**Paula A. La Greca**
Corporate Research Analyst
+54 11 4898 6638
plagreca@tpcgco.com

**Corporates – Argentina**

April 28, 2022

# Power Gen. more resilient corps in '22

Power generation is one of the most profitable sectors in Argentina, with EBITDA margins ranging from 38% to 86%. The companies with a higher share of revenues coming from PPAs reported stronger results than those with more exposure to Energia Base. These are MSU Energy, Genneia and YPF Luz. However, not all the companies are focused 100% on power generation; Pampa Energia and Capex SA are in the liquid and O&G businesses. LPG and propane sales showed outstanding performance during summer thanks to the increase in international prices. Pampa Energia is also expanding the O&G business quickly, being its most promising segment.

Companies have been on an easy street in the past 2 quarters, thanks to the electricity exports to Brazil, which improved Cammesa's liquidity. However, it is coming to an end, as we will see on the next page. For this reason, we advocate for bonds from the aforementioned companies, as they have been more resilient to Cammesa's payment delays. Due to this, some of them started new projects on renewables. Genneia is working on building two solar parks and a wind farm. YPF Luz is working on a solar park, while Pampa Energia is on the expansion of one of its wind farms. We do not expect any issue in the advancement of the projects, as the companies have already obtained their financing.

## Figure 1: Capex SA and Pampa Energia showed the lowest indebtedness levels

| As of FY21 | Pampa Energia PAMPAR | AES Arg AES | YPF Luz YPFLUZ | GEMSA ALBAAR | Genneia GNNEIA | MSU Energy MSUNRG | Capex SA* CAPXAR |
|---|---|---|---|---|---|---|---|
| **Power generation capacity** | | | | | | | |
| Thermal plants | 3,826MW | 1,578MW | 2,086MW | 1,520MW | 413MW | 750MW | 672MW |
| Renewables | 206MW | 200MW | 397MW | - | 866MW | - | 34MW |
| Hydro | 938MW | 1,207MW | - | - | - | - | - |
| **Installed Capacity** | **4,970MW** | **2,985MW** | **2,483MW** | **1,520MW** | **1,279MW** | **750MW** | **706MW** |
| Under construction | +361MW | - | +100MW | +283MW | +80MW | - | - |
| **Summary financials (in US$ MM)** | | | | | | | |
| **Income Statement** | | | | | | | |
| **Revenues** | **1,508.0** | **362.0** | **441.5** | **210.9** | **277.2** | **210.0** | **311.5** |
| *Chg y/y* | *41%* | *38%* | *46%* | *-13%* | *-8%* | *40%* | *54%* |
| **EBITDA** | **905.0** | **136.5** | **318.1** | **143.0** | **229.4** | **180.1** | **171.4** |
| *Chg y/y* | *30%* | *18%* | *38%* | *-22%* | *-9%* | *37%* | *195%* |
| **Net Income** | **238.0** | **16.1** | **65.0** | **85.0** | **(48.4)** | **52.7** | **40.4** |
| *Chg y/y* | *n.m.* | *-45%* | *-22%* | *97%* | *n.m.* | *93%* | *n.m.* |
| Gross Margin | 37% | 34% | 52% | 55% | 64% | 77% | 49% |
| EBITDA Margin | 60% | 38% | 72% | 68% | 83% | 86% | 55% |
| **Cash Flow** | | | | | | | |
| **Funds from Operations** | **770.6** | **100.8** | **401.2** | **131.5** | **237.5** | **182.2** | **170.2** |
| *Change in working capital* | *(13.2)* | *21.6* | *(29.8)* | *(34.4)* | *4.8* | *22.6* | *(22.6)* |
| *Interest paid* | *(136.7)* | *(42.1)* | *(74.7)* | *(72.5)* | *(95.5)* | *(93.1)* | *(30.1)* |
| **CF from Operations** | **620.7** | **80.3** | **296.6** | **24.5** | **146.8** | **114.8** | **117.5** |
| *Capex* | *(208.9)* | *(17.3)* | *(138.6)* | *(36.3)* | *(9.2)* | *(132.4)* | *(109.2)* |
| *Disposals* | *6.1* | - | - | - | - | - | - |
| **Free Operating Cash Flow** | **417.9** | **63.1** | **158.0** | **(11.8)** | **137.6** | **(17.6)** | **8.3** |
| *Acquisition (Disposals)* | *34.6* | *0.7* | - | *6.2* | - | - | *(1.8)* |
| **Free Cash Flow** | **452.5** | **63.8** | **158.0** | **(5.6)** | **137.6** | **(17.6)** | **6.5** |
| *Chg y/y* | *8%* | *n.m.* | *n.m.* | *n.m.* | *66%* | *n.m.* | *n.m.* |
| **Balance Sheet** | | | | | | | |
| **ST Debt (incl. leases)** | **79.5** | **30.3** | **192.3** | **91.7** | **203.0** | **117.0** | **7.1** |
| **Total Debt (incl. leases)** | **1,438.5** | **337.5** | **835.2** | **737.1** | **882.4** | **913.3** | **246.3** |
| **Cash & Cash Eq.** | **109.8** | **47.7** | **87.6** | **17.5** | **60.7** | **46.1** | **19.6** |
| **Cash & Cash Eq. + ST Investments** | **572.8** | **47.7** | **100.5** | **101.6** | **231.5** | **62.8** | **73.0** |
| Cash / ST Debt | 138% | 158% | 46% | 19% | 30% | 39% | 278% |
| (Cash + ST Investments) / ST Debt | 721% | 158% | 52% | 111% | 114% | 54% | 1034% |
| Gross Leverage (incl. leases)(LTM) | 2.1x | 2.5x | 2.6x | 5.2x | 3.8x | 5.1x | 1.4x |
| Net Leverage (incl. leases)(LTM) | 1.3x | 2.1x | 2.3x | 4.4x | 2.8x | 4.7x | 1.0x |

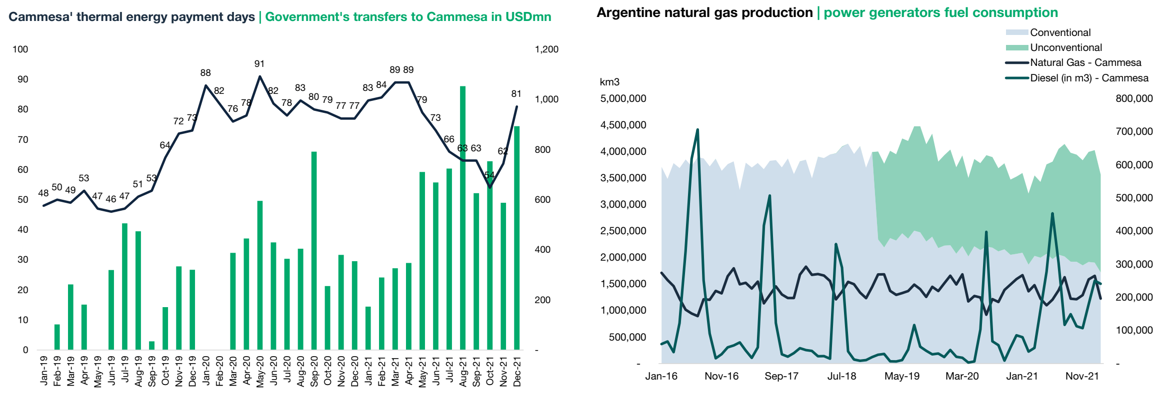
Source: TPCG Research based on the companies' financial statements. Pampa Energia's gross and net leverage are from the restricted group.

*As of LTM3Q21

In 2Q22, we expect the companies to have working capital constraints with increasing collection payment days from Cammesa. On the bright side, companies have already faced this challenging scenario. May's 2020 bill was paid in 91 days, a delay of 49 days, while March and April's 2021 bill in 89 days, a delay of 47 days. In 2015, Cammesa payment delays reached a record high of 72 days, which meant that the bill was paid in 114 days. As of end-April, LNG cargoes start arriving to Argentina. In 2021, IEASA payments of LNG grew from USD13mn in April to USD209mn in June. IEASA paid in total USD355mn in the first LNG tender offer launched in March last year. This year, it will pay USD745mn, an increase of +110% yoy. With this in mind, we expect the government to get delayed with the transfers to Cammesa.

