

Results for fiscal year ended on December 31st, 2019

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, 2019

Stock Information



Bolsas y Mercados
Argentinos
Ticker: TRAN

Transener, Argentina’s leading electricity transmission company, announces results for fiscal year ended on December 31st, 2019.

For further information, contact:

José S. Refort
Chief Financial Officer

Andrés G. Colombo
Accounting and Tax Manager
(Andres.Colombo@transener.com.ar)

Marcelo A. Fell
Financial Manager
(Marcelo.Fell@transener.com.ar)

investor@transener.com.ar

Tel: (5411) 5167-9301
www.transener.com.ar

Main results for fiscal year 2019, restated in constant currency at December, 2019¹.

Consolidated net revenues of AR\$ 14.479,2 million, 4,3% lower than the AR\$ 15.131,1 million for last year.

Consolidated EBITDA² of AR\$ 9.019,5 million, 3,5% lower than the AR\$ 9.349,5 million for last year, mainly due to a lower operating profit of AR\$ 414,8 million, partially offset by higher depreciations of AR\$ 84,8 million.

Consolidated net profit attributable to the owner of the parent of AR\$ 3.984,9 million, 15,2% lower than the AR\$ 4.698,3 million for last year, mainly due to a lower operating profit of AR\$ 414,8 million and a higher loss in income tax of AR\$ 755,1 million, partially offset by a lower loss in financial results of AR\$ 341,9 million.

Main results for the fourth quarter of 2019

Consolidated net revenues of AR\$ 3.516,3 million, 6,9% lower than the AR\$ 3.775,9 million for the same period last year.

Consolidated EBITDA of AR\$ 2.056,1 million, 2,3% lower than the AR\$ 2.105,2 million for the same period last year, principally due to a lower operating profit of AR\$ 30,1 million and lower depreciations of AR\$ 19,0 million.

Consolidated net profit attributable to the owner of the parent of AR\$ 1.224,9 million, 15,3% lower than the AR\$ 1.446,0 million for the same period last year.

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

²Consolidated EBITDA represents consolidated operating results before depreciations.

1. Financial Situation

As of December 31st, 2019, 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, during the fiscal year 2019 S&P modified the global qualification to "B-" and the local qualification to "raBBB+", in both cases with a negative outlook. The modifications resulted from a readjustment of corporate ratings due to a downgrade of the Argentine Republic on a global scale.

2. Tariff Situation

During the year 2019, as established in the FTR, the ENRE continued with the application of 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 the compliance with the "Trigger Clause".

On February 22nd, 2019, the ENRE issued Resolutions N° 67/19 and 68/19, with the adjustment of 25,15% and 26,53% in the remuneration of Transener and Transba respect the previous semester, accumulating 78,41% and 81,26%, respectively for the period December 2016 - December 2018, to be applied to the remuneration schedule as from February 2019.

On September 25th, 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 respect 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.

In relation to the procedure to determine the remuneration of the Independent Transmitters under the operation and maintenance period: TIBA (Transba), Fourth Line (Transener), YACYLEC and LITSA, initiated on July 3rd, 2018, to date the ENRE has not yet issued the Resolution in this respect.

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

3. Solidarity Law

On December 23rd, 2019 the Solidarity Law entered into effect, 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 31st, 2020. The main measures are described below:

- The maintenance of tariff schemes for electricity and natural gas under federal jurisdiction and the consideration of an extraordinary RTI review for a maximum term of up to 180 days;
- The maintenance of the ENRE's authority over Edenor's and Edesur's electricity distribution utility service until December 31st, 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, should be charged as follows: 1/6 during such fiscal year, and the remaining 5/6, in equal parts, in the immediately following five periods.

4. Operating information

The Company continues to carry out the execution of the investment plan, maintaining as of December 31st 2019 commitments for the acquisition of capital expenditures for an amount of approximately AR\$ 3.241 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 EHV, 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 Vivorata 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 EHV 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.

- **Gral. Rodríguez Substation**

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

- **Fast connection works**

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

- **Ezeiza Substation Bypass Expansion**

- Bypass between Abasto - Ezeiza and Gral. Rodríguez - Ezeiza lines, through a new 500 kV EHV between Abasto and Gral. Rodríguez Substations.

- **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**

Gran Formosa Substation - Increase in Transformation Capacity

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

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.

Río Coronda Substation - Connection to Central Puerto San Lorenzo

Installation and commissioning of the 500kV EHVL.

