



EARNINGS RELEASE

**For the financial year ending
December 31 2016**

1. Highlights for 2016

- The Company's revenue reached CLP\$492,002,980 thousand, an increase of CLP\$18,606,275 thousand (3.9%) in comparison to the previous financial year. This increase was mainly due to an increase in regulated revenues for CLP\$23,361,265 thousand, associated to an increase in supplied volumes and higher average tariffs due to the increases in inflation registered during 2015 and 2016.
- The non-regulated subsidiaries decreased their sales in CLP\$2,750,175 thousand due to a delay in the beginning of operations of the Methanization Plant which is being built in the La Farfana Plant. This plant will enable the Company to sell biogas with a higher caloric potential. During this financial year, Gestión y Servicios also generated lower sales mainly due to lower sales of network materials.
- Costs increased by 5.1% mainly due to an increase in employee benefits for CLP\$2,932,957 thousand explained by increases in CPI and an increased number of staff, in addition to an increase in network maintenance for CLP\$2,271,649 thousand associated with the Providencia matrix rupture contingency, an increase in sanitation infrastructure transfer requests, higher costs for sewage treatment plant operation, higher costs for enclosure and equipment maintenance, higher lease costs and higher client service costs for CLP\$578,643 thousand.
- The EBITDA for the financial year reached CLP\$291,513,379 thousand, showing an increase of 3.1% in comparison to 2015.
- Other revenues were attained for CLP\$14,597,521 thousand, CLP\$14,640,179 thousand higher than that obtained in the previous financial year, mainly due Aguas Cordillera's sale of a large piece of land in Vitacura.
- The financial result generated a loss for CLP\$40,821,277 thousand, improving the result by CLP\$7,038,480 thousand in comparison to the previous financial year. This was mainly due to a lower revaluation of the Company's re-adjustable debt in Unidades de Fomento (Indexation Units).
- In order to finance the Company's investment plan and refinance liabilities, in January 2016 the Company issued two bonds with the following characteristics:
 - Series Z: for 1.0 million Unidades de Fomento, structured to 7 years, at a 2.15% rate.
 - Serie AA: for 2.0 million Unidades de Fomento, structured to 24 years, at a 3.29% rate.
- Tax expenses at the end of 2016 amounted to CLP\$43,442,462 thousand, CLP\$9,758,738 thousand higher in comparison to the same period of the previous year. This variation was mainly justified by higher earnings before taxes of CLP\$31,912,338 thousand and by the change in the tax rate increasing from 22.5% to 24% due to the Tax Reform which has been in place since September 2014.
- Net income as of December 31 2016 amounted to CLP\$150,575,666 thousand, CLP\$21,567,521 thousand higher (16.7% increase) in comparison to 2015.

2. Consolidated Results

2.1 Accumulated Results

Income Statement (CLP\$ thousands)	Dec. 16	Dec. 15	% Var.	2016 - 2015
Revenues	492,002,980	473,396,705	3.9%	18,606,275
Operating Costs & Expenses	-200,489,601	-190,734,625	5.1%	-9,754,976
EBITDA	291,513,379	282,662,080	3.1%	8,851,299
D&A	-67,009,703	-68,392,082	-2.0%	1,382,379
Operating Income (EBIT)	224,503,676	214,269,998	4.8%	10,233,678
Other Gains	14,597,521	-42,658	>1000%	14,640,179
Financial Result*	-40,821,277	-47,859,757	-14.7%	7,038,480
Tax Expenses	-43,442,462	-33,683,724	29.0%	-9,758,738
Net Income	150,575,666	129,008,145	16.7%	21,567,521

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

2.2.1 Consolidated Revenue Analysis

	Sales Dec-16		Sales Dec-15		Variation	
	CLP Th\$	Participation	CLP Th\$	Participation	CLP Th\$	%
Potable Water	190,399,865	38.7%	180,937,131	38.2%	9,462,734	5.2%
Sewage	235,458,940	47.9%	220,706,443	46.6%	14,752,497	6.7%
Other Regulated Revenue	17,161,349	3.5%	18,015,314	3.8%	(853,965)	(4.7%)
Non-Regulated Revenue	48,982,827	10.0%	53,737,817	11.4%	(4,754,990)	(8.8%)
Total	492,002,980	100.0%	473,396,705	100.0%	18,606,275	3.9%

Sales Volume (Th. m³)	Dec. 16	Dec. 15	% Var.	Difference
Potable Water	569,199	562,187	1.2%	7,012
Sewage Collection	549,505	542,921	1.2%	6,584
Sewage Treatment & Disposal	480,159	472,691	1.6%	7,468
Interconnections *	122,251	123,603	-1.1%	-1,352
Customers	Dec. 16	Dec. 15	% Var.	Difference
Potable Water	2,213,869	2,149,673	3.0%	64,196
Sewage Collection	2,160,473	2,096,347	3.1%	64,126

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

a) Regulated Revenues

1. Potable Water

Potable water revenues as of the end of 2016 totaled CLP\$190,399,865 thousand. This is an increase of CLP\$9,462,734 thousand in comparison to the same period of the previous year. The higher level of revenue was due to higher supplied volumes in addition to the variations in tariffs registered during 2015 and 2016.

