



AGUAS ANDINAS

Corporate Presentation

October 2018



AGUAS ANDINAS



Chile's largest water utility company



100% coverage in potable water and sewage treatment

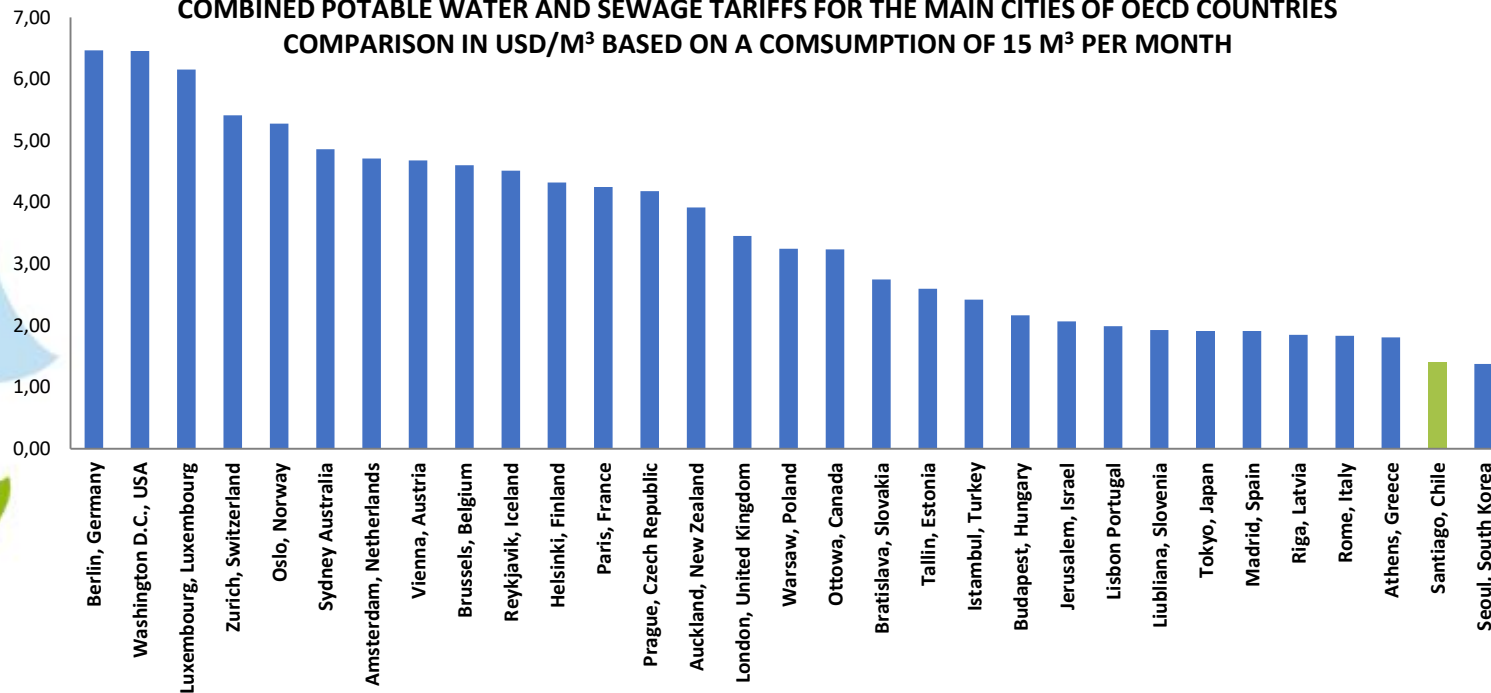


2,249,314 clients
Representing 43% of the industry's clients



50% of the industry's potable water (m³) billing

COMBINED POTABLE WATER AND SEWAGE TARIFFS FOR THE MAIN CITIES OF OECD COUNTRIES
COMPARISON IN USD/M³ BASED ON A CONSUMPTION OF 15 M³ PER MONTH



