

Earnings Report March 2020

AGUAS ANDINAS



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Innovando contigo y con Santiago

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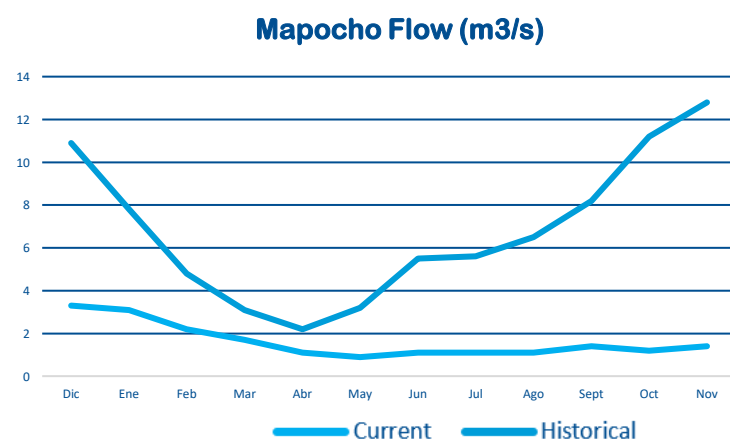
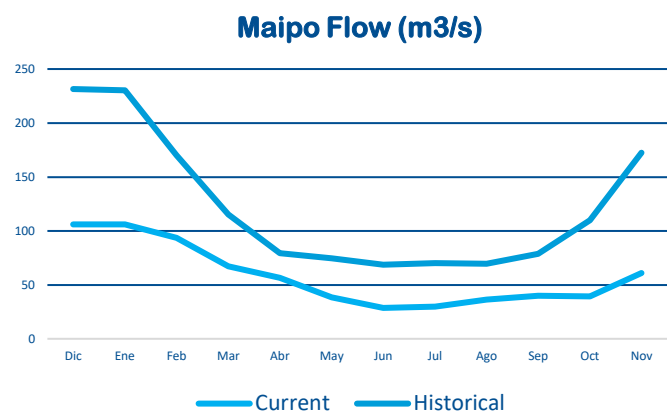




CONTEXT

Water Availability in Metropolitan Region

Maipo River
1/3 Of historical Flow



Mapocho River
1/10 Of historical Flow



El Yeso Reservoir, March, 2016



El Yeso Reservoir, March, 2020

Addressing scarcity...



Preven mayor uso del río Maipo ante las medidas para extremar higiene por el covid-19

Regantes del Maipo sumarán nuevos aportes de agua para garantizar mayor consumo humano en Santiago

La Junta de Vigilancia del Río Maipo, que administra y distribuye las aguas de ese caudal, decidió aumentar los aportes para garantizar el suministro de agua potable en el Gran Santiago dado el aumento de consumo esperado por los llamados a extremar los hábitos de higiene y aseo, como medida para enfrentar el coronavirus. El Maipo abastece el 80% del agua que se consume en la capital.

Así, el aporte de los regantes al operador de agua potable de la ciudad (Aguas Andinas) crecerá entre un 12% y 26% entre los meses de

abril y agosto de este año — respecto de los caudales que ya establecieron en septiembre pasado —, con el objetivo de alcanzar una meta de llenado de 100 hectómetros cúbicos (h3) del embalse El Yeso, lo que representa un 45% de su capacidad. Con esto esperan contribuir a la sustentabilidad de la cuenca, inmersa además en el escenario de sequía. “El objetivo es mejorar los niveles de almacenamiento del embalse El Yeso durante el invierno. Con ello además se podrá asegurar

la continuidad de suministro de agua potable aún más importancia por la emergencia sanitaria que estamos viviendo. Esto prevé nos afectará por varios meses”, dijo Natalia Dasencich, encargada de asuntos legales de la Junta de Vigilancia del Río Maipo, primera sección. “Si bien la emergencia del covid-19 hace un par de semanas, es necesario pensar que los requerimientos de consumo y saneamiento de la ciudad aumentarán”, agregó.



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COVID: Operational Plan and Protocols endorsed by competent Health bodies

Aguas Andinas confina a sus trabajadores para asegurar el suministro en la pandemia

Como se trata de un elemento vital, los funcionarios están en campamentos operativos y de descanso

La mayoría de su personal ya firmó el documento de autorización y la empresa les asegura desde la salud hasta el contacto con las familias.

JULIO MATUS

Para asegurar el suministro de agua potable y el tratamiento de aguas servidas frente a una posible expansión del Covid-19, la empresa Aguas Andinas comenzó un proceso de confinamiento voluntario de su personal, para lo cual levantó instalaciones de emergencia de Rachel Bernardin, subgerente de producción, explicó que se tomó la decisión para que funcione la ciudad en tiempos de la pandemia, en que una de las medidas más importantes es lavarse manos y cara con agua y jabón.

La ejecutiva dice que hasta el momento han funcionado con modelos pilotos. "En el caso de que haya una mayor expansión de los contagios en la Región Metropolitana tenemos la posibilidad de confinar a

campamentos de descanso, luego de una evaluación de salud y psicológica por médicos de la UC. En los primeros, trabajarán y vivirán y en los segundos pasarán el resto del tiempo.

"El día que se confinan se les hace el examen PCR y guardan distancia con sus compañeros hasta tener los resultados negativos", explica. Luego duermen en habitaciones individuales, comen a dos metros de distancia, sus puestos son desinfectados y después, además de la obligación de usar mascarillas, guantes y alcohol gel.

Durante el confinamiento también les hace un chequeo de salud y si no están bien, además de mantener contacto permanente con sus familias. Durante el confinamiento, los trabajadores pueden optar a ejercicios de perfeccionamiento, en

Aguas Andinas refuerza medidas operativas para asegurar la continuidad del servicio en Santiago

por Agenda País | 24 marzo, 2020



La compañía redujo el número de trabajadores que operan en terreno y más del 50% de su personal está teletrabajando. Las medidas apuntan a contar en terreno con grupos más pequeños y resilientes, y sin contacto entre sí, para contener el contagio de Coronavirus.



Con el objetivo de salvaguardar la salud de todos quienes forman parte de la cadena productiva de la compañía y, de este modo, velar por la entrega de agua potable continua y de calidad de cara a la comunidad, tal como ha sido hasta ahora, Aguas Andinas ha intensificado las medidas preventivas operacionales para contener el contagio de Coronavirus entre sus trabajadores y trabajadoras y la comunidad.

Aguas Andinas firma acuerdo con empresas contratistas para evitar despidos durante la crisis sanitaria

por Agenda País | 2 abril, 2020



empleo de su plantilla propia y que contratistas, pues son una pieza clave para la continuidad operacional.

Videos

Axel Callis, director de la encuesta TÚ Influyes: "La oposición francamente no existe como actor político en esta crisis"

Homenaje en el día del libro: vecinos de Gijón aplauden y alzan los libros del escritor recientemente fallecido Luis Sepúlveda

ANEF asegura que Briones les dijo que el plan gradual de vuelta al trabajo presencial "se inicia después del peak y no es un retorno masivo"

De apatía a preocupación: video demuestra el

Videos

Así fue la llegada del Presidente Piñera al Hospital de Emergencia ubicado en Espacio Riesco

"Este partido lo ganamos entre todos": deportistas hacen llamado a tomar conciencia para enfrentar la pandemia del coronavirus

Argentina: ciudadano chino es detenido por jugar Pokemon Go en las calles vulnerando la cuarentena obligatoria

Crematorio italiano se encuentra agolpado tras masivas muertes por el coronavirus

Noticias

Manto de dudas, secretismo y desfase: los flancos de las cifras oficiales sobre

Covid-19: Corporate Plan

Daily monitoring of contagion cases:



Follow-up of suspicious, quarantined or infected workers. Reports to Health Ministry.



