ARGENTINA EQUITY MARKET

Weekly Market Strategy Report

July 16, 2019

Trade Ideas		
	Price	**Rating**
TRAN	44,20	Market Outperformer
CEPU	38,95	Market Outperformer

HIGHLIGHTS

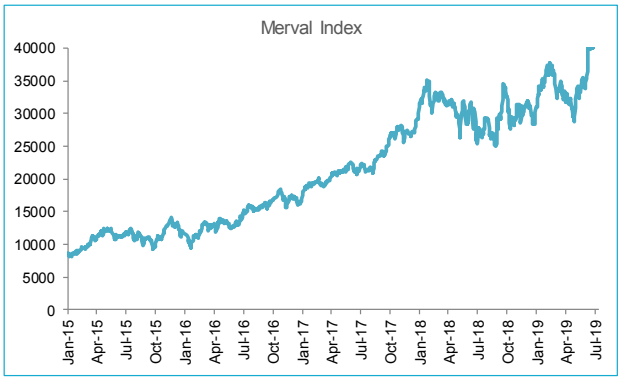
- The **Merval index** fell 1.2% during the last 7 days, contrary to the developed markets' trend.
- **Oil & Gas** companies were the best weekly performer.
- **Financial** companies were the worst performers.
- Merval Argentina Index Control Board.

See more details page 2.

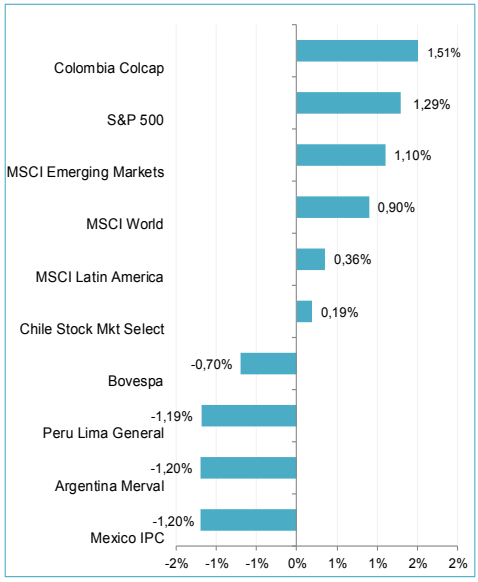
Strategy

The electoral scenario is somewhat clear as the electorate would be divided into two: center left and center right, which would be almost binary, continuing to generate uncertainty until the primary elections take place. Investors are now assigning a greater probability of an electoral scenario more favorable to the Government.

Companies with low debt in dollars and hard currency denominated revenues would benefit most in this context, acting as a natural hedge. In addition, companies with high dividend yields would also experience lower volatility. At current prices, **Central Puerto (CEPU)** continues to stand out, as most of its revenue is dollarized and has low dollar indebtedness. In addition, at current price levels, **TGS (TGSU2)** due to the positive sector's growth outlook and a positive cash position is also attractive.



Indexes Weekly Variation



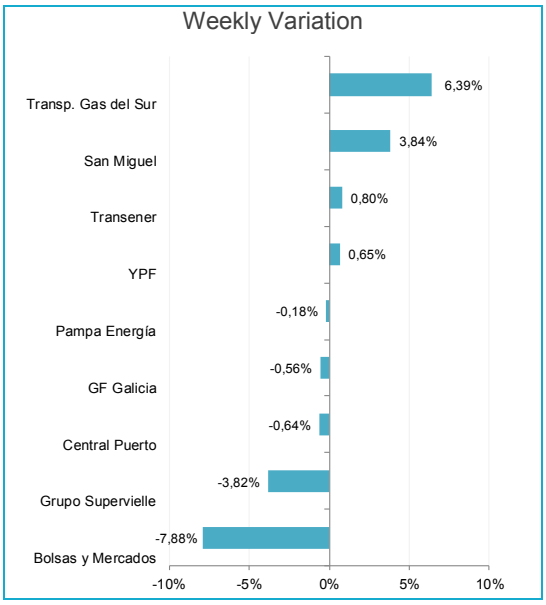
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Argentina

