



**MSU**  
Energy

# 2019 Results Conference Call

March 12, 2020



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*This earnings presentation contains forward-looking statements that are based on our current expectations, assumptions, estimates and projections about us and our industry. These forward-looking statements can be identified by words or phrases such as “anticipate,” “forecast,” “believe,” “continue,” “estimate,” “expect,” “intend,” “is/are likely to,” “may,” “plan,” “should,” “would,” or other similar expressions.*

*The forward-looking statements included in this presentation relate to, among others: (i) our business prospects and future results of operations; (ii) the implementation of our combined cycle expansion project; (iii) the implementation of our financing strategy and the cost and availability of such financing; (iv) the competitive nature of the industries in which we operate; (v) future demand and supply for energy and natural gas; (vi) the relative value of the Argentine Peso compared to other currencies; (vii) weather and other natural phenomena; (viii) the performance of the South American and world economies; and (ix) developments in, or changes to, the laws, regulations and governmental policies governing our business, including environmental laws and regulations.*

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**Best Operational Performance Amongst Generators under Resolution 21**

Our three plants achieved 100% availability factor

**Financial Performance In Line With Our Forecasts**

EBITDA in 4Q19 reached USD 28 million, driving 2019 EBITDA to USD 105.4 million

**Installed Capacity Increased By 150MW To 600MW**

General Rojo, Villa Maria and Barker new gas turbine reached COD on April, May and July, respectively

**We Successfully Sourced Our Own Gas During 4Q19**

Pilot program prepared us for assuming gas supply responsibility as of COD of the combined cycle

**Combined Cycle Project Completion Stands At 95%**

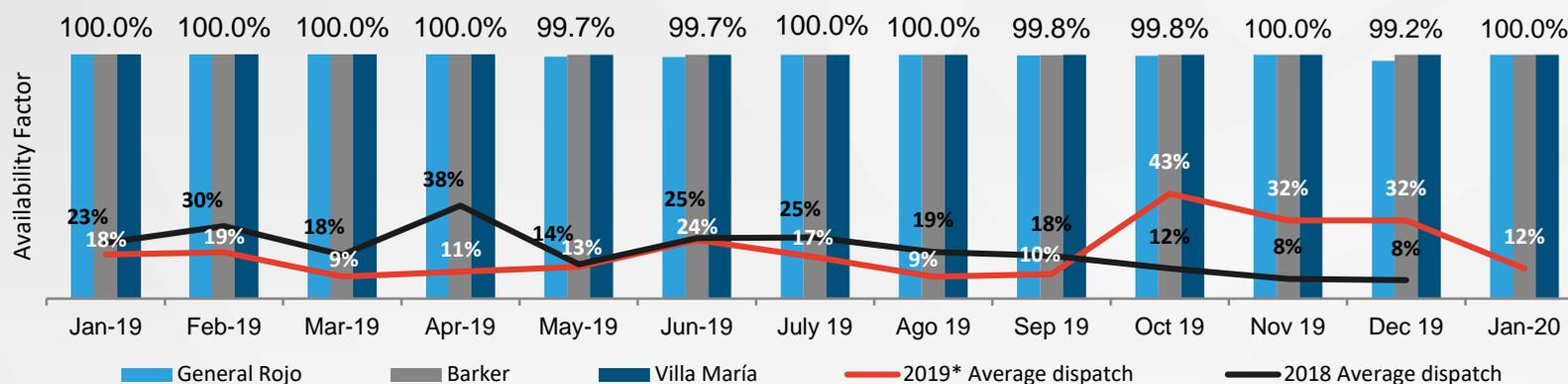
Final commissioning ongoing in all three sites



## Commercial Availability

- Availability factor, our key performance driver, has reached 99.9 % in 2019. Minor downtime relates to the fine tuning of the new gas turbines connected to the grid during April, May and July.
- Lower than expected dispatch levels are explained by: (i) Demand curves slope downwards as a result of the economic slow-down; (ii) mild climate conditions; and (iii) new scheme for gas cost allocation which affects General Rojo and Villa Maria plants
- During 4Q19, dispatch increased to 35.8% on average. This is a direct consequence of sourcing our own gas in 10 out of the 12 turbines. The pilot program ended January 1<sup>st</sup> due to Resolution 12/2019, however, its important to highlight that we will be responsible for supplying the fuel for the entire operation once we reach combined cycle operation.

