

Transelec

2018 Performance





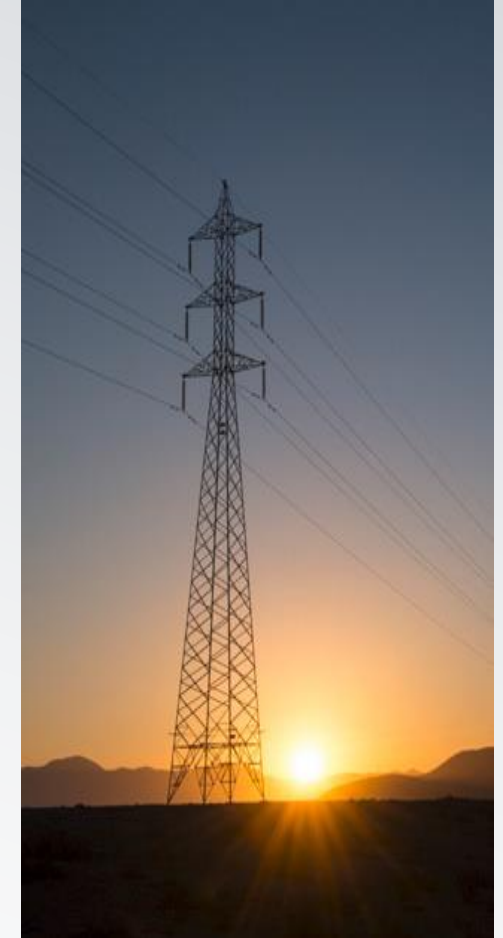
- Overview
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- Regulatory Update
- Financial Update

Overview

Executive Summary



- Transelec continued to maintain its strong market position in Chile, operating nearly 9,670 kms of transmission lines, in a safe and reliable manner, which serve 98% of the population
- Financial results reflect the strength of Transelec's revenue streams and rate base
 - Generated EBITDA of CLP 278 billion (~MUSD400) as of December 31st, 2018.
 - Maintains an EBITDA margin above 80% (in December 2018, 84.5%).
- The company generated funds from operations (FFO) of CLP239 billion, (~ MUSD 345) during 2018.
- Reaffirming the solid financial performance of the Company, during 2018,
 - Humphrey's upgraded our local rating from AA- to AA.
 - local ratings from Feller and Fitch (AA-) were reaffirmed
 - our current international ratings (Baa1, BBB, BBB) were reaffirmed
- By the end of 2018, Transelec recorded a net income of CLP105 billion (~MUSD 152).



(USD figures have been translated with the FX of the end of December 2018 (\$694.77), for referential purposes only)

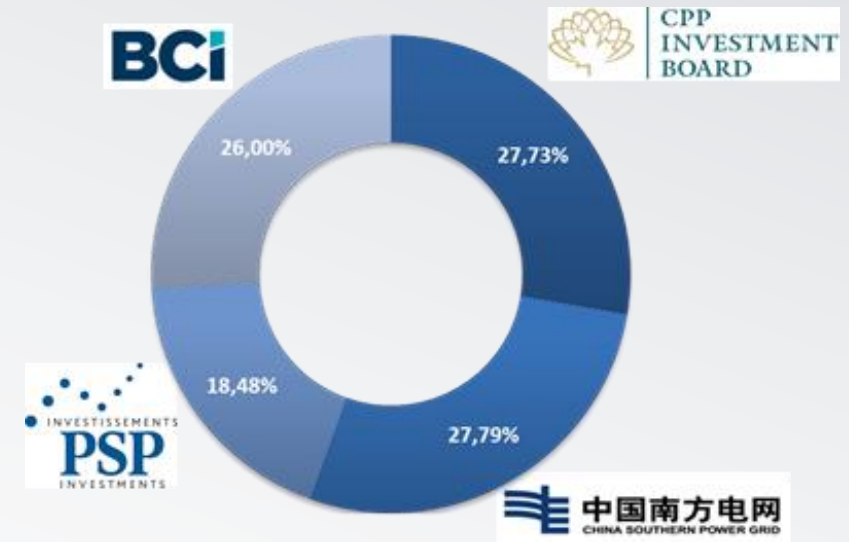


¡La energía que nos une!

