

## Results for six-month period ended on June 30<sup>th</sup>, 2020

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 30<sup>th</sup>, 2020

### Stock Information

Bolsas y Mercados Argentinos  
Ticker: TRAN



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Transener, Argentina’s leading electricity transmission company, announces results for six-month period ended on June 30<sup>th</sup>, 2020.

### Main results for six-month period ended on June 30<sup>th</sup>, 2020, restated in constant currency at June 2020<sup>1</sup>

**Consolidated net revenues of AR\$ 7.244,4 million**, 12,4% lower than the AR\$ 8.267,8 million for same period last year, mainly due the lack of the foreseen tariff adjustment to have been applied since February 2020, about which the ENRE has not issued a resolution yet.

**Consolidated EBITDA<sup>2</sup> of AR\$ 4.016,4 million**, 23,1% lower than the AR\$ 5.225,9 million for same period last year, mainly due to a decrease of AR\$ 1.023,4 million in net revenues, and a higher loss in other gains and expenses net, of AR\$ 175,8 million.

**Consolidated net profit attributable to the owner of the parent of AR\$ 2.292,3 million**, 8,31% lower than the AR\$ 2.500,0 million for same period last year, mainly due to a lower operating profit of AR\$ 1.303,5 million and a higher loss in financial results of AR\$ 785,3 million, partially offset by a lower income tax charge of AR\$ 1.798,6 million.

### Main results for the Second Quarter of 2020<sup>3</sup>

**Consolidated net revenues of AR\$ 3.541,9 million**, 13,4% lower than the AR\$ 4.088,5 million for the same period last year, mainly due the lack of the foreseen tariff adjustment to have been applied since February 2020, about which the ENRE has not issued a resolution yet.

**Consolidated adjusted EBITDA<sup>2</sup> of AR\$ 2.026,2 million**, 20,5% lower than the AR\$ 2.550,3 million for the same period last year, principally due to a decrease in net revenues of AR\$ 546,6 million, and a higher loss in other expenses of AR\$ 161,0 million, offset by operating and administrative expenses (excluding depreciation) of AR\$ 183,5 million.

**Consolidated net profit attributable to the owner of the parent of AR\$ 1.185,7 million**, 9,6% lower than the AR\$ 1.311,8 million for the same period last year, mainly due to a lower operating profit of AR\$ 594,5 million and a higher loss in financial results of AR\$ 730,3 million, partially offset by a lower income tax charge of AR\$ 1.181,8 million.

<sup>1</sup>Expressed in constant currency, in accordance with IAS 29.

<sup>2</sup>Consolidated EBITDA represents consolidated operating results before depreciation.

<sup>3</sup> The financial information presented in this document for the quarters ended on June 30<sup>th</sup>, 2020 and of 2019 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 30<sup>th</sup>, 2020 and 2019.

## 1. Financial Situation

As of June 30<sup>th</sup>, 2020, 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 were in the portfolio by that date.

During July 2020, Transener sold its portfolio of US\$ 2,0 million of notes and Transba purchased the same amount, remaining in Transba's portfolio a total of US\$ 7,0 million.

These notes fully amortize in August 2021 and there is no additional financial debt due until that date.

Regarding Transener's ratings, S&P maintained the global rating of "CCC+" and the local of "raBB", in both cases with a negative outlook.

## 2. Tariff Situation

During the year 2019, 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 it complies with the "Trigger Clause".

On March 22<sup>nd</sup>, 2019, the ENRE issued Resolutions No. 67/19 and 68/19, with the adjustment of 25,15% and 26,53% in the remuneration of Transener and Transba with respect to 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 of February 2019.

On September 25<sup>th</sup>, 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 with respect to 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.

To date, the ENRE has not issued any resolution yet regarding the rate adjustments to be applied to the remuneration schedule as from February 2020 and August 2020.

On the other hand, on July 3<sup>rd</sup>, 2018, the ENRE informed that it had 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 8<sup>th</sup>, 2018, the costs, investments and tariff pretension corresponding to Fourth Line and TIBA were presented to the ENRE. To date, the ENRE has not issued the Resolution on this matter yet.

## 3. The Impact of COVID - 19 in Argentina

Due to the spread of COVID - 19 in Argentina, the National State settled through Executive Power Decree 297/20 and modifications, the preventive and mandatory social isolation as from March 20<sup>th</sup>, 2020, allowing only the essential activities for the country as the electric power services; this isolation was renewed several times until July 17<sup>th</sup>, 2020, introducing certain more flexible measures according to the epidemiological circumstances in the different regions of the country. On July 18<sup>th</sup>, 2020, the National State formalized the gradual opening up of some commercial, industrial and social activities in the Metropolitan Region of Buenos Aires.

