

# 1Q2016 Results



June, 2016

# Executive Summary

- Transelec is the largest transmission company in Chile with 9,560 kilometers of transmission lines (as of Dec./2015) through the ownership and operation of strategic assets for the country, and serving approximately 98% of the Chilean population.
- Transelec continues to generate stable cash flows and maintains an EBITDA margin above 80% (in Mar 2016, 85% on a LTM basis).
- The company generated funds from operations (FFO) of CLP189 billion, during the LTM ended March 30, 2016.
- Reaffirming the solid financial performance of the Company, in January 2016, Fitch reaffirmed our current rating BBB.
- As of March 31, 2016, Transelec recorded a net income of MCLP21,944 and an EBITDA of MCLP61,190.





# Business Update

- Current ratings of the Company are the following:

| Local Market    |                |
|-----------------|----------------|
| Rating Agencies | Current Rating |
| Humphrey's      | AA-            |
| Feller-Rate     | AA-            |
| Fitch Ratings   | AA-            |

| International Market |                |
|----------------------|----------------|
| Rating Agencies      | Current Rating |
| Moody's              | Baa1           |
| S&P                  | BBB            |
| Fitch Ratings        | BBB            |

- During this first quarter, the company incorporated US\$47.1 million of new facilities, which include the commissioning of four trunk upgrade projects and a transmission assets acquisition from Enel Green Power.
- Final trunk tariffs Decree was enacted as of February 3, 2016 in US dollars terms, as mandated by Electricity Law. In the other hand, Subtransmission decree, which sets tariffs in CLP term, is still pending.
- A new Transmission law is currently being discussed and is expected to be approved during 2016. This new Law is one step within the government program to try to lower prices of electricity to the end consumer and it will strengthen the current transmission regulatory framework.



# Financial Results

| CLP billion          | 3M2016 | 3M2015 | Var. |
|----------------------|--------|--------|------|
| Revenues             | 69     | 71     | -2%  |
| Ebitda               | 61     | 65     | -6%  |
| Operating Income     | 47     | 48     | -2%  |
| Non-Operating Income | -18    | -9     | 97%  |
| Tax                  | -7     | -10    | -29% |
| Net Income           | 22     | 29     | -24% |
| Gross Debt           | -1.335 | -1.248 | 7%   |
| Net Debt             | -1.310 | -1.182 | 11%  |
| FFO (LTM)            | 189    | 155    | 22%  |

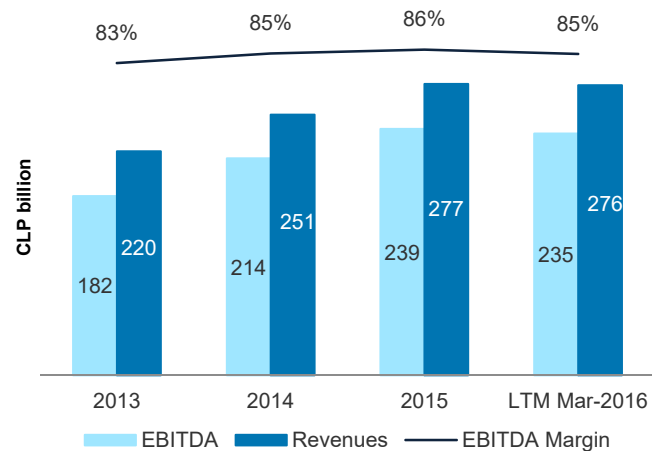
- EBITDA decreased 6% compared with the same period last year. For the first quarter, revenues decreased 2%, reaching CLP69 billion, mainly due to lower demand in the Subtransmission system.
- Non-Operating Income increased 97%, reaching CLP-18 billion, mainly due to inflation effect in our local bonds and a drop in Other Income.



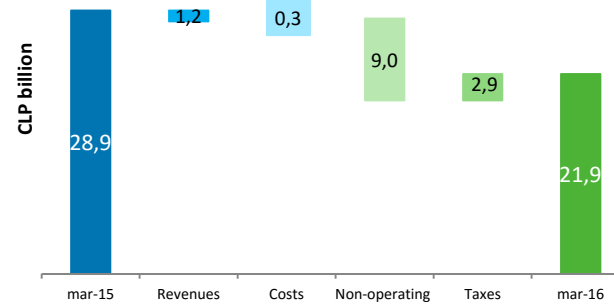
# Revenue and Profitability

- Transelec’s revenues and EBITDA have grown steadily and are in line with its shareholders’ expectations.
- The company has a low business risk profile with more than 80% of revenues coming from strong counterparties with take-or-pay agreements.
- As of March 31st, 2016, Transelec recorded a net income 24% lower than the same period in 2015 mainly due to:
  - ✓ Lower Revenues (1.7%)
  - ✓ Higher loss in the Non-Operating Income (96.8%)
- The company has historically maintained an EBITDA margin above 80%, driven by a low and stable cost structure mainly comprised of labor and maintenance expenses (in March 2016, 85% on a LTM basis).

