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## TGS Announces Results for the First Quarter ended on March 31, 2020<sup>(1)</sup>

Transportadora de Gas del Sur ("TGS" or "the Company") is the leader in Argentina in the transportation of natural gas, transporting approximately 59% of the gas consumed in the country, through more than 5,700 miles of gas pipelines, with a firm-contracted capacity of 2.9 Bcf/d. It is one of the main natural gas processors. In addition, TGS' infrastructure investments in Vaca Muerta basin will allow the Company to grow significantly in the provision of services to natural gas producers, positioning TGS as one of the main Midstreamers in Vaca Muerta.

TGS shares are traded on NYSE (New York Stock Exchange) and BYMA (Bolsas y Mercados Argentinos S.A.).

The controlling company of TGS is Compañía de Inversiones de Energía S.A. ("CIESA"), which owns 51% of the total share capital. CIESA's shareholders are: (i) Pampa Energía S.A. with 50%, (ii) Grupo Investor Petroquímica S.L. (member of the GIP group, led by the Sielecki family), WST S.A. (member of the Wertheim Group) and PCT L.L.C. with the remaining 50%.

For further information, see our website [www.tgs.com.ar](http://www.tgs.com.ar)

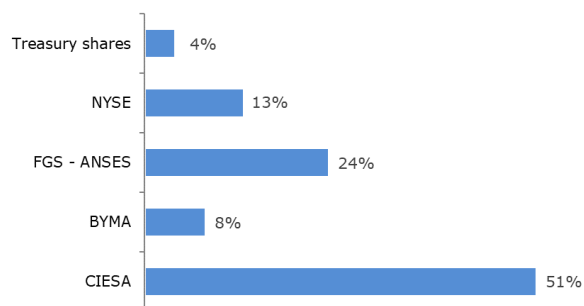
### Stock Information

**BYMA Symbol:** TGSU2

**NYSE Symbol:** TGS (1 ADS = 5 ordinary shares)

### Shareholding structure as of March 31, 2020

TGS holds 794,495,283 issued shares and 765,719,743 outstanding shares.



### Buenos Aires, Argentina, May 8, 2020

During the three-month period ended March 31, 2020 (1Q2020), total income amounted to Ps. 3,401 million, or Ps. 4.39 per share (Ps. 21.94 per ADS), compared to Ps. 3,546 million, or Ps. 4.50 per share (Ps. 22.48 per ADS) for the same period in 2019 (1Q2019).

	1Q2020	1Q2019
Revenues*	12,121	13,675
Operating profit before depreciation*	6,219	6,713
Operating profit*	5,061	5,789
Total comprehensive income*	3,401	3,546
Earnings per share in Ps.	4.39	4.50
Earnings per ADS in Ps.	21.94	22.48

\*in million of Argentine pesos

Operating profit amounted to Ps. 5,061 million in 1Q2020, Ps. 728 million lower than in 1Q2019. This variation was mainly due to:

- Lower revenues of Ps. 1,554 million, mainly related to lower revenues at the Natural Gas Liquids ("Liquids") Production and Commercialization and the Natural Gas Transportation business segments amounting to Ps. 1,324 million and Ps. 516 million, respectively.
- Operating costs and Administrative and selling expenses decreased by Ps. 955 million, compared to 1Q2019.
- Depreciation increased by Ps. 235 million.

Financial results showed a positive variation of Ps. 596 million.

<sup>(1)</sup> The financial information presented in this press release is based on consolidated financial statements presented in constant Argentine pesos as of March 31, 2020 (Ps.) which is based on the application of the International Financial Reporting Standards (IFRS).

## Quarterly Highlights during 1Q2020

- During 1Q2020, we continued incurring in capital expenditures of Ps. 2,742 million that allow us to continue operating our natural gas pipeline system and to finalize investments in the Vaca Muerta area.
- Within the framework of the share buyback program approved during 1Q2020, we bought Ps. 1,373 million of our own shares (3,777,757 ADRs equivalent to 18,888,785 shares).
- On March 25, 2020, the production of natural gas liquids at the Cerri Complex reached a new daily production record of 4,217 short tons.
- As a consequence of the extraordinary situation in which we are running our business, that is impacted by the COVID-19 pandemic, we have made necessary adjustments to guarantee the continuity of our operations. For further information, see "COVID-19 and the measures adopted" below.

