From Leaks to Streams: Brazil's Sanitation Revolution

May 2026

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Márcio Fiuza
Partner
mfiuza@brasilpar.com.br

Fernanda Sodré
Partner
fernanda.sodre@brasilpar.com.br

Sergio Zini
Partner
sergio.zini@brasilpar.com.br

brasilpar

Av. Pres. Juscelino Kubitschek, 28 – 8th floor
São Paulo – SP
04543-000

Phone: +55 (11) 3071 0701

brasilpar@brasilpar.com.br

www.brasilpar.com.br

Agenda

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Brazil's sanitation sector offers a compelling investment opportunity, driven by regulatory certainty, universalization mandates, diversified financing alternatives, and significant operational upside

Several key takeaways are outlined below:

- **Structural bottlenecks & operational inefficiencies:** Brazil still faces significant deficits in water supply and sewage treatment coverage, with regional disparities, infrastructure gaps, and high capital intensity, compounded by severe operational inefficiencies representing both a critical challenge and a direct value creation lever for private operators entering the sector

- **Regulatory transformation & contractual certainty:** The new sanitation legal framework (Marco Legal do Saneamento) is reshaping the competitive landscape, fostering private sector participation, regionalization of services and performance-based concession models, underpinned by ANA as a national regulator that provides contractual certainty and regulatory visibility

- **Expansion and universalization targets:** The 2033 mandate requires +US$137B in capital deployment, accelerating concession auctions, PPP structures, and asset divestments by state-owned utilities, creating a robust pipeline of opportunities

- **Operational efficiency & technology:** Digitalization, smart metering, loss reduction programs (NRW control), automation of treatment plants, and ESG-driven investments are improving margins and service quality

- **Financing & capital markets depth:** A diverse and expanding funding ecosystem, spanning incentivized debentures, long-term development bank financing, project finance, and impact funds, combined with growing appetite from infrastructure funds and strategic operators is supporting sector consolidation

- **M&A drivers**:
  - Competition for regional blocks and concession portfolios
  - Strategic positioning of national and international operators
  - Consolidation of smaller municipal concessions
  - Partnerships between construction groups, infrastructure funds, and global water operators
  - Vertical integration opportunities across water treatment, sewage, and waste management

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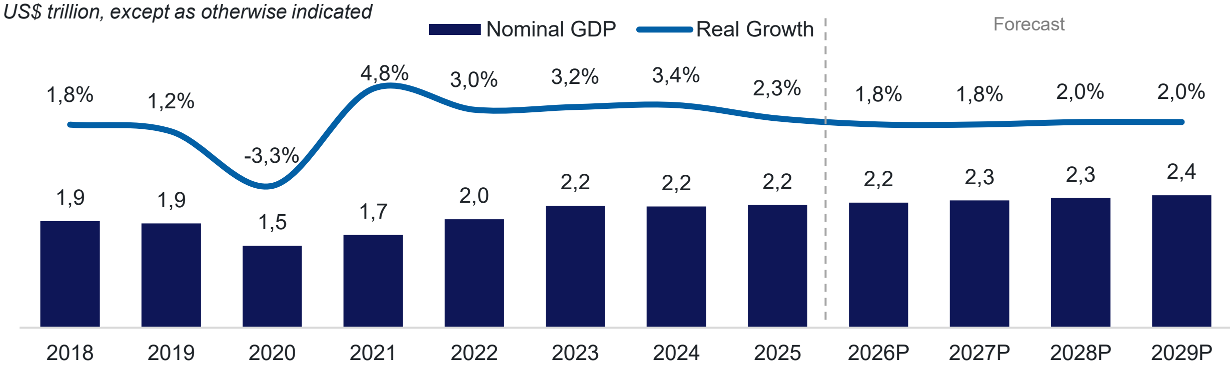
Stable GDP growth and an expected Selic easing cycle compress discount rates, increasing leverage capacity and accelerating investment

- **Stable GDP growth (~2–3%)** supports demand for essential services and tariff affordability, enhancing revenue visibility for concessions
- **Post-2020 recovery and steady trajectory** signal a more resilient macro environment, reducing demand risk and operational volatility
- **Interest rate at peak (~15% in 2025, with easing cycle projected through 2029)** lowers cost of capital and improves project economics for long-term concessions
- **Discount rate compression** (lower rates + stable inflation) supports higher valuations and increased leverage capacity, accelerating sector investments

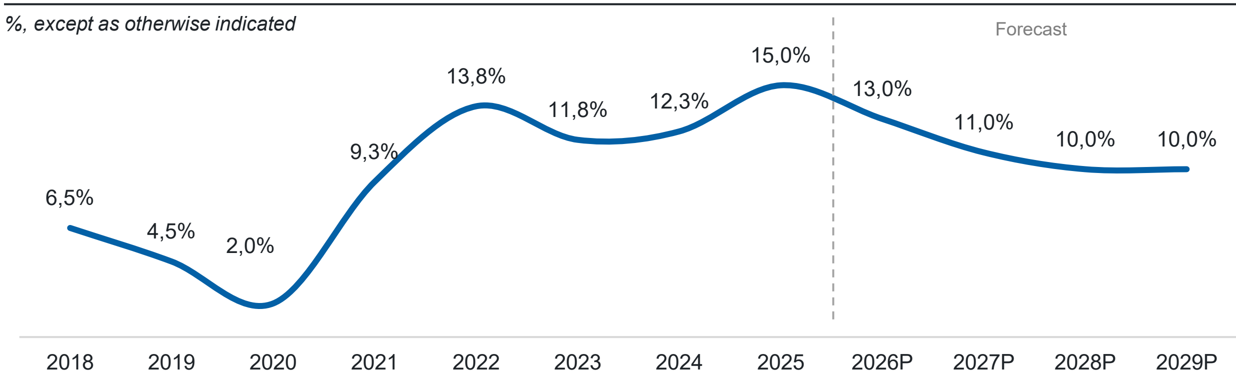
Resilient GDP growth with stable forward outlook

US$ trillion, except as otherwise indicated



Interest rates entering a downward cycle

%, except as otherwise indicated

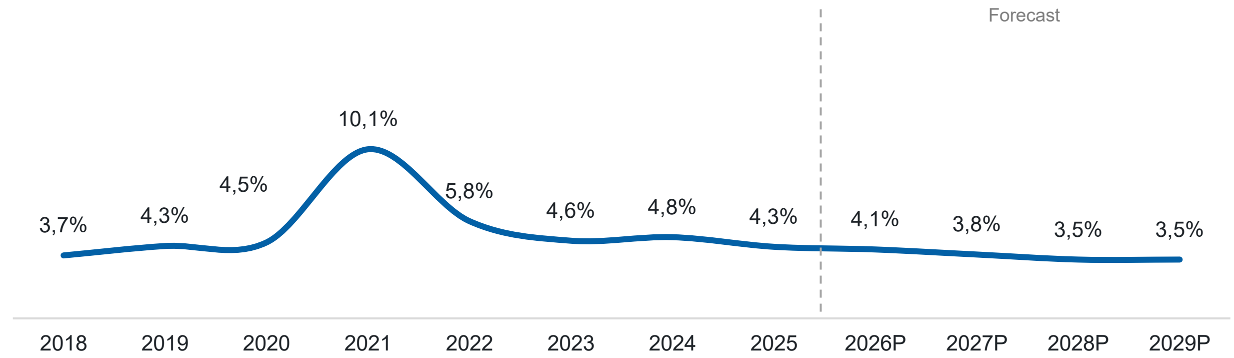


Source: Ipeadata, Boletim Focus

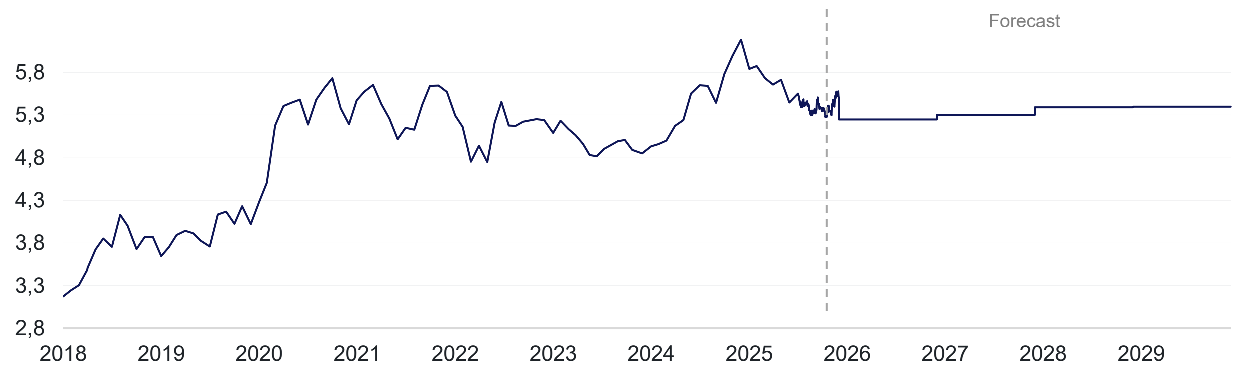
Moderating inflation and stable exchange rate outlook

- **Declining and stabilizing inflation** improves cost predictability (energy, chemicals, labor), reduces volatility and supports margin stability for operators
- **Stable BRL/USD exchange rate outlook** limits FX-driven cost pressures on imported equipment and capex execution
- **Macro stability (inflation + FX)** supports more efficient financial structuring, reducing risk premiums and facilitating long-term infrastructure investment

