

# 3Q23 & 9M23 Results

November 09, 2023



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# Speakers



**Radamés Casseb**  
CEO



**André Pires**  
CFO and IRO



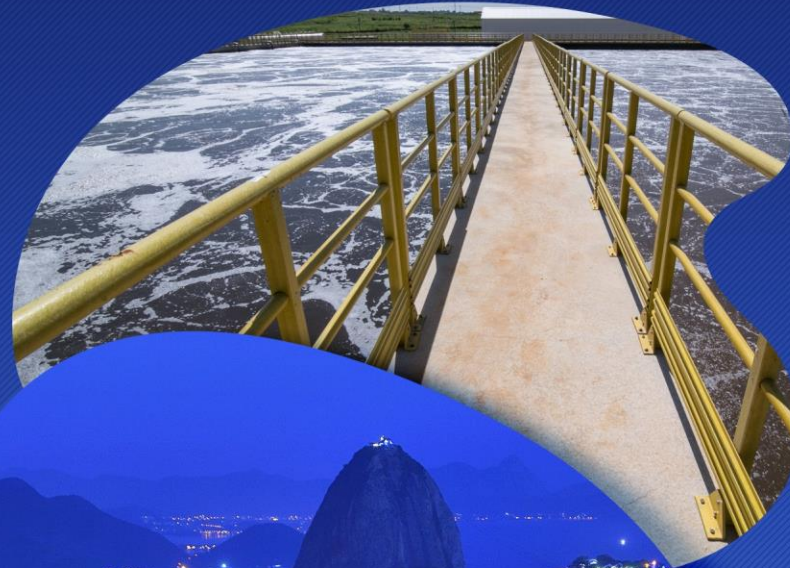


# Agenda

## HIGHLIGHTS

FINANCIAL AND  
OPERACIONAL PERFORMANCE

INDEBTEDNESS



# Highlights

- Conclusion of **Companhia Riograndense de Saneamento - CORSAN** aquisition, in July. As from this quarter, Corsan's results will be consolidated with Aegea's Financial Statements
- **Pro forma Net Revenue** of the Aegea Ecosystem (including Águas do Rio) reaches **R\$10.4 billion in 9M23, increasing 63.2%** in relation to 9M22
- **Pro forma EBITDA<sup>2</sup>** of the Aegea Ecosystem comes to **R\$4.3 billion** in 9M23, **up 66.2%** from 9M22;
- **Signing of the PPP contract with Sanepar** (16 municipalities in Paraná; 600 thousand inhabitants)
- Issuance of **US\$500 million in Bonds** in the international market, in the format of **Sustainable and Sustainability-Linked Bonds**
- Conclusion of **the long-term financing structuring of Águas do Rio**, totaling **R\$ 25.5 billion, with a maturity of up to 28 years**, from sources of financing that include Brazil's National Development Bank (BNDES), the Inter-American Development Bank (IDB), Proparco, the local capital markets and the Saneamento Para Todos Program. In 2023, **R\$10.4 billion was already disbursed**
- Considering the issue of bonds and the disbursement of the first long-term financing lines of Águas do Rio, **the average debt maturity of Aegea Ecosystem was extended to 7.7 years**

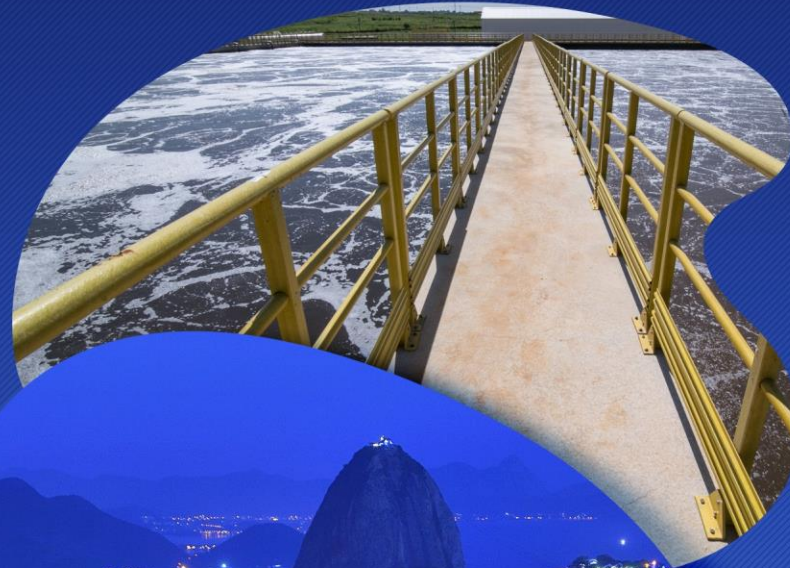


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# Acquisition of Corsan

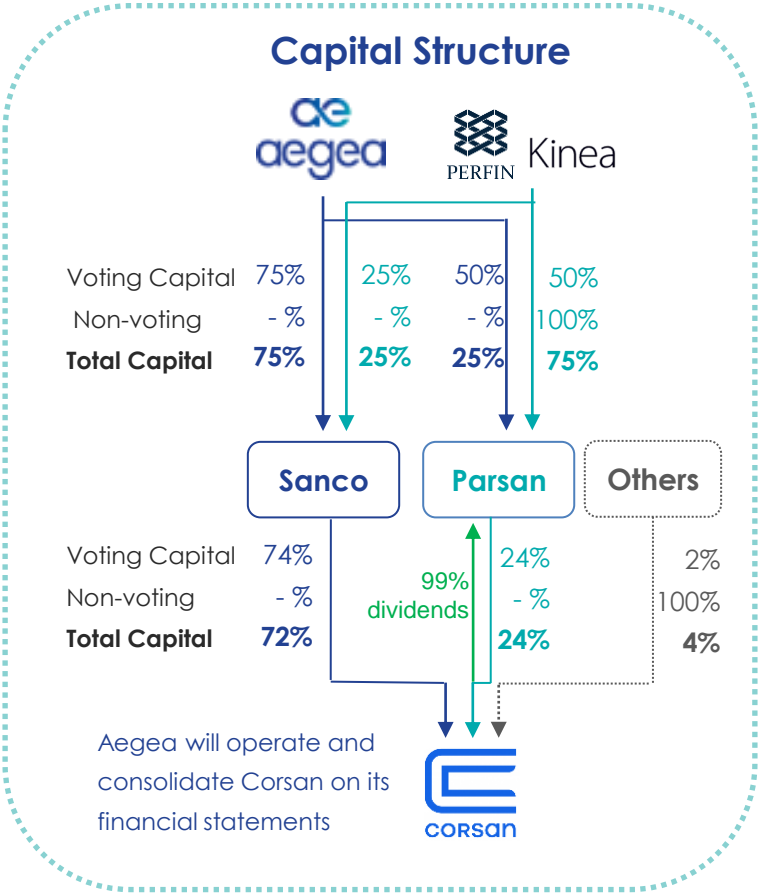
Corsan was acquired on July 7, 2023 through the investment vehicles Saneamento Consultoria S.A. (“Sanco”) and Parsan S.A. (“Parsan”), in which Aegea holds 75% and 50%, respectively, of the voting share capital.