Business Update



- On March 15th, China Southern Power Grid (CSG) purchased the 27.8% of the company from Brookfield Asset Management. The other 3 shareholders remained in the ownership. Therefore, final shareholders are currently the following:
- On August 3rd, 2018, Transelec paid CLP20 billion Promissory Note held with Banco BCI.
- In 2018, the company incorporated US\$48.2 million of new facilities, which include the commissioning of one national system expansion project and two upgrade projects in the national and zonal system.
- During 2018, the Company was awarded with:
 - MUSD19.5 of new national transmission projects
 - MUSD38.7 of new zonal transmission projects
- During 2018, Transelec paid the following dividends to shareholders:
 - 2017 definitive dividend amounting CLP18.7 billion
 - 1st interim dividend amounting CLP19.4 billion
 - 2nd interim dividend amounting CLP20.5 billion

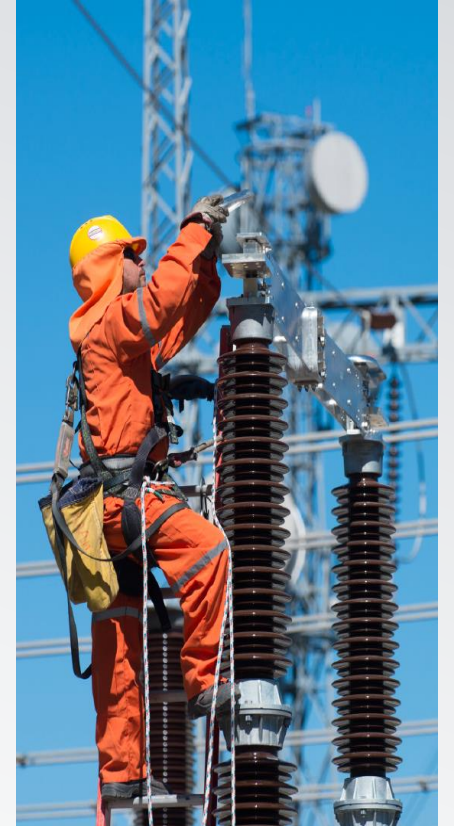


Operational & Growth Accomplishment

Strategic Assets and Operating Performance



- Chile's Transmission System is Critical National Infrastructure.
 - Yet, National System accounts for a marginal part of the final customer average bill of energy (~3%).
- Transelec has an ongoing permanent innovation strategy, continuous improvement and best practices implementation strategy for the operation and for network maintenance.
 - Digital transformation is an essential pillar for facilities' maintenance strategy.
- Transelec operates its grid in compliance with highly demanding service quality and safety standards.
 - National Transmission Operation Center (CNOT) was constructed meeting the highest safety standards and making it possible for Transelec to centralize the operation of its facilities in real time.
- Transelec is continuously improving its system performance by:
 - controlling risks,
 - applying rigorous procedures, and
 - enhancing operating management.



Increased Cash Flows through successful execution and commissioning of projects

- In 2018, the company commissioned MUSD39 of upgrade projects and MUSD125 of two expansion projects detailed below:
 - In Q1, Tercer Banco de Autotransformadores S/E Alto Jahuel
 - In Q4, 2x220Kv Lo Aguirre – Cerro Navia transmission line (see slide 9).
- Transelec has a track record of delivering projects safely on time and on schedule.
- Transelec has successfully established a project evaluation process that incorporates a detailed analysis and risk management framework for every step of the project.
- Transelec has proved the efficiency of its pricing discipline and its prudent growth vision.
- Transelec is currently analyzing the projects to be bided during this year in the National and Zonal systems.



