

## INVERSIONES AGUAS METROPOLITANAS S.A. ANNOUNCES CONSOLIDATED RESULTS FOR THE PERIOD ENDED MARCH 31, 2011

(Santiago – Chile, April 28, 2011) Inversiones Aguas Metropolitanas S.A. “the Company” or “IAM”, controlling shareholder of Aguas Andinas S.A. –the largest water and sewage company in Chile–, announced its consolidated results for the period ended March 31, 2011 <sup>(1)</sup>.

### HIGHLIGHTS

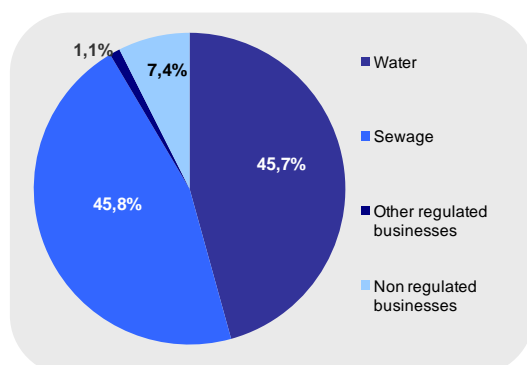
**Net income of IAM as of March 31, 2011, amounted to Ch\$18,545 million as compared to Ch\$17,331 million for the first quarter of 2010.**

- Operating revenues amounted to Ch\$98,386 million, Ch\$9,414 million (10.6%) more than in the previous period. This was mainly due to a higher average tariff for the regulated businesses, which is explained on one hand by a higher average tariff for drinking water services because of an indexation on June 2010, and on the other hand by a higher average tariff for sewage services because of the indexation already commented, along with the increase recorded in April 2010 and derived from the operation of the sewage collecting pipe of Mapocho River.
- Consolidated EBITDA for the period amounted to Ch\$67,142 million, higher by Ch\$8,093 million (13.7%) as compared to the previous period. This variation was mainly explained by higher revenues, partly offset by higher operational costs.
- Financial result reached Ch\$(7,623) million, lower by Ch\$2,676 million as compared to the previous period. This was mainly explained due to higher interest rates and the new bond issued in April 2010, and a greater appreciation of the debt due to the greater variation of the UF in 2011, compared to 2010.
- Due to the above-mentioned factors, the consolidated Net Income of Inversiones Aguas Metropolitanas S.A. for the period ended March 2011 reached Ch\$18,545 million, compared to Ch\$17,331 million for first quarter of 2010.

### Principal Consolidated Figures (Million of Ch\$ as of each period)

	Mar. 11	Mar. 10	% Var
Operating Revenues	98.386	88.973	10,6%
EBITDA	67.142	59.049	13,7%
EBITDA Margin	68,2%	66,4%	
Operating Income	54.008	46.189	16,9%
Net Income	18.545	17.331	7,0%

### Revenue Breakdown



### Operating Data

Sales Volume (Thousand m <sup>3</sup> ) <sup>(2)</sup>	Mar. 11	Mar. 10	% Var
Water	151.173	150.971	0,1%
Sewage Collection	144.369	144.550	(0,1%)
Sewage Treatment & Disposal	124.331	124.379	(0,0%)
Sewage Interconnection Service	34.160	34.126	0,1%
<b>Customers <sup>(2)</sup></b>			
Water	1.916.754	1.875.786	2,2%
Sewage Collection	1.874.069	1.833.472	2,2%

<sup>(1)</sup> All figures are in Chilean Pesos as of each period and are reported according to International Financial Reporting Standards (IFRS). The consolidated financial statements of Inversiones Aguas Metropolitanas S.A. include its subsidiary Aguas Andinas S.A. “Aguas Andinas”.

<sup>(2)</sup> Figures include ESSAL.



