Argentina:
Corporates FY23 Update

Paula A. La Greca
Corporate Analyst
TPCG Research

April 29, 2024

Agenda

O&G

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

Utilities

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

Banks

- Banco Macro
- Banco Galicia
- BBVA Argentina

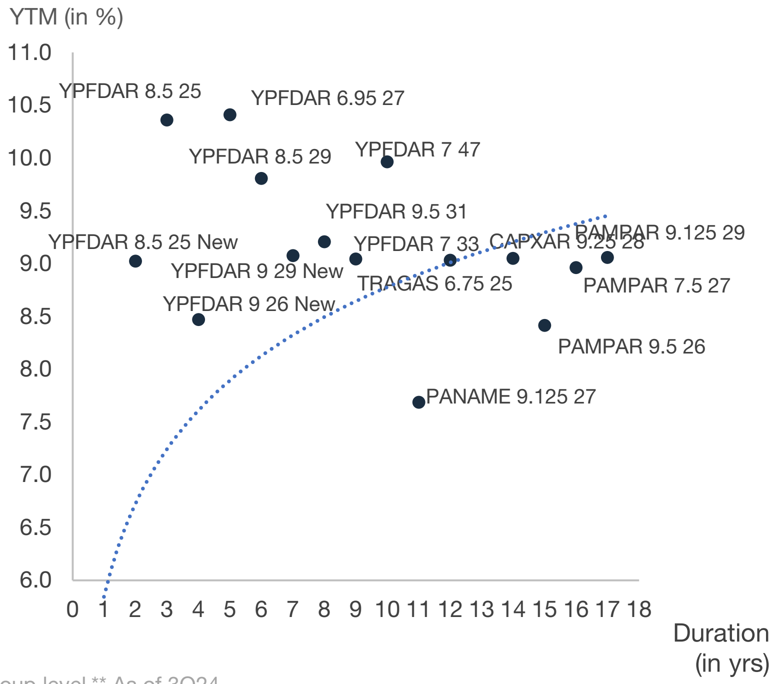
Retail / Telcos / Real Estate

- Telecom
- Arcor
- Aeropuertos Argentina 2000
- IRSA IR

O&G companies' main figures

Summary financials as of FY23.

	YPF YPFDAR	Pan American Energy PANAME	Vista VIST	Pampa Energia* PAMPAR	CGC CGCSA	Capex SA** CAPXAR	TGS TRAGAS	TGN
Total Production (KBOED)	513.6	162.4	51.1	65.4	57.6	17.2	-	-
In USDmn								
Revenues	17,311.0	4,611.7	1,168.8	666.0	1,763.8	410.4	560.1	123.0
Adj. EBITDA	4,058.4	1,365.9	870.7	341.0	509.4	165.7	219.0	16.5
Net Income	(1,277.0)	313.3	397.0	(47.0)	(528.1)	(15.5)	29.1	71.4
Gross Margin	20%	26%	51%	38%	17%	51%	37%	-1%
Adj. EBITDA Margin	23%	30%	74%	51%	29%	40%	39%	13%
Capex	5,673.0	697.8	695.7	556.0	308.1	159.3	167.1	29.2
Free Cash Flow	(288.0)	(61.1)	(30.5)	n.a.	(349.9)	(72.2)	67.4	42.2
Cash & Cash Eq. + ST Investments	1,387.0	313.6	213.3	834.4	270.8	35.5	407.5	90.0
ST Debt (incl. leases)	1,849.0	550.8	96.1	224.3	258.1	67.9	74.9	65.9
Total Debt (incl. leases)	8,856.0	2,212.5	686.5	1,447.9	1,222.8	362.8	583.4	70.7
(Cash + ST Investments) / ST Debt	75%	57%	222%	372%	105%	52%	544%	137%
Gross Leverage (incl. leases) (LTM)	2.0x	1.6x	0.8x	2.2x	2.4x	2.2x	2.7x	4.3x
Net Leverage (incl. leases) (LTM)	1.7x	1.4x	0.5x	0.9x	1.9x	2.0x	0.8x	-1.2x



Source: TPCG Research based on the companies' reports, Bloomberg *Pampa Energia's E&P business profitability and capex figures. Indebtedness figures at Restricted group level ** As of 3Q24

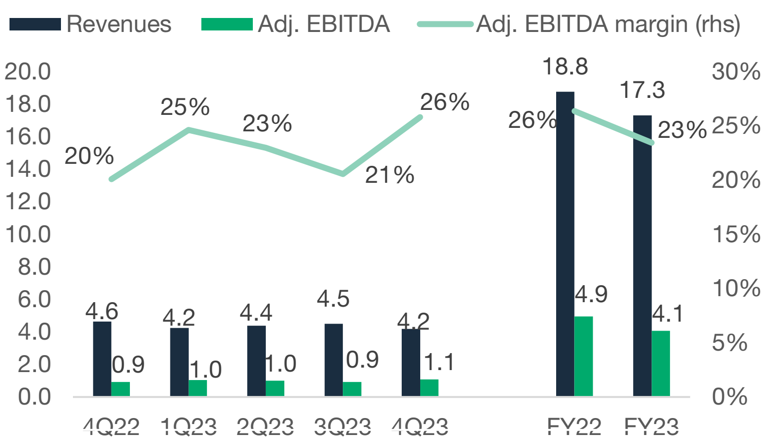
In FY23, companies showed higher hydrocarbon production. In the case of YPF, Vista and CGC was led by oil production while in the case of PAE, Pampa Energia, Capex was led by natural gas production. With the change in government, the price of local crude oil improved to USD68/bbl on average, +9% yoy / +10% qoq. In addition, pump-prices also increased standing at 2018 levels. The stronger local price environment will support capex plans to boost production. In the 1Q24 earnings call, Vista announced that they will import a third high-spec rig to Argentina, which would start to be in operation in 2H24. As a result, Vista's crude oil production guidance was revised upward to 70kboed from 68kboed for FY24. Another important point is that Vista is participating in Exxon Mobile tender.

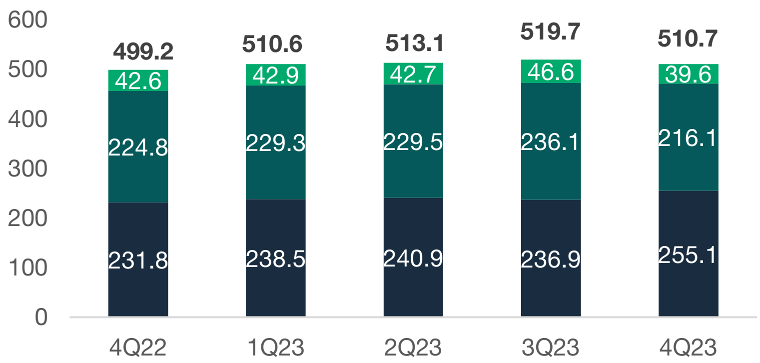
In our view, YPF is going through a streamlining cost program in which it aims to divest 55 mature fields to reduce lifting costs. Mr. Marin, YPF's President, and CEO, said they want to finish the proccess by Septermber 1st, 2024. If YPF is successful the company's profitability levels would improve materially in 4Q24. Said this, we are positive on the crude oil side. On the contrary, we are cautious on the natural gas side due to the delays in Plan Gas payments.

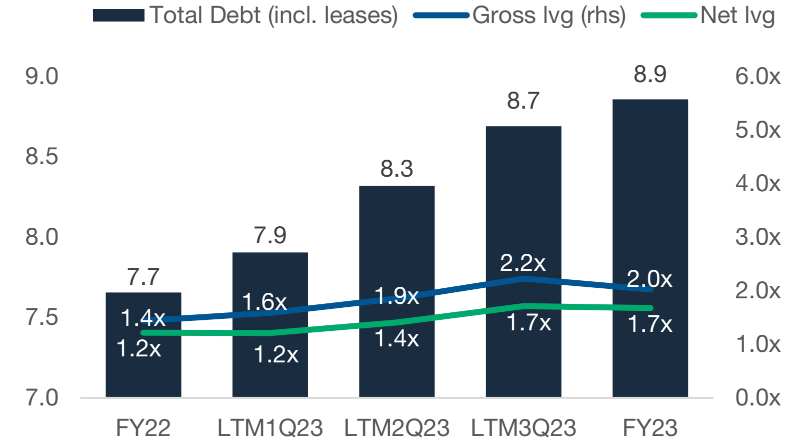
TPCG

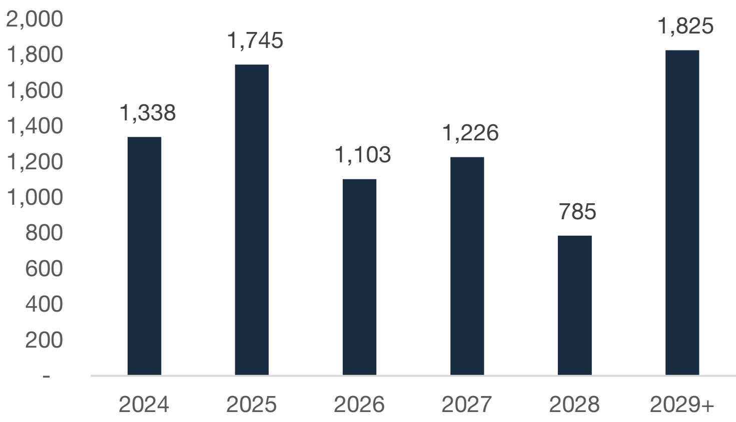
YPF SA (YPFDAR)

- In FY23, YPF's revenues were down -8% yoy to USD17,311mn. 4Q23 was the weakest quarter with revenues of USD4,194mn (-7% qoq / -10% yoy). Domestic sales, which accounted for 89% of total revenues, were down by 6.2% yoy to USD15,399mn in FY23 and decreased by 10% qoq / 12% yoy to USD3,632mn in 4Q23. Exports market sales decreased by 18% yoy to USD1,912mn in FY23. 4Q23 was the strongest quarter for export market sales, with revenues increasing by +17% qoq / +5% yoy to USD562mn, mainly driven by crude oil exports of USD151mn (-0.5% qoq / +638% yoy).
- YPF's Adj. EBITDA was down by 18% yoy to USD4,058mn, due to lower revenues coupled with higher lifting costs (USD15.4/boe vs USD13.3/boe in FY23) and refining and logistic costs (+13.4% yoy).
- Total production was 513.6KBOE/D (+2% yoy) in FY23. Shale production grew by +16% yoy to 235.8KBOE/D with oil production growing by +27% yoy to 97.2KBBL/D and natural gas production by +7.8% yoy to 17.2Mm3d.
- As of Dec- 31st, 2023, YPF's total debt including leases was up by +1.9% qoq to USD8,856mn. Cash + Investments was down by 6.2% qoq to USD1,387mn, covering short term maturities by 75%. The company's FY23 reported net leverage ratio was up to 1.7x from 1.2x in FY22.







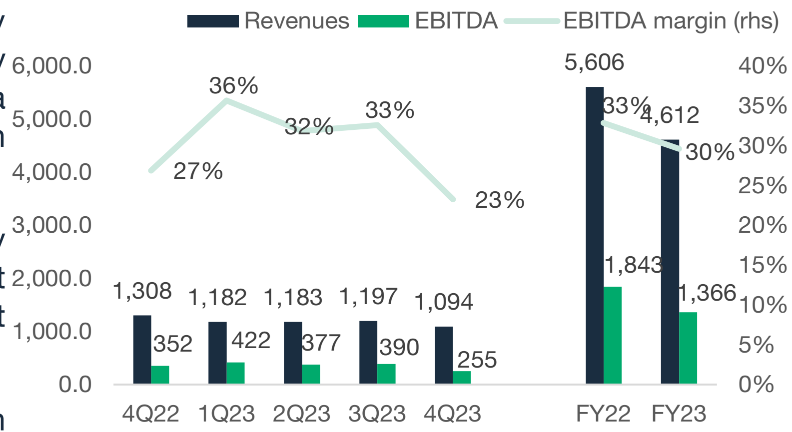


Source: TPCG Research based on the company's reports

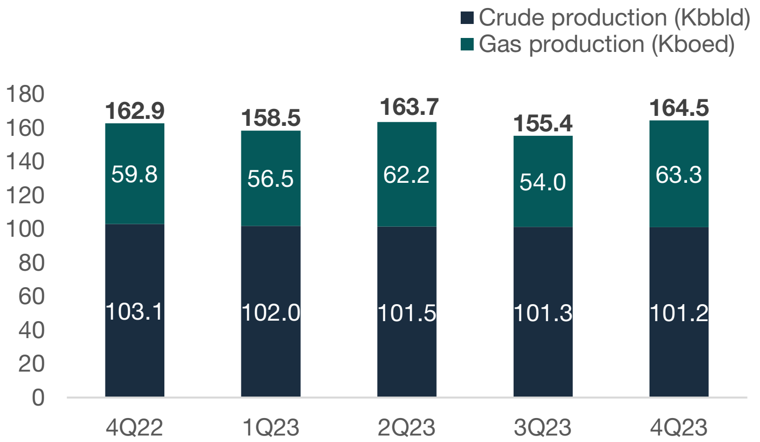
Pan American Energy (PANAME)

- In FY23, Pan American Energy's revenues were USD4,612mn (-18% yoy). Gasoline sales dropped by 11% yoy to USD3,432mn. The EBITDA was down by 26% to USD1,366mn, with Opex decreasing at a lower pace than revenues. The EBITDA margin dropped to 30% from 33% in FY22.
- In FY23, total O&G production was up by 2.8% yoy to 162.4kboed, with natural gas production at 62.8kboed (+9.5% yoy) and oil production at 99.6kbbld (-1.0% yoy).
- FCF turned negative to –USD61mn from USD46mn in FY23, mainly driven by FFO decreasing by 39% yoy to USD925mn. Capex decreased by 26% yoy to USD698mn.
- As of Dec-31st, 2024, Pan American Energy's total debt (incl. leases) was down -11% yoy to USD2,213mn. Cash & Eq. + ST investments were flat yoy at USD313.6mn, not enough to cover short term debt of USD550.8mn. According to our estimates, the company net leverage (incl. leases) was up to 1.4x in FY23 from 1.0x in LTM3Q23.

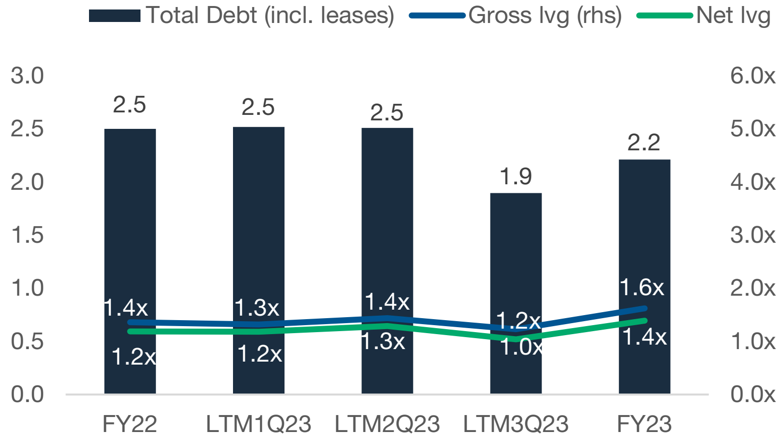
In USDbn



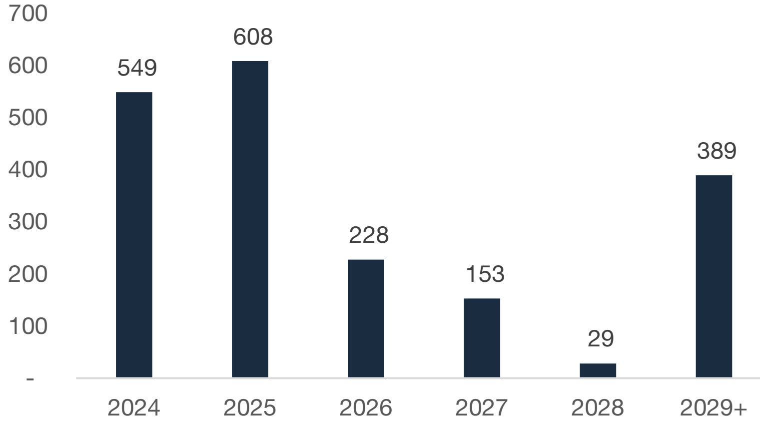
Total production | in KBOED



In USDbn



Maturity schedule as of Dec-31st, 2023 | in USDmn

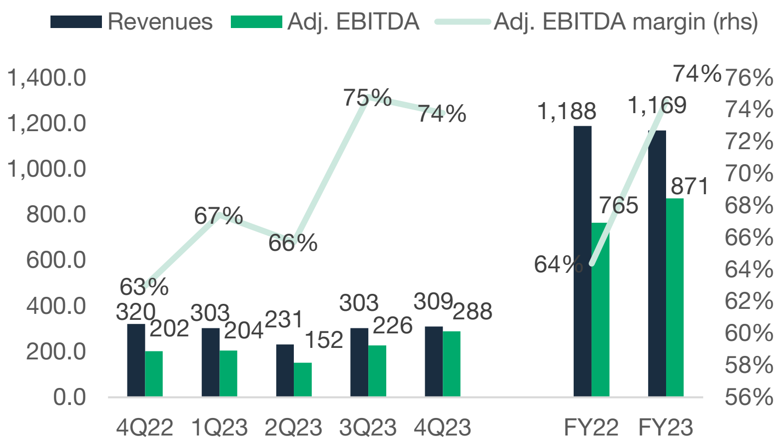


Source: TPCG Research based on the company's reports

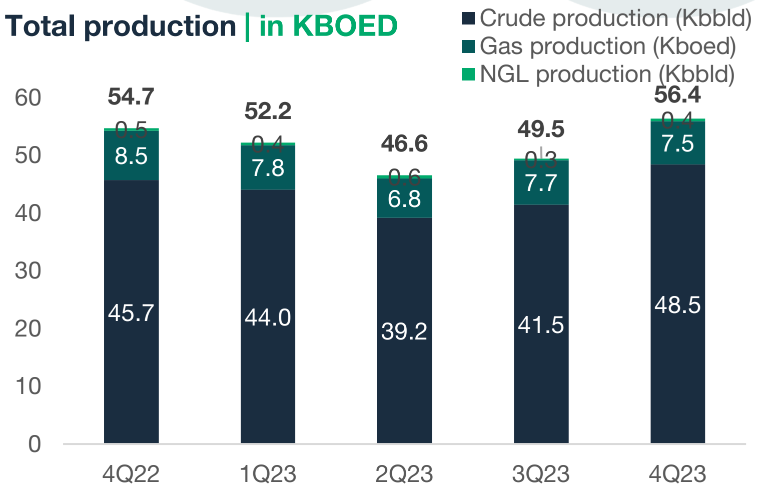
Vista (VIST)

- In FY23, Vista' revenues were down by 1.6% yoy to USD1,169mn with crude oil sales decreasing by 1.4% yoy to USD1,097mn on lower prices and natural gas sales dropping by 2% yoy to USD67.3mn, due to lower domestic demand. The Adj. EBITDA grew +14% yoy to USD870.7mn, explained by lower exploration and operating expenses. The Adj. EBITDA margin improved to 74% from 64% in FY22.
- Oil production was up by +8.1% yoy to 43.3kbbld while natural gas production decreased by 7.8% yoy to 1.2MMm3/d. In FY23, Vista completed and tied-in 31 new wells, 3 more than in FY22.
- FCF was negative at –USD30.5mn vs. USD56.1mn in FY22, explained by trade receivable cash outflows increasing by +135% yoy to –USD81.3mn. Capex was up by +43% yoy to USD695.7mn.
- As of Dec-31st, 2023, Vista's total debt (incl. leases) was USD686.5mn (-9% qoq) . Cash & Eq. + ST Investments stood at USD213mn (+22.7% qoq), covering short term debt by 222%. The company net leverage decreased to 0.5x from 0.7x in LTM3Q23.

