

Buenos Aires, August 7th, 2018

Results for six-month period ended on June 30th, 2018

Compañía de Transporte de Energía Eléctrica en Alta Tensión Transener S.A. (“Transener” or the “Company”) announces the results for six-month period ended on June 30th, 2018

Stock Information

Bolsa de Comercio
de Buenos Aires
 Ticker: TRAN

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Transener, Argentina’s leading electricity transmission company, announces results for six-month period ended on June 30th, 2018.

Consolidated net revenues of AR\$ 3.758,6 million, 42,2% higher than the AR\$ 2.642,6 million for the same period last year, principally due to the increase of (i) AR\$ 835,4 million in regulated revenues, mainly as a result of the application of the new tariff system as from February 1st, 2017 and the corresponding tariff adjustments according to the mechanism established under the FTR, (ii) AR\$ 132,2 million in revenues from operation and maintenance of Transba’s 500kV substations in Bahia Blanca, Olavarría and Campana and (iii) AR\$ 111,7 million in the Fourth Line operation and maintenance revenues.

Consolidated adjusted EBITDA¹ of AR\$ 2.368,4 million, 56,4% higher than the AR\$ 1.514,0 million for the same period last year, mainly due to an increase of AR\$ 858,1 million in the operating profit.

Consolidated net profit attributable to the owner of the parent of AR\$ 1.539,2 million, 75,7% higher than the profit of AR\$ 875,9 million for the same period last year, mainly due to a higher operating profit of AR\$ 858,1 million and a lower loss of AR\$ 36,9 million in financial results net, partially offset by a higher loss of AR\$ 182,3 million in the income tax charge.

Main results for the Second Quarter of 2018²

Consolidated net revenues of AR\$ 1.915,7 million, 32,3% higher than the AR\$ 1.448,0 million for the same period last year, principally due to the increase of (i) AR\$ 330,9 million in regulated revenues, mainly as a result of the application of the tariff adjustments according to the mechanism established under the FTR, (ii) AR\$ 68,7 million in revenues from operation and maintenance of Transba’s 500kV substations in Bahia Blanca, Olavarría and Campana and (iii) AR\$ 54,4 million in the Fourth Line operation and maintenance revenues.

Consolidated adjusted EBITDA¹ of AR\$ 1.188,7 million, 40,3% higher than the AR\$ 847,3 million for the same period last year, mainly due to an increase of AR\$ 342,3 million in the operating profit.

Consolidated net profit attributable to the owner of the parent of AR\$ 731,2 million, 61,5% higher than the AR\$ 452,7 million for the same period last year, mainly due to a higher operating profit of AR\$ 342,3 million and a lower loss of AR\$ 21,4 million in financial results net, partially offset by a higher loss of AR\$ 56,8 million in the income tax charge.

¹ Consolidated adjusted EBITDA represents consolidated operating results before depreciations plus the Renewal Agreement interest.

² The financial information presented in this document for the quarters ended on June 30th, 2018 and of 2017 is based on the unaudited condensed interim consolidated financial statements prepared according to the IFRS accounting standards in force in Argentina, corresponding to the three-month and six-month periods ended on June 30th, 2018 and 2017.

1. Financial Situation

As of June 30th, 2018, consolidated outstanding principal debt amounted to US\$ 98,5 million, corresponding exclusively to the Class 2 Notes. These Notes accrue an annual interest rate of 9,75% and will mature on August 15th, 2021.

Regarding Transener's Notes qualifications, S&P maintained the local qualification in "raAA" and the global qualification in "B+", both of them with stable outlook.

2. Tariff Situation

On September 28th, 2016, under the instruction given by the National Ministry of Energy and Mining by Res. MEyM N° 196/16, the ENRE through Resolution N° 524/16 approved the program to apply for Full Tariff Review of Electricity Transmission (FTR) in 2016, which provided for the entry into force of the resulting tariff system as from February 2017.

