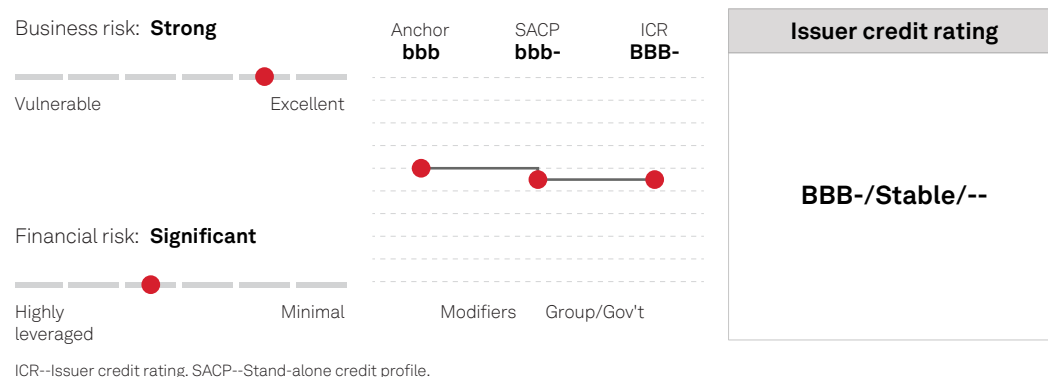


# FCC Aqualia S.A.

July 1, 2026

*This report does not constitute a rating action.*

## Ratings Score Snapshot



### Primary Contact

**Simone Benassi**  
Paris  
33-1-40-75-25-51  
simone.benassi  
@spglobal.com

### Secondary Contact

**Claire Mauduit-Le Clercq**  
Paris  
33-14-420-7201  
claire.mauduit  
@spglobal.com

## Credit Highlights

### Overview

#### Key strengths

One of the largest private water operators in Europe, with an S&P Global Ratings-adjusted EBITDA of €459 million.

Large share of stable and predictable cash flows stemming from municipal water concessions with around 50% coming from Spain.

One notch insulation from the FCC group, its majority shareholder, whose revenues are driven by waste and water activities.

#### Key risks

Exposure to riskier countries compared to Spain (notably Georgia, Mena region, and Asia) which together account for around 25% of the total company EBITDA.

Relatively high share of earnings stemming from unregulated activities (20% of EBITDA). However, half of this comes from BOT operations, which we consider to be less risky than EPC and O&M activities.

A capital-intensive program with a total funding envelope of approximately €950 million for the 2026–2028 period.

**We continue to view the Spanish quasi-regulated framework for municipal water concessions, which accounts for more than 50% of Aqualia's EBITDA, as mostly supportive.** In Spain, water services remain highly fragmented, with public municipalities directly operating approximately half of the market. Aqualia maintains a leading position within the privately managed portion of the market through its extensive portfolio of municipal concessions. Tariffs are established by

local authorities at the outset of each concession, which typically runs for 15–30 years, and are generally designed to provide recovery of operating costs and agreed investment programs. Investment requirements may also be revised during the life of the concession.

Nevertheless, we view the absence of a national regulatory authority as a relative weakness of the Spanish framework. Unlike in the U.K. and Italy, there is no centralized mechanism to harmonize tariff-setting practices, oversee remuneration, or provide transparent and predictable periodic resets across the sector. As a result, tariff updates and regulatory outcomes can vary significantly between municipalities and are more exposed to local political considerations. In our view, the RAB-based frameworks in the U.K. and Italy, supported by independent national regulators and clearly defined remuneration methodologies, provide greater transparency, predictability, and regulatory stability.

**Georgia's next regulatory period (RP4) will likely drive a meaningful increase in regulated water revenues, with tariffs due in late 2026 or early 2027.** Notably, the company generates approximately 15% of its total EBITDA from its operations there. We expect sustained investment in the water network will mainly drive this growth. Meanwhile, annual capex will likely remain elevated to address high water losses, increase energy efficiency, and enhance the water infrastructure in the country overall. Assuming the regulatory framework--particularly the allowed WACC and the treatment of operating costs--remains broadly unchanged, the resulting expansion of the regulated asset base should translate into higher regulated water revenues.

Outside of Iberia and Georgia, FCC Aqualia also operates in France, where municipal water activities benefit from long-term contractual frameworks, inflation pass-through mechanisms (albeit with a one-year lag in France), and generally limited volume risk. That said, we consider the French concession portfolio to be less supportive than Iberian markets both in terms of margin and contract duration. Typical concession tenors in France are around 8–10 years, compared with 15–30 years in Spain and Portugal, although the fact that capex is not borne by the operator remains a relative advantage versus Iberian peers. The company continued to demonstrate strong contract retention, achieving renewal ratios above 99% in revenue and EBITDA terms during 2025 on its overall portfolio of regulated activities across geographies.