2. Sewage

Revenues from sewage during 2016 reached CLP\$235,458,940 thousand, exhibiting an increase of 6.7% in comparison to the CLP\$220,706,443 thousand registered the previous financial year. The CLP\$14,752,496 thousand increase was due to increased supplied volumes and the variations in tariffs registered during 2015 and 2016.

3. Other Regulated Revenues

This segment had a decrease of CLP\$853,966 thousand which is mainly explained by the variation in the non-billed consumption provision, in addition to a decrease in revenue from potable water disconnection and reconnection charges.

b) **Non-Regulated Revenues**

Non-regulated revenues decreased by CLP\$4,754,990 thousand as of the end of 2016 in comparison to the previous year. This was mainly due to:

1. Sanitation Services

A decrease of CLP\$2,004,815 thousand mainly due to revenues associated to works which were executed due to a request from the Ministry of Public Works during 2015 in addition to a lower amount of work requests required by clients.

2. Non-Sanitation Service

A decrease of CLP\$ \$2,750,175 thousand that was mainly explained by a decrease in Aguas del Maipo. This company did not register sales during the year due to the delay in the beginning of operations of the Methanization Plant which is being built in the La Farfana Plant. In addition to this, there is lower activity in Gestión y Servicios S.A (mainly due to lower activity in collector cleaning and engineering projects) which is partially compensated by higher sales by Análisis Ambientales.

(CLP Th\$)	Dec. 16	Dec. 15	Var. %
Anam S.A.	3,339,493	3,102,312	7.6%
EcoRiles S.A.	12,341,678	12,518,955	-1.4%
Gestión y Servicios S.A.	7,408,804	9,052,760	-18.2%
Aguas del Maipo S.A.	-246,664	919,458	-126.8%
Non-regulated, non-sanitation companies	22,843,311	25,593,486	-10.7%

2.3. Expenditure Analysis

a) **Raw Materials and Consumables Used**

As of December 31 2016, the cost of raw materials and consumables used reached CLP\$33,442,759 thousand, a decrease of CLP\$3,911,007 thousand in comparison to 2015. The decrease in these costs is due by a decrease in electricity expenses for CLP\$2,288,897 thousand due the recognition of retroactive charges for CLP\$2,827,551 thousand in 2015 and lower consumption for CLP\$420,412 thousand, which has been partially compensated by an increase in tariffs for CLP\$959,066 thousand. In addition to this, there was a decrease in spending in various materials for CLP\$2,322,759 thousand mainly due to purchasing less raw water for CLP\$1,082,055 thousand and a decrease in Gestión y Servicios' cost of sales due to a decrease in activity with third parties for CLP\$1,246,352 thousand. This decrease in costs has been partially compensated by an increase of chemical inputs for CLP\$700,648 thousand. These chemicals are used for turbidity abatement due to a higher use of superficial water from the Maipo River.

b) Personnel Expenses

At the end of 2016, personnel expenses amounted to CLP\$53,621,906 thousand, CLP\$2,932,956 thousand higher than the previous year, partially explained by higher salaries associated to inflation adjustments for CLP\$1,709,622 thousand, more average personnel for CLP\$1,909,245 thousand of which CLP\$649,908 thousand are explained by the internalization of Rural Potable Water personnel. In addition to this, there have also been higher payments for years of service for CLP\$941,519 thousand, higher settlements paid for CLP\$286,344 thousand, and higher variable bonuses paid for CLP\$198,442 thousand. This increase in personnel expenses is partially compensated by a provision which was constituted in 2015 associated to an early retirement program for CLP\$2,054,000 thousand.

c) Depreciation and Amortization Expenses

As of December 31 2016, depreciation and amortization totaled to CLP\$67,009,703 thousand, CLP\$1,382,379 thousand lower than that obtained in 2015. This was mainly due to the end of the useful lives of certain assets, partially compensated by the depreciation of new investments that were incorporated during the period.

d) Other Expenses

As of December 31 2016, these expenses increased to CLP\$114,145,942 thousand, CLP\$10,700,152 thousand higher than that obtained during the same quarter in 2015. This is essentially explained due to higher costs in network maintenance for CLP\$2,271,649 thousand associated with an increase in activity due to an increase in ruptures, an increase in costs due to an increase in insolvency provisions for CLP\$978,558 thousand, higher contingency costs due to the matrix rupture in Providencia for CLP\$1,259,903 thousand, higher costs due to higher sanitation infrastructure transfer due to more activity for CLP\$898,174 thousand, higher plant operation costs for CLP\$880,293 thousand mainly associated with the variation of the UF (indexation units), higher costs for enclosure and equipment maintenance for CLP\$806,766 thousand, higher expenses due to fines from the Superintendence of Sanitation Services (SISS) for CLP\$744,043 thousand, lease services for CLP\$658,749 thousand, increased number of works required by clients for CLP\$599,354 thousand, higher client service costs for CLP\$578,643 thousand associated to an increase in activities such as billing and collection, cuts and replacements, and call center services, increased spending on contributions and commercial patents for CLP\$204,221 thousand, and higher expenses in the removal of residues and sludge for CLP\$143,949 thousand.

