

**YPF**  
LUZ



Earnings Release  
1<sup>st</sup> Quarter 2020



1Q20 Earnings Release  
Conference Call

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## YPF Luz recorded an EBITDA of USD 48.4 million in the first quarter of 2020

Buenos Aires, May 8, 2020 - YPF Energía Eléctrica S.A. (YPF Luz), an Argentine leading electric power generation company, announced today its results for the first quarter of 2020.

### Main Figures

Financial and Operational Performance <sup>1</sup> (unaudited figures)			
	1Q20	1Q19	Chg %
<b>Revenues (k USD)<sup>2</sup></b>	72,525	82,914	(12.5)%
<b>Adj. EBITDA (k USD)</b>	49,785	57,506	(13.4)%
<b>EBITDA (k USD)<sup>2</sup></b>	48,442	54,156	(10.6)%
<b>EBITDA Margin (%)</b>	66.8%	65.3%	2.3%
<b>Net Profit for the period (k USD)</b>	24,302	28,540	(14.8)%
<b>Investments (MM USD)</b>	123,530	104,318	18.4%
<b>Energy Sold (GWh)</b>	1,744	1,502	16.2%
Thermal Energy	1,615	1,377	17.3%
Renewable Energy	129	124	3.9%
<b>Steam Production (k tons)</b>	418	434	(3.8)%
<b>Availability Commercial Factor Thermal Energy</b>	84.5%	90.7%	(6.8)%
<b>Capacity Factor Renewable Energy</b>	60.4%	59.1%	2.1%

1. Argentine pesos have been converted to U.S. dollars considering the average exchange rate for each quarter, according to the closing exchange rate quoted by Banco Nación: 1Q19: 39.1 ARS/USD; 1Q20: 61.3 ARS/USD.

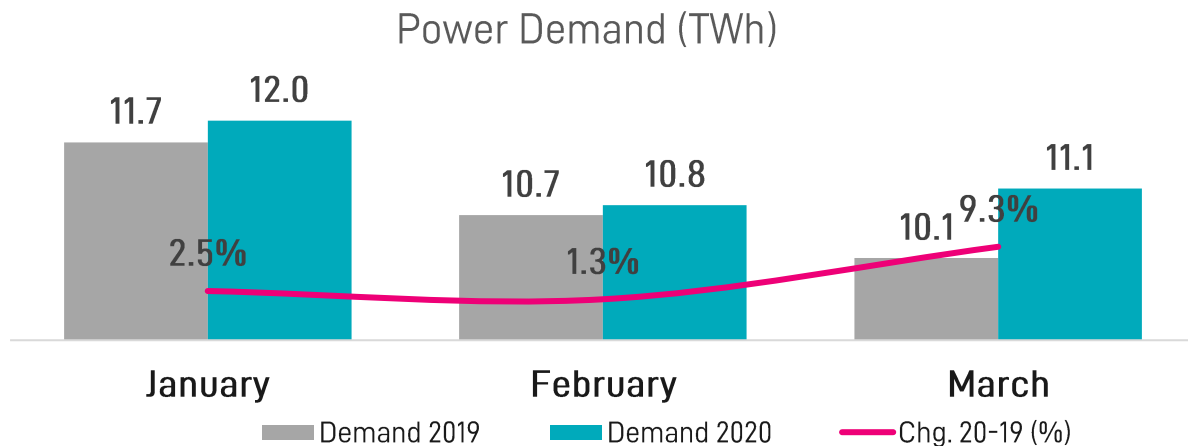
2. In 2019 it includes income from recognition of fuel pursuant to Resolution 70/18.

3. Reconciliation of adjusted EBITDA is included in page 6 of this report.

- Sales amounted to USD 72.5 million, 12.5% lower than in 1Q19.
- In 1Q20, our EBITDA was USD 48.4 million, 10.6% lower than in 1Q19.
- Total energy sold was 1,744 GWh, 16.2% higher than in 1Q19.
- Renewable energy load factor was 60.4%, 2.1% higher than in 1Q19.

## Argentine Electricity Market Scenario<sup>1</sup>

During 1Q20, electric power consumption reached 33,893 GWh, a 4.2% increase as compared to the same period of 2019 (32,526 GWh). Although in January and February 2020, increases of 2.5% and 1.2%<sup>2</sup> were recorded, respectively, in March the increase was 9.3%<sup>3</sup>.



Source: Cammesa

On the one hand, the demand for distribution (including Large Distribution Users – GUDIs – who account for 83.1% of the total) grew 5.6%, mainly explained by a 10% growth of residential demand considering that during 1Q20 the average monthly temperatures were higher than those recorded in the same period of 2019 (as well as the historical mean). On the other hand, WEM large users recorded a 2.3% decrease in their consumption as compared to the same quarter of the previous year, mostly explained by the downturn in economic activity. These users account for 16.9% of the total.

From the point of view of supply, Argentina has an installed capacity of 40,140 MW, 3.5% (1,340 MW) higher than in 1Q19, made up as follows: 61% from thermal power plants, 27% from hydroelectric plants, 8% from non-conventional renewable energies (wind, solar, mini-hydro, and biofuel plants), and 4% from nuclear power plants.

During 1Q20, 450 MW were added to the system, mainly from renewable sources (400 MW from wind power, 17 MW from solar power, and 1 MW from biogas), and 27 MW from thermal power.