### Consolidated Operational Performance – 600MW



\*2019 figures includes fourth gas turbine.

### Operational Performance Breakdown

#### Resolution 21 - 450MW

Key metrics	Availability factor	Dispatch
4Q18	100.0%	9.3%
4Q19	100.0%	27.7%
2018	97.1%	19.5%
2019	100.0%	15.8%

#### Additional Gas Turbines - 150MW

Key metrics	Availability factor	Dispatch
4Q18	N/A	N/A
4Q19	98.8%	43.8%
2018	N/A	N/A
2019	99.1%	37.5%

#### Consolidated - 600MW

Key metrics	Availability factor	Dispatch
4Q18	100.0%	9.3%
4Q19	99.7%	35.8%
2018	97.1%	19.5%
2019	99.9%	20.7%



# Stable and predictable dollar denominated revenues

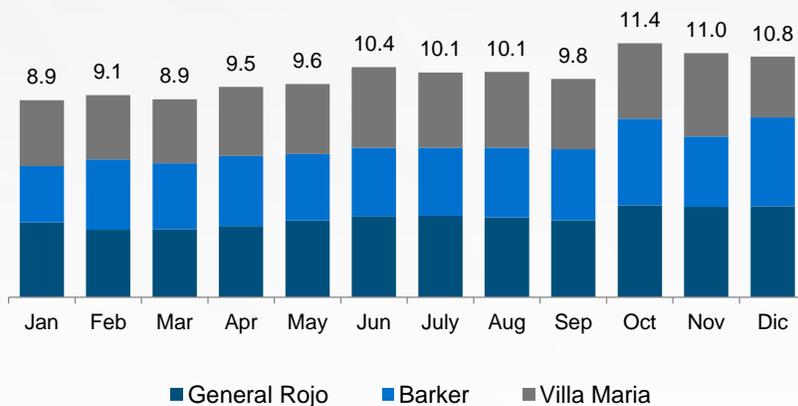
## Revenues - USD millions



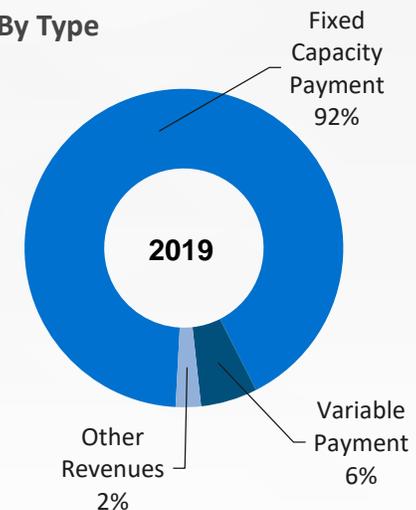
- Revenues in 4Q19 reached USD 33.3 million, 22% higher year-over-year, adding to USD 119.8 million for fiscal year 2019.
- Revenue growth in 4Q19 was driven by:
  - i. 150MW of additional capacity
  - ii. higher dispatch ratio
  - iii. gas procured at discount
- Fixed Capacity payments represents 92% of total revenues

