

**CGC**

# 2019 Results Presentation

March 2020

**CGC**

Empresa Petrolera

NO SMOKING

7116

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# 2019 Highlights

CGC had a strong 2019 performance, based on a successful drilling campaign, increased gas production and profitability, together with more deleveraging. CGC is well prepared for 2020 challenges.

- Daily average gas production reached 5,809 Mm<sup>3</sup> during 4Q19 (19% higher than 4Q18). Daily average crude oil production reached 948.1 m<sup>3</sup> during 4Q19 (5% lower than 4Q18).
- The Company drilled 44 wells during 2019, with a total success rate of 77%. Furthermore, CGC drilled 5 exploratory wells, and completed a significant 3D seismic campaign covering a total of 1,607km<sup>2</sup>.
- CGC is developing “Sur Rio Chico” Project, the 2nd underground gas storage facility in Argentina, seeking firm export contracts and permits through the full year including the winter high season.
- The Company preserved its liquidity through a new ON Clase 10 Consent Solicitation. On September 2019, CGC obtained 100% acceptance to lower the minimum value ratio with a reduced cash payment.
- CGC increased its participation in the midstream business in October. Now CGC indirectly owns 28.2% of TGN, mainly through its investment in Gasinvest S.A. In TGM, CGC’s participation increased to 15.8% from 10.9%.
- CGC rapidly reacted to changing policies, moved down one of the two drilling rigs, and implemented together with McKinsey an efficiency program for further OPEX reductions.
- As of March 17, 2020, Cash & Cash equivalents amounted to approximately USD79.1 million (total 2020 maturities amount to USD70 million).<sup>(1)</sup>

(1) Converted to US\$ using the end of period exchange rate per US\$1.00: AR\$63.179 as of March 17, 2020.



# 2019 Results Summary



Steady growth trend in production, strong performance and EBITDA generation



**34/44**

Successful wells drilled in  
2019

**AR\$10.9 billion**

Capex in 2019

**0.81x**

Net Leverage Ratio<sup>(2)(3)</sup>

**US\$312.9 MM**

Net Debt as of December,  
2019<sup>(3)(4)</sup>

(1) Includes crude oil and LPG production.

