TRANSPORTADORA DE GAS DEL NORTE S.A.

City of Buenos Aires, August 7, 2019

Transportadora de Gas del Norte S.A. (hereinafter the "Company" or "TGN") is pleased to announce results of the six month period ended June 30, 2019

Stock information:

Market capitalization as of June 28, 2019: ***AR$ 30,097.1 million.***

20% of its capital stock trades on BYMA(*);

Ticker: TGNO4

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(*) Bolsas y Mercados Argentinos S.A.

Main indicators of the six month period ended June 30, 2019:

- Income for the period amounted to AR$ 1,223.7 million (AR$ 2.7851 per share) compared to AR$ 861.1 million (AR$ 1.9599 per share) during the same period in previous year, principally due to lower exposure to the peso depreciation, which was partially offset by lower operating results.

- Revenues for the period amounted to AR$ 7,175.5 million, equivalent to an increase of 2.8% in comparison with the same period in previous year where revenues amounted to AR$ 6,980.7 million. This increase is explained by higher revenues from export transportation services and an increase in operation and maintenance services.

- EBITDA[1] for the period reached AR$ 4,998.7 million, representing an increase of 2.5% compared to the same period in previous year where EBITDA amounted to AR$ 4,875.5 million.

[1] EBITDA: Earnings before interest, tax, depreciation and amortization, have been calculated as "Income before other income and expenses" plus depreciation for the period for items of "Property, plant and equipment".

1- Accounting considerations for the period:

As of June 30, 2019, our Financial Statements were adjusted by inflation due to the International Accounting Standard N° 29 on "Financial Reporting in Hyperinflationary Economies" ("IAS 29") requires that interim condensed financial statements of an entity which functional currency is that of an hyperinflationary economy, whether based on the historical or current cost approach, be stated in terms of the measuring unit current as of the closing date of the reporting period. Consequently, in general terms, non-monetary items should include actual inflation since their acquisition or revaluation date, as appropriate. Said requirements also apply to comparative information included in interim condensed financial statements.

The standard describes a number of factors indicative of a hyperinflationary economy under IAS 29, such as when the cumulative inflation rate over three years approaches, or exceeds 100%. This is why Argentina's economy should be regarded as hyperinflationary as from July 1, 2018.

The inflation adjustment to initial balances was determined considering the indexes established by FACPCE on the basis of price indexes published by INDEC. The average price index variation for the six-month period ended June 30, 2019 was 22%, while the year-on-year variation amounted to 56%.

2- Revenues for the six month period ended June 30, 2019:

Revenue variation adjusted for inflation amounts to $ 194.8 million between the six-month periods ended June 30, 2019 and 2018 is due to:

- AR$ 308.4 million increase in billing, mainly as a result of an increase in transportation service for export; and
- AR$ 7.3 million increase net of inflation adjustment in Gas pipeline operation and maintenance and other services.

As of June 30, 2019, 96.9% of the Company's revenues came from the gas transportation services (regulated business), with the remaining 3.1% being represented by gas pipeline operation and maintenance and other services (non-regulated business). As of June 30, 2018, revenues from the regulated business accounted for 96.9% while those from the non-regulated business accounted for the remaining 3.1%.

National Executive Branch Decree No. 251/2018 dated as of March 27, 2018, ratified and implemented the Memorandum of Understanding for Updating the License Agreement executed between TGN and the Ministry of Energy and Mining and Ministry of Finance on March 30, 2017 ("Memorandum of Understanding").

The Memorandum of Understanding contains the terms and conditions agreed between the National Executive Branch and TGN for updating the Transportation License, and puts an end to the renegotiation process conducted pursuant to the Economic Emergency Law.

The Memorandum covers the contractual period beginning January 6, 2002 to the expiration date of the Transportation License.

Accordingly, ENARGAS approved TGN rate tables resulting from the Integral Tariff Review carried out during 2017.

Actually, as part of the biannual adjustment applicable as from October 1, 2018, ENARGAS resolved to apply the simple average of the Domestic Wholesale Price Index – General Level ("IPIM") published by the National Institute of Statistics and Census, the Construction Cost Index (February 2018 - August 2018), and the Labor Cost Index (December 2018 - June 2018), which resulted in an increase (19.7%) lower than would have otherwise resulted by applying the IPIM (30.7%).