At the same time, Cammesa will have to face higher cash outflows to purchase liquid fuels. As we see in the chart below, despite the increase in natural gas production from May to June 2021, Cammesa increased the purchase of diesel oil while it decreased the one of natural gas. It is partly because the increase in natural gas production was directed to industries and households. In addition, the results of the Plan Gas Ar 2nd and 3rd rounds were poor. Only Pampa Energia and Tecpetrol participated in both rounds, while Pluspetrol joined the 3rd one. Consequently, even with the ramp-up in these companies' production, it will not be enough to diminish LNG demand. Cammesa paid December 2021s thermal energy bill in 81 days. Even though, the payments of January and February bills return to be below 70 days, we do not rule out that March-May bills be paid in around 100 days. The analyze of transfers from the government to Cammesa shows that the government has over-executed by 2.6% the budget in the accumulated of the first two months of the year. In contrast, it under-executed transfers to IEASA by -6.7% for the period analyzed. This led us to believe that the government may be willing to give some relief to companies, anticipating that it will be tighter in April when it will have to pay the LNG cargoes.

## Figure 2: We expect Cammesa thermal energy payment days to reach 100 days




Source: TPCG Research based on the Energy Secretariat, CAMMESA, ASAP

Given this, we forecasted the performance for 2022 and 2023 of MSU Energy, which is 100% focused on thermal energy, and Genneia, which has the largest market share of renewable energy and aims to dispose of all its thermal energy assets. Then, we analyze Pampa Energia, which we believe will navigate this tough year smoothly thanks to its diversified business.

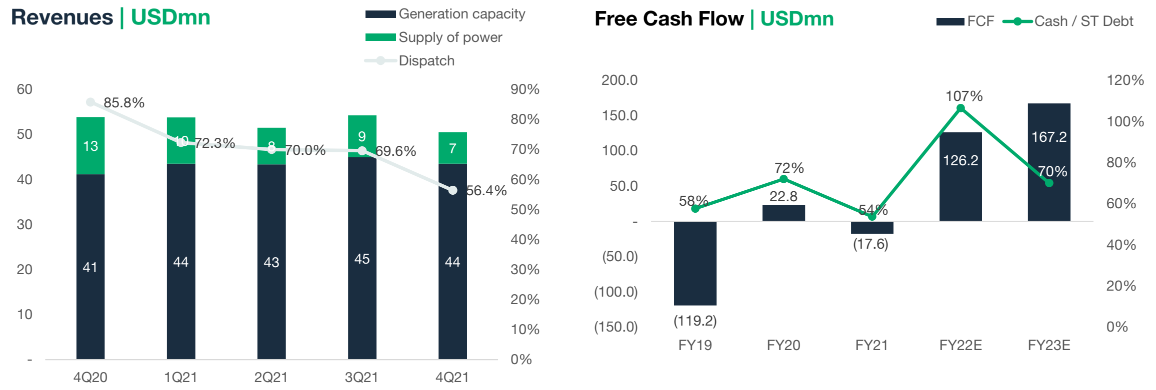
## MSU Energy remains to be the most profitable company in the sector

MSU Energy is the most profitable company among all the companies analyzed, showing the highest EBITDA margin at 86% in FY21. This is because all its energy sold is under PPA contracts. In addition, revenues are stable throughout the year due to 84% of them derived from fixed capacity payments. This is key since if Cammesa has any issue supplying MSU Energy with fuels, and therefore, MSU Energy cannot deliver energy, Cammesa has to pay the company anyway. In addition, fixed capacity payments are not affected by the change in the fuel used, in other words, if the machines operate using diesel instead of natural gas. Whereas the revenues from the power supply, which are linked with dispatch, depend on gas availability.

In FY21, MSU Energy's revenues and EBITDA were up by +40% and +37% yoy to USD210MM and USD180MM, respectively. For FY22E, we expect Revenues of USD206mn and EBITDA of USD175mn due to the decrease in revenues from the variable payment. From our perspective, the lack of natural gas in the system, which was already evident in 4Q21, will intensify in the upcoming months. In 4Q21, revenues were down -6% yoy to USD50mn, impacted by the lower natural gas availability and restrictions to transport it.

With the increase in Cammesa's payment delays, we expect the Change in Working Capital to turn negative from USD23mn in FY21 to -USD3.9mn in FY22E. However, thanks to the company canceling the vendor financing last year, Capex should stand at USD10mn vs. USD132mn in FY21, which will be only for maintenance works. In addition, MSU Energy will not have growth Capex until it cancels the 2024s bond, as the indenture limits the company from entering into any new expansionary project. For this reason, we expect the FCF to stand on positive grounds at USD126mn vs. -USD18mn in FY21 and USD23mn in FY20.

### Figure 3: Although we expect MSU Energy's revenues to decrease by -2% yoy in FY22E on lower dispatch,  FCF will be strong on lower Capex.

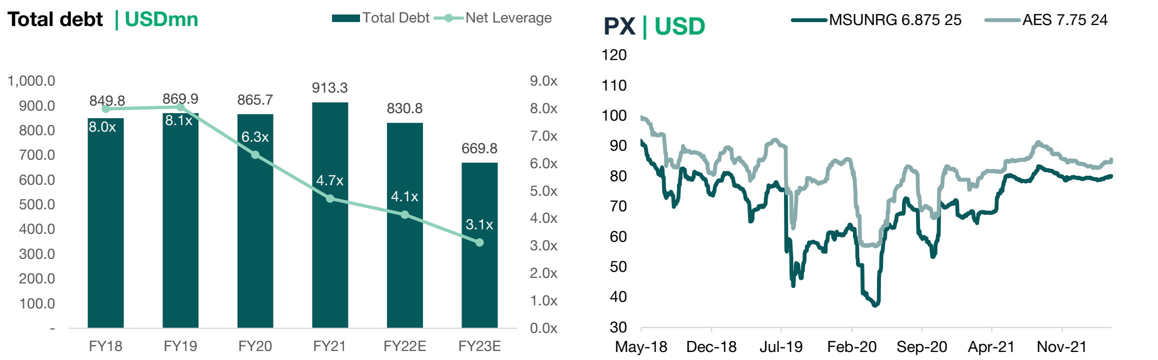



Source: TPCG Research estimates based on the company's reports

Given that the Central Bank extended the regulation that induces companies to restructure their debts in hard currency until June 2021, MSU Energy had to decide how to address the payments of the amortizations of the 2024s bonds in February and May. Instead of proposing an exchange offer, the company issued a 2-years hard-dollar local bond of USD30mn in December 2021. The coupon was 7.35%, at a much lower rate than if it had tapped the international market. For this reason, we believe that the company will continue issuing debt locally to pay August and November amortizations if the Central Bank extends the regulation, which we find highly probable. The main point here is that MSU Energy has the cash to honor the amortizations, which are 10% each or USD25mn, but it faces a regulatory constraint.

The company has access to the MULC for the 40% of the 2024s amount outstanding. The new issuances will cover the other 60% of the amortizations. Consequently, we expect to see a strengthening in the company's liquidity position in 2022, with cash & equivalents + ST investments increasing to USD107mn in FY22E vs. USD63mn in FY21, as it will not be able to use its cash, which is denominated in ARS, to cancel the amortizations entirely. For this reason, we expect total debt to decrease to USD831mn in FY22E from USD913mn in FY21. The net leverage should stand at 4.1x in FY22E, down from 4.7x in FY21 and 6.3x in FY20.

