



EARNINGS RELEASE

**For the period ending
March 31 2016**

1. Highlights for 2016

- During the first quarter of 2016, the Company's revenue reached CLP\$139,066 million, an increase of CLP\$8,100 million (6.2%) in comparison to the same quarter of 2015. This increase was mainly due to higher average tariffs which are due to the tariff variations during 2015 and 2016, partially compensated by the decrease in supplied volumes.
- The non-regulated subsidiaries increased their sales in CLP\$132 million due to higher sales in EcoRiles, Análisis Ambientales (Anam) and Gestión y Servicios. The Aguas del Maipo subsidiary did not register any sales during the period due to a delay in the beginning of operations of the Methanization Plant which is being built in the La Farfana Plant.
- Costs increased by 3.5% mainly due to an increase in network maintenance for CLP\$604 million, higher electricity costs for CLP\$861 million due to the increase in tariffs which occurred in 2015, higher costs 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\$609 million, higher plant operation costs for CLP\$322 million, in addition to higher security service costs for CLP\$115 million mainly associated to security reinforcements after the chlorine cylinder theft episodes. In addition to this, during the first quarter of 2015, there were extraordinary expenses associated with the retroactive charge of electricity tariffs and an anticipated retirement program.
- The EBITDA for the period reached CLP\$91,043 million, showing an increase of 7.6% in comparison to the same period of the previous year.
- The financial result generated a loss for CLP\$10,394 million, CLP\$5,793 million less in comparison to that obtained in the same quarter 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 quarter of 2016 amounted to CLP\$14,412 million, CLP\$84 million higher in comparison to the same quarter of the previous year. This variation was mainly justified by higher earnings before taxes of CLP\$987 million 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 March 31 2016 amounted to CLP\$48,294 million, CLP\$700 higher (1.5% increase) in comparison to the previous year.
- After the end 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.

2. Operating Results

2.1 Accumulated Results

Income Statement (CLP\$ millions)	Mar. 16	Mar. 15	% Var.	2016 / 2015
Revenues	139,066	130,966	6.2%	8,100
Operating Costs & Expenses	(48,023)	(46,378)	3.5%	(1,645)
EBITDA	91,043	84,588	7.6%	6,455
D&A	(16,527)	(16,903)	(2.2%)	376
Operating Income (EBIT)	74,516	67,685	10.1%	6,831
Financial Result*	(10,394)	(4,601)	125.9%	(5,793)
Tax Expenses	(14,412)	(14,328)	0.6%	(84)
Net Income	48,294	47,594	1.5%	700

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

2.2 Revenue Analysis

	Mar. 16		Mar. 15		Variation	
	Sales		Sales			
	CLPMM\$	% of Rev	CLPMM\$	% of Rev	CLP MM\$	%
Potable Water	59,145	42.5%	56,907	43.5%	2,238	3.9%
Sewage	64,404	46.3%	58,951	45.0%	5,453	9.3%
Other Regulated Revenue	4,768	3.4%	4,349	3.3%	419	9.6%
Non-Regulated Revenue	10,749	7.8%	10,759	8.2%	(10)	(0.1%)
Total	139,066	100.0%	130,966	100.0%	8,100	6.2%

Sales Volume (Th. m³)	Mar. 16	Mar. 15	% Var.	Difference
Potable Water	159,159	161,246	(1.3%)	(2,087)
Sewage Collection	151,422	152,729	(0.9%)	(1,307)
Sewage Treatment & Disposal	130,452	130,847	(0.3%)	(395)
Interconnections *	35,334	36,192	(2.4%)	(858)

Customers	Mar. 16	Mar. 15	% Var.	Difference
Potable Water	2,165,647	2,112,605	2.5%	53,042
Sewage Collection	2,112,640	2,059,782	2.6%	52,858

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

a. Regulated Business

1. Potable Water

Potable water revenues during the first quarter of 2016 totaled CLP\$59,145 million. This is an increase of CLP\$2,238 million in comparison to the same period of the previous year. The higher level of revenue was caused by 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 quarter of 2016 reached CLP\$64,404 million, exhibiting an increase of 9.3% in comparison to the CLP\$58,951 million registered the same quarter of the previous year. The CLP\$5,453 million 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 an increase of CLP\$419 million which is mainly explained by the variation in the non-billed consumption provision.