The Company has been unable to confirm whether the ENARGAS has reasonably analyzed and concluded that the polynomial formula applied for said biannual adjustment actually maintains the economic-financial sustainability and quality of the service rendered by TGN, as required under item 7.1 of the License Comprehensive Agreement. Assuming that the regulator intended to soften the rate impact on consumers through a price control, the Company requested ENARGAS to discuss the terms of an equivalent compensation (including a review of the scope of the mandatory investment plan), as established in item 9.8 of the Basic Rules of the License.

In March 2019 ENARGAS published the transportation rate tables to be applied by the Company during "April 2019 – September 2019" period. This time, ENARGAS resumed the IPIM adjustment, applying the variation recorded by this index between August 31, 2018 and February 28, 2019, which resulted in an average 26% increase. ENARGAS also established a new rate zone called "Greater Buenos Aires – Greater Buenos Aires", and further, that the "Neuquén – Neuquén" zone rate be applied to said newly created zone until the next five-year rate review.

In April 2019, the national government announced that after the coming into effect of the rate tables applicable as from April 1, 2019, the natural gas utility rates will not be adjusted until the end of the current year.

The Company assumes that the rates resulting from the ITR (Integral Tariff Revision) will remain at constant values along time in order to be able to meet expenses and investments required for gas pipeline operation and maintenance. However, the outcome of biannual rate adjustment could actually differ from current assumptions and the outcome of the next five-year rate review cannot be anticipated.

3- Costs and expenses for the six month period ended June 30, 2019:

During this six month period, the cost of services amounted to AR$ 4,196.2 million, which represented 33.0% increase in comparison with the same period in previous year. A 92.0% of the aforementioned increase is due to higher depreciation charge as a result of the PP&E revaluation implemented in December 2018.

Administrative and selling expenses for the period amounted to AR$ 823.7 million, showing a 3.5% increase with respect to the same period in previous year, explained by higher property, plant and equipment depreciation.

4- Financial situation:

As of June 30, 2019, the Company has a total debt of US$ 166.8 million (accrued interests included) associated with the syndicated loan it borrowed from a group of three banks, with final maturity in October 2020, being the debt profile as follows:

Date	Concept	Principal
October 2019	Amortization	25%
April 2020	Amortization	25%
October 2020	Amortization	25%

As of the end of June 2019, net financial debt amounts to US$ 88.8 million.

The applicable interest rate to the financial debt during the six-month period contemplated in this report was Libor plus 3.75%.

On April 29, 2019, TGN has paid interests for a total amount of US$ 7.1 million and amortized the first principal installment for US$ 55.0 million.

With respect to dividends, on April 24, 2019 the company has paid AR$ 2,378.8 million for the results generated in the Fiscal Year 2018.

5- Operating data:

Volumes dispatched during the first six month period ended June 30, 2019 increased by 4.2% compared to the same period of the previous year. This was mainly as a result of an increase in export transportation services, which were partially offset by a decrease in local transportation.

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Below are volumes dispatched broken down by type of contract, by source and by destination:

Per source in million m³	***As of 06.30***	
	2019	***2018***
Northern Pipeline	*4,403*	*5,054*
Central West Pipeline	*6,639*	*6,620*
Final Sections	*1,122*	*-*
Total	***12,164***	***11,674***

Dispatched volumes in million m³	***As of 06.30***	
	2019	***2018***
Firm	*6,966*	*7,363*
Interruptible & exchange and displacement	*5,198*	*4,311*
Total	***12,164***	***11,674***

Per destination in million m³	***As of 06.30***	
	2019	***2018***
Domestic market	*11,511*	*11,653*
Export market	*653*	*21*
Total	***12,164***	***11,674***

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ANNEXES:

1- Statement of Income (in millions AR$)

	Six-month period ended	
	06.30.2019	**06.30.2018**
Revenues	7,175.5	6,980.7
Cost of service	-4,196.2	-3,154.0
Gross profit	**2,979.3**	**3,826.8**
Selling expenses	-305.8	-285.3
Administrative expenses	-517.9	-510.8
Other net income and expenses	-62.3	-188.6
Income before financial income	**2,093.4**	**2,842.1**
Other net financial income	11.5	-1,836.0
Financial income	140.1	140.3
Financial expenses	-367.7	-322.8
Gain on monetary position	112.8	436.4
Income from investments in affiliated companies	7.1	6.1
Income before income tax	**1,997.2**	**1,266.2**
Income tax	-773.5	-405.1
Income for the period	**1,223.7**	**861.1**
Other comprehensive income for the period	-3.3	5.2
Comprehensive income for the period	**1,220.4**	**866.3**

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2- Balance Sheet (in millions AR$)

