

# **4Q22 and 2022 EARNINGS PRESENTATION MARCH 22<sup>nd</sup>, 2023**

**COPASA**

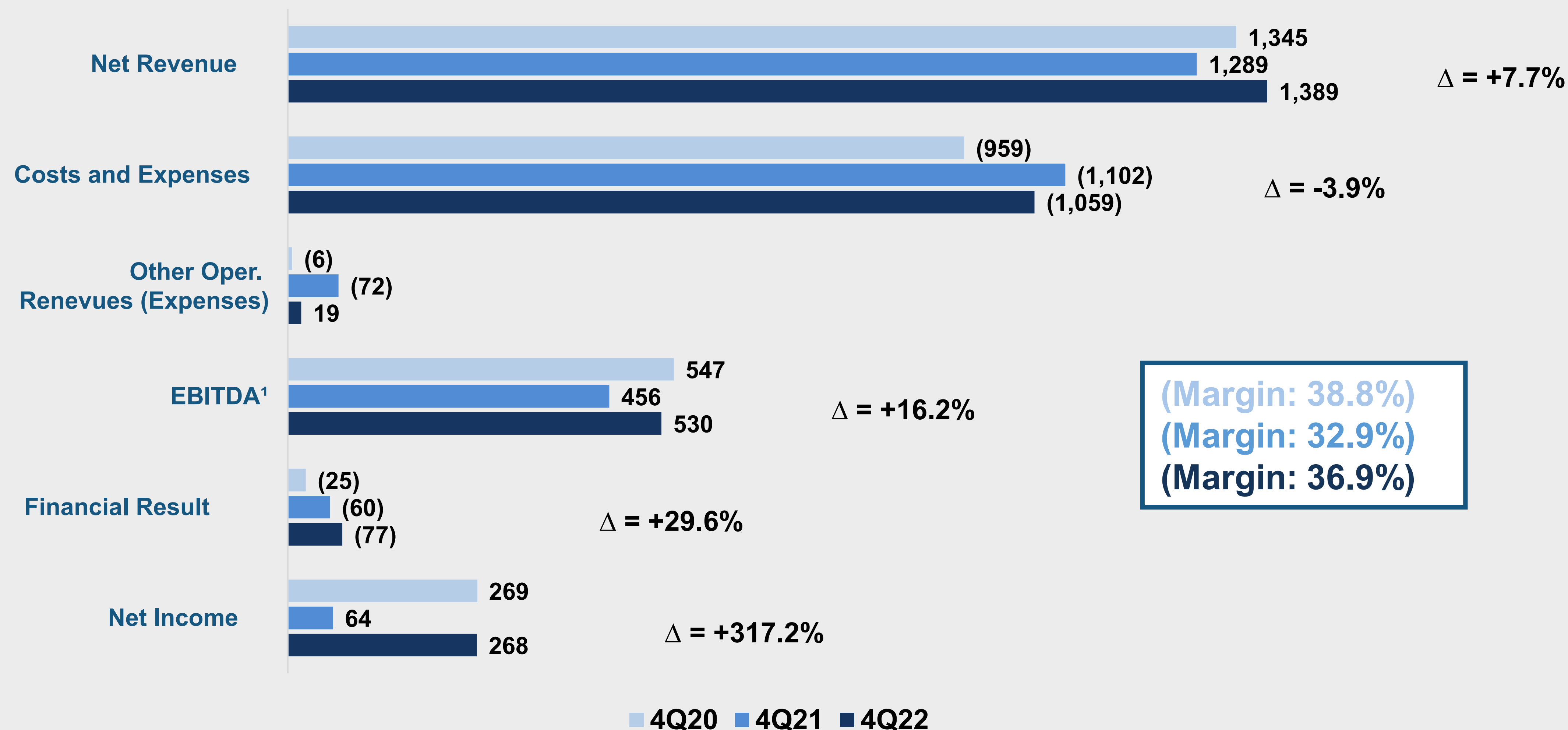




# FINANCIAL HIGHLIGHTS

Parent Company - Quarterly

(BRL million)



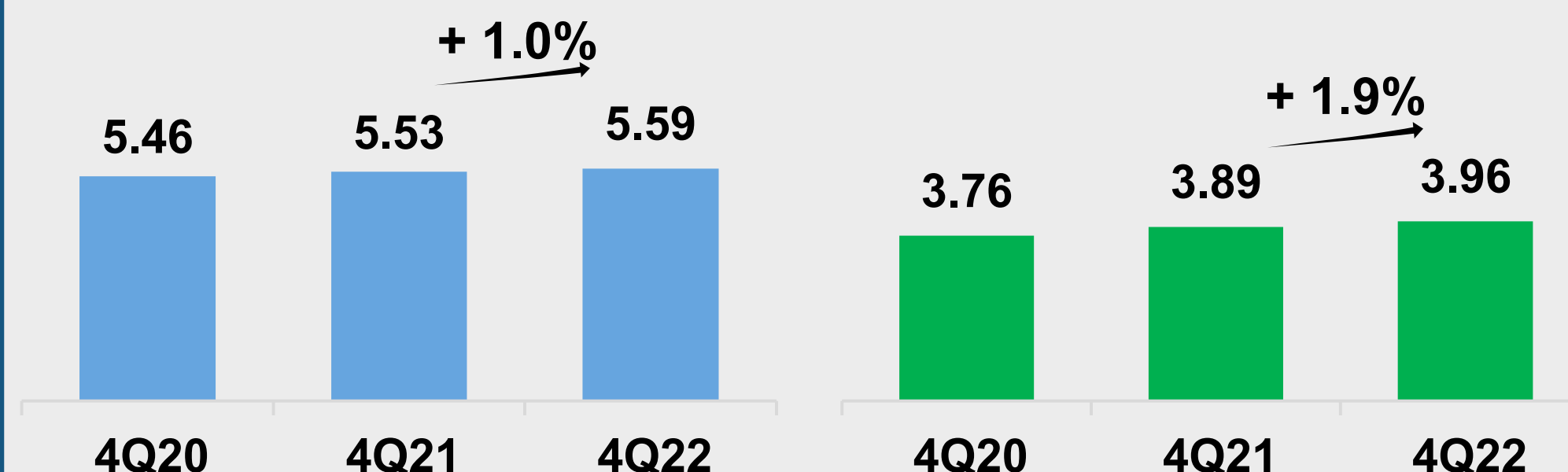
# WATER, SEWAGE AND SOLID WASTE

(BRL million)

Parent Company - Quarterly

Net Revenue	4Q20	4Q21	Var (%)	4Q22	Var (%)
Water	855.9	853.5	-0.3%	919.6	7.7%
Sewage	488.3	434.9	-10.9%	468.5	7.7%
Solid Waste	0.5	0.6	2.4%	0.7	18.2%
<b>Water, Sewage and Waste</b>	<b>1,344.7</b>	<b>1,289.0</b>	<b>-4.1%</b>	<b>1,388.8</b>	<b>7.7%</b>

