Aguas Andinas’ Earnings Release

Period ending June 30, 2019

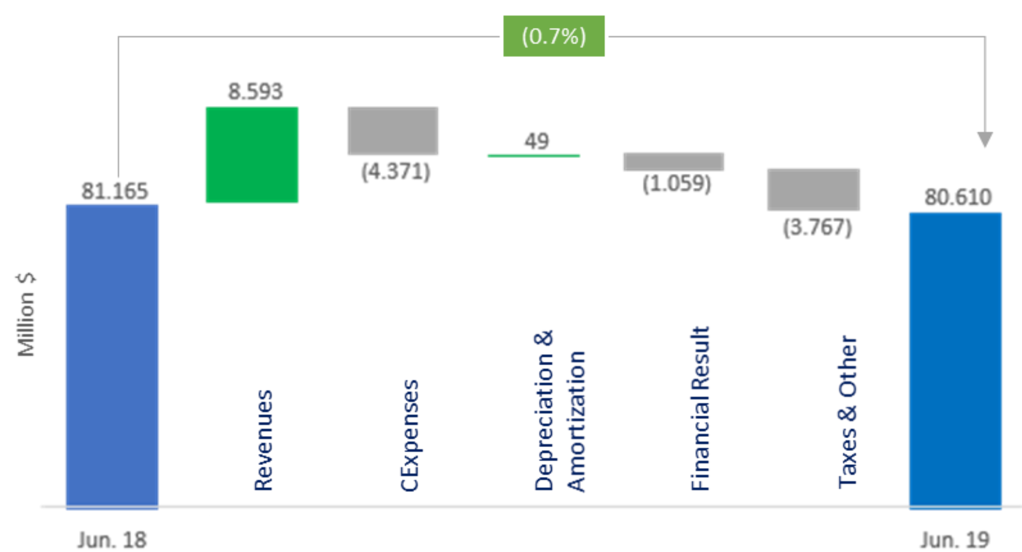
1. Period’s summary

- The Company maintains a sustained growth in EBITDA in the first quarter of 2019, achieving a 2.5% increase, positively influenced by indexations recorded during the year 2018, along with provision of sales not billed to customers, added to the results of an active management of containment and cost reduction, which partially offset the higher costs in the purchase of water and electricity associated with greater groundwater collection due to drought intensification in the Metropolitan Region.

- At a non-operational level, there is a lower result in the sale of dispensable assets of the Company together with a lower financial result, mainly associated with higher bank interests and bonds, due to a higher volume of debt.

Net income as of June 30, 2019 amounted to $ 80,610 million. The main variations with respect to the semester of the previous year are presented in the following graph:

Net Income (Millon $)



<u>Operating Income</u>

- **EBITDA as of June 30, 2019 was $ 170,982 million, representing an increase of 2.5% over the same quarter of the previous**

- Regulated revenues were over $ 6,223 million (2.5% increase) mainly due to the rate indexations recorded during the previous year, the last being in September 2018 (Aguas Andinas), along with a higher provision of consumptions not billed to customers.

- Non-regulated revenues increased by $ 2,370 million during the first quarter of 2019 (9.9% increase). This variation was mainly explained by higher revenues in non-sanitary subsidiaries, technical advice for the rural drinking water segment and increased activity in modifications of sanitary infrastructure requested by customers. The above is partially offset by lower activity of domiciliary services requested by customers.

- Operational costs had a variation of 4.0% mainly due to:

  - *Costs associated with the drought:* during the first half of the year 2019, the drought that affects the central area of the country has been maintained, which implied increases in expenses mainly in the following lines:

    - *Purchase of raw water*: it has been necessary to buy more raw water to ensure the security of our customers' supply due to the low flow in the Maipo river basin. This implied a higher cost of $ 332 million.

    - *Electric power:* there was a net increase in costs of $ 155 million, associated with higher elevation of drinking water along with greater groundwater collection, which is partially offset by an improvement in the average price for the entry into force of supply contracts for Free customers for 52 Company enclosures.

  - *Efficiency Improvement Projects:* the development of process improvement and digital transformation projects has continued, which have allowed to contain and reduce certain cost items such as the following:

    - *Biosolids Management:* a saving of $ 380 million was obtained from the beneficial use of sludge as fertilizer and soil recuperator.

    - *Other projects:* improvements in the costs of general and administrative services for $ 269 million.

  - *Personnel costs:* at a consolidated level, there is an increase of $ 598 million, mainly due to higher costs caused by the adjustments made for inflation, benefits obtained in collective bargaining processes completed in 2018 and greater endowment in the Group's subsidiaries. The above is partially offset by the reorganization carried out in Aguas Andinas the previous year.

  - *Raw materials and consumables:* There is a higher cost of materials for $ 2,091 million mainly associated with the higher cost of selling materials of the subsidiary Gestión y Servicios, and in chemical inputs, due to the higher consumption in operation of plants of the EcoRiles subsidiary.

  - Finally, higher costs in consulting and studies, greater maintenance of equipment enclosures and costs for greater activity in modifications of sanitary infrastructure have been recognized by management: Savings of $342 million were made from the beneficial use of sludge as fertilizer and soil recuperator.

