

Aguas Andinas 9M2022 Results





BIOs



RACHEL BERNARDIN
Production and Resources Manager

Civil Hydraulic Engineer from the ENSAR School of Engineering of Rennes (France), Postgraduate degree in Supply and Sanitation networks from the UPC of Barcelona. With more than 20 years of experience in sanitation companies, both in watershed management and in water purification and wastewater treatment.



IVAN YARUR SAIRAFI
Chief Transformation Officer

Industrial Civil Engineer and Master of Science in Accounting and Finance from the University of Chile, London School of Economics and Political Science, United Kingdom. He joined the company in 2000.



ANTONELA LAINO
Finance and Investor Relations Manager

Economist from Pontificia Universidad Católica Argentina and Master in Finance from Universidad Adolfo Ibáñez, and has worked for more than 10 years in different areas of the financial industry such as banking and various companies in the telecommunications world.



DIDAC BORRAS MARTINEZ
Chief Financial Officer

Graduate in Economics and Business Administration from Universidad de Barcelona with an MBA from IESE Business School. He has more than 18 years of experience with management positions in financial services and integral water cycle companies in Spain, France and Mexico.



ERIKA SANDOVAL SALAZAR
Investor Relations Specialist

Industrial Civil Engineer with a Master in Engineering Sciences. More than seven years of experience in Human Resources, Digital Transformation and Venture Capital functions, always linked to the energy sector.

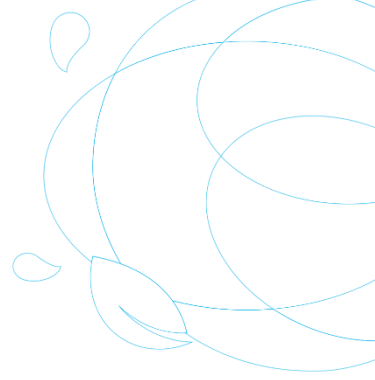
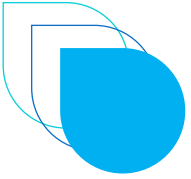


DENISSE LABARCA ABDALA
Head of Investor Relations

Commercial Engineer with a major in Economics, Universidad de Chile. Professional with a long career in Investor Relations in private sector companies such as Enel Chile, Enel Americas, Endesa España and AES Gener, as well as in public sector companies.

Contact: inversionista@aguasandinas.cl
www.aguasandinasinversionistas.cl





- 1 Context
- 2 Financial Summary
- 3 Challenge Climate Change
- 4 Transformation

AGENDA

- ● ● ● ●
- ● ● ● ●
- ● ● ● ●
- ● ● ● ●
- ● ● November | 2022



1^o

Context





Context

9M2022

INFLATION

- Inflation in Chile as of September 2022 amounted to **10.8%** and **13.7%** accumulated for 12 months
- Increase in operating costs
- Currency correction of UF debt
- Polynomial-based tariff indexations

CLIMATE CHANGE

- **“Every drop counts”** communication campaign. The country is still going through a water shortage that has lasted for more than 13 years.
- Prioritization of water **transfer agreements** with other users.
- Completion of work on the new **Lo Mena - Cerro Negro well system**.

EFFICIENCY

- Transformation Plan:
 - ✓ Sustainable enterprise,
 - ✓ Risk mitigation,
 - ✓ **Capture of efficiencies,**
 - ✓ Prioritization of investments and incorporation of technology, supported by a **new organizational culture**

RATING

- The company completed its international rating process with Standard & Poor's, **obtaining an 'A-' rating**, becoming the first non-state-owned corporate company in Chile to receive **the highest international rating**, in addition to the local ratings issued by Fitch and ICR with AA+



2°

Financial Summary





Main aspects Closing 9M2022



Revenues and EBITDA increased by 12.4% and 8.7% (12.1% without one off effect*) respectively

- Higher average tariff due to latest indexations
- Solid cash generation during the period



Increased operating and financial costs associated with the global environment

- Increase in the cost of raw materials, labor, transportation and revaluation of financial debt in UF
- Acceleration of the company's efficiency plans to partially mitigate these effects



We continue to manage the effects of climate change

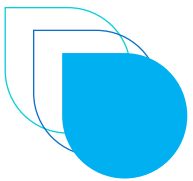
- Execution of the investment plan to strengthen security of supply
- Transformation project with improvements in production processes, purchasing and digital transformation
- Management derived from the agreement with Canalistas has made it possible to maintain the security level of the El Yeso reservoir
- Lower consumption associated with the various awareness campaigns on the responsible use of water resources



We continue to manage the increase efficiencies

- Process improvement and digital transformation initiatives that have generated efficiencies of \$2,923 million at the end of September 2022.

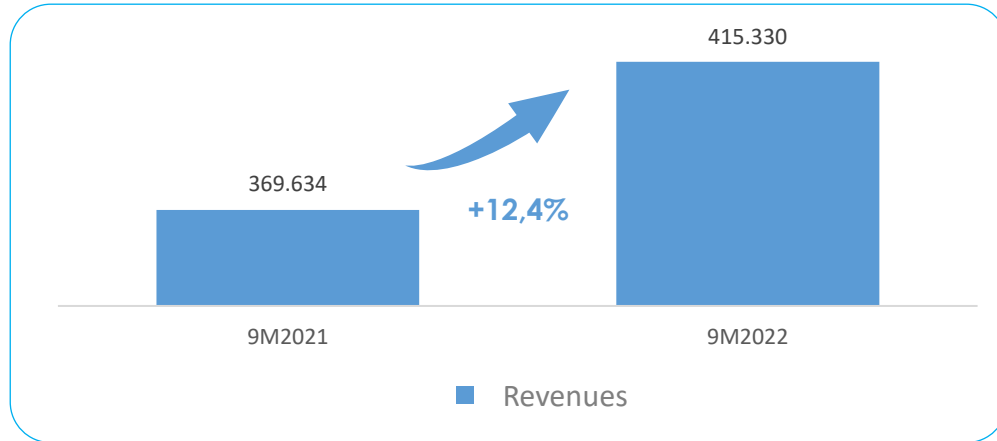
* Reimbursement from related company for construction work at Mapocho-Trebal Biofactory of \$5.7 million, in line with the established contractual conditions.