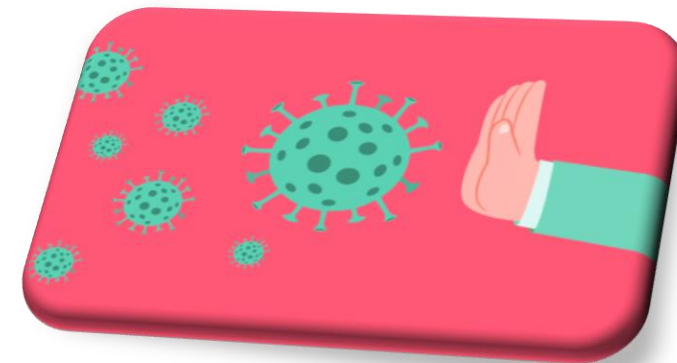
219 PCR tests carried out on essential personnel in Aguas Andinas (51.5% of essential RM personnel).



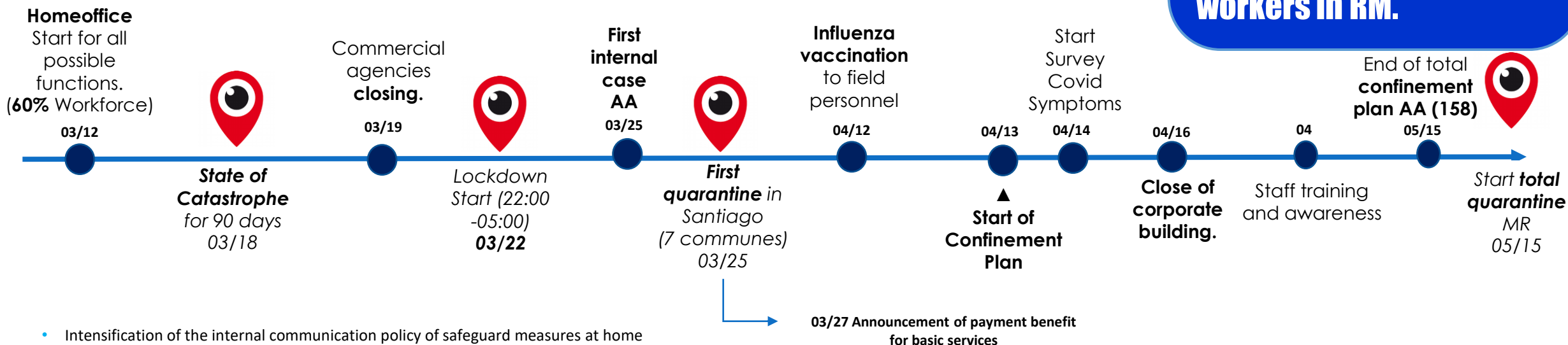
Internal communication channel to report cases and answer questions from employees.



Monitoring of critical personnel, daily health survey. 650 daily surveys sent to critical personnel.



Given the current contagion curve and the limited availability of tests, **Aguas Andinas implemented a Plan for Mass Confinement for 158 workers in RM.**



