



PRESS RELEASE

**Semester ended
June 30 2014**

1. Highlights

- The company's results for the first half of 2014 were positively influenced by the start of operations of the Mapocho Sewage Treatment Plant, the start of operations of potable water supply safety works, and the absence of negative effects generated by the water stoppages that occurred in the summer of 2013. Those interruptions resulted from summer rains and landslides into the Maipo River that increased the turbidity of the channel to extreme levels, preventing the production of water.
- At the end of the first half of 2014, the Company's revenue was Ch\$221,770 million, a 9.6% increase (Ch\$19,401 million) over revenue for the same semester in 2013. This increase was mainly the result of higher sales volumes and the application of the tariff associated with the start of operations of the Mapocho Sewage Treatment Plant, as well as the increased rate resulting from the start of operations of the new potable water supply safety works. The Mapocho Sewage Treatment Plant marks the completion of the Sanitation Plan of the Metropolitan Region of Santiago, with treatment of 100% of sewage.
- Costs increased by 3.6% (Ch\$1,592 million) due to higher employee benefits associated with the application of consumer price index adjustments and a Ch\$854 million increase in insolvency provision. In addition, there were increased costs for structure and external operation services for sewage treatment plants after the Mapocho plant began operating. All of this was partially offset by the recording of Ch\$3,483 million in expenses in the 2013 fiscal year for the operational contingency that occurred in the summer of that year. As a result, EBITDA for the period reached Ch\$139,984 million, an increase of 13.4% over the same semester of the previous year.
- The financial result for the period rose to (Ch\$30,110 million), Ch\$19,218 million lower than the previous year, mainly as a consequence of higher revaluation of adjustable debt in unidades de fomento (indexation units).
- Net income as of June 30, 2014 was Ch\$64,166 million, a Ch\$818 million (1.3%) increase from the same period in the previous year.

2. Operating Results

Income Statement (Ch\$ millions)	June 14	June 13	% Var.	2014 / 2013
Revenues	221,770	202,369	9.6%	19,401
Operating Costs & Expenses	-81,786	-78,949	3.6%	-2,837
EBITDA	139,984	123,420	13.4%	16,564
D&A	-31,591	-32,167	-1.8%	576
Operating Income (EBIT)	108,393	91,252	18.8%	17,140
Financial Result*	-30,110	-10,892	176.4%	-19,218
Net Income	64,166	63,348	1.3%	818

* includes financial revenue, financial costs, exchange rate differences and results due to indexation units.

2.1 Revenue Analysis

	June 14		June 13		Variation	
	Sales Ch\$ millions	% of Rev.	Sales Ch\$ millions	% of Rev.	Ch\$ millions	%
Potable Water	92,943	41.9%	84,663	41.8%	8,280	9.8%
Sewage	104,550	47.1%	93,320	46.1%	11,230	12.0%
Other Regulated Revenue	3,494	1.6%	2,951	1.5%	543	18.4%
Non-regulated Revenue	20,783	9.4%	21,435	10.6%	-652	-3.0%
Total	221,770	100.0%	202,369	100.0%	19,401	9.6%

Sales Volume (Th. m³)	June 14	June 13	% Var.	Difference
Potable Water	297,289	286,162	3.9%	11,127
Sewage Collection	285,094	276,976	2.9%	8,118
Sewage Treatment and Disposal	248,101	241,048	2.9%	7,053
Interconnections *	64,168	63,104	1.7%	1,064
Customers	June 14	June 13	% Var.	Difference
Potable Water	2,070,091	2,009,979	3.0%	60,112
Waste Water Collection	2,018,794	1,969,975	2.5%	48,819

* Interconnections include treatment and disposal of sewage from other sanitation companies

Regulated Businesses

1. Potable Water

Revenue from potable water in the first semester of 2014 totaled Ch\$92,943 million, an increase of Ch\$8,280 million from the same semester of the previous year. The increase in revenue was due in part to a greater sales volume of water billed during the first semester of 2014, which was 3.9% higher than the volume recorded in the same semester last year. In addition, revenues increased in this segment due to higher average tariff as a result of tariff indexation, which took place in September 2013, a tariff increase related to new infrastructure projects that came online in March 2014, and a tariff increase due to an adjustment of inflation in April 2014. The latter is applied when the accumulated variation to inflation since the last adjustment is 3.0% or higher.

