3Q2019 Results

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Uniendo a Chile con Energía

November 2019

Executive Summary

9,672KM *
Transmission Lines

18,535MVA*
Transformation Capacity

Serving **98**% *
Chilean population

- Financial results reflect the stability and strength of Transelec's revenue streams,
  - Generated EBITDA of CLP 325 billion (~MUSD446) as of LTM September 30th, 2019.
  - Maintains an EBITDA margin above 80% (in September 2019, 86% on a LTM basis).

- The Company is receiving take or pay revenues from the Zonal system thanks to Decree 6T which sets Zonal tariffs for 2018-19 period.

- The company generated funds from operations (FFO) of CLP256 billion (~ US$329 million), during the LTM ended September 30, 2019.

- By LTM September 2019, Transelec recorded a net income of CLP140 billion (~US$192 million).

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(USD figures have been translated with the FX of the end of September 2019 ($728,21), for referential purposes only)

* Figures as of December 31, 2018

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 these 9 months, the company incorporated US$50,4 million of new facilities, which include the commissioning of six national system and one zonal system upgrade projects.
  - ✓ The Company incorporated facilities for US$165.6 million LTM.

- Dividend distributions:
  - ✓ On April 26, a total 2018 dividend distribution was approved for CLP39,887 million, equivalent to the first and second interim dividends paid in June and September of 2018.
  - ✓ On June 18, a first 2019 interim dividend of CLP32,875 million was approved.
  - ✓ On August 22, a second 2019 interim dividend of CLP30,671 million was approved.

- In 2019, the Company has adopted IFRS 16, which ceases to classify as operating costs the lease contracts with identifiable underlying assets, with no significant impact in our P&L.

- National & Zonal System Tariff Processes for period 2020-23:
  - ✓ This is the first tariff process considering 2016 Transmission Law entirely.
  - ✓ The facilities Qualification Report and Useful Life Report are ready. As well as the rate of return has been set (7% after taxes) for this period.
  - ✓ The consultants for both National and Zonal systems studies have been already selected.
  - ✓ Due to some delays, we estimate the tariffs will be set in 2021.

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Financial Results

CLP billion	3Q2019	3Q2018	Var.
Revenues	267	220	21%
Ebitda	230	184	25%
Operating Income	186	141	32%
Non-Operating Income	-55	-58	-5%
Tax	-35	-22	61%
Net Income	96	62	56%
Gross Debt	-1.524	-1.449	5%
Net Debt	-1.408	-1.409	0%
FFO (LTM)	256	184	39%

- For this period, Revenues increased 21%, reaching CLP267 billion (~USD367 million). EBITDA increased 25% compared with the same period last year. The increase was mainly due to Decree 6T publication which establishes zonal tariff for 2018 and 2019, commissioning of new projects and FX.

- Non-Operating Income is 5% lower, reaching CLP-55 billion, mainly because there were higher financial income and a lower inflation effect in the revaluation of the UF bonds in 2019 (compared to 2018).

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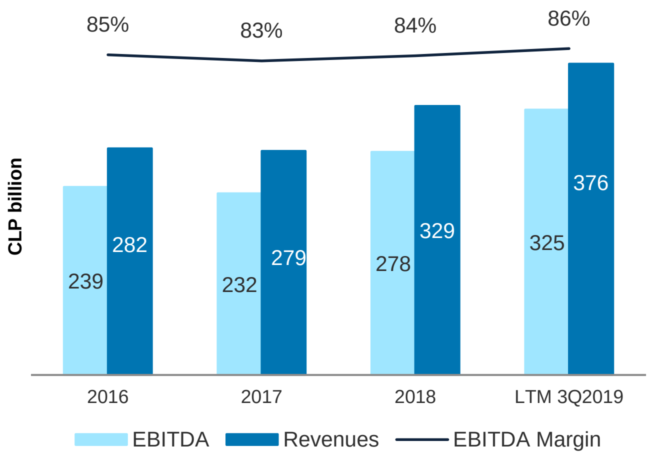
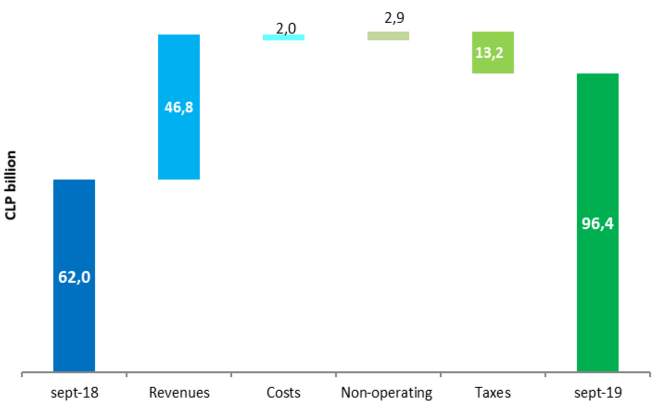
Revenue and Profitability

