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Vista Oil & Gas SAB de CV

Exchange: NYSE
Ticker: VIST
Valuation Date: 11-10-2020
Recommendation: BUY
Industry: Oil and Gas Exploration and Production
Current Price: US$ 2.48 (11-10-2020)
Target Price: US$ 3.34
Upside: 35%

Vista Oil & Gas SAB de CV (VIST) is an oil and gas production company, currently with both conventional and non-conventional oil exploitation, aiming to focus on non-conventional assets in the future. It´s from the upstream sector, and its main activity is developed in the Neuquina Basin, particularly in the area of Vaca Muerta in Argentina. It is currently the country's main oil exporter, and the country´s fourth largest oil producer.

Figure 1 | Source: Yahoo Finance and Team Estimates

INVESTMENT SUMMARY

We issue a **BUY** recommendation on VIST, with a 12-month target price of **US$ 3.34** per ADS, representing a **35% upside** from its November 10th closing price of **US$ 2.48.** This expected return is higher than the return demanded by the shareholders, which strengthens our purchase recommendation.

The calculation of the target price is based on a 80% weight in the Discounted Free Cash Flow to the Firm Model (intrinsic valuation), a 10% weight in an EV/EBITDA multiple valuation (relative valuation), and a 10% weight in an EV/2P multiple valuation (relative valuation).

Our recommendation is founded upon the following cornerstones:

- **Favorable International Context:** the worst seems to have passed with respect to the COVID-19 crisis. International oil prices are expected to rise, interest rates are low in the world, and the stimulus package rumored in the U.S. could also be beneficial in stabilizing the world economy. This may favor Vista's activity, given that the company aims to destine most of its production to the international market. Since 2020 Q2 the company exported 90% of its production. Today it is the country's main oil exporter. And with the exports of Medanito increasing, the clients are beginning to become more familiar with it, and due to its high quality, are starting to demand it more. Hence the gap between the Brent and the Medanito has been reducing, and it´s expected to reduce even more.
- **Vista vs Comparable Companies:** Vista´s price has fallen by 69% YTD due to local and international factors. As can be seen in Figure 4, the price of all comparable companies suffered a sharp drop in March due to the COVID-19 crisis. But it can be seen that the impact on Vista ADS's share price has been significantly worse than that of other comparable companies. This is due to Argentina´s strict lockdown and macroeconomic instabilities. And even though these issues are far from over, we believe that the sharp price decrease this year, is still an overshooting, and that the company is currently undervalued.
- **Productivity:** the company has shown a strong capacity to gain efficiency in their production process. The lifting cost is being reduced, and management expects to continue on that path. Vista's intention is to focus on non-conventional production in the future, which is far more productive than the conventional assets in Vaca Muerta. This is a positive driver for Vista´s profitability. This increase in productivity will allow Vista to once again enjoy high profit margins even with prices below those obtained in 2018 and 2019. Because of this, we projected the following values of EBITDA Margin: 2020E 26%; 2021E 36%; 2022E 38%; and 2023E 40%.
- **Strong Liquidity:** Vista has cash and cash equivalents in the amount of US$ 224.95 million, saved in accounts outside Argentina. This would allow the company to continue their operations in situations of financial distress. It also allows it to continue with its strategy of increasing its unconventional production, which requires significant CAPEX (on average US$ 200 million per year), as an alternative to debt financing.
- **Management´s Track Record:** the company's executive staff has vast experience in the sector, having held important positions in different companies of the area. The company's management has important geological knowledge of the region, which allowed the company to acquire the area of Bajada de Palo, which has large proven reserves, avoiding the expenses associated with exploration. It has the facilities associated with oil processing for the short term, which would allow for a relatively rapid expansion of their production. The company has managed to position itself as the fourth oil producer in the country in less than 3 years.

CURRENT HIGHLIGHTS

Vista was created in 2017, under the form of a Special Purpose Acquisition Company (SPAC), in Mexico City, with its IPO raising US$ 659MM in August of that year. In 2019 the company was listed on the New York Stock Exchange, by raising an additional US$ 100MM. The company started with a market value of US$ 10 per ADS at the launch of the IPO on the New York Stock Exchange, showing a downward movement in the first months, going from the initial US$ 10 to less than US$ 4 in the first month of quotation. Later recovered part of the downfall and reached US$ 8 per ADS by the end of 2019. From then on, the stock has been falling steadily until reaching the current US$ 2.48 level as of November 10th. As can be seen in Figure 4, the price of all comparable companies suffered a sharp drop in March due to the lockdown policies taken by the different national governments, and due to the sharp fall of oil prices.

It can be seen that the impact on Vista ADS share price has been markedly worse than that of comparable companies, largely due to different decisions taken by Argentina´s government. Oil prices were frozen at a fixed exchange rate in September 2019 (Decree 601/2019). Then the tightening of the capital controls, as well as the BCRA's resolution that does not allow access to the MULC for dividend´s payments. Also, up to March 31st, 2021, only a 40% of the debt amortization payments were allowed to be made, and the remaining part was to be refinanced (Communication "A" 7106 BCRA).

It´s important to note that, due to the "Barril Criollo" regulation, domestic oil price in Argentina has a base minimum of US$ 45. In 2020, this would have represented a positive driver, due to how low international prices were in comparison. But since Vista exported most of its production this year, it had a low impact on their revenue.

Market Profile

Closing Price 11-10	2.48
Outstanding Shares	87.2MM
52 Week Range (US$)	1.80 - 8.59
Average Daily Volume (US$)	555,000
Market Cap (US$)	199.6MM
EV/EBITDA	6.11x
EV/2P	3.13x
BETA	1.46
Enterprise Value (US$)	523MM

Table 1 | Source: Eikon

Debt & Interest Ratios

Financial Debt	522MM
Net Financial Debt	297.3MM
Net DEBT /EBITDA	4.04x
EBITDA / Interest	1.80x

Table 2 | Source: Eikon

Valuation

Methodology	Weight	Price
FCFF	80%	2.88
EV/EBITDA	10%	5.00
EV/2P	10%	5.38
Target Price (US$)		3.34
Upside		35%

Table 3 | Source: Team Estimates

Market Share Oil Production

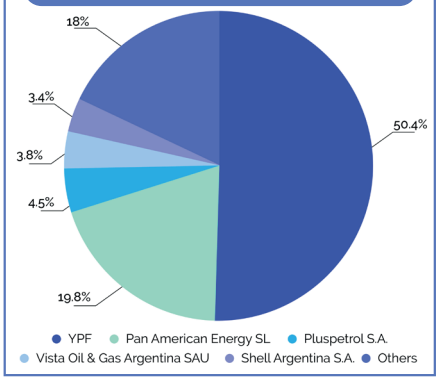


Figure 2 | Source: Argentina Secretary of Energy

Market Share Gas Production

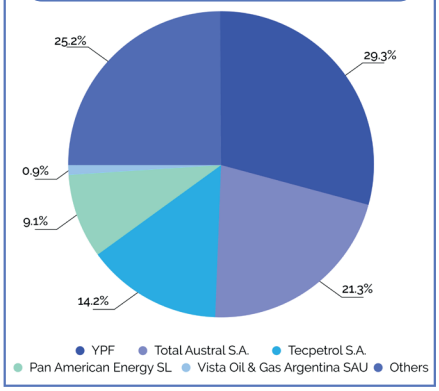


Figure 3 | Source: Argentina Secretary of Energy

Figure 4 | Source: Yahoo Finance

BUSINESS DESCRIPTION

Vista Oil & Gas S. A. B de C. V. is an energy company engaged in exploration and production of oil and gas, focusing mainly on areas located in the geological formation called Vaca Muerta, in the Neuquina Basin. The type of oil obtained from this Basin is called Medanito, which is a light crude oil that gets a quality discount over Brent, which is around US$ 4/bbl (see Figure 7).

Vista is the fourth oil producer in Argentina (where it holds 99% of its production), with an approximate 3,8% market share (see Figure 2). In 2020, it has become the country's main oil exporter. It has been gaining productivity due to reductions of operating cost on their non-conventional production. Regarding gas, Vista holds 0.9% of market share, and is the eleventh gas producer in the country. As of September 2020, Vista Argentina had approximately 301 direct employees and 2100 outsourced staff available to provide services in operations.

Main Business: Vista's activities include exploration and production of conventional and non-conventional hydrocarbons. Its current oil processing capacity is 40,000 barrels of oil per day. But to reach this level of oil production, investments need to be made, as the company´s current production is below 30,000 boe/d. It holds its treatment plants located in "Entre Lomas" and "Jagüel de los Machos". Moreover, it is expected that it could be increased 60% by 2023. Additionally, it has a floating storage for approximately 300,000 barrels. Its production is 64% oil, 34% gas, and 2% GNL. Oil sales represent an 81.3% of Vista´s total revenue, gas sales a 17.2%, and NGL sales a 1.5% (Figure 8). The total production during the first quarter of 2020 was 26,500 boe/d. Due to the impact of the COVID-19 pandemic, the second quarter´s production decreased to 23,800 boe/d. In the third quarter the production recovered to 25,394 boe/d, an increase of 6.6% compared to the second quarter.

Reserves: The company holds a total of 588,925 acres in order to develop its activities, out of which 525,308 are from Argentina, and 63,617 from Mexico. The level of proven reserves (1P) as of December 2019 was 101.8 million boe, 52% of which are located in shale reservoirs. Also, 70% of those reserves consist of oil, and 99,7% are located in Argentina. Please refer to Table 4 for more information. Furthermore, the level of proven and probable reserves (2P) is 166.95 million boe as of December 2019. The level of 2P reserves can be obtained from Argentina´s Secretary of Energy. But an adjustment was applied based on the percentage difference between the 1P from that entity, and the 1P published by Vista on their 20-F 2019. (see Appendix 5)

Oil & Gas Concessions	Boe/d 2020	Net Acres	2019 1P	Life Span (years)	Country	Basin	Operator	Participation	Expiration of Contract
25 de Mayo - Medanito	2,807.67	32,247	6.7	7	Arg	Neuquina	Vista	100%	2026
Águila Mora	65.67	21,128	0	0	Arg	Neuquina	Vista	90%	2054
Bajada de Palo Este	996	48,853	2.9	8	Arg	Neuquina	Vista	100%	2053
Bajada de Palo Oeste	10,217	62,641	62.7	17	Arg	Neuquina	Vista	100%	2053
Agua Amarga (Jarilla Quemada-Charco del Palenque)	481.67	95.580	0.9	5	Arg	Neuquina	Vista	100%	2034
Coirón Amargo Norte	298	14,629	0.4	4	Arg	Neuquina	Vista	55%	2037
Coirón Amargo Suroeste	101	1,644	1.6	43	Arg	Neuquina	Shell	10%	2053
Entre Lomas Río Negro	6,240	183,014	19.0	8	Arg	Neuquina	Vista	100%	2026
Jagüel de los Machos	3,514.33	48,359	6.7	5	Arg	Neuquina	Vista	100%	2025
Sur Río Deseado Este	0	12,807	0	0	Arg	Golfo San Jorge	Al. Petrol.	16.9%	2021
Acambuco	177	4,406	0.6	9	Arg	Noroeste	PAE	1.5%	2036/40
Blocks CS-01, A-10, TM-01	333	63,617	0.3	2	Mex		Vist. y Jag.	50%	2047
TOTAL	25,231	588,925	101.8	11					

Table 4 | Source: Company Data, Argentina´s Secretary of Energy and Team Estimates

Concessions: It is more than likely that it will renovate their concessions for 10 more years in the areas where they´re expiring between 2025 and 2026. However, there is a risk that the company won´t be able to do so. The company has identified more than 400 potential high-return locations within their Vaca Muerta core development acreage, amounting to an estimated 11-year drilling inventory. Vista has a concession in the Golfo San Jorge Basin, but it´s not operational as of now. It also has little activity on the Noroeste Basin, where the production is 200 boe/d, which is operated by PAE, and Vista only holds 1.5% of participation in the joint venture. In addition, Vista is associated with the company "Jaguar" for the development of two regions in Mexico. See Table 4 for reference.

Business Strategy: The company's main production currently comes from conventional extraction. However, its strategy is focused on improving the development of non-conventional assets, which so far have shown a 13% performance above the type curve. Vista is seeking to develop the "Bajada del Palo Oeste" area, totaling 62.7 million boe of proven reserves. On the third quarter of 2020, shale has contributed to Vista´s production a total of 8,407 boe/d (33.11% of total production), from which 8,320 corresponds to Bajada del Palo Oeste. Vista succeeded in improving performance on their wells, by reducing the spacing between fractures, further delineating of their prospective acreage, and through evaluation of additional stacked landing zones. They´re planning to continue with these measures on future wells, to keep reducing the lifting cost.

Recently the company finished the drilling of its fourth pad (wells 13, 14, 15 and 16) which started production at the end of last September. The company also aims to have four more wells operational by the last quarter of 2020. By 2021, it plans to connect one pad each quarter and increase production by a 20% to 30% per year.

INDUSTRY OVERVIEW AND COMPETITIVE POSITIONING

International Context: The global COVID-19 pandemic and the related economic crisis have posed a huge threat for the oil industry as a whole. Oil world demand has plummeted as a result of massive lockdown policies, which caused oil prices to decrease drastically, causing tremendous losses to all oil companies. Even though the risk of a new virus outbreak remains, the crisis has subsided, and with the vaccine being close to its release, the industry can now aim to recover.

According to IMF estimates, the expected global growth for 2020 is projected to be -4.90%, and the expected growth for 2021 is estimated to be 4.80%. As for global oil demand, the second quarter of 2020 has seen the most important fall in

Figure 5 | Source: Company data

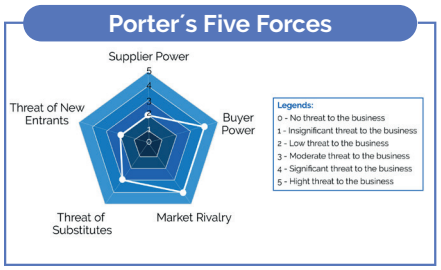


Figure 6 | Source: Team Estimates

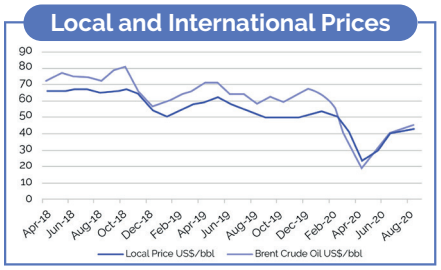


Figure 7 | Source: IEA, Argentina´s Secretary of Energy and Team Estimates

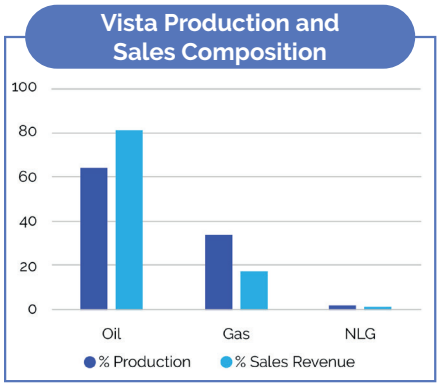


Figure 8 | Source: Company Data

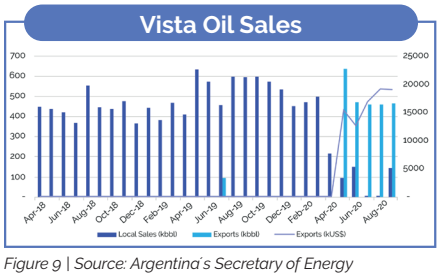


Figure 9 | Source: Argentina´s Secretary of Energy

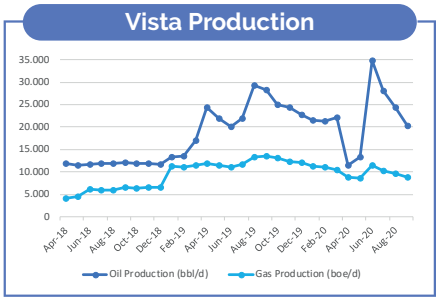


Figure 10 | Source: Argentina´s Secretary of Energy

history. OPEC's estimates project a decrease of oil demand for 2020, in the range of 8.5 million boe per day, compared to 2019 levels. It is expected that the 2019 level of oil demand will be recovered by 2022. And from then on, the OPEC expects a steady increase until reaching 97.7 MM boe/d by 2030. See Figure 14 for reference.

International Oil Prices: OPEC members and participants in the Declaration of Cooperation (DoC), decided in April 2020 to collectively lower oil production for a two-year period. Considering the sharp decline in oil prices due to the COVID-19, if we take OPEC's decision in consideration, and assume that another virus outbreak won't occur in the same magnitude, then it would be expected an increase in oil prices within the next years. This is consistent with EIA's oil price estimations, which for their base case scenario for 2021, propose prices in the range of US$ 60 per barrel of oil. Even if there's a break of a new COVID-19 crisis, we expect oil prices to fall, but not to 2020 levels.

