



EARNINGS RELEASE

**For the period ending
June 30 2016**

1. Highlights for 2016

- During the first semester of 2016, the Company's revenue reached CLP\$250,269,661 thousand, an increase of CLP\$6,979,231 thousand (2.9%) in comparison to the same semester of 2015. This increase was mainly due to indexations due to inflation, partially compensated by the decrease in supplied volumes. This decrease in supplied volumes is due to an increase in rainfall during 2016, which has increased more than 300% in comparison to the rainfall in the first semester of 2015.
- The non-regulated subsidiaries decreased their sales in CLP\$533,141 thousand due to a delay in the beginning of operations of the Methanization Plant which is being built in the La Farfana Plant. This plant will enable the Company to sell biogas with a higher caloric potential.
- Costs increased by 3.7% mainly due to an increase in network maintenance for CLP\$914,020 thousand, higher costs thousand due to higher consumption of chemical inputs used for turbidity abatement due to a higher use of superficial water sources, higher costs for payment collection, call centers, billing and service cuts for CLP\$834,680 thousand, in addition to higher security service costs for CLP\$393,156 thousand mainly associated to security reinforcements after the chlorine cylinder theft episodes.
- The EBITDA for the period reached CLP\$151,522,012 thousand, showing an increase of 2.3% in comparison to the same period of the previous year.
- The financial result generated a loss for CLP\$22,046,795 thousand, CLP\$2,078,907 thousand less in comparison to that obtained in the same semester of the previous year. This was mainly due to a higher revaluation of the Company's re-adjustable debt in Unidades de Fomento (Indexation Units).
- In order to finance the Company's investment plan and refinance liabilities, in January 2016 the Company issued two bonds with the following characteristics:

Series Z: for 1.0 million Unidades de Fomento, structured to 7 years, at a 2.15% rate.

Serie AA: for 2.0 million Unidades de Fomento, structured to 24 years, at a 3.29% rate.

- Tax expenses at the end of the first semester of 2016 amounted to CLP\$20,816,428 thousand, CLP\$1,397,820 thousand higher in comparison to the same semester of the previous year. This variation was mainly justified by higher earnings before taxes of CLP\$2,029,385 thousand and by the change in the tax rate increasing from 22.5% to 24% due to the Tax Reform which has been in place since September 2014.
- Net income as of June 30 2016 amounted to CLP\$73,469,696 thousand, CLP\$249,733 thousand higher (0.3% increase) in comparison to the first semester of the previous year.

Events of the Quarter

- During the days between the 15 and the 18th of April, rains in the mountains increased the turbidity of the Maipo River, the main water source for Santiago. Turbidity levels reached levels multiple times higher than the maximum levels that the potable water treatment plans can operate with. This caused operations to cease at these plants, generating a suspension of services. The water cut affected approximately 1 million clients. The lower revenues caused by this emergency have yet to be quantified. The lower sales and higher costs associated with this event are reflected in the Company's June Financial Statements and add up to approximately 2 billion Chilean Pesos.
- Aguas Andinas is currently evaluating and compensation the damages that third parties incurred in after a rupture in a potable water matrix which occurred in Providencia on June 9th 2016. These third parties include Metro S.A. and the Municipality of Providencia with whom the Company is having conversations in order to determine the economic impacts incurred by both institutions. Regarding the aforementioned emergency, the Superintendence of Sanitation Services is currently in its audit process in order to establish if there were any infringements that need to be sanctioned.

2. Accumulated Results

2.1 Operating Results

Income Statement (CLP\$ thousands)	Jun. 16	Jun. 15	% Var.	2016 / 2015
Revenues	250,269,661	243,290,430	2.9%	6,979,231
Operating Costs & Expenses	(98,747,649)	(95,237,758)	3.7%	(3,509,891)
EBITDA	151,522,012	148,052,672	2.3%	3,469,340
D&A	(33,219,187)	(33,906,794)	(2.0%)	687,607
Operating Income (EBIT)	118,302,825	114,145,878	3.6%	4,156,947
Financial Result*	(22,046,795)	(19,967,888)	10.4%	(2,078,907)
Tax Expenses	(20,816,428)	(19,418,608)	7.2%	(1,397,820)
Net Income	73,469,696	73,219,963	0.3%	249,733

