



AGUAS ANDINAS

Results Meeting

November 30 2018

AGENDA

- 💧 Financial Performance
- 💧 Investments
- 💧 Tariffs
- 💧 Contingencies
- 💧 Q&A

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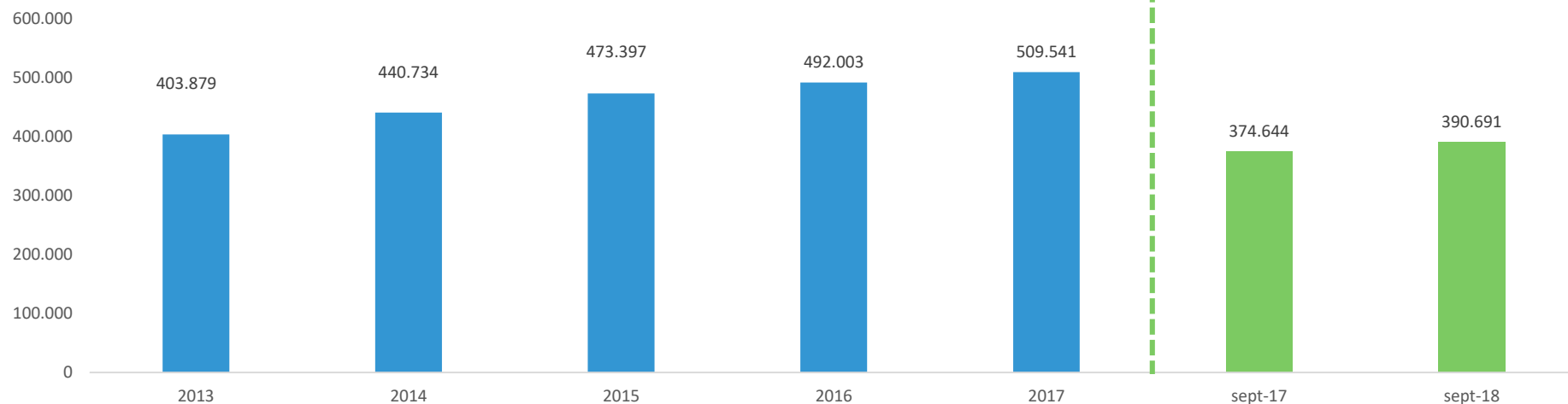
FINANCIAL PERFORMANCE

FINANCIAL PERFORMANCE AS OF SEPTEMBER 30 2018

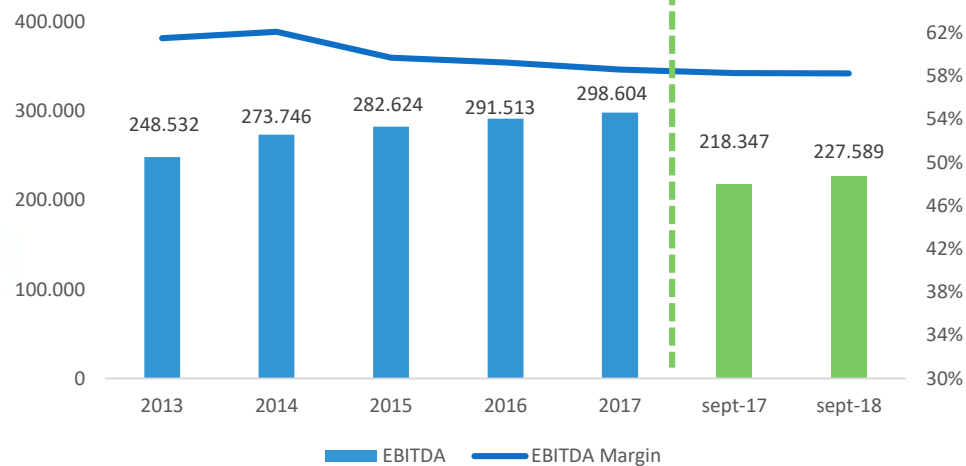
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Numbers in Millions of Pesos

