



AGUAS ANDINAS

Corporate Presentation

November 2018

AGUAS ANDINAS



Chile's largest
water utility
company



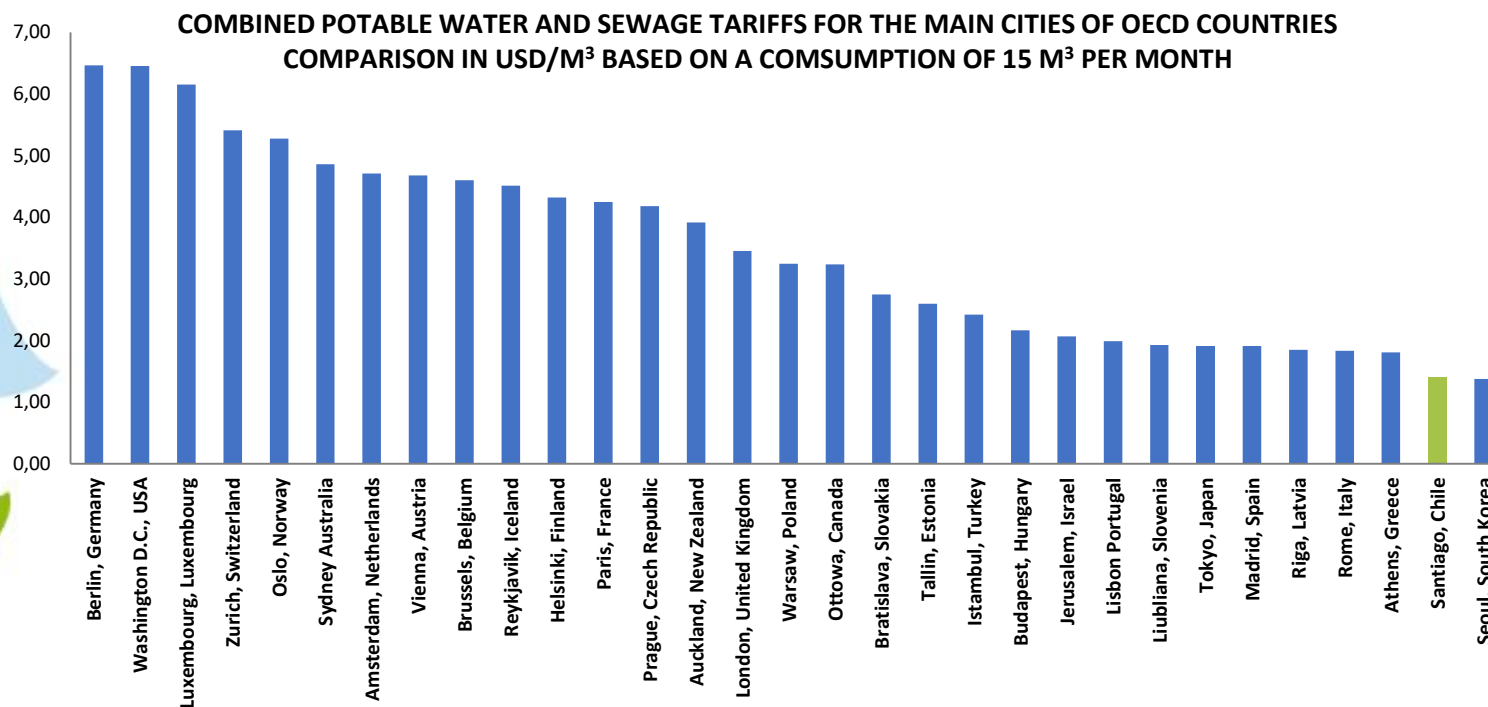
100% coverage in
potable water and
sewage treatment



2,249,314 clients
Representing 43% of the
industry's clients



50% of the industry's
potable water (m³)
billing



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 2018, SISS 2016 Management Report