2. Sewage

Revenues from sewage services in the first semester of 2014 was Ch\$104,550 million, an increase of 12.0% compared to Ch\$93,320 million recorded in the same semester of 2013. The Ch\$11,230 million increase was due to:

- Sewage Collection
 - An increase in collection revenue of Ch\$2,493 million (for a total of Ch\$47,744 million in the first semester of 2014, compared to Ch\$45,251 million in the first semester of the previous year), due mainly to greater sales volume of 8.1 million m³ and a higher average tariffs due to the indexation effect in late September 2013 and early April 2014, which incorporated the inflation accrued during the period to the existing rates. This adjustment is applied when the cumulative variation from the previous adjustment is 3.0% or higher.
- Sewage Treatment
 - An increase in treatment revenue of Ch\$7,105 million (to a total of Ch\$45,327 million in the first semester of 2014, compared to Ch\$38,222 million in the first semester of the previous year), caused mainly by higher average tariffs due to the completion of the Mapocho Sewage Treatment Plant and the polynomial tariff adjustment at the end of September 2013 and beginning of April, as well as an increase in sales volumes of 7.1 million m³.
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- Interconnections
 - A revenue increase from sewage connections of Ch\$1,632 million (to Ch\$11,478 million in the first semester of 2014, up from Ch\$9,846 million in the first semester of the previous year), due mainly to a higher average rate along with a greater sales volume of 1.0 million m³.

3. Other Regulated Revenue

Revenues of other regulated businesses increased Ch\$543 million mainly due to higher revenues from fixed/baseline charges of Ch\$422 million due to the higher number of customers.

Other Non-Regulated Revenue

Non-regulated revenue decreased by Ch\$652 million in the first semester of 2014 compared to the first semester of the previous year. This variation is due to:

1. Sanitation Services

Revenues in this segment decreased by Ch\$992 million mainly due lower revenues coming from sanitary infrastructure modification due to road works or real estate projects.

2. Non-Sanitation Services

Revenues in this segment increased Ch\$340 million mainly due to increased services provided by Análisis Ambientales S.A and a higher level of activity for EcoRiles S.A.

(Ch\$ millions)	June 14	June 13	Var. %
Gestión y Servicios S.A.	3,963	4,773	-17.0%
EcoRiles S.A.	6,432	5,564	15.6%
Anam S.A.	1,212	954	27.0%
Aguas del Maipo S.A.	182	157	15.8%
Non-regulated, non-sanitation products	11,789	11,449	3.0%

2.2 Cost Analysis

Cost of Sales

As of June 30, 2014, the cost of raw materials and supplies used totaled Ch\$13,806 million, which was Ch\$52 million lower than the figure for the first semester of the 2013 fiscal year. The decline in these costs was due primarily to a reduction in the cost of sales for Gestión y Servicios S.A., offset by greater consumption of chemical supplies both by the EcoRiles affiliate and by the associated regulated companies, whose increased production volume also required greater consumption of chemical supplies.

Personnel Expenses

At the end of the first semester of 2014, personnel expenses totaled Ch\$21,384 million, an increase of Ch\$1,592 million over the previous year, and which was due mainly due to higher personnel compensation linked to inflation adjustments.

Depreciation and Amortization

As of June 30, 2014, depreciation and amortization totaled Ch\$31,591 million, a Ch\$576 million reduction from the figure for the first semester of 2013. This decrease was due mainly to the end of the useful life of certain fixed assets.

Other Expenses

At the end of the first semester of 2014, other expenses totaled Ch\$46,596 million, which was Ch\$1,296 million higher than the figure for the same semester in 2013. The main reason for this was a Ch\$590 million increase in network maintenance expenses, a Ch\$853 million increase in the insolvency provision, along with an increase of Ch\$391 million in the costs of non-regulated activities due to expanded activity. In addition, other expenses rose by Ch\$797 million due to a higher volume treated at our treatment plants; an increase of Ch\$327 million in customer service costs; and a Ch\$485 million rise in the cost of leasing machinery and vehicles and increased municipal licenses and real estate taxes of Ch\$440 million. \$440 million. These higher costs are evaluated against a higher basis of comparison in the first semester of 2013 when additional costs of Ch\$3,483 million, related to emergency water stoppages that occurred during the months of January and February 2013, were recorded.

2.3 Analysis of Financial and Other Results

Financial Income

As of the first semester of 2014, financial income amounted to Ch\$2,947 million, Ch\$1,400 million lower than the figure registered in the same semester last year, explained by lower interest revenue due to lower cash surpluses.

Finance Costs

As of June 30, 2014, financial costs totaled Ch\$14,013 million, a decrease of Ch\$740 million compared to the same semester of 2013. This decrease is due mainly due to lower interests paid due to the lower interests rates in the market.

