



AGUAS ANDINAS

1st Quarter 2019 Results

May 31, 2019



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AGUAS
andinas®

Innovando contigo y con Santiago

💧 **Financial Summary**

💧 **Investments**

💧 **Hot Topics**

💧 **Q&A**



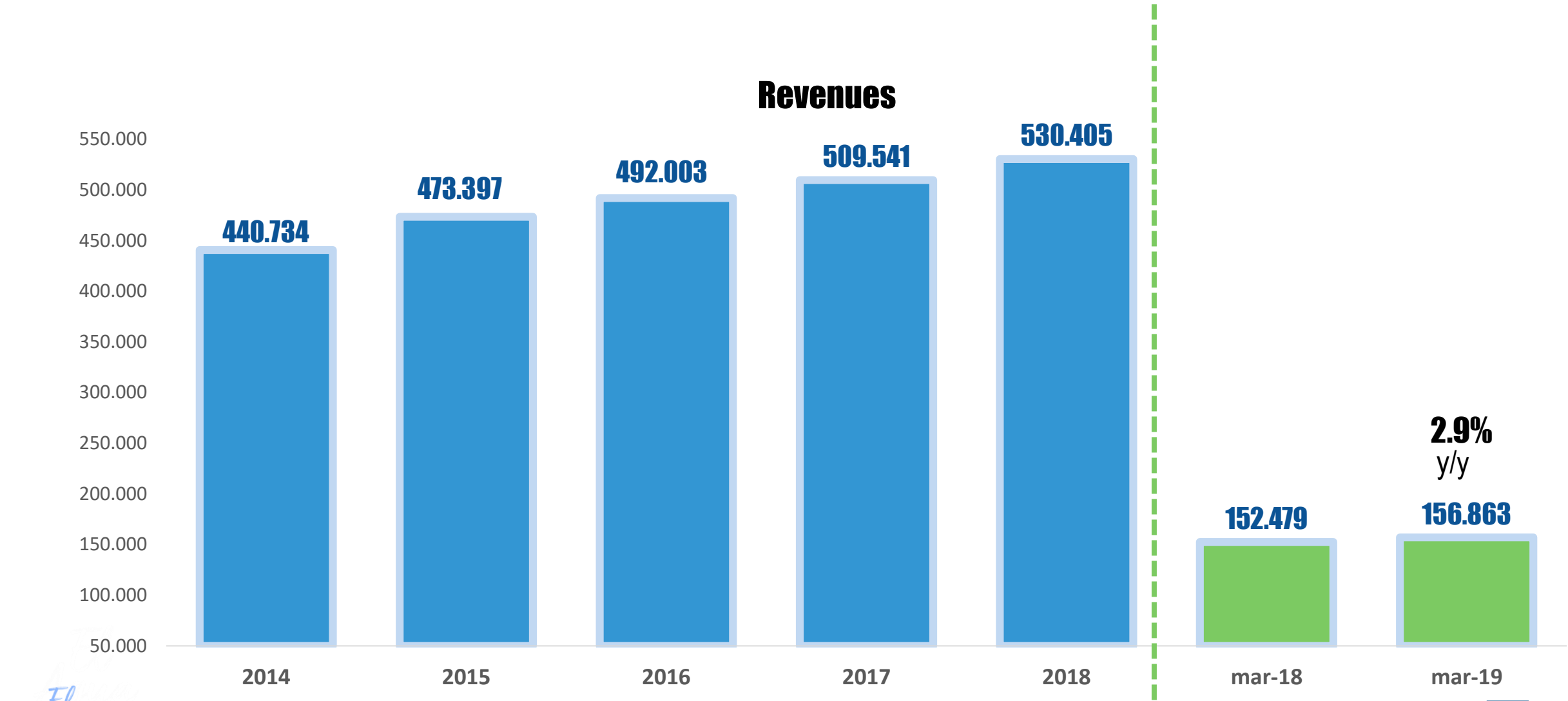


FINANCIAL SUMMARY

Financial Results

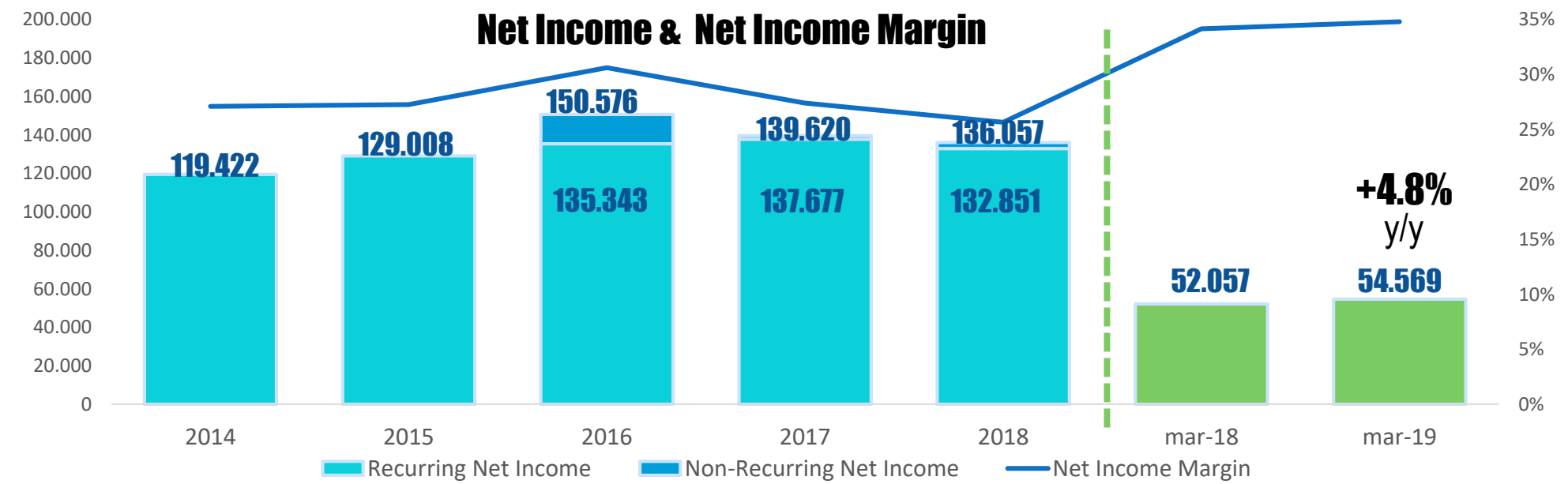
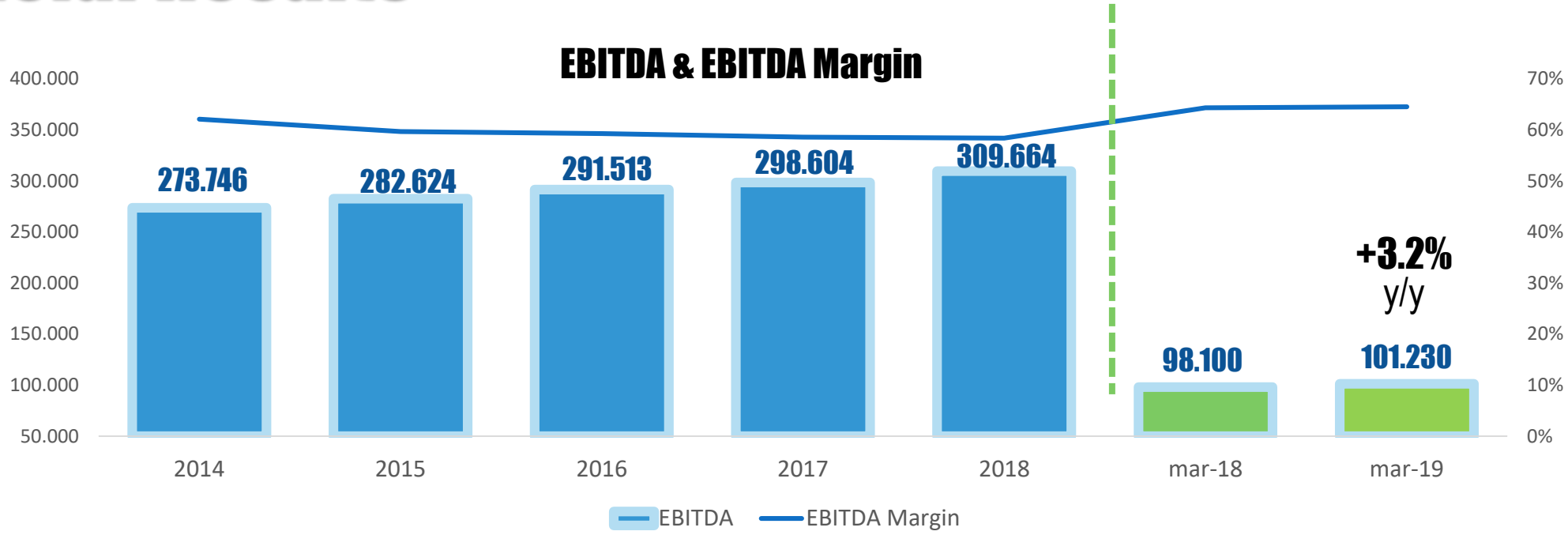
Numbers in Millions of Pesos

