

Other Industries Earnings Review

TECOAR, AEROAR, IRSAAR, ARCOR & MASHER

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AEROAR31 continues to be our top pick within Other Industries. At the current market prices, we believe that the AEROAR31 offers a more attractive alternative. We base our view on the company's solid improvement in its financial figures, manageable maturities until 2025, and a more protective bond structure. In that sense, the principal debt services for 2023 and 2024 stand at USD 68mn and USD 34.5mn, respectively, compared to the company's 1Q23 closing cash position at USD 158mn and an LTM EBITDA of USD 295mn. Although we expect FY23 total PAX to come higher than last year, even in the case it drops below that level, we consider that debt services for this year and the next one is low, thus, the company has enough flexibility. Around 85% of the company's revenue is dollar-linked, with a part of it being collected directly abroad. Under the AEROAR31 structure, there is a debt reserve account located in NY that is funded with foreign collections to service the bond. Since mid-last-year, the level of passenger traffic allowed the account to be fully funded, even when PAX figures were significantly below the current level. This additional protection, as opposed to purely buying dollars at the official FX domestically (with the growing risks of closure of that window), makes us believe the AEROAR31 is an interesting alternative to closely monitor. We would recommend this investment when looking at a long-term horizon, as we believe in the short term there could be some noise that affects the mark-to-market price.

We believe IRSA's credit quality remains strong but its current price level is not so appealing.

We believe IRSA's credit quality remains strong but its current price level is not so appealing. The company's profitability moving forward would depend on the degree of the spike in inflation and economic activity slowdown, as currently the many in place restrictions (to dollarize portfolios, to import goods, no financing to buy flight tickets, etc) favor domestic consumer spending. If both spiral out, then the company would see a drop in its profitability. Still, the financial health of the company remains strong with a manageable debt services schedule, and liquid dollarized assets that the company could sell in a distressed scenario as it has done in the recent past.

Soaring inflation will pressure Telecom's profitability.

Soaring inflation will pressure Telecom's profitability. The company derives around 94% of its revenues from Argentina and operates in a highly competitive industry. Given the latter, there is a significant opportunity cost in increasing prices and preserving the client base. Even though the company's priority is maintaining its profitability, we expect it to continue narrowing to historically low levels. Also, growth prospects in the short term seem limited so far. The 5G auction was expected to be released by now, but with the increasing macro imbalances, an administration with a weak political stance, an adverse-in-place regulatory framework, closed international markets, and import restrictions raises questions on if it will be launched shortly. In terms of debt, we believe that there is a significant part of 2023 services that can be rolled over as they are related to the domestic market. For the TECOAR25, the company should have access to the official FX as it is compliant with current regulations. Still, given how close the principal service falls relative to the PASO, and in this scarce reserves context, it has significant downside risk in the short term and for that reason, we do not see the current price as an interesting entry point. We would consider an interesting entry point with a price close to the 90s.

For Arcor and Mastellone we expect the adverse business environment to take a toll on margins.

For Arcor and Mastellone we expect the adverse business environment to take a toll on margins. We believe that for both companies FY23 would be a challenging year, with the economic environment affecting consumers' behavior, while at the same time, higher inflation would substantially increase the cost structure. Still, we expect their share of exports to partially offset the adverse context in Argentina. On the positive side, Arcor announced it will call the remaining of the ARCOR23 note and to fund the operation it issued three notes. With that, most of the short-term dollar needs would be covered. For Mastellone we highlight that the company benefits from manageable debt maturities for the year. Between the two, we believe Mastellone is a more aggressive play betting on Arcor exercising the call option on the remaining stake before 2025.

AEROAR 1Q23 Earnings Review

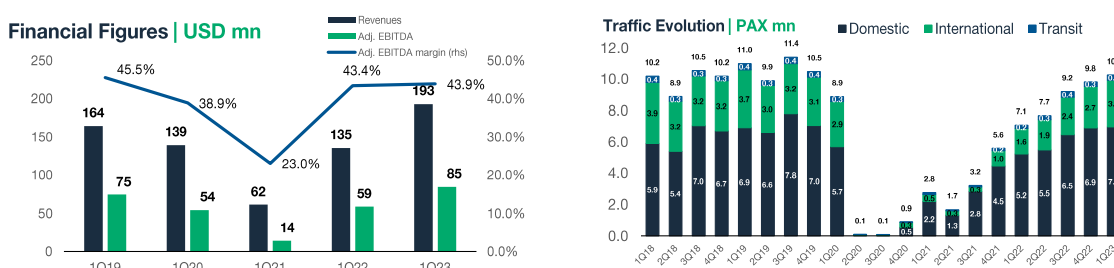
Aeropuertos Argentina keeps giving signs of strong recovery.