Inflation normalizing toward target levels



BRL/USD stabilizing after 2024 peak



Source: Ipeadata, Boletim Focus

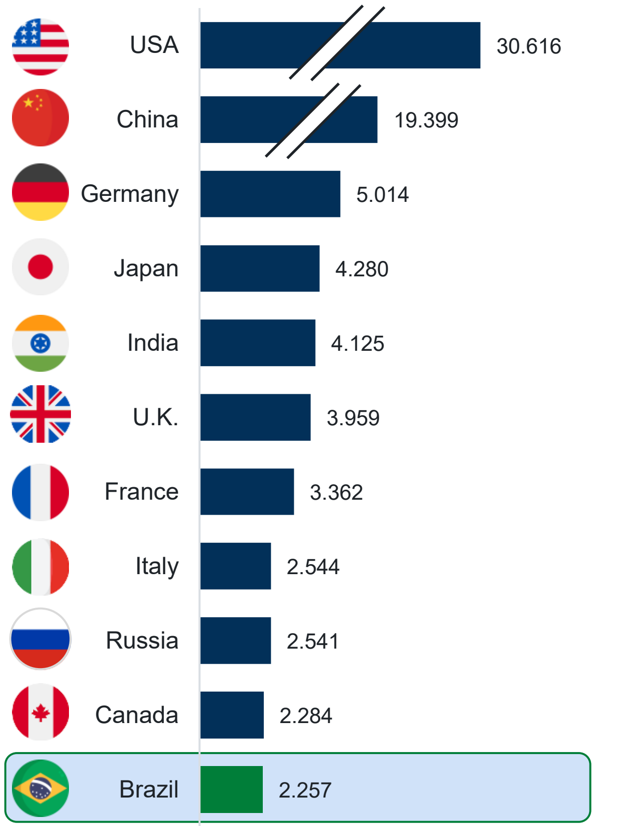
Brazil macroeconomic outlook

GDP size vs. public sanitation commitment

- Brazil combines **significant economic scale** with a **persistent sanitation gap**, ranking among the world's largest economies while sewage coverage (60%) remains materially below developed market benchmarks
- Strong correlation between income levels and sanitation penetration, with developed economies (especially in European countries) achieving near-universal coverage across both water and sewage services
- **Emerging markets present structural infrastructure deficits**, with countries such as **Brazil, China, and India** still in expansion mode, supporting a compelling **long-term investment** thesis in sanitation infrastructure

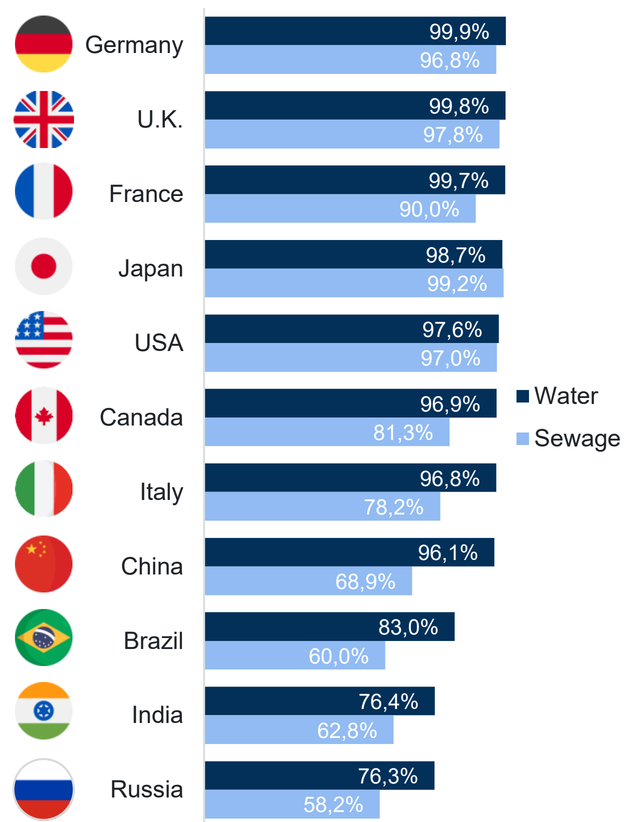
Top 11 Countries in GDP (2025)

US$ billion, except as otherwise indicated



Sanitation Population Coverage[1] (2024)

%, except as otherwise indicated



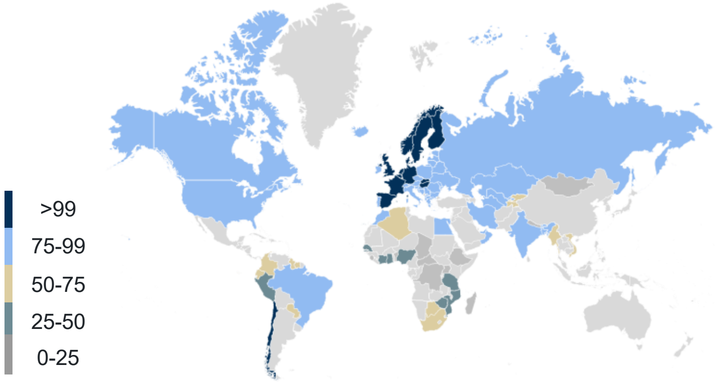
Source: Worldometer, InfraTracker

(1) Sample based on the Top 11 economies by GDP; ranking does not reflect relative sanitation coverage positioning

Agenda

Structural global gaps in water and sanitation still highlight long-term infrastructure investment needs

Safely Managed Drinking Water Service Coverage - 2024



3x

ACCELERATION NEEDED

Global progress must triple to meet SDG 6[1] targets by 2030

2.1B

PEOPLE UNDERSERVED

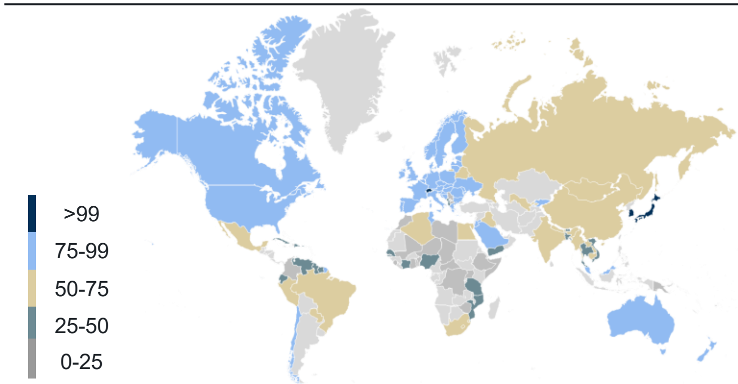
Still lack safely managed drinking water, incl. 1.4B with basic services only

31

COUNTRIES ON TRACK

Achieved safely managed status and, 89 reached universal basic access

Safely Managed Sewage Services Coverage - 2024



3x

ACCELERATION NEEDED

Global progress must triple to meet SDG 6[1] sanitation targets by 2030

3.4B

PEOPLE UNDERSERVED

Still lack safely managed sanitation, incl. 1.9B with basic services only

9

COUNTRIES ON TRACK

Achieved safely managed status and 64 reached universal basic access

Source: Joint Monitoring Programme (JMP)
(1) Availability and sustainable management of water and sanitation for all by 2030.

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Chile as the LATAM sanitation benchmark: near-universal access driven by private capital and regulatory discipline

01 Free-Market Reforms

1980s reforms transferred sanitation from state to private corporations, reshaping incentives toward universal coverage

02 Competitive Utility Market

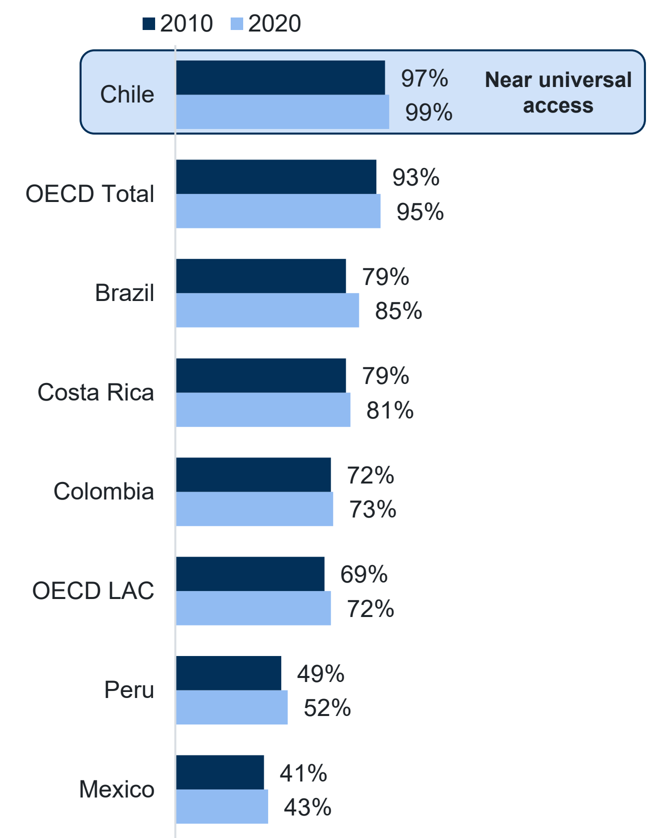
Privatization created structural incentives for private operators to deliver quality services

03 US$2.3B Private Investment

From 20% urban wastewater treatment in 1990 to 99%, unmatched in Latin America

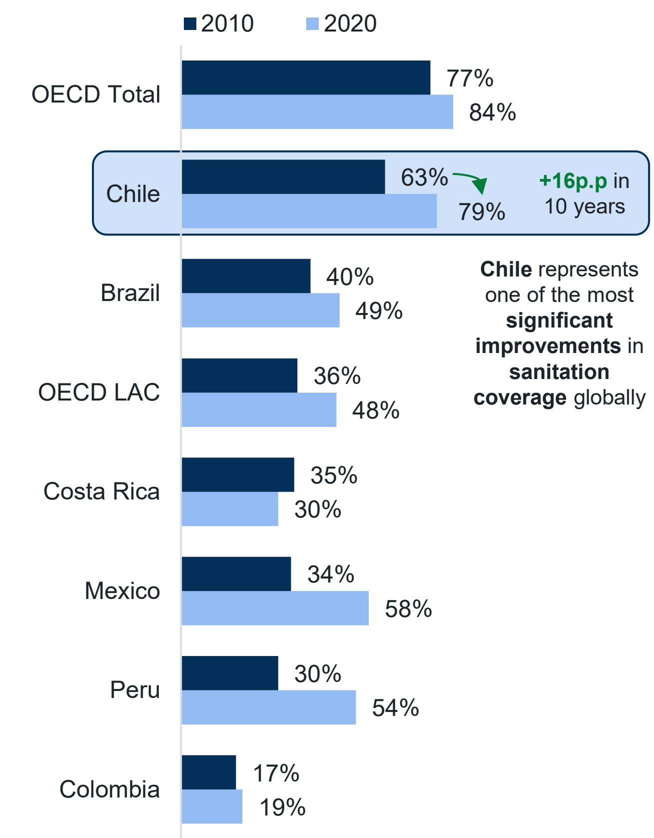
Safely Managed Drinking Water Services

% of population, except as otherwise indicated



Sanitation Collection Services

% of population, except as otherwise indicated



Source: OECD

Brazil Water & Sanitation Sector at a Glance

Key metrics reflecting the current state and investment opportunity in Brazilian water and sanitation infrastructure (2023)

US$12.7 Billion
Water Revenue

807K km
Water Network

83%
Water Coverage

1,285
Water Service Providers

US$6.7 Billion
Sewage Revenue

379K km
Sewage Collection Network

60%
Sewage Collection Coverage

1,268
Sewage Service Providers

Key Highlights

Regulatory Tailwinds

New regulatory framework (Law 14.026/2020) targets 99% water and 90% sewage coverage by 2033, requiring US$137B+ in CAPEX

