EARNINGS RELEASE

Period Ended
December 31, 2014

1. Summary of 2014

- The Company's results for 2014 were positively influenced with respect to 2013 due to the entry into operation of the Mapocho Sewage Treatment Plant, the entry into operation of potable water supply security works and due to the absence of the negative effects generated by the interruptions of potable water occurred during the summer of 2013. These interruptions happened after the summer rains and rock falls in the Maipo River elevated the turbidity of the flow to extreme levels, preventing the production of water. It is worth noting that the drought persists in the country, situation that is reflected in a greater purchase of raw water with respect to the previous year. On the other hand, the Tax Reform increases the corporate tax provision due to a change in rate for this commercial year going from 20% to 21%.

- By the end of 2014, the Company's revenue rose to Ch$440,734 million which is a Ch$36,855 million (9.1%) increase over the revenue obtained in the same period of 2013. This increase was mainly due to greater sales volumes, the application of tariff increase associated to with the entry into operation of the Mapocho Sewage Treatment Plant and the increase in tariffs due to the entry into operation of new potable supply security works, together with tariff indexations registered in late September 2013, early April and October 2014. The Mapocho Sewage Treatment Plant allowed for the conclusion of the Sanitation plan for the Santiago Metropolitan Region treating 100% of sewage in the region.

- Costs increased by 7.6% due to higher employee benefits (Ch$4,876 million) associated with the application of consumer price index adjustments and extraordinary benefits to personnel paid at the end of the process of collective bargaining which occurred in the month of July. Additionally, there was an increase in insolvency provision for Ch$1,683 million, a greater purchase of raw water for Ch$1.886 due to the effects of the drought, greater network maintenance costs for Ch$1,170 million and greater expenses in customer service for Ch$1,277 million. With this, the EBITDA for the period reached Ch$273,637 million, exhibiting a 10.1% increase with respect to the same period in the previous year.

- The financial result originated a loss for Ch$59,721 million, Ch$24.843 above to the one obtained to December 2013, as a consequence mainly from a greater revaluation of debt, readjustable in Unidades de Fomento (indexation units).

- During the month of August, the W Bond Series was issued. Its purpose was to pre-pay the F Bond Series and achieve favorable conditions for the Company. The prepayment of the F Bond Series had a negative effect on results of Ch$2,042 million due to the application of capitalized expenses on its issuance. In addition to this, it is worth highlighting that this placement allowed for the improvement of the debt structure going from a duration of 5.7 years to 16 years.

- By the end of the third quarter the Tax Reform was approved, which generated registries associated to the change in first category tax rates in the current year and following years. The Company operates under the Partially Integrated System until an extraordinary shareholders meeting agrees to opt for an alternative system. As a product of this, the rate change for the year (21%) has been included in the financial statements for effects of calculating the corporate tax provision with its corresponding impact on results for Ch$1,788 million and the programming of increases up to 27% in 2018, for effects of determining deferred taxes. The impact of said change has been registered in Equity, without affecting the results for the period, in virtue of what is disposed in the instruction issued by the SVS.

- Net income as of December 31, 2014 rose to Ch$119,422 million, Ch$2,746 (+2.4%) greater to the one obtained the previous year.

Events of the Quarter

- The year 2014 was one with the highest temperatures in Chilean history and this has had effects on the drought that afflicts the country for the fifth consecutive year. To ensure the water supply for the inhabitants of the Metropolitan Region, Aguas Andinas has continued with the implementation of its drought plan. This plan includes enabling new tanks (finished during the first quarter of 2014), purchasing raw water (Ch$858 in the last quarter of the year, Ch$1,886 million total in 2014), renting water usage rights from other members of Canalistas del Río Maipo, agreements with user organizations, amongst others. The correct management of the company has allowed for the continuity of service despite of the existent deficit.

- The efficient management of the company's infrastructure, which in 2014 includes new tanks and safety wells and the operation of project CAYA, conduction work which allows water to flow from the El Yeso reservoir to the Azulillo zone, has allowed the Company to overcome increased turbidity episodes in the Maipo river at the end of a year and prevent service interruptions.