R.M. / Santiago
Aguas Andinas

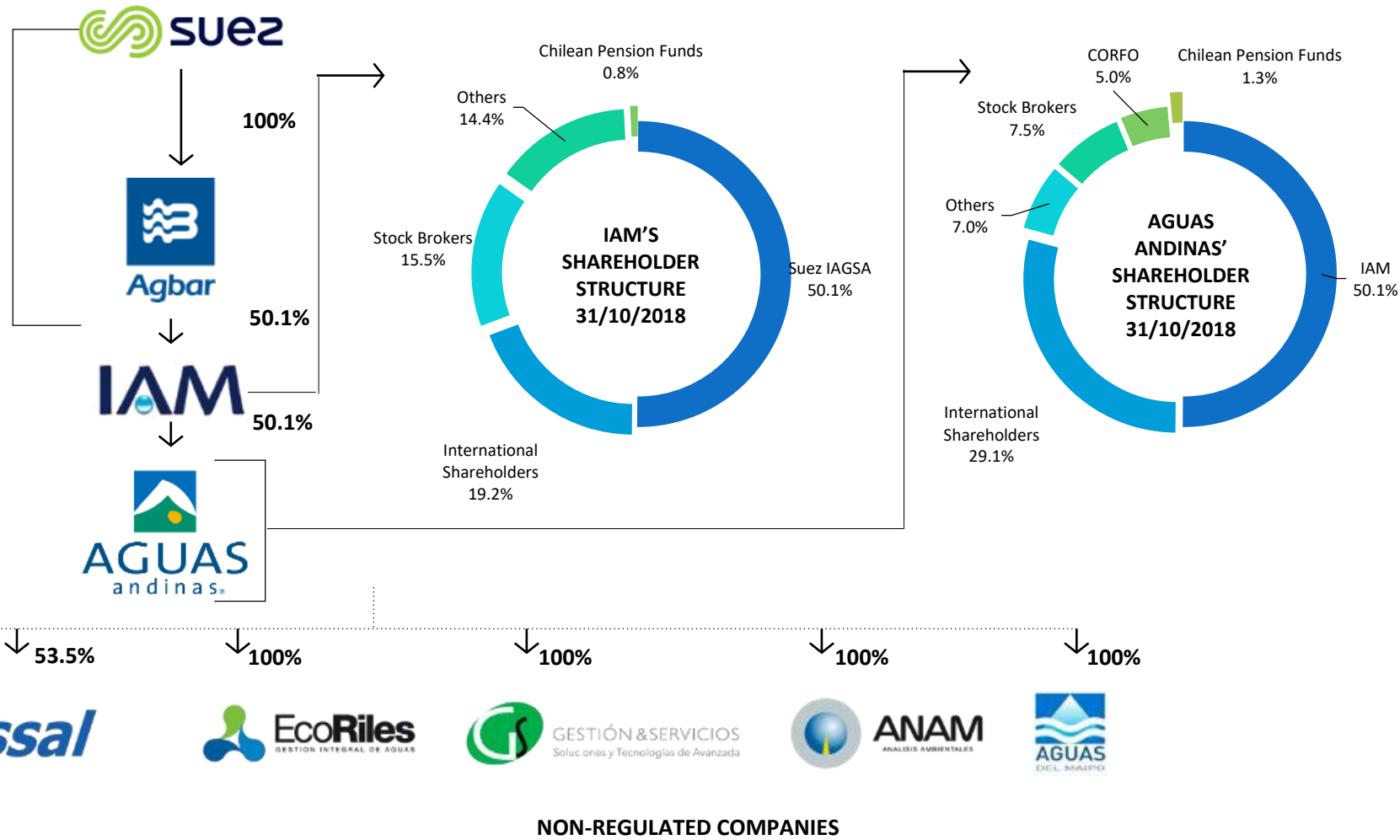


X Region de Los Lagos y XIV Region
de Los Ríos / Pto. Montt
Essal



AGUAS
andinas

CORPORATE STRUCTURE



El Agua nos Mueve





Vision

- Go beyond water, managing resources sustainably.
-



Mission

- We are dedicated to our clients 24 hours a day.
 - We manage the underground city in order to guarantee the continuity of our services.
 - We deliver quality water and transform residues into resources.
 - We create shared value with our surroundings.
 - We are committed with the quality life of people and the development of the country.
-



Values

- Excellence - Co-creation - Shared value – Commitment - Talent - Sustainability.

STRATEGY THE BEST FOR SANTIAGO



Business Model



Resilience



Digitalization



Circular Economy



Social Legitimacy



Innovation and People



Water and Quality of Life

Santiago
merece un  7

*SANTIAGO DESERVES
AN A+*

ALIGNED WITH THE SUSTAINABLE DEVELOPMENT GOALS

- **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 **15 of the 17 Sustainable Development Goals**.
- The SDGs were subscribed to by the **Chilean Government** as a guide in sustainable development matters.





REGULATORY FRAMEWORK

CHILEAN WATER UTILITY INDUSTRY

El
Agua
nos
Mueve

1998

The privatization
process starts

TWO CONCESSION MODELS

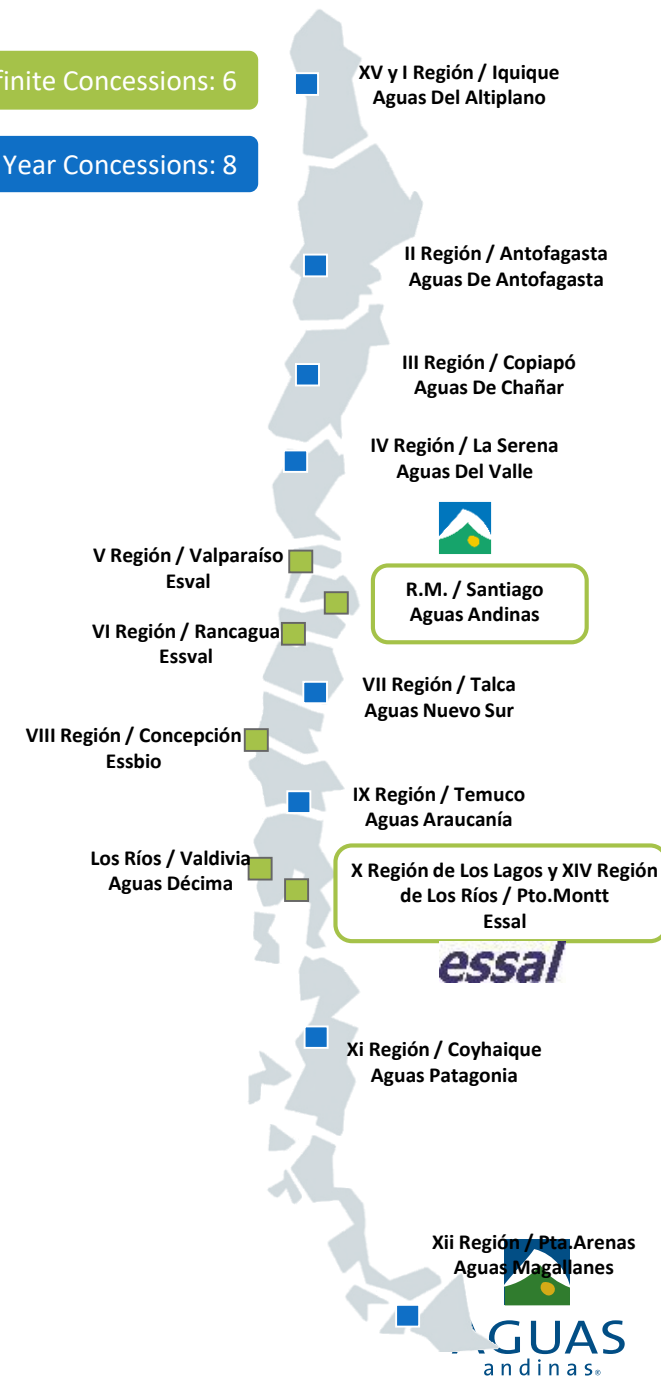
Indefinite Concessions
30 Year Concessions

