

COPASA

Earnings Presentation 1Q16

May 9, 2016

Índice de Ações com Governança Corporativa Diferenciada IGC

Índice de Ações com Tag Along Diferenciado ITAG

Índice de Governança Corporativa Trade IGCT

CSMG3 NOVO MERCADO BM&FBOVESPA

DISCLAIMER

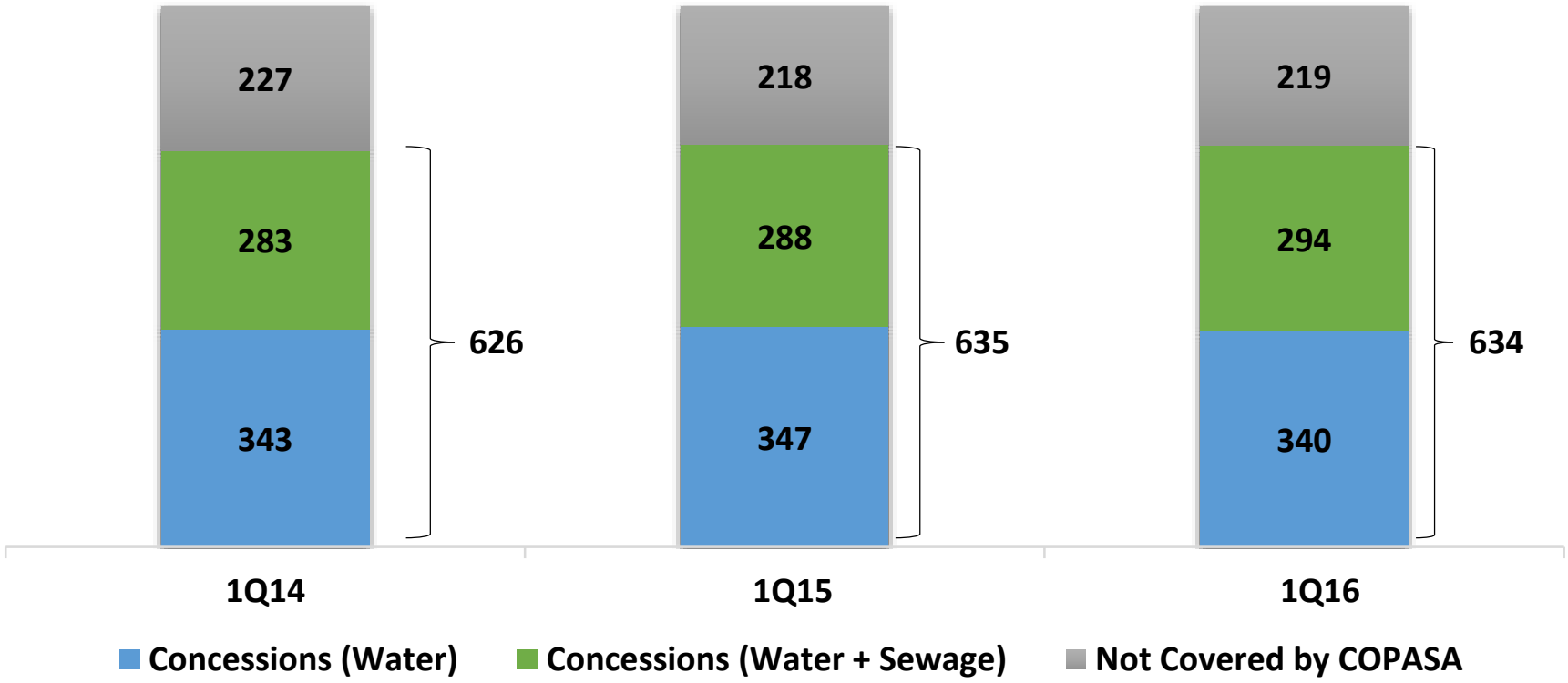
This document may contain future considerations on COPASA's business prospects. These are mere projections. being. therefore. entirely based on COPASA's management expectations regarding the future of the business. Such forward-looking statements are subject to risks and uncertainties which depend on 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.

Agenda

1. Operational Performance
2. Water Situation
3. Financial Performance

Operational Performance

Total of municipalities in Minas Gerais: 853

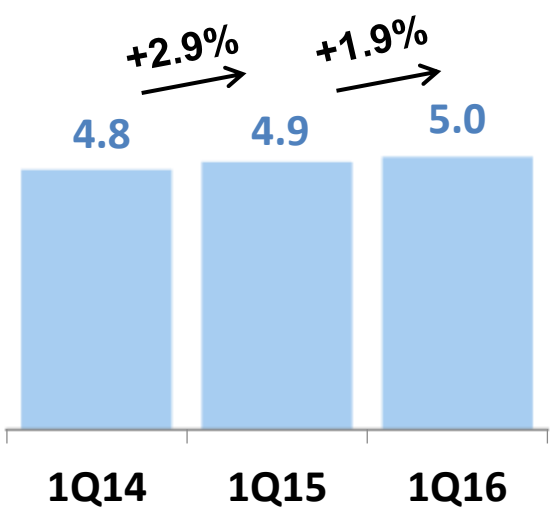


Numbers include COPASA and COPANOR concessions.

