

1H2016 Results



August, 2016

Key Transelec investment highlights

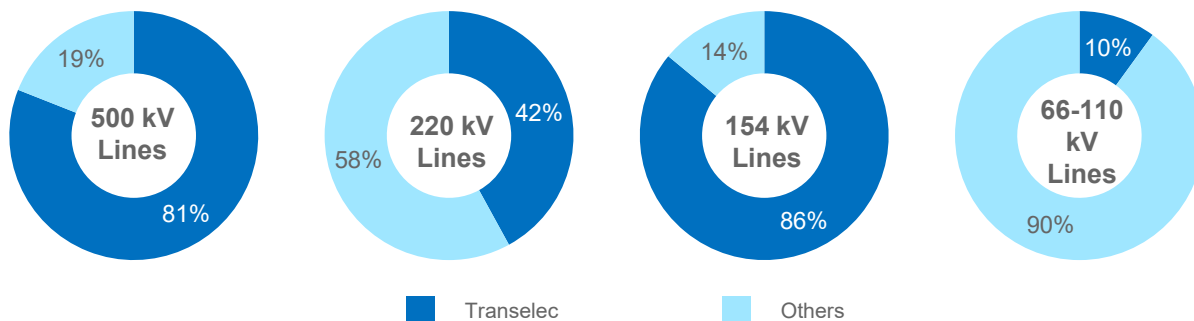


- ✓ Key strategic assets for Chile
- ✓ Strong sovereign backdrop
- ✓ Stable and proven regulatory environment
- ✓ Strong and committed shareholders
- ✓ Experienced professional management
- ✓ Stable, predictable and long-term cash flow generation
- ✓ Solid liquidity and financial position



Transelec is the largest power transmission company in Chile through the ownership and operation of strategic assets for the country

- 9,560 km of transmission lines and 57 substations, with total transformation capacity amounting to 15,981 MVA
 - SING¹: 1,233 km of transmission lines and 4 substations
 - 100% of trunk transmission lines in the SING
 - SIC²: 8,327 km of transmission lines and 53 substations
 - 78% of trunk transmission lines in the SIC
- Strong market position in critical transmission assets

