

Vista Oil & Gas (VIST US)

September 19, 2023



Equity Recommendation: Vista Oil & Gas (VIST US)

Our current recommendation favors VISTA (VIST US) at its current trading price of \$27.21 per share. Despite today's 3% dip in stock price amidst a largely bearish day in the global equity market, we anticipate a remarkable performance from VISTA in the third quarter of 2023.

Earnings Impact in 2Q23 and Prospects for 3Q23:

In the second quarter of 2023, VISTA recorded a weaker EBITDA, primarily due to a delay in loading a significant oil cargo (approximately 470 Mbbbl) from late June to the first week of July. However, we anticipate this very same situation to positively impact on 3Q23 earnings.

Expected Increase in Oil Prices for 3Q23:

Anticipating an 8% rise in realized oil prices for the third quarter compared to the second quarter, we foresee a realization price of approximately \$69.4. Today export parity is around \$83 (\$95 Brent - \$5 discount - tax on sales or "retenciones"). However local prices "barril criollo" was reduced to \$56 dollars. Thus, assuming the company exports 50% in 3Q23, we expect realization price to be \$69.4.

Cost Efficiencies:

Lifting costs are projected to decline by 20% due to the post-PASO devaluation, enhancing the company's overall cost efficiency.

Strategic Agreement with Trafigura:

VISTA has secured a valuable agreement with Trafigura, resulting in a substantial increase of approximately \$90 million in excess EBITDA for VISTA during 3Q23.

Considering these positive factors, we expect VISTA's EBITDA for 3Q23 to reach an impressive \$350 million. Should this projection hold, the total EBITDA by September 30, 2023, would amount to \$706 million over the last nine months, significantly surpassing the 2021 5-year business plan target of \$800 million set for 2024. In a conservative scenario, even if the 4Q23 EBITDA were to be as low as \$100 million, the company would still achieve the anticipated landmark ahead of schedule. On a best-case scenario, achieving a strong 4Q23 performance, the EBITDA for 2023 could potentially reach an outstanding \$1.1 billion, aligning with the company's 2021 5-year business plan projections for 2026YE.

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RESEARCH

JAVIER CASABAL

jcasabal@ad-cap.com
+54 11 4819 1236

MARÍA MOYANO HIDALGO

mmoyano@ad-cap.com
+54 11 4819 1794

SALES & TRADING

INTERNATIONAL INSTITUTIONAL SALES

AGUSTÍN HONIG

ahonig@ad-cap.com
+54 11 4819 1761

SANTIAGO MASÍA

smasia@ad-cap.com
+54 11 4819 1763

AGUSTÍN CATICHA

acaticha@ad-cap.com.uy
+54 11 4819 1780

JAVIER TIMERMAN

jtimerman@ad-cap.com
+54 11 4819 0210

PABLO DALMA

pdalma@ad-cap.com
+54 11 4819 1762

PATRIZIO DRAGO

pdrago@ad-cap.com.uy
+54 11 4819 1780

SANTIAGO RUIZ GUIÑAZÚ

SGUINAZU@ad-cap.com.AR
+54 11 4819 0219

LOCAL INSTITUTIONAL SALES

FERNANDO ZIADE

fziade@ad-cap.com
+54 11 4819 1767

MARCOS TOKATLIAN

mtokatlian@ad-cap.com
+54 11 4819 1767

MARTÍN MOGETTA

mmogetta@ad-cap.com.ar
+54 11 4819 1922

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