Buenos Aires, May 8th, 2014

# Results for the three-month period ended on March 31st, 2014

**Compañía de Transporte de Energía Eléctrica en Alta Tensión Transener S.A. ("Transener" or the "Company") announces the results for the three-month period ended on March 31st, 2014**


**Stock Information**

Bolsa de Comercio de Buenos Aires
Ticker: TRAN

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Transener, Argentina's leading electricity transmission company, announces results for the three-month period ended on March 31st, 2014.

**Consolidated net sales of AR$ 284,0 million,** 115,8% higher than the AR$ 131,6 million for the same period of 2013, mainly due to an increase of 618,8% (AR$ 120,5 million) in revenues from the Renewal Agreement.

**Consolidated adjusted EBITDA[1] of AR$ 110,1 million**, compared to the AR$ 4,1 million for the same period of 2013, mainly due to an increase of 115,8% (AR$ 152,4 million) in net sales and an increase of 266,8% (AR$ 47,3 million) in the interest from the Renewal Agreement, partially offset by an increase of 42,4% (AR$ 79,1 million) in operating costs and administrative expenses.

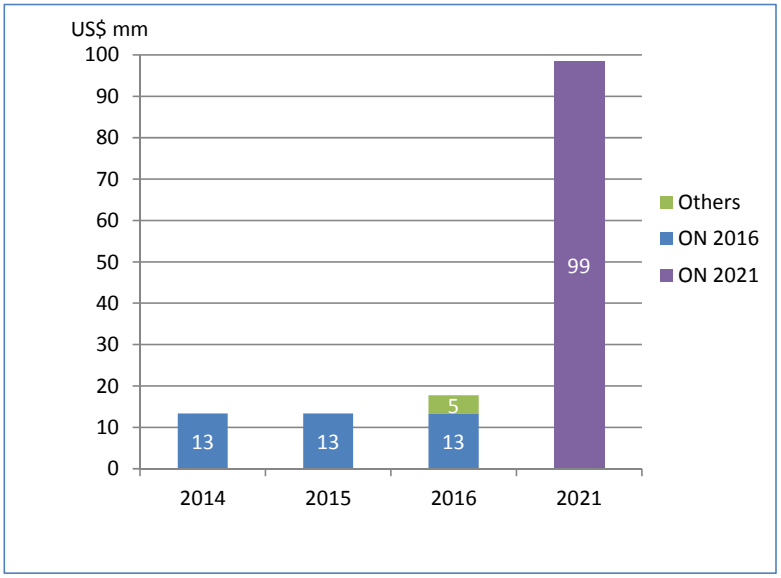
**Consolidated net loss of AR$ 92,8 million**, compared to a consolidated net loss of AR$ 35,7 million for the same period of 2013, mainly due to a higher loss in financial results of AR$ 115,9 million, partially offset by a higher profit of AR$ 53,8 million in the operating result and of AR$ 5,9 million in the income tax charge.

[1] Consolidated adjusted EBITDA represents consolidated operating results before depreciations plus interest from the Fourth Line and interest from the Renewal Agreement.

# 1. Financial Situation

As of March 31st, 2014, consolidated outstanding principal debt of the Company amounts to US$ 143,1 million.

The following table shows the schedule of maturities of capital of the financial debt in dollars:




Regarding the Transener's qualifications, S&P maintained the local qualification in "raB" negative and the global qualification for foreign and local currency in "CCC" negative.

# 2. Tariff Situation

On May 13th, 2013 and on May 20th, 2013, Transener and Transba, respectively, entered into a Renewal Agreement of the Instrumental Agreement with the Secretariat of Energy and the ENRE (the Renewal Agreement), in force until December 31st, 2015, in which the following was stated:

i) the recognition of a credit for Transener and Transba for the variations of costs for the period December 2010 - December 2012, which have been calculated according to the costs variation index (CVI) foreseen in the Definitive Agreement,

ii) a mechanism of cancellation of the pending balances of the Addenda II, together with the amounts mentioned hereinbefore, during 2013,

iii) a procedure for the automatic updating and payment of the cost variations arising from the sequence of the semesters which have already elapsed from January 1st, 2013, up to December 31st, 2015.

iv) the celebration of a new Addenda with CAMMESA in order to include the amount of credits to be generated and the corresponding interest up to the effective cancellation.

A Cash Flow and an Investment Plan were established under the Renewal Agreement, to be executed by the Companies in 2013 and 2014, taking into account the reception of the disbursements according to the Addendas to be entered into. The Cash Flow and Investment Plan in all cases will be adjusted to the income that the Company will receive in each period.

The Investment Plan settled within the Renewal Agreement provides investments under the before mentioned conditions, for the years 2013 and 2014, for approximate amounts of AR$ 286 and AR$ 207 million, respectively for Transener and of AR$ 113 and AR$ 100 million, respectively for Transba.