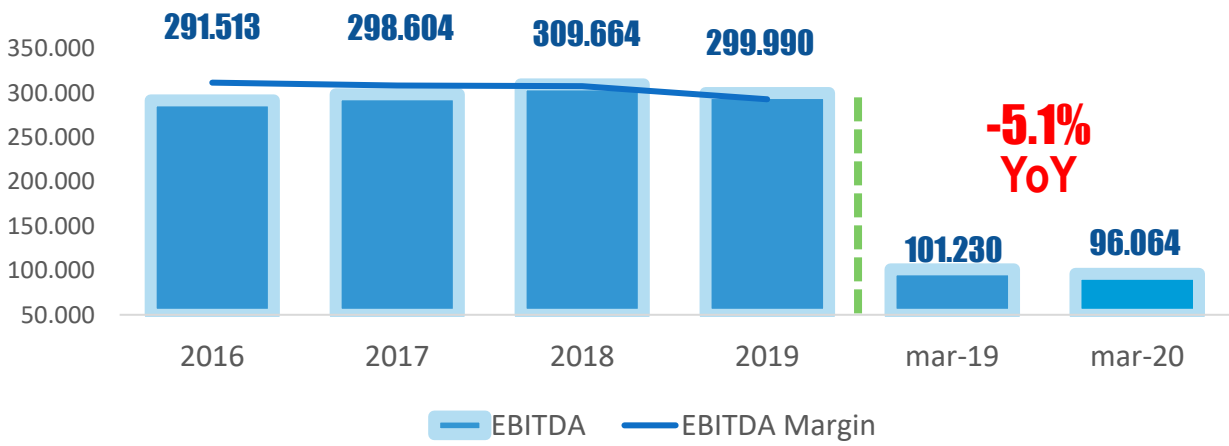
FINANCIAL SUMMARY



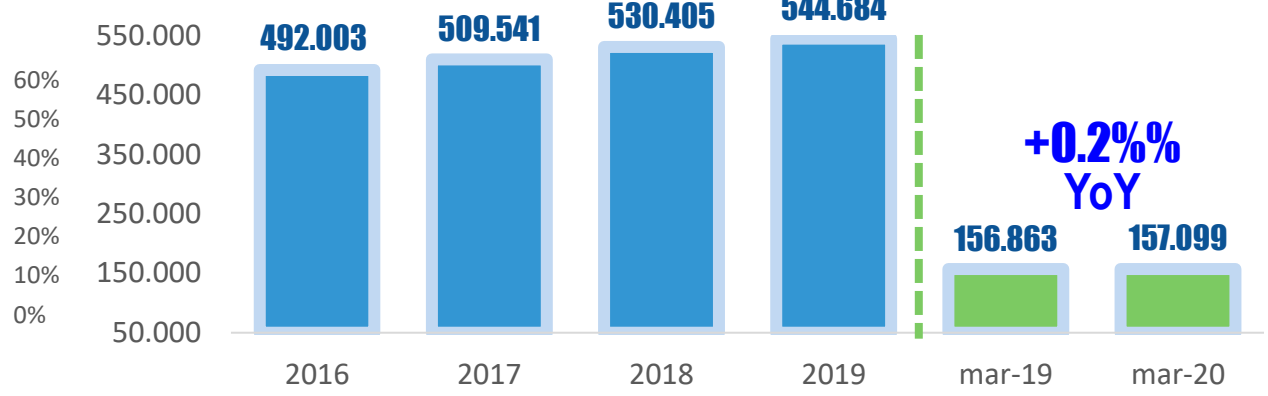
Financial Results

Figures in CLP million

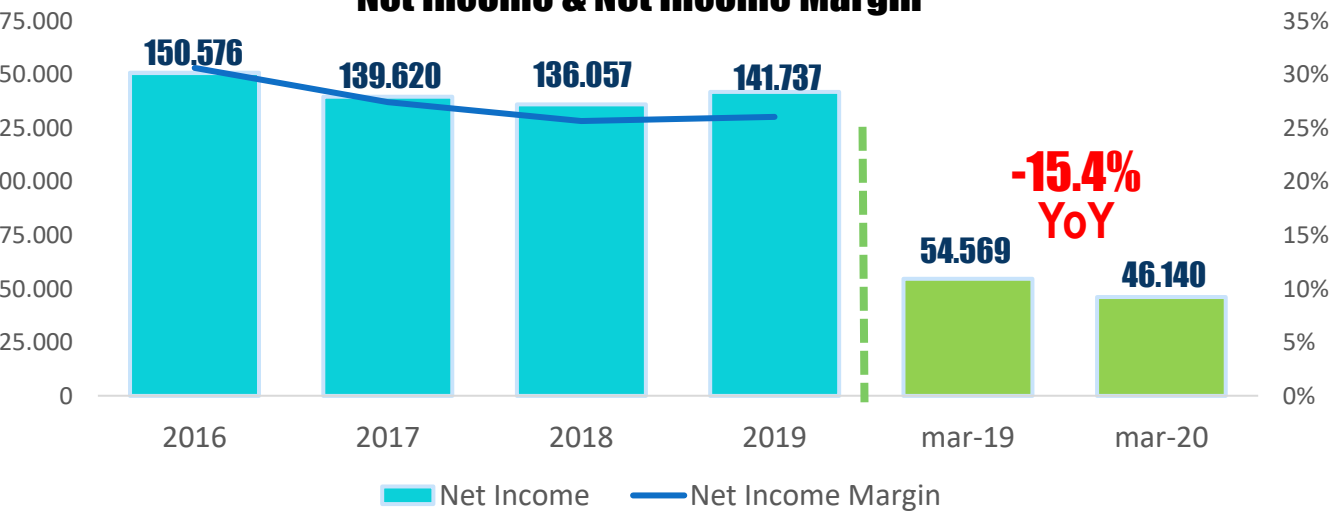
EBITDA & EBITDA Margin



Revenues

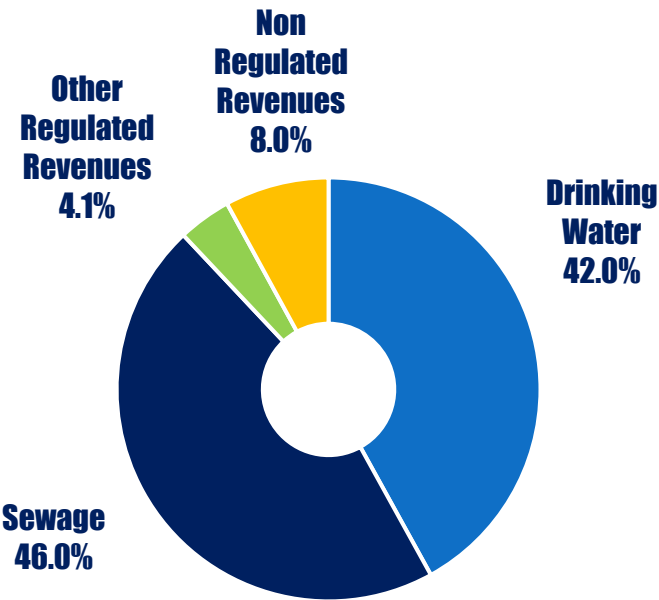
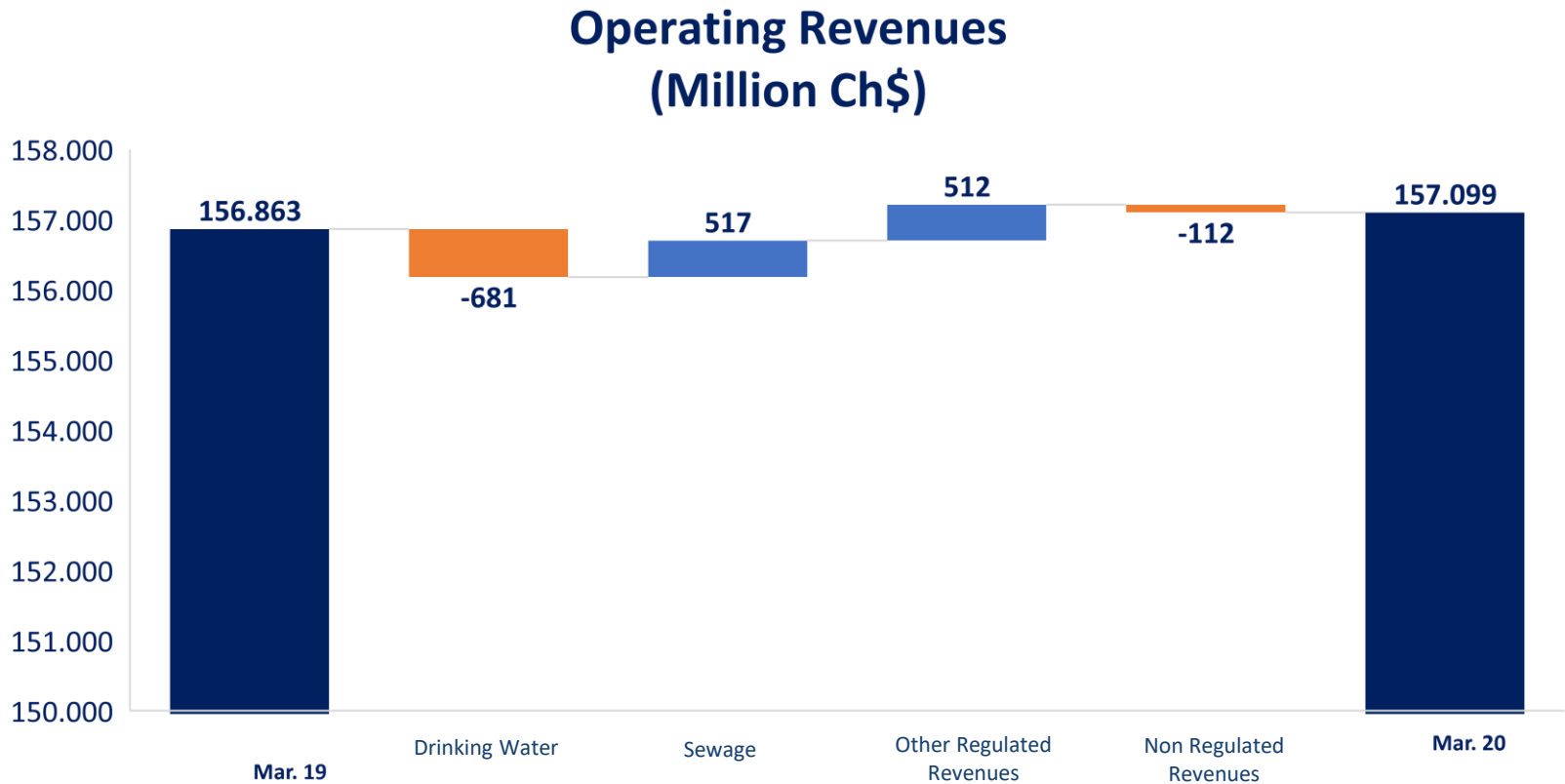