- Acquisition Value: **R\$ 4.3 billion**
  - Equity: **R\$ 1.3 bi (30%)** – **R\$ 326.7 million from Aegea**
  - Debt: **R\$ 3.0 bi (70%)** – issued by Parsan, not consolidated in Aegea

## Main initiatives already implemented

- 365 interventions in 100 days
- Migration to the Energy Free Market
- Sevrance Program, with adhesion of nearly 2,000 employees
- **171 amended contracts** with the municipalities:
  - Inclusion of universalization targets according to the Sanitation Legal Framework
  - Extension of the term to 2062
  - Annual tariff adjustments by inflation indexes during the entire term

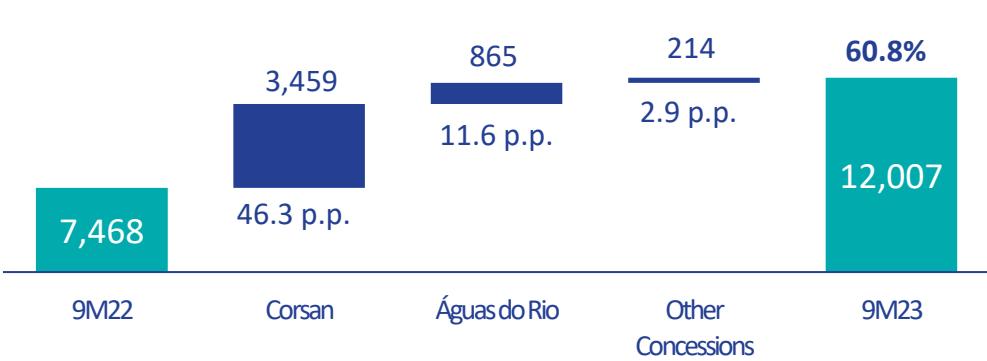
**Amended contracts represent 72% of Corsan’s revenue**



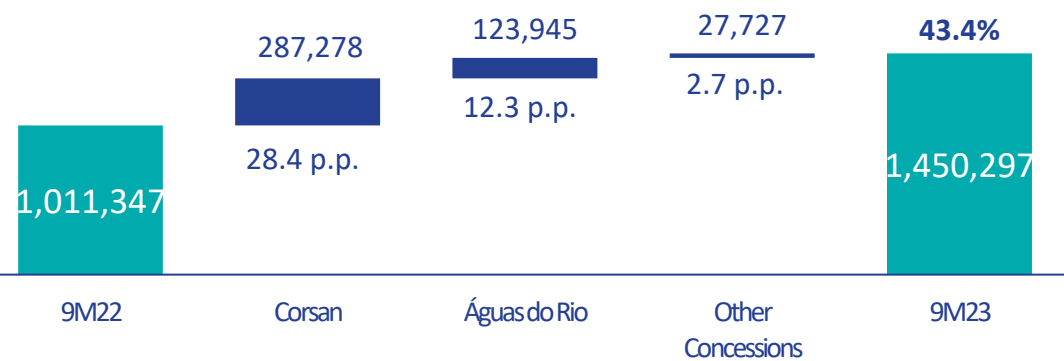
# Pro forma Results (Aegea Ecosystem)

Below we present some highlights of Aegea Proforma, including: i) the results of Águas do Rio, a non-consolidated subsidiary whose results are accounted for by Aegea via equity income; ii) the debt for Corsan acquisition, issued by the investment vehicle Parsan; iii) the results accumulated in the last 9 months of Corsan, which is consolidated through the subsidiary Sanco.

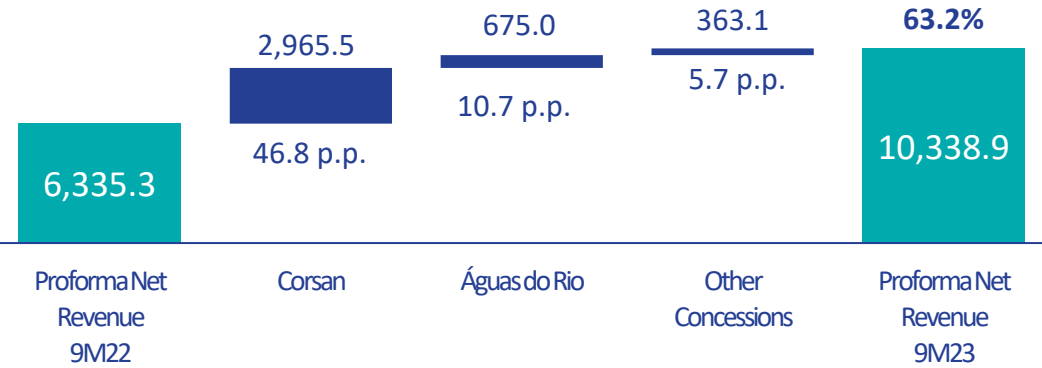
Proforma households<sup>1</sup> 9M22 vs. 9M23 ('000)



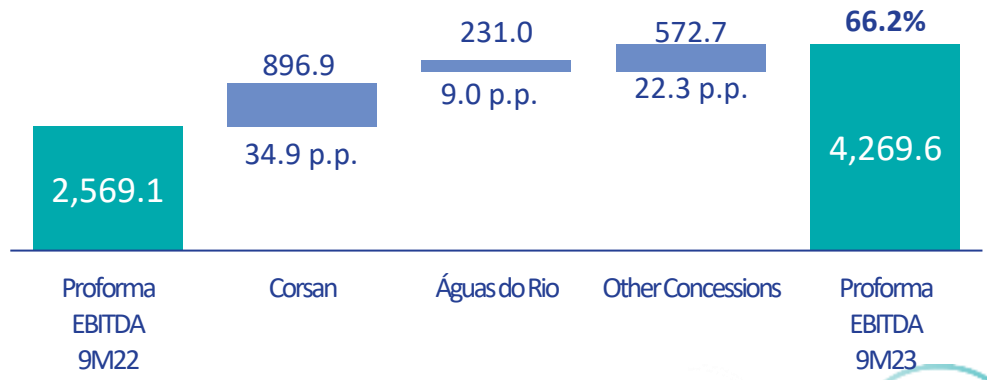
Proforma billed volume 9M22 vs. 9M23 ('000 m³)



Proforma net revenue 9M22 vs. 9M23 (R\$ million)



Proforma EBITDA 9M22 vs. 9M23 (R\$ million)



