

Results for fiscal year ended on December 31st, 2021

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 31st, 2021

Stock Information



Bolsas y Mercados Argentinos
Ticker: TRAN

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Transener, Argentina’s leading electricity transmission company, announces results for fiscal year ended on December 31st, 2021.

Main results for fiscal year ended on December 31st, 2021, restated in constant currency at December, 2021¹

Consolidated revenues of AR\$ 17,334.4 million, 29.5% lower than the AR\$ 24,587.0 million for last year, mainly due to the lack of the semiannual tariff adjustments since February 2020, resulting in a decrease in revenues, measured in constant currency.

Consolidated EBITDA² of AR\$ 5,507.5 million, 57.5% lower than the AR\$ 12,947.2 million for last year, mainly due to a decrease of AR\$ 7,252.6 million in revenues.

Consolidated net loss attributable to the owners of the company of AR\$ 1,308.0 million, compared to a profit of AR\$ 6,284.5 million for last year, mainly due to a decrease in revenues of AR\$ 7,252.6 million and a higher income tax charge of AR\$ 411.6 million due to the impact of the new income tax rate established by Law N°27,630 on the deferred tax payable.

Main results for the Fourth Quarter of 2021

Consolidated revenues of AR\$ 3,806.9 million, 29.4% lower than the AR\$ 5,390.8 million for last year, mainly due to the lack of the semiannual tariff adjustments since February 2020, resulting in a decrease in revenues, measured in constant currency.

Consolidated EBITDA² of AR\$ 531,8 million, 77.5% lower than the AR\$ 2,366.9 million for last year, principally due to a decrease in revenues of AR\$ 1,583.9 million.

Consolidated net loss attributable to the owners of the company of AR\$ 236.0 million, compared to a profit of AR\$ 695.2 million for last year, mainly due to a decrease in revenues of AR\$ 1,583.9 million, partially offset by a lower income tax charge of AR\$ 836.0 million due to a decrease in the result before tax.

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

²Consolidated EBITDA represents consolidated operating results before depreciation.

1. Financial Situation

On August 17th, 2021, as expected, Transener canceled the remaining amount of US\$ 86.0 million of Class 2 Notes at 9.75% and the corresponding accrued interests.

As of December 31st, 2021, Transener maintains a principal balance of AR\$ 861.1 from the loan for working capital of AR\$ 1,000 million, entered into with the Banco de la Nación Argentina in July 2021. The term is 3 years, at BADLAR plus 8%, the principal amortization is in monthly and consecutive installments by the German amortization system, payable as from August 2021. To meet the bank's requirements, the Company's Board of Directors agreed not to make proposals to the General Meeting of Shareholders, during the term in which the loan is pending of cancellation, relating to dividends distribution using the reserves, and in case that these reserves are affected by losses, not to distribute profits until the reserves are reestablished to current amounts.

Regarding Transener's ratings, as a consequence of the cancellation of the Class 2 Notes, S&P Global Ratings improved the global rating of "CCC-" to "CCC+", with a negative outlook, and discontinued the local rating for not having instruments requiring qualification. Afterwards, the Company decided to discontinue the global and local risk rating carried out by S&P Global Ratings.

On the other hand, FIX SCR S.A. Credit Rating Agency maintained the long-term issuer rating of A+ (arg) with stable outlook.

2. Tariff Situation

On December 23rd, 2019, the Solidarity Law entered into effect, establishing that the tariff schemes for electricity under federal jurisdiction would not have updates, with the possibility of initiating an extraordinary review of the current Full Tariff Review (FTR), for a term not exceeding 180 days.

During the year 2020, the ENRE did not apply the semiannual tariff adjustments according to the FTR, remaining effective the updated tariff scheme as of August 2019.

