



Argentina: **Corporates FY22 Update**



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Agenda

O&G

- YPF SA
- Pan American Energy
- Pampa Energia
- Cia. General de Combustibles
- Capex SA
- TGS

Utilities

- AES Argentina Generación
- YPF Luz
- Generación Mediterranea
- Genneia
- MSU Energy
- Edenor

Banks

- Banco Macro
- Banco Galicia
- Banco Hipotecario

Retail / Telcos / Real Estate

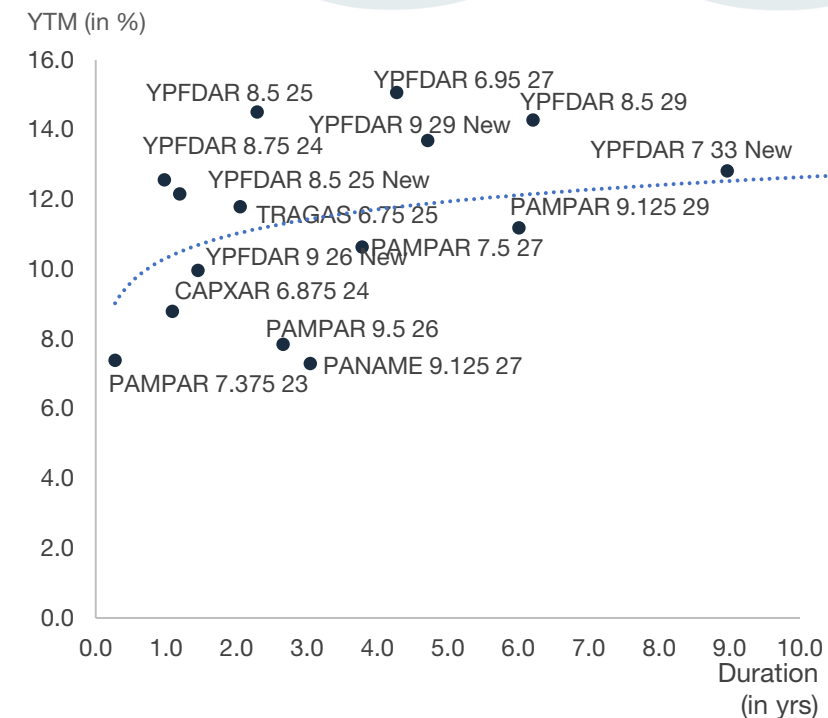
- Telecom
- Arcor
- Mastellone Hermanos
- Aeropuertos Argentina 2000
- IRSA IR

O&G companies' main figures

Summary financials as of FY22.

	YPF YPFDAR	Pan American Energy PANAME	Pampa Energia PAMPAR	CGC CGCSA	VISTA VIST	Capex SA* CAPXAR	TGS TRAGAS
Total Production (KBOED)	503	158	63	56	49	23	-
In USDmn							
Revenues	18,757	5,413	1,829	1,128	1,144	440	1,259
EBITDA	5,439	1,779	843	318	765	242	551
Net Income	1,434	392	457	60	270	37	247
Gross Margin	27%	31%	37%	19%	55%	47%	42%
EBITDA Margin	29%	33%	46%	28%	67%	55%	44%
Capex	4,006	1,275	425	369	485	188	194
Free Cash Flow	1,249	63	(60)	(278)	72	(59)	77
Cash & Cash Eq. + ST Investments	1,092	313	700	177	244	12	239
ST Debt (incl. leases)	1,434	738	273	184	80	51	22
Total Debt (incl. leases)	7,654	2,500	1,623	767	579	289	534
(Cash + ST Investments) / ST Debt	76%	42%	257%	96%	304%	23%	1079%
Gross Leverage (incl. leases) (LTM)	1.4x	1.4x	2.2x	2.4x	0.8x	1.2x	1.0x
Net Leverage (incl. leases) (LTM)	1.2x	1.2x	1.3x	1.9x	0.4x	1.1x	0.5x

Source: TPCG Research based on the companies's reports, Bloomberg *As of 1Q23

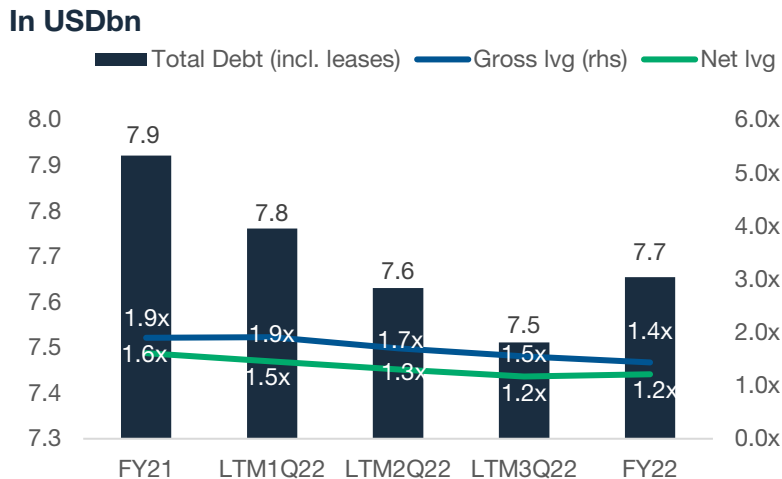
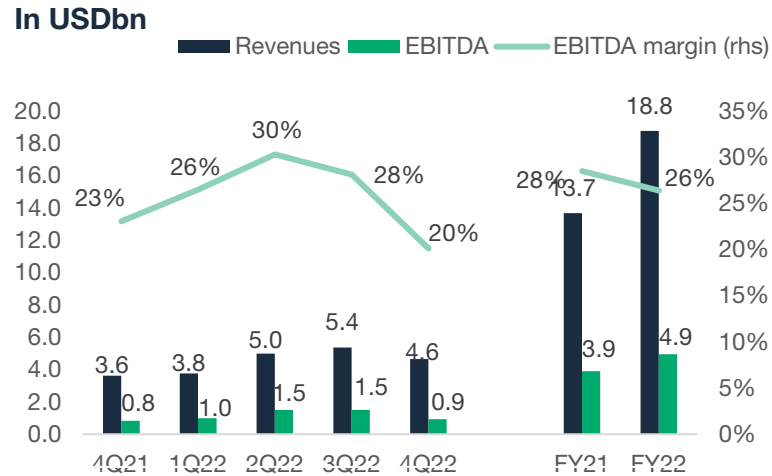


The O&G sector showed the highest revenue growth compared to others, mainly due to the high-price environment. On the Upstream side, it was mainly due to crude oil exports. On the Downstream side, it was driven by diesel, jet fuel and other petrochemicals. The increase in gasoline volumes sold helped to offset the dilution of their price in USD terms. In FY22, all companies increased production yoy, and we expect to continue on the rise, on the back of several midstream projects to export crude oil.

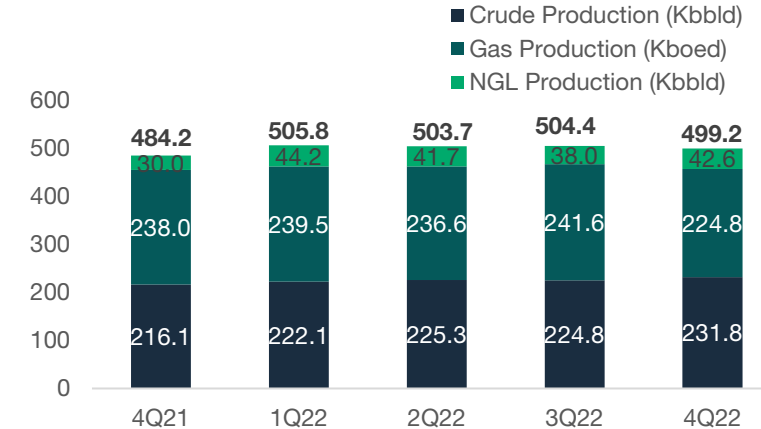
Companies showed the lowest net leverage ratios and highest liquidity levels vs. other sectors. For more insight of this sector, we recommend reading [O&G sector: Argentina's new engine](#). We believe there is value in YPF bonds despite we find that [FY23E will not be as great as FY22](#). Risk perception should decrease now that the court ruled in favor of YPF in the Burford case, while YPF settled an agreement in the Maxus case in which it will have to USD287.5mn plus interests. We see YPF's 25s Old, 26s, 29s and 33s as the most attractive.

YPF SA (YPFDAR)

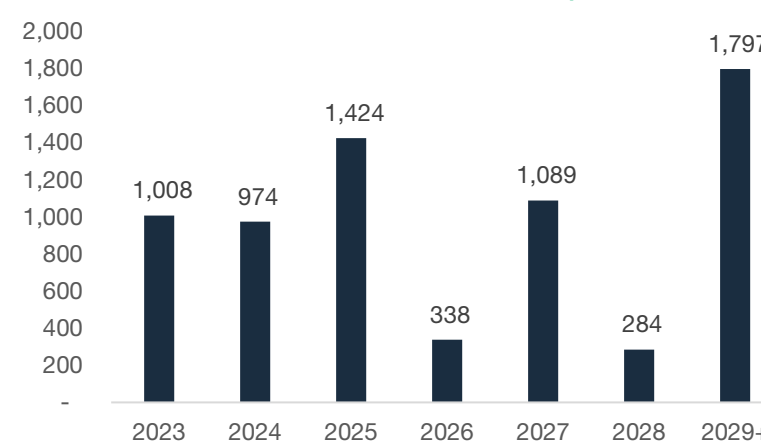
- In FY22, YPF's revenues were USD18,757mn (+37% yoy) with domestic sales, which accounts for 88% of total revenues, increasing by +36% yoy to USD16,420mn. Exports were up by +45% yoy to USD2,338mn, mainly driven by jet fuel (+242% yoy to USD510mn). Within the domestic market, diesel sales were up by +49% yoy to USD6,780mn while gasoline sales grew by +28% yoy to USD3,460mn.
- YPF's Adj. EBITDA was up by +27% yoy to USD4,947mn. The Adj. EBITDA margin came down to 26% from 28% in FY21.
- YPF FY22 FCF was USD1,249mn, up +2% yoy, despite Capex increasing by +64% yoy to USD4Bn. As of Dec 31st, 2022, cash was USD773mn, and ST investments USD319mn, covering ST debt by 76%.
- As of Dec- 31st, 2022, YPF's total debt, including leases, was up by +1.9% qoq to USD7,654mn. Cash + Investments was down by -18.2% qoq to USD1,092mn. The company's FY22 net leverage remained at 1.2x from LTM3Q22.



Total production | in KBOED



Maturity schedule as of Dec 31st, 2022 | in USDmn

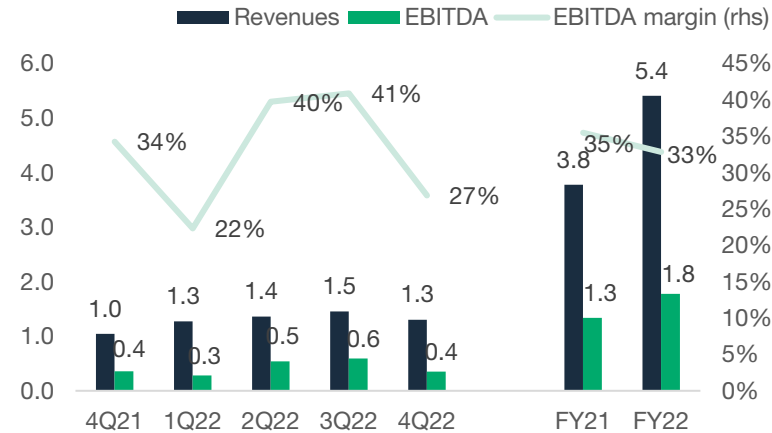


Source: TPCG Research based on the company's reports

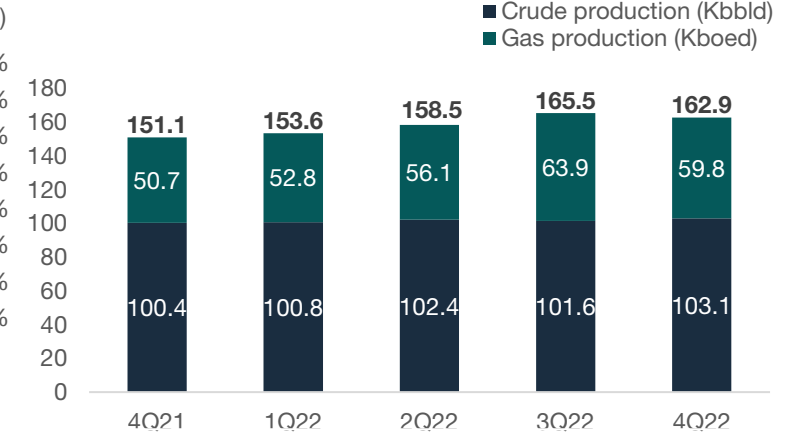
Pan American Energy (PANAME)

- In FY22, Pan American Energy's revenues were USD5,413mn (+43% yoy). Gasoline sales were up by +45% yoy to USD3,717mn. The EBITDA was up +33% yoy to USD1,779mn, the EBITDA margin stood at 33%.
- In FY22, total O&G production was up by +7% yoy to 157.9kboed, with natural gas production at 57.3kboed (+16% yoy) and oil production at 100.6kbbld (+2% yoy).
- FCF was down by -64% yoy to USD78mn, on higher working capital requirements (+140%) and Capex (+26% yoy to USD1.3Bn).
- As of Dec-31st, 2022, Pan American Energy's total debt (incl. leases) was down by 7.6% qoq to USD2,500mn. Cash & Eq. + ST investments increased by +14.2% qoq to USD313mn, not enough to cover short term debt of USD783mn. According to our estimates, the company net leverage was 1.2x down in FY22 from 1.4x LTM3Q22.

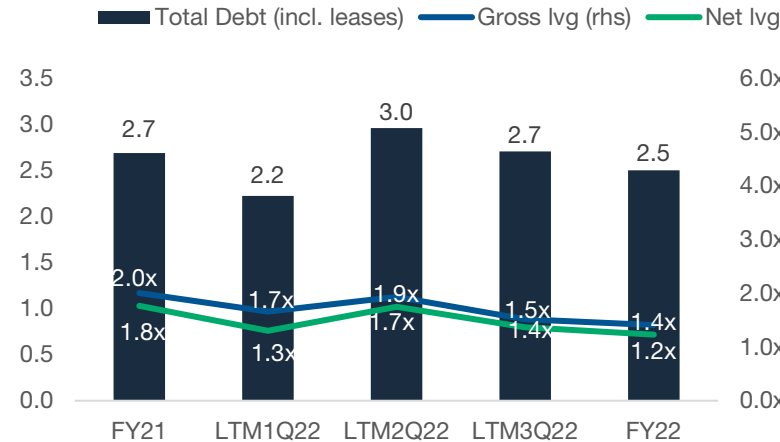
In USDbn



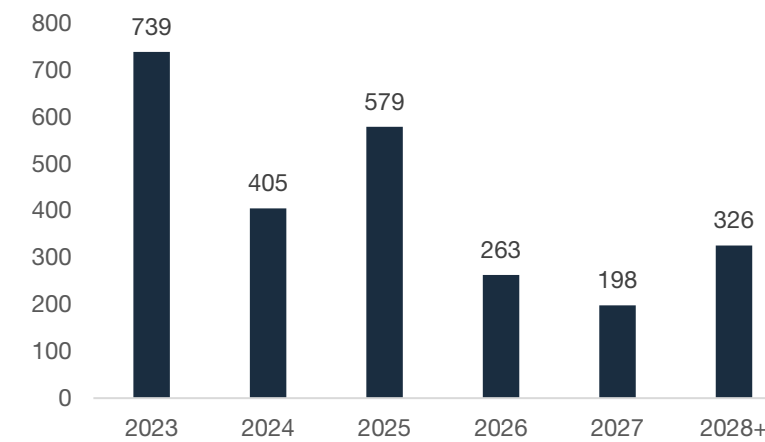
Total production | in KBOED



In USDbn



Maturity schedule as of Dec-31st, 2022 | in USDmn

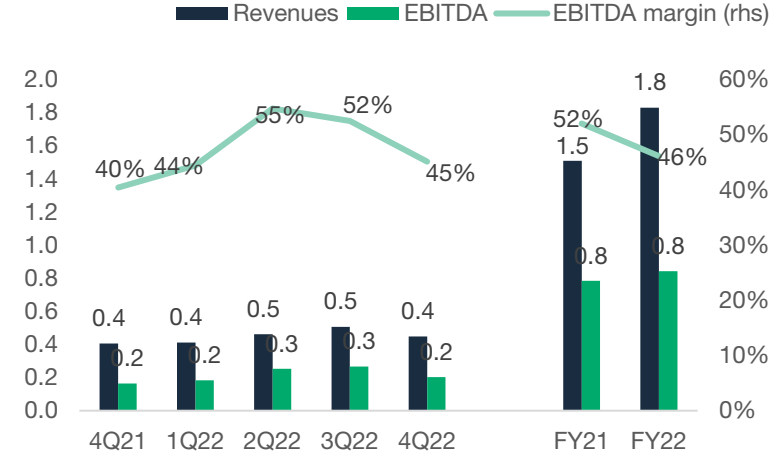


Source: TPCG Research based on the company's reports

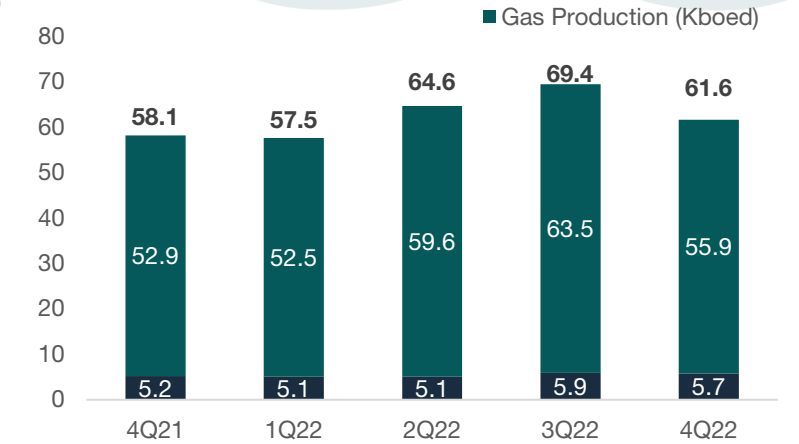
Pampa Energia (PAMPAR)

- In FY22, Pampa Energia's revenues were up by +21% yoy to USD1,829mn. The Adj. EBITDA increased by +1% yoy to USD908mn. The Adj. EBITDA margin decreased to 50% from 60% in FY21.
- E&P is the main revenue contributor, accounting for 35% of total sales. Revenues and EBITDA were up by +43% yoy and +36% yoy, respectively. Natural gas sales grew by +23% yoy to 57.7kboe/d while the average price increased +16% yoy to USD4.2/MBTU. Power generation sales increased by +1% yoy to USD663mn, due to the average power generation price decreasing by -24% yoy.
- FCF turned negative to USD60mn, on trade receivables cash outflows (USD169mn) and higher capex (+105% yoy to USD425mn).
- As of Dec-31st, 2022, Pampa Energia's total debt (including leases) was flat qoq at USD1,623mn. Cash & Eq. + ST Investments increased by +2.2% qoq to USD700mn, covering short-term debt by 2.6x. The company's reported consolidated net leverage remained flat qoq at 1.2x.

