



EARNINGS RELEASE

**Period ending on
March 31, 2018**

1. Summary of 2018

- During the first quarter of 2018, the Company's revenues amounted to CLP Th\$ 152,479,378, CLP Th\$ 6,609,664 (4.5%) higher than in the same quarter of 2017. This increase was mainly explained by higher sales volumes, with an increase of 1.3% in potable water and 1.1% in wastewater, together with the tariff indexations recorded during 2017 and 2018.
- Non-regulated subsidiaries increased their sales by CLP Th\$ 342,078, which was mainly explained by a higher activity in Gestión y Servicios due to the sale of materials, in Anam associated to a laboratory project in Easter Island and in Aguas del Maipo due to the sale of biogas. This is partially offset by lower revenues in EcoRiles due to lower activity in maintenance and wastewater discharge projects.
- Costs increased by 8.6% mainly due to increases in personnel expenses of CLP Th\$ 1,592,666 generated by higher compensation and bonuses associated with CPI readjustments, larger staffing and extraordinary benefits to personnel paid through the collective bargaining processes, an increase in electricity costs of CLP Th\$ 1,234,273 due to higher tariffs and higher consumption of kWh due to higher groundwater collection and potable water elevation. Additionally, there were higher network maintenance costs of CLP Th\$ 531,054, an increase in general expenses of CLP Th\$ 372,857, higher costs in customer services of CLP Th\$ 339,388 associated with service interruption and reposition services, meter readings and collection as well as higher costs in facilities maintenance of CLP Th\$ 230,844. This is partially offset by a lower provision for doubtful accounts by CLP Th\$ 972,095.
- EBITDA for the period reached CLP Th\$ 98,100,259, an increase of 2.4% when compared to the same period of the previous year.
- The financial result displayed a loss of CLP Th\$10,209,021, higher by CLP Th\$925,895 than that of the previous year, mainly as a result of a higher revaluation of the readjustable debt in Unidades de Fomento (Indexation Units).
- Income tax expense at the end of the first quarter of 2018 was CLP Th\$ 18,129,444, CLP Th\$ 1,251,589 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 of CLP Th\$ 2,244,783.
- Net income as of March 31, 2018 amounted to CLP Th\$ 52,057,389, CLP Th\$ 1,220,130 (2.4%) higher than that obtained in the same quarter of the previous year.

2. Results

2.1 Accumulated Results

Income Statement (CLP Th\$)	Mar. 18	Mar. 17	% Var.	2018 - 2017
Ordinary Revenue	152,479,378	145,869,714	4.5%	6,609,664
Operating Costs and Expenses	(54,379,120)	(50,078,997)	8.6%	(4,300,123)
EBITDA	98,100,258	95,790,717	2.4%	2,309,541
Depreciation and Amortization	(18,855,839)	(17,794,254)	6.0%	(1,061,585)
Income from Operations	79,244,419	77,996,463	1.6%	1,247,956
Other Earnings	2,014,615	91,894	>200%	1,922,721
Financial Results*	(10,209,021)	(9,283,126)	10.0%	(925,895)
Tax Expense	(18,129,444)	(16,877,856)	7.4%	(1,251,588)
Net Income	52,057,389	50,837,259	2.4%	1,220,130

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

2.2 Consolidated Revenue Analysis

	Mar. 18		Mar. 17		Variation	
	Sales		Sales			
	CLP Th\$	Participation	CLP Th\$	Participation	CLP Th\$	%
Potable Water	65,245,564	42.8%	62,606,158	42.9%	2,639,406	4.2%
Sewage	69,318,337	45.5%	67,545,948	46.3%	1,772,389	2.6%
Other Regulated Income	5,796,414	3.8%	4,061,205	2.8%	1,735,209	42.7%
Non-Regulated Income	12,119,063	7.9%	11,656,403	8.0%	462,660	4.0%
Total	152,479,378	100.0%	145,869,714	100.0%	6,609,664	4.5%