1- Consider billed households from Águas do Rio 1 and Águas do Rio 4



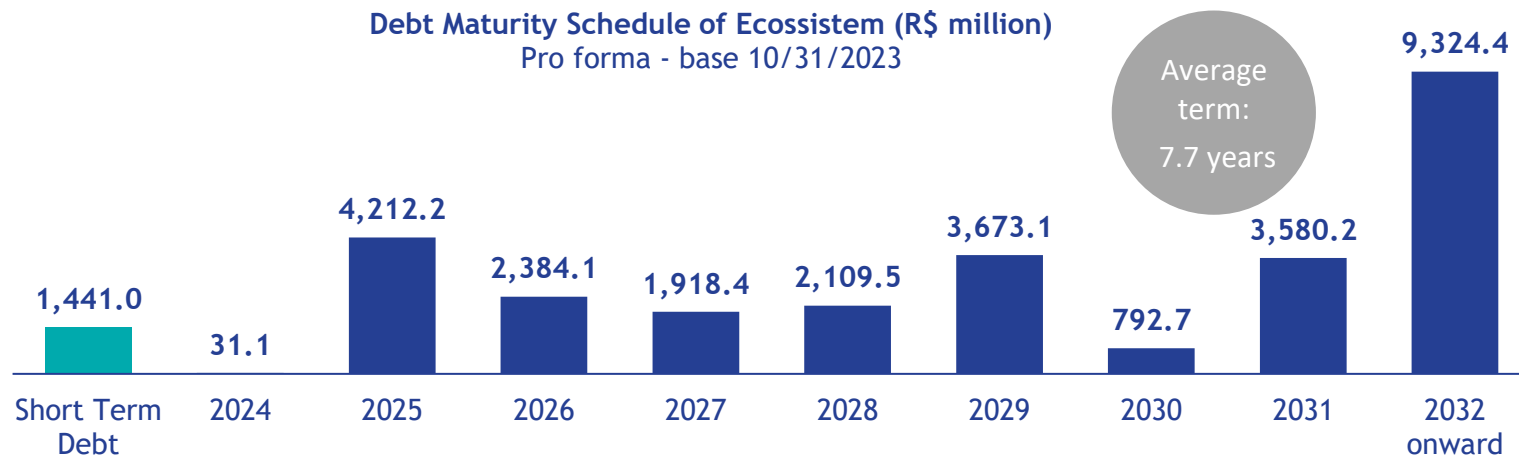


# Pro forma Results (Aegea Ecosystem)

Reduction of pro forma financial leverage and extension of the debt payment term to 7.7 years

	3Q23				Proforma Aegea	3Q22		Proforma Aegea
	Concessions Aegea	Águas do Rio	Corsan	Parsan		Concessions Aegea	Águas do Rio	
Net Debt	10,550	7,678	592	2,919	21,739	6,687	7,672	14,359
(+) Gross Debt	11,983	12,657	1,043	2,945	28,628	9,858	7,973	17,831
(+) Loans, financing and debentures	11,925	12,657	1,043	2,945	28,570	9,969	7,973	17,942
(+) Derivatives	(327)	-	-	-	(327)	(125)	-	(125)
(+) Cash flow hedge and fair value	(268)	-	-	-	(268)	(236)	-	(236)
(-) Cash and equivalents and financial investments	(1,433)	(4,978)	(451)	(27)	(6,889)	(3,171)	(300)	(3,472)
EBITDA LTM	3,290	1,647	1,225	-	5,588	2,389	1,398	3,408
Net Debt / EBITDA	3.21 x	4.66 x	0.48 x	0.00 x	3.89 x	2.80 x	5.49 x	4.21 x

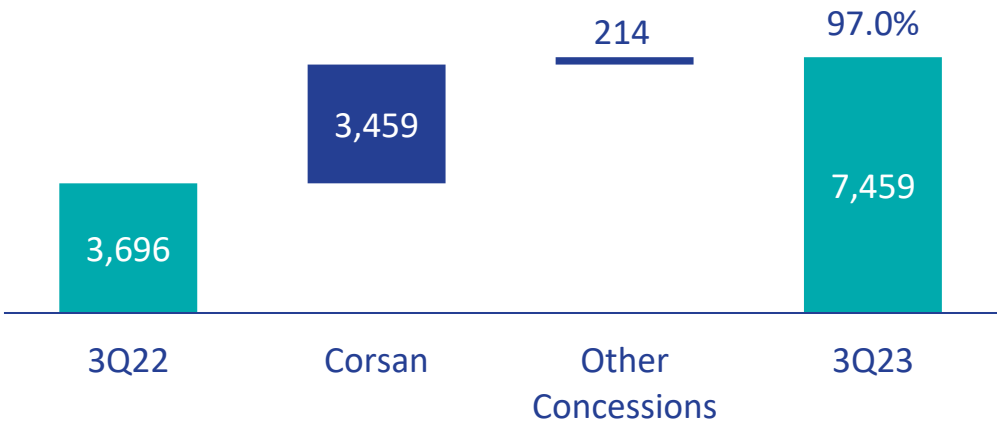
Debt Maturity Schedule of Ecosystem (R\$ million)  
Pro forma - base 10/31/2023



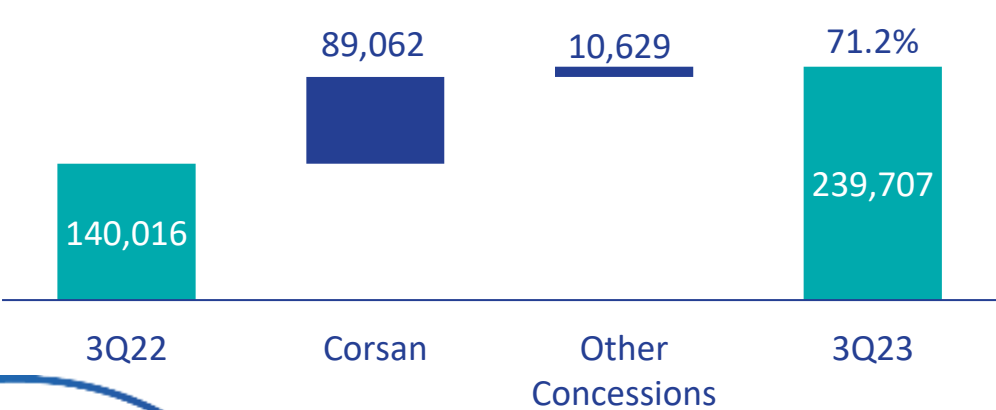
# Aegea Operational Performance (does not include Águas do Rio)

Active Households and billed volume increase due to the consolidation of Corsan, which added 3.5 million households and accounts 89.3% of the billed volume in the 9M23

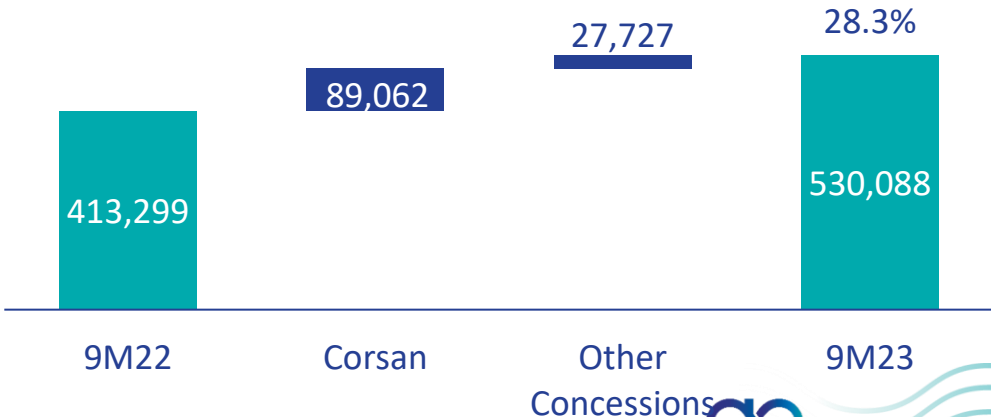
Active households 3Q22 vs. 3Q23 ('000)



Billed volume 3Q22 vs. 3Q23 ('000 m³)