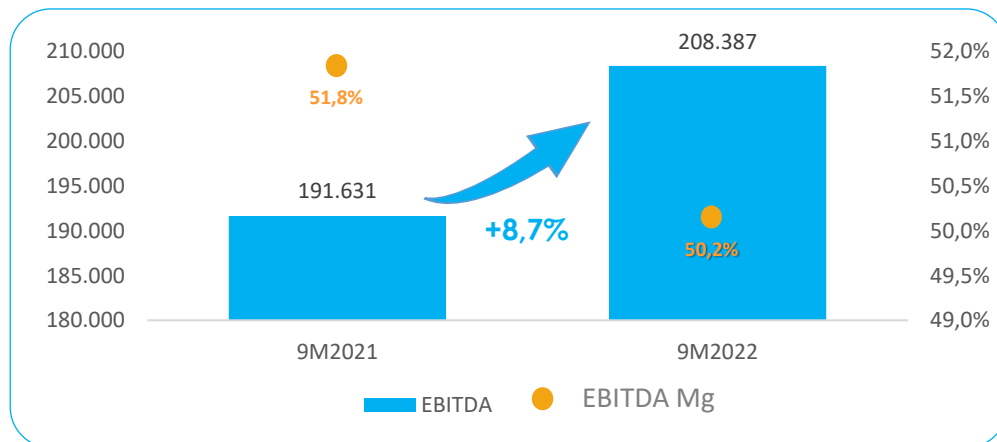
Tariff indexations have driven a 12.1% increase in EBITDA (excluding one-off).



REVENUES

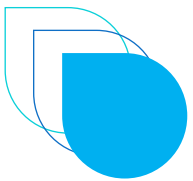


EBITDA



Increase in EBITDA at the end of September mainly associated with:

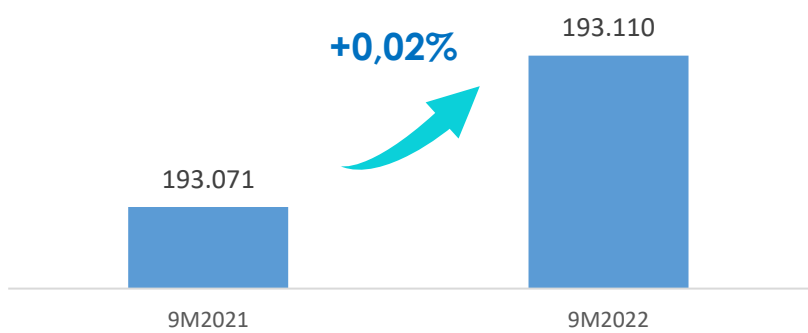
- **Revenues** increase by +12.4% due to:
 - I. Tariff indexations for 48,609 MCLP (**7 indexations by polynomial, +15.7% average tariff increase vs Sept.2021**).
 - II. Lower consumption effect for (7,314) MCLP (-9.2 Hm3 Drinking Water; -2.3%).
 - III. Other revenues of 4,402 MCLP (mainly sale of materials and environmental services subsidiaries). It should be considered that in 2021 the non-recurring effect of income from the EDAM contractual agreement for 5,698 MCLP is included.
- **Costs** were +16.3% vs. the previous year, mainly explained by higher CPI costs, drought impacts (raw water transfers +36%), network maintenance +14% and operating costs (chemical inputs +56% and electricity +20%).
- **Financial result** is impacted by higher revaluation of financial debt in the amount of (63,567) MCLP due to the variation of the *Unidad de Fomento* (CLF) (10.8% in 2022 versus 3.5% in 2021).
- **Lower income tax**, mainly explained by lower income before taxes together with the monetary correction effect of the Tax Equity (inflation-linked effect).



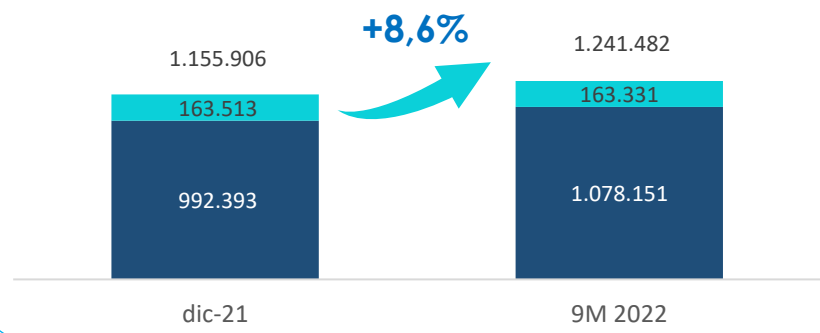
Solid cash generation during the period has allowed us to keep debt levels in line with our objectives

Figures in CLP million

OPERATING CASH FLOW

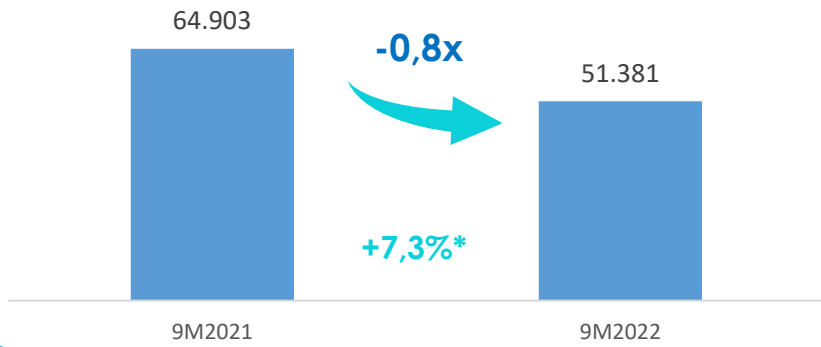


DFN



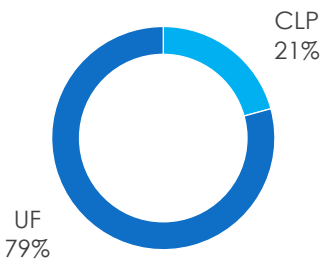
DFN Variation 2022	
Price-level restatement of debt in UF	94.369M\$
Positive cash Flow of the period	(8.615)M\$
Total DFN increase	
85.754M\$	

FREE CASH FLOW

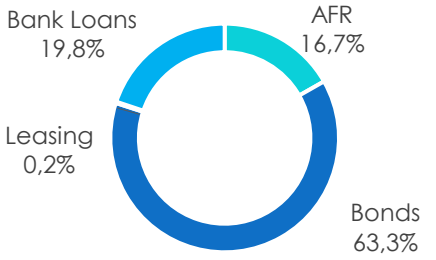


The increase in net financial debt is related to the price-level restatement of debt in UF, offset by cash flow generated in the period

