

City of Buenos Aires, November 7, 2019

Transportadora de Gas del Norte S.A. (hereinafter the “Company” or “TGN”) is pleased to announce results of the nine month period ended September 30, 2019

**Stock information:**

Market capitalization as of September 30, 2019: **AR\$ 19,925.6 million.**



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

Ticker: TGNO4

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(\* ) Bolsas y Mercados Argentinos S.A.

Main indicators for the nine month period ended September 30, 2019:

- Income for the period amounted to AR\$ 2,737.6 million (AR\$ 6.2306 per share) compared to AR\$ 1,761.2 million (AR\$ 4.0085 per share) during the same period in previous year, principally due to lower exposure to the peso depreciation and higher financial income which was partially offset by lower operating results.

- Revenues for the period amounted to AR\$ 12,250.7 million, equivalent to a decrease of 2.1% in comparison with the same period in previous year where revenues amounted to AR\$ 12,507.8 million. The decrease is explained by lower revenues from interruptible and exchange and displacement transportation services.

- EBITDA<sup>1</sup> for the period reached AR\$ 8,412.6 million, representing a decrease of 2.0% compared to the same period in previous year where EBITDA amounted to AR\$ 8,582.8 million.

<sup>1</sup> 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 September 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 nine-month period ended September 30, 2019 was 37.7%, while the year-on-year variation amounted to 53.5%.

#### 2- Current economic context:

The Company operates within an economic context where the main variables have recently been highly volatile as a result of political and economic events both at national and international level. Particularly, at the domestic market, the stock of main publicly traded companies, government bonds and the Argentine peso, has experienced a significant drop. Against such a backdrop, the National Government has adopted economic measures such as: certain restrictions on the exchange market, payment deferral for certain public debt instruments (LETES, LECAPS, LELINK and LECER), temporary deferral of semiannual natural gas transportation and distribution rate adjustment, changes to the fourth bracket income tax and moratoria for Small & Medium Enterprises, among others.

The Company’s Management regularly monitors how all those events above mentioned evolve in order to determine possible actions to be adopted and identify potential impacts on the Company’s economic and financial position required to be disclosed in future financial statements. These interim condensed financial statements should be read in the light of these circumstances.

### 3- Revenues for the nine month period ended September 30, 2019:

Revenues adjusted by inflation decreased AR\$ 257 million between the nine-month periods ended September 30, 2019 and 2018. This decrease is due to:

- AR\$ 134.6 million higher income from exportation transportation services;
- AR\$ 422.5 million lower interruptible and exchange and displacement (ED) transportation services;
- AR\$ 30.9 million increase in operation and maintenance services (O&M).

As of September 30, 2019, 96.7% of the Company's revenues came from the gas transportation services (regulated business), being the remaining 3.3% being represented by gas pipeline O&M and other services (non-regulated business). As of September 30, 2018, revenues from the regulated business accounted for 97.0% while those from the non-regulated business accounted for the remaining 3.0%.

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.

In June 2019, the Government Energy Secretariat (the "Energy Secretariat") through Resolution 336/2019 established, on an exceptional basis, for the benefit of residential natural gas and propane users, including through networks, a 22% deferral in payment for bills issued from July 1, 2019 to October 31, 2019. Said deferral will be recovered through bills to be issued starting December 1, 2019 and thereafter along five equal consecutive monthly periods. The financial cost associated with such deferral shall be borne by the National Government by way of subsidy through payment of interest to distributors, subdistributors, transporters and producers, based on the rate for term deposits for AR\$ 20 million and above, at 30 or 35 day terms published by Central Bank of the Argentine Republic. On August 23, 2019, the Energy Secretariat, under Resolution 488/19, established the procedure by which distributors roll over part of the deferral in payment to transporters, as well as the methodology for calculating and paying applicable interest. Under said resolution, distributors must inform, by way of affidavit, the amounts to be deferred to transporters and ENARGAS and, in turn ENARGAS shall forward compiled information to the Energy Secretariat, with the latter having to estimate and issue interest-

related payment orders to licensees within an expected term of 30 business days counted from the relevant deferral month. As of today, the amount deferred by distributors in their payments to TGN as per respective affidavits is AR\$ 831.6 million. (This amount includes interim amounts for October subject to confirmation). The interest reporting and calculation process is delayed, with no interest payment order having been issued so far.

