



CORPORATE PRESENTATION RESULTS BREAKFAST

November 30 2017

FINANCIAL PERFORMANCE



FINANCIAL PERFORMANCE AS OF SEPTEMBER 30 2017

Numbers in millions of CLP

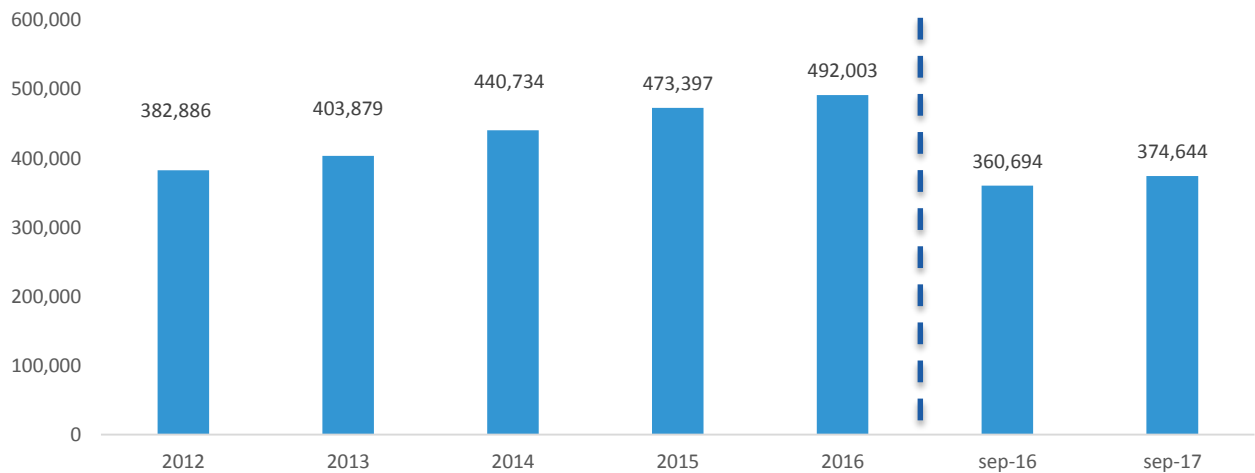


Revenue CAGR of 6.5% and EBITDA CAGR of 4.7% over the 2012-2016 period

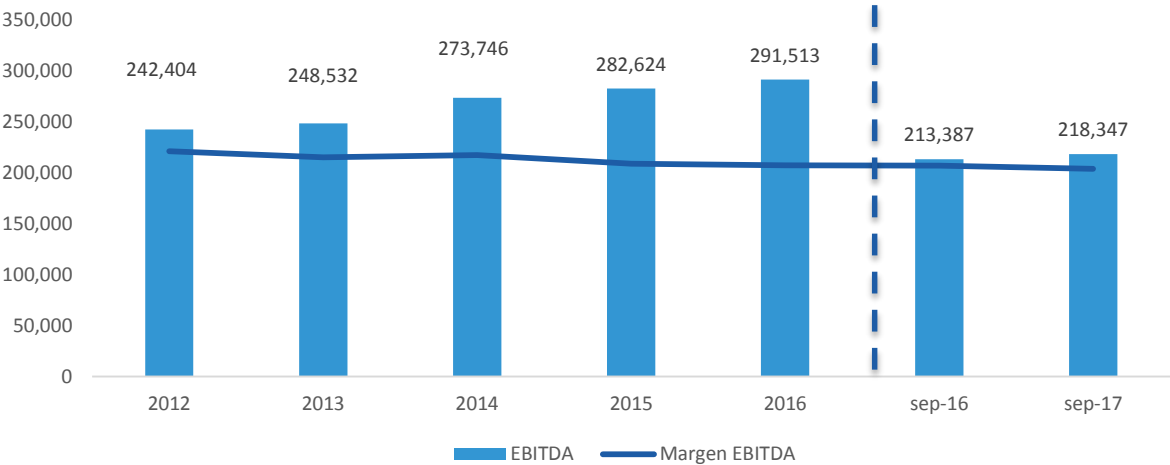


2015-2016 Growth: +3.9% revenues, +3.1% EBITDA y +16.7% Net Income

