

LarrainVial 10th Annual Andean Conference

Aguas Andinas Corporate Presentation



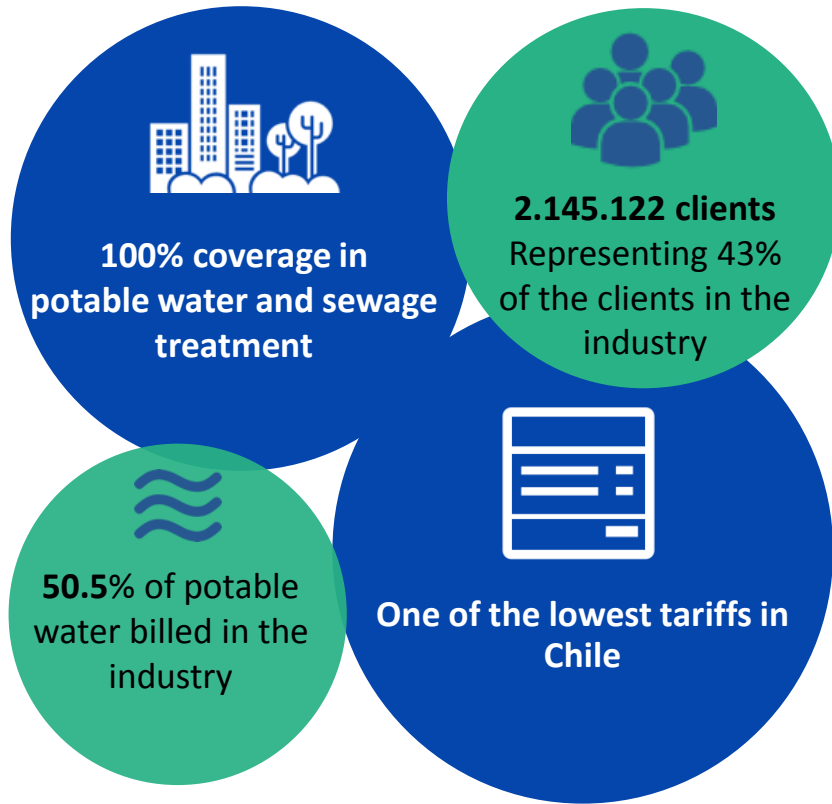
March 15 & 16 2016



01 OUR COMPANY

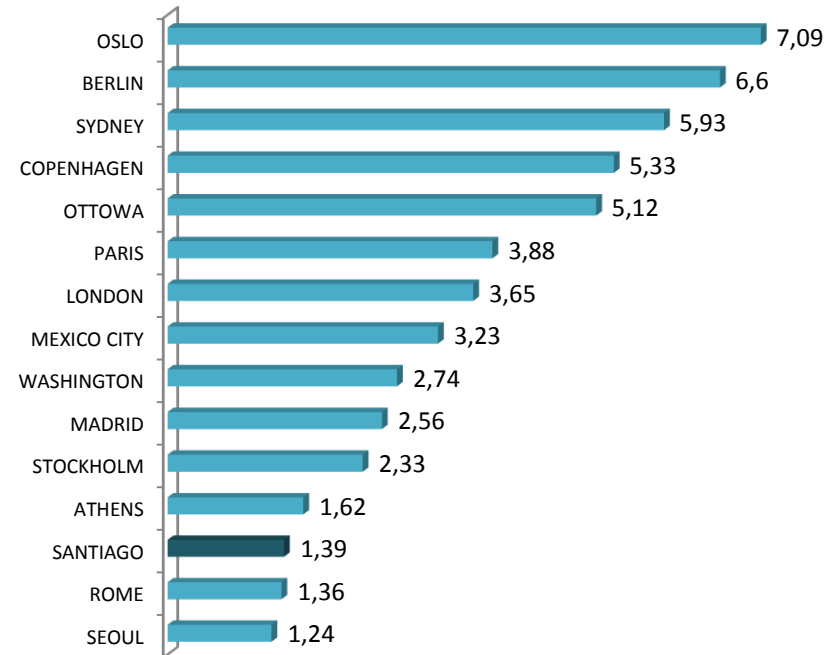
AGUAS ANDINAS

Chile's Largest Sanitation Company



TARIFFS

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



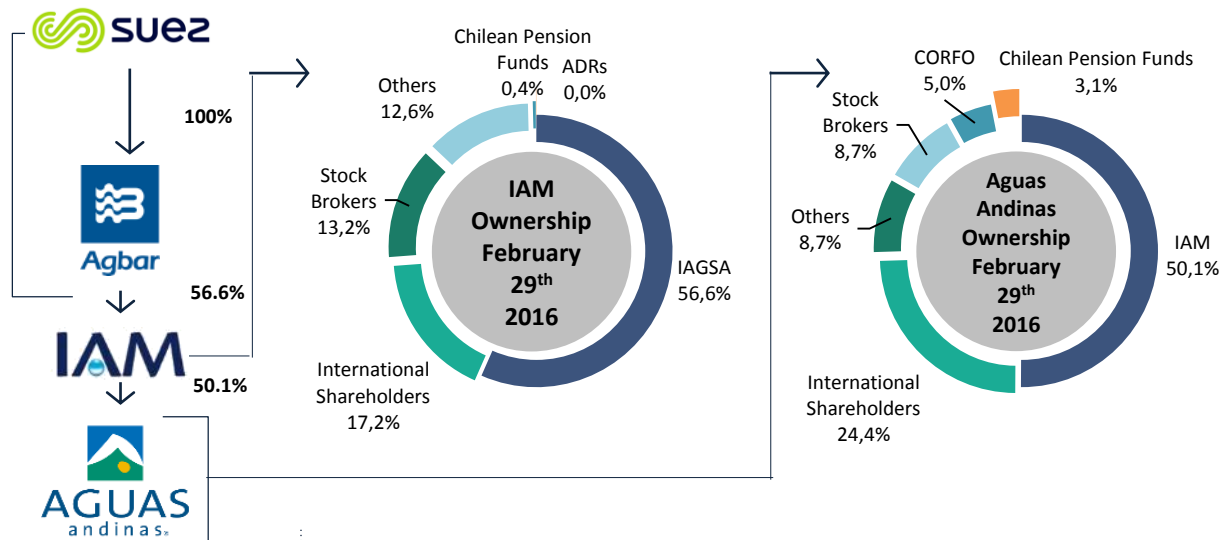
Tariffs as of December 2014 considering US \$1= \$607.38