- Transelec's revenues and EBITDA have grown steadily in last years.
- 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
- Transelec's revenues have strengthen because 100% of its transmission revenues are take-or-pay, eliminating all volume risk, since 4Q2018.
- As of September 30th, 2019, Transelec recorded a net income 56% higher than the same period in 2018 mainly due to:
  - ✓ Higher Zonal system revenues according to Decree 6T

EBITDA[1] and Revenues



Net Income



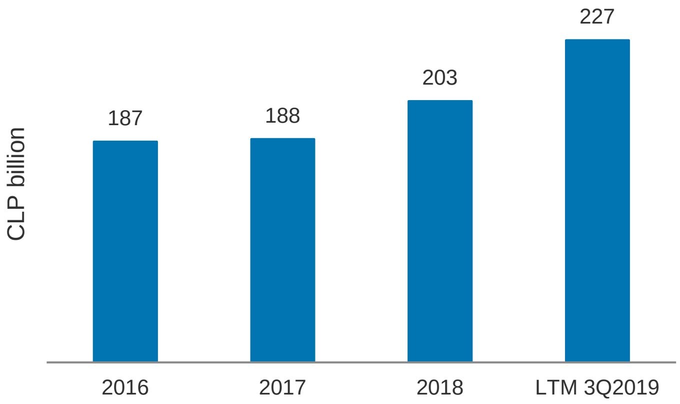
[1] EBITDA: Earnings before taxes, interest, depreciation, amortization, price-level restatement, net and foreign currency translation, net, plus income from leasing

Solid Liquidity Position

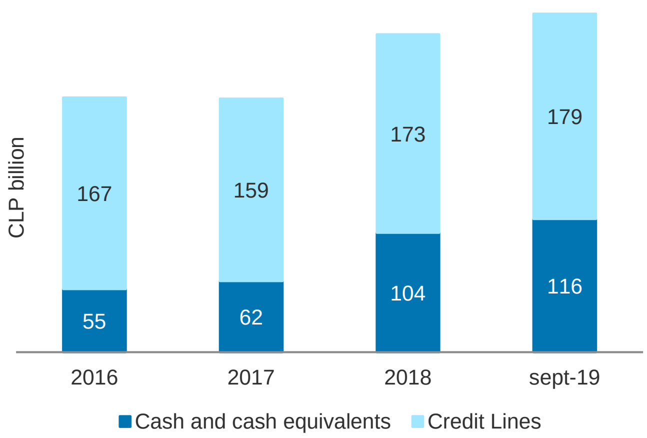
- Transelec's liquidity is supported by strong cash flow from operations reaching CLP 227 billion (USD312 million) for LTM 3Q2019
  - ✓ This includes ~ USD250 million available on a 3-year committed revolving credit line completely undrawn (denominated in USD & UF).
  - ✓ Furthermore, the Company's bonds have a 6-month DSRA.

- In addition, the company generated during the LTM ended September 30, 2019, CLP256 billion of funds from operations (FFO).

