1Q2020 Results

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Uniendo a Chile con Energía

May, 2020

Executive Summary

- Transelec is the largest transmission company in Chile with 9,792 kilometers of transmission lines (as of Dec./2019) through the ownership and operation of strategic assets for the country, and serving approximately 98% of the Chilean population.

- Transelec generates stable cash flows and maintains an EBITDA margin above 80% (in Mar 2020, 87% on a LTM basis).

- The company generated funds from operations (FFO) of CLP248 billion (~MUSD281), during the LTM ended March 31, 2020.

- Reaffirming the solid financial performance of the Company, in 1Q2020, Fitch reaffirmed our current international rating (BBB) and local rating (AA-), Moody's reaffirmed our international rating (Baa1) as well as Feller reaffirmed our local rating (AA-).

- By LTM March 2020, Transelec recorded a net income of CLP141 billion (~MUSD165).

(USD figures have been translated with the FX of the end of March 2020 ($852.03), for referential purposes only)

Business Update

- According to the transmission law of 2016 as of January 2020, the rate of return on assets should fall from 10% before taxes to 7% after taxes, but because the tariff study to determine the remuneration of the transmission in the period 2020 – 2023 (valuation process) is delayed, the regulator (CNE) through resolution 815, has determined to stabilize the transmission rates until the rate study is complete (estimated within 2021), in order to advance the estimated reduction and not apply rises that are later reversed.

- 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

- On January 17th, the Superintendency of Electricity and Fuels (SEC) issued to Transelec a MUSD4.8 fine for a failure that left the Arica zone without electricity for 21 hours. Transelec filed releases and an administrative complaint (still pending).

- Considering the health crisis (Covid-19) started in March 2020, Transelec drew from its committed credit line, as a preventive measure, an amount of MUSD100 to strengthen, even more, our liquidity position.
  - ✓ Transelec don't foresee major effects in the company coming from the health crisis.

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Financial Results

CLP billion	1Q2020	1Q2019	Var.
Revenues	97	85	14%
Ebitda	84	74	13%
Operating Income	69	60	16%
Non-Operating Income	-23	-14	62%
Tax	-13	-13	1%
Net Income	33	33	1%
Gross Debt	-1.752	-1.463	20%
Net Debt	-1.528	-1.350	13%
FFO (LTM)	248	244	2%

- For this period, Revenues increased 14%, reaching CLP 97 billion (~USD 125 million). Given the delay in the 2020-2023 tariff study, Revenues for the quarter were recognized according to the decrees in force by the end of 2019, but it should show decreases once the new tariff is recognized.

- EBITDA increased 13% compared with the same period last year. The increase was mainly due to macroeconomic effects and commissioning of new projects that increase revenues. EBITDA margin increases in this period to 86% (1Q2020).

- Non-Operating Income increased 62%, reaching CLP -23 billion, mainly because of the revaluation of the local debt denominated in UF which increased the loss for indexed assets and liabilities (0% UF variation in 1Q2019 vs 1% in 1Q2020). Financial costs also increased due to higher exchange rate during 1Q2020.

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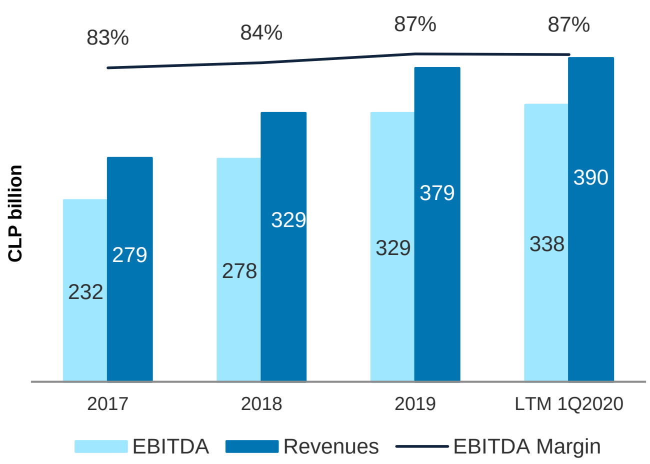
Revenue and Profitability

- Transelec's revenues and EBITDA have grown steadily in last years.
  - ✓ During 1Q2020 the Company still recognized revenues according to decrees in force by the end of 2019.
  - ✓ Once the new 2020-2023 tariff is recognized, revenues and Ebitda will decrease according to the parameters set in the tariff study.