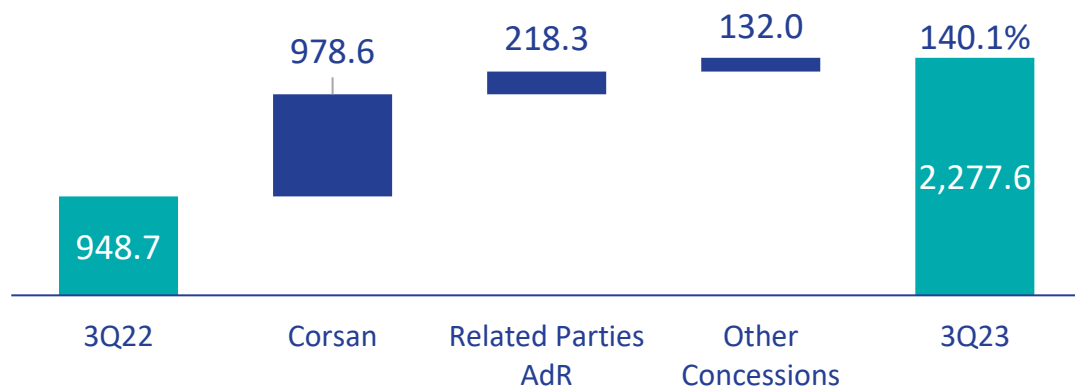
Billed volume 9M22 vs. 9M23 ('000 m³)



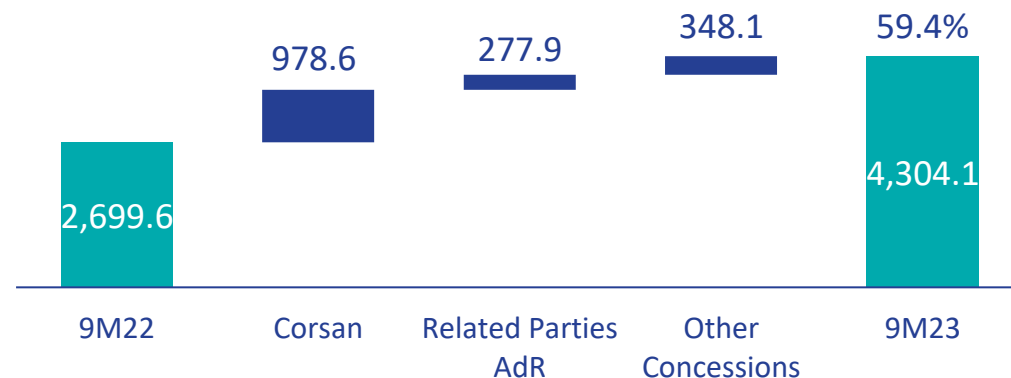
# Aegea Financial Performance (does not include Águas do Rio)

Growth in Net Revenue driven by the consolidation of Corsan's result, the tariff adjustments and the growth of Related Parties Revenue from the provision of services by Aegea to the affiliate Águas do Rio

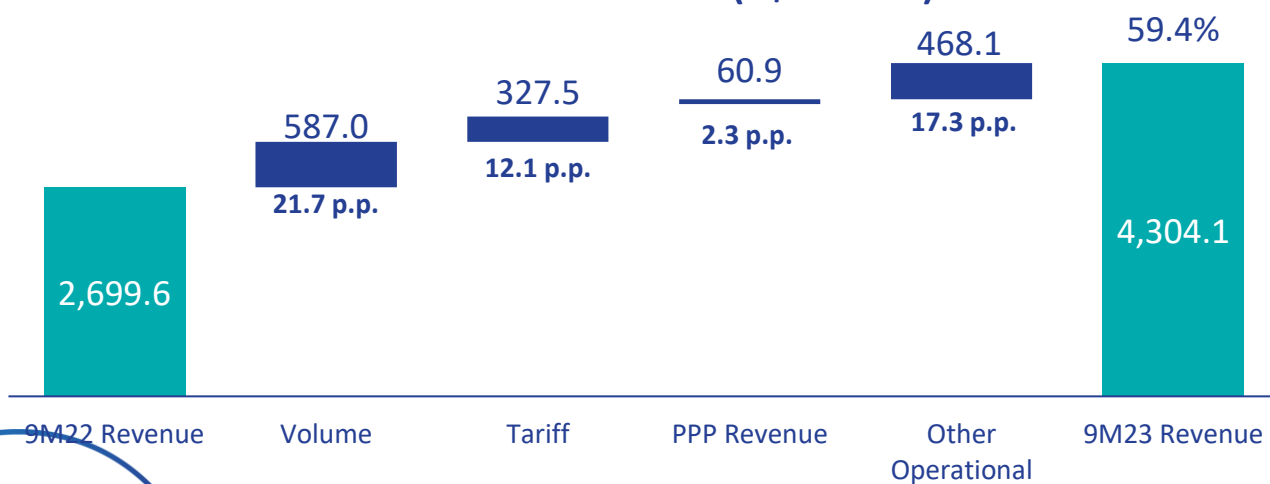
**Net revenue 3Q22 vs. 3Q23**  
(R\$ million)



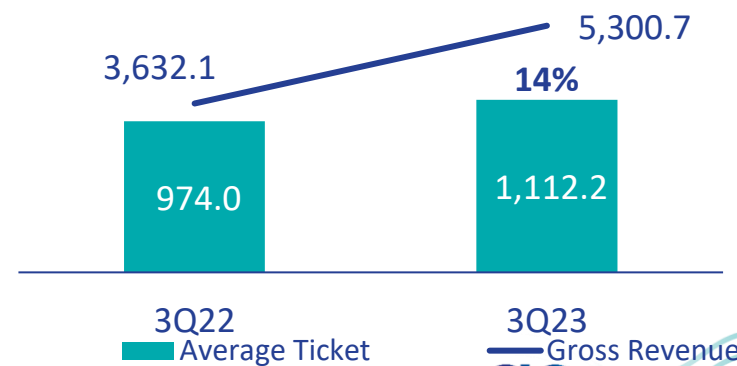
**Net revenue 9M22 vs. 9M23**  
(R\$ milhões)



**9M23 Net revenue breakdown (R\$ million)**



**Gross Revenue (R\$ million) and Average ticket LTM (R\$/household)**

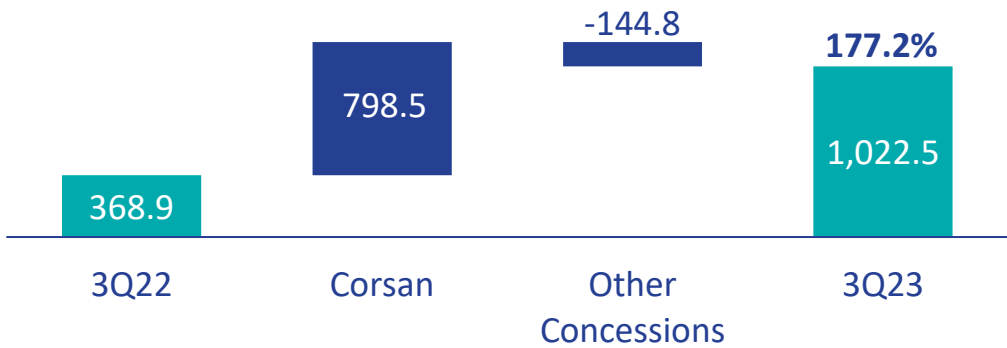




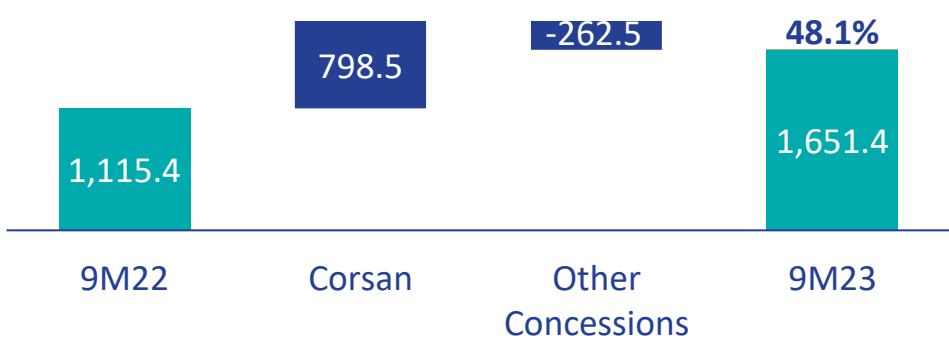
# Financial Performance (does not include Águas do Rio)

