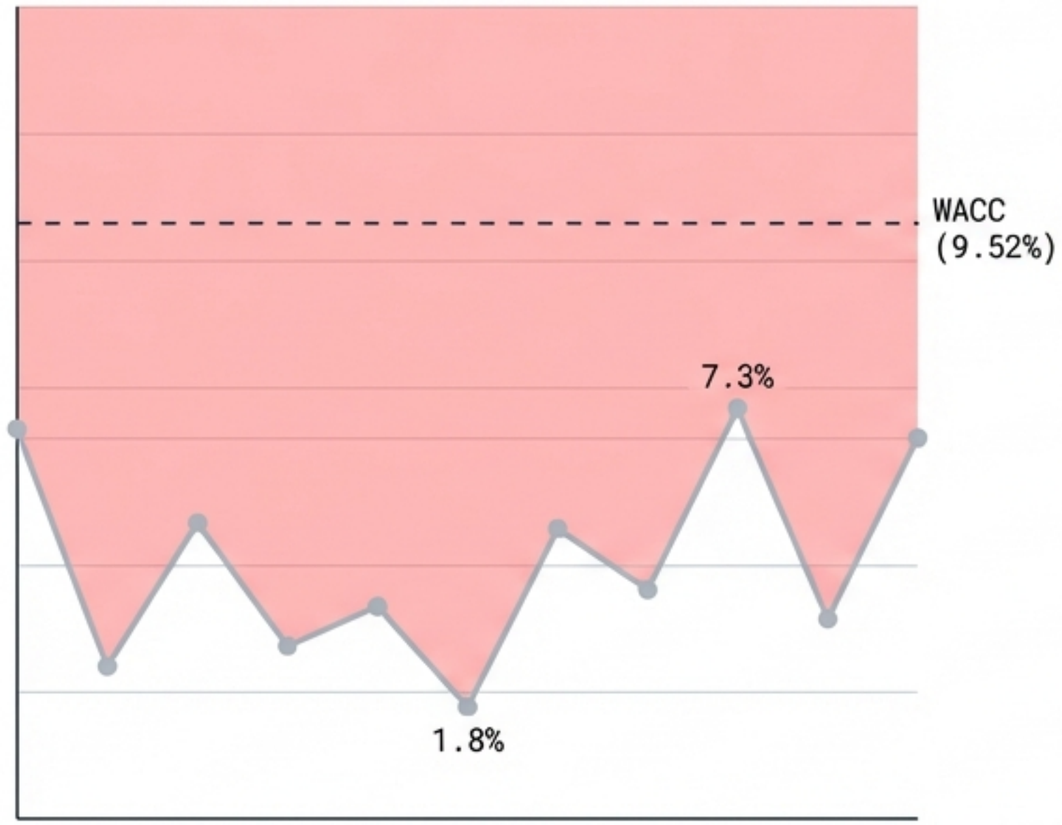
Central Puerto (CEPU) Investment Analysis

The Argentine Energy Transition: A Dialectic of Macro Turnarounds and Structural Flaws

[Sector: Emerging Market Utilities]	[Market Cap: ~$2.3B]	[Primary Catalyst: Resolution 400/2025]

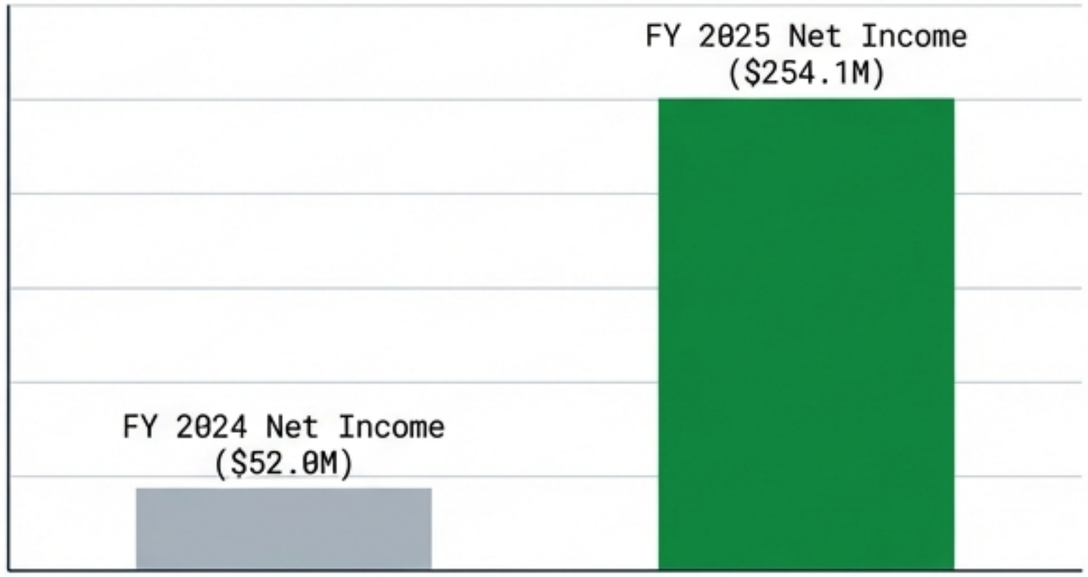
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The Legacy of Capital Destruction