R.M. / Santiago
Aguas Andinas



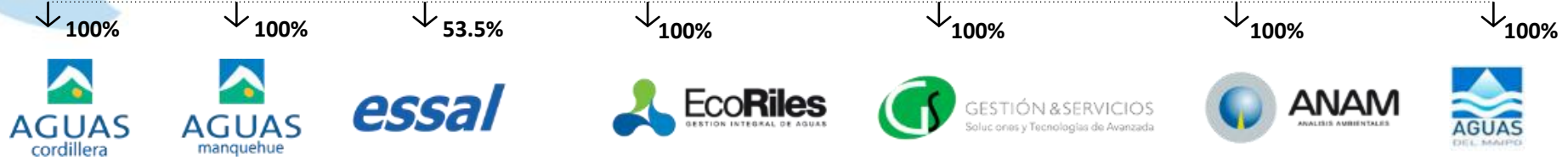
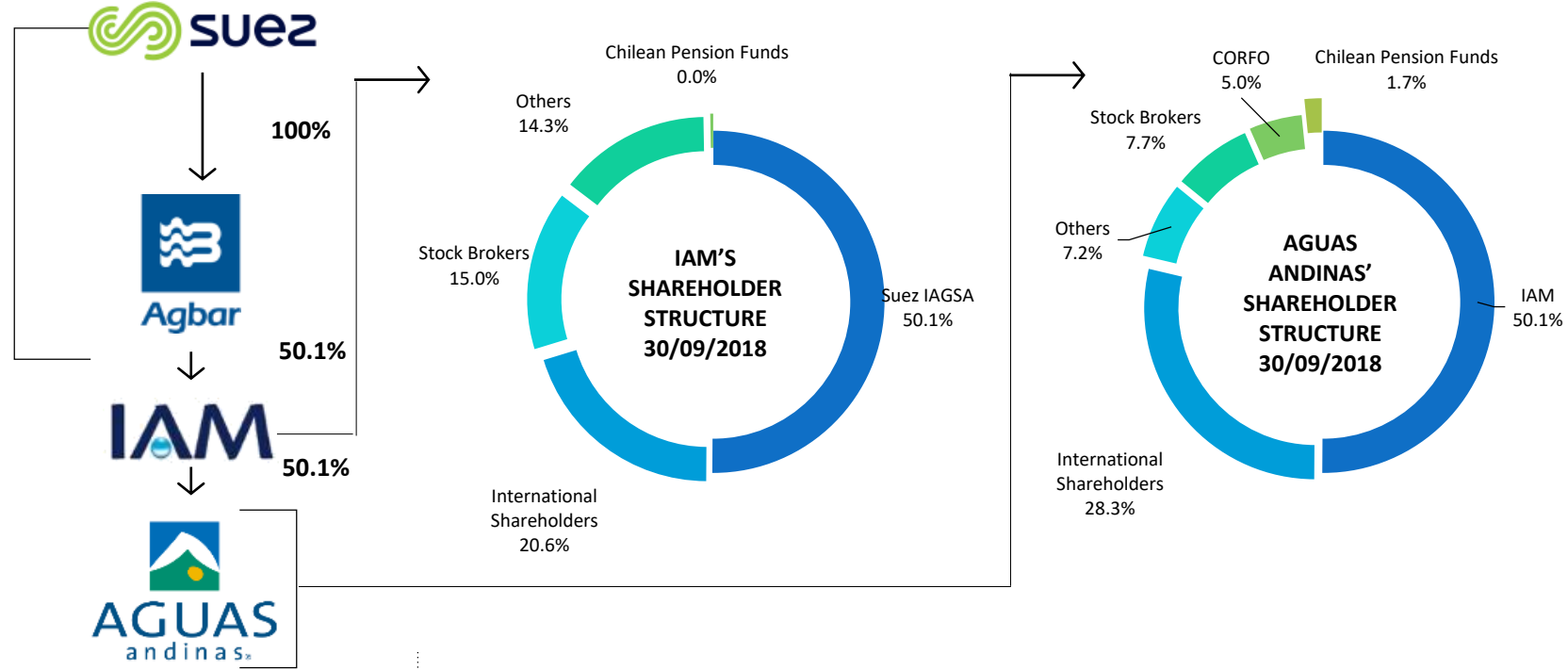
X Region de Los Lagos y XIV Region
de Los Ríos / Pto.Montt
Essal



AGUAS
andinas.

Note: In the cases of Australia, New Zealand and Switzerland, the cities considered are Sydney, Auckland and Zurich respectively.
Source: Global Water Intelligence Water Tariff Survey 2018, SISS 2016 Management Report

CORPORATE STRUCTURE



REGULATED COMPANIES

NON-REGULATED COMPANIES

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Vision

- Go beyond water, managing resources sustainably.
-

Mission

- We are dedicated to our clients 24 hours a day.
 - We manage the underground city in order to guarantee the continuity of our services.
 - We deliver quality water and transform residues into resources.
 - We create shared value with our surroundings.
 - We are committed with the quality life of people and the development of the country.
-

Values

- Excellence - Co-creation - Shared value – Commitment - Talent - Sustainability.

