



AGUAS ANDINAS

Corporate Presentation

Credicorp Breakfast

June 9 2016

01. OUR COMPANY



AGUAS ANDINAS

Chile's Largest Sanitation Company



100% coverage in
potable water and
sewage treatment



2.145.122 clients
Representing 43% of
the clients in the
industry



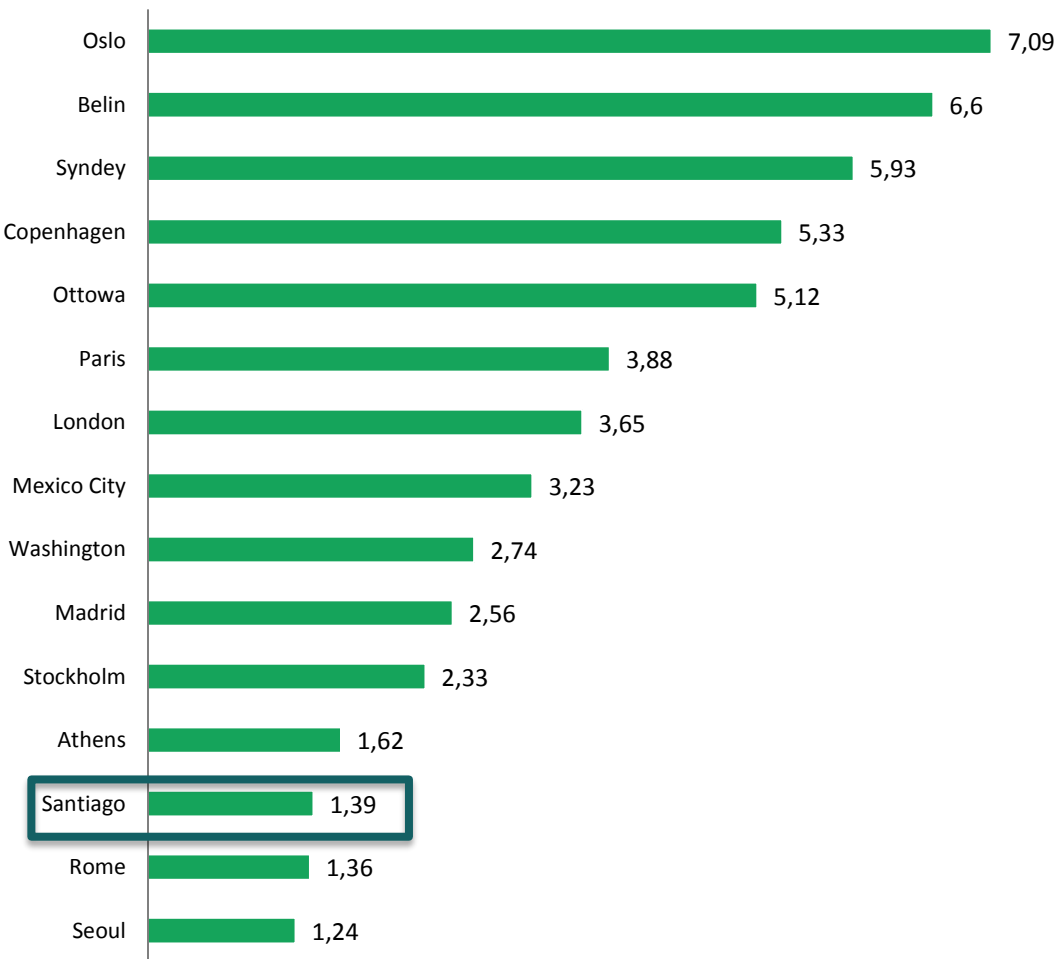
50.5% of potable
water billed in the
industry



One of the lowest tariffs in
Chile

TARIFFS

(Potable Water, Sewerage, and Sewage Treatment US\$/m3)

