

CORPORATE PRESENTATION



Aguas Andinas S.A.



MARCH 2014



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01

OVERVIEW

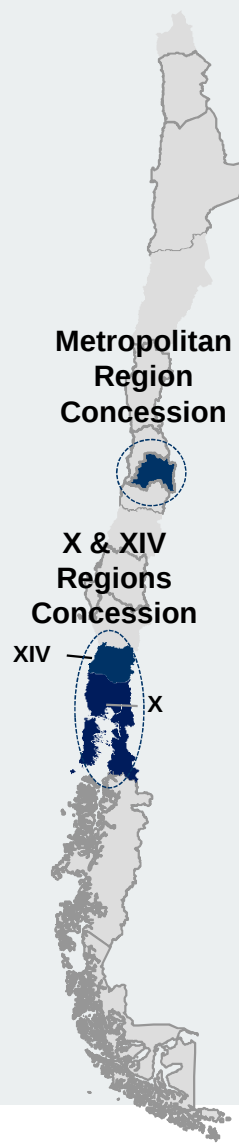




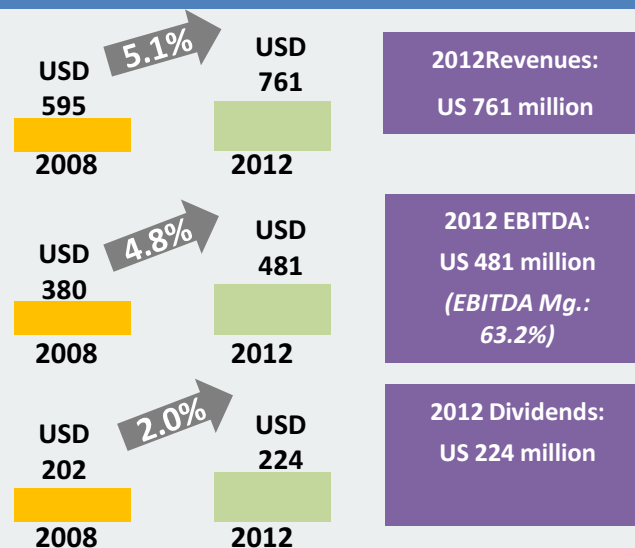
Aguas Andinas at a Glance

Summary

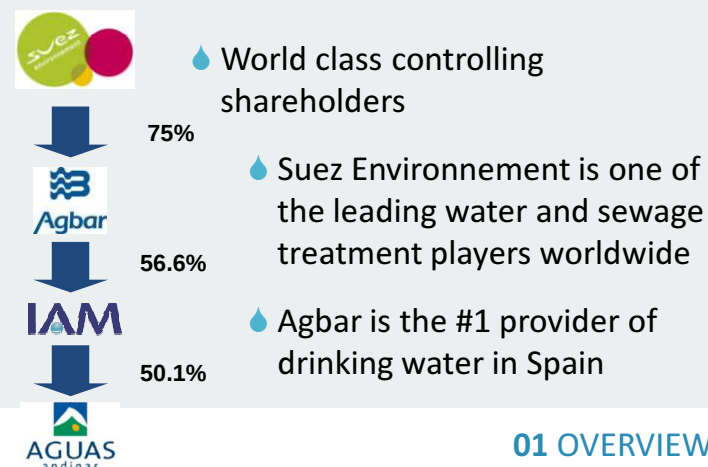
- Largest water utility in Chile and one of the largest in Latin America
- Provides services to over 6.8 million inhabitants including the most densely populated area in Chile
- High service coverage levels within its concession area and among the highest in the country
- Natural monopoly
- Operations under a mature and stable regulatory framework, supported by a sound macroeconomic environment
- Non-expiring concession and ownership of water rights



