



**INSTITUCIONAL**

Presentation

Investor Relations

**de  
degea**

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# Agenda

# Overview

## Sector & Strategy

## Sustainable Growth



# Overview

Aegea: leading Company in the private sanitation



## Aegea + Águas do Rio

21.4 million people served

49.5% Market Share<sup>1</sup>

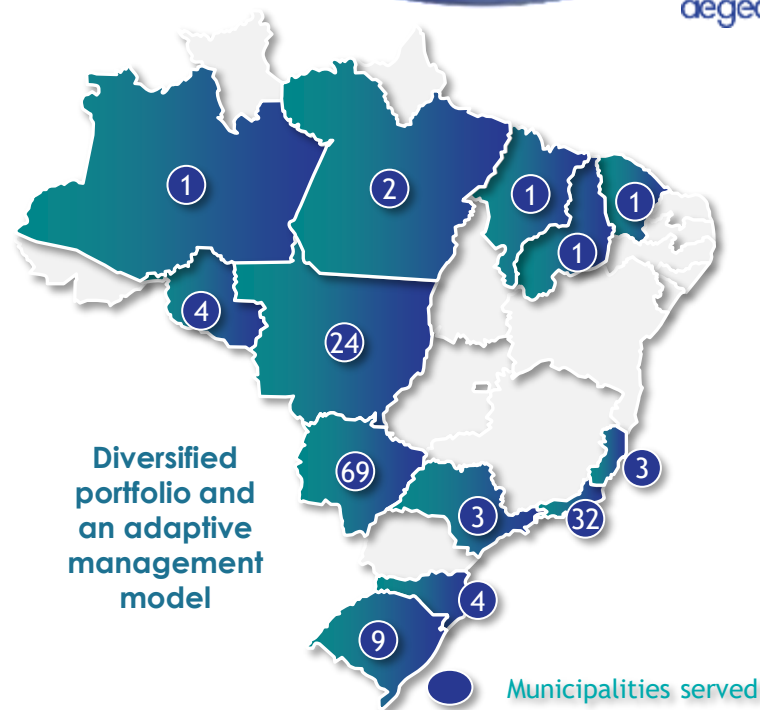
154 cities with population ranging from 3 thousand to over 6.8 million

29 years contracts average term

43 concessions

1 subconcession

6 PPPs



### Highlights

Aegea

Active Households<sup>1</sup>

3.694 million | +17% CAGR

Net Revenue<sup>2</sup>

R\$ 2.939 billion | +25% CAGR

EBITDA<sup>3</sup>

R\$ 1.822 billion | 62% Margin | +30% CAGR

Aegea + Águas  
do Rio Proforma

7.311 million

R\$ 3.778 billion

R\$ 2.068 billion | 55% Margin

1- Methodology: Equivalent population: served with water = 1; served with sewage = 1; served with water and sewage = 2. CAGR (2014-2021) / 2 - Excluding construction revenues with margins near zero (OCPC05). CAGR (2014-2021) / 3 - Excluding construction revenues with margins near zero (OCPC05), construction costs with margin close to zero (CPC47) and effects of amortization and depreciation. CAGR (2014-2021)

# Shareholding Structure and Shareholder Support

Strengthened governance and capital structure boost the Company's growth

## Itaúsa entry as a shareholder

Acquisition of 8.3% of the common shares held by Equipav for R\$ 1,085 million in April 2021

## Ownership Structure

**Equipav**  **GIC** **ITAÚSA**

ON 70.7%  
PN 11.6%

ON 19.1%  
PN 69.4%

ON 10.2%  
PN 19.1%

52.8%

34.3%

12.9%



## Capital Increase: R\$ 3.6 billion in 2021

Issuance of 2.6% of common shares:

- 2.1% subscribed by the Itaúsa for R\$ 280 million
- 0.50% subscribed by the GIC for R\$ 66 million

Issuance of class D preferred shares:

- 65.1% subscribed by the GIC for R\$ 2,090 million
- 34.6% subscribed by the Itaúsa for R\$ 1,110 million
- 0.3% subscribed by the Equipav for R\$ 10 million

## Board of Directors and Advisory Committees

The majority of BoD's members are deemed independent according to IBGC criteria.

4 advisory committees:

- ✓ Audit, Risks and Integrity
- ✓ Finance
- ✓ People Management
- ✓ Regulatory

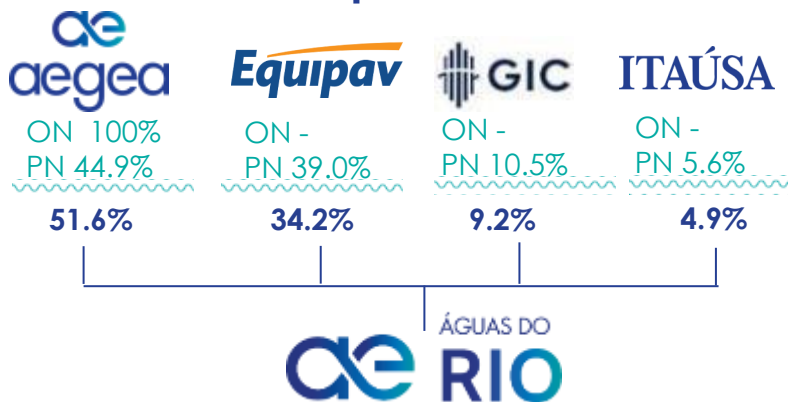


# Águas do Rio

The largest private sanitation concession in Brazil



## Ownership structure



Águas do Rio assets will not be consolidated on Aegea's financials, its results will be accounted through equity income