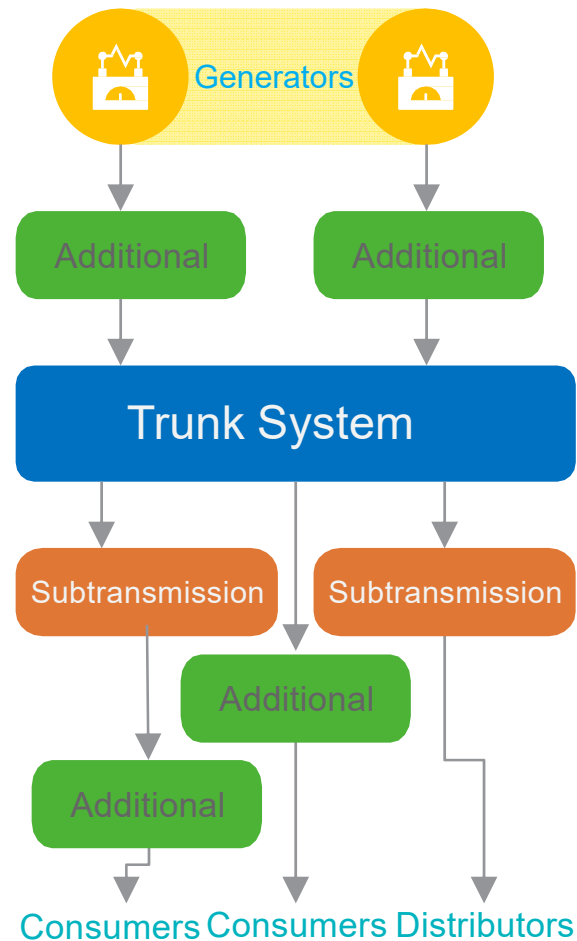


Solid and stable regulatory framework

Regulatory Framework¹

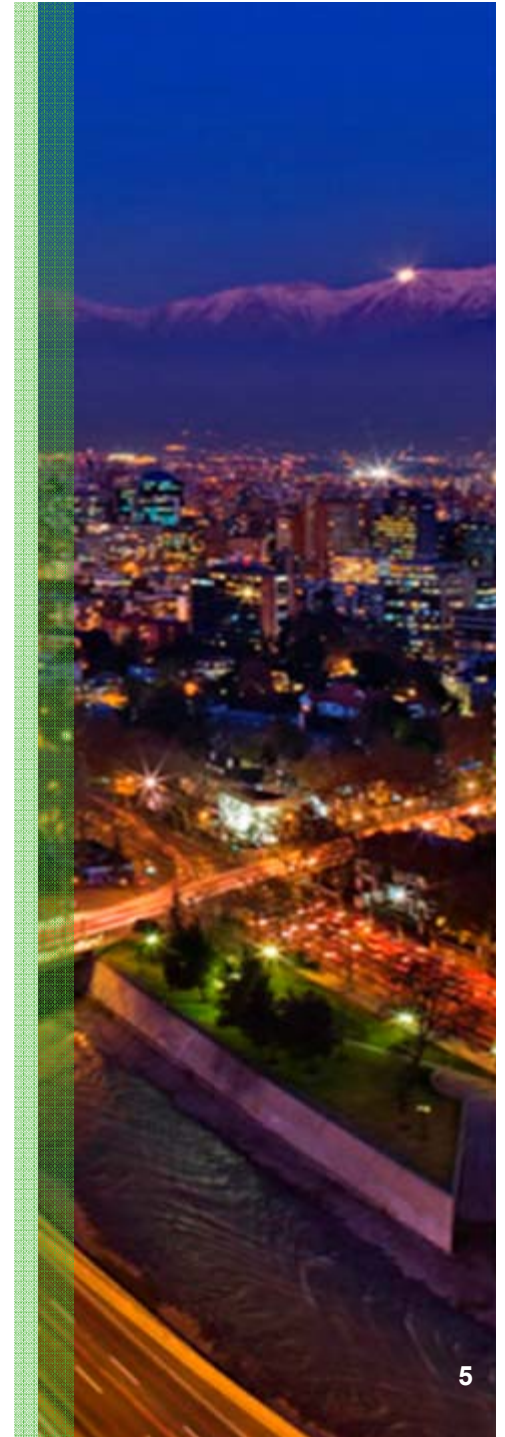
- Designed to ensure a robust system and incentivize investment in a world-class transmission network
- Track record of success since privatization in the 1980's
- Regulatory changes since then have facilitated the development of the transmission industry. Each change has been accompanied by a long period of stability
- Guaranteed a return of 10%² for the trunk system
 - Revenues are based on the replacement cost for new transmission assets, adjusted based on inflation and other relevant factors (such as USD asset costs), plus operation and maintenance costs
 - Transmission assets are appraised every 4 years.

Transmission system in Chile



Regulatory update

- A new Transmission Bill of Law (“TBL”) was discussed in Congress. The new legislation incorporates a series of relevant changes with the objective of improving the transmission regulation in Chile. The key topics regulated by the TBL are:
 - ✓ Independent National Coordinator to replace CDECs (system ISOs)
 - ✓ New categorization of Electricity Transmission Systems and universal open access
 - ✓ Compensations for unavailability of supply
 - ✓ The rate of return of legacy assets will change from a 10% rate **before taxes** to an **after taxes** rate, using a Capital Asset Pricing Model (CAPM¹), with a range between 7% and 10% **after taxes**, since year 2020
 - ✓ Eventual application of economies of scope
 - ✓ Energy Planning and Transmission Planning
 - ✓ Remuneration system of transmission facilities
 - ✓ All regulated remuneration will be take-or-pay (currently, subtransmission has volume-based remuneration). The company will be entitled to receive 100% of its revenue by law.
- This TBL was approved and published by the end of July 2016.