2. Results

Income Statement (Ch.$ millions)	Dec. 14	Dec. 13	% Var.	2014 / 2013
Revenues	440,734	403,879	9.1%	36,855
Operational Costs	-167,097	-155,347	7.6%	-11,750
EBITDA	273,637	248,532	10.1%	25,105
Depreciation and Amortization	-66,225	-64,705	2.3%	-1,520
Operating Income	207,412	183,827	12.8%	23,585
Financial Result*	-59,721	-34,878	71.2%	-24,843
Tax Expenses	-25,045	-29,312	-14.6%	4,267
Net Income	119,422	116,676	2.4%	2,746

** Includes financial income, financial costs, exchange difference and results by indexation units.*

2.1. Revenue Analysis

	Dec. 14		Dec. 13		Variation	
	Sales Ch. MM$	% of Rev.	Sales Ch. MM$	% of Rev.	CH MM$	%
Potable Water	171,488	38.9%	157,307	39.0%	14,181	9.0%
Sewage	202,001	45.8%	184,299	45.6%	17,702	9.6%
Other Regulated Revenue	20,282	4.6%	16,557	4.1%	3,725	22.5%
Non-Regulated Revenue	46,963	10.7%	45,716	11.3%	1,247	2.7%
Total	**440,734**	100.0%	**403,879**	100.0%	**36,855**	9.1%

Sales Volume (Thousands of m^3)	Dec. 14	Dec. 13	% Var.	Difference
Potable Water	558,555	548,932	1.8%	9,623
Sewage Collection	540,463	534,066	1.2%	6,397
Sewage Treatment and Disposal	473,688	466,934	1.4%	6,754
Interconnections*	119,260	119,056	0.2%	204

Clients	Dec. 14	Dec. 13	% Var.	Difference
Potable Water	2,096,999	2,039,298	2.8%	57,701
Sewage Collection	2,045,634	1,999,419	2.3%	46,215

** Interconnections include Sewage Treatment and Disposal from other sanitation companies*

Regulated Businesses

1. Potable Water

Potable water revenues for 2014 reached Ch$171,488 million, which meant an increase of Ch$14,181 million with respect to the same period for the previous year. The increased revenue is due, in part, to a greater sales volume in potable water billed during 2014, which was 1.8% superior to the level registered last year. In addition, there was a greater average tariff, given the application of new tariff rates. These new rates include new potable water supply safety works, which came into effect in March 2014, and indexations registered at the end of September 2013, early April and October 2014. The latter adjusts tariffs in respect to the variations of the existing polynomial.

2. Sewage

Sewage revenue for 2014 reached Ch$202,001 million, showing an increase of 9.6%, compared to the Ch$184,299 million registered in 2013. The Ch$17,702 increase was due to a greater sales volume of 6.4 million m^3 together with a greater average tariff, because of the tariff indexation registered in late September 2013, early April, and October 2014.

3. Other Regulated Revenue

This item presents a Ch$3,725 million increase which was mainly explained by the greater income generated by the fixed rate charged to clients, as a product of indexations experienced during the period, and the increase in the number of served clients, together with a greater provision of income for unbilled consumption.

Non-Regulated Revenue

Non-regulated revenue increased in Ch$1.247 million by the end of 2014, compared to the same period of the previous year. This variation was explained by:

1. Sanitation Services

An increase of Ch$1,066 million due mainly to greater agreements with developers and rural water income, compensated with lower revenue for modifications in sanitation infrastructure.

2. Non-Sanitation Services

The Ch$181 million increase was explained mainly by greater services provided by Análisis Ambientales S.A. and to a greater level of activity in EcoRiles S.A.

(Ch MM$)	Dec. 14	Dec. 13	Var. %
Gestión y Servicios S.A.	8,488	9,558	-11.2%
EcoRiles S.A.	12,174	11,520	5.7%
Anam S.A.	2,700	2,114	27.7%
Aguas del Maipo S.A.	772	761	1.4%
Non-regulated, non-sanitation products	**24,134**	**23,953**	**0.8%**

2.2. Cost Analysis

Raw Materials and Consumables Used

For the year ending December 31, 2014, costs for raw materials and consumables used reached Ch$30,183 million, which is Ch$2,766 million above the amount obtained at the end of 2013. The increase in these costs is due, mainly to the purchase of raw water made throughout the year, electric energy and a greater consumption of chemical supplies, by the EcoRiles subsidiary as well as regulated companies associated to an increase in production volume.

