

# 1H2018 Results



August 2018

# Executive Summary

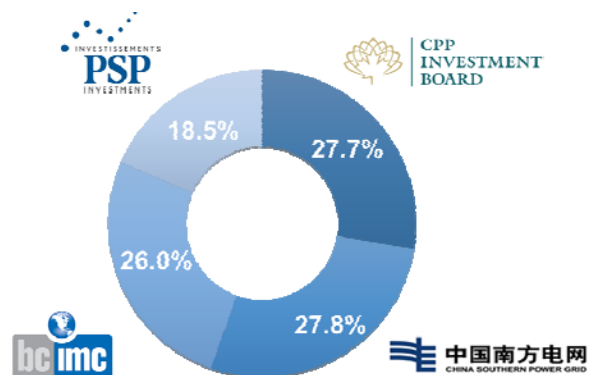
- Transelec continues to maintain its strong market position in Chile, operating 9,648 kms of transmission lines and 61 substations, in a safe and reliable manner, which serve 98% of the population
- Financial results reflect the stability and strength of Transelec's revenue streams
  - Generated EBITDA of CLP234 billion (~MUSD359) in LTM ended June 30, 2018.
  - Maintains an EBITDA margin above 80% (LTM June 2018, 83%).
  - The company generated FFO of CLP180 billion (~ MUSD277) during LTM ended June 30, 2018.
- In May 2018, the Company was awarded USD19.5 million of new national transmission assets.
- During 1H2018, reaffirming the solid financial performance of the Company:
  - Moody's and Fitch Ratings reaffirmed Transelec's current international rating ('Baa1' and 'BBB' respectively).
  - Fitch Ratings and Humphreys reaffirmed Transelec's local rating ('AA-'). Additionally, Humphreys changed the outlook from stable to *positive*.
- As of June 30, 2018, Transelec recorded a net income of MCLP39,887 (~ MUSD61) and an EBITDA of MCLP119,481 (~ MUSD183).





# Business Update

- On March 15<sup>th</sup>, China Southern Power Grid (CSG) purchased the 27.7% of the company from Brookfield Asset Management. The other 3 shareholders remained in the ownership. Therefore, shareholders are currently the following:



- 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 semester, the company incorporated US\$44.4 million of new facilities, which include the commissioning of one national system expansion project and two upgrade projects in the national and zonal system.
  - ✓ The Company incorporated facilities for US\$121.4 million LTM.



# Financial Results

CLP billion	1H2018	1H2017	Var.
Revenues	143	139	3%
Ebitda	119	118	1%
Operating Income	92	90	1%
Non-Operating Income	-38	-35	9%
Tax	-14	-13	8%
Net Income	40	43	-6%
Gross Debt	-1.454	-1.427	2%
Net Debt	-1.380	-1.379	0%
FFO (LTM)	180	179	1%

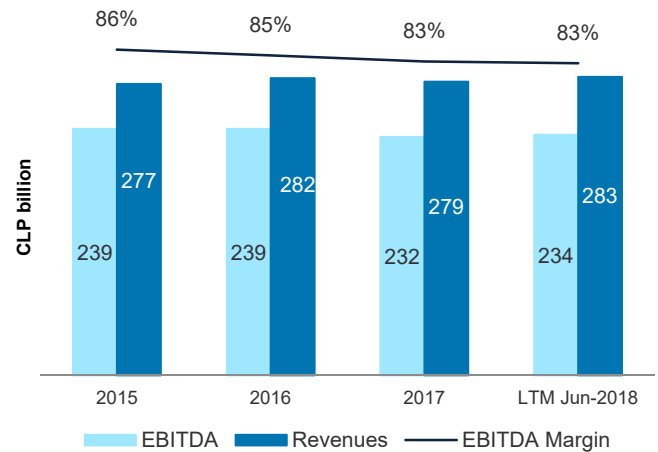
- EBITDA increased 1%. Revenues increased 3% and costs were higher offsetting the increase in revenues. Revenues increased due to toll sales related to new commissioned projects, and costs due to higher maintenance costs (mainly preventive activities nearby transmission lines).
- Non-Operating Income increased 9%, reaching CLP-38 billion, mainly due to higher inflation effect in our local bonds.



