



Argentina: **Corporates 3Q22 Update**



Paula A. La Greca

Corporate Analyst

Federico Angel Martin

Strategist

TPCG Research

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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

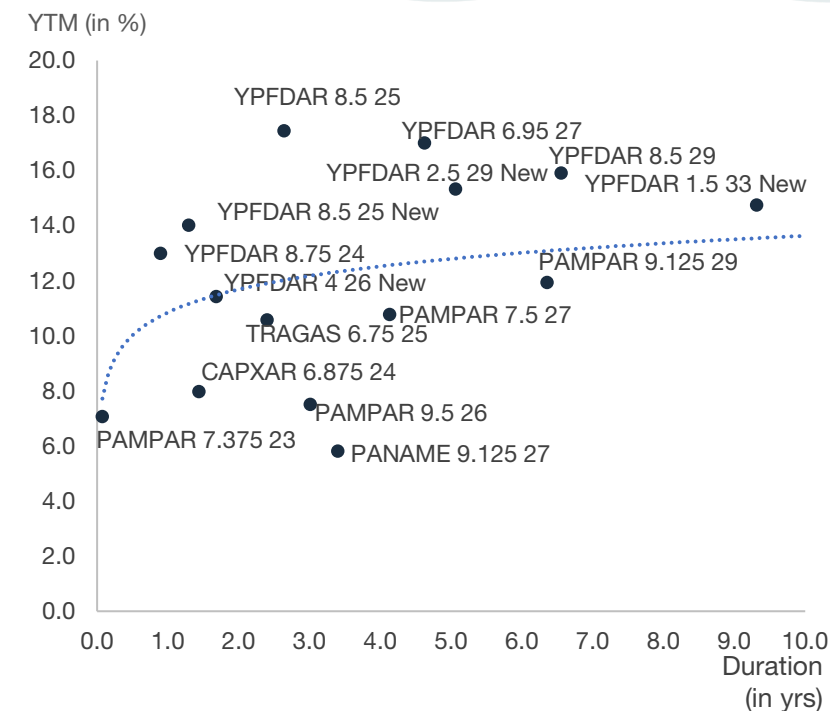
- Telecom
- Arcor
- Mastellone Hermanos
- Aeropuertos Argentina 2000
- IRSA IR

O&G companies' main figures

Summary financials as of 3Q22.

	YPF YPFDAR	Pan American Energy PANAME	Pampa Energia PAMPAR	CGC CGCSA	Capex SA* CAPXAR	TGS TRAGAS
Total Production (KBOED)	504	166	69	56	15	-
In USDmn						
Revenues	5,179	1,459	507	243	133	231
EBITDA	1,498	597	246	98	79	86
Net Income	678	213	179	36	42	35
Gross Margin	27%	38%	36%	19%	59%	34%
EBITDA Margin	29%	41%	49%	40%	59%	37%
Capex	1,049	316	136	99	31	48
Free Cash Flow	384	131	6	(113)	(26)	39
Cash & Cash Eq. + ST Investments	1,335	274	685	209	59	259
ST Debt (incl. leases)	1,131	793	285	196	6	29
Total Debt (incl. leases)	7,511	2,706	1,624	745	246	542
(Cash + ST Investments) / ST Debt	118%	35%	240%	107%	927%	903%
Gross Leverage (incl. leases) (LTM)	1.6x	1.5x	2.3x	2.3x	1.0x	1.2x
Net Leverage (incl. leases) (LTM)	1.2x	1.4x	1.3x	1.7x	0.8x	0.6x

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



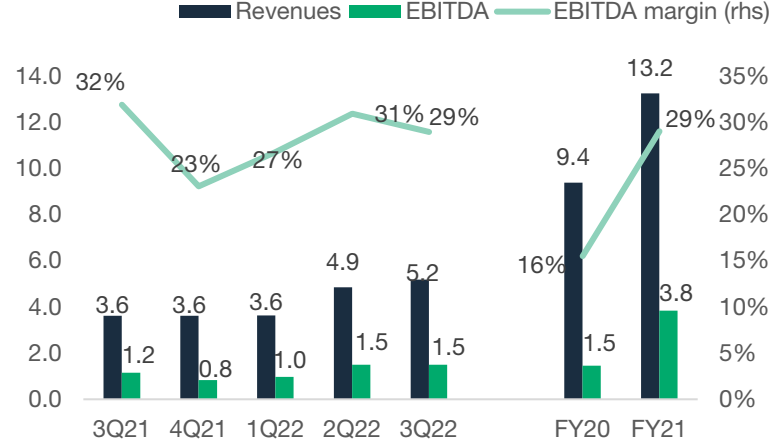
The O&G sector showed the strongest results compared to other sectors. In 3Q, cost pressures started to weigh on profitability. On the Upstream side, given the high productivity levels in Vaca Muerta, lifting costs remain competitive and help to offset those of conventional fields. In the past 2 years, natural gas production has been the most dynamic, driven by the Plan Gas Ar. For the upcoming 2 years, we expect oil to lead production growth, as there are several midstream projects to export it.

Regarding the Downstream business, YPF and Pan American Energy (“PAE”) revenues have been driven by diesel sales due to the demand increase in thermal energy plants and the high-price environment. Except for PAE, companies showed the highest liquidity levels vs. other sectors, with cash + ST investment more than covering ST debt. Said this, within this sector, we see YPF’s 25s Old, 26s, 29s and 47s as the most attractive. Please do not miss reading [YPF: on the sunny side of the street](#).

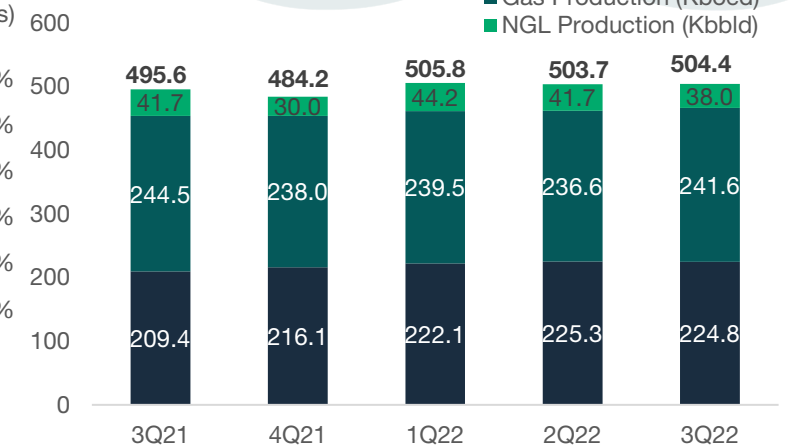
YPF SA (YPFDAR)

- In 3Q22, YPF's revenues were USD5,179mn (+43% yoy / +6.7% qoq) with domestic sales, which accounts for 88% of total revenues, increasing by +42% yoy / +9.8% qoq to USD4,575mn. Exports were up by +51% yoy to USD604mn mainly driven by jet fuel (+270% yoy to USD120mn). Within the domestic market, diesel sales were up by +60% yoy / +9.9% qoq to USD1,950mn while gasoline sales grew by +22% yoy, although they were flat qoq at USD878mn.
- YPF's Adj. EBITDA was up by +30% yoy to USD1,498mn. The EBITDA margin came down to 29% from 31% in 2Q22 and 32% in 3Q21.
- YPF 3Q22 FCF was USD384mn, standing on positive grounds since 3Q19. As of Sept 30th, 2022, cash was USD834mn, and ST investments USD500mn, covering ST debt by 118%.
- As of Sept- 30th, 2022, YPF's total debt, including leases, was down by -1.6% qoq to USD7,511mn. Cash + Investments was up by +7.4% qoq to USD1,335mn, covering short-term maturities by 118%. The company's LTM3Q22 net leverage was down to 1.2x from 1.3x in LTM2Q22 and 2.0x in LTM3Q21.

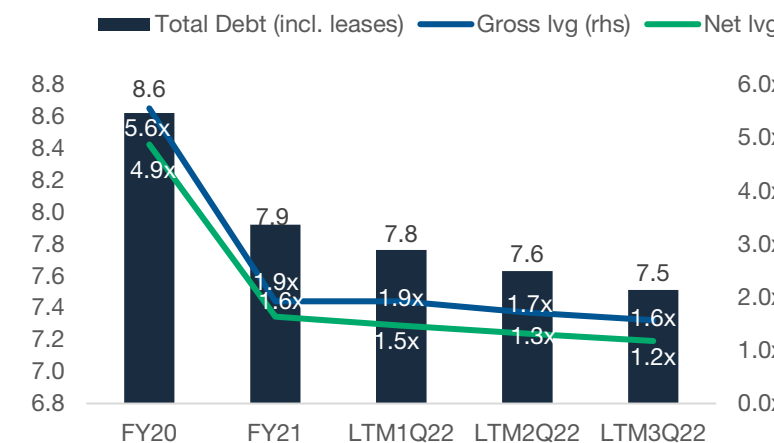
In USDbn



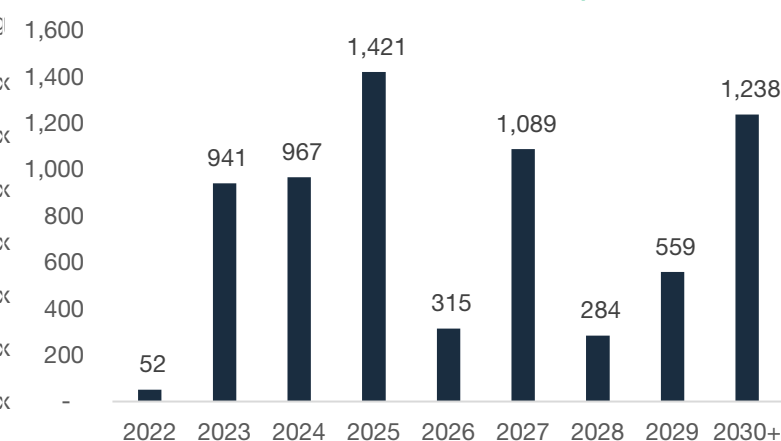
Total production | in KBOED



In USDbn



Maturity schedule as of Sept 30th, 2022 | in USDmn

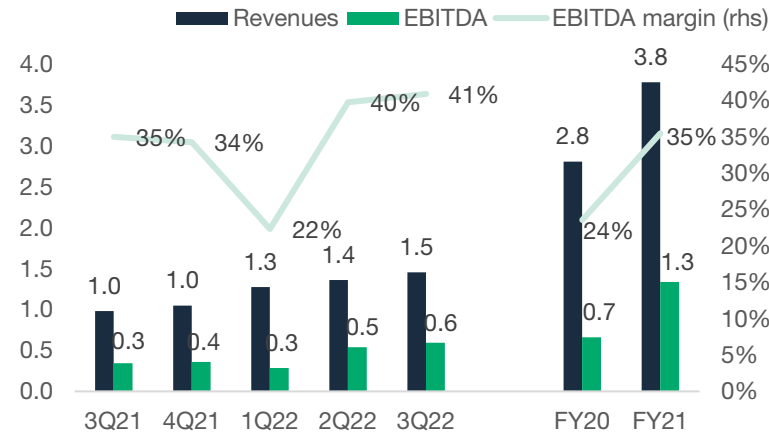


Source: TPCG Research based on the company's reports

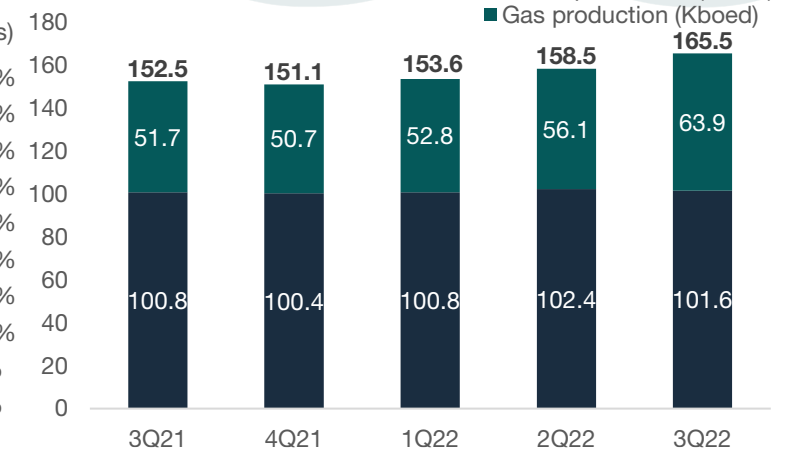
Pan American Energy (PANAME)

- In 3Q22, Pan American Energy's revenues were USD1,459mn (+7% qoq / +48% yoy). Gasoline sales were up by +5.6% qoq / +48% yoy to USD1,014mn. The EBITDA was up + 10% qoq / +73% yoy USD597mn, the EBITDA margin stood at 41%.
- Total O&G production was up by +4.5% qoq / +8.5% yoy to 165.5kboed, with natural gas production at 63.9kboed (+14% qoq / +23% yoy) and oil production at 101.6kbbld (-0.7% qoq / +0.9% yoy).
- FCF turned positive to USD131mn from -USD173mn in 2Q22, on higher FFO (+40% yoy / +52% qoq). Capex increased by +17% qoq / yoy to USD316mn.
- As of Sept-30th, 2022, Pan American Energy's total debt (incl. leases) was down by 8.5% qoq to USD2,706mn. Cash & Eq. + ST investments decreased by -4.1% qoq to USD274mn, not enough to cover short term debt of USD793mn. According to our estimates, the company LTM3Q22 net leverage was 1.4x, down from 1.7x in LTM2Q22.