This is compensated partially by the decrease in the cost of sales for Gestión y Servicios due to a lower level of activity, mainly because of the effect of winding up operations in the collective negotiation period.

Personnel Expenses

By the end of the 2014 term, expenses for employee benefits reached Ch$45,331 million, which is Ch$4,876 million above the previous year. This is mainly explained due to higher personnel compensation linked to Consumer Price Index adjustments and extraordinary benefits to personnel associated to the collective negotiation for Aguas Andinas in July and Aguas Cordillera at the end of the year.

Expenses for depreciation and amortization

As of December 31, 2014, depreciation and amortization increased to Ch$66,225 million, which is Ch$1,520 million above the amount obtained in 2013. This increase was due, mainly to new investments included in the period such as the security works, for example.

Other expenses

By the end of the 2014 term, other expenses rose to Ch$91,583 million, which is Ch$4,109 million above the amount obtained for the same period in 2013. This is explained mainly by greater costs for Ch$1,330 million in treatment plant operation, as a product of greater volume treated, an increase in insolvency provision for Ch$1,683 million and Network Maintenance for Ch$1,170 million. Additionally, there were greater costs in Customer Service for Ch$1,277 million, greater costs in machinery and vehicle leasing for Ch$872 million, greater costs in Insurance for Ch$701 million, Municipal Licenses and Real Estate taxes for Ch$281 million; this was compensated partially for Ch$3,483 due to emergency episodes that occurred during January and February 2013.

2.3. Analysis of Financial Result and Other Results

Financial Income

By the end of 2014, financial income amounted to Ch$5,304 million, which is Ch$1,662 million under the amount obtained in 2013, explained mainly by lower financial interest produced by lower availability of temporary cash surpluses.

Financial Costs

For the period ending December 31, 2014, financial costs reached Ch$30,739 million, which meant an increase of these costs in Ch$1,853 million in comparison to the ones obtained in the same period for 2013. This is explained mainly by the prepayment of the F Series Bond, which implied a charge to results for Ch$2,042 million, corresponding to the application of the capitalized expenses, which was financed by the issuing of the W Series Bond for 2.3 million U.F. together with a bank loan.

Results from Indexation Units

By the end of the 2014 term, results from indexation units reached Ch$34,252 million, Ch$21,296 million higher with respect to 2013, explained mainly by a greater revaluing of debt due to the greater variation of the UF compared to 2013.

Expense (Revenue) from Income Tax

The provision for income taxes at the end of 2014 was of Ch$25,045 million, which is Ch$4,266 million lower compared to the same period for the previous year. This variation is justified in the effects that the greater inflation produces in the temporary differences between the financial and tax records, as well as a lower earnings before taxes for Ch$915 million. This is compensated by the change in corporate tax rates from 20% to 21% due to the Tax Reform with its corresponding impact in results for Ch$1,788 million.

Earnings

Net earnings to December 31, 2014 amounted to Ch$119,422 million, which is Ch$2,747 (+2.4%) above the amount obtained in 2013.

3. Quarterly Results

Income Statement (Ch.$ millions)	4T14	4T13	% Var.	4T14 / 4T13
Revenues	122,467	111,444	9.9%	11,023
Operational Costs	-42,452	-39,136	8.5%	-3,316
EBITDA	80,014	72,308	10.7%	7,707
Depreciation and Amortization	-17,049	-15,958	6.8%	-1,091
Operating Income	62,966	56,350	11.7%	6,616
Financial Result*	-17,416	-11,650	49.5%	-5,766
Tax Expenses	-6,816	-8,409	-18.9%	1,593
Net Income	38,022	35,336	7.6%	2,686

** Includes financial income, financial costs, exchange differences and results by indexation units.*

3.1. Revenue Analysis

Operational Income

Ordinary income for the fourth quarter of 2014 rose to Ch$122,467 million, which is Ch$11,023 million (9.9%) above the amount obtained in the previous period. This variation was mainly due to greater average tariffs, due to new tariff rates, which came into effect with the entry into operation of works for the security of potable water supply, together with the indexation of the polynomial in April and October 2014.