## **PRINCIPAL EVENTS OF THE PERIOD**

### **Alto Maipo Hydroelectric Project**

The Directory of the subsidiary Aguas Andinas approved the terms on which an agreement must be executed with AES Gener SA in relation to the hydroelectric project of the latter company, called Alto Maipo. This agreement must materialize in one or more contracts signed between Gener SA and a subsidiary of Aguas Andinas. In economic terms, the payments that the mentioned subsidiary would receive, once the project starts its operations, estimated at 2015 and 2016, would vary depending on the hydrology of the year and the price of electricity. It is expected that agreements will be formalized within the next six months.

### **Aguas Andinas' Bond Issuance**

On April 13, 2011, the subsidiary Aguas Andinas successfully issued UF 2.75 million (US \$ 126 million) of series N and P bonds in the Chilean market. The Series N (UF 1.25 million) has a term of 5 years; the effective rate reached 3.18% corresponding to a spread of 68 bps; while the Series P (UF 1.5 million) has a term of 22.5 years, and the effective rate reached 4.08% corresponding to a spread of 65 bps. The funds raised by this operation will be used to finance investments from both the company and its subsidiaries, and refinancing of liabilities.

## INCOME STATEMENT ANALYSIS

(In Million of Chilean Pesos)	Mar. 11 MM\$	Mar. 10 MM\$	% Var
Operating Revenues	98.386	88.973	10,6%
Operating Costs & Expenses	(28.300)	(27.785)	1,9%
Operating Income (EBIT)	54.008	46.189	16,9%
Financial Expenses	(6.173)	(4.708)	31,1%
Financial Result *	(7.623)	(4.947)	(54,1%)
Net Income	18.545	17.331	7,0%

\* Includes financial income, financial expenses, exchange differences and results of indexation units.

### Operating Revenues


Operating revenues as of March 2011 reached Ch\$98,386 million, Ch\$9,414 million more (10.6%) than on the first quarter of 2010. The following table sets forth, for the periods indicated, the principal components of our net revenues:

	Mar. 11		Mar. 10	
	Million Ch\$	%	Million Ch\$	%
Water	44.958	45,7%	43.580	49,0%
Sewage	45.051	45,8%	37.894	42,6%
Other regulated businesses	1.064	1,1%	234	0,3%
Non regulated businesses	7.313	7,4%	7.265	8,2%
Total	98.386	100,0%	88.973	100,0%

Figures include ESSAL.

The increase in net revenues as of March 2011 resulted mainly from the following factors:

- Water: Water revenues show an increase of Ch\$1,378 million, which is explained by a higher average tariff, due to an indexation on June 2010.
- Sewage: Sewage revenues show an increase of Ch\$7,157 million explained by: i) higher collection revenues of Ch\$2,581 million (Ch\$22,120 million in 2011 compared to Ch\$19,540 million the previous year), due to a higher average tariff; ii) higher treatment revenues of Ch\$3,461 million (Ch\$17,994 million in 2011 compared to Ch\$14,533 million the year before) due to a higher average tariff applied; and iii) higher revenues from sewage inter-connections of Ch\$1,115 million (Ch\$4,935 million in 2011 compared to Ch\$3,821 million the previous year), due to a higher average tariff. The change in the average tariff is explained on one hand by a higher average tariff for drinking water services because of an indexation on June 2010, and on the other hand by a higher average tariff for sewage services because of the indexation already commented, along with the increase recorded in April 2010 and derived from the operation of the sanitation collector Mapocho River.
- Other regulated businesses: includes fixed charges, revenues relating to disconnection and reconnection charges, fees relating to monitoring activities of liquid industrial waste discharge and accruals for non-billed consumption and discounts granted on payment agreements. These revenues increased by Ch\$830 million due mainly to a higher provision for unbilled consumption for Ch\$908 million.
- Non-regulated businesses: Revenues from non-regulated businesses show an increase of Ch\$49 million, mainly due to a raise of Ch\$730 million because of higher revenues in ANAM (laboratory, sampling and analysis services) of Ch\$114 million and Ecoriles (liquid waste treatment plant operation and treatment of excess organic load for industrial companies) of



Ch\$711 million; partly compensated by lower revenues in Gestión y Servicios of Ch\$95 million. This was partly compensated by a decrease of Ch\$682 million relating to lower revenues in non-regulated water businesses (real-estate development agreements and engineering services, among others).