In line with the behavior of demand, generation grew 7.4% in 1Q20 compared to the same period of the previous year, reaching 35,349 GWh.

Thermal generation (63%) and hydroelectric generation (22%) continued to be the major sources of energy used to meet demand. However, there was a 12% decrease in hydroelectric generation in during this quarter, mainly due to the low flow of the Uruguay and Paraná rivers that affected the generation of binational plants Salto Grande and Yacyretá, which decreased their output by 71% and 12%, respectively, compared to the same period of the previous year. Non-conventional renewable energies (NCRE) reached almost 8% in 1Q20 and recorded an 88% growth vs. 1Q19 (in line with the projected development). Finally, nuclear power accounted for 7.1%.

Wind generation is the main renewable energy source (NCRE) in Argentina (72.2%), followed by renewable hydro power (13.3%), solar power (10.5%), and biofuels (4.0%). The capacity factor for each technology was approximately 45% for wind power, 33% for renewable hydroelectric power, 29% for solar power, and 64% for biofuels.

<sup>1</sup> Source: CAMMESA

<sup>2</sup> February 2020 had one more day than in 2019.

<sup>3</sup> This growth occurred despite 10 days of mandatory lockdown due to Covid-19, otherwise, the growth would have been over 15%.



Natural gas continued to be the main fuel used for generation during the last two months, accounting for 95.9% of the total during 1Q20. Consumption reached 4,814 MMm<sup>3</sup> or 52.9 MMm<sup>3</sup>/d, comparable to 1Q19. The remaining thermal generation was fed by liquid fuel and coal, which reached 2.5 MMm<sup>3</sup>/d of gas equivalent, twice the consumption for 1Q19.

Energy supply was completed with almost 90 GWh imported from Uruguay and Paraguay from renewable sources. These figures represent 10% of the imports in 1Q20 since, as mentioned above, contribution from the Northeastern Region was very small and there were no surpluses at the binational plants. For this reason, in 1Q20 exports were made to Brazil and Uruguay<sup>4</sup> for 215 GWh.

As a result, the average generation monomial cost<sup>5</sup>, which averaged 60 USD/MWh or 3,742 ARS/MWh), was 5.6% lower than in 1Q19.

The seasonal price, which has been fixed since April 2019 at the values set forth in Resolution SEE 14/2019 (ARS 1,872/MWh for residential consumption, and ARS 2,133/MWh for non-residential consumption), remained at the minimum value of USD 30.2/MWh. As a result, the level of subsidies for this demand was close to 50%. In the case of GUDIs, the price was approximately ARS 3,020/MWh (USD 48.5/MWh), accounting for a subsidy of approximately 19%.

### Regulatory highlights

The following energy regulations were issued during this period:

#### **Resolution MDP No. 12/2019**

On December 27, 2019, Resolution No 12/19 of the Ministry of Productive Development was published in the Official Gazette. This resolution repealed Resolution No. 70/2018, effective December 30, 2019. Given the reinstatement of Section 8 of Resolution No. 95/2013 and Section 4 of Resolution No. 529/2014, commercial management and dispatch of fuels has been centralized in CAMMESA again.

#### **Resolution SE No. 31/2020**

On February 26 past, the Secretary of Energy published Resolution No. 31/2020 in the Official Gazette. This resolution modified the remuneration of generation units not committed under contract. The main changes from the previous remuneration (Resolution SGE No. 1/2019) include the following:

Prices have been pesified, and a monthly indexation mechanism has been established reflecting the variation of the CPI (60%) and WPI (40%). This indexation started to be applied to the transactions corresponding to the second effective month of the resolution.

Remuneration of thermal plants was adjusted as follows:

- Base capacity: 47% reduction. It only applies to units with very low availability that guarantee capacity availability.
- Guaranteed Bid Capacity (DIGO): it decreases 17% in winter and summer months and 21% over the rest of the year. This case applies to YPF Luz.

Variation of remuneration of capacity based on the use factor (UF) has remained unchanged, with a slight increase in the adverse impact on plants with an UF lower than 70%.

- If  $UF > 70\%$  = 100%
- If  $30\% < UF < 70\%$  = linear adjustment between 100% and 60%.

<sup>4</sup> No electric power had been exported to Uruguay since 2012, when this country started developing its NCRE potential.

<sup>5</sup> Excluding transmission costs.



- If UF <30% = 60% (formerly, 70%).

A new remuneration for thermal generation was established for hours of high thermal demand:

- Winter and summer: 1,800 ARS/MWh for the first 25 hours of higher demand and 900 ARS/MWh for the following 25 hours.
- Rest of the year: 300 ARS/MWh for the first 25 hours of higher demand.

Remuneration for generated and operated power of thermal plants has remained unchanged. However, when a generation unit has been dispatched out of optimum dispatch (for operating reasons not attributable to transmission, voltage control or safety requirements) the generated and operated power will be recognized as being 60% of the net installed capacity.

A higher differential remuneration was included for plants whose installed capacity is lower than 42 MW in the aggregate, to the extent evidence is provided that they are necessary for the regular supply of a given area.

Remuneration for capacity availability of hydroelectric plants was reduced by 47%, except in the case of pumped plants.