STRATEGY THE BEST FOR SANTIAGO



Business Model



Resilience



Digitalization



Circular Economy



Social Legitimacy



Innovation and People



Water and Quality of Life

Santiago **7**
merece un



*SANTIAGO DESERVES
AN A+*

ALIGNED WITH THE SUSTAINABLE DEVELOPMENT GOALS

- **Transform** its sewage treatment plants into biofactories
- **Reuse** 100% of residues and transform them into energy for their production.
- **Drastically reduce** its carbon foot print and that of the country.
- Aguas Andinas and its subsidiaries are contributing to the country, through **15 of the 17 Sustainable Development Goals**.
- The SDGs were subscribed to by the **Chilean Government** as a guide in sustainable development matters.





REGULATORY FRAMEWORK

CHILEAN WATER UTILITY INDUSTRY

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nos
Mueve

1998

The privatization
process starts

TWO CONCESSION MODELS

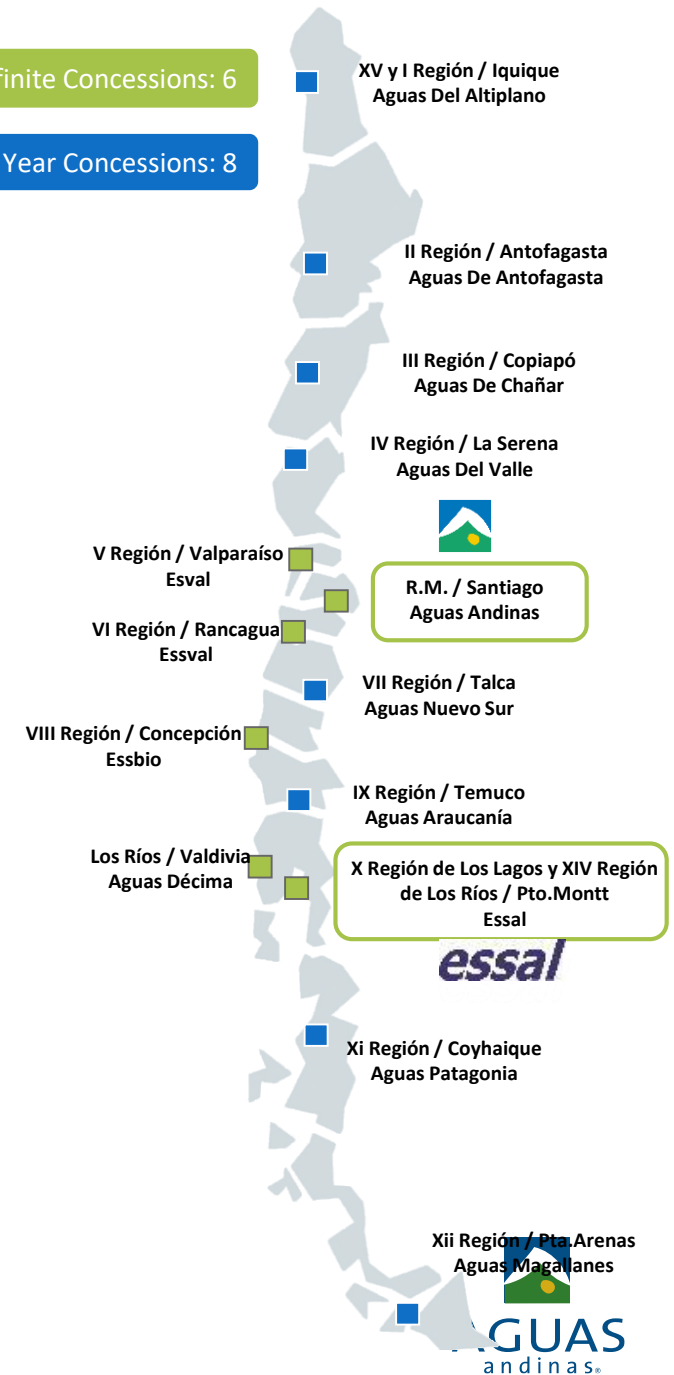
Indefinite Concessions
30 Year Concessions