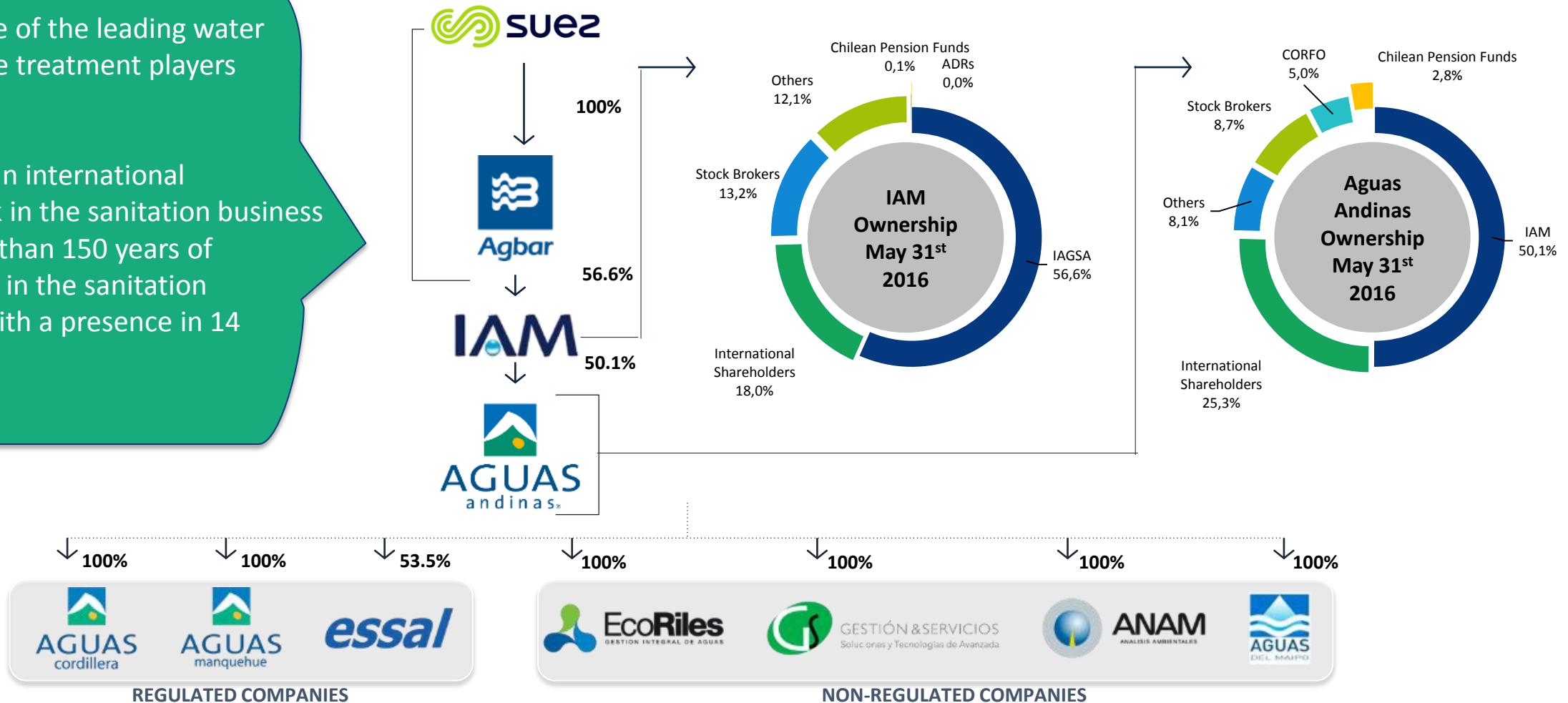


Tariffs as of December 2014 considering US \$1= \$607.38

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



SUSTAINABILITY

Leading Company in Emerging Markets

- Sustainability efforts strongly linked with the Company’s stakeholders, **with open and permanent communication with them**
- *During 2015, the Company reported to the CDP (Carbon Disclosure Project) initiative for the first time*
- *Due to the Company’s sustainable management, in 2015 Aguas Andinas joined the select group of Chilean companies which compose the Dow Jones Sustainability Index (DJSI) Emerging Markets and DJSI Chile*
- *In addition to this, in November of the same year, Aguas Andinas was selected as a component of the Euronext-Vigeo EM 70 Index*



Stakeholders	Key Issues
Collaborators	Career development and training; equal opportunities; good labor conditions and communication; health and safety
Clients	Quality and continuity of supply; customer service, service channels and complaints management; transparency and accuracy in billing
Shareholders	Profitability; investment stability; risk management; transparent management
Suppliers and contractors	Transparent and equal conditions; timely payments; development opportunities
Authorities	Legal Compliance; collaborative relationships; contribution to local development
Neighboring Communities	Impact management; dialogue and relationships; local development opportunities

A close-up photograph of green grass blades with several clear water droplets resting on them. The lighting is soft, highlighting the texture of the grass and the spherical shape of the droplets. The background is blurred, creating a shallow depth of field.

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**

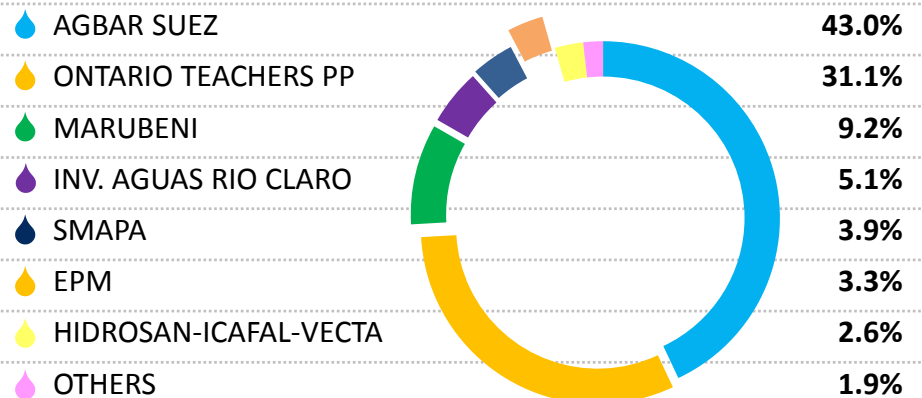


TWO CONCESSION MODELS

Indefinite concession

Concession for 30 years

Clients breakdown by Economic Group



96% OF CLIENTS served by a
privately-held operator



HIGHLY REGULATED SANITATION INDUSTRY

Proven, Stable, and Transparent Framework

- Regulatory framework in place for more than 25 years
- 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

MODEL COMPANY vs. REAL COMPANY

MODEL COMPANY	AGUAS ANDINAS
Greenfield operation	Existing infrastructure
Latest technology	Combination of new and existing technologies
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 Assets	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 Cordillera's current tariffs from December 31st 2013
 - The new tariff decree will apply from March and July 2015 respectively
- Reduce Aguas Manquehue's tariffs by 5% in comparison to those applicable on December 31st 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:

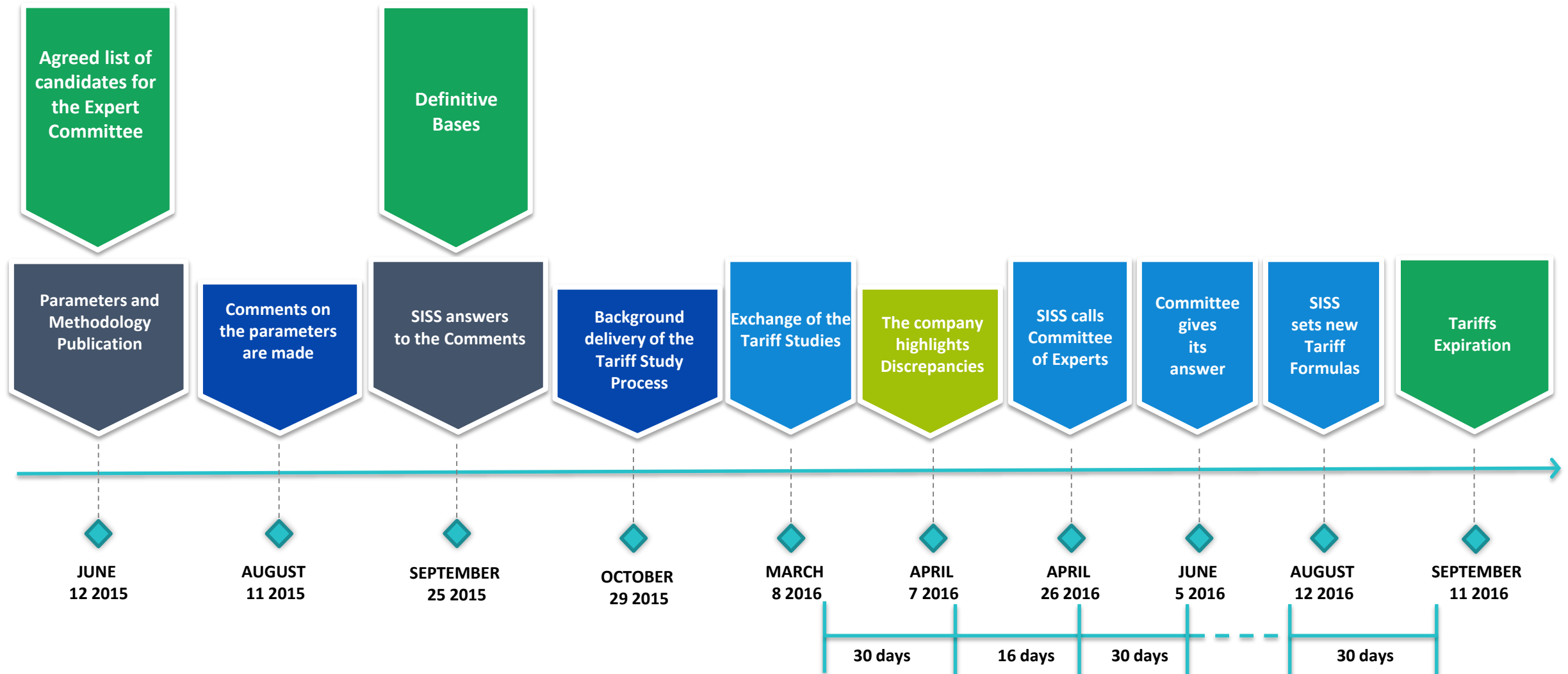
- 💧 Turbidity safety works: +1.1% in 2019
- 💧 Quality improvement works WWTP Farfana + Trebal: +1.4% in 2018

Tariff discounts for Non-Regulated Businesses:

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

ESSAL TARIFF-SETTING PROCESS

Technical and Negotiation Process For One Year





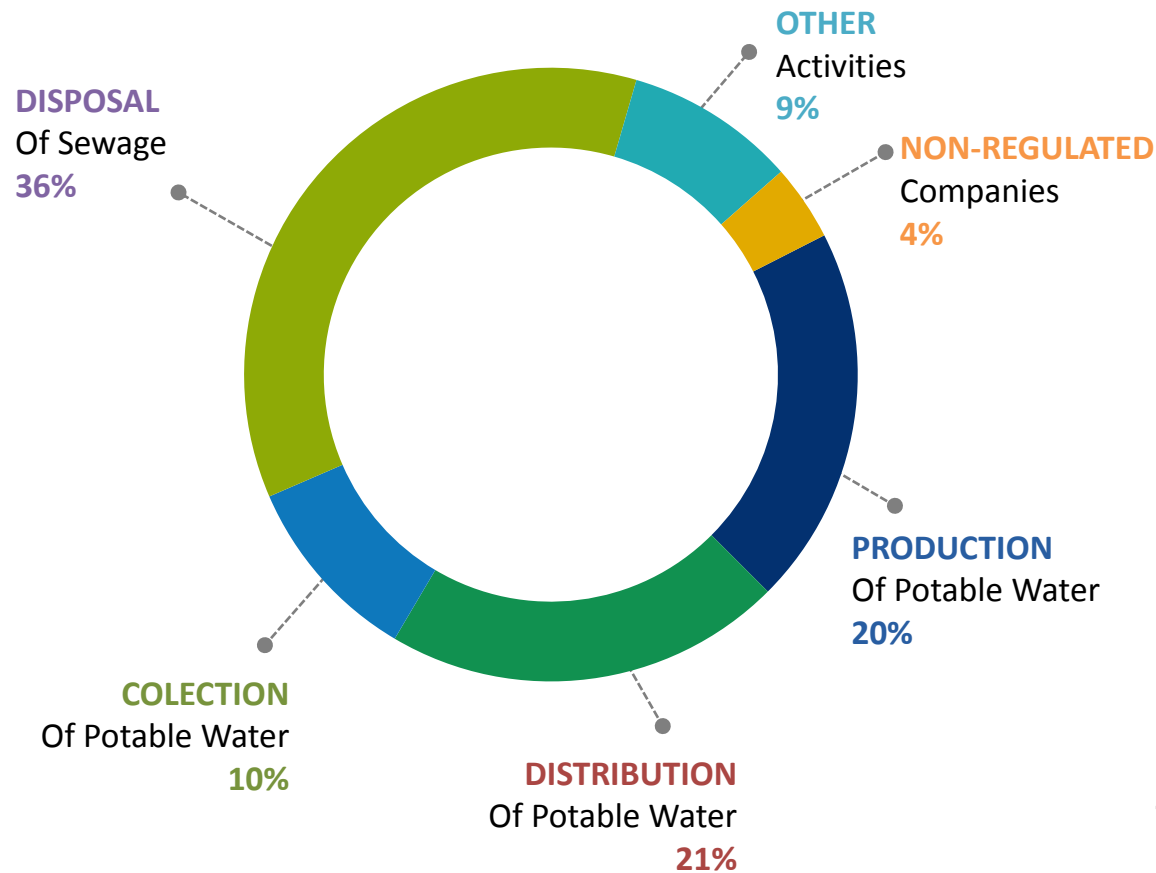
03. INVESTMENTS

2015 INVESTMENTS

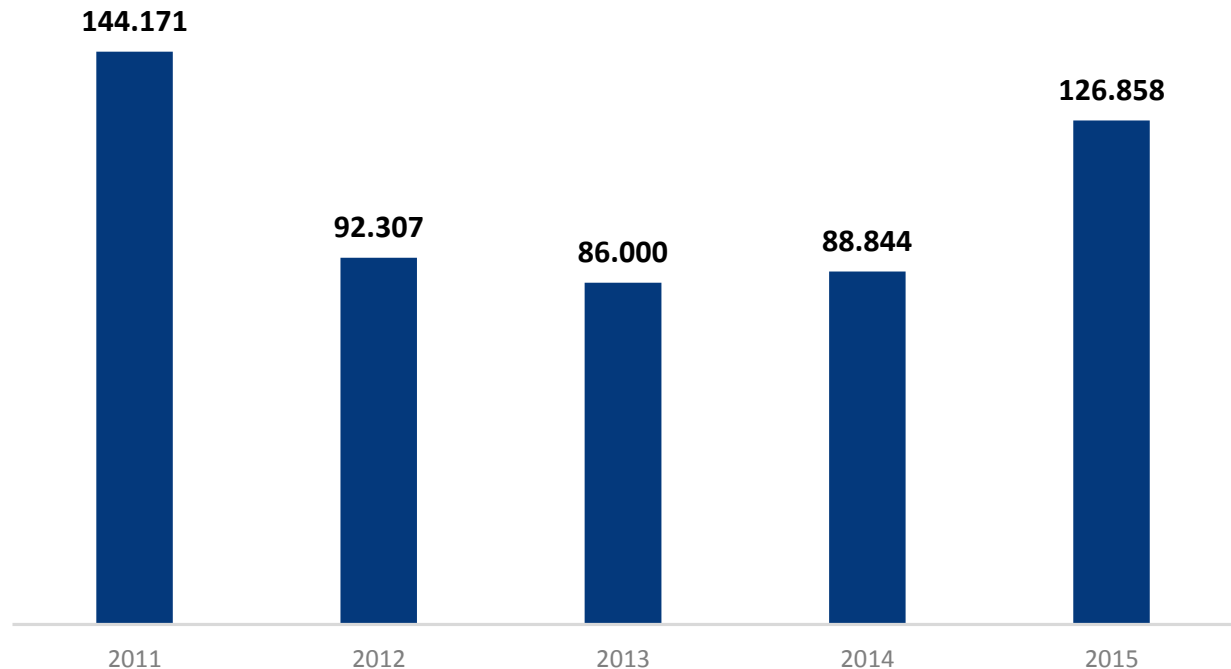


Investing an Equivalent Amount to 98% of the Year's Earnings

- In 2015, the invested amount is equivalent to 98% of the year's earnings.
- For the period between 2011 & 2015, the invested amount is equivalent to 90% of the earnings of the period.



INVESTMENT EVOLUTION



2015 -2020 INVESTMENTS

Ensuring the Continuity of Service

Investment plan of USD\$ 900 MILLION

2015-2020 MAIN PROJECTS

Investments in potable water

- 💧 Replenishment and operational improvement plans.
- 💧 Growth, safety and quality of service
- 💧 Potable Water Safety Infrastructure Works Phase 2

Investments in sewage treatment

- 💧 Growth, safety and quality of service
- 💧 Collection of sewage
- 💧 Sewage treatment
- 💧 Replenishment and improvement plans



DROUGHT MITIGATION PLAN

Guaranteeing Water Supply For the Sixth Consecutive Year

Drought Mitigation Plan 2010-2015

- 💧 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

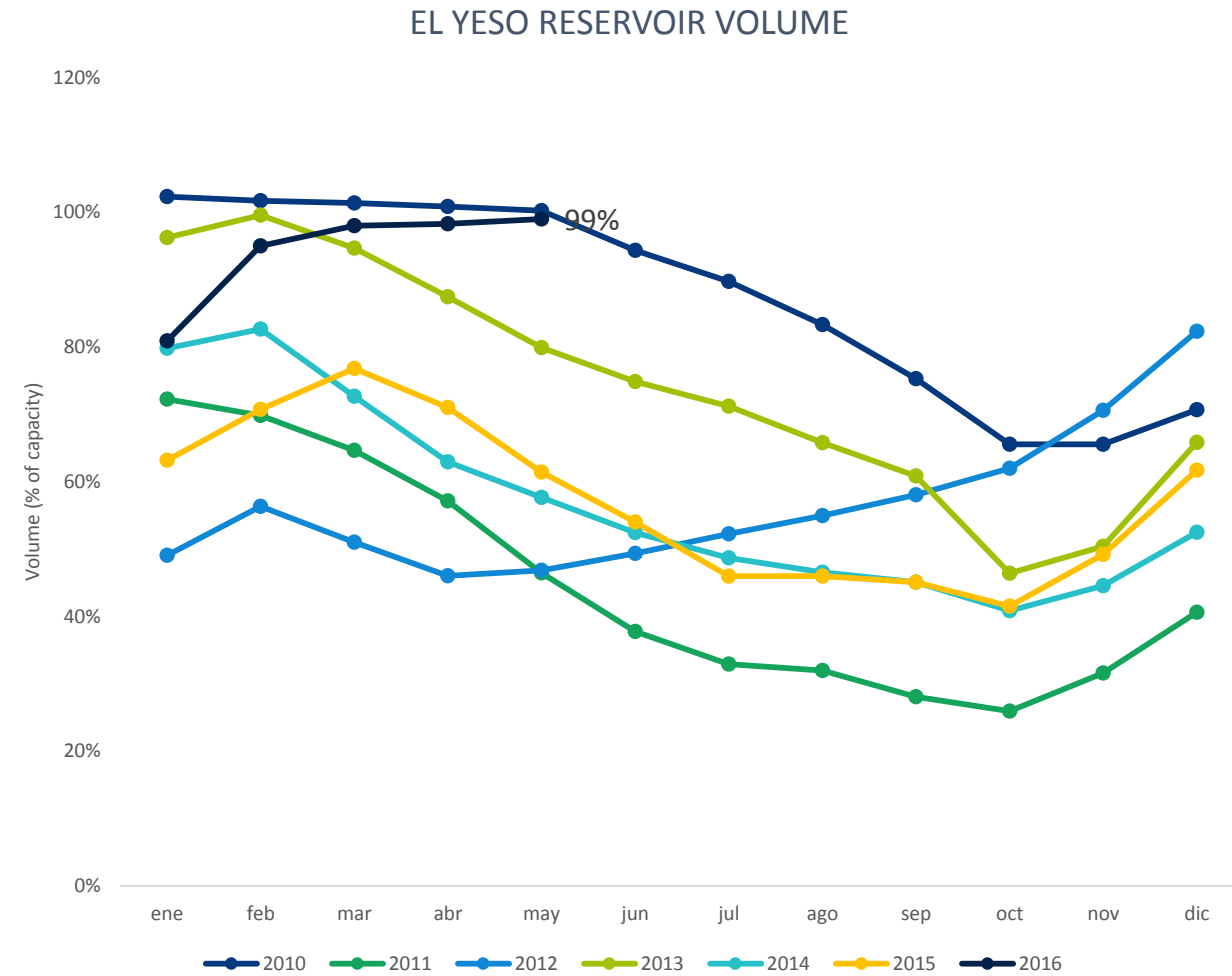
Initiation of the Drought and Climate Change Plan 2015-2030