A new remuneration has been established for hydroelectric plants for power operated during hours of high demand:

- Winter and summer: from 1,680 ARS/MWh to 1,320 ARS/MWh for the first 25 hours of higher demand, and from 840 ARS/MWh to 660 ARS/MWh for the following 25 hours.
- Rest of the year: from 280 ARS/MWh to 220 ARS/MWh for the first 25 hours of higher demand.

The remuneration for generated and operated power of hydroelectric plants, NCRE plants and binational hydroelectric plants has remained unchanged.

#### **Decree No. 277/2020**

On March 17, Decree No. 277/2020 was published in the Official Gazette, whereby a trustee was appointed at the Argentine Electricity Enforcement Authority (ENRE) until December 31, 2020.

#### **Decree No. 278/2020**

On March 17, Decree No. 278/2020 was published in the Official Gazette, whereby a trustee was appointed at the Argentine Natural Gas Enforcement Authority (ENARGAS) until December 31, 2020.

#### **Note No. 24.910.606 of the Secretary of Energy**

After the closing of 1Q20, on April 8, 2020, the Secretary of Energy sent Note 24.910.606 to CAMMESA, instructing it to postpone, until a new decision is adopted, the application of the adjustment of the remuneration to generators not committed under contract set forth in Exhibit VI to Resolution No. 31/2020. This decision is made amidst the preventative mandatory social lockdown, which is taking a high toll on the revenues of various industries.

## EBITDA

EBITDA by asset <sup>1</sup> (unaudited figures)			
(In thousand USD)	1Q20	1Q19	Chg %
El Bracho GT	14,861	14,642	1.5%
Tucumán Complex	13,207	16,940	(22.0)%
La Plata Cogeneration	5,114	6,136	(16.7)%
Loma Campana I <sup>1</sup>	5,421	4,028	34.6%
Loma Campana II	8,545	8,064	6.0%
Loma Campana Este	353	633	(44.2)%
WF Manantiales Behr	6,940	6,325	9.7%
<b>Subtotal</b>	<b>54,441</b>	<b>56,768</b>	<b>(4.1)%</b>
Corporate & eliminations <sup>2</sup>	(5,999)	(2,612)	129.6%
<b>Total</b>	<b>48,442</b>	<b>54,156</b>	<b>(10.5)%</b>

1. Argentine pesos have been converted to U.S. dollars considering the average exchange rate for each quarter, according to the closing exchange rate quoted by Banco Nación: 1Q19: 39.1 ARS/USD; 1Q20: 61.3 ARS/USD.

2. It includes corporate expenses and insurance.

The Company's total sales amounted to USD 72.5 million in 1Q20, down by 12.5% as compared to 1Q19. This is mainly explained by: (i) 6.8% and 3.8% reductions in the volume of the remuneration received for availability of our thermal complexes and steam sales, respectively, partially offset by a 16.2% increase in energy sold; (ii) the impact of Resolution No. 70/18 on 1Q19, which allowed to declare as own fuel costs and to include them under sales as higher revenues; (iii) higher sales prices recorded in 1Q19 under Resolutions No. 19/2017 and No. 1/2019 vs. those recorded in 1Q20 under Resolutions No. 1/2019 and No. 31/2020.

As concerns operating costs, there was a 3.2% reduction in 1Q20 as compared to 1Q19, explained by lower purchases of fuel as a result of the impact of Resolution No. 70/2018, partially offset by higher labor costs and taxes.

Therefore, the Company's EBITDA reached USD 48.4 million in 1Q20, 10.6% lower than in 1Q19.

The Manantiales Behr wind farm had an increase in EBITDA of 9.7% due to a higher load factor recorded in 1Q20, and therefore, more energy sold.

Loma Campana I had an increase in EBITDA of 34.6% resulting from recognition of a penalty relating to the performance bond provided by the turbine supplier, for approximately USD 1 million, coupled with lower maintenance costs vs. 1Q19. Loma Campana II increased its EBITDA by 6.0%, explained by a 5.3% increase in energy sold, along with the recognition of a penalty relating to the performance bond provided by the turbine supplier, partially offset by a decrease in remunerated capacity and a lower price of capacity.

The Tucumán Complex and La Plata Cogeneration saw a reduction in EBITDA of 22.0% and 16.7%, respectively. This fall mainly reflected the impact of the introduction of Resolution No. 31/2020, which reduced prices during the months of February and March 2020 compared to those recorded in 1Q19 under Resolutions No. 19/2017 and No. 1/2019. Meanwhile, lower remuneration for availability and lower sales of steam were recorded in La Plata Cogeneration, partially offset by higher dispatch of energy in the Tucumán Complex.

Loma Campana Este reduced its EBITDA by 44.2% year-on-year, as a result of higher maintenance expenses in 1Q20 as compared to the previous year.

El Bracho thermal plant's EBITDA was comparable to that recorded in the same period of the previous year, mainly explained by a higher dispatch of energy, offset by the lower price of engaged power capacity pursuant to the provisions of the PPA currently in effect.

