



AGUAS ANDINAS

**Results Presentation
Nine Months 2019**



www.aguasandinas.cl
www.aguasandinasinversionistas.cl



AGUAS
andinas®

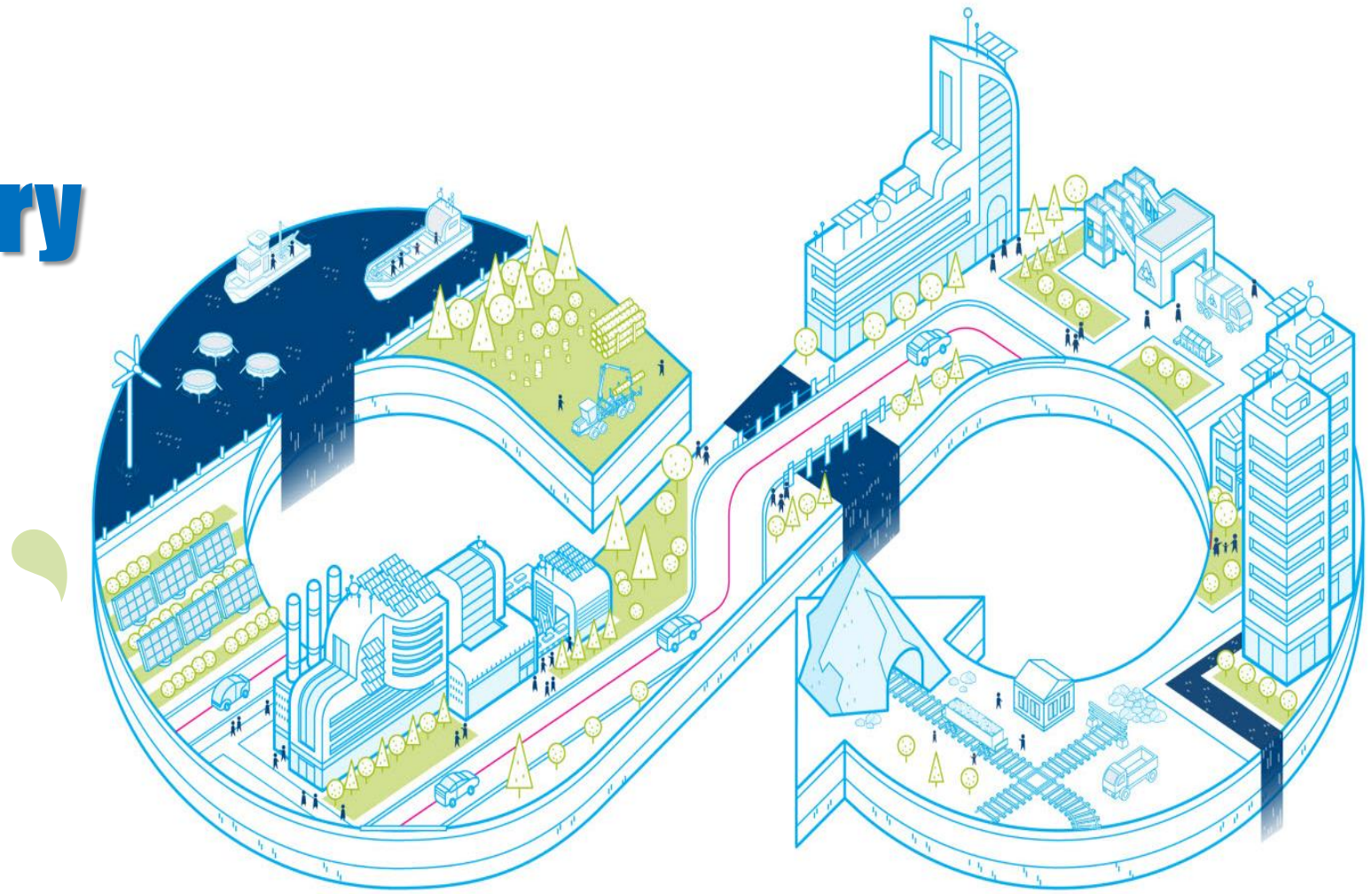
Innovando contigo y con Santiago

💧 **Financial Summary**