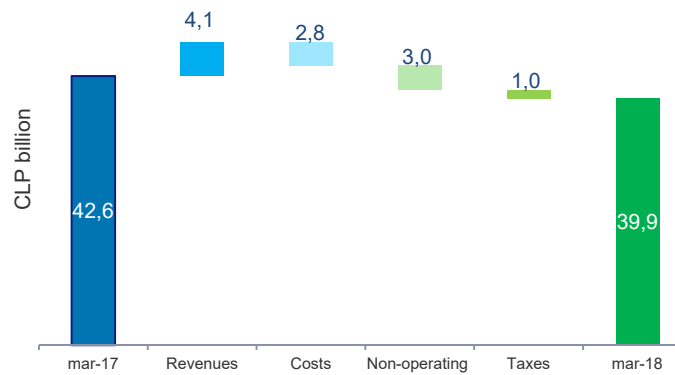
# Revenue and Profitability

- Transelec’s revenues and EBITDA have grown steadily in last years.
- The company has a low business risk profile with approximately 73% of revenues coming from strong counterparties.
- As of June 30<sup>th</sup>, 2018, Transelec recorded a net income 6% lower than the same period in 2017 mainly due to:
  - ✓ Higher inflation effect in our local bonds, costs and taxes
  - ✓ Partially compensated by higher revenues
- 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 June 2018, 83% on a LTM basis).