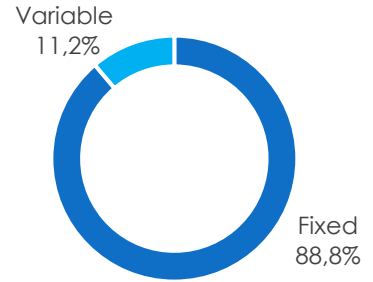
Debt by currency



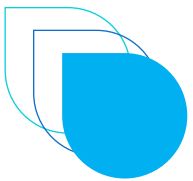
Debt by instrument



Debt by rate

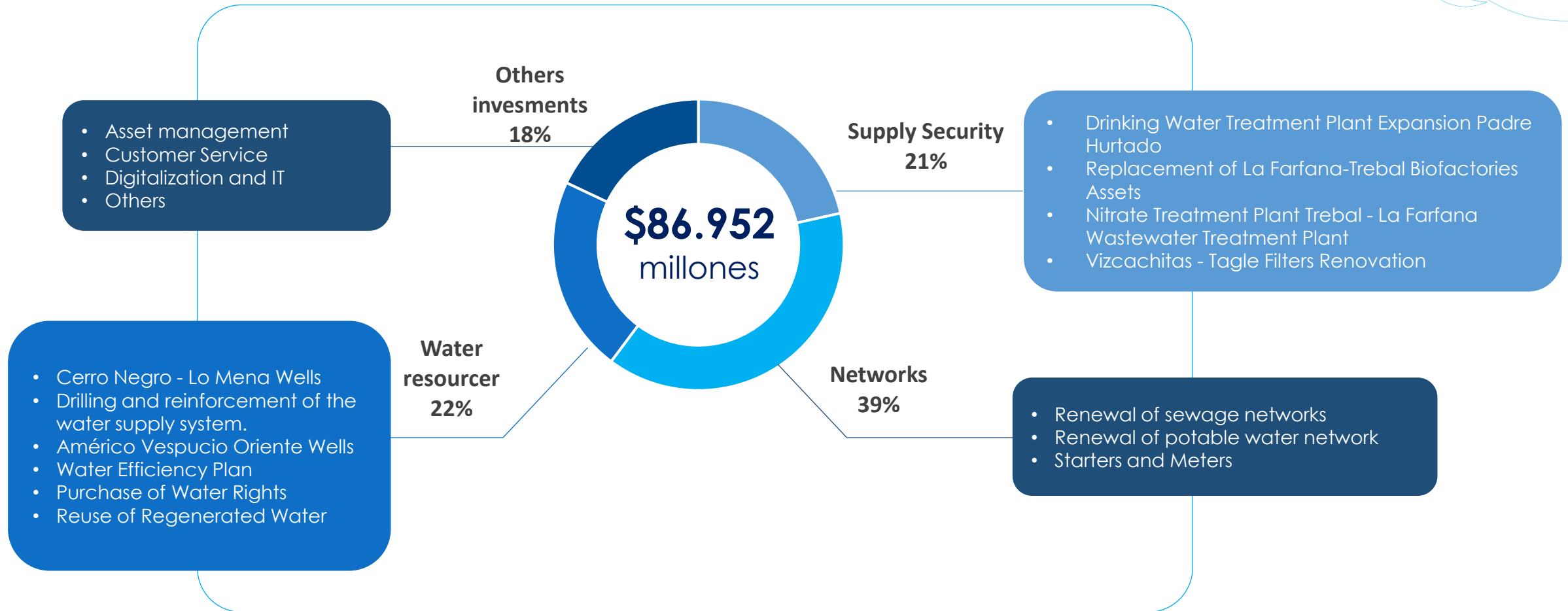
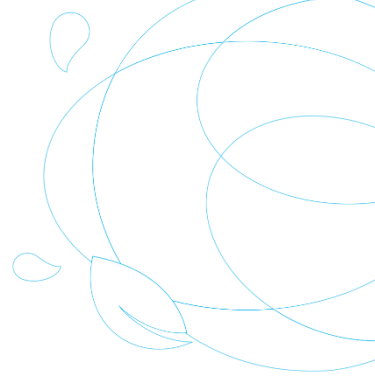


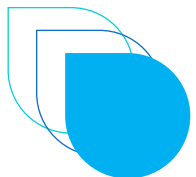
The year 2021 contains a tax refund of \$17,000M\$ (sale of Essal). Without considering this effect, the FCF of year 2021 would have amounted to \$47,903M\$, therefore **the increase in year 2022 vs. 2021 would be \$3,478M\$ (equivalent to +7.3%*)**.



Stable level of investments 9M2022

Focused on efficiency and operational continuity and increase of water resources - climate change





Sustainability and Economic Value

Financial ratios reflecting a sound financial structure

EV/EBITDA₍₁₎ **9M2022**
8,08x

EV/EBITDA: (Market capitalization + debt + minority interest - cash and cash equivalents) / EBITDA

ROCE **9M2022**
11,1%

ROCE: EBIT (12 months) / Capital employed (average for the last 2 years)

EPS **9M2022**
\$12,31

EPS: Annualized profit for the year / total number of shares

Leverage **9M2022**
1,71x

Leverage: Total Debt/ Equity

Liquidity **9M2022**
1,17x

Liquidity: Current assets / Current liabilities

Net Debt/EBITDA **9M2022**
3,86x

Net Debt/EBITDA: (Net financial debt - cash) / EBITDA

**STANDARD
& POOR'S**

International Rating: A-



Member of
**Dow Jones
Sustainability Indices**
Powered by the S&P Global CSA



Sustainability Yearbook
Member 2022
S&P Global

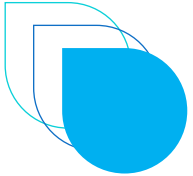
(1) EV/EBITDA from Bloomberg methodology.