Lo Aguirre – Cerro Navia Transmission Line



- The project had an investment of US\$ 95 million, contemplates a new high voltage line of 2 X 220 kV, which will be extended by 16.5 kilometers between the Lo Aguirre substations, in Pudahuel, and Cerro Navia.
- Among its innovations it considers:
 - new urban poles instead of the traditional transmission towers, and
 - 1.5 km of underground transmission line.
- Urban poles occupy an area almost 90% lower than old structures (7.2 square meters vs. 60 square meters).
- First tunnel built to transmit electrical energy in high tension in the national system, and passes below a highly populated area in Cerro Navia.
 - It is 9 meters below the surface and has 3 meters diameter
- The project considered the remodeling of Javiera Carrera Park, where about 10 hectares were redesigned, and 1,800 square meters were improved with furniture, seats, games and rest areas.
- This project is an example of how energy projects can positively impact the community.



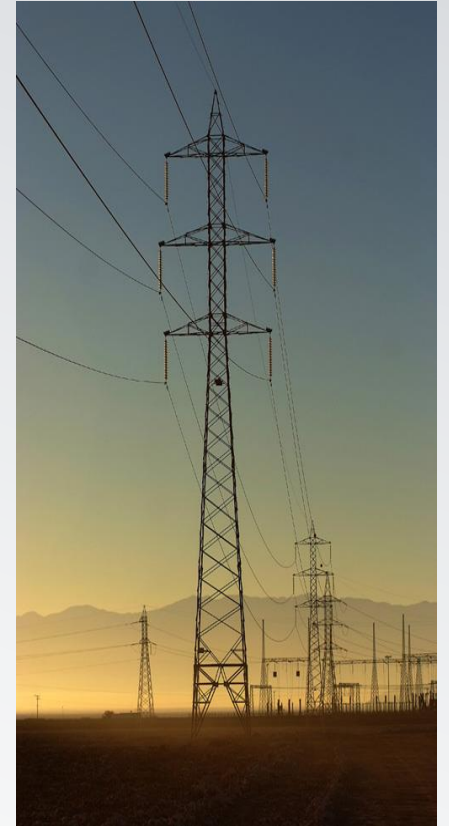
Regulatory Update

Tariff Processes



Zonal System 2016-19

- Extension of Decree N° 14 for period 2016 – 2017 established that from 1/1/2016 to 31/12/2017, previous Zonal tariff would remain in force with some adjustments and indexation.
- In 2016 Transmission Law (TxL), this system went from a volume-based remuneration to an annuity over the capacity installed (take-or-pay), starting in January 2018 (period 2018-19).
- CNE issued the Final Technical Report containing:
 - Sum of the AVI and COMA, for each owner or operator,
 - Indexation formulas for the biannual period 2018-2019.
- In October, Decree 6T was published, establishing revenues for Zonal and Dedicated system for 2018 and 2019.
- 2018 effect was retroactively recognized as revenues in last quarter:
 - In October, Transelec recognized in its P&L ~MUSD30 for additional revenues for the first 9 months of the year.
 - Additionally, in 4Q, an amount of ~MUSD3 have been recognized as additional revenues monthly according to decree 6T.