3.2. Cost Analysis

Raw Materials and Consumables Used

In the fourth quarter of 2014, costs of raw materials and consumables used reached Ch$8,611 million, which is Ch$1,687 million higher than during the same period in 2013. The increase was explained mainly by the purchase of raw water for Ch$858 million, electric energy for Ch$316 million and cost of materials sales in Gestión y Servicios for Ch$467 million.

Expenses for Employee Benefits

During the fourth quarter of 2014, expenses for employee benefits reached Ch$12,027 million, which is Ch$929 million above the amount obtained for the same period during the previous year. This is due to higher personnel compensation linked to consumer price index adjustments together with greater compensations for years of service and extraordinary benefits to personnel associated to the collective negotiation of Aguas Cordillera.

Depreciation and Amortization

Depreciation and amortization for the fourth quarter of 2014 amounted to Ch$17,049 million, which is Ch$1,091 million higher than in the same period in 2013. This increase was due mainly to new investments included in the period, such as security works, for example.

Other Expenses

During the fourth quarter of 2014, other expenses amounted to Ch$21,814 million, which is Ch$700 million higher than in the same quarter of 2013, explained mainly by greater treatment plant operation costs for Ch$281 million associated with the greater volume treated and greater costs for Customer Service for Ch$767 million.

3.3. Analysis of Financial Result and Other Results

Financial Income

Financial income for the fourth quarter of 2014 reached Ch$1,242 million, which is Ch$20 million, slightly above the amount obtained in the same quarter for 2013.

Financial Costs

Financial costs for the fourth quarter of 2014 reached Ch$7,213 million, which is Ch$226 million higher than the amount obtained for the same period in 2013. Mainly greater bond interests explain this increase.

Results by Indexation Units

In the fourth quarter of 2014, losses were obtained for Ch$11,437 million, which is Ch$5,549 million greater compared to the fourth quarter of 2013, explained mainly by a greater revaluing of debt, due to a greater variation of the UF compared to the same quarter for 2013.

Expense (Revenue) by Income Tax

Income tax provision by the end of the fourth quarter of 2014 was Ch$6,816 million, which is Ch$1,593 million lower compared to the same period for the previous year. This variation is explained mainly by deferred taxes; the variation is justified by the effects that greater inflation produces in the temporary differences between financial and tax records, compensated partially by the increase of the tax rate from 20% to 21% and by a greater earnings before taxes.

Earnings

Net earnings for the fourth quarter of 2014 amounted to Ch$38,022 million, which is Ch$2,686 million (+7.6%) above the amount obtained for the same quarter in 2013.

4. Balance Sheet

	Dec. 14 CH MM$	Dec. 13 CH MM$	% Var.
Assets			
Current Assets	127,111	132,972	-4.4%
Non-current Assets	1,479,361	1,444,739	2.4%
Total Assets	**1,606,472**	**1,577,711**	**1.8%**
Liabilities and Equity			
Current Liabilities	176,506	220,195	-19.8%
Non-current Liabilities	763,568	679,847	12.3%
Total Liabilities	**940,074**	**900,042**	**4.4%**
Equity attributable to owners of the controller	610,764	616,541	-0.9%
Non-controller participations	55,634	61,128	-9.0%
Total Shareholders' Equity	**666,398**	**677,669**	**-1.7%**
Total Liabilities and Shareholders' Equity	**1,606,472**	**1,577,711**	**1.8%**

Assets

Total consolidated assets for Aguas Andinas S.A. to December 31, 2014 presented a 1.8% increase with respect to December 2013, going from Ch$1,577,711 million to Ch$1,606,472 million.

Current assets decreased in Ch$5,861 million, mainly due to the decrease in cash and cash equivalents for Ch$12,457 million compensated with an increase of commercial debtors and other accounts receivable for Ch$6,611 million, explained by the seasonality of the sales cycle.

Non-current assets increased Ch$34,622 million, explained mainly by the increase of deferred taxes. This variation is produced mainly by the variation of rates and their effect on deferred taxes. In addition, there was an increase in Property, Plant and Equipment, mainly in Production Facilities, which is compensated by an increase in depreciations and a decrease in current asset under construction.

