

Aguas Andinas Corporate Presentation

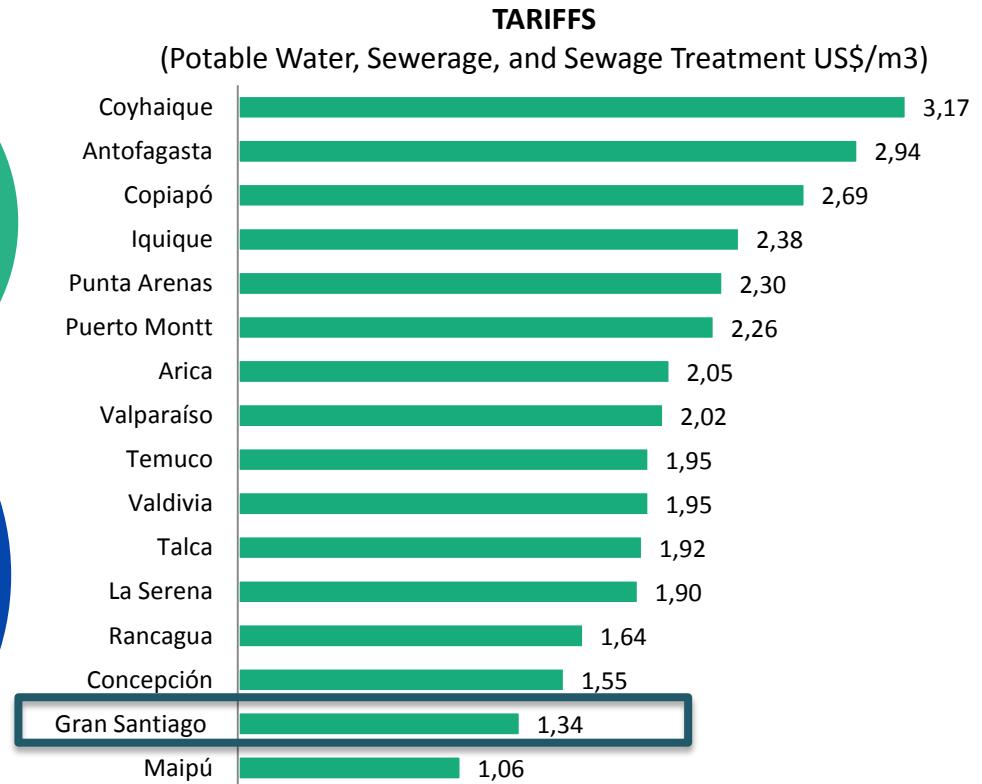
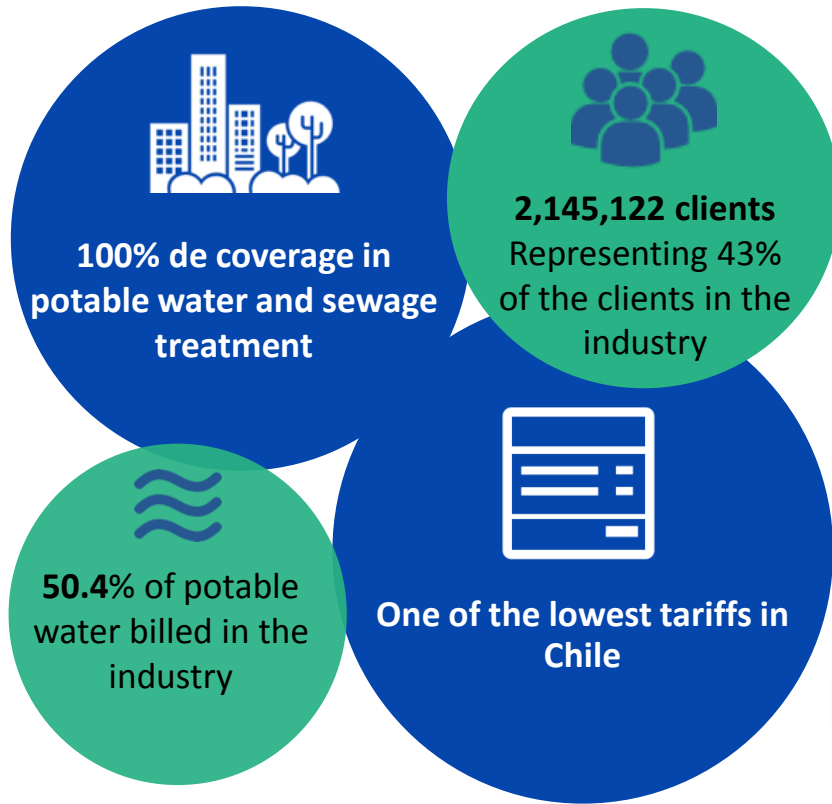
BCI Breakfast