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



POTABLE WATER SUPPLY SAFETY WORKS

100% of works in operation since 2013

- 💧 Phase 1 Plan:
 - USD\$70 million invested in:
 - 14 storage tanks which in total hold 225,000 cubic meters additional to those previously in existence
 - An aquaduct which connects the El Yeso Reservoir with the Laguna Negra aquaduct
 - 7 new Wells in La Pintana
 - Tariff increase of 1.2% applied beginning 1st of March 2014
- 💧 All of these works are in operation
- 💧 These works elevated Santiago's potable water capacity by 25%
- 💧 Since 2014, this has allowed us to tackle 35 high turbidity events in the Maipo River without compromising Santiago's water supply



The Las Vizcachas Tank holds 165,000 cubic meters, it is part of the Safety Infrastructure Works Phase 1 which tackle turbidity events.

POTABLE WATER SUPPLY SAFETY WORKS FOR 2019

PHASE 2 PLAN:

- USD\$90 million investment for the construction of a raw water reserve of 1.5 million cubic meters in Pirque.
- It will give the Company's potable water production system in Santiago 32 hours of autonomy
- It is part of the Company's Development Plan with an end date in 2019
- Anticipated tariff increase of 1.1% to be applied when the project is completed
- **The advancement in this project is going as planned:**
 - Project in development
 - A 72 hectare terrain has been acquired
 - Environmental Impact Studies are in their final stages
 - The Citizen Participation Process has been conducted in advance and is in progress.



2017 EXPANSION OF MAPOCHO TREATMENT PLANT

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
- Strengthen the security of operations in the basin of Gran Santiago
- Prevent the need to send untreated water back to the river

Its progress is going according to plan:

- Work in development
- Civil Works are 75% complete
- Supply, Equipment, and Assembly Works are 35% complete



HYDRAULIC EFFICIENCY PLAN

The Aguas Group currently has 31% of water losses, which is below the national average at 33.65%

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



04. FINANCIAL INFORMATION

FINANCIAL PERFORMANCE – MARCH 31 2016



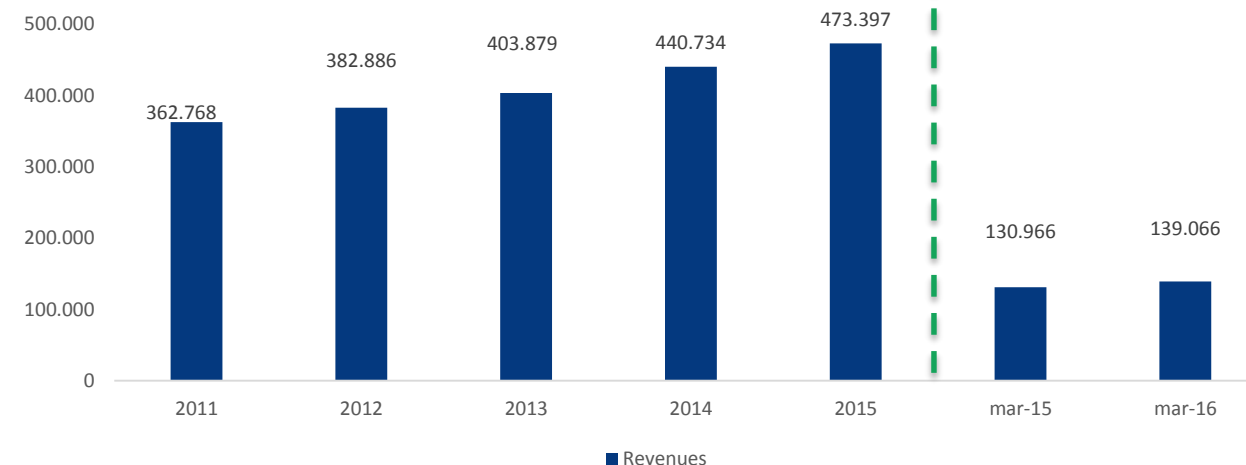
Revenue CAGR of 7% and EBITDA CAGR of 6% over the 2011-2015 period