International Gas Prices: Gas prices saw a decline in 2020, but their volatility is not as high as oil's. Moreover, since Vista focuses on oil production, the impact of a possible price decline is very low. We see that Argentina's own regulations on gas prices may have a higher impact on Vista, rather than international price fluctuations.

Domestic Context: Since 99% of Vista's operations take place in Argentina, it's of utmost importance to highlight that the economic, political and regulatory context of Argentina, has a significant impact in the company. IMF's estimations for Argentina's GDP show a 11.8% decrease in 2020, and a 4.9% rebound in 2021.
After almost eight months of lockdown, the country experiences increasing unemployment and recession. Some fiscal stimulus measures were taken to mitigate the effects of the crisis, which resulted in growing fiscal deficit. With the debt markets being inaccessible, this fiscal deficit is financed by rampant monetary emission, causing inflation. The monetary emission is being sterilized by the Central Bank, so the quasi-fiscal deficit is also a concern as it leaves the Central Bank vulnerable and could trigger a deeper crisis.
Foreign currency acquisition is strictly limited. But neither the strict currency controls nor the monetary base sterilization was enough to control the demand for foreign currency, resulting in high depreciations of the financial FX rate, while the official FX rate is being held low, increasing the FX gap. This gap doesn't affect Vista's operating activities because all operating expenses in foreign currency can be paid by accessing the MULC (Mercado Único y Libre de Cambios) to buy dollars at the official rate. But this inevitably affects the free cashflow to the firm of the company.
The country defaulted on its sovereign debt on 2019. It settled a debt restructuring in September, that was followed by a decrease in the country risk from over 2100 bps to 1100 bps approximately. But this new scenario quickly turned, and country risk rose again to over 1400 bps. This is due to the high volatility on the local currency. The FX rate implicit in the financial markets operations has been increasing, which is the result of buying local bonds in argentine pesos and selling them in dollars. To control this, Argentina's Central Bank has decided to sell newly issued local bonds in dollars in the capital markets, trying to lower the financial FX rate. But this is causing bond's prices to drop, increasing the yield of these new bonds, and thus worsening the country risk.
Moreover, the country's Central Bank net reserves are above US$ 5,000 million. But the liquid reserves freely available for use is, according to some estimations, already negative. This would indicate that the Central Bank is already using some of their non-liquid assets. As a consequence, their ability to influence the currency depreciations is greatly reduced. Besides the selling of local bonds aforementioned, it could be an option to use non-liquid assets, such as the swap with China.
Overall, the country is facing monetary instability, uncertainty and mistrust. We haven't yet seen any announcement of any macroeconomic policies that could set the country in a path of long-term sustainability. We expect fiscal and monetary instabilities to persist, leading to a volatile economy.

Capital Controls: Central Bank´s communication "A 7106" stated that companies can access the MULC to obtain foreign currency for interest payments without restrictions. But for capital payments on debts, they will be allowed to access the MULC for a 40% of the total amount only, for all maturities between October 15th 2020, and March 31st 2021. The regulation also forces companies to refinance the remaining 60%. This doesn't affect Vista for the moment because they had already refinanced the deadlines that they had on this period. But this is a negative driver, as these restrictions could seriously hinder Vista's ability to obtain funding in the future, if the application period of this regulation were to be extended. Fortunately, the government has later shown more interest in creating incentives for exporting industries, including oil and gas. Communication "A 7123" states that companies can hold foreign currency from their exports, if they're used for debt interest and capital payments, as long as the obligation lifespan is no inferior to 1 year. Also, it allows the repatriation of direct investment, with a minimum of 1 year after the capital has entered the local exchange market. Even though insufficient, this new regulation is a positive driver.

Local Oil Prices: The export of oil could be restricted in order to ensure its availability in the local market first. In addition, the price at which the oil is purchased in the local market usually differs from the export price. The government, in attempts to control inflation, usually delays upside price adjustments on local oil prices, caused by increasing international prices, or by currency depreciations.
Since the country is going through a strong recession, the consumption of oil in the domestic market has decreased by a significant margin, which enables oil companies, including Vista, to export most of their production at international prices. If the economy recovers, it begs the question of which companies will be the ones forced to sell in the domestic market at potentially reduced prices, and which ones will succeed in exporting the entirety of its production, gaining a comparative advantage. So far, Vista has had an advantage on this matter, as it is exporting most of its production. Moreover, the fact that Vista is only upstream is an advantage on this scenario, as integrated companies will be the first ones that will have to cover the internal oil demand.
But the aforementioned wasn't a negative driver during 2020, as the "Barril Criollo" regulation was favorable for the oil industry in Argentina. This is because oil in the domestic market was sold at a price higher than international prices, when the latter was consistently below US$ 45 per barrel. We note that the "Barril Criollo" regulation is set in place in order to maintain the provinces' fiscal income through oil royalties, which are a 12% of the price. Due to the current fiscal deficit seen in Argentina's state and national governments, we expect these regulations to continue.

Local Gas Prices: The gas price in Argentina is not dependent only on the international prices, due to heavy regulations. Upstream companies in the country can either sell their gas to private parties, or to CAMMESA, which is the entity that regulates energy prices and operations in Argentina. However, CAMMESA usually buys below the export parity price. If companies choose to sell to private parties, when the selling company is small (like Vista), it doesn't hold significant negotiating power, seeing a lower price than the one offered by CAMMESA. Companies in this sector do regularly trade gas bilaterally, without CAMMESA, even if that means getting a lower price. This is done because they can receive payment on the spot; while with CAMMESA, the payment gets deferred over time.
Fortunately, the new "Plan Gas 4" (Gas Plan 4) was announced on October 15th this year, which aims to contractually generate incentives, within the next 3 years, for investing in the natural gas extraction in the Vaca Muerta region. It promises the bidding of 411kboe/d by CAMMESA, and the export of 64,7kboe/d, with a capped average price of US$ 3.70 by each million BTU. This not only subsidizes demand and guarantees a steady demand of gas, but also the capped reference price represents an increase compared to the prices being paid today. And it's also a very good price, even considering a slightly bullish scenario for international gas prices. Currently, the price paid by CAMMESA is between US$ 1.88 and US$ 2.62 for million BTU as of August 2020, which is the last published information. However, we note that this price varies, as the pricing policy is not transparent. These new measures seem to acknowledge that fact, trying to make CAMMESA´s behavior more trustworthy. Internal prices vary depending on the gas's destination, with some of those prices being above international prices, and some being below. This is comparing against Henry Hub Spot gas prices, when internally CAMMESA doesn't operate spot and usually postpones payments; consequently, even those that sell above international prices, may be losing money financially due to the payment deferral.

Competitive Positioning: Vista Oil & Gas is the fourth oil producer in Argentina with a 3,8% market share of the national oil

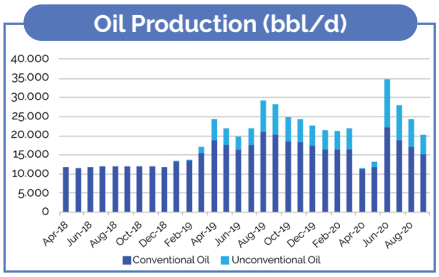


Figure 11 | Source: Argentina´s Secretary of Energy

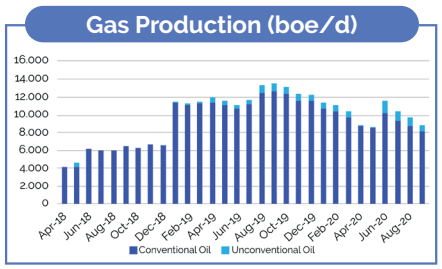


Figure 12 | Source: Argentina´s Secretary of Energy

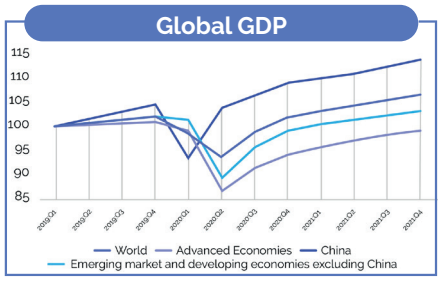


Figure 13 | Source: IMF

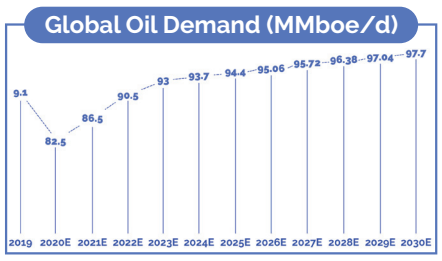


Figure 14 | Source: OPEC and team estimates

Arg. GDP (% change)

		PROJECTIONS	
2018	2019	2020E	2021E
-2.5	-2.2	-11.8	4.9

Table 5 | Source: IMF

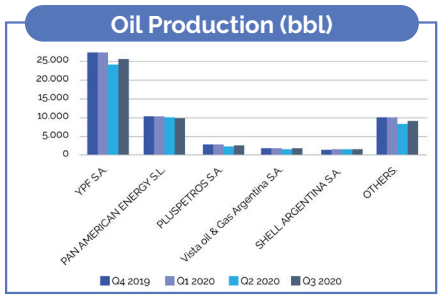


Figure 15 | Source: Argentina´s Secretary of Energy

production, and in 2020 it has become the principal oil exporter. Vista holds 0.9% of the gas production market share and is the eleventh gas producer in the country.
Vista competes for resources with the state-owned company YPF (which holds half of the market share), and with private companies such as Pan American Energy, Pluspetrol, Tecpetrol, Chevron, Wintershall, Total, Sinopec, among others (see Figure 15). In Mexico, the company competes with the state-owned PEMEX and local and international oil companies.
Vista faces significant competition from other Vaca Muerta companies to acquire new market accesses, equipment, labor, capital, licenses, and properties. This is especially true on exploration and exploitation rights. The argentine oil and gas industry is extremely competitive. The company competes with others for the drilling platforms and equipment. Also, for exploration and exploitation rights over drilling areas, which could hinder Vista's ability to expand operations. Due to its size, YPF, which holds nearly half the market share, could influence the market in order to negatively affect Vista's operations.
Vista has been focusing on obtaining lifting costs reduction, in order to compete with its peers. In regard to operating costs, the company has managed to reduce the lifting cost from US$ 13.8/boe in 2018, to 10.8 US$ 10.8/boe in 2019, then to US$ 9.9/boe in Q1 2020, and to US$ 8.6/boe in Q2 2020. This enforces the company's main strategy, which is competitiveness trough lifting costs. As of Q3 2020, the lifting cost was US$ 9.9/boe, which is an increment over Q2 values. We believe that despite the increase of costs on this period, the company will resume its cost reducing trend. The company informed estimations to further reduce fixed costs, which would reflect on a better margin per boe, in an effort to reach a cost of US$ 7/boe within the next five years.

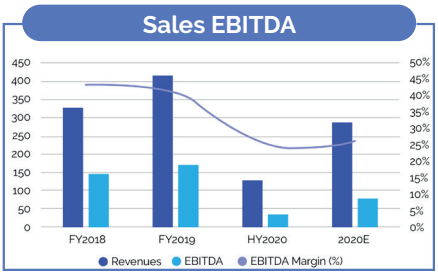


Figure 16 | Source: Company Data, Team estimates

FINANCIAL ANALYSIS

MAIN FINANCIALS

USD MILLIONS	FY2018	%	FY2019	%	2020E	%	2020Q3	%
Revenues	331	100%	416	100%	287	100%	194	100%
EBITDA	144	44%	171	41%	74	26%	50	26%
EBIT	70	21%	18	4%	-81	-28%	-53	-27%
Net Income	-30	-9%	-33	-8%	-123	-43%	-89	-46%
Dividends	0		0		0		0	
Free Cash Flow	97		-119		-24		-93	
Total Assets	1,017	100%	1,265	100%	1,271	100%	1,339	100%
Sharesholders´Equity	478	44%	603	44%	481	37%	521	39%
Total Liabilities	606	56%	781	56%	790	63%	818	61%
Cash	13	7%	140	19%	191	16%	225	17%
Debt/EBITDA	2.27		2.74		6.7		10.53	
ROE	-8.4%		-6.1%		-22.6%		-22.5%	
Leverage	1.27		1.29		1.68		1.57	

Table 6 | Source: Company Data

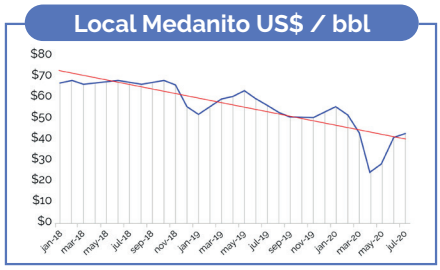


Figure 17 | Source: Argentina´s Secretary of Energy

Sales [The PxQ Analysis]: To understand the evolution of Vista´s sales, it´s imperative to perform a PxQ breakdown analysis. Since the company´s production [Q] focuses primarily on oil, one of the main drivers for sales is the Brent oil price [P].
Oil price evolution impacts directly in the company´s margins. As seen in Figure 17, Brent price shows an evident downward trend. We can describe three major moments where big price drops occurred. First, on 2018Q4, caused by an excess supply from USA, Saudi Arabia, and Russia. Secondly, on 2019Q2, due to increase of shale oil production in USA, and lower demand caused by a decelerating global economy, that offset OPEC´s measures at the time. Thirdly, the biggest oil price drop happened in March 2020, that began with a price war between Russia and Saudi Arabia, but that deepened with the global crisis of COVID. This not only generated an excess supply, but also the oil demand plummeted.
At a local level, in Argentina, two important events can be mentioned, that had an influence on prices. A supplying law meant to freeze oil prices, starting from August 2019 (after the first round of the presidential elections), and the application of the "Barril Criollo" law in May 2020.
The type of oil obtained from the Neuquina Basin in Vaca Muerta is called Medanito, which is a light crude oil that gets a quality discount, which we estimated to be fixed in US$ 4/bbl.
This introduction to the price fluctuations is of utmost importance for upstream companies in general, and for Vista. This evolution explains not only the company´s revenues, but also its profitability.
During 2018, production was mainly oil and conventional gas: 10.3 kbl/d average of oil; and 5.5 kboe/d of gas.
Starting January 2019, production from the areas Bajada de Palo Este and Bajada de Palo Oeste are incorporated, which enabled the company to add 7 kboe/d approximately. In April that same year, the non-conventional pads began to operate (Bajada de Palo Oeste), and this allowed to increase even more their production (an approximate difference of 6.5 kboe/d). If we look at average sales in 2019, they equal 17.2 kbbl/d, showing a year-to-year increment in volume of 58,2%. Overall, when determining the impact that changes in quantity and price had on the sales, we see that the volume increment [Q] added US$ 149,631,334 to the sales. And the price decrease [P] subtracted US$ 68,662,613 from the total sales. Total difference on sales from 2018 to 2019 was US$ 80,968,722. This represents a 31.50% annual variation. The impact of [Q] on that total was 58.2%, and the effect of [P] was -26.71% (see Table 7).
As for HY20, average income corresponds to a volume of 10.5 kbbl/d. When measuring with the first half of 2019, this implied a volumen change of -35.23%. Impact of [Q] on sales was -58,709,848 US$. And prices had a negative impact as well, causing a change of -25,403,120 US$, representing a -15.25% of change against previous year. Total, difference was -50.48%, which is to say -84,112,968 US$ (see Table 8). This is evidence of the great impact that the COVID crisis had on the company, as its sales largely decrease due to negative effects on both quantity and prices.

