



AGUAS ANDINAS RESULTS BREAKFAST

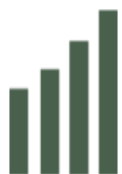
April 6th, 2018

FINANCIAL PERFORMANCE DECEMBER 2017



FINANCIAL PERFORMANCE AS OF DECEMBER 31 2017

Numbers in millions of Pesos

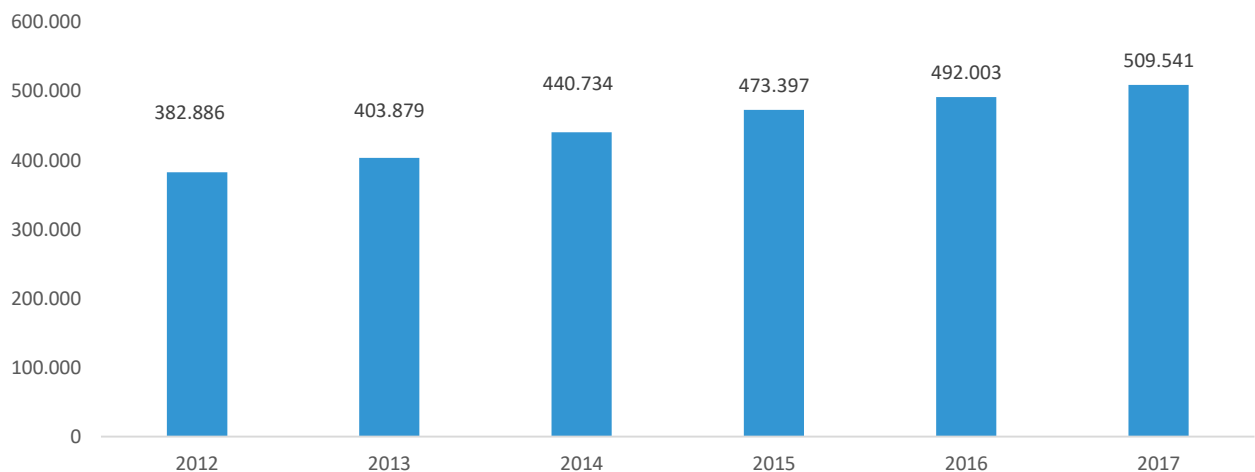


Revenue CAGR of 5.9% and EBITDA CAGR of 4.3% over the 2012 – 2017 period.

