



CORPORATE PRESENTATION

November 2017

AGUAS ANDINAS



Chile's largest water utility company



100% coverage in potable water and sewage treatment



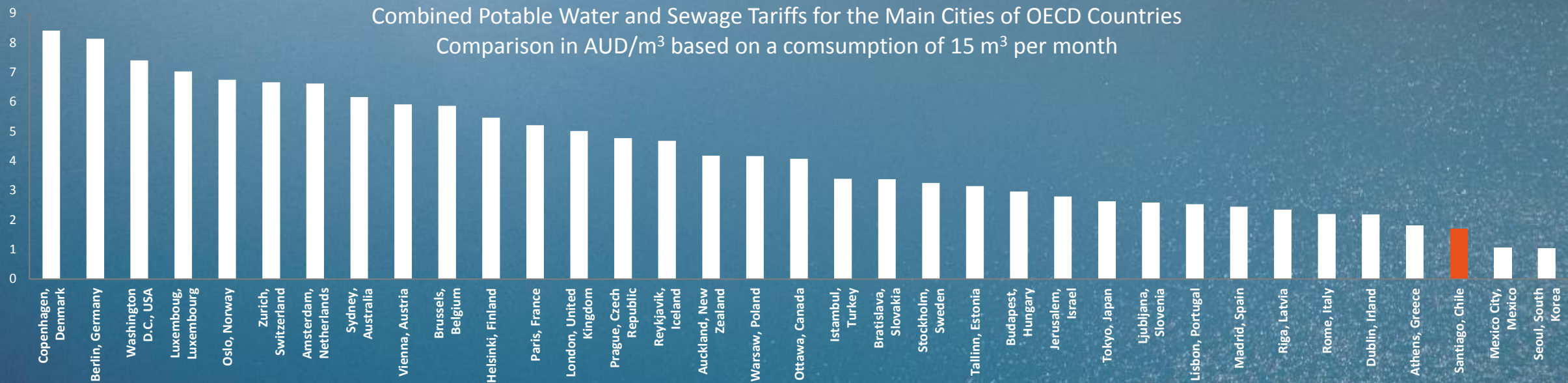
2,238,137 clients
Representing 43% of the industry's clients



50% of the industry's potable water billing

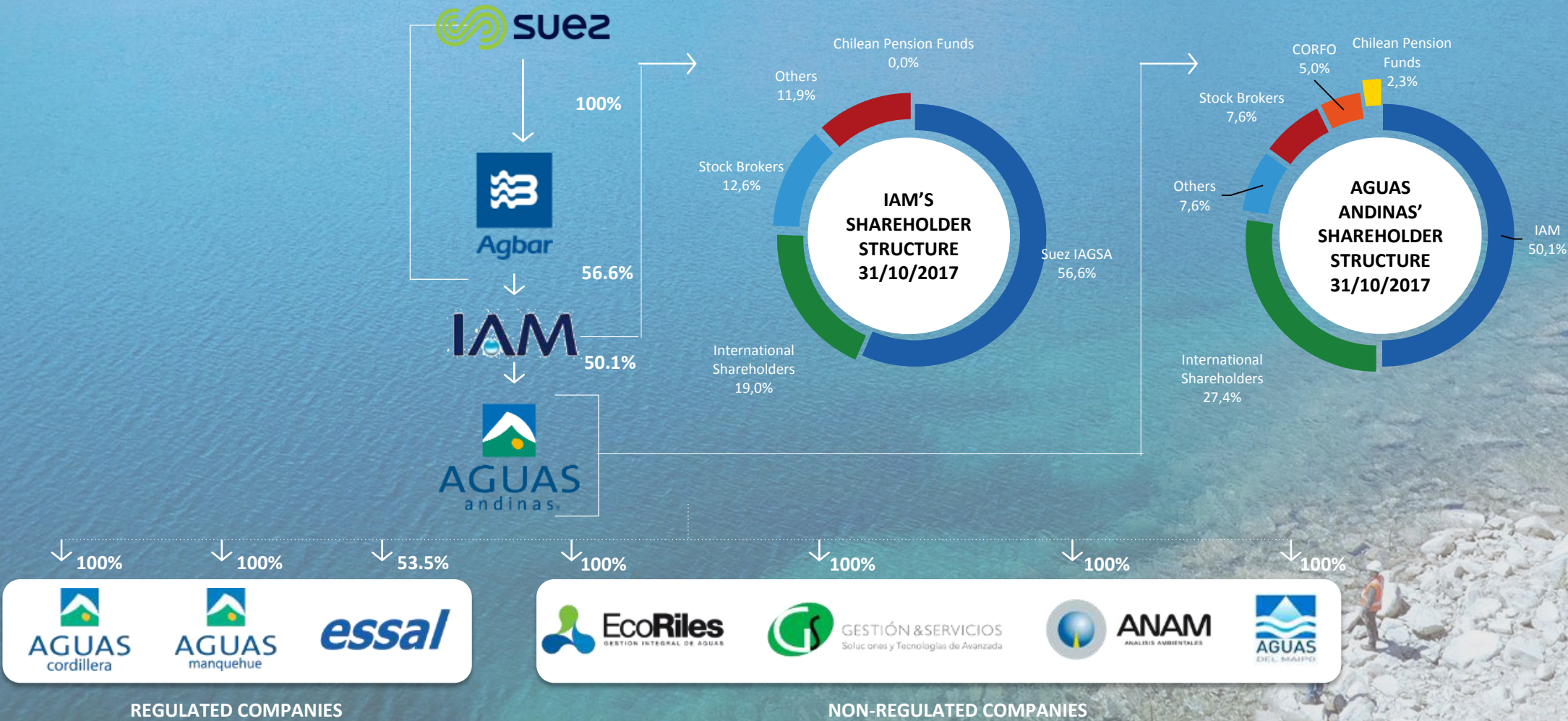


One of the lowest tariffs in Chile and in OECD nations



Note: In the cases of Australia, New Zealand and Switzerland, the cities considered are Sydney, Auckland and Zurich respectively.
Source: Global Water Intelligence Water Tariff Survey 2016, Suez

CORPORATE STRUCTURE



CONCESSION AREAS

METROPOLITAN REGION

In the Metropolitan Region, the concession area is located in the Santiago watershed, in the intermediate depression of central Chile, bordered on the north by the Chacabuco slope and to the south by Angostura de Paine.



LOS LAGOS AND LOS RÍOS REGIONS

In the south of the country, the concession area belonging to ESSAL includes 33 localities of the provinces of Valdivia and Ranco in the Region of Los Ríos; and Osorno, Llanquihue, Chiloé and Palena in the Los Lagos Region.



R.M. / Santiago
Aguas Andinas,
Aguas Cordillera,
Aguas Manquehue

Los Ríos / Valdivia
X Región de Los Lagos
y XIV Región de Los
Ríos / Pto. Montt
Essal



COUNTRY COMMITMENT

VISION

To be a leading company in sustainability in Chile ensuring water for future generations.

PURPOSE

We manage resources efficiently, creating shared value.

STRATEGY

Santiago Merece Un 7
(Santiago deserves 100 points).
The future is built starting today.

STRATEGY TO ACCOMPLISH OUR COMMITMENT



1. BUSINESS MODEL



2. RESILIENCE



3. DIGITALIZATION



4. CIRCULAR ECONOMY



5. SOCIAL LEGITIMACY



6. INNOVATION AND PEOPLE



7. WATER AND QUALITY OF LIFE



CHALLENGES

- **Transform** its sewage treatment plants into biofactories
- **Reuse** 100% of residues and transform them into energy for their production.
- **Drastically reduce** its carbon foot print and that of the country.
- Aguas Andinas and its subsidiaries are contributing to the country, through **12 of the 17 Sustainable Development Goals**.
- The SDGs were subscribed to by the **Chilean Government** as a guide in sustainable development matters.

