

## Results for fiscal year ended on December 31<sup>st</sup>, 2017

Compañía de Transporte de Energía Eléctrica en Alta Tensión Transener S.A. (“Transener” or the “Company”) announces the results for fiscal year ended on December 31<sup>st</sup>, 2017

### Stock Information

 Bolsa de Comercio  
de Buenos Aires  
Ticker: TRAN

Transener, Argentina’s leading electricity transmission company, announces results for fiscal year ended on December 31<sup>st</sup>, 2017.

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**Consolidated net revenues of AR\$ 6.025,0 million**, 173,8% higher than the AR\$ 2.200,8 million for 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 stated by Resolutions ENRE N° 66/17 and N° 73/17 as from February 1<sup>st</sup>, 2017.

**Consolidated adjusted EBITDA<sup>1</sup> of AR\$ 3.493,9 million**, compared to an EBITDA of AR\$ 350,2 million for last year, mainly due to an increase of AR\$ 3.241,3 million in the operating profit.

**Consolidated net profit attributable to the owner of the parent of AR\$ 2.282,1 million**, compared to a loss of AR\$ 56,8 million for last year, mainly due to a higher operating profit of AR\$ 3.241,3 million and a lower loss of AR\$ 187,6 million in financial results net, partially offset by a higher loss of AR\$ 1.002,7 million in the income tax charge.

### Main results for the Fourth Quarter of 2017

**Consolidated net revenues of AR\$ 2.025,5 million**, 45,5% higher than the AR\$ 1.392,3 million for last year, principally due to the increase in revenues from the electricity transmission service as a result of to the application of the new tariff system stated by Resolutions ENRE N° 66/17 and N° 73/17 as from February 1<sup>st</sup>, 2017.

**Consolidated adjusted EBITDA<sup>1</sup> of AR\$ 1.240,9 million**, compared to an EBITDA of AR\$ 869,6 million for last year, mainly due to a higher operating profit of AR\$ 460,9 million.

**Consolidated net profit attributable to the owner of the parent of AR\$ 896,0 million**, compared to a profit of AR\$ 484,5 million for last year, mainly due to a higher profit of AR\$ 460,9 million in operating results and of AR\$ 42,8 million in financial results, net, partially offset by a higher loss of AR\$ 67,7 million in the income tax charge.

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

## 1. Financial Situation

As of December 31<sup>st</sup>, 2017, 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 15<sup>th</sup>, 2021.

Regarding Transener's qualifications, as of December 31<sup>st</sup>, 2017 S&P maintained the local qualification in "raA+" and the global qualification for foreign and local currency in "B", all of them with stable outlook.

## 2. Tariff Situation

On September 28<sup>th</sup>, 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 31<sup>st</sup>, 2017 the ENRE issued Resolutions N° 66/17 and N° 73/17, by which the new tariff system in force for the five-year period 2017/2021 was established for Transener and Transba, 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 quality of service and penalties regime 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 7<sup>th</sup>, 2017 and April 21<sup>st</sup>, 2017, Transener and Transba filed an appeal for reconsideration with a subsidy appeal against the ENRE Resolutions N° 66/17, N° 84/17 and N° 139/17, and N° 73/17, N° 88/17 and N° 138/17, by which the ENRE approved the applicable tariff system for the period 2017/2021 for Transener and Transba, respectively.

On October 31<sup>st</sup>, 2017, Transener and Transba were notified of ENRE Resolutions N° 516/17 and N° 517/17, through which the ENRE partially accepted the Reconsideration Appeals filed against ENRE Resolutions N° 66/17 and N° 73/17 by Transener and Transba, respectively.

These resolutions established a new tariff schedule to apply 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 15<sup>th</sup>, 2017, the ENRE issued Resolutions N° 627/17 and N° 628/17, through which the new tariff schedule was established, as a result of the tariff adjustment mechanism defined 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.

Nevertheless, the claims made by Transener and Transba regarding the valuation of the capital base on which the profitability set by ENRE Resolution N° 553/2016 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.

Additionally, during the fiscal year 2017, Transener and Transba requested the recognition of the damages for the period May 2013 - January 2017 from the breaches of the National State with respect to the adjustment of the remuneration for the provision of the public service of transmission of electrical energy in high tension and by trunk distribution of the Province of Buenos Aires, in accordance with the real cost variations according to the Transition Tariff Regime; and the lack of remuneration of the capital base and the reasonable profitability that should have resulted from the FTR.

On the other hand, on June 19<sup>th</sup>, 2017, CAMMESA made the last disbursement within the framework of the Mutual Contracts signed with Transener and Transba, thus canceling all the credits recognized therein in the framework of the Instrumental Agreement, the Renewal Agreement and its Addenda, and the Agreement signed on December 26<sup>th</sup>, 2016.