Revenues



Financial Results

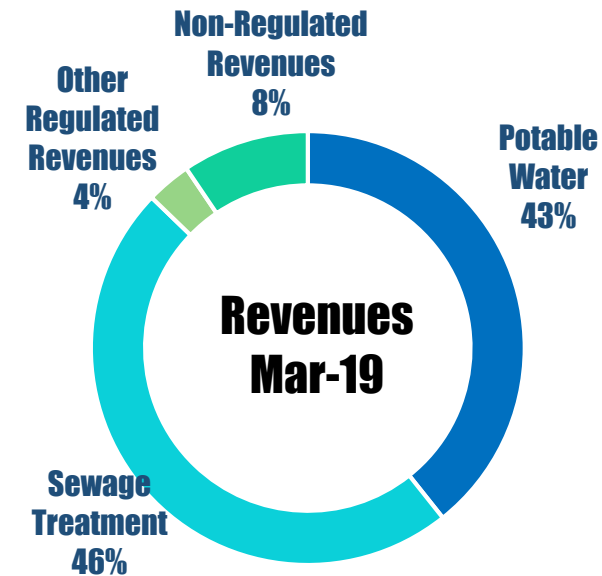
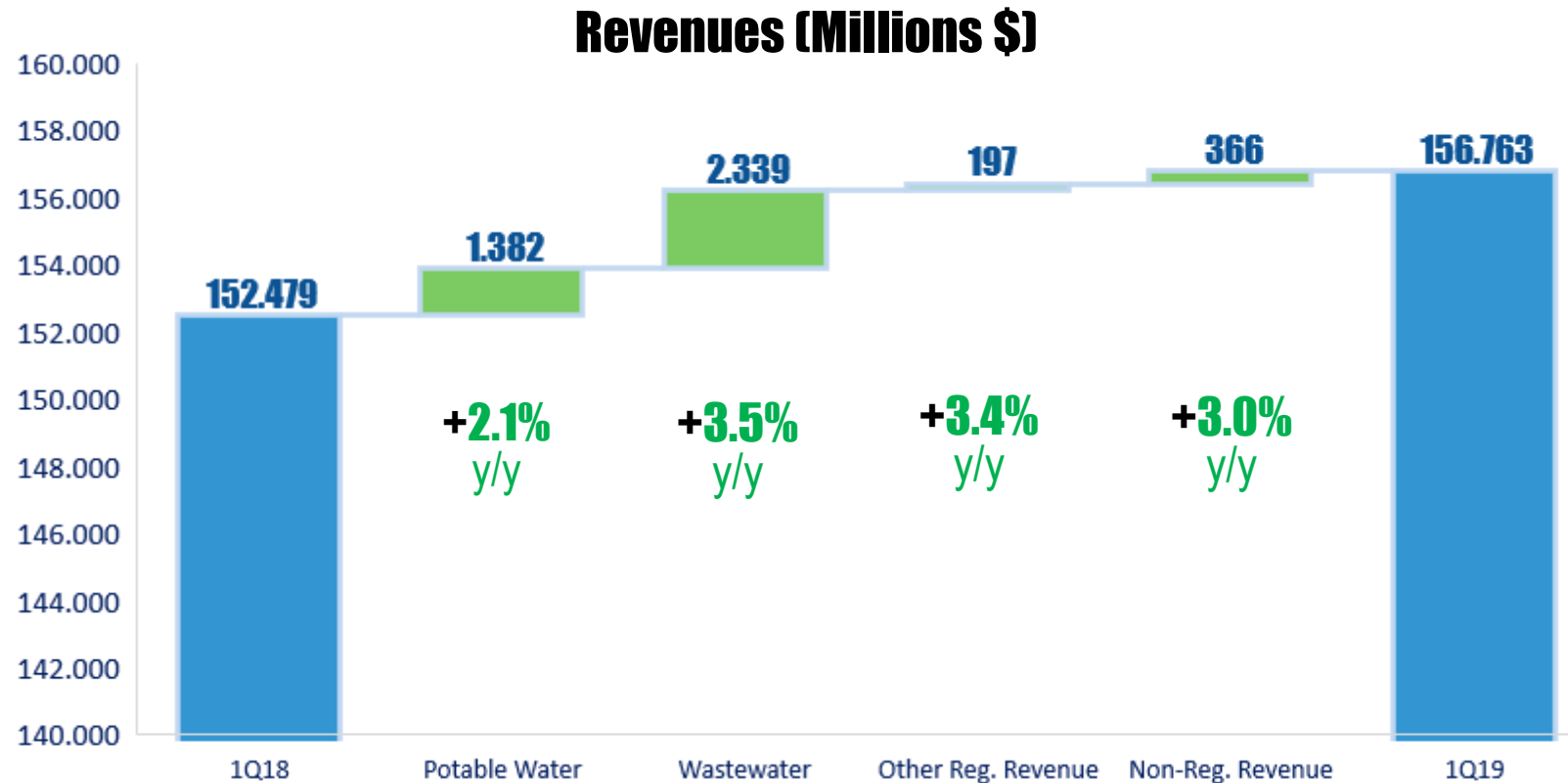
Numbers in Millions of Pesos