**Aguas Andinas' goal ins
to achieve zero
emissions**



AGUAS ANDINAS CONTRIBUTES TO 12 OF THE 17 SDGS

	MAIN SDG INITIATIVES UNDERWAY	SDG
BUSINESS MODEL	Compliance Deputy Management	16
	Incorporating women into the Board	5-11
	Comprehensive Supplier Management	8
	Approval of Anti-Corruption Policy	16
	Approval of Sponsorships, Donations, and Academic Collaboration Policy	16
	Strengthening of the Compliance Channel	5-8-10
RESILIENCE	Sensibilization of workers in Sustainable Development and Circular Economy	4
	Climate Change Strategy	5-8-10
	Hydraulic Efficiency Plan	6-11
	Energy Efficiency Plan	7-13
	Safety Equipment	1-6
	Study of the Age of Pipes	1-6
	Simulations for Events	1-6
DIGITALIZATION	Strategic Customer Plan	6
	Virtual Office	9-11
	Electronic Billing	9-11
	Client Data Warehouse	9-11
	AMR Solutions + Telelearning	9-11
CIRCULAR ECONOMY	SCT Mobile + Work Parts	9-11
	Cogeneration Projects	7
	Thermal Hydrolysis	7
	Emissions Monitoring	13
	Sludge Assessment	7-12
	Waste Baseline	11

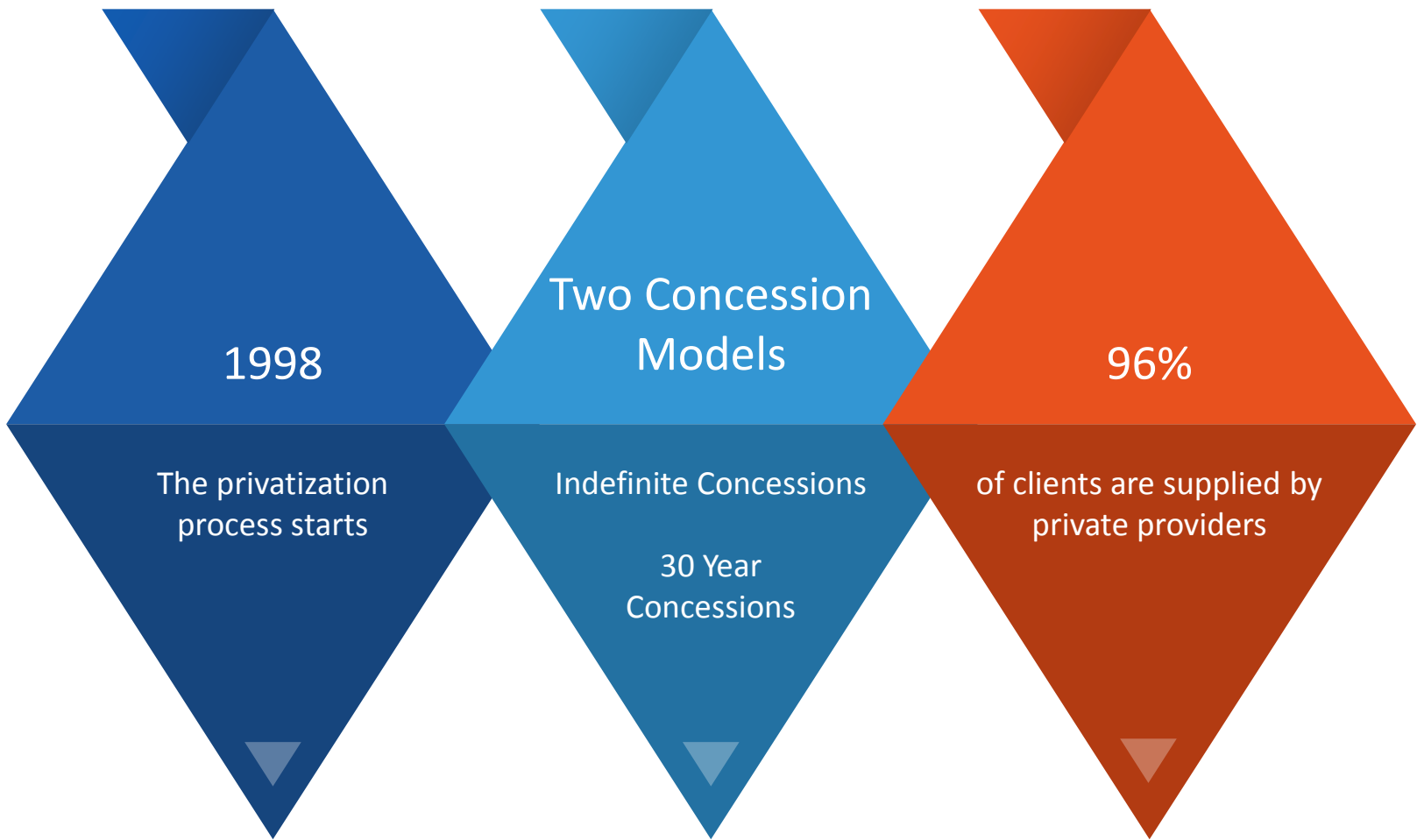
	MAIN SDG INITIATIVES UNDERWAY	SDG
SOCIAL LEGITIMACY	AVANZA Program	8-10
	Good Neighbor Program	11
	Awareness Campaigns	6
	Educational Programs	4-6
	Amiga Account	1-6
INNOVATION AND PEOPLE	Integrated Talent Management	8
	Water School	4-6-8
	Certification under NCH 3262 5	5
	Measuring Organizational Climate + GPTW	8
	Ten Commandments of Good Conduct	8
	Health and Safety Management System	3
	Cetaqua	9
WATER AND QUALITY OF LIFE	WaterLab	9
	APR Management	6
	Compliance with Rural Potable Water Quality (APR)	6
	ESSAL Biodiversity Initiatives	15
	City Gas	7



