



EARNINGS RELEASE

**Period ending
June 30, 2018**

1. Summary of 2018

- During the first half of 2018, the Company's revenues amounted to CLP Th\$276,307,001, CLP Th\$14,664,471 (5.6%) higher than obtained in the same half of 2017. This increase was mainly explained by higher sales volumes, with an increase of 3.4% in potable water and 2.9% in wastewater, together with indexations recorded during 2017 and 2018.
- Non-regulated subsidiaries increased their sales by CLP Th\$476,170, which was mainly explained by higher sales of Análisis Ambientales' laboratory services and higher sales of methanized biogas from the Aguas del Maipo subsidiary. This was partially offset by lower revenues in EcoRiles due to lower activity in maintenance and wastewater discharge projects, and lower revenues in Gestión y Servicios due to lower sale of materials.
- Costs increased by 3.7% mainly due to an increase in electricity costs of CLP Th\$1,705,498, due to higher consumption due to larger sales volume, originated by higher groundwater collection and water elevation caused by the lower availability of water in the rivers of the Metropolitan Region and also due to higher tariffs. Also, a higher cost of CLP Th\$744,547 was recorded due to the purchase of raw water to supply potable water production plants. There was also an increase of CLP Th\$1,590,484 in personnel expenses mainly due to CPI readjustments, larger staffing and benefits paid due to a collective bargaining process completed in January of this year and which will be effective for the next 3 years.
- Additionally, there were recorded lower costs in biosolids management in wastewater treatment plants of CLP Th\$288,624 and a lower uncollectible provision of CLP Th\$2,545,037 due to greater efforts in collection management. This was partially offset by higher activity in network maintenance of CLP Th\$995,360, higher costs due to an increase in new service activity for CLP Th\$608,629, higher costs in customer management for CLP Th\$488,262, higher enclosures and equipment maintenance for CLP Th\$289,019 and higher real estate contributions for CLP Th\$289,557.
- EBITDA for the period reached CLP Th\$166,760,545, an increase of 6.9% when compared to the same period of the previous year.
- Other revenues were obtained for CLP Th\$2,568,607, CLP Th\$914,420 higher than obtained for the same half of 2017, due to higher sales of expendable lands located in different municipalities of the Metropolitan Region for CLP Th\$3,517,059, partially offset by organizational restructuring costs for 2018 for CLP Th\$2,351,841.
- Financial income displayed a loss of CLP Th\$22,089,449, higher by CLP Th\$1,403,761 than that of the previous year, mainly as a result of a higher revaluation of the debt in Unidades de Fomento (Indexation Units).
- In order to finance the Company's investment plan and the refinance its liabilities, two bonds were issued in April of this year with the following characteristics:
 - "Green and Social Bond" AC series of UF 1.5 million, structured to a 7-year term at a 1.8% rate.
 - Series AD Bond of UF 2.0 million, structured to a 25-year term at a 2.83% rate.
- Income tax expense at the end of the first half of 2018 was CLP Th\$27,261,104, CLP Th\$3,076,624 higher than obtained for the same half of the previous year. This variation was mainly explained by the change in the tax rate from 25.5% to 27.0% due to the Tax Reform, added to a higher before taxes result of CLP Th\$8,690,845.
- Net income as of June 30, 2018 amounted to CLP Th\$81,165,062, CLP Th\$6,144,239 (8.2%) higher than obtained in the first half of the previous year.

2. Results

2.1 Accumulated Results

Income Statement (Th\$)	Jun. 18	Jun. 17	% Var.	2018 - 2017
Ordinary Revenues	276,307,001	261,642,530	5.6%	14,664,471
Operational Costs and Expenses	(109,546,456)	(105,639,451)	3.7%	(3,907,005)
EBITDA	166,760,545	156,003,079	6.9%	10,757,466
Depreciation and Amortization	(37,618,075)	(36,040,795)	4.4%	(1,577,280)
Income from Operations	129,142,470	119,962,284	7.7%	9,180,186
Other Earnings	2,568,607	1,654,187	55.3%	914,420
Financial Result*	(22,089,450)	(20,685,689)	6.8%	(1,403,761)
Tax Expense	(27,261,104)	(24,184,481)	12.7%	(3,076,623)
Net Income	81,165,062	75,020,822	8.2%	6,144,240

* Includes financial revenue, financial costs, exchange differences and results by readjustment units.