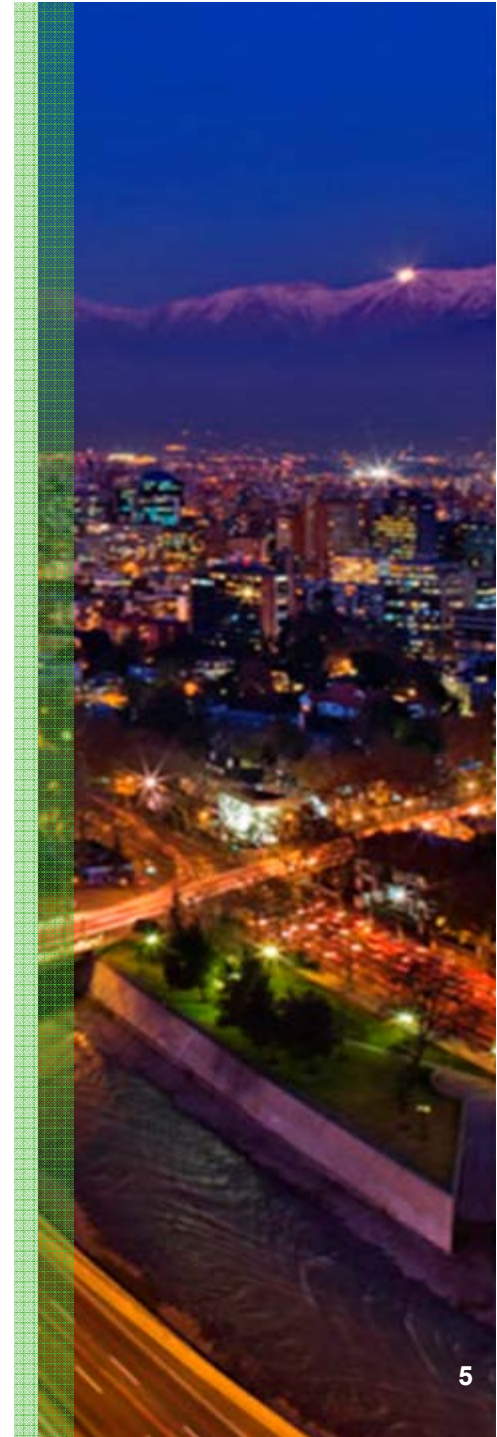
## EBITDA<sup>1</sup> and Revenues



## Net Income



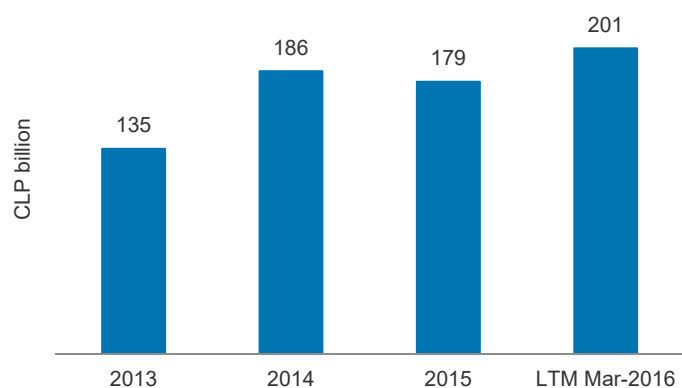
<sup>1</sup> EBITDA: Earnings before taxes, interest, depreciation, amortization, price-level restatement, net and foreign currency translation, net, plus income from leasing