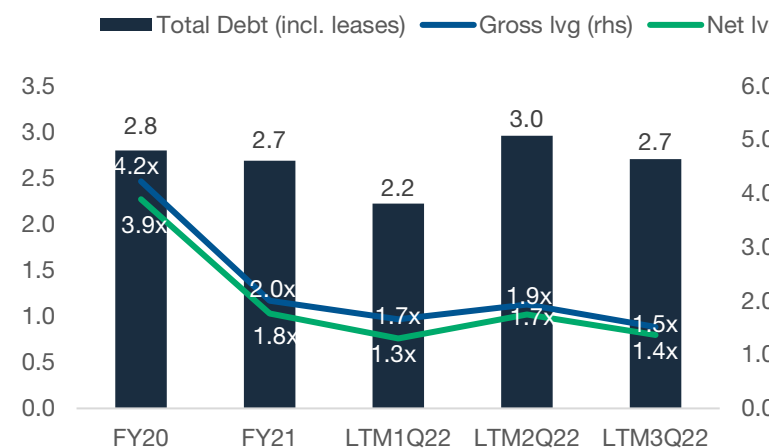
In USDbn



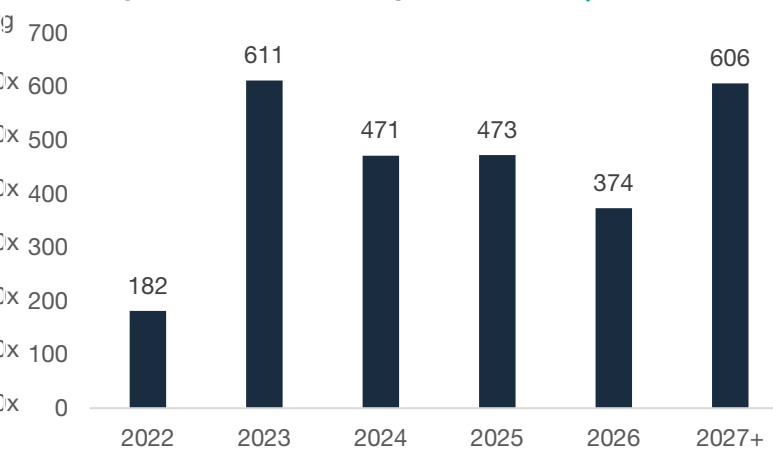
Total production | in KBOED



In USDbn



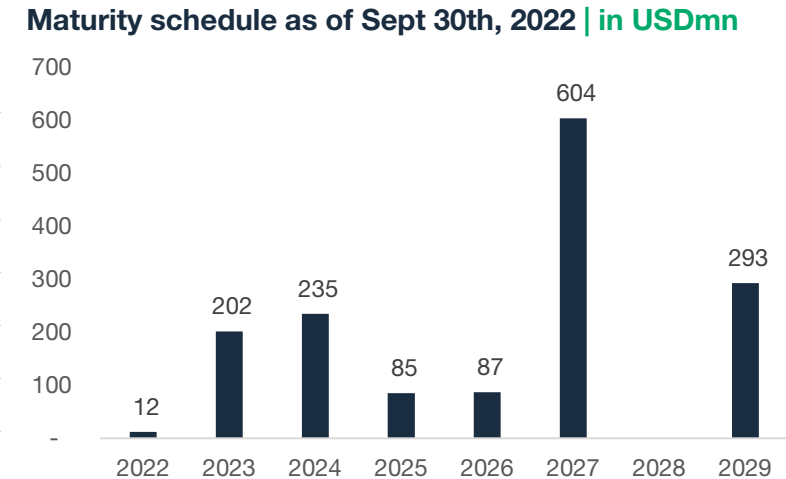
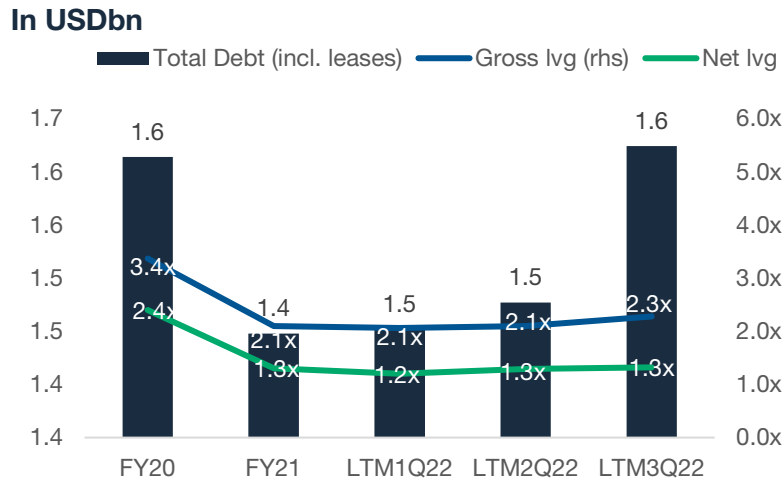
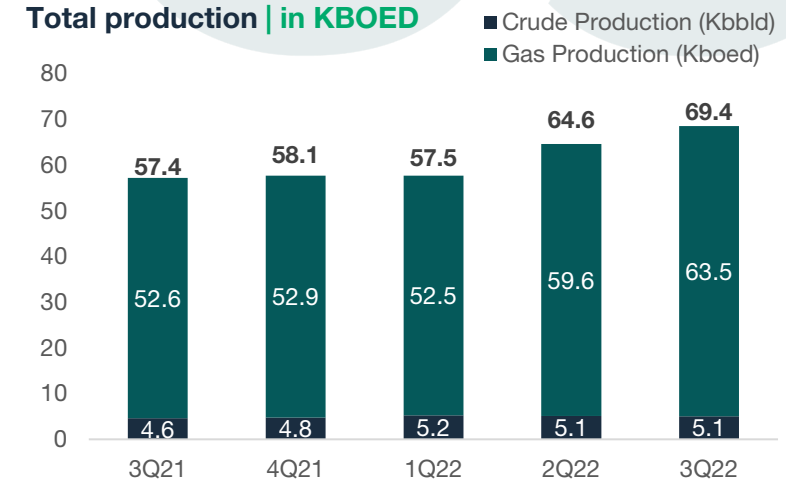
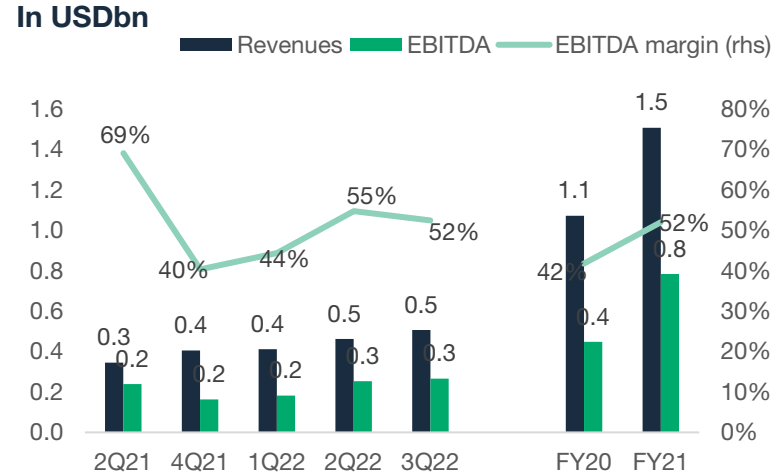
Maturity schedule as of Sept-30th, 2022 | in USDmn



Source: TPCG Research based on the company's reports

Pampa Energia (PAMPAR)

- In 3Q22, Pampa Energia's revenues were up by +17% yoy / +10% qoq to USD507mn. The EBITDA decreased by -5% yoy to USD246mn. The EBITDA margin decreased to 49% from 60% in 3Q21.
- E&P is the main revenue contributor, accounting for 35% of total sales. Revenues and EBITDA were up by +28% yoy and +13% yoy, respectively. Natural gas sales grew by +17% yoy to 63.5boe/d while the average price increased +9% yoy to USD4.8/MBTU. Power generation sales decreased by -2% yoy to USD169mn, with net power generation decreasing by -17% yoy to 3,767GWh.
- FCF remained on positive grounds, although it was down to USD5.7mn from USD123.8mn in 3Q21 on trade receivables cash outflows (USD37mn) and higher capex (+101% yoy to USD136mn).
- As of Sept- 30th, 2022, Pampa Energia's total debt (including leases) was up by +10% qoq to USD1,624mn. Cash & Eq. + ST Investments increased by +21% qoq to USD685mn, covering short-term debt by 2.4x. The company's LTM3Q22 reported consolidated net leverage remained flat qoq at 1.2x.

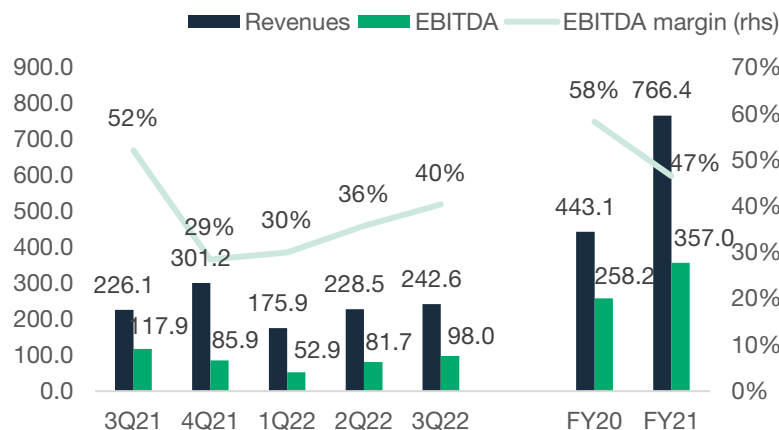


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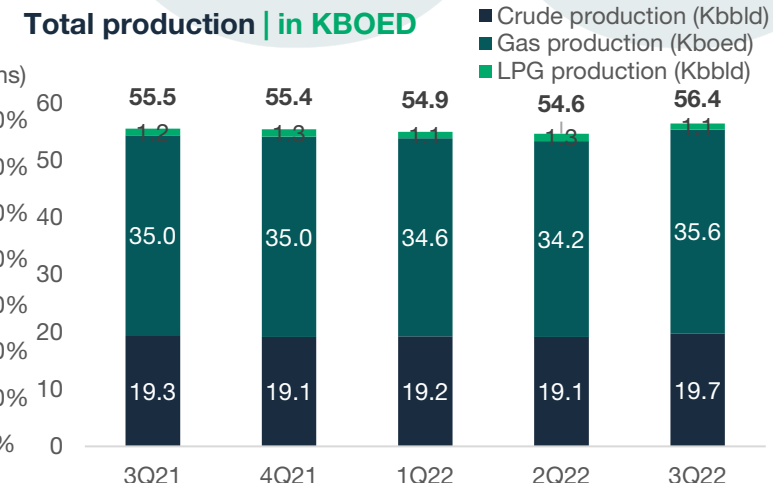
Cia General de Combustibles (CGCSA)

- In 3Q22, CGC' revenues were up by +7.3% yoy to USD243mn with crude oil deliveries sales increasing by +19% yoy to USD148mn and gas sales up by +18% yoy to USD82mn. Incentives were down by 98% to USD579K. The Adj. EBITDA was down by -17% yoy to USD98mn, the margin decreased to 40% from 52% in 3Q21, on the back of higher COGS (+40% yoy) and administrative expenses (+17% yoy).
- Oil production was up by +3.1% qoq / +2.1% yoy to 19.7kbbld while natural gas production increased by +4.1% qoq / +1.7% yoy to 35.6kboed.
- FCF was negative at -USD113mn vs. -USD13mn in 3Q21, due to trade receivable cash outflows (-USD73mn vs. +USD24mn in 3Q21) and higher Capex (+117% yoy to USD99mn).
- As of Sept- 30th, 2022, CGC's total debt (incl. leases) was USD745mn (-1.3% qoq) . Cash & Eq. + ST Investments stood at USD209mn (-31% qoq), covering short term debt by 1.1x. According to our estimates, the company LTM3Q22 net leverage increased to 1.7x from 1.3x in LTM2Q22.

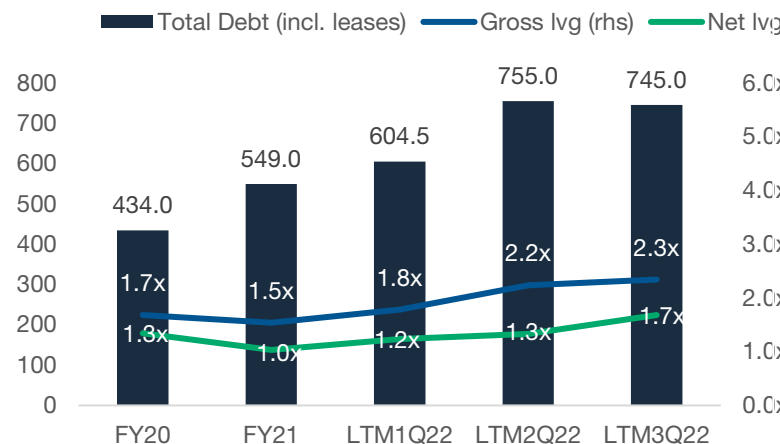
In USDmn



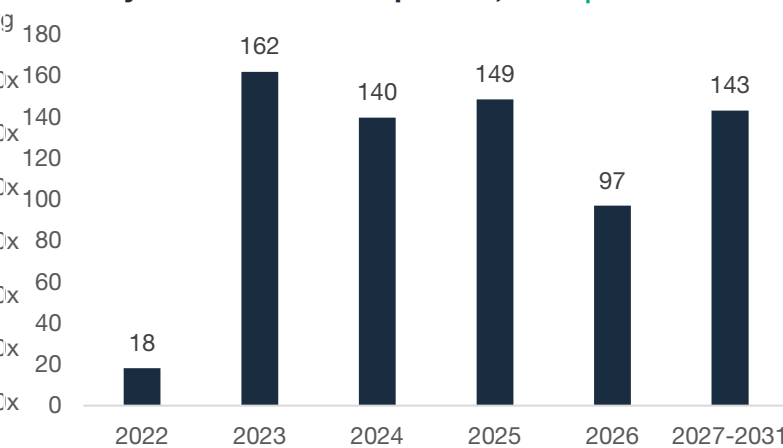
Total production | in KBOED



In USDmn



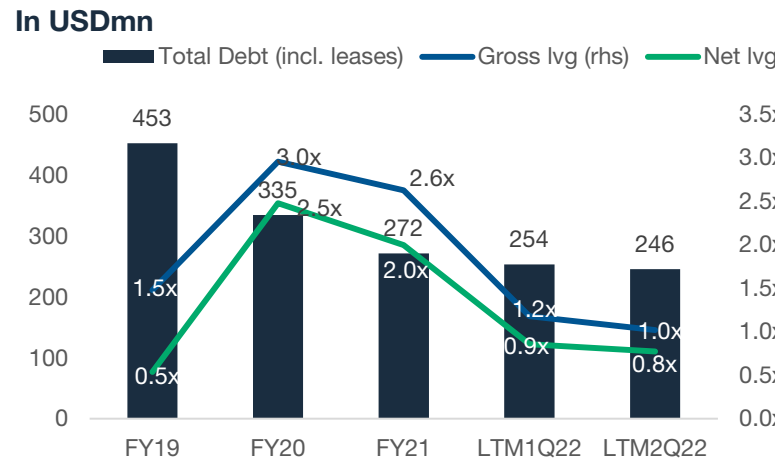
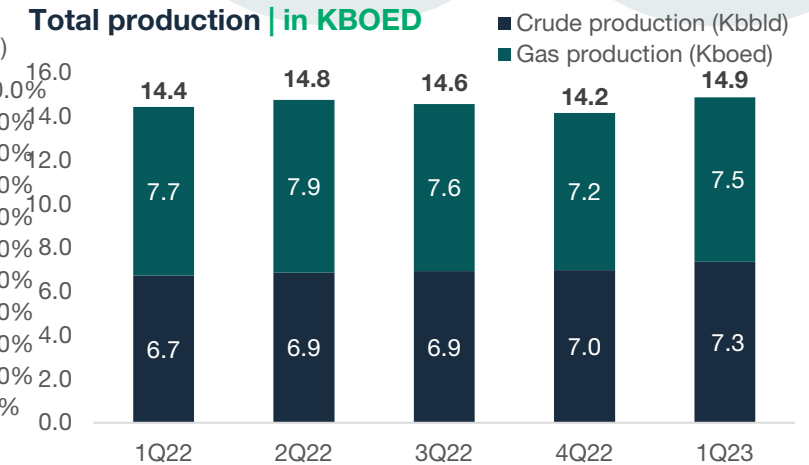
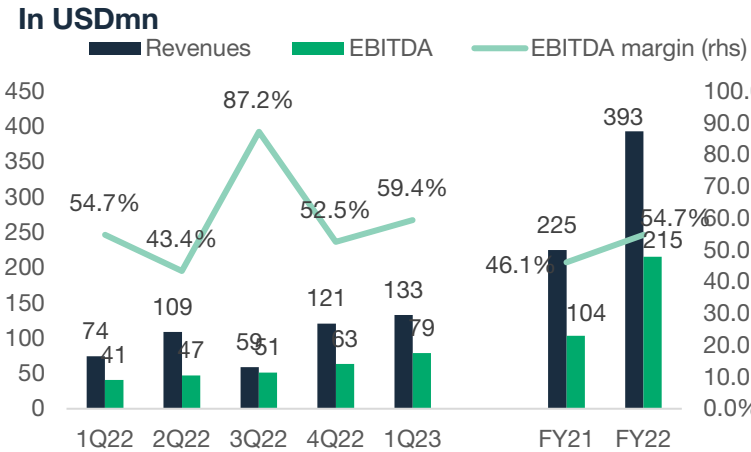
Maturity schedule as of Sept-30th, 2022 | in USDmn



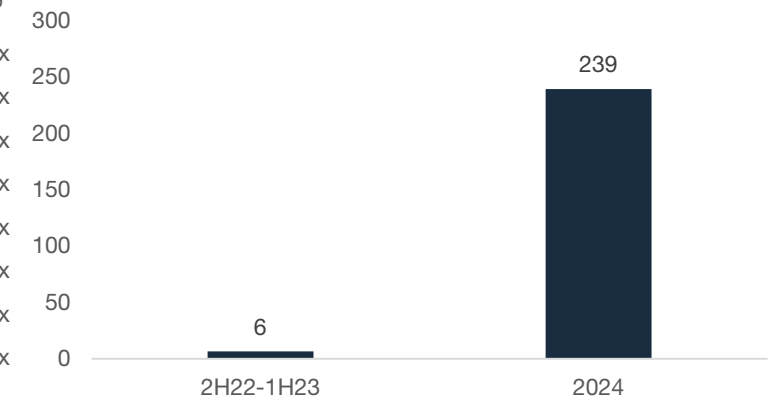
Source: TPCG Research based on the company's reports

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 1Q23 (May-July 2022), revenues were USD133mn, of which 56% came from oil exports, 21% from electricity sales, and 19% from domestic oil sales. Crude production reached 670kbbbl (7.3kbbld). Volumes sold were higher, standing at 961kbbbl, split between 620kbbbl of exports and 341kbbbl of domestic sales. Then, Agua del Cajon thermal energy plant of a 672MW installed capacity sold 1,232GWh. The availability factor was 83.7%.
- The company started drilling in the Puesto Zúñiga field in May, while the Parva Negra Oeste remains in the exploration stage.
- Capex SA 1Q23 FCF was -USD26mn vs -USD21mn in 1Q22. As of July 31st, 2022, cash was USD9mn and ST investments USD50mn, of which USD3.0mn are denominated in USD. Cash + ST investments, covered ST debt by 9.3x.



