

Companhia de Saneamento Basico do Estado de Sao Paulo (SABESP)

Companhia de Saneamento Basico do Estado de Sao Paulo's (Sabesp) ratings reflect its solid business profile in Brazil's water/wastewater industry, which benefits from its large-scale operations and resilient demand. Sabesp's EBITDA margins are above the average of its Brazilian peers and its ability to continue improving them is crucial for managing higher debt levels.

Fitch Ratings expects the company to maintain moderate net leverage, despite significant projected negative free cash flow (FCF). Sabesp has strong flexibility to support capital expenditure (capex) and refinancing needs. Fitch evaluates Sabesp's Standalone Credit Profile (SCP) independently of its main shareholders.

Key Rating Drivers

Low Business Risk: Sabesp's credit profile benefits from its near monopoly on the provision of an essential service in its concession area. As the largest water/wastewater company in the Americas by customer base, its economies of scale that enhance profitability. Fitch's analysis considers the evolving regulatory environment and the hydrological risk inherent in Sabesp's business. The company's operations in the state of São Paulo are favorable, given the state has the largest GDP and population in the country.

Above-Peer EBITDA Margin: Fitch believes Sabesp will continue to report high EBITDA margins, of around 61% in 2026 and 62% in 2027, compared to 62.4% in 2025. This compares favorably with its Latin America peers. The company's increased profitability in recent quarters reflects operational efficiencies gained following its 2024 privatization and is crucial to mitigate pressure on its credit metrics. The average EBITDA margin was 46% in 2021-2024. The base case scenario forecasts EBITDA of around BRL15.7 billion in 2026 and BRL17.5 billion in 2027.

Resilient Demand: Sabesp's credit profile benefits from resilient demand and a record of adequate tariff increases that support revenue predictability. Fitch assumes annual average tariff increases of around 7.2% from 2027 to 2029, supported by annual tariff revisions that incorporate higher capex levels. The total volume billed should grow by an average of 1.7% annually during this period, given the increasing number of connections and improved billing measures. The base case scenario assumes manageable levels of water losses and delinquency, with no water supply restrictions.

Aggressive Capex Cycle: Sabesp has a capex plan of more than BRL70 billion for 2026-2029 to meet the post-privatization regulatory target of providing water distribution and sewage collection and treatment to 99% of the population in its operating region. The company focuses mainly on increasing its sewage collection and treatment ratio, which is currently around 95% and 85% respectively. It already complies with the water distribution target.

Manageable Leverage Increase: Fitch expects Sabesp to sustain a strong financial profile through its capex cycle, despite estimates of higher indebtedness. The base-case scenario assumes the interest coverage ratio will decline to about 3.0x and net leverage will peak at 3.3x in the next three years. These ratios were 2.7x and 1.9x at the end of 2025, respectively. Fitch also expects Sabesp's interest payments to remain high, despite expectations of lower interest rates in Brazil starting in 2026.

Ratings

Companhia de Saneamento Basico do Estado de Sao Paulo (SABESP)

Long-Term IDR	BB+
Long-Term Local-Currency IDR	BB+
National Long-Term Rating	AAA(bra)

Outlooks

Long-Term Foreign-Currency IDR	Stable
Long-Term Local-Currency IDR	Stable
National Long-Term Rating	Stable

Sabesp Lux S.a r.l

Senior Unsecured Debt - Long-Term Rating	BB+
--	-----

[Click here for the full list of ratings](#)

ESG and Climate

Highest ESG Relevance Scores

Environmental	3
Social	3
Governance	3
2035 Climate Vulnerability Signal	40
Transition (Climate.VSt)	15
Physical (Climate.VSp)	39

Applicable Criteria

[Corporate Rating Criteria \(January 2026\)](#)

[National Scale Rating Criteria \(December 2020\)](#)

[Metodologia de Ratings Corporativos \(January 2026\)](#)

[Metodologia de Ratings em Escala Nacional \(December 2020\)](#)

Related Research

[Global Corporates Sector Forecasts Monitor - January 2026 \(January 2026\)](#)

Analysts

Leonardo Coutinho
+55 21 4503 2630
leonardo.coutinho@fitchratings.com

Julian Robayo
+57 601 241 3237
julian.robayo@fitchratings.com

Strong Negative FCF: Fitch estimates Sabesp's cash flow from operations (CFO) at BRL7.5 billion in 2026, resulting in strong negative FCF of BRL13.1 billion after relevant investments of BRL19.6 billion and dividends of BRL1.0 billion. Annual FCF in 2027-2028 should average negative BRL10.8 billion, following an average CFO of BRL9.0 billion and relevant average annual investments and dividends of BRL17.4 billion and BRL2.4 billion, respectively. The company is implementing a crucial operating efficiency strategy, including cost-cutting initiatives and commercial measures, which should improve cash flow generation and mitigate FCF pressure.