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

2.2 Revenue Analysis

	Sales Jun-16		Sales Jun-15		Variation	
	CLP Th\$	Participation	CLP Th\$	Participation	CLP Th\$	%
Potable Water	103,088,524	41.2%	101,047,854	41.5%	2,040,670	2.0%
Sewage	120,560,473	48.2%	111,517,602	45.8%	9,042,871	8.1%
Other Regulated Revenue	3,351,438	1.3%	6,990,770	2.9%	(3,639,332)	(52.1%)
Non-Regulated Revenue	23,269,226	9.3%	23,734,204	9.8%	(464,978)	(2.0%)
Total	250,269,661	100.0%	243,290,430	100.0%	6,979,231	2.9%

Sales Volume (Th. m³)	Jun. 16	Jun. 15	% Var.	Difference
Potable Water	292,904	301,140	(2.7%)	(8,326)
Sewage Collection	281,561	287,678	(2.1%)	(6,117)
Sewage Treatment & Disposal	245,008	247,962	(1.2%)	(2,954)
Interconnections *	64,102	67,575	(5.1%)	(3,473)

Customers	Jun, 16	Jun, 15	% Var.	Difference
Potable Water	2,184,651	2,121,312	3.0%	63,339
Sewage Collection	2,131,599	2,068,347	3.1%	63,252

* Interconnections include the Treatment and Disposal of Sewage from other Sanitation Companies

a. Regulated Businesses

1. Potable Water

Potable water revenues during the first semester of 2016 totaled CLP\$103,088,524 thousand. This is an increase of CLP\$2,040,670 thousand in comparison to the same semester of the previous year. The higher level of revenue was due to the variations in tariffs registered during 2015 and 2016, partially compensated by the decrease in supplied volumes.

2. Sewage

Revenues from sewage during the first semester of 2016 reached CLP\$120,560,473 thousand, exhibiting an increase of 8.1% in comparison to the CLP\$111,517,602 thousand registered the same semester of the previous year. The CLP\$9,042,871 thousand increase was due to the variations in tariffs registered during 2015 and 2016, partially compensated by the decrease in supplied volumes.

3. Other Regulated Revenues

This segment had a decrease of CLP\$3,639,332 thousand which is mainly explained by the variation in the non-billed consumption provision.

b. **Non Regulated Revenues**

Non-regulated revenues decreased by CLP\$464,978 thousand during the first semester of 2016 in comparison to the same semester of the previous year. This was mainly due to:

1. Sanitation Services

An increase of CLP\$68,163 million mainly due to a higher amount of work requirements from clients partially compensated by lower revenues associated to rural potable water (mainly ESSAL).

2. Non-Sanitation Services

A decrease of CLP\$ \$533,141 thousand that is mainly explained by a decrease in Aguas del Maipo. This company did not register sales during the period due to the delay in the beginning of operations of the Methanization Plant which is being built in the La Farfana Plant. In addition to this, there is lower activity in Gestión y Servicios S.A. which is partially compensated by higher sales in EcoRiles and Análisis Ambientales.

(CLP Th\$)	Jun. 16	Jun. 15	Var. %
Anam S.A.	1,627,111	1,491,433	9.1%
EcoRiles S.A.	6,226,641	5,980,603	4.1%
Gestión y Servicios S.A.	3,767,444	4,055,440	(7.1%)
Aguas del Maipo S.A.	(246,664)	380,197	(164.9%)
Non-regulated, non-sanitation products	11,374,532	11,907,673	(4.5%)

2.3. Cost Analysis

a) Raw Materials and Consumables Used

As of June 30 2016, the cost of raw materials and consumables used reached CLP\$17,323,900 thousand, a decrease of CLP\$1,241,751 thousand in comparison to the first semester of 2015. The decrease in these costs is due by a decrease in electricity expenses for CLP\$1,984,237 thousand due the recognition of retroactive charges for CLP\$2,570,450 thousand in 2015 which has been partially compensated by an increase in tariffs for CLP\$500,516 thousand. This decrease in costs has been partially compensated by an increase of chemical inputs which are used for turbidity abatement due to a higher use of superficial water sources.