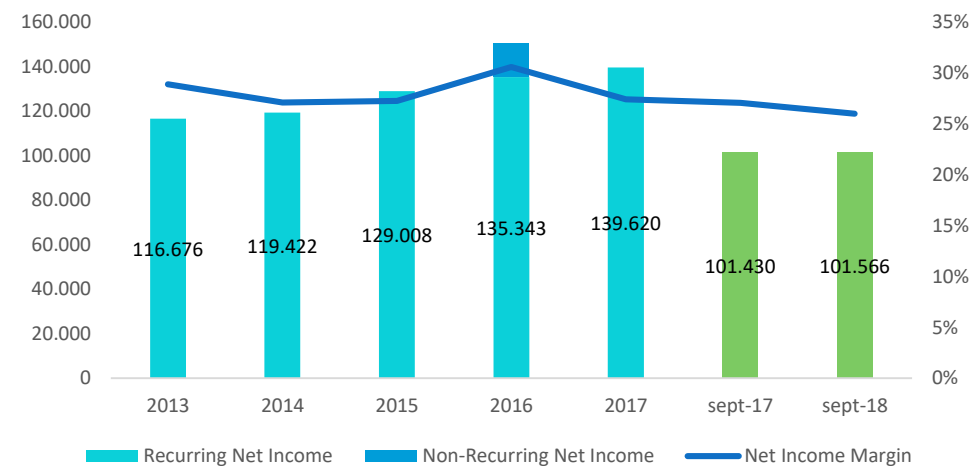
Revenues



EBITDA & EBITDA Margin



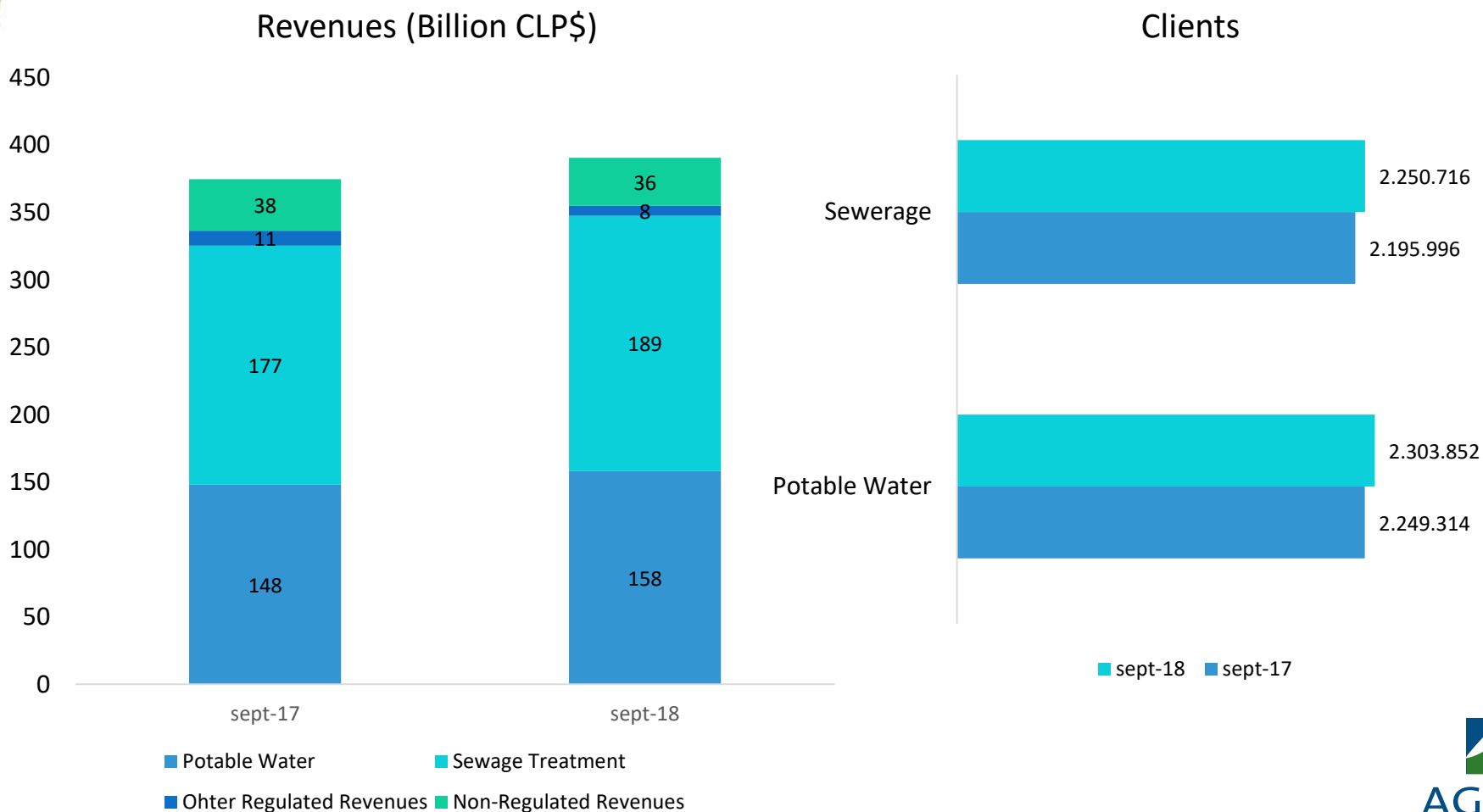
Net Income and Net Income Margin



REVENUES INCREASED BY 4.3%

💧 The Company's revenues increased to CLP\$391 billion due to:

- 💧 Increased sales volumes, registering an increase of 4.1% in Potable Water and 3.7% in Sewage Treatment.
- 💧 Tariff indexations registered during 2017 and 2018 (+1.47% on november 29th of 2018).



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COSTS INCREASED BY 4.4%

Raw Materials and Consumables Used increased due to:

- An increase in electricity costs for CLP \$1.6 billion, due to more consumption associated with sales volume.
- Higher costs of CLP \$2.6 billion for the purchasing of raw water in order to face the melting period (October – April).

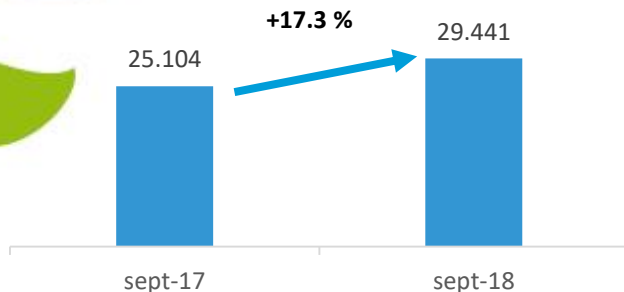
Personnel Expenses increased due to:

- Increased remunerations and bonuses associated to increases in CPI, in addition to an increased workforce and extraordinary benefits for personnel due to the collective negotiation process for CLP \$3.1 billion.

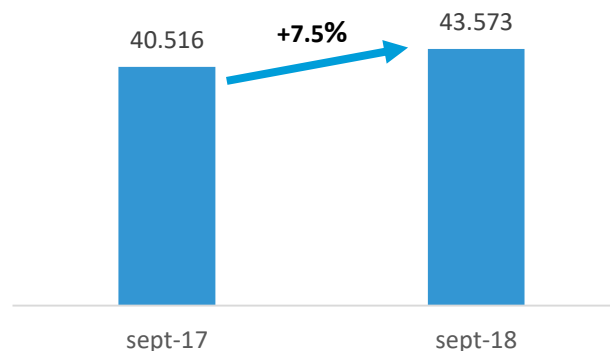
Other Expenses, By Nature decreased due to:

- Lower sludge management costs in the Biofactories for CLP \$383 million.
- Lower allocation for doubtful accounts for CLP\$2.3 billion.
- Offset by higher activity in network maintenance of CLP \$720 million. .
- Higher costs in new service activity, customer management and property value for CLP 1,238 million.

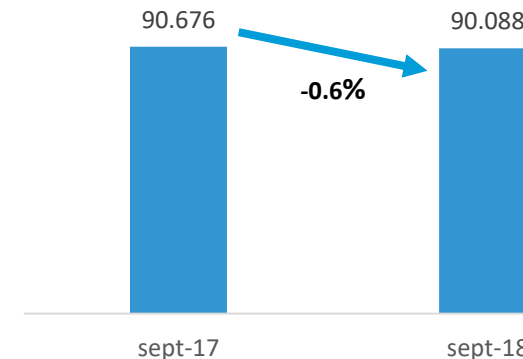
Raw Materials and Consumables Used
(BN CLP\$)



Personnel Expenses (BN CLP\$)



Other Expenses, By Nature (BN CLP\$)



OTHER HIGHLIGHTED RESULTS

Other Revenues CLP \$1.6 billion

Due to higher sales of expendable lands located in different municipalities of the Metropolitan Region for CLP \$3.4 billion, partially offset by organizational restructuring costs for 2018 for CLP \$2.9 billion.