The 388% Anomaly

+388.6%



CEPU's profitability exploded in 2025 not due to operational breakthroughs, but a total rewrite of the Argentine regulatory environment. Is this the beginning of a compounding cash machine, or an artificial peak?

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The Asset Base: 6,938 MW Portfolio

Legacy Thermal (4,859 MW)



- 2,305 MW Central Costanera complex
- 2,554 MW FONINVEMEM stakes
- Provides massive baseline capacity directly at the Greater Buenos Aires (GBA) demand center.

The Hydro Moat (1,440 MW)



- Piedra del Águila concession recently extended to 2055.
- Genuinely low marginal cost base with insurmountable barriers to entry.

Renewables (574 MW)



- Wind and solar footprint secured during the RenovAr program.
- Backed by long-term, USD-linked PPAs.

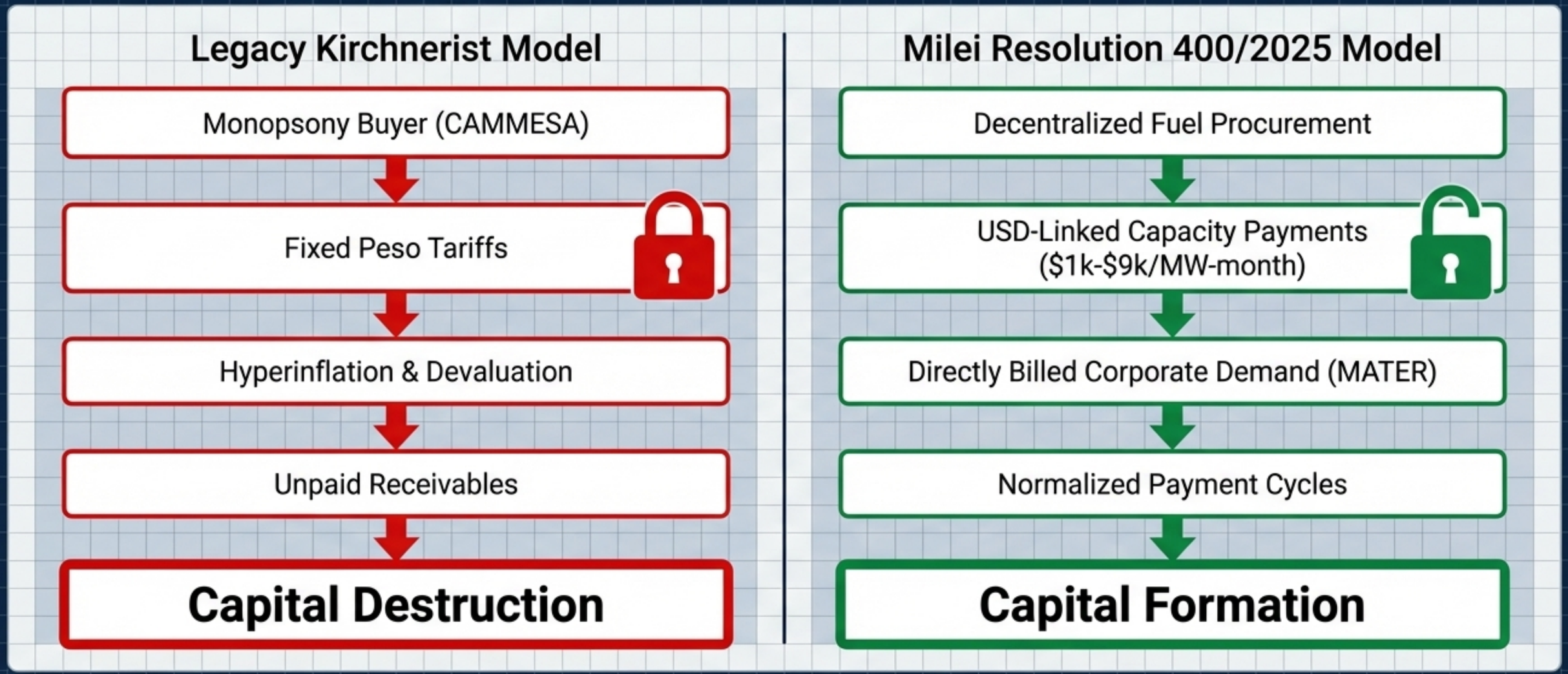
System Dominance



Market Share of the Argentine Interconnection System (SADI)

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The Market Paradigm Shift



Spot market remuneration is now explicitly tied to the official BCRA wholesale exchange rate, permanently altering earnings quality.

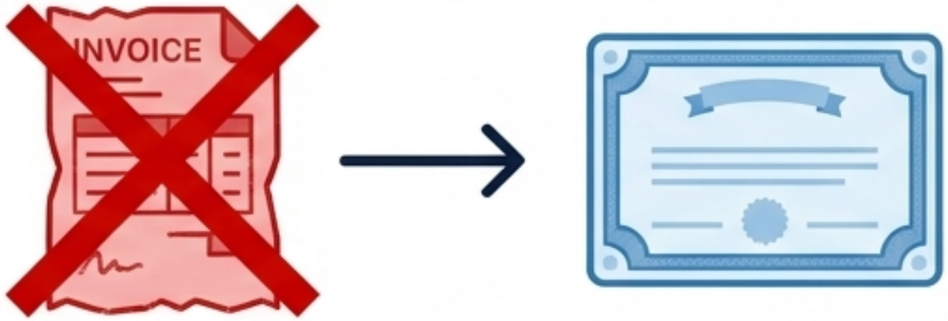
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Earnings Quality Transformation

The Revenue Metamorphosis



The Balance Sheet Cleansing



CAMMESA Arrears

BOPREAL Series 4 Bonds

Mandated 2024 restructuring cleared the backlog via 3% yield USD sovereign bonds maturing in 2028, completely resetting working capital.

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The IPP Oligopoly Diagnostic Matrix

Player	2025 Estimated Capacity	Strategic Posture	Vertical Integration	Non-Core Distraction
Central Puerto (CEPU)	~6,938 MW	Dominant legacy thermal & hydro	**NO**	High (Forestry, Mining)
Pampa Energía (PAM)	~5,472 MW	High thermal efficiency	**YES (Vaca Muerta E&P)**	Low
YPF Luz	~3,200 MW	Captive corporate demand	Integrated with YPF	Low
Genneia	~1,616 MW	Pure-play renewables leader	N/A	Low

CEPU relies heavily on raw scale, but critically lacks the upstream gas integration that protects Pampa's margins.

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The Margin Squeeze: A Vulnerability Visualizer

Pampa Energía - Protected Margin



CEPU - Squeezed Margin



Under decentralized fuel procurement, CEPU is exposed to severe margin compression during winter gas rationing. It operates as a structurally disadvantaged price-taker.