As of the issuance date of the unaudited condensed interim consolidated financial statements, there are no any modifications of these measures until August 16<sup>th</sup>, 2020, included.

The management of the Company is monitoring the situation and taking action to continuing operating and preserving its financial situation. Although there have been adverse effects in the short term, they are not expected to affect the continuity of the Company's business.

## 4. Solidarity Law

On December 23<sup>rd</sup>, 2019 the Solidarity Law became effective, which declared a public emergency in economic, financial, fiscal, administrative, pension, tariff, energy, health and social matters, vesting in the National Executive Power the authority conferred by such Law until December 31<sup>st</sup>, 2020. The main measures are described below:

- The maintenance of tariff schemes for electricity and natural gas under federal jurisdiction and the initiation of an extraordinary renegotiation or revision of the current FTR for a maximum term of 180 days;
- The maintenance of the ENRE's authority over Edenor's and Edesur's electricity distribution utility service until December 31<sup>st</sup>, 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, shall be charged as follows: 1/6 during such fiscal year, and the remaining 5/6, in equal parts, in the immediately following five periods.

## 5. Operating Information

The Company continues to carry out the execution of the investment plan, maintaining as of June 30<sup>th</sup>, 2020 commitments for the acquisition of capital expenditures for an amount of approximately AR\$ 2.852 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 km of a 500kV EHVL, its connection to a new field in 132kV in the New San Juan Substation and construction of a 132kV courtyard 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 Vivoratá 500/132kV Substation, with eight 132kV outputs and expansion of Bahía Blanca Substation. Construction of 500kV EHVL.

- **Rincón Santa María - Resistencia II Interconnection**

- Construction and assembly of approximately 275 km of 500kV EHVL and expansion of Resistencia and Rincón Santa María Substations.

- **Santa Cruz Norte Completion - 132kV outputs to Caleta Olivia.**

- Expansion to complete YPF Luz to interconnect the Parque Eólico Cañadón León.

- **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.

**Fast connection works**

Fast back-up phase connection for Esperanza Substation.

**Expansion of Atucha 220/132 kV Substation - Auxiliary services.**

Execution of 13,2kV outputs.

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

**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.

**Santa Cruz Norte Substation - Expansion of the capacity in transformation for Parque Eólico Cañadón León (YPF Luz)**

Construction of a new structure with the incorporation of a third transformer.

**Puerto Madryn Substation - Expansion 132kV**

Outputs to Parque Eólico GENNEIA and Goldwind.

**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:

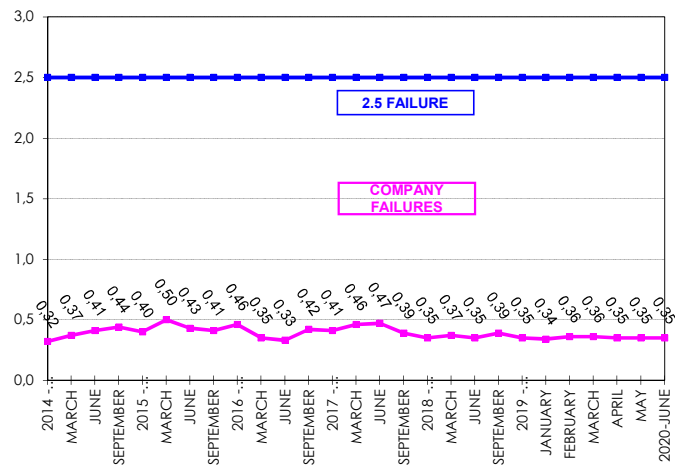
- Minera Alumbrera Ltd.
- Yacylec S.A.
- Transportadora del Norte S.A.
- Transportadora Cuyana S.A.
- AES Argentina Generación S.A.
- Nucleoeléctrica Argentina S.A.
- Transportel Minera II S.A.