(2) Net Debt to Adjusted EBITDA

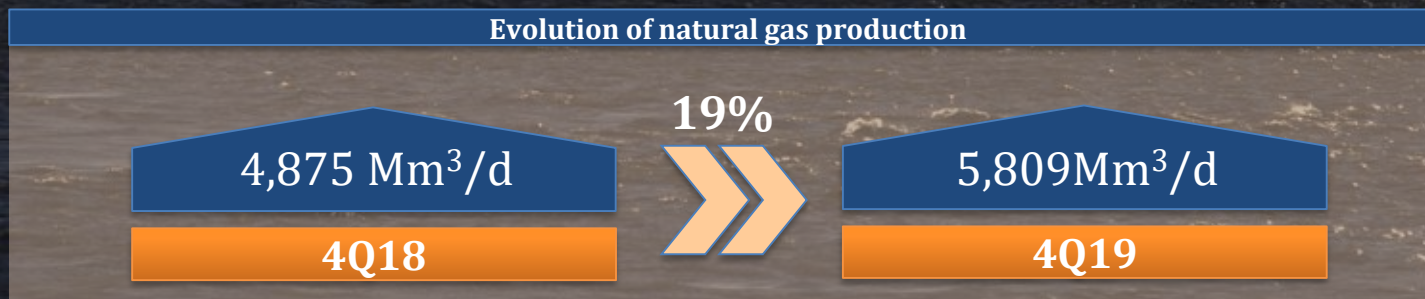
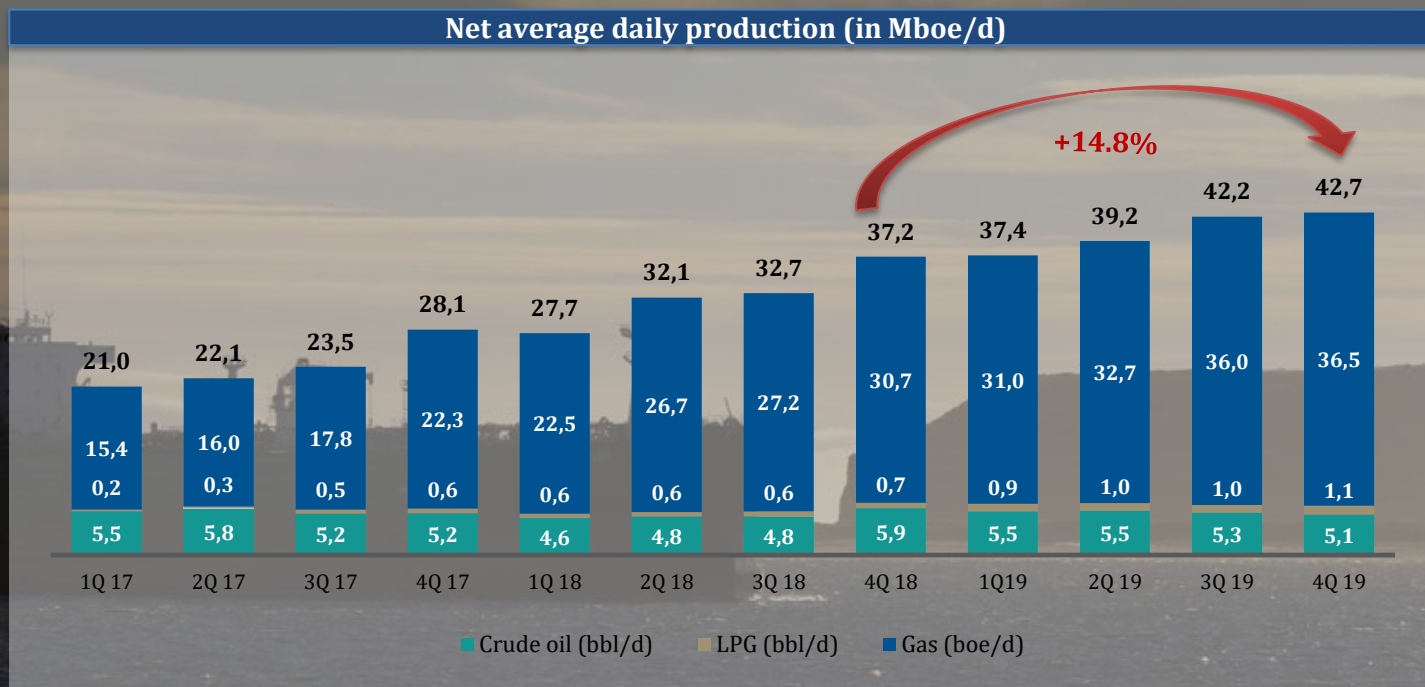
(3) Non-recourse ON Clase 10 is not included. Considering this facility, Net Leverage Ratio is 0.92x.

(4) Figures converted to US\$ using the following EoP exchange rate per US\$ 1.00: AR\$59.89, as of December 2019.

# 2019 Production

CGC's Total Production reached 42.7 Mboe/d in 4Q19, which represents an increase of 14.8% in comparison with 4Q18, and of 52.0% compared to 4Q17.

- Average gas production was 5,809 Mm<sup>3</sup> per day during 4Q19, which represented an increase of 19% in comparison with 4Q18.
- Unconventional gas production represented 66% of CGC's total gas sales during 4Q19.
- Average oil production (crude + LPG) reached 984.1 m3 per day during 4Q19, a decrease of 5% in comparison with 4Q18.

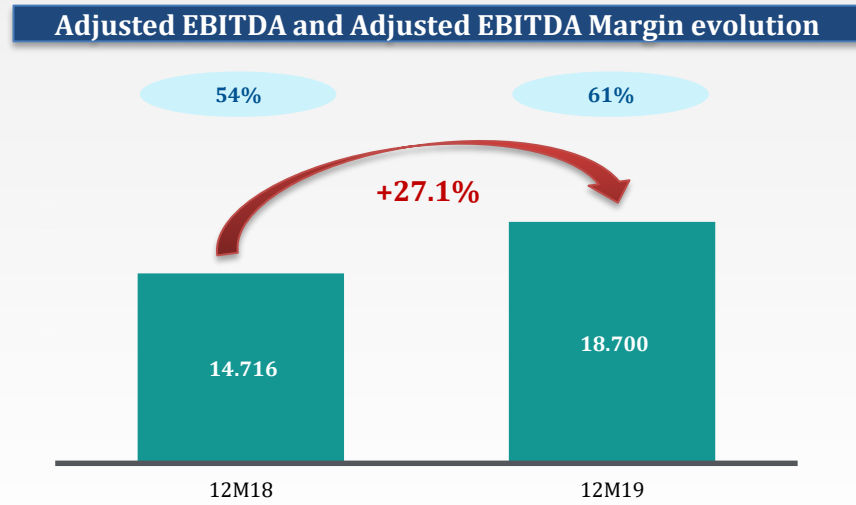
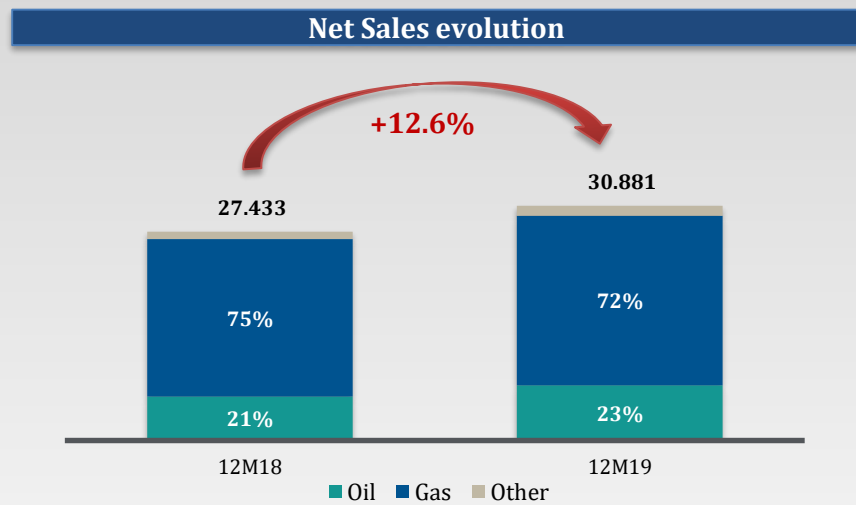