Period	Sales (MM US$)	Quantity (Kbl)	Price (US$/bbl)
FY2018	257.08	3,963.20	64.87
FY2019	338.05	6,269.92	53.92
▲in US$	80.97		
▲in %	31%		
▲[Q] in US$	149.63		
▲[Q] in %	58%		
▲[P] in US$	-68.66		
▲[P] in %	-27%		
▲[Q]+▲[P] in US$	80.97		
▲[Q]+▲[P] in %	31%		

Table 7 | *Source: Company Data, Team estimates*

Period	Sales (MM US$)	Quantity (Kbl)	Price (US$/bbl)
FY2019	338.05	6,269.92	53.92
HY2020	82.51	1,886.47	43.74
▲in US$	-170.74		
▲in %	-51%		
▲[Q] in US$	-131.80		
▲[Q] in %	-39%		
▲[P] in US$	-38.94		
▲[P] in %	-12%		
▲[Q]+▲[P] in US$	-170.74		
▲[Q]+▲[P] in %	-51%		

Table 8 | *Source: Company Data, Team estimates*

Cost Structure | Lifting Costs: Direct costs had a 27% change between FY2019 and FY2018 in nominal values. But if we analyze their incidence on sales, they remain stable. Direct costs are composed by lifting costs, and by the royalties paid to the province. The value of royalties varies, as it depends on the price at which the oil was sold, and it depends on the FX rate for the US$ as well, at the moment the royalty is being paid. Currently, that cost represents a 12% of the company´s revenue. Since royalties are determined by the province, the lifting cost is the variable where Vista can, and must, control. They aim to optimize this cost to obtain higher operating margins. The company already reduced their lifting costs by 30% from 2019Q2 up to now, and is operating with a unitary operating cost of US$ 8.6/bbl as of 2020Q2. But for 2020Q3, we saw an increase of the lifting cost, which went to US$ 9.9/bbl. We assume that this new increment is an outlier, and that this cost will continue its downward trend. Considering the unfavorable scenario that the global crisis left, it is important for the company to keep reducing this cost, to compensate part of the losses.
There are other costs to be mentioned: fixed and structural costs. These are mainly salaries, transport, and oil storage costs. The latter had big relevance this year, where the drop in oil demand forced the companies to store their production.

Margins – EBITDA: Vista has solid operating margins. EBITDA margin was 44% in FY2018, and 41% in FY2019. Even though there was an increase in production in 2019, international oil prices were falling, and Vista had higher costs due to its efforts to start producing more shale oil and shale gas. These factors led to a reduction on the operating margin in 2019.
In the first half of 2020, a big fall in the EBITDA margin has been observed. This is a direct consequence of the global crisis that struck the world, and that strongly affected upstream companies.
With the international crisis receding and the global economy going back to normal, and with the cost reduction obtained this year, we expect that margins will increase again to previous normal levels (see Figure 16).

Working Capital: To understand how the working capital works for Vista, we must first know that this type of companies usually has no inventories, because the production is normally connected to the ducts that provide their clients. Nevertheless, 2020 was an exception on this. The sharp decrease in oil demand on April and May, forced the upstream companies to store their crude oil, to avoid cutting off the production on their wells. That is why it has an average of 30 days of assets rotation. The collection period from the downstream companies to Vista is around 30 to 45 days historically. In the first half of 2020,

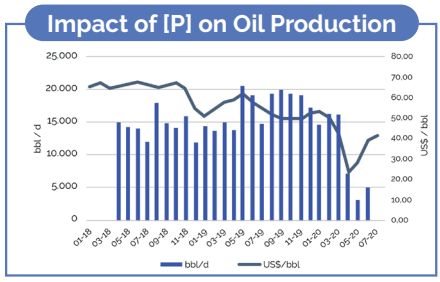


Figure 18 | *Source: Argentina´s Secretary of Energy*

when most of the company´s sales were for export, the average collection period was 17 days instead.

CAPEX - A fundamental driver for [Q]: CAPEX will be key this year for upstream companies, as they need intense investing to maintain production, and the lack of oil demand this year may have been a trigger for a decrease in CAPEX for many companies.
In 2018 they invested on their mature oil wells US$ 117MM approximately. In 2019 the investments were significantly increased, because of the beginning of non-conventional oil and gas production. The approximate investment amount in 2019 was US$ 240 million. In 2020, given the difficult context, the investments diminished, and we estimate a maximum investment by the end of the year of US$ 140 million.
Is important to highlight that production has a strong dependency on investment. If a minimum maintenance investment is not made, production can drop drastically, depending on the maturity of the well and the type of exploitation.
Vista´s strategy consists of investing only for maintenance on their conventional production, with an approximate annual production decay of 5 to 8%. This is to aim all their efforts on non-conventional production. According to converstions with the company, they plan the opening of a PAD per quarter starting from 2020Q4 (estimated investment required for each PAD is US$ 50 million).

Conclusion: There are three main risk factors: oil Price, production level, and CAPEX necessities to maintain and increase production. During Vista´s short lifespan, we observed how the crude oil price volatility had a direct effect on sales and profitability. And this also affected the CAPEX, which indirectly affects future production as well.
For 2020 prices are estimated to follow the current trend, with a slight increment, and with the activity beginning to recover. Estimated margins are similar to those obtained in HY2020. As for CAPEX, to the US$ 90MM already made in June, US$ 10MM more are added for maintenance of conventional Wells. And another US$ 50MM are included for the setting to production of one new non-conventional PAD.

VALUATION

We issue a BUY recommendation on Vista, with a 12-month target price of **US$ 3.34** per ADS, representing a **35%** upside over November 10th closing price of **US$ 2.48,** being this upside higher than the shareholder´s demanded return over a year, or cost of equity (refer to figure 20).
This target price was derived using an 80% weighting on the DCF model, a 10% in the EV/EBITDA multiple valuation, and a 10% in an EV/2P multiple valuation.
We decided to weight the DCF model more, because it´s the model that best incorporates the inherent risks that both Vista and the industry could be facing in the future. And in contexts of high volatility such as this, it´s of utmost importance to add the impact of different potential scenarios into our valuation. With this in mind, we valued the company with three different scenarios of international oil prices, and three scenarios for Argentina´s main macroeconomic variables, with different weightings based on their assumed probability. Our base macroeconomic scenario, with an assumed probability of 50%, is "Hard Landing". And we combined it with a base scenario of the oil price's curve. Then we added a 30% weight to our macroeconomic scenario "Stagflation Continues", combining it with a bearish scenario of the price's curve. And last, we have a scenario that shows better macroeconomic variables in the long-term, but that goes through an economic collapse in the short-term. We named this last scenario "Collapse and Success", for which we assigned a 20% weight, and we combined it with a bullish scenario of the price's curve. For more information, please refer to Appendixes 6 and 7, and Figures 21, 22, and 23.

Revenues Forecast – The Conventional vs Unconventional Production Trade-Off: As mentioned in our Financial Analysis, to comprehend the evolution of sales and Vista´s profitability, we will focus our analysis on the PxQ factor decomposition. Whereas [Q] has a great dependency on the CAPEX.
The company has manifested that their goal is to focus on non-conventional production. So we projected that their investments focus primarily on shale, and only using a small amount of CAPEX on conventional production, for maintenance only. This is the reason why we can see an evident trade-off between conventional and non-conventional production between 2020 and 2021. We estimated an average 21,5 kboe/d for conventional production, and 8,1 kboe/d for non-conventional as of December 2020. But by December 2021 this relationship changes.
We assumed for the base scenario, the investment of one PAD for non-conventional production, in each quarter, starting last quarter of 2020. Each well has a production capacity of 1,5 MMbbl of crude oil. We focused on estimating oil production first, and then we calculated the proportion of oil and gas over the total produced for each area. Once this proportion was obtained, and with the oil production being estimated with the aforementioned assumptions, the gas produced is obtained as well.
So far we estimated the production [Q] based on the estimated CAPEX. But this CAPEX can only be realized if the prices [P] are favorable, as there is a strong relationship between the two. For price estimation, we use the Brent price forecast from the EIA (U.S Energy Information Administration). For the remainder of 2020 and 2021, we used the Short Term Energy Outlook. And for prices from 2022 going forward, we used the prices found in the Long Term Energy Outlook.
For the base scenario on oil prices, we considered a weighted average between EIA´s Low Price scenario (weighted 50%), and an average price between the scenarios Reference Case, High Economic Growth, Low Economic Growth, High Oil and Gas Supply, and Low Oil and gas Supply (weighted 50%).
In our bearish oil price estimation, we used the same combination of average prices as in the base case, but changing the weights only. We applied an 80% weight on EIA´s Low Price target, and a 20% weight on the average of the remaining prices. And for our bullish oil price estimation, we calculated it as the simple average between the following EIA´s forecasted scenarios: Reference Case, High Economic Growth, Low Economic Growth, Hight Oil and Gas Supply, and Low Oil and Gas Supply (see Figure 23).
To estimate gas prices, we also considered a base case, a bullish, and a bearish scenario. And we obtained these from EIA´s estimations for the Henry Hub gas price. The construction of these scenarios is analogous to the oil ones.
It is important to note that for each of these scenarios we have applied an inflation ratio. For the base scenario we have estimated an inflation of 2% (USA), for the bearish scenario we have estimated an inflation of 3% and for the bullish scenario we estimate an inflation of 0.5%.

Margins – The Lifting Cost Impact: Besides the [PxQ] analysis, we need to study the impact of the lifting cost, to get a good understanding of the margins´ evolution (see Figure 28). The company´s goal is reducing the lifting cost, estimating it to be 7 US$/bbl within the next five years (see Figure 27). This cost reduction is expected from improvements in the fracturing process. Based on our assumptions of oil price recovery, increased production from new investments on non-conventional exploitation, and lifting cost reduction, we foresee a steady margin recovery starting in 2021.

Working Capital: Considering the differences mentioned in our Financial Analysis about the collection periods for Vista, when comparing sales for exports and sales for the domestic market, and given our assumption that a big portion of the production will be exported, we estimate an average collection period of 20 days. As for the payment´s term, we project it at an average of 80 days. This business doesn´t require financing for the working capital, but it´s a capital intensive activiy that requires high expenditures on CAPEX instead.

CAPEX: Our projections are based mainly on what´s needed to develop the Bajada de Palo Oeste area, but also on the CAPEX necessary to maintain production, and some minor investments needed that arise from the contracts with the provinces. The investment in new wells aims to increase the non-conventional oil production, while some maintenance CAPEX is applied so that the conventional production declines at a stable rate.
As our base scenario, we project the development of a PAD (four wells) by quarter . This implies an investment on drilling and facilities of US$ 200 million each year. However, we expect improvements on the technology used, as well as in the associated processes, that would manage to reduce the cost by 15%.
To go through this expansion plan, it will be required to invest in improving the oil processing capabilities. We estimate US$

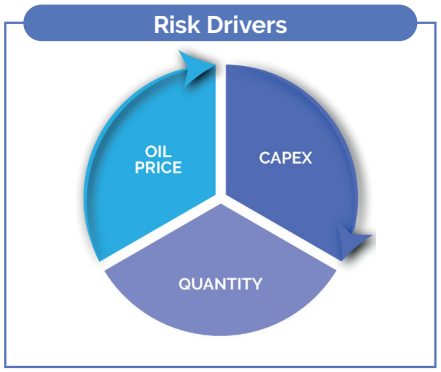


Figure 19 | *Source: Team Estimates*

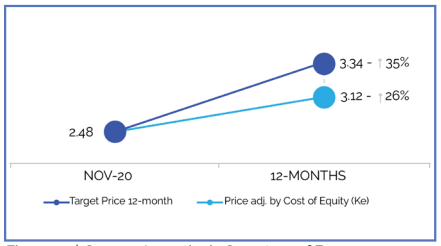


Figure 20 | Source: Argentina´s Secretary of Energy

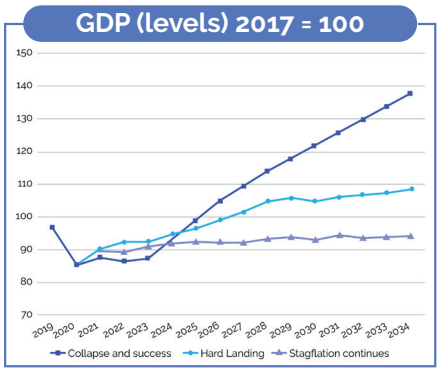


Figure 21 | Source: Team Estimates

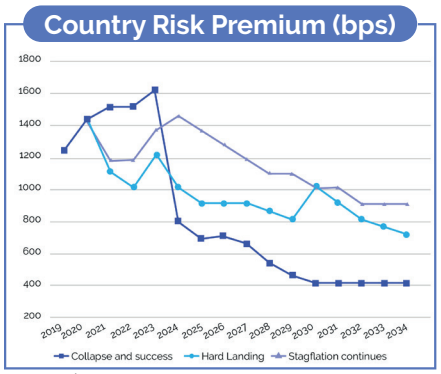


Figure 22 | Source: Team Estimates

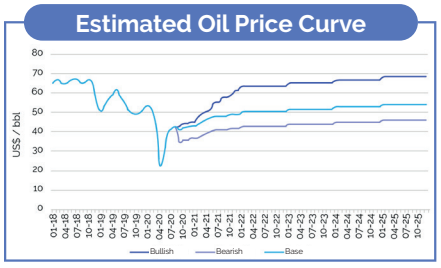


Figure 23 | Source: Argentina´s Secretary of Energy; U.S. Energy Information Administration (EIA)

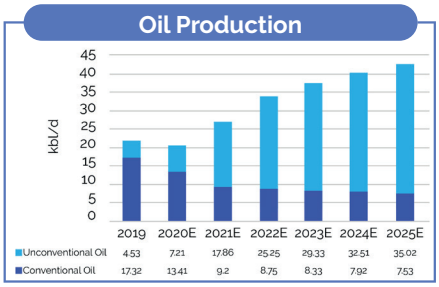


Figure 24 | Source: Team Estimates

125 million associated to the facilities found in the Entre Lomas area.
But we changed our projected CAPEX in our bearish scenario, where we estimated the development of one PAD (four wells) by semester. This represents an investment of US$ 100 million by year.
For our "Collapse and Success" scenario, we decided not to modify our base scenario CAPEX, because more than one PAD per quarter seemed unrealistic given the macroeconomic events that would unfold if this scenario was to occur.
Due to the concession rights granted to Vista, the company should invest around US$ 50 million between 2020 and 2023. We believe that given the current situation, it will be possible to extend this deadline, and that this disbursement will be made during a longer period. We anticipate that they are allowed to do this after 2023, once they have the Bajada de Palo Oeste exploitation fully developed.

Free Cash Flow Model – The FX Gap effect: One important factor that we have decided to take into account, as it has a strong impact on Vista's share value, is the FX gap between the official and the financial FX rates. This gap doesn't affect Vista's operational activities, as it can buy and sell currencies at the official FX rate, through the MULC, for their normal functioning. But after Vista's normal economic activity is accounted for, the FX gap (in percentage), was added as a penalization on the free cashflow to the firm, reducing it significantly. The reason is that if Vista wants to have their free cash flow to the firm available in foreign currency, it must be done by trading with capital markets instruments, accessing a higher price than the official in the MULC.
For each aforementioned scenarios, we have applied a different gap level. In "Hard Landing" we estimated an FX gap of 100%. On the "Stagflation Continues" scenario, we chose a gap of 150%. And for "Collapse and Success" a gap of 70%.

WACC: Due to the high volatility on Argentina's economy, three different scenarios were proposed to model the variables affecting the WACC. Having this in mind, we decided to use a multi-WACC approach.
In particular, the country risk posed a great challenge, so we modelled the three scenarios as a series of probable macroeconomic events. And each event would have an impact in the projected country risk. As a consequence, our projected country risk varies year by year in each scenario. By doing this, we believe that we're providing a better representation of the intertwined nature between Vista and Argentina's economic distress. See Appendix 9 for greater detail.

Cost of Equity: To calculate the cost of equity, the Capital Asset Pricing Model was chosen. The cost of equity was created with the following variables: a) the 10-year US Treasury Bond yield as the risk free rate; b) we took the unlevered industry beta (Damodaran), and then re-levered it according to Vista's own capital structure; c) a penalization to the beta due to our own ESG rating; d) equity risk premium; e) country risk premium projected for each scenario, and; f) a liquidity premium.

Cost of Debt: For the calculation of the marginal rate at which the company would be able to place debt, we observed the yield of three hard dollar corporate bonds issued by Vista: VSC1, VSC2, and VSC3. Since VSC3 was the one that had more traded volume, and was also the one with the highest duration, we focused our analysis on that one. Then we calculated the yield spread of this bond and compared it to the country risk premium, at the moment that this security was issued. We took that historic yield spread, and we applied that same spread to the country risk premium that we projected in our valuation, based on the macroeconomic scenarios assumed.

Net Debt to Equity Ratio (Net D/E): From our analysis of comparable companies, as well as past balances, and our projected fundamentals, we set an average ratio of 57%.

Terminal Value Growth: IMF's global growth estimates were used for the following years. The value used is 2%, which is in accordance with the general growth rate of economies in the long-term.

RELATIVE VALUATION

When doing a valuation relative to other companies, we are doing it with other companies from Latin America. This is due to the inherent risks from the region, such as growth expectations and level of investment on the sector. We are also selecting upstream companies only, as downstream, and integrated companies aren't really comparable to upstream, as they have different risks and capital structures, which would add a bias in the analysis.

EV/EBITDA Projection: We obtained the EV/EBITDA from 2018Q3 to 2020Q2 for these LATAM upstream oil companies: Vista, Geopark, Petro Rio, and Enauta. Calculating the average EV/EBITDA by company, and by period, we get an average EV/EBITDA of 4.59x (Table 9). When seeing at how the ratio behaves historically for these companies, we observe that there was some convergence of the ratios between them up until 2019Q4. But in 2020 their paths diverged, as it seems that the global crisis caused by the COVID-19 pandemic, affected each company with a different magnitude. It is expected that after this crisis is overcome, we may see some convergence on this ratio again (Figure 29).

