# COPASA MG
# Earnings Presentation
# 1Q14

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 2014

Índice de Ações com Governança Corporativa Diferenciada IGC

ÁGUA DA GENTE

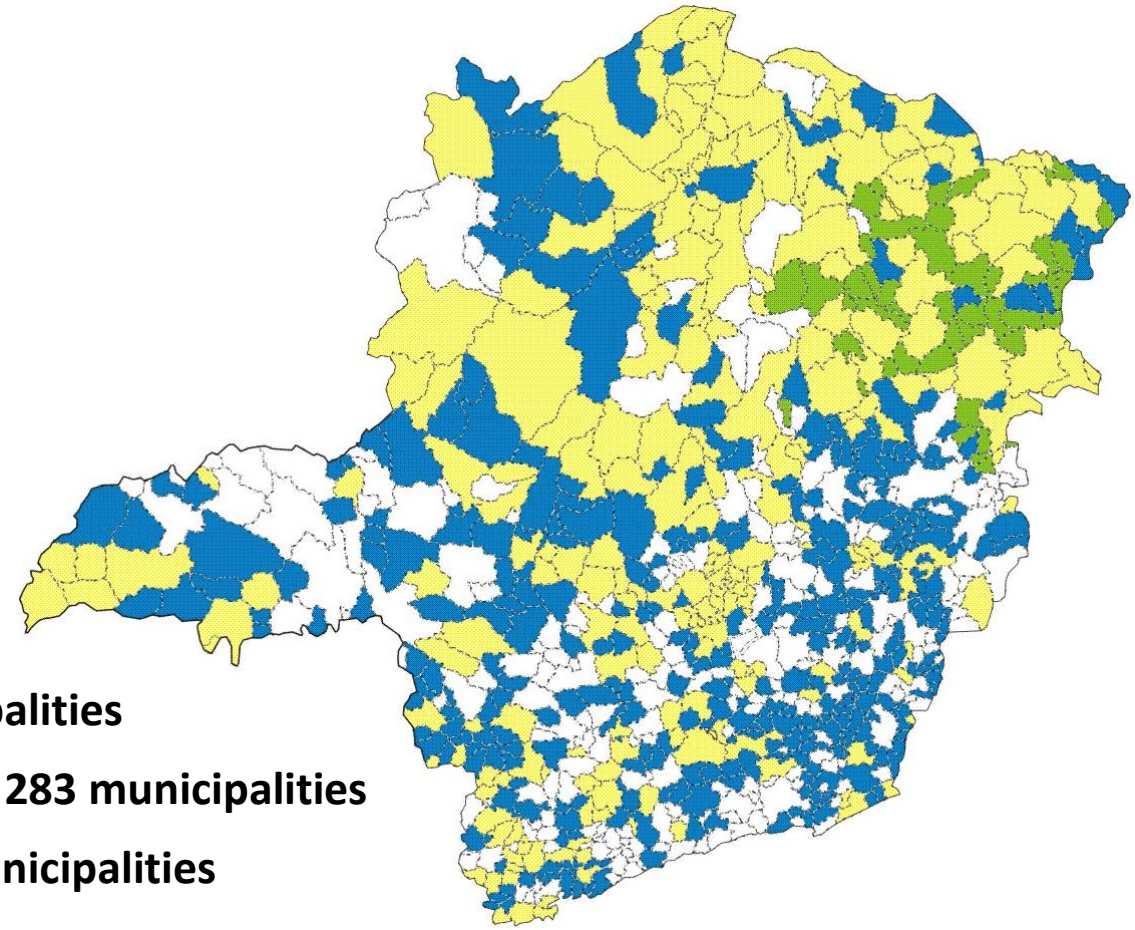
50 anos COPASA

COPASA
A água de Minas

GOVERNO DE MINAS

# Overview

## *Present in 626 of the 853 municipalities of Minas Gerais*



**Water concessions: 343 municipalities**

**Water and sewage concessions: 283 municipalities**

**Not covered by COPASA: 227 municipalities**

**COPANOR**

**The numbers include concessions by COPASA MG and subsidiary COPANOR.**

# Overview

| | Population Served (million) | Connections (million) | Units (million) |