3'

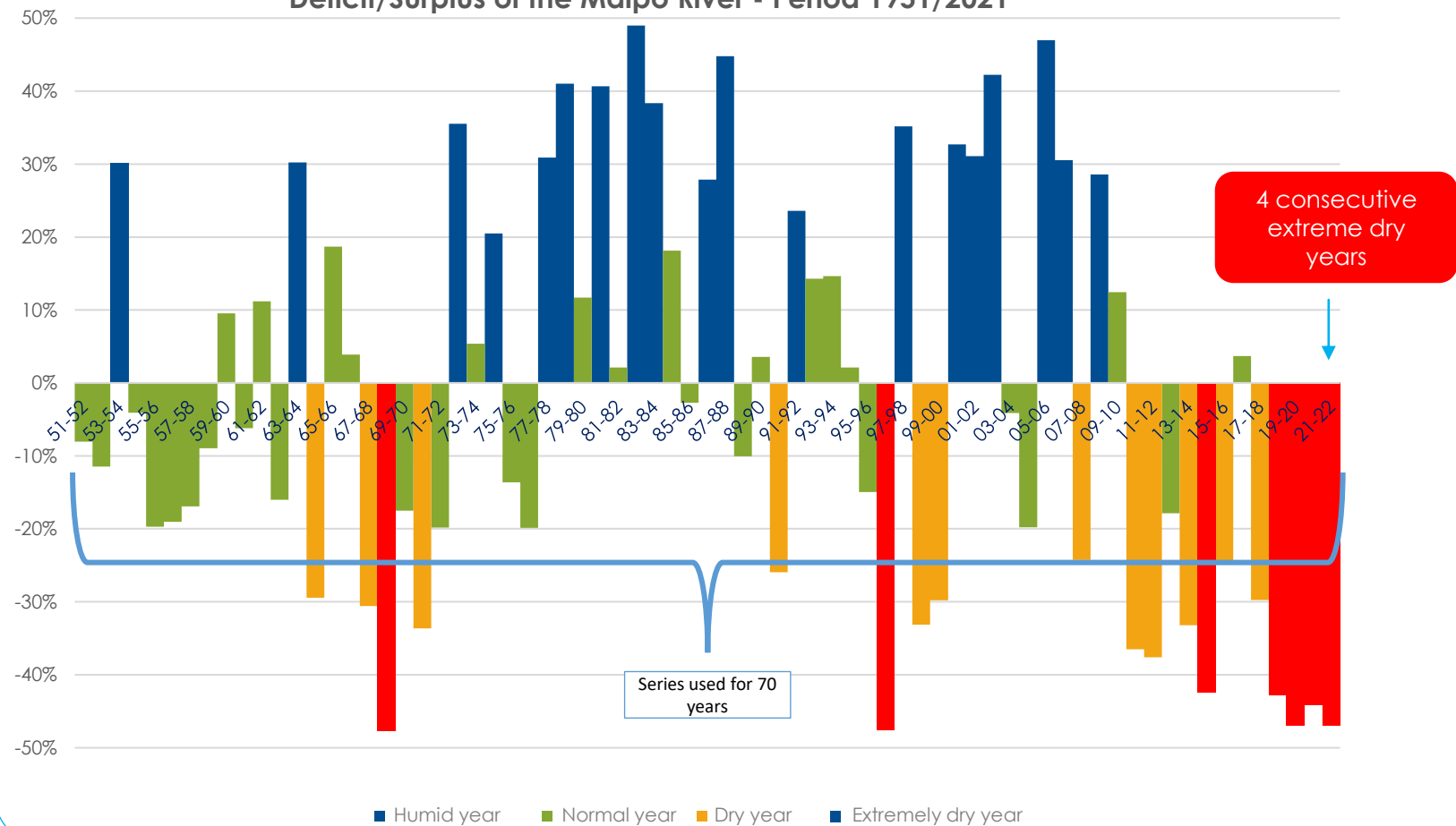
Climate Change Challenge



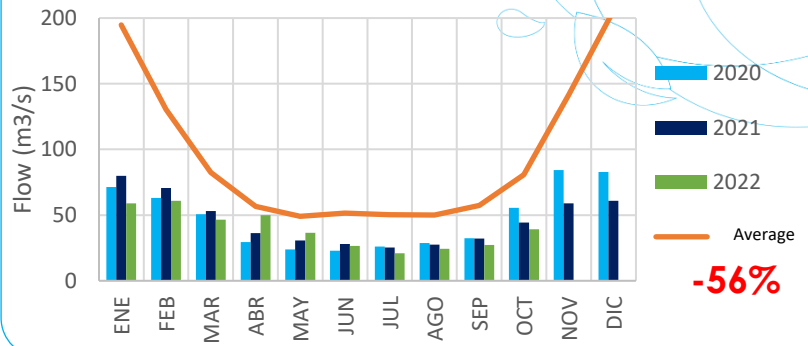


The climate change: Challenges and opportunities

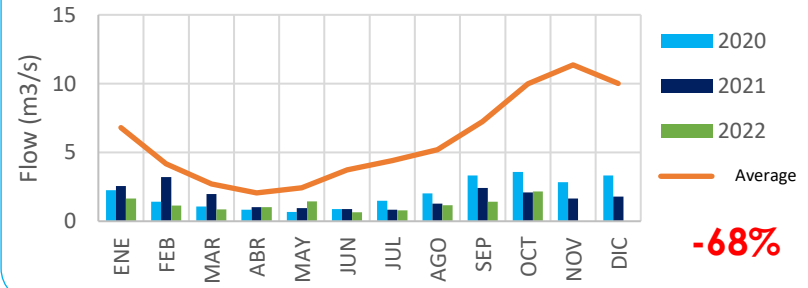
Deficit/Surplus of the Maipo River - Period 1951/2021



