



#ZEROPAPER

In accordance with the commitment assumed by the company to contribute to the sustainable development of the planet, this Integrated Report, as in previous years, is only available in a digital version. Readers can access the issues of their interest only by clicking on those subjects.

The protection of the environment is everyone's responsibility, and we thank you in advance for your support in this task.

1 HIGHLIGHTS 2019

IAM, a company with solid and
stable indicators over time..

CONSOLIDATED
FINANCIAL
SUMMARY

(ThCh\$)

IAM SUBSIDIARIES
OPERATIONAL
BACKGROUND

AS OF DECEMBER 31 ST	2015	2016	2017	2018	2019
Potable Water Income	180,937	190,400	195,091	208,467	212,039
Sewage Income	220,706	235,459	240,399	254,084	259,019
Other Regulated Income	18,015	17,161	18,408	17,130	17,739
Other Non-Regulated Income	53,739	49,225	55,638	50,719	55,883
TOTAL INCOME	473,397	492,245	509,536	530,400	544,680
Operational Result ⁽¹⁾	212,999	223,334	222,990	233,234	222,770
FINANCIAL YEAR PROFIT	63,283	74,289	68,719	67,128	69,918
Total Assets	1,963,814	2,044,461	2,069,371	2,178,638	2,273,846
Short Term Liabilities	233,356	212,349	237,819	242,928	242,608
Long Term Liabilities	787,470	873,274	866,737	977,009	1,072,110
Minority Interests	362,362	369,155	371,326	367,027	364,587
Equity Attributable to the Owners of the Controller	580,626	589,683	593,488	591,674	594,540

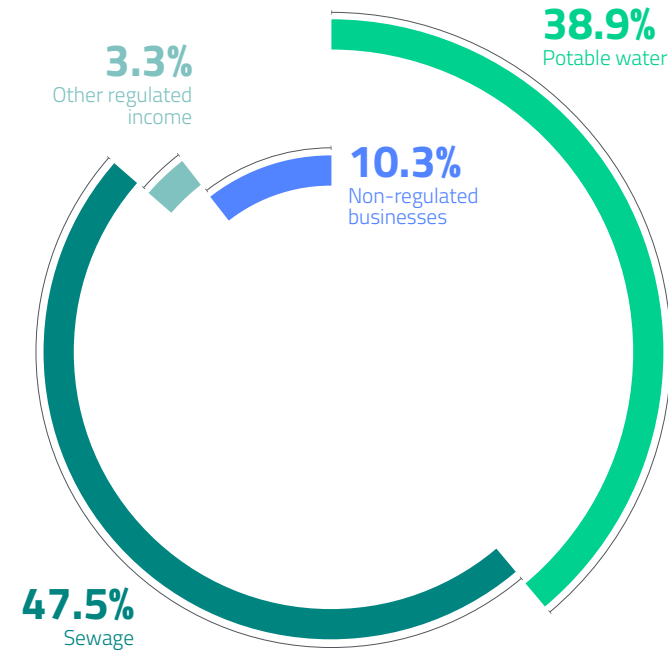
(1) Operational result = Ordinary income - consumption of raw and secondary materials - personnel expenses - depreciation and amortization - impairment losses - other miscellaneous operating expenses.

AS OF DECEMBER 31 ST	2015	2016	2017	2018	2019
Total Potable Water Customers	2,149,673	2,213,869	2,259,245	2,316,107	2,366,009
Total Sewage Collection Customers	2,096,347	2,160,473	2,205,940	2,263,039	2,312,808
Total Invoiced Water (Millions of m³)	562.2	569.2	575.0	597.6	597.6
Invoiced Sewage Collection (Millions of m³)	542.9	549.6	554.3	573.3	572.1
Invoiced Sewage Treatment and Disposal (Millions of m³)	473.7	479.0	484.3	499.2	498.1
Invoiced Sewerage Interconnection (Millions of m³)	121.8	123.4	123.8	128.0	128.5
Total Potable Water Coverage	100.0%	100.0%	100.0%	100.0%	100.0%
Sewage Collection Coverage	98.7%	98.7%	98.8%	98.8%	98.8%
Treatment Coverage	100.0%	100.0%	100.0%	100.0%	100.0%
Total Employees	1,953	2,032	2,107	2,121	2,141

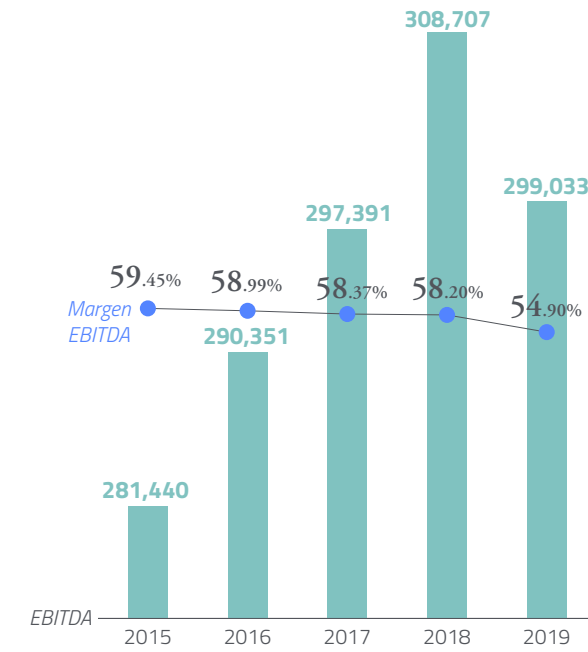
(2) Estimate of the Superintendence of Sanitary Services to be published during 2020.

All financial and operational information contained in this report is consolidated data from IAM and its subsidiaries.

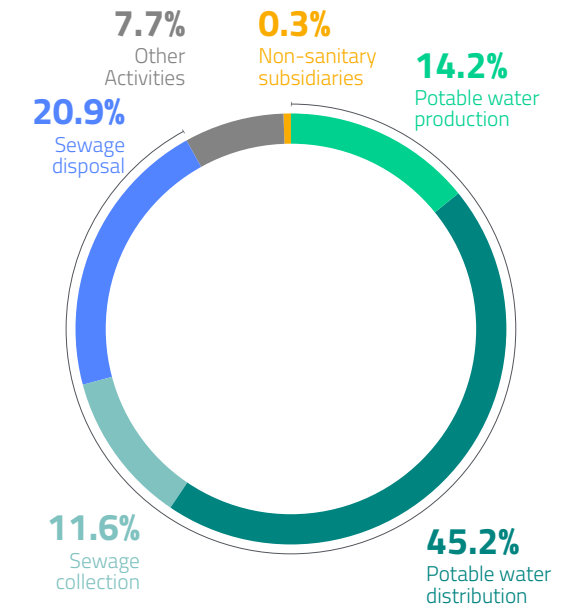
Revenue distribution in 2019



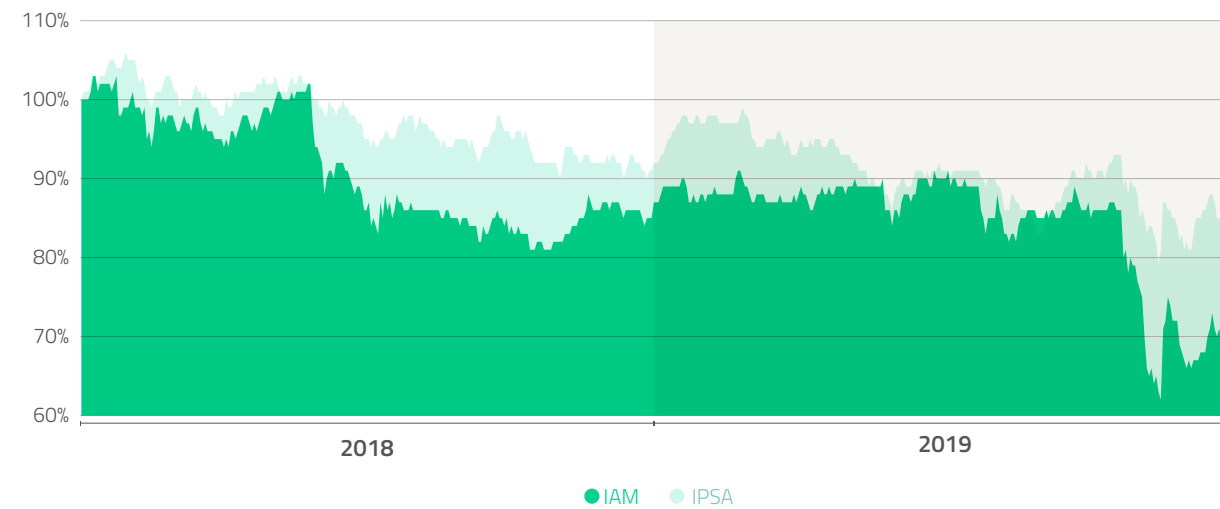
EBITDA - EBITDA Margin^{(2) (3)}



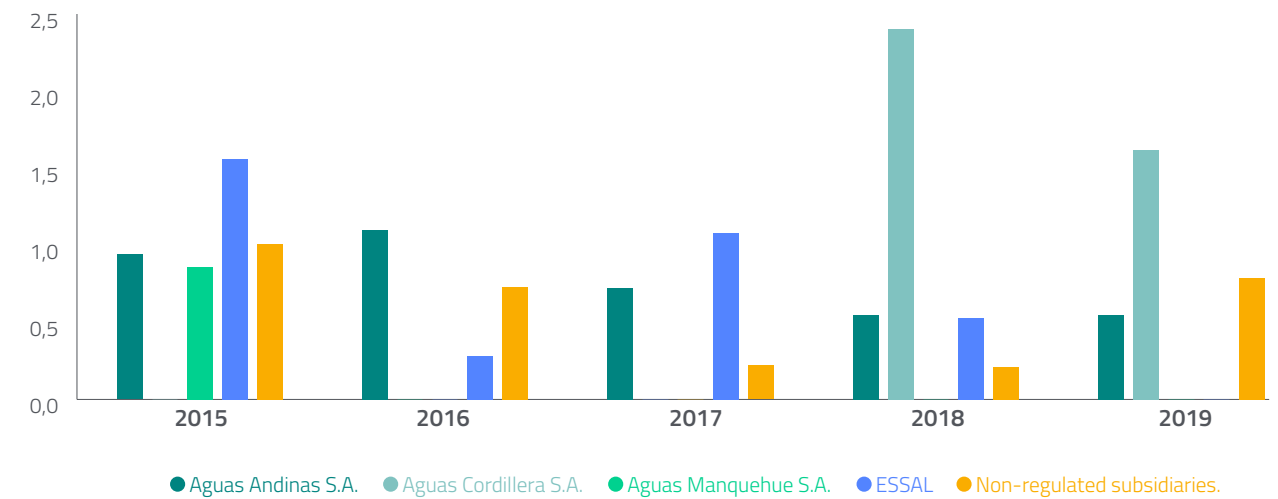
Investments 2019



Stock Performance⁽¹⁾



Accidentability rate⁽⁴⁾



(1) Source: Santiago Stock Exchange. Base 100.

(2) EBITDA: Operating income + depreciation for the year + amortization of intangibles

(3) EBITDA: Ordinary income - consumption of raw materials and secondary materials - personnel expenses - other miscellaneous operating expenses

(4) Accidentability Rate: Number of accidents with time lost / Average number of employees in the period.

2 LETTER FROM THE CEO

We have a firm commitment to Chile, to its development as a country and to its citizens.

LETTER FROM THE THE CEO



FELIPE LARRAIN ASPILLAGA

Dear Shareholders:

As Chairman of the Board of Directors of Inversiones Aguas Metropolitanas S.A., I have the honor to present the Company's Annual Report and Financial Statements for the year 2019.

The period ending on December 31st was complex year. Both at an international and national level, crises occurred that put companies and markets to the test. The trade conflict between the United States and China, as well as Chile's own social conflict, which broke out in October, made themselves felt in the value of the shares. Despite this, IAM's titles remained within a stable range, which confirms the soundness of the company's management and financial responsibility.

In addition to this scenario, the phenomenon of drought was one of the most relevant issues of the year. And of course, 2019 was the driest year in the Metropolitan Region since records began, with a rainfall deficit of 90% according to the average of the last 22 years, making it a decade with water shortages, which makes it a structural variable of the Santiago basin.

This scenario, which is undoubtedly worrying, has not had any effect on the population of the Santiago area thanks to the proactive management and long-term vision of our company, which began more than 10 years ago with an anti-drought plan in its sanitary subsidiaries, which has allowed us to face this situation in the best possible way and with security and continuity of supply.

During 2019 and to further support the efforts made, additional measures were taken, that involved substantial investments, in the order of US\$150 million, to adapt to the effects of climate change and to increase security of supply in the face of extreme drought. These investments were mainly aimed at solving the final phase of the construction of the Pirque Pond, which at the end of the year was already practically 100% advanced, and which will allow the system to increase its autonomy to 34 hours in case of any emergency. At the same time, we continued with the Hydraulic Efficiency Plan, in order to generate savings in the potable water network, which has allowed us to recover more than XXX cubic meters of potable water during 2019 alone.

As part of this approach to sustainable development, which is at the heart of the operations of IAM's subsidiaries, the year saw further investment in the company's biofactories, with the aim of turning them into true centers for the generation of beneficial resources for both the company and society.

Along these lines, the company has been developing a sustainable finance strategy in its sanitary subsidiaries, a commitment that has allowed it to face new environmental challenges. Thus, in 2019 and for the second consecutive year, the subsidiary Aguas Andinas carried out a successful issue of a green and social bond, for an amount of UF 2,000,000 with the aim of financing projects for potable water supply, resilient infrastructure, energy efficiency and wastewater treatment.

This sustainable management allowed IAM, together with its subsidiary Aguas Andinas, to be selected once again to be included in the Dow Jones Sustainability Index Chile (DJSI Chile), financial management which was also reflected in the results for the financial year.

During 2019 profit reached \$ 69.918 million, while the EBITDA was \$ 299.033 million. As for traded stock, IAM was part of the S&P IPSA index, the main indicator of the Santiago Stock Exchange, during the year. Regarding ratings, IAM titles maintained their AA+ category during the year, as did the subsidiary Aguas Andinas.

To conclude, I would just like to reinforce our firm commitment to Chile, to its development as a country and to its citizens, to the care of the environment and to our sustainable management, which is the only answer to the important environmental challenges that our planet has in store for us.

Felipe Larrain Aspillaga



3 THE COMPANY

We are Inversiones Aguas Metropolitanas, IAM, company that controls

50.1%

of the shares of Aguas Andinas and its subsidiaries, the largest sanitary group in Chile and one of the largest in Latin America.

HISTORY OF IAM

On 19 May 1999, Inversiones Aguas Metropolitanas, IAM, a limited liability company, was founded by the Agbar and Suez Environnement groups (currently known as Suez), with the aim of participating in the privatization process of Empresa Metropolitana de Obras Sanitarias S.A., EMOS S.A., currently Aguas Andinas S.A.

1999 - 2009

In the international tender carried out by the Chilean Economic Development Agency (CORFO), IAM was awarded a share package, to subsequently subscribe a capital increase and buy additional shares on the Santiago Stock Exchange. In this way, the company took control of Aguas Andinas (formerly EMOS), with ownership of 51.2% of its share capital.

Six years later, in June 2005, IAM was transformed into an open stock company and restricted its corporate purpose, being limited to investment in Aguas Andinas shares and the provision of all kinds of advice, consultancy and services relating to the transfer of technology and know-how, technical assistance, business and project administration, especially those related to the management and operation of businesses related to the sanitary industry.

In November of the same year, the company opened to the stock market, placing a stock package corresponding to 43.4% of its shares. After this operation, new shareholders joined, while Agbar remained the sole controller of the company, with 56.6% of the ownership. The following year, in 2006, IAM sold 1.1% of its shares in Aguas Andinas, retaining control of the waterworks with 50.1% of the shares.

In 2007 IAM implemented a Level I ADR program, which allowed it to trade its shares in the Over the Counter market in the United States, which ended on 2016.

In 2008, the subsidiary Aguas Andinas acquired 53.5% of Empresa de Servicios Sanitarios de Los Lagos (ESSAL), with which IAM's sanitary holding reached a market share of 42.5% at the local level.

2009-2019

In June 2010, Suez Environnement indirectly acquired 75.01% of Agbar's shares, becoming the company's new controller. Five years later, in 2014, Suez Environnement acquired the remaining 24.99% of Agbar, consolidating itself as the company's sole controller.

In 2015, IAM and its subsidiary Aguas Andinas were included in the Dow Jones Sustainability Index Chile, the first sustainability index of the Santiago Stock Exchange, a recognition they have maintained uninterruptedly throughout 2016, 2017, 2018 and 2019, reflecting the company's good performance in sustainability matters.

Since 2017, the company's main subsidiary, Aguas Andinas, has oriented its operation towards the circular economy, seeking to become a reference of sustainability in the region. This effort was recognized in 2018 with the "Impulse for Change" award by the

Through its management in its sanitary subsidiaries, IAM has sought to **generate shared value, as well as progress for the country.**

United Nations to the Gran Santiago Biofactory in the category "planetary health". In addition, and as a reflection of this commitment, the subsidiary Aguas Andinas issued the first green and social bond in Chile.

During 2018 Suez Inversiones Aguas del Gran Santiago Limitada sold 6.5% of its shareholding in IAM, which allowed it to increase the liquidity and depth of the shares issued by the company. Likewise, following this operation, Suez retained 50.1% of the share ownership of IAM and ratified its commitment to maintain control of the company and of Aguas Andinas S.A., a leading company in the Chilean sanitation sector.

In September 2019, IAM integrated the portfolio of the S&P IPSA indicator, the main indicator of the Santiago Stock Exchange; and, at the same time, the subsidiary Aguas Andinas maintained the sixth position in the world ranking of the Dow Jones Sustainability Indexes for the Multi and Water Utilities sector.

MILESTONES IN THE MANAGEMENT OF IAM

2000

The subsidiary Aguas Andinas acquired 100% of Aguas Cordillera and 50% of Aguas Manquehue.

2001

Operation of the El Trebal sanitation plant began. The subsidiaries Anam and EcoRiles were established.

2004

The subsidiary Aguas Andinas obtained ISO 9.001 certification in invoicing and collection.

2007

A Level I ADR program was implemented to trade shares in the US Over the Counter market. ISO 9,000, ISO 14,000 and OHSAS 18,000 for Aguas Andinas' sanitation facilities.

2008

The subsidiary Aguas Andinas took control of Empresa de Servicios Sanitarios de Los Lagos (ESSAL) with the purchase of 53.5% of its ownership.

2012

Aguas Andinas received the "Best Company" award from ICARE, one of the most prestigious awards in Chile.

2013

The Mapocho Wastewater Treatment Plant of Aguas Andinas came into operation, treating 100% of the wastewater of the Metropolitan Region.

2016

Once again IAM and Aguas Andinas are part of the Dow Jones Sustainability Index Chile. Aguas Andinas sanitary facility wins bronze medal in PRO Humana sustainability ranking 2016.

2018

The Aguas Andinas biofactory received the Impulse for Change award, granted by the United Nations. In addition, the sanitation company successfully issued the first green and social bond in Chile. Both IAM and Aguas Andinas were included in the Dow Jones Sustainability Index Chile.

2002

The Aguas Andinas sanitary company acquired the remaining 50% of Aguas Manquehue.

2003

La Farfana, treatment plant began operations, the largest sewage treatment plant in Latin America. The Aguas Andinas subsidiary obtained ISO 9,000 certification in customer service

2005

IAM became an open stock company and opened to the stock market, by placing a 43.4% share package. Aguas Andinas obtained OHSAS certification in occupational health and safety.

2006

The subsidiary Aguas Andinas obtained ISO 9.001 certification for its process of adding new customers.

2010

The Mapocho Urbano Limpio de Aguas Andinas project, a bicentennial landmark in the country, was inaugurated. IAM won second place in the XV Annual Competition of Reports of Corporations in Chile 2010, organized by Diario Estrategia and Price Waterhouse Coopers.

2014

The subsidiary Aguas Andinas achieved the best historical rate in the Chilean capital market for corporate issues with terms of more than 20 years.

2015

IAM and its subsidiary Aguas Andinas were selected to be part of the Dow Jones Sustainability Index Chile, the first sustainability index of the Santiago Stock Exchange, composed of only 12 companies.

2017

IAM and Aguas Andinas were included in the Dow Jones Sustainability Index Chile. Aguas Andinas inaugurated the world's first biofactory in the sanitary industry, which allows waste to be converted into resources.

2019

Once again IAM and its subsidiary Aguas Andinas were part of the Dow Jones Sustainability Index Chile. In addition, in 2019 IAM joined the S&P IPSA index, the main indicator of the Santiago Stock Exchange, composed of only 12 companies.

Our purpose

The investment in shares of the Chilean corporation Aguas Andinas S.A.; and the provision of all kinds of advice, consultancy and services relating to the transfer of technology and know how, technical assistance, business and project management, especially those related to the management and operation of businesses in the sanitary industry.

OWNERSHIP
OF THE
COMPANY

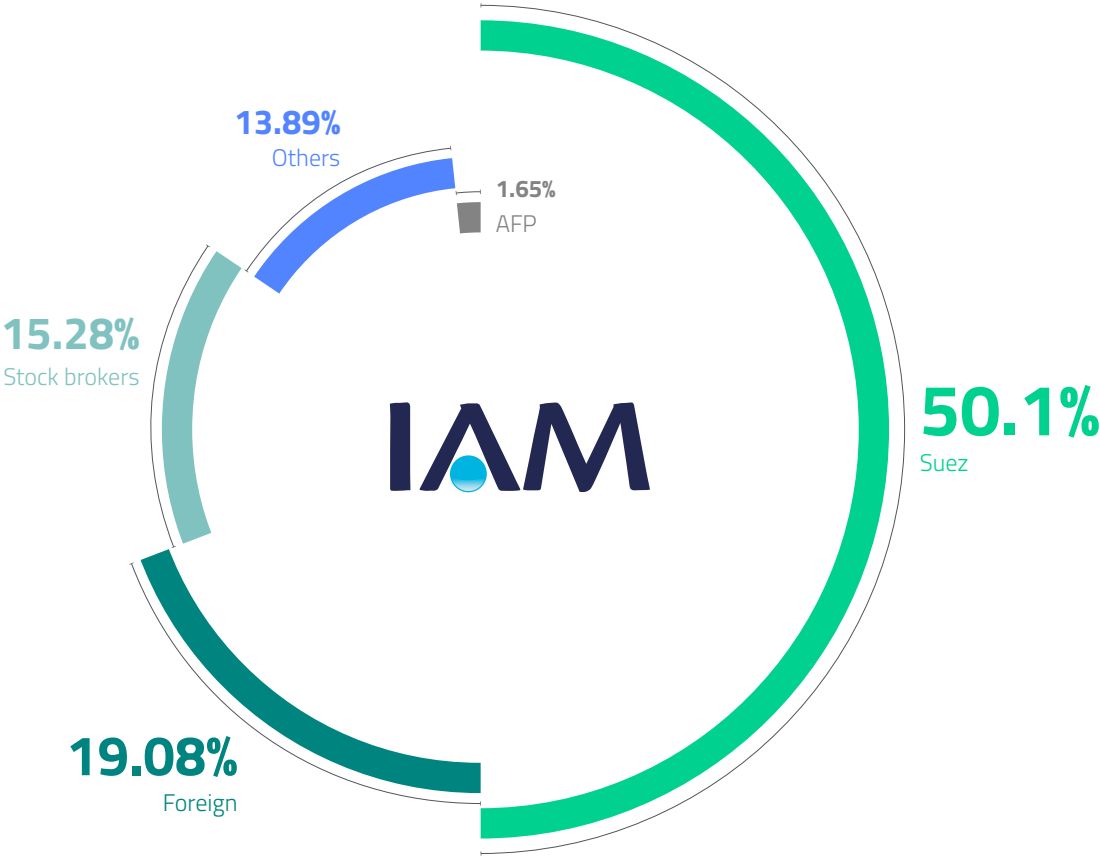
At the end of 2019, the twelve main shareholders of IAM are as follows:

NAME OR COMPANY NAME	RUT	SHARES	%
SUEZ INVERSIONES AGUAS DEL GRAN SANTIAGO LTDA ⁽¹⁾	77329730-4	501,000,000	50.10%
BANCO DE CHILE POR CUENTA DE TERCEROS NO RESIDENTES	97004000-5	97,362,518	9.74%
SOCIEDAD DE INVERSIONES Y RENTAS LIGURIA LTDA.	87736700-2	74,666,039	7.47%
LARRAIN VIAL S.A. CORREDORA DE BOLSA	80537000-9	50,330,516	5.03%
BANCO ITAÚ CORPBANCA OUR CUENTA DE INVERSIONISTAS EXTRANJEROS	97023000-9	46,378,234	4.64%
BANCO SANTANDER OUR CUENTA DE INVERSIONISTAS EXTRANJEROS	97036000-k	23,135,631	2.31%
BANCHILE CORREDORES DE BOLSA S.A.	96571220-8	22,613,141	2.26%
BCI CORREDOR DE BOLSA S.A.	96519800-8	18,579,579	1.86%
AFP HABITAT S.A.	98.000.100	14,394,703	1.44%
SANTANDER CORREDORES DE BOLSA LIMITADA	96683200-2	13,703,181	1.37%
BANCO DE CHILE OUR CUENTA DE CITI NA NEW YORK CLIENT	97004000-5	12,690,481	1.27%
BANCO DE CHILE OUR CUENTA DE CITI NA LONDON CLIENT	97004000-5	11,035,922	1.10%
Others (374 shareholders)		114,110,055	11.41%
		1,000,000,000	100.00%

(1) Controlling shareholder.

Shares breakdown in 2019

As of December 31st 2019, the share capital of IAM is composed of 1,000,000,000 fully subscribed and paid-up single series shares, distributed among 384 shareholders.

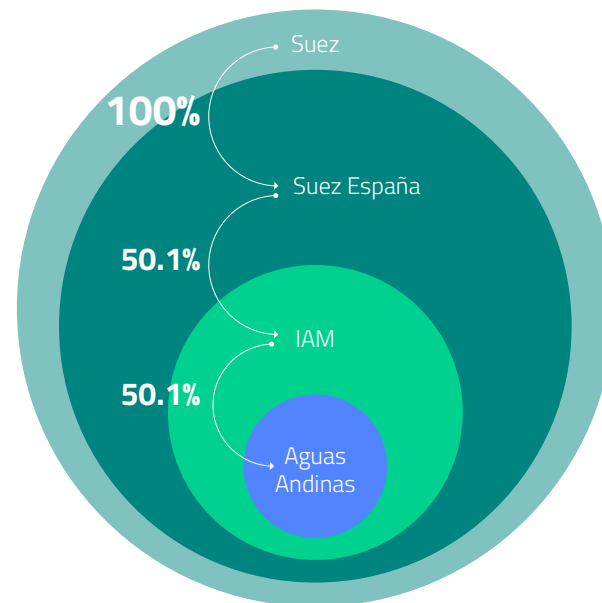


Controller

The controller of IAM is Suez Spain, through Suez IAGSA, which holds 50.1% of the company's assets. In turn, IAM owns 50.1% of the shares of Aguas Andinas and its subsidiaries.

Since 1867 the companies that make up Suez Spain have developed water and environmental management activities, with the continuous application of technological advances and knowledge. After more than 150 years, the companies of Suez Spain are an international reference with presence in Spain, Chile, Mexico, Colombia and Peru, offering a quality service to 24 million people daily.

Suez Spain belongs to the Suez Group, a world leader in water and waste management, with a presence in five continents and 90,000 employees around the world.



THE BOARD OF DIRECTORS



At the end of 2019, the directors of IAM are as follows:

The Board of Directors OF IAM is composed of seven regular members and seven alternate members.

Each director serves three years in the position, with the possibility of re-election at the end of the term.

President

Felipe Larrain Aspillaga

Civil Engineer from the Pontificia Universidad Católica de Chile. General Manager of Aguas Andinas from 2004 to 2011, President of Aguas Andinas from 2011 to 2016, Director of Sociedad del Canal de Maipo and Junta de Vigilancia del Río Maipo.

Director of IAM since 30 April 2014.

President of IAM from 29 June 2016.

Vice-president

(Independent Director)

Alberto Muchnick Mlynarz

Commercial Engineer and Business Administrator from the University of Chile. He was Managing Director of HSBC Bank (USA) and Executive Vice President for Latin America of Republic National Bank. Current CEO of CGIS Securities, LLC in Miami, USA.

Director of IAM since 21 April 2010.

Director

Herman Chadwick Piñera

A lawyer with a degree in law from the Pontificia Universidad Católica de Chile, he freely practices law as a senior partner of the Chadwick and Reymond Abogados law firm. Chairman of Enel Chile S.A., Vice-Chairman of Aguas Andinas, Vice-Chairman of Intervial S.A., Vice-Chairman of the Board of the Arbitration and Mediation Centre of the Santiago Chamber of Commerce, Director of Viña Santa Carolina S.A.

Director of IAM since 27 April 2006.

Director

(Independent)

Ignacio Guerrero Gutiérrez

Commercial Engineer from the Pontificia Universidad Católica de Chile and Master of Business Administration (MBA) from Harvard Business School. He was Vice President of Citibank in New York and of NMB Bank (now ING Bank) also in New York and Vice President of Codelco Chile. He is currently a partner and Executive Director of CMB PRIME A. G. F. S.A.; Director of Enjoy, Empresas Hites and several road and airport infrastructure companies linked to the Prime Infraestructura Investment Fund.

Director of IAM since 27 April 2006.

Director

Hernán Cheyre Valenzuela

Bachelor's degree in Economics and Business Administration from the Pontificia Universidad Católica de Chile, Master's degree in Economics from the University of Chicago, with a specialization in Public Finance and Economic Development. Founding partner and president of Econsult consulting firm. He was General Manager of Duff and Phelps Chile and Fitch Chile. He holds the position of director in various public and private companies. Between 2010 and 2014 he was Executive Vice President of Corfo. He is currently the Director of the Entrepreneurship Institute of the Economics and Business School of the Universidad del Desarrollo.

Director of IAM since 27 April 2017.

Director

Rodrigo Azócar Hidalgo

Civil Industrial Engineer from the Universidad de Chile, Chilean academic and consultant.

Throughout his long career, he has been general manager of loans at Banco del Estado; consultant to the Ministry of Economy, Development and Reconstruction; consultant to the Inter-American Development Bank (IDB); general manager of Metro de Santiago; pro-rector of the Universidad de Viña del Mar; general manager of ENAP, ESVAL and Aguas del Valle; corporate manager of CORFO; president of the board of Metro S.A. He is currently a director of ENAP, ERSa and SIPETROL, Prohabit S.A, Prohabit Ltda., of Fondo de Infraestructura S.A. and of Empresa Metro de Bogotá S.A.

Director of IAM since 24 July 2019.

Director

(Independent)

Luis Enrique Álamos Olivos

Accountant and Auditor, Universidad de Santiago de Chile. PADE, ESE, Business School, Universidad de los Andes.

He joined PwC Chile in 1983. During his career he has served a wide range of companies, specializing in the retail industry, salmon, mass consumption and insurance. For the last 15 years, he has specialized in tax consulting and planning for individuals and companies. Also, over the years

2010 to 2018 he served as Senior Partner of PwC Chile. He currently sits on the boards of Empresas AquaChile S.A., Grupo de Empresas FG, Exportadora e Inversiones Agroberries S.A. and Inversiones Aguas Metropolitanas S.A., among others. Member of the ESE Directors' Circle. Member of the G12 Group/Directors of Icare.

Director of IAM since 24 July 2019.

Alternate Directors

Hugo Silva Raveau

Industrial Mechanical Technician and MBA from the Universidad Federico Santa María.

He worked 42 years at GE as Regional Director of Mining, and was Regional President for Bolivia, Chile, Peru and Ecuador, among other countries. Current partner of Crisis Management Latin America.

Rodrigo Castro Fernández

Commercial Engineer with a degree in Economics from the Gabriela Mistral University. M.A. in Economics from Georgetown University. Specialization courses in Strategy and Finance at Stanford University and the University of California, Berkeley.

He was Director of the Social Program of Freedom and Development and Dean of the Faculty of Economics and Business at the Universidad del Desarrollo. Professor at the Adolfo Ibáñez University. Company director. Consultant to the World Bank and the IDB. Current partner and director of Genesis Partners.

Salomón Andrés Muchnick Cruz

Commercial Engineer from the Pontificia Universidad Católica de Chile. Studies in Venture Capital Executive Program from University of California and Value Investing from Columbia Business School.

He has developed his career in the field of finance and as an advisor to a wide variety of companies, including Santander Global Banking and Markets, Moneda Asset Management, NotCo and AMM Invest / AMM Capital.

Carlos Mladinic Alonso

Commercial Engineer and Economist from Universidad de Chile.

He was a minister of two portfolios in the government of Eduardo Frei Ruiz-Tagle. He was a member of the board of directors of Banco del Estado and president of Sistema de Empresas Públicas and of the Board of Directors of TVN during the government of Ricardo Lagos Escobar. He was Regional Manager of Banco Concepción, Clínica Imega (in Magallanes). He was president of the Foundation for the Development of Magallanes, a member of the Chilean-Argentinean Binational Southern Integration Commission, president of the Technical Cooperation Service (Sercotec), president of the Board of Directors of the Europe-Chile Foundation (EuroChile) and advisor to the Chile Foundation. He has been director of Empresa Eléctrica Pilmaiquén, Empresa Nacional del Carbón, Celulosa Arauco y Constitución and Aguas Andinas.

María José Uauy Cúneo

Commercial Engineer with a degree in Administration from the Pontificia Universidad Católica de Chile. Diploma in Public Policy from the Pontificia Universidad Católica de Chile.

She was Assistant Manager of Funds and ETFs at Larrain Vial and Investment Analyst of Liguria Investments. Current Executive Director of the Liguria Infancia y Futuro Foundation.

Albert Martínez Lacambra

Graduate in Economics and Business Studies, and Graduate in Law. Professor at the Faculty of Economics of the Autonomous University of Barcelona for 26 years, and lecturer in different Masters related to public and private management.

His professional career has given him experience in the public sector with activities related to social housing, public transport and finance; in the private sector, in consulting and advisory companies. Joined Agbar in 2005 and has participated in its activity in Spain and Chile. He is currently Managing Director of Aigües de Barcelona and General Manager of Agbar.

Narciso Berberana Saenz

Civil Industrial Engineer, with Masters in New Technologies of Business Management at the School of Industrial Organization of Madrid, and in Executive Development Planning at the Instituto de Empresa IE in Madrid, Spain.

He has served as CEO in large environmental services companies. It has been part of the global Agbar Suez group for more than 23 years. He was CEO of the Aguas Andinas group (2016-2019), and has been its director since April 2019.

MANAGEMENT

General Manager

Laureano Cano Iniesta

Degree in Economics and Business Studies from Pompeu Fabra University, Barcelona. He has vast experience in the Agbar Group, where he has served as Economic-Financial Manager and member of the Board of Directors of several sanitary companies. Director of Aguas Andinas since April 2016.

General Manager of IAM since May 2, 2016.



Note: More information on the Board of Directors and Management in the Corporate Governance section of this report.

4 OUR BUSINESS

To provide services and consultancy related to management and operation in the sanitary industry.

THE COMPANY

IAM has sanitary subsidiaries that provide potable water service in their concession areas and together they constitute the largest sanitary group in Chile. The company also has unregulated subsidiaries, which provide complementary environmental services to the sanitary industry

IAM subsidiaries manage the entire water cycle, with standards of excellence both in potable water coverage and in wastewater treatment, bringing value to the country.

Which are its Sanitary subsidiaries?

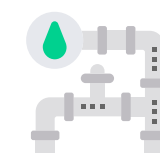


What does IAM do through its Sanitary subsidiaries?

Provides services of:



Raw water uptake

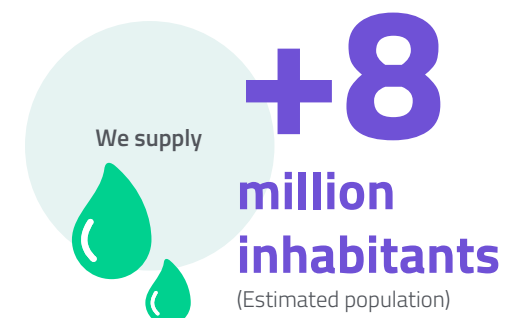


Production transportation and distribution of potable water



Collection, treatment and final disposal of sewage

To whom?



Where?

Metropolitan Region:

71 Th. Hectares

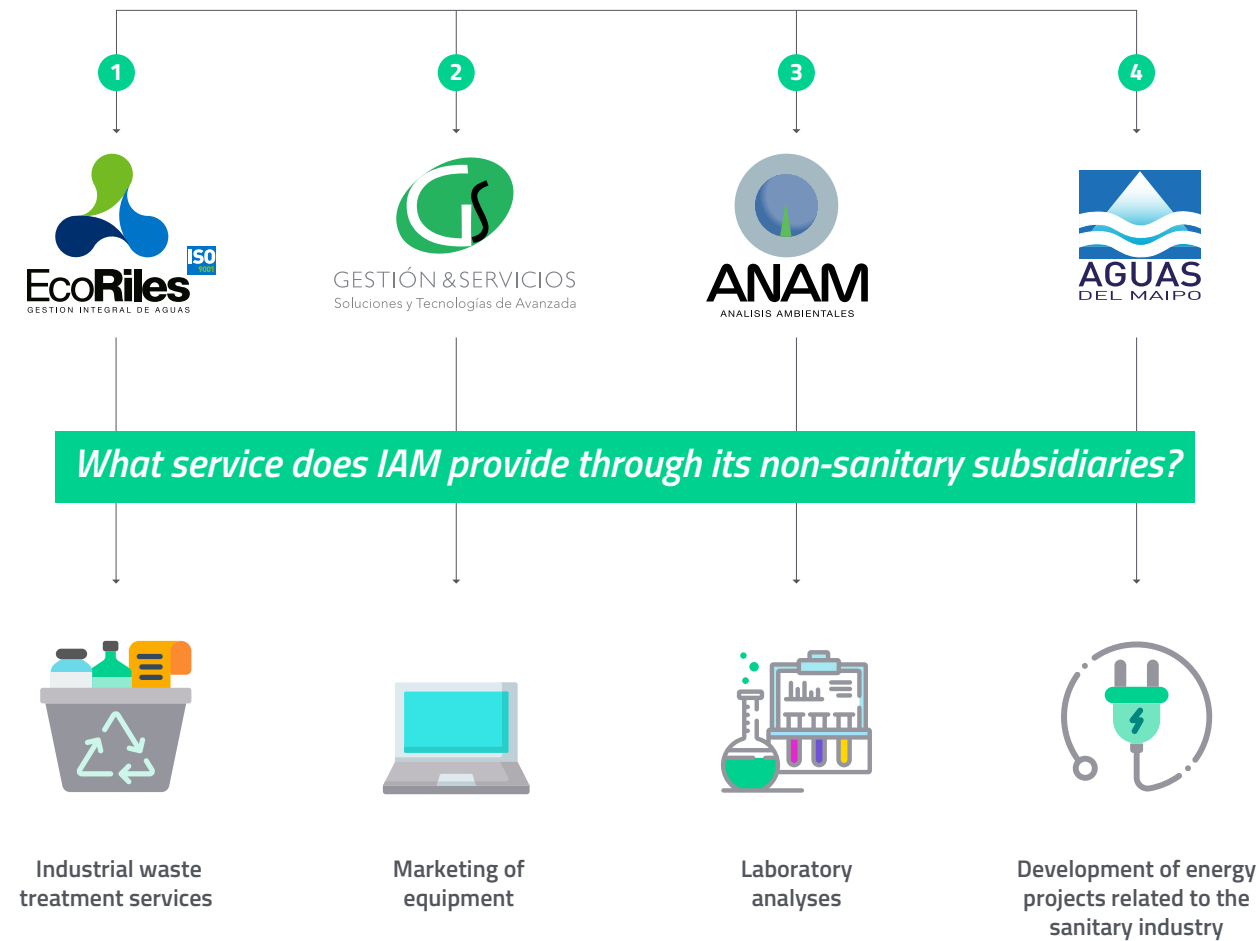
in the Santiago basin, located in the middle depression of central Chile.

Los Ríos and Los Lagos Regions:

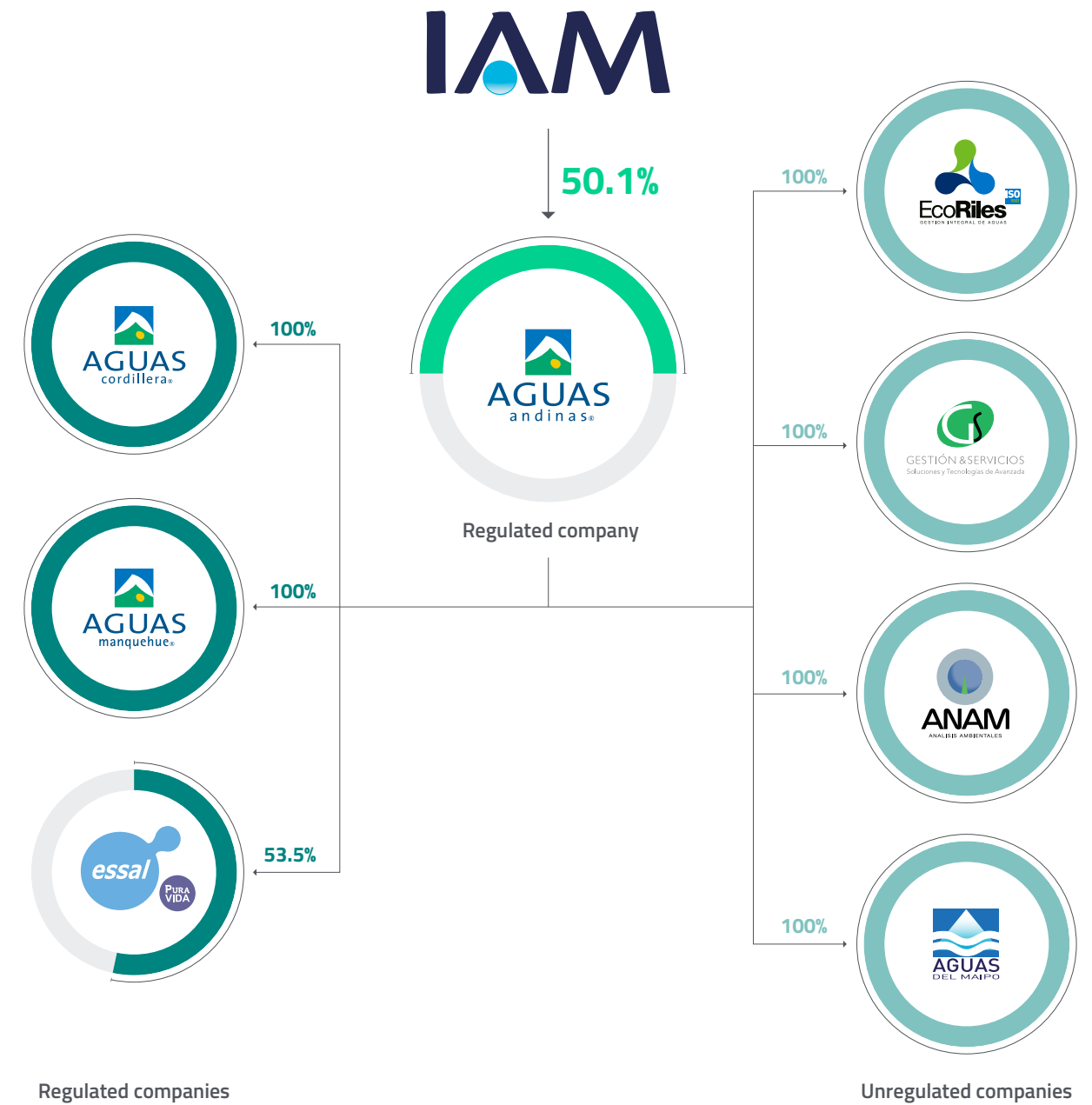
13 Th. Hectares

located in the provinces of Valdivia, Ranco, Llanquihue, Chiloé and Palena in the south of the country.

Which are its Non-sanitary Subsidiaries?



IAM's non-sanitary subsidiaries provide **comprehensive and complementary management** to the sanitary and general industry, through environmental services that add value to the environment and to citizens.



***IAM comprehensively manages
the water cycle, through the
operation of the
of its sanitary subsidiaries.***

This process includes the uptake of raw water, production, transport and distribution of potable water, and collection, treatment and final disposal of waste water.

OPERATIONS



Raw water uptake

Uptake sources:

Metropolitan Region:

The Maipo and Mapocho rivers, which originate in the Andes Mountains.

Regions De los Rios and De Los lagos:

Surface springs along with underground aquifers.

Water reserves:

Metropolitan Region:

The three largest reserves are Embalse El Yeso (220 million m³), Laguna Negra (600 million m³) and Laguna Lo Encañado (50 million m³).

From the first quarter of 2020, there will also be the Pirque Pond, which has an estimated reserve capacity of 1.5 hectometres, a safety work whose construction was completed in December 2019.

Regions De los Rios and De Los Lagos:

In ESSAL's concessions, the collection sources ensure the continuity of supply, so there is no need for additional reserves.

Producción de agua potable

Production plants:

Metropolitan Region:

The main facilities are Las Vizcachas Complex (with a production capacity of 16 thousand liters per second) and La Florida Plant (4 thousand liters per second).

Regions De los Rios and De Los Lagos:

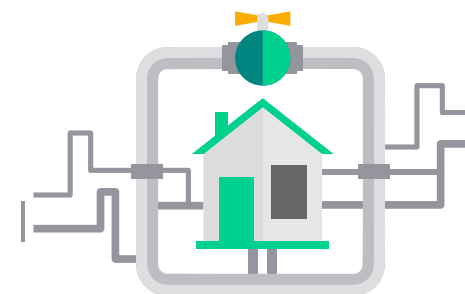
There are numerous plants, which satisfactorily supply the requirements of the 33 locations in that area.

Potable water production capacity:

38.27 m³/s
At a consolidated level

34.37 m³/s
Metropolitan
Region

3.9 m³/s
Concesiones in the
South of the country



100%
coverage of
**potable water
distribution**

Transport and Distribution of Potable Water

Regulation ponds:

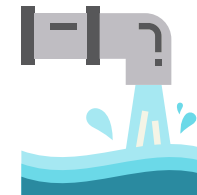
357 ponds in the Metropolitan Region, with a capacity of over one million two hundred thousand cubic meters, which gives the system a high degree of autonomy in this concession area.

Distribution network:

IAM's subsidiaries, both the Aguas Group and ESSAL, maintain an extensive underground network that allows for the transport and distribution of drinking water to all of the company's customers.

Through its subsidiaries, IAM has legal ownership of water rights from all of its sources.

Wastewater treatment plants allow for sanitation of utilized water, leaving it in optimal conditions for its return to natural channels, in accordance with the standards required by Chilean legislation.



98.8%

Coverage of
**sewage
water**

Sewage collection

Collection network:

Through its subsidiaries, IAM has an efficient collection network, which allows for the evacuation of wastewater through the sewerage system and its delivery to the sanitation plants or final disposal points.

In the Metropolitan Region, the sewage system is designed to work in a gravitational way, taking advantage of the location of the city of Santiago, at the foot of the Andes.

Wastewater treatment and final disposal

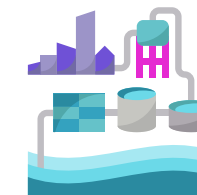
Sewage treatment plants:

In the Metropolitan Region:

2 large facilities, La Farfana and the Trebal-Mapocho Complex and 10 other minor plants.

In the regions of Los Lagos and Los Rios:

28 plants.

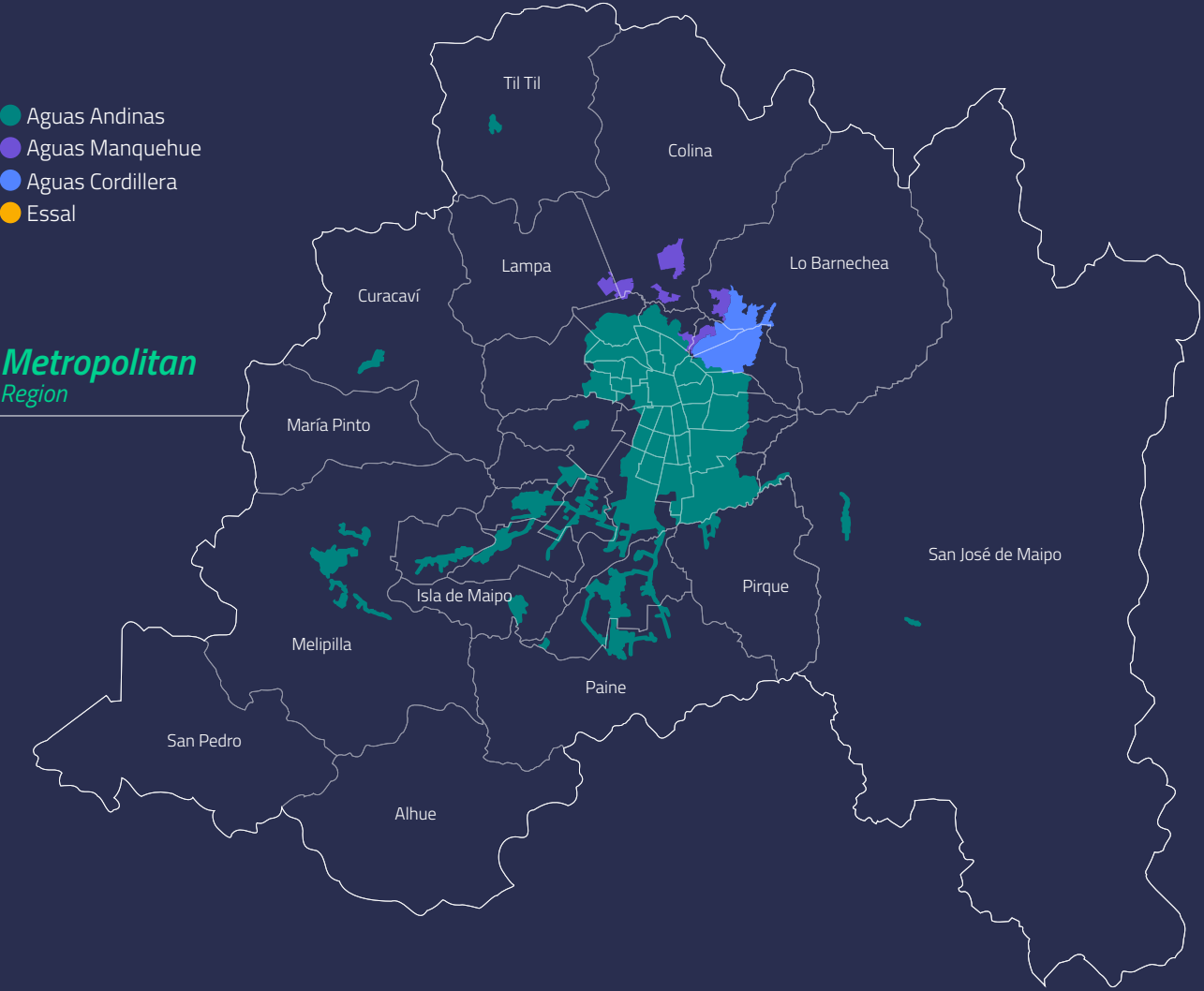


100%

Coverage of
**sewage
treatment**

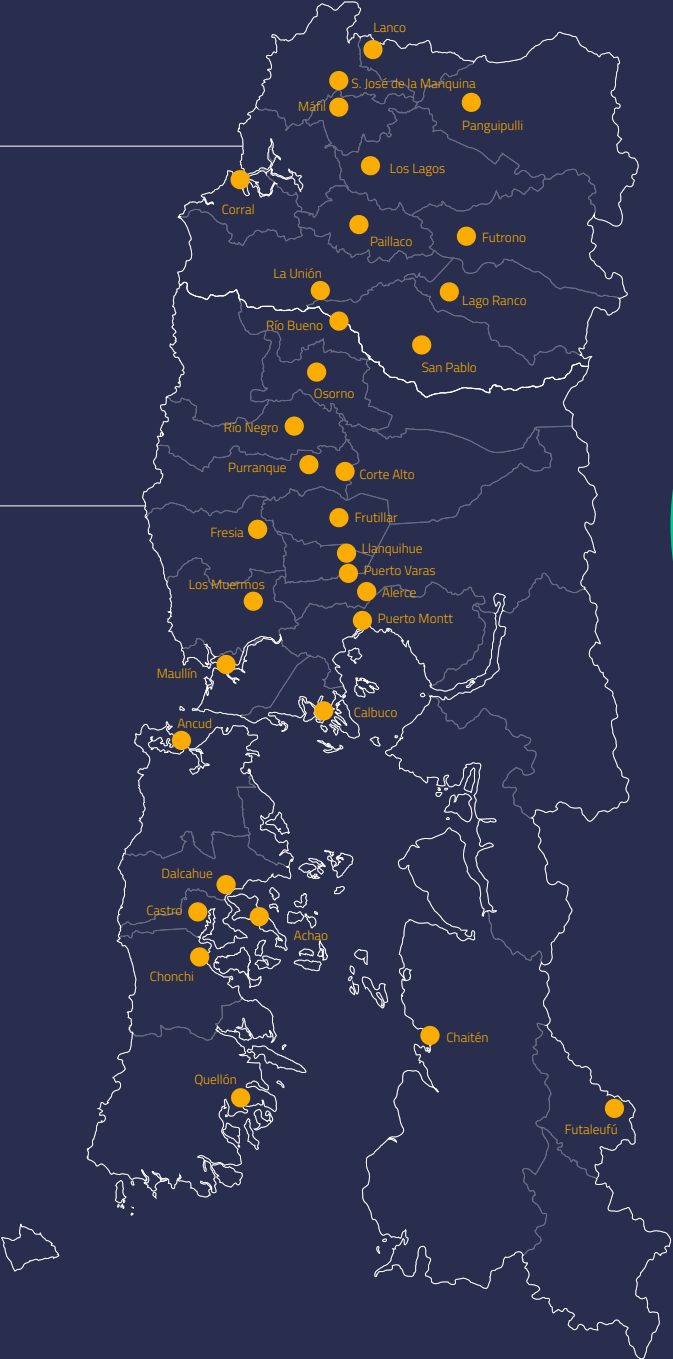
CUSTOMERS

A country-wide market share of 43%, IAM's sanitary facilities supply a universe of more than 2.2 million customers every day. These customers, which include residential, commercial and industrial customers, are equivalent to a population of approximately 8 million people.



Los Ríos Region

Los Lagos Region



2.366.009
Potable water customers⁽¹⁾
in 2019

2.316.107
Potable water customers⁽¹⁾
in 2018

(1) El término "cliente" corresponde a la persona natural o jurídica que habita y/o reside en el inmueble que recibe el servicio público de distribución de agua potable, recolección de aguas servidas o ambos.

ENVIRONMENTAL SERVICES' SUBSIDIARIES



Created in 2000, it has become the leading operator of industrial effluent plants in the country by delivering comprehensive solutions to more than 30 customers throughout Chile, associated with circular economy, coming from the paper and paper products, food, beverage, dairy, chemical, fishing and aquaculture industries, among others. EcoRiles is characterized by being aimed at providing consulting services in the comprehensive management of water, waste and sludge recovery, being a market benchmark, with experience in operating all existing technologies and processing systems in the country. The company has a strong commitment to supporting the sustainability of the industry, which has made it possible to return 27 million m³ of treated effluents to the environment, manage and provide value sustainably to 40,000 tons of sludge generated per year, produce 370.000 Nm³ of biogas destined to energy recovery and 590,000 m³ per year of water regenerated for reuse.



GESTIÓN & SERVICIOS
Soluciones y Tecnologías de Avanzada

Logistic operator specialized in sales and marketing of potable water and sewerage network materials, as well as service provider for the development and implementation of sanitary projects. Thanks to their specialized and multidisciplinary knowledge, G&S provides onsite technical consulting to its customers, delivering them timely solutions for every project they execute. In 2020 G&S will have a new warehouse implemented with state-of-the-art technology and equipment to ensure traceability, availability and delivery of our materials for the entire group.

Additionally, the subsidiary is evaluating projects of water use and reuse aimed at the mitigation of the drought forecasted for the next years.



Laboratory created in 2002 dedicated to delivering a comprehensive environmental sampling, measurement and diagnostic service, accredited with high technical quality standards to provide reliable results.

It is also a benchmark ETFA and Respel laboratory in Chile, authorized by the ISP, SAG and Sernapesca, with tri-standard accreditations associated with quality, management environmental and occupational health and safety (ISO 9001, 14001 and 45001), together with the support of international laboratories, such as Labaqua- Agbar and Cirsee-Suez. ANAM is a leader in the field of physical, chemical and microbiological analyses associated with water resources, hazardous waste, sludge and soil; it also has an area that performs monitoring, diagnostics, odor management and odorant gas control. ANAM carries out about 100,000 samplings and more than 1 million analyses per year of different environmental matrices in various sectors, such as sanitation, fisheries and aquaculture, food, beverages, cardboard and paper, mining, manufacturing and chemistry, among others.



Created in 2011, Aguas del Maipo is dedicated to develop energy projects derived from the sanitary business. In mid-2017, the operation of the Methanization Plant that allows transforming the biogas, generated by the Biofactoría La Farfana, into biomethane, which is injected into the natural gas network in the city of Santiago, reducing significantly the production of CO₂ in the Metropolitan Region. This initiative obtained two distinctions awarded by Recyclápolis Foundation in 2018, which highlights the best sustainability projects in the country.

5 FINANCIAL YEAR 2019



The year was marked by the execution of a robust investment plan, which exceeded 135 billion pesos.

WITH A LONG TERM VISION

The year 2019 was a new period marked by a severe drought in the Santiago basin, a phenomenon that dates back to the beginning of this decade, making this the driest decade of the last 190 years. In order to face this challenge, IAM affiliates have been working proactively with a medium and long term view, carrying out reforms to their processes and assets in order to adapt to this new scenario and thus mitigate the effects on the citizens of the Metropolitan Region.

As part of this management, the period was characterized by the execution of a robust investment plan, which reached 135,071 million pesos during 2019, and which mainly sought to provide the existing infrastructure with new and better capabilities to successfully face the new demands of the environment. A highlight is the Pirque Pond, which was completed at the end of the year and is ready to start operations during the first quarter of 2020.

All operational management is based on responsible financial management, which has been a feature of IAM's management in its subsidiaries. During the year, Aguas Andinas issued a second green and social bond, which was as successful as the first one in 2018. The issuing was rated AA+ by Fitch Ratings and ICR, and its demand exceeded the amount offered by 2.7 times, demonstrating the strength and support of the financial market for the company's sanitary operations.