Selected Stocks

Company	Price (ARS)	Chg 5d %	Chg 1 yr %	Rating
Bolsas y Mercados	339	-9,2	-9,0	Hold
YPF	766	0,8	87,0	Hold
GF Galicia	151,75	0,1	62,9	Hold
Grupo Supervielle	66,8	-3,0	5,3	Hold
Pampa Energía	56,85	1,8	41,2	Hold
Transener	44,2	-0,2	1,4	Hold
Transp. Gas del Sur	132,3	6,2	77,2	Hold
San Miguel	86,5	2,6	-22,1	Hold
Central Puerto	38,95	-2,3	35,1	Hold

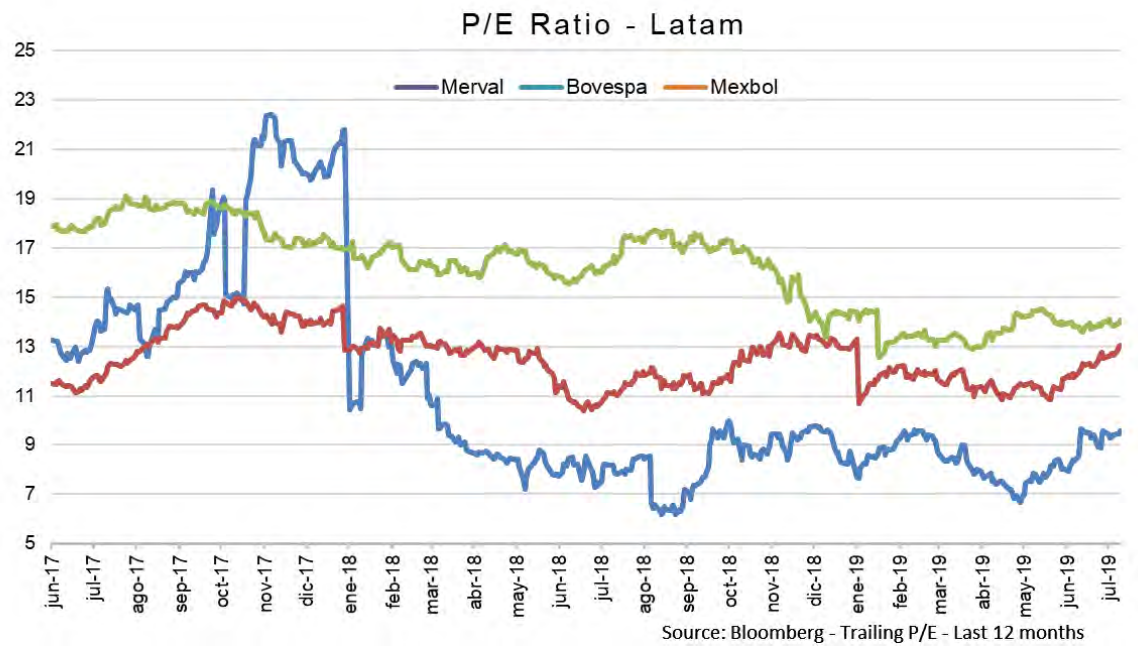
Source: Bloomberg



The Merval index fell 1.2% in the last 7 days, contrary to the developed markets' trend. Last week Oil & Gas companies, as well as Industrial companies, outstanded. On the other hand, Financial, followed by Agricultural companies, had the worst performance.

