



AGUAS ANDINAS

CORPORATE
PRESENTATION

May 2017



AGUAS ANDINAS



Chile's largest water utility company



100% coverage in potable water and sewage treatment



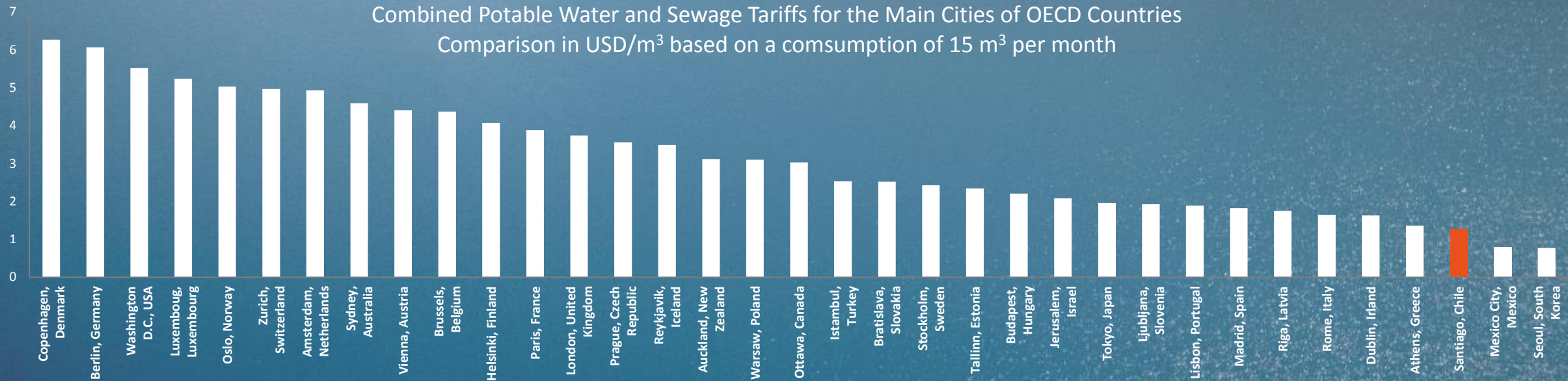
2,213,869 clients
Representing 43% of the industry's clients



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



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 an A+).
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



