



AGUAS ANDINAS
Corporate Bond Issuance
Series AB, AC, AD – UP TO UF 4,000,000

April 2018

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The information contained in this publication is a brief description of the characteristics of the issuance and the issuing entity, not all of the information required to make an investment decision. More information is available at the headquarters of the issuing entity, in the offices of the placement brokers and in the Commission for the Financial Market.

Mr. investor:

Before making your investment, you must fully inform yourself of the financial situation of the issuing company and must evaluate the convenience of acquiring these securities bearing in mind that the only party responsible for the payment of the documents are the issuer and those who are bound to them.

The intermediary must provide the investor with the information contained in the Prospectus submitted on the occasion of the request for registration to the Securities Registry, before he makes his investment.

This document has been prepared by Aguas Andinas S.A. (the "Company"), together with BBVA Asesorías Financieras S.A. (the "Advisor"), for the purpose of providing general background information about the Company and the issue of Bonds.

In the preparation of this document, information provided by the Company itself and public information has been used, in which respect the Advisors are not under the obligation of verifying its accuracy or integrity, for which reason it does not assume any responsibility in this regard.

OUR COMPANY



AGUAS ANDINAS



Chile's largest water utility company



100% coverage in potable water and sewage treatment



2,259,245 clients
Representing 43% of the industry's clients

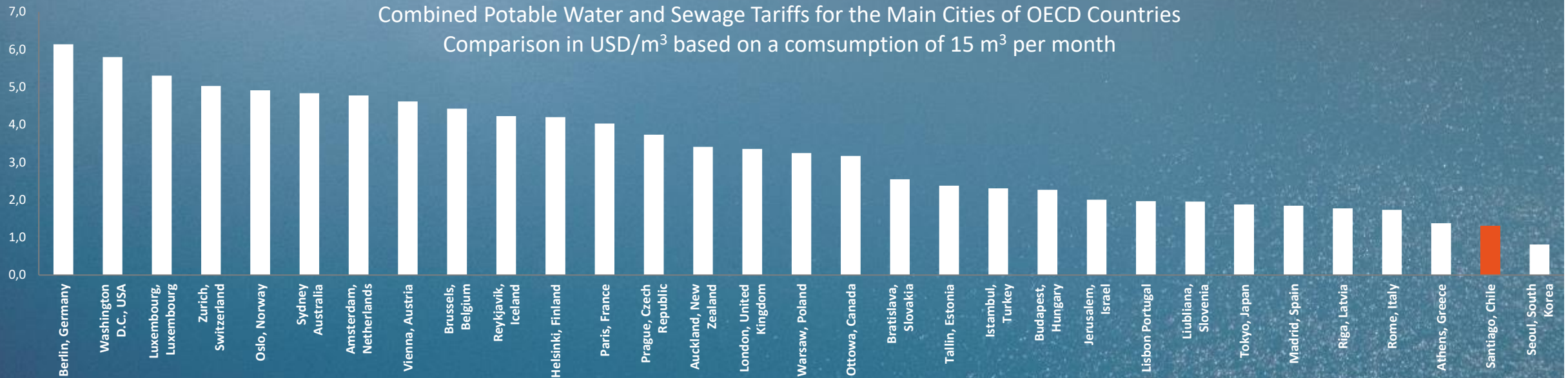


50% of the industry's potable water (m³) billing



One of the lowest tariffs in Chile and in OECD nations

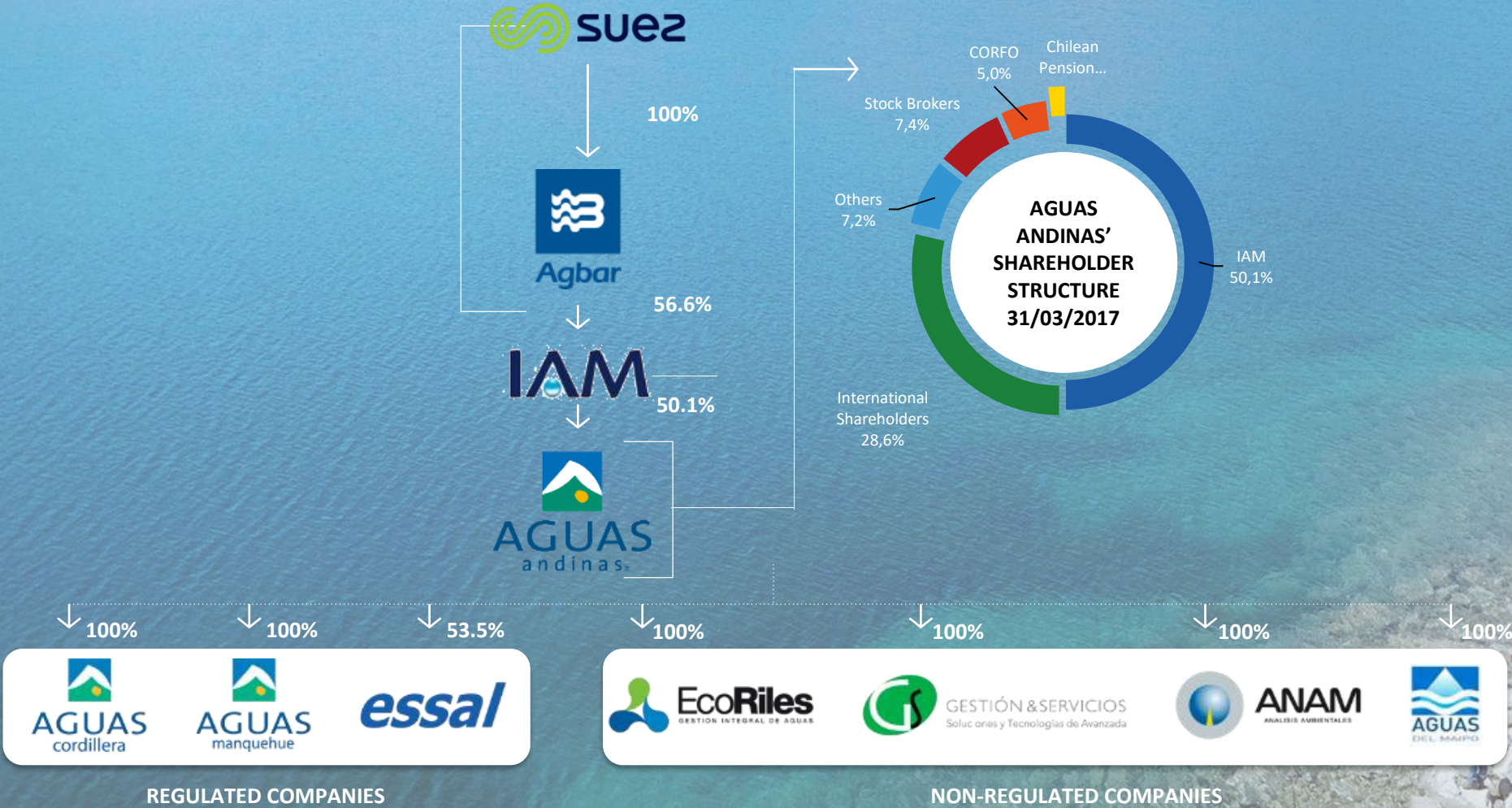
Combined Potable Water and Sewage Tariffs for the Main Cities of OECD Countries
Comparison in USD/m³ based on a consumption of 15 m³ per month



