

# ARGENTINA EQUITY MARKET

Weekly Market Strategy Report

September 17, 2019

## Trade Ideas

|      | Price | Rating              |
|------|-------|---------------------|
| ALUA | 23,45 | Market Outperformer |
| SAMI | 82,50 | Market Outperformer |
| TXAR | 15,50 | Market Outperformer |

## HIGHLIGHTS

- The Merval Index hiked 12,45% during the last 7 days, in line with international markets.
- Companies in the Holding sector were the best weekly performers.
- Industrials was the worst performing sector.

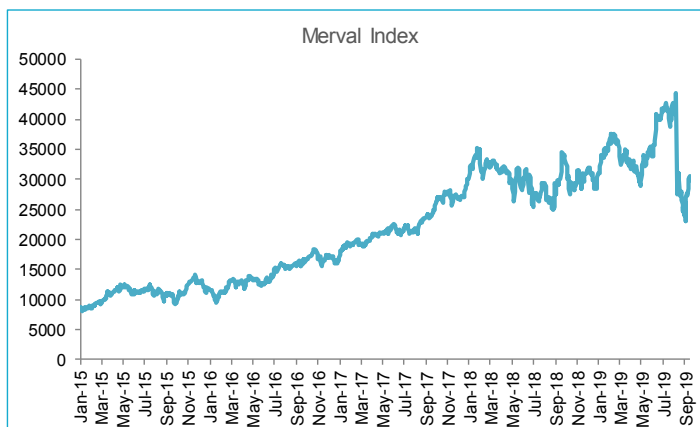
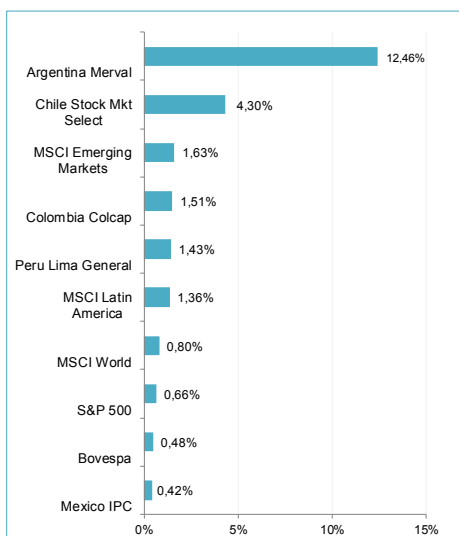
[See more details page 2](#)

## Strategy

Following Lecaps and Letes maturities extensions, and FX controls, domestic securities slumped reflecting significantly weaker economic conditions. We suggest reducing exposure to Argentine banks, however they trade at book value, an indication of the severe sell off, and utility companies, 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.

Uncertainty about debt repayment and possible 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, while banks would suffer most due to the short term debt restructuring and FX controls. We favor defensive stocks such as Aluar, Ternium and San Miguel, also migrating to CEDEARS with limited exposure to Argentina, such as MercadoLibre and Globant. Corporación América Airports (CAAP) also stands out due to its reduced exposure to local macroeconomic risk, and high percentage of dollar denominated revenue.

## Indexes Weekly Variation



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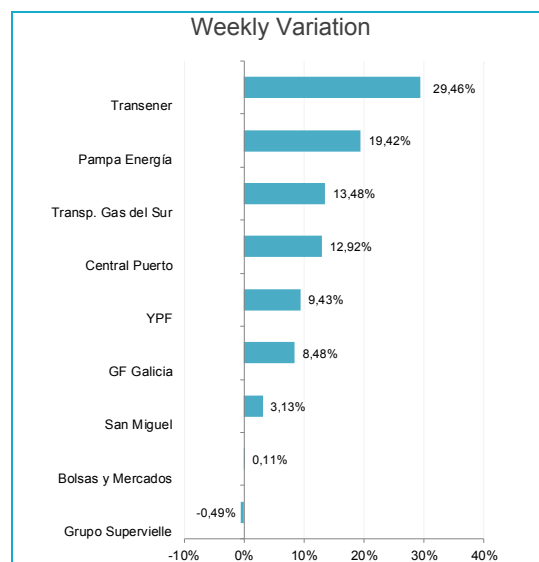
September 17, 2019