💧 **Investments**

💧 **Water Situation**

💧 **Tariff Process**



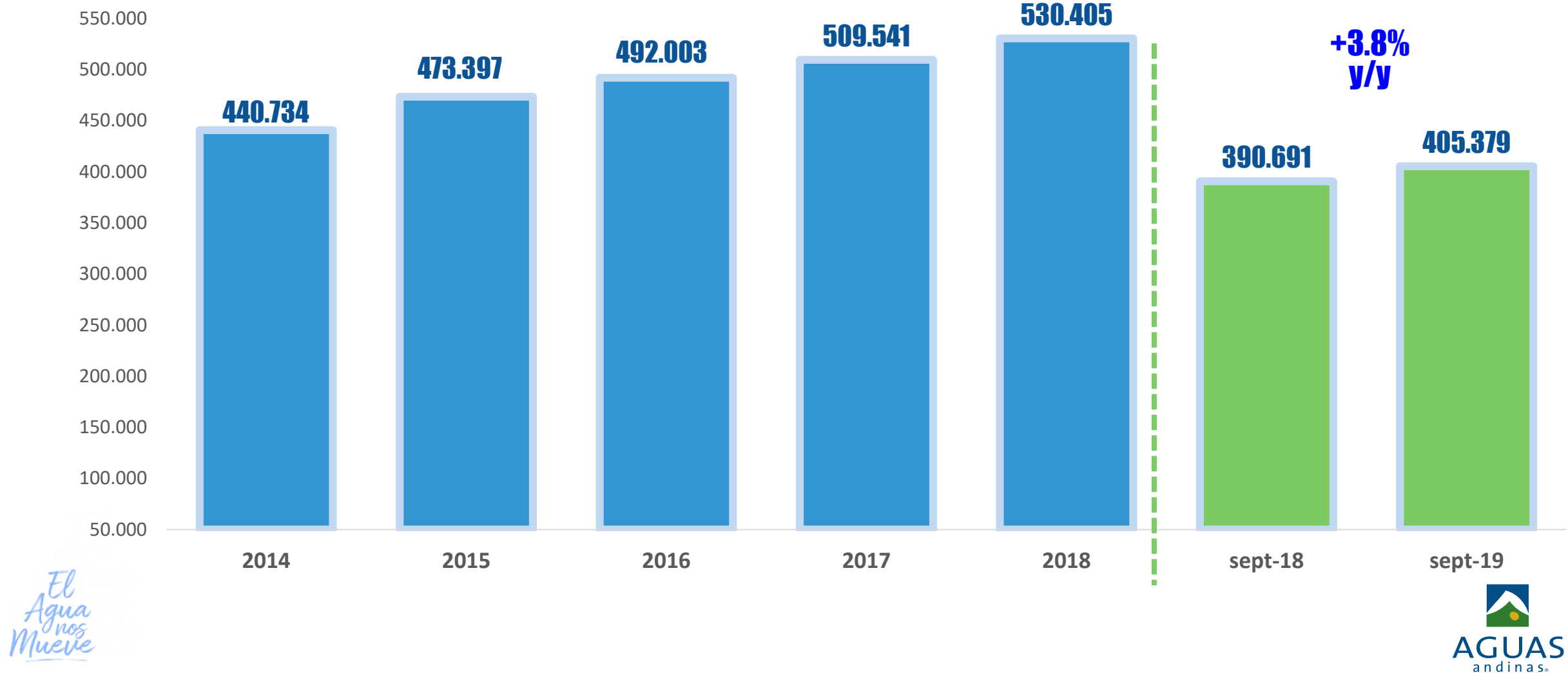
FINANCIAL SUMMARY



Financial Results

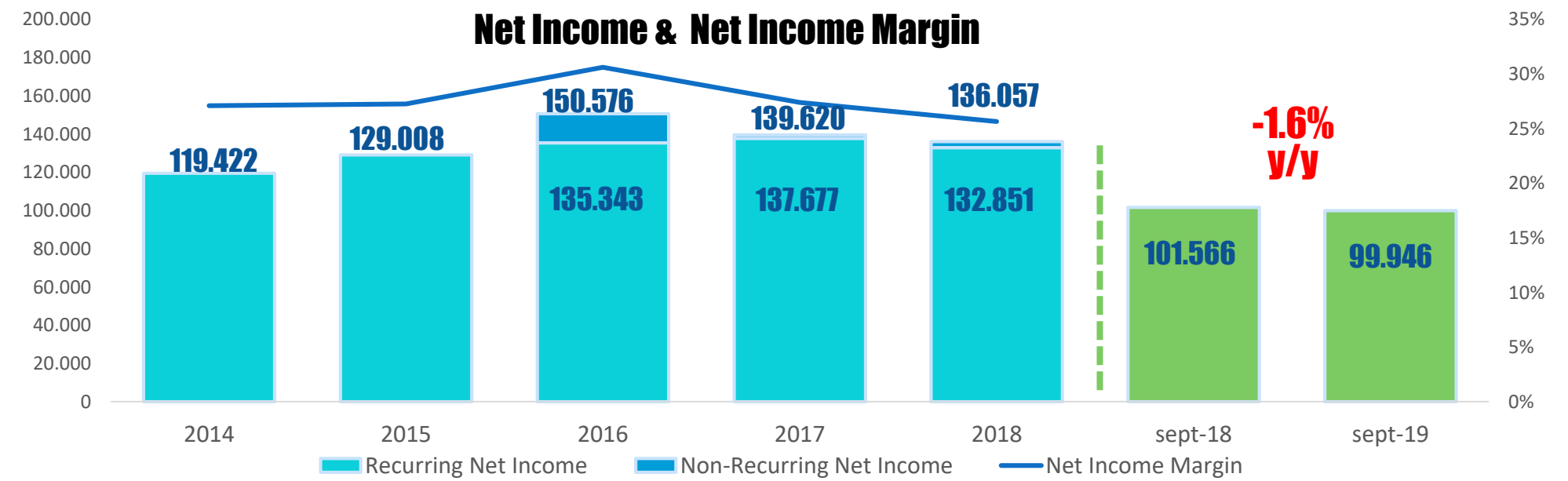
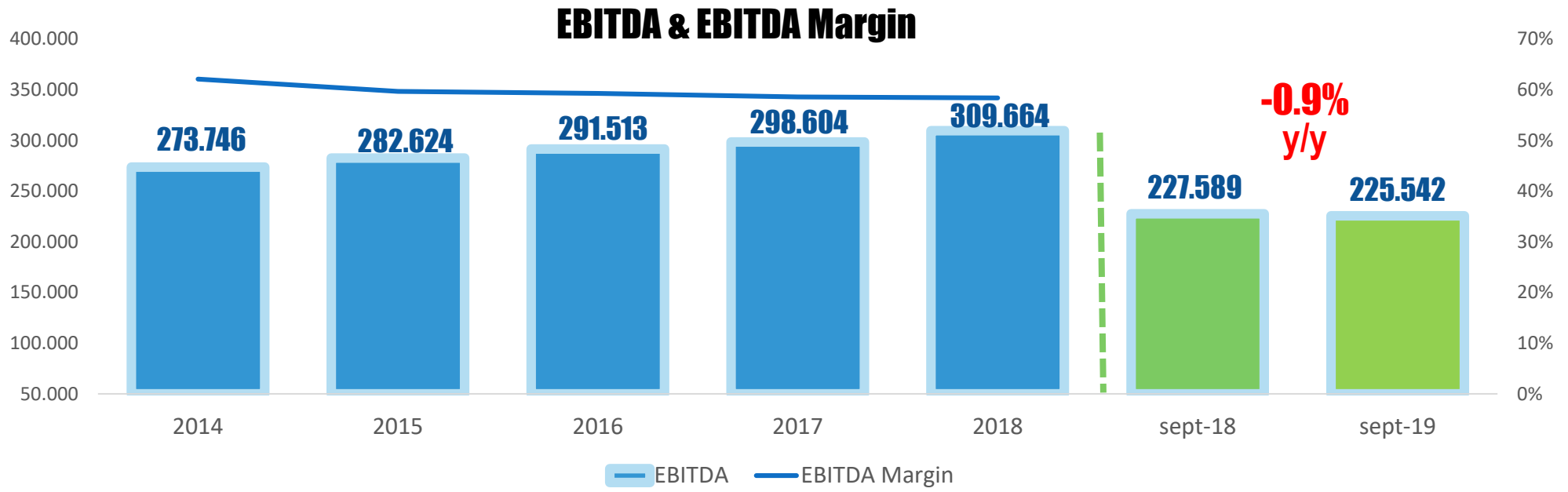
Figures in Million Pesos

