

Results for six-month period ended on June 30th, 2019

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, 2019

Stock Information

Bolsa de Comercio
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BCBA
Ticker: TRAN

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Transener, Argentina’s leading electricity transmission company, announces results for six-month period ended on June 30th, 2019.

Main results for six-month period ended June 30th, 2019, restated in constant currency at June 30th, 2019¹

Consolidated net revenues of AR\$ 5.781,6 million, 7,7% lower than the AR\$ 6.266,2 million for same period last year.

Consolidated EBITDA² of AR\$ 3.654,4 million, 7,4% lower than the AR\$ 3.948,4 million for same period last year, mainly due to a decrease in net revenues of AR\$ 484,6 million, partially offset by an increase of AR\$ 133,2,4 million in the profit from other gains / (expenses), net.

Consolidated net profit attributable to the owner of the parent of AR\$ 1.748,2 million, 6,1% lower than the profit of AR\$ 1.862,6 million for same period last year, mainly due to a lower operating profit of AR\$ 355,4 million and a higher loss in income tax of AR\$ 584,5 million, partially offset by a higher profit in financial results of AR\$ 800,9 million.

Main results for the Second Quarter of 2019³

Consolidated net revenues of AR\$ 2.859,0 million, 7,1% lower than the AR\$ 3.076,3 million for the same period last year.

Consolidated adjusted EBITDA¹ of AR\$ 1.783,4 million, 6,6% lower than the AR\$ 1.909,6 million for the same period last year, principally due to a decrease in net revenues of AR\$ 217,2 million, partially offset by an increase of AR\$ 112,9 million in the profit from other gains / (expenses), net.

Consolidated net profit attributable to the owner of the parent of AR\$ 917,4 million, 14,3% higher than the AR\$ 802,8 million for the same period last year, mainly due to a higher profit in financial results of AR\$ 756,4 million, partially offset by a lower operating profit of AR\$ 134,1 million and a higher loss in income tax of AR\$ 537,2 million.

1. Financial Situation

As of June 30th, 2019, consolidated outstanding principal debt amounted to US\$ 98,5 million, corresponding exclusively to the Class 2 Notes. It includes US\$5.0 million in Transba’s portfolio.

These Notes accrue an annual interest rate of 9,75% and will mature on August 15th, 2021. Since these notes fully amortize in August 2021, there is no additional financial debt due until that date.

¹Expressed in constant currency, in accordance with IAS 29.

²Consolidated EBITDA represents consolidated operating results before depreciations.

³ The financial information presented in this document for the quarters ended on June 30th, 2019 and of 2018 is based on the unaudited condensed interim consolidated financial statements prepared according to the accounting framework established by the National Securities Commission (CNV), corresponding to the three-month and six-month periods ended on June 30th, 2019 and 2018.

Regarding Transener's qualifications, during the six-month period ended on June 30th, 2019 S&P maintained the local qualification in "raAA-" and the global qualification for local and foreign currency in "B", in both cases with a stable outlook.

2. Dividends payment

On April 25th, 2019, Transener's Ordinary General Shareholders' Meeting approved the distribution of dividends for the amount of AR\$ 3.300 million, which were paid in May 2019.

3. Employee Stock Ownership Program

In 1997, the government of the Province of Buenos Aires awarded Transener 100% of the "A", "B" and "C" shares of Transba for the amount of US \$ 220.2 million. With regard to class "C" shares, they are awarded with the charge of being transferred to the "Employee Stock Ownership Program" (PPAP) in accordance with the provisions of Chapter XII of the Bidding Terms and Conditions de Transba. This program is for the benefit of certain employees of Transba.

As a consequence, Transener held 89,9999995216% of the representative shares of Transba's common stock. The remaining participation was affected: a) 0.0000004784% to Citelec and b) 10% to the PPAP in exchange for a price that was recorded under "Non-current other receivables" at nominal values.

In June 28th, 2019 Transener S.A. became the owner of all the shares that were affected by the PPAP (41,806,717 Class C shares). This way, Transener holds 99.9999995216% of Transba's common stock.

The amount of the operation amounted to AR\$ 237,7 million and the result was registered as "Reserve acquisition of non-controlling interests" in the Consolidated Equity.