Increase in cost and expenses mainly due to the acquisition of Corsan. Excluding this effect, reduction 4.4% in costs and expenses of the 9M23 mainly due to the positive effect of the declaration of dividends by Águas do Rio, in addition to the annual review of PECLD provision rates

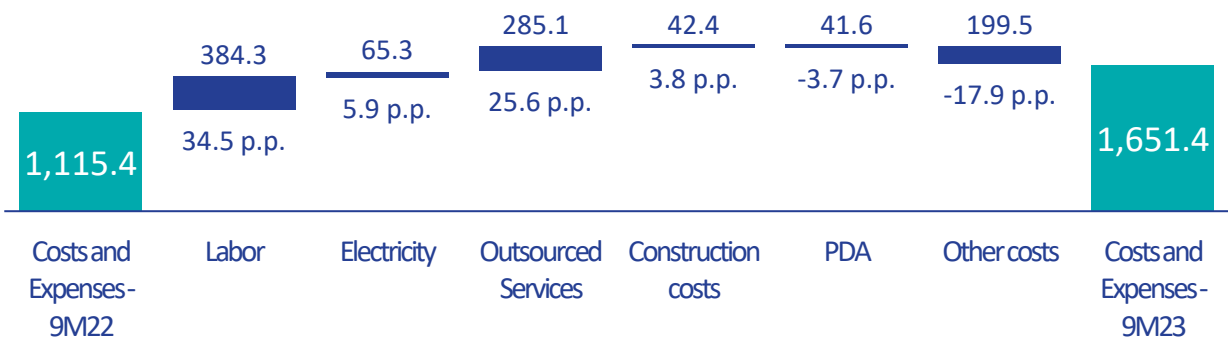
Costs and expenses 3Q22 vs. 3Q23  
(R\$ million)



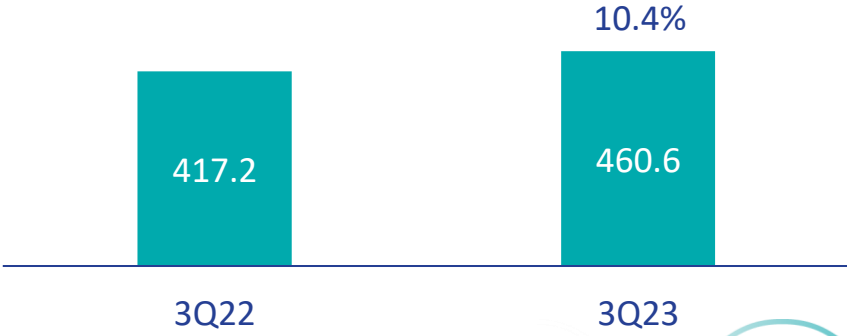
Costs and expenses 9M22 vs. 9M23  
(R\$ million)



Costs and expenses breakdown (R\$ million)



Costs and expenses<sup>1</sup> per household LTM  
(R\$/household)

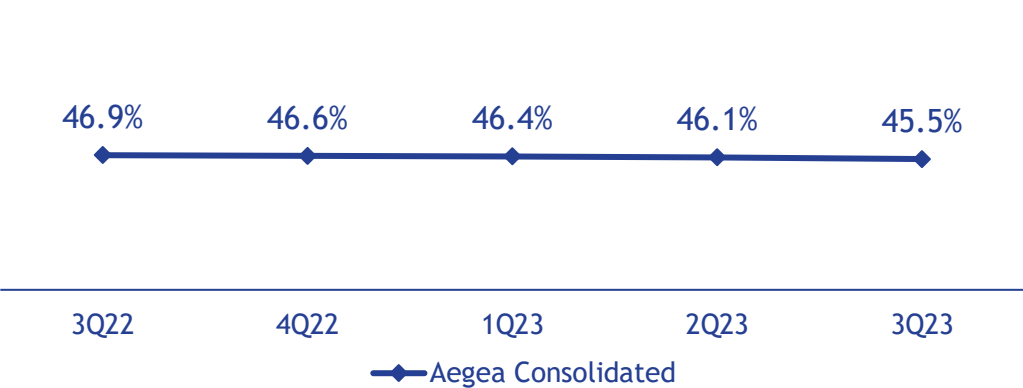


1 – Excluding the dividends impact from Águas do Rio registered in the Other Operating Revenues

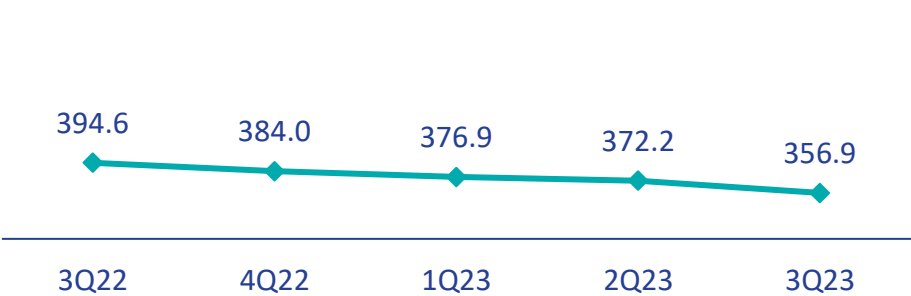
# Financial and Operational Performance (does not include Águas do Rio)

Reduction in water loss rate due to efforts to reduce physical and commercial water losses, mostly in Águas de Teresina and Águas de Manaus, in addition to the effect of the Corsan acquisition. Decrease in delinquency rate mainly due to the acquisition of Corsan, which has relatively low levels of PECLD, added to the annual review of the PECLD provision index in other concessions.

