

1Q2022 Results

May 2022









Executive Summary

- Transelec has stable and predictable revenues and costs that allow to maintain an EBITDA margin around 80% (in March 2022, 81% on a LTM basis).
- The Company has been recording a provision for lower revenues since 2020, corresponding to an estimation of the 2020-2023 regulated tariffs (currently being determined). The provisions have been calculated according to our best estimate on the experts panel opinion published in January 2022.
- The Company has a strong liquidity with its cash balances of CLP 272 million (~USD 345 million) in March 2022 in addition to a USD 250 million undrawn revolving credit facility.
- By LTM March 2022, Transelec recorded a net income of CLP57 billion (~USD 72 million).

Business Update

- The 2020-2023 Tariff Study, that mainly regulates transmission tariff for the system is in its final stage. Final decree should be published during 2022, with retroactive effect starting in Jan 2020. Given the new tariff has not been set yet, previous tariff study continues to be valid as transitory, until new tariff is enacted.
 - In Jan 2022 the Expert Panel published its Opinion. The company updated the provision estimate for 2021 year-end, including effects from 2020 and 2021.
 - In March 2022 CNE published the Final Technical Report (this result is not considered in our provision estimation).
- 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.
- Current ratings of the Company are the following:

International Rating		
		
Baa1	BBB	BBB

Local Rating		
		
AA	AA-	AA-

- The Company commissioned a new National upgrade of USD4 million in 1Q2022.
 - While, it has commissioned USD67 million of projects in LTM ended March 31, 2022
- In March 2022, Board of Directors proposed a final 2021 dividend distribution amounting CLP 17.404 million corresponding to 30% of 2021 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 2021 net income.

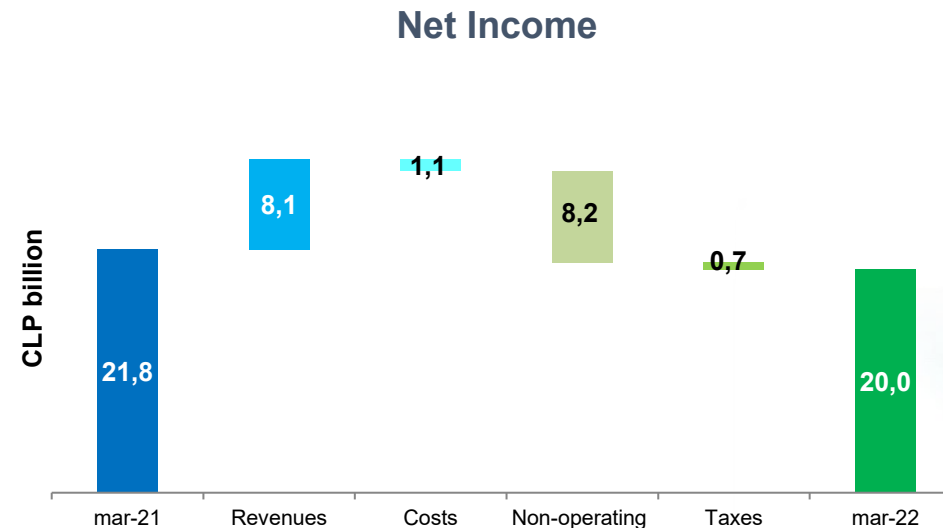
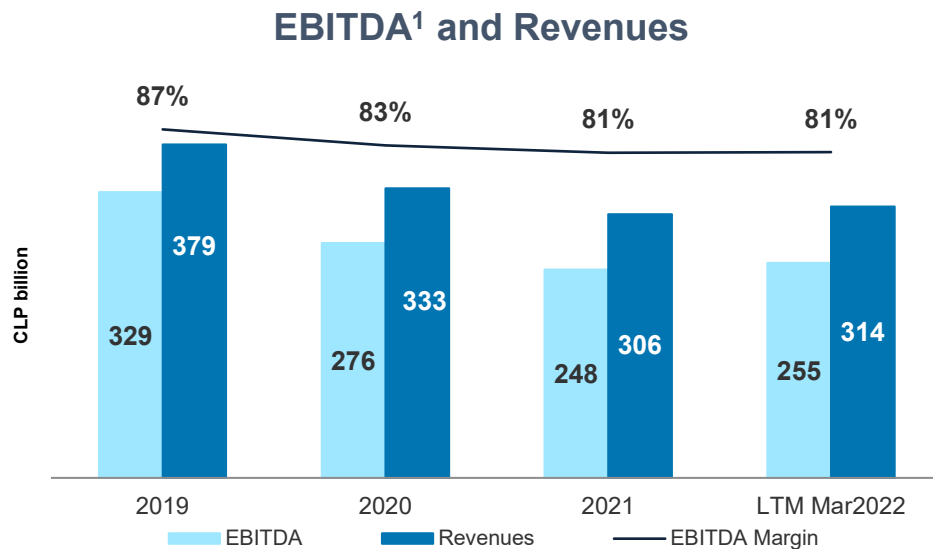
Financial Results