Strong and committed shareholders and experienced management team

Brookfield



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Investment
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Stake in Transelec:	27.7%	27.7%	26.1%	18.5%
Assets Under Management:	USD 240 billion	USD 279 billion	USD 124 billion	USD 112 billion
Background:	<ul style="list-style-type: none"> 100 year history as a global investor, operator and leading asset manager of high quality real assets Investment portfolio includes renewable power, electric utilities, toll roads, railroads and real estate investments 	<ul style="list-style-type: none"> Leading global investment management organization Invests globally in public equities, private equities, private debt, real estate, infrastructure and fixed income instruments 	<ul style="list-style-type: none"> One of the largest institutional investors in Canada Invests on behalf of public sector clients in British Columbia Invests in all major asset classes, including: real estate, infrastructure & renewable resources 	<ul style="list-style-type: none"> One of Canada's largest pension investment managers Infrastructure portfolio focused in transportation, power, regulated utilities, social infrastructure, and energy and resources

Transelec's shareholders long-term goals include:

- ✓ Maintain a strong balance sheet and investment grade credit ratings
- ✓ Optimize WACC¹ through a balanced capital structure
- ✓ Be a best-in class owner / operator of transmission infrastructure
- ✓ Generate long-term stable cash flow
- ✓ Reinvest capital organically to maintain and expand Transelec's operating portfolio

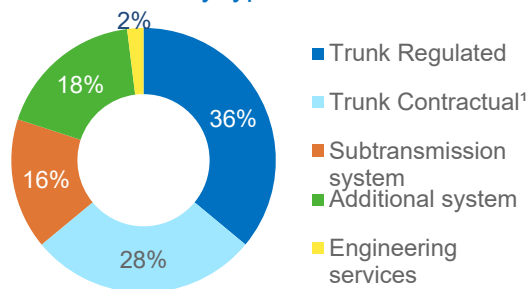


Stable and predictable cash flows

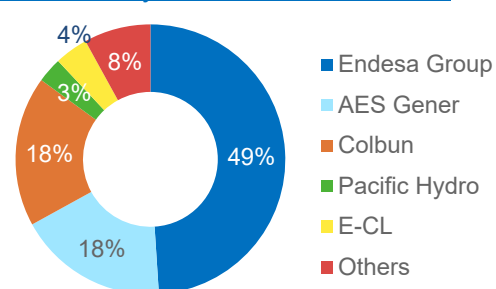
83% of revenues are take-or-pay, which do not depend on transmission volumes

System	Type of revenue	Type of agreement	Key highlights
<div style="background-color: #0056b3; color: white; padding: 5px; text-align: center;">Trunk</div> <div style="background-color: #add8e6; padding: 5px; text-align: center;">Trunk¹</div>	Regulated Contractual ¹	Take-or-pay	<ul style="list-style-type: none"> ✓ Chilean law guarantees 100% of tariff recovery for trunk transmission facility owners ✓ Return on investments and operating expenses are considered ✓ Limited counterparty risk (a failure in a toll payment must be covered by the rest of the participants)
Subtransmission	Regulated	Volume-based ²	<ul style="list-style-type: none"> ✓ Tolls are applied to the power flowing through the system (volume risk) ✓ Subtransmission system value is calculated for each system every 4 years based on facilities economically adapted to 4-10 years demand estimates
Additional	Contractual	Take-or-pay	<ul style="list-style-type: none"> ✓ Bilateral contracts with creditworthy counterparties, structured in a similar fashion to the trunk transmission facilities regulation ✓ Contractual revenue is calculated based on net replacement value of investment ✓ Contracts include operating expense recovery

Revenue by type as of Jun'16



Revenue by customer as of Jun'16



¹These contracts with Endesa expire between 2016 and 2018, and will turn into Trunk Regulated.

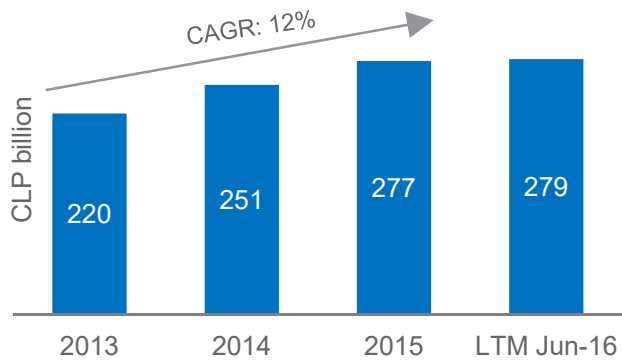
²New TBL changed this type of revenue to Take-or-pay since 2020