Maturity schedule as of June 30th, 2022 | in USDmn

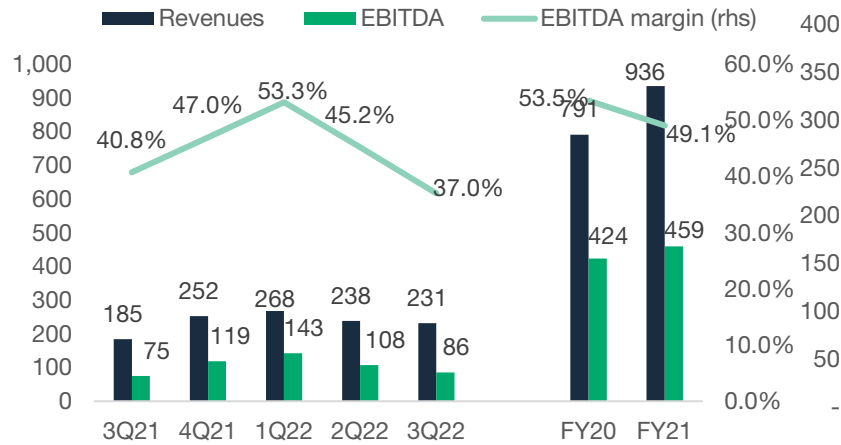


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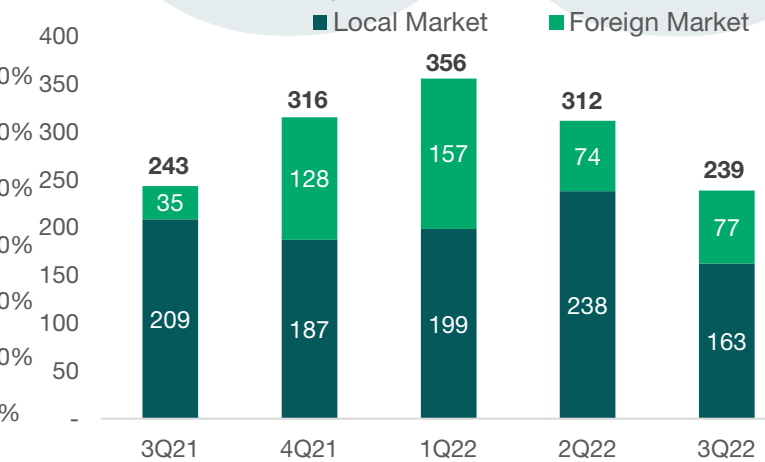
TGS (TRAGAS)

- In 3Q22, TGS revenues were down by -5% yoy to ARS31,370mn. However, in USD terms, revenues increased by +25% yoy to USD231mn due to the FX appreciation.
- The liquids business revenues were down by -6% yoy to ARS18,230mn, due to lower volumes sold and prices. Natural gas transportation revenues were also weak, decreasing by 10% yoy to ARS8,440mn. Although liquids volumes sold to foreign markets more than doubled to 76,564 tons, they were not enough to compensate the -46% drop in ethane domestic sales to 43,462 tons.
- Reported EBITDA was down by -13% yoy to ARS11,618mn (USD86mn), the margin was down to 37% from 41% in 3Q20, mainly due to inflation increasing above the FX rate, higher labor costs and maintenance expenses.
- As of Sept-30th, 2022, TGS total debt was up by +21% qoq to ARS79,844mn (USD542mn) with short-term loans increasing by +190% qoq to ARS4,229mn (USD29mn). However, cash + ST investments was up by +50% qoq to ARS38,207mn (USD259mn), covering short term debt by 9.0x. TGS's LTM3Q22 net leverage was down to 0.6x from 0.7x in LTM2Q22.

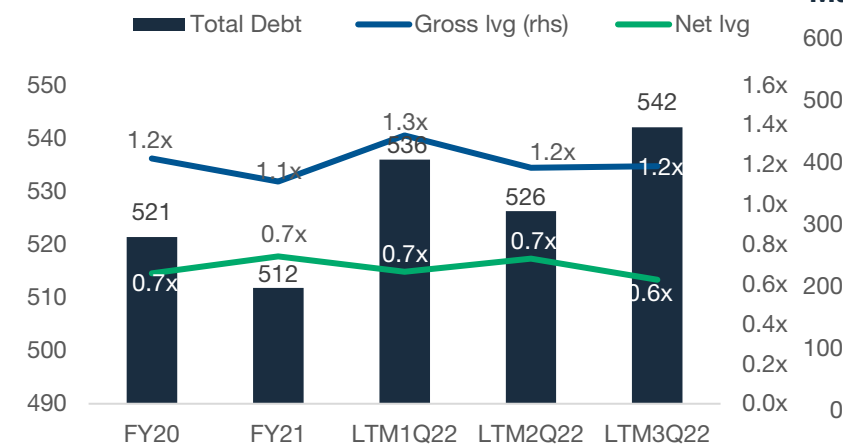
In USDmn



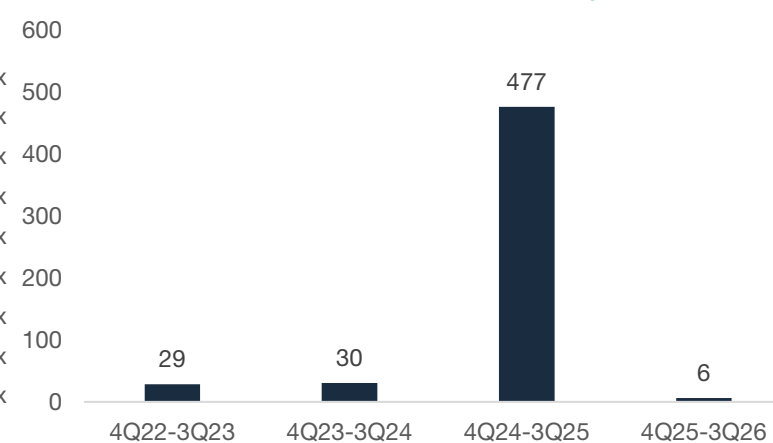
Volumes dispatched | mn short tones



In USDmn



Maturity schedule as of Sept-30th, 2022 | in USDmn



Source: TPCG Research based on the company's reports

Agenda

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- Pan American Energy
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Utilities companies' main figures

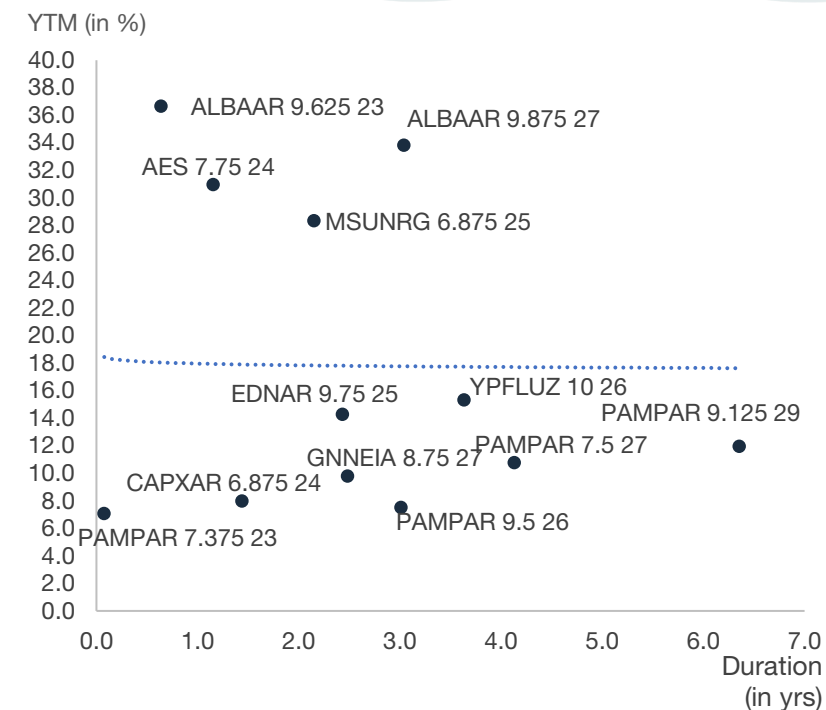
Summary financials as of 3Q22.

	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	4,970MW	2,985MW	2,483MW	1,520MW	1,279MW	750MW	706MW	-
Under construction	+361MW	-	+100MW	+283MW	+243.5MW	-	-	-
In USDmn								
Revenues	507.0	113.5	130.7	49.6	69.7	48.7	132.7	350.1
EBITDA	246.0	(2.4)	128.4	31.8	53.8	40.3	78.8	(19.9)
Net Income	179.0	(1.9)	46.9	(9.6)	22.6	10.3	42.1	(44.9)
Gross Margin	36%	19%	58%	50%	63%	78%	59%	6%
EBITDA Margin	49%	-2%	98%	65%	77%	83%	59%	-1%
Capex	135.6	3.7	42.0	18.1	29.1	0.8	30.9	59.6
Free Cash Flow	5.7	2.4	14.4	(8.0)	17.4	12.0	(26.5)	(2.9)
Cash & Cash Eq. + ST Investments	684.8	67.2	157.8	177.6	126.9	48.7	59.4	210.6
ST Debt (incl. leases)	285.5	94.3	155.9	179.2	210.0	139.5	6.4	27.7
Total Debt (incl. leases)	1,624.2	367.6	889.6	912.6	723.8	861.9	245.6	106.9
(Cash + ST Investments) / ST Debt	240%	71%	101%	99%	60%	35%	927%	760%
Gross Leverage (incl. leases)(LTM)	2.3x	4.0x	2.3x	6.8x	3.2x	5.1x	1.0x	-2.0x
Net Leverage (incl. leases)(LTM)	1.3x	3.3x	1.9x	5.5x	2.7x	4.9x	0.8x	-0.8x

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

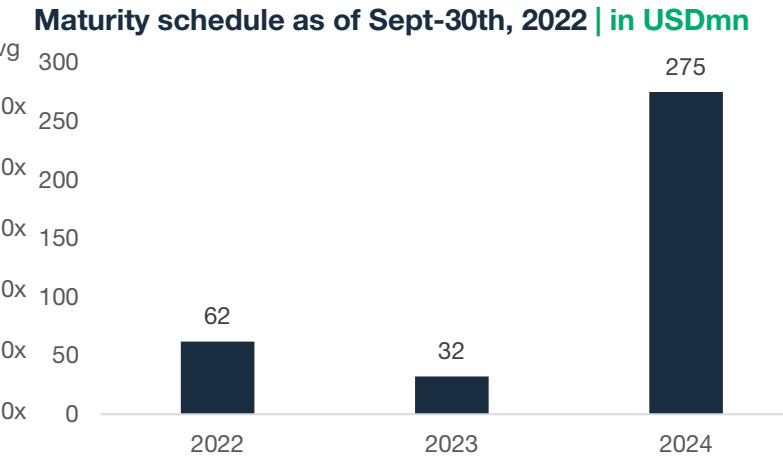
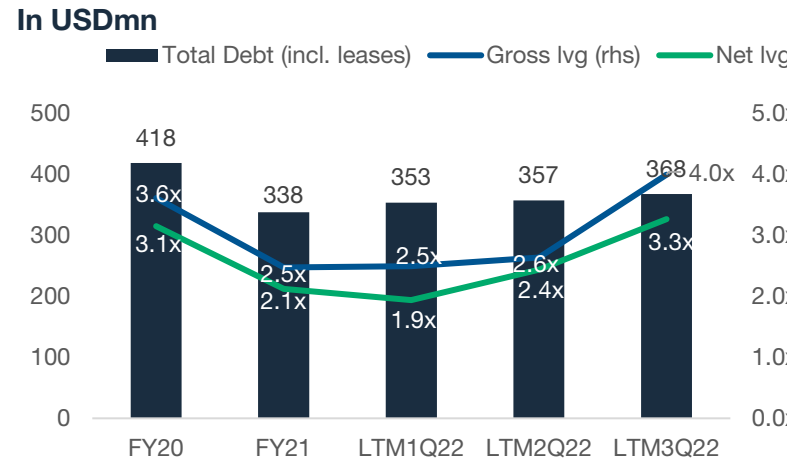
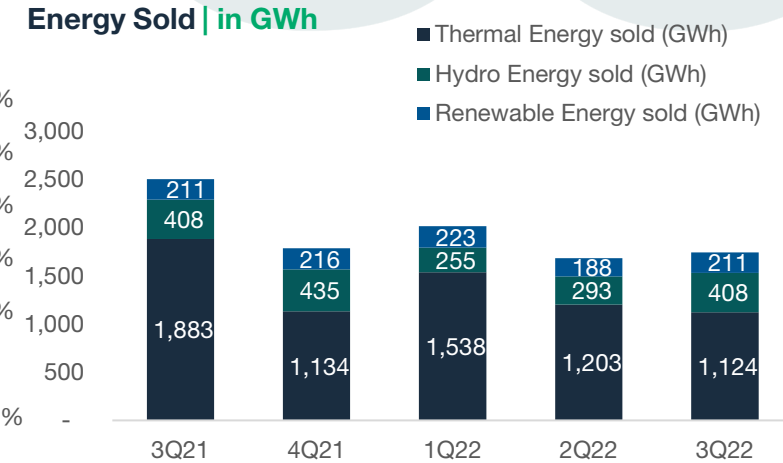
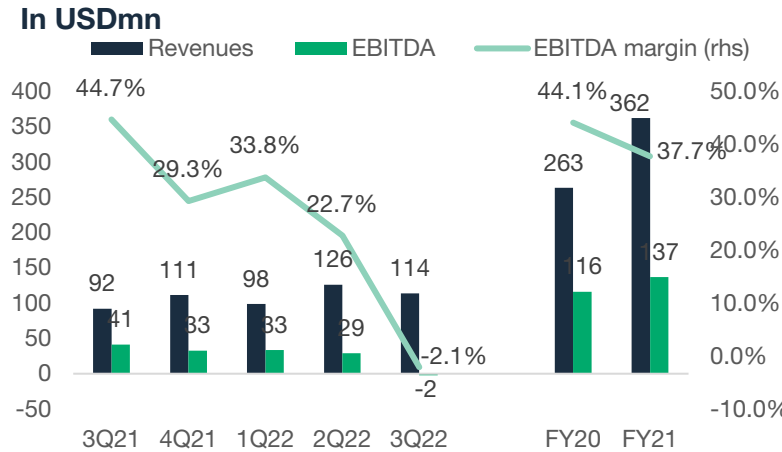
In 3Q22, power generation companies showed lower revenues and EBITDA yoy and qoq. The need for thermal energy decreased with the improvement of Parana river flow that boosted hydro generation, increasing +18% yoy in Jan-Oct 22. Then, Cammesa prioritized energy under the Energia Base scheme over that from PPAs, as it is cheaper. Despite this, most companies showed positive FCF.

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 (dollar-linked). Therefore, we expect them to be more resilient to FX depreciation and an increase in inflation.



AES Argentina Generacion (AES)

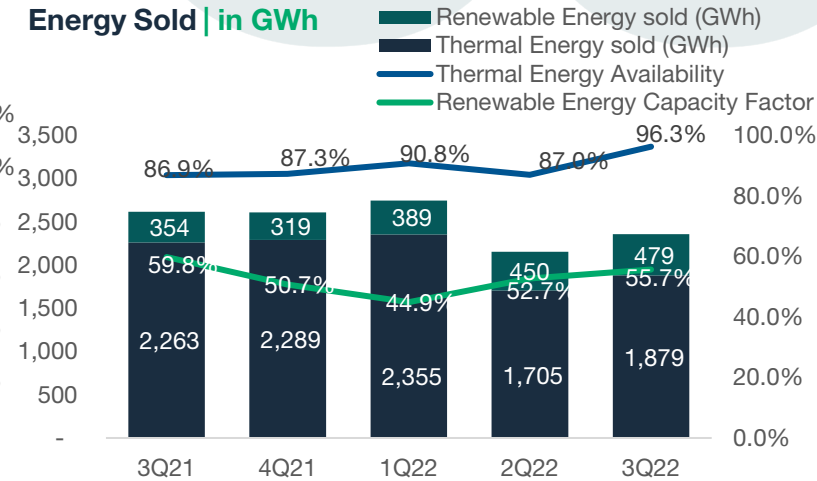
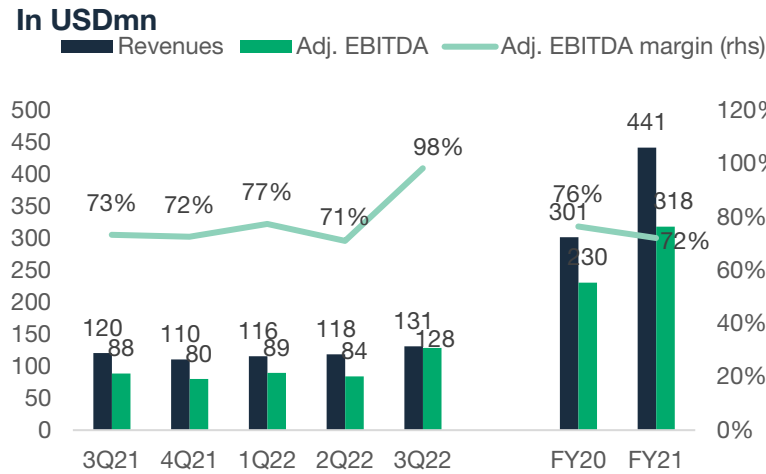
- In 3Q22, AES AG's revenues were up 24% yoy USD114mn despite total energy sold decreasing by 30% yoy to 1,743GWh. Due to the improvement in the Parana river flows, AES AG Parana thermal plant energy sold dropped by 57% yoy to 565GWh. The EBITDA turned negative to -USD2.4mn from USD29mn in 2Q22 and USD41mn in 3Q21, mainly explained by bad debt.
- FCF turned positive to USD2.4mn from -USD63mn in 2Q22, on lower working capital requirements (-USD27mn vs. -USD59mn in 2Q22). However, FCF was 95% lower than in 3Q21 due to trade receivables cash inflows halved and Capex increasing by +34% yoy to USD3.7mn.
- As of Sept- 30th, 2022, AES AG's total debt was up by +3% qoq to USD368mn. Cash & equiv. increased by +149% qoq to USD67mn, not enough to cover ST debt of USD94mn. On February 2023, it has to pay USD12mn of Goldman Sachs loan and USD20mn of ICBC loan. According to our estimates, AES's net leverage (incl. leases) deteriorated to 3.3x from 2.4x in LTM2Q22.



