



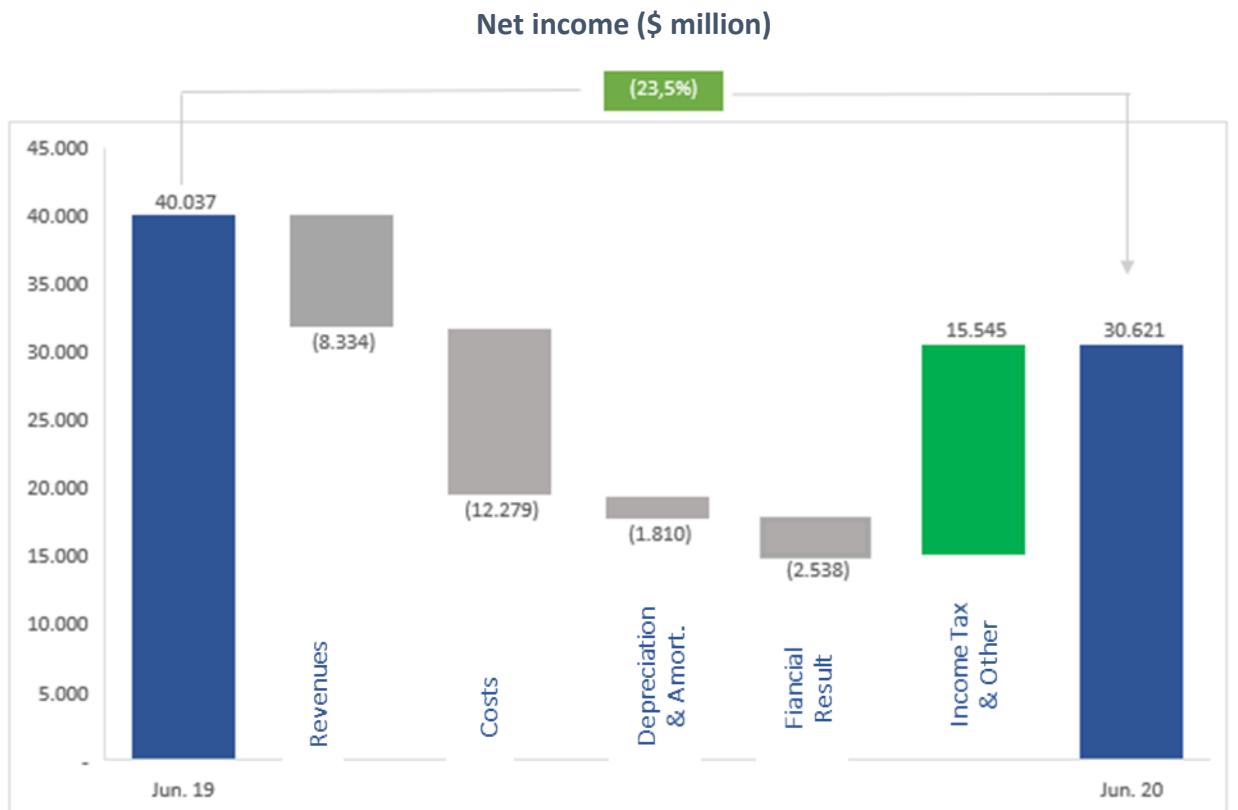
Earnings Release

Inversiones Aguas Metropolitanas S.A.