The Company recognized revenues and interest income from the Renewal Agreement for the amount of AR\$ 463,3 and AR\$ 14,9 million, respectively, for the fiscal year ended on December 31<sup>st</sup>, 2017.

### 3. Consolidated Adjusted EBITDA Calculation

Consolidated adjusted EBITDA has been calculated as follows:

AR\$mm	Fiscal year ended on December 31st,		Three-month period ended on December 31st,	
	2017	2016	2017	2016
Consolidated operating result	3.365,9	124,6	1.210,3	749,4
Depreciations	113,1	98,1	30,6	25,3
Consolidated EBITDA	3.479,0	222,7	1.240,9	774,7
Adjustments				
Renewal Agreement interest	14,9	127,4	0,0	95,0
Consolidated adjusted EBITDA	3.493,9	350,2	1.240,9	869,6

### 4. Operating information

The Company continues to carry out the execution of the investment plan, maintaining as of December 31<sup>st</sup>, 2017 commitments for the acquisition of capital investments for an amount of approximately AR\$ 1.142 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 (270 km).

- **Bahía Blanca - Vivoratá interconnection**

- Construction of the 500kV EHV between Bahía Blanca and Vivoratá (400 km). New 500/132kV Substation at Vivoratá (2x450 MVA).

- **La Rioja Sur expansion**

- 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 N° 821/2006

**Rosario Oeste and Ezeiza Substations**

Supply, installation and commissioning of a new bank of 500/220kV-800MVA transformers with a back-up phase, for each substation.

**Ramalla Substation**

Supply, installation and commissioning of a new 500/220kV-300MVA transformer and of a new 220/132kV-150MVA transformer.

**Rodríguez Substation**

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

**Chaco Substation**

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

**Macachín Substation**

Installation and commissioning of a new 500/200kV-300 MVA transformer.

**Almafuerte Substation**

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

**Recreo Substation**

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

**New 25 de Mayo Substation**

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

**Paso de la Patria Substation**

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

**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

**Paso de la Patria Substation**

Substation expansion - two new exit point fields.

**Santa Cruz Norte Substation**

Installation and commissioning of a new bank of 500/132kV-150 MVA transformers, for Parque Eólico del Bicentenario.

**Río Coronda Substation**

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

### **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 Alumbrera Ltd.
- Yacylec S.A.
- Integración Eléctrica Sur Argentina S.A.
- Transportadora del Norte S.A.

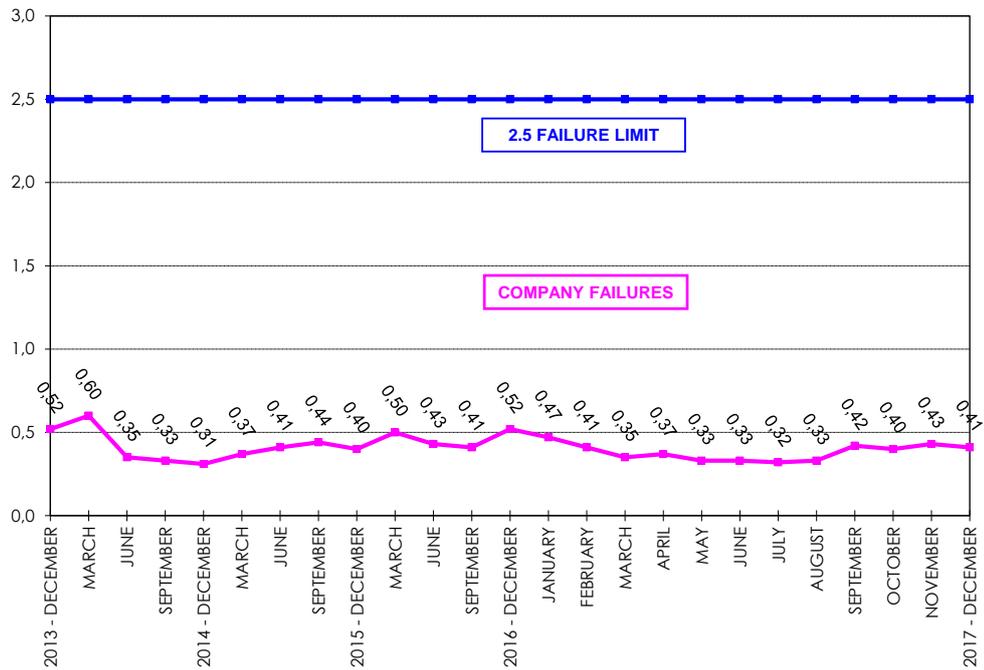
- Transportadora Cuyana S.A.
- AES Argentina Generación S.A.
- Nucleoeléctrica Argentina S.A.
- Transportel Minera II S.A.