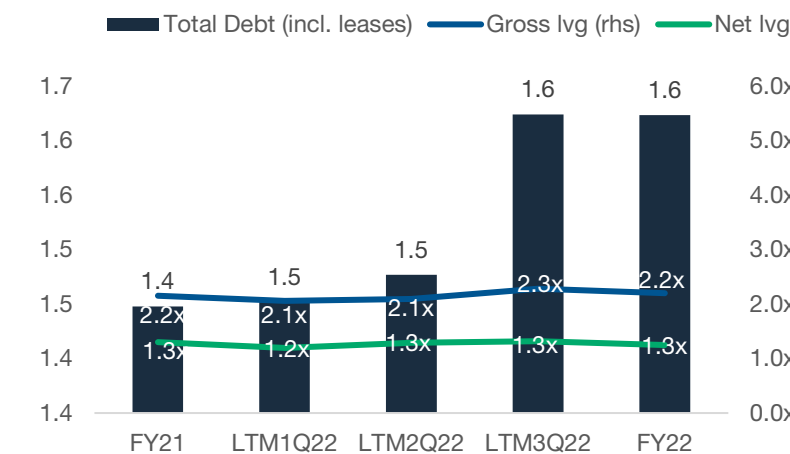
In USDbn



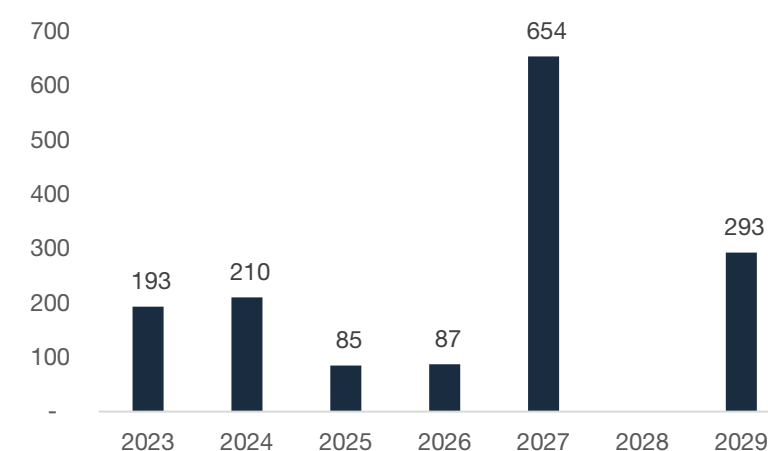
Total production | in KBOED



In USDbn



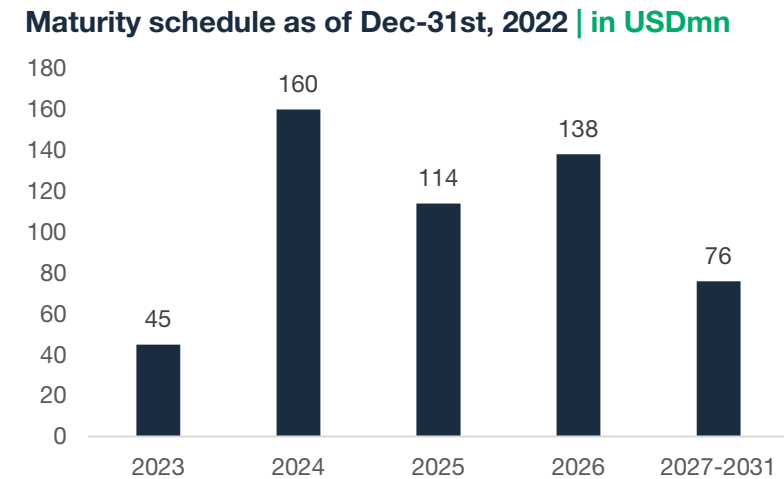
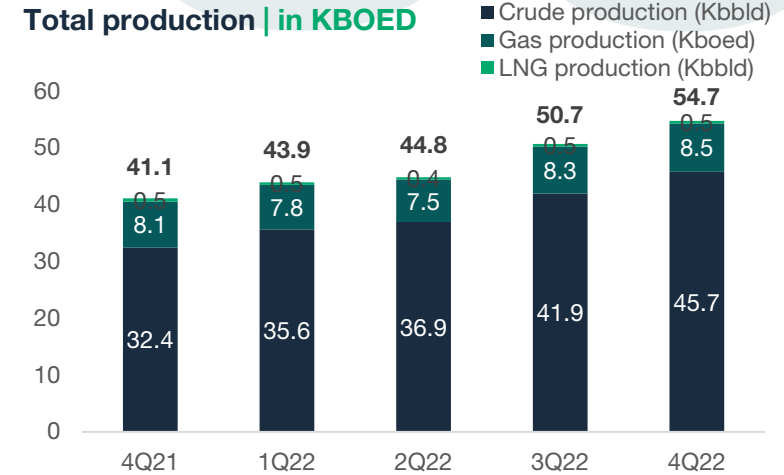
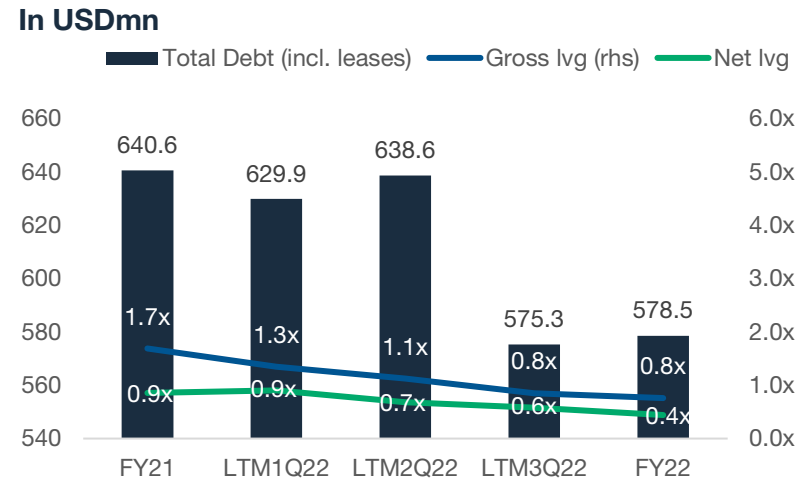
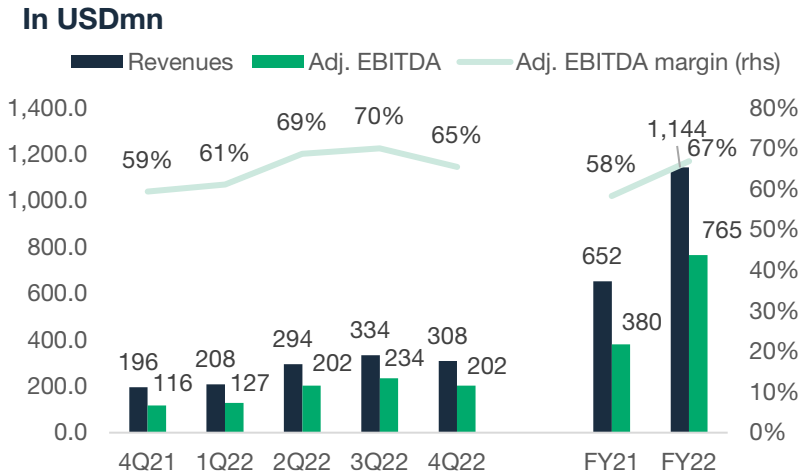
Maturity schedule as of Dec 31st, 2022 | in USDmn



Source: TPCG Research based on the company's reports

VISTA Energy (VIST)

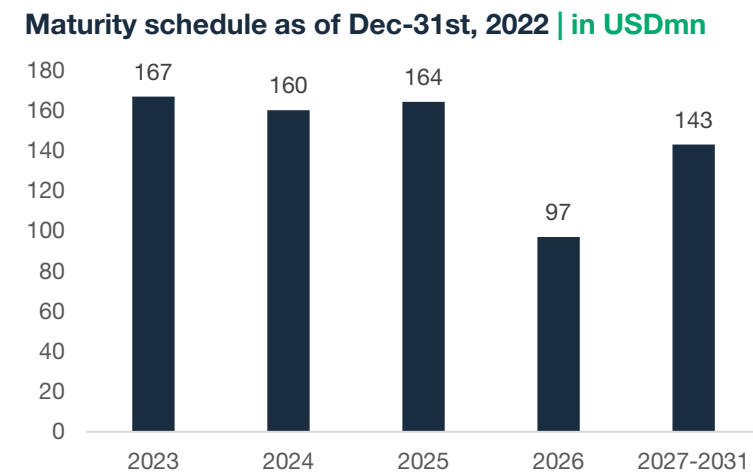
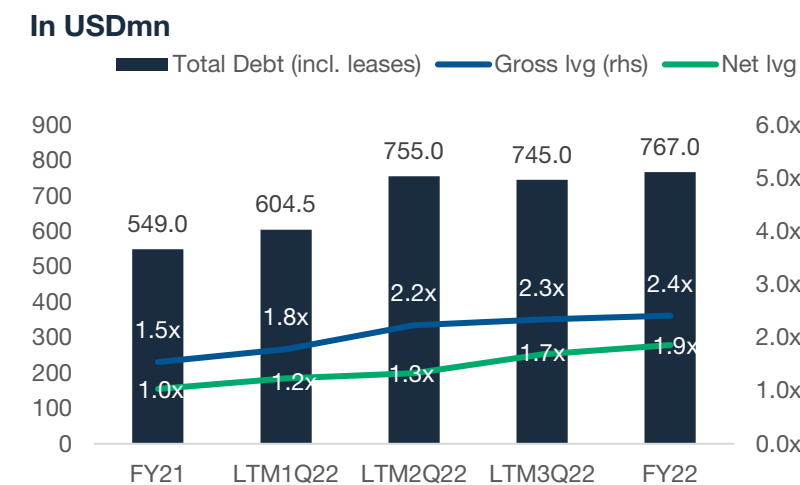
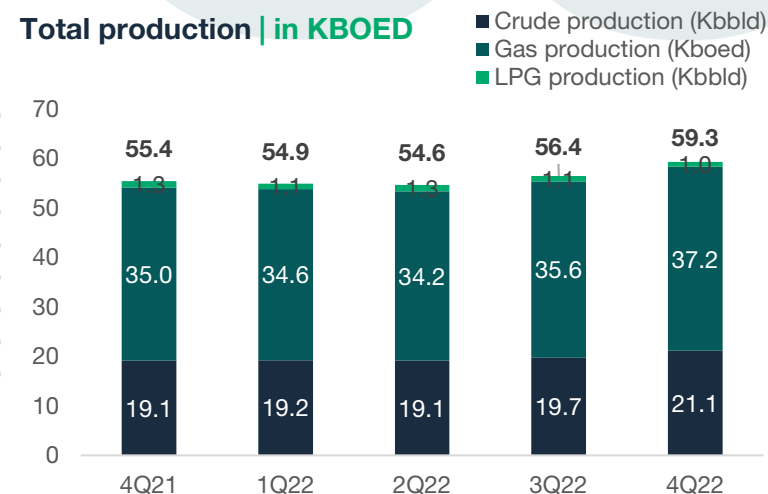
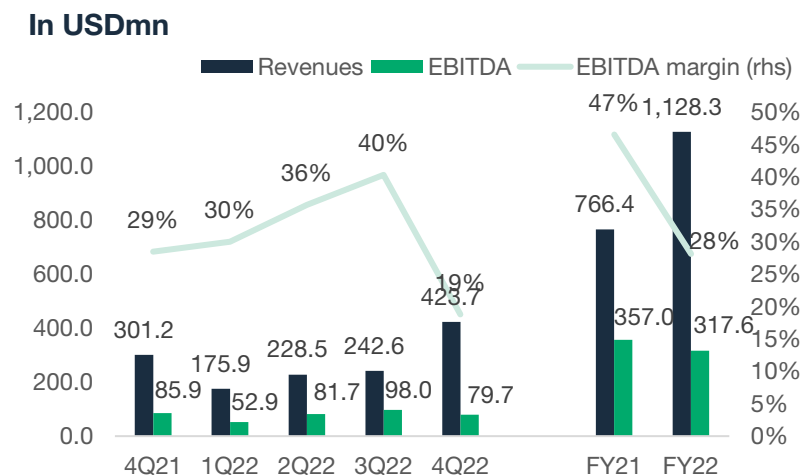
- In FY22, Vista's revenues reached a record high of USD1,144mn, +75% yoy. The Adj. EBITDA doubled to USD765mn, with the Adj. EBITDA margin increasing to 67% in FY22 from 58% in FY21.
- Crude oil production increased by +32% yoy to 40.1kbbld, of which 80% was shale. The company reduced lifting costs to USD7.5/boe in FY22 from USD7.6/boe in FY21.
- FCF increased by +95% yoy to USD72mn, on higher FFO (+102% yoy). Capex grew by +50% yoy to USD485mn.
- As of Dec-31st, 2022, Vista's total debt (including leases) was flat qoq at USD579mn. Cash & Eq. + ST Investments increased by +34% qoq to USD244mn, covering short-term debt by 3.0x. The company's reported consolidated net leverage improved to 0.4x from 0.6x in LTM3Q22.



Source: TPCG Research based on the company's reports

Cia General de Combustibles (CGCSA)