Río Santa Cruz Hydroelectric Exploitation

Cóndor Cliff and La Barrancosa Hydroelectric Power Plants- 500kV EHVL 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:

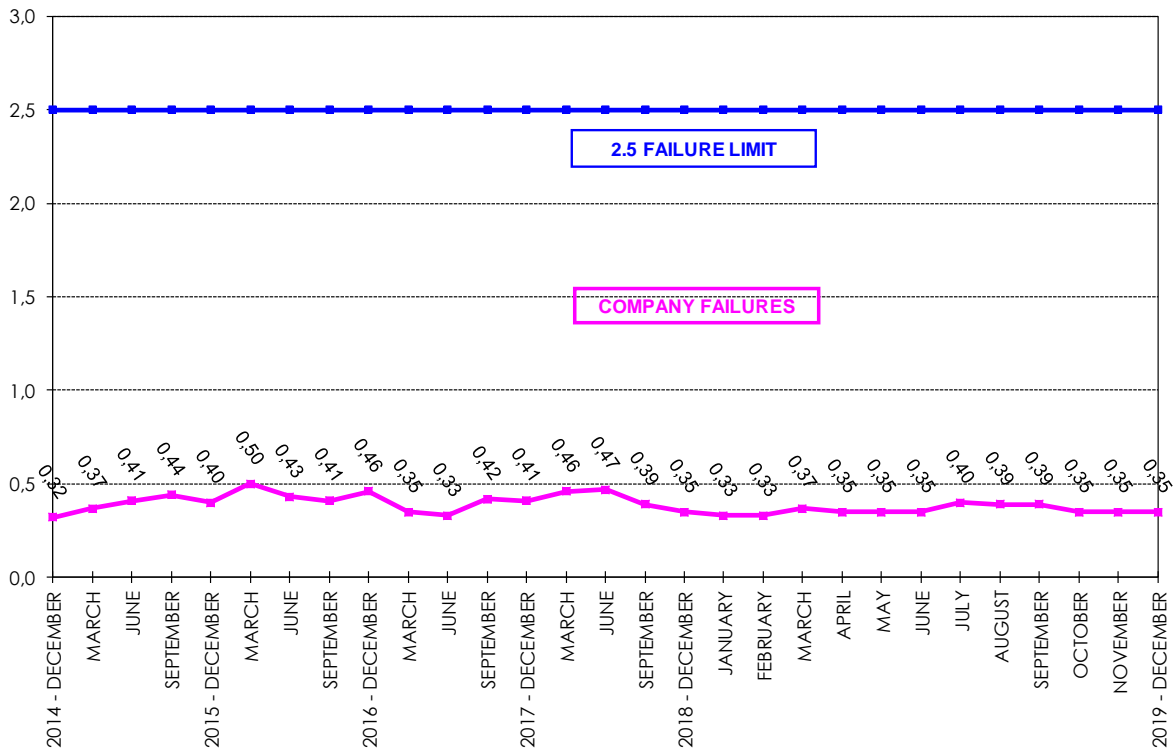
- Minera Alumbreira Ltd.
- Yacylec S.A.
- Transportadora del Norte S.A.
- Transportadora Cuyana S.A.
- AES Argentina Generación S.A.
- Nucleoeléctrica Argentina S.A.
- Transportel Minera II S.A.