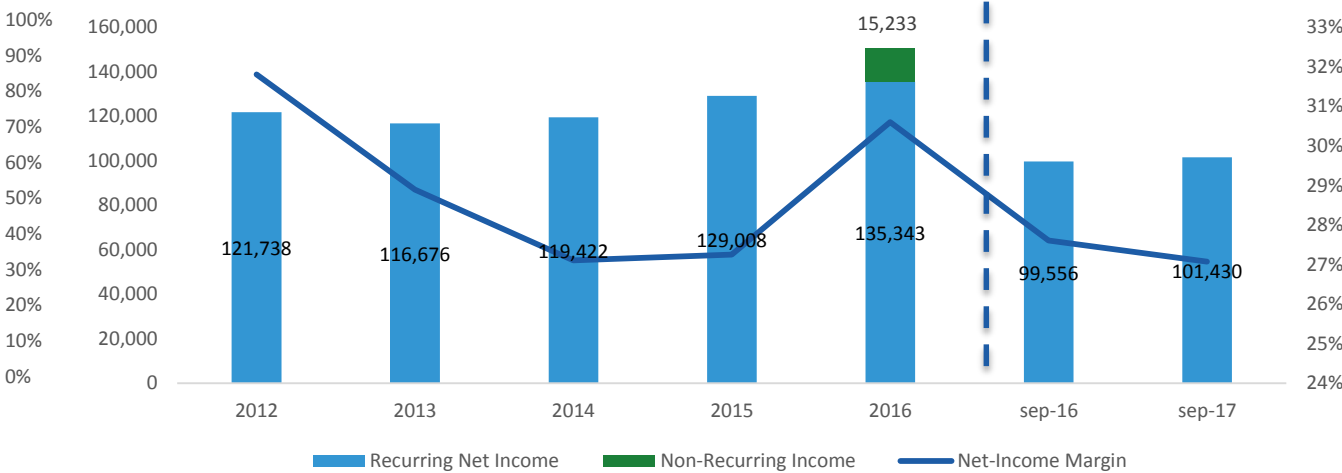
Revenues



EBITDA & EBITDA Margin

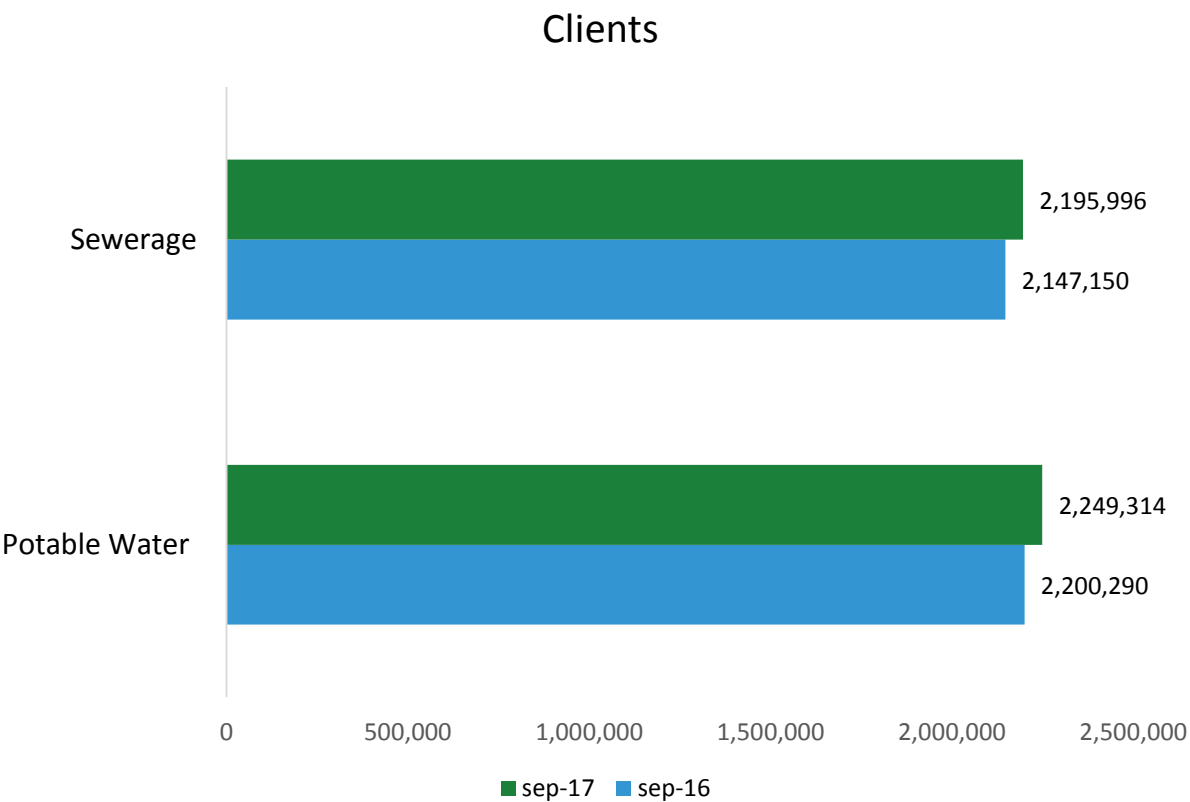
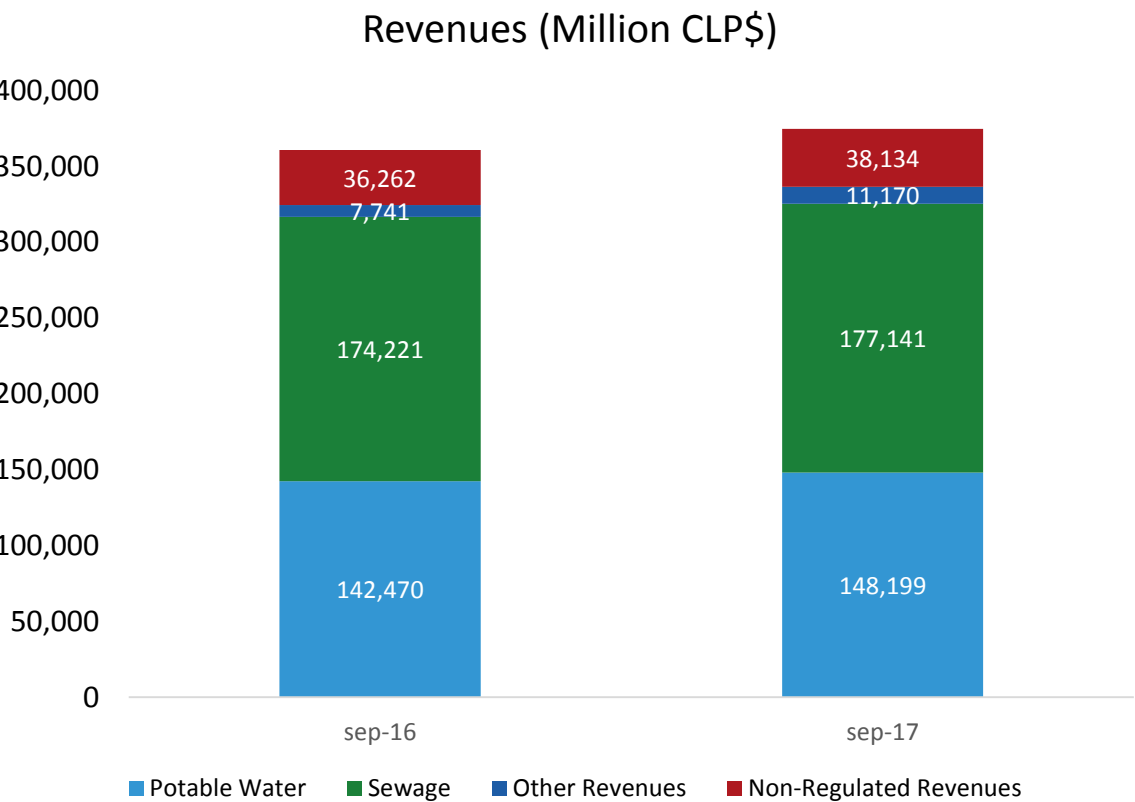