Reconciliation of adjusted EBITDA <sup>1</sup> (unaudited figures)			
(In thousand USD)	1Q20	1Q19	Chg %
EBITDA	48,442	54,156	(10.6)%
Income from equity interest in joint ventures	1,343	3,350	(59.9)%
<b>Adjusted EBITDA</b>	<b>49,785</b>	<b>57,506</b>	<b>(13.4)%</b>

1. Argentine pesos have been converted to U.S. dollars considering the average exchange rate for each quarter, according to the closing exchange rate quoted by Banco Nación: 1Q19: 39.1 ARS/USD; 1Q20: 61.3 ARS/USD.

## Operations and Sales

The following table shows the units sold per Plant in GWh, MW-month and in thousands of tons of steam, as applicable:

Operational figures (unaudited figures)					
	Tipo	Unidad	1Q20	1Q19	Chg %
Tucumán Complex	Power	MW-month	669	745	(10.2)%
	Energy	GWh	1,018	794	28.3%
El Bracho TG	Power	MW-month	254	257	(1.1)%
	Energy	GWh	44	24	82.8%
Loma Campana Este	Power	MW-month	12	12	-
	Energy	GWh	11	9	15.9%
Loma Campana I	Power	MW-month	85	93	(9.1)%
	Energía	GWh	182	192	(5.6)%
Loma Campana II	Power	MW-month	103	105	(1.6)%
	Energy	GWh	150	143	5.3%
La Plata Cogeneración	Power	MW-month	105	106	(0.8)%
	Energy	GWh	210	215	(2.1)%
	Steam	k Tn	418	434	(3.8)%
Wind Farm Manantiales Behr	Energy	GWh	129	124	3.9%
	Power	MW-month	1,228	1,318	(6.8)%
Total	Energy	GWh	1,744	1,502	16.2%
	Steam	k Tn	418	434	(3.8)%
	Power	MW-month	723	582	24.3%
Central Dock Sud	Energía	GWh	1,339	1,066	25.5%

The following two tables show a breakdown of sales by counterparty and percentage share:

Sales Breakdown by Off-taker <sup>1</sup> (unaudited figures)			
(In thousand USD)	1Q20	1Q19	Chg %
CAMMESA Res. N°1/19	20,475	23,803	(14.0)%
Fuels and transport income	5,530	11,598	(52.3)%
PPA with CAMMESA Res. N°21/16	26,318	26,871	(2.1)%
PPA with YPF S.A.	17,516	18,302	(4.3)%
PPA other privates	2,224	2,340	(5.0)%
<b>Subtotal</b>	<b>72,063</b>	<b>82,914</b>	<b>(13.1)%</b>
Other services revenues	462	-	n.a.
<b>Total</b>	<b>72,525</b>	<b>82,914</b>	<b>(12.5)%</b>

1. Argentine pesos have been converted to U.S. dollars considering the average exchange rate for each quarter, according to the closing exchange rate quoted by Banco Nación: 1Q19: 39.1 ARS/USD; 1Q20: 61.3 ARS/USD.

Sales Breakdown by Off-taker (%) (unaudited figures)			
	1Q20	1Q19	Chg %
CAMMESA Res. N°1/19	28.2%	28.7%	(1.7)%
Fuels and transport income	7.6%	14.0%	(45.5)%
PPA with CAMMESA Res. N°21/16	36.3%	32.4%	12.0%
PPA with YPF S.A.	24.2%	22.1%	9.5%
PPA other privates	3.1%	2.8%	8.7%
<b>Subtotal</b>	<b>99.4%</b>	<b>100.0%</b>	<b>(0.6)%</b>
Other services revenues	0.6%	-	n.a.
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>-</b>

The following two tables show the availability of thermal power and renewable energy capacity factor:

Availability Factor Thermal Energy <sup>1</sup> (%)			
	1Q20	1Q19	Chg %
Tucumán Complex	80.7%	89.8%	(10.2)%
El Bracho TG	95.1%	96.1%	(1.1)%
Loma Campana Este	70.6%	70.6%	-
Loma Campana I	80.8%	88.9%	(9.1)%
Loma Campana II	96.6%	98.2%	(1.6)%
La Plata Cogeneration I (LPC I)	82.1%	82.7%	(0.8)%
<b>Total<sup>2</sup></b>	<b>84.5%</b>	<b>90.7%</b>	<b>(6.8)%</b>
Central Dock Sud	83.2%	67.0%	24.3%

1. It is calculated as remunerated capacity/installed capacity.

2. Weighted by total installed capacity excluding CDS to the extent of the 30.76% interest held in it and Manantiales Behr Wind Farm.



### Capacity Factor Renewable Energy (%) (unaudited figures)

	1Q20	1Q19	Chg %	
Manantiales Behr Wind Farm	Capacity factor	60.4%	59.1%	2.1%
	Availability factor	99.4%	99.3%	0.1%

The following table shows total installed capacity in the Argentine Renewable Energy Term Market (MATER), energy sold in the MATER and YPF Luz's market share in term of installed capacity and energy sold:

### Argentine Renewable Energy Term Market (MATER)

	1Q20	1Q19	Chg %
Total installed capacity in MATER (MW)	512	194	163.9%
Total energy sold in MATER (GWh)	551	202	172.8%
YPF Luz's market share installed capacity (%)	19.3%	51.0%	(62.1)%
YPF Luz's market share energy sold (%)	23.4%	61.4%	(61.9)%

The Company's aggregate thermal generation commercial availability in 1Q20 reached 84.5%, 6.8% lower than in 1Q19.