### Figure 4: MSU Energy's net leverage reaching 3.1x in FY23E




Source: TPCG Research estimates based on the company's reports

Not until 2023, the net leverage will stand below 3.5x on the back of a recovery in revenues, with companies using a higher share of natural gas vs diesel, the lower cash outflows on interest expense, and the improvement in collections from Cammesa. From our perspective, the high net leverage of the company is one of the most important aspects that may be restraining investors from considering the bonds, and thus, explains why the bonds have not yet reached the AES Generacion Argentina levels. However, this is because the company is relatively new. In 2016, the government awarded MSU Energy its first power generation contracts, for which it had to build General Rojo, Barker, and Villa Maria plants. In 2017, after the General Rojo power plant reached COD, the government awarded the company the PPAs contracts for converting the plants to the combined cycle. To finance the projects, it issued the USD600mn 2025s in January 2018 and the USD250mn 2024s in May 2020. This cannot be overlooked.

For this reason, we give more weight to the fact the company has the highest profitable levels vs. peers, completed all its expansionary projects, and decided not to restructure the 2024s bonds. It is also significant that MSU Energy PPAs contracts are due in 2033 and 2035, 8-10 years after the maturity of the 2025s bond. This makes us think that if the company eventually decides to propose an exchange offer regarding the 2025s bonds, the new bonds would have the same company risk as to the current ones.

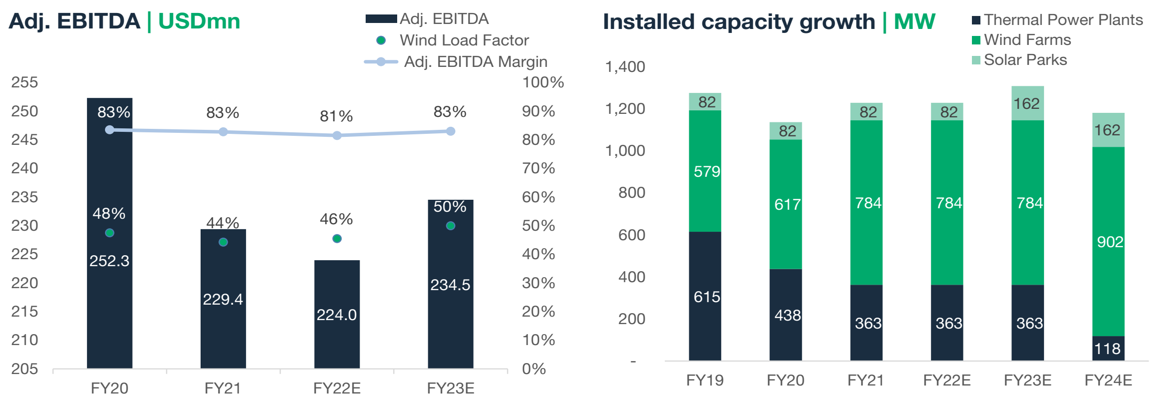
## GENNEIA: the largest Argentine renewable generator keeps growing

In the past 2 years, Genneia has been reducing its thermal energy portfolio while increasing the renewables. Revenues from renewable sources were up from accounting for 34% of the total in FY18 to 78% in FY21. The disposal of its thermal plants responds to the expiration of the Res. 220 PPAs. And therefore, the electricity was going to be sold under Energia Base.

In FY21, Genneia's revenues were down by -8% yoy to USD277mn. Revenues from electric power generation from renewable sources were down by -4% yoy to USD217mn explained by the decrease in the wind load factor to 44% from 48% in FY20. Revenues from electric power generation from conventional sources decreased by -27% yoy to USD48mn. The PPAs from Las Armas II and Bragado I thermal power plants expired in January and June 2021, respectively.

Despite the macro headwinds, Genneia will work on the construction of new removable projects: Sierras de Ullum solar park (80MW), which COD would be in December 2022, Tocota III solar park (14MW extendible to 60MW) and, La Elbita wind farm (103.5MW), which in both cases the COD would be in March 2024. Genneia will sell the generating power in the MATER. In this way, Genneia would compensate for the decrease in installed capacity if it sells the Cruz Alta thermal plant of 245MW, currently under Energia Base scheme.

### Figure 5: We expect the share of renewable energy in Genneia's installed capacity to reach 90% in 2024 vs. 70% in FY21.




Source: TPCG Research estimates based on the company's reports

The increase in the renewable portfolio will help to decrease COGS. In the past 2 years, while operating costs of electric power generation from renewable sources was down by -17% yoy in FY20 and -12% yoy in FY21, the ones from conventional sources were up by +31% yoy in FY20 and +4% yoy in FY21. The lower COGS from renewables and the decrease in administrative expenses by -13% yoy, helped Genneia to maintain its Adj. EBITDA margin high at 83% in FY21.

For FY22, we expect Genneia's Adj. EBITDA to slightly decrease by -2% yoy to USD224mn from USD229mn in FY21, the EBITDA margin would come down by 2pp yoy to 81%. Although we expect the wind load factor to pick up by 2pp yoy to 46%, at FY19 levels, the improvement in renewable revenues will dilute. The main reason will be the increase in operating costs of electric power generation from the thermal power plants, inflation cost pressures on SG&A, and lower revenues in real terms from the Cruz Alta thermal plant.

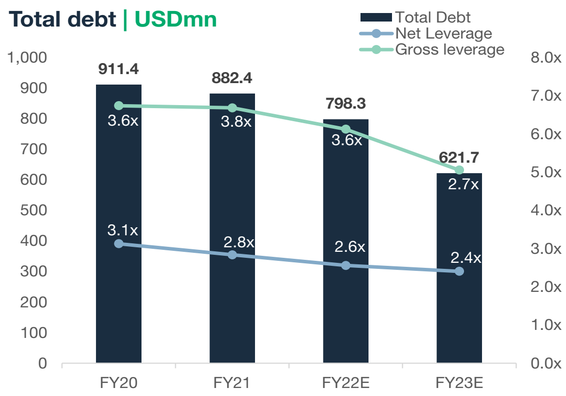
In FY21, Genneia's FCF increased by +66% yoy to USD138mn, mainly explained by Capex decreasing by 90% to USD9mn, as it finished with its expansion plan in March 2021 with the completion of the Chubut Norte wind farm. For FY22E, we expect the FCF to remain on positive grounds, although we believe it will decrease by -44% yoy to USD77mn in FY22 due to Capex increasing to USD70mn to finance the new projects. Also, we expect the change in working capital to turn negative to -USD5.2mn from USD4.8mn in FY21, due to the increase in Cammesa payment delays to thermal energy bills. The decrease in interest paid by around 20% will help offset the receivable cash outflows.

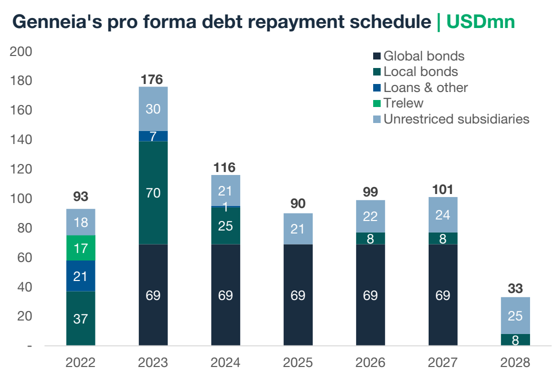
It is worth mentioning that the effect of Cammesa payment delays is lower in Genneia than in other companies, given that FODER guarantees 59% of Genneia's revenues. Thus, they are paid in 42 days by contract. For this reason, Genneia's average collection days from Cammesa was 49 days as of Oct-21 bill, while it was 62 days for the companies only focused on thermal energy.

As of December 31, 2021, Genneia's total debt (incl. leases) was down by -3% yoy to USD882mn. Cash & Equiv. + ST investments increased by +89% yoy to USD231mn, covering short-term maturities by 114%. For FY22, we expect total debt to decrease to USD798mn. The company canceled the USD92mn on the 2021 global bond in January. The local bonds Series XXVIII and Series XXX mature in August and November 2022, respectively, which we expect the company to roll over. Therefore, cash & equivalents + ST investments should slightly decrease by -3% yoy to USD225mn. Due to the decrease in total debt, we expect the net leverage to decrease to 2.6x in FY22E from 2.8x in FY21 and 3.1x in FY20. In FY23, Genneia will have to face several maturities. It will start paying the amortizations of the 2027s global bond of 10% each in March and September. Then, the maturity of the local bond Series XXIX of USD13mn and the green bonds Series XXXII of USD49mn and the amortization of the XXXIV bond totaling USD7.8mn. Given that we expect the cash to decrease, as Genneia will have to cancel debt substantially, we believe the net leverage will stand at 2.4x thanks to the improvement in EBITDA on the back of higher revenues from the Ullum solar park.

