transelec

Uniendo a Chile con Energía®

1H2021 Results

August 2021

Executive Summary

transelec
Uniendo a Chile con Energía®

- Transelec generates stable cash flows and maintains an EBITDA margin around 80% (in June 2021, 83% on a LTM basis).
- The Company recorded a provision for lower revenues in 1H21, as well as during 2020, corresponding to the already set variables of the 2020-2023 regulated tariffs (currently being determined). Once pending variables are set, the provision will be adjusted.
- The Company generated funds from operations (FFO) of CLP218 billion, (~USD 299 million) during the LTM ended June 30, 2021.
- By LTM June 2021, Transelec recorded a net income of CLP85 billion (~USD 116 million).
- Reaffirming the solid financial performance of the Company, in 1H2021, Fitch reaffirmed our current international rating (BBB) and local rating (AA-).
- Transelec doesn't foresee major effects in the company coming from the health crisis.

9,857 Km
of transmission lines, part of the National Electric System of the country, from Arica to the island of Chiloé.

98%
of Chile's population is supplied of energy thanks to the electric infrastructure developed and operated by Transelec.

19,136 MVA
total transformation capacity distributed in 63 station.

(USD figures have been translated with the FX of the end of June 2021 ($727.76), for referential purposes only)

Business Update

- Our revenues are stabilized since the end of 2019. The regulator (CNE) through resolution 815, has determined to stabilize the transmission rates until the new tariff is in force. Therefore, we are collecting our regulated revenues, according to 2016-2019 tariff cycle, without its contractual indexation, which is accumulated until new tariffs (2020-2023 cycle) are enacted (and reassessed jointly).

- Current ratings of the Company are the following:

International Rating

Moody's Investors Service	Fitch Ratings	Standard & Poor's
Baa1	BBB	BBB

Local Rating

Humphreys Clasificadora de Riesgo	Feller.Rate Clasificadora de Riesgo	Fitch Ratings
AA	AA-	AA-

- The Company incorporated USD76 million of new facilities of the dedicated and national systems during 1H21.
  - While, it has commissioned USD127 million of projects in LTM ended June 30, 2021.

- In March, Board of Directors proposed a final 2020 dividend distribution amounting CLP 28.723 million corresponding to 30% of 2020 net income.
  - This dividend was later approved in the Shareholders meeting held in April and paid in May.
  - The Company retained the remaining 70% of 2020 net income.

Financial Results

- In 1H2021, revenues decreased 7% when compared with same period of previous year, reaching CLP 159 billion (~USD 218 million).
  - Given the delay in the 2020-2023 tariff study, revenues in 1H2021 are recognized according to the decrees in force by the end of 2019, but the Company has also registered a provision of lower income as an estimation of the potential new tariff impact, considering the best information available.
  - The decrease in revenues is mainly due to indexation (lower FX) and a decrease in revenues from services, partially offset by new projects.

- EBITDA decreased 8% compared with June of last year. The decrease was mainly due to lower revenues. The EBITDA margin is returning to the long term average of ~80% for a 12 months period, considering the provision for lower revenues.

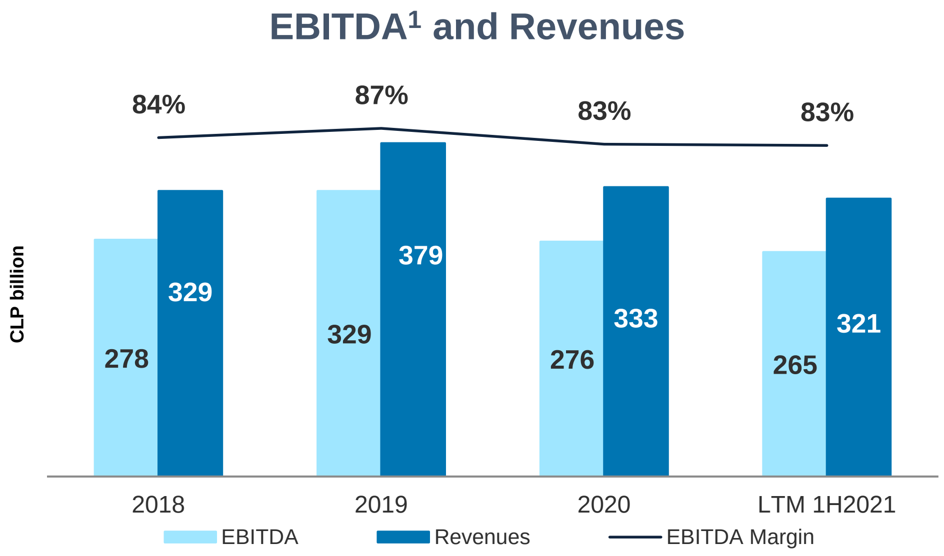
- Non-Operating Income increased 12%, reaching CLP -46 billion, mainly because of higher local CPI partially off-set by lower financial expenses.