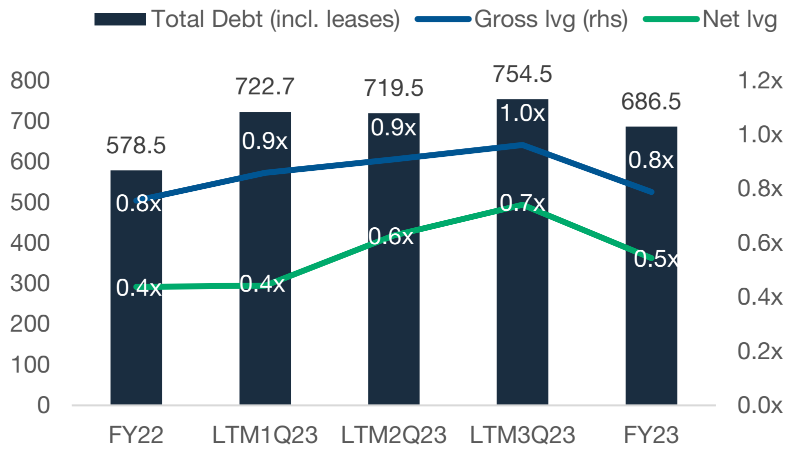
In USDmn



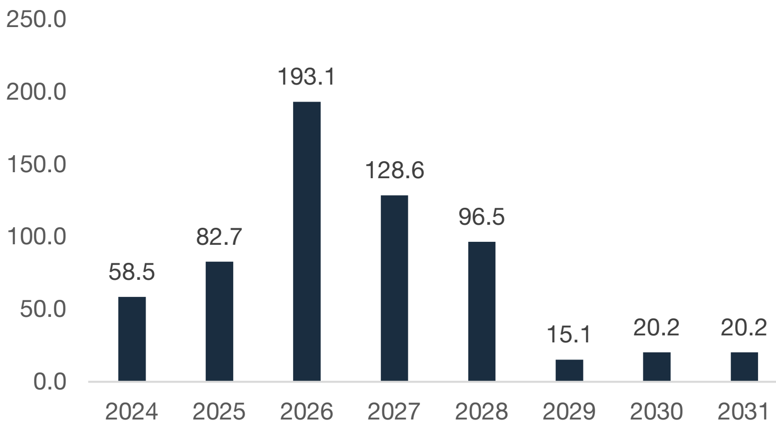
Total production | in KBOED



In USDmn



Maturity schedule as of Dec-31st, 2023 | in USDmn

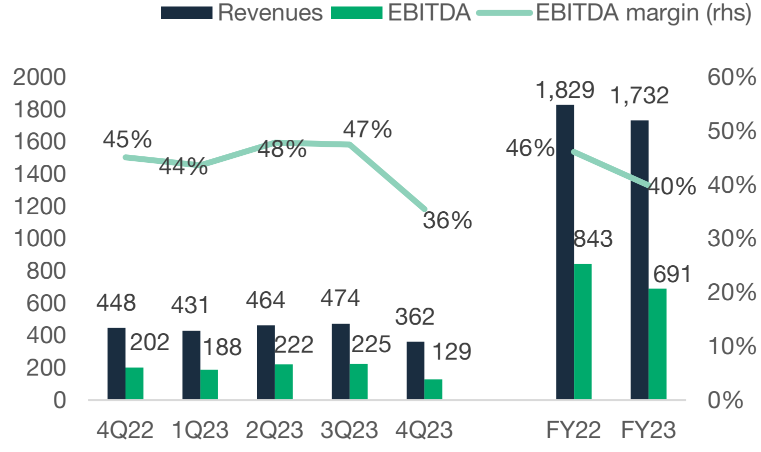


Source: TPCG Research based on the company's reports

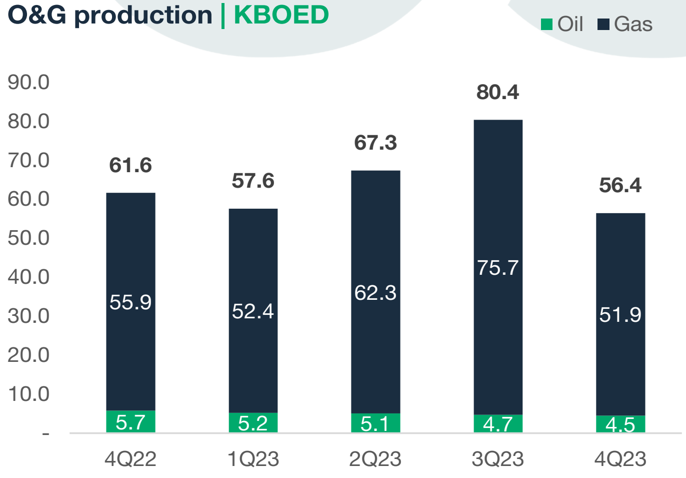
Pampa Energia (PAMPAR)

- In FY23, Pampa Energia's revenues were down by -5.3% yoy to USD1,732mn. The Adj. EBITDA was USD802mn (-12% yoy). The Adj. EBITDA margin decreased to 46% from 50% in FY22.
- E&P revenues, which accounted for 38% of total sales, were up by +3.1% yoy to USD666mn in FY23. Natural gas sales grew by +4.3% yoy to 60.4kboe/d driven by higher delivery volumes under Plan Gas Ar. The Adj. EBITDA was USD341mn (-1.7% yoy).
- Power generation sales decreased by -2.3% yoy to USD648mn, explained by lower legacy energy prices. The Adj. EBITDA was USD392mn (-0.8% yoy).
- FCF remained negative at –USD93mn from -USD37mn in FY22, on lower FFO (-48% yoy). WK cash outflows improved to -USD108mn from –USD122mn in FY22. Capex decreased 23% yoy to USD240mn.
- As of Dec-31st, 2023, Pampa Energia's total debt (including leases) was down -11% yoy to USD1,448mn. Cash & Eq. + ST Investments increased by +19% yoy to USD834mn, covering short-term debt by 3.7x. The reported consolidated net lvg was down to 0.9x from 1.3x in FY22.

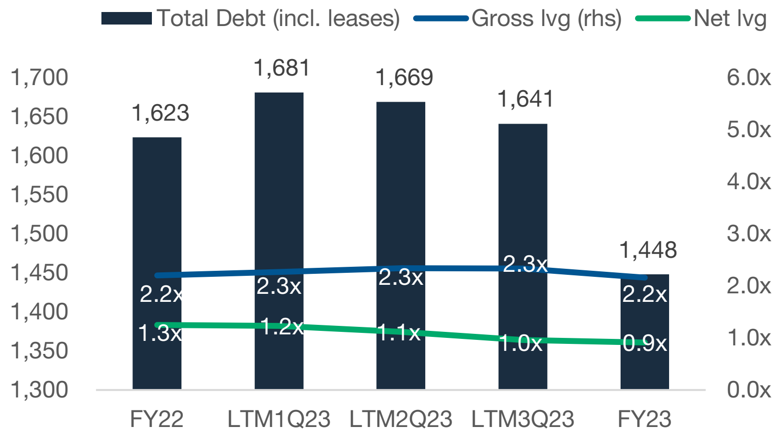
In USDbn



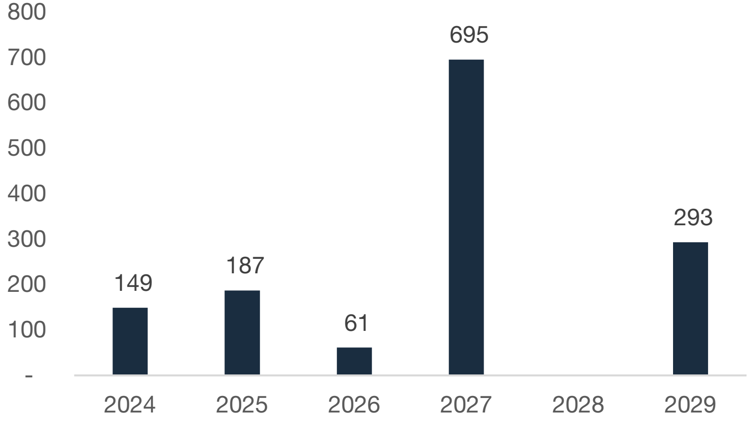
O&G production | KBOED



In USDbn



Maturity schedule as of Dec-31st, 2023 | in USDmn

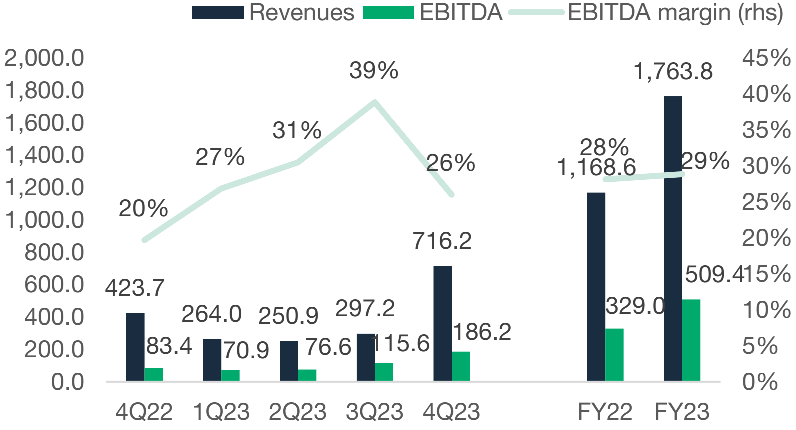


Source: TPCG Research based on the company's reports

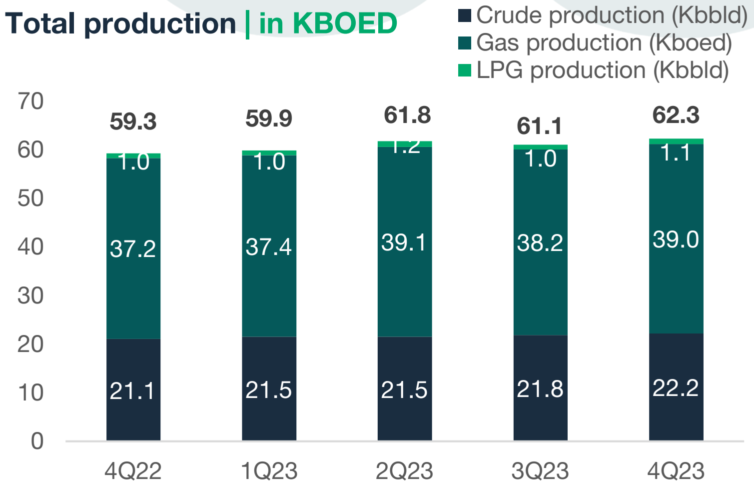
Cia General de Combustibles (CGCSA)

- In FY23, CGC' revenues were up by +51% yoy to USD1,764mn with crude oil sales increasing by +37% yoy to USD1,053mn and natural gas sales growing by +88% yoy to USD647mn. Incentives jumped by +31% yoy to USD18.6mn in FY23. The Adj. EBITDA grew +55% yoy to USD509mn. The Adj. EBITDA margin improved to 29% from 28% in FY22.
- Oil production was up by +2.9% yoy to 20.4kbbld while natural gas production increased by +2.0% yoy to 36.1kboed. In FY23, CGC added 39 operating oil wells totaling 79 wells vs. 40 in FY22.
- FCF remained negative at –USD350mn vs. –USD205mn in FY22. Working capital cash inflows of USD90mn vs. –USD51mn in FY22 partly offset the higher Capex (USD308mn, +13% yoy).
- As of Dec-31st, 2023, CGC's total debt (incl. leases) was USD1,223mn (+59% yoy) . Cash & Eq. + ST Investments stood at USD271mn (+53% yoy), covering short term debt by 105%. According to our estimates, the company net leverage increased to 1.9x from 1.8x in LTM3Q23.

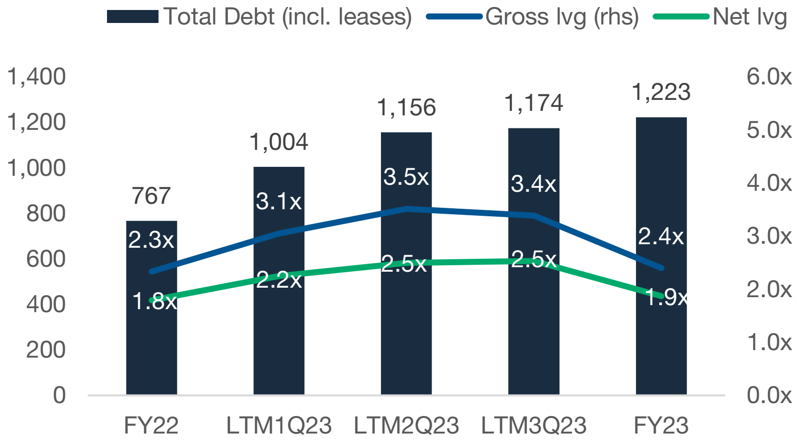
In USDmn



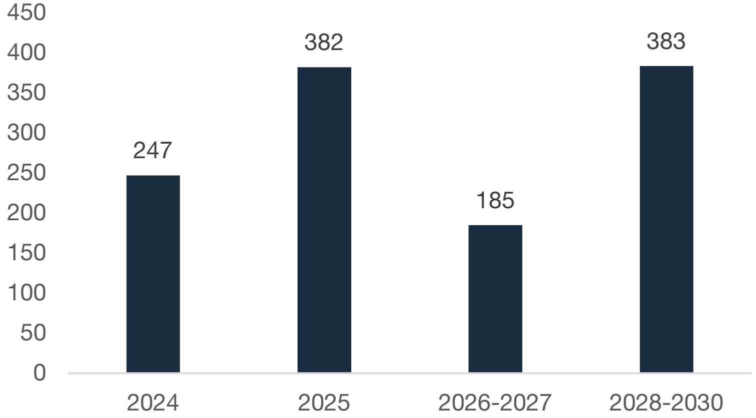
Total production | in KBOED



In USDmn



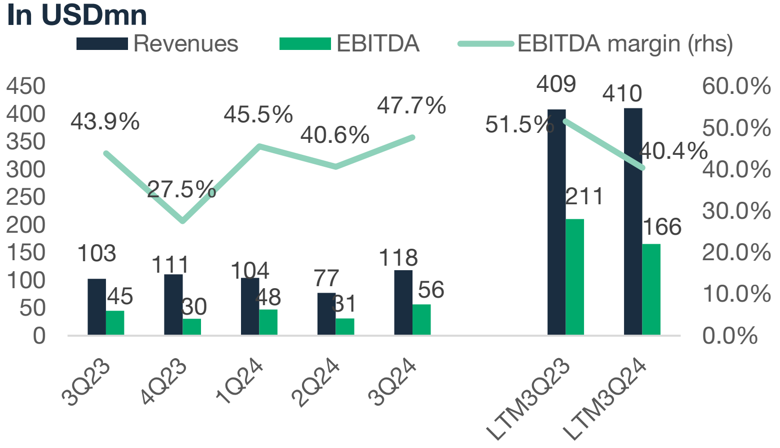
Maturity schedule as of Dec-31st, 2023 | in USDmn