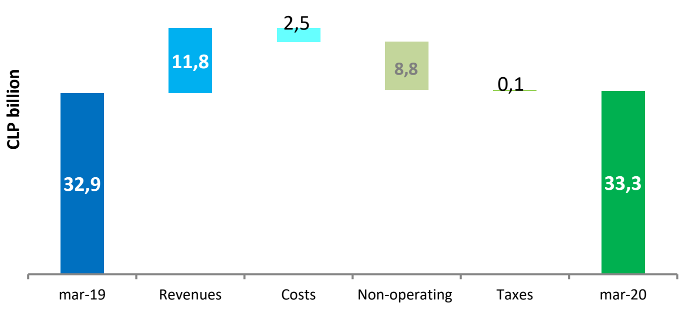
- As of March 31st, 2020, Transelec recorded a net income very similar to the same period in 2019 mainly due to:
  - ✓ Higher revenues mainly offset by higher loss for indexed assets &liabilities.

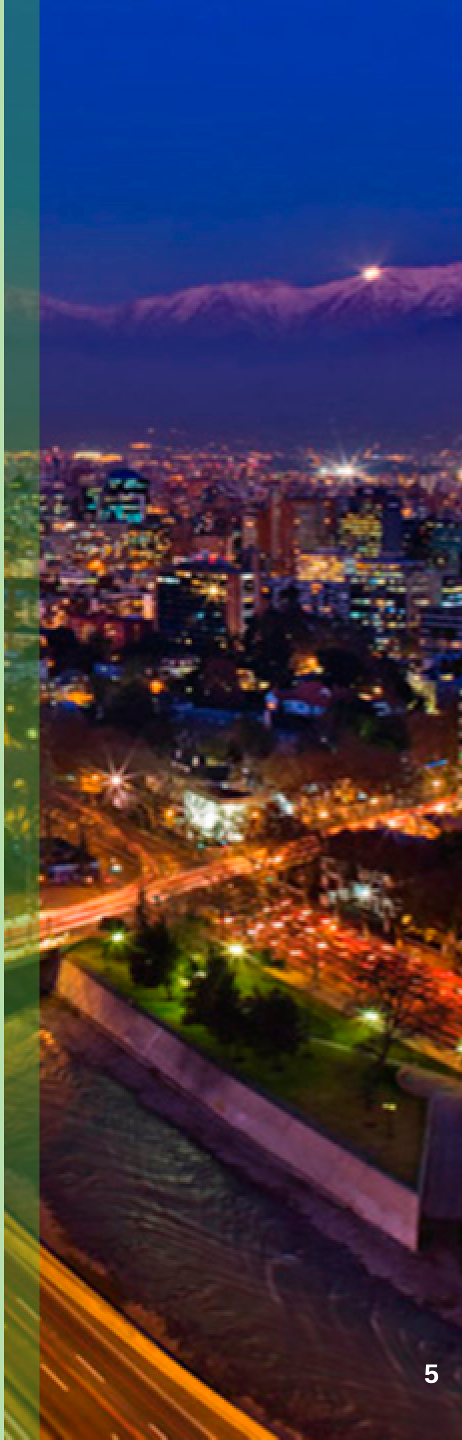
- The company has historically maintained an EBITDA margin above 80%, driven by a low and stable cost structure mainly comprised of labor and maintenance expenses
  - ✓ In March 2020, EBITDA margin reached 87% on a LTM basis.