Aeropuertos Argentina keeps giving signs of strong recovery. The company reported total sales of ARS 40,314mn (USD 193mn), a figure 32% higher than last year. The aeronautical revenues represented 57% of the total and grew 60%yoy. The increase was mainly explained by higher passenger traffic (+45.3%yoy), especially the international one (+83%yoy), and a higher domestic tariff that went from ARS 614 to ARS 1,100 effective as of the end of January 2023. The commercial revenue represented the remaining 43% and increased 7%yoy, in line with a higher operational volume. With that, the company is normalizing its revenue distribution towards pre-pandemic levels (62-38% in 2019, 31-70% in 2021, and 52-48% in 2022). The Adj. EBITDA reached ARS 17,700mn (USD 85mn), resulting in a margin of 44% (+0.5ppoy). When comparing both revenue and Adj. EBITDA to 1Q19's figures in dollar terms, they are 17% and 13% above, respectively. The recovery has been gradual not only because of the restrictions imposed due to COVID (which for the aeronautical industry lasted until late 2021) but also, by several economic measures that were put in place to discourage tourism (a differentiated FX for abroad consumption and the elimination of credit card installments for the purchase of flight tickets) to preserve the Central Bank reserves. However, since 2022 the traffic has increased strongly and steadily, and since 3Q22 the international traffic in particular, which boosted the recovery in revenues.

While domestic passenger traffic is at the same level as pre-pandemic, international traffic continues to improve.

While domestic passenger traffic is at the same level as pre-pandemic, international traffic continues to improve. In 1Q23 the total number of passengers (PAX) climbed 45.3%yoy to 10.3mn. Of that amount, 68% were domestic growing 33%yoy and +0.81% versus 1Q19. The international PAX amounted to 29% (the remaining 3% of PAX is related to regional flights) and increased by 83%yoy to 3mn. Given that the international segment is the one with the highest dollarized tariff (at USD 57, compared to the domestic at ARS 1,100, and the regional at USD 25) the degree of increase in its traffic directly impacts the revenue's recovery. In that sense, although when compared to pre-pandemic the international PAX level remains 20% below in 1Q23, since 3Q22 its growth has been strong reaching the 3mn figure in 1Q23 from 1.6mn in 1Q22, 0.46mn in 1Q21, and 3.7mn in 1Q19. If that amount remains stable throughout the year, the gap relative to pre-pandemic could narrow substantially. We believe, however, that future traffic figures could weaken a bit in line with the deterioration of consumer disposable income following the slowdown in economic activity and the spike in the relevant FX, but for FY23 the total traffic should exceed FY22. In that sense, domestic PAX could end flat relative to FY19, and the international pax below FY19 by 15-20%.

Figure 1: In dollar terms, both revenue and Adj. EBITDA are above pre-pandemic figures



Source: TPCG based on Company Filings.

The reported FCF increased from ARS 404mn in 1Q22 to ARS 1,664mn in 1Q23.

The reported FCF increased from ARS 404mn in 1Q22 to ARS 1,664mn in 1Q23. The FFO closed the period at ARS 11,832mn (USD 56.6mn) from ARS 6,678mn last year given the improvement in operations. After larger working capital outflows (from -ARS 97mn to -ARS 1,171mn) and lower interest expenses (from -ARS 3,638mn to -ARS 2,968mn), the CFO closed at ARS 7,693mn from ARS 2,943mn last year. Finally, after factoring in higher capex (from -ARS 2,539mn to -ARS 6,029mn) the FCF closed at ARS 1,664mn (USD 8mn). In terms of capex, it is worth noting that following recent years' disbursements and the repurchase of the preferred shares last year, the company is on track with the mandatory capex set after the concession extension.

Manageable debt maturities provide enough flexibility for the company.

Manageable debt maturities provide enough flexibility for the company. The company reported cash & eq. position of ARS 33,119mn (USD 158mn), which covers 2.3x the ST debt. Total debt (including leaseings) reached ARS 147,825mn (USD 707mn), which resulted in a dollar net leverage position of 1.9x, decreasing from 2.2x last quarter. Principal debt services for 2023 and 2024 stand at a manageable level amounting to close to USD 68mn and USD 35mn, respectively. This gives the company enough flexibility if PAX figures weaken.