|---|---|---|---|
| WATER | +3.5% | +3.9% | +3.8% |
| | 14.2 → 14.7 | 3.8 → 4.0 | 4.6 → 4.8 |
| | 1Q13 → 1Q14 | 1Q13 → 1Q14 | 1Q13 → 1Q14 |
| SEWAGE | +6.0% | +6.8% | +6.2% |
| | 8.9 → 9.4 | 2.3 → 2.4 | 2.9 → 3.1 |
| | 1Q13 → 1Q14 | 1Q13 → 1Q14 | 1Q13 → 1Q14 |

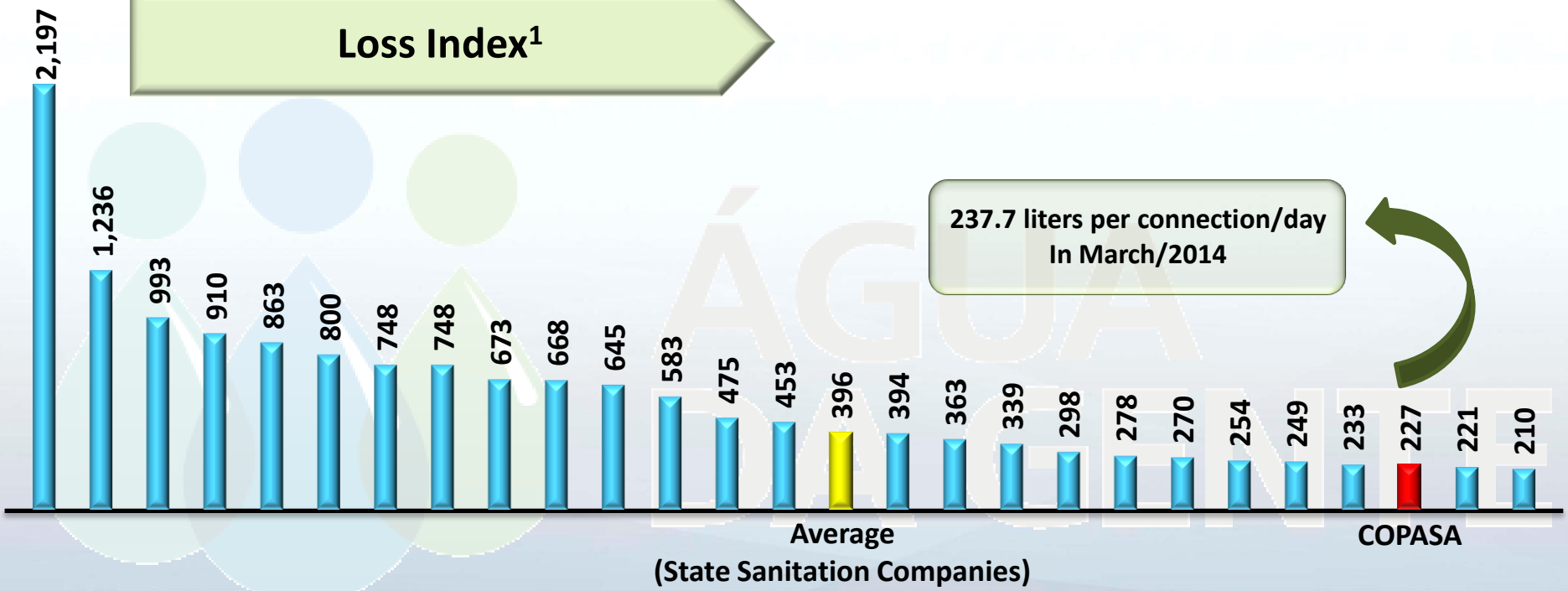
- Consolidated data (includes cities operated by COPANOR).
- Variation is calculated by considering the number with all decimal places.
- Connections: link between the company's pipeline and the customer's building.
- Unit: subdivision of a building.
  (E.g.: a 10 apartment building has 1 connection and 10 units)