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Assessing the Pseudo-Moat

Core: Structural Strength

Core vs. Perimeter

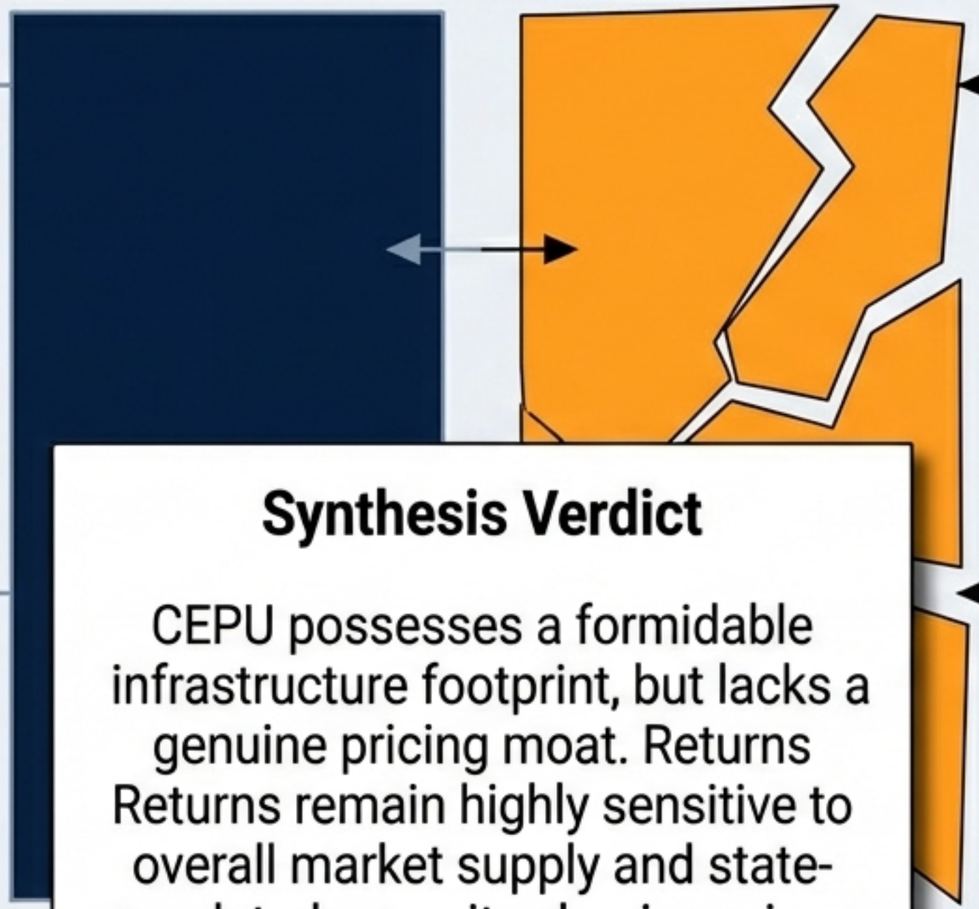
Perimeter: Competitive Vulnerability

Scale & Location

Central Costanera provides unparalleled access to the congested Greater Buenos Aires grid.

Hydro Concessions

Piedra del Águila (to 2055) features exclusive water rights and insurmountable entry barriers.



Zero Pricing Power

Electricity is fully commoditized; CEPU cannot charge a premium over peers for the same MWh.

Input Price Exposure

Complete reliance on third-party fuel suppliers severely threatens unit economics.

Synthesis Verdict

CEPU possesses a formidable infrastructure footprint, but lacks a genuine pricing moat. Returns Returns remain highly sensitive to overall market supply and state-mandated capacity clearing prices.

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Growth & Capital Expenditure



Brigadier López Expansion

$150M CapEx to close the combined cycle. Adds **140 MW** of highly efficient capacity without new fuel intake. Locks in **~$60M** recurring EBITDA via **10-year PPA**.



AlmaGBA BESS (2027)

Largest utility-scale storage contract in Argentina. **205 MW** backed by **$300M** IFC financing. Secures lucrative **$10k-$11k/MW-month** capacity fees on **15-year USD** contracts.

Pathway to $450M Adjusted EBITDA by 2027

(+35% growth from 2025 baseline)

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Capital Allocation: Scales of Stewardship

Brilliant Execution

- **Central Costanera**: Bought **2.3 GW** at peak distress for a mere **$48M** prior to the regulatory re-peg.
- **Piedra del Águila**: Secured low-cost hydro cash flows extending to **2055**.



Diworsification

- **Forestal Argentina**: Diverted capital to acquire **160,000 hectares** of commercial timber (EVASA).
- **Speculative Mining**: Acquired **9.9%** of AbraSilver (pre-revenue silver/gold) and assets in **3C Lithium**.

Management executes masterstrokes in their core competency, while routinely destroying shareholder value by diverting free cash flow into entirely unrelated, highly cyclical commodity sectors.