On December 16th, 2020, the Executive issued Decree No. 1020/20, initiating the renegotiation of the current FTR for the public service of natural gas and electricity transportation and distribution, under federal jurisdiction. This process cannot exceed 2 years. Taking into consideration public interest reasons, the current FTR agreements must be suspended until these reviews come to an end. The ENRE or ENARGAS, and the Economy Ministry will enter into the transitional and definitive agreements ad referendum of the Executive. Likewise, the abovementioned period of 180 days without tariff scheme updates was extended for 90 days or until the new transitional tariff schemes come into force.

On January 19th, 2021, under Resolution No. 17/21, the ENRE initiated the proceedings for the transitory settlement of the public service of transportation tariff, in order to determine a Transitional Tariff Scheme until the Definitive Renegotiation Agreement is achieved. The Company received an information requirement to initiate this process, which the Company has already complied with, prioritizing the operating and administrative expenses and capital expenditures necessary to maintain the quality of the service.

On March 3rd, 2021, under Resolutions No. 54/21 and 55/21, the ENRE called for a public hearing on March 29th, 2021, in order to inform and receive opinions regarding the Transitional Tariff Scheme of Transener and Transba, respectively, within the FTR Renegotiation Process and with prior character to the tariff definition.

On April 14th, 2021, the Closing of the Public Hearings Report was published in the Official Bulletin, continuing the negotiations with the ENRE in order to achieve a Transitional Renegotiation Agreement of the FTR.

On January 26th, 2022, under published Resolution No. 25/22 in the Official Bulletin, the ENRE called a new public hearing on February 17th, 2022, in order to negotiate, among other matters, the proposals from the companies of electric transportation for tariff updating, due to the lack of any tariff update since August 2019.

On February 25th, 2022, under Resolutions No. 68/22 and No. 69/22, the ENRE approved the new tariff scheme from February 1st, 2022, establishing an increase of 25% for Transener and 23% for Transba, applicable to the values of August 2019. Considering the difference between the Financial and Economic Projections filed before the ENRE and the granted tariff amounts, the Company requested access to the file and a preliminary challenge. The Company will appeal the aforementioned resolutions.

3. The Impact of COVID - 19 in Argentina

As of the date of presentation of this report, Decree No. 867/21 extends the health emergency until December 31st, 2022. Nevertheless, the opening of activities and flexibilities continue along with social care measures in accordance with public health, as a consequence of an improvement in vaccination levels and in the epidemiological situation.

It is not possible to anticipate how the impact of COVID-19 will continue to affect the economy, in general, and the Company, in particular, and to what extent the Company's business and the results of its operations will be affected in the future. However, given its current low debt situation, the Company estimates that it will be able to continue meeting its financial commitments for the next twelve months.

The Company's management permanently monitors the variables that affect its business, to define its course of action and identify the potential impact on its equity and financial situation.

4. Operating Information

The Company continues to carry out the execution of the investment plan, maintaining as of December 31st, 2021 commitments for the acquisition of capital expenditures for an amount of approximately AR\$ 1,681 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**

- **Nueva San Juan - Rodeo Substations Interconnection**

- Construction and assembly of approximately 162 km of a 500kV EHV, its connection to a new field in 132kV in the New San Juan Substation and construction of a 132kV courtyard in the Rodeo Substation. Provisionally, the EHV was linked to the Bauchaceta Substation while Rodeo Substation construction progresses.

- **Electrical Interconnection in 500kV Bahía Blanca - Mar del Plata, Connection in 132kV to Villa Gesell and Complementary Works - North Trench**

- Construction and assembly of the new Vivoratá 500/132kV Substation, with eight 132kV outputs and expansion of Bahía Blanca Substation. Construction of the 500kV EHV.

- **Rincón Santa María - Resistencia II Interconnection**

- Construction and assembly of approximately 275 km of 500kV EHV and expansion of Resistencia and Rincón Santa María Substations.

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

- **New 25 de Mayo Substation**

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

- **Fast connection works**

- Fast back-up phase connection for Esperanza Substation.