Net Income & Net Income Margin



Revenues Increased by 0.2%

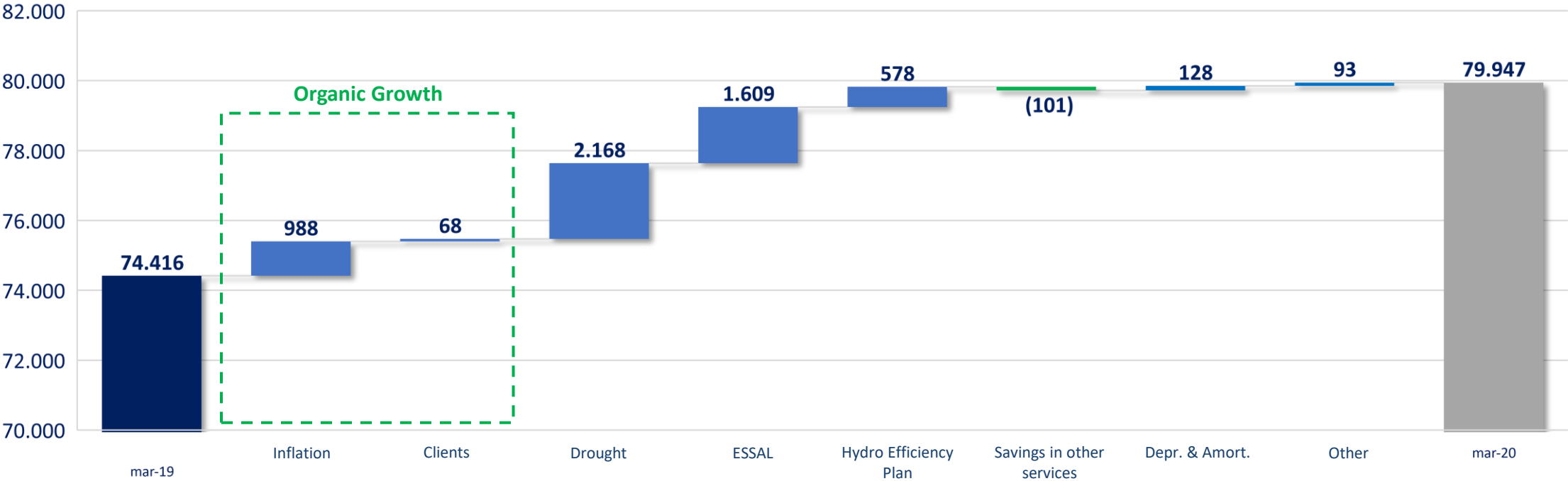
- 🔹 **Regulated Revenues:** +\$ 347 million (+ 0.2%) mainly due to tariff indexations registered in the period, which was offset by a decrease in sales volumes (-1.8%) .
- 🔹 **Non-Regulated Revenues:** - \$112 million (-0.9%). Higher sales registered in subsidiaries, mainly EcoRiles and Anam, offset by lower activity in sanitary infrastructure line of business and technical advisory on rural drinking water.



Costs increased by 7.4%*

- 💧 **Drought Management:** higher cost of \$ 2,168 million to increase security of supply due to low flow in the Maipo River basin. Additionally, higher electrical energy costs of \$ 879 million were generated, of which \$ 562 million are associated with higher groundwater withdrawal and pumping.
- 💧 **Other Expenses by Nature:** hydraulic efficiency plan + \$ 578 million, maintenance of facilities, equipment and vehicles + \$ 496 million maintenance and computer security services + \$ 369 million, removal of waste and sludge for \$ 333 million, rental services of machinery and water tanks in ESSAL + \$ 111 million and surveillance services + \$ 249 million, as a result of the strengthening of security in facilities.

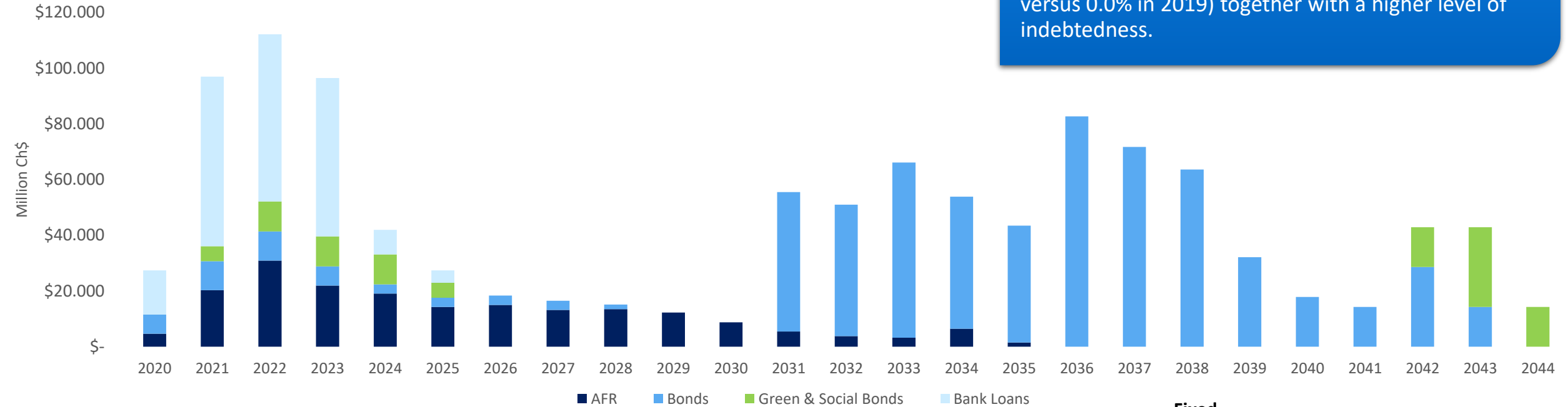
Operating Costs
(Million Ch\$)



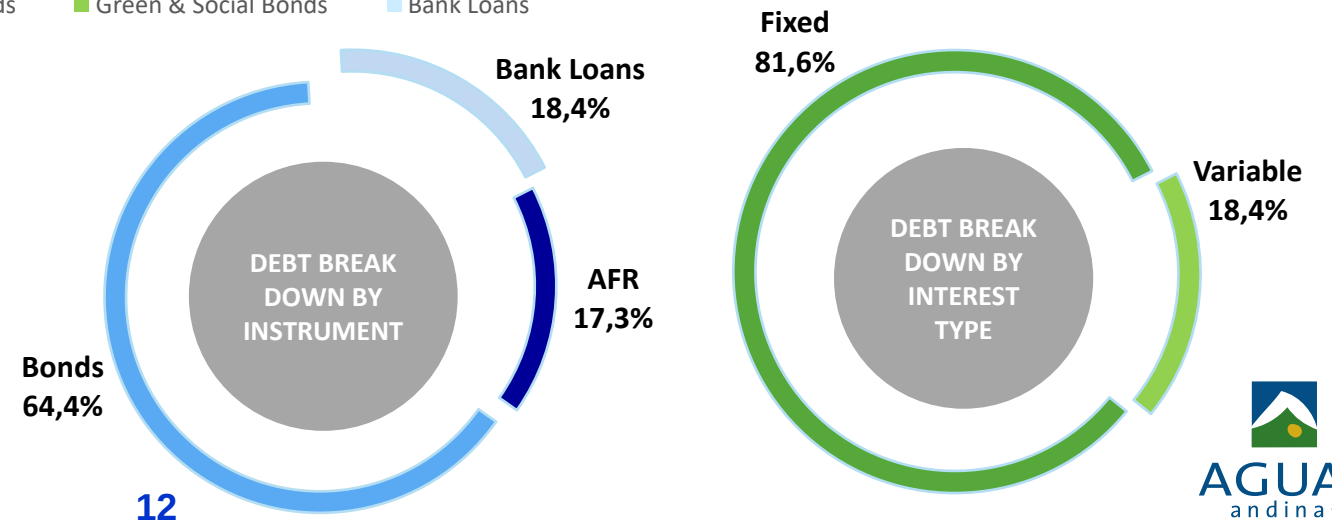
* Includes depreciation. Without depreciation costs increase by 9.7%

Debt Structure as of March 2020

Results per adjustment unit registered \$ 9,416 million higher net expense, due to a revaluation of the debt triggered by the variation of the CLF (1.0% in 2020 versus 0.0% in 2019) together with a higher level of indebtedness.