2019
WATER CYCLE
MANAGEMENT

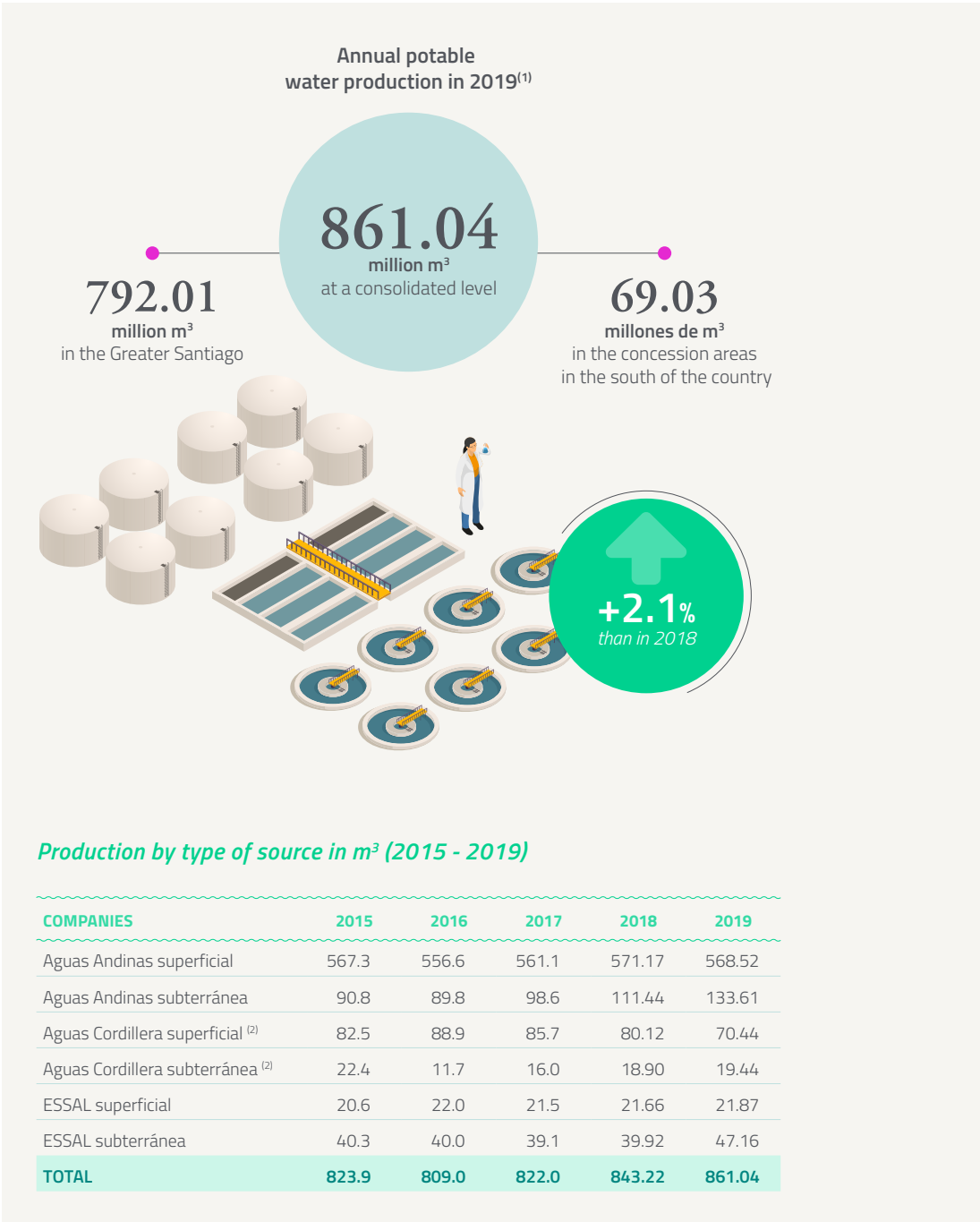
IAM sanitaries supplied a universe of 2.3 million customers during 2019, this implies an estimated population of more than 8 million people in the country.

Potable water uptake and collection

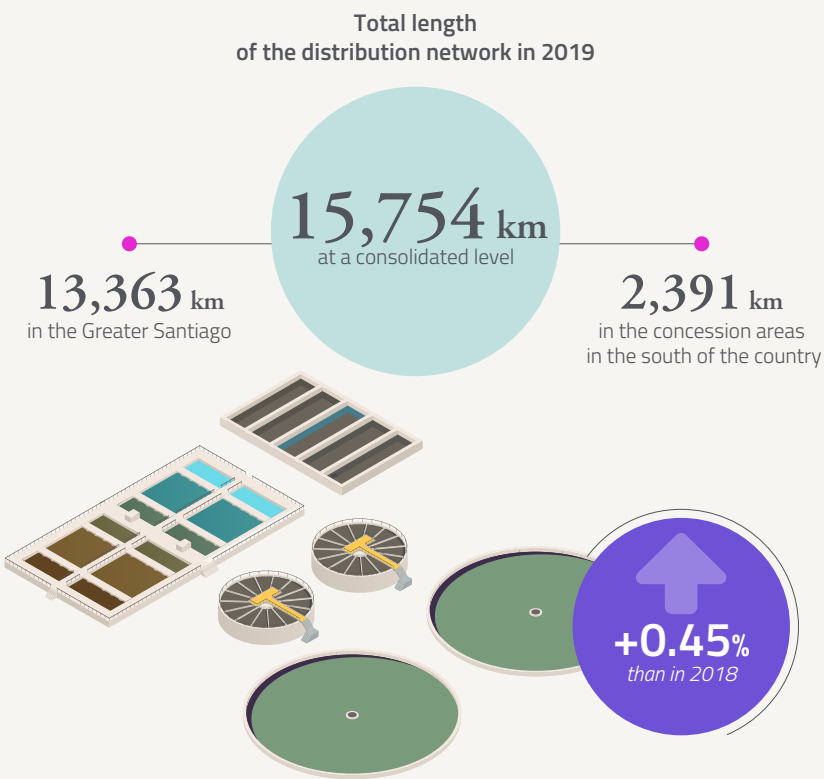
Highlighted investments and projects 2019

In order to give greater strength and autonomy to the system, at the end of the year the construction of the Pirque pond was completed, a large reserve of raw water, which has a capacity of approximately 1.5 hectares and will be operational in early 2020. This important infrastructure work involved an investment for the company in 2019 of more than 37 billion pesos.

In terms of potable water production, the subsidiary Aguas Andinas continued with the renovation of the filters at the Las Vizcachas complex and the expansion of the Padre Hurtado plant.



Potable water distribution



Length of the distribution network in km (2015 - 2019)

	2015	2016	2017	2018	2019
Aguas Andinas	11,765	11,814	11,884	11,919	11,985
Aguas Cordillera ⁽¹⁾	1,367	1,379	1,374	1,377	1,378
ESSAL	2,128	2,300	2,329	2,387	2,391
TOTAL	15,260	15,493	15,587	15,683	15,754

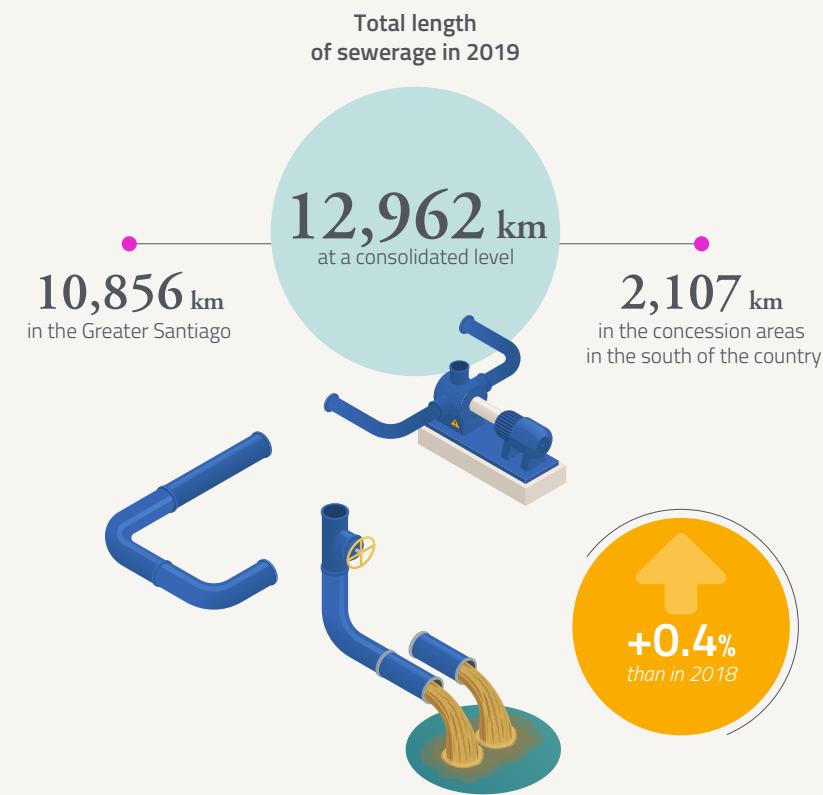
(1) Aguas Cordillera includes Aguas Manquehue.

Sewage collection

Highlights in Investments and projects in 2019

During 2019, IAM's sanitary facilities continued with their program to renew the sewage network, in order to provide a safe and reliable service to the citizens of their concession areas, in a sewage network that already reaches almost 13 thousand kilometers at a consolidated level.

During the year, preventive management of the collection network was strengthened, with scheduled cleaning work and an efficient unblocking plan using remote inspection and television.

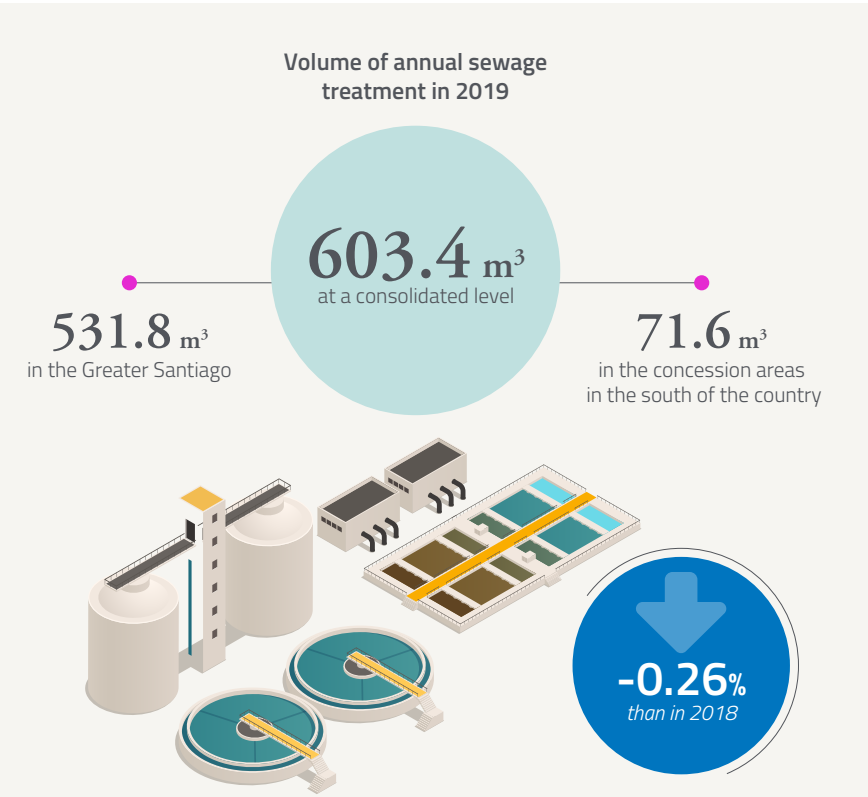


Length of the collection network in km (2015 - 2019)

	2015	2016	2017	2018	2019
Aguas Andinas	9,556	9,596	9,654	9,695	9,744
Aguas Cordillera ⁽¹⁾	1,095	1,109	1,109	1,111	1,112
ESSAL	1,848	2,038	2,060	2,106	2,107
TOTAL	12,499	12,743	12,823	12,911	12,962

(1) Aguas Cordillera includes Aguas Manquehue.

Sewage treatment



Sewage treatment by the Aguas Group (millions of m³)

	2015	2016	2017	2018	2019
La Farfana	284.9	283.5	275.8	274.9	271.6
El Trebal-Mapocho	197.6	209.2	222.4	229.0	227.1
ESSAL	57.6	55.1	62	65.2	71.6
Other plants in the Metropolitan Region	31.7	32	35.6	35.9	33.1
TOTAL	571.8	579.8	595.8	605.0	603.4

Highlighted Investments and projects in 2019

Among the 2019 milestones in wastewater treatment, It is worthwhile mentioning the project to increase the capacity of cogeneration of the Mapocho-Trebal Biofactory, with the addition of two engines that allow efficient use of the production of biogas that is generated in that facility. This project had an investment in the year that amounted to \$4.553 billion.

In addition, we continued with the treatment projects for Nitrates in the La Farfana Biofactory, as well as in Mapocho-Trebal, each amounting to \$3.088 billion. Again in 2019, as well as in the previous year, the subsidiary Aguas Andinas achieved its goal of achieving 0 sludge disposal in landfills, using all the bio-solids generated for agricultural use and co-digestion, which implies a relevant contribution to the environment and the development of the surroundings of the Santiago basin and the country.

INVESTMENTS OF THE YEAR

The consolidated investment of IAM’s subsidiaries during the year 2019 was \$135,071 million, which ratifies the company’s commitment to sustainable development and the delivery of a continuous, safe and quality service to all citizens in its concession areas.

Of this amount, almost all corresponded to investments in the company’s sanitary facilities (99.52%), with only 0.48% going to projects in the unregulated subsidiaries.

It should be noted that of the total investment in 2019, 43% went to potable water production projects.

135,071 million was IAM’s total investment in its subsidiaries during 2019.

Investments per subsidiary in millions of pesos (2015 - 2019)

	2015	2016	2017	2018	2019
Aguas Andinas	91,212	80,507	89,337	133,323	104,319
Aguas Cordillera (1)	17,934	19,710	20,159	11,686	10,576
ESSAL	13,265	12,271	15,367	18,217	19,531
Non-regulated subsidiaries	4,447	490	6,640	526	645
TOTAL	126,858	112,978	131,503	163,753	135,071

(1) Aguas Cordillera includes Aguas Manquehue

CUSTOMERS

With the customer at the center of their management, IAM's subsidiaries carry out their operations in order to ensure the provision of a secure, continuous and quality service for all the inhabitants of their concession areas.

Under this premise, decision making is oriented to promote projects that improve the delivery of the supply, making the necessary investments to give greater autonomy to the system - especially in periods of drought such as the present -, improve and digitalize processes, make responses to requirements more efficient and also improve communication with customers.

Number of customers in 2019

At the end of 2019, the total number of drinking water customers of IAM's sanitary subsidiaries reached 2,366,009, which corresponds to an increase of 2.15% in relation to the previous year. Sewer customers, on the other hand, came 2,312,808, corresponding to a 2.2% increase over 2018.

Of the drinking water customers, 4,93% were subsidized customers, which favors stable payment behavior and a lower level of bad debt for the company's toilets.

Table number of customers 2019 by sanitary provider

SANITARY	POTABLE WATER	SEWERAGE
Aguas Andinas	1,950,588	1,910,487
Aguas Cordillera	166,962	164,400
Aguas Manquehue	15,057	14,618
ESSAL	233,402	223,303
TOTAL	2,366,009	2,312,808



EMPLOYEES

In terms of workers, the emphasis in 2019 for IAM management in its subsidiaries was on implementing digitalization projects, with self-management platforms; strengthening labor relations within companies; and promoting cyber-security issues.

Likewise, as in 2018, the performance of 100% of the labor force was evaluated with a new tool, which will allow a better personal and labor development of the workers.

Staffing 2019

At the end of 2019 financial year, IAM's total staff - which includes the staff of its subsidiaries - reached 2,141 employees.



Aguas Cordillera and Aguas Manquehue share managers and senior executives
** Corresponds to the subsidiaries: Aguas del Maipo, EcoRiles, Gestión y Servicios and Anam.

Safety Ratings

As has been the case with IAM subsidiaries, in the 2019 financial year the subsidiaries displayed very good safety and risk management indices.

No. of accidents with time lost

	2014	2015	2016	2017	2018	2019
Aguas Andinas S.A.	12	10	12	8	6	6
Aguas Cordillera S.A.	1	1	0	0	3	2
Aguas Manquehue S.A.	2	0	0	0	0	0
ESSAL	1	5	1	4	2	0
Non-regulated subsidiaries	10	2	3	1	1	4
TOTAL	26	18	16	13	12	12

Number of days lost due to accidents with time lost

	2014	2015	2016	2017	2018	2019
Aguas Andinas S.A.	139	500	299	178	50	117
Aguas Cordillera S.A.	223	4	0	0	47	15
Aguas Manquehue S.A.	36	0	0	0	0	0
ESSAL	45	107	358	130	71	0
Non-regulated subsidiaries	376	6	14	7	2	82
TOTAL	819	691	671	315	170	214

Accident Rate

	2014	2015	2016	2017	2018	2019
Aguas Andinas S.A.	1.14	0.94	1.10	0.72	0.55	0.55
Aguas Cordillera S.A.	10.53	0.00	0.00	0.00	2.40	1.62
Aguas Manquehue S.A.	0.81	0.86	0.00	0.00	0.00	0.00
ESSAL	0.34	1.56	0.28	1.08	0.53	0.00
Non-regulated subsidiaries	2.65	1.01	0.73	0.22	0.21	0.79
TOTAL	1.39	0.94	0.80	0.63	0.58	0.57

Incident Rate

	2014	2015	2016	2017	2018	2019
Aguas Andinas S.A.	13.20	47.00	27.40	16.01	4.57	10.77
Aguas Cordillera S.A.	18.10	66.90	0.00	0.00	37.52	12.15
Aguas Manquehue S.A.	189.50	0.00	0.00	0.00	0.00	0.00
ESSAL	15.20	33.30	98.70	34.97	18.79	0.00
Non-regulated subsidiaries	99.82	1.50	3.40	1.52	0.42	16.29
TOTAL	43.86	36.10	33.75	15.19	8.16	10.08



ENVIRONMENT

The preservation and care of the environment and the natural surroundings constitutes the core of the business of IAM and its subsidiaries, both sanitary and non-sanitary.

Through its operations, it comprehensively manages the water cycle, one of the most important resources for life on our planet, allowing for the development of communities, the maintenance of ecosystems and the future of humanity.

As part of this commitment, IAM and its subsidiaries have been important innovative agents in environmental management, with the aim of creating value throughout its operational chain, in line with the circular economy, which seeks to carry out operations with zero environmental impact, zero waste, zero emissions and with energy self-sufficiency.

The vision of IAM’s subsidiaries is to
“go beyond water”
by managing resources in a
sustainable manner for the care of the
planet and all its inhabitants.

6 FINANCIAL MANAGEMENT

Responsible financial management has been characteristic of IAM's administration in its subsidiaries.

CONSISTENCY AND TRUST

IAM's financial management continued its line of responsibility and consistency in the management of the company.

During the year, in order to finance the investment plan of its sanitary subsidiaries, important financing operations were carried out. Among them, it is worth mentioning the issue of a second green and social bond by the subsidiary Aguas Andinas in April 2019, which will allow the financing of projects with a clear environmental and social component, which is verified by the company Vigeo Eiris. This bond was for an amount of UF 2,000,000, at a rate of 2%, equivalent to a spread of 54 basis points, with demand exceeding 2.7 times the amount offered to the market.

The responsible handling of the finances of the company and its subsidiaries was once valued. Thus, for the fifth consecutive year, IAM and its subsidiary Aguas Andinas were included in the Dow Jones Sustainability Index

Chile (DJSI Chile), which highlights companies that operate with good practices and transparency. In addition, Aguas Andinas was also included for the fifth time in the Dow Jones Sustainability Emerging Markets Index and was selected as a component of the FTSE4Good Emerging Index, which includes companies with high standards in the social, environmental, economic and corporate governance fields.

In September 2019, IAM integrated the portfolio of the S&P IPSA indicator, the main indicator of the Santiago Stock Exchange; and, at the same time, the subsidiary Aguas Andinas maintained the sixth position in the world ranking of the Dow Jones Sustainability Indexes for the Multi and Water Utilities sector.

Regarding shares, during the year IAM shares maintained their AA+ category, awarded by the rating agencies Fitch Ratings and Feller Rate; as did Aguas Andinas, which was ratified as AA+ by Feller-Rate and ICR.

IAM's financial management enables it to generate value in each financial year, and the criteria and practices of **responsible investment** allow its subsidiaries to develop, with an outlook to growth.

RISK FACTORS

IAM presents a favorable situation in terms of risk, mainly due to the specific characteristics and stability of the sanitary industry.

Operational risks

Seasonality

The sanitary business is characterized by its seasonality, which may cause eventual variations in the results from one quarter to another. The highest levels of demand and income are recorded during the summer months (December to March in the southern hemisphere), while the lowest demand coincides with the winter months (June to September).

Climate conditions

The processes of uptake and production of potable water depend mainly on the weather conditions in the river basins. Factors such as rainfall, temperature, sediment drag, drought, among others, determine the quantity, quality and continuity of available raw water. To face this risk, the IAM sanitariums have water reserves and contingency plans, which are constantly being updated.

New investments

The company's subsidiaries must comply with development plans committed to the Superintendency of Health Services (SISS), which involve significant economic, administrative and technical resources. However, it should be noted that the tariffs charged to customers include these investments, guaranteeing them a minimum return. Furthermore, the experience of the controller ensures the necessary know-how to successfully and efficiently carry out these investment plans.

Government regulation

The Chilean sanitary industry is highly regulated by the State due to its monopoly status, which exposes it to possible changes in established norms.

The current legal framework regulates the operation of the concessions and the fees charged to customers, which are determined every 5 years. The mechanism for setting tariffs is implemented under technical criteria, contrasting the studies that present both the sanitary and the SISS, which may show differences. If no agreement is reached, the discrepancies are resolved by a commission of experts made up of representatives of each of the parties.

The current tariff period, which runs from 2015 to 2020, for subsidiaries Aguas Andinas, Aguas Cordillera and Aguas Manquehue, includes the following:

- ▶ *Additional tariffs when construction investments come into operation, such as production safety works for extreme turbidity situations (+1.1% estimated in 2019) and nitrogen treatment works in return of La Farfana and Trebal-Mapocho treatment plants (+1.4% estimated in 2019).*
- ▶ *Discounts on tariffs for non-regulated businesses, when the Alto Maipo Project (estimated -1.2% when operational).*

It should be noted that on November 14, 2019, CMF was informed as an essential fact, the result of the seventh tariff process of the subsidiary Aguas Andinas, which established the tariff level for the five-year period 2020-2025, and which envisages the following:

- ▶ *A downward variation of -3% compared to the tariffs agreed for the five-year period 2010-2015 for current services and standards.*
- ▶ *Additional fees that will apply with the entry into operation of the additional works, including (i) Pirque Pond, (ii) works to improve the quality of treated wastewater and its disposal such as the works of removal of nutrients in the treatment plants Farfana and Trebal, and the encapsulation of biosolids in El Rital.*
- ▶ *Additional rates for a series of works to face extreme turbidity events for up to 37 hours of autonomy and up to 48 hours.*

Finally, the established tariff formulas will be set by decree of the Ministry of Economy, Development and Tourism, which must be published in the Official Journal before the date of entry into force, ie March 2020.

As for ESSAL, its current tariffs correspond to the sixth tariff-setting process, which applies between 2016 and 2021, and which provides for the following:

- ▶ *Rates are maintained in real terms.*
- ▶ *Additional rates of 1.5% at the end of 2018 when the safety works carried out by the company come into operation. These works include safety ponds, generators and support equipment.*

Despite the well-known stability of the Chilean regulatory framework, in December 2016 the House of representatives approved the bill Boletín No. 10,795-33, which seeks to modify the legislation applicable to public sanitary services in the area of non-regulated services, tariff setting and compliance with development plans by providers. The initiative was admitted to the Senate in the second legislative process and is currently in the Public Works Committee of the Senate. In June 2018 the commission received a new report from the Ministry of Public Works, proposing a technical panel to discuss the bill. At the end of this fiscal year, the discussion is still ongoing.

Likewise, in May 2018 the so-called Law for the Strengthening of the National Consumer Service, Bulletin No. 9369-03, came into force, which includes some modifications involving the sanitary industry. These changes generate the risk of fines for the suspension, paralysis or failure to provide basic potable water and sewerage services without justification, which is sanctioned with a fine of up to 1,500 UTM. In addition, the The Court can apply this fine on a per consumer base (up to 1,500 UTM).

It should be noted that the law states that multiple fines are not appropriate when the company has fully and effectively repaired the damage caused to all affected consumers, and that only a lump sum will be charged, which cannot be more than 30% of sales during the suspension or twice the economic benefit. It also specifies that the fine may not, however, exceed 45,000 UTA.

The compensation, for its part, has the following characteristics:

- ▶ *They will be direct and automatic to the affected consumer.*
- ▶ *For each day of the service interruption, compensation will be paid in an amount equivalent to the average daily value of the previous account by 10.*
- ▶ *It is understood as a service interruption day, 4 continuous hours of suspension or more, within a period of 24 hours from the start of the event. In other cases, proportionality shall apply.*
- ▶ *Only applies if the special law does not provide for such compensation.*

In addition, the law adds the concept of pain and suffering in class action lawsuits.

Financial risks

Inflation

The company's revenues are directly correlated to inflation, so its debt is mainly issued in Unidades de Fomento.

Interest Rates

Individually, IAM does not have any debt. The financial liabilities of IAM's subsidiaries are equivalent to 88,9% of fixed-rate debt, comprising approximately 78,8% of short- and long-term bonds, and 20,8% of reimbursable financial contributions. The remaining 0,4% is at a variable rate and corresponds to credits with national banks.

In order to optimize the cost of financing, the company maintains a policy of monitoring and managing the interest rate, which permanently evaluates the hedging instruments available in the financial market.

MAIN SUPPLIERS

The main IAM suppliers, on an individual basis, as of December 31st 2019, are the following:

- ▶ *DCV Registros S.A.*
- ▶ *EY Servicios Profesionales de Auditoría y Asesorías*
- ▶ *El Mercurio S.A.P.*
- ▶ *Orion Seguros Generales S.A.*
- ▶ *Investis Limited*
- ▶ *Rentaequipos Leasing S.A.*
- ▶ *Bolsa de Comercio de Santiago*
- ▶ *Consultoría y Asesoría Tomate*
- ▶ *Productora de Eventos Moustache SPA*
- ▶ *Producciones de Diseño Felicidad Ltda.*
- ▶ *Zahler y Compañía Ltda.*

DIVIDEND POLICY

IAM’s By-laws define its dividend policy, which consists of distributing 30% of the net distributable profits for the year, unless the shareholders unanimously agree to distribute a smaller percentage.

However, if the sum of the dividend distributions or capital received in cash by the subsidiary Aguas Andinas S.A. during the year, minus the operating and non-operating expenses and provisions for the year that must be made in accordance with the applicable accounting standards, is an amount that exceeds 30%, the company must distribute that excess as an additional dividend, within 60 working days following the respective Ordinary Shareholders’ Meeting, up to the total amount of the distributable net profit for the fiscal year.

Dividend paid per share

(Figures expressed in the currency of the date of payment)

\$ PER SHARE	2015	2016	2017	2018	2019
Book value	580.626	589.683	593.488	591.674	594.540
Income	63.283	74.289	68.719	67.128	69.918
Amount paid	58.7107 ⁽¹⁾	63.2833 ⁽²⁾	66.6566 ⁽³⁾	67.74514 ⁽⁴⁾	65.5216 ⁽⁵⁾

- (1) Includes two items: an interim dividend of \$19,4674 per share, on account of 2014 earnings, paid on January 16, 2015; and a final dividend of 39,2433, corresponding to the profit sharing for the year 2014, paid on May 29, 2015.
- (2) Includes two items: an interim dividend of \$20,324 per share, on account of 2015 earnings, paid on January 18, 2016; and a final dividend of 42.9593 per share, corresponding to the profit sharing for the year 2015, paid on May 27, 2016.
- (3) Includes two items: an interim dividend of \$20,0353 per share, on account of 2016 earnings, paid on January 23, 2017; and a final dividend of 45,6213 per share, corresponding to the profit sharing for the year 2016, paid on May 25, 2017.
- (4) Includes two items: an interim dividend of \$21,0353 per share, on account of 2017 earnings, paid on January 29, 2018; and a final dividend of 46.70984 per share, corresponding to the profit distribution for the year 2017, paid on May 29, 2018.
- (5) Includes two items: an interim dividend of \$21,656 per share, on account of 2018 earnings, paid on January 25, 2019; and a final dividend of 43,8656 per share, corresponding to the profit sharing for the year 2017, paid on May 28, 2019.

DISTRIBUTABLE
INCOME
2019

Distributable Income

DISTRIBUTABLE INCOME FOR 2019	THCH\$
Net profit for the year 2019	69,918,238
Accumulated distributable income	10,212,278
Interim dividend on account of profits 2019-22	-22,262,000
Remaining distributable income	57,868,516
Dividends distributed as a % of net income for the year	31.84%

Summary of dividends paid to shareholders

TYPE	FINANCIAL YEAR	PAYMENT DATE	AMOUNT PER SHARE
Interim dividend	2005	27-09-2005	\$ 10.9700
Final dividend	2005	29-05-2006	\$ 5.9700
Capital distribution	-	15-06-2006	\$ 33.6100
Interim dividend	2006	27-10-2006	\$ 14.1300
Final dividend	2006	23-05-2007	\$ 8.8500
Capital distribution	-	25-07-2007	\$ 19.5100
Interim dividend	2007	25-10-2007	\$ 14.5300
Final dividend	2007	29-05-2008	\$ 9.7400
Capital distribution	-	25-06-2008	\$ 23.2400
Interim dividend	2008	03-11-2008	\$ 15.3000
Final dividend	2008	24-06-2009	\$ 12.9100
Capital distribution	-	25-06-2009	\$ 24.2200
Interim dividend	2009	25-11-2009	\$ 16.0000
Final dividend	2009	19-05-2010	\$ 44.6800
Interim dividend	2010	24-11-2010	\$ 16.3400
Final dividend	2010	25-05-2011	\$ 34.6600
Interim dividend	2011	25-11-2011	\$ 17.0200
Final dividend	2011	25-05-2012	\$ 37.9100
Interim dividend	2012	15-11-2012	\$ 17.7600
Final dividend	2012	24-05-2013	\$ 42.2149
Interim dividend	2013	17-01-2014	\$ 18.5379
Final dividend	2013	29-05-2014	\$ 39.1099
Interim dividend	2014	16-01-2015	\$ 19.4764
Final dividend	2014	29-05-2015	\$ 39.2433
Interim dividend	2015	18-01-2016	\$ 20.3240
Final dividend	2015	27-05-2016	\$ 42.9593
Interim dividend	2016	23-01-2017	\$ 21.0353
Final dividend	2016	25-05-2017	\$ 45.6213
Interim dividend	2017	29-01-2018	\$ 21.0353
Final dividend	2017	29-05-2018	\$ 46.7098
Interim dividend	2018	25-01-2019	\$ 21.6560
Final dividend	2018	28-05-2019	\$ 43.8656

SHARES TRANSACTIONS

As of December 31, 2019, the capital stock of Inversiones Aguas Metropolitanas S.A. consists of 1,000,000,000 of fully subscribed and paid shares.

Trading of shares by majority shareholders and related persons

During the financial year, related persons carried out share transactions, which had the character of financial investments.

REPORTING NAME / COMPANY NAME	DATE OF THE TRADE	DATE OF COMMUNICATION OF THE TRADE TO THE CMF	TYPE OF TRADE	NUMBER OF TRADED UNITS	UNIT PRICE IN PESOS	TOTAL AMOUNT OF THE TRADE IN PESOS	OBSERVATIONS
Inversiones y Asesorías El Maestro	17-09-2019	17/09/2019	A	7,842	1,028.7	8,067,067	Secretary of the Board of IAM
Inversiones y Asesorías El Maestro	17-09-2019	18/01/2019	A	67,850	1,050.0	71,242,500	Secretary of the Board of IAM
Inversiones y Asesorías El Maestro	17-09-2019	18/01/2019	A	10,231	1,048.0	10,722,088	Secretary of the Board of IAM

Trading of shares in the secondary market

Santiago Stock Exchange

2019	AVERAGE PRICE (\$)	UNITS	AMOUNT (\$)
Total 1° quarter	1,029.16	46,730,999	48,093,449,590
Total 2° quarter	1,029.27	61,059,465	62,846,588,032
Total 3° quarter	1,006.13	58,667,894	59,027,446,182
Total 4° quarter	842.29	79,155,116	66,671,751,426
YEAR 2019	963.46	245,613,474	236,639,235,230

Electronic stock Exchange

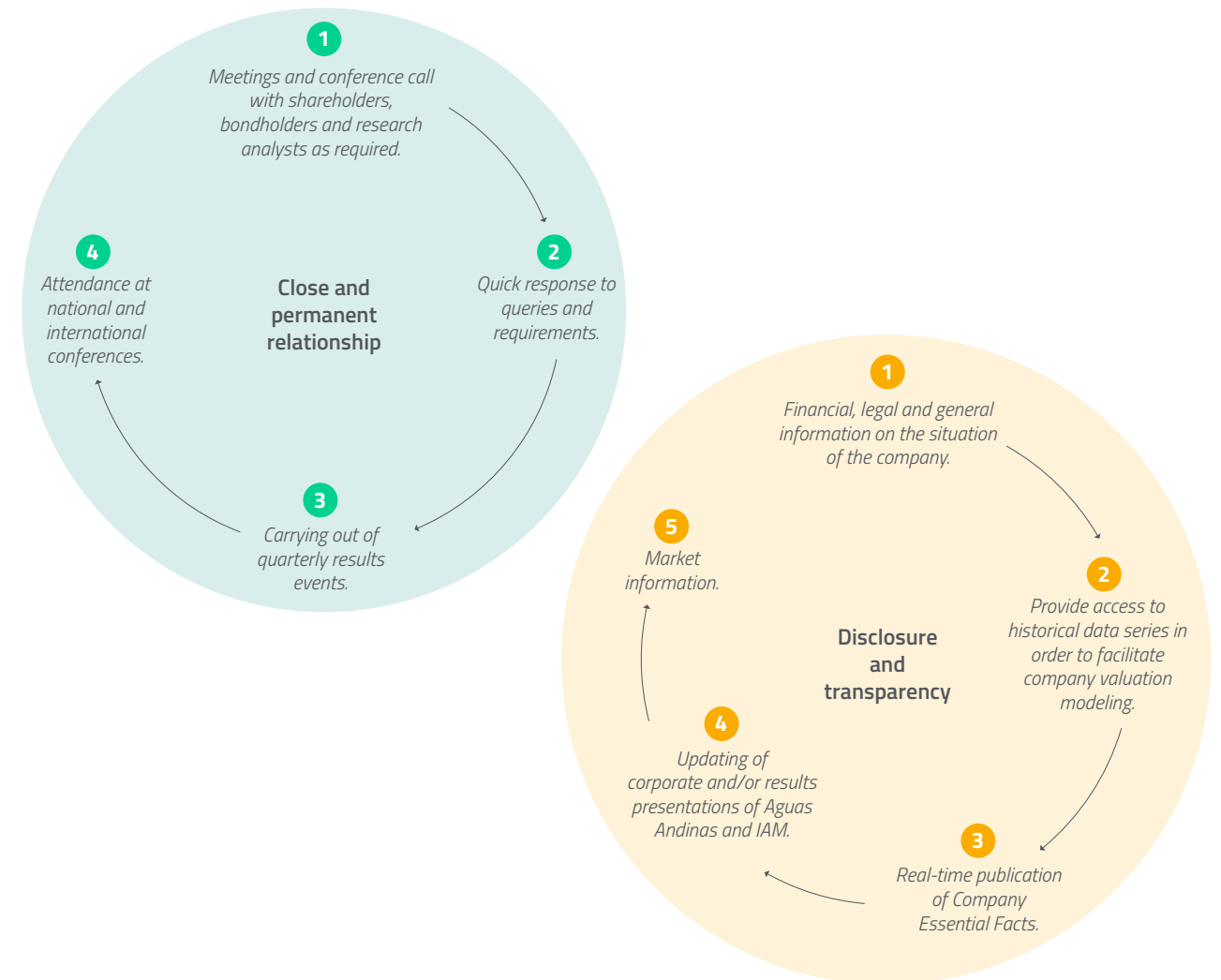
2019	AVERAGE PRICE (\$)	UNITS	AMOUNT (\$)
Total 1° quarter	1,024.90	1,422,048	1,457,455,300
Total 2° quarter	1,032.42	1,021,214	1,054,318,070
Total 3° quarter	998.64	945,336	944,048,425
Total 4° quarter	810.60	1,789,020	1,450,174,203
YEAR 2019	948.54	5,177,618	4,905,995,998

RELATIONSHIP WITH INVESTORS

IAM, through its Investor Relations area, maintains a long-term relationship of trust with shareholders, bondholders, analysts and investors.

To this end, it provides timely information in a continuous and updated manner, through permanent individual conference calls, participation in national and international conferences and the preparation of relevant financial and ESG material and information, which is publicly and transparently disclosed to the market, on the website www.iam.cl and by e-mail inversionista@aguasametropolitanas.cl.

Likewise, Investor Relations develops and promotes various spaces and instances of communication with investors and analysts of the industry such as performance breakfasts, visits to potable water treatment plants, wastewater treatment plants and other large projects of interest to the market.



During 2019, the area advanced in several goals:

1. Support for new hedging and valuation models for IAM subsidiaries.
2. Consolidation of contact strategies with potential investors.

7

CORPORATE GOVERNANCE

With a long-term view
that allows for sustainable
development and
operational efficiency.

THE BOARD OF DIRECTORS

The IAM Board of Directors is composed of 7 full members, each with his respective alternate, who may replace him permanently in case of vacancy, and temporarily in case of absence or temporary impediment. All directors are elected by the General Meeting of Shareholders in consideration of their competence and suitability for the position.

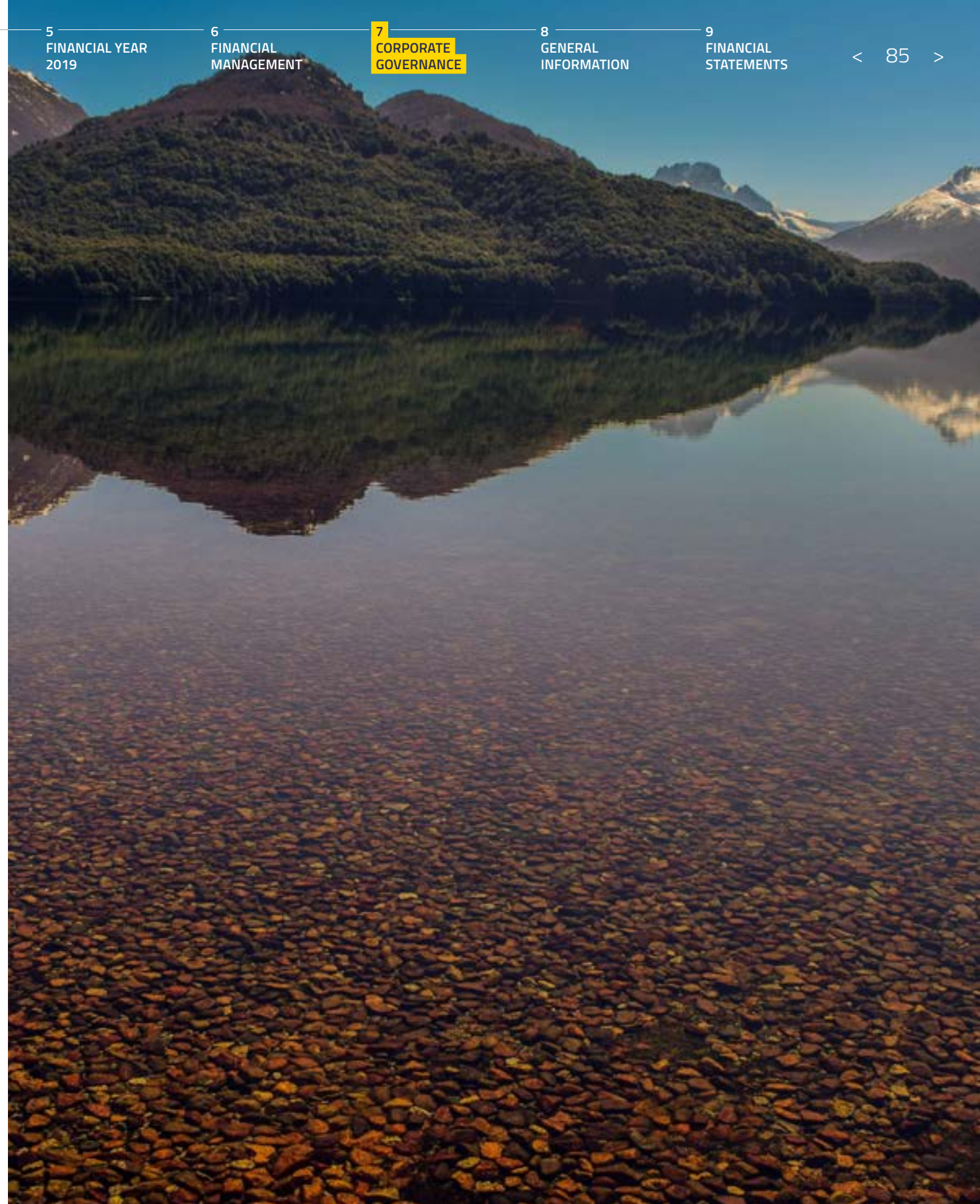
Following their election, each director receives an induction on the business, risks, policies and procedures, key accounting criteria and legal framework. Likewise, the directors have the necessary means to receive external advice for the proper performance of their duties, if required.

The directors serve for three years. At the end of this period, the Board of Directors must be completely renewed. Notwithstanding the foregoing, the Board of Directors may be revoked in its entirety before the expiration of its term, by resolution of the Ordinary or Extraordinary Shareholders' Meeting, in which case the same meeting shall elect the new Board of Directors. Consequently, the individual or collective revocation of one or more directors is not appropriate.

Directors can be re-elected indefinitely and can be shareholders of the company.

Operation of the Board of Directors

The Board of Directors meets in ordinary and extraordinary sessions. The former are held on dates predetermined by the Board itself and there is at least one meeting per month. The latter meetings are held when called by the President himself or at the request of one or more directors, after the President has qualified the need for the meeting, unless requested by an absolute majority of the directors. In either case, the quorum for a meeting of the Board of Directors is an absolute majority of its members and resolutions are adopted with the favorable vote of the absolute majority of the directors in attendance, except for resolutions which, according to the statutes of Inversiones Aguas Metropolitanas S.A., the law and its regulations or other special provisions, require a higher majority.





The Board of Directors of IAM
***is the main body of the
corporate governance
of the company,***

so it sets the strategic guidelines and oversees
the management of the company.

Current Board of Directors

The current Board of Directors was elected for a period of three years, taking office **on July 24th 2019**.

RUT	NAME	POSITION	DATE OF APPOINTMENT	DATE OF FIRST APPOINTMENT
6.922.002-9	FELIPE LARRAIN ASPILLAGA	President	24-07-2019	30-04-2014
6.447.493-6	ALBERTO MUCHNICK MLYNARZ	Vicepresident	24-07-2019	21-04-2010
4.975.992-4	HERMAN CHADWICK PIÑERA	Director	24-07-2019	27-04-2006
5.546.791-9	MIGUEL IGNACIO GUERRERO GUTIÉRREZ	Director	24-07-2019	27-04-2006
6.375.408-0	HERNÁN CHEYRE VALENZUELA	Director	24-07-2019	27-04-2017
6.444.699-1	RODRIGO CRISTÓBAL AZÓCAR HIDALGO	Director	24-07-2019	24-07-2019
7.275.527-8	LUIS ENRIQUE ÁLAMOS OLIVOS	Director	24-07-2019	24-07-2019
6.100.558-7	CARLOS MLADINIC ALONSO	Alternate Director	24-07-2019	30-04-2014
6.863.031-2	HUGO SILVA RAVEAU	Alternate Director	24-07-2019	27-04-2017
10.570.170-5	RODRIGO CASTRO FERNÁNDEZ	Alternate Director	24-07-2019	27-04-2006
16.209.452-1	SALOMÓN ANDRÉS MUCHNICK CRUZ	Alternate Director	24-07-2019	24-07-2019
16.611.278-8	MARÍA JOSÉ UAUY CÚNEO	Alternate Director	24-07-2019	24-07-2019
0-E (Extranjero)	ALBERT MARTÍNEZ LACAMBRA	Alternate Director	24-07-2019	24-07-2019
0-E (Extranjero)	NARCISO BERBERANA SAENZ	Alternate Director	24-07-2019	24-07-2019

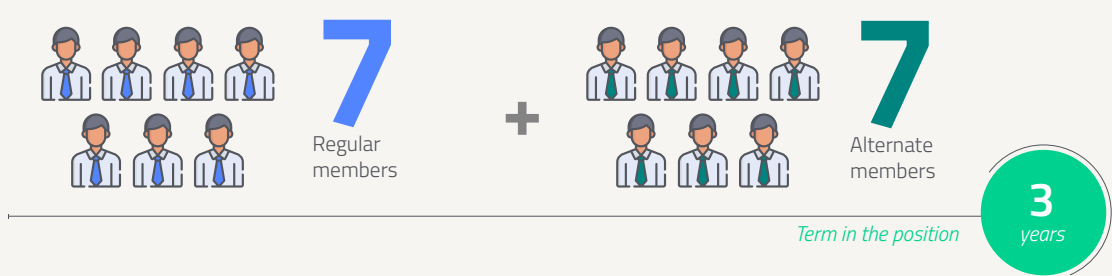
Attendance to Board of Directors in 2019

MONTH	QUORUM
January	100%
February	100%
March	100%
April	100%
May	100%
June	100%
July	100%
August	100%
September	100%
October	100%
November	100%
December	100%

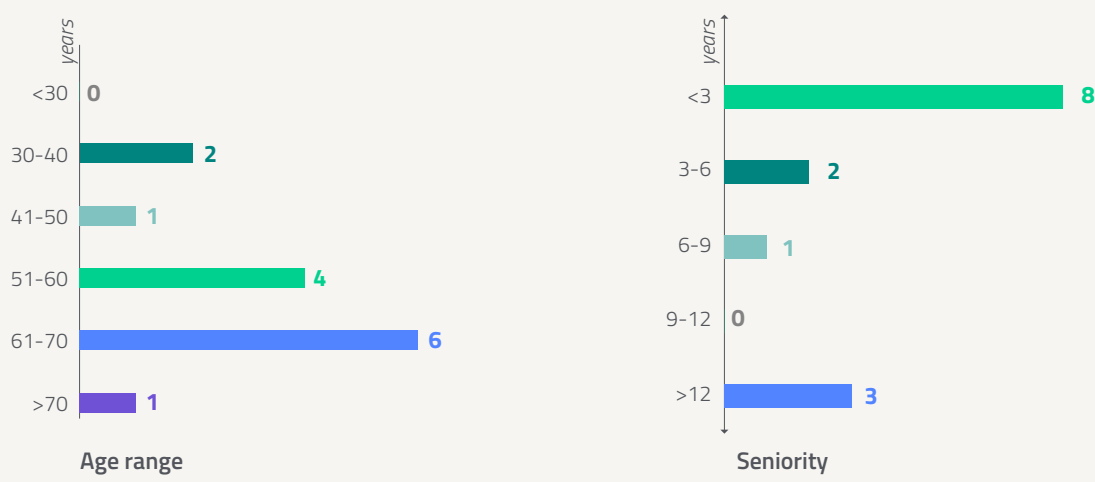
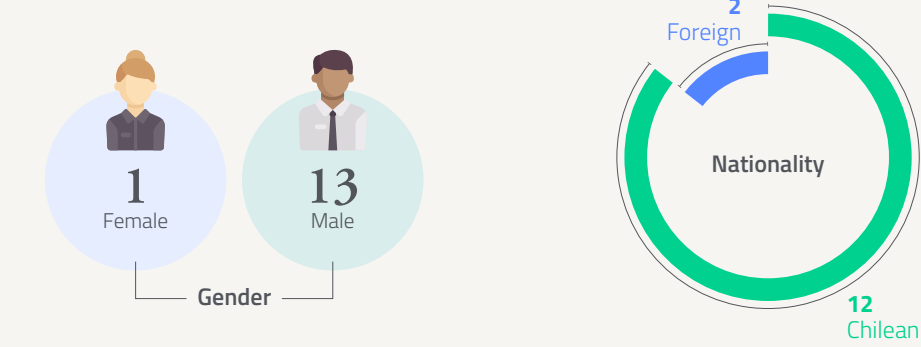
Note: The attendance rate to the Board sessions was 100% during the year 2019, taking into account the participation of regular Directors and Alternates in case the former cannot participate. If only the attendance of Regular Directors is taken into account for the measurement, the total annual attendance rate reaches 96%.

Composition and Diversity of the Board of Directors

Number of members



Nº of persons according to:



DIRECTORS' COMMITTEE

In accordance with Article 50 bis of the Law No. 18,046 on open stock companies, IAM S.A. has a Directors' Committee, which is also part of its Corporate Governance.

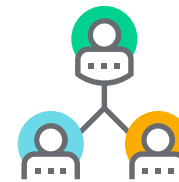
Attendance to the meetings of the Directors' Committee in 2019

MONTH	QUORUM
January	100%
February	100%
March	100%
April	100%
May	100%
June	100%
July	100%
August	100%
September	100%
October	100%
November	100%
December	100%

Main functions and powers

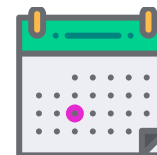
The Directors' Committee has the following powers and duties:

- ▶ To examine the reports of the external auditors, the balance sheet and other financial statements, and to express an opinion on them prior to their presentation to the shareholders.
- ▶ Propose to the Board of Directors names for external auditors and private risk classifiers.
- ▶ To examine the background to the operations referred to in Title XVI and to issue a report on those operations.
- ▶ Examine the compensation systems and compensation plans for managers, senior executives and employees of the company.
- ▶ Prepare an annual report on its management, including its main recommendations to shareholders.



Composition

According to the law, the Directors' Committee must be composed of three members, most of whom must be independent. It should be noted that the Chairman of the Board of Directors may not serve on the committee or its sub-committees unless he is an independent director.



Operation

As stipulated by the law and the Committee's internal regulations, the Committee holds ordinary sessions once a month and extraordinary sessions whenever required, in order to deal with the matters entrusted to it by article 50 bis of Law 18,046 on corporations. The minimum quorum is two members to sit.



Agreements

In accordance with the law, the deliberations, agreements and organization of the Committee must be governed by the rules relating to the meetings of the Board of Directors of the company. The Committee shall inform the Board of Directors of the manner in which it will request information, as well as its agreements.



Current Directors' committee

As of July 24th, 2019, the IAM Directors' Committee is comprised of the controller's independent director, Luis Enrique Alamos, and Ignacio Guerrero and Herman Chadwick, who were appointed by the independent director. The Committee is chaired by Luis Enrique Alamos and the lawyer Sebastián Oddó acts as secretary.

Directors’ Committee 219 Report

In compliance with the provisions of article 50 bis, paragraph eight, of Law 18,046 on Corporations, the activities carried out by the Committee during the year ended December 31, 2019 and the expenses incurred, including those of its advisors, are reported.

I. Composition of the Committee

The Directors’ Committee of Inversiones Aguas Metropolitanas S.A. was composed until 24 July 2019 by the controller’s Independent Director, Alberto Muchnick, and Mr. Herman Chadwick and Ignacio Guerrero, who were appointed by the Independent Director.

On 24 July 2019, a new Directors’ Committee of Inversiones Aguas Metropolitanas S.A. was set up, comprising the Controller’s Independent Director, Luis Enrique Álamos, and Mr Herman Chadwick and Mr Ignacio Guerrero, who were appointed by the Independent Director

The Committee is chaired by Mr. Luis Enrique Alamos and the lawyer Sebastián Oddo acts as Secretary.

Since its constitution, the Committee has held ordinary meetings once a month to deal with the matters entrusted to it by article 50 bis of Law 18,046 and others of general interest to the Company.

II. Main activities of the year

The main activities carried out by the Committee during 2019 were the following:

1. Examination of the external auditors’ reports, the balance sheet and other financial statements of Inversiones Aguas Metropolitanas S.A. for the year ended 31 December 2019
2. Proposal to the Board of Directors of the external auditors for the year 2019
3. Review of the external auditors’ reports, the balance sheet and other financial statements of Inversiones Aguas Metropolitanas S.A., prepared quarterly.
4. Background analysis regarding Seventh Aguas Andinas tariff process.
5. Review of the results of the second Green Bond and Aguas Andinas Social.
6. Analysis of the background to recommend the distribution of interim dividend No. 33 from the 2019 income statement.

III. Budget and expenses of the Directors’ Committee

At the Ordinary Shareholders’ Meeting in April 2019, the Directors’ Committee was given an annual budget of 2,000 UF, which was not used during the financial year.

COMPENSATIONS AND EXPENSES

Of the Board and Directors' Committee

In accordance with the provisions of Law No. 18,046, the Ordinary General Shareholders' Meeting held on April 24, 2019, agreed on the compensation of the Board of Directors, of the Directors' Committee and its expense budget for the 2019 financial year.

The compensation of the Board of Directors is divided into two types: a fixed monthly remuneration of UF 100 for the President, UF 80 for the Vice President and UF 60 for regular and alternate directors; and a variable remuneration, paid for attendance at each meeting, of UF 140 for the President, UF 100 for the Vice President, UF 60 for regular directors and UF 60 for alternate directors, when they replace the regular directors. IAM's Board of Directors expenses during the year 2019 were ThCh\$2,047.

The compensation of the Directors' Committee for 2019 was the following: a fixed monthly compensation of UF 25 and a variable compensation for attendance to each session of UF 25. In addition, an expense budget of UF 2,000 was agreed upon, which was not used.

Compensation of the Board of Directors (thousands of pesos)

DIRECTORS	POSITION	FIXED		VARIABLE	
		2018	2019	2018	2019
Felipe Larrain Aspillaga	President	32,634	33,459	45,687	50,762
Alberto Muchnick Mlynarz	Vicepresident	26,107	26,767	29,951	36,258
Herman Chadwick Piñera	Director	19,580	20,075	17,962	20,089
Ignacio Guerrero Gutiérrez	Director	19,580	20,075	17,962	21,755
Hernán Cheyre Valenzuela	Director	19,580	20,075	19,580	21,755
Rodrigo Azócar Hidalgo	Director	0	10,116	0	11,795
Luis Enrique Álamos Olivos	Director	0	21,911	0	0
Marcelo Tokman Ramos	Alternate Director	29,273	9,960	0	0
Andrés Muchnick Cruz	Alternate Director	0	10,116	0	0
María José Uauy Cuneo	Alternate Director	0	10,116	0	0
Rodrigo Castro Fernández	Alternate Director	19,580	20,075	0	0
Giorgiana Cúneo Queirolo	Alternate Director	19,580	4,960	1,609	0
Carlos Mladinic Alonso	Alternate Director	19,580	20,075	19,580	9,960
Hugo Silva Raveau	Alternate Director	19,580	20,075	0	0
TOTAL		225,074	236,060	152,331	172,374

Compensation of the Directors' Committee (thousands of pesos)

DIRECTORS	POSITION	2018	2019
Alberto Muchnick Mlynarz	Vicepresident	15,646	8,300
Herman Chadwick Piñera	Director	15,641	16,736
Ignacio Guerrero Gutiérrez	Director	15,642	17,430
Luis Enrique Alamos Olivos	Director	0	9,130
Maria Jose Uauy Cuneo	Alternate Director	0	4,215
Rodrigo Castro Fernández	Alternate Director	8,158	8,365
Giorgiana Cúneo Queirolo	Alternate Director	8,158	2,067
TOTAL		63,245	66,243

Compensation of Senior Executives

At the end of 2019, the payroll of IAM managers and senior executives was composed of 2 professionals.

At the individual level, IAM’s total compensation for the period was \$324 million, 2,4% less than the previous year. Of this amount, \$284 million was fixed remuneration and \$40 million was variable compensation.

No severance payments were recorded during 2019.

N°	NOMBRE	RUT	POSITION	DATE OF APPOINTMENT
1	Laureano Cano Iniesta	25.374.056-6	General Manager of IAM	09-05-16
2	Patricio Andrés Acuña Solorza	10.696.150-6	Tax and Accounting Manager	01-09-06

DETAIL	FIXED		VARIABLE		TOTAL	
	2018	2019	2018	2019	2018	2019
Senior executives compensation	287	284	45	40	332	324

Gender pay gap

Since AMI at the individual level has only four people from different backgrounds, it is not possible to calculate its gender pay gap. However, it is possible to display the gender pay gap at the consolidated level of all its subsidiaries.

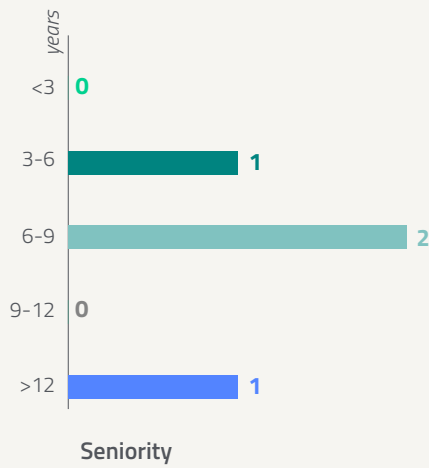
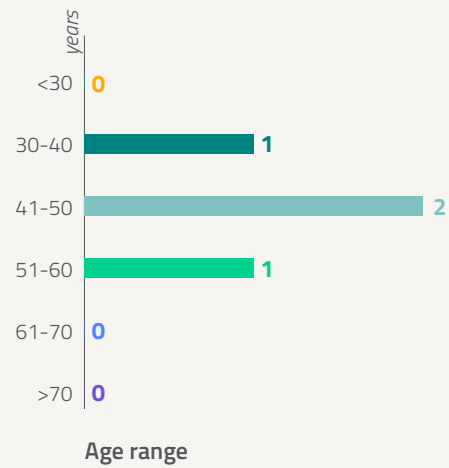
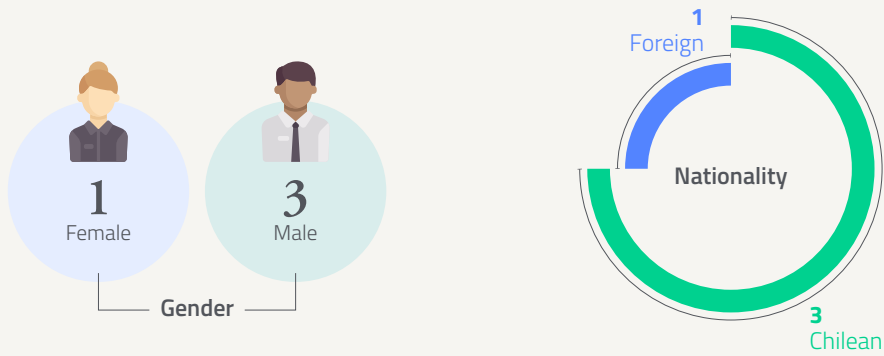
LEVEL	RATIO OF WOMEN'S PAY TO MEN'S PAY	DIFFERENCE IN % OF WOMEN'S WAGES COMPARED TO MEN'S WAGES
01 Executives	82.46%	-17.54%
02 Heads	102.69%	2.69%
03 Professional	88.79%	-11.21%
04 Technician	90.41%	-9.59%
05 Administrative	127.29%	27.29%
06 Operator	138.25%	38.25%
GENERAL TOTAL	103.40%	3.40%

Composition and diversity of IAM

Staffing per company as of December 31st, 2019



Nº of persons according to:

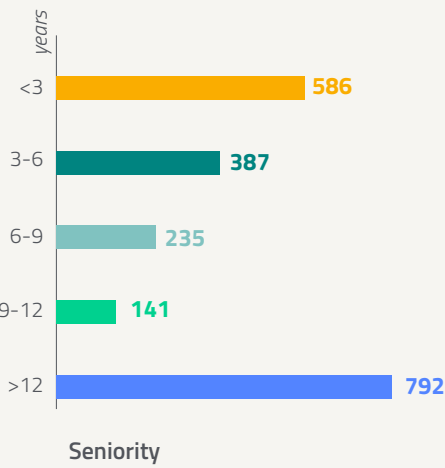
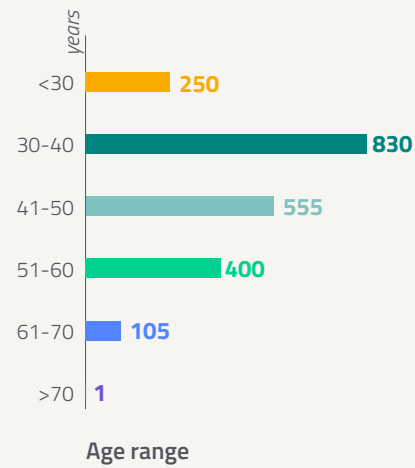
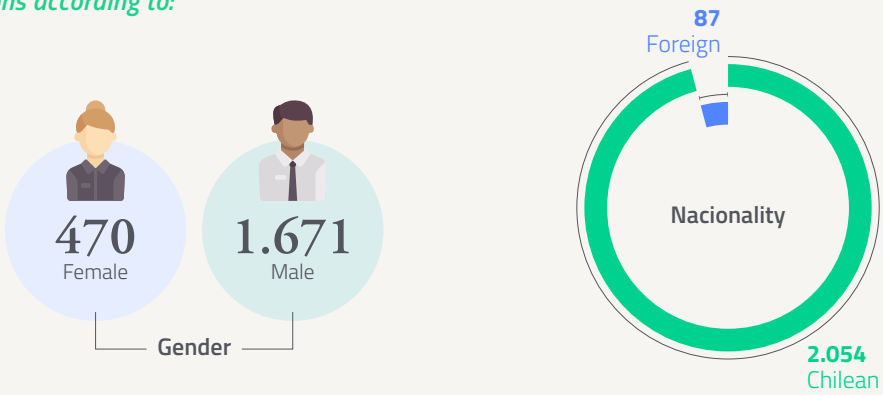


Composition and diversity of the management of IAM and its subsidiaries

Staffing per company as of December 31st, 2019

	IAM	AGUAS ANDINAS	AGUAS CORDILLERA	AGUAS MANQUEHUE	ESSAL	ECORILES	ANÁLISIS AMBIENTALES	GESTIÓN Y SERVICIOS	AGUAS DEL MAIPO
Executives	2	60	5	0	11	3	2	3	0
Headship	1	91	9	0	42	8	6	3	1
Professional	0	427	17	2	132	35	104	13	0
Technicians	0	213	36	5	66	15	121	4	1
Administrative staff	1	36	4	0	50	4	9	6	0
Operators	0	250	50	7	103	166	11	6	0
	4	1077	121	14	404	231	253	35	2

Nº of persons according to:



OTHER INSTANCES OF CORPORATE GOVERNMENT

Ethics Code

IAM has a Code of Ethics, which contains the fundamental principles of the company, among which are: to comply with laws and regulations, to embed a culture of integrity, to show loyalty and honesty, and to respect all people. These principles must be applied to shareholders, customers, competitors, the local community and the environment.

