



Aguas Andinas' Earnings Release

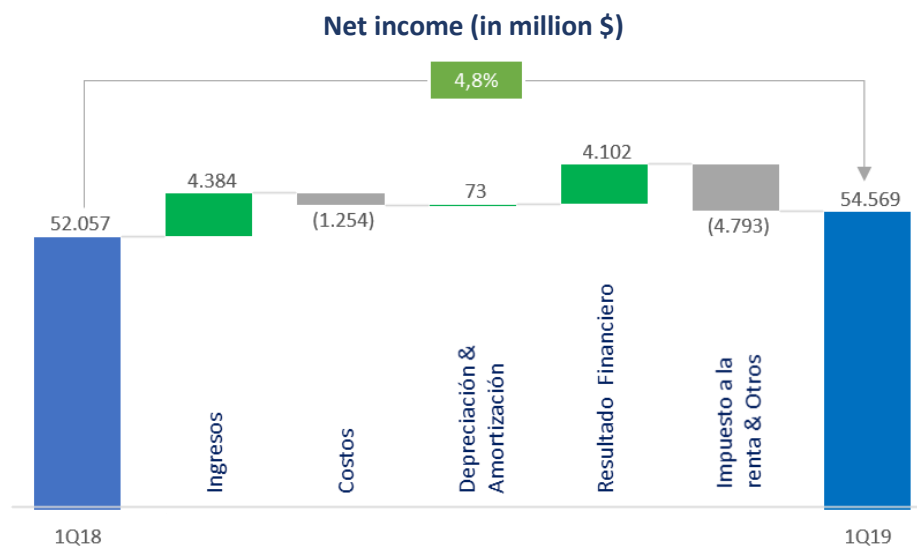
Period ending March 31, 2019



1. Period's summary

- 💧 The company held a sustained EBITDA growth during first quarter of 2019, managing a 3.2% increase, positively influenced by registered indexation during 2018 and the larger volumes supplied, added to an active contention and cost reduction throughout an organizational restructuring made in the previous year, improvements in biosolid use and disposal, energy efficiency and process optimization.
- 💧 At the non-operating level, a better result is presented mainly explained by the greater revaluation of the UF-indexed debt (0.0% in 2019 versus 0.6% in 2018). Otherwise, a lower result is present for sale of company expendable assets, together with a higher expense for income tax.

Net income as of March 31, 2019 amounted to \$54,569 million. The main variations compared to the previous quarter are presented in the following graph:



Operating Incomes

- 💧 This period's EBITDA reached \$101,230 million, representing an increase of 3.2% over the previous quarter.
- 💧 Regulated revenue were higher by \$4,018 million (an increase of 2.9%) mainly due to registered tariff indexation (being the last one in September 2018) during previous year together with larger volumes supplied.
- 💧 Non-regulated revenue increased by \$366 million during the first quarter of 2019. This variation was mainly explained by higher income in non-sanitation subsidiaries, together with higher activity in sanitation infrastructure modification requested by customers. This was partially offset by lower activity in home services requested by customers.
- 💧 Operating costs varied by 42.3% due mostly to:

 *Efficiency improvement projects:* The development of process improvement projects and digital transformation has continued, that have allowed containing and reducing certain cost line items such as the following:

- *Electricity:* A decrease in cost of productive electric power has presented by \$218 million, due to the improvement in the average price due to entry into force of supply contracts for free customers to 52 facilities of the company, which compensates the higher energetic consumption due to the higher production volume and higher groundwater collection and water elevation.
- *Biosolid management:* Savings of \$342 million were made from the beneficial use of sludge as fertilizer and soil recuperator.
- *Reorganization:* Personnel costs at consolidated level have decreased in \$31 million, mainly because the lower net staffing compensate the higher costs originated by agreed readjustments for inflation and obtained benefits in collective bargaining process ended during 2018.
- *Other projects:* Improvements in costs of customers management services by \$138 million and other general and management services for \$166 million.

 *Raw materials and consumables:* A higher cost of materials is presented by \$452 million mainly associated to higher materials sale cost of subsidiary *Gestión y Servicios* and for chemical inputs by \$344 million, due to a higher consumption in plants operation of subsidiary *Ecoriles*.

 Finally, higher costs have been recognized mainly in facilities and equipment maintenance for \$381 million, consultancies and analysis for \$728 million and fines applied to subsidiary *ESSAL* for \$278 million.