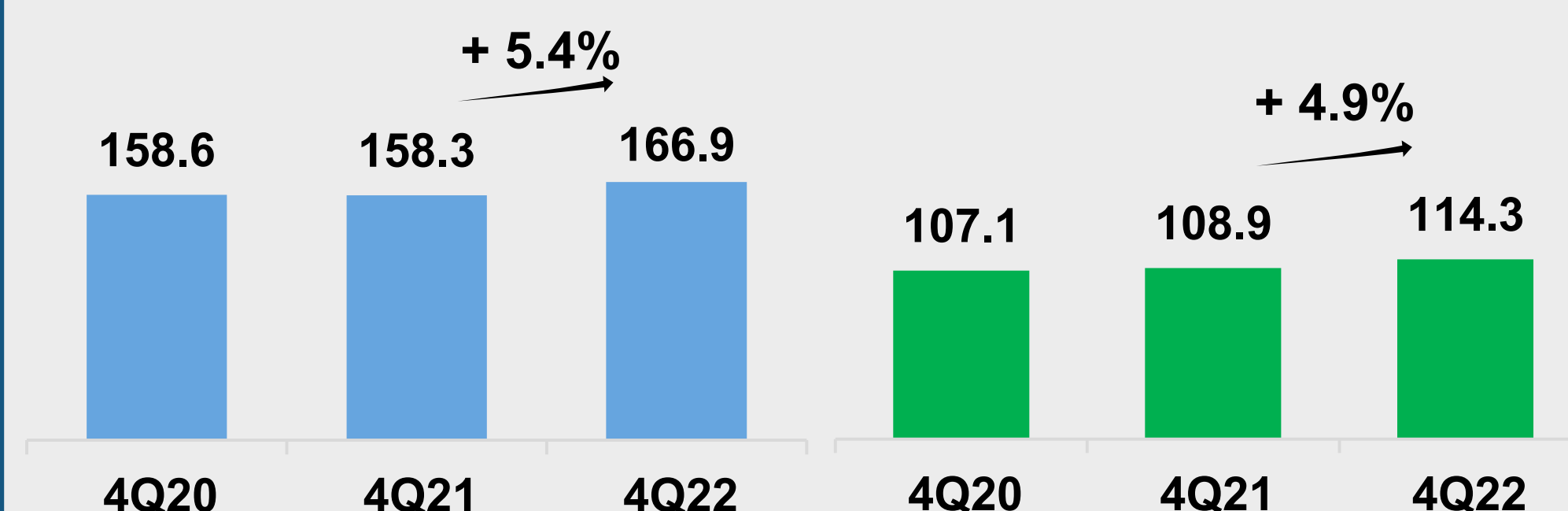
Consumer Units (Consolidated – Million Units)



## Other elements

- ✓ Increase of 4.3% in water volumes per unit and 3.3% in sewage volume per unit;
- ✓ A growth of 1.0% in the number of consumer units for water and 1.9% in consumer units for sewage; and
- ✓ Impacts of migrating consumption bands and categories.

Measured Volume (Consolidated – Million M³)



# MANAGEABLE COSTS

Parent Company

(BRL million)

Specification	4Q20	4Q21	4Q22
Personnel	363.8	375.4 +3.2%	394.7 +5.1%
Outsourced Services (excluded non manageable)	108.5	133.3 +22.9%	158.3 +18.8%
Rio Manso PPP	18.1	23.1 +27.6%	23.7 +2.6%
Material (excluded non manageable)	18.0	20.6 +14.2%	19.7 -4.1%
Provision for Doubtful Accounts	88.8	59.9 -32.6%	54.0 -9.8%
Tariff Transfers to Municipalities	34.5	48.0 +39.0%	51.1 +6.6%
Sundry Operational Costs	15.2	17.4 +14.0%	18.5 +6.3%
<b>Subtotal</b>	<b>646.9</b>	<b>677.6 +4.7%</b>	<b>720.0 +6.3%</b>



# NON MANAGEABLE COSTS AND OTHERS

(BRL million)

Parent Company

Specification		4Q20	4Q21		4Q22
Non-Manageable Costs	Electricity	123.3	159.2	+29.1%	116.9
	Telecommunication	3.0	3.9	+31.4%	4.3
	Treatment Chemicals	22.8	25.3	+11.1%	36.9
	Fuel and Lubricants	6.9	10.4	+50.9%	9.1
	Tax Credits	(14.0)	(15.2)	+8.7%	(17.8)
Subtotal		142.0	183.6	+29.3%	149.3
Others	Charge for Usage of Water Resources	5.6	7.0	+23.8%	5.2
	Depreciation and Amortization	164.3	234.3	+42.6%	184.4
Total		958.9	1,102.4	+15.0%	1,058.9



# OTHER REVENUES (EXPENSES), EQUITY INCOME AND FINANCIAL RESULT

(BRL million)

Parent Company - Quarterly

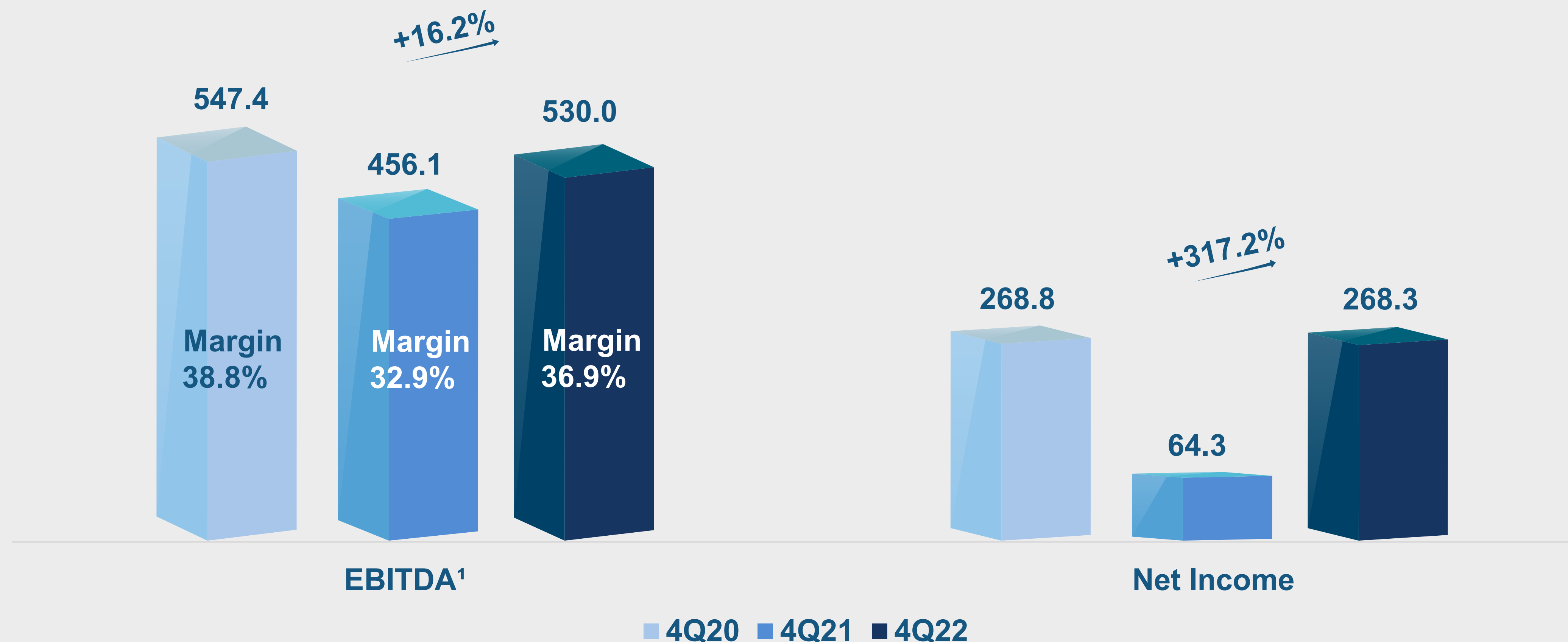
Other Items	4Q20	4Q21	4Q21 X 4Q20	4Q22	4Q22 X 4Q21
Other Operational Revenues	51.0	87.5	71.6%	33.1	-62.1%
Other Operational Expenses	(57.3)	(159.4)	178.4%	(13.9)	-91.3%
Equity Income	2.2	(4.2)	-289.6%	(4.5)	6.8%
Financial Result	(25.4)	(59.7)	135.1%	(77.4)	29.6%
<b>TOTAL</b>	<b>(29.4)</b>	<b>(135.9)</b>	<b>361.7%</b>	<b>(62.7)</b>	<b>-53.9%</b>