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



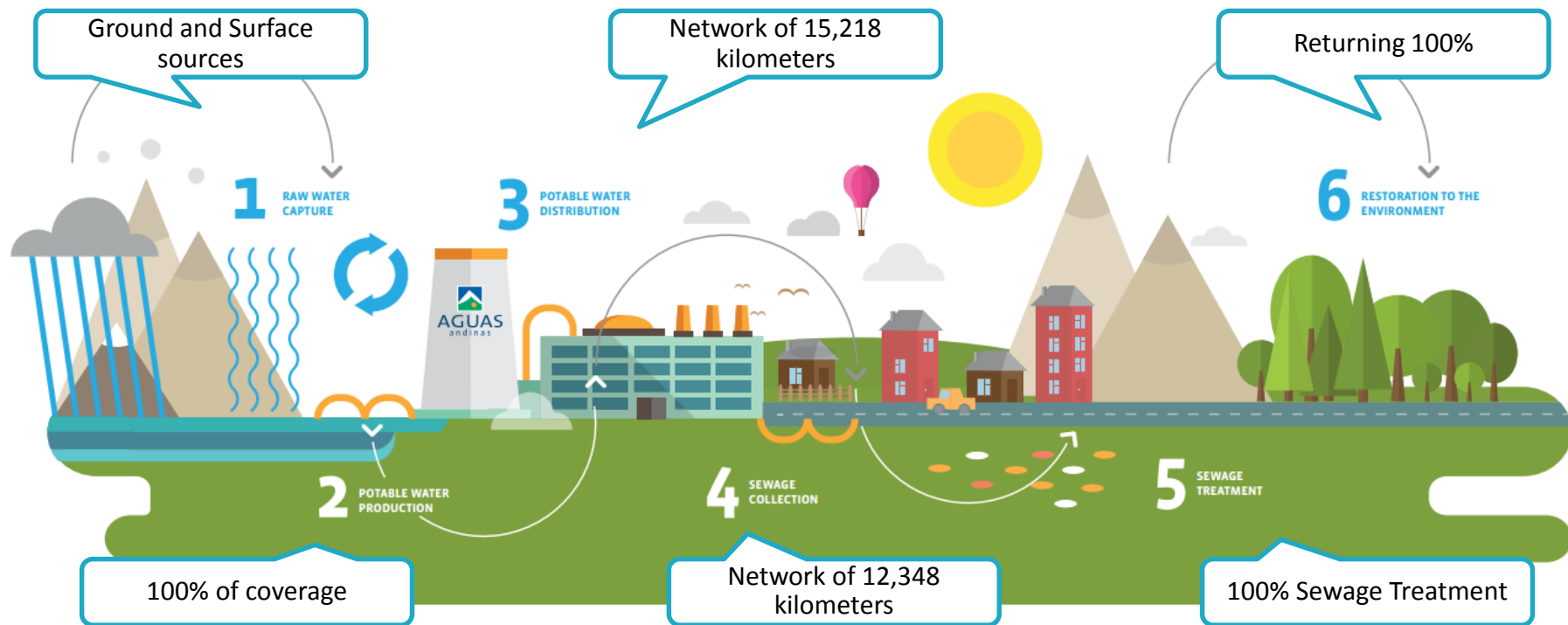
- Sustainability efforts strongly linked with the Company's stakeholders, **with open and permanent communication with them**
- *During 2015, the Company reported to the CDP (Carbon Disclosure Project) initiative for the first time*
- *Due to the Company's sustainable management, in 2015 Aguas Andinas 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

