



Compañía General de Combustibles S.A. ended the first half of 2018 with over-performing results, with a solid growth trend in Gas Production and strong EBITDA generation

Buenos Aires, August 14, 2018 - Compañía General de Combustibles S.A. ("CGC"), a leading energy company with operations in Argentina, announced its Audited results for the second quarter and first semester ended June 30, 2018.

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

Second Quarter and First Half of 2018 Key Highlights¹

- Daily average gas production reached 4,248 Mm³ during 2Q18, which represented an increase of 67.0% compared to 2Q17, and 18.6% in comparison with 1Q18.
- Revenues totaled AR\$5,200.7 million in 1H18 (approximately USD240.4 million) compared with AR\$2,142.8 million in 1H17 (approximately USD136.4 million). Revenues in dollars were up 76.3% year-over-year in 1H18.
- Adjusted EBITDA amounted to AR\$1,803.6 million (approximately USD76.4 million) in 2Q18, which represents an increase of 685.7% year-over-year, and 67.8% in comparison with 1Q18.
- Adjusted EBITDA for 1H18 reached AR\$2,699.2 million (approximately USD124.8 million), an increase of 551.9% compared to 1H17.
- Last Twelve Months adjusted EBITDA in dollars totaled USD191.6 million in 2Q18, an increase of 137.3% compared to 2017.
- CapEx reached AR\$1,872.3 million in 1H18, (approximately USD86.5 million) compared with AR\$903.0 million in 1H17 (approximately USD57.5 million).
- As of June 30, 2018, cash and banks amounted to AR\$1,575.3 million (approximately USD54.6 million), with short term investments of USD9 million.
- Net Debt to adjusted EBITDA ratio decreased to 1.58x from 4.45x at the end of 2017.

¹ Converted to USD using the following period average exchange rates per USD 1.00: AR\$15.75 for 2Q17, AR\$15.71 for 1H17, AR\$16.63 end of period (EOP) 2Q17, AR\$16.57 for annual 2017, AR\$23.62 for 2Q18, AR\$21.63 for 1H18, AR\$19.5 for LTM 2Q18 and AR\$28.85 end of period (EOP) 2Q18.



Brief Overview

During the first half of 2018 the Company drilled 21 wells with 85.7% success rate. In turn, CGC's success rate for development wells was 100%.

Average gas production totaled 4,248 Mm³ per day during 2Q18, which represented an increase of 67.0% compared to 2Q17, and 18.6% in comparison with 1Q18. Average oil production (crude + LPG) reached 855.7 m³ per day during 2Q18, a decrease of 11.2% compared to 2Q17, but an increase of 4.2% in comparison with 1Q18.

Revenues for 1H18 amounted to AR\$5,200.7 million (approximately USD240.4 million) of which 77% corresponded to gas and 20% to crude oil. During this period, 69% of CGC's oil sales corresponded to exports.

Revenues in dollars were up 76.3% year-over-year in 1H18, mostly because of higher volumes in gas production, and also because of higher gas and oil prices.

Revenue Breakdown	1H18		1H17		12 months	
	USD	% of total	USD	% of total	LTM 2Q18	2017
Crude Oil	48.8	20%	72.1	53%	95.5	117.0
Gas	185.0	77%	59.6	44%	300.2	168.1
Other	6.6	3%	4.7	3%	12.4	10.4
Total	240.4	100%	136.4	100%	408.0	295.5

Adjusted EBITDA for the first semester of 2018 amounted to AR\$2,699.2 million (approximately USD124.8 million), which represents an increase of 551.9% compared to 1H17. Adjusted EBITDA for the second quarter totaled AR\$1,803.6 million (approximately USD76.4 million), an increase of 685.7% year-over-year, and 67.8% in comparison with 1Q18.

Last Twelve Months adjusted EBITDA in dollars totaled USD191.6 million in 2Q18, an increase of 137.3% compared to 2017.

As of June 30, 2018, total debt reached AR\$10,316.76 million (approximately USD357.6 million) and cash and banks amounted to AR\$1,575.3 million (approximately USD54.6 million), with short term investments of USD9 million. Net debt to adjusted EBITDA ratio improved to 1.58x from 4.45x in 4Q17, and coverage ratio increased to 6.01x vs. 2.45x in 4Q17.

Recent Events

Dividends collected

On April 2018, CGC collected AR\$176.9 million in dividends (approximately USD8.8 million) from its interests in the midstream business.



AR\$26.4 million and AR\$24.6 million corresponded to Gasoducto Gasandes S.A. (Chile) and Gasoducto Gasandes (Argentina) S.A. respectively. Transportadora de Gas del Mercosur S.A. paid an extraordinary dividend of AR\$ 125.6 million.

Dividend paid

On August 1, 2018, CGC's shareholders meeting approved the distribution of AR\$123.3 million (approximately USD4.5million).

Argentina to become Hyperinflationary economy

Inflation indices of Argentina were released showing a three-year cumulative rate in excess of 100 percent, indicating that the Argentinian economy is, as defined by IAS 29, hyperinflationary. In light of the stated preferences in IAS 29 that all entities apply inflation accounting from the same time and using the same general price index, the use of inflation accounting will be applied in respect of Argentinian peso functional operations for periods ending after July 1st, 2018. The Company is evaluating the effects on the interim financial statements which will be considered for subsequent reporting periods.

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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