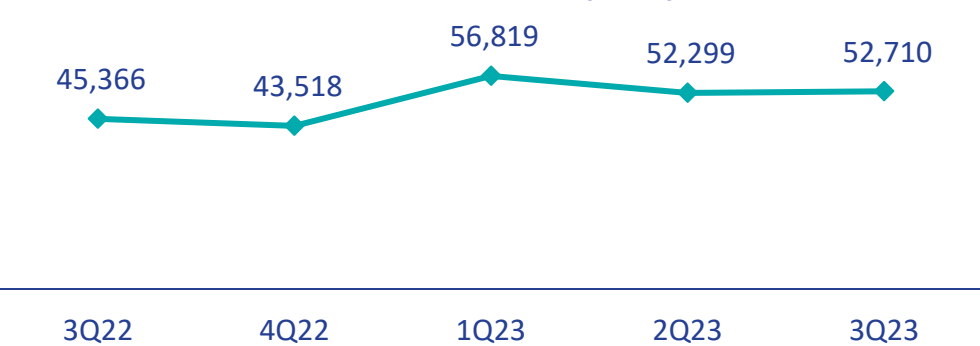
Water Loss Rate on water distribution (%)



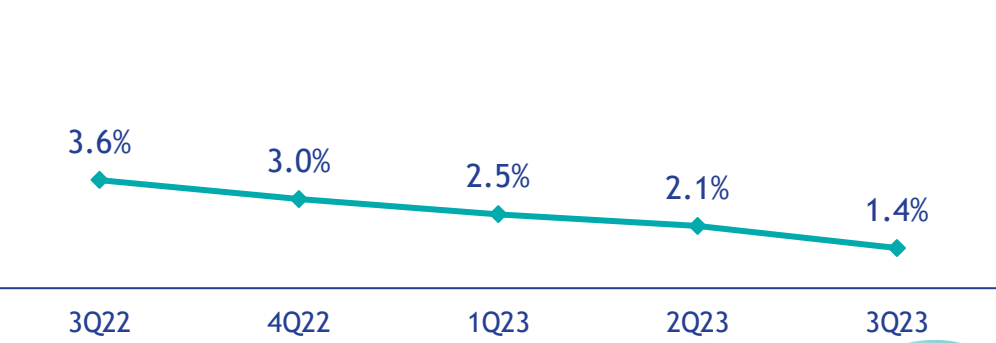
Losses index on water distribution per connection ((litters/day)/connection)



Connection cuts (unit)



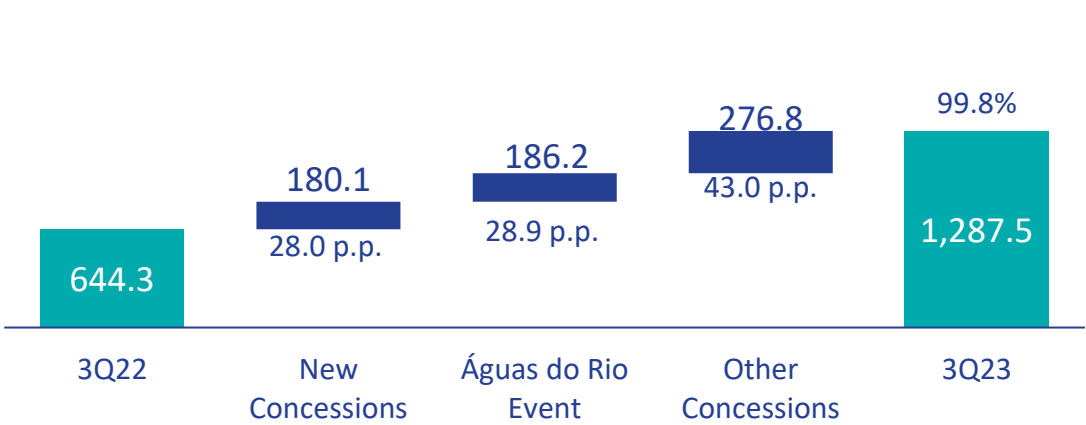
Delinquency rate LTM



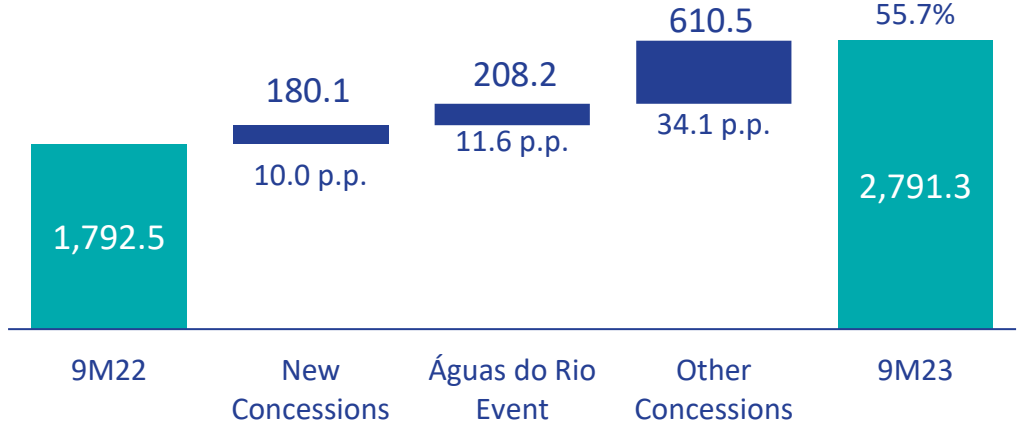
# Financial Performance (does not include Águas do Rio)

EBITDA growth driven by the consolidation of Corsan, the evolution in the performance of the other concessionaires and the positive effects of Águas do Rio (equity income and dividends declared).

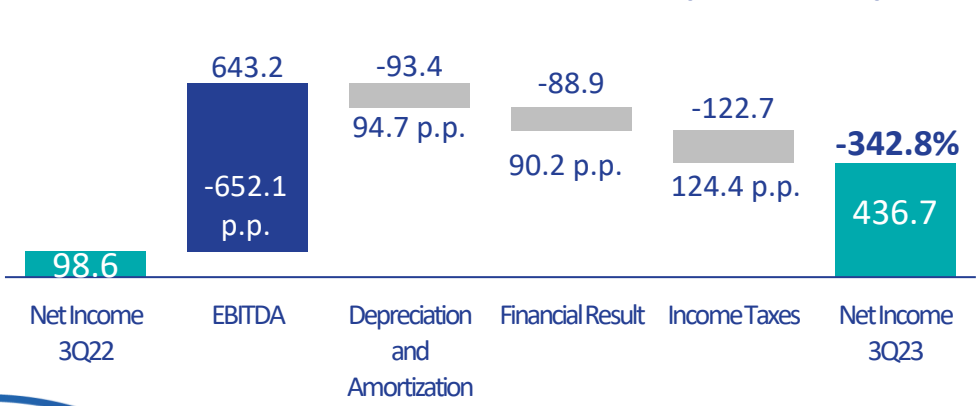
EBITDA 3Q22 vs. 3Q23 (R\$ million)



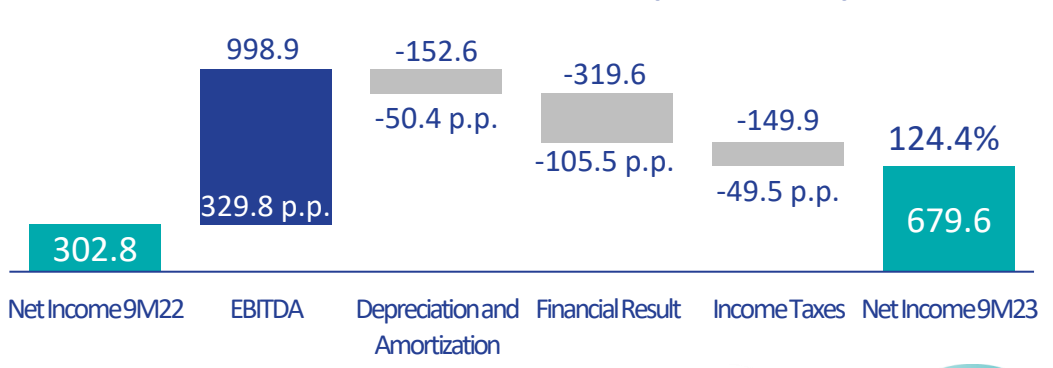
EBITDA 9M22 vs. 9M23 (R\$ million)



