

## Results for nine-month period ended on September 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 nine-month period ended on September 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 nine-month period ended on September 30<sup>th</sup>, 2020.

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

**Consolidated net revenues of AR\$ 11.475,2 million**, 14,8% lower than the AR\$ 13.467,0 million for same period last year, mainly due to the lack of the semiannual tariff adjustments that should have been applied as from February 2020, about which the ENRE has not issued a resolution yet.

**Consolidated EBITDA<sup>2</sup> of AR\$ 6.324,8 million**, 26,1% lower than the AR\$ 8.553,9 million for same period last year, mainly due to a decrease of AR\$ 1.991,7 million in net revenues, and a higher loss in other gains and expenses, net of AR\$ 337,7 million, partially offset by lower operating and administrative expenses of AR\$ 100,4 million.

**Consolidated net profit attributable to the owner of the parent of AR\$ 3.341,2 million**, 1,45% lower than the AR\$ 3.390,4 million for same period last year, mainly due to a lower operating profit of AR\$ 2.372,3 million and a higher loss in financial results of AR\$ 156,6 million, partially offset by a lower income tax charge of AR\$ 2.390,4 million.

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

**Consolidated net revenues of AR\$ 3.645,3 million**, 19,5% lower than the AR\$ 4.531,0 million for the same period last year, mainly due to the lack of the semiannual tariff adjustments that should have been applied as from February 2020, about which the ENRE has not issued a resolution yet.

**Consolidated EBITDA<sup>2</sup> of AR\$ 1.983,8 million**, 31,7% lower than the AR\$ 2.905,7 million for the same period last year, principally due to a decrease in net revenues of AR\$ 885,7 million, and a higher loss in other gains and expenses, net of AR\$ 147,7 million, partially offset by a decrease in operating and administrative expenses of AR\$ 111,5 million.

**Consolidated net profit attributable to the owner of the parent of AR\$ 863,6 million**, 25,5% higher than the AR\$ 688,4 million for the same period last year, mainly due to a lower operating profit of AR\$ 963,4 million, a lower loss in financial results of AR\$ 692,2 million, and a lower income tax charge of AR\$ 446,5 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 September 30<sup>th</sup>, 2020 and 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 nine-month periods ended on September 30<sup>th</sup>, 2020 and 2019.

## 1. Financial Situation

As of September 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\$ 7,0 million have been repurchased by Transba, and were in the portfolio as of that date.

These notes will 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 and local rating of "CCC+" and "raBB", respectively, 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% for the period December 2016 - December 2018, respectively, applied to the remuneration scheme as from 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% for the period December 2016 - June 2019, respectively, applied to the remuneration scheme as from August 2019.

To date, the ENRE has not issued any resolution yet regarding the rate adjustments that should have been applied to the remuneration scheme as from February 2020 and as from 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 the preventive and mandatory social isolation as from March 20<sup>th</sup>, 2020, through March 31<sup>st</sup>, 2020, allowing only the essential activities for the country; however, due to the epidemiological situation, this isolation was renewed several times, introducing certain more flexible measures according to the epidemiological circumstances in the different regions of the country. On November 6<sup>th</sup>, 2020, the National State announced the end of the preventive and mandatory social isolation for the Metropolitan Region of Buenos Aires as from November 9<sup>th</sup>, 2020, entering into the preventive and mandatory social distancing phase that involves more relaxation measures and the opening up of more activities, while some other provinces in the country remain in the isolation phase due to the epidemiological situation.

The management of the Company is monitoring the situation and taking action to continue 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;
- The setting of 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 years 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.

On June 19<sup>th</sup>, 2020, the issued Emergency Decree (DNU) No. 543/20 postponed for 180 days the period mentioned in the article 5 of the Solidarity Law No. 27.541, in order to maintain the tariff schemes for electricity and natural gas under federal jurisdiction and the initiation of an extraordinary revision of the FTR. The original maturity date was June 23<sup>rd</sup>, 2020.

