

The Current Situation of Water Supply and Business Opportunities in Pernambuco, Brazil

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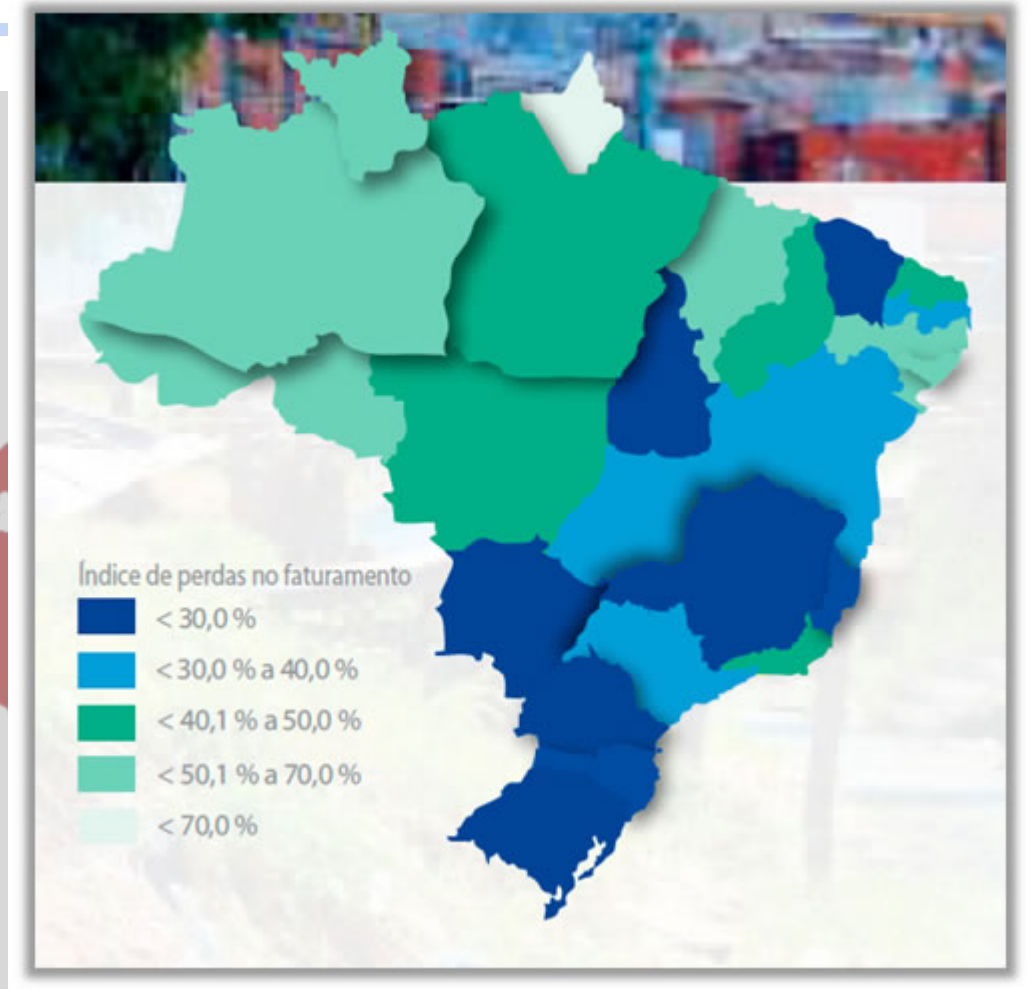
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November/2015



Brazil

Location



BRAZIL

Pernambuco State

Location

	Population	Area (km ²)
Pernambuco	9,2 millions	98.000
Japan	130 millions	378.000
Brazil	200 millions	8,5 millions