The following were the main investments during the period:

Investments (Ch.$ MM)	Dec.14
Chamisero and Valle Grande Potable Water Works	7,350
Remedial Maintenance (Starters, DU, Valves, Others)	6,591
Preventive Renovation of Sewage	5,503

Liabilities and Equity

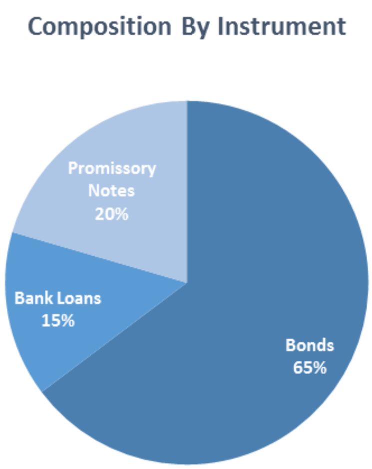
Equity to December 2014 rose 4.4% (Ch$40,032 million) compared to December 2013.
Current liabilities decreased Ch$43,690 million. This variation was mainly due to a decrease in Other Financial Liabilities for Ch$36,940 million associated to the payment of the G Series Bond for 2.5 million UF. Additionally, there was a decrease in Commercial Accounts and Other Accounts Payable for Ch$6,712 million.

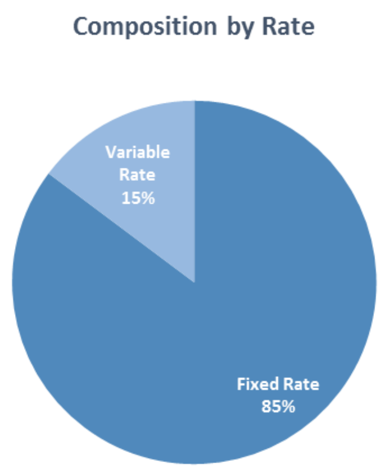
Non-current liabilities presented an increase of Ch$83,722 million (12.3%). The main variations corresponded to the issuing of the V and W Series Bonds for 2.0 and 2.3 million UF respectively and to the contracting of a bank loan for Ch$20,000 million, by the Aguas Cordillera S.A. subsidiary and a bank loan for Ch$19,270 million by Aguas Andinas. Additionally, there exists a greater debt for Reimbursable Financial Contribution (AFRs) for Ch$26,371 million. This is compensated partially by the prepayment of the F Series Bond for 3.3 million UF.

Total equity decreased Ch$11,271 million, and net equity attributable to owners of the controller decreased $5,777 million. This is explained by the distribution of dividends corresponding to the 2013 term, in addition to the change in deferred taxes caused by corporate tax rate change from 20% to 27% due to the Tax Reform. This is partially compensated by the earnings generated in the last quarter of 2014.
The following is the maturity profile of financial debt as of December 31, 2014 (figures include only capital in millions of Ch. $):

	Currency	Total	12 months	1 to 3 years	3 to 5 years	More than 5 years
Bonds	UF	481,537	29,996	56,298	38,539	356,704
Bank Loans	$	109,774	19,251	51,253	20,000	19,270
Promissory Notes	UF	152,557	2,342	31,365	24,719	94,131
Total		**743,868**	**51,589**	**138,916**	**83,258**	**470,105**

Financial Liabilities Structure





5. Consolidated Cash Flows

Cash Flow Statement (Ch.$ millions)	Dec. 14	Dec. 13	% Var.
Operating Activities	204,599	204,345	0.1%
Investing Activities	-83,619	-119,029	-29.7%
Financing Activities	-133,438	-82,301	62.1%
Total Net Cash Flow for the Period	**-12,458**	**3,015**	**-513.2%**
Closing Balance of Cash	**26,202**	**38,659**	**-32.2%**

The net cash flow from operating activities decreased by Ch$254 million when comparing December 2014 to December 2013.

The main variations were the following:

- An increase in the charges proceeding from sales of goods and provision of services for Ch$48,900 million due mainly to a greater sales volume and a greater average tariffs due to the entry into operation of the Mapocho Sewage Treatment Plant.

