



MSU
Energy

3Q20 Results Conference Call

November 17, 2020



Disclaimer



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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The forward-looking statements made in this earnings release relate only to events or information as of the date on which the statements are made in this report. We undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date on which the statements are made or to reflect the occurrence of unanticipated events.

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We Successfully Reached Combined Cycle COD In Our Barker Plant

Barker new steam turbine reached COD on October 31st

Installed Capacity Increased By 50MW To 750MW

Combined cycle operation improves efficiency by 25%, new capacity is powered by steam

15-year PPAs Activated

The steam turbine plus the previously added 4th gas turbine on Barker now under Res 287 PPA

We Continue Delivering Best-In-Class Operational Performance

Our three plants achieved 99.7% availability factor in 9M20

Financial Performance In Line With Forecast

9M20 EBITDA reached USD 85.1 million, 10% higher than 9M19

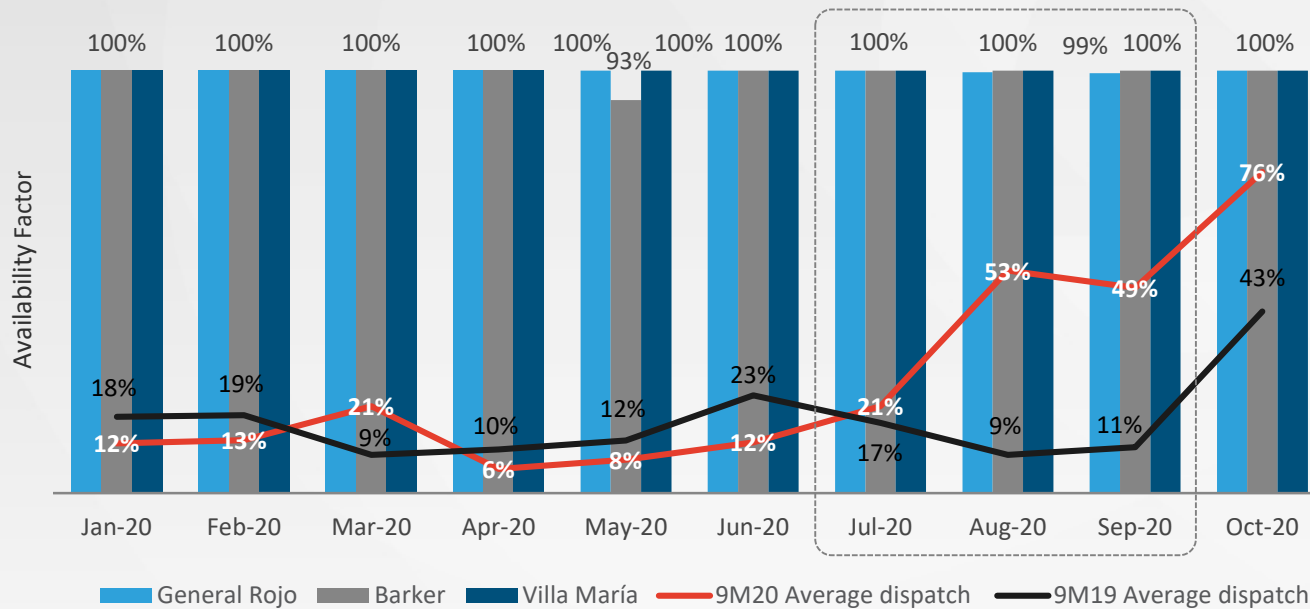
MSU Energy Amongst The Most Efficient Thermal Generators In Argentina

Three combined cycle plants with proven and reliable technology by General Electric



Commercial Availability

- Availability factor, our key performance driver, reached 99.9% during 3Q20 and 99.7% in 9M20.
- Dispatch averaged 41% in 3Q20 and 22% in 9M20, driven by the ramp up of the Villa Maria and the General Rojo combined cycle plants in August 15 and August 20, respectively, and partially offset by lower energy demand in August and September.
- Energy demand decreased by 2.2% in 3Q20 and 1% in 9M20 year-over-year, as a result of covid-19 lockdown on commercial and industrial segments.