2.2 Revenue Analysis

	Jun. 18		Jun. 17		Variation	
	Sales		Sales			
	CLP Th\$	Participation	CLP Th\$	Participation	CLP Th\$	%
Potable Water	116,155,867	42.0%	109,198,012	41.7%	6,957,855	6.4%
Wastewater	132,094,782	47.8%	125,628,230	48.0%	6,466,552	5.1%
Other Regulated Income	4,358,351	1.6%	2,137,222	0.8%	2,221,129	103.9%
Non-Regulated Income	23,698,001	8.6%	24,679,066	9.4%	(981,065)	(4.0%)
Total	276,307,001	100.0%	261,642,530	99.9%	14,664,471	5.6%

Sales Volume (Thousands of m³)	Jun. 18	Jun. 17	% Var.	Difference
Potable Water	317,538	306,959	3.4%	10,579
Wastewater Collection	301,765	293,201	2.9%	8,564
Wastewater Treatment and Disposal	260,017	253,869	2.4%	6,148
Interconnections*	70,318	63,852	10.1%	6,466
Customers	Jun. 18	Jun. 17	% Var.	Difference
Potable Water	2,289,126	2,238,137	2.3%	50,989
Wastewater Collection	2,235,637	2,184,916	2.3%	50,721

* The interconnections include the Treatment and Disposal of Wastewater from other Water Utility Companies.

a. Regulated Business

1. Potable Water

Revenues from potable water during the first half of 2018 reached CLP Th\$116,155,867, which meant an increase of CLP Th\$6,957,855 over the same half of 2017, as a result of higher volumes supplied together with the indexations recorded during 2017 and 2018.

2. Wastewater

Wastewater revenue during the first half of 2018 reached CLP Th\$132,094,782, an increase of 5.1% when compared to CLP Th\$125,628,230 recorded in the same half of 2017. The increase of CLP Th\$6,466,552, was mainly due to a higher volume of supply, together with the indexations recorded during 2017 and 2018.

3. Other Regulated Revenue

This item displays an increase of CLP Th\$2,221,129, which was mainly explained by the variation in the provision of non-billed consumptions together with income from fixed charges to customers.

b. Non-Regulated Income

Non-regulated revenue decreased by CLP Th\$981,065 during the first half of 2018 when compared to the same half last year. This variation was explained by:

1. Water Utility Services

A decreased of CLP Th\$1,457,235, mainly due to lower income associated to changes of sanitation infrastructure requested by customers partially offset by higher activity in new services requested by customers.

2. Non Water Utility Services

An increase of CLP Th\$476,170 was mainly explained by larger sales of Análisis Ambientales' laboratory services and larger sales of methanized biogas from the subsidiary Aguas del Maipo. This was partially offset by lower revenue from EcoRiles due to lower activity in maintenance and wastewater discharge projects and lower revenue from Gestión y Servicios due to lower sales of materials.

(ThCh\$)	Jun. 18	Jun. 17	% Var.
Anam S.A.	2,217,950	2,035,415	9.0%
EcoRiles S.A.	6,475,436	6,670,903	(2.9%)
Gestión y Servicios S.A.	3,145,247	3,187,946	(1.3%)
Aguas del Maipo S.A.	531,801	0	-
Non-regulated, non-water utility companies	12,370,434	11,894,264	4.0%

2.3. Expense Analysis

a) Raw Materials and Consumables Used

As of June 30, 2018, raw materials and consumables used amounted to CLP Th\$19,424,398, CLP Th\$2,511,314 higher than in the first half of the 2017 financial year. This increase was mainly due to higher electricity costs of CLP Th\$1,732,228, due to higher consumption associated to sales volumes, caused by higher groundwater collection and water elevation due to lower water availability in the rivers of the Metropolitan Region and higher tariffs. Additionally, higher costs of CLP Th\$744,547 were due to the purchase of raw water to supply the potable water production plants.

b) Personnel Expenses

At the end of the first half of 2018, personnel expenses reached CLP Th\$29,301,345, which was CLP Th\$1,590,482 higher than in the first half last year, mainly due to CPI readjustments, larger staff and benefits paid due to a collective bargaining process completed in January of this year and which will be in force for the next three years.

c) Depreciation and Amortization Expenses

As of June 30, 2018, depreciation and amortization amounted to CLP Th\$37,618,075 higher by CLP Th\$1,577,280 than in the first half of 2017. This was the result of the depreciation associated with the new assets acquired during the period.

d) Other Expenses

At the end of the first half of 2018, these expenses amounted to CLP Th\$60,820,713, which is CLP Th\$194,791 lower than the amount recorded for the same period in 2017, mainly due to lower costs in Biofactory sludge management by CLP Th\$288,624 and lower provision for bad debts by CLP Th\$2,545,037 due to increase collection management efforts. This was partially offset by higher network maintenance activity for CLP Th\$995,360, higher costs due to increase in new services activity for CLP Th\$608,629, higher costs in customer management for CLP Th\$488,262, higher enclosures and equipment maintenance for CLP Th\$289,019 and higher contributions for CLP Th\$289,557.