REGULATORY FRAMEWORK

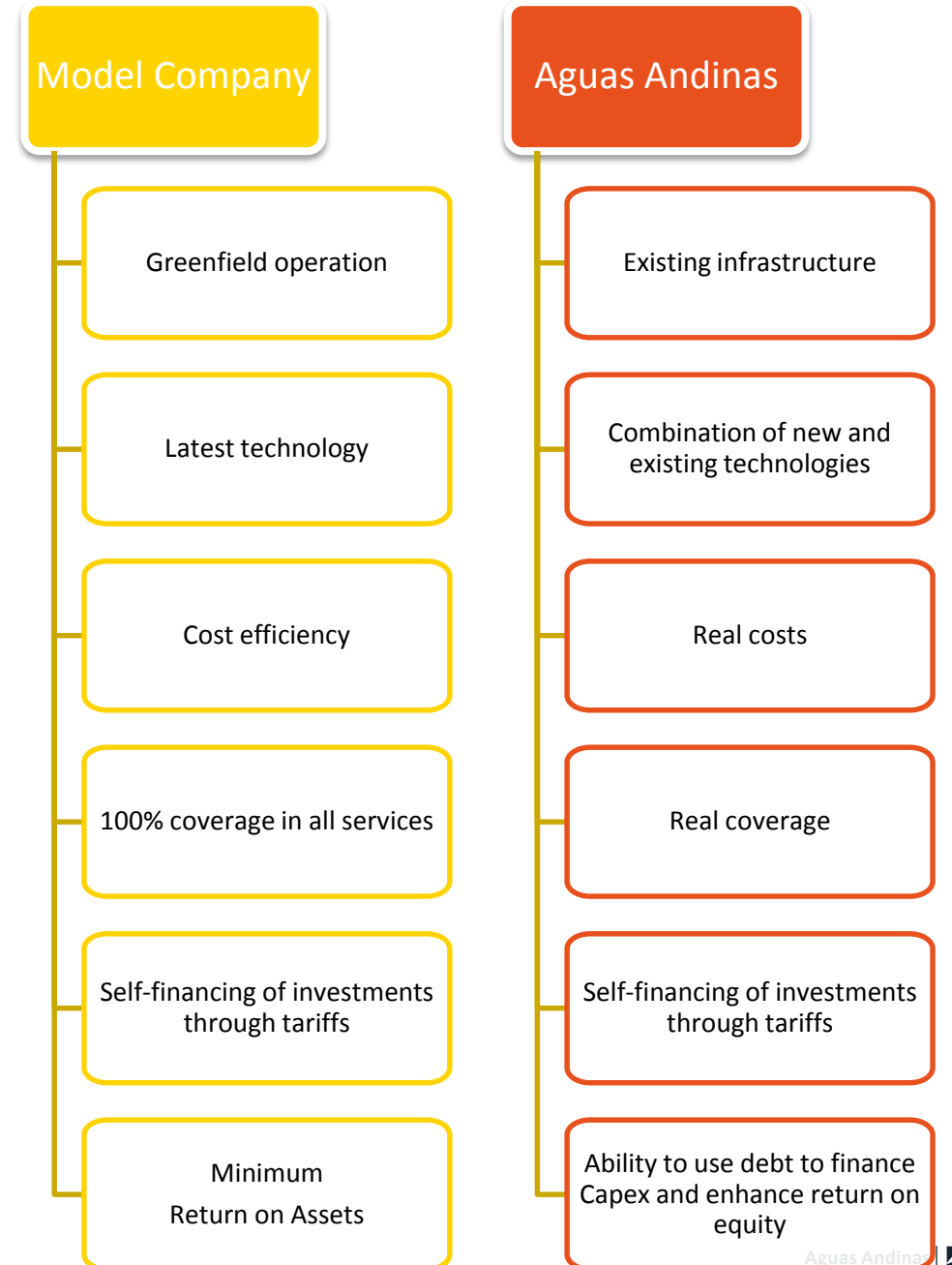


CHILEAN WATER UTILITY INDUSTRY

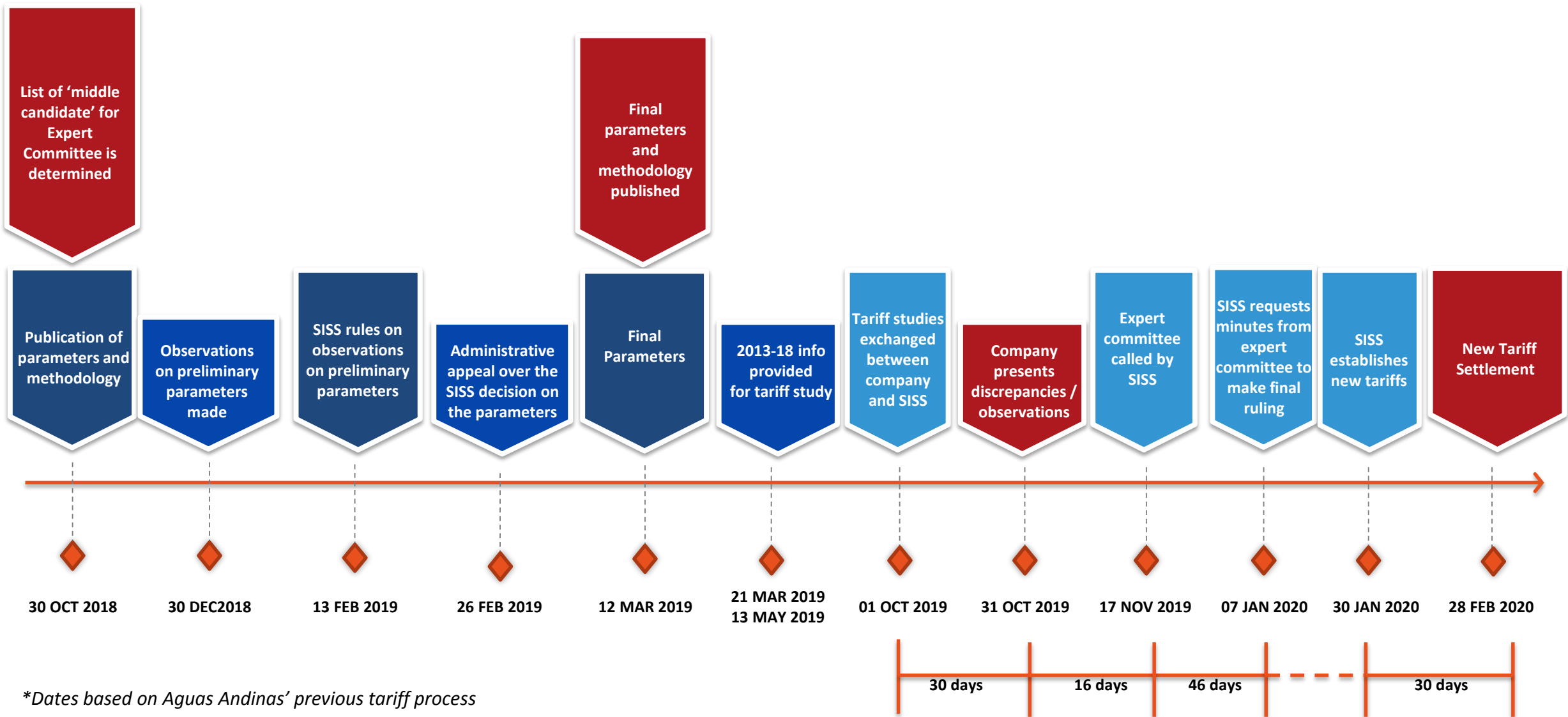


HIGHLY REGULATED INDUSTRY

- Technical regulatory framework defined by law
- Superintendence of Sanitation Services (SISS) acts as the regulator counterpart in the tariff setting process, which lasts for 1 year approximately
- Tariffs are reset every five years, based on an unbiased and technical model:
 - Based on the long term total cost of a model company
 - 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
- Government subsidies for low-income clients
- The regulatory framework of the Chilean water industry has been fundamental to the development of the sector