Rate of failures

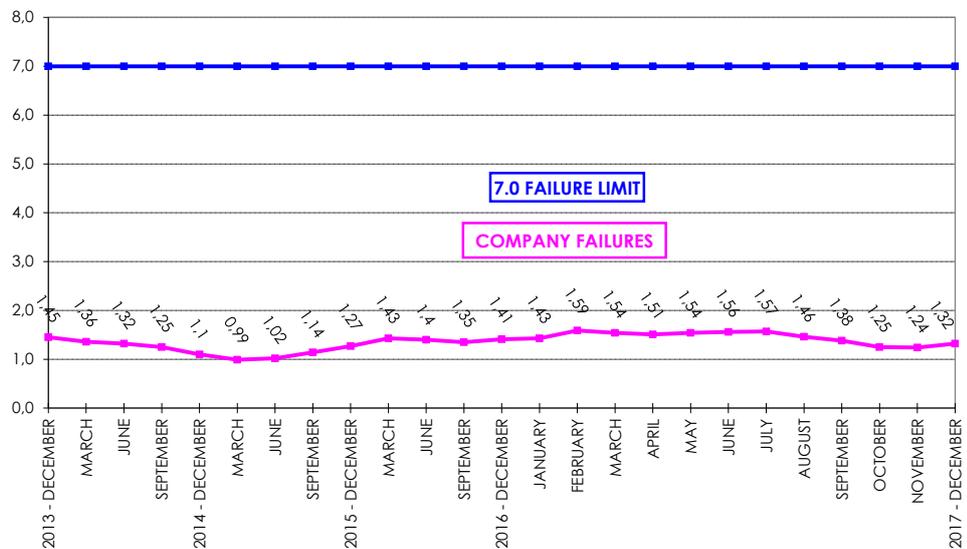
The rate of failures represents the quality of the service provided. The following charts show the quality of the service provided by Transener and Transba as from December 2013.

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)

	Fiscal year ended on December 31st,		Three-month period ended on December 31st,	
	2017	2016	2017	2016
Net Revenues	6.025,0	2.200,8	2.025,5	1.392,3
Operating expenses	(2.088,9)	(1.676,2)	(632,7)	(510,5)
Gross income	3.936,1	524,6	1.392,7	881,8
Administrative expenses	(463,0)	(345,7)	(155,3)	(110,4)
Other gains / (expenses), net	(107,2)	(54,3)	(27,2)	(22,0)
Operating income	3.365,9	124,6	1.210,3	749,4
Finance income	257,1	330,9	110,8	143,0
Finance costs	(187,3)	(197,4)	(32,9)	(52,6)
Other financial results	(75,5)	(326,8)	(10,1)	(65,3)
Income / (loss) before taxes	3.360,2	(68,7)	1.278,2	774,4
Income tax	(985,2)	17,6	(340,3)	(272,7)
Income / (loss) for the period	2.375,0	(51,1)	937,8	501,8
<b>Income / (loss) attributable to :</b>				
Owners of the parent	2.282,1	(56,8)	896,0	484,5
Non-controlling interests	93,0	5,7	41,8	17,3
Total for the period	2.375,0	(51,1)	937,8	501,8
<b>Other consolidated comprehensive results</b>				
Income / (loss) for the period	2.375,0	(51,1)	937,8	501,8
Other comprehensive results	(22,8)	(19,3)	(22,8)	(19,3)
Total comprehensive income / (loss) for the period	2.352,2	(70,5)	915,0	482,4
<b>Total comprehensive income / (loss) attributable to :</b>				
Owners of the parent	2.259,8	(75,6)	873,7	465,6
Non-controlling interests	92,4	5,2	41,3	16,8
Total for the period	2.352,2	(70,5)	915,0	482,4