Because the company shows adequate leverage levels, a stronger liquidity position, and the perspective of increasing the share of revenues under USD-linked contracts, we recommend buying GNNEIA 2027s. Apart from the fundamental side, the bonds are also attractive due to they offer a high coupon of 8.75% and start paying amortizations semi-annually of 10% as of March 2, 2023. In addition, we also highlight that the GNNEIA 2027s are the only green bonds under the New York law in Argentina.

### Figure 6: Genneia's total debt decreasing to 2.6x in FY22E




Source: TPCG Research estimates based on the company's reports

As seen in the paragraphs above, the profitability levels of MSU Energy and Genneia will erode in FY22 despite being the most resilient companies. It will be worse for the companies with higher exposure to Energia Base, as the government will increase tariffs in two tranches. The first one as of February bills by 30% and the second one as of June bills by 10%. In the mid-time inflation continues increasing at high pace, with March inflation at 6.7% up from 4.7% in February, heading to an annual inflation above 60%. Margins from Energia Plus will also decline due to increasing fuel costs. Pampa Energia's c.60% of power generation capacity is under Energia Base, and 6% is under Energia Plus. Capex SA's 95% power generation capacity is under Energia Base; the other 5% is renewable. However, these companies with high exposure to Energia Base will navigate the 2Q22 and 3Q22 more smoothly thanks to being involved in E&P due to the higher prices of the Plan Gas Ar.

The E&P segment will also help offset the weaker performance of the liquid business in the same months as the power generation business. The reason is that the government requires companies to allocate propane and butane to the local market when the winter season begins in May. For this reason, volumes dispatched to foreign markets usually drop in 2Q-3Q while the local market performance improves. In the past month, propane and butane international prices have increased by +20% following the spike in international crude oil prices. Therefore, we should see the companies report solid results in 1Q22. In contrast, in 2Q22 and

3Q22, we expect production to decline due to intensifying the scheduled outages of natural gas supply to industries, given the lack of it in the system.

## Pampa's E&P business: the rising star

In our view, Pampa Energia's profitability in FY22 will be similar to FY21. The difference will be that the E&P business will gain more participation in the EBITDA at the expense of the Power Generation, as the last one will be affected by the expiration of two PPAs in 2021. With this in mind, we look at the company's performance over the previous year.

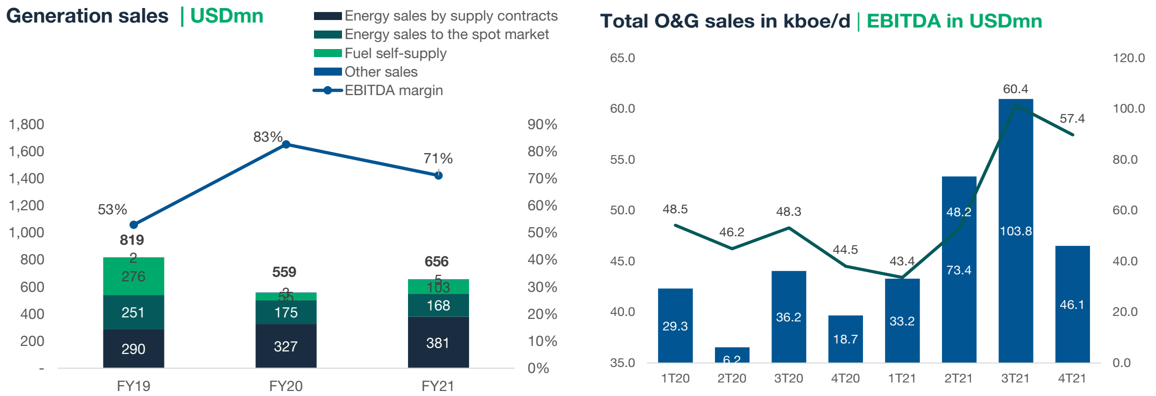
In FY21, Pampa Energia's revenues were up by +41% yoy to USD1,508mn. Due to the winter season, the highest revenues increase was in 2Q and 3Q21, driven by the Power Generation and O&G segments. In contrast, in 4Q21, the petrochemical business played its part thanks to the higher international prices and volumes sold, which helped to compensate for the weakest results in the two segments mentioned above.

Power generation sales, which account for 44% of total revenues, increased by +17% yoy to USD656mn. Due to industrial demand recovering, sales growth was up by +11% yoy to 18,458GWh while net power generation was up by +6% yoy to 17,433GWh. In 3Q21, revenues grew by +4% qoq to USD173mn, despite the Piquirenda thermal plants PPA expired on July 15, 2021. The increase was driven by the transitionary increase in legacy energy remuneration. In 4Q21, power generation revenues were down by -10% qoq to USD155mn, partly explained by Loma de la Lata thermal plant PPA expiring on November 1, 2021.

The E&P business revenues took off in 2Q21, increasing +35% qoq in 2Q21 and +38% qoq in 3Q21, because of the rise in natural gas prices and volumes sold following the Plan Gas Ar winter period. In 4Q21, revenues remained high at USD144mn, although they were down by -3% qoq, thanks to the exports to Chile. In FY21, Pampa Energia was Argentina's largest natural gas export awardee to Chile. As a result, natural gas volumes sold were up by +13% yoy to 8,122m3/d or 47.8kboe/d in FY21, boosting revenues by +54% yoy to USD453mn.

On the Petrochemical side, revenues picked up by +84% yoy to USD490mn in FY21, driven by the +24% yoy increase in volumes sold to 417k tons and the strongest price environment, in which prices were on average +50% higher compared to 2020. The 2H21 showed the most robust performance with revenues up by +43% hoh to USD288mn, volumes sold increasing +39% hoh to 243k tons.

### Figure 7: Pampa's O&G sales growth will help to offset lower power generation margins.




Source: TPCG Research based on the company's reports

With inflation bounce running strong, costs pressures will become pronounced as of 2Q22. The squeeze in margins was already seen in 2021. Total COGS increased faster than sales, at +44% yoy to USD955mn, while SG&A rose by +11% yoy to USD132mn. As a result, despite the Adj. EBITDA increased by +30% yoy to USD905mn, the Adj. EBITDA margin went down to 60% in FY21, from 65% in FY20 and 69% in FY19. The main EBITDA contributors are the Power Generation with 51% and the E&P segment with 28%. TGS follows it with 14%, petrochemicals with 5%, and Transener with 2%.

In FY21, the Power Generation EBITDA margin shrank by -12pp yoy to 71% because of rising energy purchases for Energia Plus and the expiration of the Piquirenda and Loma de la Lata PPAs. Piquirenda thermal plants showed the highest drop in gross margins, coming down to USD41/MWh from USD90/MWh in FY20. Loma La Lata gross margin was down by -USD6/MWh to USD26MW/h. In addition, Los Nihuiles hydroelectric plant and PEPE II wind farm generated lower power because they were under repair. With the extension of the COD of the Barragan thermal power plant to early 4Q22 from 2Q22, the increase in revenues from its PPAs will be materialized in 4Q22. Therefore, the drop in margins in 2Q-3Q22 in power generation under Energia Base will not be offset until the last quarter. For this reason, we expect power generation business EBITDA margin to deteriorate in FY22.