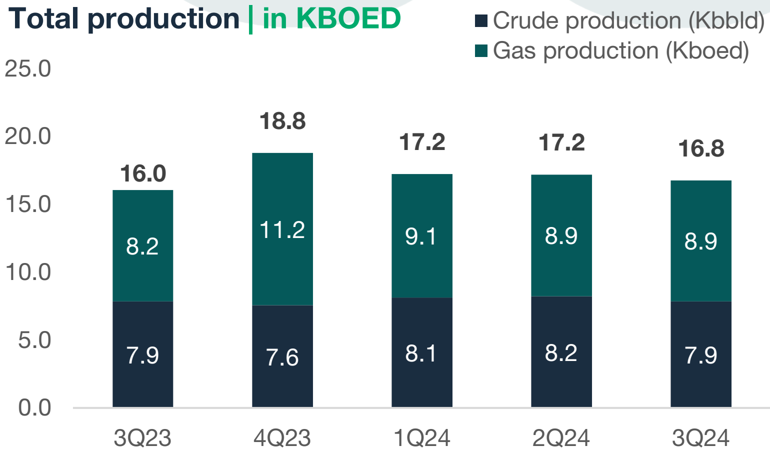


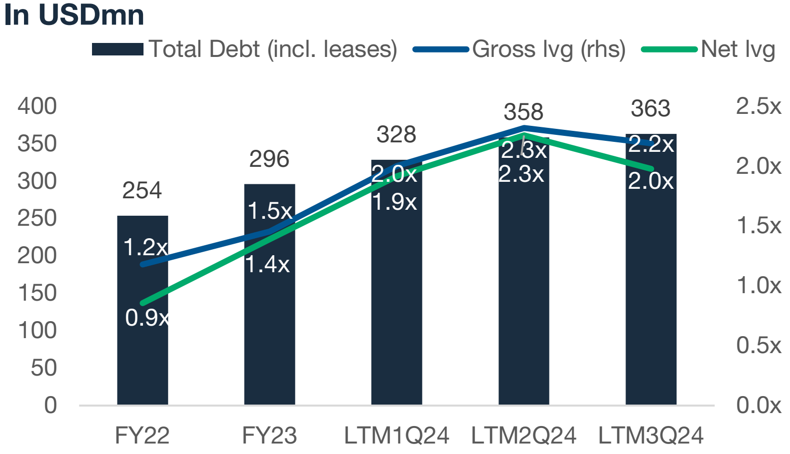
Source: TPCG Research based on the company's reports

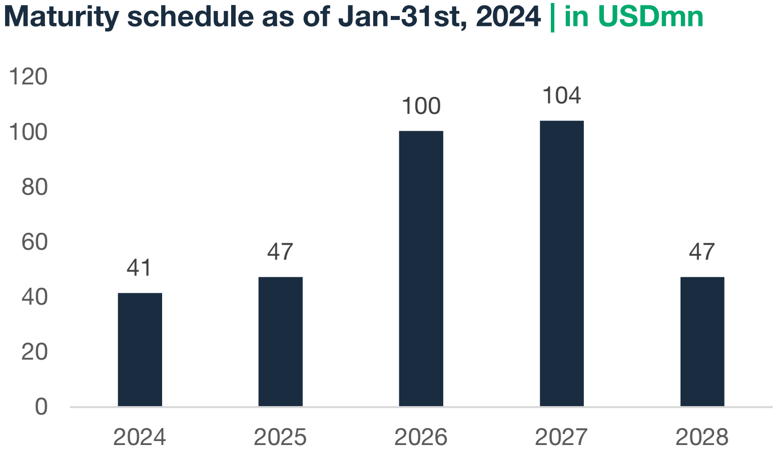
Capex SA (CAPXAR)

- In LTM3Q24 (Feb 2023 - Jan 2024), revenues were flat yoy at USD410mn, of which 45% came from oil exports, 26% from electricity sales, and 24% from domestic oil sales. Our estimated EBITDA dropped 21% yoy to USD166mn.
- In 9M24, crude production increased by 4.1% yoy to 8.1kbbld (2,182kbbl). Local crude oil sales were up by 19% yoy to USD100.3mn while exports were up 11% yoy to USD199.1mn. Volumes sold in the local market were down by 15.3% yoy to 524kbbl while the volumes of exports were down by 3.5% yoy to 921kbbl. In LTM3Q24, oil exports were down by 5% yoy while local sales increased by 16% yoy. Sales of electricity were flat yoy at USD106mn.
- Capex SA 9M24 FCF was –USD45.9mn vs –USD39.9mn in 9M23. The improvement was driven by lower working capital cash outflows (-51% yoy to -USD18mn), interest expense (-43% yoy to -USD11mn) and Capex (-17% yoy to -USD81mn).
- As of January 31st, 2024, Capex SA's LTM3Q24 net leverage was 2.0x down from 2.3x in LTM2Q24 . The company's total debt was roughly flat qoq at USD363mn, with ST debt of USD67.9mn.







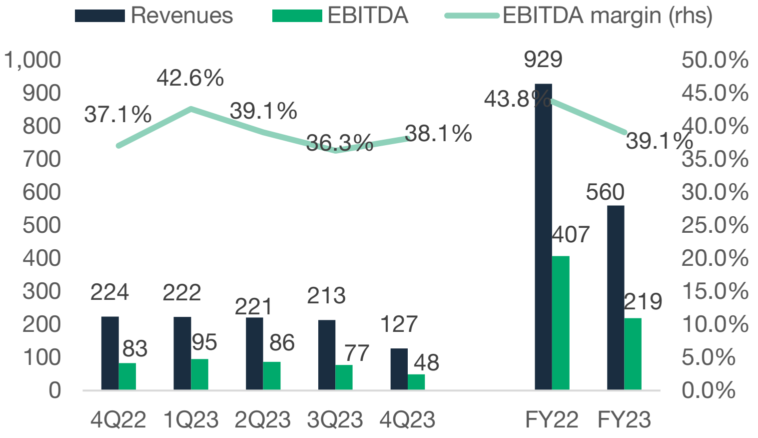


Source: TPCG Research based on the company's reports

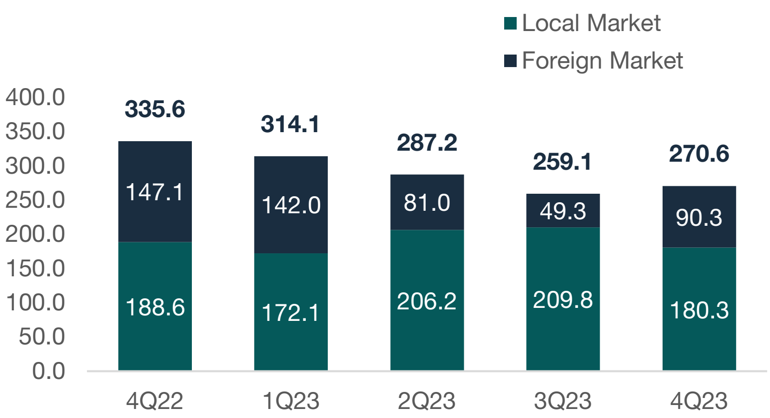
TGS (TRAGAS)

- In FY23, TGS estimated revenues were down 40% to USD560mn, with natural gas transportation revenues decreasing by 47% to USD123mn and liquids and commercialization dropping by 44% yoy to USD328mn. EBITDA was down by 46% yoy to USD219mn, the margin was down to 39% from 44% in FY22.
- Liquids volumes sold were flat yoy at 1,129,186 tons, with local market sales increasing by +5.2% yoy to 768,805 tons offset foreign market sales decreasing by 9.6% yoy to 360,381 tons.
- FCF improved by +18% yoy to USD67.4mn, on lower interest expense (-40% yoy) and lower other receivable cash outflows (-51% yoy). Capex grew by +17% yoy to USD167mn.
- As of Dec-31st, 2023, TGS total debt was up by 1.7% qoq to USD583mn with short-term loans increasing by 18% qoq to USD75mn. However, cash + ST investments was down by 13% qoq to USD408mn, covering short term debt by 544%. TGS's net leverage increased to 0.8x from 0.3x in LTM3Q23.
- On April 3rd, the ENARGAS (The National Natural Gas Regulatory Entity) announced a new transitional increase in natural gas transportation tariff of 675%.

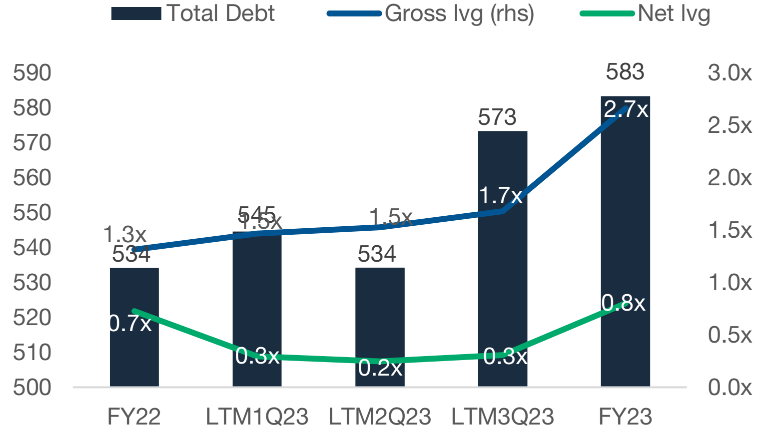
In USDmn



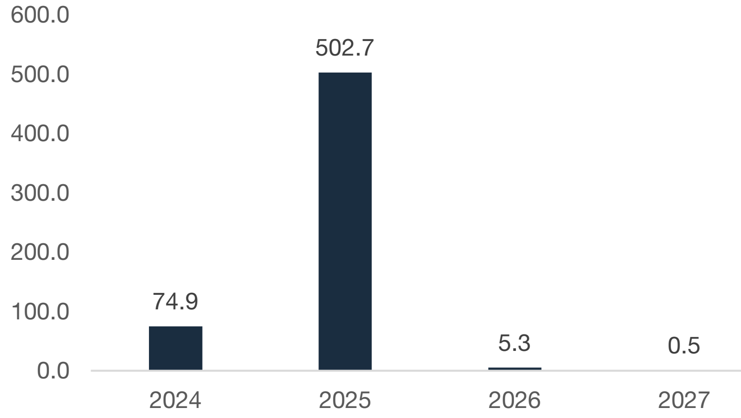
Volumes dispatched in k tons



In USDmn



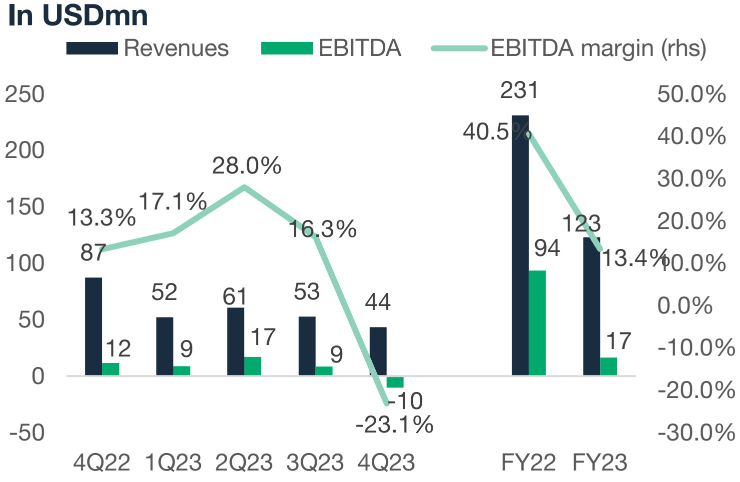
Maturity schedule as of Dec-31st, 2023 | in USDmn

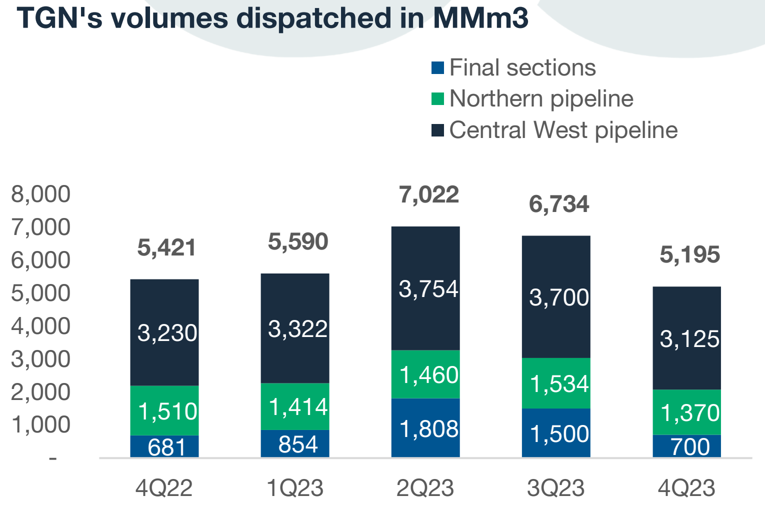


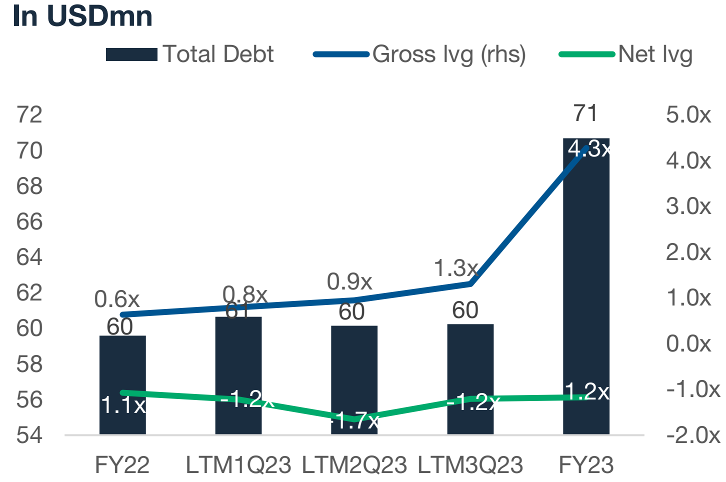
Source: TPCG Research based on the company's reports

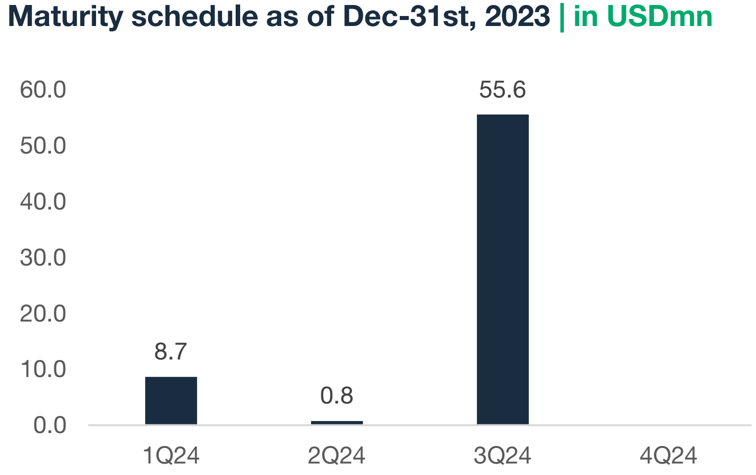
TGN (TGN04)

- In FY23, TGN estimated revenues decreased 46.8% to USD123mn, explained by the lack of tariff adjustment and the negative impact of the FX devaluation. Natural gas transportation from the northern pipeline decreased 16% yoy to 5,778MMm3. Natural gas transportation in the Central West pipeline was down by 2.1% yoy to 13,901MMm3. In contrast, natural gas transportation in the final sections was up by 19% yoy to 4,862MMm3.
- The EBITDA was down by 82% yoy to USD16.5mn, the margin was down to 13% from 41% in FY22.
- FCF was USD42.2mn, 49% below FY22, with the change in trade account receivables turning negative to -USD4mn from +USD56mn in FY22. Capex decreased by 33% yoy to USD29mn.
- As of Dec-31st, 2023, TGN total debt was up by 17.4% qoq to USD71mn, with short-term debt of USD66mn and long-term debt of USD5mn. YTD, TGN canceled all its local debt in ARS totaling USD9mn, which was with Banco Galicia and Banco Macro. The current debt is USD55.6mn with Itau, which matures in October this year. Cash + ST investments was down by 22% qoq to USD90mn. TGN's net leverage was negative, as cash more than covered total debt. The gross leverage stood at 4.3x up from 1.3x in LTM3Q23.









