

Shareholders Meeting 04/30/20
Speech delivered by Guillermo Nielsen

1) Introduction

Welcome and thank you very much for joining us today. Thank you, Daniel, for your presentation on the achievements made in 2019. I feel honored to be able to speak for the first time at YPF's Shareholders Meeting in my capacity as Chairman of the Board. It also falls to me to initiate this new modality of holding meetings remotely by means of electronic media because of the particular circumstances we are facing, which will be a relevant topic within this speech.

I would like to thank the Shareholders for trusting me to be at the helm of the company in this turbulence, the largest ever faced by our industry and part of what is regarded as the most abrupt interruption to economic activity in history.

This year 2020 is marked by presenting an extremely complex road as we are facing multiple challenges of a big magnitude both at the domestic and the international level, but I am convinced that along with the Members of the Board, the Management and thanks to the capacity of our employees, the support of our suppliers and thanks, above all, to the loyalty of YPF's customers, we will be able to overcome obstacles and retake the consolidated growth path of our company; a company with practically a 100 years of history as the flagship company in Argentina, pioneer and leader in the development of energy resources and the driving force in the development of populated areas in the toughest and most inhospitable locations of our Nation.

2) International Context

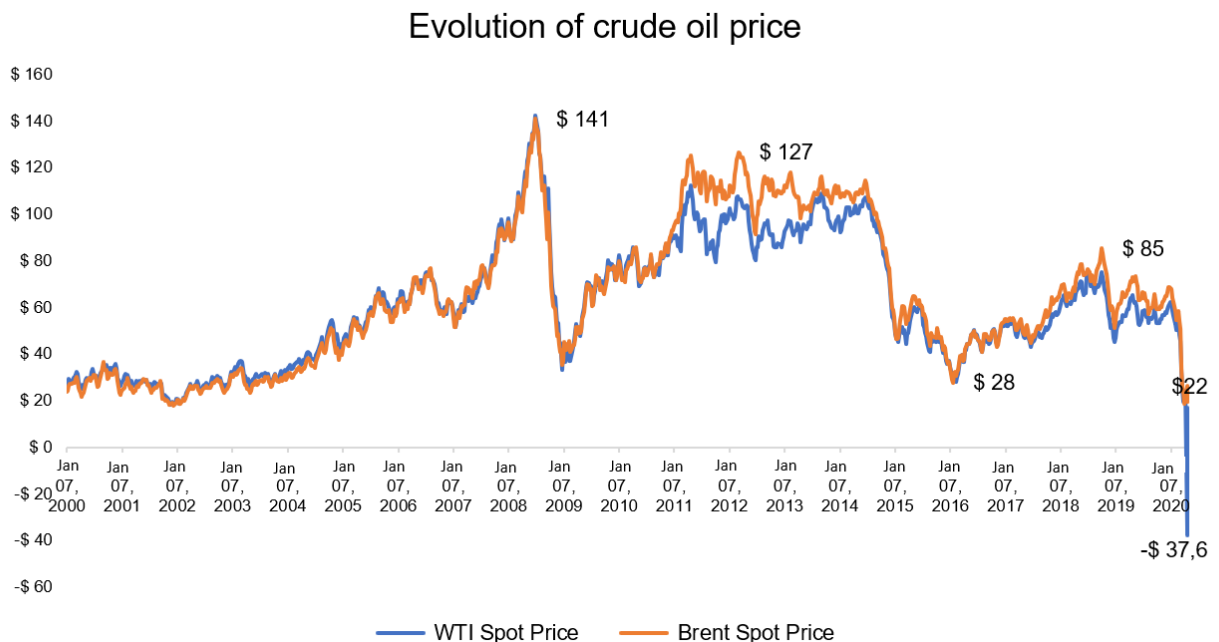
It would be necessary to briefly comment on the atypical international context in which we are immersed, basically as a consequence of the impact of the COVID-19 pandemic on the markets as a whole and on the energy market in particular.