Private Sector Growth

Private concessions expanding rapidly with major players (Sabesp, Aegea, Iguá) leading the consolidation of fragmented municipal operators

Significant Coverage Gap

40% of the population still lacks sewage services, representing one of the largest infrastructure investment opportunities in Latin America

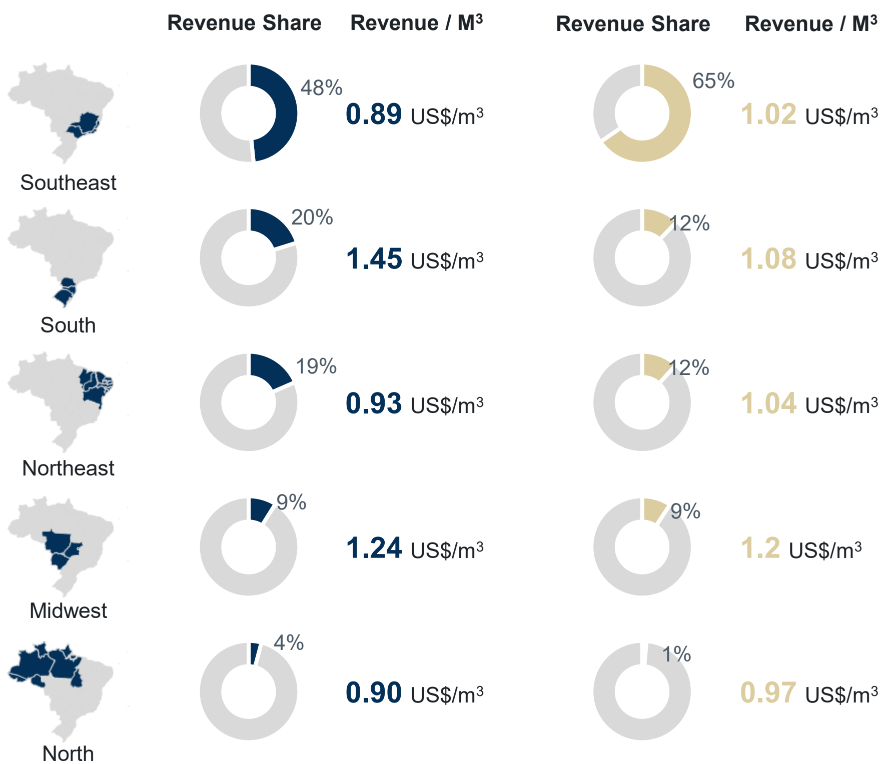
Source: SINISA, ETENE

Brazil's sanitation sector is growing, but sewage coverage still lags significantly behind water supply

Regional Revenue Concentration in Sanitation Sector - 2023

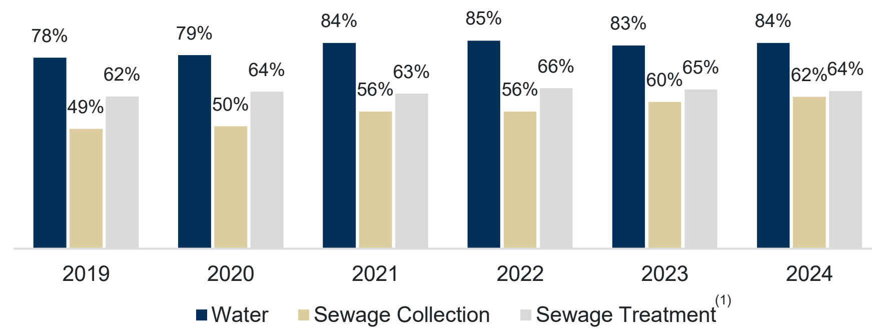
US$12.7 Billion
Water Revenue

US$6.7 Billion
Sewage Revenue



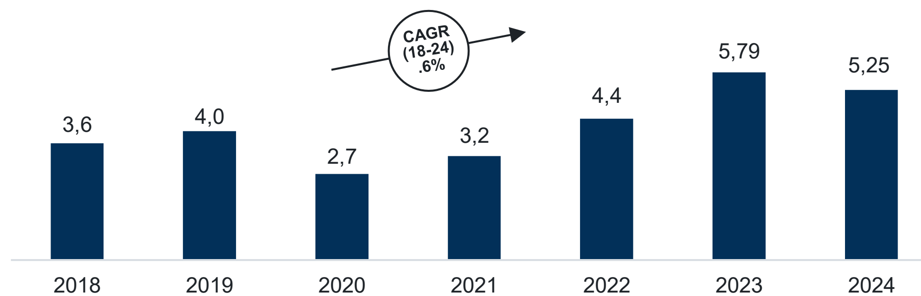
Water Supply and Sewage Population Coverage

% of population, except as otherwise indicated



Historical Investment Volume in Sanitation

US$ billions, except as otherwise indicated

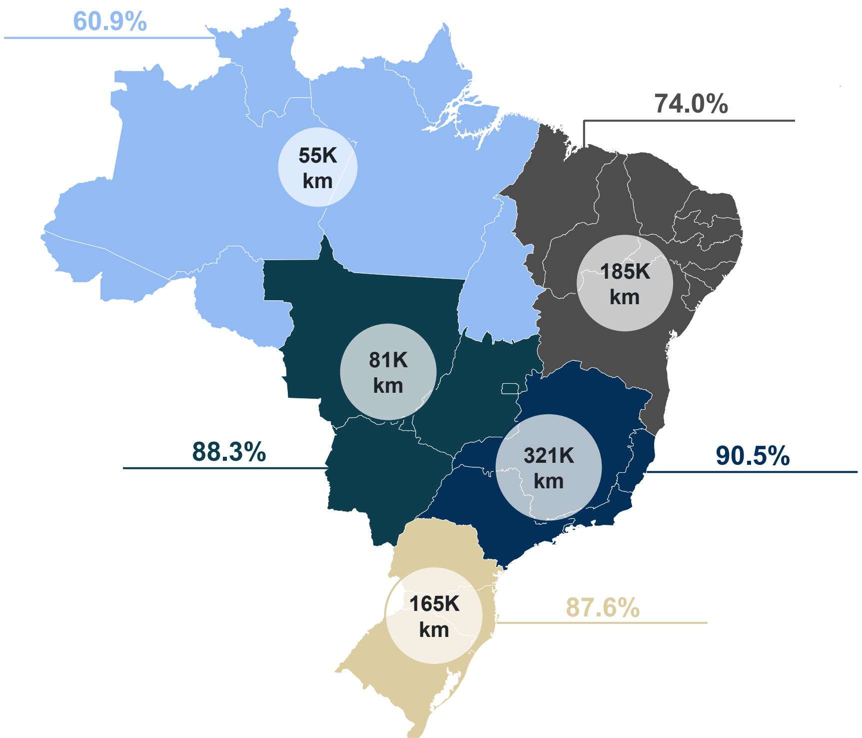


(1) Sewage Treatment Rate as % of water consumed
Source: SNIS, SINISA

Water Supply: Regional infrastructure imbalance, with the North lagging significantly in water coverage

Public Water Supply Coverage in Brazil (2023)

% of population, except as otherwise indicated



83% of Brazilians have access to the public water supply

Water Coverage Gap Relative to 99% Target

% of population, except as otherwise indicated

Region	Coverage	Gap to Target
North	60.9%	38.1%
Northeast	74.0%	25.0%
South	87.6%	11.4%
Midwest	88.3%	10.7%
Southeast	90.5%	8.5%

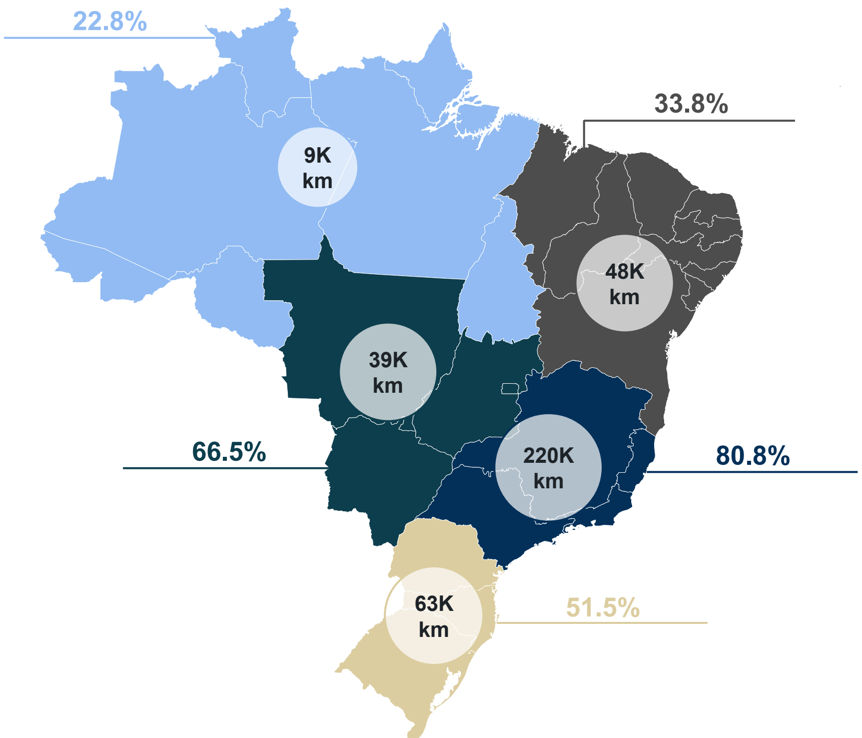
- **North:** Critical underserved market: At just 60.9% coverage and the lowest network density in the country (55K km), the North faces a 38.1pp gap-to-target
- **Midwest and Southeast:** Approaching full penetration, driving consolidation dynamics: With coverage rates of 88.3% and 90.5% respectively, and a combined network footprint of 402K km (50% of total national infrastructure)
- **Universalization by 2033:** Implies connecting an additional **41.3 million** Brazilians to the public water network

Source: SNIS, BNB

Sewage collection: Regional infrastructure imbalance, with the North lagging significantly in sewage network coverage

Sewage Collection Network Coverage in Brazil (2023)

% of population, except as otherwise indicated



60% of Brazilians have access to sewage collection

Sewage Collection Access Gap vs. 90% Coverage Target

% of population, except as otherwise indicated

Region	Coverage	Gap to Target
North	22.8%	67.2%
Northeast	33.8%	56.2%
South	51.5%	38.5%
Midwest	66.5%	23.5%
Southeast	80.8%	9.2%

