


Results for fiscal year ended on December 31st, 2018

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, 2018

Stock Information

 Bolsa de Comercio
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Ticker: TRAN

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Transener, Argentina’s leading electricity transmission company, announces results for fiscal year ended on December 31st, 2018.

Main results for the fiscal year 2018, restated in constant currency at December 2018¹

Consolidated net revenues of AR\$ 9.838,5 million, 0,9% higher than the AR\$ 9.746,1 million for fiscal year 2017.

Consolidated adjusted EBITDA² of AR\$ 6.079,2 million, 8,0% higher than the AR\$ 5.630,7 million for last year, mainly due to an increase of AR\$ 477,6 million in the operating profit.

Consolidated net profit attributable to the owner of the parent of AR\$ 3.054,9 million, 20,6% lower than the profit of AR\$ 3.848,1 million for last year, mainly due to a higher loss of AR\$ 697,5 million in financial results and of AR\$ 595,5 million in the income tax charge, partially offset by a higher operating profit of AR\$ 477,6 million.

Main results for the Fourth Quarter of 2018, in nominal values³

Consolidated net revenues of AR\$ 2.390,6 million, 18,0% higher than the AR\$ 2.025,5 million for last year.

Consolidated adjusted EBITDA² of AR\$ 1.330,8 million, 7,2% higher than the AR\$ 1.240,9 million for last year, mainly due to a higher operating profit of AR\$ 79,4 million.

Consolidated net profit attributable to the owner of the parent of AR\$ 1.071,4 million, compared to a profit of AR\$ 896,0 million for last year, mainly due to a higher operating profit of AR\$ 79,4 million and a higher profit of AR\$ 96,5 million in financial results, net, partially offset by a higher loss of AR\$ 9,5 million in the income tax charge.

1. Financial Situation

As of December 31st, 2018, consolidated outstanding principal debt amounted to US\$ 98,5 million, corresponding exclusively to the Class 2 Notes. These Notes accrue an annual interest rate of 9,75% and will mature on August 15th, 2021. Since these notes fully amortize in August 2021, there is no additional financial debt due until that date.

Regarding Transener’s qualifications, during the year 2018 S&P improved the local qualification from “raA+” stable to “raAA-” stable and maintained the global qualification for local and foreign currency in “B” stable.

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

²Consolidated adjusted EBITDA represents consolidated operating results before depreciations plus the Renewal Agreement interest.

³Expressed in nominal values, without the application of IAS 29.

2. Tariff Situation

During the year 2018, 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 the compliance with the “Trigger Clause”.

With respect to Transener, on February 19th, 2018, the ENRE issued Res. No. 37/18, which was rectified by Res. ENRE No. 99/18 of April 5th, 2018. This last resolution adjusted Transener revenues in 24.15% for the period December 2016 - December 2017, to be applied to the remuneration schedule as of February 2018.

With respect to Transba, on February 19th, 2018, the ENRE issued Res. No. 38/18, which was rectified by Res. ENRE No. 100/18 of April 5th, 2018. This last resolution adjusted Transba revenues in 23.39% for the period December 2016 - December 2017, to be applied to the remuneration schedule as of February 2018.

Subsequently, on November 16th, 2018, the ENRE issued Resolutions No. 280/18 and 281/18, with the adjustment of the remuneration of Transener and Transba in 42,55% and 43,25%, respectively for the period December 2016 - June 2018, to be applied to the remuneration schedule as of August 2018. This adjustment was settled by CAMMESA in December 2018 with retroactivity as of August 1st, 2018. Since CAMMESA did not recognize the interest for months of August 2018 and September 2018, the Company presented a claim to the ENRE and CAMMESA in order to receive the corresponding interest.

As of the date of issuance of this Report, the ENRE has not issued the resolutions corresponding to the semi-annual update of Transener and Transba remuneration, which, according to the FTR, should have been applied as of February 1st, 2019. According to the actual data and estimates, the calculation of the adjustment for Transener and Transba would amount to 25,5% and 27%, respectively (includes an estimated 0,14% adjustment for the “factor X”), accumulated for the period June 2018 - December 2018. Transener is carrying out the corresponding procedures for the normalization of the situation.

