

YPF SOCIEDAD ANONIMA

Form 6-K

November 08, 2016

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

Report of Foreign Issuer

Pursuant to Rule 13a-16 or 15d-16

of the Securities Exchange Act of 1934

For the month of November, 2016

Commission File Number: 001-12102

YPF Sociedad Anónima

(Exact name of registrant as specified in its charter)

Macacha Güemes 515

C1106BKK Buenos Aires, Argentina

(Address of principal executive office)

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Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Yes No

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Yes No

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YPF S.A.

Consolidated Results

Q3 2016

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Consolidated Results Q3 2016

Adjusted EBITDA for Q3 2016 was Ps 14.6 billion, 9.3% higher than Q3 2015.

Q3 2015	Q2 2016	Q3 2016	Var. % Q3 16/ Q3 15		Jan - Sep 2015	Jan - Sep 2016	Var. % 2016 / 2015
Revenues							
40,056	52,759	55,849	39.4%	(Million Ps)	115,190	155,542	35.0%
Operating income							
5,631	5,318	-34,578	-714.1%	(Million Ps)	15,678	-27,642	-276.3%
Operating income before impairment of assets							
5,631	5,318	1,610	-71.4%	(Million Ps)	15,678	8,546	-45.5%
Net income							
1,884	-753	-30,256	-1705.9%	(Million Ps)	6,291	-30,154	-579.3%
Net income before impairment of assets							
1,884	-753	-6,734	-457.4%	(Million Ps)	6,291	-6,632	-205.4%
Adj. EBITDA							
13,363	17,181	14,609	9.3%	(Million Ps)	35,967	44,283	23.1%
Earnings per share							
4.72	-1.89	-77.14	-1732.9%	(Ps per Share)	16.00	-76.49	-578.0%
Capital expenditures							
15,730	14,498	14,997	-4.7%	(Million Ps)	42,839	44,236	3.3%

Adjusted EBITDA = Net income attributable to shareholders + Net income (loss) for non-controlling interest - Deferred income tax - Income tax - Financial income (losses) gains on liabilities - Financial income gains (losses) on assets - Income on investments in companies + Depreciation of property, plant and equipment + Amortization of intangible assets + Impairment of property, plant and equipment.

(Amounts are expressed in billions of Argentine pesos, except where indicated)

1. MAIN MILESTONES AND ECONOMIC MAGNITUDES FOR Q3 2016

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Revenues for Q3 2016 were Ps 55.8 billion, 39.4% higher than Q3 2015.

Operating income for Q3 2016 before asset impairment charges was Ps 1.6 billion, 71.4% lower than Q3 2015. Taking into account asset impairment charges of Ps 36.2 billion, operating losses for Q3 2016 were Ps 34.6 billion.

Net income for Q3 2016 before asset impairment charges was a loss of Ps 6.7 billion compared to net income of Ps 1.9 billion recorded for Q3 2015. Net income after asset impairment charges was a loss of Ps 30.3 billion.

Adjusted EBITDA for Q3 2016 was Ps 14.6 billion, 9.3% higher than Q3 2015.

Hydrocarbon production for Q3 2016 was 579.3 Kboed, 1.3% higher than Q3 2015. Crude oil production for Q3 2016 was 247.1 Kbbld, 0.9% lower than Q3 2015. Natural gas production for Q3 2016 was 44.9 Mm³d, 1.1% higher than Q3 2015. NGL production for Q3 2016 was 50.1 Kbbld, 14.8% higher than Q3 2015.

Refinery processing levels in the Downstream business segment for Q3 2016 were 91.4%, 1.7% lower than Q3 2015.

Capital expenditures in fixed assets for Q3 2016 were Ps 15.0 billion, 4.7% lower than Q3 2015.

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Consolidated Results Q3 2016

2. ANALYSIS OF RESULTS FOR Q3 2016

Revenues for Q3 2016 were Ps 55.8 billion, 39.4% higher than Q3 2015, due primarily to the following factors:

Natural gas revenues increased Ps 4.2 billion, due to a 76.0% increase in prices in Argentine peso terms and a 1.1% increase in sales volumes.

Diesel revenues increased Ps 3.8 billion, due to a 31.7% increase in diesel mix prices, offset by a 4.2% decrease in sales volumes.

Gasoline revenues increased Ps 2.9 billion, due to a 36.8% increase in prices, offset by a 2.5% decrease in sales volumes.

Retail natural gas revenues from our subsidiary MetroGas (residential and small business and companies) increased Ps 1.2 billion, due to a 69.9% increase in prices in Argentine peso terms and a 19.7% increase in sales volumes.

