

AGUAS ANDINAS S.A. ANNOUNCES RESULTS FOR THE FIRST NINE MONTHS OF 2012

(Santiago - Chile, November 28, 2012) Aguas Andinas S.A., the lead sanitation company in Chile, reports consolidated results⁽¹⁾ according to IFRS for the period ended September 30, 2012.

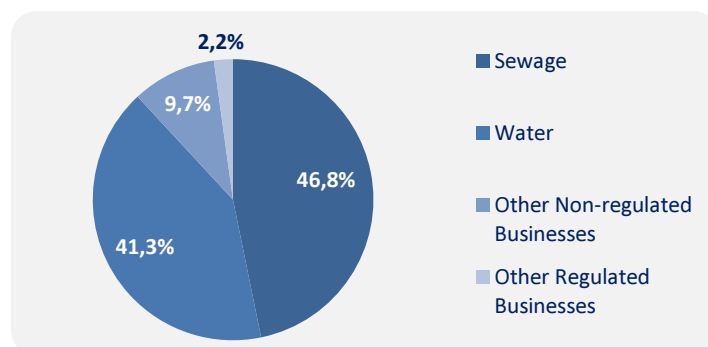
HIGHLIGHTS

- Revenues for the first nine months of 2012 increased 6.9% to Ch\$278,688 compared with the Ch\$260,757 registered in the same period of 2011. This increase is due to higher sales volumes and an increase in average tariffs compared to the same period of 2011.
- Consolidated EBITDA for the period amounted to Ch\$173,337, an increase of 7.9% compared to the Ch\$160,644 recorded in the same period of the previous year. This improved EBITDA can be attributed to an increase in revenue that was partially offset by a rise in costs of raw materials associated with measures taken to mitigate the impact of the drought and other overhead costs.
- The financial result as of September 30, 2012 was Ch\$(17,492), compared to the Ch\$(27,589) in the same period of the previous year. This difference is due mainly to the lower revaluation of debt issued in UF⁽²⁾.
- Earnings for the first nine months of 2012 reached Ch\$88,523, 14.5% higher than the same period of the previous year.

Principal Consolidated Figures (Millions of Ch\$)

	Sep. 12	Sep. 11	% Var
Revenues	278,688	260,757	6.9%
Operating Income (EBIT)	133,366	120,359	10.8%
EBITDA	173,337	160,644	7.9%
EBITDA Margin	62.2%	61.6%	
Net Income	88,523	77,336	14.5%

Revenue by Business



(1) All figures are in millions of Chilean pesos, unless otherwise stated. The consolidated financial statements of Aguas Andinas S.A. include the subsidiaries Aguas Cordillera S.A., Aguas Manquehue S.A., ESSAL S.A., EcoRiles, ANAM and Gestión y Servicios.

(2) The UF is an inflation-indexed, peso-denominated unit that is linked to, and adjusted daily to reflect changes in, the previous month's Chilean consumer price index.

MATERIAL EVENTS

- On January 12, 2012, Aguas Andinas issued UF 1.65 million in single bond series, Series Q, on the Chilean market. The bond has a bullet term of 20.5 years and an effective interest rate of 3.92%, corresponding to a spread of 115 bps. The funds raised will be used to finance investments for both the company and its subsidiaries.
- In April 2012, the Supreme Court notified Aguas Andinas of the court's final ruling in the Pudahuel-La Farfana case. The company was instructed to pay damages of Ch\$2 million to each of the 534 residents of Pudahuel named in the suit for odors stemming from the La Farfana's Sewage Treatment Plant between 2003 and 2005. On April 26, Ch\$1,068 million was deposited with the court.
- On April 17, 2012, the board of directors approved the distribution of Ch\$77,222,258,000, or Ch\$12.62 per share, as a final dividend. The dividend was paid on May 23, 2012.
- On April 19, 2012, Aguas Andinas issued UF 3.3 million (US\$153 million) of series R and S bonds in the Chilean market. The Series R bond (UF 1 million) has a term of 7 years and an effective rate of 3.50%, corresponding to a spread of 106 bps; while the Series S bond (UF 2.3 million) has a term of 23 years and effective rate of 3.89%, corresponding to a spread of 110 bps.
- On May 4, 2012, the State Development Corporation (CORFO) sold 387,676,815 shares, representing approximately 40.46%, of Empresa de Servicios Sanitarios de Los Lagos (ESSAL), leaving CORFO with a 5% holding. On June 20, ESSAL held an extraordinary shareholders meeting to renew the board of directors.
- On July 31, 2012, Victor de la Barra Fuenzalida, Chief Executive Officer of Aguas Andinas left his position for personal reasons. The board of directors appointed Jesús García García as the new CEO.

