

Tecpetrol S.A. announces results for the three and six-month period ended on June 30, 2019

Summary and analysis of results for the three-month period ended on June 30, 2019

	Second quarter 2019	Second quarter 2018	%
Production (equivalent Mm³)(*)	1,587	797	99%
Net sales (ARS millions)	15,618.2	4,902.2	219%
Operating profit (ARS millions)	5,028.5	1,463.0	244%
EBITDA (ARS millions)	10,612.1	3,250.2	227%
Net profit (ARS millions)	1,945.0	75.1	2,490%

Total production for the second quarter of 2019 reached 1,587 Mm³, compared to 797 Mm³ in the same period of the previous year. This increase in production levels is mainly explained by the development of Fortín de Piedra area in Neuquina basin.

The variation of the operating profit and EBITDA in the second quarter of 2019 compared to the second quarter of 2018 for ARS 3,565.5 millions and ARS 7,361.9 millions respectively, is mainly explained by higher sales of gas and related costs associated to the development of Fortín de Piedra.

Net profit for the second quarter of 2019 totaled ARS 1,945.0 millions, compared to a profit of ARS 75.1 millions for the same period of the previous year. This increase is mainly explained by: i) the abovementioned increase in the operating profit; ii) the net financial results generated by the increase in interest expenses as a consequence of greater borrowings and the net exchange results arising from the exchange rate fluctuation of the ARS against the USD.; and iii) the impact of the corresponding income tax.

Summary and analysis of results for the six-month period ended on June 30, 2019

	6 months 2019	6 months 2018	%
Production (equivalent Mm³)(*)	3,199	1,308	145%
Net sales (ARS millions)	28,948.5	7,670.9	277%
Operating profit (ARS millions)	9,090.0	2,080.9	337%
EBITDA (ARS millions)	19,635.5	4,611.2	326%
Net profit (ARS millions)	4,267.2	425.8	902%

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



Total production for the six-month period ended on June,30 2019 reached 3,199 Mm³, compared to 1,308 Mm³ in the same period of the previous year. This increase in production levels is mainly explained by the development of Fortín de Piedra area in Neuquina basin.

The increase in the operating profit and EBITDA in the second quarter of 2019 compared to the second quarter of 2018 for ARS 7,009.1 millions and ARS 15,024.3 millions respectively, is mainly explained by higher sales of gas and related costs associated due to the development of Fortín de Piedra.

Net profit for the six-month period ended on June, 30 2019 totaled ARS 4,267.2 millions, compared to a profit ARS 425.8 millions for the same period of the previous year. This increase is primarily explained by the abovementioned increase in the operating profit; which was partially offset by net financial costs due to greater borrowings and the impact of the corresponding income tax.

Liquidity and cash flows

Investments in Property, plant and equipment during the six-month period ended on June 30, 2019, net of unpaid acquisitions at the end of such period, reached ARS 12,663.2 millions mainly because of the development of Fortín de Piedra area.

At June 30, 2019, net debt (Net Debt = borrowings - cash and cash equivalents) totaled ARS 64,579.8 millions, which was mainly taken to afford the abovementioned investments. At December 31, 2018, the net debt totaled ARS 54,057.9 millions. The increase in net debt is mainly due to the exchange rate fluctuation of the Argentine peso against the U.S. dollar.