

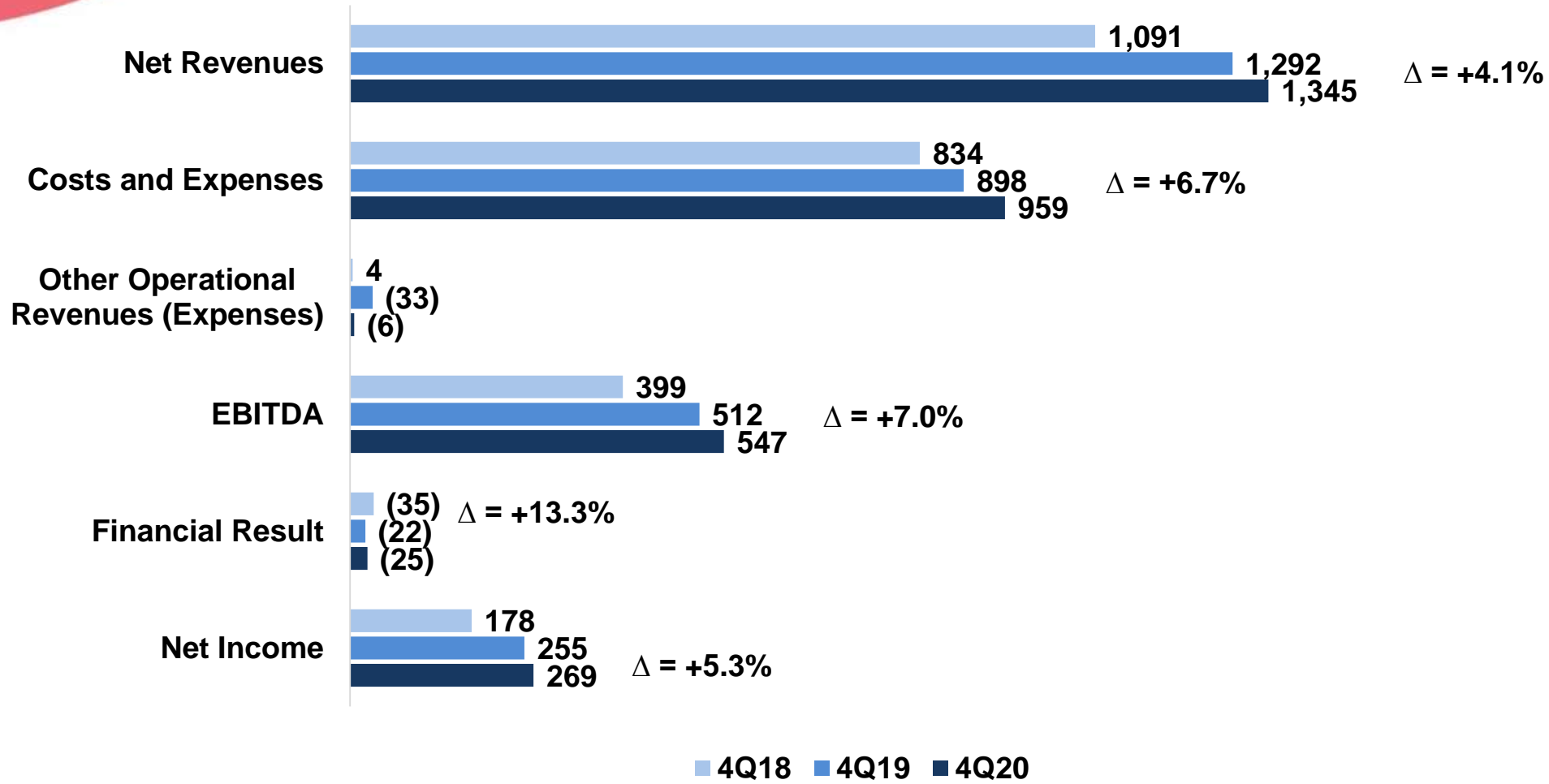
**4Q20 and 2020 EARNINGS PRESENTATION**  
**3 MARCH 2021**



# FINANCIAL HIGHLIGHTS

## Parent Company - Quarterly

(BRL in millions)