In contrast, the E&P EBITDA margin improved by +26pp to 57%, with production increasing by +15% yoy 51.8boe/d and volumes sold by +12% yoy to 52.4boe/d. In 2021, the strongest quarter was the 3Q21, followed by the 2Q21. However, lifting costs were up by +29% yoy to USD7.8/bbl in 4Q21, due to the use of temporary facilities for ramping up production quickly. The company expects to increase natural gas sales by at least +20% yoy in 2022, due to growing industrial segment local prices and the increase in exports to Chile, on the back of higher production. With this in mind, we believe that the solid E&P business growth in 2Q-3Q22 will help compensate for the lower margins that report the power generation business.

The contribution of the E&P business will be crucial as a cash generator in 2Q-3Q, considering the payment delays from Cammesa to power plants. In 2021, the change in working capital was negative in 1H21, with 2Q showing the highest cash outflows. Then it turned positive in 2H21 due to the improvement in collections from Cammesa. On the positive side, the quarters with higher cash outflows from interest expenses were the 1Q21 and 3Q21, leading us to believe that the lower interest expense in 2Q should relieve the higher working capital requirements.

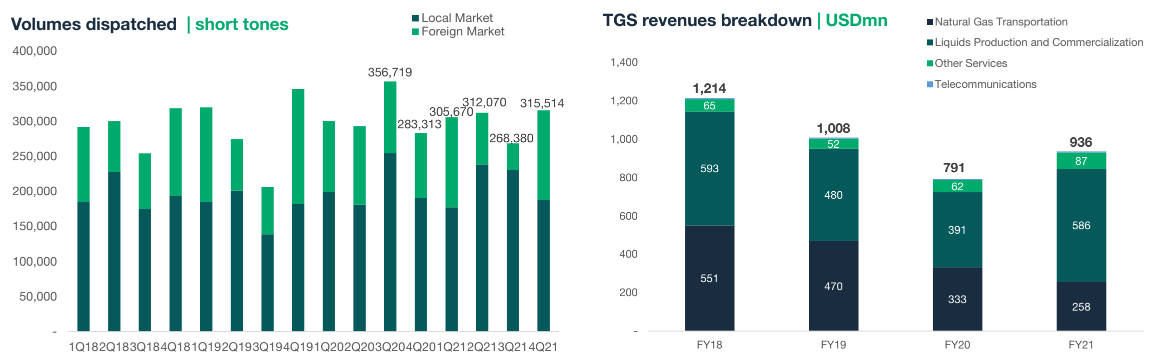
In 2021, Pampa Energia's FCF was positive in all four quarters, totaling USD450mn up from USD409mn in FY20. The improvement in FFO by +3% yoy to USD767mn and the cash inflows of USD51mn from the sale of Edenor helped offset the increase in Capex +78% yoy to USD208mn. For FY22, management expects the E&P and Power Generation Capex to grow by around 60% to USD400mn, of which USD120mn will be for maintenance and USD280mn capex growth. On the power generation side, Pampa's growth projects are the closing to combined cycle of the Ensenada Barragan power plant and the expansion of PEPE wind farm.

Within the sector, Pampa Energia continues to be the company with the highest liquidity levels, with cash covering ST debt by 1.4x, while including ST investments by 7.2x, and the second lowest net leverage at 1.3x vs peers' at 2.9x. As of December 31, 2021, Pampa Energia total debt was USD1,439mn, of which only 6% was ST debt. In January, Pampa issued its first green bond in the local market of ARS3,107mn (c. USD30mn) at a variable interest rate with maturity in July 2023. Pampa Energia next important maturity is the 2023 global bond in July 2023. Although the management has already said their willingness to restructure the bond, we believe it will take place next year, considering the expectations of the change in the political regime that may turn the Argentine financial assets attractive. Thus, the exchange offer conditions would be more favorable for the company than the current ones.

## TGS's profitability bounces back by nat gas tariff increase and liquids high price environment.

As we advanced, TGS profitability performance along the quarters is marked by seasonality. The government requires the company to allocate its production to the local market when the winter season begins in May. For this reason, volumes dispatched to foreign markets usually drop in 2Q-3Q while the local market performance improves. In the past months, propane and butane international prices have increased by +20% following the spike in international crude oil prices, while at the same time, subsidized gas has been rising.

**Figure 8: TGS' nat gas transportation sales bounce back in FY22 thanks to the 60% increase in tariffs, while liquid sales will remain strong thanks to international prices**




Source: TPCG Research estimates based on the company's reports

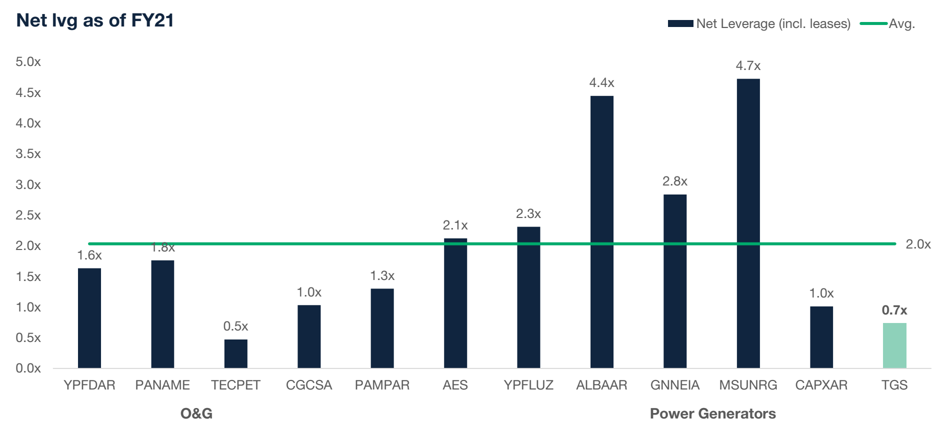
In FY21, revenues were up by +6% yoy to ARS88,976mn (USD936mn). Sales of goods and services grew by +16% yoy to ARS86,827mn (USD913mn) while subsidies by +387% yoy to ARS2,150mn (USD22mn). By segment, the *Liquids Production and Commercialization* business showed the strongest performance with revenues increasing by +34% yoy to ARS55,731mn. The high international price environment helped compensate for the lower volume dispatched to foreign markets, down by -2.6% yoy to 1,201,634 short tones. However, as of 4Q21, foreign volumes sold gave a turnaround. Propane volume dispatched jumped +73% yoy while butane and gasoline increased by +16% and +15% yoy, respectively. The *Midstream* segment picked up by +26% yoy to ARS8,284mn, driven by the increase in activity in Vaca Muerta. TGS gained new contracts with Shell and YPF for Bajada de Añelo fields and Pampa Energia for El Magrullo fields. The share of *Natural Gas transportation* in total revenues plunged to 28% in FY21 from 45% in FY18, with revenues decreasing by -31% yoy to ARS24,503mn, explained by the lack of tariff adjustments.

For FY22, we expect the *Natural Gas transportation* profitability to improve as of 2Q22 due to the transitional tariff increase of 60% granted by the ENARGAS as of March bills. The positive impact will be evident in the 2Q-3Q22 results. But it will fade away due to inflation pressures by 4Q22. In this way, in the winter season, the *Natural Gas transportation* business will help offset the lower volumes sold and higher costs in the *Liquids* segment, which we expect to be affected by the natural gas outages. With the end of winter in October, there should be a switch of roles, being the *Liquids* business the primary driver of revenue growth, as we expect international prices to remain high. We believe the *Midstream* segment will continue to be one of the most dynamic throughout the year, given the production targets announced by the O&G companies. YPF, the largest producer of natural gas in Argentina, accounting for 27% of total output, plans to increase its shale gas production by +40% yoy in FY22. Even so, the *Midstream* segment participation in TGS revenues will remain low.