Non-operating income

 The financial income showed a net expense of \$6,107 million, \$4,102 million lower than in the same quarter of previous year, as a consequence mainly of a lower revaluation of UF-indexed debt (0.0% in 2019 versus 0.6% in 2018).

 In Other Profit/Loss line item lower profits were obtained by \$2,093 million than those obtained in 2018, mainly because in first quarter of previous year were sold lands located in various municipalities of the Metropolitan Region.

Investments

 As of March 31, 2019, investments were implemented for \$29,337 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 70%. 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 General Manager** – 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 General Manager, who assumed her functions from this 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

1. Guillermo Pickering de la Fuente
2. Loreto Silva Rojas
3. Giorgianna Cuneo Queirolo
4. Claudio Muñoz Zúñiga
5. Narciso Berberana Sáenz
6. Rodrigo Manubens Moltedo
7. Luis Mayol Bouchon

Alternate Directors

- Jorge Manent Codina
- Sonia Tschorne Berestesky
- Tomás Uauy Cuneo
- Cosme Sagnier Guimón
- Fernando Samaniego Sangroniz
- Gonzalo Rojas Vildósola
- 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.

2. Period's earnings

2.1. Accumulated earnings

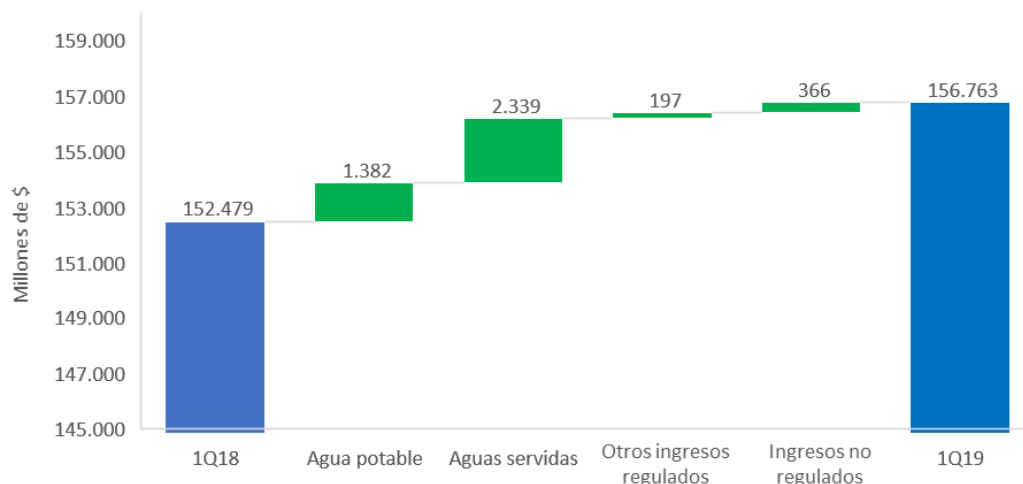
Income Statement (Th\$)	Mar. 19	Mar. 18	% Var.	2019 - 2018
Ordinary Revenues	156,863,309	152,479,378	2.9%	4,383,931
Operational Costs and Expenses	(55,632,925)	(54,379,121)	2.3%	(1,253,804)
EBITDA	101,230,384	98,100,257	3.2%	3,130,127
Depreciation and Amortization	(18,783,300)	(18,855,839)	(0.4%)	72,539
Income From Operations	82,447,084	79,244,418	4.0%	3,202,666
Other Earnings	(78,058)	2,014,615	(103.9%)	(2,092,673)
Financial Result*	(6,107,417)	(10,209,021)	(40.2%)	4,101,604
Tax expense	(20,615,224)	(18,129,444)	13.7%	(2,485,780)
Net earnings	54,569,262	52,057,389	4.8%	2,511,873

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

2.2. Revenue analysis

	Mar. 19		Mar. 18	
	Sales Th\$	Participation	Sales Th\$	Participation
Drinking Water	66,627,676	42.5%	65,245,564	42.8%
Wastewater	71,757,908	45.7%	69,318,337	45.5%
Other Regulated Income	5,993,117	3.8%	5,796,414	3.8%
Non-Regulated Income	12,484,608	8.0%	12,119,063	7.9%
Total	156,863,309	100.0%	152,479,378	100.0%