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The Balance Sheet & Capital Return

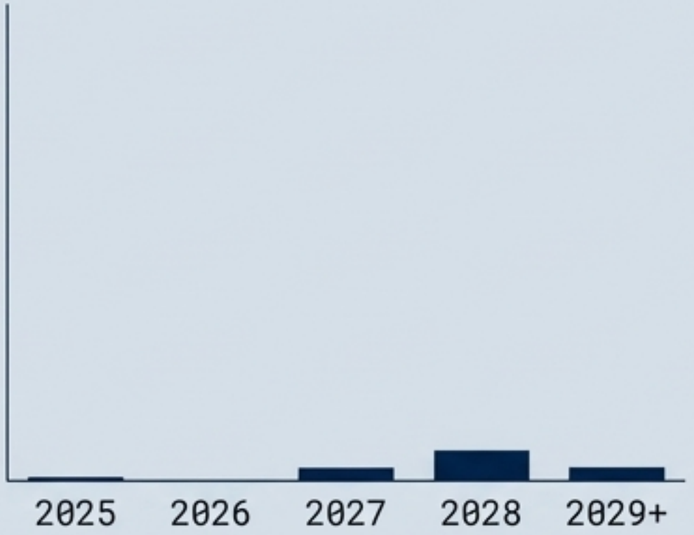
Fortress Balance Sheet

0.3x

Net Leverage Ratio (Debt/EBITDA)

Net Debt:	$106.3M
Cash & Equivalents:	$231.5M

Eliminating Refinancing Risk



Near-zero near-term debt walls provide complete operational flexibility.

Unlocking the Vault (Cepo Relaxation)



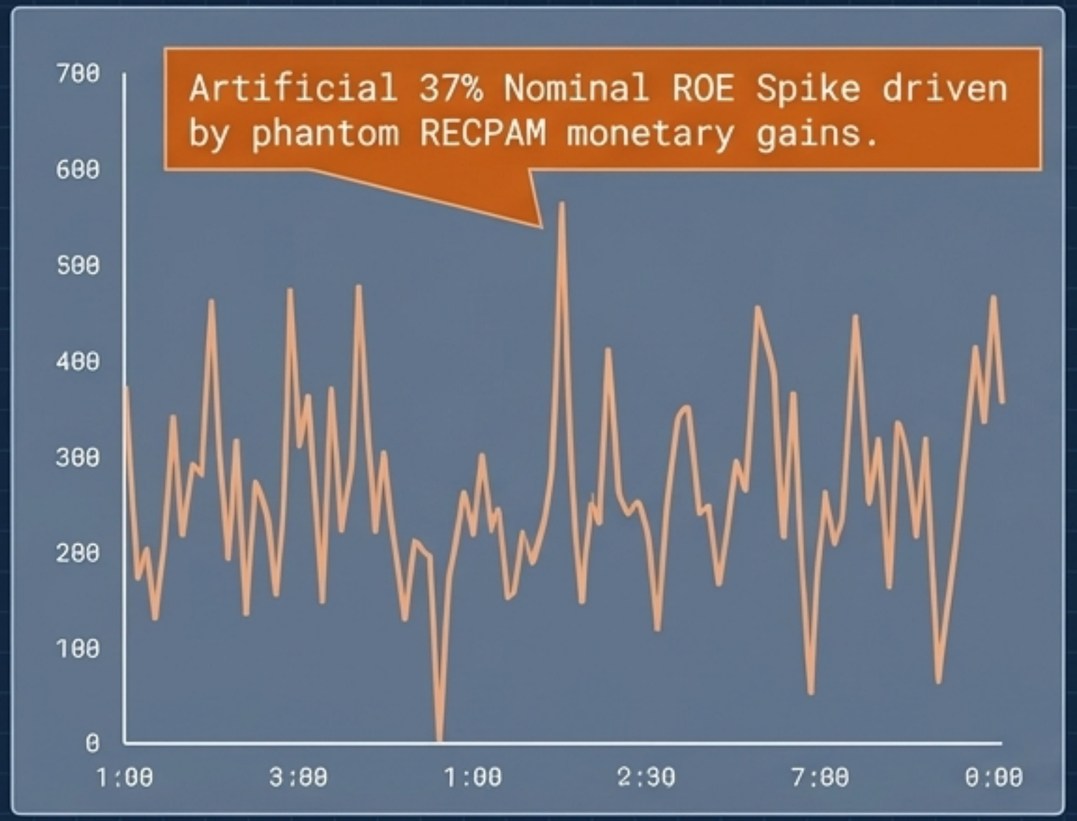
BCRA now permits corporate access to Official Exchange Market to distribute foreign dividends for earnings post-Jan 2025.

Aggressive distributions resumed: e.g., $0.3098/ADR paid.