Within the framework of the above mentioned resolution, on January 31st, 2017 the ENRE issued Resolutions N° 66/17, 84/17 and 139/17, and N° 73/17, 88/17 and 138/17, by which the new tariff system in force for the five-year period 2017/2021 was established, resulting in the annual amounts of AR\$ 3.274 and AR\$ 1.499 million in currency of February 2017, for Transener and Transba, respectively. Those resolutions also provide for the execution of an investment plan during the five-year period 2017/2021 for the amounts of AR\$ 3.336 and AR\$ 2.251 million for Transener and Transba, respectively.

The ENRE also established the tariff adjustment mechanism, the regime of quality of service and penalties and the system of awards.

Due to the differences between the tariff proposals formulated under the framework of the FTR process initiated by the ENRE, on April 7th and 21st, 2017, Transener and Transba filed, respectively, an appeal for reconsideration with a subsidy appeal against the ENRE Resolutions N° 66/17, 84/17 and 139/17, and N° 73/17, 88/17 and 138/17.

On October 31st, 2017, Transener and Transba were notified of ENRE Resolutions N° 516/17 and 517/17, through which the ENRE partially accepted the reconsideration appeals filed against ENRE Resolutions N° 66/17, 84/17 and 139/17 and N° 73/17, 88/17 and 138/17 by Transener and Transba, respectively.

These resolutions established a new tariff system for Transener and Transba, retroactively to February 2017, resulting in annual regulated revenues of AR\$ 3.534 and AR\$ 1.604 million, respectively.

On December 15th, 2017, the ENRE issued Resolutions N° 627/17 and 628/17, through which the new tariff system was established, as a result of the tariff adjustment mechanism established in the FTR, effective as from August 2017, resulting in regulated annual revenues of AR\$ 3.933 and AR\$ 1.771 million for Transener and Transba, respectively.

On February 15th, 2018, the ENRE issued Resolutions N° 37/18 and 38/18, which were modified by Resolutions N° 99/18 and 100/18 on April 5th, 2018, establishing the new tariff system as from February 2018, resulting the annual regulated revenues in AR\$ 4.388 and AR\$ 1.979 million for Transener and Transba, respectively.

Additionally, during the fiscal year 2017, Transener and Transba requested the recognition of the damages from the breaches of the National State with respect to (i) the lack of the adjustment of the remuneration for the provision of the public service of transmission of high voltage electricity and by trunk distribution of the Province of Buenos Aires, in accordance with the real cost variations according to the Transition Tariff Regime and (ii) the lack of the reasonable profitability that should result from the FTR process, both concepts for the period May 2013 - January 2017.

Nevertheless, the claims made by Transener and Transba regarding the valuation of the capital base on which the profitability set by ENRE Resolution N° 553/16 is applied, and other aspects not favorably resolved, will

continue their process before the Secretariat of Electrical Energy under the appeals filed on a subsidiary basis to the reconsideration resources.

On July 3rd, 2018, the ENRE informed that it has begun the procedure to determine the remuneration of the Independent Transmitters under the operation and maintenance period: TIBA (Transba), Fourth Line (Transener), YACYLEC and LITSA. These companies must present, within 30 days, the information of costs, investments and tariff requests to the ENRE, which must also have the opinion of Transener as a concessionaire of the High Voltage Transport System.

3. Consolidated adjusted EBITDA Calculation

Consolidated adjusted EBITDA has been calculated as follows:

AR\$m	Six-month period ended on June 30th,		Three-month period ended on June 30th,	
	2018	2017	2018	2017
Consolidated operating result	2.303,5	1.445,5	1.155,3	813,1
Depreciations	64,8	53,6	33,4	27,4
Consolidated EBITDA	2.368,4	1.499,1	1.188,7	840,4
Adjustments				
Renewal Agreement interest	0,0	14,9	0,0	6,9
Consolidated adjusted EBITDA	2.368,4	1.514,0	1.188,7	847,3

4. Operating information

The Company continues to carry out the execution of the investment plan, maintaining as of June 30th, 2018 commitments for the acquisition of capital expenditures for an amount of approximately AR\$ 1.300 million.

