

# EARNINGS PRESENTATION

2Q23

AUGUST 1<sup>st</sup>, 2023

**COPASA**

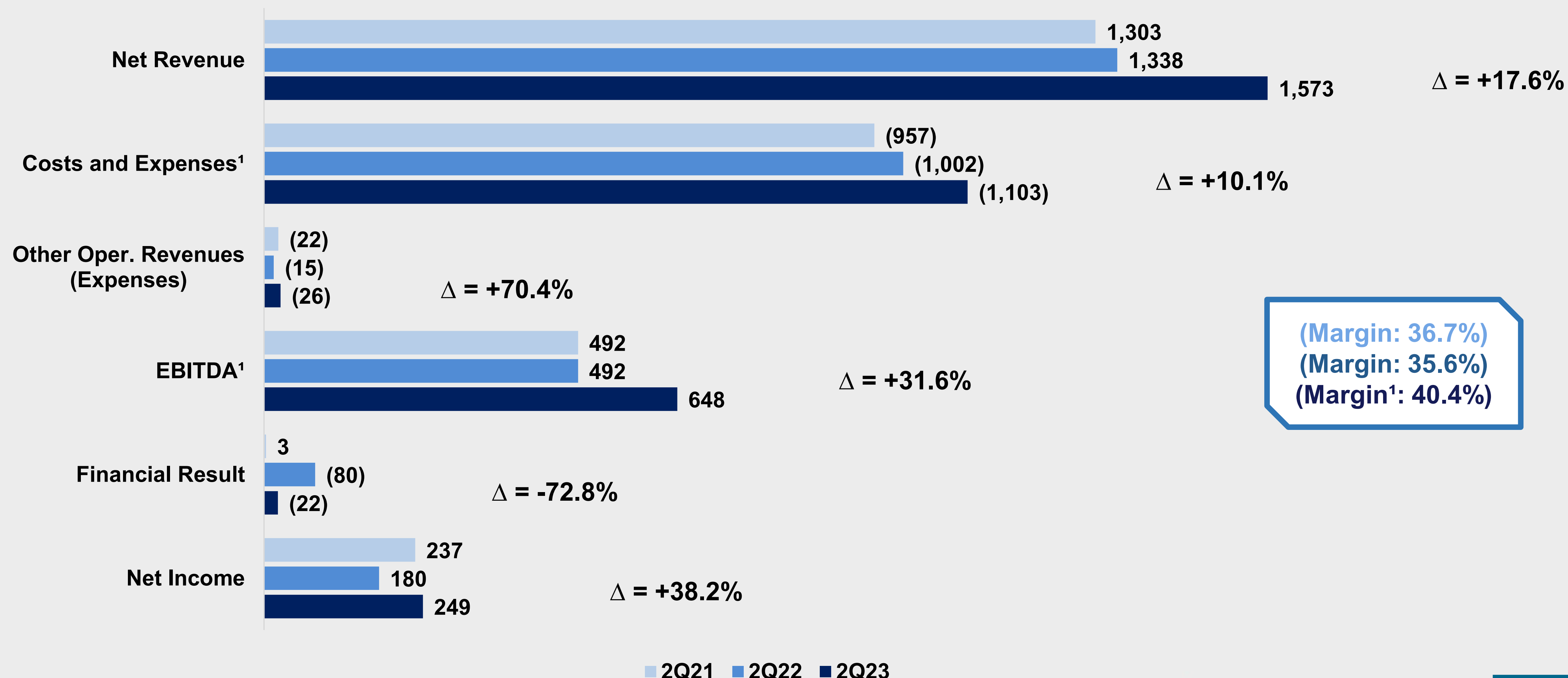




# FINANCIAL HIGHLIGHTS

Parent Company

(BRL million)