- Leverage: **1.85x** Limit: **2.00x**
- Financial Expense Coverage: **6.8x**
- Local Credit Rating: **AA+**
- Total Net Financial Debt: **\$ 1,013,602 million**
- Cash and cash equivalent: **\$ 130,137 million**
- Net Debt/EBITDA Ratio: **3.4x**



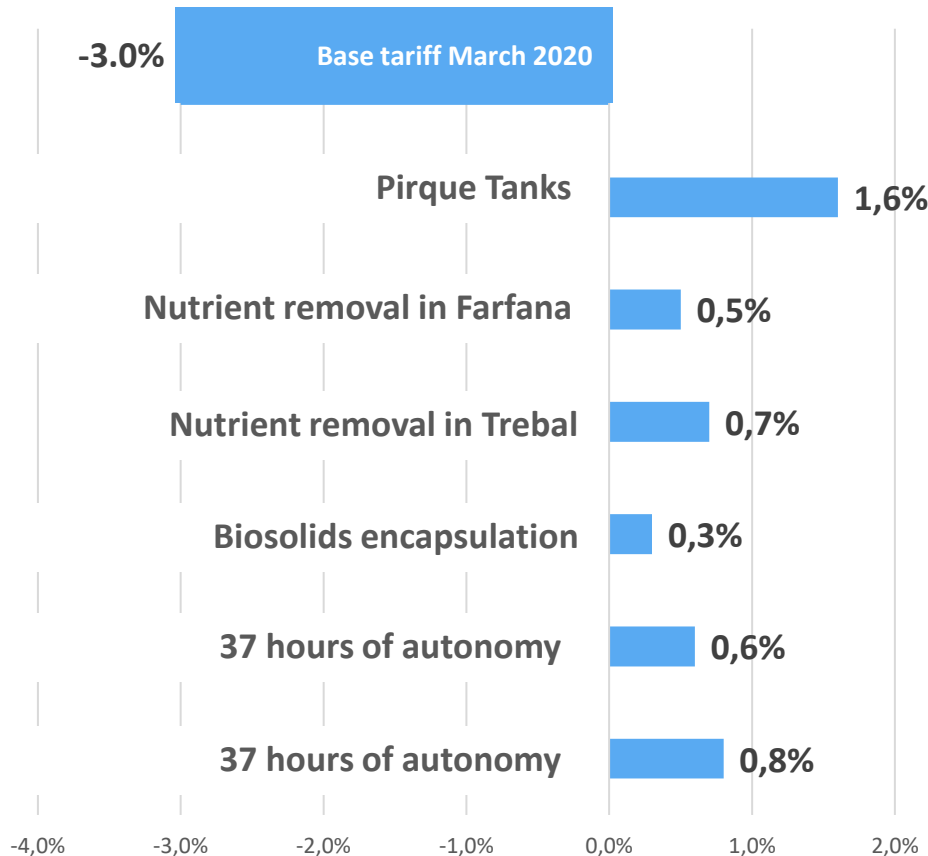
Consider only BVS capital: Green and Social Bonds (Series AC and AE)

Tariff Revision

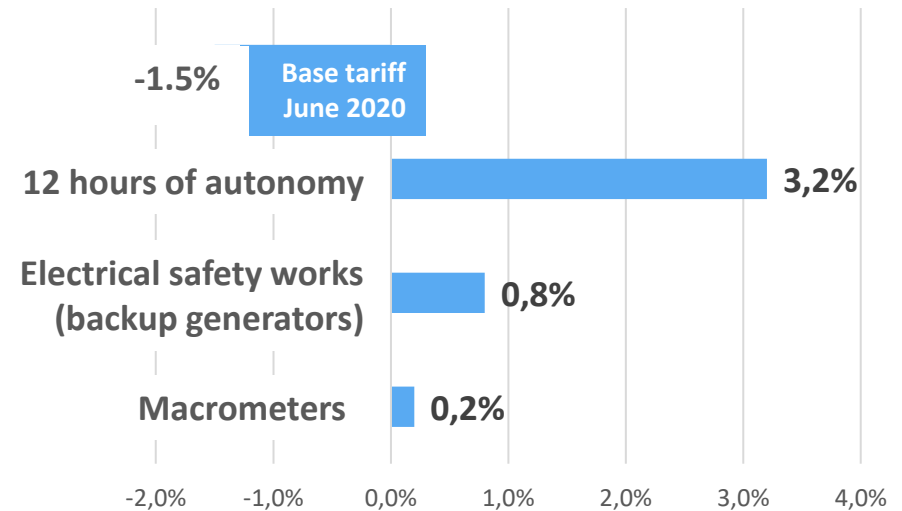
Resolution Seventh Tariff Process 2020-2025