Financial Highlights ⁽¹⁾

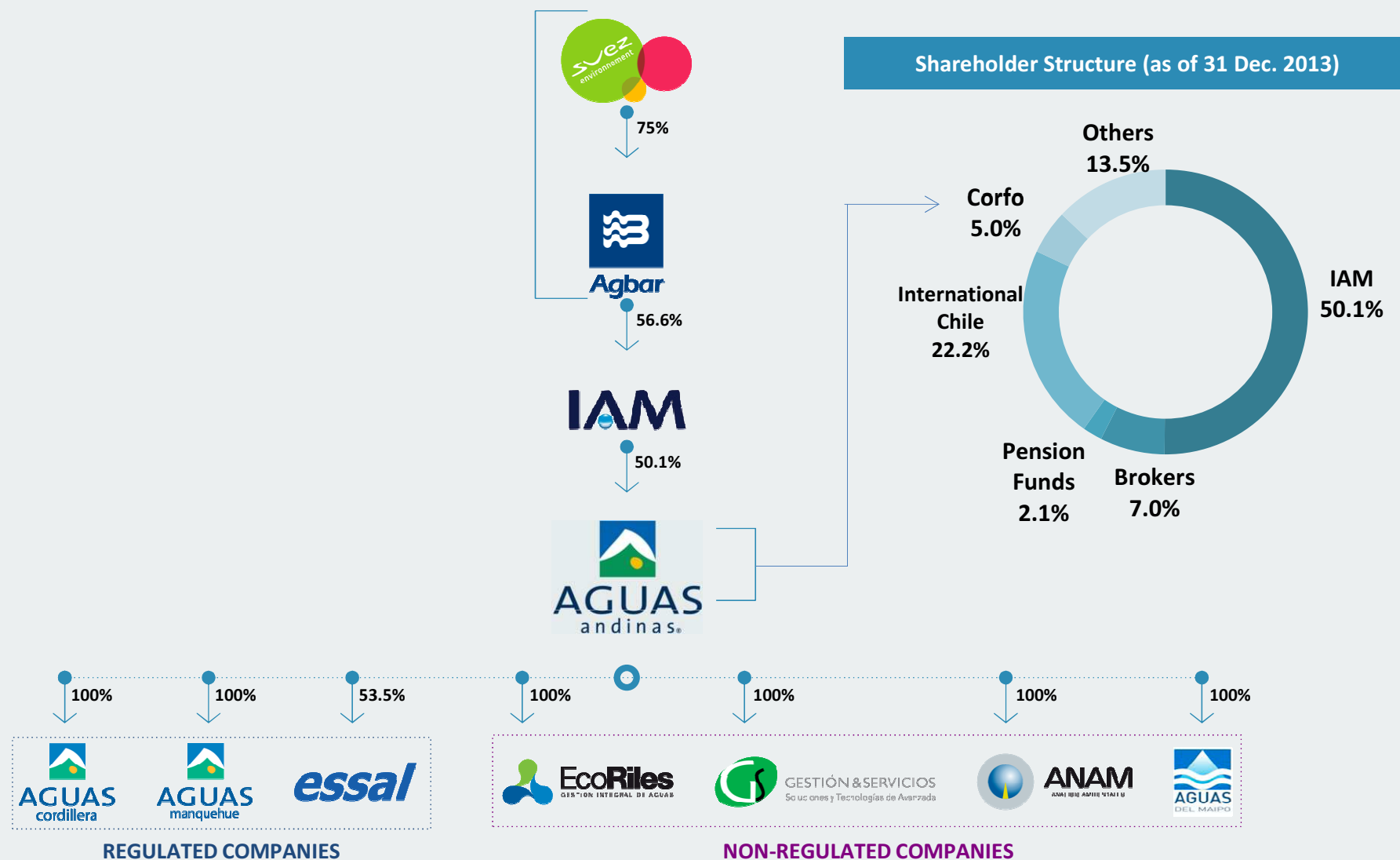


Sound Shareholder Base





Corporate Structure



02

CHILEAN WATER INDUSTRY





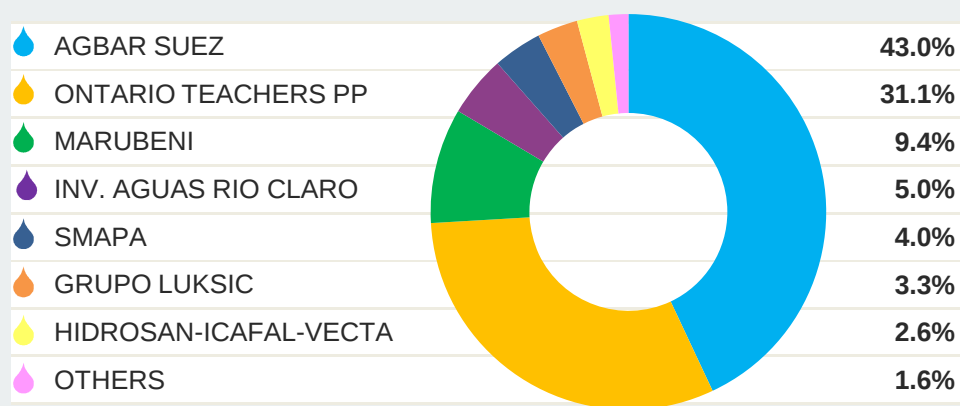
Consolidated Industry...

The water industry in Chile is a consolidated and privately owned industry with annual sales of US 1.8 billion.

Industry Background

- In 1998, the Chilean Government began with the water industry privatization process
- Aguas Andinas was privatized in 1999, being one of the few players to be awarded a non-expiring concession
- Currently, over 95% of the population is served by privatized companies
- Stable and growing sales
- Industry annual turnover of around US\$1,500 million