In September 2019, under Resolution 521/2019, the Energy Secretariat deferred the bi-annual rate adjustment that should have been applied as from October 1, 2019 to January 1, 2020 and further provided to compensate licensees by adjusting the Mandatory Investment Plan accordingly. Therefore, in October this year, the Company submitted a proposal to the ENARGAS for the readjustment of mandatory investments for an amount of AR\$ 341.2 million (at December 2016 currency).

#### 4- Costs and expenses for the nine month period ended September 30, 2019:

During this nine month period, the cost of services amounted to AR\$ 6,678.7 million, which represented a 15.2% increase in comparison with the same period in previous year. The aforementioned increase is due to higher depreciation charge as a result of the PP&E revaluation implemented in December 2018 which was partially offset by a decreased in O&M costs.

Administrative and selling expenses for the period reached AR\$ 1,376.6 million, showing a 5.4% decrease with respect to the same period in previous year, explained by lower taxes, rates and contributions.

#### 5- Financial situation:

As of September 30, 2019, the Company has a total debt of US\$ 169.4 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%

The applicable interest rate to the financial debt is Libor plus 3.75%, being the net debt US\$ 66.3 million.

On October 28, 2019, TGN has paid interests for a total amount of US\$ 5.3 million and amortized the second principal installment for US\$ 55.0 million. Additionally, during October this year, the Company contracted short-term debt in pesos, mainly through

overdrafts in banking accounts, loans and other, for a total of AR\$ 3,185 million and at a term of 30 days in average. The average rate was 67%.

On October 8, 2019, in exercise of the powers vested by the Shareholders' Meeting, the Company's Board approved the distribution of the "Voluntary Reserve for Future Dividends" as a cash dividend for an amount of AR\$ 648.7 million. This payment was made on October 16, 2019.

#### 6- Operating data:

Volumes dispatched during the first nine month period ended September 30, 2019 increased by 2.9% 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.

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

<i>Per source in million m<sup>3</sup></i>	<i>As of 09.30</i>	
	<b>2019</b>	<b>2018</b>
<i>Northern Pipeline</i>	6,719	7,728
<i>Central West Pipeline</i>	8,350	10,970
<i>Final Sections</i>	4,165	-
<b>Total</b>	<b>19,234</b>	<b>18,698</b>

<i>Dispatched volumes in million m<sup>3</sup></i>	<i>As of 09.30</i>	
	<b>2019</b>	<b>2018</b>
<i>Firm</i>	10,759	11,302
<i>Interruptible &amp; exchange and displacement</i>	8,475	7,396
<b>Total</b>	<b>19,234</b>	<b>18,698</b>

<i>Per destination in million m<sup>3</sup></i>	<i>As of 09.30</i>	
	<b>2019</b>	<b>2018</b>
<i>Domestic market</i>	18,383	18,679
<i>Export market</i>	851	19
<b>Total</b>	<b>19,234</b>	<b>18,698</b>



ANNEXES:

1- Statement of Income (in millions AR\$)

	Nine-month period ended	
	09.30.2019	09.30.2018
Revenues	12,250.7	12,507.7
Cost of service	-6,678.7	-5,798.2
<b>Gross profit</b>	<b>5,571.9</b>	<b>6,709.6</b>
Selling expenses	-493.2	-406.9
Administrative expenses	-883.4	-1,048.4
Other net income and expenses	-86.7	-120.2
<b>Income before financial income</b>	<b>4,108.6</b>	<b>5,134.0</b>
Other net financial income	6.9	-2,912.6
Financial income	799.8	166.9
Financial expenses	-265.1	-576.7
Gain on monetary position	-305.8	731.0
Income from investments in affiliated companies	15.5	4.3
<b>Income before income tax</b>	<b>4,359.9</b>	<b>2,546.9</b>
Income tax	-1,622.3	-785.7
<b>Income for the period</b>	<b>2,737.6</b>	<b>1,761.2</b>
Other comprehensive income for the period	-906.4	6.1
<b>Comprehensive income for the period</b>	<b>1,831.2</b>	<b>1,767.3</b>