INTEGRAL WATER CYCLE MANAGEMENT

100% Coverage of Potable Water, Sewerage, and Sewage Treatment



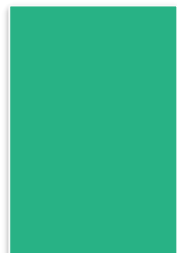
OPERATIONAL RATIOS

High Standards of Productivity and Quality of Service



CLIENTS/EMPLOYEE

522



AGUAS ANDINAS

366



INDUSTRY AVERAGE

BILLING/EMPLOYEE
Th. M³

136



AGUAS ANDINAS

81



INDUSTRY AVERAGE

RUPTURES* X 100 KMS

5,50



AGUAS ANDINAS

19,50



INDUSTRY AVERAGE

RUPTURES* X 1,000 CLIENTS

0,39



AGUAS ANDINAS

1,90



INDUSTRY AVERAGE



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**

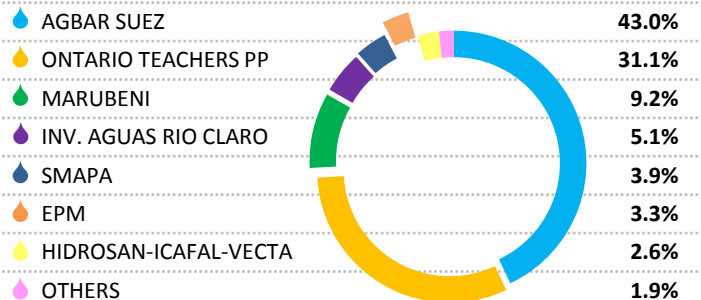


TWO CONCESSION MODELS

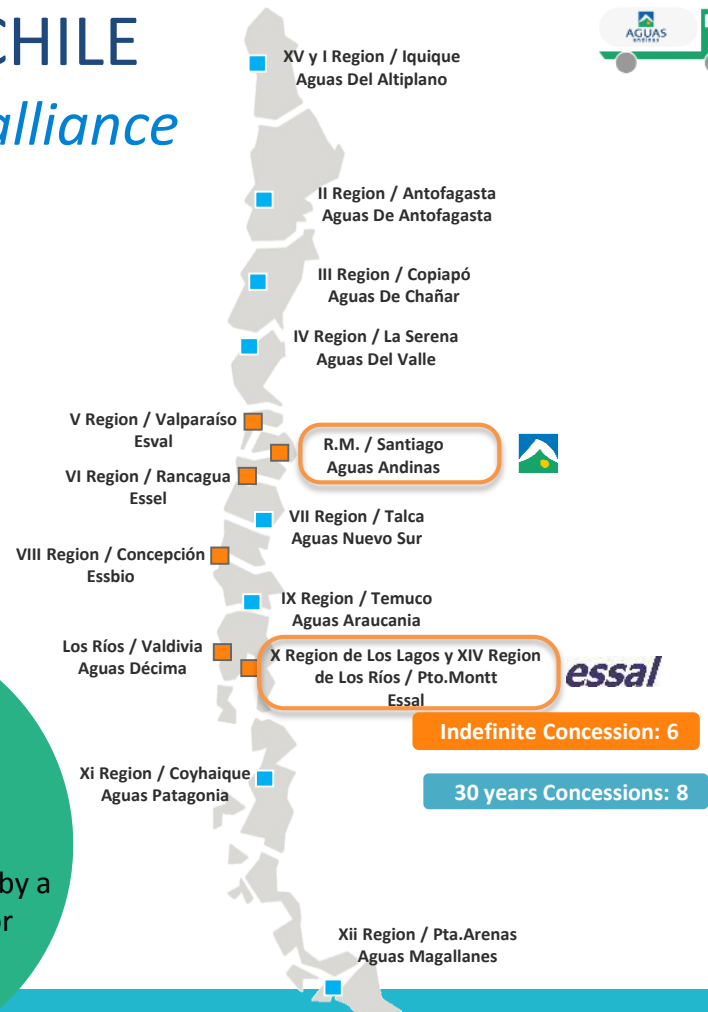
Indefinite concession

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



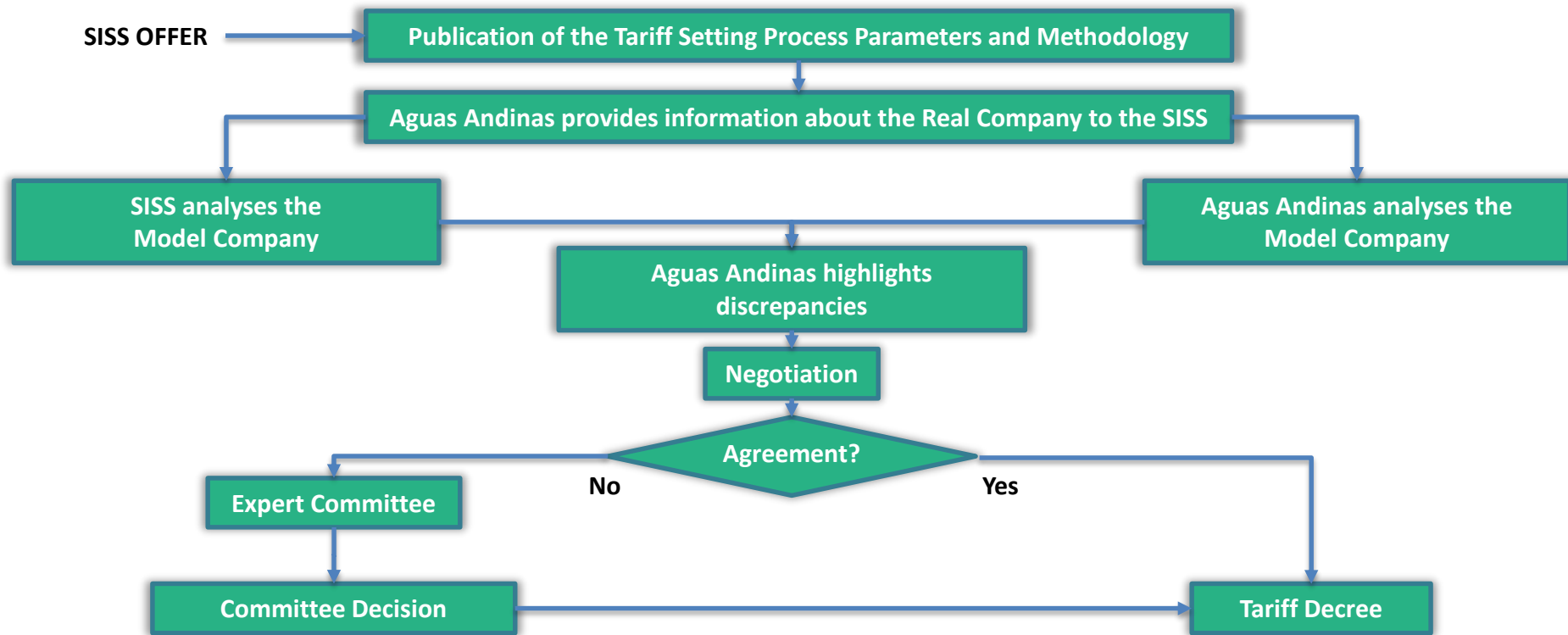
- Regulatory framework in place for more than 25 years
- Superintendence of Sanitation Services (SISS) acts as the regulator counterpart in the tariff setting process, which lasts for 1 year approximately
- Tariffs are reset every five years, based on an unbiased and technical model:
 - Based on the 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