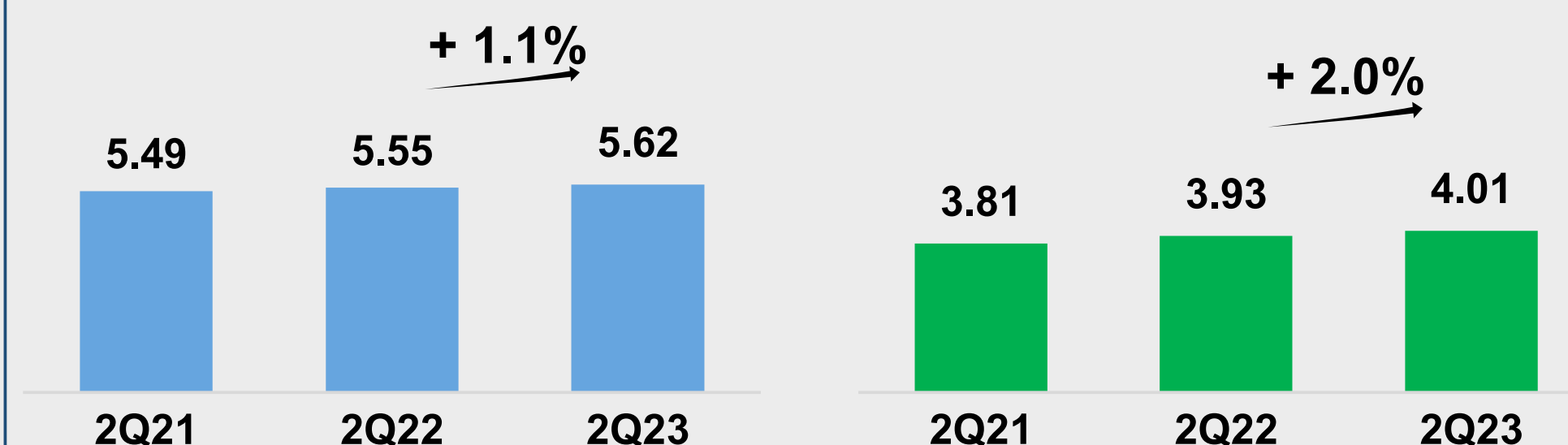
# WATER, SEWAGE AND SOLID WASTE

(BRL million)

Parent Company

Net Revenue	2Q21	2Q22	Var (%)	2Q23	Var (%)
Water	825.4	887.0	7.5%	1,035.9	16.8%
Sewage	477.4	450.4	-5.7%	536.0	19.0%
Solid Waste	0.6	0.3	-38.9%	1.6	351.7%
<b>Water, Sewage and Waste</b>	<b>1,303.4</b>	<b>1,337.7</b>	<b>2.6%</b>	<b>1,573.4</b>	<b>17.6%</b>

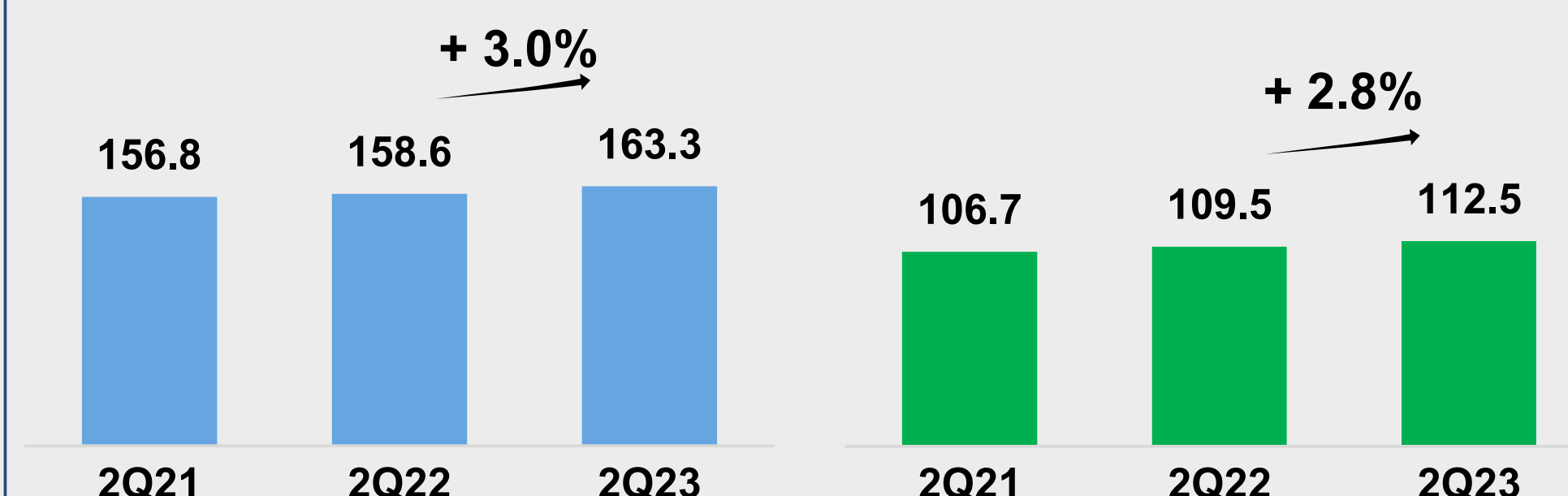
## Consumer Units (Consolidated – Million Units)