Financial Income CLP \$34.4 Billion

Higher by CLP \$7.2 billion than that of the previous year, mainly as a result of a higher revaluation of the debt in Unidades de Fomento

Income Tax Expense CLP \$34.3 billion

Higher in CLP \$591 million, 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 before tax income by CLP \$67 million.

Net income CLP \$101.6 billion

As of September 30, 2018 amounted to CLP \$101.6 billion CLP \$136 million (0,1%) higher than obtained in third quarter of 2017.

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GREEN AND SOCIAL BOND CHILE DAY 2018

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We put sustainability at the heart of the company's business model. The melting of the glaciers and the drought motivated us to be the first green issuers of the country.



Panel sobre sustentabilidad en Londres:

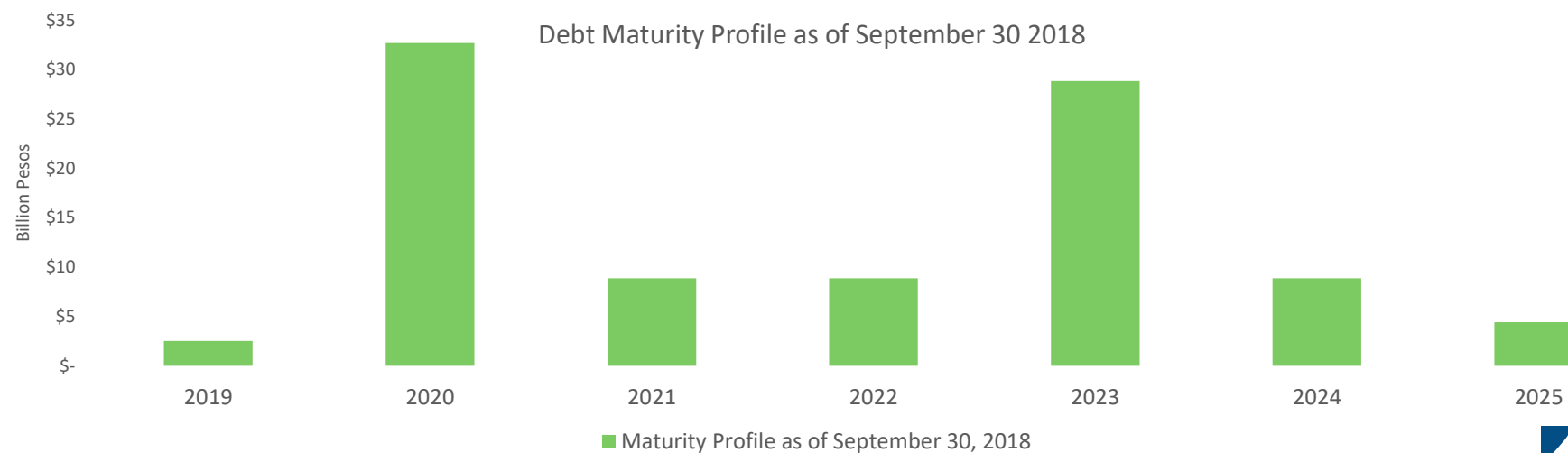
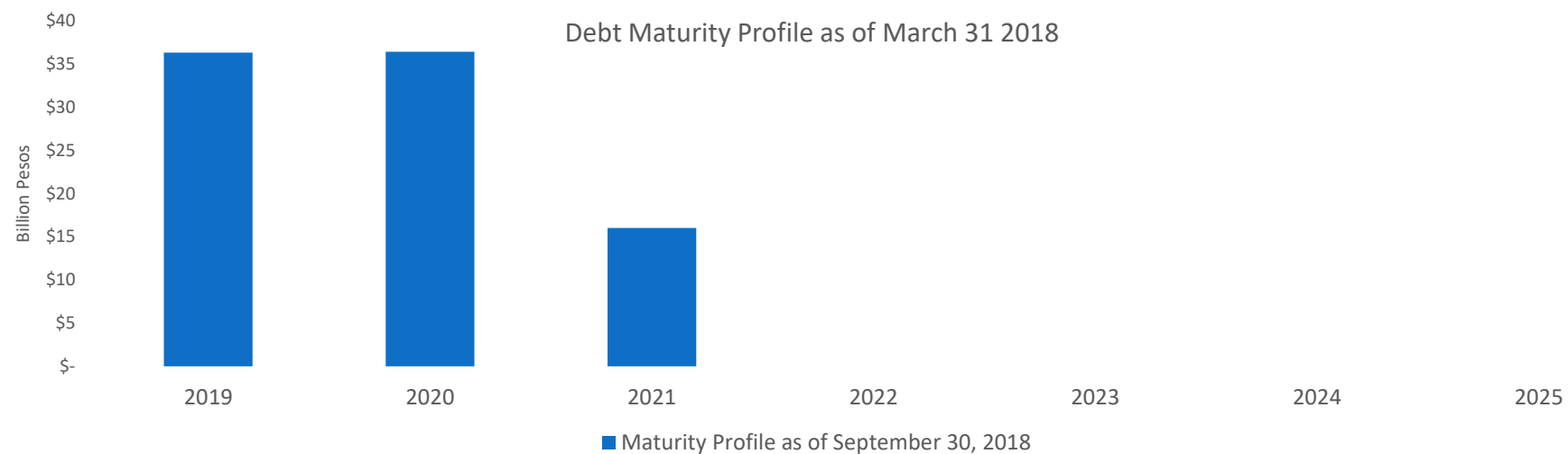
El Chile Day de este año partió poniéndose verde