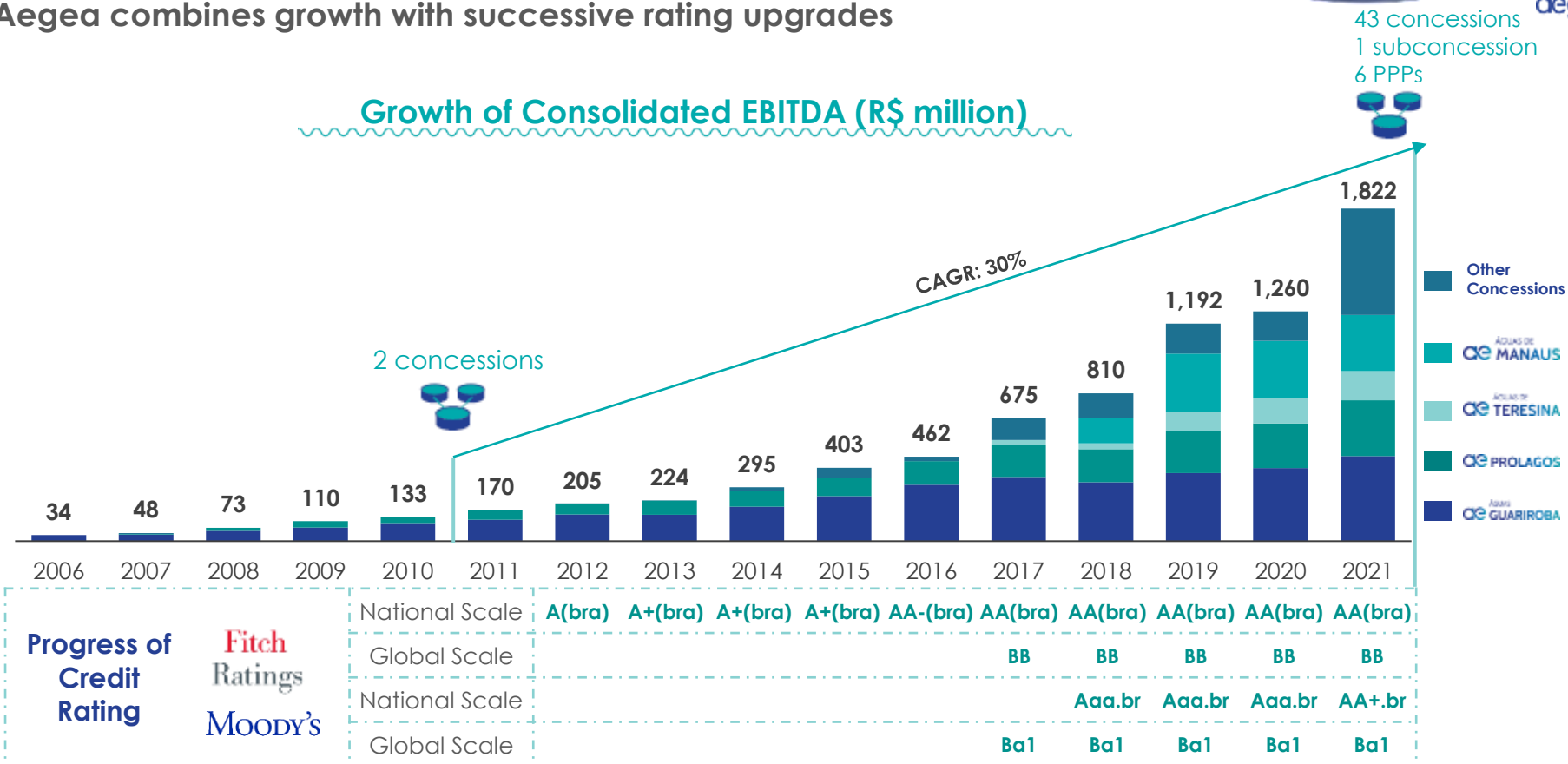
	Grant	Estimated CAPEX <sup>1</sup>	Inhabitants	Concession Areas
Block 1	R\$ 8.2 billion	R\$ 8.3 billion	2.8 million	18 neighborhoods of the city + 18 municipalities
Block 4	R\$ 7.2 billion	R\$ 16.1 billion	7.0 million	106 neighborhoods of the city + 8 municipalities
<b>Total</b>	<b>R\$ 15.4 billion</b>	<b>R\$ 24.4 billion</b>	<b>9.8 million</b>	

# Growth Trajectory

Aegea combines growth with successive rating upgrades



## Growth of Consolidated EBITDA (R\$ million)





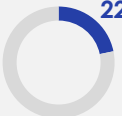
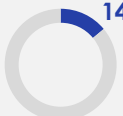
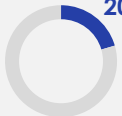




1 – Águas de Manaus considered from june to December, 18 a dez/18

2 – Sources: <https://www.fitchratings.com/entity/aegea-saneamento-e-participacoes-sa-91565696#ratings> and [https://www.moodys.com/credit-ratings/AEGEA-Saneamento-e-Participacoes-SA-credit-rating-825696669/reports?category=Rating\\_and\\_Assessments\\_Reports\\_rc|Issuer\\_Reports\\_rc&type=Rating\\_Action\\_rc|Announcement\\_of\\_Periodic\\_Review\\_rc,Credit\\_Opinion\\_ir\\_rc|Issuer\\_Comment\\_rc](https://www.moodys.com/credit-ratings/AEGEA-Saneamento-e-Participacoes-SA-credit-rating-825696669/reports?category=Rating_and_Assessments_Reports_rc|Issuer_Reports_rc&type=Rating_Action_rc|Announcement_of_Periodic_Review_rc,Credit_Opinion_ir_rc|Issuer_Comment_rc)