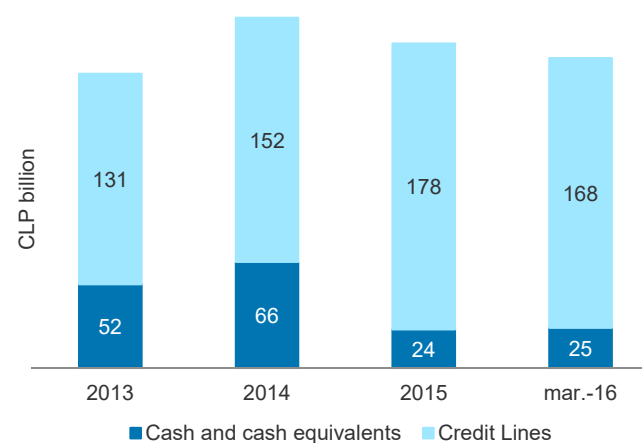
# Solid Liquidity Position

- In March 2016, Transelec's liquidity reached CLP193 billion (equiv. USD288 million).
  - ✓ This includes USD250 million available on a 3-year committed revolving credit line (completely undrawn).
- In addition, the company generated during the LTM ended March 31, 2016, CLP189 billion of funds from operations (FFO) and CLP201 billion of cash flow from operations (CFO).
- Transelec also has UF 16.9 million (USD613 million) available under its UF 20 million (USD725 million) local shelf registration program.
  - ✓ Furthermore, the Company's bonds have a 6-month DSRA.

## Cashflow From Operations



## Liquidity

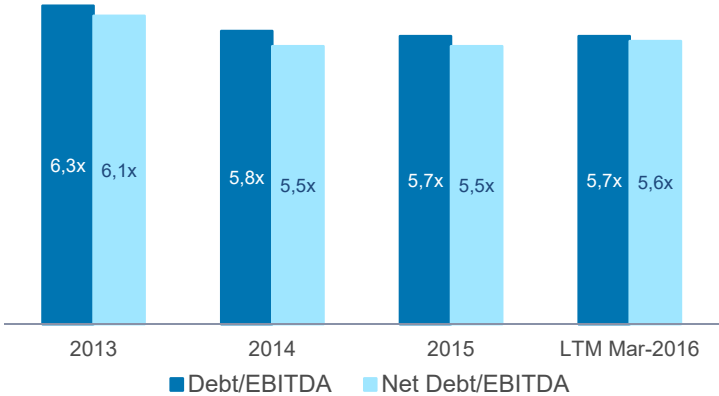




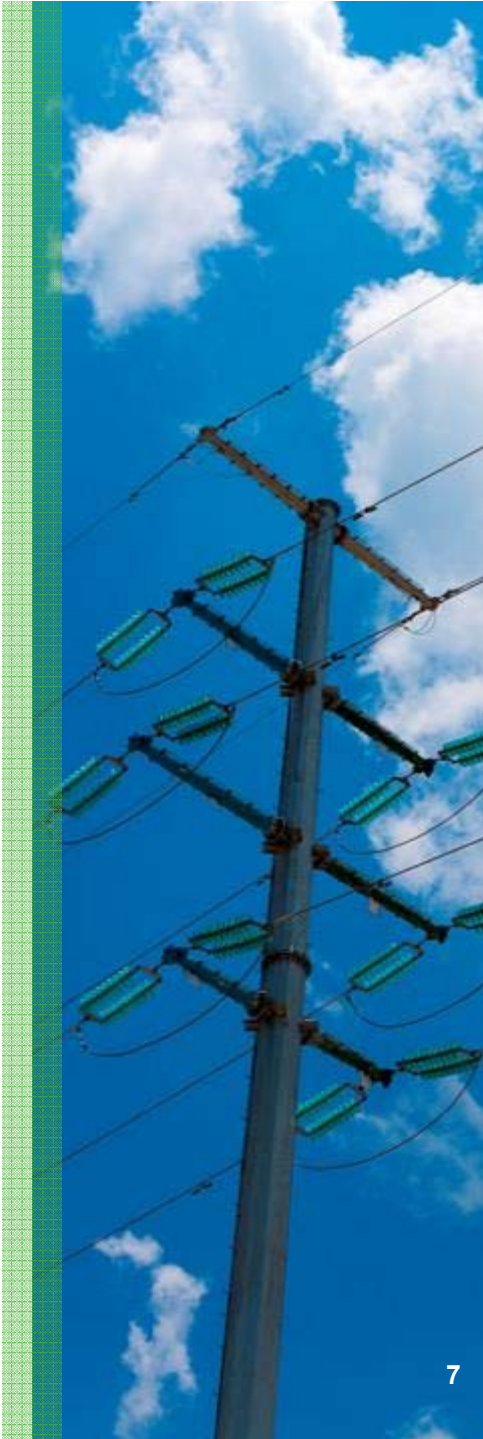
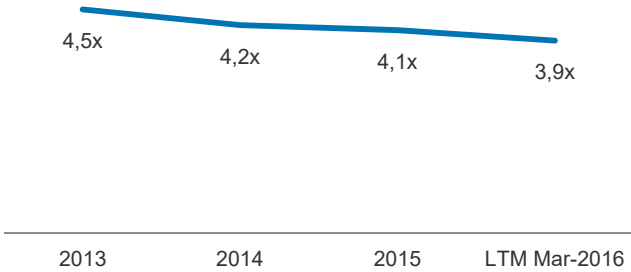
# Strong Coverage Ratios