Rosario Oeste and Malvinas Argentinas Substations

Construction of the bases for two 3x200 MVA transformer banks and the corresponding spare phases.

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

Río Santa Cruz Hydroelectric Exploitation**Cóndor Cliff and La Barrancosa Hydroelectric Power Plants- 500kV EHVL and Complementary Works**

Anticipated detailed engineering revision and inspections in factories.

Gran Formosa Substation - Expansion 132kV

Construction of a line output field for REFSA.

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 expansion of existing works in the 500kV system.

Transener maintains its main contracts with the following customers:

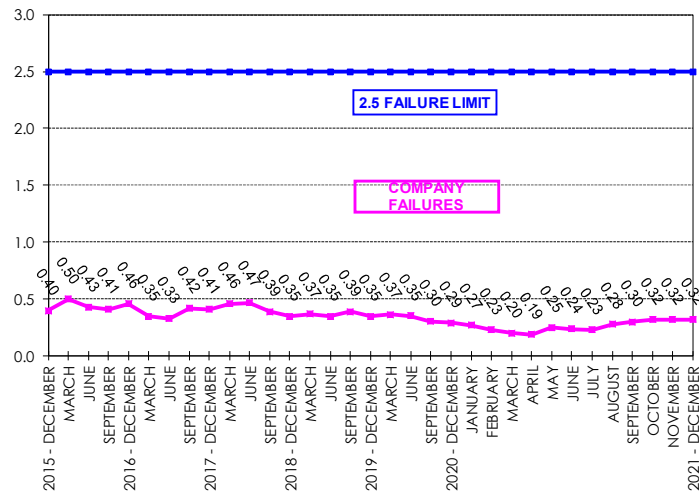
- Minera Alumbreira Ltd.
- Yacylec S.A.
- Transportadora del Norte S.A.
- Transportadora Cuyana S.A.
- AES Argentina Generación S.A.
- Nucleoeléctrica Argentina S.A.
- Transportel Minera II S.A.

Rate of failures

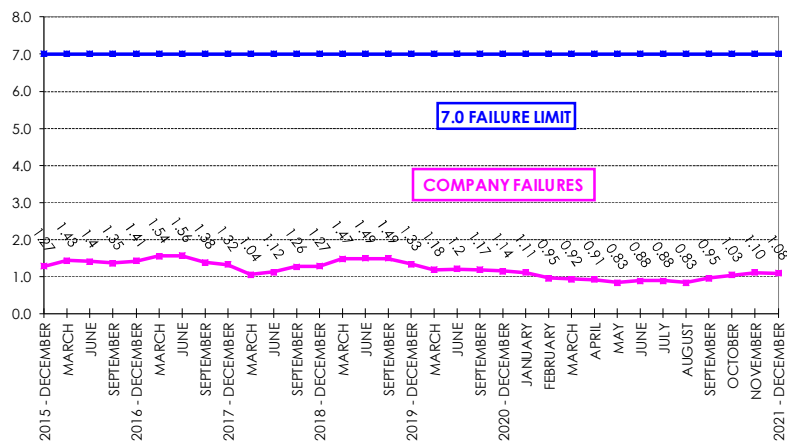
The rate of failures represents the quality of the service provided. The following charts show the quality of the service provided by Transener and Transba as from December 2015.