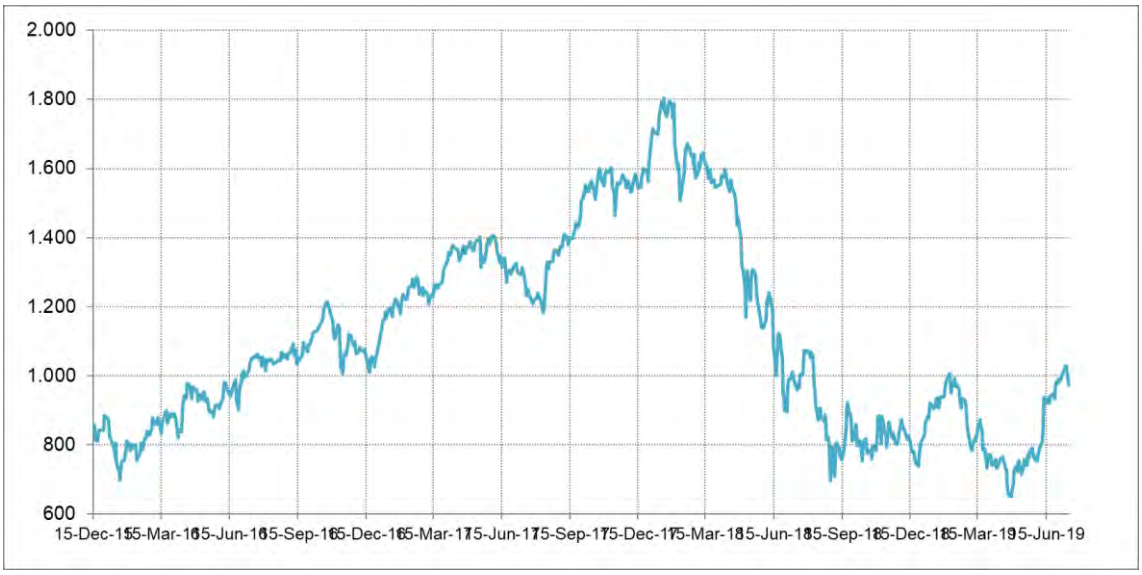
During the week, shares with the best performance were Transportadora Gas del Norte (TGNO4, +6.39%), Transener (TRAN, +0.80%) and Mirgor (MIRG, +0.73%). The lowest returns were for Grupo Valores (VALO, -8.30%), ByMA (BYMA, -7.88%), and Cresud (CRES, -6.94%).

Latam – P/E Ratios



Merval Index in Dollars

The dollar-denominated Merval index fell 2.5% over the week, closing this time at 973 points, mainly driven by the fall in the pesos denominated index.



Asymmetric hike in argentine stocks

After country risk premium fell significantly, although still is at high levels (767 bps), it would be reasonable to estimate the stocks' potential upside, based on historical prices, if the country risk reached the levels prior to the 2018 crisis (550pts).

Ticker	Total Return (USD)	July 12th Price (100 basis)	Expected return	Index
COME	-40,03%	59,97	66,7%	Merval
EDN	-39,07%	60,93	64,1%	Merval
BYMA	-37,51%	62,49	60,0%	Merval
ALUA	-36,64%	63,36	57,8%	Merval
CVH	-35,84%	64,16	55,9%	Merval
MIRG	-31,29%	68,71	45,5%	Merval
SUPV	-30,96%	69,04	44,8%	Merval
TXAR	-30,65%	69,35	44,2%	Merval
CRES	-28,96%	71,04	40,8%	Merval
TRAN	-15,11%	84,89	17,8%	Merval
CEPU	-10,06%	89,94	11,2%	Merval
PAMP	-9,52%	90,48	10,5%	Merval
BBAR	-3,69%	96,31	3,8%	Merval
TECO2	-0,11%	99,89	0,1%	Merval
TGNO4	4,42%	104,42	-4,2%	Merval
GGAL	6,41%	106,41	-6,0%	Merval
BMA	10,31%	110,31	-9,3%	Merval
VALO	15,29%	115,29	-13,3%	Merval
YPFD	22,76%	122,76	-18,5%	Merval
TGSU2	27,27%	127,27	-21,4%	Merval