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



Sales Volume (Thousands of m³)	Mar.19	Mar.18	% Var.	Difference
Drinking Water	169,052	168,484	0.3%	568
Wastewater Collection	159,743	159,284	0.3%	459
Wastewater Treatment and Disposal	137,210	136,418	0.6%	792
Interconnections*	37,505	37,613	(0.3%)	(108)

Customers	Mar.19	Mar. 18	% Var.	Difference
Drinking Water	2,329,592	2,275,240	2.4%	54,352
Wastewater Collection	2,276,576	2,221,880	2.5%	54,696

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

Regulated Businesses

a) Potable water

Potable water income at first quarter of 2019 reached Th\$66,627,676, showing an increase of 2.1%, regarding to same quarter of previous year. The Th\$1,382,112 increase was mainly due to the indexing of rates occurring during previous year, being the last one in September 2018, together with the higher volume supplied.

b) Wastewater

Wastewater income at first quarter of 2019 reached Th\$71,757,908, which meant an increase of Th\$2,439,571, 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 a decrease of Th\$196,703, which was explained mainly by the variation of the provision of uninvoiced together with higher income associated with fixed charge to customers.

Unregulated Income

a) Sanitary services

A decrease of Th\$421,146, mainly due to lower activity of home services requested by customers and lower agreements with urban developers. This is partially offset by higher activity in sanitary infrastructure modifications requested by customers.

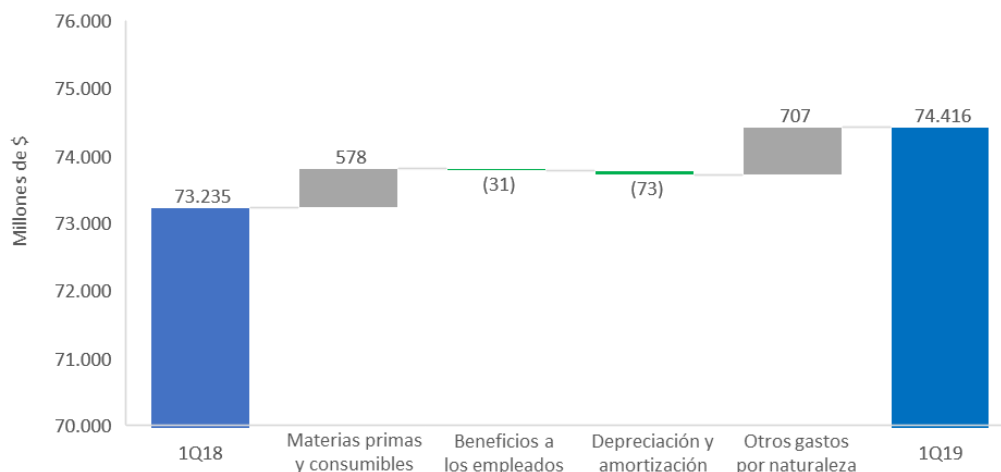
b) Non-sanitary services

An increase of Th\$786,692 was mainly explained by higher materials sales in *Gestión y Servicios* together with higher activity in *EcoRiles*.

(Th\$)	Mar. 19	Mar.18	% Var.
AnaMS.A.	962,401	1,120,973	(14.1%)
EcoRiles S.A.	3,328,028	3,143,592	5.9%
Gestión y Servicios S.A.	2,399,387	1,650,155	45.4%
Aguas del Maipo S.A.	239,984	228,388	5.1%
Non-sanitary non-regulated products	6,929,800	6,143,108	12.8%

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 March 31, 2019, the costs of raw materials and consumables reached Th\$10,467,479, Th\$577,689 higher than obtained in the first quarter of 2018. This increase was mainly due to higher materials sale cost by subsidiary *Gestión y Servicios* by Th\$554,520, together with a higher use of chemical inputs by Th\$344,220. This is partially offset by the lower cost obtained in electric power by Th\$218,294, due to the improvement in the average price due to entry into force of supply contracts for free customers to 52 facilities of the company.

b) Employee benefits

As of March 31, 2019, employee benefit expenses reached Th\$14,360,456, Th\$31,277 lower than obtained previous year, due to the reorganization made during 2018, which involved a lower net staffing. This is partially offset by higher compensation costs for CPI readjustments and for benefits obtained in the collective bargaining of previous year.

c) Depreciation and amortization

At the end of first quarter of 2019, depreciation and amortization amounted to Th\$18,783,300, Th\$72,539 lower than obtained in the same period of previous year.

d) Other expenses by nature

As of March 31, 2019, these expenses amounted to Th\$30,804,990, Th\$707,392 higher than obtained in the same period of 2018, explained essentially by:

- Efficiency projects and process improvements have been carried out that have allowed obtaining lower costs mainly in the management of biosolids by Th\$341,758, customers management by Th\$138,109 and other general and management services by M\$166,399.
- Higher costs of consultancies and analysis have been recognized by Th\$728,049, equipment and facilities maintenance by Th\$380,565 and fines made to subsidiary *ESSAL* by Th\$278,425.