## COVID-19 and the measures adopted

The COVID-19 outbreak caused a global collapse in the demand for products and services as well as volatility in the oil market, and generated a climate of unprecedented uncertainty that triggered a collapse of commodity prices and asset markets.

As of the issuance date of this press release, our financial situation and operational results have been mainly affected by greater delays in the collection of receivables from our main natural gas transportation clients and the decrease in our Liquids revenues due to the abrupt decline in international reference prices starting March 2020. Our natural gas transportation activity is considered an essential public service, and thus, is being provided as in normal circumstances.

It is estimated that global economy and Argentina will face a severe recession scenario, affecting our operations and financial results. As a result, and in order to mitigate this impact and guarantee the continuity of our operations and health of our employees:

- We have adopted all the measures dictated by the government to guarantee the health of our employees and the communities where we carry out our activities.
- We have reduced capital expenditures and operating and administration expenses, without affecting the security tasks that allow us to operate the natural gas pipeline system in accordance with current regulations.
- We have implemented all those public health measures enforced by authorities to make the operation in the Cerri Complex viable.
- We have suspended the execution of those works that do not affect the integrity of the natural gas pipeline system.
- We have implemented a daily cash flow evolution control to make decisions depending on how it evolves.

Considering our current financial position and the measures taken, we believe that we will have sufficient liquidity to meet our current working capital needs and pay our short-term financial debt without tapping any external sources to finance it.

Despite the aforementioned measures taken by us, the scale and duration of these developments remain uncertain but could impact our operation results, cash flow and financial condition, which will depend on the severity of the health emergency and the success of governmental measures taken and those that may be taken in the future.

## Analysis of the results

### 1Q2020 vs. 1Q2019

TGS posted total revenues of Ps. 12,121 million in 1Q2020, a Ps. 1,554 million decrease compared to Ps. 13,675 million recorded in 1Q2019.

Revenues from the **Natural Gas Transportation** segment are mainly derived from firm contracts, under which pipeline capacity is reserved and paid, regardless of actual usage by the shipper. The Natural Gas Transportation business segment represented approximately 44% and 43% of TGS' total revenues during 1Q2020 and 1Q2019, respectively.

Revenues from the Natural Gas Transportation segment in 1Q2020 decreased by Ps. 516 million, compared to 1Q2019. This negative variation was mainly due to the negative effect of the inflation restatement following the provisions of IAS 29 - "Financial Information in Hyperinflationary Economies" ("IAS 29") totaling 1,958 million which was not offset by the nominal tariff increase of 26% granted by Resolution No. 192/2019 from April 1, 2019 (under the Integral Tariff Renegotiation process) amounting to Ps. 969 million, and the higher volumes transported under the interruptible and exchange and displacement contracts for Ps. 449 million.

	1Q2020	1Q2019
Average firm contracted capacity (in millions of cf/d)	2,910	2,910
Average deliveries (in millions of cf/d)	2,191	2,184
% firm contracted net revenues	76%	83%

**Liquids Production and Commercialization** revenues accounted for approximately 48% and 53% of the total revenues in 1Q2020 and 1Q2019, respectively. During 1Q2020, production reached 330,067 short tons, which was 24,998 short tons higher than the production of 1Q2019.

Liquids revenues decreased by Ps. 1,324 million, to Ps. 5,857 million in 1Q2020. This variation was mainly due to: (i) the impact of the restatement according to IAS 29 of Ps. 2,358 million, (ii) the nominal variation in international reference prices that led to a decrease in revenues of Ps. 1,150 million, and (iii) the decrease in the volumes of ethane sold by Ps. 457 million. These effects were partially offset by the increase in the nominal variation of the exchange rate on revenues denominated in US dollars that amounted to Ps. 2,403 million.

Total volumes dispatched decreased by 6%, or 19,354 short tons in 1Q2020, compared to 1Q2019, which were mainly related to lower exported short tons of propane and butane. This effect was partially offset by the higher volumes of butane sold in the local market and natural gasoline exported.