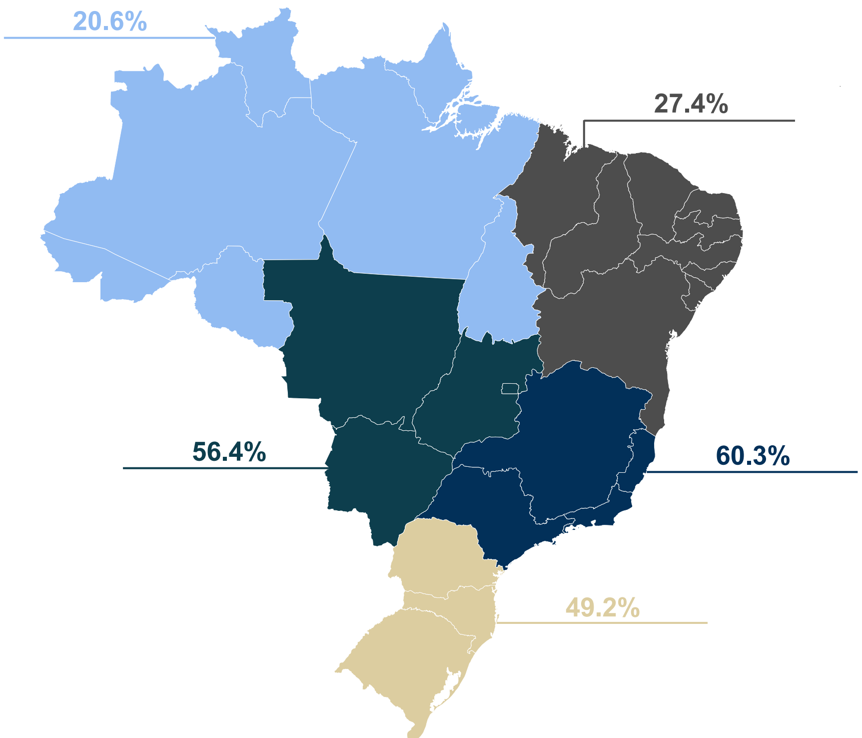
- **North:** Represents the most severe infrastructure gap in the entire sanitation landscape facing a 67.2pp gap-to-target
- **Even the best-performing region remains materially below target:** The Southeast, which leads nationally at 80.8% coverage and commands the largest network footprint (220K km), still carries a 9.2pp gap-to-target
- **Universalization by 2033:** Requires connecting an additional **89.9 million** Brazilians to the public sewage network

Source: SNIS, BNB

Sewage treatment remains the sector's most underdeveloped segment, with no region surpassing 65% coverage

Sewage Treatment Network Coverage in Brazil (2023)

% of population, except as otherwise indicated



46% of Brazilians have access to sewage treatment

Sewage Treatment Access Gap vs. 90% Coverage Target

% of population, except as otherwise indicated

Region	Coverage	Gap to Target
North	20.6%	69.4%
Northeast	27.4%	62.6%
South	49.2%	40.8%
Midwest	56.4%	33.6%
Southeast	60.3%	29.7%

- **North:** Only 20.6% of sewage is treated, leaving a 69.4pp gap-to-target, the largest deficit across all sanitation indicators
- **National ceiling at 60.3%:** The Southeast leads the country, even remaining 29.7pp short of the 90% target
- **Universalization by 2033:** Requires connecting an additional **114.7 million** Brazilians to the treatment sewer network

Source: SNIS, BNB

Regulation framework

Applicable regulation framework

PLANASA - 1971
Law Military govt. creates National Sanitation Plan; CESBs established

1986 – Extinction of the BNH
BNH extinguished: collapse of PLANASA funding model

CF / Municipalization - 1988
Federal Constitution: sanitation authority to municipalities

1995 - Concessions law 8,987
Concessions Law opens sector to private operators

ANA Created - 2000
Created National Water Agency established by Law 9,984/2000

2005 – Public Auction Law 11,107
Enables inter-municipal cooperation and service regionalization

Law 11,445 - 2007
1st Sanitation Framework: national guidelines, PPPs allowed

2013 – PLANSAB
National Sanitation Plan defining universalization target to 2033

Initial reform attempt - 2018
Initial reform attempt (MP 844/868) paving way for new framework

2020 - Law 14,026 Marco Legal
ANA empowered, competitive bidding and regionalization mandated

CEDAE Auction - 2021
US$4.2B concession, wave of state/municipal auctions begins

2024 - SABESP Privatization
Privatization: state stake diluted, control transferred to private sector

COPASA Privatization – 2026E
COPASA Privatization (under discussion)

2033E - Universalization deadline
Goals of 99% water coverage and 90% sewage collection and treatment

Key regulatory and association entities

Regulator	**Agência Nacional de Águas e Saneamento (ANA)** Sets national reference norms for tariffs, service quality and contracts; oversight authority empowered by Marco Legal (Law 14.026/2020) to resolve disputes and approve concession frameworks for states and municipalities
Association	**Associação Brasileira das Empresas Estaduais de Saneamento (AESBE)** Represents 24 state-owned sanitation companies (CESBs), advocates for public-sector operators in regulatory and legislative forums
Association	**ABCON[1] / SINDCON[2]** Represents private concessionaires (Aegea, BRK, Iguá, GS Inima et al.), organization for competitive bidding rules and investment-grade regulatory frameworks
Association	**Associação Nacional dos Serviços Municipais de Saneamento (ASSEMAE)** Represents ~3,000 municipal water and sewerage operators (SAEs), advocates for direct-management municipalities and access to federal financing
Association	**Associação Brasileira de Agências Reguladoras (ABAR)** Represents regulatory agencies across Brazil, promotes best practices, regulatory harmonization and capacity building
Regulator	**State Regulatory Agencies** **e.g.** ARSESP (SP), AGENERSA (RJ), ARSAE-MG (MG), AGERSA-BA (BA) Set tariffs, approve contracts and monitor operators under ANA norms

Source: Bacen, GovBr, Sabesp, ANA, Exame, Valor Economico
(1) Associação Brasileira das Concessionárias Privadas de Serviços Públicos de Água e Esgoto (ABCON)
(2) Sindicato Nacional das Concessionárias Privadas de Serviços Públicos de Água e Esgoto (SINDCON)

Federal Law 14,026/2020: Market Opening and New Dynamics

Before Marco Legal Federal Law

Institutional structure
- Municipal ownership (1988 Constitution)
- Strong reliance on state-owned companies (CESBs)
- Prevalence of program contracts (no competitive bidding)

Market dynamics
- Limited competition
- Automatic renewal of contracts with state operators
- Private sector participation restricted and fragmented

Regulation
- Highly heterogeneous and decentralized
- Local regulators with limited standardization
- No effective national regulatory coordination

Investments and performance
- Chronic underinvestment
- Low sewage coverage levels
- Significant operational inefficiencies

Marco Legal Core Measures

(i) End of program contracts
- New contracts without bidding are no longer allowed
- Automatic renewals effectively eliminated

(ii) Mandatory competitive bidding
- Municipalities must
  - Tender services
  - Open the market to private operators

(iii) Binding universalization targets
- 99% water / 90% sewage by 2033
- Targets embedded in concession contracts

(iv) Regionalization (block model) (URI)
- Municipalities are encouraged/required to aggregate
- Creation of regional service blocks

(v) Strengthening of ANA
- Issues national reference standards
- Promotes regulatory harmonization

(vi) Conditional access to federal funding
- Federal resources linked to compliance with the framework

After Marco Legal Federal Law

Market structure
- Transition toward a:
  - Competitive
  - Hybrid (public + private) model

Competitive dynamics
- Entry of:
  - Private operators
  - Infrastructure and long-term capital funds
- State-owned companies now compete under market conditions

Project pipeline
- Acceleration of:
  - Regional auctions
  - Structured concessions

Regulation
- Acceleration of:
  - Standardized
  - Predictable
- ANA acts as a national coordination body

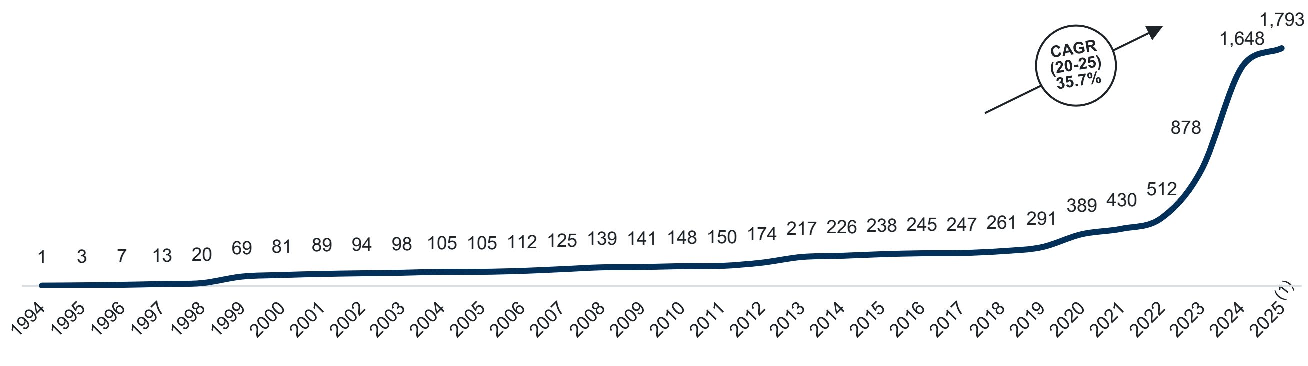
Source: ANA, BNDES, Ministério das Cidades

Agenda

Private sector expanding at an accelerating pace since the Marco Legal do Saneamento (2020), reshaping the competitive landscape

- **Exponential private sector entry:** municipalities under private management surged from just 1 in 1994 to 1,793 in 2025, with a sharp acceleration post Marco Legal start in 2020
- **Regulatory tailwind intact:** Marco do Saneamento (2020) drove a 3.5x jump in private municipalities in five years, with the pipeline of new concessions continuing to expand
- **Incumbents retain scale advantage:** state-owned companies operate in 52.6% of municipalities and serve 63.1% of the population
- **Room to grow for private players:** present in 15.8% of municipalities yet already serving 25.6% of the population, signaling higher per-capita efficiency and significant consolidation upside

Municipalities with Private Sanitation Management



Operator distribution by municipality

Population served by operator type

Source: ABCON
(1) As of Jun/25

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Competitive landscape

Sanitation segments

Water Supply & Distribution	Sewage Collection & Treatment
Water intake & raw water	Sewage collection networks
Water treatment plants (WTP)	Wastewater treatment (WWTP)
Distribution networks	Sludge management & disposal
Metering & NRW control	Industrial effluent treatment
Desalination & water reuse	Water reuse & reclamation