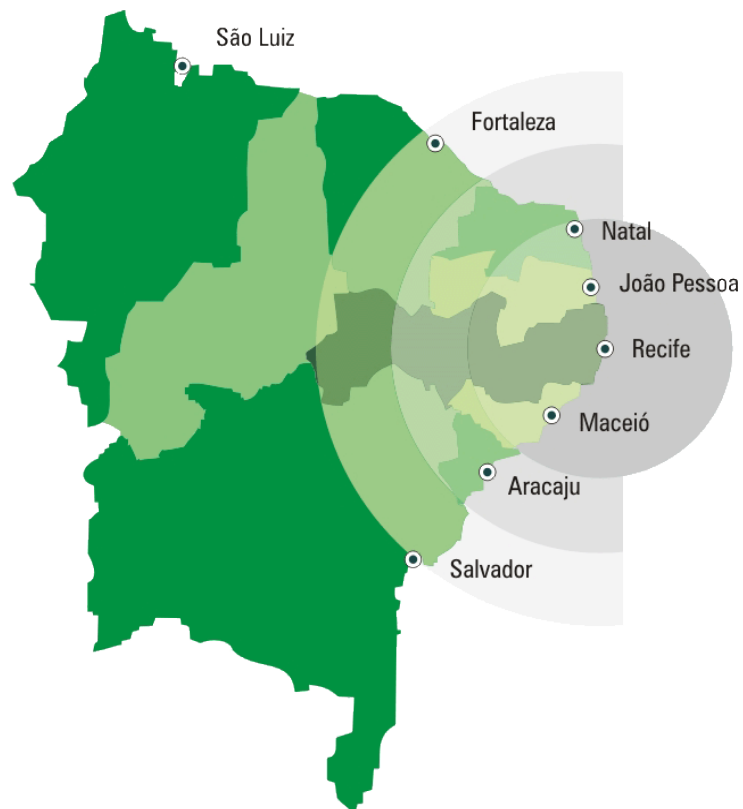
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Pernambuco State

Strategic Location



Within 700 km radius:

- 7 state capitals
- 7 Public Water Companies
- 5 international airports
- 6 international ports
- 20 million inhabitants
- 90% of Northeast GDP



Pernambuco State

Main Data

Capital

Recife

Population (2013)

9,208,550

GDP (2013)

US\$ 56,57 billion

A largest part of Pernambuco State is in semi-arid region (water scarcity).

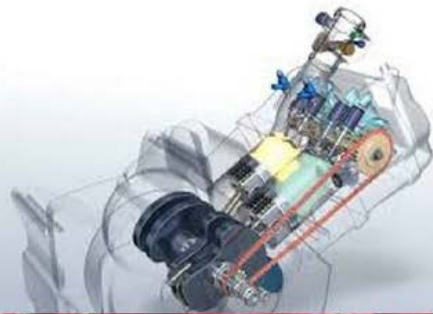
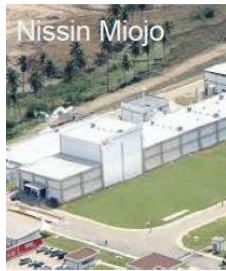


Pernambuco State

Main Data

Industria (Newly opened)

Japanese Companies in Pernambuco



Company
Brasil Kirin
Nissin Ajinomoto
Musashi
Sumitomo
Toyota
Honda
IHI Ishikawajima - Harima
Niagro
Denso



Pernambuco State

Main Data - Recife's Metropolitan Area

South Metropolitan

Water supply for surface water source

BIMBO



LANXESS

 **PEPSICO**



 ArcelorMittal

 **brf**

WHITE MARTINS



 **BR**
PETROBRAS



North Metropolitan

Water supply well

Jeep



ambev



 **NOVARTIS**



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Pernambuco State

Main Data

Financial Times Ranking

South American States of the Future 2014/15



TOP 10 MAJOR SOUTH AMERICAN STATES – INFRASTRUCTURE

RANK	STATE	COUNTRY
1	Buenos Aires Province	Argentina
2	Rio de Janeiro	Brazil
3	Metropolitana de Santiago	Chile
4	São Paulo	Brazil
5	Bahia	Brazil
6	Pará	Brazil
7	Pernambuco	Brazil
8	Rio Grande do Sul	Brazil
9	Paraná	Brazil
10	Antioquia	Colombia

Pernambuco: Great place to live.