# Asset Portfolio

Aegea's portfolio combines assets of different sizes and maturity stages

					Others
% Gross revenue Aegea 2021	 22	 14	 20	 10	 34
Population ('000')	916	437	2.256	871	3 thousand to over 6.8 million
Operational startup	Nov/05	Jun/06	Jun/18	Jun/17	N/A
Term	2060	2041	2045	2047	2024 to 2056
Sewage Coverage (%)	83%	80%	26%	41%	49% (average)
EBITDA Margin (%) 2021	73%	75%	46%	56%	63%

**Long-term agreements**

**High value creation potential**

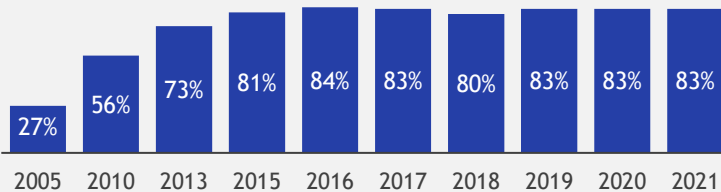


# Proven capability to execute turnaround processes

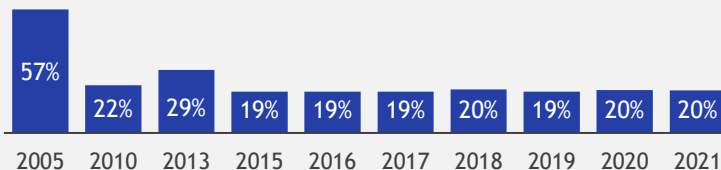
Aegea already executed a successful turnaround in mature concessions

## ÁGUAS GUARIROBA

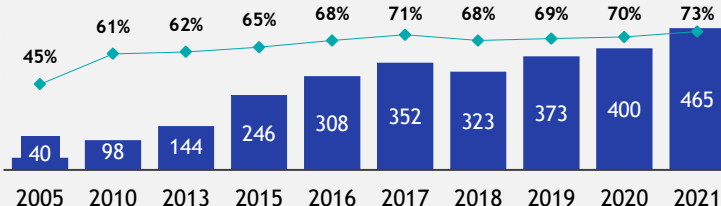
Sewage Coverage (%)



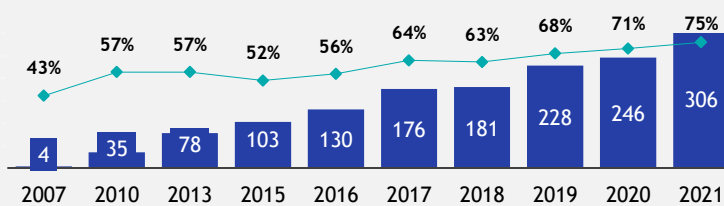
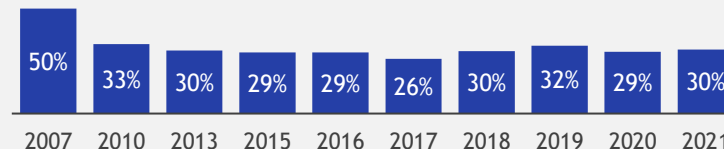
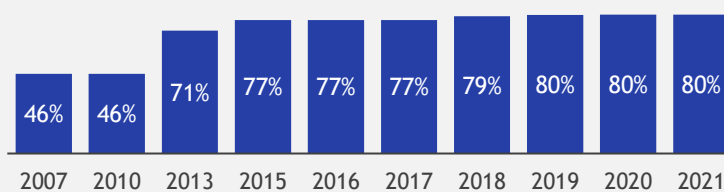
Losses Reduction (%)



EBITDA (R\$ mm) & Margin (%)



## aegea PROLAGOS



# Turnaround in progress

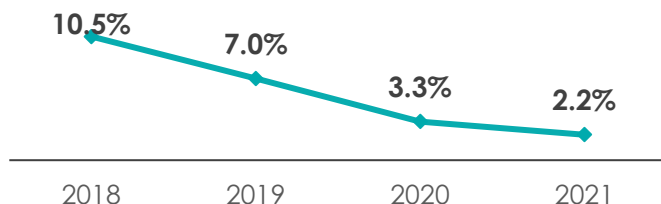
Results from Águas de Teresina and Águas de Manaus prove Aegea's capability to replicate its operating model



