Compañía General de Combustibles S.A. doubled revenues, increased 375.7% its EBITDA and sharply deleveraged in 2018

Buenos Aires, March 26, 2019 - Compañía General de Combustibles S.A. ("CGC"), a leading energy company with operations in Argentina, announced its audited results for the twelve-month period ended December 31, 2018.

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

CGC's audited results are disclosed in constant currency as of the closing of the fiscal year 2018, including the comparative figures of the previous fiscal year, 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').[1]

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

For more information, please see CGC´s 2018 audited consolidated Financial Statements.

Full-Year 2018 Key Highlights[3]

- Daily average gas production amounted to 4,261.8 Mm^3 in 2018, which represented an increase of 49.9% compared to 2017. In turn, daily average crude oil production reached 799.8 m^3 in 2018, a decrease of 7.1% compared to 2017.

- Revenues totaled AR$17,708.9 million in 2018 compared with AR$7,959.9 million in 2017. Revenues were up 122.4% year-over-year in 2018.

- Total Adjusted EBITDA (including dividends collected for investments in Associates) amounted to AR$9,576.7 million in 2018, which represents an increase of 375.7% compared to AR$2,013.2 in 2017.

- CapEx reached AR$5,925.2 million in 2018, compared with AR$4,002.6 million in 2017.

[1] For further details, please refer to note "International Accounting Standard ("IAS") 29 Update" on page 4.
[2] For further details, please refer to note "AR$ / USD Conversion" on page 5.
[3] Figures were converted to USD using the following EoP exchange rate per USD 1.00: AR$37.70 for 2018.

- As of December 31, 2018, Cash & Cash Equivalents amounted to AR$1,033.4 million (approximately USD27.4 million), with short-term investments of USD8.1 million.

- Net Leverage Ratio as of December 31, 2018 improved five times to 0.98x.[1]

- Full-Year 2018 Highlights in dollars: Revenues totaled approximately USD469.7 million, Adjusted EBITDA reached approximately USD254.0 million and CapEx amounted to approximately USD157.2 million.

	2018 IAS 29
Exchange Rate AR$/USD	
Average	28.07
End of Period (EoP)	37.70
Figures in USD million	
Revenues	469.7
Adjusted EBITDA	254.0
CAPEX	157.2
Cash & Equivalents	27.4

[1] Net Leverage Ratio calculated in accordance with the Indenture for CGC's 2021 Senior Notes.

Brief Overview[1]

During 2018, the Company focused on the development of its non-conventional reserves and completed an ambitious drilling campaign with 47 wells, operating with two drilling rigs and one workover rig. CGC's success rate for development wells was 97.6%.

Consequently, total daily average production reached 37.2 Mboe during 4Q18, of which 82% corresponded to natural gas, 16% to crude oil and 2% to LPG. Daily average gas production amounted to 4,261.8 Mm^3 in 2018, which represented an increase of 49.9% compared to 2017. In turn, daily average crude oil production reached 799.8 m^3 in 2018, a decrease of 7.1% compared to 2017.

CGC was able to achieve a positive Reserve Replacement ratio of 185% in 2018 for its areas in Austral Basin, with 1P reserves of 59.3 MMboe, which represents an increase of 10.5% in comparison with 2017. Reserves in Austral Basin were audited by DeGolyer and MacNaughton as of December 2018.

Reserves FY 2018	1P	2P	3P
Gas (MMboe)	49.5	64.6	76.8
Oil (MMbbl)	9.8	14.3	18.3
Total (MMboe)	**59.3**	**78.9**	**95.1**

Revenues for 2018 amounted to AR$17,708.9 million, of which 76% corresponded to natural gas, 21% to oil (crude + LPG) and the remainder corresponded to services (related to the storage and port facilities in Punta Loyola). During this period, 59% of CGC's crude oil sales corresponded to exports.

Revenues were up 122.4% year-over-year in 2018, mostly because of higher production volumes in gas, but also because of higher sale prices in both oil and gas markets.