Transener, as the concessionaire of the extra high voltage electric power transmission network, is in charge of the supervision of the expansions of the network.

Here follows the most significant works in progress under Transener's supervision:

- **Federal Plan for Transmission Works**

- **Rincón Santa María - Resistencia interconnection**

- Construction of the 500kV EHV between Rincón Santa María and Resistencia Substations (275 km) and two substations expansion.

- **Bahía Blanca - Vivoratá interconnection**

- Construction of the 500kV EHV between Bahía Blanca and Vivoratá Substations (437km). New 500/132kV Substation at Vivoratá (2x450 MVA) and expansion of the Bahía Blanca substation .

- **Expansion of La Rioja Sur Substation**

- Connection of a 500/132kV - 300 MVA back-up transformer in 500 kV and 132kV, to operate in parallel with the existing transformer. It includes the installation of a complete 500 kV field and six 132kV outputs.

- **Works under the SE Resolutions N° 1/2003 and 821/2006**

- **Chaco Substation**

- Expansion, construction and commissioning of two exit point fields for the 132kV line.

- **Macachín Substation**

- Installation and commissioning of a new 500/132kV-300 MVA transformer.

Almafuerte Substation

Acquisition of a new 500/132kV-300 MVA transformer.

New 25 de Mayo Substation

Civil works and electromechanical assembly of the new 500/132kV substation.

Paso de la Patria Substation

Civil works and electromechanical assembly for the back-up transformer connection.

Ezeiza Substation

Acquisition of a capacitors bank.

500kV Line Campana - Colonia Elía

Tower 412 relocation.

Cobos Substation

Auxiliary services expansion.

Ramallo Substation - 220/132 kV

Incorporation of a 300 MVA transformer.

Fast connection works

Fast back-up phase connection for the following substations: Atucha, Puerto Madryn, Santa Cruz Norte, Esperanza and El Bracho.

- **Other works to be undertaken by the Wholesale Electricity Market (WEM) Agents**

Santa Cruz Norte Substation

Installation and commissioning of a new bank of 500/132kV-150 MVA transformers, for the wind power park Parque Eólico del Bicentenerio.

Río Coronda Substation

Adaption of field 9 and construction of field 10 for the connection of the Thermal Power Plant Renova.

Puerto Madryn Substation

Installation and commissioning of a new bank of 500/132kV - 600 MVA transformers with 4 132kV outputs to the wind power parks Geneia and Loma Blanca I, II y III.

Gran Formosa Substation

Installation and commissioning of a new bank of 500/132kV - 300 MVA transformers.

Business Development

Given its position as a leader in electricity transmission, Transener is involved in the supply of operation and maintenance services, engineering, testing and commissioning of lines and substations for new works or for the enhancement of existing works in the 500kV system.

Transener maintains its main contracts with the following customers:

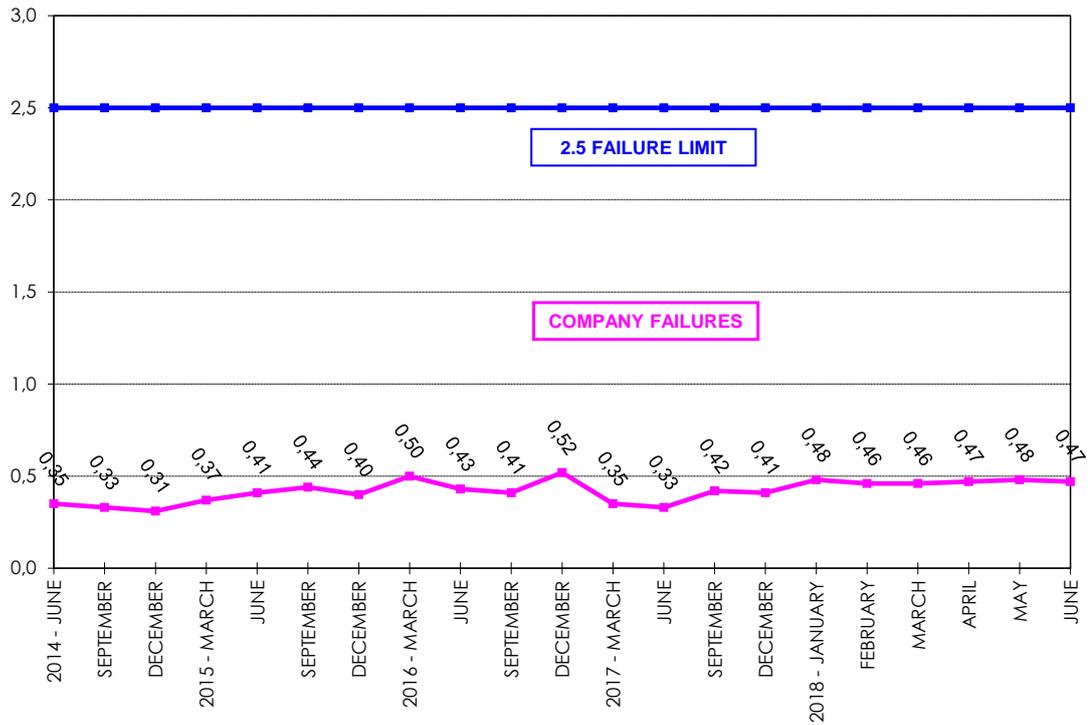
- Minera Alumbreira Ltd.
- Yacylec S.A.
- Integración Eléctrica Sur Argentina S.A.
- Transportadora del Norte S.A.
- Transportadora Cuyana S.A.
- AES Argentina Generación S.A.
- Nucleoeléctrica Argentina S.A.
- Transportel Minera II S.A.

Rate of failures

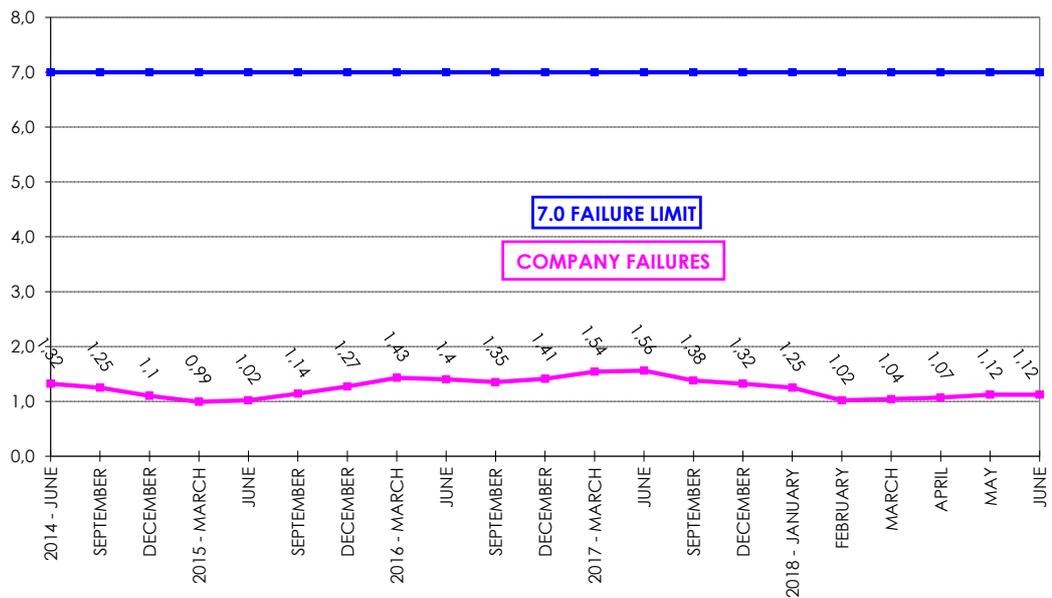
The rate of failures represents the quality of the service provided. The following charts show the quality of the service provided by Transener and Transba as from June 2014.