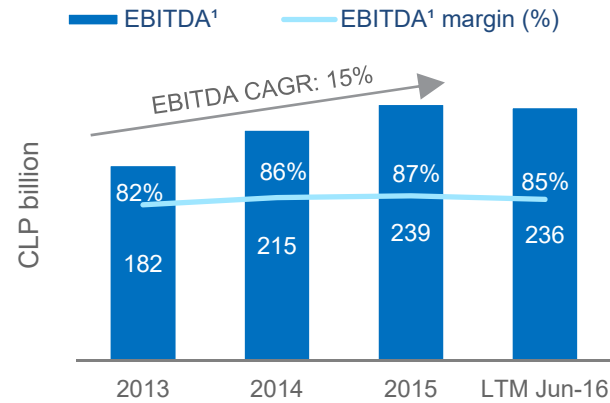
Stable business model with predictable cash generation

Solid liquidity position, including US\$250m available on a 3 year committed revolving credit facility

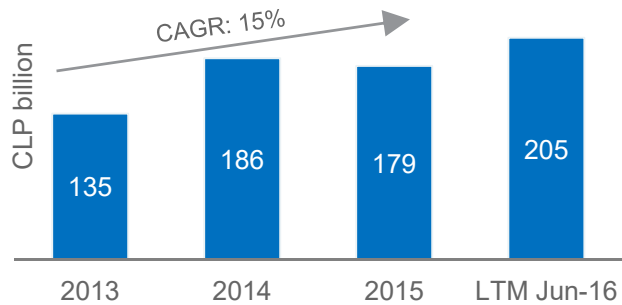
Stable revenue



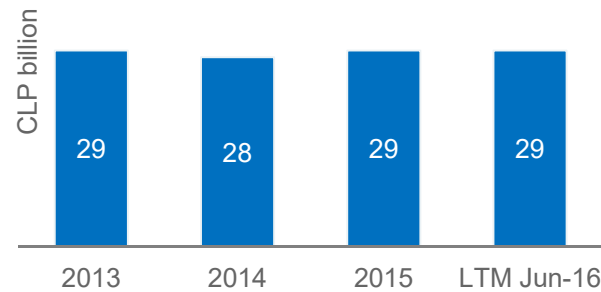
High margins



Consistent cash generation²



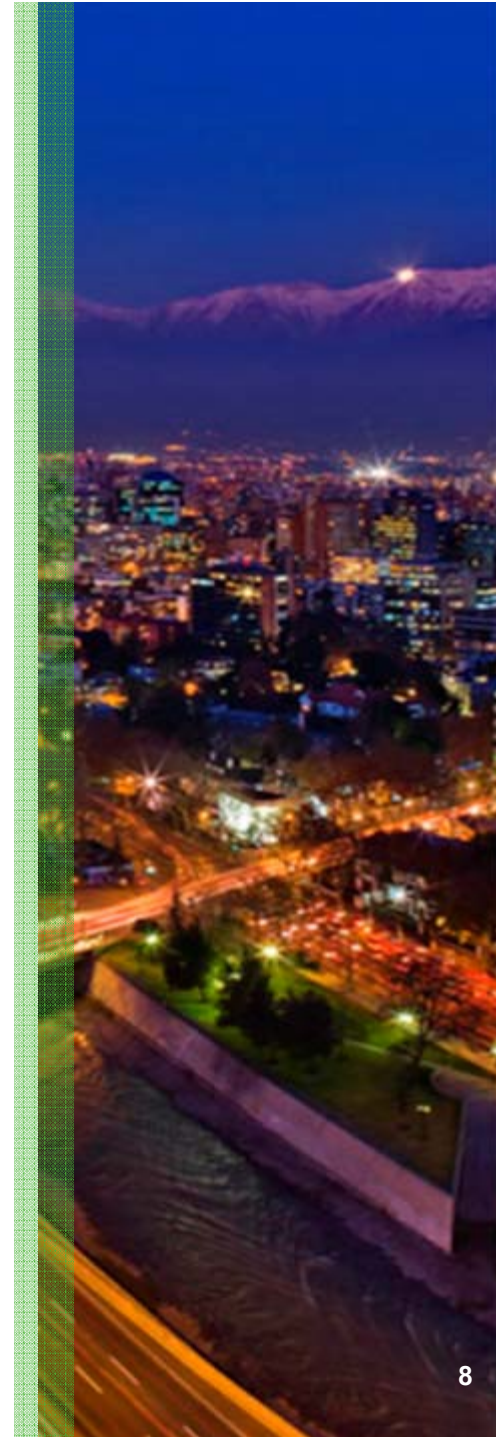
Predictable costs³