b. Non Regulated Revenues

Non-regulated revenues decreased by CLP\$10 million during the first quarter of 2016 in comparison to the same quarter of the previous year. This was mainly due to:

1. Sanitation Services

A decrease of CLP\$142 million mainly due to a lower amount of work requirements from clients in addition to lower revenues associated to rural potable water (mainly ESSAL).

2. Non-Sanitation Services

An increase of CLP\$ \$132 million that is mainly explained by higher activity in Gestión y Servicios and Anam S.A. which is partially compensated by a decrease in Aguas del Maipo, given that during the period there were no sales due to the delay in the beginning of operations of the Methanization Plant which is being built in the La Farfana Plant.

(CLP MM\$)	Mar. 16	Mar. 15	Var. %
Gestión y Servicios S.A.	853	659	29.4%
EcoRiles S.A.	3,062	2,960	3.4%
Anam S.A.	1,943	1,701	14.2%
Aguas del Maipo S.A.	(247)	159	(255.4%)
Non-regulated, non-sanitation products	5,611	5,479	2.4%

2.3. Cost Analysis

a) Raw Materials and Consumables Used

As of March 31 2016, the cost of raw materials and consumables used reached CLP\$8,915 million, an increase of CLP\$186 million in comparison to the first quarter of 2015. The increase in these costs is due to the increase of chemical inputs for CLP\$206 million, in addition to an increase in sales costs for Gestión y Servicios S.A. for CLP\$123 million and higher costs for Análisis Ambientales for CLP\$83 million. The latter is partially compensated by a decrease in electricity expenses for CLP\$306 million due to lower kWh consumption for CLP\$15 million, in addition to the recognition of retroactive charges for CLP\$1,152 million in 2015. This was partially compensated by an increase in tariffs by electricity companies for CLP\$861 million.

b) Personnel Expenses

At the end of the first quarter of 2016, personnel expenses amounted to CLP\$12,466 million, CLP\$698 million lower than the same quarter of the previous year, partially explained by a provision associated to an early retirement program for CLP\$2,441 million which was constituted in 2015. The program will be in place until the end of 2017. The latter is partially compensated by higher salaries associated to inflation adjustments for CLP\$424 million, the internalization of Rural Potable Water personnel for CLP\$205 million, the reclassification from Other Expenses by Nature of the human capital development program for CLP\$257 million, higher settlements paid for CLP\$122 million, higher variable bonuses paid for CLP\$143 million in addition to lower vacations enjoyed for CLP\$102 million.

c) Depreciation and Amortization Expenses

As of March 31 2016, depreciation and amortization totaled to CLP\$16,527 million, CLP\$375 million lower than that obtained in the same quarter 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 quarter of 2016, these expenses increased to CLP\$26,642 million, CLP\$2,157 million higher than that obtained during the same period in 2015. This is essentially explained due to higher costs in network maintenance and repairs for CLP\$604 million due to higher ruptures, and higher client service costs for CLP\$609 million 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 works requested by third parties for CLP\$309 million, higher operation costs in plants for CLP\$322 million mainly associated to the variation of the UF (indexation units), higher surveillance costs for CLP\$115 million 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\$156 million.

2.4. Analysis of Financial Results and Other Results

a) Financial Income

At the end of the first quarter of 2016, financial income amounted to CLP\$1,913 million, a CLP\$483 million increase to that obtained in the same quarter in 2015. This was explained mainly due to higher financial interests due to higher temporary cash surpluses.

b) Financial Costs

As of the end of the first quarter of 2016, financial costs totaled CLP\$6,863 million, a CLP\$259 million increase in costs to those obtained in the same period in 2015. The latter was explained by higher bond interests and higher interests for promissory notes (AFR) due to an increase in the level of this debt.

c) Results from Indexation

At the end of the first quarter of 2016, results from indexation reached CLP\$5,456 million, determined by a higher expense of CLP\$6,022 million in comparison to the same quarter 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 quarter in 2015.

d) Expense (Income) due to Income Tax

The provision for income taxes totaled CLP\$14,412 million for the first quarter of 2016. This was CLP\$84 million higher in comparison to the previous year. This variation was justified mainly by 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 March 31 2016 amounted to CLP\$48,294 million, CLP\$700 million higher (1.5%) than that obtained in the first quarter of 2015.

