



Compañía General de Combustibles S.A. ended the third quarter of 2018 achieving robust results, with consistent growth in gas production, increasing EBITDA generation and sharp deleveraging

Buenos Aires, November 28, 2018 - Compañía General de Combustibles S.A. ("CGC"), a leading energy company with operations in Argentina, announced its unaudited consolidated results for the third quarter and nine-month period ended September 30, 2018.¹

Third Quarter (3Q18) and Nine-Month Period (9M18) 2018 Key Highlights²

- Daily average gas production reached 4,327 Mm³ during 3Q18, which represented an increase of 53.0% compared to 3Q17, and 1.9% in comparison with 2Q18.
- Revenues totaled AR\$9,913.7 million in 9M18 (approximately USD393.8 million) compared with AR\$3,421.1 million in 9M17 (approximately USD210.5 million). Revenues in dollars were up 87.1% year-over-year in 9M18.
- Adjusted EBITDA amounted to AR\$2,849.1 million (approximately USD89.1 million) in 3Q18, which represents increases in dollars of 380.6% year-over-year, and of 16.7% in comparison with 2Q18.
- Adjusted EBITDA for 9M18 reached AR\$5,548.3 million (approximately USD220.4 million), an increase in dollars of 476.6% compared to 9M17.
- CapEx reached AR\$3,166.1 million in 9M18, (approximately USD125.8 million) compared with AR\$1,486.4 million in 9M17 (approximately USD91.4 million).
- As of September 30, 2018, Cash & Equivalents amounted to AR\$1,570 million (approximately USD38.1 million), with short-term investments of USD8.2 million.
- Net Debt to adjusted EBITDA ratio³ improved to 1.18x from 4.45x at the end of 2017.

¹ Consolidated financial results are expressed in pesos and presented in accordance with the International Financial Reporting Standards ("IFRS") except application of IAS 29. Please refer to Note "International Accounting Standard ("IAS") 29 Update" in this earning release. Numbers throughout this release might vary when IAS 29 is applied.

² Figures converted to USD using the following period average exchange rates per USD 1.00: AR\$17.29 for 3Q17, AR\$16.26 for 9M17, AR\$31.98 for 3Q18, AR\$25.18 for 9M18 and AR\$41.25 end of period (EOP) 3Q18.

³ Calculated with a LTM Adjusted EBITDA for 3Q18 (approximately USD268.9 million) and indebtedness as of September 30, 2018. Limited-recourse ON Clase 10 is not included.



Brief Overview¹

As of September 30, 2018 the Company drilled a total of 34 wells with 82.3% success rate. In turn, CGC's success rate for development wells was 96.4%.

Average gas production increased to 4,327 Mm³ per day during 3Q18, from 2,830 Mm³ per day in 3Q17. Average oil production (crude + LPG) reached 868.4 m³ per day during 3Q18. This represents a decrease of 3.9% compared to 3Q17, but an increase of 1.5% in comparison with 2Q18, reaching an inflection point in CGC's crude oil production.

Revenues for 9M18 amounted to AR\$9,913.7 million (approximately USD393.8 million) of which 76% corresponded to gas, 20% to oil (crude + LPG) and the remainder corresponded to services (related to the storage and port facilities in Punta Loyola). During this period, 62.3% of CGC's crude oil sales corresponded to exports.

Revenues in dollars were up 87.1% year-over-year in 3Q18, mostly because of higher production volumes in gas, but also because of higher sale prices in both oil and gas markets.

Revenue Breakdown	9M18		9M17		12 months	
	USD	% of total	USD	% of total	LTM 3Q18	2017
Crude Oil	79.5	20%	101.6	48%	98.2	117.0
Gas	301.0	76%	101.7	48%	373.8	168.1
Other	13.3	3%	7.1	3%	16.8	10.4
Total	393.8	100%	210.5	100%	488.8	295.5

Adjusted EBITDA for 9M18 amounted to AR\$5,548.3 or approximately USD220.4 million, almost a sixfold increase from USD38.2 million in 9M17. Adjusted EBITDA for the third quarter totaled AR\$2,849.1 million or approximately USD89.1 million, a fivefold increase from USD18.5 million in 3Q17, and 16.7% higher than 2Q18.

Total Cash & Equivalents at the end of 3Q18 amounted to AR\$1,570 million or approximately USD38.1 million. Additionally, the Company held short-term investments of USD8.2 million.

As of September 30, 2018, all the Company's Financial Debt was denominated in US dollars, and amounted to AR\$14,693.3 million or approximately USD356.2 million. Net debt to adjusted EBITDA ratio² improved to 1.18x from 4.45x in 4Q17, and coverage ratio increased to 8.46x from 2.45x in 4Q17.

CGC's limited-recourse local bond ON Clase 10 outstanding as of September 30, 2018 was USD79.8 million. Total Debt including this local bond amounted to AR\$17,984.1 million or approximately USD436.0 million. Net debt to adjusted EBITDA ratio considering this limited-recourse bond was 1.48x, and coverage ratio 7.76x.

¹ Figures converted to USD using the following period average exchange rates per USD 1.00: AR\$17.29 for 3Q17, AR\$16.26 for 9M17, AR\$31.98 for 3Q18, AR\$25.18 for 9M18 and AR\$41.25 end of period (EOP) 3Q18.

² Calculated with a LTM Adjusted EBITDA for 3Q18 of approximately USD268.9 million.



Resumption of Natural Gas Exports to Chile

For the first time after approximately a decade, Argentina resumed natural gas exports to Chile, and CGC played a leading role in this important milestone.

The Energy Secretariat, through Resolution No. 104 published in August 2018, granted CGC authorization to export natural gas from the Austral Basin to Methanex (Canadian producer of methanol) for up to 750,000m³ per day. The first export permits were granted to CGC, Panamerican Sur and Total Austral, expiring on June 1, 2020.

Additionally, the Energy Secretariat, through Resolution No. 57 published in October 2018, granted CGC authorization to export natural gas from the Neuquén Basin to Colbún S.A. (Chilean power producer) for up to 1,300,000m³ per day until May 1, 2019.

The Company began its exports to Methanex by the end of September, and to Colbún on October 30, 2018. Both export contracts can be interrupted anytime in order to meet domestic natural gas demand.

International Accounting Standard (“IAS”) 29 Update

These consolidated condensed interim financial statements of the Company for the three and nine-month periods ended September 30, 2018 have been prepared in accordance with the accounting standards set forth by the Comisión Nacional de Valores (“CNV”). These accounting standards are based on the application of the International Financial Reporting Standards (“IFRS”) and in particular on the International Accounting Standard (“IAS”) 34 *Interim Financial Reporting*, except only for the application of IAS 29, which was excluded by the CNV from its accounting standards.

IAS 29 requires the financial statements of an entity with a functional currency in a high inflation economy to be restated in terms of the measuring unit current at the end of the reporting period, irrespective of the financial statements based on a historical cost or current cost approach. To determine if an economy is hyperinflationary under the terms of IAS 29, the standard sets several factors to consider, including if the cumulative inflation rate over three years approaches, or exceeds, 100%. For this reason, under IAS 29 the Argentine economy should be considered hyperinflationary as of July 1, 2018.

No criteria for the restatement of financial information, as established by IAS 29, has been applied at September 30, 2018, because PEN Decree No. 664/03, which is in force at the moment of issuance of these financial statements, does not allow the presentation of restated financial statements.



Note

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

About Compañía General de Combustibles S.A.

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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