December 16 2015



01 OUR COMPANY



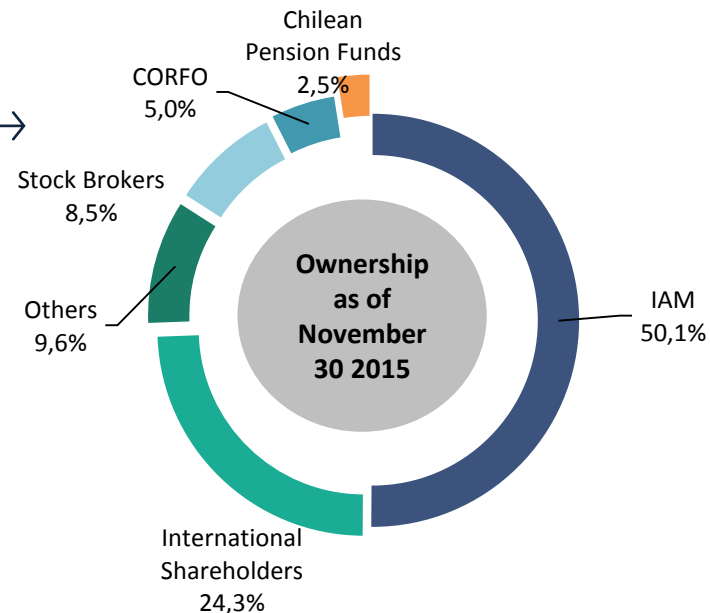
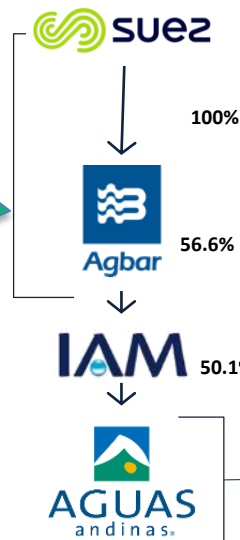
Source: SISS' 2014 Management Report. Tariffs to December 2014 considering US \$1= \$607.38

CORPORATE STRUCTURE

World Class Controlling Shareholders



- **SUEZ** is one of the leading water and sewage treatment players worldwide.
- **AGBAR** is an international benchmark in the sanitation business with more than 150 years of experience in the sanitation industry, with a presence in 14 countries.





02 OUR INDUSTRY AND REGULATORY FRAMEWORK

WATER & SEWERAGE INDUSTRY IN CHILE

An example of a successful public-private alliance



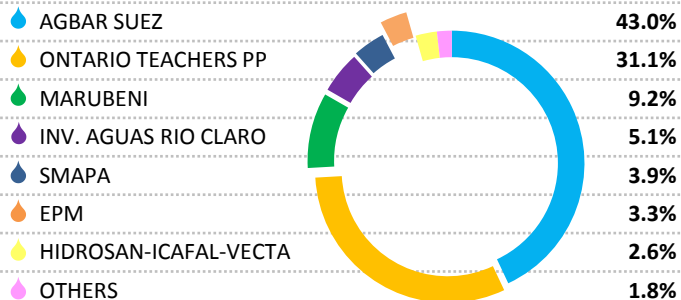
**1998 BEGINNING
OF THE
PRIVATIZATION
PROCESS**