3. Balance Sheet

	Mar. 16	Dic. 15	
	CLP Millions	CLP Millions	% Var.
Assets			
Current Assets	225,535	148,630	51.7%
Long-Term Assets	1,538,012	1,542,568	(0.3%)
Total Assets	1,763,547	1,691,198	4.3%
Liabilities & Shareholder's Equity			
Current Liabilities	174,120	232,407	(25.1%)
Long-Term Liabilities	868,163	787,200	10.3%
Total Liabilities	1,042,283	1,019,607	2.2%
Shareholder's Equity	665,490	617,196	7.8%
Minority Interest	55,774	54,395	2.5%
Total Shareholder's Equity	721,264	671,591	7.4%
Total Liabilities & Shareholder's Equity	1,763,547	1,691,198	4.3%

3.1 Asset Analysis

Aguas Andinas' consolidated total assets as of March 31 2016 had an increase of 4.3% in comparison with December 31 2015, going from CLP\$1,691,198 million to CLP\$1,763,547 million.

Current assets increased by CLP\$76,905 million, mainly due to an increase in other current financial assets for CLP\$45,446 million due to the advanced registration of the payment of bond principals and interest payable on April 1 this year, in addition to an increase in cash and cash equivalents for CLP\$29,771 million.

Long-term assets decreased by CLP\$4,556 million mainly explained by an increase in accumulated depreciations.

3.2 Liabilities and Shareholder's Equity Analysis

Total liabilities as of March 2016 increased by 2.2% (CLP\$22,767 million) in comparison to December 2015.

Current liabilities decreased by CLP\$58,287 million. This variation was mainly due to the distribution of interim dividends which occurred in the first quarter of 2016.

Long-term liabilities increased by CLP \$80,963 million (10.3%). This is mainly due to an increase in bond debt of \$80,651 million 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.

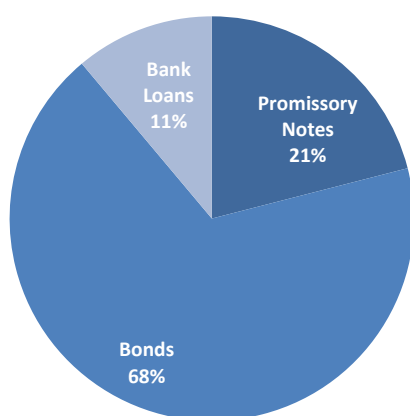
Total shareholders' equity increased by CLP\$49,674 million and the net equity attributable to the controllers increased by CLP\$48,294 million, mainly due to the earnings generated during the period.

The table below outlines the amortization profile of consolidated debt as of March 31, 2016 (figures include only capital in millions of CLP\$):

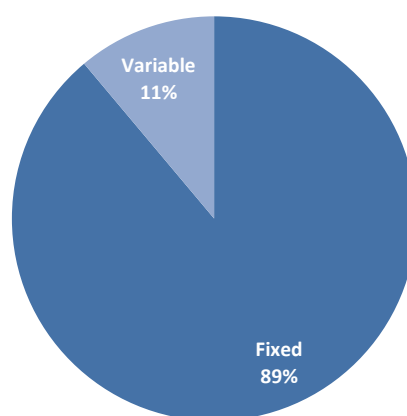
	Currency	Total	1 - 12 months	1 - 3 years	3 - 5 years	more than 5 years
Promissory Notes	\$	183,068	13,154	37,590	17,562	114,762
Bonds	\$	592,004	50,282	43,262	21,752	476,708
Bank Debt	\$	96,901	9,382	30,283	41,218	16,018
Total		871,973	72,818	111,135	80,532	607,488