Revenues



Financial Results

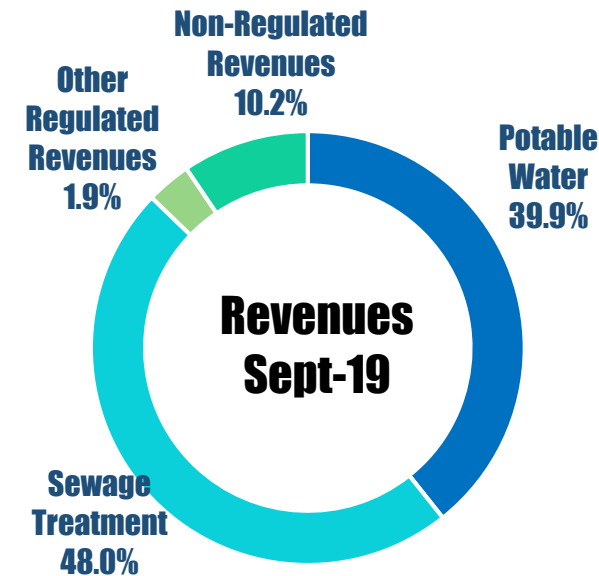
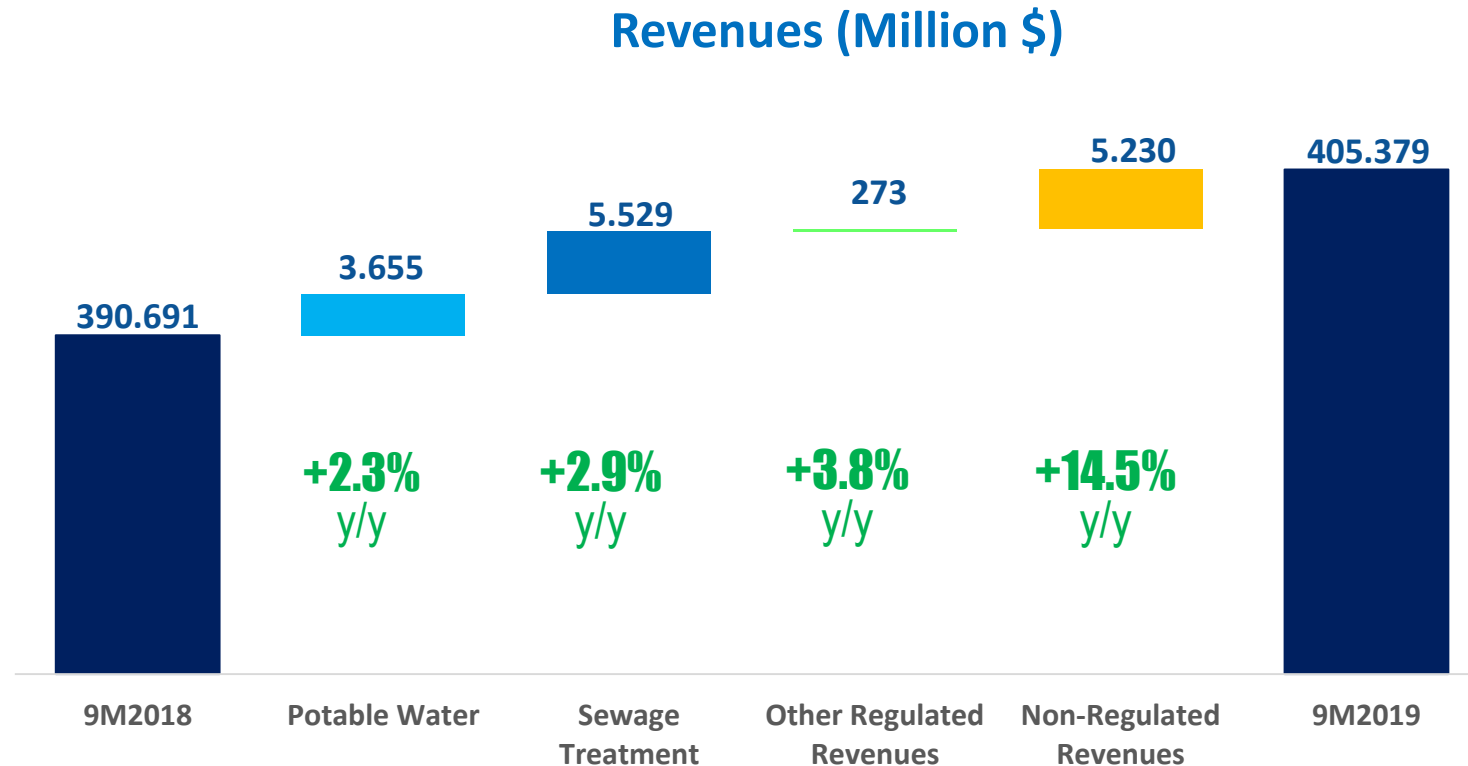
Figures in Million Pesos



Revenues Increased by 3.8%

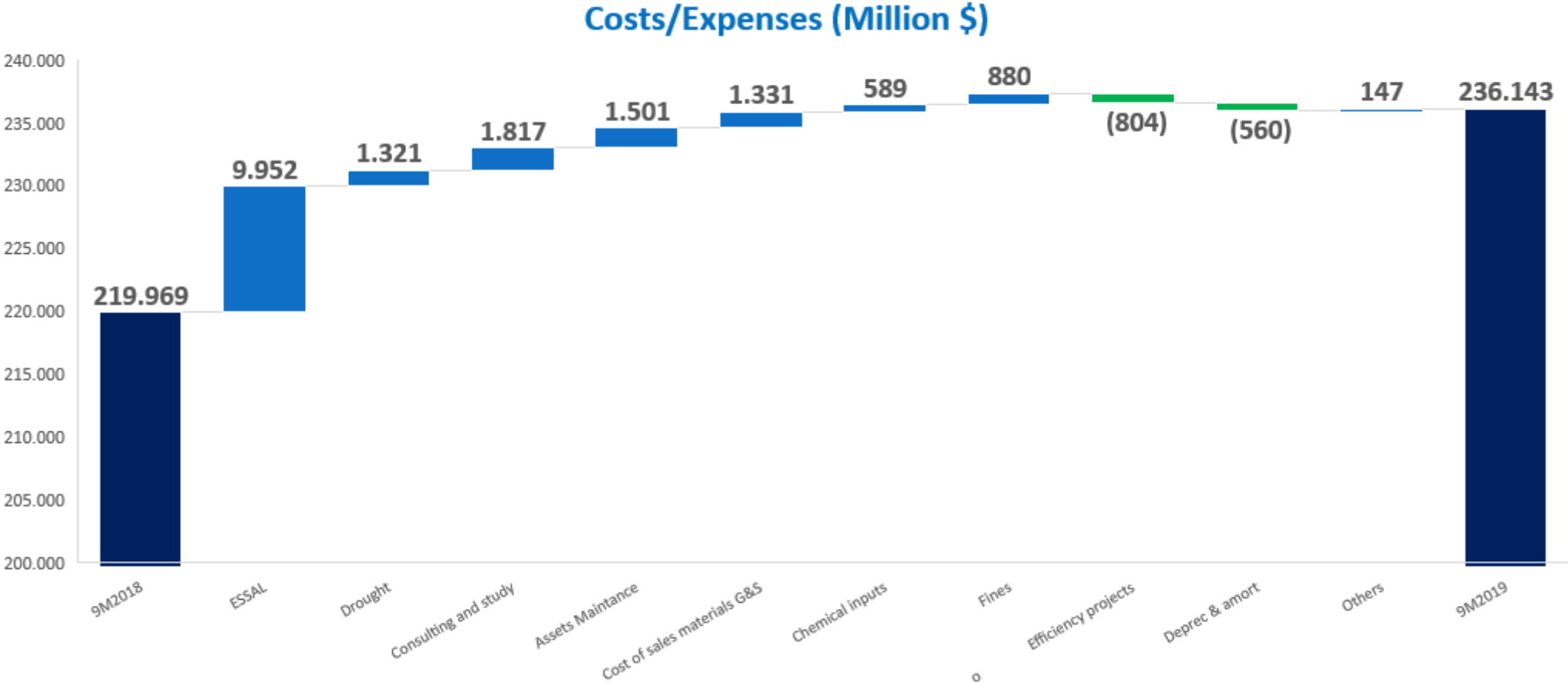
Company's revenues increased to \$405 billion