Note: In the cases of Australia, New Zealand and Switzerland, the cities considered are Sydney, Auckland and Zurich respectively.

Source: Global Water Intelligence Water Tariff Survey 2017, Suez, SISS 2016 Management Report

CORPORATE STRUCTURE



HIGH PRODUCTIVITY AND QUALITY OF SERVICE STANDARDS

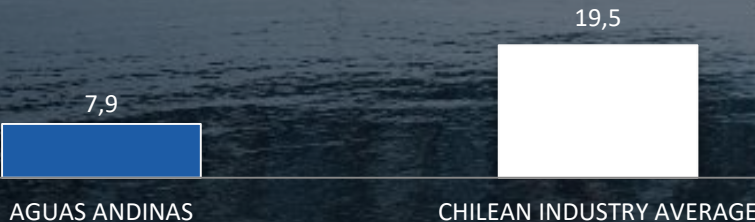
CLIENTS/EMPLOYEES



BILLING/EMPLOYEE
THOUSANDS OF M³



BREAKAGES X 100 KMS.



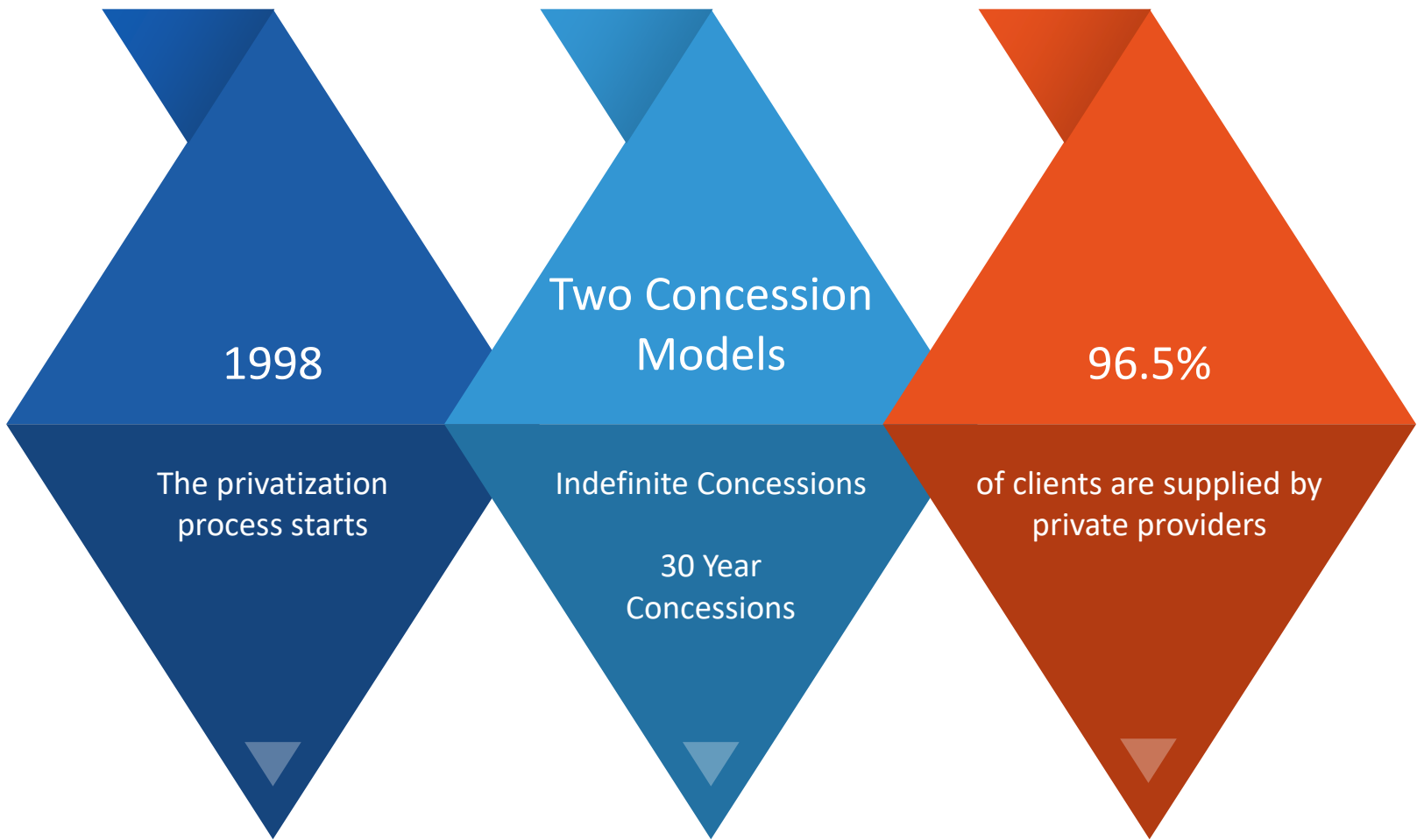
BREAKAGES X 1,000 CLIENTS



OUR INDUSTRY AND REGULATORY FRAMEWORK

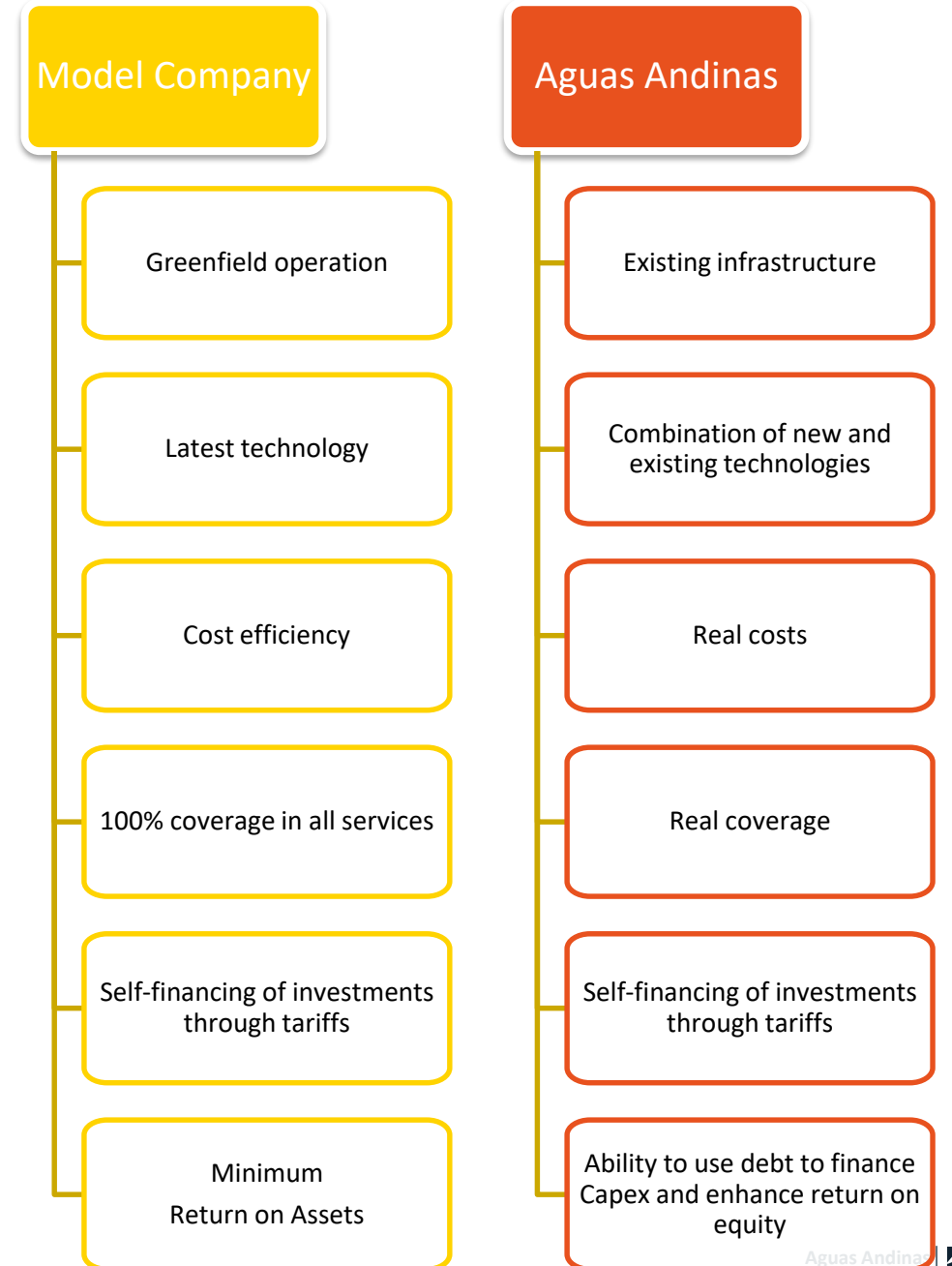


CHILEAN WATER UTILITY INDUSTRY

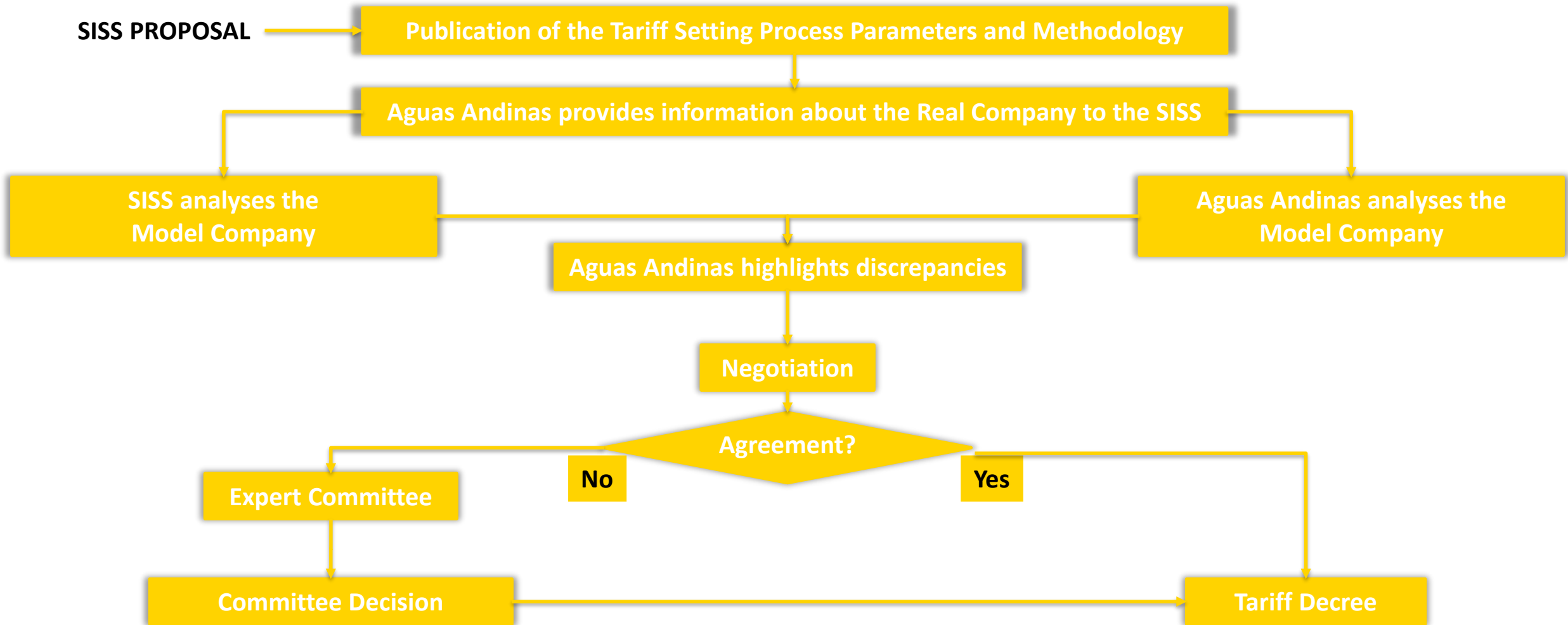


HIGHLY REGULATED INDUSTRY

- Technical regulatory framework defined by law
- Superintendence of Sanitation Services (SISS) acts as the regulator counterpart in the tariff setting process, which lasts for 1 year approximately
- Tariffs are reset every five years, based on an unbiased and technical model:
 - Based on the long term total cost of a model company
 - Discrepancies are solved by an independent experts committee
 - Minimum real return on assets of 7% after taxes
 - Automatic interim adjustments linked to polynomials
- Government subsidies for low-income clients
- The regulatory framework of the Chilean water industry has been fundamental to the development of the sector



