AGUAS andinas

AGUAS ANDINAS RESULTS BREAKFAST

June 4th, 2018

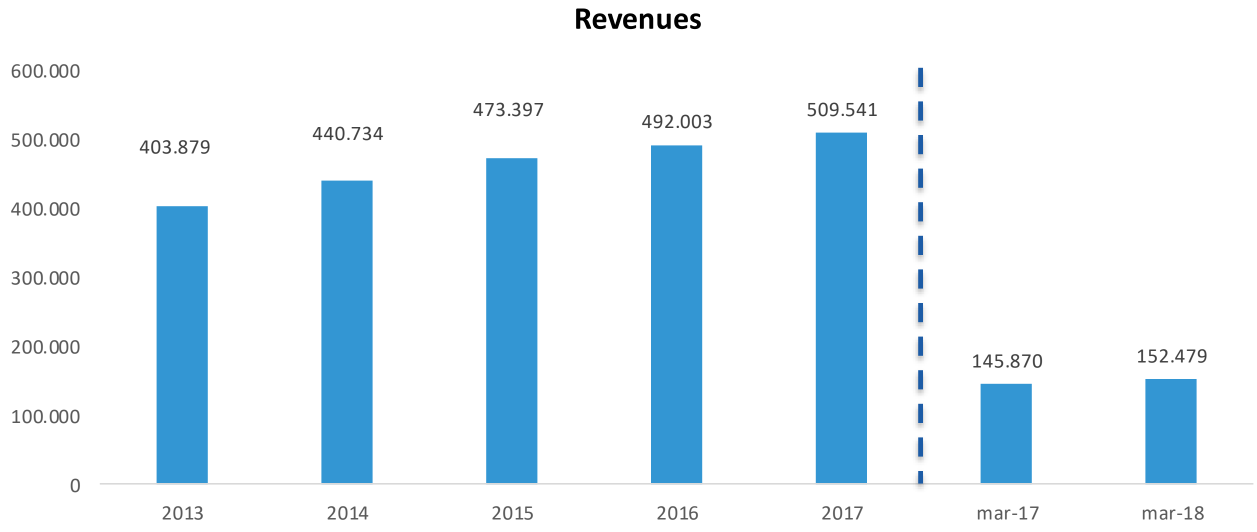
FINANCIAL PERFORMANCE MARCH 2018

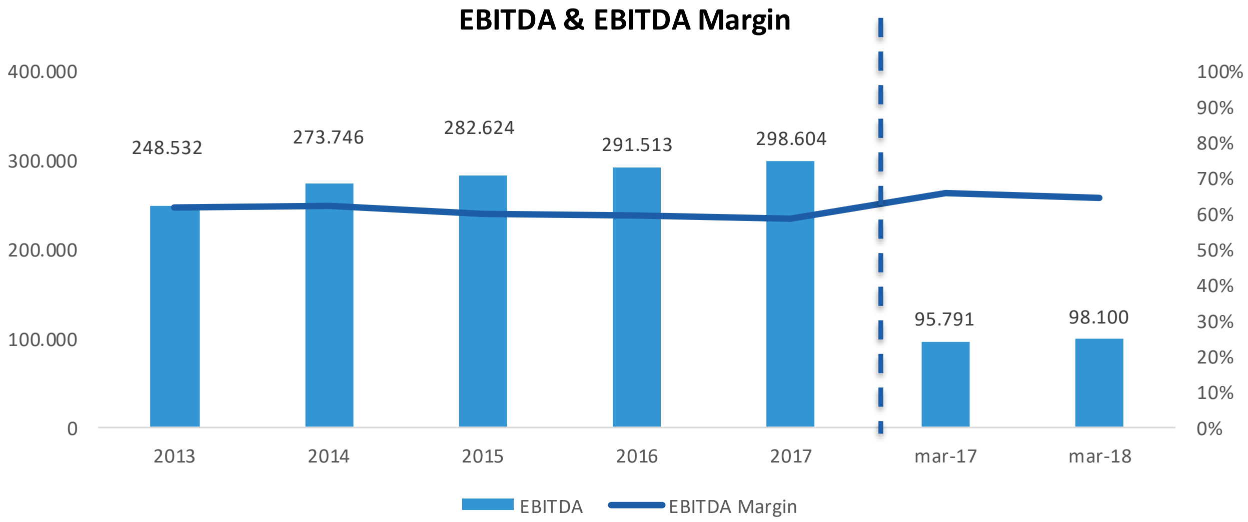
FINANCIAL PERFORMANCE AS OF MARCH 31 2018