Figure 2: Summary of financials

Selected information on Aeropuertos Argentina 2000

Summary financials		ARS mn			USD mn		
Income Statement Items	1Q22	1Q23	Chg yoy	1Q22	1Q23	Chg yoy	
Revenues	30,527.0	40,314.0	32.1%	135.5	192.9	42.4%	
Opex	(22,050.0)	(27,036.0)	22.6%	(97.8)	(129.4)	32.2%	
Adj. EBITDA	13,253.0	17,700.0	33.6%	58.8	84.7	44.0%	
Net Income	13,131.0	7,775.0	-40.8%	58.3	37.2	-36.2%	
Gross Margin	-	-	-	37%	43%	-	
Adj. EBITDA Margin	-	-	-	43%	44%	-	
Balance Sheet Items	4Q22	1Q23	Chg qoq	4Q22	1Q23	Chg qoq	
Short Term Debt	15,100.0	14,157.0	-6.2%	70.5	67.7	-3.9%	
Long Term Debt	139,435.0	133,668.0	-4.1%	650.7	639.6	-1.7%	
Total Debt	154,535.0	147,825.0	-4.3%	721.2	707.3	-1.9%	
Cash & Cash Eq. + ST Investments	30,978.0	33,119.0	6.9%	144.6	158.5	9.6%	
Gross Leverage (LTM)	-	-	-	2.7x	2.4x	-	
Net Leverage (LTM)	-	-	-	2.2x	1.9x	-	
Cash / ST Debt	-	-	-	205%	234%	-	
Cash Flow Items	1Q22	1Q23	Chg yoy	1Q22	1Q23	Chg yoy	
Funds From Operations	6,678.0	11,832.0	77.2%	29.6	56.6	91.1%	
Change in Working Capital	(97.0)	(1,171.0)	n.m.	(0.4)	(5.6)	n.m.	
CFO after cash interest & taxes	2,943.0	7,693.0	161.4%	13.1	36.8	181.9%	
Capex	(2,539.0)	(6,029.0)	137.5%	(11.3)	(28.8)	156.0%	
Disposals	-	-	n.m.	-	-	n.m.	
Free Operating Cash Flow	404.0	1,664.0	311.9%	1.8	8.0	344.6%	
Acquisition (Disposals)	-	-	n.m.	-	-	n.m.	
Free Cash Flow	404.0	1,664.0	311.9%	1.8	8.0	344.6%	
Capex/Sales	-	-	-	8%	15%	-	

IRSA 3Q23 Earnings Review

Strong performance within the Shopping Malls & Hotels segments boosted revenues.

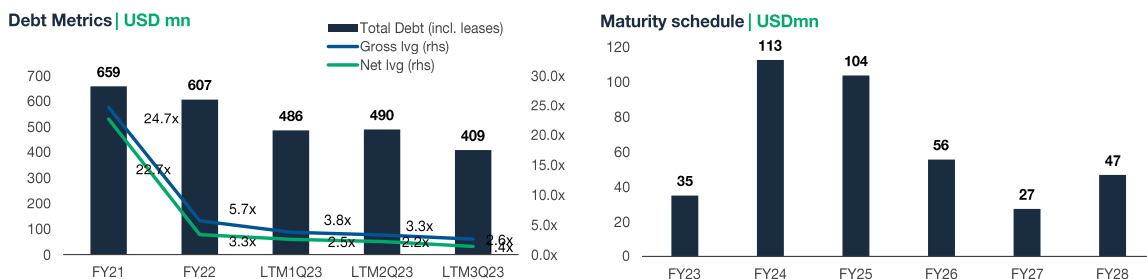
Strong performance within the Shopping Malls & Hotels segments boosted revenues. IRSA's total revenues grew 20%yoy in real terms to ARS 16,273mn in 3Q23 (USD 78mn). The company's EBITDA under our estimations (which excludes the effects of changes in FV of assets, and other G&L) climbed 15%yoy to ARS 6,937mn (USD 33mn) and resulted in an Adj. EBITDA margin of 43%. The company's reported EBITDA closed at ARS 14,326mn (+34%yoy). For the 9M23 period, the total revenue grew by 36%yoy to ARS 53,876mn (USD 258mn), and our estimated EBITDA went up by 58%yoy to ARS 26,248mn (USD 126mn). By segment:

- Shopping Malls: For 9M23 total revenues grew by 31%yoy to ARS 28,073mn, and our estimated EBITDA by 41%yoy to ARS 21,455mn. The increase was mainly explained by a higher occupancy at 96.8% (+2.9ppqoq and 5.3ppyoy) and tenants' sales (+18.3%yoy). For the 3Q23, total sales increased by 21%yoy to ARS 8,848mn.
- Offices: For 9M23 total revenue went down 31%yoy to ARS 2,908mn, and our estimated EBITDA by -18%yoy to ARS 2,309mn. The decrease was mainly explained by a decrease in the leasable area (-28%yoy) following several asset sales during the period (mostly related to the "260 Della Paolera" building). The occupancy closed at 68.4%, flat when compared to 2Q23, but +2ppyoy. The average rent price remained stable during the period, closing at 25.6 USD/sqm and compared to 24.6 USD/sqm last year.
- Hotels: Total sales for 9M23 increased by 68%yoy to ARS 9,249mn, and our estimated EBITDA by 115% to ARS 3,310mn. The strong increase was due to higher occupancy especially in the hotels located in Buenos Aires, closing at 68.6% from around 45.2% last year, given that the average tariff remained flat at 231 USD/night.
- Sales & Dev: Total sales grew by over 300%yoy during 9M23 to ARS 2,750mn, given several sales of floors from the "260 Della Paolera" building. Our estimated EBITDA signaled an improvement of 91%yoy to a loss of -ARS 151mn.