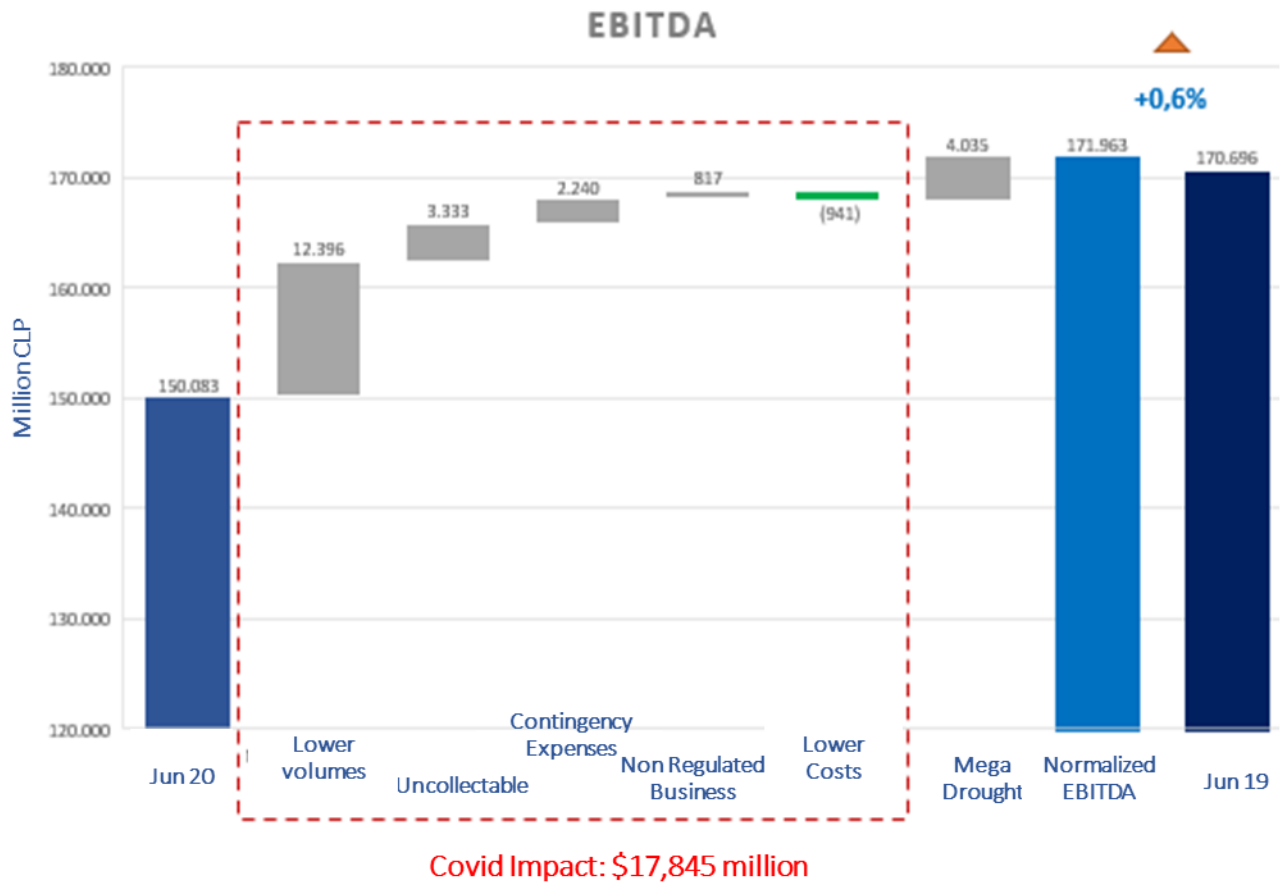


## 1. Summary of the fiscal year

- **Net income for the first half of 2020 amounted to \$ 30.621 million**, The main variations of the year are presented in the following chart:



- **EBITDA as of June 30, 2020 was \$150.083 million**, decreasing by 12,1% compared to the same semester of the previous year, strongly influenced by the impacts derived from the Coronavirus contingency and higher costs due to the mega-drought situation. These effects are presented below:



- **Covid-19 situation** - The Company has developed an action plan to ensure the continuity of the service in the regions it operates, implementing various measures to manage the exceptional situation derived from the Coronavirus Pandemic.

At the end of the first semester, a global impact of \$ 17,845 million is estimated due to the direct and indirect effects, presumably derived from the exceptional situation caused by Covid-19, which are explained below:

- A 5.1% decrease in sales volumes for \$ 12,396 million, associated with a decrease in sales to Residential customers by 0.8% and to non-Residential customers by 9.6%.
- A lower collection of accounts from regulated customers that increased the aging of the balance of accounts receivable, having to recognize as a provision for bad debts an amount of \$ 6,361 million, generating a higher expense for bad debts of \$ 3,333 million compared to the same semester of the previous year.
- Bad debts recognition policy used by the Company is based on collection statistics according to the age of billing. In this sense, the debt of clients with more than 8 balances is provisioned 100%. Additionally, debts for consumption transformed into payment agreements are provisioned for 100% of the agreed balance.

The evolution of gross debt during the first half of 2020 is presented below:

Gross debt age (in millions of \$)	Jun.20	Dic. 19	2020 / 2019
Less than 3 months	95,156	109,521	(14,365)
Between 3 and 6 months	14,278	4,945	9,334
Between 6 and 8 months	2,886	1,309	1,578
More than eight months	23,097	13,558	9,540
Agreements	19,977	23,156	(3,179)
<b>Total</b>	<b>155,395</b>	<b>152,488</b>	<b>2,907</b>

- Direct costs of \$ 2,240 million were recorded associated with confinement plans, personnel transportation, hygiene supplies, teleworking, security measures, the workers' health monitoring program, logistics and communications.

- A decrease in activity associated with unregulated income of \$ 817 million, mainly due to residential and engineering services, with a decrease of the business volume close to 40%.

- The lower expenses of \$ 941 million are mainly associated with customer services due to lower activity in cutting and replacement services together with savings from printing commercial documents and administrative expenses.

- **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 for a total of \$4.035 million associated with the purchase of raw water and an increase in the consumption of electrical energy, mainly associated with greater collection of groundwater and elevation of potable water in the Metropolitan Region. It should be noted that the Company has made investments in drilling and enabling new groundwater sources, in addition to managing a portfolio of projects, to strengthen security of supply in this scenario of extreme drought.
- Revenues were lower by \$ 8,334 million (2.9%), mainly associated with lower regulated consumption and non-regulated income due to the Covid-19 situation mentioned above, which is partially offset by the rate indexations for inflation registered in the period, being the latest in January 2020 for Aguas Andinas, March 2020 for Aguas Cordillera and May 2020 for ESSAL.
- At a non-operational level, there is a lower financial result of \$2.538 million, mainly associated with a higher appreciation of the debt due to the variation of the Unidad de Fomento (UF)(1.4% in 2020 versus 1.2% in 2019) together with a higher level of indebtedness.
- **Generation and Cash Position:** During the second quarter of 2020, the final cash balance increased by \$ 38,461 million compared to the end of March, reaching \$ 169,174 million. This figure is itself several times higher than the \$ 19,945,000 that the Company held June 2019. The

generation of cash flow in the second quarter is mainly explained by its operating flow and by obtaining net bank financing for \$ 8,614 million. These levels of financial investments allow the Company to have additional room to face the uncertainties of the current environment.

## Investments

- As of June 30, 2020, investments of \$57.131million were executed. The main projects developed were:
  - Pirque Tanks Construction
  - Soundings and system reinforcements potable water supply
  - Renewal of potable water and wastewater networks
  - Replacement of Assets, Biofactories La Farfana and Mapocho-Trebal
  - Pipe branches and meters
  - Nitrate Treatment, Biofactories La Farfana and Mapocho-Trebal
  - Mapocho-Trebal Digesters capacity expansion
  - Operational Control Center 2.0
- The project of Pirque Tanks has been in operation since February 2020. This project allows to increase the autonomy from 11 to 34 hours of drinking water to the capital, to face the effects of climate change, and thereby minimize cuts in drinking water caused by increases in turbidity levels caused by rains in the high mountain range.
- In order to face the effects of the Mega-drought, the Company has carried out investment works such as the Hydraulic Efficiency Plan to reduce the loss of potable water in the network and the new Operational Control Center for constant monitoring of the networks. In addition, a future investment plan has been contemplated to ensure consumption by the inhabitants, such as new drilling in wells and reinforcements in the drinking water supply system, such as the expansion of the Padre Hurtado Potable Water Treatment Plant.
- 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 m<sup>3</sup>/s of wastewater
  - (ii) Expansion by 1 m<sup>3</sup>/s of the La Florida Potable water Production Plant
  - (iii) Drilling in the central aquifer by 1.8 m<sup>3</sup>/s
  - (iv) Investments for reduction of losses in the network and re-purification of wastewater

## HIGHLIGHTS

- **Results VII Tariff Process** - As of June 30, 2020, the new tariff decrees of Aguas Andinas, Aguas Cordillera and Aguas Manquehue are in the process of publication, for the period 2020-2025, after the respective agreements with the Superintendency of Sanitary Services.