Fuel oil revenues increased Ps 1.0 billion, due to a 56.6% increase in prices in Argentine peso terms, offset by a 7.7% decrease in sales volumes.

Exports of flour, oil and grains increased Ps 0.4 billion, due to a 101.2% increase in prices in Argentine peso terms, offset by a 28.4% decrease in sales volumes.

Partially offsetting the effect of the increases discussed above, in Q3 2015 Ps 0.5 billion was accrued due to the Crude Oil Production Stimulus Program, which was discontinued as of 2016.

Cost of sales for Q3 2016 was Ps 48.0 billion, 61.2% higher than Q3 2015. This includes a 58.0% increase in production costs and a 52.1% increase in purchases. Cash costs, which include costs of production and purchases but exclude depreciation and amortization, increased by 48.8%. This increase was driven by the following factors:

a) Costs of production:

Depreciation of fixed assets increased Ps 5.5 billion, an increase of 82.0 %, due to investments in assets and appreciation in 2016 based on their valuation in U.S. dollars, which is the functional currency of the company.

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Lifting costs increased Ps 2.5 billion, reflecting a 32.6% increase in the unit indicator in Argentine peso terms.

Royalties increased Ps 1.6 billion. Of this increase, Ps 0.9 billion was related to an increase in royalties for crude oil production and Ps 0.7 billion was related to an increase in royalties for natural gas production.

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Production costs related to refining increased Ps 0.7 billion, reflecting a 49.5% increase in the unit indicator in Argentine peso terms.

Transportation costs increased Ps 0.5 billion, mainly due to increases in rates produced during 2016.

b) Purchases:

FAME and ethanol biofuel purchases increased Ps 1.6 billion, due to higher FAME and ethanol biofuel prices and a 12.9% increase in volumes purchased of ethanol biofuel due to an increase in the amount of ethanol biofuel required to be included in gasoline (from 10% to 12%), which was partially offset by a 7.1% decrease in volumes purchased of FAME in line with decreased diesel production.

Natural gas purchases from other suppliers for resale in the retail segment (residential and small business and companies) from our subsidiary MetroGas increased Ps 1.2 billion due to an increase in prices in Argentine peso terms of 146.5% and an increase in the volumes purchased of 2.9%.

Imports of diesel and jet fuel increased Ps 0.5 million, due to greater volumes purchased of jet fuel and higher prices for diesel and jet fuel in Argentine peso terms, which was partially offset by lower volumes purchased of diesel.

Grain purchases in the agricultural sales segment through the form of barter, which were recorded as purchases for accounting purposes, increased Ps 0.4 billion due to higher prices in Argentine peso terms, which was partially offset by lower volumes purchased.

Crude oil purchases from third parties increased Ps 0.4 billion, due to a 41.8% increase in the Argentine peso purchase price against a 20.9% decrease in volumes purchased.

Administration expenses for Q3 2016 were Ps 1.9 billion, 49.0% higher than Q3 2015. The increase was principally due to higher personnel expenses, higher IT costs and higher fixed asset depreciation.

Selling expenses for Q3 2016 were Ps 3.9 billion, 52.1% higher than Q3 2015. This was driven primarily by increases in transport expenses, principally due to higher rates paid for domestic transport of fuels and increases in personnel costs and fixed asset depreciation. Additionally, in Q3 2015 there was a recovery of charges in the provision for doubtful debts in the natural gas distribution segment.

Exploration expenses for Q3 2016 were Ps 0.3 billion, a decrease compared to Ps 1.2 billion for Q3 2015.

Additionally, in Q3 2016, the company recorded an impairment charge for property, plant and equipment of Ps 36.2 billion, due to an expected reduction in prices for crude oil in the Argentine domestic market, together with estimated evolution of costs based on both the impact of macroeconomic factors and the operational behavior of the company

assets.

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Other Operating Results, net, for Q3 2016 were a loss of Ps 26 million, compared to a gain of Ps 0.4 billion for Q3 2015. The loss is primarily due to the temporary economic assistance of Ps 0.2 billion received in Q3 2015 by the company's subsidiary, MetroGAS S.A., available through Resolution No. 263/2015 of the Argentine Secretary of Energy as well as the receipt of construction incentives of Ps 0.2 billion by the company's subsidiary A-Evangelista.

Financial results for Q3 2016 were a loss of Ps 3.3 billion, compared to a loss of Ps 0.7 billion for Q3 2015. This change was driven primarily by lower positive effects of foreign exchange rates on net liabilities in Argentine pesos of Ps 0.6 billion, generated by a lower devaluation of the Argentine peso in Q3 2016 compared to Q3 2015. Interest expenses also increased Ps 2.9 billion, due to increased levels of debt and higher interest rates.

