



EDESUR INCREASED INVESTMENTS IN 9M 2018 TO AROUND 3 BILLION ARGENTINE PESOS

MAIN FINANCIAL HIGHLIGHTS (Millions of Argentine pesos, ARS)

	9M 2018	9M 2017	Change
Revenues	27,250	14,283	91%
EBITDA	3,663	1,173	212%
EBIT	3,322	864	284%
Net income	473	(883)	154%
Net debt	(1,534)	(1,951) *	(21%)
Capex	2,975	2,114	41%

* As of December 31st, 2017.

Nicola Melchiotti, Enel's country manager in Argentina, said: *"The significant increase in investments aimed at improving the service we offer to our customers partly stems from the company's increased financial stability resulting from the update of the tariff system. Despite the ongoing challenging macroeconomic scenario, we are committed to continue our work to further improving the quality, continuity and reliability of our electricity distribution service."*

Buenos Aires, October 29th, 2018- The Board of Directors of Empresa Distribuidora Sur S.A. ("Edesur"), approved its financial results for the first nine months of 2018.

- **Revenues** increased in 9M 2018 compared with the same period of 2017 following the application of the new tariff scheme established by ENRE (Argentina's National Electricity Regulator) Resolution No. 64/2017, effective as of February 1st, 2017, issued as a result of the Integral Tariff Review (RTI) process. As of February 1st, 2018, the increase in distribution margin (VAD, from the Spanish acronym) for 2017 defined in 48 monthly installments was recognised until January 31st, 2022. Additionally, the 7.925% increase of VAD, which was half of the previously expected 16% rise due to inflation, was agreed upon as of August 1st, 2018, with the residual increase to be recovered in six monthly installments starting on February 1st, 2019.
- **EBITDA** increased reflecting higher revenues posted in the period, partially offset by higher operating expenses resulting from:
 - a 104% increase in the average energy purchase price following the application of the Resolution issued by Argentina's Electricity Secretariat (SEE) No. 20/2017 and additional provisions; and
 - an increase in salaries and social charges, mainly due to the impact of the general salary increase in the country.
- **EBIT** increased in line with EBITDA and revenues, while depreciation and amortisation rose by 10% following the increase in the company's asset base following the commissioning of investments.



- **Net income** also increased in line with the previous indicators, which more than offset greater net financial expenses and higher income taxes paid due to the higher levels of company's income. The increased net financial expenses were due to:
 - higher costs resulting from the updating of certain fines from the regulator, in line with VAD increase;
 - higher interest recognised on the debt with CAMMESA for energy purchases due to increasing interest rates on such debt.
- **Net debt** increased in 9M 2018 on FY 2017 as a result of lower cash balances and financial investments. As of September 30th, 2018, Edesur is not indebted to financial institutions.
- **Capex** increased by an additional 861 million ARS, mainly aimed at improving service quality through works in substations and high voltage cables.

MAIN OPERATIONAL INDICATORS

	9M 2018	9M 2017	Change
Energy sales (GWh)	13,615	13,642	(0.2%)
Customers (millions)	2.55	2.52	1.2%

- **Energy sales** in 9M 2018 were in line with the same period of 2017.
- **The number of clients** was slightly higher than in the same period of 2017, maintaining the growing trend posted in recent years.