Revenues Increased by 2.9%

💧 The Company's revenues increased to \$157 billions

- 💧 **Regulated Revenues:** mainly due to registered tariff indexation during previous year together with larger volumes supplied in Potable Water and Wastewater (+0.3% and **+0.4%** respectively).
- 💧 **Non-Regulated Income:** mainly explained by higher income in non-sanitation subsidiaries, together with higher activity in sanitation infrastructure modification requested by customers. This was partially offset by lower activity in home services requested by customers.



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 \$342 million were made from the beneficial use of sludge as fertilizer and soil recuperator.



Organizational restructuring

Personnel costs at consolidated level have decreased in \$31 million, mainly because the lower net staffing compensate the higher costs originated by agreed readjustments for inflation and obtained benefits in collective bargaining process ended during 2018.



Electricity

A decrease in cost of productive electric power has presented by \$218 million, due to the improvement in the average price due to entry into force of supply contracts for free customers, partially offset by the larger volumes supplied.



Other projects

Improvements in costs of customers management services by \$138 million and other general and management services for \$166 million.

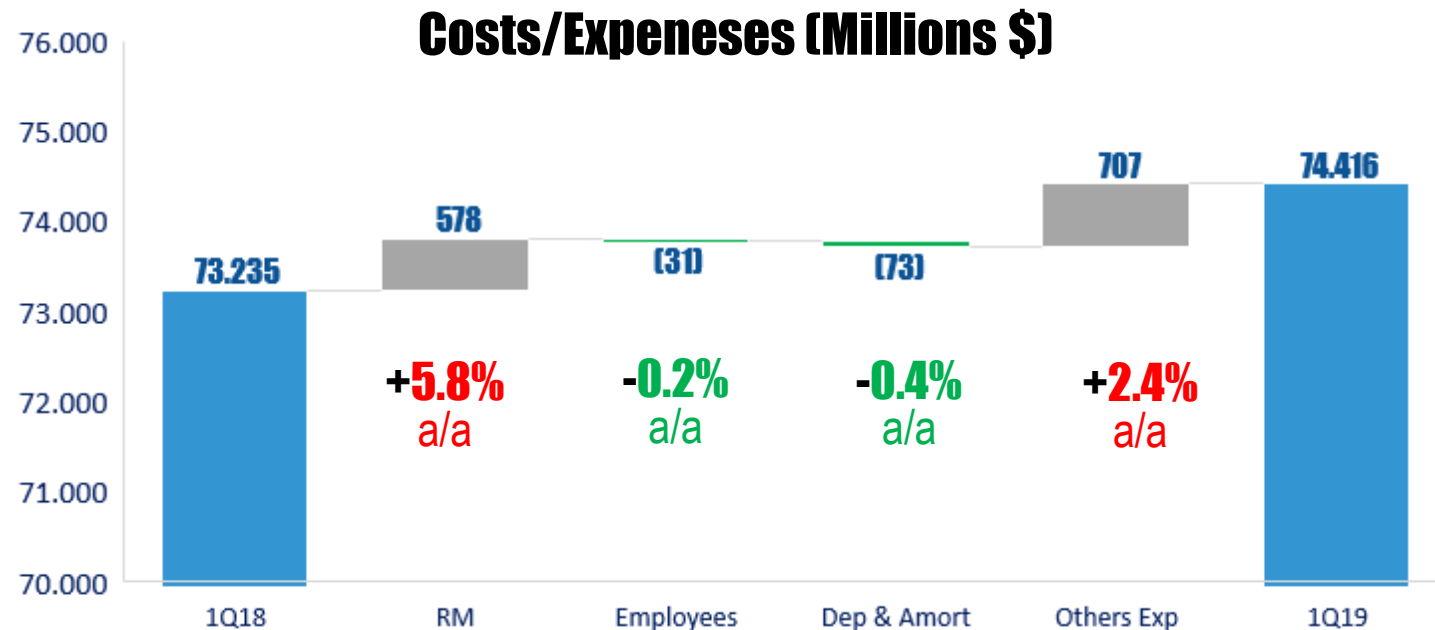
Costs Increased by 2.3%

Raw materials and consumables:

- Higher cost of materials is presented by \$452 million mainly associated to higher materials sale cost of subsidiary Gestión y Servicios and for chemical inputs by \$344 million, due to a higher consumption in plants operation of subsidiary Ecoriles.
- This is partially offset by the lower cost obtained in electric power by Th\$218,294, due to the improvement in the average price due to entry into force of supply contracts for free customers to 52 facilities of the company.