The breakdown of volumes dispatched by market and product and revenues by market is included below:

	1Q2020	1Q2019	Variation
	(in short tones)		
<b>Local Market</b>			
Ethane	106,825	108,187	(1,362)
Propane	49,126	45,848	3,278
Butane	43,044	30,932	12,112
<b>Subtotal</b>	<b>198,995</b>	<b>184,967</b>	<b>14,028</b>
<b>Foreign Market</b>			
Propane	47,582	67,868	(20,286)
Butane	17,233	39,192	(21,959)
Natural gasoline	36,592	27,724	8,868
<b>Subtotal</b>	<b>101,407</b>	<b>134,784</b>	<b>(33,377)</b>
<b>Total</b>	<b>300,402</b>	<b>319,751</b>	<b>(19,349)</b>

(in millions of pesos)	1Q2020	1Q2019
Foreign market	2,050	3,019
Local market	3,807	4,162
<b>Subtotal</b>	<b>5,857</b>	<b>7,181</b>

**Other Services** business segment includes midstream and telecommunication activities. As a percentage of the Company's total revenues, this segment accounted for approximately 8% and 4% of the revenues in 1Q2020 and 1Q2019, respectively.

Other Services revenues increased by Ps. 286 million in 1Q2020 compared to 1Q2019. This increase was mainly due to higher services of natural gas transportation and conditioning rendered in Vaca Muerta totaling Ps. 261 million and the nominal effect of the exchange rate on revenues denominated in US dollars of Ps. 233 million. These effects were partially offset by the restatement following IAS 29 of Ps. 189 million.

**Operating costs and administrative and selling expenses**, excluding depreciation, decreased by approximately Ps. 954 million in the 1Q2020 compared to 1Q2019. This variation is mainly explained by: (i) the decrease in natural gas costs of Ps. 1,061 million, given by the restatement effect following the provisions of IAS 29 and lower volumes processed (these effects were partially offset by an increase in the price of the natural gas purchased as RTP measured in Argentine pesos, while the price in US dollars decreased), and (ii) the lower tax fees and contributions amounting to Ps. 148 million. These effects were partially offset by the increase in doubtful accounts for Ps. 156 million and repair and maintenance costs of fixed assets for Ps. 98 million.

Concept	1Q2020		1Q2019		Variation	
	MM of \$	% / Total	MM of \$	% / Total	MM of \$	% / Total
Natural Gas Purchase (RTP)	2,706	45%	3,767	54%	(1,061)	(28%)
Labor costs	929	16%	896	13%	33	4%
Taxes, fees and contributions	777	13%	925	13%	(148)	(16%)
Repair and maintenance	540	9%	442	6%	98	22%
Other fees and third party services	635	11%	702	10%	(67)	(10%)
Doubtful accounts	156	3%	-	0%	156	n/a
Other charges	218	3%	183	4%	35	19%
<b>Total</b>	<b>5,961</b>		<b>6,915</b>		<b>(954)</b>	

**Financial results** are presented in gross terms considering the effects of change in the currency purchasing power ("Gain on monetary position") in a single separate line. In 1Q2020, financial results recorded a positive variation of Ps. 596 million compared to 1Q2019. This variation was mainly due to: (i) the impact of the monetary position of Ps. 753 million as a result of the increase in the net monetary liability position, (ii) the gain obtained by the derivative financial instruments of Ps. 605 million and (iii) the results for the acquisition of our debt notes of Ps. 315 million. These effects were partially offset by: (i) higher net foreign exchange loss by Ps. 430 million, (ii) lower capitalization of financial costs of Ps. 342 million and (iii) lower interest income generated by assets of Ps. 337 million, due mainly to the decrease of Argentine peso investment yields.

## Financial Position Analysis

### Net Debt

As of March 31, 2020, our net debt amounted to Ps. 23,958 million compared to Ps. 24,443 million as of December 31, 2019. Our total net financial debt is totally denominated in US dollars for both periods (which is shown in pesos in the table below).