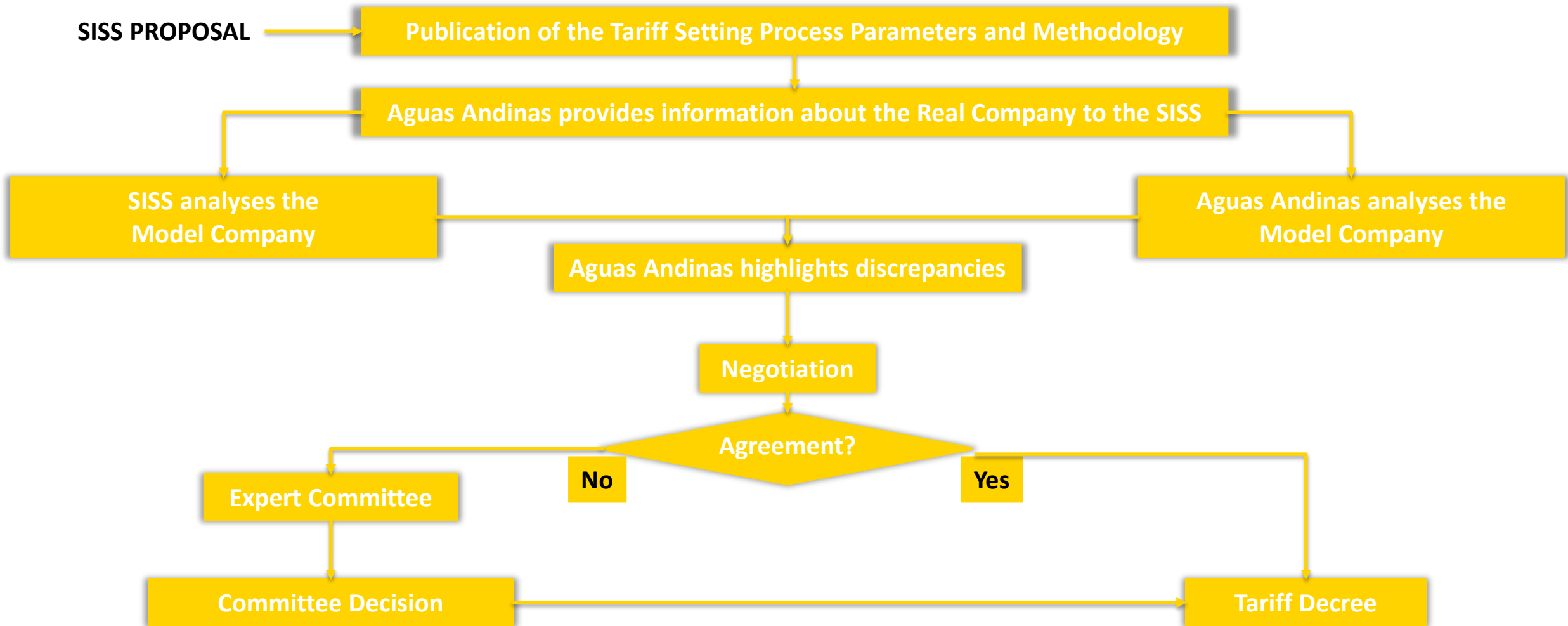


TARIFF PROCESS TIMELINE



**Dates based on Aguas Andinas' previous tariff process*

STAGES OF THE TARIFF NEGOTIATION PROCESS



REGULATORY RISK: PROJECT OF LAW 10.795-33

- In December 2016, the Chamber of Deputies approved the Project of Law Bulletin Nº 10795-33 which intends to modify the legislation which applies to public sanitation services in regards to:
 - non-regulated services,
 - the tariff-setting process and
 - the fulfillment of development plans by service providers.
- This initiative has been submitted to the Senate in its second legislative instance and is currently in the Commission of Public Works.
- Sessions of the Commission of Public Works:

January 4th 2017

Commission of Public Works requests constitutionality report from the Secretary General of the President (Segpres)

May 3rd 2017

Comission of Public Works receives the reports from the MOP and Segpres

March 1st 2017

Commission of Public Works requests formal report from the Ministry of Public Works (MOP) stating its opinión on the Project of Law

November 2017

No updates

REGULATORY RISK: PROJECT OF LAW 10.795-33

Conclusions from the Constitutionality Report from the SEGPRES

- *“...In short, we are dealing with a bill that transgresses the rules on the formation of the law, the framework of which has been established by the Constitution and the National Congress, which should never have been dealt with in the Chamber of Deputies and which, given its current state of progress, warrants the rejection of the Senate, given its inadmissibility”*
- Three main reasons determining the unconstitutionality of the articles in the project of law:
 - The modifications included in December surpass the foundations of the initiative and are inadmissible
 - The executive branch of government is the only entity that can pass laws that affect the Government's budgets
 - The executive branch of government is the only entity that can pass laws that can determine the role of public entities

Conclusions from the MOP's Report

- The Ministry of Public Works **does not sponsor:**
 - The elimination of the current cost of capital rate
 - The decrease of the risk premium
 - The change to the composition and functioning of the Committee of Experts.
- The Ministry of Public Works provides **improvement recommendations** on:
 - The calculations of the costs and variables included in the non-regulated businesses discount
 - The public participation aspect of tariff setting processes
 - The incorporation of territories to concession areas
 - The compensations provided to consumers due to water cuts
 - The elimination of the charge for cut and replenishing of service
 - Increasing the faculties of the SISS to require information
 - Modernizing the sanctions system

SERNAC* STRENGTHENING LAW – BULLETIN Nº 9369-03

Largest Changes for the Water Utilities Sector

Fines

- The suspension, paralysis or non-provision without justification of the basic services of potable water and sewerage will be sanctioned with a fine of up to 1,500 UTM (~AUD\$144,000)
- The Court may apply a fine for each consumer (up to 1,500 UTM/~AUD\$144,000).
- The multiplicity of fines will not proceed when the company has fully and effectively repaired the damage caused to all affected consumers. In this case, only a lump sum, no more than 30% of the sales during the suspension or double the economic benefit will be charged. With all, the fine may not exceed 45,000 UTA (~AUD\$52 million)

Minimum Compensation

- Direct and automatic compensation for each affected consumer/client
- For each water cut day = amount equivalent to the average daily value of the previous account x 10.
- 1 day water cut = 4 continuous hours or more within a period of 24 hours from the start of the event. In all other cases, proportionality applies.
- It only applies if the industry's specific law does not provide for compensation of this nature.

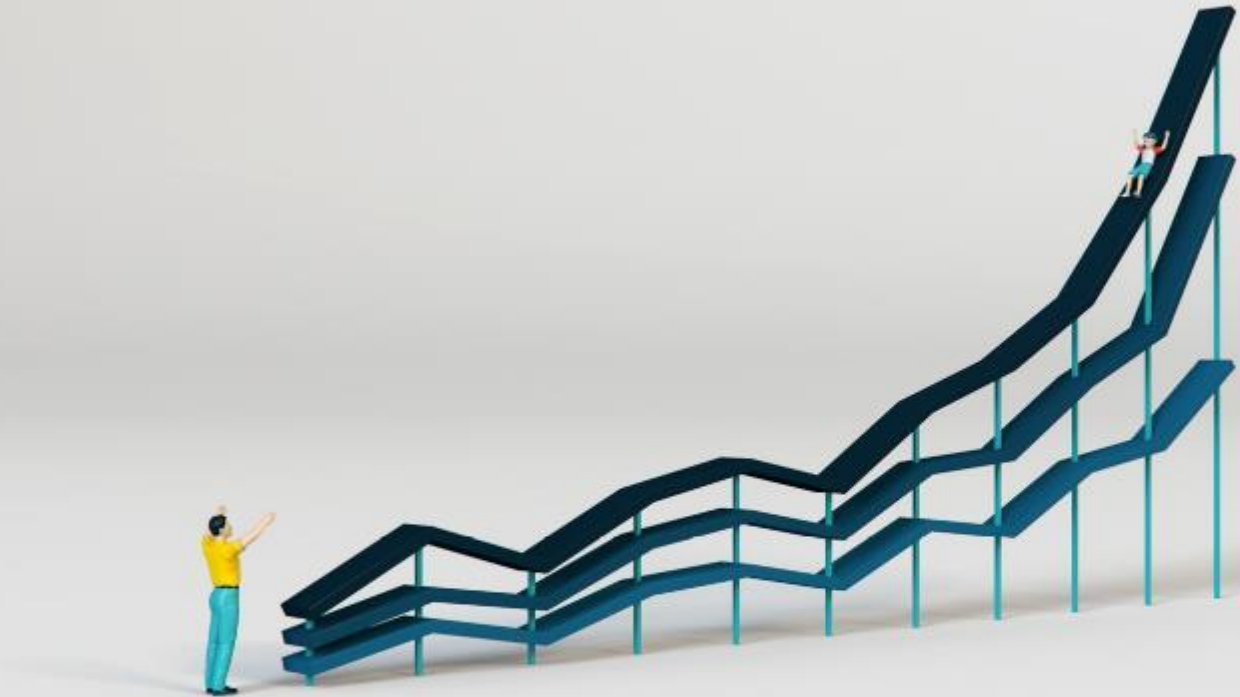
Moral Damage in Class Action Lawsuits

- Moral damage is incorporated in collective lawsuits
- The judge may establish a common minimum amount. Those consumers who do not agree may request the difference in a later trial.
- The common minimum amount may be proposed by the supplier, which may be differentiated by groups or subgroups of consumers.

