



## **Compañía General de Combustibles S.A. announced its unaudited results for the third quarter and nine-month period ended September 30, 2019**

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**Buenos Aires, November 18, 2019** - Compañía General de Combustibles S.A. ("CGC"), a leading energy company with operations in Argentina, announced its unaudited results for the third quarter and nine-month period ended September 30, 2019.

Consolidated financial figures are expressed in Pesos, and presented in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standard Board (IASB).

Financial information prepared in accordance with IAS 29 is not comparable with financial information prepared for prior periods in nominal terms.<sup>1</sup> The Company presents certain figures in U.S. dollars in this release solely for the convenience of the reader.<sup>2</sup>

For more information, please see CGC's unaudited consolidated Financial Statements for the nine-month period ended September 30, 2019.

### **Third Quarter and Nine-Month period of 2019 Key Highlights<sup>3</sup>**

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- Daily average gas production amounted to 5,716.0 Mm<sup>3</sup> in 3Q19, which represented an increase of 32.1% compared to 3Q18. In turn, daily average crude oil production reached 843.1 m<sup>3</sup> in 3Q19, an increase of 10.2% compared to 3Q18.
- Revenues totaled AR\$20,015.3 million (or approximately USD347.5 million) in 9M19 compared with AR\$17,316.7 million in 9M18. Revenues were up 15.6% year-over-year in 9M19.
- Total Adjusted EBITDA (including dividends collected) amounted to AR\$12,519.3 million (or approximately USD217.4 million) in 9M19, which represents an increase of 32.1% compared to AR\$9,478.8 million in 9M18, and AR\$4,045.5 million for 3Q19 (or approximately USD70.2 million). Last Twelve Months adjusted EBITDA totaled AR\$16,227.1 million (or approximately USD281.8 million) in 9M19.
- CapEx reached AR\$7,917.3 million (or approximately USD137.5 million) in 9M19, compared with AR\$5,542.0 million in 9M18.

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<sup>1</sup> CGC's unaudited results are disclosed in constant currency as of September 30, 2019, including the comparative figures of the third quarter and nine-month period ended September 30, in accordance with the IAS 29 regarding financial information in hyperinflationary economies and General Res. No. 777/2018, issued by the Argentine National Securities and Exchange Commission ('CNV').

<sup>2</sup> For further details, please refer to note "AR\$ / USD Conversion" on page 5.

<sup>3</sup> Figures were converted to USD using the following EoP exchange rate per USD 1.00: AR\$57.59 for 3Q19.



- As of September 30, 2019, Cash & Cash Equivalents amounted to AR\$2,335.5 million (approximately USD40.6 million), with short-term investments of USD3.7 million.
- Net Leverage Ratio as of September 30, 2019 remained low at 0.88x.<sup>1</sup>

	9M19
	IAS 29
<b>Exchange Rate AR\$/USD</b>	
Average	44.60
End of Period (EoP)	57.59
<b>Figures in USD million</b>	
Revenues	347.5
Adjusted EBITDA	217.4
CAPEX	137.5
Cash & Equivalents	40.6

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<sup>1</sup> Net Leverage Ratio calculated in accordance with the Indenture for CGC's 2021 Senior Notes.



## Brief Overview<sup>1</sup>

As of September 30, 2019, CGC drilled 40 wells (three of which were exploratory), with a total success rate of 85%.

As a result, total daily average production reached 42.2 Mboe during 3Q19, of which 85.1% corresponded to natural gas, 12.6% to crude oil and 2.3% to LPG. Daily average gas production amounted to 5,716.0 Mm<sup>3</sup> in 3Q19, which represented an increase of 32.1% compared to 3Q18. In turn, daily average crude oil production reached 843.1 m<sup>3</sup> in 3Q19, an increase of 10.2% compared to 3Q18.

Revenues for 9M19 amounted to AR\$20,015.3 million (or approximately USD347.5 million), of which 73% corresponded to natural gas, 22% to oil (crude + LPG) and the remainder corresponded to services (related to the storage and port facilities in Punta Loyola). During this period, 72% of CGC's crude oil sales corresponded to exports.

Revenues were up 15.6% year-over-year in 9M19, mostly because of higher production volumes in gas and crude oil.