2.4. Analysis of Financial Results and Other Results

a) Other gains

As of December 31, 2016, the Company attained other gains for CLP\$ \$14,597,521 thousand, \$14,640,179 thousand higher than that obtained during 2015. This was mainly due to Aguas Cordillera's sale of a large terrain in the Vitacura commune.

b) Financial Income

As of December 31 2016, financial revenues amounted to CLP\$ \$6,473,964 thousand, CLP\$108,583 thousand lower than that obtained in 2015. This was mainly due to an inflation insurance policy attained in 2015, compensated by higher financial interests due to higher cash surpluses and the repurchasing of promissory notes.

c) Financial Expenses

At the end of 2016, financial expenses totaled CLP\$27,117,541 thousand, which meant a decrease in these expenses by CLP\$787,592 thousand in comparison to those obtained in 2015. The latter was explained by

higher interest activation partially compensated by an increase in interests in bond payments and higher interests in promissory notes associated with an increase in this type of debt.

d) Results from Indexation Units

At the end of 2016, there were losses for CLP \$20,159,712 thousand, determined by a lower expense of CLP\$6,363,957 thousand in comparison to 2015. This was mainly due to lower debt revaluation due to a lower variation of the UF (indexation units) in comparison to 2015.

e) Expense (Income) due to Income Tax

Income tax expense at the end of 2016 totaled CLP\$43,442,462 thousand, CLP\$9,758,738 higher in regards to the previous year. This variation was justified mainly by higher revenues before taxes for CLP \$31,912,338 thousand, in addition to the change in tax rate from 22.5% to 24% due to the Tax Reform which has been in place since September 2014. This has been partially compensated by an increase in the permanent differences that affect the results which are associated to taxes.

f) Net Income

Net income as of December 31 2016 amounted to CLP\$150,575,666 thousand, CLP\$21,567,521 thousand (16.7%) higher to that obtained in 2015.

3. Results by Segment

3.1 Accumulated Results, Water Segment

Income Statement (CLP\$ thousands)	Dec. 16	Dec. 15	% Var.	2016 - 2015
External Revenues	469,116,410	447,576,149	4.8%	21,540,261
Revenues Between Segments	782,634	1,231,979	(36.5%)	(449,345)
Operation Costs and Expenses	(182,018,986)	(171,374,566)	6.2%	(10,644,420)
EBITDA	287,880,058	277,433,562	3.8%	10,446,496
Depreciation & Amortization	(66,318,416)	(67,805,175)	(2.2%)	1,486,759
Operating Income (EBIT)	221,561,642	209,628,387	5.7%	11,933,255
Other Gains	16,728,956	(171,780)	>1000%	16,900,736
Financial Result*	(40,937,954)	(48,424,962)	(15.5%)	7,487,008
Tax Expenses	(43,242,225)	(32,617,825)	32.6%	(10,624,400)
Net Income	149,848,626	124,738,107	20.1%	25,110,519

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

The results of this segment had a 20.1% increase in comparison to the previous financial year, mainly due to:

- An increase in external revenues, mainly due to higher supplied volumes in addition to higher average tariffs due tariff variations registered throughout 2015 and 2016.
- A 6.2% increase in costs due to higher employee benefits due to CPI increases and higher average personnel, in addition to increased number of staff, in addition to an increase in network maintenance and higher costs for enclosure and equipment maintenance, higher costs due to the Providencia matrix rupture contingency, an increase in sanitation infrastructure transfer requests due to higher activity,

higher costs for sewage treatment plant operation due to the variation of the UF, higher lease costs, an increase in works requested by customers and higher client service costs.

- A decrease in depreciation and amortization costs which was mainly due to the end of the useful lives of certain assets, partially compensated by the depreciation of new investments that were incorporated during the period.
- An increase in other gains mainly due to Aguas Cordillera's sale of a large terrain in the Vitacura commune.
- An improvement in the financial result in comparison to 2015 mainly due to lower debt revaluation due to a lower variation of the UF (indexation units).
- Higher tax expenses in 2016 in comparison to the previous year. This variation was justified mainly by higher revenues before taxes, in addition to the change in tax rate from 22.5% to 24% due to the Tax Reform which has been in place since September 2014.