Maipo River [m3/s] 2022



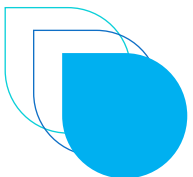
Mapocho River [m3/s] 2022



Rainfall Monitoring El Yeso Reservoir*

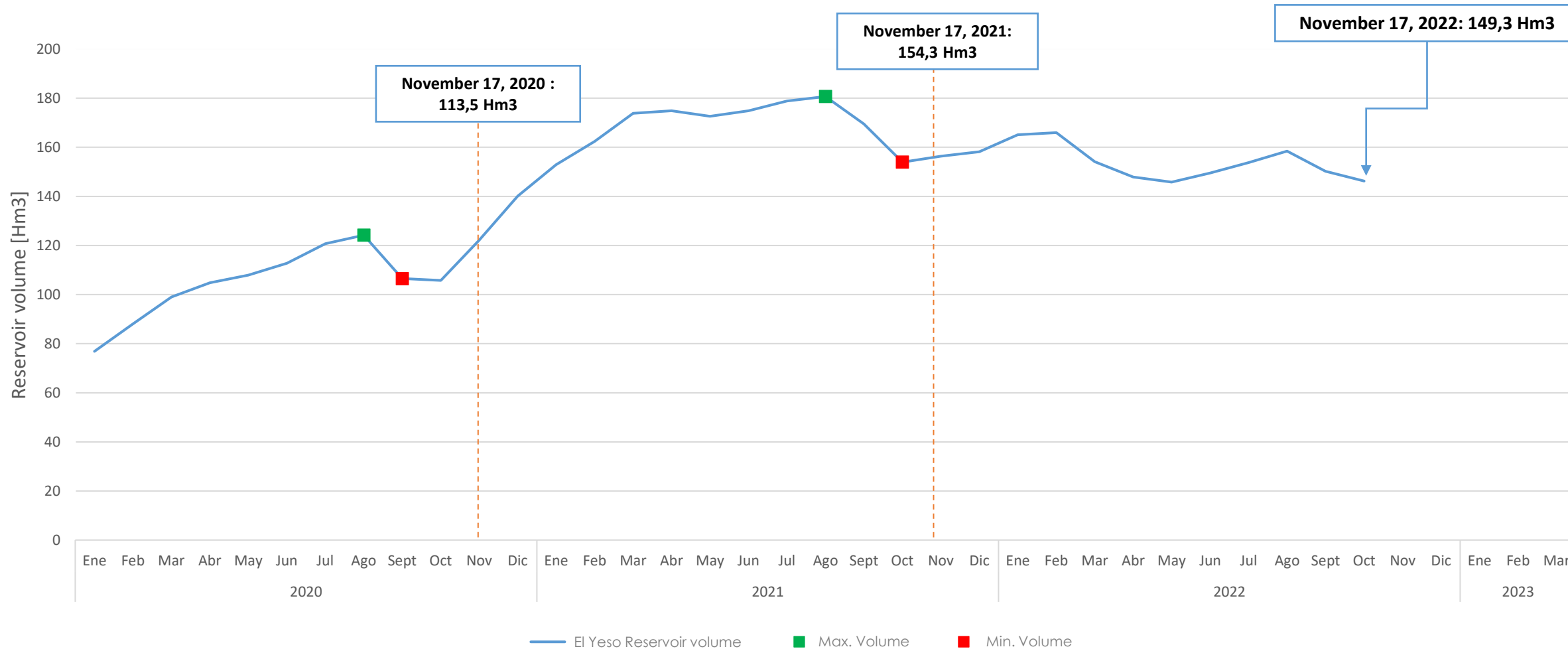
Accumulated precipitation as of today's date in year 2019-20 (mm)	125,6
Accumulated precipitation as of today's date in 2020-21 (mm)	288,2
Accumulated precipitation as of today's date in year 2021-22 (mm)	155,0
Cumulative precipitation 2022-23 (mm)	237,6
Average cumulative rainfall to date (mm) (1962 - 2022)	493,2

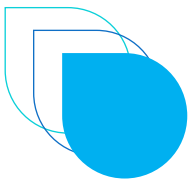
* November 7, 2022



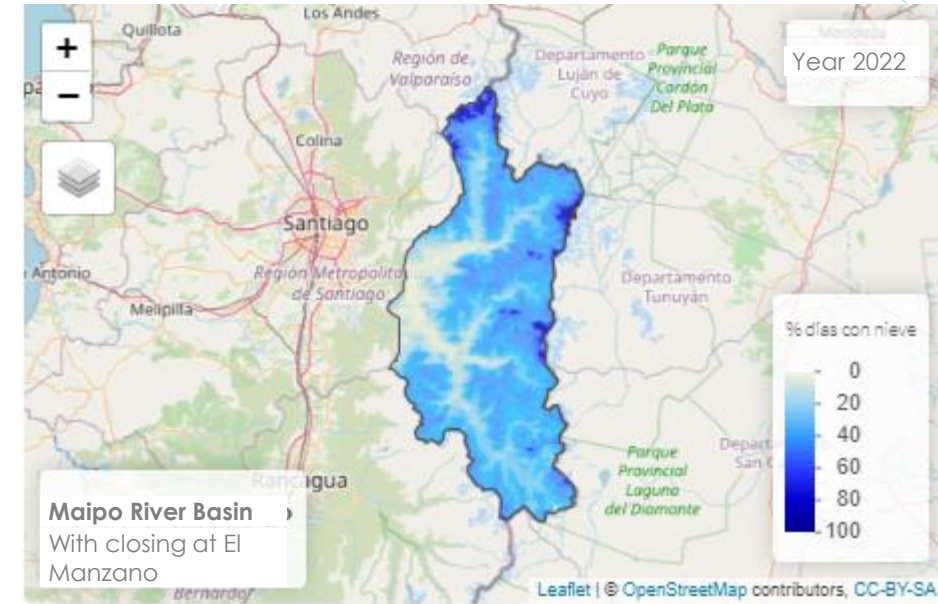
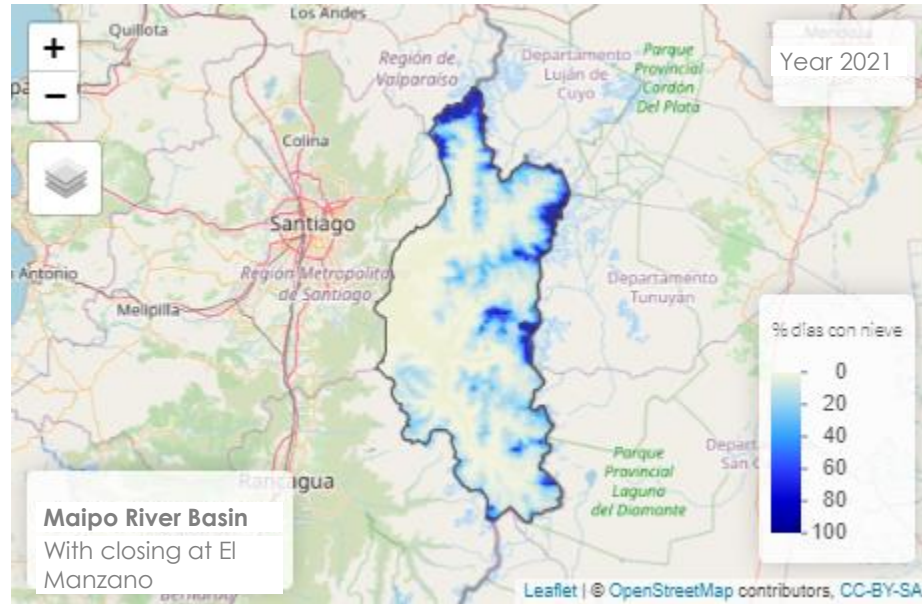
El Yeso Reservoir Management