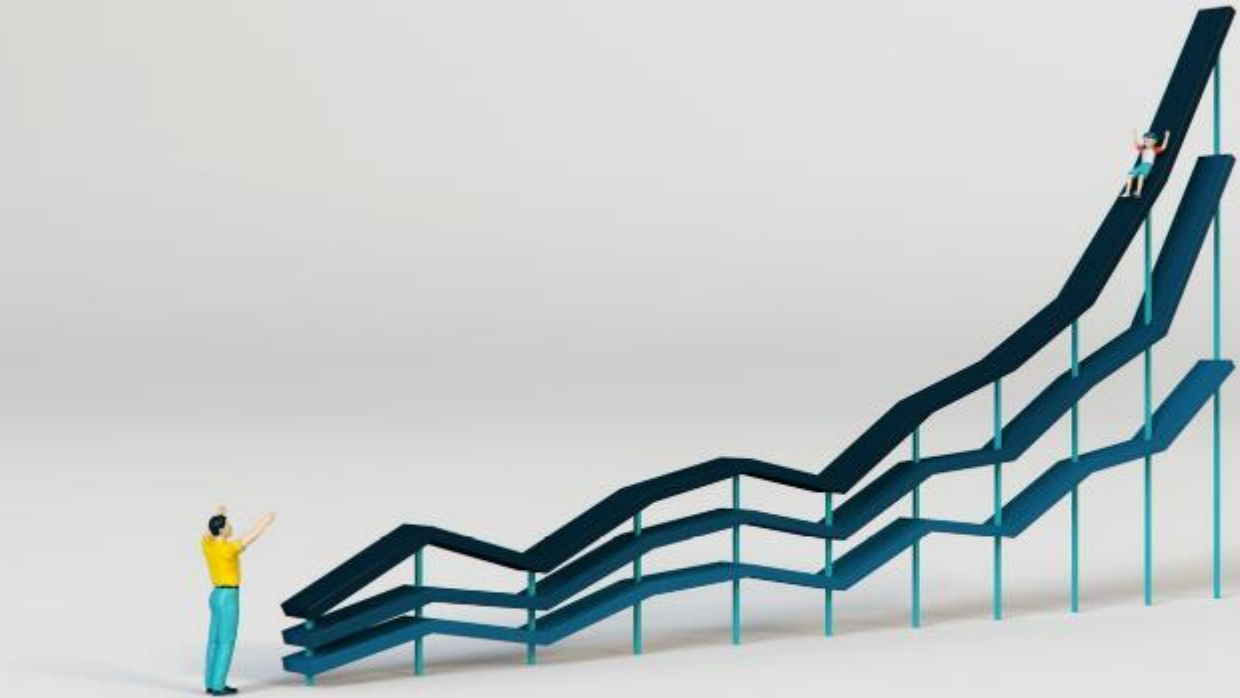
CHALLENGES

- **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**

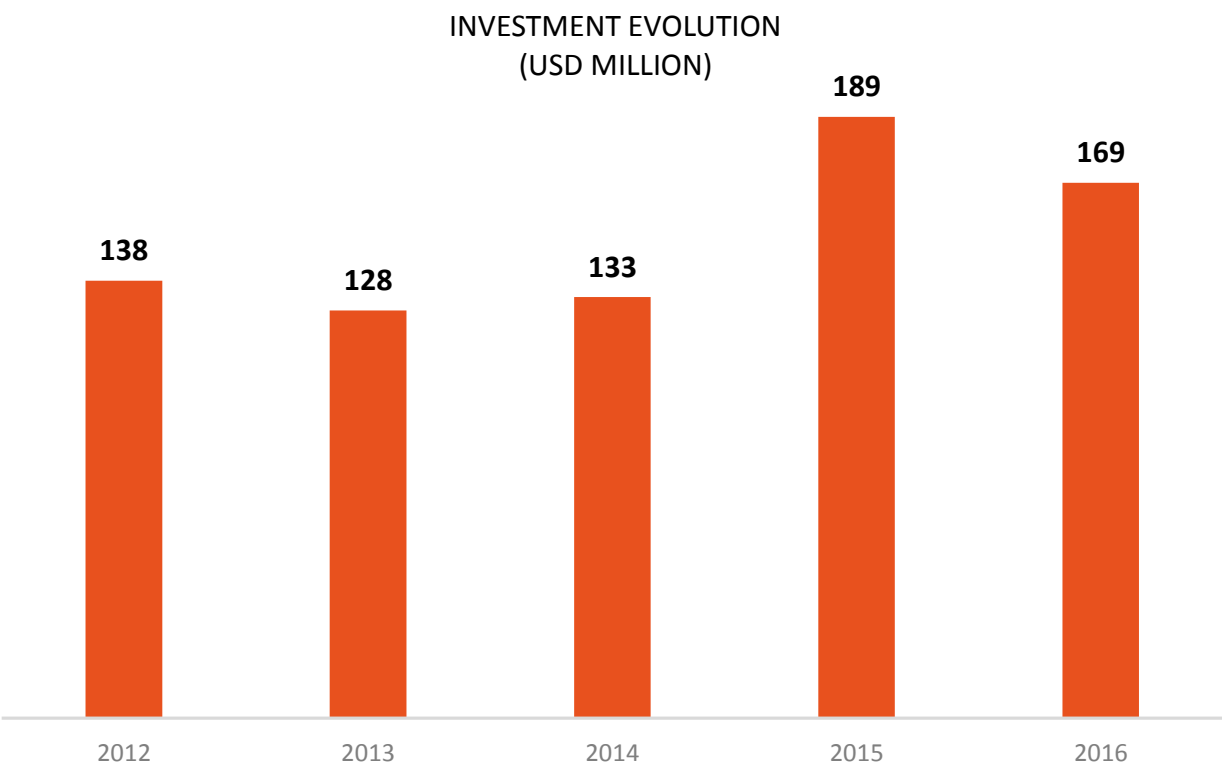
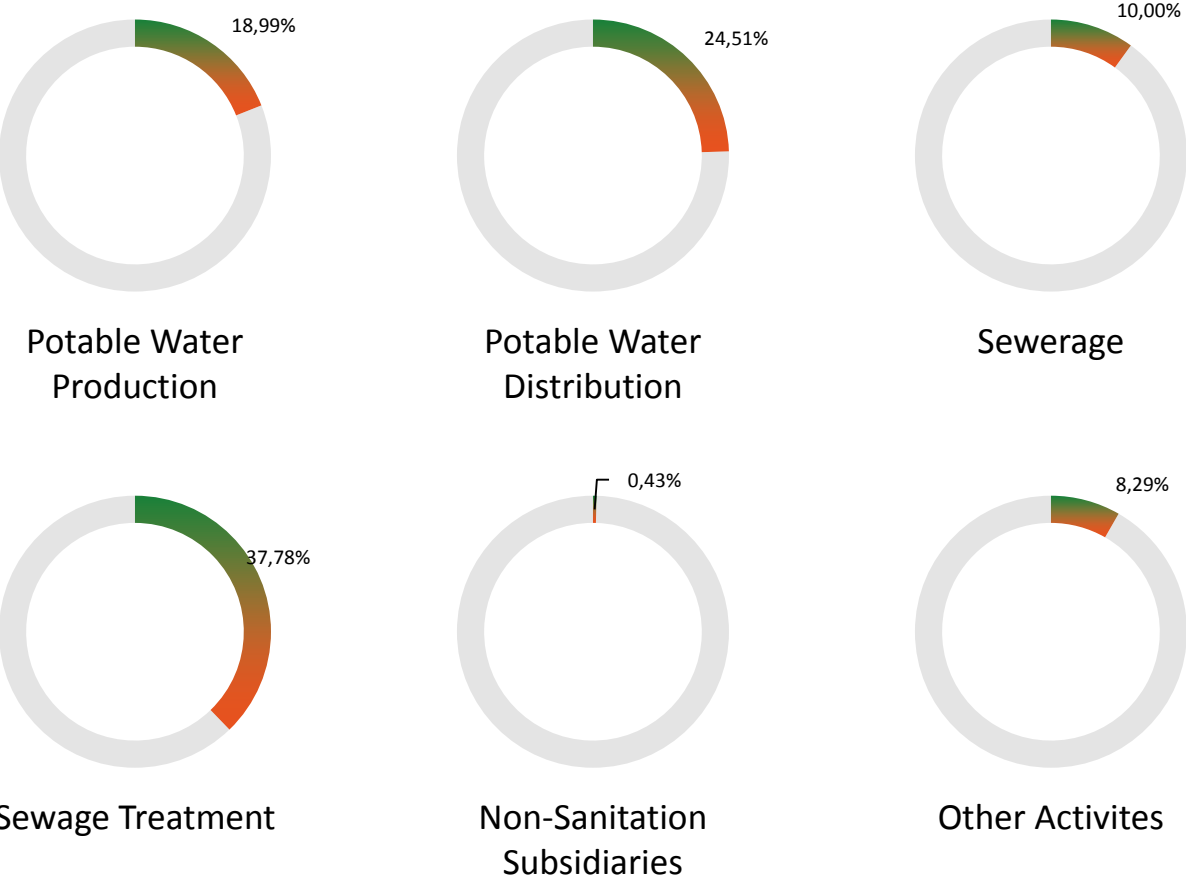


INVESTMENTS



HIGH INVESTMENT LEVELS IN ORDER TO ENSURE THE CONTINUITY OF OUR SERVICES

USD\$169 million invested in 2016



During 2016, the company invested 1.69 times more than depreciation and amortization

INVESTMENTS TO MANAGE TURBIDITY EVENTS

WHAT HAVE WE DONE?

- 25% more potable water reserves.
- Double the number of hours of autonomy from 4 to 9 hours.
- 30 turbidity events without impact.
- Investments: USD\$58 million.

WHAT ARE WE DOING?

- Tripling the autonomy from 9 to 32 hours with an investment of USD\$96 million.
- 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)



Las Vizcachas Tanks:
161,000 m³

Estanques Pirque

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

COMPLIMENTARY WORKS TO AVOID WATER CUTS DUE TO TURBIDITY EVENTS

New works for 2018
(Subject to the SISS' approval)