Income tax for Q3 2016 was a benefit of Ps 7.5 billion, compared to an expense of Ps 3.1 billion in Q3 2015. This was due primarily to a decrease in deferred tax expenses of Ps 9.5 billion and a decrease in current income tax of Ps 1.1 million.

Net income for Q3 2016 before asset impairment charges was a loss of Ps 6.7 billion compared to net income of Ps 1.9 billion recorded for Q3 2015. Net income after asset impairment charges was a loss of Ps 30.3 billion.

Capital expenditures in fixed assets for Q3 2016 were Ps 15.0 billion, 4.7% lower than Q3 2015.

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Consolidated Results Q3 2016

3. ANALYSIS OF OPERATING RESULTS BY BUSINESS SEGMENT FOR Q3 2016**3.1 UPSTREAM**

Q3 2015	Q2 2016	Q3 2016	Var. % Q3 16/ Q3 15		Jan - Sep 2015	Jan - Sep 2016	Var. % 2016 / 2015
Operating income							
2,171	1,716	-35,137	-1718.5%	(Million Ps)	6,965	-28,980	-516.1%
Operating income before impairment of assets							
2,171	1,716	1,051	-51.6%	(Million Ps)	6,965	7,208	3.5%
Revenues							
20,491	27,839	28,096	37.1%	(Million Ps)	58,623	85,265	45.4%
Crude oil production							
249.3	242.9	247.1	-0.9%	(Kbbld)	248.8	246.3	-1.0%
NGL production							
43.6	49.6	50.1	14.8%	(Kbbld)	47.6	52.0	9.3%
Gas production							
44.4	44.8	44.9	1.1%	(Mm3d)	44.3	44.6	0.6%
Total production							
571.9	574.0	579.3	1.3%	(Kboed)	574.9	578.5	0.6%
Exploration costs							
1,182	738	312	-73.6%	(Million Ps)	1,760	1,504	-14.5%
Capital expenditures							
12,292	11,409	11,665	-5.1%	(Million Ps)	35,402	35,329	-0.2%
Depreciation							
6,023	9,734	10,965	82.1%	(Million Ps)	16,444	29,795	81.2%
Realization Prices							

Crude oil prices in domestic market

68.9	60.7	59.9	-12.9%	Period average (USD/bbl)	68.9	60.8	-11.7%
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Average gas price

4.47	4.74	4.78	6.9%	(USD/Mmbtu)	4.58	4.74	3.6%
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Operating income for the Upstream business segment for Q3 2016 before asset impairment charges was Ps 1.1 billion, 51.6% lower than Q3 2015. Taking into account asset impairment charges of Ps 36.2 billion, operating losses for this business segment for Q3 2016 were Ps 35.1 billion.

Revenues were Ps 28.1 billion for Q3 2016, 37.1% higher than Q3 2015, due primarily to the following factors:

Crude oil revenues increased Ps 4.1 billion, an increase of 28.6%, due to a 41.3% increase in Argentine peso terms of the transfer price between the Upstream business segment and the Downstream business segment, while volumes transferred between business segments decreased by 4.9% and volumes sold to third parties decreased by 32.5%.

Natural gas sales to third parties increased Ps 4.2 billion, an increase of 78.0%, due to a 76.0% increase in prices in Argentine peso terms and a 1.1% increase in sales volumes.

In Q3 2015, Ps 0.5 billion was accrued due to the Crude Oil Production Stimulus Program.

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Consolidated Results Q3 2016

The price obtained in U.S. dollars for crude oil in the Argentine domestic market for Q3 2016 decreased 12.9% to US\$59.90/barrel, highlighting that in August, negotiations between local producers and refiners resulted in a 6% reduction of the Argentine domestic crude oil price per barrel over three months. The price obtained in U.S. dollars for natural gas was US\$4.78/Mmbtu, 6.9% higher than Q3 2015.

Hydrocarbon production for Q3 2016 was 579.3 Kboed, 1.3% higher than Q3 2015. Crude oil production for Q3 2016 was 247.1 Kbbld, a 0.9% decrease. Natural gas production for Q3 2016 was 44.9 Mm³d, a 1.1% increase. NGL production for Q3 2016 was 50.1 Kbbld, a 14.8% increase.

With respect to development activity, 140 wells were put in production in Q3 2016, including the unconventional wells and tight gas wells discussed below, for a total of 512 new wells in 2016.