Source: TPCG Research based on the company's reports

Agenda

O&G

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

Utilities

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

Banks

- Banco Macro
- Banco Galicia
- BBVA Argentina

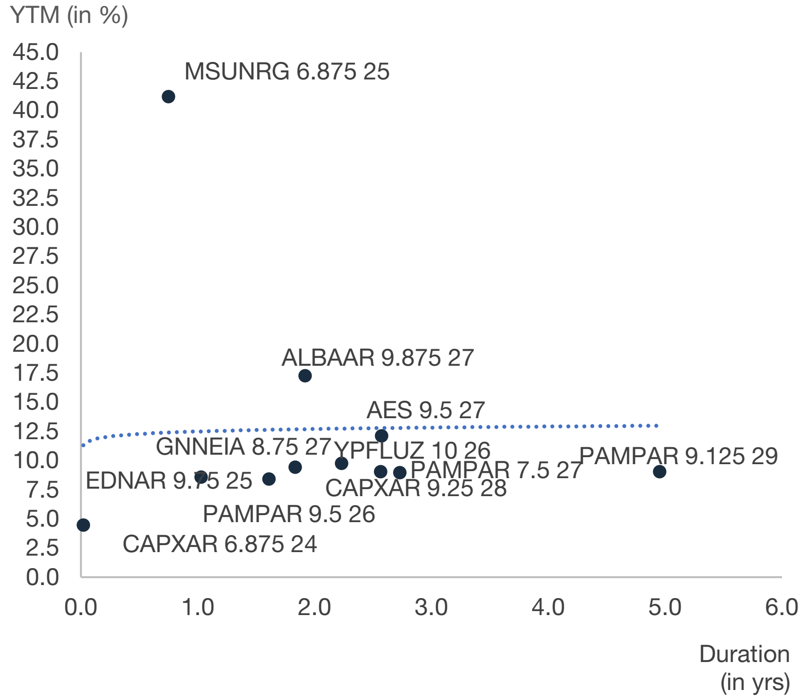
Retail / Telcos / Real Estate

- Telecom
- Arcor
- Aeropuertos Argentina 2000
- IRSA IR

Utilities companies’ main figures

Summary financials as of FY23

	Pampa Energia* PAMPAR	AES Arg AES	YPF Luz YPFLUZ	GEMSA ALBAAR	Genneia GNNEIA	MSU Energy MSUNRG	Capex SA** CAPXAR	Edenor EDNAR
Power generation capacity								
Installed Capacity	**5,332MW**	**2,985MW**	**3,174MW**	**1,404MW**	**1,329MW**	**750MW**	**706MW**	-
Under construction	+140MW	-	+155MW	+454MW	+355MW	-	-	-
In USDmn								
Revenues	**648.0**	**193.9**	**490.1**	**201.3**	**285.4**	**189.3**	**410.4**	**867.2**
Adj. EBITDA	**392.0**	**31.7**	**383.1**	**111.2**	**219.8**	**158.1**	**165.7**	**202.3**
Net Income	**210.0**	**(121.6)**	**1.5**	**(22.5)**	**71.4**	**56.7**	**(15.5)**	**59.8**
Gross Margin	-45%	11%	51%	43%	66%	72%	51%	4%
ADJ. EBITDA Margin	60%	16%	78%	55%	77%	84%	40%	23%
Capex	**259.0**	**9.4**	**252.3**	**48.2**	**214.4**	**13.5**	**159.3**	**148.2**
Free Cash Flow	**n.a.**	**5.3**	**102.9**	**(83.6)**	**(28.2)**	**79.0**	**(72.2)**	**(67.7)**
Cash & Cash Eq. + ST Investments	**834.4**	**74.4**	**114.3**	**114.5**	**147.9**	**16.7**	**35.5**	**113.5**
ST Debt (incl. leases)	**224.3**	**150.2**	**183.4**	**282.6**	**154.7**	**147.6**	**67.9**	**62.7**
Total Debt (incl. leases)	**1,447.9**	**306.5**	**897.1**	**1,147.8**	**826.3**	**780.4**	**362.8**	**117.5**
(Cash + ST Investments) / ST Debt	372%	49%	62%	41%	96%	11%	52%	181%
Gross Leverage (incl. leases)(LTM)	2.2x	4.1x	2.3x	6.6x	3.8x	4.9x	2.2x	n.m.
Net Leverage (incl. leases)(LTM)	0.9x	3.1x	2.0x	6.3x	3.1x	4.8x	2.0x	n.m.



Source: TPCG Research based on the companies’ reports, Bloomberg * Pampa Energia’s Power Generation business profitability and capex figures. Indebtedness figures at Restricted group level **As of 3Q24

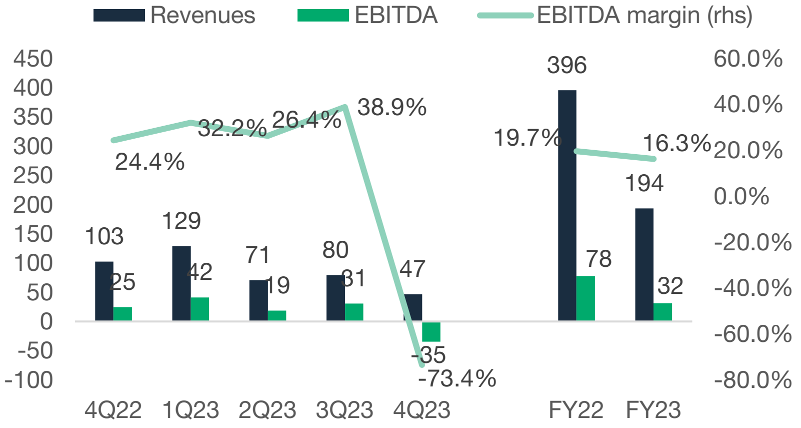
In 1Q24, we expect companies’ FCF to be negative due to Cammesa payment delays. To finance working capital, most companies have tapped the local market given they tight liquidity levels. It was the case of Capex SA, Pampa Energía, MSU Energy, YPF Luz, Generación Mediterranea. Pampa Energía and AES reported that Cammesa owed them ARS133,191mn (USD155mn) and ARS37,483mn (USD44mn) for Dec-23 to Feb-24 bills, respectively. According to the local media, the government aims to cancel the debt by giving companies the AE38 local bond, which is at a 49% parity.

In this way, the government is pushing the sector to increase its indebtedness levels, without taking into account that there are already highly leveraged companies. Companies debt levels should have decreased with the completion of Macri’s administration combined cycle projects. However, Fernandez’s government pushed companies to refinance their debt and extend maturities for at least 2 years. In this way, companies' debt is concentrated in this year and the next one. The current government delaying power generation bill payment is aggravating companies’ financial position.

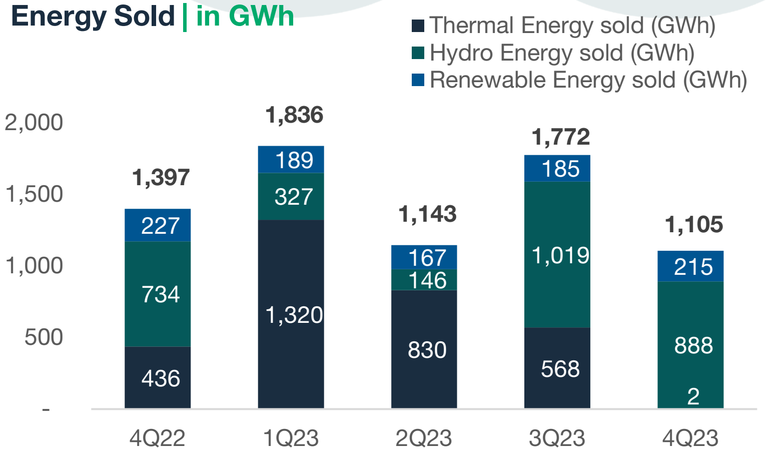
AES Argentina Generacion (AES)

- In FY23, AES AG's revenues were down -51% yoy to USD193.9mn. Payments based on machine availability decreased by 59% yoy and the ones based on generation of each unit were down by 35% yoy. The Adj. estimated EBITDA dropped by 59% yoy to USD31.7mn, with Opex decreasing at a lower pace than revenues.
- AES AG electricity generation was down by 15% yoy to 5,825GWh. Hydro generation reached a record high of 2,380GWh (+27% yoy). However, it was not enough to offset the decline in thermal energy and renewables by 35% and 10% yoy, respectively. The San Nicolas and Parana thermal plants' power generation was down by 36% and 33% yoy, respectively.
- FCF was USD5.3mn down from USD22.7mn in FY23, on inventories cash inflows (+USD29.0mn vs. –USD22.8mn in FY22). Capex was down by 39% yoy to USD9.4mn.
- As of Dec-31st, 2023, AES AG's total debt was up by 2.5% qoq to USD306mn. Cash & equiv. increased by 29% qoq to USD74mn. According to our estimates, AES's net leverage (incl. leases) was 3.1x in FY23 up from 1.2x in LTM3Q23.

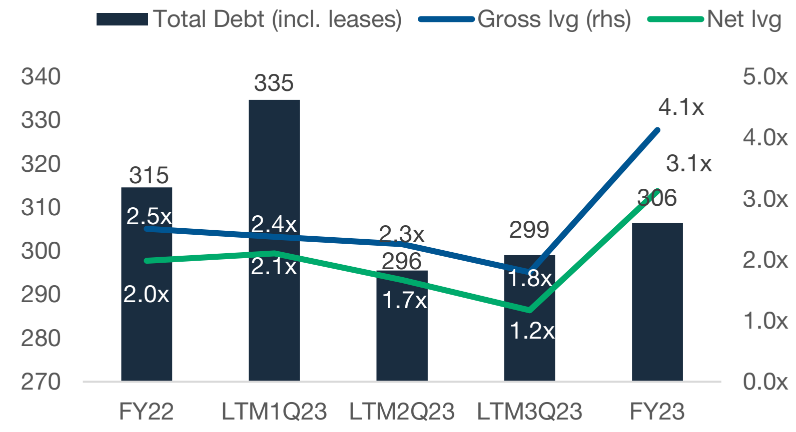
In USDmn



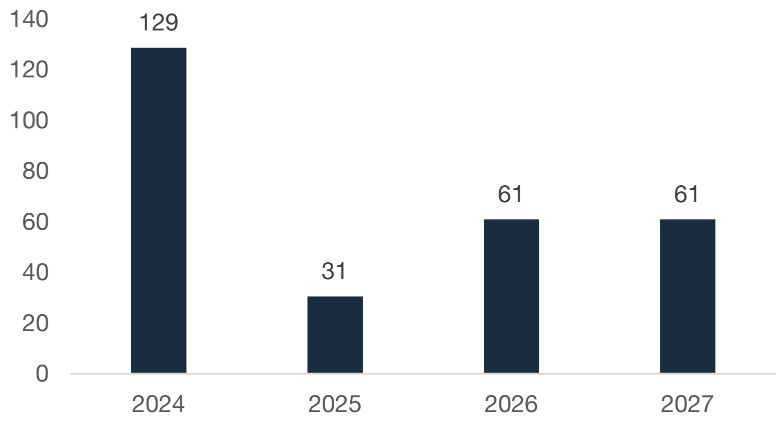
Energy Sold | in GWh



In USDmn



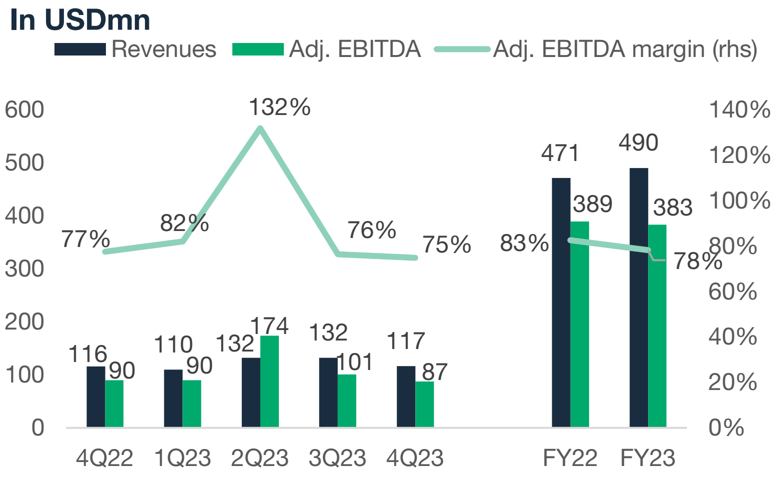
Maturity schedule as of Dec-31st, 2023 | in USDmn

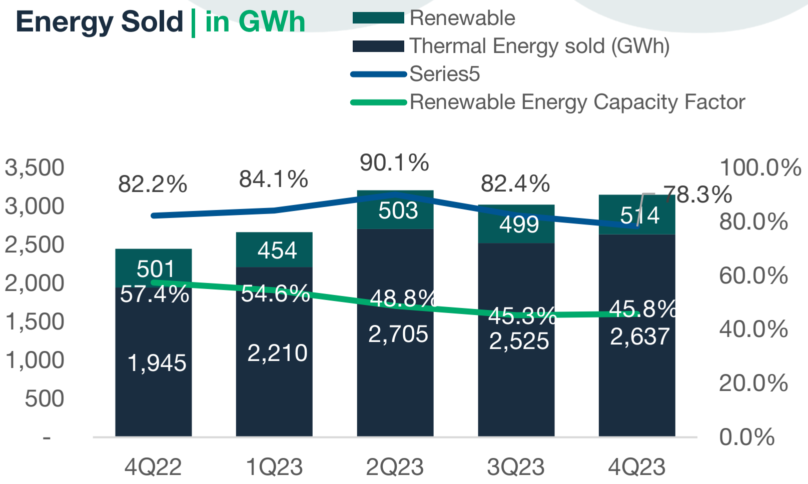


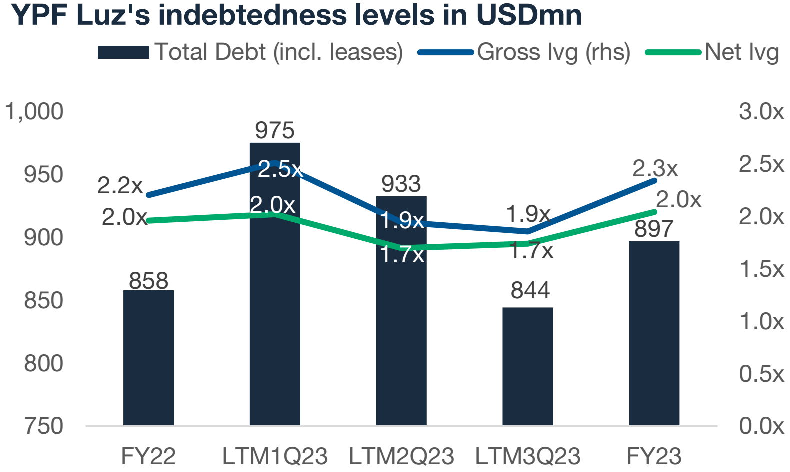
Source: TPCG Research based on the company's reports

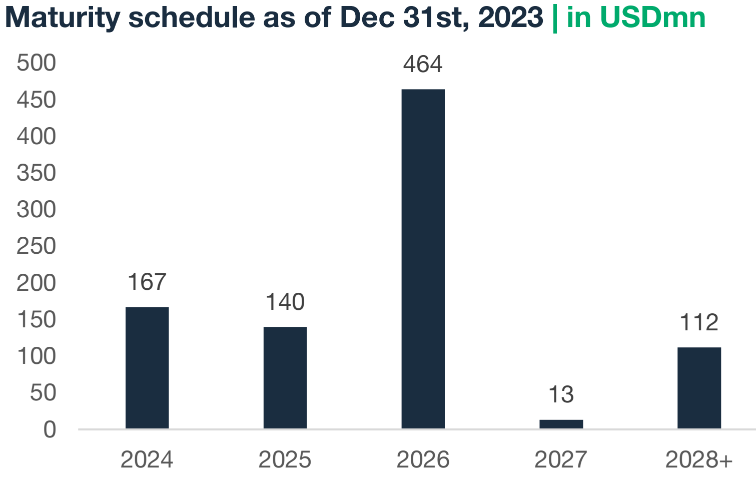
YPF Luz (YPFLUZ)

- In FY23, YPF Luz revenues were up by +4% yoy to USD490mn, with energy sold increasing by +26% yoy to 12,261GWh. Thermal energy sold under Energia Base scheme increased +102% yoy to 5,889GWh while under PPAs decreased 11% yoy to 4,403GWh. Renewables energy sold were up by +8% yoy to 1,969GWh.
- The Adj. EBITDA margin was down to 78% from 83% in FY22, with the Adj. EBITDA decreasing by 1.6% yoy to USD383mn.
- FCF improved by +16% yoy to USD103mn from USD89mn in FY22. This was mainly due to higher FFO (+41% yoy) and lower interest expense (USD63mn, -12% yoy). Capex increased by +57% yoy to USD252mn.
- As of Dec-31st, 2023, YPF Luz reported total debt was up +6.2% qoq to USD897mn. Short-term debt increased by 39.3% qoq to USD183mn. Cash & cash eq. was down by 36.9% qoq to USD114mn, covering ST-debt by 62%. YPF Luz's reported net leverage (related to its notes) increased to 2.0x up from 1.7x in LTM3Q23.