2.4. Analysis of Financial Results and Other Earnings

a) Other Earnings

As of June 30, 2018, other earnings amounting to CLP Th\$2,568,607 were obtained, higher by CLP Th\$914,420 than in 2017, as a result of sales of expendable land located in various municipalities of the Metropolitan Region for Th\$3,517,059, partially offset by organizational restructuring costs of Th\$2,351,841.

b) Financial Revenue

At the end of the first half of 2018, financial income amounting to CLP Th\$3,202,492 was obtained, CLP Th\$248,077 lower than that obtained in 2017, mainly due to lower cash surpluses.

c) Financial Cost

At the end of the first half of 2018, financial cost reached CLP Th\$14,623,959, which meant a decrease of CLP Th\$518,985 to those recorded in the same period of 2017. This was mainly explained by higher financial capitalization together with lower interest rates and AFR promissory notes (Reimbursable Financial Contributions), partially offset by higher bonds interest, associated mainly to a higher level of debt.

d) Results from Indexation Units

At the end of the first half of 2018, revenues amounting to CLP Th\$10,641,672 were obtained, resulting in a higher expense of CLP Th\$1,650,037 when compared to 2017, explained by a higher appreciation of the debt due to the higher variation of the UF.

e) Income Tax Expense (Revenue)

Income tax expense as of June 30, 2018 was CLP Th\$27,261,104, CLP Th\$3,076,623 higher than in the same period of the previous year. This variation was mainly explained by the change in the tax rate from 25.5% to 27.0% due to the Tax Reform, added to a higher before tax income by CLP Th\$8,690,845.

f) Net income

Net income as of June 30, 2018 amounted to CLP Th\$81,165,062, CLP Th\$6,144,240 (8.2%) higher than in the previous year.

3. Revenues by Segment

3.1 Accumulated Results, Water Segment

Income Statement (ThCLP\$)	Jun. 18	Jun. 17	% Var.	2018 - 2017
External Revenue	263,888,026	249,747,960	5.7%	14,140,066
Revenues Between Segments	631,563	453,507	39.3%	178,056
Operating Costs and Expenses	-100,644,486	-96,157,652	4.7%	(4,486,834)
EBITDA	163,875,103	154,043,815	6.4%	9,831,288
Depreciation and Amortization	-37,088,165	-35,708,192	3.9%	(1,379,973)
Income from Operations	126,786,938	118,335,623	7.1%	8,451,315
Other Earnings	2,573,987	1,296,514	98.5%	1,277,473
Financial Results*	-22,059,023	-20,843,897	5.8%	(1,215,126)
Tax Expense	-26,660,151	-23,647,352	12.7%	(3,012,799)
Net Income	79,446,290	73,415,409	8.2%	6,030,881

* Includes financial income, financial cost, exchange differences and income due to readjustment units.

Net income from this business was 8.2% higher than in the same half of the previous year, mainly due to the following factors

- An increase in external revenue, mainly associated with higher volumes supplied, together with the positive variations in tariffs recorded during 2017 and 2018.
- Costs increased by 4.7% mainly due to an increase in electricity costs amounting to CLP Th\$1,732,228, due to higher consumption associated to sales volumes, caused by higher groundwater collection and water elevation due to lower water availability in the rivers of the Metropolitan Region and additionally to higher tariffs, higher costs of CLP Th\$744,547 due to the purchase of raw water, increases in personnel expenses amounting to CLP Th\$1,506,953 due to severance costs, CPI readjustments, larger staffing and benefits paid for a collective bargaining process completed in January this year and which will be in force for the next 3 years. Additionally, during the semester, there were higher network maintenance activity amounting to CLP Th\$995,360, higher costs due to increase in new services activity required by customers for CLP Th\$608,629, higher costs in customer management for CLP Th\$488,262, higher enclosures and equipment maintenance for Th\$289,019 and real estate contributions for CLP Th\$290,593. This was partially offset mainly due to lower costs in Biofactory sludge management for CLP Th\$288,624 and lower provision for bad debts for CLP Th\$2,545,037 due to increased collection management efforts.
- An increase in depreciation and amortization cost mainly due to new assets acquired during the period.
- An increase in other earnings occurred due to the sale of expendable land located in several municipalities in the Metropolitan Region, partially offset by an organizational restructuring which occurred during 2018.
- A loss in financial income compared to 2017, mainly due to a greater revaluation of the debt in Unidades de Fomento.
- Higher income tax expense when compared to the previous year, mainly due to higher income before taxes and the increase in the tax rate from 25.5% to 27.0% due to the Tax Reform.