## 5. Operating Information

The Company continues to carry out the execution of the investment plan, maintaining as of September 30<sup>th</sup>, 2020 commitments for the acquisition of capital expenditures for an amount of approximately AR\$ 2.801 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 EHV, 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 EHV.

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

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

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

- Expansion to be completed by YPF Luz in order 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.

**Rosario Oeste and Malvinas Argentinas substations**

Construction of the bases for the 3x200 MVA transformer banks with phases as spare parts.

- **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 EHV 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.

**Gran Formosa substation - Expansion 132kV**

Construction of a line output field for REFSA.

### **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:

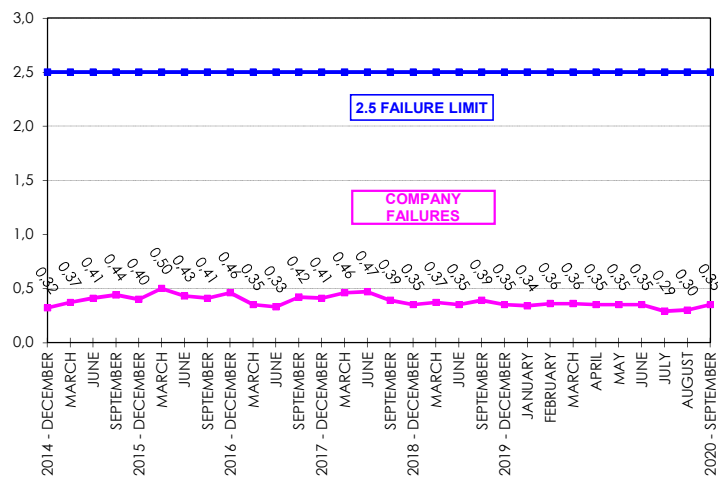
- Minera Alumbrera Ltd.
- Yacylec S.A.
- Transportadora del Norte S.A.
- Transportadora Cuyana S.A.
- AES Argentina Generación S.A.
- Nucleoeléctrica Argentina S.A.
- Transportel Minera II S.A.

### Rate of failures

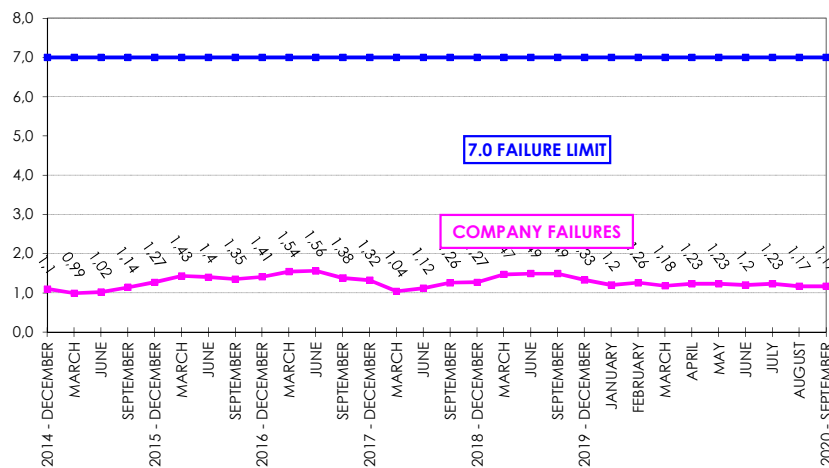
The rate of failures represents the quality of the service provided. The following charts show the quality of the service provided by Transener and Transba as from December 2014.