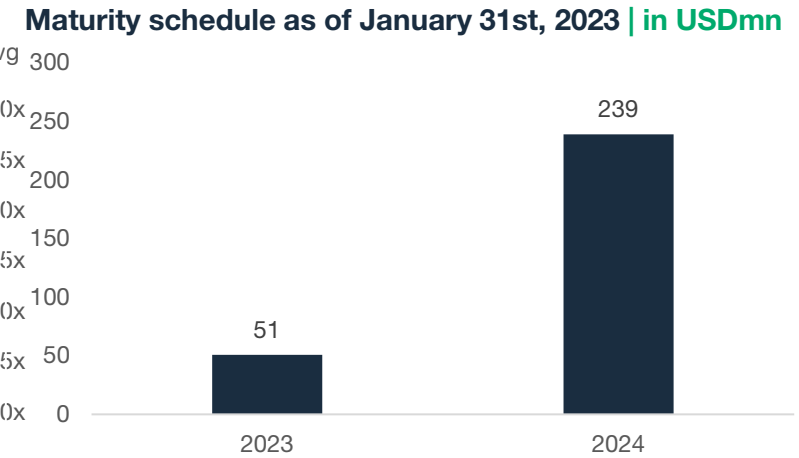
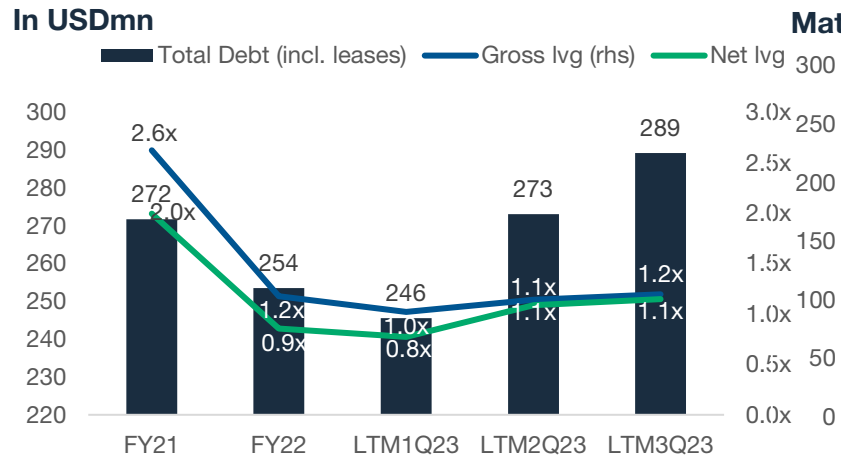
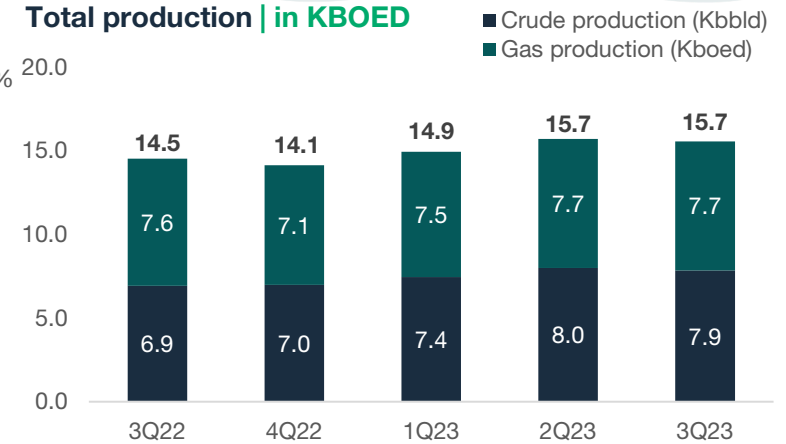
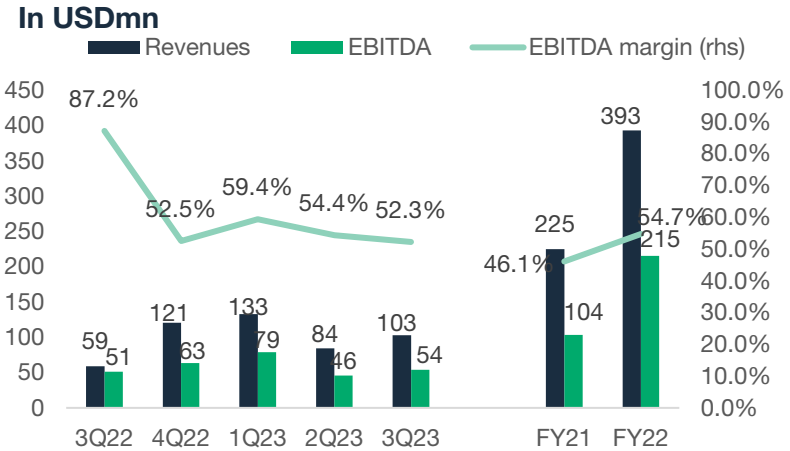
- In FY22, CGC' revenues were up by +47% yoy to USD1,128mn with crude oil deliveries sales increasing by +120% yoy to USD744mn and gas sales up by +32% yoy to USD333mn. Incentives were down by 91% to USD14mn. The Adj. EBITDA was down by -11% yoy to USD318mn, the margin decreased to 28% from 47% in FY21, on the back of higher COGS (+96% yoy) and administrative expenses (+112% yoy).
- Oil production was up by +69% yoy to 19.8kbbld while natural gas production increased by +8% yoy to 35.4kboed.
- FCF was negative at -USD278mn vs. +USD10mn in FY21, due to higher trade receivable cash outflows (-USD25mn, +43% yoy) and higher Capex (USD369mn, +92% yoy).
- As of Dec-31st, 2022, CGC's total debt (incl. leases) was USD767mn (-3.0% qoq) . Cash & Eq. + ST Investments stood at USD177mn (-16% qoq), covering short term debt by 99%. According to our estimates, the company FY22 net leverage increased to 1.9x from 1.7x in LTM3Q22.



Source: TPCG Research based on the company's reports

Capex SA (CAPXAR)

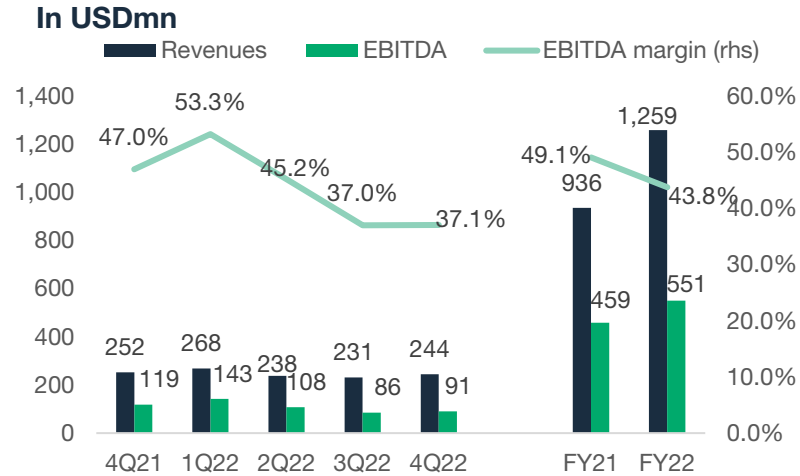
- Founded in 1988, Capex SA is a vertically-integrated energy company. It produces LPG, propane, and butane from the oil and gas extracted from its fields. In addition, it generates electricity through a thermal energy plant and two wind farms and accounts for a plant to produce hydrogen and oxygen from water electrolysis.
- In 3Q23 (Nov 22 -Jan 2023), revenues were USD103mn, of which 45% came from oil exports, 24% from electricity sales, and 25% from domestic oil sales. Crude production reached 707kbbbl (7.9kbbld). Volumes sold were higher, standing at 870kbbbl, split between 523kbbbl of exports and 346kbbbl of domestic sales. Then, Agua del Cajon thermal energy plant of a 672MW installed capacity sold 1,206GWh.
- Capex SA 3Q23 FCF was -USD21mn vs -USD35mn in 3Q22. As of January 31st, 2023, cash was USD12mn, of which USD1.0mn are denominated in USD. Cash + ST investments, covered ST debt by 23%. Capex SA's LTM3Q23 net leverage was flat qoq at 1.1x.



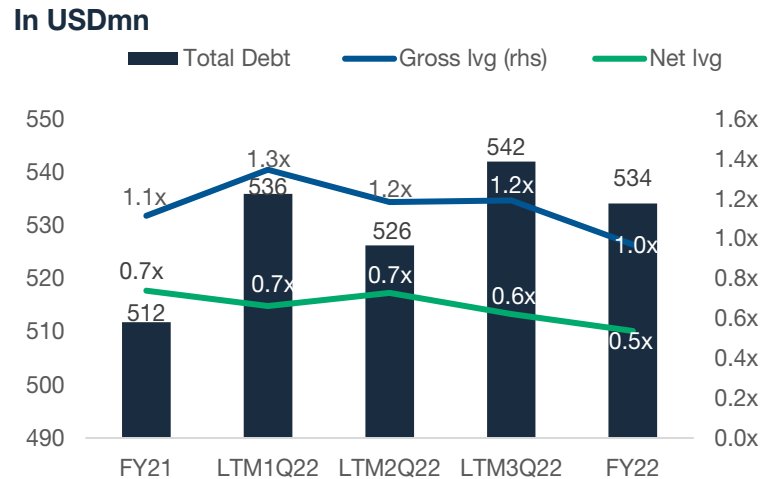
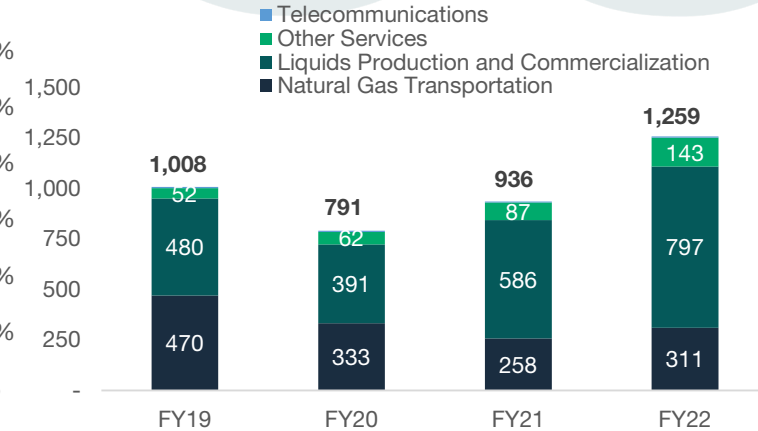
Source: TPCG Research based on the company's reports

TGS (TRAGAS)

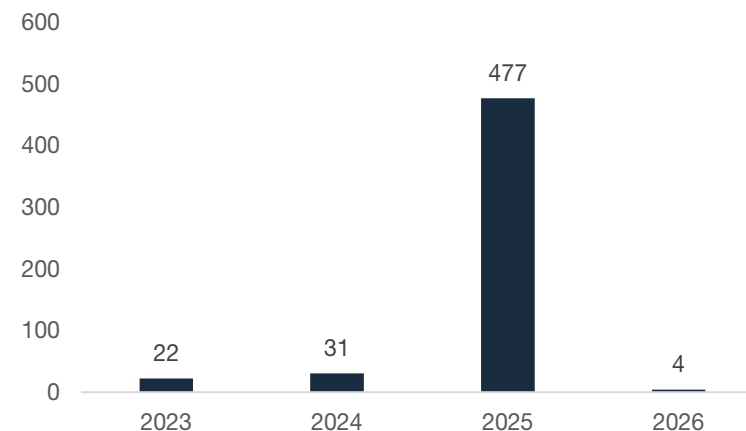
- In FY22, TGS estimated revenues were up by +35% yoy to USD1,259mn.
- The liquids business revenues were up by +36% yoy to USD797mn, due to higher volumes sold and prices. Natural gas transportation revenues increased by 21% yoy to USD311mn. Liquids volumes sold to foreign markets were up by +37% yoy to 398,547 tons, offsetting the 7% yoy drop in ethane domestic sales to 329,232 tons and 9% yoy drop in propane domestic sales to 215,753 tons.
- EBITDA was up by +20% yoy to USD551mn, the margin was down to 44% from 49% in FY21, mainly due to inflation increasing above the FX rate, higher labor costs and maintenance expenses.
- As of Dec-31st, 2022, TGS total debt was down by -1.4% qoq to USD534mn with short-term loans decreasing by 23% qoq to USD22mn. However, cash + ST investments was down by -8% qoq to USD239mn, covering short term debt by 10.8x. TGS's FY22 net leverage was down to 0.5x from 0.6x in LTM3Q22.



TGS revenues breakdown | USDmn



Maturity schedule as of Dec-31st, 2022 | in USDmn



Source: TPCG Research based on the company's reports

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Utilities companies' main figures

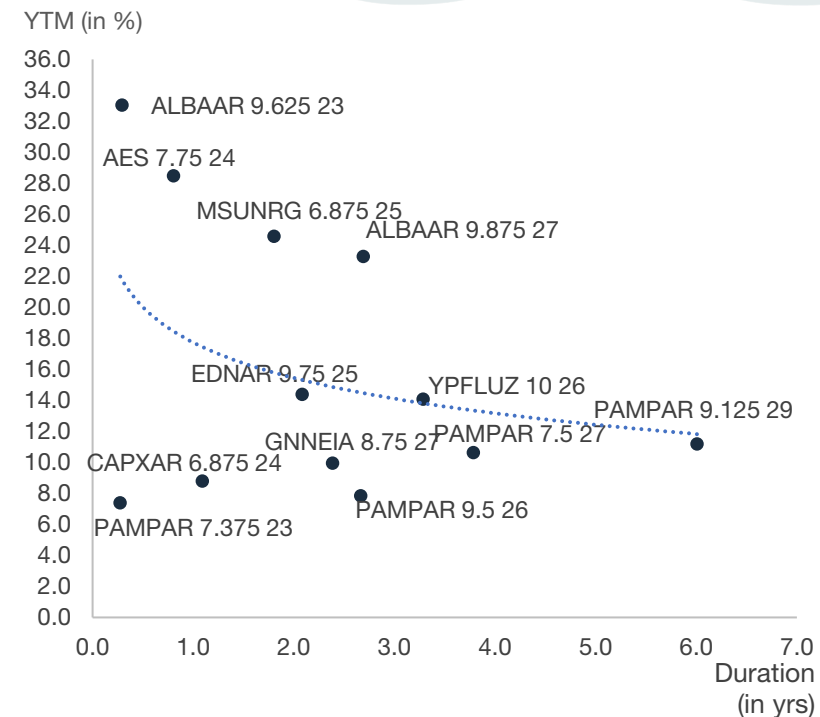
Summary financials as of FY22.

	Pampa Energia PAMPAR	AES Arg AES	YPF Luz YPFLUZ	GEMSA ALBAAR	Genneia GNNEIA	MSU Energy MSUNRG	Capex SA* CAPXAR	Edenor EDNAR
Power generation capacity								
Installed Capacity	5,366MW	2,985MW	2,483MW	1,520MW	1,230MW	750MW	706MW	-
Under construction	+139MW	-	+100MW	+283MW	+300MW	-	-	-
In USDmn								
Revenues	1,829.0	395.9	484.5	197.4	278.1	200.7	440.3	1,574.7
Adj. EBITDA	843.0	78.1	390.2	129.1	216.8	166.0	241.7	46.8
Net Income	457.0	12.9	139.4	(0.3)	87.1	42.4	37.4	(133.6)
Gross Margin	37%	23%	57%	52%	63%	75%	47%	4%
ADJ. EBITDA Margin	46%	20%	81%	66%	78%	83%	55%	3%
Capex	425.4	15.6	145.2	33.8	112.2	1.5	188.3	242.7
Free Cash Flow	(59.6)	(3.8)	88.1	(40.0)	76.1	52.1	(58.9)	21.5
Cash & Cash Eq. + ST Investments	699.9	65.9	94.2	136.5	149.1	81.5	11.7	171.2
ST Debt (incl. leases)	272.8	41.1	147.9	185.0	187.6	179.8	50.6	1.0
Total Debt (incl. leases)	1,623.4	314.6	858.1	934.0	750.5	894.0	289.3	83.1
(Cash + ST Investments) / ST Debt	257%	161%	64%	74%	79%	45%	23%	16484%
Gross Leverage (incl. leases)(LTM)	2.2x	4.0x	2.2x	7.2x	3.5x	5.4x	1.2x	1.8x
Net Leverage (incl. leases)(LTM)	1.3x	3.2x	2.0x	6.2x	2.8x	4.9x	1.1x	-1.9x

Source: TPCG Research based on the companies's reports, Bloomberg *As of LTM3Q23

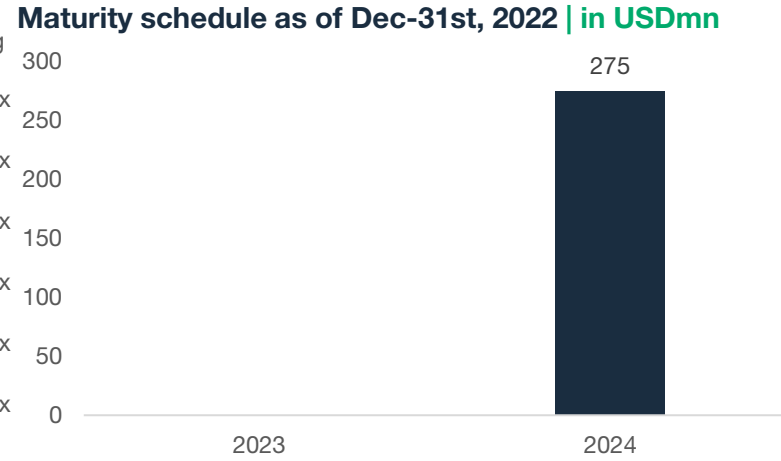
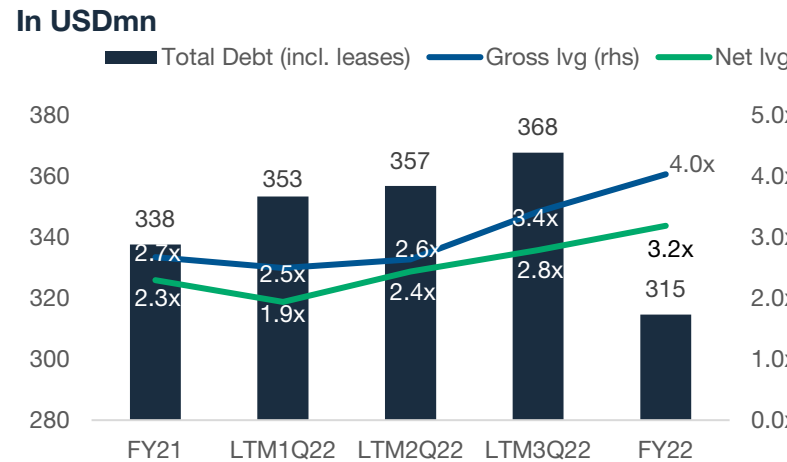
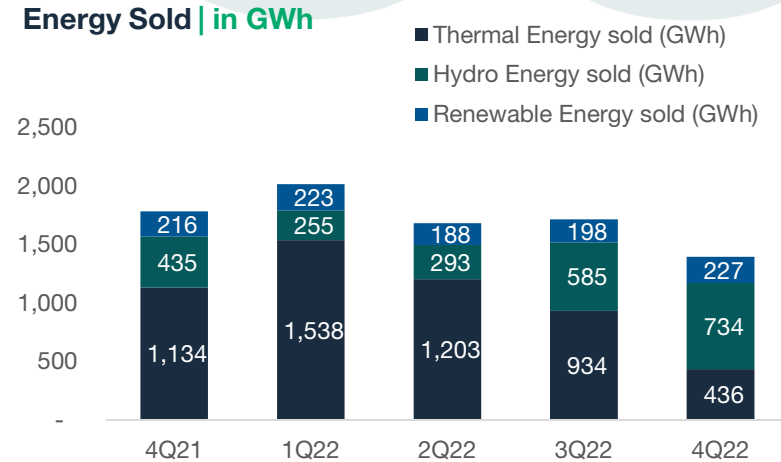
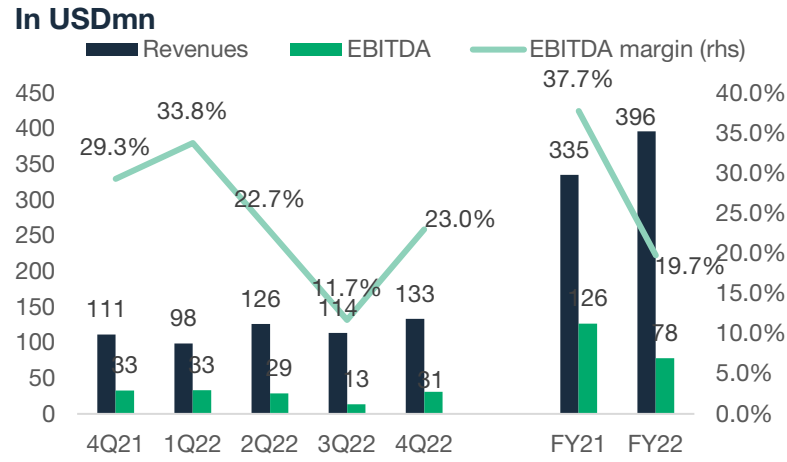
In FY22, power generation companies showed lower revenues and EBITDA yoy, except YPF Luz. Argentina's thermal generation decreased by 9% yoy in 2022. The increase in fuel prices by +42% yoy led Cammesa to purchase more hydro and renewable energy. Then, within thermal energy, Cammesa prioritized the one under the Energia Base scheme over that from PPAs, as it is cheaper.