**Contracted engineering activities further support the group's business model, even in countries with higher operating risk.** Of the unregulated segment (around 20% of EBITDA), roughly half consists of build-operate-transfer (BOT) greenfield projects structured as long-term, take-or-pay concessions, which enhance Aqualia's cash flow visibility and stability. These projects are typically located in higher-risk regions than Spain, notably Latin America and the Middle East and North Africa (MENA). Existing contracts generally include protections against foreign exchange and inflation risks. BOT concessions have an average remaining life of around 10 years, offering strong visibility on earnings despite requiring significant upfront investment. The remaining unregulated activities are inherently more volatile than the rest of Aqualia's portfolio because they are exposed to volume, price risks, and the macroeconomic environment. This includes operations and maintenance (O&M) and engineering, procurement, and construction (EPC).

**FCC Aqualia's 2025 results were broadly in line with our expectations, with S&P Global Ratings-adjusted EBITDA increasing to €459 million from €437 million in 2024.** This mainly stemmed from the municipal water concessions business. Earnings in this segment benefited from tariff increases across several key markets, higher water consumption following the easing of drought restrictions, and the resilient nature of the regulated water business. Growth was partly offset by some nonrecurring operational headwinds, including receivables-related adjustments in Colombia and the regularization of unbilled consumption in France. BOT

concessions also contributed positively, supported by improved profitability, while the O&M business delivered solid growth thanks to new contract wins and stronger activity in existing operations. These positive trends were partly offset by a modest decline in the EPC division, where delays in the execution of investment programs and lower project activity dampened earnings. Overall, the group's predominantly regulated water concession portfolio, which remains the core contributor to cash flow stability and profitability, continued to drive earnings growth,

**We expect the company to maintain credit metrics consistent with the current 'BBB-' rating.**

We project that S&P Global Ratings-adjusted debt to EBITDA will remain comfortably below 5.0x this year. Performance in 2025 was in line with our expectations, with leverage broadly stable at 4.1x, similar to 2024, and FFO to debt improving to 18.7% from 15.6% in the prior year. We anticipate a gradual deleveraging trend, with leverage declining to below 4.0x by 2027. However, we expect the company to generate negative discretionary cash flow on average, reflecting a capital-intensive investment plan with an envelope of around €950 million of net capex over the next three years, alongside approximately €350 million in dividends between 2026 and 2028. The rating also reflects our expectation that the company will successfully refinance its significant maturity of €650 million due in June 2027. We note that the company has already secured a credit line--covering the totality of the bond maturing--with a major bank and intends to refinance through the issuance of a new bond, likely in the first half of 2027.

**We rate Aqualia one notch above our assessment of FCC Group's credit profile, reflecting our view that the company is sufficiently insulated from its parent.**

The company operates independently from FCC, with its own financing structure and separate treasury management, as established under the shareholders' agreement between FCC Group (51%) and infrastructure fund IFM (49%). FCC Medioambiente (waste treatment and collection) and FCC Aqualia (water activities) together account for more than 80% of FCC Group's EBITDA, while the more volatile construction segment contributes only a limited share. We continue to view the group credit profile (GCP) as positioned at the upper end of the speculative-grade category ('bb+'), supported by expectations of consistently positive free operating cash flow (FOCF) generation.

## Outlook

The stable outlook reflects our expectation that Aqualia will maintain FFO to debt above 16% in 2026 and beyond, and keep debt to EBITDA below 4.5x at all times. Our stable outlook also assumes that Aqualia will be successful in putting in place timely liquidity-enhancing measures to refinance its large €650 million maturity coming due in June 2027.

### Downside scenario

We could lower the rating if Aqualia's credit metrics were not to improve, such that debt to EBITDA would not sustainably be below 4.5x and FFO to debt above 16%. This could arise, for example, from lower-than-anticipated operational performance translated into a lower EBITDA growth; or higher-than-expected leverage from larger dividends or debt-funded acquisitions.

We could also lower our rating on Aqualia if the company fails to maintain an adequate liquidity profile.

### Upside scenario

We see limited upside potential to our rating on Aqualia given the tight financial headroom at the current rating level and the limited track record of deleveraging at an enhanced pace.