## Other elements:

- ✓ Tariff adjustment applied on 01.01.2023, with an average tariff effect of 15.7%;
- ✓ Increase of 3.0% in water volumes per unit and 2.8% in sewage volume per unit; and

## Measured Volume (Consolidated – Million M³)



Water  
Sewage

# MANAGEABLE COSTS

Parent Company

(BRL million)

Specification	2Q21	2Q22	2Q23
Personnel	382.6	368.8 -3.6%	399.8 +8.4%
Voluntary Separation Program - VSP	-	-	115.1 -
Outsourced Services (excluded non manageable)	118.2	154.2 +30.5%	165.1 +7.1%
Rio Manso PPP	20.8	25.9 +24.5%	22.5 -13.1%
Material (excluded non manageable)	16.6	19.8 +19.3%	19.2 -2.9%
Provision for Doubtful Accounts	60.7	38.3 -36.9%	51.2 +33.8%
Tariff Transfers to Municipalities	39.6	48.3 +22.1%	62.2 +28.8%
Sundry Operational Costs	6.8	11.3 +66.0%	11.8 +4.0%
<b>Subtotal</b>	<b>645.2</b>	<b>666.6 +3.3%</b>	<b>846.9 +27.0%</b>
<b>Subtotal without VSP</b>	<b>645.2</b>	<b>666.6 +3.3%</b>	<b>731.8 +9.8%</b>



# NON MANAGEABLE COSTS AND OTHERS

(BRL million)

Parent Company

Specification		2Q21	2Q22		2Q23	
Non-Manageable Costs	Electricity	124.8	134.7	+7.9%	135.5	+0.7%
	Telecommunication	2.7	5.3	+97.6%	4.7	-12.4%
	Treatment Chemicals	20.4	25.4	+24.4%	33.5	+32.0%
	Fuel and Lubricants	7.4	10.8	+45.2%	9.4	-12.8%
	Tax Credits	(14.0)	(17.2)	+22.6%	(17.5)	+1.4%
Subtotal		141.3	158.9	+12.5%	165.7	+4.2%
Others	Charge for Usage of Water Resources	0.4	1.1	+155.9%	1.0	-5.0%
	Depreciation and Amortization	169.8	175.6	+3.4%	204.6	+16.6%
Total		956.7	1,002.2	+4.8%	1,218.2	+21.6%
Total without VSP		956.7	1,002.2	+4.8%	1,103.1	+10.1%



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

(BRL million)