Net Income & Net Income Margin



REVENUES INCREASED BY 3.9%

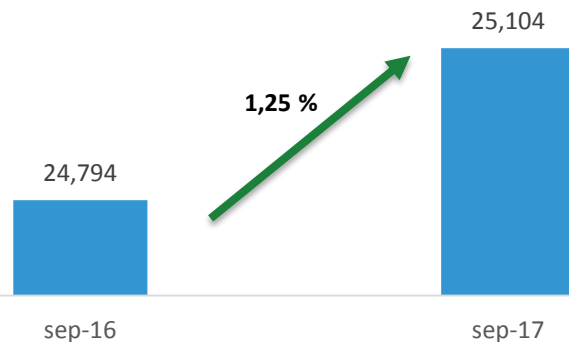
- **The Company's revenues increased to CLP\$374,644 million pesos due to:**
 - Higher sales volumes: +2.7% in potable water and +2.2% in sewage treatment
 - Tariff indexations registered during 2016 and 2017



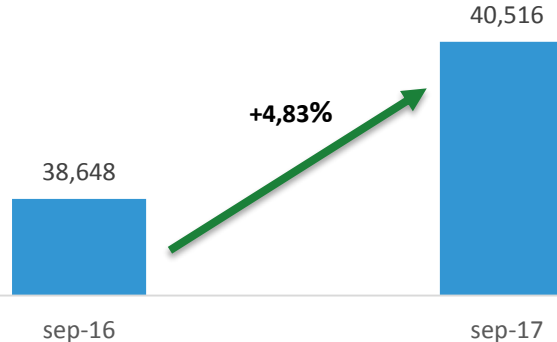
COSTS INCREASED BY 6.1%

- **Raw materials and consummables used increased due to:**
 - Higher electricity costs of CLP \$675 million, due to higher production of potable water from underground sources, compensated with lower costs of chemical inputs for CLP \$290 million pesos
- **Personnel Expenses increased mainly due to:**
 - Higher compensation and gratuities associated to CPI adjustments, together with a larger work force.
- **Other expenses, by nature increased due to :**
 - Higher provisions for uncollectable bills for \$2,523 million pesos
 - Higher network maintenance activity for \$1,697 million pesos
 - Higher expenses for sanitation infrastructure transfers for \$979 million pesos

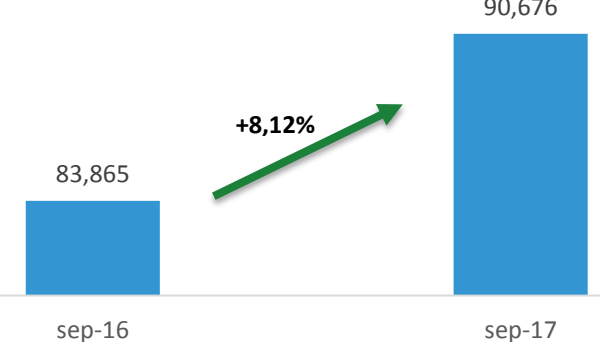
Raw Materials and Consummables Used (Million CLP\$)



Personnel Expenses (Million CLP\$)