Non-operating income

- The financial result presented a net expense of $ 23,148 million, higher by $ 1,059 million in the same quarter of the previous year, as a result of higher interest due to a higher level of debt.

- In Other Profit/Loss line, shows a loss of $ 1,249 million, a figure that is less than $ 3,818 million to that obtained in 2018, mainly due to the fact that in the first half of the previous year, lands properties located in various municipalities of the Metropolitan Region were sold.

Investments

- As of June 30, 2019, investments were implemented for $60.635 million. The main projects developed are:

  - Construction of *Pirque* Tanks
  - Renewal of Wastewater and Drinking Water networks
  - Treatment of nitrates at *La Farfana and Mapocho-Trebal* Biofactories
  - Asset replenishment at *La Farfana and Mapocho-Trebal* Biofactories
  - Cogeneration of *Mapocho-Trebal* Biofactory

- *Advance in relevant investment projects* – The construction of *Pirque* Tanks shows a progress of 84%. This project will increase the autonomy of drinking water to the capital by 11 to 34 hours, in order to cope with the effects of climate change, and thereby avoid or minimize drinking water cuts caused by storms or rains in the high mountain range.

OTHER HIGHLIGHTS

- In April 11, 2019, the Company successfully made the placement of the second **Green and Social Bond** issued in local market. *Aguas Andinas*, pioneer company in green and social bonds issuance, will allocate these funds to finance investment projects that has positive impact in environmental and social areas of the country. The bond feature was the following:

  - Green and Social Bond AE series of UF 2.0 million, structured to a 25-year term at a 2.5% coupon rate.

  The spread accomplished by Green and Social Bond was the lower in the latest years for an issuance of equivalent terms and the request exceeded in 2.7 times the amount offered to the market.

- **New CEO –** In April 17, 2019 Narciso Berberana Saénz presented his resignation before the Company's Board. In the same opportunity, the Board named Marta Colet Gonzalo as new Chief Executive Officer, who assumed her functions from that date.

- **Renewal of the Board –** In Ordinary Shareholders' Meeting held in April 23, 2019, were treated subjects inherent of it, between them, the renewal of the Board, being elected the following people:

Regular Directors	Alternate Directors
1. Guillermo Pickering de la Fuente	1. Jorge Manent Codina
2. Loreto Silva Rojas	2. Sonia Tschorne Berestesky
3. Giorgianna Cuneo Queirolo	3. Tomás Uauy Cuneo
4. Claudio Muñoz Zúñiga	4. Cosme Sagnier Guimón
5. Narciso Berberana Sáenz	5. Fernando Samaniego Sangroniz
6. Rodrigo Manubens Moltedo	6. Gonzalo Rojas Vildósola
7. Luis Mayol Bouchon	7. Mauricio Rojas Mullor

The Board of the Company, at the meeting held on the same day, agreed unanimously named as Guillermo Pickering de la Fuente as a President. Likewise, agreed that the Board of Directors will be integrated by Rodrigo Manubens Moltedo, Luis Mayol Bouchon and Narciso Berberana Sáenz.

- **VII Tariff Process –** In November 30, 2018, started the tariff-setting process of companies *Aguas Andinas, Aguas Cordillera* and *Aguas Manquehue*. The Superintendence of Sanitation Services as of March 15, 2019, published Definitive Bases that govern this process. The new tariffs of *Aguas Andinas* will enter into force on March 1, 2020.

SUBSEQUENT EVENTS

- On July 11, 2019, the subsidiary ESSAL S.A. had to interrupt the supply of the service in the city of Osorno, affecting 50 thousand customers, due to the presence of hydrocarbons in the productive systems of drinking water. The Company carried out the repairs at the processing plant, initiating the restitution of the service progressively from July 17, normalizing the supply for all Osorno customers on July 21.

  Following this operational contingency, the Superintendence of Sanitation Services announced a research of the facts and assignment of responsibilities, in order to determine the sanctions or fines that correspond according to current regulations.

  As a result of what happened, ESSAL S.A. is in current process of evaluating the eventual impact that Osorno's contingency could have on both its results and financial obligations.

  Finally, it should be noted that there are committed insurances that have been activated with the respective insurance companies, whose scope of coverage is in the process of analysis and evaluation.

- **New CEO of ESSAL** - On July 30, 2019, Gustavo Gomez Jiménez submitted his resignation to the Board of Directors of the Company. In view of the above, the Board of Directors agreed to appoint José Sáez Albornoz as the new CEO, who assumed his duties as of that date.

- **New Chairman of ESSAL:** On August 6, 2019, in an extraordinary board session, Mr. Guillermo Pickering de la Fuente, resigned his position as Chairman and Director of the Company. In his replacement Mr. Victor de la Barra Fuenzalida was appointed.

- **New Chairman of Aguas Andinas:** On August 6, 2019, Mr. Guillermo Pickering De La Fuente presented his resignation as Chairman and Director of the Company, which was effective as of that date. On August 8, the Board of Directors agreed to elect Mr. Claudio Muñoz Zúñiga as the new Chairman.