- Regulated Revenue:** +\$9.457 million (increase of 2.7% mainly due to the rate indexations recorded during 2018 and 2019, the last being in July 2019 (ESSAL) and for Aguas Andinas in September 2018, along with a higher sale volume).
- Non-Regulated Revenue:** +\$5.230 million during the third quarter of 2019 (4.5% increase). This variation was mainly explained by higher income in non-sanitary subsidiaries, agreements with developers, technical advice to rural drinking water and higher activity in home services requested by customers.



Costs Increased by 7.4%*

- Raw Materials and Consumables: +\$3,419 millon (+11.6% y/y)
- Employee Benefits: +151 millon (+0.3% y/y)
- Other Expenses by Nature: +\$13,164 millon (+14.6% y/y)
- Depreciation and Amortization: -\$560 millon (-1.0% y/y)



*Include depreciation and amortization. Without depreciation 10.3%

Efficiency Projects

💧 Efficiency improvement projects:

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

Biosolid management

Savings of \$413 million were made from the beneficial use of sludge as fertilizer and soil recuperator.

Other projects

Improvements in costs of customers management services by \$391 million .

Lower electric rates

Savings obtained as a result of the migration plan for clients regulated to free clients, for 52 company enclosures.



Other Highlights

Other gains (losses)
\$(3,408) million
lower profit

Mainly associated with the fact that in the third quarter of 2018, expendable land located in the Metropolitan Region was sold.

Financial Result \$957
million of lower expenses

Mainly explained by a lower revaluation of the debt due to lower variation of the Unidad de Fomento (1.75% vs 2.09% in 2018), partially offset by a higher level of indebtedness.

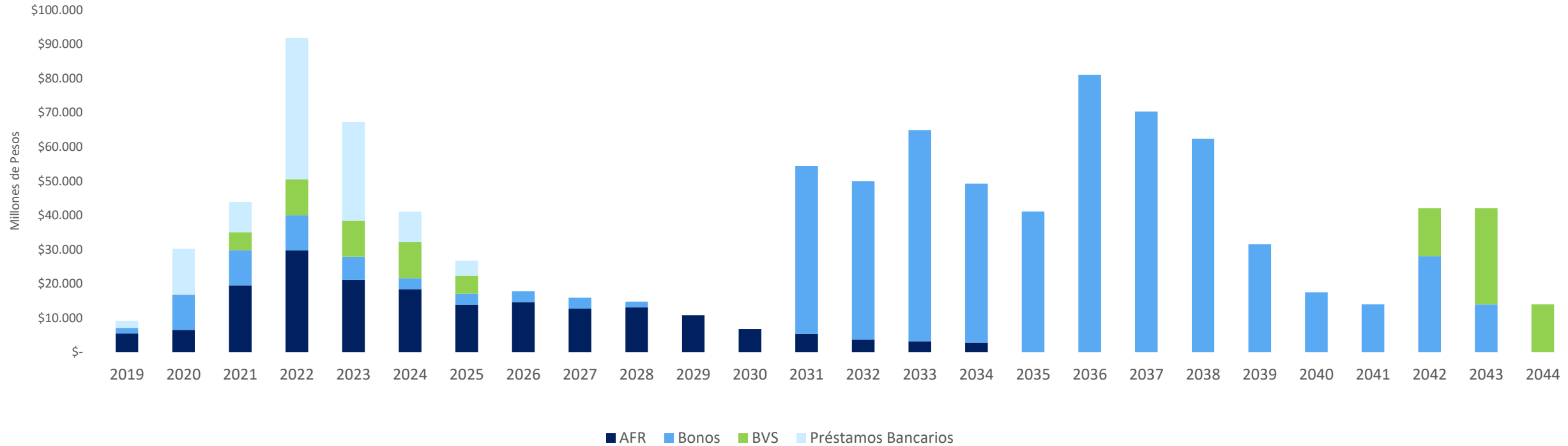
Tax expense
\$ (35,299) million

Higher by \$1,036 million compared to the same quarter of the previous year.

Net profit
\$ 99,946 million

Lower in \$1,619 million than the one obtained in the previous year, this represents a 1.6% decrease.

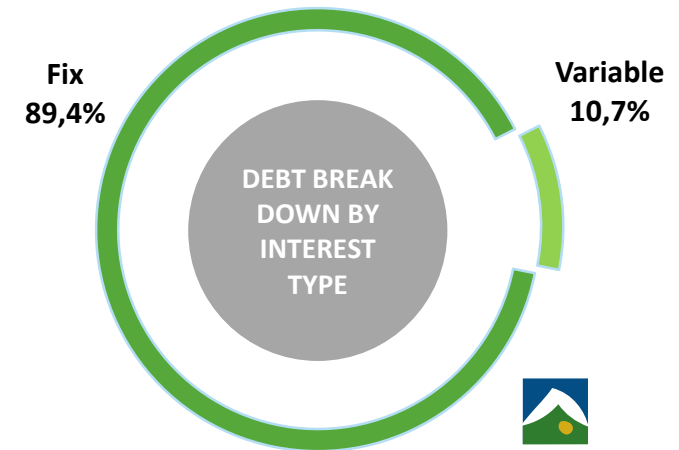
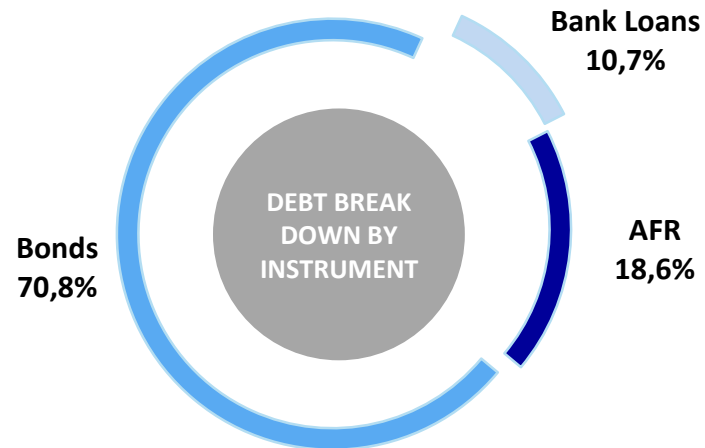
Debt Structure as of September 30, 2019



