

## Results for three-month period ended on March 31<sup>st</sup>, 2020

Compañía de Transporte de Energía Eléctrica en Alta Tensión Transener S.A. (“Transener” or the “Company”) announces the results for three-month period ended on March 31<sup>st</sup>, 2020

### Stock Information

Bolsa de Comercio  
de Buenos Aires  
BCBA  
Ticker: TRAN

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Transener, Argentina’s leading electricity transmission company, announces results for three-month period ended on March 31<sup>st</sup>, 2020.

### Main results for three-month period ended on March 31<sup>st</sup>, 2020, restated in constant currency at March 2020<sup>1</sup>

**Consolidated net revenues of AR\$ 3.496,7 million**, 11,4% lower than the AR\$ 3.947,0 million for same period last year, mainly due the lack of the foreseen tariff adjustment to have been applied since February 2020, about which the ENRE has not issued a resolution yet.

**Consolidated EBITDA<sup>2</sup> of AR\$ 1.879,5 million**, 25,4% lower than the AR\$ 2.520,1 million for same period last year, mainly due to a decrease of AR\$ 669,6 million in the operating profit, partially offset by a lower depreciation of AR\$ 29,0 million.

**Consolidated net profit attributable to the owner of the parent of AR\$ 1.045,1 million**, 6,9% lower than the AR\$ 1.122,1 million for same period last year, mainly due to a lower operating profit of AR\$ 669,6 million, a higher loss in financial results of AR\$ 51,9 million and a lower loss in the income tax charge of AR\$ 582,5 million.

## 1. Financial Situation

As of March 31<sup>st</sup>, 2020, consolidated outstanding principal debt amounted to US\$ 98,5 million, corresponding exclusively to the Class 2 Notes at 9,75%, of which US\$ 5,0 and US\$ 2,0 million have been repurchased by Transba and Transener, respectively. In both cases the repurchased Class 2 Notes are in the portfolio. These notes fully amortize in August 2021 and there is no additional financial debt due until that date.

Regarding Transener’s qualifications, in the month of April 2020 S&P modified the global qualification from “BB-” to “CCC+” and the local qualification from “raBB+” to “raBB”, in both cases with a negative outlook.

## 2. Tariff Situation

During the year 2019, as established in the FTR, the ENRE applied the tariff adjustment mechanism every six months, according to the corresponding formula, which depends on Wholesale Price, Consumer Price and Salaries indexes, as long as it complies with the “Trigger Clause”.

On March 22<sup>nd</sup>, 2019, the ENRE issued Resolutions No. 67/19 and 68/19, with the adjustment of 25,15% and 26,53% in the remuneration of Transener and Transba with respect to the previous semester, accumulating

<sup>1</sup>Expressed in constant currency, in accordance with IAS 29.

<sup>2</sup>Consolidated EBITDA represents consolidated operating results before depreciation.

78,41% and 81,26%, respectively for the period December 2016 - December 2018, to be applied to the remuneration schedule as of February 2019.

On September 25<sup>th</sup>, 2019, the ENRE issued Resolutions N° 269/19 and 267/19, with the adjustment of 18,83% and 18,81% in the remuneration of Transener and Transba with respect to the previous semester, accumulating 112,41% and 115,75%, respectively for the period December 2016 - June 2019, to be applied to the remuneration schedule as from August 2019.

On the other hand, on July 3<sup>rd</sup>, 2018, the ENRE informed that it had 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. Regarding this, on October 8<sup>th</sup>, 2018, the costs, investments and tariff pretension corresponding to Fourth Line and TIBA were presented to the ENRE. To date, the ENRE has not issued the Resolution on this matter yet.

To date, the ENRE has not issued a resolution yet regarding the rate adjustment in the remuneration corresponding to the semester of July 2019 - December 2019, to be applied to the remuneration schedule as from February 2020.

### 3. Relevant Events

On May 5<sup>th</sup>, 2020, the Ordinary General Meeting of Shareholders of Transba S.A. approved, among other matters, the payment of dividends in cash for the amount of thousands of pesos 1.981.166, granting powers to the Board of Directors for the implementation of the payment to the shareholders within the time limit set by the current regulations.