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	Nine-month period ended on September 30th,		Three-month period ended on September 30th,	
	2020	2019	2020	2019
Net Revenues	11.475,2	13.467,0	3.645,3	4.531,0
Operating expenses	(5.496,5)	(5.451,4)	(1.736,7)	(1.800,5)
Gross income	5.978,8	8.015,6	1.908,7	2.730,5
Administrative expenses	(706,4)	(708,6)	(225,7)	(231,9)
Other gains / (expenses), net	(128,0)	209,7	(91,5)	56,2
Operating income	5.144,3	7.516,6	1.591,4	2.554,8
Finance income	1.013,1	1.190,8	209,0	419,6
Finance costs	(1.043,7)	(986,4)	(345,9)	(389,8)
Other financial results	(551,4)	(629,7)	(156,5)	(1.015,4)
Income before taxes	4.562,5	7.091,3	1.298,0	1.569,3
Income tax	(1.221,3)	(3.611,6)	(434,4)	(880,9)
Income for the period	3.341,2	3.479,7	863,6	688,4
<b>Income attributable to :</b>				
Owners of the parent	3.341,2	3.390,4	863,6	688,4
Non-controlling interests	0,0	89,2	0,0	0,0
Total for the period	3.341,2	3.479,7	863,6	688,4
<b>Other consolidated comprehensive results</b>				
Income for the period	3.341,2	3.479,7	863,6	688,4
Other comprehensive results, net of tax	0,0	0,0	0,0	0,0
Total comprehensive income for the period	3.341,2	3.479,7	863,6	688,4
<b>Total comprehensive attributable to :</b>				
Owners of the parent	3.341,2	3.390,4	863,6	688,4
Non-controlling interests	0,0	89,2	0,0	0,0
Total for the period	3.341,2	3.479,7	863,6	688,4
<b>EBITDA</b>	<b>6.324,8</b>	<b>8.553,9</b>	<b>1.983,8</b>	<b>2.905,7</b>
<b>Acquisition of property, plant and equipment</b>	<b>2.120,8</b>	<b>2.808,4</b>	<b>762,7</b>	<b>1.190,3</b>
<b>Depreciation</b>	<b>1.180,5</b>	<b>1.037,3</b>	<b>392,4</b>	<b>350,8</b>

## 6.2 Consolidated Balance Sheets

In AR\$ MM	As of September 30th, 2020	As of December 31st, 2019
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	26.537,1	25.637,0
Inventories	969,9	905,6
Investments at amortized cost	46,0	0,0
<b>Total Non-current assets</b>	<b>27.553,0</b>	<b>26.542,7</b>
<b>Current assets</b>		
Trade accounts receivable	3.815,6	3.869,2
Other receivables	1.426,8	1.603,7
Investments at fair value	6.047,7	5.145,5
Cash and cash equivalents	815,4	54,6
<b>Total Current assets</b>	<b>12.105,5</b>	<b>10.673,1</b>
<b>TOTAL ASSETS</b>	<b>39.658,5</b>	<b>37.215,7</b>
<b>EQUITY</b>		
Common stock	444,7	444,7
Inflation adjustment on common stock	11.222,6	11.222,6
Legal reserve	906,8	630,1
Optional reserve	542,1	542,1
Reserve for acquisition of non-controlling interests	0,0	637,8
Voluntary reserve	8.294,0	3.037,8
Other comprehensive results	(503,9)	(503,9)
Retained earnings	3.341,2	4.895,1
<b>TOTAL EQUITY</b>	<b>24.247,5</b>	<b>20.906,3</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Bonds and other indebtedness	0,0	6.638,0
Deferred tax payable	3.801,8	4.160,4
Employee benefits payable	707,4	673,9
Trade accounts payable	18,1	35,9
<b>Total Non-current liabilities</b>	<b>4.527,2</b>	<b>11.508,2</b>
<b>Current liabilities</b>		
Provisions	128,0	133,1
Bonds and other indebtedness	7.001,8	251,6
Income tax payable	1.140,7	1.198,0
Taxes payable	212,2	218,2
Payroll and social securities taxes payable	1.037,5	1.102,3
Employee benefits payable	176,9	132,3
Trade accounts payable	1.186,8	1.765,7
<b>Total Current liabilities</b>	<b>10.883,8</b>	<b>4.801,2</b>
<b>TOTAL LIABILITIES</b>	<b>15.411,0</b>	<b>16.309,4</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>39.658,5</b>	<b>37.215,7</b>