- Transelec's strong coverage metrics are supported by low cost of debt and growing cash flows and have improved since acquisition.
- The company has maintained Debt to EBITDA ratio within the limits it has defined.
- Transelec is committed to maintaining investment grade credit rating.

## Leverage



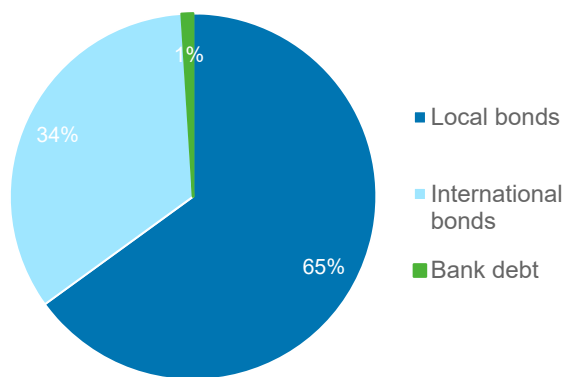
## Interest Expense Coverage



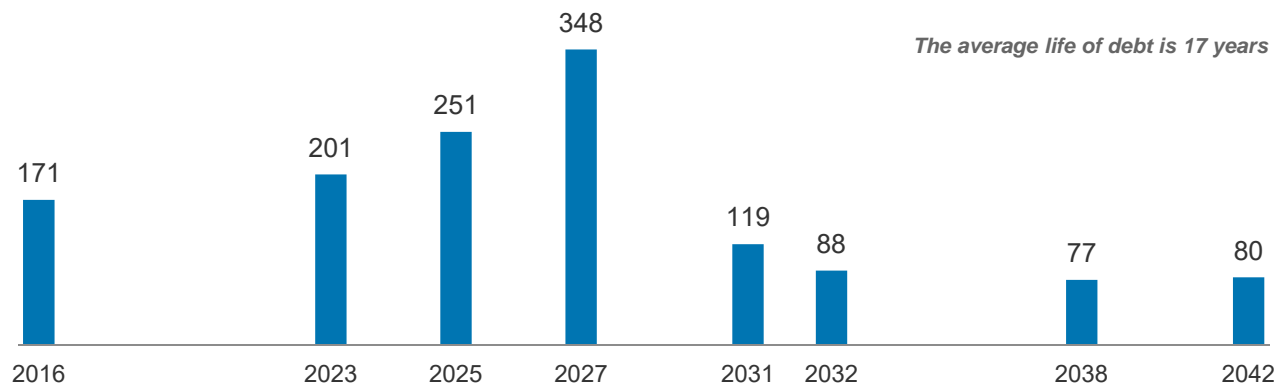
# Debt Profile

- Transelec maintains a very manageable debt maturity profile.
  - ✓ With ~CLP171 billion (~ USD231 million) maturing in 2016.
  - ✓ No further maturities up to 2023.
- The Company has been able to obtain flexibility and a variety of sources for funding.
- 2016 maturity will be refinanced in July 2016.