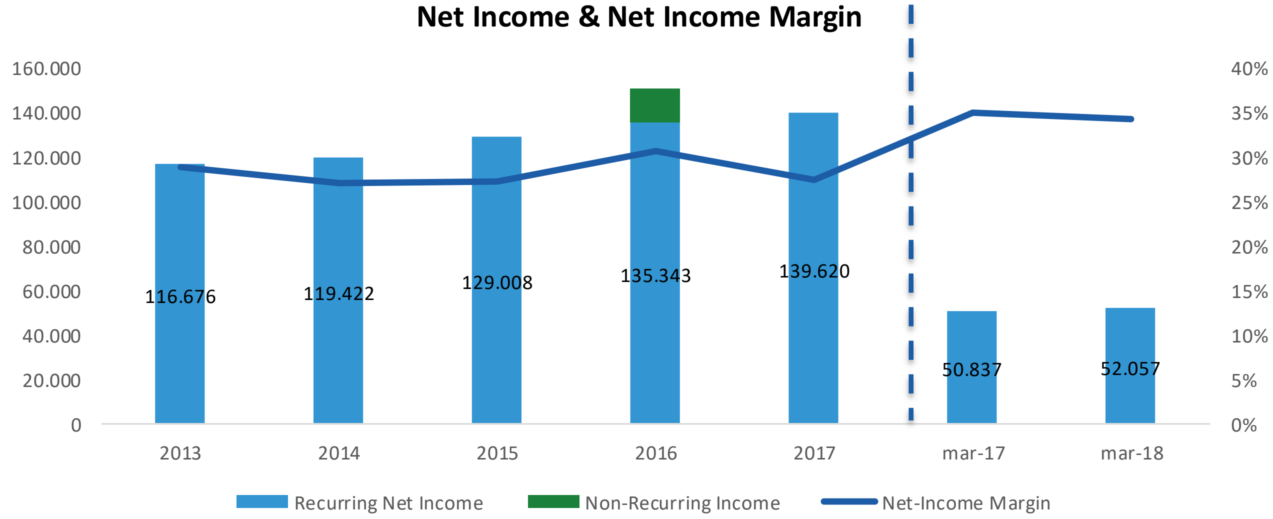
Numbers in millions of Pesos

Revenue CAGR of 6.0% and EBITDA CAGR of 3.6% over the 2013 – 2017 period.