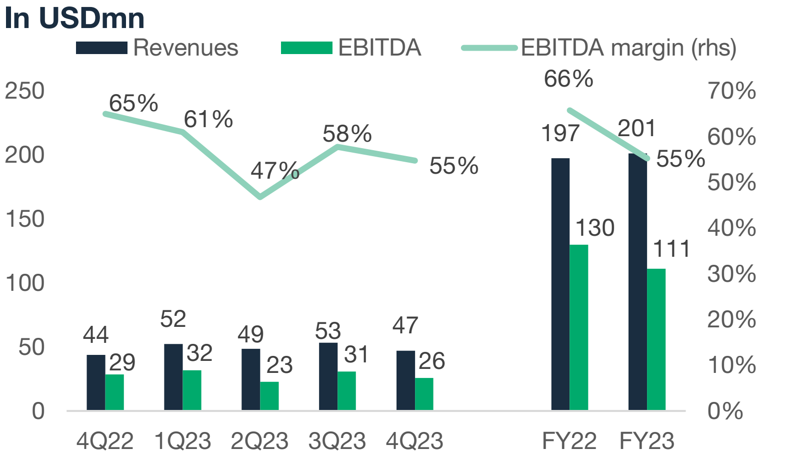


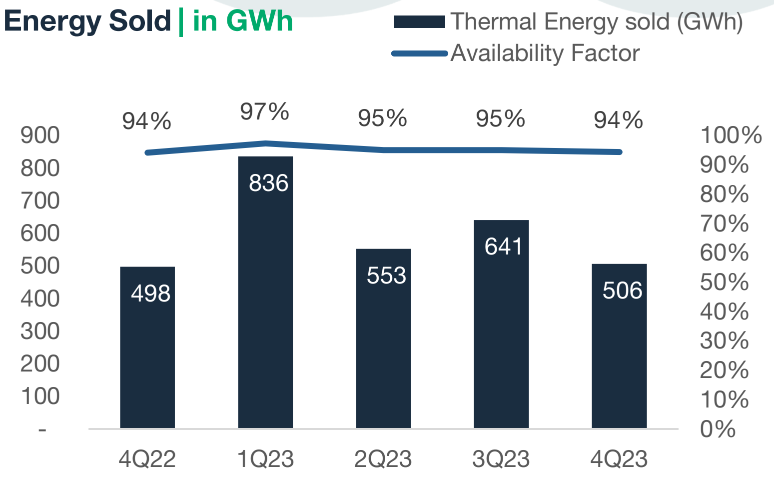
Source: TPCG Research based on the company's reports

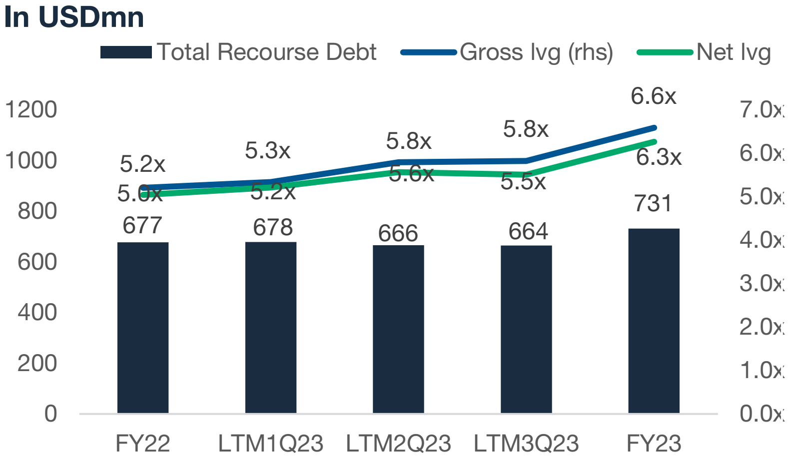
TPCG

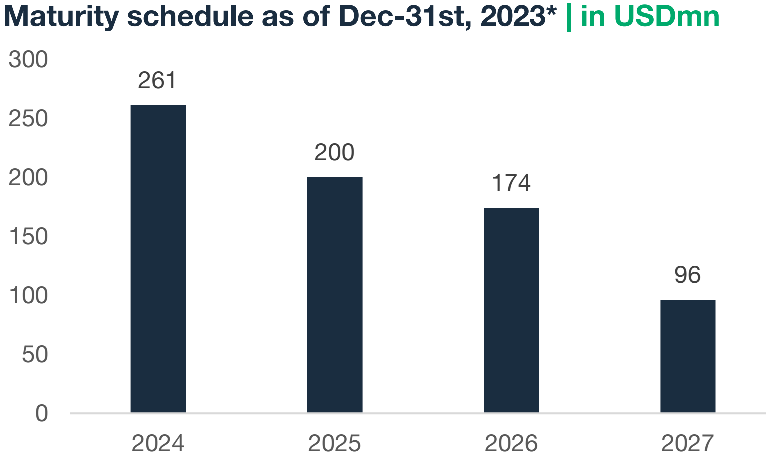
Generacion Mediterranea (ALBAAR)

- In FY23, GEMSA's revenues were up 2% yoy USD201.3mn with total energy sold increasing by 14% yoy to 2,536GWh. Sales from Energia Base were up by 22% yoy to USD21.7mn. Energia Plus sales increased by +30% yoy to USD58.1mn due to the increase in energy dispatch. In contrast, sales from PPAs were down by 20% yoy to USD60.4mn.
- Adj. EBITDA was down by 14% yoy to USD111.2mn. The Adj. EBITDA margin came down to 55% from 66% in FY22. This was mainly due to the increase in higher insurance costs and gas and diesel costs for Energia Plus higher dispatch.
- FCF deteriorated to -USD83.6mn from –USD40.2mn in FY22 mainly explained by lower FFO (-27% yoy) and higher Capex (+43% to USD48mn).
- As of Dec-31st, 2023, GEMSA's total debt was flat at USD1,148mn, while the recourse debt increased +10% qoq to USD731mn. Cash & equiv. + ST investments decreased by 30% qoq to USD114.5mn, covering short-term debt by 41%. GEMSA's net leverage (considering recourse debt) increased to 6.3x from 5.5x in LTM3Q23.









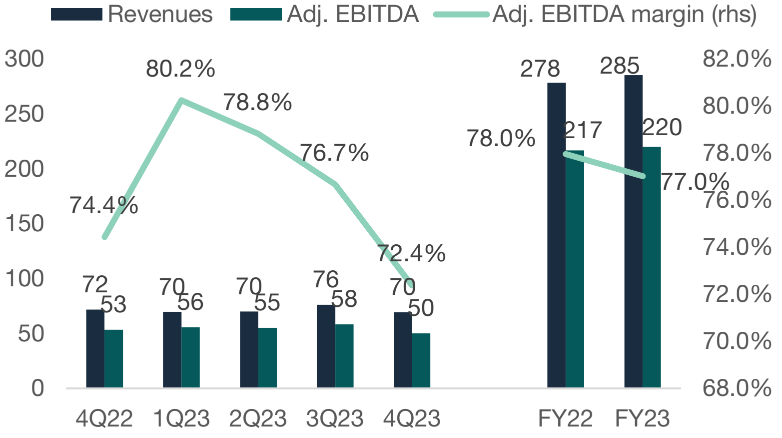
*It only considers recourse debt. Source: TPCG Research based on the company's reports

TPCG

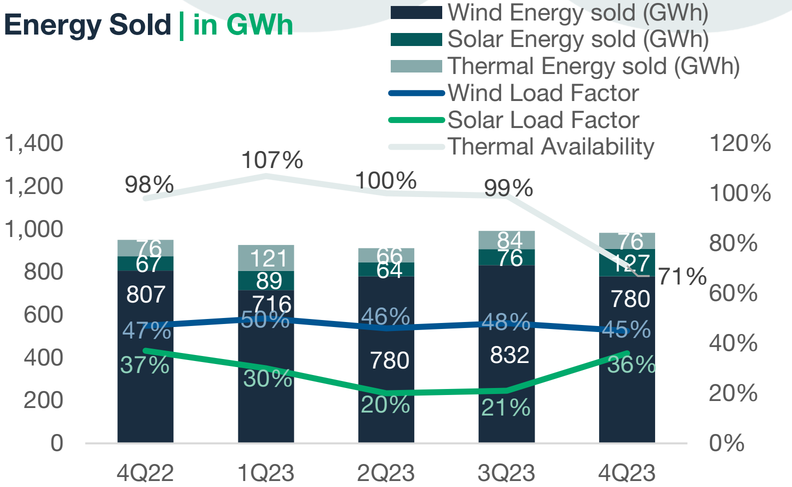
Genneia (GNNEIA)

- In FY23, Genneia's revenues were USD285mn (+2.6% yoy). By segment, revenues from electric power generation from renewable sources, which accounted for 83% of total revenues, were up by +4.6% yoy to USD237mn. In contrast, revenues from Electric power generation from conventional sources decreased by -9.6% yoy to USD39.1mn.
- Genneia's Adj. EBITDA was up +1.4% yoy to USD219.8mn. The margin only decreased to 77% from 78% in FY22.
- Genneia's FCF turned negative to –USD28.2mn vs. USD76.1mn in FY22, due to lower FFO (-4.9% yoy to USD216mn) and higher Capex (+91% yoy to USD214.4mn).
- As of Dec-31st, 2023, Genneia's total debt (incl. leases) was up +0.7% qoq to USD826mn. Cash & Equiv. + ST investments decreased by 24% qoq to USD147.9mn, covering short term maturities by 96%. Genneia's net leverage increased to 3.1x from 2.8x in LTM3Q23, above the global bonds' indenture incurrence covenant of 3.0x.

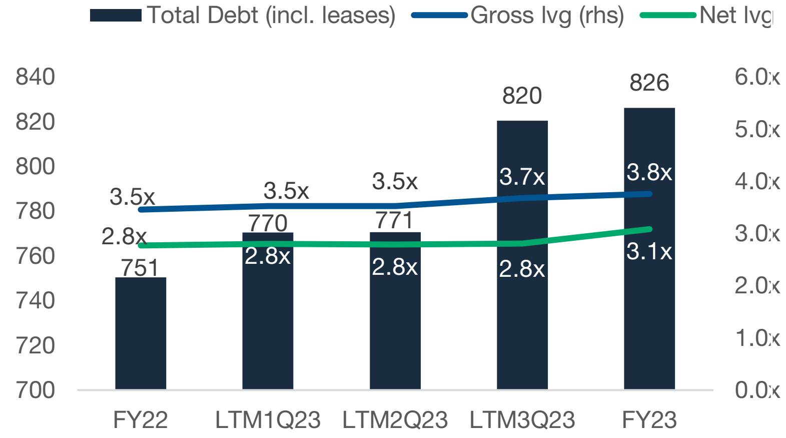
In USDmn



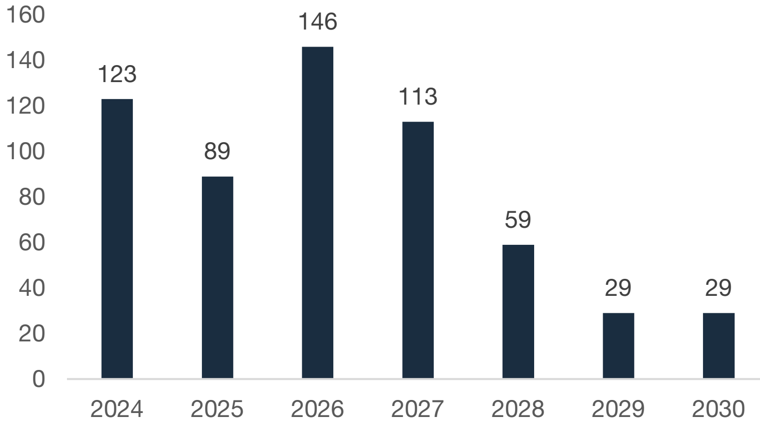
Energy Sold | in GWh



In USDmn



Maturity schedule as of Dec-31st, 2023 | in USDmn

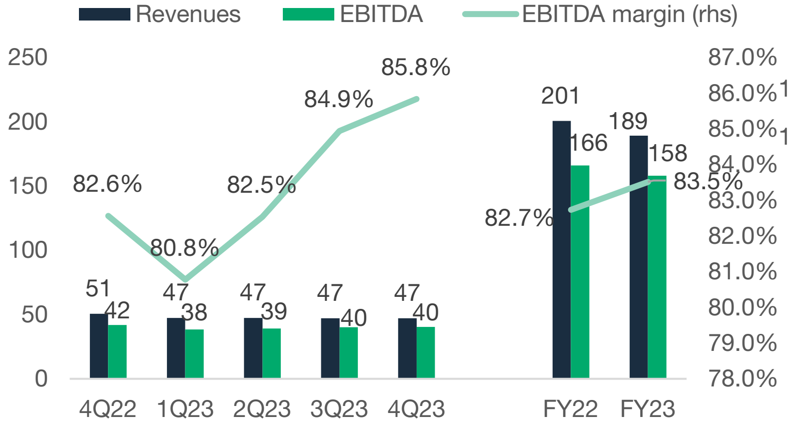


Source: TPCG Research based on the company's reports

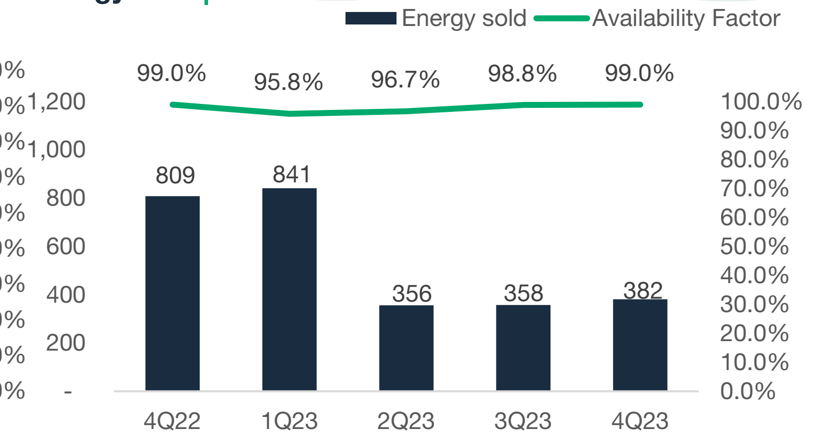
MSU Energy (MSUNRG)

- In FY23, MSU Energy's revenues and EBITDA were down by -5.7% and -4.8% yoy to USD189.3mn and USD158.1mn, respectively. Even so, the EBITDA margin improved to 84% from 83% in FY22.
- In FY23, MSU Energy thermal energy sold was down by 34% yoy to 1,938GWh.
- FCF increased +52% yoy to USD79.0mn from USD52.0mn in FY22, driven by lower trade receivables cash outflows (-73% yoy to USD6.9mn) and trade payable cash inflows of USD5.5mn. Capex was up to USD13.5mn in FY23 from USD1.5mn in FY22.
- As of Dec-31st, 2023, MSU Energy's total debt was down 3.0% qoq at USD780mn. Cash & equiv. was down by 58% qoq to USD16.7mn, it only covered ST debt by 11%. MSU Energy's net leverage was flat qoq at 4.8x in FY23.

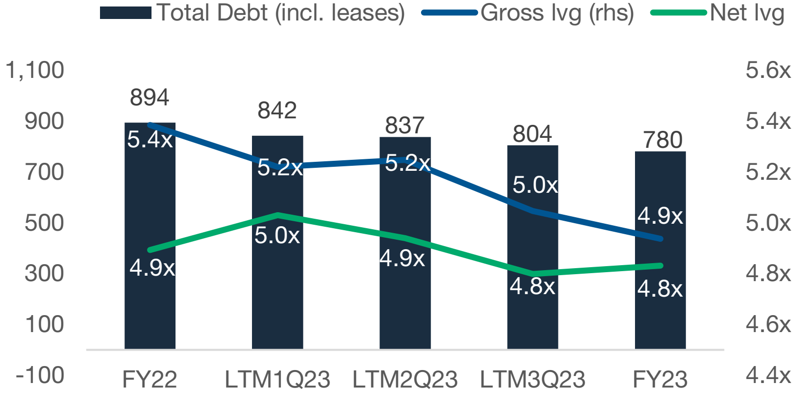
In USDmn



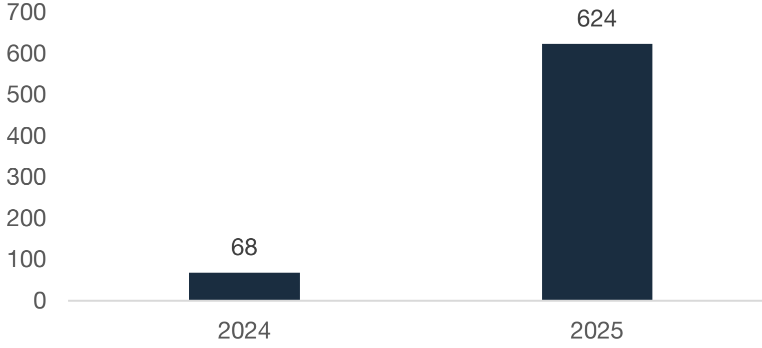
Energy Sold | in GWh



In USDmn



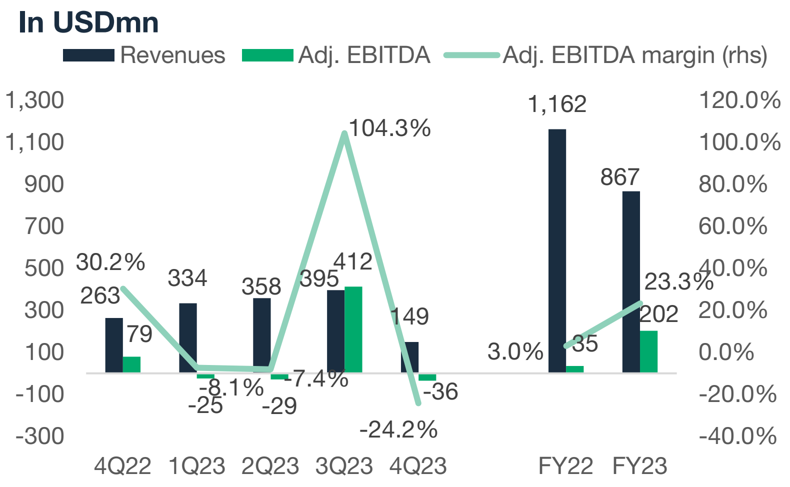
Maturity schedule as of Dec-31st, 2023 | in USDmn

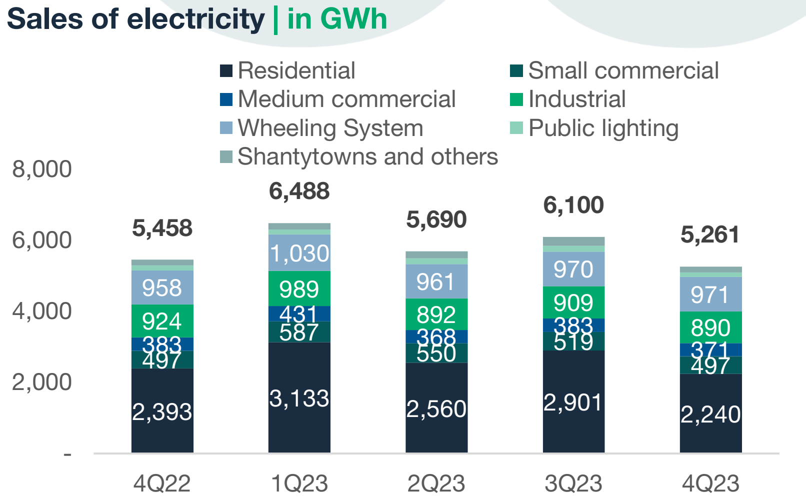


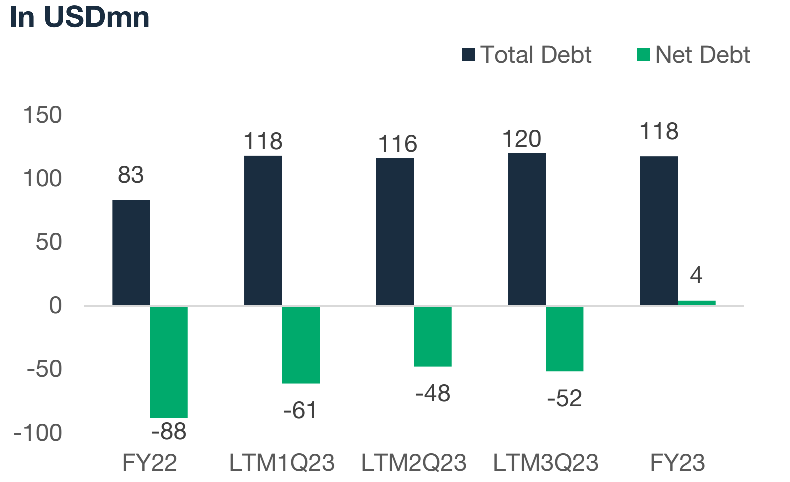
Source: TPCG Research based on the company's reports

