1H2022 Results

August 2022

Executive Summary

- Transelec has stable, predictable and mainly regulated revenues and costs that allow to maintain an EBITDA margin around 80% (82% 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.

- In June 2022, the Company has a strong liquidity considering its cash balances of CLP 310 million (~USD 333 million) along with a USD 250 million undrawn revolving credit facility.

- By LTM June 2022, Transelec recorded a net income of CLP49 billion (~USD 53 million).

(USD figures have been translated with the FX of the end of June 2022 ($932.08), for referential purposes only)

Business Update

- The 2020-2023 Tariff Study, that mainly regulates transmission tariff for the system is in its final stage. Final decree is still pending to be published, but it will have a 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.
  - Since 2020, the company started to provision an amount of lower revenues related to an estimation of the 2020-2023 tariffs
  - 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).

- The regulator (CNE) through resolution 815, by the end of 2019, 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		
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 commissioned a new National upgrade, two Zonal expansions and a Dedicated project amounting a total of USD50 million in 1H2022.

- In April 2022, the Shareholders meeting approved a final 2021 dividend distribution amounting CLP 17.404 million corresponding to 30% of 2021 net income, paid in May.
  - The Company retained the remaining 70% of 2021 net income.

Financial Results

- As of June 30, 2022, revenues increased 13% when compared with same period of previous year, reaching CLP 179 billion (~USD 192 million).
  - Given the delay in the 2020-2023 tariff study, revenues as of June 30, 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 14% compared with the same period of last year. The increase was mainly due to higher revenues. The EBITDA margin is ~82% for a 12 months period, considering the provision for lower revenues.

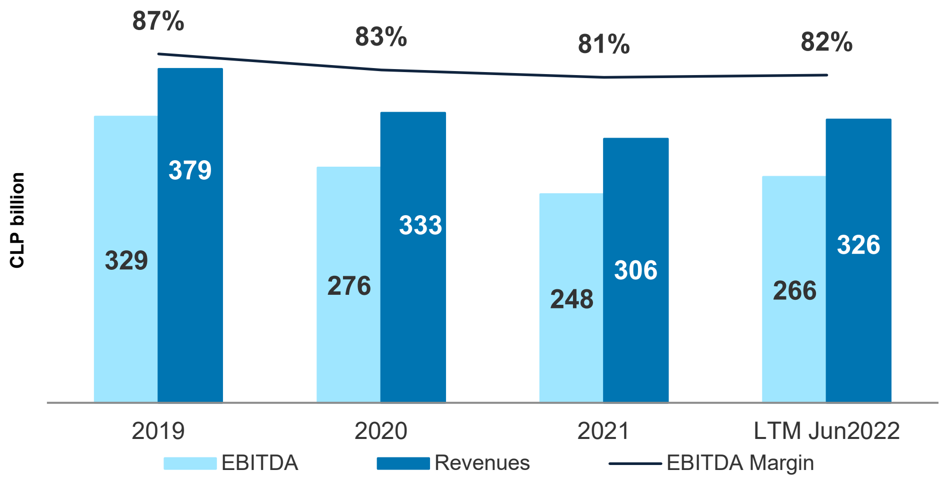
- Non-Operating Income increased 68%, reaching CLP -78 billion, mainly because of higher local CPI effect in our UF bonds.

CLP billion	jun-22	jun-21	Var.
Revenues	179	159	13%
Ebitda	151	132	14%
Operating Income	123	104	18%
Non-Operating Income	-78	-46	68%
Tax	-13	-16	-20%
Net Income	33	42	-23%
Gross Debt	-1.881	-1.577	19%
Net Debt	-1.571	-1.433	10%
FFO (LTM)	240	218	10%

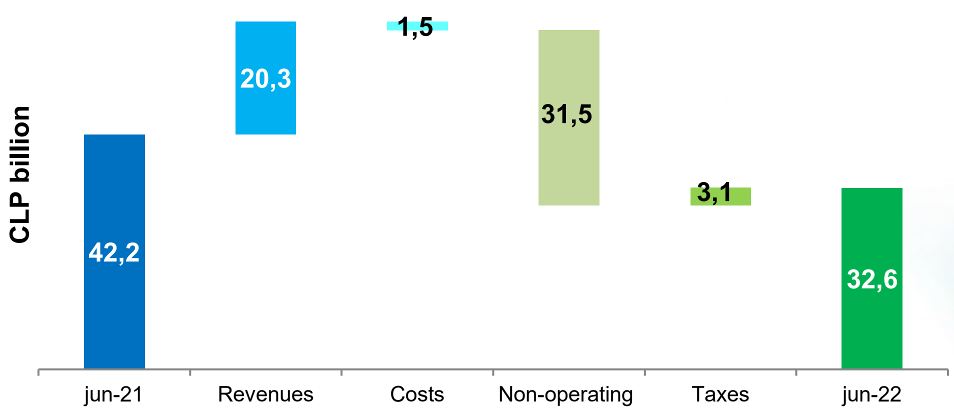
Revenue and Profitability

- Transelec's revenues and EBITDA :
  - New tariffs for 2020-2023 are expected to be effective in 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 June 30, 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.