Tariff Variation regarding Revenue
(CTLP) Base

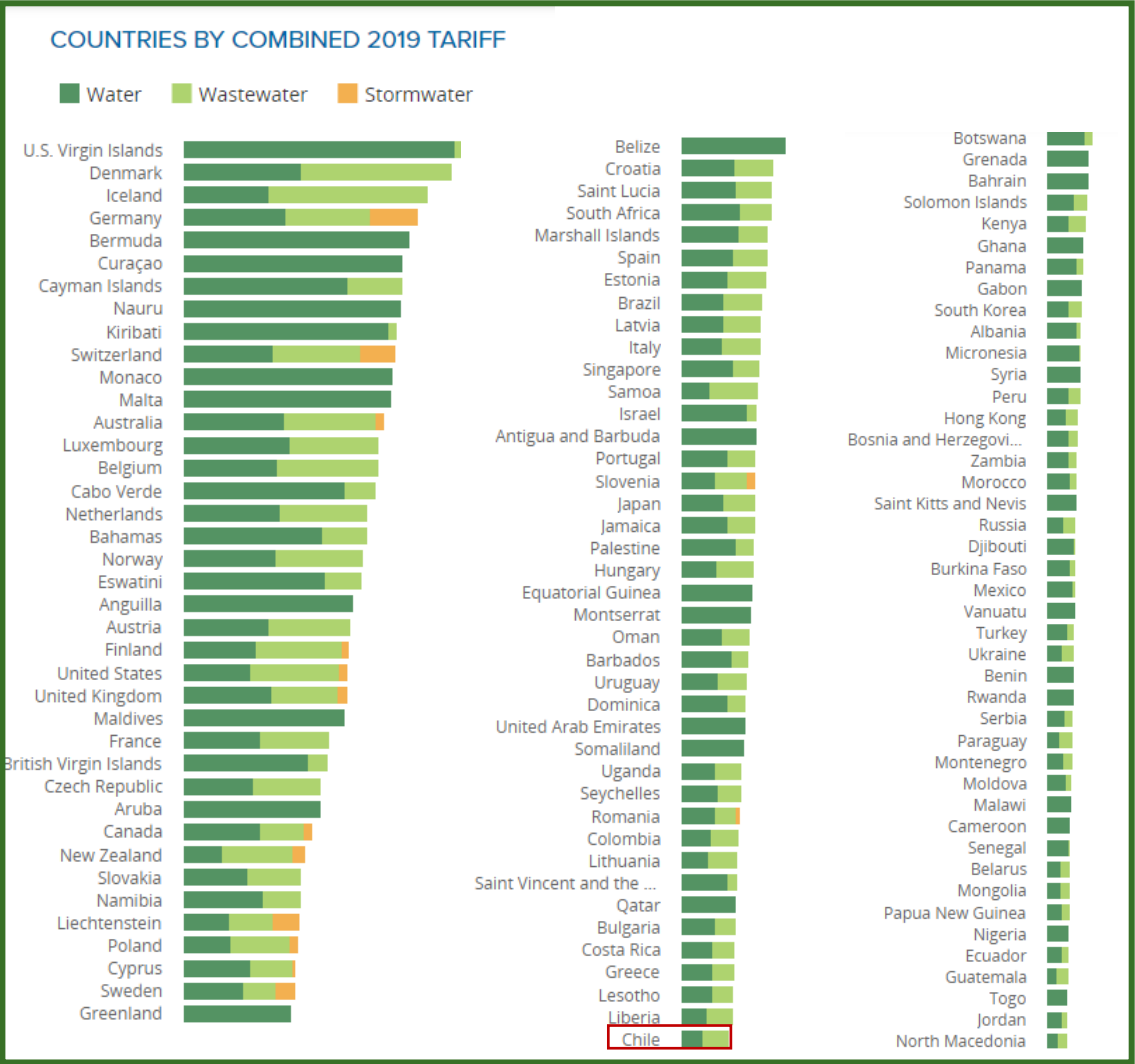


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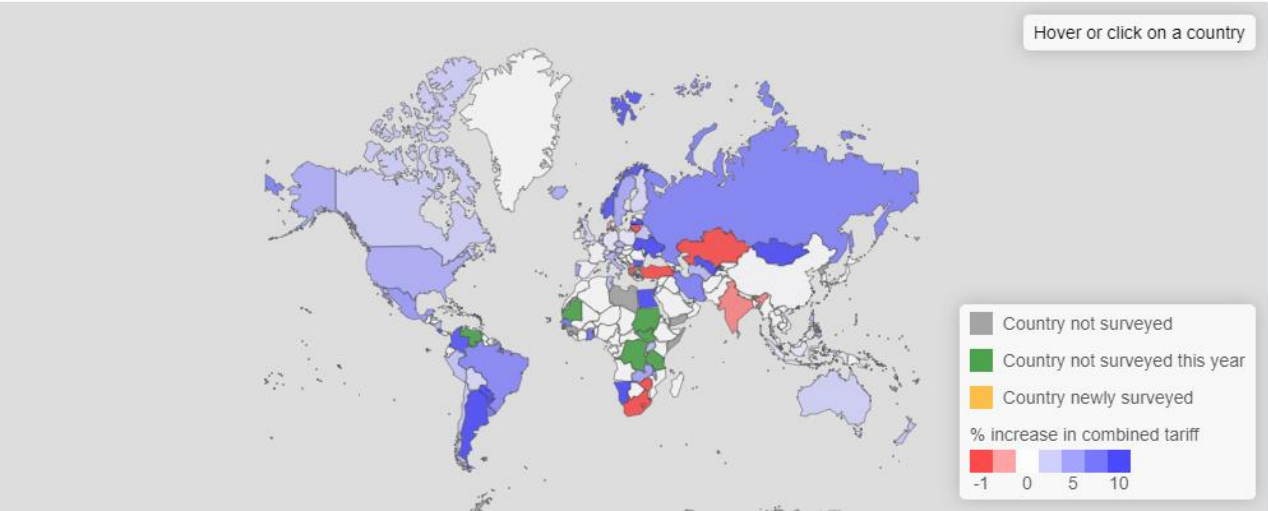


May 2020 base tariff variation: -1.5%

Water and Sanitation Tareffs worldwide



MAP OF SURVEYED COUNTRIES SHOWING PERCENTAGE CHANGE IN COMBINED TARIFF (2018-2019)



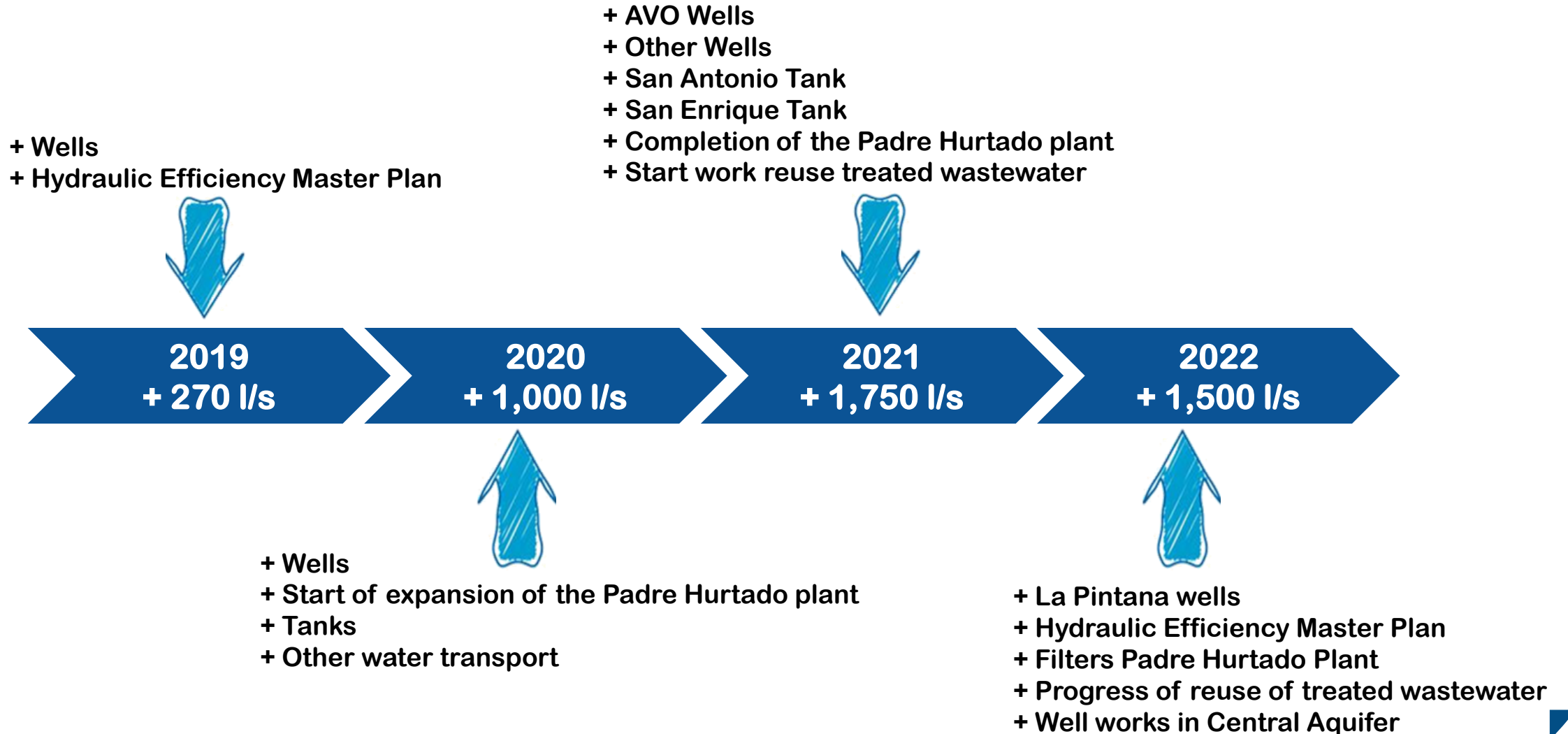
Water and sanitation tariffs in Chile are lower than in most countries in the world. In addition, in Chile, tariffs include 100% of Wastewater treatment