Results of Indexation

Results of indexation as of June 30, 2014, reached Ch\$19,021 million, a Ch\$18,534 million increase in expenses relative to the same period in 2013, mainly explained by greater appreciation of debt due to the higher variation of the UF compared to the first semester 2013.

Income Tax

The provision for income taxes at the end of first semester of 2014 reached Ch\$13,005 million, Ch\$3,031 million lower than the same period in 2013. This variation is mainly due to the permanent differences that the higher inflation produces in the tributary and financial statements of the company.

Profit

Earnings as of June 30, 2014 reached Ch\$64,166 million, Ch\$818 million (+1.3%) higher than the first semester of 2013.

3. Quarterly Results

Income Statement (Ch\$ millions)	2Q14	2Q13	% Var.	2Q14 / 2Q13
Revenues	102,296	94,085	8.7%	8,211
Operating Costs & Expenses	(42,040)	(41,019)	2.5%	(1,021)
EBITDA	60,256	53,066	13.7%	7,190
D&A	(15,944)	(16,180)	-1.5%	236
Operating Income (EBIT)	44,312	36,886	20.1%	7,426
Financial Result*	(16,456)	(4,493)	266.3%	(11,963)
Net Income	23,270	25,143	-7.4%	(1,873)

* includes financial revenue, financial costs, exchange rate differences and results due to indexation units.

3.1 Revenue Analysis

Operating Revenue

Operating revenue for the second quarter of 2014, reached Ch\$102,296 million, a figure Ch\$8,211 million (8.7%) higher than the previous period. This variation was primarily a result of higher sales volumes during the quarter in addition to higher average tariff as a result of tariff indexation, which took place in September 2013, a tariff increase related to new infrastructure projects that came online in March 2014, and a tariff increase due to an adjustment of inflation in April 2014. The latter is applied when the accumulated variation to inflation since the last adjustment is 3.0% or higher.

3.2 Cost Analysis

Raw materials and supplies

In the second quarter of 2014, the cost of raw materials and consumables reached Ch\$6,559 million, a figure Ch\$486 million lower than the same period in 2013. This decrease is a result of lower cost of sales for Gestión y Servicios, compensated by a higher cost of electricity.

Personnel Expenses

During the second quarter of 2014, personnel expenses totaled Ch\$11,511 million, an increase of Ch\$1,121 million compared to the same period of the previous year, mainly due to higher personnel compensation linked to consumer price index adjustments in addition to compensations for years of service.

Depreciation and Amortization

Depreciation and amortization for the second quarter of 2014 amounted to Ch\$15,944 million, Ch\$236 million lower than the same period in 2013. This decrease was due mainly to the end of the useful life of some fixed assets.

Other Expenses

At the end of the second quarter of 2014, other expenses amounted to Ch\$23,969 million, Ch\$294 million higher than the second quarter 2013. The increase was primarily a result of a Ch\$424 million increase in real estate taxes, Ch\$216 million in communication and advertisement, along with a Ch\$317 million increase in provision for unrecoverables, compensated partially by lower activity in infrastructure modification due to road works for Ch\$1,033 million.

3.3 Analysis of Financial and Other Results

Financial Income

As of the second quarter of 2014, financial income amounted to Ch\$1,560 million , Ch\$1,074 million lower than the figure registered last year, explained by lower interest revenue due to lower cash surpluses.

Financial Costs

Financial costs for the second quarter of 2014 amounted to Ch\$7,245 million, Ch\$262 million lower than the same period in 2013. This decrease is due mainly due to lower interests paid due to the lower interests rates in the market.

Results of Indexation

Results of indexation in the second quarter of 2014 reached Ch\$10,757 million, a Ch\$11,145 million increase in expenses relative to the second quarter of 2013, mainly explained by greater appreciation of debt due to the higher variation of the UF compared to the second quarter of 2013.

Income Tax

The provision for income taxes at the end of second quarter of 2014 reached Ch\$3,958 million, Ch\$2,629 million lower than the same period last year. This variation is mainly due to lower earnings before taxes in respect to the same period in 2013 and the permanent differences that the higher inflation produces in the tributary and financial statements of the company.

Profit

Net income in the second quarter of 2014 amounted to Ch\$23,270 million, a figure Ch\$1,873 million (7.4%) lower than the second quarter of 2013.