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

² Net cash provided by operating activities

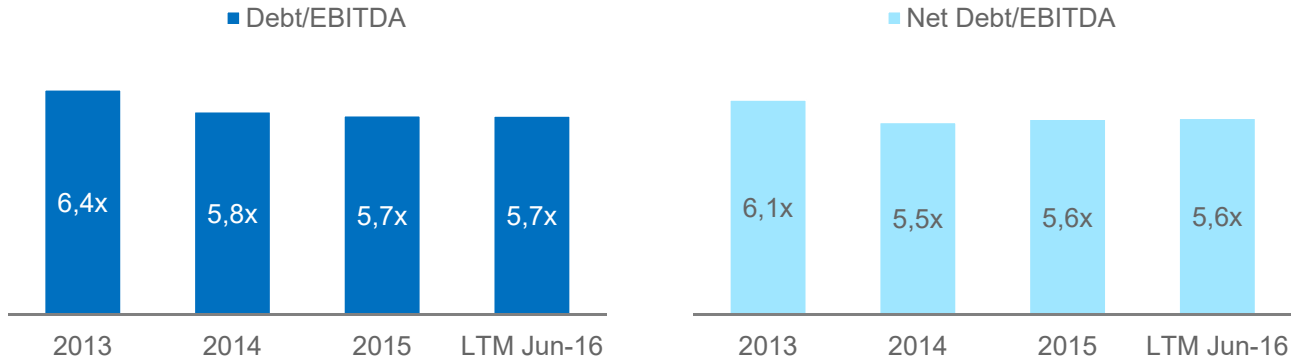
³ Fixed cost of sales (not including neither depreciation nor administration expenses)



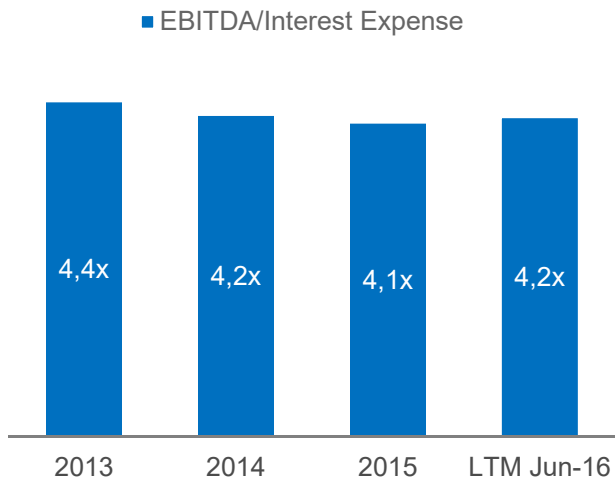
Financial metrics

Transelec has been disciplined, maintaining very adequate and constant ratios within expectations

