

Tecpetrol S.A. announces results for the fourth quarter and for the year ended on December 31, 2020

Summary and analysis of results for the three-month period ended on December 31, 2020

	Fourth quarter 2020	Fourth quarter 2019	%
Production (equivalent Mm³)(*)	1,144	1,307	(12%)
Net sales (ARS millions)	18,663.0	17,130.1	9%
Operating profit (ARS millions)	6,507.5	5,539.8	17%
EBITDA (ARS millions)	14,243.7	11,544.5	23%
Net profit (ARS millions)	538.4	1,402.1	(62%)

(*) Volumetric equivalence (1,000 m³ of gas = 1 m³ of oil)

Total production for the fourth quarter of 2020 reached 1,144 Mm³, compared to 1,307 Mm³ in the same period of the previous year. The decrease in production was mainly caused by less demand due to the impact of the global economic crisis caused by the COVID-19 syndemic.

The increase of the operating profit and EBITDA in the fourth quarter of 2020 compared to the fourth quarter of 2019 for ARS 967.7 million and ARS 2,699.2 millions respectively, is mainly explained by: i) an increase in net sales because of the fluctuation in the exchange rate, partially offset by fewer deliveries of gas and oil and a drop in average sales prices primarily originated due to the impact of the global economic crisis caused by the COVID-19 syndemic mentioned above; and ii) a decrease in operating costs, which is mainly explained by a decrease in depreciation of Property, plant and equipment, royalty expenses and maintenance operations and wells service costs, as a consequence of the abovementioned drop in production, all of which was partially offset by the exchange rate fluctuation; and iii) an increase in selling and administrative expenses mainly explained by the exchange rate fluctuation and the allowance for doubtful accounts expense, all of which was partially offset by a reduction in taxes and storage and transport expenses due to a drop in operations.



Net profit (loss) for the fourth quarter of 2020 totaled a profit of ARS 538.4 million, compared to a profit of ARS 1,402.1 million for the same period of the previous year. This variation is mainly explained by: i) an increase in net financial losses primarily explained by the exchange rate fluctuation, losses from derivative financial instruments, and losses from the repurchase of negotiable obligations, all of which was partially offset by a decrease in interest cost due to fewer borrowings, an increase in interest income due to an increase in short-term deposits, and the profit (loss) generated by public bonds; ii) an increase in operating profit mentioned above and iii) a decrease in income tax expense, caused by the variation in net sales, costs and other expenses already mentioned, and the effect of the exchange rate fluctuation upon tax balances.

Summary and analysis of results for the year ended on December 31, 2020

	12 months 2020	12 months 2019	%
Production (equivalent Mm3)(*)	5,085	6,139	(17%)
Net sales (ARS millions)	71,540.0	64,513.1	11%
Operating profit (ARS millions)	19,017.2	21,028.8	(10%)
EBITDA (ARS millions)	51,352.2	44,462.4	15%
Net profit (ARS millions)	3,813.9	4,213	(9%)

(*) Volumetric equivalence (1,000 m³ of gas = 1 m³ of oil)

Total production for the year ended on December 31, 2020 reached 5,085 Mm³, compared to 6,139 Mm³ in the same period of the previous year. The decrease in production was mainly caused by the impact of the economic global crisis generated by COVID-19 syndemic.

The decrease in operating profit for the year ended on December 31, 2020 compared to the same period in 2019 for ARS 2,011.6 million is mainly explained by i) a decrease in production mentioned above, and a drop in average sales prices, ii) impairment charges recognized in Property, plant and equipment, iii) exploration costs and the increase in the allowance for doubtful accounts expense.

The increase in EBITDA in the year ended on December 31, 2020 compared to the same period in 2019 for ARS 6,889.8 million is mainly explained by the fluctuation in the exchange rate, and the decrease in the operating profit afore mentioned.

Net profit for the year ended on December 31, 2020 totaled ARS 3,813.9 million, compared to a profit of ARS 4,213 million for the same period of the previous year. This variation is mainly explained by: i) the decrease in operating profit mentioned above; ii) an increase in net financial losses generated by the exchange rate fluctuation, losses from derivative financial instruments, and losses from the repurchase of negotiable obligations, all of which was partially offset by a decrease in net losses generated by exchange differences on balances in ARS, a decrease in interest cost due to fewer



borrowings, an increase in interest income due to an increase in short-term deposits, and fewer losses from public bonds; and iii) a decrease in income tax charges, caused by the above-mentioned effects and by the effect of the exchange rate fluctuation upon tax balances.

Liquidity and cash flows

Investments in Property, plant and equipment during the year ended on December 31, 2020, net of unpaid acquisitions at the end of such year, reached ARS 5,502.9 millions mainly from Fortín de Piedra area.

At December 31, 2020, net debt (Net Debt = borrowings less cash and cash equivalents and other investments short-term) totaled ARS 73,872.3 millions. At December 31, 2019, the net debt totaled ARS 77,955.1 millions.