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



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



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



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

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:
USD \$115 million



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

Estimated investment:
USD \$238 million



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

Estimated investment:
Over USD \$500 million



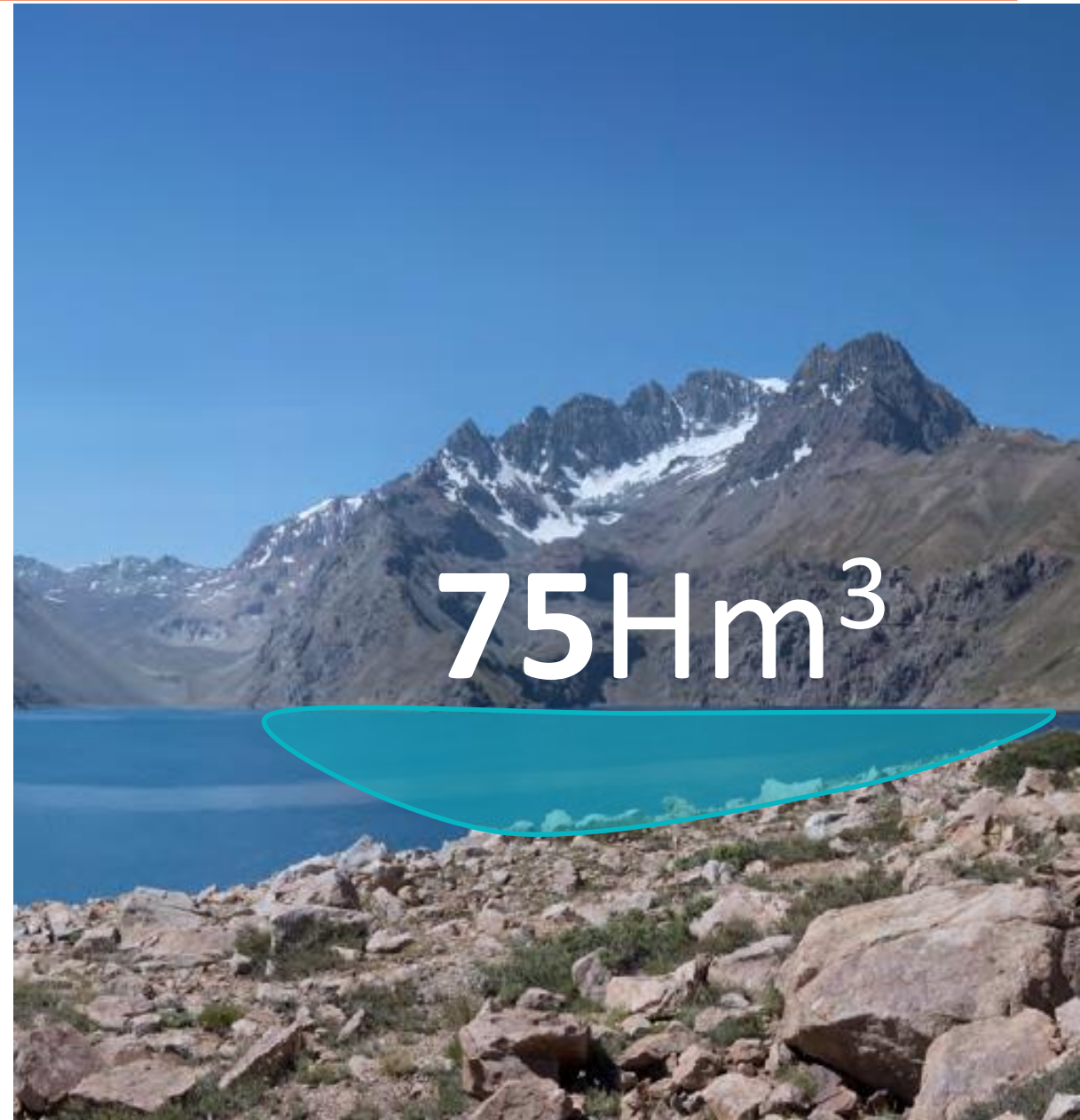
A4. CONDUCTION from the El Yeso Reservoir to the Pirque Tank.

Estimated investment:
USD \$410 million

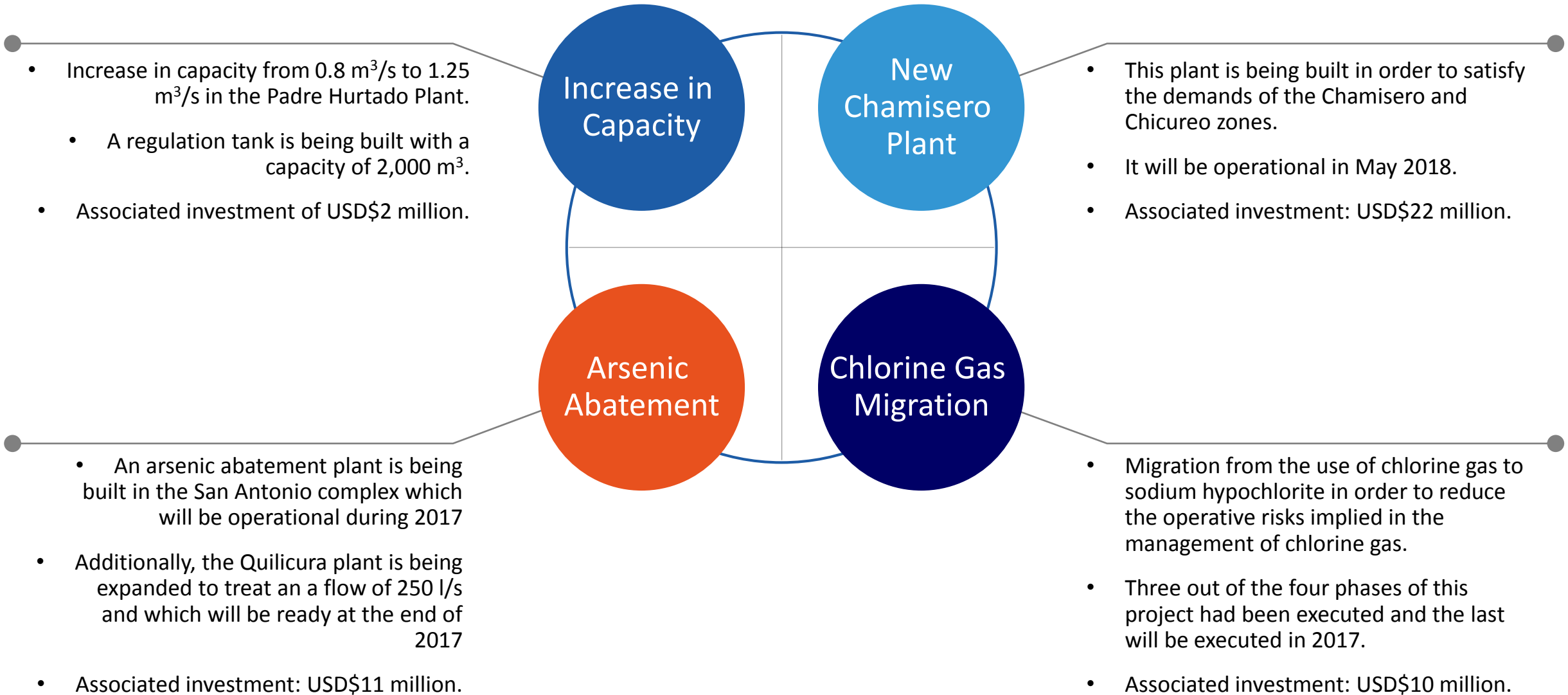
HYDRAULIC EFFICIENCY PLAN

EXPECTED RELEVANT ACHIEVEMENTS:

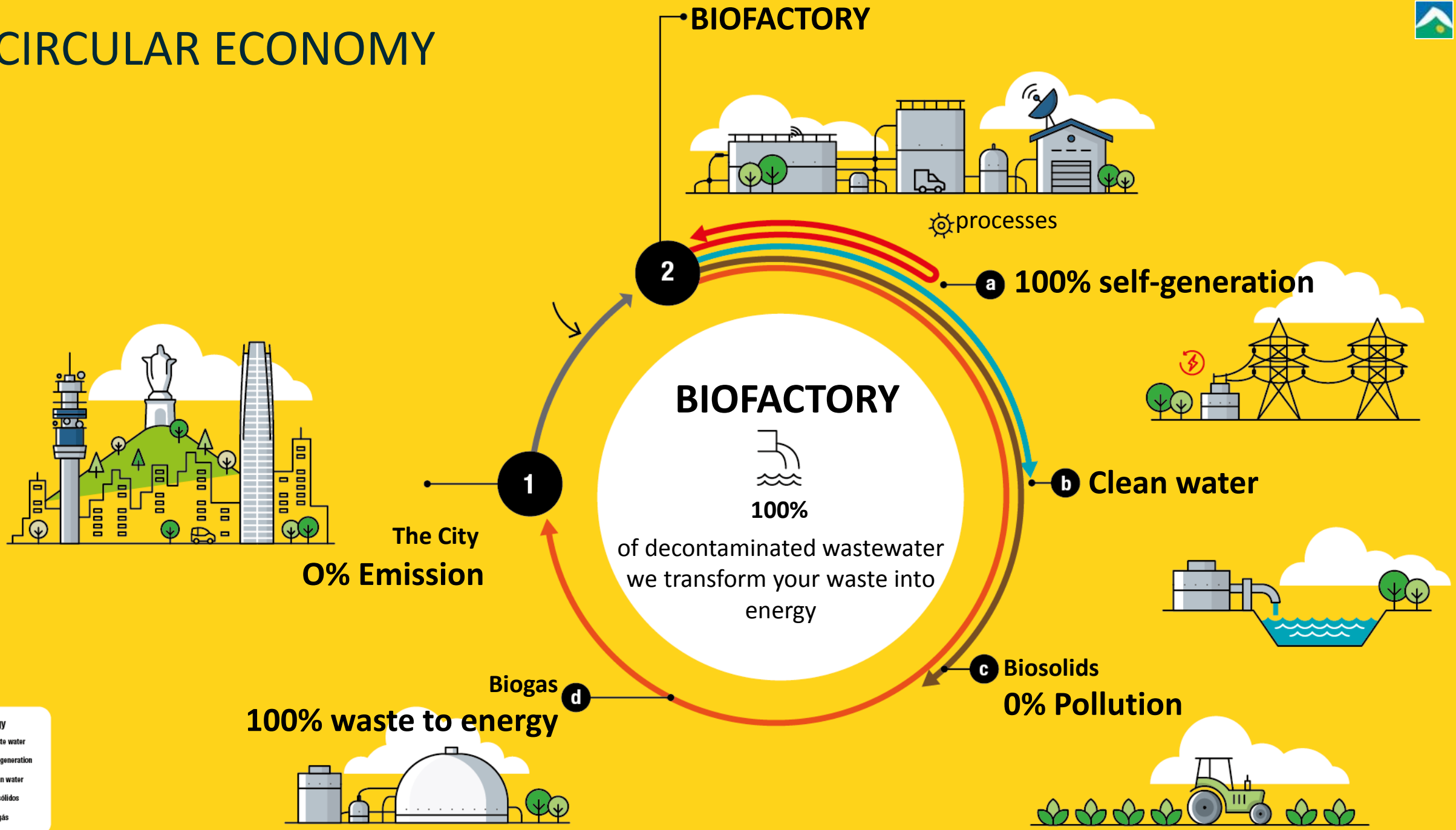
- Decrease water production by 75 Hm³/year (equivalent to 1/3 of the El Yeso Reservoir)
- Decrease the average daily production in 200,000 m³/day equivalent to:
 - More than 1 Vizcachas safety tank.
 - More than 2 Padre Hurtado treatment plants.
 - 6 additional hours of reserves in addition to the Pirque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