EBITDA[1] and Revenues



Net Income

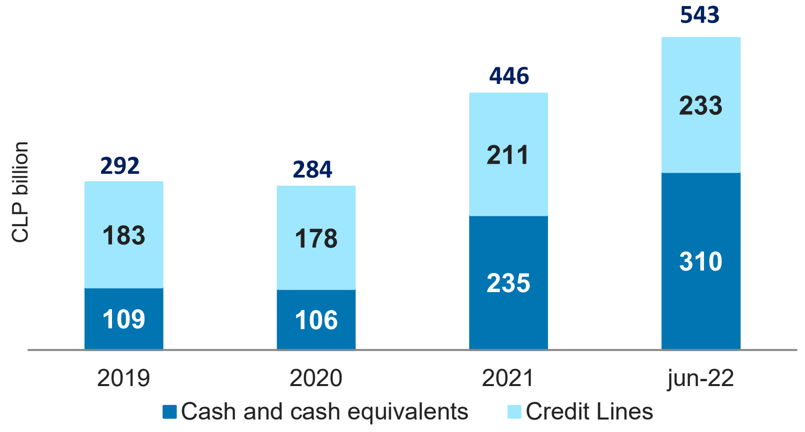


[1] EBITDA: Earnings before taxes, interest, depreciation, amortization, price-level restatement, net and foreign currency translation, net, plus income from leasing

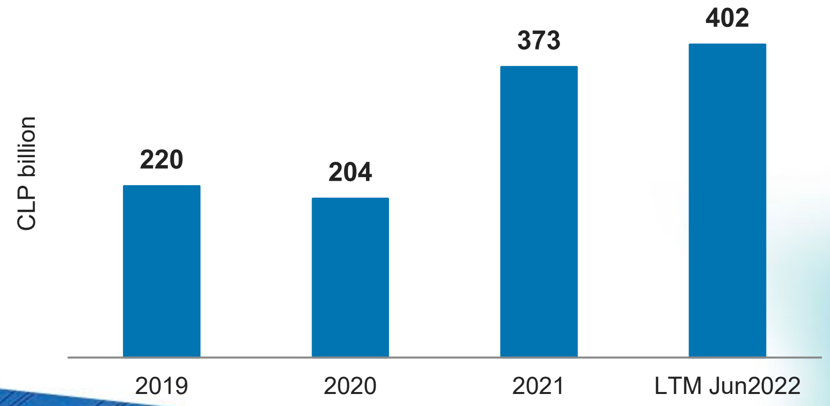
Solid Liquidity Position

- In June 2022, Transelec's liquidity reached CLP543 billion (USD583 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.
- By the end of June 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)