SUBSEQUENT EVENTS

- On October 23, 2012, the Company reported to the SVS that the Board of Directors of the Company, meeting in an ordinary session on that day, agreed to pay and distributed an interim dividend of Ch\$35,456,343,620, or Ch\$5.7945 per share, to be charged to profits for the 2012 fiscal year. This interim dividend is dividend number 55 and was paid on November 13, 2012.
- On November 26, 2012, Aguas Cordillera S.A. reported to the SVS that the Board of Directors of the Company, meeting in an ordinary session on that day, agreed to pay and distributed an interim dividend of Ch\$6,000,001,392, or Ch\$119,696 per share, to be charged to profits for the 2012 fiscal year. This interim dividend is dividend number 12 and will be paid on December 14, 2012.

The management of the company and subsidiaries is unaware of any other relevant subsequent events as of the date of issue of this report.

INCOME STATEMENT

	Sep. 12 MM\$	Sep. 11 MM\$	% Var.
Revenues	278,688	260,757	6.9%
Operating Costs & Expenses	(145,322)	(140,398)	3.5%
Operating Income (EBIT)	133,366	120,359	10.8%
EBITDA ⁽¹⁾	173,337	160,644	7.9%
Financial Expenses	(16,656)	(20,139)	(17.3%)
Financial Result ⁽²⁾	(17,492)	(27,589)	(36.6%)
Net Income	88,523	77,336	14.5%

(1) Operating revenues + Operating Costs & Expenses + Personnel expenses + Other expenses (by nature)

(2) Includes financial income, financial expenses, exchange differences and results of indexation units.

Revenue

Operating revenues as of September 30, 2012, reached Ch\$278,688, Ch\$17,931 (6.9%) more than in the same period of the previous year.

By business line, operating revenues for the period are as follows:

(Millions of Ch\$)	Sep. 12		Sep. 11	
	Sales	%	Sales	%
Water	115,074	41.3%	108,214	41.5%
Sewage	130,292	46.8%	120,764	46.3%
Other Regulated Businesses	6,072	2.2%	6,143	2.4%
Other Non-regulated Businesses	27,250	9.7%	25,636	9.8%
Total	278,688	100%	260,757	100%

Principal Operating Figures⁽¹⁾

Sales Volumen (Th. m ³)	Sep. 12	Sep. 11	% Var.
Water	401,406	392,437	2.3%
Sewage Collection	392,315	382,239	2.6%
Sewage Treatment & Disposal	343,014	333,508	2.9%
Sewage Interconnection Services	90,421	87,862	2.9%
Customers	Sep. 12	Sep. 11	% Var.
Water	1,971,972	1,937,138	1.8%
Sewage Collection	1,931,206	1,895,241	1.9%

⁽¹⁾ Figures consider Aguas Andinas, Aguas Cordillera, Aguas Manquehue y ESSAL.

Regulated Businesses:

1. **Water:** This business line includes revenues from the production and distribution of potable water. Revenues in this business line rose Ch\$6,860 (6.3%) year over year reaching Ch\$115,074, explained by a higher sales volume (8.9 million m³) and a higher average tariff compared to the first nine months of 2011.
2. **Sewage:** This business line includes revenues from the collection, treatment, disposal and interconnection services of sewage. Revenues from these services increased Ch\$9,528 due to:
 - a) Higher collection revenue of Ch\$4,069 (Ch\$63,813 as of September 30, 2012 compared to Ch\$59,744 in the third quarter of 2011), due to a higher sales volume of 10.0 million m³ and a higher average tariff during the first nine months of 2012 compared to the first nine months of 2011.
 - b) Higher sewage treatment revenues of Ch\$4,381 (Ch\$52,837 as of September 30, 2012 compared to Ch\$48,456 in the same period of 2011), due to a higher sales volume of 9.5 million m³ and a higher average tariff during the first nine months of 2012 compared to the first nine months of 2011.
 - c) Higher revenues from sewage interconnection services of Ch\$1,078 (Ch\$13,642 as of September 30, 2012 compared to Ch\$12,564 in the same period of the previous year), due mainly to higher sales volumes of 2.5 million m³ as well as a higher average tariff during the first nine months of 2012 compared to the first nine months of 2011.