Rate of failures

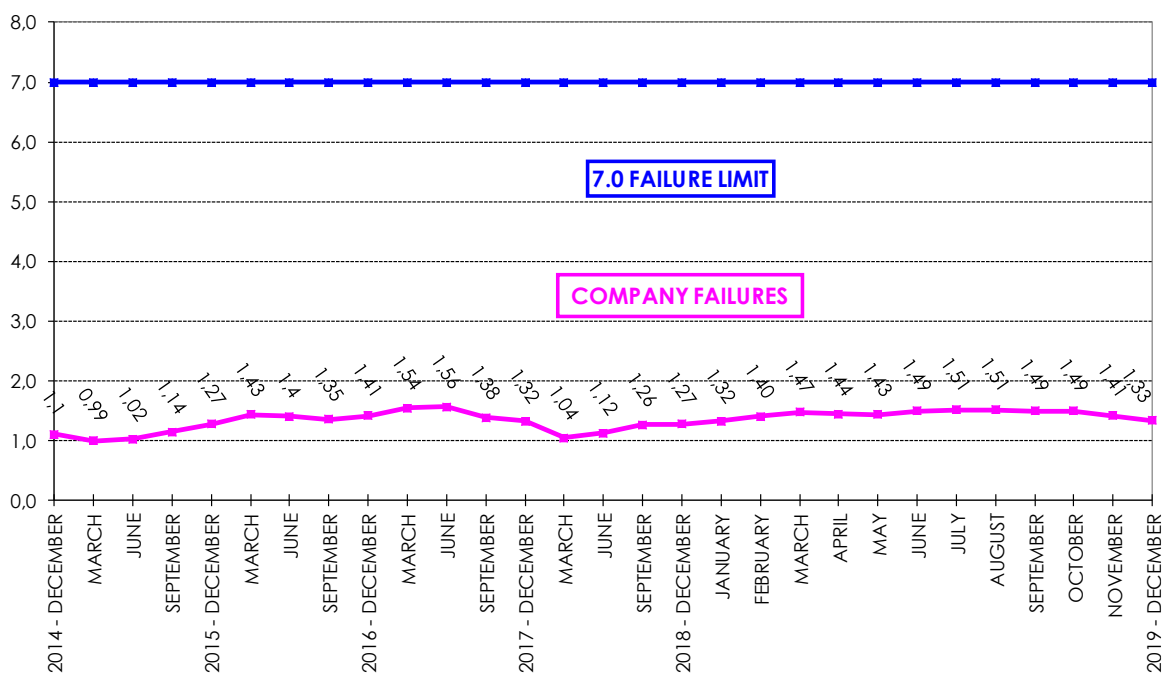
The rate of failures represents the quality of the service provided. The following charts show the quality of the service provided by Transener and Transba as from December 2014.

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



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,	
	2019	2018	2019	2018
Net Revenues	14.479,2	15.131,1	3.516,3	3.775,9
Operating expenses	(5.960,1)	(6.200,0)	(1.522,3)	(1.820,6)
Gross income	8.519,2	8.931,2	1.994,0	1.955,3
Administrative expenses	(817,3)	(776,0)	(240,4)	(182,6)
Other gains / (expenses), net	189,9	151,4	19,2	30,1
Operating income	7.891,8	8.306,6	1.772,8	1.802,9
Finance income	1.601,9	1.417,1	632,5	322,8
Finance costs	(1.114,2)	(680,2)	(311,2)	(165,6)
Other financial results	(799,3)	(1.390,4)	(286,7)	90,4
Income before taxes	7.580,2	7.653,1	1.807,5	2.050,5
Income tax	(3.522,7)	(2.767,6)	(582,6)	(574,8)
Income for the year	4.057,5	4.885,5	1.224,9	1.475,7
Income attributable to :				
Owners of the parent	3.984,9	4.698,3	1.224,9	1.446,0
Non-controlling interests	72,6	187,2	0,0	29,7
Total for the year	4.057,5	4.885,5	1.224,9	1.475,7
Other consolidated comprehensive results				
Income for the year	4.057,5	4.885,5	1.224,9	1.475,7
Other comprehensive results, net of tax	31,1	(187,8)	31,1	(187,8)
Total comprehensive income for the year	4.088,7	4.697,8	1.256,0	1.288,0
Total comprehensive income attributable to :				
Owners of the parent	4.016,0	4.515,8	1.256,0	1.263,5
Non-controlling interests	72,6	181,9	0,0	24,5
Total for the year	4.088,7	4.697,8	1.256,0	1.288,0
EBITDA	9.019,5	9.349,5	2.056,1	2.105,2
Acquisition of property, plant and equipment	3.351,9	4.094,9	1.065,7	1.388,5
Depreciations	1.127,8	1.042,9	283,4	302,4