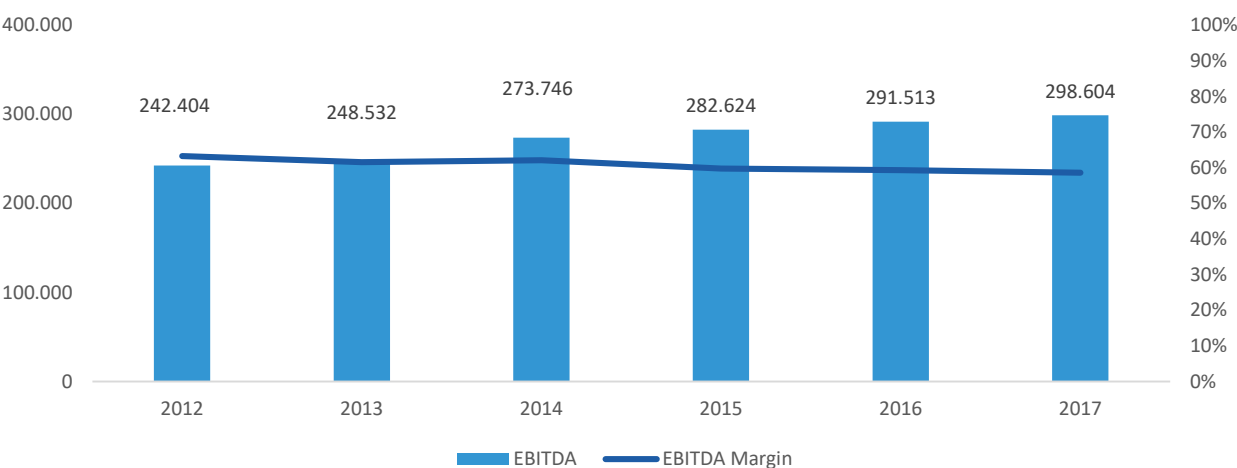


2016 – 2017 Growth: +3.5% revenues and +2.4% EBITDA

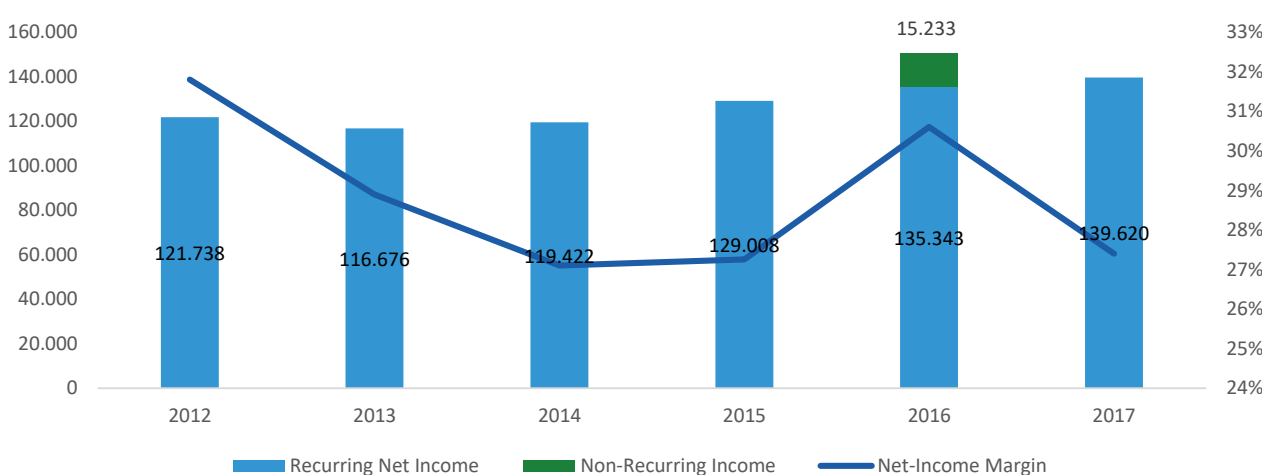
Revenues



EBITDA & EBITDA Margin

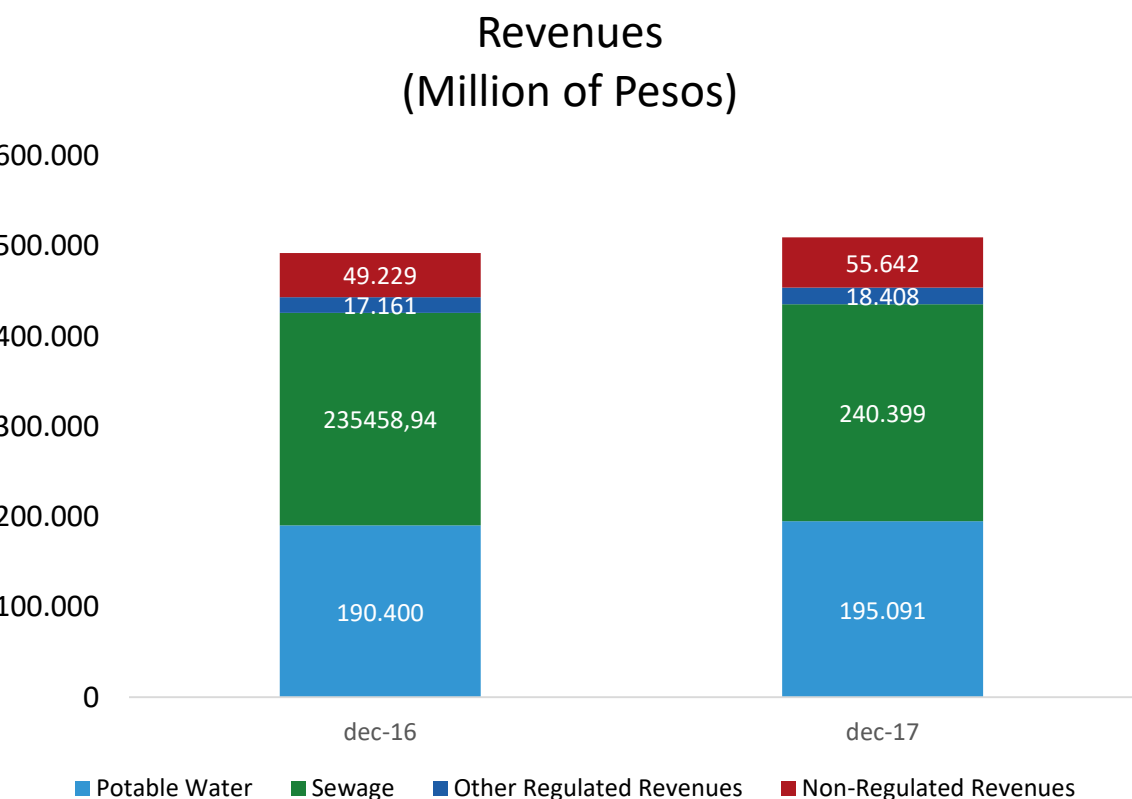


Net Income & Net Income Margin



REVENUES INCREASED BY 3.5 %

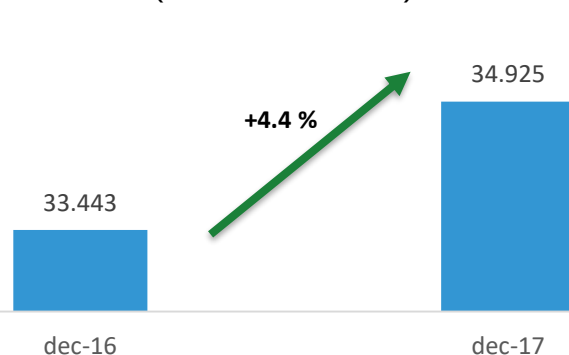
- **Revenues increased to \$509,541 million due to:**
 - Increase in volumes: +1.0% in potable water and +1.1% in sewage treatment.
 - Tariff indexations recorded in 2016 and 2017.



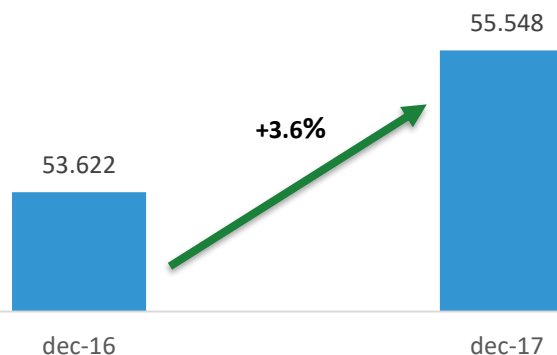
COSTS INCREASED BY 5,1%

- **Raw materials and consumables decreased due to :**