Actual volume



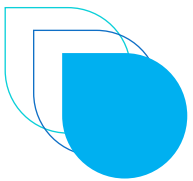


Basin Status - Year 2022 vs 2021



Interannual comparison of snow cover. Years: 2022 - 2021

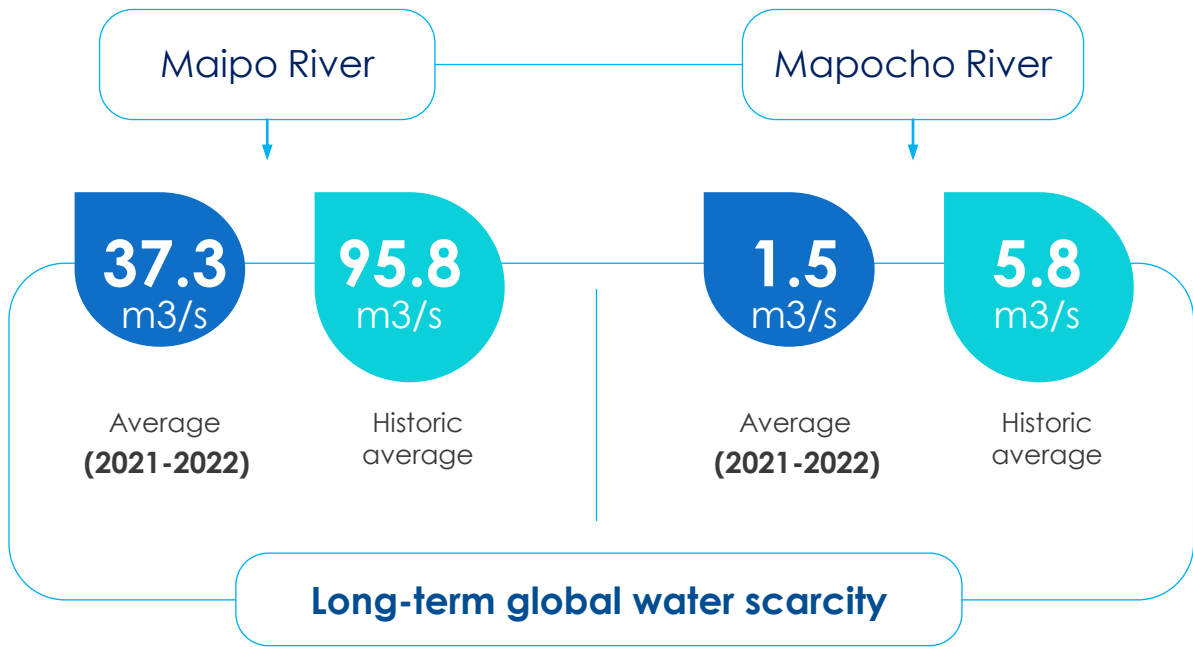




Managing climate change with strong infrastructures and innovation



Strategy



Advanced Management of Wells

Wells of Lo Mena

Reuse Purified Water

Collaborative management with Users of Maipo River

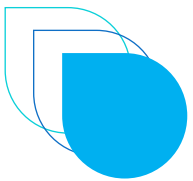
Wells of Antonio Varas

Support to Mapocho River Supply

Hydric Efficiency Plan

Efficiency Plan in Production Plants

Optimization Drill Plan



Flagship Projects

REUSE: Sustainable return of treated water in the Maipo Basin

Circular economy



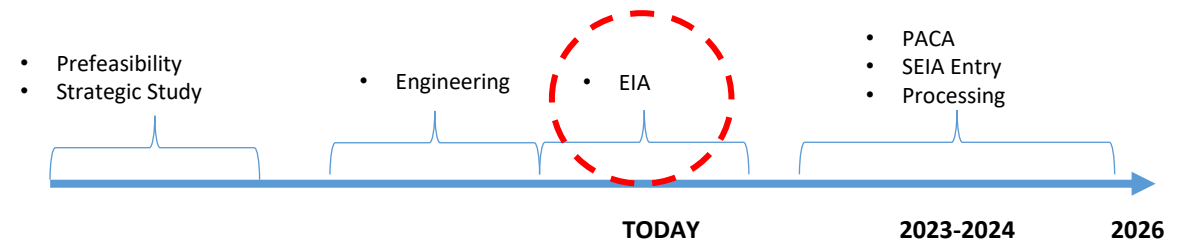
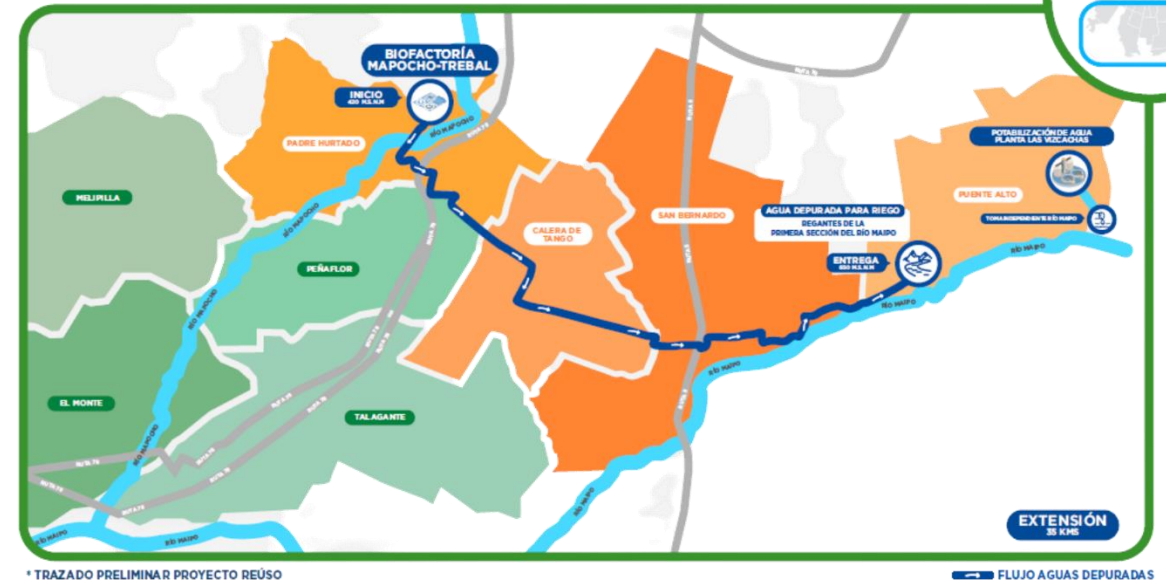
Climate change