# 2019 Net Sales and Adjusted EBITDA



Net Sales reached AR\$30,880.7 million (approximately USD515.6 million) an increase of 12.6% compared to 2018. Adjusted EBITDA amounted to AR\$18,700.3 million (approximately USD312.2 million) a 27.1% increase in comparison with 2018.<sup>(1)</sup>



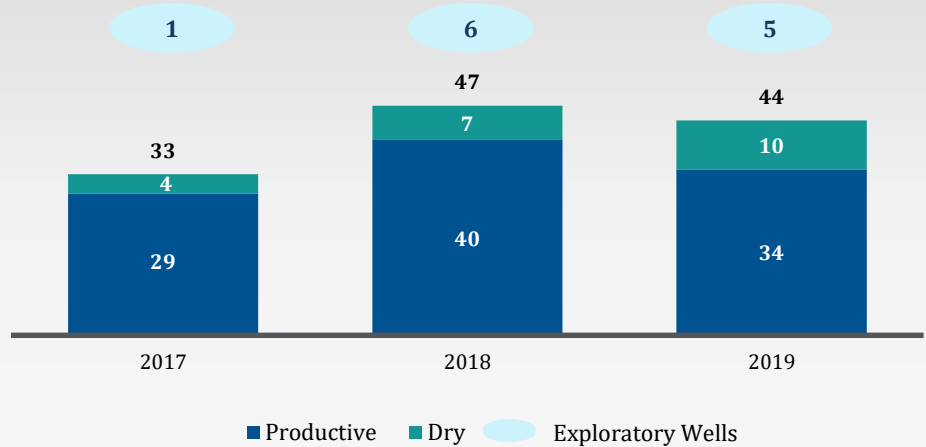
(1) Figures converted to US\$ using the following EoP exchange rate per US\$ 1.00: AR\$59.89, as of December 2019.

# 2019 Drilling Campaign

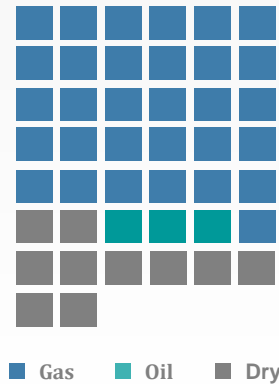
CGC drilled 44 wells in 2019 with 77% success rate.