The reported FCF reached ARS 29,909mn from ARS 20,087mn last year.

The reported FCF reached ARS 29,909mn from ARS 20,087mn last year. The company's FFO grew over 56%yoy to ARS 21,513mn in 9M23. Lower interest expenses (from -ARS13,103mn to -ARS8,325mn), but higher taxes (from -ARS427mn to -ARS1,578mn) resulted in a CFO of ARS 11,977mn. After considering a lower capex (from -ARS4,958mn to -ARS2,212mn) and asset sales (from ARS 23,682mn to ARS 20,483mn), the FCF closed at ARS 29,909mn (USD 142mn), from ARS 20,087mn last year.

Figure 3: IRSA's net leverage position improved by 0.8ppqoq



IRSA's financial health remains strong.

IRSA's financial health remains strong. The cash & eq. closed the period at ARS 40,182mn (USD 192mn), covering 1.4x the ST debt. The total debt position closed at ARS 85,544mn (USD 409mn) decreasing 35%yoy. In dollar terms, the net leverage position closed at 1.4x, from 2.2x last quarter. It is worth noting that the company did some LBO to cancel two global notes due this year and raised additional funds to repay their principal. Moreover, in 4Q23 the company distributed dividends for an amount close to ARS 21,900mn (USD 98mn), resulting in a dividend yield close to 13%.

Figure 4: Summary of financials

Selected information on IRSA IR

Summary financials	ARS mn			USD mn		
Income Statement Items	9M22	9M23	Chg yoy	9M22	9M23	Chg yoy
Revenues	39,759.0	53,876.0	35.5%	175.2	257.8	47.1%
Opex	(44,268.0)	(60,803.0)	37.4%	(195.1)	(290.9)	49.1%
Adj. EBITDA	16,582.0	26,248.0	58.3%	73.1	125.6	71.8%
Net Income	23,501.0	31,768.0	35.2%	103.6	152.0	46.8%
Gross Margin	-	-	-	62%	66%	-
Adj. EBITDA Margin	-	-	-	42%	49%	-
Balance Sheet Items	4Q22	9M23	Chg qoq	4Q22	9M23	Chg qoq
Short Term Debt	24,731.0	28,169.0	13.9%	493.2	134.8	-72.7%
Long Term Debt	107,566.0	57,375.0	-46.7%	113.4	274.5	142.1%
Total Debt	132,297.0	85,544.0	-35.3%	606.6	409.3	-32.5%
Cash & Cash Eq. + ST Investments	54,367.0	40,182.0	-26.1%	249.3	192.3	-22.9%
Gross Leverage (USD LTM)	-	-	-	5.7x	2.4x	-
Net Leverage (USD LTM)	-	-	-	3.3x	1.3x	-
Cash / ST Debt	-	-	-	51%	143%	-
Cash Flow Items	9M22	9M23	Chg yoy	9M22	9M23	Chg yoy
Funds From Operations	13,759.0	21,513.0	56.4%	60.5	116.5	92.7%
Change in Working Capital	1,134.0	367.0	-67.6%	5.2	(11.8)	n.m.
CFO after cash interest & taxes	1,363.0	11,977.0	778.7%	6.0	57.3	854.1%
Capex	(4,958.0)	(2,551.0)	-48.5%	(21.9)	(12.2)	-44.1%
Disposals	-	2,212.0	n.m.	-	10.6	n.m.
Sales of investment properties	23,682.0	18,271.0	-22.8%	104.4	87.4	-16.2%
Free Operating Cash Flow	20,087.0	29,909.0	48.9%	88.5	143.1	61.6%
Acquisition (Disposals)	-	-	n.m.	-	-	n.m.
Free Cash Flow	20,087.0	29,909.0	48.9%	88.5	143.1	61.6%
Capex/Sales	-	-	-	12%	5%	-

