

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

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

	Third quarter 2019	Third quarter 2018	%
Production (equivalent Mm³)(*)	1,633	1,107	48%
Net sales (ARS millions)	18,434.5	10,497.5	76%
Operating profit (ARS millions)	6,399	3,375.4	90%
EBITDA (ARS millions)	13,282.4	7,456.9	78%
Net (loss) profit (ARS millions)	(1,456.3)	1,764.1	(183%)

Total production for the third quarter of 2019 reached 1,633 Mm³, compared to 1,107 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 third quarter of 2019 compared to the third quarter of 2018 for ARS 3,023.6 millions and ARS 5,825.5 millions respectively, is mainly explained by higher sales of gas and related costs associated to the development of Fortín de Piedra.

Net loss for the third quarter of 2019 totaled ARS 1,456.3 millions, compared to a profit of ARS 1,764.1 millions for the same period of the previous year. This increase is mainly explained by: i) 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 ii) the charge for income tax generated mainly by the exchange rate fluctuation of the ARS against the USD dollar and the application of the tax inflation adjustment for the current year.

Summary and analysis of results for the nine-month period ended on September 30, 2019

	9 months 2019	9 months 2018	%
Production (equivalent Mm³)(*)	4,832	2,415	100%
Net sales (ARS millions)	47,383	18,168.4	161%
Operating profit (ARS millions)	15,489.1	5,456.3	184%
EBITDA (ARS millions)	32,917.9	12,068.1	173%
Net profit (ARS millions)	2,810.9	2,189.9	28%

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



Total production for the nine-month period ended on September,30 2019 reached 4,832 Mm³, compared to 2,415 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 third quarter of 2019 compared to the third quarter of 2018 for ARS 10,032.8 millions and ARS 20,849.8 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 nine-month period ended on September, 30 2019 totaled ARS 2,810.9 millions, compared to a profit ARS 2,189.9 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 for income tax generated mainly by the exchange rate fluctuation of the ARS against the USD dollar and the application of the tax inflation adjustment for the current year.

Liquidity and cash flows

Investments in Property, plant and equipment during the nine-month period ended on September 30, 2019, net of unpaid acquisitions at the end of such period, reached ARS 19,681.9 millions mainly because of the development of Fortín de Piedra area.

At September 30, 2019, net debt (Net Debt = borrowings - cash and cash equivalents) totaled ARS 82,266.6 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.