These variations were partially offset by:

- An increase in payment to suppliers for Ch$28,515 million associated to the increase of costs originated in the cubic meters treated due to the entry into operation of the Mapocho Sewage Treatment Plant and repairs to the potable water network.
- An increase in the payment of employee benefits for Ch$5,466 million due to higher wages and bonus payments associated to consumer price index readjustments.
- An increase in other payments for operational activities for Ch$8,393 million mainly due to a greater value-added tax payment, produced by a greater income level, compared to the quarter for the previous year and lower level of additions in properties, plant and equipment
- An increase in other cash outflows for Ch$5,582 million for concepts of guarantee payments and severance payments for trials and consignment to the Ministry of Public Works.

Disbursement for investment activities decreased in Ch$35,410 million, as a product of a lower addition of properties, plants and equipment which is mainly explained by the payments made in the previous period corresponding to the construction of the Mapocho Sewage Treatment Plant.

Financing activities generated a Ch$51,137 million variation in the net flow (greater payments) mainly due to the payment of G and F Series Bonds for 2.5 and 3,3 million UF respectively, together with a greater dividend payment for Ch$31,525 million, all partially compensated by an increase in financial debt of Ch$137,956 million. The latter is mainly due to the issuance of V and W Series Bonds for 2.0 and 2.3 million UF respectively and to the acquisition of bank loans for Ch$20.000 million in Aguas Cordillera and Ch$19,270 in Aguas Andinas.

6. Financial Ratios

		Dec. 14	Dec. 13
Liquidity			
Current Ratio	times	0,72	0,60
Acid Test Ratio	times	0,15	0,18
Leverage	times	1,41	1,33
Total Leverage	times	0,19	0,24
Current Leverage	times	0,81	0,76
Non-current Leverage	times	5,82	6,16
Return			
ROE	%	19,46	18,84
ROA	%	7,50	7,47
Earnings per share	$	19,52	19,07
Dividend Yield (*)	%	5,51	5,91

Current ratio: currents assets / current liabilities.
Acid test ratio: *cash and cash equivalents / current liabilities.*
Total leverage: *total liabilities / total shareholders' equity.*
Current leverage: *current liabilities / total liabilities.*
Non-current leverage: *non-current liabilities / total liabilities.*
Interest rate coverage: *net income before taxes / financial costs.*
ROE: *net income / average equity.*
ROA: *net income / average assets.*
Earnings per share: *Net income / total shares.*
Dividend Yield: *Dividends paid / share price.*
(*)Share price to December 2014 was Ch$351.31, whilst in December 2013 the share price was Ch$339.38.

To December 31 2014, the current ratio increased by 20.0% due to a decrease in current liabilities for Ch$43,689 million (19.8%), compensated by a decrease in current assets for Ch$5,861 million (4.4%), with respect to December 2013. The main variations in the current assets are due to the decrease in cash and cash equivalents for Ch$12,457 million which has been compensated by an increase of commercial debtor and other accounts payable for Ch$6,611 million. The latter is mainly explained due to the seasonality of the sales cycle, whilst current liabilities decreased as a product of the payment of the G Series Bond for 2.5 million UF and a decrease in commercial accounts and other accounts payable for Ch$6,712 million.

Total leverage ratio increased 6.2% due to an increase in total liabilities for Ch$40,032 million explained by the issuance of V and W Series Bonds for 2.0 and 2.3 million UF respectively and to the contracting of bank loans for Ch$39,270 million. Additionally, there has been higher debt by Reimbursable Financial Contributions (AFRs) of Ch$26,371 million. This is partially compensated by the payments of the G and F Series Bonds for 2.5 and 3.3 million respectively. On the other hand, part of total equity decreased in Ch$11,271 million, explained by the distribution of dividends corresponding to the 2013 term, in addition to the change in deferred taxes caused by corporate tax rate change from 20% to 27% due to the Tax Reform. This is partially compensated by the earnings generated in the last quarter of 2014.

Annualized return of equity attributable to the owners of the controller presented an increase of 3.3%, mainly due to a decrease in average annualized equity of Ch$5,495 million and an increase of Ch$2,747 million in earnings for the 2014 term, compared to the 2013 term.

7. Other Information

Tariffs

The most important factor that determines the Company's results of operations and financial condition are the tariffs set for regulated services. As a water utility, the Company is regulated by the SISS, and our tariffs are set in accordance with the tariff law DFL No. 70 of 1988.

