

YPF SOCIEDAD ANONIMA  
Form 6-K  
November 06, 2014

**FORM 6-K**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**Report of Foreign Issuer**

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

**of the Securities Exchange Act of 1934**

**For the month of November, 2014**

**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

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**YPF Sociedad Anonima**

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Revenues of ARS 38.2 bn (+58% vs. Q3 2013)

Crude oil production 246.0 Kbb/d (+4.6%)

Natural gas production 44.9 Mm3/d (+26.1%)

Crude processed 299 Kbb/d (+2.4%)

Operating Income was ARS 8 bn (+134%)

Net Income was ARS 3.2 bn (+127%)

Total Capex

was ARS 13.8 bn (+72%)

Q3 2014 **Results Highlights**

Adj. EBITDA

(1)

reached ARS 13.5 bn (+105%)

Operating Cash Flow topped 18.2 bn (+95%)

(1)

See description of Adj. EBITDA in footnote (2) on page 5

Solid demand, market share:

gasoline 58% and diesel 59%



5

Volume and sales growth resulted in margin expansion.

Adj. EBITDA grew by 38% and Operating Income by 58% y-o-y.

Revenues

(1)

(MUSD)

Operating Income

(1)

(MUSD)

Adj. EBITDA

(1) (2)

(MUSD)

(1)

YPF financial statement values in IFRS converted to USD using average FX of 5.6 and 8.3 for Q3 2013 and Q3 2014, respectively

(2)

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  
fixed  
assets  
+  
Amortization  
of  
intangible  
assets.  
+6%

+58%

+38%

**Q3 2014 Results Expressed in US Dollars**

619

975

Q3 2013

Q3 2014

1,182

1,632

Q3 2013

Q3 2014

4,355

4,632

Q3 2013

Q3 2014

In millions of ARS

Q3 2014 **Operating Income**

Higher revenues fueled Operating Income increase of 134% in Q3 2014.

6

3,444

8,044

13,965

397

-3,830

-2,477

-2,255

-1,173

-27

Q3 2013

Revenues

Others

expenses

Other costs

of sales  
Purchases  
DD&A  
SG&A  
Exploration  
expenses  
Q3 2014

7

**Q3 2014 Operating Income**

Continued solid performance across both business segments.

In millions of ARS

3,444

8,044

2,330

2,328

-58

Q3 2013

Downstream

Upstream

Administration & Others

Q3 2014

8

**Q3 2014 Upstream Results**

Upstream Operating Income reached ARS 4.5 bn (+109%) due to higher revenues driven by the increase in production and prices.

In million of ARS

(1)

Includes ARS 415 millions of other expense (ARS 359 million derived from the sale to Sinopec of a 30% stake in the concession of Exploration Expenses, ARS -17 million of SG&A and ARS -3 million of Purchases.

1

2,135

4,463

8,394

368

-3,515

-1,943

-976

Q3 2013

Revenues

Other expenses  
Production costs  
DD&A  
Royalties  
Q3 2014



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Crude oil production

(1)

(Kbbl/d)

Natural gas production

(1)

(Mm<sup>3</sup>/d)

**Q3 2014 Upstream Results**

Production

Total production

(1)

(Kboe/d)

+4.6%

+26.1%

+15.4%

Total y-o-y production growth of 15.4%: 4.6% in crude oil and 26.1% in natural gas

(1)

Q3 2014 includes production of YSUR and Puesto Hernández acquired in Q1 2014.

496.5  
573.0  
Q3 2013  
Q3 2014  
36  
44.9  
Q3 2013  
Q3 2014  
235.1  
246.0  
Q3 2013  
Q3 2014

10

**Q3 2014 Upstream Results**

Production

Crude oil production

(kbb/d)

Natural gas production

(Mm<sup>3</sup>/d)

Continuous growth in tight gas and shale oil.

Tight gas production is more than 10% of total natural gas production.