Cultural;
Hand Craft;
Beaches;
Gastronomy;
Medical Cluster.



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Agenda

- **Getting to Know Pernambuco**
- **Getting to Know Compesa**
- **Main Ongoing Projects**
- **Future Prospects and Business Opportunities**

Getting to know Compesa

General information

- ▶ **Water Supply and Wastewater Company of Pernambuco State**
- ▶ **43 Years of Experience**
- ▶ **Headquarters: Recife/Pernambuco - Brazil**
- ▶ **Revenues in 2014: US\$ 412 million**
- ▶ **Number of employees: 3.280**
- ▶ **Number of Municipalities served: 175 of 185**



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Getting to know Compesa

General information

▶ Water Supply System:

- Dams: 194
- Surface-water catchment system: 43
- Water Treatment Stations: 211
- Pump Stations: 520
- Deep wells: 277

▶ Sewerage System:

- Wastewater treatment stations: 82
- Lift stations: 120

Getting to know Compesa

General information and challenges

Water supply

- ▶ Coverage: 97% (9 million people)
- ▶ Challenge: Guarantee hydro sustainability of water supply, mainly in Agreste Region



Wastewater

- ▶ Coverage:

30%
2015



80%*
2025



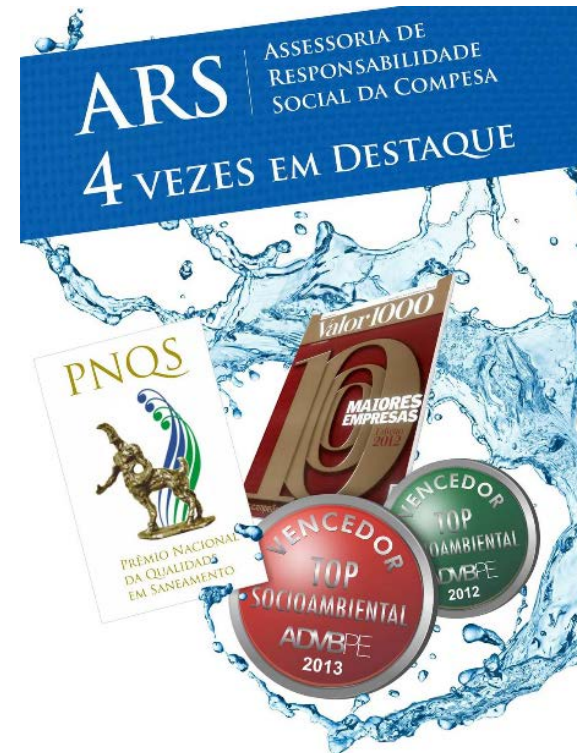
*In Recife's Metropolitan Area it will be: 90% (2025)

Getting to know Compesa

General information



Empresas do Setor Governança Corporativa	1º LUGAR
Empresas do Setor Visão de Futuro	5º LUGAR
Empresas do Setor Respons. Socioambiental	4º LUGAR
Empresas do Setor	4º LUGAR



TOP ADBV 2012
Categoria - Socioambiental
Projeto Compesa no Meu Bairro

TOP ADBV 2013
Categoria - Socioambiental
Projeto: Robô B/C

2º PNQS 2012 - Prêmio Nacional da Qualidade no Saneamento
Categoria - Inovação na Gestão do Saneamento
4º lugar no grupo Norte e Nordeste.
Projeto Compesa no Meu Bairro

Destaque na revista 1.000 Maiores Empresas do Brasil
Categoria - Responsabilidade Social



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Getting to know Compesa

General information



ISTOÉ
Dinheiro

Compesa

é eleita melhor empresa de saneamento do Brasil

Ranking foi estabelecido pela revista IstoÉ Dinheiro

A Companhia Pernambucana de Saneamento (Compesa) foi escolhida como a melhor empresa de saneamento do Brasil. O reconhecimento no ranking "As Melhores da Dinheiro 2015" foi da Revista IstoÉ Dinheiro e envolveu a análise de mais de mil empresas de diversos setores em todo o país. Nesta quinta-feira (24), o presidente da Compesa, Roberto Tavares, representou a empresa na cerimônia de premiação, que está em sua décima terceira edição, em São Paulo.