96.5%

of clients are supplied by
private providers

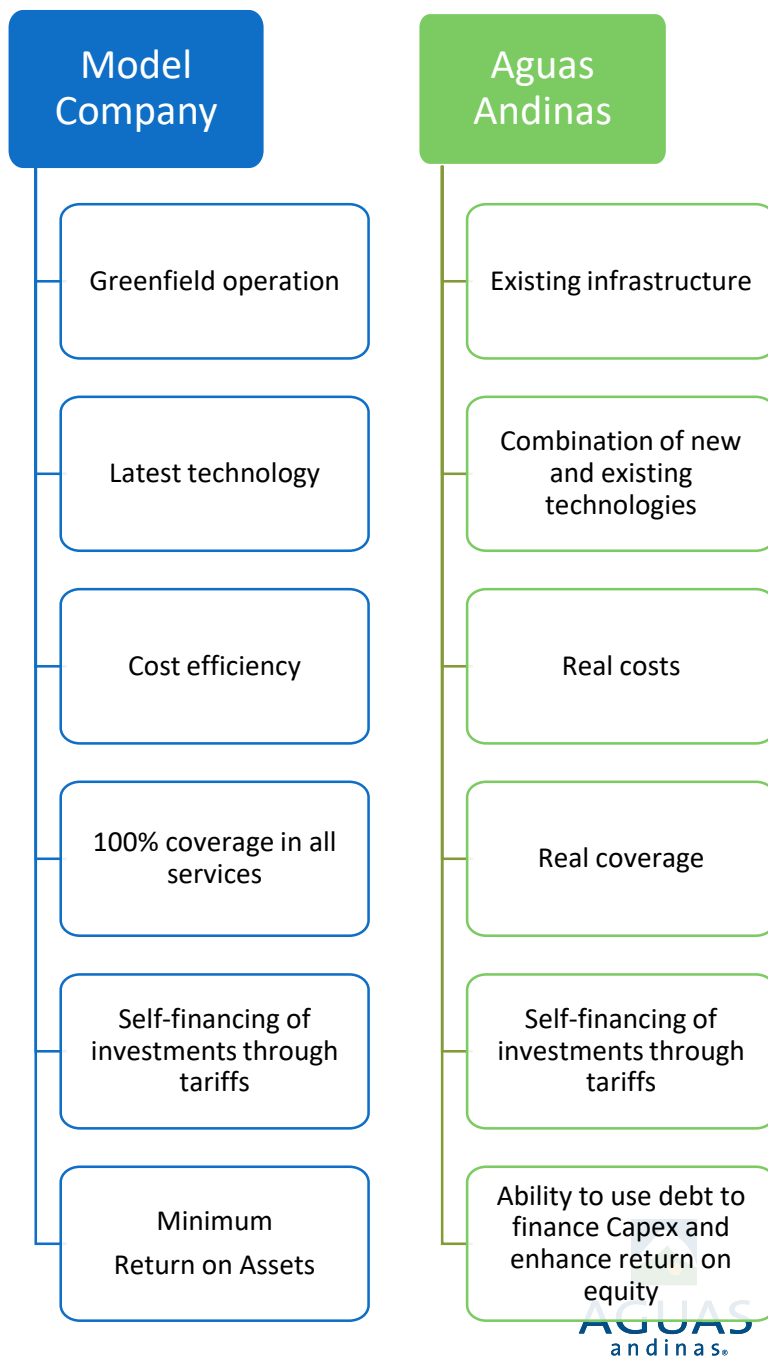
Indefinite Concessions: 6

30 Year Concessions: 8

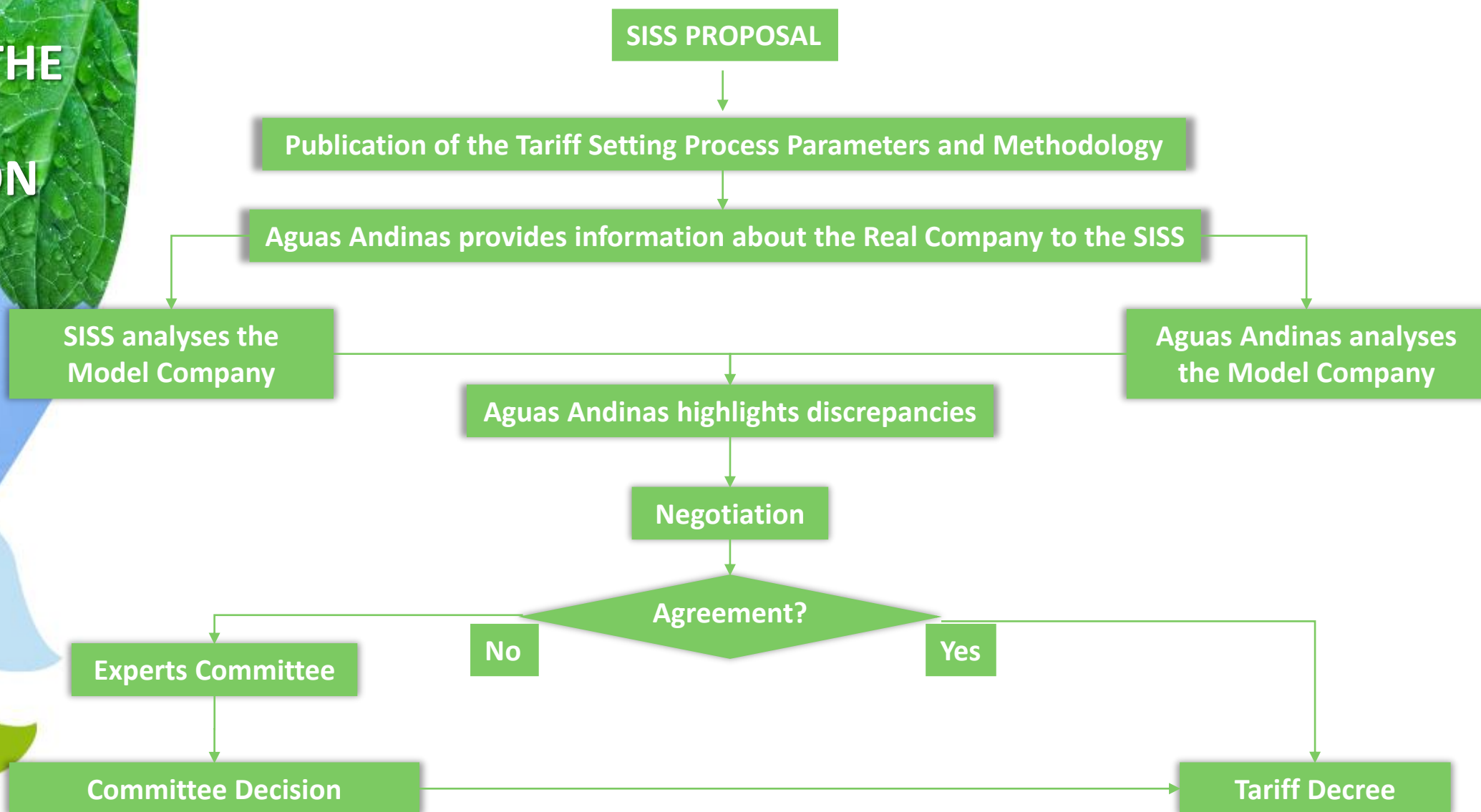


HIGHLY REGULATED INDUSTRY

- 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



TIMELINE

List of 'middle candidate' for Expert Committee is determined

Publication of parameters and methodology

Observations on preliminary parameters made

SISS rules on observations on preliminary parameters

Administrative appeal over the SISS decision on the parameters

Final Parameters

Final parameters and methodology published

2013-18 info provided for tariff study

Tariff studies exchanged between company and SISS

Company presents discrepancies / observations

Expert committee called by SISS

SISS requests minutes from expert committee to make final ruling

SISS establishes new tariffs

New Tariff Settlement

31 OCT 2018

30 NOV 2018

14 DEC 2018

26 DEC 2018

14 JAN 2019

16 FEB 2019

01 OCT 2019

01 NOV 2019

17 NOV 2019

02 JAN 2020

30 JAN 2020

01 MAR 2020

30 days

16 days

46 days

30 days

PROJECT OF LAW 10.795-33

- 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 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

June 13th 2018
MOP proposes Technical Committee to discuss the Project of Law

November 2018
Discussion in Progress

March 1st 2017
Commission of Public Works requests formal report from the Ministry of Public Works (MOP) stating its opinion on the Project of Law

May 2018
The Comission of Public Works requests a formal report from the new Minister of Public Works

September 12th 2018
The Superintendent presents the progress of the Tecnical Committee

El Agua
nos
Mueve

An aerial photograph of a modern wastewater treatment plant. The facility features several large, circular aeration tanks with blue water and mechanical scrapers. In the background, there are large white storage tanks and a line of trees. A multi-lane road with a roundabout in the foreground is visible. The word "INVESTMENTS" is overlaid in white capital letters on the central tank. Three stylized leaf icons (blue, green, and yellow) are also present, partially overlapping the text and the tanks.