## Our Base-Case Scenario

### Assumptions

- Real GDP growth for Europe of 1.7% in 2026, 1.7% in 2027 and 1.8% in 2028.
- Consumer price index inflation growth of 4.1% in 2026, 3.2% in 2027, and 2.9% in 2028. We only expect a limited effect from GDP growth and inflation on average, because Aqualia derives around 80% of its EBITDA from long-term contracts with tariff-adjustment mechanisms.
- An ongoing contribution from municipal water concessions in Spain and the rest of Europe, including GGU, of about 80% of total annual EBITDA.
- An adjusted EBITDA margin of 25%-27% over 2026-2028, in line with previous years.
- An increase in EBITDA, mostly thanks to the increase of tariffs in Spain and in Georgia.
- Negative changes in working capital, mostly driven by engineer-procure-construct and operations-and-maintenance contracts.
- Annual capital expenditure (capex) of €315 million on average between 2026 and 2028.
- Cash dividend distributions of around €90 million in 2026, and stabilizing at €115 million over the forecasted period.
- Aqualia refinancing its €650 million maturity due in June 2027 at the beginning of next year, based on the group having secured a credit line of a similar size to bridge the future bond issuance.

### Key metrics

Period ending	Dec-31-2024	Dec-31-2025	Dec-31-2026	Dec-31-2027	Dec-31-2028	Dec-31-2029
(Mil. EUR)	2024a	2025a	2026e	2027f	2028f	2029f
EBITDA	437	459	460-480	530-550	580-600	600-620
Funds from operations (FFO)	305	369	360-380	420-440	450-470	460-470
Cash flow from operations (CFO)	282	339	290-310	360-380	390-410	390-410
Capital expenditure (capex)	229	197	-290	-340	-320	-350
Free operating cash flow (FOCF)	53	143	0-20	10-30	80-100	40-60
Dividends	93	166	~90	~115	~115	~115
Discretionary cash flow (DCF)	(39)	(85)	(170)-(150)	(100)-(80)	(40)-(20)	(80)-(60)
Debt	1,960	1,979	-2,000	-2,050	-2,100	-2,200
<b>Adjusted ratios</b>						
Debt/EBITDA (x)	4.5	4.3	4.3-4.5	3.8-4.0	3.5-3.7	3.5-3.7
FFO/debt (%)	15.6	18.7	17-19	20-22	21-23	21-23

## Company Description

Aqualia is a Spain-based company operating in the end-to-end water cycle business. In 2025, it reported €425 million of EBITDA across the following four segments:

## FCC Aqualia S.A.

- Municipal water concessions (80% of 2025 EBITDA): Regulated long-term water distribution and treatment activities, mostly in Spain, the Czech Republic, and Georgia, where Aqualia operates through GGU.
- Build-operate-transfer concessions (11% of 2025 EBITDA): Greenfield projects with large up-front investments and long durations, mostly taking the form of public private partnerships (PPPs) in the Middle East, North Africa, and Latin America.
- Engineer-procure-construct (6% of 2025 EBITDA): Water treatment solutions (including purification, desalination, and wastewater reuse) for both households and commercial customers. These mostly relate to Aqualia's own concessions or independent PPP projects.
- Operations and maintenance (3% of 2025 EBITDA): Short-term specialized services contracts mostly relating to Aqualia's own concessions.

Aqualia's majority shareholder is FCC Group, which owns 51% of the shares. Global infrastructure fund IFM owns the rest. Aqualia is part of the broader FCC Group.

## Peer Comparison

We selected rated peers based on their exposure to integrated water services, a comparable operating footprint in Western Europe, and broadly similar EBITDA scale to Aqualia.

Within this peer group, Aqualia is comparatively more weakly positioned than highly diversified operators such as Veolia and Hera, which benefit from significantly greater scale and broader exposure across water, waste, and energy activities. This diversification supports more resilient and stable earnings. By contrast, Aqualia remains more concentrated in municipal water concessions, primarily in Spain, France, and Georgia, with more limited business diversification. This concentration, however, explains its relatively higher EBITDA margin compared with peers.