## Argentina

### Selected Stocks

| Company             | Price (ARS) | Chg 5d % | Chg 1 yr % | Rating |
|---------------------|-------------|----------|------------|--------|
| YPF                 | 630,2       | 1,0      | 1,3        | Hold   |
| GF Galicia          | 82,55       | 3,5      | -12,2      | Hold   |
| Grupo Supervielle   | 40,75       | -4,2     | -32,6      | Hold   |
| Pampa Energía       | 45,5        | 8,9      | -9,6       | Hold   |
| Transener           | 23,95       | 13,8     | -52,0      | Hold   |
| Transp. Gas del Sur | 117,4       | 5,9      | -10,9      | Hold   |
| San Miguel          | 82,5        | 5,6      | -19,2      | Hold   |
| Central Puerto      | 21,85       | 7,5      | -48,1      | Hold   |

Source: Bloomberg



The **Merval Index** hiked 12,45% during the last 7 days. Last week, companies in the **Holding sector**, along with **Electric sector** outshined. On the other hand, **Industrials**, followed by **Financial companies**, recorded the worst performance.

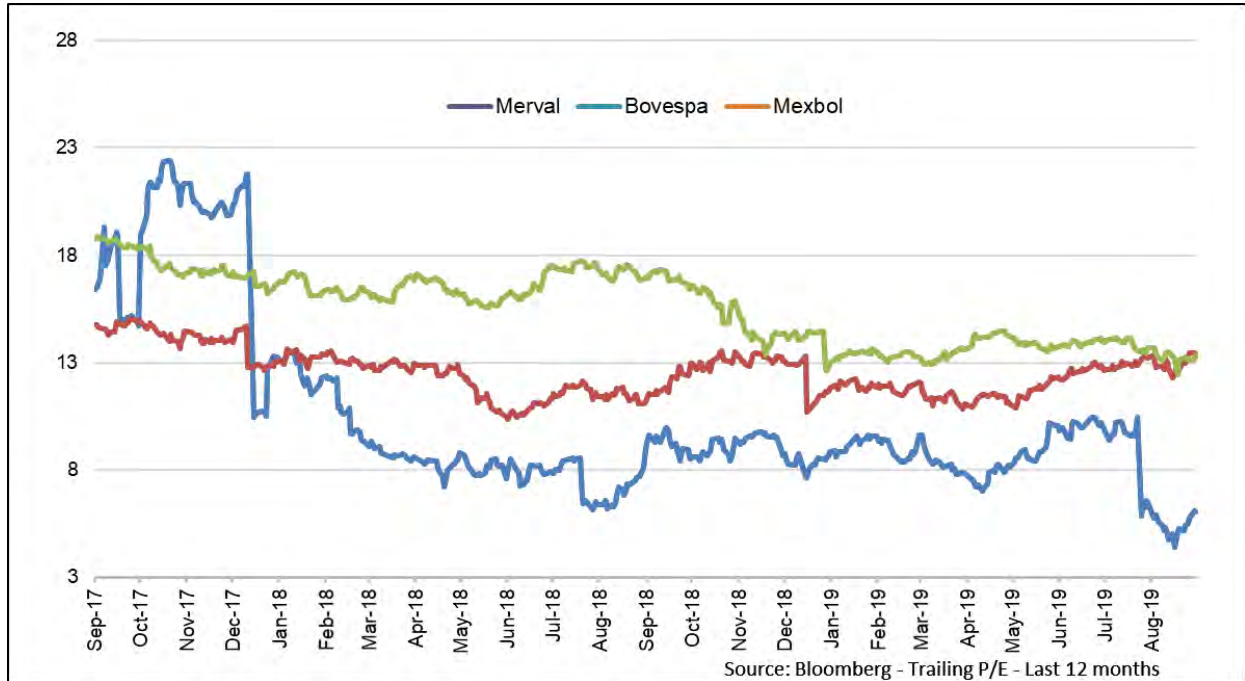
During the week, shares with the best performance were **TGN** (TGNO4, +47,15%), **Transener** (TRAN, +29,45%) and **Soc. Comercial del Plata** (COME, +25,58%). The lowest returns were for **Grupo Supervielle** (SUPV, -0,48%), **Mirgor** (MIRG, -0,15%) and **Bolsas y Mercados Argentinos** (BYMA, +0,11%).

