



**Compañía de Transporte
de Energía Eléctrica en Alta Tensión
TRANSENER S.A.**

November 2019

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Industry Overview



Industry Drivers

- Promote private ownership and market-based economic incentives
- Reward efficiency and penalize non-availability
- Regulate natural monopolies for transmission and distribution
- Guarantee open access and safety of the grid
- Protect rights of users and monitor quality of service



Generation

- 391 Generators
- 39.604 MW installed capacity
 - 62% Thermal
 - 27% Hydro
 - 5% Nuclear
 - 6% Renewable



Transmission

- One extra high voltage (500-220 kV) transmitter (Transener)
- 6 regional transmitters (including Transba) (220/132kV)
- 2 international transmitters



Distribution

- 28 significant players
- 133.020 GWh/year

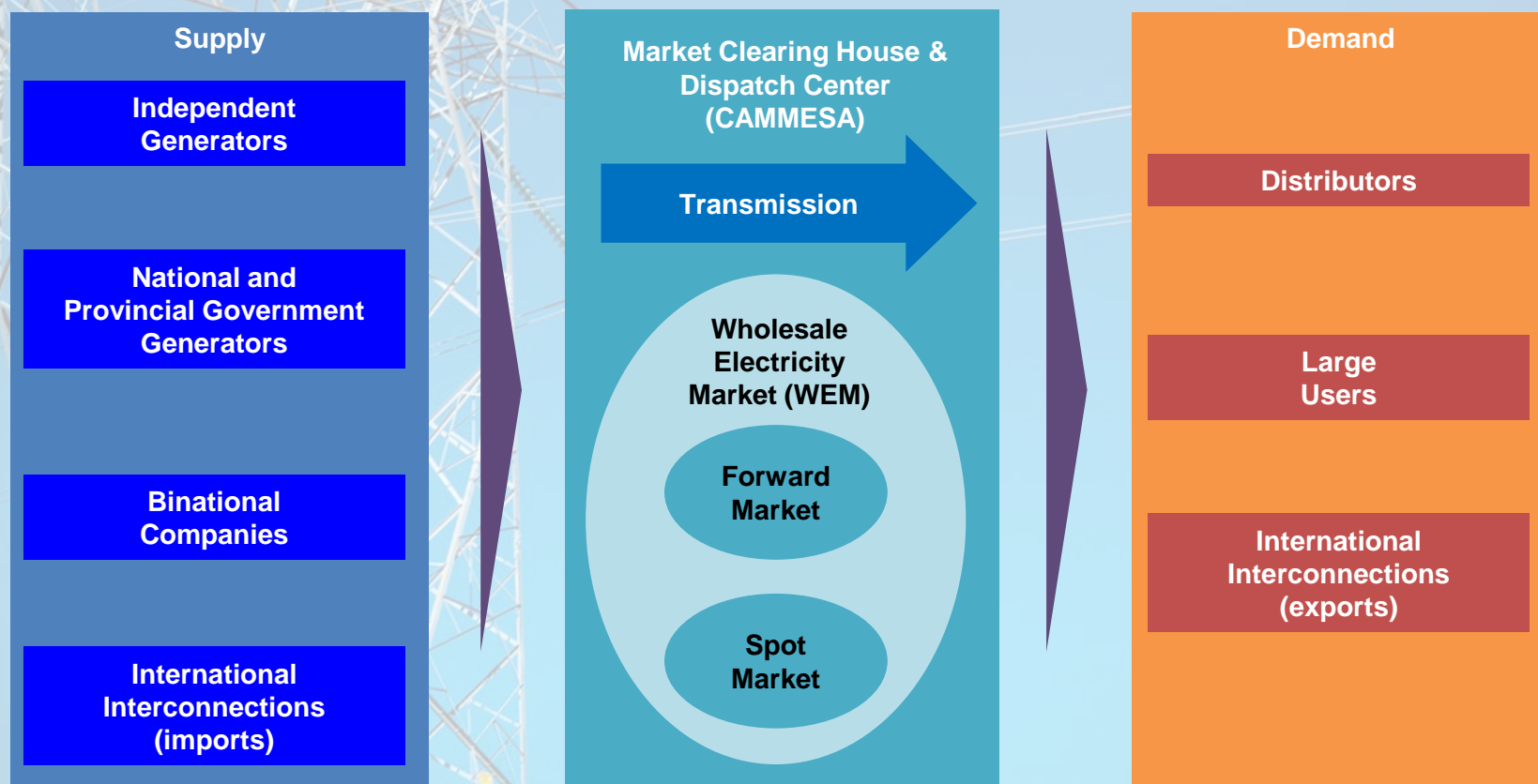


Consumption

- Industrial (29%)
- Residential (43%)
- Commercial (28%)

Argentine Electricity Market Players

- CAMMESA is responsible for, among other things, billing and collecting charges from WEM agents and making payments for transmission services