3.2 Accumulated Results, Non-Water Segment

Income Statement (ThCLP\$)	Jun. 18	Jun. 17	% Var.	2018 - 2017
External Revenue	12,418,975	11,894,570	4.4%	524,405
Revenues Between Segments	2,237,927	2,181,167	2.6%	56,760
Operating Costs and Expenses	-11,771,460	-12,116,476	(2.8%)	345,016
EBITDA	2,885,442	1,959,261	47.3%	926,181
Depreciation and Amortization	-543,766	-346,459	56.9%	(197,307)
Income from Operations	2,341,676	1,612,802	45.2%	728,874
Other Earnings	8,476	371,528	(97.7%)	(363,052)
Financial Results*	-30,427	158,212	(119.2%)	(188,639)
Tax Expense	-600,953	-537,129	11.9%	(63,824)
Net Income	1,718,772	1,605,413	7.1%	113,359

* Includes financial income, financial cost, exchange differences and income due to readjustment units.

Net income from the Non-Water segment showed an increase of 7.1% when compared to the same period of the previous year, mainly due to:

- An income increase was mainly explained by larger sales of Análisis Ambientales' laboratory services and larger sales of methanized biogas from the subsidiary Aguas del Maipo. This was partially offset by lower revenue from EcoRiles due to lower activity in maintenance and wastewater discharge projects and lower revenue from Gestión y Servicios due to lower sales of materials.
- A decrease in costs, mainly due to lower activity in EcoRiles.
- An increase in depreciation and amortization cost mainly due to new assets acquired during the period.
- The decrease in other earnings is mainly explained in Gestión y Servicios, due to a lower recovery of Guarantee Notes that had been provisioned for being over 4 years old, in comparison to the same period of previous year.
- Higher income tax expense when compared to the same half of 2017, mainly due to an increase in income before taxes together with an increase in the tax rate from 25.5% to 27.0% due to the Tax Reform.

4. Quarterly Results

Income Statement (Th\$)	Q2/18	Q2/17	% Var.	Q1/18 – Q1/17
Ordinary Revenues	123,827,623	115,772,816	7.0%	8,054,807
Operational Costs and Expenses	(55,167,336)	(55,560,454)	(0.7%)	393,118
EBITDA	68,660,287	60,212,362	14.0%	8,447,925
Depreciation and Amortization	(18,762,236)	(18,246,541)	2.8%	(515,695)
Income from Operations	49,898,051	41,965,821	18.9%	7,932,230
Other Earnings	553,992	1,562,293	(64.5%)	(1,008,301)
Financial Result*	(11,880,429)	(11,402,563)	4.2%	(477,866)
Tax Expense	(9,131,660)	(7,306,625)	25.0%	(1,825,035)
Net Income	29,107,673	24,183,563	20.4%	4,924,110

* Includes financial income, financial cost, exchange differences and income due to readjustment units.

4.1 Revenue Analysis

a) **Operating Revenues**

Ordinary revenues of second quarter of 2018 amounted to CLP Th\$123,827,623, CLP Th\$8,054,807 (7.0%) higher than obtained in the same quarter of the previous period. This variation was mainly due to higher volumes together with positive variations in recorded tariffs during 2017 and 2018.

4.2 Expenses Analysis

a) **Raw materials and consumables used**

In the second quarter of 2018, raw materials and consumables used reached CLP Th\$ 9,534,609, CLP Th\$985,659 higher than those obtained in the same period of 2017. The increase of these was mainly due to higher raw water purchases for CLP Th\$886,393.

b) **Depreciation and amortization expenses**

Depreciation and amortization for the second quarter of 2018 amounted to CLP Th\$18,762,236, CLP Th\$515,695 higher than that obtained in the same quarter of 2017.

c) **Other Expenses**

During the second quarter of 2018, other expenses amounted to CLP Th\$30,723,115, CLP Th\$1,376,593 higher than those obtained in the same period of 2017, mainly explained due to lower income associated to changes of sanitation infrastructure requested by customers for CLP Th\$1,535,934 and lower costs in Biofactory sludge management for CLP Th\$368,088. This was partially offset by higher network maintenance activity for CLP Th\$424,306.