TWO CONCESSION MODELS

Indefinite concession

Concession for 30 years



96% OF CLIENTS served by a
privately-held operator



HIGHLY REGULATED SANITATION INDUSTRY

Proven, Stable, and Transparent Framework



- Regulatory framework in place more than 25 years
- Superintendence of Sanitation Services (SISS) acts as the regulator counterpart in tariff setting process, which lasts 1 year
- Tariffs are reset every five years, based on an objective and technical model:
 - Tariffs are calculated based on long term total costs of a model company
 - Company and regulator have equal roles in the tariff calculation process
 - 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.

MODEL COMPANY vs. REAL COMPANY

MODEL COMPANY	AGUAS ANDINAS
Greenfield operation	Existing infrastructure
Latest technology	Combination of new and legacy technology
Cost efficiency	Real costs
100% coverage in all services	Real coverage
Self-financing of investments through tariffs	Self-financing of investments through tariffs
Minimum return on capital	Ability to use debt to finance Capex and enhance return on equity

RESOLUTION OF SIXTH TARIFF NEGOTIATION PROCESS

An Agreement Was Reached with the SISS

On November 14th 2014, Aguas Andinas and its subsidiaries Aguas Cordillera and Aguas Manquehue, came to an agreement with the Superintendence of Sanitary Services (the "SISS") within the framework of the sixth tariff-setting process for the period 2015-2020 on the following terms:



- Maintain Aguas Andinas' and Aguas Cordilleras' tariffs as of December 31 2013.
 - The new tariff decrees will apply from March and July 2015 respectively..
- Reduce Aguas Manquehue's tariffs by 5% in comparison to those applicable on December 31 2013..
 - The new tariff decree applies from May 2015..
- The indexation polynomials will remain the same.

RESOLUTION OF SIXTH TARIFF NEGOTIATION PROCESS

Changes In Tariffs When New Services Go Into Operation

In addition to the indexation polynomial, during the next five years, tariffs will change when new services that have previously been negotiated with the SISS enter into operation..

Additional tariffs when new works come into operation:

- 💧 Turbidity safety works: +1.1% in 2018
- 💧 Quality improvement works WWTP Farfana + Trebal: +1.4% in 2018

Tariff discounts for Non-Regulated Businesses

- 💧 Alto Maipo Project: -1.2% in 2018 (estimated)





03 INVESTMENTS

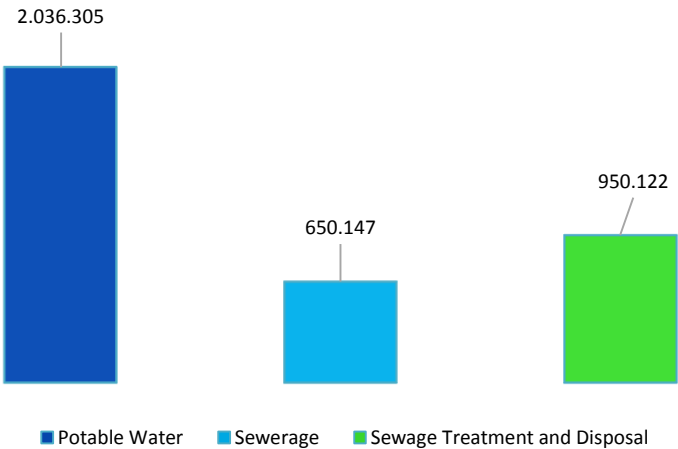
INVESTMENT PLAN FOR THE NEXT FIVE YEARS



Ensuring The Continuity Of Service

OBJECTIVE: Guarantee the continuity of our service even in adverse situations and the our clients are confident of this.