Telecom 1Q23 Earnings Review

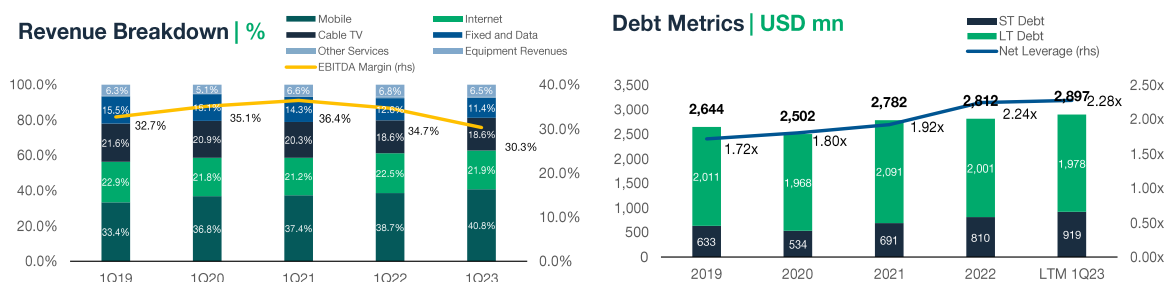
Profitability continues to narrow as the inflation pace picks up.

Profitability continues to narrow as the inflation pace picks up. Telecom's total revenue fell by 10.4%yoy in real terms during 1Q23 reaching ARS 214,818mn (USD 1,028mn). The Opex dropped by 4.4%yoy to ARS 149,772mn (USD 717mn), with all lines decreasing excluding the employee expenses, which represents the largest line at 34.5% and continues increasing in real terms. With that, the EBITDA went down by 21.8%yoy to ARS 65,046mn (USD 311mn) resulting in an EBITDA margin of 30.28%, a figure 4.4pp lower than last year. In that sense, the LTM 1Q23 EBITDA margin closed at 26%, dropping 2ppqoq. The company continues to suffer from the spike in inflation, as the catch-up in price increases comes at the cost of a hit in total accesses given the highly competitive nature of the industry. During the period all ARPU fell in real terms, and the only client base growing compared to last year was mobile telephony. By segment:

- Mobile Telephony: Total sales dropped by 5.5%yoy to ARS 87,610mn and represented 40.7% of the total. Client accesses grew by 1.7%yoy to 22.8mn, while the ARPU fell by 6.2% to ARS 1,307.
- Internet: Total revenue went down by 8.8% to ARS 47,017mn and represented 21.8% of the total. Client accesses and ARPU decreased by 3.7%yoy to 4.1mn, and by 6.5% to ARS 3,641, respectively.
- Cable TV: Revenue fell by 15%yoy to ARS 39,909, representing 18.5% of sales. Total accesses went down by 3.9%yoy to 3.4mn, and the ARPU dropped by 13.5%yoy to ARS 3,728.
- Fixed Telephony: Revenue went down by 19.1%yoy to ARS 24,501mn and represented 11.4%. Total accesses decreased by 4.8%yoy to 2.9mn, and the ARPU dropped by 18.4%yoy to ARS 1,618.

- Equipment sales revenue declined by 14%yoy to ARS 14,036mn.

Figure 5: Telecom’s profitability narrowed by 6.1pp since 2021



The reported FCF grew to ARS 16,365mn from ARS 11,275mn given lower capex.

The reported FCF grew to ARS 16,365mn from ARS 11,275mn given lower capex. The FFO dropped by 25.38%yoy closing at ARS 60,925mn in 1Q23, after a decline in profitability. After considering a larger working capital outflow (from -ARS 5,091mn to -ARS 7,492mn), flat interest payments (around -ARS 18,237mn), and lower taxes paid (from -ARS 1,473mn to -ARS 292mn) the CFO closed the period at ARS 34,904mn from ARS 57,749mn last year. After a substantial reduction in capex (from -ARS 46,529mn to -ARS 18,540mn) the FCF closed the period at ARS 16,365mn (USD 78mn). The capex-to-sales ratio dropped by 10.7pp to 8.6% in 1Q23.

Total principal services for 2023 amount to USD562mn.

Total principal services for 2023 amount to USD562mn. The company’s cash & eq. position closed the period at ARS 91,725mn (USD 439mn) covering 48% of the ST debt and increasing 55%qoq given the increase in investments. Total principal services for the current year amount to USD 562mn, from which the TECOAR25 represents 20% and around 52% is related to debt with the domestic market which the company can roll over. The total debt reached ARS 605,530mn (USD 2,897mn), where 33% is denominated in pesos. In dollar terms, it represents a net leverage position of 2.3x flat relative to the last quarter. During 2Q23, the company distributed dividends in kind for an amount close to ARS 47,700mn (USD 212mn) and added a new credit line for capex with Citibank for USD 50mn.