EBITDA[1] and Revenues



Net Income



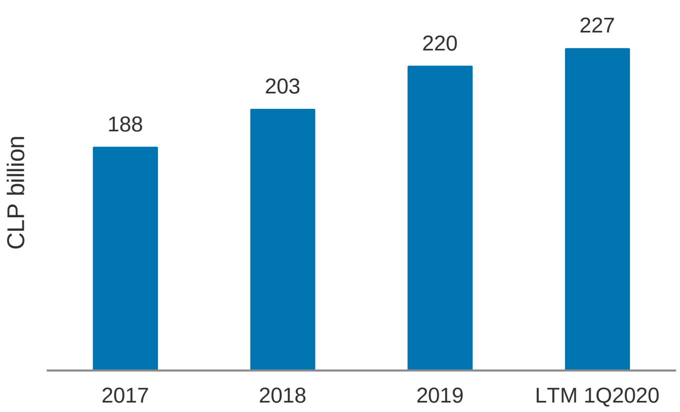


[1] EBITDA: Earnings before taxes, interest, depreciation, amortization, price-level restatement, net and foreign currency translation, net, plus income from leasing

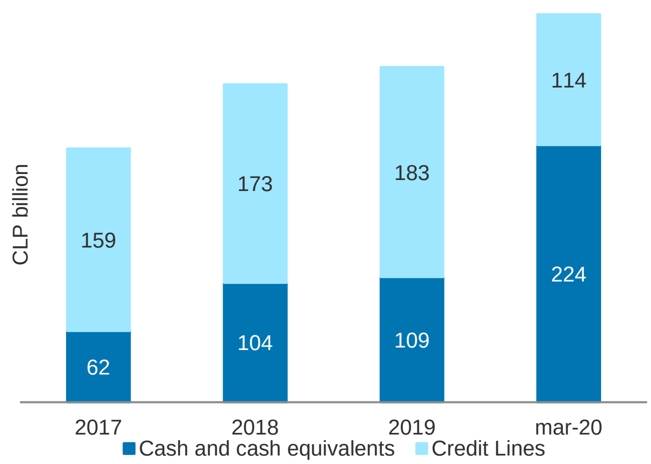
Solid Liquidity Position

- In March 2020, Transelec's liquidity reached CLP338 billion (equiv. USD396 million).
  - ✓ Prudently, the Company drew MUSD100 from our 3-year committed revolving credit line (RCF) to face comfortably any contingency arising from the health crisis in the country.
  - ✓ Additionally, there is still ~ USD130 million available on the RCF (denominated in USD & UF).
- In addition, the company generated during the LTM ended March 31, 2020, CLP248 billion of funds from operations (FFO) and CLP227 billion of cash flow from operations (CFO).
- Furthermore, the Company's bonds have a 6-months DSRA.

Cashflow From Operations



Liquidity



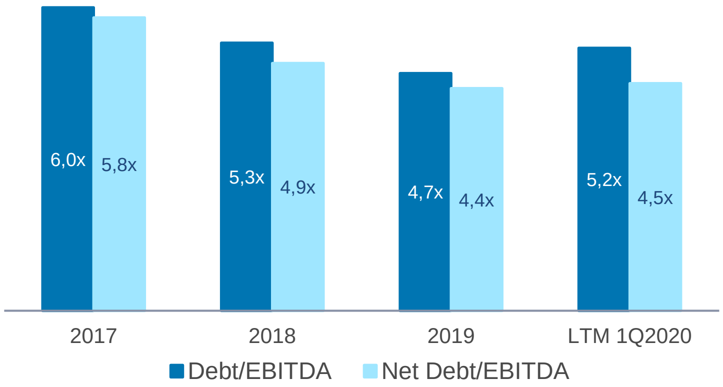
Strong Coverage Ratios

- Transelec's strong coverage metrics are supported by low cost of debt and growing cash flows that have improved through time.