- It allows, through a connection of approximately **34 km** in length from the Mapocho-Trebal Biofactoría, to return to irrigators of the 1st Section of the Maipo River, with a height difference of **200 meters**, exchanging the equivalent of treated water with water from the Maipo River for its potabilization and supply to the city.
- Transfer of treated water from the Trebal-Mapocho Biofactoría to the Maipo River: **up to 3 m³/s, in periods of extreme water scarcity**.

Advantages

- ✓ **Large-scale solution:** Much larger volumes than greywater reuse option, and no additional investment for customers.
- ✓ **Biofactory purification:** Essential infrastructure already available.
- ✓ **Responsible management:** Collaboration to increase water resource efficiency.
- ✓ **More water available in the river:** Key project to ensure drinking water supply in a scenario of extreme drought and prioritization of human consumption.

COMMUNITIES OF INTEREST:
El Monte, Talagante, Peñaflor y Melipilla

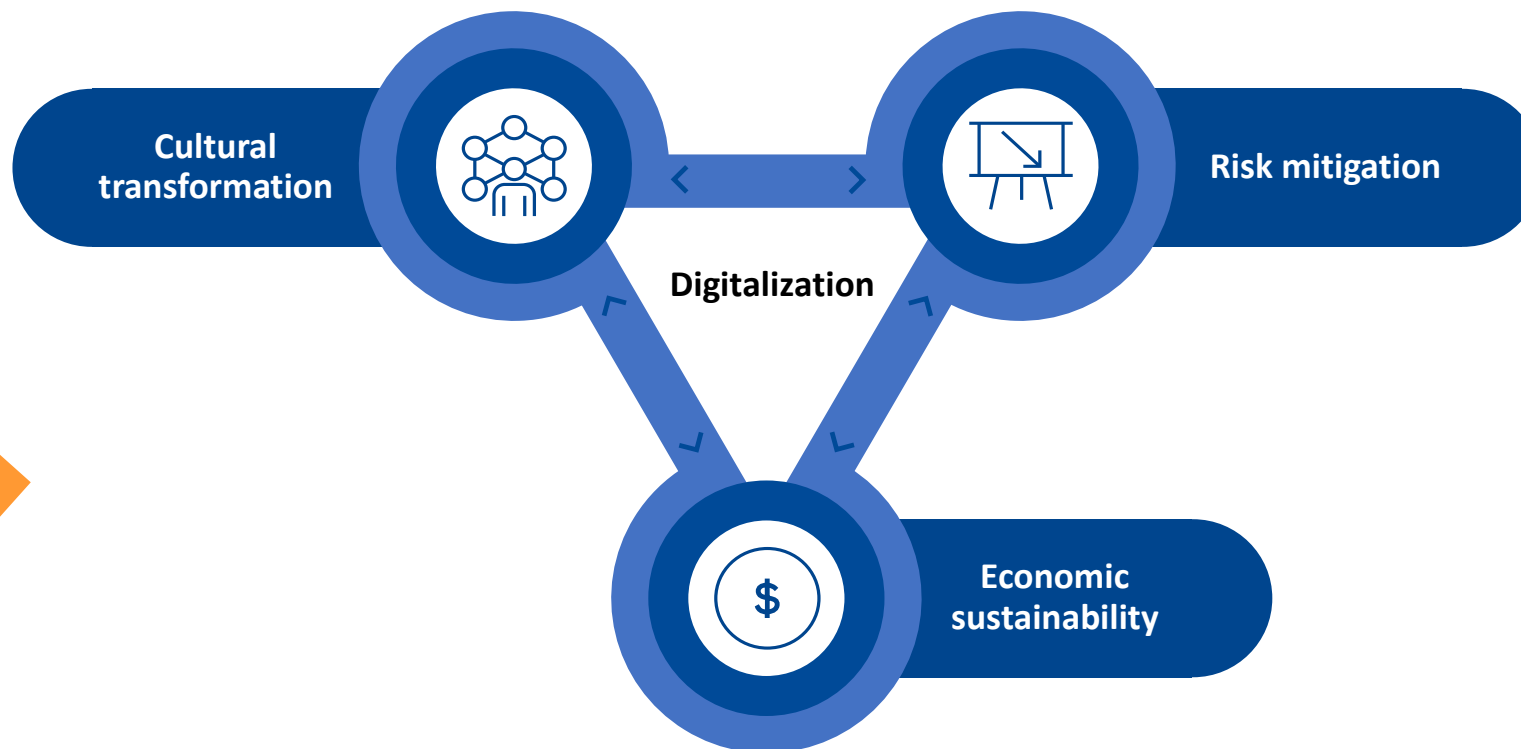
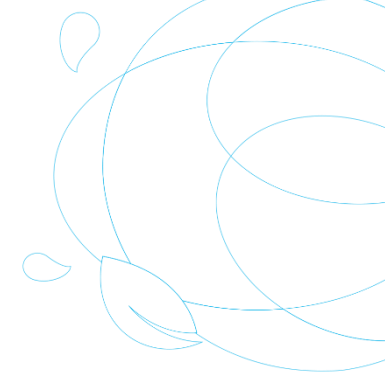
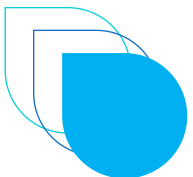


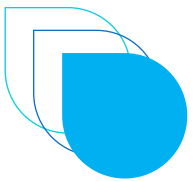


4^o

Transformation







Dirt diagnosis in collectors with acoustic technology



The level of obstruction in the sewerage network has a direct impact on the quality of service, generating complaints. Despite 600 km of cleaning per year, it represents a major challenge.