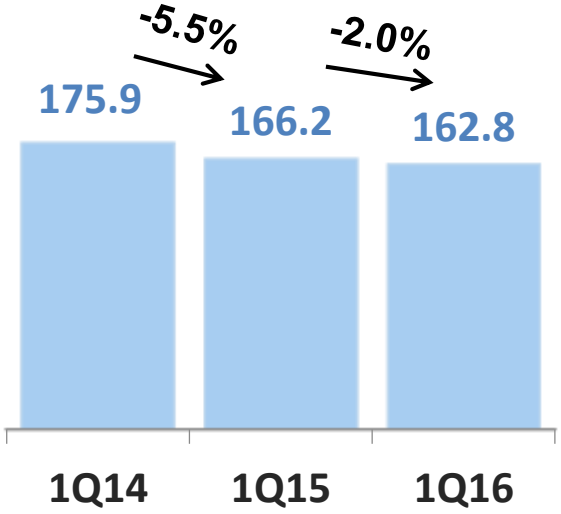
Operational Performance

Water

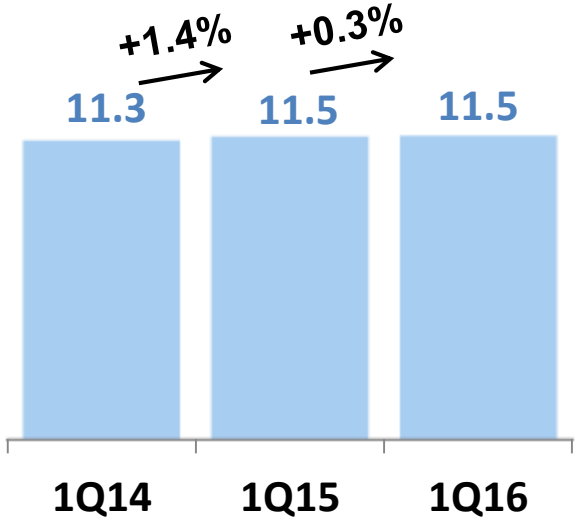
Units
(million)



Billed Volume
(million m³)



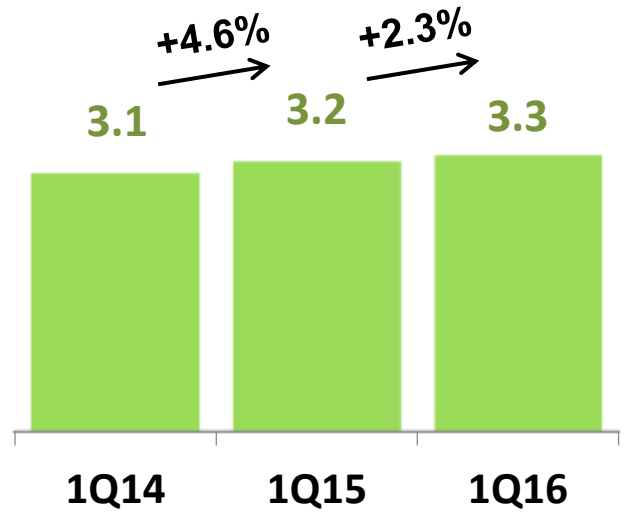
Population Served
(million)



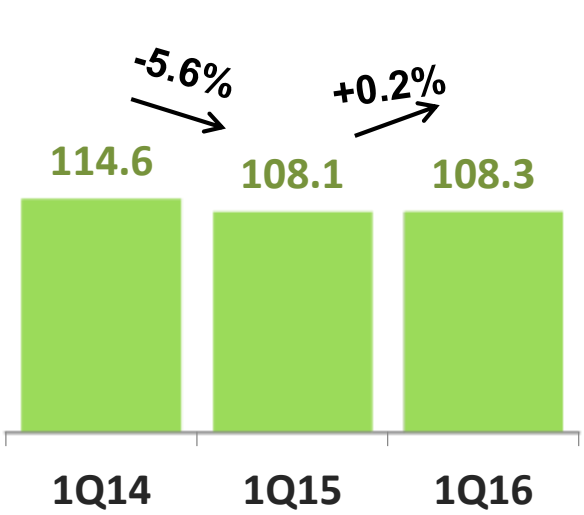
Operational Performance

Sewage

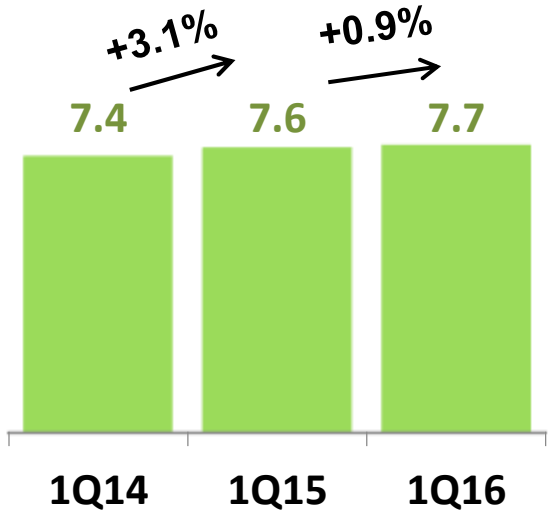
Units
(million)



Billed Volume
(million m³)



Population Served
(million)