## 2019 Revenues Breakdown – USD millions

### By month/Plant

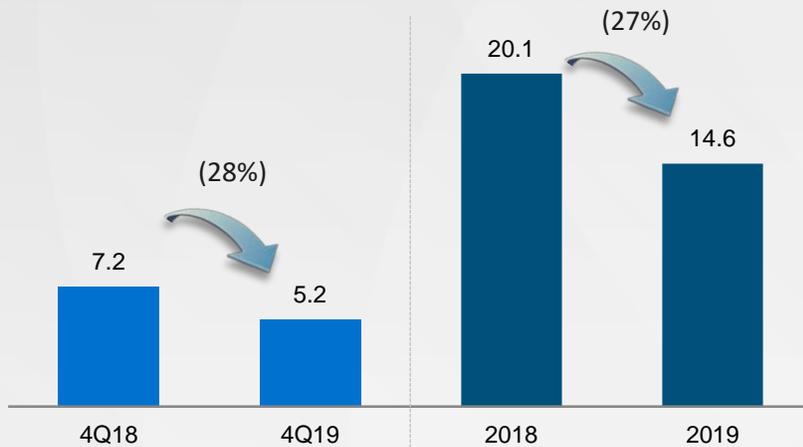


### By Type





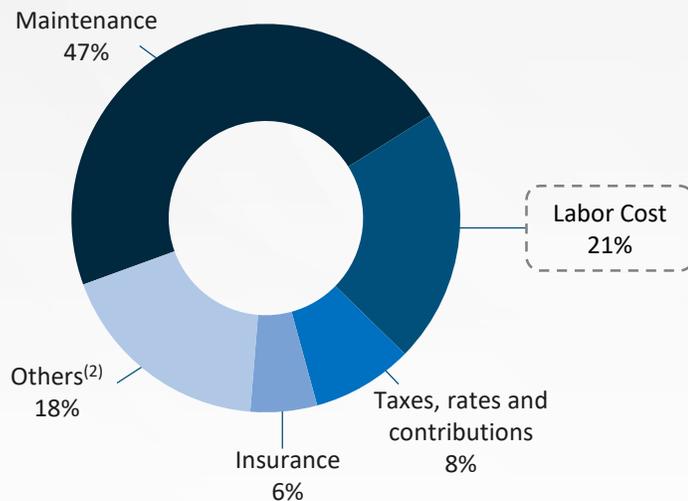
## Cash Costs<sup>(1)</sup> - USD millions



<sup>(1)</sup> Cost of sales plus General and Administrative Expenses net of DD&A

- Cash Costs in 4Q19 decreased 28% year-over-year, mainly driven by lower labor costs associated with the devaluation of the ARS peso
- Accumulated Cash Costs in 2019 reached USD 14.6 million, 27% lower than 2018
- Approximately 50% of cash costs are denominated in US dollar

## 4Q19 Costs Breakdown



<sup>(2)</sup> Other expenses includes: selling expenses, professional fees, office, vehicles and travel

## Headcount - # as of December 31, 2019



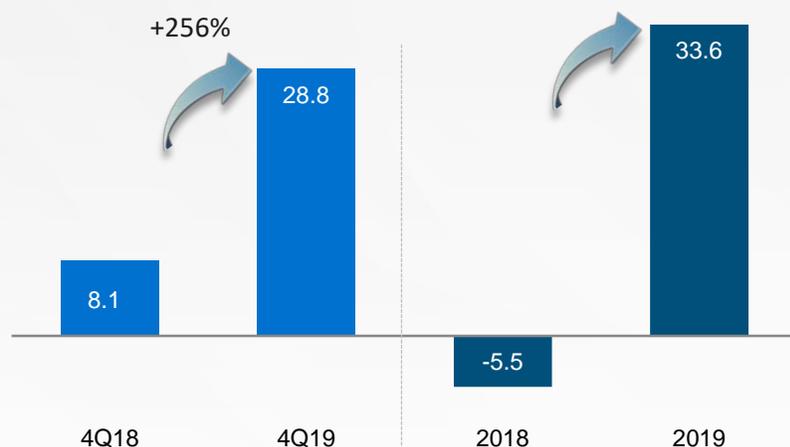


## EBITDA - USD millions



- EBITDA during 4Q19 reached USD 28.0 million, 35% higher year-over-year, mainly explained by:
  - i. the added 150MW of capacity (USD 2.0 million)
  - ii. lower cash costs (USD 2.0 million)
  - iii. higher dispatch (USD 1.9 million)
  - iv. gains from procuring gas at discount (USD 1.4 million)
- 2019 EBITDA reached USD 105.4 million, 15% higher than 2018. This increase is mainly explained by:
  - i. Lower cash costs (USD 5.5 million)
  - ii. New gas turbine in all three sites added 150MW of additional capacity (USD 4.5 million)
  - iii. Ramp-up of the Villa Maria plant (USD 4.0 million)

## Net Income - USD millions



- Net Income as of December 2019, reached USD 33.6 million, USD 39.1 million higher compared to 2018
- 2019 growth in Net Income is explained by:
  - i. a USD 14.0 million increase in EBITDA
  - ii. a USD 0.6 million increase in DD&A as a result of the newly added Gas Turbines
  - iii. a USD 11.6 million increase in Income tax benefit; and
  - iv. a USD 14.1 million decrease in Financial expenses mainly explained by the depreciation of the Argentine peso