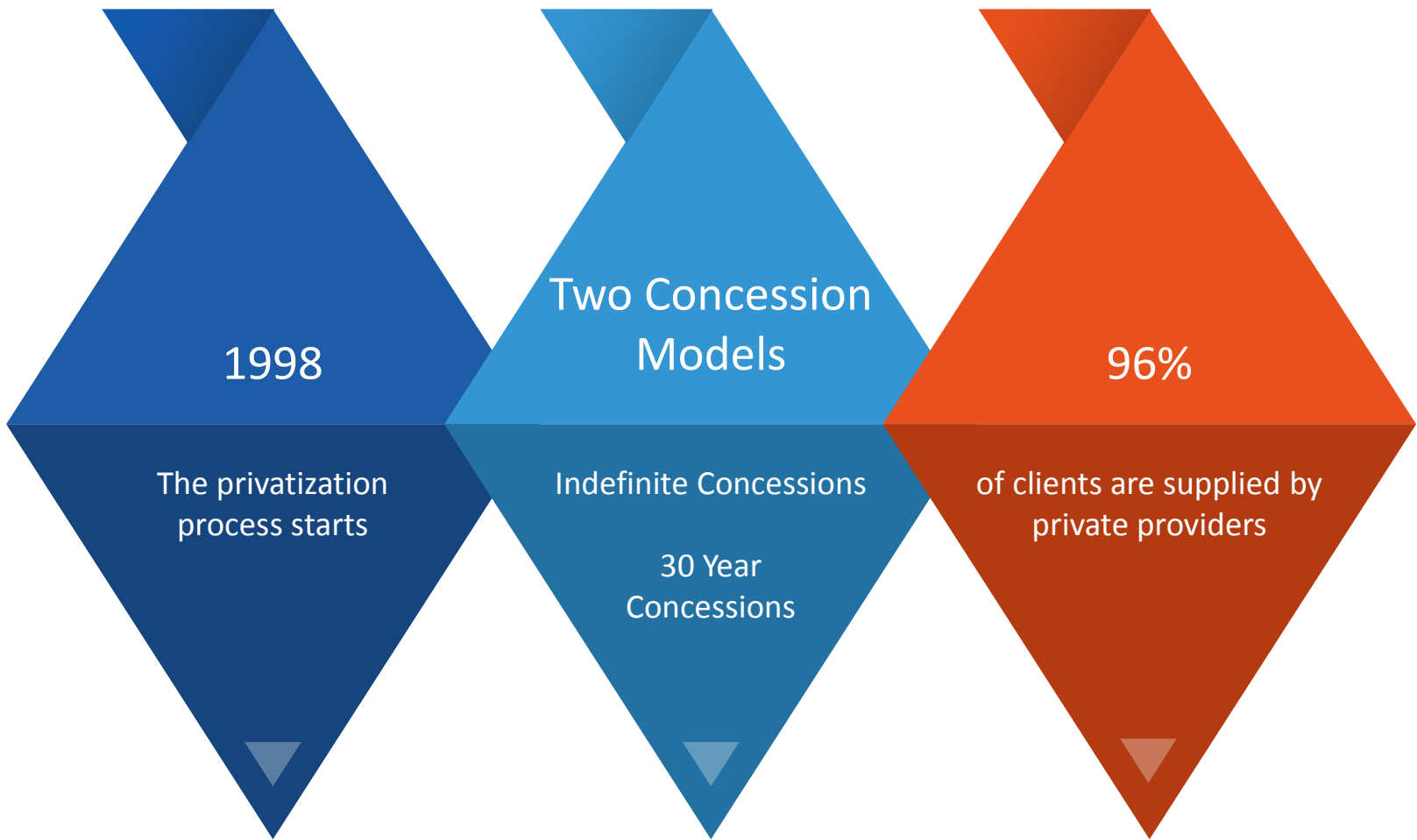
+ 43.8%

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

REGULATORY FRAMEWORK

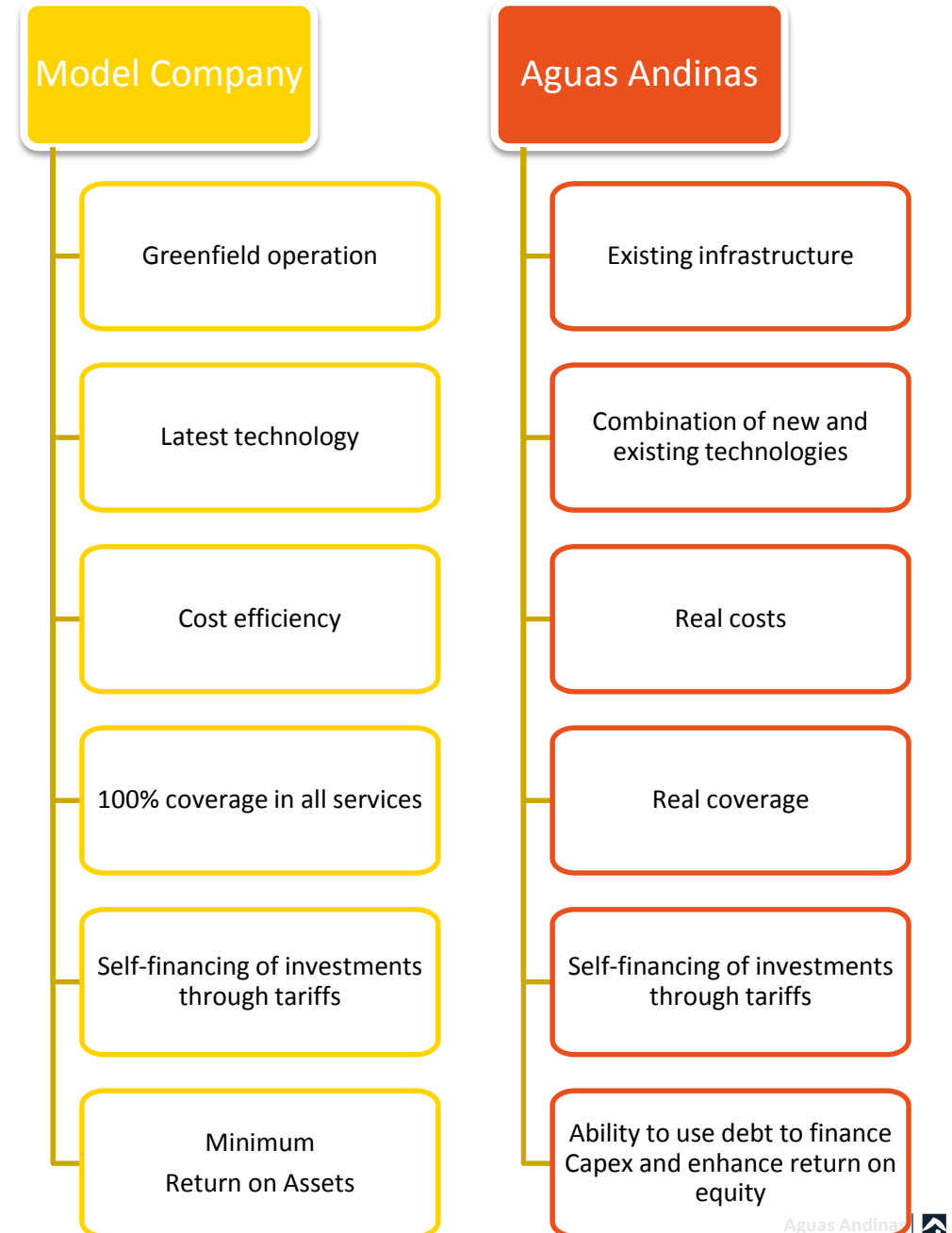


CHILEAN WATER UTILITY INDUSTRY

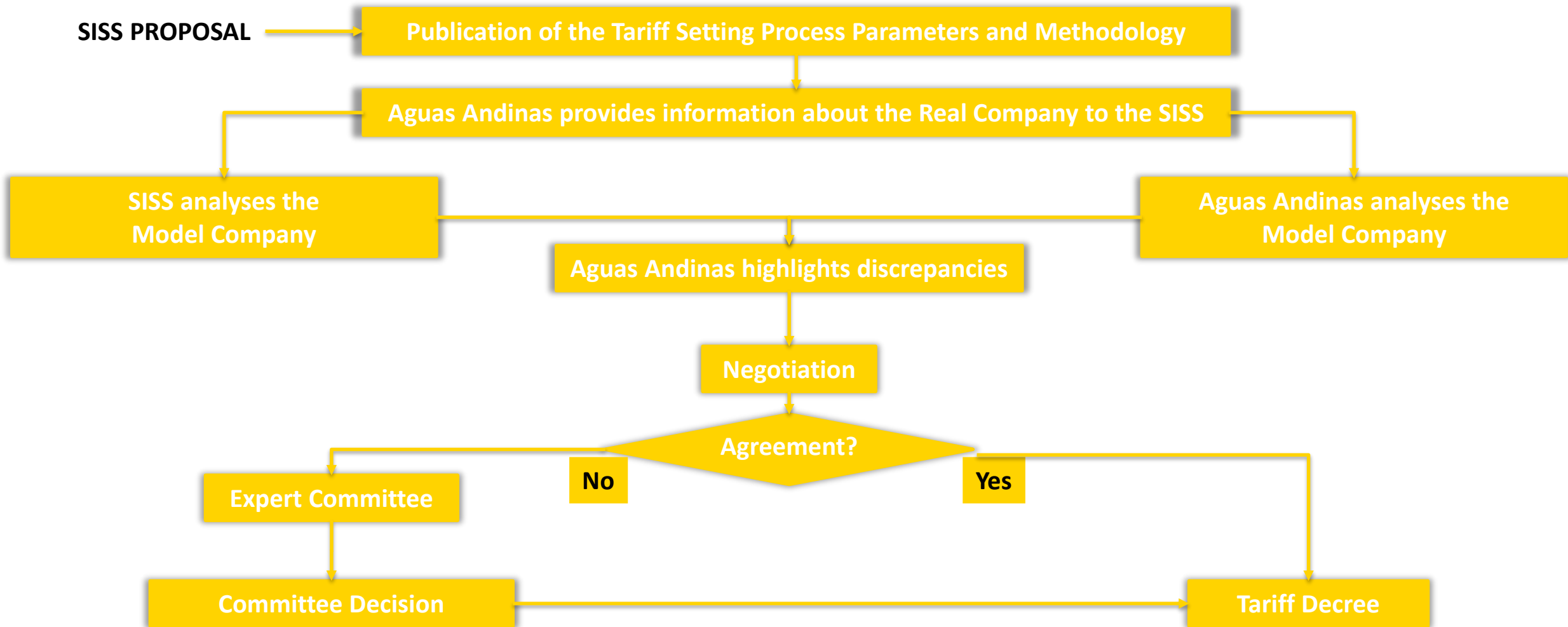


HIGHLY REGULATED INDUSTRY

- 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



STAGES OF THE TARIFF NEGOTIATION PROCESS



RISKS



REGULATORY RISK: PROJECT OF LAW 10.705-33

Jueves, 05 de enero de 2017



Valdés tampoco apoya cambios a regulación sanitaria

El ministro de Hacienda explicó que alterar el piso de la rentabilidad y el premio por riesgo de las empresas sanitarias, "sería cambiar las reglas del juego".