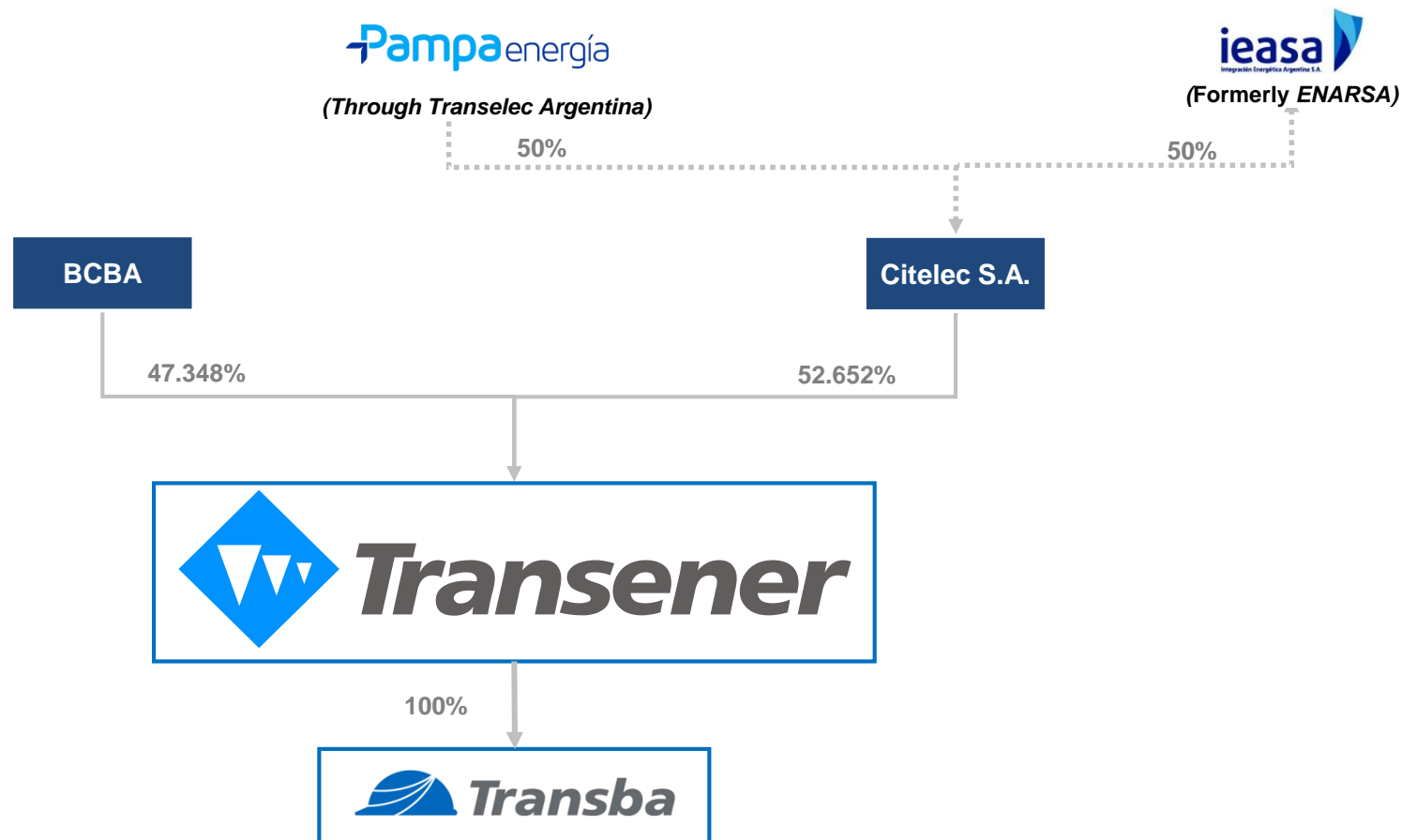
Company Overview



- Privatized in July 1993 with an exclusive 95-year concession to operate and maintain approximately 85% of the 500 kV extra high voltage network in Argentina.
- The Company is in charge of the operation and maintenance of the 500 kV and 220 kV network along the whole country, under the rights and obligations established in the Concession Agreement.
- Operation of approximately 12,372 km (7,687 miles) of lines and 50 substations.
- The remaining 15% of the 500kV network is operated and maintained by independent transmitters under the supervision of Transener.



Corporate Structure



Comparative Distance Transener's Network



TRANSBA



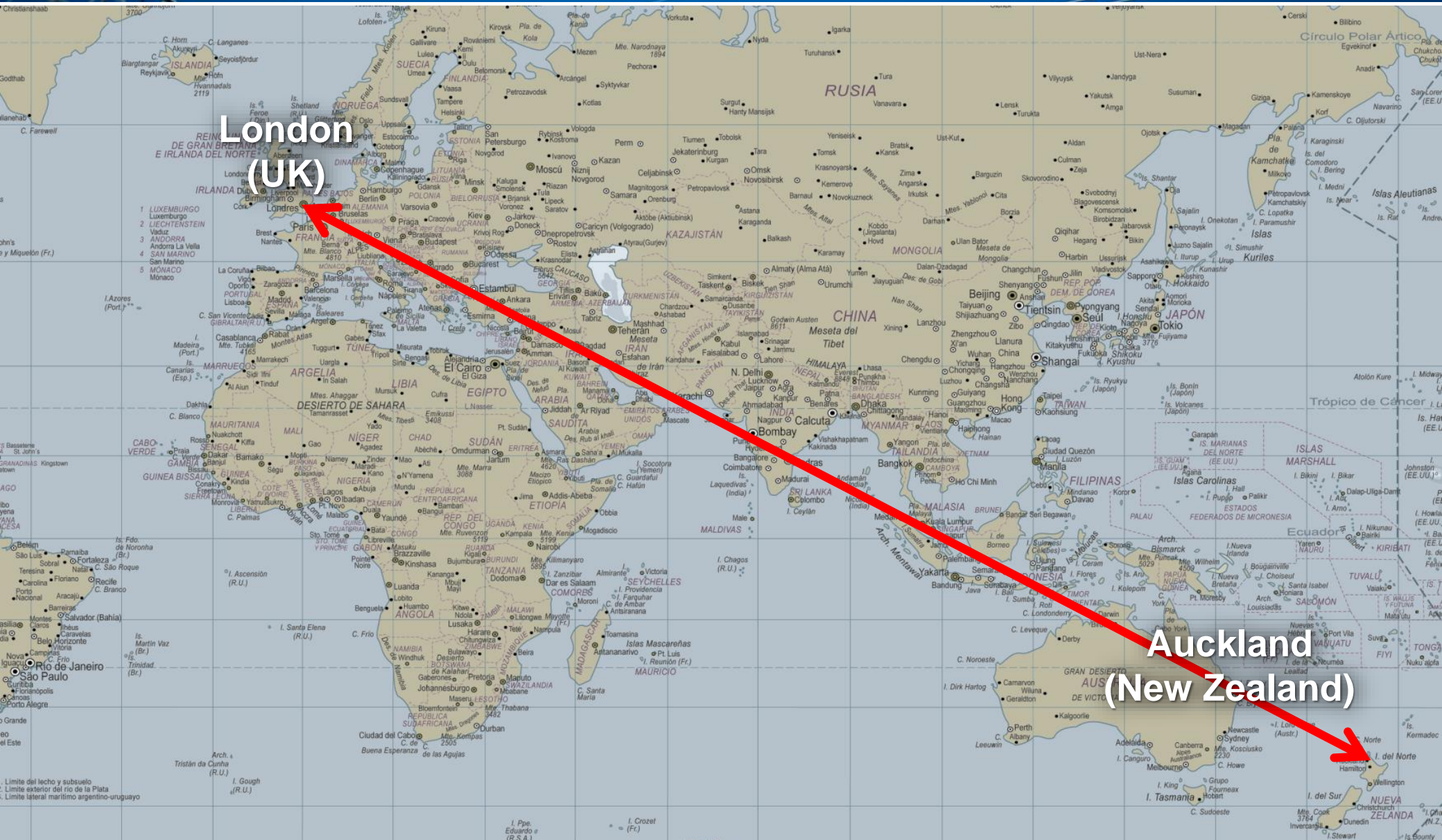
- Privatized in August 1997 with an exclusive 95-year concession to operate and maintain the transmission lines in the Province of Buenos Aires (~39% of Argentina's population)
- One of six regional transmission networks in Argentina with operations of over 6,456 km (4,011 miles) of 220, 132 and 66 kV lines and 103 substations.