2.4. Analysis of Financial revenues and others

a) Other earnings (losses)

As of March 31, 2019, losses were incurred amounting to Th\$2,092,673, than obtained in 2018, mainly associated that in the first quarter of 2018 were sold expendable lands located in various municipalities of the Santiago Metropolitan Region.

b) Financial revenues

At the end of first quarter of 2019, financial revenues were obtained by Th\$1,343,461, Th\$43,850 lower than obtained in 2018, mainly explained by lower interests for customers debt.

c) Financial costs

As of March 31, 2019, financial costs reached Th\$7,466,619, which meant an increase of Th\$483,526 to those obtained in the same period of 2018. The foregoing is explained by lower

bank interest and interest in bonds, mainly due to a greater volume of debt, together with lower financial activation.

d) Results by index unit

At the end of first quarter of 2019, the results by index units were Th\$4,613,188 of lower expense regarding to first quarter of 2018, mainly explained by a lower revaluation of the debt, due to lower variation of the UF index unit (0.0% in 2019 versus 0.6% in 2018).

e) Income tax expense

The income tax expense as of March 31, 2019 was Th\$20,615,224, Th\$2,485,780 higher than obtained the same period previous year. This variation was mainly explained by a higher income before taxes.

f) Earnings

Net income as of March 31, 2019 amounted to Th\$54,569,262, Th\$2,511,873 higher than obtained previous year, which represent an increase of 4.8%.

2.5. Incomes by segment

a) Accumulated incomes, water segment

Income Statement (Th\$)	Mar. 19	Mar. 18	% Var.	2019 - 2018
External Revenue	149,903,054	146,319,945	2.4%	3,583,109
Revenues Segments	238,240	299,330	(20.4%)	(61,090)
Operating Costs and Expenses	(49,771,823)	(49,790,629)	0.0%	18,806
EBITDA	100,369,471	96,828,646	3.7%	3,540,825
Depreciation and Amortization	(18,363,145)	(18,683,150)	(1.7%)	320,005
Income from Operations	82,006,326	78,145,496	4.9%	3,860,830
Other Earnings (Losses)	(40,685)	1,905,887	(102.1%)	(1,946,572)
Financial Results*	(6,043,881)	(10,180,235)	(40.6%)	4,136,354
Tax Expense	(20,514,791)	(17,837,088)	15.0%	(2,677,703)
Net Earnings	54,329,846	51,170,880	6.2%	3,158,966

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

Net income from this segment showed an increase of 6.2% 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 decreased slightly, mainly due to projects that have allowed generate efficiencies, as lower cost of electric power by Th\$218,294 due to the improvement in the prices of contracts for free customers, biosolids management with saving in Th\$341,758, customers services by Th\$138,109, other general

and management services by Th\$166,399 and lower cost of sale associated with lower non-regulated income by Th\$240,894, corresponding to a decrease of activity of home services requested by customers. This is partially offset by higher costs of facilities maintenance by Th\$380,565, consultancies and analysis by Th\$670,286 and fines by Th\$266,482.

- In other earnings (losses) is presented a lower income by Th\$1,946,572 than obtained in 2018, mainly associated that in the first quarter of 2018 were sold expendable lands located in various municipalities of the Santiago Metropolitan Region.
- The financial result presented a net expense by Th\$6,043,881, Th\$4,136,354 lower than the same quarter of previous year, as a mainly consequence of a lower revaluation of the debt, due to lower variation of the UF index unit (0.0% in 2019 versus 0.6% in 2018).
- As of March 31, 2019, the income tax expense was Th\$20,514,791, Th\$2,677,703 higher regarding to the same period previous year. This variation was mainly explained by a higher income before taxes.