 - Higher electricity costs for CLP\$2,240 million, partially compensated by lower chemical input costs for CLP\$578 million.
- **Personnel Expenses increased due to:**
 - Higher compensation and gratuities associated to CPI adjustments, together with a larger work force for CLP\$1.926 million.
- **Other expenses, by nature:**
 - Higher costs of CLP\$3,767 million for network maintenance
 - Higher costs of CLP \$1,018 million for sanitation infrastructure
 - Higher provision for uncollectible bill by CLP \$1,706 million.

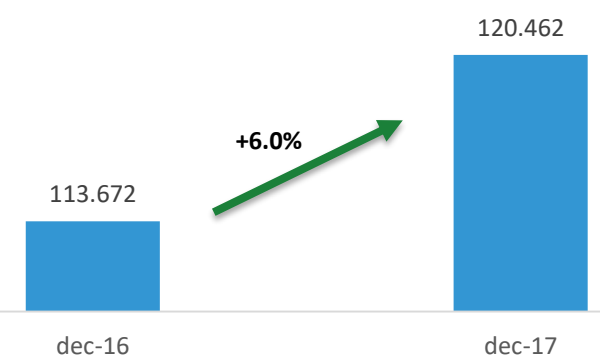
Raw Materials and Consumables Used
(Millions of Pesos)



Personnel Expenses (Million of Pesos)