## Wells Drilled evolution



## Wells Drilled in 2019



**44**  
Gross wells

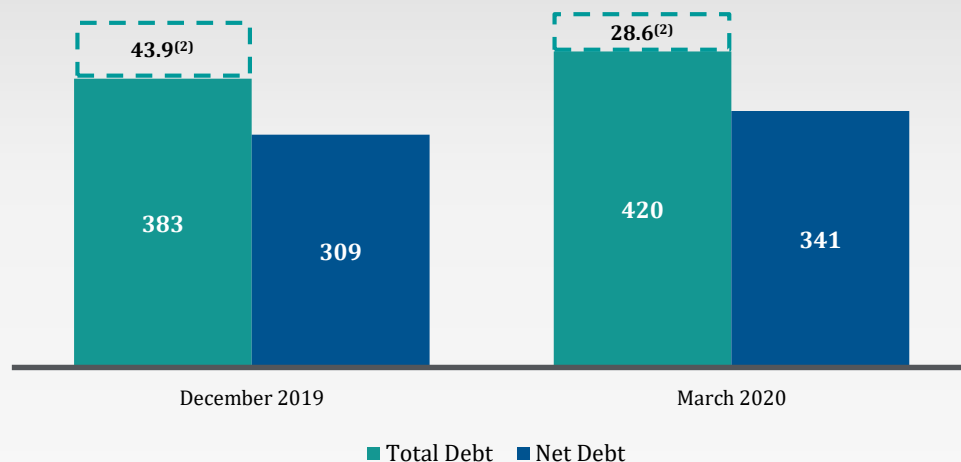
**34**  
Productive wells

# Debt & Leverage as of March 17, 2020

The Company has significantly reduced its net leverage since December 2017, and presents a solid interest coverage more than 10x.



**Total and Net Debt<sup>(1)</sup> (in US\$ million), Net Leverage and Coverage ratios**



Net Leverage Ratio	
March 2020	0.88x
December 2019	0.81x

Coverage Ratio <sup>(3)</sup>	
March 2020	10.70x
December 2019	9.71x

- (1) Converted to US\$ using the following end of period exchange rates per US\$1.00: AR\$59.89 for December 31, 2019 and AR\$63.18 as of March 17, 2020.
- (2) Corresponds to "ON Clase 10", a non-recourse bond. All payments will be exclusively addressed with dividends or other remunerations received as a shareholder of Gasinvest, GasAndes Argentina and GasAndes Chile, or with the sale of the respective shares. Thus, this bond is not considered for the Net Leverage and Coverage ratios. Likewise, insufficient funds obtained by dividends or remunerations at maturity will not constitute an event of default, but will enable the sale of the respective shares.
- (3) Calculated as the ratio of Adjusted EBITDA to net interest expense.



# Debt profile as of March 17, 2020

CGC does not face significant maturities until 4Q21

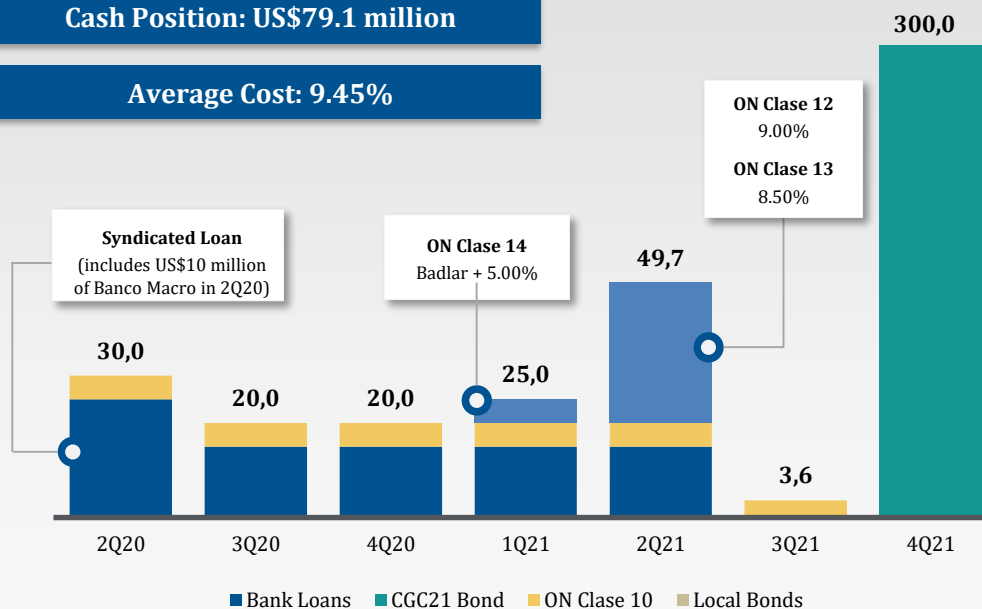


## Debt Maturities (in US\$ million)


Average Life: 1.36 Years

Cash Position: US\$79.1 million

Average Cost: 9.45%



- The company issued three series of Local Bonds in March 2020: Obligaciones Negociables Clase 12 (US\$15.3 million), Obligaciones Negociables Clase 13 (approximately AR\$895.3 million or US\$14.4 million) and Obligaciones Negociables Clase 14 (approximately AR\$314.6 million or US\$5.0 million).
- ON Class 10 maturities correspond to five quarterly payments of US\$5.0 million each until July 2021.



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