Market Share by Controllers

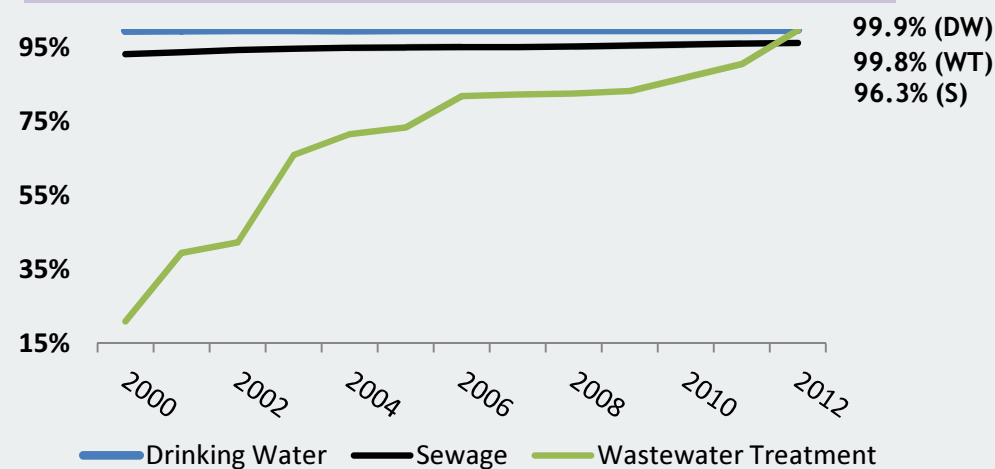


Source: SISS

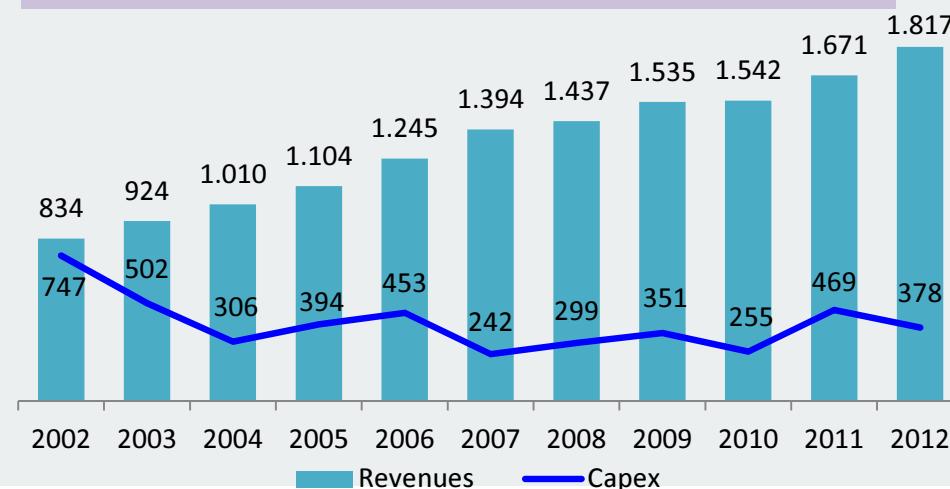
Number of clients as of December 2012

FX as of December 31, 2012 (CLP 478.6 / USD)

Industry Coverage Ratios



Industry Revenues (USD Millions)



02 CHILEAN WATER INDUSTRY





...with a Proven, Stable and Transparent Regulatory Framework

The regulatory framework for the Chilean water and sewage industry has proven to be robust, stable and transparent, providing a predictable and unbiased operating environment

Clear and Stable Regulation

- 💧 More than 20-year old regulatory framework
- 💧 Superintendency of Sanitation Services (SISS) acts as the regulator counterpart in tariff setting process, which lasts 1 year
- 💧 Tariffs are reset every five years, based on an objective and technical model:
 - 💧 Tariffs are calculated based on long term total costs of a model company
 - 💧 Company and regulator have equal roles in the tariff calculation process
 - 💧 Discrepancies are solved by an independent experts committee
 - 💧 Minimum real return on assets of 7% after taxes
 - 💧 Automatic interim adjustments linked to polynomials based on CPI and WPI indexes
- 💧 Very low delinquency levels due to the legal empowerment to disconnect clients
- 💧 Government subsidies for low-income clients

Model Company vs. Real Company

Model Company	
Greenfield Operation	Existing infrastructure
Latest technology	Combination of new and legacy technology
Cost efficiency	Real costs
100% coverage in all services	Real coverage
Self financing of investments through tariffs	Self financing of investments through tariffs
Minimum return on capital	Ability to use debt to finance Capex and enhance return on equity