2. Period's earnings

2.1. Accumulated earnings

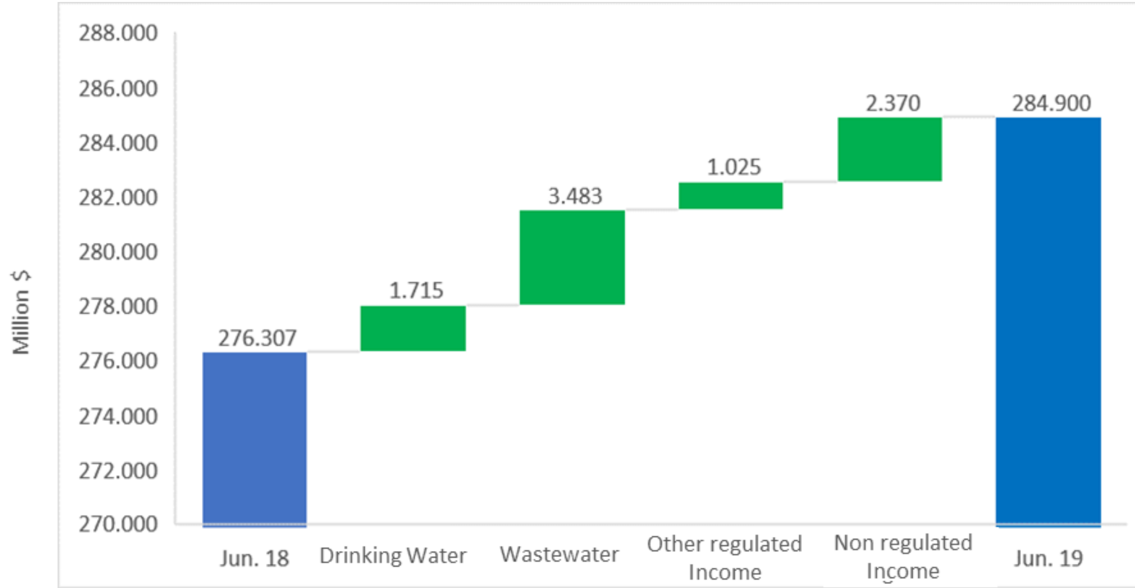
Income Statement (Th$)	**Jun. 19**	**Jun. 18**	**% Var.**	**2019 / 2018**
Ordinary Revenues	284.899.948	276.307.001	3,1%	8.592.947
Operational Costs and Expenses	(113.917.538)	(109.546.456)	4,0%	(4.371.082)
EBITDA	**170.982.410**	**166.760.545**	**2,5%**	**4.221.865**
Depreciation and Amortization	(37.569.286)	(37.618.075)	(0,1%)	48.789
Income From Operations	**133.413.124**	**129.142.470**	**3,3%**	**4.270.654**
Other Earnings	(1.249.139)	2.568.607	(148,6%)	(3.817.746)
Financial Result*	(23.148.121)	(22.089.450)	4,8%	(1.058.671)
Tax expense	(26.816.196)	(27.261.104)	(1,6%)	444.908
Net earnings	**80.610.197**	**81.165.062**	**(0,7%)**	**(554.865)**

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

2.2 Revenue analysis

	Jun. 19		**Jun. 18**	
	Sales Th$	**Participation**	**Sales Th$**	**Participation**
Drinking Water	117.870.542	41,4%	116.155.867	42,0%
Wastewater	135.577.780	47,6%	132.094.782	47,8%
Other Regulated Income	5.123.444	1,8%	4.098.534	1,5%
Non-Regulated Income	26.328.182	9,2%	23.957.818	8,7%
Total	**284.899.948**	**100,0%**	**276.307.001**	**100,0%**

The variation of expenses regarding to the quarter of previous year is presented in the following graphic:



Sales Volume (Thousands of m³)	Jun. 19	Jun. 18	% Var.	Difference
Drinking Water	316.220	317.538	(0,4%)	(1.318)
Wastewater Collection	300.661	301.765	(0,4%)	(1.104)
Wastewater Treatment and Disposal	259.747	260.017	(0,1%)	(270)
Interconnections*	69.751	70.318	(0,8%)	(567)

Customers	Jun. 19	Jun. 18	% Var.	Difference
Drinking Water	2.342.704	2.289.126	2,3%	53.578
Wastewater Collection	2.289.629	2.235.637	2,4%	53.992

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

Regulated Businesses

a) Drinking water

Drinking water income at first quarter of 2019 reached Th$117,870,542, showing an increase of 1,5%, regarding to same quarter of previous year. The Th$1,714,675 increase was mainly due to the higher volume supplied, together with the indexing of rates occurring during previous year, being the last one in September 2018. The 0.4% decrease of the invoiced volume was due to the fact that in 2018, exceptionally high consumption was recorded in relation to the growth of last years.

b) Wastewater

Wastewater income at first quarter of 2019 reached Th$135,577,780, which meant an increase of Th$3,482,998, regarding to previous year, as an income of the higher volume supplied, together with the indexing of rates occurring during previous year. Aguas Andinas' latest indexing was recorded in September 2018.

c) Other regulated income

This line item presented an increase of Th$1,024,910, which was explained mainly by the variation of the provision of unvoiced consumption together with higher income associated with fixed charge to customers.