Rating Sensitivities

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

- Negative action on the Brazilian Country Ceiling, which will lead to negative action on the Foreign Currency Issuer Default Rating (FC IDR);
- EBITDA margins below 40%;
- Net leverage sustained above 3.0x;
- Increased regulatory risk;
- Lower financial flexibility.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

- A positive rating action on the Local Currency Issuer Default Rating (LC IDR) depends on FCF being neutral to slightly negative;
- A positive rating action on the FC IDR depends on a positive rating action on the LC IDR and on the Brazilian Country Ceiling;
- An upgrade of the National Scale Ratings is not possible because the rating is at the top of the national scale.

Issuer Profile

Sabesp is the largest basic sanitation company in Latin America, providing services to around 28 million people in 378 municipalities in the Brazilian state of São Paulo. Its main shareholders are Equatorial S.A. (15% ownership) and the São Paulo state (18%).

Financial Summary

(BRL Mil.)	2023	2024	2025	2026F	2027F	2028F
Net revenue	19,972	21,726	23,655	25,889	28,242	30,689
EBITDA	9,645	11,354	14,760	15,659	17,508	19,438
EBITDA margin (%)	48.3	52.3	62.4	60.5	62.0	63.3
EBITDA interest coverage (x)	5.0	5.7	5.5	2.5	2.8	2.9
EBITDA net leverage (x)	1.6	1.7	1.9	2.7	3.0	3.3

Source: Fitch Ratings, Fitch Solutions

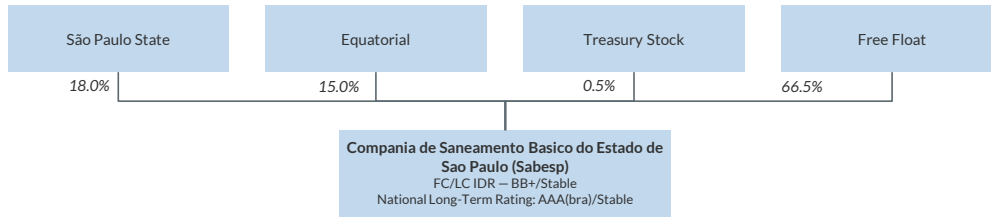
Corporate Rating Tool Inputs and Scores

Fitch scored the issuer as follows, using its Corporate Rating Tool (CRT) to produce the SCP:

- Business and financial profile factors (assessment, relative importance): Management (bbb, Moderate), Sector Characteristics (bbb-, Moderate), Market and Competitive Positioning (bbb, Lower), Diversification and Asset Quality (bbb, Moderate), Company Operational Characteristics (bb+, Moderate), Profitability (bb+, Higher), Financial Structure (bbb+, Moderate), and Financial Flexibility (bb, Higher).
- The quantitative financial subfactors are based on standard CRT financial period parameters: 20% weight for the latest historical year 2024, 40% for the forecast year 2025 and 40% for the forecast year 2026.
- The Governance assessment of 'Good' results in no adjustment.
- The Operating Environment assessment of 'bb' results in no adjustment.
- The SCP is 'bb+'.
- Fitch made no adjustments to the SCP, resulting in an IDR of 'BB+'.

Simplified Group Structure Diagram

Organizational Structure – Companhia de Saneamento Basico do Estado de Sao Paulo (Sabesp)
(As of December 31, 2025)



FC – Foreign Currency. LC – Long Currency. IDR – Issuer Default Rating.
Source: Fitch Ratings, Companhia de Saneamento Basico do Estado de Sao Paulo (Sabesp)

Ratings Navigator

Latin America Utilities

	Business Profile					Financial Profile			Standalone Credit Profile	Foreign Currency LT Issuer Default Rating
	Management	Sector Characteristics	Market and Competitive Positioning	Diversification and Asset Quality	Company Operational Characteristics	Profitability	Financial Structure	Financial Flexibility		
aaa									aaa	AAA
aa+									aa+	AA+
aa									aa	AA
aa-									aa-	AA-
a+									a+	A+
a									a	A
a-									a-	A-
bbb+	Moderate		Lower	Moderate			Moderate		bbb+	BBB+
bbb	Moderate		Lower	Moderate		Higher	Moderate		bbb	BBB
bbb-	Moderate		Lower	Moderate	Moderate	Higher	Moderate		bbb-	BBB-
bb+	Moderate		Lower	Moderate	Moderate	Higher		Higher	bb+	BB+ Sta
bb	Moderate		Lower	Moderate	Moderate	Higher		Higher	bb	BB
bb-	Moderate		Lower	Moderate	Moderate	Higher		Higher	bb-	BB-
b+									b+	B+
b									b	B
b-									b-	B-
ccc+									ccc+	CCC+
ccc									ccc	CCC
ccc-									ccc-	CCC-
cc									cc	CC
c									c	C
d or rd									d or rd	D or RD

Factor Outlook: Stable (grey square), Evolving (grey diamond), Positive (grey triangle up), Negative (grey triangle down)
Relative Importance: Lower (light blue square), Moderate (dark blue square), Higher (red square)