- As of March 31, 2022, revenues decreased 10% when compared with same period of previous year, reaching CLP 87 billion (~USD 111 million).
 - Given the delay in the 2020-2023 tariff study, revenues as of March 31, 2022, 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 estimation on the experts panel opinion.
 - The increase is mainly due to macroeconomic effects (mainly associated with the exchange rate) and new revenues from facilities commissioned in the last 12 months, partially offset by the provision for lower revenues mentioned above.
- EBITDA increased 11% compared with the same period of last year. The increase was mainly due to higher revenues. The EBITDA margin is ~80% for a 12 months period, considering the provision for lower revenues.
- Non-Operating Income increased 35%, reaching CLP -32 billion, mainly because of higher local CPI effect in our UF bonds.

CLP billion	mar-22	mar-21	Var.
Revenues	87	79	10%
Ebitda	74	67	11%
Operating Income	60	53	13%
Non-Operating Income	-32	-24	35%
Tax	-9	-8	8%
Net Income	20	22	-8%
Gross Debt	-1.688	-1.557	8%
Net Debt	-1.415	-1.424	-1%
FFO (LTM)	205	206	0%

Revenue and Profitability

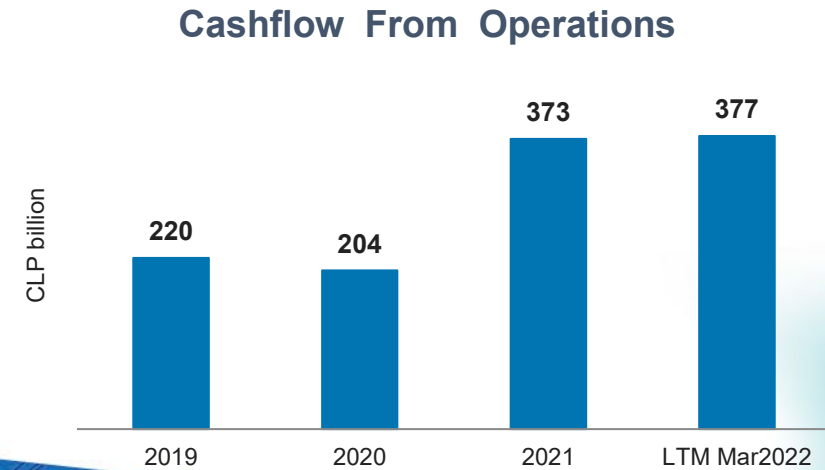
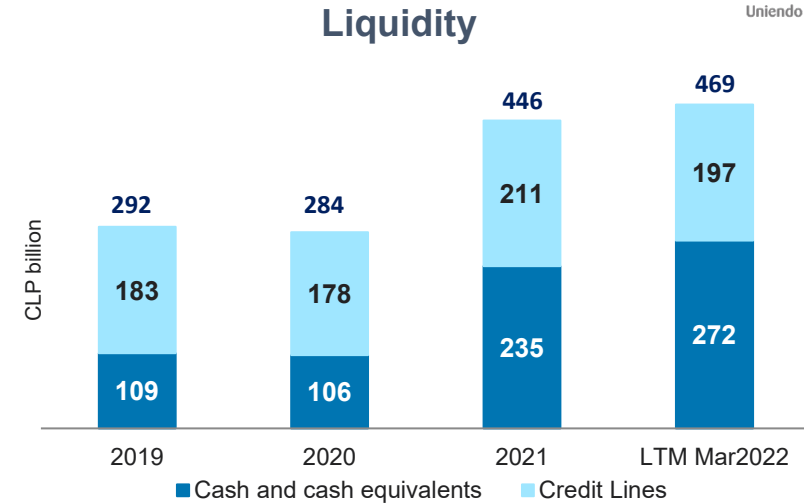
- Transelec's revenues and EBITDA :
 - New tariffs for 2020-2023 are expected for 2023, meanwhile Transelec has been receiving higher revenues than 2020-2023 tariffs expected.
 - Nevertheless, since 2020 the Company registered a provision for lower revenues.
 - Nonetheless, Ebitda margin continues above 80%.
- As of March 31, 2022, Transelec recorded a net income lower than in same period in 2021 mainly due to higher non-operating income (higher local inflation effect in our UF bonds), partially compensated by higher 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