Revenue Breakdown	9M19 (IAS 29)		9M18 (IAS 29)	
	ARS million	% of total	ARS million	% of total
Crude Oil	4.457,5	22,3%	3.546,2	20,5%
Gas	14.706,8	73,5%	13.199,4	76,2%
Other	851,1	4,3%	571,1	3,3%
<b>Total</b>	<b>20.015,3</b>	<b>100%</b>	<b>17.316,7</b>	<b>100%</b>

Adjusted EBITDA for 9M19 amounted to AR\$12,519.3 million (or approximately USD217.4 million), which represented an increase of 32.1% from AR\$9,478.8 million in 9M18, and AR\$4,045.5 million for 3Q19 (or approximately USD70.2 million). Last Twelve Months adjusted EBITDA totaled AR\$16,227.1 million (or approximately USD281.8 million) in 9M19.

This performance was reflected in the Company's solid margins. Remarkably, Adjusted EBITDA margin improved to 63% in 9M19, compared with 55% in 9M18. Gross profit margin reached 38% in 9M19, in comparison with 41% in 9M18. Net profit improved to 7% in 9M19, compared to -16% in 9M18.

	9M19	9M18
	IAS29	IAS29
Adjusted EBITDA Mg.	63%	55%
Gross profit Mg.	38%	41%
Net profit Mg.	7%	-16%

<sup>1</sup> Figures were converted to USD using the following EoP exchange rate per USD 1.00: AR\$57.59 for 3Q19.



CapEx reached AR\$7,917.3 million (or approximately USD137.5 million) in 9M19, compared with AR\$5,542.0 million in 9M18.

Cash & Cash Equivalents as of September 30, 2019 amounted to AR\$2,335.5 million or approximately USD40.6 million. Furthermore, the Company held short-term investments of USD3.7 million.

Additionally, as of September 30, 2019, all the Company's financial debt was denominated in U.S. dollars, and amounted to AR\$21,596.3 million or approximately USD375.0 million. Net Leverage Ratio remained low at 0.88x, and Interest Coverage Ratio at 10.65x.<sup>1</sup>

CGC's limited-recourse local bond ON Clase 10 total outstanding as of September 30, 2019 was USD43.9 million. Total debt including this local bond amounted to AR\$24,123.7 million or approximately USD418.9 million. Net leverage ratio considering ON Clase 10 was 1.00x, and interest coverage ratio was 9.51x.<sup>2</sup>

## **Dividends Collected**

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On August 6, 2019, CGC collected AR\$ 181.9 million (approximately USD4.0 million) in dividends from Gasoducto Gasandes (Argentina) S.A.

During 9M19, CGC collected AR\$1,054.3 million (approximately USD18.3 million) in dividends from its interests in the midstream business.

## **Increasing Participation in TGN, Gasinvest S.A. and TGM**

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On October 29, 2019, R.P.M., Tecpetrol International S.L. and CGC reached an agreement on a standing dispute about the ownership of a portion of TGN, Gasinvest S.A. and TGM shares.

According to this agreement, as from October 29, 2019, CGC indirectly owns 28.2% of TGN, through a direct participation of 0.057% and its investment in Gasinvest S.A., in which it has now a direct share of 50%. Regarding TGM, CGC's participation increased to 15.78%.

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<sup>1</sup> Net Leverage Ratio calculated in accordance with the Indenture for CGC's 2021 Senior Notes.

<sup>2</sup> Net Leverage Ratio and Interest Coverage Ratio calculated including ON Clase 10 bond and dividends from CGC's midstream assets.



## **AR\$ / USD Conversion**

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The Company presented certain figures converted from pesos to U.S. dollars for comparative purposes. The exchange rate used to convert financial figures disclosed in pesos (as of September 30, 2019) to U.S. dollars was the seller exchange rate for wire transfers (divisas) as of the close of business, as reported by Banco de la Nación Argentina, as of September 30, 2019. The information presented in U.S. dollars is for the convenience of the reader only.

## **About Compañía General de Combustibles S.A.**

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CGC is a leading energy company with operations in Argentina, engaged principally in the development, production and exploration of natural gas, crude oil, LPG (Upstream business) and with a significant interest in a network of pipelines in northern and central Argentina, with direct and indirect co-controlling stakes in Transportadora de Gas del Norte (“TGN”), Gasoducto GasAndes Argentina, Gasoducto GasAndes (“GasAndes”), and a minority stake in Transportadora de Gas del Mercosur (“TGM”) (Midstream business). For more information, visit <http://cgc.com.ar/>.

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