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



5. Significant Financial Information

5.1 Consolidated Statements of Operations

In AR\$ MM	Fiscal year ended on December, 31st		Three-month period ended on December 31st,	
	2021	2020	2021	2020
Revenues	17,334.4	24,587.0	3,806.9	5,390.8
Operating costs	(13,160.9)	(12,454.5)	(3,521.5)	(3,259.8)
Gross profit	4,173.5	12,132.5	285.4	2,131.1
Administrative expenses	(1,628.4)	(1,602.8)	(497.3)	(421.1)
Other operating income/(expenses), net	147.7	(222.6)	51.9	(8.4)
Operating income	2,692.8	10,307.1	(160.0)	1,701.5
Finance income	2,720.7	2,731.6	568.1	1,036.8
Finance costs	(2,180.7)	(2,363.9)	(431.4)	(618.0)
Other financial results	(1,440.7)	(1,701.7)	(403.0)	(779.4)
Profit before tax	1,792.1	8,973.0	(426.3)	1,340.8
Income tax	(3,100.1)	(2,688.6)	190.3	(645.6)
(Loss)/profit for the year from continuing operations	(1,308.0)	6,284.5	(236.0)	695.2
(Loss)/profit for the year attributable to :				
Owners of the company	(1,308.0)	6,284.5	(236.0)	695.2
Non-controlling interests	0.0	0.0	0.0	0.0
Total for the year	(1,308.0)	6,284.5	(236.0)	695.2
Other comprehensive (loss)/income				
(Loss)/income for the year	(1,308.0)	6,284.5	(236.0)	695.2
Other comprehensive (loss)/income for the year from continuing operations	(86.3)	(12.9)	(86.3)	(12.9)
Comprehensive (loss)/income for the year	(1,394.3)	6,271.5	(322.3)	682.3
Comprehensive (loss)/income for the year attributable to :				
Owners of the company	(1,394.3)	6,271.5	(322.3)	682.3
Non-controlling interests	0.0	0.0	0.0	0.0
Total comprehensive (loss)/income for the year	(1,394.3)	6,271.5	(322.3)	682.3
EBITDA	5,507.5	12,947.2	531.8	2,366.9
Acquisition of property, plant and equipment	3,568.3	5,327.2	697.0	1,779.5
Depreciation	2,814.7	2,640.1	691.8	665.4

5.2 Consolidated Balance Sheets

In AR\$ MM	As of December 31st, 2021	As of December 31st, 2020
ASSETS		
Non-current assets		
Property, plant and equipment	46,154.7	45,431.1
Inventories	1,915.4	1,862.8
Total Non-current assets	48,070.1	47,293.9
Current assets		
Trade accounts receivable	2,862.0	5,971.8
Other receivables	1,297.1	2,444.5
Investments at fair value	3,962.5	11,653.5
Investments at amortized cost	0.0	76.7
Cash and cash equivalents	47.7	1,361.0
Total Current assets	8,169.3	21,507.3
TOTAL ASSETS	56,239.5	68,801.2
EQUITY		
Common stock	444.7	444.7
Inflation adjustment on common stock	19,072.7	19,072.7
Legal reserve	1,831.1	1,516.9
Optional reserve	906.9	906.9
Voluntary reserve	19,844.7	13,874.5
Other comprehensive results	(942.2)	(855.9)
Retained earnings	(1,308.0)	6,284.5
TOTAL EQUITY	39,850.0	41,244.3
LIABILITIES		
Non-current liabilities		
Bonds and other indebtedness	527.8	0.0
Deferred tax payable	8,120.9	6,552.3
Employee benefits payable	1,114.3	1,084.2
Trade accounts payable	109.6	19.6
Total Non-current liabilities	9,872.6	7,656.0
Current liabilities		
Provisions	198.4	209.5
Bonds and other indebtedness	348.4	11,988.2
Income tax payable	1,234.1	1,614.6
Taxes payable	255.2	354.7
Payroll and social securities taxes payable	2,049.1	2,089.5
Employee benefits payable	278.6	271.0
Trade accounts payable	2,153.2	3,373.4
Total Current liabilities	6,516.9	19,900.9
TOTAL LIABILITIES	16,389.5	27,556.9
TOTAL LIABILITIES AND EQUITY	56,239.5	68,801.2

