

ARGENTINA EQUITY MARKET

Weekly Market Strategy Report

August 21, 2019

Trade Ideas

	Price	Rating
ALUA	19,50	Market Outperformer
SAMI	79,50	Market Outperformer
TXAR	12,10	Market Outperformer

HIGHLIGHTS

- The **Merval Index** dropped 10,26% during the last 7 days, in line with international markets.
- Companies in the **Industrial sector** were the best weekly performers.
- **Oil & Gas** was the worst performing sector.

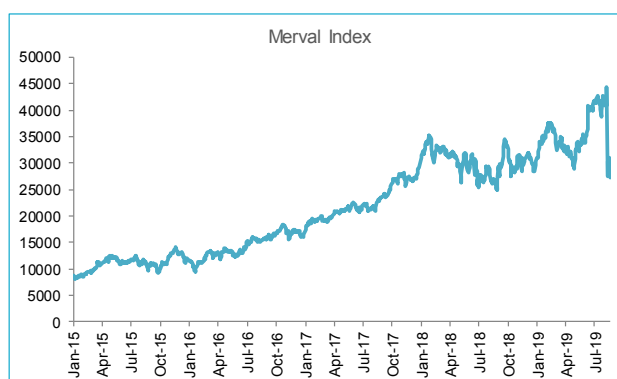
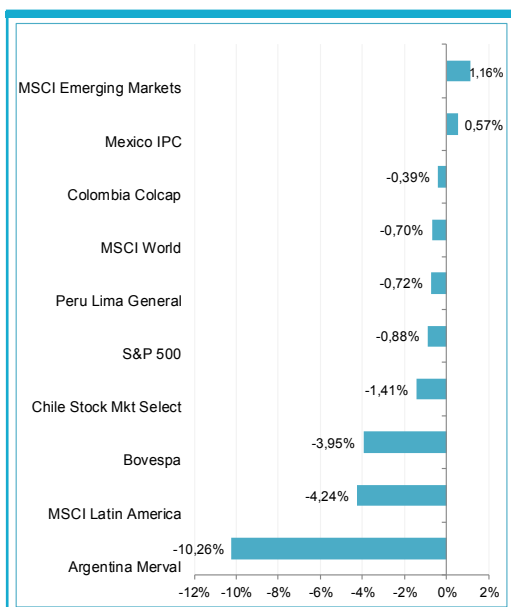
[See more details page 2](#)

Strategy

Uncertainty regarding Alberto Fernandez's possible economic actions, mainly about the relationship with the IMF, possible price controls and external debt management continues. Even so, we believe that, at current prices, certain stocks trade at attractive entry points. Although, we suggest eliminating exposure to utilities, due to higher regulatory risk and possible tariff freezing. Companies with a high percentage of dollar denominated revenues, lower operating exposure to domestic market and low debt levels would act as a hedge in the current scenario.

Following the sharp decline post primary elections, the high volatility scenario continues, due to uncertainty about Alberto Fernandez's possible economic actions. Uncertainty about debt repayment and rumors about a possible debt restructuring triggered significant cash outflows, reducing exposure to Argentine securities. We suggest reducing or eliminating exposure to companies operating in sectors that may suffer tariff freezes, particularly those in the natural gas and electricity sectors. As mentioned in previous weeks, companies in defensive sectors, such as Aluar, Ternium and San Miguel, would continue to stand out, as well as those with reduced exposure to the Argentine market, such as MercadoLibre and Globant.