Additional Adjustments to the Standalone Credit Profile

	Assessment	Impact
Weakest link considerations	Not applied	0
Additional sector considerations	Not applied	0
B+ to CC considerations	Not applied	0
Governance	Good	0
Operating environment	bb	0
Other risk elements	Not applied	0
Calibration	Not applied	0
Standalone Credit Profile		bb+
Parent Subsidiary Linkage Considerations	Not applied	-
Government Related Entities Considerations	Not applied	-
Country Ceiling Considerations	Not applied	0
Other Criteria Considerations	Not applied	0

Factor/Subfactor	Score/Outlook/Importance	Description
Management	bbb/stable/moderate	
Risk tolerance	bbb/moderate	Management committed to conservative risk profile. Only modest/short-term deviations from strategy allowed.
Management strategy	bbb/moderate	Good track record of implementing coherent and stable strategy.
Management quality	bbb/moderate	Experienced management or proven track record. Management composition is broadly stable. No evidence of material risk management weaknesses.
Factor/Subfactor	Score/Outlook/Importance	Description
Sector characteristics	bbb-/stable/moderate	
Regulatory environment	bbb/moderate	The tariff-setting procedure is transparent and includes the participation of industry players.
Regulatory independence	bb/moderate	Moderate government interference in utility regulations.
Regulatory balance	bbb/moderate	Regulatory framework is moderately biased toward the needs of end-users at the expense of sector participants.
Recourse of law	bb/moderate	Procedures to appeal rulings are lengthy; appeals could be untested; companies can comment on regulations.
Cost and investment recovery	bbb/moderate	Moderate lag to recover capital and operating costs.
Factor/Subfactor	Score/Outlook/Importance	Description
Market and competitive positioning	bbb/stable/lower	
Consumption growth potential	bbb/moderate	Customer and usage growth in line with industry averages.
Supply demand dynamics	bbb/moderate	Moderately favorable outlook for prices and rates.
Factor/Subfactor	Score/Outlook/Importance	Description
Diversification and asset quality	bbb/stable/moderate	
Asset diversification	bbb/moderate	Good quality and/or reasonable scale diversified assets.
Customer diversification	a/moderate	Well diversified customer mix.
Geographic diversification	bb/moderate	High sensitivity to extreme weather or disaster disruptions.
Factor/Subfactor	Score/Outlook/Importance	Description
Company operational characteristics	bb+/stable/moderate	
Capex intensity	bb/moderate	Reinvestment concentrated in capital-intensive or unproven technologies.
Operational reliability	bbb/moderate	Reliability and cost of operations at par with industry averages with moderate operating losses.
Company revenue visibility	bbb/moderate	Moderate exposure to price risk. Long-term contracts provide high revenue visibility and most costs variations are passed through.
Counterparty risk	bb/moderate	Weighted average credit quality of actual and potential offtakers is in line with 'BB' rating.
Environmental exposure	bb/moderate	Significant exposure to environmental regulations.
Factor/Subfactor	Score/Outlook/Importance	Description
Profitability	bb+/stable/higher	
Volatility of profitability	bbb/moderate	Stability and predictability of profits in line with utility peers.
Free cash flow	bb/moderate	Structurally negative FCF across the investment cycle.
Factor/Subfactor	Score/Outlook/Importance	Description
Financial structure	bbb+/stable/moderate	
EBITDA leverage (x)	bbb+/moderate	4.0
EBITDA net leverage (x)	a-/moderate	2.0
Factor/Subfactor	Score/Outlook/Importance	Description
Financial flexibility	bb/stable/higher	

Factor/Subfactor	Score/Outlook/Importance	Description
Financial access	bb/moderate	Unequivocal access through the cycle to: Local financial markets with FMD of 'bb', or International financial markets with (primarily) FMD of 'bb'. If the issuer is an infrequent/untested issuer, the issuer must be very likely to be able to freely access these markets through the cycle. Alternatively, limited access to international financial markets of 'bbb' and above.
Liquidity (cash+CFO)/s-t debt	bbb/moderate	One-year liquidity ratio above 1.25x. Well-spread maturity schedule of debt but funding may be less diversified.
EBITDA interest coverage (x)	b+/moderate	3.0
FX exposure	N/A/N/A	Subfactor not relevant to the issuer.
Factor/Subfactor	Score/Outlook/Importance	Description
Governance	Good/—/—	
Ownership and decision-making concentration	Good/moderate	No concentration in ownership and/or decision-making. Presence of effective checks and balances. Key person risk is immaterial. Decision-making is defensible from a governance perspective.
Group structure transparency and contagion risk	Good/moderate	Transparent group structure. No contagion risks.
Information quality/transparency	Good/moderate	Timely and good provision of financial and operational information, facilitating the analysis of the credit profile.

Fitch's Key Rating-Case Assumptions

- Total volume billed growth of 1.7% per year on average in 2026-2028, supported mainly by connection growth and stable consumption per connection;
- Tariff increase of 10.65% in 2026 and 7.3% per year on average for 2027-2028;
- Average annual capex of BRL18.1 billion in 2026-2028;
- Average annual dividends of BRL1.9 billion in 2026-2028, equivalent to a payout ratio of 25% of net profit until 2026 and of 50% in 2027-2028.