4. Blackout in the Argentine Interconnection System (SADI) - 06/16/2019

On June 16th at 7:07 a.m. there was a black out in the Argentine Interconnection System (SADI), that caused the interruption of the electrical supply in the whole country.

The blackout was a consequence of the concurrence of multiple inconveniences within the SADI, some of them outside the Transmission System under operation and maintenance of Transener.

Regarding the Transmission System under the responsibility of Transener, the failure was due to a specific technical problem, but was not due to the lack of investment and maintenance.

Attending to the temporary change in the Litoral corridor settings, as a consequence of the bypass between the 500kV lines Colonia Elía - Campana and Colonia Elía - Manuel Belgrano, the Automatic Generation Disconnection (DAG) mechanism was not properly modified and did not recognize the emitted signals from the protection system. Bypass was carried out due to the relocation of tower 412, and with the aim of maintaining the most possible transmission capacity of energy through the Litoral corridor.

As a result of the large volume of energy dispatched from that corridor and the failure of the DAG, an imbalance between supply and demand was generated, which could not be contained by the remaining containment barriers of the system, unrelated to electric transmission system, that caused the blackout.

The 500 kV Transmission System was immediately available after failure, leaving 100% of the transmission lines available to enter service and allow the electrical system to be restored. The restoring time of electrical supply was fast (in 8:30hs 75% of the country's demand had been restored).

The Company estimates that as a consequence of the event detailed above, a penalty of AR\$ 6,0 million will be liable, which has been accounted for in these financial statements. The aforementioned estimate is based on the application of the Service Quality and Sanctions Regime of the High Voltage Transmission System terms

which, as Sub-Annex II -B, is part of the Transener's Concession Agreement, with its modifications and complements.

The Company has not been notified by the ENRE of the penalty that will be applied to the Company. The penalty that the ENRE finally decides to apply may differ from the estimate made by the Company.

5. Subsequent events

On July 16th, 2019, Transba's Board of Directors approved the distribution of dividends for the amount of AR\$ 292,0 million.

6. Operating information

The Company continues to carry out the execution of the investment plan, maintaining as of June 30th, 2019 commitments for the acquisition of capital expenditures for an amount of approximately AR\$ 1.412 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**

- **Expansion of La Rioja Sur Substation**

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

- **Nueva San Juan - Rodeo Substations interconnection**

- Construction and assembly of approximately 162 kms of a 500kV EHVL, its connection to a new field in 132kV in the New San Juan Substation and the construction of a 132kV field in the Rodeo Substation.

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

- **Macachín Substation**

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

- **Almafuerte Substation**

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

- **Rodríguez Substation**

- Civil works and electro-mechanical assembly of a new 500 kV field for the connection of the 800 MVA-500/220 kV transformer bank - Edenor.

- **Fast connection works**

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

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

- **Puerto Madryn Substation - Connection to the Genneia and Loma Blanca I, II y III wind power parks.**

- Installation and commissioning of a new bank of 500/132kV-600MVA transformers with four 132kV outputs to the wind power parks.

Gran Formosa Substation- Increase in Transformation Capacity

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

Santa Cruz Norte Substation - Connection to the Bicentenario Wind Power Park

Installation and commissioning of a new bank of 500/132kV-3x50MVA transformers, for wind power park.

La Rioja Sur Substation - Connection to the Arauco Wind Power Park

Installation and commissioning of two fields of 132kV line output for wind power park.

Romang Substation

Final connection of the T2RM transformer to a new 132kV field.

Hydroelectric exploitation Cónдор Cliff La Barrancosa

Microwave communication system associated to the 500kV EHVL and maneuver stations.

ET Ezeiza

Bypass between Abasto - Ezeiza EHVL and Gral. Rodríguez - Ezeiza EHVL.

Río Coronda Substation - Connection to Central Puerto San Lorenzo

Installation and commissioning of the 500 kV EHVL.