b) Personnel Expenses

At the end of the first semester of 2016, personnel expenses amounted to CLP\$25,816,638 thousand, CLP\$207,426 thousand higher than the same semester of the previous year, partially explained by higher salaries associated to inflation adjustments for CLP\$817,520 thousand and the internalization of Rural Potable Water personnel for CLP\$414,039 thousand. This increase in personnel expenses is partially compensated by a provision which was constituted in 2015 associated to an early retirement program for CLP\$2,241,000 thousand.

c) Depreciation and Amortization Expenses

As of June 30 2016, depreciation and amortization totaled to CLP\$33,219,187 thousand, CLP\$687,607 thousand lower than that obtained in the same semester in 2015. This increase was mainly due to the end of the useful lives of certain assets, partially compensated by the depreciation of new investments that were incorporated during the period.

d) Other Expenses

At the end of the first semester of 2016, these expenses increased to CLP\$55,607,111 thousand, CLP\$4,544,216 thousand higher than that obtained during the same semester in 2015. This is essentially explained due to higher costs in network maintenance, and higher client service costs for CLP\$834,680 thousand associated to an increase in activities such as billing and collection, cuts and replacements, and call center services. In addition to this, there was also an increase in non-regulated works requested by clients for CLP\$501,745 thousand, higher surveillance costs for CLP\$393,156 thousand mainly associated to reinforcements after the chlorine cylinder theft episodes, in addition to higher expenses due to fines from the Superintendence of Sanitation Services (SISS) for CLP\$564,324 thousand.

2.4. Analysis of Financial Results and Other Results

a) Financial Income

At the end of the first semester of 2016, financial income amounted to CLP\$3,776,603 thousand, a CLP\$784,760 thousand increase to that obtained in the same semester in 2015. This was explained mainly due to higher financial interests due to higher temporary cash surpluses.

b) Financial Costs

As of June 30 2016, financial costs totaled CLP\$13,632,830 thousand, a CLP\$360,238 thousand decrease in costs to those obtained in the same period in 2015. The latter was explained by higher interest activation partially compensated by an increase in the level of this debt.

c) Results from Indexation

At the end of the first semester of 2016, results from indexation reached CLP\$12,197,387 thousand, determined by a higher expense of CLP\$3,219,016 thousand in comparison to the same semester of 2015. This was mainly due to a higher debt revaluation due to a higher variation of the UF (indexation units) in comparison to the same semester in 2015.

d) Expense (Income) due to Income Tax

The provision for income taxes totaled CLP\$20,816,428 thousand for the first semester of 2016. This was CLP\$1,397,820 thousand higher in comparison to the previous year. This variation was justified mainly by an higher revenues before taxes for CLP\$2,029,385 thousand, in addition to the change in tax rate from 22.5% to 24% due to the Tax Reform which has been in place since September 2014. This has been partially compensated by an increase in the permanent differences that affect the results which are associated to taxes.

e) Net Income

Net income as of June 30 2016 amounted to CLP\$73,469,696 thousand, CLP\$249,733 thousand higher (0.3%) than that obtained in the first semester of 2015.

3. Quarterly Results

Income Statement (CLP\$ thousands)	2Q16	2Q15	% Var.	2Q16 – 2Q15
Revenues	111,203,801	112,324,833	(1.0%)	(1,121,032)
Operating Costs & Expenses	(50,724,685)	(48,859,394)	3.8%	(1,865,291)
EBITDA	60,479,116	63,465,439	(4.7%)	(2,986,323)
D&A	(16,691,832)	(17,004,136)	(1.8%)	312,304
Operating Income (EBIT)	43,787,284	46,461,303	(5.8%)	(2,674,019)
Financial Result*	(11,652,454)	(15,366,645)	(24.2%)	3,714,191
Tax Expenses	(6,404,114)	(5,090,840)	25.8%	(1,313,274)
Net Income	25,176,009	25,626,062	(1.8%)	(450,053)

