

Aegea Saneamento Ratings Lowered To 'B+' And Placed On CreditWatch Negative On Delayed Financial Statements

April 1, 2026

Rating Action Overview

- Brazil-based water utility [Aegea Saneamento e Participações S.A.](#) announced it will delay publishing its 2025 financial statements after a review of certain accounting practices and estimates related to its customer portfolio, leading to the re-presentation of its 2024 financial statements.
- The company indicated the adjustments are accounting in nature and should not affect cash flow, liquidity, or financial covenants compliance. Given Aegea's complex structure and our reliance on analytical adjustments, the restatements increase uncertainty around the company's already constrained credit metrics and, to a lesser extent, the risk of debt acceleration if financial statements aren't published within the seven-business-day cure period for its stricter debentures documentation.
- As a result, on April 1, 2026, S&P Global Ratings lowered its issuer credit and issue ratings on Aegea to 'B+' from 'BB-' and placed the ratings on CreditWatch with negative implications. In addition, our recovery rating on [Aegea Finance S.a.r.l.](#)'s bonds remains '3'.
- The CreditWatch negative indicates the possibility of a multiple-notch downgrade of Aegea if it fails to publish its financial statements within the seven-business-day cure period and if that triggers debt acceleration. We could also lower the ratings if accounting revisions lead to a deterioration in key credit metrics beyond our current expectations.

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Rating Action Rationale

Our downgrade of Aegea reflects uncertainties around its financial reporting and the potential impact of the restatements on its credit metrics. The company indicated that the adjustments are accounting in nature and should not affect cash flow, liquidity, or financial covenants compliance. However, Aegea already operates with a complex group structure, and we rely on analytical adjustments to consolidate cash flow and debt across key operating subsidiaries.

The restatements increase uncertainty around the company's financial reporting and could raise the risk of weaker credit metrics once the revised figures are released given that the company's

leveraged credit metrics, with debt to EBITDA at 4.3x and funds from operation (FFO) to debt at 14% as of September 2025. This leaves limited headroom for further deterioration depending on the outcome of the restatements, or if the starting point of leverage in 2025 results in a prolonged period of leverage above the expected levels.

In addition, if the company fails to publish its financial statements within the seven-business-day cure period under its affirmative covenants of its seventh and ninth debentures (totaling R\$1.1 billion), that could trigger debt acceleration provisions.

This event follows a first restatement--the company also restated its 2022-2024 financial statements in September 2025 after a reassessment of the accounting treatment applied to unrealized profits in related-party transactions, particularly in construction activities under sanitation concession contracts. In our view, multiple restatements may raise concerns regarding the reliability and consistency of the company's financial reporting. This is relevant from a credit perspective, given Aegea's already complex corporate and financing structure, including multiple holding entities and nonconsolidated debt at key subsidiaries, and continued aggressive growth. As a result, these developments weigh negatively on our assessment of management and governance regarding transparency, reporting practices, and risk management culture.

CreditWatch

The negative CreditWatch listing reflects a chance of a mult notch downgrade if Aegea fails to publish its financials within the next seven business days (corresponding to the stricter cure period under its affirmative covenant requirements) and if that triggers an early default event and ultimately a cross-default in all the company's debt. We could also lower the ratings if the accounting revisions lead to key credit metrics deteriorating beyond our current expectations, including leverage or debt protection measures, with net debt to EBITDA consistently above 5.0x and FFO to debt below 10%.

Conversely, we could resolve the CreditWatch if the company publishes the financial statements within the expected timeframe and the adjustments remain accounting in nature without materially affecting the starting leverage figures for 2025, cash generation, liquidity, or covenant compliance.

Company Description

Aegea is a nonoperating holding company based in São Paulo that helps operate and manage water and sewage systems for residential, commercial, industrial, and public sector clients, as well as of solid waste assets. It is the largest private company in the Brazilian sanitation sector in terms of customer base. The company provides services including water collection, treatment, and distribution, as well as sewage collection and treatment through concessions and public-private partnerships (PPP).

Currently, Aegea operates across 15 states and more than 890 cities. The company's diversified portfolio includes more than 370 concessions and PPPs, with an average concession term of 31 years, weighted by revenue. Aegea serves more than 39 million consumers, representing a 37% market share in the sanitation sector. Aegea is controlled by Equipav Saneamento S.A. (with a 52.1% stake), followed by Singapore sovereign wealth fund GIC (34.6%), and Itaúsa S.A. (13.3%).

Environmental, Social, And Governance

Governance factors are a negative consideration in our analysis of Aegea's credit quality. The recent delay in publishing the company's financial statements, along with multiple restatements, increases uncertainty surrounding how reliable and consistent its financial reporting is. In addition, failure to publish the financial statements within the seven-business-day cure period could potentially trigger debt acceleration provisions, heightening financial and liquidity risks, and the company's ability to manage risk controls. In our view, these developments negatively affect our assessment of management and governance, particularly regarding transparency and reporting practices.