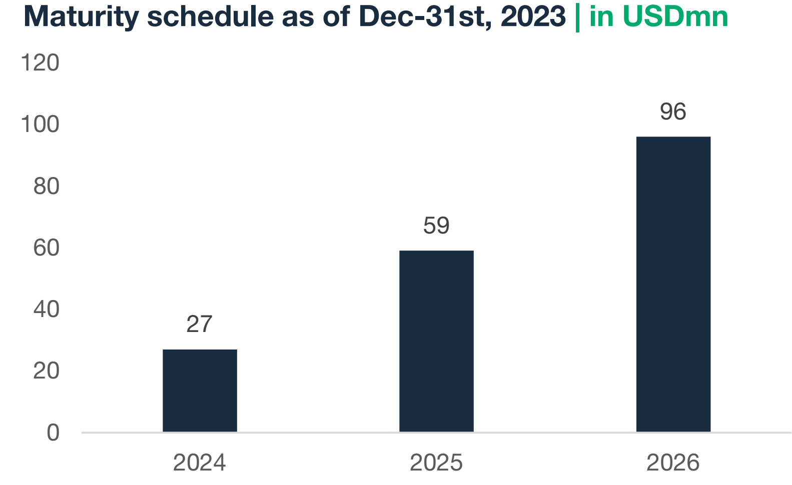
Edenor (EDNAR)

- 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 FY23, Edenor's revenues were down 25% yoy to USD867mn, explained by the lack of tariff adjustment. Volumes sold were up by 3.1% yoy to 23,538GWh. The Adj. EBITDA increased to USD202mn from USD35mn because of the Agreement on the Regulation of Obligations with CAMMESA for USD245mn.
- FCF was negative at –USD68mn vs. USD16mn in FY22, with trade payable cash inflows decreasing by 61% yoy to USD137mn. Capex dropped by 17% yoy to USD148mn.
- As of Dec-31st, 2023, Edenor's total debt was down 2% qoq to USD118mn. Cash & equiv. decreased by 34% qoq to USD113mn, more than covering ST debt of USD63mn. The net debt was USD4.0mn.
- On February 16th, the government increased tariff paid by households. It also increased VAD by +319.2%. Both will adjust automatically by inflation monthly.









Source: TPCG Research based on the company's reports

TPCG

Agenda

O&G

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

Utilities

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

Banks

- Banco Macro
- Banco Galicia
- BBVA Argentina

Retail / Telcos / Real Estate

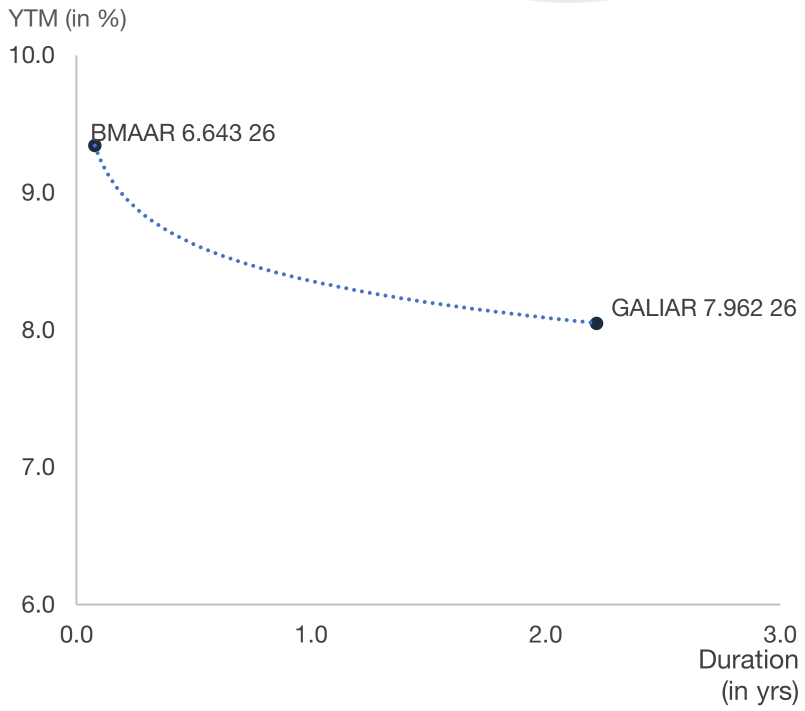
- Telecom
- Arcor
- Aeropuertos Argentina 2000
- IRSA IR

Banks' main figures

Summary financials as of FY23.

	Galicia GGAL / GALIAR	Macro BMA / BMAAR	BBVA Argentina BBAR
In ARSmn			
Net Operating Income	**1,664,912**	**2,845,871**	**1,985,465**
Net Income	**282,773**	**587,655**	**164,939**
Net financial margin	34.5%	40.5%	37.3%
Efficiency ratio (C/I)	60.6%	18.6%	58.6%
Return on Avg. Equity (ROAE)	18.2%	33.2%	13.0%
Total Assets	**8,673,082**	**6,719,072**	**6,124,510**
Loans and other financing (net)	**2,239,356**	**1,833,659**	**1,975,497**
Deposits	**5,544,973**	**3,370,241**	**3,639,307**
Total Shareholders' Equity	**1,653,969**	**2,044,630**	**1,424,138**
NPLs / Gross Loans	2.3%	1.29%	1.29%
Reserves / NPLs	142%	201%	165%
CoR	3.97%	2.28%	3.68%
Loans (net) / Deposits	40.4%	54.4%	54.3%
Liquid Assets / Deposits	91.8%	118.0%	91.2%
Leverage	5.2x	3.3x	4.3x
Tier I	23.3%	32.8%	32.8%
CAR	24.8%	35.4%	32.8%

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



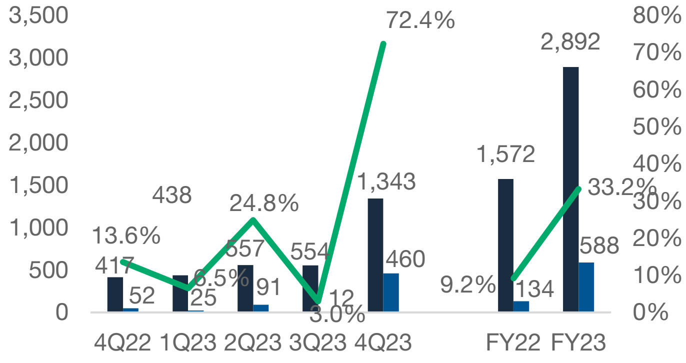
Banks ended FY23 with a strong performance thanks to the strong demand for CER bonds and the FX jump that positively impacted dual and USD-linked bonds, resulting in an outstanding 4Q. We expect banks to deliver another strong quarter, with the CER bonds richening during the whole of 1Q24. Due to the high uncertainty towards the presidential elections, deposits reached a low in 4Q. For instance, Banco Galicia's time deposits in ARS were down by 61% yoy.

Interestingly, FC deposits increased qoq and yoy. Banco Galicia and BBVA Argentina loan portfolios to the private sector remained on the downward trend. In contrast, public sector lending was on the rise. We expect the banks' profitability to continue being led by local bonds' performance, more than a genuine increase in lending, despite news of the return of mortgage loans.

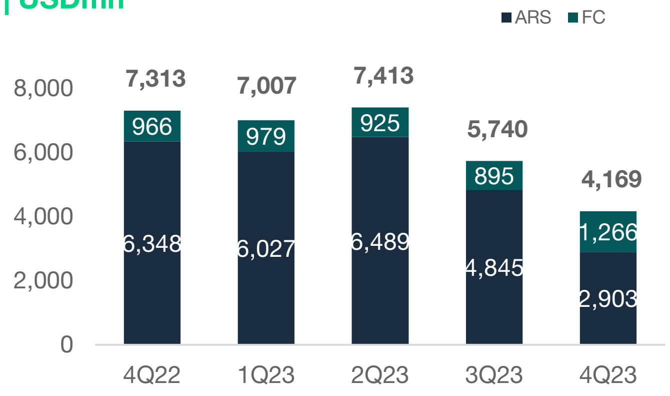
Banco Macro (BMAAR)

- Banco Macro is the 5th largest bank in Argentina, in terms of assets. The bank accounts for stable low-cost funding provided by the payroll accounts from 4 provincial governments and SMEs. The bank recently acquired Banco Itau Argentina for USD50mn.
- In FY23, NII was down by 13% yoy to ARS829,349mn (USD1,026mn), with interest expense on time deposits increasing by +66% yoy while interest income from government securities increasing by only 2.7%. Net income from financial instruments at FVTPL jumped 5.5x to ARS970,248mn (USD1,200mn) in FY23, , explained by the FX depreciation that improved the mark to market of dual bonds and the rally of CER bonds. The net income was up +338% yoy to ARS587,655mn (USD727mn).
- Banco Macro's exposure to public sector assets increased 73% yoy to ARS2,080,247mn (USD2,573mn). The mix changed from Leliqs to Ledes and CER bonds. Private sector loans and other financing were down by 2% yoy to ARS1,818,977mn (USD2,250mn). The NPLs ratio improved to 1.20% from 1.95% in 4Q22.
- Banco Macro's Liquid assets to total deposits stood at 118%, +24pp more than in 4Q23.
- Banco Macro's Tier I and CAR at 32.8% and 35.4%, respectively.

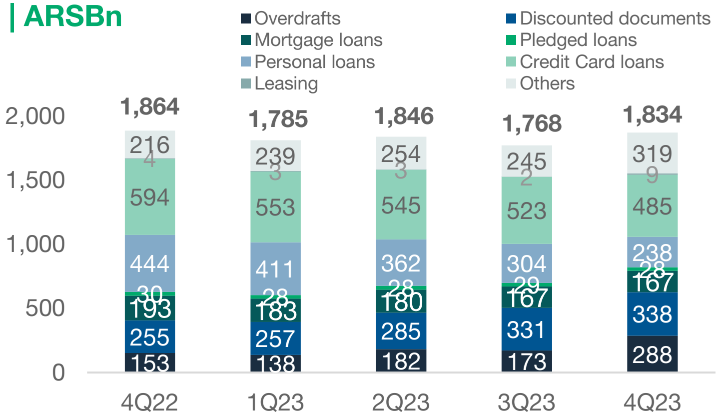
Pre-provision income & Net income in ARSBn | ROE in %



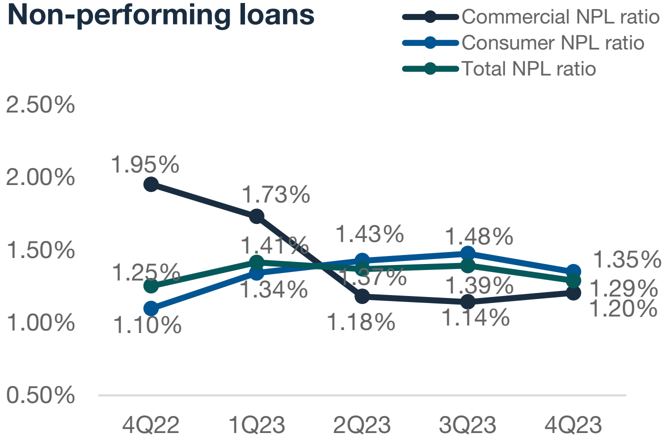
Deposits breakdown by currency | USDmn



Total loan portfolio to the private sector | ARSBn



Non-performing loans

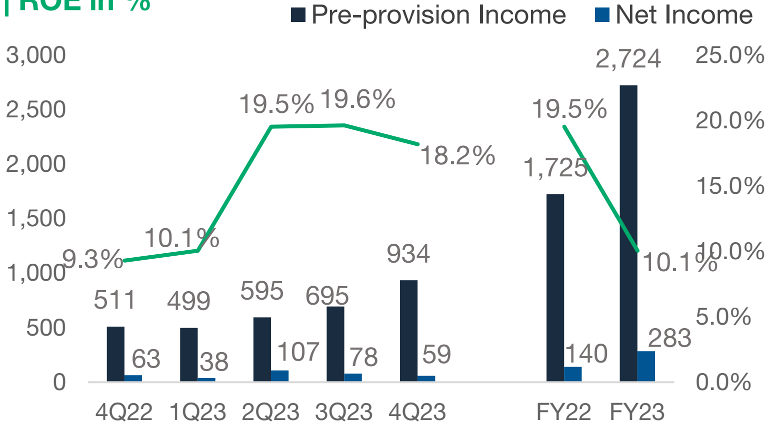


Source: TPCG Research based on the company's reports

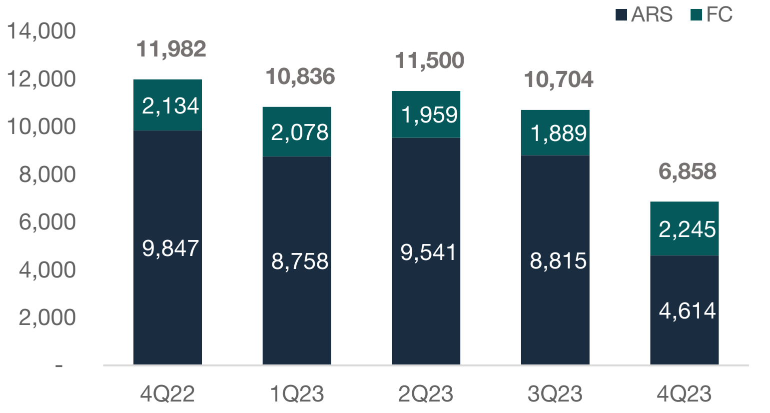
Banco Galicia (GALIAR)

- Founded in 1905, Banco Galicia is the second largest bank in Argentina regarding assets, with a market share of 8.7%. The bank owns 299 branches.
- In FY23, Banco Galicia's net operating income was up by +61% yoy to ARS2,601,593mn (USD3,218mn), mainly driven by CER bonds. The financial margin improved to 34.5% from 20.6% in FY22. The NII increased +518% yoy to ARS 1,461,943mn (USD1,808mn). The C/I ratio was down to 60.59% from 74.01% in FY22. ROE was up to 18.18% from 9.30% in FY22.
- Banco Galicia's net position in government securities was down by 10% yoy to ARS3,583,823mn (USD4,433mn). Private sector loans decreased by 17% yoy to ARS2,294,421mn (USD2,838mn). The NPLs ratio was up to 2.84% from 2.37% in FY22.
- Banco Galicia's LDR was 39% down from 44%, in FY22. Deposits decreased 16% yoy to ARS 5,544,973mn (USD6,858mn), deposits in ARS went down 31% yoy while deposits in USD were up by 54% yoy. Liquid assets to total deposits was 64.05%.
- The Tier I ratio was 23.29% while CAR was 24.75%.

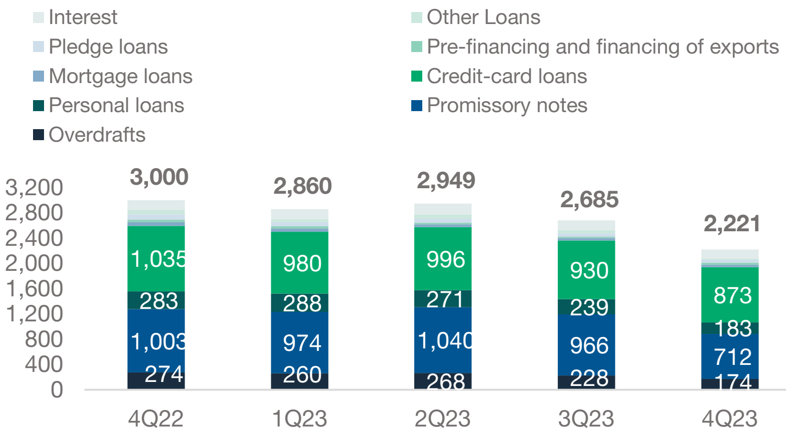
Pre-provision income & Net income in ARSBn | ROE in %



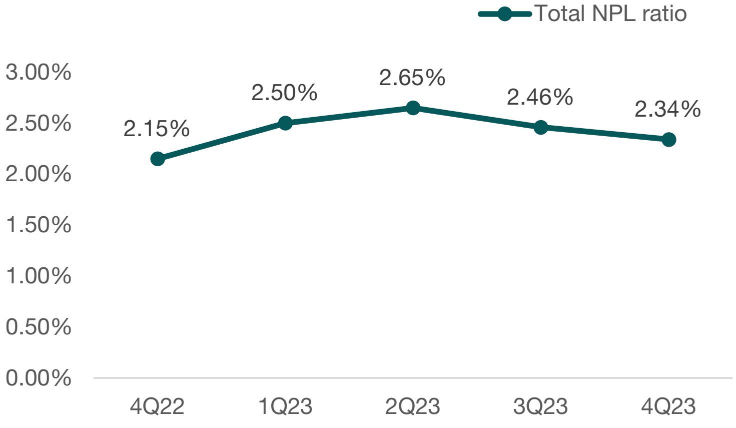
Deposits breakdown by currency | USDmn



Total loan portfolio | ARSBn



Non-performing loans

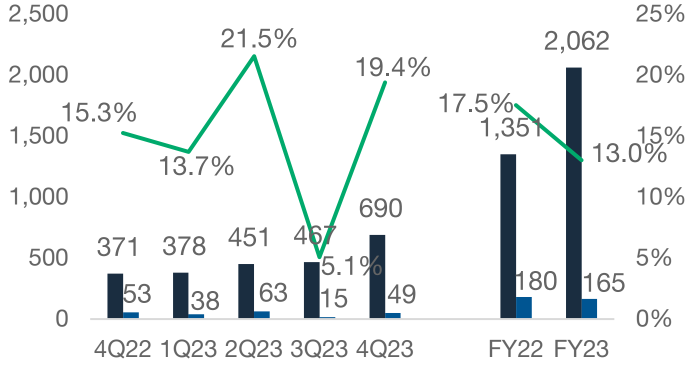


Source: TPCG Research based on the company's reports

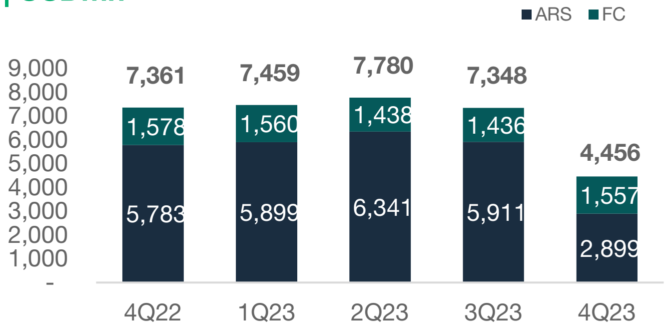
BBVA Argentina

- BBVA Argentina is a subsidiary of Banco Bilbao Vizcaya Argentaria S.A. It is the third largest privately owned bank in Argentina. In terms of total assets, it accounts for a market share of 6.2%.
- In FY23, BBVA Argentina's net operating income was up by +54% yoy to ARS1,985,465mn (USD2,456mn). The NIM improved to 37.3% from 24.5% in FY22. The NII increased +54% yoy to ARS1,628,932mn (USD2,015mn). The C/I ratio was down to 58.6% from 63.9% in FY22. ROE was 13.0%, down from 17.50% in FY22.
- Total public debt exposure increased +58% yoy to ARS976,141mn (USD1,207mn). Private sector loans decreased by 12% yoy to ARS1,975,497mn (USD2,443mn). The NPLs ratio was up to 1.29% from 1.13% in FY22.
- LDR was 54% down from 55%, in FY22. Deposits decreased 11% yoy to ARS3,639,307mn (USD4,501mn), deposits in ARS went down 27% yoy while deposits in USD were up by 532% yoy. Liquid assets to total deposits was 91.2%.
- The Tier I ratio was 32.8% up from 25.6% in FY22.