Para chegar à primeira colocação do ranking, a Compesa foi avaliada segundo seu desempenho financeiro e seus indicadores de gestão em inovação e qualidade, responsabilidade social, recursos humanos e governança corporativa. Os investimentos realizados nos últimos três anos, a existência de programas de qualificação e incentivo profissionais e de participação nos resultados, o uso de ferramentas e canais de comunicação para atendimento ao cliente e as inovações nas áreas de projetos, obras, qualidade e social pesaram para que a companhia fosse eleita a melhor do país.



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Main Ongoing Projects

YearsAgreste's water main (central Pernambuco)

- ▶ **1,300 km of integrated pipelines with a flow rate of 4,000 l/s**
- ▶ **Serving 2 million inhabitants**
- ▶ **Covering 87 municipalities and 80 villages**
- ▶ **Start of construction work: 2013**
- ▶ **End of construction work: 2018**
- ▶ **Investment: US\$ 1 billion**

Water from
San Francisco River



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Main Ongoing Projects

Public-Private Partnership for sewerage services in Recife's Metropolitan Area



Wastewater

30%

100%
in 12 years



US \$ 3 billion
Private investment: US \$ 2 billion
Public investment: 0.3 billion

Concession contract

► Object:

- To provide wastewater services
- Required investment



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Main Ongoing Projects

Structuring Projects - Wastewater



Capibaribe River Watershed

➤ US\$ 190 million

➤ Population:

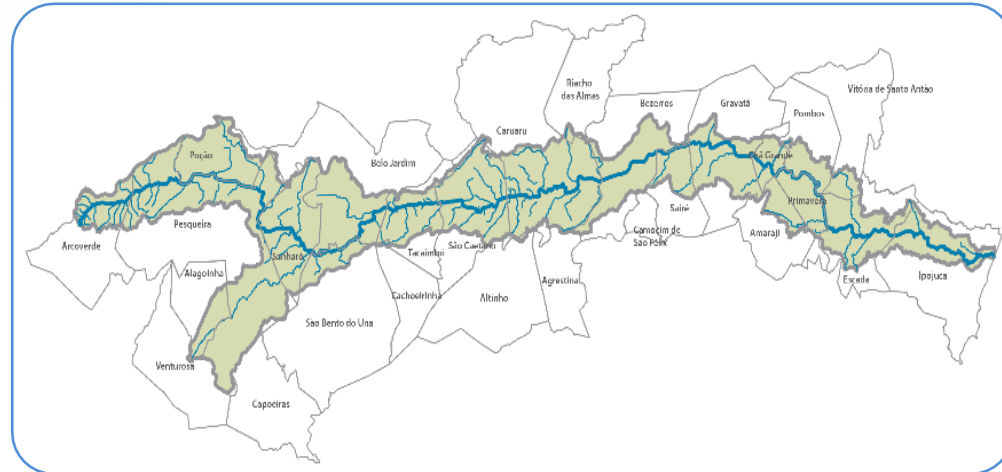
💧 1,5 million people

Ipojuca River Watershed

➤ US\$ 330 million

➤ Population:

💧 1,2 million people



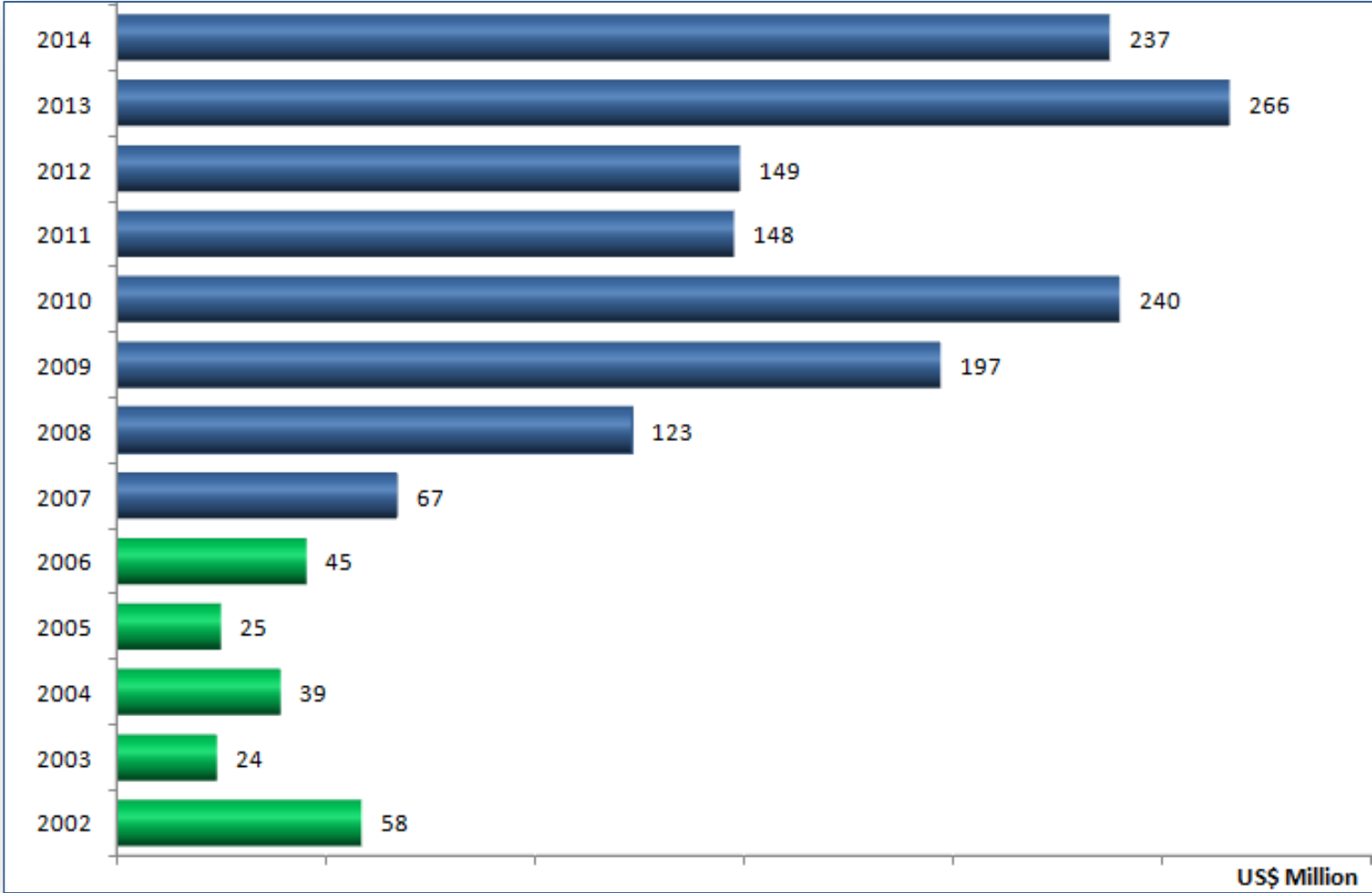
Other wastewater systems under construction in 10 cities

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Future Prospects

Investments: Past 8 years vs Coming Years



Future Prospects

Investments: Past 8 years vs Coming Years



▶ Planned investments for the next 8 years:

- ▶ Agreste's water project: US\$ 772 million
- ▶ PPP (Recife's Metropolitan Area): US\$ 1 billion
- ▶ Other Projects: US\$ 1,2 billion