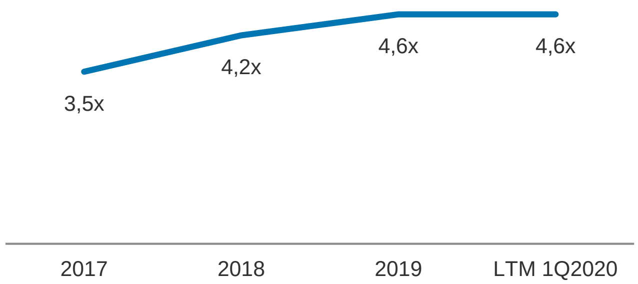
- Debt to EBITDA ratio is currently below the expected limits due to higher revenues.
  - ✓ Nevertheless, this ratio increased a little since December 2019, due to the RCF draw in March 2020.
  - ✓ Net Debt to EBITDA ratio remained similar to previous quarter, because the amount drawn from the RCF is maintained in cash investments.

- Transelec is committed to maintaining investment grade credit rating.

Leverage



Interest Expense Coverage



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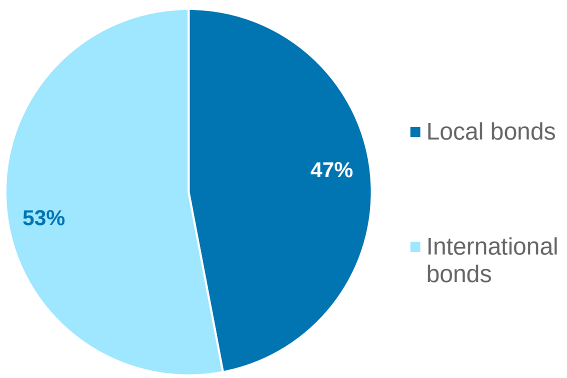
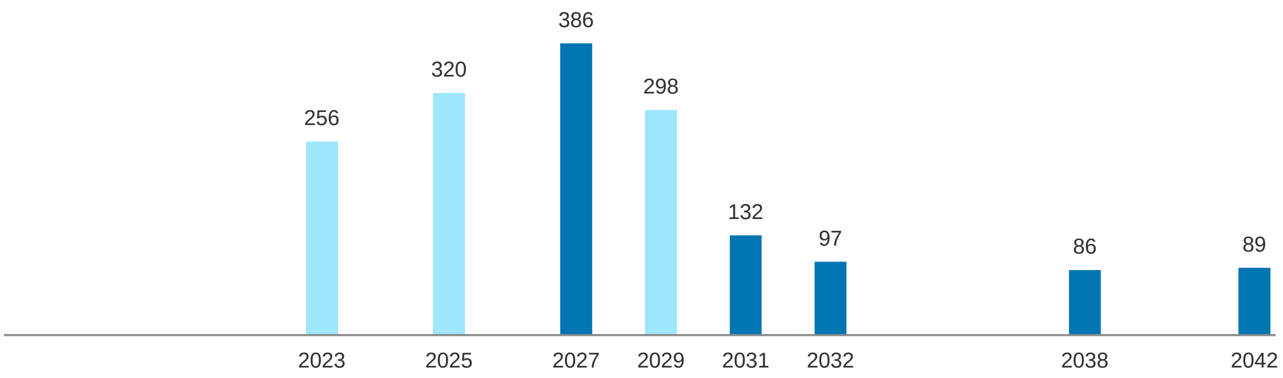
Public debt Profile

- Transelec maintains a very manageable debt maturity profile with no debt refinancing in the next years.
  - ✓ Even though it is not a public debt, it's worth mentioning that the RCF draw matures in the short term.
- The Company has been able to obtain flexibility and a variety of sources for funding.
- All public debt has fixed rates.