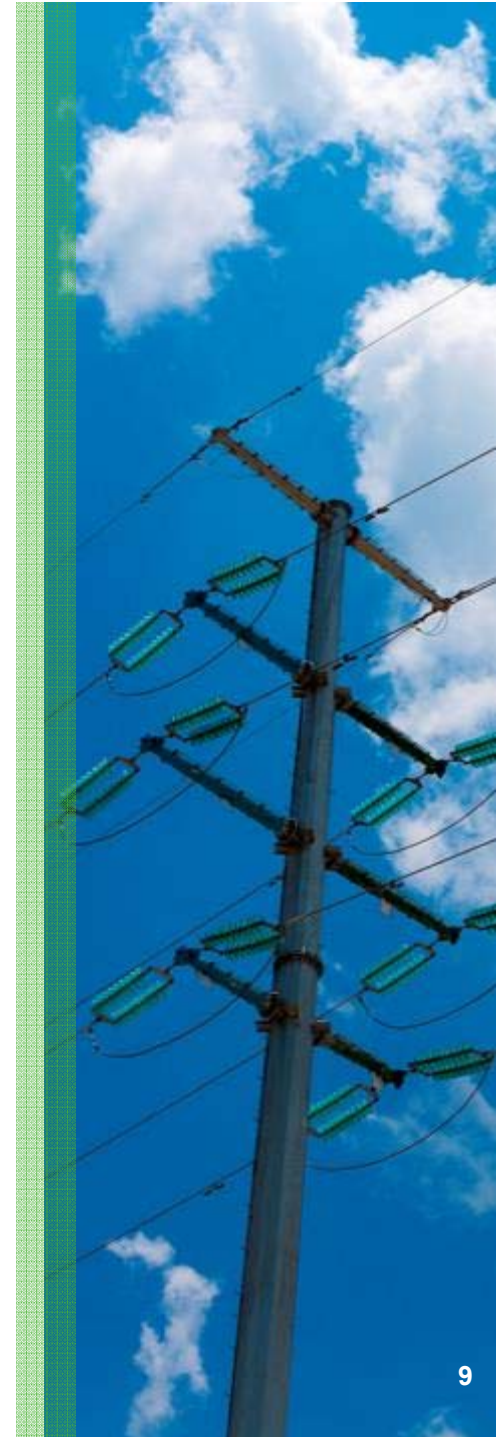
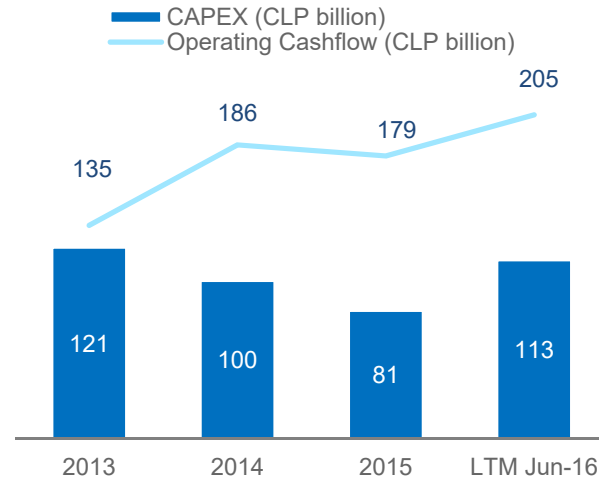
Leverage



Interest Coverage



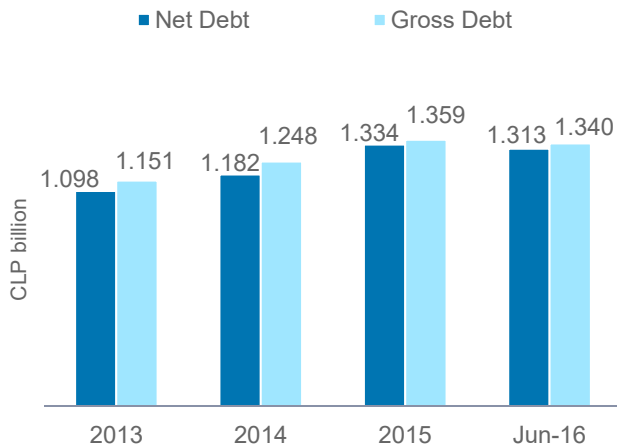
CAPEX and Op. CF Evolution



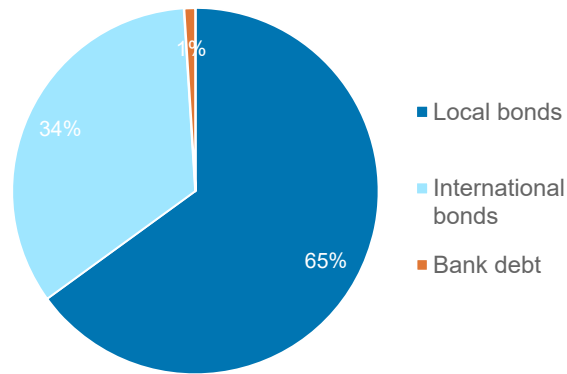
Debt maturity profile matched with long-life assets

Transelec maintains a very manageable debt maturity profile. The Company has a track record of accessing local and international markets, providing flexibility and a variety of sources of funding