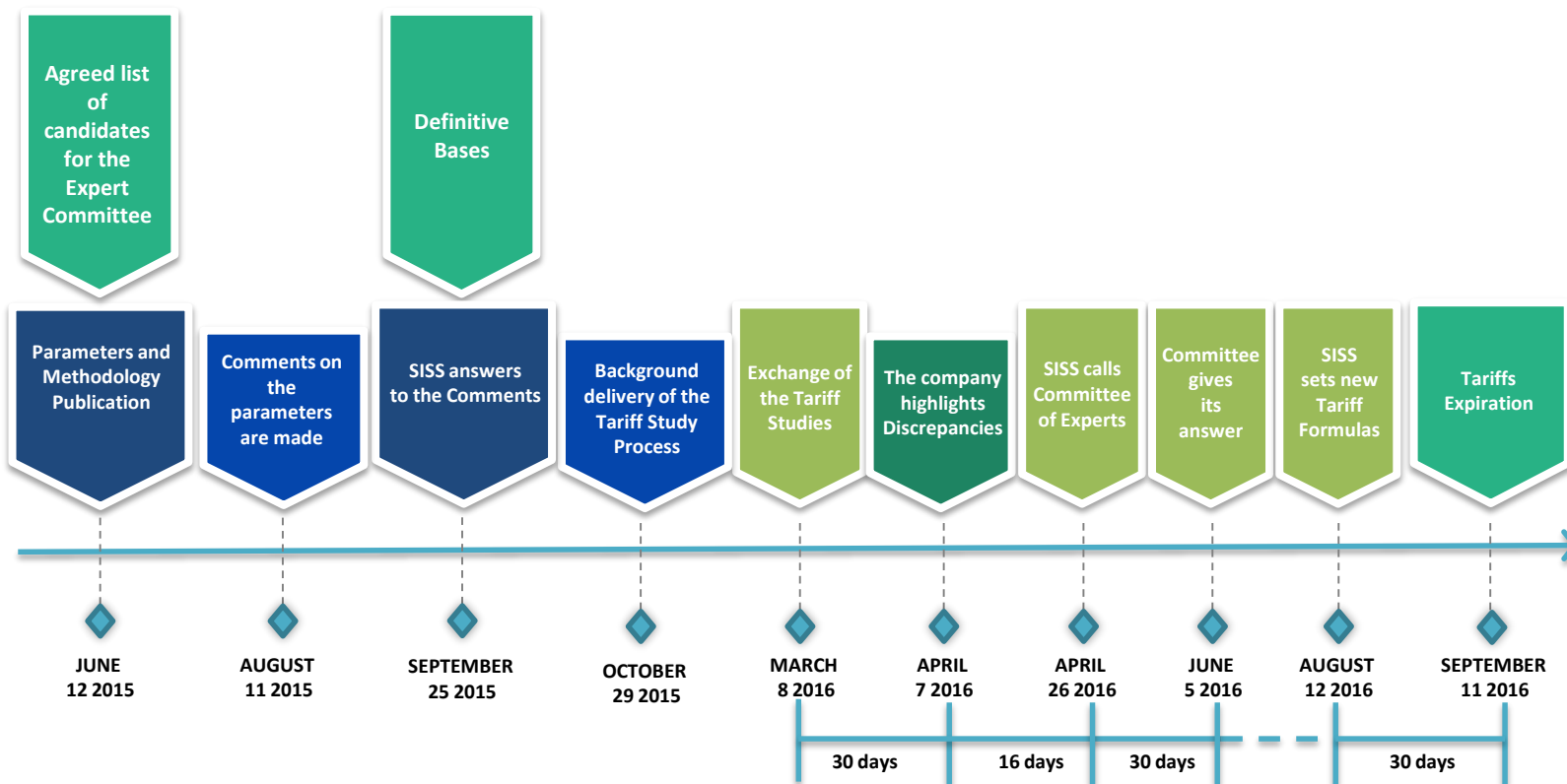
TARIFF NEGOTIATION STEPS

From General Parameters to the Model Company Size



ESSAL TARIFF-SETTING PROCESS

Technical and Negotiation Process For One Year



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

Tariff discounts for Non-Regulated Businesses:

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





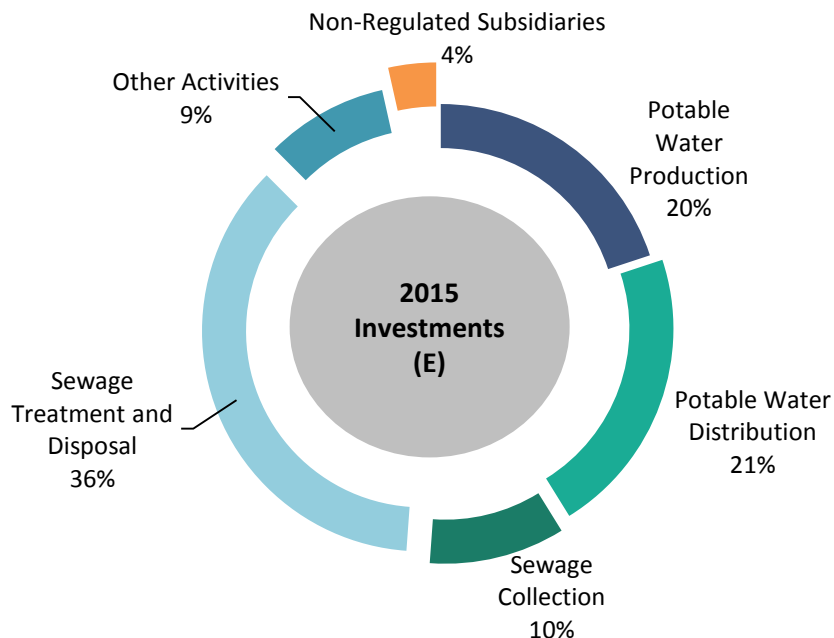
03 INVESTMENTS

INVESTMENTS PLAN FOR THE NEXT FIVE YEARS

Ensuring The Continuity Of Service



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



INVESTMENTS 2015 - 2020	USD
Infrastructure replacement and operational improvement plans	900 MILLION
Works associated with growth, security, and quality of service	
2015 INVESTMENTS (E)	200 MILLION

MAIN PROJECTS FOR 2015-2020	USD MM
Extension of the Mapocho Treatment Plant	120
Potable Water Safety Infrastructure Works	90
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

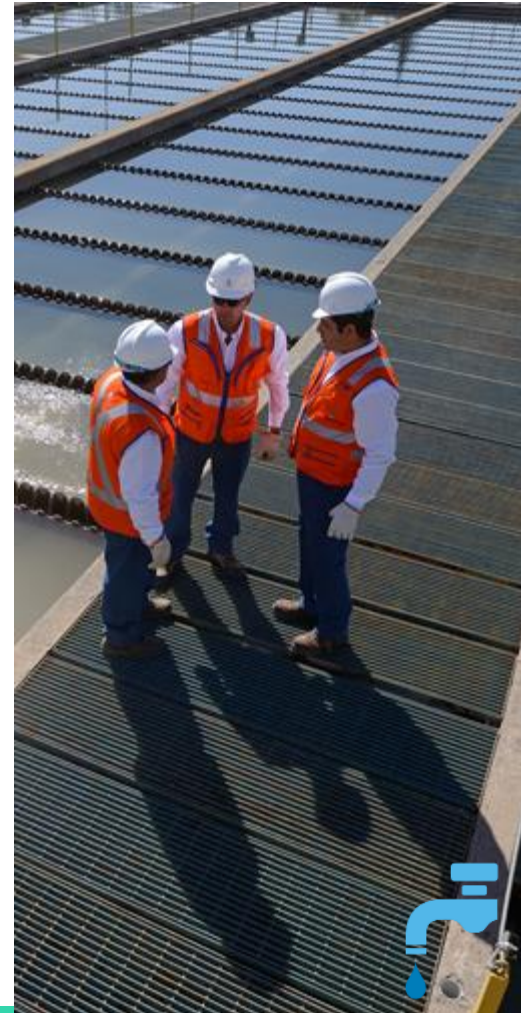
A two phases plan that will strengthen our network has been developed

Safety Infrastructure Projects – Phase I (completed):

- 7 new wells (500 L/s)
- 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 1st of 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
- End date scheduled for 2019
- Anticipated tariff increase of 1.1% to be applied when the project is completed