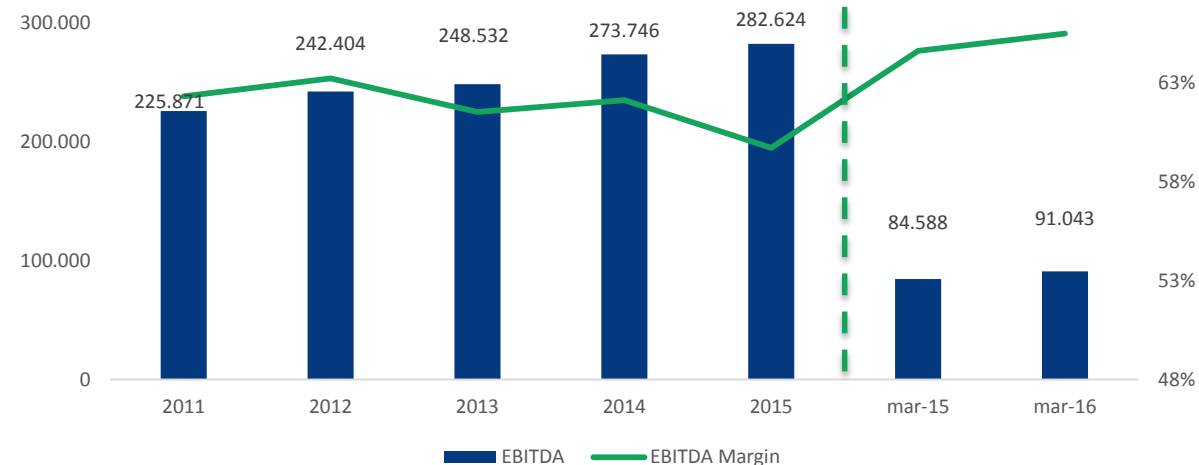
Dividend Policy (Since 2000): 100%

Revenues

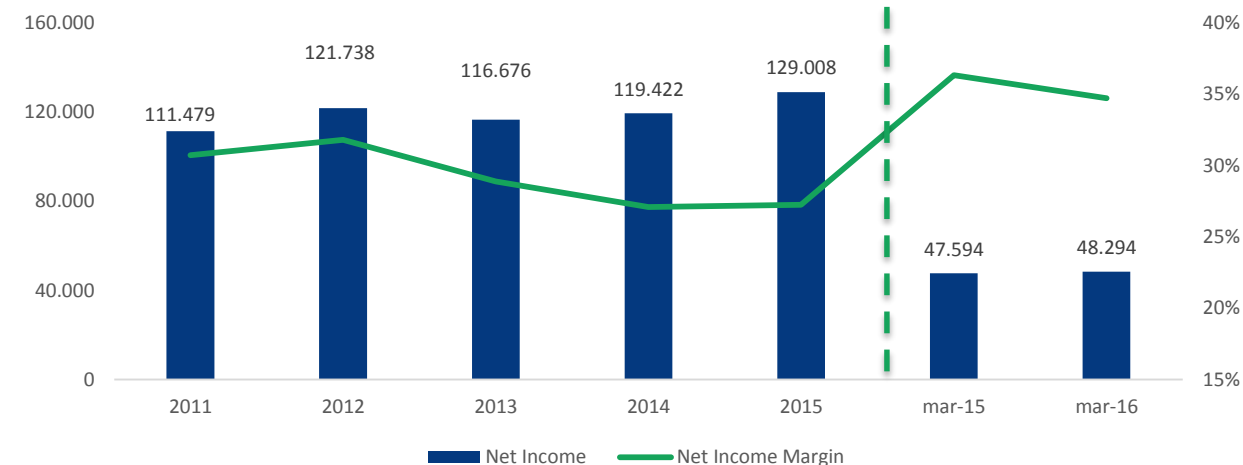
Millions of CLP



EBITDA & EBITDA Margin



Net Income & Net Income Margin

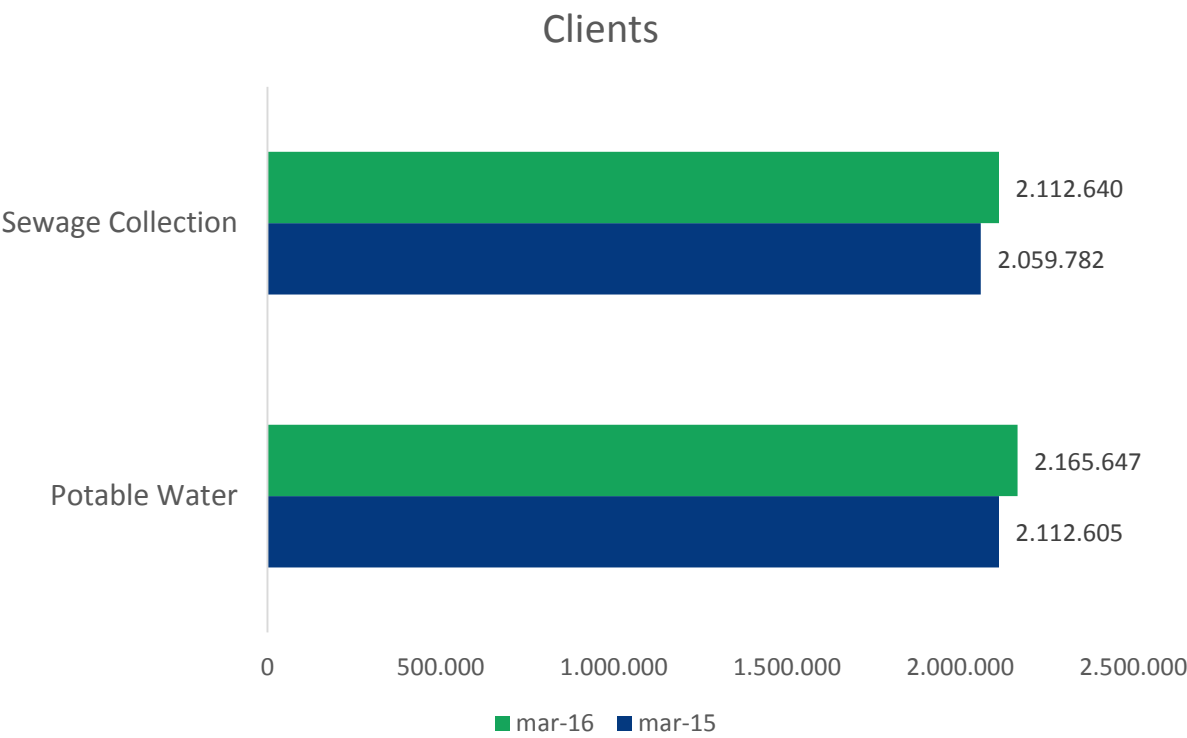
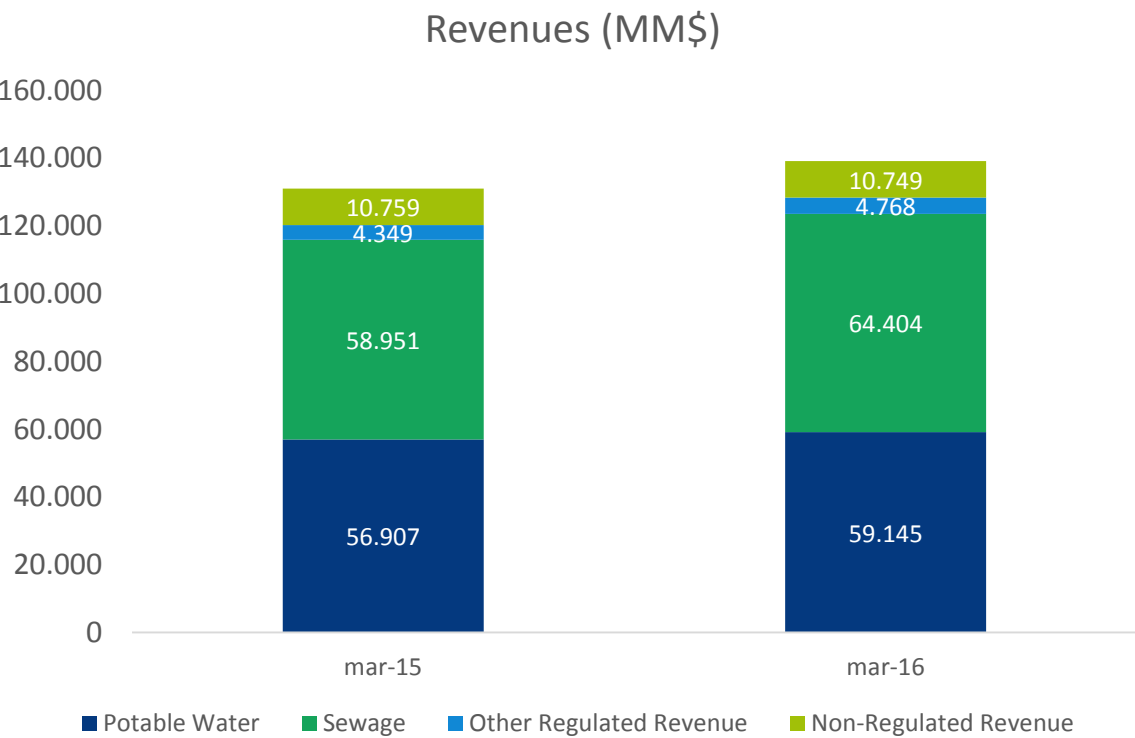