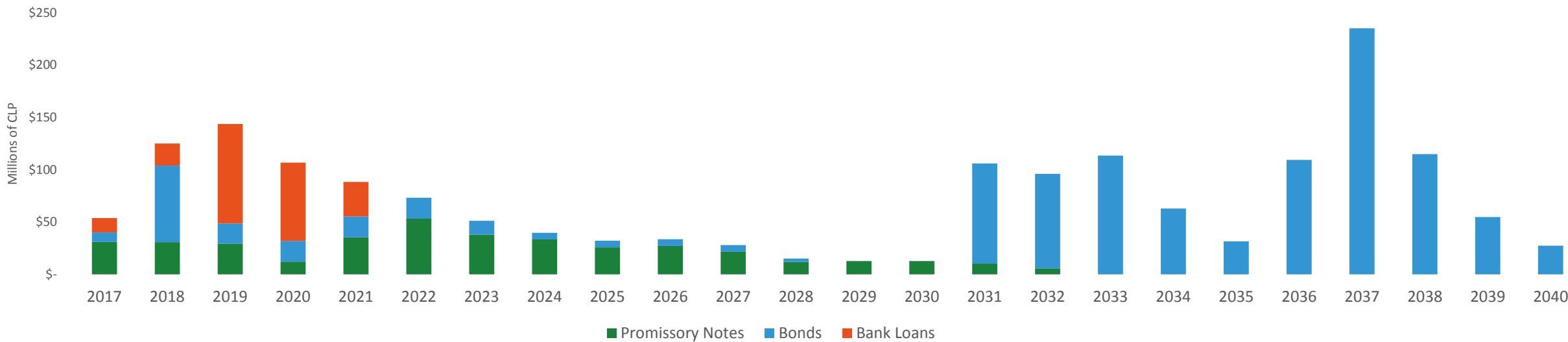
Other Expenses, By Nature (Million CLP\$)



OTHER RELEVANT RESULTS TO HIGHLIGHT

- Financial earnings showed a loss of \$27,194 million pesos, which was \$5,206 million pesos less than the same quarter last year. This was mainly the result of a lower revaluation of the debt that can be adjusted in Unidades de Fomento (UFs).
- Income tax expense at the end of the third quarter of 2017 was \$33,671 million pesos, which was \$5,487 million pesos higher than as of the same quarter of the prior year. This change is mainly explained by the change in tax rate from 24% to 25.5% due to the Tax Reform in force since September 2014, in addition to a higher pre-tax gain of \$7,136 million pesos.
- Net income as of September 30, 2017 amounted to \$101,430 million pesos, which was \$1,873 higher (1.9%) than that obtained as of the third quarter of 2016.

DEBT STRUCTURE AS OF SEPTEMBER 30 2017



Leverage: **1.50x** Limit: **1.92**

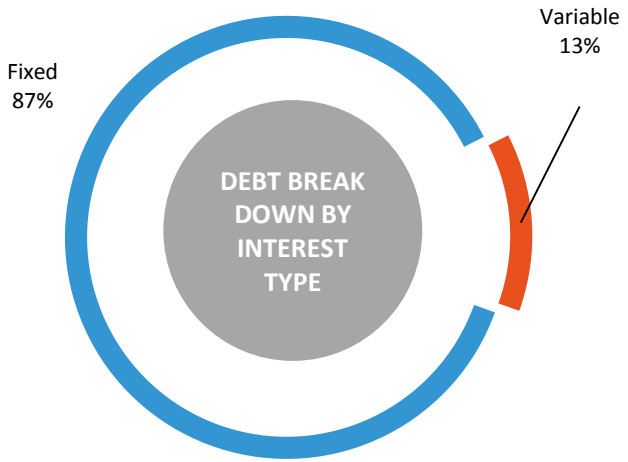
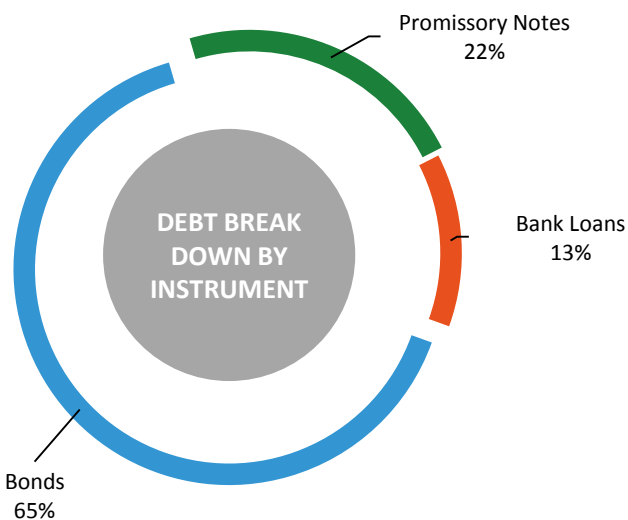
Coverage of Financial Expenses: **8.09x**