Total: US\$ 3 billion



Business Opportunities

Recife's Metropolitan Area

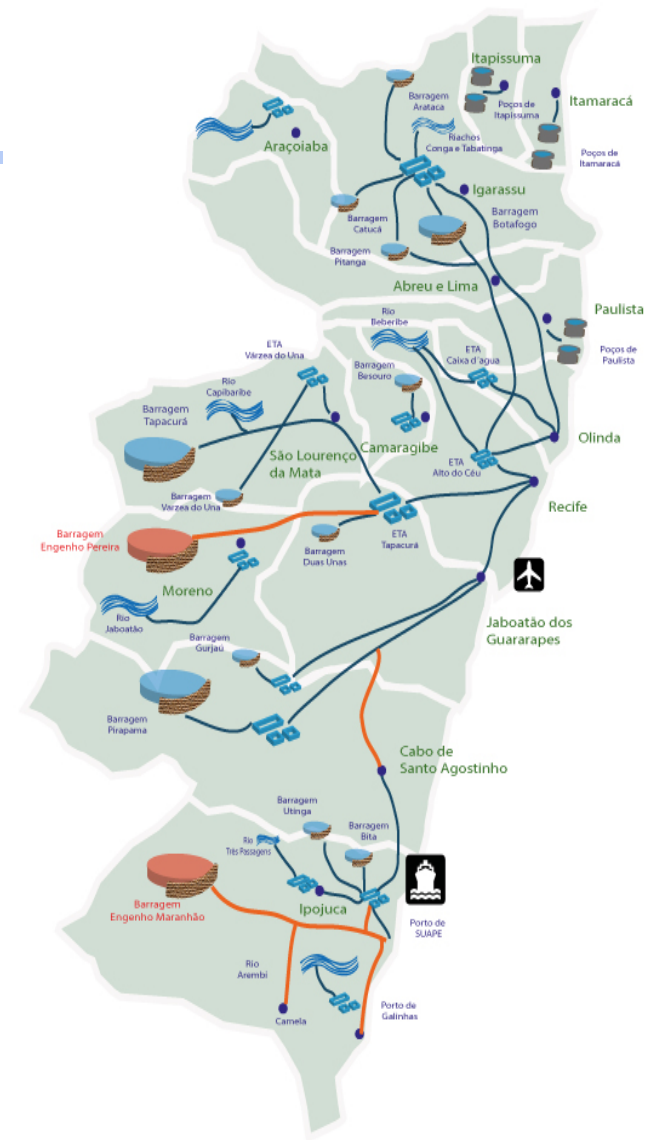
US\$ 500 million for 5 years

Integration of Water Supply Systems

Water Sustainability assurance

Expansion of the Water supply for the Population

Elimination of shortage of supply



Business Opportunities

Recife's Metropolitan Area



Water Losses

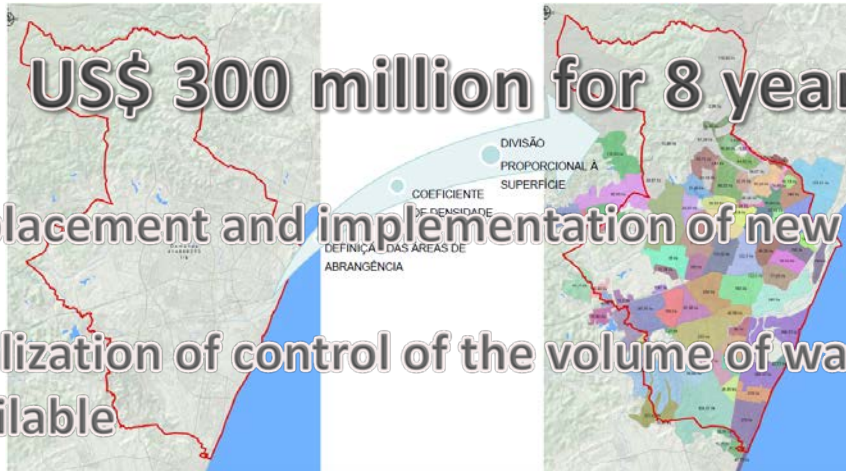
40%

15%
in 10 years

US\$ 300 million for 8 years

Replacement and implementation of new pipes

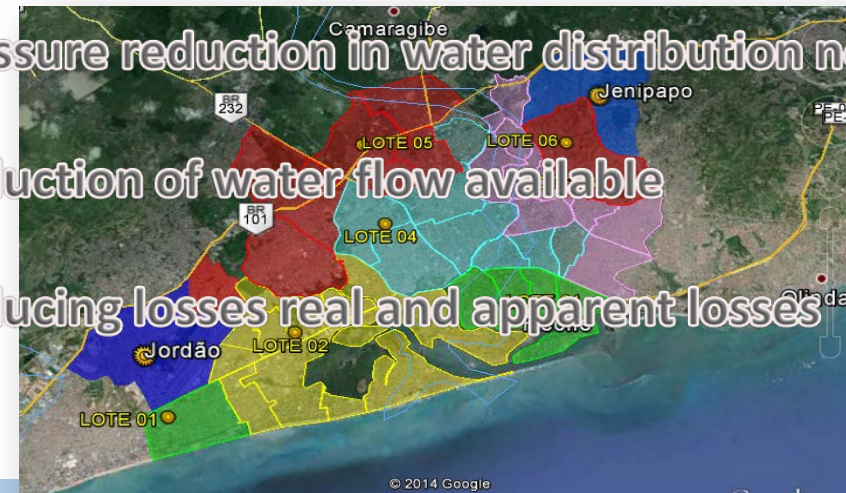
Realization of control of the volume of water available