For more information on the Code of Ethics, please visit www.iam.cl

Dissemination of information about Corporate Government Practices (NCG N° 385)

In December 2015, the Board of Directors of IAM approved a series of policies, procedures and protocols within the framework of NCG No. 385, which were included in the document called "Compendium of Corporate Governance Policies and Procedures", and which was reported to the Superintendency of Securities and Insurance on March 31st, 2016, and which are currently in force in the company.

This compendium is published on the IAM website.

Code of Conduct of the Board of Directors

As part of the rules of good corporate governance, IAM has a Code of Conduct applicable to all the company's Directors, in relation to situations of conflict of interest that they may face.

This code contains, among others:

- ▶ *Identification of the main situations that make up a conflict of interest.*
- ▶ *Mechanisms to avoid conflicts of interest.*
- ▶ *Procedure for declaring conflicts of interest.*
- ▶ *How to resolve conflicts of interest.*

The code additionally mentions situations that, although not specifically contained in the law, if poorly resolved could end up affecting the company interests.

Crime prevention Models

The company has a Crime Prevention Model, which allows for accreditation of compliance with the company's oversight and management duties.

This model establishes rules, protocols and procedures as crime prevention measures, which every person in the company must respect, including suppliers and contractors. For greater control, the Board of Directors appointed a compliance officer, called the Crime Prevention Official.

Evaluation of Corporate Governance

The Board of Directors of IAM acordó has a formal procedure of continuous improvement, of biennial periodicity, to detect and implement eventual improvements in its organization and functioning.

This procedure considers the advice of an expert from outside society for the detection and implementation of these areas of reinforcement.

Anti-Corruption Policy

The IAM Code of Ethics recognizes integrity as one of the basic principles of its corporate culture, and disapproves of corruption in all its forms.

The company maintains that fairness, integrity and impartiality must govern the relations between workers, managers and representatives, así as those generated with all those who relate directly or indirectly with IAM, whether they are natural persons or individuals, and whether they come from the public or private world.

In this context, IAM's Anti-Corruption Policy is intended to serve as a guide for the actions of its staff, providing guidance on what the company expects and requires when dealing with public servants and in general with third parties, including suppliers and the company's own employees.

Investor Relations

IAM's Investor Relations area is responsible for managing relationships and delivering timely information to the company's investors and shareholders.

The contact for this area is duly identified on the company's website, www.iam.cl, a site that includes financial analysis tools, corporate presentations, along with related news and events.

The area holds permanent meetings and individual conference calls with local and international institutional investors, and participates in local and international conferences.

ASSENTIAL FACTS

1.

ON APRIL 9th, 2019 THE CMF HAS BEEN INFORMED THAT Mrs. Giorgiana Cuneo Queirolo has resigned from her position as assistant director of the society as of April 09, 2019.

2.

ON JUNE 26th 2019 THE CMF WAS INFORMED THAT compliant with Article 10, Section 9 and Subsection 2 of Law 18,045, as well as General Rule No. 30 of the Financial Market Commission, hereby communicates as an essential fact regarding the Company, its business, its public offering securities or the offering thereof, the following that on June 23rd 2019 the shareholder Suez Inversiones Aguas del Gran Santiago Limitada, the holder of more than 10% of the subscribed and paid-up capital of Inversiones Aguas Metropolitanas S.A, requested the Board of Directors of the latter, in accordance with the provisions of Article 58(3) of Law 18,046 on Corporations, to call an Extraordinary Shareholders’ Meeting to be held within the next 30 days, in order to revoke the current Board of Directors of the Company and appoint a new Board of Directors for a statutory period. All of this is in response to the organizational changes that have taken place in the Suez Group’s parent companies, as well as the fact that there are vacant positions in the Company for substitute directors that should be appointed.

In consideration of the aforementioned, the Board of Directors has agreed in its meeting held today, to call an Extraordinary Shareholders Meeting for the next July 24th at 3 p.m., to be held in Avenida President Balmaceda 1398, 10th floor.

3.

ON JULY 24th 2019 THE CMF WAS INFORMED THAT in accordance with Article 10, Section 9 and Subsection 2 of Law 18,045, as well as General Rule No. 30 of the Financial Market Commission, hereby communicates as an essential fact with respect to the Company, its business, its public offering securities or the offering thereof, the following

That this afternoon the Eighth Extraordinary Shareholders’ Meeting of the Company was held, at which the Board of Directors was renewed by revoking it and electing a new Board of Directors, and the following persons were elected:

	REGULAR DIRECTOR	ALTERNATE DIRECTOR
1	Felipe Larrain Aspillaga	Albert Martínez Lacambra
2	Alberto Muchnick Mlynarz	Andrés Muchnick Cruz
3	Herman Chadwick Piñera	Narciso Berberana Sáenz
4	Ignacio Guerrero Gutiérrez	Rodrigo Castro Fernández
5	Rodrigo Azócar Hidalgo	Carlos Mladinic Alonso
6	Hernán Cheyre Valenzuela	Hugo Silva Raveau
7	Luis Enrique Álamos Olivos	María José Uauy Cúneo

It is recorded that the directors Luis Enrique Álamos and María José Uauy have been elected as independent directors.

The Board of Directors of the Company then met and unanimously agreed to appoint Mr. Felipe Larrain as President of the Board and of the Company and Mr. Alberto Muchnick as Vice President.

It was also agreed that Luis Enrique Alamos, Herman Chadwick and Ignacio Guerrero and their respective alternates would be members of the Directors’ Committee.The Directors’ Committee then met, electing Mr. Alamos Olivos as Chairman.

4.

ON NOVEMBER 14th 2019 THE CMF WAS INFORMED THAT in accordance with Article 10 of the D.F.L. MOP No. 70/1988, Law on Tariffs for Sanitary Services, and Article 6 of D.S. MINECON No. 453/1989, Regulation of the Law on Tariffs for Sanitary Services, within the framework of the Seventh Tariff Process of the subsidiary of the Company Aguas Andinas S.A, in which the Superintendence of Sanitary Services (the “SISS”) and Aguas Andinas S.A. are parties, the tariff level was established for the five-year period 2020-2025, by means of a document signed on this date.

In accordance with the provisions, the agreed tariff level as of December 31st, 2018 (reference date established in the Tariff Bases set by the SISS), amounts to a Total Net Long Term Cost (CTLPN) of \$397,058 million pesos, which represents a downward variation of -3% compared to the tariffs agreed for the five-year period 2010-2015 for the current services and standards.

Additional works in construction are contemplated, which will apply with the entry into operation of the same, including (i) the Pirque Ponds for a CTLPN of \$ 6.596 million pesos, (ii) works aimed at improving the quality of treated wastewater and its disposal such as the nutrient removal works at the Farfana and Trebal treatment plants for a CTLPN of \$ 4,900 million pesos, and the encapsulation of biosolids at El Rutal for a CTLPN of \$1,087 million pesos.

It also considers a series of works to face extreme turbidity events for up to 37 hours of autonomy, for a CTLPN of \$ 2,399 million pesos, and up to 48 hours for a CTLPN of \$ 3,047 million pesos.

Finally, it should be noted that Aguas Andinas S.A. has also committed to new fundamental works to tackle drought and climate change, which will be incorporated into the Company’s updated Development Plan, subject to approval by the SISS, highlighting (i) works to reuse 3 m³/s of wastewater, (ii) extension of the La Florida Plant by 1 m³/s, (iii) boreholes in the central aquifer by

1.8 m³/s, and (iv) investments to reduce losses in the network and re-purification of wastewater.

For a better understanding of the agreed tariff regime, Article 4 of the Law on Tariffs for Sanitary Services defines the CTLPN as the constant annual value required to cover the costs of efficient operation and investment of an optimized replacement project of the concessionaire, sized to meet the demand, consistent with a net present value of the project equal to zero, in a horizon not less than

Thirty-five years. In short, this concept corresponds to the income (under a theoretical demand) of a sanitary company, from which the part corresponding to the networks and installations contributed by third parties has been discounted from the replacement value of the investment project of the concessionaire. The values indicated above correspond to the current service collection (CTLPN) obtained by applying the updated annual demand for the years 2020-2025, to the new agreed and indexed tariffs as of December 31st, 2018.

It should be noted that it is not possible to determine exactly the magnitude of the impact on results that the new tariffs will have on the financial statements of our subsidiary Aguas Andinas S.A., given that this tariff regime is only one of many elements that contribute to determining the results of each year, including factors

such as potable water consumption, costs, expenses, applicable indexation polynomial, among others.

Finally, the established tariff formulas will be set by decree of the Ministry of Economy, Development and Tourism, which must be published in the Official Journal before the date of entry into force, i.e. March 2020.

5.

ON DECEMBER 18th, 2019, THE CMF WAS INFORMED THAT the Board of Directors of the Company, in an ordinary meeting held on the same date, has unanimously agreed to distribute the amount of Ch\$22,262,000,000, on account of the profits of the year 2019, as an interim dividend.

Due to the above, the Company's provisional dividend number 33 will amount to \$22,262 per share and will be payable as of January 23, 2020.



8 GENERAL INFORMATION

With our activity we seek to
generate value and progress
for the country.

IDENTIFICATION OF THE COMPANY

Name: Inversiones Aguas Metropolitanas S.A.

Legal address: 4800 Apoquindo Avenue, Tower II, floor 20, Las Condes, Chile.

RUT: 77.274.820-5

Telephone: (56-2) 2739 6600

Business: Investment in shares of the Chilean corporation Aguas Andinas S.A.; and the provision of all kinds of advisory, consulting and services related to the transfer of technology and know-how, technical assistance, business and project administration, especially those related to the management and operation of businesses in the sanitary field.

Registration in the Securities Registry: No. 0912, dated August 19, 2005.

Stock Information

Stock exchange code

Single Series: IAM

Shareholder information

Central Securities Deposit

Address: 1730 Los Conquistadores Avenue, 24th floor, Providencia, Chile.

Telephone: (56-2) 2393 9003

Fax: (56-2) 2393 9101

Offices of the Company

Address: 4800 Apoquindo Avenue, Tower II, floor 20, Las Condes, Chile.

Telephone: (56-2) 2739 6600

email: inversionista@aguasmetropolitanas.cl

Legal incorporation of the company

The company was incorporated by public deed dated May 19th, 1999, granted in the Notary's Office of Santiago by Mr. Juan Ricardo San Martín Urrejola. An extract of it was registered on pages 11,226, No. 9,027, in the Commercial Registry of the Santiago Real Estate Conservative in 1999, and published in the Official Gazette on May 22, 1999.

The articles of association have been amended several times, among which the most important is the reform of the articles of association, which is recorded in a public deed dated July 15th, 2005, granted at the Santiago Notary's Office of Mr. Iván Torrealba Acevedo, through which its partners agreed, in accordance with Articles 96 and following of Law No. 18,046, on Corporations, to change the species or social type of the company, transforming it into a corporation, continuing legally its legal personality.

An excerpt from this change was recorded on the 25,668, No. 18,587, at the Commercial Registry of the Santiago's Real Estate Commissioner of the Year 2005, and was published in the Official Journal on 25 July 2005.

Sanitary Regulation

The Chilean sanitary industry is governed by a set of laws and regulations. The main legal bodies are:

- ▶ General Law on Health Services (DFL MOP No. 382 of 1988). It contains the provisions that regulate the regime of concessions and the activity of sanitary service providers.
- ▶ Reglamento de la Ley General de Servicios Sanitarios (DS MOP N° 1199/2004, published in November 2005). Establishes the regulations that allow the application of the General Law on Sanitary Services (replaces DS MOP No. 121 of 1991).
- ▶ Ley de Tarifas de Servicios Sanitarios (DFL MOP No. 70 of 1988). Contains provisions regulating the setting of rates for potable water and sewerage and reimbursable financing contributions
- ▶ Reglamento de la Ley de Tarifas de Servicios Sanitarios (DS MINECON No. 453 of 1990). It contains the regulatory norms that allow the application of the Law of Sanitary Services Tariffs, including the methodology for calculating tariffs and administrative procedures.
- ▶ Law creating the Superintendence of Health Services (Law No. 18,902 of 1990). It establishes the functions of this service.
- ▶ Law on Subsidies for the Payment of Potable Water Consumption and Sewerage Services (Law N° 18,778 of 1989). Establishes a subsidy for the payment of potable water and sewerage service.
- ▶ Reglamento de la Ley de Subsidio (DS Hacienda N° 195 de 1998). Contains the regulatory provisions for the application of the Subsidy Law.
- ▶ DS MOP No. 214/05, Regulation of Article 67 of the General Law on Sanitary Services. Establishes the requirements for public bidding processes, which are mandatory for sanitary providers.

ACCOUNTABILITY STATEMENT

The Directors of Inversiones Aguas Metropolitanas S.A., together with their General Manager, who have signed this statement, are accountable under oath for the accuracy of the information provided in this Annual Report, in accordance with the provisions of General Rule No. 30 of the Financial Market Commission (CMF).



Felipe Larrain Aspíllaga

R.U.T.: 6.922.002-9

President



Alberto Muchnick Mlynarz

R.U.T.: 6.447.493-6

Vicepresident



Herman Chadwick Piñera

R.U.T.: 4.975.992-4

Director



Rodrigo Azócar Hidalgo

R.U.T.: 6.444.699-1

Director



Ignacio Guerrero Gutiérrez

R.U.T.: 5.546.791-9

Director



Hernán Cheyre Valenzuela

R.U.T.: 6.375.408-0

Director



Luis Enrique Álamos Olivos

R.U.T.: 7.275.527-8

Director



Laureano Cano Iniesta

R.U.T.: 25.374.056-6

General Manager

9 FINANCIAL STATEMENTS



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Avda. Presidente
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Las Condes, Santiago

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www.eychile.cl

Independent Auditor's Report

(Translation of the report originally issued in Spanish)

Shareholders and the Board of Directors
Inversiones Aguas Metropolitanas S.A.

We have audited the accompanying consolidated financial statements of Inversiones Aguas Metropolitanas S.A. and its subsidiaries ("the Company"), which comprise the consolidated statements of financial position as of December 31, 2019 and 2018, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards. This responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Generally Accepted Auditing Standards in Chile. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the consolidated financial statements of the entity in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Inversiones Aguas Metropolitanas S.A. and its subsidiaries as of December 31, 2019 and 2018, and the results of their operations and their cash flows for the years then ended, in accordance with International Financial Reporting Standards.



Luis Martinez M.
EY Audit SpA

Santiago, March 25, 2020

INVERSIONES AGUAS METROPOLITANAS S.A. CONSOLIDATED FINANCIAL POSITION STATEMENTS

As of December 31st 2019 and 2018

(Thousands of pesos - ThCh\$)

ASSETS	NOTE	31-12-19 THCH\$	31-12-18 THCH\$
CURRENT ASSETS			
Cash and cash equivalents	4	73,057,118	41,087,276
Other non-financial assets		2,453,658	2,336,565
Trade and other accounts receivable	5	115,960,086	116,829,372
Accounts receivable from related parties	6	24,908	90,778
Inventories	7	3,810,599	3,636,388
Tax assets		3,386,809	5,748,762
Total current assets other than assets or groups of assets for disposal classified as held for sale or held for distribution to owners		198,693,178	169,729,141
TOTAL CURRENT ASSETS		198,693,178	169,729,141
NON-CURRENT ASSETS			
Other financial assets	8	7,852,912	7,852,912
Other non-financial assets		3,037,505	495,067
Tariffs receivable	5	4,251,661	4,500,020
Intangible assets other than capital gains	9	223,786,740	224,864,424
Added value	10	307,581,431	307,581,431
Property, plant and equipment	11	1,499,113,991	1,440,115,150
Deferred tax assets	13	29,528,508	23,499,561
TOTAL NON-CURRENT ASSETS		2,075,152,748	2,008,908,565
TOTAL ASSETS		2,273,845,926	2,178,637,706

EQUITY AND LIABILITIES	NOTE	31-12-19 THCH\$	31-12-18 THCH\$
CURRENT LIABILITIES			
Other financial liabilities	14	37,889,164	33,963,316
Commercial and other accounts payable	15	143,795,399	148,136,578
Accounts payable to related entities	6	29,933,892	35,775,570
Other provisions	16	3,732,169	2,992,246
Tax liabilities		2,028,368	285,566
Employee benefits provisions	17	5,233,058	5,546,049
Other non-financial liabilities	18	19,996,231	16,228,362
Total current liabilities other than liabilities included in disposal groups classified as held for sale		242,608,281	242,927,687
TOTAL CURRENT LIABILITIES		242,608,281	242,927,687
NON-CURRENT LIABILITIES			
Other financial liabilities	14	1,004,909,555	912,513,179
Other accounts payable	15	1,159,317	983,335
Other provisions	16	1,380,132	1,341,233
Deferred tax liabilities	13	33,860,706	35,719,583
Employee benefits provisions	17	20,768,569	17,338,241
Other non-financial liabilities	18	10,031,855	9,113,389
TOTAL NON-CURRENT LIABILITIES		1,072,110,134	977,008,960
TOTAL LIABILITIES		1,314,718,415	1,219,936,647
HERITAGE			
Issued capital	19	468,358,402	468,358,402
Accumulated earnings	19	163,450,275	160,583,574
Other equity holdings	19	(37,268,415)	(37,268,415)
Equity attributable to the owners of the holding company		594,540,262	591,673,561
Non-controlling interests	20	364,587,249	367,027,498
TOTAL EQUITY		959,127,511	958,701,059
TOTAL EQUITY AND LIABILITIES		2,273,845,926	2,178,637,706

The accompanying notes 1 to 33 are an integral part of these consolidated financial statements.

INVERSIONES AGUAS METROPOLITANAS S.A.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME BY ACCOUNT

For the years ended December 31st 2019 and 2018
(Thousands of pesos - ThCh\$)

INCOME STATEMENTS BY ACCOUNT	NOTE	31-12-19 THCH\$	31-12-18 THCH\$
Income from ordinary activities	21	544,679,496	530,400,417
Raw materials and consumables used		(46,149,671)	(39,229,587)
Employee benefit expenses	17	(60,189,175)	(59,532,548)
Other expenses, by account	22	(139,307,950)	(122,931,757)
Depreciation and amortization expenses	9-11	(76,263,042)	(75,472,412)
Other (loss) earnings	23	14,232,177	(1,117,499)
Gain (loss) on operating activities		237,001,835	232,116,614
Financial income	23	5,792,603	5,885,519
Financial Costs	23	(30,316,227)	(29,998,359)
Exchange rate differences	24	(482,970)	(84,889)
Incomes by adjustment units	25	(23,529,974)	(23,022,689)
Profit before taxes		188,465,267	184,896,196
Income tax expense	13	(49,810,305)	(46,617,680)
Profit from continuing operations		138,654,962	138,278,516
PROFIT		138,654,962	138,278,516
PROFIT ATTRIBUTABLE TO			
Profit attributable to the owners of the holding company		69,918,238	67,127,660
Profit attributable to non-controlling interests	20	68,736,724	71,150,856
PROFIT		138,654,962	138,278,516
EARNINGS PER SHARE			
Basic earnings per share in continuing operations (\$)	27	69.918	67.128
BASIC EARNINGS PER SHARE (\$)		69.918	67.128

COMPREHENSIVE INCOME STATEMENTS	NOTE	31-12-19 THCH\$	31-12-18 THCH\$
Profit		138,654,962	138,278,516
OTHER COMPREHENSIVE INCOME			
Components of other comprehensive income not to be reclassified to profit or loss for the period, before taxes			
Actuarial profit (losses) for defined benefit plans	17	(2,487,505)	(1,534,815)
Other comprehensive income that will not be reclassified to income for the period, before taxes		(2,487,505)	(1,534,815)
Income taxes relating to components of other comprehensive income that will not be reclassified to profit or loss			
Income taxes related to defined benefit plans		671,626	289,002
Income taxes relating to components of other comprehensive income that will not be reclassified to profit or loss		671,626	289,002
TOTAL OTHER COMPREHENSIVE INCOME		(1,815,879)	(1,245,813)
TOTAL COMPREHENSIVE INCOME		136,839,083	137,032,703
COMPREHENSIVE INCOME ATTRIBUTABLE TO			
Comprehensive income attributable to the owners of the parent company		68,994,300	66,551,250
Comprehensive income attributable to non-controlling interests		67,844,783	70,481,453
TOTAL INTEGRAL INCOME		136,839,083	137,032,703

The accompanying notes 1 to 33 are an integral part of these consolidated financial statements.

INVERSIONES AGUAS METROPOLITANAS S.A.
CONSOLIDATED STATEMENTS OF DIRECT CASH FLOWS

For the years ended December 31st 2019 and 2018
(Thousands of pesos - ThCh\$)

DIRECT CASH FLOW STATEMENTS	NOTE	31-12-19 THCH\$	31-12-18 THCH\$
Collections from sales of goods and services		642,590,023	627,029,422
Collections of premiums and benefits, annuities and other policy benefits		635,346	1,183,157
Other collections from operating activities		4,363,444	1,318,859
Types of receivables from operating activities		647,588,813	629,531,438
Payments to suppliers for the provision of goods and services		(226,960,153)	(197,928,741)
Payments to and on behalf of employees		(61,774,863)	(65,819,533)
Payments for premiums and benefits, annuities and other obligations arising from policies taken out		(2,584,782)	(962,975)
Other payments for operating activities		(55,634,576)	(51,465,553)
Types of cash payments from operating activities		(346,954,374)	(316,176,802)
Interest paid		(22,015,973)	(23,504,622)
Interest received		824,207	843,116
Income taxes paid (refunded)		(48,421,994)	(44,678,191)
Other cash inflows (outflows)		(2,402,785)	(1,624,855)
Cash flows from (used in) operations		(72,016,545)	(68,964,552)
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		228,617,894	244,390,084
Amounts from the sale of property, plant and equipment		18,206,781	5,108,439
Purchases of property, plant and equipment		(141,942,620)	(137,241,349)
Purchases of intangible assets		(12,455)	(297,701)
Other cash inflows (outflows)		(2,020,253)	(3,022,315)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		(125,768,547)	(135,452,926)

DIRECT CASH FLOW STATEMENTS	NOTE	31-12-19 THCH\$	31-12-18 THCH\$
Amounts from long-term loans		80,400,956	113,109,288
Amounts from short-term loans		76,731,863	51,654,646
Amounts from loans, classified as financing activities		157,132,819	164,763,934
Loan repayments		(93,244,419)	(110,230,806)
Dividends paid		(134,326,706)	(142,091,345)
Other cash inflows (outflows)		(441,199)	(94,873)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		(70,879,505)	(87,653,090)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		31,969,842	21,284,068
Cash and cash equivalents at the beginning of the period		41,087,276	19,803,208
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4	73,057,118	41,087,276

The accompanying notes 1 to 33 are an integral part of these consolidated financial statements.

INVERSIONES AGUAS METROPOLITANAS S.A.
STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31st 2019 and 2018
(Thousands of pesos - ThCh\$)

STATEMENTS OF CHANGES IN EQUITY	NOTE	ISSUED CAPITAL THCH\$	OTHER EQUITY HOLDINGS THCH\$	RESERVE FOR ACTUARIAL PROFIT OR LOSSES ON DEFINED BENEFIT PLANS THCH\$	ACCUMULATED PROFIT (LOSSES) THCH\$	ASSETS ATTRIBUTABLE TO THE OWNERS OF THE CONTROLLED COMPANY THCH\$	NON-CONTROLLING INTERESTS THCH\$	TOTAL EQUITY THCH\$
OPENING BALANCE AT 01-01-2019		468,358,402	(37,268,415)	-	160,583,574	591,673,561	367,027,498	958,701,059
Profit		-	-	-	69,918,238	69,918,238	68,736,724	138,654,962
Another integral income	19	-	-	(923,938)	-	(923,938)	(891,941)	(1,815,879)
INTEGRAL INCOME		-	-	(923,938)	69,918,238	68,994,300	67,844,783	136,839,083
Dividends		-	-	-	(66,127,599)	(66,127,599)	-	(66,127,599)
Decrease due to transfers and other changes		-	-	923,938	(923,938)	-	(70,285,032)	(70,285,032)
TOTAL CHANGES IN EQUITY		-	-	-	2,866,701	2,866,701	(2,440,249)	426,452
FINAL BALANCE AS OF 31-12-2019	19-20	468,358,402	(37,268,415)	-	163,450,275	594,540,262	364,587,249	959,127,511

STATEMENTS OF CHANGES IN EQUITY	NOTE	ISSUED CAPITAL THCH\$	OTHER EQUITY HOLDINGS THCH\$	RESERVE FOR ACTUARIAL PROFIT OR LOSSES ON DEFINED BENEFIT PLANS THCH\$	ACCUMULATED PROFIT (LOSSES) THCH\$	ASSETS ATTRIBUTABLE TO THE OWNERS OF THE CONTROLLED COMPANY THCH\$	NON-CONTROLLING INTERESTS THCH\$	TOTAL EQUITY THCH\$
OPENING BALANCE AT 01-01-2018		468,358,402	(37,268,415)	-	162,398,164	593,488,151	371,326,421	964,814,572
Profit		-	-	-	67,127,660	67,127,660	71,150,856	138,278,516
Another integral income	19	-	-	(576,410)	-	(576,410)	(669,403)	(1,245,813)
INTEGRAL INCOME		-	-	(576,410)	67,127,660	66,551,250	70,481,453	137,032,703
Dividends		-	-	-	(68,365,840)	(68,365,840)	-	(68,365,840)
Decrease due to transfers and other changes		-	-	576,410	(576,410)	-	(74,780,376)	(74,780,376)
TOTAL CHANGES IN EQUITY		-	-	-	(1,814,590)	(1,814,590)	(4,298,923)	(6,113,513)
FINAL BALANCE AS OF 31-12-2018	19-20	468,358,402	(37,268,415)	-	160,583,574	591,673,561	367,027,498	958,701,059

The accompanying notes 1 to 33 are an integral part of these consolidated financial statements.

INVERSIONES AGUAS METROPOLITANAS S.A. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31st 2019 and 2018

(Thousands of pesos - ThCh\$)

Note 1. *General information*

Inversiones Aguas Metropolitanas S.A. ("IAM" or the "Company") and its subsidiaries form the Inversiones Aguas Metropolitanas S.A. Group. (hereinafter the "Group"). Its legal address is Apoquindo N°4800, Tower 2, office 2001, 20th floor, Las Condes, Santiago, Chile and its RUT is 77.274.820-5.

IAM was set up on 19 May 1999 by the companies Aguas de Barcelona S.A. ("AGBAR") and Suez Environnement as a limited liability company, in order to take part in the process of privatization of Empresa Metropolitana de Obras Sanitarias ("EMOS"), currently Aguas Andinas S.A.

IAM was awarded the share package in the international tender carried out by the Corporación de Fomento de la Producción (CORFO), subscribed a capital increase and bought additional shares in the Stock Exchange, thus controlling 51.2% of the share capital of Aguas Andinas S.A. (ex EMOS).

In July 2005, the company was transformed into an open joint stock company and restricted its corporate purpose, which was limited to investment in shares of Aguas Andinas S.A. and the provision of all kinds of advisory, consulting and services related to technology and know-how transfer, technical assistance, business and project management, especially those related to the management and operation of businesses in the sanitary field.

In November 2005, IAM was opened to the stock market by placing a package of shares corresponding to 43.4% of its ownership, which incomeed in the incorporation of new shareholders.

In 2006, IAM sold 1.1% of its shares in Aguas Andinas S.A., retaining 50.1% of its shares, which allowed it to maintain control of the water supply system.

In 2007, it implemented a Level I ADR program, which made it possible to trade its shares in the over-the-counter market in the United States.

The Company is the parent company of four sanitation companies, three in the Greater Santiago area (Aguas Andinas S.A., Aguas Cordillera S.A. and Aguas Manquehue S.A.) and one in the Los Ríos and Los Lagos region (Empresa de Servicios Sanitarios de Los Lagos S.A. (ESSAL S.A.)). In order to provide a comprehensive service within its line of business, the Company has non-healthcare subsidiaries, providing services such as liquid industrial waste treatment (EcoRiles S.A.), laboratory analysis (Análisis Ambientales S.A.), marketing of materials and other services related to

the healthcare sector (Gestión y Servicios S.A.) and carrying out activities associated with water use rights and energy projects derived from healthcare company facilities and assets (Aguas del Maipo S.A.).

The Company and its subsidiaries Aguas Andinas S.A. and ESSAL S.A. The following are registered in the Securities Registry of the Financial Market Commission under No. 912, No. 346 and No. 524, respectively. The subsidiaries Aguas Cordillera S.A. and Aguas Manquehue S.A., are registered in the Special Register of Reporting Entities of the Financial Market Commission under No. 170 and No. 2, respectively. As companies in the health sector, they are regulated by the Superintendency of Health Services, in accordance with Law No. 18,902 of 1989 and Decrees with Force of Law No. 382 and No. 70, both of 1988.

For the purposes of preparing consolidated financial statements, a group is deemed to exist when the parent company has one or more subsidiaries over which the parent company has control, either directly or indirectly. The accounting policies applied in the preparation of the Group's consolidated financial statements are detailed in Note 2.2.

The direct controlling entity is Suez Inversiones Aguas del Gran Santiago Ltda. ("SIAGSA"), which is 50.1% owned by Suez Andina S.A. and controlled by Suez Spain, S.L., a company based in Spain and one of the largest health service operators in the world, which is in turn controlled by Suez Groupe, S.A.S. (France).

Note 2.

Basis of preparation and accounting policies

2.1 Basis of preparation

These consolidated financial statements correspond to the consolidated Financial Position Statements at December 31st 2019 and 2018 and the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31st 2019 and 2018, which have been prepared in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), and represent the full, explicit and unreserved adoption of the aforementioned IFRS.

The Group complies with the legal conditions of the environment in which it opetariffs, in particular the health subsidiaries with respect to the regulations specific to the health sector. The Group companies present normal operating conditions in each area in which they carry out their activities, their projections show a profitable operation and they have the capacity to access the financial system to finance their operations, which in the opinion of management determines their capacity to continue as an ongoing concern, as established in the accounting standards under which these consolidated financial statements are issued.

Functional and presentation currency

The financial statements of each of the Group companies are shown in the currency of the main economic environment in which the companies operate (functional currency). For purposes of the consolidated financial statements, the incomes and financial position of each Group company are expressed in Chilean pesos (rounded up to thousands of pesos), which is the functional currency of the Company and its subsidiaries, and the presentation currency for the consolidated financial statements.

New accounting pronouncements

The standards and interpretations, as well as the improvements and modifications to IFRSs, which have been issued, effective as of the date of these financial statements, are detailed below. The Company has applied these standards and concluded that they did not significantly affect the financial statements.

STANDARDS AND INTERPRETATIONS	DATE OF MANDATORY APPLICATION
IFRS 16, Leases	Annual periods beginning on or after January 1st 2019
IFRIC 23, Treatment of Uncertain Tax Positions	Annual periods beginning on or after January 1st 2019

AMENDMENTS	DATE OF MANDATORY APPLICATION
IFRS 3, Business combinations - interests previously held in a joint venture	Annual periods beginning on or after January 1st 2019
IFRS 9, Financial Instruments - Negative Offset Payments	Annual periods beginning on or after January 1st 2019
IFRS 11, Joint arrangements - interests previously held in a joint operation	Annual periods beginning on or after January 1st 2019
IAS 12, Income taxes - tax consequences of payments related to financial instruments classified as equity	Annual periods beginning on or after January 1st 2019
IAS 23, Borrowing Costs - Costs of Loans Eligible for Capitalization	Annual periods beginning on or after January 1st 2019
IAS 28, Investments in Associates - Long-Term Investments in Associates or Joint Ventures	Annual periods beginning on or after January 1st 2019
IAS 19, Employee Benefits - Plan Modification, Reduction or Liquidation	Annual periods beginning on or after January 1st 2019

IFRS 16 “Leases”

IFRS 16, issued in January 2016 by the IASB, sets out principles for the recognition, measurement and presentation of leases and associated disclosures. The new standard replaced IAS 17 Leases and its interpretations: IFRIC 4 “Determining whether an arrangement contains a lease”, “SIC 15 “Operating Leases - Incentives”, SIC 27 “Evaluating the substance of transactions taking the legal form of a lease”. The standard began to be applied effective January 1st 2019.

Lessee’s accounting: IFRS 16 introduces a single model for lease accounting and requires a lessee to recognise the assets and liabilities of all leases with a duration of more than 12 months unless the underlying asset is low value. The lessee should recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

The lessee measures rights-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a income, the lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash refunds of the lease liability into a portion of principal and a portion of interest and presents them in the cash flow statement using IAS 7 Statement of Cash Flows.

Lessor’s accounting: no material change from IAS 17. The lessor will continue to classify leases under the same principles of the current standard as operating or finance leases.

The main effects arising from the application of this Standard in the Group are those related to the leasing of buildings and vehicle fleets. As a income of the change in the accounting model for lessees, the Group has recognized an increase in current and non-current liabilities for a total amount of ThCh\$ 1,741,784 at January 1st 2019, due to the recognition of lease liabilities, and an increase in non-current assets for the same amount, as a income of the recognition of rights of use arising from such contracts.

As a income, at the end of the fourth quarter of 2019, the Group recognized higher financial expenses associated with new lease liabilities of ThCh\$ 79,292 and higher depreciation associated with rights of use of ThCh\$ 1,316,064.

IFRIC Interpretation 23 Uncertainty in the Treatment of Income Taxes

The Interpretation addresses the accounting for income taxes when the tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes. It does not apply to taxes or levies that are outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- ▶ *If an entity considers uncertain tax treatments separately*
- ▶ *The assumptions an entity makes about the examination of tax treatments by tax authorities*
- ▶ *How an entity determines taxable income (tax loss), tax bases, unused tax losses, unused tax credits and tax tariffs*
- ▶ *How an entity considers changes in facts and circumstances*

The Company determines whether to consider each uncertain tax treatment separately or together with one or more uncertain tax treatments. The approach that best predicts the resolution of uncertainty should be followed.

The Company applies significant judgment in identifying uncertainties in income tax treatments.

Management considers that its tax contingencies are being measured in a manner that complies with the requirements of IFRIC 23, concluding that it has no impact on the consolidated financial statements.

Standards and interpretations, as well as improvements and amendments to IFRSs, which have been issued but have not yet become effective as at the date of these financial statements, are detailed below. The Company has not applied these standards in advance.

STANDARDS AND INTERPRETATIONS	DATE OF MANDATORY APPLICATION
Conceptual framework (revised)	Annual periods starting on or after January 1st 2020
IFRS 17, Insurance Contracts	Annual periods beginning on or after January 1st 2021

AMENDMENTS	DATE OF MANDATORY APPLICATION
IFRS 3, Business Combinations - Definition of a Business	Annual periods starting on or after January 1st 2020
IAS 1, Presentation of Financial Statements and IAS 8, Investments in Associates - Definition of Material	Annual periods starting on or after January 1st 2020
IFRS 9, IAS 9 and IFRS 7 - Reference Rate Reform	Annual periods starting on or after January 1st 2020
IFRS 10 and IAS 28, Consolidated Financial Statements - sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Company’s management considers that the adoption of the aforementioned standards, amendments and interpretations, which could be applied to Inversiones Aguas Metropolitanas S.A. and subsidiaries, is in the process of being assessed and it is estimated that, to date, they would not have a significant impact on the Group’s consolidated financial statements in the year of their first application. The Administration is periodically evaluating these implications.

Responsibility for the information and estimates made

The information contained in these consolidated financial statements is the responsibility of the Company’s Board of Directors, which states that all principles and criteria included in International Financial Reporting Standards (IFRS) have been applied.

The Board of Directors, at a meeting held on March 25, 2020, approved these consolidated financial statements. The consolidated financial statements for 2018 were approved by the Board of Directors at its meeting held on March 20, 2019.

Estimates have been used in the preparation of the consolidated financial statements, such as

- ▶ *Property, plant and equipment and intangible life*
- ▶ *Asset valuation and purchased capital gains (goodwill or lower investment value)*
- ▶ *Asset impairment losses*
- ▶ *Assumptions used in the actuarial calculation of employee termination benefits*
- ▶ *Assumptions used for the calculation of the fair value of financial instruments*
- ▶ *Supplies income to be invoiced*
- ▶ *Provisions for commitments to third parties*
- ▶ *Risks arising from ongoing litigation*

Although these estimates and judgments were made on the basis of the best information available at the date of issuance of these consolidated financial statements, events that take place in the future may require the Company to change its estimates and judgments (upwards or downwards) in future periods.

2.2 Accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are described below.

A. Basis of consolidation

The consolidated financial statements include the financial statements of the Company and the entities controlled by the Company (its subsidiaries). Subsidiaries are those entities over which the Group has the power to direct the relevant activities, is entitled to variable returns from its shareholding and the ability to use that power to influence the amounts of the investor’s returns. Subsidiaries are consolidated from the date on which control is transferred to the Group and are excluded from consolidation on the date on which control ceases.

All transactions, balances, profit and losses between Group entities are eliminated on consolidation.

The Company and its subsidiaries have uniform policies used by the Group.

The subsidiaries included in the consolidated financial statements of Inversiones Aguas Metropolitanas S.A. are as follows

R.U.T.	NAME COMPANY	DIRECT %	INDIRECT %	TOTAL 2019 %	DIRECT %	INDIRECTO %	TOTAL 2018 %
61.808.000-5	Aguas Andinas S.A.	50.10234	0.00000	50.10234	50.10234	0.00000	50.10234
96.809.310-K	Aguas Cordillera S.A.	0.00000	99.99003	99.99003	0.00000	99.99003	99.99003
89.221.000-4	Aguas Manquehue S.A.	0.00000	100.00000	100.00000	0.00000	100.00000	100.00000
96.897.320-7	Inversiones Iberaguas Ltda.	0.00000	100.00000	100.00000	0.00000	100.00000	100.00000
96.579.800-5	ESSAL S.A.	0.00000	53.50650	53.50650	0.00000	53.50650	53.50650
96.945.210-3	EcoRiles S.A.	0.00000	100.00000	100.00000	0.00000	100.00000	100.00000
96.828.120-8	Gestión y Servicios S.A.	0.00000	100.00000	100.00000	0.00000	100.00000	100.00000
96.967.550-1	Análisis Ambientales S.A.	0.00000	100.00000	100.00000	0.00000	100.00000	100.00000
76.190.084-6	Aguas del Maipo S.A.	0.00000	100.00000	100.00000	0.00000	100.00000	100.00000

B. Operating segments

IFRS 8 sets out standards for operating segment reporting and related product and service disclosures. Operating segments are defined as components of an entity for which separate financial information exists and is regularly reviewed by management to make decisions about the resources to be allocated to the segments and to evaluate their performance.

The Group manages and measures the performance of its operations by business segment. The operating segments reported internally are as follows:

- Operations related to the sanitary line of business (Water).
- Non-sanitary operations (No Water).

C. Intangible assets other than capital gains

The Company recognizes an identifiable intangible asset when it can demonstrate that it is probable that the future economic benefits that have been attributed to the asset will flow to the entity and the cost can be measured reliably.

i. Separately acquired intangible assets

Separately acquired intangible assets are shown at cost less accumulated amortization and accumulated impairment losses. Depreciation is calculated on a straight-line basis using the estimated useful lives. The estimated useful lives and the method of depreciation are reviewed at the close of each statement of affairs, accounting for the effect of any changes in the estimate on a prospective basis.

ii. Amortization method for intangibles

Intangibles with a defined life span

The depreciation method applied by the Company reflects the pattern in which the future economic benefits of the asset are expected to be used by the entity. For this purpose, the Company uses the straight-line method of depreciation.

Software

The estimated useful life for the software is 4 years. For other assets with a defined useful life, the period of useful life over which they are depreciated corresponds to the periods defined in the contracts or rights that give rise to them..

Intangible assets with an indefinite useful life

Intangible assets with an indefinite useful life relate mainly to water and servitude rights, which were obtained for an indefinite period, as established in the acquisition contracts and the rights obtained from the Directorate-General for Water, which reports to the Ministry of Public Works.

Determination of service life

Factors to be considered for the estimation of useful life include the following:

- Legal, regulatory or contractual limitations.
- Predictable life of the business or industry.
- Economic factors (product obsolescence, changes in demand)
- Expected reactions from current or potential competitors.
- Natural and climatic factors and technological changes that affect the ability to generate benefits

The useful life may require modifications over time due to changes in estimates as a income of changes in assumptions about the above factors.

D. Added value

Goodwill generated in the business combination represents the excess of the cost of acquisition over the Group’s interest in the fair value of the assets and liabilities, including the identifiable contingent liabilities of a subsidiary at the date of acquisition.

The valuation of the assets and liabilities acquired is carried out provisionally on the date on which control is taken of the Company, and is reviewed within a maximum period of one year from the date of acquisition. Until the fair value of the assets and liabilities is definitively determined, the excess between the acquisition price and the carrying amount of the acquired company is provisionally recognized as goodwill.

In the event that the definitive determination of the capital gain is made in the financial statements for the year following that in which the holding was acquired, the items for the previous year presented for comparison purposes are amended to include the value of the assets and liabilities acquired and the definitive capital gain from the date of acquisition of the holding.

The capital gain generated before the date of our transition to IFRS, i.e. January 1st 2008, is maintained at the net value recorded at that date, while the capital gain generated after that date is recorded using the acquisition method.

The goodwill is not amortized, instead at the end of each accounting period it is estimated whether there has been any impairment reducing its recoverable value to an amount lower than the net cost recorded, proceeding, if necessary, to the appropriate adjustment for impairment, as required by IAS 36.

E. Property, plant and equipment

The Company uses the cost method for the valuation of Property, Plant and Equipment. The historical cost includes expenses that are directly attributable to the acquisition of the property.

Subsequent costs are included in the value of the initial asset or recognized as a separate asset only when it is probable that the future economic benefits associated with the items of property, plant and equipment will flow to the Group and the cost of the item can be reliably determined. The value of the replaced component is written off. Other repairs and maintenance are charged to the profit and loss account in the year in which they are incurred.

Depreciation method and estimated useful life for property, plant and equipment

The depreciation method applied by the Company reflects the pattern at which assets are expected to be used by the entity during the period in which they generate economic benefits. For this purpose, the Company uses the straight-line method of depreciation over its technical lifetime, which is based on studies prepared by independent experts (outside specialist companies). The residual value and useful life of assets are reviewed, and adjusted if necessary, at each close of the Statement of Financial Position.

When the value of an asset exceeds its estimated recoverable amount, its value is immediately reduced to its recoverable amount (see Note 29).

Useful lives

The useful lives considered for the purposes of calculating depreciation are based on technical studies prepared by external specialist companies, which are reviewed to the extent that background information emerges that allows the useful life of an asset to be considered to have been modified.

The allocation of the total useful life for the assets is made on the basis of several factors, including the nature of the equipment. Such factors usually include

- 1. Nature of the materials used in the equipment or construction.
- 2. Means of operation of the equipment.
- 3. Intensity of use.
- 4. Legal, regulatory or contractual limitations.

The range of useful life (in years) by type of Asset is as follows:

ITEM	MINIMUM LIFETIME (YEARS)	MAXIMUM LIFETIME (YEARS)
Buildings	25	80
Plant and equipment	5	50
Information technology equipment	4	4
Fixed installations and accessories	5	80
Motor vehicles	7	10
Leasehold improvements	5	5
Other properties, plant and equipment	5	80

Policy on cost estimates for decommissioning, removal or rehabilitation of property, plant and equipment

Due to the nature of the assets that are built in the Company and given that there are no contractual obligations or other constructive requirements such as those mentioned by IFRS and, in the regulatory framework, the concept of decommissioning costs is not applicable at the date of these consolidated financial statements.

Property, Plant and Equipment Sales Policy

The incomes from the sale of property, plant and equipment are calculated by comparing the income obtained with the book value and are recorded in the Consolidated Statement of Comprehensive Income.

F. Impairment of tangible and intangible assets other than goodwill

At each closing date of the Consolidated Statement of Financial Position, the Group reviews the carrying values of its tangible and intangible assets with a defined useful life to determine whether there are any indicators that these assets have suffered an impairment loss. If such indicators exist, the recoverable value of the assets is estimated to determine the amount of the impairment loss (if any). When it is not possible to estimate the recoverable amount of a particular asset, the Group estimates the recoverable value of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives are tested annually for impairment and when there are indicators that the asset may be impaired before the end of the period.

Recoverable value is the higher of fair value less costs to sell and value in use. For the estimation of value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects both the current market conditions of the value of money over time and the specific risks associated with the asset.

When the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of that asset (or cash-generating unit) is adjusted to its recoverable amount and an impairment loss is recognized immediately in income. When an impairment loss reverses, the carrying amount of the asset (or cash-generating unit) is adjusted to the revised estimate of its recoverable amount, provided that the adjusted carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years.

G. Leases

The Group evaluates its leases in accordance with IFRS 16, i.e. if the right to control the use of an identified asset for a period of time is transferred in exchange for consideration. Control is deemed to exist if the customer has (i) the right to obtain substantially all of the economic benefits from the use of an identified asset; and (ii) the right to direct the use of the asset.

When the Group acts as a lessee, at the commencement of the lease (i.e. on the date the underlying asset is available for use) it records in the statement of financial position an asset for the right of use and a liability for the lease.

The Group initially recognizes the right-to-use asset at cost, adjusted by any remeasurement of the lease liability, less accumulated depreciation and accumulated impairment losses. The right-of-use asset is depreciated over the term of the lease. To determine whether the right-of-use asset is impaired, the same criteria are applied as detailed in Note 2.F.

The lease liability is initially measured at the present value of the lease payments, discounted at the company's incremental lending rate, if the interest rate implicit in the lease cannot be readily determined.

After the start date, the lease liability is increased to reflect the accumulation of interest and is reduced by the lease payments made. In addition, the carrying value of the liability is remeasured if there is a change in the terms of the lease (changes in the term, in the amount of the payments or in the assessment of an option to purchase or change in the amounts payable). Interest expense is recognized as a financial cost in the incomes of the period.

Short-term leases of one year or less, or leases of low value assets are exempted from the application of the recognition criteria described above, with payments associated with the lease being recognized as an expense on a straight-line basis over the term of the lease.

When the Group acts as the lessor, it classifies at the beginning of the agreement whether the lease is operating or finance lease, based on the substance of the transaction. Leases that transfer substantially all the risks and rewards incidental to ownership of the underlying asset are classified as finance leases. All other leases are classified as operating leases.

H. Financial Assets

Acquisitions and disposals of financial instruments are recognized on the trading date, i.e. the date on which the Group undertakes to acquire or sell the asset. Investments are derecognized when the rights to receive cash flows from them have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Financial assets are classified into the following categories:

- ▶ *Financial assets at fair value through profit and loss*
- ▶ *Financial assets at fair value through profit and loss*
- ▶ *Financial assets at amortized cost*

The classification depends on the nature and purpose of the financial assets and is determined at initial recognition.

The Company and its Subsidiaries invest in low risk instruments, which comply with classification standards established in their investment policies. Thus, mutual funds must have an AAfm / M1 rating (quotas with very high protection a profit loss, associated with credit risks / quotas with the lowest sensitivity to changes in economic conditions). Fixed-term deposits and covenants are instruments classified as N-1 (Instruments with the highest capacity to pay principal and interest on the agreed terms and conditions).

The issuing institutions of these instruments correspond to banking companies or subsidiaries of banks, with a risk classification of N-1 and their instruments have a risk classification of at least AA (with a very high capacity for payment of capital and interest in the terms and deadlines agreed, which would not be significantly affected by possible changes in the issuer, the industry to which it belongs or in the economy).

i. Effective interest rate method

The effective interest rate method is the method of calculating the amortized cost of a financial asset or liability and the allocation of the interest income or expense over the entire relevant period. The effective interest rate corresponds to the rate that exactly discounts estimated future cash flows receivable during the expected life of the financial asset, and makes the Net Present Value (NPV) equal to its nominal amount.

ii. Fair value through changes in other comprehensive income

For the classification of an asset with fair value through other comprehensive income, the sale of financial assets for which the principal amount is expected to be recovered in a given period of time, in addition to interest if applicable, must be complied with as a principle.

iii. Financial assets at fair value through profit and loss

Financial assets are presented at fair value through profit and loss when the financial asset is held for trading or is designated as at fair value through profit and loss.

Financial assets at fair value through profit or loss are measured at fair value and any incoming profit or losses are recognized in income. The net gain or loss recognized in the incomes includes any dividends or interest received on the financial asset.

The subsidiaries hold shares in Sociedad Eléctrica Puntilla S.A., which have been valued at their fair value at the date of acquisition in accordance with IFRS 9. It is subsequently measured at cost because there is no active market, as required by the same standard.

iv. Financial assets at amortized cost

Loans and receivables

Trade receivables, loans and other accounts receivable are non-derivative financial assets, which have fixed or determinable payments and are not quoted in an active market and are classified as loans and receivables. Loans and receivables are measured at amortized cost using the effective interest rate method, less any impairment losses, except for short-term receivables where recognition of interest would be immaterial.

Trade and other accounts receivable

The commercial debtors correspond to the amounts invoiced for consumption of potable water, sewerage services, wastewater treatment and other services and to the income earned from consumption between the date of the last reading (according to the established monthly calendar) and the closing date of the Financial Statement. These are recorded at the net value of the estimated bad debts or low probability of collection.

The commercial debtor policy is subject to the credit policy, which establishes the payment conditions, as well as the different scenarios to be agreed upon by the defaulting customers.

Impairment policy for trade and other accounts receivable

The Company periodically assesses the losses in value affecting its financial assets. The amount is recorded in the uncollectible provisions account. The carrying amount of the asset is reduced as the provision account is used and the loss is recognized in the consolidated statement of comprehensive income under "other expenses". When an account receivable is uncollectible, it is recorded a profit the allowance for receivables based on the expected credit loss model as set out in IFRS 9.

The estimates are based on recovery statistics, which indicate that after the eighth month of unpaid billing, your chance of recovery is marginal, in other words, the probability of recovering a billed value is minimal.

In the subsidiaries Aguas Andinas S.A., Aguas Cordillera S.A., Aguas Manquehue S.A. and ESSAL S.A. In the case of the Bank of Spain, the debts of customers with more than 8 balances are 100% provisioned.

Additionally, debts for consumption transformed into payment agreements are provided for at 100% of the agreed balance.

Notes receivable with overdue debt are provided for 100%.

I. Inventories

Materials, spare parts and supplies are stated at acquisition cost, which does not exceed net realizable value. The costing method corresponds to the weighted average cost. Every six months, an estimate of impairment is made for those materials that are damaged, partially or totally obsolete, or have had no turnover in the last twelve months and their market price has fallen by more than 20%.

J. Dividend payment policy

The Company's dividend policy, as established in Article 79 of Law 18,046 which governs corporations, is to distribute at least 30% of the net profits of each year. If these dividends do not exist or are less than the minimum established by law, the respective provision will be made.

In addition to this and subject to the authorization of the Ordinary General Meeting of Shareholders, the remaining 70% may be distributed as an additional dividend, provided that the current level of capitalization of the Company is maintained and is compatible with the investment policies.

K. Foreign currency transactions

Assets and liabilities in foreign currencies are presented at the respective year-end exchange tariffs, in accordance with the following parities

CURRENCY	31-12-2019 \$	31-12-2018 \$
US Dollar	748,74	694,77
Euro	839,58	794,75

Foreign currency transactions are translated into the functional currency using the exchange tariffs prevailing at the dates of the transactions. Foreign currency profit and losses incoming from the settlement of these transactions and from the translation at year-end exchange tariffs of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of comprehensive income.

Exchange rate differences are recorded in the incomes of the period in which they are accrued.

L. Financial liabilities

Loans, obligations to the public and similar are initially recorded at fair value, net of transaction costs incurred. Subsequently, they are valued at amortized cost, using the effective interest rate, except for those operations for which hedge contracts have been signed, which are valued in accordance with the following section.

M. Derivative financial instruments and hedge accounting

The use of derivative financial instruments by the Company and its subsidiaries is based on the Group’s financial risk management policies, which establish the guidelines for their use.

The Group uses derivative financial instruments as hedging instruments to mitigate inflation, interest rate and foreign currency risks on existing items to which it has been exposed due to its operations.

Derivatives are recorded at their fair value on the date of the statement of financial position. In the case of financial derivatives, if their value is positive, they are recorded under the heading “Other Financial Assets” and if it is negative, under the heading “Other Financial Liabilities”.

Changes in fair value are recorded directly in the income statement, unless a derivative has been designated for accounting purposes as a hedging instrument and all the conditions set out in IFRSs for applying hedge accounting are met.

The treatment of hedging transactions with derivative instruments is as follows:

Fair value hedges. Changes in the market value of derivative financial instruments designated as hedging instruments, as well as the items covered, are recorded with a charge or credit to financial incomes in the respective income statements.

Cash flow and net investment in foreign currency hedges. Changes in the fair value of these derivative financial instruments are recorded for the effective portion, directly in an equity reserve called “cash flow hedge”, while the ineffective portion is recorded in income. The amount recognized in equity is not transferred to the income statement until the incomes of the covered transactions are recorded there, or until the maturity date of those transactions.

If the hedge is discontinued, the cumulative gain or loss at that date in equity is maintained until the underlying hedged transaction is carried out. At that time, the accumulated gain or loss in equity will be reversed to the income statement, affecting the transaction.

At the end of each year, financial instruments are presented at their fair value. For derivatives not traded in formal markets, the Group uses assumptions based on market conditions at that date.

Effectiveness. A hedge is considered highly effective when the changes in the fair value or cash flows of the underlying directly attributable to the hedged risk are offset by changes in the fair value or cash flows of the hedging instrument with effectiveness in a range of 80% to 125%.

Implicit derivative. The Group also assesses the existence of derivatives embedded in contracts and financial instruments to determine whether their characteristics and risks are closely related to the host contract as long as the set is not being accounted for at fair value. If they are not closely related, they are recorded separately by accounting for changes in value directly in the consolidated income statement.

N. Provisions and contingent liabilities

Provisions are recognized when the Group has a present obligation incoming from past events, for which it is probable that resources will be required to settle the obligation and for which it can make a reasonable estimate of the amount of the obligation.

Provisions are quantified taking into account the best information available on the event and its consequences and are re-estimated at the time of each accounting close. The provisions recorded are used to cater for the specific risks for which they were originally recognized and are revised, in full or in part, when these risks disappear or diminish.

Contingent liabilities are all possible obligations arising from past events, the future materialization of which and the associated impairment of assets are of low probability. In accordance with IFRSs, the Group does not recognize any provision for these items, although, as required by the same standard, they are detailed in Note 16.

O. Employee Benefits

The obligation for the severance payment, which is estimated to accrue to the workers who retire from Aguas Andinas S.A., Aguas Cordillera S.A., Aguas Manquehue S.A., and ESSAL S.A. The amount of the loan is recorded at the actuarial value, determined using the projected unit credit method. Actuarial profit and losses on indemnities arising from changes in estimates of turnover tariffs, mortality tariffs, salary increases or discount tariffs are determined in accordance with IAS 19 in other comprehensive income, directly affecting equity, which is subsequently reclassified to retained earnings.

Aguas Andinas S.A.

Severance payments in Aguas Andinas S.A. are governed by the provisions of the Labor Code, except for the amount of severance payments for all events accrued as of July 31, 2002, and the payment of 1.45 salaries, excluding voluntary resignations, with no maximum amount or years, for workers who are part of collective bargaining agreements in force and who, through their individual work contracts, were granted the same benefit. The amount to any event accumulated to that date is readjusted quarterly according to the variation of the consumer price index. In addition, the aforementioned collective labor agreement provides that employees who retire from Aguas Andinas S.A. and make their retirement effective within 120 days from the date on which they reach legal retirement age may access the benefit detailed in the collective labor agreement, and continue to accrue this benefit after July 2002.

Aguas Cordillera S.A. and Aguas Manquehue S.A.

Severance payments for years of service in Aguas Cordillera S.A. and Aguas Manquehue S.A. are governed by the provisions of the Labor Code, except for the amount of severance payments for all events accrued as of December 31st 2002, and the payment of one year’s salary without limit of amount or years, for workers who are part of the collective bargaining agreements in force and to whom the same benefit was extended through their individual work contracts. The amount to any event accumulated to that date is readjusted quarterly according to the variation of the consumer price index. In addition, the collective agreements establish that workers who retire from Aguas Cordillera S.A. and Aguas Manquehue S.A. continue to accrue this benefit after December 2002.

ESSAL S.A.

For employees who are part of the collective bargaining agreement in force or are assimilated to it at the date of the financial statements, an actuarial value is calculated only in the event of retirement and death. In such cases, there is a six-month limit for payment. In other cases, it is governed by the provisions of the Labour Code.

The advances granted to staff from these funds are presented as a deduction from current obligations. They will be charged in the final settlement in an adjusted form, in accordance with the provisions of the aforementioned agreements.

For the other subsidiaries there are no benefits of this nature.

P. Income tax and deferred taxes

The income tax expense corresponds to the sum of the income tax payable and the change in deferred tax assets and liabilities.

The income tax payable is determined based on the tax income of the period. The Group’s income tax payable is calculated using the tax tariffs that have been approved, or are in the final stages of approval, on the closing date of the statement of financial position.

Deferred taxes are recognized on the basis of the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the calculation of the tax income and are accounted for in accordance with the balance sheet liability method. Deferred tax liabilities are recognized for all taxable temporary differences, and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that future taxable profit will be available a profit which the differences can be utilized. No deferred tax assets or liabilities are recognized if the temporary differences arise from the initial recognition (except in a business combination) of other assets and liabilities in a transaction that does not affect taxable profit or financial performance.

The carrying value of deferred tax assets is reviewed at the date of each statement of financial position and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the recovery of all or part of the asset.

Deferred tax assets and liabilities are measured at the tax tariffs expected to apply in the period when the liability is settled or the asset is realized, based on tax tariffs that have been approved, or the approval process is substantially completed, at the end of the period of the statement of financial position. The measurement of deferred tax assets and liabilities reflects the tax consequences that would arise from the manner in which the Group expects, at the reporting date, to recover or settle the carrying value of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to set off tax assets a profit tax liabilities and the liabilities relate to the same entity and tax authority.