Key players

Private Players

State and Municipal Public Players

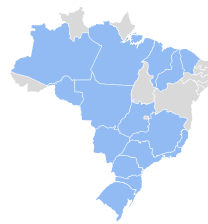
Competitive landscape

Brazilian competitive landscape

sabesp

- **Corporation**
- **US$6.8B** Revenue(1)
- **371** Cities Coverage
- **29.9M** Pop. Served

aegea



- **Private company**
- **US$3.4B** Revenue(1)
- **893** Cities Coverage
- **33M** Pop. Served

copasa

- **State-controlled**
- **US$1.5B** Revenue(1)
- **~560** Cities Coverage
- **11.8M** Pop. Served

SANEPAR

- **State-controlled**
- **US$1.3B** Revenue(1)
- **345** Cities Coverage
- **12M** Pop. Served

embasa

- **State-owned**
- **US$1.0B** Revenue(1)
- **367** Cities Coverage
- **10M** Pop. Served

BRK Ambiental

- **Private company**
- **US$0.9B** Revenue(1)
- **+100** Cities Coverage
- **16M** Pop. Served

SANEAGO

- **State-owned**
- **US$0.7B** Revenue(1)
- **226** Cities Coverage
- **6M** Pop. Served

CEDAE

- **Public (Upstream only)**
- **US$0.6B** Revenue (2)
- **121** Cities Coverage
- **9M** Pop. Served

IGUÁ

- **Private company**
- **US$0.6B** Revenue (1)
- **121** Cities Coverage
- **6.0M** Pop. Served

Source: Valor Econômico, Investor Relations of the companies
(1) USD figures reflect conversion at the 2025 full-year average exchange rate of R$5.58/US$
(2) USD figures reflect conversion at the 2024 full-year average exchange rate of R$5.37/US$

Competitive landscape

Brazilian competitive landscape

Cagece

- **State-owned**
- **US$0.5B** Revenue(1)
- **152** Cities Coverage
- **6.5M** Pop. Served

compesa

- **State-owned**
- **US$0.5B** Revenue(1)
- **~184** Cities Coverage
- **7.0M** Pop. Served

caesb

- **State-owned**
- **US$0.5B** Revenue(2)
- **37** Cities Coverage
- **3.1M** Pop. Served

Grupo Águas do Brasil

- **Private company**
- **US$0.4B** Revenue(1)
- **32** Cities Coverage
- **5.0M** Pop. Served

casan

- **State-owned**
- **US$0.4B** Revenue(1)
- **193** Cities Coverage
- **2.9M** Pop. Served

CAGEPA

- **State-owned**
- **US$0.3B** Revenue(1)
- **224** Cities Coverage
- **3.1M** Pop. Served

SANASA CAMPINAS

- **Municipal public operator**
- **US$0.3B** Revenue(2)
- **1** Cities Coverage
- **1.2M** Pop. Served

CESAN

- **State-owned**
- **US$0.2B** Revenue(2)
- **52** Cities Coverage
- **2.5M** Pop. Served

caern

- **State-owned**
- **US$0.2B** Revenue(1)
- **152** Cities Coverage
- **2.5M** Pop. Served

Source: Valor Econômico, Investor Relations of the companies
(1) USD figures reflect conversion at the 2025 full-year average exchange rate of R$5.58/US$
(2) USD figures reflect conversion at the 2024 full-year average exchange rate of R$5.37/US$

Brazilian competitive landscape

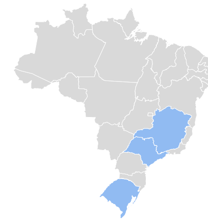
DESO

- **State-owned**
- **US$0.2B** Revenue(2)
- **71** Cities Coverage
- **1.8M** Pop. Served

sanesul

- **State-owned**
- **US$0.2B** Revenue(1)
- **68** Cities Coverage
- **1.8M** Pop. Served

GS Inima SAMAR



- **Private company**
- **US$0.2B** Revenue(1)
- **152** Cities Coverage
- **1.9M** Pop. Served

Source: Valor Econômico, Investor Relations of the companies
(1) USD figures reflect conversion at the 2025 full-year average exchange rate of R$5.58/US$
(2) USD figures reflect conversion at the 2024 full-year average exchange rate of R$5.37/US$

Competitive landscape

Transactions in Brazil

Company	Acquisitions, Concessions and PPPs	Year	Description
acciona	CESAN	2025	8 municipalities in ES incl. Guarapari
aegea	CESAN	2025	Sewage services in Serra, Vila Velha, Cariacica
aegea	ciclus	2025	Operation of CTR Seropédica
aegea	Concession in Pará	2025	Water & sewage services across 27 municipalities
aegea	PPP Eastern Paraná	2024	PPP for sewage services across 36 municipalities
aegea	AGESPISA	2024	Statewide water & sewage services
aegea	Ambiental Ceará	2023	Water & sewage services across 17 municipalities in Ceará
aegea	norte saneamento	2023	Water & sewage services in Manaus
aegea	corsan	2022	Sewage PPP serving 1.7M people
aegea	CEDAE	2021	Comprising 25 municipalities in RJ, blocks 1 & 4
aegea	sanesul	2021	Acquisition via privatization | 317 municipalities
aegea	Sagua | SPE Guarulhos	2021	Sewage services via PPP
Grupo Águas do Brasil	caesb	2023	Water & sewage concession in Teresópolis, 165k inhabitants
Grupo Águas do Brasil	CEDAE	2021	Rio+Saneamento, 18 municipalities in RJ incl. AP-5 (West Zone)

Source: Agazeta, Em dia ES, Terra, Aegea, Sinta em SP, Fusões e Aquisições, Cesan

Transactions in Brazil (cont.)

Company	Acquisitions, Concession and PPP		
BRK Ambiental	compesa **2025** Sanitation services across 150 municipalities	casal **2020** Auction for 13 municipalities	ODEBRECHT Ambiental **2016** Group's water & sanitation vertical
caesb	caesb **2021** Nationalized		
Cagece	**PPP Ceará** **2023** Partnership to develop 17 municipalities		
IGUÁ	DESO **2024** Water & sewage across 74 municipalities in SE		

Source: Agazeta, Em dia ES, Terra, Aegea, Sinta em SP, Fusões e Aquisições, Cesan

Competitive landscape

Transactions in Brazil (cont.)

Company	Acquisitions, Concession and PPP						
GS Inima	**CESAN** **2025** GS Inima / Forte Ambiental consortium, 35 municipalities in ES incl. Vitória	**Vitória Water Reuse (ES)** **2024** Reclaimed water from treated effluent at the Vitória WWTP	**Full water & sewage system** **2024** Ourinhos Saneamento, water & sewage in Ourinhos/SP	**Full water & sewage system** **2023** Palmeiras Saneamento, Santa Cruz das Palmeiras/SP	**Sanel** **2021** Water & sewage in Luiz Antônio/SP	**Saneouro** **2020** Water & sewage in Luiz Antônio/SP	**Petrochemical Complex** **2019** Water & sewage in Ouro Preto/MG (GS Inima + MIP consortium)
	Industrial water & effluent treatment **2019** GS Inima Industrial Triunfo (RS), Petrochemical Complex	Aquapolo (SP), largest water reuse system in Latin America **2019** GS Inima Industrial Jeceaba (MG)	**Comasa** **2016** Water & sewage in Santa Rita do Passa Quatro/SP	**Caepa** **2015** Water & sewage in Paraibuna/SP			
sabesp	**SANESSOL** **2026** Public water & sewage services in the municipality of Mirassol	**emae** **2025** Hydraulic system operator & electricity generation	**SPEs Andradina & Castilho** **2025** Public water & sewage services in the São Paulo interior	**Olímpia Concession** **2024** Water & sewage services in Olimpia - SP	**GRUPO ORIZON** **2022** Foxx Ure Project, first waste-to-energy plant in Brazil		
SANEPAR	**PPP in Paraná** **2024** Services across 112 municipalities in Central-East PR						

Source: Fusões e Aquisições, Cesan, B3, Globo, Palmeiras Saneamento, Saneouro, Machado Meyer, Pepiline, Estadão, Infomoney

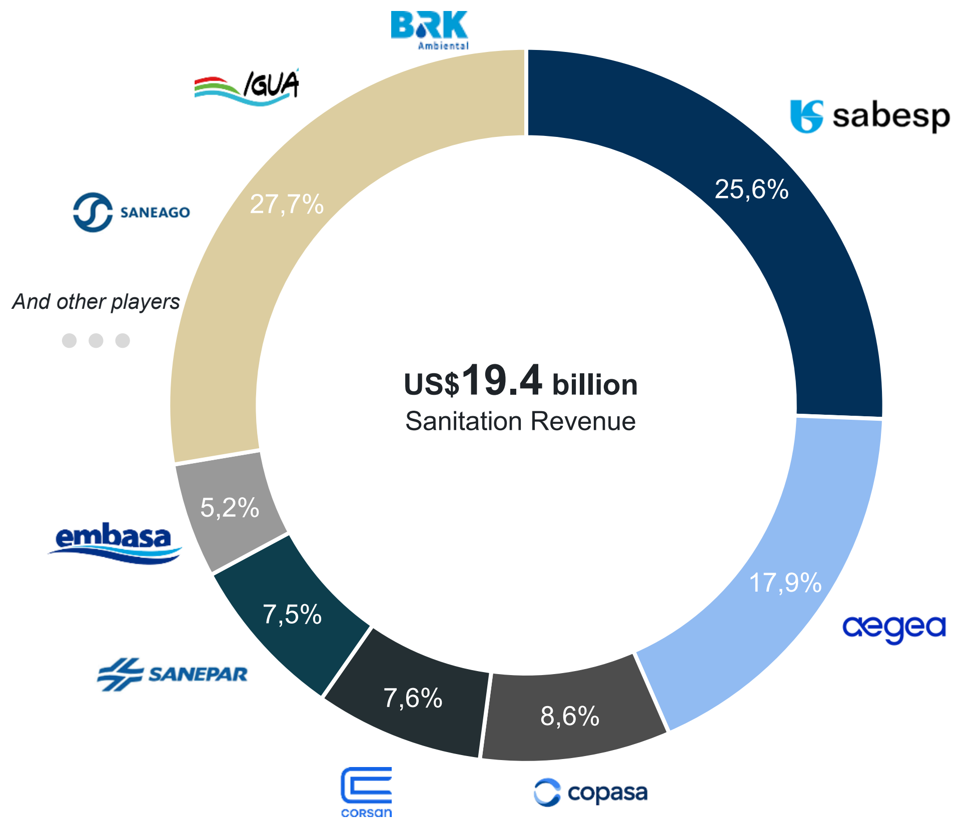
Competitive landscape

Highly concentrated market with leading players driving consolidation

- **The top 6 players account for more than 70% of the market,** with Sabesp alone holding 25.6% and Aegea at 17.9%, together representing over 43% of total sanitation revenue
- **Private operators control 63.5% of revenue,** signaling the accelerating shift toward private participation following the 2020 Sanitation Legal Framework
- **Sabesp's recent privatization reinforces this trend,** as the largest state-owned utility transitions to private management, likely reshaping competitive dynamics
- **A long tail of 27.7% is held by smaller regional players,** largely municipal utilities, representing fragmented operations and potential M&A targets for consolidators