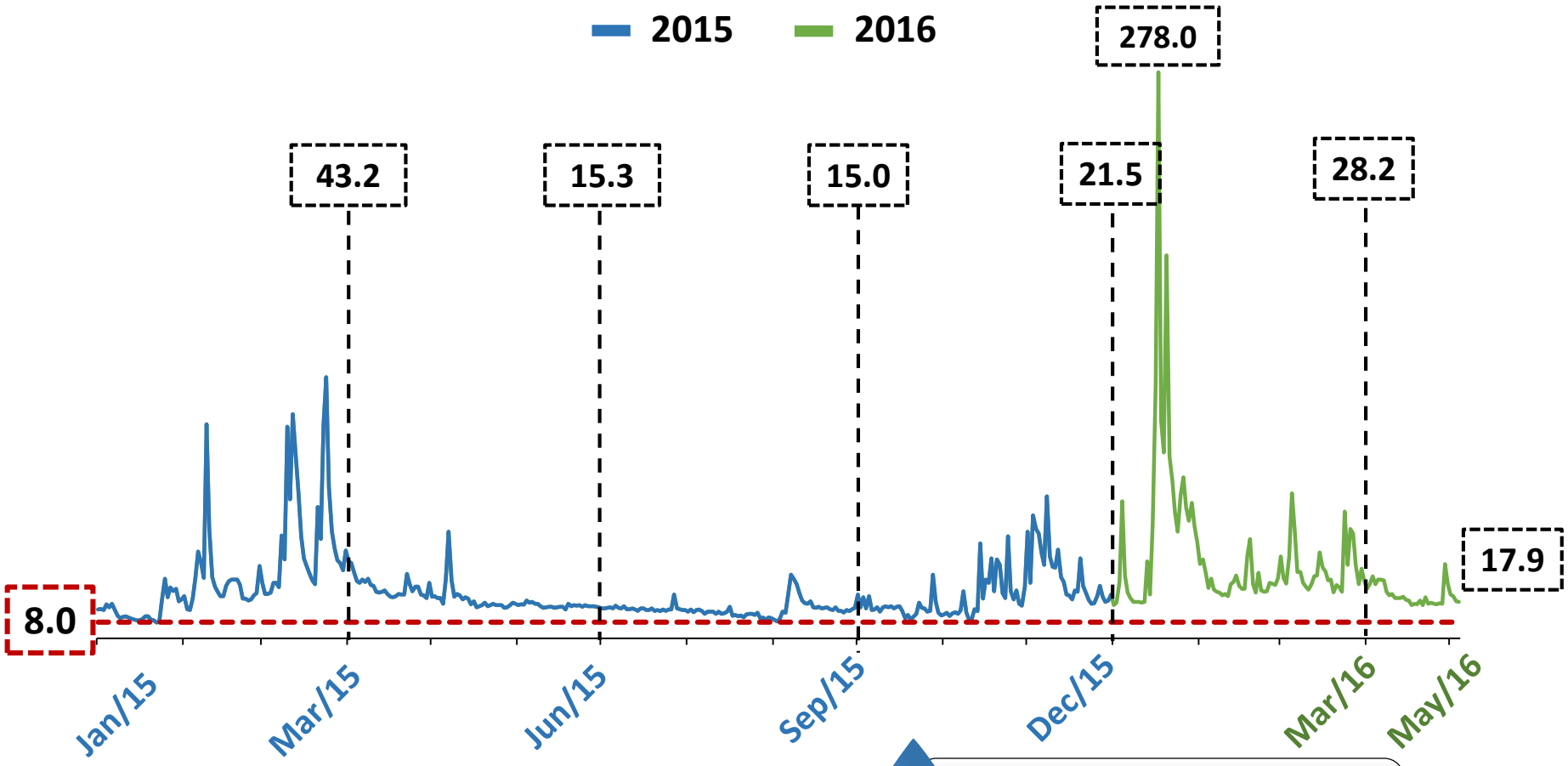


Agenda

1. Operational Performance
2. Water Situation
3. Financial Performance

Water Situation

Das Velhas River Flow (m^3/s)



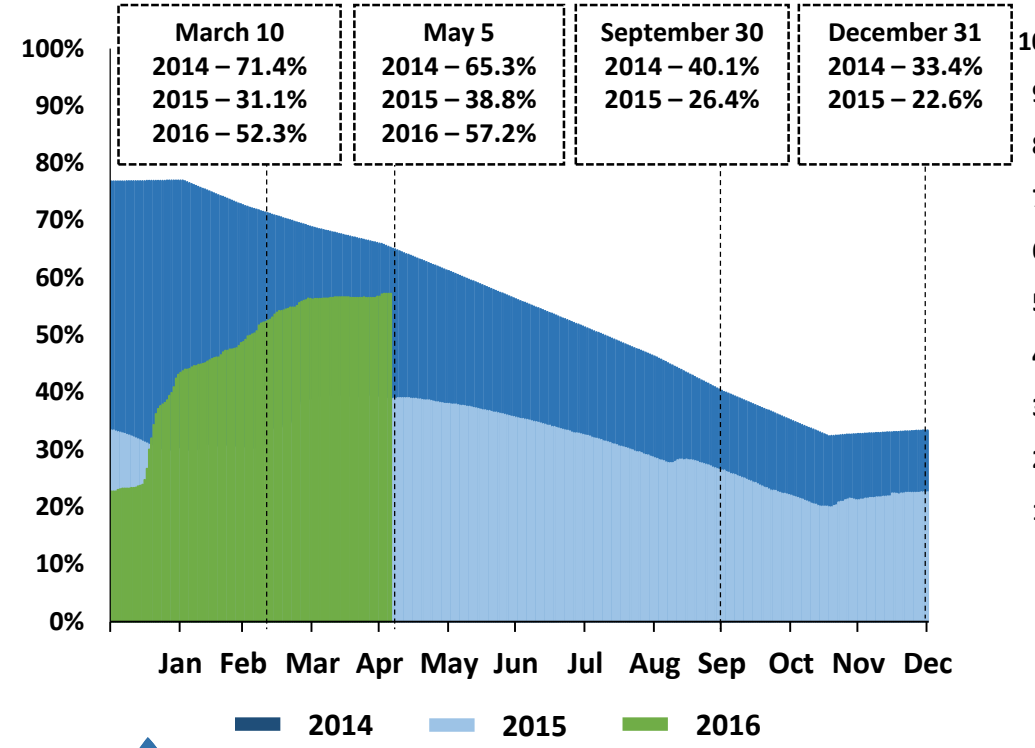
Source: Institutional COPASA website (May 5, 2016)