Cashflow From Operations



Liquidity



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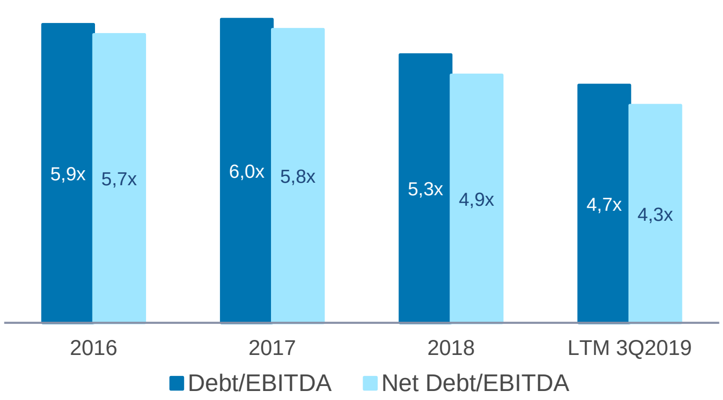
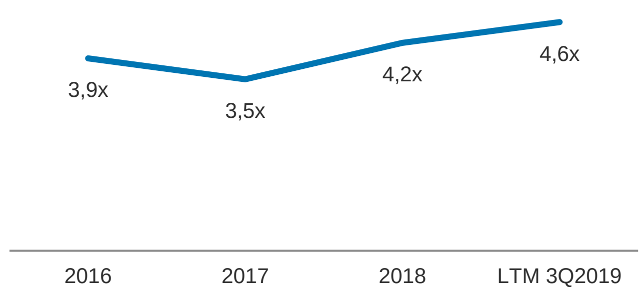
Strong Coverage Ratios

- Transelec’s strong coverage metrics are supported by low cost of debt and growing cash flows that have improved through time.
- Debt to EBITDA ratio decreased below the expected limits due to higher Zonal system revenues according Decree 6T for years 2018-19 and a prudent financial policy without increasing debt in last 3 years.
- Interest Expense coverage has had an increase since 2017 levels.
- Transelec is committed to maintaining investment grade credit rating.

Leverage



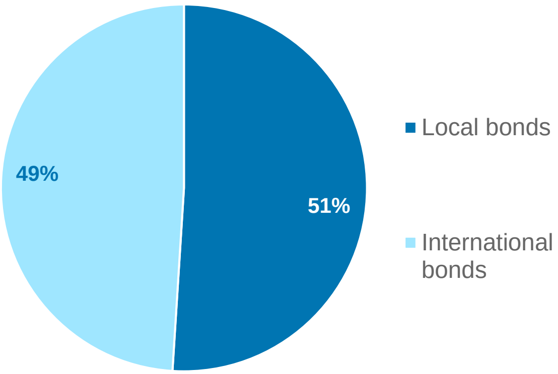
Interest Expense Coverage



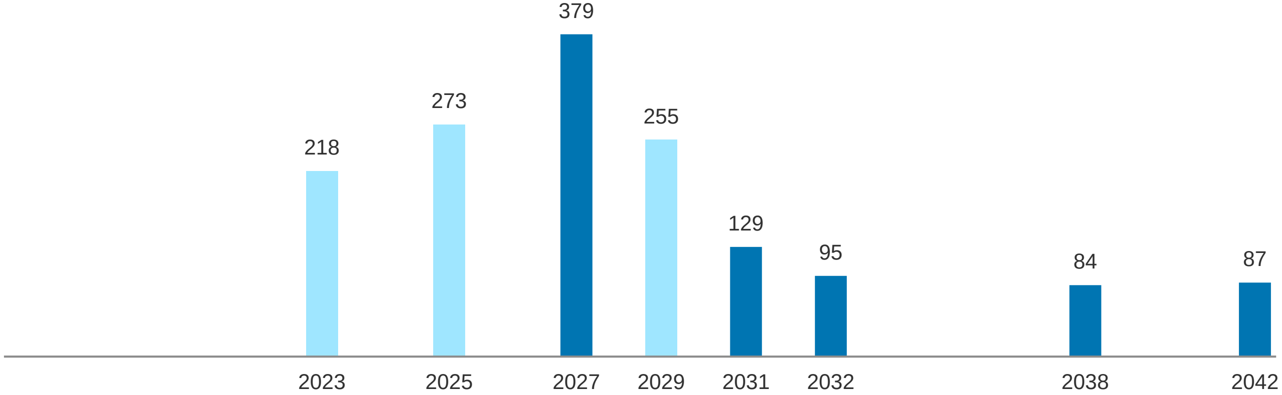
Debt Profile

- 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.
- International bonds are naturally hedged or through capital only swaps.