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:

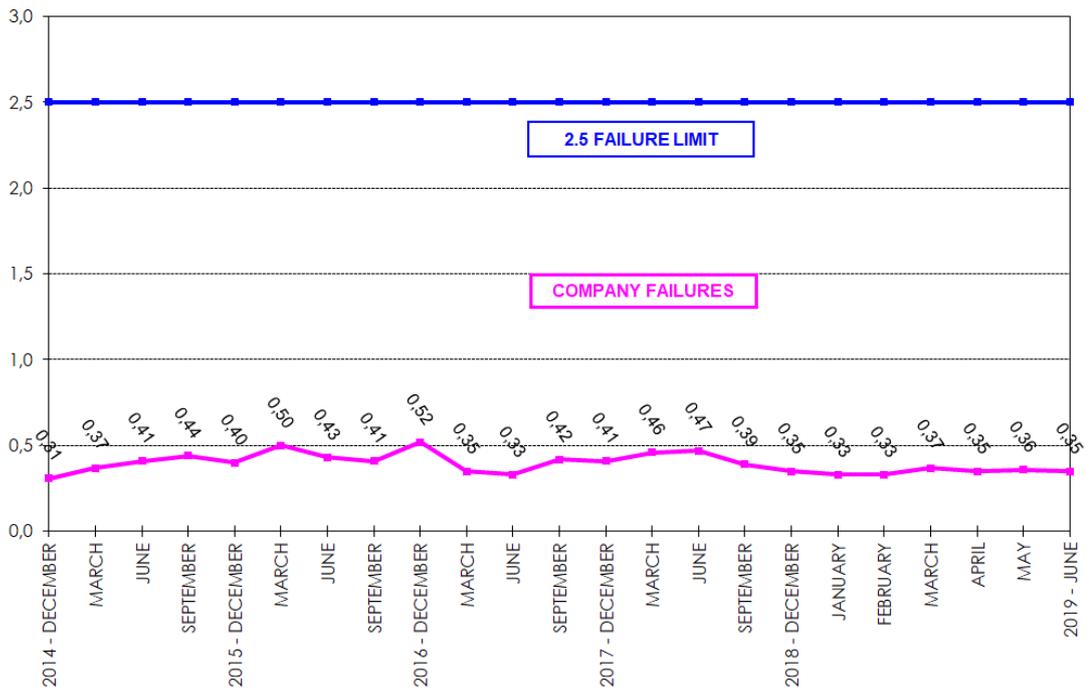
- Minera Alumbrera Ltd.
- Yacylec S.A.
- Transportadora del Norte S.A.
- Transportadora Cuyana S.A.
- AES Argentina Generación S.A.
- Nucleoeléctrica Argentina S.A.
- Transportel Minera II S.A.

7. Rate of failures

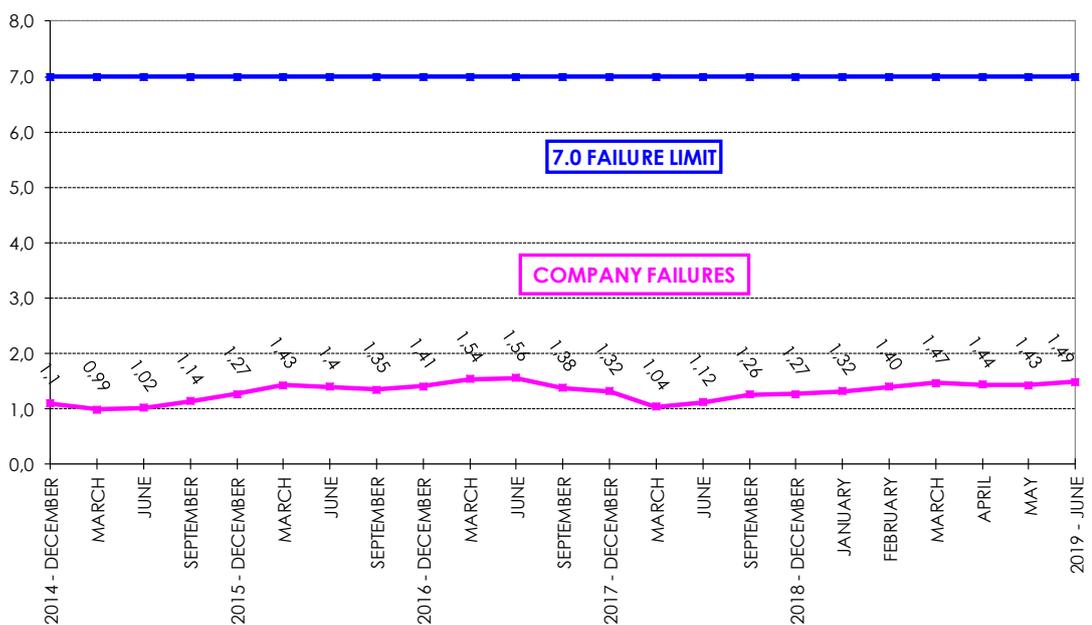
The rate of failures represents the quality of the service provided. The following charts show the quality of the service provided by Transener and Transba as from December 2014.