03

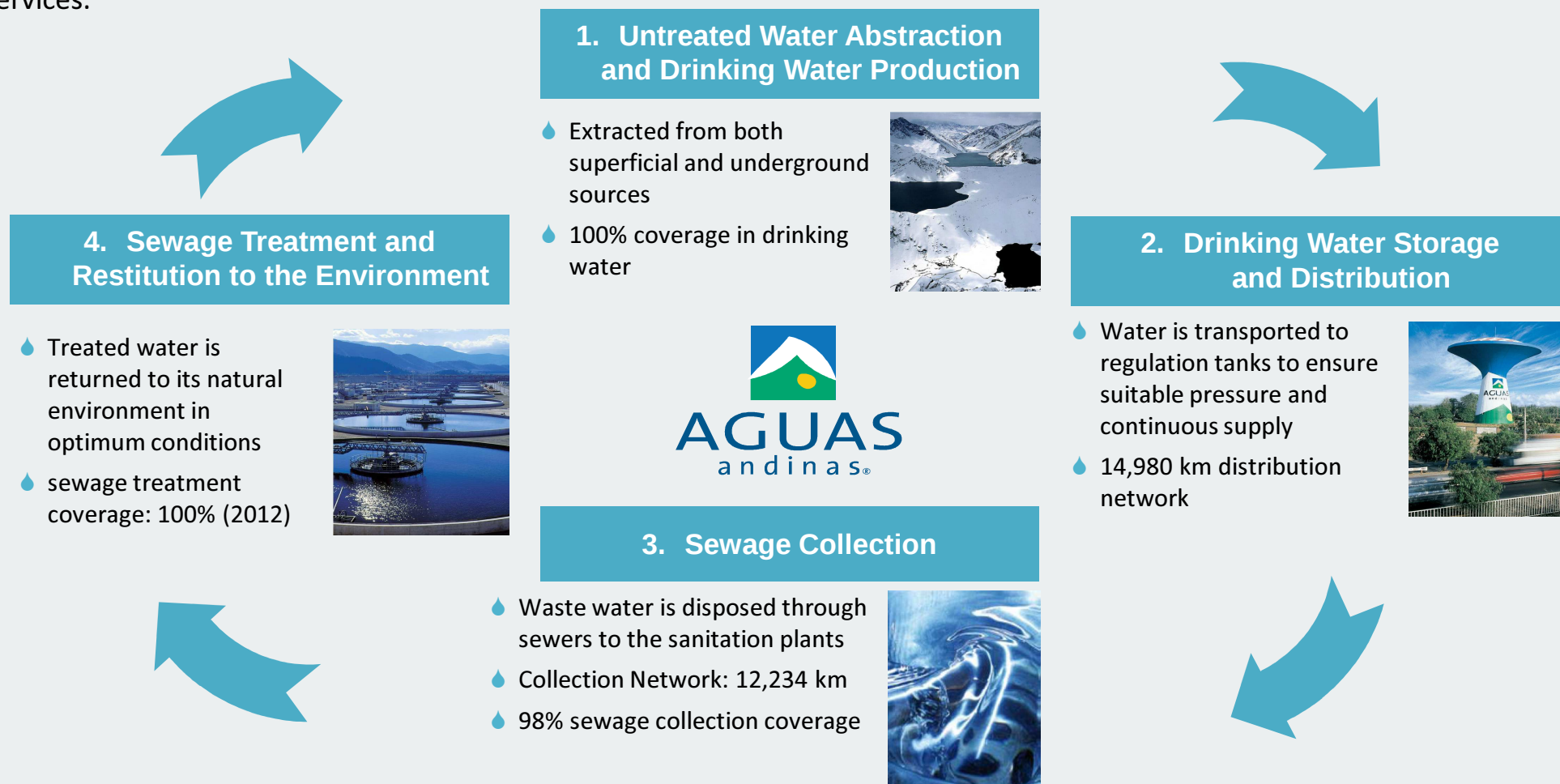
AGUAS ANDINAS





Integrated Management of the Water Cycle

Our goal is to consistently provide customers with safe, high quality drinking water and reliable water and wastewater services.



Aguas Andinas' high coverage levels for all water and sewage services provided ranks the Company as a world-class operator



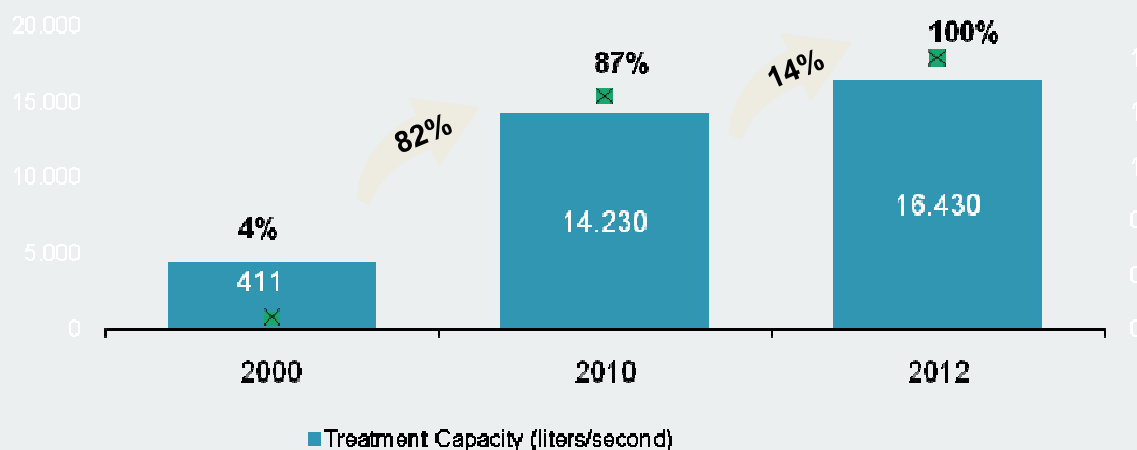


Sewage Collection, Treatment and Restitution

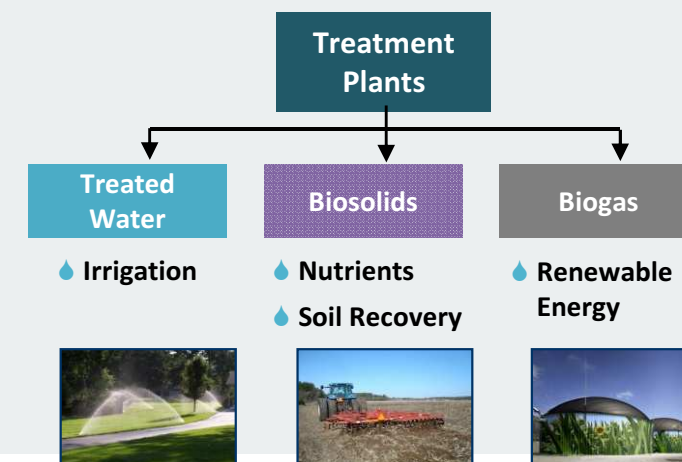
Efficient Collection and Treatment Facilities

- Collection network with a consolidated coverage of 98%.
- The length of the collection network is 12,234 km.
- Sewage Treatment plants
 - Metropolitan Region: 3 large plants, El Trebal - Mapocho (2001 and 2012) and La Farfana (2003), and 11 minor plants, which as of December 2012 treated 100% of the Metropolitan Region's sewage effluents
 - X and XIV Regions: 28 minor plants, which as of December 2012 treated 100% of these Regions' sewage effluents

