



Compañía General de Combustibles S.A. ended 2017 with a strong 4th Quarter EBITDA, and starts 2018 with solid recovery in Gas Production

Buenos Aires, March 26, 2018 - Compañía General de Combustibles S.A. ("CGC"), a leading energy company with operations in Argentina, announced its Audited results for the fourth quarter and full-year ended December 31, 2017.

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

Fourth Quarter and Full-Year 2017 Key Highlights¹

- Average gas production increased 50.7% year-over-year in 4Q17 and 13.2% for the full-year 2017. The Company's daily average gas production reached 3,684 Mm3 during December 2017, which represented an increase of 54.7% compared to January.
- Revenues totaled AR\$1,476.5 million in 4Q17 (approximately USD84.1 million) and AR\$4,897.6 million for the full 2017 (approximately USD295.5 million). Revenues in dollars were up 94.5% year-over-year in 4Q17 and 25.7% for the full-year 2017.
- Adjusted EBITDA amounted to AR\$716.9 million (approximately USD40.8 million) in 4Q17, and AR\$1,338.1 million (approximately USD80.7 million) in 2017. Adjusted EBITDA in dollars increased 151.0% year-over-year in 4Q17 and decreased 11.7% for the full-year 2017.
- CapEx reached AR\$2,484.1 million, (approximately USD149.9 million) compared with AR\$1,041.8 million in 2016 (approximately USD70.5 million).
- CGC's relevant stake in TGN (23.07% co-controlling stake), experienced a significant increase in value during 2017. TGN's market capitalization increased approximately 417.2% and reached more than AR\$32,953.1 million (USD1,767 million) as of December 2017.²

¹ Converted to USD using the following period average exchange rates per USD 1.00: AR\$14.78 for 2016 and AR\$16.57 for 2017.

² Converted to USD using the following end of period exchange rates per USD1.00: AR\$18.65 for 2017.



Brief Overview

During 2017 the Company focused in increasing its gas production, and completed an ambitious drilling campaign with a total of 33 wells, with 91% success rate. In turn, by mid-July through the end of October, the company added a second drilling rig to boost its production.

Consequently, average gas production increased 50.7% year-over-year in 4Q17 and 13.2% for the full-year 2017. Average oil production (crude + LPG) decreased 5.8% year-over-year in 4Q17 and 14.0% for the full-year 2017.

The Company's daily average gas production reached 3,684 Mm³ during December 2017, which represented an increase of 54.7% compared to January. Daily average oil production for December 2017 reached 880 m³.

The Company was able to achieve a Reserve Replacement ratio of 100%, with an average reserve 2p life of 8.7 years as of December 31, 2017.

Reserves FY2017	1P	2P	3P
Gas (MMboe)	43.1	59.7	77.6
Oil (MMbbls)	10.5	15.4	21.6
Total (MMboe)	53.7	75.2	99.3
Reserves life	6.2 yr.	8.7 yr.	11.5 yr.

Annual Revenues for 2017 amounted to AR\$4,897.6 million (approximately USD295.5 million) for the full 2017, of which AR\$1,476.5 (approximately USD84.1 million) corresponded to 4Q17. Revenues in dollars were up 94.5% year-over-year in 4Q17 and 25.7% for the full-year 2017.

Revenue Breakdown	4Q17		4Q16		Full-year	
	USD	% of total	USD	% of total	2017	2016
Crude Oil	16.4	19%	12.0	28%	117.0	106.0
Gas	64.6	77%	27.6	64%	168.1	113.8
Other	3.2	4%	3.6	8%	10.4	15.2
Total	84.1	100%	43.25	100%	295.5	235.1

Annual adjusted EBITDA for 2017 amounted to AR\$1,338.1 million (approximately USD80.7 million). More than half of annual adjusted EBITDA or AR\$716.9 million (approximately USD40.8 million) corresponded to 4Q17. Adjusted EBITDA in dollars decreased 11.7% compared to the full-year 2016.

Additionally, within a changing regulatory environment, CGC was highly successful in increasing its average gas prices. It is worth mentioning that so far CGC has been the only gas producer outside Vaca Muerta that has been granted (on January 30, 2018) the



Incentive Program for “Investments in Production Developments of Non-conventional Natural Gas”.

According to this program, all tight gas production of “Campo Indio Este – El Cerrito” concession will be priced 7.50 USD/MMBTU during 2018, decreasing 0.50 USD per year to 6 USD/MMBTU in 2021.

During the negotiation process, CGC signed productivity agreements with the unions operating in the province of Santa Cruz, involving relevant benefits in terms of productivity and efficiency. Furthermore, the Company was able to re-categorize the “Campo Indio Este – El Cerrito” concession type to Non-Conventional, extending the concession deadline to 35 years and reducing royalties from 12% to 10%.

During August 2017, CGC was awarded the concession for the Tapi Aike exploration area in Santa Cruz province, increasing our operating areas to over 7.8 million acres, from 6.4 million. On October 31, 2017, the Company signed two Farm Out Agreements with Echo Energy, a UK based company, for the exploration of four areas in the Austral Basin.

On January 12, 2018, CGC issued “ON Clase 10”, a USD100 million non-recourse bond, to cover the Company’s 2018 financial needs. All payments related to this bond will be exclusively address with dividends or other remunerations received as a shareholder of Gasinvest, GasAndes Argentina and GasAndes Chile, or with the sale of the respective shares.

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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