YSUR + Puesto Hernández

Tight + Shale

Conventional

226.3

228.2

235.1

239.3

241.6

240.9

31.4  
33.0  
35.6  
35.5  
37.2  
43.5  
246.0  
1.3  
6.0  
5.9  
0.7  
0.7  
0.9  
2.3  
3.1  
3.8  
5.5  
Q1 13  
Q2 13  
Q3 13  
Q4 13  
Q1 14  
Q2 14  
Q3 14  
6.0  
13.6  
13.3  
4.2  
5.4  
7.9  
9.5  
6.4  
6.8  
9.5  
Q1 13  
Q2 13  
Q3 13  
Q4 13  
Q1 14  
Q2 14  
Q3 14  
44.9

11

**Q3 2014 Upstream Results**

Tight gas update

Loma La Lata (121 km

29,900 acres)

Objective: Lajas formation

Rincón del Mangrullo (183 km

-

45,200 acres)

Objective: Mulichinco formation

Invested over USD 540 million

69 wells drilled

56 producing wells

4 active drilling rigs

8 / 10 stage fracs per well

Depth (TVD): 2,600 / 2,800 m

Invested over USD 173 million

29 wells drilled

28 producing wells

3 active drilling rigs

2 stage fracs per well

Depth (TVD): 1,600 / 1,800 m

Natural gas production (Mm3/d)

Natural gas production (Mm3/d)

(1)

Refers

to

Lajas

prospective

area

called

Segmento

5

in

Loma

La

Lata

block.

0.7

0.6

0.6

0.6

0.6

0.6

0.9

1.5

2.2

2.4

2.6

2.7

2.9

2.6

3.5

3.8

3.9

4.2  
4.1  
0.04  
0.04  
0.05  
0.09  
0.16  
0.18  
0.69  
0.90  
1.01  
2  
1  
2

12

**Q3 2014 Upstream Results**

Shale Update

Good progress in the shale gas pilot in El Orejano, with continuous drilling activity.

Horizontal and vertical wells under evaluation showing good behavior.

Two drilling rigs exploring and delineating new unconventional blocks during Q3 2014.

Unconventional Center of Excellence and YTEC continued progress in understanding the subsurface.

After only 2 years, Loma Campana has become the 2nd largest oil producing field in Argentina.

Encouraging productivity in the latest horizontal shale oil wells entering production in Loma Campana.

Promising

reduction

in

horizontal

well

drilling

time

through

the



application  
of  
latest  
technologies.

Vertical shale oil wells drilled in Loma Campana's sweet spot are producing at or above forecasted type well curve, with decreasing drilling & completion costs.

Total  
Gross  
Production  
(Kboe/d)

- 5.9
- 7.9
- 9.8
- 13.3
- 17.3
- 18.6
- 23.2
- 31.9
- Q4 12
- Q1 13
- Q2 13
- Q3 13
- Q4 13
- Q1 14
- Q2 14
- Q3 14

13

**Q3 2014 Downstream Results**

Downstream Operating Income grew 152% to ARS 3.9 bn in Q3 2014, due to higher revenues and lower increase in purchases.

In millions of ARS

1,534

3,864

12,583

-7,981

-1,086

-843

-266

-77

Q3 2013

Revenues

Purchases

Production

costs

SG&A  
DD&A  
Other  
expenses  
Q3 2014

14

2.4%

Crude processed

(kbbbl/d)

Domestic sales of refined products

(Km

3

)

+2.6%

**Q3 2014 Downstream Results -**

Sales

+3.3%

+5.4%

Refinery utilization reached 94% helped by lighter crude coming from unconventional production.

Imported volumes of diesel dropped 36% against Q3 2013.

4,188

4,297

Q3 2013

Q3 2014  
Others  
LPG  
Fuel Oil  
JP1  
Gasoline  
Diesel  
292  
299  
Q3 2013  
Q3 2014

15

Q3 2014 **Refined Products Demand**

Monthly Gasoline and Diesel Sales

(1)

(Km3)

Brand recognition; solid demand based on slight market share growth.