Sales Volume (Thousands of m ³)	Mar. 18	Mar. 17	% Var.	Difference
Potable Water	168,484	166,352	1.3%	2,132
Sewage Collection	159,284	157,604	1.1%	1,680
Sewage Treatment and Disposal	136,418	135,466	0.7%	952
Interconnections*	37,613	37,354	0.7%	259
Customers	Mar. 18	Mar. 17	% Var.	Difference
Potable Water	2,275,240	2,215,289	2.7%	59,951
Sewage Collection	2,221,880	2,161,626	2.8%	60,254

* The interconnections include the Treatment and Disposal of Wastewater from other water utility companies.

a. Regulated Businesses

1. Potable Water

Revenues from potable water during the first quarter of 2018 reached CLP Th\$65,245,564, which represented an increase of CLP Th\$2,639,406 when compared to the same quarter of the previous year. This was as a result of a higher volume supplied, together with the tariff indexations recorded during 2017 and 2018.

2. Sewage

Revenue from sewage during the first quarter of 2018 reached CLP Th\$69,318,337, an increase of 2.6% when compared to CLP Th\$67,545,948 in 2017. The increase of CLP Th\$1,772,389 was mainly due to a higher volume supplied, together with the tariff indexations recorded during 2017 and 2018.

3. Other Regulated Revenue

This item shows an increase of CLP Th\$1,735,209, which was mainly explained by the variation in the provision of non-billed consumption together with income from fixed charges to customers.

b. Non-Regulated Revenue

Non-regulated revenue increased by CLP Th\$462,660 during the first quarter of 2018 when compared to the same quarter last year. This variation was explained by:

1. Water Utility Services

An increase of CLP Th\$120,582, mainly due to increased activity in agreements with developers and new services requested by customers.

2. Non Water Utility Services

An increase of CLP Th\$342,078 was mainly explained by a higher activity in Gestión y Servicios due to the sale of materials, in Anam associated with a laboratory project in Easter Island and in Aguas del Maipo due to the sale of biogas. This is partially offset by lower revenue at EcoRiles due to lower activity in maintenance and wastewater discharge projects.

(CLP Th\$)	Mar. 18	Mar. 17	Var. %
Anam S.A.	1,120,973	996,409	12.5%
EcoRiles S.A.	3,143,592	3,381,097	(7.0%)
Gestión y Servicios S.A.	1,650,155	1,423,524	15.9%
Aguas del Maipo S.A.	228,388	0	-
Non-regulated, non-sanitation companies	6,143,108	5,801,030	5.9%

2.3. Expense Analysis

a) Raw Materials and Consumables Used

As of March 31, 2018, raw materials and consumable costs were CLP Th\$9,889,788, CLP Th\$1,525,654 higher than in the first quarter of the 2017 financial year. The increase in these was mainly due to higher electricity costs by CLP Th\$1,234,273, in production areas due to higher tariffs and higher consumption of kWh, due to the fact that the Maipo River had high levels of turbidity, forcing a greater groundwater collection and elevation of potable water. Additionally, higher material expenses amounting to CLP Th\$355,059 were recorded, mainly associated with higher material costs for Gestión y Servicios and biogas sales from Aguas del Maipo.

b) Personnel Expenses

At the end of the first quarter of 2018, personnel expenses reached CLP Th\$14,391,733, which were CLP Th\$1,592,666 higher than in the same quarter of the previous year, due to higher compensation and bonuses associated with CPI readjustments, larger staff and extraordinary benefits paid as a result of the early collective bargaining process that was signed on January 31, 2018.

c) Depreciation and Amortization Expenses

As of March 31, 2018, depreciation and amortization amounted to CLP Th\$18,855,839, higher by CLP Th\$1,061,585 than in the prior financial year. This is the result of the depreciation associated with the new assets acquired during the period.

d) Other Expenses

At the end of the first quarter of 2018, these expenses amounted to CLP Th\$30,097,598, an amount higher by CLP Th\$1,181,802 than that reached in the same period of 2017, mainly explained by higher network maintenance costs of CLP Th\$531,054, increase in general expenses of CLP Th\$372,857 mainly associated with corporate communications and property tax. Additionally, during the period there were higher customer service costs of CLP Th\$339,388 associated with service interruption and reposition services, meter reading and collection services. The latter was due to a greater number of customers and the variation in the UF as well as higher costs in maintenance of facilities of CLP Th\$230,844 associated with productive potable water operations. This is partially offset by a lower allowance for doubtful accounts by CLP Th\$972,095, associated with lower agreed debt.