Metropolitan Region Sewage Treatment Evolution ⁽¹⁾



Restitution to the Environment



(1) Source: Company filings and SISS Annual Reports





Non-regulated Businesses

Aguas Andinas has successfully leveraged on its deep knowledge of the water industry to develop additional businesses that provide a growing source of cash flows



- ◆ Chile's largest operator of treatment plants for liquid industrial waste
- ◆ Operation agreements with medium and large Chilean companies
- ◆ Serves large customers across all industries, including: mining; paper; consumer & food



- ◆ Environmental analysis services focused on water, wastewater, sludge soil and air analysis
- ◆ Mobile laboratory operations and support across all country
- ◆ Focused on water, bottling and healthcare industries



- ◆ Historically focused on the sale of materials for construction of sanitation projects



- ◆ Purification and sale of biogas



Non-regulated businesses accounted for 10.5% of Aguas Andinas' 2012 Revenues⁽¹⁾

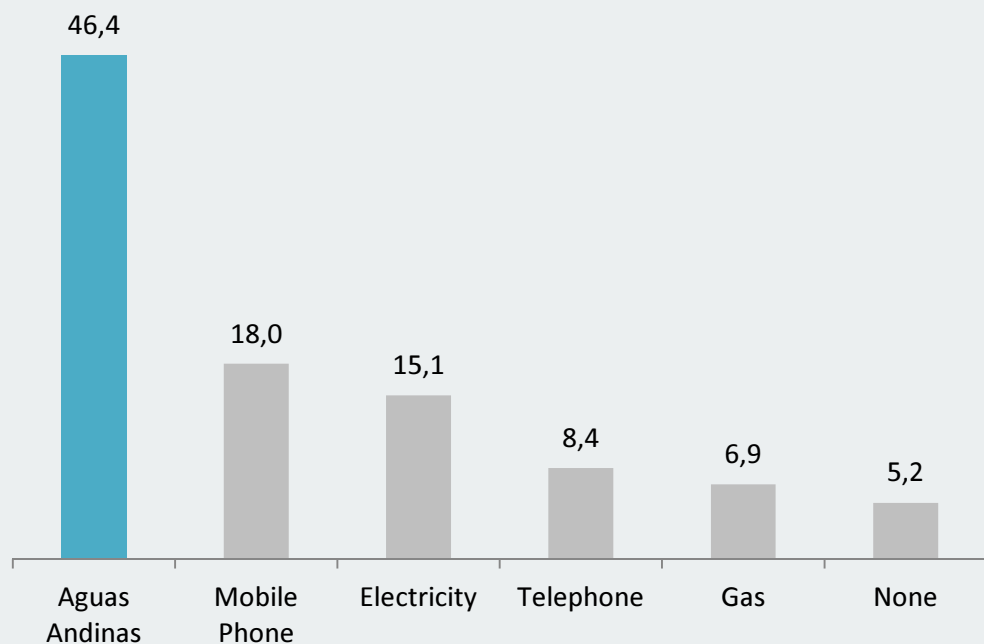
(1) Including non-regulated revenues related to the water and sewage business, such as construction of new connections to the distribution and sewage networks, maintenance and repair of third parties water and sewage pipes and construction and engineering services. Does not include revenues related to the Alto Maipo Hydroelectric Project





Public Perception of Aguas Andinas

What company do you consider to be the best?



Source: Adimark GFK – August 2013

- Icare Prize 2012 “Company of the Year”
- 10th Annual Summit Santander/Capital Magazine: Greatest Value Creation 2012 (utilities sector)



04

RECENT EVENTS





Drought

- ◆ 2013 was the fourth consecutive dry year with low water flow in rivers.
- ◆ El Yeso Reservoir has been used to meet the demand when the volume/flow of the river is low.
- ◆ Although 2013 was dry, the water level in the El Yeso Reservoir has increased, as of March 2014, to approximately 170 hm³ (maximum capacity of the reservoir is 220 hm³).
- ◆ Considering the current water level of the reservoir and the rate of thawing of surrounding snow/ice pack and the various measures implemented by the Company, water supply for 2014 will be covered.