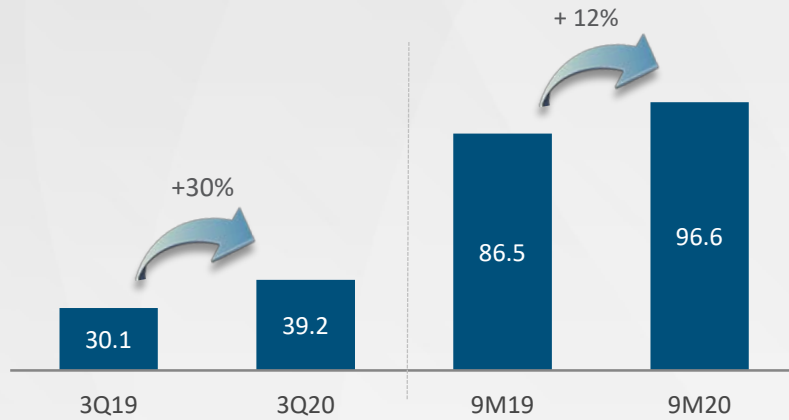
Key metrics	Availability factor	Dispatch
3Q19	99.9%	12%
3Q20	99.9%	41%
9M19	99.9%	14%
9M20	99.7%	22%

➤ Sector benchmark: Average 9M20 availability factor for generators with PPA's (Res 220,21,287 & Foninvemem) was 97.2%



Stable and predictable dollar denominated revenues

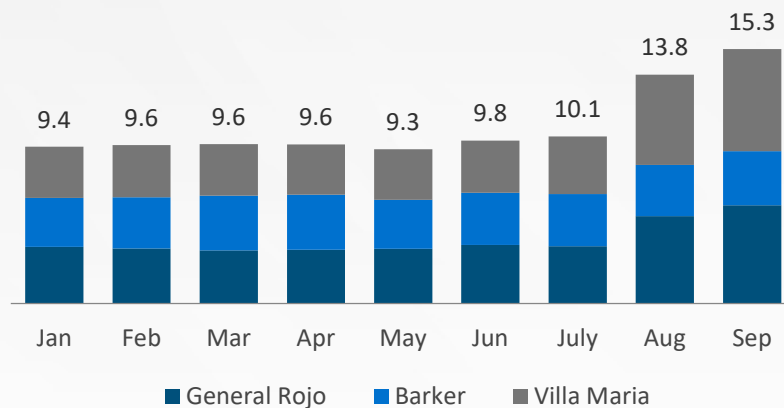
Revenues - USD millions



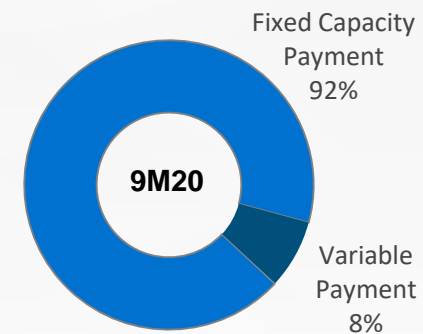
- Revenues in 3Q20 reached USD 39.2 million, 30% higher year-over-year. The increase was mainly driven by the successful conversion to combined cycle of Villa Maria and General Rojo plants.
- Revenues in 9M20 reached USD 96.6 million, 12% higher than 9M19. This increase is mainly explained by the ramp-up of the gas turbine added in each plant between April and July 2019 and the newly added steam turbine during August 2020 in Villa Maria and General Rojo plants.
- Completing the conversion to combined cycle at the Villa Maria and General Rojo plants resulted in a 25% efficiency gain and initiated Resolution 287 PPAs
- Fixed Capacity payments represented 92% of total revenues.