- Leverage: **1,8x** Limit: **2,0x**
- Financial Expense Coverage: **6,9x**
- Local Credit Rating: **AA+**
- Total Net Financial Debt: **\$1.000.629 million**
- Net Debt/EBITDA Ratio: **3,3x**



Considers only Capital
BVS: Bono Verde y Social (Series AC and AE)



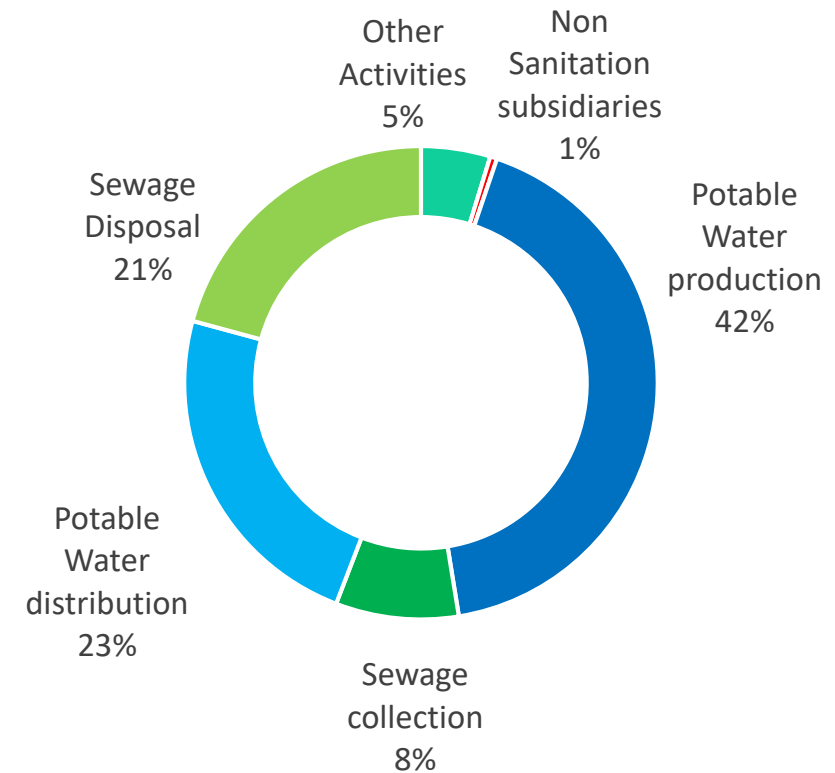


INVESTMENTS

Investments: continuous growth

Investments as of September 2019	Million CLP
Construction of Pirque Tanks	28.307
Potable Water Networks Renewal	7.431
Sewerage Networks Renewal	5.851
Asset replacement Biofactories La Farfana-Trebal	5.378
Cogeneration capacity for La Farfana-Trebal	4.483
Starters and Meters	4.145
Ammonia Treatment Plant Sewage Treatment Farfana-Trebal	3.429
16 Filters Renewal inn Las Vizcachas Potable Water Plant	2.918
Other Investments	31.199
TOTAL	93.142

Investments as of September 2019



PIRQUE PROJECT: tripling hours of autonomy



9

Reserve tanks with 54 million liters of capacity

16

Wells to extract underground water

~\$24

Million USD invested



11 hours of AUTONOMY for emergencied



6

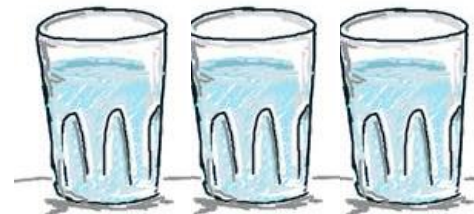
mega reserve tanks

1,500

million liters of capacity

~\$121

Million USD invested



34 hours of AUTONOMY for emergencies

El Agua
por
Muelle

PIRQUE PROJECT: start of operations by the end of 2019

high zone

Civil Works, Supply of Equipment, Assembly and Commissioning, Corresponding to Each of the Six Water Reservoir Tanks for Human Consumption.