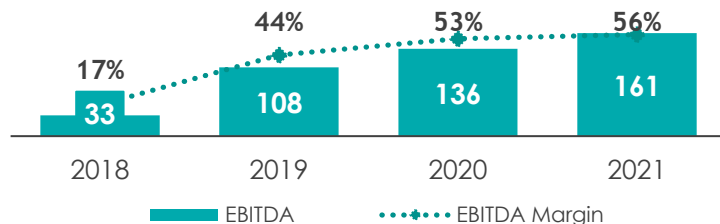
## ÁGUAS DE TERESINA

Focus on clients recovery and reduction of delinquency rate

### Delinquency rate



### EBITDA (R\$ million) and EBITDA Margin (%)

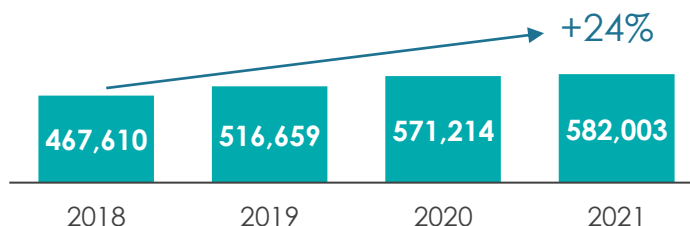


## ÁGUAS DE MANAUS

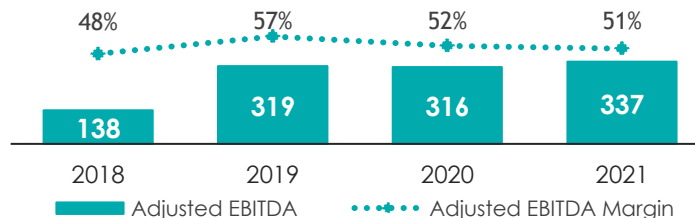
PROGRAMA  
#vemcomagente

Focus on increase active households and people served

### Active Households



### Adjusted EBITDA<sup>1</sup> (R\$ million) and Adjusted EBITDA Margin<sup>1</sup> (%)



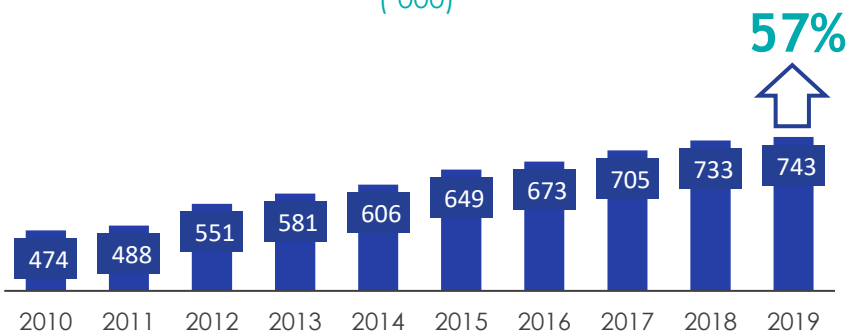
- ✓ Regularization of water supply
- ✓ Expansion of sewage network
- ✓ Expansion of active households
- ✓ Strengthening the social license

# Sanitation – Health & Environment

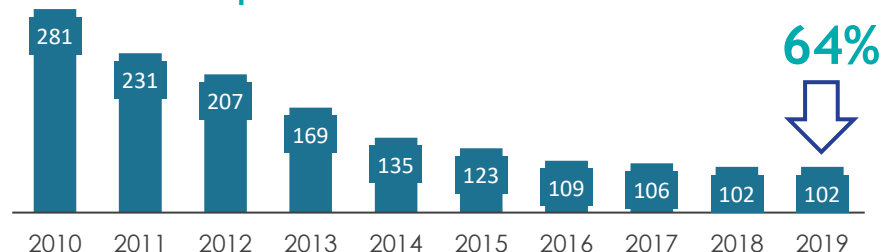
The expansion of water and sewage coverage translates into benefits for health and environment

Campo Grande-MS  **GUARIROBA**

Population with sewage collection service  
(‘000)



Hospital admissions due to diarrhea



Região dos Lagos-RJ  **PROLAGOS**



**66%**  
Public expenditure  
on water-borne  
diseases



**81%**  
Hospital admissions  
due to water-borne  
diseases

1 – Source: <https://www.painelsaneamento.org.br/>

2 – The average for the available data for Cabo Frio and São Pedro da Aldeia municipalities. Source: <https://www.painelsaneamento.org.br/>

# Agenda

Overview

Sector & Strategy

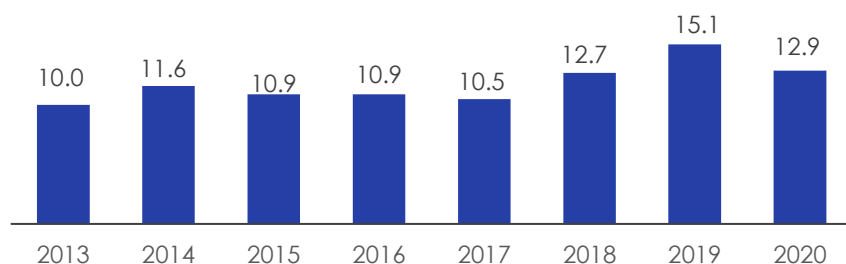
Sustainable Growth



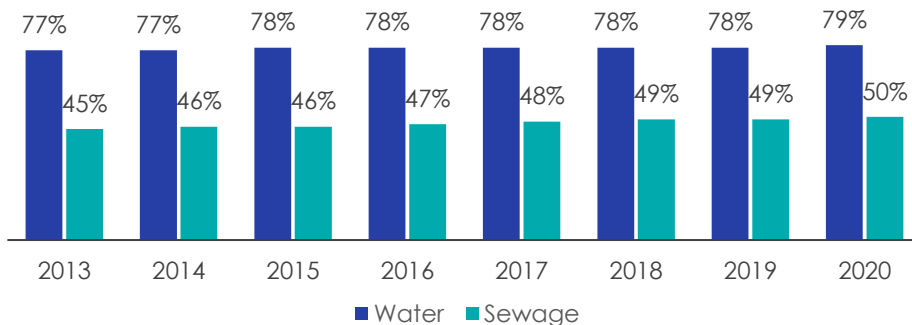
# Sanitation Scenario in Brazil

Investments in Brazil's basic sanitation sector are still way below what is needed to achieve universal access

Investments in the sector<sup>1</sup> (R\$ billion)



Water and sewage coverage in Brazil<sup>1</sup>



To reduce the deficit in sanitation until 2033, it is estimated that more than **R\$ 700 billion in investments<sup>2</sup>** will be needed

1- Source: SNIS, dados históricos atualizados para 2020 <http://app4.mdr.gov.br/serieHistorica/>

2- Source: Abcon e KPM: Quanto custa universalizar o saneamento no Brasil?, page 2. <https://assets.kpmg/content/dam/kpmg/br/pdf/2020/07/kpmg-quanto-custa-universalizar-o-saneamento-no-brasil.pdf>

# New Legal Framework on Sanitation

## Potential to accelerate the universalization of basic sanitation in Brazil

### ANA's<sup>1</sup> Duties

- Federal Regulator
- Reference and quality norms and standards
- Mediation and arbitration of disputes