FINANCIAL PERFORMANCE – MARCH 31 2016

Revenues Increased By 6.2%

The Company’s revenue reached CLP\$139,066 million due to:

- Higher average tariffs which are due to the tariff variations during 2015 and 2016.
- This was partially compensated by the decrease in supplied volumes.



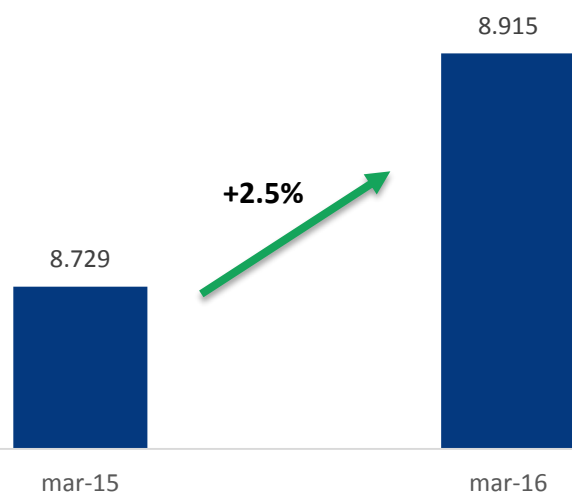
FINANCIAL PERFORMANCE – MARCH 31 2016

Costs Increased by 3.5%

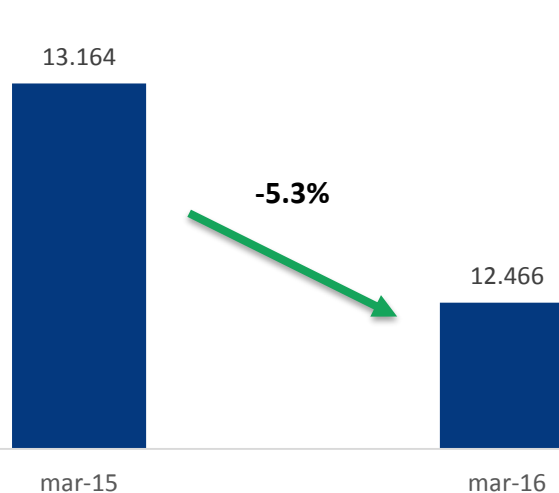
Costs increased due to:

- An increase in network maintenance for CLP\$604 million
- Higher electricity costs for CLP\$861 million due to the increase in tariffs which occurred in 2015
- Higher consumption of chemical inputs used for turbidity abatement due to an increased use of superficial water sources
- Higher costs for payment collection, call centers, billing and service cuts for CLP\$609 million
- Higher plant operation costs for CLP\$322 million
- Higher security service costs for CLP\$115 million mainly associated to security reinforcements after the chlorine cylinder theft episodes

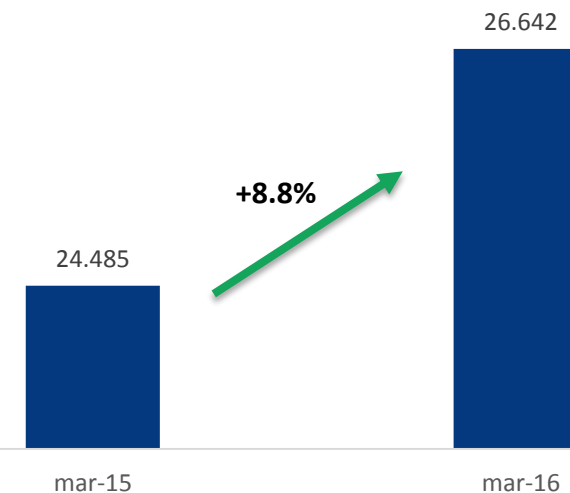
Materials and Cosummables Used (MM\$)