Indexes Weekly Variation



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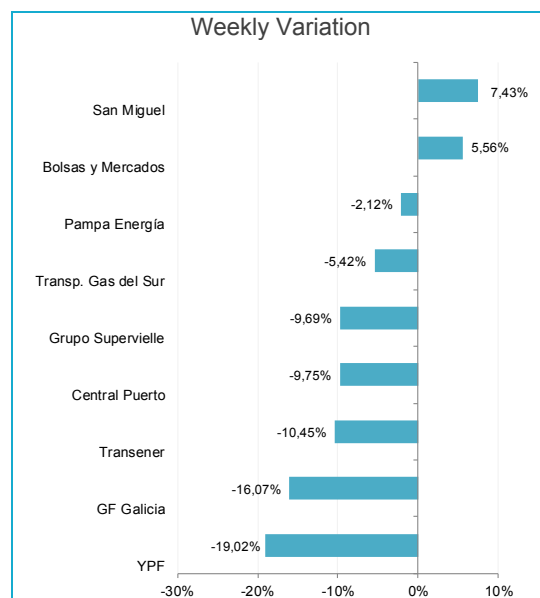
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Argentina

Selected Stocks

Company	Price (ARS)	Chg 5d %	Chg 1 yr %	Rating
YPF	536,95	-15,8	20,1	Hold
GF Galicia	84,35	-14,1	1,1	Hold
Grupo Supervielle	37,75	-6,7	-28,0	Hold
Pampa Energía	37	-1,9	-2,4	Hold
Transener	21,85	-7,6	-48,8	Hold
Transp. Gas del Sur	98,55	-3,1	27,5	Hold
San Miguel	79,5	5,4	-25,0	Hold
Central Puerto	19,9	-3,4	-26,7	Hold

Source: Bloomberg



The Merval Index dropped 10,26% during the last 7 days. Last week, companies in the Industrial sector, along with Financials sector outperformed. On the other hand, Oil & Gas sector, followed by Holding companies, recorded the worst performance.

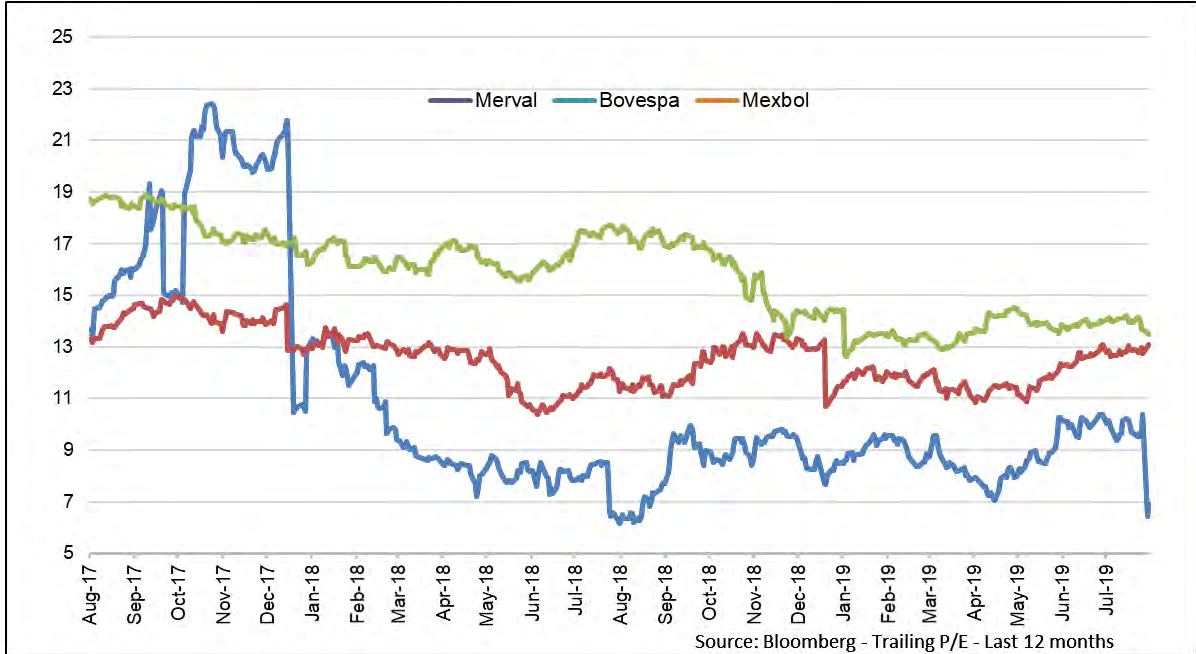
During the week, shares with the best performance were Mirgor (MIRG, +31,58%), Aluar (ALUA, +13,04%) and Bolsas y Mercados Argentinos (BYMA, +5,56%). The lowest returns were for YPF (YPFD, -19,02%), Banco Macro (BMA, -18,41%) and TGN (TGNO4, -17,72%).