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Ticker	Total Return (USD)	July 12th Price (100 basis)	Expected return	Index
METR	-49,62%	50,38	98,5%	General
CGPA2	-48,57%	51,43	94,4%	General
SAMI	-46,90%	53,10	88,3%	General
DGCU2	-45,98%	54,02	85,1%	General
LEDE	-27,18%	72,82	37,3%	General
AGRO	-22,36%	77,64	28,8%	General
BRIO	-20,68%	79,32	26,1%	General
AUSO	-19,34%	80,66	24,0%	General
BPAT	-7,62%	92,38	8,3%	General
CECO2	3,97%	103,97	-3,8%	General
TGNO4	4,42%	104,42	-4,2%	General
OEST	6,97%	106,97	-6,5%	General
LOMA	16,07%	116,07	-13,8%	General
HARG	38,05%	138,05	-27,6%	General

According to the above, it can be concluded that:

- Gas distributors' shares were had negative performance due to the uncertainty of a political change that could negatively influence tariffs.
- Companies with strong corporate results and relative low valuations (e.g. Aluar) could be favored by a positive change in expectations, as companies without short term positive drivers and with relative high valuations (e.g. Grupo Valores) would not have an outstanding performance.

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Acciones Argentinas / Argentine Stocks

Compañía / Company			16-jul-19	% Semana / Week	% Mes / Month	% 1 Año / year	% YTD
Agrometal	AGRO AR Equity	Agropecuario	12,00	-6,25%	7,62%	18,96%	33,33%
Aluar	ALUA AR Equity	Materiales Básicos	18,70	1,03%	17,16%	3,62%	12,42%
Autopistas del Sol	AUSO AR Equity	Consumo no Ciclico	107,00	-6,14%	1,18%	31,21%	-3,55%
Autopistas Oeste	OEST AR Equity	Consumo no Ciclico	37,50	-3,72%	-3,85%	62,95%	20,49%
Banco Hipotecario	BHIP AR Equity	Financiero	17,95	-4,52%	5,59%	38,94%	54,91%
Banco Patagonia	PATA AR Equity	Financiero	24,00	4,35%	4,35%	-9,43%	-0,83%
Banco Rio	BRIO AR Equity	Financiero	23,15	14,60%	24,13%	23,90%	36,29%
BBVA Banco Francés	BBAR AR Equity	Financiero	168,70	1,14%	4,56%	48,72%	23,63%
BMA Banco Macro Bansud	BMA AR Equity	Financiero	295,00	-3,42%	1,74%	71,50%	88,50%
Boldt	BOLT AR Equity	Juego	4,17	-4,79%	20,87%	12,18%	41,12%
Bolsas y Mercados Argentinos	BYMA AR Equity	Financiero	334,00	-9,24%	-12,11%	-7,46%	-10,25%
Cablevisión Holding	CVH AR Equity	Comunicaciones	255,00	-4,85%	-2,11%	0,51%	6,94%
Carlos Casado	CADO AR Equity	Consumo no Ciclico	12,25	-1,21%	4,10%	41,95%	-2,79%
CAPEX	CAPX AR Equity	Utilities	66,00	3,13%	11,86%	21,10%	6,62%
Celulosa	CELU AR Equity	Materiales Básicos	29,00	0,00%	1,40%	245,65%	59,34%
Central Puerto	CEPU AR Equity	Utilities	38,35	-2,17%	-1,67%	35,27%	15,17%
Come. del Plata	COME AR Equity	Conglomerado	3,05	-1,93%	-4,69%	-9,08%	-5,54%
Cresud	CRES AR Equity	Consumo no Ciclico	46,40	-5,31%	-0,64%	11,38%	3,34%
Dycasa	DYCA AR Equity	Construcción	41,50	-2,35%	-3,49%	48,21%	9,21%
Edenor	EDN AR Equity	Energia	42,00	-0,94%	-1,29%	-7,18%	-17,57%