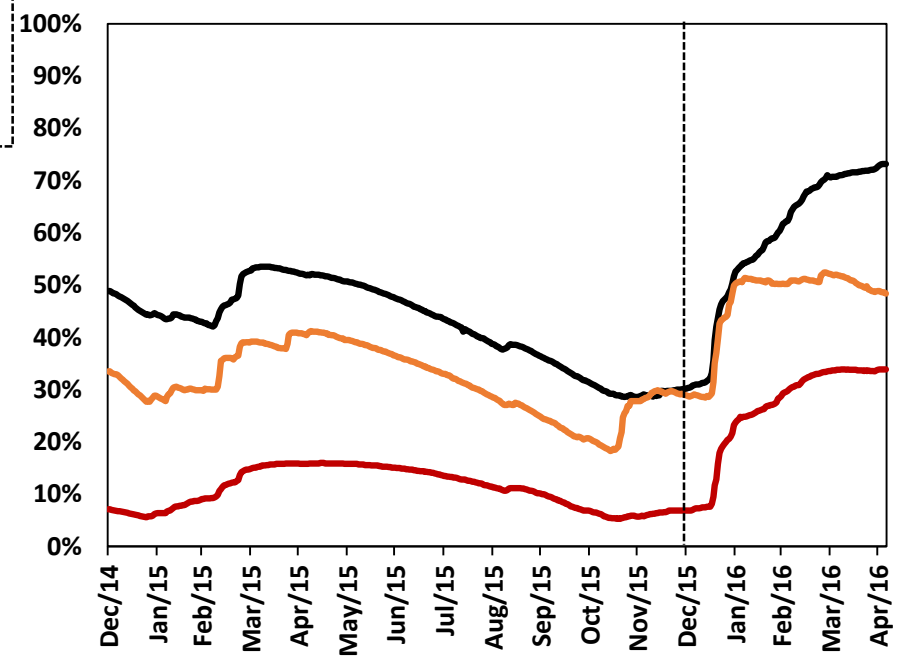
50% of Metropolitan Region Supply

Water Situation

Reservoir Levels

Paraopeba System





42% of Metropolitan Region Supply

Reservatório	Jan/2015	May/2015	Dec/2015	May/2016
Rio Manso	48.9%	51.9%	30.2%	73.2%
Vargem das Flores	33.5%	40.4%	28.9%	48.4%
Serra Azul	7.1%	15.8%	6.9%	33.9%

Source: Institutional COPASA website (May 5, 2016)