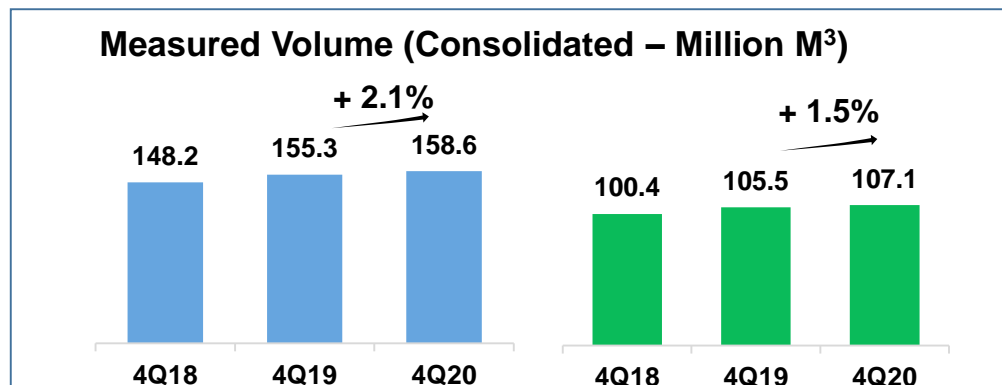
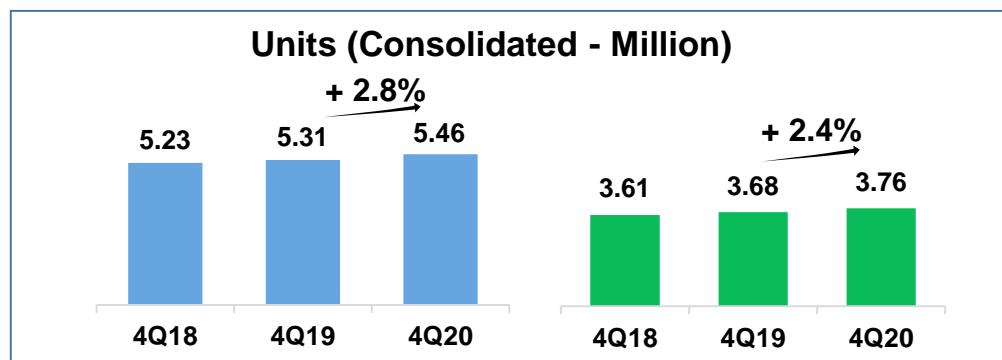


# WATER, SEWAGE AND SOLID WASTE

## Parent Company - Quarterly

(BRL in millions)

Net Revenue	4Q18	4Q19	Var. (%)	4Q20	Var. (%)
Water	695.1	823.1	18.4%	855.9	4.0%
Sewage	395.3	468.4	18.5%	488.3	4.2%
Solid Waste	0.5	0.5	-10.6%	0.5	16.3%
<b>Water, Sewage and Solid Waste</b>	<b>1,090.9</b>	<b>1,292.0</b>	<b>18.4%</b>	<b>1,344.7</b>	<b>4.1%</b>



### Other Factors

- ✓ Average Tariff Adjustment: 3.04% (November/2020), Average impact of 1.2%, comparing 4Q20 to 4Q19;
- ✓ Change in the sewage tariff level in 4 cities, migrating from Sewage Collection (EDC) to Sewage Collection and Treatment (EDT), last 12 month;
- ✓ Reduction of consumption billings' day in 1.8%, with 89.4 days in 4Q20, against 91.0 days in 4Q19; and
- ✓ R\$1.5 million reduction in indirect revenue of water and sewage primarily due to measures taken to minimize impacts of Coronavirus pandemic.

# MANAGEABLE COSTS

## Parent Company - Quarterly

(BRL in millions)

Breakdown	4Q18	4Q19	4Q20
Personnel	341.2	361.4 +5.9%	363.8 +0.7%
Outsourced Services (excluded non manageable)	109.8	115.6 +5.3%	108.5 -6.2%
Rio Manso PPP	22.9	17.8 -22.4%	18.1 +1.8%
Material (excluded non manageable)	12.4	16.3 +31.7%	18.0 +10.5%
Provision for Doubtful Accounts	53.2	44.9 -15.7%	88.8 +97.9%
Tariff Transfers to Municipalities	24.5	32.2 +31.1%	34.5 +7.3%
Sundry Operational Costs	8.4	13.7 +63.0%	15.2 +11.2%
<b>Subtotal</b>	<b>572.4</b>	<b>601.7 +5.1%</b>	<b>646.9 +7.5%</b>



# NON MANAGEABLE COSTS AND OTHERS

## Parent Company - Quarterly

(BRL in millions)