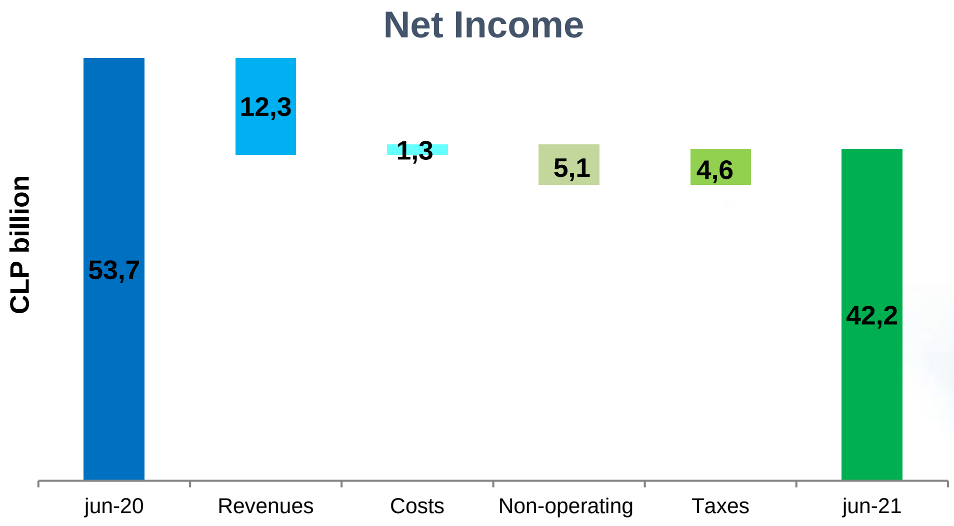
CLP billion	jun-21	jun-20	Var.
Revenues	159	171	-7%
Ebitda	132	143	-8%
Operating Income	104	115	-10%
Non-Operating Income	-46	-41	12%
Tax	-16	-20	-22%
Net Income	42	54	-21%
Gross Debt	-1.577	-1.727	-9%
Net Debt	-1.433	-1.609	-11%
FFO (LTM)	218	221	-2%

Revenue and Profitability

- Transelec's revenues and EBITDA :
  - Given the delay in the 2020-2023 tariff process, in 1H21 and 2020, 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 (mainly due to the decrease in rate of return).
  - Nevertheless, since 2Q2020 the Company registered a provision for lower revenues corresponding to the already set variables of the 2020-2023 regulated tariffs.

- In 1H2021, Transelec recorded a net income lower than in 1H2020 mainly due to lower revenues.

