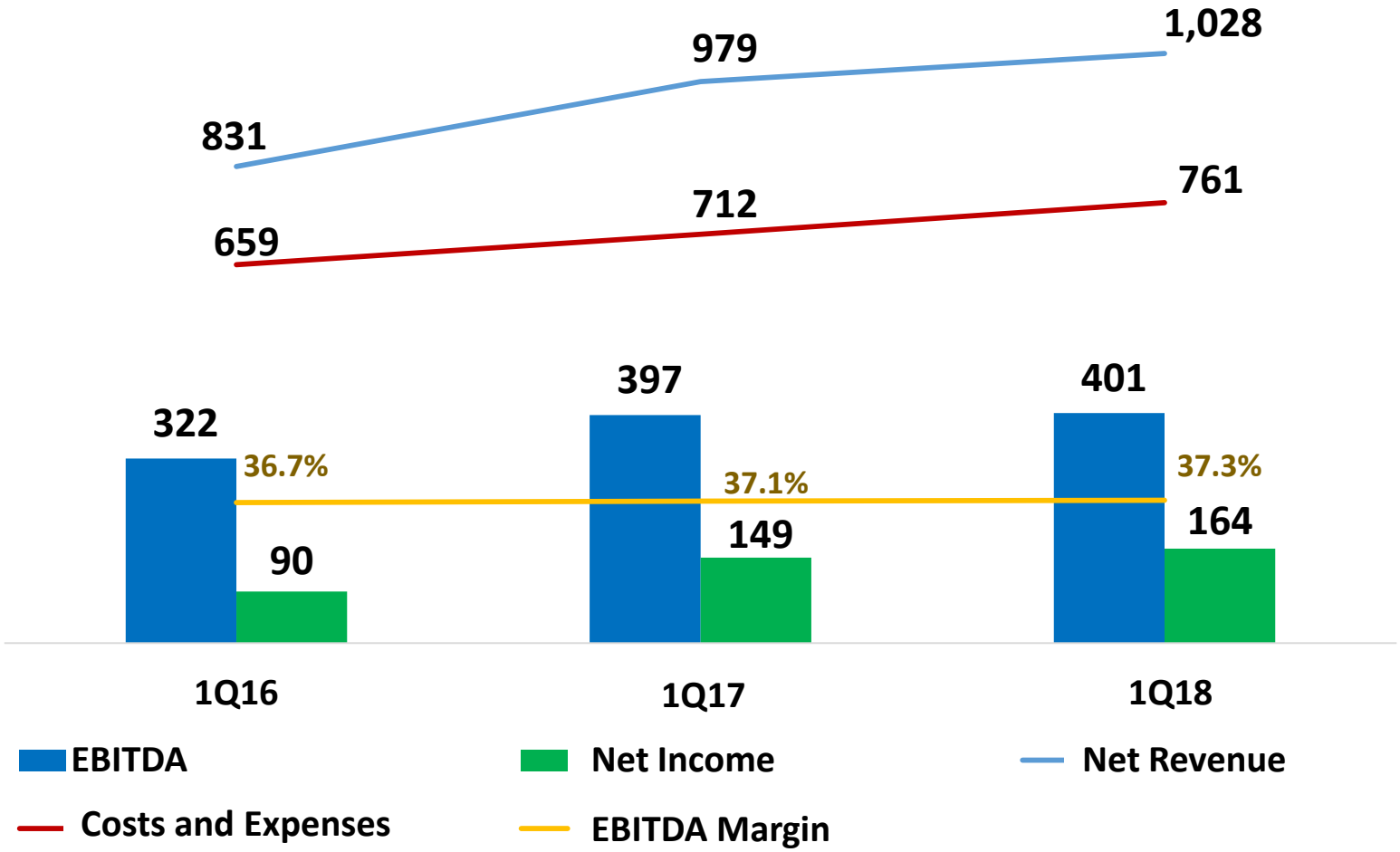
Highlights (R$ million) – Parent Co.