Breakdown		4Q18	4Q19		4Q20	
<b>Non Manageable Costs</b>	Electricity	120.2	123.9	+3.1%	123.3	-0.5%
	Telecommunication	2.1	3.7	+73.0%	3.0	-18.5%
	Chemicals	16.3	19.8	+21.7%	22.8	+15.0%
	Fuels and Lubricants	6.4	7.2	+13.5%	6.9	-4.5%
	Tax Credits	(29.9)	(12.5)	-58.2%	(14.0)	+12.0%
<b>Subtotal</b>		<b>115.1</b>	<b>142.2</b>	<b>+23.5%</b>	<b>142.0</b>	<b>-0.1%</b>
<b>Others</b>	Charge for Usage of Water Resources	3.2	0.7	-79.5%	5.6	n.m
	Depreciation and Amortization	143.6	153.9	+7.2%	164.3	+6.8%
<b>Total Costs and Expenses</b>		<b>834.3</b>	<b>898.5</b>	<b>+7.7%</b>	<b>958.9</b>	<b>+6.7%</b>



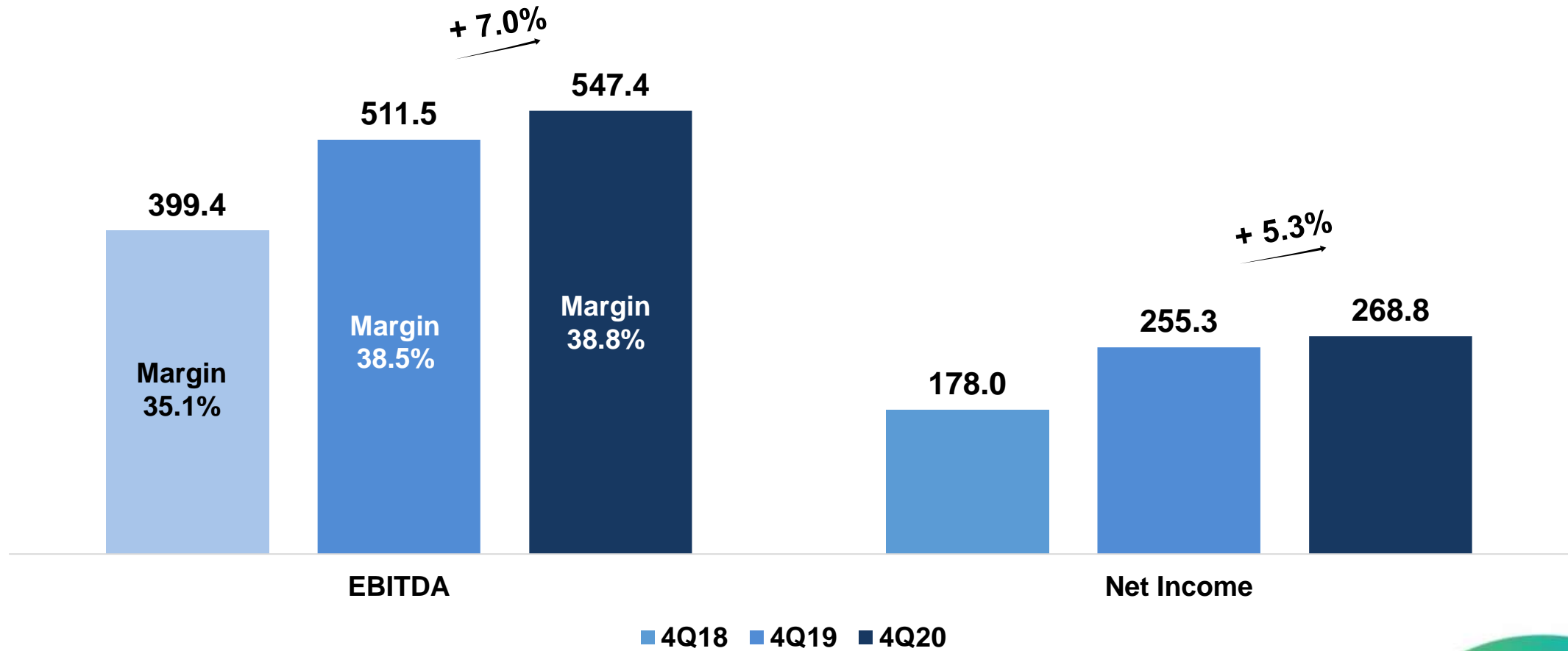
## OTHER REVENUES (EXPENSES) AND EQUITY INCOME Parent Company - Quarterly

(BRL in millions)

