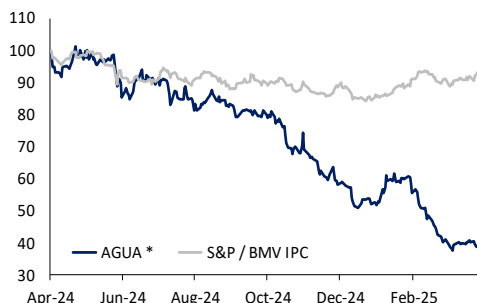


AGUA: 1Q25 Preview

We expect lower results against the previous year because of Mexico and Argentina; however, the sequential improvement will likely continue

AGUA*	BUY
Target Price (MXN\$)	\$ 31.00
Current Price (MXN\$)	\$ 10.80
Min / Max (L12M)	\$ 10.50 - 30.26
Expected Dividend (MXN\$)	\$ 0.50
Expected Return	191.7%
Market Cap (MXN\$ Mn)	5,251
Enterprise Value (MXN\$ Mn)	9,202
Outstanding Shares (Mn)	486.2
Float	23.7%
ADTV (MXN\$ Mn)	\$ 5.81



Opinion and recommendation

We expect AGUA's results to decline year-over-year due to a high comparison base in Mexico and the prevailing macroeconomic situation in Argentina. However, we anticipate that these results will continue to recover compared to 4Q24 and 3Q24, which we consider a positive sign. We reiterate our BUY recommendation with a MXN\$31.0/share target price.

1Q25 Preview

We forecast that AGUA's revenues will decrease 2.2% YoY to MXN\$2.6 billion, because of last year's record results in Mexico due to the prevailing drought. In other countries, we anticipate double-digit growth fueled by higher demand, in addition to the favorable FX effect.

We anticipate that consolidated EBITDA will fall 48.5% YoY, due to lower profitability in Mexico, while Argentina will maintain negative EBITDA thanks to dollarized costs. However, AGUA's EBITDA will continue to recover compared to the previous two quarters.

Net profits will likely stand at MXN\$17 million in 1Q25, down from MXN\$304 million in 1Q24, due to lower operating results.

Leverage will rise to around 3.0x due to the EBITDA reduction, above the company's internal level of 2.0x. We expect this ratio to improve towards the end of the year.

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