*SERNAC is the Chilean Equivalent to the Australian Competition and Consumer Commission

¹⁶ Exchange Rate as of October 31, 2017: CLP\$487.37/AUD

INVESTMENTS



INVESTMENTS TO MITIGATE OUR MAIN CHALLENGES



Effects of climate change



Increased need for social legitimacy



Turbidity Events



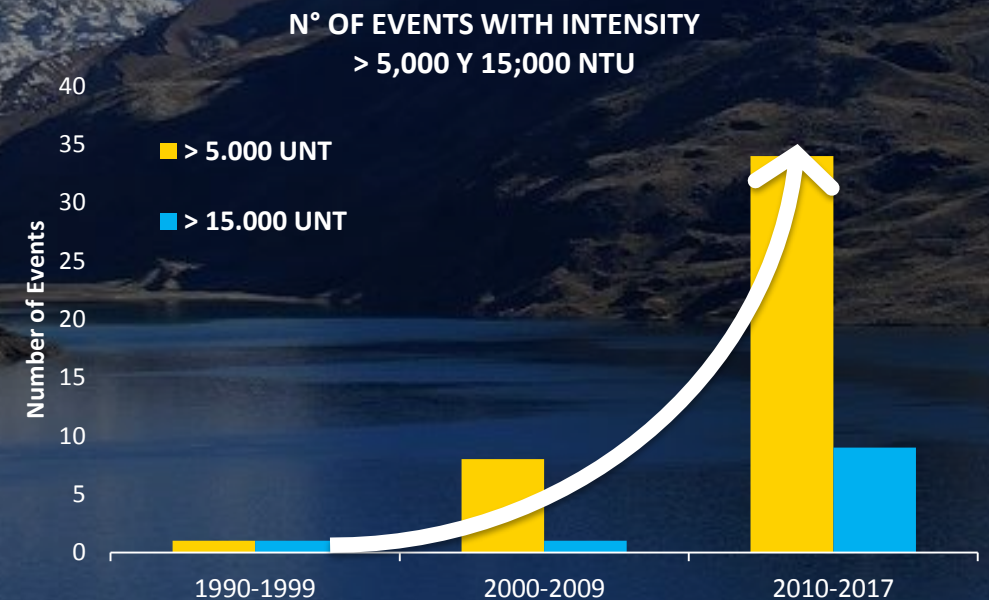
Drought: Deficit in the supply-demand balance in summer



Lake contamination (due to rain water)



River contamination.



INVESTMENTS TO MANAGE TURBIDITY EVENTS

PHASE I

WHAT HAVE WE DONE?

- 25% more potable water reserves (225,000 m³).
- Habilitation of the Cerro Negro wells with a flow of 300 l/s.
- Conduction from the El Yeso Reservoir to Laguna Negra
- Double the number of hours of autonomy from 4 to 9 hours.
- 30 turbidity events without impact.
- Investments: AUD 80 million.

**Estanque Las Vizcachas
of 161,000 m³**

Exchange Rate as of October 31, 2017: CLP\$487.37/AUD

COMPLIMENTARY WORKS TO AVOID WATER CUTS DUE TO TURBIDITY EVENTS

New works for 2018
Associated investment: AUD\$31 million



**CONSTRUCTION OF 8
POTABLE WATER TANKS**
with reserves of 54,000
cubic meters, in the pre-
mountain area.

Investment: AUD\$23
million



**CONSTRUCTION OF NEW
WELLS** with a capacity of 400
liters per second in the
communes of Pedro Aguirre
Cerdeña and Lo Espejo.

Investment: AUD\$4 million



**HABILITATION OF 13
EMERGENCY WELLS** with a
production capacity of 500
liters per second in the
communes of Conchalí,
Independencia, and
Recoleta.

Investment: AUD\$4 million



**SUPPLY
AUTONOMY**
From 9 hours to
11 hours.

INVESTMENTS TO MANAGE TURBIDITY EVENTS

PHASE II



Estanques Pirque

WHAT ARE WE DOING?

- Tripling the autonomy from 9 to 32 hours
- Working with municipalities and authorities in emergency situations.
- Increasing the capacity of the Padre Hurtado Plant and four new filters in the Vizcachas Complex.
- New Chamisero potable water plant in construction.
- New interconnection works (lifting and impulsion plants)

**1,500,000 cubic meters
of water**

TURBIDITY WORKS: PHASE III

SAFETY WORKS

**4 possible alternatives to
have over 48 hours of
autonomy**



A1. INCREASE CAPACITY of raw water reserves with a second tank next to the one in progress (Pirque Tank, Phase II).

**Estimated investment:
AUD \$153 million**



A2. COYANCO RESERVOIR and the conduction to the Pirque Tank.

**Estimated investment:
AUD \$317 million**



A3. WATER RECYCLING, through the regeneration of water treated in Aguas Andinas' WWTP and transporting them to supply points.

**Estimated investment:
Over AUD\$667 million**



A4. CONDUCTION from the El Yeso Reservoir to the Pirque Tank.

**Estimated Investment:
AUD\$547 million**

CLIMATE CHANGE RISK: DROUGHT

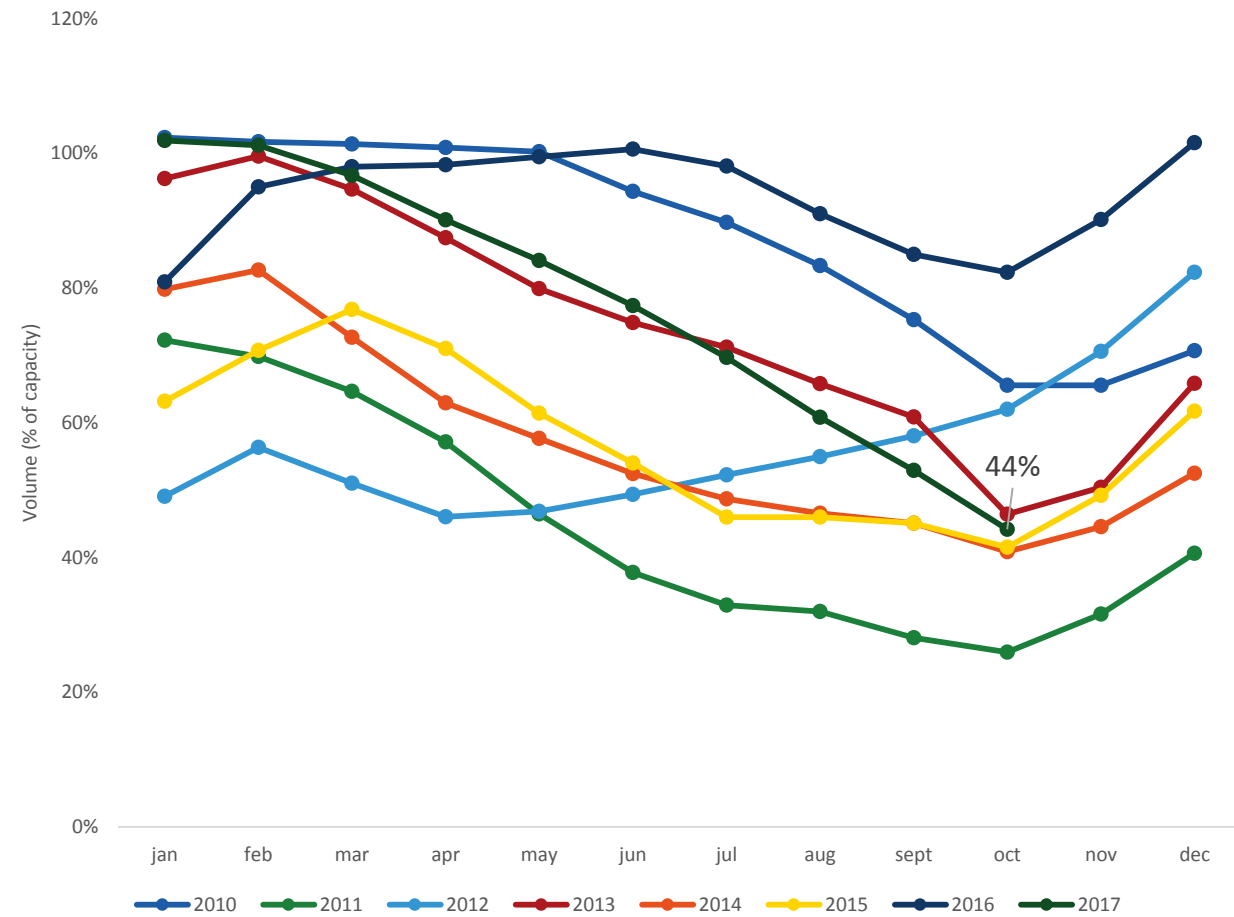
Short-Term Plan: Drought Mitigation Plan