# Operational Efficiency

**Recognized as one of the lowest indices in the sector**

**Default Ratio** **1.42%**

**Loss Index[1]**




1 - Source: SNIS 2011 (National Sanitation Data System)

# Investments

| CAPEX (R$ million) | | |
|---|---|---|
| | **Projected 2014** | **Accomplished 1Q14** |
| **Water** | 353 | 70 |
| **Sewage** | 611 | 134 |
| **Others** | 19 | 9 |
| **Total** | **983** | **213** |

# Shareholders' Remuneration

- **Financial Year 2014: 35% of Net Income distributed as Interest on Equity (IOE);**
- **Payout defined annually by the Board of Directors;**
- **Quarterly payments.**

| | |
|---|---|
| **2013** | **R$ 139.6 million (R$ 1.1697 per share).** |
| **1Q14** | **R$ 34.8 million (R$ 0.2913 per share);** |

# Financial Performance
# 1Q14

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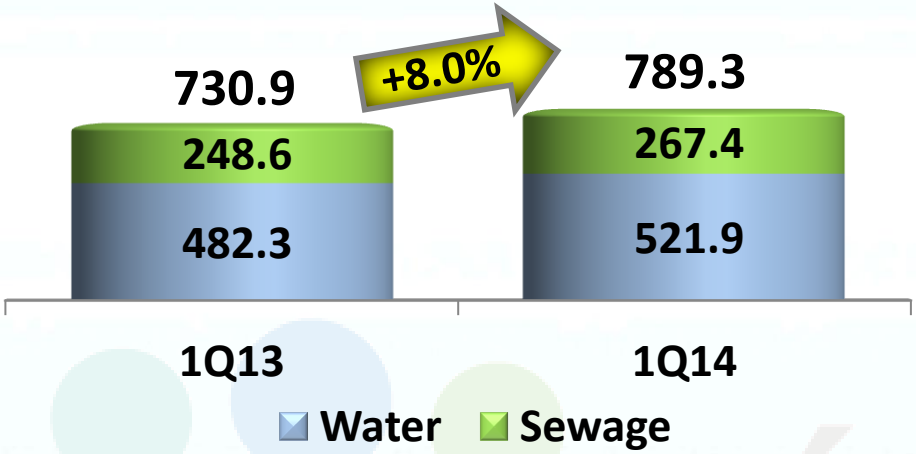
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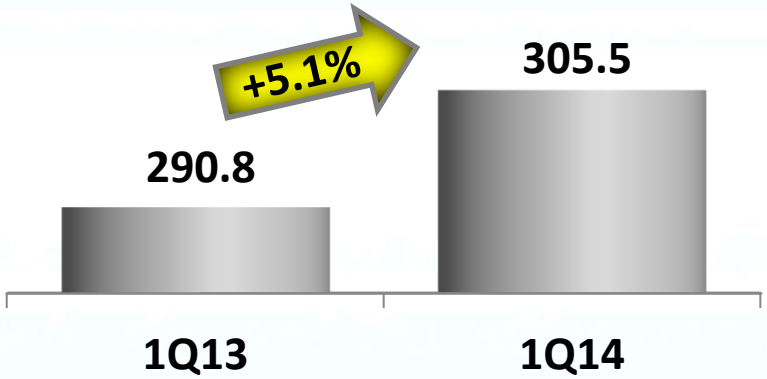
GOVERNO DE MINAS

# Cash Generation

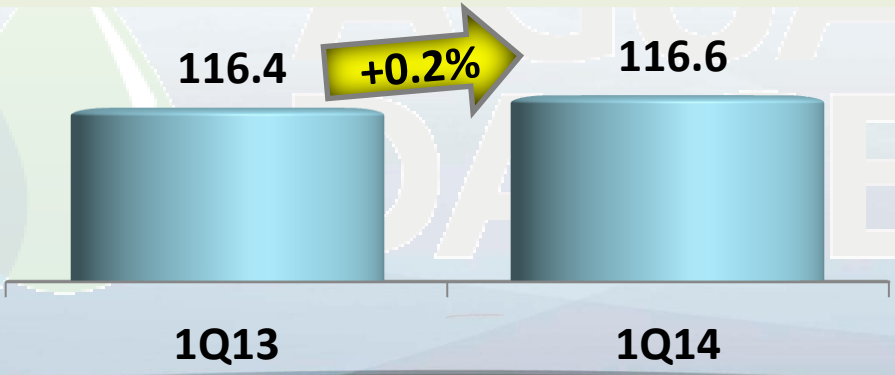
## Net Operating Revenue (R$ million)




