

Results for fiscal year ended on December 31st, 2022

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, 2022

Stock Information



Bolsas y Mercados Argentinos
Ticker: TRAN

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Transener, Argentina’s leading electricity transmission company, announces the results for fiscal year ended on December 31st, 2022.

Main results for fiscal year ended on December 31st, 2022, restated in constant currency at December, 2022¹

Consolidated revenues of AR\$ 31,545.5 million, 6.6% lower than the AR\$ 33,766.2 million for last year, due to the tariff adjustments granted by ENRE in May 2022, retroactive to February 2022 (67% Transener and 69% Transba), were not sufficient to maintain the revenues level, measured in constant currency.

Consolidated EBITDA² of AR\$ 7,245.5 million, 32.5% lower than the AR\$ 10,728.3 million for last year, mainly due to the decrease of 6.6% in revenues and the increase of 4.9% in operating costs.

Consolidated profit attributable to the owners of the company of AR\$ 1,709.9 million, compared to a loss of AR\$ 2,547.9 million for last year, mainly due to a lower income tax charge originated in the impact of the tax rate increase in 2021 on the deferred tax payable.

Main results for the Fourth Quarter of 2022

Consolidated revenues of AR\$ 6,341.0 million, 14.5% lower than the AR\$ 7,415.5 million for same period last year. The tariff adjustments granted by ENRE in May 2022, retroactive to February 2022 (67% Transener and 69% Transba), were not sufficient to maintain the revenues level, measured in constant currency.

Negative consolidated EBITDA² of AR\$ 908.9 million, compared to a positive consolidated EBITDA of AR\$ 1,035.9 million for same period last year, mainly due to the decrease of 14.5% in revenues and the increase of 11.7% in operating costs.

Consolidated loss attributable to the owners of the company of AR\$ 851.5 million, 85.3% higher than the AR\$ 459.6 million for same period last year, mainly due to the decrease in revenues and the increase in operating costs.

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

²Consolidated EBITDA represents consolidated operating results before depreciation.

1. Financial Situation

As of December 31st, 2022, Transener maintains a principal balance of AR\$ 527.8 million from a loan for working capital of AR\$ 1,000 million, entered into with the Banco de la Nación Argentina in July 2021.

Regarding Transener's ratings, Fix Scr S.A. Credit Rating Agency maintained the long-term issuer rating of A+ (arg) with stable outlook.

2. Tariff Situation

On February 25th, 2022, under Resolutions No. 68/2022 and No. 69/2022, 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. On March 15th, 2022, the Company filed an appeal for reconsideration against Resolutions No. 68/2022 and 69/2022. On May 9th, 2022, under Resolutions No. 147/2022 and No. 148/2022, the ENRE reconsidered and modified the actual values since February 1st, 2022, establishing an increase of 67% for Transener and of 69% for Transba, applicable to the values of August 2019.

Since August 2022, the Company has submitted notes to and has held meetings with the Secretariat of Energy and ENRE in order to request the updates of the transitory tariff scheme applicable since September 2022, on account of the tariff increase to be determined for 2023. For such purposes, the Company filed the Financial and Economic Projections for 2023 along with a detailed explanatory document and the capital expenditures plan. Likewise, the Company made a presentation to the Board of Directors of CAMMESA, indicating the criticality of the electricity transmission sector.

On October 20th, 2022, the ENRE, under Resolution No. 539/2022, called to a public hearing to be held on November 30th, 2022, in order to inform and listen to the opinions regarding the proposals of the concessionaires of the public electricity transmission service, aimed at obtaining a temporary update of the tariff scheme, within the RTI renegotiation process and prior to defining the tariffs to be applied by the concessionaires.

On the other hand, on December 6th, 2022, the Executive, through Decree No. 815/2022, extended for another year Decree No. 1020/2020, issued in December 2020, which had initiated the renegotiation of the current FTR for a maximum period of 2 years.