### Contractual Targets<sup>2</sup>

- 99% for water supply and 90% for sewage collection and treatment by 2033

### Privatizations<sup>3</sup>

- Possibility of privatizing state-owned companies

### Regionalization<sup>3</sup>

- Creation of blocks by micro-regions
- Economies of scale
- Guarantee of technical and financial feasibility

1- Source: <https://www.gov.br/pt-br/orgaos/agencia-nacional-de-aguas#:~:text=A%20Ag%C3%A2ncia%20Nacional%20de%20C3%81guas,e%20pela%20institui%C3%A7%C3%A3o%20de%20normas>

2- Source: <https://www.gov.br/mdr/pt-br/assuntos/saneamento/plansab/RELATRIODEAVLIAOANUALDOPLANSAB20192.pdf>

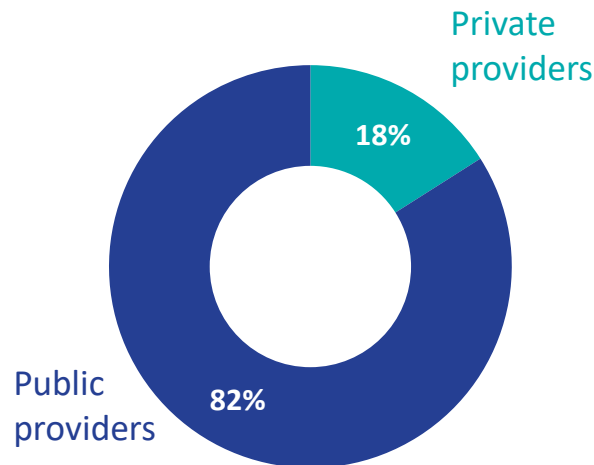
3- Source: [http://www.planalto.gov.br/ccivil\\_03/leis/l8987cons.htm](http://www.planalto.gov.br/ccivil_03/leis/l8987cons.htm)



# Private sector

Private sector accounts for just 18% of the market. Competitive process ensures fixed tariff, adjusted annually by inflation

## Market share of Brazil's basic sanitation sector<sup>1</sup>



## Business Model of Private Sector



### Contractual Targets<sup>2</sup>

- Increased sewage coverage
- Universal access to water supply
- Quality indices



### Concession Authority<sup>3</sup>

- City
- State-government company

### Regulatory Agency<sup>4</sup>

- State, regional or municipal
- Inspects the fulfillment of targets



### Fixed tariff

- Annual inflation adjustment
- Long-term agreements
- Predictable returns
- Possibility of economic and financial rebalancing

1- Methodology: Equivalent population: served with water = 1; served with sewage = 1; served with water and sewage = 2.

2- Source: <https://www.gov.br/mdr/pt-br/assuntos/saneamento/plansab/RELATRIODEAVALIAOANUALDOPLANSAB20192.pdf>

3 -Source: [http://www.planalto.gov.br/ccivil\\_03/leis/l8987cons.htm](http://www.planalto.gov.br/ccivil_03/leis/l8987cons.htm)

4- Source: [http://www.snis.gov.br/downloads/panorama/PANORAMA\\_DO\\_SANEAMENTO\\_BASICO\\_NO\\_BRASIL\\_SNIS\\_2021.pdf](http://www.snis.gov.br/downloads/panorama/PANORAMA_DO_SANEAMENTO_BASICO_NO_BRASIL_SNIS_2021.pdf)

# Pipeline of Sanitation Projects

Expectation of bidding processes in the next years



Aegea won 6 of the largest bids in the sector, including the winning bids for blocks 1 and 4 in the CEDAE auction, in Rio de Janeiro/RJ

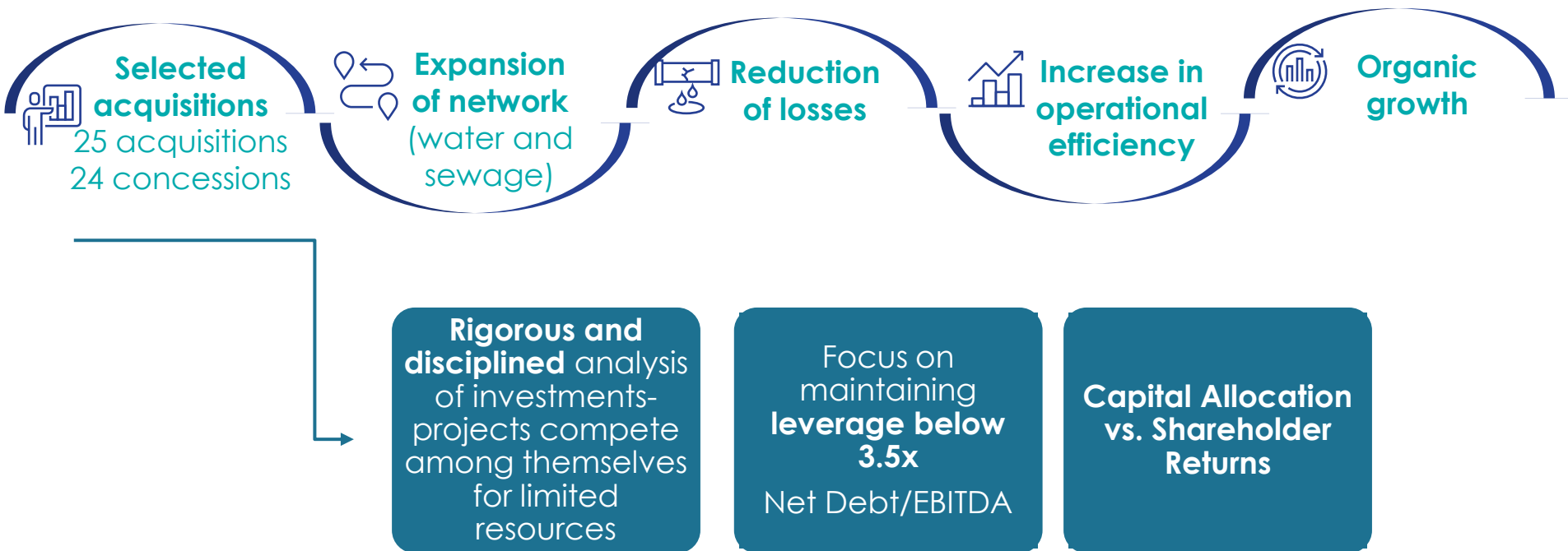
Year	Project	Population ('000)
2019	CORSAN/RS	1,600
2020	Alagoas Block A	1,393
2020	SANESUL/MS	1,700
2020	CARIACICA/ES	423
2021	CEDAE Block 1/RJ	2,800
2021	CEDAE Block 2/RJ	1,200
2021	CEDAE Block 4/RJ	7,000
2021	Amapá	734
2021	Alagoas Block B	562
2021	Alagoas Block C	409
2021	CEDAE Block 3/RJ	2,970
2022	Crato/CE	134
2022	São Simão/GO	21
Total		20.942