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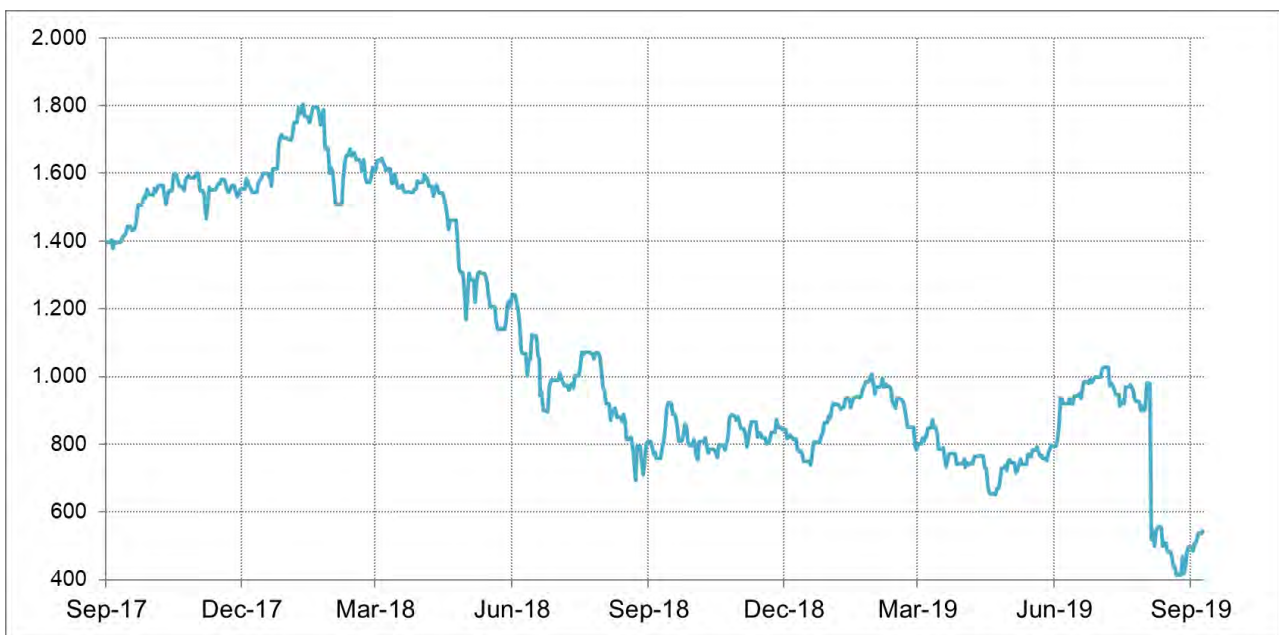
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## Latam – P/E Ratios



## Dollar-denominated Merval Index

The dollar-denominated Merval Index was up 10,66% over the week, closing this time at 543 points, primarily driven by the index return in pesos.