Hydrocarbon production in shale areas for Q3 2016 was 58.2 Kboed, including 30.7 Kbbld of crude oil, 11.3 Kbbld of NGL and 2.6 Mm³d of natural gas, of which YPF consolidates approximately 50%. During Q3 2016, 24 wells were put in production targeting the Vaca Muerta formation, for a total of 522 wells at the end of Q3 2016, including 11 active drilling rigs and 10 workovers.

With respect to tight gas activity: (i) in the Lajas formation, 10 wells were put in production during Q3 2016, and natural gas production was 5.25 Mm³d, (ii) in the Mulichinco formation in the Rincón del Mangrullo area, natural gas production was 2.1 Mm³d, and 3 wells were put in production, and (iii) in the Estación Fernández Oro area, natural gas production was 2.2 Mm³d.

Production costs for Q3 2016 were Ps 26.6 billion, 56.8% higher than Q3 2015, mainly due to the following:

Depreciation of fixed assets increased Ps 4.9 billion, an 82.1% increase;

Lifting costs increased Ps 2.5 billion, reflecting a 32.6% increase in the unit indicator in Argentine peso terms;

Royalties increased Ps 1.6 billion. Of this increase, Ps 0.9 billion was related to higher royalties for crude oil production and Ps 0.7 billion was related to higher royalties for natural gas production; and

Transportation costs increased Ps 95 million, a 20.9% increase, mainly due to increases in rates produced during 2016.

Exploration expenses for Q3 2016 were Ps 0.3 billion, 73.6% lower than Q3 2015. Losses from unproductive exploratory wells decreased Ps 0.6 billion for Q3 2016 compared to Q3 2015. Expenses for geological and geophysical studies decreased Ps 0.2 billion, as seismic survey studies in Q3 2016 focused on developing areas and this focus allowed the company to capitalize on such areas.

As discussed above, in Q3 2016 the company recorded an impairment charge for property, plant and equipment of Ps 36.2 billion, due to an expected reduction in prices for crude oil in the Argentine domestic market, together with estimated evolution of costs based on both the impact of macroeconomic factors and the operational behavior of the company's assets.

Unit cash costs in U.S. dollars decreased 14.4% to US\$20.80/boe for Q3 2016 from US\$24.30/boe for Q3 2015, including taxes of US\$6.10/boe and US\$6.70/boe, respectively. In turn, the average lifting cost for YPF was US\$12.00/boe for Q3 2016, 20.0% lower than US\$15.10/boe for Q3 2015.

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CAPEX

Capital expenditures for the Upstream business segment for Q3 2016 were Ps 11.7 billion, 5.1% lower than Q3 2015.

Of these capital expenditures, 69% were invested in drilling and workover activities, 19% in facilities, and the remaining 12% in exploration and other activities in the Upstream business segment.

In the Neuquina basin area, activities for Q3 2016 were focused on the development of the Loma Campana, Aguada Toledo Sierra Barrosa (Lajas), Rincón del Mangrullo, El Orejano, La Amarga Chica, Loma La Lata (Sierras Blancas) and Chachahuen blocks. Development activities continued at the Cuyana basin, mainly in the Barrancas, Estructura Cruz de Piedra, La Ventana, Vizcacheras, Llancanelo and Cerro Fortunoso blocks. In the Golfo San Jorge basin, most activity was concentrated in Cañadón de la Escondida, El Guadal, Seco León and Barranca Baya areas, in the province of Santa Cruz, and the Manantiales Behr and El Trébol-Escalante areas in the province of Chubut.

Exploration activities for Q3 2016 covered the Cuyana, Neuquina and Golfo San Jorge basins. In the Cuyana basin, exploratory activity targeted the Barrancas block. Exploration activities in the Neuquina basin focused on the Señal Picada Punta Barda, Bajo del Piche, Chachahuan and Rincón del Mangrullo blocks. In the Golfo San Jorge basin, activity focused on the evaluation of deep targets in the west flank of the Los Perales block.

During Q3 2016, four exploratory wells were completed.