Endesa Costanera	CECO2 AR Equity	Utilities	9,79	2,19%	-5,87%	56,50%	59,35%
Ferrum	FERR AR Equity	Construcción	3,35	-4,01%	-1,47%	-7,39%	29,93%
Fiplasto	FIPL AR Equity	Construcción	3,58	-0,56%	3,77%	-31,41%	5,53%
Garovaglio	GARO AR Equity	Conglomerado	4,40	0,23%	-3,30%	-35,29%	-6,98%
GasBan	GBAN AR Equity	Energia	35,00	0,00%	-5,41%	-27,08%	-9,09%
Grimoldi	GRIM AR Equity	Consumo no Ciclico	23,50	2,17%	4,44%	-28,42%	26,68%
Grupo Clarin	GCLA AR Equity	Media	43,00	2,50%	2,87%	-8,51%	-13,13%
Grupo Financiero Valores	VALO AR Equity	Financiero	8,12	-7,73%	10,03%	74,50%	70,53%
Grupo Galicia	GGAL AR Equity	Financiero	153,15	0,36%	5,04%	65,53%	50,23%
Grupo Supervielle	SUPV AR Equity	Financiero	67,40	-2,95%	2,90%	6,80%	7,98%
Irsa	IRSA AR Equity	Real Estate	43,75	-1,02%	2,22%	-0,97%	-8,95%
Havanna	HAVA AR Equity	Consumo Cíclico	79,50	-6,47%	-3,05%	79,81%	59,83%
Holcim	HARG AR Equity	Industrial	93,90	-1,47%	-3,20%	108,67%	60,51%
Ledesma	LEDE AR Equity	Consumo no Ciclico	12,65	-6,30%	4,55%	10,96%	3,69%
Loma Negra	LOMA AR Equity	Industrial	103,00	2,64%	3,88%	81,98%	27,95%
Longvie	LONG AR Equity	Construcción	2,57	0,78%	4,90%	-13,47%	17,35%
Metrogas	METR AR Equity	Utilities	22,15	8,05%	3,50%	-25,55%	-16,42%
Mirgor	MIRG AR Equity	Consumo Ciclico	350,00	1,79%	1,35%	5,82%	-1,40%
Molinos	MOLI AR Equity	Consumo no Ciclico	44,70	-1,76%	2,05%	1,25%	20,81%
Pampa Holding	PAMP AR Equity	Conglomerado	58,00	1,84%	2,65%	41,29%	24,06%
Patagonia (Imp. Exp)	PATA AR Equity	Consumo no Ciclico	24,00	4,35%	4,35%	-9,43%	-0,83%
Petrobras Brasil	APBR AR Equity	Energia	346,90	4,17%	2,03%	142,83%	39,44%
Polledo	POLL AR Equity	Industrial	7,50	4,90%	-0,27%	-37,50%	-21,05%
Quickfood	PATY AR Equity	Consumo no Ciclico	4,50	-0,44%	7,91%	-6,76%	1,35%
Richmond	RICH AR Equity	Farmacéutico	43,75	-2,78%	0,57%	59,09%	20,52%
Rigolleau	RIGO AR Equity	Consumo no Ciclico	39,00	-2,50%	14,71%	16,43%	-14,33%
San Miguel	SAMI AR Equity	Agricultura	85,50	2,64%	5,56%	-21,72%	-10,04%
Siderar	TXAR AR Equity	Materiales Básicos	14,05	-1,40%	3,69%	3,62%	11,47%
Solvay Indupa	INDU AR Equity	Materiales Básicos	16,50	-0,60%	-0,60%	25,48%	1,23%
Telefónica	TEF AR Equity	Comunicaciones	340,00	-2,30%	-5,54%	44,99%	9,56%
Telecom	TECO2 AR Equity	Comunicaciones	151,00	0,70%	-0,98%	50,32%	29,92%
Tenaris	TS AR Equity	Materiales Básicos	569,90	3,01%	7,73%	15,27%	41,62%
TGN	TGNO4 AR Equity	Energia	69,30	-1,56%	-2,39%	56,60%	35,56%
TGS	TGSU2 AR Equity	Energia	132,00	6,15%	0,84%	101,10%	32,13%
Transener	TRAN AR Equity	Utilities	43,75	-0,23%	-1,02%	29,91%	15,55%
YPF	YPFD AR Equity	Energia	768,00	0,91%	3,04%	89,92%	54,12%
Ind. MERVAL	MERVAL Index		41.552,41	-0,49%	2,63%	58,21%	37,17%
Ind. General	IBG Index		1.789.974,63	-0,12%	3,06%	54,82%	36,87%