* Includes Water, Sewage and Solid Waste net revenue

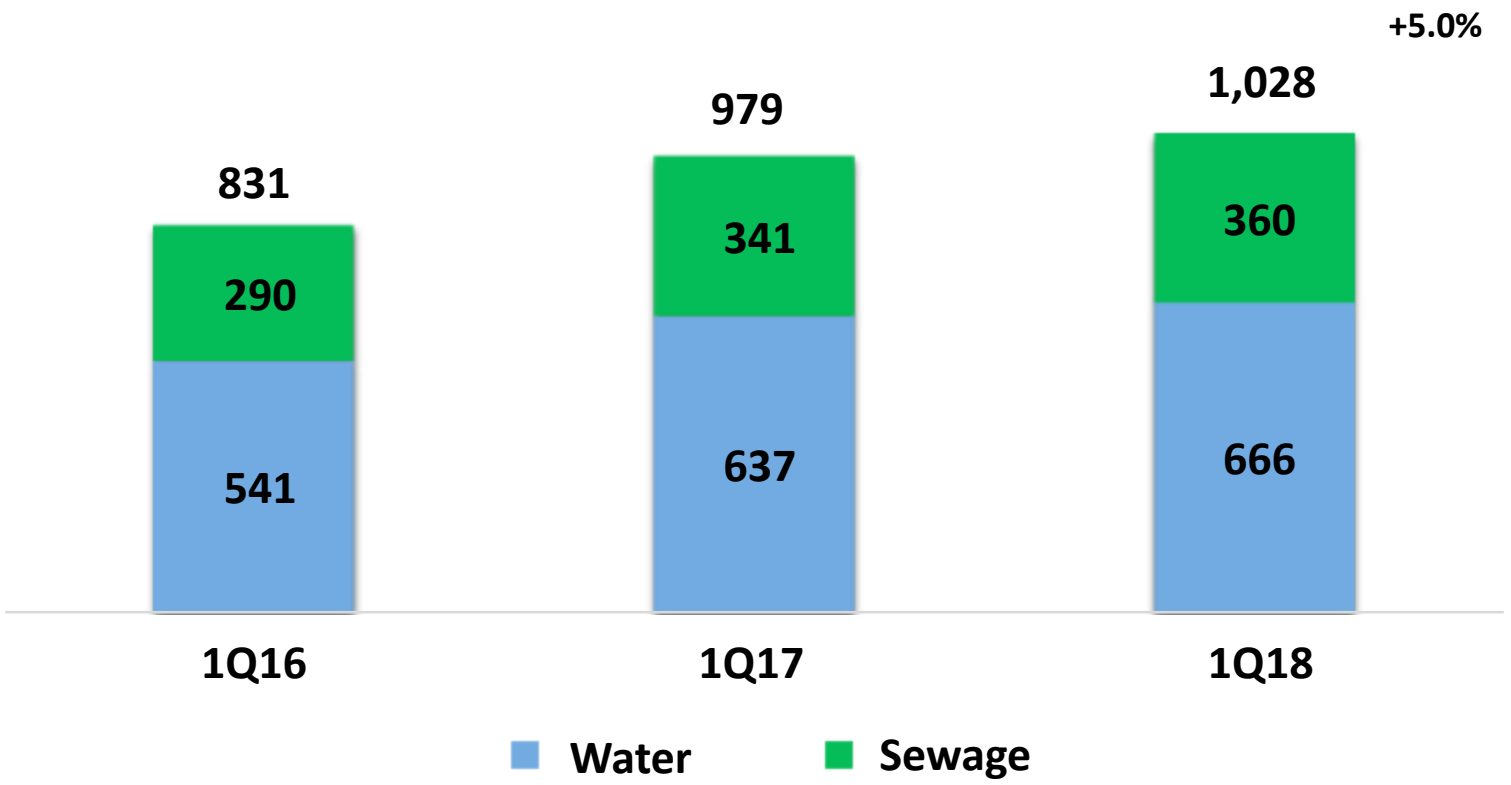
Quarterly Financial Performance

Revenues, Costs and Expenses, EBITDA and Income (R$ million)