We reiterate our recommendation on MSUNRG 25s, GNNEIA Secured 27s and YPFLUZ 26s. Within the sector, these companies account for the highest percentage of energy sold under PPAs (. Therefore, we expect them to be more resilient to FX depreciation and an increase in inflation. Then, we believe AES 24s are attractive, considering that the company may launch an exchange offer. Please do not miss reading [An opportunity among power generators](#).



AES Argentina Generacion (AES)

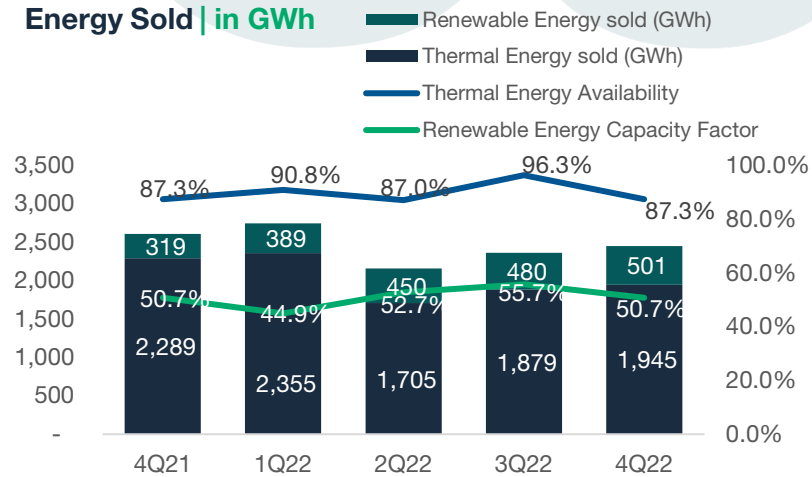
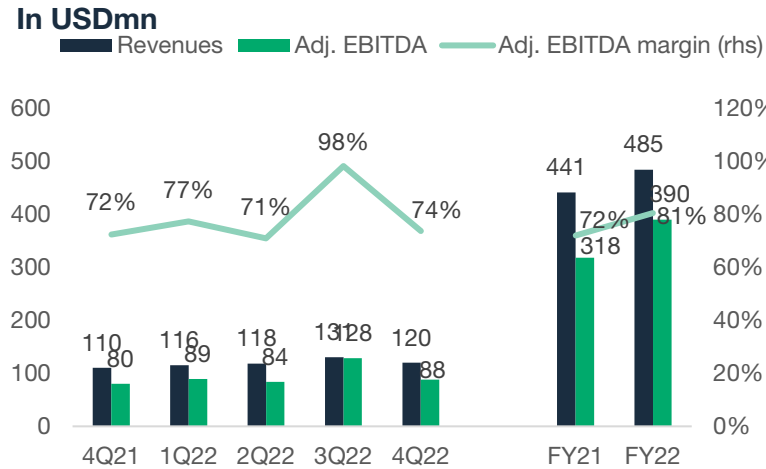
- In FY22, AES AG's revenues were up +18% yoy USD396mn. The increase in hydro energy sales by +32% yoy to 1,867GWh helped to partly offset the decrease in the Parana thermal power plant energy sold by 41% yoy because it was under major maintenance in 4Q22. The Adj. estimated EBITDA was down by 38% yoy to USD78mn, mainly because most of the company installed capacity is under the Energia Base scheme.
- FCF turned negative to USD3.8mn from +USD59mn in FY21, on trade receivable cash outflows (-USD12mn vs. +USD70mn in FY21). Capex was down by only 2.5% yoy to USD15.6mn.
- As of Dec-31st, 2022, AES AG's total debt was down by 14% qoq to USD315mn. Cash & equiv. decreased by 2% qoq to USD66mn, enough to cover ST debt of USD41mn. According to our estimates, AES's net leverage (incl. leases) deteriorated to 3.2x from 2.8x in LTM3Q22.



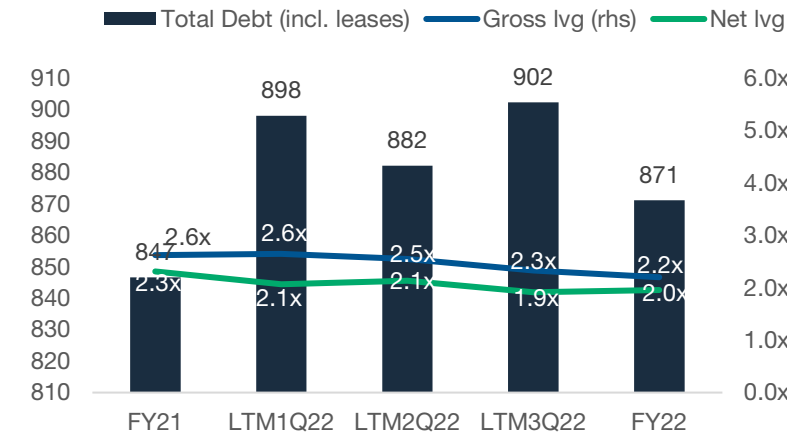
Source: TPCG Research based on the company's reports

YPF Luz (YPFLUZ)

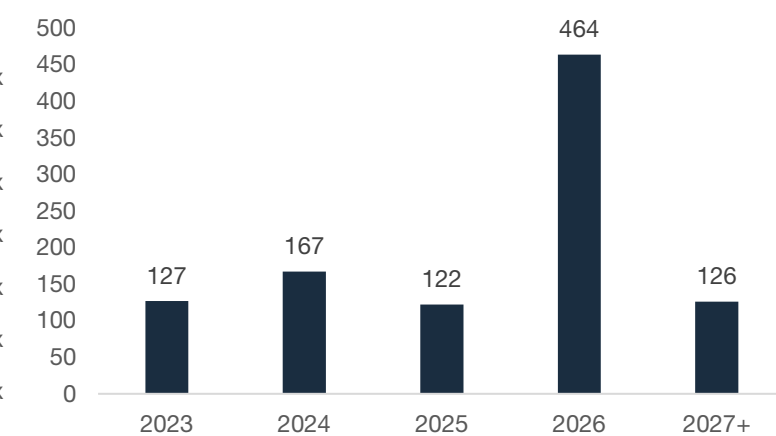
- In FY22, YPF Luz revenues and Adj. EBITDA was up by +9.8% and +22.6% yoy to USD485mn and USD390mn, respectively. Total energy sold was down by 3% yoy to 9,702GWh, explained by thermal energy sold decreasing by 10% to 7,883GWh due to the Tucuman Generacion Complex and the Mantiales Behr Generators were under a scheduled maintenance. This partly explains why sales under Energia Base were down by 11% yoy to USD53mn. In contrast, sales from PPAs grew by +19% yoy to USD413mn
- FCF remained positive at USD88mn, although it was down from USD158mn in FY21. This was mainly due to higher trade receivables cash outflows (+179% yoy to -USD59mn) and Capex increasing by +5% yoy to USD145mn.
- As of Dec-31st, 2022, YPF Luz reported total debt was down by -3.5% qoq to USD858mn, with short-term debt decreasing by -5.2% qoq to USD148mn. Cash & cash eq. was up by -40% qoq to USD94mn, covering ST-debt by 64%. YPF Luz's reported net leverage (related to its notes) was up to 2.0x from 1.9x in LTM3Q22.



YPF Luz's indebtedness levels in USDmn



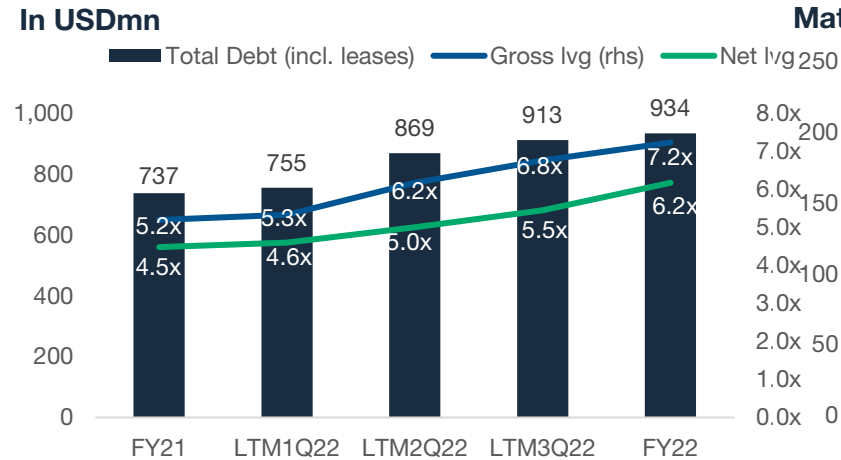
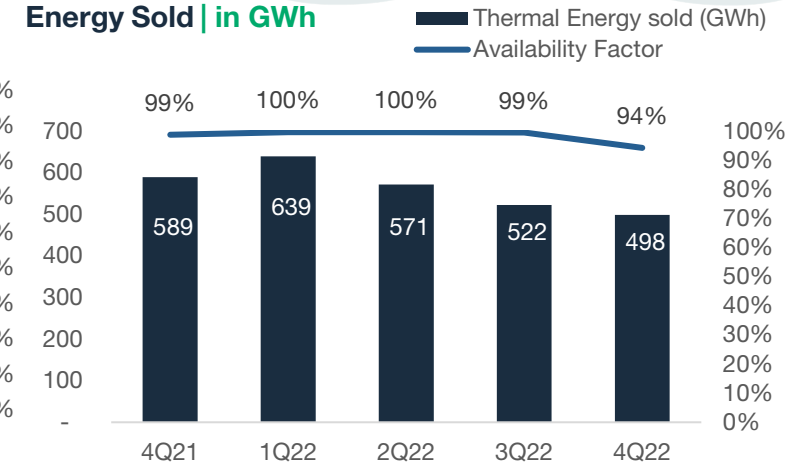
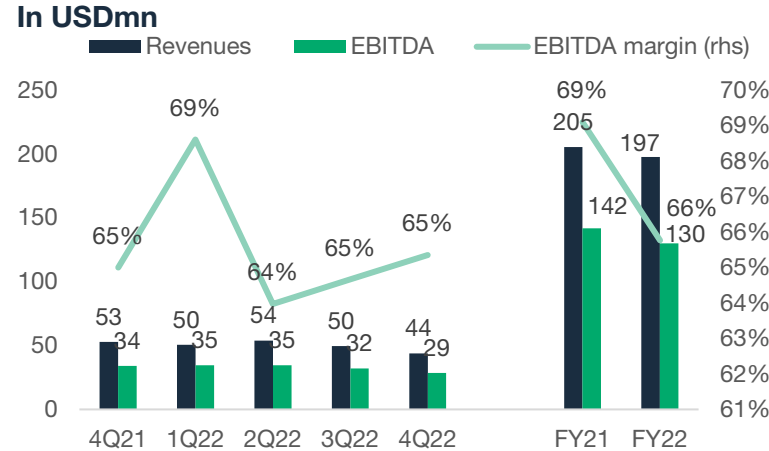
Maturity schedule as of Dec 31st, 2022 | in USDmn



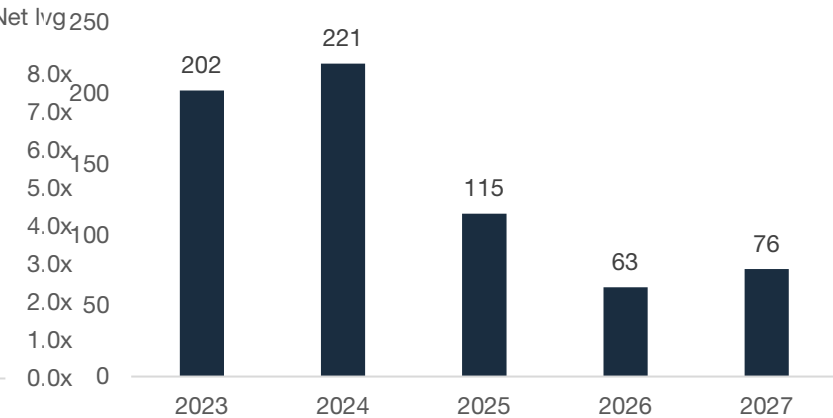
Source: TPCG Research based on the company's reports

Generacion Mediterranea (ALBAAR)

- In FY22, GEMSA's revenues were down -3.8% yoy USD197mn with total energy sold decreasing by -2% yoy to 2,230GWh. Although sales from Energia Base were up by +144% yoy to USD17.8mn, they were not enough to offset the decline in sales from PPAs, which were down by 24% yoy to USD75.5mn.
- Adj. EBITDA was down by 8% yoy to USD129.8mn. The Adj. EBITDA margin came down to 66% from 69% in FY21. This was mainly due to the increase in salaries and social security charges and purchase of electricity.
- FCF deteriorated to -USD40mn from -USD15mn in FY21 mainly explained by lower FFO (-12% yoy to USD113mn) and higher working capital requirements (+30% yoy to -USD46mn).
- As of Dec-31st, 2022, GEMSA's total debt was up by +2.3% qoq to USD934mn. Cash & equiv. + ST investments decreased by 23% qoq to USD136mn, covering short-term debt by 74%. According to our estimates, GEMSA's net leverage increased to 6.2x, up from 5.5x in LTM3Q22.



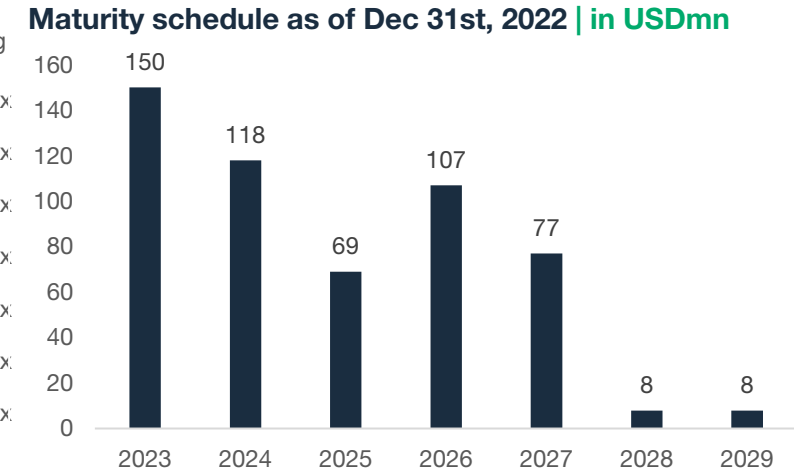
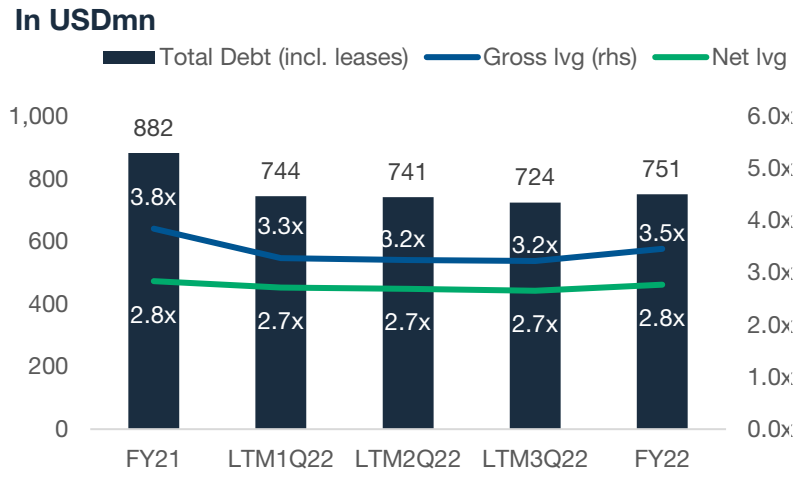
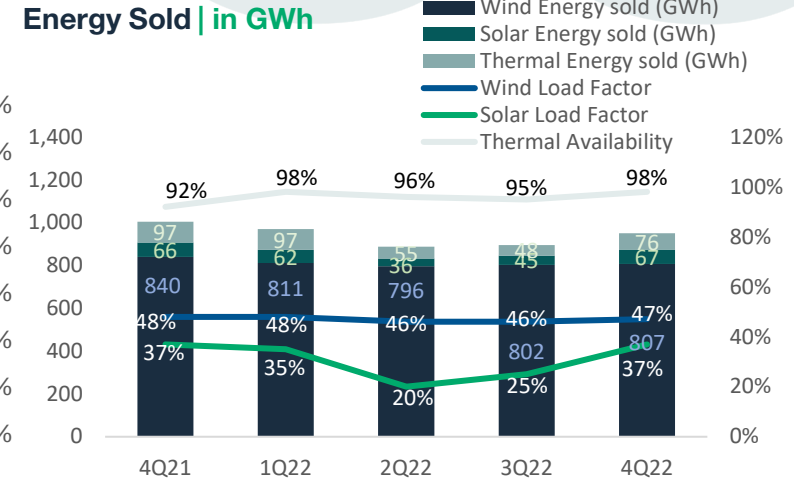
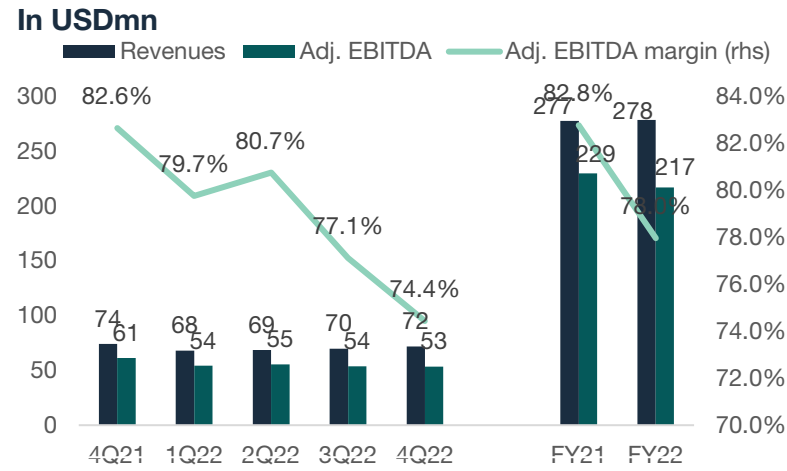
Maturity schedule as of Dec-31st, 2022* | in USDmn