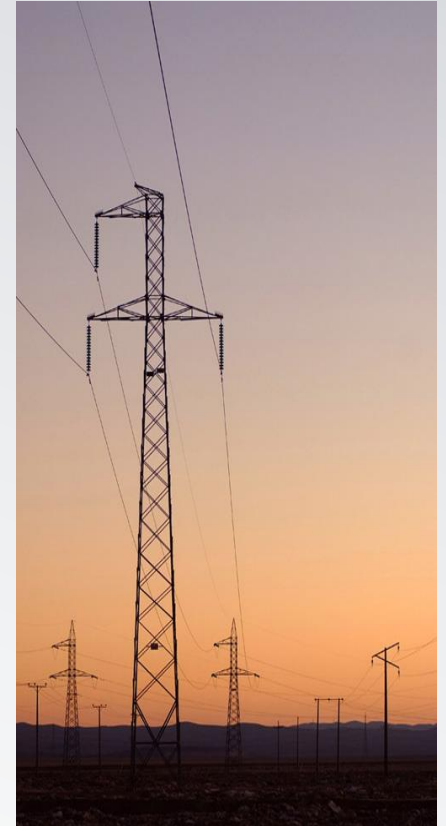


Tariff Processes



National & Zonal Tariff Processes for 2020-23 period

- A new 2020-2023 tariff setting process for the National and Zonal Transmission Systems started in 2018.
 - For the first time and according to TxL, the rate of return will be set for the 4 years period (2020-23)
- The first power transmission facilities Qualification Process took place.
 - The CNE invalidated this Qualification Process in August 2018 following the detection of inconsistencies in methodology application.
 - The Qualification Process resumed in October 2018 with the publication of a new CNE Preliminary Facilities Qualification Technical Report.
 - This report was submitted to the Panel of Experts regarding discrepancies presented by the companies
 - The final CNE Facilities Qualification Technical Report was released in March 2019.
- In addition, the CNE established the final Technical and Administrative Bases for the tendering of Valuation Studies in October 2018.
 - These will be published soon.
- The next stages of this tariff setting process are:
 - tendering and formulation of Tariff Studies,
 - formulation and publication of the Final CNE Technical Report and
 - setting and publication of 2020-2023 tariffs by the Ministry of Energy.