Quarterly Financial Performance

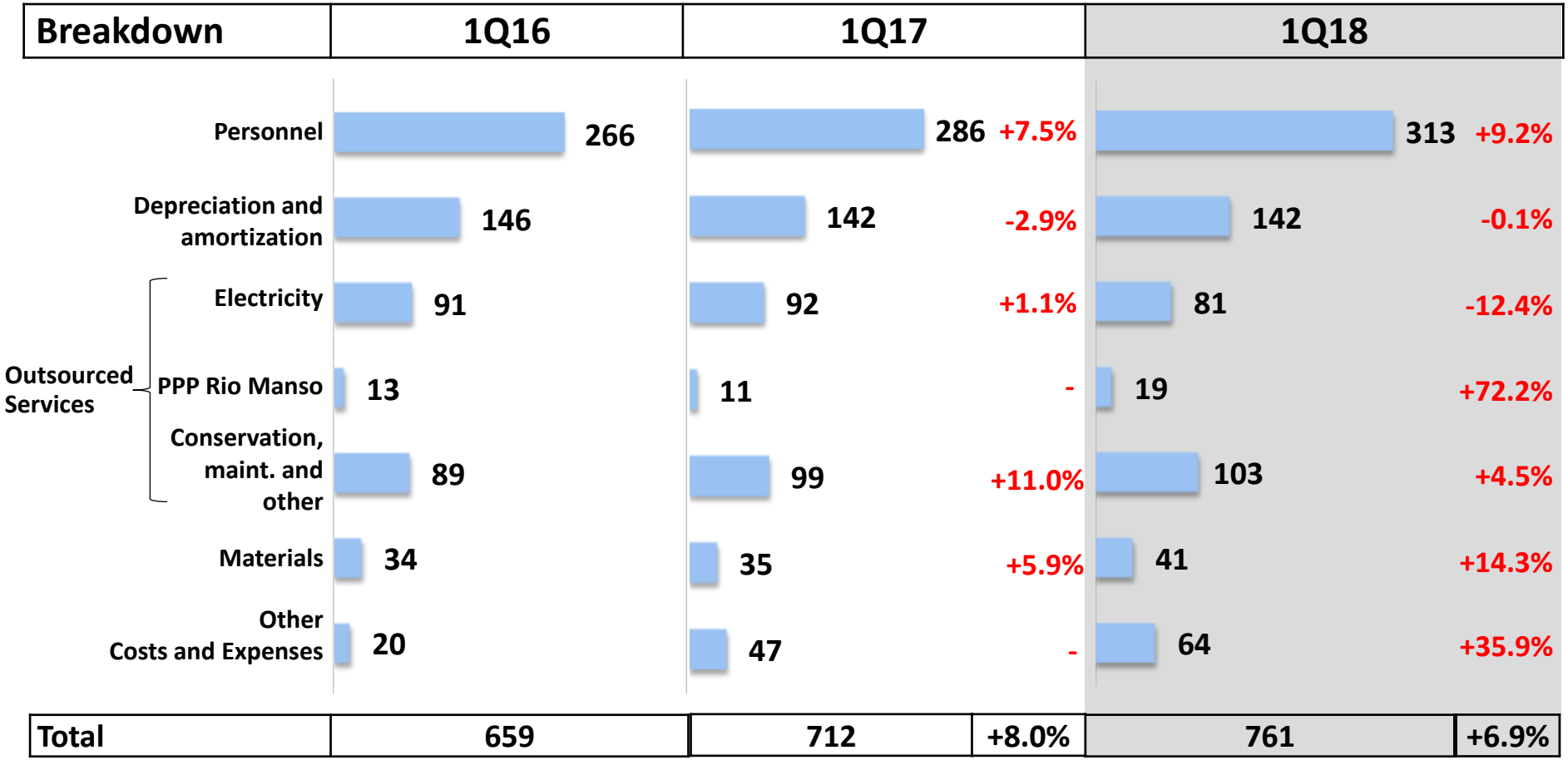
Net Revenues (R$ million) – Parent Co.