Acciones Argentinas / Argentine Stocks

| Compañía / Company           |                 |                    | 16-sep-19    | % Semana / Week | % Mes / Month | % 1 Año / year | % YTD   |
|------------------------------|-----------------|--------------------|--------------|-----------------|---------------|----------------|---------|
| Agrometal                    | AGRO AR Equity  | Agropecuario       | 8,55         | 14,46%          | 8,92%         | -17,69%        | -5,00%  |
| Aluar                        | ALUA AR Equity  | Materiales Básicos | 23,45        | 17,54%          | 19,64%        | 25,50%         | 40,97%  |
| Autopistas del Sol           | AUSO AR Equity  | Consumo no Ciclico | 73,80        | 6,96%           | -7,52%        | 7,83%          | -25,21% |
| Autopistas Oeste             | OEST AR Equity  | Consumo no Ciclico | 27,25        | 15,96%          | 3,86%         | 20,52%         | 1,11%   |
| Banco Hipotecario            | BHIP AR Equity  | Financiero         | 11,00        | -3,08%          | -30,82%       | 2,33%          | -5,07%  |
| Banco Patagonia              | PATA AR Equity  | Financiero         | 19,00        | 11,76%          | -22,76%       | -29,37%        | -21,49% |
| Banco Río                    | BRIO AR Equity  | Financiero         | 13,00        | -2,26%          | -16,40%       | -30,96%        | -23,47% |
| BBVA Banco Francés           | BBAR AR Equity  | Financiero         | 103,45       | 11,12%          | -6,68%        | -7,21%         | -24,19% |
| BMA Banco Macro Bansud       | BMA AR Equity   | Financiero         | 177,65       | 11,91%          | -18,19%       | 17,87%         | 13,52%  |
| Boldt                        | BOLT AR Equity  | Juego              | 3,24         | 19,12%          | 4,52%         | -11,28%        | 9,65%   |
| Bolsas y Mercados Argentinos | BYMA AR Equity  | Financiero         | 220,25       | 0,11%           | -12,94%       | -32,86%        | -40,81% |
| Cablevisión Holding          | CVH AR Equity   | Comunicaciones     | 176,75       | 14,03%          | 1,29%         | -40,46%        | -25,88% |
| Carlos Casado                | CADO AR Equity  | Consumo no Ciclico | 12,40        | 7,83%           | 1,64%         | 25,19%         | -1,60%  |
| CAPEX                        | CAPX AR Equity  | Utilities          | 54,00        | 1,50%           | 1,89%         | -18,18%        | -12,76% |
| Celulosa                     | CELU AR Equity  | Materiales Básicos | 19,00        | 1,33%           | -26,92%       | 40,74%         | 4,40%   |
| Central Puerto               | CEPU AR Equity  | Utilities          | 21,85        | 12,92%          | -2,02%        | -44,26%        | -34,38% |
| Come. del Plata              | COME AR Equity  | Conglomerado       | 1,62         | 25,58%          | 17,39%        | -29,84%        | -14,71% |
| Cresud                       | CRES AR Equity  | Consumo no Ciclico | 41,95        | 4,74%           | 13,38%        | -20,81%        | -6,57%  |
| Dycasa                       | DYCA AR Equity  | Construcción       | 36,50        | 5,80%           | -1,35%        | 44,55%         | -3,95%  |
| Edenor                       | EDN AR Equity   | Energia            | 24,95        | 25,38%          | 16,32%        | -40,74%        | -51,03% |
| Endesa Costanera             | CECO2 AR Equity | Utilities          | 9,30         | 10,71%          | 19,23%        | 50,28%         | 51,37%  |
| Ferrum                       | FERR AR Equity  | Construcción       | 3,05         | 6,27%           | 0,00%         | -20,74%        | 18,29%  |
| Fiplasto                     | FIPL AR Equity  | Construcción       | 3,52         | -2,22%          | 0,57%         | -30,89%        | 3,76%   |
| Garovaglio                   | GARO AR Equity  | Conglomerado       | 4,18         | 11,47%          | -1,65%        | -24,00%        | -11,63% |
| GasBan                       | GBAN AR Equity  | Energia            | 29,00        | 7,41%           | -9,38%        | -30,95%        | -24,68% |
| Grimoldi                     | GRIM AR Equity  | Consumo no Ciclico | 19,00        | -2,56%          | -16,30%       | -33,11%        | 2,43%   |
| Grupo Clarin                 | GCLA AR Equity  | Media              | 32,00        | 3,23%           | -1,54%        | -40,74%        | -35,35% |