If we go back to the beginning of this year, the first adverse signal was the fall in demand of hydrocarbons from China (the country where the virus COVID-19 was first detected), a country which is the second consumer of gas and oil worldwide. Over that period, the first impact on the prices of crude oil occurred with an average fall of approximately 27% for WTI and 28% for Brent.

In this scenario, OPEC+ unsuccessfully attempted to find an agreement to curtail production. The initial failure to reach such agreements led to a price war between Saudi Arabia and Russia that took place practically simultaneously with the beginning of a sharp drop in global demand. The main economies in the world went into lockdown and the demand for fuels showed a sharp decline.

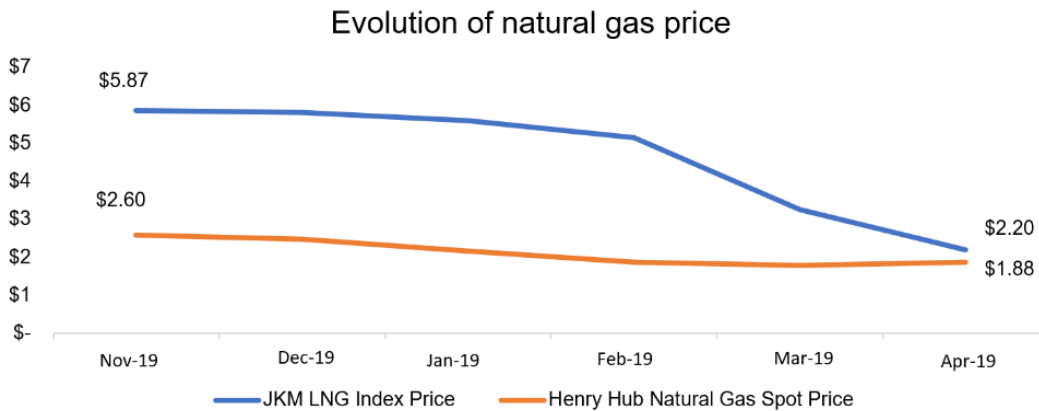
Oil production depends on a complex framework of contracts, which makes it impossible to decrease production symmetrically with the rapid fall in consumption that has been recorded since the beginning of the confinement measures. Finally, on April 12th, the OPEC+ with the support of the G20 economies agreed to reduce output by 9.7 Mb/d in May and June, a reduction to be followed by subsequent cuts in the second half of 2020 (7.6 Mb/d), in 2021 and in 2022 - this being the deepest curtail in production ever agreed upon by this group. However, its impact ended up watered down by the generation of surpluses exceeding global storage capacity to the point that carriers were chartered not to transport oil but merely for the sake of using their storage capacity.

In the light of the dramatic fall in global demand for oil to levels similar to those reached in 1995, and of the shortage in storage capacity, we are going through a stage of extremely high volatility, at which some news lead to transitory price upturns followed shortly after by a fall or certain stability, but always at very low prices. The prices of crude oil continue showing a falling trend and closed yesterday at 15.35 USD/bbl for WTI and 22.69 USD/bbl for Brent, which constitute the prices closer to the lowest in the last 20 years. In this sense, the WTI reached negative values for the first time in history on April 20th (-37.63 USD/bbl). We are dealing with a highly unusual circumstance as far as demand is concerned and, as a result of the confinement measures imposed on major world markets as well as to the extraordinary accumulation of stocks, it is impossible to respond to the drop in prices.



This situation found non-conventional production in USA on the verge of indebtedness after having increased production by 7 Mb/d since 2010, which makes it more vulnerable to price dropping in combination with the withdrawal of financing.

As regards natural gas, after an increase in non-conventional production in USA and the start-up of various LGN facilities, prices were already depressed due to offer overabundance. This situation is made even worse by the current context. Thus, the price of the Henry Hub (the pricing reference in USA) fell by 33% to 1.88 MBtu over the past 6 months, while the indicator for LGN Japan Korean Marker exports (JKM), from Asia in general, fell by 62% during the same period.