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

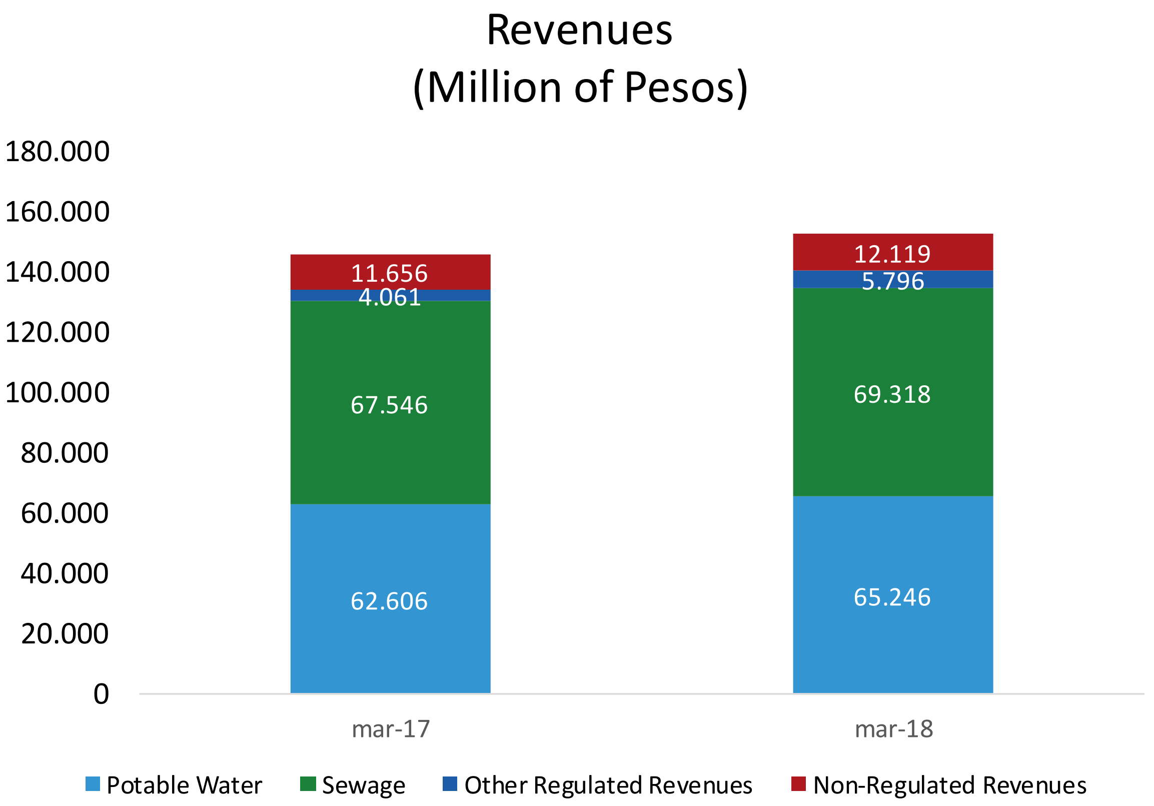


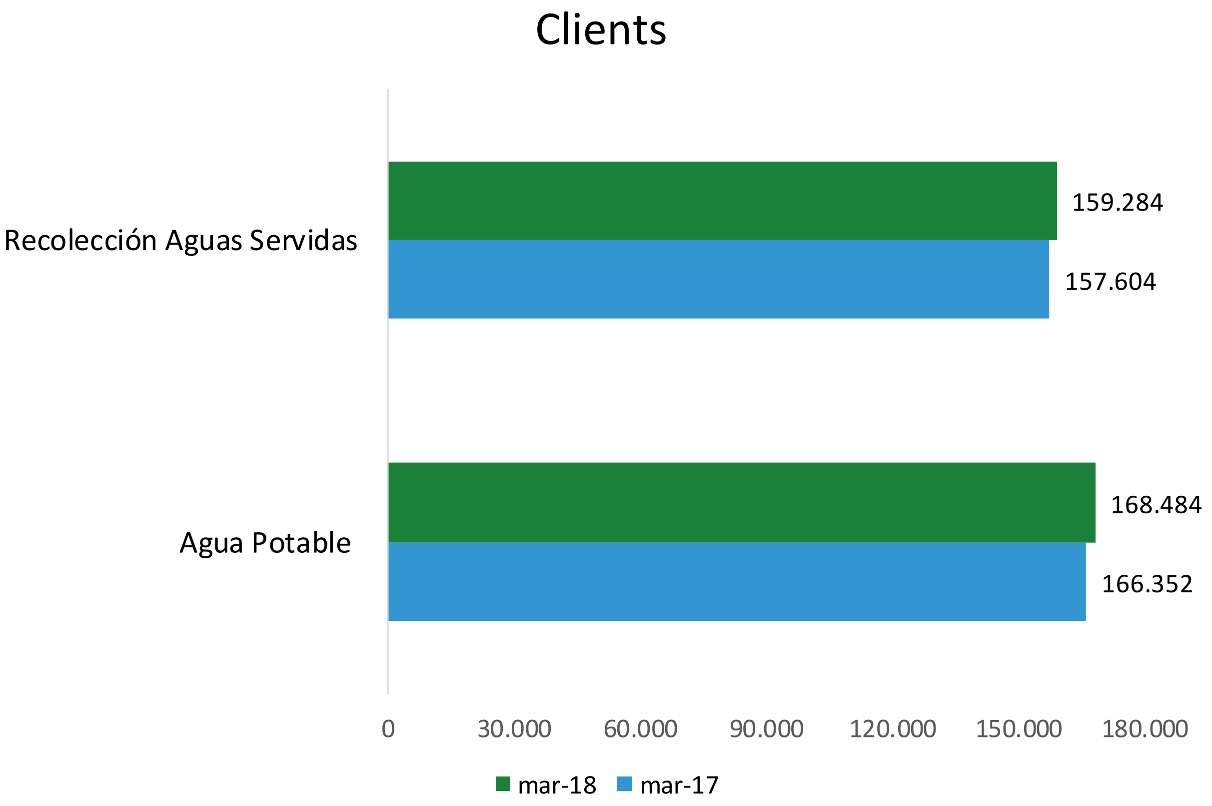




REVENUES INCREASED BY 4.5 %

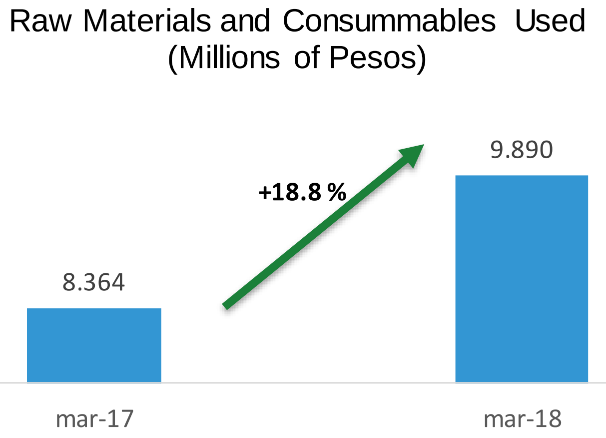
- **Revenues increased to $152,479 million due to:**
  - Increase in volumes: +1.3% in potable water and +1.1% in wastewater.
  - Tariff indexations recorded in 2017 and 2018.