Links with National Interconnected System:

- Five connections of 500 kV
- Two connections of 220 kV
- Ten connections of 132 kV

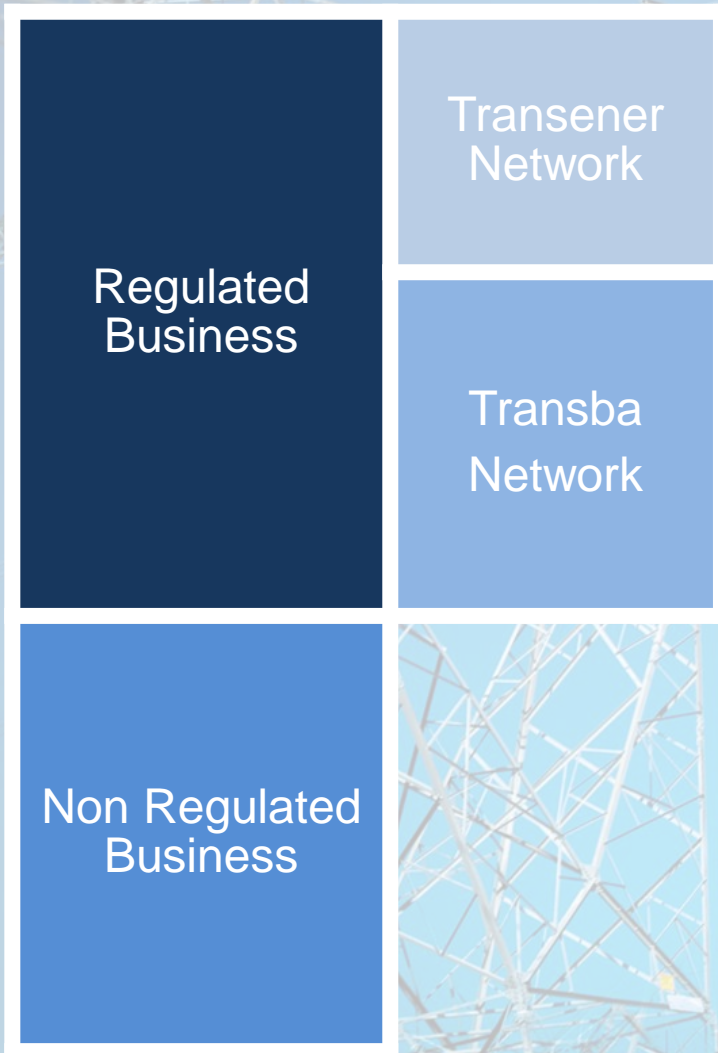


Comparative Distance Transener and Transba's Network



Business Overview

Unique business in Argentina



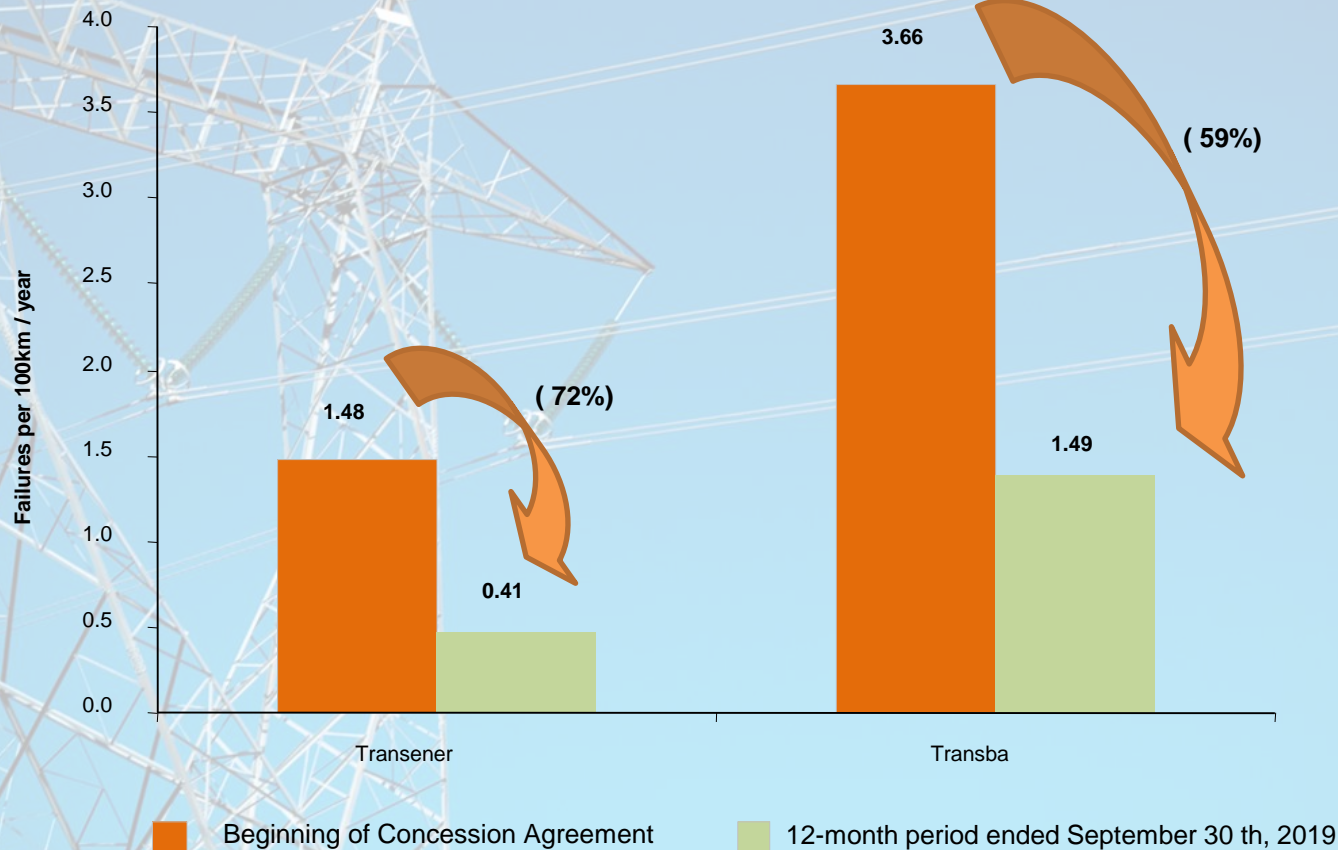
- Operates 85% of the 500 kV extra high voltage network in Argentina.
- Operation of approximately 12,383 km of lines and 49 substations.
- Grid expansion projects supervision.
- Operates and maintains the transmission lines in the Province of Buenos Aires, which concentrates approximately 39% of the country's population.
- Operation of over 6,213 km of 220, 132 and 66 kV lines and 93 substations.
- Grid expansion projects supervision.
- Operation and maintenance services provided to third parties.
- Supervision of independent transmission companies performing construction operation and maintenance contracts ("COM Contracts").
- System expansion projects under COM Contracts.
- Technical assistance and inspections (local and international).
- Equipment installation and training.
- Engineering services.



Business Operations



Significant improvement in Operating Performance



Maximum amount as per concession agreement

Transener: **2.5** forced outages per 100km over a 12-month Period

Transba: **7** forced outages per 100km over a 12-month period

Financial Overview




Full Tariff Review




- ENRE Resolutions Nbrs 66/2017 (Transener) and 73/2017 (Transba) issued on January 31st, 2017
- The new tariff system is in force for the five-year period 2017/2021
- Both resolutions are in force from February 1st, 2017