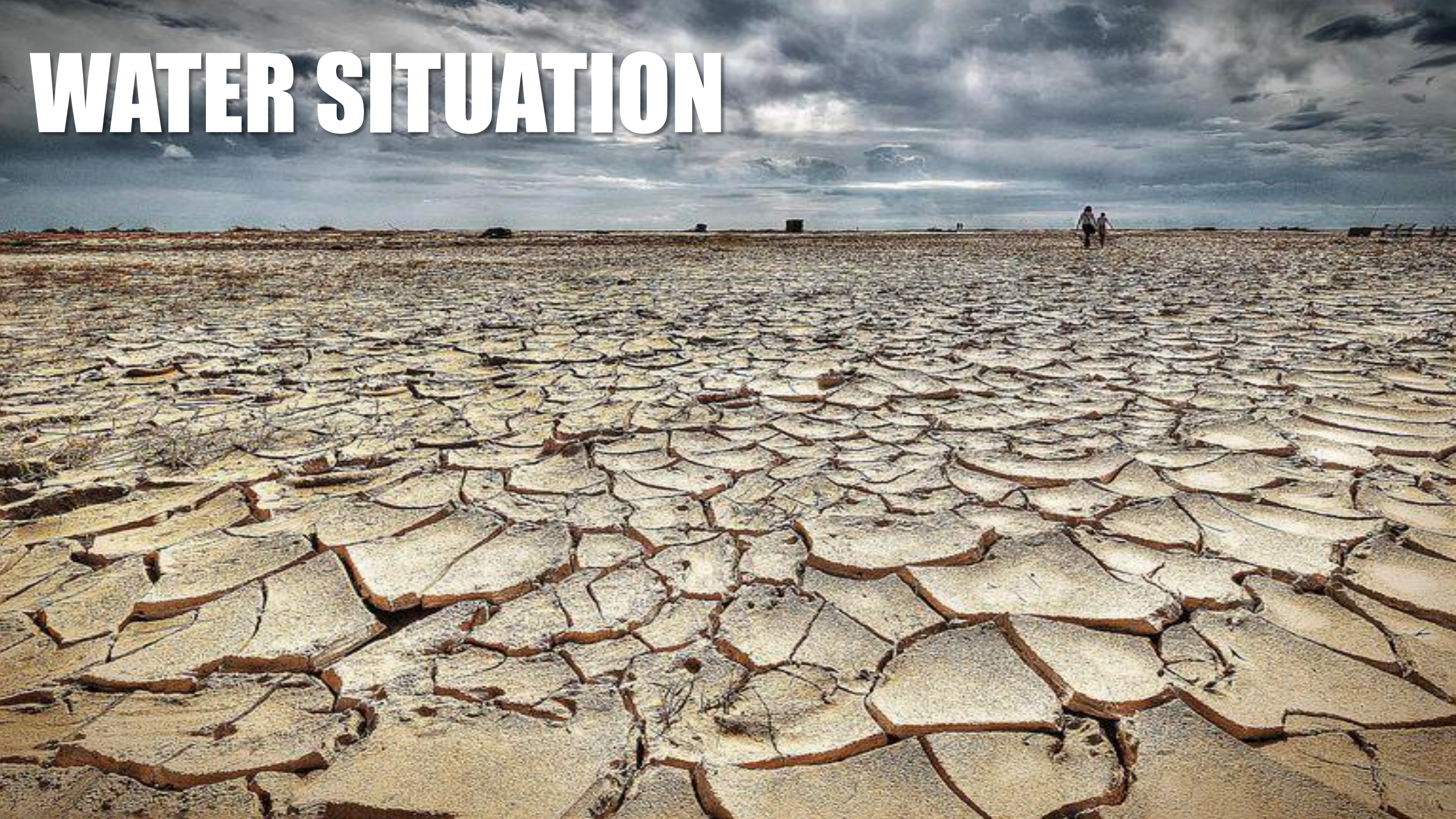
low zone

Construction of the Civil Works, Supply of Equipment, Assembly and Commissioning, Corresponding to the Elevation and Emptying Works - Water Reserve Tanks for Human Consumption.



93% progress*

* As of June 30, 2019



WATER SITUATION

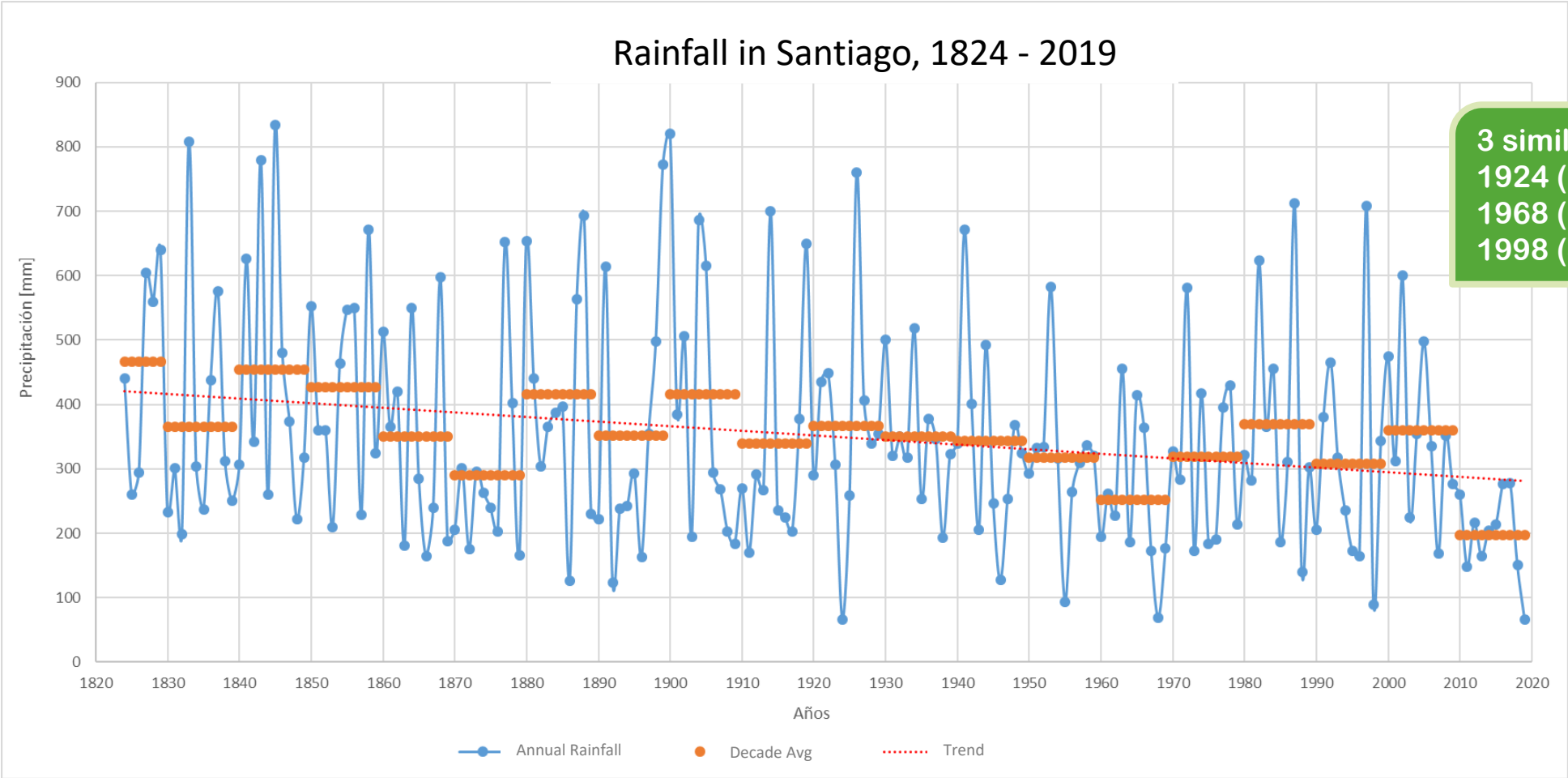
Rainfall in Metropolitan Region



The drought that currently affects the Metropolitan Region, dates from the beginning of the decade, transforming the decade of 2010 into the driest of the last 190 years.



This is how between the 1820s and 2010, Santiago went from having average rainfall of 460 to 198 mm / year.



Addressing water scarcity

SECCIONES

NOTICIEROS COMPLETOS

TRENDING SEQUÍA 03.09.2019 / 17:21

Aguas Andinas advierte que debemos "priorizar el consumo humano" y que este verano será "complicado"

La empresa de servicios sanitarios y la Junta de Vigilancia de la Primera Sección del Maipo le solicitaron a la Dirección General de Aguas declarar "zona de escasez hídrica" la cuenca del río más importante para el abastecimiento de agua en Santiago.