Other Items	4Q18	4Q19	Var. (%)	4Q20	Var. (%)
Other Operational Revenues	38.7	27.4	-29.3%	51.0	86.2%
Other Operational Expenses	(35.0)	(60.5)	73.0%	(57.3)	-5.3%
Equity Income	(4.7)	(3.4)	-27.6%	2.2	n.m.
Financial Result	(34.8)	(22.4)	-35.6%	(25.4)	13.3
<b>TOTAL</b>	<b>(35.7)</b>	<b>(58.9)</b>	<b>n.m</b>	<b>(29,4)</b>	<b>n.m</b>

# EBITDA, MARGIN and NET INCOME Parent Company - Quarterly

(BRL in millions)

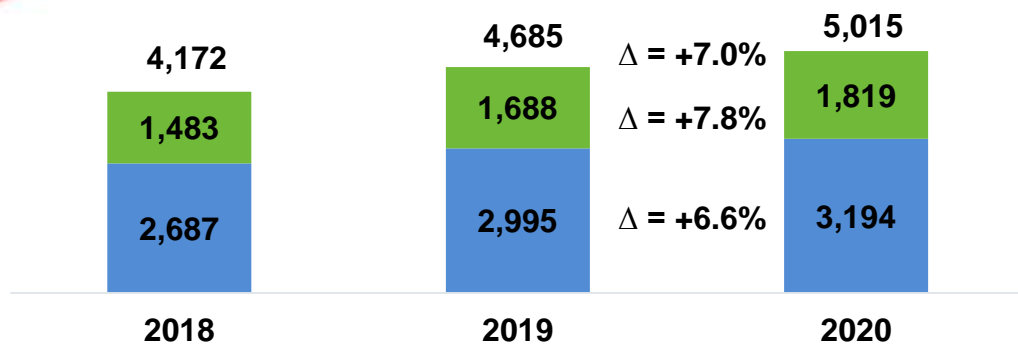


# FINANCIAL HIGHLIGHTS

## Parent Company - Annual

(BRL in millions)

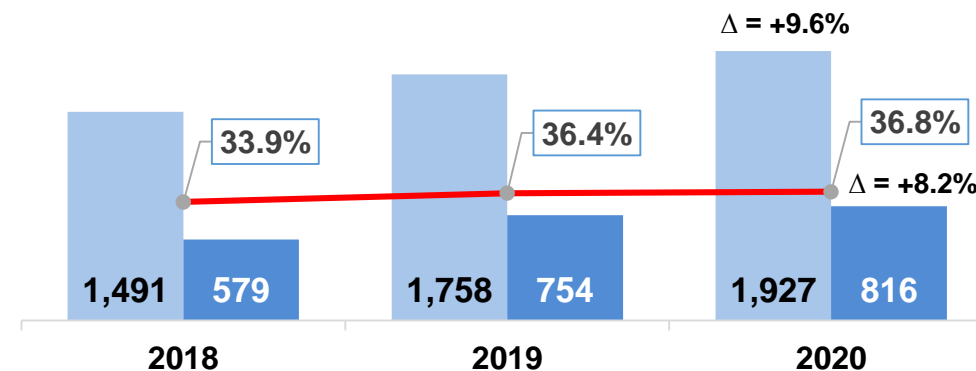
### Net Revenue <sup>1</sup>



Water Sewage

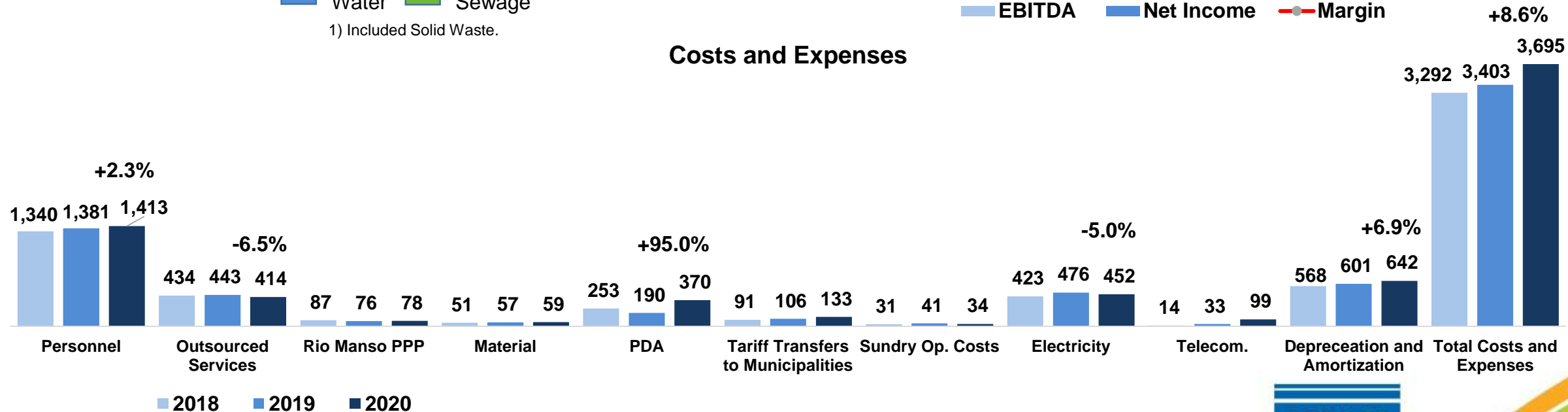
<sup>1</sup>) Included Solid Waste.