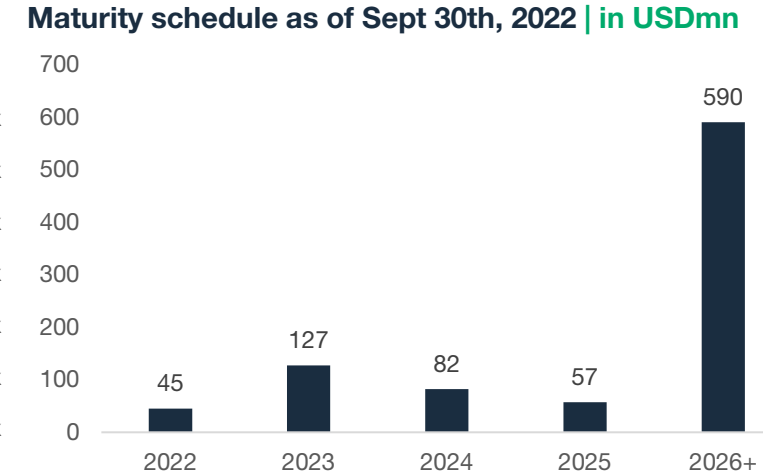
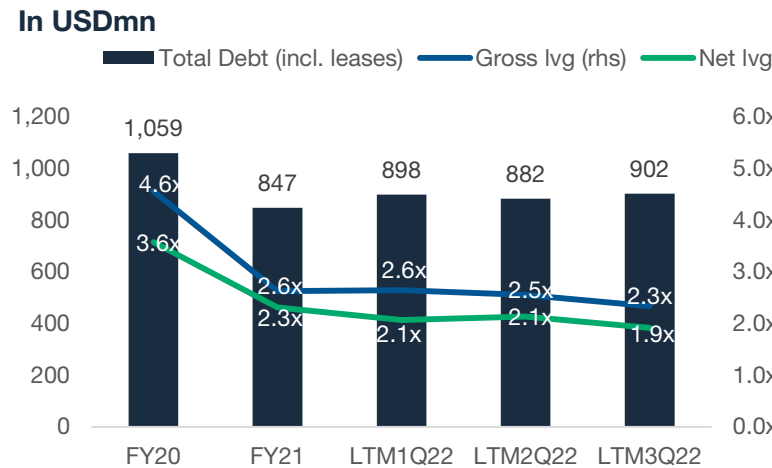
Source: TPCG Research based on the company's reports

YPF Luz (YPFLUZ)

- In 3Q22, YPF Luz revenues and Adj. EBITDA was up by +8.5% and +46% yoy to USD131mn and USD128mn, respectively. Total energy sold was down by 9.9% yoy to 2,358GWh, explained by thermal energy sold decreasing by 17% to 1,879GWh. The Tucuman Generacion Complex was affected by the lower gas supplies from Bolivia and Mantiales Behr Generators availability factor by scheduled maintenance. This partly explains why sales under Energia Base were down by 19% yoy to USD12mn. In contrast, sales from PPAs grew by +13% yoy to USD118mn



- FCF remained positive at USD14mn, although it was down from USD64mn in 3Q21. This was mainly due to trade receivables cash outflows of USD16mn and Capex doubling to USD42mn to finance the Zonda Solar farm that will add 100MW capacity.

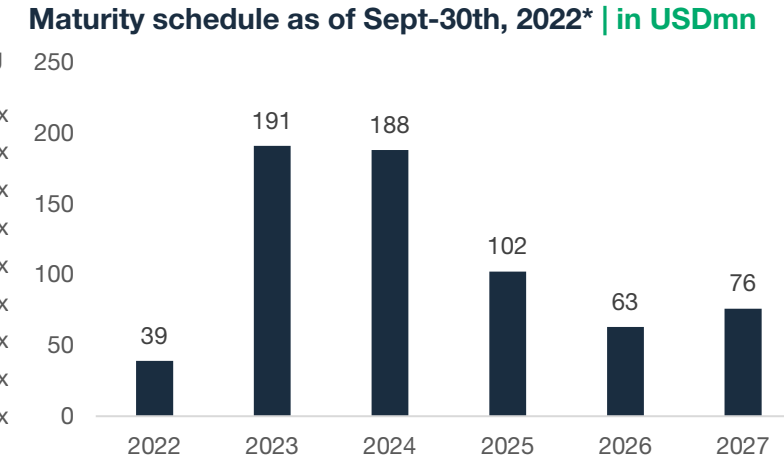
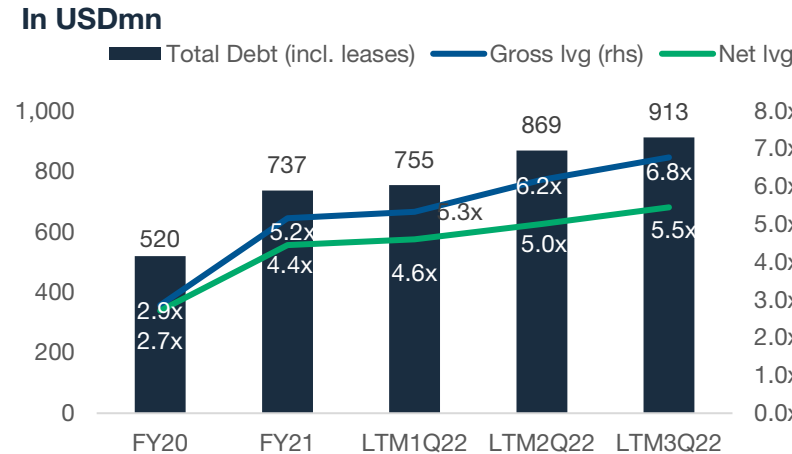
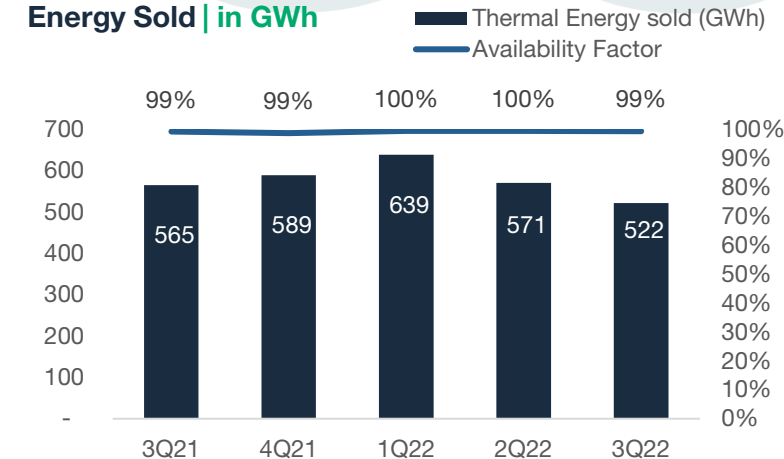
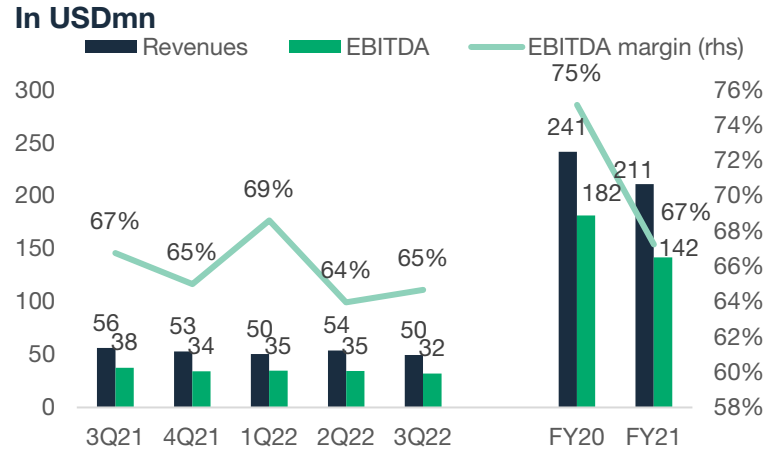


- As of September 31st, 2022, YPF Luz reported net debt was flat qoq to USD732mn, with short-term debt decreasing by -32% qoq to USD156mn. Cash & cash eq. was up by +11% qoq to USD156mn, covering ST-debt by 101%. YPF Luz's reported LTM3Q22 net leverage (related to its notes) was down to 1.9x from 2.1x in LTM2Q22.

Source: TPCG Research based on the company's reports

Generacion Mediterranea (ALBAAR)

- In 3Q22, GEMSA's revenues were down 8% qoq/ 12% yoy USD49.6mn with total energy sold decreasing by 9% qoq / 8% yoy/ to 522GW. Although sales from Energia Base were up by +60% qoq / +249% yoy to USD5.5mn, they were not enough to offset the decline in sales from PPAs, which were down by 27% qoq / 42% yoy to USD15.7mn.
- Adj. EBITDA was down by 6% qoq / 16% yoy to USD31.8mn. The Adj. EBITDA margin came down to 65% from 67% in 3Q21. This was mainly due to the increase in salaries and social security charges and maintenance services.
- FCF turned negative to -USD8mn from USD4.7mn in 2Q22 and USD12.6mn in 3Q21 mainly explained by Capex increasing by 5.3x qoq and 1.8x yoy to USD18.1mn.
- As of Sept- 30th, 2022, GEMSA's total debt was up by +5% qoq to USD912.6mn. Cash & equiv. + ST investments increased by +7.9% qoq to USD177.6mn, covering short-term debt by 1.0x. According to our estimates, GEMSA's LTM3Q22 net leverage increased to 5.5x, up from 5.0x in LTM2Q22.

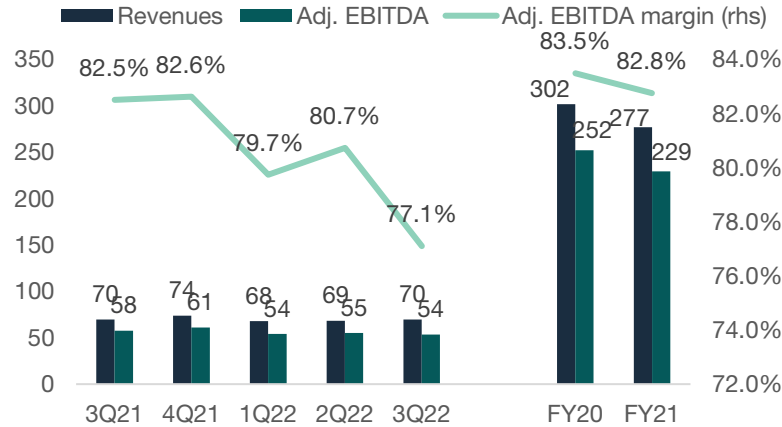


*It only considers recourse debt. Source: TPCG Research based on the company's reports

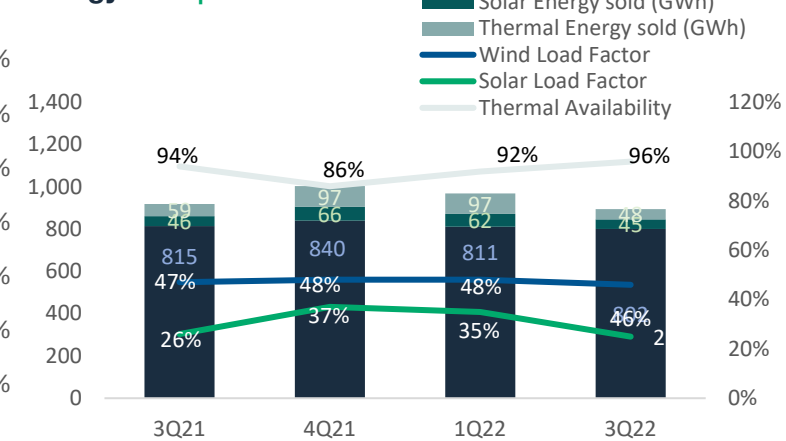
Genneia (GNNEIA)

- In 3Q22, Genneia's revenues were USD70mn (-0.3% yoy). By segment, revenues from electric power generation from renewable sources, which accounted for 80% of total revenues, were down by 0.9% yoy to USD56mn. Revenues from Electric power generation from conventional sources increased by +7% yoy to USD11mn.
- Genneia's Adj. EBITDA was USD54mn (-7% yoy). The margin was down to 77% from 83% in 3Q21. In 3Q22, Genneia energy sold was 894GWh, 802GWh of wind energy, 45GWh of solar energy and 48GWh of thermal energy.
- Genneia's FCF was positive at USD17mn, down from USD37mn in 3Q21, explained by trade receivables cash outflows of -USD3.1mn and Capex increasing to USD29mn from USD1.0mn in 3Q21.
- As of Sept-30th, 2022, Genneia's total debt (incl. leases) was down by -2% qoq to USD724mn. Cash & Equiv. + ST investments increased by +1% qoq to USD127mn, covering short term maturities by 60%. Genneia's LTM3Q22 net leverage remained flat at 2.7x.