Q. Ordinary income

Revenue recognition policy

The Company determined its recognition and measurement of revenue from ordinary activities based on the principle that revenue is recognized for an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer. This fundamental principle should be applied on the basis of a five-step model:

1. *identification of the contract with the client;*
2. *identification of contract performance obligations;*
3. *determination of the transaction price;*
4. *allocation of the transaction price to performance obligations; and*
5. *recognition of revenue when (or as) performance obligations are met*

Revenue recognition policy for sales of goods

Revenue from the sale of goods is recognized once the significant risk and rewards of ownership of the goods have been transferred, the Company retains no relationship with the goods sold, the amount of revenue can be reliably measured, it is probable that the economic benefits associated with the sale will flow to the Company and the costs incurred in the transaction are also reliably measurable.

Revenue recognition policy for sales of services

Revenue from the sale of services is measured at fair value. Invoices are based on actual consumption or work performed of the consideration receivable, net of returns, trade discounts and rebates, so that revenue is recognized when it is transferred to the customer and recovery is considered probable, associated costs and possible discounts for erroneous collections can be reliably estimated.

The service area of the Healthcare Companies is divided into billing groups, which determines dates for readings and subsequent billing. This process is developed on a monthly calendar, which tariffs that at the end of each month there is unread consumption and therefore not billed.

For billing groups that have information on the basis of actual consumption read, the corresponding tariff will be applied.

In those cases where the Company does not have all of the consumption read, the best estimate of the income pending billing will be made, that is, based on physical data from the previous month valued at the current rate, considering in both cases (billing or estimate) normal rate or over-consumption as appropriate.

The transfer of risks and benefits varies according to the business line. For Health Services companies, the provision of services and all associated charges are made according to actual consumption and a monthly provision is made

for consumption that has been made and not invoiced based on previous invoicing. For the subsidiaries Análisis Ambientales S.A., EcoRiles S.A., Gestión y Servicios S.A. and Aguas del Maipo S.A. Invoicing and eventual provisioning is carried out on the basis of work done.

Method for Determining Completion of Service Status

The provision of health services is verified through the measurement of consumption, in accordance with the provisions of the associated legal regulations, while for the non-health subsidiaries, once the services have been completed and/or the respective reports issued.

Income from agreements with developers is recorded as ordinary income to the extent that certain conditions stipulated in each contract are met, which ensure that the associated economic benefit will flow to the Company.

R. Earnings per share

Basic earnings per share is calculated as the ratio of the profit (loss) attributable to holders of equity instruments of the Parent Company to the weighted average number of ordinary shares outstanding.

The Group has not carried out any transactions with a potential dilutive effect that would income in a diluted earnings per share different from the basic earnings per share.

S. Environmental Information

Assets of an environmental nature are considered to be those that are used on a lasting basis in the activity of the Subsidiaries, the main purpose of which is to minimize adverse environmental impacts and to protect and improve the environment, including the reduction or elimination of future pollution from the operations of the Subsidiaries.

These assets are valued, like any other asset, at acquisition cost. The subsidiaries depreciate these items on a straight-line basis over the remaining years of estimated useful life of the various items.

T. Consolidated cash flow statements

The cash flow statement reflects the cash movements during the period, which include the value added tax (VAT), determined by the direct method and with the following criteria

Cash and cash equivalents: these represent inflows and outflows of cash and cash equivalents, which are short-term, highly liquid investments with low risk of changes in value (less than three months from the date they are contracted and without restrictions).

Operating activities: these represent activities typical of the normal operation of the business of the Company and its subsidiaries, as well as other activities not classified as investment or financing activities.

Investing activities: represent activities of acquisition, disposal or other disposition of long-term assets and other investments not included in cash and cash equivalents.

Financing activities: represent activities that produce changes in the amount and composition of equity and liabilities that are not part of ordinary activities.

U. Construction contracts

For construction contracts, the Group uses the “Percentage of Completion Method” to recognise income and expenses relating to a contract in progress. Under this method, contract revenue is compared with contract costs incurred at the stage of completion, thereby disclosing the amount of revenue from ordinary activities, expenses and profits that can be attributed to the portion of the contract executed.

Contract costs are recognized when incurred. When the outcome of a construction contract can be reliably estimated and it is probable that the contract will be profitable, contract revenue is recognized over the period of the contract. When it is probable that total contract costs will exceed total contract revenues, the estimated loss is immediately recognized as an expense for the year. When the outcome of a construction contract cannot be estimated with sufficient reliability, contract revenues are recognized only to the extent of contract costs incurred that are likely to be recovered.

The Group presents as an asset the gross amount owed by customers for work on all contracts in progress for which the costs incurred plus recognized profits (less recognized losses) exceed the partial turnover. Unpaid partial invoices from customers and withholdings are included in “Trade and other accounts receivable”.

The Group presents as a liability the gross amount owed to customers for work on all contracts in progress for which partial invoicing exceeds costs incurred plus recognized profits (less recognized losses).

V. Capitalized financing costs

Policy on Interest-Bearing Loans

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of those assets.

Policy of capitalization of interest costs

Interest paid or accrued on debts that finance qualified assets is capitalized, as required by IAS 23. IAS 23 establishes that when the entity acquires debt to finance investments, the interest on that debt must be deducted from interest expense and incorporated into the financed construction work, up to the total amount of such interest, applying the respective rate to disbursements made at the date of presentation of the financial statements.

W. Non-current assets held for sale or for distribution to owners

Non-current assets are classified as: held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use or held for distribution to owners when the entity undertakes to distribute the assets (or group of assets for disposal) to owners.

For the above classification, the assets must be available for immediate sale or distribution in their current condition and the sale or distribution must be highly probable.

Assets or groups subject to divestment that are classified as held for sale or held for distribution to owners are measured at the lower of carrying amount or fair value less costs to sell or distribute.

X. Reclassifications

For the year ended December 31st 2018, certain reclassifications have been made to facilitate comparison at December 31st 2019, as follows

RECLASSIFICATIONS	INCREASE/(DECREASE) THCH\$
Statement of financial situation:	
Commercial and other accounts payable	26,208
Other non-financial liabilities	(26,208)

Note 3.

Risk management

The main objectives of financial risk management are to ensure the availability of funds to meet financial commitments and to protect the value of the Group’s economic flows, assets and liabilities.

This management is based on the identification of risks, the determination of the tolerance of each risk, the hedging of these financial risks and the control of the operations of the established hedges. To achieve the objectives, financial risk management is based on covering all significant exposures, provided that appropriate instruments are available and the cost is reasonable.

i. Credit risk

Credit risk is the possibility of financial loss arising from the failure of our counterparties (customers) to meet their obligations.

Healthcare affiliates have an atomized market, which means that the credit risk of a particular client is not significant.

The Company’s objective is to maintain minimum levels of bad debt. There is a credit policy, which establishes the conditions and types of payment, as well as conditions to be agreed upon by defaulting customers. The management processes are: to control, estimate and evaluate the uncollectible in order to carry out corrective actions to achieve the proposed compliance. One of the main actions and measures to maintain low levels of bad debt is to cut off the supply.

The credit risk analysis method is based on the expected credit loss model, as established in IFRS 9. The estimates are based on recovery statistics, which indicate that after the eighth month of unpaid billing, the probability of recovering a billed value is minimal. Consequently, as of the ninth month’s billing, an impairment of the account receivable is immediately recognized, i.e. the delinquent client is individualized, and the amount of the provision is determined (it is not a percentage of the total portfolio). Additionally, the debts for consumption transformed into agreements and the documents receivable with overdue debt are provided for 100%.

The credit risk of trade and other accounts receivable did not change with respect to the effective date of IFRS 9, because the Company did not modify its model for determining impairment losses, since it implicitly considered credit risk losses.

As of December 31st, 2019 and 2018, the credit risk balances are ThCh\$ 32,275,945 and ThCh\$ 34,211,483, respectively (see Note 5).

ii. Liquidity risk

Liquidity risk is the possibility that the Group will have difficulty in meeting its obligations associated with financial liabilities that are settled by delivering cash or another financial asset and will be unable to fund commitments, such as long-term investments and working capital requirements, at reasonable market prices.

Management monitors the Group’s liquidity reserve forecasts based on expected cash flows.

Various preventive measures are used to manage liquidity risk, such as

- ▶ Diversify funding sources and instruments.
- ▶ Agree with vendors on maturity profiles that do not concentrate high repayments in one period.

Maturity profile (undiscounted flows)

MATURITY PROFILE	UP TO 90 DAYS		FROM 91 DAYS TO 1 YEAR		FROM 13 MONTHS TO 3 YEARS		MORE THAN 3 YEARS TO 5 YEARS		MORE THAN 5 YEARS	
	THCH\$	CONTRACT INTEREST RATE	THCH\$	CONTRACT INTEREST RATE	THCH\$	CONTRACT INTEREST RATE	THCH\$	CONTRACT INTEREST RATE	THCH\$	CONTRACT INTEREST RATE
AFR	2,058,857	3.21%	4,743,040	3.74%	54,820,514	3.57%	46,526,993	3.94%	115,968,650	2.91%
Bank loans	573,786	2.62%	14,466,473	3.22%	62,625,390	2.42%	38,995,138	2.58%	4,478,432	2.42%
Bonds	10,782,620	4.04%	27,909,549	4.36%	79,253,460	2.69%	72,683,158	2.39%	873,885,029	3.69%
Lease liabilities	428,113	3.84%	1,075,237	3.84%	1,827,145	3.84%	127,018	3.84%	-	0.00%
Commercial and other accounts payable	132,923,972	0.00%	10,871,427	0.00%	381,769	0.00%	187,723	0.00%	589,825	0.00%
TOTALS	146,767,348		59,065,726		198,908,278		158,520,030		994,921,936	

Liquidity risk is periodically monitored in order to perceive, detect and correct deviations to minimize possible impacts on incomes.

iii. Interest rate risk

The Company has a rate structure that combines fixed and variable tariffs as detailed below

DEBT INSTRUMENTS	TARIFF	%
Bank loans	Variable	11.05%
Bonds	Fixed	70.13%
AFR	Fixed	18.48%
Lease liabilities	Fixed	0.34%
TOTAL		100.00%

Interest rate awareness analysis

A rate analysis is performed, with respect to the TAB (Active Bank Rate), if all other variables remain constant. The method consists of measuring the positive or negative change in the nominal TAB at the date of submission of the report in relation to the average TAB of the last fixing of the loans.

The analysis is based on historical data with respect to the average daily market price of the TAB for 180 days over the last 3 years at the time of presentation of the report, with a 95% confidence level.

COMPANY	NOMINAL AMOUNT OF DEBT (THCH\$)	VARIABLE RATE	POINTS (+/-)	ANNUAL IMPACT ON INCOMES (THCH\$) (+/-)
IAM S.A. Consolidated	115,228,602	TAB 180 days	75	861,444

Note 4.
Cash and cash equivalents

The composition of the item is as follows:

EFFECTIVO Y EQUIVALENTES AL EFFECTIVO	31-12-2019 THCH\$	31-12-2018 THCH\$
Banks	10,849,765	3,174,262
Time deposits	497,000	31,776,961
Mutual funds	61,710,353	6,136,053
TOTALS	73,057,118	41,087,276

The cash equivalent corresponds to financial assets in time deposits and mutual funds with a maturity of less than 90 days from the date of the transaction giving rise to them.

Details of some items in the cash flow statement

- ▶ *Other charges for operating activities: these correspond to services attached to the operation of the business, mainly agreements signed with developers.*
- ▶ *Other payments for operating activities: correspond to the payment of monthly taxes.*
- ▶ *Other outflows from investment activities: correspond mainly to interest associated with bond issues, which have been capitalized, as a income of investments made in property, plant and equipment.*

There are no legal restrictions preventing the immediate availability of the cash and cash equivalent balances used by the Group.

4.1 Cash equivalents

The detail by type of financial instrument in each company is as follows:

COMPANY	INSTRUMENTS	31-12-2019 THCH\$	31-12-2018 THCH\$
IAM S.A.	Mutual funds	803,085	1,001,053
Aguas Andinas S.A.	Time deposit	-	29,400,000
Aguas Andinas S.A.	Mutual funds	56,906,947	4,525,000
Aguas Cordillera S.A.	Mutual funds	3,050,281	-
Aguas Manquehue S.A.	Mutual funds	250,040	-
ESSAL S.A.	Time deposit	497,000	1,792,391
EcoRiles S.A.	Mutual funds	-	220,000
Gestión y Servicios S.A.	Time deposit	-	584,570
Gestión y Servicios S.A.	Mutual funds	700,000	390,000
TOTALS		62,207,353	37,913,014

The Company and Subsidiaries make investments with portfolio limits of a maximum of 40% of the total per issuing Institution, and instrument limits corresponding to: mutual funds, 10% of the effective equity of the mutual fund and time deposits, 10% of the effective equity of the bank.

Note 5.
Commercial debtors and other accounts to be collected and rights to be collected

The composition of trade receivables (current and non-current) at December 31st 2019 and 2018 is as follows:

CREDIT RISK	31-12-2019 THCH\$	31-12-2018 THCH\$
Gross Trade Debtor Exposure	136,266,844	143,403,576
Gross exposure documents receivable	6,172,403	2,313,427
Gross exposure other accounts receivable	5,796,784	5,323,852
Trade and other accounts receivable, gross current	148,236,031	151,040,855
Estimates for risks of accounts receivable	(32,275,945)	(34,211,483)
TRADE AND OTHER ACCOUNTS RECEIVABLE, CURRENT	115,960,086	116,829,372
Gross exposure documents receivable	2,217,793	1,262,927
Gross exposure other accounts receivable	2,033,868	3,237,093
TARIFFS RECEIVABLE, NON-CURRENT	4,251,661	4,500,020
NET EXPOSURE, RISK CONCENTRATIONS	120,211,747	121,329,392

The movement in the estimate of bad debts is as follows:

CREDIT RISK MOVEMENT ACCOUNTS RECEIVABLE	31-12-2019 THCH\$	31-12-2018 THCH\$
OPENING BALANCE	(34,211,483)	(33,121,765)
Increase in existing provisions	(4,547,485)	(3,944,967)
Decreases	6,483,023	2,855,249
CHANGES, TOTALS	1,935,538	(1,089,718)
FINAL BALANCE	(32,275,945)	(34,211,483)

In accordance with the Group’s policy, the debts for consumption transformed into payment agreements are provided for in full.

The following is a breakdown of the gross debt by age:

AGE OF GROSS DEBT	31-12-2019 THCH\$	31-12-2018 THCH\$
under three months	118,529,648	110,092,192
between three and six months	3,776,467	4,678,272
between six and eight months	1,811,095	1,822,807
longer than eight months	28,370,482	38,947,604
TOTALS	152,487,692	155,540,875

In accordance with IFRS 7 Financial Instruments, a detail of gross debt due by age is presented:

GROSS OVERDUE DEBT	31-12-2019 THCH\$	31-12-2018 THCH\$
under three months	10,205,860	11,485,973
between three and six months	2,367,419	1,987,895
between six and eight months	1,118,797	948,253
TOTALS	13,692,076	14,422,121

The overdue debt is made up of all those amounts where the counterparty failed to make a payment when contractually due. In accordance with the Company’s policy, no provision has been made for customers with balances of less than 9 months.

As of December 31st 2019 and 2018, the analysis of the gross exposure of current commercial debtors, and current and non current collectable accounts, for the non-securitized repurchased and non-repurchased portfolio, is as follows:

DECEMBER 31ST 2019						
DEBTOR'S TRANCHE COMMERCIAL	NON-REPURCHASED PORTFOLIO		REPURCHASED PORTFOLIO		TOTAL GROSS PORTFOLIO	
	NO. OF CUSTOMERS	GROSS AMOUNT THCH\$	NO. OF CUSTOMERS	GROSS AMOUNT THCH\$	NO. OF CUSTOMERS	GROSS AMOUNT THCH\$
Up to date	1,035,199	84,130,774	221	9,544	1,035,420	84,140,318
Between 1 and 30 days	468,312	21,537,660	2,903	88,524	471,215	21,626,184
Between 31 and 60 days	49,243	3,470,034	8,542	280,687	57,785	3,750,721
Between 61 and 90 days	17,097	1,562,993	5,692	244,504	22,789	1,807,497
Between 91 and 120 days	8,863	989,852	4,822	294,859	13,685	1,284,711
Between 121 and 150 days	5,492	826,961	3,737	296,043	9,229	1,123,004
Between 151 and 180 days	3,802	694,376	2,947	275,196	6,749	969,572
Between 181 and 210 days	2,726	712,134	2,583	278,551	5,309	990,685
Between 211 and 250 days	1,512	535,024	2,111	264,800	3,623	799,824
More than 251 days	21,337	7,041,204	35,987	21,123,320	57,324	28,164,524
TOTAL	1,613,583	121,501,012	69,545	23,156,028	1,683,128	144,657,040

DECEMBER 31ST 2018						
DEBTOR'S TRANCHE COMMERCIAL	NON-REPURCHASED PORTFOLIO		REPURCHASED PORTFOLIO		TOTAL GROSS PORTFOLIO	
	NO. OF CUSTOMERS	GROSS AMOUNT THCH\$	NO. OF CUSTOMERS	GROSS AMOUNT THCH\$	NO. OF CUSTOMERS	GROSS AMOUNT THCH\$
Up to date	1,092,071	76,532,664	346	13,670	1,092,417	76,546,334
Between 1 and 30 days	491,440	26,534,595	4,055	132,195	495,495	26,666,790
Between 31 and 60 days	52,844	4,295,495	9,793	313,456	62,637	4,608,951
Between 61 and 90 days	16,388	1,387,963	6,244	251,932	22,632	1,639,895
Between 91 and 120 days	9,984	766,891	4,874	286,031	14,858	1,052,922
Between 121 and 150 days	3,202	577,875	4,116	289,614	7,318	867,489
Between 151 and 180 days	1,695	643,616	3,355	277,386	5,050	921,002
Between 181 and 210 days	2,435	674,478	2,791	301,724	5,226	976,202
Between 211 and 250 days	518	511,526	2,446	318,559	2,964	830,085
More than 251 days	12,410	9,788,732	39,103	23,081,528	51,513	32,870,260
TOTAL	1,682,987	121,713,835	77,123	25,266,095	1,760,110	146,979,930

As of December 31st 2019 and 2018, the analysis of protested and judicially collected documents receivable of the non-securitized portfolio is as follows

PROTESTED PORTFOLIO AND IN JUDICIAL COLLECTION	UNSECURED PORTFOLIO			
	DECEMBER 31ST 2019		DECEMBER 31ST 2018	
	NO. OF CLIENTS	PORTFOLIO AMOUNT THCH\$	NO. OF CLIENTS	PORTFOLIO AMOUNT THCH\$
Protested receivables	12	19,944	-	-
Documents receivable in judicial collection	5	306,728	5	260,387
TOTAL	17	326,672	5	260,387

As of December 31st 2019 and 2018, the analysis of credit risk is as follows

DECEMBER 31ST 2019				
PROVISION			PUNISHMENT OF THE PERIOD THCH\$	RECOVERY OF THE PERIOD THCH\$
NON-REPURCHASED PORTFOLIO THCH\$	REPURCHASED PORTFOLIO THCH\$	TOTAL PROVISION THCH\$		
(10,201,098)	(22,074,847)	(32,275,945)	6,483,023	-
DECEMBER 31ST 2018				
PROVISION			PUNISHMENT OF THE PERIOD THCH\$	RECOVERY OF THE PERIOD THCH\$
NON-REPURCHASED PORTFOLIO THCH\$	REPURCHASED PORTFOLIO THCH\$	TOTAL PROVISION THCH\$		
(9,991,147)	(24,220,336)	(34,211,483)	2,855,249	-

Note 6.
Information to be disclosed about related entities

Balances and transactions with related entities

Transactions between the Company and its Subsidiaries are carried out on an arm’s length basis. These transactions have been eliminated in the consolidation process and are not disclosed in this note.

Accounts receivable from related parties

Accounts receivable from related parties are originated in Chile, the type of currency of transactions is in Chilean pesos, maturities are 30 days and there are no guarantees.

RELATED RUT	RELATED PARTY NAME	NATURE OF RELATIONSHIP	NATURE OF RELATED PARTY TRANSACTIONS	31-12-2019 THCH\$	31-12-2018 THCH\$
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal Ltda.	Related to the controller	Laboratory analysis and sampling services	6,141	4,232
65.113.732-2	Chilean Water Research Corporation	Related to the controller	Laboratory analysis and sampling services	86	414
65.113.732-2	Chilean Water Research Corporation	Related to the controller	Office rental	-	1,393
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the controller	Laboratory analysis and sampling services	-	26,766
Without Rut	Aqua Development Network S.A.	Related to the controller	Integrated talent management contract	-	32,009
76.080.553-K	Suez Advanced Solutions Chile Ltda.	Related to the controller	Sales of materials	18,681	25,964
TOTALS				24,908	90,778

Accounts payable to related entities

Accounts payable to related entities are originated in Chile, the type of currency of transactions is in pesos.

RELATED RUT	RELATED PARTY NAME	NATURE OF RELATIONSHIP	NATURE OF RELATED PARTY TRANSACTIONS	DEADLINES	GUARANTEES	31-12-2019 THCH\$	31-12-2018 THCH\$
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the Controller	CCO 2.0 Operational Control Center Upgrade Project	30 days	Contract performance guarantee Amount UF 30,899	586,835	1,453,134
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the Controller	SCADA Platform	30 days	No guarantees	5,979	28,462
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the Controller	Plant under construction Arsenic San Antonio	30 days	Contract performance guarantee Amount UF24,264	249,326	1,230,939
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the Controller	Plant under construction Chamisero	30 days	Contract performance guarantee Amount UF 66,809.74	350,000	4,534,306
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the Controller	Talagante plant extension	30 days	No guarantees	-	1,173,221
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the Controller	Payment Sharing	30 days	No guarantees	11,132	11,132
76.746.454-1	Suez Biofactoria Andina Spa.	Related to the Controller	Plan of adaptation to biofactory of the treatment plant La Farfana	30 days	Contract performance guarantee Amount UF 1,048,050	4,564,482	9,029,874
76.746.454-1	Suez Biofactoria Andina Spa.	Related to the Controller	Nitrogen removal and plan of adaptation to the biofactory of the Mapocho-Trebal treatment plant	30 days	Contract performance guarantee Amount UF 1,048,050	10,575,060	4,199,865
65.113.732-2	Chilean Water Research Corporation SpA.	Related to the Controller	Studies and Consultancies	30 days	No guarantees	270,081	97,322
76.080.553-K	Suez Advanced Solutions Chile Ltda.	Related to the Controller	Virtual platform, Siebel	30 days	No guarantees	81,579	78,265
76.080.553-K	Suez Advanced Solutions Chile Ltda.	Related to the Controller	Purchase of materials	60 days	Contract compliance guarantee. Amount ThCh\$279,298	36,268	8,182
76.080.553-K	Suez Advanced Solutions Chile Ltda.	Related to the Controller	Consulting service evolutionary maintenance	30 days	No guarantees	701,861	368,916
76.080.553-K	Suez Advanced Solutions Chile Ltda.	Related to the Controller	Service contract for process reengineering and implementation of new information systems for customer service	30 days	Guarantee of faithful compliance with contract for ThCh\$845,149	141,217	102,855
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal Ltda.	Related to the Controller	Rehabilitation of Digesters Mapocho - Trebal Wastewater Plant	90 days	Guarantee of faithful compliance with contract for UF357,863	787,428	1,468,596
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal Ltda.	Related to the Controller	Biogas Plant Operation Services	30 days	No guarantees	59,739	167,783
Without Rut	Aqua Development Network S.A.	Related to the Controller	Integrated talent management contract	30 days	No guarantees	28,197	426,413
Without Rut	Aqua Development Network S.A.	Related to the Controller	Studies and Consultancies	30 days	No guarantees	-	41,712
77.329.730-4	Suez Inversiones Aguas del Gran Santiago	Driver	Dividends to be paid	30 days	No guarantees	11,153,261	10,849,656
77.329.730-4	Suez Inversiones Aguas del Gran Santiago	Driver	Real estate rental	30 days	No guarantees	1,005	1,006
863152664	Suez Spain	Related to the Controller	Performance Management System	30 days	No guarantees	-	79
Without Rut	Suez Solutions France S.L.	Related to the Controller	Ishare Annual Service	30 days	No guarantees	-	708
96.817.230-1	EPSA Electrica Puntilla S.A.	Common Director	Buy electricity	30 days	No guarantees	11,552	-
96.817.230-1	EPSA Electrica Puntilla S.A.	Common Director	Purchase of water	30 days	No guarantees	226,250	-
70.009.410-3	Asociación canalistas Sociedad del Canal del Maipo	Common Director	Purchase of water	30 days	No guarantees	92,640	5,657
70.009.410-3	Asociación canalistas Sociedad del Canal del Maipo	Common Director	Dividends to be paid	30 days	No guarantees	-	497,487
TOTALS						29,933,892	35,775,570

Transactions with related entities

Transactions with related entities are originated in Chile, and the type of currency of transactions is in Chilean pesos.

RELATED RUT	RELATED PARTY NAME	NATURE OF RELATIONSHIP	NATURE OF RELATED PARTY TRANSACTIONS	31-12-2019 THCH\$		31-12-2018 THCH\$	
				AMOUNT	EFFECTS ON INCOME (CHARGE) / CREDIT	AMOUNT	EFFECTS ON INCOME (CHARGE) / CREDIT
76.080.553-K	Suez Advanced Solutions Chile Ltda	Related to the Controller	Purchase of materials and maintenance of the virtual platform Siebel and Aquacis, consultancy and evolutionary maintenance	2,067,634	(1,443,062)	2,832,912	(1,881,666)
Without Rut	Aqua Development Network S.A.	Related to the Controller	Talent management	279,378	(279,378)	817,138	(817,138)
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the controller	Chamisero Plant	1,460,329	-	3,979,333	-
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the controller	San Antonio Arsenic Plant	680,571	-	397,055	-
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the Controller	CCO 2.0 Operational Control Center Upgrade Project	1,348,270	(271,050)	2,408,239	(216,910)
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the Controller	Drilling plant, hydraulic efficiency plan, materials and services	1,413,783	-	4,197,033	45,909
59.066.560-6	Suez International	Related to the Controller	Supply of equipment, assembly and commissioning of the second stage of the Mapocho Wastewater Treatment Plant, module 4	-	-	5,916,581	-
76.078.231-9	Mapocho El Trebal Wastewater Treatment Plant	Related to the Controller	Operation, maintenance, expansion and rehabilitation services of Digesters Mapocho - Trebal Wastewater Plant	1,402,394	-	1,970,385	-
76.078.231-9	Mapocho El Trebal Wastewater Treatment Plant	Related to the Controller	Operation and maintenance services Biogas Plant	225,970	(195,795)	265,489	(208,884)
96.817.230-1	EPSA Electrica Puntilla S.A.	Common Director	Compensation for reduced flow, purchase of water and electricity	1,786,978	(1,501,662)	1,424,590	(1,197,135)
76.746.454-1	Suez Biofactoría Andina spa.	Related to the Controller	Operation, maintenance and adaptation of a Biofactory treatment plant.	54,324,345	(27,731,571)	50,527,274	(25,879,843)
70.009.410-3	Asociación canalistas Sociedad del Canal del Maipo	Common Director	Purchase of water and cutting of the San Carlos canal	328,671	(276,194)	137,293	(115,372)
65.113.732-2	Chilean Water Research Corporation SpA.	Related to the Controller	Study on management models for resilient urban hydraulic infrastructures in relation to hydrological and geological risks, sludge recovery	744,753	(370,529)	388,680	(315,954)
77.329.730-4	Suez Inversiones Aguas del Gran Santiago Ltda.	Driver	Dividends paid	32,826,322	-	38,343,749	-

The materiality criterion for reporting transactions with related entities is for amounts in excess of the cumulative ThCh\$100,000.

Compensation paid to the directors of Inversiones Aguas Metropolitanas S.A. and subsidiaries and directors’ committee

	31-12-2019 THCH\$	31-12-2018 THCH\$
Directory	930,116	825,959
Committee of Directors	126,900	112,486
TOTALS	1,057,016	938,445

They correspond only to Tariffs associated with their functions as defined and agreed at the Ordinary Shareholders’ Meeting.

At the end of 2019, the payroll of managers and main executives of the Company and its Subsidiaries was made up of 86 professionals. The total remuneration received in the year was \$9,514 million and the compensation for years of service of executives reached \$1,095 million.

Details of related entities and transactions with related entities between Directors and Executives

The Company’s management is not aware of the existence of transactions between related parties and directors and/ or executives, other than their allowances and compensation.

Note 7.
Inventories

The detail by type of inventory as of December 31st 2019 and 2018 is as follows:

TYPES OF INVENTORIES	31-12-2019 THCH\$	31-12-2018 THCH\$
Merchandise	1,629,763	2,143,347
Production Supplies	1,871,849	1,488,249
Other inventories	437,964	104,060
Estimation of obsolescence	(128,977)	(99,268)
TOTALS	3,810,599	3,636,388

The cost of inventories recognized as an expense in the statement of income as of December 31st 2019 and 2018 amounts to ThCh\$12,637,541 and ThCh\$11,240,422, respectively.

Additionally, an allowance for inventory impairment is presented, which includes amounts related to obsolescence derived from low turnover, obsolescence due to damage and/or its market price is greater than 20%. The movement of the above-mentioned estimate is as follows:

MOVEMENT OF OBSOLESCENCE ESTIMATION	31-12-2019 THCH\$	31-12-2018 THCH\$
Opening balance	(99,268)	(2,883)
Provision by price	(2,294)	(15,624)
Obsolescence provision	(87,959)	(52,810)
Provision for damage	(38,724)	(30,834)
Reversal of provision	99,268	2,883
TOTALS	(128,977)	(99,268)

Note 8.
Other financial assets

8.1 Non-current

This corresponds mainly to the acquisition of shares in Sociedad Eléctrica Puntilla S.A. (EPSA), amounting to ThCh\$7,835,395 at December 31st 2019 and 2018 (note 2.2 letter H, ii), over which the Group has no control or significant influence. Additionally, there are other investments of ThCh\$17,517 in both periods.

Associated with this acquisition is an obligation with the Asociación Sociedad de Canalistas del Maipo, relating to the commitment not to transfer the water rights in force at the contract date in the amount of ThCh\$7,294,709 at December 31st 2019 and 2018.

Note 9.
Intangible assets other than capital gains

Below is the required information regarding the Company’s intangible assets, according to IAS 38 Intangible Assets:

INTANGIBLE ASSETS OTHER THAN CAPITAL GAINS	31-12-2019 THCH\$	31-12-2018 THCH\$
Trademarks, net	15,933	15,933
Computer programs, net	5,010,908	5,700,799
Other intangible assets, net*	218,759,899	219,147,692
INTANGIBLE ASSETS, NET	223,786,740	224,864,424
Trademarks, gross	15,933	15,933
Computer programs, gross	52,887,318	50,726,006
Other intangible assets, gross	231,888,852	232,089,430
INTANGIBLE ASSETS, GROSS	284,792,103	282,831,369
Computer programs, accumulated amortization	(47,876,410)	(45,025,207)
Other intangible assets, accumulated amortization	(13,128,953)	(12,941,738)
INTANGIBLE ASSETS, ACCUMULATED AMORTIZATION	(61,005,363)	(57,966,945)

*It corresponds to water rights, easements and others.

Movements in intangible assets as of December 31st 2019

MOVEMENTS IN INTANGIBLE ASSETS	TRADEMARKS, NET THCH\$	COMPUTER PROGRAMS, NET THCH\$	OTHER INTANGIBLE ASSETS, NET THCH\$	TOTAL THCH\$
OPENING BALANCE AT 01-01-2019	15,933	5,700,799	219,147,692	224,864,424
Increases (decreases) due to transfers	-	1,293,583	(133,581)	1,160,002
Increases (decreases) due to other charges	-	867,729	116,32	984,049
ALL INCREASES (DECREASES) DUE TO TRANSFERS AND OTHER CHANGES	-	2,161,312	(17,261)	2,144,051
Amortization	-	(2,851,203)	(187,215)	(3,038,418)
Disposals and withdrawals from service	-	-	(183,317)	(183,317)
TOTAL WRITE-OFFS, DISPOSALS AND WITHDRAWALS	-	(2,851,203)	(370,532)	(3,221,735)
FINAL BALANCE AS OF 31-12-2019	15,933	5,010,908	218,759,899	223,786,740

Movements in intangible assets as of December 31st 2018

MOVEMENTS IN INTANGIBLE ASSETS	TRADEMARKS, NET THCH\$	COMPUTER PROGRAMS, NET THCH\$	OTHER INTANGIBLE ASSETS, NET THCH\$	TOTAL THCH\$
OPENING BALANCE AT 01-01-2018	13	7,910,586	219,160,913	227,084,499
Increases (decreases) due to transfers	-	1,740,932	(58,904)	1,682,028
Increases (decreases) due to other charges	2,933	100,841	238,494	342,268
ALL INCREASES (DECREASES) DUE TO TRANSFERS AND OTHER CHANGES	2,933	1,841,773	179,59	2,024,296
Amortization	-	(4,051,560)	(187,216)	(4,238,776)
Disposals and withdrawals from service	-	-	(5,595)	(5,595)
TOTAL WRITE-OFFS, DISPOSALS AND WITHDRAWALS	-	(4,051,560)	(192,811)	(4,244,371)
FINAL BALANCE AS OF 31-12-2018	15,933	5,700,799	219,147,692	224,864,424

Detailed disclosure of intangible assets (gross value)

Current year: December 31st 2019

MOVEMENTS IN INTANGIBLE ASSETS	TRADEMARKS, GROSS THCH\$	COMPUTER PROGRAMS, GROSS THCH\$	OTHER INTANGIBLE ASSETS, GROSS THCH\$	TOTAL THCH\$
OPENING BALANCE AT 01-01-2019	15,933	50,726,006	232,089,430	282,831,369
Increases (decreases) due to transfers	-	1,293,583	(133,581)	1,160,002
Increases (decreases) due to other charges	-	867,729	116,32	984,049
ALL INCREASES (DECREASES) DUE TO TRANSFERS AND OTHER CHANGES	-	2,161,312	(17,261)	2,144,051
Disposals and withdrawals from service	-	-	(183,317)	(183,317)
TOTAL DISPOSALS AND WITHDRAWALS	-	-	(183,317)	(183,317)
FINAL BALANCE AS OF 31-12-2019	15,933	52,887,318	231,888,852	284,792,103

Previous year: December 31st 2018

MOVEMENTS IN INTANGIBLE ASSETS	TRADEMARKS, GROSS THCH\$	COMPUTER PROGRAMS, GROSS THCH\$	OTHER INTANGIBLE ASSETS, GROSS THCH\$	TOTAL THCH\$
OPENING BALANCE AT 01-01-2018	13	48,884,233	231,915,435	280,812,668
Increases (decreases) due to transfers	-	1,740,932	(58,904)	1,682,028
Increases (decreases) due to other charges	2,933	100,841	238,494	342,268
ALL INCREASES (DECREASES) DUE TO TRANSFERS AND OTHER CHANGES	2,933	1,841,773	179,59	2,024,296
Disposals and withdrawals from service	-	-	(5,595)	(5,595)
TOTAL DISPOSALS AND WITHDRAWALS	-	-	(5,595)	(5,595)
FINAL BALANCE AS OF 31-12-2018	15,933	50,726,006	232,089,430	282,831,369

Detailed disclosure of intangible assets (accumulated amortization)

Current year: December 31st 2019

MOVEMENTS IN INTANGIBLE ASSETS	TRADEMARKS, ACCUMULATED DEPRECIATION THCH\$	COMPUTER PROGRAMS, ACCUMULATED AMORTIZATION THCH\$	OTHER INTANGIBLE ASSETS, ACCUMULATED AMORTIZATION THCH\$	TOTAL THCH\$
OPENING BALANCE AT 01-01-2019	-	(45,025,207)	(12,941,738)	(57,966,945)
Amortization	-	(2,851,203)	(187,215)	(3,038,418)
TOTAL AMORTIZATIONS	-	(2,851,203)	(187,215)	(3,038,418)
FINAL BALANCE AS OF 31-12-2019	-	(47,876,410)	(13,128,953)	(61,005,363)

Previous year: December 31st 2018

MOVEMENTS IN INTANGIBLE ASSETS	TRADEMARKS, ACCUMULATED DEPRECIATION THCH\$	COMPUTER PROGRAMS, ACCUMULATED AMORTIZATION THCH\$	OTHER INTANGIBLE ASSETS, ACCUMULATED AMORTIZATION THCH\$	TOTAL THCH\$
OPENING BALANCE AT 01-01-2018	-	(40,973,647)	(12,754,522)	(53,728,169)
Amortization	-	(4,051,560)	(187,216)	(4,238,776)
TOTAL AMORTIZATIONS	-	(4,051,560)	(187,216)	(4,238,776)
FINAL BALANCE AS OF 31-12-2018	-	(45,025,207)	(12,941,738)	(57,966,945)

Details of significant individual intangible assets (other):

Water rights and easements are the main intangible assets with an indefinite useful life and the breakdown by company is as follows:

COMPANY	31-12-2019			31-12-2018		
	WATER RIGHTS THCH\$	EASEMENT THCH\$	OTHERS THCH\$	WATER RIGHTS THCH\$	EASEMENT THCH\$	OTHERS THCH\$
Aguas Andinas S.A.	76,459,202	8,422,025	4,387,051	76,598,437	8,364,563	4,574,022
Aguas Cordillera S.A.	92,745,249	7,761,932	-	92,732,674	7,761,932	-
Aguas Manquehue S.A.	21,925,915	866,673	-	21,924,557	866,673	-
ESSAL S.A.	5,422,410	1,162,350	-	5,622,185	1,095,557	-
Aguas del Maipo S.A.	13,700	-	-	13,700	-	-
EcoRiles S.A.	13,700	-	-	13,700	-	-
Gestión y Servicios S.A.	13,700	-	-	13,700	-	-
Análisis Ambientales S.A.	13,700	-	-	13,700	-	-
Consolidations Adjustments	(333,913)	(113,795)		(333,913)	(113,795)	-
TOTALS	196,273,663	18,099,185	4,387,051	196,598,740	17,974,930	4,574,022

Intangible assets with indefinite life

Both water rights and easements are rights held by the Company for which it is not possible to establish a finite useful life, i.e. the terms of the economic benefits associated with these assets are indefinite. Both assets constitute legal rights that are not extinguished and are not subject to restrictions.

Commitments for the acquisition of intangible assets

The commitments for the acquisition of intangible assets for 2020 relate to water rights, easements and software required for the normal operation of the Group companies and, in particular, for the new projects under development or in the preliminary study stages, as well as the extension of the concession areas, which are presented below:

COMPANY	THCH\$
Aguas Andinas S.A.	2,510,000
Essal S.A.	553,703
Análisis Ambientales S.A.	85,500
TOTAL	3,149,203

Note 10.
Capital gain

The following is a detail of the capital gain for the various Cash Generating Units (CGUs) or group of CGUs to which it is assigned as of December 31, 2019 and 2018:

RUT	COMPANY	31-12-2019 THCH\$	31-12-2018 THCH\$
61.808.000-5	Aguas Andinas S.A.	271,348,419	271,348,419
96.809.310-k	Aguas Cordillera S.A.	33,823,049	33,823,049
96.897.320-7	Inversiones Iberaguas Ltda.	2,066,631	2,066,631
96.579.800-5	ESSAL S.A.	343,332	343,332
TOTALS		307,581,431	307,581,431

Note 11.
Properties, plant and equipment

The balances of property, plant and equipment as of December 31, 2019 and 2018 are as follows:

PROPERTY, PLANT AND EQUIPMENT	NET VALUES		GROSS VALUES		ACCUMULATED DEPRECIATIONS	
	31-12-2019 THCH\$	31-12-2018 THCH\$	31-12-2019 THCH\$	31-12-2018 THCH\$	31-12-2019 THCH\$	31-12-2018 THCH\$
Land	155,968,467	159,536,229	155,968,467	159,536,229	-	-
Buildings	78,508,879	79,624,966	116,130,335	113,252,042	(37,621,456)	(33,627,076)
SUBTOTAL LAND AND BUILDINGS	234,477,346	239,161,195	272,098,802	272,788,271	(37,621,456)	(33,627,076)
Complementary works	22,306,553	21,892,366	46,084,005	44,316,092	(23,777,452)	(22,423,726)
Production facilities	192,436,984	173,754,928	354,410,675	328,291,901	(161,973,691)	(154,536,973)
Potable water networks	211,675,723	192,291,391	542,162,844	514,892,514	(330,487,121)	(322,601,123)
Sewer systems	250,729,079	249,193,038	548,997,867	534,440,825	(298,268,788)	(285,247,787)
Wastewater treatment plants	166,316,257	168,050,123	236,840,131	232,373,341	(70,523,874)	(64,323,218)
Other facilities	50,848,300	47,699,634	168,257,935	158,049,182	(117,409,635)	(110,349,548)
Non-operating assets	214,254	222,036	1,861,200	1,868,637	(1,646,946)	(1,646,601)
Rights of use asset	3,437,562	-	4,567,873	-	(1,130,311)	-
SUBTOTAL OTHER PROPERTY, PLANT AND EQUIPMENT	897,964,712	853,103,516	1,903,182,530	1,814,232,492	(1,005,217,818)	(961,128,976)
Machinery	127,273,371	115,994,653	415,793,347	385,004,685	(288,519,976)	(269,010,032)
Transportation Equipment	894,844	972,104	5,471,955	5,123,817	(4,577,111)	(4,151,713)
Equipment and accessories	1,378,175	1,411,953	6,366,631	6,329,340	(4,988,456)	(4,917,387)
Computer equipment	1,621,417	2,463,198	14,748,312	14,292,919	(13,126,895)	(11,829,721)
Lease Rights Enhancements	185,188	234,177	821,872	806,931	(636,684)	(572,754)
Construction in progress	235,318,938	226,774,354	235,318,938	226,774,354	-	-
TOTALS	1,499,113,991	1,440,115,150	2,853,802,387	2,725,352,809	(1,354,688,396)	(1,285,237,659)

The following is information on the main holdings of the Group companies:

PROPERTY, PLANT AND EQUIPMENT, NET	31-12-2019 THCH\$	AGUAS ANDINAS S.A. %	AGUAS CORDILLERA S.A. %	AGUAS MANQUEHUE S.A. %	ESSAL S.A. %	OTHERS %
Land	155,968,467	75%	13%	1%	11%	0%
Buildings	78,508,879	70%	6%	4%	17%	3%
SUBTOTAL LAND AND BUILDINGS	234,477,346					
Complementary works	22,306,553	75%	7%	5%	12%	1%
Production facilities	192,436,984	61%	14%	16%	9%	0%
Potable water networks	211,675,723	67%	15%	3%	16%	0%
Sewer systems	250,729,079	83%	2%	4%	11%	0%
Wastewater treatment plants	166,316,257	92%	0%	0%	6%	1%
Other facilities	50,848,300	71%	8%	9%	10%	3%
Non-operating assets	214,254	29%	71%	0%	0%	0%
Rights of use asset	3,437,562	54%	11%	1%	18%	16%
SUBTOTAL OTHER PROPERTY, PLANT AND EQUIPMENT	897,964,712					
Machinery	127,273,371	69%	7%	6%	14%	3%
Transportation Equipment	894,844	80%	0%	0%	18%	2%
Equipment and accessories	1,378,175	67%	3%	1%	11%	17%
Computer equipment	1,621,417	83%	1%	0%	13%	3%
Lease Rights Enhancements	185,188	84%	0%	0%	0%	16%
Construction in progress	235,318,938	82%	5%	2%	12%	0%
TOTALS	1,499,113,991	75%	8%	5%	11%	1%

In accordance with IAS 16 paragraph 79(d), the Group presents information regarding the fair value of its main assets:

ASSET CLASSES	COST 31-12-2019 THCH\$	FAIR VALUE 31-12-2019 THCH\$
Buildings	78,508,879	109,667,665
Complementary works	22,306,553	35,702,661
Production facilities	192,436,984	298,380,092
Potable water networks	211,675,723	400,187,988
Sewer systems	250,729,079	392,016,905
Wastewater treatment plants	166,316,257	180,514,069
Other facilities	50,848,300	51,956,946
Machinery	127,273,371	134,328,919
TOTALS	1,100,095,146	1,602,755,245

Reconciliation of changes in property, plant and equipment by class

As noted in IAS 16 paragraph 73, information is provided for each class of property, plant and equipment of the entity.

Movements in property, plant and equipment as of December 31, 2019 (net value)

CONCEPT	OPENING BALANCE	INCREASES (DECREASES) FOR TRANSFERS FROM CONSTRUCTION IN PROGRESS THCH\$	INCREASES (DECREASES) FOR OTHER CHANGES THCH\$	SUBTOTAL INCREASES (DECREASES) FOR TRANSFERS AND OTHER CHANGES THCH\$	DEPRECIATION THCH\$	DISPOSALS AND WITHDRAWALS FROM SERVICE THCH\$	SUBTOTAL DEPRECIATION, DISPOSALS AND WITHDRAWALS THCH\$	FINAL BALANCE THCH\$
Land	159,536,229	125,330	(514,915)	(389,585)	-	(3,178,177)	(3,178,177)	155,968,467
Buildings	79,624,966	4,530,262	910,673	5,440,935	(5,536,056)	(1,020,966)	(6,557,022)	78,508,879
SUBTOTAL LAND AND BUILDINGS	239,161,195	4,655,592	395,758	5,051,350	(5,536,056)	(4,199,143)	(9,735,199)	234,477,346
Complementary works	21,892,366	2,752,384	(407,006)	2,345,378	(1,690,510)	(240,681)	(1,931,191)	22,306,553
Production facilities	173,754,928	24,683,747	1,495,797	26,179,544	(7,468,380)	(29,108)	(7,497,488)	192,436,984
Potable water networks	192,291,391	15,636,037	11,717,685	27,353,722	(7,939,809)	(29,581)	(7,969,390)	211,675,723
Sewer systems	249,193,038	8,447,992	6,109,050	14,557,042	(13,021,001)	-	(13,021,001)	250,729,079
Wastewater treatment plants	168,050,123	5,697,365	(366,990)	5,330,375	(6,486,803)	(577,438)	(7,064,241)	166,316,257
Other facilities	47,699,634	9,754,590	865,427	10,620,017	(7,458,499)	(12,852)	(7,471,351)	50,848,300
Non-operating assets	222,036	-	-	-	(7,782)	-	(7,782)	214,254
Rights of use asset	-	-	4,754,855	4,754,855	(1,316,064)	(1,229)	(1,317,293)	3,437,562
SUBTOTAL OTHER PROPERTY, PLANT AND EQUIPMENT	853,103,516	66,972,115	24,168,818	91,140,933	(45,388,848)	(890,889)	(46,279,737)	897,964,712
Machinery	115,994,653	21,567,698	10,024,996	31,592,694	(20,301,140)	(12,836)	(20,313,976)	127,273,371
Transportation Equipment	972,104	511,654	(139,227)	372,427	(449,127)	(560)	(449,687)	894,844
Equipment and accessories	1,411,953	177,954	(23,185)	154,769	(188,349)	(198)	(188,547)	1,378,175
Computer equipment	2,463,198	461,212	(5,819)	455,393	(1,297,174)	-	(1,297,174)	1,621,417
Lease Rights Enhancements	234,177	16,449	(1,508)	14,941	(63,930)	-	(63,930)	185,188
Construction in progress	226,774,354	(95,522,674)	104,423,444	8,900,770	-	(356,186)	(356,186)	235,318,938
PROPERTY CLASSES, PLANT AND EQUIPMENT, NET	1,440,115,150	(1,160,000)	138,843,277	137,683,277	(73,224,624)	(5,459,812)	(78,684,436)	1,499,113,991

Movements in property, plant and equipment as of December 31, 2018 (net value)

CONCEPT	OPENING BALANCE	INCREASES (DECREASES) FOR TRANSFERS FROM CONSTRUCTION IN PROGRESS THCH\$	INCREASES (DECREASES) FOR OTHER CHANGES THCH\$	SUBTOTAL INCREASES (DECREASES) FOR TRANSFERS AND OTHER CHANGES THCH\$	DEPRECIATION THCH\$	DISPOSALS AND WITHDRAWALS FROM SERVICE THCH\$	SUBTOTAL DEPRECIATION, DISPOSALS AND WITHDRAWALS THCH\$	FINAL BALANCE THCH\$
Land	160,461,335	58,903	41,949	100,852	-	(1,025,958)	(1,025,958)	159,536,229
Buildings	79,601,087	1,569,810	714,702	2,284,512	(2,245,955)	(14,678)	(2,260,633)	79,624,966
SUBTOTAL LAND AND BUILDINGS	240,062,422	1,628,713	756,651	2,385,364	(2,245,955)	(1,040,636)	(3,286,591)	239,161,195
Complementary works	22,349,067	768,303	343,897	1,112,200	(1,564,306)	(4,595)	(1,568,901)	21,892,366
Production facilities	167,598,083	9,510,498	2,624,481	12,134,979	(5,963,222)	(14,912)	(5,978,134)	173,754,928
Potable water networks	174,661,097	12,978,119	12,266,885	25,245,004	(7,585,423)	(29,287)	(7,614,710)	192,291,391
Sewer systems	246,165,604	9,496,203	6,406,064	15,902,267	(12,874,297)	(536)	(12,874,833)	249,193,038
Wastewater treatment plants	169,331,810	3,608,476	324,499	3,932,975	(5,214,662)	-	(5,214,662)	168,050,123
Other facilities	48,103,767	5,505,350	2,089,686	7,595,036	(7,999,170)	1	(7,999,169)	47,699,634
Non-operating assets	230,781	-	-	-	(8,746)	1	(8,745)	222,036
SUBTOTAL OTHER PROPERTY, PLANT AND EQUIPMENT	828,440,209	41,866,949	24,055,512	65,922,461	(41,209,826)	(49,328)	(41,259,154)	853,103,516
Machinery	120,339,611	13,145,270	8,021,020	21,166,290	(25,511,246)	(2)	(25,511,248)	115,994,653
Transportation Equipment	1,338,100	129,550	97,016	226,566	(457,062)	(135,500)	(592,562)	972,104
Equipment and accessories	1,320,029	251,739	47,737	299,476	(207,553)	1	(207,552)	1,411,953
Computer equipment	3,660,235	215,394	149,822	365,216	(1,562,253)	-	(1,562,253)	2,463,198
Lease Rights Enhancements	64,266	64,999	144,653	209,652	(39,741)	-	(39,741)	234,177
Construction in progress	156,563,062	(58,984,644)	130,120,938	71,136,294	-	(925,002)	(925,002)	226,774,354
PROPERTY CLASSES, PLANT AND EQUIPMENT, NET	1,351,787,934	(1,682,030)	163,393,349	161,711,319	(71,233,636)	(2,150,467)	(73,384,103)	1,440,115,150

Detailed property, plant and equipment disclosures (gross value)

Current year: December 31st 2019

CONCEPT	OPENING BAL-ANCE	INCREASES (DECREASES) FOR TRANSFERS FROM CONSTRUCTION IN PROGRESS THCH\$	INCREASES (DE-CREASES) FOR OTHER CHANGES THCH\$	SUBTOTAL INCREASES (DECREASES) FOR TRANSFERS AND OTHER CHANGES THCH\$	DISPOSALS AND WITHDRAWALS FROM SERVICE THCH\$	SUBTOTAL PROVISIONS AND WITHDRAWALS THCH\$	FINAL BALANCE THCH\$
Land	159,536,229	125,330	(514,915)	(389,585)	(3,178,177)	(3,178,177)	155,968,467
Buildings	113,252,042	4,530,262	910,673	5,440,935	(2,562,642)	(2,562,642)	116,130,335
SUBTOTAL LAND AND BUILDINGS	272,788,271	4,655,592	395,758	5,051,350	(5,740,819)	(5,740,819)	272,098,802
Complementary works	44,316,092	2,752,384	(407,006)	2,345,378	(577,465)	(577,465)	46,084,005
Production facilities	328,291,901	24,683,747	1,495,117	26,178,864	(60,090)	(60,090)	354,410,675
Potable water networks	514,892,514	15,636,037	11,717,685	27,353,722	(83,392)	(83,392)	542,162,844
Sewer systems	534,440,825	8,447,992	6,109,050	14,557,042	-	-	548,997,867
Wastewater treatment plants	232,373,341	5,697,365	(366,990)	5,330,375	(863,585)	(863,585)	236,840,131
Other facilities	158,049,182	9,754,590	865,427	10,620,017	(411,264)	(411,264)	168,257,935
Non-operating assets	1,868,637	-	-	-	(7,437)	(7,437)	1,861,200
Rights of use asset	-	-	4,803,359	4,803,359	(235,486)	(235,486)	4,567,873
SUBTOTAL OTHER PROPERTY, PLANT AND EQUIPMENT	1,814,232,492	66,972,115	24,216,642	91,188,757	(2,238,719)	(2,238,719)	1,903,182,530
Machinery	385,004,685	21,567,698	10,025,675	31,593,373	(804,711)	(804,711)	415,793,347
Transportation Equipment	5,123,817	511,654	(139,227)	372,427	(24,289)	(24,289)	5,471,955
Equipment and accessories	6,329,340	177,954	(23,185)	154,769	(117,478)	(117,478)	6,366,631
Computer equipment	14,292,919	461,212	(5,819)	455,393	-	-	14,748,312
Lease Rights Enhancements	806,931	16,449	(1,508)	14,941	-	-	821,872
Construction in progress	226,774,354	(95,522,674)	104,423,444	8,900,770	(356,186)	(356,186)	235,318,938
PROPERTY CLASSES, PLANT AND EQUIPMENT, GROSS	2,725,352,809	(1,160,000)	138,891,780	137,731,780	(9,282,202)	(9,282,202)	2,853,802,387

Previous year: December 31st 2018

CONCEPT	OPENING BAL-ANCE	INCREASES (DECREASES) FOR TRANSFERS FROM CONSTRUCTION IN PROGRESS THCH\$	INCREASES (DE-CREASES) FOR OTHER CHANGES THCH\$	SUBTOTAL INCREASES (DECREASES) FOR TRANSFERS AND OTHER CHANGES THCH\$	DISPOSALS AND WITHDRAWALS FROM SERVICE THCH\$	SUBTOTAL PROVISIONS AND WITHDRAWALS THCH\$	FINAL BALANCE THCH\$
Land	160,461,335	58,903	41,949	100,852	(1,025,958)	(1,025,958)	159,536,229
Buildings	111,011,034	1,569,810	714,626	2,284,436	(43,428)	(43,428)	113,252,042
SUBTOTAL LAND AND BUILDINGS	271,472,369	1,628,713	756,575	2,385,288	(1,069,386)	(1,069,386)	272,788,271
Complementary works	43,248,022	768,303	343,897	1,112,200	(44,130)	(44,130)	44,316,092
Production facilities	316,220,864	9,510,498	2,624,481	12,134,979	(63,942)	(63,942)	328,291,901
Potable water networks	492,846,317	12,978,119	12,266,885	25,245,004	(3,198,807)	(3,198,807)	514,892,514
Sewer systems	519,580,232	9,496,203	6,406,140	15,902,343	(1,041,750)	(1,041,750)	534,440,825
Wastewater treatment plants	228,440,366	3,608,476	324,499	3,932,975	-	-	232,373,341
Other facilities	150,469,536	5,505,350	2,089,686	7,595,036	(15,390)	(15,390)	158,049,182
Non-operating assets	2,023,017	-	-	-	(154,380)	(154,380)	1,868,637
SUBTOTAL OTHER PROPERTY, PLANT AND EQUIPMENT	1,752,828,354	41,866,949	24,055,588	65,922,537	(4,518,399)	(4,518,399)	1,814,232,492
Machinery	363,890,587	13,145,270	8,021,020	21,166,290	(52,192)	(52,192)	385,004,685
Transportation Equipment	5,912,615	129,550	72,546	202,096	(990,894)	(990,894)	5,123,817
Equipment and accessories	6,030,116	251,739	47,737	299,476	(252)	(252)	6,329,340
Computer equipment	13,927,703	215,394	149,822	365,216	-	-	14,292,919
Lease Rights Enhancements	597,279	64,999	144,653	209,652	-	-	806,931
Construction in progress	156,563,062	(58,984,644)	130,120,938	71,136,294	(925,002)	(925,002)	226,774,354
PROPERTY CLASSES, PLANT AND EQUIPMENT, GROSS	2,571,222,085	(1,682,030)	163,368,879	161,686,849	(7,556,125)	(7,556,125)	2,725,352,809

Detailed property, plant and equipment disclosures (accumulated depreciation)

Current year: December 31st 2019

CONCEPT	OPENING BAL-ANCE	INCREASES (DECREASES) FOR OTHER CHANGES THCH\$	SUBTOTAL INCREASES (DECREASES) FOR OTHER CHANGES THCH\$	DEPRECIATION THCH\$	DISPOSALS AND WITHDRAWALS FROM SERVICE THCH\$	SUBTOTAL DEPRECIATION, DISPOSALS AND WITHDRAWALS THCH\$	FINAL BALANCE THCH\$
Buildings	(33,627,076)	-	-	(5,536,056)	1,541,676	(3,994,380)	(37,621,456)
SUBTOTAL BUILDINGS	(33,627,076)	-	-	(5,536,056)	1,541,676	(3,994,380)	(37,621,456)
Complementary works	(22,423,726)	-	-	(1,690,510)	336,784	(1,353,726)	(23,777,452)
Production facilities	(154,536,973)	680	680	(7,468,380)	30,982	(7,437,398)	(161,973,691)
Potable water networks	(322,601,123)	-	-	(7,939,809)	53,811	(7,885,998)	(330,487,121)
Sewer systems	(285,247,787)	-	-	(13,021,001)	-	(13,021,001)	(298,268,788)
Wastewater treatment plants	(64,323,218)	-	-	(6,486,803)	286,147	(6,200,656)	(70,523,874)
Other facilities	(110,349,548)	-	-	(7,458,499)	398,412	(7,060,087)	(117,409,635)
Non-operating assets	(1,646,601)	-	-	(7,782)	7,437	(345)	(1,646,946)
Rights of use asset	-	(48,504)	(48,504)	(1,316,064)	234,257	(1,081,807)	(1,130,311)
SUBTOTAL OTHER PROPERTY, PLANT AND EQUIPMENT	(961,128,976)	(47,824)	(47,824)	(45,388,848)	1,347,830	(44,041,018)	(1,005,217,818)
Machinery	(269,010,032)	(679)	(679)	(20,301,140)	791,875	(19,509,265)	(288,519,976)
Transportation Equipment	(4,151,713)	-	-	(449,127)	23,729	(425,398)	(4,577,111)
Equipment and accessories	(4,917,387)	-	-	(188,349)	117,280	(71,069)	(4,988,456)
Computer equipment	(11,829,721)	-	-	(1,297,174)	-	(1,297,174)	(13,126,895)
Lease Rights Enhancements	(572,754)	-	-	(63,930)	-	(63,930)	(636,684)
PROPERTY CLASSES, PLANT AND EQUIPMENT, ACCUMULATED DEPRECIATION	(1,285,237,659)	(48,503)	(48,503)	(73,224,624)	3,822,390	(69,402,234)	(1,354,688,396)

Previous year: December 31st 2018

CONCEPT	OPENING BAL-ANCE	INCREASES (DECREASES) FOR OTHER CHANGES THCH\$	SUBTOTAL INCREASES (DECREASES) FOR OTHER CHANGES THCH\$	DEPRECIATION THCH\$	DISPOSALS AND WITHDRAWALS FROM SERVICE THCH\$	SUBTOTAL DEPRECIATION, DISPOSALS AND WITHDRAWALS THCH\$	FINAL BALANCE THCH\$
Buildings	(31,409,947)	76	76	(2,245,955)	28,750	(2,217,205)	(33,627,076)
SUBTOTAL BUILDINGS	(31,409,947)	76	76	(2,245,955)	28,750	(2,217,205)	(33,627,076)
Complementary works	(20,898,955)	-	-	(1,564,306)	39,535	(1,524,771)	(22,423,726)
Production facilities	(148,622,781)	-	-	(5,963,222)	49,030	(5,914,192)	(154,536,973)
Potable water networks	(318,185,220)	-	-	(7,585,423)	3,169,520	(4,415,903)	(322,601,123)
Sewer systems	(273,414,628)	(76)	(76)	(12,874,297)	1,041,214	(11,833,083)	(285,247,787)
Wastewater treatment plants	(59,108,556)	-	-	(5,214,662)	-	(5,214,662)	(64,323,218)
Other facilities	(102,365,769)	-	-	(7,999,170)	15,391	(7,983,779)	(110,349,548)
Non-operating assets	(1,792,236)	-	-	(8,746)	154,381	145,635	(1,646,601)
SUBTOTAL OTHER PROPERTY, PLANT AND EQUIPMENT	(924,388,145)	(76)	(76)	(41,209,826)	4,469,071	(36,740,755)	(961,128,976)
Machinery	(243,550,976)	-	-	(25,511,246)	52,190	(25,459,056)	(269,010,032)
Transportation Equipment	(4,574,515)	24,470	24,470	(457,062)	855,394	398,332	(4,151,713)
Equipment and accessories	(4,710,087)	-	-	(207,553)	253	(207,300)	(4,917,387)
Computer equipment	(10,267,468)	-	-	(1,562,253)	-	(1,562,253)	(11,829,721)
Lease Rights Enhancements	(533,013)	-	-	(39,741)	-	(39,741)	(572,754)
PROPERTY CLASSES, PLANT AND EQUIPMENT, ACCUMULATED DEPRECIATION	(1,219,434,151)	24,470	24,470	(71,233,636)	5,405,658	(65,827,978)	(1,285,237,659)

Commitments for the acquisition of property, plant and equipment

The detail for each company of the consolidated Group by amount of future commitments for the acquisition of property, plant and equipment, for the year 2020 is as follows

COMPANY	THCH\$
Aguas Andinas S.A.	110,833,023
Aguas Cordillera S.A.	19,144,177
Aguas Manquehue S.A.	2,749,200
ESSAL S.A.	26,708,532
EcoRiles S.A.	101,800
Gestión y Servicios S.A.	297,000
Análisis Ambientales S.A.	375,550
TOTAL	160,209,282

Idle property, plant and equipment, temporarily as of December 31, 2019:

COMPANY	GROSS VALUE THCH\$	ACCUMULATED DEPRECIATION THCH\$	NET VALUE THCH\$
Aguas Andinas S.A.	1,586,868	(1,525,135)	61,733
Aguas Cordillera S.A.	274,332	(121,811)	152,521
TOTAL	1,861,200	(1,646,946)	214,254

Restrictions on ownership of property, plant and equipment

As of December 31, 2019 and 2018, property, plant and equipment are not subject to restrictions on title, nor are they subject to guarantees of compliance with obligations, as required by IAS 16 paragraph 74 (a).