4.3. Analysis of Financial Results and Other Incomes

a) Other Earnings

As of June 30, 2018, other earnings amounting to CLP Th\$553,993 were obtained, higher by CLP Th\$1,008,301 than those obtained in the same quarter of 2017, as a result of organizational restructuring costs, partially offset by higher sales of expendable land located in various municipalities of the Metropolitan Region.

b) Financial Income

Financial income for the second quarter of 2018 reached CLP Th\$1,815,181, CLP Th\$58,297 lower than that obtained the same quarter of 2017, mainly explained due to lower cash surpluses and lower customer debt interest. This was partially offset by higher interest on the repurchase of AFR promissory notes (Reimbursable Financial Contributions).

c) Financial Costs

Financial costs for the second quarter of 2018 reached CLP Th\$7,640,866, CLP Th\$58,423 higher than those obtained in the same period of 2017. This was mainly explained due to higher bond interest associated mainly to a higher level of debt, partially offset by higher financial capitalization together with lower interest rates and AFR promissory notes (Reimbursable Financial Contributions).

d) Results from Indexation Units

In the second quarter of 2018, losses were obtained for CLP Th\$6,057,355, CLP Th\$365,826 higher than those obtained during the same period of 2017, mainly explained due to higher revaluation of the debt compared to the same quarter of 2017.

e) Income Tax Expense (Revenue)

Income tax expense at the end of the second quarter of 2018 was CLP Th\$9,131,660, CLP Th\$1,825,035 higher than in the same quarter of the previous year. This variation was mainly explained by the change in the tax rate from 25.5% to 27.0% due to the Tax Reform, added to a higher before tax income of CLP Th\$6,446,063.

f) Net income

Net income of the second quarter of 2018 amounted to CLP Th\$29,107,673, CLP Th\$4,924,110 (20.4%) higher than obtained in the same quarter of 2017.

5. Balance Sheet

	Jun. 18	Dec. 17	% Var.
	Th\$	Th\$	
Assets			
Current Assets	155,233,472	150,618,761	3.1%
Non-Current Assets	1,673,067,407	1,646,261,375	1.6%
Total Assets	1,828,300,879	1,796,880,136	1.7%
Assets and Equity			
Current Liabilities	202,199,978	237,111,903	(14.7%)
Non-Current Liabilities	949,939,316	866,468,756	9.6%
Total Liabilities	1,152,139,294	1,103,580,659	4.4%
Shareholders' Equity	628,103,422	642,630,776	(2.3%)
Minority Interest	48,058,163	50,668,701	(5.2%)
Total Shareholders' Equity	676,161,585	693,299,477	(2.5%)
Total Liabilities and Shareholders' Equity	1,828,300,879	1,796,880,136	1.7%

5.1 Asset Analysis

Aguas Andinas' total assets reconciled as of June 30, 2018 showed an increase of 1.7% over December 31, 2017 from CLP Th\$1,796,880,136 to CLP Th\$1,828,300,879.

Current assets increased by CLP Th\$4,614,711, mainly due to the increase of cash and cash equivalents for CLP Th\$19,724,226 partially offset by lower trade debtors and other accounts receivable for CLP Th\$15,095,297, mainly explained by the seasonality of sales cycle.

Non-current assets increased by CLP Th\$26,806,032, mainly explained by higher deferred taxes of CLP Th\$2,158,985 together with higher property, plants and equipment for CLP Th\$22,313,083 associated with the investments made during the period. The main investment projects during the period are shown in the following table:

Investments (CLP Th\$)	Jun-18
Pirque Tank Construction	9,422,197
Asset Replacement in the La Farfana-Trebal Wastewater Treatment Plants	4,066,241
Sewerage Networks Renovation	3,641,318
Construction of Emergency Works for Turbidity Events	2,454,643
Replacement of Starters and Meters	2,375,668
Talagante Wastewater Treatment Plant Expansion	2,317,295
Potable Water Network Preventive Renovation	2,293,777
Construction of a Potable Water Treatment Plant for Chamisero	2,134,389

5.2 Liabilities and Shareholders' Equity Analysis

Liabilities as of June 2018 increased by CLP Th\$48,558,635 when compared to December 2017.

Current liabilities decreased by CLP Th\$34,911,925. This variation was mainly due to the distribution of interim dividends made during the first quarter of 2018, partially offset by a long-term to short-term reclassification of Aguas Cordillera's bank loan of CLP Th\$20,000,000.