4. Balance Sheet

	June 14	Dec. 13	
	Ch\$ million	Ch\$ million	% Var.
Assets			
Current Assets	86,707	132,972	-34.8%
Long-Term Assets	1,451,106	1,444,739	0.4%
Total Assets	1,537,813	1,577,711	-2.5%
Liabilities & Shareholder's Equity			
Current Liabilities	124,708	220,195	-43.4%
Long-Term Liabilities	752,297	679,847	10.7%
Total Liabilities	877,005	900,042	-2.5%
Shareholder's Equity	601,033	616,541	-2.5%
Minority Interest	59,775	61,128	-2.2%
Total Shareholder's Equity	660,808	677,669	-2.5%
Total Liabilities & Shareholder's Equity	1,537,813	1,577,711	-2.5%

Assets

Aguas Andinas' Consolidated total assets as of June 30, 2014, decreased 2.5% compared to December 31, 2013, from Ch\$1,577,711 million to Ch\$1,537,813 million.

As of June 30, 2014, current assets decreased Ch\$46,265 million, primarily as a result of a Ch\$12,824 million decrease in trade and other receivables - basically explained by the seasonality of the sales cycle - along with a Ch\$33,065 million decrease in cash and cash equivalents, which is mainly explained by dividends paid in the first quarter of 2014.

Long-term assets increased Ch\$6,367, mainly due to an increase in deferred taxes. This variation is due to the effects that higher inflation has on temporary differences between the tributary and financial statements of the company.

The following are the main investments during the period:

Investments (Ch\$ millions)	June 14
Minor Corrective Maintenance	2,899
Land and Turbidity Projects II	2,857
Preventive Maintenance of Sewage System Infrastructure	1,980

Liabilities & Shareholder's Equity

As of June 2014, total liabilities decreased by 2.6% (Ch\$23,037 million) compared to December 2013.

Current liabilities decreased by Ch\$95,487 million. This variation was mainly due to the decrease in other financial liabilities of Ch\$46,151 million, associated with the payment of a Series G bond of UF2.5 million. There was also a decrease in Trade and Other Accounts Payable of Ch\$30,339 million, and in Accounts Payable to Related Companies of Ch\$18,563 million, both associated with the payment of interim dividends recorded at the close of December 2013 and the debt with contractors associated with progress in investment works (Ch\$9,000 million).

Long-term liabilities increased by Ch\$72,450 million (10.7%). This was as a result of the issuance of the Series V Bond for UF 2.0 million and increased bank loans of Ch\$20,000 by the subsidiary Aguas Cordillera S.A. and increased promissory notes of Ch\$14,564 million.

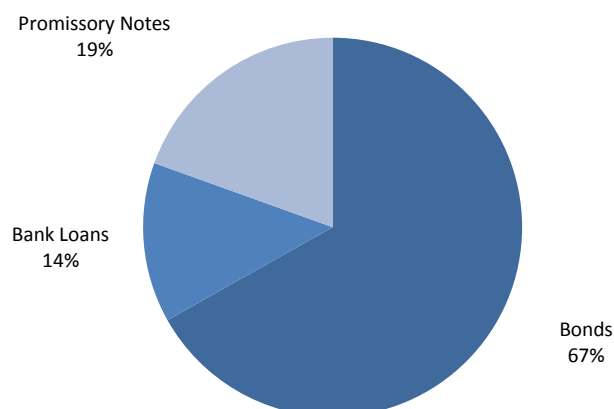
Total shareholder's equity decreased Ch\$16,861 million and net equity attributable to the controllers decreased by Ch\$15,509 million, which is explained by the issue of dividends for the 2013 financial year. This is partially offset by the profit generated in the first semester of 2014.

The table below outlines the maturity profile of consolidated debt as of June 30, 2014 (figures include only capital in millions of Ch\$):

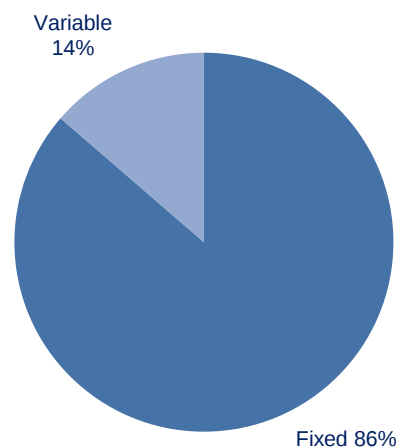
	Currency	Total	1 - 12 months	1 - 3 years	3 - 5 years	more than 5 years
Bonds	UF	480,966	28,109	78,133	33,209	341,515
Bank Loans	Ch\$	98,306	12,659	35,869	49,778	0
Promissory Notes	UF	140,364	1,924	19,759	29,043	89,638
Total		719,636	42,692	133,761	112,030	431,153