"Pusimos la sustentabilidad en el corazón del modelo de negocios de la compañía. El derretimiento de los glaciares y la sequía nos motivaron a ser los primeros emisores verdes del país", dijo esta mañana Iván Yarur, gerente de Finanzas de Aguas Andina, durante un panel "verde" que tuvo lugar en Londres con ocasión del primer día del Chile Day de este año, cuyo tema fueron las dinámicas que se advierten en el mercado de capitales en relación a la sustentabilidad. Yarur estuvo acompañado por el presidente de la empresa sanitaria, John Pickering, así como por Sean O'Connell, consultor del Secretario General de las Naciones Unidas en bonos verdes y

CEO de la ONG internacional Climate Bonds Initiative; y Charles Thomas, gerente de Estrategia, Medio Ambiente y Sustentabilidad del Fondo de inversiones ecológicas Jupiter Management. El moderador del encuentro fue Philip Hardwick, especialista en financiamiento de cambio climático. En la oportunidad los panelistas chilenos se refirieron a cómo el mercado acogió la emisión del primer bono de calificación verde y social por UF 1.500.000 con una tasa de 1,80%, equivalente a un spread de 53 puntos base, emitido a siete años con tres de gracia. Explicaron que la demanda superó en 3,6 veces el monto ofrecido al mercado.