# EBITDA, MARGIN and NET INCOME

Parent Company - Quarterly

(BRL million)



4Q21 EBITDA<sup>1</sup>: excluding expenses with Additional provision – Labor Lawsuit (R\$110.3 million)

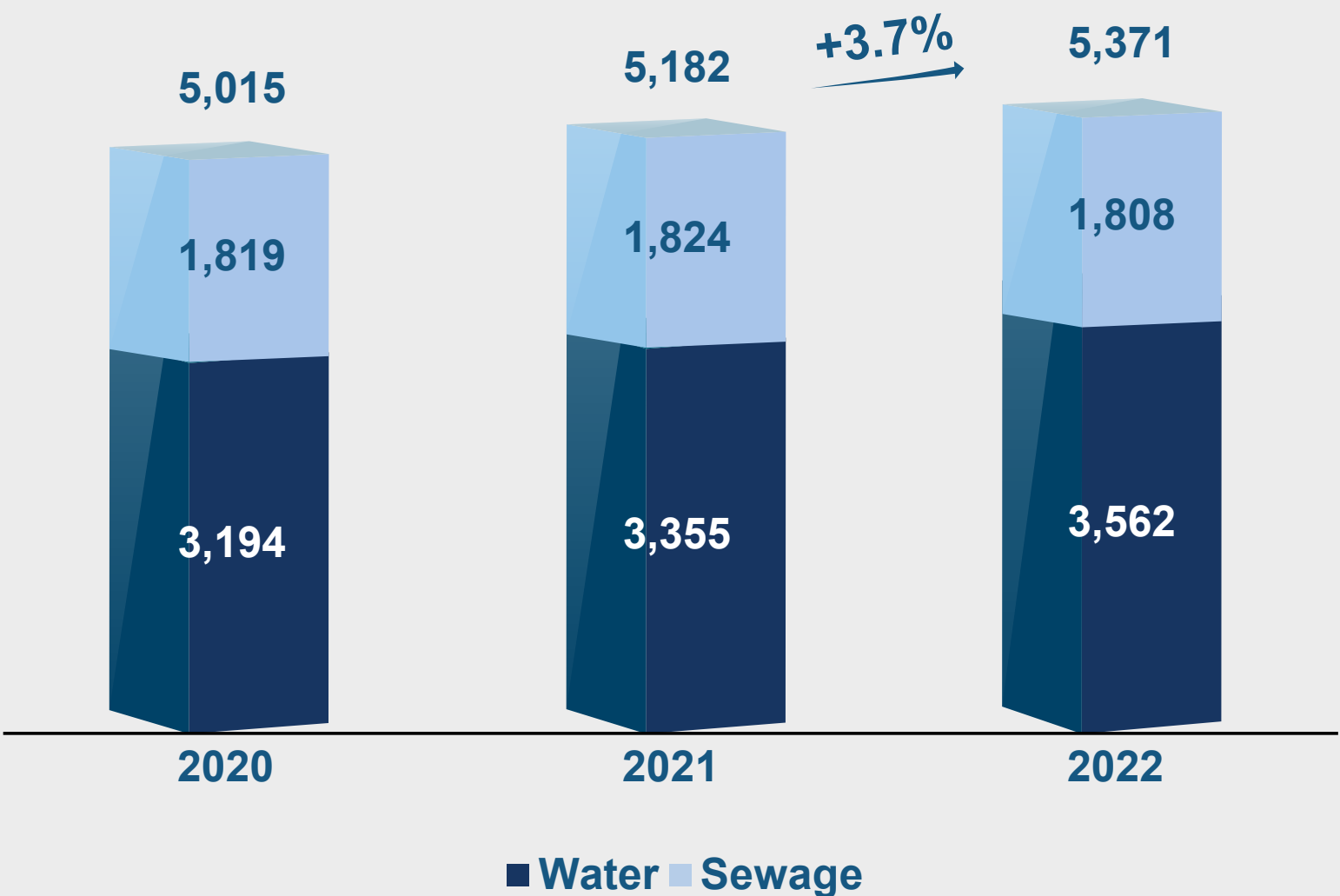


# FINANCIAL HIGHLIGHTS

## Parent Company - Annual

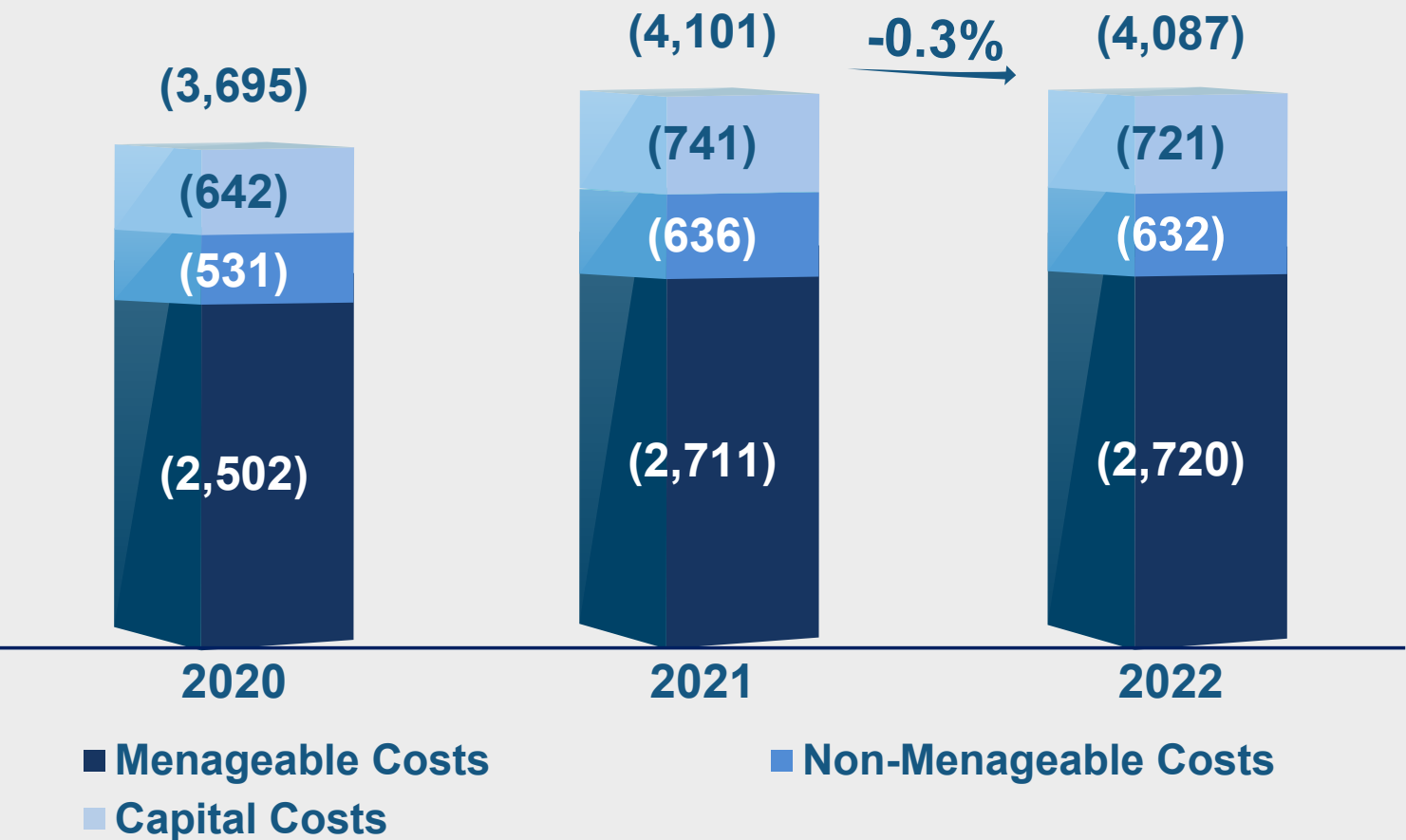
(BRL million)