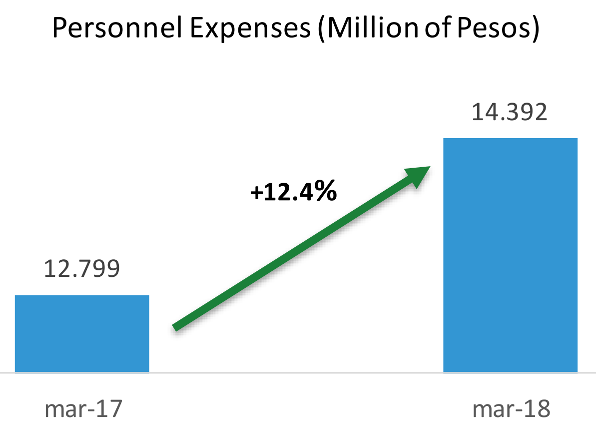


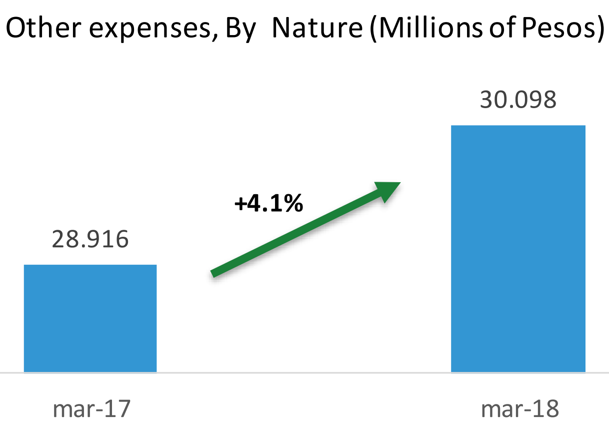


COSTS INCREASED BY 8,6%

- **<u>Raw materials and consumables decreased due to :</u>**
  - Higher electricity costs for CLP$1,234 million, due to higher tariffs and higher consumption of kWh.
  - Higher material expenses amounting to CLP$355 million were recorded, mainly associated with higher material costs for Gestión y Servicios and biogas sales from Aguas del Maipo.
- **<u>Personnel Expenses increased due to:</u>**
  - Higher compensation and bonuses associated with CPI readjustments, larger staff and extraordinary benefits paid as a result of the early collective bargaining process by CLP$1,593 million.
- **<u>Other expenses, by nature:</u>**
  - Higher fines and contingencies of CLP$650 million (I. Municipality of Providencia).
  - Higher network maintenance costs of CLP$531 million.
  - Increase in general expenses of CLP$373 million (corporate communications and property tax).



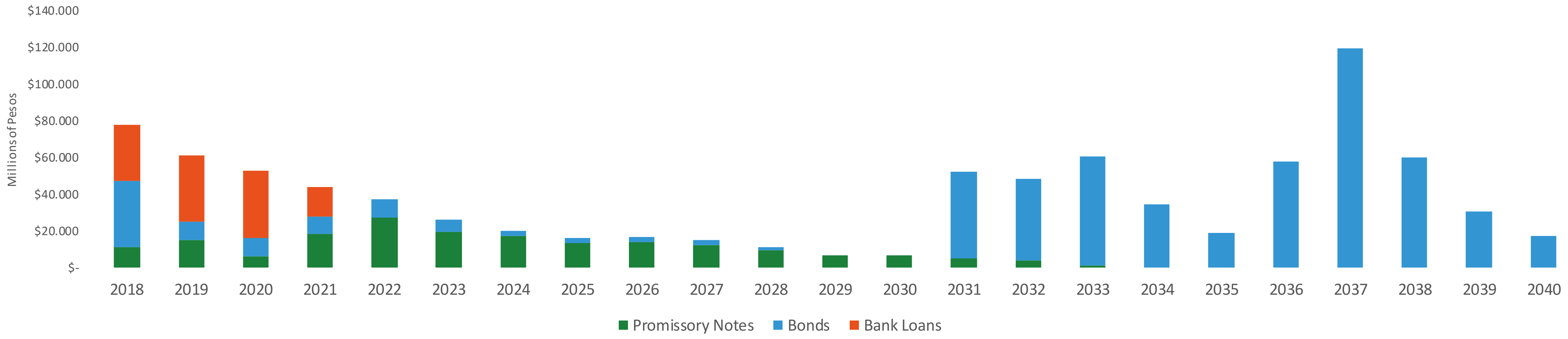




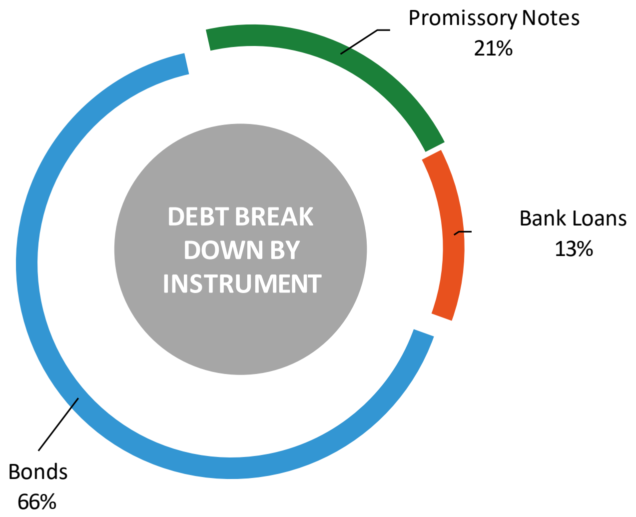
OTHER RESULTS TO NOTE

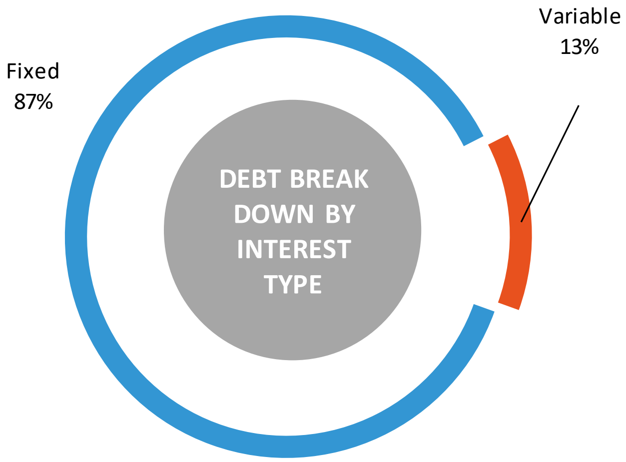
- As of March 31, 2018, other earnings amounting to CLP$ 2,015 million were obtained, higher by CLP$1,923 million than in 2017, as a result of sales of expendable land located in several municipalities of the Metropolitan Region.
- A financial income of CLP$1,387 million was obtained, which is CLP$190 million lower than that obtained in 2017, mainly explained by lower cash surpluses and lower interest on the repurchase of promissory notes by AFR.
- At the end of the first quarter of 2018, financial costs reached CLP$6,983 million, which meant a reduction of these costs by CLP$577 million from those of the same period of 2017. This is mainly explained by higher financial capitalization together with lower interest, bank and promissory notes for AFR.
- Income amounting to CLP$4,584 million was obtained, resulting in higher expenses amounting to CLP$1,284 million when compared to 2017, explained by a higher appreciation of the debt due to the higher variation of the UF when compared to the first quarter of 2017.
- Income tax expense at the end of the first quarter of 2018 was CLP$18,129, CLP$1,252 million higher than in the same period of the previous year. This variation was mainly explained by the change in the tax rate from 25.5% to 27.0% due to the Tax Reform, added to a higher income before taxes by CLP$2,245 million.
- Net income as of March 31, 2018 amounted to CLP52,057 million, an increase by CLP$1,220 million (2.4%) over the previous year.