DEVELOPMENT PLAN AGREED UPON WITH THE SIIS FOR THE 2014-2024 PERIOD (UF)



INVESTMENTS 2015- 2020	USD
Infrastructure replacement and operational improvement plans	900 MILLION
Works associated with growth, security, and quality of service	
INVESTMENTS 2015	200 MILLION
MAIN PROJECTS FOR 2015-2020	USD MM
Extension of the Mapocho Treatment Plant	120
Potable Water Safety Infrastructure Works	100
Potable Water and Sewage Network Preventive Renovation	80
Strengthening of the Chicureo – Chamisero Potable Water Supply System	30
Vizcachas Plant UPGRADE	50
Hydraulic Efficiency Director Plan	30

SAFETY INFRASTRUCTURE WORKS

Increasing Potable Water Reserves

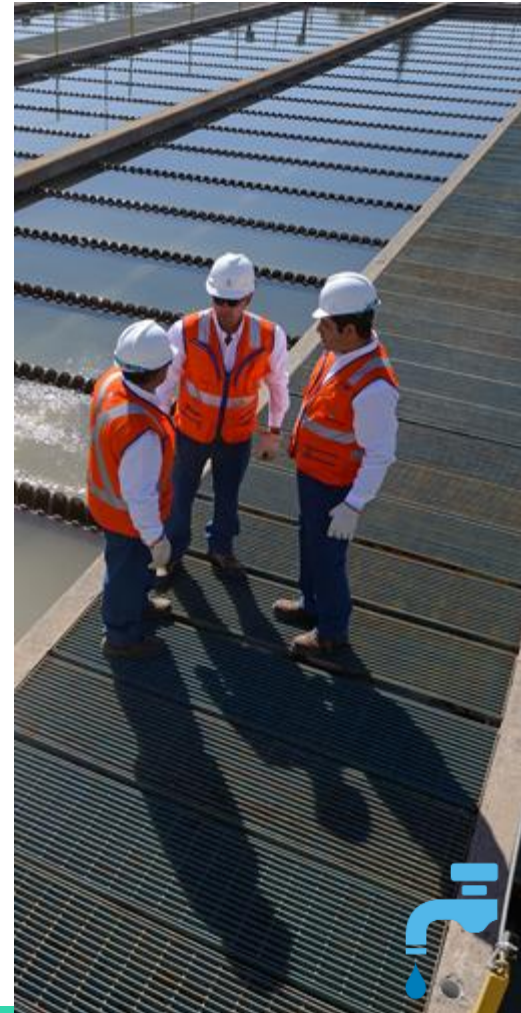
A two-phase plan that will strengthen our network has been developed.

Safety Infrastructure Projects – Phase I (completed):

- 7 new wells (500 liters per second)
- 6 storage tanks for drinking water with a capacity of 225,000 m³
- Duct (4 m³/s) connecting the El Yeso Reservoir with the Las Vizcachas water production plant
- Tariff increase of 1.2% applied beginning 1 March 2014

Safety Infrastructure Projects - Phase II:

- Construction of a raw water storage tank with a capacity of 1,500,000 m³
- Network autonomy will be raised to 32 hours
- Anticipated tariff increase of 1.1% to be applied when the project is completed (2018)