Net Revenue<sup>1</sup>

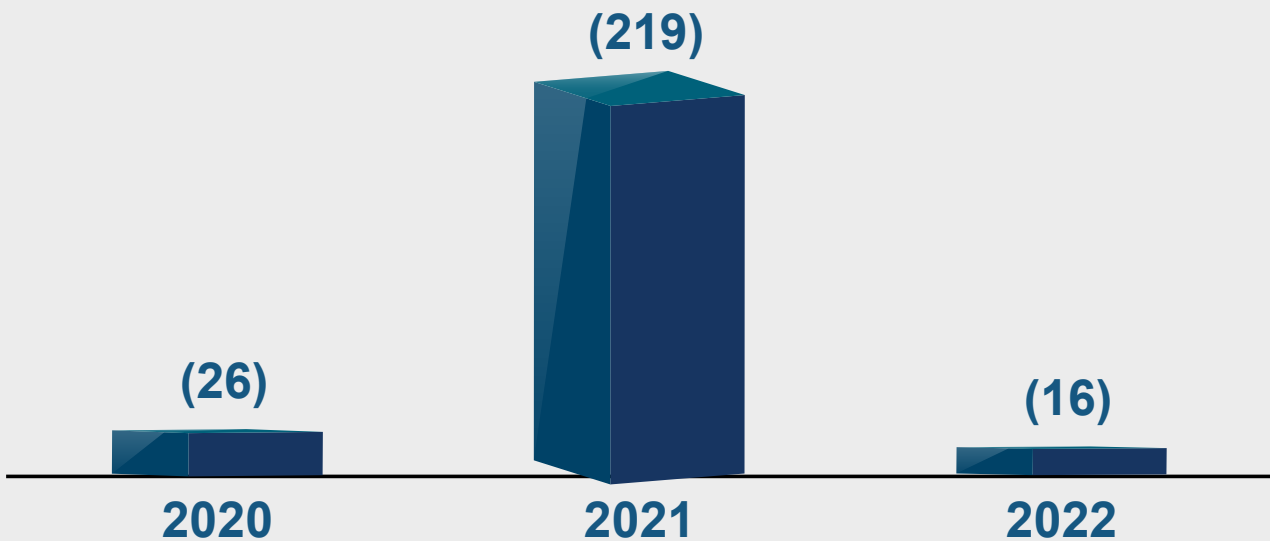


<sup>1</sup> Includes Solid Waste Net Revenue

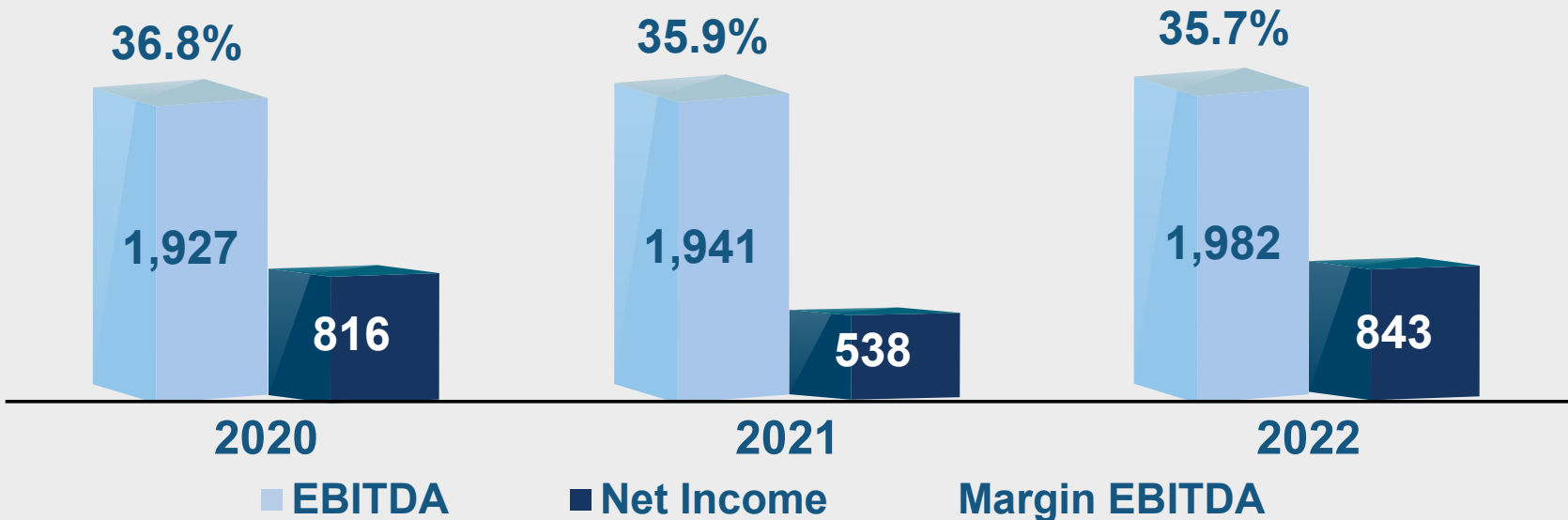
Costs and Expenses



Other net operating revenues and expenses



EBITDA<sup>2</sup>, EBITDA Margin and Net Income



2022 X 2021:  
Net Income: +56.9%  
EBITDA: +2.2%