Non-current liabilities increased by CLP Th\$83,470,560 (9.6%). This mainly corresponds to a debt increase in bonds for CLP Th\$96,714,937 associated with the issuing of the following bonds:

- "Green and Social Bond" AC series for UF 1.5 million, structured to a 7-year term at a 1.8% rate.
- Series AD Bond for UF 2.0 million, structured to a 25-year term at a 2.83% rate.

This was partially offset by lower bank loans, mainly due the reclassification from long-term to short-term of bank loans for CLP Th\$20,000,000.

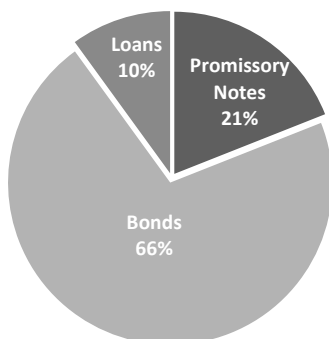
Total equity decreased by CLP Th\$17,137,892, and net equity attributable to the owners of the parent company decreased by CLP Th\$14,527,354, mainly explained by the dividend distribution corresponding to the 2017 financial year, which was partially offset by the earnings gained in the first half of 2018.

The maturity profile of the financial debt as of June 30, 2018 is as follows:

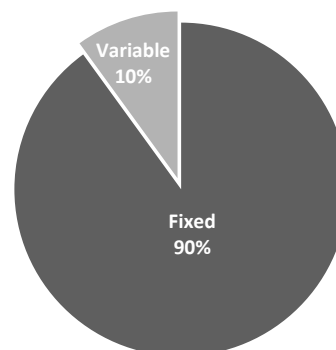
Capital CLP Th\$	Currency	Total	12 months	1 to 3 years	3 to 5 years	More than 5 years
Promissory Notes	\$	182,684,125	12,480,049	21,884,014	47,319,487	101,000,575
Bonds	\$	678,429,262	36,338,751	19,868,782	40,237,860	581,983,869
Loans	\$	95,019,209	22,500,000	37,120,085	17,699,562	17,699,562
Totals		956,132,596	71,318,800	78,872,881	105,256,909	700,684,006

5.3 Financial Liabilities Structure

Composition by Instrument



Composition by Interest Rate



6. Cash Flow Statement

Cash Flow Statement (CLP Th\$)	Jun. 18	Jun. 17	% Var.
Operating Activities	134.297.515	116.488.792	15,3%
Investment Activities	(57.654.015)	(45.404.955)	27,0%
Financing Activities	(56.919.274)	(131.051.541)	(56,6%)
Net Cash Flow for the Period	19.724.226	(59.967.704)	(132,9%)
Final Cash Balance	38.532.566	4.908.739	685,0%

Flows from operating activities increased by CLP Th\$17,808,723 when comparing June 2018 to June 2017.

The main variations were as follows:

- An increase in revenues from sales of goods and services amounting to CLP Th\$26,033,401, mainly due to higher sales volumes together with the tariff indexations recorded during 2017 and 2018.
- A reduction of payments for premiums and benefits, annuities and other obligations derived from the policies subscribed, amounting to CLP Th\$3,083,251, associated with the payment of fire insurance for 18 months.
- A decrease in other payments for operational activities amounting to CLP Th\$1,386,365, due to higher value added tax credits.

These variations were partially offset by the following items:

- An increase in personnel expenses of CLP Th\$7,455,836, generated by CPI readjustments, larger staff and benefits paid due to a collective bargaining process completed in January of this year and which will be in force for the next three years.
- An increase in payments to suppliers for CLP Th\$7,020,874, associated mainly with suppliers of water utility infrastructure transfers and leases.

The disbursement for investment activities increased by CLP Th\$12,249,060, associated with the investments made during the period.

Financing activities generated a negative net cash flow (decrease) of CLP Th\$74,132,267, mainly due to higher indebtedness level for bonds issuing AD series for UF 2.0 million and AC series "Green and Social Bond" for UF 1.5 million.

7. Financial Ratios

		Jun. 18	Dec. 17
Liquidity			
Current Ratio	times	0.77	0.64
Acid Test Ratio	times	0.19	0.08
Leverage			
Total Leverage	times	1.70	1.59
Current Leverage	times	0.18	0.21
Non-Current Leverage	times	0.82	0.79
Annualized Financial Expenses Coverage	times	7.49	7.10
Return			
ROE	%	22.20	21.87
ROA	%	8.08	7.82
Annualized Earnings per Share	\$	23.82	22.82
Dividend Yield (*)	%	6.31	5.43

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

(*) The share price as of June 2018 was \$356.73 and \$407.40 as of December 2017.