Liquidity and Debt Structure

Sabesp's strong access to financial market is a key rating factor, as it enables the company to finance its negative FCF and roll over existing debt. The company's strong cash position of BRL12.4 billion by the end 2025 is likely to decline as its capex plan is implemented. Sabesp has a lengthened debt maturity schedule, with BRL5.6 billion maturing in the short term. Fitch expects the company to sustain its cash balance-to-short term debt ratio above 1.0x through the cycle.

By the end of 2025, Sabesp's total debt of BRL40.5 billion consisted primarily of BRL20.0 billion in debenture issuances, funding of BRL13.4 billion from multilateral agencies, and BRL2.5 billion from Caixa Economica Federal (Caixa; BB/Stable) and Banco Nacional de Desenvolvimento Economico e Social (BNDES; BB/Stable). After September 2025, Sabesp raised significant funding, including BRL5.0 billion from its 37th debenture issuance and USD1.5 billion from the Inter-American Investment Corporation. Sabesp hedges all its FX debt exposure, which supports liquidity.

Liquidity and Debt Maturities

Liquidity Analysis

(BRL Mil.)	2026F	2027F	2028F	2029F
Available liquidity				
Beginning cash balance	12,371	-8,128	-21,696	-33,717
Rating case FCF after acquisitions and divestitures	-14,901	-11,317	-10,244	-9,912
Total available liquidity (A)	-2,530	-19,445	-31,940	-43,629
Liquidity uses				
Debt maturities	-5,598	-2,252	-1,777	-4,149
Total liquidity uses (B)	-5,598	-2,252	-1,777	-4,149
Liquidity calculation				
Ending cash balance (A+B)	-8,128	-21,696	-33,717	-47,778
Revolver availability	—	—	—	—
Ending liquidity	-8,128	-21,696	-33,717	-47,778
Liquidity score (x)	-0.5	-8.6	-18.0	-10.5

Source: Fitch Ratings, Fitch Solutions, Companhia de Saneamento Basico do Estado de Sao Paulo (SABESP)

Scheduled Debt Maturities

(BRL Mil.)	Dec. 31, 2025
2026	5,598
2027	2,252
2028	1,777
2029	4,149
2030	7,287
Thereafter	19,466
Total	40,527

Source: Fitch Ratings, Fitch Solutions, Companhia de Saneamento Basico do Estado de Sao Paulo (SABESP)

Financial Data

(BRL Mil.)	2023	2024	2025	2026F	2027F	2028F
Summary income statement						
Gross revenue	19,972	21,726	23,655	25,889	28,242	30,689
Revenue growth (%)	16.2	8.8	8.9	9.4	9.1	8.7
EBITDA before income from associates	9,645	11,354	14,760	15,659	17,508	19,438
EBITDA margin (%)	48.3	52.3	62.4	60.5	62.0	63.3
EBIT	6,855	8,677	12,551	11,732	12,895	14,173
EBIT margin (%)	34.3	39.9	53.1	45.3	45.7	46.2
Gross interest expense	-1,199	-1,481	-4,277	-6,161	-6,203	-6,599
Pretax income including associate income/loss	4,754	13,643	11,702	7,458	7,611	8,327
Summary balance sheet						
Readily available cash and equivalents	3,265	5,382	12,371	8,170	7,531	8,324
Debt	19,085	24,723	40,527	49,795	60,472	71,509
Net debt	15,820	19,340	28,156	41,625	52,941	63,185
Summary cash flow statement						
EBITDA	9,645	11,354	14,760	15,659	17,508	19,438
Cash interest paid	-1,936	-1,977	-2,696	-6,161	-6,203	-6,599
Cash tax	-1,569	-1,763	-2,518	-2,536	-2,588	-2,831
Dividends received less dividends paid to minorities (inflow/outflow)	–	–	17	–	–	–
Other items before FFO	-1,139	-437	-4,010	-695	-730	-767
FFO	5,372	7,729	5,553	8,154	8,907	9,994
FFO margin (%)	26.9	35.6	23.5	31.5	31.5	32.6
Change in working capital	-1,191	-894	445	-676	-485	-452
CFO (Fitch-defined)	4,181	6,835	5,997	7,477	8,421	9,542
Total non-operating/nonrecurring cash flow	–	–	–	–	–	–
Capex	-4,139	-8,031	-13,767	–	–	–
Capital intensity (capex/revenue) (%)	20.7	37.0	58.2	–	–	–
Common dividends	-824	-929	-2,364	–	–	–
FCF	-782	-2,125	-10,134	–	–	–
FCF margin (%)	-3.9	-9.8	-42.8	–	–	–
Net acquisitions and divestitures	–	–	–	–	–	–
Other investing and financing cash flow items	-99	-400	3,927	–	–	–
Net debt proceeds	600	4,624	13,643	8,314	10,677	11,037
Net equity proceeds	1	–	-475	–	–	–
Total change in cash	-280	2,100	6,961	-5,812	-640	793
Calculations for forecast publication						
Capex, dividends, acquisitions and other items before FCF	-4,962	-8,960	-16,131	-22,379	-19,738	-19,786
FCF after acquisitions and divestitures	-782	-2,125	-10,134	-14,901	-11,317	-10,244
FCF margin after net acquisitions (%)	-3.9	-9.8	-42.8	-57.6	-40.1	-33.4
Gross Leverage ratios (x)						
EBITDA leverage	2.0	2.2	2.7	3.2	3.5	3.7
(CFO-capex)/debt (%)	0.2	-4.8	-19.2	-24.3	-14.8	-11.0
Net Leverage ratios (x)						
EBITDA net leverage	1.6	1.7	1.9	2.7	3.0	3.3
(CFO-capex)/net debt (%)	0.3	-6.2	-27.6	-29.1	-17.0	-12.4
Coverage ratios (x)						
EBITDA interest coverage	5.0	5.7	5.5	2.5	2.8	2.9