Net income 3Q22 vs. 3Q23 (R\$ million)



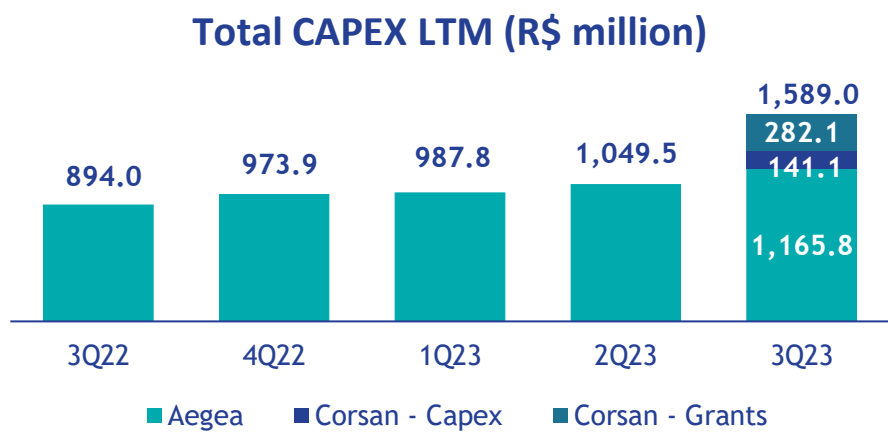
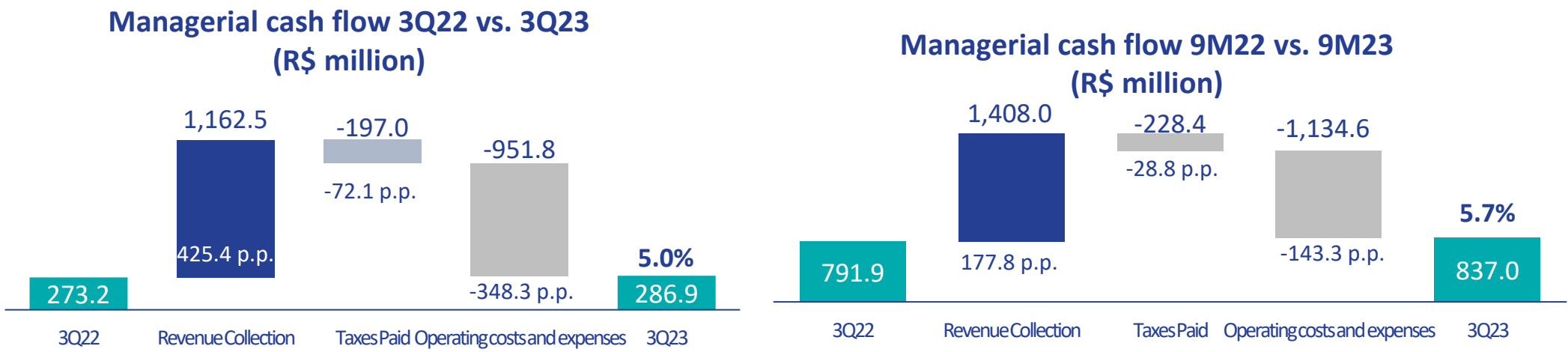
Net income 9M22 vs. 9M23 (R\$ million)





# Financial Performance (does not include Águas do Rio)

Increase in operating cash generation due to the increase in revenue collection, more than offsetting the higher costs, expenses and taxes paid in the period. Capex growth reflects the acquisition of Corsan, which contributed with an increase of R\$423.22 million in the quarter.

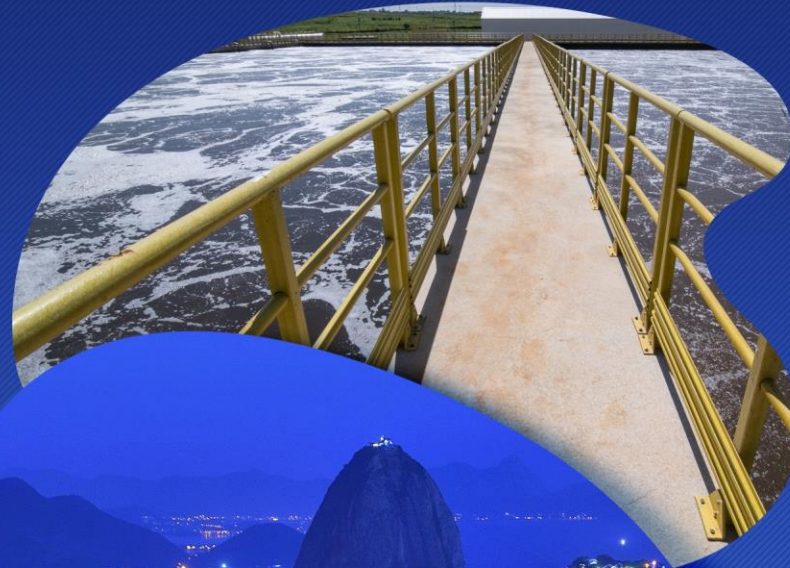


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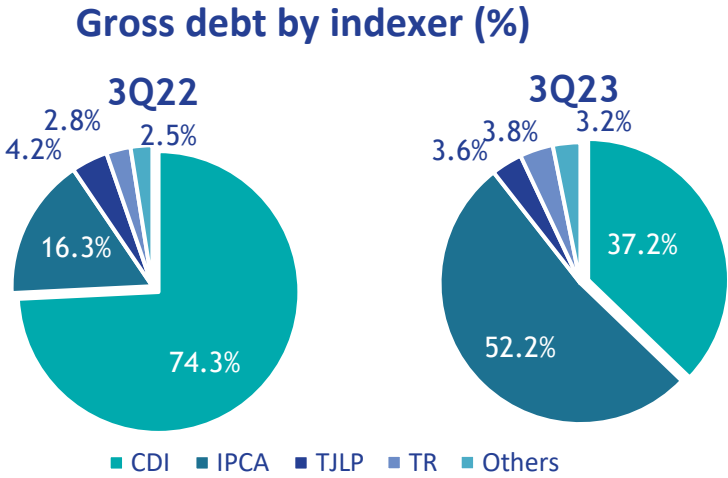
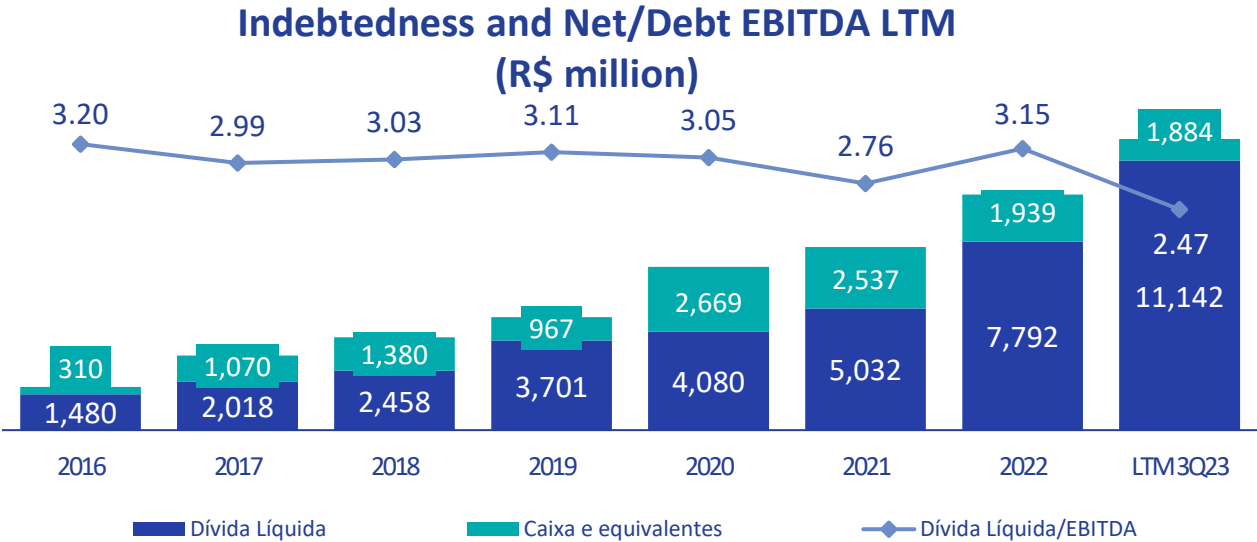
INDEBTEDNESS