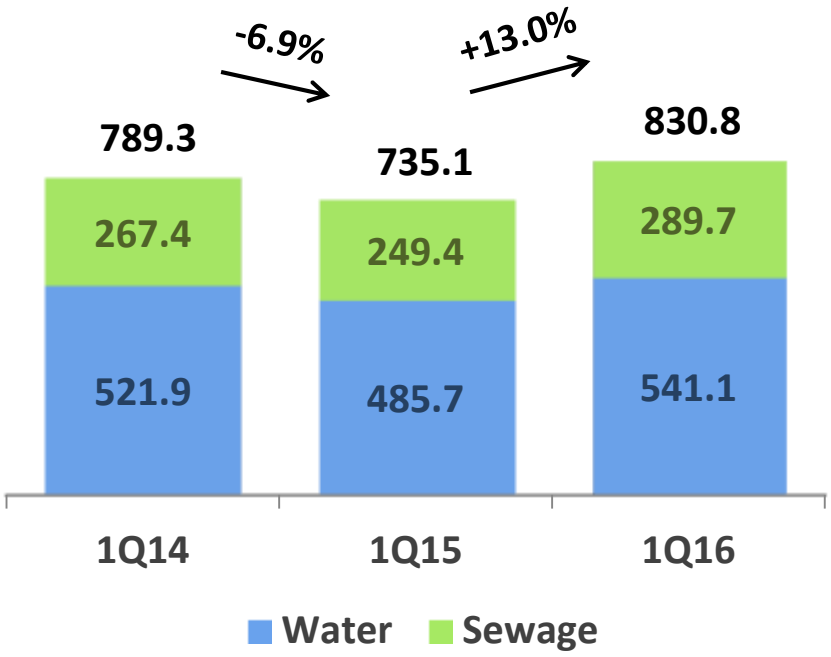
Agenda

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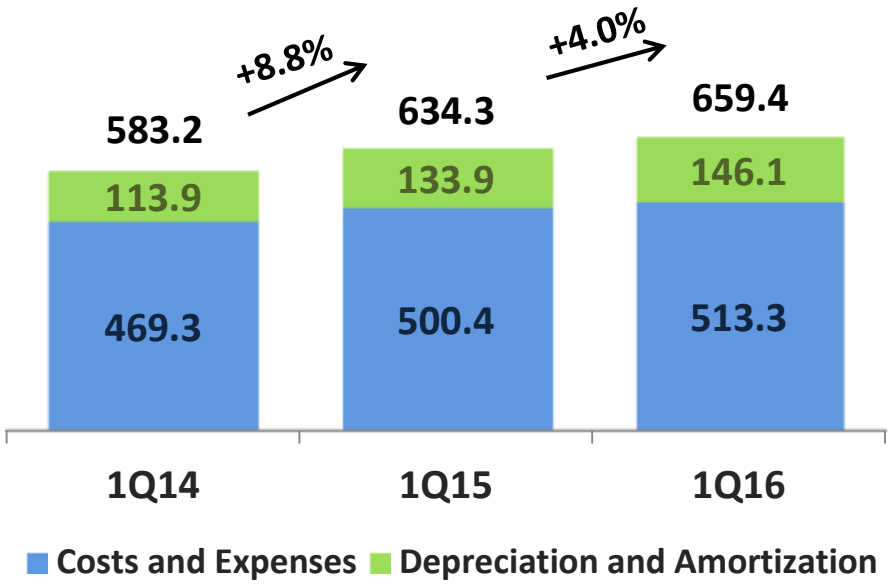
Financial Performance

Net Revenue, Costs and Expenses

Water and Sewage Net Revenues
(R$ million)



Costs and Expenses*
(R$ million)



*Cost of services rendered + selling expenses + administrative expenses.

Financial Performance

Operational Expenses

R$ million

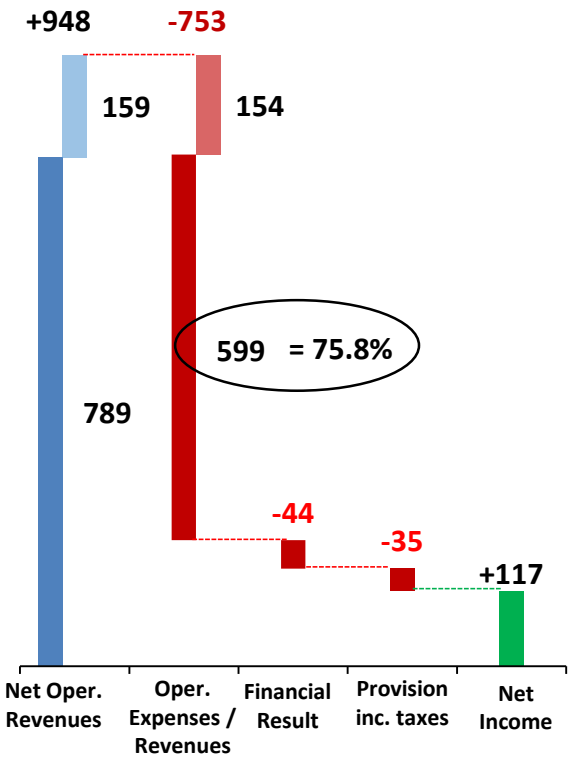
Specification	1Q14	1Q15		1Q16	
Personnel	262	293	+12.1%	266	-9.1%
Depreciation and Amortization	114	134	+17.6%	146	+9.1%
Outsourced Services	88	86	-3.3%	89	+3.5%
PPP Manso	-	-	-	13	-
Energy	62	69	+12.4%	91	+31.9%
Materials	33	34	+2.4%	34	-1.5%
Other Costs and Expenses	24	18	-24.5%	20	+8.5%
Total	583	634	+8.8%	659	+4.0%