Unregulated Income

a) Sanitary services

An increase of M $ 975,491 mainly due to greater activity in modifications of sanitary infrastructure requested by clients and greater activity in technical advice for rural drinking water. The above is partially offset by lower activity of domiciliary services requested by customers.

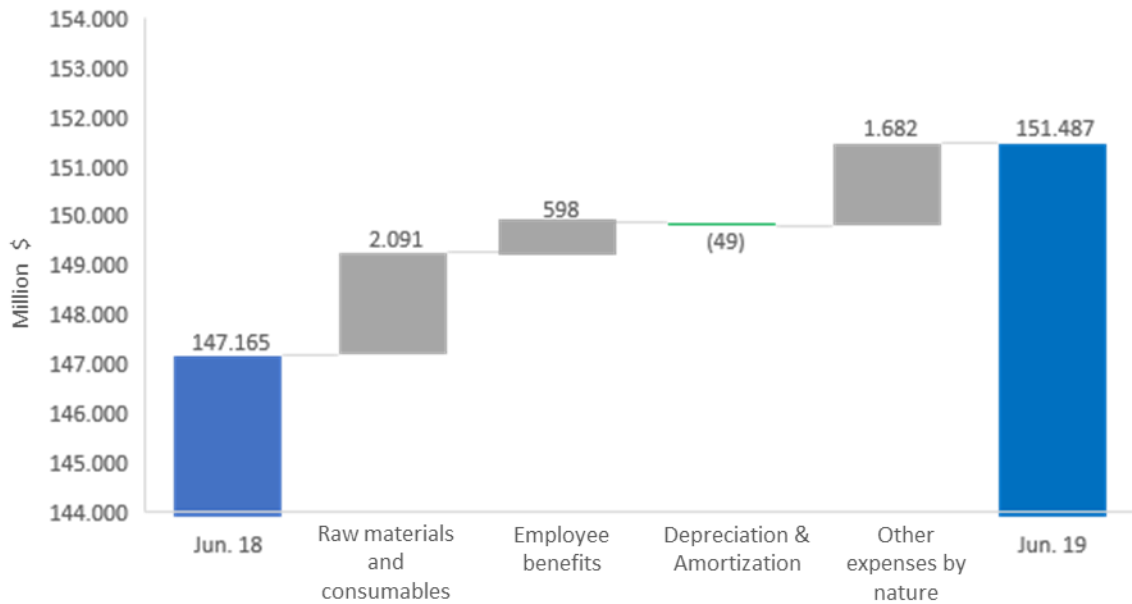
b) Non-sanitary services

An increase of Th$1,394,874 was mainly explained by higher materials sales in *Gestión y Servicios* together with higher activity in *EcoRiles*.

(Th$)	Jun. 19	Jun. 18	% Var.
Anam S.A.	2.153.041	2.217.950	(2,9%)
EcoRiles S.A.	6.741.141	6.475.436	4,1%
Gestión y Servicios S.A.	4.381.877	3.145.247	39,3%
Aguas del Maipo S.A.	489.249	531.801	(8,0%)
Non-sanitary non-regulated products	**13.765.308**	**12.370.434**	**11,3%**

2.3 Expense analysis

The variation of expenses regarding to the quarter of previous year is presented in the following graphic:



a) Raw materials and consumables

As of June 30, 2019, the costs of raw materials and consumables reached Th$ 21,515,539, higher in Th$ 2,091,141 than the one obtained in the first half of 2018. The increase in these was mainly due to higher cost of sales of Materials by the subsidiary Gestión y Servicios for Th$ 1,015,547, greater use of chemical inputs for Th$ 590,347 because of the higher consumption in operation of plants of the EcoRiles subsidiary and purchase of water for Th$ 331,611. Finally, a higher cost of electric energy for Th$ 155,285, associated with a higher to elevate drinking water together with a greater collection of groundwater, which is partially offset by an improvement in the average price for the entry into force of supply contracts for free customers for 52 Company enclosures.

b) Employee benefits

At the end of the first quarter of the year 2019, employee benefits expenses reached Th$ 29,898,860, increased by Th$ 597,515 than the one obtained the previous year, mainly due to adjustments by CPI and increases in endowment in ESSAL and unregulated subsidiaries. The above is partially offset by the reorganization carried out in Aguas Andinas during the year 2018.

c) Depreciation and amortization

At the end of the first quarter of 2019, depreciation and amortization amounted to Th$ 37,569,286, a decrease by Th$ 48,789 than the one obtained in the same semester of the previous year.

d) Other expenses by nature

As of June 30, 2019, these expenses amounted to Th$ 62,503,139, a higher figure of Th$ 1,682,426 mainly due to:

- Efficiency projects and process improvements have been carried out that have resulted in lower costs, mainly in biosolids management for Th$ 380,039 and other general and administrative services for Th$ 268,997.

- Higher consulting and study costs have been recognized for Th$ 1,006,838, maintenance of equipment and enclosures for Th$ 767,233 and cost of sale associated with greater activity in modifications of sanitary infrastructure for Th$ 358,624.