Debt breakdown by type



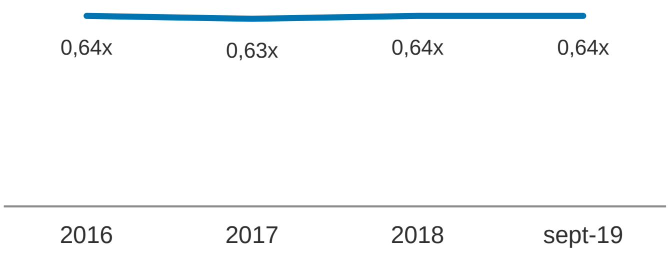
Public debt maturity profile (CLP Billion)



Covenants

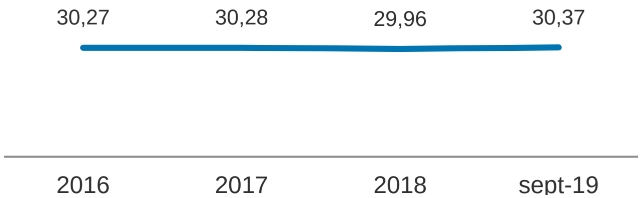
- Transelec's financial covenants (included in the local bond indentures) are balance sheet focused.
- As of September 30, 2019, the company is in full compliance with all debt covenants.

Debt / Capital < 0.7x (1)



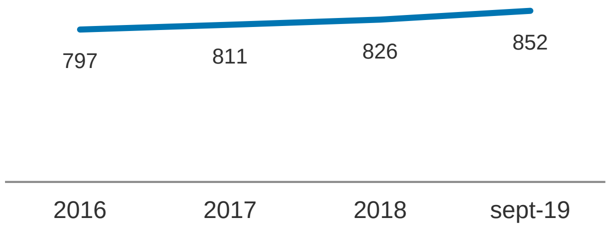
(1) Total Debt /(Total Debt +Interest + Shareholder's Equity + Accumulated amortization of goodwill)

Minimum Equity > UF15 million(2)

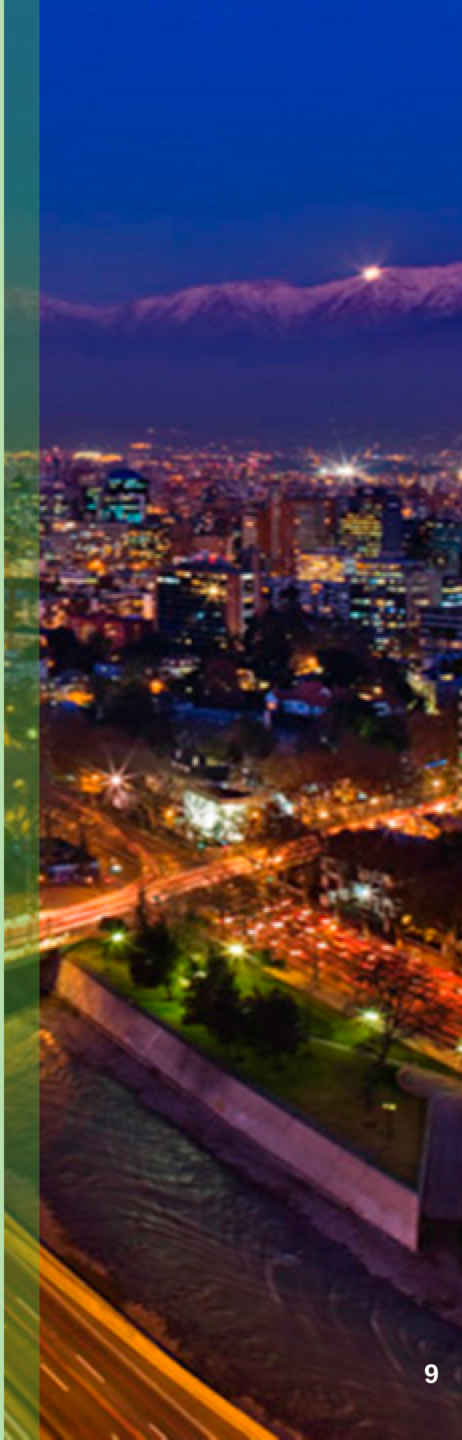


(2) Equity attributable to the owners + Accumulated amortization of goodwill

Minimum Equity > CLP 350 billion (3)



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



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You can find additional information in our web page:
http://www.transelec.cl/investors/?lang=en

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