Financial Liabilities Structure

Composition by Instrument Type



Composition by Rate Type



5. Cash flows

Cash Flow Statement (Ch\$ millions)	June 14	June 13	% Var.
Net Cash Flow from Operating Activities	125,426	117,615	6.6%
Net Cash Flow from Investing Activities	-38,829	-69,136	-43.8%
Net Cash Flow from Financing Activities	-119,663	-57,495	108.1%
Total Net Cash Flow for the Period	-33,066	-9,016	266.7%
Closing Balance of Cash & Cash Equivalents	5,594	26,628	-79.0%

The net cash flow from operating activities increased Ch\$7,811 million as at June 2014, compared to June 2013.

The main variation was as follows:

- An increase in cash receipts from the sale of goods and the rendering of services of Ch\$27,543 million. This was mainly due to higher sales volume and increased tariffs associated with the start-up of the Mapocho Sewage Treatment Plant, the increase in tariffs associated with the start-up of the security operations to ensure the provision of drinking water, and the inflation indexations that occurred in September and April 2014.

This variation was partially offset by the following:

- Increased payments to suppliers for Ch\$9,461 million, associated with increased costs from increased volume treated, due to the startup of the Mapocho Sewage Treatment Plant and maintenance of the potable water network.
- An increase in other payments for operating activities of Ch\$5,022 million, mainly due to a higher amount of value added tax as a result of increased revenue, compared to the same period the previous year.
- An increase of Ch\$2,318,000 for insurance payments for physical goods for a period of 18 months.
- An increase in employee benefits of Ch\$2,043,000, as a result of salary increases and bonus payments associated to consumer price index readjustments.

Disbursements from investing activities decreased by Ch\$30,307 million, due to lower incorporation of property, plant and equipment. Payments made in the previous financial year for the construction of the Mapocho Sewage Treatment Plant explain this difference.

Financing activities generated a net variation (higher payments) of Ch\$62,167 million, mainly due to the payment of Series G bonds for UF 2.5 million, along with an increased dividend of Ch\$31,544 million, all partially offset by an increase in bank loans of Ch\$53,806 million.

6. Financial Ratios

		June 14	Dec. 13
Liquidity			
Current Ratio	times	0.70	0.60
Acid Test Ratio	times	0.04	0.18
Leverage			
Total Leverage	times	1.33	1.33
Current Leverage	times	0.14	0.24
Long-Term Leverage	times	0.86	0.76
Debt-Service Coverage Ratio	times	6.22	6.16
Return			
Return on equity attributable to the shareholders of the parent company	%	19.56	18.84
ROA	%	7.68	7.47
Earnings Per Share	Ch\$	19.20	19.07
Dividend Yield (*)	%	5.47	5.91

Current ratio: current 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.

Long-term leverage: long-term liabilities / total liabilities.

Debt-Service Coverage Ratio: net income before taxes / financial costs.

ROE: net income / average assets.

ROA: net income / average assets

Earnings per share: net income / total shares

Dividend yield : dividends paid / share price.

(*) The share price as of June 30, 2014 was \$348.47. As of December 31, 2013 the share price was \$339.38.

As of June 2014, the current ratio increased 16.7% due to an decrease in current liabilities of Ch\$95,487 million (43.4%), offset by an decrease in current assets of Ch\$46,265 million (34.8%), compared to December 2013. The main variations in the current assets and liabilities are related to principal and interest payments on bonds and a decrease in trade accounts payable for Ch\$30,339 million and accounts payable to related companies for Ch\$18,563 million, primarily related to the payment of interim dividends in the first quarter of 2014 and to progress in the investment works (Ch\$9,000 million).

The acid test ratio decreased significantly, mainly due to the aforementioned decrease in cash and cash equivalents, product of the payment of interim and definitive dividends during the first half of 2014.

Total leverage remained constant. However, there was a decrease in current liabilities of Ch\$23,037 million, mainly due to the payment of interim dividends and the debt with contractors. Interim dividends were paid during the first quarter of 2014 in the amount of Ch\$37,000 million. The debt with contractors is associated with progress made with investment works in the amount of Ch\$9,000 million. This is all partially offset by the taking of a bank loan totaling Ch\$20,000 million. Total liabilities decreased Ch\$16,861 million which is explained by the issue of dividends for the 2013 financial year. This is partially offset by the profit generated in the first semester of 2014.