Tariffs are reviewed and set every five years and are adjusted in the interim period based on a polynomial index, which are apply when the accumulated variation since the previous adjustment is 3.0% or higher in accordance to calculation made based in various inflation indices. The polynomial index includes various inflation indices, specifically the Consumer Price Index (IPC), the Imported Goods of the Manufacturing Sector Price Index (IPBIM) and the Manufacturing Producers Price Index (IPPIM). The National Institute of Statistics (INE) publishes all these indices.

The latest adjustments for tariff indexations for each group/company were applied on the following dates:

Aguas Andinas S.A.:	
Group 1	September 2013, March 2014 (application of new tariffs for security works), April and October 2014.
Group 2	September 2013, April and October 2014
Rinconada de Maipú	July 2012 and March 2014
Aguas Cordillera S.A.:	August 2013, April and October 2014
Aguas Manquehue S.A.:	
Santa María	July 2013, February 2014 and July 2014
Chicureo	August 2013, March 2014 and September 2014
Chamisero	July 2012 and March 2014
Valle Grande 3	July 2012 and March 2014
Essal S.A.:	
Group 1	December 2013, April and October 2014
Group 2	December 2013 April and October 2014
Group 3	December 2013, April and October 2014
Chinquihue	August 2013, February and September 2014
Los Alerces	April 2013, January and September 2014

In addition, tariffs may also be adjusted when additional services previously authorized by the SISS. Current tariffs for Aguas Andinas S.A. for the 2010-2015 period were approved by Decree No. 60 dated February 2, 2010 by the Ministry of Economy, Development and Reconstruction and were applied beginning March 1, 2010. Decrees No. 176, on June 8, 2010, and No. 170 approved current tariffs for Aguas Cordillera S.A. and Aguas Manquehue S.A., on May 20, 2010, respectively. Essal S.A. concluded its last tariff negotiation process in 2011 for the 2011-2016 period, and Decree No. 116 approved new rates, on August 31, 2011.

To this date, the new tariff decrees for Aguas Andinas S.A., Aguas Cordillera S.A. y Aguas Manquehue S.A., for the 2015-2020 period are in the process of being published, after the respective agreements arrived at with the Superintendence of Sanitation Services, in their respective tariff setting processes.

Market Risk

Our company presents a favorable situation when it comes to risk, which is mainly due to the particular characteristics of the sanitation sector. Our business is seasonal and the operational results may vary from one quarter to another. We tend to record higher levels of demand and revenue during the summer months (December through March) and lower levels of demand and revenue during the winter months (June through September). In general, demand for water is greater during the warmest months and not in the months with milder temperatures, mainly due to the additional water requirements generated by irrigation systems and other external uses of water.

Adverse weather conditions could potentially affect optimal delivery of services, because the processes of extracting and producing drinking water depend largely on weather conditions that develop in watersheds. Climate factors such as rainfall, snow, hail, temperature and moisture as well as other factors such as sediment and water levels in rivers determine not only the quantity, quality and continuity of raw water available at each intake point, but also determine the probability that water is properly treated in the water treatment plants. During the months of January and February 2013, mudslides in the Cajón del Maipo area significantly increased the level of sediment in the Maipo river, forcing the Company to shut down its main water treatment plants, which resulted in water stoppages for a significant number of customers.

In the event of prolonged drought, the Company has significant reserves of water that in the El Yeso, Laguna Negra and Lo Encañado reservoirs. Additionally the Company has developed contingency plans to mitigate the effects from adverse climate conditions that could affect our operations. In the current period the drought that has existed since 2010, still persists, which has led to the application of contingency plans such as the purchase of raw water, intensive use of wells, renting and purchase of water rights, among others. All of this with the objective of diminishing the impact of the drought and providing our services normally in terms of quality as well as continuity.

Market Analysis

The market in which the Company participates has not varied given that by the nature of its services and under current legislation, it has no competition in its concession area.

Aguas Andinas S.A. has 100% service coverage in drinking water, 98.7% service coverage in sewage collection and 100% service coverage in sewage treatment in Santiago.

Aguas Cordillera S.A. has 100% service coverage in drinking water, 98.7% service coverage in sewage collection and 100% service coverage in sewage treatment.