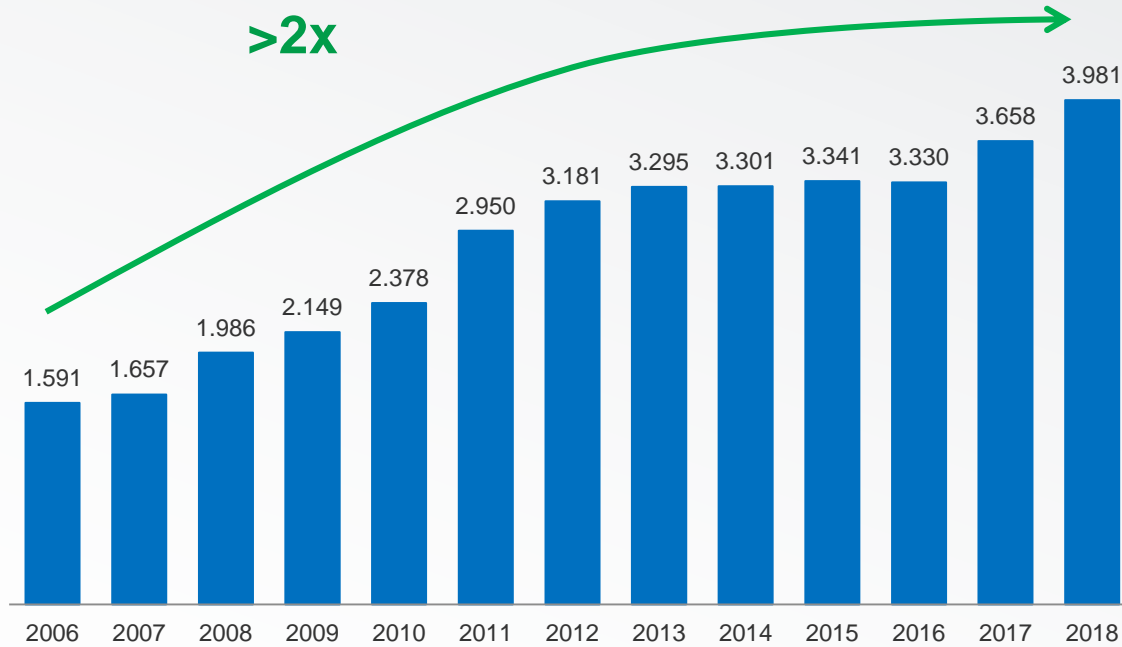


Financial Update

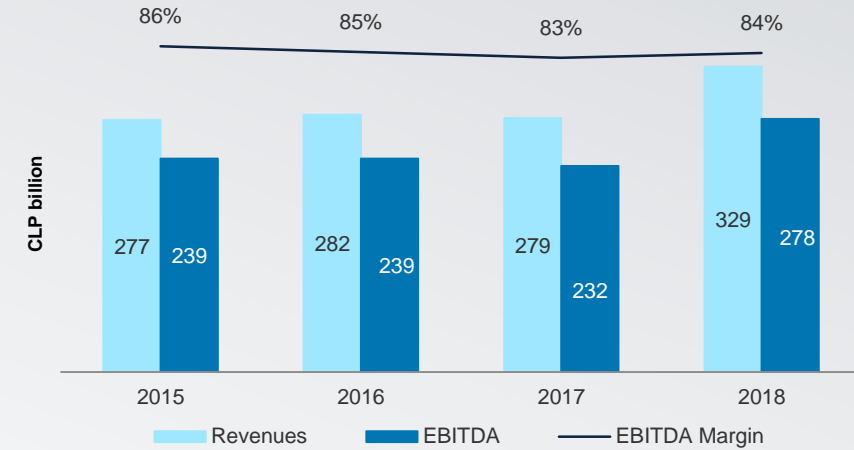
Financial Performance



Total Value of Investment



Revenues/EBITDA



Risk Ratings

International		Rating
Fitch- Ratings International		BBB
Moody's		Baa1
S&P		BBB

Chile		Rating
Humphrey's		AA
Feller-Rate		AA-
Fitch- Ratings Chile		AA-

Financial Results

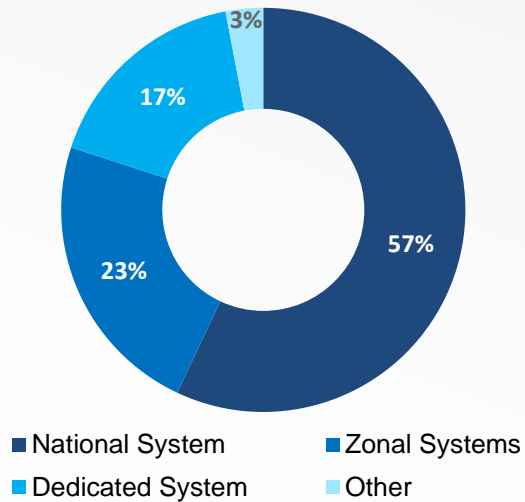
CLP billion	2018	2017	Var.
Revenues	329	279	18%
Ebitda	278	232	20%
Operating Income	221	172	28%
Non-Operating Income	-77	-69	12%
Tax	-38	-25	50%
Net Income	105	77	37%
Gross Debt	-1.475	-1.404	5%
Net Debt	-1.371	-1.342	2%
FFO (LTM)	239	173	39%

- For this period, Revenues increased 18%, reaching CLP329 billion (~MUSD 474). EBITDA increased 20% compared with the same period last year. The increase was mainly due to the Decree 6T publication which establishes zonal tariff for 2018 and 2019. EBITDA margin increases in this period, above 83%.
- Without considering this extraordinary item, Revenues in 2018 would have been 8% higher than in 2017, while Ebitda would have been 7% higher than in previous year. This is mainly explained by new revenues in 2018 due to the commissioning of projects between 2017 and 2018.
- Non-Operating Income increased 12%, reaching CLP-77 billion, mainly due to higher inflation effect.