DROUGHT MITIGATION PLAN

Guaranteeing Water Supply For the Fifth Consecutive Year



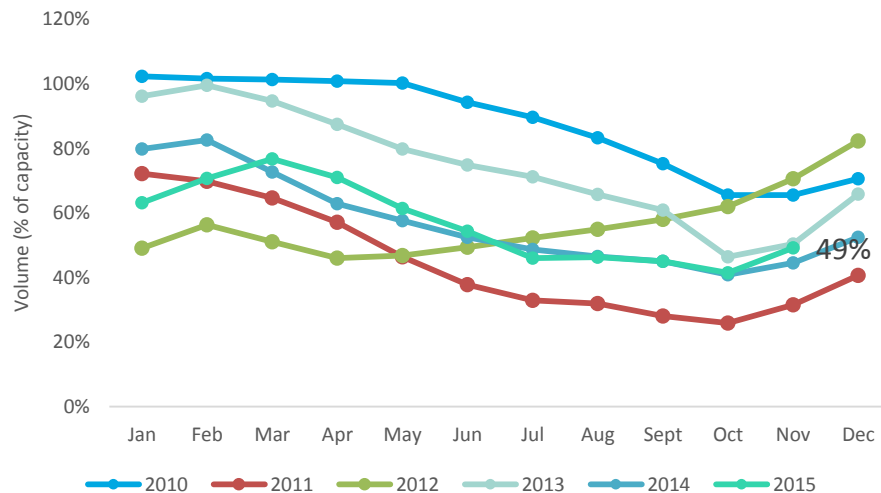
New investments to increase capacity and agreements with primary users for the joint management of the Maipo river

Measures taken by the company to mitigate the impacts of the drought during the last five years and its mission is to guarantee the quality and quantity of the supply of potable water

MAIN INITIATIVES:

- 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

EMBALSE EL YESO VOLUME



In order to guarantee the supply for the 2015-2016 summer, Embalse El Yeso must have a minimum volume of 90hm³ (41% of capacity) as of the 31st of October 2015.

HYDRAULIC EFFICIENCY PLAN

Decrease Losses From 30% to 20% In Five Years

The Aguas Group currently has 30% of water losses, which is below the national average (34% according to the SISS' 2013 Management Report).

For the Company, the efficient use and distribution of water is a superior value that involves key aspects in the management of the water cycle in its different stages:

- Medium and long-term promotion of quality and sustainable management of water resources.
- Improvement of the measurement accuracy of our clients by making our meters more efficient.
- Optimization of operative, maintenance and investment management resources



2017 EXPANSION OF MAPOCHO TREATMENT PLANT

Ensuring The Response To The Growth in Demand



Fourth Stage of the Mapocho-Trebal Plant

- Project to be completed in 2017
- Will increase the treatment capacity of the Trebal-Mapocho complex from 6.6 m³ to 8.8 m³

Main benefits:

- Respond to increasing demand
- Strengthens the security of operations in the basins of Gran Santiago
- Prevents the need to send untreated water back to the river