3.2 Accumulated Results, Non Water Segment

Income Statement (CLP\$ thousands)	Dec. 16	Dec. 15	% Var.	2016 - 2015
External Revenues	22,886,570	25,820,556	(11.4%)	(2,933,986)
Revenues Between Segments	4,074,938	3,763,794	8.3%	311,144
Operation Costs and Expenses	(23,300,474)	(24,340,970)	(4.3%)	1,040,496
EBITDA	3,661,034	5,243,380	(30.2%)	(1,582,346)
Depreciation & Amortization	(719,000)	(586,907)	22.5%	(132,093)
Operating Income (EBIT)	2,942,034	4,656,473	(36.8%)	(1,714,439)
Other Gains (Losses)	(2,131,435)	114,260	<(200%)	(2,245,695)
Financial Result*	116,677	565,204	(79.4%)	(448,527)
Tax Expenses	(200,236)	(1,065,899)	(81.2%)	865,663
Net Income	727,040	4,270,038	(83.0%)	(3,542,998)

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

The Non Water results decreased by 83.0% in comparison to the previous year, mainly due to:

- A decrease in external revenues mainly due to a decrease in Aguas del Maipo. This company did not register sales during the year due to the delay in the beginning of operations of the Methanization Plant which is being built in the La Farfana Plant. In addition to this, there is lower activity in Gestión y Servicios S.A (mainly due to lower activity in collector cleaning and engineering projects) which is partially compensated by higher sales by Análisis Ambientales.
- A reduction in costs mainly due to Gestión y Servicios' lower sales due to a decrease in the level of activity, in addition to lower expenses in Aguas del Maipo given that during 2016 the Plant was stopped due to changes in infrastructure.
- An increase in depreciations which mainly have to do with ANAM's Laboratory entering into operation during the last quarter of 2015.
- An increase in other losses mainly due to a provision in Gestión y Servicios due to the loss of bank guarantees which have been issued older than 4 years.

- A decrease in the financial result mainly generated due to the fact that in 2015, Aguas del Maipo had extraordinary revenues due to the sale of options in Eléctrica Puntilla, in addition to a decrease in received revenues.
- A decrease in tax expenses during 2016 mainly due to the decrease of earnings before taxed, which was partially compensated by an increase in the tax rate from 22.5% to 24%.

4. Consolidated Quarterly Results

Income Statement (CLP\$ thousands)	4Q16	4Q15	% Var.	4Q16 – 4Q15
Revenues	131,555,571	126,712,033	3.8%	4,843,538
Operating Costs & Expenses	-53,429,059	-48,806,938	9.5%	-4,622,121
EBITDA	78,126,512	77,905,095	0.3%	221,417
D&A	-16,934,222	-17,174,932	-1.4%	240,710
Operating Income (EBIT)	61,192,290	60,730,163	0.8%	462,127
Other Gains	14,845,686	-158,715	>1000%	15,004,401
Financial Result*	-8,421,576	-12,847,193	-34.4%	4,425,617
Tax Expenses	-15,258,183	-10,161,532	50.2%	-5,096,651
Net Income	51,019,197	36,193,509	41.0%	14,825,688

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

4.1. Revenue Analysis

a) Operating Revenues

Operating revenues in the fourth quarter of 2016 reached CLP\$ \$131,555,571 thousand, CLP\$4,843,538 thousand (3.8%) higher than that obtained in the same quarter of 2015. This variation was mainly due to higher supplied volumes in addition to an increase in the provision for non-billed consumption. The latter was partially compensated by lower activity in the non-regulated subsidiaries and due to revenues associated to works requested by the Ministry of Public Works during 2015.

4.2. Expense Analysis

a) Raw Materials and Consumables Used

During the fourth quarter of 2016, the cost of raw materials and consumables used amounted to CLP\$8,648,703 thousand, CLP\$388,398 thousand lower to that obtained in the same quarter of 2015. This decrease is mainly explained due to a decrease in the cost of sales of Gestión y Servicios due to a decrease in the level of activity.

b) Personnel Expenses

During the fourth quarter of 2016, personnel expenses amounted to CLP\$14,973,459 thousand, CLP\$1,568,139 thousand higher than the same quarter of the previous year. This was mainly due to higher remunerations and compensations associated to inflation readjustments for CLP\$367,587 thousand, higher average number of staff for CLP\$294,901 thousand, of which CLP\$95,541 thousand correspond to the internalization of Rural Potable Water personnel, higher compensations for years of service for CLP\$941,519 thousand, associated to the payment of settlements during the year for CLP\$147,633 thousand, higher provisions in the actuarial calculation for CLP\$243.951 thousand. The latter was partially compensated by a higher cost associated with the early retirement plan in 2015 for CLP \$272,925 thousand.

c) Depreciation and Amortization Expenses

Depreciation and amortization expenses during the fourth quarter of 2016 amounted to CLP\$16,934,222 thousand, CLP\$240,710 thousand lower than that obtained in the same quarter of 2015. This increase was mainly due to the end of the useful lives of certain assets, partially compensated by the depreciation of new investments that were incorporated during the period.

d) Other Expenses

During the fourth quarter of 2016, other expenses amounted to CLP\$29,806,897 thousand, CLP\$3,442,380 thousand higher than that obtained in the same quarter of 2015. This was mainly explained by higher enclosure and equipment maintenance costs for CLP\$754,514 thousand, higher costs due to the paving of Providencia for CLP\$507,471 thousand, network maintenance and repair for CLP\$490,559 thousand, compensation to Metro S.A. due to the matrix rupture in Providencia for CLP\$464,457 thousand, higher costs due to an increase in the insolvency provision for CLP\$348,278 thousand, higher engineering service expenses for CLP\$291,846 thousand due to an increase in leasing activity for CLP\$195,607 thousand, higher costs associated with the operation of waste water treatment plants due to the readjustment of the UF (indexation units) for CLP\$175,933 thousand, in addition to higher removal of residue and sludge expenses for CLP\$117,736 thousand.