2020 Revenues Breakdown – USD millions

By month/Plant

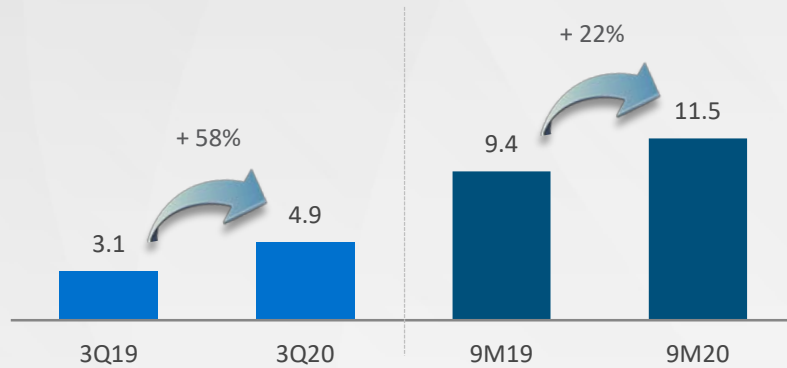


By Type





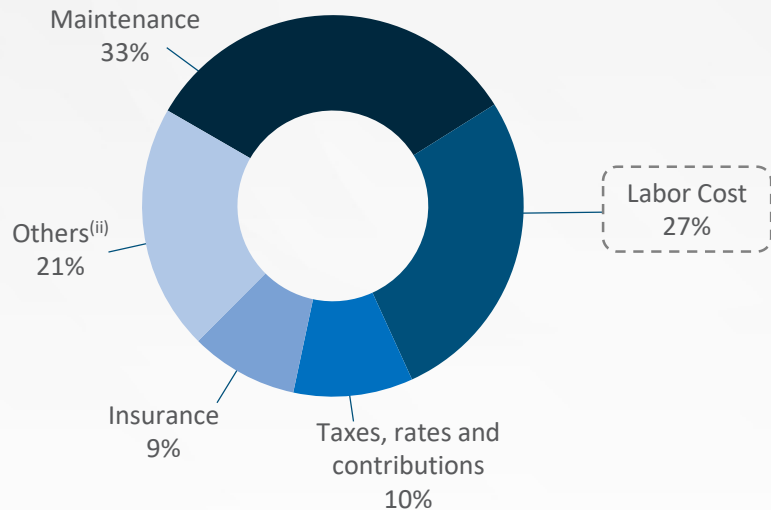
Cash Costs⁽ⁱ⁾ - USD millions



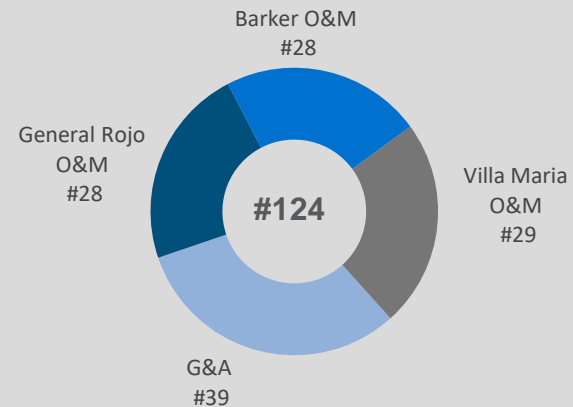
⁽ⁱ⁾ Cost of sales plus General and Administrative Expenses net of DD&A

- Cash Costs in 3Q20 reached USD 4.9 million, 58% higher than 3Q19, mainly driven by higher maintenance expenses connected with higher dispatch rates and labor cost related to the incorporation of new employees at each plant for the combined cycle operation.
- Cash Costs in 9M20 reached USD 11.5 million, 22% higher than 9M19, mainly driven by maintenance expenses, new staff, professional fees and insurance of new capacity, partially offset by the devaluation on our ARS peso denominated expenses.