CFO – Cash flow from operations
Source: Fitch Ratings, Fitch Solutions

How to Interpret the Forecast Presented

The forecast presented above is based on Fitch Ratings' internally produced, conservative rating case forecast. It does not represent the forecast of the rated issuer. The forecast set out above is only one component used by Fitch Ratings to assign a rating or determine a rating outlook, and the information in the forecast reflects material but not exhaustive elements of Fitch Ratings' rating assumptions for the issuer's financial performance. As such, it cannot be used to establish a rating, and it should not be relied on for that purpose. Fitch Ratings' forecasts are constructed using a proprietary internal forecasting tool, which employs Fitch Ratings' own assumptions on operating and financial performance that may not reflect the assumptions that you would make. Fitch Ratings' own definitions of financial terms such as EBITDA, debt or free cash flow may differ from your own such definitions. Fitch Ratings may be granted access, from time to time, to confidential information on certain elements of the issuer's forward planning. Certain elements of such information may be omitted from this forecast, even where they are included in Fitch Ratings' own internal deliberations, where Fitch Ratings, at its sole discretion, considers the data may be potentially sensitive in a commercial, legal or regulatory context. The forecast (as with the entirety of this report) is produced strictly subject to the disclaimers set out at the end of this report. Fitch Ratings may update the forecast in future reports but assumes no responsibility to do so. Original financial statement data for historical periods is processed by Fitch Solutions on behalf of Fitch Ratings. Key financial adjustments and all financial forecasts credited to Fitch Ratings are generated by rating agency staff.

Fitch Adjusted Financials

(BRL 000, as of Dec. 31, 2025)	Notes and formulas	Standardized values	Lease treatment	Other adjustments	Adjusted values
Income statement summary					
Revenue		38,092,050	—	-14,437,363	23,654,687
EBITDA	(a)	14,808,383	—	-48,153	14,760,230
Depreciation and amortization		-2,208,762	—	—	-2,208,762
EBIT		12,599,621	—	-48,153	12,551,468
Balance sheet summary					
Debt	(b)	40,527,273	—	—	40,527,273
Of which other off-balance-sheet debt		—	—	—	—
Lease-equivalent debt		—	—	—	—
Lease-adjusted debt		40,527,273	—	—	40,527,273
Readily available cash and equivalents	(c)	12,370,971	—	—	12,370,971
Not readily available cash and equivalents		9,575	—	—	9,575
Cash flow summary					
EBITDA	(a)	14,808,383	—	-48,153	14,760,230
Dividends received from associates less dividends paid to minorities	(d)	16,945	—	—	16,945
Interest paid	(e)	-2,696,320	—	—	-2,696,320
Interest received	(f)	—	—	—	—
Preferred dividends paid	(g)	—	—	—	—
Cash tax paid		-2,518,383	—	—	-2,518,383
Other items before FFO		-4,040,898	—	31,208	-4,009,690
FFO	(h)	5,569,727	—	-16,945	5,552,782
Change in working capital		444,557	—	—	444,557
CFO	(i)	6,014,284	—	-16,945	5,997,339
Non-operating/nonrecurring cash flow		—	—	—	—
Capex	(j)	-16,979,761	—	3,212,412	-13,767,349
Common dividends paid		—	—	-2,363,776	-2,363,776
FCF		-10,965,477	—	831,691	-10,133,786
Gross leverage (x)					
EBITDA leverage	b/(a+d)	2.7	—	—	2.7
(CFO-capex)/debt (%)	(i+j)/b	-27.1	—	—	-19.2
Net leverage (x)					
EBITDA net leverage	(b-c)/(a+d)	1.9	—	—	1.9
(CFO-capex)/net debt (%)	(i+j)/(b-c)	-38.9	—	—	-27.6
Coverage (x)					
EBITDA interest coverage	(a+d)/(-e)	5.5	—	—	5.5

CFO – Cash flow from operations

Notes: The standardized items presented above are based on Fitch's taxonomy for the given sector and region.

Reported items may not match the Fitch taxonomy, but they are captured into corresponding lines accordingly.

Debt includes net derivatives position.

Debt in the standardized values column excludes lease liabilities.