Tablero de Control - Índice S&P Merval / S&P Merval Index - Control Panel																			
Compañía / Company	Especie / Ticker	Precio de Cierre al / Closing Price at 15/07/2019	Industria /Industry	% Sem.	% MTD	% YTD	% 1 Año	Vol. Promedio Últimos 30 días (en pesos) / Average Volume 30d	Ponderación estimada / Estimated Weight	Market Cap (millones de pesos)	Ingresos* /Revenues* (12 meses)	% var. ingresos a/a / % var. Revenues YoY	EBITDA* (12 meses)	Margen de EBITDA /EBITDA Margin	Resultado Neto* (12 meses) /Net Income* (12 months)	Margen Neto / Net Margin	% var. Ganancia a/a / % var. Net Income YoY	PE Ratio (12 meses)	EV/EBITDA (12 meses)	P/BV
Índice S&P Merval		**36.623**		**-1,3%**	**-1,3%**	**+32,2%**	**+47,1%**											**13,6X**	**6,3X**	
GF Galicia	GGAL	$151,75	Bancos	-0,6%	+0,1%	+48,9%	+62,2%	$228.770.000	17,18%	$216.512	$ 114.574	124%	-	-	$ 20.459	18%	111%	10,6x	-	3,4x
Banco Macro	BMA	$292,00	Bancos	-4,4%	-6,7%	+86,6%	+69,6%	$59.400.000	12,77%	$195.542	$ 85.170	141%	-	-	$ 19.511	23%	76%	10,0x	-	3,0x
Banco Francés	BBAR	$166,75	Bancos	-0,0%	+3,6%	+22,2%	+46,1%	$27.540.000	4,59%	$102.161	$ 34.545	41%	-	-	$ 9.706	28%	232%	10,5x	-	2,3x
Grupo Supervielle	SUPV	$66,80	Bancos	-3,8%	-0,7%	+7,0%	+5,4%	$72.130.000	2,27%	$30.509	$ 19.373	27%	-	-	$ 3.706	19%	33%	8,2x	-	1,8x
GF Valores	VALO	$8,07	Bancos	-8,3%	-1,6%	+69,5%	+72,4%	$26.020.000	1,17%	$6.928	-	-	-	-	-	-	-	-	-	3,2x
Soc. Com. del Plata	COME	$3,08	Conglom.	-1,0%	-1,9%	-4,6%	-8,7%	$7.440.000	0,08%	$4.651	$ 1.669	-26%	-$ 433	-26%	$ 482	29%	3650%	12,6x	-	0,8x
Mirgor	MIRG	$346,50	Consumo	+0,8%	+0,8%	-2,4%	+2,3%	$2.400.000	2,64%	$6.237	$ 32.522	58%	$ 3.254	10%	-$ 23	0%	-103%	-	1,8x	1,4x
Pampa Energía	PAMP	$56,85	Electricidad	-0,2%	-4,1%	+21,6%	+37,0%	$64.670.000	11,92%	$106.562	$ 120.587	71%	$ 30.926	26%	$ 16.910	14%	381%	6,5x	5,3x	1,7x
Central Puerto	CEPU	$38,95	Electricidad	-0,6%	-1,1%	+17,0%	+35,7%	$29.620.000	9,82%	$58.971	$ 18.697	124%	$ 30.151	161%	$ 10.984	59%	116%	5,4x	2,2x	1,6x
Edenor	EDN	$42,00	Electricidad	-0,9%	+7,0%	-17,6%	-7,6%	$25.680.000	0,58%	$36.839	$ 55.954	130%	$ 6.518	12%	$ 5.225	9%	964%	7,2x	6,2x	1,2x