It is clear that we are facing the most important crisis of the oil industry with high price volatility and uncertainty regarding the scenarios for future demand. The stabilization of these variables will depend on how this pandemic develops at a global level, particularly, in the USA, Asia and Europe (the major consumers), and on how demand of energy products may gradually recover as confinement measures are slowly lifted making thus freight transportation activities possible. However, at this point, this scenario still remains uncertain.

3) Local Context

As far as the local context is concerned, our industry was experiencing an anomalous situation due to the price freeze decreed in August past year. In 2019, fuel prices stayed on average at their lowest in real terms as for the past decade, which can be explained by abrupt devaluation and the incapacity to harmonize the overall state of the oil sector with the macroeconomic situation.

We were also facing a context of oversupply of natural gas as a consequence of a surplus in the output subsidized for some producers (not the case for YPF) in accordance with Ministerial Resolution 46. This situation resulted in depressed prices and cuts in production at our gas wells.

The Argentine oil industry found itself in this unfavorable context at the moment it was struck by the COVID-19 pandemic and the situation of demand became worse in face of the mandatory lockdown established by the Decree of Need and Urgency N°297/2020 and its subsequent extensions, which resulted in a fall in demand of oil derivatives in the domestic market of approximately 70%. In order to

illustrate this, since the implementation of the lockdown the sales of YPF's gasoline went down by around 75%, those of gasoil by 45% and those of jet fuel by 95%.

Such situation led to halting production at the Plaza Huincul refinery, reducing staffing at the other two plants and, painfully, to halting production in some fields due to scarce domestic demand and to the unfeasibility to export crude oil in a profitable manner at current prices for Argentina on the international market.

4) Impact on YPF

In this situation with exceptional conditions the lockdown and the efforts of the State to put a check on the pandemic have imposed on economic dynamics, we were compelled to take urgent measures that had to be immediately implemented.

One of the first decisions I made as Chairman of the Board was having every project and expenditure of capital reviewed and to set the preservation of cash flow as the absolute goal for this year. In this sense, we are reviewing the various commitments and expenses in every area and business so as to reduce both capital and operative expenditure while this extraordinary situation continues.

However, we cannot be paralyzed by this context and we are working as a company in order to continue providing the quality services and products which characterize us to our customers while ensuring the integrity and health of our workers. For this reason, we have set up an internal COVID-19 committee, we have implemented remote work protocols that have worked efficiently and reached most of us working for the company, and we have covered critical operations and essential services by implementing shifts with the minimum number of workers possible. In addition, we have coordinated joint efforts with the authorities of the national government, the Ministry of Productive Development, the industrial chambers and unions.

5) Looking ahead: the Foundations for a new YPF

All that was mentioned before constitute the measures we have implemented to face the situation in which we find ourselves under these difficult circumstances, but we should not lose sight of the horizon and our vision on the future.

Post-pandemic economy in Argentina will call for growing rapidly and vigorously again. The energy sector must be one of the driving forces of such growth and our company is called to play a central role in such recovery. To do so, we must lay the foundations of a new YPF that will continue to lead the industry, being committed to a sustainable and efficient development of the country's energy potential, and having a focus on the profitability of each one of its projects.

a) A company with financial discipline

How will we achieve this? In the first place, we will do it through sound finances. The debt issued by the company during the last administrations did not find its counterpart in substantial increases in economic capacity to face challenges or to improve the value of the company. This resulted from many variables, both in the sector and in YPF, but we are focused on regaining financial soundness with manageable levels of debt and liabilities. The near future and our capacity to return to capital markets will be much influenced by the restructuring of the sovereign debt which is being managed these days. In the meantime, we are being struck by the country risk figures and the peso-denominated debt market, which compels companies of our size and ambitions to take on debt mainly abroad.

Internally, we are implementing a very strict financial discipline and we will be extremely careful in capital allocation for each investment decision. In order to do so, we will make decision-taking mechanisms efficient so as to avoid past mistakes, both at managerial and of Board levels, and we will review the organizational structure and the project approval chain.

b. A modern, agile and digital company

So as to better adapt ourselves to a post-pandemic reality and to the requirements of this context in order to maintain and improve our competitiveness and the sustainability of our activity, we must follow the path of an organizational transformation that will imply redefining our business areas and our management procedures with their corresponding reorganization.

