

## TRANSELEC S.A. 3rd QUARTER 2013 EARNINGS

During the first nine months of 2013, Transelec S.A. and subsidiaries recorded a net income of MCh\$42,182 (MCh\$51,987 in the same period 2012) which is 18.9% lower than the same period in 2012. This decrease is mainly due to a higher loss of non-operating income (MCh\$39,736 in 2013 and MCh\$32,743 in 2012), mainly explained by an increase in financial costs and loss for indexed assets and liabilities, reaching MCh\$35,442 and MCh\$4,055 respectively (MCh\$27,351 and MCh\$299 in the same period of 2012). However, the EBITDA for the period was MCh\$130,612, which is 2.6% higher than the same period in 2012 (MM\$51,987) with an EBITDA over revenues of 82.2% (78.6% in 2012), mainly due to lower operating costs, that reached MM\$55,864 in September 2013 (MM\$62,220 in 2012).

Cash and cash equivalent at the end of the period amounted MCh\$182,212. In addition to the cash flow generated in the Company, Management has secured a committed credit line to ensure funds are available to cover working capital with Scotiabank, Bank of Tokyo-Mitsubishi and DnBNor for MUS\$250 maturing in July, 2015.

**CURRENT DEBT:** Transelec has MUF40.9 and MCh\$33,600 long term bonds in the local market. Additionally, its subsidiary has a MUS\$22.7 banking loan. Finally, In July 23<sup>rd</sup>, 2013, Transelec issued a 144A/RegS Bond amounted to MUS\$300. Bond was 2,80x oversubscribed.

Summary of the transaction is as follows:

- Security: 4.625% Senior Notes due July 26, 2023
- Notes were classified as Baa1 and BBB- by Moody's and Fitch respectively.
- Spread to Benchmark Treasury: UST (2.509%) + 220 bps

Currently, Transelec is in full compliance with all its debt covenants.

Items	September 2013 MCh\$	September 2012 MCh\$	Variation 2013/2012 %
Operating Revenues	158,954	161,954	-1.9
Toll sales (*)	154,988	148,527	4.4
Work and services	3,966	13,427	-70.5
Operating costs	-55,864	-62,220	-10.4
Fixed costs	-20,090	-28,295	-29.7
Depreciation	-35,774	-33,925	5.3
Administration and sales expenses	-10,954	-7,957	37.0
Fixed costs	-8,972	-7,548	18.8
Depreciation	-1,981	-409	384.1
<b>Operating Income</b>	<b>92,137</b>	<b>91,777</b>	<b>0.4</b>
Interest from Leasing	0	0	-
Other Financial Income (*)	8,079	3,851	109.5
Financial Costs	-35,442	-27,351	29.6
Foreign exchange differences, net	-4,055	-299	1257.2
Gain (loss) for indexed assets and liabilities	-9,037	-10,177	-11.2
Other Income	720	1,233	-41.6
<b>Non-Operating Income</b>	<b>-39,736</b>	<b>-32,743</b>	<b>21.3</b>
<b>Income before Income Taxes</b>	<b>52,401</b>	<b>59,034</b>	<b>-11.2</b>
Income tax	-10,218	-7,047	45.3
<b>Net Income</b>	<b>42,182</b>	<b>51,987</b>	<b>-18.9</b>
<b>EBITDA</b>	<b>130,612</b>	<b>127,344</b>	<b>2.6</b>

EBITDA = Net income + abs(Income tax) + abs(Depreciation) + abs(Non-operating income) + abs(Other gains) - Lease financial income.  
 (\*) In order to show a comparable presentation, MM\$631.2 in 2012 balance have been reclassified from Other Financial Income to Toll sales, because they correspond to operational revenues resulting from leasing contracts.

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