

Buenos Aires, August 5th, 2024

Results for six-month period ended on June 30th, 2024

Compañía de Transporte de Energía Eléctrica en Alta Tensión Transener S.A. (“Transener” or the “Company”) announces the results for six-month period ended on June 30th, 2024

Stock Information



Bolsas y Mercados Argentinos
Ticker: TRAN

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Transener, Argentina’s leading electricity transmission company, announces the results for six-month period ended on June 30th, 2024.

Main results for six-month period ended on June 30th, 2024, restated in constant currency at June, 2024¹

Consolidated revenues of AR\$ 135,937 million, 3.2% higher than the AR\$ 131,670 million for same period last year, due to the effect of the tariff adjustment implemented in the second semester of 2023 and the first semester of 2024, net of inflation.

Consolidated EBITDA² of AR\$ 55,001 million, 9.4% lower than the AR\$ 60,723 million for same period last year, mainly due to the increase in operating costs, partially offset by the increase in revenues and other operating income.

Consolidated profit attributable to the owners of the company of AR\$ 24,720 million, 16.0% lower than the AR\$ 29,421 million for same period last year.

Main results for the Second Quarter of 2024³

Consolidated revenues of AR\$ 73,796 million, 23.8% higher than the AR\$ 59,620 million for the same period last year, due to the effect of the tariff adjustment implemented in the second semester of 2023 and the first semester of 2024, net of inflation.

Consolidated EBITDA² of AR\$ 30,846 million, 26.2% higher than the AR\$ 24,433 million for the same period last year, principally due to the increase in revenues of 23.8%.

Consolidated profit attributable to the owners of the company of AR\$ 12,468 million, 29.3% higher than the AR\$ 9,640 million for the same period last year, mainly due to the increase in revenues of 23.8%.

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

²Consolidated EBITDA represents consolidated operating results before depreciation.

³The financial information presented in this document for the quarters ended on June 30th, 2024 and 2023 is based on the unaudited condensed interim consolidated financial statements prepared according to the accounting framework established by the National Securities Commission (CNV), corresponding to the three-month and six-month periods ended on June 30th, 2024 and 2023.

1. Financial Situation

As of June 30th, 2024, Transener maintains a principal balance of AR\$ 28 million from a loan with Banco de la Nación Argentina.

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 December 16th, 2023, through Decree No. 55/2023, the National Executive Power declared the state of emergency in the National Energy Sector until December 31st, 2024 related to the generation, transmission and distribution of electric energy under federal jurisdiction.

Art.3 of the aforementioned decree determined the beginning of the Tariff Review according to art. 43 of Law No. 24,065 concerning the generation, transmission and distribution of electric energy under federal jurisdiction, establishing that the entry into force of the resulting tariff schedules should not exceed December 31st, 2024.

On January 2nd, 2024, through Resolution No. 3/2024, the ENRE called for a public hearing, which was held on January 29th, 2024, in order to inform and listen to opinions regarding the proposals of the concessionaires of the public electric energy transmission service for a temporary tariff adjustment, prior to defining the rates to be applied by the concessionaires.

Consequently, the ENRE, by Resolutions No. 104/2024 and 105/2024, determined the hourly values of remuneration effective as from February 19th, 2024, establishing an increase of 179.7% and 191.1% for Transener and Transba, respectively, over the tariff values of November 2023. Likewise, a tariff adjustment formula was established, based on salary variation index, wholesale prices and consumer prices, with monthly application starting in May 2024.

However, on May 9th, 2024, the ENRE informed Transener and Transba that, following instructions from the Ministry of Economy, the updating of the tariff adjustment settled in Resolutions No. 104/2024 and 105/2024 for May, 2024, would be suspended. This decision was strongly opposed by Transener and Transba due to the adverse impact on their revenues, which are essential for service operation.

On June 11th, 2024, the ENRE, following instructions from the Ministry of Economy, suspended the monthly tariff update for June 2024, and modified the tariff adjustment formula as from July 2024, based on the forecasted inflation for the semester July/December 2024. Transener and Transba reiterated their opposition to these measures due to the uncertainty in the methodology and undefined ratings calculation, requesting that the ENRE take appropriate actions to restore revenues in accordance with Resolutions No. 104/2024 and 105/2024.

On July 2nd, 2024, the ENRE, following instructions from the Ministry of Economy, suspended the monthly tariff update for July 2024. This decision was once again rejected by Transener and Transba, requesting the ENRE to promptly regularize the revenues update.