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A⁻ A⁺ Imprimir Enviar

Equipo El Mercurio Inversiones

El ministro de Hacienda, Rodrigo Valdés, aseguró que el Gobierno hará todo lo que está en sus manos para que el proyecto de Ley **que busca modificar al sector sanitario** no altere el piso de la rentabilidad, ni el premio por riesgo que rige a las empresas.

"Hubo una moción parlamentaria aprobada en la Cámara (de Diputados, por 108 votos a favor y ninguno en contra) que cambia algunas reglas del juego para las sanitarias", dijo Rodrigo Valdés a periodistas, según información que da a conocer Valor Futuro.

- In December 2016, the Chamber of Deputies approved the Project of Law Bulletin N° 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.
- The project of law includes six articles through which it seeks to modify the norms which are stipulated in the following legislations:
 - Decree with Force of Law N° 382, from 1989, of the Ministry of Public Works, General Law on Sanitation Services.
 - Decree with Force of Law N° 70, from 1988, of the Ministry of Public Works, about Sanitation Service Tariffs.
 - Law N° 18.902, which created the Superintendence of Sanitation Services.

CLIMATE CHANGE RISK: TURBIDITY

- Due to climate change, there has been an increase in convective rains with isotherm zero (> 3,600 meters) in the pre-mountain area.
- This produces an increase in turbidity in the Maipo river caused by floods and landslides.
- Due to these events of force majeure, there have been water cuts as when turbidity levels surpass the design conditions of the potable water plants, the only measure that can be taken is to stop the plants to prevent embankments.
- Since 2008 and to date, there have been 6 events of high turbidity that have paralyzed the plants.
- However, 30 events have been mitigated in which the plants have not had to stop production.
- Aguas Andinas is doing all of the necessary investments in order to mitigate this risk.

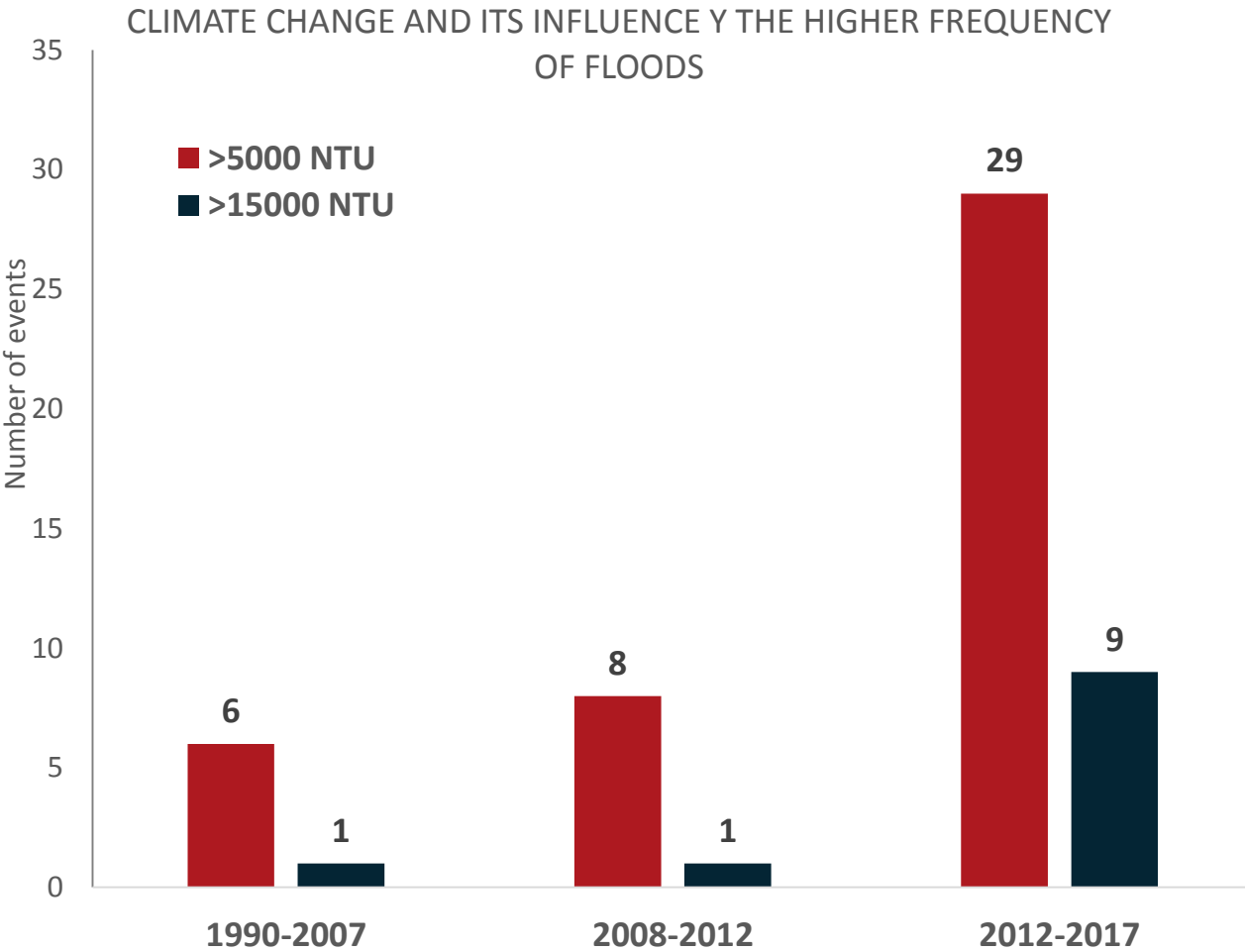


Table: Number of turbidity events whose duration has been over 12 hours over 5,000 and 15,000 NTU, during the 1990-2017 period.