### **Consumption of Raw Materials and Secondary Materials**

These costs amounted to Ch\$6,209 million as of March 2011, an increase of Ch\$33 million over the first quarter of 2010, mainly explained by higher costs in chemical inputs and energy.

### **Personnel Expenses**

These amounted to Ch\$8,956 million as of March 2011, Ch\$674 million more than in the first quarter of 2010, mainly explained by higher compensations associated with the early retirement program, as well as payments for CPI adjustments.

### **Depreciation and Amortization**

These amounted to Ch\$13,134 million as of March 2011, Ch\$274 million higher than in the first quarter of 2010, mainly explained by the new investments of the company.

### **Other Various Operating Expenses**

This amounted to Ch\$16,079 million as of March 2011, Ch\$1,080 million more than in the first quarter of 2010, mainly explained by higher expenses of retirement and disposal of waste and sludge from treatment plants of Ch\$1,940 million. This increase is associated with an increased volume of water treated by the start of operations of Mapocho interceptor sewer, which is partially offset by lower expenses by irrecoverable concept of Ch\$ 1,072 million.

### **Financial Income**

This amounted to Ch\$1,217 million as of March 2011, Ch\$334 million more than in the first quarter of 2010, mainly explained by explained by higher repurchase of repayable financial contributions, major financial interests, and increased customer interest debt.

### **Financial Expenses**

These amounted to Ch\$6,173 million as of March 2011, Ch\$1,465 million more than in the first quarter of 2010, mainly explained by higher interest expenses and for the issuance of bonds held in April 2010.

### **Results of Indexation Adjustments**

This charge amounted to Ch\$(2,668) million as of March 2011, Ch\$1,565 million more than in the first quarter of 2010, mainly explained by a higher revaluation of the debt due mainly to the higher positive variation in the value of the UF in the first quarter of 2011, which compared to the same period in 2010.

### **Other Non-Operating Income**

Inversiones Aguas Metropolitanas S.A obtained a result of Ch\$28 million, Ch\$1,603 less than in the first quarter of 2010, explained by the return of insurance in the year 2010 product of Chaitén's sinister damage in Essal.

## Charge (Recovery) for Income Taxes

The provision for income tax as of March 2011 was Ch\$1,978 million higher than in the first quarter of 2010, mainly related to higher pre-tax income, in addition to the effect of the temporary increase in tax rate.

## Net Income (Loss)

For the reasons set out above, the net income of Inversiones Aguas Metropolitanas as of March 2011 amounted to Ch\$18,545 million; Ch\$1,214 million more than in the first quarter of 2010.

## EBITDA

Consolidated EBITDA for the period amounted to Ch\$67,142 million, lower by Ch\$8,093 million (13.7%) as compared to the first quarter of 2010.

## BALANCE SHEET ANALYSIS

(In Million of Chilean Pesos)	Mar. 11	Dec. 10	% Var
<b>Assets</b>			
Current Assets	111.207	77.224	44,0%
Long-Term Assets	1.609.332	1.602.167	0,4%
Total Assets	1.720.539	1.679.392	2,5%
<b>Liabilities &amp; Shareholders' Equity</b>			
Current Liabilities	105.969	93.668	13,1%
Long-Term Liabilities	642.944	640.048	0,5%
Total Liabilities	748.912	733.716	2,1%
Minority Interest	382.185	369.216	3,5%
Shareholders' Equity	589.442	576.460	2,3%
Total Liabilities & Equity	1.720.539	1.679.392	2,5%

## Assets

As of March 2011, current assets increased by Ch\$33,983 million over December 2010, mainly due to a rise in Cash and cash equivalents of Ch\$22,541 million and Trade accounts and other accounts receivable of Ch\$9,699 million; partly offset by a fall in other non-financial current assets of Ch\$306 million.

Long-term assets rose by Ch\$7,165 million compared to December 2010, mainly explained by the net increase in Property, plant and equipment of Ch\$6,683 million and software of Ch\$472, due to the investments realized by the Group in the first quarter of the year.

