



## **Compañía General de Combustibles S.A. announced its unaudited results for the first semester ended June 30, 2021**

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**Buenos Aires, August 13, 2021** - Compañía General de Combustibles S.A. ("CGC"), a leading energy company with operations in Argentina, announced its unaudited results for the six-month period ended June 30, 2021.

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>

CGC's unaudited consolidated interim Financial Statements reflect, line by line, Sinopec Argentina Exploration and Production, Inc. (Sinopec Argentina) balance sheet. Please note that Sinopec Argentina's results are not yet reflected in CGC's consolidated income statement, since the closing of the acquisition took place on June 30, 2021.

For more information, please see CGC's unaudited consolidated interim Financial Statements for the six-month period ended June 30, 2021.

### **First Half 2021 Key Highlights<sup>3</sup>**

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- On June 30, 2021, CGC acquired 100% of Sinopec Argentina Exploration and Production, Inc. This transaction allows CGC to balance the oil and gas production mix, while increasing the Company's consolidated reserves more than 50%.
- Daily average gas production amounted to 4,551.6 Mm<sup>3</sup> in 2Q21, which represented a decrease of 10.5% compared to 2Q20. In turn, daily average oil production (crude + LPG) reached 866.9 m<sup>3</sup> in 2Q21, an increase of 5.1% compared to 2Q20.
- Revenues totaled AR\$21,590.2 million (or approximately USD225.6 million) in 1H21 compared with AR\$18,584.9 million in 1H20. Revenues were up 16.2% year-over-year in 1H21.
- Total Adjusted EBITDA amounted to AR\$13,846.5 million (or approximately USD144.7 million) in 1H21, which represents an increase of 22.5% compared to 1H20. EBITDA Margin was 64% in 1H21.

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<sup>1</sup> CGC's unaudited results are disclosed in constant currency as of June 30, 2021, including the comparative figures of the second quarter and first semester of 2020, 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 6.

<sup>3</sup> Figures were converted to USD using the following EoP exchange rate per USD 1.00: AR\$95.72 for 1H21.



- CapEx reached AR\$5,743.0 million (or approximately USD60.0 million) in 1H21, compared with AR\$2,456.4 million in 1H20.
- On January 2021, the Central Bank formally confirmed that CGC complies with BCRA's Communication "A" 7106, granting access to BCRA's dollars for all its maturities during 2021. This authorization has not been affected by the more recent BCRA's Communication "A" 7230.
- As of June 30, 2021, Cash & Cash Equivalents amounted to AR\$23,440.1 million (approximately USD244.9 million).
- Net Leverage Ratio as of June 30, 2021 decreased to 0.92x.<sup>1</sup>

	1H21 IAS 29
<b>Exchange Rate AR\$/USD</b>	
Average	83.89
End of Period (EoP)	95.72
<b>Figures in USD million</b>	
Revenues	225.6
Adjusted EBITDA	144.7
CAPEX	60.0
Cash & Equivalents	244.9

<sup>1</sup> Net Leverage Ratio calculated in accordance with the Indenture for CGC's 2021 & 2025 Senior Notes.



## CGC acquires 100% of Sinopec Argentina

On June 30, 2021, CGC acquired 100% of Sinopec Argentina Exploration and Production, Inc. This company owns interests in exploration and development mainly in the San Jorge Gulf Basin (Santa Cruz) and also in the Cuyana Basin (Mendoza). These concessions cover an area of more than 1.1 million acres. Sinopec Argentina also has a minority ownership in Termap, a port terminal operator in Caleta Olivia (Santa Cruz) and Caleta Córdova (Chubut).

This acquisition significantly increases CGC's production, to more than 50.0 Mboe per day. Additionally, proven reserves increased approximately 50% (from 59MMboe to nearly 90 MMboe), balancing CGC's product mix to 63% gas and 37% crude oil, on a consolidated basis.

CGC believes that Sinopec Argentina's assets have significant upside in terms of conventional crude oil production.

Sinopec Argentina	
1H21 - Production & Results <sup>1</sup>	
Crude Oil Production	2,413.0 m3/d
Gas Production	906.1 Mm3/d
Revenues	USD 159.7 million
Adjusted EBITDA	USD 29.1 million
Total Financial Debt	USD 0.0 million

## Brief Overview<sup>2</sup>

The Company has been working with two drilling rigs since the last quarter of 2020, in order to compensate the reduced drilling activity during last year, and also to drill some exploratory wells. It is expected that this additional rig will operate until September 2021.

During 1H21, CGC drilled 15 wells (three of which were exploratory), with a total success rate of 87% (and of 100% if only development wells are considered).