2.4. Analysis of Financial Results and Other Earnings

a) Other Earnings

As of March 31, 2018, other earnings amounting to CLP Th\$ 2,014,615 were obtained, higher by CLP Th\$ 1,922,721 than in 2017, as a result of sales of expendable land located in several municipalities of the Metropolitan Region.

b) Financial Income

As of March 31, 2018, a financial income of CLP Th\$1,387,311 was obtained, which is CLP Th\$189,780 lower than that obtained in 2017, mainly explained by lower cash surpluses and lower interest on the repurchase of promissory notes by AFR (Repayable Financial Contributions). This is partially offset by higher interest rates on customer debt.

c) Financial Costs

At the end of the first quarter of 2018, financial costs reached CLP Th\$6,983,093, which meant a reduction of these costs by CLP Th\$577,408 from those of the same period of 2017. This is mainly explained by higher financial capitalization together with lower interest, bank and promissory notes for AFR (Reimbursable Financial Contributions).

d) Results from Indexation Units

As of March 31, 2018, revenues amounting to CLP Th\$4,584,317 was obtained, resulting in higher expenses amounting to CLP Th\$1,284,210 when compared to 2017, explained by a higher appreciation of the debt due to the higher variation of the UF when compared to the first quarter of 2017.

e) Income Tax Expense (Income)

Income tax expense at the end of the first quarter of 2018 was CLP Th\$18,129,444, CLP Th\$1,251,589 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 income before taxes by CLP Th\$ 2,244,783.

f) Net Income

Net income as of March 31, 2018 amounted to CLP Th\$52,057,389, an increase by CLP Th\$1,220,130 (2.4%) over the previous year.

3. Revenues by Segment

3.1 Accumulated Results, Water Segment

Income Statement (CLP Th\$)	Mar. 18	Mar. 17	% Var.	2018 - 2017
External Revenue	146,319,945	140,448,605	4.2%	5,871,340
Revenues Between Segments	299,330	217,404	37.7%	81,926
Operating Costs and Expenses	(49,790,629)	(45,927,111)	8.4%	(3,863,518)
EBITDA	96,828,646	94,738,898	2.2%	2,089,748
Depreciation and Amortization	(18,683,150)	(17,625,264)	6.0%	(1,057,886)
Income from Operations	78,145,496	77,113,634	1.3%	1,031,862
Other Earnings	1,905,887	27,629	>200%	1,878,258
Financial Results*	(10,180,235)	(9,282,390)	9.7%	(897,845)
Tax Expense	(17,837,088)	(16,621,058)	7.3%	(1,216,030)
Net Earnings	51,170,880	50,147,699	2.0%	1,023,181

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

The results of this segment showed an increase of 2.0% when compared to the same quarter of the previous year, mainly due to:

- An increase in external revenue, mainly associated with higher volumes supplied, together with the positive variations in tariffs registered during 2018 and 2017.
- An increase in costs of 8.4% due mainly to personnel expenses due to CPI readjustments, a larger workforce and extraordinary benefits paid to personnel as a result of the collective bargaining process, higher electricity costs due to higher tariffs and higher consumption of kWh due to greater groundwater collection and potable water elevation, higher fines and contingencies, higher network maintenance costs, higher general expenses, higher customer service costs and increases in facilities maintenance. This is partially offset by a lower allowance for doubtful accounts.
- An increase in depreciation and amortization costs mainly due to new assets acquired during the financial year.
- An increase in other earnings from sales of expendable land located in various municipalities of the Metropolitan Region.
- A loss in financial income when compared to 2017, mainly due to a greater revaluation of the readjustable debt in Unidades de Fomento.
- Higher income tax expense when compared to the previous year, mainly due to higher pre-tax income 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 (CLP Th\$)	Mar. 18	Mar. 17	% Var.	2018 - 2017
External Revenue	6,159,433	5,421,109	13.6%	738,324
Revenues Between Segments	1,036,768	1,003,207	3.3%	33,561
Operating Costs and Expenses	(5,924,588)	(5,372,860)	10.3%	(551,728)
EBITDA	1,271,613	1,051,456	20.9%	220,157
Depreciation and Amortization	(179,617)	(175,555)	2.3%	(4,062)
Income from Operations	1,091,996	875,901	24.7%	216,095
Other Earnings	115,656	71,193	62.5%	44,463
Financial Results*	(28,787)	(736)	>200%	(28,051)
Tax Expense	(292,356)	(256,798)	13.8%	(35,558)
Net Earnings	886,509	689,560	28.6%	196,949

* Incluye ingresos financieros, costos financieros, diferencias de cambio y resultados por unidades de reajuste.

Earnings from the Non-Water segment showed an increase of 28.6% when compared to the same period of the previous year, mainly due to:

- An increase in revenue which was mainly due to a higher activity in Gestión y Servicios associated with the sale of network materials, in Anam it was associated with a laboratory project in Easter Island and in Aguas del Maipo it was due to the sale of biogas, a situation that did not occur in the same quarter of the previous year. This is partially offset by lower revenue at EcoRiles due to lower activity in maintenance and wastewater discharge projects.
- An increase in costs mainly associated to Gestión y Servicios due to increased activity in sales of materials to external parties.
- The increase in other earnings is mainly explained by Gestión y Servicios' recovery of Guarantee Notes that have been provisioned for those over 4 years since their issuance, partially offset by lower asset sales (collector cleaning trucks sold in 2017).
- Higher income tax expense compared to the same quarter of 2017, mainly due to an increase in earnings before taxes and a rise in the tax rate from 25.5% to 27.0%.

3. Balance Sheet

	Mar. 18	Dec. 17	
	CLP Th\$	CLP Th\$	% Var.
Assets			
Current assets	168,346,660	150,618,761	11.8%
Non current assets	1,657,975,041	1,646,261,375	0.7%
Total assets	1,826,321,701	1,796,880,136	1.6%
Liability and Equity			
Current liabilities	228,038,321	237,111,903	(3.8%)
Non Current liabilities	852,063,335	866,468,756	(1.7%)
Total liabilities	1,080,101,656	1,103,580,659	(2.1%)
Shareholders' Equity	694,688,165	642,630,776	8.1%
Minority Interest	51,531,880	50,668,701	1.7%
Total Shareholders' Equity	746,220,045	693,299,477	7.6%
Total Liabilities and Shareholders' Equity	1,826,321,701	1,796,880,136	1.6%

3.1 Assets Analysis

Aguas Andinas' total assets reconciled as of March 31, 2018 showed an increase of 1.6% over December 31, 2017, from CLP Th\$1,796,880,136 to CLP Th\$1,826,321,701.

Current assets increased by CLP Th\$17,727,899, mainly due to the increase in other current financial assets by CLP Th\$8,047,633 associated with the recording of the prepayment of principal and interest on bonds payable on April 1, 2018, higher receivables on sales of CLP Th\$5,529,131, together with an increase in cash of CLP Th\$5,157,190.

Non-current assets increased by CLP Th\$11,731,666, mainly explained by accounts receivable amounting to CLP Th\$1,178,320 associated with the collective bargaining process, an increase in deferred taxes amounting to CLP Th\$1,298,514 and an increase in plant and equipment property amounting to CLP Th\$8,239,303 associated with the investments made in the period. The main investment projects during the period are shown in the following table:

Investment (CLP Th\$)	Mar-18
Asset Replacement in the La Farfana and Trebal Wastewater Treatment Plants	2,294,305
Preventive renovation of potable water networks	2,282,889
Pirque Tank Construction	1,959,819
Construction of Emergency Works for Turbidity Events	1,883,669
Expansion of the Talagante Wastewater Treatment Plant	1,255,023
Construction of a Potable Water Treatment Plant for Chamisero	1,241,717

3.2 Liabilities and Shareholders' Equity Analysis

Liabilities through March 2018 decreased by CLP Th\$23,479,003 when compared to December 2017.