*It only considers recourse debt. Source: TPCG Research based on the company's reports

Genneia (GNNEIA)

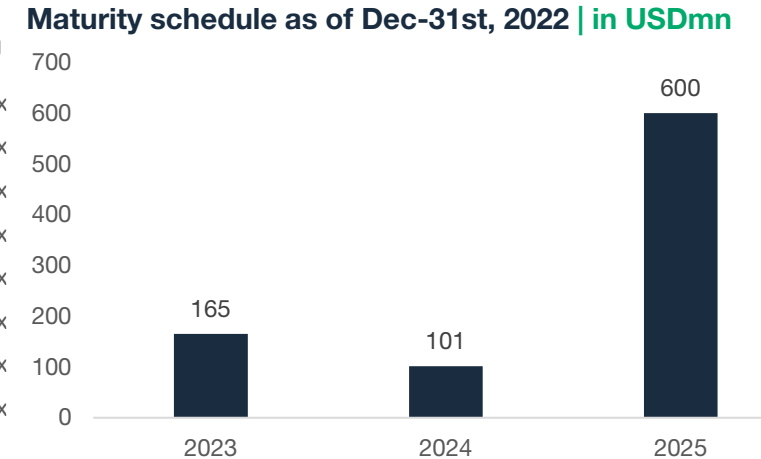
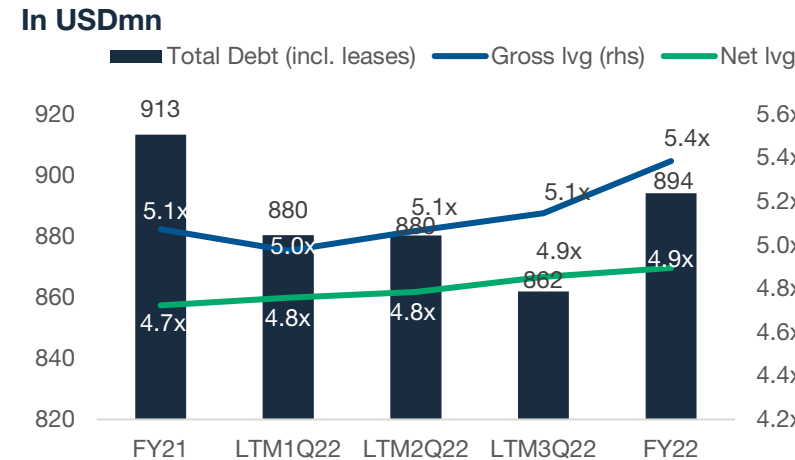
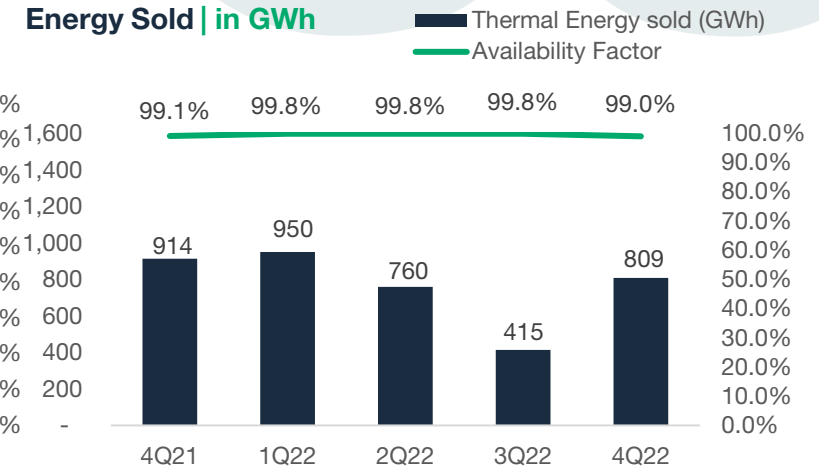
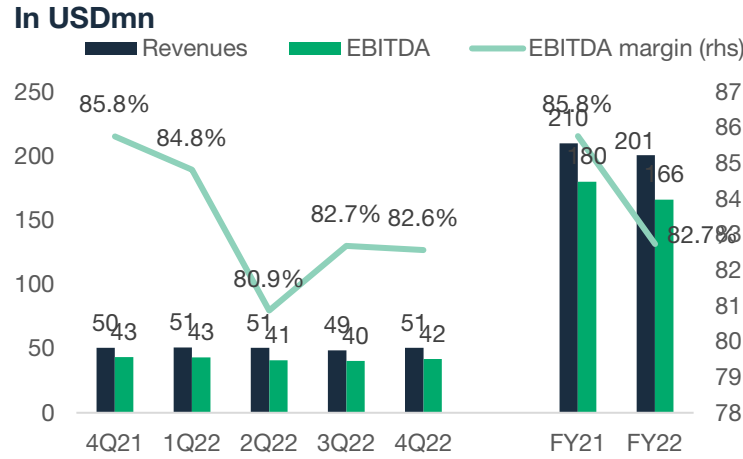
- In FY22, Genneia's revenues were USD278mn (+0.3% yoy). By segment, revenues from electric power generation from renewable sources, which accounted for 81% of total revenues, were up by +4% yoy to USD227mn. Revenues from Electric power generation from conventional sources decreased by 11% yoy to USD43mn.
- Genneia's Adj. EBITDA was USD217mn (-5% yoy). The margin was down to 78% from 83% in FY21, with Opex of electric power generation from conventional sources increasing by +16% yoy and administrative expenses increasing by +40% yoy.
- Genneia's FCF was positive at USD76mn, down from USD138mn in FY21, explained by trade receivables cash outflows of -USD12mn vs. USD9mn in FY21, and Capex increasing to USD112mn from USD9mn in FY21.
- As of Dec-31st, 2022, Genneia's total debt (incl. leases) was up by +4% qoq to USD751mn. Cash & Equiv. + ST investments increased by +17% qoq to USD149mn, covering short term maturities by 79%. Genneia's FY22 net leverage was slightly up to 2.8x from in 2.7x in LTM3Q22.



Source: TPCG Research based on the company's reports

MSU Energy (MSUNRG)

- In FY22, MSU Energy's revenues and EBITDA were down by -4.4% and -7.8% yoy to USD201mn and USD166mn, respectively. The EBITDA margin remained high at 83% but decreased from 86% in FY21.
- FCF turned positive to USD52mn from -USD15mn in FY21, due to the company canceled the vendor debt during 2021, which was included in Capex. In FY22, Capex was only for maintenance purposes standing at USD1.5mn vs. USD132mn in FY21. The change in working capital was negative at USD26.9mn vs. +USD22.6mn in FY21.
- As of Dec-31st, 2022, MSU Energy's total debt was up by 3.7% qoq to USD894mn. Cash & equiv. was up by +67% qoq to USD81mn, it only covered ST debt by 45%. MSU Energy's net leverage was flat qoq at 4.9x in FY22.

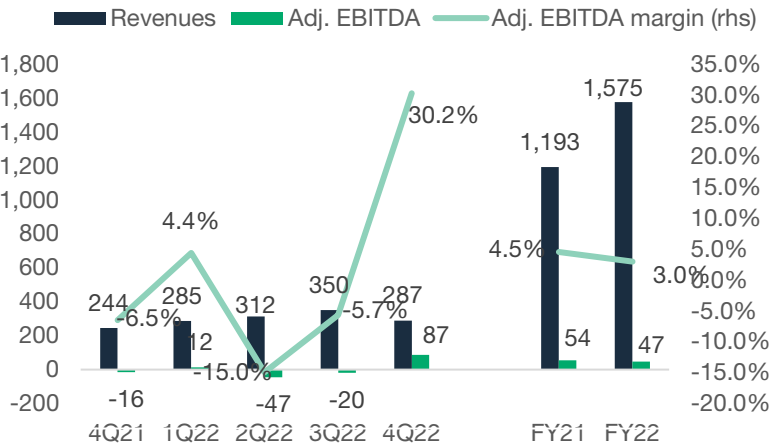


Source: TPCG Research based on the company's reports

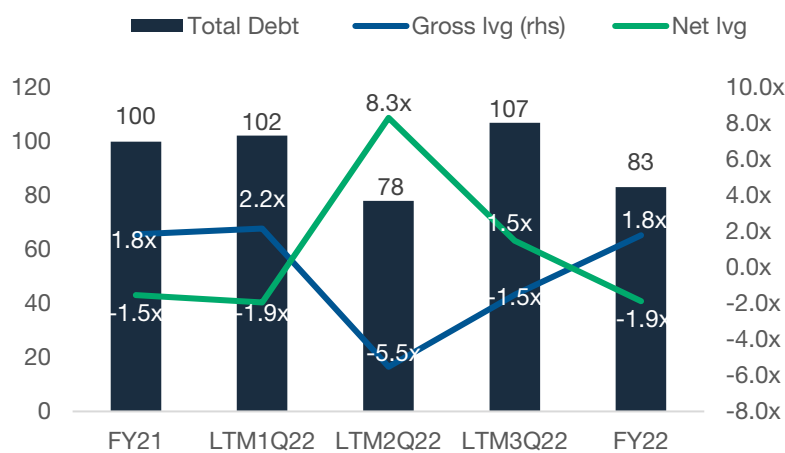
Edenor (EDNAR)

- Edenor is the largest electricity distributor in Argentina. The company has the exclusive right to distribute electricity in the north-western part of Greater Buenos Aires and the northern part of the City of Buenos Aires until 2087.
- In FY22, Edenor's revenues were down by 7% yoy to ARS221,091mn, although they were up in USD terms at USD1,575mn, due to the ARS devaluation pace being lower than inflation. The EBITDA was down by 39% yoy to ARS6,114mn (USD47mn) thanks to gains of ARS18,136mn (USD102mn) for the agreement with Cammesa to regularize debts.
- FCF was positive at USD21mn, although it was down from USD60mn in FY21. The increase in trade payables cash inflows by +1.5x yoy to USD473mn, helped to partly offset the negative FFO coupled with higher trade receivables cash outflows and capex (USD243mn, +57% yoy).
- As of Dec-31st, 2022, Edenor's total debt was down by 22% qoq to USD83mn. Cash & equiv. decreased by 19% qoq to USD171mn, more than covering ST debt of USD1mn. For this reason, the company's net leverage was negative at -1.9x.

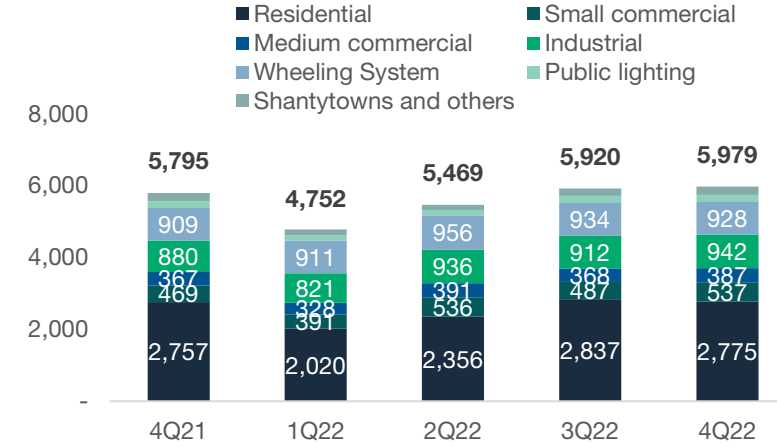
In USDmn



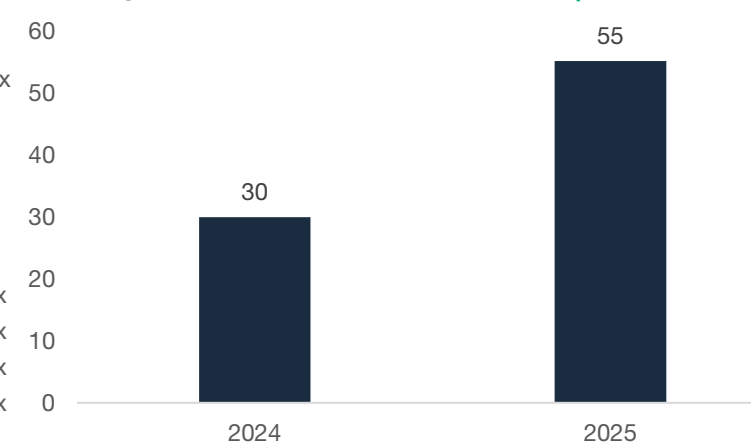
In USDmn



Sales of electricity | in GWh



Maturity schedule as of Dec-31st, 2022 | in USDmn



Source: ITCG Research based on the company's reports

Agenda

O&G

- YPF SA
- Pan American Energy
- Pampa Energia
- Cia. General de Combustibles
- Capex SA
- TGS

Utilities

- AES Argentina Generación
- YPF Luz
- Generación Mediterranea
- Genneia
- MSU Energy
- Edenor

Banks

- Banco Macro
- Banco Galicia
- Banco Hipotecario

Retail / Telcos / Real Estate

- Telecom
- Arcor
- Mastellone Hermanos
- Aeropuertos Argentina 2000
- IRSA IR

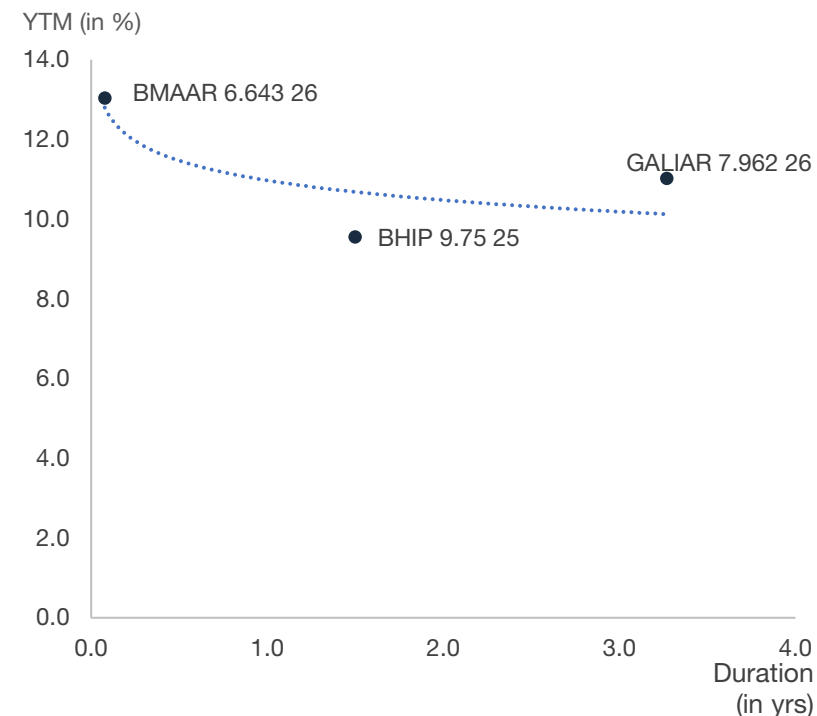
Banks' main figures

Summary financials as of 4Q22.

	Galicia GALIAR	Macro BMAAR	Hipotecario BHIP
In ARSmn			
Net Operating Income	151,953	131,295	21,639
Net Income	20,302	16,614	1,403
Net financial margin	22.6%	27.1%	11.4%
Efficiency ratio (C/I)	62.9%	28.6%	45.6%
Return on Avg. Equity (ROAE)	16.4%	9.7%	13.1%
Total Assets	2,943,299	2,090,455	402,679
Loans (net)	936,776	592,963	76,022
Deposits	2,122,306	1,295,395	295,762
Total Shareholders' Equity	501,922	512,495	50,727
NPLs / Gross Loans	2.2%	1.3%	4.8%
Reserves / NPLs	226%	152%	62%
Loans (net) / Deposits	44.1%	45.8%	25.7%
Liquid Assets / Deposits	106.8%	95.0%	96.5%
Leverage	5.9x	4.1x	7.9x
Tier I	23.7%	36.6%	22.6%
CAR	25.6%	39.9%	23.1%

Source: TPCG Research based on the banks' reports, Bloomberg

We expect the banking industry to remain weak. We see unlikely that the Central Bank ease interest rates, with the current inflationary and FX pressures. This is aggravated by the uncertainties on the roll-over of the government local debt.