Innovation Challenge

- The innovation challenge included searching for, selecting and piloting technologies.
- It was validated in 30 km of network of all Aguas Andinas' operating centers.



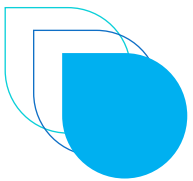
Value creation at Avanza

- Avanza **proposed doubling the number of kilometers of cleaning**, improving the quality of the service and generating benefits by reducing the cost of unblocking and avoiding fines.
- By incorporating SL-RAT technology, the plan is accelerated to 2023. **With the same resources, ~40% more of the network is cleaned** (we avoid cleaning clean sections - we focus the effort).

Alcance de la tecnología

- The SL-RAT system measures the sound energy dissipation inside the pipe (internal air space, between the water flow and the top wall of the pipe).
- **The acoustic technology allows a diagnosis in less than 3 min.**
- It is applied in the smaller network >450 mm, which represents 91% of our network.





Unblocking the AS network with Rod Rotator



The level of clogging in the sewerage network has a direct impact on the quality of service..



Currently, around 23 thousand obstructions are generated annually, which require specialized equipment and, in the case of a solid blockage, a renovation of the section..

Technology challenge

- Identify a technology capable of performing under different terrain conditions and nature of sewer obstructions.
- Absorb at least 20% of the workload (efficiency).
- Increase the maximum work capacity in unclogging, with the same equipment.

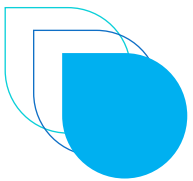
Value creation at Avanza

- By incorporating this technology into internal equipment, efficiencies with a positive economic impact are expected.
- **58% of the unclogging work performed** by contractors has been absorbed.
- **MM\$5,460 in repair work costs due** to solid blockage have been avoided.

Technology by numbers (2021-2022)

- 10,730 obstructions evaluated, 5,898 works solved internally.
- 21 to 51% monthly efficiency.
- **2,036 solid plugs removed, avoiding construction.**





Robotic inspection of transport aqueducts



Aqueducts carry drinking water from the production center to the distribution ponds.



They are considered critical infrastructure of the company, since in case of interruptions they generate a high impact.



These are large structures that are difficult to access for inspection.

Innovation Challenge

- **The challenge is to make access, inspection and diagnosis viable** without affecting the operation.
- For this, it was necessary to look for a technological partner and define a shared value project.
- **We worked with Maquintel ROVs.**

Scope of technology

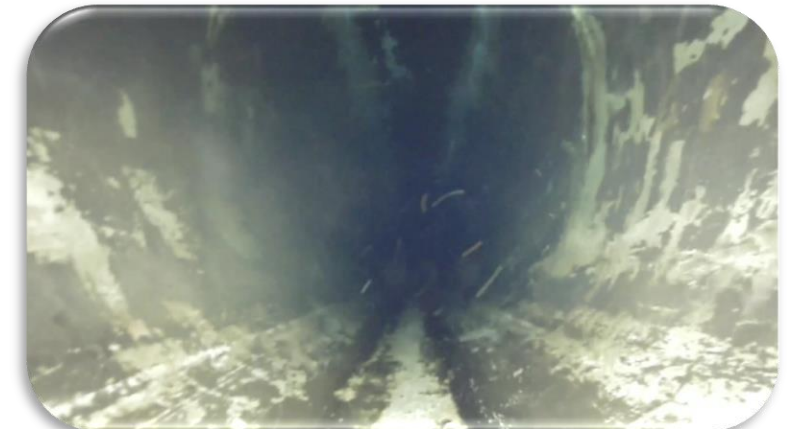
- Capable of generating a high quality diagnosis (see image).
- Capable of operating at speeds between 1.0 to 4.6 m/s flow rate.

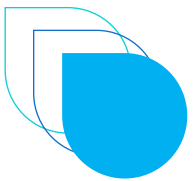
Value creation at Avanza

- Through Avanza, the inspection and risk assessment of the company's assets is being carried out.
- **100% of the assets will be inspected in 3 years**, using ROVs technology (20 km per year).
- The objective is to identify sections at risk of failure due to collapse and loss of flow.

Inspection Cost

- Less than identified technological alternative 95 USD/m
- Project 4-5 USD/m





Increased productivity with ClickSoftware



In 2021, more than 160 thousand tasks were performed in the distribution and collection networks, using 64 of our own teams, in addition to the work performed by contractors.



The number and variety of jobs poses a logistical challenge and the need for specialized tools.

Digitalization Challenge

- Search for and implement a logistics optimization and management platform for field work.
- Integrate the work of in-house teams and contractors into a single platform.
- **Generate metrics for continuous improvement**, such as execution time.

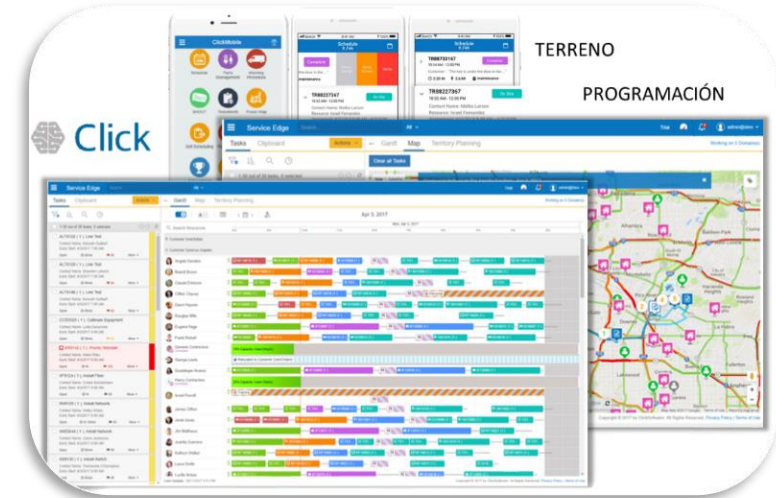
Scope of technology

- **It provides real-time information on resources in the field.**
- Integrates with SAP, SIEBEL, ArcGIS and SITEC systems.
- Modules and APP for field work, and for scheduling management.

Value creation at Avanza

- The logistical programming of the company's own teams in the field was integrated through a specialized unit.
- **27% has increased the efficiency of the network teams.**
- The benefits are generated by covering a greater part of the global demand with internal teams.

Integrations



Aguas Andinas 9M2022 Results