Source: Global Water Intelligence



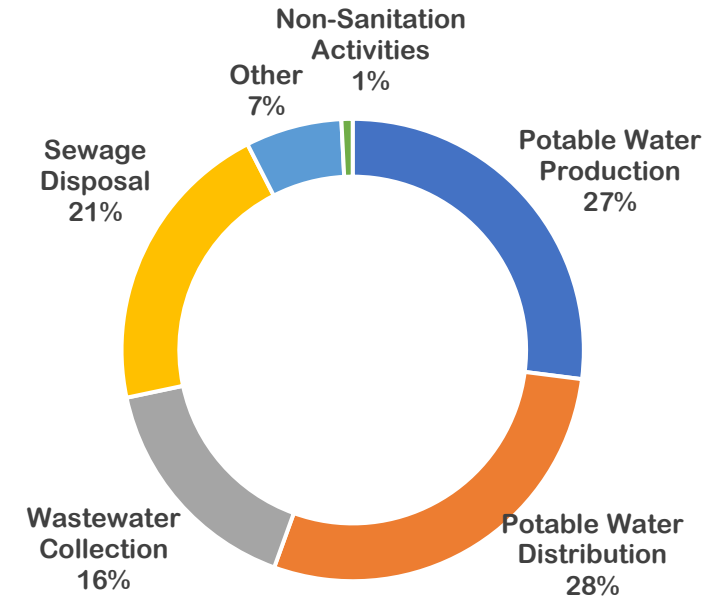
ADDRESSING HYDRO SITUATION

New Infrastructure

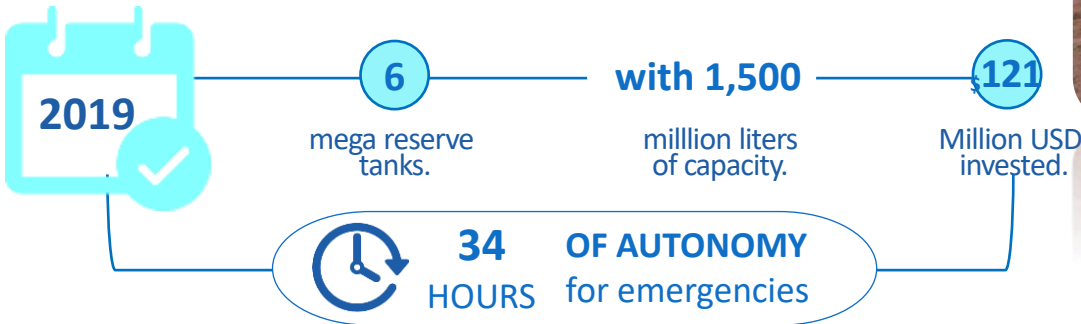
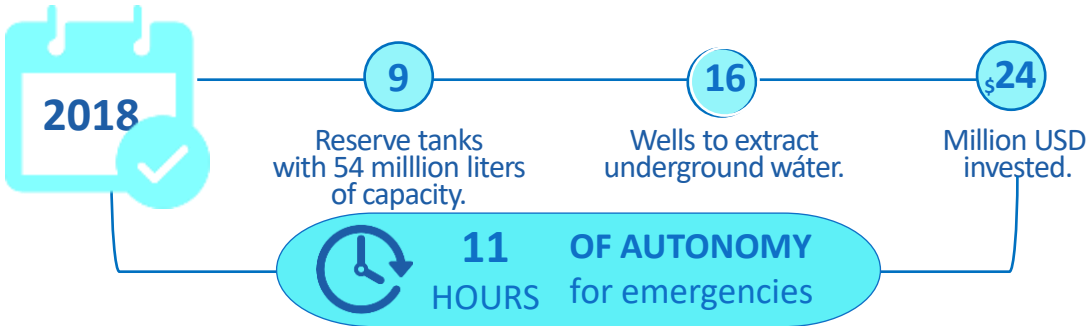
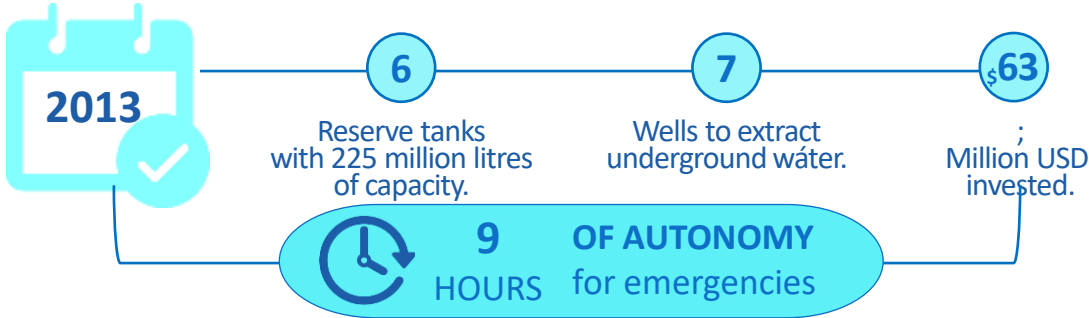


Investments: continuous growth

Investments accrued as of March 2020	MM Ch\$
Pirque Tanks	2,952
Renewal of Wastewater networks	2,139
Replenishment of assets of Biofactories La Farfana and Mapocho-Trebal	1,845
Digesters Capacity Expansion Trebal Mapocho	1,662
Starters and Meters	1,367
Renewal of drinking water networks	1,348
Nitrate treatment Biofactorías La Farfana and Mapocho-Trebal	882
Investments in ESSAL	6,607
Other	10,102
TOTAL	28,904



Project Pirque: operating since February 2020



Hydro efficiency plan



2016

Hydro Efficiency
Master Plan (2016 -
2026)
(ANR Physics and
Apparent)

2019

New Distribution
Operational Control
Center (CCO)

Incorporation of Satellite
Technologies and Tracer
Gases

2026

Unregistered Water Goal
22%

Recover **70 Hm3 / year**
(1.49 million inhabitants)

2017

Start Implementation Hydraulic
Efficiency Plan

Start digitizing the network
(Sensorization, new Operational
Control Center)

Today

Unregistered Water
29.3%

14 Hm3 / year have
been recovered
(332,000 inhabitants)



COVID-19

Sanitation sector's proposal to help vulnerable clients

Sanitation sector agreement

- ✓ Suspension of service cut due to late payment of your bills
- ✓ The unpaid balances that originate in consumptions made during the validity of the Catastrophe State, will be prorated in up to 12 months, from the end of the Catastrophe State, without fines or interest.
- ✓ This plan will be available to clients who make up the 40% of the most vulnerable households, according to the Social Registry of Homes, and who register a monthly consumption that does not exceed 10 cubic meters in each month of the period.
- ✓ Proven cases of vulnerability or inability to pay due to the Catastrophe State that so request may access this benefit, including:
 - Over 60Y with payment difficulties.
 - People who have lost their jobs during the State of Catastrophe.



