



EDESUR CONTINUES TO INVEST IN SERVICE QUALITY IN FY 2017

MAIN FINANCIAL HIGHLIGHTS

(millions of Argentine Pesos, ARS)	2017	2016	Change
Revenues	19,867	14,131	40.6%
EBITDA *	1,966	2,326	(15.5%)
EBIT	1,546	2,024	(23.6%)
Net income	(998)	(258)	(286.8%)
Net debt	(1,951)	(2,491)	(21.7%)
Capex	3,560	2,886	23.4%

*EBIT before depreciation and amortisation.

Maurizio Bezzeccheri, Enel's Country Manager in Argentina, said: *"Our company continues to focus on a strong investment plan that complies with the network upgrade commitments set out in the country's Integral Tariff Review. We expect that our financial performance will stabilise in 2018 also following the finalisation of the ongoing tariff review."*

Buenos Aires, February 27th, 2018 - The Board of Directors of Empresa Distribuidora Sur S.A. ("Edesur") approved its annual financial statements for 2017.

- Revenues increased due to the application of the new tariff chart set forth by Resolution ENRE [Argentina's National Electricity Regulator] No. 64/2017, effective as of February 1st, 2017, issued as a result of the Integral Tariff Review (RTI, from the Spanish acronym).
- **EBITDA** decreased mainly due to higher operating expenses resulting from:
 - an increase in the average purchase price of energy of around 79%, pursuant to the Resolution issued by Argentina's Electricity Secretariat (SEE) No. 20/2017, which approved the reference prices for the period February 1st to April 30th, and that were extended until October 31st through resolutions No. 256/2017 and 261/2017.
 - an increase in the provision for contingencies due to fines from the regulator, which were increased in the same proportion to the tariff pursuant to Resolution No. 64/2017 resulting from the RTI applicable as from February 1st;
 - an increase in salaries following the yearly salary review in the country and an increase in company's staff following the incorporation of outsourced personnel into permanent staff; and an increase in the contracting of services
- **EBIT** decreased in line with a lower EBITDA, and due to higher depreciation and amortisation costs resulting from an increase in the company's asset base following the implementation of investments.



- **The decline in Net income** is explained by the lower EBIT, and higher financial losses that were due to:
 - higher losses resulting from the updating of some of the Regulator's fines, in line with the increase in the tariff approved pursuant to the ENRE Resolution No. 64/2017 and 1/2016, respectively; and
 - lower capitalisation of interests resulting from loan agreements with CAMMESA upon completion of the investments financed through those loans

which were partially offset by:

- higher interests on bills unpaid by customers;
 - lower interest for debts following loan agreements with CAMMESA; and
 - higher interests earned for financial investments.
- **Net debt** increased mainly due to lower free cash, that was used to finance company's investments among others, and due to the fact that 100% of the new tariff approved by ENRE Resolution N° 64/2017 is not yet being recognised as receivables. As of September 30th, 2017, the company is not indebted to financial institutions.
 - **Capex** increased and were destined mainly to improving the quality of the service through works in substations and high voltage cables.

MAIN OPERATIONAL INDICATORS

	2017	2016	Change
Energy sales (GWh)	17,759	18,519	-4.1%
Amount of customers (millions)	2,53	2,50	+1,0%

- Energy sales during 2017 declined vs. the same period in 2016. Energy demand fell 3.3% nationwide during 2017. This decrease was the result of, among other things, lower summer temperatures and a more rational consumption of energy.
- The amount of customers was slightly higher than the same period of 2016, maintaining the growth trend recorded in the recent years.