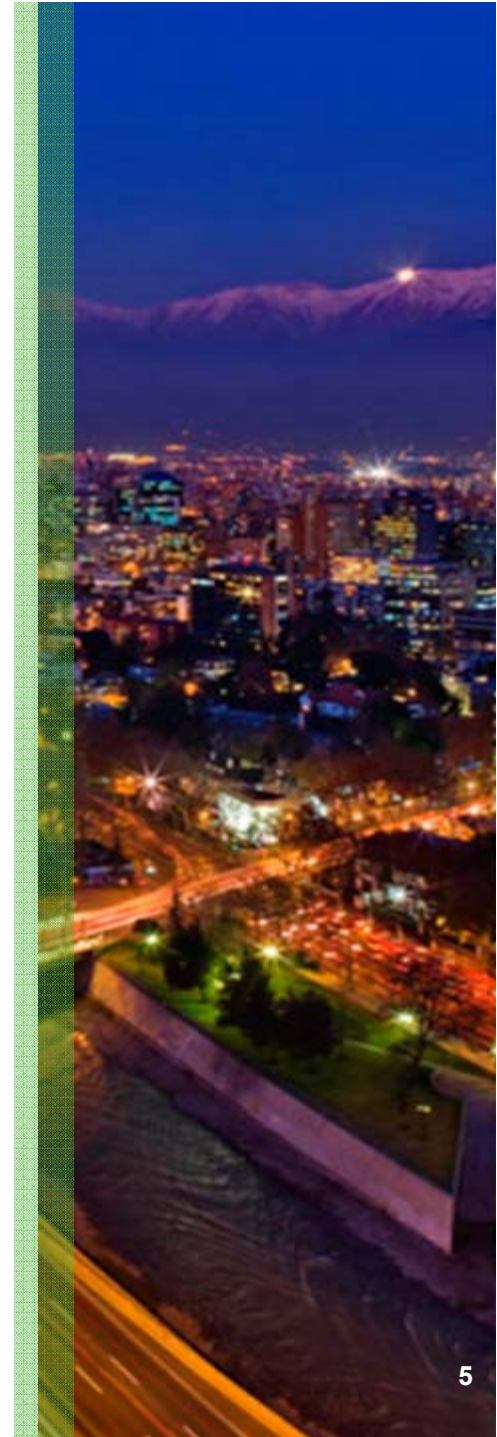
## EBITDA<sup>1</sup> and Revenues



## Net Income



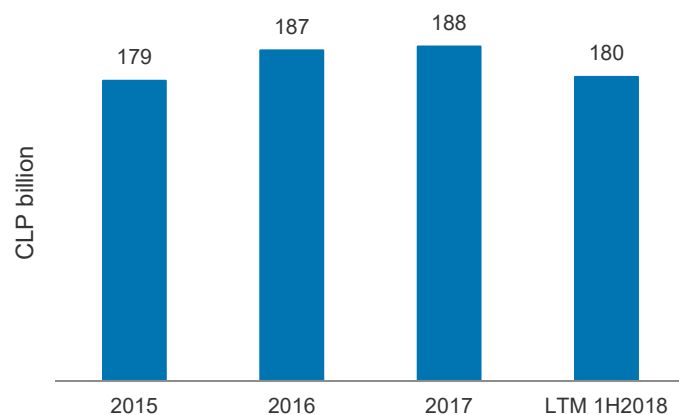
<sup>1</sup> EBITDA: Earnings before taxes, interest, depreciation, amortization, price-level restatement, net and foreign currency translation, net, plus income from leasing



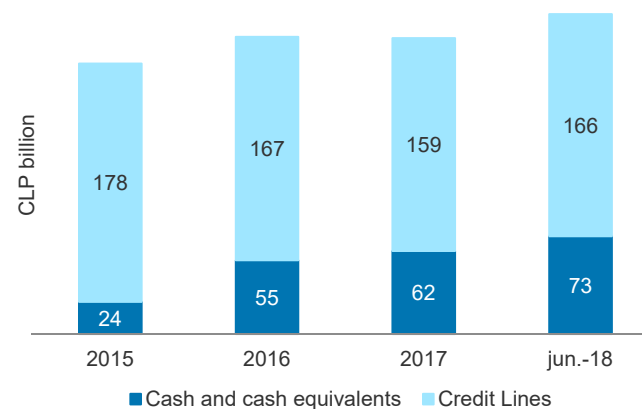
# Solid Liquidity Position

- In June 2018, Transelec's liquidity reached CLP239 billion (equiv. USD367 million).
  - ✓ This includes ~ USD250 million available on a 3-year committed revolving credit line completely undrawn (denominated in USD & UF).
- In addition, the company generated during the LTM ended June 30, 2018, CLP180 billion of funds from operations (FFO) and CLP180 billion of cash flow from operations (CFO).
- Transelec also has UF 20 million (USD834 million) available under its local shelf registration programs.
  - ✓ Furthermore, the Company's bonds have a 6-month DSRA.