Subsequently, on December 29th, 2022 the ENRE, in order to maintain in 2023 the purchasing power of the revenues granted by Resolutions No. 147/2022 y 148/2022, through Resolutions No. 698/2022 and 702/2022 set the hourly values of current remunerations since January 1st, 2023, establishing an increase of 154,5% and 154,1% over the current values since February 2022 for Transener. and Transba, respectively.

3. Operating Information

The Company continues to carry out the execution of the investment plan, maintaining as of December 31st, 2022 commitments for the acquisition of capital expenditures for an amount of approximately AR\$ 4,300 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**

- **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 EHVL.

- **Works under the SE Resolutions No. 1/2003 and 821/2006**

- **New 25 de Mayo Substation**

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

- **Ezeiza Substation - Installation of shunt capacitive compensation banks**

- Output on Transener's side in 220 kV to EDESUR's side, where the banks will be installed.

- **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.

- **Resistencia Substation - Fields 01 and 02 outputs in 132kV**

- Adequacy of both line outputs with equipment update.

- **Cobos Substation - DAG Hub Node (Puna Solar-Altiplano Solar-Cauchari Solar Generators)**

- Installation required by DAG (Automatic Generation Disconnection) system and covered by the photovoltaic generators mentioned above.

- **Puerto Madryn Substation Expansion - Transformation Capacity (Goldwing Loma Blanca VI Eolic Park)**

- Installation of 600 MVA of 500/138/34.5 kV transformers bank (T3PY).

- **Rosario Oeste Substation Expansion (for EPESF) - Output 132 kV DT HVL to Godoy Substation**

- Commissioning of the Field N° 4 of the 132kV Rosario Oeste Substation yard for line output to Provincias Unidas, by armored cable.



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:

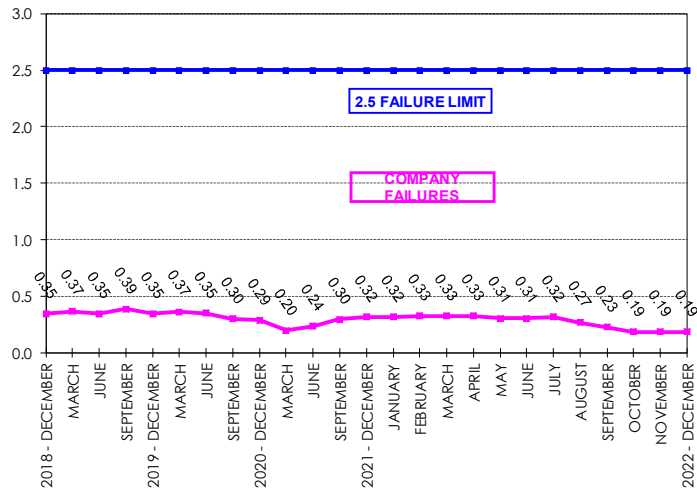
- Minera Alumbrera Ltd.
- Yacylec S.A.
- Transportadora del Norte S.A.
- Transportadora Cuyana S.A.
- AES Argentina Generación S.A.
- Nucleoeléctrica Argentina S.A.
- Transportel Minera II S.A.

Rate of failures

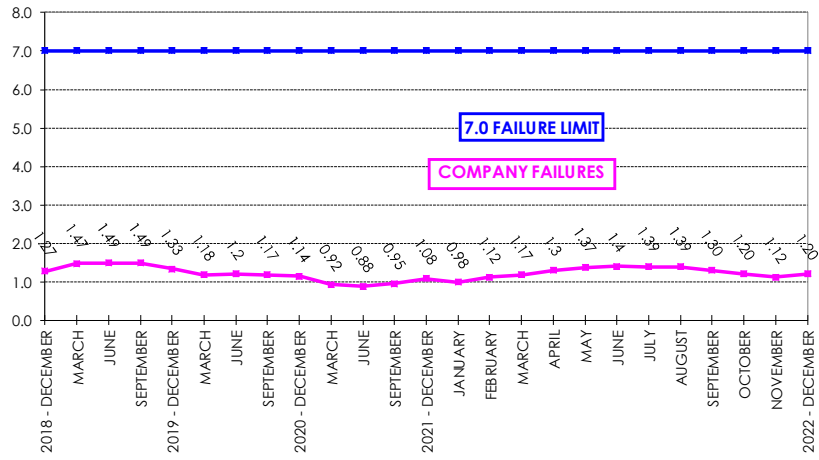
The rate of failures represents the quality of the service provided. The following charts show the quality of the service provided by Transener and Transba as from December 2018.