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

3.1. Revenue Analysis

a. Operating Revenues

Ordinary revenues for the second quarter of 2016 amounted to CLP\$111,203,801 thousand, CLP\$1,121,032 thousand (-1.0%) lower than that obtained in the same quarter of the previous year. This variation was mainly due to lower revenues associated with the non-billed consumption provision in addition to lower revenues from non-regulated subsidiaries. This was partially compensated by higher regulated revenues due to the change in tariff decree in March 2015, in addition to the inflation indexation registered in November 2015 which adjusts tariffs in accordance to the variations of the existing polynomial. These effects caused a higher average tariff which has been partially compensated by a lower billed volume during the quarter.

3.2. Cost Analysis

a) Raw Materials and Consumables Used

In the second quarter of 2016, the cost of raw materials and consumables used reached CLP\$8,408,756 thousand, CLP\$1,427,547 lower than that obtained during the same period in 2015. This decrease was mainly explained by the higher costs of electricity registered in 2015 due to retroactive charges, in addition to a decrease in Gestión y Servicios' cost of sales due to a decrease in its level of activity. The latter was partially compensated by an increase in chemical inputs associated to higher levels of turbidity.

b) Personnel Expenses

During the second quarter of 2016, personnel expenses reached CLP\$13,350,516 thousand, CLP\$905,323 thousand higher than that of the same quarter in the previous year due to higher remunerations and compensations associated to inflation readjustments and the internalization of Rural Potable Water personnel.

c) Depreciation and Amortization Expenses

Depreciation and amortization expenses during the second quarter of 2016 amounted to CLP\$16,691,832 thousand, CLP\$312,304 thousand lower than that obtained in the same quarter of 2015.

d) Other Expenses

During the second quarter of 2016, other expenses amounted to CLP\$28,965,413 thousand, CLP\$2,387,515 thousand higher than that obtained in the same period of 2015. This was mainly explained by higher activity associated to the transfer of sanitation infrastructure requested by third parties for

CLP\$147,956 thousand, surveillance services for CLP\$278,157 thousand, higher client service costs for CLP\$225,396 thousand (mainly due to an increase in activities such as meter readings, billing and collection services), network maintenance and repair for CLP\$310,069 thousand, higher costs due to works requested by third parties for CLP\$192,276 thousand, and lease services for CLP\$433,648 thousand. In addition to this, there were higher costs associated with the operation of waste water treatment plants due to the readjustment of the UF (indexation units) in addition to higher treated volumes for CLP\$122,043 thousand, in addition to higher expenses due to fines from the Superintendence of Sanitation Services (SISS) for CLP\$408,577 thousand.

3.3. Analysis of Financial Results and Other Results

a) Financial Income

Financial income for the second quarter of 2016 reached CLP\$1,863,304 thousand, CLP\$302,097 thousand higher than that obtained in the same quarter of 2015. This was mainly explained by higher financial interests due to higher temporary cash surpluses.

b) Financial Costs

The financial costs for the second quarter of 2016 totaled CLP\$6,789,520 thousand, a CLP\$619,205 thousand decrease in costs to those obtained in the same period in 2015. The latter was explained by higher activation of financial interests.

c) Results from Indexation

In the second quarter of 2016, there were losses for CLP\$6,741,807 thousand, amount which decreased by CLP\$2,802,836 thousand in comparison to the same period in 2015, mainly explained by a lower debt revaluation due to a lower variation of the UF (indexation units) in comparison to the same quarter in 2015.

d) Expense (Income) due to Income Tax

The provision for income taxes totaled CLP\$6,404,114 thousand for the second quarter of 2016. This was CLP\$1,313,274 thousand higher in comparison to the same quarter of the previous year. This variation was justified mainly by deferred taxes associated by the variation in the tax rate between the date of application of deferred taxes at a 27% rate versus the applied tax rate during the quarter which is 24%. This effect is in addition to the change in tax rate from 22.5% to 24% due to the Tax Reform.

e) Net Income

Net income for the second quarter of 2016 amounted to CLP\$25,176,009 thousand, CLP\$450,053 thousand lower (1.8%) than that obtained in the same quarter of 2015