During 2011, the indexes used to set tariffs increased resulting in higher rates throughout the year. As of January 1, 2012, a lower tax rate came into effect, which in turn adjusted tariffs downward. This tax-related adjustment affected all tariff groups.

3. **Other regulated businesses:** This item includes revenues from fixed charges, revenues relating to disconnection and reconnection charges and provisions for unbilled consumption. These revenues decreased by Ch\$71, mainly due to a lower revenue provision of Ch\$443 and Ch\$51 for disconnection and reconnection charges, partly offset by higher revenues from fixed charges of Ch\$450.

Non-regulated Businesses:

Revenues in this segment increased Ch\$1,614 during the first nine months of 2012, due mainly to:

- Sanitation Services: Revenues in this segment increased Ch\$34 mainly due to higher revenues from rural potable water, partially offset by easements granted in 2011.
- Non-Sanitation Services: Revenues in this segment increased Ch\$1,580 mainly due to higher revenues in EcoRiles S.A. (operation of treatment plants and treatment of industrial liquid waste), higher sales of materials in Gestión y Servicios S.A. and higher sales in Anam S.A.

Cost of Sales

Costs of raw and secondary materials reached Ch\$21,903 in the first nine months of 2012, Ch\$2,031 higher than the costs recorded in the same period of 2011. The increase in costs is related to the purchase of water rights, which were acquired to mitigate the effects of the drought in the Santiago area. Additionally, there were higher costs in Gestión y Servicios associated to the sale of materials.

Personnel Expenses

The first nine months of 2012 registered personnel costs of Ch\$28,688, Ch\$1,306 higher than the figured posted in the same period of last year, mainly due to higher personnel compensation and benefits, both linked to inflation adjustments.

Depreciation and Amortization

Depreciation and amortization for the first nine months of 2012 reached Ch\$39,971, Ch\$538 higher than the same period of the previous year. This increased is related to new investments made by the company that began operating the first nine months of the year.

Impairment Losses

This item varied Ch\$852 in the first nine months of 2012 compared to the same period of 2011, related to the closure of Aguas Manquehue S.A. plants in 2011.

Other Expenses (by Nature)

Other expenses for the first nine months of 2012 reached Ch\$54,760, Ch\$1,901 higher than the figure registered in the same period of 2011. This increase corresponds to higher general expenses of Ch\$991, equipment maintenance of Ch\$907, other services of Ch\$847, network maintenance of Ch\$816, and increased client services of Ch\$406. This increase is partly offset by lower costs of waste sludge removal for Ch\$2,196.

Equipment maintenance costs include the repair of the Archimedes screw of La Farfana Sewage Treatment Plant. The malfunction of this screw jeopardizes the normal functioning of the plant. However, the Company expects to resolve this problem in the coming months, and La Farfana should resume its normal operations at that time.

Other Earnings (Losses)

Other earnings for the first nine months of 2012 reached Ch\$443, Ch\$1,489 lower than the earnings recorded in the same period of the previous year, related to a settlement the company received in 2011 for damages caused by the earthquake in February 2010.

Financial Income

As of September 30, 2012, financial income amounted to Ch\$6,586, Ch\$1,076 higher than the figured registered in the same period of last year, mainly explained by higher interest revenue due to higher cash surpluses.

Financial Costs

During the first nine months of 2012, the financial costs reached Ch\$16,656, Ch\$3,483 lower than the financial costs recorded in the same period of the previous year. This difference is mainly due to increased capitalized interest from investments (mainly the Mapocho sewage treatment plant), partially offset by higher interest expenses due to higher debt level.