Other expenses, by nature:

- Lower costs mainly in the management of biosolids by \$342 million, customers management by \$138 million and other general and management services by \$166 million.
- Higher costs of consultancies and analysis \$728 million, equipment and facilities maintenance by \$380 million and fines made to subsidiary ESSAL by \$278 million.



Other Highlighted Results

Other Earnings (Losses)

\$(2,093) million

Mainly associated that in the first quarter of 2018 were sold expendable lands located in various municipalities of the Santiago Metropolitan Region.

Results by Index Unit

\$4,613 million

Of lower expense regarding to first quarter of 2018, mainly explained by a lower revaluation of the debt, due to lower variation of the UF index unit (0.0% in 2019 versus 0.6% in 2018).

Income Tax Expense

\$(20,615) million

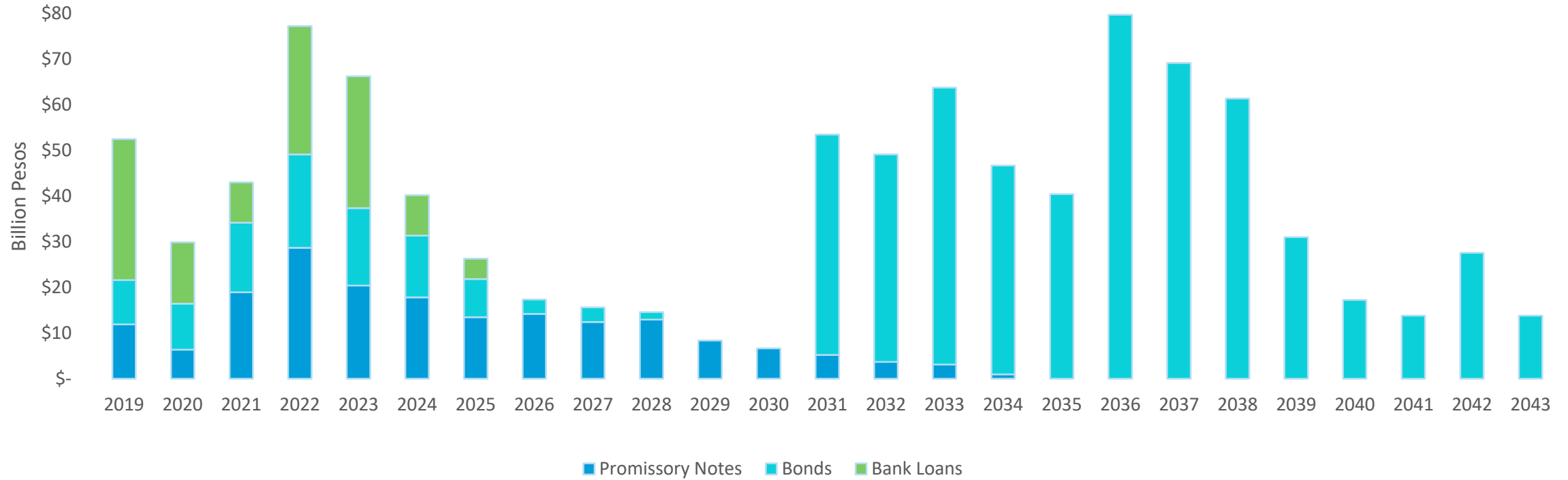
\$2,485 million higher than obtained the same period previous year. This variation was mainly explained by a higher income before taxes.

Net Profit

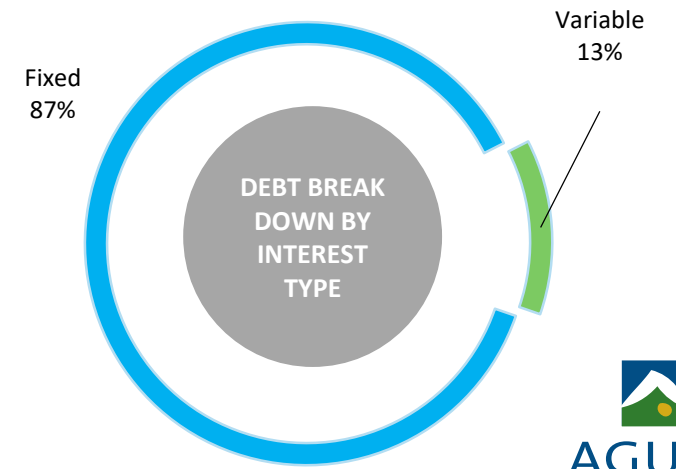
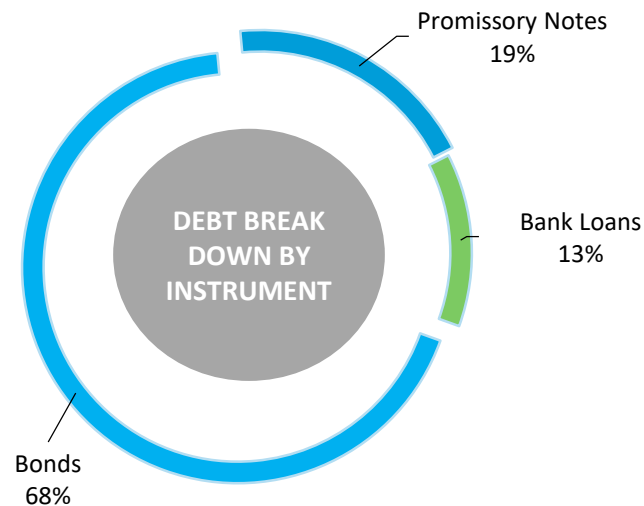
\$54,569 million