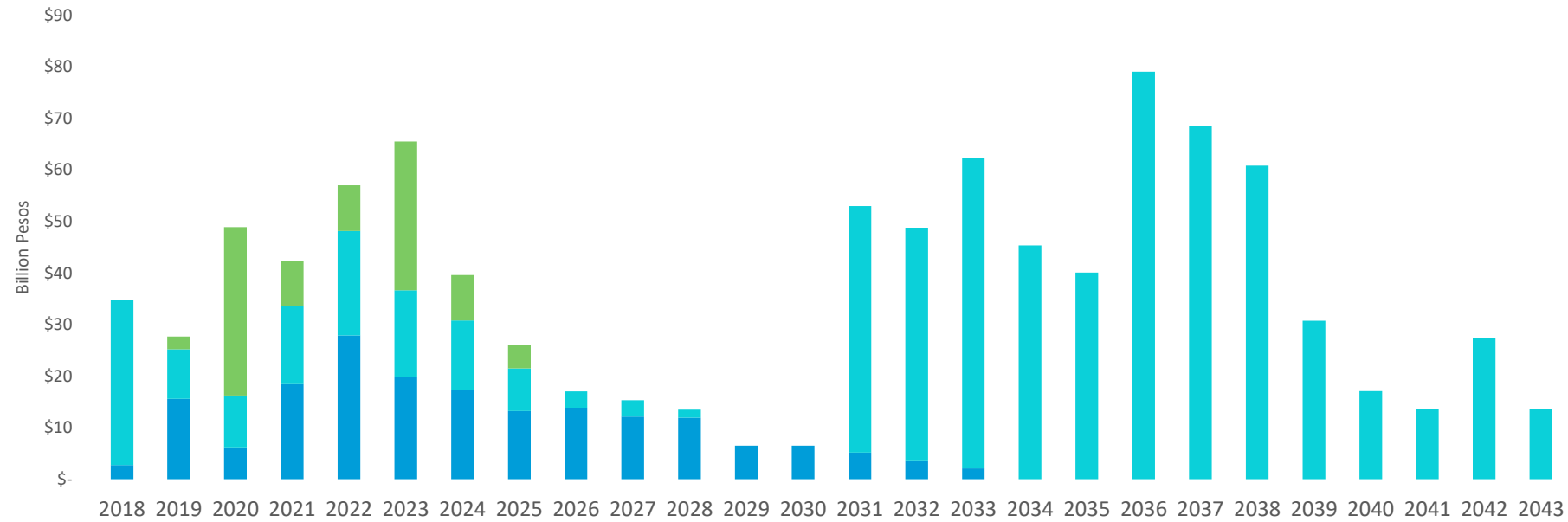
BANK DEBT RENEGOTIATION

💧 We have refinanced CLP \$ 65 of bank debt, doubling the duration from 3.1 to 5.8 years.



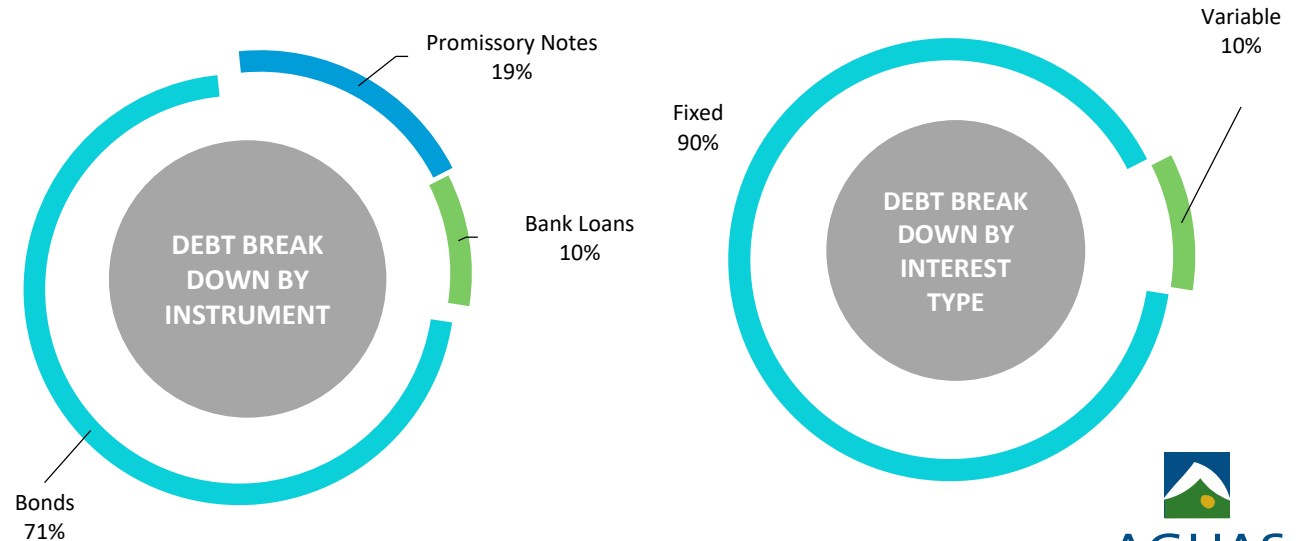
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DEBT STRUCTURE AS OF SEPTEMBER 30, 2018



- Leverage: **1.66x** Limit: **1.98**
- Financial Expense Coverage: **7.16x**
- Local Credit Rating: **AA+**
- Total Net Financial Debt: **CLP\$ 939 billion**
- Net Debt/EBITDA Ratio: **3,05x**