STAGES OF THE TARIFF NEGOTIATION PROCESS



REGULATORY RISK: PROJECT OF LAW 10.795-33

- In December 2016, the Chamber of Deputies approved the Project of Law Bulletin N° 10795-33 which intends to modify the legislation which applies to public sanitation services in regards to:
 - non-regulated services,
 - the tariff-setting process and
 - the fulfillment of development plans by service providers.
- This initiative has been submitted to the Senate in its second legislative instance and is currently in the Commission of Public Works.
- Sessions of the Commission of Public Works:

January 4th 2017

Commission of Public Works requests constitutionality report from the Secretary General of the President (Segpres)

May 3rd 2017

Comission of Public Works receives the reports from the MOP and Segpres

March 1st 2017

Commission of Public Works requests formal report from the Ministry of Public Works (MOP) stating its opinión on the Project of Law

April 2018

No updates

REGULATORY RISK: PROJECT OF LAW 10.795-33

Conclusions from the Constitutionality Report from the SEGPRES

- *“...In short, we are dealing with a bill that transgresses the rules on the formation of the law, the framework of which has been established by the Constitution and the National Congress, which should never have been dealt with in the Chamber of Deputies and which, given its current state of progress, warrants the rejection of the Senate, given its inadmissibility”*
- Three main reasons determining the unconstitutionality of the articles in the project of law:
 - The modifications included in December surpass the foundations of the initiative and are inadmissible
 - The executive branch of government is the only entity that can pass laws that affect the Government's budgets
 - The executive branch of government is the only entity that can pass laws that can determine the role of public entities

Conclusions from the MOP's Report

- The Ministry of Public Works **does not sponsor**:
 - The elimination of the current cost of capital rate
 - The decrease of the risk premium
 - The change to the composition and functioning of the Committee of Experts.
- The Ministry of Public Works provides **improvement recommendations** on:
 - The calculations of the costs and variables included in the non-regulated businesses discount
 - The public participation aspect of tariff setting processes
 - The incorporation of territories to concession areas
 - The compensations provided to consumers due to water cuts
 - The elimination of the charge for cut and replenishing of service
 - Increasing the faculties of the SISS to require information
 - Modernizing the sanctions system

SERNAC STRENGTHENING LAW – BULLETIN Nº 9369-03

Largest Changes for the Water Utilities Sector

Fines

- The suspension, paralysis or non-provision without justification of the basic services of potable water and sewerage will be sanctioned with a fine of up to 1,500 UTM
- The Court may apply a fine for each consumer (up to 1,500 UTM).
- The multiplicity of fines will not proceed when the company has fully and effectively repaired the damage caused to all affected consumers. In this case, only a lump sum, no more than 30% of the sales during the suspension or double the economic benefit will be charged. With all, the fine may not exceed 45,000 UTA.

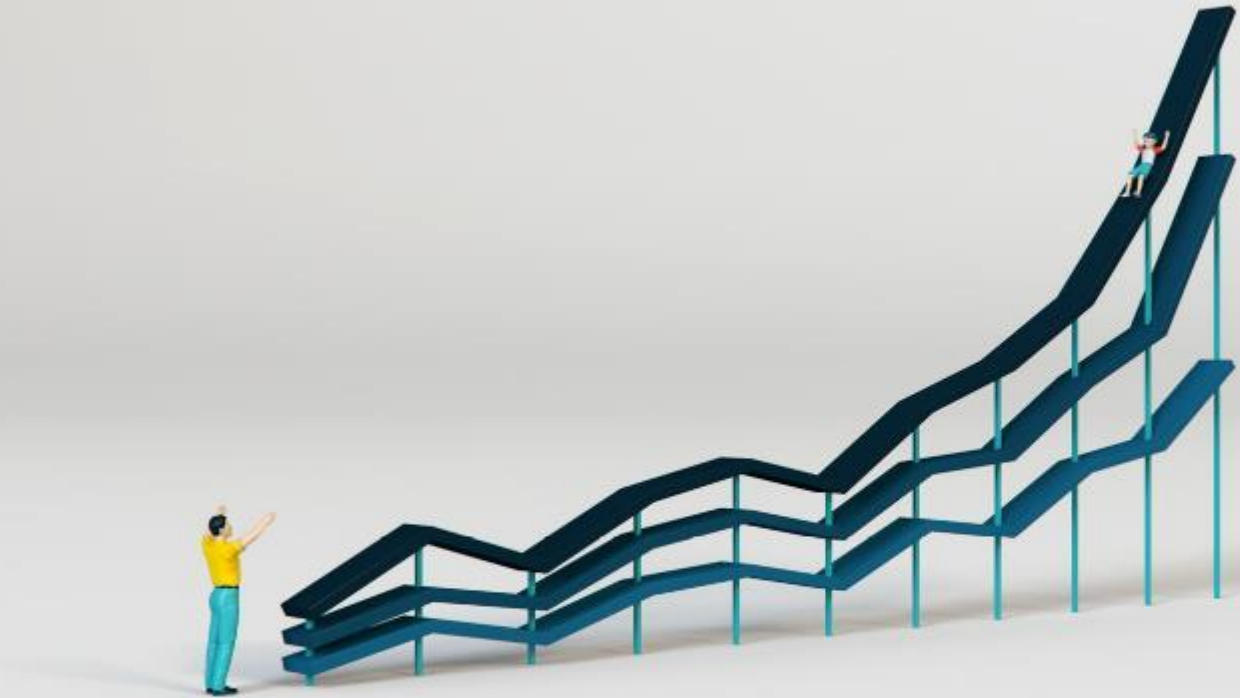
Minimum Compensation

- Direct and automatic compensation for each affected consumer/client
- For each water cut day = amount equivalent to the average daily value of the previous account x 10.
- 1 day water cut = 4 continuous hours or more within a period of 24 hours from the start of the event. In all other cases, proportionality applies.
- It only applies if the industry's specific law does not provide for compensation of this nature.