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

Transener



Transba



8. Significant Financial Information

8.1 Consolidated Statements of Operations (AR\$mm)

In AR\$ MM	Six-month period ended on June 30th,		Three-month period ended on June 30th,	
	2019	2018	2019	2018
Net Revenues	5.781,6	6.266,2	2.859,0	3.076,3
Operating expenses	(2.362,2)	(2.335,6)	(1.227,0)	(1.196,8)
Gross income	3.419,4	3.930,6	1.632,0	1.879,4
Administrative expenses	(308,4)	(331,0)	(168,1)	(168,6)
Other gains / (expenses), net	99,3	(33,9)	102,3	(10,6)
Operating income	3.210,3	3.565,7	1.566,2	1.700,3
Finance income	499,0	438,5	197,6	214,4
Finance costs	(386,0)	(229,9)	(204,1)	(124,9)
Other financial results	249,6	(647,0)	387,6	(464,7)
Income before taxes	3.572,8	3.127,3	1.947,3	1.325,1
Income tax	(1.766,8)	(1.182,3)	(1.018,1)	(480,9)
Income for the period	1.806,0	1.945,0	929,2	844,1
Income attributable to :				
Owners of the parent	1.748,2	1.862,6	917,4	802,8
Non-controlling interests	57,7	82,4	11,9	41,4
Total for the period	1.806,0	1.945,0	929,2	844,1
Other consolidated comprehensive results				
Income for the period	1.806,0	1.945,0	929,2	844,1
Other comprehensive results, net of tax	0,0	0,0	0,0	0,0
Total comprehensive income for the period	1.806,0	1.945,0	929,2	844,1
Total comprehensive attributable to :				
Owners of the parent	1.748,2	1.862,6	917,4	802,8
Non-controlling interests	57,7	82,4	11,9	41,4
Total for the period	1.806,0	1.945,0	929,2	844,1
EBITDA	3.654,4	3.948,4	1.783,4	1.909,6
Acquisition of property, plant and equipment	1.047,0	935,8	564,2	576,7
Depreciations	444,1	382,7	217,2	209,3

8.2 Consolidated Balance Sheets (AR\$mm)

	30.06.2019	31.12.2018
ASSETS		
Non-current assets		
Property, plant and equipment	15.428,7	14.826,3
Inventories	591,3	528,0
Other receivables	0,0	6,5
Total Non-current assets	16.020,0	15.360,8
Current assets		
Trade accounts receivable	2.411,3	2.048,1
Other receivables	620,5	1.102,6
Investments at fair value	2.388,0	2.051,5
Investments at amortized cost	20,0	323,4
Cash and cash equivalents	14,9	3.400,9
Total Current assets	5.454,7	8.926,5
TOTAL ASSETS	21.474,7	24.287,3
EQUITY		
Common stock	444,7	444,7
Inflation adjustment on common stock	7.104,1	7.104,1
Legal reserve	407,7	185,0
Optional reserve	350,8	115,0
Reserve for future dividends	0,0	1.579,9
Rserve for acquisition of non-controlling interests	414,0	0,0
Voluntary reserve	1.965,5	0,0
Other comprehensive results	(350,8)	(350,8)
Retained earnings	1.748,2	4.453,7
Equity attributable to owners of the parent	12.084,2	13.531,5
Non-controlling interests	0,0	594,0
TOTAL EQUITY	12.084,2	14.125,5
LIABILITIES		
Non-current liabilities		
Bonds and other indebtedness	3.902,0	4.444,9
Deferred tax payable	2.235,1	1.705,5
Employee benefits payable	505,2	543,2
Trade accounts payable	36,0	0,5
Total Non-current liabilities	6.678,2	6.694,1
Current liabilities		
Provisions	84,6	102,3
Bonds and other indebtedness	145,3	169,7
Income tax payable	870,3	699,1
Taxes payable	195,8	199,0
Payroll and social securities taxes payable	562,2	750,7
Employee benefits payable	96,4	102,9
Trade accounts payable	757,8	1.444,0
Total Current liabilities	2.712,4	3.467,7
TOTAL LIABILITIES	9.390,5	10.161,8
TOTAL LIABILITIES AND EQUITY	21.474,7	24.287,3