- 1Q18: Includes R$676 thousand from solid waste

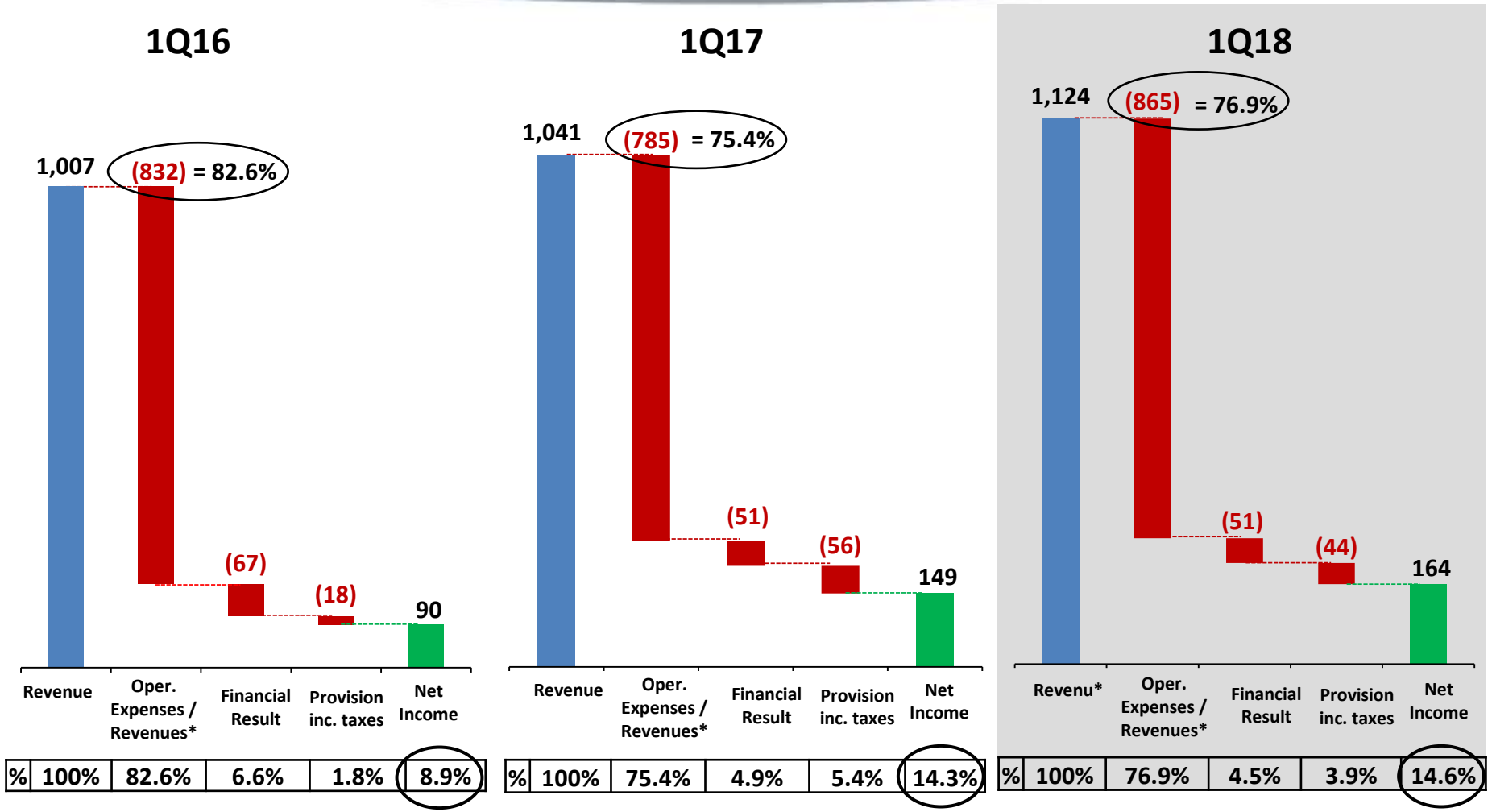
Quarterly Financial Performance

Costs and Expenses (R$ million) – Parent Co.