Clients and Billing

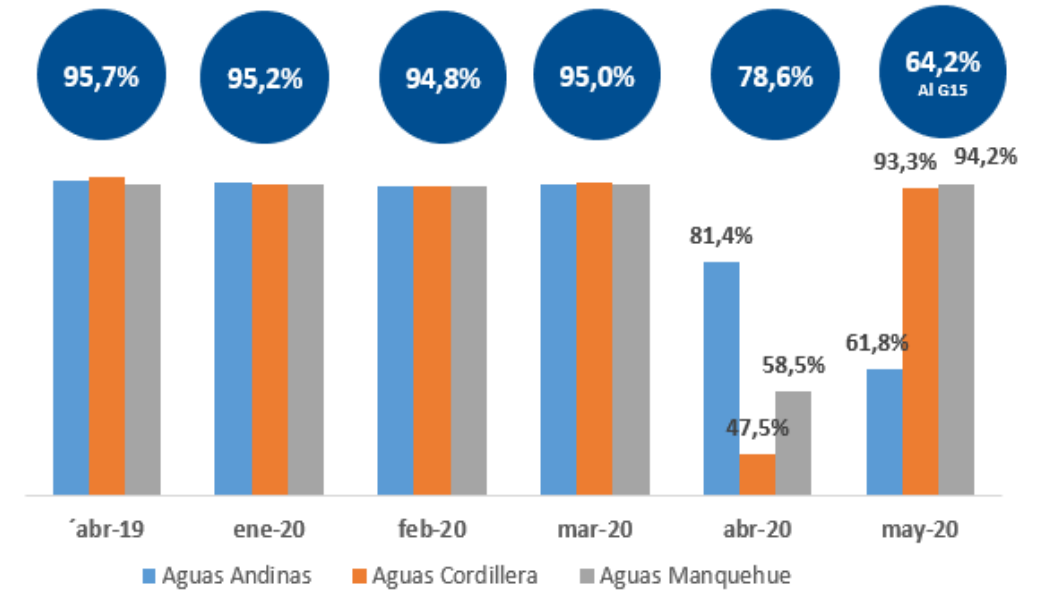
Low reading effectiveness makes it difficult to estimate consumption

Estimates with pro consumer criteria:

Average consumption according to the sector billing manual

Billing for the same month of previous year

Consider the lowest or the reading reported by the customer



An agreement was signed with the contractors for the reading and distribution of ballots that contemplates Aguas Andinas Group will continue to pay for services even when they are not provided with the commitment that the workers cannot be dismissed.

On March 16, the management of supply cuts due to debt was suspended.

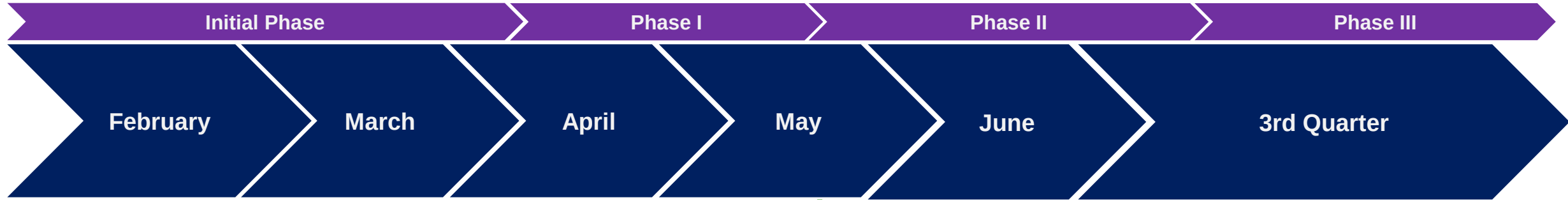
Likewise, the replacement process has been kept continuous and the Aguas Andinas Group has applied the replacement policy at the request of the client without making payment or regularization of the debt if the client requests it, this is “automatic replacement”.

ESSAL's sale process



ESSAL's sale process

Project Estimated Timeline



✓ **Board Agreement:**
29th January

✓ **Teaser distribution to potential investors:** 28th February

✓ **Confidential Information Memorandum (CIM)**

✓ **Information to Investors:**
14th April

✓ **Non Binding Offer (NBO):**
12nd May

○ **Binding Offer (BO)**

- Final Negotiation
- Signing Contract
- Closing



OTHER TOPICS



Trial for water outage in 2016



On 03/30/2020, we were notified of the unfavorable sentence of the 4th Civil Court of Santiago, in the collective action trial initiated by SERNAC against Aguas Andinas regarding the massive cut of drinking water due to turbidity of the Maipo river that occurred in April 2016 .



In a lawsuit protecting the collective interest, SERNAC sued Aguas Andinas and requested compensation in favor of the affected clients, without specifying the number of clients or the amount required. Aguas Andinas presented its evidences, but disregarding said antecedents, it was condemned to a total payment of approx. of \$ 25,657 MM for consumers in 23 communes (approx. 1,521,504 clients).



Said sentence has already been appealed by the company to the Court of Appeals, and the case can continue before the Supreme Court.



Main reasons to appeal the aforementioned:

- ✓ Defense of fortuitous case is discarded: for being an outage regardless the origin, there is compensable damage (as if it were strict liability)
- ✓ Total clients affected by outage were 1,023,831 (and not 1.5 million, which is the calculation base used by the court, for the total clients of 23 communes);
- ✓ Aguas Andinas maintains that only 24,415 clients suffered cuts due to their direct responsibility, taking as a precedent the sentences that lowered the sanction applied by the SISS
- ✓ Compensation is set at 3 days of interruption, which is wrong, since the outage lasted 2 days and only for a very small segment it extended to 3
- ✓ Claims expenses are compensated (0.15 UTM, \$ 7,503), erroneously extending it to all users and not to the subgroup that carried out this procedure (69 clients), despite the fact that SERNAC demanded this concept only for the latter (ultra petita).



We claim that the ruling is disproportionate and contains numerous errors, which is why we are confident of reversing it in the 2nd instance and/or the Supreme Court.



On May 19, 2020, we were notified of the sentence handed down in an infringement trial related to these events. The Supreme Court confirmed the reduction of the fine initially imposed by the SISS, and confirms that the infraction is limited to a base of 24,415 clients. This decision is not binding on the SERNAC trial, nevertheless it does constitute an important precedent.

Bills in Process

Project that empowers the President of the Republic to reserve the priority use of water for human consumption

Single article:

- ✓ The President of the Republic, during the validity of a state of constitutional exception of catastrophe due to public calamity, may use those powers with the aim of ensuring the priority use of water for human consumption, sanitation and the domestic use of subsistence in quantity and quality appropriate to the context of public calamity that would have motivated the declaration.
- ✓ During the validity of the public calamity COVID-19, declared by Supreme Decree No. 104 of March 18, 2020, and the time that it is extended, the period of 7 days established in the sole article will be counted from the publication of this law.



Processing status:

Motion in 1st constitutional procedure in the Chamber of Deputies, approved in the Water Resources Commission, to be voted in the Chamber.

Bills in Process

Projects regarding prohibition of supply cut and extension of payments

During the Covid-19 catastrophe:

- Prohibition of cuts of service to final customers in case of default.
 - Upon request, proration of the payment in the following 12 months, without fines or interest
 - 40% most vulnerable in the Social Registry of Homes
 - Those who activate their unemployment insurance
 - Those who suspend their employment relationship and collect unemployment insurance
 - Those who celebrate a pact for temporary reduction of working hours
 - Older adults
 - Independent workers with a significant decrease in their income according to a simple affidavit
- Other final customers who prove they cannot pay, may request the provider to take advantage of the postponement and proration of the payment. The refusal is claimed before the SISS.
- 10 CLF debt prior to the state of catastrophe may be deferred and prorated.
- Does not apply to APR (Rural Potable Water) and companies with less than 12,000 clients.
- There is no limit for drinking water consumption.



The already approved text has differences in terms of scope, length and payment terms.



There are 2 projects detained in their 2nd Constitutional procedures.
Controversy between cameras that arises because there has been said Senate had neglected the project already approved by the Deputies.

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