The table included below shows a reconciliation of our net debt:

	03/31/2020	12/31/2019
	(in million of Argentine pesos)	
Current loans	(1,324)	(1,848)
Non Current Loans	(33,099)	(34,198)
Cash and cash equivalents	3,712	10,482
Other financial assets at amortized cost	6,748	1,121
<b>Net Debt*</b>	<b>(23,963)</b>	<b>(24,443)</b>

\* Net debt is a non-IFRS financial measure. We define Net Debt as short and long-term financial debts less: (i) cash and cash equivalents and (ii) Other current financial assets at amortized cost. We believe that this measure provides complementary information to investors and management for decision making that allows to assess our level of indebtedness. Net debt should not be interpreted as an alternative to other financial measures calculated in accordance with IFRS as this presented may not be comparable with similar denomination measures reported by other entities.

### Liquidity and capital resources

The net variation in cash and cash equivalents for 1Q2020, and 1Q2019 was as follows:

Concept	1Q2020	1Q2019
	(In million of Argentine pesos)	
Cash flows provided by operating activities	5,196	5,005
Cash flows used in investing activities	(8,325)	(4,880)
Cash flows used in financing activities	(3,229)	(20)
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(6,358)</b>	<b>105</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>10,482</b>	<b>27,484</b>
Monetary result effect on cash and cash equivalents	(473)	(2,757)
Foreign exchange gain on cash and cash equivalents	61	2,977
<b>Cash and cash equivalents at the end of the period</b>	<b>3,712</b>	<b>27,809</b>

Below is a reconciliation of the free cash flows for the 1Q2020 and 1Q2019:

	1Q2020	1Q2019
	(in million of Argentine pesos)	
Cash flows provided by operations	5,196	5,005
PPE acquisition payments	(2,742)	(4,884)
<b>Free Cash Flows<sup>(1)</sup></b>	<b>2,454</b>	<b>121</b>

<sup>(1)</sup> Free cash flows is a non-IFRS financial measure, we define the free cash flows as the cash flows generated by operating activities less the payments made for the acquisition of PPE. Our management considers it as useful for investors and management as a measure of our ability to generate cash that will be used to pay the scheduled debt maturities and that can be used to invest in future growth through new business activities, business development, dividend payment, buy back treasury shares or other financing and investment activities. The free cash flows should not be interpreted as an alternative to other financial measures determined in accordance with IFRS as the one presented here may not be comparable with similar denomination measurements reported by other entities.

## **1Q2020 vs. 1Q2019**

During 1Q2020, net decrease in cash and cash equivalents and free cash flow amounted to Ps. 6,358 million and Ps. 2,454 million, respectively.

During 1Q2020, **cash flow generated by the operating activities** amounted to Ps. 5,196 million, Ps. 191 million above 1Q2019. This was mainly due to lower income tax payments and the revenues received by derivative financial instruments contracted in order to cover the decline in the prices of Liquids sold.

**Cash flow provided by investing activities** amounted to Ps. 8,325 million in 1Q2020, Ps. 3,445 million higher than 1Q2019 mainly because of the payment for the acquisition of financial assets not considered cash equivalents. This effect was partially offset by lower payments in capital expenditures investment after concluded the works construction related to the development of the midstream business at Vaca Muerta.

Finally, **cash flow used for financing activities** amounted to Ps. 3,229 million. The increase compared to 1Q2019 was mainly due to the cash flows used for the acquisition of treasury shares at Ps. 1,373 million. Additionally, during 1Q2020 we cancelled financial debts and acquired our debt notes amounting to Ps. 1,856 million.

## **First Quarter 2020 earnings conference call**

TGS invites you to participate in the conference call to discuss this 1Q2020 announcement on **Monday May 11, 2020 at 10:00 a.m. Eastern Time / 11:00 a.m. Buenos Aires time**. To listen to the call from USA dial: +1-877-407-9210, and for international calls dial: +1-201-689-8049. To view the webcast, go to [www.tgs.com.ar](http://www.tgs.com.ar).

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This press release includes forward-looking statements within the meaning of Section 27 A of the Securities Act of 1933, as amended. Forward-looking statements are based on management's current views and assumptions and involve known and unknown risks. Although the Company has made reasonable efforts to ensure that the information and assumptions on which these statements and projections are based are current, reasonable and complete, a variety of factors could cause actual results to differ materially from the projections, anticipated results or other expectations contained in this release. Neither the Company nor its management can guarantee that anticipated future results will be achieved. Investors should refer to the Company's filings with the U.S. Securities and Exchange Commission for a description of important factors that may affect actual results.