04 FINANCIAL INFORMATION

FINANCIAL PERFORMANCE AS OF SEPTEMBER 30 2015



Millions of CLP

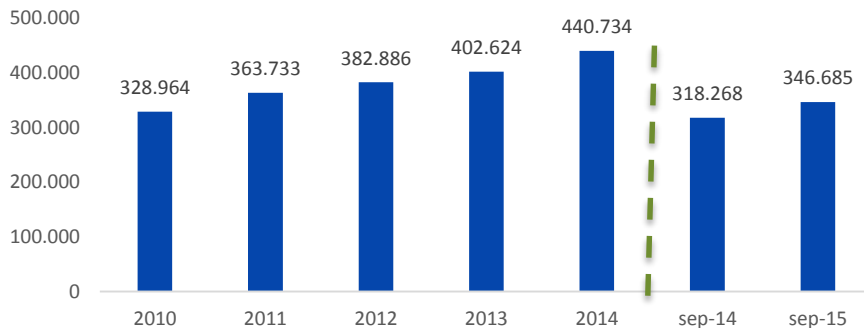


Revenue and EBITDA CAGR Of 7.6%*

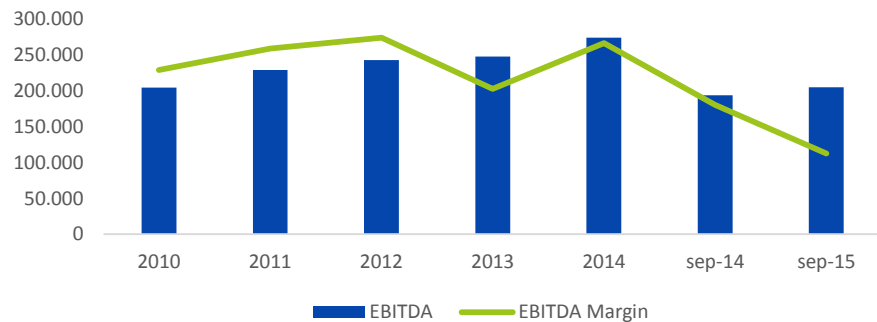


Dividend Policy: 100%

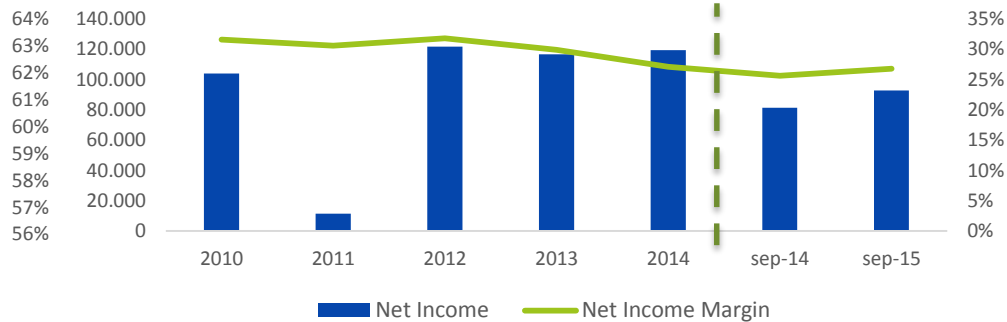
Revenues



EBITDA & EBITDA Margin



Net Income & Income Margin



*Contemplates the 2010-2014 period

FINANCIAL PERFORMANCE AS OF SEPTEMBER 30 2015

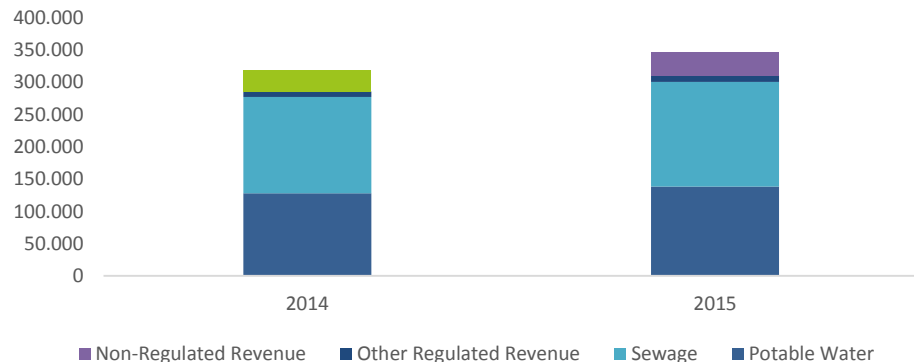
Revenues increased by 8.9%



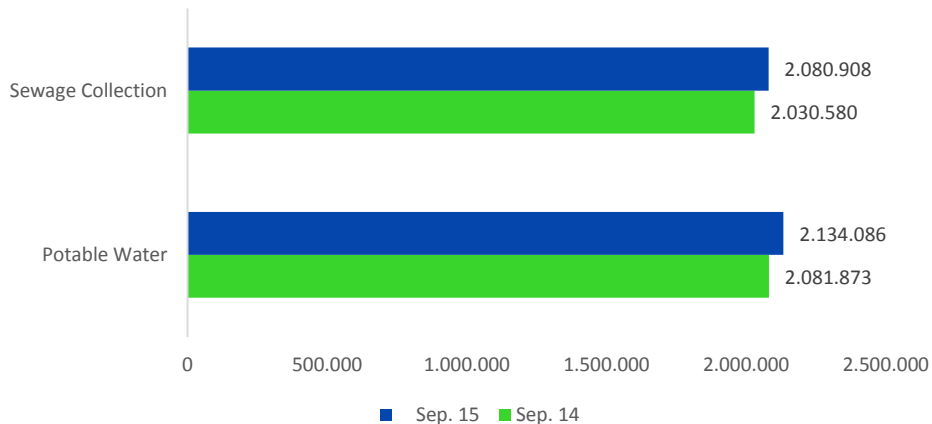
Revenues amounted to CLP\$346,685 million (+8.9% yoy), due to:

- Higher supplied volumes
- The application of tariffs due to the entry into operation of the new potable water safety infrastructure works and the tariff indexations that occurred at the beginning of April and October 2014.