On the other hand, on April 15th, 2024, through Resolution No. 223/2024, the ENRE approved the "Program for the Tariff Review of Electricity Transmission in 2024", establishing the methodology and criteria for the Full Tariff Review to be considered by the companies of electricity transmission for their tariff proposals to be applied as from January 1st, 2025. The ENRE formally requested information in order to determine the capital base and to evaluate operating costs and the investment plan. The information of capital base, historical costs, property, plant and equipment, status of easements and existing facilities was to be submitted to the ENRE before May 17th, 2024, which was presented as requested, while the projected costs, investments and annual remuneration required must be submitted before September 14th, 2024.

In accordance with Resolution No. 34/2024, the Secretary of Energy modified the priority order of CAMMESA payments, prioritizing payments to transmission companies over generation companies. As of the date of this report, the Company has not registered delays in the collection of its remuneration.

3. Operating Information

The Company continues to carry out the execution of the investment plan, maintaining as of June 30th, 2024 commitments for the acquisition of capital expenditures for an amount of approximately AR\$ 23,500 million.

Transener, as the concessionaire of the extra high voltage electric power transmission network, is in charge of the follow-up of the expansions requested by the users of the network.

Here follows the most significant works in progress under Transener's supervision:

- **Federal Plan for Transmission Works**

- **Chaco Substation Expansion - Second 300MVA Transformer**

- New transformation field for the backup transformer. The work is on hold, pending update of the contract price by the contracting authority.

- **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 New 500kV Jorge Cepernic Substation**

- In December 2023, progress was made in the engineering analysis and revision, with 33% of the work approved. As of June 30th, 2024, the work is on hold, foreseeing for the next months a scope revision and the contractual price by ENARSA as the contracting authority.

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

- Adequacy of both line outputs with equipment update. The pending engineering works are in progress, foreseeing the commissioning in September 2024.

- **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 in NOA area.

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

- Installation of a 600 MVA transformer bank in 500/138/34.5kV (T3PY), foreseeing the commissioning in October 2024, which will allow renewable energy to be exported to the SADI (Argentine Interconnection System).

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

- Commissioning of Field N° 4 of the 132kV Rosario Oeste Substation yard for new line output to the Provincias Unidas de la Provincia de Santa Fe Substation, via underground cable.

- **Gran Mendoza Substation - Outputs in 200 kV to Godoy Cruz**

- Work in the final stage to connect two new outputs in 200 kV for EDEMSA Distributor.

- **Alicurá Substation - Field 132 kV and output to the New Dina Huapi Substation**

- In June 2024, a new contract was signed with Transcomahue to upgrade the 132 kV Alicurá Substation. This upgrade will enable the connection to the new 132kV HVL of the ALIPIBA II project.

Here follows the most significant works in progress under Transba's supervision:

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

Sur Substation

New Sur Substation in Bahía Blanca with 2 45/30/45 MVA transformers in 132/33/13.2kV and opening of Chañares - Petroquímica 132kV HVL.

Ayacucho Substation

New Ayacucho Substation with capacity of 2x30/20/30 MVA, which will be connected to the Tandil - Las Armas 132kV HVL, the construction of a 3.4 km double-circuit, and new 4x33 kV + 4x13.2kV outputs.

Numancia Substation

In June 2024, the new Numancia 33/132kV Substation was partially commissioned, to which it will be connected the 160 MW Eolic Park La Elbita (36 wind turbines of 4.2 MW), sectioning Tandil - Necochea HVL, 42 km away from Tandil.

North San Nicolás Substation

Electromechanical assembly of the new North San Nicolás 132/33/13.2kV - 2x40/40/40 MVA + 6Px33-8Px13 Substation, sectioning the San Nicolás - General Lagos 132kV HVL, and a third connection of the lines from Laminados Industriales.

La China Substation

New substation to connect Vientos Olavarria 100.8 MW Eolic Park, sectioning the Olavarría - Henderson HVL.

Gonzales Chaves Substation Expansion

In March 2024, works for the installation of 2 132/33/13 kV-15MVA transformers were commenced. One replaces the 10 MVA T1CH and the other one replaces a 5MVA transformer of 33/13 kV.

New Cangrejales Substation

Replacement of the current Profertil Substation with the New Cangrejales Substation. The new substation will feature a double set of bars in 132kV with an interior GIS coupler technology, providing 2 outputs to Profertil Plant and 3 line outputs to Petroquímica Bahía Blanca Substation.

New Guaminí Substation

In May 2024, the construction of the New Guaminí 132/33/13.2 kV - 2x30/30/20 MVA Substation was started, and also the connection of a 132kV HVL of 63km to Coronel Suárez Substation.

Alvarez Jonte Substation

New Álvarez Jonte Substation to which it will be connected to PE La Escondida (110 MW), sectioning the existing 132kV Chascomús - Verónica HVL (EDELAP).