## 5.2 Consolidated Balance Sheets (AR\$mm)

	31.12.2017	31.12.2016
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	2.453,1	1.884,6
Other receivables	5,3	17,6
Deferred tax assets	67,0	41,4
Financial assets at amortized cost	20,0	0,0
<b>Total Non-current assets</b>	<b>2.545,4</b>	<b>1.943,6</b>
<b>Current assets</b>		
Trade accounts receivable	1.361,7	532,4
Other receivables	391,6	219,5
Financial assets at amortized cost	1.532,8	0,0
Financial assets at fair value	1.477,9	585,0
Cash and cash equivalents	25,2	66,5
<b>Total Current assets</b>	<b>4.789,2</b>	<b>1.403,4</b>
<b>TOTAL ASSETS</b>	<b>7.334,6</b>	<b>3.347,1</b>
<b>EQUITY</b>		
Common stock	444,7	444,7
Inflation adjustment on common stock	353,0	353,0
Share premium	32,0	32,0
Legal reserve	42,6	42,6
Other comprehensive results	(63,7)	(41,4)
Retained earnings	2.049,9	(232,2)
<b>Equity attributable to owners of the parent</b>	<b>2.858,5</b>	<b>598,7</b>
Non-controlling interests	145,8	53,4
<b>TOTAL EQUITY</b>	<b>3.004,3</b>	<b>652,1</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Bonds and other indebtedness	1.786,6	1.513,0
Taxes payable	0,0	35,2
Employee benefits payable	294,7	230,4
Trade accounts payable	1,0	3,0
<b>Total Non-current liabilities</b>	<b>2.082,3</b>	<b>1.781,7</b>
<b>Current liabilities</b>		
Provisions	72,0	70,0
Other liabilities	0,8	0,8
Bonds and other indebtedness	68,7	58,5
Income tax liability	1.097,1	34,5
Taxes payable	149,4	204,1
Payroll and social securities taxes payable	432,8	300,6
Employee benefits payable	61,3	48,0
Trade accounts payable	365,8	196,7
<b>Total Current liabilities</b>	<b>2.247,9</b>	<b>913,3</b>
<b>TOTAL LIABILITIES</b>	<b>4.330,3</b>	<b>2.695,0</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>7.334,6</b>	<b>3.347,1</b>

## 6. Analysis of results for fiscal year ended on December 31<sup>st</sup>, 2017 compared to last year

### Net revenues

Consolidated net revenues for fiscal year ended on December 31<sup>st</sup>, 2017 resulted in AR\$ 6.025,0 million, 173,8% higher than the AR\$ 2.200,8 million for last year.

Consolidated net regulated revenue for fiscal year ended on December 31<sup>st</sup>, 2017 amounted to AR\$ 5.616,8 million, 189,2% higher than the AR\$ 1.942,0 million for 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 stated by Resolutions ENRE N° 66/17 and N° 73/17 as from February 1<sup>st</sup>, 2017 (See “Tariff situation”).

Consolidated net non-regulated revenue for fiscal year ended on December 31<sup>st</sup>, 2017 amounted to AR\$ 408,2 million, 57,7% higher than the AR\$ 258,8 million for last year, mainly due to an increase of AR\$ 165,0 million in revenues from services provided to third parties, partially offset by a decrease of AR\$ 19,3 million in the Fourth Line revenues.

### Operating and administrative expenses

Consolidated operating and administrative expenses for fiscal year ended on December 31<sup>st</sup>, 2017 amounted to AR\$ 2.551,9 million, 26,2% higher than the AR\$ 2.021,9 million for last year, principally due to an increase of AR\$ 309,3 million in salaries and social security charges and of AR\$ 46,8 million in professional and operating services fees.

### Other gains / expenses

Consolidated other gains / expenses, net for fiscal year ended on December 31<sup>st</sup>, 2017 resulted in a loss of AR\$ 107,2 million, 97,3% higher than the loss of AR\$ 54,3 million for last year, mainly due to an increase of AR\$ 26,6 million in penalties charges net of awards and of AR\$ 31,2 million in bank debits and credits tax, partially offset by an increase of AR\$ 4,4 million in results from property, plant and equipment sales.

### Financial results

Consolidated finance income for fiscal year ended on December 31<sup>st</sup>, 2017 amounted to AR\$ 257,1 million, 22,3% lower than the AR\$ 330,9 million for last year, mainly due to a decrease of AR\$ 112,5 million in the Renewal Agreement interest, partially offset by an increase of AR\$ 51,6 million in the result from financial investments.

Consolidated finance costs for fiscal year ended on December 31<sup>st</sup>, 2017 amounted to AR\$ 187,3 million, 5,1% lower than the AR\$ 197,4 million for last year.

Consolidated other financial results for fiscal year ended on December 31<sup>st</sup>, 2017 amounted to a loss of AR\$ 75,5 million, 76,9% lower than the loss of AR\$ 326,8 million for last year, mainly due to 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 fiscal year ended on December 31<sup>st</sup>, 2017 resulted in a loss of AR\$ 985,2 million, compared to a profit of AR\$ 17,6 million for last year, due to a higher loss of AR\$ 1.108,3 million in the current tax charge, a lower profit of AR\$ 40,3 million in the deferred tax charge and a higher profit of AR\$ 145,9 million corresponding to the recognition of the refund of income tax of AR\$ 67,5 million resolved by the Administración Federal de Ingresos Públicos in relation to tax refund action initiated by Transba with respect to the application of the tax inflation adjustment for the period 2009 to 2014 and to the reversal of the provision of AR\$ 78.4 million that was maintained for the application of the tax inflation adjustment for the years 2015 and 2016.

You may find additional information on the Company at:

[www.transener.com.ar](http://www.transener.com.ar)

[www.cnv.gob.ar](http://www.cnv.gob.ar)