Financial Performance

Income Statements

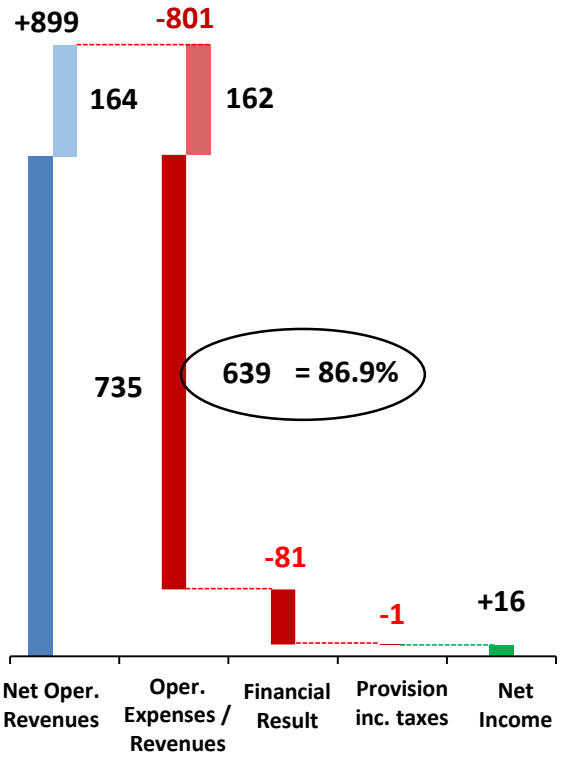
R$ million

1Q14



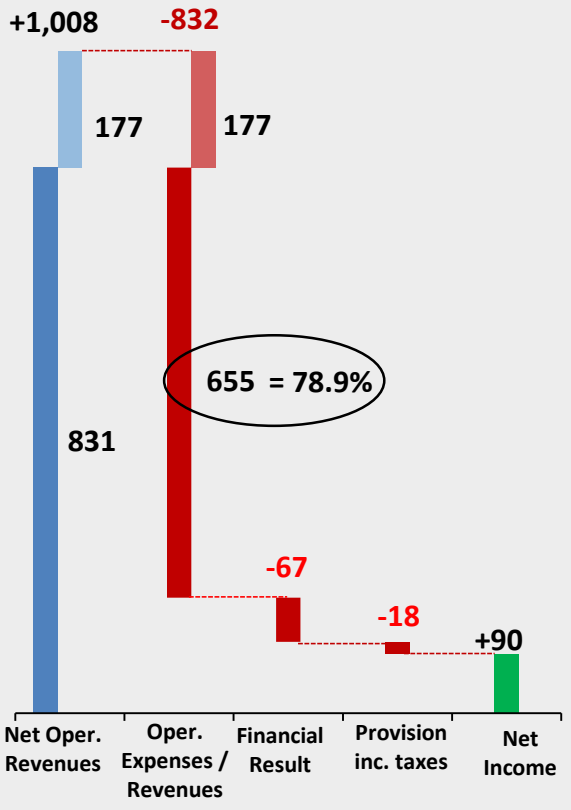
%	100%	79.4%	4.7%	3.7%	12.3%

1Q15



%	100%	89.0%	9.0%	0.1%	1.8%

1Q16

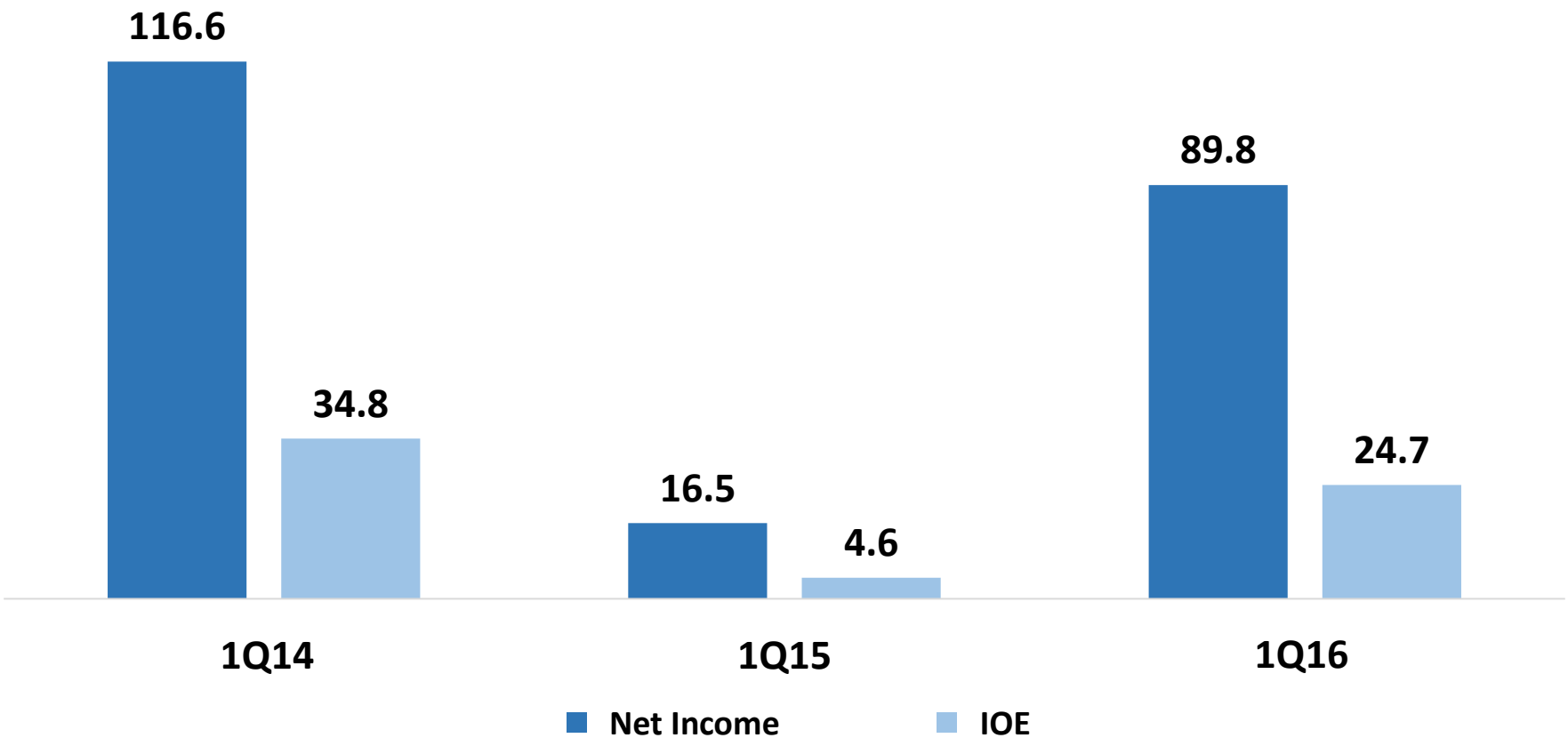


%	100%	82.6%	6.6%	1.8%	8.9%

Financial Performance

Net Income and IOE

R$ million

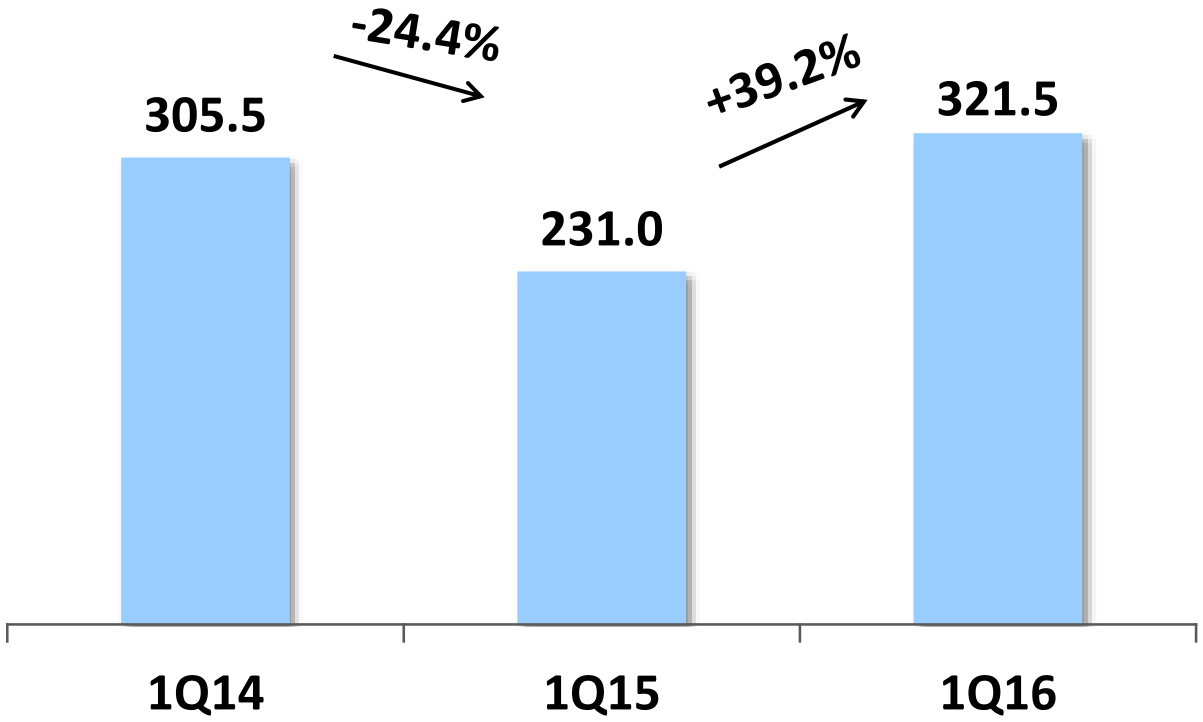


Financial Performance

Operational Cash Generation

R$ million

Adjusted EBITDA*



*Excluding construction result.

Financial Performance

Personnel chart

Evolution of Personnel chart	Number of Employees	Number of Interns	Total
Position as of Mar 31, 2015	12,549	110	12,659
Position as of Mar 31, 2016	11,261	45	11,306