Financial Expenses breakdown   USD mm	4Q18	4Q19	2018	2019
Net Interest expense	(11.6)	(13.3)	(44.1)	(45.2)
Foreign exchange - profit/(loss)	2.4	(1.4)	(39.6)	(24.4)
<b>Total Financial expenses</b>	<b>(9.2)</b>	<b>(14.7)</b>	<b>(83.7)</b>	<b>(69.6)</b>

Foreign Exchange loss of USD 24.4 million in 2019 was driven by the negative effect of the devaluation of the Argentine peso over our VAT tax credits



# Cash Flow & Balance Sheet highlights

## Adjusted Operating Cash Flow <sup>(1)</sup> - USD millions



<sup>(1)</sup>Adjusted Operating Cash Flow is defined as Net Cash Flow Provided by Operating Activities net of Tax Receivables related to: investments in PP&E and financing activities (Line items: "Increase in tax receivables due to recoverable taxes related to property, plant and equipment" and "Increase in taxes due to recoverable taxes related to financing activities")

- Adjusted Operating Cash Flow<sup>(1)</sup> in 4Q19 reached USD 26.2 million, 11% lower year-over-year
- 2019 Adjusted Operating Cash Flow<sup>(1)</sup> reached USD 116.4 million, 16% higher than 2018
- As of December 31, 2019 overdue Cammesa receivables amounted to USD 9.8 million. This balance was paid on January
- As of December 2019, VAT credit amounts USD 33.9 million. These credits are progressively reimbursed through monthly billing

## Net Debt - USD millions

- Net Debt as of December 31, 2019 stands at USD 848.8 million, consisting of:
  - USD 600 million International Bond
  - USD 250 million Private Placement Note
  - USD 16.1 million Short Term Debt

- Debt amortization profile is well aligned with the incremental combined cycle cash flows
- Steep deleveraging curve as of 2020

Debt Breakdown   USD mm	as of December 31, 2019
Senior secured notes <sup>(2)</sup>	(853.8)
Short Term Debt	(16.1)
<b>Total Financial Debt</b>	<b>(869.9)</b>
Cash	21.1
<b>Net Financial Debt</b>	<b>(848.8)</b>