Moral Damage in Class Action Lawsuits

- Moral damage is incorporated in collective lawsuits
- The judge may establish a common minimum amount. Those consumers who do not agree may request the difference in a later trial.
- The common minimum amount may be proposed by the supplier, which may be differentiated by groups or subgroups of consumers.

INVESTMENTS



FOCUSING OUR INVESTMENTS ON OUR STRATEGIC PILLARS IN LINE WITH OUR 2017 – 2022 PLAN

1. BUSINESS MODEL

2. RESILIENCE

3. DIGITALIZATION

4. CIRCULAR ECONOMY

5. SOCIAL LEGITIMACY

6. INNOVATION AND PEOPLE

7. WATER AND QUALITY OF LIFE

RESILIENCE: INVESTMENTS IN ORDER TO MANAGE TURBIDITY EVENTS

Increase the autonomy to 32 hours



PHASE 1

- Phase finished in 2014 increasing autonomy from 4 to 9 hours



PHASE II

- Pirque Tank construction
- Triple autonomy from 11 to 32 hours



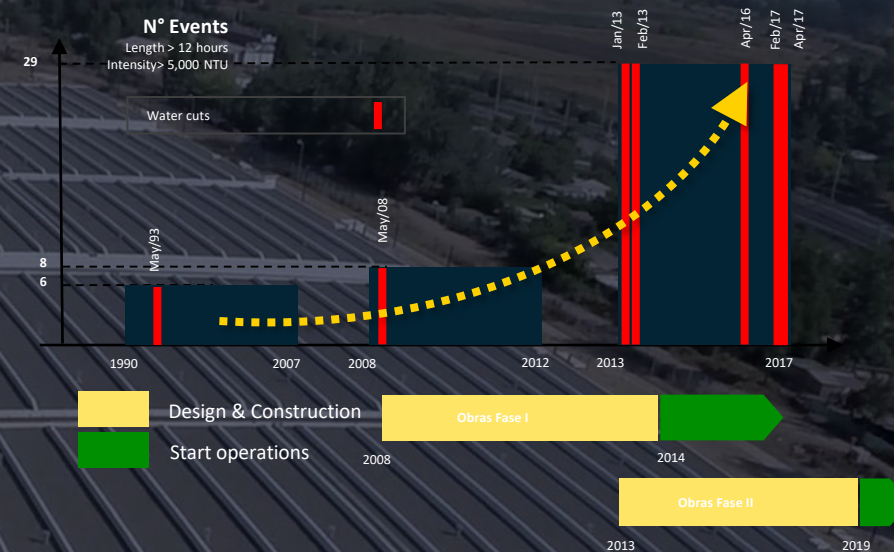
EMERGENCY WORKS

- Increased autonomy from 9 to 11 hours



PHASE 3 ALTERNATIVES III

- Different alternatives in order to reach 48 hours of autonomy



RESILIENCE: INCREASE PRODUCTION CAPACITY

INCREASE SUPERFICIAL PRODUCTION

PWTP P. Hurtado-La Florida-Chamisero

INCREASE UNDERGROUND PRODUCTION

Wells in Gran Santiago and Localities

RESILIENCE: DECREASE THE NUMBER OF CLIENTS AFFECTED BY WATER CUTS

PREVENTING RENEWAL OF DISTRIBUTION NETWORKS

OPERATIONAL ASSET PREVENTATIVE RENEWAL

**MANAGEMENT OF THE
DISTRIBUTION NETWORK,
PRESSURE MANAGEMENT, LEAK
DETECTION ARE REPARATION**

**NETWORK REPARATION IN THE
NETWORK WITHOUT WATER
SUPPLY CUTS**

CIRCULAR ECONOMY: HYDRAULIC PERFORMANCE OF THE DISTRIBUTION NETWORK

Decrease Water Losses by 10%

HYDRAULIC EFFICIENCY PLAN

OPERATION CONTROL CENTER

MOVE FROM MANAGING RUPTURES
TO MANAGING LEAKS

*Recover more than 70
millón cubic meters per
year which are
currently being lost in
the network.*

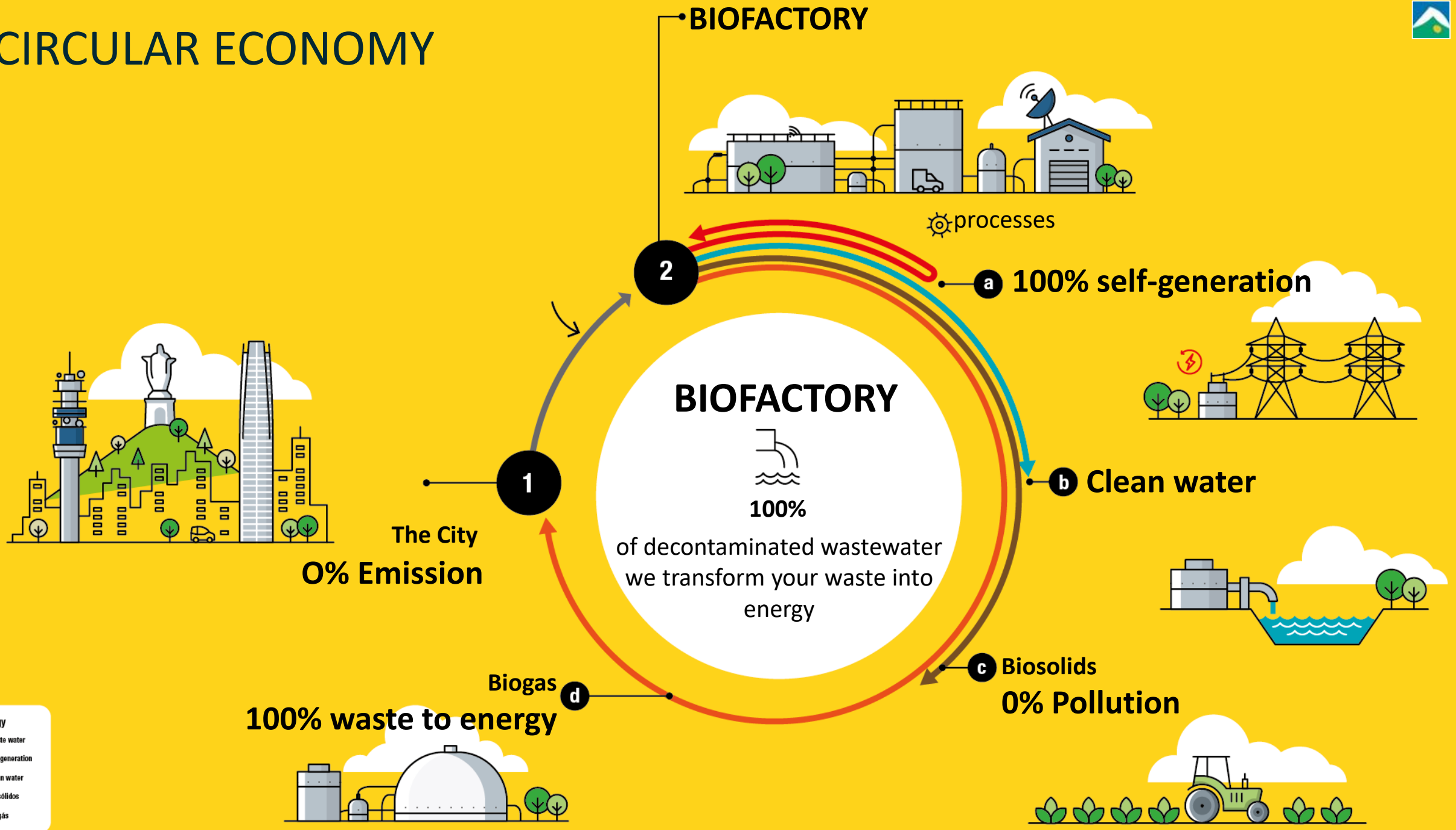
DIGITALIZATION: TELECONTROL 100% OF OUR PRODUCTIVE INSTALLATIONS