Results of Indexation

As of September 30, 2012, the results of indexation reached Ch\$7,421, Ch\$5,546 lower than the same period of 2011. This difference is the result of a lower revaluation of debt in UF.

Income Tax Charge (Credit)

The provision for income tax reached Ch\$28,138 as of September 30, 2012, Ch\$10,913 higher compared to the same period of the previous year. This increase is related to new tax reforms passed by the Chilean Congress on September 27, 2012. These reforms outlined, among other measures, an increase in the corporate tax rate from 18.5% to 20%. The impact on the income statement related to these reforms was a higher tax provision of Ch\$1,747.

Additionally, differed taxes were revalued according to the tax reform in order to comply with the new tax rate. The impact of this revaluation was slightly higher given that the differed taxes were calculated at a 17% rate, which was the rate initially approved for 2013 onwards. This revaluation was Ch\$5.687 for the Aguas Group.

Finally, taxes for the first nine months of 2012 were higher than the same period of last year given higher operating results.

Earnings (Loss)

Earnings for the first nine months of 2012 reached Ch\$88,523, 14.5% higher than the same period of the previous year.

BALANCE SHEET

(In Millions of Ch\$)	Sep. 12	Dec. 11	% Var
<u>Assets</u>			
Current Assets	122,855	82,643	48.7%
Long-Term Assets	1,401,517	1,387,353	1.0%
Total Assets	1,524,372	1,469,996	3.7%
<u>Liabilities & Shareholders' Equity</u>			
Current Liabilities	139,795	197,886	(29.4%)
Long-Term Liabilities	696,463	593,048	17.4%
Total Liabilities	836,258	790,934	5.7%
Minority Interest	62,725	64,974	(3.5%)
Shareholders' Equity	625,389	614,088	1.8%
Total Liabilities & Equity	1,524,372	1,469,996	3.7%

Assets

Total consolidated assets as of September 30, 2012 were Ch\$1,469,996, and increase of 3.7% compared to December 31, 2011 when total assets were Ch\$1,524,372.

Current assets were Ch\$122,855 as of September 30, 2012, an increase of Ch\$40,212 compared to December 31, 2011. This increase was mainly due to an increase in cash and cash equivalents, as a result of bond issuances in April 2012 for UF 3.3 million. This increase was offset by lower accounts receivable of Ch\$3,000, related to seasonality of sales.

As of September 30, 2012, non-current assets increased Ch\$14,164 compared to December 31, 2011, due to net increases in property, plant and equipment of Ch\$13,269.

The following are the main investments during the period:

Investments (Millions of Ch\$)	Accumulated as of Sep. 12
Mapocho Sewage Treatment Plant	21,337
Farfana - Trebal Sewage Interceptor	3,263
Exploratory Drilling Cerro Negro	2,658
External Platform for Sludge Disposal	1,710

Liabilities

As of September 30, 2012, total liabilities were Ch\$836,258, an increase of 5.7% compared to the Ch\$790.934 as of December 31, 2011.

Current liabilities decreased by Ch\$58,901 from December 31, 2011, mainly explained by lower bonds obligations of Ch\$36,499 related to the repayment of the Series E bonds and payments to suppliers of Ch\$28,257.

Long-term liabilities increased by Ch\$103,415 compared to December 2011, mainly due to the issuance of Series Q bonds in January 2012 for UF 1.65 million, Series R bonds for UF 1.0 million and Series S bonds for UF 2.3 million in April 2012.

Total shareholder's equity as of September 2012 increased by Ch\$9,052 compared to December 2011. Equity attributable to shareholders of the controller increased by Ch\$11,301, generated by retained earnings.