EV/EBITDA

DATE	VISTA	GPRK	PRIO3	ENAT3	Time Period Average
2018Q3	5.63	5.61	3.5	2.25	4.25
2018Q4	5.99	3.28	2.6	0.67	3.13
2019Q1	5.76	3.87	11.15	3.68	6.11
2019Q2	5.6	3.91	6.36	3.92	4.95
2019Q3	3.84	3.98	6.9	4.54	4.81
2019Q4	5.41	5.21	4.48	6.24	5.33
2020Q1	4.55	4.28	3.13	1.72	3.42
2020Q2	5.2	7.56	4.53	1.59	4.72
Company Average	5.25	4.71	5.33	3.08	4.59

Table 9 | Source: Eikon and Bloomberg

Assuming that these companies' EV/EBITDA ratios will converge to its two-year average, we estimate this ratio to be 4.59x for Vista within one year. Projecting an average EBITDA of US$ 189.15 million, we get an estimated Enterprise Value of US$ 868.57 million. Adjusting by cash, minority interest and debt, we obtain a projected stock price of US$ 5 (Table 10).

EV/2P Projection: A panel data model was constructed, where the dependent variable EV/2P ratio was modelled for all four companies. The period reviewed is from 2018Q2 to 2020Q2. We created a pooled least squares regression on this panel data model, where the dependent variable was the EV/2P ratio, and the independent variables were a constant, the 2P/BOE ratio, the EBIT/Interest Expense ratio, and the country risk premium (EMBI).
With the model created, we entered projections for the independent variables, taken from our DCF valuation estimates, and assumptions. Then a projected value for the dependent variable EV/2P for 2021Q4 was obtained. The mean forecasted value for EV/2P is 5.4x (Figure 30). Assuming that no increase in proved and probable reserves will happen in this period, and being the current 2P 166.95 million barrels, the EV consistent with this ratio is US$ 918.24 million. Adjusting by cash, minority interest and debt, we obtain a projected stock price of US$ 5.38 (Table 11).

Multiples and Ratios Analysis: A qualitative comparison will be made between the four upstream companies' multiples and ratios from 2020Q2. The data for the third quarter of 2020 wasn't used, because it wasn't available for all the companies at the moment that this report was created.

- **EV/EBITDA:** Vista is above the average of the sector in the LATAM region, which could indicate it's overvalued. This multiple's advantage is that it's unaffected by a company's capital structure, which is an important factor when reviewing a sector that is generally high leveraged (See Tables 12 and 13).
- **EV/BOE/D:** here we divide the enterprise value by the barrels of oil equivalent per day. Vista has a lower than average metric, so we understand it is trading at a discount in this regard. It should be noted that this ratio does not

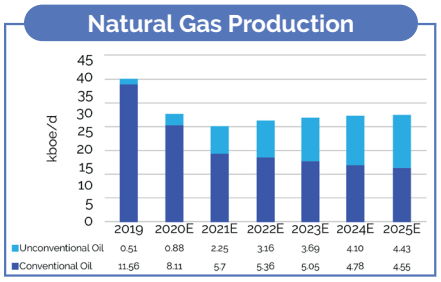


Figure 25 | Source: Company Data; Team Estimates

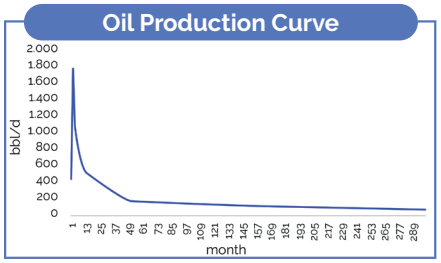


Figure 26 | Source: Team Estimates

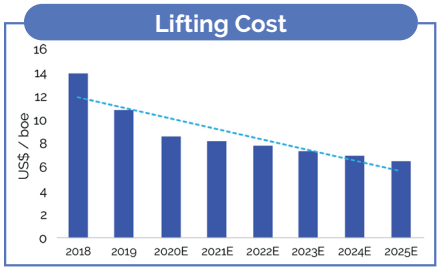


Figure 27 | Source: Company Data; Team Estimates

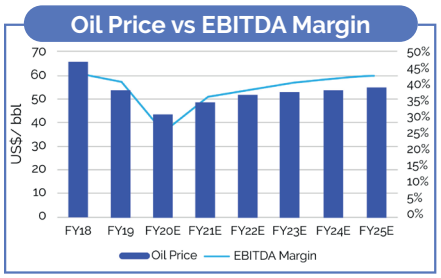


Figure 28 | Source: Company Data; Team Estimates

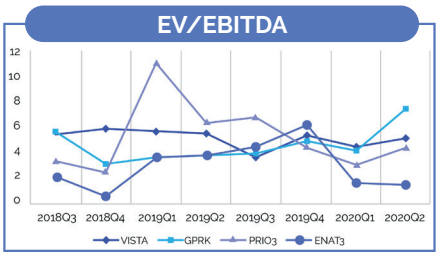


Figure 29 | Source: Eikon and Bloomberg

	IN MM US$
EV/EBITDA	4.59x
EBITDA	189.15
EV	868.57
-Debt	499.59
-Minority Interest	0.00
-Preference shares	0.00
+Cash & Cash Equivalents	67.34
Market Cap	436.31
Outstanding Shares	87.28
Stock Price (in US$)	5.00

Table 10 | Source: Company Data, Team Estimates

take in consideration potential production from undeveloped fields (See Tables 12 and 13).

•**EV/2P:** Enterprise value divided by proved and probable reserves, serves as a reference when compared to the others. And in this case, Vista seems to be undervalued when compared to its peers (See Tables 12 and 13).

•**2P/BOE:** This ratio can provide an estimate of the number of years that the company´s reserves will continue to be productive based on current production rates. In this regard, Vista is below the average, only higher than Geopark. This means that Vista has, in average, less years of productive reserves than its peers (See Tables 12 and 13).

Comparing profitability ratios, it is seen that Vista is not in a favorable position (Tables 12 and 14). The COVID crisis has had a bigger impact on Vista, than what it had on its competitors. This is in line with the risks discussed, about Argentine´s economic policy and its regulations. We compared the Return On Invested Capital (ROIC), Return On Equity (ROE), and Return On Capital Employed (ROCE).

As for the leverage of the company, it has a high Debt/EBITDA ratio. The only other company that is worse than Vista in this regard, is Geopark.

Moreover, the EBIT/Interest Expense ratio was calculated, with the Interest Expense considered as the difference between the non-operating interest expense and the non-operating interest income. Vista had a negative EBIT/Interest Expense ratio due to a negative EBIT. But in the case of Enauta, even though it also has this ratio as negative, it is not due to a negative EBIT, but it´s because the non-operating interest income was higher than the interest expense. So Enauta is the one that´s more promising regarding this specific attribute. And Vista is the worst of all four companies.

These leverage ratios cast doubts on Vista´s ability to pay interests on its outstanding debt. This is all affected by the COVID-19 crisis and Argentina´s own regulations, and the company is successfully refinancing its debts. But this is a risk to be considered.

On the other side, Vista has better Debt/Capital and Debt/Equity ratios than the average of its competitors. The only company that has better ratios than Vista in this regard, is Enauta. This would indicate a lower risk of default, and that it uses a lower proportion of equity and debt to finance its assets (see Tables 12 and 15).

Considering Vista´s refinancing efforts and a very likely recovery of income after the global crisis peak, the company has still a solid position in their leveraging metrics.

Risk to Target Price: Deviations from our macroeconomic assumptions can drastically affect the valuation of the company. Oil price fluctuations or Argentina´s own instability, could be a serious challenge for the company. The high volatility on the local currency and the gap between the financial FX rate and the official one, the country risk, international oil prices, and the perpetual growth rate, are all variables that could affect Vista significantly. Hence, we proceeded to perform a sensitivity analysis, to measure the response of Vista´s stock price, to a series of shocks to the variables aforementioned. Additionally, we built a Monte Carlo simulation of the stock price, by performing simultaneous shocks on all the variables discussed.

As for the sensitivity analysis, the following variables were used to stress test the value of the company: a) FX Gap; b) Country Risk (EMBI+); c) Terminal Value Growth, and; d) International Oil Price.

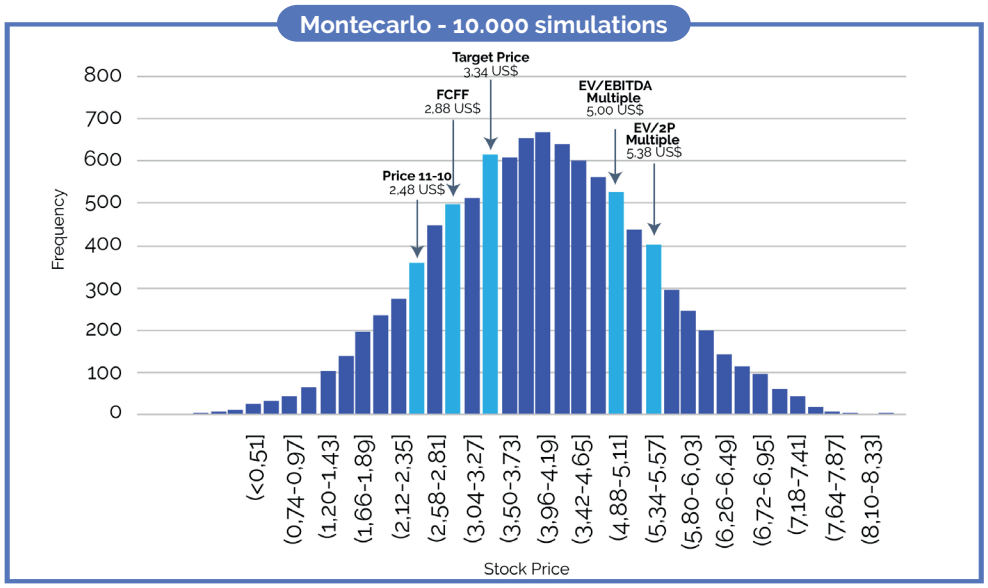


Figure 31 | Source: Team Estimates

FX GAP

OIL PRICE	90%	95%	100%	105%	110%
110%	4.82	4.57	4.34	4.12	3.91
105%	4.14	3.91	3.70	3.49	3.29
100%	3.45	3.23	3.03	2.83	2.65
95%	2.57	2.37	2.18	2.01	1.84
90%	1.65	1.47	1.30	1.14	0.99

The most conservative scenario proposed raises a value of **US$ 0.99** per share, calculated based on an FX gap of 110% and oil prices 10% below from those raised in the base scenario. In the other extreme, in the event that the FX gap falls to 90% and oil price 10% higher than the proposed in the baseline scenario, the share price would rise to **US$ 4.82** per ADS.

OIL PRICE

EMBI+	110%	105%	100%	95%	90%
90	5.01	4.33	3.63	2.78	1.85
95	4.66	4.00	3.32	2.47	1.57
100	4.34	3.70	3.03	2.18	1.30
105	4.04	3.40	2.74	1.91	1.05
110	3.75	3.13	2.47	1.66	0.82

The most conservative scenario proposed raises a value of **US$ 0.82** per share, calculated based on a decrease in the oil price 10% with respect to the baseline scenario and an increase in EMBI+ parameter of 10% compared to the baseline scenario. In the other extreme, in the case that the oil price increases 10% with respect to the baseline scenario and a decrease in EMBI+ from 10%, the value would rise to **US$ 5.01** per ADS.

PERPETUAL GROWTH

OIL PRICE	3%	2%	1%	0%	-1%
110%	4.67	4.34	4.05	3.8	3.57
105%	4.01	3.7	3.42	3.17	2.96
100%	3.33	3.03	2.76	2.53	2.32
95%	2.47	2.18	1.94	1.72	1.53
90%	1.56	1.3	1.07	0.88	0.7

The most conservative scenario proposed raises a value of **US$ 0.70** per share, calculated based on a negative perpetual growth rate of -1% and an oil price 10% lower than the one proposed in the base scenario. It the other extreme, in the event that the price of oil is a 10% higher than the proposed in the base scenario and the perpetual growth rate is 3%, the value would be **US$ 4.67** per ADS.

INVESTMENT RISKS

1. International Oil Prices: The possibility of a sharp decline in oil prices happening again in the future, as it did in 2020, poses a huge risk for the oil industry. However, we expect that oil prices will increase for the following reasons: the decline

Vista EV/2P Forecast

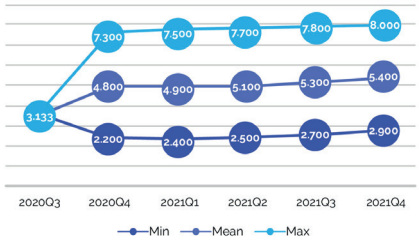


Figure 30 | Source: Team Estimates

	IN MM US$
EV/2P	5.4x
2P (barrels)	166.95
EV	901.54
-Debt	499.59
-Minority Interest	0.00
-Preference shares	0.00
+Cash & Cash Equivalents	67.34
Market Cap	469.28
Outstanding Shares	87.28
Stock Price (in US$)	5.38

Table 11 | Source: Company Data, Team Estimates

Vista

EV/EBITDA	5.2
EV/BOE/D	2.0
EV/2P	3.5
2P/BOE	16.6
ROIC	-3.4
ROE	-6.9
Debt/EBITDA	4.6x
EBIT/Interest Expense	-2.3x
Debt/Capital	0.36
Debt/Equity	0.94

Table 12 | Source: Eikon, Bloomberg and team estimates

Company	EV/EBITDA	EV/BOE/D	EV/2P	2P/BOE
Geopark	7.6	3.1	5.7	14.6
Enauta	1.6	1.2	1.1	29.1
Petro Rio	4.5	5.9	7.3	22.2
Average	4.6	3.4	4.7	22

Table 13 | Source: Eikon, Bloomberg and team estimates

Company	ROIC	ROE
Geopark	-2.2	-115.9
Enauta	3.1	4.2
Petro Rio	-2.2	-4.0
Average	-0.4	-38.6

Table 14 | Source: Eikon, Bloomberg and team estimates

Company	Debt/ EBITDA	EBIT/Interest Expense	Debt/ Capital	Debt/ Equity
Geopark	5.3x	-1.9x	0.95	111.84
Enauta	0.9x	-8.6x	0.17	0.31
Petro Rio	1.4x	2.0x	0.21	1.10
Average	2.5x	-2.8x	0.45	37.75

Table 15 | Source: Eikon, Bloomberg and team estimates

EV/2P

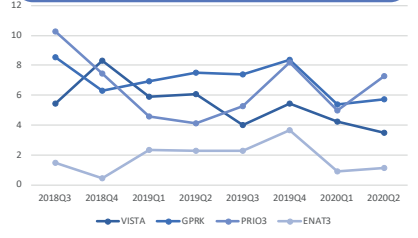


Figure 32 | Source: Eikon, Bloomberg and Argentina´s secretary of energy

Correlation Matrix

	FX Gap	EMBI	Brent Price	Vista Price
FX Gap	1.000	0.158	-0.692	-0.709
EMBI	0.158	1.000	-0.636	-0.466
Brent Price	-0.692	-0.636	1.000	0.823
Vista Price	-0.709	-0.466	0.823	1.000

Figure 33 | Source: Team Estimates

in prices due to the COVID-19 pandemic was so big, that it´s unlikely to be repeated again in the same magnitude soon; OPEC´s decision to lower production for a two-year period; the OPEC estimates increasing global oil demand, and; low probability that future COVID-19 outbreaks will have an impact as big as the first one, due to fewer countries choosing strict lockdowns, and due to the expected release of a vaccine.
From a more quantitative standpoint, our observation is that oil prices tend to have a mean reversing behavior. The average oil price in the last 20 years oscillated around a mean of 65 dollars per barrel. It is also observed that the Brent price, when measured in percentage changes, has a negative relationship with the oil supply-demand gap percentage variations, and it´s very sensitive to it. It also has a positive relation with the 10-year T-bond rate variations, but the sensitivity to this variable is much lower. A multiple linear regression showed that these are good predictors of oil prices. Considering that the oil supply-demand gap reached a record this year, and that it will tend to stabilize towards historic records, we foresee a steady increase in the oil price for the near future (see Figures 35 to 37). Moreover, EIA´s predictions for oil show an upward trend as well.

2. International Gas Prices: Gas prices saw a decline in 2020, but their volatility is not as high as the one for oil. Moreover, since Vista focuses on oil production, the impact of a possible price decline is very low. Argentina´s own regulations on gas prices may have a higher impact on Vista, rather than international price fluctuations. The latter is discussed in risk N° 4.