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3.2 DOWNSTREAM

Q3 2015	Q2 2016	Q3 2016	Var.% Q3 16/ Q3 15		Jan - Sep 2015	Jan - Sep 2016	Var.% 2016 / 2015
Operating income							
3,522	3,432	1,118	-68.3%	(Million Ps)	8,881	3,756	-57.7%
Revenues							
35,804	47,715	50,515	41.1%	(Million Ps)	103,832	139,163	34.0%
Sales of refined products in domestic market							
4,308	4,126	4,259	-1.1%	(Km3)	12,816	12,425	-3.1%
Exportation of refined products							
314	275	303	-3.5%	(Km3)	1,078	1,070	-0.7%
Sales of petrochemical products in domestic market (*)							
218	207	227	4.1%	(Ktn)	622	622	0.0%
Exportation of petrochemical products							
87	42	80	-8.0%	(Ktn)	242	149	-38.4%
Crude oil processed							
297	288	292	-1.7%	(Kboed)	300	292	-3.0%
Refinery utilization							
93%	90%	91%	-1.7%	(%)	94%	91%	-3.0%
Capital expenditures							
2,813	2,776	2,906	3.3%	(Million Ps)	6,257	7,773	24.2%
Depreciation							
778	1,333	1,389	78.5%	(Million Ps)	2,249	4,012	78.4%
Average domestic market gasoline price (**)							
764	676	645	-15.7%	(USD/m3)	756	625	-17.3%

Average domestic market diesel price ()**

773	661	629	-18.7%	(USD/m3)	763	618	-19.0%
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(*) Fertilizer sales not included

(**) Includes gross income and net of deductions, commissions and other taxes

Operating income for the Downstream business segment for Q3 2016 was a gain of Ps 1.1 billion, 68.3% lower than Q3 2015.

Revenues were Ps 50.5 billion, 41.1% higher than Q3 2015, due primarily to the following:

Diesel revenues increased Ps 3.8 billion, due to a 31.7% increase in diesel mix prices, offset by a 4.2% decrease in sales volumes, although sales volumes of Eurodiesel, a premium diesel product, increased 2.9%.

Gasoline revenues increased Ps 2.9 billion, due to a 36.8% increase in prices, offset by a 2.5% decrease in sales volumes.

Fuel oil revenues in the Argentine domestic market increased Ps 1.0 billion, due to a 51.9% increase in prices, offset by a 0.5% decrease in sales volumes.

Petrochemical product revenues in the Argentine domestic market increased Ps 0.2 billion, due to a 10.3% increase in prices in Argentine peso terms and a 6.3% increase in sales volumes.

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Exports increased Ps 1.3 billion, or 39.8%, compared to Q3 2015, due to higher prices in Argentine peso terms driven by devaluation of the Argentine peso in Q3 2016, offset by a decrease in export volumes. Exports of flour, oil and grains totaled Ps 1.5 billion, due to a 101.2% increase in prices in Argentine peso terms, offset by a 28.4% decrease in export volumes.

Cost of sales and operating expenses for Q3 2016 increased Ps 17.1 billion, or 53.0% compared to Q3 2015, due primarily to the following factors:

Crude oil purchases increased Ps 5.2 billion, due to an increase in prices in Argentine peso terms of crude oil purchased, offset by a 4.9% decrease in volumes purchased from the Upstream business segment and a 20.9% decrease in volumes purchased from other producers of crude oil. Purchase prices from the Upstream business segment in Argentine peso terms increased 41.3%, and purchase prices from other producers of crude oil similarly increased 41.8%.

FAME and ethanol biofuel purchases increased Ps 1.6 billion, due to higher FAME and ethanol biofuel prices of 93% and 57%, respectively. There was a 12.9% increase in volumes purchased of ethanol biofuel, due to an increase in the amount of ethanol biofuel required to be included in gasoline (from 10% to 12%), which was partially offset by a 7.1% decrease in volumes purchased of FAME in line with decreased diesel production.

Imports of diesel and jet fuel increased Ps 0.5 million, due to greater volumes purchased of jet fuel and higher prices for diesel and jet fuel in Argentine peso terms, which was partially offset by lower volumes purchase of diesel.

Grain purchases in the agricultural sales segment through the form of barter increased Ps 0.4 billion due to higher prices in Argentine peso terms, which was recorded as purchases for accounting purposes.

Production costs related to refining increased Ps 0.7 billion, due to inflation and increased expenses for materials, parts, electricity, other supplies and fuel. As a result, and considering the 1.7% decrease in volumes processed, unit refining costs in Q3 2016 were 49.5% higher than Q3 2015. Transportation costs related to production (shipping, oil pipelines, and multiproduct pipelines) increased Ps 0.4 billion, a 47.6% increase.

Fixed asset depreciation increased Ps 0.6 billion, an 82.4% increase, resulting from an increase in the value of assets subject to depreciation compared to Q3 2015 due to increased investments in assets and an increase in asset values, based on their valuation in U.S. dollars, the functional currency of the company.

Marketing expenses increased Ps 1.3 billion, due to higher transportation costs related to an increase in Argentine domestic fuel transportation rates and increased depreciation cos