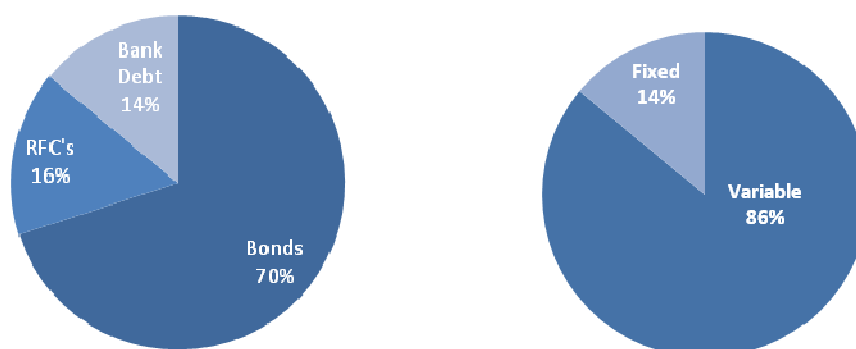
The table below outlines the amortization profile of consolidated debt as of September 30, 2012 (figures in millions of Ch\$ in nominal terms):

		Total	Less than 1 yr.	1-3 yrs.	3-5 yrs.	More than 5 yrs.
Bonds	UF	475,732	19,405	102,315	73,474	280,539
Bank Debt	Ch\$	94,899	18,197	27,895	38,945	9,861
RFC's ⁽¹⁾	UF	112,202	8,451	9,998	21,166	72,587
Total ⁽²⁾		682,833	46,053	140,208	133,585	362,987

⁽¹⁾ Promissory Notes.

⁽²⁾ The figure considers the accrued financial expenses as of September 30, 2012.

Financial Liabilities Structure



CONSOLIDATED CASH FLOWS

Consolidated Cash Flow (Millions of Ch\$)	Sep. 12	Sep. 11	% Var.
Net Cash Flow from Operating Activities	157,668	138,990	13.4%
Net Cash Flow from Investment Activities	(85,104)	(84,217)	1.1%
Net Cash Flow from Financing Activities	(29,197)	(49,736)	(41.3%)
Net Cash Flow of the Period	43,367	5,037	761.0%
Closing Balance of Cash & Cash Equivalent	48,418	11,127	335.1%

The net cash flow from operating activities increased by Ch\$18,678 for the first nine months of 2012 compared to the same period of the previous year. This increase is due mainly to the sale of goods and collection of payment for services for Ch\$25,715, directly related to higher volume of water and sewage services and higher average tariffs. This increase was partially offset by increased payments to suppliers for Ch\$9,285 related to investments in property, plant and equipment.

Investment activities as of September 30, 2012 produced a negative net cash flow of Ch\$85,104, mainly associated with the increase of property, plant and equipment for Ch\$4,195 and the capitalization of interest of Ch\$4,861.

The cash flow from financing activities showed a variation of Ch\$20,539, due mainly to increased long term debt of Ch\$53,930, related to the issuance of bonds (Series Q, R and S for UF 4.95 million). This increase was offset by loan repayments of Ch\$23,651 (Series E bond) and dividend payments of Ch\$8,307.

FINANCIAL RATIOS

		Sep. 12	Sep. 11	Dec. 11
DEBT				
Total Liabilities	Ch\$	836,258	779,337	790,934
Financial Liabilities	Ch\$	692,911	610,603	625,727
Total Liabilities/Shareholders' Equity	times	1.22	1.15	1.16
Current Liabilities/Total Liabilities	times	0.17	0.19	0.25
Financial Liabilities/Shareholders Equity	times	1.01	0.90	0.92
Other Current Financial Liabilities/Shareholders' Equity	times	0.08	0.10	0.12
Other Long Term Financial Liabilities/Shareholders' Equity	times	0.93	0.79	0.80
Interest Coverage Ratio	times	10.41	7.98	8.88
LIQUIDITY				
Liquidity	times	0.88	0.52	0.42

Total Liabilities: Current Liabilities plus Long Term Liabilities.

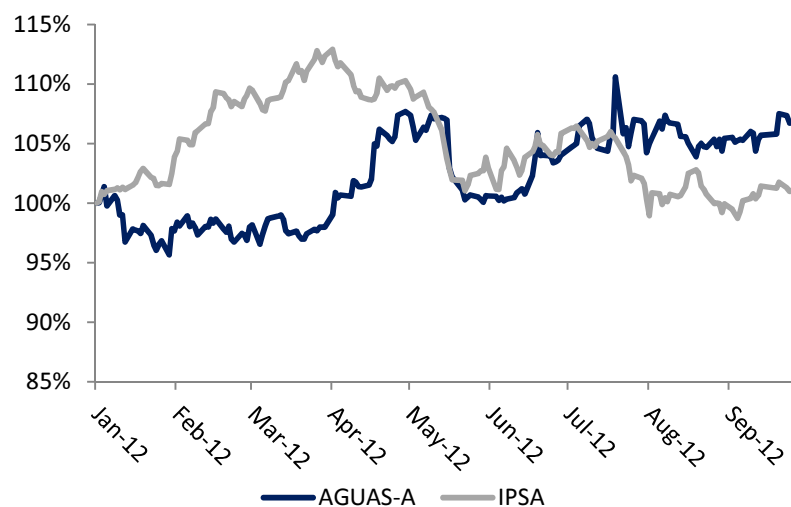
Financial Liabilities: Other current financial liabilities plus other long term financial liabilities