4. Balance Sheet

	Jun. 16	Dec. 15	
	CLP Th\$	CLP Th\$	% Var.
Assets			
Current Assets	115,721,033	148,629,745	(22.1%)
Long-Term Assets	1,547,485,523	1,542,568,103	0.3%
Total Assets	1,663,206,556	1,691,197,848	(1.7%)
Liabilities & Shareholder's Equity			
Current Liabilities	133,176,208	232,407,312	(42.7%)
Long-Term Liabilities	875,200,430	787,200,069	11.2%
Total Liabilities	1,008,376,638	1,019,607,381	(1.1%)
Shareholder's Equity	602,222,763	617,195,977	(2.4%)
Minority Interest	52,607,155	54,394,490	(3.3%)
Total Shareholder's Equity	654,829,918	671,590,467	(2.5%)
Total Liabilities & Shareholder's Equity	1,663,206,556	1,691,197,848	(1.7%)

4.1 Asset Analysis

Aguas Andinas' consolidated total assets as of June 30 2016 had a decrease of 1.7% in comparison with December 31 2015, going from CLP\$1,691,197,848 thousand to CLP\$1,663,206,556 thousand.

Current assets decreased by CLP\$32,908,712 thousand, mainly due to a decrease in Cash and Cash Equivalents of CLP\$15,368,152 thousand and trade debtors and other accounts receivables of CLP\$14,695,575 thousand, mainly due to the seasonality of the purchasing cycle.

Long-term assets increased by CLP\$4,917,420 thousand mainly due to an increase in works in construction. The main investment works of the period are reflected in the following table:

Investments (Th\$)	Jun-16
Expansion of the Mapocho-Trebal WWTP	11,694,536
Construction of the Bajos de Mate Tank	900,999
Interconnection between the La Dehesa Tank and the La Dehesa PWTP	464,158

4.2 Liabilities and Shareholders' Equity Analysis

Total liabilities as of June 30 2016 decreased by 1.1% (CLP\$11,230,743 thousand) in comparison to December 2015.

Current liabilities decreased by CLP\$99,231,104 thousand. This variation was mainly due to the distribution of interim dividends which occurred in the first quarter of 2016 and the payment of the final instalment of Bond Series N.

Long-term liabilities increased by CLP \$88,000,361 thousand (11.2%). This is mainly due to an increase in bond debt of CLP\$81,209,630 thousand associated to the following issuances:

Series Z: for 1.0 million Unidades de Fomento, structured to 7 years, at a 2.15% rate.
Serie AA: for 2.0 million Unidades de Fomento, structured to 24 years, at a 3.29% rate.

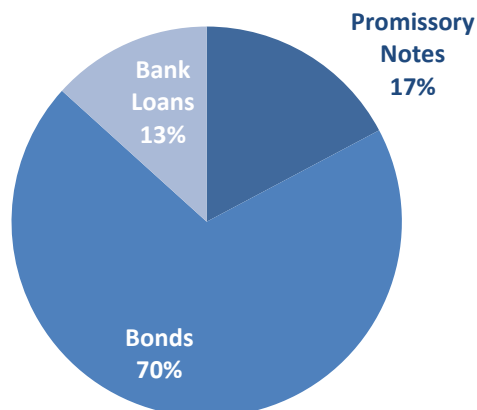
Total shareholders' equity decreased by CLP\$16,760,549 thousand and the net equity attributable to the controllers decreased by CLP\$14,973,214 thousand, mainly due to the distribution of dividends corresponding to the 2015 financial year, which is partially compensated by the earnings generated during the first semester of 2016.