Parent Company

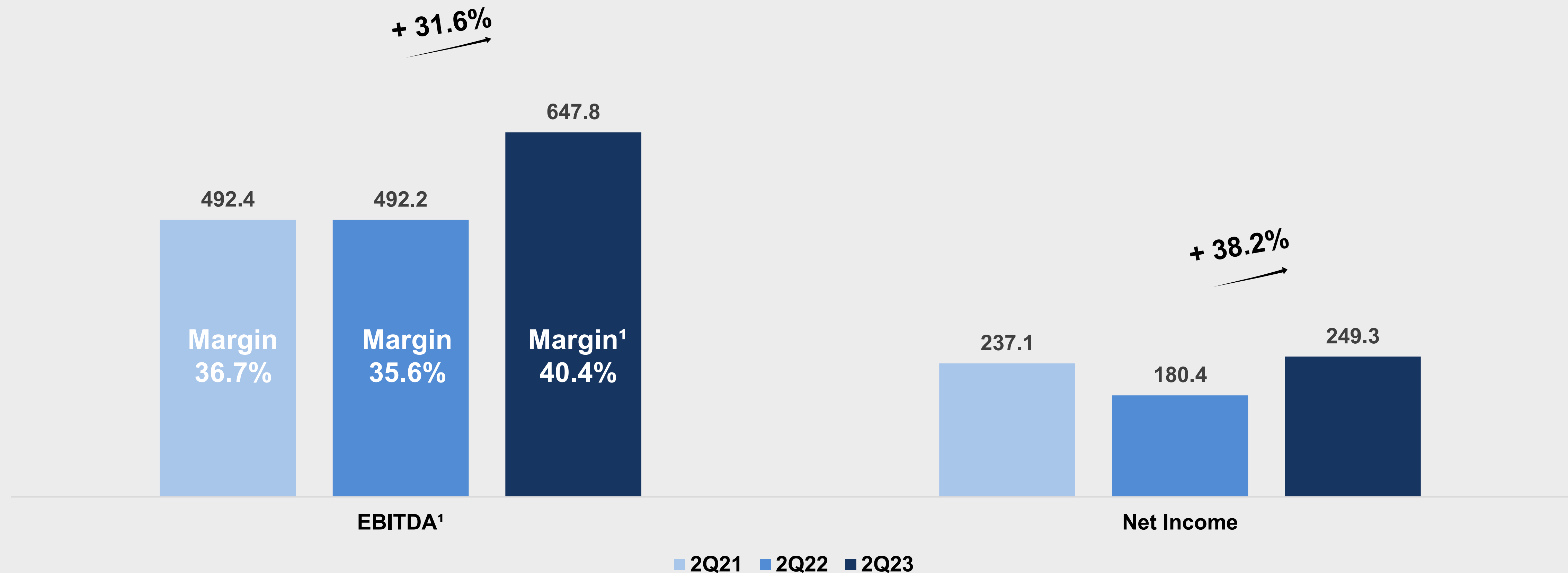
Other Items	2Q21	2Q22	2Q22 X 2Q21	2Q23	2Q23 X 2Q22
Other Operational Revenues	27.7	33.7	21.9%	15.5	-54.1%
Other Operational Expenses	(50.1)	(49.0)	-2.2%	(41.5)	-15.3%
Equity Income	(2.9)	(4.4)	50.6%	(2.8)	-37.2%
Financial Result	3.1	(80.0)	—	(21.7)	-72.8%
<b>TOTAL</b>	<b>(22.3)</b>	<b>(99.7)</b>	<b>347.8%</b>	<b>(50.5)</b>	<b>-49.3%</b>



# EBITDA, MARGIN and NET INCOME

Parent Company

(BRL million)



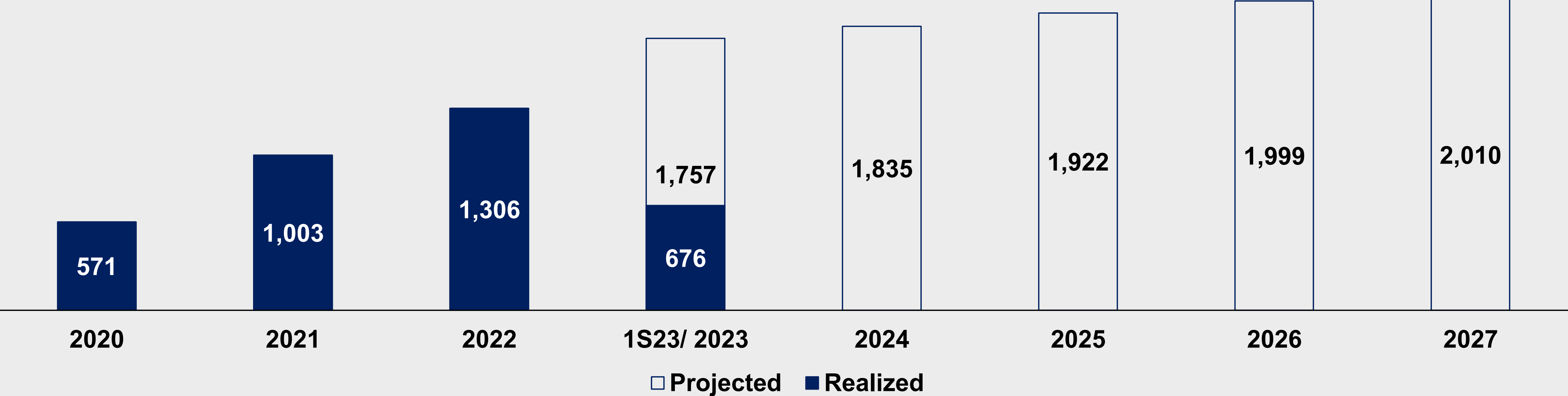
(1) EBITDA and EBITDA Margin for 2Q23 are adjusted excluding Voluntary Separation Program expenses (R\$ 115.1 million).