The Addendas were entered into with CAMMESA on February 14th, 2014 by Transener and on October 25, 2013 by Transba.

The Company has recognized revenues and interest income from the Renewal Agreement for the amount of AR$ 140,0 and AR$ 65,0 million respectively, for the three month period ended on March 31st, 2014.

# 3. Consolidated Adjusted EBITDA Calculation

Consolidated adjusted EBITDA has been calculated as follows:

| | Three-month period ended on March 31st, | |
|---|---|---|
| AR$mm | **2014** | **2013** |
| Consolidated operating result | 1,8 | (52,1) |
| Depreciations | 21,3 | 20,5 |
| Consolidated EBITDA | 23,1 | (31,6) |
| Adjustments | | |
| Renewal Agreement interest | 65,0 | 17,7 |
| Fourth Line interest | 22,1 | 17,9 |
| Consolidated adjusted EBITDA | 110,1 | 4,1 |

# 4. Operating information

- **500 kV Transmission Federal Plan**

Here follows the works in progress, the estimated construction costs, Transener's estimated revenues for the supervision of the construction and the status of the works:

| Works | Estimated Construction Costs | Etimated Supervision Revenues | Status |
|---|---|---|---|
| | AR$mm | | % |
| Rosario – Río Coronda Interconnection | 493 | 14,8 | 100% |

- **Expansion Works**

Here follows the most significant works in progress, the estimated construction costs, Transener's estimated revenues for the supervision of the construction and the status of the works:

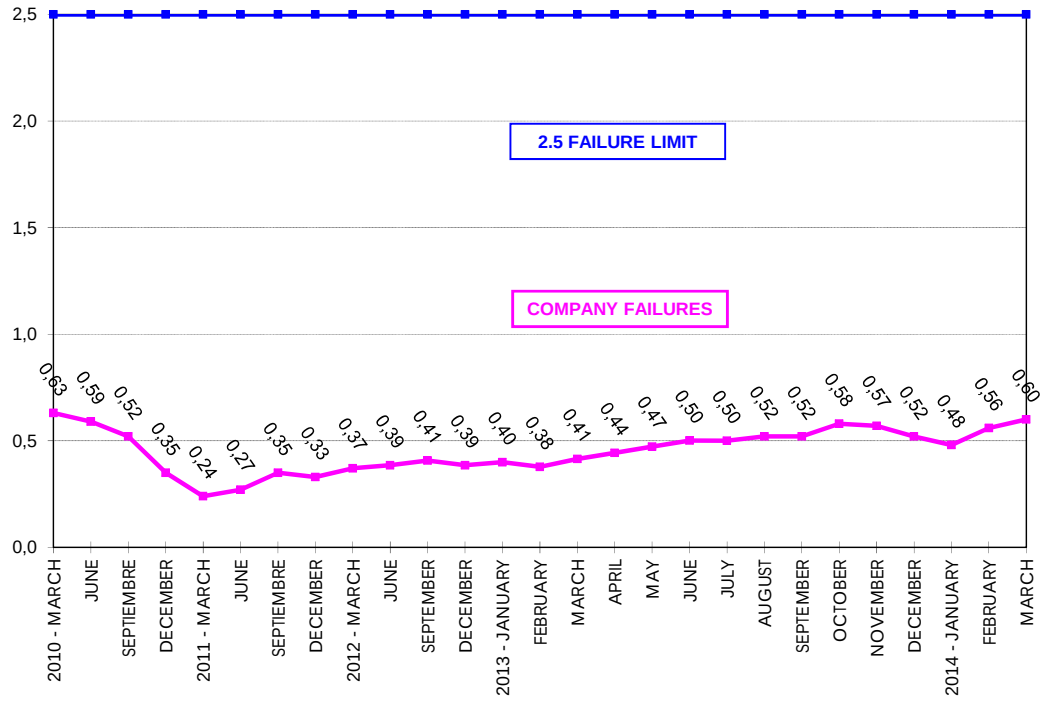
| Works | Estimated Construction Costs | Estimated Supervision Revenues | Status |
|---|---|---|---|
| | AR$mm | | % |
| Expansion Planicie Banderita Substation | 77 | 2,9 | 64% |
| Expansion of the Alicurá Substation | 7 | 0,4 | 74% |
| Santiago del Estero 500kV Substation Interconnection | 643 | 38,6 | 54% |
| | US$mm | | % |
| Coronda – Vuelta de Obligado Interconnection | 27 | 0,8 | 60% |