- Due to the differences between the tariff proposals formulated under the framework of the FTR process Transener and Transba filed an **appeal for reconsideration**
- As a result of the appeal, the ENRE issued on October 25st, 2017 Resolutions Nbrs 516/2017 (Transener) and 517/2017 (Transba).
- Both resolutions are retroactive to February 1st, 2017.

Full Tariff Review - Results vs. requested(*)



 Transener	Requested Remuneration	ENRE Resolution (66-516)	Reduction (in %)
REGULATORY ASSET BASE AS OF FEB'17	\$ 12.336	\$ 8.629	30%
REVENUES	\$ 4.268	\$ 3.534	17%
PENALTIES	\$ 53	\$ 30	44%
OPEX	\$ 1.629	\$ 1.413	13%
EBITDA	\$ 2.586	\$ 2.091	19%
CAPEX	\$ 704	\$ 688	2%
TAXES	\$ 832	\$ 704	15%
FCF	\$ 1.050	\$ 699	33%

 Transba	Requested Remuneration	ENRE Resolution (73-517)	Reduction (in %)
REGULATORY ASSET BASE AS OF FEB'17	\$ 6.219	\$ 3.576	43%
REVENUES	\$ 2.160	\$ 1.604	26%
PENALTIES	\$ 27	\$ 3	89%
OPEX	\$ 617	\$ 478	23%
EBITDA	\$ 1.515	\$ 1.123	26%
CAPEX	\$ 534	\$ 485	9%
TAXES	\$ 516	\$ 363	30%
FCF	\$ 466	\$ 275	41%

(*) All numbers are in millions, "\$" are Argentine Pesos expressed as of February 2017.

Full Tariff Review^(*)



ENRE Resolution adjusted as of August' 2019	Transener	Transba	CONSOLIDATED	USD = \$60 (*)	
REGULATORY ASSET BASE AS OF AUGUST' 2019	\$ 18.347	\$ 7.720	\$ 26.067	434 USD	% INCOME
REVENUES	\$ 7.782	\$ 3.570	\$ 11.352	189 USD	100%
PENALTIES	-\$ 66	-\$ 6	-\$ 73	-1 USD	1%
OPEX	-\$ 3.134	-\$ 1.067	-\$ 4.201	-70 USD	37%
EBITDA	\$ 4.582	\$ 2.497	\$ 7.079	118 USD	62%
CAPEX	-\$ 1.489	-\$ 1.072	-\$ 2.561	-43 USD	23%
TAXES	-\$ 1.323	-\$ 690	-\$ 2.013	-34 USD	18%
FCF	\$ 1.770	\$ 735	\$ 2.505	42 USD	22%
			FCF/RAB	9,6%	

(*) All numbers are in millions, "\$" are Argentine Pesos expressed as of September 2019.