2.4 Analysis of Financial revenues and others

a) Other earnings (losses)

As of June 30, 2019, lower profits were obtained for Th$ 3,817,746 to that obtained in 2018, mainly associated with the fact that in the first half of 2018, expendable land located in various communes of the Metropolitan Region was sold.

b) Financial income

At the end of the first quarter of 2019, financial income was obtained in the amount of Th$ 2,823,807, lower in the amount of Th$ 378,685 to that obtained in the year 2018, mainly explained by lower interest on customer debt.

c) Financial costs

As of June 30, 2019, the financial costs reached Th$ 15,361,563, which meant an increase of Th$ 737,604 to those obtained in the same quarter of the year 2018. The above was explained by higher bank interests and interest on bonds due mainly to greater volume of debt obtained in order to finance the Company's investment plan, together with a lower financial activation.

d) Results per readjustment unit

At the end of the first quarter of 2019, the results for readjustment units were Th$ 10,542,931, determining a lower expense of Th$ 98,741 compared to the first half of the year 2018, mainly explained by a lower revaluation of the debt due to lower variation of the Development Unit (1.22% in 2019 versus 1.35% in 2018), partially offset by a higher level of indebtedness.

e) Income tax expense

The income tax expense as of June 30, 2019 was Th$ 26,816,196, lower by Th$ 444,908 compared to the same quarter of the previous year. This variation was mainly explained by a lower result before taxes.

f) Earnings

Net income as of June 30, 2019 amounted to Th$ 80,610,197, a figure lower in Th$ 554,865 than the one obtained in the previous year, this represents a 0.7% decrease.

2.5. Result by segment

a) Accumulated incomes, water segment

Income Statement (Th$)	Jun. 19	Jun. 18	% Var.	2019 - 2018
External Revenue	271.085.617	263.888.026	2,7%	7.197.591
Revenues Segments	529.715	631.563	(16,1%)	(101.848)
Operating Costs and Expenses	(102.551.778)	(100.644.486)	1,9%	(1.907.292)
EBITDA	**169.063.554**	**163.875.103**	**3,2%**	**5.188.451**
Depreciation and Amortization	(36.734.482)	(37.088.165)	(1,0%)	353.683
Income from Operations	**132.329.072**	**126.786.938**	**4,4%**	**5.542.134**
Other Earnings (Losses)	(1.072.081)	2.573.987	(141,7%)	(3.646.068)
Financial Results*	(23.001.729)	(22.059.023)	4,3%	(942.706)
Tax Expense	(26.619.377)	(26.660.151)	(0,2%)	40.774
Net Earnings	**80.046.414**	**79.446.290**	**0,8%**	**600.124**

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

Net income from this segment showed an increase of 0.8% regarding to the same quarter of previous period, mainly due to:

- An increase in external income, mainly associated with higher volumes supplied together with the positive variations in rates recorded over 2018. Aguas Andinas' last indexation was recorded in the month of September 2018 with a weighted average variation of 2.6%.

- Costs increased mainly due to higher consulting and study expenses of Th$ 946,492, maintenance of equipment and enclosures for Th$ 797,257 and increased activity in modifications of sanitary infrastructure for Th$ 358,624, purchase of water for Th$ 331,611 and higher cost of electricity for Th$ 155,285 , associated with a higher need to elevate drinking water together with a greater collection of groundwater, which is partially offset by an improvement in the average price for the entry into force of supply contracts by free customers for 52 precincts of the Company.

- Additionally, the development of projects has generated efficiencies, such as biosolids management with savings of Th$ 380,039 and other general and administrative services for Th$ 166,924

- In other earnings (losses) is presented a lower income by Th$3,646,068 than obtained in 2018, mainly associated that in the first quarter of 2018 were sold expendable land properties located in various municipalities of the Santiago Metropolitan Region.

- The financial result presented a net expense by Th$23,011,729, Th$942,706 higher than the same quarter of previous year, as a consequence mainly of a lower revaluation of the resettable debt in Development Units (1.22% in 2019 versus 1.35% in 2018), partially offset by a higher level of indebtedness..

b) Accumulated incomes, non-water segment

Income Statement (Th$)	Jun. 19	Jun. 18	% Var.	2019 - 2018
External Revenue	13.816.760	12.418.975	11,3%	1.397.785
Revenues Segments	2.067.720	2.237.927	(7,6%)	(170.207)
Operating Costs and Expenses	(13.894.010)	(11.771.460)	18,0%	(2.122.550)
EBITDA	**1.990.470**	**2.885.442**	**(31,0%)**	**(894.972)**
Depreciation and Amortization	(919.264)	(543.766)	69,1%	(375.498)
Income from Operations	**1.071.206**	**2.341.676**	**(54,3%)**	**(1.270.470)**
Other Earnings (Losses)	(162.805)	8.476	(2020,8%)	(171.281)
Financial Results*	(147.947)	(30.427)	386,2%	(117.520)
Tax Expense	(196.672)	(600.953)	(67,3%)	404.281
Net Earnings	**563.782**	**1.718.772**	**(67,2%)**	**(1.154.990)**

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

The incomes of the Non-Water segment showed a decrease of 67.2% regarding to the same period of previous year, mainly due to:

- An increase in income, which was mainly given by higher materials sales to third parties by company *Gestión y Servicios* and greater activity in *EcoRiles*.