- **Rate of failures**

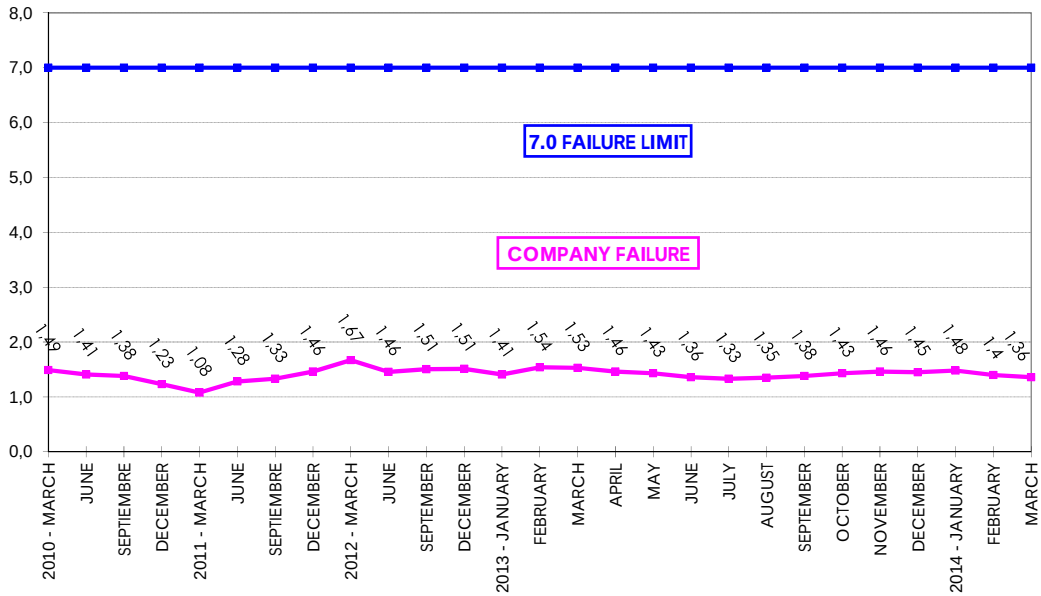
The rate of failures respresents the quality of the service provided. The following charts show the quality of the service provided by Transener and Transba as from March 2010.

Transener and Transba Concession Agreements state a maximum rate of failures of 2,5 and 7,0 outages per 100km over a 12-month period, respectively.

*Transener*




*Transba*



# 5. Significant Financial Information

## 5.1 Consolidated Statements of Operations (AR$mm)

| | Three-month period ended on March 31st, | |
|---|---|---|
| | **2014** | **2013** |
| Net Sales | 284,0 | 131,6 |
| Operating costs | (229,2) | (156,6) |
| Gross income / (loss) | 54,8 | (25,0) |
| Administrative expenses | (36,1) | (29,7) |
| Other gains / (expenses), net | (16,9) | 2,6 |
| Operating income / (loss) | 1,8 | (52,1) |
| Finance income | 108,3 | 42,3 |
| Finance costs | (27,0) | (21,9) |
| Other finance results | (201,0) | (24,2) |
| Loss before taxes | (117,9) | (55,8) |
| Income tax | 25,2 | 19,3 |
| Loss for the period | (92,7) | (36,6) |
| **Loss attributable to :** | | |
| Owners of the parent | (92,8) | (35,7) |
| Non-controlling interests | 0,1 | (0,9) |
| Total for the period | (92,7) | (36,6) |
| **Other consolidated comprehensive results** | | |
| Loss for the period | (92,7) | (36,6) |
| Other comprehensive results | 0,0 | 0,0 |
| Total comprehensive loss for the period | (92,7) | (36,6) |
| **Total comprehensive loss attributable to :** | | |
| Owners of the parent | (92,8) | (35,7) |
| Non-controlling interests | 0,1 | (0,9) |
| Total for the period | (92,7) | (36,6) |