RENEWAL AND EXPANSION OF
TELECONTROL

IMPLEMENTATION OF CCO 2.0

TELEMETERING FOR LARGE
CONSUMERS AND GREEN
AREAS

CIRCULAR ECONOMY



FINANCIAL PERFORMANCE



FINANCIAL PERFORMANCE AS OF DECEMBER 31 2017

Numbers in millions of CLP

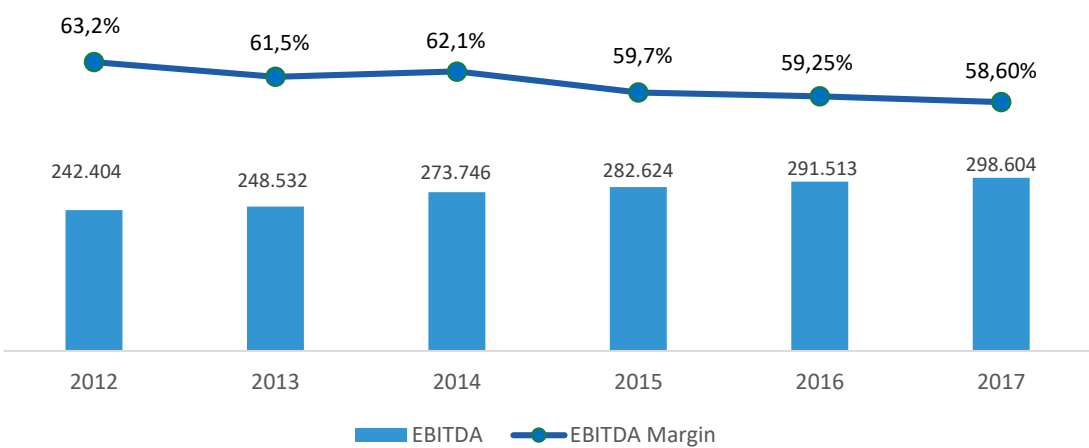


Revenue CAGR of 5.9% and EBITDA CAGR of 4.3% over the 2012-2017 period