On the other hand, on July 3rd, 2018, the ENRE informed that it has 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 8th, 2018, the costs, investments and tariff pretension corresponding to Fourth Line and TIBA were presented to the ENRE.

3. Relevant events

In accordance with the delegation made by the Ordinary General Meeting of Shareholders held on April 12th, 2018, on December 12th, 2018 the Board of Directors of Transener resolved to withdraw the sum of AR\$ 1.489,4 million from the reserve for future dividends account and declare its distribution in concept of cash dividends corresponding to the fiscal year ended on December 31st, 2017.

The declared dividends were paid on December 26th, 2018.

4. Operating information

The Company continues to carry out the execution of the investment plan, maintaining as of December 31st, 2018 commitments for the acquisition of capital expenditures for an amount of approximately AR\$ 1.105 million. In fiscal year 2018, the acquisitions of property, plant and equipment and inventories amounted to AR\$ 2.272 million, in nominal values.

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**

Rincón Santa María - Resistencia Substations interconnection

Construction of the 500kV EHV between Rincón Santa María and Resistencia Substations (275 km) and two substations expansion.

Bahía Blanca - Vivotatá Substations interconnection

Construction of the 500kV EHV between Bahía Blanca and Vivotatá Substations (437 km). New 500/132kV Substation at Vivotatá (2x450MVA) and expansion of the Bahía Blanca Substation.

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 the construction of a 132kV field in the Rodeo Substation.

- **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.

Ezeiza Substation

Acquisition of a capacitors bank.

Campana - Colonia Elía 500kV EHV

Tower 412 relocation.

Cobos Substation

Auxiliary services expansion.

Ramallo Substation

Incorporation of a 300MVA transformer.

Fast connection works

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

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

Río Coronda Substation

Adaption of field 9 and construction of field 10 for the connection of the Thermal Power Plant Renova. Expansion of the substation for the connection of the new Thermal Power Plant Puerto Nuevo.

Puerto Madryn Substation

Installation and commissioning of a new bank of 500/132kV-600MVA transformers with four 132kV outputs to the wind power parks Geneia and Loma Blanca I, II y III.

Gran Formosa Substation

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

Santa Cruz Norte Substation

Installation and commissioning of a new bank of 500/132kV-3x50MVA transformers, for the wind power park Parque Eólico del Bicentenerio.

La Rioja Sur Substation

Installation and commissioning of a 500/132kV-300MVA transformer, two new fields and completion of a third transformer plus six fields of 132kV line output

Romang Substation

Final connection of the T2RM transformer to a new 132kV field.

A.H. Cóndor Cliff - La Barrancosa

Microwave communication system associated to the 500kV EHVL and maneuver stations.

ET Ezeiza

Bypass between Abasto - Ezeiza EHVL and Gral. Rodríguez - Ezeiza EHVL

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:

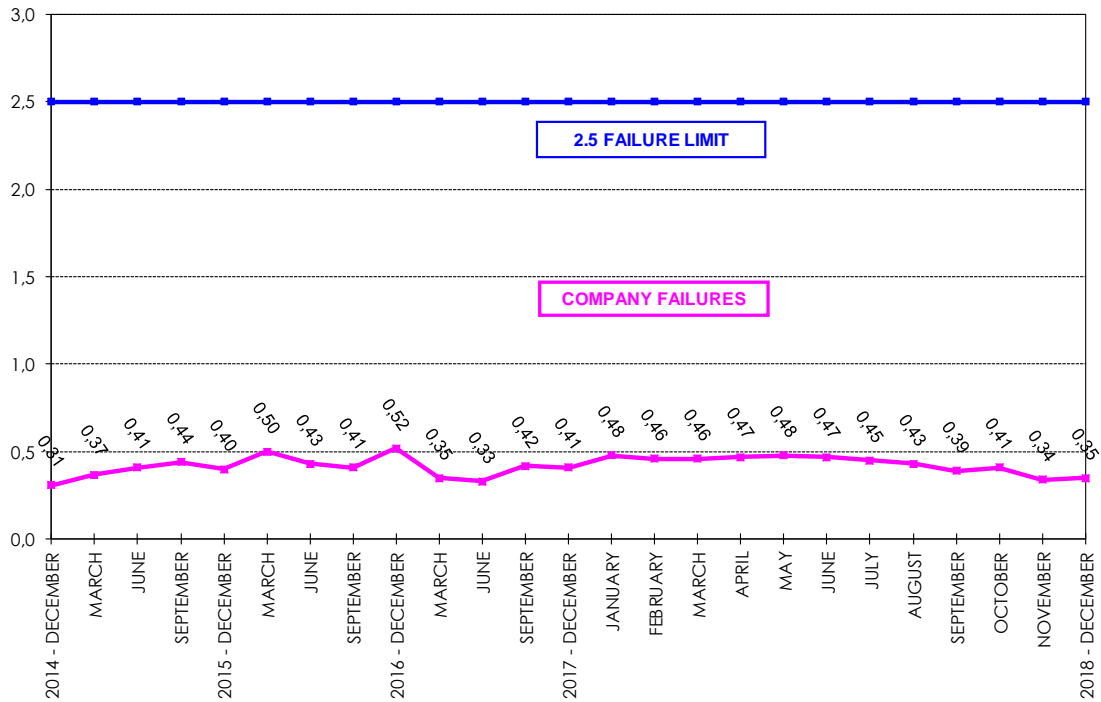
- Minera Alumbrera Ltd.
- Yacylec S.A.
- Transportadora del Norte S.A.
- Transportadora Cuyana S.A.
- AES Argentina Generación S.A.
- Nucleoeléctrica Argentina S.A.
- Transportel Minera II S.A.

Rate of failures

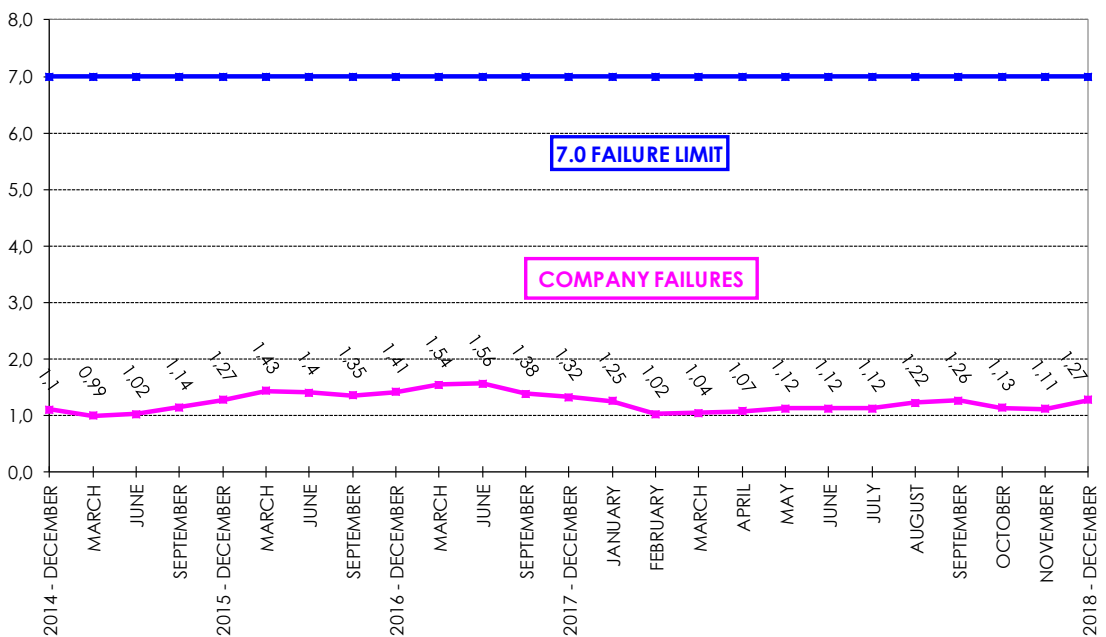
The rate of failures represents the quality of the service provided. The following charts show the quality of the service provided by Transener and Transba as from December 2014.