Pressure reduction in water distribution network

Reduction of water flow available

Reducing losses real and apparent losses



Business Opportunities

The SUAPE Complex - Expansion of the water supply

The Suape Complex (port and industries)



Suape Port has 13.500 hectares including industrial and service zones and 59% of Environmental Preservation Area;

Over 110 installed enterprises;

R\$ 2,0 billion public investments between 2011 and 2014

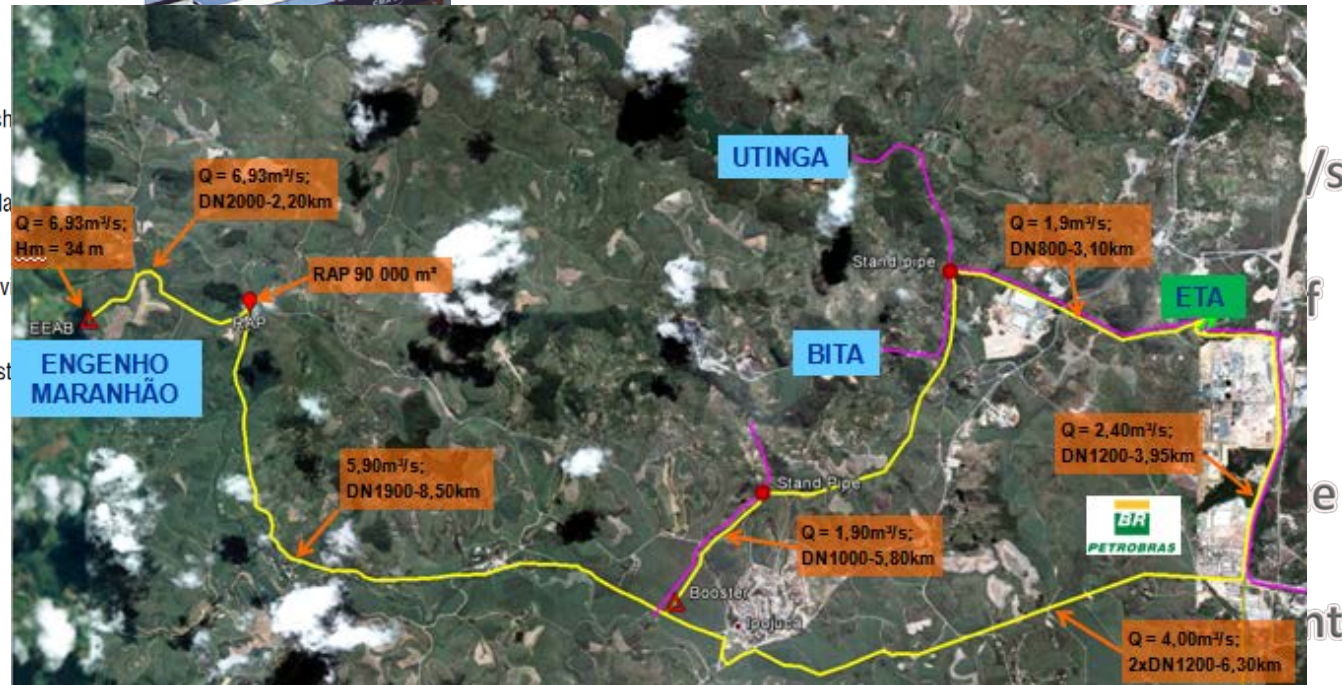
Operational depth: from 15,5 to 20,0 meters (Outer Port); shallows and minimum silt up;

