



Compañía General de Combustibles S.A. announced its unaudited results for the second quarter ended June 30, 2020

Buenos Aires, August 13, 2020 - 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, 2020.

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.¹ 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 unaudited condensed interim financial statements as of June 30, 2020.

Second Quarter and First Half of 2020 Key Highlights³

- Daily average gas production amounted to 5,087.8 Mm³ in 2Q20, which represented a decrease of 2.1% compared to 2Q19. In turn, daily average oil production (crude + LPG) reached 824.8 m³ in 2Q20, a decrease of 20.3% compared to 2Q19.
- Revenues totaled AR\$12,373.4 million (or approximately USD175.6 million) in 1H20 compared with AR\$17,382.8 million in 1H19. Revenues were down 28.8% year-over-year in 1H20.
- Total Adjusted EBITDA (including dividends collected) amounted to AR\$7,690.6 million (or approximately USD109.1 million) in 1H20, which represents a decrease of 28.3% compared to AR\$10,723.5 million in 1H19.
- CapEx reached AR\$1,635.4 million (or approximately USD23.2 million) in 1H20, compared with AR\$6,171.1 million in 1H19.
- As of June 30, 2020, Cash & Cash Equivalents amounted to AR\$7,942.8 million (approximately USD112.7 million).

¹ CGC's unaudited results are disclosed in constant currency as of June 30, 2020, including the comparative figures of the second quarter and first semester of 2019, 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').

² For further details, please refer to note "AR\$ / USD Conversion" on page 6.

³ Figures were converted to USD using the following EoP exchange rate per USD 1.00: AR\$70.46 for 1H20.



- Net Leverage Ratio as of June 30, 2020 remained low at 1.07x.¹

	1H20 IAS 29
Exchange Rate AR\$/USD	
Average	59.63
End of Period (EoP)	70.46
Figures in USD million	
Revenues	175.6
Adjusted EBITDA	109.1
CAPEX	23.2
Cash & Equivalents	112.7

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



Brief Overview¹

The Company resumed its drilling activity on March 1, 2020 with one drilling rig and one workover rig, until March 18, 2020 when all investment activity ceased due to the lockdown and sanitary emergency decree issued by the National Government.

However, CGC moved quickly and efficiently to ensure safe operations and production in its Santa Cruz fields. In Buenos Aires, the Company were fully prepared for virtual and remote work, before the lockdown. The workforce was totally equipped, with full access to cloud share services, and a safety protocol in both productive fields and facilities.

Recently, on June 20, 2020 CGC was one of the first producers in Argentina to resume its drilling campaign, which has been developing ever since with no interruptions.

Total daily average production reached 37.2 Mboe during 2Q20, of which 86.0% corresponded to natural gas, 11.2% to crude oil and 2.7% to LPG. Daily average gas production amounted to 5,087.8 Mm³ in 2Q20, which represented a decrease of 2.1% compared to 2Q19, and an increase of 19.8% in comparison with 2Q18. In turn, daily average oil production (crude + LPG) reached 824.8 m³ in 2Q20, a decrease of 20.3% compared to 2Q19.

Revenues for 1H20 amounted to AR\$12,373.4 million (or approximately USD175.6 million), of which 87% corresponded to natural gas, 8% to oil (crude + LPG) and the remainder corresponded to services (related to the storage and port facilities in Punta Loyola). During this period, 98% of CGC's crude oil sales corresponded to exports.

Revenues were down 28.8% year-over-year in 1H20, mainly as a result of a drop in crude oil demand, together with lower market prices in both crude oil and natural gas.

Revenue Breakdown	1H20 (IAS 29)		1H19 (IAS 29)	
	ARS million	% of total	ARS million	% of total
Crude Oil	1,025.0	8%	4,816.3	28%
Gas	10,805.5	87%	11,875.1	68%
Other	542.9	4%	691.4	4%
Total	12,373.4	100%	17,382.8	100%

Adjusted EBITDA for 1H20 amounted to AR\$7,690.6 million (or approximately USD109.1 million), which represented a decrease of 28.3% from AR\$10,723.5 million in 1H19.

Adjusted EBITDA margin remained stable at 62% in 1H20, same as in 1H19. Gross profit margin reached 32% in 1H20, in comparison with 39% in 1H19. Net profit decreased to minus 12% in 1H20, compared to positive 26% in 1H19, mainly due to an asset impairment accounted during 1Q20.

¹ Figures were converted to USD using the following EoP exchange rate per USD 1.00: AR\$70.46 for 1H20.



	1H20 IAS29	1H19 IAS29
Adjusted EBITDA Mg.	62%	62%
Gross profit Mg.	32%	39%
Net profit Mg.	-12%	26%

CapEx reached AR\$1,635.4 million (or approximately USD23.2 million) in 1H20, compared with AR\$6,171.1 million in 1H19.

Cash & Cash Equivalents as of June 30, 2020 amounted to AR\$7,942.8 million or approximately USD112.7 million.

Additionally, as of June 30, 2020, the Company's financial debt amounted to AR\$30,406.5 million or approximately USD431.5 million (95% denominated in USD). Net Leverage Ratio remained low at 1.07x, and Interest Coverage Ratio at 7.37x.¹

CGC's limited-recourse local bond ON Clase 10 total outstanding as of June 30, 2020 was USD23.6 million. Total debt including this local bond amounted to AR\$32,071.2 million or approximately USD455.2 million. Net leverage ratio considering ON Clase 10 was 1.14x, and interest coverage ratio was 6.98x.²

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

² Net Leverage Ratio and Interest Coverage Ratio calculated including ON Clase 10 bond and dividends from CGC's midstream assets.



Exchange Offer & Consent Request of CGC Class “A” Notes

On August 6, 2020, CGC launched the exchange offer of its Class “A” Notes at a fixed rate of 9.5% per year with maturity in 2021, for Notes Class 17, redeemable at a fixed rate of 9.5% per year with maturity in 2025.

In turn, the holders of the existing Notes will be asked for their consent to modify some commitments and non-compliance assumptions pursuant to the contract for the issuance of the Existing Notes.

Pursuant to the provisions of the Exchange Offer Document, Eligible Holders who validly present their existing Notes before the date of Early Participation will receive, for each US\$ 1,000.00 of nominal value, a Note of US\$ 950.00 and an early cash payment of US\$ 100.00. Eligible Holders who submit their existing Notes after the Early Participation date, but on or before the Expiration Date, will receive for each US\$ 1,000.00 of nominal value, a Note of US\$ 950.00 and a cash payment of US\$ 50.00. The interest will be payable semi-annually in arrears on the dates indicated in the Results Notice.

Midstream Business

CGC has collected approximately US\$10.0 million in 1H20 in dividends from the Midstream Business. CGC indirectly owns 28.2% of TGN, mainly through its investment in Gasinvest S.A, 40.1% in GasAndes and 15.8% in TGM.

March & May New Local Bond Issuances

On March 5, 2020, CGC issued three new local Obligaciones Negociables, amounting to approximately USD34 million, to enhance the company’s liquidity and refinance short term maturities.

Both Series 12, amounting to USD15.3 million, and Series 13, amounting to USD14.3 million, mature in 15 months. Series 14, amounting to AR\$314.6 million, matures in 12 months.

Additionally, on May 21 CGC issued another new local bond (Obligacion Negociable Serie 15), amounting to USD20 million maturing in 15 months, to enhance the company’s liquidity and refinance short term maturities.

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



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 June 30, 2020) 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, 2020. The information presented in U.S. dollars is for the convenience of the reader only.

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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