Source: Water Footprint published by the Water Rights and Management Center of the UC (CDGA)

CLIMATE CHANGE RISK: DROUGHT

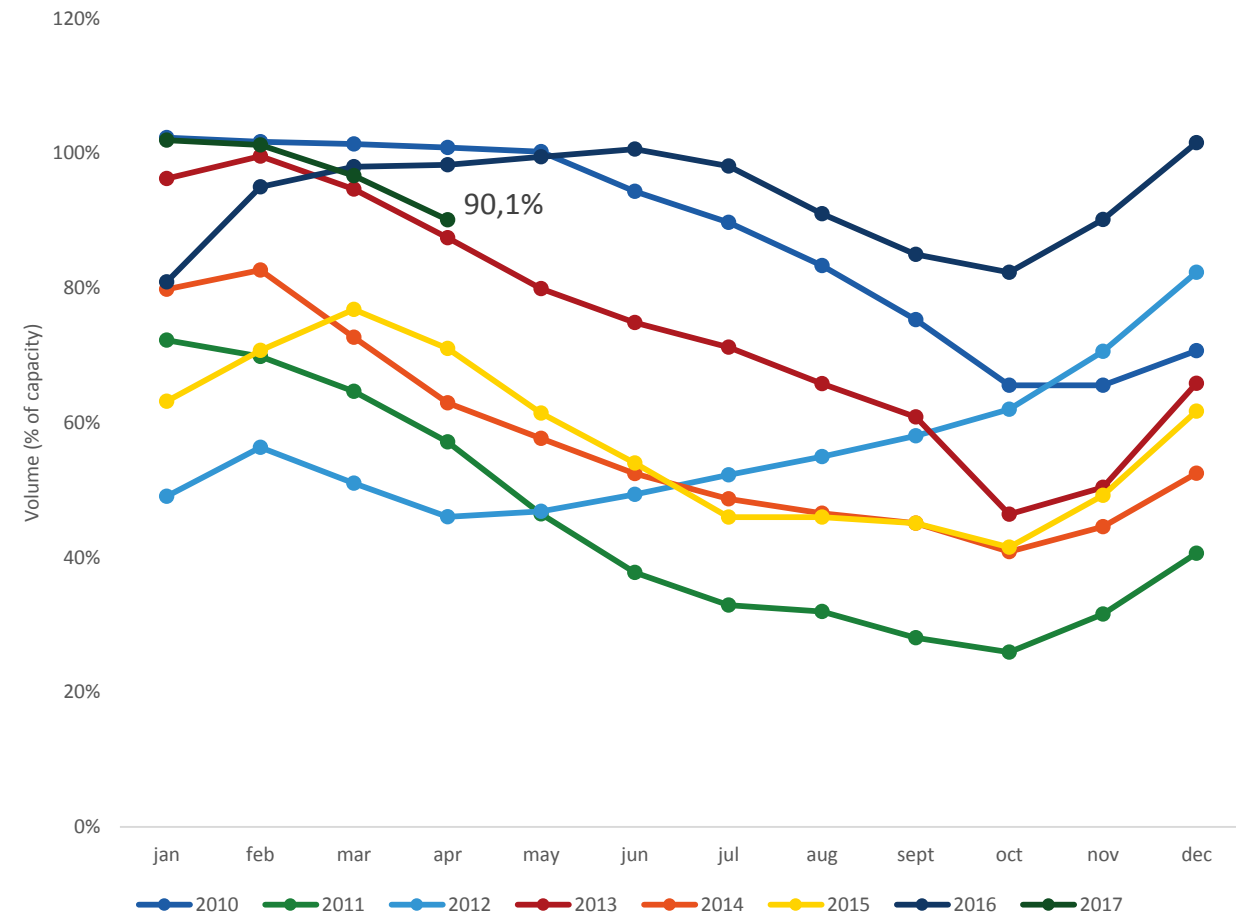
Short-Term Plan: Drought Mitigation Plan

- 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



FINANCIAL PERFORMANCE



FINANCIAL PERFORMANCE – DECEMBER 31 2016



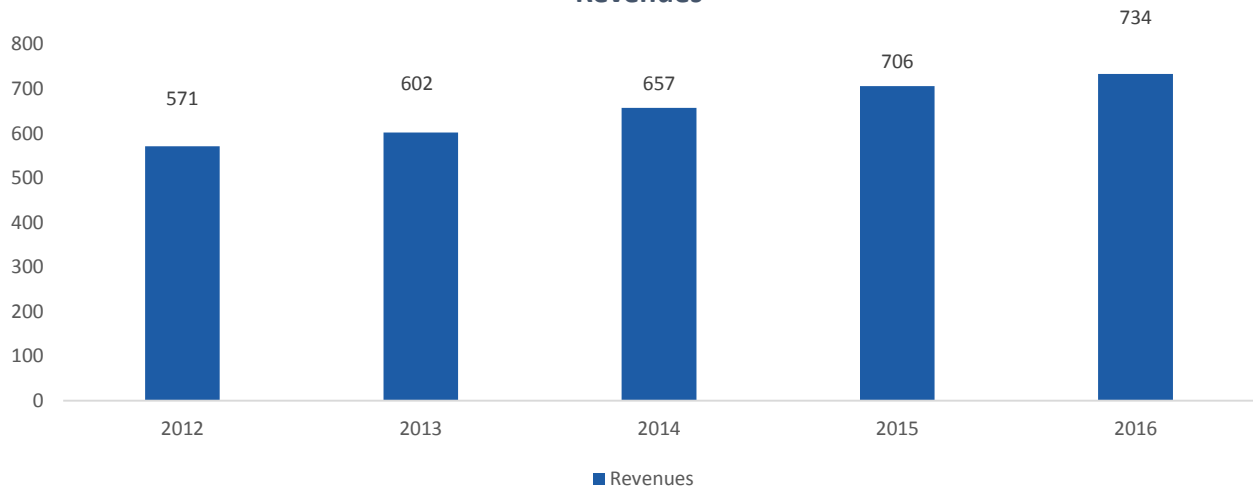
Revenue CAGR of 6.5% and EBITDA CAGR of 4.7% over the 2012-2016 period



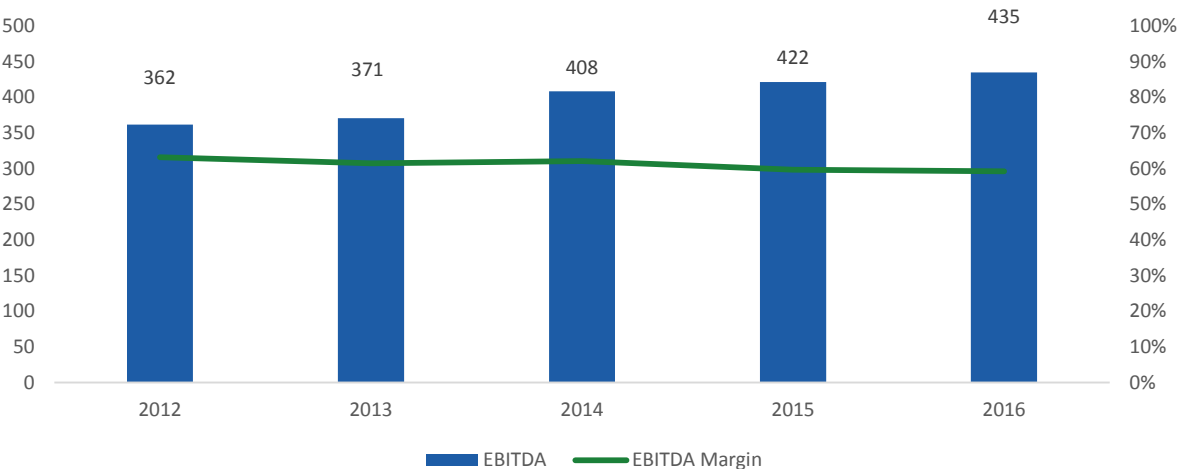
2015-2016 Growth: +3.9% revenues, +3.1% EBITDA y +16.7% Net Income