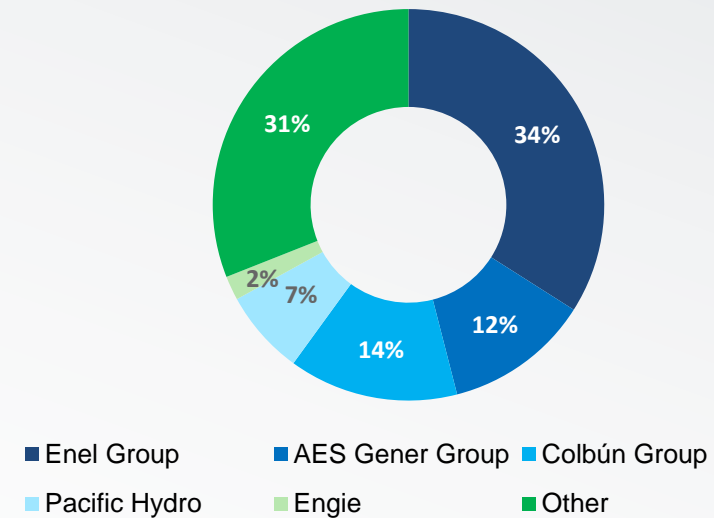
Low business risk profile

- Stable sources of revenues
 - Regulated revenues: from National system and Zonal systems (former Trunk and Subtransmission systems)
 - Contractual revenues: from bilateral contracts which include, mainly, Dedicated Systems' assets (former Additional System)
- All of Transelec transmission revenues are 'take or pay'
- Stability of flows
 - Regulated revenues (80% of total revenues) are established by law, providing a high level of certainty.
 - Currently Strong counterparties, with 67% of revenue from 4 of the largest energy generation companies in Chile.