Financial leasing contracts

As of December 31, 2019, active property, plant and equipment is recorded for rights of use under IFRS 16 (see Note 12). As of December 31, 2018, there are no property, plant and equipment held under finance leases, according to IAS 17.

Impairment of assets

As of December 31st 2019 and 2018, the Company did not recognize in profit or loss any impairment losses on assets, reversals of impairment losses, or compensation from third parties, as required by paragraphs 73(e)(v) and (vi) and 74(d) of IAS 16, for which there is no indication of impairment in accordance with IAS 36 (see Note 29).

Note 12.
Lease

The following is a detail of the asset for rights of use and the liability for leases in accordance with IFRS 16:

12.1 Rights of use asset

The detail of assets by rights of use as of December 31st 2019 is as follows:

ACTIVE FOR RIGHTS OF USE:	GROSS VALUE THCH\$	ACCUMULATED DEPRECIATION THCH\$	NET VALUE THCH\$
Buildings	507,086	(139,222)	367,864
Transportation Equipment	4,060,787	(991,089)	3,069,698
TOTALS	4,567,873	(1,130,311)	3,437,562

12.2 Lease liabilities

The present value of future payments under such contracts is as follows:

LEASE LIABILITIES:	31-12-2019 THCH\$
Up to 90 days	428,113
More than 90 days and no more than one year	1,075,237
TOTAL CURRENT	1,503,350
More than one year and not more than two years	1,175,011
More than two years and not more than three years	652,134
More than three years and not more than four years	126,376
More than four years and not more than five years	642
TOTAL NON-CURRENT	1,954,163

12.3 Disclosures for operating leases as lessee

Under this concept we present renting of Transportation services and commercial agencies.

FUTURE NON-PAYABLE MINIMUM LEASE PAYMENTS, TENANTS	31-12-2019 THCH\$	31-12-2018 THCH\$
Future minimum non-payable lease payments, up to one year, tenants	2,095,817	1,834,019
Future minimum non-payable lease payments, over one year and under five years, ten-ants	3,584,608	2,933,409
TOTAL FUTURE NON-PAYABLE MINIMUM LEASE PAYMENTS	5,680,425	4,767,428
Minimum lease payments under operating leases (*)	2,545,519	4,349,603
TOTAL LEASE AND SUBLEASE PAYMENTS RECOGNIZED IN THE INCOME STATEMENT	2,545,519	4,349,603

(*) The consolidated income statement for the period ended December 31, 2019 includes an expense of ThCh\$ 2,545,519, which relates to short-term lease payments, which are exempt from the application of IFRS 16 (see Note 2.2 letter G). As of December 31, 2018, the amount recognized in income was ThCh\$4,349,603, arising from asset leases qualified as operating leases in accordance with IAS 17.

Significant operating lease agreements

The most significant operating leases are related to vehicle leasing. For these cases, the contracts correspond to periods of less than 12 months. Rental services are paid on a monthly basis upon submission and approval of payment statements.

Termination of contract: The Company may terminate the rental contracts in advance in the event of serious breach of any of the conditions and obligations set out in the administrative bases and technical specifications. In such cases, the company shall be entitled to enforce the guarantee for faithful, complete and timely fulfillment of the contract, by way of compensation for damages.

12.4 Disclosures on operating leases as lessors

The Company has contracts of this type in which it acts as lessor, which refers mainly to parts of operating premises, mostly with telecommunications companies, which have automatic renewal from 1 to 5 years, however, the Company has the power to give notice of termination between 30, 60, 90 and 180 days depending on the contract.

FUTURE MINIMUM LEASE PAYMENTS NOT PAYABLE, LESSORS	31-12-2019 THCH\$	31-12-2018 THCH\$
Minimum future lease payments not payable, up to one year, lessors	320,062	311,649
Amount of contingent income recognized in the in-come statement	702,106	672,064
TOTALS	1,022,168	983,713

Significant operating lease agreements of the lessor

Income from these items is not material to the Company.

Note 13.
Deferred taxes and profit taxes

In accordance with IAS 12, the net position of deferred tax assets and liabilities, determined by each individual company and presented in the consolidated statement of financial position by aggregating each position, is presented below.

STATEMENTS OF FINANCIAL POSITION	31-12-2019 THCH\$	31-12-2018 THCH\$
Deferred tax assets	29,528,508	23,499,561
Deferred tax liabilities	(33,860,706)	(35,719,583)
NET DEFERRED TAX POSITION	(4,332,198)	(12,220,022)

The net position presented originates from a variety of concepts constituting temporary and permanent differences which, at a consolidated level, allow it to be presented under the concepts mentioned below:

Disclosure of deferred tax assets

DEFERRED TAX ASSETS	31-12-2019 THCH\$	31-12-2018 THCH\$
Water rights (amortization)	527,787	504,001
Bad debt provision	8,707,858	9,230,453
Holiday provision	795,966	719,531
Litigation	1,007,686	807,907
Severance pay	4,774,058	4,013,029
Other provisions	269,615	243,379
Amortizations	859,630	101
Variation in price-level restatement and asset depreciation	75,109,520	69,910,122
Deferred income	1,969,571	1,969,571
Tranque La Dehesa Transaction	399,561	389,058
Lease liabilities	931,658	-
Others	1,789,635	1,625,192
DEFERRED TAX ASSETS	97,142,545	89,412,344

Disclosure of deferred tax liabilities

DEFERRED TAX LIABILITIES	31-12-2019 THCH\$	31-12-2018 THCH\$
Depreciation of property, plant and equipment	19,301,796	18,637,043
Amortizations	269,558	645,687
Investment expenditure of related companies	387,431	387,431
Land revaluations	24,279,526	24,349,342
Revaluations of water rights	46,829,517	46,834,696
Fair value of assets by business combination	9,339,856	10,539,459
Rights of use asset	926,392	-
Others	140,667	238,708
DEFERRED TAX LIABILITIES	101,474,743	101,632,366
NET DEFERRED TAX POSITION	(4,332,198)	(12,220,022)

Movements in deferred tax assets

MOVEMENTS IN DEFERRED TAX ASSETS	31-12-2019 THCH\$	31-12-2018 THCH\$
Deferred tax assets, opening balance	89,412,344	84,868,806
Increases (decreases) in deferred tax assets	3,053,398	1,203,889
Increases (decreases) due to changes in price-level restatement and depreci-ation of assets	5,199,398	3,045,426
Increases (decreases) for bad debt provisions	(522,595)	294,223
Changes in deferred tax assets	7,730,201	4,543,538
CHANGES IN TOTAL DEFERRED TAX ASSETS	97,142,545	89,412,344

Movements in deferred tax liabilities

MOVEMENTS IN DEFERRED TAX LIABILITIES	31-12-2019 THCH\$	31-12-2018 THCH\$
Deferred tax liabilities, opening balance	101,632,366	102,757,574
Increases (decreases) in deferred tax liabilities	1,041,980	297,170
Increases (decreases) in acquisitions through business combinations	(1,199,603)	(1,422,378)
Changes in deferred tax liabilities	(157,623)	(1,125,208)
CHANGES IN TOTAL DEFERRED TAX LIABILITIES	101,474,743	101,632,366

Income Tax Expenses

CURRENT AND DEFERRED INCOME TAX INCOME (EXPENSE)	31-12-2019 THCH\$	31-12-2018 THCH\$
Current tax expense	(54,901,005)	(51,551,114)
Adjustment of tax expense for previous year	(568,944)	(216,089)
Current income tax expense	(55,469,949)	(51,767,203)
Deferred tax income (expense) relating to the creation and reversal of tempo-rary differences	7,216,198	5,379,744
Single tax expense (rejected expenses)	(1,556,554)	(230,221)
Income (expense) from other taxes	5,659,644	5,149,523
INCOME TAX EXPENSE	(49,810,305)	(46,617,680)

Numerical reconciliation between income (expense) for tax and the result of multiplying the accounting profit by the applicable tax rate or tariffs

	31-12-2019 THCH\$	31-12-2018 THCH\$
Tax expenses using the legal rate	(50,885,622)	(49,921,973)
Permanent difference due to price-level restatement of tax assets	3,589,401	3,724,491
Permanent difference for rejected expenses	(1,556,554)	(230,221)
Permanent income tax difference from previous years	(568,944)	(216,089)
Other permanent differences	(388,586)	26,112
Adjustments to tax expense using the statutory rate	1,075,317	3,304,293
TAX EXPENSE USING THE EFFECTIVE RATE	(49,810,305)	(46,617,680)

Reconciliation of the statutory tax rate with the effective tax rate

	31-12-2019 THCH\$	31-12-2018 THCH\$
Statutory tax rate	27.00%	27.00%
Permanent difference due to price-level restatement of tax assets	-1.90%	-2.01%
Permanent difference for rejected expenses	0.83%	0.12%
Permanent income tax difference from previous years	0.30%	0.12%
Other permanent differences	0.20%	-0.02%
EFFECTIVE TAX RATE	26.43%	25.21%

Note 14.
Financial instruments

14.1 Capital risk management

The Group manages its capital to ensure that the Group entities will continue as a going concern by maximizing shareholder returns through the optimization of the debt and equity structure. The Group’s overall strategy has remained unchanged since 2009. The Group’s capital structure consists of debt, which includes the loans disclosed in point 14.4, and equity attributable to the parent company’s equity holders, which includes capital, reserves and retained earnings, which are disclosed in Note 19.

14.2 Significant accounting policies

Details of the significant accounting policies and methods adopted, including the recognition criteria, measurement bases and bases on which income and expenses are recognized, regarding each class of financial assets and financial liabilities are described in Note 2-H, 2-L and 2-M of these consolidated financial statements.

14.3 Class of financial instruments

The following is a summary of the financial instruments as of December 31, 2019 and 2018:

TYPES OF FINANCIAL INSTRUMENTS	CURREN-CY	NOTE	31-12-2019 THCH\$	31-12-2018 THCH\$
Commercial and other accounts receivable	CLP	5	115,942,037	116,808,708
Commercial and other accounts receivable	USD	5	9,230	8,424
Commercial and other accounts receivable	EUR	5	8,819	12,240
TOTAL COMMERCIAL AND OTHER RECEIVABLES, CURRENT			115,960,086	116,829,372
Accounts receivable from related parties	CLP	6	24,908	90,778
INFORMATION ON RELATED ENTITIES, CURRENT			24,908	90,778
TOTAL FINANCIAL ASSETS, CURRENT			115,984,994	116,920,150
Non-current financial assets				
Tariffs receivable	CLP	5	4,251,661	4,500,020
Other financial assets	CLP	8.1	7,852,912	7,852,912
TOTAL FINANCIAL ASSETS, NON-CURRENT			12,104,573	12,352,932
TOTAL FINANCIAL ASSETS			128,089,567	129,273,082
Current financial liabilities				
Bank loans	CLP	14.4	13,876,507	3,503,647
Bonds	CLP	14.4	16,320,558	15,037,330
Refundable financial contributions	CLP	14.4	6,188,749	15,422,339
Lease liabilities	CLP	14.4	1,503,350	-
OTHER FINANCIAL LIABILITIES, CURRENT			37,889,164	33,963,316
Commercial and other accounts payable	CLP	15	142,759,977	147,133,821
Commercial and other accounts payable	USD	15	758,814	903,099
Commercial and other accounts payable	EUR	15	276,608	99,658
COMMERCIAL AND OTHER ACCOUNTS PAYABLE, CURRENT			143,795,399	148,136,578
Accounts payable to related entities	CLP	6	29,933,892	35,775,570
INFORMATION ON RELATED ENTITIES, CURRENT			29,933,892	35,775,570
TOTAL FINANCIAL LIABILITIES, CURRENT			211,618,455	217,875,464
Non-current financial liabilities				
Bank loans	CLP	14.4	101,352,095	92,519,209
Bonds	CLP	14.4	715,030,769	646,960,110
Refundable financial contributions	CLP	14.4	186,572,528	173,033,860
Lease liabilities	CLP	14.4	1,954,163	-
Other financial liabilities, non-current			1,004,909,555	912,513,179
Other accounts payable	CLP	15	1,159,317	983,335
Other accounts payable, non-current			1,159,317	983,335
TOTAL FINANCIAL LIABILITIES, NON-CURRENT			1,006,068,872	913,496,514
TOTAL FINANCIAL LIABILITIES			1,217,687,327	1,131,371,978

14.4 Disclosures on financial liabilities

Other financial liabilities

Other financial liabilities include bank loans, obligations with the public (bonds), Reimbursable Financial Contributions (AFR) and lease liabilities, which are valued at amortized cost, as explained below:

Reimbursable Financial Contributions (AFR)

In accordance with article 42-A of D.S. MINECON No. 453 of 1989, “Reimbursable financial contributions for extension and capacity constitute a financing alternative available to the provider (company that provides health services) for the execution of health works of extension and capacity which, according to the Law, are its charge and cost”.

They consist of specific amounts of money or works that public health service providers can demand from those who request to be incorporated as customers, or request an extension of service, which, in accordance with the regulations in force, have defined forms and deadlines for their return.

The return of the amounts contributed by customers is basically through the issue of 10- or 15-year endorsable promissory notes, and in some cases lesser amounts, through the return of health services.

The detail of the financial contributions refundable as of December 31st 2019 and 2018 is as follows

Reimbursable Financial Contributions, current portion

INSTRUMENT REGISTRATION OR IDENTIFICATION NUMBER	CURRENCY RESET INDEX	RESIDUAL UF		BOOK VALUE		ACTUAL CONTRACT INTEREST RATE	EFFECTIVE RATE	PLACEMENT IN CHILE OR ABROAD	ISSUING COMPANY	DEBTOR RUT	TYPE OF DEPRECIATION	GUARANTEED (YES/NO)
		31-12-2019	31-12-2019 THCH\$	31-12-2018 THCH\$								
AFR	UF	177,510.25	5,098,342	10,460,816	2.93%	2.89%	Chile	Aguas Andinas S.A.	61.808.000-5		At maturity	No
AFR	UF	37,881.57	1,090,407	3,836,401	3.09%	2.98%	Chile	Aguas Cordillera S.A.	96.809.310-k		At maturity	No
AFR	UF	-	-	1,125,122	0.00%	0.00%	Chile	Aguas Manquehue S.A.	89.221.000-4		At maturity	No
TOTALS		215,391.82	6,188,749	15,422,339								

Reimbursable Financial Contributions, non-current portion

INSTRUMENT REGISTRATION OR IDENTIFICATION NUMBER	CURRENCY RESET INDEX	RESIDUAL UF		BOOK VALUE		MATURITY DATE	ACTUAL CONTRACT INTEREST RATE	EFFECTIVE RATE	ISSUING COMPANY	DEBTOR RUT	TYPE OF DEPRECIATION	GUARANTEED (YES/NO)
		31-12-2019	31-12-2019 THCH\$	31-12-2018 THCH\$								
AFR	UF	4,697,883.11	134,047,347	122,915,519	27-12-2034	3.12%	3.03%	Aguas Andinas S.A.	61.808.000-5		At maturity	No
AFR	UF	783,294.97	22,352,582	21,717,829	26-12-2034	3.08%	2.94%	Aguas Cordillera S.A.	96.809.310-k		At maturity	No
AFR	UF	682,791.37	19,488,860	17,950,443	27-12-2034	3.00%	3.00%	Aguas Manquehue S.A.	89.221.000-4		At maturity	No
AFR	UF	377,384.60	10,683,739	10,450,069	13-09-2034	3.37%	3.37%	ESSAL S.A.	96.579.800-5		At maturity	No
TOTALS		6,541,354.05	186,572,528	173,033,860								

The detail of bank loans as of December 31st 2019 and 2018 is as follows:

Bank loan balances, current year

RUT DEBTOR ENTITY	61.808.000-5	61.808.000-5	96.809.310-K	96.579.800-5	96.579.800-5	96.579.800-5	96.579.800-5	96.579.800-5	96.579.800-5
NAME OF DEBTOR ENTITY	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Cordillera S.A.	Essal S.A.	Essal S.A.	Essal S.A.	Essal S.A.	Essal S.A.	Essal S.A.
COUNTRY OF THE DEBTOR COMPANY	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile
RUT LENDING ENTITY	97.004.000-5	97.006.000-6	97.018.000-1	97.004.000-7	97.006.000-6	97.006.000-6	97.018.000-1	97.018.000-1	97.018.000-1
NAME OF LENDING INSTITUTION	Bank of Chile	BCI Bank	Scotiabank	Bank of Chile	BCI Bank	BCI Bank	Scotiabank	Scotiabank	Scotiabank
CURRENCY OR RESET UNIT	CLP	CLP	CLP	CLP	CLP	CLP	CLP	CLP	CLP
TYPE OF DEPRECIATION	Biannual	At maturity	At maturity	At maturity	At maturity	At maturity	At maturity	At maturity	At maturity
EFFECTIVE RATE	3.05%	2.42%	2.73%	3.84%	3.70%	0.49%	2.79%	2.67%	2.67%
NOMINAL RATE	3.05%	2.42%	2.73%	3.84%	3.70%	0.49%	2.79%	2.67%	2.67%
NOMINAL AMOUNTS	THCH\$	THCH\$	THCH\$	THCH\$	THCH\$	THCH\$	THCH\$	THCH\$	THCH\$
UP TO ONE YEAR	4,492,373	126,948	189,583	8,721	9,030,745	6,179	19,065	2,893	13,876,507
Up to 90 days	67,482	-	189,583	8,721	30,745	6,179	19,065	2,893	324,668
More than 90 days up to one year	4,424,891	126,948	-	-	9,000,000	-	-	-	13,551,839
MORE THAN 1 YEAR UP TO 3 YEARS	17,699,562	19,270,303	-	2,500,000	-	10,757,777	6,000,000	3,000,000	59,227,642
More than 1 year up to 2 years	8,849,781	-	-	2,500,000	-	-	6,000,000	3,000,000	20,349,781
More than 2 years up to 3 years	8,849,781	19,270,303	-	-	-	10,757,777	-	-	38,877,861
MORE THAN 3 YEARS UP TO 5 YEARS	17,699,562	-	20,000,000	-	-	-	-	-	37,699,562
More than 3 years up to 4 years	8,849,781	-	20,000,000	-	-	-	-	-	28,849,781
More than 4 years up to 5 years	8,849,781	-	-	-	-	-	-	-	8,849,781
MORE THAN 5 YEARS	4,424,891	-	-	-	-	-	-	-	4,424,891
More than 5 years	4,424,891	-	-	-	-	-	-	-	4,424,891
TOTAL NOMINAL AMOUNTS	44,316,388	19,397,251	20,189,583	2,508,721	9,030,745	10,763,956	6,019,065	3,002,893	115,228,602

BOOK VALUES	THCH\$	THCH\$	THCH\$	THCH\$	THCH\$	THCH\$	THCH\$	THCH\$	THCH\$
CURRENT BANK LOANS	4,492,373	126,948	189,583	8,721	9,030,745	6,179	19,065	2,893	13,876,507
Up to 90 days	67,482	-	189,583	8,721	30,745	6,179	19,065	2,893	324,668
More than 90 days up to one year	4,424,891	126,948	-	-	9,000,000	-	-	-	13,551,839
NON-CURRENT BANK LOANS	39,824,015	19,270,303	20,000,000	2,500,000	-	10,757,777	6,000,000	3,000,000	101,352,095
MORE THAN 1 YEAR UP TO 3 YEARS	17,699,562	19,270,303	-	2,500,000	-	10,757,777	6,000,000	3,000,000	59,227,642
More than 1 year up to 2 years	8,849,781	-	-	2,500,000	-	-	6,000,000	3,000,000	20,349,781
More than 2 years up to 3 years	8,849,781	19,270,303	-	-	-	10,757,777	-	-	38,877,861
MORE THAN 3 YEARS UP TO 5 YEARS	17,699,562	-	20,000,000	-	-	-	-	-	37,699,562
More than 3 years up to 4 years	8,849,781	-	20,000,000	-	-	-	-	-	28,849,781
More than 4 years up to 5 years	8,849,781	-	-	-	-	-	-	-	8,849,781
MORE THAN 5 YEARS	4,424,891	-	-	-	-	-	-	-	4,424,891
More than 5 years	4,424,891	-	-	-	-	-	-	-	4,424,891
TOTAL BANK LOANS	44,316,388	19,397,251	20,189,583	2,508,721	9,030,745	10,763,956	6,019,065	3,002,893	115,228,602

Book value = capital +/- issue over/under - issue costs + interest earned by effective rate method - interest and capital paid.
Nominal value = capital +/- accrued interest at issue rate - capital/interest payments.

In the detail of bank loans, there is no variation between the nominal value and the book value, since no issue costs have been incurred in obtaining and/or renewing loans.

Bank loan balances, previous year

RUT DEBTOR ENTITY	61.808.000-5	61.808.000-5	61.808.000-5	96.809.310-K	96.579.800-5	96.579.800-5
NAME OF DEBTOR ENTITY	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Cordillera S.A.	ESSAL S.A.	ESSAL S.A.
COUNTRY OF THE DEBTOR COMPANY	Chile	Chile	Chile	Chile	Chile	Chile
RUT LENDING ENTITY	97.004.000-5	97.006.000-6	97.032.000-8	97.032.000-8	97.004.000-5	97.006.000-6
NAME OF LENDING INSTITUTION	Bank of Chile	BCI Bank	Scotiabank	Scotiabank	Bank of Chile	BCI Bank
CURRENCY OR RESET UNIT	CLP	CLP	CLP	CLP	CLP	CLP
TYPE OF DEPRECIATION	Biannual	At maturity	At maturity	At maturity	At maturity	At maturity
EFFECTIVE RATE	3.83%	3.22%	3.51%	3.20%	3.44%	3.29%
NOMINAL RATE	3.83%	3.22%	3.51%	3.20%	3.44%	3.29%

NOMINAL AMOUNTS	THCH\$	THCH\$	THCH\$	THCH\$	THCH\$	THCH\$	THCH\$
UP TO ONE YEAR	71,002	217,177	439,245	222,223	2,512,182	41,818	3,503,647
Up to 90 days	-	217,177	300	222,223	12,182	-	451,882
More than 90 days up to one year	71,002	-	438,945	-	2,500,000	41,818	3,051,765
MORE THAN 1 YEAR UP TO 3 YEARS	13,274,672	19,270,304	-	-	-	9,000,000	41,544,976
More than 1 year up to 2 years	4,424,891	19,270,304	-	-	-	-	23,695,195
More than 2 years up to 3 years	8,849,781	-	-	-	-	9,000,000	17,849,781
MORE THAN 3 YEARS UP TO 5 YEARS	17,699,562	-	-	20,000,000	-	-	37,699,562
More than 3 years up to 4 years	8,849,781	-	-	-	-	-	8,849,781
More than 4 years up to 5 years	8,849,781	-	-	20,000,000	-	-	28,849,781
MORE THAN 5 YEARS	13,274,671	-	-	-	-	-	13,274,671
More than 5 years	13,274,671	-	-	-	-	-	13,274,671
TOTAL NOMINAL AMOUNTS	44,319,907	19,487,481	439,245	20,222,223	2,512,182	9,041,818	96,022,856

BOOK VALUES	THCH\$	THCH\$	THCH\$	THCH\$	THCH\$	THCH\$	THCH\$
CURRENT BANK LOANS	71,002	217,177	439,245	222,223	2,512,182	41,818	3,503,647
Up to 90 days	-	217,177	300	222,223	12,182	-	451,882
More than 90 days up to one year	71,002	-	438,945	-	2,500,000	41,818	3,051,765
NON-CURRENT BANK LOANS	44,248,905	19,270,304	-	20,000,000	-	9,000,000	92,519,209
MORE THAN 1 YEAR UP TO 3 YEARS	13,274,672	19,270,304	-	-	-	9,000,000	41,544,976
More than 1 year up to 2 years	4,424,891	19,270,304	-	-	-	-	23,695,195
More than 2 years up to 3 years	8,849,781	-	-	-	-	9,000,000	17,849,781
MORE THAN 3 YEARS UP TO 5 YEARS	17,699,562	-	-	20,000,000	-	-	37,699,562
More than 3 years up to 4 years	8,849,781	-	-	-	-	-	8,849,781
More than 4 years up to 5 years	8,849,781	-	-	20,000,000	-	-	28,849,781
MORE THAN 5 YEARS	13,274,671	-	-	-	-	-	13,274,671
More than 5 years	13,274,671	-	-	-	-	-	13,274,671
TOTAL BANK LOANS	44,319,907	19,487,481	439,245	20,222,223	2,512,182	9,041,818	96,022,856

Book value = capital +/- issue over/under - issue costs + interest earned by effective rate method - interest and capital paid.
Nominal value = capital +/- accrued interest at issue rate - capital/interest payments.

In the detail of bank loans, there is no variation between the nominal value and the book value, since no issue costs have been incurred in obtaining and/or renewing loans.

The detail of the bond obligations as of December 31, 2019 and 2018 is as follows

Total liabilities to the public, current year

RUT DEBTOR ENTITY	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5		61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	96.579.800-5	96.579.800-5
NAME OF DEBTOR ENTITY	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.		Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	ESSAL S.A.	ESSAL S.A.
COUNTRY OF THE DEBTOR COMPANY	Chile	Chile	Chile	Chile	Chile	Chile	Chile		Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile
REGISTRATION NUMBER	630	655	655	713	713	778	778		806	777	806	887	886	887	284	870
SERIES	BAGUA-M	BAGUA-P	BAGUA-Q	BAGUA-S	BAGUA-U	BAGUA-V	BAGUA-W		BAGUA-X	BAGUA-Z	BAGUA-AA	BAGUA-AD	BAGUA-AC	BAGUA-AE	Besal-B	Besal-C
MATURITY DATE	01-04-2031	01-10-2033	01-06-2032	01-04-2035	01-04-2036	01-04-2037	01-06-2037		01-02-2038	15-01-2023	15-01-2040	15-03-2043	15-03-2025	15-03-2044	01-06-2028	01-12-2040
CURRENCY OR RESET UNIT	UF	UF	UF	UF	UF	UF	UF		UF	UF	UF	UF	UF	UF	UF	UF
PERIODICITY OF DEPRECIATION	At maturity	At maturity	At maturity	At maturity	At maturity	At maturity	At maturity		At maturity	Biannual	Biannual	Biannual	Biannual	Biannual	Biannual	Biannual
EFFECTIVE RATE	4.16%	3.83%	4.05%	3.92%	3.81%	3.50%	3.18%		3.15%	2.34%	3.33%	2.87%	1.97%	2.05%	6.63%	2.93%
NOMINAL RATE	4.20%	3.86%	4.00%	3.90%	3.80%	3.50%	3.30%		3.00%	2.40%	3.20%	2.80%	1.80%	2.50%	6.00%	2.80%

NOMINAL AMOUNTS	THCH\$	THCH\$	THCH\$	THCH\$	THCH\$	THCH\$	THCH\$		THCH\$	THCH\$	THCH\$	THCH\$	THCH\$	THCH\$	THCH\$	THCH\$
UP TO ONE YEAR	514,845	405,901	154,179	628,762	532,878	491,149	177,606		562,009	7,348,491	824,299	463,565	224,064	414,218	3,415,277	163,997
Up to 90 days	-	-	-	-	-	-	-		562,009	3,809,748	824,299	463,565	224,064	414,218	-	163,997
More than 90 days up to one year	514,845	405,901	154,179	628,762	532,878	491,149	177,606		-	3,538,743	-	-	-	-	3,415,277	-
MORE THAN 1 YEAR UP TO 3 YEARS	-	-	-	-	-	-	-		-	14,154,970	-	-	15,924,342	-	6,495,446	-
More than 1 year up to 2 years	-	-	-	-	-	-	-		-	7,077,485	-	-	5,308,114	-	3,247,723	-
More than 2 years up to 3 years	-	-	-	-	-	-	-		-	7,077,485	-	-	10,616,228	-	3,247,723	-
MORE THAN 3 YEARS	49,542,395	42,464,910	46,711,401	65,112,862	56,619,880	56,619,880	65,112,862		45,295,904	3,538,743	56,619,880	56,619,880	26,540,570	56,619,880	22,042,118	28,048,530
More than 3 years up to 4 years	-	-	-	-	-	-	-		-	3,538,743	-	-	10,616,228	-	3,247,723	-
More than 4 years up to 5 years	-	-	-	-	-	-	-		-	-	-	-	10,616,228	-	3,247,723	-
More than 5 years	49,542,395	42,464,910	46,711,401	65,112,862	56,619,880	56,619,880	65,112,862		45,295,904	-	56,619,880	56,619,880	5,308,114	56,619,880	15,546,672	28,048,530
TOTAL NOMINAL AMOUNTS	50,057,240	42,870,811	46,865,580	65,741,624	57,152,758	57,111,029	65,290,468		45,857,913	25,042,204	57,444,179	57,083,445	42,688,976	57,034,098	31,952,841	28,212,527

BOOK VALUES	THCH\$	THCH\$	THCH\$	THCH\$	THCH\$	THCH\$	THCH\$	THCH\$	THCH\$	THCH\$	THCH\$	THCH\$	THCH\$	THCH\$	THCH\$	THCH\$	
OBLIGATIONS TO THE ORDINARY PUBLIC	527,872	414,438	168,619	621,600	529,251	491,149	222,549		524,372	7,358,696	786,205	443,450	157,987	570,241	3,340,132	163,997	16,320,558
Up to 90 days	-	-	-	-	-	-	-		524,372	3,819,953	786,205	443,450	157,987	570,241	3,340,132	163,997	9,806,337
More than 90 days up to one year	527,872	414,438	168,619	621,600	529,251	491,149	222,549		-	3,538,743	-	-	-	-	-	-	6,514,221
NON-CURRENT OBLIGATIONS TO THE PUBLIC	49,711,499	42,607,147	46,921,832	64,983,746	56,543,915	56,619,880	65,991,224		44,429,043	17,706,018	55,642,582	56,017,217	42,295,104	61,111,397	26,811,234	27,638,931	715,030,769
MORE THAN 1 YEAR UP TO 3 YEARS	-	-	-	-	-	-	-		-	14,163,174	-	-	15,856,419	-	6,397,710	-	36,417,303
More than 1 year up to 2 years	-	-	-	-	-	-	-		-	7,081,587	-	-	5,274,153	-	3,198,855	-	15,554,595
More than 2 years up to 3 years	-	-	-	-	-	-	-		-	7,081,587	-	-	10,582,266	-	3,198,855	-	20,862,708
MORE THAN 3 YEARS	49,711,499	42,607,147	46,921,832	64,983,746	56,543,915	56,619,880	65,991,224		44,429,043	3,542,844	55,642,582	56,017,217	26,438,685	61,111,397	20,413,524	27,638,931	678,613,466
More than 3 years up to 4 years	-	-	-	-	-	-	-		-	3,542,844	-	-	10,582,266	-	3,198,855	-	17,323,965
More than 4 years up to 5 years	-	-	-	-	-	-	-		-	-	-	-	10,582,266	-	3,198,855	-	13,781,121
More than 5 years	49,711,499	42,607,147	46,921,832	64,983,746	56,543,915	56,619,880	65,991,224		44,429,043	-	55,642,582	56,017,217	5,274,153	61,111,397	14,015,814	27,638,931	647,508,380
TOTAL OBLIGATIONS TO THE PUBLIC	50,239,371	43,021,585	47,090,451	65,605,346	57,073,166	57,111,029	66,213,773		44,953,415	25,064,714	56,428,787	56,460,667	42,453,091	61,681,638	30,151,366	27,802,928	731,351,327

Total liabilities to the public, previous year

RUT DEBTOR ENTITY	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5		61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	61.808.000-5	96.579.800-5	96.579.800-5
NAME OF DEBTOR ENTITY	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.		Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	Aguas Andinas S.A.	ESSAL S.A.	ESSAL S.A.
COUNTRY OF THE DEBTOR COMPANY	Chile	Chile	Chile	Chile	Chile	Chile	Chile		Chile	Chile	Chile	Chile	Chile	Chile	Chile	Chile
REGISTRATION NUMBER	630	655	655	712	713	713	778		778	806	777	806	887	886	284	870
SERIES	BAGUA-M	BAGUA-P	BAGUA-Q	BAGUA-R	BAGUA-S	BAGUA-U	BAGUA-V		BAGUA-W	BAGUA-X	BAGUA-Z	BAGUA-AA	BAGUA-AD	BAGUA-AC	Besal-B	Besal-C
MATURITY DATE	01-04-2031	01-10-2033	01-06-2032	01-04-2019	01-04-2035	01-04-2036	01-04-2037		01-06-2037	01-02-2038	15-01-2023	15-01-2040	15-03-2043	15-03-2025	01-06-2028	01-12-2040
CURRENCY OR RESET UNIT	UF	UF	UF	UF	UF	UF	UF		UF	UF	UF	UF	UF	UF	UF	UF
PERIODICITY OF DEPRECIATION	At maturity	At maturity	At maturity	Biannual	At maturity	At maturity	At maturity		At maturity	At maturity	Biannual	Biannual	Biannual	Biannual	Biannual	Biannual
EFFECTIVE RATE	4.16%	3.82%	4.05%	3.44%	3.92%	3.81%	3.50%		3.18%	3.15%	2.34%	3.33%	2.87%	1.96%	6.63%	2.93%
NOMINAL RATE	4.20%	3.86%	4.00%	3.30%	3.90%	3.80%	3.50%		3.30%	3.00%	2.40%	3.20%	2.80%	1.80%	6.00%	2.80%

NOMINAL AMOUNTS	THCH\$	THCH\$	THCH\$	THCH\$	THCH\$	THCH\$	THCH\$		THCH\$	THCH\$	THCH\$	THCH\$	THCH\$	THCH\$	THCH\$	THCH\$	THCH\$
UP TO ONE YEAR	501,311	395,231	150,126	3,087,924	612,235	518,871	478,239		172,938	547,236	3,748,693	806,326	219,393	451,380	2,649,403	-	14,339,306
Up to 90 days	-	-	-	-	-	-	-		-	547,236	3,748,693	806,326	219,393	451,380	2,649,403	-	8,422,431
More than 90 days up to one year	501,311	395,231	150,126	3,087,924	612,235	518,871	478,239		172,938	-	-	-	-	-	-	-	5,916,875
MORE THAN 1 YEAR UP TO 3 YEARS	-	-	-	-	-	-	-		-	-	13,782,896	-	-	5,168,586	6,383,654	-	25,335,136
More than 1 year up to 2 years	-	-	-	-	-	-	-		-	-	6,891,448	-	-	-	3,191,827	-	10,083,275
More than 2 years up to 3 years	-	-	-	-	-	-	-		-	-	6,891,448	-	-	5,168,586	3,191,827	-	15,251,861
MORE THAN 3 YEARS	48,240,133	41,348,685	45,483,554	-	63,401,317	55,131,580	55,131,580		63,401,317	44,105,264	10,337,172	55,131,580	55,131,580	36,180,099	23,606,307	27,565,790	624,195,958
More than 3 years up to 4 years	-	-	-	-	-	-	-		-	-	6,891,448	-	-	10,337,171	3,191,827	-	20,420,446
More than 4 years up to 5 years	-	-	-	-	-	-	-		-	-	3,445,724	-	-	10,337,171	3,191,827	-	16,974,722
More than 5 years	48,240,133	41,348,685	45,483,554	-	63,401,317	55,131,580	55,131,580		63,401,317	44,105,264	-	55,131,580	55,131,580	15,505,757	17,222,653	27,565,790	586,800,790
TOTAL NOMINAL AMOUNTS	48,741,444	41,743,916	45,633,680	3,087,924	64,013,552	55,650,451	55,609,819		63,574,255	44,652,500	27,868,761	55,937,906	55,350,973	41,800,065	32,639,364	27,565,790	663,870,400

BOOK VALUES	THCH\$	THCH\$	THCH\$	THCH\$	THCH\$	THCH\$	THCH\$		THCH\$	THCH\$	THCH\$	THCH\$	THCH\$	THCH\$	THCH\$	THCH\$	THCH\$
OBLIGATIONS TO THE ORDINARY PUBLIC	514,006	403,555	163,916	3,088,985	605,265	515,342	478,239		216,304	510,665	3,762,546	769,268	199,950	390,405	3,259,198	159,686	15,037,330
Up to 90 days	-	-	-	-	-	-	-		-	510,665	3,762,546	769,268	199,950	390,405	-	-	5,632,834
More than 90 days up to one year	514,006	403,555	163,916	3,088,985	605,265	515,342	478,239		216,304	-	-	-	-	-	3,259,198	159,686	9,404,496
NON-CURRENT OBLIGATIONS TO THE PUBLIC	48,424,970	41,501,290	45,709,303	-	63,263,490	55,051,193	55,131,580		64,327,541	43,204,473	24,139,660	54,118,401	54,513,068	41,129,323	29,601,126	26,844,692	646,960,110
MORE THAN 1 YEAR UP TO 3 YEARS	-	-	-	-	-	-	-		-	-	13,792,692	-	-	5,113,745	6,218,496	-	25,124,933
More than 1 year up to 2 years	-	-	-	-	-	-	-		-	-	6,896,346	-	-	-	3,109,248	-	10,005,594
More than 2 years up to 3 years	-	-	-	-	-	-	-		-	-	6,896,346	-	-	5,113,745	3,109,248	-	15,119,339
MORE THAN 3 YEARS	48,424,970	41,501,290	45,709,303	-	63,263,490	55,051,193	55,131,580		64,327,541	43,204,473	10,346,968	54,118,401	54,513,068	36,015,578	23,382,630	26,844,692	621,835,177
More than 3 years up to 4 years	-	-	-	-	-	-	-		-	-	6,896,346	-	-	10,282,331	3,109,248	-	20,287,925
More than 4 years up to 5 years	-	-	-	-	-	-	-		-	-	3,450,622	-	-	10,282,331	3,109,248	-	16,842,201
More than 5 years	48,424,970	41,501,290	45,709,303	-	63,263,490	55,051,193	55,131,580		64,327,541	43,204,473	-	54,118,401	54,513,068	15,450,916	17,164,134	26,844,692	584,705,051
TOTAL OBLIGATIONS TO THE PUBLIC	48,938,976	41,904,845	45,873,219	3,088,985	63,868,755	55,566,535	55,609,819		64,543,845	43,715,138	27,902,206	54,887,669	54,713,018	41,519,728	32,860,324	27,004,378	661,997,440

Lease liabilities

This corresponds to the obligation for lease payments in accordance with IFRS 16 of ThCh\$1,503,350 in current and ThCh\$1,954,163 in non-current terms (see Note 12).

Reconciliation of financial liabilities

The following is a reconciliation between the opening and closing balances of other financial liabilities as of December 31, 2019 and 2018:

Other financial liabilities, current

OTHER FINANCIAL LIABILITIES, CURRENT	OPENING BALANCE 12/31/2018 THCH\$	ADDITIONS THCH\$	RETIREMENTS THCH\$	TRANSFERS THCH\$	ENDING BALANCE 12/31/2019 THCH\$
Bank loans	3,503,647	134,183,291	(128,108,621)	4,298,190	13,876,507
Bonds	15,037,330	7,807	(6,886)	1,282,307	16,320,558
Refundable financial contributions	15,422,339	27,233,300	(26,985,986)	(9,480,904)	6,188,749
Lease liabilities	-	2,014,767	(1,289,152)	777,735	1,503,350
TOTALS	33,963,316	163,439,165	(156,390,645)	(3,122,672)	37,889,164

OTHER FINANCIAL LIABILITIES, NON-CURRENT	OPENING BALANCE 12/31/2018 THCH\$	ADDITIONS THCH\$	RETIREMENTS THCH\$	TRANSFERS THCH\$	ENDING BALANCE 12/31/2019 THCH\$
Bank loans	92,519,209	22,257,777	-	(13,424,891)	101,352,095
Bonds	646,960,110	56,686,306	(9,799,598)	21,183,951	715,030,769
Refundable financial contributions	173,033,860	-	-	13,538,668	186,572,528
Lease liabilities	-	2,731,898	-	(777,735)	1,954,163
TOTALS	912,513,179	81,675,981	(9,799,598)	20,519,993	1,004,909,555

Previous year:

OTHER FINANCIAL LIABILITIES, CURRENT	OPENING BALANCE 12/31/2017 THCH\$	ADDITIONS THCH\$	RETIREMENTS THCH\$	TRANSFERS THCH\$	ENDING BALANCE 12/31/2018 THCH\$
Bank loans	7,436,617	24,492,934	(24,436,123)	(3,989,781)	3,503,647
Bonds	40,406,918	3,191,827	(30,543,587)	1,982,172	15,037,330
Refundable financial contributions	15,201,817	16,301,555	(15,713,640)	(367,393)	15,422,339
TOTALS	63,045,352	43,986,316	(70,693,350)	(2,375,002)	33,963,316

OTHER FINANCIAL LIABILITIES, NON-CURRENT	OPENING BALANCE 12/31/2017 THCH\$	ADDITIONS THCH\$	RETIREMENTS THCH\$	TRANSFERS THCH\$	ENDING BALANCE 12/31/2018 THCH\$
Bank loans	88,735,865	64,248,905	(44,248,905)	(16,216,656)	92,519,209
Bonds	545,691,060	113,369,845	(7,515,955)	(4,584,840)	646,960,110
Refundable financial contributions	168,551,242	-	-	4,482,618	173,033,860
TOTALS	802,978,167	177,618,750	(51,764,860)	(16,318,878)	912,513,179

15.5 Fair value of financial instruments

Fair value of financial instruments carried at amortized cost.

The fair values of the main financial assets and liabilities are summarized below, including those that are not presented at fair value in the consolidated statement of financial position

	31-12-2019	
	AMORTIZED COST THCH\$	FAIR VALUE THCH\$
CASH EQUIVALENTS		
Fixed-term deposits, level 1	497,000	497,000
Mutual funds, level 1	61,710,353	61,710,353
INVESTMENTS HELD AT FAIR VALUE	62,207,353	62,207,353
OTHER FINANCIAL LIABILITIES		
Bank debt, level 2	115,228,602	116,661,605
Bonus, level 1	731,351,327	849,941,605
AFR, level 3	192,761,277	192,761,277
FINANCIAL LIABILITIES HELD AT AMORTIZED COST	1,039,341,206	1,159,364,487

Methodology and assumptions used in the calculation of fair value

The fair value of financial assets and liabilities was determined using the following methodology:

- a. The amortized cost of time deposits and mutual funds is a good approximation of fair value, because they are short-term transactions.
- b. The amortized cost of AFR liabilities is a good approximation of the fair value, since they are operations with little liquidity in the market, the rate applied corresponds to that indicated in the standard that regulates them (DFL No. 70).
- c. The fair value of the bonds was determined based on market price references, as these instruments are Commercial in the market under standard conditions and with a high degree of liquidity.
- d. The fair value of the bank debt was determined by discounting the cash flows of each loan (principal and interest disbursements) at an interpolated swap curve rate corresponding to the remaining term. This term corresponds to the number of days counted from the closing date of the month of the Financial Statements, until the date corresponding to the disbursement of each flow.

Recognition of hierarchy of measurements at fair value in the Consolidated Financial Statements

- ▶ Level 1 corresponds to measurement methodologies at fair value through market shares (without adjustment) in active markets and considering the same assets and liabilities valued.
- ▶ Level 2 corresponds to fair value measurement methodologies using quoted market data, not included in Level 1, that are observable for the valued assets and liabilities, either directly (prices) or indirectly (derived from prices).
- ▶ Level 3 corresponds to fair value measurement methodologies using valuation techniques, including data on valued assets and liabilities, which are not based on observable market data.

Note 15.
Commercial and other accounts payable

The composition of Commercial receivables and other current and non-current accounts receivable as of December 31st 2019 and 2018 is as follows:

COMMERCIAL AND OTHER ACCOUNTS PAYABLE	CURRENCY OR RESET UNIT	31-12-2019 THCH\$	31-12-2018 THCH\$
Subcontractors	CLP	34,882,554	39,998,085
Dividends	CLP	33,490,913	33,702,145
Suppliers	CLP	41,024,307	48,227,975
Suppliers	USD	758,814	903,099
Suppliers	EUR	276,608	99,658
Accrued products and services	CLP	25,294,973	17,889,468
Staff	CLP	3,879,982	4,238,156
Documents to be paid	CLP	3,535,897	2,640,953
Others	CLP	651,351	437,039
TOTAL CURRENT		143,795,399	148,136,578
Documents to be paid	CLP	904,203	730,021
Suppliers	CLP	184,719	182,919
Sundry creditors	CLP	70,395	70,395
TOTAL NON-CURRENT		1,159,317	983,335
TOTAL CURRENT AND NON-CURRENT		144,954,716	149,119,913

Below is information regarding invoiced commercial accounts according to their due date:

15.1 Commercial accounts

Current fiscal year:

UP-TO-DATE COMMERCIAL ACCOUNTS ACCORDING TO TERM	31-12-2019			
	GOODS THCH\$	SERVICES THCH\$	OTHERS THCH\$	TOTAL THCH\$
Up to 30 days	7,607,971	17,454,664	189,590	25,252,225
Between 31 and 60 days	1,179,791	10,888,431	2,720	12,070,942
Between 61 and 90 days	315,114	115,331	-	430,445
Between 91 and 120 days	-	230,670	-	230,670
TOTALS	9,102,876	28,689,096	192,310	37,984,282

OVERDUE COMMERCIAL ACCOUNTS BY DEADLINE	31-12-2019			
	GOODS THCH\$	SERVICES THCH\$	OTHERS THCH\$	TOTAL THCH\$
Up to 30 days	(157,947)	681,169	9,194	532,416
Between 31 and 60 days	974,082	176,438	58	1,150,578
Between 61 and 90 days	361,633	673,907	11,008	1,046,548
Between 91 and 120 days	194,029	82,634	3,752	280,415
Between 121 and 365 days	48	1,049,148	8,219	1,057,415
More than 365 days	-	7,906	169	8,075
TOTALS	1,371,845	2,671,202	32,400	4,075,447

Previous year:

UP-TO-DATE COMMERCIAL ACCOUNTS ACCORDING TO TERM	31-12-2018			
	GOODS THCH\$	SERVICES THCH\$	OTHERS THCH\$	TOTAL THCH\$
Up to 30 days	11,577,843	22,543,061	229,274	34,350,178
Between 31 and 60 days	3,237,666	6,521,436	30,993	9,790,095
Between 61 and 90 days	-	435,541	-	435,541
Between 91 and 120 days	-	26,793	-	26,793
Between 121 and 365 days	-	228,113	-	228,113

TOTALS	14,815,509	29,754,944	260,267	44,830,720
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OVERDUE COMMERCIAL ACCOUNTS BY DEADLINE	31-12-2018			
	GOODS THCH\$	SERVICES THCH\$	OTHERS THCH\$	TOTAL THCH\$
Up to 30 days	-	458,332	4,979	463,311
Between 31 and 60 days	2,582,452	60,118	198,854	2,841,424
Between 61 and 90 days	663,178	24,747	45,366	733,291
Between 91 and 120 days	312,414	20,577	388	333,379
Between 121 and 365 days	1,581	22,696	1,451	25,728
More than 365 days	171	2,618	90	2,879
TOTALS	3,559,796	589,088	251,128	4,400,012

Note 16.

Other provisions and contingent liabilities

A. Other Provisions

The breakdown of this item as of December 31, 2019 and 2018 is as follows

TYPES OF PROVISIONS	31-12-2019 THCH\$	31-12-2018 THCH\$
Provision for legal claims *	3,732,169	2,992,246
OTHER PROVISIONS, CURRENT	3,732,169	2,992,246
Other provisions, non-current	1,380,132	1,341,233
PROVISIONS, NOT CURRENT	1,380,132	1,341,233

* In accordance with the policy established by the Company's subsidiaries regarding the treatment of documents in guarantee associated with projects awarded to Group companies, a charge to income was recognized for those cases in which the guarantee is expected to be executed by the Company's customers.

The movement in current provisions is as follows:

LEGAL CLAIMS	31-12-2019 THCH\$	31-12-2018 THCH\$
Opening balance provisions	2,992,246	2,603,819
Increase in existing provisions	4,294,266	891,679
Provision used	(1,424,220)	(549,895)
Other increase (decrease)	(2,130,123)	46,643

Changes in provisions, totals	739,923	388,427
TOTALS	3,732,169	2,992,246

The movement in non-current provisions is as follows:

OTHER NON-CURRENT PROVISIONS	31-12-2019 THCH\$	31-12-2018 THCH\$
Opening balance provisions	1,341,233	1,301,105
Other increase (decrease)	38,899	40,128
Changes in provisions, totals	38,899	40,128
TOTALS	1,380,132	1,341,233

The description of the provisions that make up this item are as follows:

1. Legal claims

The Company records the provision for lawsuits arising from its operations, mainly due to sanctioning processes carried out by auditing agencies. In addition, Aguas Andinas and its subsidiaries are involved in civil and labor lawsuits whose resolutions are pending in the corresponding courts.

The provisions associated with the Company's current lawsuits have been reflected in the heading "Provisions", in accordance with the provisions of IAS 37. In those cases where the Administration considers that the matters have a low probability of success and do not represent a certain probability of material loss, no provision has been made.

The following are the legal claims, which could affect the Company:

The Superintendence of Sanitary Services (SISS), has issued fines for Aguas Andinas S.A. and its subsidiaries mainly due to noncompliance with instructions and infringement of the continuity and quality of the service provided by the Company. The total number of claims filed as of December 2019 amounts to UTA 4,008, which were paid prior to the initiation of the claim processes in each of the cases, pending the resolution of the final judgments.

Additionally, Aguas Andinas S.A. was notified of the initiation of sanctioning procedures by the Superintendent of Sanitary Services. This corresponds to alleged violations in the delivery of the service. There is currently room for administrative appeals and legal claims to be resolved, so it is premature to estimate a result. The Company considers that it did not incur in the infringements made, therefore, it is expected that the claims and appeals will be accepted.

Regional Ministerial Health Secretariat (RM), sanctioning processes are pending against Aguas Andinas, initiated by Resolution for alleged infractions in the service provided. Administrative appeals and legal claims are currently underway. The ranges of fines vary between 1 and 2000 UTM.

Labor Lawsuits: Aguas Andinas was directly or indirectly sued for labor claims, mainly for unjustified dismissals. Total claims amount to ThCh\$254,416. Legal proceedings are pending at the respective courts or administrative bodies.

2. Other provisions, non-current

It basically corresponds to the transaction dated July 10, 2007, signed at the Notary's office of María Gloria Acharan Toledo, between Aguas Cordillera S.A. and developers, in which it is assumed that in the event that Aguas Cordillera S.A. disaffects and sells the land that was transferred to it in the future, it will have to pay at least U.F. 52,273.29. This amount will be charged against the existing debt receivable from the developers.

B.- Contingent liabilities

1. Aguas Andinas S.A. was sued in an ordinary lawsuit for damages due to the damages allegedly suffered by a Mining Company, because of the installation of infrastructure by the company on land where the plaintiff would have mining properties, causing it alleged damage by preventing the extraction of minerals. The amount sued amounts to ThCh\$1,093,564. A first instance judgment was rendered which was reversed by the court of appeals, which upheld Aguas Andinas' claim. Pending ruling by the Supreme Court.
2. *On 9 June 2016, as a result of a break in the potable water matrix that affected the district of Providencia, Aguas Andinas S.A. compensated for the damage caused to third parties. In view of the emergency indicated, the Company is in the process of being notified of the beginning of the sanctioning process by the Superintendence of Sanitary Services. The Company presented its discharges, the resolution of the authority is pending.*
3. *The Society was sued by the National Consumer Service regarding the supply cuts that occurred in February and April 2017. The lawsuit seeks to have the court set fines and compensation for each of the users affected by the interruption of service. The society is waiting for the court to pronounce its sentence.*
4. *Aguas Cordillera was sued in the 11th Civil Court of Santiago for the constitution of easements, the amount demanded being ThCh\$3,689,946..*
5. *As of December 31st, 2019, there are 2 proceedings in administrative matters initiated by the Superintendence of Sanitary Services (SISS) against ESSAL and which are related to the events of July 2019 at the Caipulli potable water production plant in the city of Osorno. One of the proceedings deals with the termination of the concession in Osorno; and the second accuses Essal of various infringements for alleged deficiencies in the quality of the service, aiming at establishing breaches subject to penalties against Essal. Both proceedings are in the evidentiary stage before the SISS, without a ruling on a fine or a ruling to terminate the administrative proceedings, which are still ongoing.*

Affiliates are parties in other small claims trials. It is considered that they will not have a material adverse effect on the financial statements of the respective Companies.

Note 17. Employee benefits

The Company, at consolidated level, has a staff of 2,141 employees, 79 of whom are managers and senior executives. The number of workers covered by collective agreements and individual employment contracts, with special compensation clauses, is 1,834 and 12 respectively. Meanwhile, 295 workers are governed by the Labor Code.

In January 2018, the subsidiary Aguas Andinas S.A. completed the advance collective bargaining with the Employees, Workers and Professions Commercial Unions Nos. 1, 2 and 3.

The collective contracts in force for Aguas Cordillera S.A., and personnel of Aguas Manquehue S.A., were signed on December 1, 2018 and October 1, 2018 for Unions No. 1, 2, and Workers' and Supervisors' Union, respectively, all have a three-year term.

The current collective agreement with the unions of the subsidiary ESSAL S.A. The "Financial Stability Plan", was signed on December 31st 2016 and matures on December 31st 2019.

The current collective agreements for Análisis Ambientales S.A. The agreements with Gestión y Servicios S.A. and EcoRiles S.A. were signed in January 2019, November 2018 and April 2017, respectively. These contracts are valid for three years. The employees of these subsidiaries are governed by the rules set forth in articles 159, 160 and 161 of the Labor Code, for which reason no provision for severance pay is recorded.

Policies on Defined Benefit Plans

Workers who are not party to the collective agreements of Aguas Andinas S.A. and its subsidiaries are governed by the rules established in Articles 159, 160 and 161 of the Labor Code, and therefore no provision is recorded for severance payments.

For those employees who recorded severance at current value up to 2002 (including severance payments for all events recognized at that date), the actuarial calculation is applied, as well as to the advances granted on account of this severance.

For employees who are part of or were assimilated to the collective bargaining agreements in force at the date of the consolidated financial statements, the actuarial value calculation for severance payments applies.

Accounting policies on the recognition of profit and loss on defined benefit plans

The obligation for the severance payment, which is estimated to accrue to the workers who retire from Aguas Andinas S.A., Aguas Cordillera S.A., Aguas Manquehue S.A., and ESSAL S.A. The amount of the loan is recorded at the actuarial value, determined using the projected unit credit method.

Actuarial profit and loss on indemnities arising from changes in estimates of turnover tariffs, mortality tariffs, salary increases, or discount tariffs are recorded in accordance with revised IAS 19, in other comprehensive income, directly affecting equity, which is subsequently reclassified to retained earnings. This procedure began to be applied in 2013, due to the entry into force of revised IAS 19. Until 2012, all variations in the estimates and parameters used determined a direct effect on the results of the year.

Actuarial assumptions

Years of service: In Aguas Andinas S.A., Aguas Cordillera S.A., Aguas Manquehue S.A. and ESSAL S.A. The assumption is that workers will remain in these companies until they reach the legal age of retirement (women up to 60 years of age and men up to 65 years of age). In the subsidiary ESSAL S.A. there is a maximum of 6 months’ compensation and it is paid to persons who retire or die.

Participants in each plan: Workers who are party to union agreements or similar (as indicated above) and workers with individual contracts with an indemnity clause for all events. The employees who are part of the calculation of actuarial compensation are as follows: Aguas Andinas S.A.: 884; Aguas Cordillera S.A.: 104; Aguas Manquehue S.A.: 14 and ESSAL S.A. : 349.

Mortality: The Financial Market Commission’s RV-2014 mortality tables are used.

Employee turnover rate, disability and early retirement: According to the Group’s statistical experience, the rotation used in the 2019 period for target workers is as follows: Aguas Andinas S.A.: 5.2%; Aguas Cordillera S.A.: 8.7%; Aguas Manquehue S.A.: 0.0% and ESSAL S.A. : 6,2%. No disabilities or premature withdrawals have been considered due to the rarity of these events.

Discount rate: For the 2019 period, the rate of 4.16% was used for Aguas Andinas S.A., Aguas Cordillera S.A. and Aguas Maquehue S.A. and 4.0% for ESSAL S.A. which corresponds to the risk-free rate, and the expected long-term inflation estimate.

Inflation rate: Long-term estimates for 2019 were made using the estimated long-term inflation rate reported by the Central Bank of Chile, which amounts to 3.0%.

Rate of pay increase: The tariffs used for the period 2019 are as follows Aguas Andinas S.A.: 2.5%; Aguas Cordillera S.A.: 1.7%; Aguas Manquehue S.A.: 0.3% and ESSAL S.A. : 1,5%.

Overview of Defined Benefit Plans

In addition to the benefits indicated in note 2.2 letter O, the following are indicated:

In the event of the worker’s death, compensation shall be paid to his immediate family members in accordance with article 60 of the Labor Code.

In the event that the worker withdraws from the Company in accordance with numbers 2, 4 or 5 of article 159, number 1 letter a) or number 6 of article 160 of the Labor Code, the amount accumulated for this concept until July 31, 2002 in Aguas Andinas S.A. and December 31, 2002 in Aguas Cordillera S.A., readjusted on a quarterly basis by the variation of the Consumer Price Index, will be paid as compensation, provided that this variation is positive.

For the workers of Aguas Andinas S.A. and its subsidiaries, which are not part of their collective agreements, what is indicated in their individual work contracts applies. As for the non-healthcare subsidiaries, i.e. Gestión y Servicios S.A., EcoRiles S.A., Análisis Ambientales S.A. and Aguas del Maipo S.A., the provisions of the Labor Code apply, unless individual contracts indicate otherwise.

The provision for indemnity is presented by deducting the advances granted to the workers.