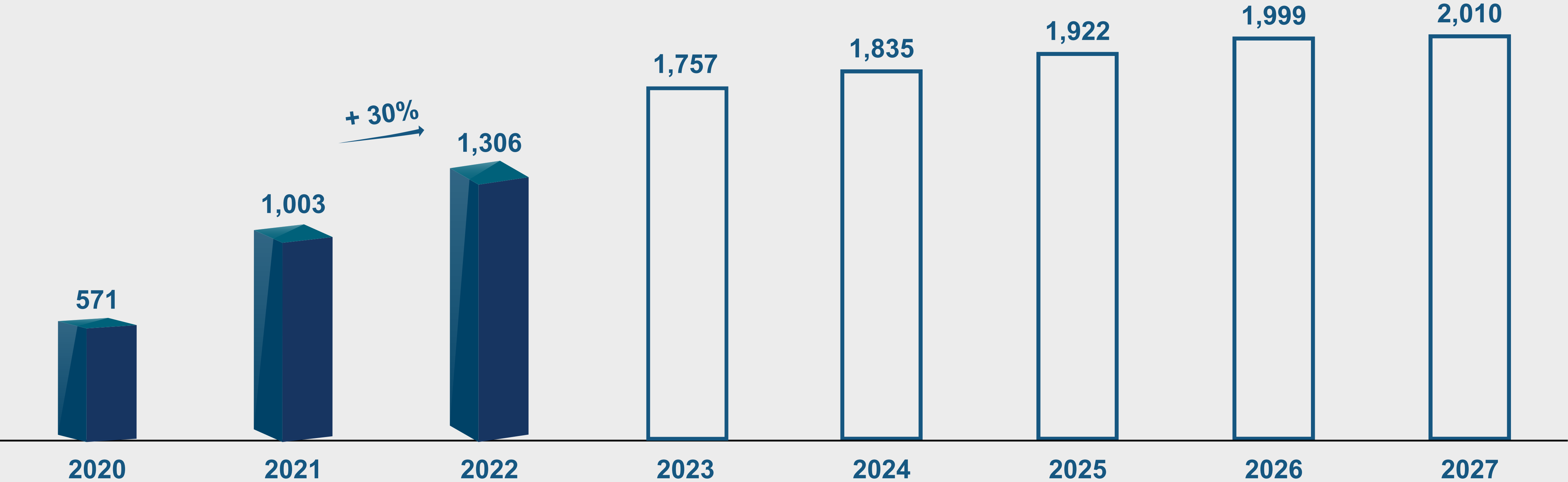
<sup>2</sup> EBITDA – 2021: adjusted



**CAPEX**

**(BRL million)**

Finished and Projected Investments



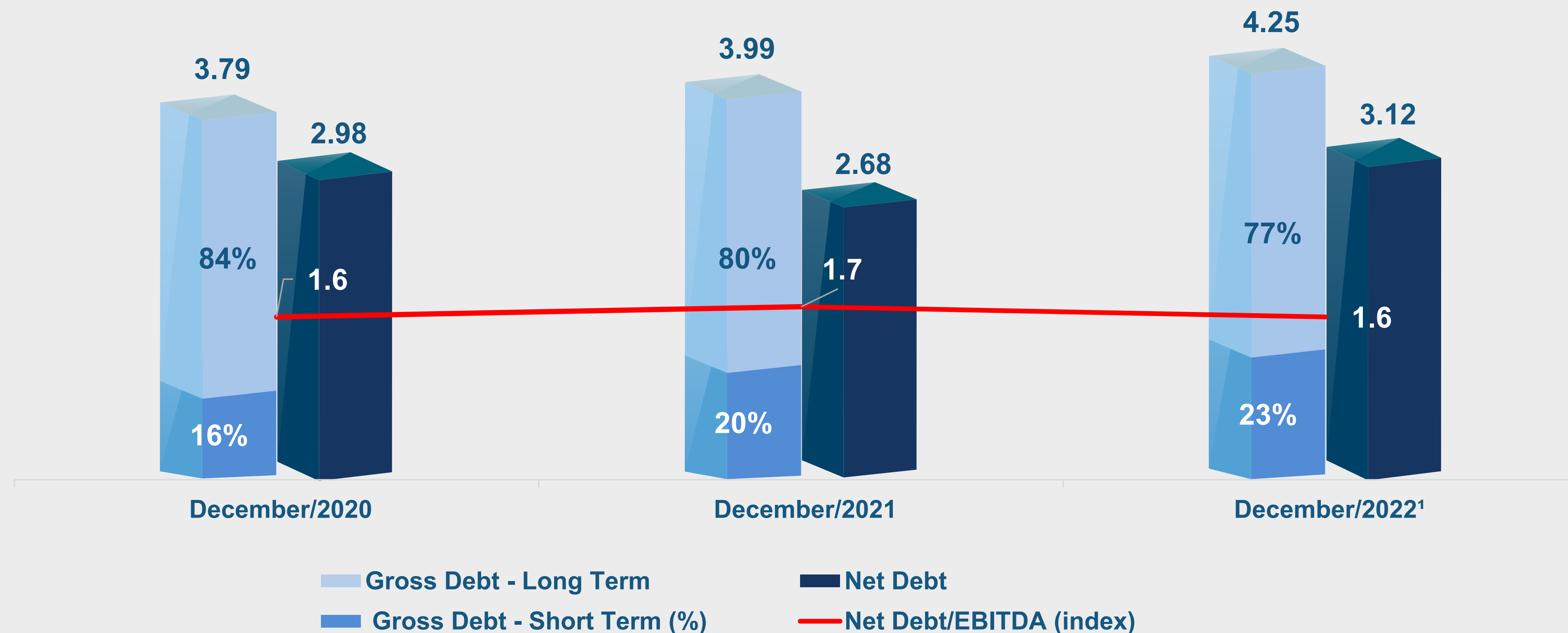
**COPANOR**

- Invested in 2022: R\$ 39.6
- Projected for 2023: R\$ 49.3

# DEBT

## Gross Debt, Net Debt and Leverage

(BRL billion)