Revenue Breakdown	2018 (IAS 29)		2017 (IAS 29)	
	ARS million	% of total	ARS million	% of total
Crude Oil	3,639.1	21%	3,221.9	40%
Gas	13,451.7	76%	4,460.2	56%
Other	618.0	3%	277.8	3%
Total	**17,708.9**	**100%**	**7,959.9**	**100%**

This solid performance was reflected in the Company's margins. Gross profit margin increased to 37% in 2018, in comparison with 2% in 2017. Likewise, Net profit margin improved to 3% during 2018, from -4% in 2017.

Adjusted EBITDA for 2018 amounted to AR$9,576.7, almost a fivefold increase from AR$2,013.2 in 2017. Adjusted EBITDA margin improved to 54% in 2018, compared with 25% in 2017.

[1] Figures were converted to USD using the following EoP exchange rate per USD 1.00: AR$37.70 for 2018.

	2018 IAS 29	2017 IAS 29
Gross profit Mg.	37%	2%
Net profit Mg.	3%	-4%
Adjusted EBITDA Mg.	54%	25%

CapEx reached AR$5,925.2 million in 2018, compared with AR$4,002.6 million in 2017.

Cash & Cash Equivalents as of December 31, 2018, amounted to AR$1,033.4 million or approximately USD27.4 million. Furthermore, the Company held short-term investments of USD8.1 million.

Additionally, at the end of 2018, all the Company's financial debt was denominated in U.S. dollars, and amounted to AR$13,639.9 million or approximately USD361.8 million. Net Leverage Ratio sharply improved to 0.98x, and Interest Coverage Ratio increased to 10.54x.[1]

CGC's limited-recourse local bond ON Clase 10 outstanding as of December 31, 2018 was USD79.8 million. Total Debt including this local bond amounted to AR$16,647.5 million or approximately USD441.6 million.

International Accounting Standard ("IAS") 29 Update

These consolidated condensed interim financial statements of the Company for the twelve-month period ended December 31, 2018 are presented in accordance with International Financial Reporting Standards (IFRS), including application of IAS 29, which was previously excluded from the CNV's accounting standards by PEN Decree No. 664/03, which prohibited the presentation of restated financial statements in constant currency.

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. 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.

On December 4, 2018, Law No. 27,468 was published in the Official Gazette, repealing PEN Decree No. 664/03. On December 26, 2018, the CNV issued General Res. No. 777/2018, establishing applicable standards to the restatement of financial statements, compliance with which is mandatory for annual financial statements or financial statements for interim periods closing as of and including December 31, 2018.

Consequently, consolidated financial figures as of December 31, 2018 are disclosed in constant currency as of the closing of the fiscal year 2018, including the comparative figures

[1] Net Leverage Ratio and Interest Coverage Ratio calculated in accordance with the Indenture for CGC's 2021 Senior Notes.

of the previous fiscal year, in accordance with the IAS 29 regarding the financial information in hyperinflationary economy and the above-mentioned Resolution.

	2018		
	IAS 29	Adjustment	Excluding IAS 29
Exchange rate (average)		28.07	
Exchange rate (EoP)		37.70	
Figures in AR$ million			
Revenues	17,708.9	-2,816.5	14,892.4
Cost of revenues	-7,380.4	1,342.4	-6,038.0
Gross profit	**10,328.5**	**-1,474.1**	**8,854.4**
Selling expenses	-361.8	57.7	-304.1
Administrative expenses	-748.2	119.3	-628.8
Other income and expenses	113.3	-13.7	99.5
Adjusted EBITDA	**9,331.8**	**-1,310.8**	**8,021.1**

AR$ / USD Conversion

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 December 31, 2018) 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 December 31, 2018. The information presented in U.S. dollars is for the convenience of the reader only.

Award of the Paso Fuhr Area

On February 28, 2019, CGC and YPF were awarded with the exploration permit for the Paso Fuhr area. This concession of approximately 4,668 Km^2 is located in the west margin of the Austral Basin, in the Province of Santa Cruz.

Both companies decided to join efforts in this bid to maximize the experience each has acquired over the last years. The Joint Venture states that CGC will be the operator, and YPF will share its know-how related to shale drilling.

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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