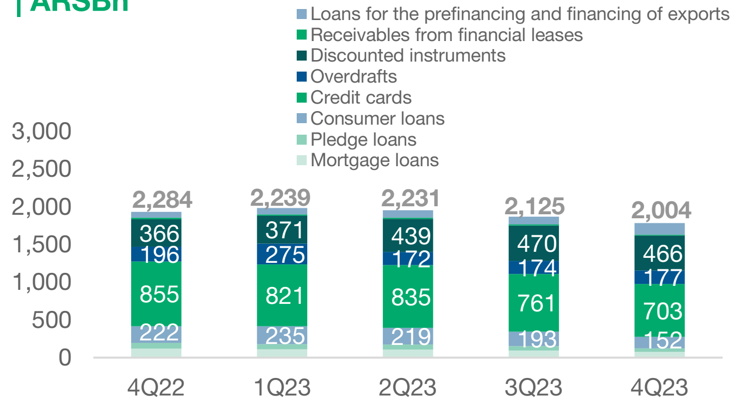
Pre-provision income & Net income in ARSBn
| ROE in %



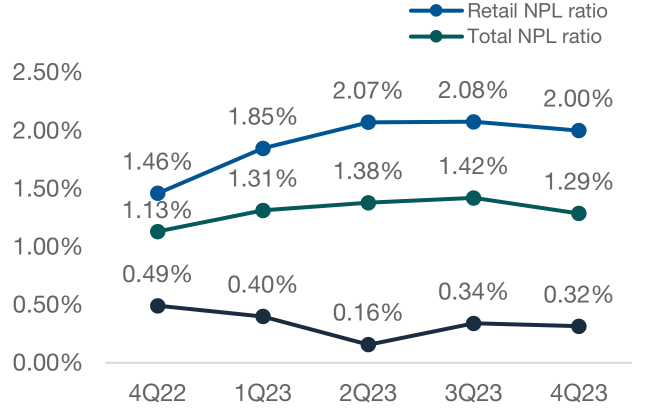
Deposits of non-financial private sector and residents abroad by currency
| USDmn



Total loans and other financing
| ARSBn



Non-performing loans



Source: TPCG Research based on the company's reports

Agenda

O&G

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

Utilities

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

Banks

- Banco Macro
- Banco Galicia
- BBVA Argentina

Retail / Telcos / Real Estate

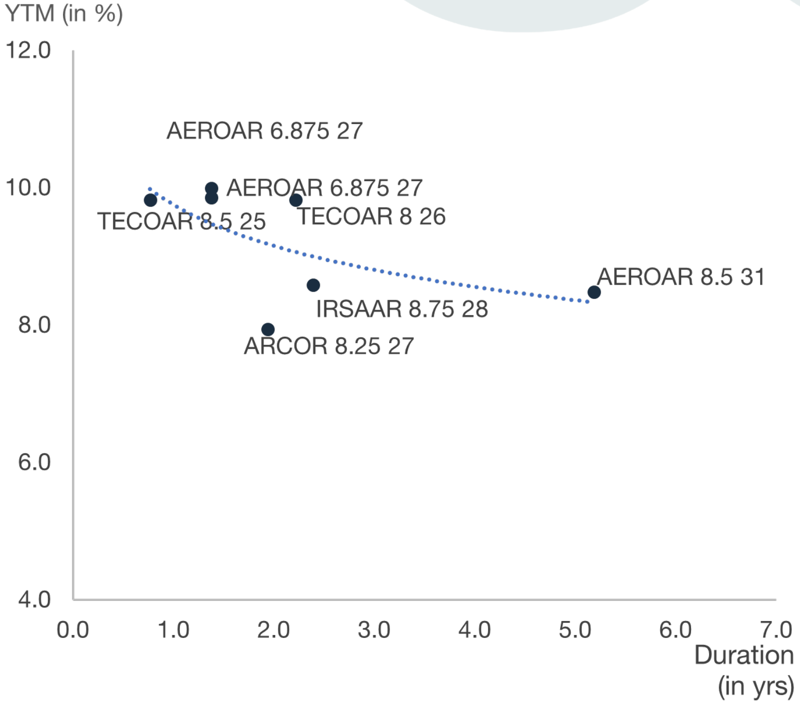
- Telecom
- Arcor
- Aeropuertos Argentina 2000
- IRSA IR

Retail / Telcos / Real Estate main figures

Summary financials as of FY23

	Telecom TECOAR	Arcor ARCOR	AA 2000 AEROAR	IRSA IR IRSAAR
In USDmn		**FY23**		**LTM2Q24**
Revenues	**2,547**	**2,369**	**543**	**235**
EBITDA	**717**	**208**	**237**	**93**
Net Income	**(309)**	**32**	**12**	**270**
Gross Margin	-	26.1%	40.2%	66.4%
EBITDA Margin	28.1%	8.8%	43.7%	39.5%
Capex	**(573)**	**(53)**	**(93)**	**20**
Free Cash Flow	**(40)**	**44**	**94**	**151**
Cash & Cash Eq. + ST Investments	**351**	**221**	**119**	**146**
ST Debt (incl. leases)	**733**	**255**	**28**	**142**
Total Debt (incl. leases)	**2,742**	**643**	**653**	**403**
(Cash + ST Investments) / ST Debt	48%	87%	425%	103%
Gross Leverage (incl. leases) (LTM)	3.8x	3.1x	2.8x	4.4x
Net Leverage (incl. leases) (LTM)	3.3x	2.0x	2.3x	2.8x

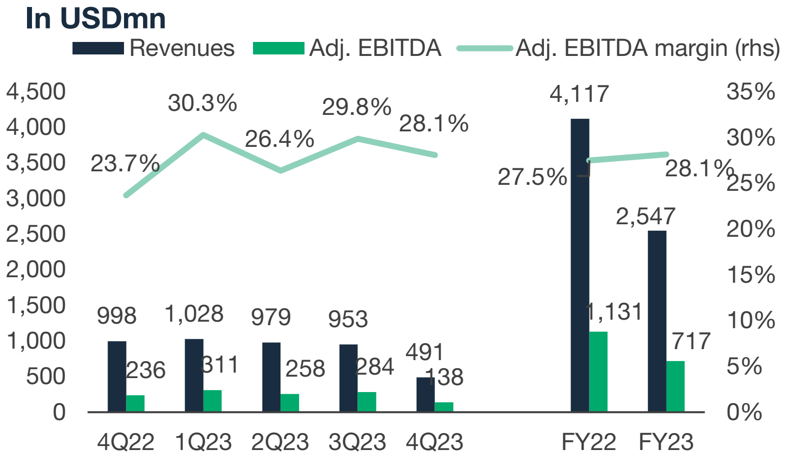
Source: TPCG Research based on the companies' reports, Bloomberg

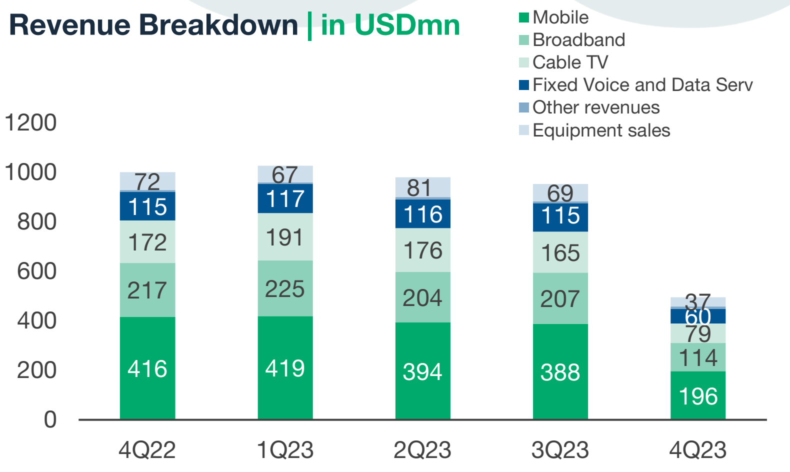


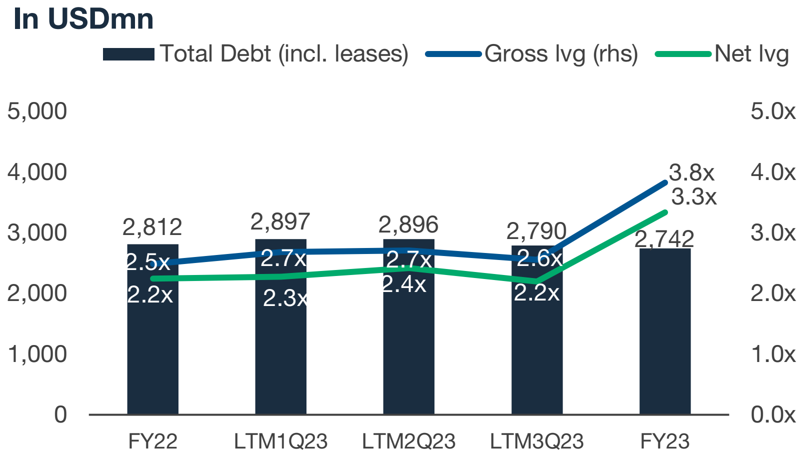
We expect AA2000 to report the strongest results in 2H24 thanks to the ARS appreciation. According to the Corporacion America Airports' reports, AA2000 international passengers increased +16% yoy while domestic passengers were flat yoy. Total aircraft movements were up by 3% yoy. In contrast, we expect IRSA's 3Q24 results to weaken, mainly driven by lower revenues from the Shopping business. According to INDEC's National Survey of Shopping Centers, total sales measured in constant ARS dropped 23.5% yoy in Jan-24 and 18.4% yoy in Feb-24. Another negative sign is that the building activity index (ISAC) dropped sustainedly since December. In Feb-24, it was down 24.6% yoy. We believe that Telecom will continue facing challenges to increase prices without risking losing clients to the competence. Among the companies analyzed, Telecom showed the highest deterioration in terms of cash generation. The company's liquidity position is tight. For this reason, we expect the company to tap the local market.

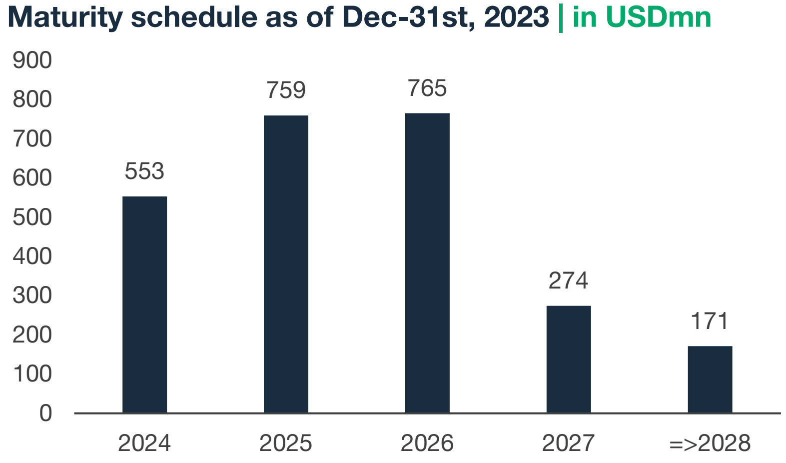
Telecom Argentina (TECOAR)

- In FY23 total revenues fell by 38% yoy to USD2,547mn given that ARPU grew below inflation and FX depreciation in all segments. Mobile clients in Argentina grew by 4% yoy to 21,004k, of which 12,860k (+11% yoy) were prepaid clients. The Adj. EBITDA decreased by 37% yoy to USD717mn. However, as COGS decreased at a higher pace than revenues, The Adj. EBITDA margin improved to 28.1% from 27.5% in FY22.
- FCF turned negative to USD40mn from USD256mn in FY22, with FFO decreasing by 51% yoy to USD598mn. The change in working capital increased +287% yoy to USD172mn, on higher accounts payable cash inflows (USD418mn). Capex decreased 17% yoy to USD573mn, of which USD214mn were to paid Lot 2 (Band 3,400-3,500 MHz) in the 5G Spectrum. In FY23, Telecom deployed 229 new sites up from 195 in FY22.
- As of Dec-31st, 2023, cash & equivalents decreased 11% qoq to USD351mn. It only covered short-term debt (incl. leases) of USD733mn by 48%. Total debt was down by 2% qoq to USD2,742mn. The FY23 net leverage (incl. leases) was 3.3x, up from 2.2x in LTM3Q23. Telecom obtained a waiver from IFC, IIC, IDB, Finnvera, EDC, and CDB to increase the net lvg ratio covenant to 3.75x.









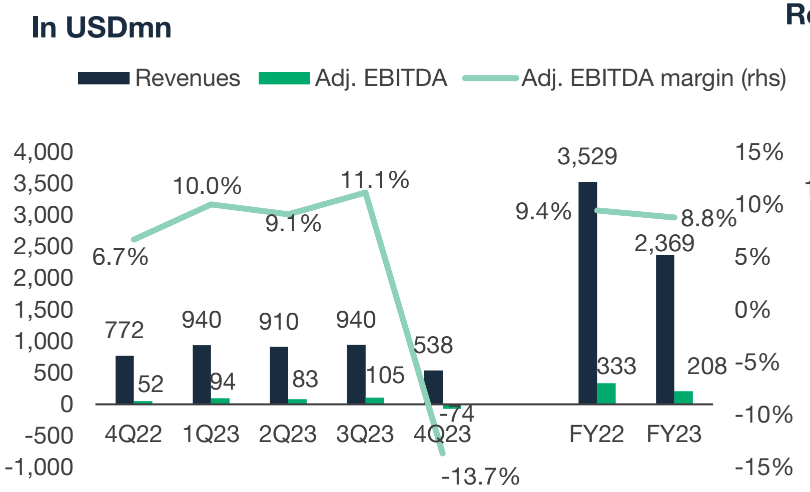
Source: TPCG Research based on the company's reports

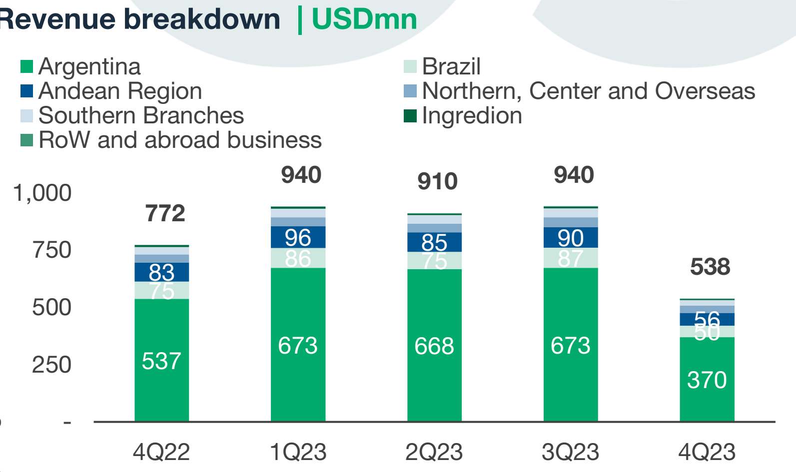
Arcor (ARCOR)

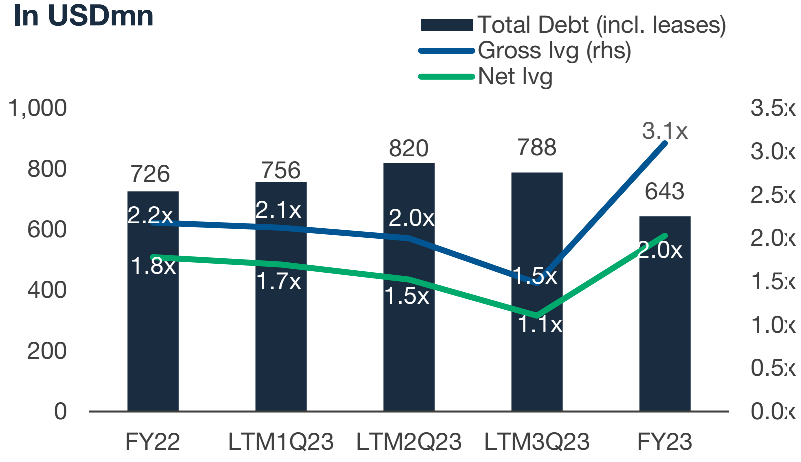
- In FY23, total sales dropped by 33% yoy to USD2,369mn. Argentina accounted for 68% of total revenues. In ARS terms, sales in Argentina decreased 1.6% yoy to ARS1,307Bn, with packaging sales down 9.3%, Agro-industries sales decreasing by 4.2% yoy and Other industrial products dropping by 24% yoy. Exports were also weak, with the Andean region sales decreasing by 8.3% yoy and Agro-industries exports down by 11% yoy. Revenues from Brazil improved by 7% yoy, driven by cookies sales (+12% yoy). The Adj. EBITDA went down by 38% yoy to USD208mn. As a consequence, the Adj. EBITDA margin declined to 8.8% from 9.4% in FY22.