The movements of the actuarial provisions as of December 31, 2019 and 2018, which include the movements of the provisions, are as follows:

EMPLOYEE BENEFITS PROVISIONS	31-12-2019 THCH\$	31-12-2018 THCH\$
Movements in the actuarial provision		
Opening balance	18,133,927	16,245,576
Cost of services	1,011,621	1,260,866
Interest cost	808,754	1,645,624
Actuarial (gain) or loss	2,487,505	1,534,815
Benefits paid	(1,561,500)	(3,100,569)
Provision for termination benefits	130,893	547,615
SUB-TOTALS	21,011,200	18,133,927
Profit-sharing and bonds	4,990,427	4,750,363
TOTALS	26,001,627	22,884,290

In the statement of financial position these balances are in the following items:

EMPLOYEE BENEFITS PROVISIONS	31-12-2019 THCH\$	31-12-2018 THCH\$
Provisions for employee benefits, current	5,233,058	5,546,049
Provisions for employee benefits, non-current	20,768,569	17,338,241
TOTALS	26,001,627	22,884,290

Expected payment flows

The collective agreement of Aguas Andinas S.A. indicates in its seventeenth clause that workers who voluntarily resign to take up retirement due to old age will have a period of 120 days, from the date they reach the legal age for retirement, to make their resignation effective.

The collective agreements of Aguas Cordillera S.A. and Aguas Manquehue S.A. indicate that compensation will be paid to workers who voluntarily resign because they have reached the legal age for old age pension.

During 2019, the company, together with the Aguas Andinas workers' Commercial unions, will recognise the contributions made by employees with serious health problems who have a duly accredited disabling illness that affects their work performance or prevents them from returning to their duties under normal conditions or who are close to reaching legal retirement age. This means that female workers with a permanent employment contract who have reached the age of 57 and male workers with a permanent employment contract who have reached the age of 62 have the option of taking part in a voluntary retirement plan. Those workers who have reached the age required by Article 3 of Decree Law No. 3500 to obtain an old-age pension, i.e. over 60 years of age for women and over 65 years of age for men (age reached), are also eligible.

In accordance with the aforementioned defined benefit plans, the flows for the current year are indicated below:

COMPANY	NUMBER OF EMPLOYEES	EXPECTED PAYMENT FLOW THCH\$	YEAR
Aguas Andinas S.A.	30	3,742,149	2020
Aguas Cordillera S.A.	4	382,098	2020
Aguas Manquehue S.A.	1	33,616	2020
ESSAL S.A.	1	3,352	2020
TOTALS	36	4,161,215	

Projected liabilities as of December 31, 2019

In order to calculate the projected liabilities of the indemnities at the actuarial value, as of December 2019, in accordance with IAS 19, the actuarial assumptions in force on December 31, 2019, already informed in this note, have been used, only the amount of the legal bonus has been increased according to the increase in the minimum salary established in January of this year.

The summary by company is as follows:

COMPANY	NUMBER OF EMPLOYEES	COSTS FOR SERVICES THCH\$	INTEREST COSTS THCH\$
Aguas Andinas S.A.	884	839,921	702,809
Aguas Cordillera S.A.	104	140,839	57,248
Aguas Manquehue S.A.	14	2,364	17,713
ESSAL S.A.	349	42,126	28,869
TOTALS	1,351	1,025,250	806,639

Sensitivity of assumptions

On the basis of the actuarial calculation as of December 31st 2019, the main assumptions were made and the following impacts were determined:

DISCOUNT RATE	BASE	PLUS 0,5% THCH\$	LESS 0,5% THCH\$
Aguas Andinas S.A.	4.16%	(16,132,449)	17,718,331
Aguas Cordillera S.A.	4.16%	(1,319,883)	1,435,647
Aguas Manquehue S.A.	4.16%	(407,530)	445,203
ESSAL S.A.	4.00%	(38,795)	42,589
TOTALS		(17,898,657)	19,641,770

ROTATION RATE	BASE	PLUS 0,5% THCH\$	LESS 0,5% THCH\$
Aguas Andinas S.A.	5.20%	(16,063,615)	17,790,064
Aguas Cordillera S.A.	8.70%	(1,312,613)	1,443,103
Aguas Manquehue S.A.	0.00%	(406,872)	425,784
ESSAL S.A.	6.20%	(42,752)	46,896
TOTALS		(17,825,852)	19,705,847

RATE OF PAY INCREASE	BASE	PLUS 0,5% THCH\$	LESS 0,5% THCH\$
Aguas Andinas S.A.	2.50%	17,727,987	(16,116,936)
Aguas Cordillera S.A.	1.70%	1,436,821	(1,318,283)
Aguas Manquehue S.A.	0.30%	445,871	(414,245)
ESSAL S.A.	1.50%	43,465	(39,893)
TOTALS		19,654,144	(17,889,357)

Disclosure of Termination Benefits

The compensation for termination of employment is governed by the provisions of the Labor Code, except for those special clauses in the respective collective or individual contracts.

Profit sharing and bonds

This corresponds to the obligation that the Company has with its employees for participation certificates to be paid in February and March of the following year. The accrued participation payable to the workers, stipulated in the current contracts, is re-determined during the month of February on the basis of the statement of affairs for the immediately preceding business year. As of December 31, 2019 and 2018, the amounts are ThCh\$ 4,990,427 and ThCh\$ 4,750,363, respectively. Additionally, advances of this bonus are made in the months of March, June, September and December of each calendar year.

The annual amount will depend on the profits generated by each company in the Group.

Staff costs

Personnel expenses as of December 31, 2019 and 2018 are as follows

STAFF COSTS	31-12-2019 THCH\$	31-12-2018 THCH\$
Wages and salaries	(38,107,056)	(37,059,583)
Defined benefits	(17,266,677)	(16,582,530)
Severance pay	(2,644,258)	(3,841,224)
Other staff costs	(2,171,184)	(2,049,211)
TOTALS	(60,189,175)	(59,532,548)

Note 18.
Other non-financial liabilities

The breakdown of this current and non-current item as of December 31, 2019 and 2018 is as follows:

OTHER NON-FINANCIAL LIABILITIES	31-12-2019 THCH\$	31-12-2018 THCH\$
Value Added Tax	10,224,688	8,884,571
Monthly Provisional Payments	4,805,914	4,452,524
Other taxes	380,958	322,870
Agreement for real estate developments	2,508,098	1,164,189
Work requested by third parties	2,076,573	1,404,208
TOTAL FLOWS	19,996,231	16,228,362
Asociación Sociedad de Canalistas del Maipo (see Note 8.1)	7,294,709	7,294,709
Agreement for real estate developments	2,737,146	1,818,680
TOTAL NON-CURRENT	10,031,855	9,113,389

Note 19.
Equity attributable to the owners of the controlling company

The capital of the Company is divided into 1,000,000,000 registered shares with no par value and of a single series.

Capital as of December 31, 2019 and 2018 amounts to ThCh\$ 468,358,402.

The Company manages its capital with the aim of ensuring permanent and expeditious access to the financial markets, enabling it to achieve its growth, solvency and profitability objectives.

There were no changes in capital management objectives or policies in the reporting periods.

In the years ended December 31, 2019 and 2018, the following dividend payments were agreed and made

- On April 24, 2019, the Company's fourteenth ordinary shareholders' meeting was held, at which the distribution of ThCh\$ 65,521,600 was agreed upon. Taking into consideration the interim dividend paid in January 2019, which amounted to ThCh\$ 21,656,000, a final dividend of ThCh\$ 43,865,600 was agreed upon, corresponding to Ch\$ 43,8656 per share, payable as from May 28, 2019.
- At a regular board meeting held on December 19, 2019, it was agreed to distribute ThCh\$22,262,000 on account of 2019 profits as an interim dividend. As a result, the Company's 33rd dividend, paid on January 23, 2020, amounts to \$22,262 per share.

- ▶ On April 25, 2018, the Shareholders’ Meeting agreed to distribute 100% of the liquid profits obtained by the Company in 2017, which amounted to ThCh\$ 68,718,709, excluding the line “Results Other profit” in the Financial Statements, net of taxes, leaving an amount to be distributed of ThCh\$ 67,745,140. Consequently, distributable income amounts to ThCh\$ 46,709,840, corresponding to a dividend of Ch\$ 46.70984 per share, which was paid on May 29, 2018.
- ▶ At the ordinary meeting of the Board of Directors held on December 12, 2018, it was agreed to distribute ThCh\$21,656,000 on account of 2018 profits as an interim dividend. As a result, the Company’s 31st dividend, paid on January 25, 2019, amounts to Ch\$21,656 per share.

Minimum dividend provision

In accordance with the policy described in note 2.2 letter J, the Company has not recorded a provision for the minimum dividend as of December 31st 2019 and 2018.

Accumulated earnings

The amounts recorded for the revaluation of land and intangible assets and other adjustments for first-time adoption of IFRSs are presented in retained earnings, and have restrictions for their distribution, since they must first be recognized as realized, through use or sale, in accordance with IFRS 1, IAS 16 and Circular Letter No. 456 of June 20, 2008, of the Financial Market Commission. Also included under this heading is the amount corresponding to actuarial profit and loss determined since 2009 as a result of changes in defined benefit plan obligations.

Additionally, as of December 31, 2019 and 2018, modifications were made to the parameters for calculating actuarial profit and loss on severance payments, which generated a recognition in the accumulated results of ThCh\$ 923,938 and ThCh\$ 576,410, respectively (see note 2.2 letter O).

The balance as of December 31, 2019 and 2018 corresponds to ThCh\$163,450,275 and ThCh\$160,583,574, respectively.

Other equity holdings

The amount recorded in other equity corresponds to the price-level restatement of paid-in capital for 2008, the year of transition to IFRS, pursuant to Circular Letter No. 456 of the Financial Market Commission and the effects of business combinations of companies under common control carried out in 2007 and 2008. The balance as of December 31, 2019 and 2018 corresponds to ThCh\$37,268,415.

Note 20.
Equity attributable to non-controlling interests

The detail, by company, of the effects arising from the participation of third parties in the equity and results as of December 31st 2019 and 2018 is as follows

COMPANY	PARTICIPATION		NON-CONTROLLING INTERESTS			
			HERITAGE		RESULT	
	31-12-2019 %	31-12-2018 %	31-12-2019 THCH\$	31-12-2018 THCH\$	31-12-2019 THCH\$	31-12-2018 THCH\$
Aguas Andinas S.A.	49.89766%	49.89766%	321,567,120	318,656,756	70,723,540	67,889,018
Aguas Cordillera S.A.	0.00997%	0.00997%	20,467	20,223	2,133	1,825
ESSAL S.A. (1)	46.49350%	46.49350%	42,999,662	48,350,519	(1,988,949)	3,260,013
TOTALS			364,587,249	367,027,498	68,736,724	71,150,856

(1) Includes the holdings of third parties due to the assignment at market value of the assets and liabilities arising from the purchase of Inversiones Iberaguas Ltda. and ESSAL S.A. at the time of the business combination.

Dividends paid to non-controlling interests in the subsidiaries ESSAL S.A. and Aguas Andinas S.A. as of December 31, 2019 and 2018 amount to ThCh\$71,337,389 and ThCh\$74,382,455, respectively.

Note 21.
Ordinary income

The detail of ordinary income recorded by the Group companies is as follows:

ORDINARY INCOME CLASSES	31-12-2019 THCH\$	31-12-2018 THCH\$
Ordinary income		
Potable water	212,038,943	208,467,089
Wastewater	259,018,728	254,083,790
Other regulated income	17,739,192	17,130,203
Unregulated income	55,882,633	50,719,335
TOTALS	544,679,496	530,400,417

Note 22.
Other expenses by account

The following is information on other expenses, by account:

OTHER EXPENSES BY ACCOUNT	31-12-2019 THCH\$	31-12-2018 THCH\$
Operation of treatment plants	(27,739,420)	(25,879,842)
Services	(15,764,609)	(18,115,288)
Maintenance and repairs of networks	(16,361,245)	(14,403,921)
Commercial Services	(13,710,439)	(13,329,382)
Costs for work requested by third parties	(9,950,154)	(10,014,480)
Maintenance of premises and equipment	(9,863,153)	(8,152,085)
Operating leases	(7,211,526)	(7,751,044)
Waste and sludge removal	(6,187,759)	(5,884,761)
Contributions, patents, insurance and rights	(6,685,646)	(6,549,162)
Overheads	(8,021,525)	(7,034,932)
Others	(7,351,394)	(5,816,860)
Osorno Contingency *	(10,461,080)	-
TOTALS	(139,307,950)	(122,931,757)

Osorno Contingency:

On 11 July 2019, an oil spill occurred at the Osorno potable water production plant. For this reason, the security protocols were activated and the subsidiary ESSAL S.A. had to suspend the supply of potable water for several days, affecting a large number of customers in that city.

The known economic impacts as of December 31, 2019 are as follows:

	THCH\$
Compensation Law No. 19.496-Sernac	(2,914,114)
Compensation to customers	(3,605,000)
Extraordinary operating expenses	(967,410)
other operating costs	(2,974,556)
TOTAL	(10,461,080)

Note 23.
Other income and expenses

The following is additional information to be disclosed in accordance with IAS 1, referring to other income and expenses other than the operation:

NON-OPERATING INCOME AND EXPENDITURE	31-12-2019 THCH\$	31-12-2018 THCH\$
Sales Revenue	22,280,133	6,087,291
Costs of sale	(4,441,297)	(1,689,072)
Organizational restructuring program *	(2,348,017)	(3,152,487)
Discarded projects and guarantee bonds **	(1,075,682)	(2,551,759)
Losses on replacement of property, plant and equipment	(698,296)	(17,313)
Other earnings (losses)	515,336	205,841
OTHER EARNINGS (LOSSES)	14,232,177	(1,117,499)
Bank loans	(3,692,752)	(3,326,453)
Interest expense, AFR	(6,091,164)	(6,088,030)
Interest expense, bonds	(19,674,231)	(19,649,641)
Interest expense, lease liability	(79,292)	-
Interest expense, others	(702,975)	(605,616)
Amortization of ancillary costs relating to loan contracts	(75,813)	(328,619)
FINANCIAL COSTS	(30,316,227)	(29,998,359)
Interest revenue	3,582,962	4,527,973
Earnings on redemption and extinction of debt	1,334,497	1,357,546
Revenue from derivative instruments	875,144	-
FINANCIAL REVENUE	5,792,603	5,885,519

* Corresponds to the compensation paid as a result of the restructuring plan that the Company has carried out, which consists of two parts: the redesign of the organization seeking greater efficiency, which entails a reduction in certain positions, and a voluntary retirement plan.

** It corresponds mainly to the profit (losses) resulting from performance bonds and discarded projects (See Note 16).

Note 24.

Exchange rate difference effect

The detail of exchange rate differences as of December 31st 2019 and 2018 is as follows

ITEM	CURRENCY	31-12-2019 THCH\$	31-12-2018 THCH\$
Commercial and other accounts receivable	EUR	(13,590)	(36,619)
Commercial and other accounts receivable	USD	(24)	(717)
Other financial assets	USD	-	145
TOTAL CHANGE BY ASSET		(13,614)	(37,191)
Commercial and other accounts payable	EUR	(21,712)	(15,826)
Commercial and other accounts payable	USD	(447,644)	(20,781)
Other financial liabilities	EUR	-	(11,091)
TOTAL CHANGE IN LIABILITIES		(469,356)	(47,698)
EXCHANGE RATE GAIN (LOSS)		(482,970)	(84,889)

Note 25.

Results by reset units

The composition of the results by unit of adjustment for the periods ended December 31, 2019 and 2018, is as follows:

ITEM	31-12-2019 THCH\$	31-12-2018 THCH\$
Accounts receivable from related parties	9,073	4,485
Current tax assets	739,108	379,626
Commercial and other accounts receivable	1,089,413	(772,861)
TOTAL CHANGE BY ASSET	1,837,594	(388,750)
Other financial liabilities	(25,686,483)	(23,404,573)
Commercial and other accounts payable	(689,829)	881,302
Accounts payable to related entities	(1,593)	(92)
Other non-financial liabilities	1,010,337	(110,576)
TOTAL CHANGE IN LIABILITIES	(25,367,568)	(22,633,939)
PROFIT (LOSS) PER UNIT OF ADJUSTMENTS	(23,529,974)	(23,022,689)

Note 26.

Business sectors

The Group discloses segment information in accordance with IFRS 8, “Operating Segments”, which establishes standards for reporting on operating segments and related disclosures for products and services. Operating segments are defined as components of an entity for which separate financial information exists and is regularly used by management to make decisions, allocate resources and evaluate performance.

The Group manages and measures the performance of its operations by business segment. The operating segments reported internally are as follows:

- ▶ Operations related to the toilet (water) business.
- ▶ Non-sanitary operations (not water).

Description of types of products and services that provide the ordinary income of each segment to be reported

In the Water segment, only sanitary services are involved that allow the delivery of products and services for the production and distribution of potable water together with the collection and treatment of wastewater. The subsidiaries Aguas Andinas S.A., Aguas Cordillera S.A., Aguas Manquehue S.A. and ESSAL S.A. are classified in this segment through Iberaguas Ltda.

The Non-Water segment involves services relating to environmental analysis, industrial waste treatment (Riles), integral engineering services, such as the sale of products relating to health services and energy projects. The subsidiaries included are EcoRiles S.A., Análisis Ambientales S.A., Gestión y Servicios S.A. and Aguas del Maipo S.A.

General information on results, assets, liabilities and equity and cash flows

TOTALS ON GENERAL INFORMATION ON RESULTS	31-12-2019 THCH\$		31-12-2018 THCH\$	
	WATER THCH\$	NO WATER THCH\$	WATER THCH\$	NO WATER THCH\$
Income from ordinary activities from external customers	516,106,826	28,577,039	504,692,040	25,712,641
Inter-segment revenue from ordinary activities	1,086,210	4,709,044	1,172,343	4,311,876
SUBTOTAL REVENUE FROM ORDINARY ACTIVITIES FROM EXTERNAL CUSTOMERS AND TRANS-ACTIONS WITH OTHER OPERATING SEGMENTS OF THE SAME ENTITY	517,193,036	33,286,083	505,864,383	30,024,517
Raw materials and consumables used	(34,631,275)	(11,799,083)	(29,616,364)	(9,896,250)
Employee benefit expenses	(51,503,713)	(8,402,037)	(51,663,217)	(7,544,201)
Operating expenses	(137,005,544)	(6,982,098)	(120,533,467)	(6,971,666)
Depreciation and amortization	(74,546,528)	(1,869,315)	(74,224,202)	(1,271,095)
Other income and expenses	14,489,407	(257,230)	(825,519)	(271,241)
Financial income	5,913,901	15,670	5,898,244	95,959
Financial Costs	(30,274,108)	(203,216)	(29,994,480)	(140,329)
Profit/loss by units of adjustment and exchange rate difference	(23,656,909)	(353,731)	(23,128,443)	22,148
PROFIT (LOSS) BEFORE TAXES	185,978,267	3,435,043	181,776,935	4,047,842
Income tax expense	(48,696,013)	(966,925)	(45,486,954)	(1,019,468)
SEGMENT PROFIT	137,282,254	2,468,118	136,289,981	3,028,374
SEGMENT PROFIT ATTRIBUTABLE TO PARENT COMPANY OWNERS	139,269,070	2,468,118	133,028,143	3,028,374
Segment gain (loss) attributable to non-controlling interests	(1,986,816)	-	3,261,838	-

TOTALS ON GENERAL INFORMATION OF ASSETS, LIABILITIES AND EQUITY	31-12-2019 THCH\$		31-12-2018 THCH\$	
	WATER THCH\$	NO WATER THCH\$	WATER THCH\$	NO WATER THCH\$
Current assets	189,359,896	17,693,519	160,097,263	15,288,956
Non-current assets	1,786,470,056	20,052,580	1,718,816,310	20,176,274
TOTAL ASSETS	1,975,829,952	37,746,099	1,878,913,573	35,465,230
Current liabilities	238,639,411	14,295,689	236,740,971	13,904,256
Non-current liabilities	1,071,480,597	1,686,891	976,643,094	99,085
TOTAL LIABILITIES	1,310,120,008	15,982,580	1,213,384,065	14,003,341
Equity attributable to the owners of the holding company	622,689,815	21,763,519	617,158,766	21,461,889
Non-controlling interests	43,020,129	-	48,370,742	-
TOTAL EQUITY	665,709,944	21,763,519	665,529,508	21,461,889
TOTAL EQUITY AND LIABILITIES	1,975,829,952	37,746,099	1,878,913,573	35,465,230

CASH FLOW STATEMENT

	31-12-2019 THCH\$		31-12-2018 THCH\$	
	WATER THCH\$	NO WATER THCH\$	WATER THCH\$	NO WATER THCH\$
Cash flows from (used in) operating activities	233,520,089	978,575	244,327,363	3,373,641
Cash flows from (used in) investing activities	(128,006,799)	(698,750)	(133,527,923)	(450,127)
Cash flows from (used in) financing activities	(74,447,831)	737,000	(89,742,821)	(2,808,000)

Significant income and expense items by segment

Water and Non-Water Segment

Significant items of revenue and ordinary expenses are mainly those related to the segment's activity. On the other hand, there are also relevant amounts in relation to depreciation, personnel and other miscellaneous expenses, within which the outsourced services are relevant.

Income

The Company's revenues are mainly derived from regulated services corresponding to: the production and distribution of potable water, collection, treatment and disposal of wastewater and other regulated services (which include revenues related to cut-off and supply replenishment charges, liquid industrial waste discharge monitoring and fixed charges).

Details of significant revenue items

Water segment

The significant items of ordinary income are mainly those related to the activity of the potable water and wastewater business, i.e. income from water sales, over-consumption, variable charge, fixed charge, sewerage service, use of sewerage and wastewater treatment.

Tariffs The most important factor determining the results of the Company's operations and its financial position is the tariffs set for its regulated sales and services. As a regulated company, Aguas Andinas and its sanitary subsidiaries are supervised by the SISS and their tariffs are set in accordance with the Law of Tariffs of Sanitary Services D.F.L. N°70 of 1988.

The tariff levels are reviewed every five years and, during that period, are subject to additional adjustments linked to an indexation polynomial, if the accumulated variation since the previous adjustment is 3.0% or more, as calculated on the basis of various inflation indexes.

Specifically, adjustments are applied based on a formula that includes the Consumer Price Index, the Wholesale Price Index for Imported Industrial Goods and the National Industrial Goods Wholesale Price Index, all measured by the Chilean National Institute of Statistics. In addition, the tariffs are subject to adjustment to reflect additional services previously authorized by the SISS.

During 2015 the processes of negotiating tariffs for the period 2015-2020 were concluded, the decrees that set the tariffs for the five-year period mentioned for Aguas Andinas S.A., Aguas Cordillera S.A. and Aguas Manquehue S.A., correspond to numbers 152-2015; 83-2015; 139 2015; respectively.

For the subsidiary ESSAL S.A. The current tariffs for the period 2016-2021 were approved by Decree No. 143 dated August 25, 2016, published in the Official Gazette on January 21, 2017.

Non-water segment

Significant items of ordinary income are mainly those related to the activity of the segment and are closely related to the main activity of each subsidiary, this involves sale of materials to third parties, income from operation of liquid industrial waste treatment plant; income from services and analysis of potable water and sewage and sale of biogas.

Details of significant expense items

Water segment

Las partidas significativas de gastos son principalmente aquellos relacionados con remuneraciones, energía eléctrica, Operación Planta de Tratamiento de Aguas Servidas, depreciaciones de bienes inmuebles y bienes muebles, gasto por intereses financieros, gasto por impuesto a las ganancias.

Non-water segment

The significant items of expenditure are mainly those related to compensation, electricity, operation of the wastewater treatment plant, depreciation of real estate and personal property, interest expense and income tax expense.

Explanation of measurement of results, assets, liabilities and equity and cash flows of each segment

The measurement applicable to the segments corresponds to the grouping of those subsidiaries directly related to the segment.

The accounting criterion corresponds to the recording of those economic events in which rights and obligations in the same sense arise between economic relations with third parties. What is particular, is that these records will generate committed balances in an asset and liability account according to the spirit of the transaction in each related company according to the segment in which it participates. These accounts, called accounts receivable from or payable to related companies, must be netted when consolidating financial statements in accordance with the consolidation rules explained in IAS 27.

There are no differences in the nature of the measurement of results, since according to the standard there are no accounting policies that thus manifest different criteria for the allocation of costs or similar.

RECONCILIATION OF INCOME FROM ORDINARY ACTIVITIES	31-12-2019 THCH\$	31-12-2018 THCH\$
Revenue from the segments' ordinary activities	550,479,119	535,888,900
Elimination of accounts from corporate headquarters with the segments	(4,371)	(4,263)
Elimination of intersegment ordinary activities	(5,795,252)	(5,484,220)
INCOME FROM ORDINARY ACTIVITIES	544,679,496	530,400,417

PROFIT RECONCILIATION	31-12-2019 THCH\$	31-12-2018 THCH\$
Consolidation Total segment profit (loss)	139,750,372	139,318,355
Elimination of accounts from corporate headquarters with the segments	(71,818,950)	(68,928,857)
Consolidation of intersegment profit (loss) elimination	1,986,816	(3,261,838)
PROFIT (LOSS) CONSOLIDATION	69,918,238	67,127,660

There are no differences in the nature of the measurement of assets and liabilities since, according to the standard, there are no accounting policies that would indicate different allocation criteria.

RECONCILIATIONS OF SEGMENT ASSETS, LIABILITIES AND EQUITY	31-12-2019 THCH\$	31-12-2018 THCH\$
ASSET RECONCILIATION		
Total segment assets consolidation	2,013,576,051	1,914,378,803
Elimination of accounts from corporate headquarters with the segments	272,401,624	272,585,607
Elimination of accounts between segments	(12,131,749)	(8,326,704)
TOTAL ASSETS	2,273,845,926	2,178,637,706
RECONCILIATION OF LIABILITIES		
Consolidation of total segment liabilities	1,326,102,588	1,227,387,406
Elimination of accounts from corporate headquarters with the segments	747,576	875,945
Elimination of accounts between segments	(12,131,749)	(8,326,704)
TOTAL LIABILITIES	1,314,718,415	1,219,936,647
RECONCILIATION OF ASSETS		
Consolidation of total segment assets	644,453,334	638,620,655
Elimination of accounts from corporate headquarters with the segments	(49,913,072)	(46,947,094)
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE HOLDING COMPANY	594,540,262	591,673,561

There are no differences in the nature of the cash flow measurement since, according to the standard, there are no accounting policies that would indicate different allocation criteria.

RECONCILIATION OF SEGMENT CASH FLOWS	31-12-2019 THCH\$	31-12-2018 THCH\$
RECONCILIATION OF SEGMENT OPERATING FLOWS		
Consolidation of segment operating flows	234,498,664	247,701,004
Elimination of accounts from corporate headquarters with the segments	(3,680,769)	(1,110,920)
Elimination of accounts between segments	(2,200,001)	(2,200,000)
TOTAL OPERATING FLOWS	228,617,894	244,390,084
RECONCILIATION OF SEGMENT INVESTMENT FLOWS		
Consolidation of segment investment flows	(128,705,549)	(133,978,050)
Elimination of accounts from corporate headquarters with the segments	1	(1,877)
Elimination of accounts between segments	2,937,001	(1,472,999)
TOTAL INVESTMENT FLOWS	(125,768,547)	(135,452,926)
RECONCILIATION OF SEGMENT FINANCING FLOWS		
Consolidation of segment financing flows	(73,710,831)	(92,550,821)
Elimination of accounts from corporate headquarters with the segments	3,568,326	1,224,731
Elimination of accounts between segments	(737,000)	3,673,000
TOTAL FINANCING FLOWS	(70,879,505)	(87,653,090)

Information about the main customers

Main customers in the water segment

- I. Puente Alto Municipality
 - I. Municipality of Santiago
 - I. Municipality of La Florida
 - El Peñon SpA.
 - I. Municipality of Peñalolén
- Administrator of CENCOSUD SpA Shopping Centres.
 - Ministry of Public Works
 - Metro S.A.
 - I. Municipality of San Bernardo
 - Regional Government of the Metropolitan Region

Main customers in the non-water segment

- Papeles Cordillera S.A.
 - EME General Services Ltda.
 - Constructora Nueva Pacífico Bienes Raices
 - CMPC Cardboard S.A.
 - Watt’s S.A.
- Soprole S.A.
 - Echeverría Izquierdo Ingeniería y Construcción S.A.
 - Constructora Pérez y Gómez Ltda.
 - Agroindustrial El Paico S.A.
 - Cooperativa Agrícola y Lechera La Unión

Product types water segment - No water

Water segment

The types of products and services for the water segment are

- Production and distribution of potable water.
- Sewage collection and treatment.

Segment composed of Aguas Andinas S.A., Aguas Cordillera S.A., Aguas Manquehue S.A., ESSAL S.A. and Iberaguas Ltda.

Non-water segment

The types of products and services for the non-water segment are

- Outsourcing service in operations of industrial waste treatment plants and treatment of excess organic load (subsidiary EcoRiles S.A.)
- Physical, chemical and biological analysis on water, air and solids (subsidiary Análisis Ambientales S.A.).
- Comprehensive engineering services and sale of products such as pipes, valves, taps and other related products (subsidiary Gestión y Servicios S.A.).
- Energy projects (subsidiary Aguas del Maipo S.A.)

Note 27.
Earnings per share

Basic earnings per share are calculated as the ratio of the profit (loss) attributable to holders of equity instruments of the Parent Company to the weighted average number of ordinary shares outstanding during that period.

EARNINGS PER SHARE		31-12-2019 THCH\$	31-12-2018 THCH\$
Gain attributable to equity holders of the parent	ThCh\$	69,918,238	67,127,660
Results available to common shareholders, basic	ThCh\$	69,918,238	67,127,660
Weighted average number of shares, basic		1,000,000,000	1,000,000,000
EARNINGS PER SHARE	\$	69.918	67.128

Diluted earnings (loss) per share disclosure

The Company has not carried out any transactions with a potential dilutive effect that would result in a diluted earnings per share different from the basic earnings per share.

Note 28.

Financial statements of subsidiaries

The summary information of the statement of financial position and the statement of comprehensive income of each of the subsidiaries included in the consolidated financial statements is as follows.

Summary Financial Information of Subsidiaries (Statement of Financial Position) as of December 31st, 2019

31-12-2019 SUBSIDIARIES	CURRENT ASSETS THCH\$	NON-CURRENT ASSETS THCH\$	CURRENT LIABILITIES THCH\$	NON-CURRENT LIABILITIES THCH\$	HERITAGE THCH\$
Aguas Andinas S.A.	178,491,602	1,533,305,485	186,026,912	881,316,841	644,453,334
Aguas Cordillera S.A.	17,473,944	273,535,992	38,783,323	46,936,937	205,289,676
Aguas Manquehue S.A.	4,781,637	94,244,894	16,555,430	27,164,059	55,307,042
Inversiones Iberaguas Ltda.	4,726	61,005,602	37,336	-	60,972,992
ESSAL S.A.	20,984,804	180,028,688	29,613,229	104,167,148	67,233,115
EcoRiles S.A.	6,022,761	701,223	2,855,498	73,381	3,795,105
Gestión y Servicios S.A.	6,198,235	858,838	3,756,652	91,949	3,208,472
Análisis Ambientales S.A.	4,121,603	5,558,458	1,901,857	1,515,036	6,263,168
Aguas del Maipo S.A.	1,575,347	12,934,062	6,006,111	6,525	8,496,773

Summary financial information of subsidiaries (Statement of Comprehensive Income) as of December 31st 2019

31-12-2019 SUBSIDIARIES	RESULT FOR THE YEAR	ORDINARY INCOME	OPERATIONAL EXPENSES	OTHER NET INCOME (EXPENSE)
Aguas Andinas S.A.	141,737,188	400,306,686	(213,390,190)	(45,179,308)
Aguas Cordillera S.A.	21,389,838	57,835,599	(34,743,353)	(1,702,408)
Aguas Manquehue S.A.	5,408,434	17,115,014	(8,680,556)	(3,026,024)
Inversiones Iberaguas Ltda.	(567,316)	-	(7,298)	(560,018)
ESSAL S.A.	(1,034,535)	60,354,783	(54,565,782)	(6,823,536)
EcoRiles S.A.	1,841,713	14,432,857	(11,908,958)	(682,186)
Gestión y Servicios S.A.	192,123	10,454,700	(9,983,482)	(279,095)
Análisis Ambientales S.A.	1,069,049	9,450,854	(7,868,702)	(513,103)
Aguas del Maipo S.A.	(634,767)	1,071,511	(1,415,227)	(291,051)

Summary Financial Information of Subsidiaries (Statement of Financial Position) as of December 31st 2018

31-12-2018 SUBSIDIARIES	CURRENT ASSETS THCH\$	NON-CURRENT ASSETS THCH\$	CURRENT LIABILITIES THCH\$	NON-CURRENT LIABILITIES THCH\$	HERITAGE THCH\$
Aguas Andinas S.A.	142,988,808	1,483,252,700	188,947,797	798,673,056	638,620,655
Aguas Cordillera S.A.	14,572,541	269,504,225	34,360,042	46,877,423	202,839,301
Aguas Manquehue S.A.	4,874,182	92,481,886	17,732,100	25,633,064	53,990,904
Inversiones Iberaguas Ltda.	1,820,982	65,220,985	33,186	-	67,008,781
ESSAL S.A.	22,086,592	167,386,351	21,913,688	92,060,682	75,498,573
EcoRiles S.A.	5,438,938	531,601	2,550,466	-	3,420,073
Gestión y Servicios S.A.	5,898,957	770,995	3,379,347	45,513	3,245,092
Análisis Ambientales S.A.	2,975,903	5,178,956	2,489,677	-	5,665,182
Aguas del Maipo S.A.	1,251,161	13,694,722	5,760,770	53,572	9,131,541

Summary financial information of subsidiaries (Statement of Comprehensive Income) as of December 31st 2019

31-12-2018 SUBSIDIARIES	RESULT FOR THE YEAR	ORDINARY INCOME	OPERATIONAL EXPENSES	OTHER NET INCOME (EXPENSE)
Aguas Andinas S.A.	136,056,517	396,196,019	(207,260,285)	(52,879,217)
Aguas Cordillera S.A.	18,308,227	56,065,727	(34,883,515)	(2,873,985)
Aguas Manquehue S.A.	3,569,484	14,099,497	(8,380,740)	(2,149,273)
Inversiones Iberaguas Ltda.	5,499,575	-	(6,268)	5,505,843
ESSAL S.A.	10,857,446	58,268,739	(38,700,322)	(8,710,971)
EcoRiles S.A.	1,783,252	13,324,400	(10,870,582)	(670,566)
Gestión y Servicios S.A.	262,972	8,646,294	(8,279,949)	(103,373)
Análisis Ambientales S.A.	1,163,755	8,832,301	(7,166,509)	(502,037)
Aguas del Maipo S.A.	(181,604)	1,061,523	(1,206,172)	(36,955)

Detail of significant subsidiaries

The definition of significant subsidiaries is based on their percentage share of operating results and their share of fixed assets and results for the period with respect to the consolidated financial statements. The following companies are considered significant subsidiaries:

NAME OF SIGNIFICANT SUBSIDIARY	AGUAS ANDINAS S.A.	AGUAS CORDILLERA S.A.	AGUAS MANQUEHUE S.A.	ESSAL S.A.
Country	Chile	Chile	Chile	Chile
Rut	61.808.000-5	96.809.310-k	89.221.000-4	95.579.800-5
Functional currency	Chilean Pesos	Chilean Pesos	Chilean Pesos	Chilean Pesos
Percentage of ownership in significant subsidiary	50.10234%	99.99003%	100.00000%	53.50650%
Percentage of voting power in significant subsidiary	50.10234%	99.99003%	100.00000%	53.50650%
PERCENTAGE OVER CONSOLIDATED VALUES AS OF DECEMBER 31ST 2019				
Contribution margin	83.92%	10.37%	3.79%	0.47%
Property, plant and equipment	73.01%	7.65%	4.63%	14.04%
Result for the year	86.09%	11.47%	3.92%	-1.64%

The subsidiary Aguas Andinas S.A., in the event of default or delay in the payment of any installment on one of the loans in force, shall be prohibited from distributing dividends, except for the minimum required.

Note 29.
Asset impairment

Disclosures on Impairment of Assets by Cash-generating Unit

A Cash Generating Unit (CGU) is defined as each company as a whole, since each one individually is capable of generating future economic benefits and represents the smallest group of assets that generate independent cash flows. In accordance with the standard, the Company will assess, on each closing date of the statement of financial position, whether there is any indication of impairment in the value of any asset. If such an indication exists, the Company will estimate the recoverable amount of the asset. Assets with an indefinite useful life and capital gains are tested for impairment at least at the end of the financial year or when there are indications of impairment.

For intangible assets with indefinite useful lives, water rights, a valuation study is carried out at market prices, which are compared with the values assigned as deemed cost at the date of adoption of IFRS standards.

For lower values, the value in use is calculated, considering the different companies as CGUs, using recent medium-term budget estimates, determining the different parameters according to models widely used in the market. The parameters are established through the information in force for risk-free tariffs typical of the relevant market, the useful life of each company’s own assets and the usual income growth tariffs for the companies, considering population growth and variations in consumption over the years.

The Company and its subsidiaries carry out annual impairment tests for their intangible assets with indefinite useful lives and goodwill.

As of December 31st 2019 and 2018 the respective impairment tests were performed, based on estimates and projections available to the Group. These estimates indicated that the profits attributable to the investments with lower associated values individually exceeded their consolidated carrying amount in all cases, and also that the intangible assets with indefinite useful lives were evaluated resulting in a higher value than that recorded in the books.

As of December 31st 2019, there was no impairment of assets and there are no indications of impairment.

Note 30.
Guarantees and restrictions

A) Direct guarantees

Guarantee policies and vouchers have been granted to various institutions, the main ones being the Superintendence of Sanitary Services, to guarantee the conditions for the provision of services and development programs in the company’s concession areas, SERVIU Metropolitano to guarantee the replacement of pavements and to other institutions, for a total of ThCh\$51,663,831 and ThCh\$45,873,654 as of December 31st 2019 and 2018, respectively.

The detail of the main guarantees in excess of ThCh\$10,000 is as follows

WARRANTY CREDITOR	DEBTOR NAME	GUARANTEE TYPE	31-12-2019 THCH\$	31-12-2018 THCH\$
ASSOCIATION OF CHANNELERS OF THE MAIPO	Aguas Andinas S.A.	Bond	8,059,241	7,870,828
CGE DISTRIBUTION	Aguas Andinas S.A.	Bond	53,349	53,349
COMITE INNOVA CHILE	Aguas Andinas S.A.	Bond	216,096	278,074
SAN FRANCISCO CONSTRUCTION COMPANY	Aguas Andinas S.A.	Bond	141,550	154,644
DGAC	Aguas Andinas S.A.	Bond	11,324	22,053
RAILWAYS	Aguas Andinas S.A.	Bond	84,930	-
DIRECTION OF HYDRAULIC WORKS	Aguas Andinas S.A.	Bond	4,647,118	4,377,068
ROAD DIRECTION	Aguas Andinas S.A.	Bond	33,066	61,637
METROPOLITAN GOVT.	Aguas Andinas S.A.	Bond	160,040	79,973
I MUN PAINE	Aguas Andinas S.A.	Bond	19,837	19,837
PROVIDENCE MUNICIPALITY	Aguas Andinas S.A.	Bond	58,092	56,730
QUEEN'S CITY HALL	Aguas Andinas S.A.	Bond	70,775	68,914
MUNICIPALITY OF SANTIAGO	Aguas Andinas S.A.	Bond	26,328	25,636
INMOB MACUL S.A.	Aguas Andinas S.A.	Bond	28,310	55,132
MUNICIPALITY OF LA FLORIDA	Aguas Andinas S.A.	Bond	494,526	481,527
PEÑALOLEN MUNICIPALITY	Aguas Andinas S.A.	Bond	45,971	44,762
I MUN DE RENCA	Aguas Andinas S.A.	Bond	-	27,566
SOCIETY CONC. CENTRAL HIGHWAY	Aguas Andinas S.A.	Bond	-	55,132
METROPOLITAN SERVICE	Aguas Andinas S.A.	Bond	12,890,555	8,182,332
S.I.S.S.	Aguas Andinas S.A.	Bond	6,306,351	6,589,433
SOCIETY CONC. MELIPILLA	Aguas Andinas S.A.	Bond	33,972	33,079
FLORIDA CITY TREASURY	Aguas Andinas S.A.	Bond	30,078	-
ASSOCIATION OF CHANNELERS OF THE MAIPO	Aguas Cordillera S.A.	Bond	977,529	951,834
DIRECTION OF HYDRAULIC WORKS	Aguas Cordillera S.A.	Bond	-	410,234
I MUN THE COUNTS	Aguas Cordillera S.A.	Bond	171,000	156,000
I MUN LO BARNECHEA	Aguas Cordillera S.A.	Bond	14,155	13,783
I MUN DE VITACURA	Aguas Cordillera S.A.	Bond	56,620	55,132
SENCORP	Aguas Cordillera S.A.	Bond	-	313,974
MINISTRY OF PUBLIC WORKS	Aguas Cordillera S.A.	Bond	421,309	-
METROPOLITAN SERVICE	Aguas Cordillera S.A.	Bond	926,992	450,866
S.I.S.S.	Aguas Cordillera S.A.	Bond	1,263,812	1,241,618
ASSOCIATION OF CHANNELERS OF THE MAIPO	Aguas Manquehue S.A.	Bond	1,559,942	1,459,092
I MUN LO BARNECHEA	Aguas Manquehue S.A.	Bond	-	88,514
VITACURA MUNICIPALITY	Aguas Manquehue S.A.	Bond	11,324	11,026
S.I.S.S.	Aguas Manquehue S.A.	Bond	1,016,214	1,119,006
METROPOLITAN SERVICE	Aguas Manquehue S.A.	Bond	110,537	-
DIRECTION OF HYDRAULIC WORKS	ESSAL S.A.	Bond	1,922,988	1,678,920
METROPOLITAN SERVICE	ESSAL S.A.	Bond	140,202	157,191
REGIONAL GOVERNMENT OF THE REGION OF LOS RIOS	ESSAL S.A.	Bond	92,220	49,475

ROAD DIRECTION	ESSAL S.A.	Bond	60,951	21,722
S.I.S.S.	ESSAL S.A.	Policy	4,105,007	3,053,444
MUNICIPALITY OF PAILLACO	ESSAL S.A.	Bond	-	31,094
LAKE DISTRICT SOCIETY	ESSAL S.A.	Bond	-	27,357
EFE	ESSAL S.A.	Bond	42,465	-
MINISTERIAL SECRETARY	ESSAL S.A.	Bond	18,692	-
FLESAN S.A.	Gestión y Servicios S.A.	Bond	29,095	-
METROPOLITAN SERVICE	Gestión y Servicios S.A.	Bond	2,330,686	2,892,320
ANTHOPHAGOUS WATERS	Análisis Ambientales S.A.	Bond	36,350	-
CMPC PULP SPA	Análisis Ambientales S.A.	Bond	16,533	-
CODELCO	Análisis Ambientales S.A.	Bond	18,387	17,904
DIRECTEMAR	Análisis Ambientales S.A.	Bond	115,226	115,226
REGIONAL GOVERNMENT V REGION VALPARAISO	Análisis Ambientales S.A.	Bond	-	24,862
ENVIRONMENTAL SUPERINTENDENCE	Análisis Ambientales S.A.	Bond	14,155	27,566
TOTALS			48,883,900	42,905,866

b) Restrictions on bond issues

i) Aguas Andinas S.A.

The Company has restrictions and obligations arising from bond issues in the domestic market, which are as follows:

- Send to the representative of Bond Holders a copy of the consolidated financial statements, and of the Subsidiaries Corporations registered with the Financial Market Commission, both the quarterly and the annual audited statements, in the same period in which they must be delivered to the Financial Market Commission, and of all public information provided to said Commission.
- Record in its accounting books the provisions arising from adverse contingencies that, in the opinion of the Company's management, should be reflected in the Financial Statements of the Company and/or its Subsidiaries.
- Maintain insurance policies that reasonably protect its operational assets, including its headquarters, buildings, plants, furniture and office equipment and vehicles, in accordance with the usual practices for industries in the nature of the Company.
- The Company undertakes to ensure that the transactions it carries out with its subsidiaries or other related persons are carried out under conditions of equity similar to those normally prevailing in the market.
- Maintain at the end of each quarter of the Issuer's Financial Statements, a Level of Indebtedness not exceeding 1.5 times. Notwithstanding, the above limit shall be adjusted according to the quotient between the Consumer Price Index of the month in which the Level of Indebtedness is calculated and the Consumer Price Index of December 2009. However, the above limit will be adjusted up to a maximum level of 2 times. As of December 31st 2019, the change in the debt level limit was 2.0 times, with accumulated inflation at 33.1%.

For these purposes, the Debt Level will be defined as the ratio of Liabilities to Total Equity. The Issuer’s Liabilities will be defined as the sum of the Total Current Liabilities and Total Non-Current Liabilities accounts in its consolidated financial statements.

As of December 31st 2019, the above-mentioned accounts are as follows:

LEVEL OF DEBT	31-12-2019 THCH\$
Total current liabilities	242,137,717
Total non-current liabilities	1,071,833,122
TOTAL LIABILITIES IFRS	1,313,970,839
Guarantees with third parties (*)	(599,029)
TOTAL LIABILITIES	1,313,371,810
Total assets	2,001,444,302
Total current liabilities	(242,137,717)
Total non-current liabilities	(1,071,833,122)
TOTAL NET WORTH	687,473,463

The debt level as of December 31st 2019 is 1.91 times.

For the purposes of determining the aforementioned index, the amount of all the guarantees, simple or joint guarantees, joint and several liabilities or other guarantees, personal or real, that the Issuer or its subsidiaries may have granted to secure the obligations of third parties, except for (i) those granted by the Issuer or its Subsidiaries for obligations of other Subsidiary Companies of the Issuer, (ii) those granted by Subsidiary Companies of the Issuer for obligations of the Issuer, and (iii) those granted to public institutions to guarantee compliance with health legislation and the execution of works in public spaces.

For the above purposes, total equity will correspond to the amount resulting from the difference between the total assets accounts and the sum of the total current liabilities and total non-current liabilities accounts in the Issuer’s consolidated financial statements.

* Amount of all the guarantees, simple joint and several bonds, joint and several co-debts or other guarantees, personal or real, that it or its Subsidiaries may have granted to secure the obligations of third parties, with the exception of (i) those granted by the Issuer or its Subsidiaries for obligations of other Subsidiary Companies of the Issuer; (ii) those granted by Subsidiary Companies of the Issuer for obligations of the Issuer; and (iii) those granted to public institutions to guarantee compliance with health legislation and the execution of works in public spaces.

6. Not to sell, assign or transfer essential assets (concession of public services granted by the S.I.S.S. for the Greater Santiago area), except in the case of contributions or transfers of essential assets to subsidiary companies.

The Company complies with all the requirements established in the bond contracts as of December 31st 2019 and 2018.

ii) Empresa de Servicios Sanitarios de los Lagos S.A. (ESSAL S.A.)

The Company has restrictions and obligations arising from bond issues in the domestic market, which are as follows:

On December 4, 2019, the Meetings of Series B and Series C Bondholders were held, where the following changes to the restrictions and covenants were approved:

A.- Maintain a Debt Level at the end of each quarter of the Issuer’s Financial Statements, defined as the ratio between Net Financial Debt and EBITDA, less than or equal to 5.0 times.

It is recorded that the Issuer will not be obliged to maintain in its Financial Statements corresponding to December 31, 2019 and until December 31, 2020, both dates inclusive, a Debt Level not exceeding 5.0 times, subject in any case, provided that the Issuer, during said period, may not (i) propose definitive or provisional dividend distributions above the legal minimum and / or capital decreases and / or (ii) make loans to its shareholders .

For these purposes, Net Financial Debt shall be understood to be the sum of the items in the Issuer’s financial statements: Other Current Financial Liabilities and Other Non-Current Financial Liabilities less the sum of the following items: Cash and cash equivalents, Other current financial assets and Other non-current financial assets of the Issuer’s Financial Statements. Likewise; EBITDA is defined as the result of the following items measured over the twelve months prior to the delivery of the quarterly Financial Statements: Income from ordinary activities plus Other income by nature less the sum of the following items: Raw materials and consumables used, Expenditure for employee benefits, and Other expenses, by nature. The result of the previous items will be multiplied by the sum of one plus fifty percent of the variation in the Consumer Price Index during the twelve-month period ending the month immediately prior to the delivery of the quarterly Financial Statements.

The Issuer shall send to the Representative of the Bondholders, together with their quarterly Financial Statements, the background to verify this indicator and include in a Note to the Financial Statements, the value of the index described in this letter, indicating whether complies with the established limit and indicating the detail and amount of each of the accounts that comprise it.

B.- Maintain at the close of each quarter of the Issuer’s Financial Statements, a “Minimum Equity” of sixty billion pesos. For these purposes, Equity corresponds to the sum of all the equity accounts of the Issuer’s Financial Statements.

The Issuer shall send to the Representative of the Bondholders, together with their quarterly Financial Statements, the background that enables this indicator to be verified and to include in a Note to the Financial Statements, the value of the index described in this letter, indicating whether complies with the established limit and indicating the detail and amount of each of the accounts that comprise it.

C.- “Essential Assets”: The issuer’s essential assets shall be understood as the public service concessions for the production and distribution of drinking water and the collection and disposal of wastewater that represent at least 75% of the Issuer’s regulated income as of this date ”

The following restrictions are maintained for both series:

1. *Send the representative of Bondholders a copy of the financial statements, both the quarterly and the annual audited, within the same period in which they must be delivered to the Commission for the Financial Market, and of any public information that they provide to said Commission .*
2. *Record in their accounting books the provisions that arise from adverse contingencies that, in the opinion of the Company's management, must be reflected in the Company's Financial Statements.*
3. *Maintain insurance that reasonably protects its assets, in accordance with the usual practices for industries of the nature of the Company.*
4. *The Company undertakes to ensure that the operations it performs with related parties are carried out under conditions of equity similar to those that usually prevail in the market.*
5. *Do not sell, transfer or transfer essential assets.*

c) Restrictions on bank loans

i) Aguas Andinas S.A.

The Company has obligations and restrictions for obtaining loans from several national banks, which are detailed below:

1. *A level of indebtedness not exceeding one point five times, measured on their consolidated balance sheet figures. Notwithstanding the above, the above limit shall be adjusted according to the quotient between the Consumer Price Index of the month in which the debt level is calculated and the Consumer Price Index of December 2009. With all the above limit adjusted to a maximum level of two times, for the period ending December 31st 2019, the variation in the debt level limit amounts to 2.0 times, with accumulated inflation at 33.1%. For these purposes, the level of indebtedness is defined as the ratio of liabilities to total equity. As of December 31st 2019, the level of debt was 1.91 times.*
2. *Prohibition on the disposal or loss of ownership of essential assets, except in the case of contributions or transfers of essential assets to subsidiary companies.*
3. *Send to the different banks with which the Company maintains loans, a copy of the individual and consolidated financial statements, both quarterly and annual audited, within a period not exceeding five days of their submission to the Financial Market Commission.*
4. *To record in its accounting books the provisions arising from adverse contingencies which, in the opinion of the Company's management, should be reflected in its financial statements.*

5. *Maintain insurance policies that reasonably protect its assets, including its headquarters, buildings, plants, stock, furniture and office equipment and vehicles, in accordance with the usual practices for industries in the nature of the Company.*
6. *Send a certificate issued by the Company's General Manager, declaring compliance with the obligations of the loan contract.*
7. *Prohibition to distribute dividends, except for the mandatory minimum if there is a situation of default or delay in the payment of any installment of the loan.*
8. *Maintain a financial expense coverage ratio equal to or greater than three times, measured on the figures in its consolidated and individual balance sheets, defined as the ratio of operating income plus depreciation for the year and amortization of intangibles divided by financial expenses. As of December 31st 2019, the coverage of financial expenses amounts to 9.90 times.*
9. *Prohibition to liquidate or dissolve the Company, to liquidate its operations or businesses that constitute its line of business; or to enter into any act or contract tending to the merger or consolidation, except in the case of a merger with its current Subsidiaries.*
10. *It undertakes to ensure that the transactions it carries out with its Subsidiaries or other related persons are carried out under conditions of equity similar to those normally prevailing in the market.*

a) Aguas Cordillera S.A.

The Company has obligations and restrictions for obtaining a loan from a national bank, which are detailed below:

1. *A level of indebtedness not exceeding one point five times, measured on their consolidated balance sheet figures. Notwithstanding the above, the above limit shall be adjusted according to the quotient between the Consumer Price Index of the month in which the debt level is calculated and the Consumer Price Index of December 2009. With all the above limit it will be adjusted up to a maximum level of twice. For these purposes, the level of indebtedness is defined as the ratio of liabilities to total equity. As of December 31st 2019, the level of debt was 0.63 times.*
2. *Maintain a financial expense coverage ratio of three or more times, measured on the basis of its consolidated annual balance sheet figures, defined as the ratio of operating income plus depreciation for the year and amortization of intangibles divided by financial expenses. As of December 31st 2019, financial expense coverage was 15.71 times.*
3. *Send the bank a copy of the debtor's annual consolidated financial statements within thirty days of their submission to the Financial Market Commission.*
4. *Send a certificate issued by the Company's General Manager, declaring compliance with the obligations of the loan contract.*
5. *Keep all your rights, licenses, permits, trademarks, franchises, concessions or relevant parts in full force and effect.*

6. Maintain insurance policies that reasonably protect its assets, including its headquarters, buildings, plants, stock, furniture and office equipment and vehicles, in accordance with the usual practices for industries in the nature of the Company.
7. It undertakes to ensure that the transactions it carries out with its Subsidiary or with other related persons are carried out under conditions of equity similar to those normally prevailing in the market.

b) ESSAL S.A.

The Subsidiary maintains obligations for obtaining loans contracted with national banks, which do not have committed financial indexes or associated restrictions.

As of December 31st 2019, the health subsidiaries comply with all the requirements established in the loan contracts with creditor banks, as well as with the provisions established by DFL No. 382, General Law on Health Services, of 1988, as well as its Regulations (D.S. MOP No. 1199/2004, published in November 2005).

d) Sureties obtained from third parties

As of December 31st 2019 and 2018, the Company has received documents in guarantee for ThCh\$45,012,353 and ThCh\$42,150,481, respectively, arising mainly from work contracts with construction companies to ensure the faithful compliance with the contract. In addition, there are other guarantees for service contracts and procurement of materials that ensure timely delivery of these.

A detail of the most significant bank guarantees received as of December 31st 2019, is summarized below

CONTRACTOR OR SUPPLIER	COMPANY	31-12-2019 THCH\$	FECHA VENCIMIENTO
SECURITAS S.A.	Aguas Andinas S.A.	141,908	15-01-2020
VALKO S A CONSTRUCTION COMPANY	Aguas Andinas S.A.	2,521,113	30-01-2020
BROTEC CONSTRUCCIÓN LTDA.	Aguas Andinas S.A.	2,521,113	31-01-2020
XYLEM WATER SOLUTIONS CHILE S.A.	Aguas Andinas S.A.	151,600	28-02-2020
THE PENON SPA	Aguas Andinas S.A.	113,240	28-02-2020
C. DE PETROLEOS DE CHILE COPEC S.A.	Aguas Andinas S.A.	476,027	16-03-2020
EIFFAGE ENERGIA CHILE LTDA	Aguas Andinas S.A.	268,312	30-03-2020
BAPA S.A.	Aguas Andinas S.A.	128,456	30-03-2020
MAPOCHO A.S. PURIFICATION PLANT EL T	Aguas Andinas S.A.	14,688,444	31-03-2020
BAPA S.A.	Aguas Andinas S.A.	268,312	31-03-2020
ICM S.A.	Aguas Andinas S.A.	102,612	16-04-2020
LIMITED UPCOM RELATIONSHIP MARKETING	Aguas Andinas S.A.	226,480	30-05-2020
ING. AND CONSTRUCTION MST LTDA.	Aguas Andinas S.A.	139,733	31-05-2020
INM. AND CONST NVA. PACIFI. SUR LTDA.	Aguas Andinas S.A.	226,480	01-06-2020
CONSORTIUM NAC. FROM DISTANCE AND LOG. S.A.	Aguas Andinas S.A.	113,240	03-06-2020
CONSTRUCTION COMPANY PEREZ Y GOMEZ LTDA	Aguas Andinas S.A.	113,240	22-06-2020
CONSTRUCTION COMPANY PEREZ Y GOMEZ LTDA	Aguas Andinas S.A.	113,240	22-06-2020
BAPA GRAMATEC SPA CONSORTIUM	Aguas Andinas S.A.	373,602	26-06-2020
ENGINEERING AND CONSTRUCTION M.S.T. LIMITED	Aguas Andinas S.A.	194,030	30-06-2020

COMPANY CONST. COTA MIL LTDA.	Aguas Andinas S.A.	113,240	01-07-2020
ENGINEERING AND CONSTRUCTION MST LTDA.	Aguas Andinas S.A.	346,712	06-08-2020
CONSTRUCTION COMPANY PEREZ Y GOMEZ LTDA	Aguas Andinas S.A.	133,534	07-08-2020
DALCO INGENIERIA LTDA.	Aguas Andinas S.A.	379,438	10-08-2020
SUEZ MEDIOAMBIENTE CHILE S.A.	Aguas Andinas S.A.	192,413	12-08-2020
CONSTRUCTION COMPANY PEREZ Y GOMEZ LTDA	Aguas Andinas S.A.	105,766	31-08-2020
DALCO INGENIERIA LTDA.	Aguas Andinas S.A.	275,626	04-09-2020
CRILLON S.A.	Aguas Andinas S.A.	208,871	15-09-2020
TERRA AUSTRALIS REAL ESTATE INVESTMENTS	Aguas Andinas S.A.	137,586	10-10-2020
INM. AND CONST NVA. PACIFI. SUR LTDA.	Aguas Andinas S.A.	139,005	18-10-2020
INM. AND CONST NVA. PACIFI. SUR LTDA.	Aguas Andinas S.A.	138,079	18-10-2020
INM. AND CONST NVA. PACIFI. SUR LTDA.	Aguas Andinas S.A.	137,088	18-10-2020
REAL ESTATE. AND COMMERCIAL QUILICURA LTDA.	Aguas Andinas S.A.	396,339	28-10-2020
BBI REAL ESTATE S.A.	Aguas Andinas S.A.	360,640	29-10-2020
IDOM CONSULTING, ENGINEERING	Aguas Andinas S.A.	129,291	31-10-2020
ECHEVERRIA LEFT ING. AND BUILD	Aguas Andinas S.A.	673,362	17-11-2020
JORDAN COMPANIES S.A.	Aguas Andinas S.A.	157,730	06-12-2020
INM. AND CONST NVA. PACIFI. SUR LTDA.	Aguas Andinas S.A.	111,239	20-12-2020
SUEZ MEDIOAMBIENTE CHILE S.A.	Aguas Andinas S.A.	102,731	28-12-2020
EULEN CHILE S.A.	Aguas Andinas S.A.	113,240	31-12-2020
EULEN CHILE S.A.	Aguas Andinas S.A.	113,240	31-12-2020
CONSTRUCTION COMPANY RICARDO	Aguas Andinas S.A.	304,975	15-01-2021
Suez Advanced Solutions Chile Ltda.	Aguas Andinas S.A.	662,453	30-03-2021
CONSTRUCTORA CONCRETA S.A.	Aguas Andinas S.A.	107,097	30-03-2021
Suez Advanced Solutions Chile Ltda.	Aguas Andinas S.A.	105,992	30-03-2021
ENEL DISTRIBUCIÓN CHILE S.A	Aguas Andinas S.A.	283,099	10-05-2021
CONSTRUCTION COMPANY OLBERTZ LTDA	Aguas Andinas S.A.	117,771	28-05-2021
TELEFONICA EMPRESAS CHILE S.A.	Aguas Andinas S.A.	151,306	31-08-2021
A DENHAM & CIA LTDA	Aguas Andinas S.A.	237,719	31-12-2021
METLIFE CHILE LIFE INSURANCE S.A.	Aguas Andinas S.A.	415,874	31-01-2022
AES GENER S.A.	Aguas Andinas S.A.	283,099	01-04-2022
TRANSPORT SOUTH-NORTH CENTRE S.A.	Aguas Andinas S.A.	154,544	05-05-2022
SUEZ MEDIOAMBIENTE CHILE S.A.	Aguas Andinas S.A.	874,484	30-05-2022
TELEFONICA EMPRESAS CHILE S.A.	Aguas Andinas S.A.	139,823	30-12-2022
AUTORENTAS DEL PACIFICO SPA	Aguas Andinas S.A.	100,783	31-07-2023
SUEZ MEDIOAMBIENTE CHILE S.A.	Aguas Andinas S.A.	120,891	02-01-2024
MOTOROLA CHILE S.A.	Aguas Andinas S.A.	783,053	01-12-2025
EL QUIJOTE SPA REAL ESTATE	Aguas Cordillera S.A.	283,099	01-08-2020
LIMITED DEGREMONT	Aguas Cordillera S.A.	288,619	25-09-2020
VESPUCIO ORIENTE S.A. CONSTRUCTION COMPANY	Aguas Cordillera S.A.	295,131	31-01-2021
INLAC S.A.	Aguas Cordillera S.A.	257,081	28-02-2021
VESPUCIO ORIENTE S.A. CONSTRUCTION COMPANY	Aguas Cordillera S.A.	141,550	30-06-2021
DG CUATRO REAL ESTATE LIMITED	Aguas Manquehue S.A.	143,050	28-02-2020
LIMITED DEGREMONT	Aguas Manquehue S.A.	794,697	25-11-2020
TERRAMERICA REAL ESTATE S.A.	Aguas Manquehue S.A.	176,286	29-12-2020
COBRA ASSEMBLIES SERVICES AND WATER LTDA.	ESSAL S.A.	111,131	20-01-2021
		34,679,959	

Note 31.