- The costs increase by 18.0% is associated with the cost of materials sales of company *Gestión y Servicios*, higher personnel costs and higher bad debt provision of company *EcoRiles*.

- An increase in the cost of depreciation and amortization, mainly due to new assets incorporated in the period, mainly in the methanization plant of *Aguas del Maipo*.

- The decrease in other earnings is mainly explained in *Gestión y Servicios*, due to a lower recovery of Performance Bond, that had been provisioned for being over 4 years old.

- A lower income tax expense as compared to the previous period, is mainly justified by lower income before taxes.

3. Balance sheet

Income Statement (M $)	2T19	2T18	% Var.	2T19 - 2T18
Ordinary Income	128.036.639	123.827.623	3,4%	4.209.016
Operating Costs and Expenses	(58.284.613)	(55.167.336)	5,7%	(3.117.277)
EBITDA	**69.752.026**	**68.660.287**	**1,6%**	**1.091.739**
Depreciation and amortization	(18.785.986)	(18.762.236)	0,1%	(23.750)
Income from Operations	**50.966.040**	**49.898.051**	**2,1%**	**1.067.989**
Other (Losses) Earnings	(1.171.081)	553.992	<(200%)	(1.725.073)
Financial results*	(17.040.704)	(11.880.429)	43,4%	(5.160.275)
Tax expense	(6.200.972)	(9.131.660)	(32,1%)	2.930.688
Net profi	**26.040.935**	**29.107.672**	**(10,5%)**	**(3.066.737)**

**It includes financial income, financial costs, exchange differences and results for readjustment units.*

3.1 Income Analysis

a) Operating income

The ordinary income of the second quarter of 2019 amounted to Th$ 128,036,639, higher by Th$ 4,209,016 (3.4%) than that obtained in the same quarter of the previous year. This variation was mainly due to the positive variations in rates recorded during the year 2019. The last indexation of Aguas Andinas was recorded in September 2018 with a weighted average variation of 2.6%.

3.2 Expenses analysis

a) Raw materials and consumables used

During the second quarter of 2019, the costs of raw materials and consumables amounted to Th$ 11,048,060, higher by Th$ 1,513,451 to that obtained in the same quarter of 2018, mainly associated with the cost of selling materials by the subsidiary Gestión y Servicios for Th$ 461,026, greater use of chemical inputs for Th$ 246,127, purchase of water for Th$ 320,389 and higher cost of electricity for Th$ 373,580

b) Employee benefits

Expenses for benefits to employees in the second quarter amounted to Th$ 15,538,404, higher by Th$ 628,792 to that obtained in 2018, mainly associated with adjustments in CPI and increases in endowment in ESSAL and unregulated subsidiaries. The above is partially offset by the reorganization carried out in Aguas Andinas during the year 2018.

c) Other expenses

In the second quarter of 2019, the other expenses amounted to Th$ 31,698,149, higher by Th$ 975,034 to that obtained in 2018, mainly explained by higher consulting and study costs of Th$ 278,789, maintenance of equipment and enclosures for Th$ 386,668 and increased activity in sanitary infrastructure modifications for Th$ 155,824.

3.3 Financial result analysis

a) Other gains (losses)

At the end of the second quarter of 2019, lower profits of Th$ 1,725,073 were obtained than that obtained in the same quarter of 2018, mainly associated with sales of expendable land located in various municipalities of the Metropolitan Region during 2018.

b) Financial result

In the financial result of the second quarter of 2019, losses of Th$ 17,040,704 were obtained, a figure that increased by Th$ 5,160,275 compared to the year 2018, mainly explained by greater revaluation of the debt, due to the greater variation of the UF compared to the same quarter of the year 2018.

c) Income tax expenses

The income tax expense at the end of the second quarter of 2019 was Th$ 6,200,972, lower by Th $ 2,930,688 compared to the same quarter of the previous year. This variation was mainly explained by a lower result before taxes.

d) Profit

Net income for the second quarter of 2019 amounted to Th$ 26,040,935, lower by Th$ 3,066,737 (10.5%) than that obtained in the same quarter of 2018.

4. Balance Sheet

	Jun. 19	Dic. 18	% Var.
	Th$	Th$	
Assets			
Current Assets	137.554.228	168.513.972	(18,4%)
Non-Current Assets	1.760.983.235	1.737.538.127	1,3%
Total Assets	**1.898.537.463**	**1.906.052.099**	**(0,4%)**
Assets and Equity			
Current Liabilities	176.068.815	242.318.524	(27,3%)
Non- Current Liabilities	1.046.295.894	976.742.178	7,1%
Total Liabilities	**1.222.364.709**	**1.219.060.702**	**0,3%**
Shareholders' Equity	629.603.922	638.620.655	(1,4%)
Minority Interest	46.568.832	48.370.742	(3,7%)
Total Shareholders' Equity	**676.172.754**	**686.991.397**	**(1,6%)**
Total Liabilities and Shareholders' Equity	**1.898.537.463**	**1.906.052.099**	**(0,4%)**

4.1. Liabilities and equity analysis

The liability payable as of June 2019 increased by Th$ 3,304,007 compared to December 2018.