96.5%

of clients are supplied by
private providers

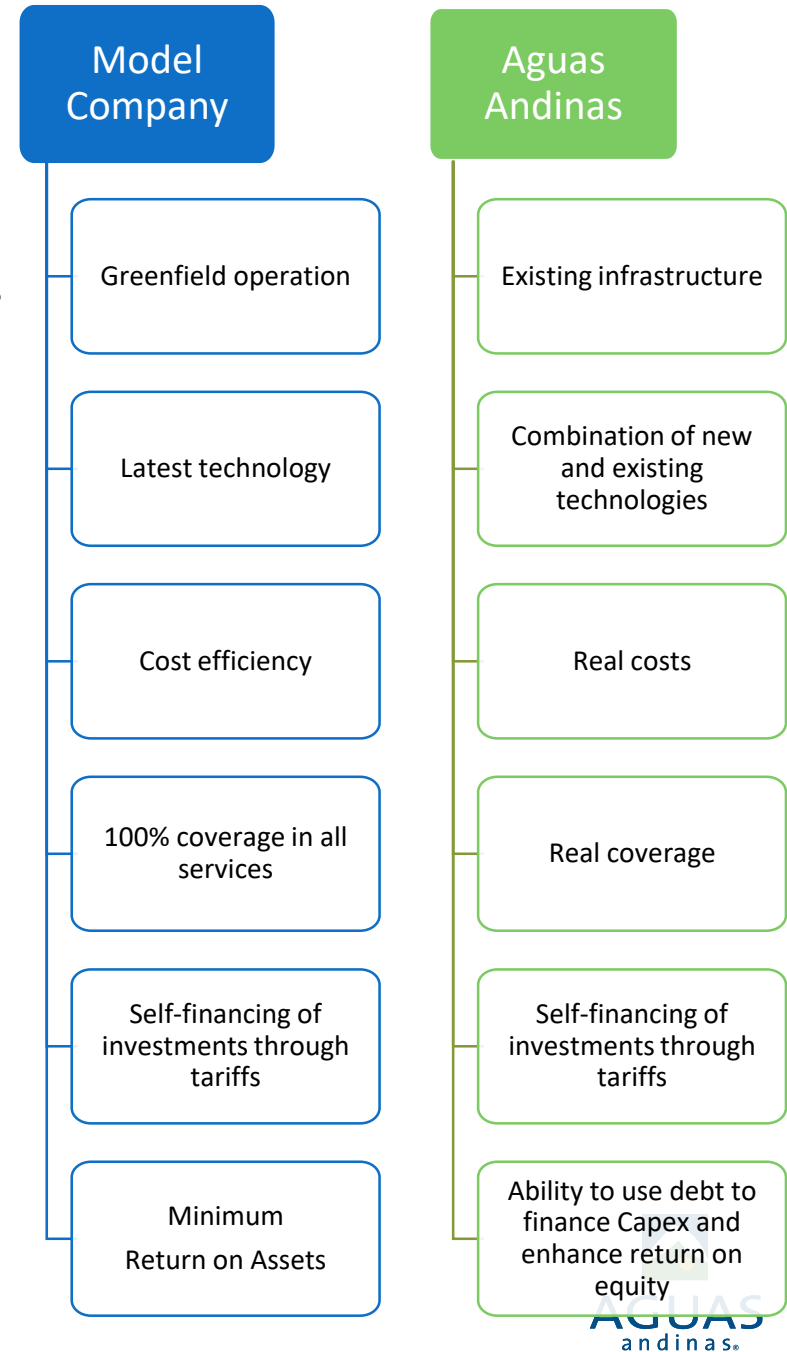
Indefinite Concessions: 6

30 Year Concessions: 8

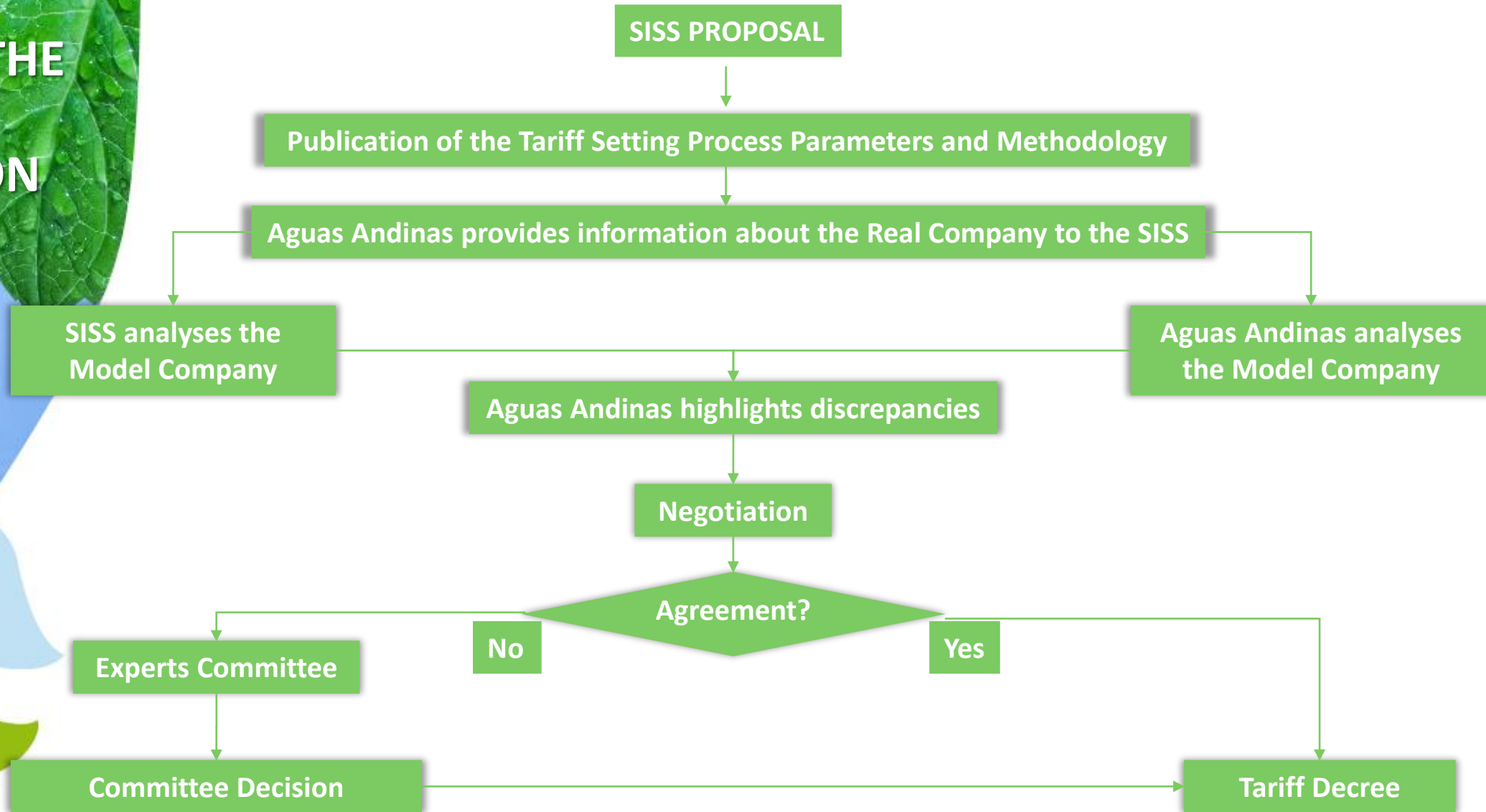


HIGHLY REGULATED INDUSTRY

- Technical regulatory framework defined by law
- Superintendence of Sanitation Services (SISS) acts as the regulator counterpart in the tariff setting process, which lasts for 1 year approximately
- Tariffs are reset every five years, based on an unbiased and technical model:
- Based on the long term total cost of a model company
- Discrepancies are solved by an independent experts committee
- Minimum real return on assets of 7% after taxes
- Automatic interim adjustments linked to polynomials based on CPI and WPI indexes
- Government subsidies for low-income clients
- The regulatory framework of the Chilean water industry has been fundamental to the development of the sector.