Current liabilities decreased by CLP Th\$9,073,582. This variation was mainly due to the distribution of interim dividends during the first quarter of 2018, partially offset by more bank loans and a reclassification of Aguas Cordillera's long-term bank loan of CLP Th\$20,000,000 to short-term.

Non-current liabilities decreased by CLP Th\$14,405,421. This was mainly due to the reclassification of long-term bank loans for CLP Th\$20,000,000 to short-term, which is partially offset by higher appreciation of debt in bonds and promissory notes.

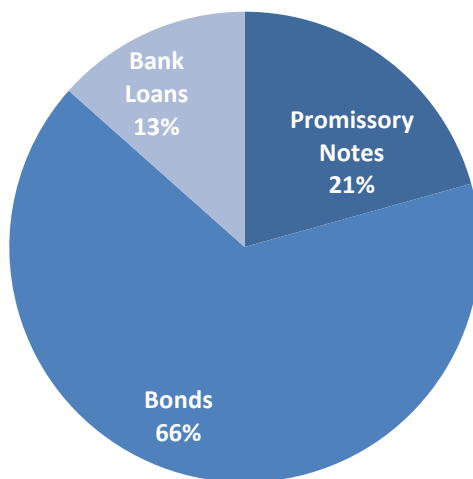
Total equity increased by CLP Th\$52,920,568 and equity attributable to the owners of the parent company increased by CLP Th\$52,057,389, mainly explained by earnings gained for the period.

The maturity profile of the financial debt as of March 31, 2018 is as follows:

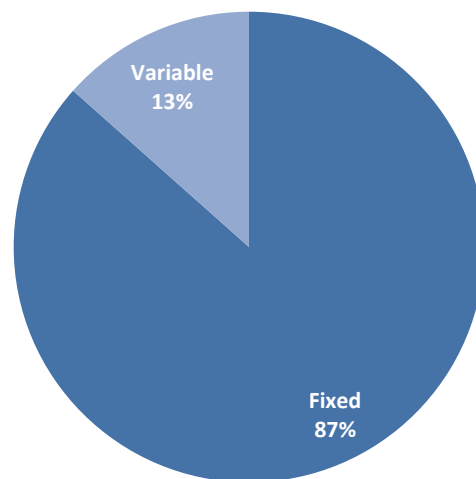
Capital in CLP Th\$	Currency	Total	12 months	1 to 3 years	3 to 5 years	More than 5 years
Promissory Notes	\$	183,058,227	14,992,126	19,742,887	46,546,432	101,776,782
Bonds	\$	583,809,523	36,082,013	22,724,728	19,728,407	505,274,375
Loans	\$	119,019,209	50,283,345	64,419,014	4,316,850	0
Totals		885,886,959	101,357,484	106,886,629	70,591,689	607,051,157

3.3 Financial Liabilities Structure

Composition by Instrument



Composition by Interest Rate



4. Consolidated Cash Flow

Cash Flow Statement (CLP Th\$)	Mar. 18	Mar. 17	% Var.
Operating Activities	61,780,385	58,530,337	5.6%
Investing Activities	(32,905,289)	(25,689,824)	28.1%
Financing Activities	(23,717,906)	(45,712,321)	(48.1%)
Net Cash Flow for the Period	5,157,190	(12,871,808)	(140.1%)
Final Cash Balance	23,965,530	52,004,635	(53.9%)

Flows from operating activities increased by CLP Th\$3,250,048 when comparing March 2018 to March 2017.