Transener	TRAN	$44,20	Electricidad	+0,8%	+2,3%	+16,7%	+28,3%	$38.770.000	0,21%	$19.655	$ 10.668	60%	$ 6.079	57%	$ 3.028	28%	31%	6,5x	3,1x	1,5x
YPF	YPFD	$766,00	O&G	+0,7%	-1,1%	+53,7%	+89,0%	$75.550.000	17,46%	$301.278	$ 490.904	81%	$ 138.400	28%	$ 20.518	4%	42%	14,7x	4,2x	0,7x
TGS	TGSU2	$132,30	O&G	+6,4%	+6,3%	+32,4%	+96,7%	$22.280.000	2,26%	$105.112	$ 38.295	162%	$ 11.511	30%	$ 11.915	31%	337%	8,8x	9,5x	2,9x
TGN	TGNO4	$70,00	O&G	-0,6%	+1,9%	+36,9%	+58,5%	$24.230.000	0,45%	$30.756	$ 13.337	170%	$ 7.686	58%	$ 4.123	31%	457%	7,5x	4,4x	1,1x
Bolsas y Mercados	BYMA	$339,00	Financiera	-7,9%	-8,9%	-8,9%	-5,7%	$19.390.000	3,07%	$25.849	-	-	-	-	-	-	-	-	-	2,5x
Cresud	CRES	$45,60	Inmobiliaria	-6,9%	+1,7%	+1,6%	+8,6%	$14.680.000	2,39%	$22.875	$ 61.109	-23%	$ 36.051	59%	-$ 10.226	-17%	-450%	-	4,9x	0,9x
Aluar	ALUA	$18,90	Materiales	+2,1%	+8,6%	+13,6%	-1,3%	$13.000.000	1,74%	$52.920	$ 34.292	92%	$ 11.218	33%	$ 5.261	15%	55%	10,1x	5,1x	2,4x
Siderar	TXAR	$14,30	Materiales	+0,4%	+4,4%	+13,4%	+5,1%	$16.700.000	1,42%	$64.594	$ 78.980	19%	$ 12.614	16%	$ 11.816	15%	25%	5,5x	5,7x	0,6x
Telecom	TECO2	$149,50	Comun.	-0,3%	-1,6%	+28,6%	+51,5%	$14.640.000	4,66%	$321.976	$ 181.676	124%	$ 57.087	31%	$ 4.302	2%	-52%	74,8x	6,9x	1,3x
Cablevisión Hold.	CVH	$259,00	Comun.	-3,4%	+0,0%	+8,6%	+1,3%	$5.650.000	3,32%	$46.786	$ 181.676	-	$ 41.190	23%	-$ 14.129	-8%	-	-	2,9x	1,3x
Otras empresas / Other Companies																				
Tenaris	TS	$568,20	O&G	+2,7%	+1,8%	+41,2%	+14,1%	$46.020.000		$670.781	$ 253.943	138%	$ 37.315	15%	$ 12.327	5%	16%	54,4x	18,0x	55,9x
San Miguel	SAMI	$86,50	Agro	+3,8%	+6,9%	-9,0%	-19,5%	$1.380.000		$6.155	$ 10.454	162%	$ 2.272	22%	-$ 1.186	-11%	-323%	-	5,3x	0,6x
Banco Hipotecario	BHIP	$18,30	Bancos	-2,7%	+6,7%	+57,9%	+43,3%	$3.790.000		$27.450	$ 16.140	64%	$ 0	0%	$ 1.515	9%	-19%	18,1x	-	2,7x
Central Costanera	CECO2	$9,90	Electricidad	+3,3%	+6,7%	+61,1%	+57,1%	$3.380.000		$6.950	$ 8.791	109%	$ 2.013	23%	$ 629	7%	586%	11,1x	3,4x	6,9x

*Fuente: CMA en base a Bloomberg y últimas publicaciones trimestrales de resultados. En millones de pesos.

**No se consideran los ingresos de la industria bancaria en el cálculo

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