| Grupo Financiero Valores     | VALO AR Equity  | Financiero         | 6,37         | 11,75%          | 0,95%         | 27,03%         | 33,78%  |
| Grupo Galicia                | GGAL AR Equity  | Financiero         | 82,55        | 8,48%           | -17,98%       | -2,85%         | -19,02% |
| Grupo Supervielle            | SUPV AR Equity  | Financiero         | 40,75        | -0,49%          | -10,14%       | -25,81%        | -34,72% |
| Irsa                         | IRSA AR Equity  | Real Estate        | 40,05        | 1,14%           | -4,64%        | -29,59%        | -16,65% |
| Havanna                      | HAVA AR Equity  | Consumo Cíclico    | 81,40        | 1,75%           | 14,65%        | 55,04%         | 63,65%  |
| Holcim                       | HARG AR Equity  | Industrial         | 65,10        | -2,54%          | -10,21%       | 45,31%         | 11,28%  |
| Ledesma                      | LEDE AR Equity  | Consumo no Ciclico | 10,95        | 6,83%           | -0,45%        | -21,79%        | -10,25% |
| Loma Negra                   | LOMA AR Equity  | Industrial         | 75,90        | 10,88%          | 16,77%        | 22,03%         | -5,71%  |
| Longvie                      | LONG AR Equity  | Construcción       | 2,49         | 4,18%           | -6,04%        | -20,19%        | 13,70%  |
| Metrogas                     | METR AR Equity  | Utilities          | 17,90        | 14,74%          | 28,78%        | -42,26%        | -32,45% |
| Mirgor                       | MIRG AR Equity  | Consumo Cíclico    | 331,50       | -0,10%          | -11,20%       | -1,48%         | -6,50%  |
| Molinos                      | MOLI AR Equity  | Consumo no Ciclico | 46,50        | 9,93%           | 7,64%         | 5,68%          | 25,68%  |
| Pampa Holding                | PAMP AR Equity  | Conglomerado       | 45,50        | 19,42%          | 15,04%        | -2,78%         | -2,67%  |
| Patagonia (Imp. Exp)         | PATA AR Equity  | Consumo no Ciclico | 19,00        | 11,76%          | -22,76%       | -29,37%        | -21,49% |
| Petrobras Brasil             | APBR AR Equity  | Energia            | 524,85       | 13,51%          | 41,89%        | 153,37%        | 112,41% |
| Polledo                      | POLL AR Equity  | Industrial         | 6,95         | 0,72%           | -8,55%        | -18,24%        | -26,84% |
| Quickfood                    | PATY AR Equity  | Consumo no Ciclico | 4,14         | 15,64%          | -2,59%        | 6,99%          | -6,76%  |
| Richmond                     | RICH AR Equity  | Farmacéutico       | 59,00        | 10,28%          | 43,90%        | 81,54%         | 62,53%  |
| Rigolleau                    | RIGO AR Equity  | Consumo no Ciclico | 28,55        | 24,40%          | 1,96%         | -30,92%        | -37,29% |
| San Miguel                   | SAMI AR Equity  | Agricultura        | 82,50        | 3,13%           | 0,61%         | -20,29%        | -13,19% |
| Siderar                      | TXAR AR Equity  | Materiales Básicos | 15,50        | 16,10%          | 25,00%        | 13,11%         | 22,97%  |
| Solvay Indupa                | INDU AR Equity  | Materiales Básicos | 19,40        | 13,12%          | 31,53%        | 2,11%          | 19,02%  |
| Telecom                      | TECO2 AR Equity | Comunicaciones     | 137,40       | 11,71%          | 8,19%         | 3,26%          | 21,31%  |
| Tenaris                      | TS AR Equity    | Materiales Básicos | 805,15       | 12,62%          | 34,18%        | 28,77%         | 100,08% |
| TGN                          | TGNO4 AR Equity | Energia            | 47,90        | 47,16%          | 2,35%         | -0,03%         | -6,30%  |
| TGS                          | TGSU2 AR Equity | Energia            | 117,40       | 13,48%          | 7,71%         | 11,69%         | 17,52%  |
| Transener                    | TRAN AR Equity  | Utilities          | 23,95        | 29,46%          | 2,35%         | -35,26%        | -36,75% |
| YPF                          | YPFD AR Equity  | Energia            | 630,20       | 9,43%           | 5,00%         | 6,70%          | 26,46%  |
| Ind. Merval                  | MERVAL Index    |                    | 30.561,27    | 12,46%          | 0,51%         | 1,27%          | 0,89%   |
| Ind. General                 | IBG Index       |                    | 1.306.516,00 | 11,53%          | -0,67%        | -3,18%         | -0,10%  |