The Tucumán Generation Complex suffered a year-on-year 10.2% decline in commercial availability, mainly due to an extension in the maintenance tasks of GT No. 2 at the San Miguel Plant.

La Plata Cogeneration's commercial availability was slightly lower than in 1Q19 due to maintenance tasks performed in January 2020.

Regarding Loma Campana I plant, in 1Q20 it recorded a decrease of 9.1% as compared to 1Q19, mainly due to extended maintenance days and the unavailability caused by water quality issues in the turbine refrigeration system.

Loma Campana II decreased its commercial availability by 1.6% in 1Q20 as compared to the same period of the previous year. This is explained mainly by water quality issues in the turbine refrigeration system, which resulted in unavailability, partially offset by less maintenance days in 1Q20 vs. 1Q19. All in all, it still was the thermal plant with highest average availability of the Company.

Loma Campana Este's commercial availability remained in line with the figures recorded in 1Q19, since by then it was already operating at maximum installed capacity after having been activated on stages throughout the year 2017.

Manantiales Behr Wind Farm had a capacity factor of 60.4% in 1Q20, 2.1% higher than in 1Q19. On the one hand, its share in the MATER in terms of installed capacity reached 19.3%, a year-on-year decrease of 62.1%, reflecting the entry of new renewable energy projects to the market during the last year. Besides, its market share in terms of energy sold was 23.4%, higher than its installed capacity share because of its better use of the natural resource as compared to the rest of the renewable energy farms in the country.

Central Dock Sud saw an increase in commercial availability of 24.4%, mainly due to the maintenance tasks performed in March 2019 and the unavailability occurred in 1Q19 due to the breakage of a refrigeration pipe, which limited GT No. 10.

## CAPEX

Plant	Location	Installed Capacity (MW)	Off-taker	Technology	Commercial Operational Date (COD)	Estimated CAPEX (MM USD)	Progress <sup>3</sup> (%)
Los Teros	Buenos Aires Province	123	MATER	Wind	3Q2020	\$ 166	95%
La Plata Cogeneration II	Buenos Aires Province	85	CAMMESA	Cogeneration	3Q2020	\$ 166	95%
Cañadón Leon <sup>1</sup>	Santa Cruz Province	122	CAMMESA	Wind	1Q2021	\$ 157	76%
El Bracho ST <sup>2</sup>	Tucuman Province	198	CAMMESA	Steam Turbine	4Q2020	\$ 290	96%
Manantiales Behr Planta Térmica	Chubut Province	57	YPF	Motogenerator	1Q2021	\$ 63	59%
Los Teros II	Buenos Aires Province	52	MATER	Wind	1Q2021	\$ 69	19%
<b>Total</b>		<b>637</b>				<b>\$ 911</b>	

1. Renovar 2.0 Program, 99 MW awarded.

2. Resolution No. 287/2017.

3. It refers to physical degree of progress as of March 2020.

COD dates of certain projects included in this table differ from those reported in our previous earnings release for the year 2019. The change, which implies an extension of such dates, mainly reflects the effects of Decree No. 297/2020 of the Argentine Executive Branch, which declared a social, preventative and mandatory lockdown effective March 19, 2020 as a result of the health emergency to manage the crisis situation caused by COVID-19. As of the date of this release, the social lockdown period has been extended to May 10, 2020. However, as the construction of energy projects was designated as an essential activity by the Argentine Executive Branch, effective April 7, the construction teams of each project have been gradually resuming operations, in compliance with specific protocols created by the YPF Luz COVID-19 Crisis Committee. A Coronavirus Prevention Protocol (CPP) has been developed to mitigate the effects of the spread of the coronavirus and to contribute to the measures suggested by the World Health Organization (WHO) and the Argentine Ministry of Health to continue developing our projects under safe conditions.

The tasks performed during the first quarter of 2020 in each of the projects included:

In the closing of cycle of El Bracho plant, the civil works and assembly of the cooling towers continued. Installation of the 500 KV main transformer has been accomplished and connection to the 500 KV has been completed.

In La Plata Cogeneration II, the principal civil works and assembly of the main equipment have been completed. We have started working in the startup of auxiliary equipment and wiring, and we are conducting the first hydraulic tests.

In Los Teros Wind Farm, all the internal roads were built, and we completed the internal medium voltage wiring, the civil works for the connection substation, and 29 foundations. All the wind turbines are in the site; 28 of them have been already mounted, and construction of all the bases has already been completed.

In Los Teros II Wind Farm, the first tasks for the opening of roads are being performed, internal medium voltage lines are being installed, and the topographic and geotechnical studies are in process.

In Cañadón León Wind Farm, 16 wind turbines are already in the site (two of them already mounted) and all the equipment was received at the port, 24 foundations were completed, and we continue working on internal roads, foundations, substation, and internal medium voltage wiring.

In Manantiales Behr thermal power plant, we are performing the civil works for the engine and auxiliary equipment buildings, and we completed soil movement, grounding, and concreting of bases for the engines. All the engines have arrived in Argentina, and two of them are already in the site.