9M20 Costs Breakdown



Headcount - # as of September 30, 2020

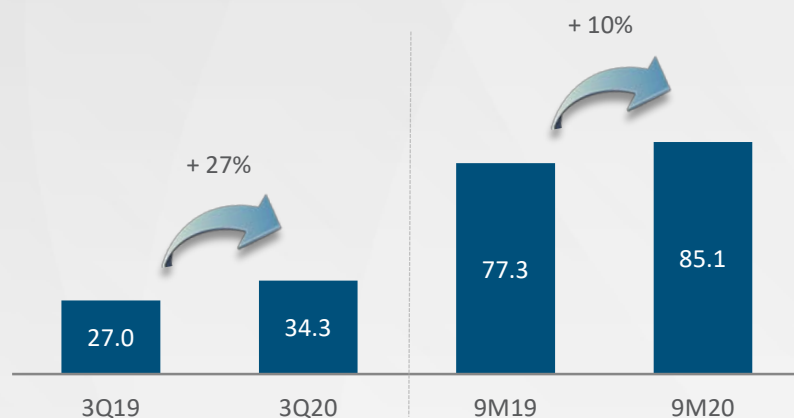


Highly Efficient Operations
Total MW per employee = 5.6

⁽ⁱⁱ⁾ Other expenses includes: selling expenses, professional fees, office, vehicles and travel

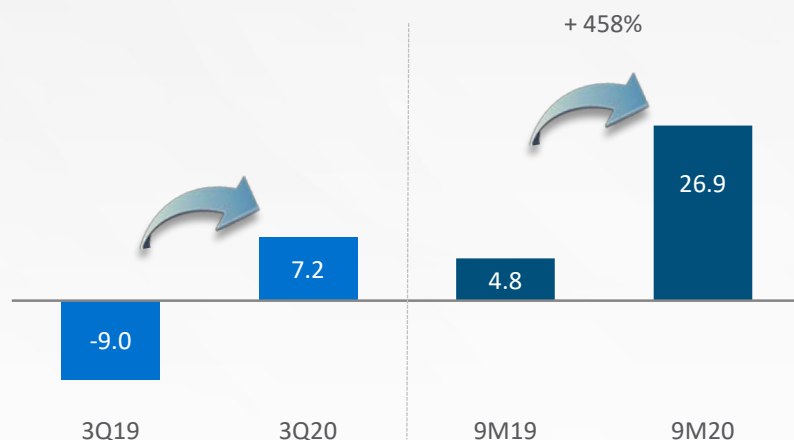


EBITDA - USD millions



- EBITDA during 3Q20 reached USD 34.3 million, 27% higher year-over-year, explained by the ramp up of Villa Maria and General Rojo combined cycles.
- EBITDA during 9M20 reached USD 85.1 million, 10% higher year-over-year. This increase is mainly explained by the new capacity added and the efficiency gained with the conversion to combined cycle, partially offset by higher cash costs.

Net Income - USD millions

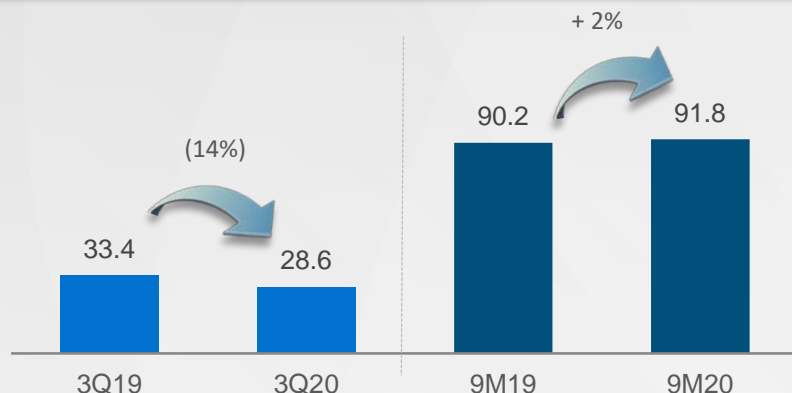


- Net Income during 3Q20 reached USD 7.2 million, USD 16.3 million higher compared to 3Q19.
- Net Income during 9M20 reached USD 26.9 million, USD 22.1 million higher compared to 9M19. This growth is mainly explained by:
 - a USD 7.8 million increase in EBITDA;
 - a USD 20.3 million decrease in Net Finance costs;
 Partially offset by:
 - a USD 0.8 million increase in DD&A;
 - a USD 5.2 million increase in Income tax expense