### EBITDA, Margin and Net Income



EBITDA Net Income Margin

### Costs and Expenses



2018 2019 2020



## CAPEX Finished and Projected Investments

Investments (BRL in millions)	2020
Water	147
Sewage	213
Others	99
<b>Parent Company (COPASA MG)</b>	<b>459</b>
COPANOR	22
<b>Total</b>	<b>481</b>

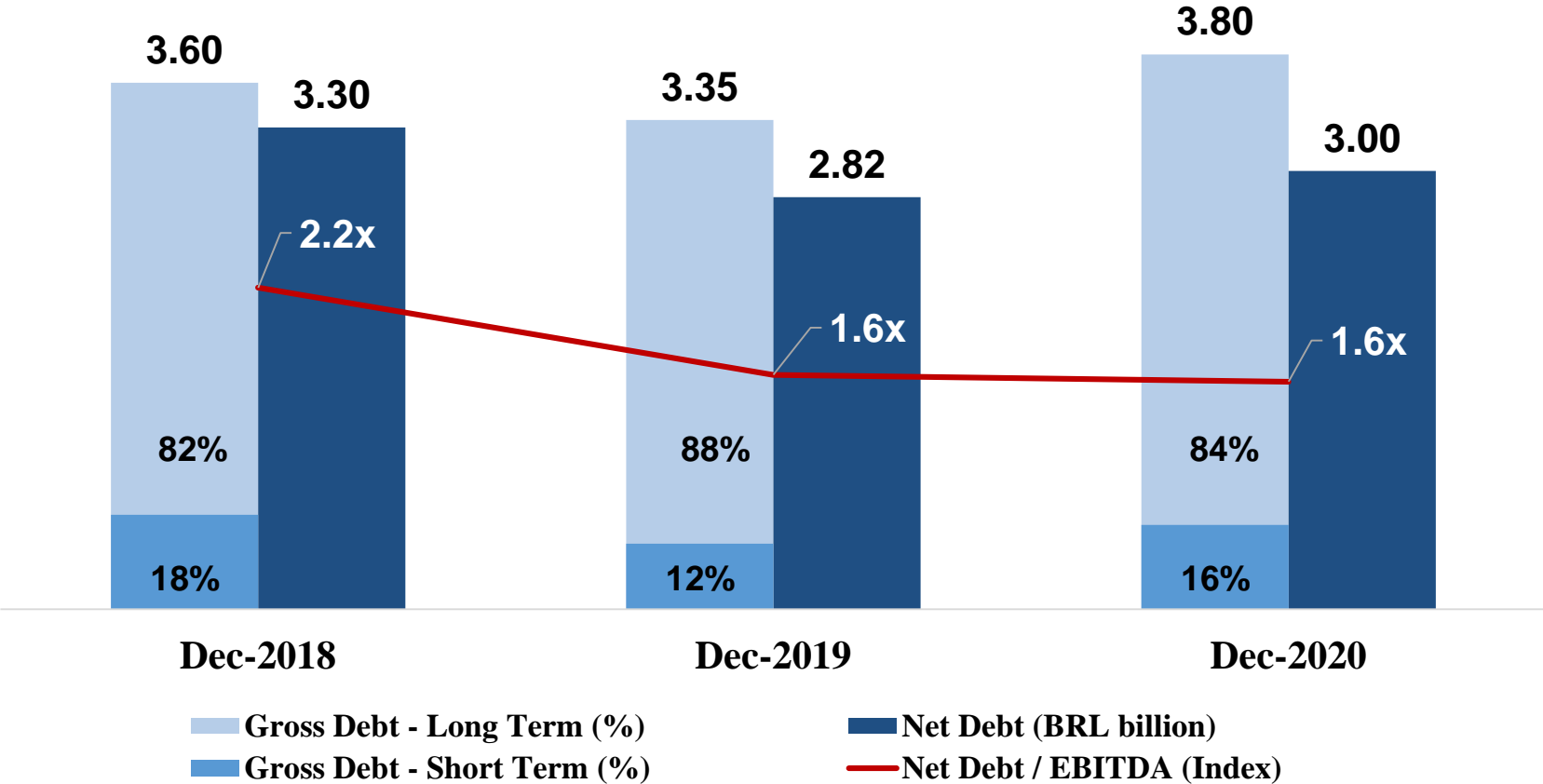
COPASA Investment Program	BRL in millions
2021	1,307
2022	1,365
2023	1,275
2024	1,275
2025	1,250