■ Promissory Notes ■ Bonds ■ Bank Loans

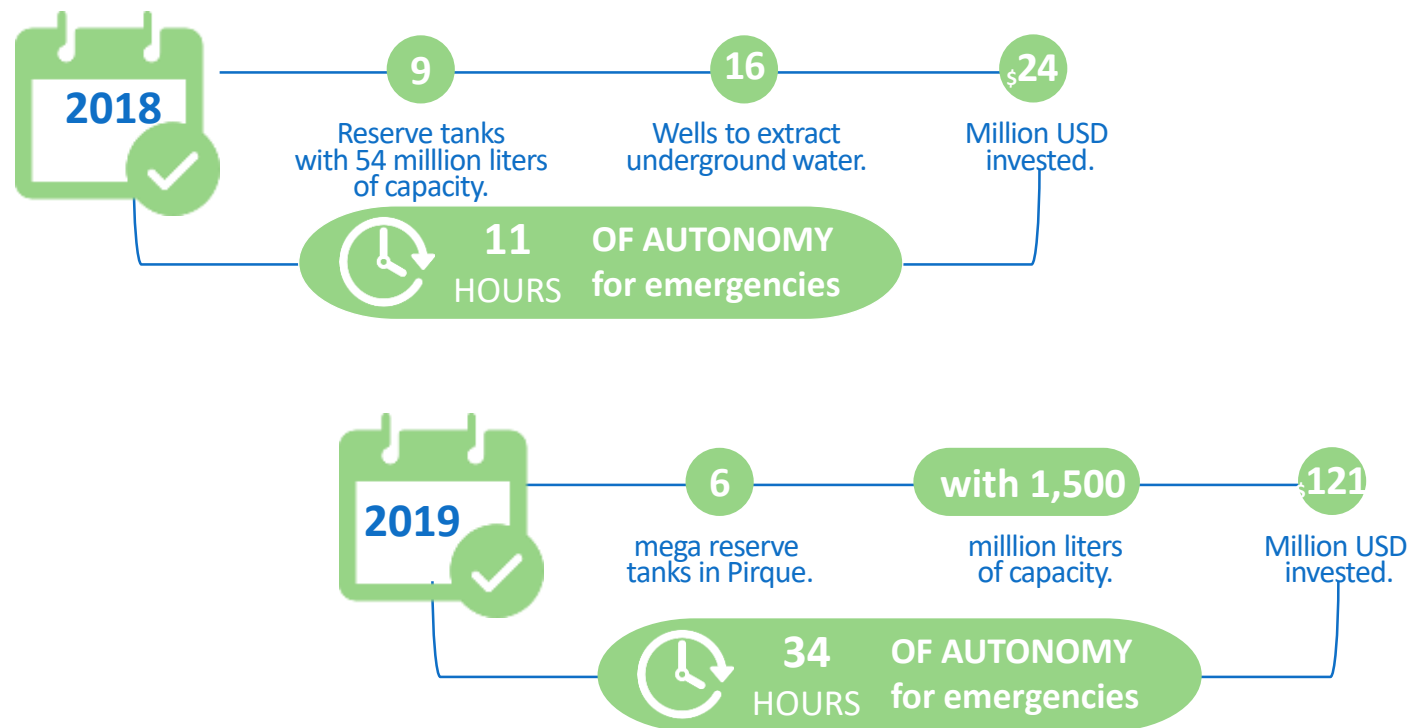


El Agua nos Mueve

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

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



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TARIFFS

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

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
AA
AM
AC

Final parameters and methodology published

30 NOV 2018

30 JAN 2018

15 MAR 2019

25 MAR 2019

10 APR 2019

10 MAY 2019

01 OCT 2019

01 NOV 2019

16 NOV 2019

28 NOV 2020

30 JAN 2020

28 FEB 2020
18 MAY 2020
29 JUN 2020



AWARDS

AWARDS 2018

- 💧 Sixth place in Corporate Sustainability Index 2018 of ActionAbility Institute and Revista Capital.
- 💧 National award Avonni Innovation 2018, in the Energy category because of the biogas plant.
- 💧 Natural gas plant of Biofactores Gran Santiago receive the national award of Innovation Recyclapolis.

Avonni



Recyclapolis



#SOMOS
SECOS
CON
AGUA

AWARDS 2018

- Our company exhibit a great result in the Dow Jones Sustainability Index (DJSI), report that evaluate the sustainability performance of thousands stock exchange listing companies. This year we obtained the sixth place in the sanitary industry category.
- Our company was recognized with the Momentum for Climate Change 2018, given by the United Nations Organization.

Momentum for Climate Change



MEMBER OF
**Dow Jones
Sustainability Indices**
In Collaboration with RobecoSAM



United Nations Framework
Convention on Climate Change

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Q&A Session



AGUAS ANDINAS

Results Meeting

November 30 2018

An aerial photograph of a city at sunset. The sun is low on the horizon, casting a warm orange glow over the scene. A river flows through the center of the city, flanked by dense urban development. In the background, a large hill with several communication towers is visible. The word "Annexes" is overlaid in the center in a white, sans-serif font. Three teardrop-shaped graphic elements are also present: a blue one on the left, a yellow one at the bottom center, and a green one on the right.