Semiannual tariff adjustments

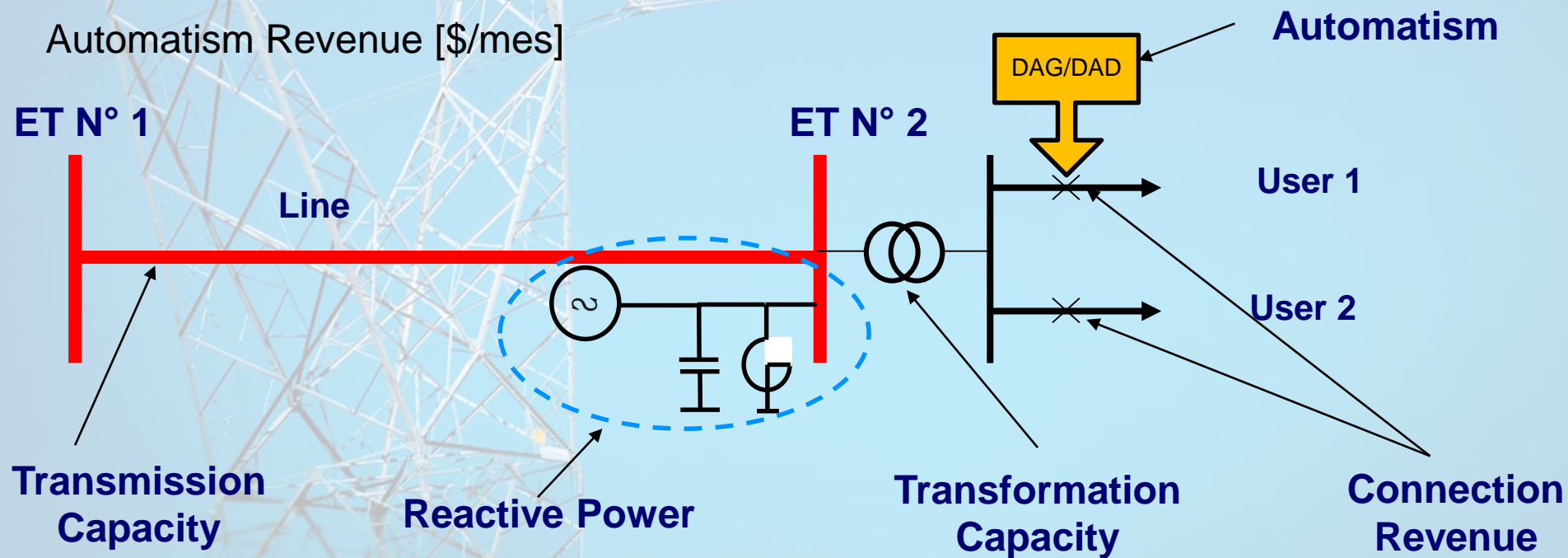


	Semiannual	Acumulated from February 2017	ENRE Resolution
Base (February 2017)	0,00%	0,00%	Nbr. 516/17
1° period (August 2017)	11,35%	11,35%	Nbr. 627/17
2° period (February 2018)	11,49%	24,15%	Nbr. 99/18
3° period (August 2018)	14,82%	42,55%	Nbr. 280/18
4° period (February 2019)	25,15%	78,41%	Nbr. 67/19
5° period (August 2019)	18,83%	112,01%	Nbr. 269/19

Net Regulated Revenues

Revenues included in the Tariff Chart:

- Connection Revenue [\$/h]
- Transformation Revenue [\$/MVA-h]
- Reactive Power Equipment Revenue [\$/MVar-h]
- Transmission Capacity Revenue [\$/km-h]
- Automatism Revenue [\$/mes]



Transener – Annual Revenues



TRANSENER			\$ 8.503.777.897,21
Lines			\$ 3.246.018.321,97
	500 kV	11.810,7 km	\$ 3.121.411.613,28
	220 kV	561,5 km	\$ 124.606.708,70
Transformers			\$ 1.681.964.457,00
	Power	18.955 MVA	\$ 1.681.964.457,00
Connections			\$ 2.002.380.632,64
	500 kV	42 MVA	\$ 585.635.188,32
	220 kV	8 MVA	\$ 100.389.109,44
	132 kV	118 MVA	\$ 1.316.356.334,88
Reactive power equipments			\$ 1.450.903.557,60
	Reactors	10.425 MVar	\$ 923.886.540,00
	Capacitors	4.434 MVar	\$ 395.798.349,60
	Synch.Comp.	1.470 MVar	\$ 131.218.668,00
Special equipments			\$ 122.510.928,00
	DAG NEA		\$ 26.105.016,00
	DAG COMAHUE		\$ 16.668.996,00
	DAT EZ-RD		\$ 2.696.040,00
	DAG NOA		\$ 40.456.356,00
	DAG GM		\$ 29.655.984,00
	SMO		\$ 5.953.752,00
	SSAA ET CC		\$ 974.784,00