Revenues (CLP Millions)



Clients



DESEMPEÑO FINANCIERO AL 30 DE SEPTIEMBRE 2015

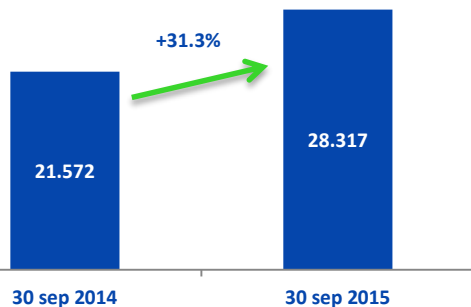


Costs increased by 13.9%

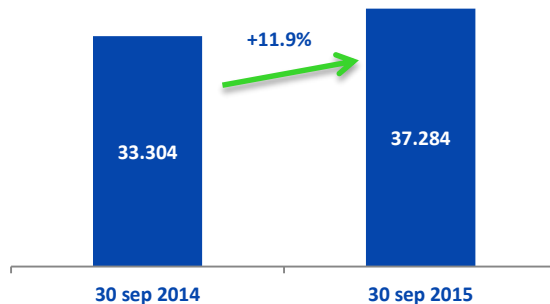
Costs amounted to CLP\$141,968 million (+13.9% yoy), due to:

- **An increase in raw materials** due to an **increase in the cost of electricity**, mainly due to higher tariffs, higher Kwh consumption, in addition to the acknowledgement of retroactive charges by the electricity companies
- **Higher employee benefits** mainly associated with the early retirement program and higher salaries associated with the application of consumer price index readjustments

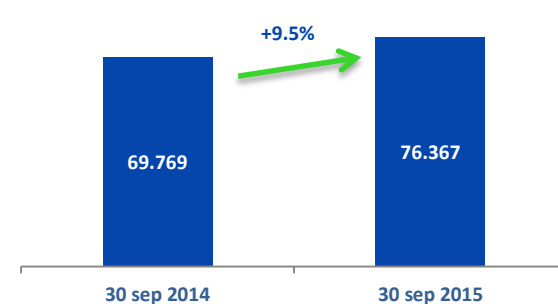
Raw Materials and Consumables Used
(CLP\$ Millions)



Personnel Expenses
(CLP\$ Millions)



Other Expenses, By Nature
(CLP\$ Millions)