Local Credit Rating: **AA+**

Total Net Financial Debt: **\$863 billion pesos**

Net Debt / EBITDA* Ratio: **2,91x**

(*) EBITDA last 12 months



⁷ Exchange Rate as of October 31, 2017: CLP\$487.37/AUD

CONTINGENCIES



REGULATORY RISK: 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

Commission of Public Works receives the reports from the MOP and 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

November 2017

No updates

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

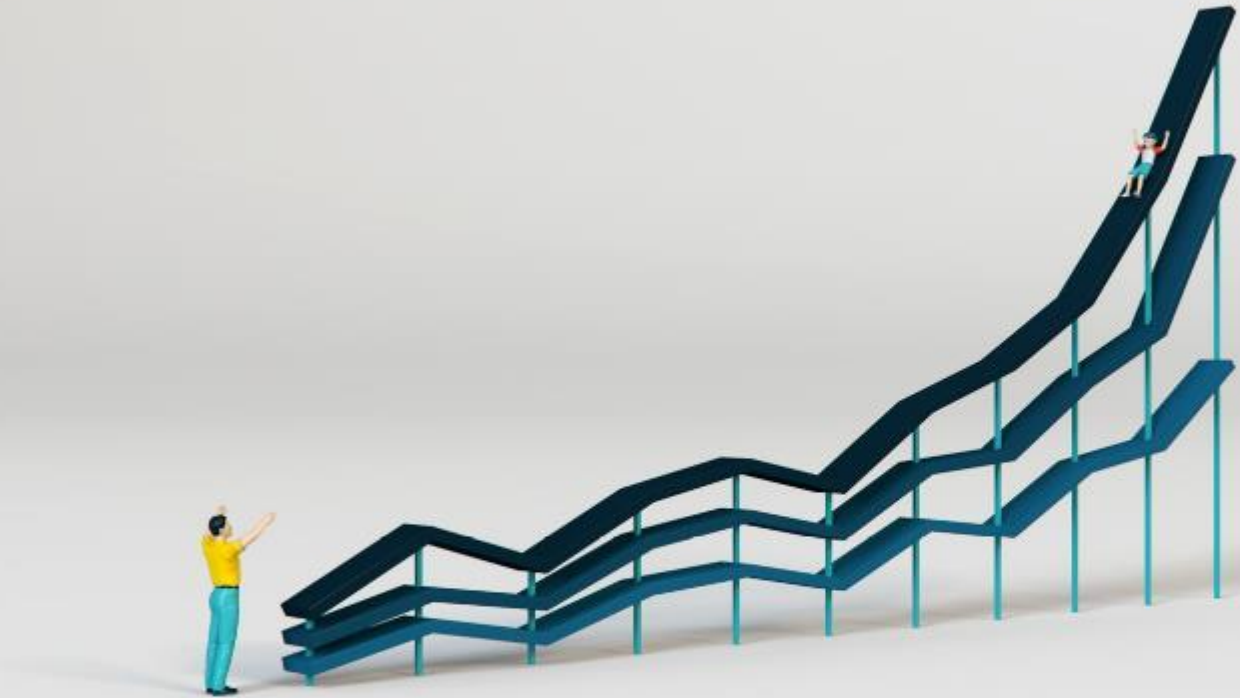
Minimum Compensation

- 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.