Sanitation Revenue Market Share[1]

%, except as otherwise indicated



Source: Sinisa, companies

(1) Sabesp's market share calculated excluding construction revenue

Sabesp privatization

sabesp

Before the Transaction (pre-July 2024)	The Transaction (July 2024)	After Privatization (2025)
Net Revenue (2023) **US$5.1B** *moderate annual growth*	**Model** ▪ Privatization via State + anchor investor + free float, diluting control through share sale and capital increase ▪ No controlling shareholder, voting cap in place, decisions led by board governance ▪ Municipal opt-in model, local governments chose to join or not (no direct public vote)	**CAPEX 2025 (all-time record)** **US$2.7B** *+108% vs US$1.3B in 2024*
Average Annual CAPEX **US$0.6–0.8B/ano** *pre-privatization historical*		**Investment Plan through 2029** **US$13.7B** *US$51B through 2060 (full concession)*
Sewage Coverage **85%** *374 municipalities in SP (2022)*	**Deal Value** Privatization of US$2.6B, Equatorial Energia acquired 15% for US$1.3B (anchor shareholder)	**Universalization Target** **2029** *accelerated from 2033 (Legal Framework)*
Water Coverage **94%** *concession area*	**Regulation** Arsesp now sets tariffs annually based on investments made (U Factor)	**Operational Efficiency Captured** **~15%** *via technology and digitalization*
Dividends **25% of net income** *fixed state minimum policy*	**Coverage Area** URAE-1 Southeast: 371 municipalities, 70% of SP State population served	**New Connections (1 yr post-priv.)** **2.8M** *water + sewage, target: 4.1M by 2026*
State-Held Shares **50.3%** *mixed-economy company*	**Shares** From US$3.0/share (Jul-2024) to peak of US6.0, +100% appreciation in 12 months	**Untreated Sewage (RMSP)** **−22%** *drop in volume discharged untreated*
Structural Challenge: The Legal Framework for Sanitation (Law 14,026/2020) targeted universalization by 2033. With limited public investment (US$1B/year), experts estimated the deadline would be insufficient	**Private Benchmark, Aegea Saneamento:** Pioneer private concessionaire model. In 2024: revenue of US$2.6B, EBITDA of US$1.1B, 766 municipalities across 15 states, up from 6 municipalities in 2010	**Next Steps:** Sabesp targets acquisitions (Copasa/MG under review). Net income 2H25 +77% vs. 2H24. Growing dividends: 50% in 2026–27, up to 100% from 2030 onwards

Source: Sabesp (RI), Aegea (RI), Boletim do Saneamento, Agência SP, Reuters, Bloomberg, SEC Filings

Competitive landscape

Aegea evolution

aegea

Company Overview

Highlights

Net Revenue 2024 **US$2.6B**	EBITDA 2024 **US$1.1B**
Municipalities **893** 15 states	Mkt Share **18%** #2 Private

Overview

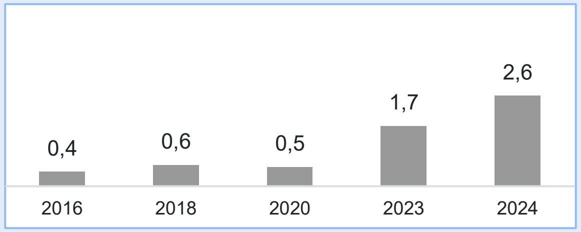
- Largest private water & sanitation operator in Brazil
- 39M people served, 893 municipalities across 15 states
- Long-term concessions (20–30 yr, Cedae-RJ contract to 2060)
- First LatAm operator to issue ESG-linked bond (US$500M SLB)
- Valuation ~US$11B, IPO under evaluation (2026)

Business Model

- Long-term concession contracts (20–30 yr)
- Cedae-RJ concession runs through 2060
- CAPEX-indexed annual tariff reviews (Arsesp)
- Operates under Lei 14,026/2020 framework
- Asset-light expansion: M&A + greenfield bids

Financials & Shareholders

Net Revenue (US$B)



EBITDA Snapshot

2018	2020	2023	2024
US$0.2B	**US$0.3B**	**US$0.8B**	**US$1.1B**
Mg: ~37%	Mg: ~46%	Mg: ~46%	Mg: ~44%

Shareholders' Structure (2025/26)

~69%	~20%	~11%
Equipav (Toledo & Vettorazzo) *Controlling shareholder*	GIC (Singapore SWF) *Strategic since 2013*	Itaúsa (Setúbal / Itaú) *Joined 2021 (US$0.2B)*

Strategic Highlights

Growth Timeline

2010 **Founded**
2 concessions (MS, RJ), 6 municipalities, backed by Grupo Equipav

2013 **Global Investors In**
IFC (World Bank) + GIC Singapore SWF (US$134M). Expanded to 8 states

2021 **Cedae, Landmark Deal**
Won Cedae-RJ Blocs 1+4 for US$2.9B. Itaúsa joins (US$0.2B). Revenue: US$0.5B

2022 **Corsan (RS) Acquisition**
Won Corsan-RS for US$0.8B. 500+ municipalities and 14 states

2024 **Market Leadership**
US$2.6B revenue, US$1.1B EBITDA, 893 cities, 39M people, ~US$11B valuation

Key Differentiators

- 71M m³ water losses reduced via dedicated tech/efficiency team
- Scalable model: cities from 1,800 to 6.8M inhabitants
- OCDE Blue Dot certification (Águas do Rio, 2025)
- UNICEF WASH partnership: 80 schools in AM, CE and PA

Source: Aegea RI, Aegea Blog, Seu Dinheiro, InvestNews, Saneamento Ambiental, ABCON, Money Times

Undergoing Copasa privatization

copasa

Current Status

Overview

- Net Revenue of US$1.3B in 2025
- State-controlled company; State of MG holds majority ownership
- Privatization has been proposed multiple times, but not executed due to political resistance
- Novo Marco Legal increased pressure for universalization & private capital
- State aims to reduce debt & improve efficiency via private sector

EBITDA Margin Snapshot

2018	2020	2022	2024	2025
33.9%	36.8%	35.7%	39.7%	39.8%

Proposed Structure

Base Case

- Base case involves a secondary offering (sale of state-owned shares), potentially combined with a primary issuance depending on capital needs
- Transaction could lead to a transition to a corporation model, with dispersed ownership and no controlling shareholder
- Introduction of an anchor investor, expected to acquire a significant minority stake and provide strategic and operational support

Alternative Structures

- Full privatization (sale of control)
- Hybrid model (State retains minority stake)

Key Consideration

- Municipality-based services require contract renegotiation

Interest & Valuation

Interest

- Strong interest from strategic and infrastructure players, including Sabesp, Aegea Saneamento and Veolia
- Potential for competitive bidding dynamics, depending on final structure and governance design
- Proceeds expected to go primarily to the State, supporting fiscal consolidation rather than direct company capitalization

Valuation

Estimated Mkt Cap	Est. Proceeds	Capex Needs
US$3.9B	US$2.0B	US$3.9B

Source: NeoFeed, The Rio Times, Copasa RI, Aegea Saneamento

Agenda

Upcoming Auctions & Privatizations (2026–2028)

Pipeline of upcoming water & sewage concessions, PPPs (1) and state-owned company privatizations across Brazil

US$ billion, except as otherwise indicated

Date	Auction type	Time of concession	Region	Auctioned asset	Segment	Number of cities	People served (million)	Capex (US$ billion)
2028	Concession or PPP	N.D.	ES	CESAN	Water + sewage	32	1	0.9
2028	Privatization (equity)	N.D.	AL	CASAL (Block D)	Water + sewage	N.D.	N.D.	N.D.
2027	Concession	N.D.	AL	CASAL (Arapiraca city)	Water distribution + sewage	21	0.6	0.5
2027	Concession	35	RS	DMAE (POA)	Water + sewage	1	0.7	N.D.
2027	Concession	N.D.	MA	CAEMA	Water + sewage	214	5.6	3.7
2026	Concession	35	RO	CAERD	Water + sewage	45	1.0	0.8
2026	Concession	35	PB	CAGEPA	Water + sewage	150	7.1	3.0
2026	PPP	N.D.	RN	CAERN	Water + sewage	48	1.7	0.8
2026	PPP	25	PB	CAGEPA	Water + sewage	85	1.7	0.6
2026	Privatization (equity)	N.D.	MG	COPASA	Water + sewage	640	14.0	N.D.
2026	PPP	N.D.	CE	CAGECE	Sewage	128	N.D.	1.4

Source: BNDES website
(1) Public-Private Partnership

Completed Auctions & Privatizations (2021–2025)

Overview of completed water & sewage concessions, PPPs (1) and privatizations following the New Sanitation Framework

US$ billion, except as otherwise indicated

Date	Auction type	Time of concession	Region	Auctioned asset	Segment	Number of cities	People served (million)	Capex (U$ billion)
2025	Partial concession	35	PE	COMPESA (MRAE Sertão)	Water + sewage	24	0.9	0.6
2025	PPP	40	PA	COSANPA (Block C)	Water + sewage	27	0.6	0.7
2025	PPP	40	PA	COSANPA (Block A, B, D)	Water + sewage	99	3.5	3.0
2025	Partial concession	35	PE	COMPESA (MRAE RMR-Pajeú)	Water + sewage	150	7.1	3.0
2024	Privatization (equity)	35	SP	SABESP	Water + sewage	375	30.2	13.3
2024	Concession	35	SE	DESO	Water + sewage	71	1.4	1.2
2024	Concession	35	PI	AGESPISA (Piauí)	Water + sewage	224	1.8	1.7
2024	PPP	24	PR	SANEPAR (Lote 1)	Sewage	36	0.9	0.2
2024	PPP	24	PR	SANEPAR (Lote 2)	Sewage	48	0.3	0.3
2024	PPP	24	PR	SANEPAR (Lote 3)	Sewage	24	0.3	0.1
2023	PPP	30	CE	CAGECE	Water + sewage	24	4.2	3.7
2022	Privatization (equity)	40	RS	CORSAN	Water + sewage	N.D.	6.3	2.2

Source: BNDES website
(1) Public-Private Partnership

Completed Auctions & Privatizations (2021–2025) (cont.)