The main variations were as follows:

- Increase in collections from sales of goods and services for CLP Th\$12,313,674, mainly due to higher sales volume and tariff indexation recorded during 2017 and 2018.
- Reduction of payments for premiums and benefits, annuities and other obligations derived from subscribed policies for an amount of CLP Th\$3,302,922, associated with the payment of fire insurance for 18 months.
- Decrease in other payments for operating activities of CLP Th\$2,247,648, due to higher value added tax credit.

These variations were partially offset by the following items:

- Increase in payments to suppliers by CLP Th\$11,473,025, mainly associated with suppliers of water utility infrastructure transfers and leases.
- Increase in personnel expenses by CLP Th\$3,336,129, generated by higher compensation and bonuses associated with CPI readjustments, growth in staffing and extraordinary benefits to personnel paid due to the collective bargaining process.

The disbursement for investment activities increased by CLP Th\$7,215,465, associated with the investments made during the period.

Financing activities generated a negative (decrease) net cash flow of CLP Th\$21,994,415, mainly due to increased borrowing and short-term financing instruments.

5. Financial Ratios

		Mar. 18	Dec. 17
Liquidity			
Current Ratio	times	0.74	0.64
Acid Test Ratio	times	0.11	0.08
Leverage			
Total Leverage	times	1.45	1.59
Current Leverage	times	0.21	0.21
Long-term Leverage	times	0.79	0.79
Interest Coverage Ratio	times	7.29	7.10
Return			
ROE	%	20.42	21.87
ROA	%	7.81	7.82
Annualized Earnings per Share	\$	23.02	22.82
Dividend Yield (*)	%	5.63	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 March 2018 was \$392.83 and \$407.40 as of December 2017.

As of March 2018, the current ratio increased by 15.6%, due to an increase in current assets of CLP Th\$17,727,899 (11.8%), mainly explained by the recording of the prepayment of principal and interest on bonds payable on April 1, 2018, higher receivables from sales and cash, and a decrease in current liabilities by CLP Th\$9,073,582, 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.

Total leverage decreased by 9.1%, as a result of an increase in total equity of CLP Th\$52,920,568, due to the earnings of the period, and a decrease in liabilities receivable by CLP Th\$23,479,003, mainly explained by the payment of interim dividends during the first quarter of 2018.

The annualized return on equity attributable to the owners of the parent company decreased by 6.6%, due to an increase in average equity by CLP Th\$51,447,324, partially offset by an increase in the income for the year by CLP Th\$1,220,130.

6. Other Information

a) Tariffs

The most important factor that determines the income 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 set 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 linked to an indexation polynomial, which is applied when the cumulative variation since the previous adjustment reaches 3.0% or higher, according to 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 Group company 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

Aguas Manquehue S.A.:

Santa María	February 2018
Chicureo	June 2017
Chamisero	November 2016
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 of August 25, 2016, published in the Official Journal 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 income may vary from quarter to quarter. 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 may 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 quantity, quality and continuity of raw water available in each uptake, but also the possibility that it can be properly treated in potable water treatment plants.

In the event of 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 could generate adverse weather conditions for our operations. In the present 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 drought and provide our services normally, both in terms of quality and continuity.

c) Market Analysis

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

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 sewerage service in the X Region and 92.6% in the X Region; and 100% in wastewater treatment.

d) Capital Investments

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

Committed Investments. We are required to agree an investment plan with S.I.S.S., which describes the investments we are required to make during the 15 years following the date on which the investment plan becomes active. Specifically, the investment plan reflects a commitment on our part 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 may 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 Locations: December 23, 2015, 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 María 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 Regions: 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 make 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 under construction 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 financed construction work, 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 works in progress under "property, plant and equipment" in our statement of financial position.

e) Financial Aspects

Currency Risk: 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 Risk: As of March 31, 2018, the interest rate risk held by Aguas Andinas S.A. was 86.7% fixed rate and 13.3% variable rate. Fixed-rate debt is composed of: short-term and long-term bond issues (76.3%) and reimbursable financial contributions (23.7%), while variable-rate debt corresponds to loans with national banks.

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

The company maintains an interest rate monitoring and management policy, 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 of level 1 for the A series and first class rating of level 4 for the B series.