COPANOR (BRL in millions)	2021
Projected Investment Value	47.2

# DEBT

## Gross Debt, Net Debt and Leverage

(BRL in millions)

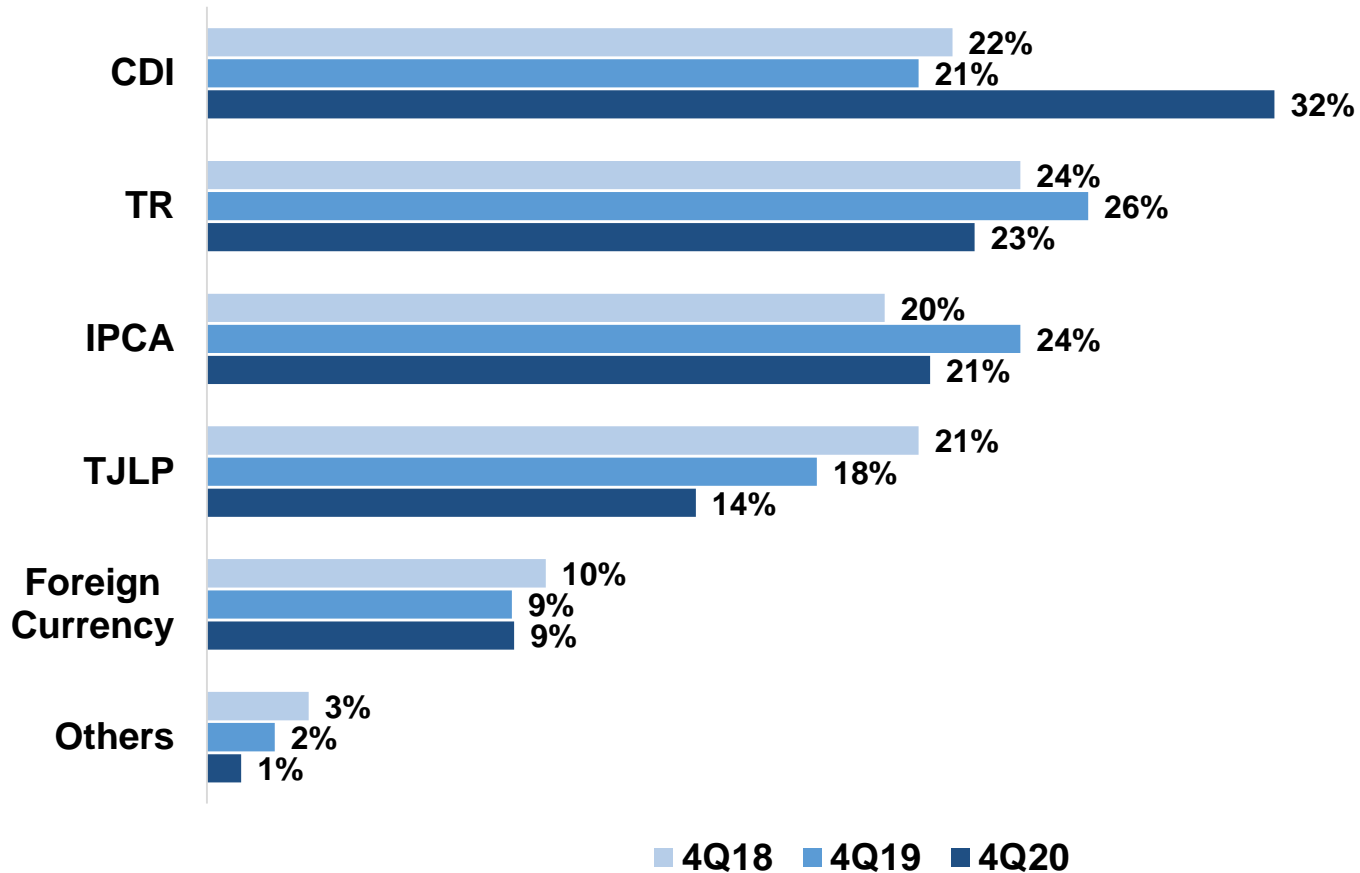


**Financial Contractual Covenants:** COPASA complies with the restrictive clauses.



# DEBT

## Indexes and Average Coupon



	4Q18	4Q19	4Q20
Average Coupon	6.9%	6.3%	5.2%

	4Q18	4Q19	4Q20
Debt Level (Net Debt/Shareholders' Equity)	53.0%	41.8%	46.5%

Corporate Ratings – National Scale	
• Moody's: Aa3.br – stable outlook – January 2021	
• Fitch: AA(bra) – stable outlook – July 2020	



# SHAREHOLDERS' COMPENSATION

✓ **Dividend Policy:**

**Regular Dividends:** between 25% and 50% of Adjusted Net Income, quarterly declarations.

**Extraordinary Dividends:** depending on Net Debt / EBITDA (regulatory leverage):

Below 2.0x	Between 2.0 and 2.2x	Above 2.2x