\$2,511 million higher than obtained previous year, which represent an increase of 4.8%.

Debt Structure as of March 31, 2019



- Leverage: **1,58x** Limit: **2,0x**
- Financial Expense Coverage: **7,27x**
- Local Credit Rating: **AA+**
- Total Net Financial Debt: **CLP\$948 billion**
- Net Debt/EBITDA Ratio: **3,0x**



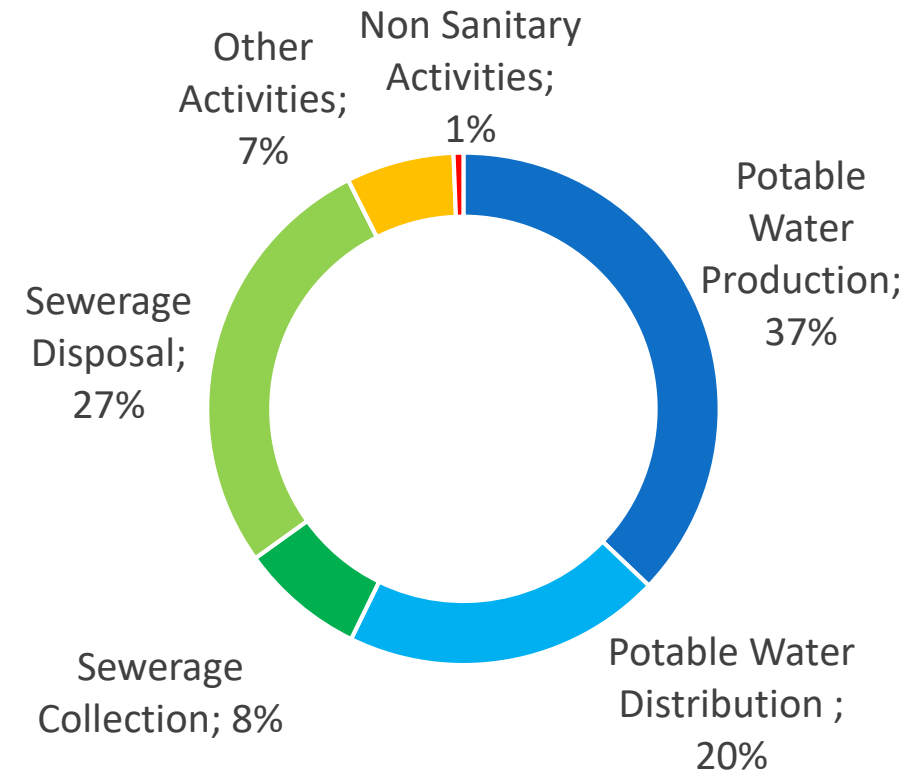


INVESTMENTS

Investments: continuous growth

Investments as of March 2019	Million \$
Construction of Pirque Tanks	8,271
Potable Water Networks Renewal	3,163
Cogeneration capacity for La Farfana-Trebal	1,882
Asset replacement Biofactories La Farfana-Trebal	1,768
Sewerage Networks Renewal	1,619
Ammonia Treatment Plant Sewage Treatment Farfana-Trebal	1,198
Normative, Legal and Environmental Regularization	971
El Monte Sewage Treatment Plant Expansion	908
Other Investments	9,557
Total	29,337

Investments as of March 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

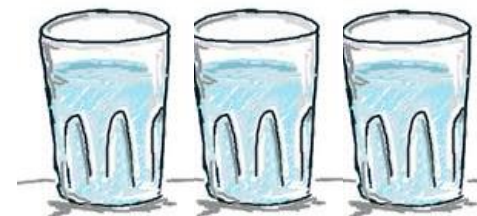
mega reserve tanks

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.