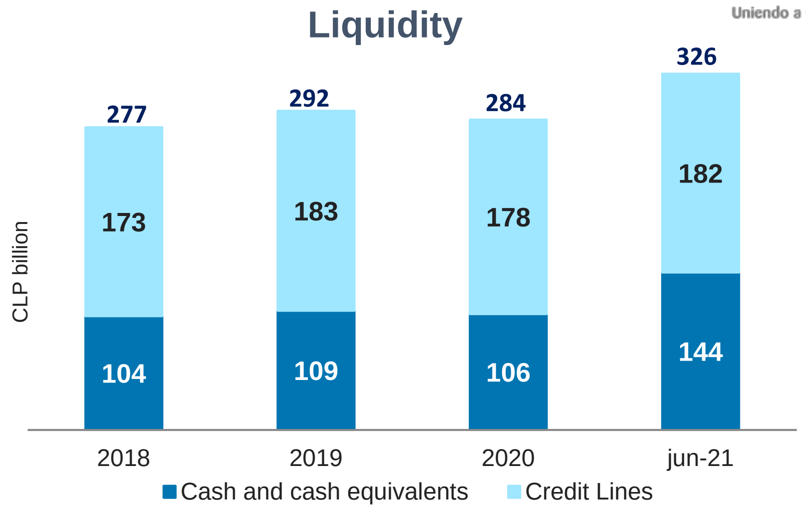


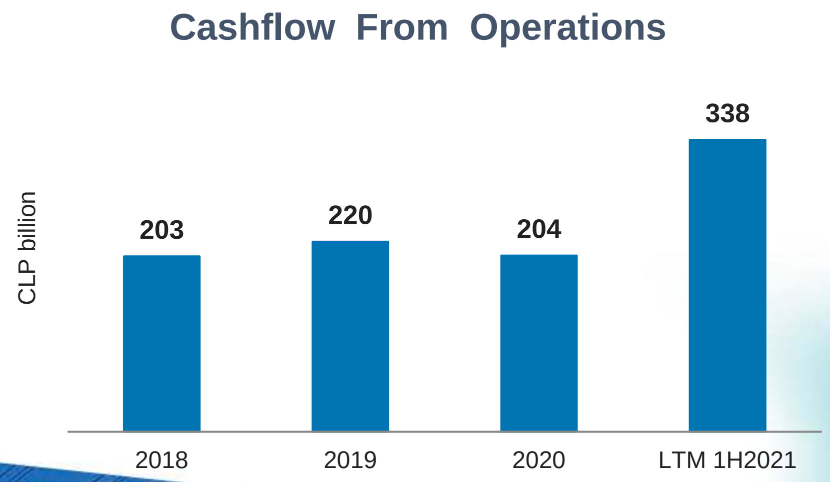


[1] EBITDA: Earnings before taxes, interest, depreciation, amortization, price-level restatement, net and foreign currency translation, net, plus income from leasing

Solid Liquidity Position

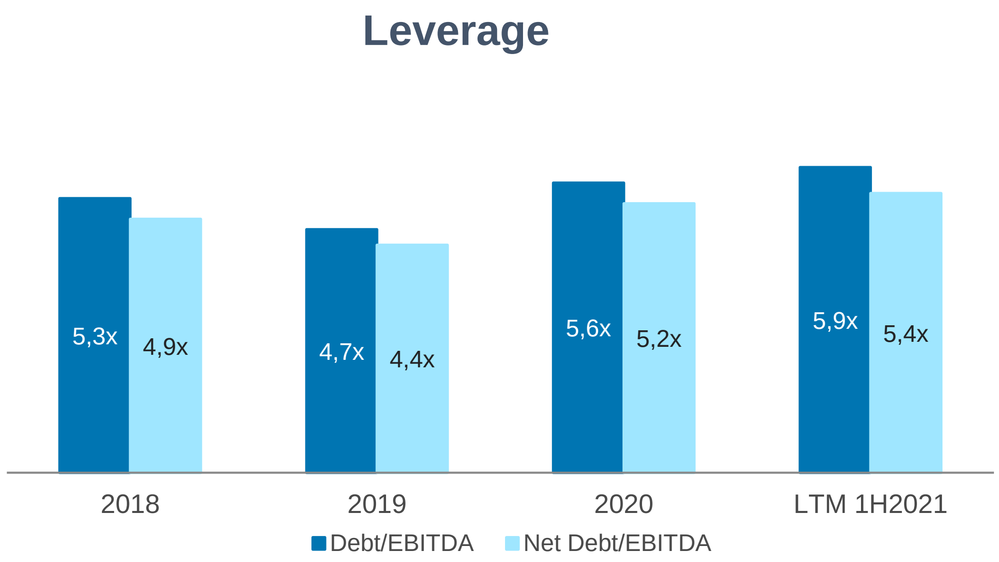
- In June 2021, Transelec's liquidity reached CLP326 billion (USD448 million).
  - The revolving credit facility (RCF) is totally available for USD 250 million and has been recently renegotiated for 3 additional years.
  - Furthermore, the Company's bonds have a 6-month DSRA.
- In LTM Jun2021, cash flows increased importantly mainly due to 2020 CET payment that has a negative effect in 2020 and a positive one when considering the last 12 months in June 2021, and partial recovery in 2H2020 and 1H2021.
- By the end of June 2021, the Company has an important level of cash on hands.
  - Own cash generation
  - Deferred dividends