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

RESILIENCE: INVESTMENTS IN ORDER TO MANAGE TURBIDITY EVENTS

Increase the autonomy to 32 hours



PHASE 1

- Phase finished in 2014 increasing autonomy from 4 to 9 hours



PHASE II

- Pirque Tank construction
- Triple autonomy from 11 to 32 hours



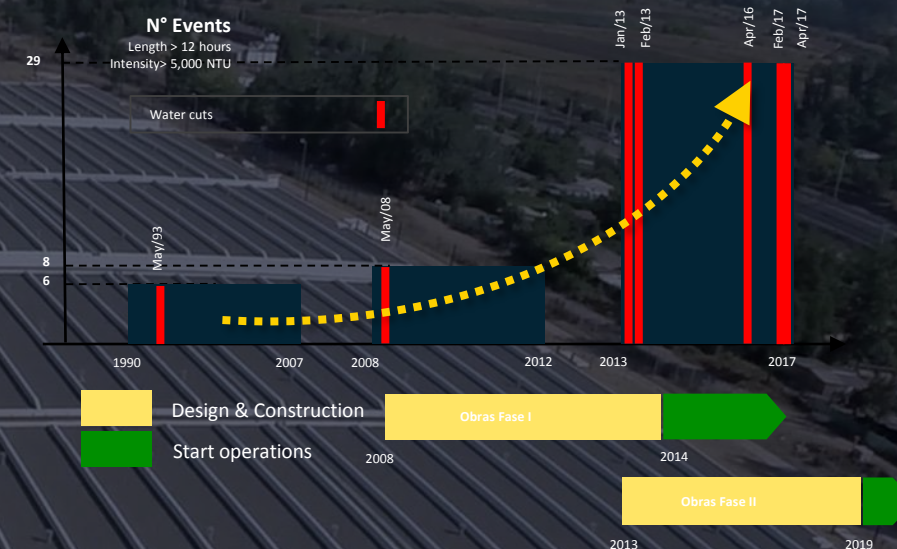
EMERGENCY WORKS

- Increased autonomy from 9 to 11 hours



PHASE 3 ALTERNATIVES III

- Different alternatives in order to reach 48 hours of autonomy



RESILIENCE: INCREASE PRODUCTION CAPACITY

INCREASE SUPERFICIAL PRODUCTION

PWTP P. Hurtado-La Florida-Chamisero

INCREASE UNDERGROUND PRODUCTION

Wells in Gran Santiago and Localities

RESILIENCE: DECREASE THE NUMBER OF CLIENTS AFFECTED BY WATER CUTS

PREVENTING RENEWAL OF DISTRIBUTION NETWORKS

OPERATIONAL ASSET PREVENTATIVE RENEWAL

**MANAGEMENT OF THE
DISTRIBUTION NETWORK,
PRESSURE MANAGEMENT, LEAK
DETECTION ARE REPARATION**

**NETWORK REPARATION IN THE
NETWORK WITHOUT WATER
SUPPLY CUTS**

CIRCULAR ECONOMY: HYDRAULIC PERFORMANCE OF THE DISTRIBUTION NETWORK

Decrease Water Losses by 10%

HYDRAULIC EFFICIENCY PLAN

OPERATION CONTROL CENTER

MOVE FROM MANAGING RUPTURES
TO MANAGING LEAKS

*Recover more than 70
millón cubic meters per
year which are
currently being lost in
the network.*