## Pipeline

Project	Population ('000)
Porto Alegre/RS	1,501
Teresópolis/RJ	180
Acre	630
Ceará	4,173
Paraíba	991
Metropolitan Region BH/MG	Early stage
Bahia	Early stage

# Growth Strategy

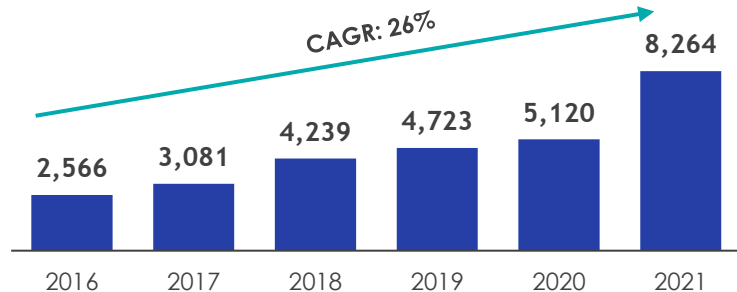
Aegea already has a portfolio of assets with high value generation potential, and its growth strategy gives priority to shareholder returns through disciplined capital allocation



# Strategic Pillars: People

Focus on talents attraction and retention

## Headcount



## Succession Management

- Mapping internal talents
- Development of technical and behavioral skills
- **Career plan** enables vertical and horizontal mobility within the Company



## Training, development and Corporate education



- **168,063** hours of training in 2021, 17 hours per employee
- DL Platform with mobile access
- **Degree Course in Sanitation**, recognized by the Ministry of Education (MEC) and with an entrance exam
- **Post-Degree in Sanitation**, by FGV

## Diversity – Respeito dá o Tom Program

- **32%** of leaders' position (from CEO to managers) are filled by women and **17%** by black employees
- Those hired in the trainee program **68%** are women and **43%** are self-declared black or indigenous people

# Strategic Pillars: Social License

Trust placed in us by society to continue operating and to build a legacy of development for the municipalities

**Continuous improvement** in operations and provision of services, aligned with the different realities of the towns where we operate

**Social projects** and initiatives in partnership with the community aligned with local dynamics

**Proximity and open dialogue** with the population while respecting the culture of each location

**Integrity and transparency** in relations with local stakeholders



**Quality and efficiency** in customer service

# Strategic Pillars: Governance and Integrity

**Aegea adopts the highest standards of Corporate Governance and Compliance**

- ✓ **The majority of BoD's members are independent**
- ✓ **4 Advisory Committees to the Board of Directors with independent members**
- ✓ **Audit, Risks and Internal Controls Department reporting to the Board of Directors and Audit Committee**
- ✓ **Registered at CVM, category B, and commitment to transparency**
- ✓ **Compliance Department, with report to the BoD**
- ✓ **ISO 37001 – Anti-bribery Management Systems**  
The ISO 37001 logo, featuring a blue square with a white globe icon and the text 'ISO' in white. To its right is the Lloyd's Register logo, which consists of a blue square with a white 'LR' monogram and the text 'Lloyd's Register' in blue to its right.  
**17 Integrity Policies and a Code of Conduct**
- ✓ **Independent Ethics Channel available 24x7, guarantying anonymity**