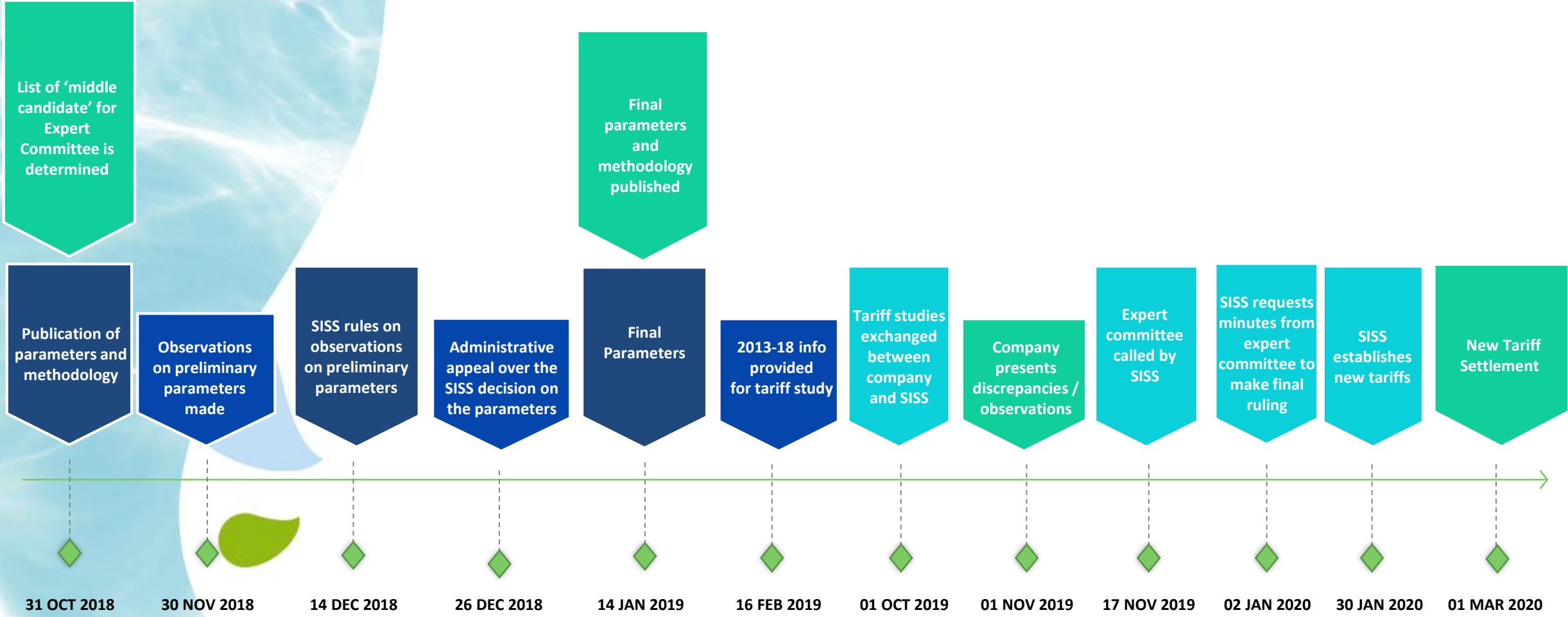


STAGES OF THE TARIFF NEGOTIATION PROCESS



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TIMELINE



List of 'middle candidate' for Expert Committee is determined

Final parameters and methodology published



PROJECT OF LAW 10.795-33

- In December 2016, the Chamber of Deputies approved the Project of Law Bulletin N° 10795-33 which intends to modify the legislation which applies to public sanitation services in regards to:
 - non-regulated services,
 - the tariff-setting process and
 - the fulfillment of development plans by service providers.
- This initiative has been submitted to the Senate in its second legislative instance and is currently in the Commission of Public Works.
- Sessions of the Commission of Public Works:

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

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

June 13th 2018
MOP proposes Technical Committee to discuss the Project of Law

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

May 2018
The Commission of Public Works requests a formal report from the new Minister of Public Works

October 2018
Discussion in Progress

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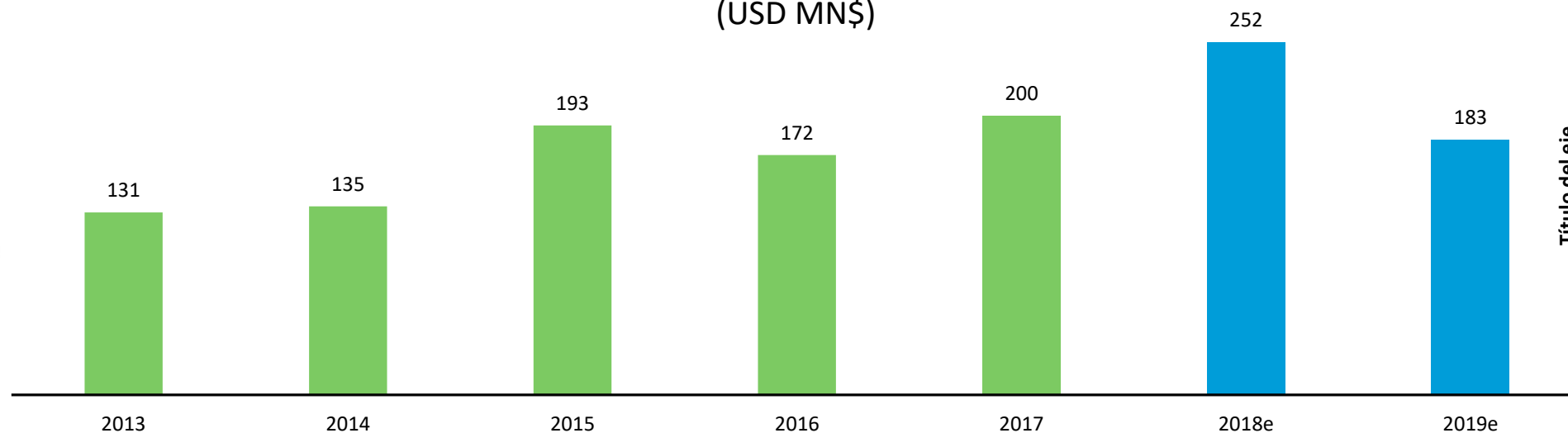
INVESTMENTS

INVESTMENTS

Investments (USD MN\$) as of June 2018

Pirque Tank Construction	14.33
Asset Replacement in the La Farfana-Trebal Wastewater Treatment Plants	6.18
Sewerage Networks Renovation	5.54
Construction of Emergency Works for Turbidity Events	3.73
Replacement of Starters and Meters	3.61
Talagante Wastewater Treatment Plant Expansion	3.52
Potable Water Network Preventive Renovation	3.49
Construction of a Potable Water Treatment Plant for Chamisero	3.25