As of June 2018, the current ratio increased by 20.3%, due to a decrease in current liabilities of CLP Th\$34,911,925, as a result of the payment of interim dividends during the first quarter of 2018, partially offset by the reclassification of the bank loan from Aguas Cordillera for CLP Th\$20,000,000 from long-term to short-term. Additionally, current assets increased by CLP Th\$4,614,711, mainly explained by a higher cash and cash equivalents of CLP Th\$19,724,226, partially offset by lower trade debtors and other accounts receivables for CLP Th\$15,095,297, mainly explained by the seasonality of the sales cycle.

Total leverage increased by 7.0%, due to an increase of current liabilities by CLP Th\$48,558,635, mainly explained by the increase of bond debt associated with the issuance of the AC series for UF 1.5 million and the AD series for UF 2.0 million, partially offset by the interim dividend distribution made during the first quarter of 2018. Additionally, total equity decreased by CLP Th\$17,137,892, mainly explained by the dividend distribution corresponding to the 2017 financial year, which was partially offset by the earnings gained in the first half of 2018.

The return on equity attributable to the owners of the parent company increased by 1.5%, due to an increase in the income of the year by CLP Th\$6,144,240, partially offset by an increase in the average equity by CLP Th\$18,154,953.

8. Other Information

a) Tariffs

The most important factor that determines the results of our operations and financial condition is the tariffs that are established for our regulated sales and services. As a water utility company we are regulated by the S.I.S.S. and our tariffs are established in accordance with the D.F.L. Sanitation Services Fee Law. N°70 of 1988.

Our tariff levels are reviewed every five years and, during this period, are subject to additional readjustments associated with an indexation polynomial, which is applied when the cumulative variation since the previous adjustment is 3.0% or higher, based on calculations based on various inflation indexes. Specifically, the readjustments are applied according to a formula that includes the Consumer Price Index, the Imported Goods Price Index for the Manufacturing Sector and the Producer Price Index for the Manufacturing Sector, all of which are measured by the National Statistics Institute of Chile. The latest indexations made by each company in the group were applied on the following dates:

Aguas Andinas S.A.:

Group 1	July 2017
Group 2	July 2017
Rinconada de Maipú	January 2017, September 2017 and January 2018

Aguas Cordillera S.A.:

January 2017 and June 2018

Aguas Manquehue S.A.:

Santa Maria	February 2018
Chicureo	June 2017
Chamisero	May 2018
Los Trapenses	February 2018
Valle Grande 3	January 2017, September 2017 and January 2018

Essal S.A.:

Group 1	October 2015
Group 2	October 2015
Group 3	October 2015
Chinquihue	May 2017
Los Alerces	October 2015

In addition, the tariffs are subject to adjustment to reflect additional services previously authorized by the S.I.S.S.

The tariffs in force for Aguas Andinas S.A., for the period 2015-2020 were approved by Decree No. 83 dated June 5, 2015, of the Ministry of Economy, Development and Reconstruction and entered into force on March 1, 2015 (published in the Official Gazette on September 3, 2015). Aguas Cordillera S.A.'s current tariffs for the same five-year period 2015-2020 were approved by Decree No. 152 dated October 19, 2015, and entered into force on June 30, 2015 (published in the Official Gazette on November 25, 2015) and Aguas Manquehue S.A.'s current tariffs for 2015-2020 were approved by Decree No. 139 dated September 16, 2015, and entered into force on May 19, 2015 (published in the Official Gazette on November 25, 2015).

For the subsidiary Essal, the tariffs in force for the period 2016-2021 were approved by Decree No. 143 dated August 25, 2016, published in the Official Gazette on January 21, 2017.

b) Market Risk

Our company has a favorable situation in terms of risk, which is mainly due to the particular characteristics of the water utility sector. Our business is seasonal and operating results may vary from half to half. The highest levels of demand and income are recorded during the summer months (December to March) and the lowest levels of demand and income during the winter months (June to September). In general, the demand for water is higher in the warmer months than in the milder ones, mainly due to the additional water needs generated by irrigation systems and other external water uses.

Adverse climatic conditions can eventually affect the optimal delivery of water utility services, because the processes of collection and production of potable water depend to a large extent on the weather conditions in the river basins. Factors such as meteorological precipitation (snow, hail, rain, and fog), temperature, humidity, sediment carry-over, river flows and turbidity determine not only the volume, quality and continuity of raw water available in each intake, but also the possibility that it can be properly treated in potable water treatment plants.