After conducting semiannual studies that indicate that a payment of "Extraordinary Dividends" will not jeopardize the financial health, the Investment Plan or current liquidity, the Board of Directors may propose the payment of "Extraordinary Dividends".	Payout will comply with the "Regular Dividends" criteria.	Mandatory minimum (25%).

✓ **Regular Dividends for 2020:** 25% of Net Income.

Reference	Board of Directors Meeting	Gross Amount (R\$ MM)	Payment Date
1Q20	20 Mar 2020	45.47	19 May 2020
2Q20	18 Jun 2020	43.90	17 Aug 2020
3Q20	17 Sep 2020	63.12	16 Nov 2020
4Q20	25 Feb 2021	75.54	to be defined
<b>Total 2020</b>	-	<b>228.03</b>	-

✓ **Extraordinary Dividends:**

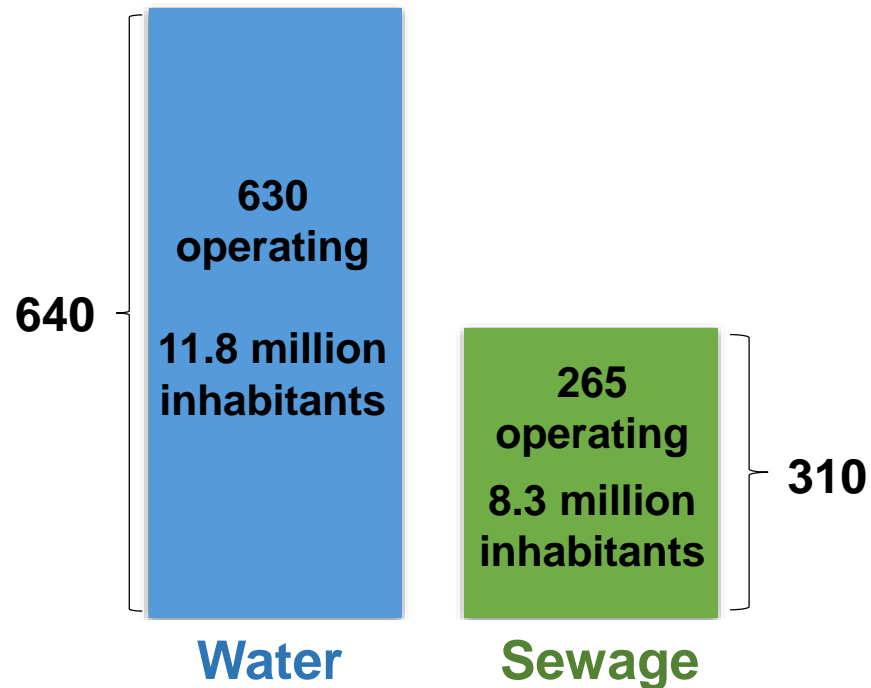
Corporate Event	Gross Amount (R\$ MM)	Payment Date
ESM 19 Nov 2020	820.00	10 Dec 2020

✓ **Regular Dividends for 2021:** 25% of Net Income (BoD Meeting 25 Feb 2021).