Figure 6: Summary of financials

Selected information on Telecom Argentina						
Summary financials (in ARSmn)	ARS mn			USD mn		
Income Statement Items	1Q22	1Q23	Chg yoy	1Q22	1Q23	Chg yoy
Revenues	239,787.0	214,818.0	-10.4%	1,057.4	1,027.9	-2.8%
Opex	(156,657.0)	(149,772.0)	-4.4%	(690.8)	(716.6)	3.7%
Adj. EBITDA	83,130.0	65,046.0	-21.8%	366.6	311.2	-15.1%
Net Income	48,510.0	28,483.0	-41.3%	213.9	136.3	-36.3%
Adj. EBITDA Margin	-	-	-	35%	30%	-
Balance Sheet Items	4Q22	1Q23	Chg qoq	4Q22	1Q23	Chg qoq
Short Term Debt	174,763.0	192,069.0	9.9%	810.5	919.0	13.4%
Long Term Debt	431,569.0	413,461.0	-4.2%	2,001.5	1,978.4	-1.2%
Total Debt	606,332.0	605,530.0	-0.1%	2,811.9	2,897.4	3.0%
Cash & Cash Eq. + ST Investments	58,949.0	91,725.0	55.6%	273.4	438.9	60.5%
Gross Leverage (USD LTM)	-	-	-	2.5x	2.7x	-
Net Leverage (USD LTM)	-	-	-	2.2x	2.3x	-
Cash / ST Debt	-	-	-	34%	48%	-
Cash Flow Items	1Q22	1Q23	Chg yoy	1Q22	1Q23	Chg yoy
Funds From Operations	81,650.0	60,925.0	-25.4%	360.0	291.5	-19.0%
Change in Working Capital	(5,091.0)	(7,492.0)	47.2%	(22.4)	(35.8)	59.7%
CFO after cash interest & taxes	57,749.0	34,904.0	-39.6%	254.6	167.0	-34.4%
Capex	(46,529.0)	(18,540.0)	-60.2%	(205.2)	(88.7)	-56.8%
Disposals	55.0	1.0	-98.2%	0.2	0.0	-98.0%
Free Operating Cash Flow	11,275.0	16,365.0	45.1%	49.7	78.3	57.5%
Acquisition (Disposals)	-	-	n.m.	-	-	n.m.
Free Cash Flow	11,275.0	16,365.0	45.1%	49.7	78.3	57.5%
Capex/Sales	-	-	-	19%	9%	-

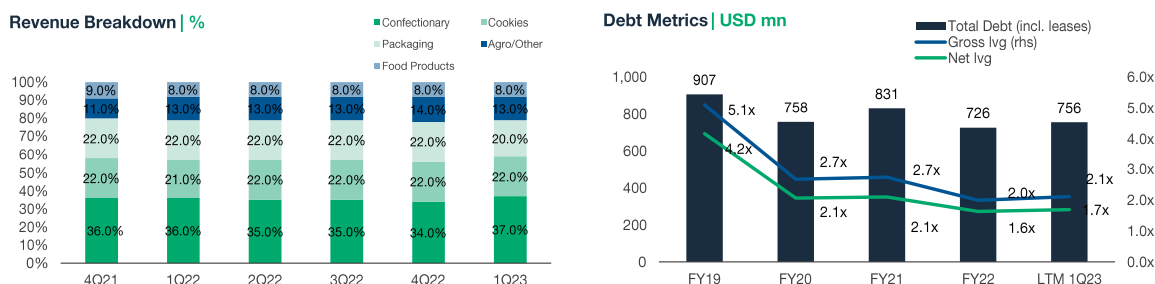
Arcor 1Q23 Earnings Review

Profitability shrinks after an increase in the cost structure.

Profitability shrinks after an increase in the cost structure. The company’s total revenue grew marginally by 0.3%yoy to ARS 196,359mn (USD 940mn) in 1Q23. Sales in Argentina represented 68.7% of the total with its share standing flat compared to last year, and growing at the inflation pace. Within it, the only two segments growing above inflation were Cookies (+2.2%yoy) and Foodstuffs (+9.5%yoy). For the abroad segment, the increase was flat given that higher revenues from Brazil compensated for the drop in the Andean Region. The Opex went up by 1.9%yoy to ARS 181,153mn (USD 867mn), influenced by an increase in COGs of 2.6%yoy

at ARS 142,372mn related to higher production and raw material costs. All in all, the Adj. EBITDA went down -15.7% to ARS 18,885mn (USD 90mn) narrowing its margin by 1.8ppyoy to 9.6% of revenues.

Figure 7: Arcor's leverage metric remained stable at 1.7x



The reported FCF turned negative in 1Q23 at -ARS 5,214mn.