Capitalized financing costs

The detail of capitalized financing costs as of December 31st 2019 and 2018 is as follows

Disclosure of Capitalized Interest Costs

CAPITALIZED INTEREST COSTS, PROPERTY, PLANT AND EQUIPMENT		31-12-2019 THCH\$	31-12-2018 THCH\$
Capitalization tariff of capitalized interest costs, property, plant and equipment	%	5.82	6.42
Amount of capitalized interest costs, property, plant and equipment	ChTh\$	3,880,277	3,215,456

Note 32.

Environment

Disclosure of environmental investments

In accordance with Circular Letter No. 1901 of October 30, 2008 of the Financial Market Commission, the following information is disclosed from investments related to the environment.

The following is a detail of the investments related to the environment:

Aguas Andinas S.A.

PROJECT NAME	31-12-2019 THCH\$	31-12-2018 THCH\$
Buin Maipo PTAS Expansion and Improvements	2,528,543	1,596,552
Expansion and Improvements PTAS Curacaví	-	501,322
El Monte PTAS Expansion and Improvements	2,170,174	1,097,243
San José de Maipo PTAS Expansion and Improvements	61	46,471
Expansion and Improvements PTAS Talagante	1,727,626	3,623,144
Expansion and Improvements PTAS Other Locations	20,735	5,948
Improvement and renewal of treatment equipment and facilities	783,577	1,047,679
La Farfana Plant	4,248,396	4,518,641
Mapocho - Trebal Plant	13,338,645	16,212,808
External platform for handling and disposal of sludge The Rutal	10,889	6,755
TOTALS	24,828,646	28,656,563

Aguas Manquehue S.A.

PROJECT NAME	31-12-2019 THCH\$	31-12-2018 THCH\$
Improvement and renewal of treatment equipment and facilities	37,044	26,590
TOTALS	37,044	26,590

ESSAL S.A.

PROJECT NAME	31-12-2019 THCH\$	31-12-2018 THCH\$
Improved disposal infrastructure	50,239	23,781
Improvement of the WWTP system	698,046	673,808
Renewal of treatment and disposal equipment	223,463	101,253
TOTALS	971,748	798,842

Projected investment in the environment for 2020:

SOCIEDAD	31-12-2019 THCH\$
Aguas Andinas S.A.	31,047,179
Aguas Manquehue S.A.	304,500
ESSAL S.A.	4,271,345
TOTAL	35,623,024

Indication if the disbursement is part of the cost of an asset or was reflected as an expense, period disbursements

All the above projects are part of the cost of construction of the respective works.

Certain or estimated date on which future disbursements will be made, disbursements of the period

The projected disbursements are estimated to be made during the year 2020.

Subsidiaries are companies that are affected by environmentally related expenditures, i.e. compliance with ordinances, laws relating to industrial processes and facilities, and any other that could directly or indirectly affect the protection of the environment.

Note 33.

Events occurring after the date of the statement of financial position

Aguas Andinas S.A.:

The Company's Board of Directors, at its ordinary meeting held on 22 January 2020, agreed to initiate an open and competitive process for the sale of its direct and indirect shareholding in Empresa de Servicios Sanitarios de Los Lagos S.A., which represents 53.5% of the subscribed and paid-in shares of ESSAL S.A. With the above, Aguas Andinas S.A. aims to focus its business activity on its current strategic priorities. The process will be initiated immediately and will seek the assistance of an investment bank and other advisors, not yet defined.

Finally, it should be noted that, as this is a process that has only just begun, there have not yet been any contacts with possible parties interested in acquiring the aforementioned shares, nor are there any valuations or price indications that would make it possible to determine the effect that the completion of the operation could have on the results of Aguas Andinas.

Aguas Cordillera S.A.:

In accordance with Article 10 of D.F.L. MOP No. 70/1988, Law on tariffs for Sanitary Services, and Article 6 of D.S. MINECON No. 453/1989, Regulations to the Law on tariffs for Sanitary Services, within the framework of the Seventh tariff Process of Aguas Cordillera S.A, in which the Superintendence of Sanitary Services (the "SISS") and the Company are parties, the tariff level for the five-year period 2020-2025 was established by means of a document signed on January 14, 2020.

In accordance with the provisions, the agreed tariff level as of December 31st 2018 (reference date established in the Tariff Bases set by the SISS), amounts to a Total Net Long Term Cost (CTLPN) of \$39,841 million pesos, which represents a downward variation of -1.5% compared to the tariffs agreed for the five-year period 2010-2015 for the services and standards in force.

Additional works are contemplated, which will be applied when they enter into operation, including (i) production safety works due to extreme turbidity events to reach 12 hours of autonomy for a CTLPN of \$1.294 billion pesos, (ii) electrical safety works for a CTLPN of \$315 million pesos, and (iii) support infrastructure works for a CTLPN of \$61 million pesos.

For a better understanding of the agreed tariff regime, Article 4 of the Law on Tariffs for Health Services defines the CTLPN as the constant annual value required to cover the costs of efficient operation and investment of an optimized replacement project of the concessionaire, sized to meet demand, consistent with a net present value of the project equal to zero, over a horizon of not less than 35 years. In short, this concept corresponds to the income (under a theoretical demand) of a sanitary company, from which the part corresponding to the networks and installations contributed by third parties has been discounted from the replacement value of the investment project of the concessionaire. The values indicated above correspond to the collection for services (CTLPN) obtained by applying the updated annual demand for the years 2020-2025, to the new agreed and indexed tariffs as of December 31st 2018.

It should be noted that it is not possible to determine exactly the magnitude of the impact on results that the new tariffs will have on the financial statements of Aguas Cordillera S.A., since this tariff regime is only one of many elements that contribute to determining the results of each year, and factors such as potable water consumption, costs, expenses, and the applicable indexation polynomial, among others, are also taken into account.

Finally, the established tariff formulas will be set by decree of the Ministry of Economy, Development and Tourism, which must be published in the Official Journal before the date of entry into force, ie June 2020.

Aguas Manquehue S.A.:

In accordance with Article 10 of D.F.L. MOP No. 70/1988, Law on tariffs for Sanitary Services, and Article 6 of D.S. MINECON No. 453/1989, Regulations to the Law on tariffs for Sanitary Services, within the framework of the Seventh tariff Process of Aguas Manquehue S.A, in which the Superintendence of Sanitary Services (the "SISS") and the Company are parties, the tariff level was established for the five-year period 2020-2025, by means of a document signed on January 14, 2020.

In accordance with the provisions, the agreed tariff level as of December 31st 2018 (reference date established in the Tariff Bases set by the SISS), amounts to a Total Net Long Term Cost (CTLPN) of \$12,196 million pesos, which represents a downward variation of -1.5% compared to the tariffs agreed for the five-year period 2015-2020 for current services and standards.

For a better understanding of the agreed tariff regime, Article 4 of the Law on Tariffs for Health Services defines the CTLPN as the constant annual value required to cover the efficient operation costs and those of investment of an optimized replacement project of the concessionaire, sized to meet the demand, which is consistent with a net present value of such project equal to zero, in a horizon of not less than 35 years. In short, this concept corresponds to the income (under a theoretical demand) of a sanitary company, from which the replacement value of the investment project of the concessionaire has been discounted, that part corresponding to networks and installations contributed by third parties. The values indicated above correspond to the current service collection (CTLPN) obtained by applying the updated annual demand for the years 2020-2015, to the new agreed and indexed tariffs as of December 31st 2018.

It should be noted that it is not possible to determine exactly the magnitude of the impact on results that the new tariffs will have on the Company's Financial Statements, given that this tariff regime is only one of many elements that contribute to determining the results of each year, including factors such as the consumption of potable water, costs, expenses, and the applicable indexation polynomial, among others.

Finally, the established tariff formulas will be set by decree of the Ministry of Economy, Development and Tourism, which must be published in the Official Journal before the date of entry into force.

On January 30, 2020, the World Health Organization designated the COVID19 disease outbreak as a public health emergency of international importance. In Chile, on March 16, 2020, the Ministry of Health declared COVID-19 in stage 4 which implies a series of measures to contain its spread and on March 18, 2020, a State of Constitutional Exception

of Catastrophe has been decreed throughout the national territory. As part of sanitary measures that have been adopted to face this situation, both locally and internationally, include, among others, the restriction of movement of people and the closure of borders, which is expected to affect significant economic activity and markets in general.

To face this pandemic, the Group has implemented a series of operational reinforcement measures to ensure for the safety of its workers, collaborators and clients and, likewise, safeguard the continuity of the service before the expansion of this pandemic. In this sense, the Company has put into practice its protocols and procedures operational and personnel following the recommendations given by the Authority and competent bodies.

Within the business continuity plans that the Company has implemented, in coordination with the authority, the identification of critical supplies and suppliers necessary to develop their processes, in addition to define action strategies in case of contagion cases.

It is not yet possible to accurately identify the economic impacts that this pandemic will have on the results of the Company.

As of the date of issuance of these consolidated financial statements, the Management of the Company and Subsidiaries are not aware of any other subsequent events affecting the financial situation as of December 31st 2019.

INVERSIONES AGUAS METROPOLITANAS S.A. EARNINGS RELEASE

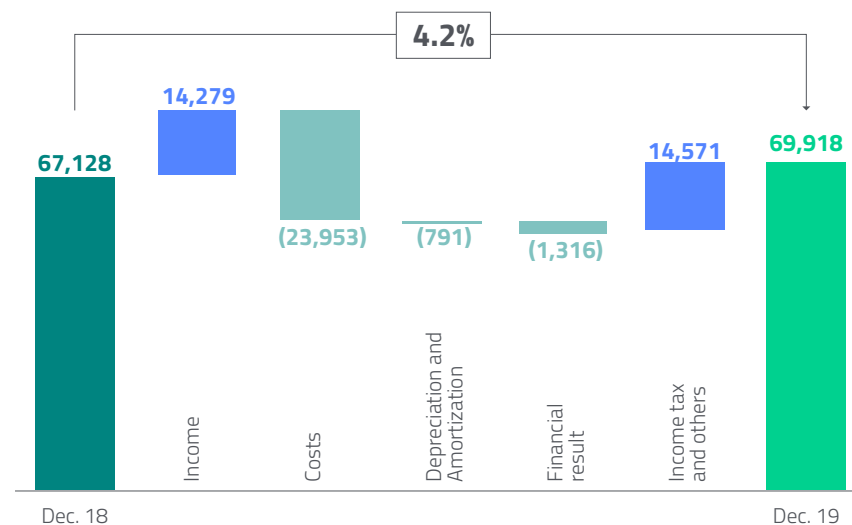
Period ended on December 31st, 2019

(Thousands of pesos - ThCh\$)

1. Summary of the fiscal year

Net income as of December 31, 2019 amounted to \$ 69,918 million, which represents an increase of 4.2% when compared to previous year. The main variations of the year are presented in the following chart:

Net income (\$ million)



- **The Company obtained an EBITDA of \$ 299,033 million at the end of fiscal year 2019.** Revenues increased by 2.7% reaching \$ 544,679 million, \$14,279 million higher, mainly associated with the growth of the regulated business. Additionally, an active management of cost reduction was carried out, which partially offset the higher direct costs generated by the Osorno and mega-drought event.
- **ESSAL outage in Osorno.** The total cost recognized by ESSAL as of December 31, 2019 was \$10,864 million, mainly associated with operating expenses to restore the supply of drinking water, compensation to affected customers and other costs derived from the contingency. It should be noted that eventual insurance returns related to these expenses are being evaluated.
- **Mega drought.** Due to the fact that the region is going through the worst drought in the last century and the one that has been going on for more than a decade, the Company has recorded higher reflected costs in water and power purchases associated with increased groundwater extraction, for a total of Ch\$4,597 million.

In this scenario of extreme drought, Aguas Andinas together with the Maipo River Surveillance Board requested the declaration of a water shortage zone in the Maipo River basin. Similarly, Aguas Cordillera asked the Metropolitan Council to decree a water shortage zone in the municipalities where the first section of the Mapocho River flows through.

- *At the non-operating level, there was a higher profit on the sale of the Company's disposable assets, partially offset by higher bank interest expenses and interest on bonds associated with the higher volume of debt obtained to finance the company's investment plan together with an increase in the revaluation of debt in Unidades de Fomento (UF).*
- **Results of the VII Aguas Andinas Tariff Process.** The tariff processes for the 2020-2025 five-year period for Aguas have been completed for Aguas Andinas, Aguas Cordillera and Aguas Manquehue, which represent 70%, 10% and 3% of consolidated revenues, respectively. In the case of Aguas Andinas, a reduction in the rate of drinking water and treatment of wastewater by -3%. Within this new tariff framework, the execution of various investments that will allow progressively increase the autonomy of the capital before episodes of extreme turbidity up to 48 hours, and new fundamental works to address drought and climate change, such as the Pirque Tanks and removal works of nutrients in the La Farfana Biofactory, projects that are expected to be operational in the first quarter of the year 2020. These investment projects will generate a rate increase of 1.6% and 0.5% respectively.
- **Significant investment effort.** As of December 31, 2019, the Company has executed investments for \$135,071 million, highlighting that the construction of the Pirque tanks is practically finished, for a total of 1.5 million cubic meters, which will increase the resilience capacity of Santiago from 11 to 34 continuous hours.

Operational Result

- Regulated revenues were higher by \$9,116 million (1.9% increase) mainly due to tariff indexations registered during 2018 and 2019, the last one in July 2019 (ESSAL) and for Aguas Andinas in September 2018, along with 2.2% customer growth.
- Non-regulated revenues increased by Ch\$5,163 million at the end of 2019 (up 10.2%). This variation was mainly explained by higher income in non-sanitary affiliates, agreements with developers, technical advice for the rural potable water segment and an increase in household service activity.

▶ The main variations in operating costs are as follows:

- ▶ *ESSAL service interruption event in the city of Osorno:* The total impact as of December 31st of 2019 was Ch\$10,864 million, mainly associated with operating expenses to restore the potable water supply, compensation to affected customers and other contingency costs.
- ▶ *Costs associated with the drought:* due to the extreme drought affecting the central area of the country, increases in expenditure have been recorded mainly on the following lines:
 - ▶ *Purchase of raw water:* it has been necessary to purchase more raw water to boost safety of supply for our customers due to the low flow in the Maipo River basin. This implied an increase in cost of \$3.276 million.
 - ▶ *Electricity:* There was a net increase in costs of Ch\$1,321 million, associated with a higher increase in potable water due to a higher pumping of groundwater, which is partially offset by the improvement in the average price due to the entry into force of supply contracts by free customers for 52 of the Company's sites.
- ▶ *Efficiency Improvement Projects:* we have continued to develop projects to improve processes and digital transformation, which have made it possible to contain and reduce certain cost items such as the following:
 - ▶ *Biosolids Management:* Savings of \$279 million were obtained from the beneficial use of sludge as a fertilizer and soil recovery.
 - ▶ *Other projects:* improvements in customer management, general services and administration costs of \$446 million.
- ▶ *Personnel costs:* at a consolidated level, there is an increase of 1.1%, equivalent to \$ 657 million, a percentage lower than the annual inflation for the year, mainly associated with the reorganization and retirement plans carried out in the Company.
- ▶ *Raw materials and consumables:* There was a higher cost of materials of Ch\$1,488 million, mainly associated with the higher cost of sales of materials of the subsidiary Gestión y Servicios, and in chemical inputs, due to the higher consumption in the operation of plants of the subsidiary EcoRiles.
- ▶ Finally, higher costs have been recognized in maintenance of drinking water and sewage networks, maintenance of enclosures-equipment, fines and higher cost of sale associated with home services.

Non-Operational Result

- ▶ The financial result showed a net expense of Ch\$48,537 million, higher by Ch\$1,316 million when compared to the previous year, as a consequence of higher interest tariffs associated with a higher level of debt to finance the company's investment plan together with a higher appreciation of the UF debt.
- ▶ The Other Gains/Losses line was higher by Ch\$15,350 million than in 2018, mainly due to higher sales of expendable land located in the Metropolitan Region.

Investments

- ▶ As of December 31st, 2019, investments of Ch\$135,071 million were executed. The main projects developed were:
 - ▶ Pirque Pond Construction
 - ▶ Renewal of potable water and wastewater networks
 - ▶ Replacement of Assets, Biofactories La Farfana and Mapocho-Trebal
 - ▶ Nitrate Treatment, Biofactories La Farfana and Mapocho-Trebal
 - ▶ Pipe branches and meters
 - ▶ Mapocho-Trebal Biofactory Cogeneration
- ▶ Progress in relevant investment projects - The construction of the Pirque ponds is almost complete, a project that will allow the capital city to increase its autonomy from 11 to 34 hours of potable water, in order to face the effects of climate change, and thus minimize the service interruptions in potable water caused by increased levels of turbidity caused by rainfall in the high mountain range.

KEY FACTS

IAM S.A.

- ▶ Renewal of the Board of Directors - On July 24, 2019, the Eighth Extraordinary Shareholders' Meeting of the Company was held, in which the renewal of the Board of Directors was preceded by the revocation of the previous Board and the election of a new Board of Directors, the following persons were elected:

MANAGING DIRECTORS	ALTERNATE DIRECTORS
Felipe Larrain Aspillaga	Albert Martinez Lacambra
Alberto Muchnick Mlynarz	Andrés Muchnick Cruz
Herman Chadwick Piñera	Narciso Berberana Sáenz
Ignacio Guerrero Gutierrez	Rodrigo Castro Fernández
Rodrigo Azócar Hidalgo	Carlos Mladinic Alonso
Hernán Cheyre Valenzuela	Hugo Silva Raveau
Luis Enrique Alamos Olivos	María José Uauy Cúneo

The Board of Directors of the Company, on the same session, unanimously agreed to designate Mr. Felipe Larrain as Chairman of the Company and Alberto Muchnick as Vice Presidentb. Likewise, it was agreed that the Committee of directors will be comprised byLuis Enrique Alamos, Herman Chadwick and Ignacio Guerrero and their respective alternates.

Aguas Andinas S.A.

- ▶ Result of the 2020-2025 tariff process - On November 14th 2019, the result of the tariff setting for the five-year period 2020-2025 was announced, within the framework of Aguas Andinas’ seventh tariff process. Within this new tariff framework, the execution of various investments that will gradually increase the autonomy of the capital in the face of episodes of extreme turbidity up to 48 hours, and new fundamental works to tackle drought and climate change, stand out.

In accordance with current legislation, tariffs are determined on the basis of a “model company”, which operates efficiently in the geographical area of service provision and is self-financing. In this sense, the base indicator for determining the Company’s tariffs is the Total Long-Term Net Cost (TLTN), which corresponds to the constant annual price required to cover the efficient exploitation costs and those of investment of an optimized replacement project of the concessionaire, sized to satisfy the demand, which is consistent with a net present value of said project equal to zero, in a horizon of no less than 35 years.

As a result of the above, the agreed tariff level as of December 31st, 2018 (reference date established in the Tariff Rules set by the SISS), amounts to a CTLPN of \$397,058 million, which represents a downward variation of -3% compared to the tariffs agreed for the five-year period 2010-2015 for the current services and standards.

Also, additional works under construction are contemplated, which will be implemented with their coming into force, among them the Pirque ponds, for a total of 1.5 million cubic liters, which will increase the resilience capacity of Santiago from 11 to 34 continuous hours, and investments in nutrient removal works in the La Farfana and Trebal Biofactories, aimed at improving the quality of the treated sewage and its disposal.

In addition, works to face extreme turbidity events for up to 48 hours are considered, as well as that Aguas Andinas has committed new fundamental works to address drought and climate change, which will be included into the Company’s updated Development Plan, prior approval by the SISS, highlighting the following:

- (i) Works to reuse 3 m³/s of wastewater
 (ii) Expansion by 1 m³/s of the La Florida Potable water Production Plant
 (iii) Drilling in the central aquifer by 1.8 m³/s
 (iv) Investments for reduction of losses in the network and re-purification of wastewater

It should be noted that it is not possible to determine exactly the magnitude of the impact on the results that the new tariffs will have on the financial statements of our subsidiary Aguas Andinas S.A., given that this rate regime is only one of many elements that contribute to determine the results of each year, including factors such as the consumption of potable water, costs, expenses, and the applicable indexation polynomial, among others.

Finally, on January 15th 2020, the result of the tariff process for the companies Aguas Cordillera and Aguas Manquehue was announced, which considers a decrease of -1.5% compared to the tariffs agreed for the previous five-year period. Likewise, the agreement included works to ensure quality and continuity of the service in the context of climate change and water scarcity, in order to extend the time of operational autonomy of the companies.

- ▶ On April 11th, 2019, the Company successfully placed the second Green and Social Bond issued in the local market. Aguas Andinas, a pioneer in issuing green and social bonds, will use these funds to finance investment projects that have a positive impact on the country’s environmental and social area. The characteristic of the bonus was as follows:

- ▶ Green and Social Bond, series AE for UF 2.0 million, structured for 25 years at a coupon rate of 2.5%.

The spread achieved by the Green and Social Bond was the lowest in recent years for an equivalent term issue and the demand exceeded the amount offered to the market by 2.7 times.

- ▶ **New General Manager** - On April 17, 2019, Narciso Berberana Sáenz submitted his resignation to the Board of Directors of the Company. At the same time, the Board of Directors appointed **Marta Colet Gonzalo as the new General Manager**, who took office as of this date.

- ▶ **Renewal of the Board of Directors** – At the Ordinary Shareholders’ Meeting held on April 23rd 2019, matters proper to the Board were discussed, including the renewal of the Board of Directors, and the following persons were elected:

MANAGING DIRECTORS	ALTERNATE DIRECTORS
Guillermo Pickering de la Fuente	Jorge Manent Codina
Loreto Silva Rojas	Sonia Tschorne Berestesky
Giorgianna Cuneo Queirolo	Tomás Uauy Cuneo
Claudio Muñoz Zúñiga	Cosme Sagnier Guimón
Narciso Berberana Sáenz	Fernando Samaniego Sangroniz
Rodrigo Manubens Moltedo	Gonzalo Rojas Vildósola
Luis Mayol Bouchon	Mauricio Rojas Mullor

The Board of Directors of the Company, in a meeting held on the same day, unanimously agreed to appoint Guillermo Pickering de la Fuente as Chairman of the Board. It was also agreed that the Directors’ Committee will be composed of Rodrigo Manubens Moltedo, Luis Mayol Bouchon and Narciso Berberana Sáenz.

- ▶ **New President of Aguas Andinas Board of Directors:** : On August 6th, 2019, Mr. Guillermo Pickering de La Fuente submitted his resignation from the position of President and Director of the Company, valid as of this date. On August 8th, the Board of Directors agreed to elect **Mr. Claudio Muñoz Zúñiga** as the new president.
- ▶ **Sale of ESSAL’s shareholding** – At the Ordinary Shareholders’ Meeting held on January 22nd 2020, it was agreed to initiate an open and competitive process for the sale of the direct and indirect shareholding held by Empresas de Servicios Sanitarios de Los Lagos S.A., which represents 53.5% of the subscribed and paid-in shares of ESSAL S.A. With the above, Aguas Andinas S.A., aims to focus its business activity on its current strategic priorities.

ESSAL

- ▶ On July 11th, 2019, the subsidiary ESSAL S.A. had to interrupt the supply of the service in the city of Osorno, affecting 50 thousand customers, due to the presence of hydrocarbons in the potable water productive systems. The Company carried out the repairs in the processing plant, starting the restoration of service progressively on July 17th, normalizing the supply for all customers in Osorno on July 21st.

As a result of this operational contingency, the Superintendent of Sanitary Services announced the investigation of the facts and establishment of responsibilities, in order to determine the corresponding sanctions or fines according to the regulations in force.

The known economic impacts as of December 31st, 2019, derived from the Osorno event, amount to \$10,864 million:

▶ Compensation Law No. 19.496-Sernac	\$ 2,914 million
▶ Customer Compensation	\$ 3,605 million
▶ Extraordinary operating expenses	\$ 9 67 million
▶ Other direct costs	\$ 3,378 million

Finally, it should be noted that there are committed insurance policies that have been activated with the respective insurance companies, whose scope of coverage is in the process of analysis and evaluation.

- ▶ **New ESSAL General Manager** – On July 30, 2019, Gustavo Gomez Jimenez submitted his resignation to the Board of Directors of the Company. In view of the above, the Board of Directors agreed to appoint **José Sáez Albornoz as the new Chief Executive Officer**, who took office as of this date.
- ▶ **Renewal of the Board of Directors** - At the Extraordinary Meeting of Shareholders held on September 9, 2019, the Board of Directors was renewed and the following persons were elected:

MANAGING DIRECTORS	ALTERNATE DIRECTORS
Gustavo Alcalde Lemarie	Víctor de la Barra Fuenzalida
Joaquín Brahm Barril	Mauricio Fehrmann Miranda
Katia Trusich Ortíz	Juan Pablo Díaz de Valdés
Camilo Larraín Sánchez	Iván Yarur Sairafi
Domingo Cruzat Amunátegui	María Gracia Cariola Cubillos
Eduardo Novoa Castellón	Nicole Porcile Yanine
Andrés Fernández Fernández	Eduardo Abuaud Abujatum

The Board of Directors of the Company, in a meeting held on the same day, unanimously agreed to appoint Gustavo Alcalde Lemarie as President of the Board and of the Company and Camilo Larraín Sánchez as Vice President.

2. Results of the year

2.1. Cumulative results

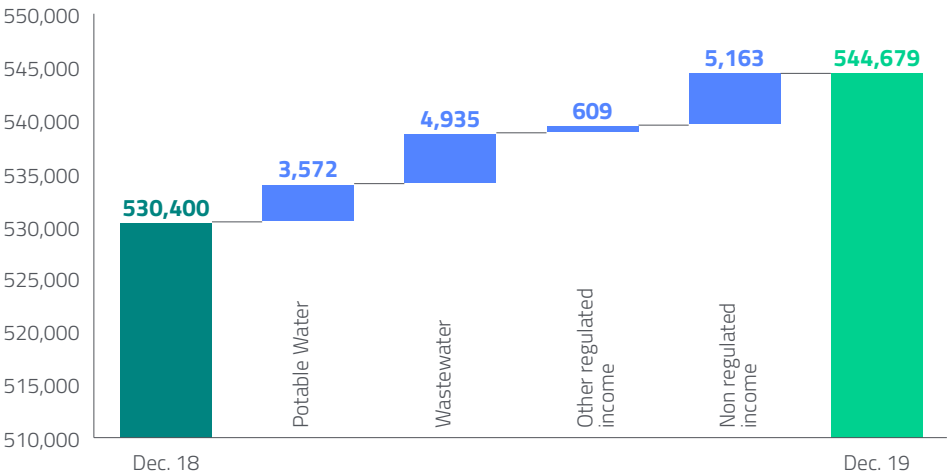
INCOME STATEMENT (THOUSANDS \$)	DEC. 19	DEC. 18	% VAR.	2019 / 2018
Ordinary income	544,679,496	530,400,417	2.7%	14,279,079
Operating costs and expenses	(245,646,796)	(221,693,892)	10.8%	(23,952,904)
EBITDA	299,032,700	308,706,525	(3.1%)	(9,673,825)
Depreciation and amortization	(76,263,042)	(75,472,412)	1.0%	(790,630)
OPERATING PROFIT	222,769,658	233,234,113	(4.5%)	(10,464,455)
Other earnings	14,232,177	(1,117,499)	<(200%)	15,349,676
Financial result	(48,536,568)	(47,220,419)	2.8%	(1,316,149)
Tax Expenditure	(49,810,305)	(46,617,680)	6.8%	(3,192,625)
NET INCOME	69,918,238	67,127,660	4.2%	2,790,578

* Includes financial income, financial costs, exchange rate differences and results by adjustment units

2.2. Income analysis

	DEC. 19		DEC. 18	
	SALES THCH\$	PARTICIPATION	SALES THCH\$	PARTICIPATION
Drinking water	212,038,943	38.9%	208,467,089	39.3%
Wastewater	259,018,728	47.5%	254,083,790	47.9%
Other regulated income	17,739,192	3.3%	17,130,203	3.2%
Non-regulated income	55,882,633	10.3%	50,719,335	9.6%
TOTAL	544,679,496	100.0%	530,400,417	100.0%

The change in income compared to 2018 is shown in the following graph:



SALES VOLUME (THOUSANDS OF M3 INVOICED)	DEC. 19	DEC. 18	% VAR.	DIFFERENCE
Potable water	597,583	597,648	0.0%	(65)
Sewage collection	572,081	573,323	(0.2%)	(1,242)
Treatment and disposal AS	498,101	499,221	(0.2%)	(1,120)
Interconnections	128,500	128,054	0.3%	446
CLIENTS	DEC. 19	DEC. 18	% VAR.	DIFFERENCE
Potable water	2,366,009	2,316,107	2.2%	49,902
Sewage collection	2,312,808	2,263,039	2.2%	49,769

* Interconnections include the Treatment and Disposal of Wastewater from other Sanitary Companies

Regulated Businesses

a) Potable water

Potable water revenues at the end of 2019 amounted to ThCh\$212,038,943, an increase of 1.7% compared to 2018. The increase of ThCh\$3,571,854 was mainly due to the tariff indexation recorded during 2018 and 2019, the last one in July 2019 for Essal.

b) Wastewater

Wastewater revenues at the end of 2019 amounted to ThCh\$259,018,728, an increase of ThCh\$4,934,938 compared to the previous year, as a result of tariff indexation during 2018 and 2019. The last indexation was recorded in July 2019 (Essal).

c) Other regulated income

This item submitted an increase of ThCh\$608,989, mainly explained by the change in the provision for unbilled consumption together with revenues from fixed charges to customers by 2.2%.

Non-regulated income

a) Health services

An increase of ThCh\$2,353,176 mainly due to greater agreements with developers, increased technical advice on rural potable water and increased activity in home services, partially offset by increased activity in sanitary infrastructure modifications.

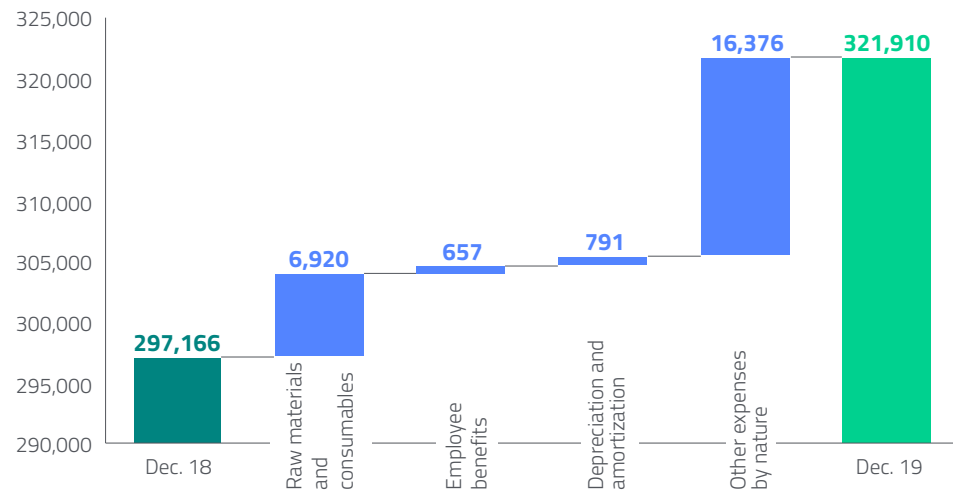
b) Non-sanitary services

An increase of ThCh\$2,810,122 was mainly explained by higher sales of materials in Management and Services together with higher plant operating revenues in EcoRiles.

THCH\$	DEC. 19	DEC. 18	% VAR.
EcoRiles S.A.	14,394,635	13,211,404	9.0%
Gestión y Servicios S.A.	8,359,396	6,720,684	24.4%
Anam S.A.	4,614,670	4,636,479	(0.5%)
Aguas del Maipo S.A.	1,071,511	1,061,523	0.9%
NON-REGULATED NON-SANITARY PRODUCTS	28,440,212	25,630,090	11.0%

2.3. Expenditure analysis

The change in spending from the previous year is shown in the following chart:



a) Raw materials and consumables

As of December 31st, 2019, the cost of raw materials and consumables amounted to ThCh\$ 46,149,671, ThCh\$ 6,920,084 higher than in the previous year. The increase was mainly due to higher cost of materials sold by the subsidiary Gestión y Servicios of ThCh\$1,488,464, higher use of chemical inputs of ThCh\$470,016 mainly due to higher consumption in operation of plants of the subsidiary EcoRiles and purchase of raw water of ThCh\$3,276,362 in order to increase the security of supply for our clients due to the low flow in the Maipo river basin. Finally, a higher cost of power of ThCh\$1,320,944, associated with a higher increase in potable water due to a higher capture of groundwater, which is partially offset by an improvement in the average price due to the entry into force of supply contracts by free customers for 52 of the Company's sites.

b) Employee Benefits

At the end of 2019, employee benefit expenses amounted to ThCh\$ 60,189,175, which is ThCh\$ 656,627 (1.1%) higher than in the previous year, increase made below annual CPI, and partially offset by the reorganization carried out at Aguas Andinas during 2018.

c) Depreciation and amortization

As of December 31st, 2019, depreciation and amortization amounted to ThCh\$ 76,263,042, which is ThCh\$ 790,630 higher than in the previous year. This was the result of the depreciation associated with the new assets included during the year.

d) Other expenses by nature

At the end of 2019, these expenses amounted to ThCh\$ 139,307,950, which was ThCh\$ 16,376,193 higher due mainly to

- ▶ Efficiency and process improvement projects have been carried out which have resulted in lower costs mainly in the management of biosolids for ThCh\$ 279,211 and customer management, other general services and administration for ThCh\$445,720.
- ▶ Higher costs have been recognized in maintenance of potable water and sewage networks for ThCh\$1,957,325, maintenance of equipment and premises for ThCh\$1,710,526, cost of sale associated with new services for ThCh\$485,606 and fines for ThCh\$714,581. The above is partially offset by lower activity in sanitary infrastructure modifications for ThCh\$347,652.
- ▶ ESSAL: as a result of the service interruption in the city of Osorno, the company has incurred operating costs to restore the supply of potable water, along with compensation to customers who were affected and other costs arising from the contingency. This has generated a higher cost of ThCh\$10,864,412. It should be noted that eventual insurance returns related to these expenses have not been considered.

2.4. Analysis of financial results and others

a) Other gains (losses)

As of December 31st, 2019, higher profits of ThCh\$ 15,349,676 were obtained than in 2018, mainly associated with higher sales of expendable land located in the Metropolitan Region.

b) Financial income

At the end of 2019, interest income of ThCh\$ 5,792,603 was obtained, which is ThCh\$ 92,916 lower than that obtained in 2018, mainly explained by lower interest on customer debt, which is partially offset by the gain from inflation insurance equivalent to ThCh\$ 875,144.

c) Financial Costs

As of December 31st, 2019, financing costs amounted to ThCh\$ 30,316,227, an increase of ThCh\$ 317,868 over those obtained in 2018. This was explained by higher bank interest and interest on bonds as a result of the greater volume of debt obtained to finance the company's investment plan, partially offset by a greater lower financial activation.

d) Results by readjustment unit

At the end of 2019, the readjustment unit charges were ThCh\$23,529,974 resulting in a higher expense of ThCh\$507,285 compared to 2018, mainly explained by a higher level of indebtedness, which is partially offset by a lower revaluation of debt due to lower variation in the Unidad de Fomento (2.70% in 2019 versus 2.86% in 2018).

e) Income tax expenses

Income tax expense as of December 31st, 2019 was ThCh\$49,810,305, ThCh\$3,192,625 higher than the previous year, mainly explained by higher pretax income.

f) Profits

Net income as of December 31st, 2019 amounted to ThCh\$69,918,238, which was ThCh\$2,790,578 higher than the previous year, representing an increase of 4.2%.

2.5. Results by segment**a) Accumulated results Water segment**

INCOME STATEMENT (THCH\$)	DEC. 19	DEC. 18	% VAR.	2019 - 2018
External Revenue	516,106,826	504,692,040	2.3%	11,414,786
Revenue segments	1,086,210	1,172,343	(7.3%)	(86,133)
Operating costs and expenses	(223,140,532)	(201,813,048)	10.6%	(21,327,484)
EBITDA	294,052,504	304,051,335	(3.3%)	(9,998,831)
Depreciation and amortization	(74,546,528)	(74,224,202)	0.4%	(322,326)
OPERATING PROFIT	219,505,976	229,827,133	(4.5%)	(10,321,157)
Other gains (losses)	14,489,407	(825,519)	<(200%)	15,314,926
Financial result	(48,017,116)	(47,224,679)	1.7%	(792,437)
Tax Expenditure	(48,696,013)	(45,486,954)	7.1%	(3,209,059)
NET INCOME	139,269,070	133,028,143	4.7%	6,240,927

* Includes financial income, financial costs, exchange rate differences and results by adjustment units,

The results of this segment showed an increase of 4.7% over the previous year, mainly due to

- ▶ An increase in external revenues, mainly associated with tariff indexations recorded during 2018 and 2019, together with variations in non-billed consumption and fixed charge revenues due to 2.2% higher clients' base. In addition, there were more agreements with developers, more technical advice on rural potable water and an increase in household service activity, partially offset by a lower level of activity in sanitary infrastructure modifications.
- ▶ Costs increased mainly due to higher expenses for maintenance of equipment and premises of ThCh\$1,750,074, maintenance of water and sewage networks of ThCh\$1,615,376 and associated cost of sale of new home services by ThCh\$485,606. In addition, due to the extreme drought affecting the central zone of the country, there have been increases in water purchase expenses of ThCh\$ 3,276,362 due to the low flow rate in the Maipo river basin and higher power costs of ThCh\$ 1,320,944 associated with a higher increase in potable water and greater groundwater collection, which is partially offset by an improvement in the average price due to the entry into force of supply contracts by free customers for 52 of the Company's sites.
- ▶ ESSAL: as a result of the service interruption in the city of Osorno, the company has incurred operating costs to restore the supply of potable water, compensation to customers who were affected and other costs arising from the contingency. This has generated a higher cost of ThCh\$10,864,412.

- ▶ In addition, projects have been generated which have enabled efficiencies to be achieved, such as biosolids management with savings of ThCh\$279,211 and customer management, other general services and administration for ThCh\$445,720.
- ▶ Other gains (losses) were ThCh\$15,314,926 higher than in 2018, mainly associated with higher sales of expendable land located in the Metropolitan Region.
- ▶ The financial result showed a net expense of ThCh\$48,017,116, which was ThCh\$792,437 higher than in the previous year, as a result of higher interest tariffs associated with a higher level of debt to finance the company's investment plan together with a higher debt rating.
- ▶ Income tax expense as of December 31st, 2019 was ThCh\$48,696,013, ThCh\$3,209,059 higher than in the previous year, mainly explained by higher pretax income.

b) Accumulated results Non-water segment

INCOME STATEMENT (THCH\$)	DEC. 19	DEC. 18	% VAR.	2019 - 2018
External Revenue	28,577,039	25,712,641	11.1%	2,864,398
Revenue segments	4,709,044	4,311,876	9.2%	397,168
Operating costs and expenses	(27,183,218)	(24,412,117)	11.4%	(2,771,101)
EBITDA	6,102,865	5,612,400	8.7%	490,465
Depreciation and amortization	(1,869,315)	(1,271,095)	47.1%	(598,220)
OPERATING PROFIT	4,233,550	4,341,305	(2.5%)	(107,755)
Other gains (losses)	(257,230)	(271,241)	(5.2%)	14,011
Financial result	(541,277)	(22,222)	>200%	(519,055)
Tax Expenditure	(966,925)	(1,019,468)	(5.2%)	52,543
NET INCOME	2,468,118	3,028,374	(18.5%)	(560,256)

* Includes financial income, financial costs, exchange rate differences and results by adjustment units.

The results of the Non-Water segment showed a decrease of 18.5% with respect to the previous year, mainly due to

- ▶ An increase in revenue which was mainly due to higher sales of materials to third parties by the company Gestión y Servicios together with greater activity by EcoRiles.
- ▶ The increase in costs by 11.4% is associated with the cost of sales of materials of the company Gestión y Servicios, greater expenditure of chemical inputs associated with EcoRiles and higher costs in personnel.
- ▶ An increase in the cost of depreciation and amortization, due mainly to new assets included during the year, mainly the methanization plant at Aguas del Maipo.
- ▶ The financial result submitted a higher expense compared to the previous year of ThCh\$519,055, mainly associated with exchange rate differences.

3. Quarterly results

INCOME STATEMENT (THCH\$)	4T19	4T18	% VAR.	4T19 – 4T18
Ordinary Income	139,304,097	139,712,199	(0.3%)	(408,102)
Operating Costs and Expenses	(65,197,346)	(57,758,481)	12.9%	(7,438,865)
EBITDA	74,106,751	81,953,718	(9.6%)	(7,846,967)
Depreciation and Amortization	(19,948,076)	(18,602,188)	7.2%	(1,345,888)
OPERATING PROFIT	54,158,675	63,351,530	(14.5%)	(9,192,855)
Other Profits	16,074,378	(2,690,228)	>200%	18,764,606
Financial Result*	(15,091,441)	(12,815,243)	17.8%	(2,276,198)
Tax Expenditure	(14,436,630)	(12,352,521)	16.9%	(2,084,109)
NET INCOME	20,523,510	17,060,510	20.3%	3,463,000

* Includes financial income, financial costs, exchange rate differences and results by adjustment units.

3.1. Revenue Analysis

a) Operating income

Ordinary revenues for the fourth quarter of 2019 amounted to ThCh\$ 139,304,097, which was ThCh\$ 408,102 (0.3%) lower than the fourth quarter of the previous year. This variation was mainly due to a lower volume supplied.

3.2. Expenditure analysis

a) Raw materials and consumables used

During the fourth quarter of 2019, the costs of raw materials and consumables amounted to ThCh\$13,287,672, ThCh\$3,499,493 more than in the same quarter of 2018, mainly associated with the purchase of water for ThCh\$2,719,863 and higher cost of power for ThCh\$556,064.

b) Employee Benefits

Employee benefit expenses for the fourth quarter amounted to ThCh\$ 16,152,517, ThCh\$ 459,211 more than in 2018, mainly associated with higher CPI.

c) Depreciation and amortization

Depreciation and amortization for the fourth quarter of 2018 amounted to ThCh\$ 19,948,076, ThCh\$ 1,345,888 higher than that obtained in the same quarter of 2018, mainly associated with new assets included in that period.

d) Other expenses

In the fourth quarter of 2019, other expenses amounted to ThCh\$ 35,757,157, which was ThCh\$ 3,480,161 higher than that obtained in 2018, mainly explained by expenses for the service interruption event in the city of Osorno of ThCh\$ 3,446,845.

3.3. Financial performance analysis

a) Other gains (losses)

As of the fourth quarter of 2019, there were higher gains by ThCh\$ 18,764,606 compared to 2018, mainly explained by higher sales of expendable land located in the Metropolitan Region.

b) Financial result

The financial result for the fourth quarter of 2019 showed losses of ThCh\$ 15,091,441, which increased by ThCh\$ 2,276,198 compared to 2018, mainly explained by the higher appreciation of the debt, due to the lower variation of the UF compared to the same quarter of 2018.

c) Income Tax Expenses

Income tax expense at the end of the fourth quarter of 2019 was ThCh\$ 14,436,630, ThCh\$ 2,084,109 higher than the same quarter of the previous year, mainly associated with higher pre-tax income of ThCh\$ 7,295,553.

d) Profit

Net income for the fourth quarter of 2019 amounted to ThCh\$ 20,523,510, which was ThCh\$ 3,463,000 (20.3%) higher than the amount obtained in the same quarter of 2018.

4. Statement of Financial Condition

	DEC. 19 THCH\$	DEC. 18 THCH\$	% VAR.
ASSETS			
Current assets	198,693,178	169,729,141	17.1%
Non-current assets	2,075,152,748	2,008,908,565	3.3%
TOTAL ASSETS	2,273,845,926	2,178,637,706	4.4%
LIABILITIES AND EQUITY			
Current liabilities	242,608,281	242,927,687	(0.1%)
Non-current liabilities	1,072,110,134	977,008,960	9.7%
TOTAL LIABILITIES	1,314,718,415	1,219,936,647	7.8%
Equity attributable to the owners of the holding company	594,540,262	591,673,561	0.5%
Non-controlling interests	364,587,249	367,027,498	(0.7%)
TOTAL EQUITY	959,127,511	958,701,059	0.04%
TOTAL LIABILITIES AND EQUITY	2,273,845,926	2,178,637,706	4.4%

4.1. Analysis of assets

The total assets of Aguas Metropolitanas S.A. investments at consolidated level at December 31st, 2019 showed an increase of 4.4% with respect to December 31st, 2018, equivalent to ThCh\$95,208,220.

Current assets increased by ThCh\$28,964,037, mainly due to an increase in cash and cash equivalents of ThCh\$31,969,842. The above is partially offset by a decrease in recoverable taxes of ThCh\$ 2,361,953.

Non-current assets increased by ThCh\$ 66,244,183 mainly explained by increased property, plant and equipment of ThCh\$ 58,998,841, associated with investments made during the year. The main investment works are reflected in the following table:

INVESTMENTS (THCH\$)	DEC-19
Construction of Pirque ponds	37,146,728
Renovation of drinking water networks	10,569,961
Renewal of wastewater networks	9,722,736
Replacement of assets of Biofactories La Farfana and Mapocho-Trebal	7,205,771
Nitrate treatment Biofactories La Farfana and Mapocho-Trebal	5,587,198
Starters and meters	5,265,336
Mapocho-Trebal Biofactory Cogeneration	4,552,515

4.2. Analysis of liabilities and equity

Liabilities as of December 2019 increased by ThCh\$ 94,781,768 compared to December 2018.

Current liabilities decreased by ThCh\$319,406. Non-current liabilities showed an increase of ThCh\$ 95,101,174 (9.7%). This variation corresponds mainly to an increase in bond debt of Ch\$68,070,658 associated with the issuance of

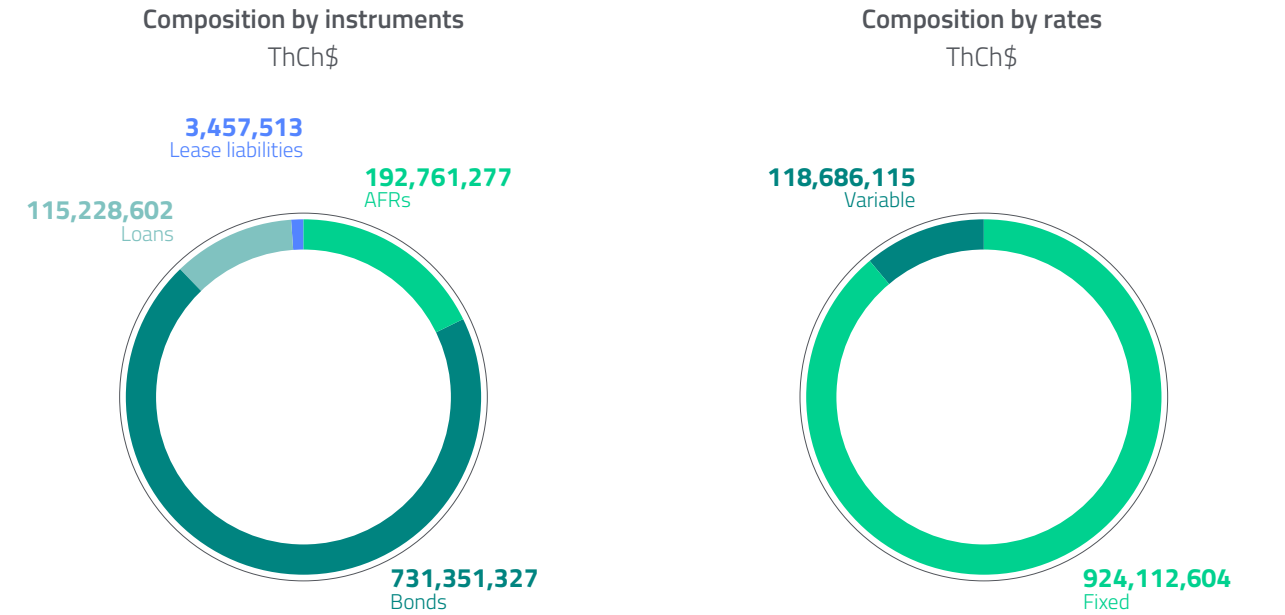
► “Green and Social Bond” series AE for UF 2.0 million, structured for 25 years at a coupon rate of 2.5%.

Total shareholders’ equity increased by ThCh\$ 426,452 and shareholders’ equity attributable to the owners of the parent company increased by ThCh\$ 2,866,701, mainly explained by the profit at the end of 2019.

The maturity profile of the financial debt at December 31st, 2019 is as follows

FINANCIAL DEBT THCH	CURRENCY	TOTAL	12 MONTHS	1 TO 3 YEARS	3 TO 5 YEARS	MORE THAN 5 YEARS
AFRs	\$	192,761,277	6,313,401	50,796,719	40,669,845	94,981,311
Bonds	\$	731,351,327	16,320,558	36,417,303	31,105,086	647,508,380
Loans	\$	115,228,602	13,876,507	59,227,642	37,699,562	4,424,891
Lease liabilities	\$	3,457,513	1,503,350	1,827,145	127,018	-
TOTALS		1,042,798,719	38,013,816	148,268,809	109,601,511	746,914,582

4.3. Structure of financial liabilities



5. Cash flow statements

CASH FLOW STATEMENTS (THCH\$)	DEC. 19	DEC. 18	% VAR.
Activities of the operation	228,617,894	244,390,084	(6.5%)
Investment activities	(125,768,547)	(135,452,926)	(7.1%)
Financing activities	(70,879,505)	(87,653,090)	(19.1%)
NET FLOW FOR THE YEAR	31,969,842	21,284,068	50.2%
ENDING CASH BALANCE	73,057,118	41,087,276	77.8%

EBITDA from operating activities decreased by ThCh\$15,772,190 when compared to December 2019 and December 2018.

The main variations were as follows:

- ▶ Increase causes payments to suppliers for ThCh\$29,031,412, mainly associated with infrastructure suppliers.
- ▶ Increase in income taxes paid of ThCh\$3,743,803, this variation was mainly explained by an increase in the rate for the payment of PPM.
- ▶ Increase in premium and benefit payments, annuities and other obligations arising from policies taken out for ThCh\$1,621,807, associated with the payment of all risk insurance for physical assets.
- ▶ Increase in other payments for operating activities of ThCh\$4,169,023, due to a higher value added tax payment.
- ▶ Increase in other cash inflows and outflows of ThCh\$777,930, mainly associated with the payment of fines and donations.

These variations were partially offset by the following items:

- ▶ Increase in collections from sales of goods and services of ThCh\$15,560,601 mainly due to a higher volume of sales, together with the tariff indexations recorded in 2018 and 2019, the last one in July 2019.
- ▶ Increase in other operating revenues of ThCh\$3,044,585 due to a refund of overpayment of real estate contract.
- ▶ Decrease in employee benefit payments of ThCh\$4,044,670, mainly due to the fact that the lower net staffing level offsets the higher costs resulting from the inflationary adjustments and the benefits obtained from the collective bargaining processes completed during 2018.
- ▶ Decrease in interest paid of ThCh\$1,488,649, due to lower bond interest payments.

Disbursements for investment activities decreased by ThCh\$ 9,684,379, mainly associated with increased sales of expendable land located in the Metropolitan Region for ThCh\$ 13,098,342, offset by an increase in purchases of property, plant and equipment for ThCh\$ 4,701,271.

Financing activities generated a net cash flow (decrease) of ThCh\$16,773,585, which is mainly explained by a lower payment of loans and financing instruments.

6. Financial ratios

		DEC. 19	DEC. 18
LIQUIDITY			
Current liquidity	times	0.82	0.70
Acidic reason	times	0.30	0.17
INDEBTEDNESS			
Total indebtedness	times	1.37	1.27
Current debt	times	0.18	0.20
Non-current debt	times	0.82	0.80
Annualized financial expense coverage	times	7.22	7.16
PROFITABILITY			
Return on equity attributable to the owners of the controlling company annualized	%	11.79	11.33
Annualized return on assets	%	3.14	3.16
Annualized earnings per share	\$	69.92	67.13
Dividend return (*)	%	7.99	6.69

Current liquidity: current assets/current liabilities
Acidic ratio: cash and cash equivalents / current liabilities
Total debt: liabilities / total equity.
Current debt: current liabilities / liabilities payable.
Non-current debt: non-current liabilities / liabilities payable.
Coverage of financial expenses: annualized profit before tax and interest / annualized financial expenses.
Return on equity: annualized profit/average total equity for the year annualized
Return on assets: annualized profit/average total assets for the year annualized.
Earnings per share: annualized profit for the year/ number of shares subscribed and paid
Dividend return: dividends paid per share / share price.
(*) The share price at December 2019 amounts to \$819.92, while at December 2018 it amounts to \$1012.80.

As of December 2019, current liquidity increased by 17.1%, due to the increase in current assets of ThCh\$ 28,964,037, mainly explained by higher cash and cash equivalents from the sale of expendable land in the Metropolitan Region.

The borrowing ratio increased by 7.9%, mainly due to an increase in liabilities receivable of ThCh\$ 94,781,768 as a result of the issuance of the Green and Social Bond for UF 2.0 million.

The return on equity attributable to the owners of the controlling company showed an increase of 4.1%, due to the increase in income for the period of ThCh\$ 2,790,578.

7. Other background

7.1. Tariffs

The most important factor determining our results of operations and financial condition is the tariffs that are set for our regulated sales and services. As a sanitary company we are regulated by the S.I.S.S. and our tariffs are set in accordance with the tariffs of Sanitary Services Law D.F.L. N°70 of 1988.

Our tariff levels are reviewed every five years and, during that period, are subject to additional adjustments linked to an indexation polynomial, which are applied when the accumulated variation since the previous adjustment is 3.0% or more, as calculated on the basis of various inflation indexes. Specifically, adjustments are applied based on a formula that includes the Consumer Price Index, the Price Index for Imported Goods in the Manufacturing Sector and the Manufacturing Price Index, all measured by the Chilean National Institute of Statistics. The latest indexations made by each Group company were applied on the following dates:

AGUAS ANDINAS S.A.:	
Group 1	September 2018
Group 2	September 2018
Rinconada de Maipú	January 2018 and May 2019

AGUAS CORDILLERA S.A.:	June 2018 and November 2018
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AGUAS MANQUEHUE S.A.:	
Santa María	February 2018 and November 2018
Los Trapenses	February 2018 and November 2018
Chamisero	May 2018 and November 2018
Chicureo	August 2018
Valle Grande 3	January 2018 and May 2019

ESSAL S.A.:	
Group 1	July 2018 and July 2019
Group 2	July 2018 and July 2019
Group 3	July 2018 and July 2019
Los Alerces	July 2018 and July 2019
Chiniquihue	July 2018 and July 2019

In addition, tariffs are subject to adjustment to reflect additional services previously authorized by the S.I.S.S.

The tariffs in force for the period 2015-2020 were approved by Decree No. 83 dated June 5, 2015, for Aguas Andinas S.A., of the Ministry of Economy, Development and Reconstruction and came into force on March 1, 2015 (published in the Official Gazette on September 3, 2015). The current tariffs of Aguas Cordillera S.A. for the same five-year period 2015-2020 were approved by Decree No. 152 dated 19 October 2015, and came into effect as of 30 June 2015 (published in the Official Gazette on 25 November 2015) and the current tariffs of Aguas Manquehue S.A. 2015-2020 were approved by Decree No. 139 dated 16 September 2015, and came into effect as of 19 May 2015 (published in the Official Gazette on 25 November 2015).

Meanwhile, for the Essal subsidiary, the current tariffs for the period 2016-2021 were approved by Decree No. 143 dated August 25, 2016, published in the Official Gazette on January 21, 2017.

On November 30, 2018, the process of setting the tariffs of the companies Aguas Andinas, Aguas Cordillera and Aguas Manquehue began. On March 15, 2019, the Superintendence of Sanitary Services published the Definitive Bases that govern this process. The new Aguas Andinas tariffs will come into effect on March 1, 2020.

7.2. Market risk

Our company has a favorable situation in terms of risk, which is mainly due to the particular characteristics of the health sector. Our business is seasonal and operating results may vary from quarter to quarter. The highest levels of demand and revenue are recorded during the summer months (December to March) and the lowest levels of demand and revenue during the winter months (June to September). In general, water demand is higher in the warmer months than in the warmer ones, mainly due to the additional water requirements generated by irrigation systems and other external water uses.

Adverse weather conditions can eventually affect the optimal delivery of sanitation services, because the processes of water collection and production of potable water depend largely on the weather conditions that develop in the watersheds. Factors such as meteorological precipitation (snow, hail, rain, fog), temperature, humidity, sediment drag, river flows and turbidity determine not only the quantity, quality and continuity of raw water available at each intake, but also the possibility of it being properly treated at the treatment plants.

In case of drought, we have important water reserves that we maintain in the El Yeso, Laguna Negra and Lo Encañado reservoirs, in addition to the contingency plans that we have developed, which allow us to reduce the possible negative impacts that could generate adverse weather conditions for our operations. In the present period, the drought that has existed since 2010 persists, which means that contingency plans are being applied, such as the purchase of raw water, intensive use of wells, and the lease and purchase of water rights, among others. All of this is aimed at reducing the impact of the drought and providing our services normally, both in terms of quality and continuity.

7.3. Market Analysis

The Company has no change in the market in which it participates because, due to the nature of its services and current legislation, it does not have competence in its concession area.

Aguas Andinas S.A. has 100% coverage of potable water, 98.8% of sewerage service and 100% of wastewater treatment in the Santiago basin.

Aguas Cordillera S.A. has 100% coverage in potable water, 98.9% in sewage service and 100% in wastewater treatment.

Aguas Manquehue S.A. has 100% coverage in potable water, 99.5% in sewerage service and 100% in wastewater treatment.

Essal S.A. has 100% coverage in potable water, 96.6% in the sewage service in the X Region and 93.6% in the XIV Region; and 100% in sewage treatment.

7.4. Capital investments

One of the variables that most affect the result of our operations and financial situation is capital investments. These are of two types:

Committed investments. We are obliged to agree an investment plan with the S.I.S.S., describing the investments to be made during the 15 years following the date on which the corresponding investment plan comes into effect. Specifically, the investment plan reflects a commitment on our part to carry out certain projects related to maintaining certain standards of quality and coverage of services. The above-mentioned investment plan is subject to review every five years, and may be modified when certain relevant facts are verified.