In FY21, TGS's FCF remained strong at ARS20,834mn (USD217mn), although it was down by -33% yoy, due to the decrease in FFO (-22% yoy to ARS33,965mn) and the increase in working capital requirements (+4.4x yoy to -ARS3,482mn). TGS and other companies have to sell butane at a loss in small towns in the south of Argentina. The Secretariat of Energy sets the price and then subsidizes the companies to make up for it. Given that the government will have to increase its transfers to Cammesa and IEASA, we expect to get a delay with the payments of these subsidies. As of December 31, 2021, TGS had pending to collect ARS1,246mn. Because of this, we believe the change in working capital will further deteriorate in FY22. In FY21, Capex decreased by -18% yoy to ARS9,649mn (USD101mn) due to completing the expansion works in Tratayen plant in September. In 2022, we expect Capex to increase to USD150mn, financed with internal cash generation. Capex will be for the Tratayen plant's conditioning to expand its current capacity of 60MMm3/d by +7MMm3/d by mid-2022. In addition, TGS will add a new module in the plant to increase the capacity for another +6.6MMm3/d by mid-2023.

TGS shows one of the most solid metrics among Argentine companies regarding liquidity and indebtedness levels. In FY21, the net leverage was 0.7x, down from 1.1x in LTM3Q21. Cash + Eq. covered short-term debt by 3.8x, including ST investments by 15x. We expect TGS metrics to further improve in 2022, driven by the rise in its profitability. We see positive that the company has been repurchasing its global notes in the past two years with excess liquidity.

## Figure 9: TGS compares favorably vs other Argy corporates in terms of net leverage

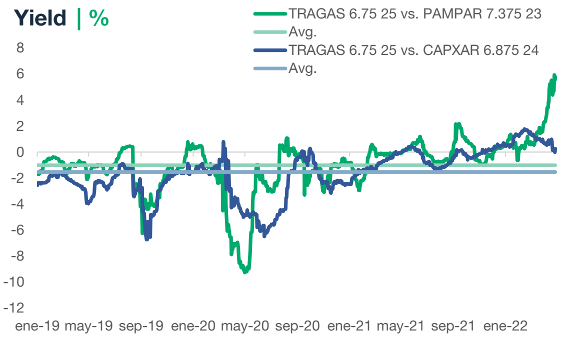


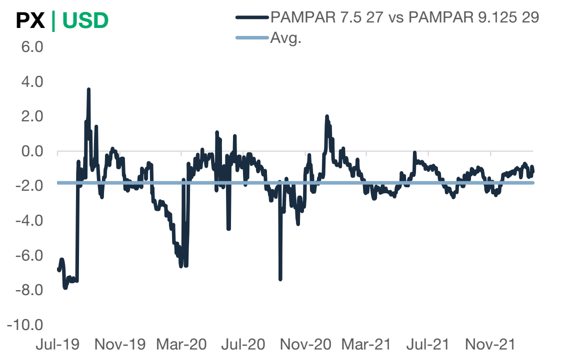

Source: TPCG Research based on the company's reports. Capex SA net leverage at LTM3Q22.

In our opinion, TRAGAS 25s look attractive compared to PAMPAR 23s and CAPXAR 24s, as the bonds are at a current spread differential of 550bps and 30bps while the historical average is -105bps and -160bps, respectively. We also prefer TRAGAS 25s over PAMPAR 23s because we do not rule out that the Central Bank extends the regulation that induces companies to restructure their debts in USD until Dec-23. In 2023, the amortizations of Argentine corporate bonds increase by +1.4x yoy to USD2,831mn from USD1,202mn in 2022. The maturities in 2022 are the lowest in the next four years. In fact, there are only two global bonds maturing in 2022: Edenor (USD98mn) and Tecpetrol (USD500mn). Edenor has already announced the Exchange Offer of its bond for the new 25s.

For this reason, we believe that if the government extends the regulation that will come due in June 2022 until December 2022, it will most probably continue to do so until December 2023. As we said before, Pampa Energia's management has already anticipated their willingness to restructure the bond. In view of this, we believe the PAMPAR 23s are rich, and therefore, we prefer the PAMPAR 29s, which are at a current price of USD93.50 and a yield of 10.5%. What we like about the PAMPAR 29s is that they offer one of the highest coupons at 9.125% among power generators and O&G companies, after ALBAAR 9.625% 2027s and YPFLUZ 10 2026s. For those holding the PAMPAR 27s we believe it is a good time to swap them for the 29s given their tight price differential.

## Figure 10: We prefer TRAGAS 25s over PAMPAR 23s and CAPXAR 24s, and PAMPAR 29s over the 27s.




Source: TPCG Research based on Bloomberg

## Figure 11: MSU Energy's FY21 and 4Q21 summary financials.

| Summary financials (in USDmn) | FY20 | FY21 | *Chg yoy* | 3Q21 | 4Q21 | *Chg qoq* |
|---|---|---|---|---|---|---|
| ***Income Statement Items*** | | | | | | |
| **Revenues** | 150.4 | 210.0 | *39.6%* | 54.2 | 50.5 | *-6.9%* |
| Opex | (38.2) | (56.1) | *46.9%* | (14.5) | (13.5) | *-7.0%* |
| **EBITDA** | 131.5 | 180.1 | *36.9%* | 46.5 | 43.3 | *-7.0%* |
| **Net Income** | 27.4 | 52.7 | *92.6%* | 10.0 | 24.5 | *146.1%* |
| **Gross Margin** | 78% | 77% | | 76% | 77% | |
| **EBITDA Margin** | 87% | 86% | | 86% | 86% | |
| ***Balance Sheet Items*** | | | | | | |
| **Short Term Debt** | 49.1 | 117.0 | *138.0%* | 107.1 | 117.0 | *9.2%* |
| **Long Term Debt** | 816.5 | 796.3 | *-2.5%* | 775.0 | 796.3 | *2.8%* |
| **Total Debt** | 865.7 | 913.3 | *5.5%* | 882.1 | 913.3 | *3.5%* |
| **Cash & Cash Eq. + ST Investments** | 35.4 | 62.8 | *77.5%* | 46.1 | 62.8 | *36.3%* |
| **Gross Leverage (LTM)** | 6.6x | 5.1x | | 4.8x | 5.1x | |
| **Net Leverage (LTM)** | 6.3x | 4.7x | | 4.6x | 4.7x | |
| **Cash / ST Debt** | 72% | 54% | | 43% | 54% | |
| **ST Debt / Total Debt** | 6% | 13% | | 12% | 13% | |
| ***Cash Flow Items*** | | | | | | |
| **FFO after cash interest & taxes** | 86.4 | 92.2 | *6.7%* | 19.6 | 22.8 | *16.1%* |
| Change in Working Capital | (33.7) | 22.6 | *n.m.* | 18.7 | 14.6 | *-22.4%* |
| **CFO** | 52.7 | 114.8 | *117.8%* | 38.3 | 37.3 | *-2.7%* |
| Capex | (29.9) | (132.4) | *342.8%* | (37.9) | (40.4) | *6.4%* |
| Disposals | - | - | *n.m.* | - | - | *n.m.* |
| **Free Operating Cash Flow** | 22.8 | (17.6) | *n.m.* | 0.4 | (3.0) | *n.m.* |
| Acquisition (Disposals) | - | - | *n.m.* | - | - | *n.m.* |
| **Free Cash Flow** | 22.8 | (17.6) | *n.m.* | 0.4 | (3.0) | *n.m.* |
| **OCF/Total Debt** | 6% | 13% | | 17% | 16% | |
| **FOCF/Total Debt** | 3% | -2% | | 0% | -1% | |
| **FCF/Total Debt** | 3% | -2% | | 0% | -1% | |
| **Capex/Sales** | 20% | 63% | | 70% | 80% | |