DROUGHT MITIGATION PLAN

Guaranteeing Water Supply For the Sixth Consecutive Year



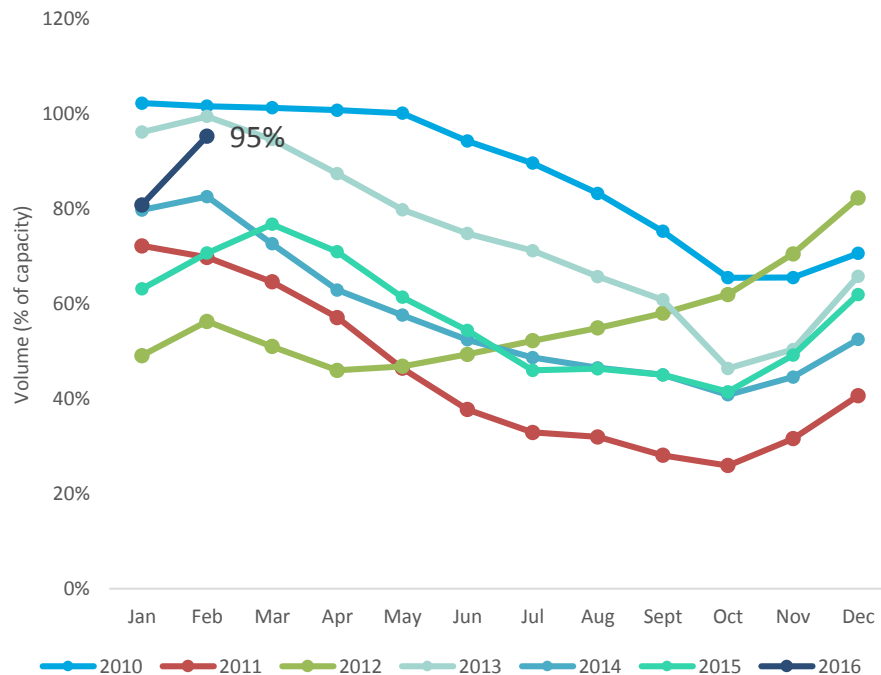
New investments to increase capacity and agreements with primary users for the joint management of the Maipo river

Measures taken by the company to mitigate the impacts of the drought during the last six 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



HYDRAULIC EFFICIENCY PLAN

Decrease Losses From 30% to 20% In Five Years

The Aguas Group currently has 30.24% 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