## Debt breakdown by type



## Public debt maturity profile (CLP Billion)

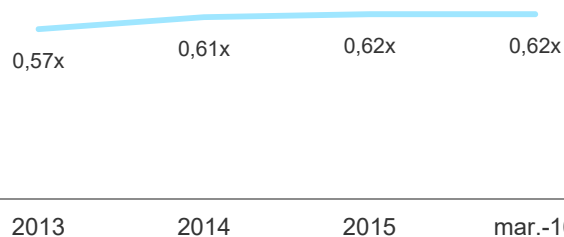




# Covenants

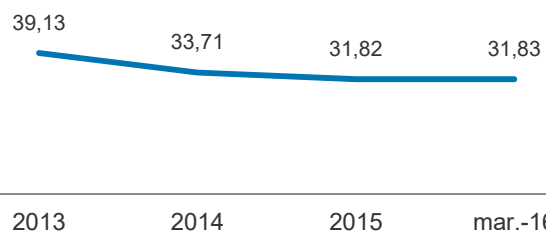
- Transelec's financial covenants (included in the local bond indentures) are balance sheet focused.
- As of March 31, 2016, the company is in full compliance with all debt covenants.

## Debt / Capital < 0.7x <sup>(1)</sup>



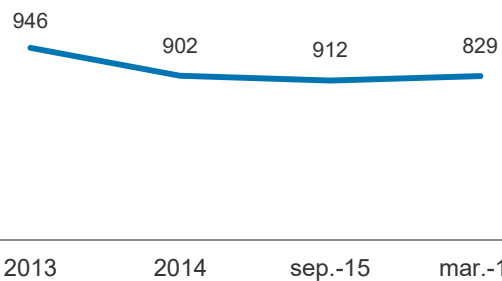
(1) Total Debt / (Total Debt + Interest + Shareholder's Equity + Accumulated amortization of goodwill)

## Minimum Equity > UF15 million<sup>(2)</sup>

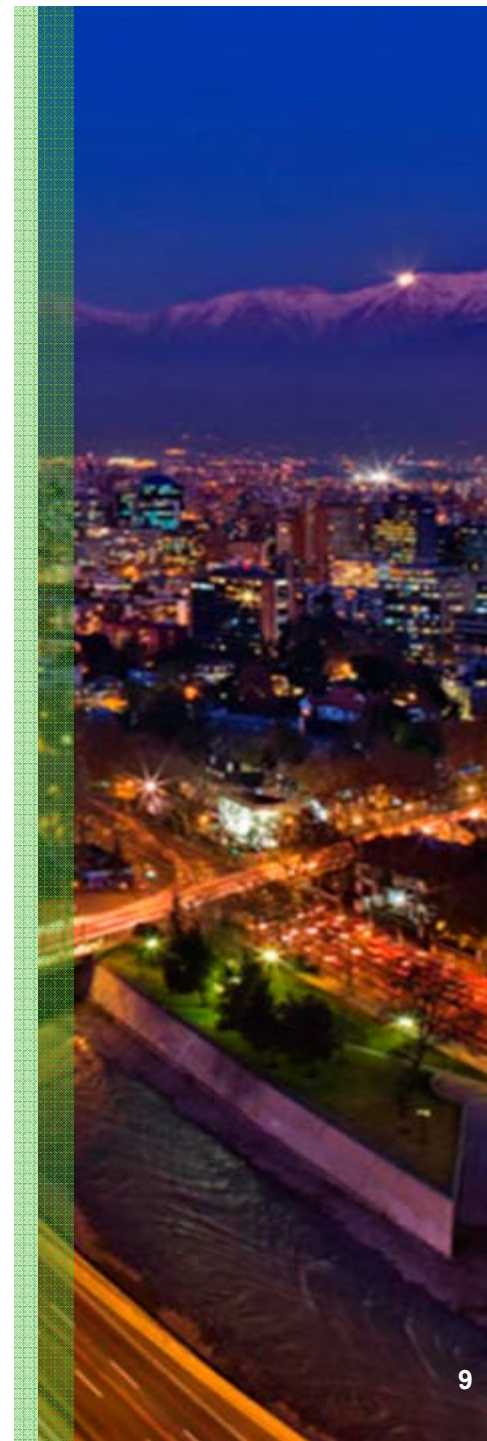


(2) Equity attributable to the owners + Accumulated amortization of goodwill

## Minimum Equity > CLP 350 billion <sup>(3)</sup>



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



# Contact Information

For additional information, please contact:

Martha Peredo  
Head of Investor Relations  
[mperedo@transelec.cl](mailto:mperedo@transelec.cl)  
56 2 24677237

Javier Sauvageot  
Finance Manager & Treasurer  
[jsauvageot@transelec.cl](mailto:jsauvageot@transelec.cl)  
56 2 24677068

You can find additional information in our web page:

<http://www.transelec.cl/index.php/inversionistas-2/>





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