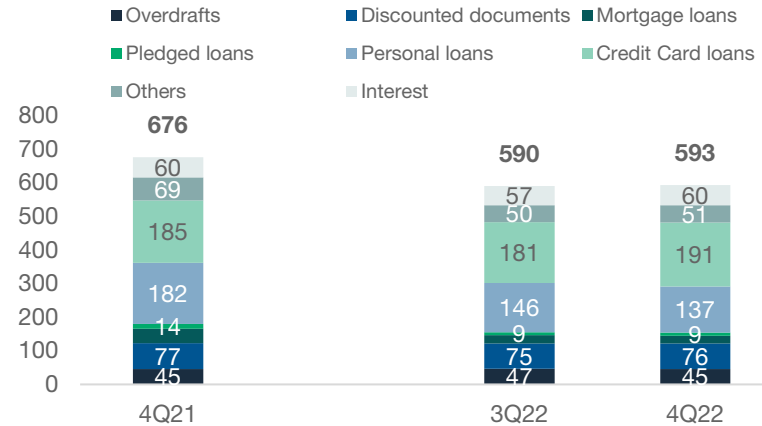


In 4Q22, the banks' profitability was driven by the increase in income from government securities, with banks' exposure to the public sector increasing steadily. In contrast, loans to the private sector growth were weak, mainly consumer loans and for the agribusiness sector. In terms of asset quality, the banks show healthy lending portfolios.

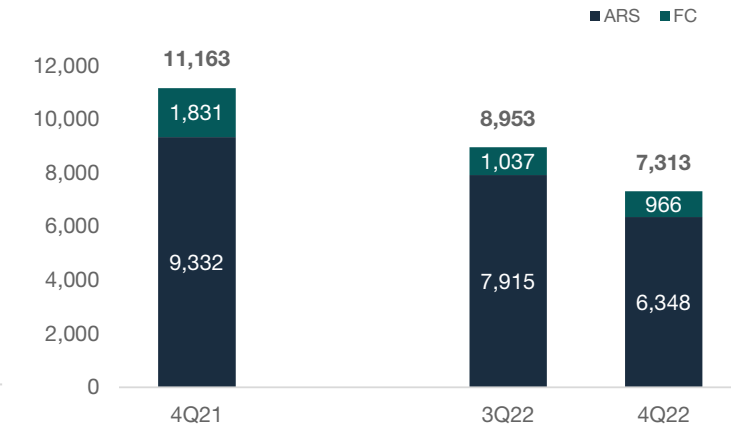
Banco Macro (BMAAR)

- Banco Macro is one of the most profitable banks, with NIM of 27.1%, C/I of 28.6%, and ROE of 9.7%, mainly explained by the stable, low-cost funding provided by the payroll accounts from 4 provincial governments and SMEs.
- In 4Q22, the net operating income decreased by -8% qoq to ARS131,295mn (USD741mn), explained by government securities losses of -ARS3,366mn (-USD19mn). However, the net income was up by +59% yoy to ARS16,614mn (USD94mn), thanks to the reduction of employee benefits (-9% qoq) and the improvement of the negative impact of inflation.
- Banco Macro's exposure to government securities decreased by only 1% qoq to ARS890,326mn (USD5,026mn), on lower Central Bank notes. Meanwhile, private sector loans were flat at ARS592,963mn (USD3,348mn). The NPLs ratio improved to 1.25%.
- Banco Macro's Liquid assets to total deposits stood at 95%, 1pp higher than in 3Q22. The LDR was 45.8%, up from 44.8% in 3Q22, as deposits decreased by -2% qoq.
- Banco Macro shows one of the strongest capital buffers, with Tier I and CAR at 36.6% and 39.9%, respectively.

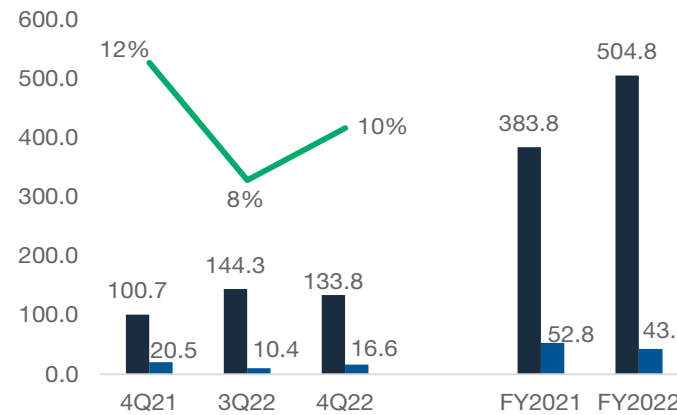
Total loan portfolio to the private sector | ARSBn



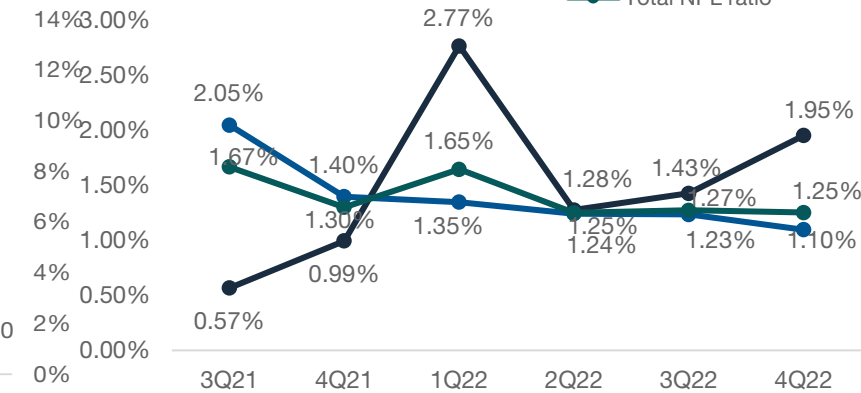
Deposits breakdown by currency | USDmn



Pre-provision income & Net income in ARSBn | ROE in %



Non-performing loans

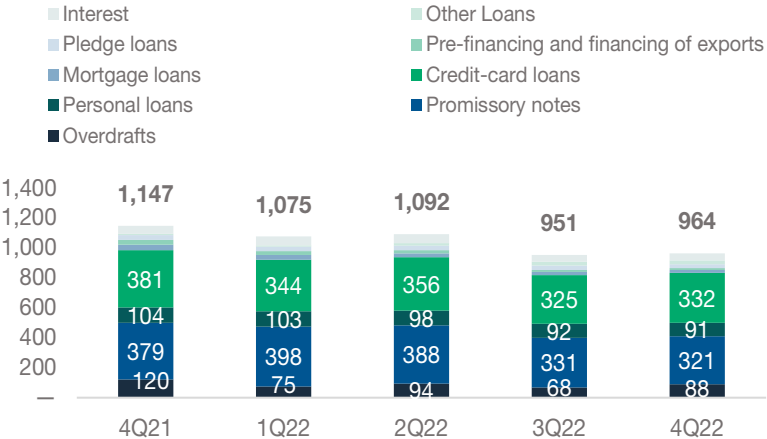


Source: TPCG Research based on the company's reports

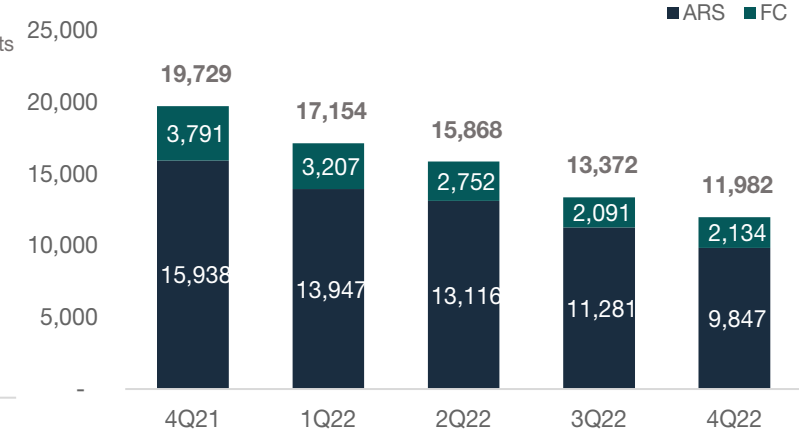
Banco Galicia (GALIAR)

- Founded in 1905, Banco Galicia is the second largest bank in Argentina regarding assets, with a market share of 8.8%. The bank owns 310 branches and a client base of 3mn customers, of which 25,111 are companies.
- In 4Q22, Banco Galicia's net operating income was up by +10% qoq to ARS151,953mn (USD858mn). The NIM improved to 22.6% from 16.8%. The net fee income decreased 2% qoq to ARS16,835mn while the net income from financial instruments increased +27% qoq to ARS118,911mn. The C/I ratio was down to 62.9% from 77.9% in 3Q22. ROE was up by 7.1pp qoq to 16.4%.
- Banco Galicia's net position in government securities was up by +6% qoq to ARS1,284,662mn (USD7,253mn). In contrast, private sector loans increased by 2% qoq to ARS978,463mn (USD5,524mn). The NPLs ratio was up by 0.13pp qoq to 2.4%.
- Banco Galicia's LDR was 44.1%, down from 46.9% in 3Q22, with deposits increasing at a higher pace than loans. Liquid assets to total deposits was 57.6%.
- The Tier I ratio was 23.7% while CAR was 25.6%.

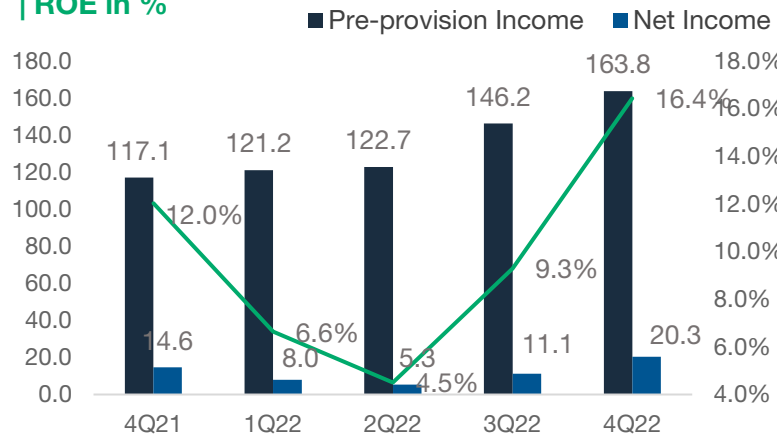
Total loan portfolio to the private sector | ARSBn



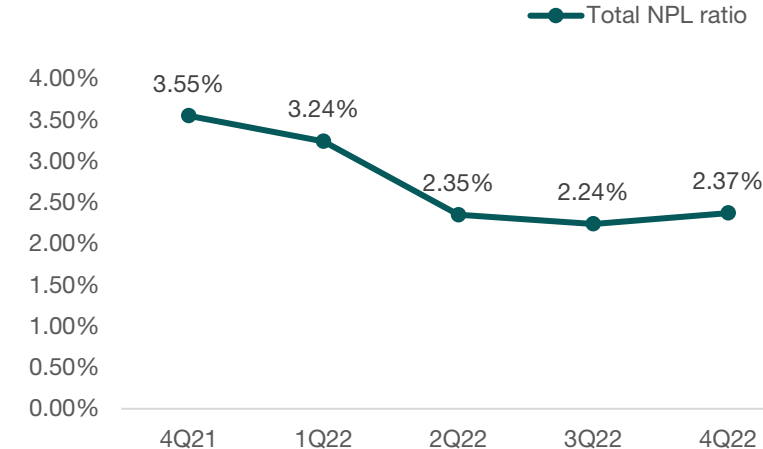
Deposits breakdown by currency | USDmn



Pre-provision income & Net income in ARSBn | ROE in %



Non-performing loans

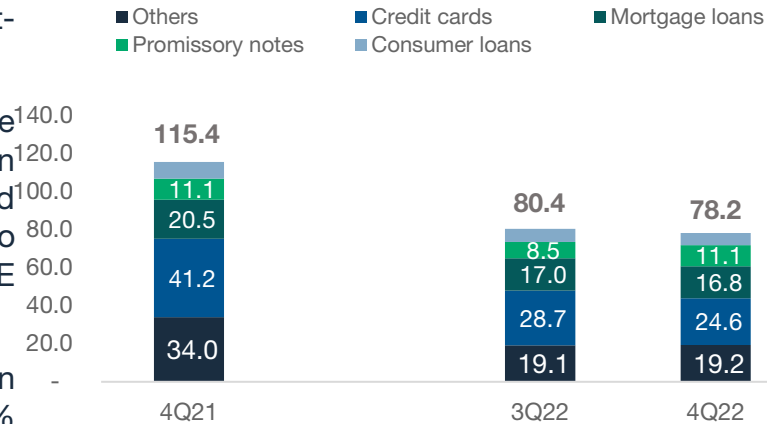


Source: TPCG Research based on the company's reports

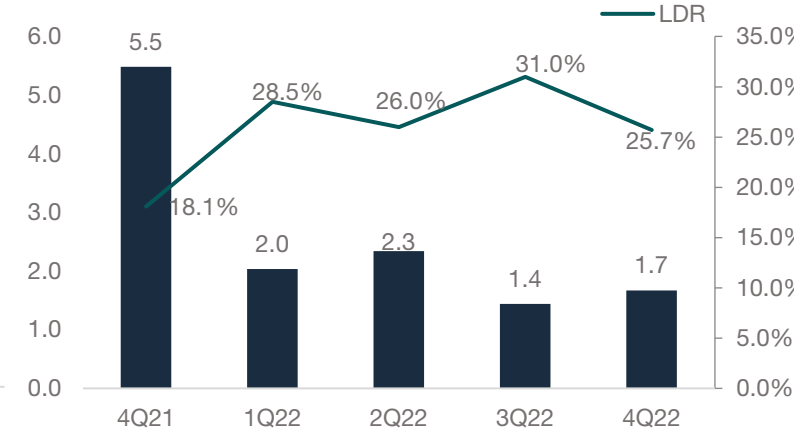
Banco Hipotecario (BHIP)

- Banco Hipotecario is a universal bank focused on mortgages. It acts as trustee for the government-sponsored PROCREAR program
- In 4Q22, Banco Hipotecario's net operating income was ARS21,639mn (USD122mn), up +3% qoq, driven by the increase in interest income by +63% qoq and the reverse of loan loss provisions. The C/I ratio improved to 45.6% from 49.2% in 3Q22. The ROE was down to 13.1% from 13.6% in 3Q22.
- Lending decreased by 2.7% qoq to ARS78,156mn (USD441mn), with credit cards loans down by 14.1% qoq to ARS24,631mn (USD139mn). The NPLs ratio stood at 4.8% up from 4.4% in 3Q22, with the consumer portfolio NPL ratio increasing to 2.5% from 2.2% in 3Q22.
- Banco Hipotecario's LDR ratio was down to 26% from 31% in 3Q22, while the Liquid Assets / Deposit was up to 96.5% from 92.6% in 3Q22.
- The Tier I ratio was up to 22.6% from 21.7% in 3Q22 while the CAR improved to 23.1% from 22.1% in 3Q22.