The following are the main investments of the period.

Company	Project	Accumulated, Mar. 11 (ThCh\$)
Aguas Andinas	Gran Santiago's Third Sewage Treatment Plant	6.064
Aguas Andinas	Farfana - Trebal Sewage Interceptor	7.611
Aguas Andinas, Essal	Wastewater Networks	1.133
Aguas Andinas	Water starts and Meters	854

## Liabilities and Shareholders' Equity

As of March 2011, current liabilities increased by Ch\$12,301 million over December 2010, mainly explained by an increase in Sundry creditors and other accounts payable of Ch\$15,423, explained by investments and higher dividends payable for the provision of 30% minimum mandatory and other financial liabilities for Ch\$2,587 million, offset by lower Accounts payable to related entities for Ch\$3,986 million and less Post-employment benefit obligations for Ch\$2,167 million.

Long-term liabilities increased by Ch\$2,896 million compared to December 2010, mainly due to an increase in other long-term financial liabilities of Ch\$3,047 million (higher financial contributions refundable). This was partly offset by deferred taxes of Ch\$421 million.

The controller's portion of Shareholders' equity decreased Ch\$12,982 million and Net Shareholders' equity, including Minority Interest decreased by Ch\$25,951 million.

As of March 2011, the accrue for minimum dividend reached Ch\$(5,563) million; and net income for the period of Ch\$18,545 million.

The table below sets forth the maturity of our consolidated long-term debt, as of March 31, 2011 (figures in millions of Ch\$):

	Currency	Total	Apr. 11 Mar. 12	Apr. 12 Mar. 13	Apr. 13 Mar. 14	After Mar. 14
Bonds	Indexed Ch\$	353.952	21.976	55.893	20.623	255.461
Bank Debt	Non-Indexed Ch\$	107.923	3.648	13.875	16.797	73.602
RFCs <sup>(1)</sup>	Indexed Ch\$	80.961	168	1.275	12.125	67.393
Total <sup>(2)</sup>		542.836	25.792	71.042	49.545	396.456

<sup>(1)</sup> Reimbursable financial contributions.

<sup>(2)</sup> The figures consider the accrued financial expenses as of March 31, 2011.

## CASH FLOW ANALYSIS

Consolidated Cash Flow (In Million of Chilean Pesos)	Mar. 11	Mar. 10	% Var
Net Cash Flow from Operating Activities	45.469	53.407	(14,9%)
Net Cash Flow from Investment Activities	(21.792)	(23.957)	(9,0%)
Net Cash Flow from Financing Activities	(1.135)	(4.684)	(75,8%)
Net Cash Flow of the Period	22.541	24.766	(9,0%)
Closing Balance of Cash & Cash Equivalent	30.002	51.064	(41,2%)

The cash flow from operating activities showed a negative change of Ch\$7,939 million compared to the previous period, being the main changes the increase in payments to suppliers of Ch\$3,952, million, the increase in the payment of income tax of Ch\$2,313 million (due to the increase in the PPM rate by a temporary change in the tax rate class), and increased interest payments of Ch\$2,101 million (higher coupon payments on bonds and an increase in interest rates related to bank loans).

Cash flow from investment activities decreased by Ch\$2,165 million, mainly due to a decrease in Addition of property, plant and equipment of Ch\$1,958 million.

The cash flow from financing activities decreased by Ch\$3,547 million, the main changes being higher amount collected from short term loans and other financing disbursements of Ch\$3,952 million; partly offset by a raise in the Payment of loans and other financing disbursements of Ch\$791 million.