This is a process of profound changes that will also imply reconsidering essential aspects of our operations, the ways we do things, the systems that provide support and the suitability of the teams that in charge of carrying them out. This transformation will count on the assignment of well-defined roles and the reviewing of our business organization with the objective of focusing our efforts and capacities on YPF's Strategic Guidelines.

As a core aspect of this transformation agenda, this year we are launching a new initiative oriented to adopting world-class standards for the key processes by means of an updated ERP system.

The implementation of a common modern platform for transaction systems will enable us to continue building more and better digital solutions to benefit our customers and our operations. With a pragmatic view, we will use ERP modernization to simplify and standardize processes in line with the best practices of modern agile organizations, eliminating inefficiency, unnecessary variables, and while reducing operative costs.

This will not be a circumstantial project. It will mean the setting up of a continual improvement 'platform that will allow for a radical change in the way we work. Our plan is to have the migration of every process

ready by the end of 2024, reaching intermediate milestones designed to find a balance between the benefits of rapid transformation and the complexity of our operations. I would like to highlight particularly that this initiative of ERP modernization will be the largest in the country and one of the most important at a regional level.

c. A result-oriented Company

As I have already mentioned, the search for profitability as an objective in every decision made in the businesses will be reflected in the deep transformation of such businesses, both in their structure as in their projects portfolio, as far as only those with high profitability and return in the short and mid-term will be carried out. Our goal is to achieve a resized YPF, which will count on more muscle to successfully carry out those projects being proposed, perfecting investment and implementation.

As a result of our strategic resizing, in the Upstream we will focus on the rapid development of the most competitive resources at our disposal. We must not forget that most of our production comes from conventional fields and that we also count on world-level unconventional fields evidenced in the last decade in *Vaca Muerta*.

It is important to have a clear idea that both conventional and unconventional production will demand big efforts from us in order to increase productivity and that we need to migrate to more efficient ways of working. In turn, this will also call for adaptation efforts from our company, our employees and those suppliers working with us. The way we have worked so far is being questioned in a world with an oversupply of oil and the recovery from this local and global crisis will probably take longer than we hope. Simultaneously, we must also continue working on the improvement of environmental and safety conditions, an area in which we have made an important progress.

In the Downstream, we will continue implementing measures in order to make refining more efficient and its products more sustainable. On the commercial side, we will aim at the consolidation of our domestic position and analyze regional opportunities while advancing in the implementation of the gas station of the future. In turn, we will look for ways to profit from abundance and competitive prices to make our chemical and petrochemical operations grow.

Finally, as regards Gas and Power, we will aim at continuing to supply the stable demand of gas and taking the steps required to export to neighboring countries at competitive prices. Also, we will envision new opportunities to export power to those markets, finding the complementarity required in order to make projects with our neighbors (Chile, Brazil, and Uruguay) viable. The role of YPF LUZ in generating power (both from renewable and non-renewable sources) will be fundamental for driving these businesses.

6) Conclusion

In these few minutes, I meant to outline what we envision as the main challenges for YPF within the present context in order to retake the path of growth for a company that we believe is meant to be the driving force of our economy by leading the sector, keeping the highest standards of efficiency, profitability, competitiveness, transparency, ethics, Health and Safety; and by focusing on the creation of value for shareholders and customers.

I aspire for our company to regain the transforming role it played when engineer Estenssoro presided over it, a role which turned YPF from a state-run company showing many inefficient aspects into a private efficient company quoting in New York, a market which on account of the magnitude of its resources allowed the expansion of the company beyond the financial limitations of our local market.

We will exit this extremely adverse situation to find ourselves renewed and thriving, overcoming the multiple negative conditions in which we are currently involved. Certainly, we will achieve this by renewing present conditions so that each one of our employees, each member of the YPF family can do his very best.

I am convinced that once this pandemic is over, the future will be promising. Thank you all very much again for attending. Thank you!