Environmental and social factors are also a negative consideration. Social risks stem from high crime rates in areas served by Águas do Rio, potentially limiting access and delay operational improvements and contribute to higher water losses and default rates. Environmental risks primarily stem from Corsan's operations in Rio Grande do Sul, a region prone to flooding, as seen during the severe floods in May 2024. However, the financial impact was mitigated by the subsidiary's strong liquidity.

Issue Ratings--Recovery Analysis

Key analytical factors

- We lowered our issue-level rating on Aegea's Finance to 'B+' from 'BB-', following the downgrade of the issuer credit rating. However, our view of Aegea's recovery rating of '3' remains unchanged.
- The recovery rating on Aegea's unsecured notes reflects the recovery prospects of approximately 65% for Aegea's unsecured creditors in a hypothetical default scenario.
- Pro forma the notes issuance, tender offer, and other recently issued debt, we estimate the company's consolidated capital structure will consist of R\$63.5 billion in gross debt, of which R\$37 billion is at the subsidiaries' level and R\$23 billion is either at the holding, financing vehicle, or guaranteed by the holding.
- In our hypothetical default scenario, Aegea would be restructured rather than liquidated, due to the stable and predictable nature of its concession contracts for providing water and sewage services. Our hypothetical default scenario would occur amid a prolonged recession in Brazil and increasing operational challenges in higher-risk areas, including concessions like Águas do Rio, which are more exposed to social risks and water losses. Such factors would increase default rates in the company's concessions, reducing its cash flow and increasing its working capital needs.
- Our projected emergency EBITDA in the year of default would be approximately R\$10.1 billion. This amount, combined with a multiple of 5.5x applied to EBITDA (in line with other companies in the sanitation sector), results in a total gross enterprise value (EV) of R\$55.8 billion.

Simulated default assumptions

- Year of default: 2030
- Emergency EBITDA: R\$10.1 billion
- EBITDA multiple: 5.5x
- Jurisdiction: Brazil

Simplified waterfall

- Net EV after administrative costs of 5%: R\$53 billion
- Subsidiaries' debt: R\$35.2 billion
- Aegea's senior unsecured debt: R\$26.5 billion
- Expected recovery for Aegea's senior unsecured debt: 3 (65%).

Rating Component Scores

Component	
Foreign currency issuer credit rating	B+/Watch Neg/--
Local currency issuer credit rating	B+/Watch Neg/--
Business risk	Fair
Country risk	Moderately high risk
Industry risk	Very low risk
Competitive position	Fair
Financial risk	Aggressive
Cash flow/leverage	Aggressive
Anchor	bb-

Modifiers

Diversification/portfolio effect	Neutral/Undiversified
Capital structure	Neutral
Financial policy	Neutral
Liquidity	Adequate
Management and governance	Negative
Comparable rating analysis	Neutral
Stand-alone credit profile	b+

Environmental, social, and governance (ESG) credit factors for this change in credit rating/outlook and/or CreditWatch status:

- Governance - Risk management, culture, and oversight
- Governance - Transparency and reporting

Related Criteria

- [Criteria | Corporates | General: Recovery Rating Criteria For Corporate Issuers](#), March 31, 2026
- [Criteria | Corporates | General: Sector-Specific Corporate Methodology](#), July 7, 2025
- [Criteria | Corporates | General: Corporate Methodology](#), Jan. 7, 2024
- [Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities](#), Jan. 7, 2024
- [General Criteria: Environmental, Social, And Governance Principles In Credit Ratings](#), Oct. 10, 2021
- [General Criteria: Group Rating Methodology](#), July 1, 2019
- [Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments](#), April 1, 2019

- [General Criteria: Guarantee Criteria](#), Oct. 21, 2016
- [Criteria | Corporates | Recovery: Methodology: Jurisdiction Ranking Assessments](#), Jan. 20, 2016
- [Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers](#), Dec. 16, 2014
- [General Criteria: Country Risk Assessment Methodology And Assumptions](#), Nov. 19, 2013
- [General Criteria: Methodology: Industry Risk](#), Nov. 19, 2013
- [General Criteria: Principles Of Credit Ratings](#), Feb. 16, 2011

Ratings List

Ratings List

Downgraded; CreditWatch Action

	To	From
AEGEA Saneamento e Participacoes S.A.		
Issuer Credit Rating	B+/Watch Neg/--	BB-/Negative/--
Foreign Currency	B+/Watch Neg/--	BB-/Negative/--

Downgraded; CreditWatch Action; Recovery Ratings Unchanged

	To	From
Aegea Finance S.a.r.l.		
Senior Unsecured	B+/Watch Neg	BB-
Recovery Rating	3(65%)	3(65%)

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