In the case of Aguas Andinas, a -3% reduction in the rate of potable water and wastewater treatment was determined. Within this new tariff framework highlights the implementation of various investments that will gradually increase the autonomy of the capital to episodes of extreme turbidity up to 48 hours, and new fundamental works to address drought and climate change. The result of the rate process for the companies Aguas Cordillera and Aguas Manquehue, considered a decrease of -1.5% compared to the rates agreed for the previous five-year period. Likewise, the agreement included works that ensure quality and continuity of service in the context of climate change and water scarcity, in order to extend the times of operational autonomy of companies.

- **Sale of stake in ESSAL** - On January 22, 2020, the directory of Aguas Andinas agreed to start an open and competitive process for the sale of the 53.5% stake that said society, directly and indirectly, holds in ESSAL SA. With the above, the Group seeks to focus its business activity on its current strategic priorities.
- **Dividend distribution** - On April 8, 2020, in an extraordinary session of the Company's Board of Directors, in response to what was proposed by the Board of Aguas Andinas, the Board of the Company agreed to propose to the Ordinary Shareholders' Meeting not to distribute profits above the amount already distributed in January 2020, which was higher than the legal minimum as provided the Corporations Law. This is due to the exceptional circumstances related to the Coronavirus Pandemic, therefore, it is necessary to prioritize operational needs and dedicate all efforts and resources to these ends, until the effects of the aforementioned pandemic are clarified. On April 27, 2020, at the Ordinary Shareholders' Meeting, the Board's decision was ratified. Notwithstanding the foregoing, during the course of the year 2020, the Company will evaluate the distribution of an additional dividend as long as the prevailing circumstances allow it, which must be approved by the respective Corporate Governance bodies.

## 2. Results of the period

### 2.1 Accumulated results

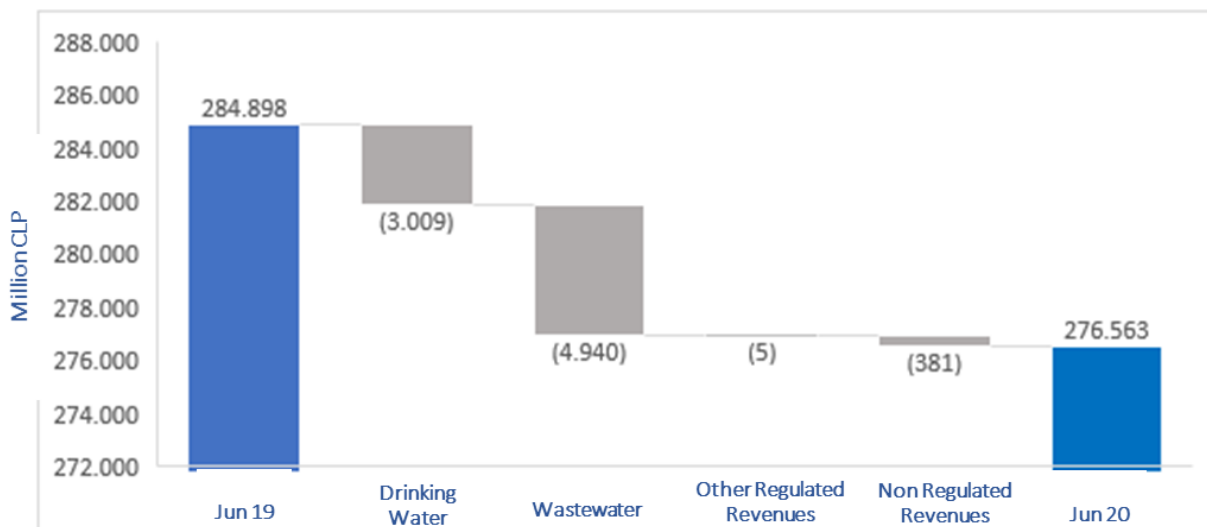
1. Income Statement (Th\$)	Jun. 20	Jun. 19	% Var.	2020 / 2019
Ordinary Revenues	276,563,353	284,897,779	(2.9%)	(8,334,426)
Operational Costs and Expenses	(126,480,073)	(114,201,427)	10.8%	(12,278,646)
<b>EBITDA</b>	<b>150,083,280</b>	<b>170,696,352</b>	<b>(12.1%)</b>	<b>(20,613,072)</b>
Depreciation and Amortization	(39,385,072)	(37,574,736)	4.8%	(1,810,336)
<b>Result of exploitation</b>	<b>110,698,208</b>	<b>133,121,616</b>	<b>(16.8%)</b>	<b>(22,423,408)</b>
Other gains (losses)	(866,405)	(1,249,139)	(30.6%)	382,734
Financial Result*	(25,670,832)	(23,132,808)	11.0%	(2,538,024)
Tax expense	(20,611,316)	(26,890,181)	(23.4%)	6,278,865
<b>Net earnings</b>	<b>30,620,569</b>	<b>40,037,415</b>	<b>(23.5%)</b>	<b>(9,416,846)</b>

\* Includes financial income, financial costs, exchange differences and results by adjustment units

### 2.2 Revenue Analysis

Revenues show a decrease of 2.9% compared to the previous year, according to the following:

	Jun. 20		Jun. 19	
	Sales		Sales	
	Th\$	Participation	Th\$	Participation
Potable Water	113,356,638	41.0%	116,365,219	40.8%
Wastewaters	129,448,406	46.8%	134,388,878	47.2%
Other Regulated Income	7,813,055	2.8%	7,817,668	2.7%
Non-Regulated Income	25,945,254	9.4%	26,326,014	9.3%
<b>Total</b>	<b>276,563,353</b>	<b>100,0%</b>	<b>284,897,779</b>	<b>100,0%</b>



<b>Sales Volume (thousands of m3 accrued)</b>	<b>Jun, 20</b>	<b>Jun, 19</b>	<b>% Var,</b>	<b>Difference</b>
Potable Water	297,108	313,087	(5.1%)	(15,979)
Sewage collection	282,473	297,486	(5.0%)	(15,013)
Treatment and disposal WW	242,975	256,472	(5.3%)	(13,497)
Interconnections *	68,218	69,8641	(2.4%)	(1,646)