On May 5<sup>th</sup>, 2020, the Ordinary General Meeting of Shareholders of Transener S.A. approved, among other matters, the allocation of a) thousands of pesos 242.769 to legal reserve and b) thousands of pesos 7.278.423 to the constitution of a reserve, in order to afford any cash need that could be required by the Company for debt payments, investments, working capital or any other motive, according to the evolution of the financial condition of the Company and the macroeconomic variables.

### 4. The impact of COVID - 19 in Argentina

Due to the spread of COVID - 19 in Argentina, the National State settled through the 297/20 DNU and modifications, the preventive and mandatory social isolation as from March 20<sup>th</sup>, 2020, allowing the essential activities for the country as the electric power; therefore, our company continue to provide its services preserving the wellness of the employees with strict hygiene and safety protocols and a remote working scheme for all the positions and functions that allow it.

The management of the Company is monitoring the situation and taking action to continuing operating and preserve its financial situation. Although there have been adverse effects in the short term, they are not expected to affect the continuity of the Company's business.

### 5. Solidarity Law

On December 23<sup>rd</sup>, 2019 the Solidarity Law became effective, which declared a public emergency in economic, financial, fiscal, administrative, pension, tariff, energy, health and social matters, vesting in the PEN the powers conferred by such Law until December 31<sup>st</sup>, 2020. The main measures are described below:

- The maintenance of tariff schemes for electricity and natural gas under federal jurisdiction and the initiation of an extraordinary renegotiation or revision of the current FTR for a maximum term of 180 days;
- The maintenance of the ENRE's authority over Edenor's and Edesur's electricity distribution utility service until December 31<sup>st</sup>, 2020;

- Set the income tax rate and tax on dividends rate at 30% and 7%, respectively, until the fiscal years starting from 2021;
- The inflation adjustment resulting from the application of the comprehensive adjustment provided for by the Income Tax Law, corresponding to the first and second fiscal year as from 2019, shall be charged as follows: 1/6 during such fiscal year, and the remaining 5/6, in equal parts, in the immediately following five periods.

## 6. Operating Information

The Company continues to carry out the execution of the investment plan, maintaining as of March 31<sup>st</sup>, 2020 commitments for the acquisition of capital expenditures for an amount of approximately AR\$ 3.085 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 500/132kV, 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 km of a 500kV EHVL, its connection to a new field in 132kV in the New San Juan Substation and construction of a 132kV field in the Rodeo Substation.

- **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 Bahia Blanca Substation.

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

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

- **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.

- **Fast connection works**

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

- **Expansion of Atucha 220/132 kV Substation - Auxiliary services.**

- The T2AT Transformer was energized, starting a stabilization period in order to obtain reliability for the operation.

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

**Río Coronda Substation - Connection to Central Puerto San Lorenzo**  
Installation and commissioning of the 500kV EHV.

**Río Santa Cruz Hydroelectric Exploitation**  
**Cóndor Cliff and La Barrancosa Hydroelectric Power Plants- 500kV EHV and Complementary Works**  
Construction of the microwave link to provide communications assistance to the works in progress.

### **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:

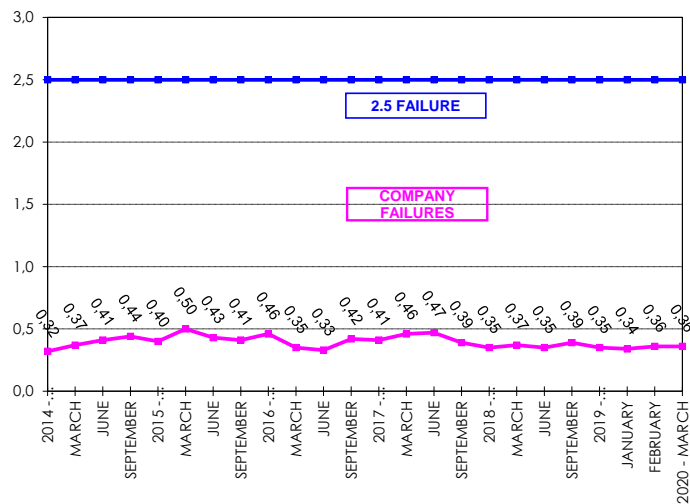
- Minera Alumbrera Ltd.
- Yacylec S.A.
- Transportadora del Norte S.A.
- Transportadora Cuyana S.A.
- AES Argentina Generación S.A.
- Nucleoeléctrica Argentina S.A.
- Transportel Minera II S.A.