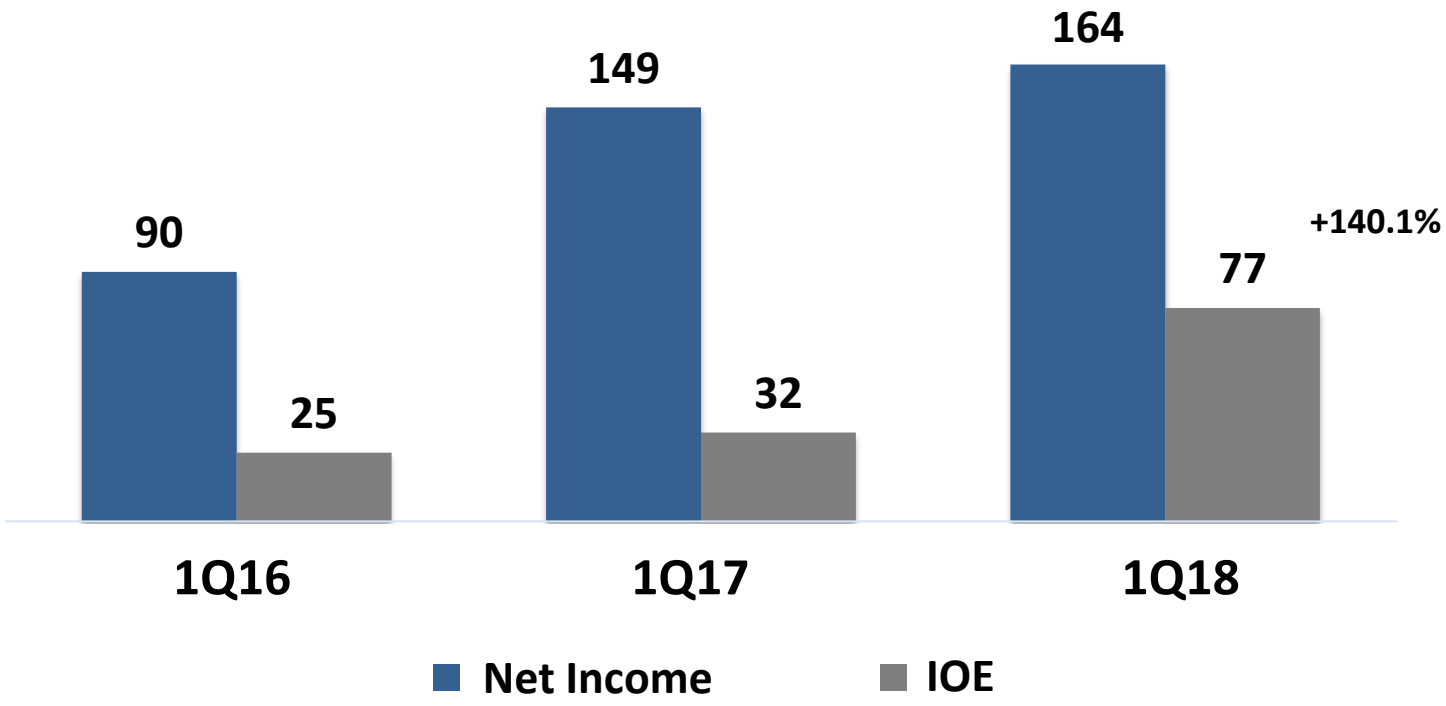
Quarterly Financial Performance

Income Statements (R$ million) – Parent Co.



*** Operational Expenses / Revenues:** Costs and Expenses + Other Operational Revenues (Expenses) + Employee Profit Sharing + Equity Income.

Quarterly Shareholders' Remuneration
(R$ million)



Dividend Policy 2018

- 50% of Net Income, in the form of IOE
- Quarterly declarations
- Payment in up to 60 days from declaration