3. Local Oil Prices: Oil prices are heavily regulated in Argentina. Throughout this year, the local regulation known as "Barril Criollo" was favorable for oil companies, as it established a minimum price of US$ 45, if and when international prices were below that threshold. This was put in place in order to protect oil companies, and, mainly, to maintain the provinces´ oil royalties. However, the government´s attempts to control inflation through price regulations could pose a risk in the future for two reasons. First, the government usually delays upside adjustments on local oil prices, caused by increasing international prices, or by currency depreciations. Second, if international oil prices have a big increase in the future, they might be capped to a lower price through taxes on exports, to avoid inflation.

4. Local Gas Prices: The local gas prices are under heavy regulations as well. Since Vista focuses on oil production, this doesn´t affect it in a critical manner, but it could still cause losses to the company. When the gas production is not exported, it´s sold to CAMMESA, which is the entity that regulates energy prices in Argentina. CAMMESA doesn´t always pay at the export parity price, due to their lack of transparency. And as with oil, gas prices may be manipulated to control inflation, reducing the gas producers´ margins.
However, the new "Plan Gas 4" (Gas Plan 4) was announced on October 15th this year, and we believe it´s a positive change that could mitigate this risk. The plan is to generate a steady demand of gas by making CAMMESA to bid 411kboe/d, and by promising to export 64,7kboe/d. Also, a new capped average price of US$ 3.70 by each million BTU was set. This represents a big increase compared to the prices being paid to the date of this report. It is also a very attractive price considering EIA´s expectations of future gas prices. Upon comparison of Gas Plan 4' price to EIA´s projected prices in Figure 38, it seems that only in a very bullish scenario international gas prices may go above the local capped price.

5. Foreign Currency Acquisition: As for the possibility of repatriating proceeds outside of the country, thus obtaining U.S. dollars to pay debt, the recent blocking on foreign currency purchases is an important factor that could have a negative impact on debt financing and investing. Central Bank´s communication "A 7106" forced companies to refinance 60% of their capital payments on debt from October 15th, 2020, through March 31st, 2021. It´s a risk that such a measure is reinstated in the future.
However, on October 1st, a new regulation from the Central Bank, communication "A 7123", has made a change that even though insufficient, it would be beneficial for proceeds´ remittance. This new regulation states that companies can hold foreign currency from their exports, if they´re used for debt interest and capital payments, as long as the obligation lifespan is no inferior to 1 year. Also, it allows the repatriation of direct investment, with a minimum of 1 year after the capital has entered the local exchange market.

6. Dividends: Even though Vista didn't pay any dividends so far, it is expected that the management may want to do so in the future. But the current restrictions on foreign capital outflows in Argentina, cast serious doubts on whether it will be possible for this to happen. In the previous point, we have discussed some flexibilities added to the capital controls, with communication "A 7123". But dividend payments were not considered in the new regulation, and we don´t expect that to happen anytime soon. Furthermore, due to some covenants on a syndicated loan, Vista is not allowed to pay dividends yet.

7. FX Gap: A critical risk for the company is the gap between the official FX rate for argentine peso, and the financial FX rate obtained in the capital markets, also known as CCL ("Contado Con Liquidación"), displayed in Figure 39. The increasing difference between both is a direct consequence of the restrictions to obtain foreign currency, the depletion of the Central Bank´s reserves, and the general mistrust in the government. It is observed in Figure 40 that when this gap increases, local stock prices decline. Conceptually, this is because the gap reduces the free cashflow to the firm, as the company would need to pay a higher FX rate in the financial markets, to have their free cashflow in foreign currency.

8. Country Risk: In addition, country risk has started a sharp increase in 2018, and is still high today. After the debt restructuring in September, a grace period was set, and there was a cut in the net present value of the debt. This led to a decrease of JP Morgan´s EMBI Spread from 2120 basis points, to 1101 bps, as shown in Figure 41. But not only this level is too high for Argentina to re-enter debt markets, but also this spread has kept increasing to over 1400 bps as of October 30th.
The increasing volatility in Argentina, that led to a higher country risk, is due to several reasons. Mainly, the fact that the national government keeps having unsustainable fiscal and monetary policies, with an enormous fiscal deficit, financed by monetary emission. On the other hand, it keeps increasing the quasi-fiscal deficit with the LELIQs, as monetary sterilization is being used to control inflation. Moreover, there hasn´t been a single announcement that suggests that the government will implement new policies to reduce the fiscal deficit. Being in a fiscal dominance regime, any exchange or monetary policy changes that are not accompanied by sustainable fiscal measures, are not deemed trustworthy.
Country risk has a huge impact in Vista´s stock price. In fact, this may overshadow Vista´s good fundamentals. In Figure 42 we see the negative relationship between the two.

9. Legal Risk: According to its operations, Vista might be part in several labor, commercial, civil, tax, criminal, environmental and administrative proceedings that could derive in several degrees of losses. As the company employs third party contractors, the contractor's employees might directly sue Vista itself. This is according to the argentinian labor law and jurisprudence, that dictates that the beneficiary of the employee´s services is jointly liable with the contractor.

10. Renewable Energies: Argentina signed and ratified the Kyoto protocol, which deals with the reduction of certain GHGs; as well as the Paris Agreement, also establishing a legal framework which promotes an increase in the participation of energies from renewable resources in Argentina's electrical consumption. Argentina has laws such as N° 27.191, and programs like the RenovAr. These laws and programs aim to enforce having a percentage of the electricity production, made by renewable sources. Climate change regulations that promote alternative energies, could lead to a reduced demand for Vista's products in the long-term. Regulations could also increase costs, especially regarding the emissions reduction programs.
Also, in terms of public image, climate change is bringing a new public image regarding fossil fuels, along with new consumer profiles. This paired with reduced consumption of fossil fuels, which bring energy transitions in the world economy, could manifest itself as a difficulty in raising capital by Vista in the long-term future. We also note as a risk that electric vehicles and hybrids are gaining market share steadily, which could reduce demand in the long term, affecting the industry outlook.

11. Concessions: Vista's continuation of operations depends on acquiring, developing, and exploiting new reserves over time. Entre Lomas's concession, which is Vista's largest acreage concession and where the facilities are located, expires in

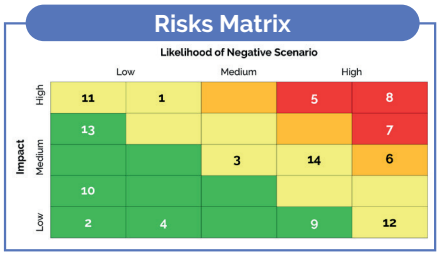


Figure 34 | Source: Team Estimates

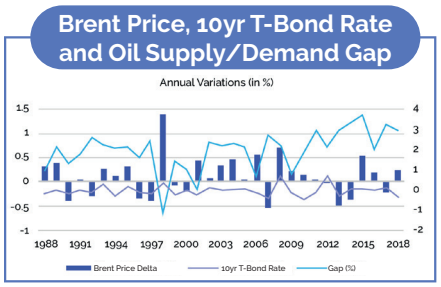


Figure 35 | Source: IEA, Maccrotrends and Team Estimates

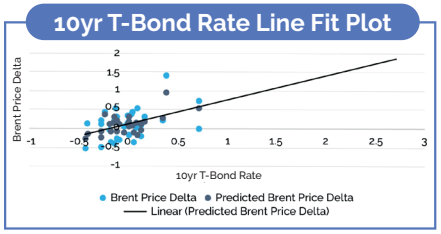


Figure 36 | Source: Eikon, Team Estimates

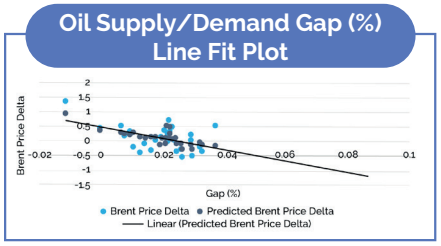


Figure 37 | Source: Team Estimates

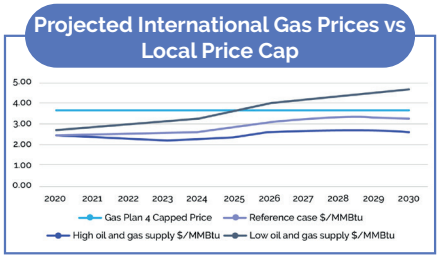


Figure 38 | Source: EIA and Argentina´s Secretary of Energy

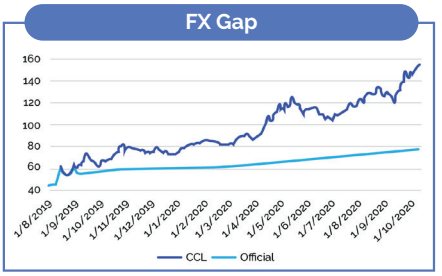


Figure 39 | Source: Eikon, Team Estimates

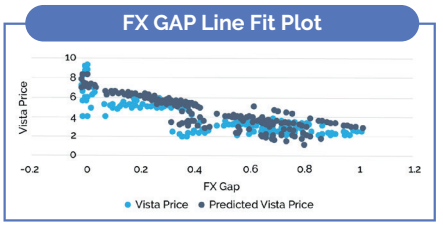


Figure 40 | Source: Eikon, Team Estimates

2026, as well as 25 de Mayo. The Jagüel de los Machos concession expires in 2025. In the event that these concessions are not renewed, Vista might see its production and growth crippled. In this point, the competitive positioning of the company is a key factor since it competes with other operators for these concessions. Since the oil sector in Argentina is highly competitive, and some of Vista's competitors have more resources, this risk should be accounted for.

12. Covenants: Vista's existing debt includes several covenants on the company, including mergers, creating liens on assets to secure debt, disposal of assets, paying dividends, changing lines of business, and maintaining an adjusted consolidated Net Debt/Adjusted Consolidated EBITDA ratio. Such covenants could compromise the company's operations.

13. Share Dilution: The company had 70,000,000 Warrants and 29,680,000 Sponsor Warrants outstanding as of December 2019. Three warrants entitle the holder thereof to purchase one series A share at a price of US$ 11.50. If exercised, these warrants could cause a dilution of the shareholders´ position.
On the other hand, Vista has manifested that they aim to focus on non-conventional production. But they will have to do big investments on non-conventional production to compensate for the declining on their conventional assets. This implies a CAPEX above the cashflow obtained from their production, which means that they will be needing funding. If for some reason, debt financing stops being an option, then there is a significant risk that they will obtain funding by issuing additional stock, generating share dilution.

14. Unions: The unions in Argentina are very aggressive in their negotiations. They push for higher wages when international oil prices increase. Personnel restructuring could be met with fierce opposition from unions. In extreme situations, the unions could freeze Vista´s operations since the strike risk is high.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

ENVIRONMENTAL

Fracking: The company engages on fracking in order to develop its non-conventional assets. This can bring risks such as: operational and physical risks, that impact the investment value; the leak of toxic gases, which represent a damage to the environment and a loss of product; and reputational risks, which can bring about the loss of the social license to operate, meaning the community involvement is key.

Lack of reporting: In general, the company does not disclose any precisions on environmental related information. The company does not publish a separate sustainability report. Due to lack of reporting, the qualification in this section is negative. According to the CFA institute's "Environmental, Social, and Governance Issues in Investing, A Guide for Investment Professionals", the non-reporting leads to low qualification in this section. However, we were able to identify some key components in the company's policy by researching into VISTA's presentation on the ASSUPA trial (see Appendix 21).

Greenhouse emissions: Vista undertakes several initiatives in this regard. For instance, it uses sand boxes on locations, which reduces the amount of dust in the air. In Bajada del Palo Oeste, Vista uses dedicated infrastructure to avoid gas venting, along with transportation of oil and water in trucks. The company also transports 99% of the hydrocarbon production on ducts, minimizing the carbon footprints generated by trucks. This is important, because methane leakages can have a significant impact on the environment, being 84 times more potent than carbon dioxide. However, the company does not publicly disclose the greenhouse emissions as a topic, with its due depth, in a direct way. Which is the reason this point is valued negatively, overall.

ISO 14001:2015: The company features the ISO 14001:2015 certificate, which helps an organization achieve an environmental management system plan. However, the company does not disclose either the plan or those objectives.

Lack of innovation and efficiency: Vista lacks policies to improve resource and energy use and efficiency. These policies include, for instance: environmental criteria in order to source or eliminate materials; a NOx and SOx Emissions Reduction plan; initiatives on how to reduce, reuse or substitute chemical hazardous substances; policies to improve emission reduction; and policies regarding biodiversity. The company does not disclose these issues, nor it shows any sort of improvement plan.
Regarding environmental issues, we have selected a questionnaire guide from PRI (Principles for Responsible Investment) that focuses exclusively on how to engage with companies on fracking. This is on Appendix 21.

SOCIAL

Workforce: As of December 31st, 2019, the company had 304 employees, 294 of which were in Argentina and 10 in Mexico. Employment growth over the precedent year was 70.86%. Vista does not show a policy to support skills training or career development of its employees.
OGP/IPIECA operation management system is being implemented in the company. Overall, the company presents with good workforce practices, which reflect positively in Vista's valuation. This is important since social issues may have an impact on profitability.

BS OHSAS 18001:2007: The company had the certificate valid at least until May 2019. This certificate meant that the company had a system in place for ensuring occupational health and safety, within the company and its supply chain. The company provides Health & Safety Training of key employees, but it does not have a health and safety team. It does not use measurements to improve it. The company does not have an ISO 9000 certification, nor any other quality management systems.

Workforce safety incidents: The company saw a 68% reduction on total recordable incident rate (TRIR), and an 81% reduction in Lost Time Incidents Frequency since 2018. There were no fatalities reported due to workforce incidents involving employees related to operations in 2018 and 2019, with a total of 4 accidents reported.

Unionization: The company's employees in Argentina are represented by one union. The Trade Union Representation was 23.00%. We note that there are significant risks of union protests, which could halt and/or seriously affect Vista's operations. It is suspected that, in Vaca Muerta, the oil unions generate armed incidents in exploration sites, leading to judicial investigations. In the event of an increase in oil prices, the unions use to push for wage increases immediately.

Community: Vista has developed some community activities such as: development of the Catriel town; engagement with the NGO "Enseña por Argentina", which is dedicated to education of children from a vulnerable background; contributions to "Centro PYME", a small business web of local providers in the Neuquén province; food donations in the Buenos Aires province, as well as medical assistance to the Neuquén an Rio Negro provinces (in which it operates) for the COVID emergency. However, we cannot distinguish a defined set of community involvement policies from Vista.. The company does not explain in depth how it engages with stakeholders. This is a key transparency issue regarding the company's involvement with the community. This reflects negatively in Vista's valuation in this section. Even though it shows community involvement, it does not display a defined and comprehensive policy on the subject.

Code of ethics: Vista features a code of ethics signed by all its employees, management, contractors, subcontractors, advisors and any third parties relating to the company.

GOVERNANCE

Board of Directors: The Board of Directors is responsible for the management of the Company.

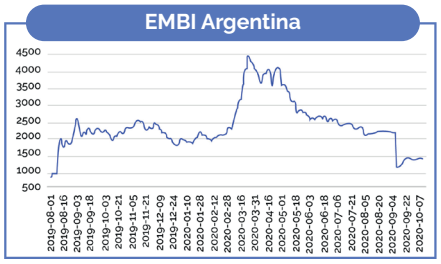


Figure 41 | Source: Eikon

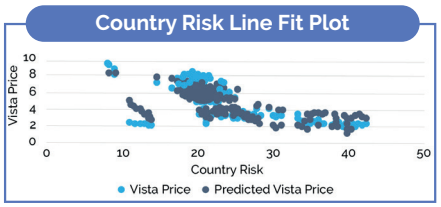


Figure 42 | Source: Team Estimates

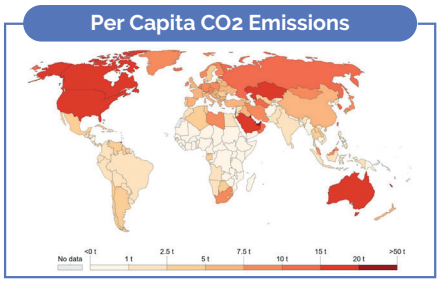


Figure 43 | Source: Global Carbon Project

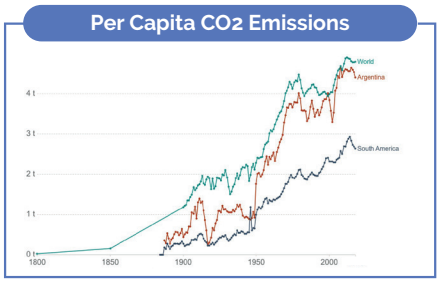


Figure 44 | Source: Global Carbon Project

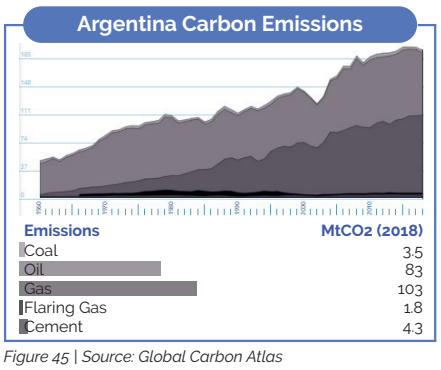


Figure 45 | Source: Global Carbon Atlas

Composition: The board has 6 members. One third of the board has either an industry specific background, or a strong financial background. There is no limit to the board member membership. The company does not have a corporate governance board committee. See Appendix 18 to 20 for more information.