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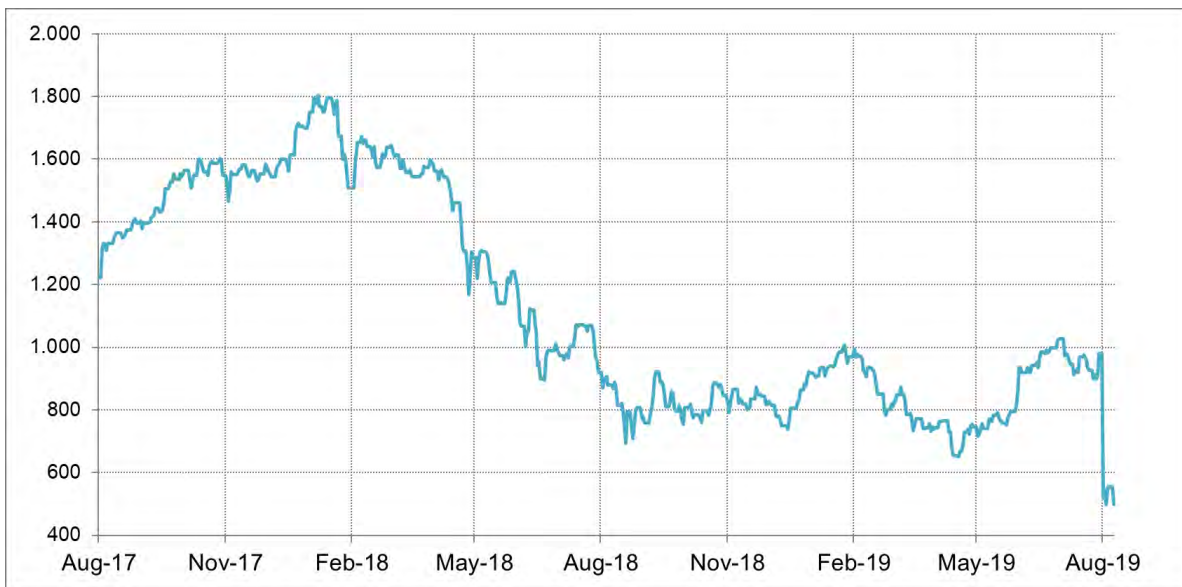
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Latam – P/E Ratios



Dollar-denominated Merval Index

The dollar-denominated Merval Index was down 9,58% over the week, closing this time at 497 points, primarily driven by the index return in pesos.



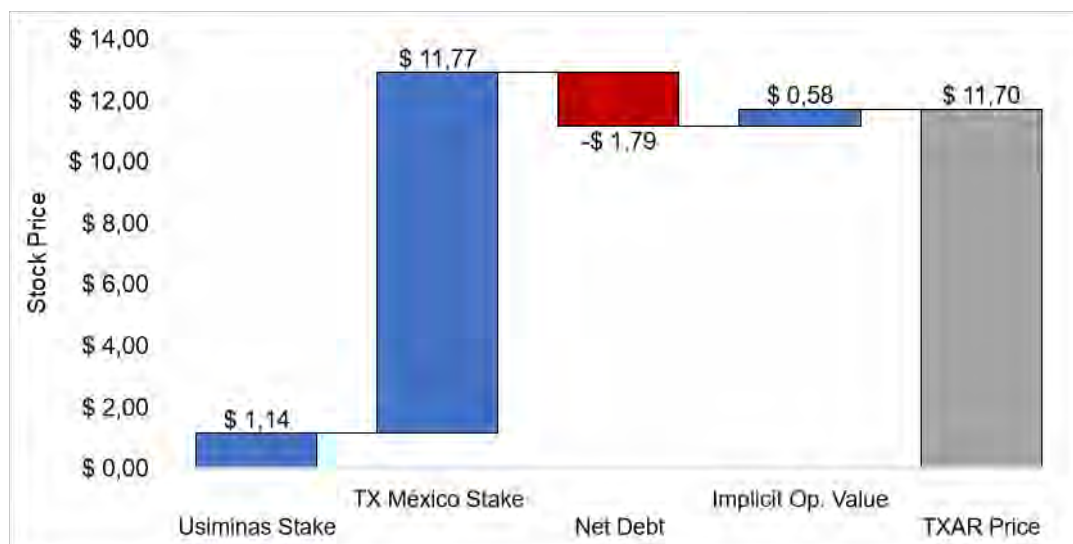
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TXAR: Attractive to take a defensive position in Argentina