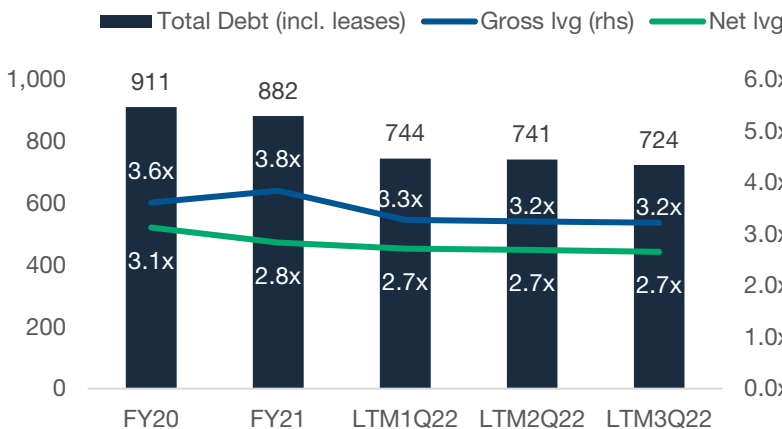
In USDmn



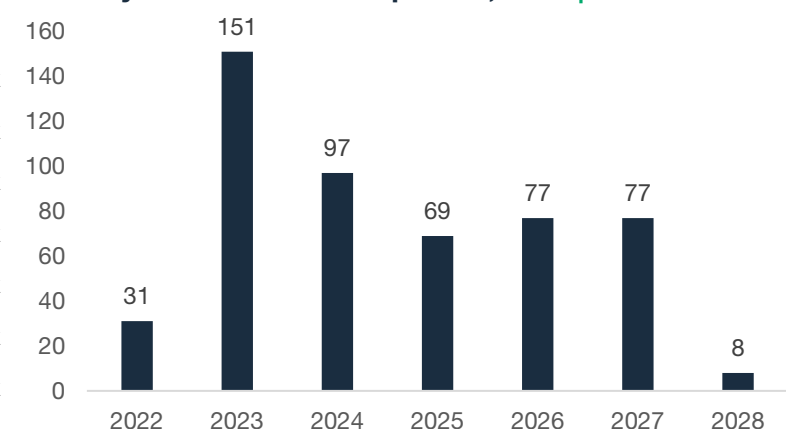
Energy Sold | in GWh



In USDmn



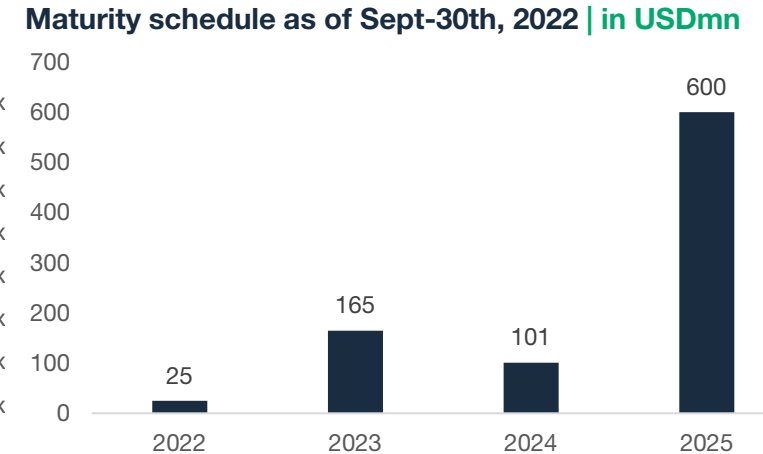
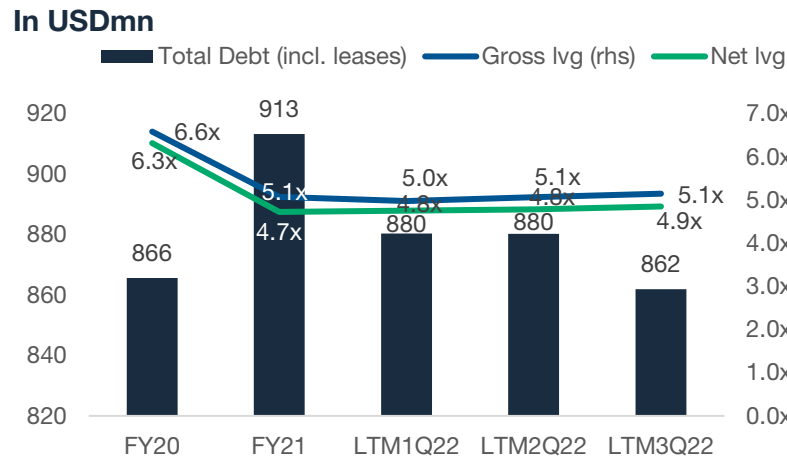
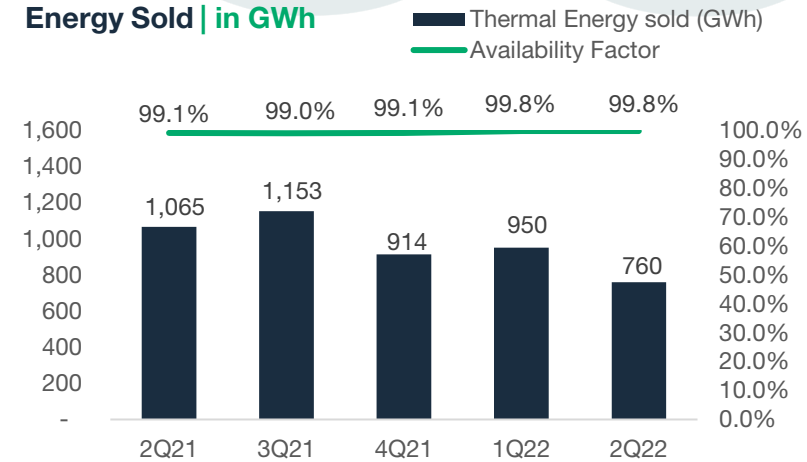
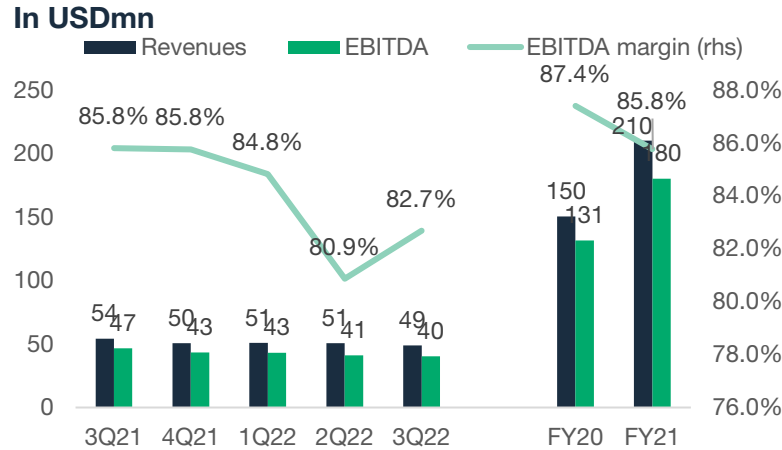
Maturity schedule as of Sept 30th, 2022 | in USDmn



Source: TPCG Research based on the company's reports

MSU Energy (MSUNRG)

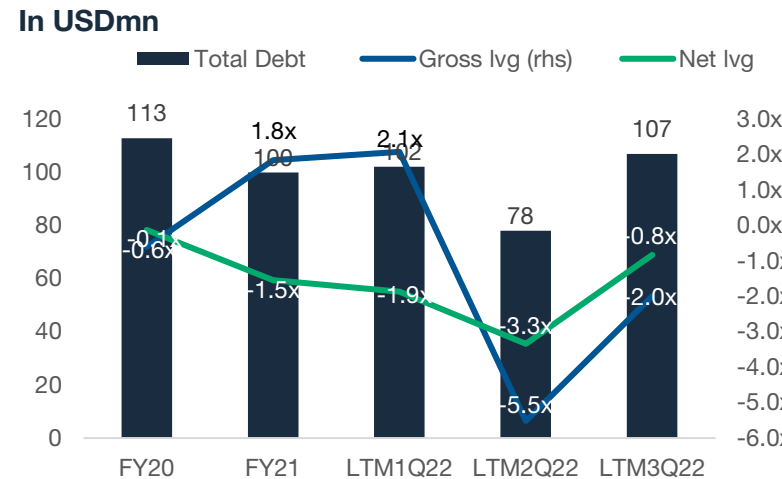
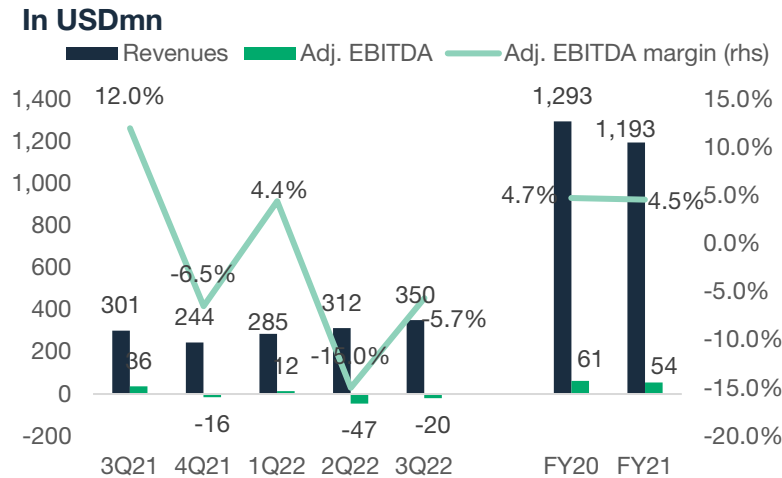
- In 3Q22, MSU Energy's revenues and EBITDA were down by -10% and -13% yoy to USD49mn and USD40mn, respectively. The EBITDA margin remained high at 83% but decreased from 86% in 3Q21.
- FCF turned positive to USD12mn from -USD0.5mn in 3Q21, due to last year the company canceled the vendor debt, which was included in Capex. In 3Q22, Capex was only for maintenance purposes standing at USD0.8mn. The change in working capital was positive at USD2.5mn vs. USD18.7mn in 3Q21, mainly due to the deterioration in collections from Cammesa.
- As of Sept- 30th, 2022, MSU Energy's total debt was down by 2.1% qoq to USD862mn. Cash & equiv. remained flat qoq at USD49mn, it only covered ST debt by 35%. MSU Energy's LTM3Q22 net leverage increased to 4.9x from 4.8x in LTM2Q22.



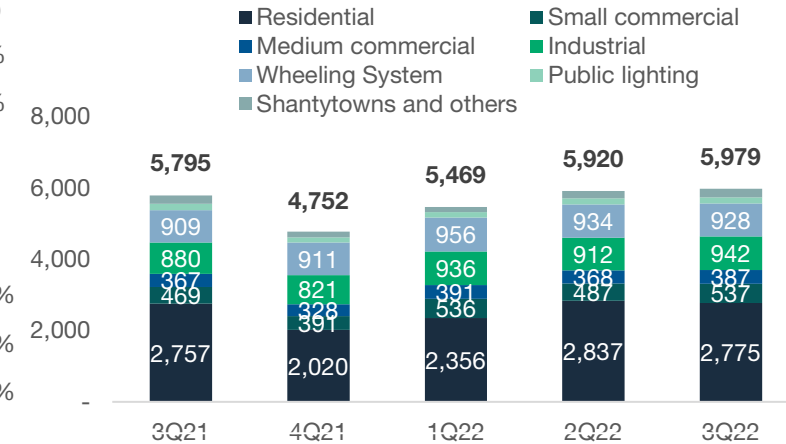
Source: TPCG Research based on the company's reports

Edenor (EDNAR)

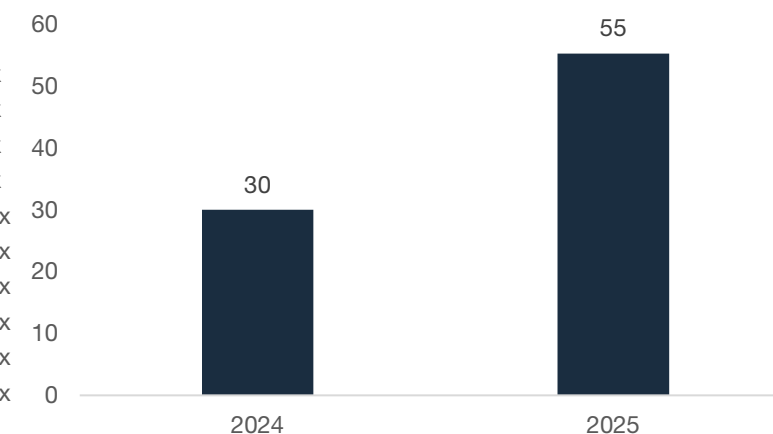
- Edenor is the largest electricity distributor in Argentina. The company has the exclusive right to distribute electricity in the north-western part of Greater Buenos Aires and the northern part of the City of Buenos Aires until 2087.
- In 3Q22, Edenor's revenues were up by +12% qoq / +16% yoy to USD350mn. However, the EBITDA remained on negative ground since 2Q22, standing at -USD20mn vs. -USD47mn in 2Q22 and USD36mn in 3Q21.
- FCF turned negative to -USD2.9mn from USD30.6mn in 2Q22, due to trade payables cash inflows decreasing by 40% qoq to USD102mn and Capex increasing by +29% qoq to USD60mn.
- As of Sept-30th, 2022, Edenor's total debt was up by 37% qoq to USD106.9mn. Cash & equiv. grew by +7.8% qoq to USD210.6mn, covering ST debt by 760%. The company's LTM3Q22 net leverage was negative due to the negative EBITDA.



Sales of electricity | in GWh



Maturity schedule as of Sept-30th, 2022 | in USDmn



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

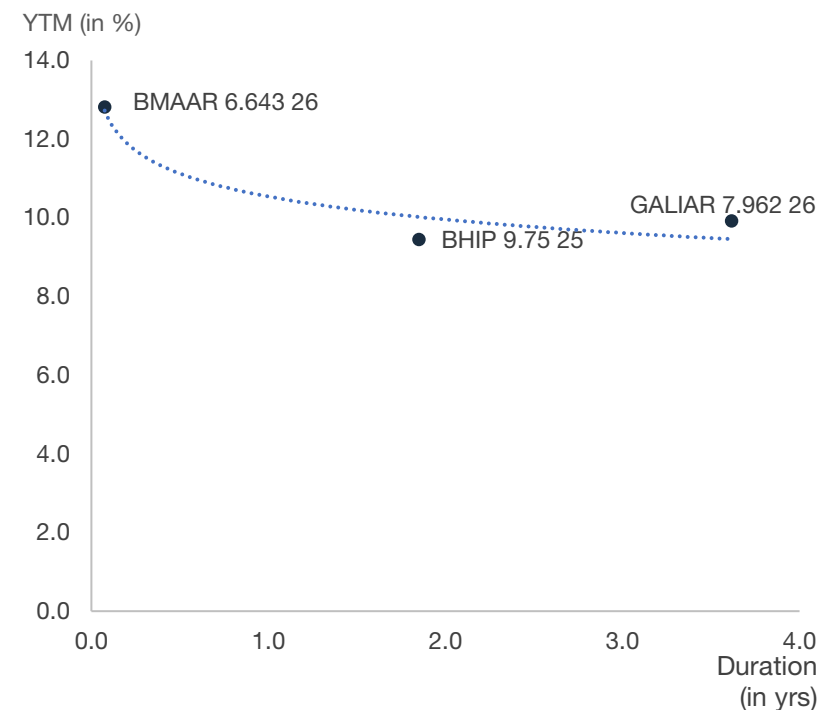
Banks' main figures

Summary financials as of 3Q22.

	Galicia GALIAR	Macro BMAAR	Hipotecario BHIP
In ARSmn			
Net Operating Income	119,360	121,611	17,919
Net Income	9,478	8,883	5,527
Net financial margin	21.2%	25.2%	12.0%
Efficiency ratio (C/I)	77.9%	29.1%	49.2%
Return on Avg. Equity (ROAE)	9.3%	7.7%	13.6%
Total Assets	2,345,353	1,765,122	302,759
Loans (net)	787,079	503,329	65,881
Deposits	1,679,572	1,124,416	212,549
Total Shareholders' Equity	410,612	424,899	41,794
NPLs / Gross Loans	2.1%	1.3%	4.4%
Reserves / NPLs	234%	153%	92%
Loans (net) / Deposits	46.9%	44.8%	31.0%
Liquid Assets / Deposits	53.0%	90.0%	92.6%
Leverage	5.7x	4.2x	7.2x
Tier I	23.9%	36.1%	21.7%
CAR	25.8%	40.4%	22.1%

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

We expect the banking industry to remain weak in the next 2 years. 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. Please do not miss reading Juan Manuel Pazos' [Focusing on the wrong stuff](#) report.

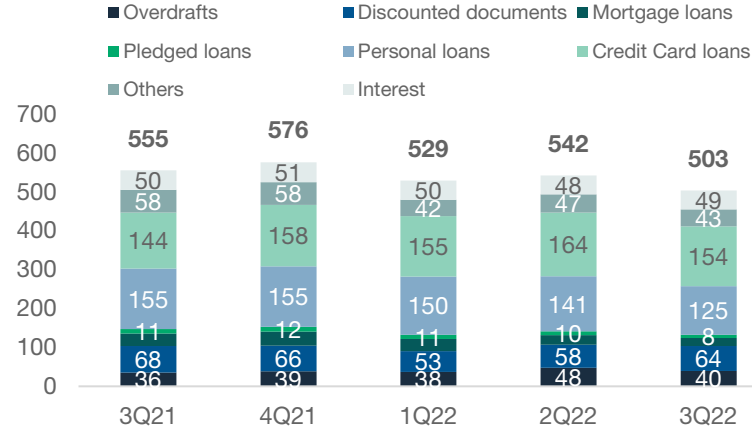


In 3Q22, the banks' profitability was driven by government securities which helped to compensate for poor interest and fee income, explained by falling loans to the private sector. This last point contributed to the banks consistently showing healthy lending portfolios and solid capital buffers.

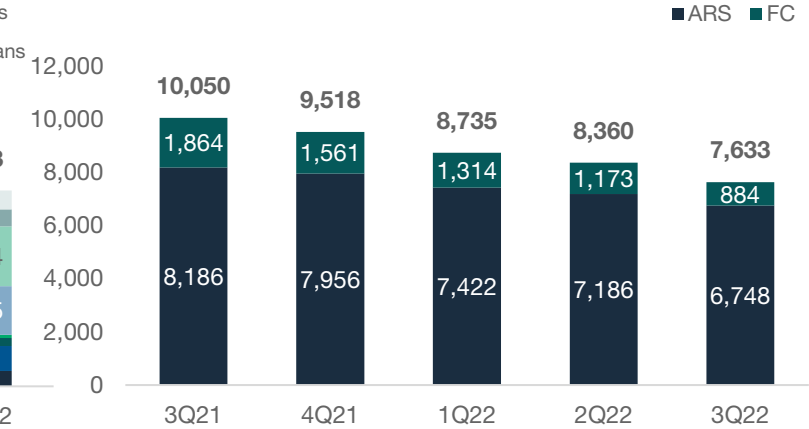
Banco Macro (BMAAR)

- Banco Macro is one of the most profitable banks, with NIM of 25.2%, C/I of 29.1%, and ROE of 7.7%, mainly explained by the stable, low-cost funding provided by the payroll accounts from 4 provincial governments and SMEs.
- In 3Q22, the net operating income increased by +22% qoq to ARS121,611mn (USD897mn) driven by higher income from government securities (+416% qoq) which offset the decrease in credit card and ATM transactions fees (-2% qoq) and the increase in expenses from interest on deposits (+45% qoq).
- Banco Macro's exposure to government securities increased +11% qoq to ARS767,182mn (USD5,208mn), driven by Central Bank notes. Meanwhile, private sector loans decreased by 7% qoq to ARS503,329mn (USD3,417mn). The NPLs ratio was roughly flat qoq at 1.27%.
- Banco Macro's Liquid assets to total deposits stood at 90%, 3pp lower than in 2Q22. The LDR was 44.8%, down from 51.8% in 2Q22, as deposits grew by +7% qoq, while lending shrank.
- Banco Macro shows one of the strongest capital buffers, with Tier I and CAR at 36.1% and 40.4%, respectively.