Transba – Annual Revenues



TRANSBA+TIBA				\$	4.091.762.080,05
TRANSBA				\$	3.615.383.276,13
Lines				\$	2.286.403.825,05
	220 kV	177 km	\$	65.516.152,74	
	132 kV	5.881 km	\$	2.080.114.731,78	
	66 kV	398 km	\$	140.772.940,53	
Transformers				\$	551.207.372,16
	Power	4.196 MVA	\$	551.207.372,16	
Connections				\$	773.568.400,20
	220 kV	1	\$	3.285.131,40	
	132 kV	59	\$	96.910.084,20	
	66 kV	5	\$	8.212.719,00	
	33 kV	205	\$	252.514.621,20	
	13,2 kV	335	\$	412.645.844,40	
Reactive Equipments				\$	4.203.678,72
	Reactors	6 MVAR	\$	788.189,76	
	Capacitors	26 MVAR	\$	3.415.488,96	
TIBA				\$	476.378.803,92
Transformers				\$	160.675.920,00
	Power	1.800 MVA	\$	160.675.920,00	
Connections				\$	306.776.443,92
	500 kV	2	\$	27.887.389,92	
	132 kV	25	\$	278.889.054,00	
Reactive Equipments				\$	8.926.440,00
	Capacitors	100 MVAR	\$	8.926.440,00	

Penalty System

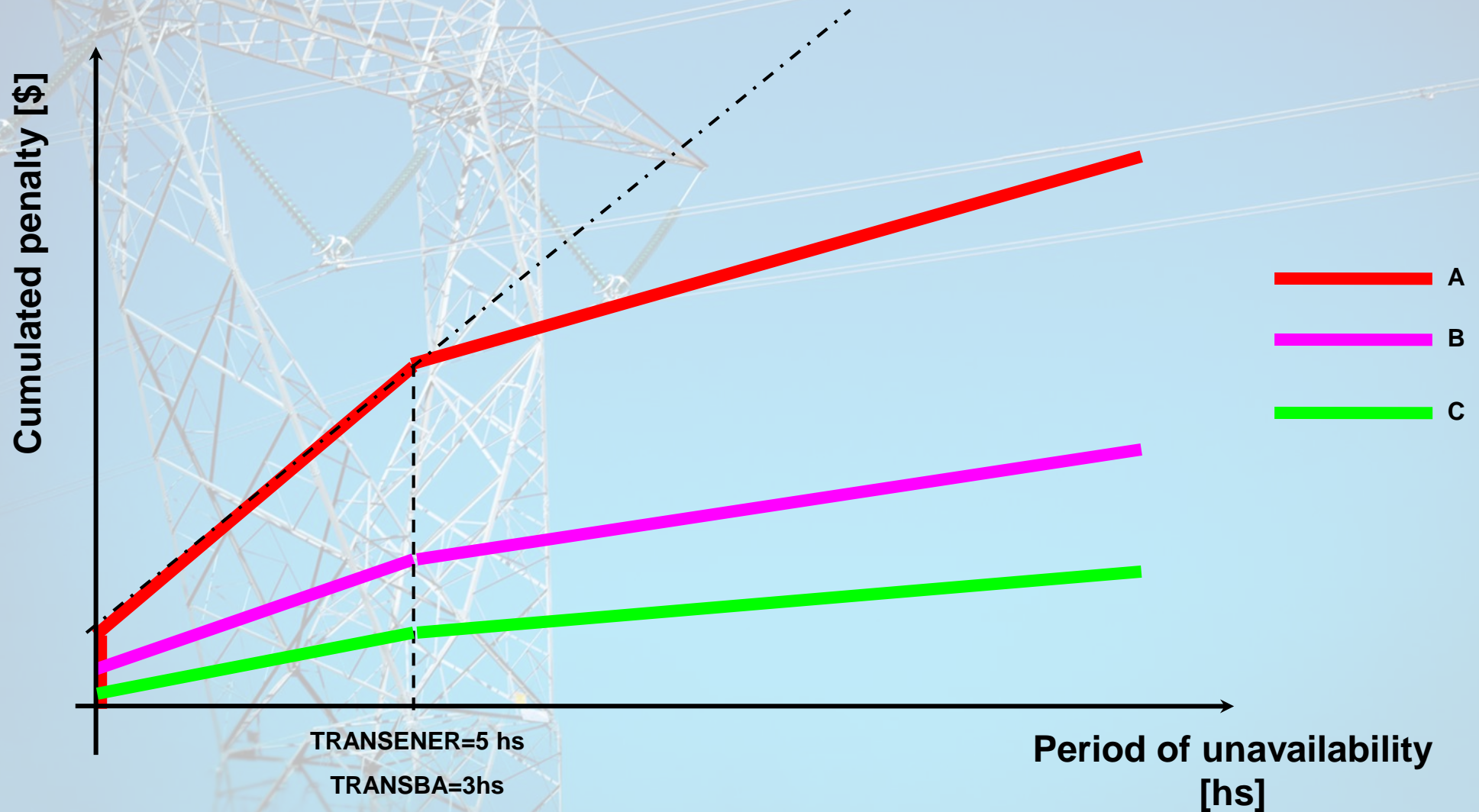


- The Concession Agreements establish a system of penalties that we may incur if defined parts of the Networks are **not available to transmit electricity**.
- Non-availability is divided into two types:
 - **Scheduled** (which typically result from planned maintenance, incur a reduced penalty of 10% of the rate for forced outages)
 - **Forced**
- Penalties for forced outages are proportional to the connection and capacity revenues for the equipment involved, taking into account the following considerations:
 - (i) duration of the outage in hours;
 - (ii) number of previous forced outages during such year; and
 - (iii) increase in electricity costs caused by restrictions in the transmission system.
- The minimum amount of penalties levied for a forced outage of a transmission line is that corresponding to an outage of a 100km transmission line, in the case, of Transener and of a 25km transmission line, in the case of Transba.