| Tablero de Control - Índice S&P Merval / S&P Merval Index - Control Panel |                  |   |                      |               |               |              |              |   |   |                                |                                 |   |                    |                                 |   |                          |   |                     |                      |      |
|---|------------------|---|----------------------|---------------|---------------|--------------|--------------|---|---|--------------------------------|---------------------------------|---|--------------------|---------------------------------|---|--------------------------|---|---------------------|----------------------|------|
| Compañía / Company  | Especie / Ticker | Precio de Cierre al / Closing Price at 16/09/2019 | 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 |
| <b>Índice S&amp;P Merval</b>  |                  | <b>26.678</b>                                     |                      | <b>+12,6%</b> | <b>+24,3%</b> | <b>-3,7%</b> | <b>-3,0%</b> |   |   |                                |                                 |   |                    |                                 |   |                          |   | <b>9,7X</b>         | <b>4,9X</b>          |      |
| GF Galicia  | GGAL             | \$82,55   | Bancos               | +8,5%         | +19,4%        | -19,0%       | -2,8%        | \$150.490.000   | 13,08%                                  | \$117.779                      | \$ 114.574                      | 124%                                      | -                  | -                               | \$ 20.459   | 18%                      | 111%  | 5,8x                | -                    | 1,8x |
| Banco Macro   | BMA              | \$177,65  | Bancos               | +11,9%        | +20,8%        | +13,5%       | +17,9%       | \$43.470.000  | 10,87%                                  | \$118.966                      | \$ 85.170                       | 141%                                      | -                  | -                               | \$ 19.511   | 23%                      | 76%   | 6,1x                | -                    | 1,8x |
| Banco Francés   | BBAR             | \$103,45  | Bancos               | +11,1%        | +19,1%        | -24,2%       | -7,2%        | \$20.630.000  | 3,98%                                   | \$63.380                       | \$ 34.545                       | 41%                                       | -                  | -                               | \$ 9.706  | 28%                      | 232%  | 6,5x                | -                    | 1,4x |
| Grupo Supervielle   | SUPV             | \$40,75   | Bancos               | -0,5%         | +35,2%        | -34,7%       | -25,8%       | \$36.710.000  | 1,94%                                   | \$18.611                       | \$ 19.373                       | 27%                                       | -                  | -                               | \$ 3.706  | 19%                      | 33%   | 5,0x                | -                    | 1,1x |
| GF Valores  | VALO             | \$6,37  | Bancos               | +11,8%        | +24,7%        | +33,8%       | +27,0%       | \$9.370.000   | 1,30%                                   | \$5.468                        | -                               | -   | -                  | -                               | -   | -                        | -   | -                   | -                    | 2,5x |
| Soc. Com. del Plata   | COME             | \$1,62  | Conglom.             | +25,6%        | +43,4%        | -14,7%       | -29,8%       | \$7.600.000   | 0,06%                                   | \$4.159                        | \$ 1.669                        | -26%                                      | -\$ 433            | -26%                            | \$ 482  | 29%                      | 3650%                                       | 6,6x                | -                    | 0,4x |
| Mirgor  | MIRG             | \$331,50  | Consumo              | -0,1%         | +18,9%        | -6,5%        | -1,5%        | \$5.730.000   | 3,53%                                   | \$5.967                        | \$ 32.522                       | 58%                                       | \$ 3.254           | 10%                             | -\$ 23  | 0%                       | -103%                                       | -                   | 1,7x                 | 1,3x |
| Pampa Energía   | PAMP             | \$45,50   | Electricidad         | +19,4%        | +39,6%        | -2,7%        | -2,8%        | \$40.850.000  | 13,35%                                  | \$85.287                       | \$ 120.587                      | 71%                                       | \$ 30.926          | 26%                             | \$ 16.910   | 14%                      | 381%  | 5,2x                | 4,6x                 | 1,3x |
| Central Puerto  | CEPU             | \$21,85   | Electricidad         | +12,9%        | +28,5%        | -34,4%       | -44,3%       | \$10.430.000  | 7,70%                                   | \$33.081                       | \$ 18.697                       | 124%                                      | \$ 30.151          | 161%                            | \$ 10.984   | 59%                      | 116%  | 3,0x                | 1,3x                 | 0,9x |
| Edenor  | EDN              | \$24,95   | Electricidad         | +25,4%        | +46,8%        | -51,0%       | -40,7%       | \$7.790.000   | 0,48%                                   | \$21.833                       | \$ 55.954                       | 130%                                      | \$ 6.518           | 12%                             | \$ 5.225  | 9%                       | 964%  | 4,3x                | 3,9x                 | 0,7x |
| Transener   | TRAN             | \$23,95   | Electricidad         | +29,5%        | +39,7%        | -36,7%       | -35,3%       | \$13.920.000  | 0,16%                                   | \$10.650                       | \$ 10.668                       | 60%                                       | \$ 6.079           | 57%                             | \$ 3.028  | 28%                      | 31%   | 3,5x                | 1,6x                 | 0,8x |
| YPF   | YPFD             | \$630,20  | O&G                  | +9,4%         | +13,8%        | +26,5%       | +6,7%        | \$137.480.000   | 20,10%                                  | \$247.866                      | \$ 490.904                      | 81%                                       | \$ 138.400         | 28%                             | \$ 20.518   | 4%                       | 42%   | 12,1x               | 3,8x                 | 0,6x |
| TGS   | TGSU2            | \$117,40  | O&G                  | +13,5%        | +24,3%        | +17,5%       | +11,7%       | \$14.270.000  | 2,81%                                   | \$93.274                       | \$ 38.295                       | 162%                                      | \$ 11.511          | 30%                             | \$ 11.915   | 31%                      | 337%  | 7,8x                | 8,4x                 | 2,5x |
| TGN   | TGNO4            | \$47,90   | O&G                  | +47,2%        | +97,1%        | -6,3%        | -0,0%        | \$8.070.000   | 0,43%                                   | \$21.046                       | \$ 13.337                       | 170%                                      | \$ 7.686           | 58%                             | \$ 4.123  | 31%                      | 457%  | 5,1x                | 3,2x                 | 0,7x |
| Bolsas y Mercados   | BYMA             | \$220,25  | Financiera           | +0,1%         | +9,9%         | -40,8%       | -32,9%       | \$41.060.000  | 2,79%                                   | \$16.794                       | -                               | -   | -                  | -                               | -   | -                        | -   | -                   | -                    | 1,6x |
| Cresud  | CRES             | \$41,95   | Inmobiliaria         | +4,7%         | +17,3%        | -6,6%        | -20,8%       | \$5.670.000   | 3,08%                                   | \$21.044                       | \$ 61.109                       | -23%                                      | \$ 36.051          | 59%                             | -\$ 10.226  | -17%                     | -450%                                       | -                   | 4,8x                 | 0,8x |
| Aluar   | ALUA             | \$23,45   | Materiales           | +17,5%        | +11,7%        | +41,0%       | +25,5%       | \$14.620.000  | 3,02%                                   | \$65.660                       | \$ 34.292                       | 92%                                       | \$ 11.218          | 33%                             | \$ 5.261  | 15%                      | 55%   | 12,5x               | 6,3x                 | 2,9x |
| Siderar   | TXAR             | \$15,50   | Materiales           | +16,1%        | +40,9%        | +23,0%       | +13,1%       | \$22.840.000  | 2,16%                                   | \$70.015                       | \$ 78.980                       | 19%                                       | \$ 12.614          | 16%                             | \$ 11.816   | 15%                      | 25%   | 5,9x                | 6,1x                 | 0,6x |
| Telecom   | TECO2            | \$137,40  | Comun.               | +11,7%        | +24,1%        | +21,3%       | +3,3%        | \$6.020.000   | 5,99%                                   | \$295.917                      | \$ 181.676                      | 124%                                      | \$ 57.087          | 31%                             | \$ 4.302  | 2%                       | -52%  | 68,8x               | 6,4x                 | 1,2x |
| Cablevisión Hold.   | CVH              | \$176,75  | Comun.               | +14,0%        | +20,0%        | -25,9%       | -40,5%       | \$2.830.000   | 3,17%                                   | \$31.929                       | \$ 181.676                      | -   | \$ 41.190          | 23%                             | -\$ 14.129  | -8%                      | -   | -                   | 2,6x                 | 0,9x |