Tornquist Substation - Transformer replacement

In the first semester of 2024, EDES completed the Stage I of the replacement of the 132/34,5/13,8kV 15/10/10 MVA T1TO transformer with a new unit of 30/30/20 MVA.

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. Likewise, it maintains installations of communications that are affected by dark fiber lease contracts.

Transener maintains its main contracts with the following customers:

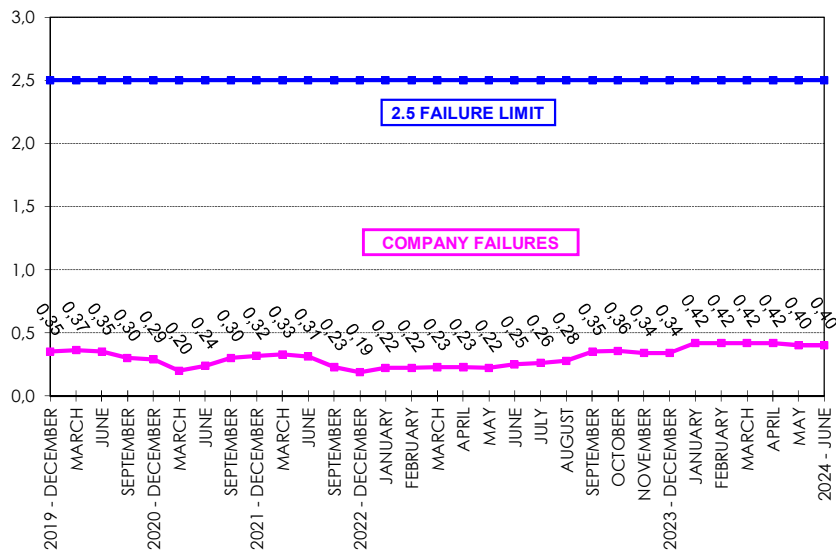
- Minera Alumbrera Ltd.
- AES Argentina Generación S.A.
- Nucleoeléctrica Argentina S.A.
- Silica Networks Argentina S.A.
- Capex S.A.

Rate of failures

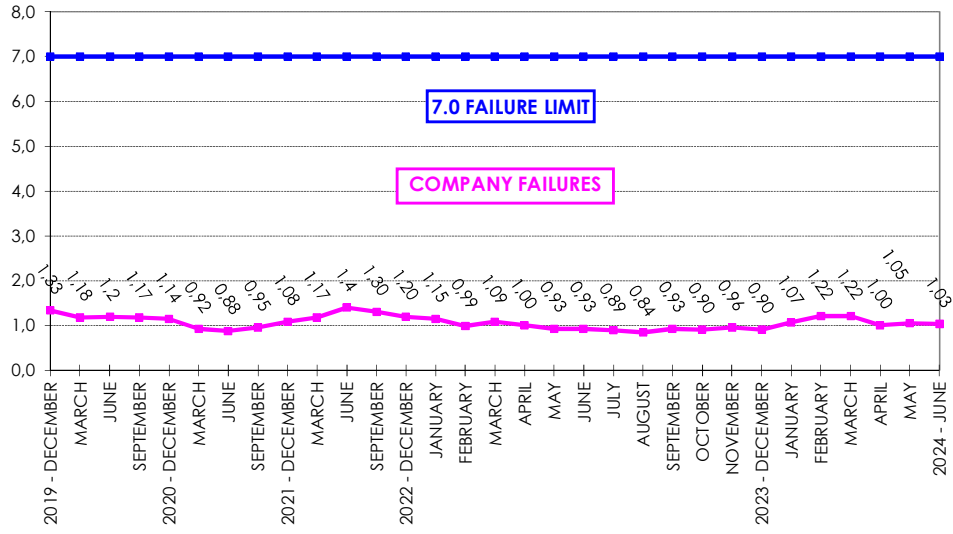
The following charts show the rate of failures of Transener and Transba as from December 2019.