Penalty System



Forced Unavailability of transmission lines



Penalty System - Cap



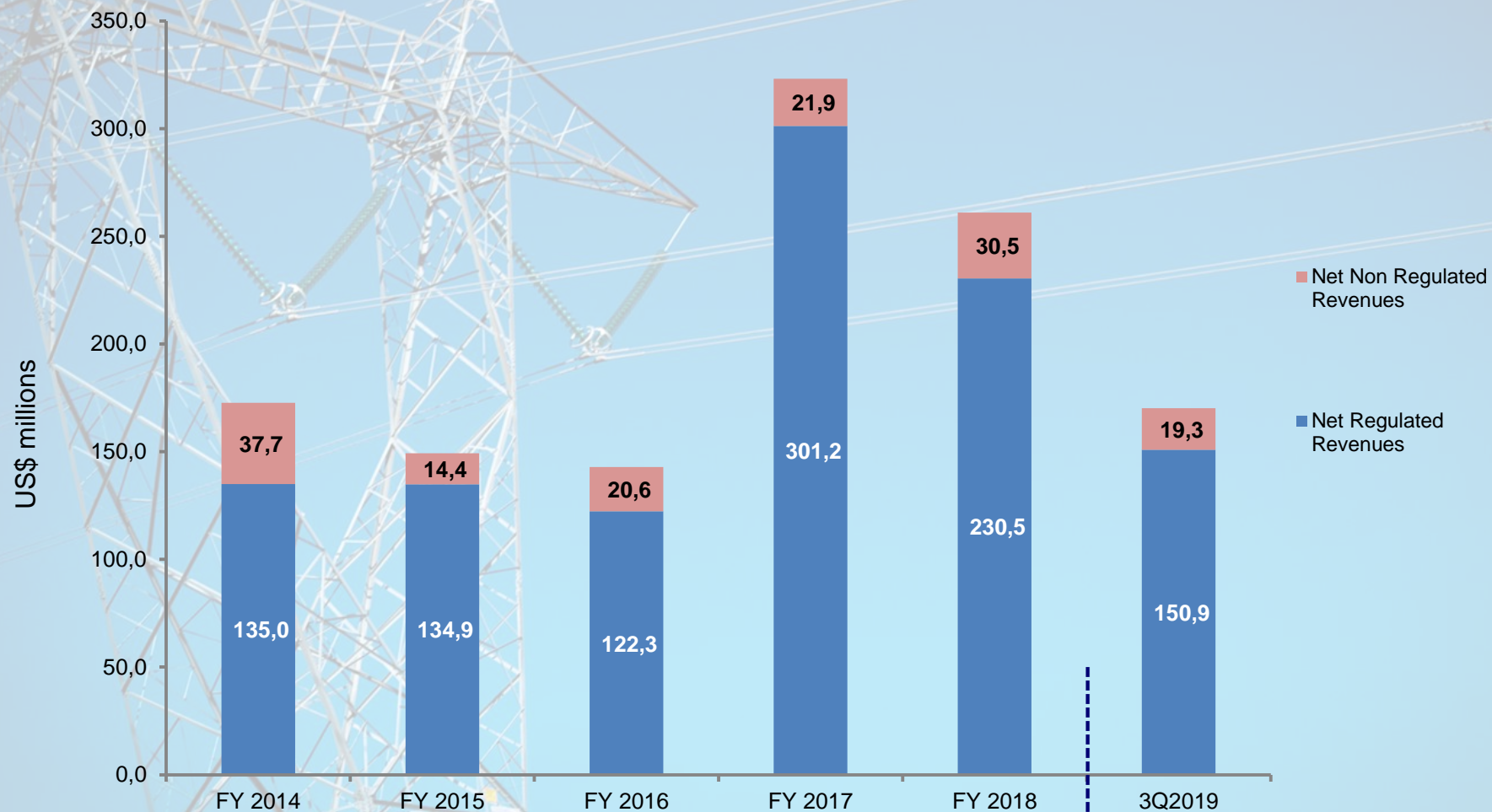
- The penalties which Transener or Transba may be required to pay in respect of any calendar month cannot exceed:
 - 50% of Transener or Transba's non-consolidated monthly regulated revenue related to electricity transmission revenue, transmission capacity revenue and connection revenue (as determined by dividing annual regulated revenue by twelve)
 - and, in respect of any twelve-month period, 10% of such annual regulated revenue

Transener Concession Agreement



- The Transener Concession Agreement may only be terminated:
 - by the Government if Transener becomes bankrupt or
 - by Transener if the Government breaches the Transener Concession Agreement
- On the Transener Transfer Date, Citelec created a pledge in favor of the Government over the Class A shares which constitute the Transener Controlling Stake
- Upon the occurrence of certain events of default, the Government may enforce the Transener Pledge on our Class A shares, and sell the Transener Controlling Stake in a public bidding. Among others:
 - (i) penalties in any 12-month period exceed 15% of our total regulated revenue during such 12-month period,
 - (ii) a transmission line or connection equipment is out of service for more than 30 days,
 - (iii) the Transener Network has on average, more than 2.5 forced outages per 100km over a 12-month period or
 - (iv) a transformer is out of service for more than 30 days

Revenue Breakdown

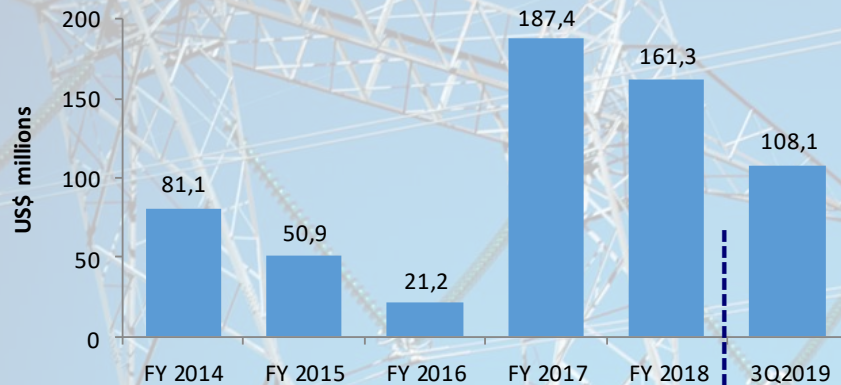


Values corresponding to periods ended as from December 31, 2018 have been converted to US\$ from AR\$ adjusted by inflation at the exchange rate at the end of the period.