Overview of completed water & sewage concessions, PPPs (1) and privatizations following the New Sanitation Framework

US$ billion, except as otherwise indicated

Date	Auction type	Time of concession	Region	Auctioned asset	Segment	Number of cities	People served (million)	Capex (U$ billion)
2021	Concession	35	RJ	CEDAE (Block 3)	Water + sewage collection and treatment	21	0.6	0.9
2021	Concession	35	RJ	CEDAE (Block 1,2 and 4)	Water + sewage collection and treatment	35	7.0	5.8
2021	Concession	35	AL	CASAL (Block A)	Water + sewage	3	1.0	0.5
2021	Concession	35	AL	CASAL (Block B)	Water + sewage	3	0.6	0.6
2021	Concession	35	AL	CASAL (Block C)	Water + sewage	27	0.5	0.6
2021	Concession	35	AP	CAESA	Water + sewage	16	0.7	0.6
2020	PPP	30	ES	CESAN (Cariacica PPP)	Sewage	2	0.3	0.1
2020	PPP	30	MS	SANESUL	Sewage	68	1.7	0.2

Source: BNDES website
(1) Public-Private Partnership

Agenda

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Structural transformation driven by regulatory reform, privatization, technological innovation, and increasing capital flows

Trends in Brazilian Sanitation

1 Structural Bottlenecks

Significant deficits remain in water supply and sewage coverage, with regional disparities, infrastructure gaps, and high capital intensity requiring long-term investment and operational efficiency gains

2 Regulatory Transformation

Marco Legal do Saneamento is reshaping the competitive landscape, fostering private sector participation, regionalization of services, and **performance-based concession models**

3 Expansion & Universalization

The 2033 universalization targets are **accelerating concession auctions, PPP structures, and asset divestments by state-owned utilities,** creating a robust pipeline of investment opportunities

4 Operational Efficiency & Tech

Digitalization, smart metering, NRW reduction programs, automation of treatment plants, and ESG-driven investments are improving margins and service quality across the sector

5 Financing & Capital Markets

"Incentivized Debentures", project finance, and multilateral funding, combined with growing appetite from infrastructure funds and strategic operators, are supporting sector consolidation

6 M&A Drivers

Competition for regional blocks, strategic positioning of national and international operators, consolidation of municipal concessions, and vertical integration across water, sewage and waste management

Source: PLANSAB, ANA, ABCON, SNIS 2023, Bloomberg

The scale of infrastructure deficits and efficiency losses creates a structural entry point for long-horizon private capital

Key Investor Impacts

~100M Brazilians lack adequate sanitation

Largest deficit in Latin America, concentrated in peri-urban and rural areas where coverage economics are most challenging for operators

High NRW as value creation lever

NRW at ~38% reflects significant efficiency losses and represents the most immediate lever for EBITDA improvement post-acquisition

Large investment gap requiring private capital

The ~US$137B funding gap through 2033 exceeds public capacity, making private capital essential

Strong regional disparity driving pipeline

A sharp coverage gap (Southeast >95% vs. North/Northeast <50%) underpins a long-term pipeline of greenfield and brownfield opportunities.

Key Metrics

+100M
Brazilians without adequate sanitation

38%
Average NRW in national networks

US$137B
Investment gap to 2033

<50%
North/Northeast coverage

Source: PLANSAB, ANA, ABCON, SNIS 2023, Bloomberg

The new sanitation legal framework promotes competition and regulatory clarity, unlocking significant private investment opportunities

Key Investor Impacts

End of Direct Contracts

Prohibition of no-bid contracts between municipalities and SOEs, creates mandatory space for private operators

National Regulatory Agency

ANA now issues reference norms, reducing regulatory risk and improving tariff predictability for investors

Binding Targets

Non-compliance with universalization targets triggers contract rescission, protects investors, penalizes inefficiency

Contractual Certainty Embedded in New Concessions

Performance-based contracts embed capex milestones and renegotiation protections, ensuring greater predictability

Regulatory Timeline

2007 — Law 11,445 - Prior framework: **municipal ownership, limited private incentives**

2020 — Law 14,026 - New framework: **competition, binding targets & national regulator**

2021 — Regulatory rollout, **state companies must transition to competitive model**

2022 — Contract adaptation deadline, **ANA takes over as federal regulatory authority**

2033 — Universalization targets: **99% water access, 90% sewage collection & treatment**

Source: PLANSAB, ANA, ABCON, SNIS 2023, Bloomberg

The 2033 mandate transforms social pressure into a hard investment timeline, creating urgency for capital deployment

Key Investor Impacts

Binding universalization targets
99% water and 90% sewage coverage mandated by 2033, with 2027 interim checkpoints triggering federal intervention and funding suspension for non-compliance

Large funding gap anchored by public capital
A ~US$137B investment gap is partially anchored by US$20B from PAC 2023-26, designed to catalyze 3-4x private co-investment via PPPs and blended finance

Robust concession pipeline
300% increase of municipal concession packages across tender, pre-bid and licensing stages form a decade-long pipeline

Privatization momentum gaining scale
Sabesp's US$2.6B privatization (2024) sets a benchmark, with additional state-owned utilities under review, signaling growing political support for large-scale privatizations

Key Metrics

2033
Universalization deadline

US$137B
Investment gap to 2033

US$20B
Federal PAC 2023-26 for sanitation

36+
PPPs to sewage and water distribution (2014-2024)

Source: PLANSAB, ANA, ABCON, SNIS 2023, Bloomberg

Technology adoption is the key margin lever for acquiring operators, unlocking efficiency gains not achievable without digital transformation

Key Investor Impacts

Smart metering drives NRW reduction

Smart meters and IoT pressure sensors reduce leak detection time and deliver consistent reductions in Brazilian pilots

AI and digital twins improve reliability

Digital twins and AI forecasting reduce unplanned downtime, enhancing KPI compliance and extending asset life without additional capex

ESG financing incentivizes technology adoption

Access to green bonds and DFI funding is increasingly tied to efficiency and quality KPIs, structurally supporting tech adoption

Key Metrics

US$0.6M

AI-driven cost reduction via monitoring 1% of total sewage pumps

30%(1)

Potential increase in productivity

-35%(2)

Potential increase in efficiency

ESG-linked

Financing conditions

Source: PLANSAB, ANA, ABCON, SNIS 2023, Mercado Consumo
(1) Sebrae analysis across multiple sector companies
(2) Gartner estimates across multiple sector companies

Incentivized debentures, DFI blended finance and ESG-driven capital are converging in Brazilian sanitation, lowering financing costs

Key Investor Impacts

Incentivized debentures lower cost of capital

"Incentivized Debentures" (Law 12.431) reduce long-term debt costs by 80–120 bps, structurally enhancing concession IRRs

Strong growth in green bond issuance

Green bonds grew 43% YoY in 2024 (US$1.5B), driven by excess demand from ESG-focused international investors

DFIs reduce risk and financing costs

IFC, IDB Invest and DFIs provide first-loss blended structures, lowering cost of capital and tightening credit spreads

Institutional liquidity expanding via FIPs/FIIs

Infrastructure funds are increasing exposure to sanitation, boosting domestic liquidity and supporting secondary equity markets

Key Metrics

46.4%

Green bond issuance percentage (May 2025)

US$15B

Green bonds issuances in 2023

FIPs/FIIs

Infrastructure funds are increasing exposure to sanitation

Source: PLANSAB, ANA, ABCON, SNIS 2023, Bloomberg

Highly fragmented market creates a unique consolidation opportunity

Key Investor Impacts

Fragmented market driving consolidation
3,000+ operators, mostly subscale and with negative EBITDA, are unable to fund capex, accelerating concession transfers to private platforms

Buy-and-build arbitrage opportunity
Low penetration of top players (~40%) supports roll-up strategies, with entry multiples (6–9x)

Vertical integration as value driver
Integrated water, sewage and waste platforms capture the full value chain, enabling 25–40% higher EBITDA per customer

Competitive auction dynamics intensifying
Global strategics and infrastructure funds are competing with local platforms, driving higher premiums and faster execution timelines

Key Metrics

2.500+
Municipal operators in Brazil

>70%
Serving under 50K inhabitants

~40%
Population served by top-10 operators

Source: PLANSAB, ANA, ABCON, SNIS 2023, Bloomberg

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Valuation multiples

Selected Listed Companies Trading Multiples

US$ million, except as otherwise indicated

Company	Country	Enterprise Value	Revenue	EBITDA	EBITDA Margin (%)	EV/Sales			EV/EBITDA		
		Actual	LTM	LTM	LTM	LTM	2026E	2027E	LTM	2026E	2027E
National Companies											
SABESP	Brazil	28.811	8.055	3.089	38%	3,6x	5,6x	4,8x	9,3x	8,7x	6,9x
COPASA	Brazil	5.614	1.707	575	34%	3,3x	3,4x	3,1x	9,6x	7,1x	6,7x
SANEPAR	Brazil	2.963	1.465	460	31%	2,0x	1,9x	1,8x	6,2x	4,4x	4,2x
Average					**35%**	**3,0x**	**3,6x**	**3,2x**	**8,4x**	**6,7x**	**5,9x**
Median					**34%**	**3,3x**	**3,4x**	**3,1x**	**9,3x**	**7,1x**	**6,7x**
International Companies											
Veolia Environnement	France	48.009	44.396	5.819	13%	1,1x	1,0x	1,0x	7,3x	6,3x	6,0x
American Water Works Company	USA	39.946	5.205	2.836	54%	7,7x	7,3x	6,9x	14,0x	12,8x	11,7x
United Utilities Group PLC	UK	18.917	2.372	1.326	56%	8,0x	7,4x	6,8x	14,5x	12,2x	11,4x
Severn Trent PLC	UK	18.754	2.646	1.180	45%	7,1x	6,7x	6,1x	16,0x	14,0x	12,2x
Aguas Andinas	Chile	3.266	713	344	48%	4,6x	4,4x	4,1x	9,4x	8,8x	8,0x
Average					**43%**	**5,7x**	**5,4x**	**5,0x**	**12,2x**	**10,8x**	**9,8x**
Median					**48%**	**7,1x**	**6,7x**	**6,1x**	**14,0x**	**12,2x**	**11,4x**