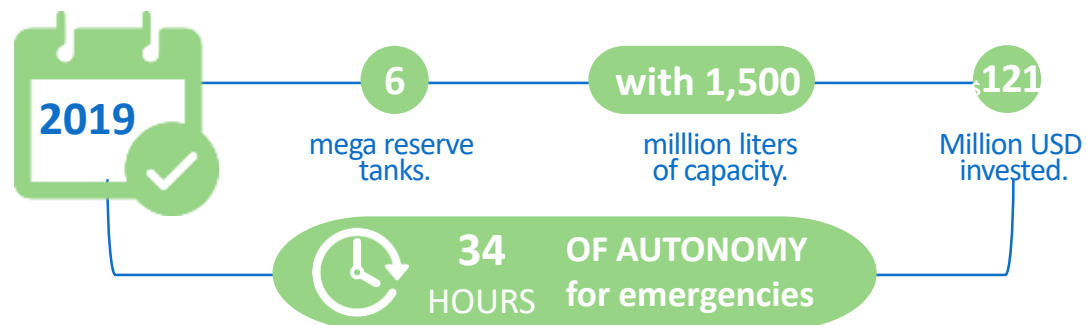
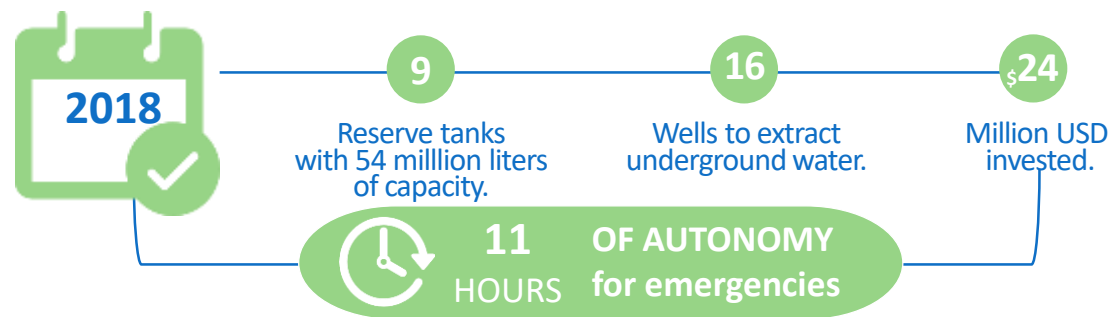
Annual Investments (USD MN\$)



Source: Aguas Andinas, Exchange Rate: \$657.5 CLP / \$1 USD

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PROGRESS IN INCREASED AUTONOMY WORKS



💧 Stage 1 Progress: 37.6%

- 💧 Construction Civil Works, Supply of Equipment, Assembly and Commissioning, Elevation and Emptying Works— Reserve Tanks



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BIOFACTORIES

0 Waste
0 Energy
0 Environmental Impact
 + Positive Social Impact

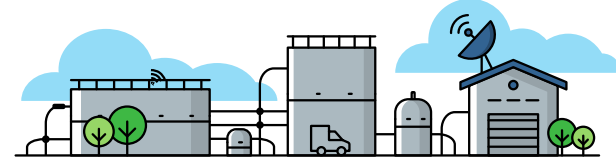


1
 The City
 0% EMISSIONS

Symbology

Grey line	waste water
Red line	self-generation
Blue line	clean water
Brown line	Biosólidos
Orange line	Biogás

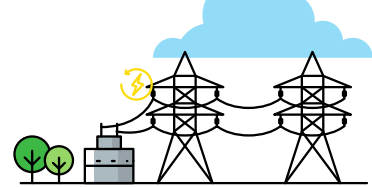
BIOFACTORY



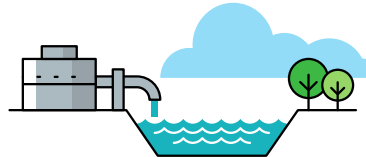
processes

2

a 100% AUTO-GENERATION



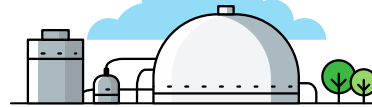
b CLEAN WATER



c Biosólidos
0% POLLUTION



d
 Biogás
 100% WASTE TO ENERGY

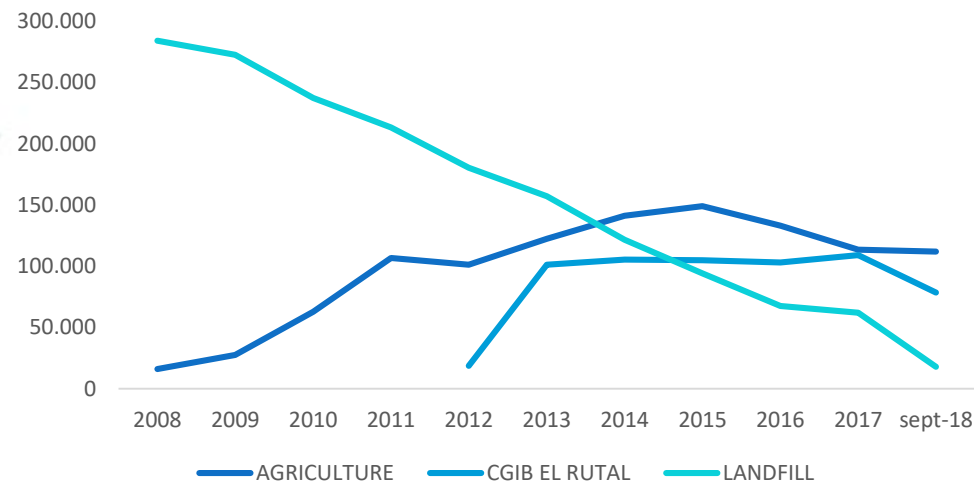


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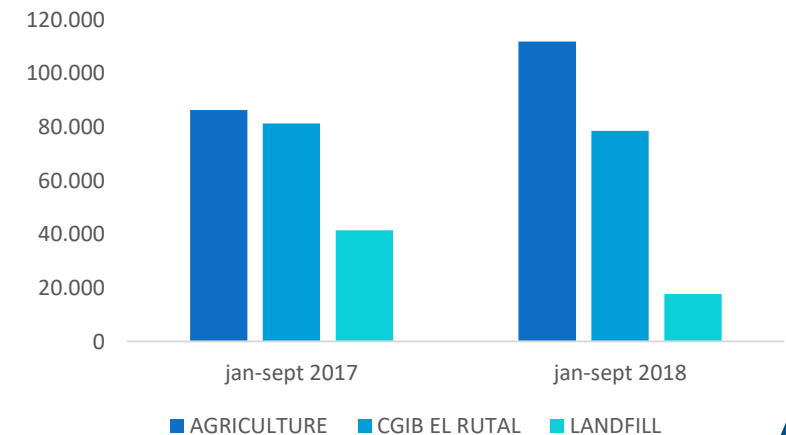
PROGRESS IN CIRCULAR ECONOMY