Revenue by Type



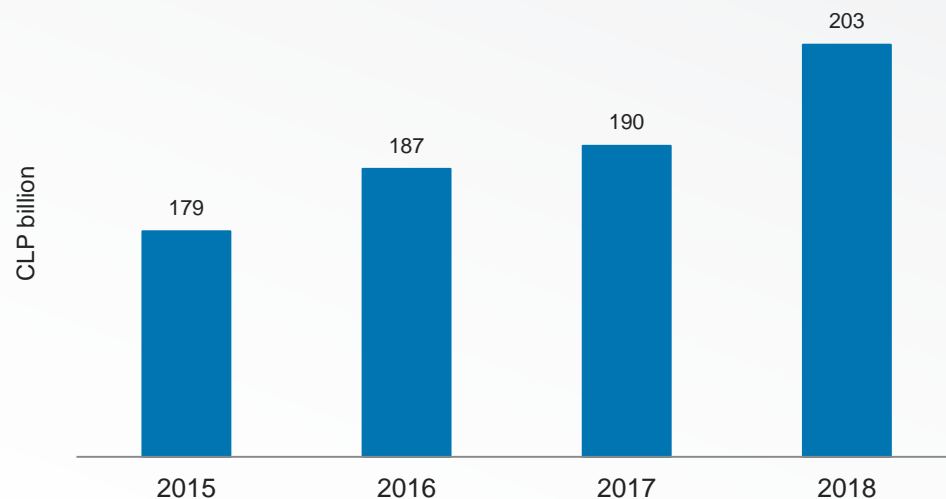
Revenue by Client



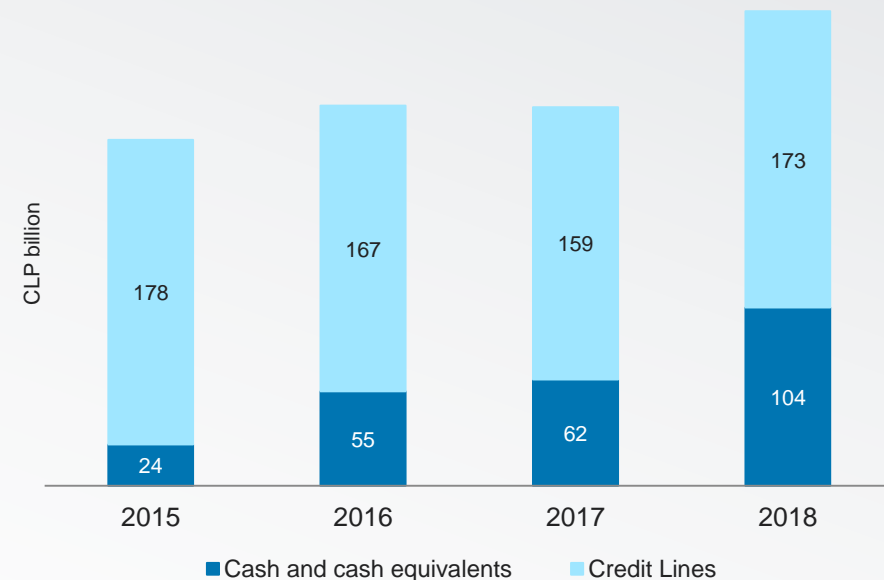
Financial Strength

- Transelec's liquidity is supported by strong cash flow from operations reaching CLP 203 billion (USD292 million) in 2018
 - This includes ~ USD250 million available on a 3-year committed revolving credit lines completely undrawn (denominated in USD & UF).
 - Furthermore, the Company's bonds have a 6-month DSRA.
- In the short term, cash flows are expected to increase due to commissioning of new projects, exposure to inflation through indexation of our revenues and the increase of zonal revenues due to Decree 6T.

Cashflow From Operations



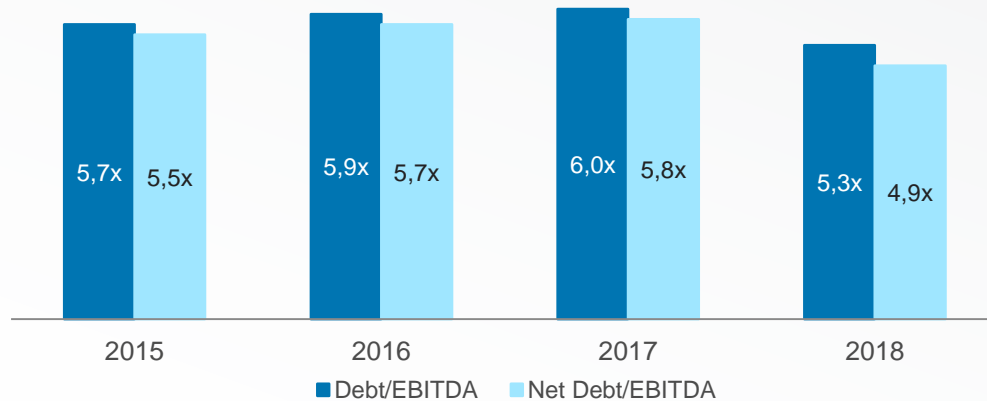
Liquidity



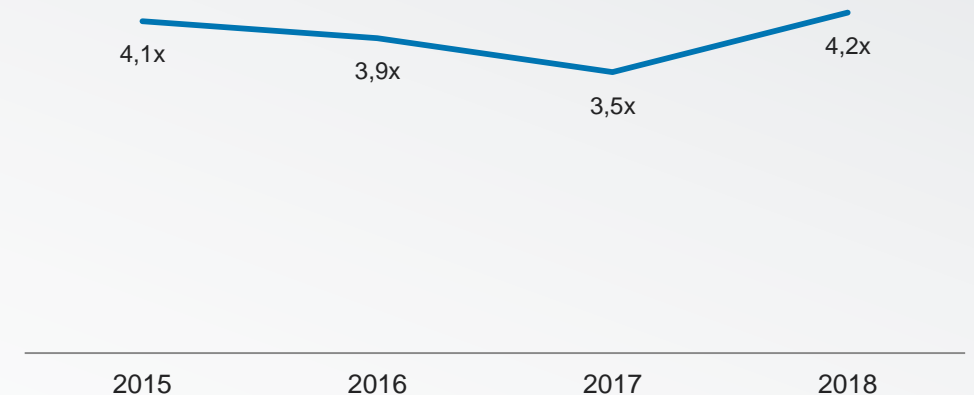
Strong Coverage Ratios

- Transelec's strong coverage metrics are supported by low cost of debt and growing cash flows.
- Debt to EBITDA has been disciplined and maintained within the limits the Company has defined. Nevertheless, this ratio ended 2018 below expected due to zonal revenues increase (Decree 6T recognition).
- Interest Expense coverage had a slight increase. We expect to maintain it in adequate levels.
- Transelec is committed to maintaining investment grade credit rating.