Liquidity

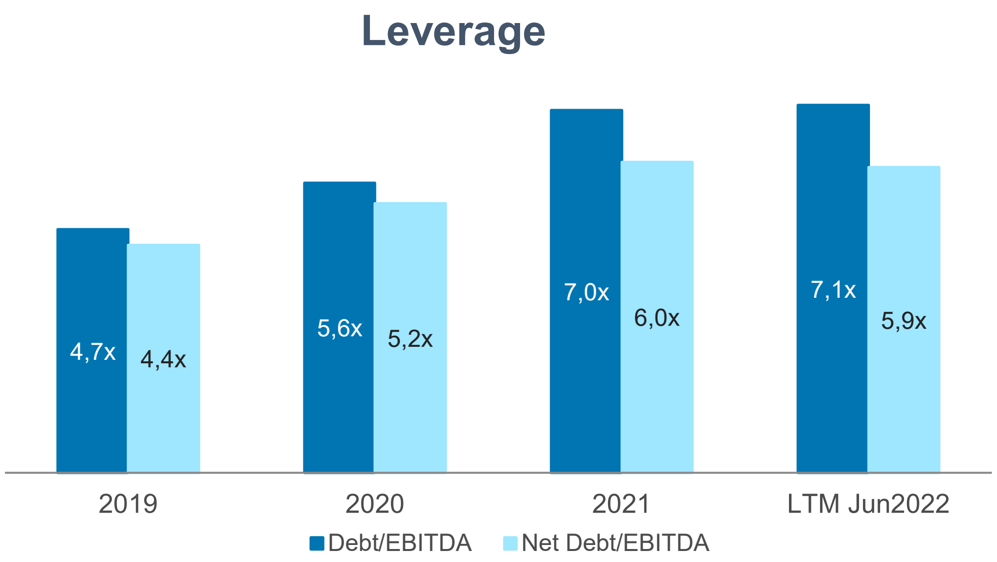


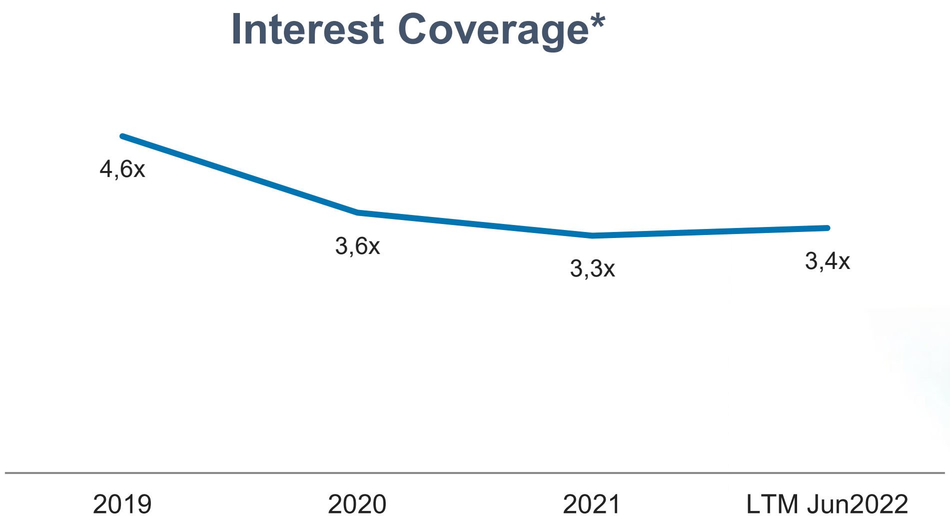
Cashflow From Operations



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 5.9x.
- Interest Expense coverage has remained above 3.0x (3.4x in LTM June 2022).



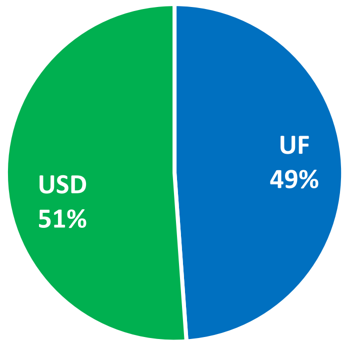


* EBITDA/Interest Paid.

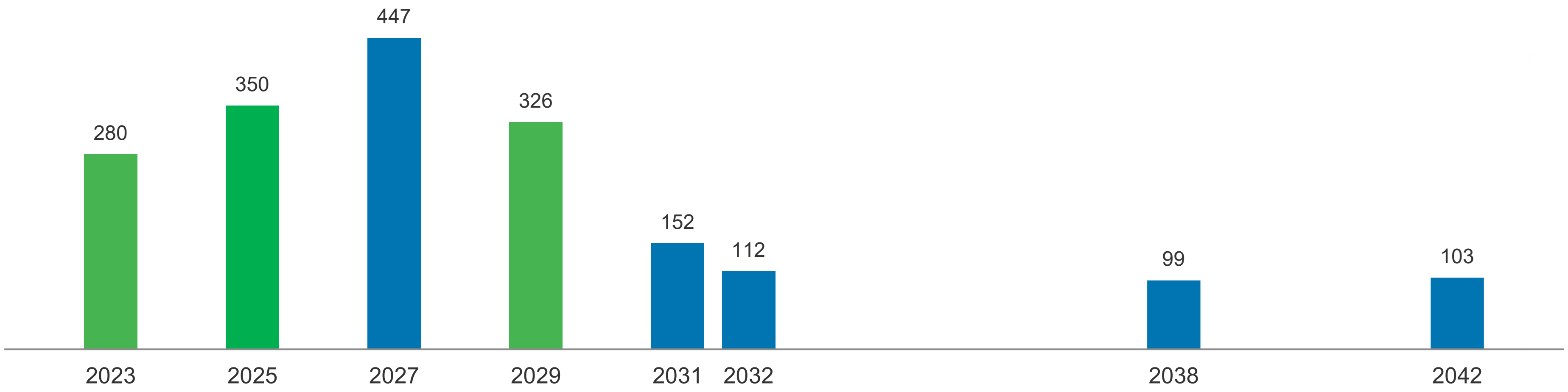
Public Debt Profile

- Transelec maintains a very manageable public debt maturity profile with a maturity in 2H2023. The Company is analyzing the best strategy for refinancing it, including different alternatives:
  - Bonds
  - Loans
  - Use of cash
- 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