In the event of a drought, we have important water reserves that we maintain in El Yeso, Laguna Negra and Lo Encañado reservoirs, in addition to the contingency plans that we have developed, which allow us to reduce the possible negative impacts that adverse weather conditions could generate for our operations. In the current period, the drought that has existed since 2010 persists, which means applying contingency plans such as the purchase of raw water, intensive use of wells, leasing and purchase of water rights, among others. All this in order to reduce the impact of the drought and provide our services normally, both in terms of quality and continuity.

c) Market Analysis

The Company does not have any variation in the market in which it participates due to the nature of its services and the legal regulations in force, which mean that it has no competition in its area of concession.

Aguas Andinas S.A. has 100% coverage in potable water, 98.8% in sewerage services and 100% in wastewater treatment in the Santiago basin.

Aguas Cordillera S.A. has 100% coverage in potable water, 98.9% in sewerage services and 100% in wastewater treatment.

Aguas Manquehue S.A. has 100% coverage in potable water, 99.4% in sewerage services and 100% in wastewater treatment.

Essal S.A. has 100% coverage in potable water, 95.7% in the sewerage service in the X Region and 92.6% in the XIV Region; and 100% in wastewater treatment.

d) Capital Investments

One of the variables that most affects the results of our operations and financial position is capital expenditures. These are of two kinds:

Committed Investments. We are required to agree to an investment plan with the S.I.S.S., which describes the investments we are required to undertake during the 15 years following the date on which the investment plan enters in force. Specifically, the investment plan reflects a commitment on our side to carry out certain projects related to the maintenance of certain quality standards and service coverage. The aforementioned investment plan is subject to review every five years and amendments may be requested when certain relevant facts are verified.

Dates for approval and updating of the Aguas Group's development plans:

Aguas Andinas S.A.

Greater Santiago: December 23, 2015

Locations April 5, 2013, September 26, 2013, December 31, 2014, January 12, 2015 and November 17, 2015

Aguas Cordillera S.A.

Aguas Cordillera and Villa Los Dominicos: December 21, 2015

Aguas Manquehue S.A.

Santa Maria and Los Trapenses: December 23, 2014

Chicureo, Chamisero and Valle Grande III: August 10, 2016

Alto Lampa: November 22, 2013

Essal S.A.

Locations in the X and XIV Region: June 1, 2016, June 14, 2016, August 12, 2016 and January 16, 2017.

Non-Committed Investments. Non-committed investments are those that are not covered by the investment plan and that we undertake voluntarily in order to ensure the quality of our services and replace obsolete assets. These are generally related to the replacement of network infrastructure and other assets, the acquisition of water rights and investments in non-regulated businesses, among others.

In accordance with international financial reporting standards in force in Chile, in particular IAS 23, interest on capital investments in work in progress is capitalized. IAS 23 establishes that when a company acquires debt to finance investments, the interest on that debt must be deducted from the interest expense and included in the construction work financed, up to the total amount of such interest, applying the respective rate to the disbursements made at the date of submission of the financial statements. Consequently, the financial costs associated with our capital investment plan affect the amount of interest expense recorded in the income statements, and these financial costs are recorded together with the work in progress under "property, plant and equipment" in our financial position statement.

e) Financial Aspects

Currency Risks: Our revenue is largely linked to the evolution of the local currency. As a result, our debt is mainly issued in the same currency, and therefore we do not have significant foreign currency risk.

Interest Rate Risks: As of June 30, 2018, the interest rate risk held by Aguas Andinas S.A. was 90.1% at a fixed rate and 9.9% at a variable rate. Fixed-rate debt is composed of: short-term and long-term bond issuing (78.8%) and reimbursable financial contributions (21.2%), while variable-rate debt corresponds to loans with domestic banks.

As of December 31, 2017, the interest rate risk held by Aguas Andinas S.A. was 88.9% at a fixed rate and 11.1% at a variable rate. Fixed-rate debt is composed of: short-term and long-term bond issuing (76.1%) and repayable financial contributions (23.9%), while variable-rate debt corresponds to loans with domestic banks.

The company maintains a policy of interest rate monitoring and management, which in order to optimize the cost of financing, permanently evaluates the hedging instruments available in the financial market.

All this favorable situation has meant that the risk rating agencies have assigned us an AA+ risk rating for long-term debt. In the case of the shares: Fitch and ICR assigned us a first-class rating level 1 to A series and first-class rating level 4 to B series.