5.2 Consolidated Balance Sheets

In AR\$ MM	As of December 31st, 2019	As of December 31st, 2018
ASSETS		
Non-current assets		
Property, plant and equipment	20.870,1	18.654,4
Inventories	737,2	664,4
Other receivables	0,0	8,2
Total Non-current assets	21.607,3	19.327,0
Current assets		
Trade accounts receivable	3.149,8	2.576,9
Other receivables	1.305,5	1.387,3
Investments at fair value	4.188,8	2.581,2
Investments at amortized cost	0,0	406,9
Cash and cash equivalents	44,4	4.279,0
Total Current assets	8.688,5	11.231,3
TOTAL ASSETS	30.295,8	30.558,2
EQUITY		
Common stock	444,7	444,7
Inflation adjustment on common stock	9.053,2	9.053,2
Legal reserve	513,0	232,8
Optional reserve	441,3	144,6
Reserve for future dividends	0,0	1.987,8
Reserve for acquisition of non-controlling interests	519,2	0,0
Voluntary reserve	2.472,9	0,0
Other comprehensive results	(410,2)	(441,3)
Retained earnings	3.984,9	5.603,6
Equity attributable to owners of the parent	17.019,0	17.025,3
Non-controlling interests	0,0	747,4
TOTAL EQUITY	17.019,0	17.772,7
LIABILITIES		
Non-current liabilities		
Bonds and other indebtedness	5.403,7	5.592,6
Deferred tax payable	3.386,8	2.145,9
Employee benefits payable	548,6	683,4
Trade accounts payable	29,2	0,6
Total Non-current liabilities	9.368,3	8.422,5
Current liabilities		
Provisions	108,4	128,8
Bonds and other indebtedness	204,8	213,5
Income tax payable	975,2	879,6
Taxes payable	177,6	250,4
Payroll and social securities taxes payable	897,3	944,5
Employee benefits payable	107,7	129,4
Trade accounts payable	1.437,4	1.816,9
Total Current liabilities	3.908,5	4.363,1
TOTAL LIABILITIES	13.276,8	12.785,5
TOTAL LIABILITIES AND EQUITY	30.295,8	30.558,2

5.3 Additional information

In AR\$ MM, nominal values	Fiscal year ended on December 31st,		Three-month period ended on December 31st,	
	2019	2018	2019	2018
Net Revenues	11.898,2	8.061,8	3.389,3	2.390,6
Operating and administrative expenses	(4.972,1)	(3.342,7)	(1.597,3)	(1.120,5)
Other gains / (expenses), net	153,1	95,2	18,0	19,6
Operating income	7.079,3	4.814,3	1.810,1	1.289,7
EBITDA	7.301,5	4.956,8	1.873,1	1.330,8
Acquisition of property, plant and equipment	2.755,2	2.183,3	896,9	664,1
Depreciations	222,2	142,5	63,0	41,1

6. Analysis of results for fiscal year ended on December 31st, 2019 compared to last year

Net revenues

Consolidated Net revenues for fiscal year ended on December 31st, 2019 resulted in AR\$ 14.479,2 million, 4,3% lower than the AR\$ 15.131,1 million for last year.

Consolidated net regulated revenues for fiscal year ended on December 31st, 2019 amounted to AR\$ 12.845,6 million, 3,9% lower than the AR\$ 13.364,5 million for 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 fiscal year ended on December 31st, 2019 amounted to AR\$ 1.633,6 million, 7,5% lower than the AR\$ 1.766,6 million for 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 fiscal year ended on December 31st, 2019 amounted to AR\$ 6.777,3 million, 2,8% lower than the AR\$ 6.976,0 million for last year.

Other gains / expenses

Consolidated other gains / expenses, net for fiscal year ended on December 31st, 2019 resulted in a profit of AR\$ 189,9 million, 25,4% higher the AR\$ 151,4 million for last year, mainly due to a higher profit of AR\$ 28,3 million in awards for quality service.

Operating profit

Consolidated operating profit for fiscal year ended on December 31st, 2019 amounted to AR\$ 7.891,8 million, 5,0% lower than the AR\$ 8.306,6 million for 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 fiscal year ended on December 31st, 2019 amounted to a loss of AR\$ 311,6 million, 52,3% lower than the loss of AR\$ 653,4 million for last year, mainly due to a lower loss in other financial results of AR\$ 591,1 million (mainly due to a higher profit of AR\$ 1.560,9 million in Result from exposure to change in purchasing power of currency (RECPPC), partially offset by a higher loss of AR\$ 969,7 million corresponding to foreign exchange, net) and a higher profit in finance income of AR\$ 184,8, partially offset by a higher loss in finance costs of AR\$ 434,0 million.



Income tax

Consolidated income tax charges for fiscal year ended on December 31st, 2019 resulted in a loss of AR\$ 3.522,7 million, 27,3% higher than the AR\$ 2.767,6 million for last year.

You may find additional information on the Company at:

www.transener.com.ar

www.transba.com.ar

www.cnv.gob.ar