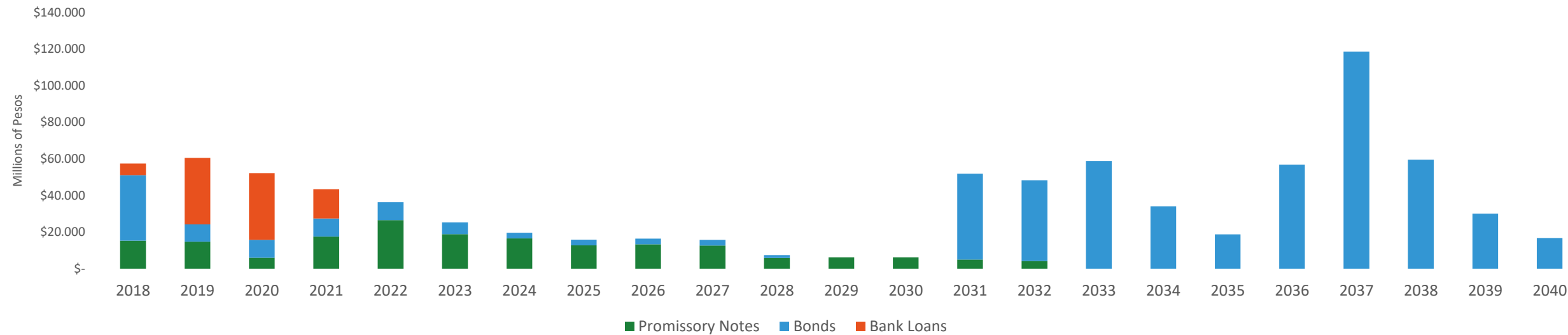
Other expenses, By Nature (Millions of Pesos)