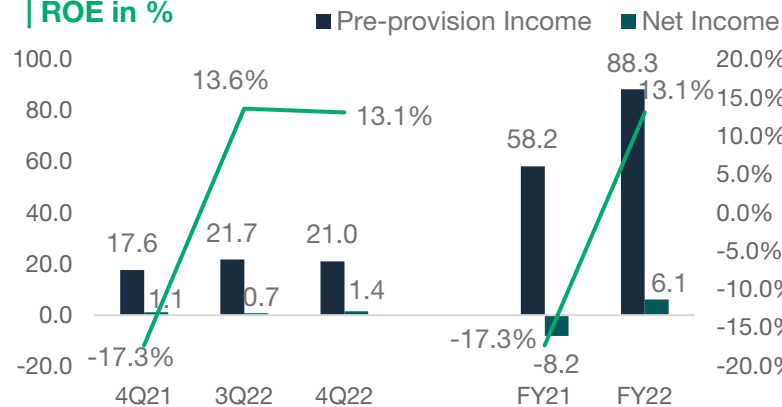
Total loan portfolio | ARSBn



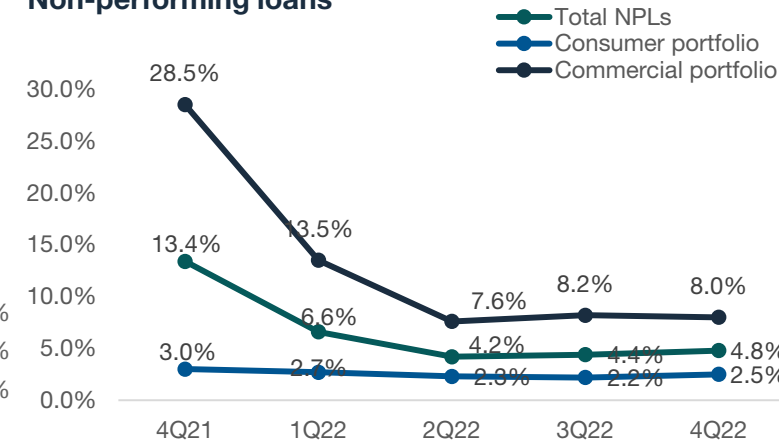
Deposits in USDmn | Loans to Deposit ratio



Pre-provision income & Net income in ARSmn | ROE in %



Non-performing loans



Source: TPCG Research based on the company's reports

Agenda

O&G

- YPF SA
- Pan American Energy
- Pampa Energia
- Cia. General de Combustibles
- Capex SA
- TGS

Utilities

- AES Argentina Generación
- YPF Luz
- Generación Mediterranea
- Genneia
- MSU Energy
- Edenor

Banks

- Banco Macro
- Banco Galicia
- Banco Hipotecario

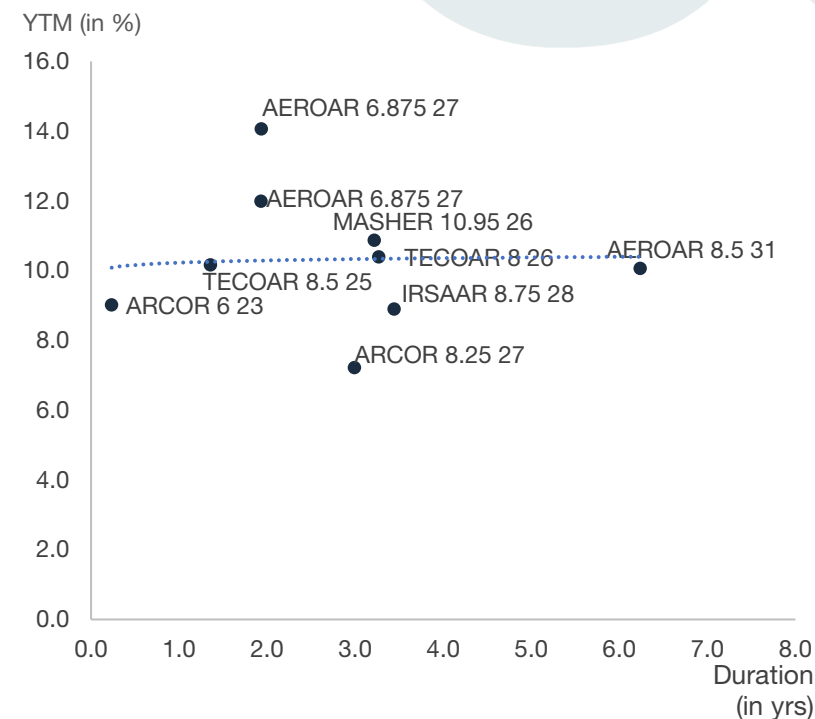
Retail / Telcos / Real Estate

- Telecom
- Arcor
- Mastellone Hermanos
- Aeropuertos Argentina 2000
- IRSA IR

Retail / Telcos / Real Estate main figures

Summary financials as of FY22

	Telecom TECOAR	Arcor ARCOR	Mastellone Hnos. MASHER	AA 2000 AEROAR	IRSA IR IRSAAR
In USDmn	FY22	FY22	FY22	FY22	LTM 2Q23
Revenues	4,117	3,529	1,226	634	312
EBITDA	1,131	363	51	266	149
Net Income	(1,161)	200	8	229	88
Gross Margin	-	27.3%	27.4%	37.0%	64.5%
EBITDA Margin	27.5%	10.3%	4.2%	41.9%	47.7%
Capex	(691)	(61)	(15)	(296)	(44)
Free Cash Flow	256	85	25	(174)	184
Cash & Cash Eq. + ST Investments	274	133	25	145	163
ST Debt (incl. leases)	810	384	14	70	239
Total Debt (incl. leases)	2,812	726	208	721	490
(Cash + ST Investments) / ST Debt	34%	35%	173%	205%	68%
Gross Leverage (incl. leases) (LTM)	2.5x	2.0x	4.1x	2.7x	3.3x
Net Leverage (incl. leases) (LTM)	2.2x	1.6x	3.6x	2.2x	2.2x



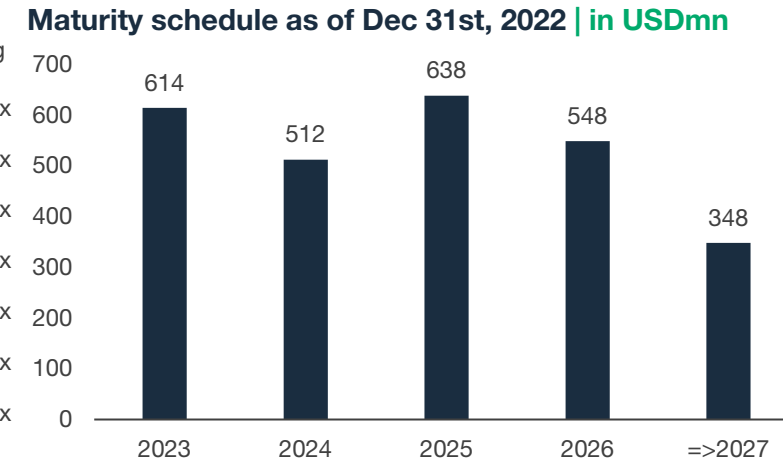
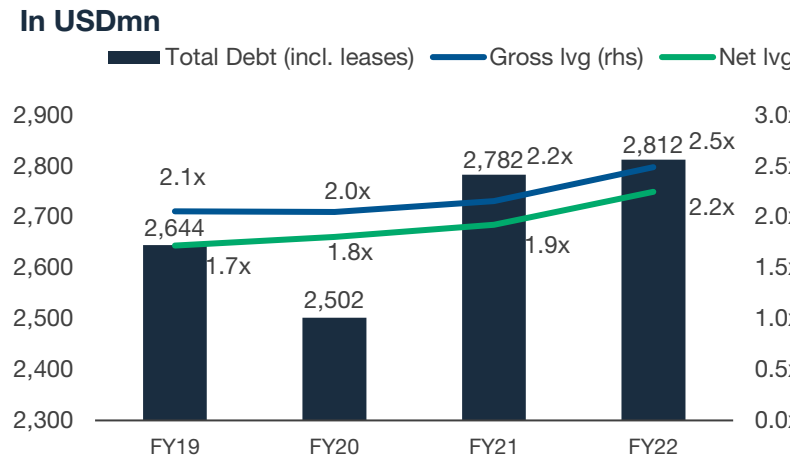
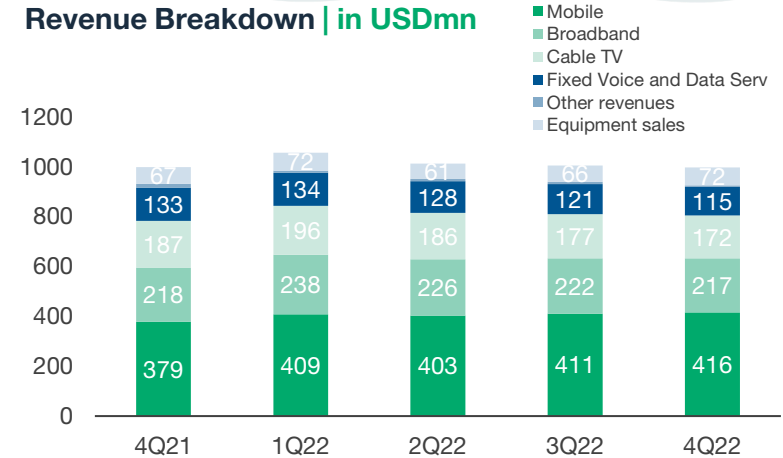
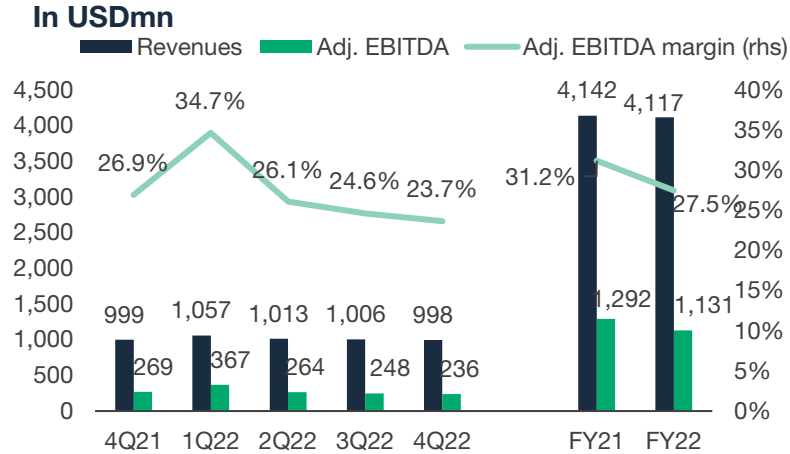
Source: TPCG Research based on the companies' reports, Bloomberg

We expect that the slowdown in economic activity, together with a ramp-up in inflation and the drought (affecting mainly the consumer corps) to take a toll on the profitability of most credits within this bucket in FY23. On the positive side, companies show manageable maturity profiles. A key differentiator in the case of Arcor and Masher is that they export. For IRSA, it is its dollarized asset portfolio.

Our top pick within this bucket is the AEROAR31 note. The company posted a strong recovery during 2022. Even though the PAX has not returned to the pre-pandemic level, the revenue and EBITDA generation have, in dollar terms. Low leverage, smooth short-term maturities, around 85% of revenues dollar-linked, and an attractive bond structure with a debt reserve account in NY supports our view.

Telecom Argentina (TECOAR)

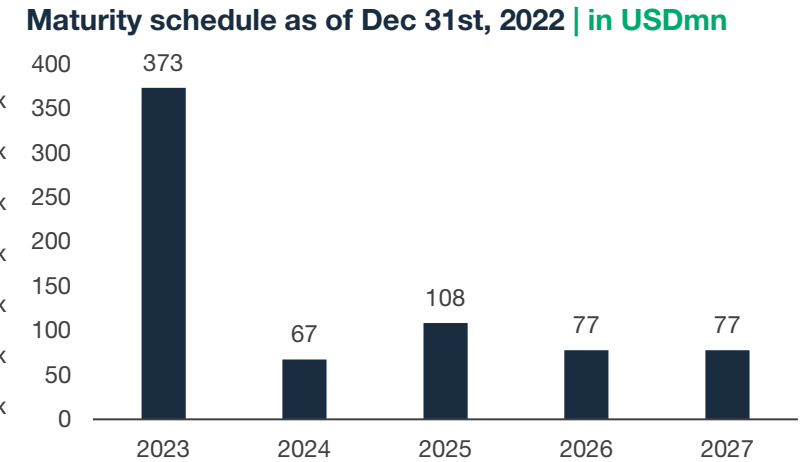
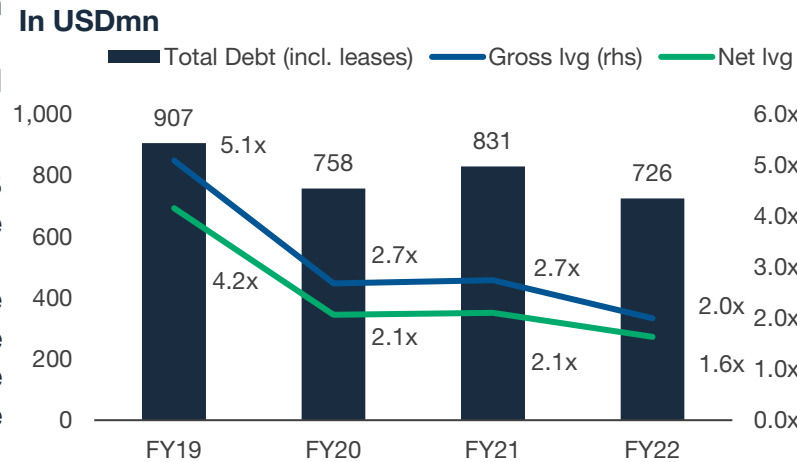
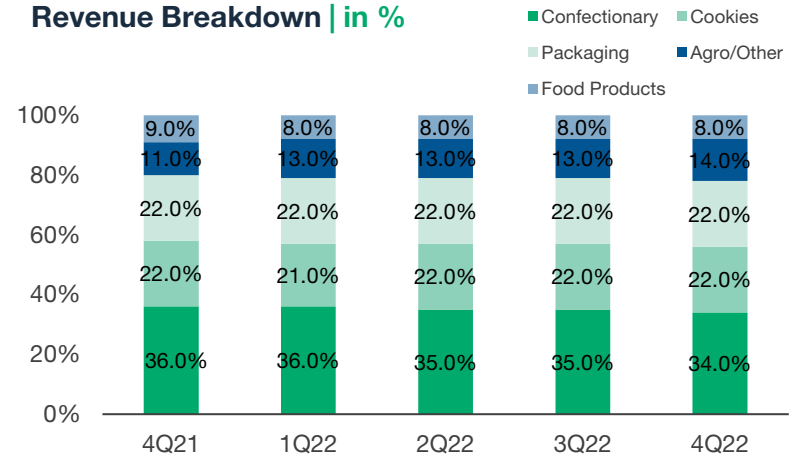
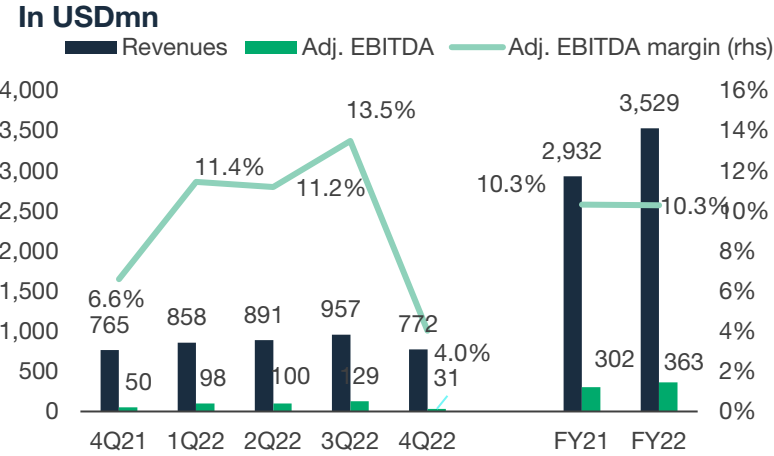
- In FY22 total sales went down 12%yoy in real terms to ARS 729bn (or USD 4.1bn). The decrease was explained by a lower client base (-0.7%yoy), and by tariffs growing below inflation. Thanks to higher operational efficiencies, the Opex decreased by 7.3%yoy to ARS 528bn (or USD 2.9bn). Still, the decrease in expenses was not enough to compensate for lower revenues, and the EBITDA fell by -22.5%yoy to ARS 200bn (or USD 1.1bn). The EBITDA margin narrowed by -3.7ppoy to 27.5%.
- The FFO closed at ARS 216bn, going down from last year by 20%. Positive working capital (+ARS 7bn from -ARS 12bn last year), lower interest expenses (-ARS46 bn from -ARS 52bn), and higher taxes (-ARS 10bn from -ARS 4bn) resulted in a CFO of ARS 167bn (-11.5%yoy). After considering a lower capex (-ARS 122bn from -ARS 148bn), the company ended with a FCF of ARS 45bn (or USD 256mn), which was 15.2% lower than last year.
- The cash & eq. + investments closed the period at ARS 48bn (or USD 274mn, and -19%yoy), covering 0.34x the ST debt. The total debt reached ARS 498bn (or USD 2.8bn), decreasing 11%yoy. In dollar terms, the leverage position grew to 2.2x, from 1.9x last year. For FY23 maturities, around 50% is denominated in dollars and 43.8% in local and bank ARS debt.