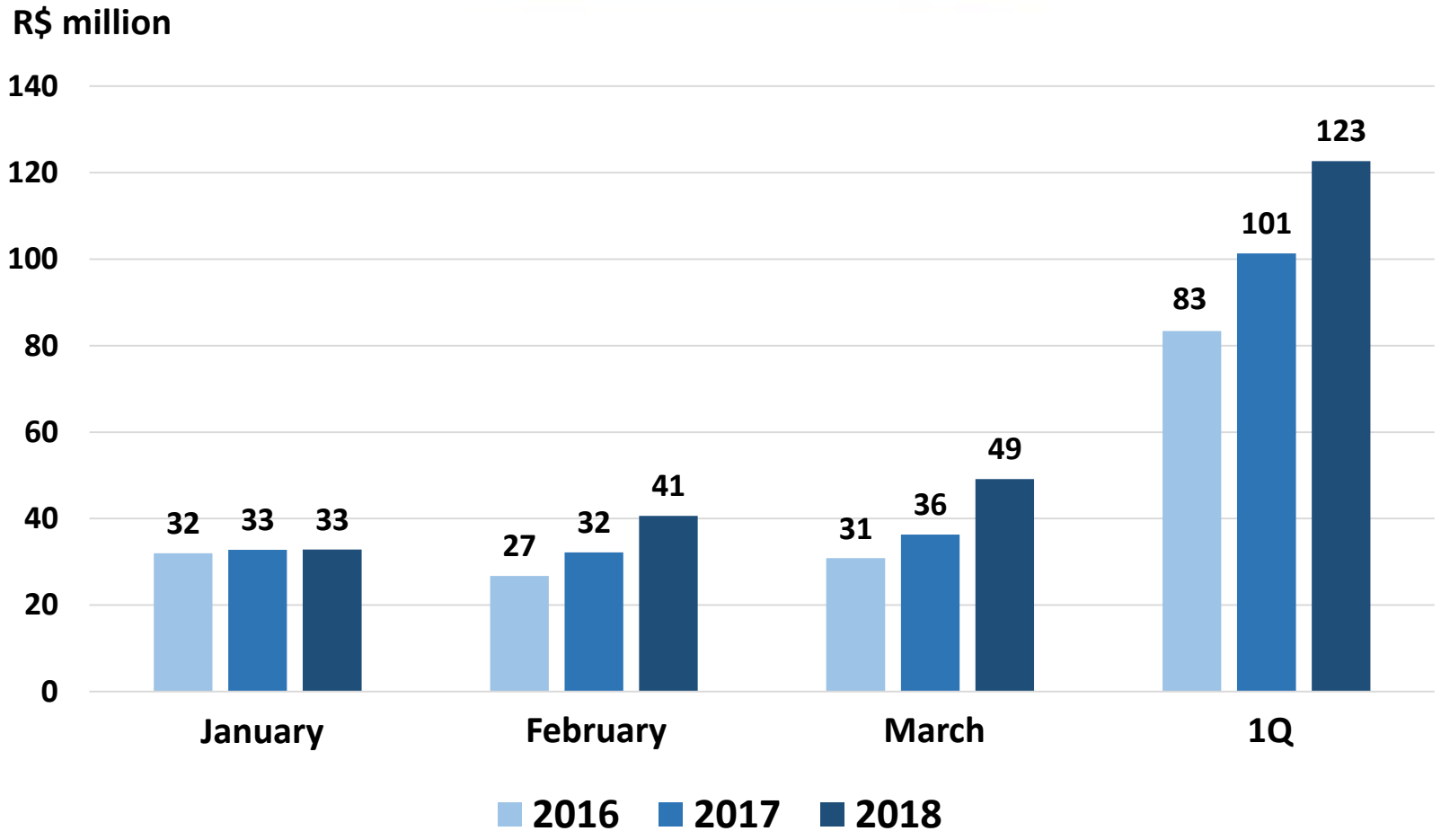
Investment Program

CAPEX (R$ million)

Breakdown	2016	2017	1Q18
Water	164	239	40
Sewage	218	252	66
Paraopeba Collection – PPP Rio Manso	7	-	-
Other	6	20	17
COPASA Total	**395**	**511**	**123**
COPANOR	33	28	9
General Total	**428**	**539**	**132**