DESEMPEÑO FINANCIERO AL 30 DE SEPTIEMBRE 2015

Otros Resultados a Destacar

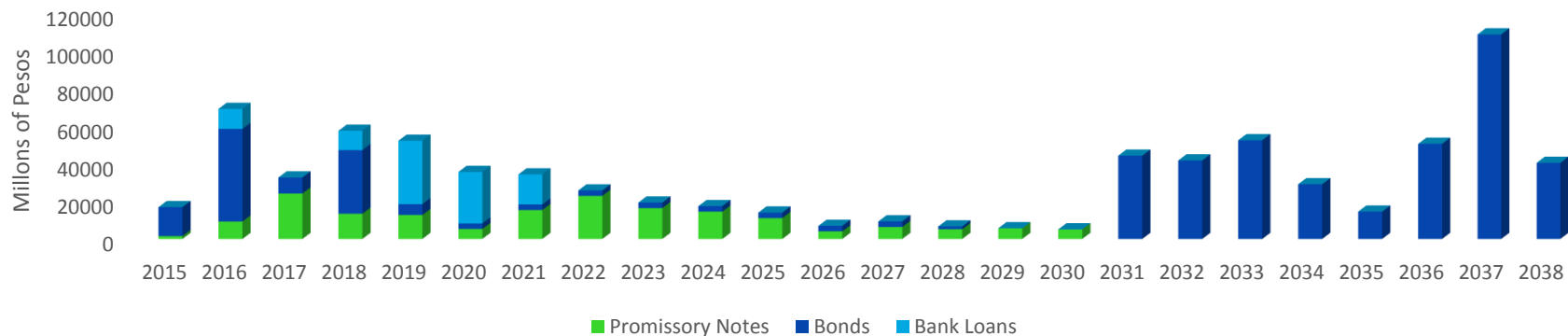


- The **financial result generated a loss for CLP\$35,013 million** mainly due to a lower revaluation of the Company's re-adjustable debt in Unidades de Fomento (Indexation Units).
- **The increase in tax expenses (+CLP\$5,293 million yoy)** is mainly justified by higher earnings and by the change in the tax rate increasing from 21% to 22.5% due to the Tax Reform
- **Net income amounted to CLP\$92,815 million(+14% yoy)**
- **Due to the existing drought the Company has applied contingency plans such as:**
 - Purchasing of raw water
 - Intensive use of wells,
 - Renting and purchasing water rights
- **Current Tariffs:**

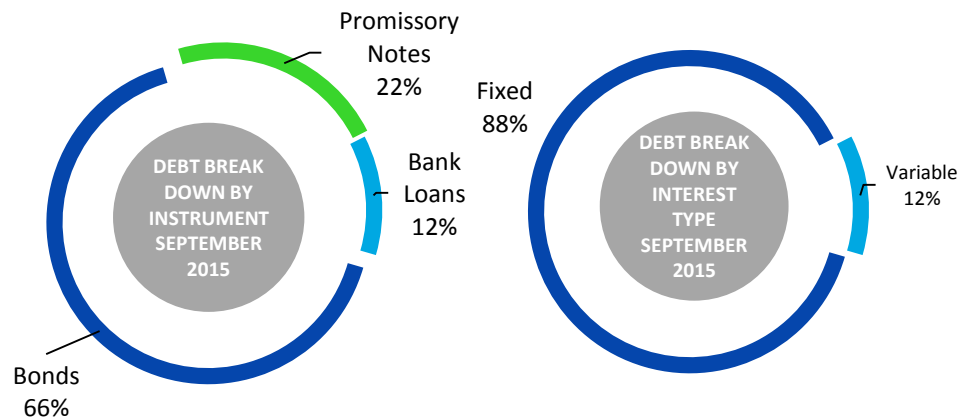
Company	Date New Tariffs Became Effective	Decree Publication Date
Aguas Andinas	01/03/2015	03/09/2015
Aguas Manquehue	19/05/2015	25/11/2015
Aguas Cordillera	30/06/2015	25/11/2015

DEBT STRUCTURE AS OF SEPTEMBER 30 2015

Keeping a Net Debt / EBITDA Ratio Under 3



- Leverage: **1.40x**
- Coverage of Financial Expenses: **6.8x**
- Local Credit Rating: **AA+**
- Total Net Financial Debt: **CLP 781,965 million**
- Net Debt / EBITDA Ratio: **2.75X**





PORQUE ENTREGAMOS

agua, 
vida  entregamos



AGUAS
andinas®