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	Six-month period ended on June 30th		Three-month period ended on June 30th	
	2024	2023	2024	2023
Revenues	135,937	131,670	73,796	59,620
Operating costs	(88,734)	(76,320)	(46,606)	(39,357)
Gross profit	47,204	55,350	27,189	20,263
Administrative expenses	(11,650)	(9,455)	(5,878)	(4,889)
Other operating income/(expenses), net	3,790	(480)	1,424	1,388
Operating income	39,343	45,415	22,735	16,761
Finance income	18,048	22,091	5,306	12,730
Finance costs	(8,847)	(9,793)	(3,708)	(5,055)
Other financial results	(6,419)	(1,123)	(822)	(761)
Loss on net monetary position	(5,866)	(11,595)	(4,867)	(8,963)
Profit before tax	36,260	44,996	18,644	14,711
Income tax	(11,539)	(15,575)	(6,176)	(5,071)
Profit for the period from continuing operations	24,720	29,421	12,468	9,640
Profit for the period attributable to :				
Owners of the company	24,720	29,421	12,468	9,640
Total for the period	24,720	29,421	12,468	9,640
Other comprehensive results				
Profit for the period	24,720	29,421	12,468	9,640
Other comprehensive results for the period, net of taxes	-	-	-	-
Comprehensive profit for the period	24,720	29,421	12,468	9,640
Comprehensive profit for the period attributable to :				
Owners of the company	24,720	29,421	12,468	9,640
Total for the period	24,720	29,421	12,468	9,640
EBITDA	55,001	60,723	30,846	24,433
Acquisition of property, plant and equipment	14,388	16,587	8,633	12,501
Depreciation	15,658	15,307	8,111	7,673

4.2 Consolidated Balance Sheets

In AR\$ MM	As of June 30th, 2024	As of December 31st, 2023
ASSETS		
Non-current assets		
Property, plant and equipment	499,581	501,405
Inventories	26,594	24,303
Other receivables	5,355	6,283
Total Non-current assets	531,530	531,990
Current assets		
Trade accounts receivable	50,621	51,022
Other receivables	13,936	19,106
Investments at fair value	-	6,370
Cash and cash equivalents	40,454	23,844
Total Current assets	105,010	100,341
TOTAL ASSETS	636,541	632,331
LIABILITIES		
Non-current liabilities		
Contract liabilities	5,050	5,292
Deferred tax liabilities	78,450	79,914
Employee benefits payable	11,395	11,966
Trade accounts payable	618	1,150
Total Non-current liabilities	95,514	98,323
Current liabilities		
Provisions	1,385	1,641
Loans	29	449
Income tax payable	17,051	12,179
Taxes payable	4,406	1,357
Payroll and social securities taxes payable	15,540	20,210
Employee benefits payable	2,849	2,992
Contract liabilities	412	378
Trade accounts payable	20,789	40,956
Total Current liabilities	62,461	80,162
TOTAL LIABILITIES	157,975	178,485
EQUITY		
Share capital	445	445
Share capital adjustment	212,393	212,393
Legal reserve	21,038	20,447
Optional reserve	12,391	12,068
Voluntary reserve	219,970	209,060
Other comprehensive results	(12,391)	(12,391)
Retained earnings	24,720	11,825
TOTAL EQUITY	478,566	453,846
TOTAL LIABILITIES AND EQUITY	636,541	632,331

5. Analysis of results for six-month period ended on June 30th, 2024 compared to same period last year

Revenues

Consolidated revenues for six-month period ended on June 30th, 2024 amounted to AR\$ 135,937 million, 3.2% higher than the AR\$ 131,670 million for same period last year.

Consolidated regulated revenues for six-month period ended on June 30th, 2024 amounted to AR\$ 119,126 million, 1.2% higher than the AR\$ 117,660 million for same period last year, due to the effect of the tariff adjustments implemented in the second semester of 2023 and the first semester of 2024, net of inflation.

Consolidated non-regulated revenues for six-month period ended on June 30th, 2024 amounted to AR\$ 16,812 million, 20.0% higher than the AR\$ 14,010 million for same period last year.

Operating and administrative expenses

Consolidated operating and administrative expenses for six-month period ended on June 30th, 2024 amounted to AR\$ 100,384 million, 17.0% higher than the AR\$ 85,775 million for same period last year, mainly due to an increase in labor costs (mainly due to long term employee benefits payable costs), equipment maintenance and insurance.

Other operating income/(expenses), net

Consolidated other operating income/(expenses), net for six-month period ended on June 30th, 2024 resulted in a profit of AR\$ 3.790 million, compared to a loss of AR\$ 480 million for same period last year, mainly due to an increase in insurance claims recoveries and gains from sales of property, plant and equipment, partially offset by an increase in penalties for service quality.

Operating profit

Consolidated operating profit for six-month period ended on June 30th, 2024, amounted to AR\$ 39,343 million, 13.4% lower than the AR\$ 45,415 million for same period last year, as a result of aforementioned factors.

Financial results

Consolidated financial results for six-month period ended on June 30th, 2024 resulted in a loss of AR\$ 3,084 million, 635.3% higher than the AR\$ 419 million for same period last year, mainly due to a higher loss in exchange rate differences, net of inflation.

Income tax

Consolidated income tax for six-month period ended on June 30th, 2024 resulted in a loss of AR\$ 11,539 million, 25.9% lower than the AR\$ 15,575 million for same period last year, mainly due to a lower profit before tax.

You may find additional information on the Company at:

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