5.3 Additional information

In AR\$ MM, nominal values	Fiscal year ended on December, 31st		Three-month period ended on December 31st,	
	2021	2020	2021	2020
Revenues	14,437.2	13,846.4	3,681.8	3,908.7
Operating and administrative expenses	(10,651.7)	(6,662.6)	(3,422.2)	(2,414.9)
Other operating income/(expenses), net	173.9	(128.5)	118.6	(36.2)
Operating income	3,959.3	7,055.3	378.1	1,457.7
EBITDA	4,423.5	7,406.2	513.3	1,557.9
Acquisition of property, plant and equipment	3,013.6	3,069.3	669.4	804.6
Depreciation	464.2	350.8	135.2	100.2

6. Analysis of results for fiscal year ended on December 31st, 2021 compared to last year

Revenues

Consolidated revenues for fiscal year ended on December 31st, 2021 amounted to AR\$ 17,334.4 million, 29.5% lower than the AR\$ 24,587.0 million for last year.

Consolidated regulated revenues for fiscal year ended on December 31st, 2021 amounted to AR\$ 15,110.0 million, 30.2% lower than the AR\$ 21,656.6 million for last year, mainly due to the lack of the semiannual tariff adjustments since February 2020, resulting in a decrease in revenues, measured in constant currency.

Consolidated non-regulated revenues for fiscal year ended on December 31st, 2021 amounted to AR\$ 2,224.4 million, 24.1% lower than the AR\$ 2,930.3 million for last year, mainly due to the lack of the semiannual tariff adjustments since February 2020 for the Fourth Line, Choele-Madryn and TIBA, resulting in a decrease in revenues, measured in constant currency.

Operating and administrative expenses

Consolidated operating and administrative expenses for fiscal year ended on December 31st, 2021, amounted to AR\$ 14,789.3 million, 5.2% higher than the AR\$ 14,057.2 million for last year, mainly due to an increase of AR\$ 229.2 million in electroduct and general maintenance, of AR\$ 177.4 in salaries, of AR\$ 174.6 million in depreciation of property, plant and equipment, and of AR\$ 83.7 million in allowance for doubtful accounts.

Other operating income/(expenses), net

Consolidated other operating income/(expenses), net for fiscal year ended on December 31st, 2021, resulted in a profit of AR\$ 147.7 million, compared to a loss of AR\$ 222.6 million for last year, mainly due to (i) an increase in awards for quality service and in the profit for sales of fixed assets and (ii) a decrease in penalties.

Operating profit

Consolidated operating profit for fiscal year ended on December 31st, 2021, amounted to AR\$ 2,692.8 million, 73.9% lower than the AR\$ 10,307.1 million for last year, mainly due to the lack of the semiannual tariff adjustments since February 2020.

Financial results

Consolidated financial results for fiscal year ended on December 31st, 2021 resulted in a loss of AR\$ 900.7 million, 32.5% lower than the loss of AR\$ 1,334.1 million for last year, mainly due to (i) a lower loss of AR\$ 2,696.6 million in interests and exchange rate differences generated by loans due to the cancellation of the Class 2 Notes in August 2021, and (ii) a lower profit of AR\$ 1,233.5 million in interests and exchange rate differences generated by financial placements due to the fact that the Class 2 Notes were paid with the Company's own resources . In addition, there is (i) a lower profit of AR\$ 201.2 million in commercial interest generated by the regulated activity, (ii) a higher loss of AR\$ 162.3 million in other financial expenses and (iii) a higher loss of AR\$ 533.6 million in result from exposure of monetary assets and liabilities to the effect of the inflation due to an increase in the net asset monetary position.

Income tax

Consolidated income tax for fiscal year ended on December 31st, 2021 resulted in a loss of AR\$ 3,100.1 million, 15.3% higher than the AR\$ 2,688.6 million for last year, due to (i) a higher loss of AR\$ 2,055.3 million in deferred tax generated by the inflation adjustment and by the impact of the new income tax rate established by Law N° 27,630, partially offset by (ii) a lower loss of AR\$ 1,643.8 million in the current tax, mainly due to a decrease in the profit before tax.

You may find additional information on the Company at:

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