Total daily average production reached 34.1 Mboe during 2Q21, of which 84.0% corresponded to natural gas, 12.6% to crude oil and 3.4% to LPG. Daily average gas production amounted to 4,551.6 Mm3 in 2Q21, which represented a decrease of 10.5% compared to 2Q20. In turn, daily average oil production (crude + LPG) reached 866.9 m3 in 2Q21, an increase of 5.1% compared to 2Q20.

Revenues for 1H21 amounted to AR\$21,590.2 million (or approximately USD225.6 million), of which 75% corresponded to natural gas, 20% to oil (crude + LPG) and the remaining 5%

<sup>1</sup> Sinopec Argentina Exploration and Production, Inc. management figures (unaudited) for the six-month period ended June 30, 2021.

<sup>2</sup> Figures were converted to USD using the following EoP exchange rate per USD 1.00: AR\$95.72 for 2Q21.



corresponded to services (related to the storage and port facilities in Punta Loyola). During this period, 93% of CGC's crude oil sales corresponded to exports.

Revenues were up 16.2% year-over-year in 1H21, mostly because of higher crude oil production and prices.

Revenue Breakdown	1H21 (IAS 29)		1H20 (IAS 29)	
	ARS million	% of total	ARS million	% of total
Crude Oil	4,405.9	20%	1,539.6	8%
Gas	16,234.0	75%	16,229.9	87%
Other	950.3	4%	815.4	4%
<b>Total</b>	<b>21,590.2</b>	<b>100%</b>	<b>18,584.9</b>	<b>100%</b>

Adjusted EBITDA for 1H21 amounted to AR\$13,846.5 million (or approximately USD144.7 million), which represented an increase of 22.5% compared to 1H20.

Adjusted EBITDA margin increased to 64% in 1H21, compared with 61% in 1H20. Gross profit margin reached 48% in 1H21, in comparison with 33% in 1H20. Net profit margin increased to 11% in 1H21, compared to minus 12% in 1H20.

	1H21 IAS29	1H20 IAS29
Adjusted EBITDA Mg.	64%	61%
Gross profit Mg.	48%	33%
Net profit Mg.	11%	-12%

CapEx reached AR\$5,743.0 million (or approximately USD60.0 million) in 1H21, compared with AR\$2,456.4 million in 1H20.

Cash & Cash Equivalents as of June 30, 2021 amounted to AR\$23,440.1 million or approximately USD244.9 million.

Additionally, as of June 30, 2021, the Company's total financial debt amounted to AR\$47,904.2 million or approximately USD500.5 million (94% denominated in USD). Net Leverage Ratio decreased to 0.92x, and Interest Coverage Ratio at 5.80x.<sup>1</sup>

<sup>1</sup> Net Leverage Ratio calculated in accordance with the Indenture for CGC's 2021 & 2025 Senior Notes.



## **New USD Syndicated Loan**

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On August 2, 2021, CGC entered into a Syndicated Loan Agreement with ICBC, Santander, Citibank, Banco de Galicia, Macro, Itaú and Banco de Valores for a total amount of USD115.0 million.

The loan will be repaid in two equal installments, payable on August 2, 2022 and on February 2, 2023. The proceeds will accrue interest at a nominal annual rate of 8.50%.

The Syndicated Loan in pesos has been fully prepaid with the proceeds from the new USD Syndicated Loan.

## **Bridge Loan Agreement with Eurobanco**

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On June 26, 2021, CGC entered into a Bridge Loan Agreement with Eurobanco Bank Ltd. for a total amount of USD100.0. The principal maturity out to 90 days may be extended for an additional three-month period. The Loan pays a variable interest rate equivalent to Libor plus 9% per annum.

## **Local Bond Issuances**

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On June 10, 2021, CGC issued two local Obligaciones Negociables, amounting to USD50.0 million, to enhance the company's liquidity and refinance short-term maturities.

Series 19, nominated in USD and payable in AR\$, amounts to USD36.0 million and accrues interest at a nominal annual rate of 5.0%, maturing in 24 months.

Series 21, nominated and payable in USD, amounts to USD14.0 million and accrues interest at a nominal annual rate of 7.0%, maturing in 24 months.

For more information, please see our CNV filing/recent developments.

## **Central Bank's Communication "A" 7106 & "A" 7230**

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On January 2021, the Central Bank formally confirmed that CGC complies with BCRA's Communication "A" 7106, granting access to BCRA's dollars for all its maturities during 2021. This authorization has not been affected by the more recent BCRA's Communication "A" 7239.



## **ON Class 10 Repayment & Termination of the Pledge Agreement**

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On July 12, 2021, CGC has fully paid the outstanding amount of the local bond ON Class 10. Consequently, Banco de Valores S.A. (collateral agent and trustee) has terminated the Pledge Agreement over the Gasinvest S.A. shares and the Trust Agreement that addressed all dividends collected from Gasinvest S.A. and GasAndes to the ON Class 10 payment obligations.

## **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, 2021) 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, 2021. 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.energy/>.

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