Gasoline and Diesel Market Share

(1)

(Km3)

(1)

Source: Argentine Secretariat of Energy (SEN)

2014

2013

2012

2012

2013

2014

800

850  
900  
950  
1,000  
1,050  
1,100  
January  
February  
March  
April  
May  
June  
July  
August  
September  
January  
February  
March  
April  
May  
June  
July  
August  
September

16

**Q3 2014 Capex**

(1)

(1)

Economic capex figures as expressed in Note 2.g of Q3 2014 YPF financial statements.

(2)

Active rigs at end of period.

+71.6%

In millions of ARS

13,776

Downstream

Upstream

Progress of the new coke unit  
at the La Plata Refinery and  
other multi-year projects

Neuquina

basin:

Loma



Campana,  
Rincón del Mangrullo, Aguada  
Toledo and Chachahuen  
Golfo San Jorge basin:  
Manantiales Behr, El Trébol and  
Los Perales  
Drilling  
rigs  
(2)  
+200%  
25  
36  
42  
46  
52  
58  
63  
65  
69  
73  
75  
8,028  
Upstream  
Downstream  
Others  
Q3 2013  
Q3 2014

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(1)

Effective spendings in fixed asset acquisitions during the quarter.

(2)

Includes effect of changes in exchange rates.

(3)

Net debt to Adj. EBITDA calculated in USD, Net debt at period end FX of 8.4 and Adj. EBITDA LTM at average LTM of 7.5

**Q3 2014 Cash Flow From Operations**

Self financed Q3 2014 capex; Cash Flow From Operations grew ARS 9 bn against Q3 2013.

Sound

capital

structure;

Net

Debt

/

Adj.

EBITDA

LTM

down

to

0.75x

(3)

.

+95%

Consolidated statement of cash flows

(in million of ARS)

Cash flow from operations

(in million of ARS)

9,356

18,249

Q3 2013

Q3 2014

11,448

15,873

18,249

-13,579

-245

Cash at the

beginning of Q3 2014

Cashflow from

operations

Capex

(1)

Net financing

(2)

Cash at the end of

Q3 2014

Peso denominated debt **32%**  
Financial debt amortization schedule  
(1) (2)  
(MUSD)  
Average interest rates of **6.64%**  
in USD and **25.10%**  
in ARS  
(1)  
As  
of  
September  
30,  
2014,  
does  
not  
include  
consolidated  
companies

/  
(2)  
Converted  
to  
USD  
using  
September  
30,  
2014  
FX  
of  
8.4  
Cash position covers debt maturities for next 18-months.  
Continued to extend average life of debt.  
Financial  
Situation  
Update  
1  
Trade facilities  
Term Loans  
Average life of almost **4**  
years  
Senior Bonds  
and Notes  
1,751  
Cash  
Q4 2014  
2015  
2016  
2017  
2018  
2019  
2020+  
10%  
11%  
79%  
19

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Summary

Continued to improve results and expand margins

Increased oil & gas production by 15.4%, with an impressive 26%

growth

in

natural

gas;

shale

and

tight

already

represent

8%

of

total

hydrocarbon production

Announced 3

rd



shale pilot project with Petronas

Strong

brand

recognition

allowed

an

increase

in

demand

based

on

market share growth; lowering imports

Free

Cash

Flow

positive

in

Q3

2014,

increased

cash

and

lowered leverage ratios to 0.75x Net Debt to Adj. EBITDA

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3  
rd  
Quarter 2014 Earnings Webcast  
Questions and Answers

3rd Quarter 2014  
Earnings Webcast  
November 6, 2014

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**YPF Sociedad Anónima**

Date: November 6, 2014

By: /s/ Alejandro Cheriñacov

Name: Alejandro Cheriñacov

Title: Market Relations Officer