<sup>(2)</sup> Net of capitalized issuance expenses

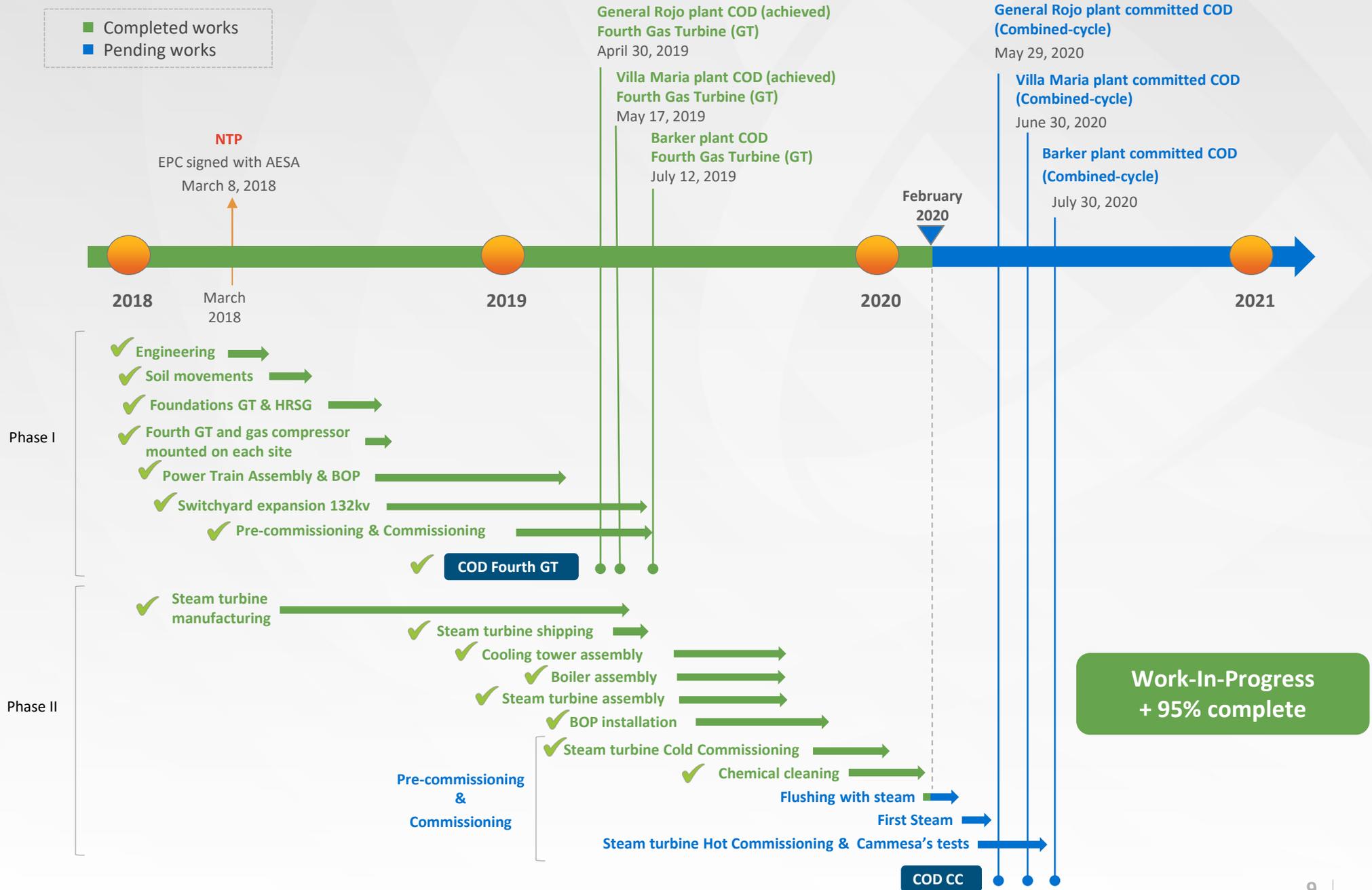
### Debt Amortization



# Combined-Cycle project advancing at full speed

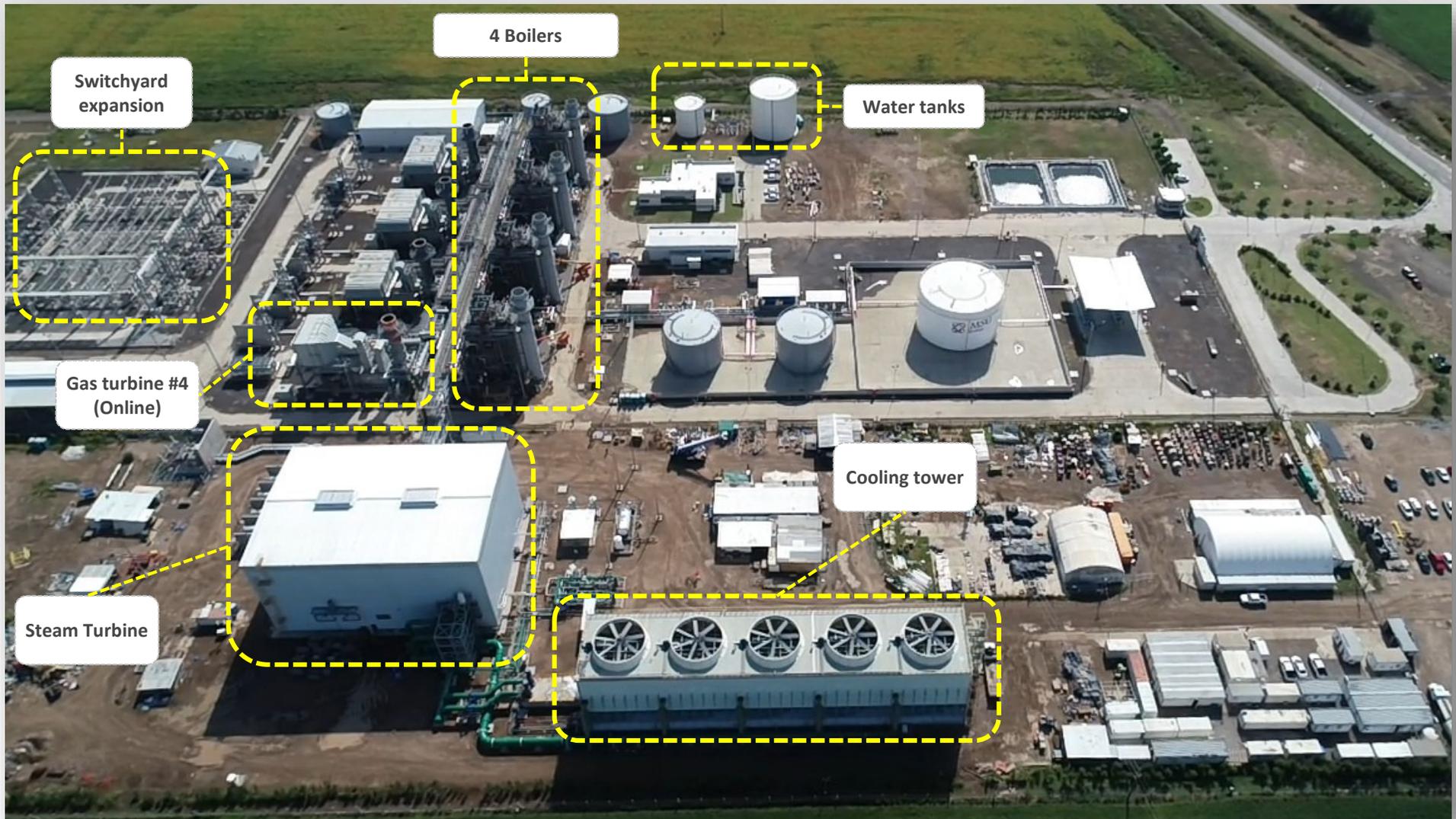


- Completed works
- Pending works





Aerial photo – General Rojo Plant. Villa Maria and Barker plants show similar progress





Boilers installed in all three sites including blow-down tanks. Hydraulic tests successfully completed





New Gas turbine, boiler and cooling tower





Boilers on the left and inspection walkway





Pipe-rack connection to Steam Turbine ready to perform commissioning tests





Interior of Steam Turbine building | Steam Turbine covered by thermal insulation blanket





Cooling Tower completed





Steam turbine transformer & auxiliary transformers ready



Added Gas Compressor connected



New Water tanks completed





E-House Steam Turbine





Pipe-rack and water skid in between boilers





## Financial Statements

## Financial Highlights – Income Statement



In USD	2019	2018
Net revenue	119,777,846	106,789,921
Cost of sales	(25,131,732)	(26,998,231)
<b>Gross profit</b>	<b>94,646,114</b>	<b>79,791,690</b>
Other income and expensive, net	249,890	4,740,179
General and administrative expenses	(3,562,361)	(6,500,532)
<b>Operating profit</b>	<b>91,333,643</b>	<b>78,031,337</b>
Net finance costs	(69,565,752)	(83,744,033)
<b>Net income (loss) before income tax</b>	<b>21,767,891</b>	<b>(5,712,696)</b>
Income tax benefit	11,840,759	234,190
<b>Net income (loss) for the period</b>	<b>33,608,650</b>	<b>(5,478,506)</b>
Other comprehensive income	-	-
<b>Comprehensive income (loss) for the year</b>	<b>33,608,650</b>	<b>(5,478,506)</b>

