TRANSPORTADORA DE GAS DEL NORTE S.A.

City of Buenos Aires, March 7, 2019

Transportadora de Gas del Norte S.A. (hereinafter the "Company" or "TGN") is pleased to announce results for the twelve month period ended December 31, 2018

Stock information:

Market capitalization as of December 28, 2018: ***AR$ 24,846.6 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 twelve-month period ended December 31, 2018:

- Income for the period amounted to AR$ 3,721.9 million (AR$ 8.4710 per share) compared to AR$ 2,160.1 million (AR$ 4.9165 per share) during the same period in previous year, principally due to higher revenues from operating activities, which were partially offset by higher losses associated with the peso depreciation.

- Revenues for the period reached AR$ 11,862.1 million, equivalent to an increase of 89.5% in comparison with the same period in previous year where revenues amounted to AR$ 6,260.9 million. The Company continued applying the tariff framework established by Resolution 4363/2017 issued by the National Gas Regulatory Entity ("ENARGAS") and ratified by the rate tables approved by said regulatory entity.

- EBITDA[1] for the period reached AR$ 7,738.7 million, representing an increase of 168.4% compared to the same period in 2017 where EBITDA amounted to AR$ 2,882.8 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- Updates on accounting issues:

As of December 31, 2018 our financial statements were adjusted by inflation as International Accounting Standard N° 29 on “Financial Reporting in Hyperinflationary Economies” (“IAS 29”) requires that 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 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.

In turn, Law No. 27,468 (published in Official Gazette on December 4, 2018), amended article 10 of Law 23,928 as amended, by repealing all statutory or regulatory pieces of legislation that established or authorized price adjustment based on price increases, currency restatement, cost variation or other forms of boosting debts, taxes, prices or rates for goods, works or services. This does not apply to financial statements in respect of which the provisions of article 62 in fine of the General Company Law No 19,550 (as restated in 1984) as amended will continue to apply. Said legislation also repealed Decree No. 1269/2002 dated July 16, 2002 as amended, and delegated to PEN, through its supervisory entities, the power to establish the date as from which said provisions will apply to financial statements filed with it. Therefore, CNV instructed, through General Resolution 777/2018 (published in Official Gazette on December 28, 2018), that issuing entities subject to its supervision shall restate their annual, interim or special financial statements closed after December 31, 2018 in constant currency as per IAS 29.

2- Revenues for the twelve month period ended December 31, 2018:

Revenues for the period were increased by AR$ 5,909.0 million (AR$ 5,601.0 million adjusted by inflation) with respect to the same period in previous year as a result of the following:

- AR$ 5,019.8 million in gas transportation services due to the tariff increase obtained by the Company as part of the Integral Tariff Review (ITR) process. These increases were due to the end of the rate restructuring subsequent to rate freezing and to semiannual adjustments under the regulation;
- AR$ 850.2 million on account of interruptible and other transportation services; and

- AR$ 39.0 million on account of gas pipeline operation and maintenance and other services.

During the twelve-month period of 2018 the Company saw its revenues partially increased compared to the same period in 2017, as a result of the IRT.

As of December 31, 2018, 96.8% of the Company's revenues came from the gas transportation services (regulated business), being the remaining 3.2% being represented by gas pipeline operation and maintenance and other services (non-regulated business). As of December 31, 2017, revenues from the regulated business accounted for 92.9% while those from the non-regulated business accounted for the remaining 7.1%.

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.

It is important to highlight 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 INDEC, the Construction Cost Index (February-August 2018), and the Labor Cost Index (December 2017-June 2018), which resulted in an increase (19.7%) lower than would have otherwise resulted by applying the IPIM (30.5%).

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.

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3- Costs and expenses for the twelve month period ended December 31, 2018:

During the twelve month period of 2018, the cost of service amounted to AR$ 6,008.6 million, which meant an increase of 57.9% in comparison with the same period in previous year. A 91.9% of the aforementioned increase is due to higher depreciation charge mainly as a result of the PP&E revaluation implemented in December 2017.

Administrative and selling expenses for the period amounted to AR$ 1,501.1 million, showing a 70.4% increase with respect to previous year, being 49.5% of the increase explained by higher taxes, rates and contributions as a result of higher revenues and 24.3% due to an increase in personnel costs.