Dismissed employees from April to May 2016	17		
On-leave employees to be dismissed	5		

Financial Performance

CAPEX

R$ million

	2014	2015	2016	1Q16	
			Annual Limit	Allocated	Realized
Water	280	201		148	33
Sewage	556	229		183	44
Paraopeba Withdrawal – Rio Manso PPP		115		6	6
Others	29	5		1	-
TOTAL	**865**	**550**	**600**	**338**	**83**
Rio Manso PPP	280	364			

Financial Performance

Shareholders' Remuneration - 2016

Dividend Policy:

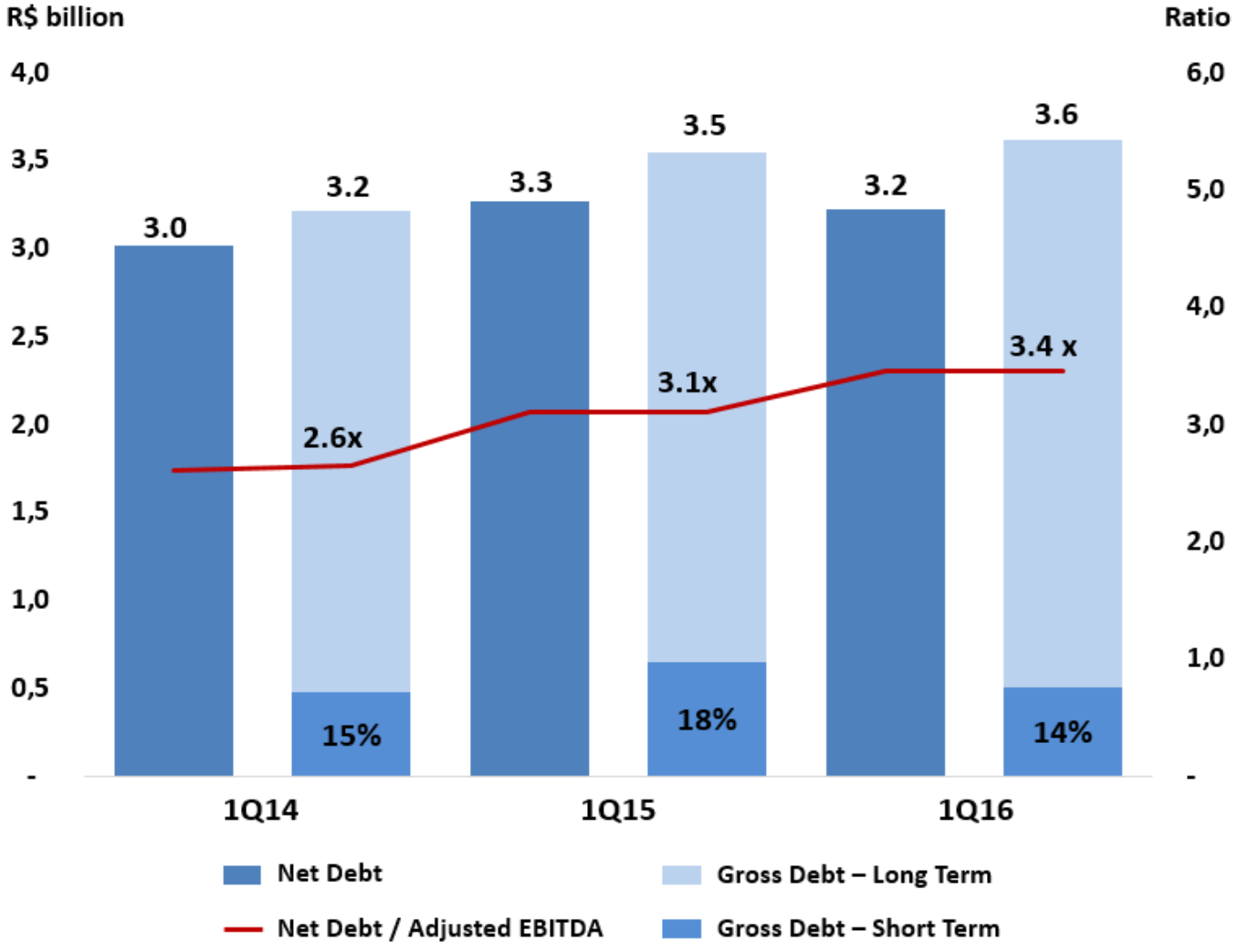
- **Mandatory amount of 25% of Net Income distributed as Interest on Equity (IOE)**
- **Quarterly declared**
- **The date of payment will be defined in the Annual Shareholders' Meeting which will be held on 2017.**