70% progress*

* As of March 31, 2019

Chamisero: already started operations



It responds to the increase in the population of the northern zone of the Metropolitan Region

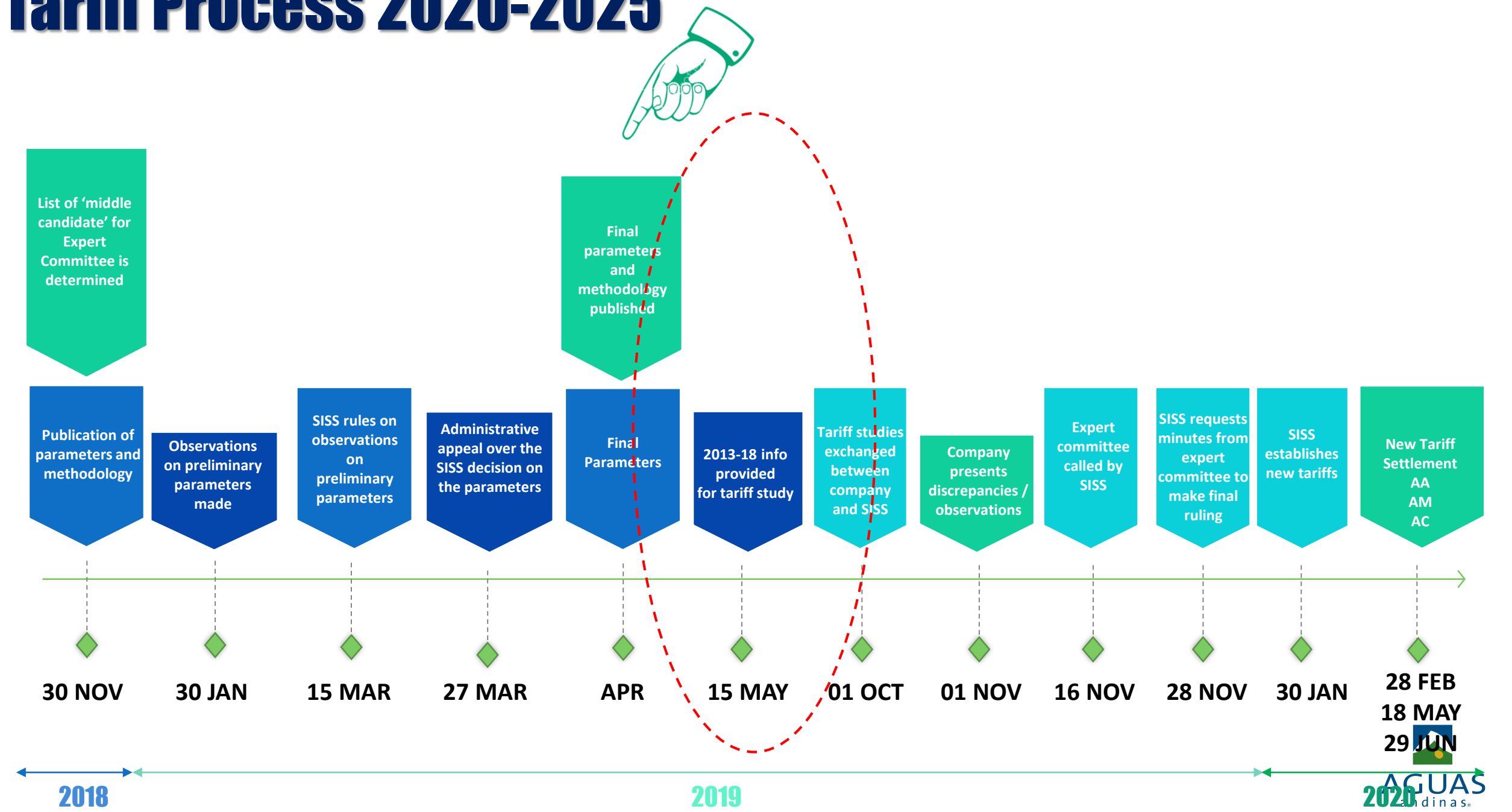


Total Investment ~Ch\$15.000 million



HOT TOPICS

Tariff Process 2020-2025

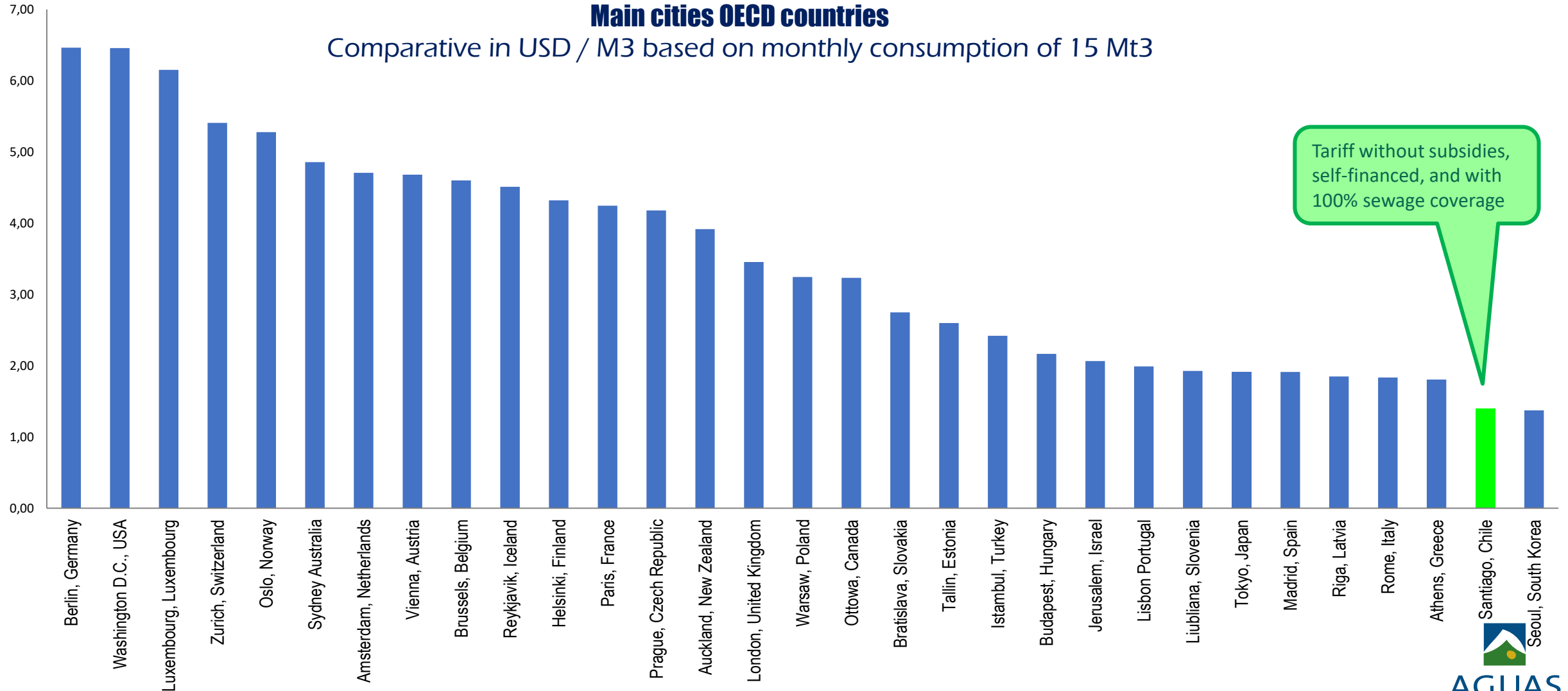


OECD'S Tariffs

Integrated Tariff for Drinking Water and Sewerage Service

Main cities OECD countries

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



Tariff without subsidies, self-financed, and with 100% sewage coverage



AGUAS
andinas

Source: SISS Management Report, 2016

EMITIMOS EL
PRIMER BONO VERDE Y SOCIAL
EN EL MERCADO CHILENO

compromiso
real con las
finanzas
sustentables

*El
Agua
nos
Mueve*

Second Green & Social Bond

Time of allocation: 27 seconds

Total Demand: 2.7 times

Allocation Rate: CLF+2.0%

Spread: 51 bps

Buyers: Pension funds, mutual funds, investment funds.



Company	Aguas Andinas S.A.
Rating	AA+ (Fitch) / AA+ (ICR Chile)
Total Amount	UF 2.000.000
Serie	AE
Stock Exchange Code	BAGUA-AE
Currency	UF
Maturity	25 years
Grace Period	23 years
Interest rate type	Semi-annual
Coupon Rate	2,50%
Duration	18,36 years
Start date of accrual interest	15-03-2019
Maturity date	15-03-2044
Start date of prepayment option	15-03-2023
Prepayment conditions	Make Whole Amount / Benchmark + 50 bp
Main Covenants	Liabilities / Equity < 1,5 times ¹ Maintain Essential Assets: Concessions of public services for the production and distribution of drinking water and collection and disposal of water in the Greater Santiago system Negative Pledge, Cross Default and Cross Acceleration
Face value	UF 500
Number	4.000
Use of proceeds	Approximately 40% to the payment of bank loans and 60% to the financing of the investments related to the drinking water and wastewater works that the Issuer is executing
Taxable treatment	Article 104 / Article 74, Nº 8



THANK YOU