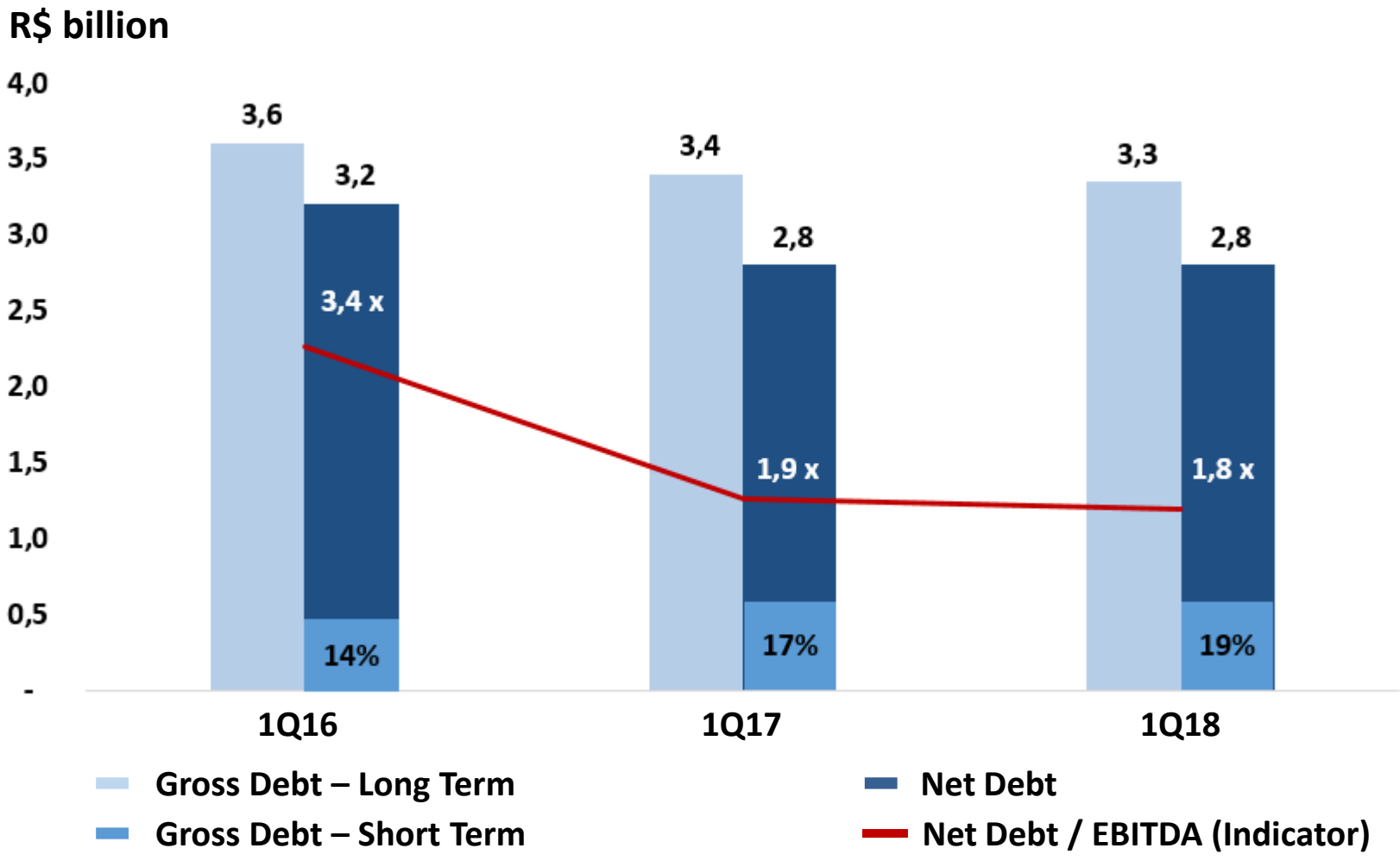
Investment Program

CAPEX – Parent Co.