## Indebtedness

Financial Debt <sup>1</sup> (unaudited figures)			
(In thousand USD)	03.31.2020	12.31.2019	Chg %
Short Term	183,266	163,409	12.2%
Long Term	823,360	848,554	(3.0)%
Gross Debt	1,006,626	1,011,963	(0.5)%
Cash & Equivalents	237,514	294,263	(19.3)%
Net Debt	769,112	717,700	7.2%
Net Debt/adj. EBITDA LTM <sup>2</sup>	3.40x	3.07x	10.8%

1. Argentine pesos have been converted to U.S. dollars considering the average exchange rate for each quarter, according to the closing exchange rate quoted by Banco Nación: 1Q19: 43.3 ARS/USD; 1Q120: 64.4 ARS/USD.

2. Includes other financial assets and trusts recorded under other credits (note 12 to the financial statements).

In 1Q20, new financing for up to 27.4 million dollars was secured for the Manantiales Behr engine project. The loan was granted by HSBC Bank, N.A., with ECA Finnvera plc. guarantee and a 5-year amortization schedule.

Cash and cash equivalents as of March 2020 decreased 19.3% as compared to the previous year, due to the use of funds for the construction of the projects and to repay indebtedness during this period.

The net debt-to- LTM adjusted EBITDA ratio rose to 3.40 as of March 2020, from 3.07 as of December 2019, an increase of 10.8%. This is due to the fact that the net debt increased, as funds were allocated to execute the projects under construction, and the adjusted EBITDA decline by 13.4%. Once these projects have been commissioned, this ratio will decrease hand in hand with the increase in adjusted EBITDA and the repayment of short-term debts.

## Environmental, Social & Governance (ESG)

Environmental			
	1Q20	1Q19	Chg %
YPF Luz Renewable Energy(GWh)	129	124	3.9%
Market Share (%)	4.7%	8.4%	(44.7)%
Direct emissions GEI (tCO <sub>2</sub> e) <sup>1</sup>	718,941	636,575	12.9%
Emission savings (tCO <sub>2</sub> ) <sup>2</sup>	101,831	99,718	2.1%
Water extraction (k ton) <sup>1</sup>	1,357	970	39.9%
Total discharge of water effluent <sup>1</sup>	177	163	8.6%
Waste (kg)	52,162	59,740	(12.7)%

1. Data derived from APA report.

2. Data calculated with the US EPA agency taking into account electric power produced by the Manantiales Behr Wind Farm in each period.

The Company's emission savings (tCO<sub>2</sub>) increased 2.1%, as it generated more renewable energy in 1Q20 in the Manantiales Behr Wind Farm than in the same period of the previous year. The amount of waste decreased 12.7% compared to the previous year.

Social			
	1Q20	1Q19	Chg %
Employee training hours	2,935	2,835	3.5%
Accident Frequency Index <sup>1</sup>	0	0	n.a
Volunteer hours	58	n.a.	n.a.

1. Accident frequency  $\text{Accident} = (\text{computable accidents by work days lost} \times 10^6) / \text{man hours worked}$

In Human Resources, in 1Q20 we shared with employees the results of the 2019 Climate Survey and the first meeting of the new Climate Committee was held. An HR Channel was created to bring news to employees and a channel for inquiries and complaints was created. Employee training in the quarter increased by 4% compared to the same period in 2019, where inter-area training stands out.

Regarding the safety of our workers, this quarter there have been no computable accidents with loss of days. Due to the Covid 19 situation, a Crisis Committee was established, 4 prevention protocols were published, and actions were implemented to protect people and ensure the continuity of operations.

Regarding social investment, in 1Q20 more than 50 volunteers received training to implement energy workshops in primary schools, totaling 58 volunteer hours. Donations of furniture and materials were made to schools in El Bracho. The 2020 social investment plan is being reviewed and adapted to the needs that are emerging as a result of Covid 19.

## Governance

Compliance is at the core of everything we do at YPF LUZ. In 2019 we trained 93% of our staff in Compliance and anti- corruption. We strengthen Compliance communication through more than 20 newsletters and messages from the senior management team. We also implemented a rigorous and automated third-party review process, reaching more than 1,200 verified suppliers and customers, among others. We are currently implementing an automatic Compliance Risk Management tool that includes the creation of the company's Risk Matrix and establishes automated controls over all critical processes identified. We expect to complete its implementation during 2H20.

## Material Facts of the Period and Subsequent Events

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### Material Facts of the Period

#### **Modification of share subscription agreement with Wind Power AS**

In relation with the Share Subscription Agreement dated August 5, 2019, between YPF Energía Eléctrica S.A., Luz de León S.A. ("Luz del León"), Y-Luz Inversora S.A.U. and Wind Power AS, and informed to the public through the material fact dated August 6, 2019, the parties to such agreement have decided to extend until April 30, 2020, the deadline for the compliance with the conditions precedent for the subscription of shares to be issued by the controlled company, Luz de León, in favor of Wind Power AS. Pursuant to the Share Subscription Agreement, upon expiration of such deadline either Party may terminate the agreement by written notice. As of the date of this release, the Share Subscription Agreement remains in effect.

#### **Luz de León S.A. signs a financial agreement for up to USD 150 million**

On January 14, 2020, Luz del León S.A. entered into a financial agreement with the United States International Development Finance Corporation ("DFC") and BNP Paribas Fortis SA/NV ("BNP Paribas") for the Cañadón León Wind Farm project for up to USD 150 million. Under this contract DFC will disburse, subject to the compliance with certain conditions, USD 50 million and BNP Paribas, also subject to certain conditions, up to USD 100 million. This contract is part of the "Project Finance" modality and the tranche corresponding to BNP Paribas will be guaranteed by the German export credit agency Euler Hermes Aktiengesellschaft. As of the date of this release, BNP Paribas has disbursed a total amount of USD 80 million.