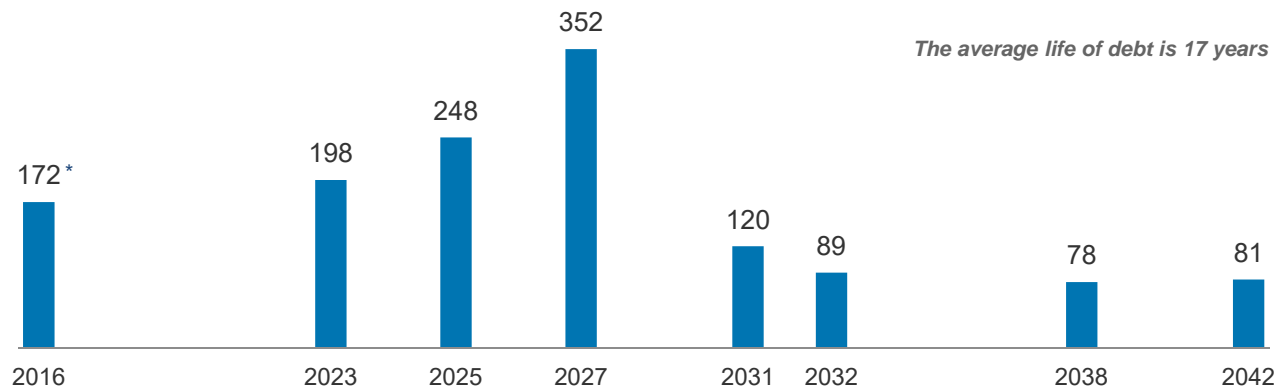
Gross & Net debt evolution



Debt breakdown by type



Public debt maturity profile (CLP billion)



* In July 2016, an international bond was issued to refinance this maturity.



Contact Information

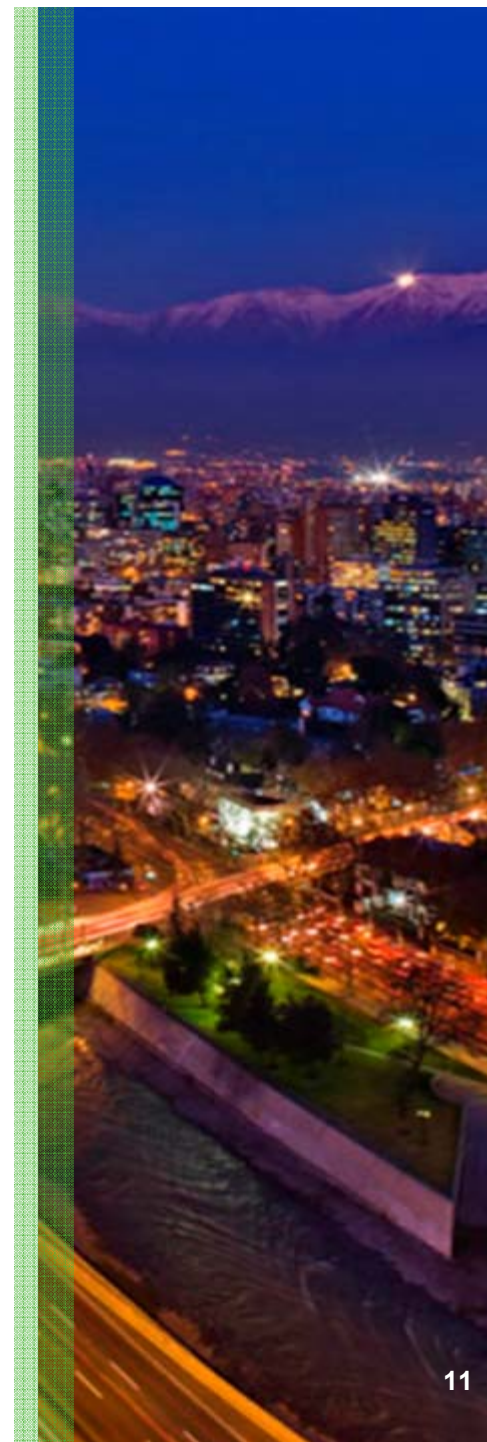
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You can find additional information in our web page:

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



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