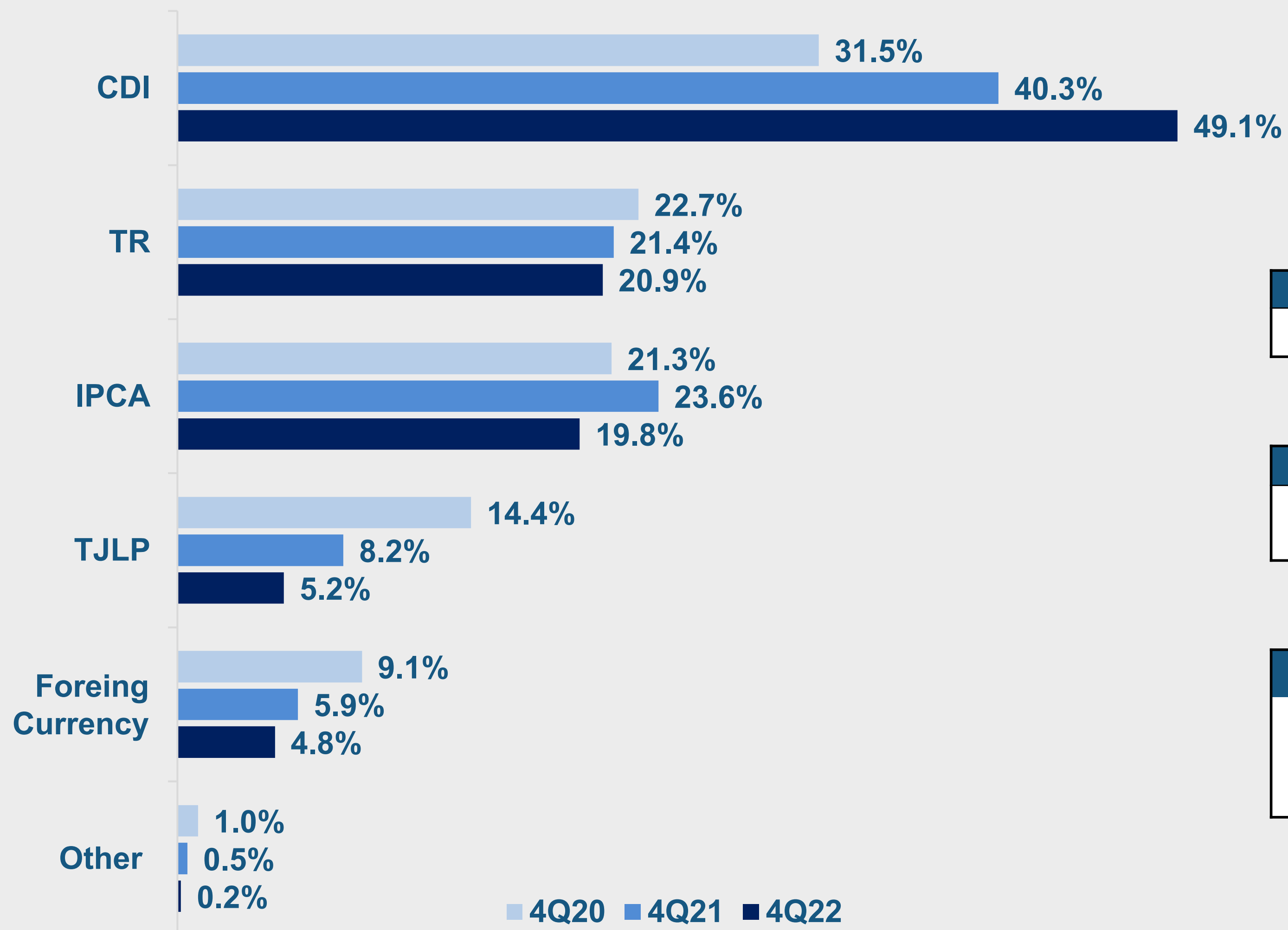
Financial Contractual Covenants: COPASA complies with the restrictive clauses

<sup>1</sup> 2022 Gross Debt: includes commercial leasing



# DEBT

## Indexes and Average Coupon



	4Q20	4Q21	4Q22
Average Coupon	5.3%	8.0%	10.9%

	4Q20	4Q21	4Q22
Debt Level (Net Debt/Shareholders' Equity)	47.4%	41.1%	43.1%

Corporate Ratings – National Scale	
<ul style="list-style-type: none"> <li>Moody's: AAA.br – stable outlook – October 2022</li> <li>Fitch: AA+(bra) – stable outlook – June 2022</li> </ul>	

# SHAREHOLDERS' COMPENSATION

## ✓ Regular Dividends:

- Between 25% and 50% of Adjusted Net Income;
- Quarterly declarations;
- Payment date is up to 60 days after the declaration date.

## ✓ Distribution of Regular Dividends, for the year 2022: 50% (fifty percent) of Adjusted Net Income (BDM 12/15/2022).

Reference	Board of Directors Meeting	Total Amount (BRL million)	Payment Date
1Q22	BDM 03.17.2022	33.9	05.16.2022
2Q22	BDM 06.15.2022	53.1	08.12.2022
3Q22	BDM 09.15.2022	58.7	11.14.2022
4Q22	BDM 03.17.2023	245.4	To be defined at the 2023 ASM
<b>Total in 2022</b>	—	<b>391.1</b>	—