Source: TPCG Research based on the company's reports

Arcor (ARCOR)

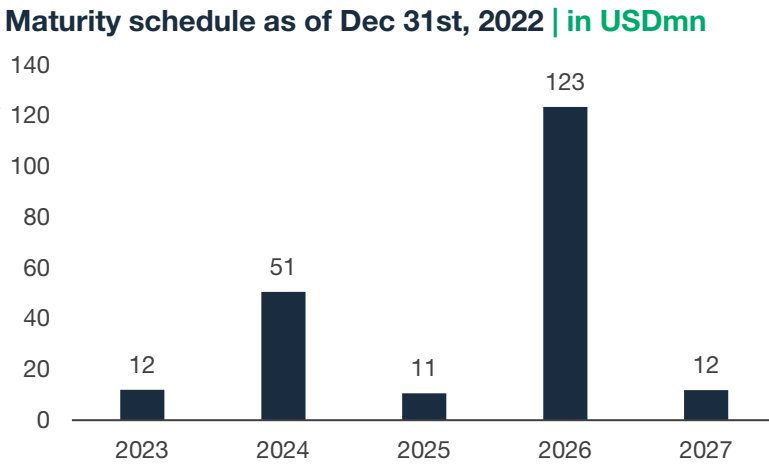
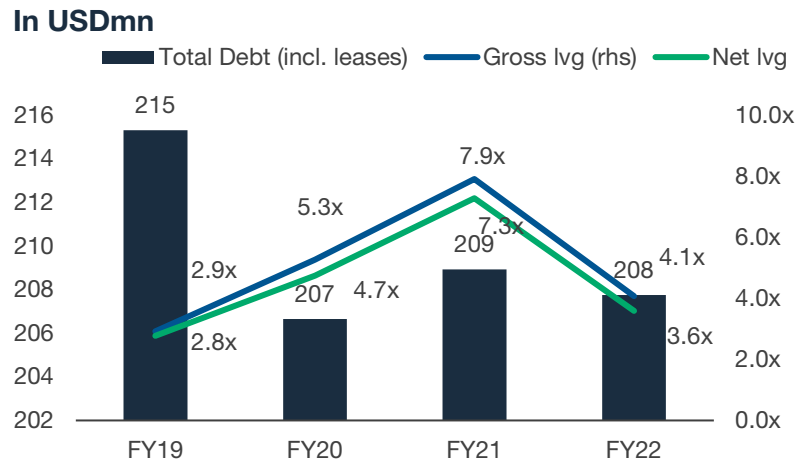
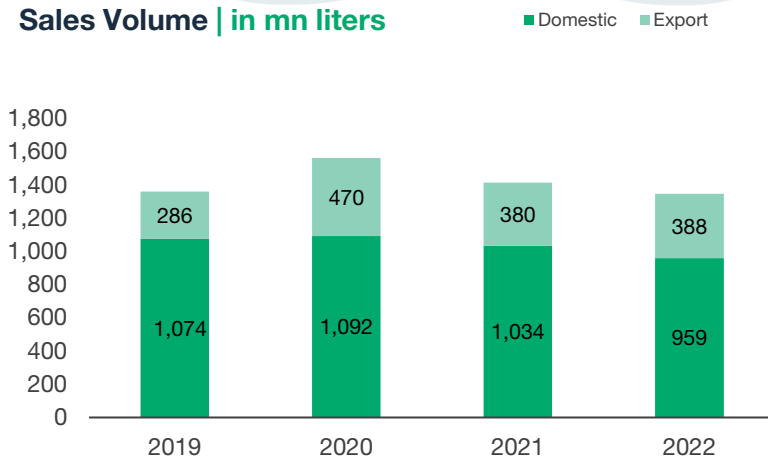
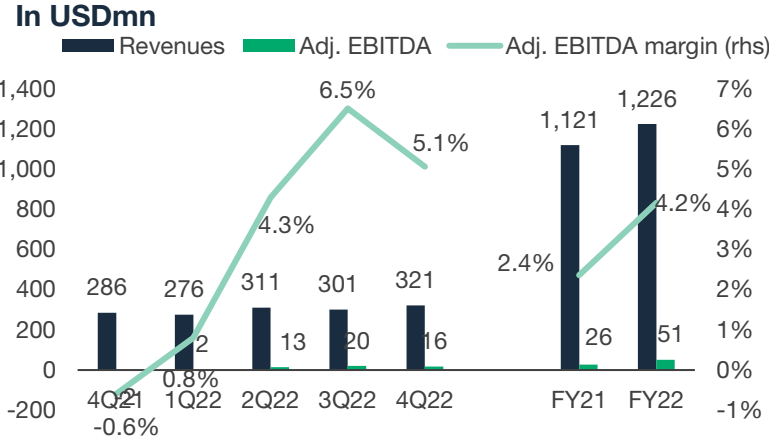
- Total sales grew 6.5%yoy in real terms to ARS 625bn (or USD 3.5bn). The increase was mainly explained by higher volumes and average prices both in Argentina and abroad. In terms of the latter, it represented 31.7% of total revenues in 2022, decreasing 1ppyoy. The Opex increased 6%yoy to ARS 575bn (or USD 3.2bn), resulting in an Adj. EBITDA of ARS 64bn (or USD 362mn) which grew 6.2%yoy. With that, the Adj. EBITDA margin closed at 10.3%, flat relative to last year.
- The FFO closed at ARS 59bn, increasing 4%yoy. Positive working capital (at ARS 8bn from -ARS12bn last year), but higher interest (-ARS 25bn from -ARS 23bn) and taxes paid (-ARS 16bn from -ARS 11bn) resulted in a CFO of ARS 25bn, compared to ARS 10bn last year. After a flat capex of around ARS 10bn, the FCF reached ARS 14.7bn (or USD 85mn).
- The cash & eq. + investments closed the period at ARS 23bn (or USD 133mn), covering 0.35x the ST debt. The total debt reached ARS 128bn (or USD 726mn), decreasing 23%yoy. In dollar terms, the leverage position dropped to 1.6x from 2.1x last year. After the exchange of ARCOR23, FY23 services look bulky. We expect the company to tap the local market to increase its cash position to serve on timely fashion its maturities.



Source: TPCG Research based on the company's reports

Mastellone Hermanos (MASHER)

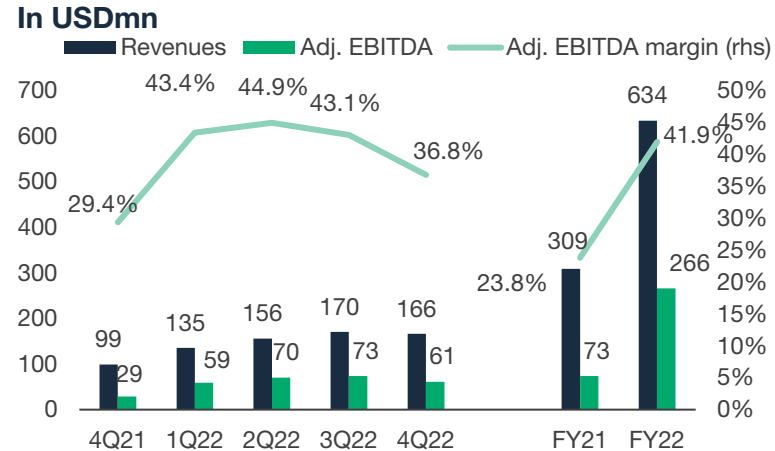
- In FY22, total sales reached ARS 217bn (or USD 1.2bn), dropping 5.2%yoy. Domestic sales represented 79.8% (-0.6pppyoy). Total liters dropped 4.7%yoy to 1,346mn, where the domestic market represented 71.2% (-1.9pppyoy). A favorable 1H22 boosted results, with high export prices and a sound local demand. In 2H22 that context faded away as inflation accelerated, the economic activity slowed down, the draught increased costs, and international prices dropped. The Adj. EBITDA increased 71%yoy, to ARS 9bn (or USD 51mn), resulting in an Adj. EBITDA margin of 4.1%, increasing by 1.96pppyoy.
- FFO closed at ARS 12.3bn, increasing from ARS 7.5bn last year. Lower working capital (at -ARS 0.8bn from -ARS 1.1bn last year), and interest expenses (at -ARS 3.6bn from -ARS 4.9bn), but higher taxes (at -ARS 0.9bn from -ARS 0.4bn), resulted in a CFO of ARS 6.8bn compared to ARS 1bn last year. After considering a lower capex (at -ARS 2.7bn from -ARS 3.6bn) and disposals (at ARS 0.2bn from ARS 0.4bn), the FCF closed at ARS 4.4bn (or USD 25mn), from -ARS 2.1bn last year.
- The Cash & Eq. closed at ARS 4.3bn (or USD 24.7mn) growing 31.3%yoy and covering 1.7x the ST debt services. Total debt reached ARS 36.7bn or (USD 207.7mn), decreasing 12%yoy. In dollar terms, the net leverage ratio closed at 3.6x, dropping from 7.3x last year.



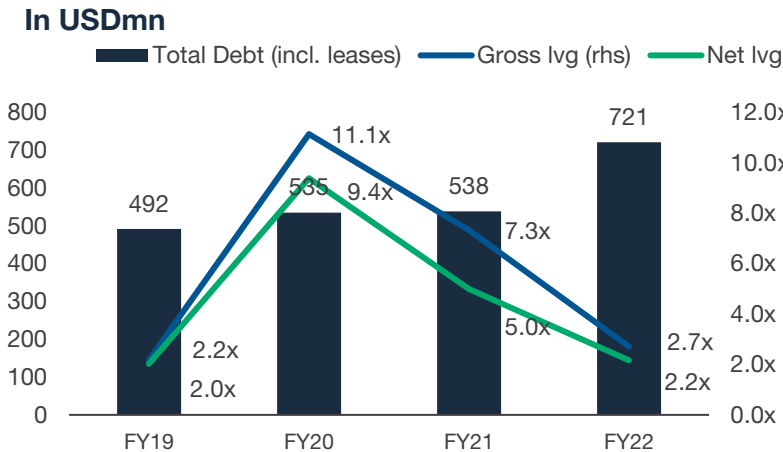
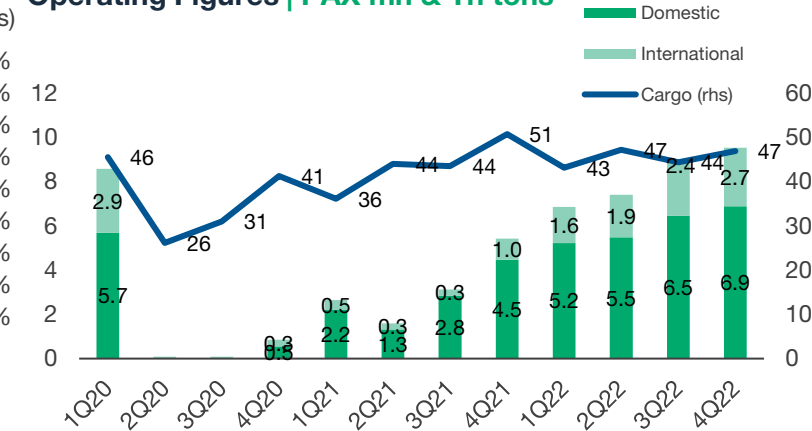
Source: TPCG Research based on the company's reports

Aeropuertos Argentina 2000 (AEROAR)

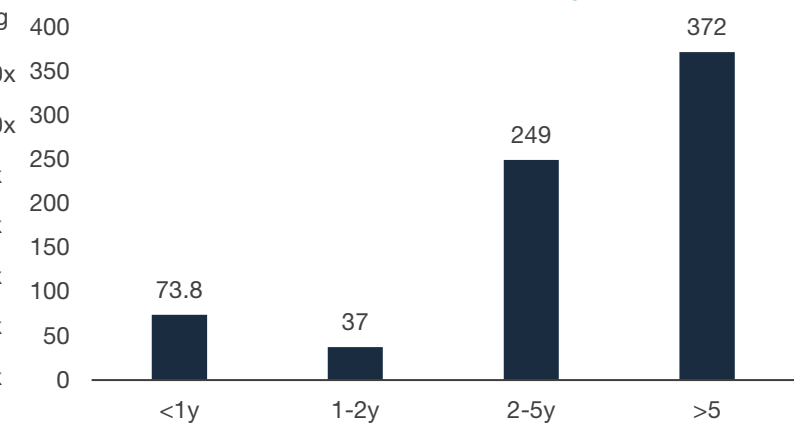
- In FY22 total sales went up by 82%yoy to ARS 112bn (or USD 634mn). The aeronautical revenue increased by 206.4% and represented 51.5% of the total. The commercial revenue did it by 27%yoy and represented the remaining share. The Opex increased by 30%yoy to ARS 80bn (or USD 454mn). The Adj. EBITDA reached ARS 47bn (or USD 266mn), up +221%yoy. It is worth noting that both revenues and Adj. EBITDA are above pre-pandemic in dollar terms. Total PAX amounted to 33.8mn (25% international), from 13.3mn in 2021. Compared to pre-pandemic total PAX remained -21% below.
- FFO totaled ARS 32bn, from ARS 14bn last year. After a negative change in working capital (to -ARS 28mn from +ARS 3bn last year), flat interest expenses (-ARS 11bn), and higher taxes paid (to -ARS 124mn from -ARS 21mn), the CFO closed at ARS 21bn, from ARS 8bn last year. Considering the capex, which grew substantially given a re-purchase of preferred shares owned by the national government (to -ARS 52bn from -ARS 10bn), the FCF closed at -ARS 30bn (or -USD 174mn).
- The cash and equivalents closed the period at ARS 25bn (or USD 145mn), dropping 25%yoy and flat qoq, but covering 2x the ST debt. Total debt reached ARS 127bn (or USD 721mn). In dollar terms, the net leverage position closed at 2.2x from 5x last year.



Operating Figures | PAX mn & Th tons



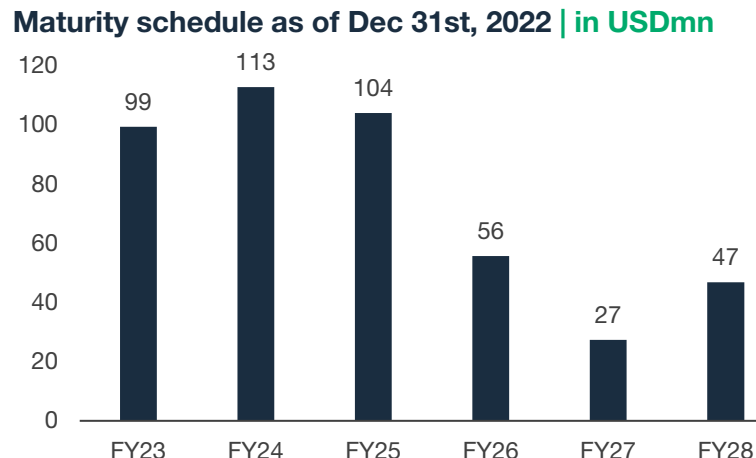
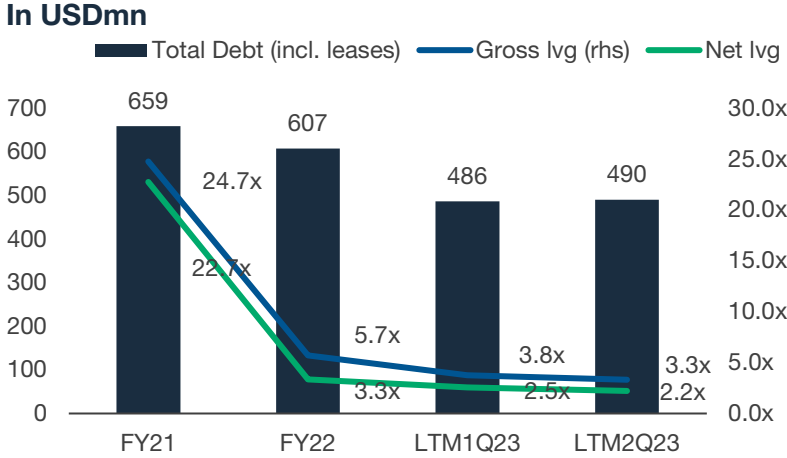
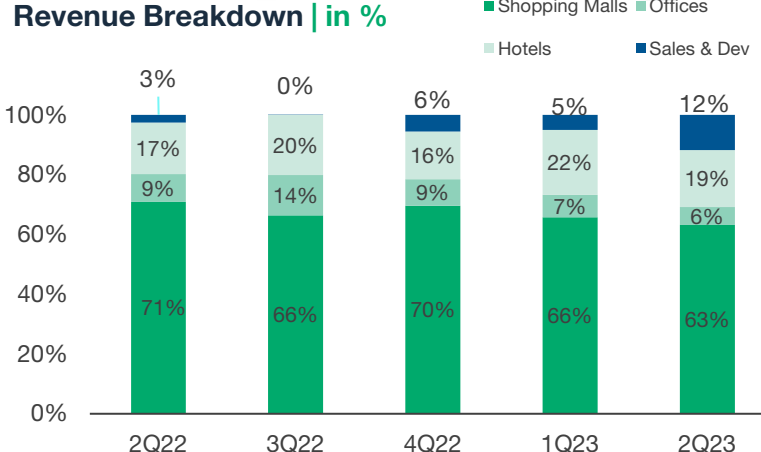
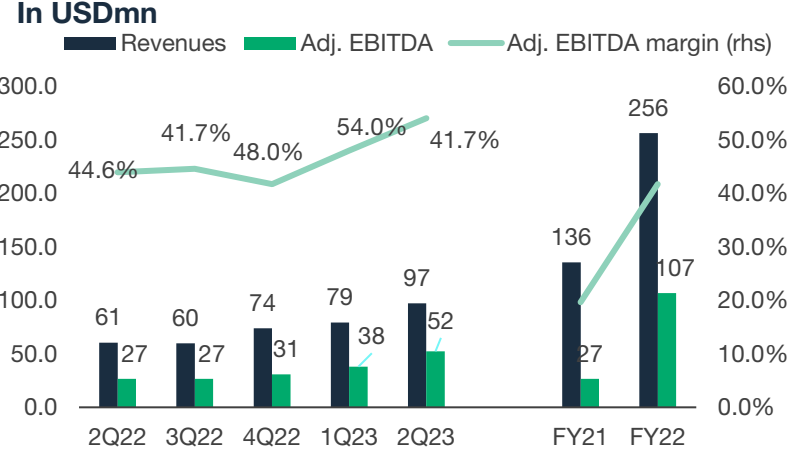
Maturity schedule as of Dec 31st, 2022 | in USDmn



Source: TPCG Research based on the company's reports

IRSA Inversiones y Representaciones (IRSAAR)

- In 2Q23 (or 4Q22), total sales amounted ARS 17.2bn (or USD 97mn), growing 42%yoy in real terms given a strong performance in the shopping malls and hotels segments. Our Adj. EBITDA (which excludes the effects of changes in FV of assets, and other G&L) totaled ARS 9.3bn (or USD 52mn) increasing 84.8%yoy.
- The FFO grew 8.5%yoy in 2Q23, to ARS 6.7bn (or USD 38mn). After higher working capital needs (to -ARS 1.7bn from -ARS 0.4bn in 2Q22) and interest expenses (to -ARS 1.8bn from -ARS 1.4bn), but positive tax effects (to ARS 0.5bn from -ARS 0.1bn), the CFO closed at ARS 3.7bn decreasing 15.5%yoy. Lower capex (to -ARS 0.6bn from -ARS 2bn), was not enough to compensate for the fact that there were no asset sales in the period compared to 2Q22, resulting in a drop of FCF flow of 73.2%yoy to ARS 3bn (or USD 17mn).
- Cash & Eq. totaled ARS 28.9bn (or USD 163mn) covering 0.7x the ST debt. Total debt closed at ARS 86.7bn (or USD 490mn). In dollar terms, the net leverage position was 2.2x from 2.5X in 1Q23. In 3Q23 (or 1Q23) the company raised USD 90mn through two local notes to cancel the IRCPAR23 and Class IX notes. Additionally, the company sold several floors from building “261 Della Paolera” collecting USD 81.2mn and is considering distributing dividends for up to ARS 21.9bn (or USD 106mn)



Source: TPCG Research based on the company's reports

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