The annualized return on equity increased 3.8%, mainly due to a decrease in the annualized average equity of Ch\$18,524 million and an increase of Ch\$818 million in annualized net income, compared to 2013.

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. The accumulated variation of the polynomial index must reach 3.0% or higher to produce a tariff adjustment. 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). These indices are all published by the National Institute of Statistics (INE).

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 (tariff adjustment for new security works), April 2014
Group 2	September 2013 and April 2014
Rinconada de Maipú	July 2012

Aguas Cordillera S.A.:	August 2013 and April 2014
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Aguas Manquehue S.A.:

Santa María	July 2013, January 2014, and June 2014
Chicureo	August 2013 and March 2014
Chamisero	July 2012 and March 2014
Valle Grande 3	July 2012 and March 2014

Essal S.A.:

Group 1	December 2013 and April 2014
Group 2	December 2013 and April 2014
Group 3	December 2013 and April 2014
Chinquihue	August 2013 and February 2014
Los Alerces	April 2013 and January 2014

In addition, tariffs may also be adjusted when additional services/investments become operational. These adjustments are previously authorized by the SISS. Tariffs may also be adjusted if changes in tax rates are made.

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. Current tariffs for Aguas Cordillera S.A. and Aguas Manquehue S.A. were approved by Decrees No. 176, on June 8, 2010, and No. 170, on May 20, 2010, respectively. Meanwhile Empresa de Servicios Sanitarios de Los Lagos S.A. (Essal S.A.) concluded its last tariff negotiation process in 2011 for the 2011-2016 period, and new rates were approved by Decree No. 116, on August 31, 2011.

Market risk

Due to the stable nature of the water utility industry, there is low market risk. Operational results follow a seasonal pattern and may vary from quarter to quarter. The highest levels of demand and revenues are registered during the summer months (December to March) and lower levels of demand and revenues during the winter months (June to September). In general, demand for water is higher in warmer months, mainly due to the additional water needs caused by irrigation and other outdoor water uses.

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. The Metropolitan Region has been affected by drought conditions since 2010. The Company has implemented several contingency plans such as the purchase raw water, increase use of wells and the lease and purchase of water rights, among other measures to reduce the impact of the drought and provide continue to provide quality, timely services.

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, 98.5% service coverage in sewage collection and 100% service coverage in sewage treatment.

Aguas Cordillera S.A. has 100% service coverage in drinking water, 98.8% service coverage in sewage collection and 100% service coverage in sewage treatment.

Aguas Manquehue S.A. has 100% service coverage in drinking water, 99.4% service coverage in sewage collection and 100% service coverage in sewage treatment.

Essal S.A. has 100% service coverage in drinking water, 95.0% service coverage in sewage collection and 100% service coverage in sewage treatment.

Capital Investments

One of the variables that impact the results of operations and the financial condition of the Company are capital investments. There are of 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 important committed investments developed to increase network autonomy such as: additional storage tanks, with the most relevant tank being one built at the Las Vizcachas plant which will have a capacity of 160,000 m³; the CAYA project which will connect the El Yeso reservoir with the Zaulillos sector (capacity of 4.0 m³/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 emergency situations.

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

Aguas Andinas S.A.

Greater Santiago: May 16, 2011

Other areas: October 13, 2011, September 12, 2012, April 5, 2013 and July 3, 2013

Aguas Cordillera S.A.

Aguas Cordillera and Villa Los Dominicos: October 18, 2011

Aguas Manquehue S.A.

Santa María and Los Trapenses: December 28, 2010

Chicureo, Chamisero and Valle Grande III: December 29, 2011

Alto Lampa: November 22, 2013

Essal S.A.

X and XIV Regions: December 30, 2010

Uncommitted Investments: Uncommitted investments are those which are those investments 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. 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 the balance sheet.

Financial Aspects

Currency risks:

Revenues are largely linked to the evolution of the local currency (Chilean peso). Because of this factor, the Company's debt is mainly denominated in Chilean pesos or financial instruments linked to the Chilean peso, specifically the UF. As a result, the Company does not significant risk of foreign currency transactions.

Interest rate risk:

As of June 30, 2014, the Company's interest rate profile consisted of 87.2% fixed rate and 12.8% variable rate. The fixed rate debt includes short-term and long-term bonds (78.0%) and promissory notes (22.0%), 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 promissory notes (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.

The local rating agency Feller Rate has assigned the Company a solvency rating of AA. Feller Rate and Fitch Rating have assigned the Company's shares a rating of Level 2.