**CAPEX**

**(BRL million)**

Finished and Projected Investments - Parent Company



**COPANOR**

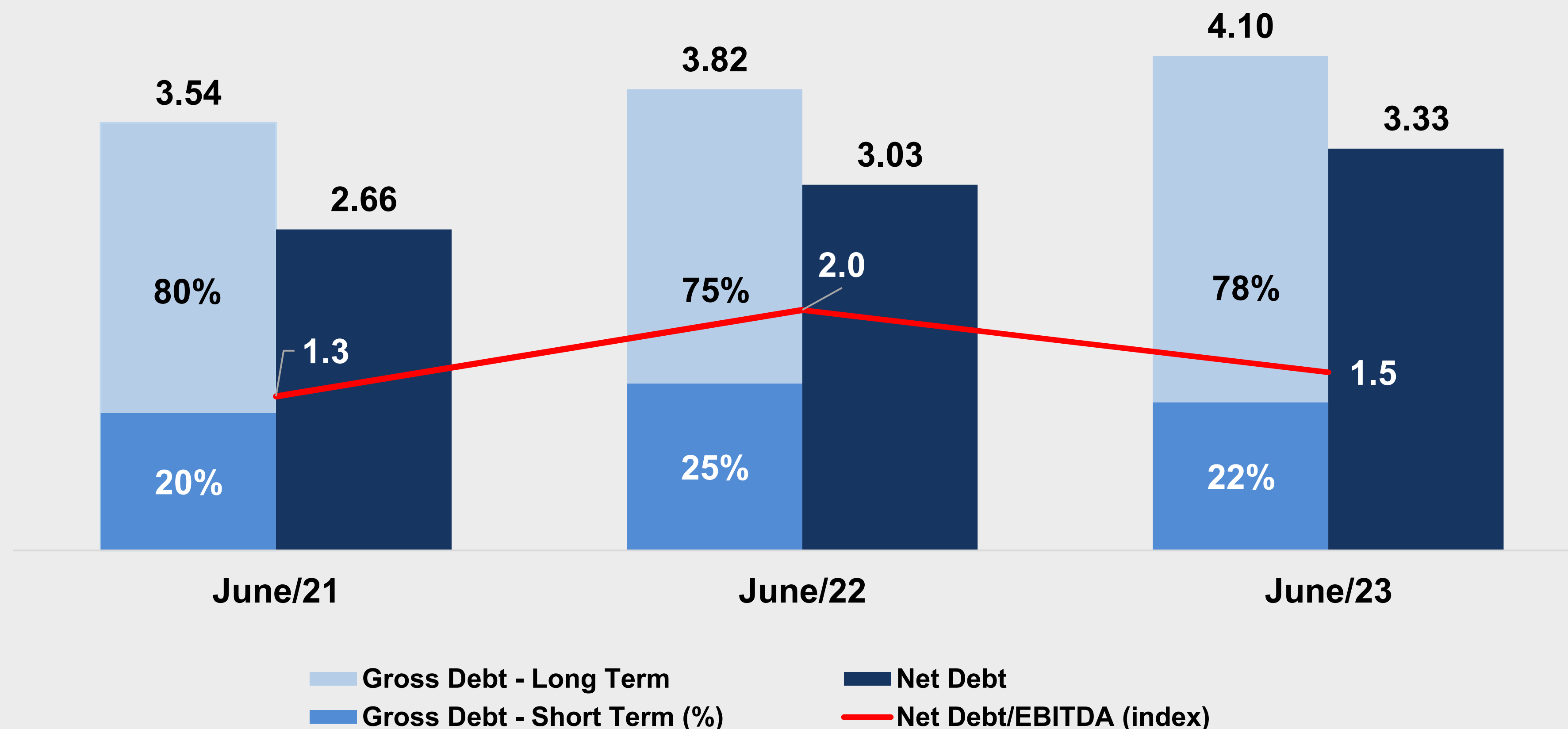
- Projected to 2023: R\$ 49.3
- Realized in 1S23: R\$ 12.0



# DEBT

(BRL billion)