<b>Clients</b>	<b>Jun, 20</b>	<b>Jun, 19</b>	<b>% Var,</b>	<b>Difference</b>
Potable Water	2,389,757	2,342,704	2.0%	47,053
Sewage collection	2,336,208	2,289,629	2.0%	46,579

## **Regulated Businesses**

### **a) Potable water**

Potable water revenues for the first semester of 2020 reached ThCh \$ 113,356,638, which represents a decrease of 2.6% mainly due to the lower consumption recorded in the period, In terms of rates, the results of the VII Tariff Process in Aguas Andinas and Aguas Manquehue are recognized, together with the applied indexations, the last being in January 2020 for Aguas Andinas, March 2020 for Aguas Cordillera and May 2020 for ESSAL,

### **b) Wastewater**

Revenues from wastewater during the first semester of the year 2020 reached ThCh \$129,448,406, which meant a decrease of ThCh \$4,940,472, mainly due to the lower volume registered, On the other hand, the reduction in rates associated with the last rate process was offset by the indexations applied in the course of 2019 and 2020,

### **c) Other regulated income**

This item presented a decrease of ThCh \$ 4,613, mainly due to a lower activity in cutting and reconnection services that is offset by the growth of customers in the period,

## **Non-regulated income**

### **a) Sanitary services**

A decrease of ThCh \$ 558,745 mainly due to lower activity in home services to clients, modifications to sanitary infrastructure and technical advice on rural drinking water,

### **b) Non-sanitary services**

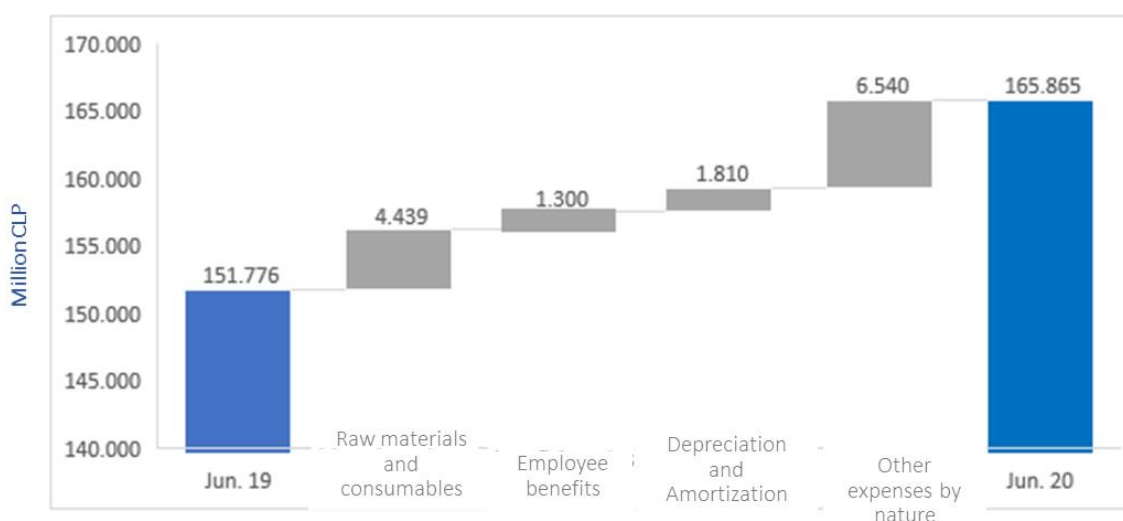
An increase of ThCh \$ 177,985 was mainly explained by higher operating income from plants at EcoRiles and greater analyzes and sampling of potable water at Anam, The foregoing is offset by lower sales of materials in Gestión y Servicios,



(M \$)	Jun, 20	Jun, 19	% Var,
EcoRiles S,A,	7,857,468	6,741,141	16.6%
Gestión y Servicios S,A,	3,357,389	4,381,877	(23.4%)
Anam S,A,	2,414,821	2,153,041	12.2%
Aguas del Maipo S,A,	313,615	489,249	(35.9%)
<b>Non-sanitary non-regulated products</b>	<b>13,943,293</b>	<b>13,765,308</b>	<b>1.3%</b>

### 2.3. Expenditure analysis

The variation in expenses with respect to the same semester of the previous year is presented in the following graph:



#### a) Raw materials and consumables

As of June 30, 2020, the costs of raw materials and consumables reached ThCh \$25,954,799, a figure higher by ThCh \$4,438,781 than that obtained in the first semester of the previous year. The increase was mainly due to the purchase of raw water for ThCh \$3,043,972, to increase the security of supply for our clients due to the low flow in the Maipo river basin. Additionally, higher electrical energy costs of ThCh \$1,506,553 were generated, of which ThCh \$990,754 are associated with greater collection of groundwater and higher elevation of drinking water in the Metropolitan Region and, in ESSAL, ThCh \$515,799 due to an increase in prices of regulated and no regulated customers (higher dollar exchange rate). Finally, higher costs were generated in hygiene and personal safety supplies for ThCh \$ 213,611 associated with contingency plans for Covid-19.

## **b) Employee Benefits**

At the end of the first semester of the year 2020, the expenses for employee benefits reached ThCh \$31,420,303, a figure higher by ThCh \$1,300,070 than that obtained the previous year, This increase is mainly associated with higher costs associated with the confinement plans due to Covid-19 and due to a higher endowment and contractual benefits of collective bargaining agreed in 2019 in the subsidiary ESSAL,

## **c) Depreciation and amortization**

As of June 30, 2020, depreciation and amortization amounted to ThCh \$39,385,072, higher by ThCh \$1,810,336 to the one obtained in the same semester of the previous year, This was due to the depreciations associated with the new assets incorporated in the period, like Pirque Tanks,

## **d) Other expenses by nature**

At the end of the first semester of the year 2020, these expenses amounted to ThCh \$69,104,971, a higher figure of ThCh \$6,539,795, mainly due to a higher level of bad debts of ThCh \$ 3,332,758 and Covid-19 expenses of ThCh \$ 1,285,791, associated with confinement plans, telework, security measures, health, logistics and communications.