Leverage



Interest Expense Coverage

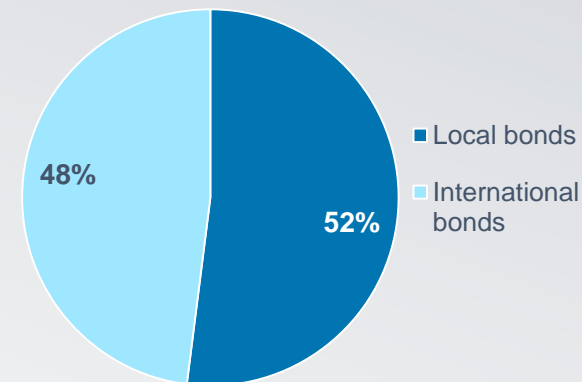


Debt Profile

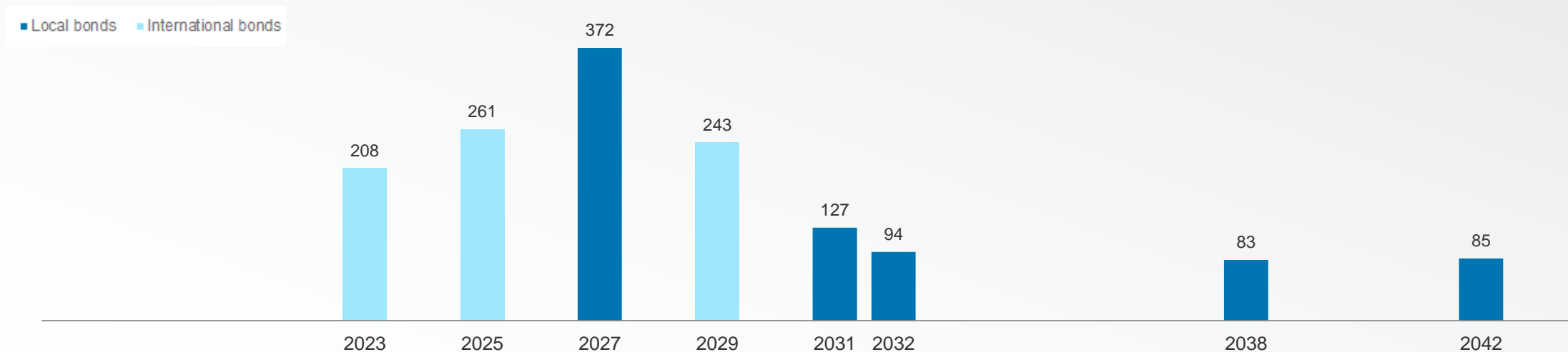


- Transelec maintains a very manageable public debt maturity profile with no refinancing in the next years.
- The Company has been able to obtain flexibility and a variety of sources for funding.
- All public debt has fixed rates.
- Transelec balance sheet is fully hedged.

Public Debt breakdown by type



Public debt maturity profile (CLP billion)



Covenants



As of December 31st, 2018, the company is in full compliance with all debt covenants (included in the local bond indentures).

Minimum Equity > UF15 million ⁽¹⁾

31,82 30,27 30,28 29,96

2015 2016 2017 2018

(1) Equity attributable to the owners + Accumulated amortization of goodwill

Minimum Equity > CLP 350 billion ⁽²⁾⁽³⁾

816 797 811 826

2015 2016 2017 2018

(2) Equity attributable to the owners + Accumulated amortization of goodwill
(3) This metric replaced 'UF' Minimum Equity in series Q bonds (last local issuance).

Debt / Capital < 0.7x ⁽⁴⁾

0,62x 0,64x 0,63x 0,64x

2015 2016 2017 2018

(4) Total Debt / (Total Debt + Minority Interest + Shareholder's Equity + Accumulated amortization of goodwill)

Contact Information

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You can find additional information in our web page:
www.transelec.cl





Transelec, 2018 Performance

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