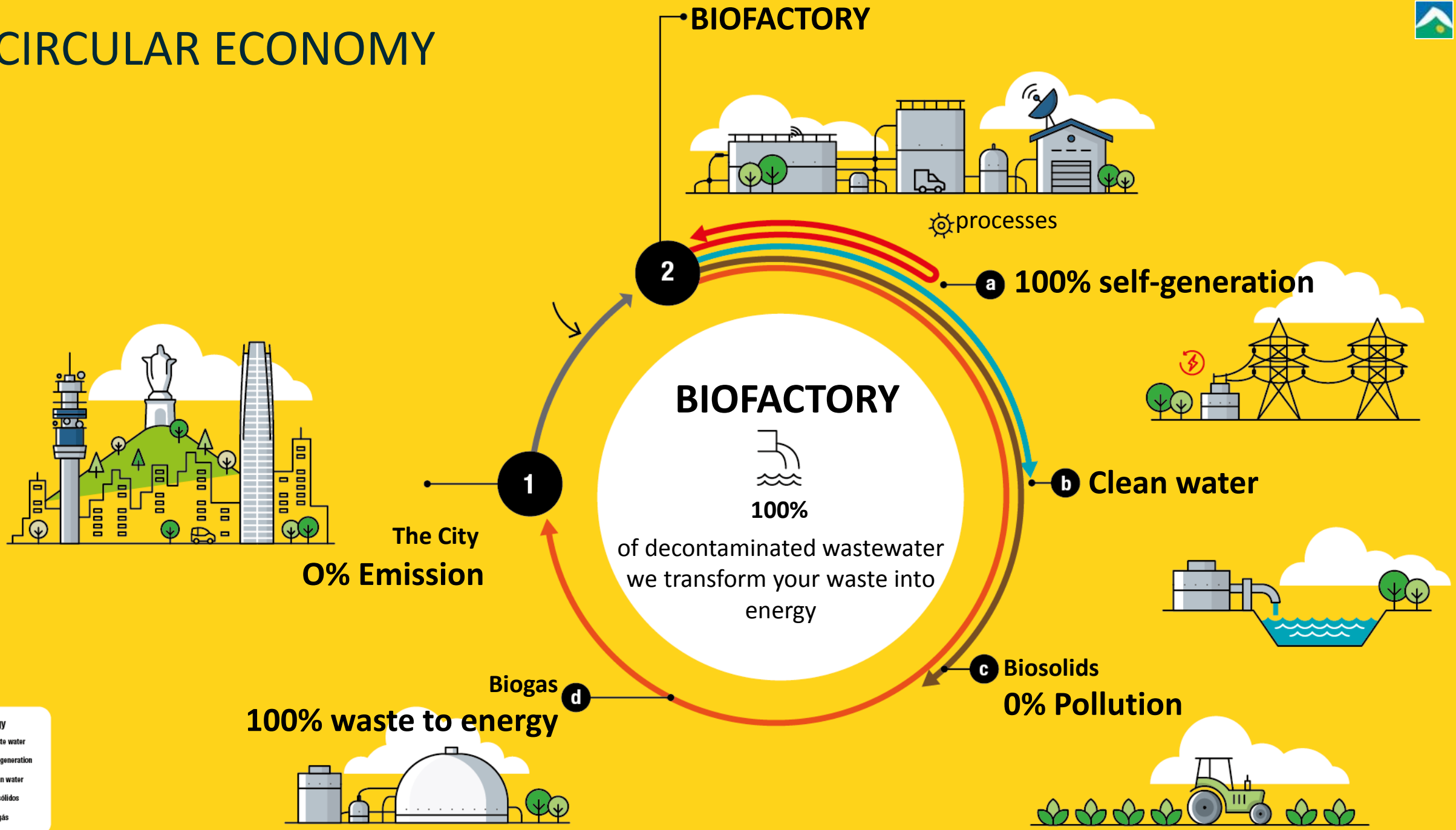
DIGITALIZATION: TELECONTROL 100% OF OUR PRODUCTIVE INSTALLATIONS

RENEWAL AND EXPANSION OF
TELECONTROL

IMPLEMENTATION OF CCO 2.0

TELEMETERING FOR LARGE
CONSUMERS AND GREEN
AREAS

CIRCULAR ECONOMY



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