Additionally, there is a higher expense in maintenance of potable water and sewage networks for ThCh \$ 1,016,392, maintenance and IT security services for ThCh \$ 224,554, Real estate contributions for ThCh \$ 278,543, The above is offset by savings in other services of ThCh \$ 178,069, mainly due to printing of commercial documents and administrative expenses.

## **2.4. Analysis of financial results and others**

### **a) Other gains (losses)**

As of June 30, 2020, a higher result of ThCh \$ 382,734 was obtained, mainly due to the recovery of guarantee certificates, the sale of land in the company ESSAL that is partially offset by higher expenses for the retirement plan.

### **b) Financial income**

At the end of the first half of 2020, financial income reached ThCh \$2,411,045, which meant a decrease of ThCh \$430,211, mainly explained by lower interest on the repurchase of promissory notes for repayable financial contributions and lower interest on customer debt.

### **c) Financial cost**

As of June 30, 2020, financial costs reached ThCh \$15,628,792, which represented an increase of ThCh \$265,858, The foregoing was mainly explained by higher bank interest together with higher interest on bonds as a result of the higher volume of debt obtained to finance the company's investment plan, partially offset by higher financial activation.

#### d) Results per unit of readjustment

At the end of the first semester of 2020, the charges for readjustment units were ThCh \$12,529,810, determining a higher expense of ThCh \$1,986,120, due to the greater revaluation of the debt as a result of the variation in the Unidad de Fomento (UF) (1, 4% in 2020 versus 1,2% in 2019) together with a higher level of debt.

#### e) Income tax expense

The income tax expense as of June 30, 2020 was ThCh \$20,611,316, a figure lower than ThCh \$6,278,865 mainly explained by a lower result before taxes.

#### f) Earnings

Net income as of June 30, 2020 amounted to ThCh \$30,620,569, which is ThCh \$9,416,846 lower than that obtained in the previous year, representing a decrease of 23,5%.

### 2.5. Results by segment

#### a) Accumulated Results, Water Segment

Income Statement (Th\$)	Jun. 20	Jun, 19	% Var,	2020 / 2019
External Revenue	262,503,193	271,085,617	(3.2%)	(8,582,424)
Revenues Segments	452,696	529,715	(14.5%)	(77,019)
Operating Costs and Expenses	(115,126,320)	(102,551,778)	12.3%	(12,574,542)
<b>EBITDA</b>	<b>147,829,569</b>	<b>169,063,554</b>	<b>(12.6%)</b>	<b>(21,233,985)</b>
Depreciation and Amortization	(38,476,640)	(36,734,482)	4.7%	(1,742,158)
<b>Result of exploitation</b>	<b>109,352,929</b>	<b>132,329,072</b>	<b>(17.4%)</b>	<b>(22,976,143)</b>
Other Earnings (Losses)	(681,396)	(1,072,081)	(36.4%)	390,685
Financial Results*	(25,560,065)	(23,001,728)	11.1%	(2,558,337)
Tax Expense	(20,239,311)	(26,619,377)	(24.0%)	6,380,066
<b>Net Earnings</b>	<b>61,043,556</b>	<b>80,046,415</b>	<b>(23.7%)</b>	<b>(19,002,859)</b>

\* Includes financial income, financial costs, exchange differences and results for adjustment units,

The results of this segment showed a decrease of 23.7%, mainly due to:

- Decrease in external revenues, mainly due to lower revenues regulated by lower sales volumes registered in the period, In terms of rates, the results of the VII Tariff Process in Aguas Andinas and Aguas Manquehue are recognized, along with the applied indexations, the last being in January 2020 for Aguas Andinas, March 2020 for Aguas Cordillera and May 2020 for ESSAL.
- In unregulated income, there was less activity in home services to clients, modifications of sanitary infrastructure and technical advice on rural potable water.

- Costs increased mainly due to higher uncollectibility of ThCh \$ 3,569,642 and Covid-19 expenses of ThCh \$ 2,077,295, associated with confinement plans, personnel costs, hygiene supplies, telework, security measures, health, logistics and communications, Additionally, due to the extreme drought that affects the central area of the country, there have been increases in water purchase expenses for ThCh \$ 3,043,972 due to the low flow in the Maipo River basin and higher cost of electricity for ThCh \$ 1,506,553, mainly associated with higher groundwater intake and increased drinking water in the Metropolitan Region, and in ESSAL, regulated and unregulated prices increased.
- Depreciation was ThCh \$ 1,742,158 higher than that obtained in the same semester of the previous year, This was due to the depreciation associated with the new assets incorporated in the period, such as the Pirque Tanks.
- The financial result presented a net expense of ThCh \$ 25,560,065, higher by ThCh \$ 2,558,337 compared to the same semester of the previous year, as a consequence of a greater appreciation of the debt due to the variation of the Development Unit (1,4% in 2020 versus 1,2% in 2019) together with a higher level of indebtedness.
- The income tax expense as of June 30, 2020 was ThCh \$ 20,239,311, a figure lower than ThCh \$ 6,380,066, mainly explained by a lower result before taxes.

#### **b) Accumulated results Non-water segment**

Income Statement (M \$)	Jun, 20	Jun, 19	% Var,	2020 / 2019
External Revenue	14,062,401	13,816,760	1.8%	245,641
Revenues Segments	2,458,531	2,067,720	18.9%	390,811
Operating Costs and Expenses	(13,569,942)	(13,894,010)	(2.3%)	324,068
<b>EBITDA</b>	<b>2,950,990</b>	<b>1,990,470</b>	<b>48.3%</b>	<b>960,520</b>
Depreciation and Amortization	(917,536)	(919,264)	(0.2%)	1,728
<b>Result of exploitation</b>	<b>2,033,454</b>	<b>1,071,206</b>	<b>89.8%</b>	<b>962,248</b>
Other Earnings (Losses)	(171,167)	(162,805)	5.1%	(8,362)
Financial Results*	(107,404)	(147,947)	(27.4%)	40,543
Tax Expense	(469,896)	(196,672)	138.9%	(273,224)
<b>Net Earnings</b>	<b>1,284,987</b>	<b>563,782</b>	<b>127.9%</b>	<b>721,205</b>

\* Includes financial income, financial costs, exchange differences and results for adjustment units,

The results of the Non-Water segment presented an increase of ThCh \$721,205 compared to the same semester of the previous year, mainly given by:

- Higher plant operating income in EcoRiles and greater analysis and sampling of drinking water in Anam, This is offset by lower sales of materials in Gestión y Servicios,
- The 2,3% decrease in costs is mainly associated with the lower activity in the sale of materials of the company Gestión y Servicios, partially offset by the cost associated with the operation

of plants of the company EcoRiles together with an increase in personnel expenses by greater endowment of Anam society.