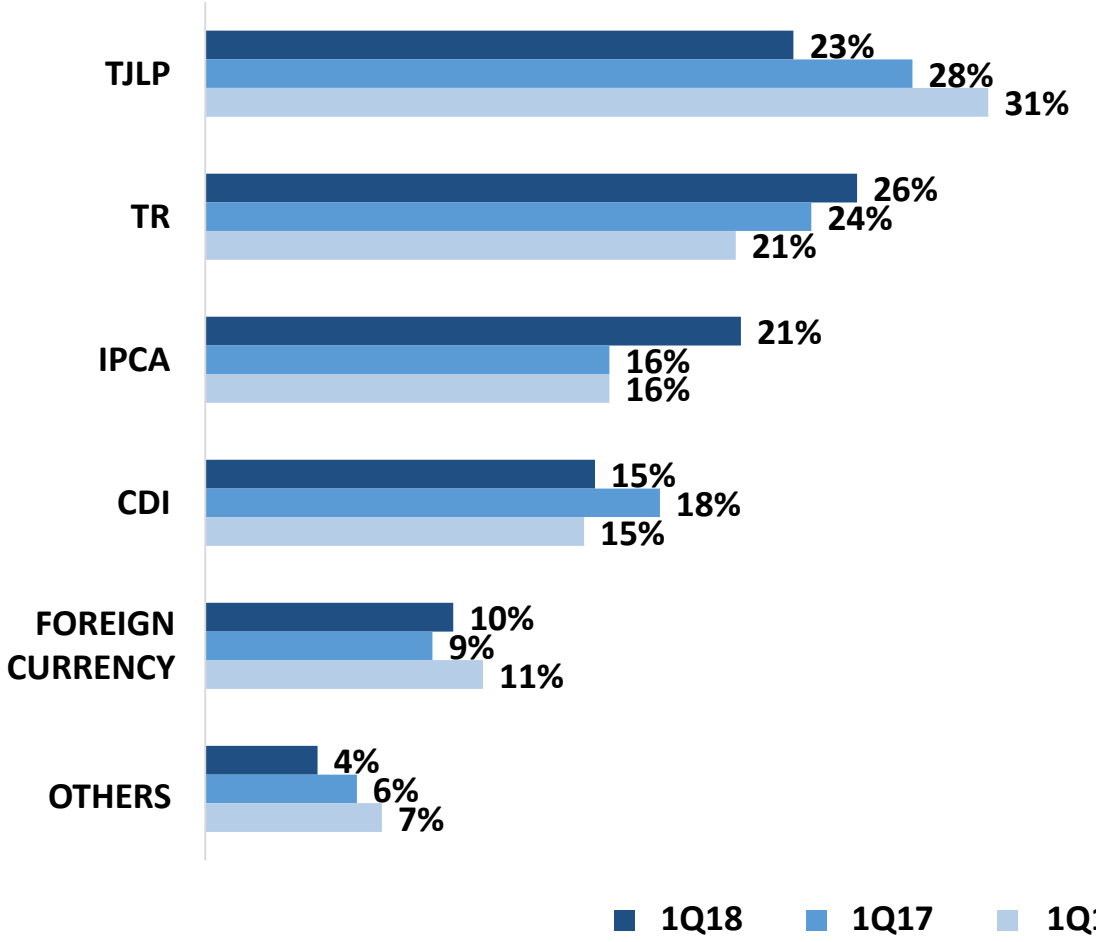
Quarterly Financial Performance

Debt Evolution – Consolidated



Quarterly Financial Performance

Debt by Index and Average Coupon



Average Coupon (p.a.)	
1Q18	7.0%
1Q17	8.9%
1Q16	9.0%

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Developing Actions

Main Investments:

- **Water Supply Systems:** Montes Claros (up to R$140 million)
- **Sewage Systems:** Divinópolis and Sabará (R$268 million)
- **Water Metering – 2018:** R$ 30 million
- **Water and Sewage Vegetative Growth – 2018:** R$125 million

Developing Actions

Operational Efficiency

- **Digital Service Order Management**
  - Deployment of an online system for Service Order Management
  - Automated scheduling with geo-tracking
  - **Investment:** R$2.2 million
  - **Configuration, tests and trainings stage:** Apr/18 to Oct/18
  - **Deployment in the operational units (assisted operation):** Oct/18 to Jan/19
  - **Project Duration:** Apr/18 to Sep/19

- **Process Revision (BPMS - *Business Process Management Suite)***
  - Tool for management by process
  - **Investment:** R$3.6 million
  - **Status:** final stage of contracting

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