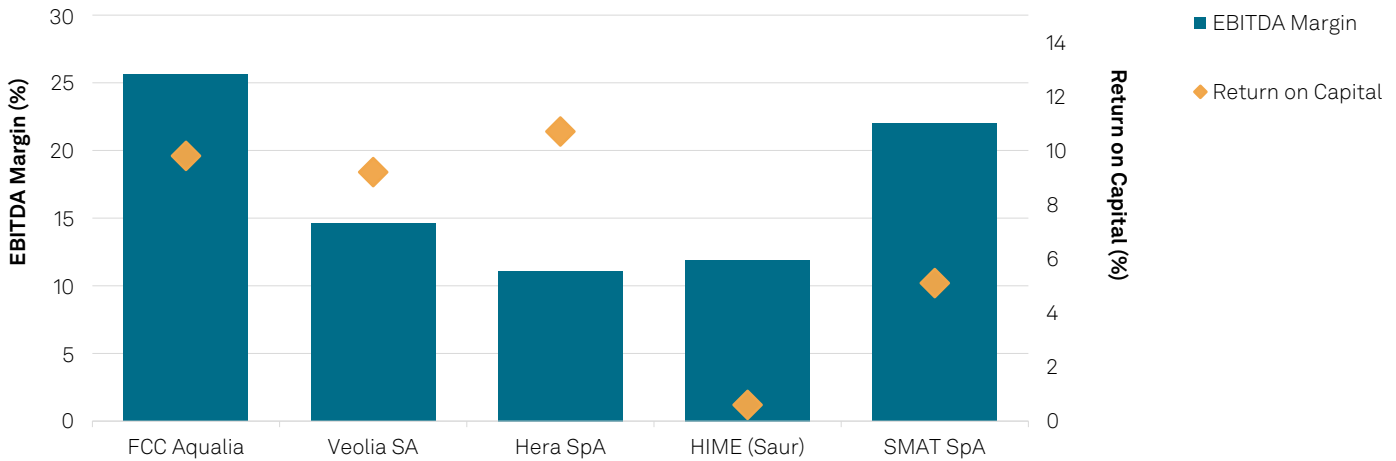
Compared with HIME (Saur), Aqualia operates a broadly similar concession-based model but benefits from larger scale and stronger profitability. It also has wider international exposure, although part of this is in higher-risk jurisdictions such as the Czech Republic, the Middle East, Africa, and Georgia. The French concession framework is relatively supportive, characterized by long contract tenors and cost-recovery mechanisms for operating expenses, although it generally does not fully compensate investments, unlike the Spanish regulatory framework.

Relative to regulated utilities in Italy, Aqualia operates within a less supportive institutional environment. Italy's regulatory framework is stronger than those in France, Spain, and Portugal, as it is overseen by independent authorities (ARERA at the national level, alongside regional bodies—EGATO) and relies on standardized tariff-setting mechanisms, which provide greater visibility and stability of returns. In contrast, Aqualia's concession-based activities are governed by contract-specific arrangements, without the benefit of a unified national regulator or standardized tariff framework.

Chart 1

**Peers Profitability**

FCC Aqualia demonstrates comparatively high profitability relative to its closest rated peers.



Source: S&P Global Ratings. Based on 2025 reported data - except SMAT SpA and Plures SpA (FY 2024)

**FCC Aqualia, S.A.--Peer Comparisons**

	FCC Aqualia S.A.	Hera SpA	Holding d'Infrastructures des Metiers de l'Environnement (HIME)	Veolia Environnement S.A.	Societa Metropolitana Acque Torino SpA
Foreign currency issuer credit rating	BBB-/Stable/--	BBB+/Stable/A-2	BB+/Stable/--	BBB/Stable/A-2	BBB+/Stable/--
Local currency issuer credit rating	BBB-/Stable/--	BBB+/Stable/A-2	BB+/Stable/--	BBB/Stable/A-2	BBB+/Stable/--
Period	Annual	Annual	Annual	Annual	Annual
Period ending	2025-12-31	2025-12-31	2025-12-31	2025-12-31	2024-12-31
Mil.	EUR	EUR	EUR	EUR	EUR
Revenue	1,790	12,812	2,350	44,396	629
EBITDA	459	1,418	279	6,465	138
Funds from operations (FFO)	369	1,103	208	5,123	123
Interest	91	160	82	896	11
Cash interest paid	80	175	66	747	9
Operating cash flow (OCF)	339	1,531	163	4,410	176
Capital expenditure	197	1,028	180	3,056	230
Free operating cash flow (FOCF)	143	503	(17)	1,354	(54)
Discretionary cash flow (DCF)	(85)	229	(17)	(389)	(62)
Cash and short-term investments	314	845	323	9,475	78
Gross available cash	314	845	323	9,483	78
Debt	1,979	4,351	1,548	24,340	397
Equity	1,045	4,400	1,056	11,349	788
EBITDA margin (%)	25.6	11.1	11.9	14.6	22.0