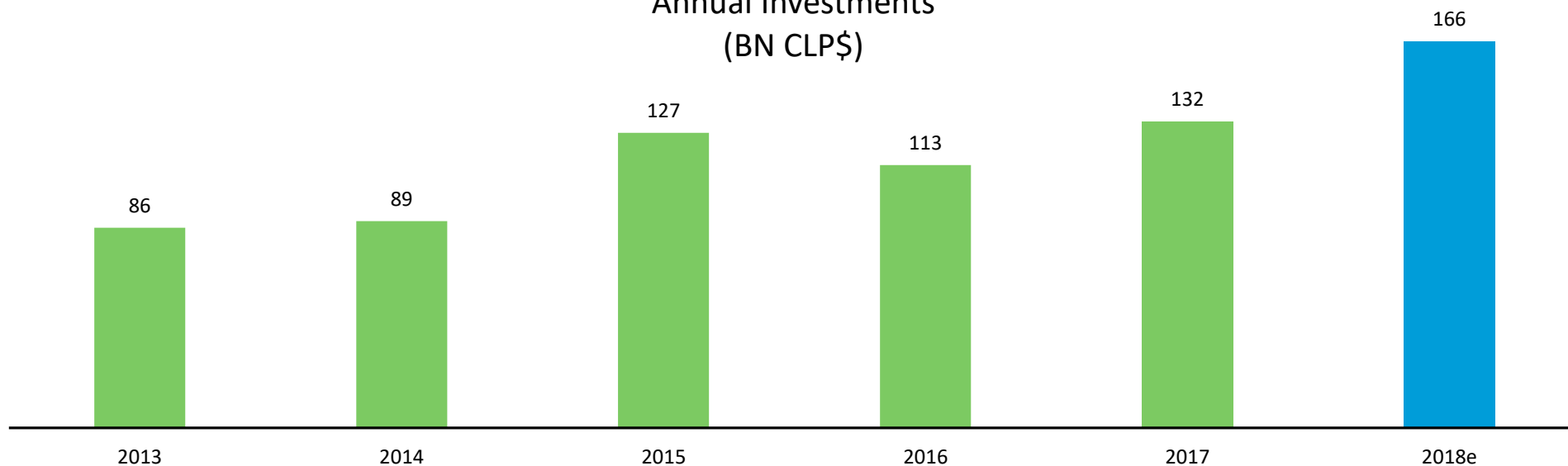
INVESTMENTS

INVESTMENTS

Investments (CLP BN\$) as of June 2018

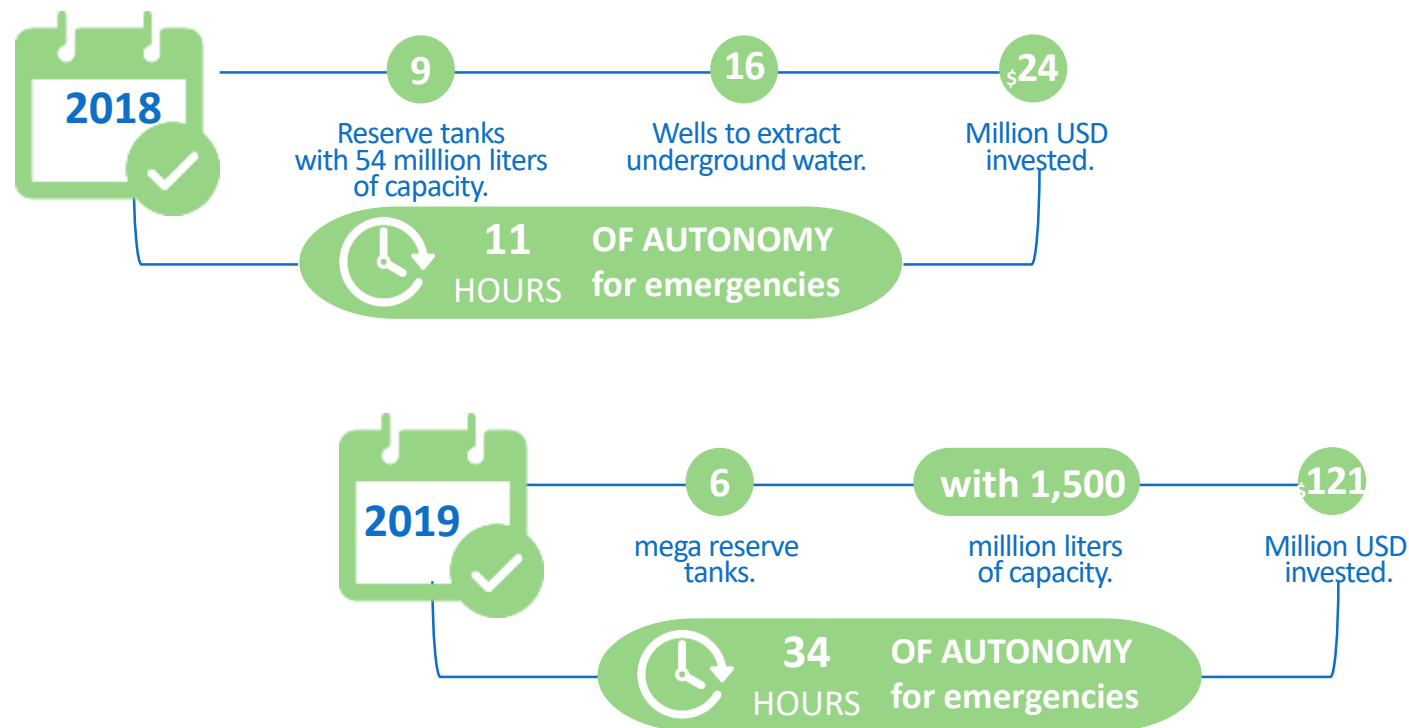
Pirque Tank Construction	9.4
Asset Replacement in the La Farfana-Trebal Wastewater Treatment Plants	4.1
Sewerage Networks Renovation	3.6
Construction of Emergency Works for Turbidity Events	2.5
Replacement of Starters and Meters	2.4
Talagante Wastewater Treatment Plant Expansion	2.3
Potable Water Network Preventive Renovation	2.3
Construction of a Potable Water Treatment Plant for Chamisero	2.1