Source: Fitch Ratings, Fitch Solutions, Companhia de Saneamento Basico do Estado de Sao Paulo

Peer Analysis

Aegea Saneamento e Participacoes S.A. (Aegea; LC and FC IDRs: BB/Stable) is expected to report higher net leverage than Sabesp, at 3.0x-4.0x, reflecting its growth strategy, partly offset by stronger EBITDA margins. Sabesp's robust CFO generation capacity also supports a one-notch difference in the IDR. Aegea's credit profile benefits from its diversified concessions within Brazil, while Sabesp operates exclusively in the state of São Paulo, which implies concentrated operational and regulatory risks.

Sabesp compares favorably with Namibia Water Corporation Limited (NamWater; LC and FC IDRs: BB-/Stable), a government-related entity in Namibia. NamWater's ratings are linked to the sovereign's rating because Fitch views its legal ringfencing and access and control as 'open'. NamWater's SCP is also 'bb-', supported by the company's role as Namibia's water supplier, with a cost pass-through tariff framework and a strong financial profile.

Navigator Peer Comparison

Issuer		Business profile (Score/Relative Importance)						Financial profile (Score/Relative Importance)		
Name	IDR/Outlook	Management	Sector Characteristics	Market and Competitive Positioning	Diversification and Asset Quality	Company Operational Characteristics	Profitability	Financial Structure	Financial Flexibility	
Paulo (SABESP)	BB+/	bbb	bbb-	bbb	bbb	bb+	bb+	bbb+	bb	
Aegea Saneamento e Participacoes S.A.	NA/	bb+	bbb-	bbb	bbb+	bb+	bb-	bbb-	bb-	

Relative importance: ■ Higher ■ Moderate ■ Lower
Source: Fitch Ratings

Issuer		Business profile (Score/Outlook)						Financial profile (Score/Outlook)		
Name	IDR/Outlook	Management	Sector Characteristics	Market and Competitive Positioning	Diversification and Asset Quality	Company Operational Characteristics	Profitability	Financial Structure	Financial Flexibility	
Paulo (SABESP)	BB+/	bbb	bbb-	bbb	bbb	bb+	bb+	bbb+	bb	
Aegea Saneamento e Participacoes S.A.	NA/	bb+	bbb-	bbb	bbb+	bb+	bb-	bbb-	bb-	

Rating categories: ■ b/cc ■ bb ■ bbb ■ a ■ aa ▲ Factor outlook direction.
Source: Fitch Ratings

Peer Financial Summary

Company	Issuer Default Rating	Financial statement date	Gross revenue (USD Mil.)	EBITDA (USD Mil.)	EBITDA margin (%)	EBITDA leverage (x)	EBITDA net leverage (x)
Companhia de Saneamento Basico do Estado de Sao Paulo (SABESP)	BB+						
	BB+	2024	3,509	1,834	52.3	2.2	1.7
	BB+	2023	4,060	1,961	48.3	2.0	1.6
	BB	2022	3,342	1,373	41.1	2.7	2.2
Aegea Saneamento e Participacoes S.A.	BB						
	BB	2024	1,616	960	59.4	4.9	3.9
	BB	2023	1,394	693	49.7	6.4	4.9
Namibia Water Corporation Limited	BB	2022	714	434	60.7	5.1	4.2
	BB-	2024	110	10	9.2	—	-9.8
	BB-	2023	115	19	16.1	—	-5.3
	BB	2022	141	34	23.9	0.2	-3.2

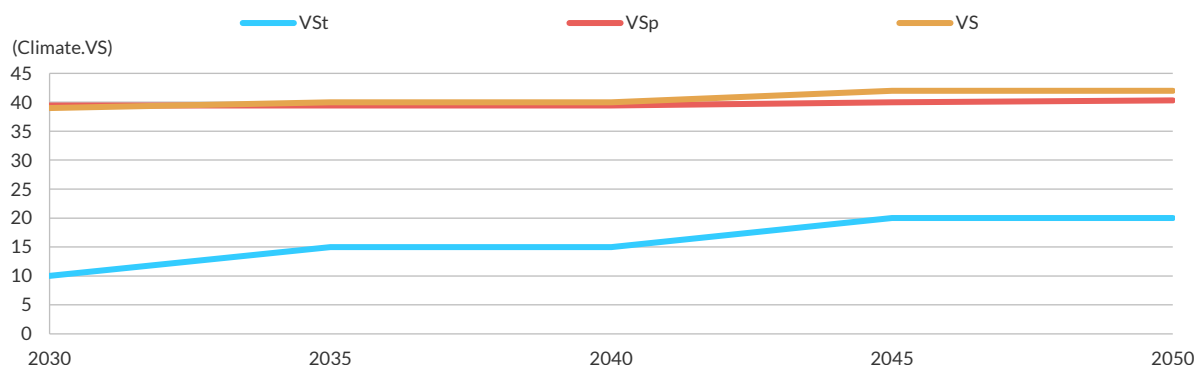
Source: Fitch Ratings, Fitch Solutions

Climate Vulnerability Considerations

Fitch uses Climate Vulnerability Signals (Climate.VS) as a screening tool to identify sectors and Fitch-rated issuers that are potentially most exposed to climate-related risks. If Fitch identifies an entity as higher risk (i.e. its Climate.VS in 2035 is 50 or higher), the entity receives additional analysis and consideration in rating reviews. Climate.VS range from 0 (lowest risk) to 100 (highest risk). For more information on Climate.VS, see Fitch’s [Corporate Rating Criteria](#). For more detailed, sector-specific information on how Fitch perceives climate-related transition risks, see [Climate Vulnerability Signals for Non-Financial Corporate Sectors](#).