The reported FCF turned negative in 1Q23 at -ARS 5,214mn. The FFO dropped by 12.4%yoy to ARS 18,228mn given a weaker profitability. After higher outflows from the working capital (from -ARS 4,178mn to -ARS 5,338mn), interest expenses (from -ARS 8,100mn to -ARS 9,749mn), and taxes paid (from -ARS 2,903mn to -ARS 4,178mn), the CFO turned negative at -ARS 1,087mn from a positive figure last year at ARS 5,626mn. After considering the capex, which increased 60%yoy to ARS 4,245mn, the reported FCF closed at -ARS 5,214mn from ARS 3,060mn last year.

The net leverage position closed at 1.7x, slightly increasing from last quarter.

The net leverage position closed at 1.7x, slightly increasing from last quarter. The cash & eq. position closed the period at ARS 31,625mn (USD 151mn), covering 35% of the ST debt and increasing 11%qoq. The total debt reached ARS 157,936mn (or USD 755mn), where 64% of it is denominated in dollars and increased 2%yoy. With that, the dollar net leverage position closed at 1.7x, from 1.6x in the last quarter. It is worth noting that 34% of ST's debt services are related to the ARCOR23 note, which has an outstanding amount of USD 128mn. During the 1Q23, the company announced that it will call the note during mid-May, and to fund the operation it issued three local notes (two denominated in pesos for ARS 22,000mn and one in dollars for USD 77mn) for a total amount close to USD 173mn. The company also announced that it would distribute a dividend for an amount close to ARS 14,000mn.

Figure 8: Summary of financials

Selected information on Arcor						
Summary financials (in ARSmn)	ARS mn			USD mn		
Income Statement Items	1Q22	1Q23	Chg yoy	1Q22	1Q23	Chg yoy
Revenues	195,719.2	196,359.7	0.3%	858.5	939.6	9.4%
Opex	(177,630.0)	(181,153.2)	2.0%	(779.1)	(866.8)	11.3%
Adj. EBITDA	22,407.2	18,885.5	-15.7%	98.3	90.4	-8.1%
Net Income	17,426.9	11,621.8	-33.3%	76.4	55.6	-27.3%
Gross Margin	-	-	-	-	-	-
Adj. EBITDA Margin	-	-	-	-	-	-
Balance Sheet Items	4Q22	1Q23	Chg qoq	4Q22	1Q23	Chg qoq
Short Term Debt	82,281.4	90,354.4	9.8%	384.0	432.3	12.6%
Long Term Debt	73,289.7	67,582.0	-7.8%	342.0	323.4	-5.5%
Total Debt	155,571.1	157,936.4	1.5%	726.0	755.7	4.1%
Cash & Cash Eq. + ST Investments	28,503.9	31,625.6	11.0%	133.0	151.3	13.8%
Gross Leverage (USD LTM)	-	-	-	2.0	2.1x	-
Net Leverage (USD LTM)	-	-	-	1.6	1.7x	-
Cash / ST Debt	-	-	-	35%	35%	-
Cash Flow Items	1Q22	1Q23	Chg yoy	1Q22	1Q23	Chg yoy
Funds From Operations	20,809.2	18,228.3	-12.4%	91.3	87.2	-4.4%
Change in Working Capital	(4,178.8)	(5,388.6)	29.0%	(18.3)	(25.8)	40.7%
CFO after cash interest & taxes	5,626.1	(1,087.8)	n.m.	24.7	(5.2)	n.m.
Capex	(2,650.0)	(4,245.8)	60.2%	(11.6)	(20.3)	74.8%
Disposals	84.5	118.9	40.7%	0.4	0.6	53.5%
Free Operating Cash Flow	3,060.6	(5,214.8)	n.m.	13.4	(25.0)	n.m.
Acquisition (Disposals)	-	-	n.m.	-	-	n.m.
Free Cash Flow	3,060.6	(5,214.8)	n.m.	13.4	(25.0)	n.m.
Capex/Sales	-	-	-	1%	2%	-

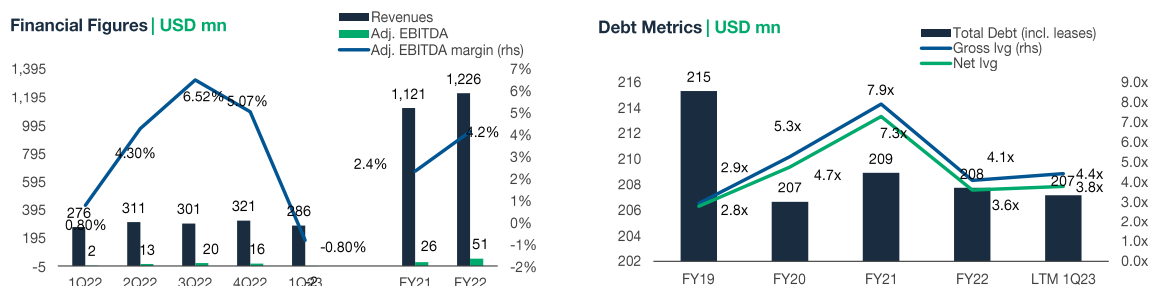
Mastellone Hermanos 1Q23 Earnings Review

Lower costs did not compensate for the drop in revenues.