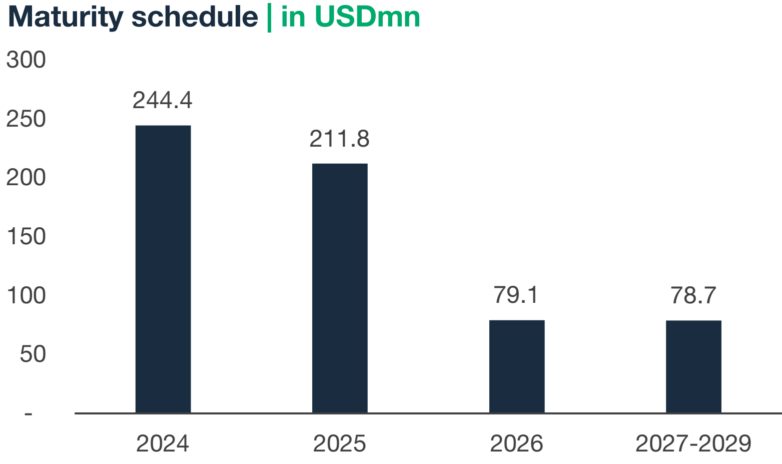
- The FCF remained positive at USD44.4mn, although it was down from USD83.1mn in FY22 on lower FFO (-44% yoy). In FY23, change in WK improved to USD139mn from USD49.4mn in FY22, on the back of lower inventory cash inflows (+USD23mn vs. –USD100mn) and lower trade receivable cash outflows (-83% yoy to USD20mn). Capex decreased 13% yoy to USD53mn.

- The cash & eq. + ST investments increased +10% qoq to USD221mn. However, it was not enough to cover ST debt of USD255mn. Total debt decreased by 18% qoq to USD643mn. The net leverage position closed at 2.0x, up from 1.1x in LTM3Q23.





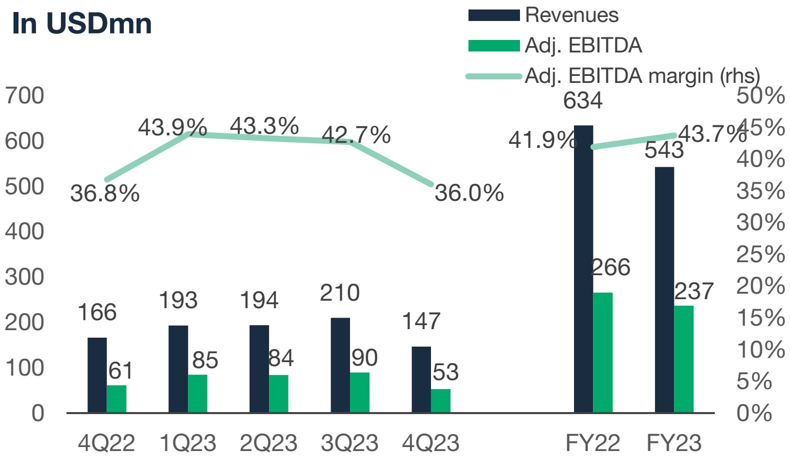


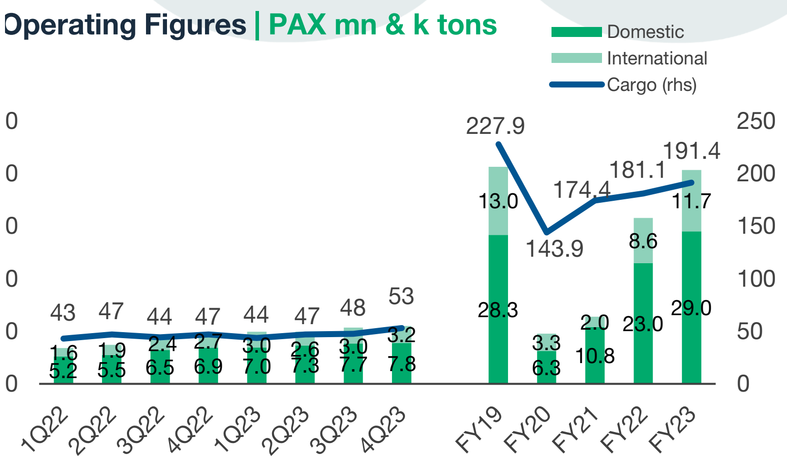


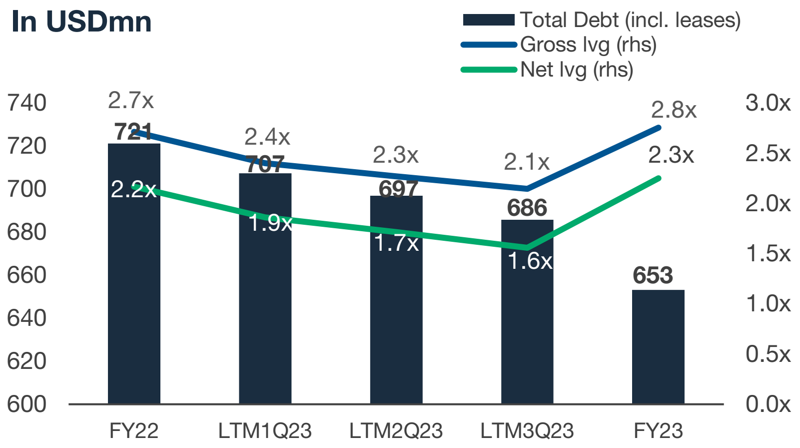
Source: TPCG Research based on the company's reports

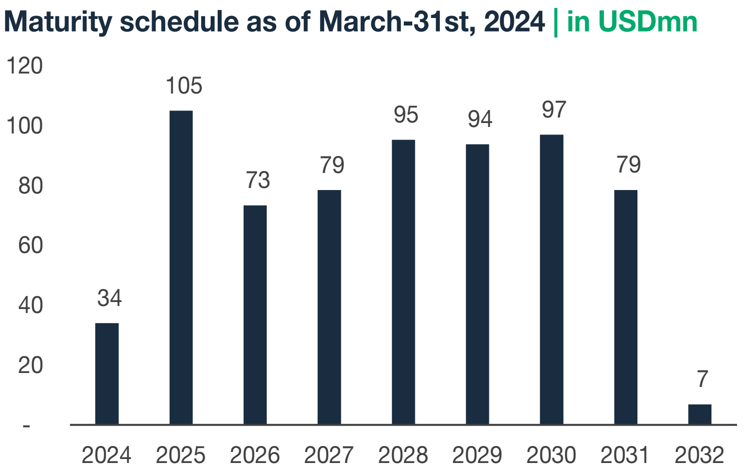
Aeropuertos Argentina 2000 (AEROAR)

- In FY23 total sales decreased by 14%yoy to USD543mn, due to the negative impact of the FX devaluation. In ARS, revenues were up by 25% yoy to ARS438,644mn, with aeronautical revenue increasing by +31% yoy and commercial revenue increasing by +19% yoy. Total PAX grew by +29% yoy to 42.2mn. Domestic passengers accounted for 71% of total PAX, while international passengers 29%. In 2019, the mix was 69% and 31%, respectively. In FY23, domestic passengers increased +27% yoy. International passengers were up by +36% yoy. Cargo volume increased +6% yoy to 191.4k tons.
- The Adj. EBITDA decreased -11% yoy to USD237mn. However, it increased by 24% yoy to ARS191,727mn. Construction COGs increased 10% in ARS while they decrease 25% in USD terms. The Adj. EBITDA margin was up to 43.7% from 41.9% in FY22.
- The FCF turned positive to USD94mn from –USD174mn in FY22, driven by lower interest expense (-49% yoy to USD31mn) and lower Capex (-69% yoy, USD93mn).
- The cash & eq. was down by 36% qoq to USD119mn, comfortably covering ST debt of USD28mn. Total debt closed at USD653mn, decreasing 5% qoq. The net leverage was 2.3x, up from 1.6x in LTM3Q23.





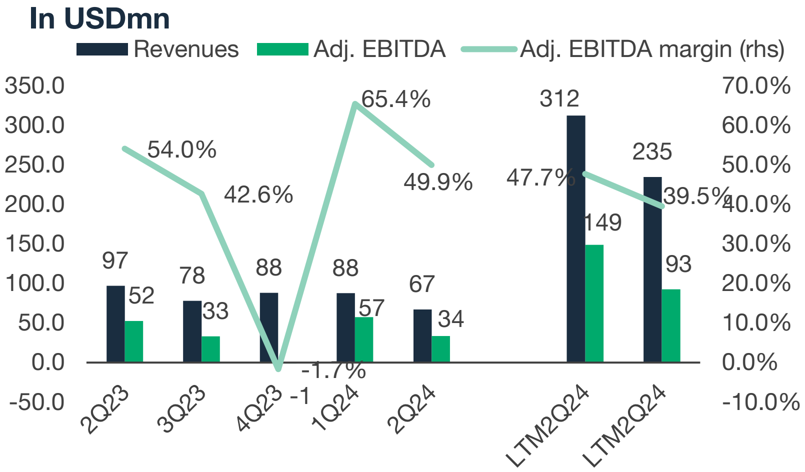


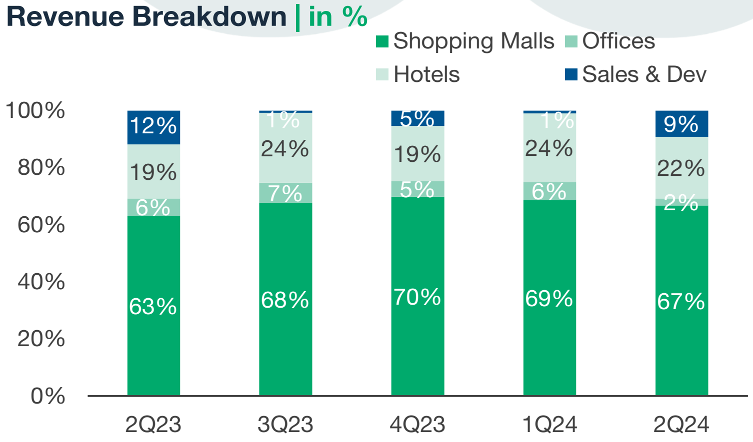


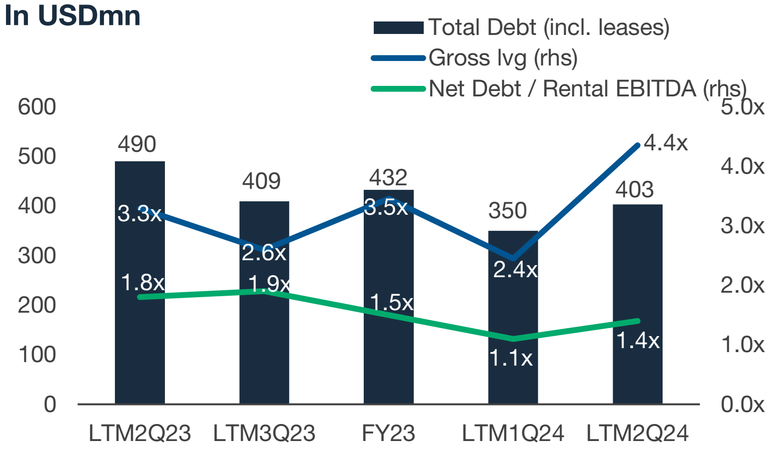
Source: TPCG Research based on the company's reports

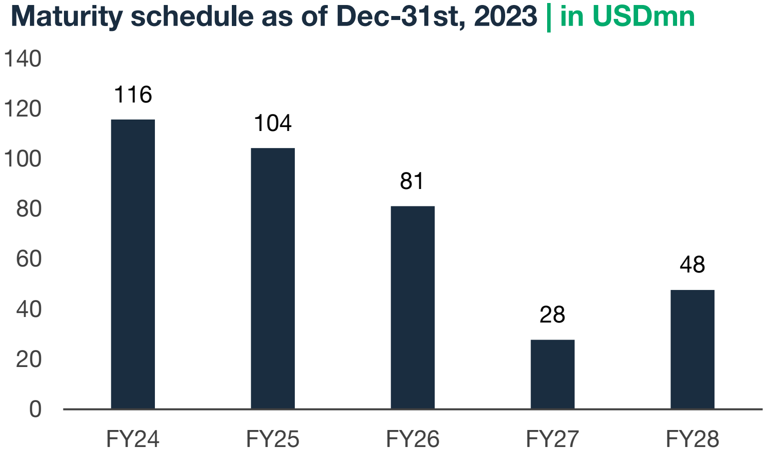
IRSA Inversiones y Representaciones (IRSAAR)

- In 2Q24, total sales decreased by 31% yoy to USD67mn, explained by the FX devaluation. In ARS, revenues were up +1.5% yoy, explained by Shopping revenues (+10% yoy) that offset Offices revenues poor results (-58% yoy). The company's EBITDA under our estimations (which excludes the effects of changes in FV of assets, and other G&L) decreased by 36% yoy to USD34mn. The company's reported EBITDA was up by 46% yoy to USD50mn. According to our estimates, revenues decreased by 25% yoy to USD235mn and the Adj. EBITDA declined by 38% yoy to USD93mn in LTM2Q24.
- In 2Q24, Shopping occupancy grew to 98.0% from 93.9% last year. Tenants' sales were up +8% yoy in ARS, with clothes & footwear increasing +7.1% yoy and restaurant sales growing by +10% yoy. Office occupancy improved to 84.8% from 68.6% in 2Q23, explained by the decrease in gross leasable area (-28% yoy). Rent was down 1.2% qoq USD24.9/sqm. Hotel occupancy grew to 71.6% from 71.4% last year.
- The FCF improved by 167% yoy to USD46mn, driven by cash inflows from sales of investment properties of USD34mn. The Cash & Eq. decreased by 29% qoq to USD146mn, covering ST debt by 103%. Total debt was up 15% qoq to USD403mn. The net debt / rental EBITDA stood at 1.4x in LTM2Q24, up from 1.1x in LTM1Q24.









Source: TPCG Research based on the company's reports

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.

For U.S. persons only:

This report is a product of TPCG, which is the employer of the research analyst(s) who has prepared the informative report. The research analyst(s) preparing this report is/are resident(s) outside the United States (U.S.) and is/are not associated person(s) of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations.

This report is intended for distribution by TPCG only to U.S. Institutional Investors and Major U.S. Institutional Investors, as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by the U.S. Securities and Exchange Commission (SEC), in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a a US Institutional Investors nor a Major U.S. Institutional Investor, as specified above, then he should not act upon this report and return it to the sender. Further, this report may not be copied, duplicated and/or transmitted to any U.S. person, which is not a U.S. Institutional Investor, nor a Major U.S. Institutional Investor.

In order to comply with the US regulations, our transactions with US Institutional Investors and Major US Institutional Investors are effected through the US-registered broker-dealer Marco Polo Securities Inc. ("Marco Polo"). Transactions in securities discussed in this report should be effected through Marco Polo or another U.S. registered broker dealer.

TPCG Analysts & Staff

Research		Sales & Trading		Corporate Banking		Capital Markets		Wealth Management	
Juan Manuel Pazos	**Chief Economist**	**Juan Manuel Truppia**	**Head of Sales & Trading**	**José Ramos**	**Head of Corporate Finance**	**José Ramos**	**Head of Corporate Finance**	**José Ramos**	**Head of Corporate Finance**
Paula La Greca	Corporate Research Analyst	Lucia Rodriguez Pardina	S&T Director	Camila Martinez	Corporate Sales Director	Nicolás Alperín	DCM	Josefina Guerrero	Private Wealth Management Specialist
Santiago Resico	Economist	Agustina Guadalupe	Sales	Sol Silvestrini	Corporate Sales				
Camila Sanchez Lauria	Research Analyst	Maria Pilar Hurtado	Sales	Nicolas Iglesias	Corporate Sales				
		Juan Ignacio Vergara	Sales						
		Pedro Nollmann	Sales						
		María Ruiz de Castroviejo Salas	Sales						
		Candelaria Posse	Sales						
		Victoria Faynbloch	Desk Analyst						
		Felipe Freire	Trader						
		Homero Fernandez Bianco	Trader						
		Andres Robertson	Trader						
		Santiago Baibiene	Trader						

tpcgco.com

Paula La Greca
Sr Corporate Analyst
TPCG Research