## Gross Debt, Net Debt and Leverage (Consolidated)

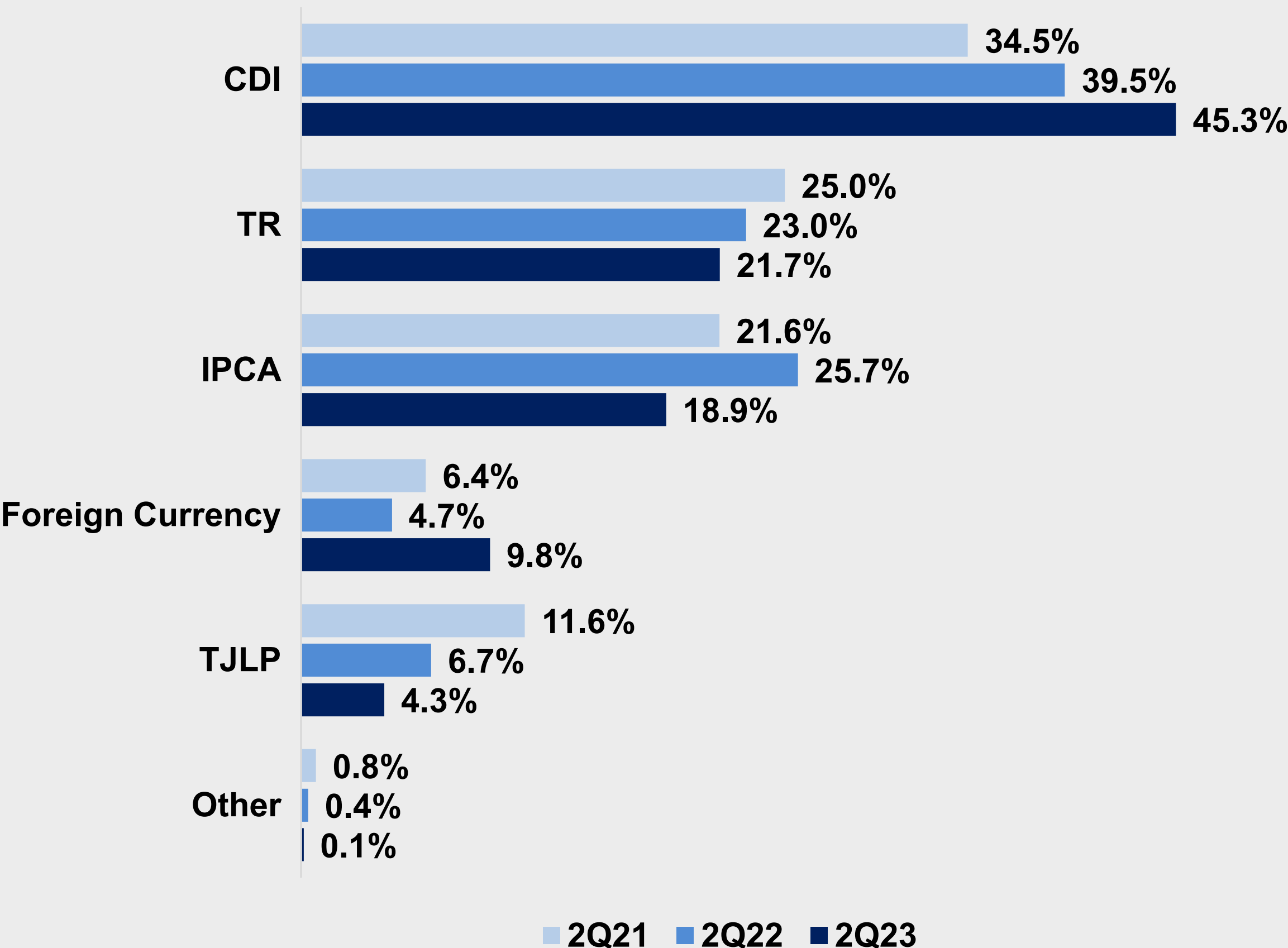


**Financial Contractual Covenants:** COPASA complies with the restrictive clauses

Gross Debt considers Loans, Financing, Debentures and Lease Liabilities

# DEBT

## Indexes and Average Coupon



	2Q21	2Q22	2Q23
Average Coupon	6.0%	9.8%	10.4%

	2Q21	2Q22	2Q23
Debt Level - Consolidated (Net Debt/Shareholders' Equity)	39.2%	43.1%	43.9%

Corporate Ratings – National Scale
• Moody's: AAA.br – stable outlook – October 2022
• Fitch: AA+(bra) – stable outlook – June 2023