DEBT STRUCTURE AS OF MARCH 31 2018



- Leverage: **1.45x** Limitite: **1.95**
- Coverage of Financial Expenses : **7.29x**
- Local Credit Rating : **AA+**
- Total Net Financial Debt : **$MM 873,589**
- Net Debt / EBITDA* Ratio : **2.90x**





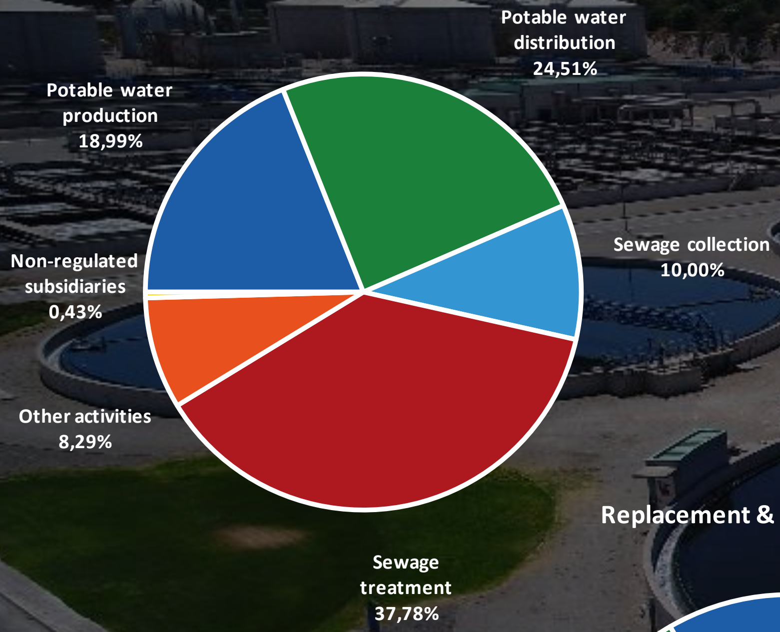
INVESTMENTS

FOCUSING OUR INVESTMENTS ON OUR STRATEGIC PILLARS IN LINE WITH OUR 2017 – 2022 PLAN

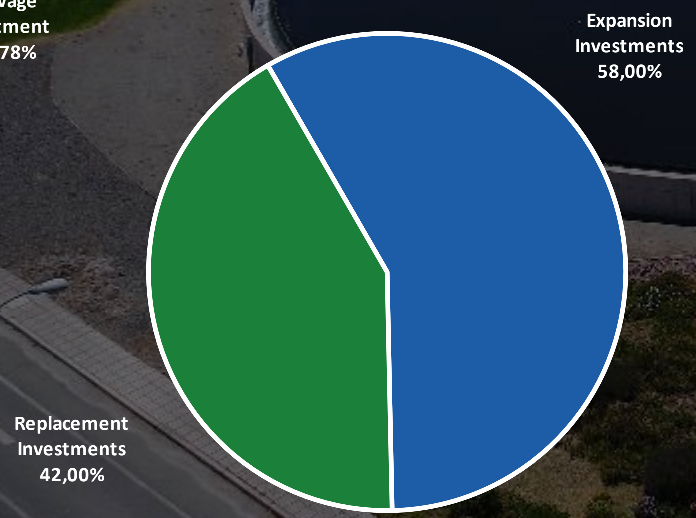
1. BUSINESS MODEL
2. RESILIENCE
3. DIGITALIZATION
4. CIRCULAR ECONOMY
5. SOCIAL LEGITIMACY
6. INNOVATION AND PEOPLE
7. WATER AND QUALITY OF LIFE