Por **Alejandro Sepúlveda Jara**



elmostrador

Noticias Mercados Tecnología Generación M Agenda País Braga Avisos Legales

Buscar Ingresar

Ante sequía extraordinaria Aguas Andinas solicita declarar zona de escasez hídrica en cuenca del Maipo

por El Mostrador | 31 agosto, 2019



La sanitaria señaló que esta decisión se debe a que la región atraviesa la mayor sequía del último siglo, la que ya se prolonga por más de una década, pero que este año alcanza la categoría de extraordinaria, ya que los datos de pluviometría acumulados al 2019, podrían ser los más bajos desde que existen registros. Bajo este escenario, acordaron solicitar la declaración de zona de escasez hídrica a la Dirección General de Aguas a través de la Intendencia Metropolitana. También anunciaron medidas de contingencia y un llamado al buen uso del recurso.

Universidad de Concepción

SÚMATE AL
#CENTENARIOUdeC

Visítanos

Addressing water scarcity : media campaign

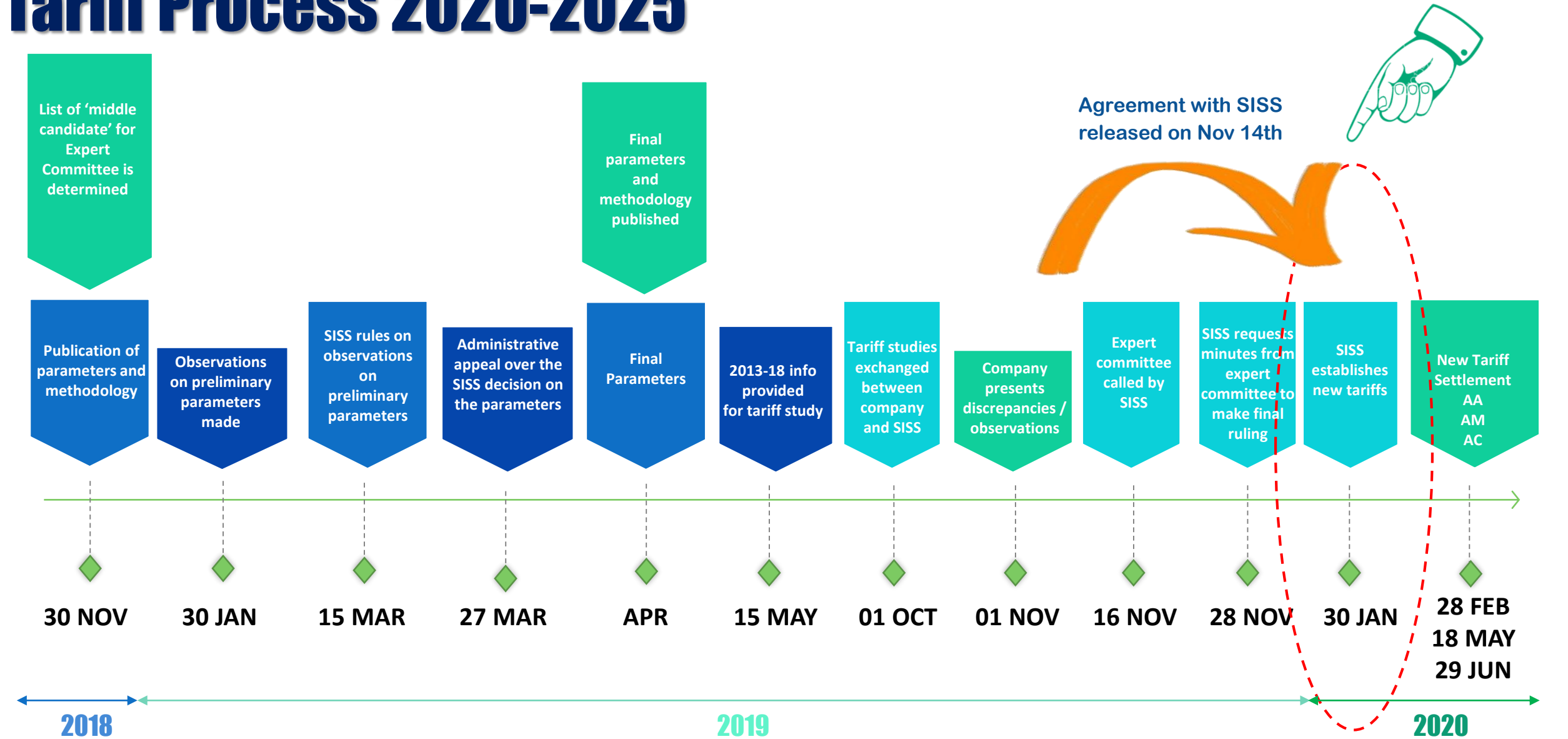
Agua que no has de beber



#no
la dejes
correr



Tariff Revision

Tariff Process 2020-2025





Outstanding Tariff
09/12/2016 – 09/11/2021



Seventh Rate Process 2020-2025

Tariff level agreed as of Dec 31. 2018

CLP 397,058 million

Total Net Long Term Cost (TNLTC)



Compared to 2010-2015 rates for current services and standards.

TNLTC

- constant annual value required to cover efficient operating and investment costs of an optimized replacement project of the concessionaire
- dimensioned to meet demand, which is consistent with NPV = 0, in a horizon not less than 35 years
- corresponds to the income (under a theoretical demand) of a sanitation company, which has been deducted from the replacement value that part corresponding to the networks and facilities provided by third parties

Annual Costs
Model Company



Annuity
Own Investment
(with 7% discount rate)



Investment
Annuity Provided
by Third Parties



Annual
Costs



Taxes

Seventh Rate Process 2020-2025

Additional works under construction

Pirque tanks for a TNLTC of Ch \$ 6,596 million

Nutrient removal at Farfana and Trebal treatment plants for a TNLTC of Ch \$ 4,900 million

Biosolids encapsulation in El Rutil TNLTC of Ch \$ 1,087 million

Works for up to 37 hours of autonomy, for a TNLTC of Ch \$ 2,399 million

Works for up to 48 hours of autonomy for a TNLTC of Ch \$ 3,047 million



Seventh Rate Process 2020-2025

New fundamental works to address drought and climate change, which will be incorporated into the Development Plan