El Yeso Reservoir



October 2011
Approximately 30% of capacity

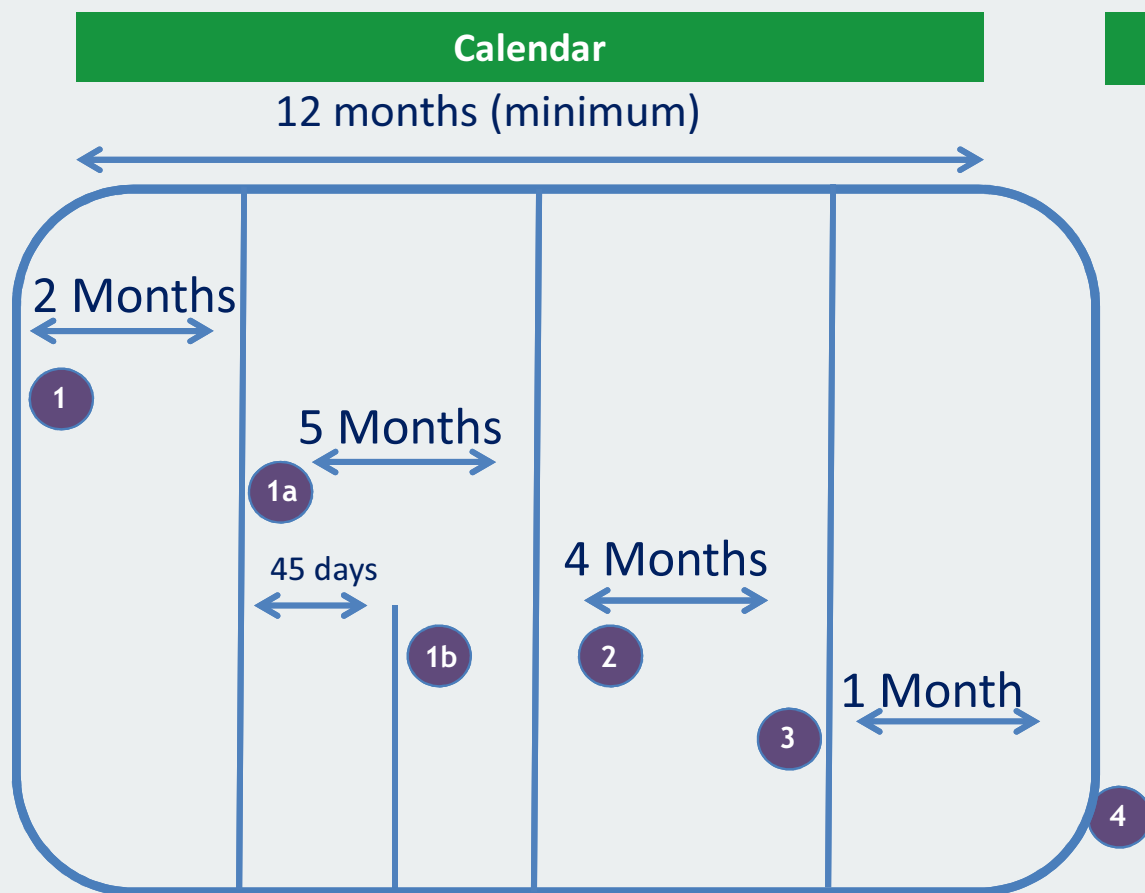


March 2014
Approximately 77% of capacity



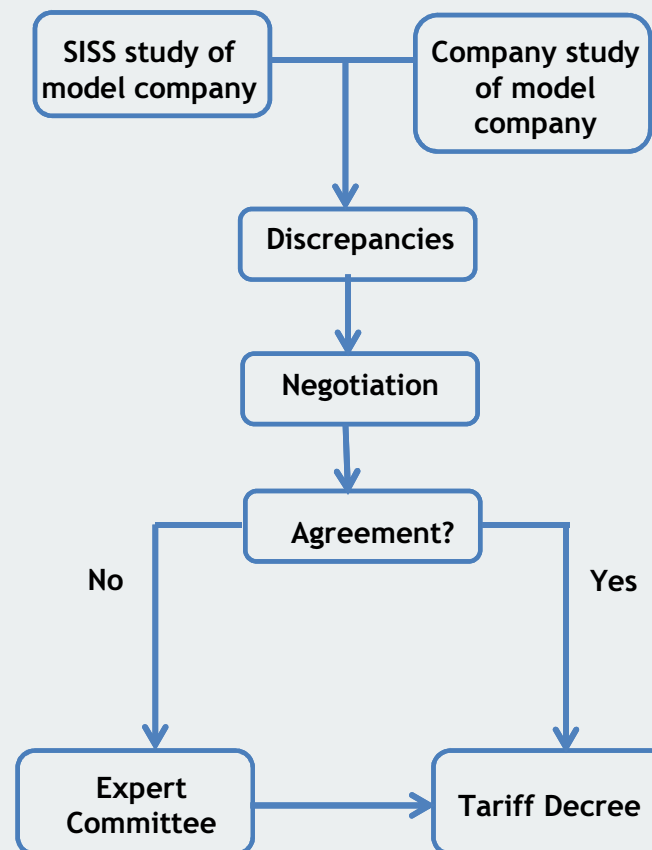


Tariff Negotiation Process



1. Publication of preliminary bases (**October 2013**)
 - 1 a. Observations/comments of preliminary bases (**December 2013**)
 - 1 b. Publication of definitive bases
2. Exchange of model company studies
- 2-3. Negotiation
3. Tariff Decree
4. New tariffs are applied

Mechanism for Tariff Negotiation Process





Investments

- ◆ The Company is carrying out investments in two phases to ensure continuity of service and to avoid water stoppages caused by mudslides in the Maipo River.
- ◆ Safety Infrastructure Investments – Phase I
 - ◆ During the last few years, the Company has made several investments, including new tanks and wells, to mitigate the effects of future mudslides and increased sediment/turbidity.
 - ◆ Beginning March 1, 2014, the Company began charging the tariff increase (1.2%) associated with this investment.
- ◆ Safety Infrastructure Investments – Phase II
 - ◆ A new infrastructure plan was approved by the SISS in October 2013 that outlines the construction of a reservoir/lagoon of untreated water of 1,500,000 m³.
 - ◆ This project is scheduled to be ready 2018.
 - ◆ Estimated investment is approximately US\$100 million.
 - ◆ This investment has an associated tariff increase of 1.6%.
- ◆ In the coming years, the company also plans maintenance of networks to ensure quality and continuity of service.