	06.30.2019	06.30.2018
ASSETS		
Non-current assets		
Property, plant and equipment, net	41,652.4	43,525.7
Investments in affiliated companies, net	38.0	34.3
Materials and spare parts, net	701.9	608.4
Other accounts receivable	17.1	12.2
Trade accounts receivable, net	3,609.1	3,935.0
Investments at amortized cost	15.2	23.7
Total non-current assets	**46,033.6**	**48,139.3**
Current assets		
Materials and spare parts	95.4	68.3
Other accounts receivable, net	356.8	371.4
Trade accounts receivable, net	1,949.9	1,746.3
Investments at amortized cost, net	1,992.5	2,999.5
Investments at fair value	489.9	444.8
Cash and cash equivalents	821.5	2,866.8
Total current assets	**5,706.0**	**8,496.9**
Total assets	**51,739.6**	**56,636.2**
SHAREHOLDERS´ EQUITY		
Common stock	439.4	439.4
Common stock integral adjustment	10,752.8	10,752.8
Property, plant and equipment revaluation allowance	16,352.6	17,650.9
Statutory Reserve	2,238.4	158.8
Optional reserve	1,040.0	-
Voluntary reserve for future dividends	743.7	-
Other reserves	-3.3	-1.7
Retained earnings	2,730.6	6,591.8
Total shareholders´ equity	**34,294.2**	**35,591.9**
LIABILITIES		
Non-current liabilities		
Deferred income tax liability	7,502.1	7,841.4
Loans	2,332.3	5,063.4
Lease debts	8.5	-
Other debts	40.0	40.0
Trade accounts payable	286.3	296.7
Total non-current liabilities	**10,169.2**	**13,241.5**
Current liabilities		
Contingencies	153.8	203.2
Loans	4,748.8	5,194.0
Derivative financial instruments	36.4	-
Lease debts	6.2	-
Salaries and social security contributions	173.1	280.0
Income tax	1,279.0	1,080.6
Taxes payable	180.9	179.6
Other debts	64.0	86.2
Trade accounts payable	634.0	779.1
Total current liabilities	**7,276.2**	**7,802.7**
Total liabilities	**17,445.4**	**21,044.3**
Total liabilities and shareholders´ equity	**51,739.6**	**56,636.2**

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3- Statement of Cash Flows (in millions AR$)

	06.30.2019	06.30.2018
Profit for the period	1,223.7	861.1
Adjustments to cash generated by (used in) operating activities:		
Property, plant and equipment depreciation	2,843.0	1,844.8
Residual value of property, plant and equipment written-off	15.1	4.3
Income tax	773.5	405.1
Accrued interest generated by liabilities	365.6	315.2
Accrued interest generated by assets	-91.8	-60.0
Increase in allowances (net of recoveries)	-541.7	1,793.1
Loss from derivative financial instruments	36.4	-
Exchange rate differences and other net financial income	-1,078.2	913.0
Income from investments in affiliated companies	-7.1	-6.1
Net changes in operating assets and liabilities		
Decrease (increase) in trade accounts receivable	1,122.4	-2,333.5
Decrease (increase) in other accounts receivable	33.0	-53.3
Increase in materials and spare parts	-65.3	-19.6
Decrease (increase) in trade accounts payable	-167.3	108.1
Decrease in salaries and social security contributions	-106.9	-99.7
Decrease (Increase) in taxes payable	-933.9	106.3
Decrease in other debts	-22.2	-19.6
Decrease in contingencies	-98.9	47.7
Net cash flow generated by operating activities	**3,299.5**	**3,806.8**
Acquisition of property, plant and equipment	-964.2	-936.1
Subscriptions net of recovery of investments at amortized cost and investments at fair value (non-cash equivalents)	1,036.2	-889.0
Principal received from investments at amortized cost and investments at fair value	4.2	6.5
Interest received from investments at amortized cost and investments at fair value	6.4	9.6
Net cash flow generated by (used in) investing activities	**82.5**	**-1,809.0**
Principal and interest paid on loans	-2,887.7	-163.9
Payment of dividends in cash	-2,518.2	-606.4
Lease payment	-4.0	-
Net cash flow used in financing activities	**-5,409.8**	**-770.3**
Net decrease (increase) in cash and cash equivalents	-2,027.8	1,227.5
Cash and cash equivalents at the beginning of fiscal year	2,866.8	859.3
Financial income generated by cash	-17.5	106.6
Cash and cash equivalents at the end of the period	**821.5**	**2,193.4**

This earnings release should be read in connection with the financial statements for the interim period ended June 30, 2019 that are available at:

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