# CONCESSIONS

## Consolidated



▪ % of revenues from concessions to expire from Jan/2034: 77.5%

▪ Municipalities with concessions to expire between 2021-22:

- 2021 – 4 municipalities – 0.1% of revenues
- 2022 – 3 municipalities – 2.7% of revenues

▪ Expiration of 10 largest concessions: 51.5% of revenues

- Belo Horizonte – 2034
- Contagem – 2073
- Betim – 2042
- Montes Claros – 2048
- Ribeirão das Neves – 2034
- Ipatinga – 2022
- Divinópolis – 2041
- Pouso Alegre – 2046
- Santa Luzia – 2050
- Varginha – 2047

▪ Expired concessions (Dec/2020): 69 (3.2% of revenues)

# REGULATORY ENVIRONMENT

## ✓ **Tariff Adjustment**

- **Average Tariff Effect:** 3.04%, applied as of 1 November 2020.

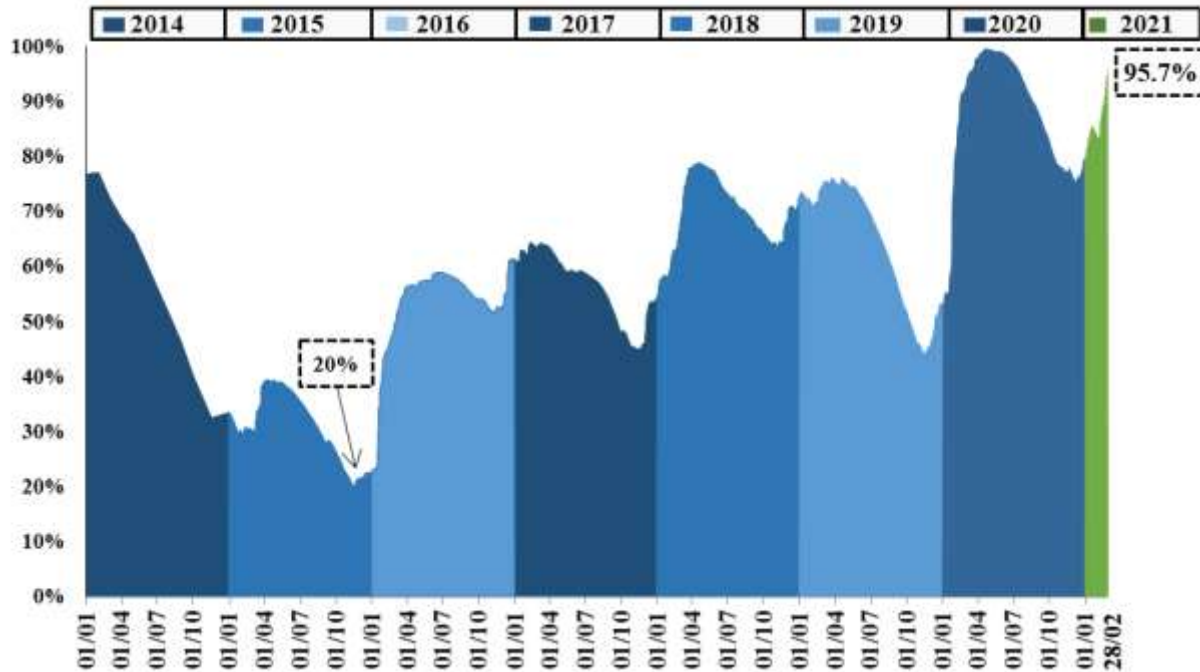
## ✓ **2<sup>nd</sup> Tariff Review:**

- **1<sup>st</sup> phase – Public Hearing and Technical Meetings:** Guidelines, general themes, schedule and agenda, among others (Results released in July 2020).
- **2<sup>nd</sup> phase – Public Hearing and Technical Meetings:** Operational costs, capital costs, regulatory asset base, tariff incentives, tariff structure, among others (Started in October 2020 and results scheduled for 22 March 2021).
- **3<sup>rd</sup> phase – Public Hearing:** Application methodology and annual tariff adjustment methodology (Start scheduled for 1 April 2021).
  - **Final Results:** 2 July 2021.
  - **Application of the new tariff:** 1 August 2021.

# HYDROLOGICAL SITUATION

## Belo Horizonte Metropolitan Area (BHMA)

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



Volume of each reservoir	28 Feb 2021
Rio Manso	94.5%
Vargem das Flores	100.0%
Serra Azul	95.8%

1) Responsible for 47% of BHMA's distributed volume.

### das Velhas River System

#### Information about the system

Representativeness of BHMA's distributed volume	44%
Water collection grant	8.7 m <sup>3</sup> /s
Average flow (last 15 days prior to 28 Feb 2021)	57.7 m <sup>3</sup> /s
Average flow collected in the last 12 months	6.95 m <sup>3</sup> /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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