Source: Transener

Leverage Profile

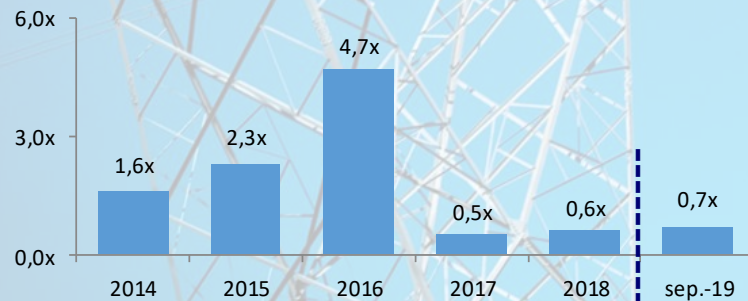
EBITDA



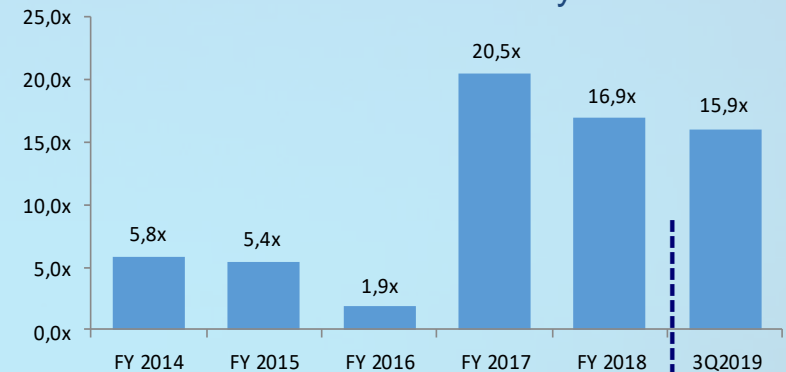
Total Financial Debt



Financial Debt to EBITDA



EBITDA to Interest Payment



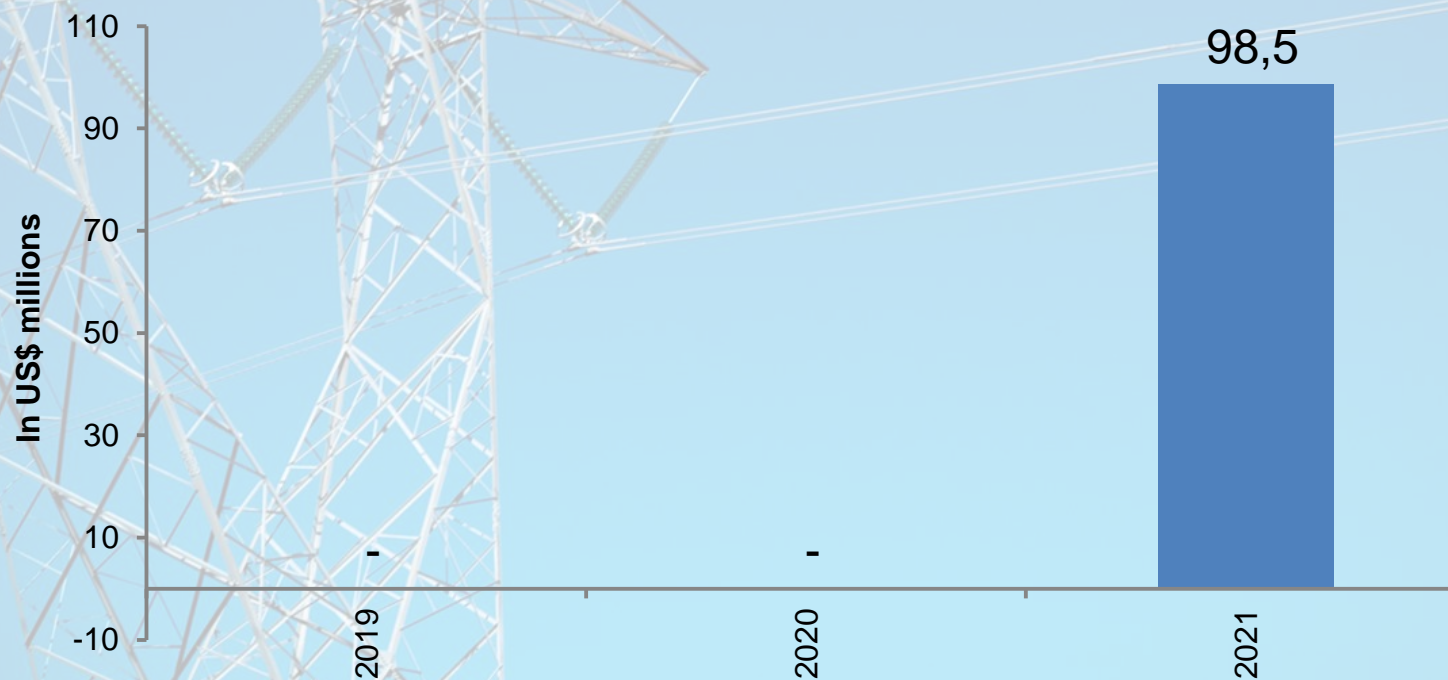
Values corresponding to periods ended as from December 31, 2018 have been converted to US\$ from AR\$ adjusted by inflation at the exchange rate at the end of the period.

* It does not include VN US\$ 5,0 MM notes in Transba's portfolio and VN US\$ 1,6 MM notes in Transener's portfolio.

Current debt amortization schedule (as of September 30th, 2019)



Total Financial Debt US\$98,5 millions ¹



(1) It includes VN\$5.0MM and VN\$1.6MM notes in Transba's and Transener's portfolio, respectively.

Current regulatory situation



- 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***
- 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 Energy under the appeals filed on a subsidiary basis to the reconsideration resources
- 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