The Climate.VS for 2035 is 40 out of 100. This reflects a VSp of 39 and a VSt of 15.

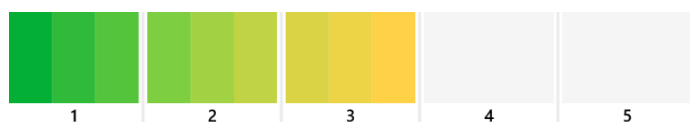
Climate Vulnerability Signals



Source: Fitch Ratings

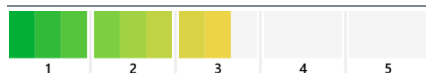
ESG Considerations

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit <https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.



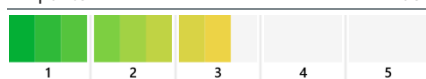
Environmental Relevance Scores

General issues	Score	Sector-specific issues	Reference
GHG Emissions & Air Quality	1	Emissions from operations	Company Operational Characteristics; Sector Characteristics; Profitability; Financial Structure
Energy Management	3	Energy and fuel use in operations; entities' financial targets for losses/shrinkage	Company Operational Characteristics; Profitability; Financial Structure
Water & Wastewater Management	3	Water usage in operations; water utilities' financial targets for water quality, leakage and usage	Company Operational Characteristics; Sector Characteristics; Profitability
Waste & Hazardous Materials Management; Ecological Impacts	3	Impact of waste including pollution incidents; discharge compliance; sludge, coal ash	Company Operational Characteristics; Sector Characteristics; Profitability
Exposure to Environmental Impacts	3	Networks' exposure to extreme weather events- negative (e.g. risk of drought and flooding) or positive (e.g. additional return on resilience capex)	Company Operational Characteristics; Profitability



Social Relevance Scores

General issues	Score	Sector-specific issues	Reference
Human Rights, Community Relations, Access & Affordability	3	Regulatory-driven access and affordability targets of utility services	Company Operational Characteristics; Sector Characteristics; Profitability
Customer Welfare - Fair Messaging, Privacy & Data Security	3	Quality and safety of products and services; data security	Sector Characteristics; Profitability
Labor Relations & Practices	3	Impact of labor negotiations and employee (dis)satisfaction	Profitability; Financial Structure; Financial Flexibility
Employee Wellbeing	2	Worker safety and accident prevention	Financial Flexibility
Exposure to Social Impacts	3	Social resistance to major projects that leads to delays and cost increases	Profitability; Financial Structure



Governance Relevance Scores

General issues	Score	Sector-specific issues	Reference
Management Strategy	3	Strategy development and implementation	Management; Governance
Governance Structure	3	Board independence and effectiveness; ownership concentration	Governance
Group Structure	3	Complexity, transparency and related-party transactions	Governance
Financial Transparency	3	Quality and timing of financial disclosure	Governance



ESG Scoring

ESG relevance scores range from '1' to '5' based on a 15-level colour gradation. Red (5) is most relevant to the credit rating and green (1) is least relevant.

The Environmental (E), Social (S) and Governance (G) tables break out the general and the sector-specific issues that are most relevant to each industry group. Relevance scores are assigned to each sector-specific issue, signalling the credit relevance of the sector-specific issues to an issuer's overall credit rating. The Reference column highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis.

The panels underneath the relevance scores tables are visualisations of the frequency of occurrence of the highest ESG relevance scores across the combined E, S and G categories. The Score columns summarise rating relevance and impact to credit from ESG issues. The column on the far left identifies any ESG relevance sub-factor issues that are drivers or potential drivers of an issuer's credit rating (corresponding with scores of '3', '4' or '5'). All scores of '4' and '5' are assumed to reflect a negative impact unless indicated with a '+' sign for positive impact.

Classification of ESG issues has been developed from Fitch's sector ratings criteria. The general and sector-specific issues draw on the classification standards published by the UN Principles for Responsible Investing, the Sustainability Accounting Standards Board and the World Bank.

Credit-Relevant ESG Scale

5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to 'Higher' relative importance within the Navigator.
4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to 'Moderate' relative importance within the Navigator.
3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to 'Lower' relative importance within the Navigator.
2	Irrelevant to the entity rating but relevant to the sector.
1	Irrelevant to the entity rating and irrelevant to the sector.

SOLICITATION & PARTICIPATION STATUS

For information on the solicitation status of the ratings included within this report, please refer to the solicitation status shown in the relevant entity's summary page of the Fitch Ratings website.

For information on the participation status in the rating process of an issuer listed in this report, please refer to the most recent rating action commentary for the relevant issuer, available on the Fitch Ratings website.