- New capacity in wells
- Purchase of raw water
- Renting of water rights
- Agreements with other users of the river
- Monitoring and control of illegal water usage/extraction

Long-Term Plan: Drought and Climate Change Plan 2016-2030

- **Preliminary studies in development:**
 - Demand projection
 - Demand management
 - International experiences in drought
- **Other actions:**
 - Actions to increase supply
 - Water supply projection
 - Synergies at a user level

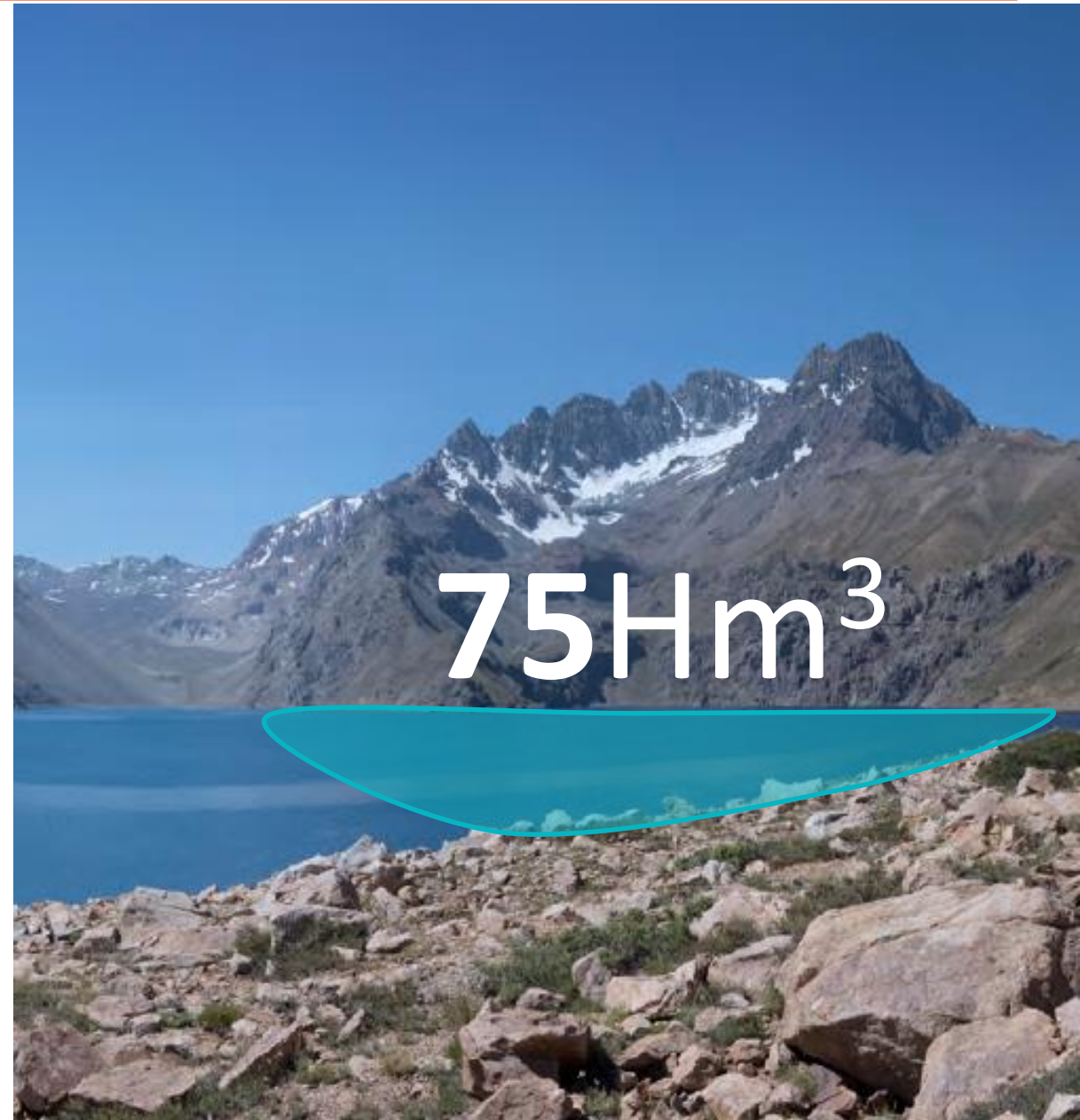
EL YESO RESERVOIR LEVELS



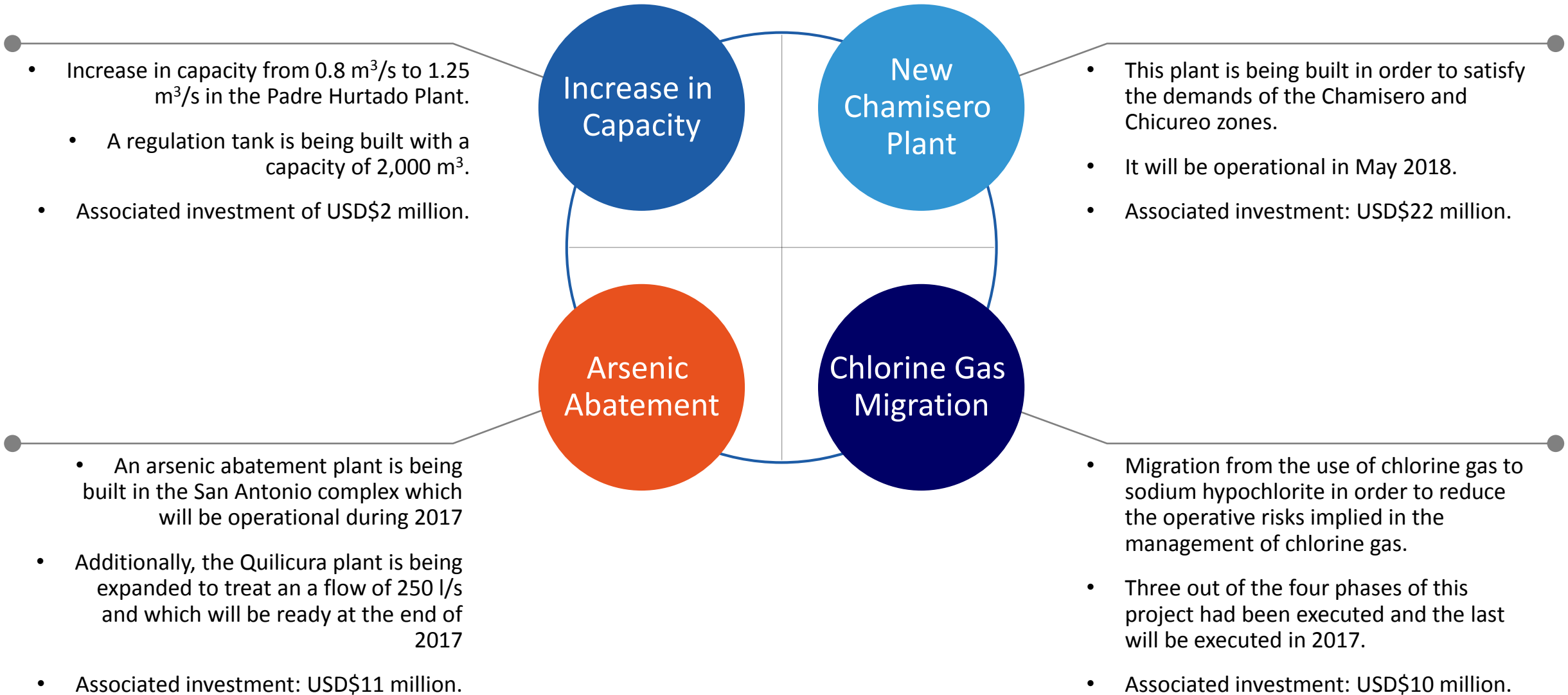
HYDRAULIC EFFICIENCY PLAN

EXPECTED RELEVANT ACHIEVEMENTS:

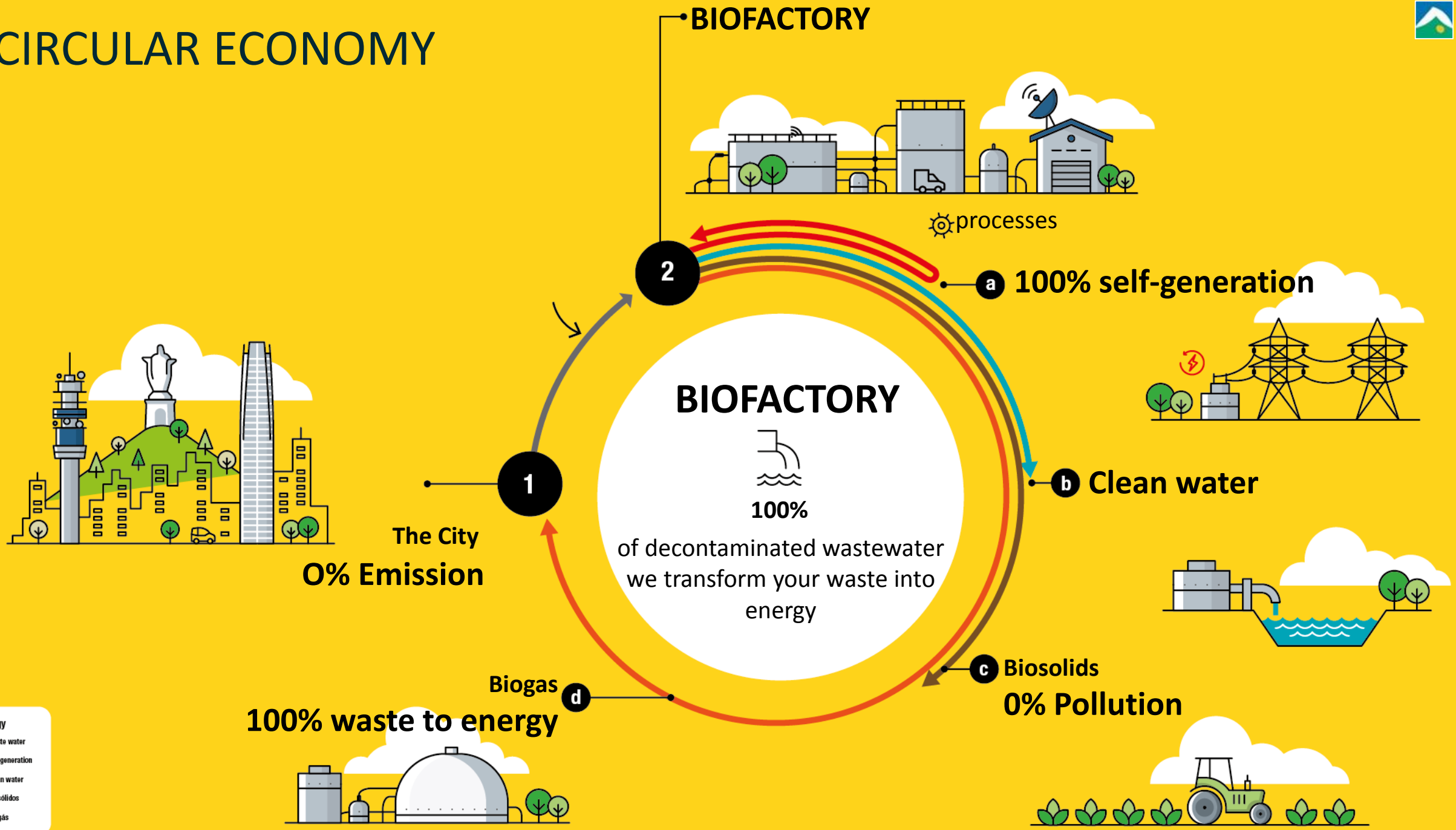
- Decrease water production by 75 Hm³/year (equivalent to 1/3 of the El Yeso Reservoir)
- Decrease the average daily production in 200,000 m³/day equivalent to:
 - More than 1 Vizcachas safety tank.
 - More than 2 Padre Hurtado treatment plants.
 - 6 additional hours of reserves in addition to the Pirque Tank.



INVESTMENTS IN POTABLE WATER



CIRCULAR ECONOMY



PARADIGM SHIFT: FROM SEWAGE TREATMENT TO RESOURCE MANAGEMENT



TREATED WATER

580.7 MILLION

Cubic meters was the volume of clean water which was put back into the rivers during 2016.

BIOGAS

45,990,665 kWh

Of electricity was produced by Aguas Andinas' cogeneration motors in 2016.

78.44%

Of the electricity demand of the Trebal-Mapocho Plant is supplied by biogas.

BIOSOLIDS

+ 43.8%

Of bio solids have been destined to the recovery of farmlands during 2016.