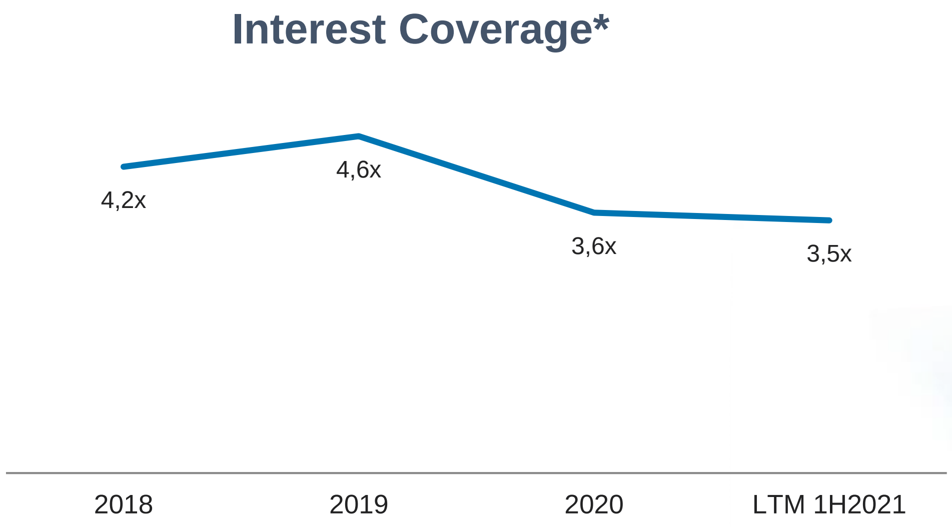




Strong Coverage Ratios

- Transelec's strong coverage metrics are supported by low cost of debt and growing cash flows.
- Debt to EBITDA ratio is currently below the expected target of 6.5x.
  - Nevertheless, this ratio increased in LTM June 2021, due to the provisions for lower revenues that the Company decided to register since 2020.
- Interest Expense coverage has remained above 3.0x, decreasing in LTM June 2021 due to the lower revenues provision.



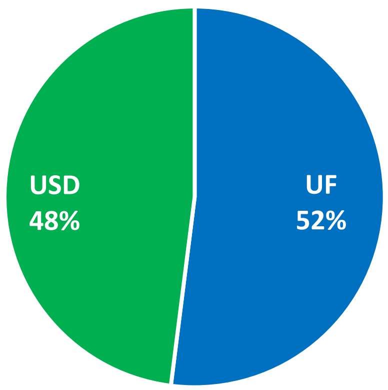


* EBITDA/Interest Paid.