Public debt breakdown by type



Public debt maturity profile (CLP Billion)



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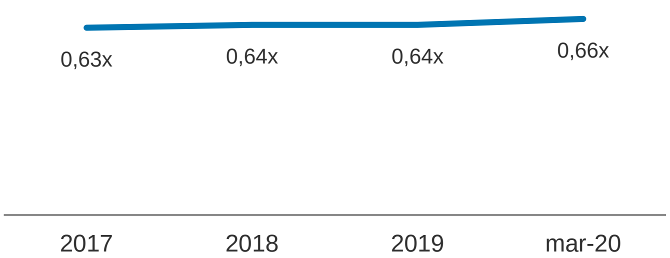
Covenants

Transelec's financial covenants (included in the local bond indentures) are balance sheet focused.

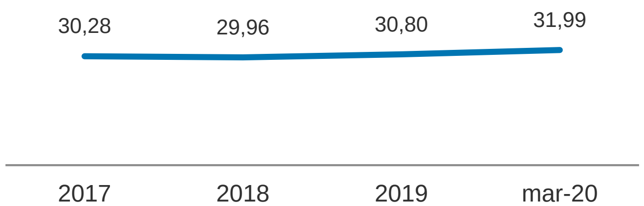
- As of March 31, 2020, the company is in full compliance with all debt covenants.

Debt / Capital < 0.7x (1)



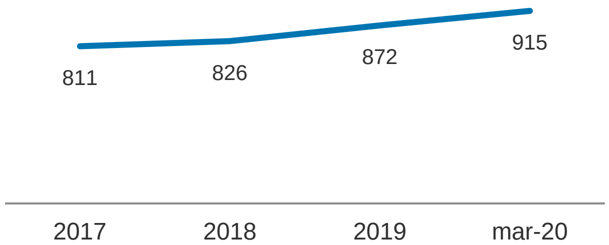
(1) Total Debt /(Total Debt +Interest + Shareholder's Equity + Accumulated amortization of goodwill)

Minimum Equity > UF15 million(2)

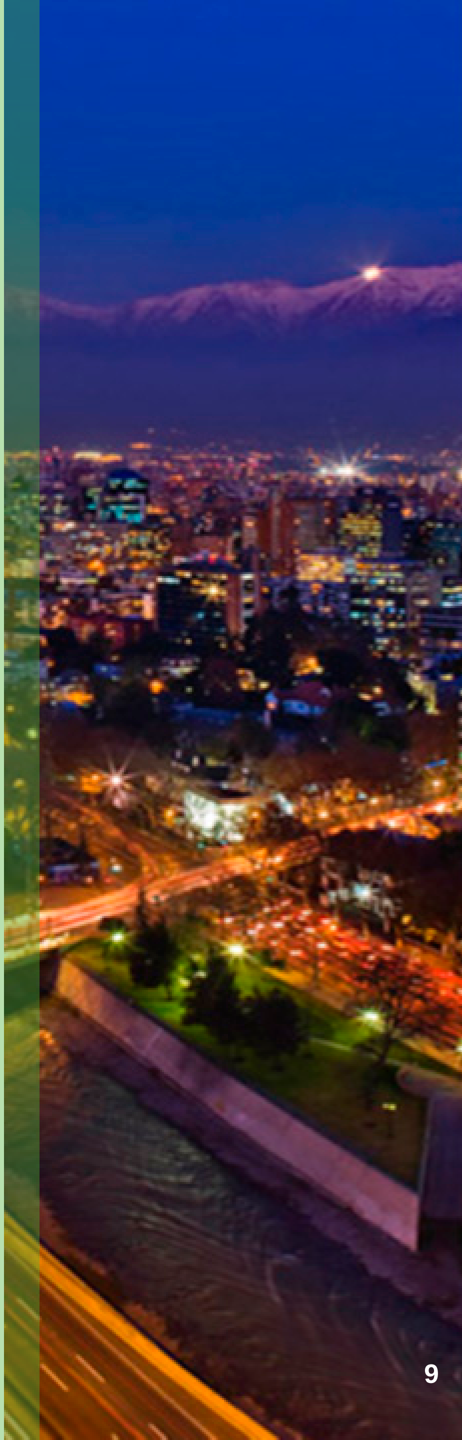


(2) Equity attributable to the owners + Accumulated amortization of goodwill

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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