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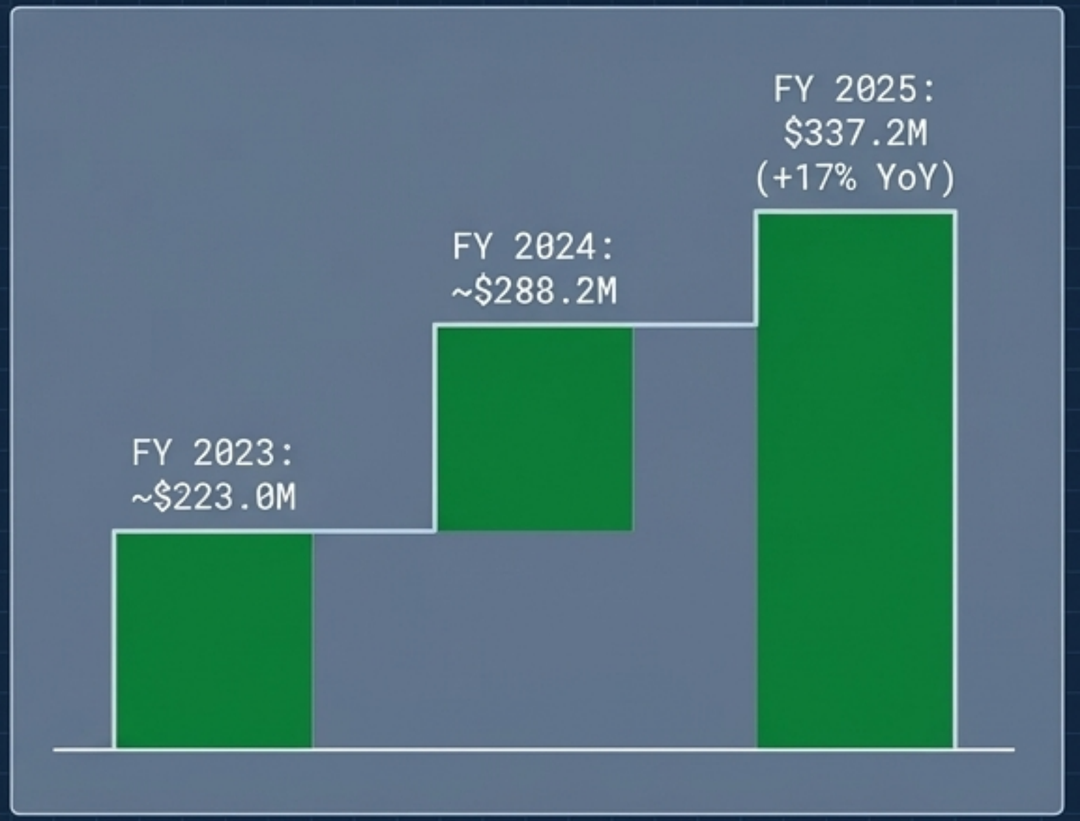
True Financial Trajectory

Statutory ARS Metrics (Distorted by IAS 29)



Removing IAS 29 Noise & Translating to True USD

True USD Adjusted EBITDA



Evaluating CEPU via local-currency statutory net income is analytically obsolete. Real, USD-translated Adjusted EBITDA reveals steady, robust growth driven by the regulatory transition.

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Valuation Context

The Multiples

~$15.50 / Share
Current Price

~$2.3 - $2.4 Billion
Market Cap

EV/EBITDA:
~7.4x
P/E Ratio

P/E Ratio:
~11.8x
P/E Ratio

The Context Matrix

Vs. Domestic Peer (PAM @ 7.8x EV/EBITDA)
CEPU correctly trades at a slight discount due to its lack of upstream gas integration and non-core mining distractions.