4.3. Analysis of Financial Results and Other Results

a) Other Gains

The other gains as of the fourth quarter of 2016 amounted to CLP\$ \$14,845.686 thousand, \$15,004,401 thousand higher than that obtained during 2015. This was mainly due to Aguas Cordillera's sale of a large terrain in the Vitacura commune.

b) Financial Income

Financial income for the fourth quarter of 2016 amounted to CLP\$1,334,620 thousand, CLP\$930,151 thousand in comparison to the same quarter of 2015, mainly explained by an inflation insurance policy which existed in 2015.

c) Financial Expenses

Financial expenses in the fourth quarter of 2016 amounted to CLP\$6,585,891 thousand, CLP\$198,922 thousand lower than that obtained in the same quarter of 2015. This decrease was mainly due to a higher activation of financial interests, mainly compensated by an increase in interests in bond payments and higher interests in promissory notes.

d) Results from Indexation Units

In the fourth quarter of 2016, there were losses for CLP\$3,163,247 thousand, amount which decreased by CLP\$5,165,268 thousand in comparison to the same quarter in 2015, mainly explained by a lower debt revaluation due to a lower variation of the UF (indexation units) in comparison to the same quarter in 2015.

e) Expense (Income) due to Income Tax

The provision for income taxes totaled CLP\$15,258,183 thousand for the fourth quarter of 2016. This was CLP\$5,096,651 thousand higher in comparison to the same quarter of the previous year. This variation was justified mainly by an increase in earnings before taxes for CLP\$19,892,146 thousand, in addition to the change in tax rate from 22.5% to 24% due to the Tax Reform.

f) Net Income

Net income for the fourth quarter of 2016 amounted to CLP\$51,019,197 thousand, CLP\$14,825,688 (41.0%) higher than that obtained for the same quarter of 2015.

5. Balance Sheet

	Dec. 16	Dec. 15	
	CLP Th\$	CLP Th\$	% Var.
Assets			
Current Assets	182,071,355	148,629,745	22.5%
Long-Term Assets	1,589,747,781	1,542,568,103	3.1%
Total Assets	1,771,819,136	1,691,197,848	4.8%
Liabilities & Shareholder's Equity			
Current Liabilities	211,931,051	232,407,312	-8.8%
Long-Term Liabilities	873,005,660	787,200,069	10.9%
Total Liabilities	1,084,936,711	1,019,607,381	6.4%
Shareholder's Equity	634,157,180	617,195,977	2.7%
Minority Interest	52,725,245	54,394,490	-3.1%
Total Shareholder's Equity	686,882,425	671,590,467	2.3%
Total Liabilities & Shareholder's Equity	1,771,818,136	1,691,197,848	4.8%

5.1 Asset Analysis

Aguas Andinas' consolidated total assets as of December 31 2016 had an increase of 4.8% in comparison with December 31 2015, going from CLP\$1,691,197,848 thousand to CLP\$1,771,819,136 thousand.

Current assets increased by CLP\$33,441,610 thousand, mainly due to an increase in cash and cash equivalents of CLP\$31,922,914 thousand, and of trade debtors and other accounts receivable for CLP\$6,322,838 thousand, mainly due to an increase in regulated sales and Aguas Cordillera's sale of a large terrain in the commune of Vitacura. The latter was partially compensated by a decrease in accounts payable to related entities for CLP\$3,948,752 thousand due to the advance paid during 2015 to Suez International (Ex Degrémont S.A.) due to the expansion of the fourth module of the Trebal-Mapocho Sewage Treatment Plant.

The non-current assets increased by CLP \$47,179,678 thousand mainly due to an increase in works in construction. The main investment works of the year are shown in the following table:

Investments (CLP Th\$)	Dec-16
Expansion of the Mapocho-Trebal Waste Water Treatment Plant	33,934,848
Sewerage Network Renovation	9,066,665
Starter and Meter Renewal	5,577,508
Service Modifications due to Works on Vespucio- Kennedy	4,702,000
Potable Water Network Renovation	4,134,669
Chamisero Potable Water Treatment Plant	3,972,457
San Antonio Potable Water Treatment Plant	3,178,086

5.2 Liabilities and Shareholder's Equity Analysis

Total liabilities as of December 31, 2016 increased by 6.4%, CLP\$65,329,330 thousand higher than that of December 2015.