Transener and Transba Concession Agreements state a maximum rate of failures of 2,5 and 7,0 outages per 100km over a 12-month period, respectively.

Transener



Transba



5. Significant Financial Information

5.1 Consolidated Statements of Operations (AR\$mm)

	Six-month period ended June 30th,		Three-month period ended on June 30th,	
	2018	2017	2018	2017
Net Revenues	3.758,6	2.642,6	1.915,7	1.448,0
Operating expenses	(1.256,1)	(1.019,3)	(660,5)	(542,3)
Gross income	2.502,5	1.623,4	1.255,2	905,7
Administrative expenses	(179,3)	(152,5)	(93,1)	(83,2)
Other gains / (expenses), net	(19,7)	(25,4)	(6,8)	(9,4)
Operating income	2.303,5	1.445,5	1.155,3	813,1
Finance income	264,1	78,4	134,7	44,8
Finance costs	(138,7)	(97,4)	(78,0)	(50,8)
Other financial results	(139,0)	(31,5)	(123,3)	(82,1)
Income before taxes	2.290,0	1.395,0	1.088,7	725,0
Income tax	(674,2)	(491,9)	(312,7)	(255,9)
Income for the period	1.615,8	903,1	776,0	469,1
Income attributable to :				
Owners of the parent	1.539,2	875,9	731,2	452,7
Non-controlling interests	76,6	27,2	44,8	16,4
Total for the period	1.615,8	903,1	776,0	469,1
Other consolidated comprehensive results				
Income for the period	1.615,8	903,1	776,0	469,1
Other comprehensive results	0,0	0,0	0,0	0,0
Total comprehensive income for the period	1.615,8	903,1	776,0	469,1
Total comprehensive income attributable to :				
Owners of the parent	1.539,2	875,9	731,2	452,7
Non-controlling interests	76,6	27,2	44,8	16,4
Total for the period	1.615,8	903,1	776,0	469,1

5.2 Consolidated Balance Sheets (AR\$mm)

	June 30, 2018	December 31, 2017
ASSETS		
Non-current assets		
Property, plant and equipment	3.019,3	2.453,1
Other receivables	5,3	5,3
Deferred tax assets	61,2	67,0
Financial assets at amortized cost	20,0	20,0
Total Non-current assets	3.105,8	2.545,4
Current assets		
Trade accounts receivable	1.483,0	1.361,7
Other receivables	500,7	391,6
Financial assets at fair value	1.525,9	1.477,9
Financial assets at amortized cost	2.386,6	1.532,8
Cash and cash equivalents	338,3	25,2
Total Current assets	6.234,5	4.789,2
TOTAL ASSETS	9.340,3	7.334,6
EQUITY		
Common stock	444,7	444,7
Inflation adjustment on common stock	353,0	353,0
Share premium	32,0	32,0
Legal reserve	145,1	42,6
Voluntary reserve	63,7	0,0
Reserve for future dividends	1.883,7	0,0
Other comprehensive results	(63,7)	(63,7)
Retained earnings	1.539,2	2.049,9
Equity attributable to owners of the parent	4.397,7	2.858,5
Non-controlling interests	222,4	145,8
TOTAL EQUITY	4.620,1	3.004,3
LIABILITIES		
Non-current liabilities		
Bonds and other indebtedness	2.773,0	1.786,6
Employee benefits payable	311,6	294,7
Trade accounts payable	1,1	1,0
Total Non-current liabilities	3.085,7	2.082,3
Current liabilities		
Provisions	90,0	72,0
Other liabilities	0,8	0,8
Bonds and other indebtedness	103,9	68,7
Income tax liability	403,1	1.097,1
Taxes payable	126,4	149,4
Payroll and social securities taxes payable	329,5	432,8
Employee benefits payable	62,4	61,3
Trade accounts payable	518,4	365,8
Total Current liabilities	1.634,6	2.247,9
TOTAL LIABILITIES	4.720,3	4.330,3
TOTAL LIABILITIES AND EQUITY	9.340,3	7.334,6