Aguas Manquehue S.A. has 100% service coverage in drinking water, 99.3% service coverage in sewage collection and 100% service coverage in sewage treatment.

Essal S.A. has 100% service coverage in drinking water, 95.4% service coverage in the X Region and 91.1% in the XIV Region of sewage collection and 100% service coverage in sewage treatment.

Capital Investments

One of the variables that influence the results of the operations and the financial condition of the Company are capital investments. There are two types:

Committed Investments: The Company has the obligation to agree on an investment plan with the industry regulator (S.I.S.S). The investment plan outlines investments that will be made in the subsequent 15-year period. Specifically, the plan includes certain projects related to maintaining certain quality standards and service coverage. The investment plan is subject to review every five years, and amendments may be made given certain circumstances.

Committed investments include several projects related to sewage treatment such as the construction of the Mapocho Urban Treatment Plan (MUL), in operation since 2010, the Mapocho Sewage Treatment Plant and the La Farfana-El Trebal Connector. These investments were important milestones in achieving the goal of 100% sewage coverage treatment, which was reached in 2013. There are additional development projects and already in operation, included in the Safety Works of Drinking Water Provision; storage tanks, with the most relevant tank being one built at the Las Vizcachas plant which will have a capacity of 160,000 m^3; the CAYA project which will connect the El Yeso reservoir with the Azulillos sector (capacity of 4.0 m^3/s; length of connection is 5km); and additional drilling in the Cerro Negro area to increase capacity (500 l/s). These investments aimed to improve the quality and availability of water, especially in emergencies.

Dates of approval and dates of updates to the investment plan for the Aguas Group:

Aguas Andinas S.A.
Gran Greater Santiago: May 16th, 2011
Other Locations: October 13th, 2011, September 12th, 2012, April 5th, 2013 and July 3rd, 2013.

Aguas Cordillera S.A.
Aguas Cordillera and Villa Los Dominicos: October 18th, 2011

Aguas Manquehue S.A.
Santa María and Los Trapenses: December 28th, 2010
Chicureo, Chamisero and Valle Grande III: December 29th, 2011
Alto Lampa: November 22nd, 2013

Essal S.A.

X y XIV Regions: December 30th, 2010

Uncommitted Investments: Uncommitted investments are those that are not included in the committed investment plan that the Company chooses to carry out voluntarily to ensure the quality of services and to replace obsolete assets. These investments are generally related to the replacement of network infrastructure and other assets, the acquisition of certain water rights and investments in unregulated businesses, among others.

According to IAS 23 of the International Financial Reporting Standards (IFRS), the current accounting standard in Chile, interest on capital investments is capitalized during the construction phase. IAS 23 outlines that when a company acquires debt in order to finance investments, the interest on that debt must be subtracted from financial expenses and incorporated into the financed construction project, for up to the full amount of interest, applying the respective rate of disbursements to the presentation date of financial statements. Consequently, the financial costs associated with our capital investment plan affects the amount of financial expenses recorded in the income statement. These financial costs are recorded along with ongoing works in the line item “Property, Plant and Equipment” of our statement of financial position.

Financial Aspects

Currency risks: Revenues are largely linked to the evolution of the local currency. Because of this factor, the Company's debt is mainly issued in that currency. As a result, the Company does not significant risk of foreign currency transactions.

As of December 31, 2014, the Company's interest rate profile consisted of 85.2% fixed rate and 14.8% variable rate. The fixed rate debt includes short-term and long-term bonds (75.9%) and reimbursable financial contributions (24.1%), while the variable rate debt includes bank debt with local financial institutions.

As of December 31, 2013, the Company's interest rate profile consisted of 89.2% fixed rate and 10.8% variable rate. The fixed rate debt includes short-term and long-term bonds (79.8%) and reimbursable financial contributions (20.2%), while the variable rate debt includes bank debt with local financial institutions.

The company has a policy of monitoring and managing its interest rate, with the aim of optimizing the cost of financing. It continuously evaluates available hedging instruments in the financial market.

This favorable situation has meant that the local rating agencies have assigned the Company a solvency rating of AA+. In the case of the shares, Fitch and ICR have assigned us a rating of first class Level 1 for the A series and first class Level 4 for the B series.