### Rate of failures

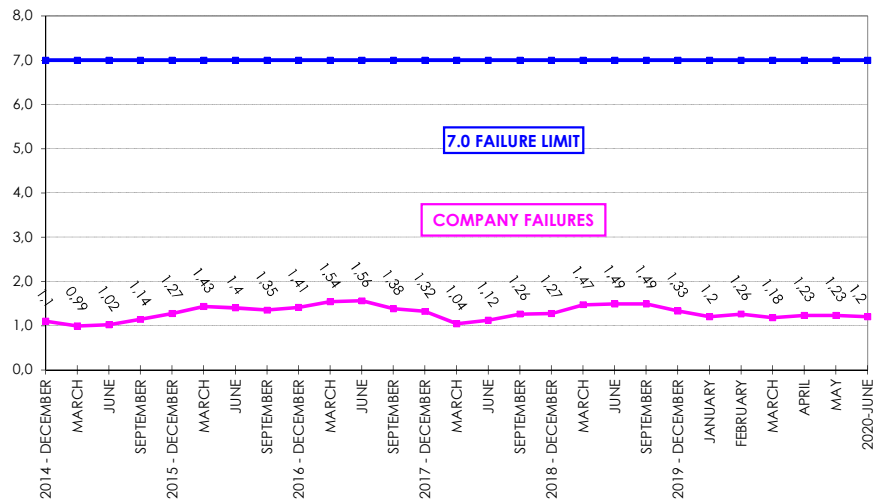
The rate of failures represents the quality of the service provided. The following charts show the quality of the service provided by Transener and Transba as from December 2014.

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



## 6. Significant Financial Information

### 6.1 Consolidated Statements of Operations

In AR\$ MM	Six-month period ended on June 30th,		Three-month period ended on June 30th,	
	2020	2019	2020	2019
Net Revenues	7.244,4	8.267,8	3.541,9	4.088,5
Operating expenses	(3.478,7)	(3.377,9)	(1.665,2)	(1.754,7)
Gross income	3.765,8	4.889,9	1.876,7	2.333,8
Administrative expenses	(444,7)	(441,1)	(216,9)	(240,4)
Other gains / (expenses), net	(33,8)	142,0	(14,6)	146,3
Operating income	3.287,3	4.590,8	1.645,2	2.239,7
Finance income	744,0	713,5	372,4	282,6
Finance costs	(645,6)	(552,0)	(338,2)	(291,8)
Other financial results	(365,3)	356,9	(219,4)	554,3
Income before taxes	3.020,3	5.109,2	1.459,9	2.784,7
Income tax	(728,0)	(2.526,6)	(274,2)	(1.455,9)
Income for the period	2.292,3	2.582,5	1.185,7	1.328,8
<b>Income attributable to :</b>				
Owners of the parent	2.292,3	2.500,0	1.185,7	1.311,8
Non-controlling interests	0,0	82,6	0,0	17,0
Total for the period	2.292,3	2.582,5	1.185,7	1.328,8
<b>Other consolidated comprehensive results</b>				
Income for the period	2.292,3	2.582,5	1.185,7	1.328,8
Other comprehensive results, net of tax	0,0	0,0	0,0	0,0
Total comprehensive income for the period	2.292,3	2.582,5	1.185,7	1.328,8
<b>Total comprehensive attributable to :</b>				
Owners of the parent	2.292,3	2.500,0	1.185,7	1.311,8
Non-controlling interests	0,0	82,6	0,0	17,0
Total for the period	2.292,3	2.582,5	1.185,7	1.328,8
<b>EBITDA</b>	<b>4.016,4</b>	<b>5.225,9</b>	<b>2.026,2</b>	<b>2.550,3</b>
<b>Acquisition of property, plant and equipment</b>	<b>1.256,5</b>	<b>1.497,2</b>	<b>473,5</b>	<b>806,9</b>
<b>Depreciation</b>	<b>729,2</b>	<b>635,1</b>	<b>381,0</b>	<b>310,6</b>

## 6.2 Consolidated Balance Sheets

In AR\$ MM	As of June 30th, 2020	As of December 31st, 2019
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	24.247,5	23.720,1
Inventories	869,2	837,9
Investments at amortized cost	42,5	0,0
<b>Total Non-current assets</b>	<b>25.159,2</b>	<b>24.558,0</b>
<b>Current assets</b>		
Trade accounts receivable	3.858,8	3.579,9
Other receivables	1.517,8	1.483,8
Investments at fair value	5.482,1	4.760,8
Cash and cash equivalents	56,5	50,5
<b>Total Current assets</b>	<b>10.915,2</b>	<b>9.875,0</b>
<b>TOTAL ASSETS</b>	<b>36.074,5</b>	<b>34.433,0</b>
<b>EQUITY</b>		
Common stock	444,7	444,7
Inflation adjustment on common stock	10.350,2	10.350,2
Legal reserve	839,0	583,0
Optional reserve	501,6	501,6
Reserve for acquisition of non-controlling interests	0,0	590,1
Voluntary reserve	7.673,8	2.810,6
Other comprehensive results	(466,2)	(466,2)
Retained earnings	2.292,3	4.529,1
<b>TOTAL EQUITY</b>	<b>21.635,4</b>	<b>19.343,1</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Bonds and other indebtedness	6.382,6	6.141,6
Deferred tax payable	3.609,8	3.849,3
Employee benefits payable	673,4	623,5
Trade accounts payable	23,5	33,2
<b>Total Non-current liabilities</b>	<b>10.689,3</b>	<b>10.647,7</b>
<b>Current liabilities</b>		
Provisions	121,5	123,2
Bonds and other indebtedness	237,5	232,8
Income tax payable	986,3	1.108,4
Taxes payable	300,4	201,8
Payroll and social securities taxes payable	857,1	1.019,9
Employee benefits payable	133,3	122,5
Trade accounts payable	1.113,7	1.633,7
<b>Total Current liabilities</b>	<b>3.749,8</b>	<b>4.442,2</b>
<b>TOTAL LIABILITIES</b>	<b>14.439,0</b>	<b>15.089,9</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>36.074,5</b>	<b>34.433,0</b>