### Rate of failures

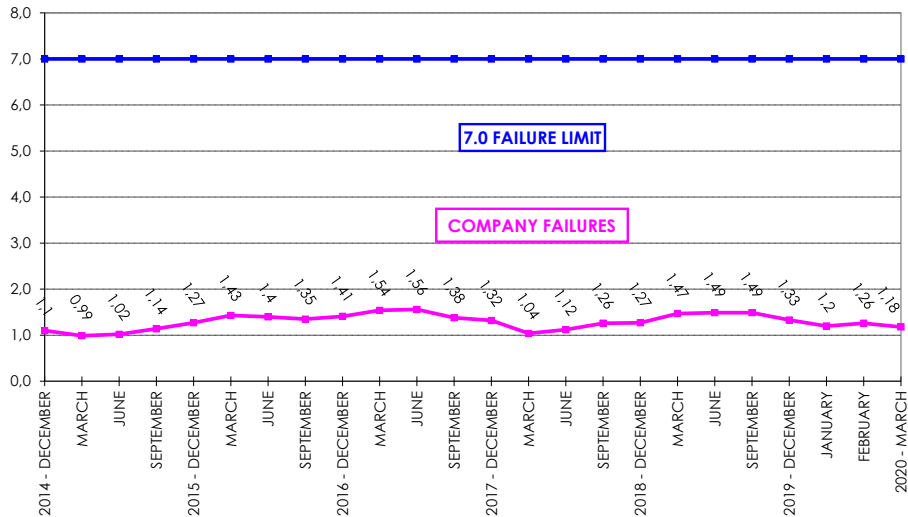
The rate of failures represents the quality of the service provided. The following charts show the quality of the service provided by Transener and Transba as from December 2014.

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



## 7. Significant Financial Information

### 7.1 Consolidated Statements of Operations (AR\$mm)

In AR\$ MM	Three-month period ended on March 31st,	
	2020	2019
Net revenues	3.496,7	3.947,0
Operating expenses	(1.706,0)	(1.533,0)
Gross income	1.790,7	2.414,0
Administrative expenses	(221,8)	(189,5)
Other gains / (expenses), net	(18,1)	(4,1)
Operating income	1.550,7	2.220,4
Finance income	351,0	407,0
Finance costs	(290,3)	(245,7)
Other financial results	(137,8)	(186,5)
Income before taxes	1.473,7	2.195,2
Income tax	(428,6)	(1.011,2)
Income for the period	1.045,1	1.184,0
<b>Income attributable to :</b>		
Owners of the parent	1.045,1	1.122,1
Non-controlling interests	0,0	62,0
Total for the period	1.045,1	1.184,0
<b>Other consolidated comprehensive results</b>		
Income for the period	1.045,1	1.184,0
Other comprehensive results, net of tax	0,0	0,0
Total comprehensive income for the period	1.045,1	1.184,0
<b>Total comprehensive attributable to :</b>		
Owners of the parent	1.045,1	1.122,1
Non-controlling interests	0,0	62,0
Total for the period	1.045,1	1.184,0
<b>EBITDA</b>	<b>1.879,5</b>	<b>2.520,1</b>
<b>Acquisitions of property, plant and equipment</b>	<b>739,5</b>	<b>651,9</b>
<b>Depreciation</b>	<b>328,8</b>	<b>299,8</b>