At current prices, Ternium Argentina presents an attractive opportunity considering that its stake in related companies reaches 95% of the stock's price, so the implicit Value of Argentina's operations is almost 0. That means that TXAR's current price only accounts for investments in related companies, and the entire domestic operating unit is almost for free.



Acciones Argentinas / Argentine Stocks

Compañía / Company			20-ago-19	% Semana / Week	% Mes / Month	% 1 Año / year	% YTD
Agrometal	AGRO AR Equity	Agropecuario	7,70	-6,44%	-31,86%	-25,60%	-14,44%
Aluar	ALUA AR Equity	Materiales Básicos	19,50	13,04%	7,44%	6,97%	17,23%
Autopistas del Sol	AUSO AR Equity	Consumo no Ciclico	76,50	10,26%	-14,00%	12,79%	-22,48%
Autopistas Oeste	OEST AR Equity	Consumo no Ciclico	30,30	18,62%	-5,43%	44,63%	12,43%
Banco Hipotecario	BHIP AR Equity	Financiero	14,55	-3,96%	-19,17%	17,56%	25,56%
Banco Patagonia	PATA AR Equity	Financiero	20,00	-18,70%	-15,61%	-27,27%	-17,36%
Banco Río	BRIO AR Equity	Financiero	14,30	-7,74%	-37,83%	-21,63%	-15,81%
BBVA Banco Francés	BBAR AR Equity	Financiero	95,05	-17,35%	-39,99%	-1,47%	-30,35%
BMA Banco Macro Bansud	BMA AR Equity	Financiero	178,80	-18,41%	-35,91%	33,65%	14,25%
Boldt	BOLT AR Equity	Juego	2,94	-7,55%	-31,79%	-20,44%	-0,50%
Bolsas y Mercados Argentinos	BYMA AR Equity	Financiero	237,25	5,56%	-25,98%	-33,95%	-36,24%
Cablevisión Holding	CVH AR Equity	Comunicaciones	159,00	-3,34%	-33,82%	-46,41%	-33,32%
Carlos Casado	CADO AR Equity	Consumo no Ciclico	11,90	3,48%	-2,46%	37,58%	-5,57%
CAPEX	CAPX AR Equity	Utilities	51,00	-7,27%	-19,05%	-4,67%	-17,61%
Celulosa	CELU AR Equity	Materiales Básicos	24,50	-3,92%	-15,52%	159,26%	34,62%
Central Puerto	CEPU AR Equity	Utilities	19,90	-9,75%	-48,71%	-32,43%	-40,24%
Come. del Plata	COME AR Equity	Conglomerado	1,33	0,76%	-22,30%	-41,82%	-29,98%
Cresud	CRES AR Equity	Consumo no Ciclico	33,40	-9,61%	-27,31%	-18,04%	-25,61%
Dycasa	DYCA AR Equity	Construcción	40,00	5,26%	-2,44%	60,64%	5,26%
Edenor	EDN AR Equity	Energia	19,30	-13,45%	-52,87%	-54,75%	-62,12%
Endesa Costanera	CECO2 AR Equity	Utilities	7,50	0,00%	-22,20%	18,48%	22,08%
Ferrum	FERR AR Equity	Construcción	2,95	1,72%	-10,88%	-15,76%	14,41%
Fiplasto	FIPL AR Equity	Construcción	3,50	6,38%	-0,28%	-24,98%	3,18%
Garovaglio	GARO AR Equity	Conglomerado	4,00	1,27%	-6,98%	-36,00%	-15,43%
GasBan	GBAN AR Equity	Energia	32,00	10,34%	-10,86%	-27,27%	-16,88%