Current liabilities decreased Th$ 66,249,709. This variation was mainly due to the distribution of interim dividends made during the first quarter of 2019 along with lower accounts payable associated with investment providers, partially offset by an increase in financial liabilities, mainly associated with bank debt.

Non-current liabilities showed an increase of Th$ 69,553,716 (7.1%). This variation corresponds mainly to an increase in debt in bonds for Th$ 63,072,444 associated with the issuance of:

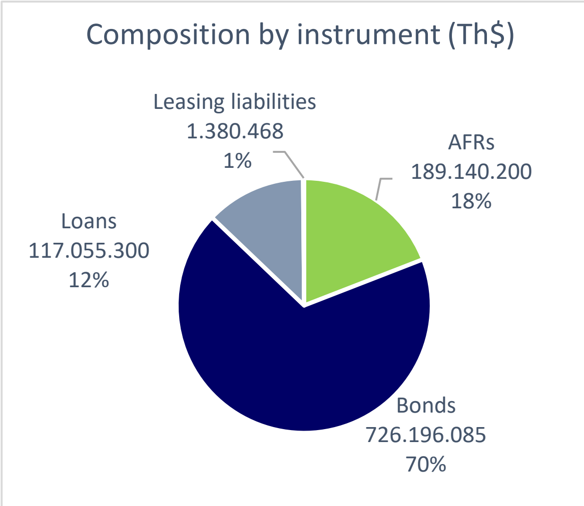
- "Green and Social Bonus" AE series for UF 2.0 million, structured over a 25-year term at a coupon rate of 2.5%.

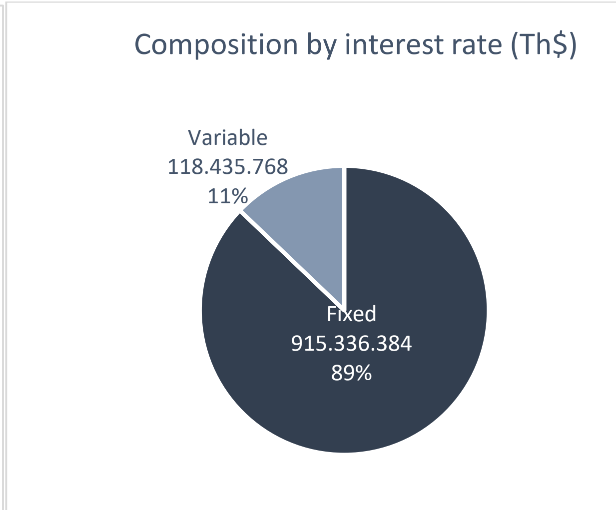
The total equity decreased by Th$ 10,818,643 and the net equity attributable to the owners of the parent company decreased by Th$ 9,016,733, mainly explained by the distribution of dividends corresponding to the year 2018 which was partially offset by the profit generated in the first quarter of the year 2019.

The maturity profile of the financial debt as of June 30, 2019 is as follows:

Financial debt Th$	Currency	Total	12 months	1 to 3 years	3 to 5 years	More than 5 years
AFRs	$	**189.140.299**	13.117.067	37.305.314	45.364.331	93.353.587
Bonds	$	**726.196.085**	16.163.530	30.681.735	34.111.464	645.239.356
Loans	$	**117.055.300**	20.432.837	50.073.120	37.699.562	8.849.781
Leasing liabilities	$	**1.380.468**	806.847	538.507	35.114	-
Total		**1.033.772.152**	**50.520.281**	**118.598.676**	**117.210.471**	**747.442.724**

4.3. Structure of Financial Liabilities





5. Cash flow statement

Cash Flow Statement (Th$)	Jun. 19	Jun. 18	% Var.
Operating Activities	148.131.430	135.847.379	9,0%
Investment Activities	(104.624.013)	(57.654.015)	81,5%
Financing Activities	(65.148.867)	(58.469.138)	11,4%
Net Cash Flow for the Period	**(21.641.450)**	**19.724.226**	**(209,7%)**
Final Cash Balance	**18.339.024**	**38.532.566**	**(52,4%)**

The flow from operating activities experienced an increase of Th$ 12,284,051 when comparing June 2019 with June 2018.

The main variations were the following:

- Increase in receipts from the sale of goods and provision of services for Th$ 2,830,748, mainly due to a higher volume of sales, together with the rate indexations recorded in the previous year, being the last in the month of September 2018.
- Decrease in payments for employee benefits for Th$ 3,486,411, mainly due to the fact that the lower net staffing compensates for the higher costs caused by the adjustments adjusted for inflation and the benefits obtained in the collective bargaining processes completed during the year 2018.
- Decrease in income taxes paid for Th$ 4,532,731, this variation was mainly explained by a tax recovery during the first quarter of 2019.
- Decrease in other payments for operating activities for Th$ 2,917,915, due to a higher credit for value added tax.

These variations were partially offset by the following concept:

- Increase in payments for premiums and benefits, annuities and other obligations arising from the policies subscribed for Th$ 1,726,076, associated with the payment of all-risk insurance for physical assets.

Disbursements for investment activities increased by Th$ 46,969,998, associated with the investments made during the period.

Financing activities generated a net flow (increase) of Th$ 6,679,729, this is mainly explained by a lower obtaining of loans and financing instruments.