obras para reutilizar 3 m³/s de
aguas servidas

works to reuse 3 m³/s of
wastewater

boreholes in the central aquifer
for 1.8 m³/s

investments to reduce losses in
the network and re-wastewater
treatment

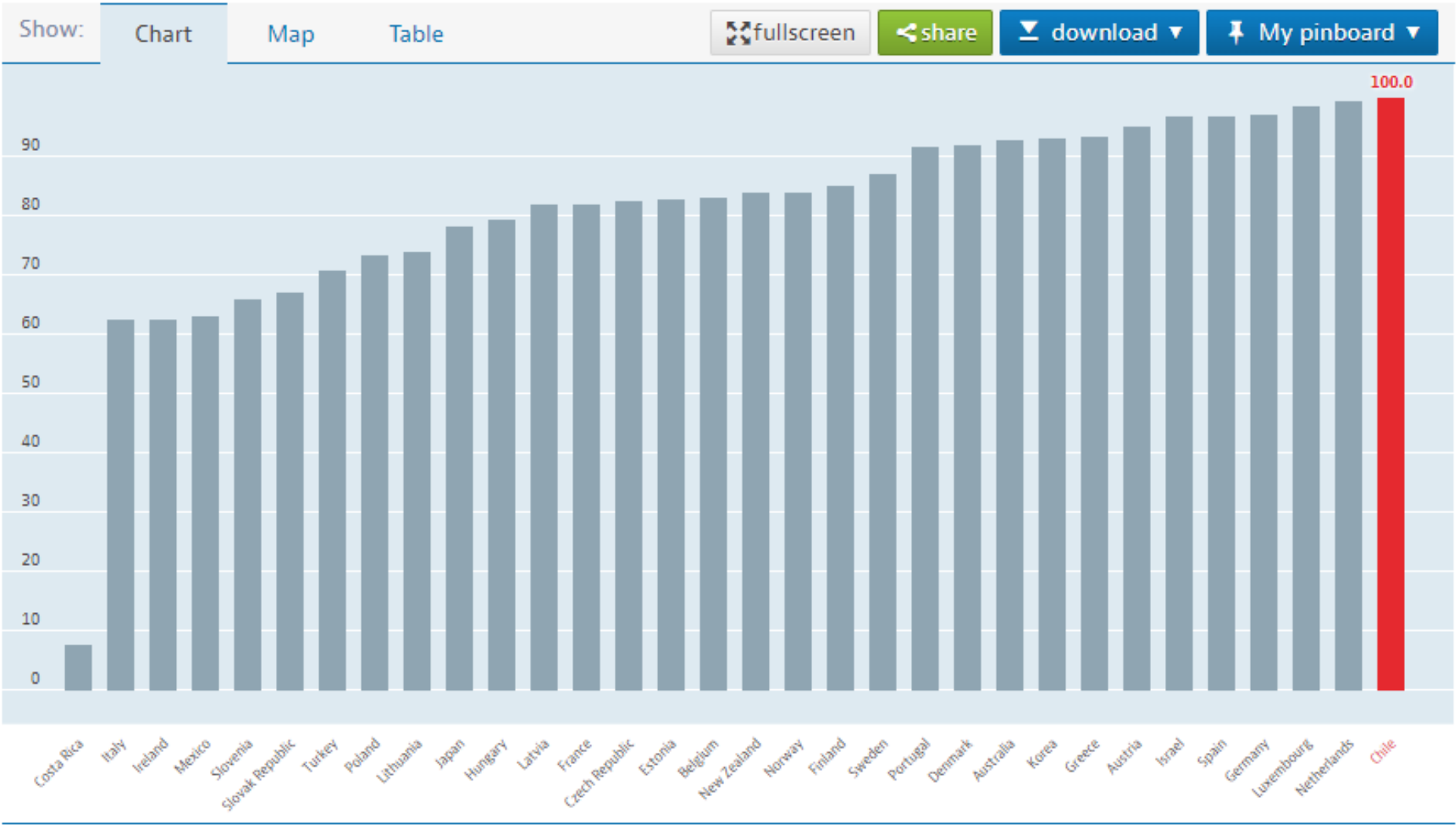
Water Quality Standards



Source: US Centers for Disease Control (CDC)

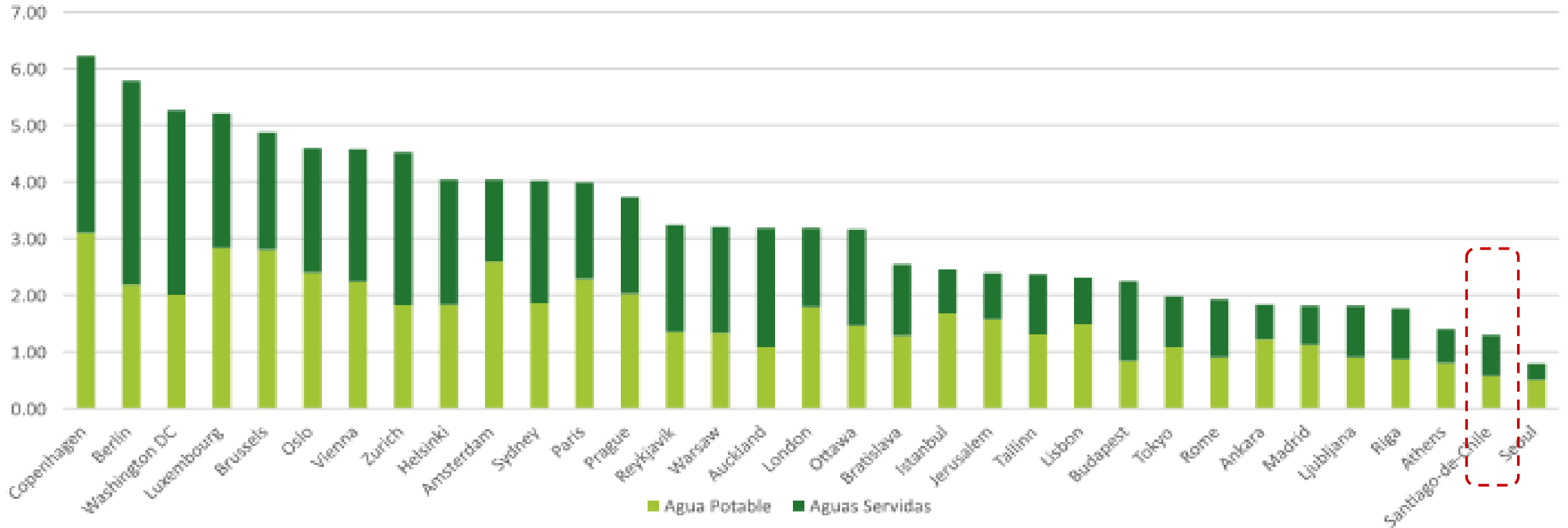
Chile is a world leader in urban wastewater treatment coverage

Wastewater treatment Total, Percentage, 2017 or latest available Source: Water: Wastewater treatment



OECD Tariffas

Comparison in USD / M3 based on monthly consumption of 15 Mt3



- Aguas Andinas tariffs (i) do not include any type of subsidy (ii) Santiago is located in a semi-desert area, unlike most other capitals plotted
- Seoul's low rates are due to the existence of subsidies for drinking water and sewage, which allows drinking water accounts to represent less than 2% of the family income of the lowest income decile.

Evolution Water and Sanitation Tariffs