# Agenda

# Overview

## Sector & Strategy

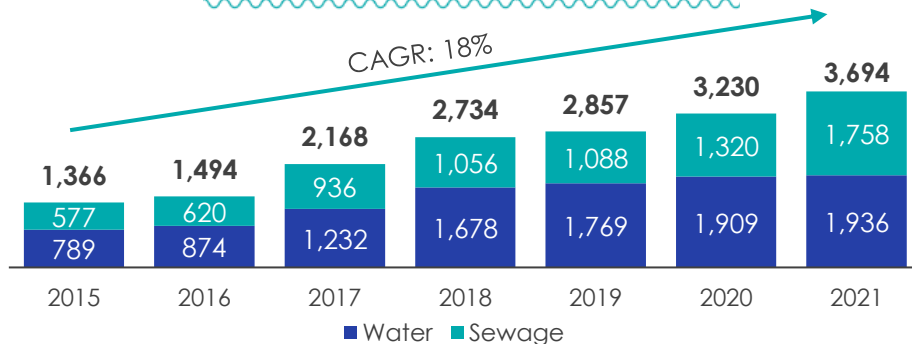
# Sustainable Growth



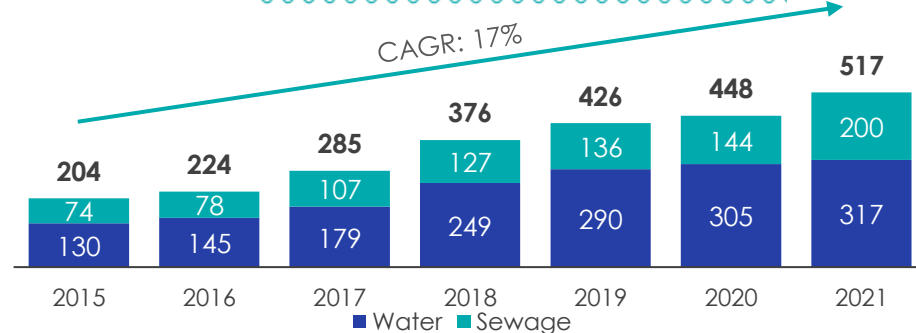
# Financial and Operational Performance

Operational performance driven by increased efficiency in existing concessions and consolidation of new concessions

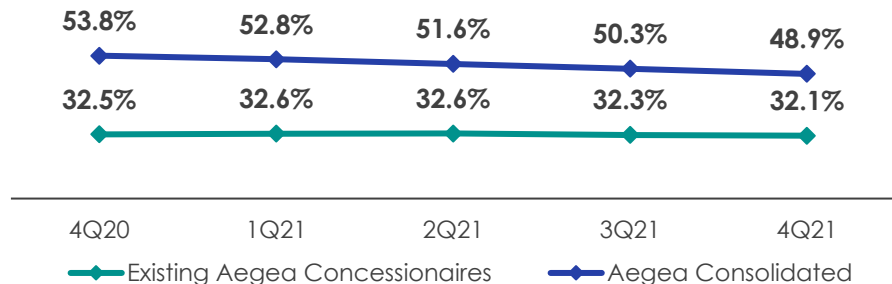
## Total Active households ('000)



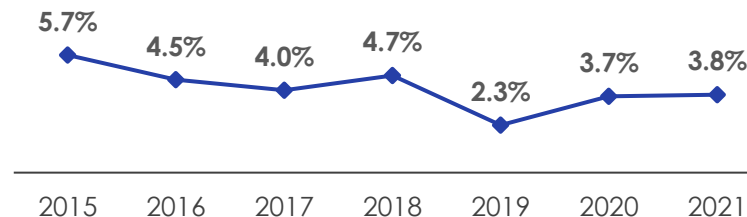
## Billed volume (million m<sup>3</sup>)



## Losses on Water Distribution (R\$ million)



## Delinquency Rate LTM<sup>1</sup> (R\$ million)



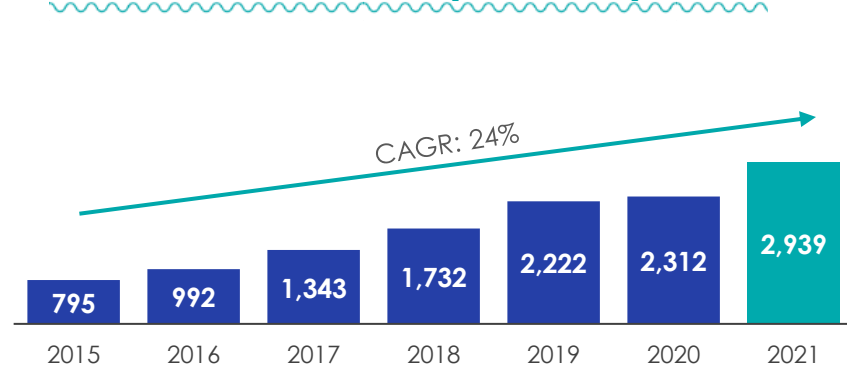
1- Starting 2018, there was a change in calculation methodology (Gross revenue excluding cancellations / PDA costs and expenses)

# Financial and Operational Performance

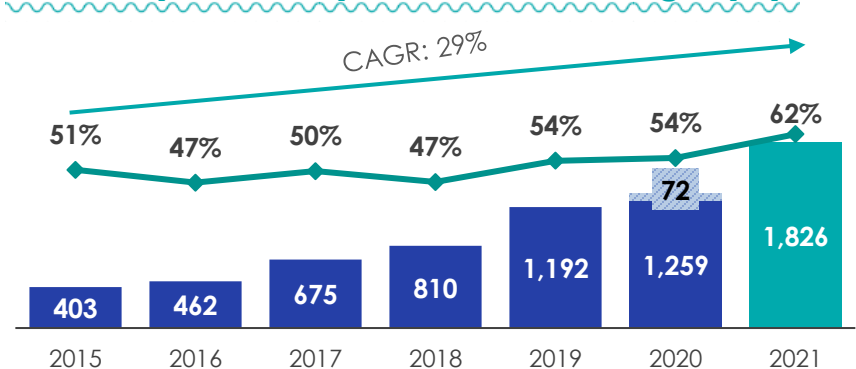
EBITDA growth with disciplined investments



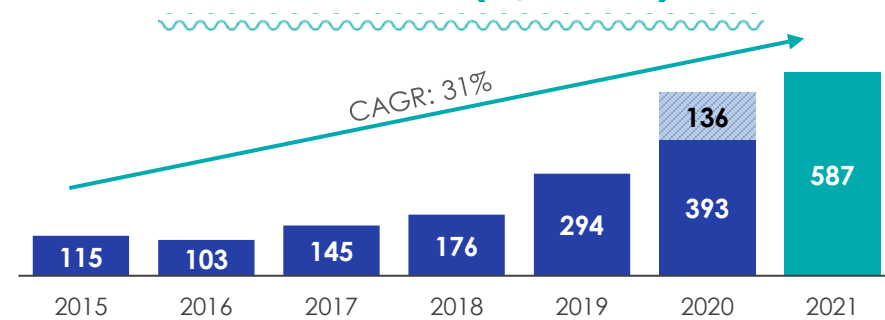
Net Revenue<sup>1</sup> (R\$ million)