Revenues

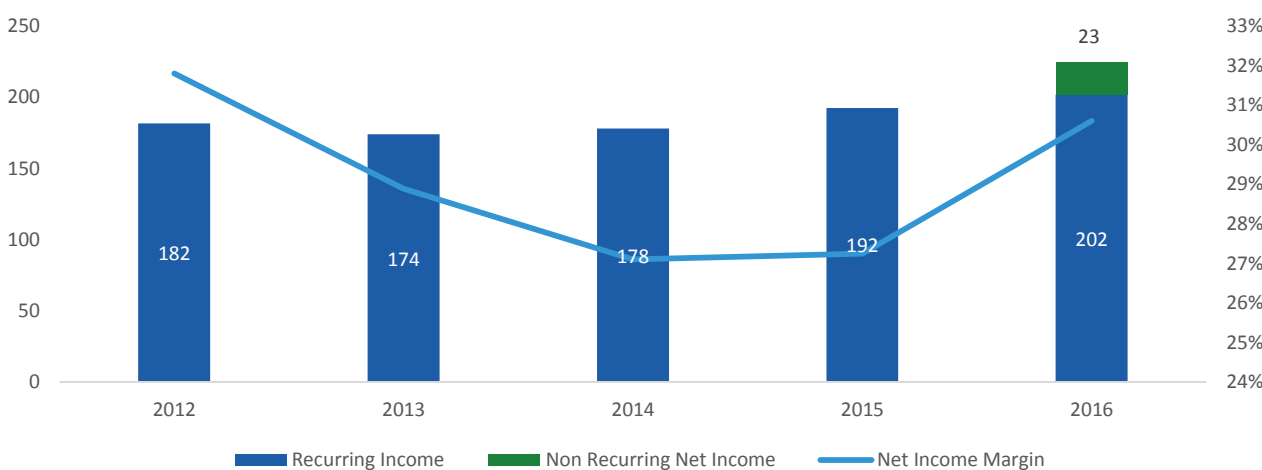
Millions of USD



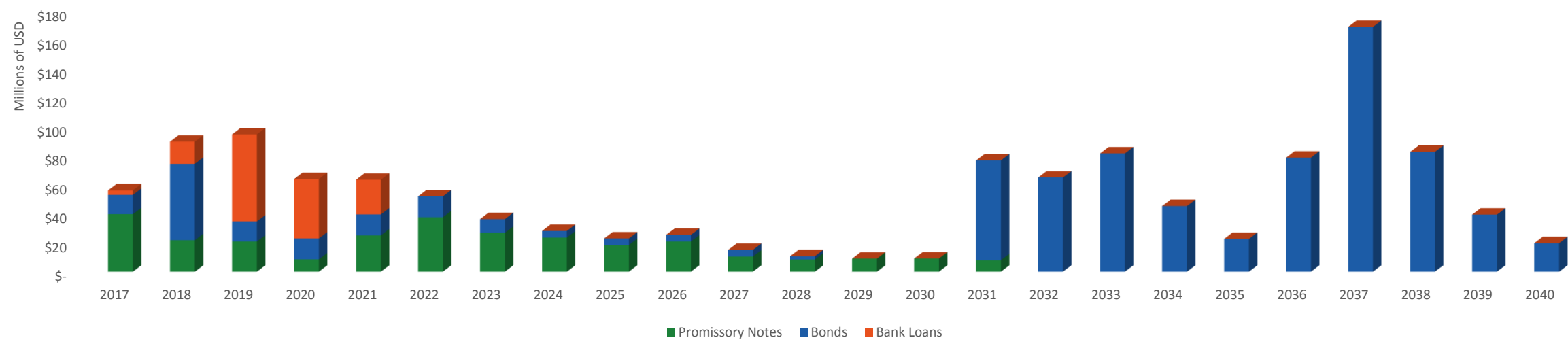
EBITDA & EBITDA Margin



Net Income and Net Income Margin



DEBT STRUCTURE AS OF DECEMBER 31 2016



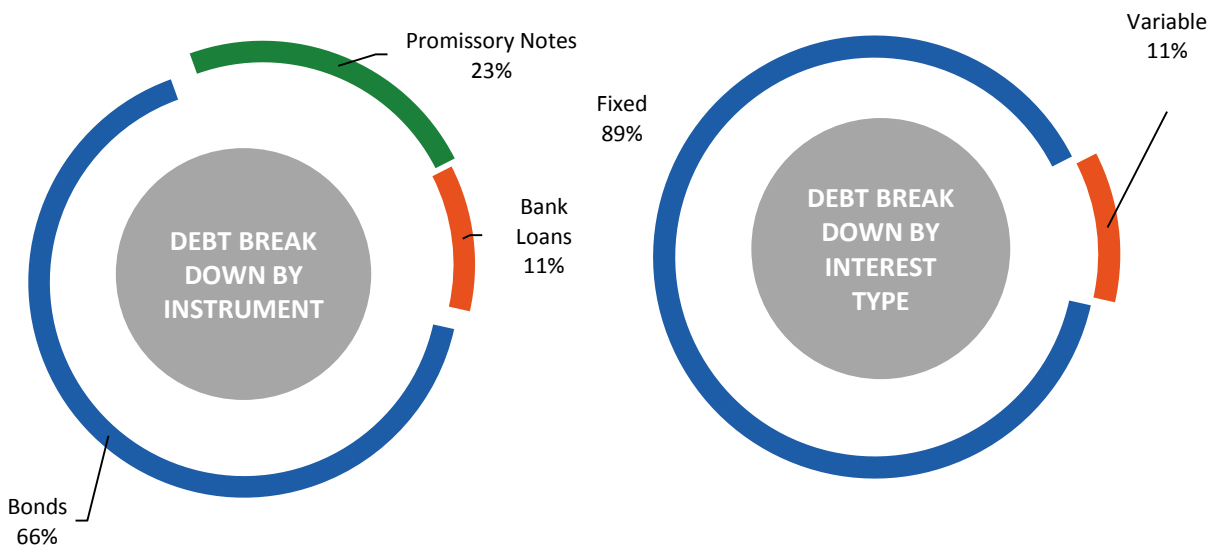
Leverage: **1.58x** Limit: **1.89**

Coverage of Financial Expenses: **8.31x**

Local Credit Rating: **AA+**

Total Net Financial Debt: **USD 1.17 billion**

Net Debt / EBITDA* Ratio: **2.70X**



AGUAS ANDINAS INVESTOR RELATIONS CONTACT DETAILS

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