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



4. Significant Financial Information

4.1 Consolidated Statements of Operations

In AR\$ MM	Fiscal year ended on December 31st,		Three-month period ended on December 31st,	
	2022	2021	2022	2021
Revenues	31,545.5	33,766.2	6,341.0	7,415.5
Operating costs	(26,817.2)	(25,636.6)	(7,627.3)	(6,859.6)
Gross profit	4,728.3	8,129.6	(1,286.3)	555.9
Administrative expenses	(3,395.6)	(3,172.0)	(1,117.9)	(968.7)
Other operating income, net	520.1	287.8	128.1	101.2
Operating income	1,852.9	5,245.4	(2,276.2)	(311.6)
Finance income	5,629.6	5,299.7	2,123.5	1,106.6
Finance costs	(3,338.0)	(4,247.8)	(917.5)	(840.3)
Other financial results	58.0	(1,408.3)	156.8	17.8
Loss on net monetary position	(1,488.2)	(1,398.1)	(122.2)	(802.9)
Profit/(loss) before tax	2,714.4	3,491.0	(1,035.6)	(830.4)
Income tax	(1,004.4)	(6,038.9)	184.2	370.8
Profit/(loss) for the year from continuing operations	1,709.9	(2,547.9)	(851.5)	(459.6)
Profit/(loss) for the year attributable to :				
Owners of the company	1,709.9	(2,547.9)	(851.5)	(459.6)
Total for the year	1,709.9	(2,547.9)	(851.5)	(459.6)
Other comprehensive results				
Profit/(loss) for the year	1,709.9	(2,547.9)	(851.5)	(459.6)
Other comprehensive results for the year, net of taxes	(320.4)	(168.1)	(320.4)	(168.1)
Comprehensive profit/(loss) for the year	1,389.6	(2,716.0)	(1,171.8)	(627.8)
Comprehensive profit/(loss) for the year attributable to :				
Owners of the company	1,389.6	(2,716.0)	(1,171.8)	(627.8)
Total for the year	1,389.6	(2,716.0)	(1,171.8)	(627.8)
EBITDA	7,245.5	10,728.3	(908.9)	1,035.9
Acquisition of property, plant and equipment	4,086.8	6,950.8	1,338.9	1,357.7
Depreciation	5,392.6	5,482.9	1,367.3	1,347.5

4.2 Consolidated Balance Sheets

In AR\$ MM	As of December 31st, 2022	As of December 31st, 2021
ASSETS		
Non-current assets		
Property, plant and equipment	88,577.9	89,906.2
Inventories	3,705.2	3,731.1
Other receivables	843.8	513.3
Total Non-current assets	93,126.9	94,150.7
Current assets		
Trade accounts receivable	6,758.8	5,575.0
Other receivables	2,086.8	2,013.3
Investments at fair value	1,200.9	443.0
Cash and cash equivalents	5,139.5	7,368.6
Total Current assets	15,186.0	15,399.9
TOTAL ASSETS	108,312.9	109,550.6
LIABILITIES		
Non-current liabilities		
Loans	194.4	1,028.1
Contract liabilities	1,057.6	209.9
Deferred tax liabilities	14,835.6	15,818.9
Employee benefit payable	2,170.0	2,170.6
Trade accounts payable	201.8	3.7
Total Non-current liabilities	18,459.5	19,231.2
Current liabilities		
Provisions	338.3	386.4
Loans	427.5	678.6
Income tax payable	1,721.8	2,403.9
Taxes payable	462.2	497.2
Payroll and social securities taxes payable	3,660.2	3,991.5
Employee benefit payable	542.5	542.6
Contract liabilities	75.5	11.0
Trade accounts payable	3,610.7	4,183.2
Total Current liabilities	10,838.8	12,694.4
TOTAL LIABILITIES	29,298.2	31,925.6
EQUITY		
Share capital	444.7	444.7
Share capital adjustment	37,573.8	37,573.8
Legal reserve	3,566.9	3,566.9
Optional reserve	1,766.6	1,766.6
Voluntary reserve	36,108.3	38,656.2
Other comprehensive results	(2,155.7)	(1,835.3)
Retained earnings	1,709.9	(2,547.9)
TOTAL EQUITY	79,014.6	77,625.0
TOTAL LIABILITIES AND EQUITY	108,312.9	109,550.6