3.3 Financial Liabilities Structure

Composition by Instrument Type



Composition by Debt Type



4. Consolidated Cash Flows

Cash Flow Statement (CLP\$ millions)	Mar. 16	Mar. 15	% Var.
Net Cash Flow from Operating Activities	66,298	63,583	4.3%
Net Cash Flow from Investing Activities	-33,406	-25,226	32.4%
Net Cash Flow from Financing Activities	-3,121	-46,693	-93.3%
Total Net Cash Flow for the Period	29,771	-8,336	-457.1%
Closing Balance of Cash & Cash Equivalents	62,725	17,866	251.1%

The net cash flow from operating activities increased by CLP\$2,715 million, when comparing March 2016 to March 2015.

The main variation was as follows:

- Increase in charges due to sales of goods and services for CLP\$8,451 million mainly due to higher sales volume and a higher average tariff. In addition to this, the Collections Unit was able to collect more client debts.

This variation was partially compensated by the following concepts:

- An increase in the payment to suppliers for CLP\$4,009 million mainly associated to higher payments to maintenance and Potable Water and Sewerage network repair suppliers and electricity payments.
- An increase in the benefits paid to employees for CLP\$1,769 million due to the early retirement program paid during the first quarter of this year.
- An increase of CLP\$1,847 million 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\$8,180 million mainly due to higher payments for the investment works in the Los Muermos Plant, in addition to ESSAL's renovation of collectors in the Puyehue and Llanquihue areas. In addition to the aforementioned, the variation is explained by an increase in works payments in 2016 such as the Lo Gallo Impulsion Program and improvements at the Padre Hurtado Plant.

Financing activities generated a negative variation of net cash flow of CLP\$43,572 million, 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 payments for CLP\$33,324 million.

5. Financial Ratios

		Mar. 16	Dec. 15
Liquidity			
Current Ratio	times	1.3	0.6
Acid Test Ratio	times	0.4	0.1
Leverage			
Total Leverage	times	1.4	1.5
Current Leverage	times	0.2	0.2
Long-term Leverage	times	0.8	0.8
Interest Coverage Ratio	times	6.9	7.0
Return			
ROE	%	19.6	21.0
ROA	%	7.7	7.8
Earnings Per Share	CLP\$	21.2	21.1
Dividend Yield*	%	5.2	5.4

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.

Long-Term Leverage: Long-Term Liabilities / Total Liabilities.

Interest Rate Coverage: 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

*Share price as of March 2016 was \$382.78. As of December 31, 2015 the share price was \$363.58.

As of March 2016, the current ratio had a decrease of 103.1% due to an increase in current liabilities of CLP\$76,905 million (51.7%) and a decrease in current liabilities of CLP\$58,287 million (25.1%). The main variations in current assets are mainly due to other current financial assets for CLP\$45,446 million due to the advanced registration of the payment of bond principals and interest payable on April 1 this year, in addition to an increase in cash and cash equivalents for CLP\$29,771 million. In turn, the decrease in current liabilities is mainly due to the distribution of interim dividends during the first quarter of 2016.

Total leverage decreased by 4.8% due to an increase in total shareholders' equity of CLP\$49,674 million, due to the earnings of the period and an increase in total debt of CLP\$22,676 million, explained by the issuance of Series Z and AA bonds for 3.0 million UF (indexation units), compensated by the distribution of interim dividends.

The annualized return on equity attributable to the controller decreased by 6.7% due to an increase of CLP\$47,944 million in average equity, due to the quarter's earnings.

6. 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, the relevant dates for the tariff process have been published. Bases to the study were observed on August 11 2015, the tables with historical information were provided on October 28, 2015, studies were interchanged on March 8, 2016, and the new tariffs will come into force on September 12, 2016.

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 March 31, 2016, the Company's interest rate profile consisted of 88.8% fixed rate and 11.2% variable rate. The fixed rate debt includes short-term and long-term bonds (76.5%) and promissory notes (23.5%), 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.