### Financial Information for the 1Q2020 and 1Q2019

(In millions of Argentine pesos, except for per share and per ADS information in pesos or where otherwise indicated)

	First Quarters	
	1Q2020	1Q2019
Natural Gas Transportation	5,392	5,908
Liquids Production and Commercialization	5,857	7,181
Other Services	872	586
<b>Revenues</b>	<b>12,121</b>	<b>13,675</b>
Operating costs	(4,789)	(5,724)
Administrative and Selling Expenses	(1,172)	(1,191)
Other Operating Results	59	(47)
<b>Operating profit before depreciation</b>	<b>6,219</b>	<b>6,713</b>
Depreciation	(1,158)	(924)
<b>Operating profit</b>	<b>5,061</b>	<b>5,789</b>
Net Financial Results	(255)	(851)
Share of gain / (loss) from associates	5	(7)
<b>Total comprehensive income before Income Tax</b>	<b>4,811</b>	<b>4,931</b>
Income Tax expense	(1,410)	(1,385)
<b>Total comprehensive income</b>	<b>3,401</b>	<b>3,546</b>
<b>Earnings per share</b>	<b>4.39</b>	<b>4.50</b>
<b>Earnings per ADS</b>	<b>21.94</b>	<b>22.48</b>

### Financial Results for the 1Q2020 and 1Q2019

(In millions of Argentine Pesos)

	1Q2020	1Q2019
<b>Financial income</b>		
Interest	88	224
Foreign exchange gain	815	3,427
<b>Subtotal</b>	<b>903</b>	<b>3,651</b>
<b>Financial expenses</b>		
Interest	(615)	(625)
Foreign exchange gain	(2,626)	(4,808)
less Capitalized financial costs	-	342
<b>Subtotal</b>	<b>(3,241)</b>	<b>(5,091)</b>
<b>Other financial results</b>		
Derivative financial instruments results	420	(185)
Acquisition of Notes results	315	-
Results on assets at fair value through profit or loss	138	340
Others	(80)	(103)
<b>Subtotal</b>	<b>793</b>	<b>52</b>
<b>Gain on monetary position</b>	<b>1,290</b>	<b>537</b>
<b>Total</b>	<b>(255)</b>	<b>(851)</b>

### Business Segment information

	Natural Gas Transportation	Liquids	Other Services	Telecommunications	Total
(in millions of Argentine Pesos)					
<b>1Q2020</b>					
Revenues	5,392	5,857	754	118	12,121
Operating profit before depreciation	3,733	2,016	451	19	6,219
Depreciation	(849)	(73)	(236)	-	(1,158)
Operating profit	2,884	1,943	215	19	5,061
<b>1Q2019</b>					
Revenues	5,908	7,181	511	75	13,675
Operating profit before depreciation	3,990	2,415	276	32	6,713
Depreciation	(773)	(57)	(94)	-	(924)
Operating profit	3,217	2,358	182	32	5,789

	Natural Gas Transportation	Liquids	Other Services	Telecommunications	Total
(in millions of Argentine pesos without inflation adjustment - non audited)					
<b>1Q2020</b>					
Revenues	5,240	5,720	740	114	11,814
Operating profit before depreciation	3,553	2,178	444	25	6,200
Depreciation	(156)	(22)	(117)	-	(295)
Operating profit	3,397	2,156	327	25	5,905
<b>1Q2019</b>					
Revenues	3,798	4,639	331	49	8,817
Operating profit before depreciation	2,636	1,554	179	21	4,390
Depreciation	(91)	(13)	(24)	-	(128)
Operating profit	2,545	1,541	155	21	4,262

**Consolidated Statement of Financial Position  
as of March 31, 2020 and December 31, 2019**

(In millions of Argentine pesos)