2017 INVESTMENTS

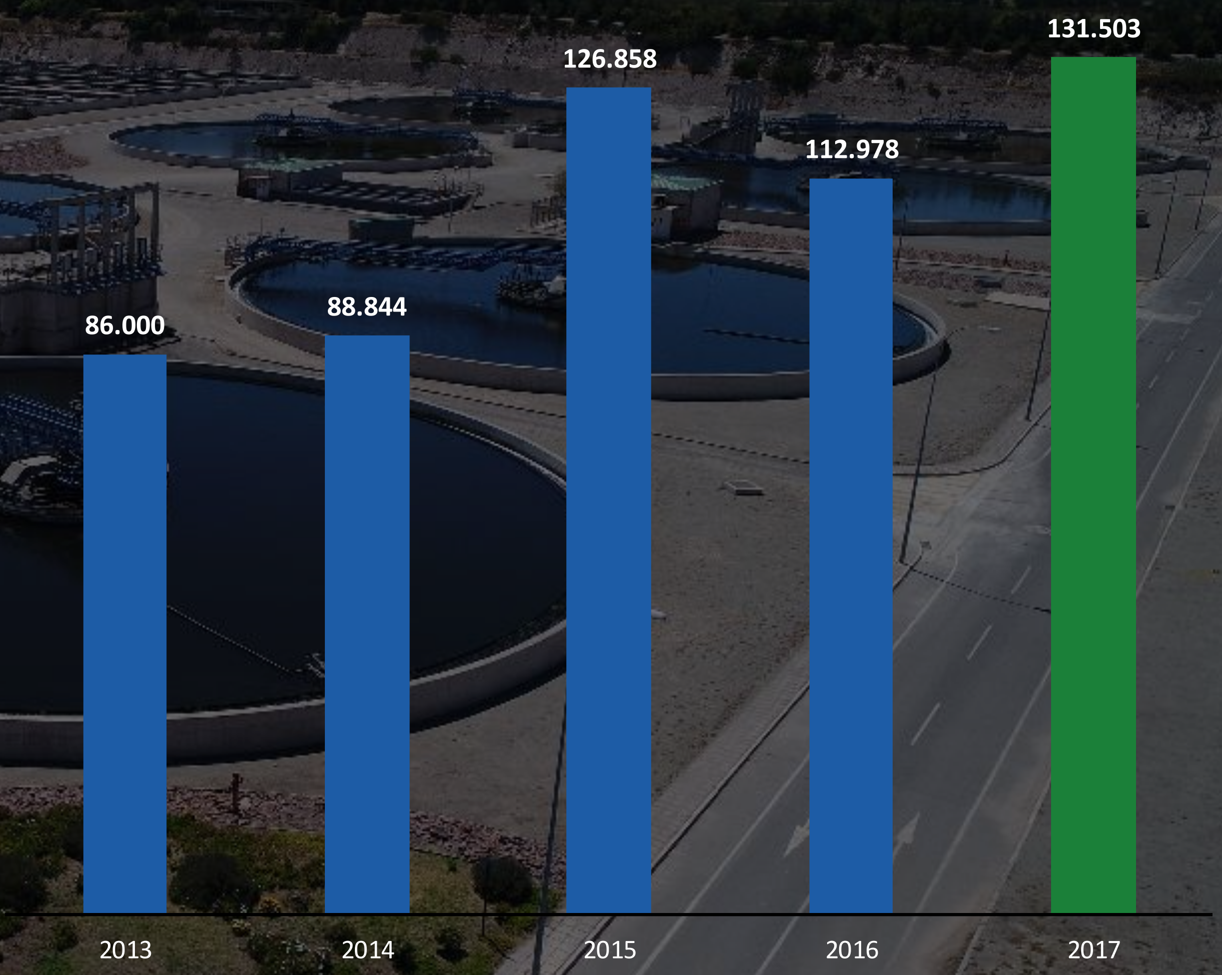
Investments by Stage of the Water Cycle



Replacement & Expansion Investments



Historical Investments



SUPPLY CONTINUITY HAS BEEN A FOCUS FOR THE COMPANY

2013

- **6** Reserve tanks with 225 million litres of capacity.
- **7** Wells to extract underground wáter.
- **$63** ; Million USD invested.

9 HOURS OF AUTONOMY for emergencies

2018

- **9** Reserve tanks with 54 milllion liters of capacity.
- **16** Wells to extract underground wáter.
- **$24** Million USD invested.

11 HOURS OF AUTONOMY for emergencies

2019

- **6** mega reserve tanks.
- **with 1,500** milllion liters of capacity.
- **$121** Million USD invested.

34 HOURS OF AUTONOMY for emergencies

INVERSTMENTS TO ENSURE THE SUSTAINABILITY OF URBAN GROWTH

Upgrade of the Las Vizcachas Complex

Expansion, rehabilitation, modernization and improvement of the Vizcachas Complex (Vizcachas Plant, Vizcachitas and Antonio Tagle).

- Renovation and rehabilitation of the filters of the Vizcachas Plant.
- Total investment in the Upgrade plan: $63 billion pesos.

Improving the Quality of Water

Commissioning of the San Antonio Arsenic Abatement Plant:

- Allows the use of groundwater from underground aquifers.
- Operational since April 2017.
- Investment of $6.7 billion pesos.

Capacity increase of the Arsenic Abatement Plant in Quilicura:

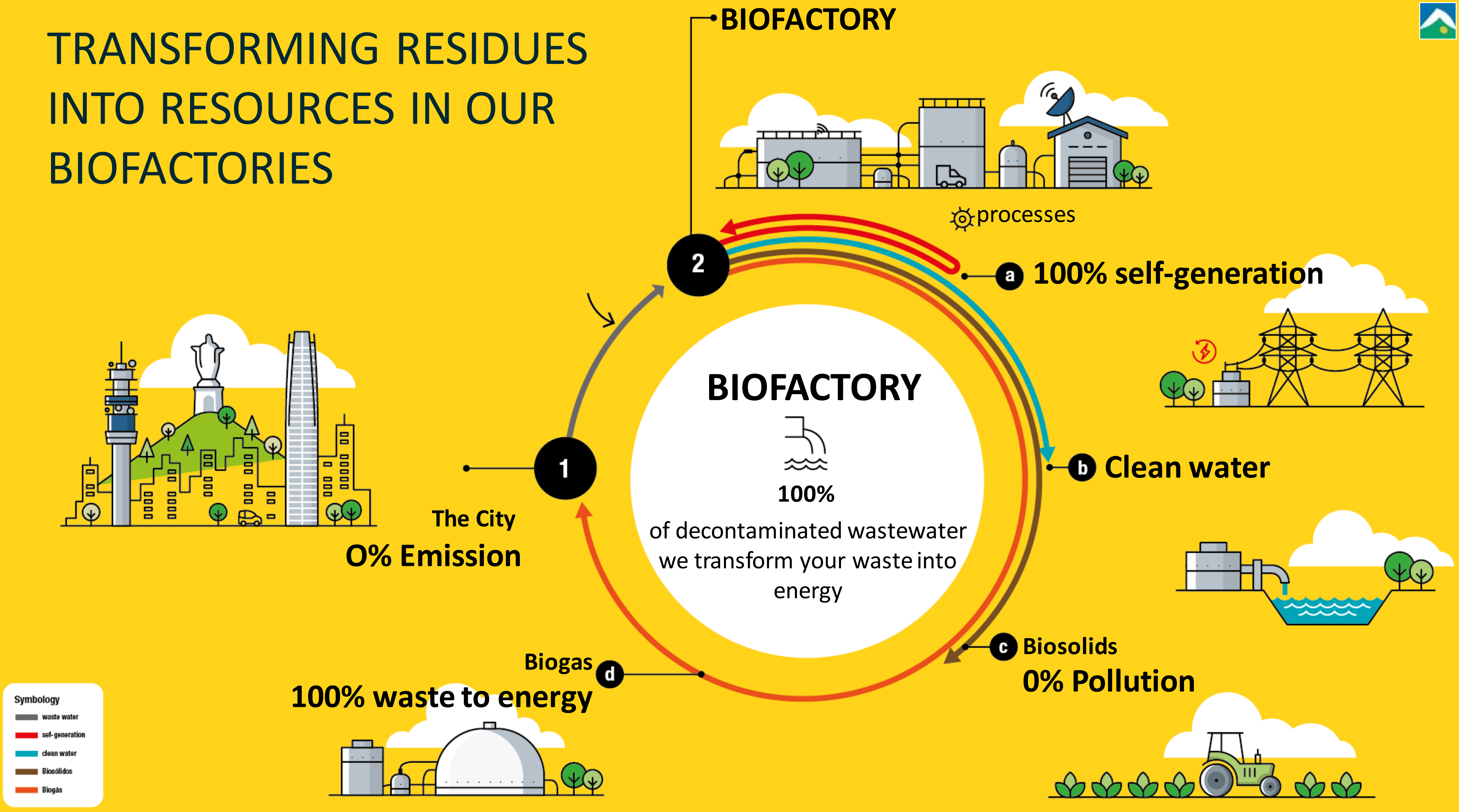
- Increase its flow rate from 100 l/s to 250 l/s.
- The first stage was completed at the end of 2017.
- Investment of $1.7 billion pesos

New Chamisero potable water production plant

It will respond to the demand of the growing population in the Chamisero and Chicureo areas.

- In the final phase of construction.
- Operation: from May 2018.
- Investment of $14.9 billion pesos.

TRANSFORMING RESIDUES INTO RESOURCES IN OUR BIOFACTORIES



RELEVANTS ISSUES TO DISCUSS

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:

January 4th 2017
Commission of Public Works requests constitutionality report from the Secretary General of the President (Segpres)

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

May 3rd 2017
Comission of Public Works receives the reports from the MOP and Segpres

April 12th 2018
The Senate reactivates the bill that would lower profiability of the industry. The current government said it would follow the line of the previous government.

SUCCESSFUL EARLY NEGOTIATION WITH OUR UNIONS

- On January 29 2018, Aguas Andinas finished its early negotiation with the Sindicates N°1, N°2, and the Professional and Technicians Union.
- These agreements last for three years.
- The end of negotiation bonus was CLP$2,100,000 net per person and it was given to 982 people.

GREEN AND SOCIAL BOND

- On April 18th, Aguas Andinas issued the first green and social bond in the Santiago Stock Exchange, opening this segment in the market.

RESULTS

- Placement time: 8 seconds
- Total demand: 3.6 times
- Placement rate: 1.8%.
- Spread: 53 bps
- Purchaser: mutual funds, pension funds, and insurance companies

ISSUANCE CHARACTERISTICS	
Risk Rating	AA+ / AA+ (Fitch / ICR)
Modality	*Best Efforts*
Series	***Serie AC***
Mnemonic Code	BAGUA-AC
Currency / Reajustability	UF
Maximum Amount Per Serie	UF 1,500,000
Use of Funds	Liability Refinancing 48% / Investment Plan Financing 52%
Term	7 years
Structure	*Amortizing*
Grace Period	3 years
Cupon Rate	1.80%
Interest Payment	Semiannual
Interest accrual start date	15-03-2018
Maturity Date	15-03-2025
Pre-Payment Start Date	15-03-2021
Pre-Payment Conditions	Greater value between Par Value and Benchmark + 70 pbs
Nominal Value of Each Bond	UF 500
Number of Bonds	8,000
Main Guarantees	Leverage=< 1,5 times Keep Essential Assets: Public Service Concessions for Potable Water Production and Distribution, Sewage Collection, and Treatment for Gran Santiago Negative Pledge, Cross default & Cross Acceleration