## MAIN OPERATING FIGURES

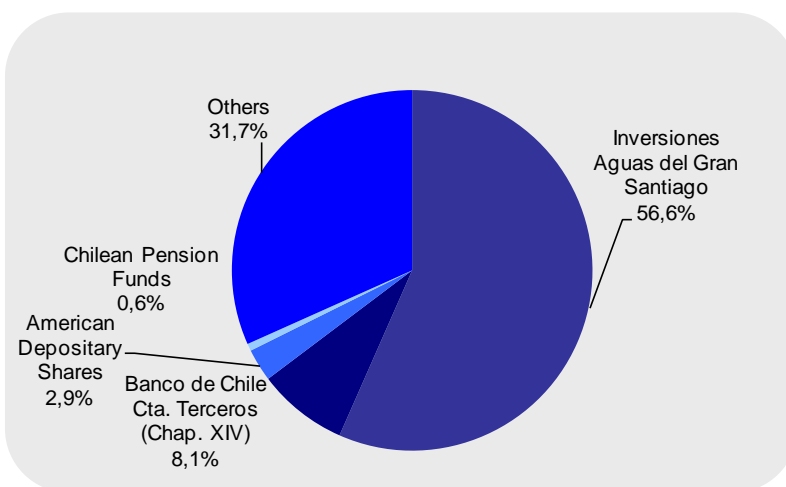
Sales Volume * (In thousand m <sup>3</sup> )	Mar. 11	Mar. 10	% Var
Water	151.173	150.971	0,1%
Sewage Collection	144.369	144.550	(0,1%)
Sewage Treatment & Disposal	124.331	124.379	(0,0%)
Sewage Interconnection Service	34.160	34.126	0,1%

\* Figures include ESSAL.

Customers *	Mar. 11	Mar. 10	% Var
Water	1.916.754	1.875.786	2,2%
Sewage Collection	1.874.069	1.833.472	2,2%

\* Figures include ESSAL.

## INVERSIONES AGUAS METROPOLITANAS S.A. Shareholder Composition as of March 31, 2011



**Total subscribed and paid shares: 1,000,000,000**  
**Number of shareholders: 274**

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## CONSOLIDATED BALANCE SHEETS

(IFRS, in thousands of Ch\$ as of each period)

ASSETS	Mar. 11	Dec. 10
Cash & cash equivalents	30.001.857	7.460.416
Other financial current assets	291.928	406.502
Other non-financial current assets	468.104	774.470
Trade accounts and other accounts receivable (net)	72.070.933	62.372.350
Accounts receivable from related companies	14.200	18.194
Inventories (net)	2.527.604	1.883.409
Income taxes	5.832.872	4.308.978
<b>TOTAL CURRENT ASSETS</b>	<b>111.207.498</b>	<b>77.224.319</b>
Other financial non-current assets	7.238.650	7.238.650
Other non-financial non-current assets	257.231	276.143
Trade accounts and other accounts receivable (net)	2.632.240	2.961.131
Other intangible assets	218.916.472	218.513.009
Goodwill	307.940.996	307.940.996
Property, plant & equipment (net)	1.038.642.432	1.031.959.795
Deferred income taxes	33.703.660	33.277.664
<b>TOTAL LONG TERM ASSETS</b>	<b>1.609.331.681</b>	<b>1.602.167.388</b>
<b>TOTAL ASSETS</b>	<b>1.720.539.179</b>	<b>1.679.391.707</b>

## CONSOLIDATED BALANCE SHEETS

(IFRS, in thousands of Ch\$ as of each period)

LIABILITIES & SHAREHOLDERS' EQUITY	Mar. 11	Dec. 10
Other current financial liabilities	24.879.792	22.293.049
Sundry creditors and other accounts payable	60.650.208	45.227.430
Accounts payable to related companies	16.032.521	20.018.775
Other accruals	985.422	991.798
Income taxes	10.893	8.315
Post-Employment Benefit Obligation	1.472.580	3.639.955
Other current non-financial liabilities	1.937.200	1.488.675
<b>CURRENT LIABILITIES</b>	<b>105.968.616</b>	<b>93.667.997</b>
Other long term financial liabilities	552.334.962	549.288.012
Long term liabilities	1.110.536	1.192.731
Other accruals	1.025.335	1.020.602
Deferred taxes	74.011.592	74.432.076
Post-Employment Benefit Obligation	7.151.691	6.805.124
Other long term non-financial liabilities	7.309.445	7.309.028
<b>LONG TERM LIABILITIES</b>	<b>642.943.561</b>	<b>640.047.573</b>
Paid-in capital	468.358.402	468.358.402
Retained earnings	158.351.814	145.370.242
Other reserves	(37.268.417)	(37.268.417)
<b>Net shareholders' equity attributable to the parent company</b>	<b>589.441.799</b>	<b>576.460.227</b>
<b>Minority interest</b>	<b>382.185.203</b>	<b>369.215.910</b>
<b>SHAREHOLDERS' EQUITY</b>	<b>971.627.002</b>	<b>945.676.137</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>1.720.539.179</b>	<b>1.679.391.707</b>