Lower costs did not compensate for the drop in revenues. The company's total revenue dropped 6.6% to ARS 59,757mn (USD 286mn). Domestic sales represented 78.8% of the total and decreased by -5%yoy given lower average prices and volumes. The abroad segment represented the remaining 20.2% and declined by

12.6%yoy. Total volume measured in liters went down by -5.7%yoy to 315mn, with the foreign market dropping by 15.2%yoy and the domestic by 1.4%yoy. The drop in the abroad segment is partially explained by a higher comparison base, as in 1Q22 the company executed pending deliveries that had been delayed in 4Q21 because of maritime freight issues, and lower international prices. The Opex went down by -5.7%yoy to ARS 62,351mn (USD 298mn) given higher efficiencies and lower production. With that, the Adj. EBITDA closed at -ARS 477mn (-USD 2.2mn), from ARS 487mn last year. It is worth noting that the company has high seasonality in 1Q and 4Q, with the 2Q and 3Q being the quarters with the largest volumes and cash generation.

Figure 9: Mastellone's leverage metric grew 0.2ppqoq to 3.8x



The reported FCF closed at ARS 1,500mn, higher than last year.

The reported FCF closed at ARS 1,500mn, higher than last year. The FFO dropped to ARS 529mn from ARS 1,635mn last year after weaker operations during the period. After a higher positive working capital effect (from ARS 1,040mn to ARS 2,783mn), and lower interest expenses (from -ARS 1,152mn to -ARS 961mn), the CFO closed at ARS 2,351mn from ARS 1,523mn last year. After considering a flat capex at ARS 898mn, the FCF reached ARS 1,500mn (USD 7mn).

The debt services for 2023 are manageable.

The debt services for 2023 are manageable. The cash & eq. position closed the period at ARS 6,320mn (USD 30mn) covering 1.9x the ST debt and increasing 7.3%qoq. The total debt position reached ARS 43,294mn (USD 207mn), decreasing 2.7%yoy. In dollar terms, the net leverage position grew to 3.8x from 3.6x in the last quarter. Lower economic activity in Argentina and international prices would narrow the company's profitability in 2023. Still, we believe that the company benefits from manageable debt services for the current year, with the main maturity being a local note for an amount close to USD 12mn.

Figure 10: Summary of financials

Selected information on Mastellone Hermanos

Summary financials	ARS mn			USD mn		
Income Statement Items	1Q22	1Q23	Chg yoy	1Q22	1Q23	Chg yoy
Revenues	64,029.0	59,757.0	-6.7%	275.7	285.9	3.7%
Opex	(66,133.0)	(62,351.0)	-5.7%	(284.9)	(298.3)	4.7%
Adj. EBITDA	487.0	(477.0)	n.m.	2.2	(2.3)	n.m.
Net Income	33.0	(455.0)	n.m.	0.1	(2.2)	n.m.
Gross Margin						
Adj. EBITDA Margin						
Balance Sheet Items	4Q22	1Q23	Chg qoq	4Q22	1Q23	Chg qoq
Short Term Debt	3,052.0	3,275.0	7.3%	14.2	15.7	10.0%
Long Term Debt	41,462.0	40,019.0	-3.5%	193.5	191.5	-1.0%
Total Debt	44,514.0	43,294.0	-2.7%	207.7	207.2	-0.3%
Cash & Cash Eq. + ST Investments	5,312.0	6,320.0	19.0%	24.6	30.2	22.9%
Gross Leverage (LTM)	-	-	-	4.1x	4.4x	-
Net Leverage (LTM)	-	-	-	3.6x	3.8x	-
Cash / ST Debt	-	-	-	173%	193%	-
Cash Flow Items	1Q22	1Q23	Chg yoy	1Q22	1Q23	Chg yoy
Funds From Operations	1,635.0	529.0	-67.6%	7.2	2.5	-64.7%
Change in Working Capital	1,040.0	2,783.0	167.6%	4.6	13.3	191.8%
CFO after cash interest & taxes	1,523.0	2,351.0	54.4%	10.3	11.2	8.7%
Capex	(900.0)	(898.0)	-0.2%	(3.9)	(3.8)	-3.6%
Disposals	13.0	47.0	261.5%	0.1	0.2	283.2%
Free Operating Cash Flow	636.0	1,500.0	135.8%	6.5	7.7	18.8%
Acquisition (Disposals)	-	-	n.m.	-	-	n.m.
Free Cash Flow	636.0	1,500.0	135.8%	6.5	7.7	18.8%
Capex/Sales						

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