Grimoldi	GRIM AR Equity	Consumo no Ciclico	22,65	-5,43%	3,90%	-23,74%	22,10%
Grupo Clarin	GCLA AR Equity	Media	30,00	-11,76%	-29,41%	-33,33%	-39,39%
Grupo Financiero Valores	VALO AR Equity	Financiero	5,92	-2,63%	-21,80%	29,23%	24,33%
Grupo Galicia	GGAL AR Equity	Financiero	84,35	-16,07%	-43,18%	-2,54%	-17,26%
Grupo Supervielle	SUPV AR Equity	Financiero	37,75	-9,69%	-41,38%	-32,24%	-39,52%
Irsa	IRSA AR Equity	Real Estate	37,50	-4,34%	-12,69%	-13,07%	-21,96%
Havanna	HAVA AR Equity	Consumo Cíclico	71,00	1,43%	-8,97%	71,29%	42,74%
Holcim	HARG AR Equity	Industrial	64,40	-17,44%	-30,60%	38,49%	10,09%
Ledesma	LEDE AR Equity	Consumo no Ciclico	10,70	-1,38%	-14,40%	-8,55%	-12,30%
Loma Negra	LOMA AR Equity	Industrial	60,65	-15,17%	-42,02%	11,69%	-24,66%
Longvie	LONG AR Equity	Construcción	2,69	22,27%	7,60%	-6,60%	22,83%
Metrogas	METR AR Equity	Utilities	12,00	3,90%	-40,00%	-59,32%	-54,72%
Mirgor	MIRG AR Equity	Consumo Cíclico	364,50	31,59%	4,22%	6,54%	2,75%
Molinos	MOLI AR Equity	Consumo no Ciclico	41,50	-3,04%	-1,19%	3,75%	12,16%
Pampa Holding	PAMP AR Equity	Conglomerado	37,00	-2,12%	-34,63%	-1,99%	-20,86%
Patagonia (Imp. Exp)	PATA AR Equity	Consumo no Ciclico	20,00	-18,70%	-15,61%	-27,27%	-17,36%
Petrobras Brasil	APBR AR Equity	Energia	357,45	-12,46%	6,07%	127,44%	44,66%
Polledo	POLL AR Equity	Industrial	7,60	0,00%	4,11%	-20,00%	-20,00%
Quickfood	PATY AR Equity	Consumo no Ciclico	3,60	-12,20%	-17,24%	-6,96%	-18,92%
Richmond	RICH AR Equity	Farmacéutico	40,00	-4,76%	-8,88%	37,93%	10,19%
Rigolleau	RIGO AR Equity	Consumo no Ciclico	27,90	3,33%	-26,58%	-21,50%	-38,71%
San Miguel	SAMI AR Equity	Agricultura	79,50	7,43%	-2,09%	-23,55%	-16,35%
Siderar	TXAR AR Equity	Materiales Básicos	12,10	2,98%	-10,37%	3,86%	-4,01%
Solvay Indupa	INDU AR Equity	Materiales Básicos	15,75	32,35%	-3,08%	-6,80%	-3,37%
Telefónica	TEF AR Equity	Comunicaciones					
Telecom	TECO2 AR Equity	Comunicaciones	121,35	-6,55%	-16,93%	18,06%	7,14%
Tenaris	TS AR Equity	Materiales Básicos	586,30	-8,55%	9,90%	20,98%	45,70%
TGN	TGNO4 AR Equity	Energia	41,55	-17,72%	-40,22%	-8,44%	-18,73%
TGS	TGSU2 AR Equity	Energia	98,55	-5,42%	-23,87%	34,61%	-1,35%
Transener	TRAN AR Equity	Utilities	21,85	-10,45%	-50,06%	-39,01%	-42,29%
YPF	YPFD AR Equity	Energia	536,95	-19,02%	-26,93%	21,49%	7,75%
Ind. Merval	MERVAL Index		27.230,62	-10,26%	-32,20%	3,78%	-10,11%
Ind. General	IBG Index		1.177.061,00	-10,83%	-32,15%	2,44%	-10,00%