#### **YPF Energía Eléctrica S.A. signs a financial agreement for up to USD 30 million**

On February 28, 2020, YPF Energía Eléctrica S.A. entered into a financial agreement with HSBC Bank USA, N.A. ("HSBC"). The contract is guaranteed by the export credit agency Finnvera plc., and USD 27.4 million have already been disbursed thereunder.

#### **Status of YPF Luz operations in light of the COVID-19 pandemic**

On March 25, 2020, the Company reported that in light of the exception contemplated under Section 6(23) of Decree No. 297/2020, all the plants owned by the company and its subsidiaries Y-GEN ELÉCTRICA S.A.U. and Y.GEN ELÉCTRICA II S.A.U. would continue to be operational, with critical staff teams on duty, pursuant to the Continued Operations Protocol implemented by the Company. Under this exception, essential operation and maintenance activities were excluded from the mandatory lockdown and social distancing measures established on March 19, 2020, under Necessity and Urgency Decree No. 297/2020 and regulations thereunder, as a result of the CORONAVIRUS - COVID-19 pandemic declared by the World Health Organization (WHO) on March 11 past. The Continued Operations Protocol implemented by the Company allows to ensure the operation and maintenance of the power plants, whilst safeguarding the health and safety of the Company's employees. On the other hand, although since March 20, the progress of works in the projects currently under construction by the Company and its subsidiaries had been adversely affected by the suspension of tasks by certain contractors, this situation has been gradually regularized from April 7 onwards, since pursuant to Administrative Decision No. 468/2020, private energy infrastructure construction works have been excluded from the scope of application of the mandatory lockdown and social distancing measures.



## Subsequent Events

### Change in Corporate Notes' Risk Rating

On April 22, 2020, in compliance with the provisions of Section 99, subsection I, paragraph a) of Law No. 26,831, as amended; Section 2, Chapter I, Title XII of the Rules of the Argentine Securities Commission, and Section 3, Title V of the Trading Guidelines of Mercado Abierto Electrónico S.A., the Company reported that Moody's Latin America Agente de Calificación de Riesgo S.A. ("Moody's") had downgraded the global scale and national scale ratings of several non-financial companies operating in Argentina.

As reported by Moody's on April 8, 2020, such changes reflect the downgrading of the Argentine Government's bonds to Ca from Caa2, the change in outlook to "negative" for such bonds under review for a potential new change in their rating and reflects the link and degree of exposure of these companies to the regulations and operations in Argentina.

Therefore, Moody's resolved to change the global scale and national scale rating of our USD 100,000,000 Series I Notes to Caa3/Caa1.ar from Caa2/B1.ar. In addition, for the same reasons, Moody's Investors Service downgraded the international scale rating of our USD 400,000,000 Series II Notes to Caa3 from Caa2. For further information, see [www.moodys.com](http://www.moodys.com).

## Annex: Balance Sheet<sup>1</sup>(unaudited figures)

(In thousand USD)	03.31.2020	12.31.2019	Chg %
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant & equipment	1,419,432	1,371,798	3.5%
Intangible assets	5,235	5,235	0.0%
Right of use assets	12,246	12,529	(2.3)%
Investments in associates and joint ventures	63,519	67,978	(6.6)%
Other receivables	21,038	25,623	(17.9)%
Assets held for disposal	188,618	126,117	49.6%
<b>Total Non-Current Assets</b>	<b>1,710,088</b>	<b>1,609,280</b>	<b>6.3%</b>
<b>Current Assets</b>			
Other receivables	55,955	43,755	27.9%
Trade receivables	118,072	114,696	2.9%
Other financial assets	50,053	40,946	22.2%
Cash and cash equivalents	168,365	245,869	(31.5)%
<b>Total Current Assets</b>	<b>392,445</b>	<b>445,266</b>	<b>(11.9)%</b>
<b>TOTAL ASSETS</b>	<b>2,102,533</b>	<b>2,054,546</b>	<b>2.3%</b>
<b>SHAREHOLDERS EQUITY</b>			
Shareholders' contributions	130,684	140,692	(7.1)%
Reserves, other comprehensive income and non-retained earnings	655,629	620,953	5.6%
<b>TOTAL SHAREHOLDERS EQUITY</b>	<b>786,313</b>	<b>761,645</b>	<b>3.2%</b>
<b>LIABILITIES</b>			
<b>Non-Current Liabilities</b>			
Provisions	1,037	982	5.6%
Deferred income tax liabilities, net	109,201	95,122	14.8%
Leases liabilities	7,221	7,783	(7.2)%
Loans	823,360	848,554	(3.0)%
Other financial liabilities	603	174	245.7%
Liabilities associated to assets held for sale	71,801	14,086	409.7%
<b>Total Non-Current Liabilities</b>	<b>1,013,223</b>	<b>966,701</b>	<b>4.8%</b>
<b>Current Liabilities</b>			
Taxes payable	2,352	1,308	79.8%
Salaries and social security	2,101	4,473	(53.0)%
Leases liabilities	2,508	2,491	0.7%
Loans	183,266	163,409	12.2%
Other financial liabilities	1,062	164	547.6%
Trade payables	111,708	154,355	(27.6)%
<b>Total Current Liabilities</b>	<b>302,997</b>	<b>326,200</b>	<b>(7.1)%</b>
<b>TOTAL LIABILITIES</b>	<b>1,316,220</b>	<b>1,292,901</b>	<b>1.8%</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>2,102,533</b>	<b>2,054,546</b>	<b>2.3%</b>

1. Argentine pesos have been converted to U.S. dollars considering the average exchange rate for each quarter, according to the closing exchange rate quoted by Banco Nación: 1Q19: 43.3 ARS/USD; 1Q120: 64.4 ARS/USD.