- Income tax expense as of June 30, 2020 was ThCh \$469,896, higher by ThCh \$273,224 compared to the same semester of the previous year, mainly explained by a higher result before taxes.

### 3, Quarterly results

Statement of income(M\$)	2T20	2T19	% Var,	2T20 - 2T19
Ordinary Income	119,465,209	128,035,553	(6.7%)	(8,570,344)
Operating Costs and Expenses	(65,120,005)	(58,268,493)	11.8%	(6,851,512)
EBITDA	54,345,204	69,767,060	(22.1%)	(15,421,856)
Depreciation and amortization	(20,470,848)	(18,788,702)	9.0%	(1,682,146)
Result of exploitation	33,874,356	50,978,358	(33.6%)	(17,104,002)
Other (Loss) Gains	(991,217)	(1,171,081)	(15.4%)	179,864
Financial results*	(10,210,779)	(17,031,066)	(40.0%)	6,820,287
Tax expense	(5,390,861)	(6,354,574)	(15.2%)	963,713
Net profit	7,880,127	12,915,472	(39.0%)	(5,035,345)

\* Includes financial income, financial costs, exchange differences and results for adjustment units,

### 3,1, Income analysis

#### a)Operating income

Ordinary income for the second quarter of 2020 amounted to ThCh \$119,465,209, a figure lower than ThCh \$ 8,570,344 than that obtained in the same semester of the previous year, mainly due to the decrease in recorded consumption, In addition, the results of the Tariff Process VII of Aguas Andinas and Aguas Manquehue with tariff indexation rates are recognized, being the last in January 2020 for Aguas Andinas March 2020 for Aguas Cordillera and May 2020 to ESSAL.

### 3,2, Expense analysis

#### a)Raw materials and consumables used

During the second quarter of 2020, the costs of raw materials and consumables amounted to ThCh \$12,807,461, a figure higher by ThCh \$1,759,121 than that obtained in the same quarter of 2019, mainly associated with the purchase of water for ThCh \$ 1,438,124, higher cost of electric power for ThCh \$ 627,589 and higher costs due to Covid-19 for ThCh \$ 213,611 mainly associated with hygiene

and personal safety supplies, The above is partially offset by the lower cost of sales of the Gestión y Servicios subsidiary of ThCh \$ 579,282.

#### **b) Employee benefits**

Employee benefits expenses for the second quarter of 2020 reached ThCh\$16,561,560, a figure higher by ThCh \$903,981 than that obtained in 2019, This increase is mainly due to higher costs associated with confinement plans for Covid-19 and greater endowment and contractual benefits of collective bargaining agreed in 2019 in the company ESSAL.

#### **c) Depreciation and amortization**

During the second quarter of 2020, depreciation and amortization amounted to ThCh \$ \$20,470,848, a figure higher by ThCh \$1,682,146 than that obtained in 2019, as a result of the depreciations associated with the new assets incorporated in the period, such as Pirque Tanks.

#### **d) Other expenses**

In the second quarter of 2020, other expenses amounted to ThCh \$35,750,984, a figure higher by ThCh \$4,188,410 than that obtained in 2019, mainly explained by higher uncollectibility of ThCh \$3,234,781 and Covid-19 expenses of ThCh \$ 1,285 ,791, associated with confinement plans, telework, security measures, health, logistics and communications, The above is partially offset by savings in other services of ThCh \$ 77,414, mainly due to printing of commercial documents and administrative expenses.

### **3,3 Analysis of financial results and others**

#### **a) Financial results**

In the financial result of the second quarter of 2020, losses of ThChM\$10,210,779 were obtained, a figure that decreased by ThCh \$6,820,287 compared to 2019, mainly explained by lower revaluation of the debt, due to the lower variation of the Development Unit (0,3% in 2020 versus 1,2% in 2019) compared to the same quarter of 2019.

#### **b) Income tax expenses**

Income tax expense at the end of the second quarter of 2020 was ThCh \$5,390,861, which is ThCh \$963,713 lower than the same quarter of the previous year.

#### **c) Revenue**

Net profit for the second quarter of 2020 amounted to ThCh \$7,880,127, a figure lower by ThCh 5,035,345 than that obtained in the same quarter of 2019.

#### 4. Statement of financial position

	Jun, 20 ThCh \$	Dic, 19 ThCh \$	% Var,
<b>Assets</b>			
Current Assets	295,237,702	198,693,178	48.6%
Non-Current Assets	2,095,055,236	2,075,152,748	1.0%
<b>Total Assets</b>	<b>2,390,292,938</b>	<b>2,273,845,926</b>	<b>5.1%</b>
<b>Liabilities and equity</b>			
Current Liabilities	251,686,890	242,608,281	3.7%
Non- Current Liabilities	1,115,930,375	1,072,110,134	4.1%
<b>Total Liabilities</b>	<b>1,367,617,265</b>	<b>1,314,718,415</b>	<b>4.0%</b>
Equity attributable to owners of the parent	625,160,831	594,540,262	5.2%
Non-controlling interests	397,514,842	364,587,249	9.0%
<b>Total equity</b>	<b>1,022,675,673</b>	<b>959,127,511</b>	<b>6.6%</b>
<b>Total liabilities and equity</b>	<b>2,390,292,938</b>	<b>2,273,845,926</b>	<b>5.1%</b>

##### 4.1. Asset analysis

Aguas Andinas' total assets at a consolidated level as of June 30, 2020 showed an increase of 5,1% compared to December 31, 2019, equivalent to ThCh \$116,447,012,