Personnel Expenses (MM\$)



Other Expenses, by Nature



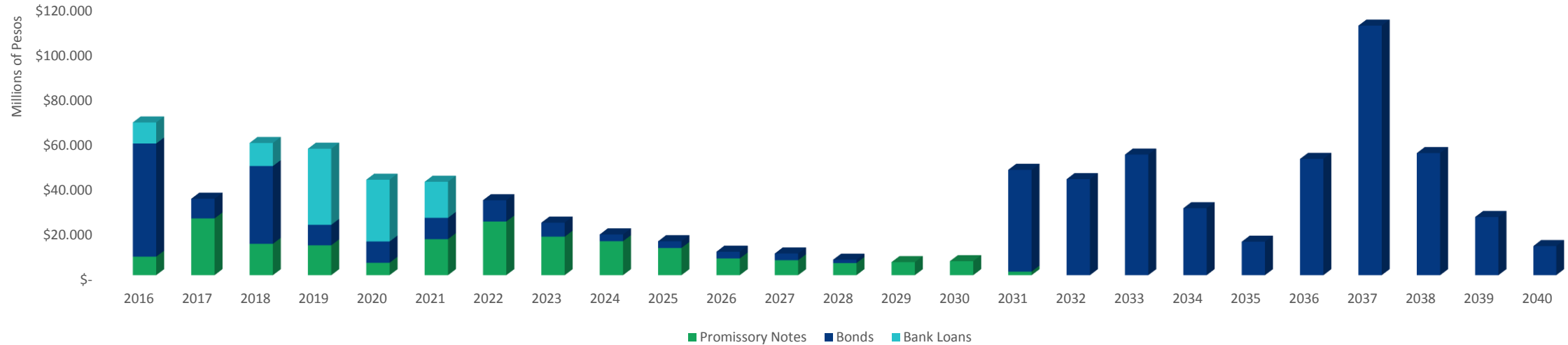
FINANCIAL PERFORMANCE – MARCH 31 2016

Other Key Highlights

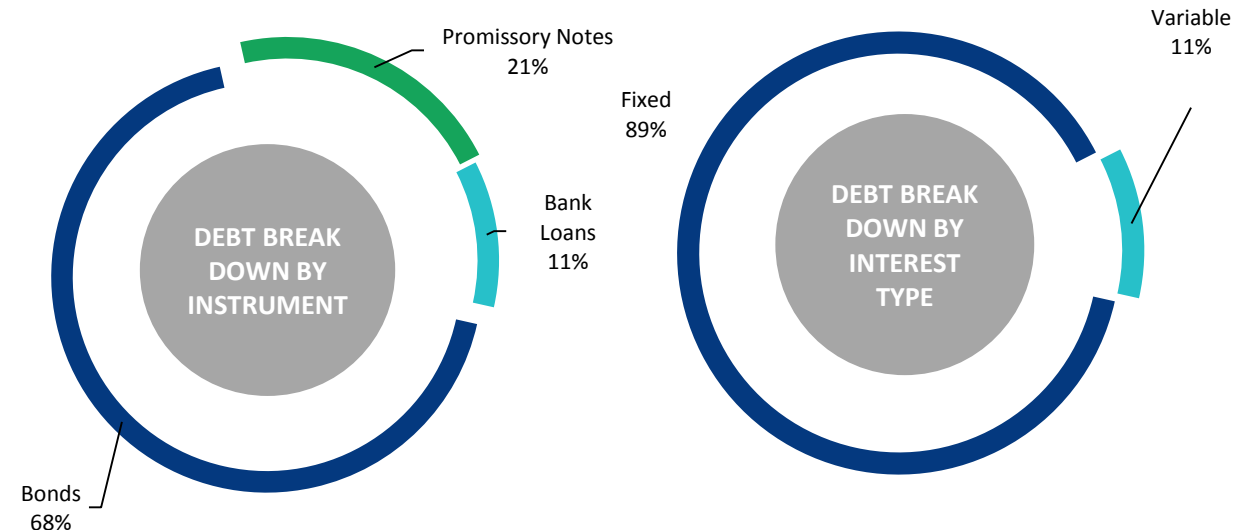
- **The non-regulated subsidiaries increased their sales in CLP\$132 million due to higher sales in EcoRiles, Análisis Ambientales (Anam) and Gestión y Servicios.** The Aguas del Maipo subsidiary did not register any sales during the period due to a delay in the beginning of operations of the Methanization Plant which is being built in the La Farfana Plant.
- **The financial result generated a loss for CLP\$10,394 million** (CLP\$5,793 million than that obtained in the same quarter of the previous year). This was mainly due to a higher revaluation of the Company's re-adjustable debt in Unidades de Fomento (Indexation Units).
- **Tax expenses at the end of the first quarter of 2016 amounted to CLP\$14,412 million** (CLP\$84 million higher than that of the same quarter of the previous year). This variation was mainly justified by higher earnings before taxes of CLP\$987 million and by the change in the tax rate increasing from 22.5% to 24% due to the Tax Reform which has been in place since September 2014.
- **Net income as of March 31 2016 amounted to CLP\$48,294 million**, CLP\$700 higher (1.5% increase) in comparison to the previous year.

DEBT STRUCTURE AS OF MARCH 31 2016

Keeping a Net Debt / EBITDA Ratio Under 3



- 💧 Leverage: **1.4x** Limit: **1.86**
- 💧 Coverage of Financial Expenses: **6.9x**
- 💧 Local Credit Rating: **AA+**
- 💧 Total Net Financial Debt: **CLP 824,124 million**
- 💧 Net Debt / EBITDA* Ratio: **2.9X**



UN RECURSO VITAL.



Una compañía que se prepara para los desafíos futuros