Annexes

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

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

August 2018
Discussion in Progress

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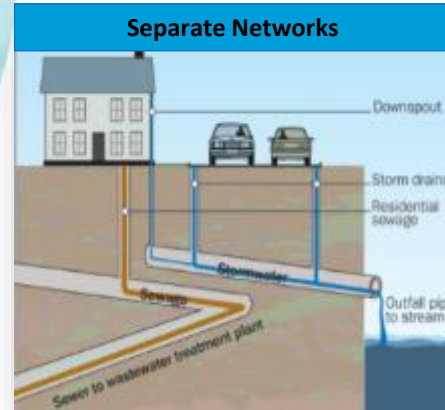
APPEAL SUBMITTED TO THE CONSTITUTIONAL COURT

- On May 28, 2018, Aguas Andinas filed an application for unconstitutionality with the Constitutional Court, requesting that certain provisions of Law No. 19,496 be declared inapplicable in a judicial proceeding initiated by SERNAC against Aguas Andinas, through a class-action lawsuit.
- This collective action is related to the potable water cuts that occurred in the city of Santiago during the months of February and April 2017, as a result of events of force majeure associated with the extreme turbidity observed in the waters of the Maipo river, which supply the potable water plants of the company.
- In the above-mentioned civil process -currently in progress-, Sernac requests that hefty fines be imposed on Aguas Andinas for each one of the affected consumers, a possibility that upon understanding this company is unconstitutional, since the eventual sanction would be totally disproportionate.
- In addition, the sectoral authority (the SISS) has already become aware of this situation, which could cause the company to be sanctioned twice for the same facts, a matter that does not comply with the constitution. This violates the principle "non bis in idem" which means that no one can be tried or double convicted for the same act.
- This appeal was accepted by the Constitutional Court on August 3rd.

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RAIN WATER SITUATION

- Rain water is a challenge for ESSAL, our water utility in the south of Chile.

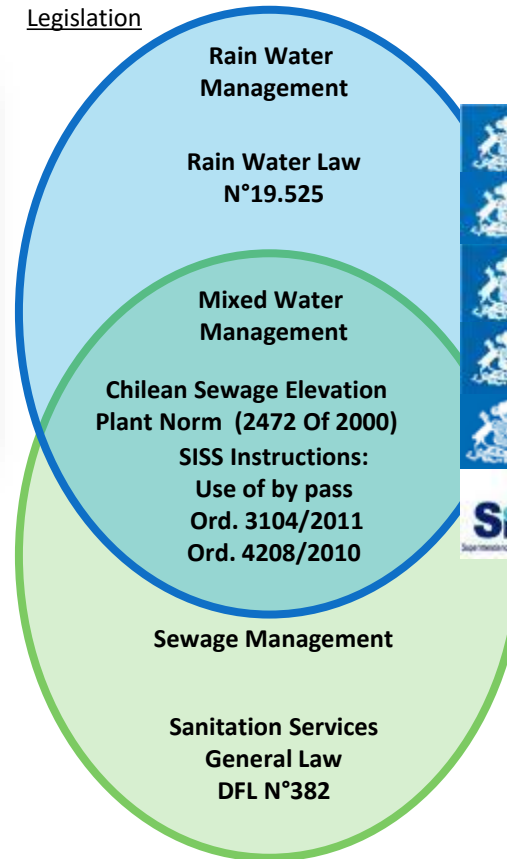


Sewerage and Sewage Water

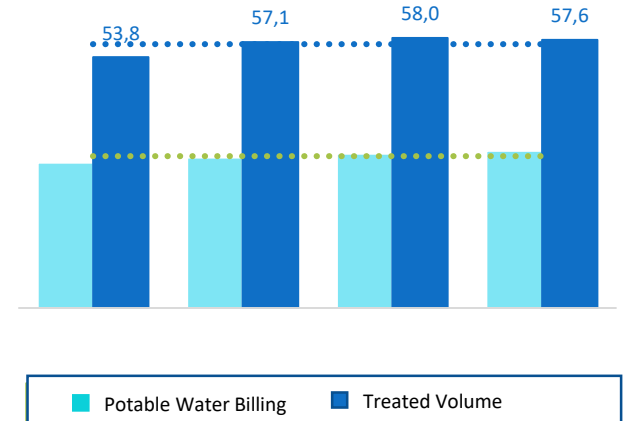
Sewage Water

80% to 95% of potable water consumption

Legislation



Reality



Sewage treatment plants receive more than 1.7 times the volumen consumed by clients.