Current liabilities decreased by CLP\$20,476,261 thousand. This variation was mainly due to the payment of the final installment of bond Series N for CLP\$32,036,363 thousand, in addition to a reduction in accounts payable to related entities for CLP\$5,943,346 thousand; partially compensated by an increase in promissory notes for CLP\$16,735,507 thousand.

Long-term liabilities increased by CLP \$85,805,591 thousand (10.9%). This is mainly due to an increase in bond debt of CLP\$84,719,222 thousand associated to the following issuances:

Series Z: for 1.0 million Unidades de Fomento, structured to 7 years, at a 2.15% rate.

Series AA: for 2.0 million Unidades de Fomento, structured to 24 years, at a 3.29% rate.

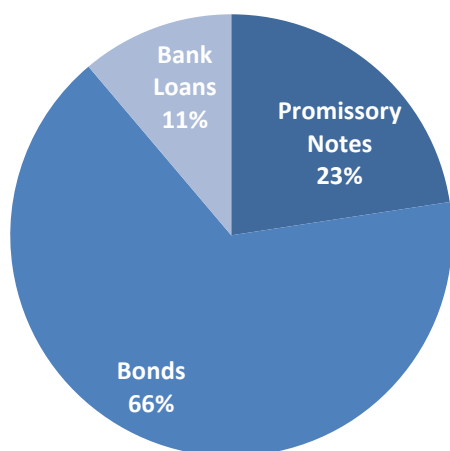
Total shareholders' equity increased by CLP\$15,291,958 thousand and the net equity attributable to the controllers increased by CLP\$16,961,203 thousand, mainly due to the earnings generated during the 2016, which is compensated by the distribution of dividends corresponding to the 2015 financial year.

The Company's consolidated debt amortization profile as of December 31 2016 is as follows:

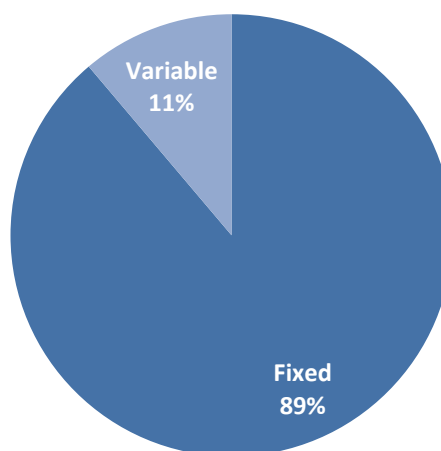
Capital CLP Th.\$	Currency	Total	1 - 12 months	1 - 3 years	3 - 5 years	more than 5 years
Promissory Notes	\$	192,648,443	26,535,097	28,473,787	22,486,617	115,152,942
Bonds	\$	552,968,608	8,905,924	44,525,773	19,275,625	480,261,286
Bank Debt	\$	96,093,999	2,074,790	50,589,003	43,430,206	0
Total		841,711,050	37,515,811	123,588,563	85,192,448	595,414,228

5.3 Financial Liabilities Structure

Composition By Instrument



Composition by Interest Rate



6. Consolidated Cash Flows

Cash Flow Statement (CLP\$ Th.)	Dec. 16	Dec. 15	% Var.
Net Cash Flow from Operating Activities	234,098,851	214,469,492	9.2%
Net Cash Flow from Investing Activities	(93,180,602)	(91,751,420)	1.6%
Net Cash Flow from Financing Activities	(108,995,335)	(115,966,697)	(6.0%)
Total Net Cash Flow for the Period	31,922,914	6,751,375	>200.0%
Closing Balance of Cash & Cash Equivalents	64,876,443	32,953,529	96.9%

The net cash flow from operating activities increased by CLP\$19,629,359 thousand, when comparing December 2016 to December 2015.

The main variations were as follows:

- An increase in the charges incurred from the sale of goods and services for CLP\$23,972,475 thousand, due to a higher average tariff.
- A decrease in the payment of subscribed policies for CLP\$1,887,900 thousand.
- A decrease of interests paid for CLP\$1,075,047 thousand.

These variations was partially compensated by the following concepts:

- An increase in the payment to suppliers for CLP\$6,329,260 thousand mainly due to an increase in payments to potable and waste water network maintenance and repair suppliers and electricity payments.
- An increase in the benefits paid to employees for CLP\$1,874,606 thousand mainly due to the readjustment of salaries due to CPI variations.

The disbursement for investment activities increased by CLP\$1,429,182 thousand mainly due to higher payments for the investment works for CLP\$25,113,291 thousand, partially compensated with the sale of assets whose variation of CLP\$424,396,736 thousand basically corresponds to Aguas Cordillera's sale of a terrain.

Financing activities generated a negative variation of net cash flow of CLP\$6,971,362 thousand, this is due to the placement of bonds Series Z and AA for a total of 3.0 million UF at the beginning of this year, in comparison the placement of bon Series X in 2015 for 1.6 million UF. The latter was partially compensated by an increase in loan and bond payments for CLP\$19,161,207 thousand and higher dividend payments for CLP\$9,886,865 thousand.