# Financial Highlights - Cash Flows



In USD	As of December 31, 2019	As of December 31, 2018
<b>Operating activities</b>		
Income (loss) for the year	33,608,650	(5,478,506)
<b>Adjustments for:</b>		
Income tax	(11,840,759)	(234,190)
Depreciation of property, plant and equipment	14,057,857	13,416,900
Foreign exchange loss, net	24,353,611	39,580,973
Accrued interest	45,212,141	44,163,060
Other income	-	(4,090,037)
<b>Changes in operating assets and liabilities</b>		
Increase in trade receivables	(25,242,976)	(15,241,145)
Decrease in other assets	10,022,226	68,618
Decrease in tax assets	19,958,942	15,849,341
Increase in trade and other payable	6,313,781	11,573,515
Increase in tax payable	200,134	28,812
(Decrease) increase in other liabilities	(223,064)	491,019
<b>Net cash flows provided by operating activities before Tax payments for PP&amp;E and loans</b>	<b>116,420,543</b>	<b>100,128,360</b>
Increase in tax assets due to recoverable taxes related to property, plant and equipment	(29,950,266)	(38,228,769)
Increase in tax assets due to recoverable taxes related to financing activities	-	(6,427,128)
<b>Net cash flows provided by operating activities</b>	<b>86,470,277</b>	<b>55,472,463</b>
<b>Investing activities</b>		
Interest received	499,377	447,393
Loans granted	-	(35,610,000)
Advanced to purchase property, plant and equipment	-	(2,497,006)
Payments for acquisition of property, plant and equipment	(120,857,911)	(315,447,829)
<b>Net cash flows used in investing activities</b>	<b>(120,358,534)</b>	<b>(353,107,442)</b>
<b>Financing activities</b>		
Proceeds from senior secured notes	-	842,777,000
Loans received	21,000,000	49,000,000
Payments of loans, interest and financing expenses	(85,312,652)	(481,178,487)
<b>Net cash flows (used in) provided by financing activities</b>	<b>(64,312,652)</b>	<b>410,598,513</b>
<b>Net (decrease) increase in cash</b>	<b>(98,200,909)</b>	<b>112,963,534</b>
Cash and cash equivalents at the beginning of the year	119,326,703	6,363,169
Cash and cash equivalents at the end of the year	21,125,794	119,326,703
<b>Net (decrease) increase in cash</b>	<b>(98,200,909)</b>	<b>112,963,534</b>

# Financial Highlights – Balance Sheet



In USD	As of December 31, 2019	As of December 31, 2018
<b>Assets</b>		
Property, plant and equipment	866,693,539	654,272,197
Loans granted	40,363,564	37,875,796
Tax assets	2,205,762	17,868,398
Deferred tax assets	12,979,434	1,138,675
Other assets	7,153,892	15,040,287
<b>Total non-current assets</b>	<b>929,396,191</b>	<b>726,195,353</b>
Tax assets	34,634,321	31,380,027
Other assets	9,220,530	10,438,454
Trade receivables	47,487,199	24,243,850
Cash and cash equivalents	21,125,794	119,326,703
<b>Total current assets</b>	<b>112,467,844</b>	<b>185,389,034</b>
<b>Total assets</b>	<b>1,041,864,035</b>	<b>911,584,387</b>
<b>Shareholders' equity</b>		
Share capital	30,295,440	27,301,097
Merger premium	(20,161,526)	-
Legal reserve	202,266	116,084
Other reserves	2,157,498	2,157,498
Retained earnings (accumulated loss)	35,542,231	(15,147,420)
<b>Total equity</b>	<b>48,035,909</b>	<b>14,427,259</b>
<b>Liabilities</b>		
Loans	833,192,242	829,667,975
Trade and other payables	8,799,925	12,423,095
<b>Total non-current liabilities</b>	<b>841,992,167</b>	<b>842,091,070</b>
Loans	36,668,614	20,116,174
Other liabilities	744,649	947,823
Taxes payable	5,677,574	81,701
Trade and other payable	108,745,122	33,920,360
<b>Total current liabilities</b>	<b>151,835,959</b>	<b>55,066,058</b>
<b>Total liabilities</b>	<b>993,828,126</b>	<b>897,157,128</b>
<b>Total liabilities and equity</b>	<b>1,041,864,035</b>	<b>911,584,387</b>

## Financial Highlights – EBITDA Reconciliation



In USD	4Q19	4Q18	2019	2018
Net income (loss)	28,793,787	8,143,628	33,608,650	(5,478,506)
Net finance costs	14,736,330	9,211,597	69,565,752	83,744,033
Income tax benefit	(19,076,754)	1,011,027	(11,840,759)	(234,190)
Depreciation and amortization	3,595,445	2,325,032	14,057,857	13,416,900
<b>EBITDA</b>	<b>28,048,808</b>	<b>20,691,284</b>	<b>105,391,500</b>	<b>91,448,237</b>



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