### 6.3 Additional information

In AR\$ MM, nominal values	Nine-month period ended on September 30th,		Three-month period ended on September 30th,	
	2020	2019	2020	2019
Net Revenues	9.937,7	8.508,9	3.029,0	3.153,4
Operating and administrative expenses	(4.247,7)	(3.374,8)	(1.092,7)	(1.210,1)
Other gains / (expenses), net	(92,3)	135,1	(59,9)	38,6
<b>Operating income</b>	<b>5.597,6</b>	<b>5.269,2</b>	<b>1.876,4</b>	<b>1.982,0</b>
<b>EBITDA</b>	<b>5.848,3</b>	<b>5.428,4</b>	<b>1.967,7</b>	<b>2.040,6</b>
<b>Acquisition of property, plant and equipment</b>	<b>2.264,7</b>	<b>1.858,2</b>	<b>1.074,6</b>	<b>855,0</b>
<b>Depreciation</b>	<b>250,7</b>	<b>159,2</b>	<b>91,4</b>	<b>58,6</b>

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

### Net revenues

Consolidated net revenues for nine-month period ended on September 30<sup>th</sup>, 2020 resulted in AR\$ 11.475,2 million, 14,8% lower than the AR\$ 13.467,0 million for same period last year.

Consolidated net regulated revenues for nine-month period ended on September 30<sup>th</sup>, 2020 amounted to AR\$ 10.124,6 million, 15,2% lower than the AR\$ 11.936,8 million for same period last year, mainly due to the lack of the semiannual tariff adjustments that should have been applied as from February 2020, about which the ENRE has not issued a resolution yet.

Consolidated net non-regulated revenues for nine-month period ended on September 30<sup>th</sup>, 2020 amounted to AR\$ 1.350,7, million, 11,7% lower than the AR\$ 1.530,1 million for same period last year, mainly due to the lack of the semiannual tariff adjustments that should have been applied as from February 2020 for the Fourth Line and TIBA, about which the ENRE has not issued a resolution yet.

### Operating and administrative expenses

Consolidated operating and administrative expenses for the nine-month period ended on September 30<sup>th</sup>, 2020, amounted to AR\$ 6.202,9 million, 0,7% higher than the AR\$ 6.160,0 million for same period last year, mainly due to an increase of AR\$ 143,2 million in depreciation of property, plant and equipment and AR\$ 106,2 million in allowance for doubtful accounts, partially offset by a decrease of AR\$ 60,5 million in general maintenance, AR\$ 27,2 million in transportation, AR\$ 70,9 in travel and lodging expenses and AR\$ 39,3 million in electroduct maintenance.

### Other gains / (expenses), net

Consolidated other gains / (expenses), net for the nine-month period ended on September 30<sup>th</sup>, 2020, amounted to a loss of AR\$ 128,0 million, compared to a profit of AR\$ 209,7 million for same period last year, mainly due to a decrease in quality service awards and in recoveries of insurance claims.

### Operating profit

Consolidated operating profit for the nine-month period ended on September 30<sup>th</sup>, 2020, amounted to AR\$ 5.144,3 million, 31,6% lower than the AR\$ 7.516,6 million for the same period last year, mainly due to the lack of the semiannual tariff adjustments that should have been applied as from February 2020.



## Financial results

Consolidated financial results for the nine-month period ended on September 30th, 2020 amounted to a loss of AR\$ 581, 9 million, 36,8% higher than the loss of AR\$ 425,3 million for same period last year, mainly due to a lower profit in financial income of AR\$ 177,7 million, a higher loss in financial expenses of AR\$ 57,2 million, partially offset by a lower loss in other financial results of AR\$ 78,3 million due to a lower loss in exchange rate differences of AR\$ 561,6 million and a higher loss of AR\$ 464,3 million in result from exposure to change in purchasing power of currency (RECPAM).

## Income tax

Consolidated income tax charge for nine-month period ended on September 30<sup>th</sup>, 2020 amounted to AR\$ 1.221,3 million, 66,2% lower than the AR\$ 3.611,6 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)