Otras empresas / Other Companies

|                   |       |          |              |        |        |        |        |              |  |           |            |      |           |     |           |      |       |       |       |       |
|-------------------|-------|----------|--------------|--------|--------|--------|--------|--------------|--|-----------|------------|------|-----------|-----|-----------|------|-------|-------|-------|-------|
| Tenaris           | TS    | \$805,15 | O&G          | +12,6% | +17,2% | +100%  | +28,8% | \$72.960.000 |  | \$950.509 | \$ 253.943 | 138% | \$ 37.315 | 15% | \$ 12.327 | 5%   | 16%   | 77,1x | 25,5x | 79,2x |
| San Miguel        | SAMI  | \$82,50  | Agro         | +3,1%  | +28,9% | -13,2% | -20,3% | \$3.730.000  |  | \$5.870   | \$ 10.454  | 162% | \$ 2.272  | 22% | -\$ 1.186 | -11% | -323% | -     | 5,2x  | 0,6x  |
| Banco Hipotecario | BHIP  | \$11,00  | Bancos       | -3,1%  | +0,9%  | -5,1%  | +2,3%  | \$2.760.000  |  | \$16.500  | \$ 16.140  | 64%  | \$ 0      | 0%  | \$ 1.515  | 9%   | -19%  | 10,9x | -     | 1,6x  |
| Central Costanera | CECO2 | \$9,30   | Electricidad | +10,7% | +24,2% | +51,4% | +50,3% | \$1.260.000  |  | \$6.528   | \$ 8.791   | 109% | \$ 2.013  | 23% | \$ 629    | 7%   | 586%  | 10,4x | 3,1x  | 6,5x  |

\*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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September 17, 2019

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# ARGENTINA EQUITY MARKET

Weekly Market Strategy Report

September 17, 2019

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