## 2- Balance Sheet (in millions AR\$)

	09.30.2019	09.30.2018
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment, net	45,524.5	48,962.8
Investments in affiliated companies, net	56.8	38.6
Materials and spare parts, net	804.4	684.4
Other accounts receivable	20.2	13.8
Trade accounts receivable, net	4,900.8	4,426.5
Investments at amortized cost	13.1	26.7
<b>Total non-current assets</b>	<b>51,319.9</b>	<b>54,152.7</b>
<b>Current assets</b>		
Materials and spare parts	104.5	76.8
Derivate financial instruments	547.7	-
Other accounts receivable, net	475.4	417.7
Trade accounts receivable, net	2,609.5	1,964.4
Investments at amortized cost, net	3,358.0	3,374.2
Investments at fair value	220.1	500.3
Cash and cash equivalents	2,339.2	3,224.9
<b>Total current assets</b>	<b>9,654.4</b>	<b>9,558.3</b>
<b>Total assets</b>	<b>60,974.3</b>	<b>63,710.9</b>
<b>SHAREHOLDERS' EQUITY</b>		
Common stock	439.4	439.4
Common stock integral adjustment	12,150.8	12,150.8
Property, plant and equipment revaluation allowance	17,029.5	19,855.8
Statutory Reserve	2,518.0	178.7
Optional reserve	1,169.9	-
Voluntary reserve for future dividends	836.6	-
Other reserves	2.7	-1.9
Retained earnings	4,889.5	7,415.2
<b>Total shareholders' equity</b>	<b>39,036.4</b>	<b>40,037.9</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Deferred income tax liability	8,480.7	8,820.9
Loans	3,159.9	5,695.9
Lease debts	13.199	-
Other debts	45.2	45.0
Trade accounts payable	276.8	333.8
<b>Total non-current liabilities</b>	<b>11,975.8</b>	<b>14,895.6</b>
<b>Current liabilities</b>		
Contingencies	154.2	228.6
Loans	6,595.1	5,842.9
Lease debts	5.9	-
Salaries and social security contributions	251.8	315.0
Income tax	1,566.0	1,215.6
Taxes payable	227.0	202.0
Other debts	119.7	97.0
Trade accounts payable	1,042.4	876.4
<b>Total current liabilities</b>	<b>9,962.1</b>	<b>8,777.4</b>
<b>Total liabilities</b>	<b>21,937.9</b>	<b>23,673.0</b>
<b>Total liabilities and shareholders' equity</b>	<b>60,974.3</b>	<b>63,710.9</b>



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

	09.30.2019	09.30.2018
Profit for the period	2,737.6	1,761.2
<b>Adjustments to cash generated by (used in) operating activities:</b>		
Property, plant and equipment depreciation	4,217.3	3,328.7
Residual value of property, plant and equipment written-off	19.6	6.0
Income tax	1,622.3	785.7
Income tax payment	-182.21	-
Accrued interest generated by liabilities	597.3	574.7
Accrued interest generated by assets	-146.0	-108.8
Increase in allowances and provisions (net of recoveries)	326.2	3,230.3
Income from derivative financial instruments	-749.0	-
Exchange rate differences and other net financial income	-719.1	1,905.3
Loss from investments in affiliated companies	-15.5	-4.3
<b>Net changes in operating assets and liabilities</b>		
Decrease (increase) in trade accounts receivable	486.2	-3,270.3
(Increase) decrease in other accounts receivable	-22.5	135.5
Increase in materials and spare parts	-81.0	-29.7
Decrease (increase) in trade accounts payable	-85.7	411.1
Decrease in salaries and social security contributions	-63.2	-48.7
Decrease in taxes payable	-1,098.8	-30.8
Increase in derivative financial instruments	201.245	-
Increase (decrease) in other debts	22.9	-113.2
(Decrease) increase in contingencies	-74.4	49.0
<b>Net cash flow generated by operating activities</b>	<b>6,993.3</b>	<b>8,581.7</b>
Acquisition of property, plant and equipment	-2,095.0	-2,047.0
Subscriptions net of recovery of investments at amortized cost and investments at fair value (non-cash equivalents)	411.5	-823.4
Principal received from investments at amortized cost and investments at fair value	6.3	9.6
Interest received from investments at amortized cost and investments at fair value	8.7	14.8
<b>Net cash flow used in investing activities</b>	<b>-1,668.5</b>	<b>-2,846.0</b>
Principal and interest paid on loans	-3,248.4	-205.0
Payment of dividends in cash	-2,832.7	-682.1
Lease payment	-5.4	-
<b>Net cash flow used in financing activities</b>	<b>-6,086.5</b>	<b>-887.2</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>-761.6</b>	<b>4,848.5</b>
Cash and cash equivalents at the beginning of fiscal year	3,224.9	966.7
Financial income generated by cash	-124.1	520.8
<b>Cash and cash equivalents at the end of the period</b>	<b>2,339.2</b>	<b>6,336.0</b>

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

[www.tgn.com.ar](http://www.tgn.com.ar)

[www.cnv.gov.ar](http://www.cnv.gov.ar)