EBITDA: Operating revenues + Consumption of raw materials & secondary materials + Personnel expenses + Other expenses (by nature)
Earnings before interest, taxes, depreciation, and amortization

Interest Coverage Ratio: EBITDA / Financial Costs

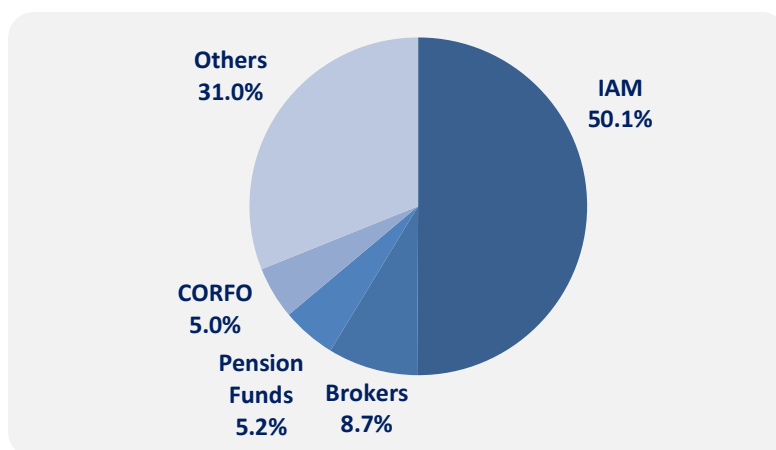
Liquidity: Current Assets / Current Liabilities

EVOLUTION OF AGUAS-A SHARE PRICE / IPSA 9M12 (BASE 100)



Source: Santiago Stock Exchange

AGUAS ANDINAS S.A. Shareholders as of September 30, 2012



Total subscribed and paid shares: 6,118,965,160
Number of shareholders: 1,691

For further information please contact:

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BALANCE SHEET

ASSETS (ThCh\$)	Sep.12	Dec. 11
Cash & Cash Equivalents	48,418,239	5,051,499
Other Non-financial Current Assets	502,933	1,374,821
Trade Accounts & Other Accounts Receivables (net)	67,201,494	70,201,189
Accounts Receivable from Related Companies	8,623	9,176
Inventories	4,419,536	3,005,481
Income Taxes	2,304,576	3,001,095
TOTAL CURRENT ASSETS	122,855,401	82,643,261
Other Financial Non-current Assets	7,367,236	7,238,651
Other Non-financial Non-current Assets	465,888	460,475
Trade Accounts & Other Accounts Receivables (net)	1,812,740	2,018,870
Other Intangible Assets	224,010,817	223,106,257
Goodwill	36,592,577	36,592,577
Property, Plant & Equipment	1,130,954,822	1,117,686,163
Deferred Taxes	312,216	249,422
TOTAL LONG TERM ASSETS	1,401,516,296	1,387,352,415
TOTAL ASSETS	1,524,371,697	1,469,995,676
LIABILITIES & SHAREHOLDERS' EQUITY (ThCh\$)	Sep.12	Dec. 11
Other Current Financial Liabilities	53,907,392	84,776,754
Accounts Payable	49,493,202	64,350,380
Accounts Payable to Related Companies	30,908,034	42,332,651
Other Accruals	1,448,492	1,482,989
Income Taxes	991,742	315,970
Severance obligations	2,030,384	3,590,075
Other Current Non-financial Liabilities	1,015,431	1,036,882
TOTAL CURRENT LIABILITIES	139,794,677	197,885,701
Other Long Term Financial Liabilities	639,003,741	540,949,948
Other Accruals	1,081,301	1,066,784
Deferred Taxes	38,894,363	34,186,391
Accounts Payable	1,555,283	1,570,602
Severance obligations	8,553,800	7,927,200
Other Long Term Non-financial Liabilities	7,374,681	7,347,230
TOTAL LONG TERM LIABILITIES	696,463,169	593,048,155
Paid-in Capital	155,567,354	155,567,354
Retained Earnings	311,723,265	300,422,138
Share premium	164,064,038	164,064,038
Other Reserves	(5,965,555)	(5,965,555)
Net Shareholders' Equity Attributable to the Parent Company	625,389,102	614,087,975
Minority Interest	62,724,749	64,973,845
SHAREHOLDERS' EQUITY	688,113,851	679,061,820
TOTAL LIABILITY AND SHAREHOLDERS' EQUITY	1,524,371,697	1,469,995,676