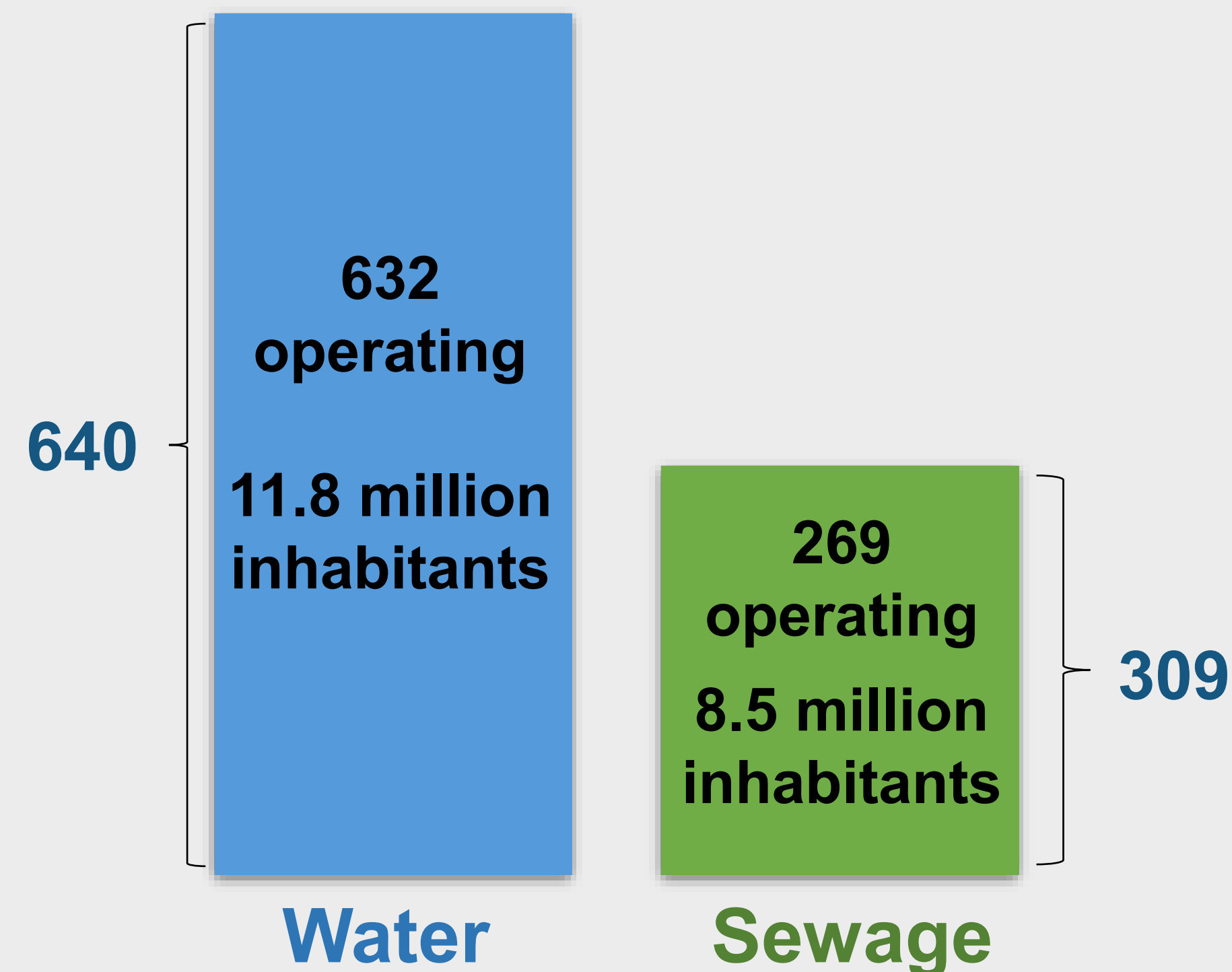


# SHAREHOLDERS' COMPENSATION

- ✓ **Change in the Company's Dividend Policy** — To be submitted for approval by the ESM:
  - ✓ **Regular Dividends** — the proposal refers to the maintenance of the form of distribution currently practiced, as follows:
    - Between 25% and 50% of Adjusted Net Income;
    - Quarterly declarations;
    - Payment date is up to 60 days after the declaration date.
  - ✓ **Extraordinary Dividends** — they may be distributed as assessed by the Board of Directors, complying with:
    - The general guidelines, including (i) compliance with the public interest that justified the creation of COPASA MG; and (ii) the guarantee of resources, in its Investment Plan, to meet the provisions of Federal Law 11,445/2007 and Federal Law 14,026/2020, in particular, regarding the universalization of basic sanitation services and other established qualitative and quantitative goals.
    - The legal, regulatory, statutory, and financial restrictions, as well as *covenants*.
- ✓ **Distribution of Regular Dividends, for the year 2023:** 50% (fifty percent) of Adjusted Net Income (BDM 02/24/2023).
- ✓ **IOE 1Q23:** BRL million 131.6 (BDM 03/17/2023).

# CONCESSIONS

## Consolidated



▪ % of revenues from concessions expiring after December 2031:  
83%

▪ Expiration of 10 largest concessions: 50% of revenues

- Belo Horizonte – 2032
- Contagem – 2073
- Betim – 2042
- Montes Claros – 2048
- Ribeirão das Neves – 2034
- Divinópolis – 2041
- Patos de Minas – 2038
- Santa Luzia – 2050
- Pouso Alegre – 2046
- Varginha – 2047

▪ Municipalities with expired concessions (19) and concessions cancelled by the courts (2): 3.8% of the incomes



# OPERATIONAL DATA

Operational data Parent Company	December 2020	December 2021	December 2022
<b>Water</b>			
Delinquency <sup>1</sup> (%)	4.52	3.50	3.22
Loss Index <sup>2</sup> (L/connections x day)	257.82	256.37	251.34
Employees/Connection <sup>3</sup>	1.55	1.42	1.33

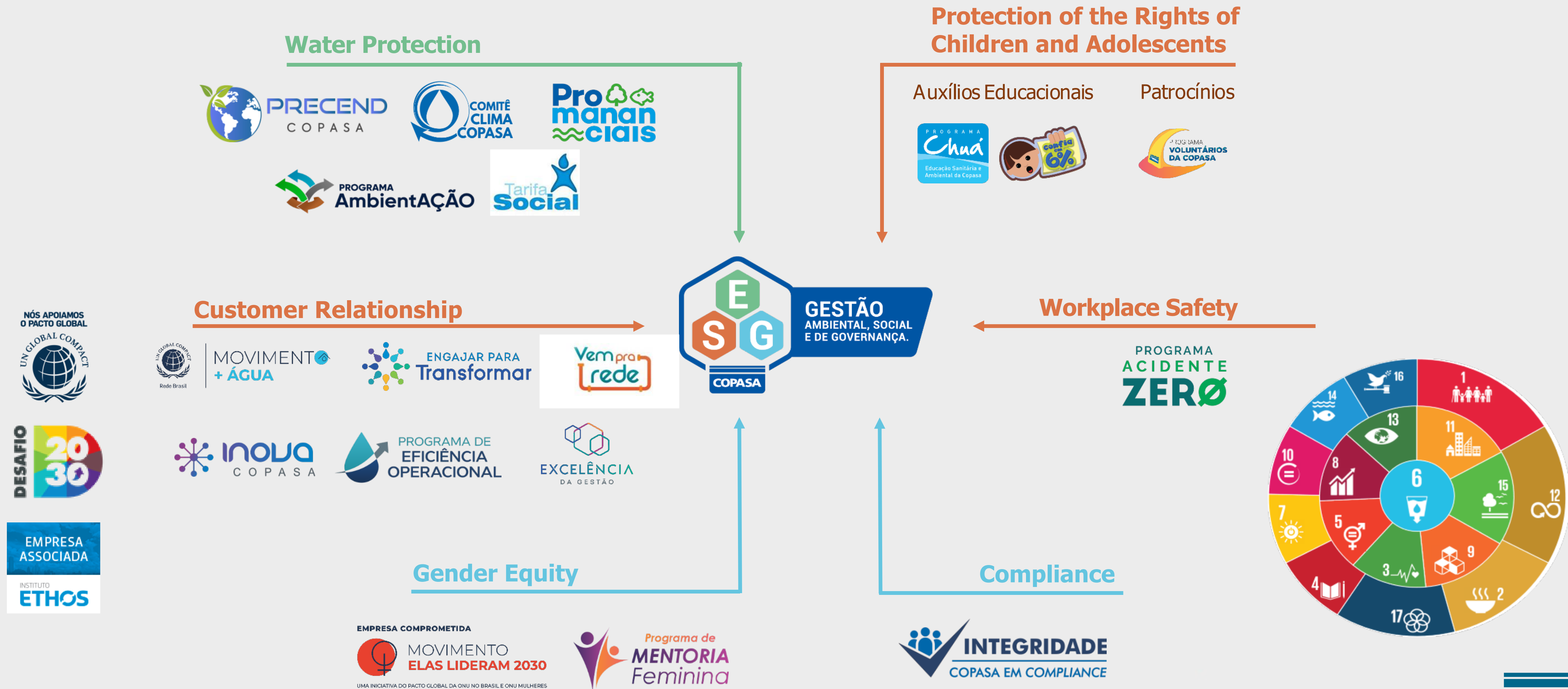
<sup>1</sup> Corresponds to the ratio between the balance of accounts receivable overdue between 90 and 359 days and the total amount invoiced in the last 12 months

<sup>2</sup> Difference between the volume distributed and the volume measured, divided by the number of served connections and the number of days in the period