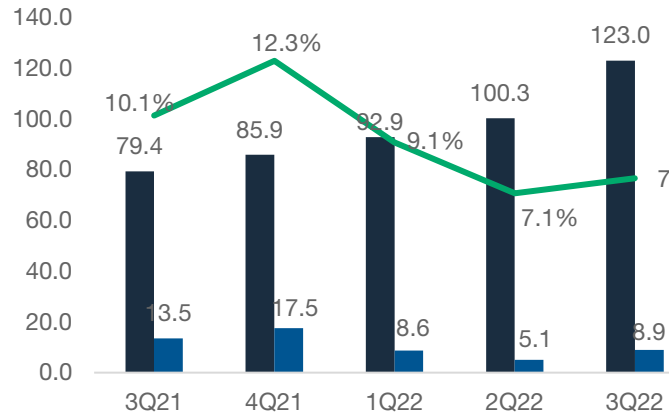
Total loan portfolio to the private sector | ARSBn



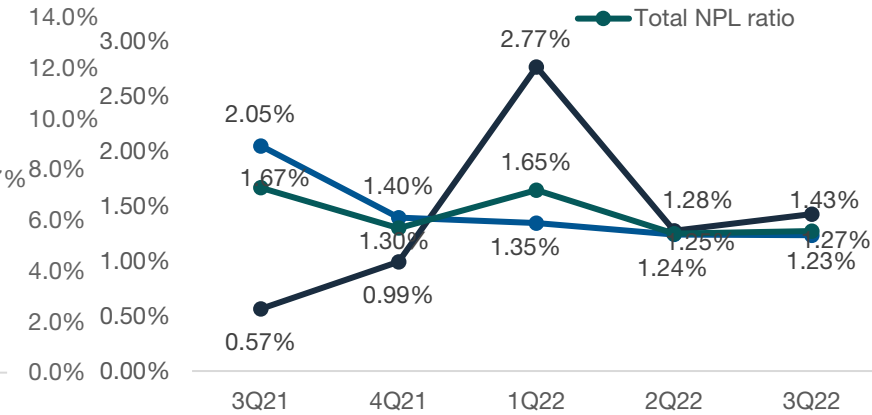
Deposits breakdown by currency | USDmn



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



Non-performing loans

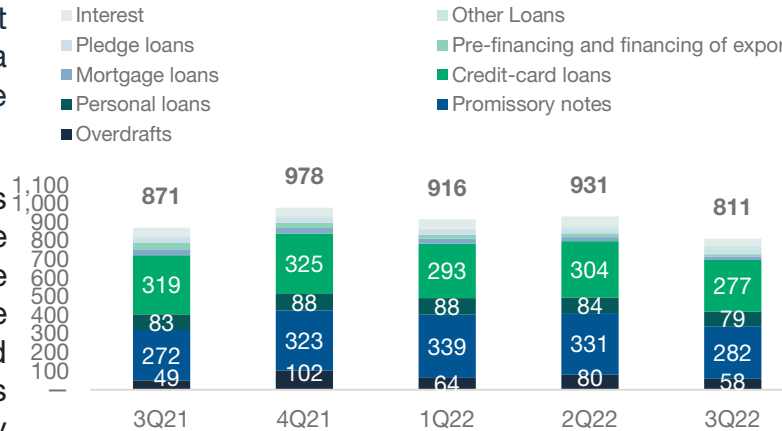


Source: TPCG Research based on the company's reports

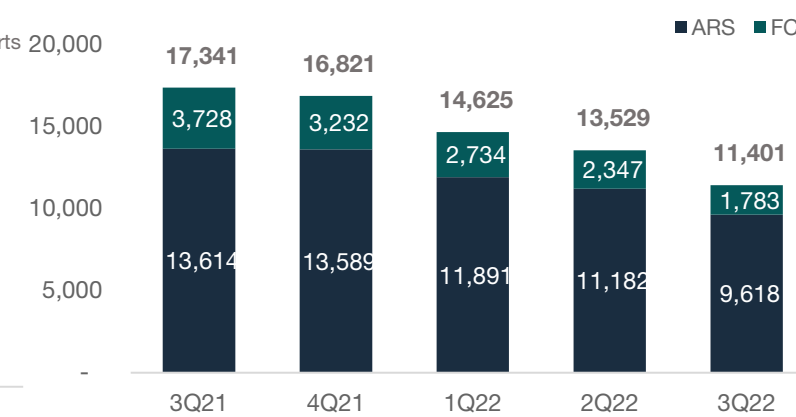
Banco Galicia (GALIAR)

- 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 3Q22, Banco Galicia's net operating income was up by +22% qoq to ARS119,360mn (USD881mn). The NIM improved to 21.2% from 18.8%. The net fee income grew by +11% qoq to ARS14,617mn while the net income from financial instruments increased by +81% qoq to ARS79,756mn. The C/I ratio was down to 77.8% from 82.4% in 2Q22. ROE was up by 4.8pp qoq to 9.3%.
- Banco Galicia's net position in government securities was up by +26% qoq to ARS919,328mn (USD6,241mn). In contrast, private sector loans decreased by 13% qoq to ARS821,247mn (USD5,575mn). The NPLs ratio improved by 0.11pp qoq to 2.05%.
- Banco Galicia's LDR was 46.9%, down from 53.9% in 2Q22, with deposits decreasing at a slower pace than loans. Liquid assets to total deposits was 53.0%.
- The Tier I ratio was 23.7% while CAR was 27.0%.

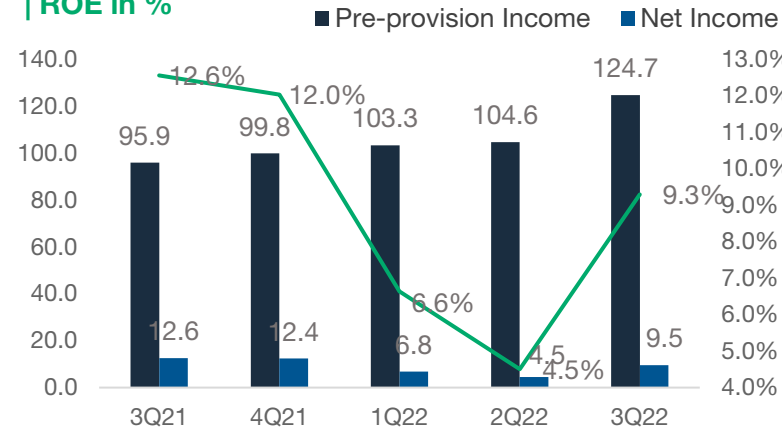
Total loan portfolio to the private sector | ARSBn



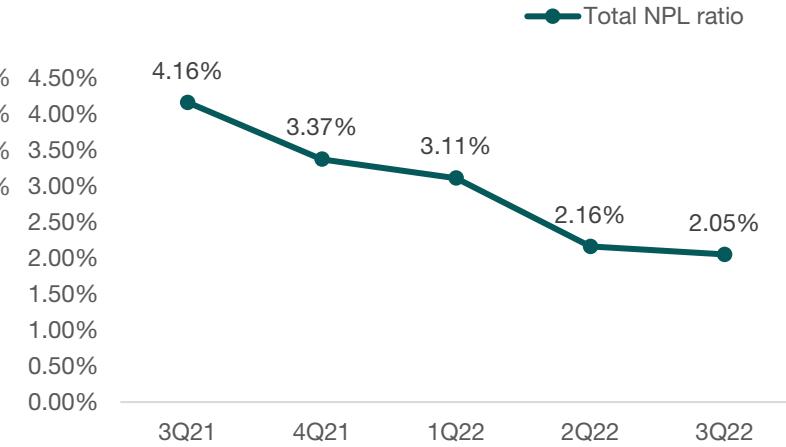
Deposits breakdown by currency | USDmn



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



Non-performing loans

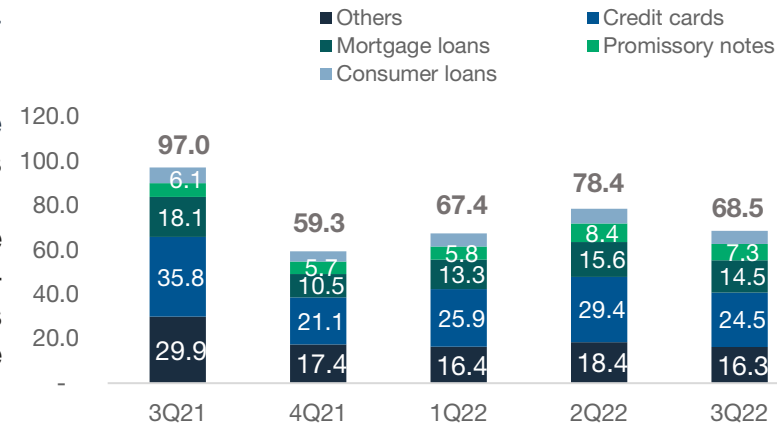


Source: TPCG Research based on the company's reports

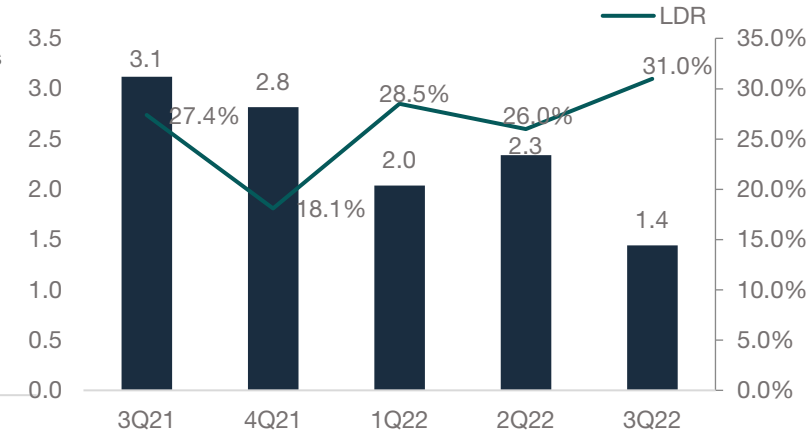
Banco Hipotecario (BHIP)

- Banco Hipotecario is a universal bank focused on mortgages. It acts as trustee for the government-sponsored PROCREAR program
- In 3Q22, Banco Hipotecario's net operating income was ARS17,919mn (USD132mn), down -8.8% qoq, as the increase in net income from securities of +15% qoq to ARS19,591mn was not enough to offset the deterioration in NII to -ARS6,301mn from -ARS2,201mn in 2Q22 and in fees and commissions which were down by 12% qoq to ARS1,979mn. The C/I ratio deteriorated to 49.2% from 48.9% in 2Q22. ROE was down to 13.6% from 17.3% in 2Q22.
- Lending decreased by 13% qoq to ARS68,510mn (USD465mn), with mortgage loans down by 7% qoq and consumer loans by 10% qoq. The NPLs ratio stood at 4.4% slightly up from 4.2% in 2Q22, with the commercial portfolio NPL ratio increasing to 8.2% from 7.6% in 2Q22.
- Banco Hipotecario's LDR and the Liquid Assets / Deposit ratio were up to 31% and 92.6%, respectively, from 26% and 91.7% in 2Q22.
- The Tier I ratio was 21.7% while CAR was 22.1%.

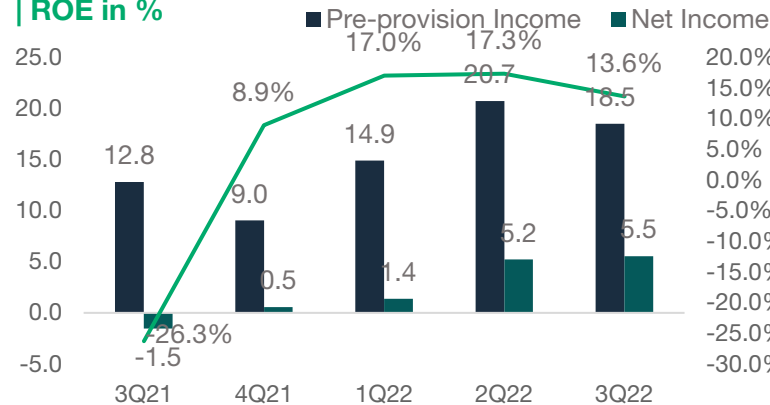
Total loan portfolio | ARSBn



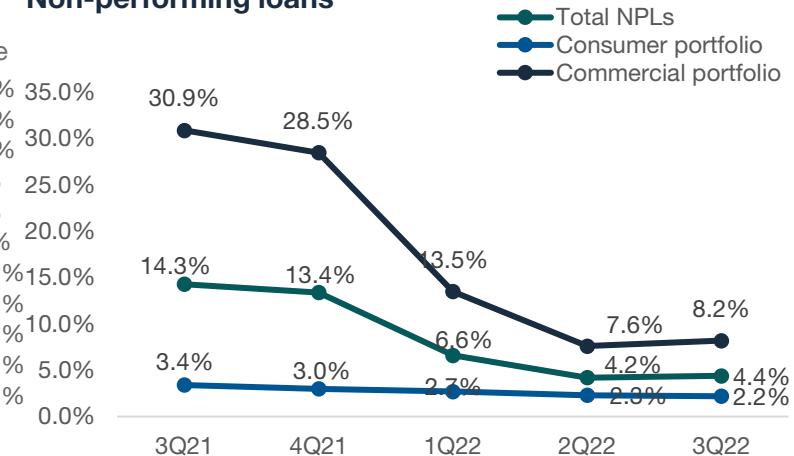
Deposits in USDmn | Loans to Deposit ratio



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

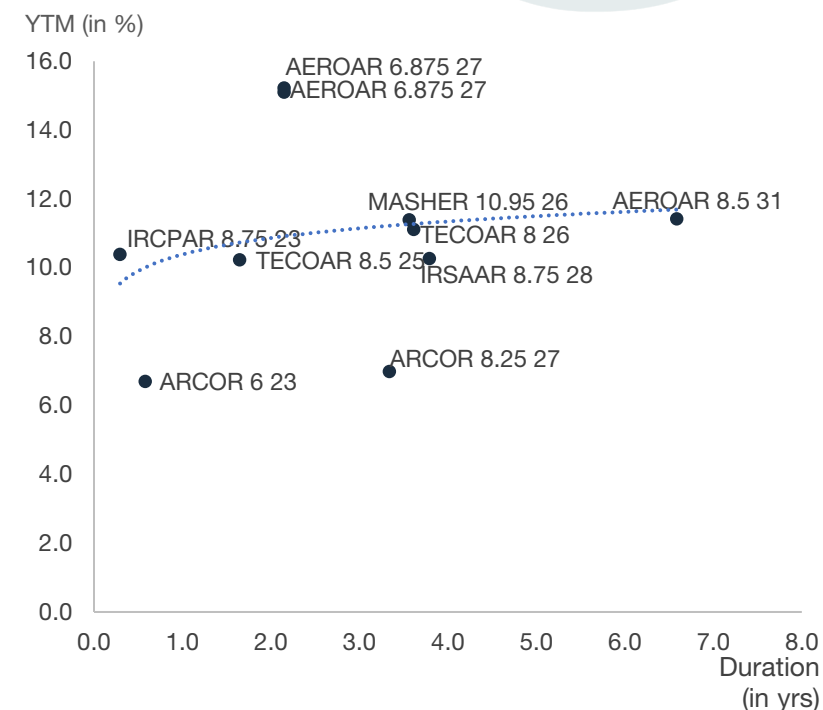
Retail / Telcos / Real Estate main figures

Summary financials as of 3Q22.