Source: TPCG Research based on the company's reports

## Figure 12: Genneia's FY21 and 4Q21 summary financials.

| Summary financials (in USDmn) | FY20 | FY21 | Chg yoy | 3Q21 | 4Q21 | Chg qoq |
|---|---|---|---|---|---|---|
| ***Income Statement Items*** | | | | | | |
| Revenues | 302.2 | 277.2 | -8.3% | 70.0 | 74.1 | 5.9% |
| Opex | (119.7) | (114.2) | -4.6% | (28.2) | (27.7) | -1.7% |
| EBITDA | 236.6 | 219.1 | -7.4% | 56.9 | 53.8 | -5.5% |
| Adj. EBITDA (reported) | 252.3 | 229.4 | -9.1% | 57.7 | 61.2 | 6.0% |
| Net Income | 25.3 | (48.4) | n.m. | (12.1) | 14.4 | n.m. |
| Gross Margin | 66% | 64% | | 66% | 67% | |
| Adj. EBITDA Margin | 83% | 83% | | 83% | 83% | |
| ***Balance Sheet Items*** | | | | | | |
| Short Term Debt | 92.1 | 203.0 | 120.3% | 153.3 | 203.0 | 32.4% |
| Long Term Debt | 819.3 | 679.4 | -17.1% | 653.7 | 679.4 | 3.9% |
| Total Debt | 911.4 | 882.4 | -3.2% | 807.0 | 882.4 | 9.3% |
| Cash & Cash Eq. + ST Investments | 122.2 | 231.5 | 89.4% | 101.2 | 231.5 | 128.7% |
| Gross Leverage (LTM) | 3.6x | 3.8x | | 3.6x | 3.8x | |
| Net Leverage (LTM) | 3.1x | 2.8x | | 3.1x | 2.8x | |
| Cash / ST Debt | 133% | 114% | | 66% | 114% | |
| ST Debt / Total Debt | 10% | 23% | | 19% | 23% | |
| Debt / Capital | 65% | 62% | | 60% | 62% | |
| Liquidity ratio | 128% | 103% | | 75% | 103% | |
| ***Cash Flow Items*** | | | | | | |
| FFO after cash interest & taxes | 163.1 | 142.0 | -13.0% | 8.5 | 68.2 | 698.2% |
| Change in Working Capital | 15.7 | 4.8 | -69.4% | 14.5 | (7.9) | n.m. |
| CFO | 178.8 | 146.8 | -17.9% | 23.0 | 60.3 | 161.8% |
| Capex | (95.7) | (9.2) | -90.4% | (1.0) | (3.1) | 195.7% |
| Disposals | - | - | n.m. | - | - | n.m. |
| Free Operating Cash Flow | 83.1 | 137.6 | 65.6% | 22.0 | 57.2 | 160.2% |
| Acquisition (Disposals) | - | - | n.m. | - | - | n.m. |
| Free Cash Flow | 83.1 | 137.6 | 65.6% | 22.0 | 57.2 | 160.2% |
| OCF/Total Debt | 20% | 17% | | 11% | 27% | |
| FOCF/Total Debt | 9% | 16% | | 11% | 26% | |
| FCF/Total Debt | 9% | 16% | | 11% | 26% | |
| Capex/Sales | 32% | 3% | | 1% | 4% | |

Source: TPCG Research based on the company's reports

## Figure 13: Pampa Energia's FY21 and 4Q21 summary financials.

| Summary financials (in USDmn) | FY20 | FY21 | *Chg yoy* | 3Q21 | 4Q21 | *Chg qoq* |
|---|---|---|---|---|---|---|
| ***Income Statement Items*** | | | | | | |
| Revenues | 1,073.0 | 1,508.0 | *40.5%* | 435.0 | 406.0 | *-6.7%* |
| Opex | (782.0) | (1,087.0) | *39.0%* | (309.0) | (336.0) | *8.7%* |
| Adj. EBITDA | 694.0 | 905.0 | *30.4%* | 262.0 | 199.0 | *-24.0%* |
| Net Income | (468.0) | 238.0 | *n.m.* | 130.0 | 38.0 | *-70.8%* |
| Gross Margin | 38% | 37% | | 36% | 29% | |
| Adj. EBITDA Margin | 65% | 60% | | 60% | 49% | |
| ***Balance Sheet Items*** | | | | | | |
| Short Term Debt | 242.2 | 79.5 | *-67.2%* | 66.2 | 79.5 | *20.0%* |
| Long Term Debt | 1,371.7 | 1,359.1 | *-0.9%* | 1,372.6 | 1,359.1 | *-1.0%* |
| Total Debt | 1,613.8 | 1,438.5 | *-10.9%* | 1,438.9 | 1,438.5 | *0.0%* |
| Cash & Cash Eq. + ST Investments | 491.3 | 572.8 | *16.6%* | 507.0 | 572.8 | *13.0%* |
| Gross Leverage (LTM) | 2.3x | 1.6x | | 1.8x | 2.1x | |
| Net Leverage (LTM) | 1.6x | 1.0x | | 1.3x | 1.4x | |
| Cash / ST Debt | 203% | 721% | | 766% | 721% | |
| ST Debt / Total Debt | 15% | 6% | | 5% | 6% | |
| Debt / Capital | 33% | 37% | | 38% | 37% | |
| Liquidity ratio | 165% | 329% | | 376% | 329% | |
| ***Cash Flow Items*** | | | | | | |
| Funds From Operations | 747.1 | 767.0 | *2.7%* | 207.9 | 116.7 | *-43.9%* |
| Change in Working Capital | (30.8) | (13.1) | *-57.3%* | 34.8 | 34.9 | *0.2%* |
| CFO after cash interest & taxes | 543.8 | 617.8 | *13.6%* | 199.2 | 137.4 | *-31.0%* |
| Capex | (116.6) | (207.9) | *78.4%* | (67.6) | (63.6) | *-5.9%* |
| Disposals | 0.5 | 6.1 | *n.m.* | - | 5.8 | *n.m.* |
| Free Operating Cash Flow | 427.8 | 415.9 | *-2.8%* | 131.6 | 79.7 | *-39.5%* |
| Acquisition (Disposals) | (18.6) | 34.4 | *n.m.* | 0.5 | (6.1) | *n.m.* |
| Free Cash Flow | 409.2 | 450.4 | *10.1%* | 132.1 | 73.6 | *-44.3%* |
| OCF/Total Debt | 34% | 43% | | 55% | 38% | |
| FOCF/Total Debt | 27% | 29% | | 37% | 22% | |
| FCF/Total Debt | 25% | 31% | | 37% | 20% | |
| Capex/Sales | 11% | 14% | | 16% | 16% | |

Source: TPCG Research based on the company's reports

## Figure 14: TGS's FY21 and 4Q21 summary financials.

| Summary financials (in USDmn) | FY20 | FY21 | *Chg yoy* | 3Q21 | 4Q21 | *Chg qoq* |
|---|---|---|---|---|---|---|
| ***Income Statement Items*** | | | | | | |
| **Revenues** | **791.2** | **935.6** | *18.2%* | **184.8** | **252.4** | *36.6%* |
| Opex | (456.2) | (578.6) | *26.8%* | (131.1) | (98.5) | *-24.9%* |
| **EBITDA** | **423.7** | **459.4** | *8.4%* | **75.4** | **118.6** | *57.3%* |
| **Net Income** | **46.5** | **220.1** | *372.9%* | **45.4** | **67.2** | *48.0%* |
| Gross Margin | 51% | 46% | | 38% | 66% | |
| EBITDA Margin | 54% | 49% | | 41% | 47% | |
| ***Balance Sheet Items*** | | | | | | |
| Short Term Debt | **11.1** | **11.5** | *3.2%* | **19.5** | **9.1** | *-53.2%* |
| Long Term Debt | **510.2** | **500.3** | *-1.9%* | **503.0** | **417.9** | *-16.9%* |
| **Total Debt** | **521.3** | **511.8** | *-1.8%* | **522.5** | **427.0** | *-18.3%* |
| **Cash & Cash Eq. + ST Investments** | **244.2** | **172.3** | *-29.5%* | **125.8** | **200.0** | *59.1%* |
| Gross Leverage (LTM) | 1.2x | 1.1x | | 1.5x | 1.1x | |
| Net Leverage (LTM) | 0.7x | 0.7x | | 1.1x | 0.7x | |
| Cash / ST Debt | 2194% | 1499% | | 646% | 2194% | |
| ST Debt / Total Debt | 2% | 2% | | 4% | 2% | |
| Debt / Capital | 40% | 30% | | 33% | 40% | |
| Liquidity ratio | 195% | 175% | | 171% | 195% | |
| ***Cash Flow Items*** | | | | | | |
| **Funds From Operations** | **448.7** | **394.7** | *-12.0%* | **68.5** | **97.1** | *41.7%* |
| Change in Working Capital | (6.0) | (36.6) | *510.0%* | (8.8) | (5.4) | *-38.2%* |
| **CFO after cash interest & taxes** | **403.8** | **318.6** | *-21.1%* | **58.1** | **76.6** | *31.9%* |
| Capex | (110.0) | (101.5) | *-7.8%* | (26.1) | (18.8) | *-28.0%* |
| Disposals | - | - | *n.m.* | - | - | *n.m.* |
| **Free Operating Cash Flow** | **293.8** | **217.2** | *-26.1%* | **32.0** | **57.8** | *80.8%* |
| Acquisition (Disposals) | - | - | *n.m.* | - | - | *n.m.* |
| **Free Cash Flow** | **293.8** | **217.2** | *-26.1%* | **32.0** | **57.8** | *80.8%* |
| OCF/Total Debt | 77% | 62% | | 44% | 72% | |
| FOCF/Total Debt | 56% | 42% | | 24% | 54% | |
| FCF/Total Debt | 56% | 42% | | 24% | 54% | |
| Capex/Sales | 14% | 11% | | 14% | 7% | |