<sup>3</sup> Number of employees / 1,000 connections of water and sewage

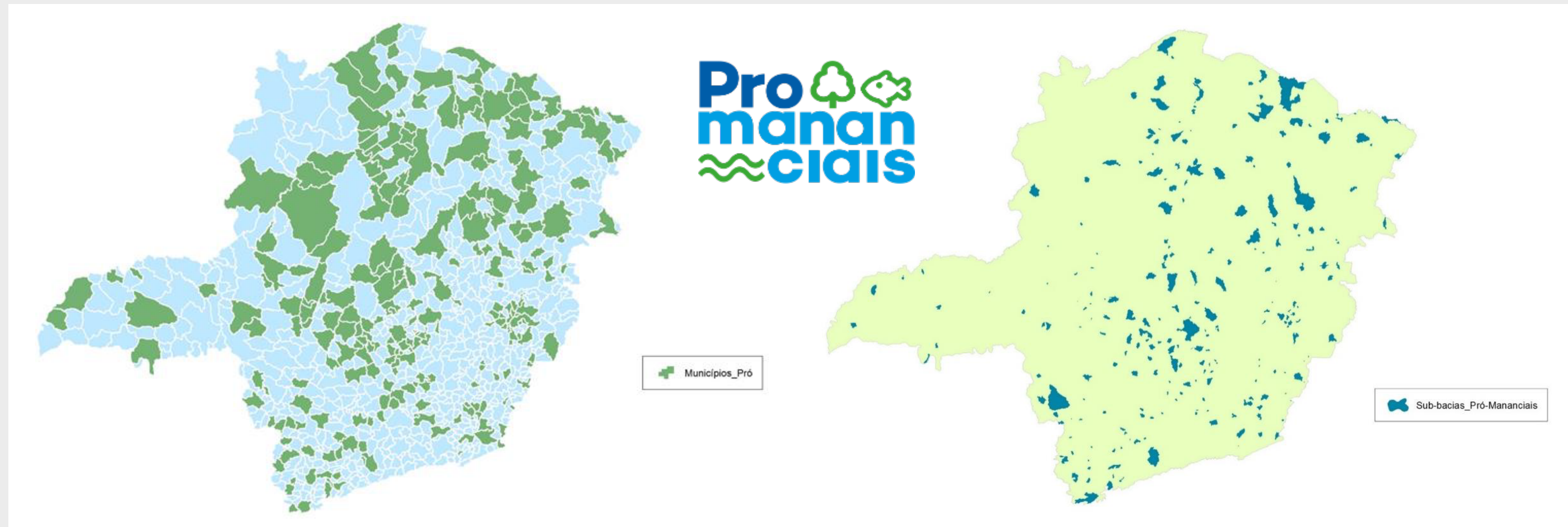
# ESG AGENDA

## Strategic Commitments





# WATER PROTECTION



- R\$76.3 million invested (2017 to 2022)
- 275 municipalities covered
- 225 Colmeias formed: + 3.9 Thousand members
- 304 watershed covered: 26 thousand km<sup>2</sup>
- +9.7 million people benefited – population served



# WATER PROTECTION



## Energy efficiency :

- Implementation of photovoltaic plants in the water mirrors of the reservoirs;
- Replacement of obsolete equipment and use of new technologies to rationalize energy use; and
- Acquisition of electricity on the free market for high and medium voltage units - start of supply from January 2023.

## Loss reduction :

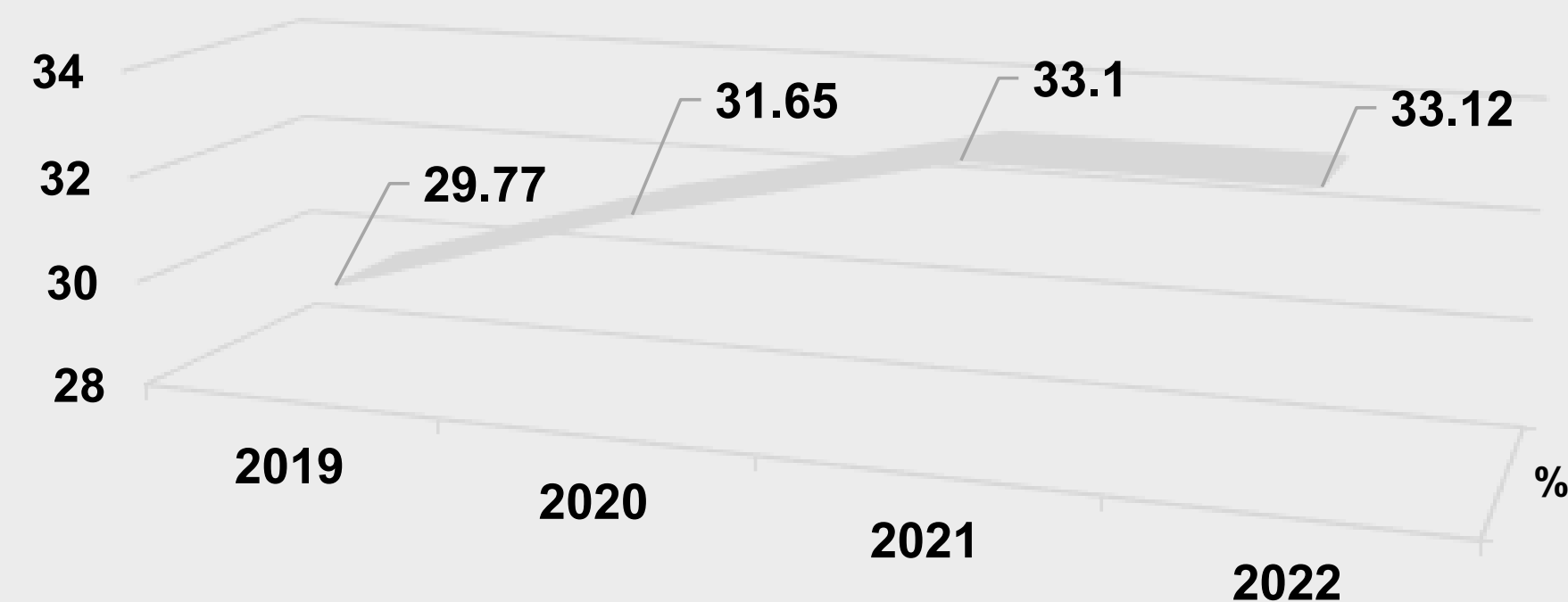
- Performance Contract for recovery of micromeasured volume in areas of social vulnerability;
- Acquisition of equipment and meters for application in macro measurement;
- Acquisition and application, in 2022, of new hydrometers, corresponding to about 20% of the total water connections; and
- Acquisition of equipment and research of non-visible leaks, including the use of artificial intelligence - reduction of physical losses.



# GENDER EQUITY



% Women in management positions



38 mentors and mentees  
(all women)  
Second edition

## Female Employability: Women in Sanitation

**66** women hired by companies that  
provide social mobilization services

# HYDROLOGICAL SITUATION

## Belo Horizonte Metropolitan Area (BHMA)

### Paraopeba System: Aggregated Volume<sup>1</sup>



Volume of each reservoir	03.15.2023
Rio Manso	100.0%
Vargem das Flores	96.6%
Serra Azul	100.0%

1) Responsible for 48% of BHMA's distributed volume.

### Rio das Velhas System

#### About the System

Representativeness of BHMA's distributed volume	42%
Water collection grant	8.7 m³/s
Average flow (last 15 days prior to 15 Mar 2023)	32.8 m³/s
Average flow collected in the last 12 months	7.2 m³/s



# Q&A Session



# 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.





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