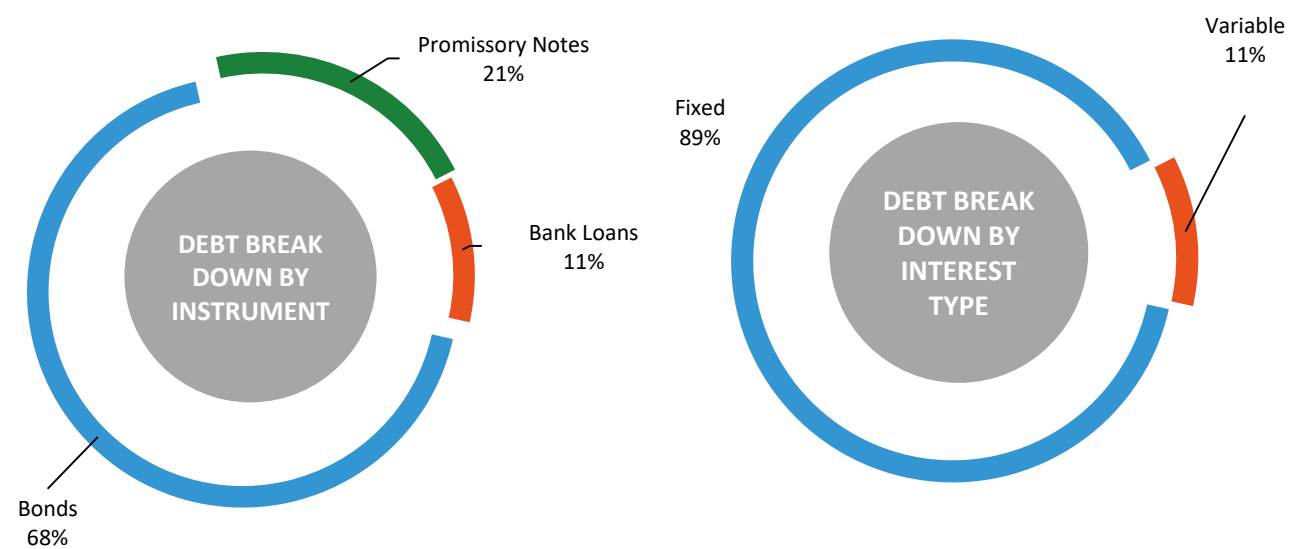
OTHER RESULTS TO NOTE

- The financial income displayed a loss of CLP \$36,996 million, generating a lower loss by CLP \$3,825 million when compared to the previous year, mainly as a result of a lower revaluation of the debt, readjustable in Unidades de Fomento.
- Other earnings were obtained by CLP \$2,608 million, lower by CLP \$11,989 million to those obtained in 2016, mainly due to the fact that the subsidiary Aguas Cordillera sold in 2016 a large area of land in the district of Vitacura
- Income tax expense at the close of fiscal year 2017 was CLP \$46,341 million, higher by CLP \$2,898 million when compared to the previous year. This variation was mainly explained by the change in the tax rate from 24% to 25.5%, due to the Tax Reform.
- Net earnings as of December 31, 2017 amounted to CLP \$139,620 million, which is CLP \$10,955 million (7.3%) lower than that obtained at the close of the 2016 financial year.

DEBT STRUCTURE AS OF DECEMBER 31 2017



- Leverage: **1.59x** Limite: **1.93**
- Coverage of Financial Expenses : **7.10x**
- Local Credit Rating : **AA+**
- Total Net Financial Debt : **\$MM 857,078**
- Net Debt / EBITDA* Ratio : **2.87x**

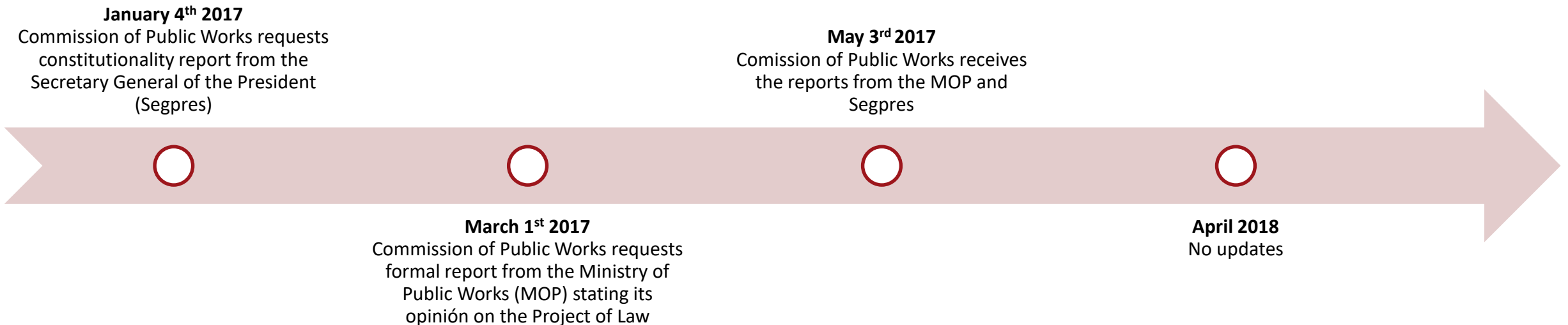


CONTINGENCIES



REGULATORY RISK: PROJECT OF LAW 10.795-33

- In December 2016, the Chamber of Deputies approved the Project of Law Bulletin Nº 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:



REGULATORY RISK: PROJECT OF LAW 10.795-33

Conclusions from the Constitutionality Report from the SEGPRES

- *“...In short, we are dealing with a bill that transgresses the rules on the formation of the law, the framework of which has been established by the Constitution and the National Congress, which should never have been dealt with in the Chamber of Deputies and which, given its current state of progress, warrants the rejection of the Senate, given its inadmissibility”*
- Three main reasons determining the unconstitutionality of the articles in the project of law:
 - The modifications included in December surpass the foundations of the initiative and are inadmissible
 - The executive branch of government is the only entity that can pass laws that affect the Government's budgets
 - The executive branch of government is the only entity that can pass laws that can determine the role of public entities

Conclusions from the MOP's Report

- The Ministry of Public Works **does not sponsor**:
 - The elimination of the current cost of capital rate
 - The decrease of the risk premium
 - The change to the composition and functioning of the Committee of Experts.
- The Ministry of Public Works provides **improvement recommendations** on:
 - The calculations of the costs and variables included in the non-regulated businesses discount
 - The public participation aspect of tariff setting processes
 - The incorporation of territories to concession areas
 - The compensations provided to consumers due to water cuts
 - The elimination of the charge for cut and replenishing of service
 - Increasing the faculties of the SISS to require information
 - Modernizing the sanctions system

SERNAC STRENGTHENING LAW – BULLETIN Nº 9369-03

Largest Changes for the Water Utilities Sector

Fines

- The suspension, paralysis or non-provision without justification of the basic services of potable water and sewerage will be sanctioned with a fine of up to 1,500 UTM
- The Court may apply a fine for each consumer (up to 1,500 UTM).
- The multiplicity of fines will not proceed when the company has fully and effectively repaired the damage caused to all affected consumers. In this case, only a lump sum, no more than 30% of the sales during the suspension or double the economic benefit will be charged. With all, the fine may not exceed 45,000 UTA.