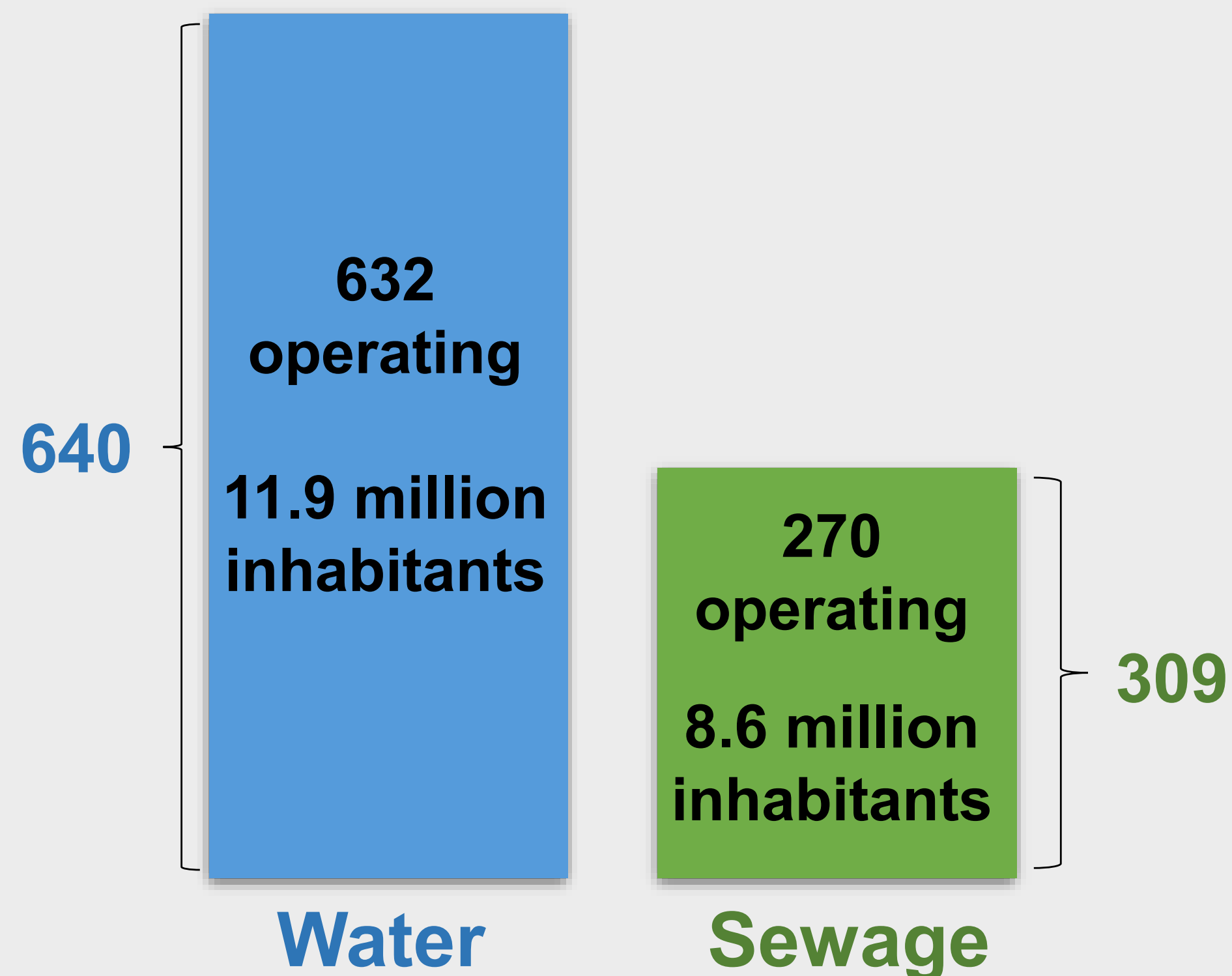


# SHAREHOLDERS' COMPENSATION

- ✓ **Changes in the Company's Dividend Policy** — Approved by the ESM of 04.28.2023:
  - ✓ **Regular Dividends** — the new policy maintained 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).
- ✓ **Shareholders' Compensation in 2023:** BRL million 260.1

# 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
- Santa Luzia – 2050
- Pouso Alegre – 2046
- Varginha – 2047
- Patos de Minas – 2038

▪ Municipalities with expired concessions (24) and concessions cancelled by the courts (2): 3,9% of revenues



# OPERATIONAL DATA

Operational data Parent Company	2Q21	2Q22	2Q23
<b>Água</b>			
Employees/Connection <sup>1</sup>	1.51	1.33	1.32
Loss Index <sup>2</sup> (L/connections x day)	257.91	257.56	249.66
Delinquency <sup>3</sup> (%)	3.67%	3.50%	3.11%