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



5. Significant Financial Information

5.1 Consolidated Statements of Operations (AR\$mm)

In AR\$ MM	Fiscal year ended on December 31st,						Three-month period ended on December 31st,	
	2018		2018		2017		2018	
	reported	IAS 29	without IAS 29	reported	IAS 29	without IAS 29	without IAS 29	without IAS 29
Net Revenues	9.838,5	1.776,7	8.061,8	9.746,1	3.721,2	6.025,0	2.390,6	2.025,5
Operating expenses	(4.031,3)	(1.059,3)	(2.972,0)	(4.161,6)	(2.072,7)	(2.088,9)	(1.017,2)	(508,1)
Gross income	5.807,2	717,4	5.089,7	5.584,5	1.648,5	3.936,1	1.373,4	1.517,4
Administrative expenses	(504,6)	(133,9)	(370,7)	(586,1)	(123,1)	(463,0)	(103,3)	(238,7)
Other gains / (expenses), net	98,5	3,2	95,2	(74,9)	32,2	(107,2)	19,6	(68,4)
Operating income	5.401,1	586,8	4.814,3	4.923,5	1.557,6	3.365,9	1.289,7	1.210,3
Finance income	921,4	115,5	806,0	409,6	152,5	257,1	239,5	110,8
Finance costs	(442,3)	(39,2)	(403,1)	(309,2)	(121,9)	(187,3)	(139,6)	(32,9)
Other financial results	(904,1)	(734,7)	(169,4)	172,3	247,8	(75,5)	64,5	(10,1)
Income before taxes	4.976,2	(71,6)	5.047,8	5.196,2	1.835,9	3.360,2	1.454,1	1.278,2
Income tax	(1.799,5)	(385,3)	(1.414,2)	(1.204,0)	(218,9)	(985,2)	(349,8)	(340,3)
Income for the year	3.176,6	(456,9)	3.633,5	3.992,1	1.617,1	2.375,0	1.104,2	937,8
Income attributable to :								
Owners of the parent	3.054,9	(414,0)	3.468,9	3.848,1	1.566,0	2.282,1	1.071,4	896,0
Non-controlling interests	121,7	(42,9)	164,6	144,0	51,1	93,0	32,8	41,8
Total for the year	3.176,6	(456,9)	3.633,5	3.992,1	1.617,1	2.375,0	1.104,2	937,8
Other consolidated comprehensive results								
Income for the year	3.176,6	(456,9)	3.633,5	3.992,1	1.617,1	2.375,0	1.104,2	937,8
Recognition of actuarial income / (loss) in retirement benefits plans	(163,1)	0,0	(163,1)	(34,1)	(11,0)	(23,1)	(163,1)	(23,1)
Tax effect on actuarial income / (loss) in retirement benefits plans	41,0	0,0	41,0	0,4	0,1	0,3	41,0	0,3
Total comprehensive income for the year	3.054,6	(456,9)	3.511,4	3.958,4	1.606,2	2.352,2	982,2	915,0
Total comprehensive attributable to :								
Owners of the parent	2.936,3	(414,0)	3.350,3	3.815,2	1.555,4	2.259,8	952,7	873,7
Non-controlling interests	118,3	(42,9)	161,1	143,2	50,8	92,4	29,4	41,3
Total for the year	3.054,6	(456,9)	3.511,4	3.958,4	1.606,2	2.352,2	982,2	915,0
Adjusted EBITDA	6.079,2	1.122,5	4.956,8	5.630,7	2.126,2	3.479,0	1.330,8	1.240,9
Depreciations	678,1	535,6	142,5	681,7	568,6	113,1	41,1	30,6
Renewal Agreement interest	0,0	0,0	0,0	25,4	10,5	14,9	0,0	0,0