## Adjusted EBITDA (R$ million)



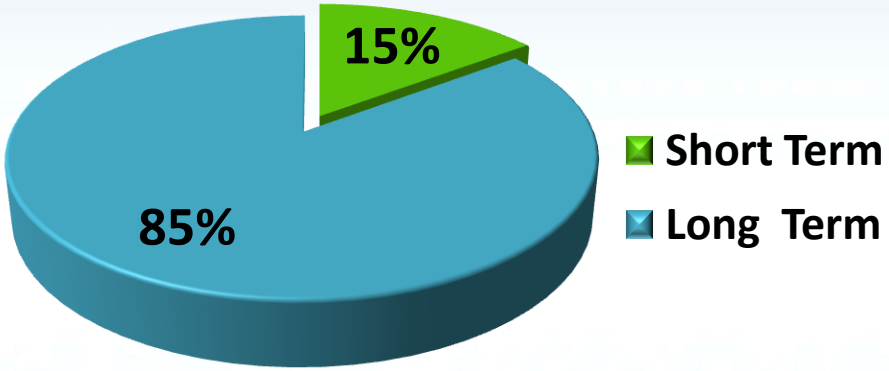

## Net Income (R$ million)



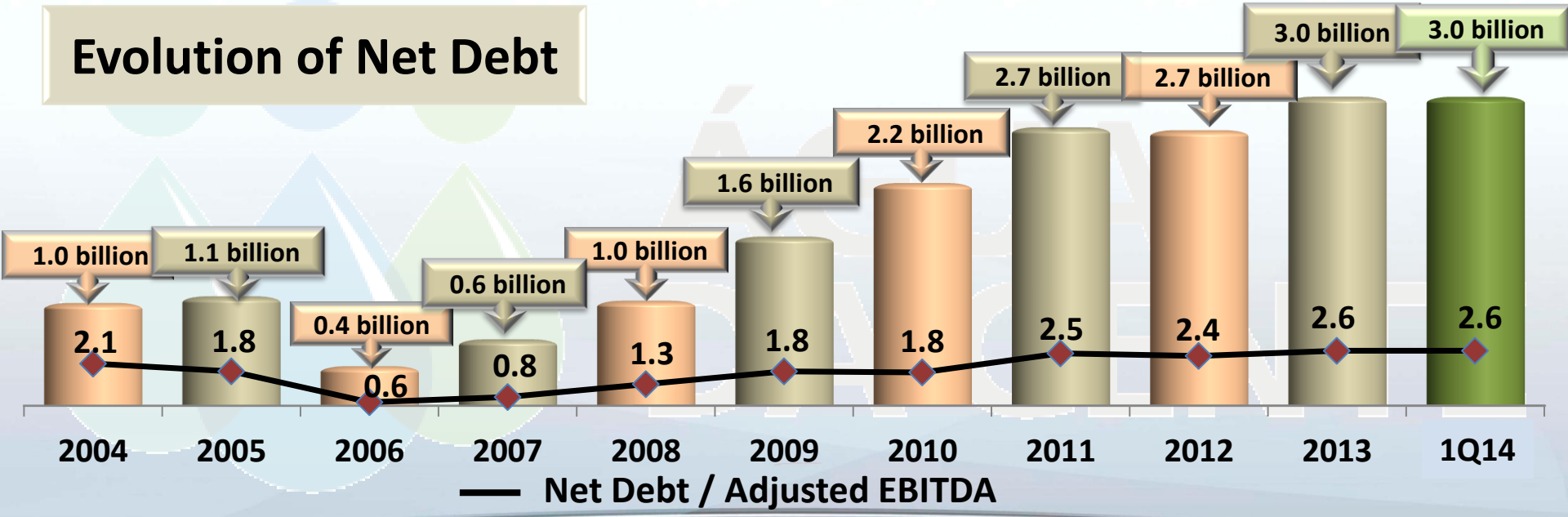
# Indebtedness

**Gross Debt:**
**R$ 3.2 billion**

Position: March/2014

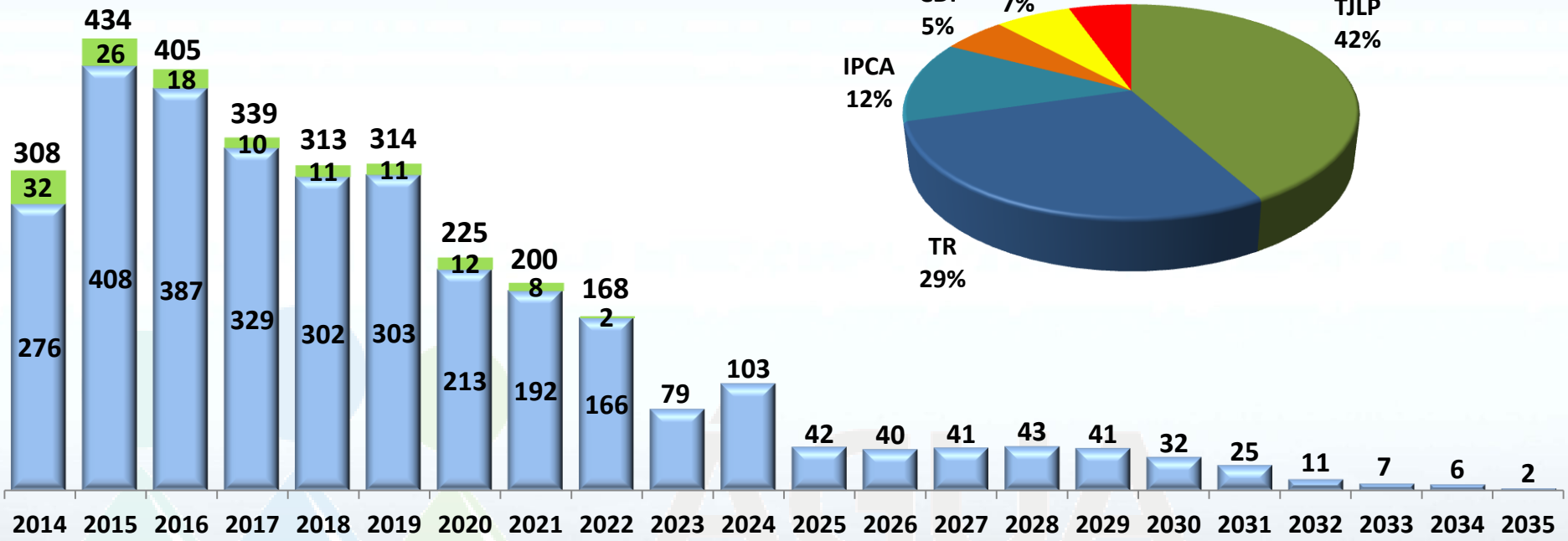



## Evolution of Net Debt



# Indebtedness

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







**Average rate : 7.64% p.a[3]**

1. As of March 31, 2014, the Company had R$ 754.8 million in funds contracted from BNDES and Caixa Econômica Federal (CEF), 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 € 64.2 million.
2. The resources from the 7th debenture issue will be used for the early amortization of R$ 130 million from the debt with FGTS in 2014. The green bars of the graph show this annualized amount, if it were amortized from 2014 to 2022.
3. The average rate of these loans was 7.64% p.a., while some funding lines also had their balances pegged to specific indices, such as TR, IPCA, IGPM, US dollar and euro, as shown in debt chart from Earnings Release 1Q14.




*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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