05

FINANCIAL PERFORMANCE

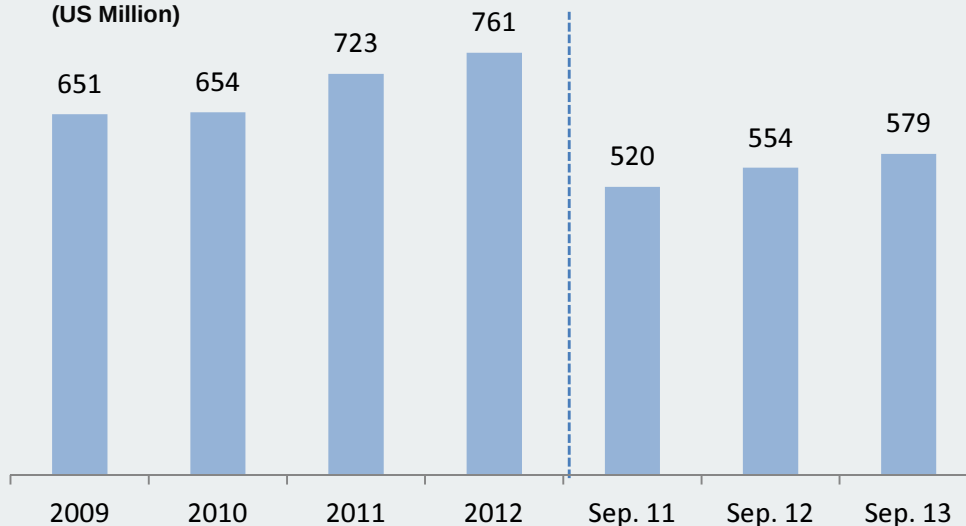




STRONG FINANCIAL PERFORMANCE

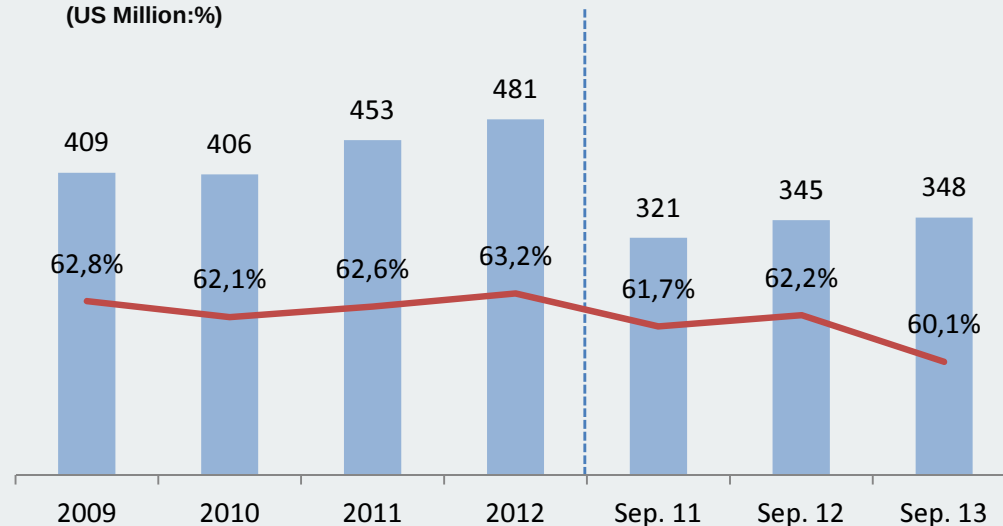
Revenues

(US Million)



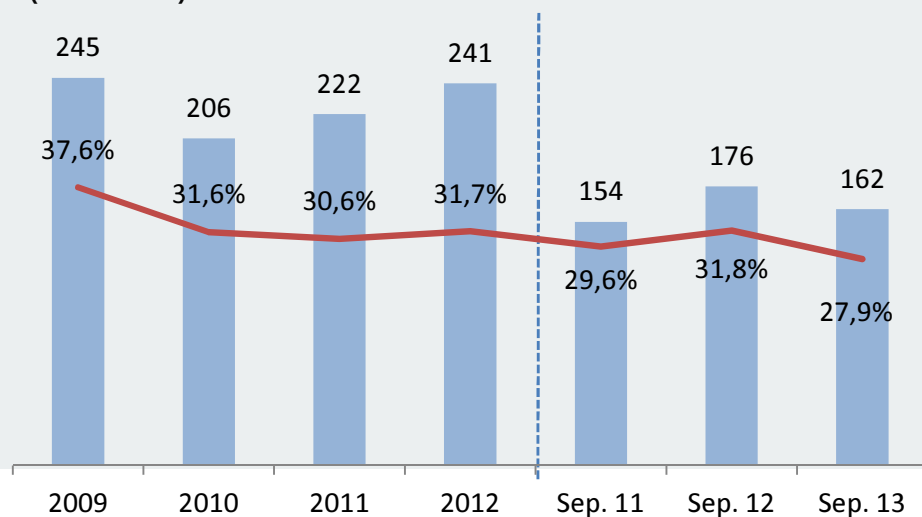
EBITDA and EBITDA Margin

(US Million:%)