Current assets increased by ThCh \$96,544,524 mainly due to an increase in cash and cash equivalents of ThCh\$96,116,519, as a result of bank loans managed in March, The foregoing is partially offset by lower trade debtors and other accounts receivable of ThCh \$2,528,789 mainly explained by the seasonality of the sales cycle, which is offset by lower collection of regulated customer accounts, However, compared to the previous year, the increase is ThCh \$ 7,066,247, mainly in accounts receivable with balances between three and six months,

Non-current assets increased by ThCh\$19,902,488 mainly explained by higher property, plant and equipment for ThCh\$19,127,983, associated with the investments made in the period, The main investment works are reflected in the following table:

<b>Investments (ThCh \$)</b>	<b>Jun. 20</b>
Pirque Tanks construction	5,158,501
Soundings and reinforcements of the water supply system	4,419,210
Renovation of sewage networks	4,369,939
Asset replacement of La Farfana and Mapocho-Trebal Biofactories	3,092,999
Starts and gauges	2,982,151
Renovation of potable water networks	2,902,189
Nitrate treatment Biofactorías La Farfana and Mapocho-Trebal	2,721,666
Mapocho-Trebal Digesters capacity expansion	1,620,719
Operational Control Center 2,0	1,486,372

## 4.2. Liability and equity analysis

The liability due as of June 2020 increased by ThCh \$52,898,850 compared to December 2019.

Current liabilities increased ThCh \$9,078,609, This variation was mainly due to an increase in financial liabilities, associated, mainly, with new bank loans, The foregoing is partially offset by a decrease in accounts payable associated with investments and expenses together with the distribution of provisional dividends made during the first quarter of 2020.

Non-current liabilities showed an increase of ThCh \$43,820,241 (4,1%), This variation corresponds mainly to an increase in debt associated with long-term bank loans.

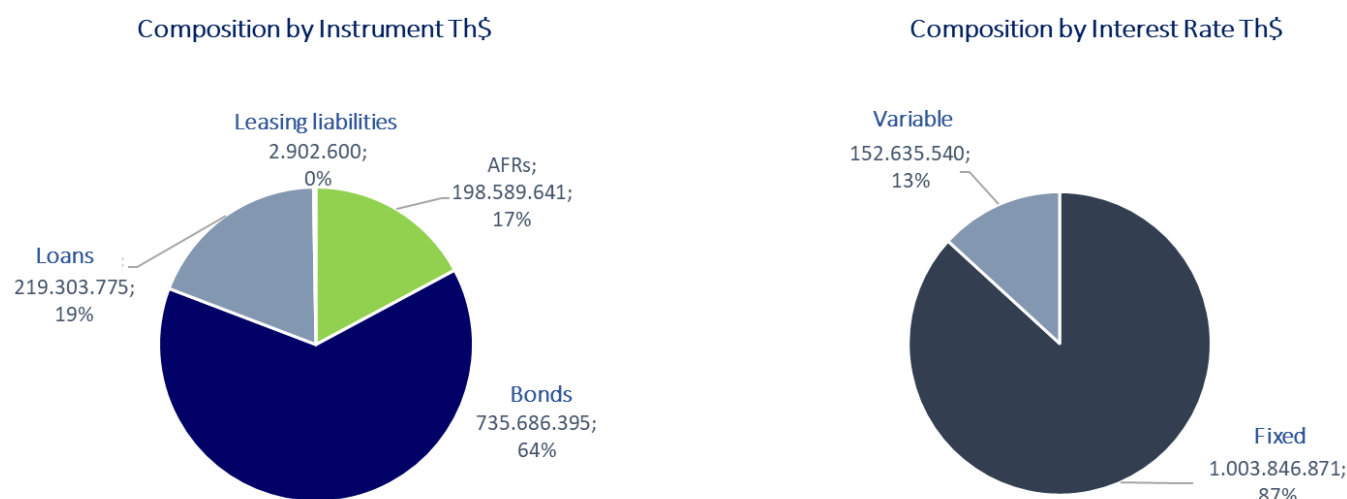
Total equity increased by ThCh \$63,548,162 and the net equity attributable to the owners of the parent company increased by ThCh \$30,620,569, mainly explained by the profits for the period, together with the non-distribution of profits for the year 2019 over the amount already distributed in the month of January 2020, agreed at the Ordinary Shareholders' Meeting.

The maturity profile of the financial debt as of June 30, 2020 is as follows:

Financial debt Th\$	Currency	Total	12 months	1 to 3 years	3 to 5 years	More than 5 years
AFRs	\$	198,589,641	10,398,927	54,529,399	39,519,893	94,141,422
Bonds	\$	735,686,395	16,500,158	42,311,090	27,952,612	648,922,535
Loans	\$	219,303,775	80,059,371	101,544,842	36,507,062	1,192,500
Leasing liabilities	\$	2,902,600	1,446,269	1,439,553	16,778	-
<b>Total</b>		<b>1,156,482,411</b>	<b>108,404,725</b>	<b>199,824,884</b>	<b>103,996,345</b>	<b>744,256,457</b>



### 4.3. Financial liability structure



### 5. Cash flow statements

Cash Flow Statement (Th\$)	Jun,20	Jun,19	% Var,
Operating Activities	130,646,015	145,061,208	(9,9%)
Investment Activities	(88,697,614)	(104,624,013)	(15,2%)
Financing Activities	54,168,118	(61,579,534)	(188,0%)
<b>Net Cash Flow for the Period</b>	<b>96,116,519</b>	<b>(21,142,339)</b>	<b>(554,6%)</b>
<b>Final Cash Balance</b>	<b>169,173,637</b>	<b>19,944,937</b>	<b>748,2%</b>

The flow from operating activities decreased by ThCh \$14,415,193 when comparing June 2020 with June 2019.

The main variations were as follows:

- Decrease in collections from the sale of goods and provision of services for ThCh \$ 18,509,270, due to an increase in the age of the debt between three and six months and due to lower income from regulated and unregulated consumption, due to the situation of COVID-19.
- Increase in payments to suppliers for ThCh \$10,269,957, mainly associated with infrastructure providers.
- Increase in payments to and on behalf of employees for ThCh \$2,148,011, is mainly associated with higher costs associated with confinement plans due to Covid-19 and higher endowment and collective bargaining contractual benefits agreed in 2019 in the subsidiary ESSAL.