7. Financial Ratios

		Dec. 16	Dec. 15
Liquidity			
Current Ratio	times	0.86	0.64
Acid Test Ratio	times	0.31	0.14
Leverage			
Total Leverage	times	1.58	1.52
Current Leverage	times	0.20	0.23
Long-term Leverage	times	0.80	0.77
Interest Coverage Ratio	times	8.31	6.96
Return			
ROE	%	24.07	21.01
ROA	%	8.70	7.82
Earnings Per Share	CLP\$	24.61	21.08
Dividend Yield*	%	6.05	5.37

Current Ratio: $\text{Currents Assets} / \text{Current Liabilities}$.

Acid Test Ratio: $\text{Cash and Cash Equivalents} / \text{Current Liabilities}$.

Total Leverage: $\text{Total Liabilities} / \text{Total Shareholders' Equity}$.

Current Leverage: $\text{Current Liabilities} / \text{Total Liabilities}$.

Long-Term Leverage: $\text{Long-Term Liabilities} / \text{Total Liabilities}$.

Interest Rate Coverage: $\text{Net Income before Taxes} / \text{Financial Costs}$.

ROE: $\text{Net Income} / \text{Average Assets}$.

ROA: $\text{Net Income} / \text{Average Assets}$.

Earnings per Share: $\text{Net Income} / \text{Total Shares}$.

Dividend Yield: $\text{Dividends Paid} / \text{Share Price}$

*Share price as of December 2016 was \$348.73. As of December 31, 2015 the share price was \$363.58.

As of December 2016, the current ratio had an increase of 34.4% due to an increase in current liabilities of CLP\$33,441,610 thousand (22.5%) mainly due to the increase in regulated sales and Aguas Cordillera's sale of a terrain in Vitacura, in addition to a decrease in current liabilities for CLP\$20,476,261 thousand (8.8%), mainly due to the payment of the last installment of bond Series N for CLP\$32,036,363 thousand.

Total leverage increased by 4.0% due to an increase in total liabilities of CLP\$65,329,330 thousand, mainly explained by the issuance of Bond Series Z and AA for a total of UF 3.0 million, partially compensated by the payment of the final instalment of Bond Series N. On the other hand, shareholders' equity increased by CLP\$15,291,958 thousand, mainly due earnings generated in 2016, partially compensated by the distribution of dividends corresponding to the 2015 financial year.

The annualized return on equity attributable to the controller increased by 14.6% due to an increase in earnings generated in 2016 of CLP\$21,567,521 thousand in comparison to that generated in 2015, compensated by an increase in average equity of CLP\$11,696,781 thousand.

8. Other Information

a) Tariffs

The most important factor that determines the Company's results of operations and financial condition are the tariffs set for regulated services. As a water utility, the Company is regulated by the SISS, and our tariffs are set in accordance with the tariff law DFL No. 70 of 1988.

Tariffs are reviewed and set every five years and are adjusted in the interim period based on a polynomial index. The accumulated variation of the polynomial index must reach 3.0% or higher to produce a tariff adjustment. The polynomial index includes various inflation indices, specifically the Consumer Price Index (IPC), the Imported Goods of the Manufacturing Sector Price Index (IPBIM) and the Manufacturing Producers Price Index (IPPIM). These indices are all published by the National Institute of Statistics (INE).

The latest adjustments for tariff indexations for each group/company were applied on the following dates:

Aguas Andinas S.A.:

Group 1	November 2015.
Group 2	November 2015.
Rinconada de Maipú	March – July – September 2015 and January 2016

Aguas Cordillera S.A.:

November 2015.

Aguas Manquehue S.A.:

Santa María	March - November 2015 and March 2016.
Chicureo	October 2015.
Chamisero	March - September 2015 and November 2016.
Valle Grande 3	March - September 2015 and January 2016.

Essal S.A.:

Group 1	March & October 2015.
Group 2	March & October 2015.
Group 3	March & October 2015.
Chinquihue	March & December 2015.
Los Alerces	March & October 2015.

In addition, tariffs may also be adjusted when additional services/investments become operational. These adjustments are previously authorized by the SISS.

Aguas Andinas' current tariffs for the 2015-2020 period were approved through Decree N°83 which was approved on June 5th 2015 and came into effect March 1st 2015 (these tariffs were published in the Official Newspaper on September 3rd 2015). Aguas Cordillera's current tariffs for the 2015-2020 period were approved through Decree N°152 which was approved on October 19th 2015 and came into effect June 30th 2015 (these tariffs were published in the Official Newspaper on November 25th 2015). Aguas Manquehue's current tariffs for the 2015-2020 period were approved through Decree N°139 which was approved on September 16th 2015 and came into effect May 19th 2015 (these tariffs were published in the Official Newspaper on November 25th 2015). For ESSAL, Decree N°116 dated August 31 2011 sets its tariffs for the 2011-2016 period. To date, the 2016 -2020 tariff process has concluded and the Company has reached an agreement with the SISS, however, the decree has not been published.

b) Market Risk

Our Company has a favorable situation in terms of risk, mainly due to the particular characteristics of the sanitation industry. Operational results follow a seasonal pattern and may vary from quarter to quarter. The highest levels of demand and revenues are registered during the summer months (December to March) and lower levels of demand and revenues during the winter months (June to September). In general, demand for water is higher in warmer months, mainly due to the additional water needs caused by irrigation and other outdoor water uses.