b) Accumulated incomes, non-water segment

Income Statement (Th\$)	Mar. 19	Mar. 18	% Var.	2019 - 2018
External Revenue	6,960,382	6,159,433	13.0%	800,949
Revenues Segments	983,819	1,036,768	(5.1%)	(52,949)
Operating Costs and Expenses	(7,047,618)	(5,924,588)	19.0%	(1,123,030)
EBITDA	896,583	1,271,613	(29.5%)	(375,030)
Depreciation and Amortization	(462,248)	(179,617)	157.4%	(282,631)
Income from Operations	434,335	1,091,996	(60.2%)	(657,661)
Other Earnings (Losses)	(30,144)	115,656	(126.1%)	(145,800)
Financial Results*	(64,452)	(28,787)	123.9%	(35,665)
Tax Expense	(100,322)	(292,356)	(65.7%)	192,034
Net Earnings	239,417	886,509	(73.0%)	(647,092)

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

The incomes of the Non-Water segment showed a decrease of 73.0% 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 19.0% 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 *Agua 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, in comparison to the same period of previous year.
- A lower income tax expense as compared to the previous period, is mainly justified by lower income before taxes.

3. Balance sheet

	Mar. 19 Th\$	Dec. 18 Th\$	% Var.
Assets			
Current Assets	168,193,782	168,513,972	(0.2%)
Non-Current Assets	1,748,437,533	1,737,538,127	0.6%
Total Assets	1,916,631,315	1,906,052,099	0.6%
Assets and Equity			
Current Liabilities	199,254,460	242,318,524	(17.8%)
Non- Current Liabilities	974,739,073	976,742,178	(0.2%)
Total Liabilities	1,173,993,533	1,219,060,702	(3.7%)
Shareholders' Equity	693,189,917	638,620,655	8.5%
Minority Interest	49,447,865	48,370,742	2.2%
Total Shareholders' Equity	742,637,782	686,991,397	8.1%
Total Liabilities and Shareholders' Equity	1,916,631,315	1,906,052,099	0.6%

3.1 Asset Analysis

Aguas Andinas' total consolidated assets as of March 31, 2019 increased by 0.6% regarding to December 31, 2018, from Th\$1,906,052,099 to Th\$1,916,631,315.

Current assets decreased by Th\$320,190, mainly due to the decrease of cash and cash equivalents in Th\$11,199,522 together with lower taxes to recover by Th\$3,748,488. This is partially offset by an increase of other current financial assets by Th\$8,155,274, associated with the record of the advance to the capital payment and bond interest payable on April 1, 2019, together with higher trade debtors and other accounts receivable in Th\$6,558,175.

Non-current assets increased by M\$10,899,406 mainly explained by greater property, plant and equipment by Th\$12,750,502, associated to the investments materialized during the period, partially offset by lower deferred taxes by Th\$980,917. The main investment works are shown in the following table:

Investments (Th\$)**Mar. 19**

<i>Pirque</i> Tank Construction	8,270,706
Renovation of Wastewater Networks	3,163,096
Cogeneration of <i>Mapocho-Trebal</i> Biofactory	1,881,611
Asset replenishment <i>La Farfana-Trebal</i> Biofactories	1,768,038
Renewal of wastewater networks	1,619,390
Treatment of nitrates <i>La Farfana-Trebal</i> Biofactories	1,198,371

3.2 Liabilities and equity analysis

Current liabilities as of December 2019 decreased by Th\$45,067,169 regarding to December 2018.

Current liabilities decreased by Th\$43,064,064. This variation was mostly attributable to lower payable accounts associated to investment providers, partially offset with an increase in financial liabilities, mainly associated to bank debt.

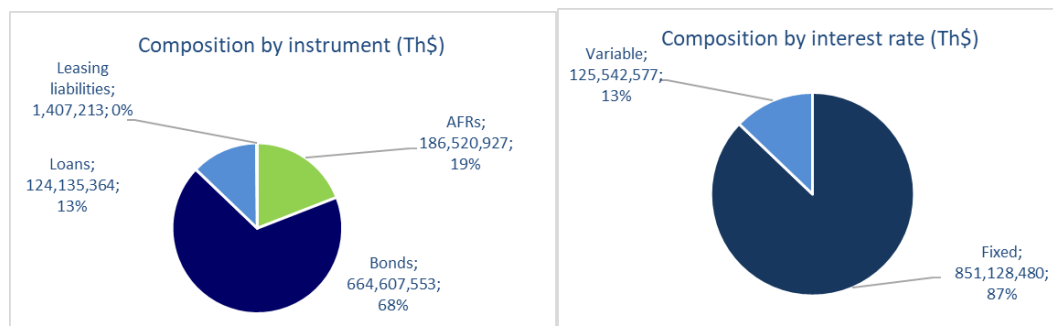
Non-current liabilities presented a decrease of Th\$2,003,105 (0.2%). This variation mainly corresponds to lower financial liabilities.