Net Finance Costs breakdown USD mm	3Q19	3Q20	9M19	9M20
Net Interest expense	(12.7)	(15.0)	(31.9)	(39.1)
Foreign exchange gain (loss)	(17.1)	(4.2)	(22.9)	4.6
Net Finance costs	(29.7)	(19.2)	(54.8)	(34.5)



Adjusted Operating Cash Flow ⁽ⁱ⁾ - USD millions



- Adjusted Operating Cash Flow during 3M20, reached USD 28.6 million, 14% lower year-over-year, mainly explained by an increase in Cammesa's overdue receivables.
- Adjusted Operating Cash Flow during 9M20, reached USD 91.8 million, 2% higher year-over-year.
- As of September 30, 2020 overdue Cammesa receivables amounted to USD 12.6 million paid during October at a weighted average of 78 days

(i) Adjusted Operating Cash Flow is defined as Net Cash Flow Provided by Operating Activities net of Tax Receivables related to investments in PP&E (Line item: "Increase in tax assets due to recoverable taxes related for property, plant and equipment")

Net Debt - USD millions

- Net Debt as of September 30, 2020 stands at USD 833.4 million, consisting of:
 - USD 600 million 2025 Senior Secured Notes
 - USD 250.3 million 2024 Senior Secured Floating Rate Notes
 - USD 14.0 million Short Term Debt

Debt Breakdown USD mm	as of September 30, 2020
Senior secured notes	(847.6)
Short Term Debt	(14.0)
Total Financial Debt ⁽ⁱⁱ⁾	(861.6)
Cash	28.2
Net Financial Debt	(833.4)

⁽ⁱⁱ⁾ Net of capitalized issuance expenses

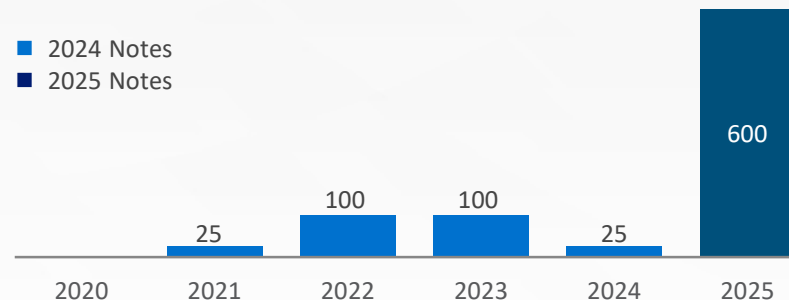
2024 Senior Secured Floating Rate Notes

- Amortization: 10 equal quarterly installments starting on Nov-21

2025 Senior Secured Notes

- Amortization: Bullet February 2025

Pro-forma Debt Amortization





General Rojo Plant





Financial Statements

Financial Highlights – Income Statement



In thousands of USD	3Q20	3Q19	9M20	9M19
Net revenue	39,221	30,124	96,579	86,492
Cost of sales	(8,659)	(5,912)	(19,772)	(17,622)
Gross profit	30,561	24,212	76,807	68,870
Other income and expenses-net	-	12	-	255
General and administrative expenses	(1,134)	(812)	(2,930)	(2,245)
Operating profit	29,427	23,412	73,877	66,880
Net finance costs	(19,155)	(29,701)	(34,551)	(54,829)
Net income (loss) before income tax	10,272	(6,288)	39,326	12,051
Income tax expenses	(3,058)	(2,756)	(12,446)	(7,236)
Net income (loss) for the period	7,214	(9,045)	26,880	4,815
Other comprehensive income	-	-	-	-
Comprehensive income (loss) for the period	7,214	(9,045)	26,880	4,815