## Cashflow From Operations



## Liquidity

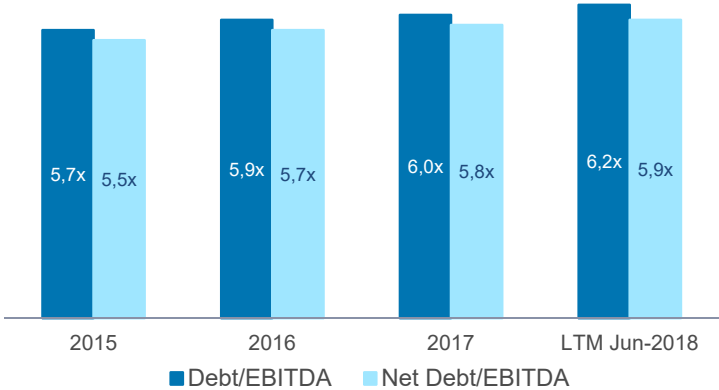




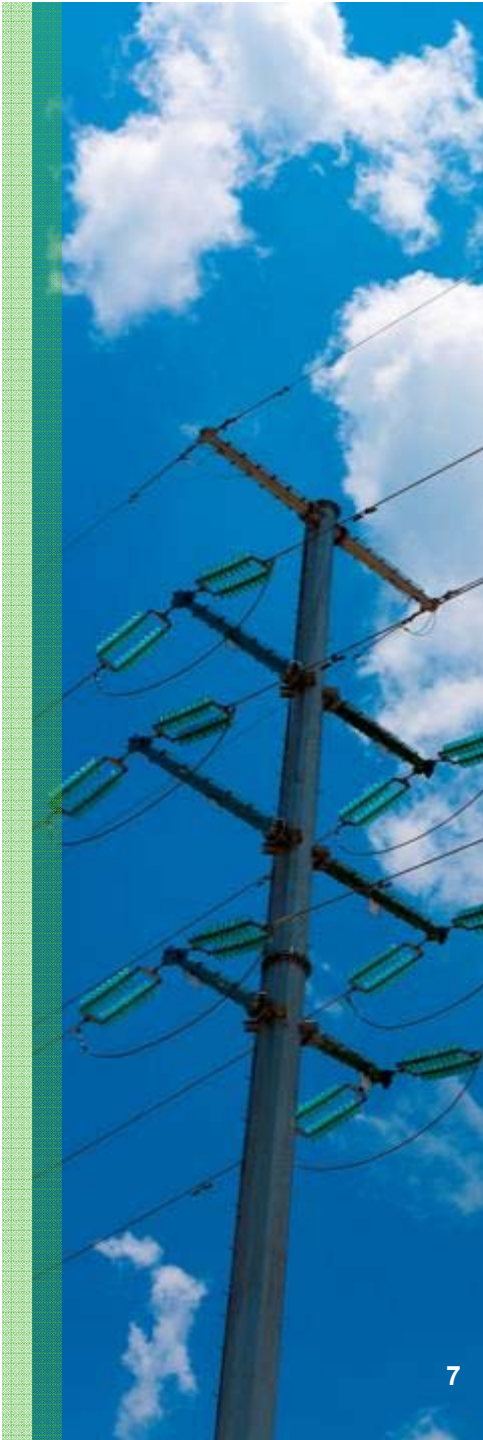
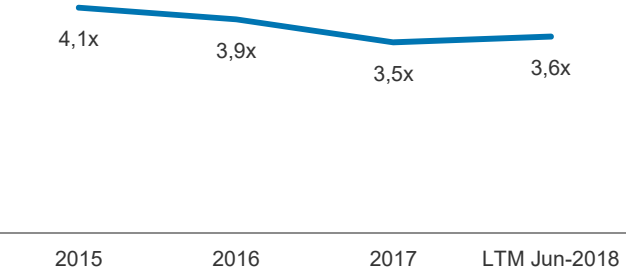
# Strong Coverage Ratios