4- Financial situation:

During 2018, the Company has paid interest of its financial debt in timely manner for a total amount of US$ 11.3 million.

At the end of 2018, Company´s gross debt amounted US$ 222.3 million (accrued interests included) associated with the syndicated loan it borrowed from three banks, due in October 2020, being its debt profile as follows:

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

The applicable interest rate to the financial debt as of the end of 2018 is Libor plus 3.50%, being the net debt US$ 85.0 million.

During 2018, TGN paid its shareholders a dividend for a total amount of AR$ 367.7 million.

Regarding FY 2018, resulted in a profit of AR$ 3,721.9 million and retained earnings as of December 31, 2018 as shown in the Statement of Changes of Shareholders' Equity amounted to a profit of AR$ 5,383.2 million that reflect the currency devaluation adjustment carried out during the fiscal year.

Consequently, the Board of Directors proposes the Shareholders that the above mentioned retained earnings be allocated as follows: (i) AR$ 1.4 million against the negative balance under "Other Reserves"; (ii) AR$ 1,699.0 million to restore the Statutory Reserve as required under Section 70 of the General Company Law; (iii) payment of a cash dividend for the amount of AR$ 2,132.4 million; and (iv) the balance of AR$ 1,552.5 million toward retained earnings.

5- Operating data:

Volumes dispatched during the twelve month period of 2018 increased by 6.9% compared to the same period in 2017. This was basically due to higher availability of gas in Neuquén as a consequence of the increase in unconventional gas production net of less importation from Bolivia.

The volume of gas received by TGN reached 19,904 MMm3, that is to say, an average of 54.53 MMm3/d, distributed as follows: 24.82 MMm3/d, Central West pipeline, 20.56 MMm3/d, Northern pipeline, and 9.15 MMm3/d, in the Province of Buenos Aires through a LNG regasification terminal located in the district of Escobar (Province of Buenos Aires), plus those volumes received from TGS.

Maximum gas injection values at intake were 30.17 MMm3/d in Central West pipeline and 25.12 MMm3/d in Northern pipeline.

A 108 MMm3 gas volume was exported to Chile through the Central West and Gas Andes pipelines, at a rate of 1.5 MMm3/d between November and December.

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

Per source in million m³	***As of 12.31***	
	2018	***2017***
Northern Pipeline	*9.649*	*9.766*
Central West Pipeline	*14.295*	*12.627*
Total	***23.944***	***22.393***

Dispatched volumes in million m³	***As of 12.31***	
	2018	***2017***
Firm	*14.743*	*15.109*
Interruptible & exchange and displacement	*9.201*	*7.284*
Total	***23.944***	***22.393***

Per destination in million m^3	***As of 12.31***	
	2018	***2017***
Domestic market	*23.816*	*22.379*
Export market	*128*	*14*
Total	***23.944***	***22.393***

ANNEXES:

1- Statement of Income (in millions AR$)

	Twelve month period ended	
	12.31.2018	**12.31.2017**
Revenues	11.862,1	6.260,9
Cost of service	-6.008,6	-3.805,6
Gross profit	**5.853,4**	**2.455,3**
Selling expenses	-525,6	-232,0
Administrative expenses	-975,5	-648,7
Other net income and expenses	-108,7	-16,5
Income before financial income	**4.243,6**	**1.558,1**
Other net financial income	-2.018,2	-525,3
Financial income	154,9	549,9
Financial expenses	-414,1	-647,0
Gain on monetary position	589,3	719,1
Income from investments in affiliated companies	9,1	4,3
Income before income tax	**2.564,5**	**1.659,1**
Income tax	1.157,4	501,0
Income for the fiscal year	**3.721,9**	**2.160,1**
Other comprehensive income for fiscal year	1.854,3	12.570,6
Comprehensive income for the year	**5.576,2**	**14.730,7**

2- Balance Sheet (in millions AR$)