8.3 Additional information (AR\$ millions)

In AR\$ MM, nominal values	Six-month period ended on June 30th,		Three-month period ended on June 30th,	
	2019	2018	2019	2018
Net Revenues	5.355,5	3.758,6	2.783,1	1.915,7
Operating and administrative expenses	(2.164,7)	(1.417,4)	(1.194,7)	(735,6)
Other gains / (expenses), net	96,4	(37,7)	98,9	(24,8)
Operating income	3.287,2	2.303,5	1.687,3	1.155,3
EBITDA	3.384,5	2.368,3	1.745,8	1.188,6
Acquisition of property, plant and equipment	1.003,2	706,2	581,1	501,1
Depreciations	97,3	64,8	58,5	33,4

9. Analysis of results for six-month period ended on June 30th, 2019 compared to same period last year

Net revenues

Consolidated net revenues for six-month period ended on June 30th, 2019 resulted in AR\$ 5.781,6 million, 7,7% lower than the AR\$ 6.266,2 million for same period last year.

Consolidated net regulated revenues for six-month period ended on June 30th, 2019 amounted to AR\$ 5.133,6 million, 7,1% lower than the AR\$ 5.523,9 million for same period last year, principally due to the fact that the semiannual tariff adjustments in the revenues for electricity transmission received by the Company do not compensate the effects of inflation.

Consolidated net non-regulated revenues for six-month period ended on June 30th, 2019 amounted to AR\$ 648,0 million, 12,7% lower than the AR\$ 742,0 million for same period last year, mainly due to the fact that the semiannual tariff adjustments in the revenues for the operation and maintenance of the Fourth Line and TIBA received by the Company do not compensate the effects of inflation.

Operating and administrative expenses

Consolidated operating and administrative expenses for six-month period ended on June 30th, 2019 amounted to AR\$ 2.670,6 million, 0,1% higher than the AR\$ 2.666,7 million for same period last year.

Other gains / expenses

Consolidated other gains / expenses, net for six-month period ended on June 30th, 2019 resulted in a profit of AR\$ 99,3 million, compared to the loss of AR\$ 33,9 million for same period last year, mainly due to a higher profit of AR\$ 80,9 in insurance claims recoveries and of AR\$ 30,8 million in awards for quality service and a decrease of AR\$ 11,4 million in penalties charges.

Operating profit

Consolidated operating profit for the six-month period ended June 30th, 2019 amounted to AR\$ 3.210,3 million, 10,0% lower than the AR\$ 3.565,7 million for the same period last year, mainly due to the gap, in a scenario of high inflation, between the tariff adjustments received semiannually and the variation in costs.

Financial results

Consolidated financial results for six-month period ended on June 30th, 2019 amounted to a profit of AR\$ 362,5 million, compared to a loss of AR\$ 438,4 million for same period last year, mainly due to a higher profit in finance income of AR\$ 60,5 million, a higher loss in finance costs of AR\$ 156,1 million and a higher profit in other financial results of AR\$ 896,5 million (AR\$ 276,9 million corresponding to foreign exchange, net, due to the fact that the devaluation of the peso during the first semester was lower than that of the same period last year, and AR\$ 619,6 million to Result from exposure to change in purchasing power of currency (RECPPC)).



Income tax

Consolidated income tax charges for six-month period ended on June 30th, 2019 resulted in a loss of AR\$ 1.766,8 million, 49,4% higher than the AR\$ 1.182,3 million for same period last year.

You may find additional information on the Company at:

www.transener.com.ar

www.transba.com.ar

www.cnv.gob.ar