Tablero de Control - Indice S&P Merval / S&P Merval Index - Control Panel																				
Compañía / Company	Especie / Ticker	Precio de Cierre al / Closing Price at 20/08/2019	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
Indice S&P Merval		23.756		-10,6%	-36,4%	-14,2%	-2,4%											8,8X	4,7X	
GF Galicia	GGAL	\$84,35	Bancos	-16,1%	-47,9%	-17,3%	-2,5%	\$318.080.000	14,69%	\$120.348	\$ 114.574	124%	-	-	\$ 20.459	18%	111%	5,9x	-	1,9x
Banco Macro	BMA	\$178,80	Bancos	-18,4%	-41,5%	+14,3%	+33,7%	\$78.740.000	12,04%	\$119.736	\$ 85.170	141%	-	-	\$ 19.511	23%	76%	6,1x	-	1,8x
Banco Francés	BBAR	\$95,05	Bancos	-17,3%	-44,1%	-30,3%	-1,5%	\$31.900.000	4,02%	\$58.233	\$ 34.545	41%	-	-	\$ 9.706	28%	232%	6,0x	-	1,3x
Grupo Supervielle	SUPV	\$37,75	Bancos	-9,7%	-44,4%	-39,5%	-32,2%	\$71.740.000	1,98%	\$17.241	\$ 19.373	27%	-	-	\$ 3.706	19%	33%	4,7x	-	1,0x
GF Valores	VALO	\$5,92	Bancos	-2,6%	-26,5%	+24,3%	+29,2%	\$11.230.000	1,33%	\$5.082	-	-	-	-	-	-	-	-	-	2,4x
Soc. Com. del Plata	COME	\$1,33	Conglom.	+0,8%	-26,1%	-30,0%	-41,8%	\$8.790.000	0,05%	\$3.414	\$ 1.669	-26%	-\$ 433	-26%	\$ 482	29%	3650%	5,4x	-	0,4x
Mirgor	MIRG	\$364,50	Consumo	+31,6%	+6,3%	+2,8%	+6,5%	\$4.370.000	4,27%	\$6.561	\$ 32.522	58%	\$ 3.254	10%	-\$ 23	0%	-103%	-	1,9x	1,5x
Pampa Energía	PAMP	\$37,00	Electricidad	-2,1%	-36,2%	-20,9%	-2,0%	\$75.700.000	11,94%	\$69.354	\$ 120.587	71%	\$ 30.926	26%	\$ 16.910	14%	381%	4,2x	4,1x	1,1x
Central Puerto	CEPU	\$19,90	Electricidad	-9,8%	-50,8%	-40,2%	-32,4%	\$32.360.000	7,72%	\$30.129	\$ 18.697	124%	\$ 30.151	161%	\$ 10.984	59%	116%	2,7x	1,2x	0,8x
Edenor	EDN	\$19,30	Electricidad	-13,5%	-53,5%	-62,1%	-54,7%	\$12.560.000	0,41%	\$16.889	\$ 55.954	130%	\$ 6.518	12%	\$ 5.225	9%	964%	3,3x	3,2x	0,6x
Transener	TRAN	\$21,85	Electricidad	-10,5%	-53,1%	-42,3%	-39,0%	\$24.580.000	0,16%	\$9.716	\$ 10.668	60%	\$ 6.079	57%	\$ 3.028	28%	31%	3,2x	1,4x	0,7x
YPF	YPFD	\$536,95	O&G	-19,0%	-26,6%	+7,8%	+21,5%	\$99.490.000	18,83%	\$211.189	\$ 490.904	81%	\$ 138.400	28%	\$ 20.518	4%	42%	10,3x	3,5x	0,5x