INCOME STATEMENT

Income Statement (ThCh\$)	Sep. 12	Sep. 11
Operating Revenues	278,687,566	260,757,423
Consumption of Raw Materials & Secondary Materials	(21,902,721)	(19,872,417)
Personnel Expenses	(28,687,785)	(27,382,161)
Depreciation & Amortization	(39,970,906)	(39,433,337)
Impairment Loss	-	(851,589)
Other Expenses	(54,760,486)	(52,858,899)
OPERATING INCOME (EBIT)	133,365,668	120,359,020
Financial Expenses	(16,656,360)	(20,139,425)
Financial Income	6,586,401	5,509,684
Exchange Differences	(680)	8,171
Results of Indexation Units	(7,421,188)	(12,967,438)
FINANCIAL RESULT	(17,491,827)	(27,589,008)
Other Income (Loss)	443,305	1,932,084
NET INCOME (LOSS) BEFORE TAXES	116,317,146	94,702,096
Income Taxes	(28,138,058)	(17,225,288)
POST-TAX NET INCOME (LOSS)	88,179,088	77,476,808
Minority Interest	(344,299)	140,548
NET INCOME FOR THE PERIOD	88,523,387	77,336,260

CONSOLIDATED STATEMENT OF CASH FLOWS (ThCh\$)

CASH FLOW (ThCh\$)	Sep. 12	Sep. 11
Collection of trade account receivables	340,494,251	314,779,010
Collection from insurance contracts	201,437	2,034,232
Other operating income	1,802,831	1,410,594
Payment to suppliers	(88,261,286)	(78,975,768)
Payment to personnel	(31,245,049)	(30,087,596)
Payment of insurance contracts	(367,471)	(270,909)
Other operating payments	(33,083,357)	(29,446,818)
Interest paid	(11,788,602)	(16,337,352)
Interest received	2,836,608	2,015,503
Income tax refund (paid)	(21,280,994)	(22,820,248)
Other income (payment)	(1,640,688)	(3,310,726)
NET CASH FLOW FROM OPERATING ACTIVITIES	157,667,680	138,989,922
Proceeds from sales of PP&E	259,759	364,097
Addition of PP&E	(77,887,104)	(82,082,358)
Addition of intangible assets	(240,241)	(124,075)
Other income (payment)	(7,235,936)	(2,374,553)
NET CASH FLOW FROM INVESTING ACTIVITIES	(85,103,522)	(84,216,889)
Long term loans (banks, bonds and other financing)	78,645,278	24,715,628
Short term loans (banks, bonds and other financing)	3,163,551	3,952,182
Cash flow form loans	81,808,829	28,667,810
Payment of loans and other financing disbursements	(30,203,598)	(6,552,182)
Dividend payment	(79,951,343)	(71,644,442)
Other income (payment)	(851,306)	(207,545)
NET CASH FLOW FROM FINANCING ACTIVITIES	(29,197,418)	(49,736,359)
TOTAL NET CASH FLOW FOR THE PERIOD	43,366,740	5,036,674
OPENING BALANCE OF CASH & CASH EQUIVALENT	5,051,499	6,089,962
CLOSING BALANCE OF CASH & CASH EQUIVALENT	48,418,239	11,126,636