	03/31/2020	12/31/2019
<b>Assets</b>		
<b>Non Current assets</b>		
Property, plant and equipment	81,163	80,023
Other financial assets at amortized cost	5	6
Investments in associates	89	84
Deferred income tax assets	15	17
Other receivables	10	10
<b>Total non current assets</b>	<b>81,282</b>	<b>80,140</b>
<b>Current assets</b>		
Other receivables	1,940	3,111
Inventories	647	330
Trade receivables	7,383	6,949
Contract assets	105	190
Derivative financial instruments	583	294
Other financial assets at amortized cost	6,748	1,121
Cash and cash equivalents	3,712	10,482
<b>Total current assets</b>	<b>21,118</b>	<b>22,477</b>
<b>Total assets</b>	<b>102,400</b>	<b>102,617</b>
<b>Equity</b>		
Common stock	29,706	30,430
Treasury shares	1,116	393
Cost of treasury shares	(2,157)	(784)
'Issuance premium of treasury shares	(850)	(850)
Legal reserve	2,063	2,063
Accumulated retained earnings	18,017	14,615
Reserve for capital expenditures, acquisition of treasury shares and / or dividends	5,744	5,744
<b>Total equity</b>	<b>53,639</b>	<b>51,611</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Deferred income tax liabilities	5,130	5,129
Contract liabilities	3,383	3,142
Loans	33,099	34,198
<b>Total non-current liabilities</b>	<b>41,612</b>	<b>42,469</b>
<b>Current liabilities</b>		
Provisions	644	632
Contract liabilities	253	236
Other payables	286	309
Taxes payables	293	379
Income tax payable	735	20
Payroll and social security taxes payables	530	696
Loans	1,324	1,848
Trade payables	3,084	4,417
<b>Total current liabilities</b>	<b>7,149</b>	<b>8,537</b>
<b>Total liabilities</b>	<b>48,761</b>	<b>51,006</b>
<b>Total equity and liabilities</b>	<b>102,400</b>	<b>102,617</b>

## Consolidated Statement of Cash Flows for the 1Q2020 and 1Q2019

(In millions of Argentine pesos)

	1Q2020	1Q2019
<b>Cash flows provided by operating activities</b>		
Total comprehensive income for the year	3,401	3,546
<b>Reconciliation of net income to cash flows provided by operating activities:</b>		
Depreciation of property, plant and equipment	1,158	924
Derivate financial instruments results	(420)	185
Disposal of property, plant and equipment	2	8
Increase in allowances and provisions	55	70
Share of loss from associates	(5)	7
Interest expense accrual	637	608
Interest income on other financial assets other than cash and cash equivalents	(30)	(2)
Income tax	1,410	1,385
Doubtful accounts	156	-
Foreign exchange loss	2,087	984
Acquisition of Notes	(315)	-
Gain on monetary position	(1,494)	(510)
<b>Changes in assets and liabilities:</b>		
Trade receivables	(1,014)	(1,016)
Other receivables	(10)	(874)
Inventories	(339)	178
Trade payables	16	(172)
Payroll and social security taxes payable	(118)	(3)
Taxes payable	(35)	(26)
Contract assets	73	-
Other payables	(2)	138
Interest paid	-	(17)
Derivative financial instruments payment	-	-
Income tax paid	(408)	(931)
Contract liabilities	259	523
Derivative financial instruments results	132	-
<b>Cash flows provided by operating activities</b>	<b>5,196</b>	<b>5,005</b>
<b>Cash flows used in investing activities</b>		
Additions to property, plant and equipment	(2,742)	(4,884)
Financial assets not considered cash equivalents	(5,583)	4
<b>Cash flows used in investing activities</b>	<b>(8,325)</b>	<b>(4,880)</b>
<b>Cash flows (used in) / provided by financing activities</b>		
Payment of loans	(1,068)	(20)
Cost of acquisition of treasury shares	(1,373)	-
Cost of acquisition of Notes	(788)	-
<b>Cash flows (used in) / provided by financing activities</b>	<b>(3,229)</b>	<b>(20)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(6,358)</b>	<b>105</b>
Cash and cash equivalents at the beginning of the year	10,482	27,484
Foreign exchange gain on cash and cash equivalents	61	2,977
Monetary result effect on cash and cash equivalents	(473)	(2,757)
<b>Cash and cash equivalents at the end of the period</b>	<b>3,712</b>	<b>27,809</b>