## CONSOLIDATED STATEMENTS OF INCOME

(IFRS, in thousands of Ch\$ as of each period)

CONSOLIDATED STATEMENTS OF INCOME	Mar. 11	Mar. 10
Operating revenues	98.386.121	88.972.506
Consumption of raw materials & secondary materials	(6.209.046)	(6.176.745)
Personnel expenses	(8.955.872)	(8.318.271)
Depreciation & amortization	(13.134.790)	(12.860.390)
Impairment loss	0	(429.320)
Other expenses	(16.078.907)	(14.999.098)
<b>OPERATING INCOME (EBIT)</b>	<b>54.007.506</b>	<b>46.188.682</b>
Financial income	1.217.285	883.137
Financial expenses	(6.172.898)	(4.708.155)
Exchange differences	668	(18.964)
Results of indexation units	(2.668.426)	(1.103.053)
<b>FINANCIAL RESULT</b>	<b>(7.623.371)</b>	<b>(4.947.035)</b>
Other income	27.663	1.630.513
<b>NET INCOME (LOSS) BEFORE TAXES</b>	<b>46.411.798</b>	<b>42.872.160</b>
Income taxes	(9.121.562)	(7.144.140)
<b>POST-TAX NET INCOME (LOSS) FROM ONGOING ACTIVITIES</b>	<b>37.290.236</b>	<b>35.728.020</b>
Minority interest	18.745.132	18.397.456
<b>NET INCOME FOR THE PERIOD</b>	<b>18.545.104</b>	<b>17.330.564</b>

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(IFRS, in thousands of Ch\$ as of each period)

CONSOLIDATED STATEMENTS OF CASH FLOWS	Mar. 11	Mar. 10
Collection of trade account receivables	111.038.765	107.358.984
Collection from royalties, fees and other income from ordinary activities	87.052	0
Collection from insurance contracts	54.152	1.510.732
Other operating income	500.888	1.983.433
Payment to suppliers	(27.985.120)	(24.032.842)
Payment to personnel	(11.739.814)	(12.550.993)
Payment of insurance contracts	(4.396)	(1.022.904)
Other operating payments	(11.328.714)	(9.517.046)
Interest paid	(5.137.079)	(3.035.648)
Interest received	65.888	74.451
Income tax refund (paid)	(8.936.102)	(6.623.270)
Other income (payment)	(1.146.627)	(737.497)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>45.468.893</b>	<b>53.407.400</b>
Proceeds from sales of PP&E	29.828	5.000
Addition of PP&E	(21.783.531)	(23.741.488)
Addition of intangible assets	(38.297)	(220.426)
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>(21.792.000)</b>	<b>(23.956.914)</b>
Long term loans (banks, bonds and other financing)	1.281.630	893.786
Short term loans (banks, bonds and other financing)	3.952.182	0
<b>Cash flow from loans</b>	<b>5.233.812</b>	<b>893.786</b>
Payment of loans and other financing disbursements	(6.369.264)	(5.577.799)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>(1.135.452)</b>	<b>(4.684.013)</b>
<b>TOTAL NET CASH FLOW FOR THE PERIOD</b>	<b>22.541.441</b>	<b>24.766.473</b>
OPENING BALANCE OF CASH & CASH EQUIVALENT	7.460.416	26.297.436
<b>CLOSING BALANCE OF CASH &amp; CASH EQUIVALENT</b>	<b>30.001.857</b>	<b>51.063.909</b>