IOE referring to the 1Q16:

- **Amount:** R$ 24.7 million
- **Amount per share:** R$ 0.20715
- **Credit date:** May 11, 2016

Financial Performance

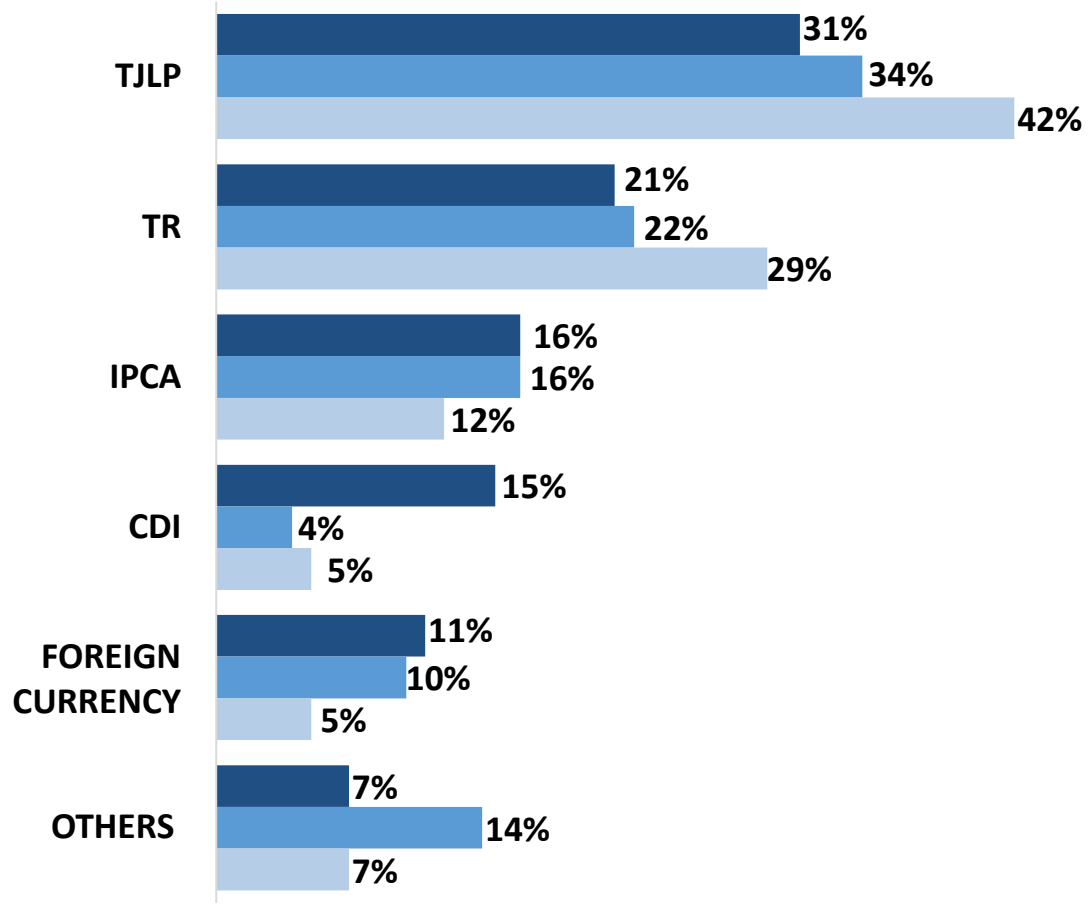
Debt Evolution



Financial Performance

Debt Indexes and Average Coupon

Debt Indexes



Average coupon (p.a.)	
1Q16	9.0%
1Q15	7.6%
1Q14	7.6%

Financial Performance

Tariff Revision

COPASA

- April 12, 2016: 1st stage concluded
  - Tariff revision of 13.9% (average tariff impact)
  - Alteration of the tariff structure: Fixed and variable tariff
- 2017: Regulatory asset base

COPANOR

- Scheduled for July 2016

Contacts



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