Annual Investments (BN CLP\$)



El
Agua
nos
Mueve

PROGRESS IN INCREASED AUTONOMY WORKS



💧 Stage 1 Progress: 53.6%

- 💧 Construction Civil Works, Supply of Equipment, Assembly and Commissioning, Elevation and Emptying Works— Reserve Tanks



El
Agua
nos
Mueve

BIOFACTORIES

0 Waste
0 Energy
0 Environmental Impact
+ Positive Social Impact

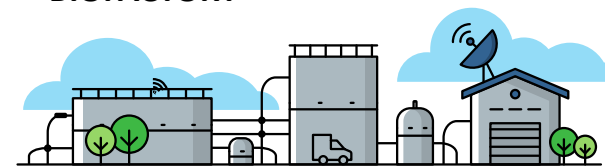


The City
0% EMISSIONS

Symbology

- waste water
- self-generation
- clean water
- Biosólidos
- Biogás

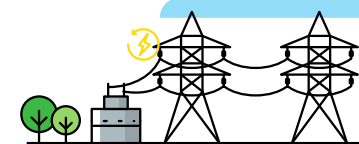
BIOFACTORY



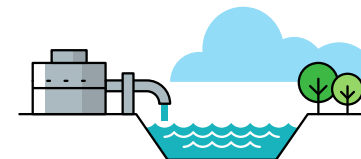
processes

2

a 100% AUTO-GENERATION



b CLEAN WATER



c Biosólidos
0% POLLUTION

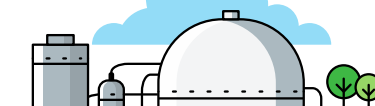


1

100%
Clean water
Transforming your waste
into energy

Biogas

100% WASTE TO ENERGY



d

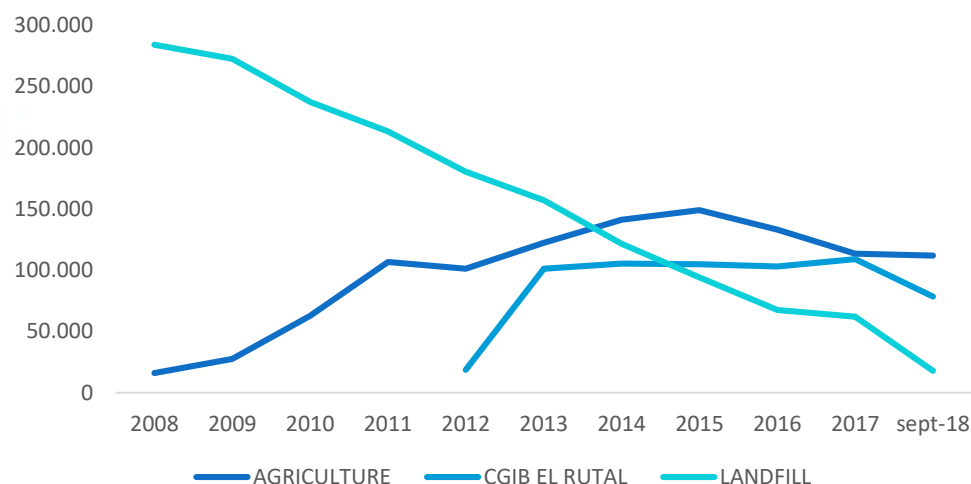


El
Agua
nos
Mueve

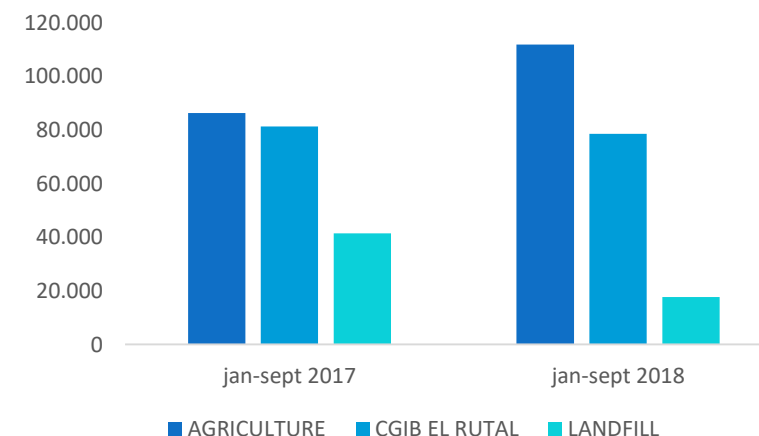
PROGRESS IN CIRCULAR ECONOMY

- 💧 **2022 Goal:** 0% of biosolids produced in the Metropolitan Region to be sent to landfills
- 💧 From January to September 2018, 8% of biosolids went to landfills in comparison to 20% the previous year.
- 💧 During this period, the use of sludge as fertilizer increased to 55% in comparison to 41% the previous year.
 - 💧 This is mainly due to:
 - 💧 Improvements in transport management, allowing for more trips to agricultural fields
 - 💧 Improvements in the application of biosolids in fields
 - 💧 Improvements in the management of available fields

Biofactory Biosolids Disposal
(Ton, Year)



Biofactory Biosolids Disposal
(Ton, Jan-Sept)