	Telecom TECOAR	Arcor ARCOR	Mastellone Hnos. MASHER	AA 2000 AEROAR	IRSA IR IRSAAR
In USDmn					
Revenues	1,094	1,040	327	185	86
EBITDA	269	150	26	57	41
Net Income	(1,493)	(37)	10	59	10
Gross Margin	25%	29%	28%	40%	63%
EBITDA Margin	25%	14%	8%	48%	48%
Capex	(244)	(26)	(5)	(165)	(6)
Free Cash Flow	43	92	40	(123)	22
Cash & Cash Eq. + ST Investments	266	214	49	144	157
ST Debt (incl. leases)	738	684	3	78	226
Total Debt (incl. leases)	2,878	774	207	739	486
(Cash + ST Investments) / ST Debt	36%	31%	1888%	184%	69%
Gross Leverage (incl. leases) (LTM)	2.4x	1.8x	4.8x	2.8x	3.4x
Net Leverage (incl. leases) (LTM)	2.2x	1.4x	3.7x	2.3x	2.3x

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

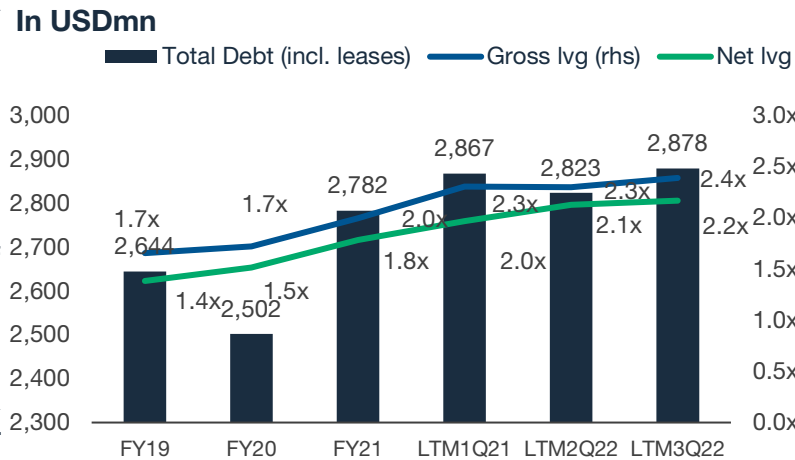
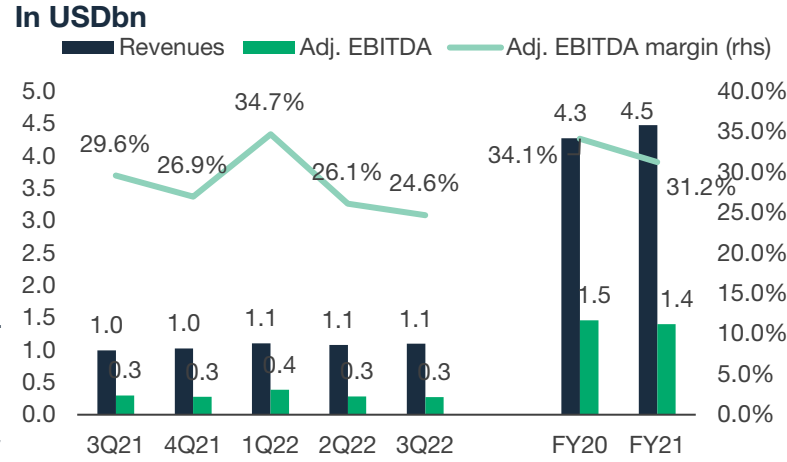
IRSA and AA2000 were credits significantly affected by the pandemic, and during 2022, they showed a persistent improvement in profitability and leverage metrics. However, in the past quarters, these companies and others from the retail and telco sector, have been struggling to revert/contain the narrowing of margins due to the high inflation.



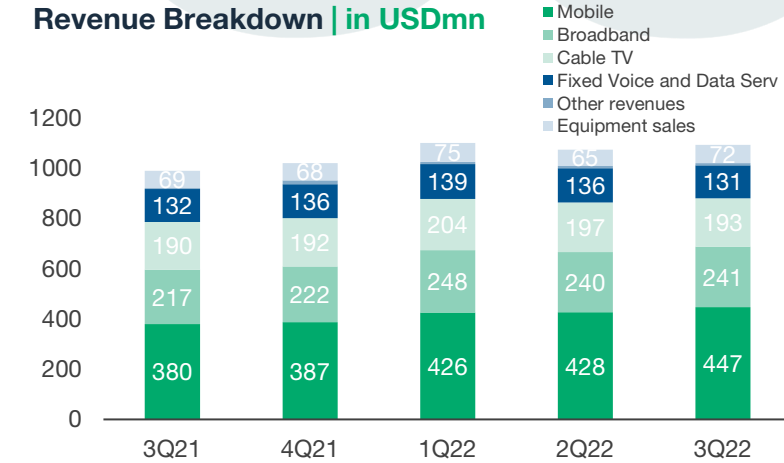
Our current top pick within the other industries is the AEROAR31 note. We believe the company's credit health improved substantially since the COVID outbreak. Although passenger traffic lags behind pre-pandemic levels, the EBITDA generation is almost fully recovered.

Telecom Argentina (TECOAR)

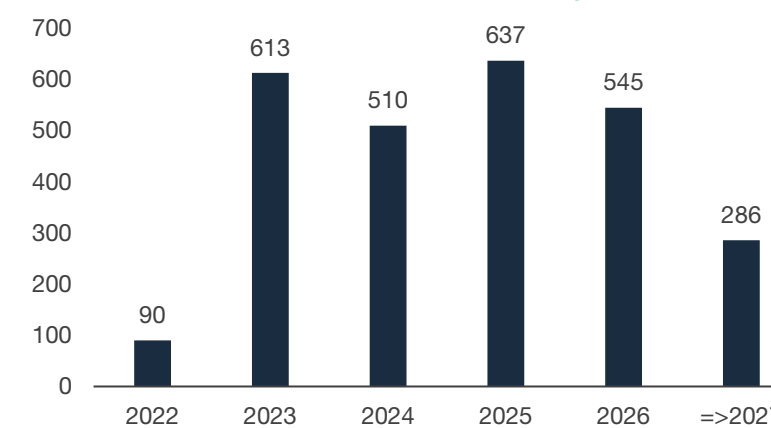
- Total revenue was ARS 148.2bn in 3Q22 (or USD 1.1bn) dropping 15.9%yoy in real terms given that the ARPU continued growing below inflation. Regarding the client base, the mobile segment was the only one reporting growth on a yearly basis. In 9M22, the revenue reached ARS 470.9bn (or USD 3.9bn) -12.2%yoy.
- Excluding an impairment effect the Opex went down 10.9%yoy to ARS 164.5bn (or USD 1.2bn). Our estimated EBITDA totaled ARS 36.5bn (or USD 0.3bn) -29.9%yoy and resulting in an EBITDA margin of 24.6% (-4.9ppoy). For the 9M22, the Opex decreased 6.8%yoy to ARS 497.6bn (or USD 4.1bn). Our estimated EBITDA totaled ARS 135.1bn (or USD 1.1bn) -22.6%yoy.
- For 9M22 the FFO dropped 17.8%yoy to ARS 151.5bn (or USD 1.2bn). After a flat change in working capital, interest expenses, and taxes paid the CFO reached ARS 98.9bn (or USD 0.8bn) -23.2%yoy. Lower capex at ARS 76.2bn, from ARS 92.7bn last year resulted in a FCF of ARS 22.6bn (or USD 0.1bn), -37.5%yoy.
- The Cash & Eq reached ARS 39.1bn (or USD 0.2bn), dropping from ARS 50.8bn in FY21 and covering 0.4x the ST debt. The total debt closed at ARS 423.9bn (or USD 2.8bn). In dollar terms, the net leverage position stands at 2.2x from 2.1x in the last quarter.



Revenue Breakdown | in USDmn



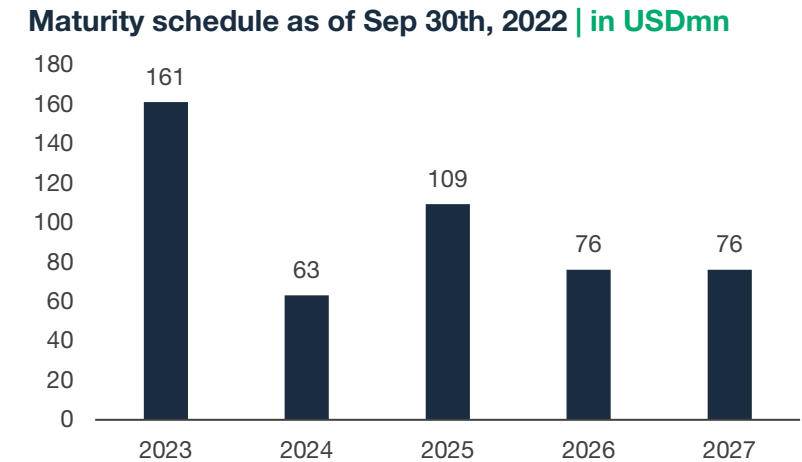
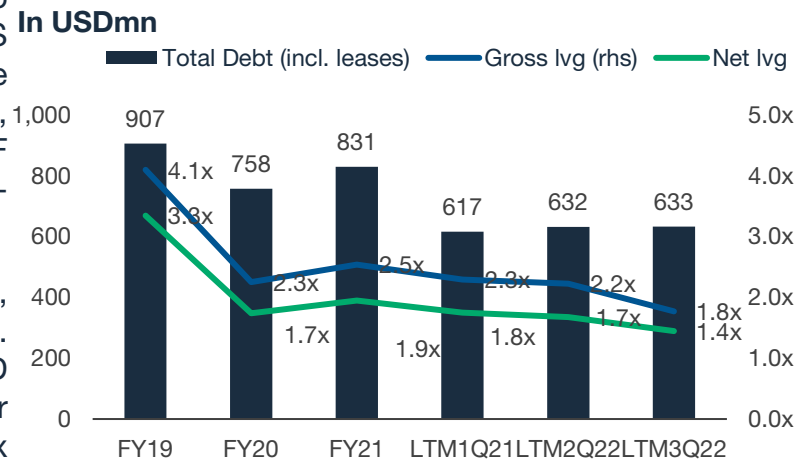
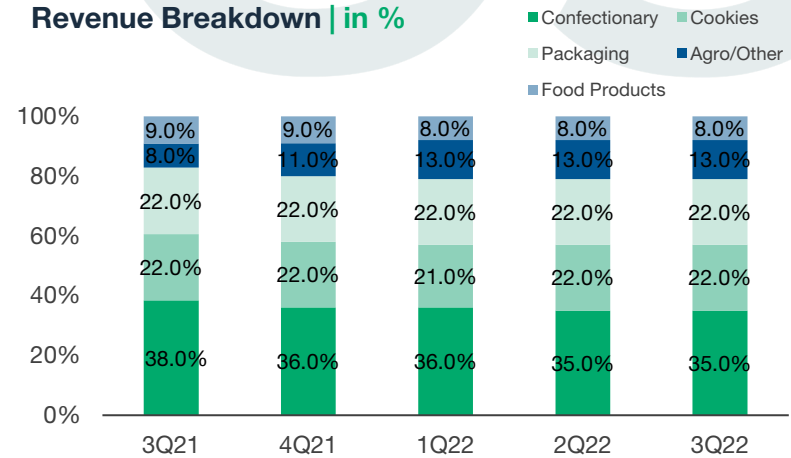
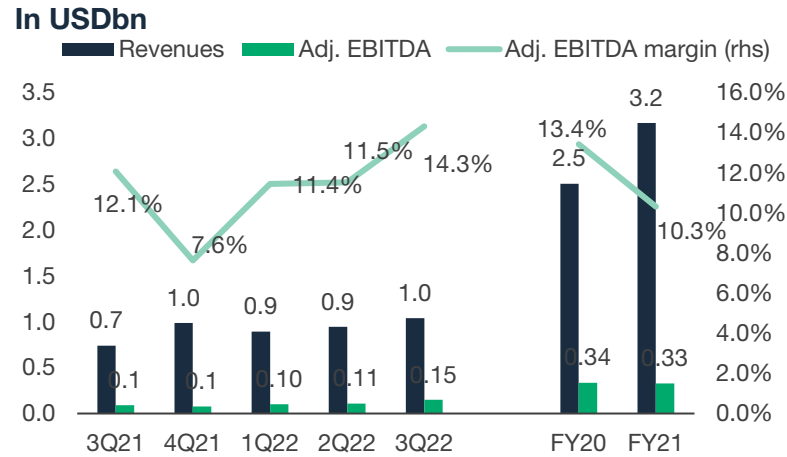
Maturity schedule as of Sep 30th, 2022 | in USDmn



Source: TPCG Research based on the company's reports

Arcor (ARCOR)

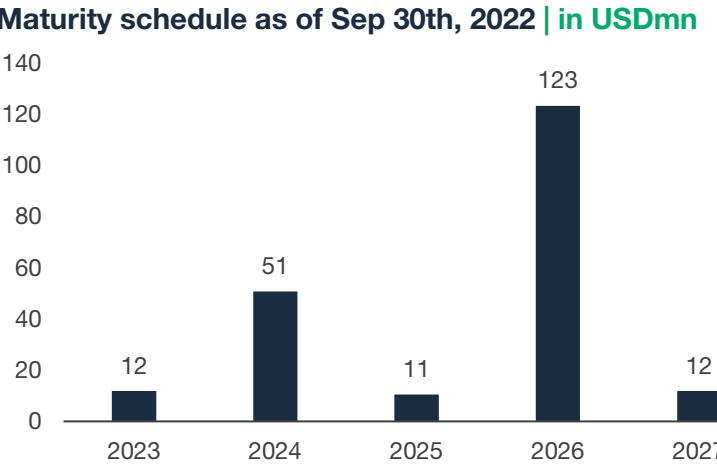
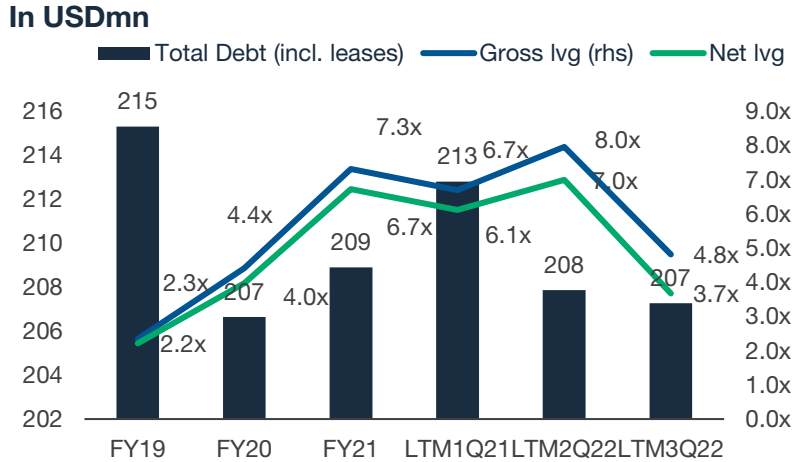
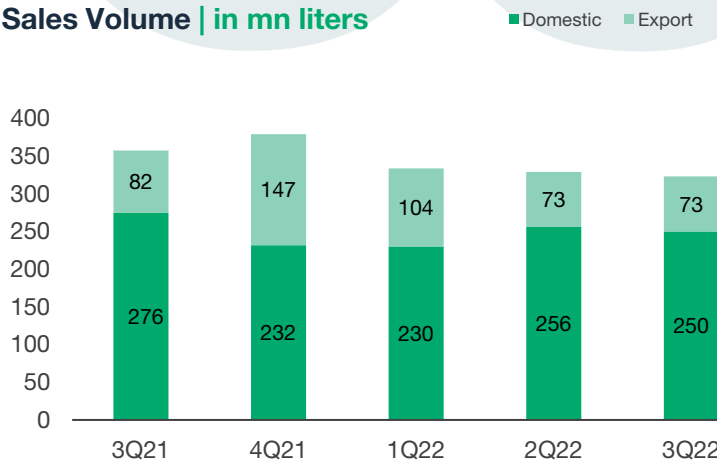
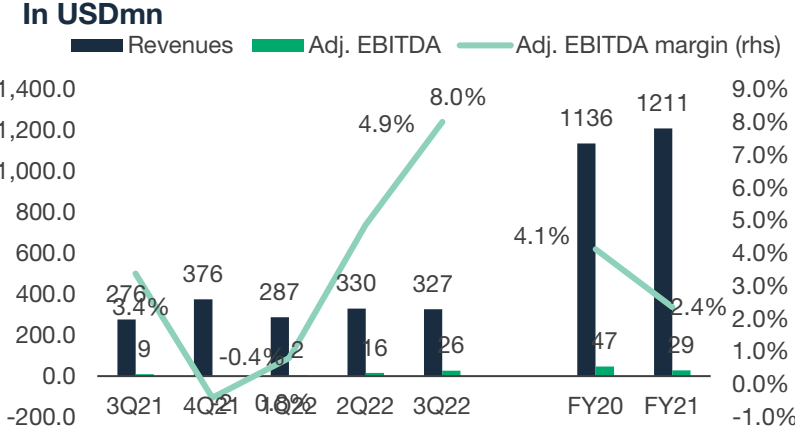
- In 3Q22 total revenue was ARS 140.9bn (or USD 1bn), +5.5%yoy. For the 9M22, it was ARS 416.3bn (or USD 3.4bn) and +11.2%yoy. Domestic sales represented 69.1% and grew 14.2%. The export sales represented the remaining 30.8% and increased 5%yoy to ARS 128.4bn.
- Our estimated EBITDA stands at ARS 20.1bn (or USD 0.1bn) for 3Q22, +20%yoy, and ARS 50.1bn (or USD 0.4bn) in 9M22, +15.1%yoy.
- FFO was ARS 47.4bn (or USD 0.3bn), +12%yoy in 9M22. After the working capital (from -ARS 13.2bn to ARS 1.5bn), interests (from -ARS 16.2bn to -ARS 14.6bn), and taxes (from -ARS 7.1bn to -ARS 9.1bn) the CFO closed at ARS 25.1bn (or USD 0.2bn). After capex, which remained almost flat, at -ARS 6.7bn, the FCF closed at ARS 18.6bn (or USD 0.1bn), from a loss of -ARS 8bn last year.
- The cash position reached ARS 31.5bn (or USD 0.2bn), unchanged from FY21, and covering 0.3x the ST debt. The total debt position reached ARS 114bn (or USD 0.7bn) dropping from ARS 142.4bn in FY21. In dollar terms, the net leverage position closed at 1.4x from 1.7x in 2Q22. It is worth mentioning that during 4Q22, the company refinanced 74.41% of its global note.