Board Diversity: The company does not have a diversity policy regarding the board. The board gender diversity is 16.67%. And 33% of the board members have a cultural background different from the location of the corporate headquarters.

Policy Board Independence: The company has a policy regarding the independence of its board. It strives to maintain a well-balanced board through an adequate number of independent board members, that maintain integrity and independence in decision making. Currently, two thirds of the members are independent. There are no family or kinship relationships among the directors and the members of the management team. This is crucial in avoiding conflicts of interest that may harm the shareholder, and we value this positively.

Compensation: The aggregate remuneration paid to the members of its board of directors and its senior management during 2019 was US$ 18.3 million. The CEO and management compensation is not linked to either total shareholder return, performance, ESG performance, objectives nor sustainability. The shareholders do not have voting rights over the management's compensation. This second point is not positive since it could detach management's interest from the shareholders. Hence, this is valued negatively.

Long Term Incentive Plan: The company has a long-term incentive plan. The purpose of the plan is to provide the means for the company to attract and retain talented people as officers, directors, employees, and consultants which are key, enhancing profitable growth. For this purpose, 8,750,000 series A shares were issued by the company on December 18th, 2017. The company requires shareholders' approval prior to the adoption of stock-based compensation plans, which is a positive measure in favor of the shareholder. The downside of the incentive plan is that, if and when exercised, the shareholder's position may see a substantial liquefaction.

Shareholder protection: The company has a policy to ensure equal treatment of minority shareholders, facilitating shareholder´s engagement and limiting the use of takeover devices. The company's capital stock may only be reduced upon approval of the shareholders. The company may only reduce the fixed portion of the capital stock upon approval at an extraordinary shareholders' meeting. Capital reductions are carried out proportionally among all the shares. The company grants pre-emptive rights to existing shareholders in certain situations. There are restrictions on the transfer of shares. All of these are measures for the protection of the shareholder, which is valued positively.

Preferred Subscription Rights: Shareholders have, in proportion to the number of shares they hold when the relevant increase is resolved, preemptive rights to subscribe for new stock issuances to maintain their current percentage of ownership. This is a mechanism of the utmost importance to prevent minority shareholders liquefaction.

Voting Rights: Each series of the company's shares grants the same rights and obligations to its holders, including economic rights. The one right, one vote rule, is enforced. This means equal treatment of shareholders. There are no shares with voting cap clause, ownership ceilings or control share acquisition provision. There are limitations on the shareholders' right to remove board members.

Shareholders' Meetings: A general shareholders' meeting acts as the company's superior authority. An ordinary general shareholders' meeting is held at least once each year. There is no confidential voting policy. The company has in place a satisfactory majority system for the shareholder's ordinary and extraordinary meetings, that provides sufficient protection for shareholders' rights.

Warrants: As of December 2019, the company had 70,000,000 Warrants and 29,680,000 Sponsor Warrants outstanding. Three warrants entitle the holder thereof to purchase one series A share at a price of US$ 11.50 per series A share. The exercise of such warrants and the corresponding issuance of series A shares may have a dilutive effect in the company's earnings per share. This is important, because it can lead to a liquefaction of the shareholder's position in case the warrants were to be executed. See Figure 46.

Audit Committee and a Corporate Practices Committee: The members of such committees are comprised of a minimum of three independent directors appointed by the Board of Directors. All of its members are independent. Both committees provide management oversight, along with an independent auditor. The current auditor has been serving the organization for three years up to December 2019. Committee independence is paramount in order to avoid conflicts of interest.

Audit and Corporate Practices Committees: The oversight of the management conduct, and execution of Vista's businesses is responsibility of the board of directors through the Audit Committee and the Corporate Practices Committee, as well as an independent auditor. Their members need the approval of a general shareholders' meeting to be appointed and/or removed.

Duties and responsibilities of Directors: The Mexican Securities Market Law imposes a duty of diligence, confidentiality and loyalty on the members of the board of directors, to obtain sufficient information and to be sufficiently prepared in order to act in the best interest of the Company. A director's failure to comply with the duty of diligence or the duty of loyalty, shall make him/her jointly liable. The members of the board of directors and the committees have no obligation to guarantee the performance of their positions. There are limitations to the liability of directors in the company's bylaws and the Mexican Securities Market Law.

ESG CONTROVERSIES

The company reports some controversies on its 20-F report. The main controversies are the Producers and Refiners Agreement, and the ASSUPA trial. The Producers and Refiners Agreement was an agreement signed by PELSA from 2003 to 2004, determining a fixed price for the WTI barrel; the differences between the agreement's price and the actual WTI price is deemed a contingent asset. The ASSUPA trial is an environmental class action lawsuit filed against YPF and 18 operators in the Neuquén basin, regarding environmental damages by the "Vaca Muerta" exploitation. The lawsuit requested measures to prevent and limit the alleged damages, and, requesting the defendants to refrain from carrying out activities affecting the environment. This trial is being held by the CSJN (Argentine Supreme Court), which denied the pre-cautionary measures. Vista claims it should not cause any considerable outflow of resources to settle this matter. However, we have doubt on these assumptions, based on the allegations that both Repsol and YPF, were negotiating a settlement with ASSUPA, in this same trial, even making large cash offerings as settlement.

ESG INTEGRATION

For the ESG scoring, we will use the SPICE rating system, suggested by the Principles of Responsible Investment (PRI) organization. For integrating ESG issues with the report, we followed Principles for Responsible Investment's "A practical guide to ESG integration for equity investment" guide, selecting the Beta approach. This is a fundamental approach, that modifies the Beta used in the valuation, adjusting it to consider the ESG issues. This is meant to integrate opportunities and risks into the model, by analyzing the value the company creates for all the stakeholders involved. These are understood as: suppliers, society, states, people, investors, clients, and the environment. This method has the strength of being a holistic approach to the company's situation, being strongly fundamental, and fitting this report's scope in an adequate manner. We assigned a C+ rating on Vista, which indicates satisfactory ESG performance and moderate degree of transparency in reporting ESG data publicly. But since this is only a satisfactory performance, and not a relatively good one, we penalized Vista with a 5% increase in the Beta for our valuation. See Appendix 22 and see Tables 16 to 19.

GRADE	DESCRIPTION
D- D D+	"D" Score indicates por relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly
C- C C+	"C" score indicates satisfactory relative ESG performance and moderate degree of transparency in reporting material ESG data publicly
B- B B+	"B" score indicates good relative ESG performance and above average degree of transparency in reporting material ESG data publicly
A- A A+	"A" score indicates excellent relative ESG performance and high degree of transparency in reporting material ESG data publicly

Table 16 | Source: Eikon

SPICE RATING	BETA ADJUSTMENT
A+	-20%
A	-10%
B	0
C	10%
C-	20%

Table 17 | Source: Principles of Responsible Investment (PRI)

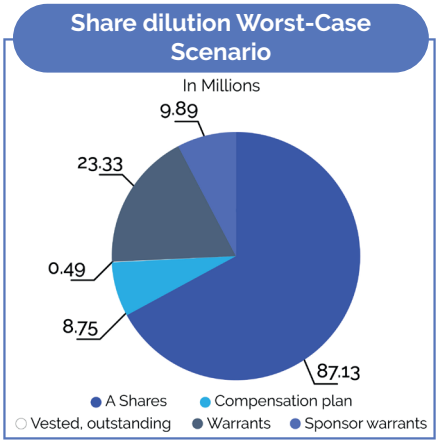


Figure 46 | Source: Company Data 20-F

ESG Scoring	Weight	Score
Environmental score	35%	D+
Social score	35%	B-
Governance score	30%	A
ESG controversies	-	A-
ESG FINAL SCORE	100%	C+

Table 18 | Source: Team Estimates

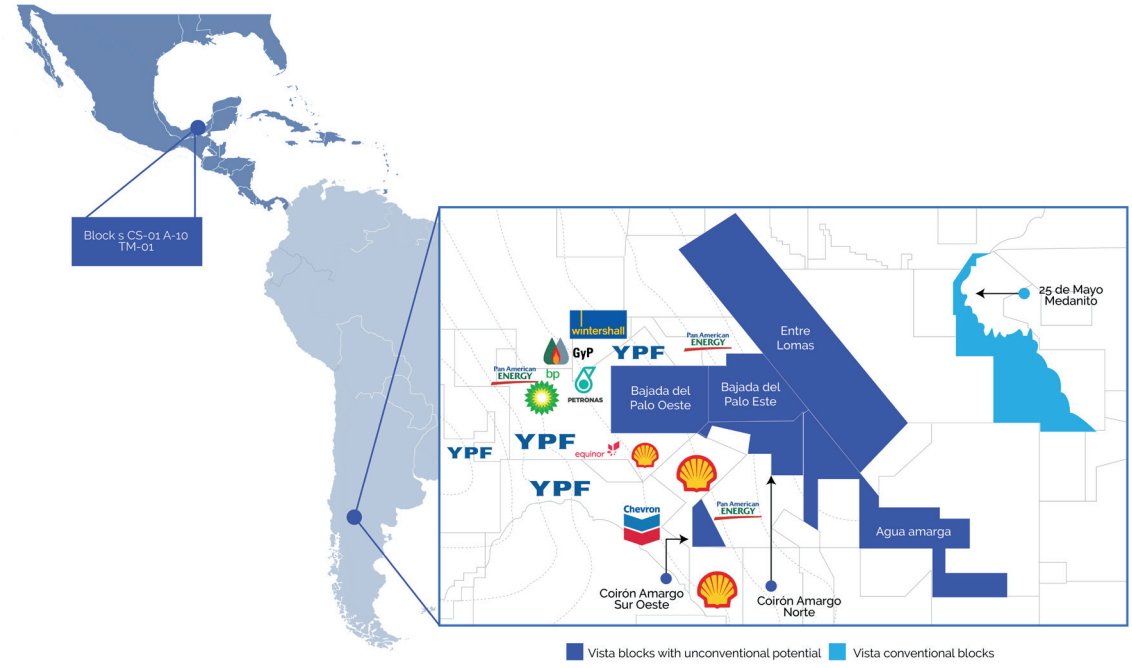
ESG INTEGRATION	METRICS
Initial Beta	1.6
ESG Score	C+
Key ESG pros and cons	**Pros:** +Experienced management. + Adequate share rights protection. + Board and committees independence. + Good workforce policies. + Very good shareholder protection. + Anti-takeover devices in place. **Cons:** - No environmental reporting. - The company does not disclose stakeholders' relationships. - Lacks defined policy on community involvement - Potential share dilution trough warrants and incentive programs. - Executive compensation not linked to any performance metric.
Adjusted Beta	+5% 1.68

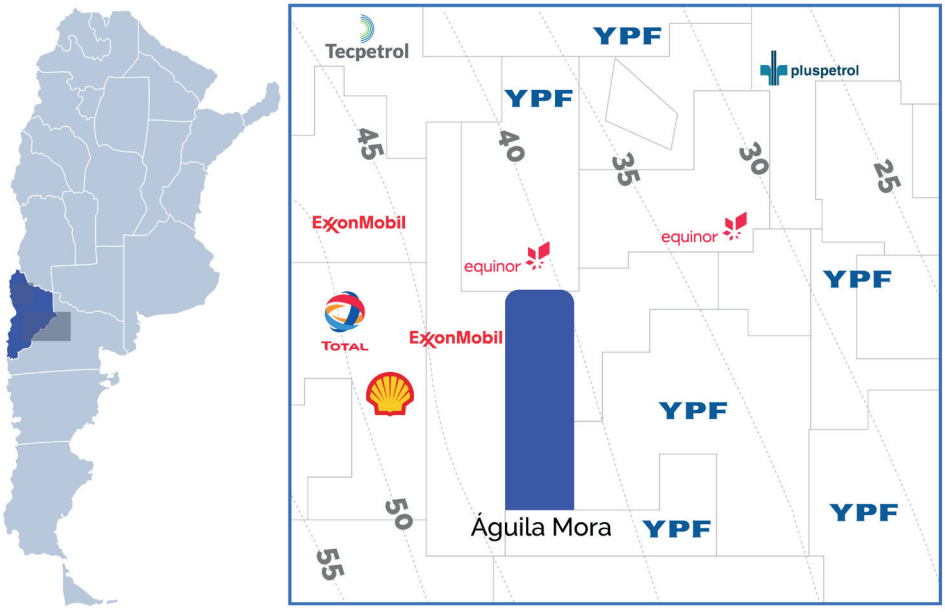
Table 19 | Source: Team Estimates

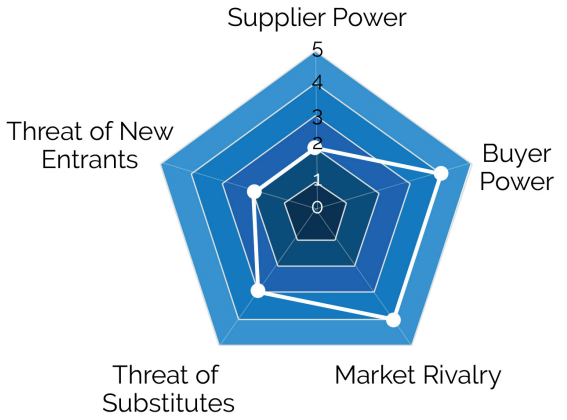
Appendix | 1
List of Abbreviations

ARS: Argentine currency
Bbbl: billion barrels of crude oil
Bbl: barrels of crude oil
Bcf: billion cubic feet
Boe: barrel of oil equivalent
Boe/d: barrel of oil equivalent per day
Btu: british termal unit
CAPM: Capital Asset Pricing Model
DCF: Discounted Cash Flow
EIA: Energy Information Administration
FCFF: Free Cash Flow to the Firm
FX: Foreign Exchange
IEA: International Energy Agency
IMF: International Monetary Fund
Kbbl/d: thousand barrel of crude oil per day
LPG: liquefied petroleum gas
Kbbl: one thousand barrel
Mcm: million cubic meters
MM m3/d: million cubic meters per day
NGL: natural gas liquid
Yoy: year over year
YPF: Yacimientos Petroliferos Fiscales
EBITDA: Earnings Before Interest, Tax, Depreciation and Amortization
EBIT: Earnings Before Interest and Tax
EMBI: Emerging Markets Bond index, main indicator of country risk
OPEC: Organization of the Petroleum Exporting Countries
Arg.: Argentina
Mex: Mexico
Al. Petrol.: Alianza Petrolera
Vista y Jag.: Vista y Jaguar
MULC: Mercado Único y Libre de Cambios
CAMMESA: Compañia Administradora del Mercado Mayorista Eléctrico S.A.

Appendix | 2
Geographic Locations







Legends:
0 - No threat to the business
1 - Insignificant threat to the business
2 - Low threat to the business
3 - Moderate threat to the business
4 - Significant threat to the business
5 - Hight threat to the business

Supplier Power: Low

• The main points to take into consideration in the development of the fracking activity by the company are the availability of exploitation areas, drilling and fracturing equipment, use of sand for fractures and pumping of water with chemicals. The availability of capital, equipment, and high-quality HR is also of paramount importance.
• Vista has the concession of the Bajada de Palo Este y Oeste areas up to 2053. For the Entre Lomas, Jagüel de los Machos and 25 de Mayo concessions that expire in the following years, it is probable that the company will have the possibility of renewing for 10 more years. The company has signed agreements with one of the main drilling and fracture operators for the next years in order to secure the equipment to develop the production plan designed by the management. This is an important point to keep in mind, as it strongly impacts the capital needs.
• Currently the sand used to keep the fractures open, is provided by companies that use products brought from the province of Entre Rios. In this case, the product can be substituted by raw material from different places. In particular the company has found that the sand in the province of Chubut can be used, so it would change its supplier. This gives the company greater flexibility in this aspect.
• Unions in the region are able to stop company operations if their demands are not satisfied. Although the company has a good relationship with them, the same cannot be said of the companies hired for different operational jobs. This is a risk factor that can affect the operations of the company.