6. Financial ratios

		Jun. 19	Dic. 18
Liquidity			
Current liquidity	times	0,78	0,70
Acid Test Ratio	times	0,10	0,16
Leverage			
Total Leverage	times	1,81	1,77
Current Leverage	times	0,14	0,20
Non-Current Leverage	times	0,86	0,80
Annualized Financial Expenses Coverage	times	7,03	7,19
Profitability			
Annualized equity profitability attributable to the controller's property owners	%	21,55	21,24
Annualized asset profitability	%	7,27	7,35
Annualized earnings per Share	$	22,14	22,24
Dividend yield (*)	%	5,43	5,89

Current Liquidity: *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.*
Non-current Leverage: *Non-current Liabilities / Current Liabilities.*
Interest Rate Expense Coverage: *Income before Annualized Taxes and Interest / Annualized Financial Costs.*
Equity Profitability: *Annualized Period's Income / Average Equity Total of the Annualized Fiscal Year.*
Asset profitability: *Annualized Period's Income / Average Asset Total of the Annualized Fiscal Year.*
Earnings per Share: *Annualized Period's Income / Number of subscribed and Paid Shares.*
Dividend Yield: *Dividends Paid per Share / Share Price*

(*) The share price as of March 2019 was $386.90, whereas that of December 2018 was $381.72.

As of June 2019, current liquidity increased by 11.4%, due to a decrease in current liabilities of Th$ 66,249,709, as a result of the distribution of provisional dividends made done during the first quarter of

2019, together with lower accounts for pay associated to investment providers; partially offset by a decrease in current assets of Th$ 30,959,744, due to the seasonality in the sales cycle.

The debt ratio increased by 2.3%, due to a decrease in total equity of Th$ 10,818,643, explained by the distribution of dividends corresponding to the year 2018, which was partially offset by the profit generated in the first half of the year. year 2019; and to an increase in the liability due for ThC$ 3,304,007.

The profitability of the equity attributable to the owners of the parent company showed an increase of 1.5%, due to the decrease in the average equity of Th$ 11,772,044, partially offset by a lower result of the annualized period of M $ 554,865.

7. Other background information

7.1 Tariffs

The most important factor that determines the earnings 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 Act. Nº70 of 1988.

Our tariff levels are reviewed every 5 years and, during this period they are subjected to additional readjustments associated to an indexation polynomial, which is applied when the cumulative variation since the previous adjustment is 3.0% or higher, based on various inflation index estimates. Specifically, inflation adjustments are applied according to a formula that includes the Consumer Price Index (IPC, in its Spanish acronym), the Imported Goods Price Index of the Manufacturing Sector and the Manufacture

Producers Price Index, all of which are measured by Chile's National Institute of Statistics. The latest indexations made by each company in the group were applied on the following dates:

Aguas Andinas S.A.:

Group 1	September 2018
Group 2	September 2018
Rinconada de Maipú	January 2018

Aguas Cordillera S.A.: June 2018 and November 2018

Aguas Manquehue S.A.:

Santa María	February 2018 and November 2018
Los Trapenses	February 2018 and November 2018
Chamisero	May 2018 and November 2018
Chicureo	August 2018
Valle Grande 3	January 2018

Essal S.A.:

Group 1	July 2018
Group 2	July 2018
Group 3	July 2018
Los Alerces	July 2018
Chinquihue	July 2018

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

The current tariffs 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 of 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 of 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 of November 25, 2015).

On the other hand, the current tariffs for the subsidiary *Essal* for the period 2016-2021 were approved by Decree No. 143 dated August 25, 2016, published in the Official Gazette of January 21, 2017.

7.2 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 earnings may vary from one quarter to another. 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 largely 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 to 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.

7.3 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, 96.2% in the sewerage service in the X Region and 93.3% in the XIV Region; and 100% in wastewater treatment.

7.4 Capital investments

One of the variables that most affects the earnings of our operations and our financial position is capital investments. These investments 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.

Approvals dates and update of development plans of *Aguas* Group:

Aguas Andinas S.A.
Greater Santiago: December 23, 2015
Locations: December 31, 2014, January 12, 2015, November 17, 2015, December 12, 2016 and April 6, 2018.

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: December 6, 2018.

Essal S.A.
Locations in the X and XIV Regions: June 1, 2016, June 14, 2016, August 12, 2016 and January 16, 2017.

Uncommitted investments. Uncommitted 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.

7.5 Financial aspects

a) 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 risks.

b) Interest rate risks

As of June 30, 2019, the interest rate risk held by *Aguas Andinas S.A.* was 88.7% at a fixed rate and 11.3% at a variable rate. Fixed-rate debt is composed of short-term and long-term bond issuing (79.2%), reimbursable financial contributions (20.6%) and leasing liabilities (0.2%), while variable-rate debt corresponds to loans with domestic banks.

As of December 31, 2018, the interest rate risk that *Aguas Andinas S.A.* held is comprised by 89.8% at a fixed rate and 10.2% at a variable rate. Fixed-rate debt is composed of short-term and long-term bond issuing (77.8%) and repayable financial contributions (22.2%), while variable-rate debt corresponds to loans with domestic banks.

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

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

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