- 💧 **2022 Goal:** 0% of biosolids produced in the Metropolitan Region to be sent to landfills
- 💧 From January to September 2018, 9% of biosolids went to landfills in comparison to 20% the previous year.
- 💧 During this period, the use of sludge as fertilizer increased to 54% in comparison to 41% the previous year.
 - 💧 This is mainly due to:
 - 💧 Improvements in transport management, allowing for more trips to agricultural fields
 - 💧 Improvements in the application of biosolids in fields
 - 💧 Improvements in the management of available fields

Biofactory Biosolids Disposal (Ton, Year)



Biofactory Biosolids Disposal (Ton, Jan-Sept)



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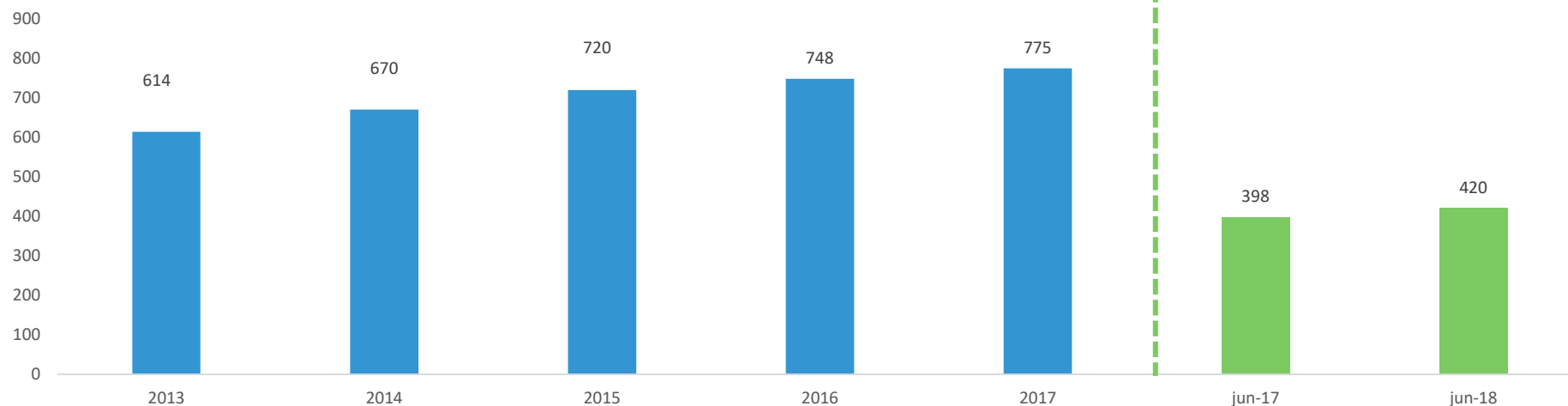


**FINANCIAL
PERFORMANCE**

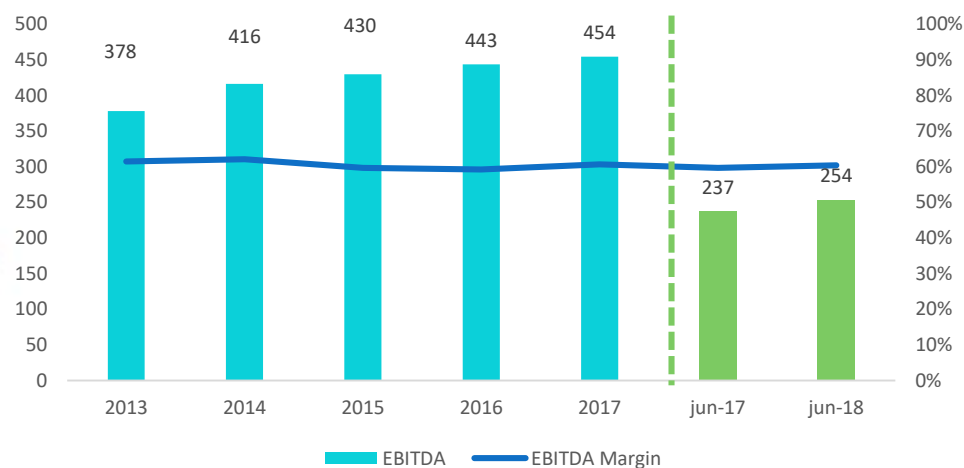
FINANCIAL PERFORMANCE AS OF JUNE 30 2018