These variations were partially offset by the following items:

- Decrease in income taxes paid for ThCh \$6,562,539, this variation is mainly explained by the suspension of the PPM payment for three months due to the exceptional situation due to COVID-19 and a lower income tax refund compared to the year previous.
- Decrease in payments for premiums and benefits, annuities and other obligations derived from the policies subscribed for ThCh \$2,006,355, associated with the payment of the corporate insurance against all risks of physical assets corresponding to 18 months.

The disbursement for investment activities decreased by ThCh \$15,926,399, mainly associated with the construction of Pirque Tanks, which is over, and nutrient removal works in the La Farfana Biofactory, projects that are already in their completion stage.

The financing activities generated a net flow (increase) of ThCh\$115,747,652, this is mainly explained by a greater obtaining of loans and financing instruments to finance the company's investment plan and a lower dividend payment during the first half of 2020.

## 6, Financial ratios

		Jun, 20	Dic, 19
<b>Liquidity</b>			
Current liquidity	times	1.17	0.82
Acid Test Ratio	times	0.67	0.30
<b>Indebtedness</b>			
Total indebtedness	times	1.34	1.37
Current debt	times	0.18	0.18
Non-current debt	times	0.82	0.82
Annualized Financial Expenses Coverage	times	6.36	7.22
<b>Profitability</b>			
Annualized equity profitability attributable to the controller's property owners	%	9.98	11.79
Annualized asset profitability	%	2.65	3.14
Annualized earnings per share	\$	60.50	69.92
Dividend yield (*)	%	3.16	7.99

Current liquidity: current assets / current liabilities,

Acid ratio: cash and cash equivalents / current liabilities,

Total indebtedness: callable liability / total equity,

Current debt: current liabilities / callable liabilities,

Non-current debt: non-current liabilities / callable liabilities,

Financial expenses coverage: income before taxes and interest annualized / financial expenses annualized,

Return on equity: result of the annualized financial year / total average equity of the annualized financial year,

Return on assets: result of the annualized financial year / total average assets of the annualized financial year,

Earnings per share: result of the annualized exercise / number of shares subscribed and paid, ,

Dividend return: dividends paid per share / share price,

(\*) The share price as of June 2020 amounts to \$704,84, while in December 2019 it amounts to \$819,92,

As of June 2020, current liquidity increased by 42,7%, due to the increase in current assets of ThCh \$96,544,524, mainly explained by higher cash and cash equivalents, as a result of better obtaining bank loans.

The debt ratio decreased by 2,2%, due to an increase in total equity of ThCh \$63,548,162, explained by the profit for the period, offset by an increase in the required liability of ThCh \$52,898,850 as a result of an increase in financial liabilities, mainly associated with bank debt.

The profitability of the equity attributable to the owners of the parent company decreased by 15,4%, due to an increase in the average equity of ThCh \$13,396,192 as a result of the profit for the period and a decrease in the annualized profit of ThCh \$9,416,846.

The return of dividends decreased by 60,5%, mainly due to the non-distribution of profits for 2019 over the amount already distributed in January 2020, agreed at the Ordinary Shareholders' Meeting.

## **7. Other background**

### **7.1. Rates**

The most important factor that determines the results of our operations and financial situation are the rates that are set for our regulated sales and services, As a healthcare company we are regulated by the S,I,S,S, and our rates are set in accordance with the Law on Fees for Sanitary Services D,F,L, No, 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 January 2020

Group January 2020

Rinconada de Maipú May 2019 and January 2020

Aguas Cordillera S,A,: march 2020

Aguas Manquehue S,A,:

Santa María May 2020

Los Trapenses May 2020

Chamisero May 2020

Chicureo January 2020

Valle Grande 3 January 2020

Essal S,A,:

Groups 1, 2 and 3 July 2019 and May 2020

Los Alerces July 2019 and May 2020

Chinquihue July 2019 and May 2020

In addition, tariffs are subject to adjustment to reflect additional services previously authorized by the SISS.

Tariffs in force for the period 2015-2020 were approved by Decree No, 83 dated June 5, 2015, for Aguas Andinas SA, of the Ministry of Economy, Development and Reconstruction and entered into force on March 1, 2015 (published in Diario Oficial on September 3, 2015), The current rates of Aguas Cordillera S,A, For the same five-year period 2015-2020, they were approved by Decree No, 152 dated October 19, 2015, and entered into force on June 30, 2015 (published in the Official Gazette on November 25, 2015) and the current rates of Aguas Manquehue SA 2015-2020 were approved by Decree No, 139 dated September 16, 2015, and entered into force on May 19, 2015 (published in the Official Gazette on November 25, 2015).

As of June 30, 2020, the new tariff decrees of Aguas Andinas, Aguas Cordillera and Aguas Manquehue are in the process of publication, for the period 2020-2025, after the respective agreements with the Superintendency of Sanitary Services.

Meanwhile, for the subsidiary Essal, the rates in force for the period 2016-2021 were approved by Decree No, 143 dated August 25, 2016, published in the Official Gazette on January 21, 2017.

## 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,**

Great 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,**

Santa María y Los Trapenses: 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 the international financial reporting standards in force in Chile, in particular IAS 23, interest on capital investments in works in progress is capitalized, The aforementioned IAS 23 establishes that when the entity acquires debt in order to finance investments, the interests of that debt must be reduced from the financial expense and incorporated into the financed construction work, up to the total amount of said interests, applying the rate regarding the disbursements made on the date of presentation of the financial statements, Consequently, the financial costs associated with our capital investment plan affect the amount of interest expense recorded in the income statements, these financial costs being recorded together with the works in progress in the "property, plant and equipment" item of 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

As of June 30, 2020, the interest rate risk maintained by the Group It is made up of 86,8% at a fixed rate and 13,2% at a variable rate, Fixed rate debt is made up of: short and long-term bond issues (73,3%), repayable financial contributions (19,8%), bank loans (6,6%) and lease liabilities (0,3%), while debt at fixed rate variable corresponds to credits with national banks.

At 31 December 2019, the interest rate risk held by the Group 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.

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 rating agencies have assigned us a risk rating of AA + for long-term debt, In the case of stocks: Feller Rate assigned us a First Class Level 1 rating and Fitch Ratings assigned us a First Class Level 2 rating.