## 5.2 Consolidated Balance Sheets (AR$mm)

| | 31.03.2014 | 31.12.2013 |
|---|---|---|
| **ASSETS** | | |
| **Non-current assets** | | |
| Property, plant and equipment | 1.344,0 | 1.301,7 |
| Other receivables | 34,1 | 50,1 |
| **Total Non-current assets** | 1.378,1 | 1.351,8 |
| **Current assets** | | |
| Trade accounts receivable | 341,4 | 386,4 |
| Other receivables | 52,7 | 73,4 |
| Cash and cash equivalents | 131,1 | 73,6 |
| **Total Current assets** | 525,2 | 533,5 |
| **TOTAL ASSETS** | 1.903,3 | 1.885,3 |
| | | |
| **EQUITY** | | |
| Common stock | 444,7 | 444,7 |
| Inflation adjustment on common stock | 353,0 | 353,0 |
| Share premium | 32,0 | 32,0 |
| Legal reserve | 42,6 | 42,6 |
| Retained earnings | (483,3) | (390,5) |
| **Equity attributable to owners of the parent** | 388,9 | 481,8 |
| Non-controlling interests | 28,0 | 27,9 |
| **TOTAL EQUITY** | 416,9 | 509,7 |
| | | |
| **LIABILITIES** | | |
| **Non-current liabilities** | | |
| Bonds and other indebtedness | 998,1 | 812,5 |
| Deferred tax payable | 34,4 | 61,9 |
| Employee benefits payable | 112,3 | 107,6 |
| Trade accounts payable | 4,2 | 4,3 |
| **Total Non-current liabilities** | 1.149,0 | 986,3 |
| **Current liabilities** | | |
| Provisions | 54,7 | 50,1 |
| Other liabilities | 2,5 | 2,4 |
| Bonds and other indebtedness | 125,8 | 112,6 |
| Taxes payable | 40,0 | 46,9 |
| Payroll and social securities taxes payable | 46,8 | 99,9 |
| Trade accounts payable | 67,6 | 77,4 |
| **Total Current liabilities** | 337,3 | 389,3 |
| **TOTAL LIABILITIES** | 1.486,4 | 1.375,6 |
| **TOTAL LIABILITIES AND EQUITY** | 1.903,3 | 1.885,3 |

# 6. Analysis of results for three month period ended on March 31st, 2014 compared to the same period of 2013

### Net sales

Consolidated net sales for the three month period ended on March 31st, 2014 resulted in AR$ 284,0 million, 115,8% higher than the AR$ 131,6 million for the same period of 2013.

The electricity transmission revenue for the three month period ended on March 31st, 2014, amounted to AR$ 214,1 million, 128,2% higher than the AR$ 93,8 million for the same period of 2013, mainly due to an increase of AR$ 120,5 million in the recognition of revenue from the Renewal Agreement entered into by Transener and Transba with the Secretariat of Energy ("SE") and the ENRE (See "Tariff situation").

The Fourth Line operation and maintenance revenue for the three month period ended on March 31st, 2014 amounted to AR$ 3,7 million, 15,7% higher than the AR$ 3,2 million for the same period of 2013.

The net other revenue for the three month period ended on March 31st, 2014 amounted to AR$ 66,1 million, 91,3% higher than the AR$ 34,6 million for the same period of 2013, mainly due to the income from the works entrusted to Transener through Resolution SE 01/2003, mainly AR$ 20,2 million for the expansion in Rosario Oeste through the incorporation of a 500 - 220 kV three phase transformer bank.

### Operating costs and administrative expenses

Consolidated operating costs and administrative expenses for the three month period ended on March 31st, 2014 amounted to AR$ 265,3 million, 42,4% higher than the AR$ 186,2 million for the same period of 2013, principally due to an increase of (i) AR$ 27,3 million in salaries and social security charges and (ii) AR$ 26,7 million in work for third-party materials as a result of the works entrusted to Transener through the Resolution SE 01/2003 above mentioned.

### Other gains / expenses, net

Consolidated other gains / expenses, net for the three month period ended on March 31st, 2014 amounted to a loss of AR$ 16,9 million, compared to a profit of AR$ 2,6 million for the same period of 2013, mainly due to the registration of an allowance for doubtful debts in respect of Minimum Notional Income Tax Credit of AR$ 10,8 million, an increase of AR$ 3,2 million in tax charge on bank debits and credits and a decrease of AR$ 2,1 million in the income from recovery of claims.

### Finance results

Consolidated finance income for the three month period ended on March 31st, 2014 amounted to AR$ 108,3 million, 155,9% higher than the AR$ 42,3 million for the same period of 2013, mainly due to an increase of (i) AR$ 47,3 million in the higher recognition of interest from the Renewal Agreement entered into with the SE and the ENRE and (ii) AR$ 4,2 million in finance income from the Fourth Line mainly due to the canon adjustment retroactive to August 2013 according Res. ENRE 079/14.

Consolidated finance costs for the three month period ended on March 31st, 2014 amounted to AR$ 27,0 million, 23,4% higher than the AR$ 21,9 million for the same period of 2013, mainly originated by the effect of the increase in the exchange rate on the interest generated by financial debts denominated in U.S. dollars.

Consolidated other finance results for the three month period ended on March 31st, 2014 amounted to a loss of AR$ 201,0 million, 729,7% higher than the AR$ 24,2 million for the same period of 2013, mainly due to an increase of AR$ 169,8 million in the exchange loss net, mainly originated by the effect of the increase in the exchange rate on the financial debts denominated in U.S. dollars.

### Income tax

Consolidated income tax charges for the three month period ended on March 31st, 2014 resulted in a profit of AR$ 25,2 million, in comparison with a profit of AR$ 19,3 million for the same period of 2013 due to a higher profit of AR$ 8,2 million in the deferred tax charge and the income tax payable of AR$ 2,3 million registered by Transba.