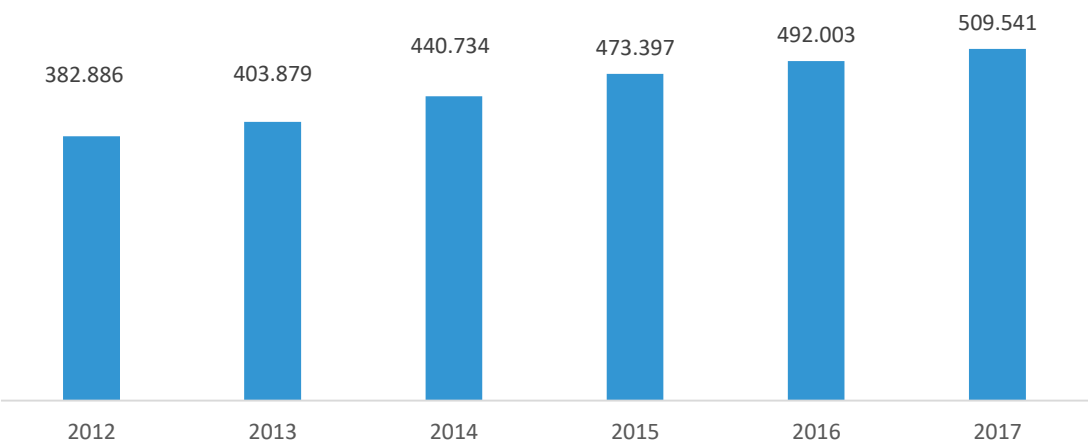


2016-2017 Growth: +3.5% revenues & +2.4% EBITDA

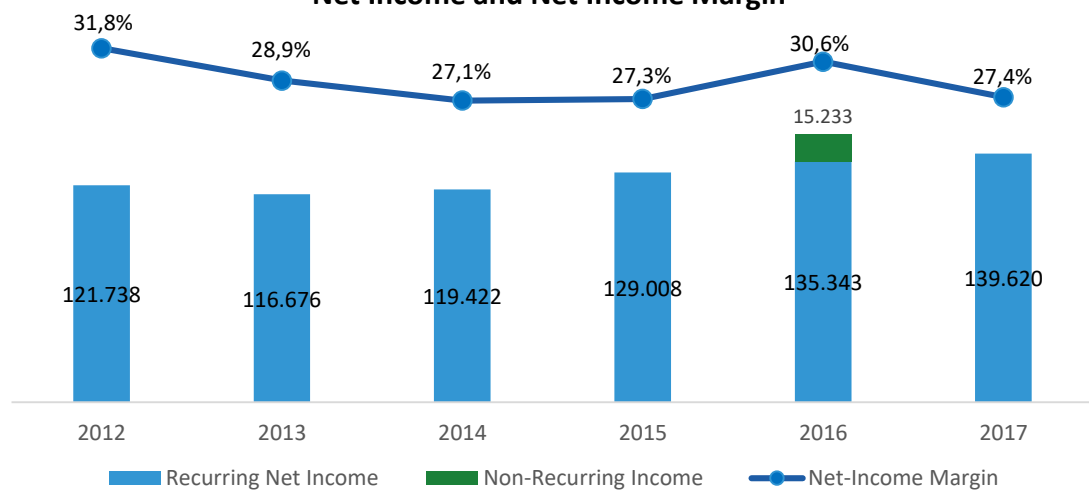
EBITDA & EBITDA Margin



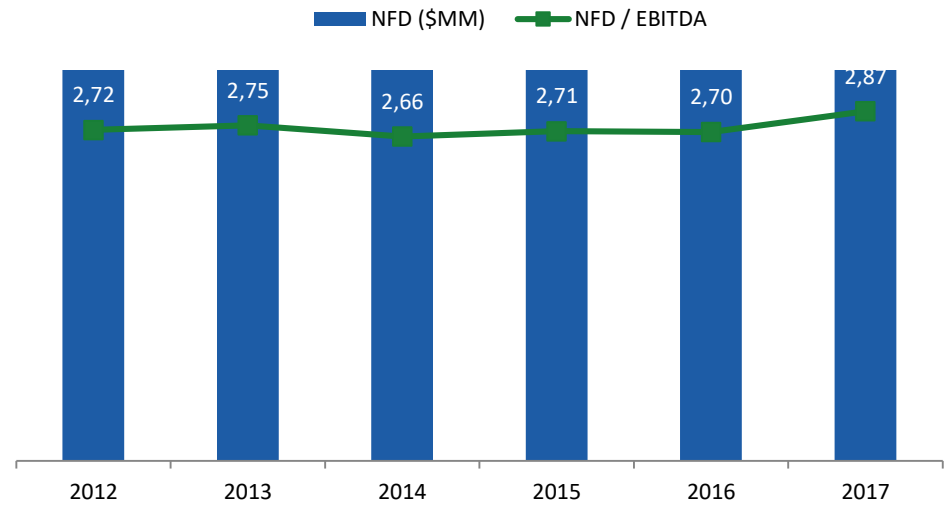
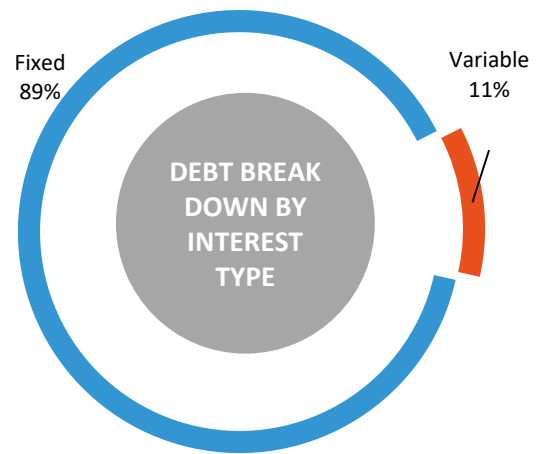
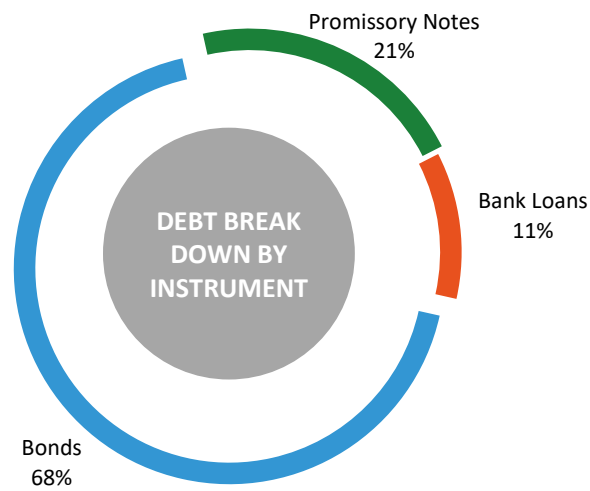
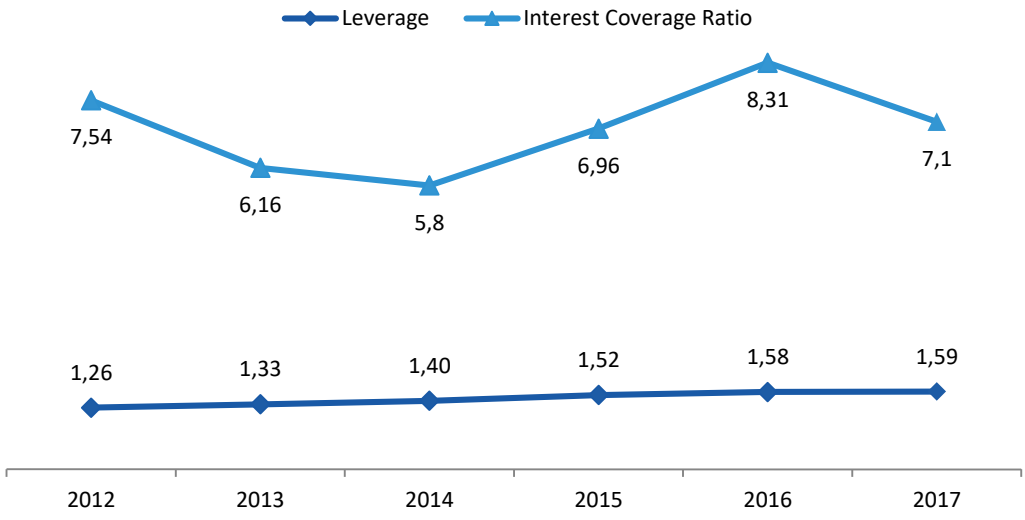
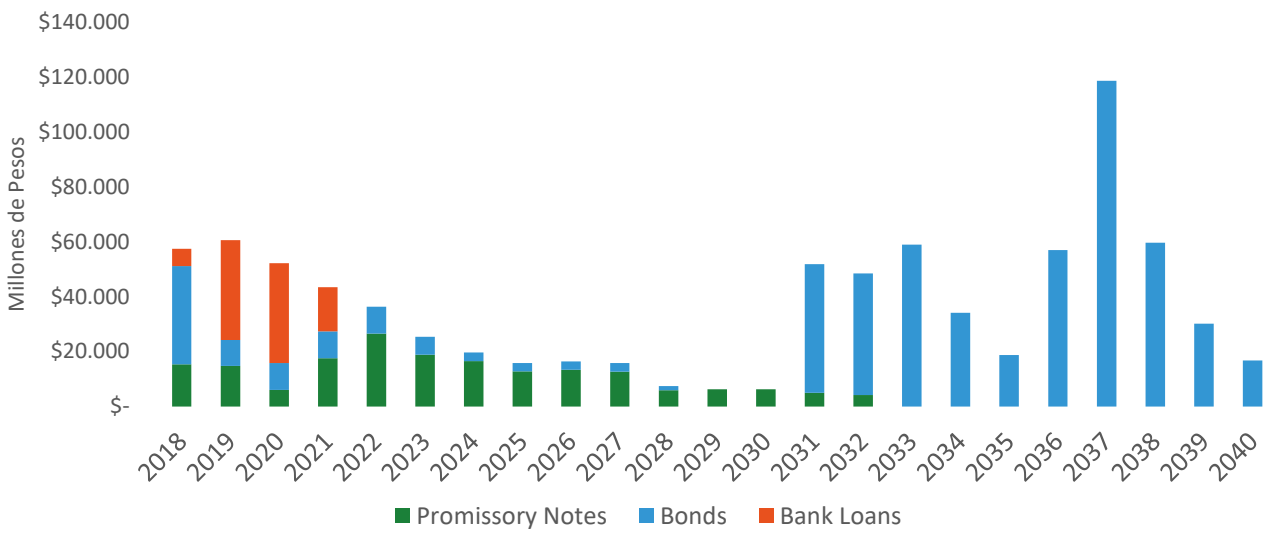
Revenues