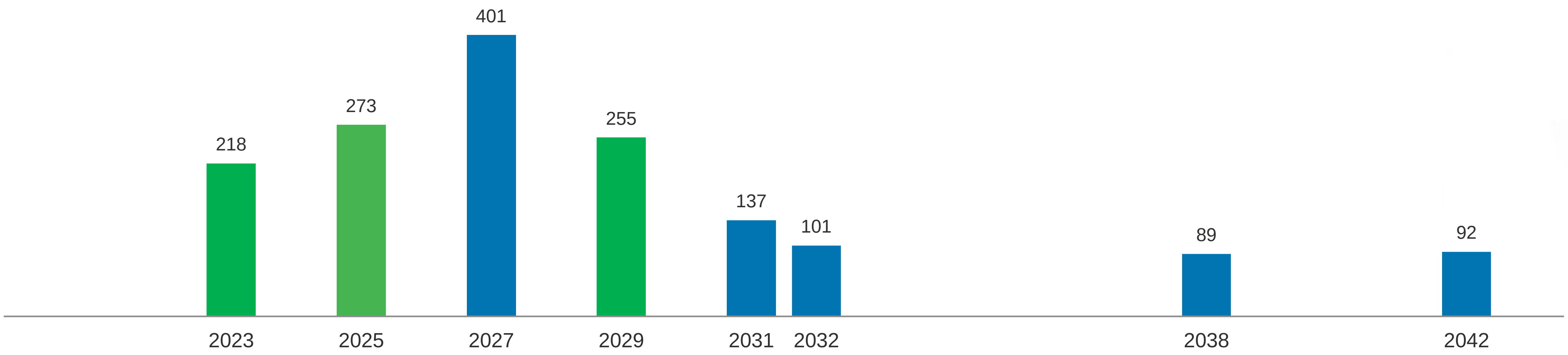
Public Debt Profile

- Transelec maintains a very manageable public debt maturity profile with no refinancing until 2023.
- The Company has been able to obtain flexibility and a variety of sources for funding.
- All public debt has fixed rates.
- Transelec balance sheet is fully hedged.

Public Debt breakdown by type



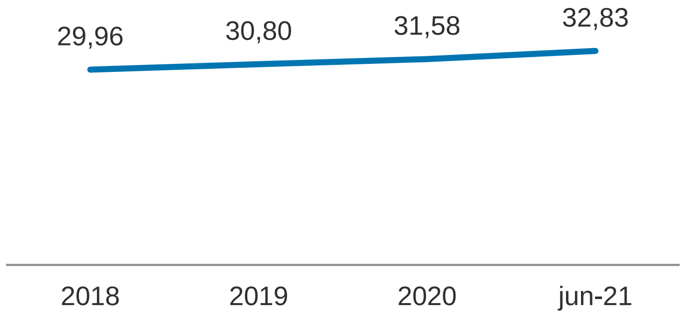
Public debt maturity profile (CLP billion)



Covenants

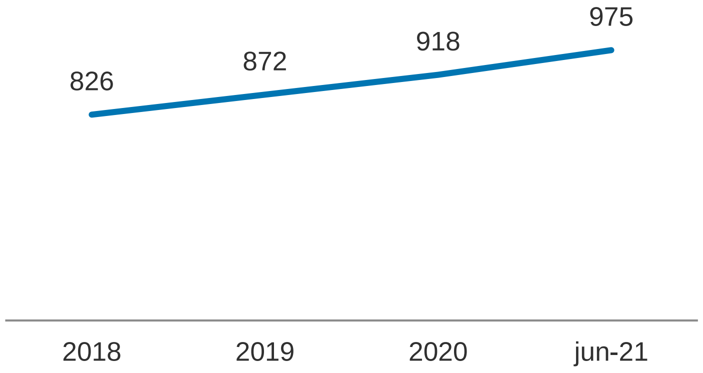
- As of June 30th, 2021, the Company is in full compliance with all debt covenants (only present in our local bonds).

Minimum Equity > UF15 million [(1)]



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

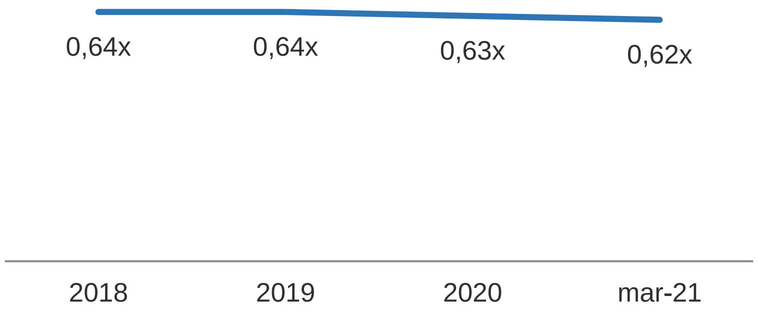
Minimum Equity > CLP 350 billion [(2)(3)]



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

(3) This metric replaced 'UF' Minimum Equity in series Q bonds (last local issuance).

Debt / Capital < 0.7x [(4)]



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

Contact Information

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You can find additional information in our web page:
https://www.transelec.cl/home-en/

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