Source: TPCG Research based on the company's reports

Mastellone Hermanos (MASHER)

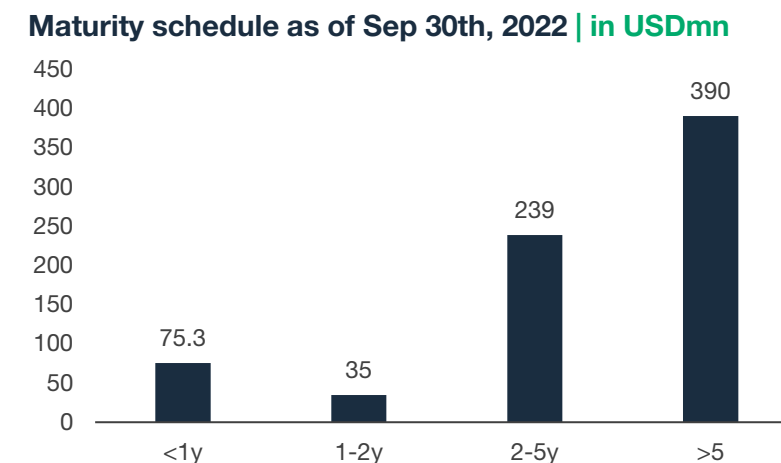
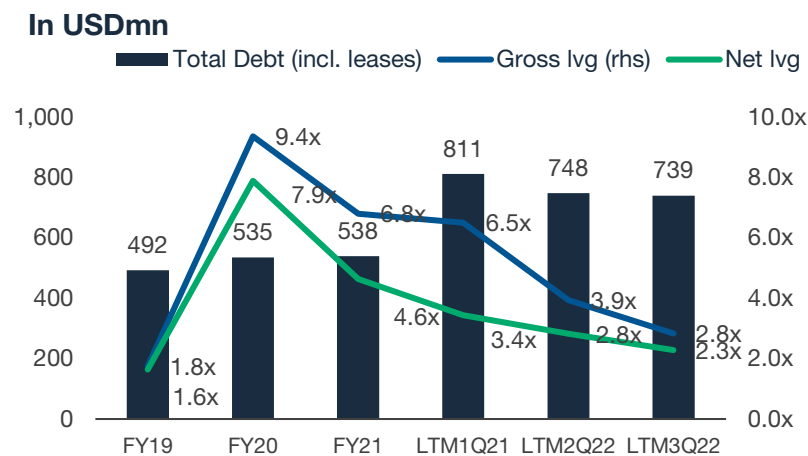
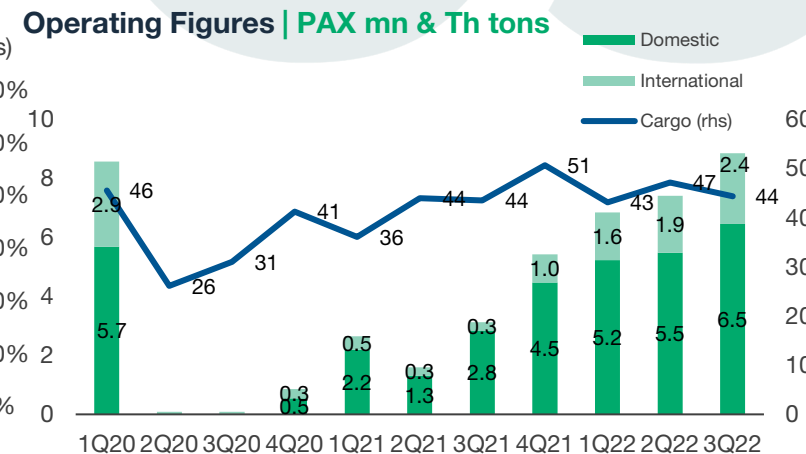
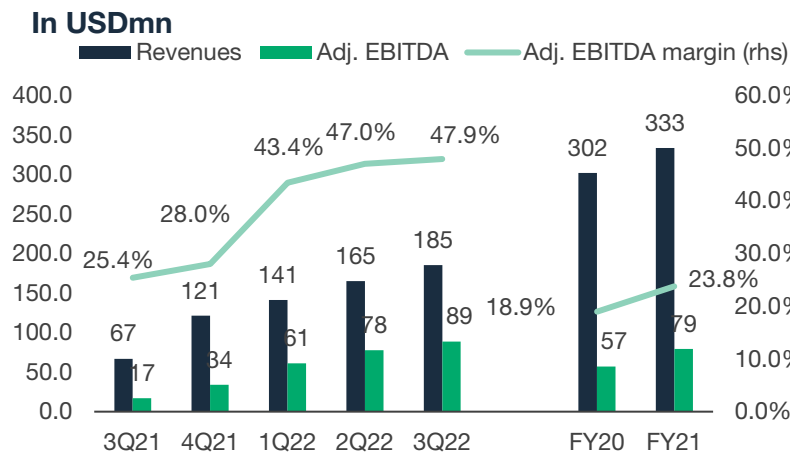
- In 3Q22 sales were ARS 44.3bn (or USD 0.3bn) -10.7%yoy. In 9M22 sales were ARS 136.5bn (or USD 1.1bn), -5.3%yoy, given lower consumption in the domestic market. The company was able to increase prices and maintain its market share, however. Exports represented 20.4% of sales and increased 3%yoy.
- Opex totaled ARS 43.5bn in 3Q22 (or USD 0.3bn), -13.7%yoy, and ARS 137bn (or USD 1.1bn) in 9M22, -5.6%yoy. Our estimated EBITDA was ARS 3.5bn (or USD 26.2mn) in 3Q22, increasing 69%yoy. For the 9M22, the EBITDA closed at ARS 5.2bn (or USD 43.6mn) growing 0.9%yoy and reaching an Adj. EBITDA margin of 3.8% almost flat relative to last year.
- The FFO was at ARS 7.7bn in 9M22. The CFO increased substantially to ARS 8.6bn from ARS 2.8bn last year, given a positive working capital (+ARS 3.1bn vs -ARS 1bn) and lower interests (-ARS 2.2bn from -ARS 3.5bn). After a lower capex (-ARS 1.5bn from -ARS 2.7bn), the FCF closed at ARS 7.1bn (or USD 59.4mn) from ARS 451mn in last year.
- The Cash & Eq. closed at ARS 7.2bn (or USD 49.3mn) covering 18.9x the ST debt services and grew over 100% from FY21. Total debt dropped 14.8% from FY21 to ARS 30.5bn (or USD 0.2bn). In dollar terms, the net leverage stands at 3.7x, decreasing from 7x in the last quarter.



Source: TPCG Research based on the company's reports

Aeropuertos Argentina 2000 (AEROAR)

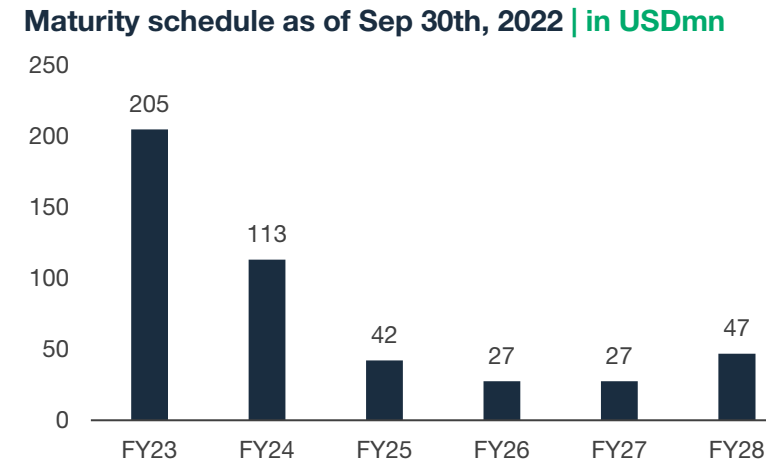
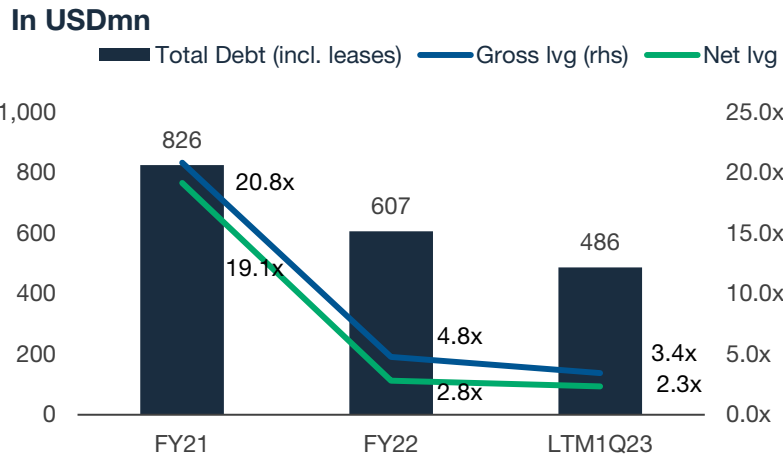
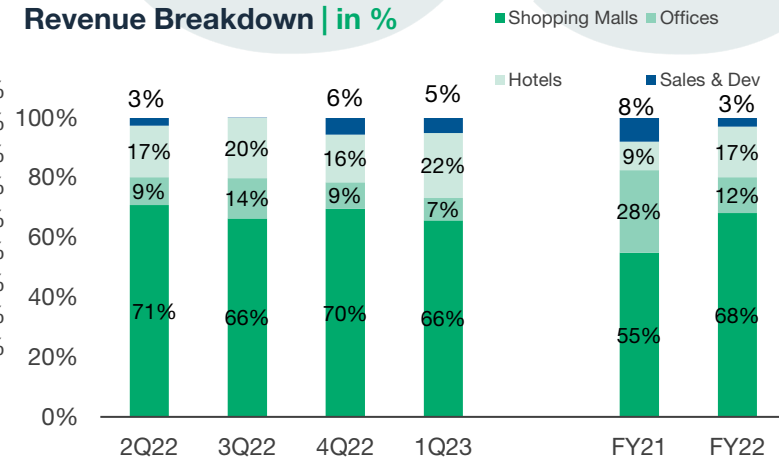
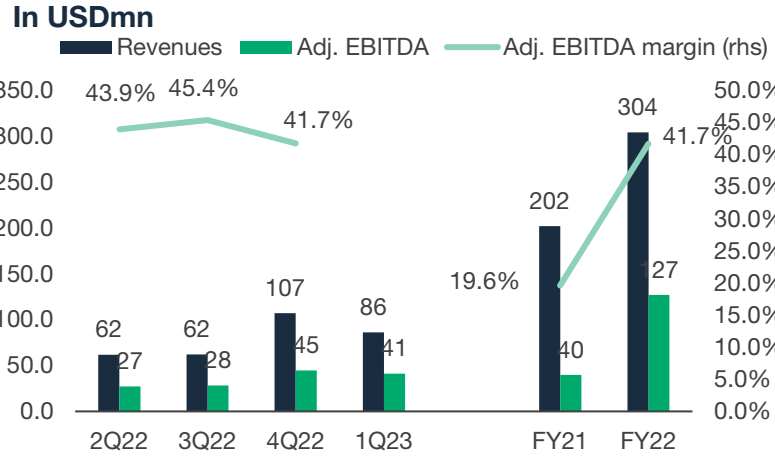
- Sales in 3Q22 were ARS 25.1bn (or USD 0.2bn), +109.7%yoy. The aeronautic revenue represented 52.2% and grew 316.2%yoy. The commercial revenue, representing the remaining, grew 35.9%yoy. For 9M22 sales were ARS 70.6bn (or USD 0.6bn), +96.6%yoy.
- In 3Q22 the Opex totaled ARS 17.5bn (or USD 0.1bn) and grew 38.2%yoy. Our estimated EBITDA closed at ARS 12bn (or USD 88.7mn), +38.2%yoy. For 9M22, the Opex was ARS 49.7bn (or USD 0.4bn) +31.7%yoy. Our estimated EBITDA reached ARS 31bn (or USD 0.2bn), +307%yoy.
- FFO was ARS 19.6bn in 9M22 (or USD 0.1bn) + 34.9%yoy. After the working capital (-ARS 3.5bn vs -ARS 3.9bn in 9M21) and interests (-ARS 7.1bn vs -ARS 6.7bn) the CFO closed at ARS 8.9bn (or USD 74.4mn) from ARS 3.8bn in last year. After the capex which grew massively due to the re-purchase of preferred shares to the Argentine State (-ARS 37.9bn vs ARS 7.5bn), the FCF closed at -ARS 28.9bn (or -USD 240mn) from -ARS 3.6bn in 9M21.
- Cash & Eq. closed at ARS 21.2bn (or USD 0.1bn) dropping 28% since FY21 but covering 1.8x the ST debt. Total debt stands at ARS 108.9bn (or USD 0.7bn), +1.2% since FY21. In dollar terms, the leverage position closed at 2.3x from 2.8x in the last quarter.



Source: TPCG Research based on the company's reports

IRSA Inversiones y Representaciones (IRSAAR)

- Sales reached ARS 11.6bn in 1Q23 (or USD 86mn), +45.5%yoy given a sound recovery in the shopping mall and hotel segments. Our estimated EBITDA totaled ARS 5.6bn (or USD 41mn), increasing 79.6%yoy. The company's reported Adj. EBITDA was ARS 6,696 (or USD 49mn) and increased by 93.9%.
- The FFO reached ARS 4.6bn in the period (or USD 34mn), from 3.3bn in 1Q22. After the working capital (ARS 583mn vs -ARS 313mn in 1Q22), interests (-ARS 2.3bn vs -ARS 4.7bn), and taxes (-ARS 865mn from -ARS 11mn), the CFO closed at ARS 1.9bn (or USD 14mn) compared to a loss of -ARS 1.7bn in last year. After considering a lower capex (-ARS 766mn vs -ARS 870mn in last year) and higher proceeds from asset sales (ARS 1.8bn vs ARS 436mn), the FCF closed at ARS 3bn (or USD 22mn), from a loss of -ARS 2.2bn in last year.
- Cash & Eq. closed at ARS 23bn (or USD 157mn), from FY22 at ARS 38bn, and covering 0.7x the ST debt. Total debt closed at ARS 71.6bn (or USD 486mn), decreasing from FY22 at ARS 92.6bn. In dollar terms, the leverage position stands at 2.3x from 2.8x in FY22.



Source: TPCG Research based on the company's reports

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TPCG Analysts & Staff

Research		Sales & Trading		Corporate Banking		Capital Markets		Asset Management	
Juan Manuel Pazos	Chief Economist	Juan Manuel Truppia	Head of Sales & Trading	José Ramos	Head of Corporate Banking	Fernando Lanus	Head of Capital Markets	Ileana Aiello	Portfolio Manager
Paula La Greca	Corporate Research Analyst	Juan Martin Longhi	S&T Director	Camila Martinez	Corporate Sales	Nicolás Alperin	Investment Banking Analyst	Claudio Achaerandio	Portfolio Manager
Federico A. Martin	Strategist	Lucia Rodriguez Pardina	S&T Director	Fernando Depierre	Corporate Sales				
Santiago Resico	LATAM Strategist	Agustina Guadalupe	Sales	Sol Silvestrini	Corporate Sales				
		Maria Pilar Hurtado	Sales	Nicolas Iglesias	Corporate Sales				
		Juan Ignacio Vergara	Sales						
		Santiago Baibiene	Sales						
		Pedro Nollmann	Sales						
		María Ruiz de Castroviejo Salas	Sales						
		Victoria Faynbloch	Desk Analyst						
		Felipe Freire	Trader						
		Homero Fernandez Bianco	Trader						
		Andres Robertson	Trader						

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Paula La Greca

Sr Corporate Analyst

Federico Angel Martin

Strategist

TPCG Research

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