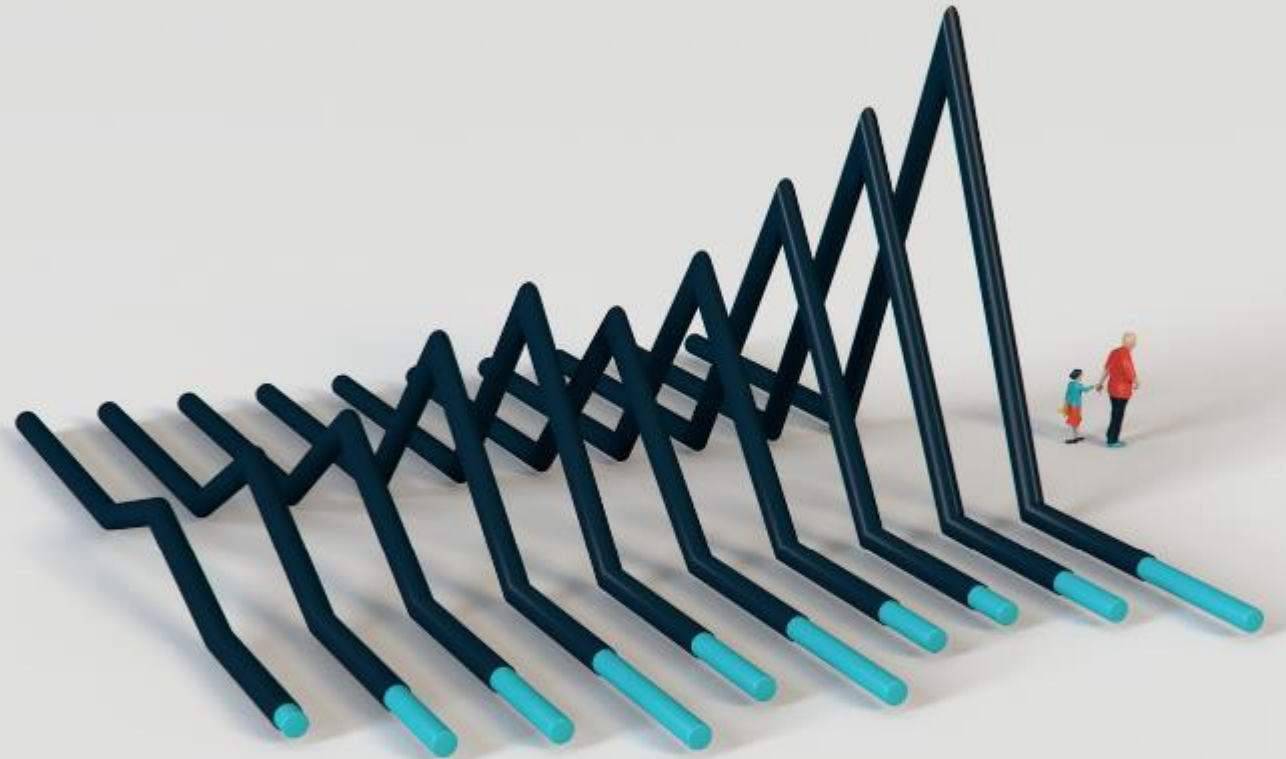
Net Income and Net Income Margin



DEBT STRUCTURE AS OF DECEMBER 31 2017



THE ISSUANCE



THE ISSUANCE

Issuer	Aguas Andinas S.A.		
Maximum Amount to Issue	Bond Issuance for a maximum amount of up to UF 4,000,000		
Risk Rating	AA+ / AA+ (Fitch / ICR)		
Modality	Best Efforts		
Series	Serie AB	Serie AC	Serie AD
Mnemonic Code	BAGUA-AB	BAGUA-AC	BAGUA-AD
Currency / Reajustability	CLP	UF	UF
Maximum Amount Per Serie	CLP 107,600,000,000	UF 4,000,000	UF 4,000,000
Use of Funds	Liability Refinancing 48% / Investment Plan Financing 52%		
Term	7 years	7 years	25 years
Structure	Amortizing	Amortizing	Amortizing
Grace Period	3 years	3 years	23 years
Cupon Rate	4.80%	1.80%	2.80%
Interest Payment	Semiannual	Semiannual	Semiannual
Interest accrual start date	15-03-2018	15-03-2018	15-03-2018
Maturity Date	15-03-2025	15-03-2025	15-03-2043
Pre-Payment Start Date	15-03-2021	15-03-2021	15-03-2023
Pre-Payment Conditions	Greater value between Par Value and Benchmark + 70 pbs		
Nominal Value of Each Bond	\$ 10,000,000	UF 500	UF 500
Number of Bonds	10,760	8,000	8,000
Main Guarantees	Leverage=< 1,5 times		
	Keep Essential Assets: Public Service Concessions for Potable Water Production and Distribution, Sewage Collection, and Treatment for Gran Santiago		
	Negative Pledge, Cross default & Cross Acceleration		

CALENDAR

April 2018

M	T	W	T	F
2	3	4	5	6
9	10	11	12	13
16	17	18	19	20
23	24	25	26	27
30				

- Road Show
- Order Book
- Auction

CONTACT DETAILS



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**The future is
built, starting
today.**