The Company's consolidated debt amortization profile as of June 30 2016 is as follows:

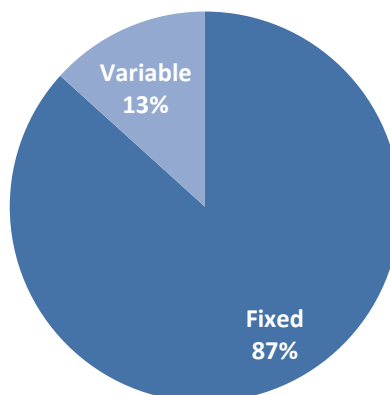
Capital CLP Th.\$	Currency	Total	1 - 12 months	1 - 3 years	3 - 5 years	more than 5 years
Promissory Notes	\$	137,978,888	10,073,145	25,913,112	16,107,542	85,885,089
Bonds	\$	555,850,630	13,495,276	43,663,877	19,059,144	479,632,333
Bank Debt	\$	106,393,267	12,374,057	36,783,345	41,217,761	16,018,104
Total		800,222,785	35,942,478	106,360,334	76,384,447	581,535,526

4.3 Financial Liabilities Structure

Composition By Instrument



Composition By Interest Rate



5. Consolidated Cash Flows

Cash Flow Statement (CLP\$ Th.)	Jun. 16	Jun. 15	% Var.
Net Cash Flow from Operating Activities	134.218.544	125.200.373	7.2%
Net Cash Flow from Investing Activities	(62.187.262)	(44.399.062)	40.1%
Net Cash Flow from Financing Activities	(87.399.434)	(93.828.886)	(6.9%)
Total Net Cash Flow for the Period	(15.368.152)	(13.027.575)	18.0%
Closing Balance of Cash & Cash Equivalents	17.585.377	13.174.579	33.5%

The net cash flow from operating activities increased by CLP\$9,018,171 thousand, when comparing June 2016 to June 2015.

The main variation was as follows:

- Increase in the charges incurred from the sale of goods and services for CLP\$16,259,584 thousand, due to a higher average tariff.

This variation was partially compensated by the following concepts:

- An increase in the payment to suppliers for CLP\$7,839,968 thousand mainly due to an increase in payments to potable and waste water network maintenance and repair suppliers and electricity payments.
- An increase in the benefits paid to employees for CLP\$3,222,301 thousand mainly due to the early retirement program paid during the first quarter of this year.
- An increase of CLP\$1,664,148 thousand for the payment of capital gains tax which has been due to the change in the Provisional Monthly Payment tax rate for the 2016 period, in addition to higher sales.

The disbursement for investment activities increased by CLP\$17,788,200 thousand mainly due to higher payments for the investment works in the Expansion of the Mapocho-Trebal Waste Water Treatment Plant.

Financing activities generated a negative variation of net cash flow (decrease) of CLP\$6,429,452 thousand, this is due to the issuances of bonds Series Z and AA for a total of 3.0 million UF (indexation units) this year. The latter was mainly compensated by an increase in loan and bond payments for CLP\$25.957.831 thousand and higher dividend payments for CLP\$9,814,726 thousand.

6. Financial Ratios

		Jun. 16	Dec. 15
Liquidity			
Current Ratio	times	0.87	0.64
Acid Test Ratio	times	0.13	0.14
Leverage			
Total Leverage	times	1.54	1.52
Current Leverage	times	0.13	0.23
Long-term Leverage	times	0.87	0.77
Interest Coverage Ratio	times	7.11	6.96
Return			
ROE	%	21.44	21.01
ROA	%	7.93	7.82
Earnings Per Share	CLP\$	21.12	21.08
Dividend Yield*	%	5.55	5.37

Current Ratio: $\text{Currents Assets} / \text{Current Liabilities}$.

Acid Test Ratio: $\text{Cash and Cash Equivalents} / \text{Current Liabilities}$.

Total Leverage: $\text{Total Liabilities} / \text{Total Shareholders' Equity}$.

Current Leverage: $\text{Current Liabilities} / \text{Total Liabilities}$.

Long-Term Leverage: $\text{Long-Term Liabilities} / \text{Total Liabilities}$.

Interest Rate Coverage: $\text{Net Income before Taxes} / \text{Financial Costs}$.

ROE: $\text{Net Income} / \text{Average Assets}$.

ROA: $\text{Net Income} / \text{Average Assets}$.

Earnings per Share: $\text{Net Income} / \text{Total Shares}$.

Dividend Yield: $\text{Dividends Paid} / \text{Share Price}$

*Share price as of June 2016 was \$379.66. As of December 31, 2015 the share price was \$363.58.