	12.31.2018	12.31.2017
ASSETS		
Non-current assets		
Property, plant and equipment, net	35.558,8	32.224,7
Investments in affiliated companies, net	28,0	14,6
Materials and spare parts, net	497,0	312,6
Other accounts receivable	10,0	219,0
Trade accounts receivable, net	3.214,7	2.118,0
Investments at amortized cost	19,4	51,8
Total non-current assets	**39.328,0**	**34.940,8**
Current assets		
Materials and spare parts	55,8	117,1
Other accounts receivable, net	303,4	151,5
Trade accounts receivable, net	1.426,6	1.322,9
Investments at amortized cost	2.450,5	12,8
Investments at fair value	363,4	174,2
Cash and cash equivalents	2.342,0	702,0
Total current assets	**6.941,6**	**2.480,5**
Total assets	**46.269,6**	**37.421,3**
SHAREHOLDERS´ EQUITY		
Common stock	439,4	439,4
Common stock integral adjustment	8.704,2	8.704,2
Property, plant and equipment revaluation allowance	14.420,1	12.570,2
Statutory reserve	129,7	0,0
Other reserves	-1,4	-5,7
Retained earnings	5.385,2	804,1
Total shareholders´ equity	**29.077,3**	**22.512,1**
LIABILITIES		
Non-current liabilities		
Contingencies	-	37,7
Deferred income tax liability	6.406,1	7.481,8
Loans	4.136,6	5.975,8
Other debts	32,7	31,1
Trade accounts payable	242,4	228,7
Total non-current liabilities	**10.817,8**	**13.755,1**
Current liabilities		
Contingencies	166,0	112,7
Loans	4.243,3	46,1
Salaries and social security contributions	228,7	206,4
Income tax	882,8	0,0
Taxes payable	146,7	103,2
Other debts	70,4	155,2
Trade accounts payable	636,5	530,4
Total current liabilities	**6.374,5**	**1.154,0**
Total liabilities	**17.192,4**	**14.909,2**
Total liabilities and shareholders´ equity	**46.269,6**	**37.421,3**

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

	12.31.2018	12.31.2017
Profit for fiscal year	3.721,9	2.160,1
Adjustments to cash generated by (used in) operating activities:		
Property, plant and equipment depreciation	3.386,3	1.308,2
Residual value of property, plant and equipment written-off	4,8	2,2
Income tax	-1.157,4	-501,0
Accrued interest generated by liabilities	605,8	619,1
Accrued interest generated by assets	-115,5	-444,9
Increase in allowances and provisions (net of recoveries)	1.724,9	504,4
Exchange rate differences and other net financial income	238,5	-851,0
Loss from investments in affiliated companies	-9,1	-4,3
Net changes in operating assets and liabilities		
Increase in trade accounts receivable	-894,0	-412,0
Decrease (Increase) in other accounts receivable	102,9	-68,6
Increase in materials and spare parts	-225,7	-90,0
Decrease in trade accounts payable	-55,8	-643,3
Increase (decrease) in salaries and social security contributions	22,3	-12,1
Decrease in taxes payable	-140,2	-24,4
(Decrease) increase in other debts	-83,2	33,9
Decrease in contingencies	0,0	-127,7
Net cash flow generated by operating activities	**7.126,8**	**1.448,7**
Acquisition of property, plant and equipment	-2.242,8	-1.251,8
Subscriptions net of recovery of investments at amortized cost and investments at fair value (non-cash equivalents)	-2.523,9	9,0
Principal received from investments at amortized cost and investments at fair value	10,2	13,7
Interest received from investments at amortized cost and investments at fair value	18,0	19,0
Net cash flow used in investing activities	**-4.738,6**	**-1.210,1**
Syndicated loan, net of expenses	-	5.820,7
Payment of principal on notes	-	-5.544,9
Interest payment	-401,0	-437,1
Dividend payment in cash	-495,4	-
Net cash flow used in financing activities	**-896,4**	**-161,3**
Net increase in cash and cash equivalents	1.491,8	77,4
Cash and cash equivalents at the beginning of fiscal year	702,0	462,2
Financial income generated by cash	148,2	162,5
Cash and cash equivalents at the end of fiscal year	**2.342,0**	**702,0**

This earnings release should be read in connection with the financial statements for the interim period ended December 31, 2018 that are available at:

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