Source: S&P Capital IQ as of May 11, 2026

Valuation multiples

Selected Transactions

US$ million, except as otherwise indicated

Date	Buyer	Target	EV | Estimated	Revenue	EBITDA	Population Coverage (M)	EBITDA margin (%)	EV/Revenue	EV/EBITDA	EV/Population (US$)
Jan-26	Sabesp	Sanessol	N/D	N/D	N/D	0.1	N/D	N/D	N/D	N/D
Jun-24	Equatorial	Sabesp	8,413	4,031	2,104	29.9	52.2%	2.1x	4.0x	281
Dec-22	AEGEA	Corsan	804	640	194	6.5	30.3%	1.3x	4.2x	124
Apr-21	Itaúsa	AEGEA	2,828	538	334	21.4	62.1%	5.3x	8.5x	132
Sep-19	GS Inima	Acquisition of 3 subsidiaries from BRK Ambiental	256	N/D	N/D	N/D	N/D	N/D	N/D	N/D
Jun-18	AEGEA	Companhia de Saneamento do Norte	212	N/D	N/D	N/D	N/D	N/D	N/D	N/D
Apr-18	AEGEA	Sagua	N/D	N/D	N/D	1.3	N/D	N/D	N/D	N/D
Oct-16	Brookfield	Odebrecht Ambiental	1,040	737	N/D	N/D	N/D	1.4x	N/D	N/D
Average							**48.2%**	**2.5x**	**5.5x**	**179**
Median							**52.2%**	**1.7x**	**4.2x**	**132**

Source: S&P Capital IQ as of May 08, 2026 and news

Valuation multiples

Selected Concessions and PPP

US$ million, except as otherwise indicated

Date	Company	Concession	Term (Years)	Value	Population Coverage (M)	Goodwill (%)	Value/Population (US$)
Dec-25	Pátria Investimentos (via an infrastructure fund)	Water supply and sewage services in 24 municipalities of Pernambuco	35	132	0.9	727%	150
Dec-25	BRK + Acciona	Water supply and sewage services in 150 municipalities of Pernambuco including the state capital	35	642	7.1	60%	90
Aug-25	Aegea	Concession for water supply and sewage services in 27 municipalities of Pará	40	N/D	0.8	N/D	N/D
Jun-25	GS Inima	Sewage PPP covering 34 municipalities in Espírito Santo	25	N/D	n/d	N/D	N/D
Apr-25	Aegea	Block A – Water supply and sanitation services in selected municipalities of Pará	40	211	2.4	12%	88
Apr-25	Aegea	Block B – Water supply and sewage services in 50 municipalities of Pará	40	26	N/D	650%	N/D
Oct-24	Aegea	Concession for water supply and sewage services in all 224 municipalities of Piauí	35	186	3.4	-	55
Sep-24	Iguá	Concession for water and wastewater operations in Sergipe	35	841	2.0	123%	366
May-23	Sabesp	Water supply and sewage services in the city of Olímpia (SP)	30	28	0.1	-	500
Apr-21	Aegea + Iguá	Concession for water and wastewater operations in 27 municipalities and 144 neighborhoods of Rio de Janeiro	35	4,145	12.0	140%	345
Average						**285%**	**228**
Median						**131%**	**150**

Source: Companies websites and news

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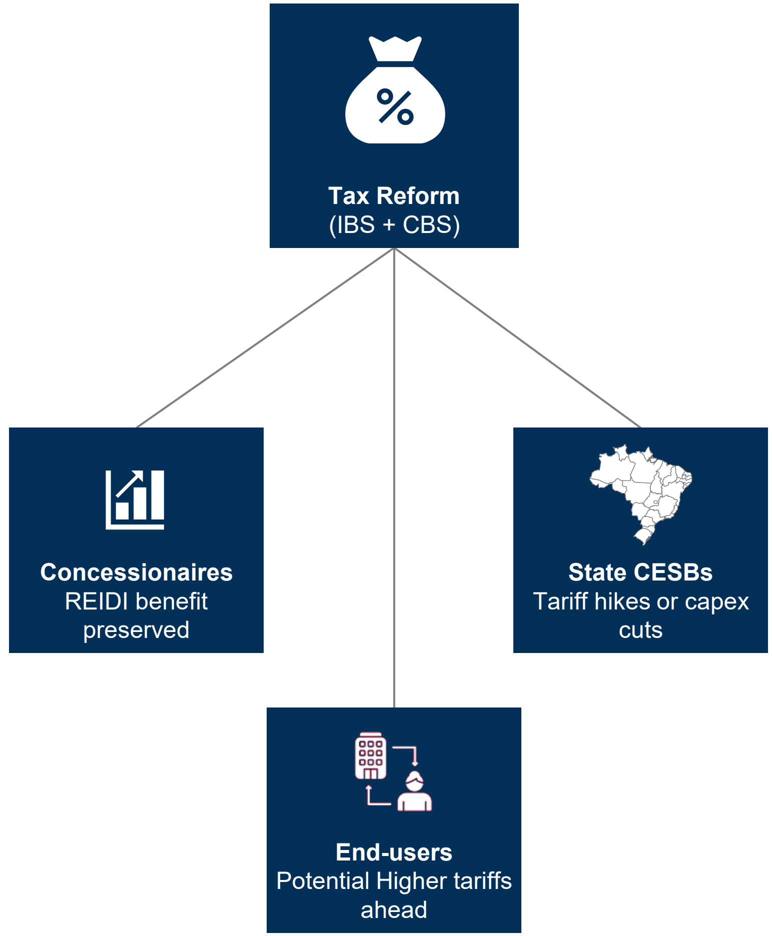
Impact of the tax reform on the water & sanitation segment in Brazil

Impacts on Water & Sanitation from the Tax Reform

- **Sharp increase in effective tax burden:** Sanitation falls under standard IVA Dual (IBS + CBS), raising effective rates from ~9.7% to ~26.5% — an ~18% increase on gross revenue
- **No preferential rate granted:** Câmara rejected the Senate's proposed 60% rate reduction for water & sewage — unlike health, food and transport, sanitation received no differentiated regime
- **Capex crediting via REIDI [1] preserved:** LC 214/2025 maintained REIDI (suspending IBS and CBS on infrastructure investments), partially offsetting costs for asset-heavy concessionaires
- **Tariff pressure and universalization risk:** Without tariff increases, companies may cut CAPEX, jeopardizing the 2033 universalization targets (99% water access, 90% sewage coverage) set by the Novo Marco Legal
- **Contract rebalancing mechanism:** LC 214/2025 (arts. 374–376) grants concessionaires the right to request economic rebalancing when tax burden changes materially, with a 90-day decision deadline
- **M&A implications:** Higher tax burden weighs on DCF valuations, acquirers of CESBs should stress-test rebalancing clauses and REIDI[1] eligibility, private concessionaires with locked tariffs face asymmetric downside



Source: GO Associados / AESBE, FGV Justiça, LC 214/2025, Conjur, Brasilpar analysis
(1) REIDI (Special Incentive Scheme for Infrastructure Development)

Agenda

Conclusions – Navigating the future of Brazil's water & sanitation sector

Regulatory transformation and the Novo Marco Legal

- The 2020 legal framework opened the market to private operators and set binding universalization targets: 99% water access and 90% sewage coverage by 2033, creating a hard investment timeline
- Competitive bidding, regionalization of services, and ANA as the national regulator are professionalizing the sector and improving governance standards

Tax reform headwinds and tariff pressure

- Sanitation received no preferential tax treatment under IVA Dual, effective rates rise from ~9.7% to ~26.5%, squeezing margins and requiring contract rebalancing under LC 214/2025
- REIDI-preserved capex crediting partially offsets costs for asset-heavy concessionaires, but private operators with locked tariffs face asymmetric downside risk

Technology and capital convergence

- Smart metering, IoT-based leak detection, and SCADA automation are emerging as critical margin levers for acquirers integrating underperforming CESBs
- Incentivized debentures, DFI blended finance, and ESG-linked instruments are channeling long-duration capital into the sector at competitive rates

M&A Opportunities

1. CESB privatizations: State-owned utilities face mounting pressure to privatize, Sabesp's 2024 offering set the blueprint for large-scale CESB transactions
2. Regional consolidation: The highly fragmented market (2,500+ municipal operators) offers scale-driven value creation through operational integration and NRW reduction
3. Technology bolt-ons: Acqui-hires and tuck-ins in smart water management, digital metering, and water reuse can accelerate post-acquisition efficiency gains

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Contact information

Márcio Fiuza
Partner
mfiuza@brasilpar.com.br
+55 11 98335-3605

Márcio Fiuza is a partner at Brasilpar since 2015, where he is responsible for origination and execution of M&A and corporate finance advisory. Before joining Brasilpar, Marcio was a founding partner of Vergent Partners, where he completed over R$15 billion in transactions over a 13-year period in several industries. Before founding Vergent Partners, he was Vice President in the Global Communications Group of Bear Stearns, in New York, from 1997 to 2001. From 1985 to 1997, he worked at Vale do Rio Doce in various positions including assistant to the chief financial officer of California Steel Industries and corporate strategic planning in the company's headquarters in Rio de Janeiro. Márcio has an MBA from the Wharton School of the University of Pennsylvania and holds a degree in Mechanical Engineering from the Federal University of Minas Gerais

Fernanda Sodré
Partner
fernanda.sodre@brasilpar.com.br
+55 11 98282-6356

Fernanda Sodré joined Brasilpar as an Associate Director in 2023 and became a partner in 2025, where she is responsible for the origination and execution of M&A and corporate finance transactions. Before joining Brasilpar, Fernanda was a partner and head of Investor Relations at Treecorp, a partner in M&A Advisory at PwC, and also worked at Rosenberg Partners, Banif Investment Bank, and Deloitte. Fernanda served on the Advisory Board of FOM. She holds a degree in Business Administration from the University of Brasília (UnB) and an MBA from FGV

Sergio Zini
Partner
sergio.zini@brasilpar.com.br
+55 11 99943-3883

Sergio Zini is partner at Brasilpar since 2022, where he is responsible for origination and execution of M&A transactions and corporate finance advisory. Before joining Brasilpar, Sergio worked as senior executive for Solvay Group, continually leveraging results through operational excellence in the chemical, materials, mining, pulp and paper, energy, petrochemicals, distribution, and logistics areas. Strong international experience, with more than 10 years leading businesses in South America, Europe, and the USA, working with multicultural teams in turnaround and restructuring processes. Extensive strategic knowledge of integrated Value Chain and designing of the post-M&A phase focused on transition and integration of the companies. As a board member of Solvay Group in Argentina, Chile and Brazil, Sergio Zini participated in several M&A decisions. From 2002 to 2015, took part in industry associations, at Executive and Board levels. Mr. Zini has an MBA from ESPM and studied Mechanical Engineering at IMT, as well as executive courses at London Business School (UK), IMD Business School (Switzerland) and Wharton Business School (USA)

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