Buyer Power: Significant

• Due to the existing regulation in Argentina, only once the local demand for oil is satisfied, the surplus can be destined to the export market. In the last months Vista has positioned itself as the main oil exporter of the country. At the local level, the main customers are Raizen and Trafigura.
• The price of the company´s main product is defined by the Brent price minus a discount for quality, if sold to export. While in the local market, which is heavily regulated, there are often minimum or maximum prices (for instance, the "Barril Criollo") depending on the situation.
• The gas price can be defined by contract between the producer and a large user. Or if the producer is selling on the spot market, the price is determined by an auction conducted by the gas regulator.
• The power of negotiation of the price, on the part of the producer, is practically null. This means the company is, naturally, a price taker in the local market, as well as in the export market.

Market Rivalry: Significant

• Vista is the fourth largest oil producer in the country with about 3,8% market share as of 2020.
• The market is extremely competitive, with YPF having about 50% of the market share, followed by PAE with 20%. The remaining 30% is distributed in several number of players with small percentages of participation, including the company. This situation could derive in future threats for Vista. The high competitiveness evidenced in the local sector could compromise the company's access to capital, personnel, equipment, concessions, land, and several other resources needed for the development of activities.
• Due to the recession worldwide, and, specifically in Argentina, the market was saturated both at local and international levels, complicating the product placement for non integrated companies. Against this, the possibility of exporting has been an efficient way to place the production and continue with the exploitation. Being upstream only, Vista doesn't have to provide for any refineries of their own. This is an important difference between Vista and its competitors. This allowed Vista to export most of its production, and subsequently, it allows a greater degree of detachment over the local context. This is a strong differentiator from the other competitors, who are all integrated or downstream.

Threat of Substitutes: Moderate

• In the medium-term, fossil fuels have assured supremacy as the main energy source for the world economy.
• However, the improvements in the efficiency of alternative energy sources, as well as the development of hybrid technologies (for example, hybrid or electric cars) lead to the assumption that the supremacy of fossil fuels will be threatened in the medium to long-term. This, as mentioned, heightened by new "green" user profiles, and increasing regulations worldwide.
• In particular, the use of hydrogen as a clean energy generator is increasing. Perhaps the development of technology to enable its use on a larger scale is one of the main threats to the current world energy matrix.
• Also, a wide array of natural products has appeared in the last years with the purpose of replacing the use of plastics and other petrochemical products. These would also contribute to undermine the current leadership position that oil has.

Threat of New Entrants: Low

• The need to make significant disbursements for the acquisition of areas, investment in exploration, infrastructure, and exploitation, as well as the current lack of macroeconomic predictability, capital restrictions, lack of clear policies, and the high regulation in the sector, make the entry barriers very high. Perhaps one of the main factors influencing the sector is the rampant argentine cost of capital, given by all the foresaid, which cripples any entrant competitor's capital nourishment. This barrier to new competitors could derive in better value generation from the company. However, this is measured against the already extremely competitive oil & gas sector in Argentina.

Strengths

- **Management:** Senior staff with extensive experience in the sector and adequate education.
- **Organizational Structure:** Lean structure, with great capacity to adapt to changes. Also, the corporate structure allows for safeguarding cash from the local context and prevents conflicts of interest within management.
- **Operating Margins:** The company has the capacity to rethink processes in order to optimize them and lower operating costs. The company carries a long-term policy of increasing wellbore efficiency and reducing the lifting cost.
- **Associated Facilities:** Has the necessary facilities to increase production quickly in the short term.
- **Concession Commitments:** The company has fulfilled to a large extent the investments required by the concessions. It is also expected that the investments that should be carried out between 2020 and 2022 can be renegotiated and deferred in time.
- **Foreign Trade:** The company has the necessary tools to place the productive surplus in the foreign market. Being upstream allows it to export most of its oil production.
- **Low Exploration Investments:** The company's management is acquitted with the area of operations, reducing unnecessary exploration costs.
- **Cash Position:** The company holds a strong cash position that could guarantee future operations. By using the cash reserves, the company could avoid either more debt or equity financing.

Weaknesses

- **High Debt/EBITDA Ratio:** The ratio is high, which could affect future funding.
- **Medium-Term Debt:** The debt that the company has placed has a duration between 1 and 3 years. Difficulties in its renegotiation would strongly affect the development of the company.
- **Capital Intensive:** The company needs to raise significant amounts of cash in the upcoming years to achieve the productive development of the region of Bajada de Palo Oeste, and even for just maintaining operations This factor is common in the industry, as is having a high maintenance CAPEX.
- **Interest Risk:** The company has floating rate debt, so sudden interest rate changes could affect their financial position.
- **Personalism:** The company is strongly focused on the figure of Galluccio. This individual's absence could compromise the company's image.
- **Geographical Concentration:** Most of the production is concentrated in the area of Vaca Muerta. This, added to the type of products the company produces, marks a lack of diversification.
- **Covenants:** Some of the company's loans have covenants that could restrict their array of actions.
- **Non-disclosed Environmental Policy:** The company is yet to disclose any environmental policies or indicators. This not only derives in a forcefully low ESG score, but this could pose several hidden threats. The environmental policy is crucial in this sector, especially after the British Petroleum (BP) incident.

Opportunities

- **Exporting Company:** Vista positioned itself as the main argentine crude oil exporter. If it continues with this strategy, it could detach itself, to a certain extent, from the local business cycle.
- **Barril Criollo:** The existence of a fixed price for oil at the local level, given by the "Barril Criollo" regulation, can help the company to project a sustainable flow of funds.
- **Medanito Oil:** As local oil Medanito becomes more known internationally, the gap against the Brent can be expected to close.
- **Short to Mid-term Oil Strength:** Even if there has been significant development in alternate energies in the last decade, oil and gas is expected to keep its predominance over a long period of time.

Threats

- **Environmental Policy:** Changes in the government´s environmental policy on the use of racking techniques could strongly affect the industry. We note that the country has taken steps that could lead in this direction.
- **Royalties Policy:** Changes in the royalties' rates stipulated by the provinces would strongly affect the cashflow of the industry.
- **Substitute Products:** The emergence of renewable energy, the development of new technology of hydrogen energy generation, new natural products that replace plastic, etc., will affect the demand for oil worldwide.
- **Argentina´s Economic Cycle:** The FX rate gap, constant currency depreciations, inflation, and more, strongly affect oil and gas companies.
- **Capital Controls:** The deepening of capital controls affects Vista´s access to funding.
- **Legal:** Argentina's legal system, laws, and jurisprudence, makes the companies from this sector very likely to be a party in several civil, administrative, and labor trials. There is also a potential threat of a class action environmental lawsuit, that could compromise the company's operations.
- **Unions:** Unions are very combative in Argentina and could pose a threat to Vista's operations in a case of conflict.

				CONVENTIONAL + NON-CONVENTIONAL RESERVES					
				PROVED		PROBABLE		POSSIBLE	
BASIN	PROVINCE	CONCESSION	OIL FIELD	OIL (Mm3)	GAS (MMm3)	OIL (Mm3)	GAS (MMm3)	OIL (Mm3)	GAS (MMm3)
NEUQUINA	Rio Negro	25 DE MAYO - MEDANITO SUD ESTE RN	25 DE MAYO - MEDANITO SUDESTE RN	1003	56	0	0	0	0
NEUQUINA	Neuquén	AGUILA MORA	AGUILA MORA	0	0	0	0	0	0
NEUQUINA	Neuquén	BAJADA DEL PALO ESTE	BAJADA DEL PALO	208	240	190	138	53	38
NEUQUINA	Neuquén	BAJADA DEL PALO ESTE	JAGÜEL DE LOS ROSAUROS	0	0	0	0	0	0
NEUQUINA	Neuquén	BAJADA DEL PALO ESTE	JAGÜEL NORTE	0	0	0	0	0	0
NEUQUINA	Neuquén	BAJADA DEL PALO ESTE	PUESTO SIN NOMBRE	0	0	0	0	0	0
NEUQUINA	Neuquén	BAJADA DEL PALO ESTE	BAJADA DEL PALO ESTE	0	0	0	0	0	0
NEUQUINA	Neuquén	BAJADA DEL PALO OESTE	AGUADA DEL PONCHO	62	47	0	0	0	0
NEUQUINA	Neuquén	BAJADA DEL PALO OESTE	BAJADA COLORADA	0	0	0	0	0	0
NEUQUINA	Neuquén	BAJADA DEL PALO OESTE	BORDE MONTUOSO	301	1461	254	498	166	436
NEUQUINA	Neuquén	BAJADA DEL PALO OESTE	BORDE MONTUOSO NORTE	0	0	0	0	0	0
NEUQUINA	Neuquén	BAJADA DEL PALO OESTE	MEDANO DE LA MORA	6840	1260	6377	1148	3955	719
NEUQUINA	Neuquén	BAJADA DEL PALO OESTE	MEDANO DE LA MORA ESTE	0	0	0	0	0	0
NEUQUINA	Neuquén	BAJADA DEL PALO OESTE	PUESTO OPAZO	0	0	0	0	0	0
NEUQUINA	Neuquén	BAJADA DEL PALO OESTE	BAJADA DEL PALO OESTE	0	0	0	0	0	0
NEUQUINA	Rio Negro	CHARCO DEL PALENQUE	CHARCO DEL PALENQUE	98	21	44	10	34	7
NEUQUINA	Rio Negro	CHARCO DEL PALENQUE	CHARCO DEL PALENQUE SUR	13	3	0	0	0	0
NEUQUINA	Rio Negro	CHARCO DEL PALENQUE	MESETA FILOSA	5	1	0	0	0	0
NEUQUINA	Neuquén	COIRON AMARGO NORTE	COIRON AMARGO NORTE	88	26	0	0	0	0
NEUQUINA	Neuquén	COIRON AMARGO NORTE	SIN YACIMIENTO NORTE	0	0	0	0	0	0
NEUQUINA	Neuquén	ENTRE LOMAS	BORDE MOCHO	64	5	23	2	4	0
NEUQUINA	Neuquén	ENTRE LOMAS	CHARCO BAYO	0	0	0	0	0	0
NEUQUINA	Neuquén	ENTRE LOMAS	EL CARACOL	17	0	0	0	0	0
NEUQUINA	Neuquén	ENTRE LOMAS	ENTRE LOMAS	93	24	0	0	0	0
NEUQUINA	Neuquén	ENTRE LOMAS	LA PISTA	0	0	0	0	0	0
NEUQUINA	Neuquén	ENTRE LOMAS	LOMAS DE OCAMPO	110	16	0	0	0	0
NEUQUINA	Neuquén	ENTRE LOMAS	LOS ALAMOS	6	1	0	0	0	0
NEUQUINA	Neuquén	ENTRE LOMAS	PIEDRAS BLANCAS	0	0	0	0	0	0
NEUQUINA	Rio Negro	ENTRE LOMAS	BORDE MOCHO	21	17	0	0	0	0
NEUQUINA	Rio Negro	ENTRE LOMAS	CHARCO BAYO	376	523	26	38	18	24
NEUQUINA	Rio Negro	ENTRE LOMAS	EL CARACOL	0	0	0	0	0	0
NEUQUINA	Rio Negro	ENTRE LOMAS	ENTRE LOMAS	0	0	0	0	0	0
NEUQUINA	Rio Negro	ENTRE LOMAS	LA PISTA	10	0	0	0	0	0
NEUQUINA	Rio Negro	ENTRE LOMAS	LOMAS DE OCAMPO	0	0	0	0	0	0
NEUQUINA	Rio Negro	ENTRE LOMAS	LOS ALAMOS	0	0	0	0	0	0
NEUQUINA	Rio Negro	ENTRE LOMAS	PIEDRAS BLANCAS	681	350	33	57	20	36
NEUQUINA	Rio Negro	JAGUEL DE LOS MACHOS RN	LAS LAGUNAS	0	0	0	0	0	0
NEUQUINA	Rio Negro	JAGUEL DE LOS MACHOS RN	LAS LAGUNAS ESTE	0	0	0	0	0	0
NEUQUINA	Rio Negro	JAGUEL DE LOS MACHOS RN	LAS LAGUNAS NORTE	0	0	0	0	0	0
NEUQUINA	Rio Negro	JAGUEL DE LOS MACHOS RN	LAS LAGUNAS OESTE	0	0	0	0	0	0
NEUQUINA	Rio Negro	JAGUEL DE LOS MACHOS RN	MEDANO	0	0	0	0	0	0
NEUQUINA	Rio Negro	JAGUEL DE LOS MACHOS RN	PUESTO MORALES	0	0	0	0	0	0
NEUQUINA	Rio Negro	JAGUEL DE LOS MACHOS RN	TAPERA AVEDANO	828	229	0	0	0	0
NEUQUINA	Rio Negro	JAGUEL DE LOS MACHOS RN	LAS LAGUNAS SUR	0	0	0	0	0	0
NEUQUINA	Rio Negro	JARILLA QUEMADA	JARILLA QUEMADA	0	0	0	0	0	0
TOTAL (Mm3)				**10,824.6**	**4,281.68**	**6,947.9**	**1,889.55**	**4,250.00**	**1,259.65**
TOTAL (MMboe)	**Argentina´s Secretary of Energy**			**68.08**	**26.93**	**43.69**	**11.88**		
TOTAL (MMboe)	**20-F 2019**			**70.8**	**30.6**				

Difference (%)	**3.83%**	**11.99%**
Weight (%) Argentina´s Secretary of Energy	**71.65%**	**28.34%**
Weighted Average Difference - by Product (%)	**2.74%**	**3.39%**

Weighted Average Difference - Total (%)	**6.14%**
2P to 1P Ratio - Argentina´s Secretary of Energy	**158.5%**
Estimated 2p to 1P Ratio for 20-F 2019 Reserves	**164.65%**
TOTAL 2P RESERVES (MMboe)	**166.95**

Oil Prices

Year	Reference case 2019 US$/b	High economic growth 2019 US$/b	Low economic growth 2019 US$/b	High oil price 2019 US$/b	Low oil price 2019 US$/b	High oil and gas supply 2019 US$/b	Low oil and gas supply 2019 US$/b
2030	75.83	76.25	74.42	142.13	42.24	69.21	80.02
2029	74.73	75.33	73.31	139.29	41.87	67.96	78.36
2028	73.17	73.58	71.64	135.41	41.46	66.73	76.62
2027	71.58	72.06	70.30	131.36	41.01	65.74	74.88
2026	70.37	70.68	69.19	126.10	40.48	64.57	73.11
2025	68.74	69.05	67.97	122.77	39.87	63.53	71.40
2024	67.00	67.40	66.35	118.23	39.14	62.38	69.48
2023	65.34	65.62	64.90	111.60	38.22	61.43	67.75
2022	64.00	64.10	63.71	103.10	36.95	60.43	66.00
2021	61.63	61.71	61.61	95.60	34.88	58.92	63.52
2020	58.51	58.97	58.95	87.61	38.01	57.72	60.31
2019	63.37	63.37	63.37	63.37	63.37	63.37	63.37

Gas Prices

Year	Reference case 2019 US$/MMBtu	High economic growth 2019 US$/MMBtu	Low economic growth 2019 US$/MMBtu	High oil price 2019 US$/MMBtu	Low oil price 2019 US$/MMBtu	High oil and gas supply 2019 US$/MMBtu	Low oil and gas supply 2019 US$/MMBtu
2030	3.29	3.35	3.27	3.25	3.21	2.59	4.63
2029	3.33	3.38	3.29	3.22	3.25	2.64	4.52
2028	3.32	3.38	3.27	3.19	3.24	2.68	4.35
2027	3.23	3.31	3.14	3.07	3.16	2.68	4.16
2026	3.08	3.16	2.99	2.90	3.04	2.59	3.97
2025	2.84	2.91	2.74	2.68	2.85	2.39	3.68
2024	2.62	2.68	2.53	2.48	2.64	2.23	3.31
2023	2.52	2.57	2.46	2.42	2.53	2.22	3.10
2022	2.49	2.52	2.45	2.42	2.48	2.27	2.95
2021	2.49	2.52	2.48	2.49	2.47	2.38	2.83
2020	2.44	2.46	2.45	2.43	2.44	2.46	2.63
2019	2.57	2.57	2.57	2.57	2.57	2.57	2.57

Hard Landing (50% Probability)

Government Objective: Inflation reduction and stabilization based on reserves strengthening, possible due to lending from China.

Government Actions

- Negotiations with exporters to recover reserves.
- To reduce fears of depreciations of the argentine peso, funding is obtained from China. It will add to the country´s reserves and can be used for long-term infrastructure investment.
- Special regime for mining and oil exports. Funds can be kept outside the country and can be used to pay debt and to invest in the country.
- Higher devaluations.
- Public spending liquefaction with inflation.
- New IMF agreement in 2021 or 2022.