6. Analysis of results for the six-month period ended on June 30th, 2018 compared to the same period last year

Net revenues

Consolidated net revenues for the six-month period ended on June 30th, 2018 resulted in AR\$ 3.758,6 million, 42,2% higher than the AR\$ 2.642,6 million for the same period last year.

Consolidated net regulated revenue for the six-month period ended on June 30th, 2018 amounted to AR\$ 3.312,7 million, 33,7% higher than the AR\$ 2.477,3 million for the same period last year, principally due to the increase in revenues from the electricity transmission service as a result of the application of the new tariff system as from February 1st, 2017 and the corresponding tariff adjustments according to the mechanism established in the FTR (See “Tariff Situation”).

Consolidated net non-regulated revenue for the six-month period ended on June 30th, 2018 amounted to AR\$ 445,9 million, 169,6% higher than the AR\$ 165,4 million for the same period last year, mainly due to an increase of AR\$ 132,2 million in revenues from operation and maintenance of Transba’s 500kV substations in Bahia Blanca, Olavarría and Campana and of AR\$ 111,7 million in the Fourth Line operation and maintenance revenues.

Operating and administrative expenses

Consolidated operating and administrative expenses for the six-month period ended on June 30th, 2018 amounted to AR\$ 1.435,4 million, 22,5% higher than the AR\$ 1.171,8 million for the same period last year, principally due to an increase of AR\$ 142,2 million in salaries and social security charges, of AR\$ 24,0 million in general maintenance, of AR\$ 14,0 million in insurance and of AR\$ 13,8 million in taxes and government contributions.

Other gains / expenses

Consolidated other gains / expenses, net for the six-month period ended on June 30th, 2018 resulted in a loss of AR\$ 19,7 million, 22,4% lower than the loss of AR\$ 25,4 million for the same period last year, mainly due to a decrease of AR\$ 10,9 million in penalties charges net of awards, partially offset by an increase of AR\$ 3,9 million in the results from sale of fixed assets.

Financial results

Consolidated finance income for the six-month period ended on June 30th, 2018 amounted to AR\$ 264,1 million, 236,8% higher than the AR\$ 78,4 million for the same period last year, mainly due to an increase of AR\$ 187,2 million in the result from financial investments.

Consolidated finance costs for the six-month period ended on June 30th, 2018 amounted to AR\$ 138,7 million, 42,4% higher than the AR\$ 97,4 million for the same period last year, mainly due to an increase of AR\$ 33,9 million in interests generated by loans, due to the variation of the US Dollar exchange rate.

Consolidated other financial results for the six-month period ended on June 30th, 2018 amounted to a loss of AR\$ 139,0 million, 341,7% higher than the AR\$ 31,5 million for the same period last year, mainly due to exchanges losses generated by the effect of the variation of the exchange rate on the net position of loans and financial investments, denominated in U.S. Dollars.

Income tax

Consolidated income tax charges for the six-month period ended on June 30th, 2018 resulted in a loss of AR\$ 674,2 million, 37,1% higher than the AR\$ 491,9 million for the same period last year, due to a higher loss of AR\$ 203,7 million in the current tax charge, partially offset by a lower loss of AR\$ 21,4 million in the deferred tax charge.

You may find additional information on the Company at:

www.transener.com.ar
www.cnv.gob.ar