## Annex: Income statement<sup>1</sup> (unaudited figures)

(In thousand USD)	1Q20	1Q19	Chg %
Revenues	72,525	82,914	(12.5)%
Production costs	(32,907)	(36,177)	(9.0)%
<b>Gross profit</b>	<b>39,618</b>	<b>46,737</b>	<b>(15.2)%</b>
Administrative and selling expenses	(8,287)	(6,360)	30.3%
Other operating results, net	2,258	108	1990.7%
<b>Operating profit</b>	<b>33,589</b>	<b>40,485</b>	<b>(17.0)%</b>
Income from equity interest in joint ventures	1,343	3,350	(59.9)%
Net financial results	6,967	(10,261)	n.a.
<b>Profit before income tax</b>	<b>41,899</b>	<b>33,574</b>	<b>24.8%</b>
Income tax	(17,597)	(5,034)	249.6%
<b>Net profit for the period</b>	<b>24,302</b>	<b>28,540</b>	<b>(14.8)%</b>

1. Argentine pesos have been converted to U.S. dollars considering the average exchange rate for each quarter, according to the closing exchange rate quoted by Banco Nación: 1Q19: 39.1 ARS/USD; 1Q120: 61.3 ARS/USD.



## Annex: Cash Flow Statement<sup>1</sup> (unaudited figures)

(In thousand dollars)	1Q20	1Q19	Chg %
<b>OPERATING ACTIVITIES</b>			
Net profit for the period	24,302	28,540	(14.9)%
Adjustments to reconcile net profit to net cash flows from operating activities:			
Income from equity interest in associates and joint ventures	(1,343)	(3,350)	(59.9)%
Depreciation of property, plant and equipment	14,571	12,873	13.2%
Depreciation of right of use assets	284	798	(64.4)%
Decreases of property, plant and equipment	120	-	n.a.
Net financial results	(6,967)	10,261	n.a.
Net increase in provisions	132	69	91.3%
Income tax charge	19,120	5,034	279.8%
Increase in allowance for doubtful trade receivables	-	1,246	(100.0)%
Income tax charge related with assets held for sale	(1,523)	-	n.a.
Changes in operating assets and liabilities:			
Trade receivables	(6,102)	15,421	n.a.
Other receivables	(11,185)	(16,041)	(30.3)%
Trade payable	21,451	(9,151)	n.a.
Salaries and social security	(2,157)	(389)	454.5%
Taxes payable	1,193	(825)	n.a.
Assets and liabilities held for sale	(7,043)	-	n.a.
Income tax payments	-	(668)	100.0%
<b>Net cash flows from operating activities</b>	<b>44,853</b>	<b>43,816</b>	<b>2.4%</b>
<b>INVESTING ACTIVITIES</b>			
Acquisition of property, plant and equipment	(103,153)	(82,607)	24.9%
Acquisition of property, plant and equipment related with assets held for sale	(19,816)	-	n.a.
Anticipated payment of property, plant and equipment	-	(21,711)	100.0%
Anticipated payment of property, plant and equipment with assets held for sale	(561)	-	n.a.
Interests collected	2,175	-	n.a.
Other financials assets	(8,810)	(958)	819.6%
<b>Net cash flows used in investing activities</b>	<b>(130,165)</b>	<b>(105,276)</b>	<b>(23,6)%</b>
<b>FINANCING ACTIVITIES</b>			
Proceeds from loans	87,792	-	n.a.
Capital contributions and share premium collected	-	145,365	(100.0)%
Payments of loans	(26,673)	(13,022)	104.8%
Payments of leases liabilities	(583)	(715)	(18.5)%
Payment of interest and other financial costs	(30,075)	(13,280)	126.5%
<b>Net cash flows from financing activities</b>	<b>30,461</b>	<b>118,348</b>	<b>(74.3)%</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(54,851)</b>	<b>56,888</b>	<b>n.a.</b>
Traslation effect on financial statements	24,053	(5,442)	n.a.
Cash and cash equivalents of assets held for sale	(46,706)	-	n.a.
Cash and cash equivalents at the beginning of the period <sup>1</sup>	245,869	125,036	96.6%
<b>Cash and cash equivalents at the end of the period<sup>1</sup></b>	<b>168,365</b>	<b>176,482</b>	<b>(4.6)%</b>

1. Argentine pesos have been converted to U.S. dollars considering the average exchange rate for each quarter, according to the closing exchange rate quoted by Banco Nación: 1Q19: 39.1 ARS/USD; 1Q120: 61.3 ARS/USD.

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