5.2 Consolidated Balance Sheets (AR\$mm)

	31.12.2018	31.12.2017
ASSETS		
Non-current assets		
Property, plant and equipment	12.129,4	10.213,3
Inventories	432,0	394,8
Other receivables	5,3	7,9
Investments at amortized cost	0,0	29,5
Total Non-current assets	12.566,7	10.645,5
Current assets		
Trade accounts receivable	1.675,5	2.011,0
Other receivables	902,1	577,2
Investments at amortized cost	264,6	2.263,7
Investments at fair value	1.678,4	2.182,5
Cash and cash equivalents	2.782,3	37,2
Total Current assets	7.302,8	7.071,5
TOTAL ASSETS	19.869,5	17.717,1
EQUITY		
Common stock	444,7	444,7
Inflation adjustment on common stock	5.731,0	5.731,0
Legal reserve	151,4	0,0
Voluntary reserve	94,1	0,0
Reserve for future dividends	1.292,5	0,0
Other comprehensive results	(287,0)	(168,3)
Retained earnings	3.643,5	3.615,9
Equity attributable to owners of the parent	11.070,1	9.623,3
Non-controlling interests	486,0	367,7
TOTAL EQUITY	11.556,1	9.991,0
LIABILITIES		
Non-current liabilities		
Bonds and other indebtedness	3.636,4	2.638,5
Deferred tax payable	1.395,3	1.332,3
Employee benefits payable	444,4	438,7
Trade accounts payable	0,4	1,5
Total Non-current liabilities	5.476,4	4.411,0
Current liabilities		
Provisions	83,7	106,3
Bonds and other indebtedness	138,8	101,4
Income tax payable	572,0	1.620,3
Taxes payable	162,8	220,7
Payroll and social securities taxes payable	614,1	639,2
Employee benefits payable	84,1	87,0
Trade accounts payable	1.181,4	540,3
Total Current liabilities	2.836,9	3.315,1
TOTAL LIABILITIES	8.313,4	7.726,1
TOTAL LIABILITIES AND EQUITY	19.869,5	17.717,1

6. Analysis of results for the fiscal year ended on December 31st, 2018 compared to last year

Net revenues

Consolidated net revenues for fiscal year ended on December 31st, 2018 resulted in AR\$ 9.838,5 million, 0,9% higher than the AR\$ 9.746,1 million for last year.

Consolidated net regulated revenues for fiscal year ended on December 31st, 2018 amounted to AR\$ 8.689,8 million, 4,4% lower than the AR\$ 9.085,3 million for last year, principally due to a decrease in revenues from the electricity transmission.

Consolidated net non-regulated revenues for fiscal year ended on December 31st, 2018 amounted to AR\$ 1.148,7 million, 73,8% higher than the AR\$ 660,8 million for last year, mainly due to an increase from revenues for the operation and maintenance of the Fourth Line and TIBA.

Operating and administrative expenses

Consolidated operating and administrative expenses for fiscal year ended on December 31st, 2018 amounted to AR\$ 4.535,9 million, 4,5% lower than the AR\$ 4.747,7 million for last year, principally due to a decrease of 9,8% in salaries and social security charges (AR\$ 262,8 million), partially offset by the increase of 814,1% in provision for bad debts (AR\$ 106,3 million).

Other gains / expenses

Consolidated other gains / expenses, net for fiscal year ended on December 31st, 2018 resulted in a profit of AR\$ 98,5 million, compared to a loss of AR\$ 74,9 million for last year, mainly due to a higher profit of AR\$ 86,3 million from the recoveries of insurance claims and of AR\$ 35,9 million in awards for quality services and a decrease of AR\$ 58,1 million in penalties charges.

Financial results

Consolidated financial results for fiscal year ended on December 31st, 2018 amounted to a loss of AR\$ 424,9 million, compared to a profit of AR\$ 272,7 million for last year, mainly due to a higher loss of AR\$1.234,2 million in interests and foreign exchange losses, net of inflation, generated by loans, partially offset by a higher profit of AR\$ 434,7 in interests and foreign exchange income, net of inflation, generated by financial investments.

Income tax

Consolidated income tax charges for fiscal year ended on December 31st, 2018 resulted in a loss of AR\$ 1.799,5 million, 49,5% higher than the AR\$ 1,204,0 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