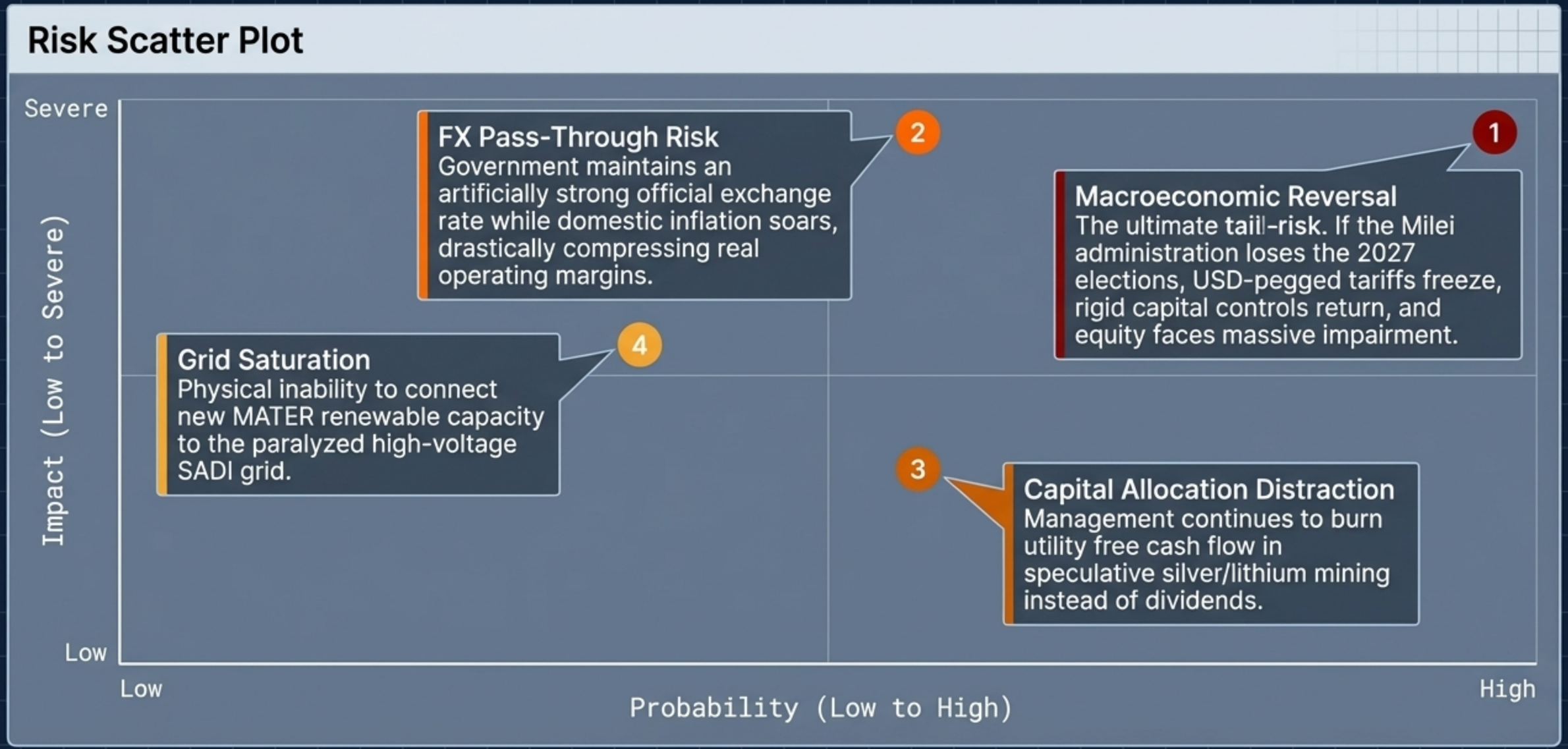
Vs. LatAm Peers (Engie/Enel @ 5.0x - 7.5x EV/EBITDA)
CEPU trades richer than highly secure, stable-jurisdiction utilities, pricing in a flawless macro execution.

Is 7.4x EV/EBITDA a Value Trap pricing in a permanent "Milei Premium," or a Hidden Gem that drops to a ~5.5x forward multiple if management hits their $450M EBITDA target by 2027?

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Risk Assessment Matrix

Risk Scatter Plot



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Terminal Synthesis & Verdict

WHAT MUST GO RIGHT

- Sovereign avoids default and inflation converges.
- Government fiercely protects the Res 400/2025 USD capacity payments.
- AlmaGBA BESS & Brigadier López execute flawlessly to hit the $450M target.
- Management returns cash via dividends rather than funding Andean silver mines.

WHAT MUST GO WRONG

- Consumer collapse forces an end to real tariff increases.
- CAMMESA reverts to deep arrears and defaults.
- Mining/forestry ‘diworsification’ burns critical cash during a commodity downcycle.
- Multiple violently contracts from 7.4x to historic 3.0x levels.

Committing capital to CEPU is not an investment in a durable, moat-protected compounding utility. It is a highly leveraged, directional bet on the political survival and execution of Argentina’s libertarian economic shock therapy.

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