



## **Compañía General de Combustibles S.A. ended the first half of 2019 with steady growth trend in production, strong performance and EBITDA generation**

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**Buenos Aires, August 23, 2019** - Compañía General de Combustibles S.A. ("CGC"), a leading energy company with operations in Argentina, announced its unaudited results for the second quarter and first semester ended June 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 first semester of 2019.

### **Second Quarter and First Half of 2019 Key Highlights<sup>3</sup>**

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- Daily average gas production amounted to 5,194.3 Mm<sup>3</sup> in 2Q19, which represented an increase of 22.3% compared to 2Q18. In turn, daily average crude oil production reached 879.8 m<sup>3</sup> in 2Q19, an increase of 14.6% compared to 2Q18.
- Revenues totaled AR\$11,926.7 million (or approximately USD280.9 million) in 1H19 compared with AR\$8,635.2 million in 1H18. Revenues were up 38.1% year-over-year in 1H19.
- Total Adjusted EBITDA (including dividends collected for investments in Associates) amounted to AR\$7,532.9 million (or approximately USD177.4 million) in 1H19, which represents an increase of 71.3% compared to AR\$4,398.3 in 1H18. Last Twelve Months adjusted EBITDA totaled AR\$14,856.8 million (or approximately USD349.9 million) in 1H19.
- CapEx reached AR\$4,322.8 million (or approximately USD101.8 million) in 1H19, compared with AR\$3,121.4 million in 1H18.

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<sup>1</sup> CGC's unaudited results are disclosed in constant currency as of June 30, 2019, including the comparative figures of the second quarter and first semester of 2018, 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\$42.46 for 2Q19.



- As of June 30, 2019, Cash & Cash Equivalents amounted to AR\$3,234.7 million (approximately USD76.2 million), with short-term investments of USD7.7 million.
- Net Leverage Ratio as of June 30, 2019 improved significantly to 0.80x.<sup>1</sup>

	1H19 IAS 29
<b>Exchange Rate AR\$/USD</b>	
Average	41.47
End of Period (EoP)	42.46
<b>Figures in USD million</b>	
Revenues	280.9
Adjusted EBITDA	177.4
LTM adjusted EBITDA	349.9
CAPEX	101.8
Cash & Equivalents	61.4

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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>

During the first half of 2019, the Company kept focused on the development of its non-conventional reserves and operated with two drilling rigs and one workover rig. CGC drilled 27 wells (three of which were exploratory), with a total success rate of 81.5%.

As a result, total daily average production reached 39.2 Mboe during 2Q19, of which 83% corresponded to natural gas, 14% to crude oil and 2.5% to LPG. Daily average gas production amounted to 5,194.3 Mm<sup>3</sup> in 2Q19, which represented an increase of 22.3% compared to 2Q18. In turn, daily average crude oil production reached 879.8 m<sup>3</sup> in 2Q19, an increase of 14.6% compared to 2Q18.

Revenues for 1H19 amounted to AR\$11,926.7 million (or approximately USD280.9 million), of which 70% corresponded to natural gas, 26% to oil (crude + LPG) and the remainder corresponded to services (related to the storage and port facilities in Punta Loyola). During this period, 71% of CGC's crude oil sales corresponded to exports.

Revenues were up 38.1% year-over-year in 1H19, mostly because of higher production volumes in gas and crude oil.

Revenue Breakdown	1H19 (IAS 29)		1H18 (IAS 29)	
	ARS million	% of total	ARS million	% of total
Crude Oil	3,124.1	26%	1,787.7	21%
Gas	8,318.3	70%	6,614.2	77%
Other	484.3	4%	233.2	3%
<b>Total</b>	<b>11,926.7</b>	<b>100%</b>	<b>8,635.2</b>	<b>100%</b>

This solid performance was reflected in the Company's margins. Gross profit margin increased to 38% in 1H19, in comparison with 33% in 1H18. Net profit margin was 27% in 1H19, compared to -16% in 1H18.

	1H19	1H18
	IAS29	IAS29
Gross profit Mg.	38%	33%
Net profit Mg.	27%	-16%
Adjusted EBITDA Mg.	63%	51%

Adjusted EBITDA for 1H19 amounted to AR\$7,532.9 (or approximately USD177.4 million), which represented an increase of 71.3% from AR\$4,398.3 in 1H18. Adjusted EBITDA margin improved to 63% in 1H19, compared with 51% in 1H18. Last Twelve Months adjusted EBITDA totaled AR\$14,856.8 million (or approximately USD349.9 million) in 1H19.

<sup>1</sup> Figures were converted to USD using the following EoP exchange rate per USD 1.00: AR\$42.46 for 2Q19.



CapEx reached AR\$4,322.8 million (or approximately USD101.8 million) in 1H19, compared with AR\$3,121.4 million in 1H18.

Cash & Cash Equivalents as of June 30, 2019 amounted to AR\$3,234.7 million or approximately USD76.2 million. Furthermore, the Company held short-term investments of USD7.7 million.

Additionally, as of June 30, 2019, all the Company's financial debt was denominated in U.S. dollars, and amounted to AR\$15,923.6 million or approximately USD375.0 million. Net Leverage Ratio significantly improved to 0.80x, and Interest Coverage Ratio increased to 10.99x.<sup>1</sup>

CGC's limited-recourse local bond ON Clase 10 total outstanding as of June 30, 2019 was USD74.7 million. Total debt including this local bond amounted to AR\$19,097.1 million or approximately USD449.7 million. Net leverage ratio significantly improved to 0.95x, and interest coverage Ratio increased to 9.13x.<sup>2</sup>

## **New Term-Loan Agreement**

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On May 21, 2019, the Company entered into a term-loan agreement with Citibank, ICBC, Santander and Galicia for a total amount of USD 75 million and 9.5% p.a. compensatory interest, payable quarterly.

The Loan will be repaid in five quarterly, equal and consecutive instalments, from May 21, 2020 to May 21, 2021. The proceeds will be destined to enhance liquidity, working capital needs and pre-export financing of the Company.

## **Dividends Paid**

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On May 21, 2019, CGC's shareholders meeting approved the distribution of AR\$189.9 million or approximately USD4.0 million.

## **Dividend Collected**

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During 2Q19, CGC collected AR\$785.4 million (approximately USD16.3 million) in dividends from its interests in the midstream business.

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

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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 June 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 June 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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