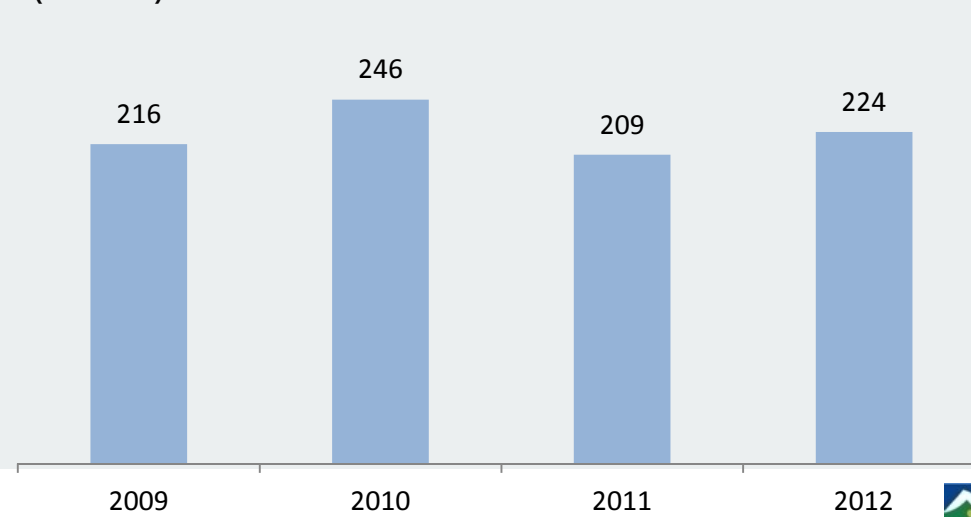
Net Income and Net Income Margin

(US Million:%)



Dividends Paid

(US Million)



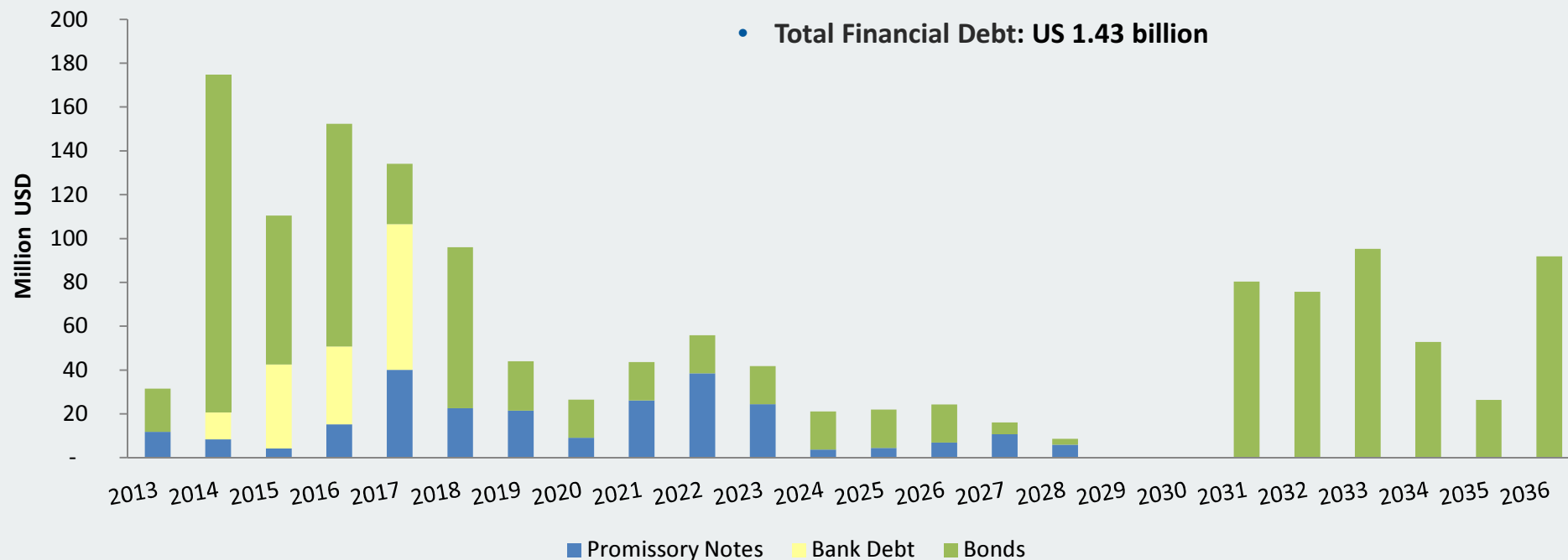
Nominal CLP figures converted to US\$ at FX as of September 30, 2013 (\$502.97 / US)



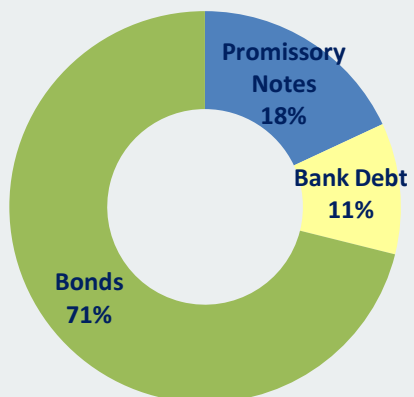


DEBT PROFILE

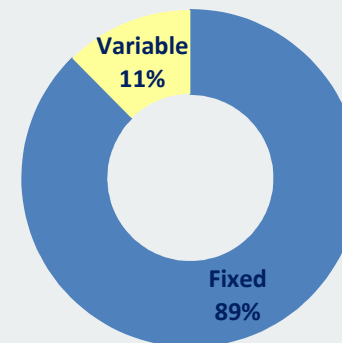
- Local Credit Rating: AA+
- Total Financial Debt: US 1.43 billion



Debt Breakdown by Instrument
September 30, 2013



Debt Breakdown by Interest Rate
September 30, 2013



(1) UF figures converted to CLP\$ at ER as of September 30, 2013, (CLP 23,090.0/UF)
 (2) Nominal CLP figures converted to US\$ at ER September 30, 2013 (\$502.97/US)





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