Dates of approval and updating of the development plans of the Aguas Group:

Aguas Andinas S.A.

Greater Santiago: December 23rd, 2015

Locations: December 31st 2014, January 12th 2015, November 17th 2015, December 12th 2016 and April 6th 2018

Aguas Cordillera S.A.

Aguas Cordillera and Villa Los Dominicos: December 21st, 2015

Aguas Manquehue S.A.

Saint Mary and the Trappists: December 23rd 2014

Chicureo, Chamisero and Valle Grande III: August 10th, 2016

Alto Lampa: December 6th 2018

ESSAL S.A.

Regions X and XIV: June 1st 2016, June 14th 2016, August 12th 2016 and January 16th 2017

Non-committed investments. Non-committed investments are those that are not contemplated in the investment plan and that we make voluntarily in order to ensure the quality of our services and replace obsolete assets. These, in general, are related to the replacement of network infrastructure and other assets, the acquisition of water rights and investments in non-regulated businesses, among others.

In accordance with international financial reporting standards in force in Chile, in particular IAS 23, interest on capital investments in works in progress is capitalized. IAS 23 establishes that when an entity acquires debt to finance investments, interest on that debt must be deducted from interest expense and included into the financed construction work, up to the total amount of such interest, applying the respective rate to disbursements made at the date of presentation of the financial statements. Accordingly, the interest costs associated with our capital investment plan affect the amount of interest expense recorded in the income statements and are reported along with the work in progress under the caption "property, plant and equipment" in our statement of financial position.

7.5. Financial aspects

a) Currency risks

Our income is largely linked to the evolution of the local currency. Therefore, our debt is mainly issued in this same currency and we do not record significant risks from foreign currency transactions.

b) Interest rate risks

At 31 December 2019, the interest rate risk held by Inversiones Aguas Metropolitanas S.A. consisted of 88.9% at a fixed rate and 11.1% at a floating rate. Fixed-rate debt is composed of: short- and long-term bond issues (78.8%), reimbursable financial contributions (20.8%) and lease liabilities (0.4%), while variable-rate debt corresponds to loans with domestic banks.

At 31 December 2018, the interest rate risk held by Inversiones Aguas Metropolitanas S.A. consisted of 89.8% at a fixed rate and 10.2% at a floating rate. Fixed-rate debt is made up of: short and long-term bond issues (77.8%) and reimbursable financial contributions (22.2%), while variable-rate debt corresponds to loans with domestic banks.

The company maintains an interest rate monitoring and management policy, which, in order to optimize the cost of financing, permanently evaluates the hedging instruments available in the financial market.

All this favorable situation has meant that the risk classifiers have assigned us a risk classification of AA+ for long-term debt. In the case of stocks: Feller Rate assigned us a first-class rating level 1 and Fitch Ratings assigned us a first-class rating level 2.

AGUAS ANDINAS S.A.
AND SUBSIDIARIES

General Information

Name:

Aguas Andinas S.A.

Type of entity:

Open stock company

**Securities Registry of the Commission
for Financial Market:**

N° 0346

Legal address:

Avenida Presidente Balmaceda N° 1398, Santiago Chile

Phone:

(56-2) 569 2500

Fax:

(56-2) 569 2777

P.O. Box:

1537 Santiago

Turn:Collection, purification, distribution of potable water
and disposal of sewage.**Subscribed and paid capital:**

ThCh\$ 155,567,354

External auditors:

Ernst & Young

Single RUT (RUT):

61.808.000-5

Legal constitution of the Company.

Aguas Andinas S.A. was incorporated as a corporation by public deed on May 31, 1989 in Santiago, before the Notary Public Mr. Raúl Undurraga Laso. An excerpt of the statutes was published in the Official Gazette on June 10, 1989, and was registered in the Commercial Registry on pages 13,891, No. 7,040 of 1989 of the Santiago Conservative of Real Estate.

Legal aspects.

The Company is registered in the Securities Registry of the Superintendence of Securities and Insurance (hereinafter "Financial Market Commission") under No. 0346 by provision of Law No. 18,777. As a company in the sanitary sector, it is supervised by the Superintendence of Sanitary services, in accordance with Law No. 18,902 and the Decrees Law No. 382 and No. 70, both of 1988.

Corporate purpose.

The Company's corporate purpose is to provide sanitary services, including the construction and operation of public services for the production and distribution of potable water and the collection and disposal of wastewater, within the concession area distributed in Greater Santiago, outlying towns and the Region of Rivers and Lakes, except for the city of Valdivia.

To provide a comprehensive service to customers, the Company has non-sanitary subsidiaries providing diversified services such as industrial waste treatment, marketing of materials and technical analysis.

Board

Chairman:

Claudio Muñoz Zuñiga

Directors:

Jorge Manet Codina

Loreto Silva Rojas

Giorgianna Cúneo Queirolo

Narciso Berberana Sáenz

Rodrigo Manubens Moltedo

Luis Mayol Bouchon

Alternate Directors:

Cosme Sagnier Guimón

Sonia Tschorne Berestesky

Tomás Uauy Cúneo

Fernando Samaniego

Gonzalo Rojas Vildósola

Mauricio Rojas Mullor

CEO:

Marta Colet Gonzalo

Key Executives:**Director of Legal Affairs,
Regulatory and Corporate
Governance**

Camilo Larraín

Director of Customer Service

Eugenio Rodríguez

**Director of Personnel,
Organization, Culture and Talent**

Josep Bonet

**Director of Planning and
Engineering**

Alberto Blanco

Chief Financial Officer

Iván Yarur

**Director of Operations and
Circular Economy**

Francisco Ybarra

Percentage of parent participation:

50.10234% direct

Proportion that represents the investment in the assets of the parent company.

The investment in the company represents a share of 52.28%

Business relationship with parent company and subsidiaries of the parent company

During the year ended on December 31st, 2019, the Company had water and wastewater interconnection contracts, leases, purchase and sale of materials with its parent company, which are paid within a maximum period of 30 days. Similar business relationships are expected in the future.

AGUAS ANDINAS S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31st 2019 and 2018

(Thousands of pesos - ThCh\$)

Note 1.

General information

Aguas Andinas S.A. ("the Company") and its subsidiaries form the Aguas Andinas Group ("the Group"). Its legal address is Avenida Presidente Balmaceda N° 1398, Santiago, Chile and its sole RUT is 61,808,000-5.

Aguas Andinas S.A. was incorporated as an open stock company by public deed on May 31st, 1989 in Santiago, before the Notary Public Mr. Raúl Undurraga Laso. An excerpt of the bylaws was published in the Official Gazette on June 10, 1989, and was recorded in the Commercial Registry on pages 13,981, No. 7,040 of 1989 of the Santiago Real Estate Registrar.

In accordance with Article 2 of its bylaws, the Company's corporate purpose is to provide sanitary services, which includes the construction and operation of public services for the production and distribution of potable water and the collection and disposal of wastewater. Its current concession area is distributed in Greater Santiago and outlying towns.

The Company is the parent company of three sanitary companies, two in the Greater Santiago area (Aguas Cordillera S.A. and Aguas Manquehue S.A.) and one in the De Los Ríos and De Los Lagos region (Empresa de Servicios Sanitarios De Los Lagos S.A., ESSAL). In order to provide a comprehensive service within its line of business, the Company has non-sanitary subsidiaries providing services such as the treatment of liquid industrial waste (EcoRiles S.A.), laboratory analyses (Análisis Ambientales S.A.), marketing of materials and other services related to the sanitary sector (Gestión y Servicios S.A.) and carrying out activities associated with water use rights and energy projects derived from sanitary company facilities and assets (Aguas del Maipo S.A.).

The Company and its subsidiary ESSAL S.A. The securities are registered in the Securities Registry of the Financial Market Commission under No. 346 and No. 524, respectively. The subsidiaries Aguas Cordillera S.A. and Aguas Manquehue S.A., are registered in the special register of reporting entities of the Financial Market Commission under No. 170 and No. 2, respectively. As companies in the sanitary sector, they are regulated by the Superintendence of Sanitary services, in accordance with Law No. 18,902 of 1989 and Decrees with Force of Law No. 382 and No. 70, both of 1988.

For the purposes of preparing consolidated financial statements, a group is deemed to exist when the parent company has one or more subsidiaries over which the parent company has control, either directly or indirectly. The accounting policies applied in the preparation of the Group's consolidated financial statements are detailed in Note 2.2.

The direct controlling entity is Inversiones Aguas Metropolitanas S.A. ("IAM") with a 50.10234% ownership, a corporation that is controlled by Suez Inversiones Aguas del Gran Santiago Ltda. ("IAGSA"), which is controlled by Suez Andinas S.A., is controlled by Suez Spain, S.L. The company is based in Spain and is one of the world's largest sanitary services operators, which in turn is controlled by Suez Groupe S.A.S. (France).

Note 2.

Basis of preparation and accounting policies

2.1 Basis of preparation

These consolidated financial statements correspond to the financial position consolidated statements as of December 31st 2019 and 2018 and the comprehensive income, changes in equity and cash flows consolidated statements for the years ended on December 31st 2019 and 2018, which have been prepared in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), and represent the full, explicit and unreserved adoption of the aforementioned IFRS.

The Group complies with the legal conditions of the environment in which it operates, in particular the sanitary subsidiaries with respect to the regulations specific to the sanitary sector. The Group companies present normal operating conditions in each area in which they carry out their activities, their projections show a profitable operation and they have the capacity to access the financial system to finance their operations, which in the opinion of the management determines their capacity to continue as a functioning company, as established in the accounting standards under which these consolidated financial statements are issued.

Functional and presentation currency

The financial statements of each of the Group companies are presented in the currency of the main economic environment in which the companies operate (functional currency). For purposes of the consolidated financial statements, the results and financial position of each Group company are expressed in Chilean pesos (rounded up to thousands of pesos), which is the functional currency of the Company and its subsidiaries, and the presentation currency for the consolidated financial statements.

New accounting pronouncements

The standards and interpretations, as well as the improvements and modifications to IFRSs, which have been issued, effective as of the date of these financial statements, are detailed below. The Company has applied these standards and concluded that they did not significantly affect the financial statements.

STANDARDS AND INTERPRETATIONS	DATE OF MANDATORY APPLICATION
IFRS 16, Leases	Annual periods beginning on or after January 1st, 2019
IFRIC 23, Treatment of Uncertain Tax Positions	Annual periods beginning on or after January 1st, 2019

AMENDMENTS	DATE OF MANDATORY APPLICATION
IFRS 3, Business combinations - interests previously held in a joint venture	Annual periods beginning on or after January 1st, 2019
IFRS 9, Financial Instruments - Negative Offset Payments	Annual periods beginning on or after January 1st, 2019
IFRS 11, Joint arrangements - interests previously held in a joint operation	Annual periods beginning on or after January 1st, 2019
IAS 12, Income taxes - tax consequences of payments related to financial instruments classified as equity	Annual periods beginning on or after January 1st, 2019
IAS 23, Borrowing Costs - Costs of Loans Eligible for Capitalization	Annual periods beginning on or after January 1st, 2019
IAS 28, Investments in Associates - Long-Term Investments in Associates or Joint Ventures	Annual periods beginning on or after January 1st, 2019
IAS 19, Employee Profit - Plan Modification, Reduction or Liquidation	Annual periods beginning on or after January 1st, 2019

IFRS 16 “Leases”

IFRS 16, issued in January 2016 by the IASB, sets out principles for the recognition, measurement and presentation of leases and associated disclosures. The new standard replaced IAS 17 Leases and its interpretations: IFRIC 4 “Determining whether an arrangement contains a lease”, “SIC 15 “Operating Leases - Incentives”, SIC 27 “Evaluating the substance of transactions taking the legal form of a lease”. The standard began to be applied effective January 1st, 2019.

Lessee’s accounting: IFRS 16 introduces a single model for lease accounting and requires a lessee to recognize the assets and liabilities of all leases with a duration of more than 12 months unless the underlying asset is low value. The lessee should recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

The lessee measures rights-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a result, the lessee recognizes depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash refunds of the lease liability into a portion of principal and a portion of interest and presents them in the cash flow statement using IAS 7 Statement of Cash Flows.

Lessor’s accounting: no material change from IAS 17. The lessor will continue to classify leases under the same principles of the current standard as operating or finance leases.

The main effects arising from the application of this Standard in the Group are those related to the leasing of buildings and vehicle fleets. As a result of the change in the accounting model for lessees, the Group has recognized an increase in current and non-current liabilities for a total amount of ThCh\$ 1,713,735 on January 1st 2019, due to the recognition of lease liabilities, and an increase in non-current assets for the same amount, due to the recognition of rights of use arising from such contracts.

As a result, at the end of the fourth quarter of 2019, the Group recognized higher financial expenses associated with new lease liabilities of ThCh\$ 78,345 and higher depreciation associated with rights of use of ThCh\$ 1,309,296.

IFRIC Interpretation 23 “Uncertainty in the Treatment of Income Tax”

The Interpretation addresses the accounting for income tax when the tax treatments involve uncertainty that affects the application of IAS 12 Income Tax. It does not apply to tax or levies that are outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- ▶ *If an entity considers uncertain tax treatments separately*
- ▶ *The assumptions an entity makes about the examination of tax treatments by tax authorities*
- ▶ *How an entity determines taxable income (tax loss), tax bases, unused tax losses, unused tax credits and tax rates*
- ▶ *How an entity considers changes in facts and circumstances*

The Company determines whether to consider each uncertain tax treatment separately or together with one or more uncertain tax treatments. The approach that best predicts the resolution of uncertainty should be followed.

The Company applies significant judgment in identifying uncertainties in income tax treatments.

Management considers that its tax contingencies are being measured in a manner that complies with the requirements of IFRIC 23, concluding that it has no impact on the consolidated financial statements.

Standards and interpretations, as well as improvements and amendments to IFRSs, which have been issued but have not yet become valid as at the date of these financial statements, are detailed below. The Company has not applied these standards in advance.

STANDARDS AND INTERPRETATIONS	DATE OF MANDATORY APPLICATION
Conceptual framework (revised)	Annual periods starting on or after January 1st 2020
IFRS 17, Insurance Contracts	Annual periods beginning on or after January 1st, 2021

AMENDMENTS	DATE OF MANDATORY APPLICATION
IFRS 3, Business Combinations - Definition of a Business	Annual periods starting on or after January 1st 2020
IAS 1, Presentation of Financial Statements and IAS 8, Investments in Associates - Definition of Material	Annual periods starting on or after January 1st 2020
IFRS 9, IAS 9 and IFRS 7 - Reference Rate Reform	Annual periods starting on or after January 1st 2020
IFRS 10 and IAS 28, Consolidated Financial Statements - sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Company’s management considers that the adoption of the aforementioned standards, amendments and interpretations, which could be applied to Aguas Andinas S.A. and subsidiaries, is in the process of being assessed and it is estimated that, to date, they would not have a significant impact on the Group’s consolidated financial statements in the year of their first application. The Administration is periodically evaluating these implications.

Responsibility for the information and estimates made

The information contained in these consolidated financial statements is the responsibility of the Company’s Board of Directors, which states that all principles and criteria included in International Financial Reporting Standards (IFRS) have been applied. The Board of Directors, at a meeting held on March 25, 2020, approved these consolidated financial statements.

The consolidated financial statements of Aguas Andinas S.A. and subsidiaries for 2018 were approved by its Board of Directors at a meeting held on March 20, 2019.

Estimates have been used in the preparation of the consolidated financial statements, such as

- ▶ *Life of property, plant and equipment and intangibles*
- ▶ *Valuation of assets and purchased capital gains (goodwill or lower investment value)*
- ▶ *Impairment losses on assets*
- ▶ *Assumptions used in the actuarial calculation of employee termination profit*
- ▶ *Assumptions used for the calculation of the fair value of financial instruments*
- ▶ *Income from supplies pending billing*
- ▶ *Provisions for commitments to third parties*
- ▶ *Risks arising from current litigation*

Although these estimates and judgments were made on the basis of the best information available at the date of issuance of these consolidated financial statements, events that take place in the future may require the Company to change its estimates and judgments (upwards or downwards) in future periods.

2.2 Accounting policies

The main accounting policies adopted in the preparation of these consolidated financial statements are described below

A. Basis of consolidation

The consolidated financial statements include the financial statements of the Company and the entities controlled by the Company (its subsidiaries). Subsidiaries are those entities over which the Group has the power to direct the relevant activities, is entitled to variable returns from its shareholding and the ability to use that power to influence the amounts of the investor’s returns. Subsidiaries are consolidated from the date on which control is transferred to the Group and are excluded from consolidation on the date on which control ceases.

All transactions, balances, gains and losses between Group entities are eliminated on consolidation.

The Company and its subsidiaries have uniform policies used by the Group.

The subsidiaries included in the consolidated financial statements of Aguas Andinas S.A. are as follows

R.U.T.	NAME COMPANY	DIRECT %	INDIRECT %	TOTAL 2019 %	DIRECT %	INDIRECT %	TOTAL 2018 %
96.809.310-K	Aguas Cordillera S.A.	99,99003	-	99,99003	99,99003	-	99,99003
89.221.000-4	Aguas Manquehue S.A.	0,00043	99,99957	100	0,00043	99,99957	100
96.897.320-7	Inversiones Iberaguas Ltda.	99,99998	0,00002	100	99,99998	0,00002	100
96.579.800-5	ESSAL S.A.	2,5065	51	53,5065	2,5065	51	53,5065
96.945.210-3	EcoRiles S.A.	99,03846	0,96154	100	99,03846	0,96154	100
96.828.120-8	Gestión y Servicios S.A.	97,84783	2,15217	100	97,84783	2,15217	100
96.967.550-1	Análisis Ambientales S.A.	99	1	100	99	1	100
76.190.084-6	Aguas del Maipo S.A.	82,64996	17,35004	100	82,64996	17,35004	100

B. Operating segments

IFRS 8 sets out standards for reporting on operating segments and disclosures relating to products and services. Operating segments are defined as components of an entity for which separate financial information exists and is regularly reviewed by the management to make decisions about the resources to be allocated to the segments and to evaluate their performance.

The Group manages and measures the performance of its operations by business segment. The operating segments reported internally are as follows:

- ▶ *Operations related to the sanitary line of business (Water).*
- ▶ *Non-sanitary operations (No Water).*

C. Intangible assets other than capital gains

The Company recognizes an identifiable intangible asset when it can demonstrate that it is likely that the future economic profit that have been attributed to the asset will flow to the entity and the cost can be measured reliably.

i. Separately acquired intangible assets:

Separately acquired intangible assets are shown at cost minus accumulated amortization and accumulated impairment losses. Depreciation is calculated on a straight-line basis using the estimated useful lives. The estimated useful lives and the method of depreciation are reviewed at the closing of each situation statement, accounting for the effect of any changes in the estimate on a prospective basis.

ii. Amortization method for intangibles:

Intangibles with a defined life span

The depreciation method applied by the Company reflects the pattern in which the future economic profit of the asset are expected to be used by the entity. For this purpose, the Company uses the straight-line method of depreciation.

Software

The estimated useful life for the software is 4 years. For other assets with a defined useful life, the period of useful life over which they are depreciated corresponds to the periods defined in the contracts or rights that give rise to them.

Intangible assets with an indefinite useful life

Intangible assets with an indefinite useful life relate mainly to water and easements, which were obtained for an indefinite period, as established in the acquisition contracts and the rights obtained from the Directorate-General for Water, which reports to the Ministry of Public Works.

Determination of service life

Factors to be considered for the estimation of useful life include the following:

- ▶ *Legal, regulatory or contractual limitations.*
- ▶ *Predictable life of the business or industry.*
- ▶ *Economic factors (product obsolescence, changes in demand)*
- ▶ *Expected reactions from current or potential competitors.*
- ▶ *Natural and climatic factors and technological changes that affect the ability to generate profit*

The useful life may require modifications over time due to changes in estimates as a result of changes in assumptions about the aforementioned factors.

D. Added value (Goodwill)

Goodwill generated in the business combination represents the excess of the cost of acquisition over the Group's interest in the fair value of the assets and liabilities, including the identifiable contingent liabilities of a subsidiary at the date of acquisition.

The valuation of the assets and liabilities acquired is carried out provisionally on the date on which control is taken of the Company, and is reviewed within a maximum period of one year from the date of acquisition. Until the fair value of the assets and liabilities is definitively determined, the excess between the acquisition price and the carrying amount of the acquired company is provisionally recognized as goodwill.

In the event that the definitive determination of the capital gain is made in the financial statements for the year following that in which the holding was acquired, the items for the previous year presented for comparison purposes are amended to include the value of the assets and liabilities acquired and the definitive capital gain from the date of acquisition of the holding.

The goodwill generated before the date of our transition to IFRS, i.e. January 1st, 2008, is maintained at the net value recorded at that date, while the goodwill generated after that date is maintained at the acquisition method.

The goodwill is not amortized, instead at the end of each accounting period it is estimated whether there has been any impairment reducing its recoverable value to an amount lower than the net cost recorded, proceeding, if necessary, to the appropriate adjustment for impairment, as required by IAS 36.

E. Property, plant and equipment

The Company uses the cost method for the valuation of Property, Plant and Equipment. The historical cost includes expenses that are directly attributable to the acquisition of the property.

Subsequent costs are included in the value of the initial asset or recognized as a separate asset only when it is likely that the future economic profit associated with the items of property, plant and equipment will flow to the Group and the cost of the item can be reliably determined. The value of the replaced component is written off. Other repairs and maintenance are charged to the profit and loss account in the year in which they are incurred.

Method of depreciation and estimated useful life for property, plant and equipment

The depreciation method applied by the Company reflects the pattern at which assets are expected to be used by the entity during the period in which they generate economic profit. For this purpose, the Company uses the straight-line method of depreciation over its technical lifetime, which is based on studies prepared by independent experts (outside specialist companies). The residual value and useful life of assets are reviewed, and adjusted if necessary, at each close of the Statement of Financial Position.

When the value of an asset exceeds its estimated recoverable amount, its value is immediately reduced to its recoverable amount (see Note 29).

Useful lives

The useful lives considered for the purposes of calculating depreciation are based on technical studies prepared by external specialist companies, which are reviewed to the extent that background information emerges that allows the useful life of an asset to be considered to have been modified.

The allocation of the total useful life for the assets is made on the basis of several factors, including the nature of the equipment. Such factors usually include

- 1. Nature of the materials used in the equipment or construction.
- 2. Means of operation of the equipment
- 3. Intensity of use
- 4. Legal, regulatory or contractual limitations.

The range of useful life (in years) by type of Asset is as follows:

ITEM	MINIMUM LIFETIME (YEARS)	MAXIMUM LIFETIME (YEARS)
Buildings	25	80
Plant and equipment	5	50
Information technology equipment	4	4
Fixed facilities and accessories	5	80
Motor vehicles	7	10
Leasehold improvements	5	5
Other properties, plant and equipment	5	80

Policy on cost estimates for dismantling, removal or rehabilitation of property, plant and equipment:

Due to the nature of the assets that are built in the Company and given that there are no contractual obligations or other constructive requirements such as those mentioned by IFRS and, in the regulatory framework, the concept of decommissioning costs is not applicable at the date of these consolidated financial statements

Sales policy of plant and equipment properties

The result from the sale of plant and equipment is calculated by comparing the income obtained with the book value and is recorded in the Consolidated Statement of Comprehensive Income.

F. Impairment of tangible and intangible assets other than goodwill

At each date of the consolidated statement of financial position, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there are indications that those assets have suffered an impairment loss. If such indicators exist, the recoverable value of the assets is estimated to determine the amount of the impairment loss (if any). When it is not possible to estimate the recoverable amount of a particular asset, the Group estimates the recoverable value of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives are tested annually for impairment and, where there are indicators that the asset may be impaired, before the end of the period.

Recoverable value is the higher of fair value less costs to sell and value in use. For the estimation of value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects both the current market conditions of the value of money over time and the specific risks associated with the asset.

When the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of that asset (or cash-generating unit) is adjusted to its recoverable amount and an impairment loss is recognized immediately in income. When an impairment loss reverses, the carrying amount of the asset (or cash-generating unit) is adjusted to the revised estimate of its recoverable amount, provided that the adjusted carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years.

G. Leases

The Group evaluates its leases in accordance with IFRS 16, i.e. if the right to control the use of an identified asset for a period of time is transferred in exchange for consideration. Control is deemed to exist if the customer has (i) the right to obtain substantially all of the economic profit from the use of an identified asset; and (ii) the right to direct the use of the asset.

When the Group acts as a lessee, at the commencement of the lease (i.e. on the date the underlying asset is available for use) it records in the statement of financial position an asset for the right of use and a liability for the lease.

The Group initially recognizes the right-of-use asset at cost, adjusted by any re-measurement of the lease liability, less accumulated depreciation and accumulated impairment losses. The right-of-use asset is depreciated over the term of the lease. To determine whether the right-of-use asset is impaired, the same criteria are applied as those detailed in Note 2.F.

The lease liability is initially measured at the present value of the lease payments, discounted at the company's incremental lending rate, if the interest rate implicit in the lease cannot be readily determined.

After the start date, the lease liability is increased to reflect the accumulation of interest and is reduced by the lease payments made. In addition, the carrying value of the liability is re-measured if there is a change in the terms of the lease (changes in the term, in the amount of the payments or in the assessment of an option to purchase or change in the amounts payable). Interest expense is recognized as a financial cost in the results of the period.

Short-term leases of one year or less, or leases of low value assets are exempted from the application of the recognition criteria described above, with payments associated with the lease being recognized as an expense on a straight-line basis over the term of the lease.

When the Group acts as the lessor, it classifies at the beginning of the agreement whether the lease is operating or finance lease, based on the substance of the transaction. Leases that transfer substantially all the risks and rewards incidental to ownership of the underlying asset are classified as finance leases. All other leases are classified as operating leases.

H. Financial Assets

Acquisitions and disposals of financial instruments are recognized on the trading date, i.e. the date on which the Group undertakes to acquire or sell the asset. Investments are derecognized when the rights to receive cash flows from them have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Financial assets are classified in the following categories:

- ▶ *Financial assets at fair value through profit and loss*
- ▶ *Financial assets at fair value through profit and loss*
- ▶ *Financial assets at amortized cost*

The classification depends on the nature and purpose of the financial assets and is determined at initial recognition.

Aguas Andinas S.A. and its subsidiaries invest in low-risk instruments that meet the classification standards established in their investment policies. Thus, mutual funds must have an AAfm / M1 rating (Fees with very high protection against loss, associated with credit risks / fees with the lowest sensitivity to changes in economic conditions). Fixed-term deposits and agreements are instruments classified as N-1 (Instruments with the highest capacity to pay capital and interest on the agreed terms and conditions).

The issuing institutions of these instruments correspond to banking companies or subsidiaries of banks, with a risk classification of N-1 and their instruments must have a risk classification of at least AA (with a very high capacity for payment of capital and interest in the terms and deadlines agreed, which would not be significantly affected by possible changes in the issuer, the industry to which it belongs or in the economy).

i. Effective interest rate method

The effective interest rate method is the method of calculating the amortized cost of a financial asset or liability and the allocation of the interest income or expense over the entire relevant period. The effective interest rate corresponds to the rate that exactly discounts estimated future cash flows receivable during the expected life of the financial asset, and makes the Net Present Value (NPV) equal to its nominal amount.

ii. Fair value through changes in other comprehensive income

For the classification of an asset with fair value through other comprehensive income, the sale of financial assets for which the principal amount is expected to be recovered in a given period of time, in addition to interest if applicable, must be complied with as a principle.

iii. Financial assets at fair value through profit and loss

Financial assets are presented at fair value through profit and loss when the financial asset is held for trading or is designated as at fair value through profit and loss.

Financial assets at fair value through profit or loss are measured at fair value and any resulting gains or losses are recognized in income. The net gain or loss recognized in the results includes any dividends or interest received on the financial asset.

The Company and its subsidiaries hold shares in Sociedad Eléctrica Puntilla S.A., which have been valued at their fair value at the date of acquisition, in accordance with IFRS 9. It is subsequently measured at cost because there is no active market, as required by the same standard.

iv. Financial assets at amortized cost

Loans and receivables

Trade debtors, loans and other accounts receivable are non-derivative financial assets which have fixed or determinable payments and are not placed in an active market and are classified as loans and receivables. Loans and receivables are measured at amortized cost using the effective interest rate method, minus any impairment losses, except for short-term receivables where recognition of interest would be immaterial.

Trade and other accounts receivable

The commercial debtors correspond to the amounts invoiced for consumption of potable water, sewerage services, wastewater treatment and other services and to the income earned from consumption between the date of the last reading of the meter (according to the established monthly calendar) and the closing date of the Financial Statement. These are recorded at the net value of the estimated bad debts or low probability of collection.

The commercial debtor policy is subject to the credit policy, which establishes the payment conditions, as well as the different scenarios to be agreed upon by the defaulting customers.

Impairment policy for trade and other accounts receivable

The Company periodically assesses the losses in value affecting its financial assets. The amount is recorded in the uncollectible provisions account. The carrying amount of the asset is reduced as the provision account is used and the loss is recognized in the consolidated statement of comprehensive income under “other expenses”. When an account receivable is uncollectible, it is recorded against the allowance for receivables based on the expected credit loss model as established in IFRS 9.

The estimates are based on recovery statistics, which indicate that after the eighth month of unpaid billing, your chance of recovery is marginal, in other words, the probability of recovering a billed value is minimal.

In Aguas Andinas S.A. and its subsidiaries Aguas Cordillera S.A., Aguas Manquehue S.A. and ESSAL S.A., the debt of customers with more than 8 overdue payments is 100% provisioned.

Additionally, debts for consumption transformed into payment agreements are provisioned at 100% of the agreed balance.

Notes receivable with overdue debt are provisioned at 100%.

I. Inventories

Materials, spare parts and supplies are stated at acquisition cost, which does not exceed net realizable value. The costing method corresponds to the weighted average cost. Every six months, an estimate of impairment is made for those materials that are damaged, partially or totally obsolete, or have had no turnover in the last twelve months and their market price has fallen by more than 20%.

J. Dividend payment policy

The Company’s dividend policy, as established in Article 79 of Law 18,046 which governs corporations, is to distribute at least 30% of the net profits of each year. In the event that these dividends do not exist or are less than the minimum established by law, the respective provision will be made.

In addition to this and subject to the authorization of the Ordinary General Meeting of Shareholders, the remaining 70% may be distributed as an additional dividend, provided that the current level of capitalization of the Company is maintained and is compatible with the investment policies.

K. Foreign currency transactions

Assets and liabilities in foreign currencies are presented at the respective year-end exchange rates, according to the following parities:

CURRENCY	31-12-2019 \$	31-12-2018 \$
US Dollar	748,74	694,77
Euro	839,58	794,75

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency gains and losses resulting from the settlement of these transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of comprehensive income.

Exchange rate differences are recorded in the results of the period in which they are accrued.

L. Financial liabilities

The use of derivative financial instruments by Aguas Andinas S.A. and subsidiaries is based on the Group’s financial risk management policies, which establish guidelines for their use.

The Group uses derivative financial instruments as hedging instruments to mitigate inflation, interest rate and foreign currency risks on existing items to which it has been exposed due to its operations.

Derivatives are recorded at their fair value on the date of the statement of financial position. In the case of financial derivatives, if their value is positive, they are recorded under the heading “Other Financial Assets” and if it is negative, under the heading “Other Financial Liabilities”.

Changes in fair value are recorded directly in the income statement, unless a derivative has been designated for accounting purposes as a hedging instrument and all the conditions established in IFRSs for applying hedge accounting are met.

The treatment of hedging transactions with derivative instruments is as follows:

Fair value hedging. Changes in the market value of derivative financial instruments designated as hedging instruments, as well as the items covered, are recorded with a charge or credit to financial results in the respective income statements.

Cash flow and net investment in foreign currency hedging Changes in the fair value of these derivative financial instruments are recorded for the effective portion, directly in an equity reserve called “cash flow hedge”, while the ineffective portion is recorded in income. The amount recognized in equity is not transferred to the income statement until the results of the covered transactions are recorded there, or until the maturity date of those transactions.

If the hedge is discontinued, the cumulative gain or loss at that date in equity is maintained until the underlying hedged transaction is carried out. At that time, the accumulated gain or loss in equity will be reversed to the income statement, affecting the transaction.

At the end of each year, financial instruments are presented at their fair value. For derivatives not traded in formal markets, the Group uses assumptions based on market conditions at that date.

Effectiveness. A hedge is considered highly effective when the changes in the fair value or cash flows of the underlying directly attributable to the hedged risk are offset by changes in the fair value or cash flows of the hedging instrument with effectiveness in a range of 80% to 125%.

Implicit derivative. The Group also assesses the existence of derivatives embedded in contracts and financial instruments to determine whether their characteristics and risks are closely related to the host contract, provided that the set is not being accounted for at fair value. If they are not closely related, they are recorded separately and changes in value are recognized directly in the consolidated income statement.

N. Provisions and contingent liabilities

Provisions are recognized when the Group has a present obligation resulting from past events, for which it is likely that resources will be required to settle the obligation and for which it can make a reasonable estimate of the amount of the obligation.

Provisions are quantified taking into account the best information available on the event and its consequences and are re-estimated at the time of each accounting close. The provisions recorded are used to cater for the specific risks for which they were originally recognized and are revised, in full or in part, when these risks disappear or diminish.

Contingent liabilities are all possible obligations arising from past events, the future materialization of which and the associated impairment of assets are of low probability. In accordance with IFRSs, the Group does not recognize any provision for these items, although, as required by the same standard, they are detailed in Note 16.

O. Employee Profit

The obligation for the severance payment, which is estimated to accrue to the employees who retire from Aguas Andinas S.A., Aguas Cordillera S.A., Aguas Manquehue S.A., and ESSAL S.A., is recorded at actuarial value, determined using the projected unit credit method. Actuarial gains and losses on indemnities derived from changes in estimates of turnover rates, mortality rates, salary increases or discount rates, are determined in accordance with the provisions of IAS 19 in other comprehensive income, directly affecting equity, which is subsequently reclassified to retained earnings (see note 19).

Aguas Andinas S.A.

Severance payments in Aguas Andinas S.A. are governed by the provisions of the Labor Code, except for the amount of severance payments for all events accrued as of July 31, 2002, and the payment of 1.45 salaries, excluding voluntary resignations, with no maximum amount or years, for workers who are part of collective bargaining agreements in force and who, through their individual work contracts, were granted the same benefit. The amount to any event accumulated to that date is readjusted quarterly according to the variation of the consumer price index. In addition, the aforementioned collective labor agreement provides that employees who retire from Aguas Andinas S.A. and make their retirement effective within 120 days from the date on which they reach legal retirement age may access the benefit detailed in the collective labor agreement, and continue to accrue this benefit after July 2002.

Aguas Cordillera S.A. and Aguas Manquehue S.A.

Severance payments for years of service in Aguas Cordillera S.A. and Aguas Manquehue S.A. are governed by the provisions of the Labor Code, except for the amount of severance payments for all events accrued as of December 31, 2002, and the payment of one year's salary without limit of amount or years, for workers who are part of the collective bargaining agreements in force and to whom the same benefit was extended through their individual work contracts. The amount to any event accumulated to that date is readjusted quarterly according to the variation of the consumer price index. In addition, the aforementioned collective agreements establish that workers who retire from Aguas Cordillera S.A. and Aguas Manquehue S.A. continue to accrue this benefit after December 2002.

ESSAL S.A.

For employees who are part of the collective bargaining agreement in force or are assimilated to it at the date of the financial statements, an actuarial value is calculated only in the event of retirement and death. In such cases, there is a six-month limit for payment. In other cases, it is governed by the provisions of the Labor Code.

The advances granted to staff from these funds are presented as a deduction from current obligations. They will be charged in the final settlement in an adjusted form, in accordance with the provisions of the aforementioned agreements.

For the other subsidiaries there are no profit of this nature.

P. Income tax and deferred taxes

The income tax expense corresponds to the sum of the income tax payable and the change in deferred tax assets and liabilities.

The income tax payable is determined based on the tax result of the period. The Group's income tax payable is calculated using the tax rates that have been approved, or are in the final stages of approval, on the closing date of the statement of financial position.

Deferred taxes are recognized on the basis of the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the calculation of the tax result and are accounted for in accordance with the balance sheet liability method. Deferred tax liabilities are recognized for all taxable temporary differences, and deferred tax assets are recognized for all deductible temporary differences to the extent that it is likely that future taxable profit will be available against which the differences can be utilised. No deferred tax assets or liabilities are recognized if the temporary differences arise from the initial recognition (except in a business combination) of other assets and liabilities in a transaction that does not affect taxable profit or financial performance.

The carrying value of deferred tax assets is reviewed at the date of each statement of financial position and is reduced to the extent that it is no longer likely that sufficient taxable profit will be available to allow the recovery of all or part of the asset.

Deferred tax assets and liabilities are measured at the tax rates expected to apply in the period when the liability is settled or the asset is realized, based on tax rates that have been approved, or the approval process is substantially completed, at the end of the period of the statement of financial position. The measurement of deferred tax assets and liabilities reflects the tax consequences that would arise from the manner in which the Group expects, at the reporting date, to recover or settle the carrying value of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to set off tax assets against tax liabilities and the liabilities relate to the same entity and tax authority.

Q. Ordinary income**Revenue recognition policy**

The Company determined its recognition and measurement of revenue from ordinary activities based on the principle that revenue is recognized for an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer. This fundamental principle should be applied on the basis of a five-step model:

5. *Identification of the contract with the customer;*
6. *Identification of contract performance obligations;*
7. *Determination of the transaction price;*
8. *Allocation of the transaction price to performance obligations; and*
9. *Recognition of revenue when (or as) performance obligations are met.*

Revenue recognition policy for sales of goods

Revenue from the sale of goods is recognized once the significant risk and rewards of ownership of the goods have been transferred, the Company retains no relationship with the goods sold, the amount of revenue can be reliably measured, it is likely that the economic profit associated with the sale will flow to the Company and the costs incurred in the transaction are also reliably measurable.

Revenue recognition policy for sales of services

Revenue from the sale of services is measured at fair value. Invoices are based on actual consumption or work performed of the consideration receivable, net of returns, trade discounts and rebates, so that revenue is recognized when it is transferred to the customer and recovery is considered likely, associated costs and possible discounts for erroneous collections can be reliably estimated.

The service area of the Sanitary Companies is divided into billing groups, which determines dates for readings and subsequent billing. This process is developed on a monthly calendar, which generates that at the end of each month there is unread consumption and therefore not billed.

For billing groups that have information on the basis of actual consumption read, the corresponding tariff will be applied.

In those cases where the Company does not have all of the consumption read, the best estimate of the income pending billing will be made, that is, based on physical data from the previous month valued at the current rate, considering in both cases (billing or estimate) normal rate or over-consumption as appropriate.

The transfer of risks and profit varies according to the business line. For Sanitary services companies, the provision of services and all associated charges are made according to actual consumption and a monthly provision is made for consumption that has been made and not invoiced based on previous invoicing. For the subsidiaries Análisis Ambientales S.A., EcoRiles S.A., Gestión y Servicios S.A. and Aguas del Maipo S.A. Invoicing and eventual provisioning is carried out on the basis of work done.

Method for Determining Completion of Service Status

The provision of sanitary services is verified through the measurement of consumption, in accordance with the provisions of the associated legal regulations, while for the non-sanitary subsidiaries, once the services have been completed and/or the respective reports issued.

Income from agreements with developers is recorded as ordinary income to the extent that certain conditions stipulated in each contract are met, which ensure that the associated economic benefit will flow to the Company.

R. Earnings per share

Basic earnings per share are calculated as the ratio of the profit (loss) attributable to holders of equity instruments of the Parent Company to the weighted average number of ordinary shares outstanding.

The Group has not carried out any transactions with a potential dilutive effect that would result in a diluted earnings per share different from the basic earnings per share.

S. Environmental Information

Environmental assets are considered to be those used on a lasting basis in the activity of the Company and its subsidiaries, the main purpose of which is to minimize adverse environmental impacts and to protect and improve the environment, including the reduction or elimination of future pollution from the operations of Aguas Andinas S.A. and its subsidiaries.

These assets are valued, like any other asset, at acquisition cost. The Company and its subsidiaries depreciate these items on a straight-line basis over the remaining years of estimated useful life of the various items.

T. Consolidated cash flow statements

The cash flow statement reflects the cash movements during the period, which include the value added tax (VAT), determined by the direct method and with the following criteria

Cash and cash equivalents: these represent inflows and outflows of cash and cash equivalents, which are short-term, highly liquid investments with low risk of changes in value (less than 3 months from the date they are contracted and without restrictions).

Operating activities: these represent activities typical of the normal operation of the business of the Company and its subsidiaries, as well as other activities not classified as investment or financing activities.

Investing activities: represent activities of acquisition, disposal or other disposition of long-term assets and other investments not included in cash and cash equivalents.

Financing activities: represent activities that produce changes in the amount and composition of equity and liabilities that are not part of ordinary activities.

U. Construction contracts

For construction contracts, the Group uses the “Percentage of Completion Method” to recognize income and expenses relating to a contract in progress. Under this method, contract revenue is compared with contract costs incurred at the stage of completion, thereby disclosing the amount of revenue from ordinary activities, expenses and profits that can be attributed to the portion of the contract executed.

Contract costs are recognized when incurred. When the outcome of a construction contract can be reliably estimated and it is likely that the contract will be profitable, contract revenue is recognized over the period of the contract. When it is likely that total contract costs will exceed total contract revenues, the estimated loss is immediately recognized as an expense for the year. When the outcome of a construction contract cannot be estimated with sufficient reliability, contract revenues are recognized only to the extent of contract costs incurred that are likely to be recovered.

The Group presents as an asset the gross amount owed by customers for work on all contracts in progress for which the costs incurred plus recognized profits (less recognized losses) exceed the partial turnover. Unpaid partial invoices from customers and withholdings are included in “Trade and other accounts receivable”.

The Group presents as a liability the gross amount owed to customers for work on all contracts in progress for which partial invoicing exceeds costs incurred plus recognized profits (less recognized losses).

V. Capitalized financing costs

Policy on interest-bearing loans:

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of those assets.

Policy of capitalization of interest costs:

Interest paid or accrued on debts that finance qualified assets is capitalized, as required by IAS 23. IAS 23 establishes that when the entity acquires debt to finance investments, the interest on that debt must be deducted from interest expense and incorporated into the financed construction work, up to the total amount of such interest, applying the respective rate to disbursements made at the date of presentation of the financial statements.

W. Non-current assets held for sale or for distribution to owners

Non-current assets are classified as: held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use or held for distribution to owners when the entity undertakes to distribute the assets (or group of assets for disposal) to owners.

For the aforementioned classification, the assets must be available for immediate sale or distribution in their current condition and the sale or distribution must be highly likely.

Assets or groups subject to divestment that are classified as held for sale or held for distribution to owners are measured at the lower of carrying amount or fair value less costs to sell or distribute.

X.Reclassifications

For the year ended December 31st 2018, certain reclassifications have been made to facilitate comparison at December 31st 2019, as follows

RECLASSIFICATIONS	INCREASE/ (DECREASE) THCH\$
STATEMENT OF FINANCIAL SITUATION:	
Commercial and other accounts payable	26,208
Other non-financial liabilities	-26,208

Note 3.
Information to be disclosed about related entities

Balances and transactions with related entities

Transactions between the Company and its Subsidiaries are carried out on an arm’s length basis. These transactions have been eliminated in the consolidation process and are not disclosed in this note.

Accounts receivable from related parties

Accounts receivable from related parties are originated in Chile, the type of currency of transactions is in Chilean pesos, maturities are 30 days and there are no guarantees.

RELATED RUT	RELATED PARTY NAME	NATURE OF RELATIONSHIP	NATURE OF RELATED PARTY TRANSACTIONS	31-12-2019 THCH\$	31-12-2018 THCH\$
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal Ltda.	Related to the Controller	Laboratory analysis and sampling services	6,141	4,232
77.274.820-5	Inversiones Aguas Metropolitanas S.A.	Controller	Office rental	416	404
65.113.732-2	Chilean Water Research Corporation SpA.	Related to the Controller	Laboratory analysis and sampling services	86	414
65.113.732-2	Chilean Water Research Corporation SpA.	Related to the Controller	Office rental	-	1,393
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the Controller	Laboratory analysis and sampling services	-	26,766
Without Rut	Aqua Development Network S.A.	Related to the Controller	Integrated talent management contract	-	32,01
76.080.553-K	Suez Advanced Solutions Chile Ltda.	Related to the Controller	Sales of Materials	18,681	25,964
TOTALS				25,324	91,183

Accounts payable to related entities

Accounts payable to related entities are originated in Chile, the type of currency of transactions is in pesos.

RELATED RUT	RELATED PARTY NAME	NATURE OF RELATIONSHIP	NATURE OF RELATED PARTY TRANSACTIONS	DEADLINES	GUARANTEES	31-12-2019 THCH\$	31-12-2018 THCH\$
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the Controller	CCO 2.0 Operational Control Center Upgrade Project	30 days	Contract performance guarantee Amount UF 30,899	586,835	1,453,134
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the Controller	SCADA Platform	30 days	No guarantees	5,979	28,462
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the Controller	Plant under construction Arsenic San Antonio	30 days	Contract performance guarantee Amount UF24,264	249,326	1,230,939
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the Controller	Plant under construction Chamisero	30 days	Contract performance guarantee Amount UF 66,809.74	350	4,534,306
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the Controller	Talagante plant extension	30 days	No guarantees	-	1,173,221
76.746.454-1	Suez Biofactoria Andina Spa.	Related to the Controller	Plan of adaptation to biofactory of the treatment plant La Farfana	30 days	Contract performance guarantee Amount UF 1,048,050	4,564,482	9,029,874
76.746.454-1	Suez Biofactoria Andina Spa.	Related to the Controller	Nitrogen removal and plan of adaptation to biofactory of the Mapocho-Trebal treatment plant	30 days	Contract performance guarantee Amount UF 1,048,050	10,575,060	4,199,865
65.113.732-2	Chilean Water Research Corporation SpA.	Related to the Controller	Studies and Consultancies	30 days	No guarantees	270,081	97,322
76.080.553-K	Suez Advanced Solutions Chile Ltda.	Related to the Controller	Virtual platform , Siebel	30 days	No guarantees	81,579	78,265
76.080.553-K	Suez Advanced Solutions Chile Ltda.	Related to the Controller	Purchase of materials	60 days	Contract compliance guarantee. Amount ThCh\$279,298	36,268	8,182
76.080.553-K	Suez Advanced Solutions Chile Ltda.	Related to the Controller	Consulting service evolutionary maintenance	30 days	No guarantees	701,861	368,916
76.080.553-K	Suez Advanced Solutions Chile Ltda.	Related to the Controller	Service contract for process reengineering and implementation of new information systems for customer service	30 days	Guarantee of faithful compliance with contract for ThCh\$845,149	141,217	102,855
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal Ltda.	Related to the Controller	Rehabilitation of Digesters Mapocho - Trebal Wastewater Plant	90 days	Guarantee of faithful compliance with contract for UF357,863	787,428	1,468,596
76.078.231-9	Empresa Depuradora de Aguas Servidas Mapocho El Trebal Ltda.	Related to the Controller	Biogas Plant Operation Services	30 days	No guarantees	59,739	167,783
Without Rut	Aqua Development Network S.A.	Related to the Controller	Integrated talent management contract	30 days	No guarantees	28,197	426,413
Without Rut	Aqua Development Network S.A.	Related to the Controller	Studies and Consultancies	30 days	No guarantees	-	41,712
77.274.820-5	Inversiones Aguas Metropolitanas S.A.	Conroller	Dividends to be paid	30 days	No guarantees	22,262,210	21,656,113
96.817.230-1	EPSA Electrica Puntilla S.A.	Common Director	Buy electricity	30 days	No guarantees	11,552	-
96.817.230-1	EPSA Electrica Puntilla S.A.	Common Director	Purchase of water	30 days	No guarantees	226,25	-
70.009.410-3	Asociación canalistas Sociedad del Canal del Maipo	Common Director	Purchase of water	30 days	No guarantees	92,64	5,657
70.009.410-3	Asociación canalistas Sociedad del Canal del Maipo	Common Director	Dividends to be paid	30 days	No guarantees	-	497,487
TOTALS						41,030,704	46,569,102

Transactions with related entities

Transactions with related entities are originated in Chile, the type of currency of transactions is in pesos.

RUT RELATED PART	RELATED PARTY NAME	NATURE OF RELATIONSHIP	NATURE OF RELATED PARTY TRANSACTIONS	CURRENCY TYPE	31-12-2019 THCH\$		31-12-2018 THCH\$	
					AMOUNT	EFFECTS ON INCOME (CHARGE)/ CREDIT	AMOUNT	EFFECTS ON INCOME (CHARGE)/ CREDIT
76.080.553-K	Suez Advanced Solutions Chile Ltda	Related to the Controller	Purchase of materials and maintenance of the virtual platform Siebel and Aquacis, consultancy and evolutionary maintenance	CL	2,067,634	(1,443,062)	2,832,912	(1,881,666)
Without Rut	Aqua Development Network S.A.	Related to the Controller	Talent management	CL	279,378	-279,378	817,138	-817,138
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the controller	Chamisero Plant	CL	1,460,329	-	3,979,333	-
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the controller	San Antonio Arsenic Plant	CL	680,571	-	397,055	-
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the Controller	CCO 2.0 Operational Control Center Upgrade Project	CL	1,348,270	-271,05	2,408,239	-216,91
77.441.870-9	Suez Medioambiente Chile S.A.	Related to the Controller	Talagante Plant, Hydraulic efficiency plan, materials and services	CL	1,413,783	-	4,197,033	45,909
59.066.560-6	Suez International	Related to the Controller	Supply of equipment, assembly and commissioning of the second stage of the Mapocho Wastewater Treatment Plant, module 4	CL	-	-	5,916,581	-
76.078.231-9	Mapocho El Trebal Wastewater Treatment Plant	Related to the Controller	Operation, maintenance, expansion and rehabilitation services of Digesters Mapocho - Trebal Wastewater Plant	CL	1,402,394	-	1,970,385	-
76.078.231-9	Mapocho El Trebal Wastewater Treatment Plant	Related to the Controller	Operation and maintenance services Biogas Plant	CL	225,97	-195,795	265,489	-208,884
96.817.230-1	EPSA Electrica Puntilla S.A.	Common Director	Compensation for reduced flow, purchase of water and electricity	CL	1,786,978	(1,501,662)	1,424,590	(1,197,135)
76.746.454-1	Suez Biofactoría Andina spa.	Related to the Controller	Operation, maintenance and adaptation of a Biofactory treatment plant.	CL	54,324,345	(27,731,571)	50,527,274	(25,879,843)
70.009.410-3	Asociación canalistas Sociedad del Canal del Maipo	Common Director	Purchase of water and cutting of the San Carlos canal	CL	328,671	-276,194	137,293	-115,372
65.113.732-2	Chilean Water Research Corporation Spa	Related to the Controller	Study on management models for resilient urban hydraulic infrastructures in relation to hydrological and geological risks, sludge recovery	CL	744,753	-370,529	388,68	-315,954
77.274.820-5	Inversiones Aguas Metropolitanas S.A.	Controller	Dividends paid	CL	66,561,303	-	68,979,435	-

The materiality criterion for reporting transactions with related entities is for amounts in excess of the cumulative ThCh\$100,000.

Statements of financial position

ASSETS	2019 THCH\$	2018 THCH\$
Current assets	197,676,646	168,513,972
Non-current assets	1,803,767,656	1,737,538,127
TOTAL ASSETS	2,001,444,302	1,906,052,099
LIABILITIES	2019 THCH\$	2018 THCH\$
Current liabilities	242,137,717	242,318,524
Non-current liabilities	1,071,833,122	976,742,178
Heritage	644,453,334	638,620,655
Minority shareholdings	43,020,129	48,370,742
TOTAL LIABILITIES AND EQUITY	2,001,444,302	1,906,052,099
COMPREHENSIVE INCOME STATEMENT	2019 THCH\$	2018 THCH\$
Ordinary income	544,683,867	530,404,680
Cost of operation	(320,946,298)	(296,208,530)
Financial result	(24,545,771)	(24,140,605)
Other than the operation	(9,778,479)	(24,230,768)
Income tax	(49,662,947)	(46,506,422)
Minority shareholding	(1,986,816)	3,261,838
PROFIT ATTRIBUTABLE TO THE OWNERS OF THE HOLDING COMPANY	141,737,188	136,056,517

CASH FLOW STATEMENT	2019 THCH\$	2018 THCH\$
Cash flows from (used in) operating activities	232,298,663	245,501,004
Cash flows from (used in) investing activities	(125,768,548)	(135,451,049)
Cash flows from (used in) financing activities	(74,447,831)	(88,877,821)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	32,082,284	21,172,134
Cash and cash equivalents at the beginning of the period	39,980,474	18,808,340
CASH AND CASH EQUIVALENTS AT END OF PERIOD	72,062,758	39,980,474
STATEMENT OF CHANGES IN EQUITY	2019 THCH\$	2018 THCH\$
Issued capital	155,567,354	155,567,354
Accumulated gains (losses)	330,787,492	324,954,813
Issue premiums	164,064,038	164,064,038
Other equity holdings	(5,965,550)	(5,965,550)
Non-controlling interests	43,020,129	48,370,742
TOTAL EQUITY	687,473,463	686,991,397

FINANCIAL STATEMENTS

	AGUAS ANDINAS S.A. AND SUBSIDIARIES		AGUAS CORDILLERA S.A. AND SUBSIDIARIES		AGUAS MANQUEHUE S.A.		IBERAGUAS LTDA. AND SUBSIDIARIE		ESSAL S.A.		ECORILES S.A.		AGUAS DEL MAIPO S.A		GESTIÓN Y SERVICIOS S.A		ANÁLISIS AMBIENTALES S.A	
	2019 THCH\$	2018 THCH\$	2019 THCH\$	2018 THCH\$	2019 THCH\$	2018 THCH\$	2019 THCH\$	2018 THCH\$	2019 THCH\$	2018 THCH\$	2019 THCH\$	2018 THCH\$	2019 THCH\$	2018 THCH\$	2019 THCH\$	2018 THCH\$	2019 THCH\$	2018 THCH\$
ASSETS																		
Current assets	197,676,646	168,513,972	20,489,459	18,232,503	4,781,637	4,874,181	20,989,529	21,688,431	20,984,803	21,686,045	6,022,761	5,438,938	1,575,347	1,251,161	6,198,235	5,898,957	4,121,604	2,975,903
Non-current assets	1,803,767,656	1,737,538,127	312,222,909	307,744,267	94,244,894	92,481,887	206,745,401	194,503,610	180,028,688	167,786,897	701,223	531,601	12,934,062	13,694,722	858,838	770,995	5,558,457	5,178,956
TOTAL ASSETS	2,001,444,302	1,906,052,099	332,712,368	325,976,770	99,026,531	97,356,068	227,734,930	216,192,041	201,013,491	189,472,942	6,723,984	5,970,539	14,509,409	14,945,883	7,057,073	6,669,952	9,680,061	8,154,859
LIABILITIES																		
Current liabilities	242,137,717	242,318,524	53,321,458	50,626,750	16,555,430	17,732,101	29,650,564	20,128,277	29,613,227	21,913,687	2,855,498	2,550,466	6,006,111	5,760,770	3,756,652	3,379,347	1,901,856	2,489,677
Non-current liabilities	1,071,833,122	976,742,178	74,100,996	72,510,487	27,164,059	25,633,063	104,167,148	92,060,682	104,167,148	92,060,682	73,381	-	6,525	53,572	91,949	45,513	1,515,036	-
Equity	644,453,334	638,620,655	205,289,676	202,839,301	55,307,042	53,990,904	60,972,992	67,008,781	67,233,116	75,498,573	3,795,105	3,420,073	8,496,773	9,131,541	3,208,472	3,245,092	6,263,169	5,665,182
Minority inerest	43,020,129	48,370,742	238	232	-	-	32,944,226	36,994,301	-	-	-	-	-	-	-	-	-	-
TOTAL EQUITY & LIABILITIES	2,001,444,302	1,906,052,099	332,712,368	325,976,770	99,026,531	97,356,068	227,734,930	216,192,041	201,013,491	189,472,942	6,723,984	5,970,539	14,509,409	14,945,883	7,057,073	6,669,952	9,680,061	8,154,859
RESULTS STATEMENTS																		
Revenues from ordinary activities	544,683,867	530,404,680	74,177,612	69,421,060	17,115,014	14,099,497	60,354,783	58,268,739	60,354,783	58,268,739	14,432,857	13,324,400	1,071,511	1,061,523	10,454,700	8,646,294	9,450,854	8,832,301
Operating Costs	(320,946,298)	(296,208,530)	(42,650,910)	(42,520,091)	(8,680,556)	(8,380,740)	(54,573,080)	(38,706,590)	(54,565,781)	(38,700,322)	(11,908,959)	(10,870,583)	(1,415,228)	(1,206,172)	(9,983,482)	(8,279,949)	(7,868,702)	(7,166,509)
Financial Result	(24,545,771)	(24,140,605)	(2,009,866)	(1,668,679)	(743,779)	(694,111)	(3,320,532)	(2,848,907)	(3,320,532)	(2,848,907)	(6,749)	9,827	(117,399)	(91,661)	(14,904)	72,015	(48,493)	(34,552)
Other non-operating expenses	(9,778,479)	(24,230,768)	(1,474,514)	(2,028,154)	(626,121)	(540,770)	(2,024,896)	(1,873,452)	(2,024,739)	(1,873,287)	12,956	(46,017)	(303,405)	27,683	(244,401)	(142,873)	(76,113)	(87,886)
Income Taxes	(49,662,947)	(46,506,422)	(6,652,461)	(4,895,894)	(1,656,124)	(914,392)	(1,510,513)	(4,020,066)	(1,478,265)	(3,988,777)	(688,392)	(634,375)	129,754	27,023	(19,790)	(32,515)	(388,496)	(379,600)
Minority Interest	1,986,816	(3,261,838)	(23)	(15)	-	-	506,922	(5,320,149)	-	-	-	-	-	-	-	-	-	-
RESULTS ATTRIBUTABLE TO CONTROLLING COMPANY	141,737,188	136,056,517	21,389,838	18,308,227	5,408,434	3,569,484	(567,316)	5,499,575	(1,034,534)	10,857,446	1,841,713	1,783,252	(634,767)	(181,604)	192,123	262,972	1,069,050	1,163,754
STATEMENTS OF CASH FLOWS																		
Cash flows from (used in) operating activities	232,298,663	245,501,004	35,731,053	25,922,007	10,479,195	8,068,913	11,539,194	24,788,797	11,574,749	24,817,908	1,662,395	1,151,923	(2,258,720)	1,389,617	724,941	123,807	849,959	708,294
Net cash flows used in investing activities	(125,768,548)	(135,451,049)	(12,376,686)	(14,234,522)	(6,926,409)	(8,978,944)	(16,074,186)	(18,859,388)	(16,074,186)	(18,859,388)	(47,123)	1,233,728	-	(1,821,255)	(24,110)	618,478	(627,518)	(481,078)
Net Cash Flows from Financing Activities	(74,447,831)	(88,877,821)	(18,993,227)	(11,927,983)	(2,794,953)	936,691	3,523,186	(16,554,306)	3,485,291	(16,577,131)	(1,450,000)	(2,540,000)	2,282,000	427,000	(250,000)	(500,000)	155,000	(195,000)
Net increase (decrease) in cash & cash equivalents	32,082,284	21,172,134	4,361,140	(240,498)	757,833	26,660	(1,011,806)	(10,624,897)	(1,014,146)	(10,618,611)	165,273	(154,349)	23,280	(4,638)	450,831	242,285	377,441	32,216
Cash & cash equivalents at end of the period	39,980,474	18,808,340	735,653	976,151	203,779	177,119	2,131,795	12,756,692	2,129,410	12,748,021	228,773	383,122	8,779	13,417	950,334	708,049	72,289	40,073
SALDO FINAL DEL EFECTIVO Y EQUIVALENTE AL EFECTIVO	72,062,758	39,980,474	5,096,793	735,653	961,612	203,779	1,119,989	2,131,795	1,115,264	2,129,410	394,046	228,773	32,059	8,779	1,401,165	950,334	449,730	72,289