Total equity increased in Th\$55,646,385 and the net equity attributable to the owners of the controller increased in Th\$54,569,262, essentially explained by the income of the period.

The maturity profile of the financial debt as of March 31, 2019 is the following:

Financial debt Th\$	Currency	Total	12 months	1 to 3 years	3 to 5 years	More than 5 years
AFRs	\$	186,520,927	13,693,095	28,947,449	48,315,756	95,564,627
Bonds	\$	664,607,553	21,131,727	30,298,015	33,689,984	579,487,827
Loans	\$	124,135,364	31,616,155	41,544,976	37,699,562	13,274,671
Leasing liabilities	\$	1,407,213	853,902	488,567	59,643	5,101
Total		976,671,057	67,294,879	101,279,007	119,764,945	688,332,226

3.3 Structure of financial liabilities



4. Cash flow statement

Cash Flow Statement (Th\$)	Mar. 19	Mar. 18	% Var.
Operating Activities	77,238,739	61,780,385	25.0%
Investment Activities	(65,728,301)	(32,905,289)	99.7%
Financing Activities	(22,709,960)	(23,717,906)	(4.2%)
Net Cash Flow for the Period	(11,199,522)	5,157,190	(317.2%)
Final Cash Balance	28,780,952	23,965,530	20.1%

The cash flow coming from operating activities increased by Th\$15,458,354, when comparing March 2019 with March 2018.

The main variations were the following:

- 💧 Increase collections from the sales of goods and delivery of services by Th\$3,513,873, mainly due to a higher volume of sales, together with the tariff indexation registered in previous year, being the last in September 2018.
- 💧 Decrease of suppliers payments by Th\$7,597,734, mainly associated to suppliers of sanitary infrastructure transfers and leases.
- 💧 Decrease in benefit to employees payments by Th\$1,274,104, mainly due to the lower net staffing offset the higher costs originated by agreed readjustments for inflation and benefits obtained in collective bargaining process finalized during 2018.
- 💧 Decrease in income tax paid by Th\$3,490,669, this variation was mainly explained by a tax recuperation during the first quarter of 2019.

Disbursements for investment activities increased by Th\$32,823,012, associated to the investments materialized during the period.

Financing activities generated a negative net flow (decrease) of Th\$1,007,946, this is mainly explained by a lower obtaining of loans and short-term financing instruments.

5. Financial ratios

		Mar. 19	Dec. 18
Liquidity			
Current liquidity	times	0.84	0.70
Acid Test Ratio	times	0.14	0.16
Leverage			
Total Leverage	times	1.58	1.77
Current Leverage	times	0.17	0.20
Non-Current Leverage	times	0.83	0.80
Annualized Financial Expenses Coverage	times	7.27	7.19
Profitability			
Annualized equity profitability attributable to the controller's property owners	%	20.81	21.24
Annualized asset profitability	%	7.25	7.35
Annualized earnings per Share	\$	22.65	22.24
Dividend yield (*)	%	5.87	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.

Current liquidity as of March 2019 increased by 20.0%, mainly due to a decrease in current liability by Th\$43,064,064, product of less accounts payable associated to investment suppliers, partially offset with an increase of financial liabilities, mainly associated to bank debt.

The debt ratio decreased by 10.7%, due to an increase of total equity by Th\$55,646,385, explained by the period income and a decrease of current liability by Th\$45,067,169, product of less accounts payable associated to investment suppliers, partially offset with an increase of financial liabilities, mainly associated to bank debt.

The equity profitability attributable to the owners of the controller presented a decrease by 2.0%, due to the increase of average equity because of the period income.

6. Other background information

6.1 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. N°70 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.

6.2 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.

6.3 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.

6.4 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.

6.5 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 March 31, 2019, the interest rate risk held by *Aguas Andinas S.A.* was 87.3% at a fixed rate and 12.7% at a variable rate. Fixed-rate debt is composed of short-term and long-term bond issuing (78.1%), reimbursable financial contributions (21.9%) 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 conformed 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.