**7.2 Consolidated Balance Sheets (AR\$mm)**

In AR\$ MM	As of March 31st, 2020	As of December 31st, 2019
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	22.812,0	22.401,3
Inventories	825,1	791,3
<b>Total Non-current assets</b>	<b>23.637,1</b>	<b>23.192,6</b>
<b>Current assets</b>		
Trade accounts receivable	3.656,8	3.380,9
Other receivables	1.508,9	1.401,3
Investments at fair value	4.426,6	4.496,1
Cash and cash equivalents	46,5	47,7
<b>Total Current assets</b>	<b>9.638,8</b>	<b>9.326,0</b>
<b>TOTAL ASSETS</b>	<b>33.275,8</b>	<b>32.518,6</b>
<b>EQUITY</b>		
Common stock	444,7	444,7
Inflation adjustment on common stock	9.750,0	9.750,0
Legal reserve	550,6	550,6
Voluntary reserve	473,7	473,7
Reserve for acquisition of non-controlling interests	557,3	557,3
Voluntary reserve	2.654,4	2.654,4
Other comprehensive results	(440,3)	(440,3)
Retained earnings	5.322,3	4.277,2
<b>TOTAL EQUITY</b>	<b>19.312,7</b>	<b>18.267,6</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Bonds and other indebtedness	5.828,3	5.800,2
Deferred tax payable	3.513,4	3.635,3
Employee benefits payable	608,3	588,9
Trade accounts payable	28,2	31,4
<b>Total Non-current liabilities</b>	<b>9.978,1</b>	<b>10.055,7</b>
<b>Current liabilities</b>		
Provisions	113,7	116,3
Bonds and other indebtedness	71,9	219,9
Income tax payable	1.196,2	1.046,8
Taxes payable	218,0	190,6
Payroll and social securities taxes payable	731,2	963,2
Employee benefits payable	120,0	115,6
Trade accounts payable	1.533,9	1.542,8
<b>Total Current liabilities</b>	<b>3.985,0</b>	<b>4.195,2</b>
<b>TOTAL LIABILITIES</b>	<b>13.963,1</b>	<b>14.250,9</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>33.275,8</b>	<b>32.518,6</b>

### 7.3 Additional information (AR\$mm)

In AR\$ MM, nominal values	Three-month period ended on March 31st,	
	2020	2019
Net revenues	3.426,6	2.572,4
Operating and administrative expenses	(1.616,9)	(970,0)
Other gains / (expenses), net	(17,8)	(2,5)
<b>Operating income</b>	<b>1.791,9</b>	<b>1.599,8</b>
<b>EBITDA</b>	<b>1.865,7</b>	<b>1.638,6</b>
<b>Acquisitions of property, plant and equipment</b>	<b>724,1</b>	<b>422,2</b>
<b>Depreciation</b>	<b>73,8</b>	<b>38,8</b>

## 8. Analysis of results for three-month period ended on March 31<sup>st</sup>, 2020 compared to same period last year

### Net revenues

Consolidated net revenues for three-month period ended on March 31<sup>st</sup>, 2020 resulted in AR\$ 3.496,7 million, 11,4% lower than the AR\$ 3.947,0 million for same period last year.

Consolidated net regulated revenues for three-month period ended on March 31<sup>st</sup>, 2020 amounted to AR\$ 3.093,6 million, 11,3% lower than the AR\$ 3.489,1 million for same period last year, mainly due to the lack of the foreseen tariff adjustment to have been applied since February 2020, about which the ENRE has not issued a resolution yet.

Consolidated net non-regulated revenues for three-month period ended on March 31<sup>st</sup>, 2020 amounted to AR\$ 403,1 million, 12,0% lower than the AR\$ 457,9 million for same period last year, mainly due to the lack of the foreseen tariff adjustment to have been applied since February 2020 for the Fourth Line and TIBA, about which the ENRE has not issued a resolution yet.

### Operating and administrative expenses

Consolidated operating and administrative expenses for three-month period ended on March 31<sup>st</sup>, 2020, amounted to AR\$ 1.927,8 million, 11,9% higher than the AR\$ 1.722,5 million for same period last year, mainly due to an increase of AR\$ 168,0 million in salaries and social security charges, principally in labor costs provisions, and of AR\$ 29,0 million in depreciation of property, plant and equipment.

### Operating profit

Consolidated operating profit for the three-month period ended March 31, 2020 amounted to AR\$ 1.550,7 million, 30,2% lower than the AR\$ 2.220,4 million for the same period last year, mainly due to the lack of the tariff adjustments as from February 2020 and the variation in costs.

### Financial results

Consolidated financial results for three-month period ended on March 31<sup>st</sup>, 2020 amounted to a loss of AR\$ 77, 1 million, 206,2% higher than the loss of AR\$ 25,2 million for same period last year, mainly due to a higher loss in financial expenses of AR\$ 44,6 million, a lower profit in financial income of AR\$ 56,0 million and a lower loss in other financial results of AR\$ 48,7 million.





## Income tax

Consolidated income tax charge for three-month period ended on March 31<sup>st</sup>, 2020 resulted in a loss of AR\$ 428,6 million, 57,6% lower than the AR\$ 1.011,2 million for same period last year.

You may find additional information on the Company at:

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

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

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