DISCLAIMER & DISCLOSURES

All Fitch Ratings (Fitch) credit ratings are subject to certain limitations and disclaimers. Please read these limitations and disclaimers by following this link: <https://www.fitchratings.com/understandingcreditratings>. In addition, the following <https://www.fitchratings.com/rating-definitions-document> details Fitch's rating definitions for each rating scale and rating categories, including definitions relating to default. Published ratings, criteria, and methodologies are available from this site at all times. Fitch's code of conduct, confidentiality, conflicts of interest, affiliate firewall, compliance, and other relevant policies and procedures are also available from the Code of Conduct section of this site. Directors and shareholders' relevant interests are available at <https://www.fitchratings.com/site/regulatory>. Fitch may have provided another permissible or ancillary service to the rated entity or its related third parties. Details of permissible or ancillary service(s) for which the lead analyst is based in an ESMA- or FCA-registered Fitch Ratings company (or branch of such a company) can be found on the entity summary page for this issuer on the Fitch Ratings website.

In issuing and maintaining its ratings and in making other reports (including forecast information), Fitch relies on factual information it receives from issuers and underwriters and from other sources Fitch believes to be credible. Fitch conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction. The manner of Fitch's factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors. Users of Fitch's ratings and reports should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information Fitch relies on in connection with a rating or a report will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to Fitch and to the market in offering documents and other reports. In issuing its ratings and its reports, Fitch must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings and forecasts of financial and other information are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings and forecasts can be affected by future events or conditions that were not anticipated at the time a rating or forecast was issued or affirmed. Fitch Ratings makes routine, commonly-accepted adjustments to reported financial data in accordance with the relevant criteria and/or industry standards to provide financial metric consistency for entities in the same sector or asset class.

The information in this report is provided "as is" without any representation or warranty of any kind, and Fitch does not represent or warrant that the report or any of its contents will meet any of the requirements of a recipient of the report. A Fitch rating is an opinion as to the creditworthiness of a security. This opinion and reports made by Fitch are based on established criteria and methodologies that Fitch is continuously evaluating and updating. Therefore, ratings and reports are the collective work product of Fitch and no individual, or group of individuals, is solely responsible for a rating or a report. The rating does not address the risk of loss due to risks other than credit risk, unless such risk is specifically mentioned. Fitch is not engaged in the offer or sale of any security. All Fitch reports have shared authorship. Individuals identified in a Fitch report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only. A report providing a Fitch rating is neither a prospectus nor a substitute for the information assembled, verified and presented to investors by the issuer and its agents in connection with the sale of the securities. Ratings may be changed or withdrawn at any time for any reason in the sole discretion of Fitch. Fitch does not provide investment advice of any sort. Ratings are not a recommendation to buy, sell, or hold any security. Ratings do not comment on the adequacy of market price, the suitability of any security for a particular investor, or the tax-exempt nature or taxability of payments made in respect to any security. Fitch receives fees from issuers, insurers, guarantors, other obligors, and underwriters for rating securities. Such fees generally vary from US\$1,000 to US\$750,000 (or the applicable currency equivalent) per issue. In certain cases, Fitch will rate all or a number of issues issued by a particular issuer, or insured or guaranteed by a particular insurer or guarantor, for a single annual fee. Such fees are expected to vary from US\$10,000 to US\$1,500,000 (or the applicable currency equivalent). The assignment, publication, or dissemination of a rating by Fitch shall not constitute a consent by Fitch to use its name as an expert in connection with any registration statement filed under the United States securities laws, the Financial Services and Markets Act of 2000 of the United Kingdom, or the securities laws of any particular jurisdiction. Due to the relative efficiency of electronic publishing and distribution, Fitch research may be available to electronic subscribers up to three days earlier than to print subscribers.

For Australia, New Zealand, Taiwan and South Korea only: Fitch Australia Pty Ltd holds an Australian financial services license (AFS license no. 337123) which authorizes it to provide credit ratings to wholesale clients only. Credit ratings information published by Fitch is not intended to be used by persons who are retail clients within the meaning of the Corporations Act 2001.

Fitch Ratings, Inc. is registered with the U.S. Securities and Exchange Commission as a Nationally Recognized Statistical Rating Organization (the "NRSRO"). While certain of the NRSRO's credit rating subsidiaries are listed on Item 3 of Form NRSRO and as such are authorized to issue credit ratings on behalf of the NRSRO (see <https://www.fitchratings.com/site/regulatory>), other credit rating subsidiaries are not listed on Form NRSRO (the "non-NRSROs") and therefore credit ratings issued by those subsidiaries are not issued on behalf of the NRSRO. However, non-NRSRO personnel may participate in determining credit ratings issued by or on behalf of the NRSRO.

Copyright © 2026 by Fitch Ratings, Inc., Fitch Ratings Ltd. and its subsidiaries. 33 Whitehall Street, NY, NY 10004. Telephone: 1-800-753-4824, (212) 908-0500. Reproduction or retransmission in whole or in part is prohibited except by permission. All rights reserved.