Source: TPCG Research based on the company's reports

## TPCG Analysts & Staff


### Research

| | | | |
|---|---|---|---|
| **Juan Manuel Pazos** | **Chief Economist** | **jmpazos@tpcgco.com** | **+54 11 4898-6606** |
| Paula La Greca | Corporate Research Analyst | plagreca@tpcgco.com | +54 11 4898-6638 |
| Federico Martin | Strategist | famartin@tpcgco.com | +54 11 4898-6633 |
| Victoria Faynbloch | LATAM Strategist | vfaynbloch@tpcgco.com | +54 11 4898-6635 |
| Santiago Resico | LATAM Strategist | sresico@tpcgco.com | +54 11 4898-6615 |
| Marcos Pereyra Iraola | Quantitative Analyst | mpereyrairaola@tpcgco.com | +54 11 4898-6602 |

### Sales & Trading

| | | | |
|---|---|---|---|
| **Juan Manuel Truppia** | **Head of Sales & Trading** | **jmtruppia@tpcgco.com** | **+54 11 4898-6659** |
| Juan Martin Longhi | S&T Director | jlonghi@tpcgco.com | +54 11 4898-6656 |
| Lucia Rodriguez Pardina | S&T Director | lrodriguezpardina@tpcgco.com | +54 11 4898-6614 |
| Agustina Guadalupe | Sales | aguadalupe@tpcgco.com | +54 11 4898-6682 |
| Maria Pilar Hurtado | Sales | mhurtado@tpcgco.com | +54 11 4898-6616 |
| Sebastian Salvay | Sales | ssalvay@tpcgco.com | +54 11 4898-6663 |
| Juan Ignacio Vergara | Sales | jivergara@tpcgco.com | +54 11 4898-1936 |
| Santiago Baibiene | Sales | sbaibiene@tpcgco.com | +54 11 4898-6648 |
| Pedro Nollmann | Sales | pnollmann@tpcgco.com | +54 11 4898-6617 |
| María Ruiz de Castroviejo Salas | Sales | mruizdecastroviejo@tpcgco.com | +54 11 4898-6643 |
| Santiago Barros Moss | Sales | sbarros@tpcgco.com | +54 11 4898-6629 |
| Felipe Freire | Trader | ffreire@tpcgco.com | +54 11 4898-1921 |
| Homero Fernandez Bianco | Trader | hfbianco@tpcgco.com | +54 11 4898-6667 |
| Andres Robertson | Trader | arobertson@tpcgco.com | +54 11 4898-6693 |
| Raúl Pasman | Trader | rpasman@tpcgco.com | +54 11 4898-6625 |

### Corporate Banking

| | | | |
|---|---|---|---|
| **José Ramos** | **Head of Corporate Banking** | **jramos@tpcgco.com** | **+54 11 4898-6645** |
| Camila Martinez | Corporate Sales | cmartinez@tpcgco.com | +54 11 4898-6621 |
| Fernando Depierre | Corporate Sales | fdepierre@tpcgco.com | +54 11 4898-6636 |
| Sol Silvestrini | Corporate Sales | ssilvestrini@tpcgco.com | +54 11 4898-6641 |

### Capital Markets

| | | | |
|---|---|---|---|
| **Fernando Lanus** | **Head of Capital Markets** | **flanus@tpcgco.com** | **+54 11 4898-6632** |
| Nicolás Alperín | Investment Banking Analyst | nalperin@tpcgco.com | +54 11 4898-6604 |

### Asset Management

| | | | |
|---|---|---|---|
| **Ileana Aiello** | **Portfolio Manager** | **iaiello@tpcgco.com** | **+54 11 4898-6611** |
| **Claudio Achaerandio** | **Portfolio Manager** | **cachaerandio@tpcgco.com** | **+54 11 4898-6618** |

## Important Disclaimer

The document, and the information, opinions, estimates and recommendations expressed herein, have been prepared by TPCG Valores SAU to provide its customers with general information regarding the date of issue of the report and are subject to changes without prior notice. TPCG Valores SAU is not liable for giving notice of such changes or for updating the contents hereof. The document and its contents do not constitute an offer, invitation or solicitation to purchase or subscribe to any securities or other instruments, or to undertake or divest investments. Neither shall the document nor its contents form the basis of any contract, commitment or decision of any kind.

Investors who have access to the document should be aware that the securities, instruments or investments to which it refers may not be appropriate for them due to their specific investment goals, financial positions or risk profiles, as these have not been taken into account to prepare the report. Therefore, investors should make their own investment decisions considering the said circumstances and obtain such specialized advice as may be necessary.

The contents of the document are based upon information available to the public that has been obtained from sources considered to be reliable. However, such information has not been independently verified by TPCG Valores SAU, and therefore no warranty, either express or implicit, is given regarding its accuracy, integrity or correctness. TPCG Valores SAU. accepts no liability of any type for any direct or indirect losses arising from the use of the document or its contents. Investors should note that the past performance of securities or instruments or the historical results of investments do not guarantee future performance. The market prices of securities or instruments or the results of investments could fluctuate against the interests of investors. Investors should be aware that they could even face a loss of their investment.

Transactions in futures, options and securities or high-yield securities can involve high risks and are not appropriate for every investor. Indeed, in the case of some investments, the potential losses may exceed the amount of initial investment and, in such circumstances; investors may be required to pay more money to support those losses. Thus, before undertaking any transaction with these instruments, investors should be aware of their operation, as well as the rights, liabilities and risks implied by the same and the underlying stocks. Investors should also be aware that secondary markets for the said instruments may be limited or even not exist.

TPCG Valores SAU. and/or any of its affiliates, as well as their respective directors, executives and employees, may have a position in any of the securities or instruments referred to, directly or indirectly, in the document, or in any other related thereto; they may trade for their own account or for third-party account in those securities, provide consulting or other services to the issuer of the aforementioned securities or instruments or to companies related thereto or to their shareholders, executives or employees, or may have interests or perform transactions in those securities or instruments or related investments before or after the publication of the report, to the extent permitted by the applicable law.

TPCG Valores SAU or any of its affiliates' salespeople, traders and other professionals may provide oral or written market Commentary or trading strategies to its clients that reflect opinions that are contrary to the opinions expressed herein. Furthermore, TPCG Valores SAU, or any of its affiliates' proprietary trading and investing businesses, may make investment decisions that are inconsistent with the recommendations expressed herein.

No part of the document may be (i) copied, photocopied or duplicated by any other form or means (ii) redistributed or (iii) quoted without the prior written consent of TPCG Valores SAU. No part of the report may be copied, conveyed, distributed or furnished to any person or entity in any country (or persons or entities in the same) in which its distribution is prohibited by law. Failure to comply with these restrictions may breach the laws of the relevant jurisdiction.