## 6.3 Additional information

In AR\$ MM, nominal values	Six-month period ended on June 30th,		Three-month period ended on June 30th,	
	2020	2019	2020	2019
Net Revenues	6.908,7	5.355,5	3.482,0	2.783,1
Operating and administrative expenses	(3.155,0)	(2.164,7)	(1.538,1)	(1.194,7)
Other gains / (expenses), net	(32,4)	96,4	(14,6)	98,9
<b>Operating income</b>	<b>3.721,3</b>	<b>3.287,2</b>	<b>1.929,4</b>	<b>1.687,3</b>
<b>EBITDA</b>	<b>3.880,6</b>	<b>3.384,5</b>	<b>2.014,8</b>	<b>1.745,8</b>
<b>Acquisition of property, plant and equipment</b>	<b>1.190,1</b>	<b>1.003,2</b>	<b>466,0</b>	<b>581,1</b>
<b>Depreciation</b>	<b>159,3</b>	<b>97,3</b>	<b>85,5</b>	<b>58,5</b>

## 7. Analysis of results for six-month period ended on June 30<sup>th</sup>, 2020 compared to same period last year

### Net revenues

Consolidated net revenues for six-month period ended on June 30<sup>th</sup>, 2020 resulted in AR\$ 7.244,4 million, 12,4% lower than the AR\$ 8.267,8 million for same period last year.

Consolidated net regulated revenues for six-month period ended on June 30<sup>th</sup>, 2020 amounted to AR\$ 6.405,0 million, 12,8% lower than the AR\$ 7.341,1 million for same period last year, mainly due to the lack of the foreseen tariff adjustment to have been applied since February 2020, about which the ENRE has not issued a resolution yet.

Consolidated net non-regulated revenues for six-month period ended on June 30<sup>th</sup>, 2020 amounted to AR\$ 839,4 million, 9,4% lower than the AR\$ 926,7 million for same period last year, mainly due to the lack of the foreseen tariff adjustment to have been applied since February 2020 for the Fourth Line, EHVL Choele-Choel - Puerto Madryn and TIBA, about which the ENRE has not issued a resolution yet.

### Operating and administrative expenses

Consolidated operating and administrative expenses for six-month period ended on June 30<sup>th</sup>, 2020, amounted to AR\$ 3.923,3 million, 2,7% higher than the AR\$ 3.819,0 million for same period last year, mainly due to an increase of AR\$ 94,0 million in depreciation of property, plant and equipment.

### Operating profit

Consolidated operating profit for the six-month period ended on June 30<sup>th</sup>, 2020, amounted to AR\$ 3.287,3 million, 28,4% lower than the AR\$ 4.590,8 million for the same period last year, mainly due to the lack of the tariff adjustments as from February 2020 and the variation in costs.

### Financial results

Consolidated financial results for six-month period ended on June 30<sup>th</sup>, 2020 amounted to a loss of AR\$ 266, 9 million, compared to a profit of AR\$ 518,4 million for same period last year, mainly due to a higher loss in financial expenses of AR\$ 93,6 million, and a higher loss in other financial results of AR\$ 722,2 million due to exchange rate differences and RECPAM, offset by a higher profit in financial income of AR\$ 30,5 million.



## Income tax

Consolidated income tax charge for six-month period ended on June 30<sup>th</sup>, 2020 amounted to AR\$ 728,0 million, 71,2% lower than the AR\$ 2.526,6 million for same period last year.

You may find additional information on the Company at:

[www.transener.com.ar](http://www.transener.com.ar)

[www.transba.com.ar](http://www.transba.com.ar)

[www.cnv.gob.ar](http://www.cnv.gob.ar)