4.3 Additional information

In AR\$ MM, nominal values	Fiscal year ended on December 31st,		Three-month period ended on December 31st,	
	2022	2021	2022	2021
Revenues	23,079.6	14,437.2	6,031.1	3,681.8
Operating and administrative expenses	(19,512.7)	(10,651.7)	(7,214.5)	(3,422.2)
Other operating income, net	448.3	173.9	137.3	118.6
Operating profit/(loss)	4,015.2	3,959.3	(1,046.1)	378.1
EBITDA	4,545.6	4,423.5	(886.4)	513.3
Acquisition of property, plant and equipment	3,126.5	3,013.6	1,279.5	669.4
Depreciation	530.4	464.2	159.8	135.2

5. Analysis of results for fiscal year ended on December 31st, 2022 compared to last year

Revenues

Consolidated revenues for fiscal year ended on December 31st, 2022 amounted to AR\$ 31,545.5 million, 6.6% lower than the AR\$ 33,766.2 million for last year.

Consolidated regulated revenues for fiscal year ended on December 31st, 2022 amounted to AR\$ 27,635.9 million, 6.1% lower than the AR\$ 29,433.3 million for last year, due to the fact that the tariff adjustments granted by ENRE in May 2022, retroactive to February 2022 (67% Transener and 69% Transba), were not sufficient to maintain the revenues level, measured in constant currency.

Consolidated non-regulated revenues for fiscal year ended on December 31st, 2022 amounted to AR\$ 3,909.6 million, 9.8% lower than the AR\$ 4,332.9 million for last year, due to the fact that the tariff adjustments granted by ENRE in May 2022, retroactive to February 2022, applicable to Cuarta Línea, Choele Choel - Puerto Madryn and TIBA, were not sufficient to maintain the revenues level, measured in constant currency.

Operating and administrative expenses

Consolidated operating and administrative expenses for fiscal year ended on December 31st, 2022 amounted to AR\$ 30,212.8 million, 4.9% higher than the AR\$ 28,808.6 million for last year, due to an increase of AR\$ 1,165.0 million in labor costs.

Other operating income, net

Consolidated other operating income, net for fiscal year ended on December 31st, 2022 resulted in a profit of AR\$ 520.1 million, 80.8% higher than the AR\$ 287.8 million for last year, mainly due to an increase in awards for quality service.

Operating profit

Consolidated operating profit for fiscal year ended on December 31st, 2022, amounted to AR\$ 1,852.9 million, 64.7% lower than the AR\$ 5,245.4 million for last year, mainly due to the decrease of 6.6% in revenues and the increase of 4.9% in operating costs, measured in constant currency.



Financial results

Consolidated financial results for fiscal year ended on December 31st, 2022 resulted in a profit of AR\$ 861.5 million, compared to a loss of AR\$ 1,754.4 million for last year, mainly due to the cancellation of the Class 2 Notes in August 2021.

Income tax

Consolidated income tax for fiscal year ended on December 31st, 2022 resulted in a loss of AR\$ 1,004.4 million, 83.4% lower than the AR\$ 6,038.9 million for last year, mainly due to a lower deferred income tax loss originated in the impact of the income tax rate increase in 2021, established by Law No. 27,630.

You may find additional information on the Company at:

www.transener.com.ar

www.transba.com.ar

www.cnv.gob.ar