As of June 2016, the current ratio had an increase of 35.9% due to a decrease in current liabilities of CLP\$99,231,104 thousand (42.7%) due to the distribution of interim dividends during the first quarter of 2016, compensated by a decrease in current assets of CLP\$32,908,712 thousand (22.1%), mainly due to the seasonality of the purchasing cycle.

Total leverage increased by 1.4% due to a decrease in total shareholders' equity of CLP\$16,760,549 thousand, mainly explained by the distribution of dividends corresponding to the 2015 financial year. This was partially compensated by the earnings generated during the first semester of 2016. On the other hand, total debt decreased by CLP\$11,230,743 thousand, mainly due to the distribution of interim dividends and the payment of the final instalment of Bond Series N, compensated by the issuance of Bond Series Z and AA for a total of UF 3.0 million.

The annualized return on equity attributable to the controller increased by 2.1% due to a decrease of CLP\$11,159,914 thousand in average equity, due to the distribution of dividends corresponding to the 2015 financial year. This is partially compensated by the earnings generated during the first semester of 2016.

7. Other Information

a) 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	November 2015.
Group 2	November 2015.
Rinconada de Maipú	March – July – September 2015.

Aguas Cordillera S.A.:

November 2015.

Aguas Manquehue S.A.:

Santa María	March - November 2015.
Chicureo	October 2015.
Chamisero	March & September 2015.
Valle Grande 3	March & September 2015

Essal S.A.:

Group 1	March & October 2015
Group 2	March & October 2015
Group 3	March & October 2015
Chinquihue	March & December 2015
Los Alerces	March & October 2015

In addition, tariffs may also be adjusted when additional services/investments become operational. These adjustments are previously authorized by the SISS.

Aguas Andinas' current tariffs for the 2015-2020 period were approved through Decree N°83 which was approved on June 5th 2015 and came into effect March 1st 2015 (these tariffs were published in the Official Newspaper on September 3rd 2015). Aguas Cordillera's current tariffs for the 2015-2020 period were approved through Decree N°152 which was approved on October 19th 2015 and came into effect June 30th 2015 (these tariffs were published in the Official Newspaper on November 25th 2015). Aguas Manquehue's current tariffs for the 2015-2020 period were approved through Decree N°139 which was approved on September 16th 2015 and came into effect May 19th 2015 (these tariffs were published in the Official Newspaper on November 25th 2015). For ESSAL, Decree N°116 dated August 31 2011 sets its tariffs for the 2011-2016 period. To date, the 2016 -2020 tariff process has concluded and the Company has reached an agreement with the SISS, however, the decree has not been published.

b) Market Risk

Our Company has a favorable situation in terms of risk, mainly due to the particular characteristics of the sanitation industry. 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.

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 continue to provide quality, timely services.

c) 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.

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, 95.6% service coverage in the X Region and 92.0% in the XIV Region of sewage collection and 100% service coverage in sewage treatment.

d) 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.

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

Aguas Andinas S.A.

Gran Santiago: December 23 2015

Other Areas: September 12 2012, April 5 2013, September 26 2013, December 31 2014 and January 12 2015.

Aguas Cordillera S.A.

Aguas Cordillera and Villa Los Dominicos: December 21 2015

Aguas Manquehue S.A.

Santa María and Los Trapenses: December 23 2014

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

Alto Lampa: November 22 2013

Essal S.A.

X and XIV Region: December 30 2010

Uncommitted Investments: Uncommitted investments 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.

e) Financial Aspects

Currency Risks: Our 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, 2016, the Company's interest rate profile consisted of 87.4% fixed rate and 12.6% variable rate. The fixed rate debt includes short-term and long-term bonds (74.7%) and promissory notes (25.3%), while the variable rate debt includes bank debt with local financial institutions.

As of December 31, 2015, the Company's interest rate profile consisted of 87.5% fixed rate and 12.5% variable rate. The fixed rate debt includes short-term and long-term bonds (74.2%) and promissory notes (25.8%), 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 our stocks, Fitch and ICR have assigned us a rating of first class Level 1 for series A and first class series 4 for series B.