El
Agua
nos
Mueve



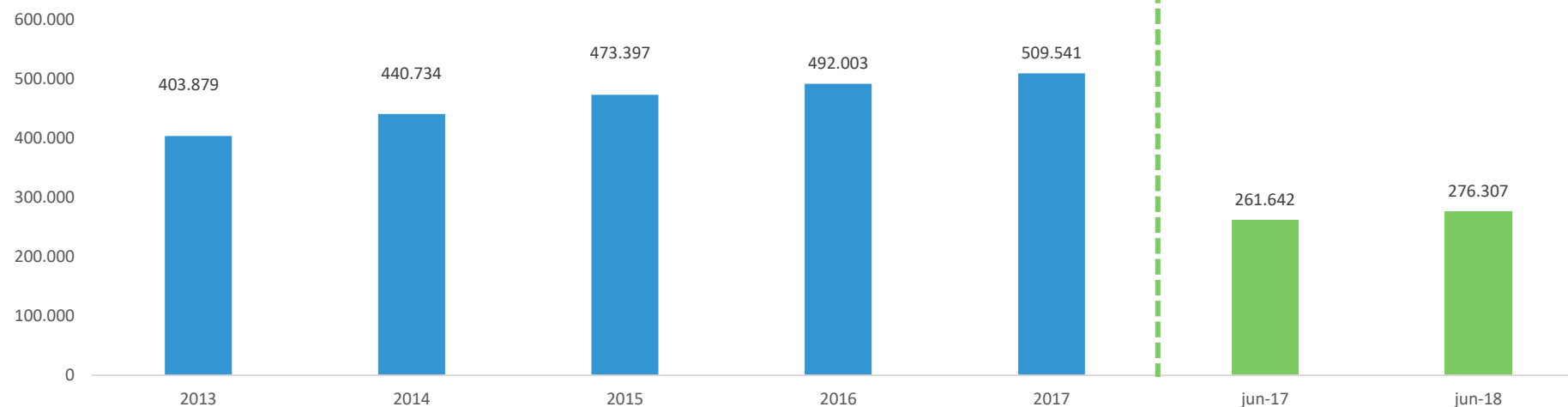
FINANCIAL PERFORMANCE

FINANCIAL PERFORMANCE AS OF JUNE 30 2018

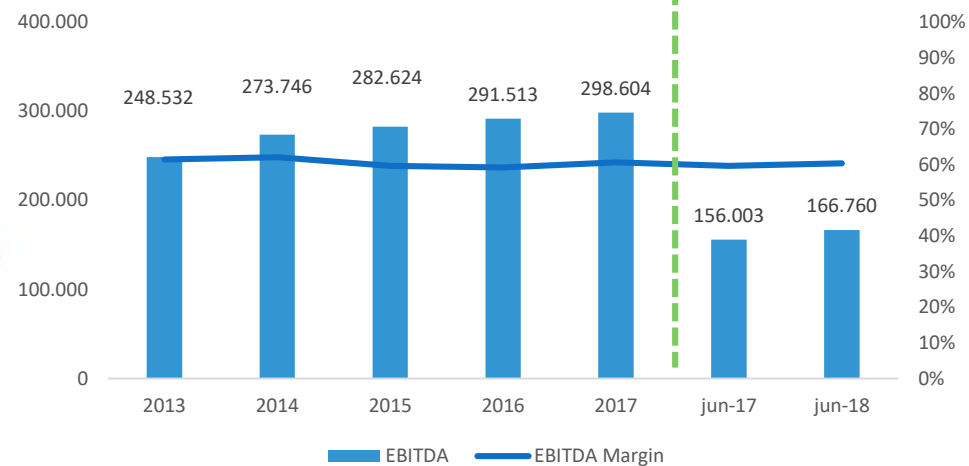
El
Agua
nos
Mueve

Numbers in Millions of Pesos

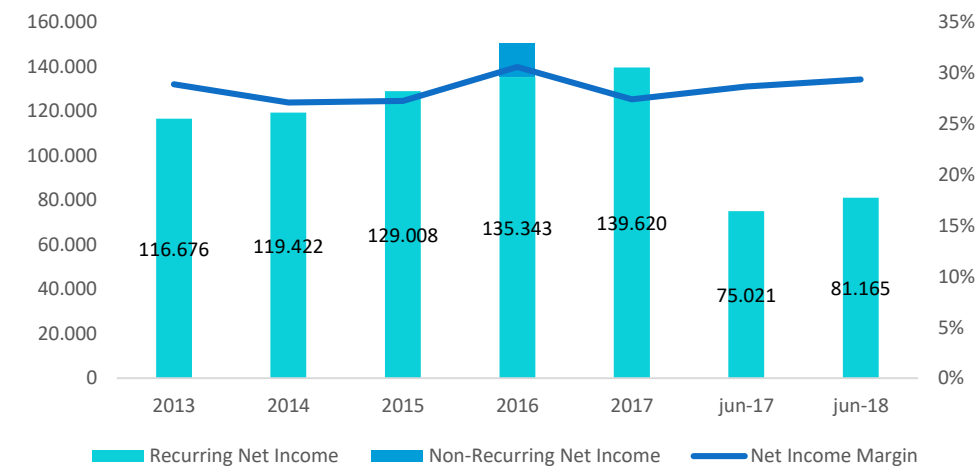
Revenues



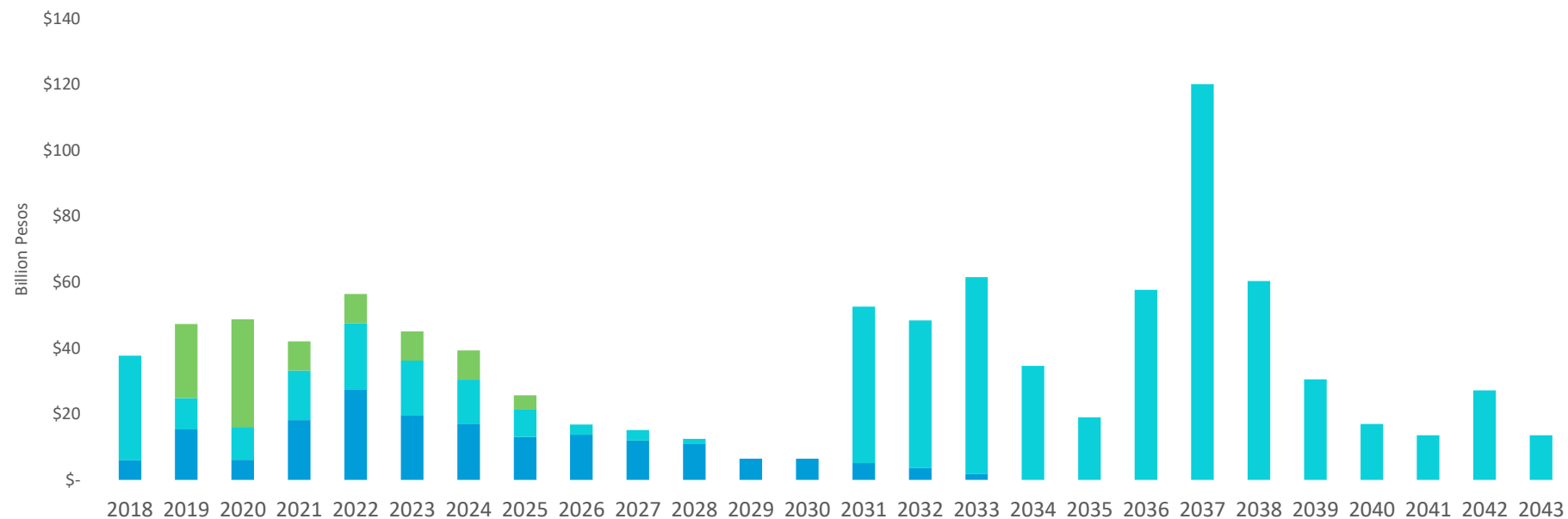
EBITDA & EBITDA Margin



Net Income and Net Income Margin

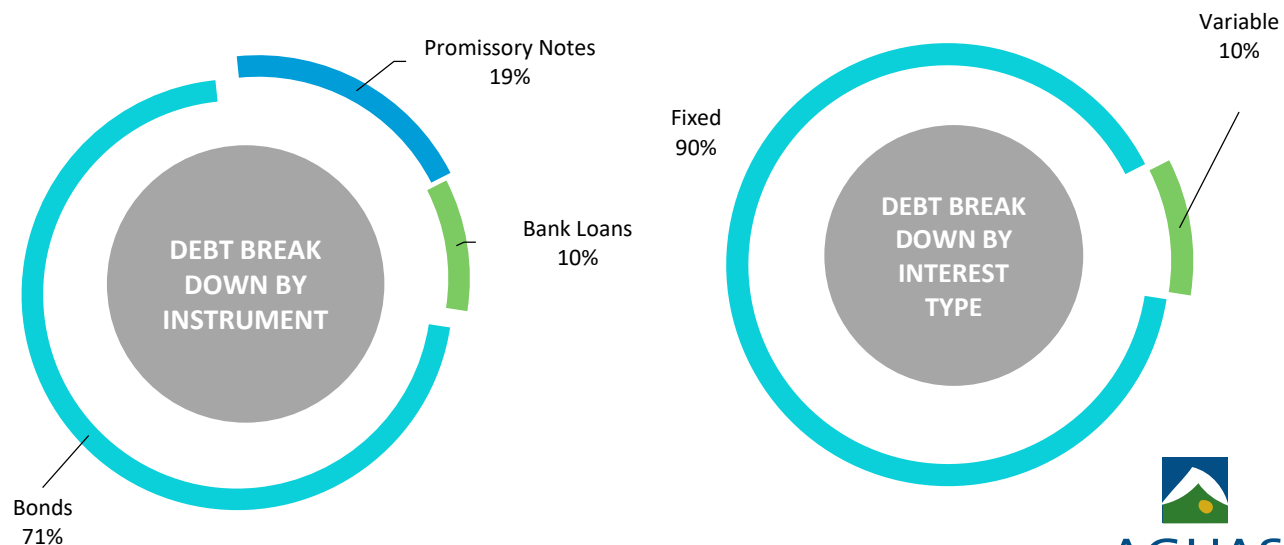


DEBT STRUCTURE AS OF JUNE 30, 2018



- Leverage: **1.70x** Limit: **1.96**
- Financial Expense Coverage: **7.49x**
- Local Credit Rating: **AA+**
- Total Net Financial Debt: **CLP\$ 925 billion**
- Net Debt/EBITDA Ratio*: **2.99x**

■ Promissory Notes ■ Bonds ■ Bank Loans



Source: Aguas Andinas, (*) EBITDA last 12 months

El
Agua
nos
Mueve

CONTACT DETAILS

- 💧 Email: inversionista@aguasandinas.cl
- 💧 Phone: +562 2569 2301
- 💧 Address: Avda. Presidente Balmaceda N°1398, 13th floor, Santiago, Chile

*El
Agua
nos
Mueve*



AGUAS ANDINAS

Corporate Presentation