FINANCIAL PERFORMANCE



FINANCIAL PERFORMANCE AS OF JUNE 30 2017

Numbers in millions of AUD

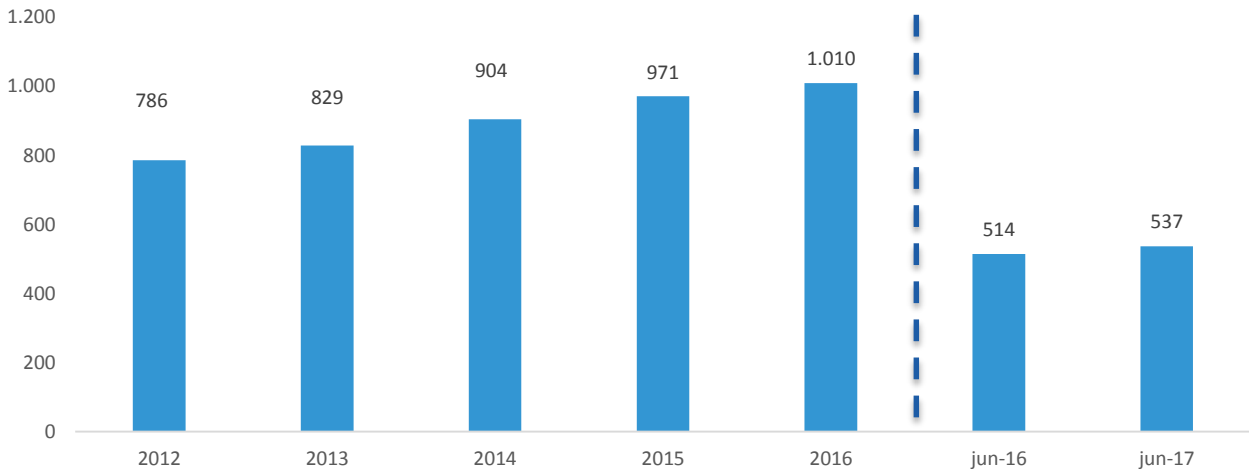


Revenue CAGR of 6.5% and EBITDA CAGR of 4.7% over the 2012-2016 period

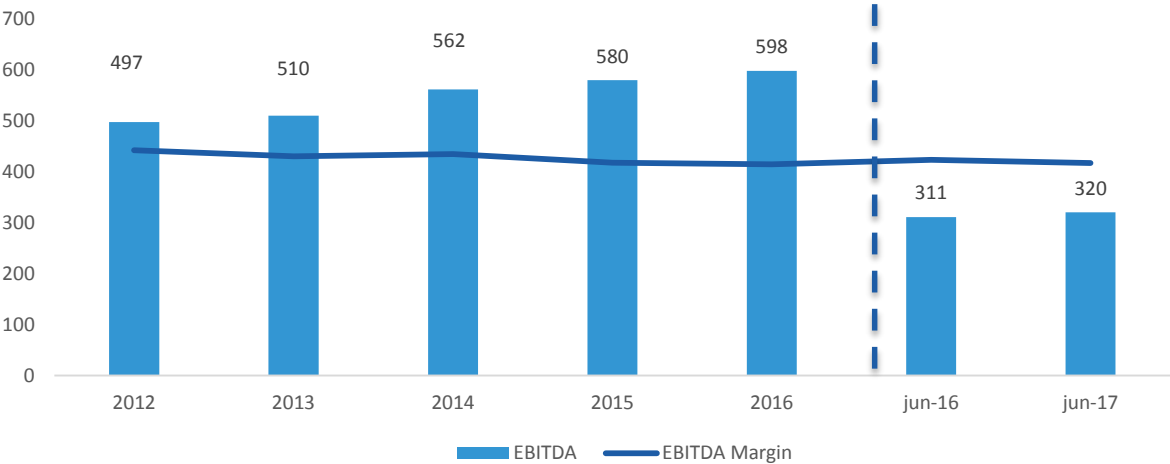


2015-2016 Growth: +3.9% revenues, +3.1% EBITDA y +16.7% Net Income

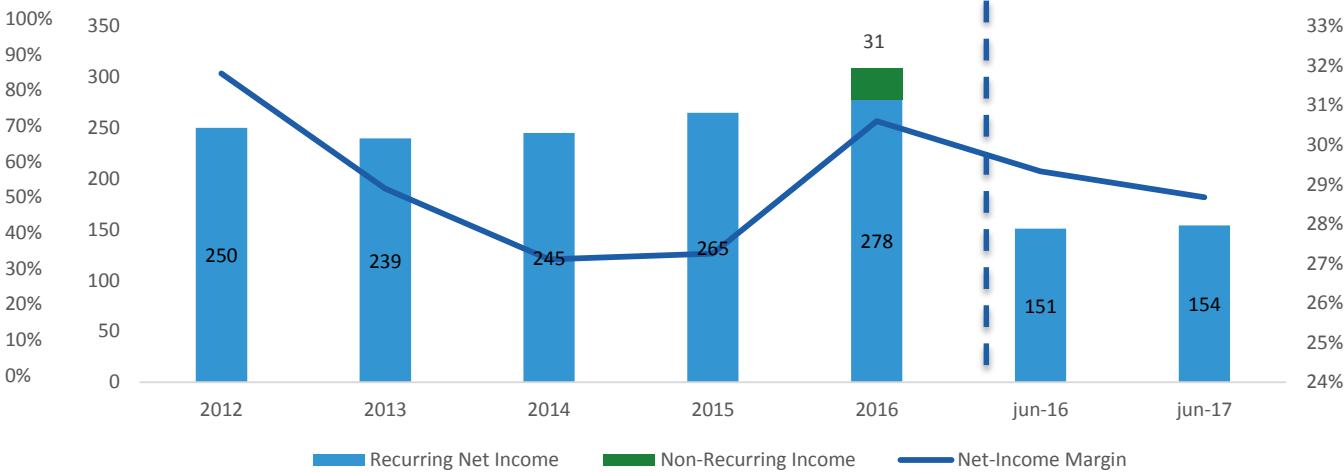
Revenues



EBITDA & EBITDA Margin

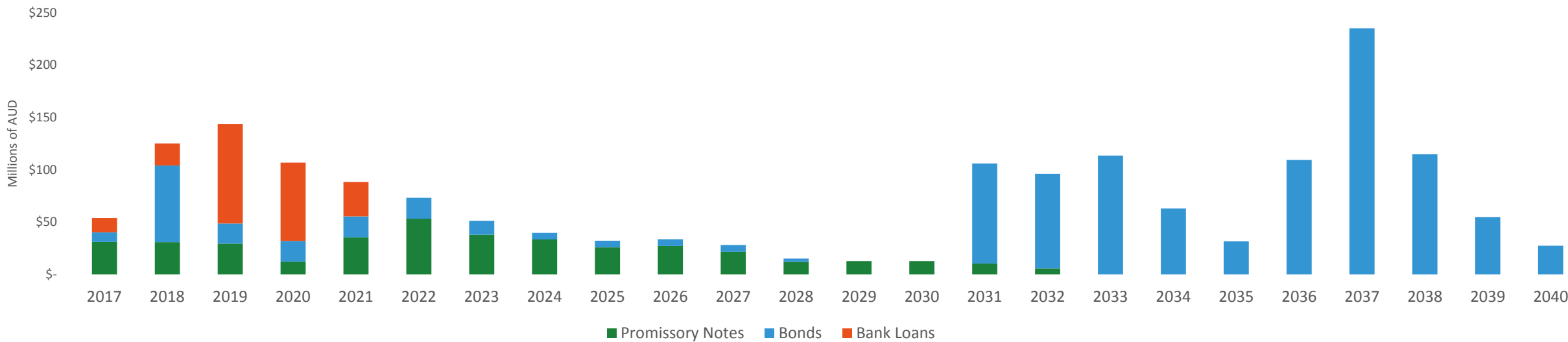


Net Income & Net Income Margin



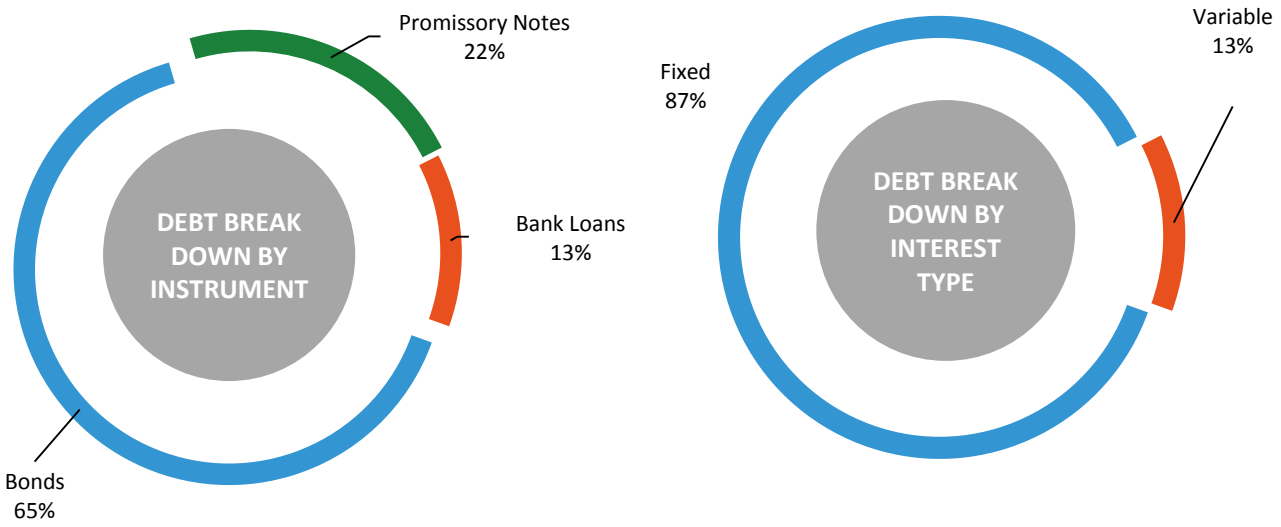
²⁹ Exchange Rate as of October 31, 2017: CLP\$487.37/AUD

DEBT STRUCTURE AS OF JUNE 30 2017



- Leverage: **1.56x** Limit: **1.91**
- Coverage of Financial Expenses: **8.09x**
- Local Credit Rating: **AA+**
- Total Net Financial Debt: **AUD 1.8 billion**
- Net Debt / EBITDA* Ratio: **2,93x**

(*) EBITDA last 12 months



³⁰ Exchange Rate as of October 31, 2017: CLP\$487.37/AUD

AGUAS ANDINAS INVESTOR RELATIONS CONTACT DETAILS

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**The future is
built, starting
today.**

ANNEX: MAP OF THE MAIPO VALLEY