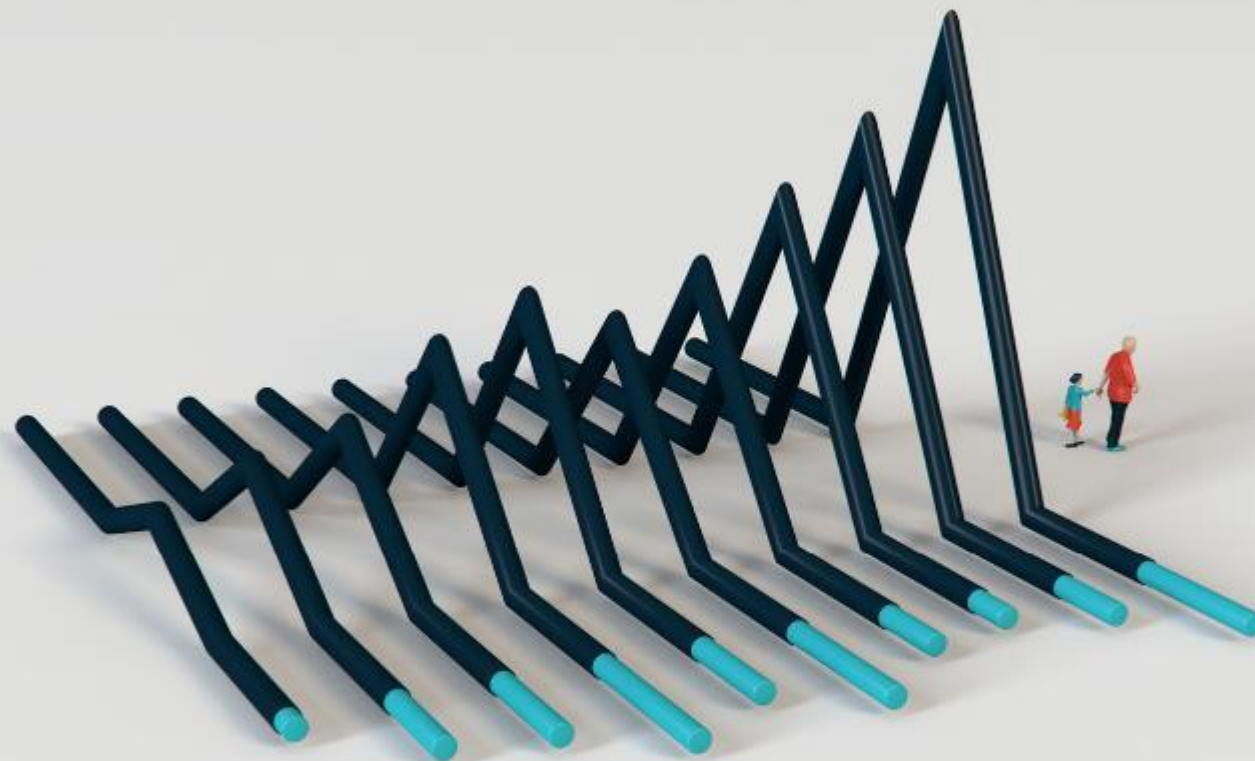
Minimum Compensation

- Direct and automatic compensation for each affected consumer/client
- For each water cut day = amount equivalent to the average daily value of the previous account x 10.
- 1 day water cut = 4 continuous hours or more within a period of 24 hours from the start of the event. In all other cases, proportionality applies.
- It only applies if the industry's specific law does not provide for compensation of this nature.