Numbers in Millions of USD

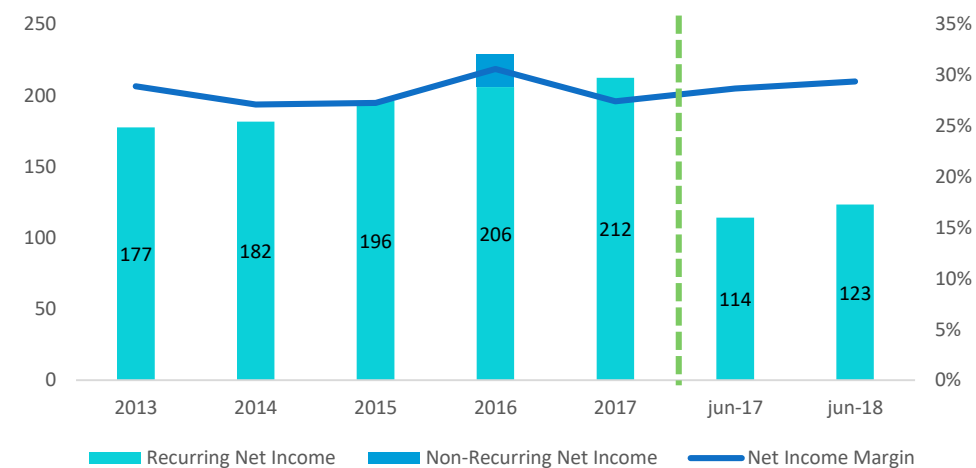
Revenues



EBITDA & EBITDA Margin



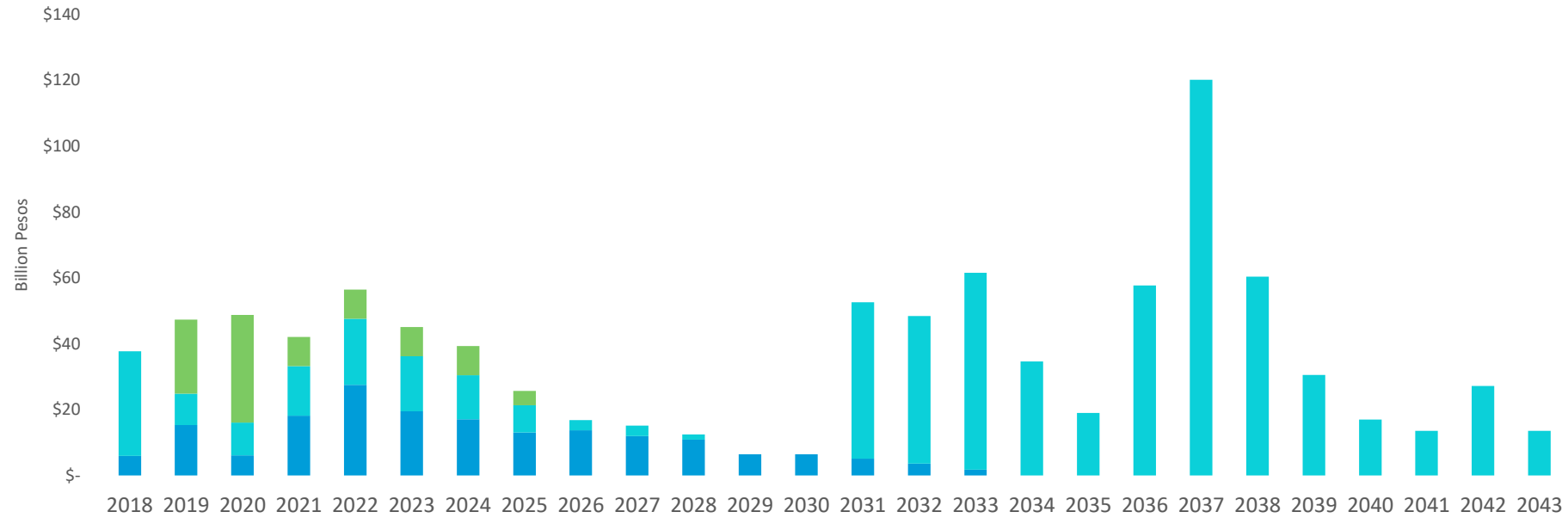
Net Income and Net Income Margin



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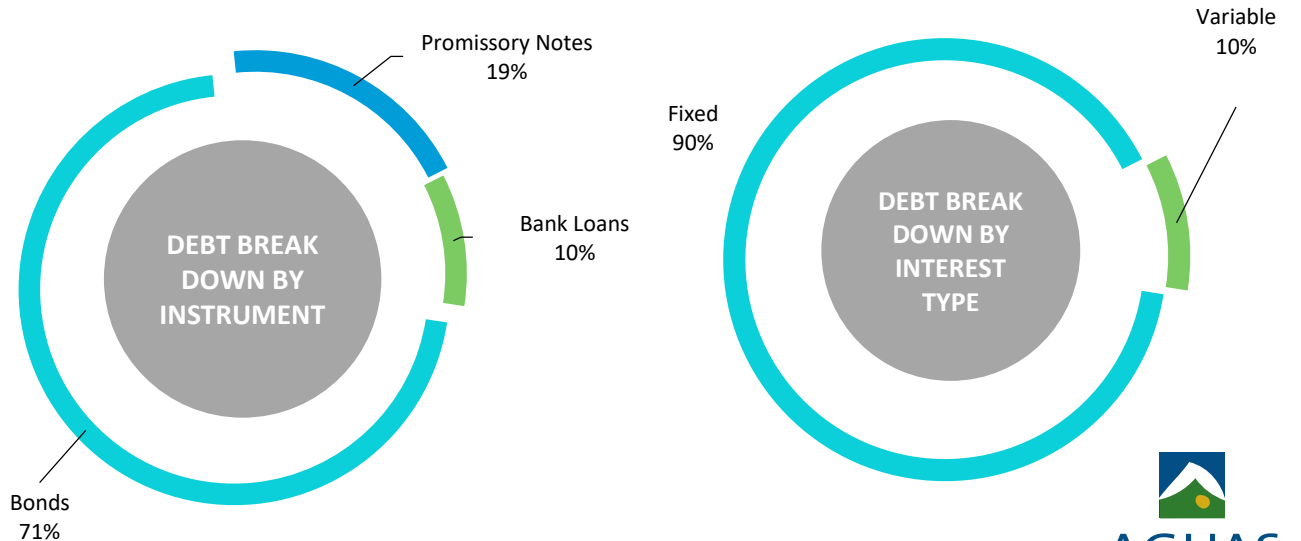
Source: Aguas Andinas, Exchange Rate: \$657.5 CLP / \$1 USD

DEBT STRUCTURE AS OF JUNE 30, 2018



- Leverage: **1.70x** Limit: **1.96**
- Financial Expense Coverage: **7.49x**
- Local Credit Rating: **AA+**
- Total Net Financial Debt: **CLP\$ 925 billion**
- Net Debt/EBITDA Ratio*: **2.99x**

■ Promissory Notes ■ Bonds ■ Bank Loans



Source: Aguas Andinas, (*) EBITDA last 12 months, Exchange Rate: \$657.5 CLP / \$1 USD

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CONTACT DETAILS

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