Financial Highlights - Cash Flows



In thousands of USD	As of Sept. 30, 2020	As of Sept. 30, 2019
Cash Flow from Operating activities		
Profit for the period	26,880	4,815
Adjustments for:		
Income tax expense	12,446	7,236
Depreciation of property, plant and equipment	11,222	10,462
Foreign exchange, differences	(4,579)	22,937
Accrued interest, net	39,130	31,893
Changes in operating assets and liabilities		
Increase in trade receivables	(13,846)	(5,505)
Decrease in other assets	6,721	8,648
Decrease in tax assets	17,688	16,184
Decrease in trade and other payable	(4,104)	(7,138)
Increase (decrease) in other liabilities	65	(217)
Increase in taxes payables	168	922
Net cash flows provided by operating activities before Tax payments for PP&E	91,789	90,238
Increase in tax assets due to recoverable taxes related to property, plant and equipment	(3,680)	(28,410)
Net cash flows from operating activities	88,109	61,828
Cash flow from investing activities		
Interest received and other financials receivables	16,193	238
Payments for acquisition of property, plant and equipment, net of capitalized interest	(18,479)	(103,661)
Net cash flows used in investing activities	(2,287)	(103,422)
Cash flow from financing activities		
Proceeds from senior secured floating rate notes	300	-
Loans received	7,157	16,700
Payments of loans	(8,877)	-
Payments of interest and financing expenses	(77,303)	(68,327)
Net cash flows used in financing activities	(78,723)	(51,627)
Net increase (decrease) in cash	7,099	(93,221)
Cash and cash equivalents at the beginning of year	21,126	119,327
Cash and cash equivalents at the end of the period	28,225	26,105
Net increase (decrease) in cash	7,099	(93,221)

Financial Highlights – Balance Sheet



In thousands of USD	As of September 30, 2020	As of December 31, 2019
Assets		
Property, plant and equipment	932,263	866,694
Loans granted	42,227	40,364
Tax assets	2,320	2,206
Deferred tax assets	533	12,979
Other assets	6,200	7,154
Total non-current assets	983,544	929,396
Tax assets	13,965	34,634
Other assets	3,804	9,221
Trade receivables	61,014	47,487
Cash and cash equivalents	28,225	21,126
Total current assets	107,009	112,468
Total assets	1,090,552	1,041,864
Shareholders' equity		
Share capital	30,295	30,295
Merger premium	(20,162)	(20,162)
Legal reserve	1,476	202
Other reserves	2,157	2,157
Retained earnings	61,148	35,542
Total equity	74,916	48,036
Liabilities		
Loans	840,983	833,192
Trade and other payables	4,521	8,800
Total non-current liabilities	845,505	841,992
Loans	20,669	36,669
Other liabilities	927	745
Taxes payable	10,738	5,678
Trade and other payable	137,798	108,745
Total current liabilities	170,132	151,836
Total liabilities	1,015,637	993,828
Total liabilities and equity	1,090,552	1,041,864

Financial Highlights – EBITDA Reconciliation



In thousands of USD	3Q20	3Q19	9M20	9M19
Net income (loss) for the period	7,214	(9,045)	26,880	4,815
Net finance costs	19,155	29,701	34,551	54,829
Income tax expense	3,058	2,756	12,446	7,236
Depreciation and amortization	4,890	3,629	11,222	10,462
EBITDA	34,317	27,041	85,099	77,343



Energy moves us

Contact information
Investor Relations

Cerrito 1294 | 2nd floor | C1010AAZ | Buenos Aires
+54 11 43162800 | ir@msuenergy.com | www.msuenergy.com