TGS	TGSU2	\$98,55	O&G	-5,4%	-28,2%	-1,4%	+34,6%	\$30.510.000	2,59%	\$78.298	\$ 38.295	162%	\$ 11.511	30%	\$ 11.915	31%	337%	6,5x	7,1x	2,1x
TGN	TGNO4	\$41,55	O&G	-17,7%	-45,6%	-18,7%	-8,4%	\$23.420.000	0,41%	\$18.256	\$ 13.337	170%	\$ 7.686	58%	\$ 4.123	31%	457%	4,4x	2,8x	0,6x
Bolsas y Mercados	BYMA	\$237,25	Financiera	+5,6%	-36,1%	-36,2%	-33,9%	\$52.070.000	3,30%	\$18.090	-	-	-	-	-	-	-	-	-	1,7x
Cresud	CRES	\$33,40	Inmobiliaria	-9,6%	-25,9%	-25,6%	-18,0%	\$11.200.000	2,69%	\$16.755	\$ 61.109	-23%	\$ 36.051	59%	-\$ 10.226	-17%	-450%	-	4,7x	0,6x
Aluar	ALUA	\$19,50	Materiales	+13,0%	+10,2%	+17,2%	+7,0%	\$15.800.000	2,76%	\$54.600	\$ 34.292	92%	\$ 11.218	33%	\$ 5.261	15%	55%	10,4x	5,3x	2,4x
Siderar	TXAR	\$12,10	Materiales	+3,0%	-13,3%	-4,0%	+3,9%	\$23.830.000	1,85%	\$54.657	\$ 78.980	19%	\$ 12.614	16%	\$ 11.816	15%	25%	4,6x	4,9x	0,5x
Telecom	TECO2	\$121,35	Comun.	-6,5%	-17,6%	+7,1%	+18,1%	\$13.210.000	5,82%	\$261.350	\$ 181.676	124%	\$ 57.087	31%	\$ 4.302	2%	-52%	60,7x	5,8x	1,0x
Cablevisión Hold.	CVH	\$159,00	Comun.	-3,3%	-34,4%	-33,3%	-46,4%	\$4.900.000	3,14%	\$28.722	\$ 181.676	-	\$ 41.190	23%	-\$ 14.129	-8%	-	-	2,5x	0,8x

Otras empresas / Other Companies

Tenaris	TS	\$586,30	O&G	-8,6%	+7,0%	+45,7%	+21,0%	\$122.580.000		\$692.149	\$ 253.943	138%	\$ 37.315	15%	\$ 12.327	5%	16%	56,2x	18,5x	57,7x
San Miguel	SAMI	\$79,50	Agro	+7,4%	-1,2%	-16,3%	-23,6%	\$1.550.000		\$5.657	\$ 10.454	162%	\$ 2.272	22%	-\$ 1.186	-11%	-323%	-	5,1x	0,5x
Banco Hipotecario	BHIP	\$14,55	Bancos	-4,0%	-22,2%	+25,6%	+17,6%	\$6.880.000		\$21.825	\$ 16.140	64%	\$ 0	0%	\$ 1.515	9%	-19%	14,4x	-	2,1x
Central Costanera	CECO2	\$7,50	Electricidad	+0,0%	-28,9%	+22,1%	+18,5%	\$3.500.000		\$5.265	\$ 8.791	109%	\$ 2.013	23%	\$ 629	7%	586%	8,4x	2,5x	5,2x

*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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ARGENTINA EQUITY MARKET

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August 21, 2019

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