Distance: 7 days to U.S.A East Coast and 9 days to Rotterdam (Netherlands);

Port Authority Building offers services to speed up port services and make them more efficient

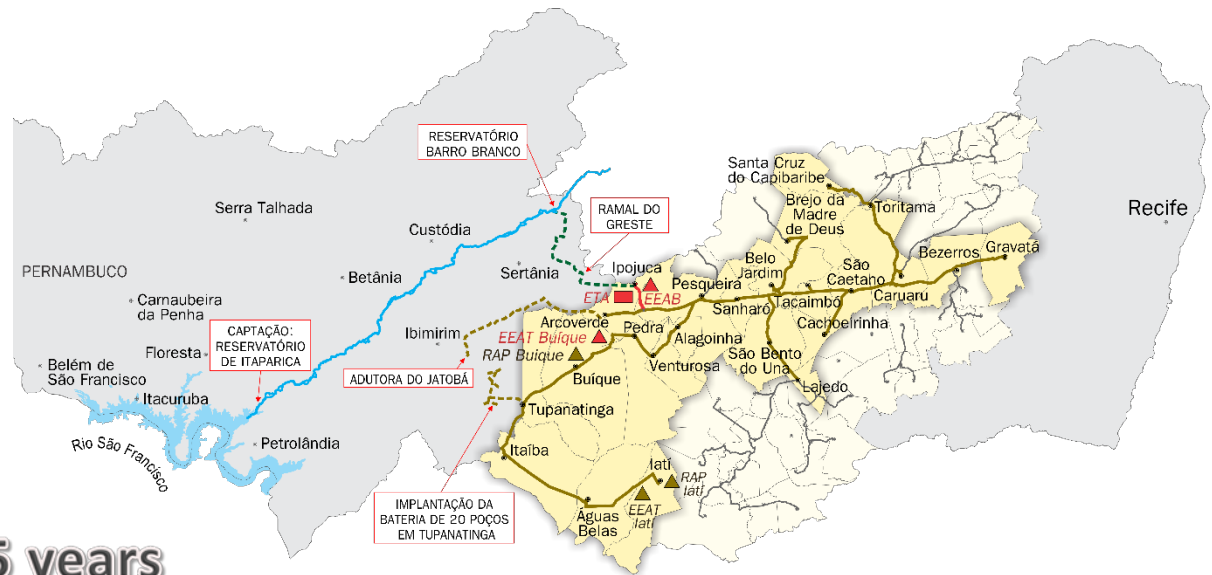
Areas destined for terminals, logistics, services and industrial operations.

US\$ 200 million for 5



Business Opportunities

Agreste



US\$ 700 million for 5 years

Water Sustainability assurance

Expansion of the Water supply for the Population

Elimination of shortage of supply





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Thank You

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