Adverse weather conditions could potentially affect optimal delivery of services, because the processes of extracting and producing drinking water depend largely on weather conditions that develop in watersheds. Climate factors such as rainfall, snow, hail, temperature and moisture as well as other factors such as sediment and water levels in rivers determine not only the quantity, quality and continuity of raw water available at each intake point, but also determine the probability that water is properly treated in the water treatment plants.

In the event of prolonged drought, the Company has significant reserves of water that in the El Yeso, Laguna Negra and Lo Encañado reservoirs. Additionally the Company has developed contingency plans to mitigate the effects from adverse climate conditions that could affect our operations. The Metropolitan Region has been affected by drought conditions since 2010. The Company has implemented several contingency plans such as the purchase raw water, increase use of wells and the lease and purchase of water rights, among other measures to reduce the impact of the drought and continue to provide quality, timely services.

c) Market Analysis

The market in which the Company participates has not varied given that by the nature of its services and under current legislation, it has no competition in its concession area.

Aguas Andinas S.A. has 100% service coverage in drinking water, 98.7% service coverage in sewage collection and 100% service coverage in sewage treatment.

Aguas Cordillera S.A. has 100% service coverage in drinking water, 98.8% service coverage in sewage collection and 100% service coverage in sewage treatment.

Aguas Manquehue S.A. has 100% service coverage in drinking water, 99.0% service coverage in sewage collection and 100% service coverage in sewage treatment.

Essal S.A. has 100% service coverage in drinking water, 95.7% service coverage in the X Region and 92.3% in the XIV Region of sewage collection and 100% service coverage in sewage treatment.

d) Capital Investments

One of the variables that influence the results of the operations and the financial condition of the Company are capital investments. There are two types:

Committed Investments: The Company has the obligation to agree on an investment plan with the industry regulator (S.I.S.S). The investment plan outlines investments that will be made in the subsequent 15-year period. Specifically, the plan includes certain projects related to maintaining certain quality standards and service coverage. The investment plan is subject to review every five years, and amendments may be made given certain circumstances.

Dates of approval and dates of updates to the investment plan for the Aguas Group:

Aguas Andinas S.A.

Gran Santiago: December 23 2015

Other Areas: September 12 2012, April 5 2013, September 26 2013, December 31 2014 and January 12 2015.

Aguas Cordillera S.A.

Aguas Cordillera and Villa Los Dominicos: December 21 2015

Aguas Manquehue S.A.

Santa María and Los Trapenses: December 23 2014

Chicureo, Chamisero, and Valle Grande III: December 29 2011

Alto Lampa: November 22 2013

Essal S.A.

X and XIV Region: December 30 2010

Uncommitted Investments: Uncommitted investments are those investments that are not included in the committed investment plan that the Company chooses to carry out voluntarily to ensure the quality of services and to replace obsolete assets. These investments are generally related to the replacement of network infrastructure and other assets, the acquisition of certain water rights and investments in unregulated businesses, among others.

According to IAS 23 of the International Financial Reporting Standards (IFRS), the current accounting standard in Chile, interest on capital investments is capitalized during the construction phase. IAS 23 outlines that when a company acquires debt in order to finance investments, the interest on that debt must be subtracted from financial expenses and incorporated into the financed construction project, for up to the full amount of interest. Consequently, the financial costs associated with our capital investment plan affects the amount of financial expenses recorded in the income statement. These financial costs are recorded along with ongoing works in the line item Property, Plant and Equipment of the balance sheet.

e) Financial Aspects

Currency Risks: Our revenues are largely linked to the evolution of the local currency (Chilean peso). Because of this factor, the Company's debt is mainly denominated in Chilean pesos or financial instruments linked to the Chilean peso, specifically the UF. As a result, the Company does not significant risk of foreign currency transactions.

Interest Rate Risk: As of December 31, 2016, the Company's interest rate profile consisted of 88.5% fixed rate and 11.5% variable rate. The fixed rate debt includes short-term and long-term bonds (74.2%) and promissory notes (25.8%), while the variable rate debt includes bank debt with local financial institutions.

As of December 31, 2015, the Company's interest rate profile consisted of 87.5% fixed rate and 12.5% variable rate. The fixed rate debt includes short-term and long-term bonds (74.2%) and promissory notes (25.8%), while the variable rate debt includes bank debt with local financial institutions.

The company has a policy of monitoring and managing its interest rate, with the aim of optimizing the cost of financing. It continuously evaluates available hedging instruments in the financial market.

This favorable situation has meant that the local rating agencies have assigned the Company a solvency rating of AA+. In the case of our stocks, Fitch and ICR have assigned us a rating of first class Level 1 for series A and first class series 4 for series B.