# Indebtedness (does not include Águas do Rio)

Net leverage of 2.47x Net Debt/EBITDA

Indebtedness (R\$ thousand)	3Q23	3Q22	Δ %
<b>Net Debt</b>	<b>11,142,022</b>	<b>6,686,553</b>	<b>66.6%</b>
(+) Gross debt	13,026,009	9,858,017	32.1%
(+) Loans, financing and debentures	12,967,632	9,969,218	30.1%
(-) Derivatives	(326,834)	(124,687)	162.1%
(+) Cash flow hedge and fair value	(268,456)	(235,888)	13.8%
(-) Cash and equivalents and financial investments	(1,883,987)	(3,171,464)	-40.6%
<b>Consolidated EBITDA (12 months)</b>	<b>4,514,870</b>	<b>2,389,054</b>	<b>22.0%</b>
Aegea EBITDA (12 months)	3,289,787	2,389,054	29.5%
Corsan EBITDA (12 months)	1,225,083	-	0.0%
<b>Net Debt / EBITDA</b>	<b>2.47x</b>	<b>2.80x</b>	<b>-0.33x</b>

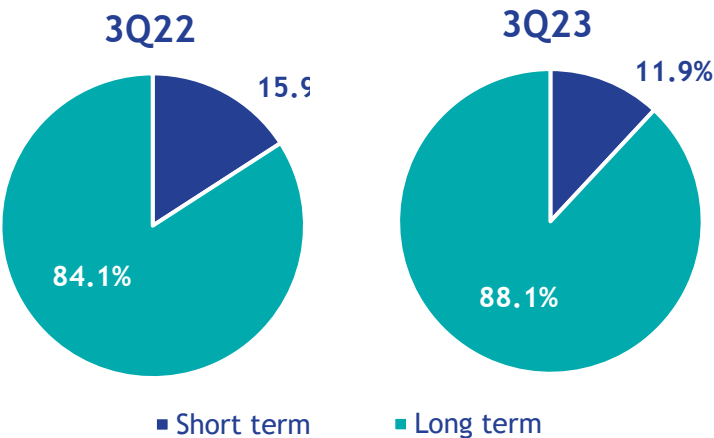




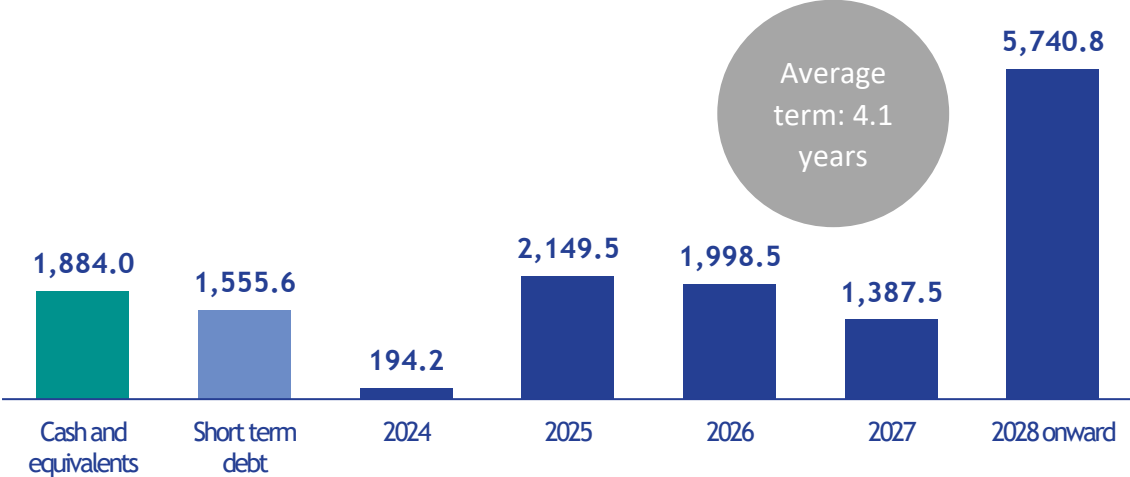
# Indebtedness (does not include Águas do Rio)

The average term debt was 4.1 years. Cash balance and financial investments 1.2x higher than short-term debt maturities

Debt Maturity Profile (%)



Cash and Debt Maturity Schedule (R\$ million)



# Notes

**Average ticket:** Gross revenue net of cancelations divided by the average number of Households of the last 12 months

**Cash and equivalents and financial investments:** Includes restricted cash on the reporting date of the Financial Statements

**Costs and expenses:** Includes financial asset construction costs related to the PPPs Serra Ambiental, Ambiental Vila Velha, Ambiental Metrosul, Ambiental Cariacica and excludes the effects from amortization and depreciation and construction costs – CPC OCPC05

**Costs and Expenses / Total Households:** Includes outsourced services, the outsourced services for water and sewage and the average number of Households of the last 12 months

**Delinquency rate:** Expenses with PDA/ gross revenue excluding cancellations and PPP revenues

**Gross Debt:** Includes derivatives without MTM impact and excludes the borrowing costs

**Gross Debt Amortization Schedule:** Excludes derivative gains and losses and includes raising costs

**Households:** single occupancy property or a subdivision of a property with independent occupancy, with the purpose of its legal occupancy clearly identifiable, with private or communal facilities for the use of water supply and sewage collection services. E.g.: a building with 10 apartments has one connection and 10 consumption units

**Losses index on water distribution (%):** 
$$\frac{((\text{Produced water volume (m}^3\text{)} + \text{Vol. of Treated Imported water (m}^3\text{)} - \text{Service water vol. (m}^3\text{)}) - \text{Consumed Water vol. (m}^3\text{)})}{\text{Produced water volume (m}^3\text{)} + \text{Vol. of Treated Imported water (m}^3\text{)} - \text{Service water vol. (m}^3\text{)}}$$

**Losses index on water distribution per connection ((liters/day)/connection):** 
$$\frac{((\text{Produced water volume (m}^3\text{)} + \text{Vol. of Treated Imported water (m}^3\text{)} - \text{Service water vol. (m}^3\text{)}) - \text{Consumed Water vol. (m}^3\text{)})}{\text{Number of active connections water (units)}}$$



*Our nature moves life*

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