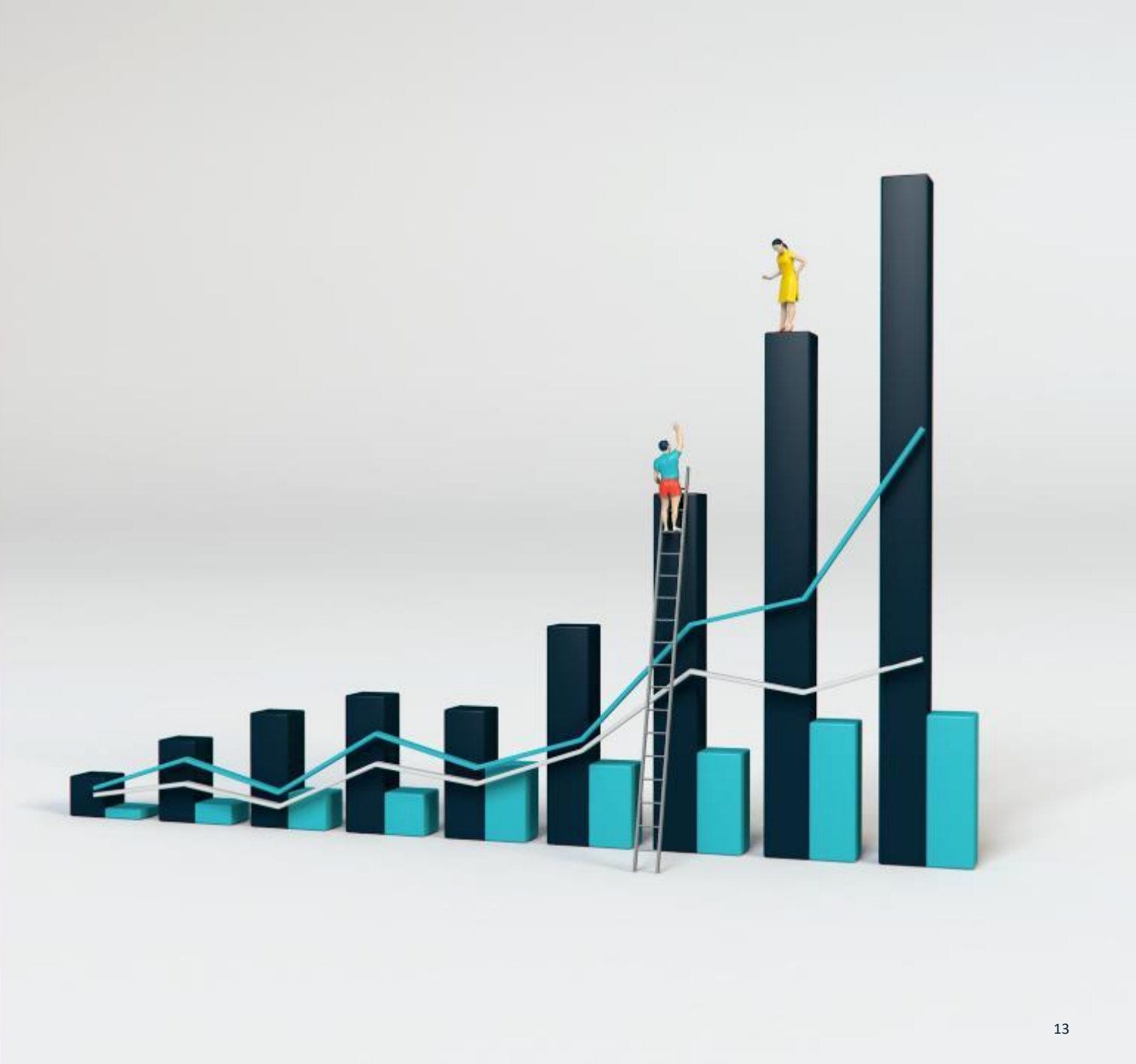
Moral Damage in Class Action Lawsuits

- Moral damage is incorporated in collective lawsuits
- The judge may establish a common minimum amount. Those consumers who do not agree may request the difference in a later trial.
- The common minimum amount may be proposed by the supplier, which may be differentiated by groups or subgroups of consumers.

WORDS FROM OUR CEO



Q&A



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**El futuro se
construye
desde hoy**