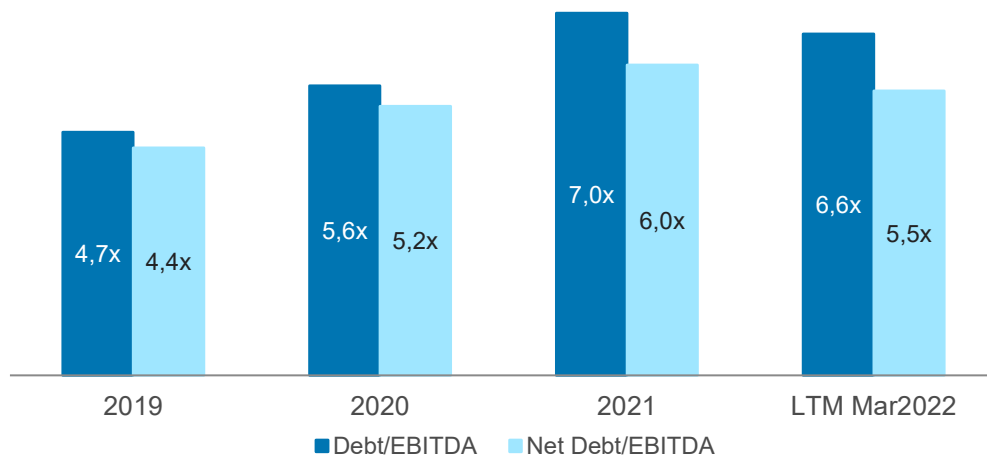
- In March 2022, Transelec’s liquidity reached CLP469 billion (USD595 million).
 - The revolving credit facility (RCF) is totally available for USD 250 million and is available until 2024.
 - Furthermore, the Company’s bonds have a 6-months DSRA.
- In LTM March 2022, cash flows are very similar to 2021.
- By the end of March 2022, the Company has an important level of cash on hands.
 - Own cash generation
 - Deferred dividends
 - Higher cash received when compared with estimated 2020-2023 tariffs (amount to be settled when the new tariff is in force)