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

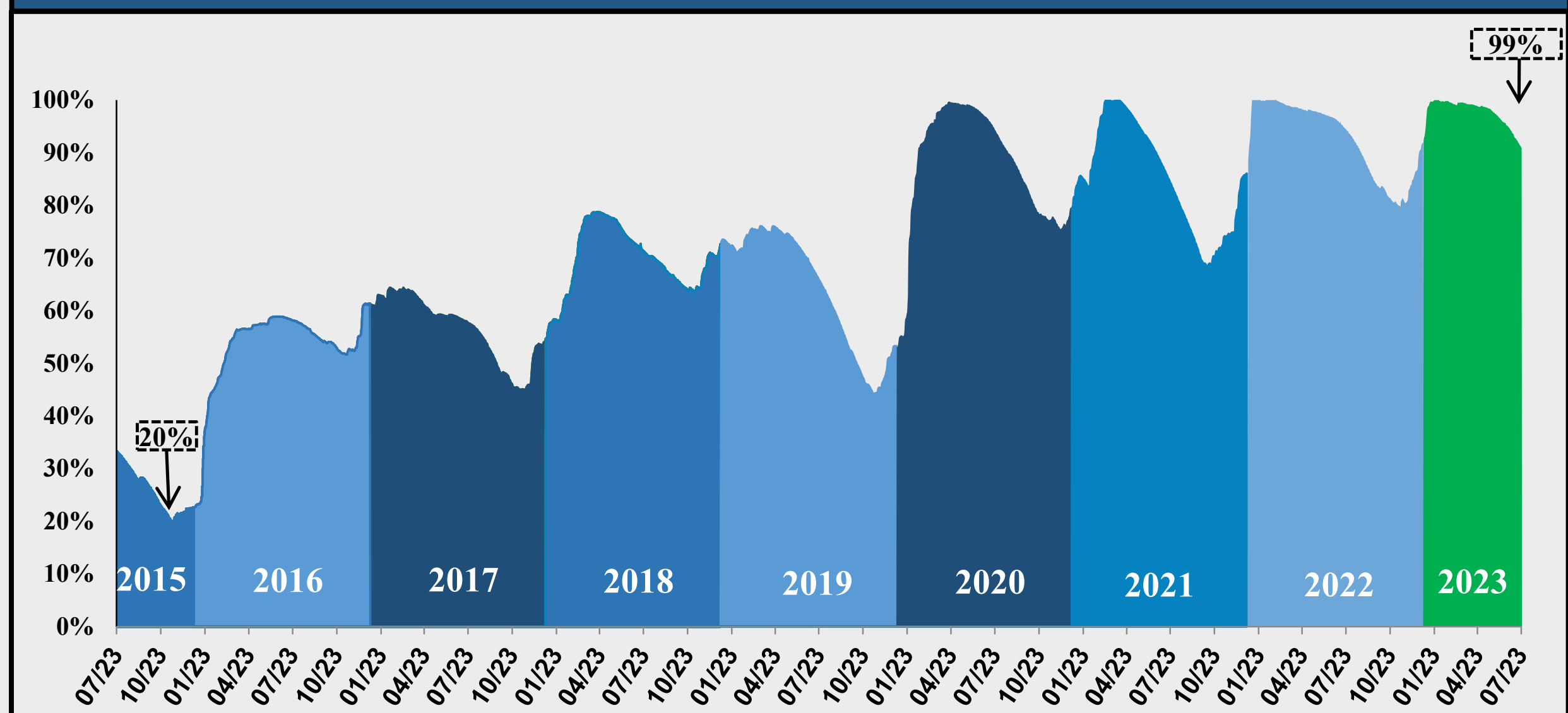
<sup>2</sup> Difference between the volume distributed and the volume measured, divided by the number of served connections and the number of days in the period

<sup>3</sup> 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

# HYDROLOGICAL SITUATION

## Belo Horizonte Metropolitan Area (BHMA)

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



Volume of each reservoir	07.23.2023
Rio Manso	93.6%
Vargem das Flores	72.2%
Serra Azul	95.1%

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 m <sup>3</sup> /s
Average flow (last 15 days prior to 07.23.2023)	17.7 m <sup>3</sup> /s
Average flow used in 2022	7.2 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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