**FCC Aqualia, S.A.--Peer Comparisons**

Return on capital (%)	9.8	10.7	0.6	9.2	5.1
EBITDA interest coverage (x)	5.1	8.9	3.4	7.2	13.0
FFO cash interest coverage (x)	5.6	7.3	4.2	7.9	14.7
Debt/EBITDA (x)	4.3	3.1	5.6	3.8	2.9
FFO/debt (%)	18.7	25.4	13.4	21.0	31.0
OCF/debt (%)	17.2	35.2	10.5	18.1	44.3
FOCF/debt (%)	7.2	11.6	(1.1)	5.6	(13.5)
DCF/debt (%)	(4.3)	5.3	(1.1)	(1.6)	(15.5)

## Liquidity

We currently assess Aqualia’s liquidity as adequate. As of March 31, 2026, the company’s planned available cash covers cash outlays--mainly capex, debt service, and dividends--by more than 1.2x over the following 12 months. Aqualia also has good relationships with its banks.

Principal liquidity sources	Principal liquidity uses
<p>For the 12 months started March 31, 2026, include:</p> <ul style="list-style-type: none"> <li>• Our estimate of about €320 million cash and liquid investments that are fully available for use; and</li> <li>• Our forecast of about €360 million cash FFO;</li> </ul>	<p>For the same period include:</p> <ul style="list-style-type: none"> <li>• Debt maturities of about €24 million;</li> <li>• Working capital outflows of about €40 million;</li> <li>• Capex of about €300 million over the next 12 months; and</li> <li>• About €97 million in dividend payments.</li> </ul>

## Issue Ratings--Subordination Risk Analysis

### Capital structure

FCC Aqualia’s gross financial debt as of end-2025 is expected to comprise: (i) the €650 million senior secured bond issued in 2017 and maturing in 2027, which is expected to be refinanced through a new issuance of a similar amount in Q2 2027; (ii) the €500 million senior unsecured notes issued in 2025 maturing in 2032; (iii) the \$300 million 2024 five year bond issued at the Georgia-based operating subsidiary (GGU) level; and (iv) €750 million of bilateral bank green loans signed in 2025 and maturing in 2030.

### Analytical conclusions

We rate the 3.75% €500 million senior unsecured notes ‘BBB-’, in line with the long-term issuer credit rating on Aqualia. However, we note the priority debt represents a relatively high share of total debt, at about 42%. This is because the €650 million senior secured bond maturing in 2027 is contractually and the \$300 million bond at Georgia-based operating subsidiary GGU level is structurally senior to the proposed senior unsecured notes. We consider the bilateral bank green loans as ranking pari passu with the proposed notes instead. While the priority debt ratio is relatively high, it is still below the 50% limit embedded in our criteria.

**Rating Component Scores**

<b>Foreign currency issuer credit rating</b>	<b>BBB-/Stable/--</b>
<b>Local currency issuer credit rating</b>	<b>BBB-/Stable/--</b>
<b>Business risk</b>	<b>Strong</b>
Country risk	Intermediate
Industry risk	Low
Competitive position	Strong
<b>Financial risk</b>	<b>Significant</b>
Cash flow/leverage	Significant
<b>Anchor</b>	<b>bbb</b>
<b>Modifiers</b>	
Diversification/portfolio effect	Neutral (no impact)
Capital structure	Neutral (no impact)
Financial policy	Neutral (no impact)
Liquidity	Adequate (no impact)
Management and governance	Neutral (no impact)
Comparable rating analysis	Negative (-1 notch)
<b>Stand-alone credit profile</b>	<b>bbb-</b>

## Related Criteria

- [ARCHIVE | Criteria | Corporates | General: Sector-Specific Corporate Methodology](#), April 3, 2024
- [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
- [Criteria | Corporates | General: Reflecting Subordination Risk In Corporate Issue Ratings](#), March 28, 2018
- [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

## Related Research

- [Industry Credit Outlook 2025: EMEA Utilities](#), Jan. 14, 2025
- [Georgia Global Utilities Outlook Positive After Bond Issuance; 'BB-' Rating Affirmed; Off Watch Positive](#), Sept. 27, 2024

**FCC Aqualia S.A.**

- [Spanish Water Company FCC Aqualia 'BBB-' Rating Affirmed; Outlook Stable](#), Sept. 27, 2024

**Ratings Detail (as of July 01, 2026)\***

**FCC Aqualia S.A.**

Issuer Credit Rating	BBB-/Stable/--
Senior Unsecured	BBB-

**Issuer Credit Ratings History**

21-Apr-2023	BBB-/Stable/--
09-Feb-2022	BBB-/Negative/--

\*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

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