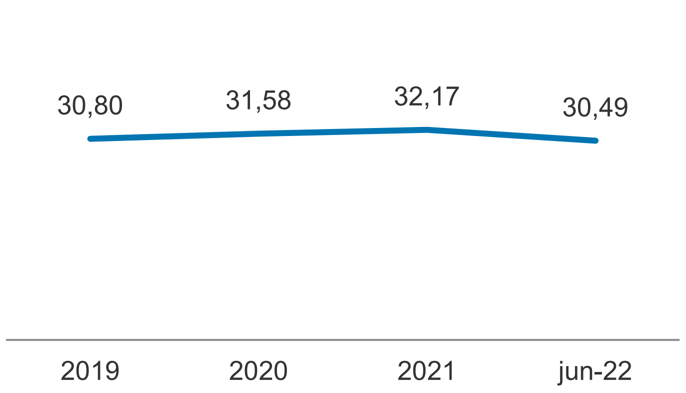
Public debt maturity profile (CLP billion)



Covenants

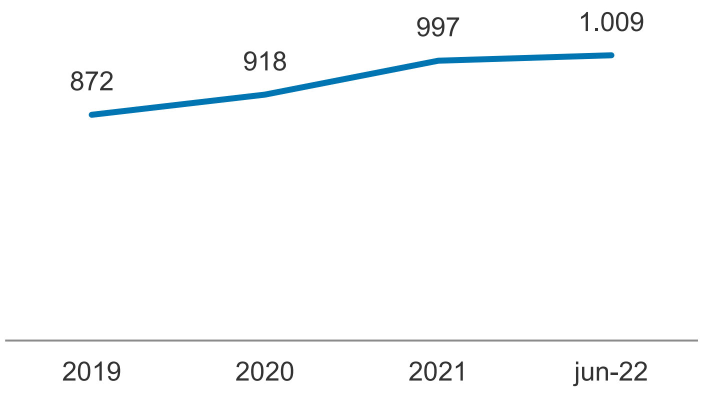
- As of June 30, 2022, the Company is in full compliance with all debt covenants present in our local bonds.

Minimum Equity > UF15 million (1)



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

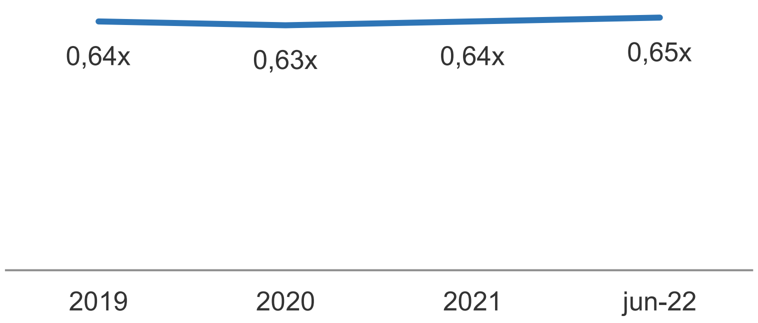
Minimum Equity > CLP 350 billion (2)(3)



(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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Ebitda Uses (LTM Jun2022)

	MUSD
Revenues	350
Ebitda	286
Interests paid	-85
Capex	-150
Upgrade Projects	-50
Expansion Projects /Acquisitions	-100
Dividends	-19
	32

Expansion Plan (Decree n°229)

Projectos	VI	Sistema
Nueva S/E Seccionadora Nueva Lagunas y Nueva Línea 2x500 kV Nueva Lagunas – Kimal	194,5	Nacional
Nueva S/E Seccionadora Llepu y Nueva Línea 2x154 kV Llepu – Linares	26,6	Zonal
Nueva Línea 2x220 kV Don Goyo - La Ruca	21,9	Zonal
Nueva S/E Seccionadora Totihue y Nueva Línea 2x66 kV Totihue – Rosario	20,5	Zonal
Nueva S/E Seccionadora Buenavista	16,9	Zonal
Nueva S/E Seccionadora Buli	9,9	Zonal
Nueva S/E Coiquén y Nueva Línea 1x66 kV Coiquén - Hualte	8,6	Zonal
Nueva Línea 1x66 kV Santa Elisa - Quilmo II	5,2	Zonal
Expansions Total	**304,1**	