



EDESUR KEEPS UP HIGH INVESTMENTS TO CONTINUE IMPROVING THE SERVICE

- *The company invested 1.210 billion pesos in 1H 2017, despite tariff increase not yet fully recognized.*

MAIN FINANCIAL HIGHLIGHTS

(Millions of Argentine Pesos, ARS)	Jan/Jun 2017	Jan/Jun 2016	Change
Revenues	9,025	7,091	27.3%
EBITDA *	439	1,651	(73.4%)
EBIT	239	1,519	(84.3%)
Net income	(818)	(91)	(798.1%)
Net debt	(1,846)	(2,491) **	(25.9%)
Capex	1,210	1, 243 <u>242</u>	(2. 76 <u>6</u> %)

*EBIT before depreciation and amortization.

** As of December 31st, 2016.

Maurizio Bezzeccheri, Enel's Country Manager in Argentina, said: *"In the first half of 2017 our substantial investment was mainly dedicated to the expansion of power substations which allow us to have more capacity in our networks. Conversely, we are still posting a negative net income as we have not yet been recognized a significant portion of the tariff increase as receivables, but we are available for cooperation with authorities in order to resolve this issue heavily impacting our results."*

Buenos Aires, July 25th, 2017 - The Board of Directors of Empresa Distribuidora Sur S.A. ("Edesur") approved its financial results as of June 30th, 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 country's Integral Tariff Review (RTI, from its Spanish acronym).
- **EBITDA** decreased mainly due to higher operating expenses resulting from:
 - An increase in the average energy purchase price of around 80%, pursuant to the Resolution issued by the Electricity Secretariat (SEE) No. 20/2017, which approved the reference prices for the period between February 1st and April 30th that was extended until October 31st, through Resolutions No. 256 and 261/2017.
 - an increase in provisions for contingencies, due to the setting of higher provisions for service quality fines from the regulator, which increased in the same way as tariffs set in Resolution No. 64/2017 as a result of the RTI process applicable from February 1st 2017; and
 - an increase in salaries and a rise in the number of employees as a result of the incorporation of outsourced personnel into the company's permanent staff.



- **EBIT** decreased mainly reflecting the decline in EBITDA. EBIT was also affected by higher depreciation and amortisation costs due to an increase in the asset base following investments.
- **Net income** decreased mainly reflecting the drop in EBIT, partially offset by lower financial losses which were due to:
 - a lower loss resulting from the updating of certain fines by the regulator, whose increase set through the latest update was lower than the increase set for 2016, in line with electricity tariff increases approved by the Resolutions ENRE N ° 64/2017 and 1/2016, respectively;
 - higher interests earned as a result of financial placements, due to the increase of the interest rates in the country;
 - higher interests on invoices unpaid by customers; and
 - lower interest for debts due to loan agreements with CAMMESA.
- **Net debt** is higher as a result of lower cash balances, as Edesur is not being recognised 100% of the tariff increase as receivables, despite its approval by Resolution ENRE N ° 64/2017. As of June 30th, 2017, the company is not indebted to financial institutions.
- **Capex**, which is roughly in line with the same period of last year, is aimed at improving service quality. For instance during 1H 2017 the company repowered the two substations of Gerli and Santa Rita, increasing the capacity of both substations to 160 MVA from 80 MVA each.

MAIN OPERATING DATA

	1H 2017	1H 2016	Change
Energy sales (GWh)	8.949	9.172	-2,4%
Amount of customers (millions)	2,52	2,49	1.2 %

- Energy sales during the first half of 2017 were slightly lower than they were in the same period in 2016. Energy demand fell 2.3% nationwide during the first half of 2017 due to a decline in residential consumption caused by the higher tariffs and cooler weather conditions registered during last summer.
- The amount of customers was slightly higher than the same period in 2016, maintaining the growing trend of new connections of recent years.