



## EDESUR INCREASED INVESTMENTS TO IMPROVE NETWORK BY 33%, COMPANY POSTED POSITIVE RESULTS IN 1H 2018

### MAIN FINANCIAL HIGHLIGHTS

(Millions of Argentine pesos, ARS)	1H 2018	1H 2017	Change
Revenues	17,140	9,025	90%
EBITDA	2,545	439	480%
EBIT	2,319	239	870%
Net income	605	(818)	174%
Net debt	(1,892)	(1,951) *	(3%)
Capex	1.605	1.210	33%

\* As of December 31<sup>st</sup>, 2017.

**Maurizio Bezzeccheri, Enel's country manager in Argentina**, stated: "*Edesur remains committed to the constant improvement of the quality of the service we provide to our clients. We continue to implement our robust investment plan aimed at bringing the company in line with the highest international standards while, through the gradual adjustment of tariffs, the company's results have begun to recover.*"

**Buenos Aires, July 26<sup>th</sup>, 2018**- The Board of Directors of Empresa Distribuidora Sur S.A. ("Edesur"), approved its financial results as of June 30<sup>th</sup>, 2018.

- **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 1<sup>st</sup>, 2017, issued as a result of the country's Integral Tariff Review (RTI). Also, it is worth mentioning that the gradual increase of distribution margin (VAD, from the Spanish acronym), established in 48 instalments until January 31<sup>st</sup>, 2022, will start to be recognised as of February the 1<sup>st</sup>, 2018.
- **EBITDA** increased mainly due to higher revenues recorded, partially offset by higher operating expenses resulting from:
  - an increase in the average purchase price of energy of around 91.3%, due to the application of the resolution issued by the Secretary of Electric Energy (SEE, from its Spanish acronym) No. 20/2017 and additional provisions;
  - an increase in salaries, mainly due to the impact of the general salary increases; and
  - an increase in outsourced services, bank commissions, and taxes and contributions in line with the increase in consumer price index (CPI).



- **EBIT** improved reflecting the improvement in EBITDA, while depreciation and amortization increased by 13% as a result of the increase in the asset base following the commissioning of investments.
- **Net Income** increased as a result of the increase in EBIT, as well as of lower net financial costs, which were due to:
  - lower costs resulting from the updating of certain fines applied by the Regulator;
  - higher interest due to the delay in payments by certain clients; and
  - positive foreign exchange effect;

That were partially compensated by:

- higher interest recognised on the debt with CAMMESA for energy purchases due to increasing interest rates on such debt.
- **Net debt** is in line with December 2017 despite the higher level of investments in network infrastructure carried out in 1H 2018. As of June 30<sup>th</sup>, 2018, Edesur is not indebted with financial institutions.
- **Capex** increased by about 33% compared with 1H 2017 and was mainly aimed at improving service quality through works in substations and high voltage cables.

#### MAIN OPERATIONAL INDICATORS

	1H 2018	1H 2017	Change
Energy sales (GWh)	8,977	8,949	0.3%
Customers (millions)	2.54	2.52	0.8%

- Energy sales during 1H 2018 were in line with those recorded in the same period of 2017.
- The number of clients also is in line with the figure from 1H 2017.