2030 DROUGHT AND CLIMATE CHANGE PLAN

POTENTIAL ACTIONS AND WORKS TO PREVENT SUPPLY DEFICITS:

ACTIONS TO INCREASE SYNERGIES IN PRODUCTION

- Purchase/rent of water rights
- Recovering of raw water
- Exchange of treated sewage wáter

RESERVE OF RESOURCES

- Laguna Negra-El Yeso Interconnection
- El Yeso-Lo Encañado Interconnection
- Coyanco Reservoir

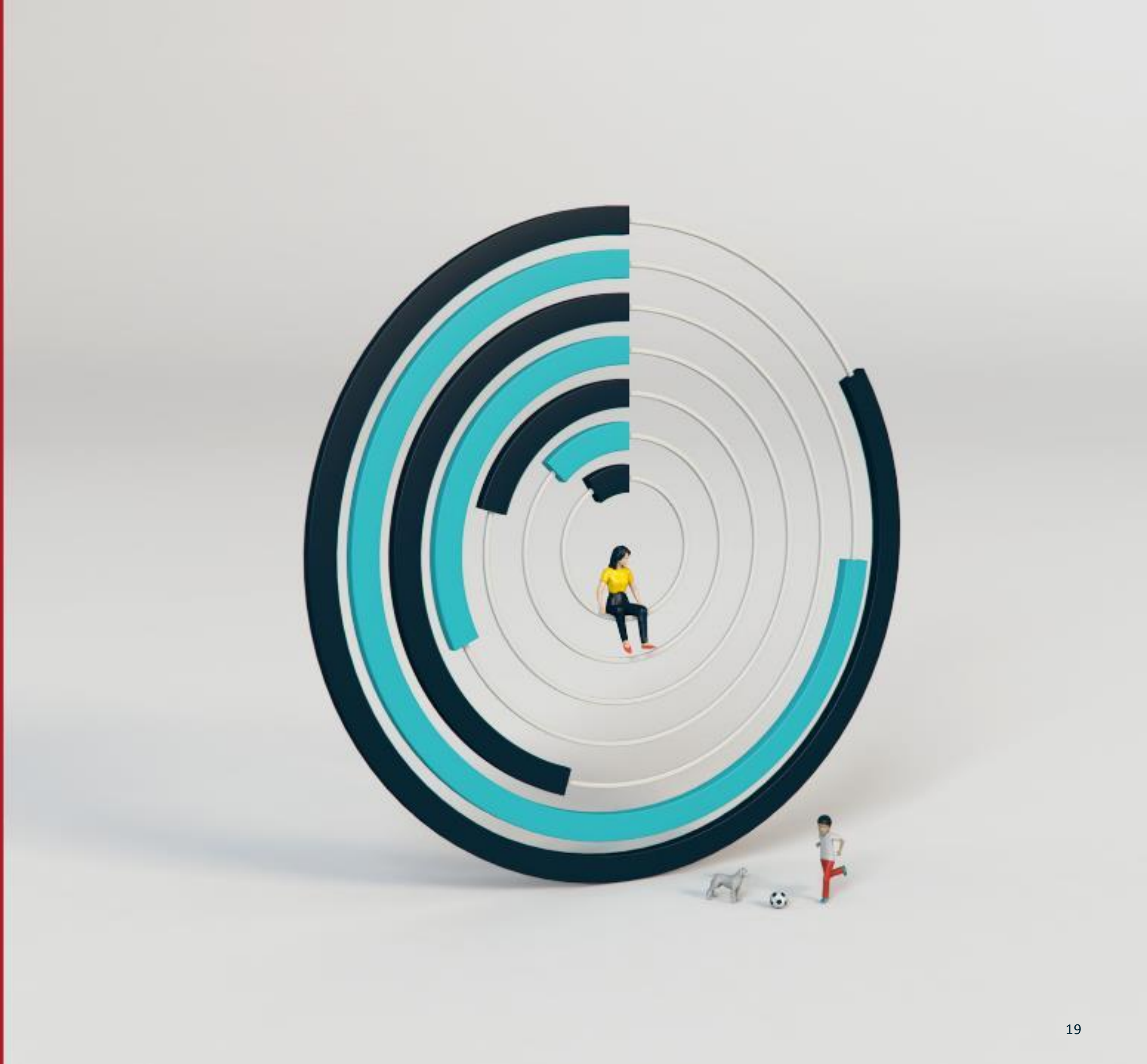
NEW PRODUCTION INTRASTRUCTURE

- Padre Hurtado PWTP Expansion
- La Florida PWTP Expansion
- Los Morros a Cerro Negro PWTP
- Los Morros a Vizcachas PTWP

NEW PRODUCTION SOURCES

- Enabling of surface capture from Laguna Negra
- New sources of underground sources (Maipo probing)
- Transfers from the Aconcagua River to the Quilicura River
- Desalination from San Antonio to Vizcachas

Q&A



AGUAS ANDINAS INVESTOR RELATIONS CONTACT DETAILS

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El futuro se construye desde hoy

AGUAS andinas