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

## Leverage



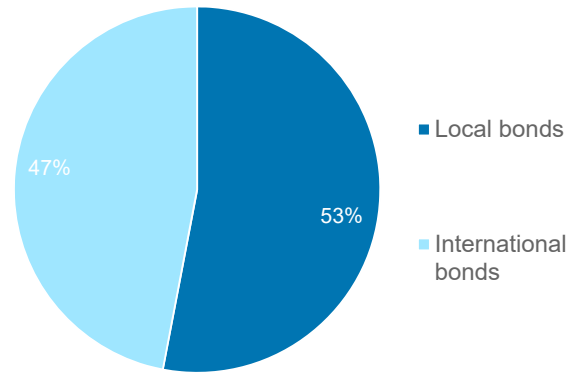
## Interest Expense Coverage



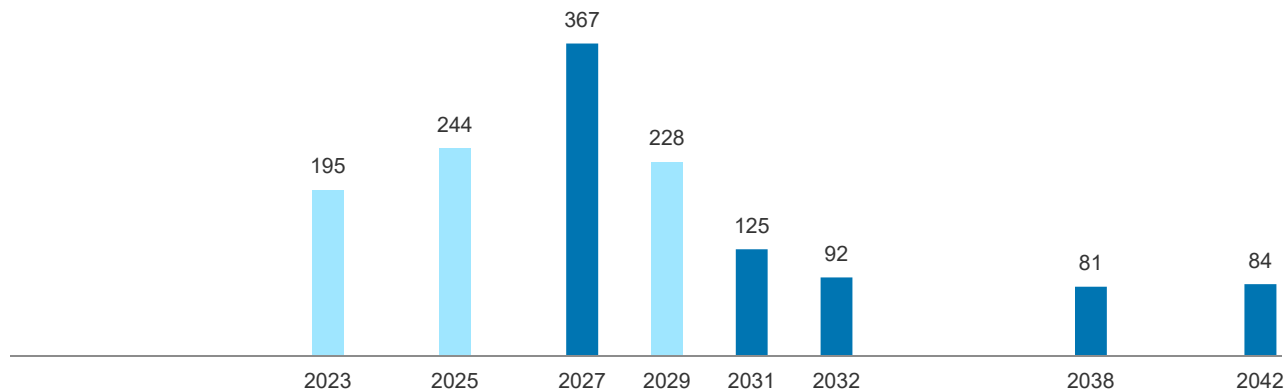
# Debt Profile

- Transelec maintains a very manageable debt maturity profile with no debt 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.

## 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 June 30, 2018, the company is in full compliance with all debt covenants.

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



2015      2016      2017      jun.-18

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

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



2015      2016      2017      jun.-18

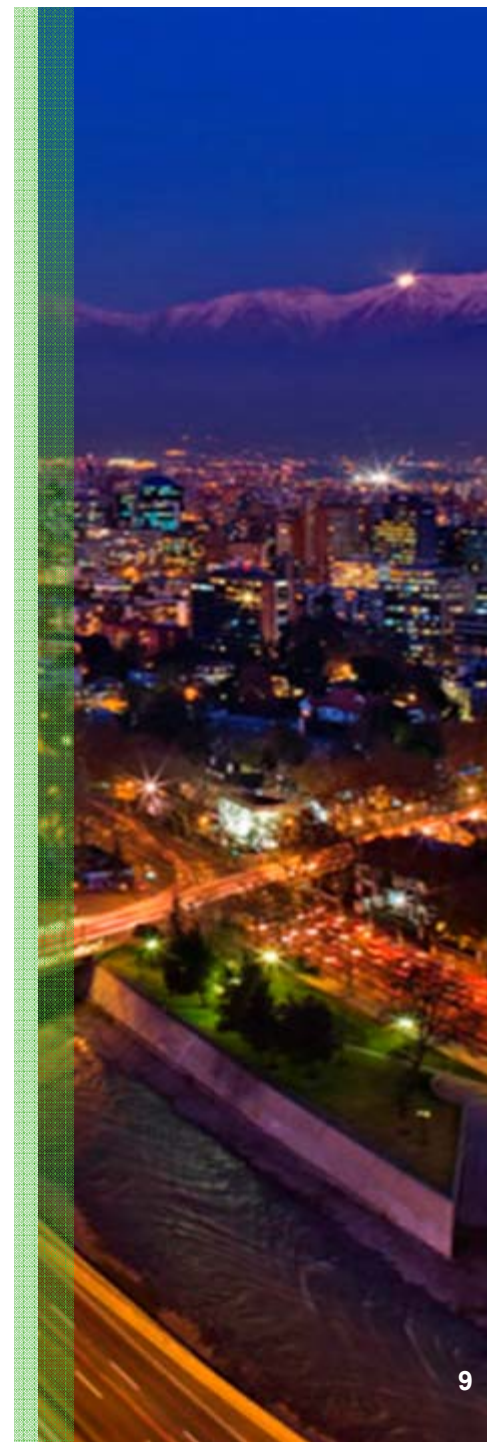
(2) Equity attributable to the owners + Accumulated amortization of goodwill

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



2015      2016      2017      jun.-18

(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/investors/?lang=en>





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