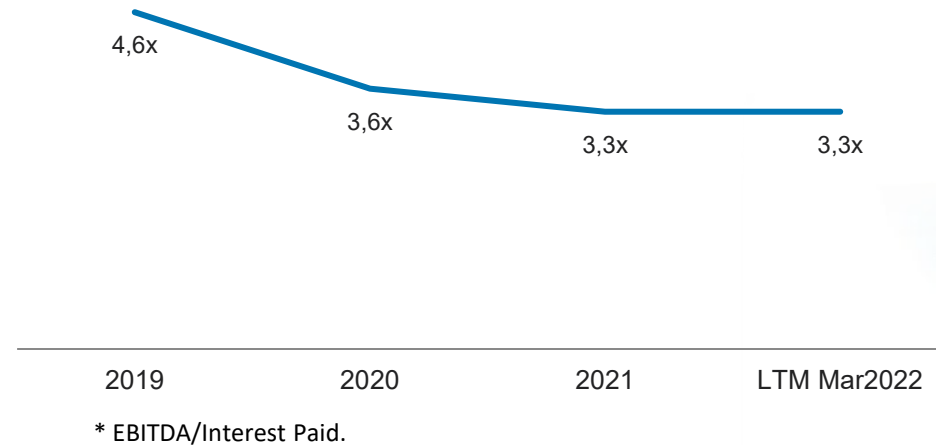
Strong Coverage Ratios

- Transelec's strong coverage metrics are supported by low cost of debt and growing cash flows.
- Net Debt to EBITDA ratio is in 5.5x.
- Interest Expense coverage has remained above 3.0x (3.3x in LTM March 2022).

Leverage



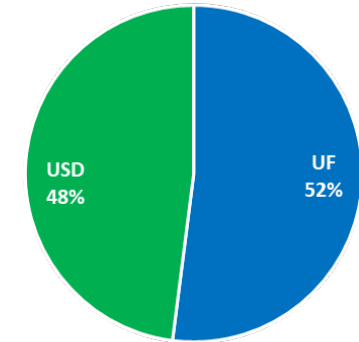
Interest Coverage*



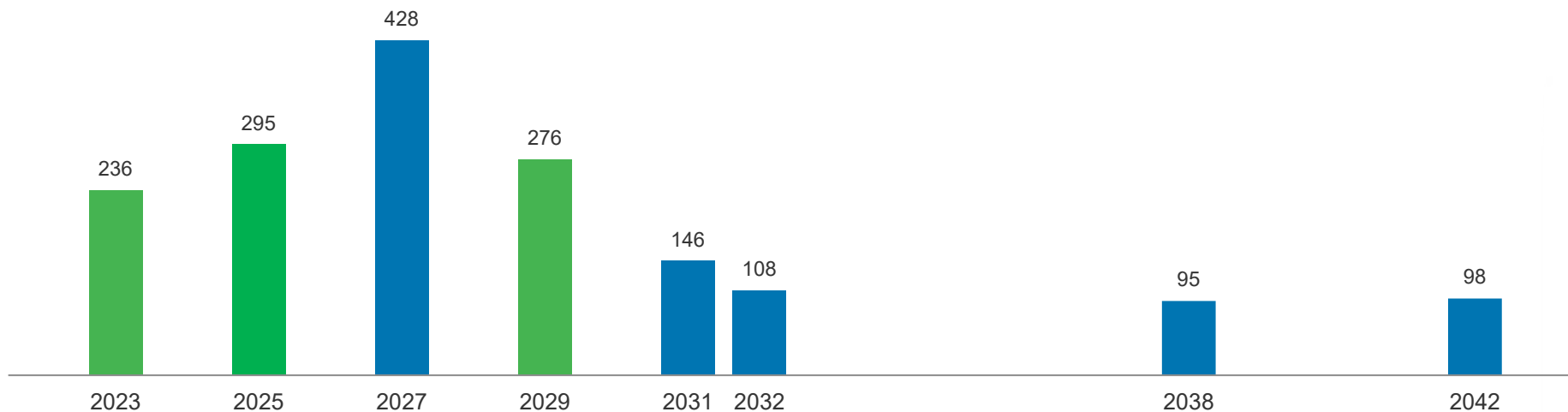
Public Debt Profile

- Transelec maintains a very manageable public debt maturity profile with the first refinancing in 2023. The Company is analyzing the best strategy for it.
- 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 March 31, 2022, the Company is in full compliance with all debt covenants present in our local bonds.

Minimum Equity > UF15 million ⁽¹⁾



Year	Minimum Equity (UF15 million)
2019	30,80
2020	31,58
2021	32,17
mar-22	31,69

2019 2020 2021 mar-22

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

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



Year	Minimum Equity (CLP 350 billion)
2019	872
2020	918
2021	997
mar-22	1.006

2019 2020 2021 mar-22

(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⁾



Year	Debt / Capital Ratio
2019	0,64x
2020	0,63x
2021	0,64x
mar-22	0,63x

2019 2020 2021 mar-22

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

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<https://www.transelec.cl/home-en/>

