EDESUR

EDESUR INCREASED INVESTMENTS BY 6.8% IN 9M 2017 TO IMPROVE SERVICE QUALITY

- *The investments in the period reached 2,114 million pesos, mainly focused on works on substations and tension cables to improve the quality of service.*

MAIN FINANCIAL HIGHLIGHTS

(millions of Argentine pesos, ARS)	9M 2017	9M 2016		Change
Revenues	14,283	10,699		33.5%
EBITDA *	1,173	1,983		(40.8%)
EBIT	864	1,773		(51.3%)
Net income	(883)	(166)		(431.9%)
Net debt	(1,787)	(2,491)	**	(28.3%)
Capex	2,114	1,979		6.8%

* EBIT before depreciation and amortisation.
** As of December 31st, 2016.

Maurizio Bezzeccheri, Enel's Country Manager for Argentina, stated: "*In the first 9 months of 2017, the gradual application of the new tariffs started to positively impact our revenues. However, regulatory asset and liability issues, which were altered by the previous tariff scheme and are yet to be defined, are still affecting the company's results. We continue with our efforts to improve service quality, which will include investments aimed at launching the digitisation of our network that is key to open the road to new services such as electric mobility and distributed generation.*"

Buenos Aires, October 30th, 2017 – The Board of Directors of Empresa Distribuidora Sur S.A. ("Edesur") approved its financial results as of September 30th, 2017.

- **Revenues** increased due to higher tariffs resulting from the application of the new tariff scheme introduced by Argentina's National Electricity Regulator ENRE's Resolution No. 64/2017, effective as of February 1st, 2017, which followed 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 77%, pursuant to the Resolution issued by the Electricity Secretariat (SEE) No. 20/2017, which approved the reference prices for the period February 1st to April 30th and then extended until October 31st, through Resolutions No. 256 and 261/2017;
  - an increase in the provision of contingencies for fines from the regulator, which rose in the same proportion ~~as~~ of~~the~~ tariffs as established in Resolution No. 64/2017 resulting from the RTI since February 1st.

- 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; and
- a 41% increase in contracted services.

- **EBIT** decreased in line with EBITDA, and due to higher depreciation and amortisation costs due to an increase in the asset base resulting from investments.

- **Net income** decreased mainly reflecting the drop in EBIT, partially offset by lower financial losses which were due to:

  - lower interest on debt for certain contracts with CAMMESA for investment project financing;
  - higher losses resulting from the update of certain fines by the regulator, in line with the electricity tariff increase approved by Resolution ENRE No. 64/2017 and 1/2016, which were partially offset by:
    -lower interest on debt for ~~mutual~~ contracts with CAMMESA;
    - higher interest earned as a result of financial placements, due to the increase of interest rates in the country;
    - higher interest on unpaid invoices by customers;

- **Net debt** is higher as a result of lower cash balances, as 100% of the tariff increase is not being recognised as receivables, despite its approval by Resolution ENRE N ° 64/2017. As of September 30th, 2017, the company does not hold third party debt.

- **Capex** increased compared to same period of 2016 and was aimed at improving service quality with works on substations and tension cables.

MAIN OPERATING DATA

	9M 2017	9M 2016	Change
Energy sales (GWh)	13,572	14,222	-4.6%
Number of customers (millions)	2,524,494	2,495,026	+1.2%

- Energy sales in the period declined as a result of a 3.8% fall in energy demand at the national level, mainly due to lower summer temperatures and more efficient energy use.

- The number of customers was slightly higher than the same period in 2016, in line with the growing trend of new connections experienced in recent years.