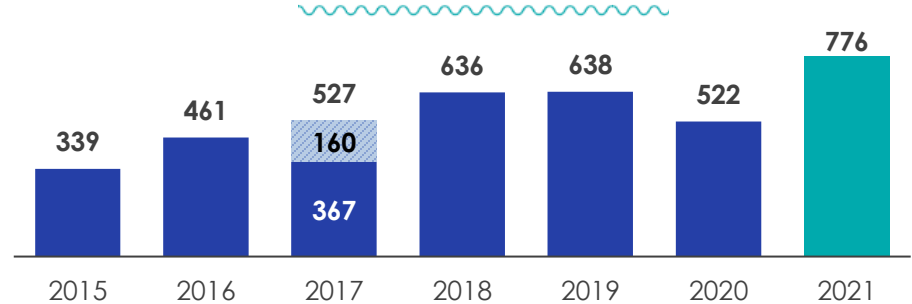
EBITDA (R\$ million)<sup>2</sup> and EBITDA Margin (%)



Net income (R\$ million)



CAPEX (R\$ million)

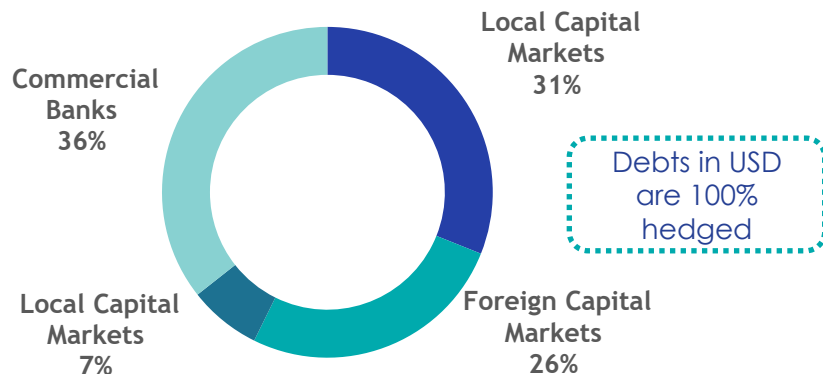


1 - Does not include construction revenue ICPC 1 and includes revenues as consideration in PPPs at the concessionaires Serra Ambiental, Vila Velha Ambiental, Ambiental Cariacica e Ambiental Metrosul / 2- Does not include construction revenue ICPC 1 and construction costs OCPC 05, considers costs of construction of the Serra Ambiental, Vila Velha Ambiental, Ambiental Cariacica e Ambiental Metrosul PPPs

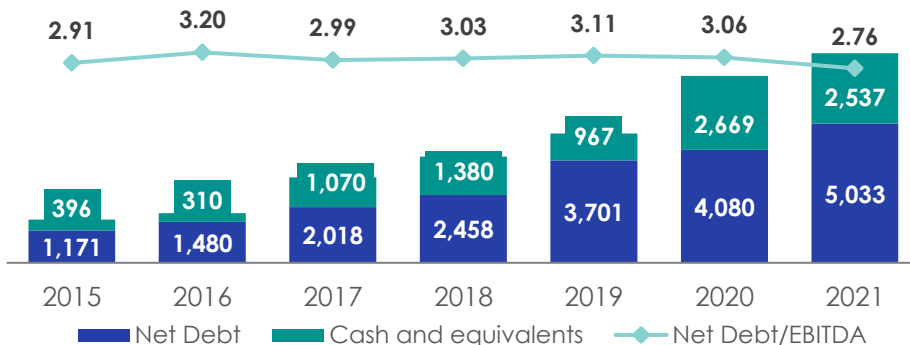
# Diversification of Sources of Financing

Broad access to long-term financing sources with discipline in maintaining leverage below 3.5x

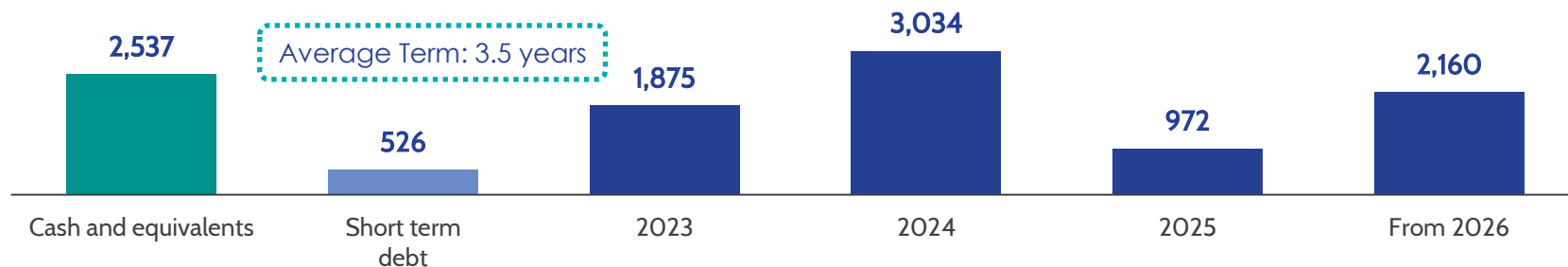
## Sources of Funding



## Net Debt<sup>1</sup>, Cash (R\$ mm) and Leverage



## Cash and Amortization Schedule (R\$ million)



1- Excludes the effect of mark-to-market of debts swapped to Brazilian Real



## Investor Relations

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