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





04 FINANCIAL INFORMATION

FINANCIAL PERFORMANCE - SEPTEMBER 30th 2015



Millions of CLP

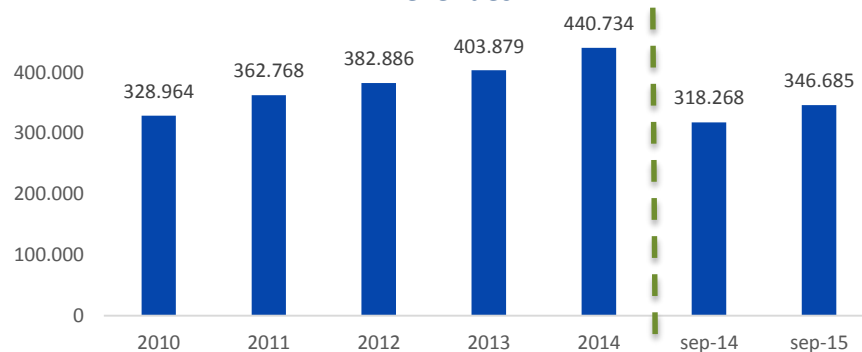


Revenue CAGR of 7,59% and EBITDA CAGR of 7.78% over the 2010-2014 period

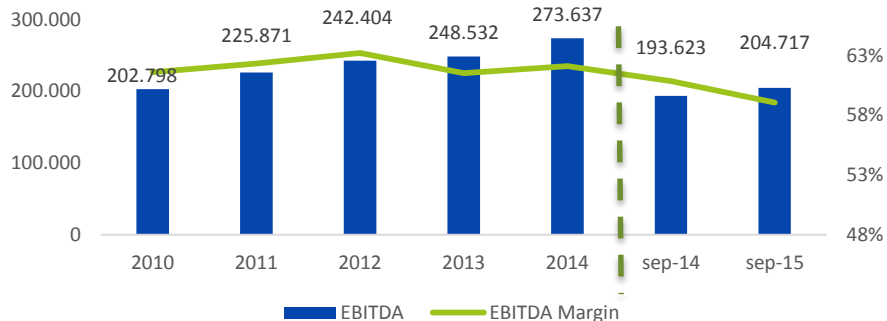


Dividend Policy (Since 2000): 100%

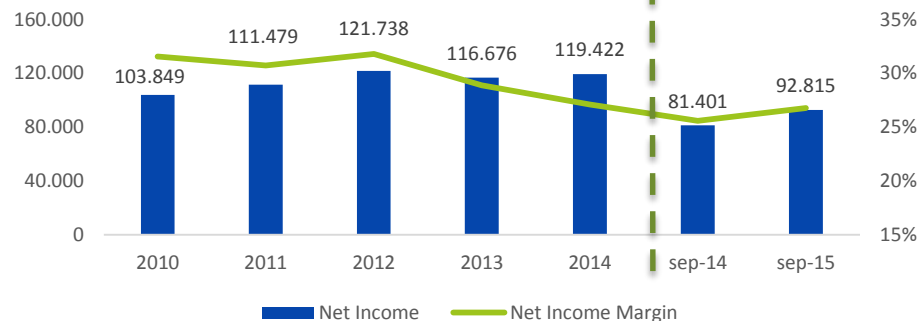
Revenues



EBITDA & EBITDA Margin

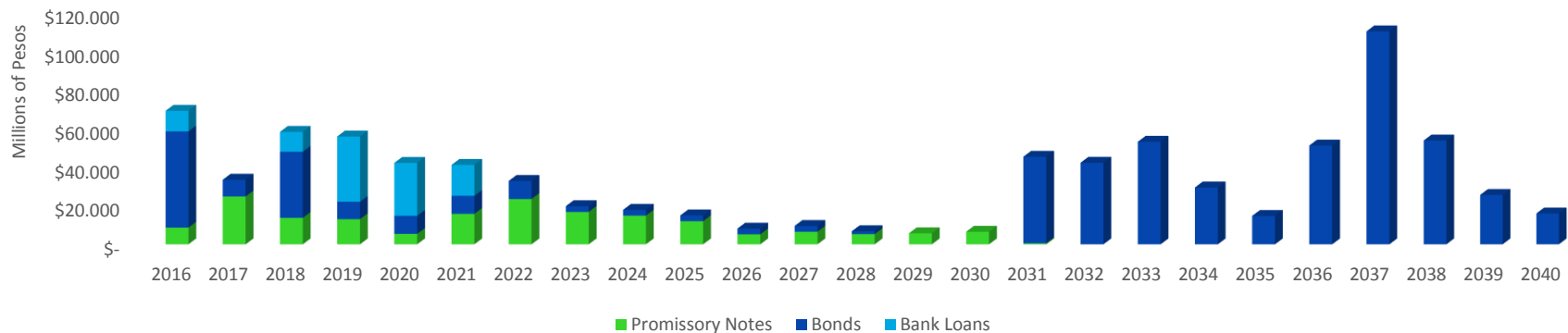


Net Income & Net Income Margin



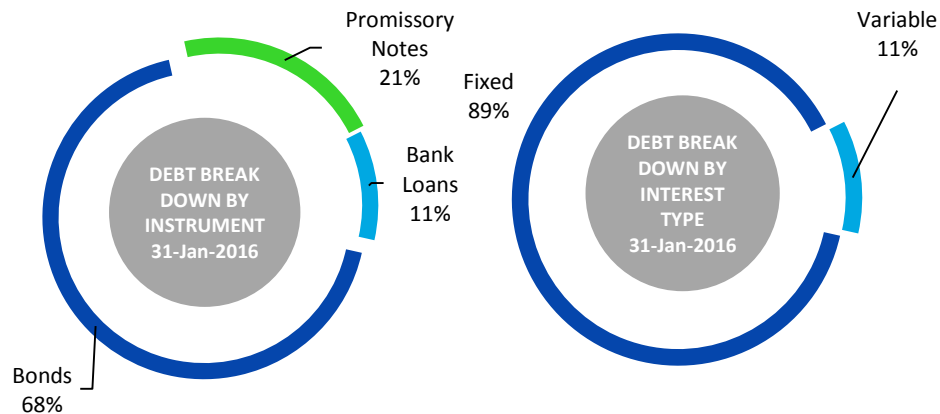
DEBT STRUCTURE

Keeping a Net Debt / EBITDA Ratio Under 3



As of September 2015:

- 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®