Results:

- FX gap is maintained at 100%.
- Country risk decreases, but not enough to enable Argentina to obtain new debt at sustainable rates.
- Economic growth of 2% per year, with some years of recession. 2019 GDP levels are not recovered until 2026.

Stagflation Continues (30% Probability)

Government Objective

To withhold US dollars from trade surplus to avoid losing the Central Bank´s reserves and being forced to a violent depreciation of the peso, which would provoke a social collapse and an anticipated change of government.

Government Actions

- Capital outflows strict control.
- Imports restrictions.
- Negotiations of incentives for small agricultural producers.
- Special regime for mining and oil exports. Funds can be kept outside the country and can be used to pay debt and to invest in the country.
- Higher devaluations.
- Public spending liquefaction with inflation.
- New IMF agreement in 2021 or 2022.

Results

- FX gap increases to 150% and instabilities persist.
- Country risk is reduced, but it´s still high, nonetheless.
- Very small recovery of the economy in 2021 and stagnation with high inflation from then on.
- Continuous devaluations of the local currency.

Collapse and Success (20% Probability)

Government Objective

The economy can´t be stabilized, and all the economic variables worsen. There is a change of government that implements structural changes in both fiscal and monetary policies.

Government Actions

- Fails to control expectations, and negotiations with exporters are fruitless. The argentine peso loses its value rapidly, creating an economic and social crisis of great magnitude.
- After a change of government, structural changes are made, and both fiscal and monetary policies are sustainable in the long-term.
- This new set of policies creates trust, and along with agreements between the government and important sectors of the economy, the country starts a sustainable growth path.
- After the initial shock and crisis, there is free availability of funds for companies, and no restrictions on FX.

Results

- FX gap is reduced at 50% after the structural changes.
- Country risk decreases rapidly after the initial shock.
- High and sustainable long-term economic growth.
- Argentina regains access to debt markets.
- Companies have no restrictions on FX, debt financing, and repatriation of export proceeds.

Cash Flow [M US$] Base Case		2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
FREE CASH FLOW	M US$	-16,783	-95,510	6,340	80,711	156,319	189,502	224,133	261,071	292,472	319,259	351,403
(+) Terminal Value	M US$	0	0	0	0	0	0	0	0	0	0	2,448,217
FREE CASH FLOW + Terminal Value	M US$	-16,783	-95,510	6,340	80,711	156,319	189,502	224,133	261,071	292,472	319,259	2,799,620
FX GAP IMPACT ON FREE CASH FLOW	M US$	-8,392	-47,755	3,170	40,356	78,159	94,751	112,067	130,536	146,236	159,630	1,399,810
Discount Rate	%	19.2%	17.1%	16.6%	18.3%	16.6%	15.8%	15.8%	15.8%	15.4%	15.0%	16.6%
PRESENT VALUE	M US$	-8,188	-40,713	2,718	29,240	48,552	50,829	51,916	52,221	50,705	48,147	361,973

TOTAL PRESENT VALUE (12-months target)	US$	696,300,762
Cash (12-months target)	US$	67,335,716
Financial Debt (12-months target)	US$	-499,593,170
Net towards the shareholder	US$	264,043,308
# ADS	#	87,280,741
Value per ADS	US$	3.03
ADS VALUE WEIGHTED BY SCENARIOS	US$	2.88
Price EV/EBITDA	US$	5.00
Price EV/2P	US$	5.38
ADS VALUE WEIGHTED WITH MULTIPLES	US$	3.34

SCENARIO CASES		
Bearish	Base	Bullish
0.82	3.03	5.59
30%	50%	20%

VALUATION WEIGHTING		
DFCF	EV/2P	EV/EBITDA
2.88	5.38	5.00
80%	10%	10%

Cost of Equity* (Ke)	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Risk Free Rate (Rf)	0.76%	1.5%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Levered Industry Beta (β)	1.39	1.39	1.39	1.39	1.39	1.39	1.39	1.39	1.39	1.39	1.39
ESG Ajusted Levered Beta	1.46	1.46	1.46	1.46	1.46	1.46	1.46	1.46	1.46	1.46	1.46
Equity Risk Premium (ERP)	5.29%	5.29%	5.29%	5.29%	5.29%	5.29%	5.29%	5.29%	5.29%	5.29%	5.29%
Country Risk Premium (CRP)	14.25%	11%	10%	12%	10%	9%	9%	9%	8.5%	8%	10%
Liquidity and Size Premium	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Cost of Equity (Ke)	25.23%	22.72%	22.22%	24.22%	22.22%	21.22%	21.22%	21.22%	20.72%	20.22%	22.22%
Cost of Debt (Kd)**											
Interest Rate	9.14%	9.13%	8.5%	9.14%	8.5%	7.65%	7.65%	7.65%	7.23%	6.8%	8.5%
Tax Rate	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%
Cost of Debt (Kd)	6.4%	6.39%	5.95%	6.4%	5.95%	5.36%	5.36%	5.36%	5.06%	4.76%	5.95%
Capital Structure											
Equity/Assets	64%	64%	64%	64%	64%	64%	64%	64%	64%	64%	64%
Debt/Assets	36%	36%	36%	36%	36%	36%	36%	36%	36%	36%	36%
WACC***	18.45%	16.84%	16.36%	17.8%	16.36%	15.51%	15.51%	15.51%	15.08%	14.65%	16.36%

* $K_e = r_f + \beta * ERP + CRP + Premium$

** K_d = Interest rate * (1-tax rate)

*** $WACC = K_e * \frac{Equity}{Assets} + K_d * \frac{Debt}{Assets}$

Comments

Risk Free Rate: The 10-year US Treasury Bond yield was used, and future values were estimated based on the projected FED´s inflation policy.

Leverage Industry Beta: The Unlevered Oil & Gas (Production) Industry Beta is 0.99. Source: Damodaran, A.

$$\text{Leveraged Beta} = \text{Unleveraged Beta} * [1+(1-t) * \frac{Debt}{Equity}]$$

t = Efective rate (30%) | Debt/Equity = 60%

Equity Risk Premium: The value is 5.29%. Source: Damodaran, A.

Country Risk Premium: Actual values taken from the EMBI+. Future values are projected based on our own macroeconomic assumptions.

Liquidity and Size Premium: Due to the average negotiated volume, and its market capitalization, it was decided to apply a 2.5% of premium on this item. Source: Damodaran, A.

Interest Rate: It´s obtained from the yield of the corporate bonds issued by Vista. Based on our own macroeconomic assumptions, we projected the interest rate at which the company may be able to obtain funding in the future.

Main Assumptions

PRICES	UNIT	2019	2020E	2021E	2022E	2023E	2024E	2025E
Oil	US$/BBL	53.95	42.61	47.26	50.44	51.61	52.68	54.01
Gas	US$/MMBTU	2.87	2.36	3.13	2.52	2.55	2.65	2.88
PRODUCTION	**UNIT**	**2019**	**2020E**	**2021E**	**2022E**	**2023E**	**2024E**	**2025E**
Conventional Oil	bbl/d	17.32	13.41	9.20	8.75	8.33	7.92	7.53
Unconventional Oil	kbl/d	4.53	7.21	17.86	25.25	29.33	32.51	35.02
Conventional Gas	kboe/d	11.56	8.11	5.70	5.36	5.05	4.78	4.55
Unconventional Gas	kboe/d	0.51	0.88	2.25	3.16	3.69	4.1	4.43
Total Production	kboe/d	33.92	29.61	35.01	42.53	46.39	49.32	51.53

P&L | Balance Sheet

MM US$ - FYE in Dec	2018	2019	2020E	2021E	2022E	2023E	2024E	2025E
Revenues	331	416	291	527	682	769	843	908
EBITDA	144	171	75	189	259	311	354	390
EBITDA Margin (%)	44%	41%	26%	36%	38%	40%	42%	43%
EBIT	70	18	-97	-26	6	24	36	42
EBIT Margin (%)	21%	4%	-33%	-5%	1%	3%	4%	5%
Net Income	-30	-33	-132	-61	-33	-15	-2	3
Dividends	0	0	0	0	0	0	0	0
Free Cash Flow	97	-119	-17	-96	6	81	156	190
Shareholders Equity	478	603	471	410	376	362	360	362
Total Liabilities	606	781	791	848	891	922	958	998
Total Financial Debt	328	468	500	500	500	500	500	500
Cash	13	140	199	67	35	77	195	346
Total Assets	1,017	1.65	1,262	1,258	1,267	1,283	1,318	1,355
Net Fin. Debt/EBITDA	2.18	1.92	4.04	2.29	1.80	1.36	0.86	0.40
Net Fin. Debt/CFL	3.25	-2.75	-17.96	-4.53	73.38	5.25	1.95	0.81
Leverage	1.27	1.29	1.68	2.07	2.37	2.55	2.66	2.74

Cash flow

MM US$ - FYE in Dec	2019	2020E	2021E	2022E	2023E	2024E	2025E
EBIT	18	-97	-26	6	24	36	42
+ Amortization	153	172	215	253	287	317	348
+/- WC Variation	-25	49	40	28	23	31	29
Operative Cash Flow	146	123	229	287	334	358	419
- Capex	-249	-140	-324	-280	-253	-228	-228
- Tax / Other Income	-16	0	0	0	0	0	-1
Free Cash Flow	-119	-17	-96	6	81	156	190
Pay Out Dividends	0	0	0	0	0	0	0
+/- Net Fin Debt LT	88	-66	-200	-90	-50	0	0
+/- Net Fin Debt ST	52	98	199	90	50	0	0
- Interest	4	2	2	2	2	2	2
Cash Flow after Finance	24	17	-94	9	83	158	191
Cash BoP	13	140	199	67	35	77	195
Cash EoP	140	199	67	35	77	195	346

VISTA OIL & GAS

Appendix | 11

Financial Statements - Bullish

P&L | Balance Sheet

MM US$ - FYE in Dec	2018	2019	2020E	2021E	2022E	2023E	2024E	2025E
Revenues	331	416	292	597	840	943	1,035	1,116
EBITDA	144	171	75	214	318	381	434	479
EBITDA Margin (%)	44%	41%	26%	36%	38%	40%	42%	43%
EBIT	70	18	-81	54	156	216	265	309
EBIT Margin (%)	21%	4%	-28%	9%	19%	23%	26%	28%
Net Income	-30	-33	-117	12	64	103	135	164
Dividends	0	0	0	0	0	0	0	0
Free Cash Flow	97	-119	-16	-70	40	97	166	194
Shareholders Equity	478	603	487	499	563	665	801	965
Total Liabilities	606	781	791	862	919	953	992	1,029
Total Financial Debt	328	468	500	500	500	500	500	500
Cash	13	140	199	94	76	115	223	360
Total Assets	1,017	1,265	1,278	1,361	1,482	1,618	1,792	1,994
Net Fin. Debt/EBITDA	2.18	1.92	4.01	1.89	1.33	1.01	0.64	0.29
Net Fin. Debt/CFL	3.25	-2.75	-18.52	-5.79	10.56	3.98	1.67	0.72
Leverage	1.27	1.29	1.62	1.73	1.63	1.43	1.24	1.07

Cash flow

MM US$ - FYE in Dec	2019	2020E	2021E	2022E	2023E	2024E	2025E
EBIT	18	-81	54	156	216	265	309
+ Amortization	153	156	161	162	166	168	170
+/- WC Variation	-25	49	47	36	24	33	31
Operative Cash Flow	146	123	261	355	406	467	510
- Capex	-249	-140	-324	-280	-253	-228	-228
- Tax / Other Income	-16	0	-7	-34	-55	-73	-88
Free Cash Flow	-119	-16	-70	40	97	166	194
Pay Out Dividends	0	0	0	0	0	0	0
+/- Net Fin Debt LT	88	-66	-200	-90	-50	0	0
+/- Net Fin Debt ST	52	98	199	90	50	0	0
- Interest	4	2	2	2	2	2	2
Cash Flow after Finance	24	17	-68	42	99	167	196
Cash BoP	13	140	199	94	76	115	223
Cash EoP	140	199	64	76	115	223	360

P&L | Balance Sheet

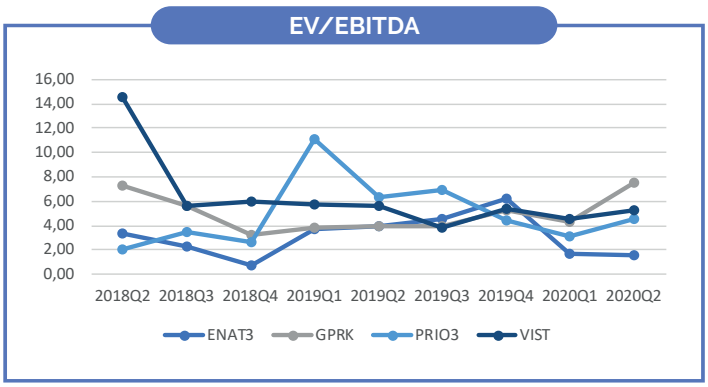
MM US$ - FYE in Dec	2018	2019	2020E	2021E	2022E	2023E	2024E	2025E
Revenues	331	416	278	395	445	463	482	504
EBITDA	144	171	71	141	169	187	202	216
EBITDA Margin (%)	44%	41%	26%	36%	38%	40%	42%	43%
EBIT	70	18	-100	-50	-17	-11	13	16
EBIT Margin (%)	21%	4%	-36%	-13%	-4%	-2%	3%	3%
Net Income	-30	-33	-135	-86	-64	-58	-34	-31
Dividends	0	0	0	0	0	0	0	0
Free Cash Flow	97	-119	-16	-16	81	102	127	140
Shareholders Equity	478	603	468	382	317	259	225	194
Total Liabilities	606	781	788	822	848	867	894	920
Total Financial Debt	328	468	500	497	500	500	500	500
Cash	13	140	197	174	211	265	345	438
Total Assets	1,017	1,265	1,256	1,203	1,165	1,126	1,119	1,114
Net Fin. Debt/EBITDA	2.18	1.92	4.25	2.28	1.71	1.26	0.77	0.29
Net Fin. Debt/CFL	3.25	-2.75	-16.94	20.54	3.56	2.31	1.22	0.44
Leverage	1.27	1.29	1.68	2.15	2.67	3.34	3.97	4.74

Cash flow

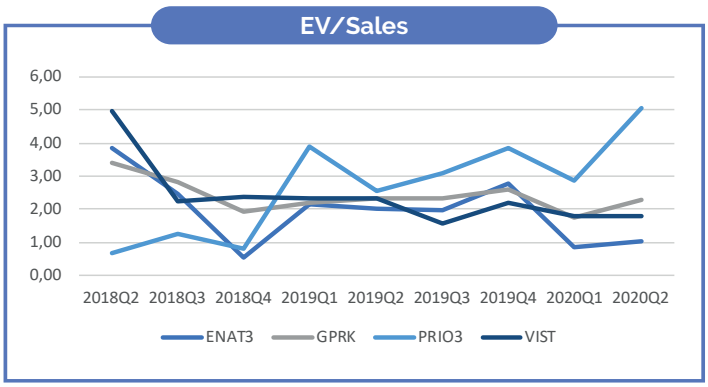
MM US$ - FYE in Dec	2019	2020E	2021E	2022E	2023E	2024E	2025E
EBIT	18	-100	-50	-17	-11	13	16
+ Amortization	153	171	192	185	198	189	200
+/- WC Variation	-25	47	28	19	17	26	25
Operative Cash Flow	146	119	169	187	204	228	241
- Capex	-249	-136	-153	-106	-103	-101	-101
- Tax / Other Income	-16	0	0	0	0	0	0
Free Cash Flow	-119	-18	16	81	102	127	140
Pay Out Dividends	0	0	0	0	0	0	0
+/- Net Fin Debt LT	88	-66	-200	-90	-50	0	0
+/- Net Fin Debt ST	52	98	197	93	50	0	0
- Interest	4	2	2	2	2	2	2
Cash Flow after Finance	24	15	15	86	103	129	142
Cash BoP	13	140	197	174	211	265	345
Cash EoP	140	197	174	211	265	345	438

Company	Date	EV/EBITDA	EV/Sales	P/DACF	EV/BOE/D	EV/2P	2P/BOE	ROIC	ROE	Debt/EBITDA	EBIT/Interest Expense	Debt/Capital	Debt/Equity
VIST	2018Q2	14.57	4.97	6.76	2.24	5.80	14.10	-6.40	-16.80	6.78	4.00	0.00	0.53
VIST	2018Q3	5.63	2.26	-249.31	2.10	5.43	14.65	-3.60	-5.90	3.28	4.10	0.39	0.65
VIST	2018Q4	5.99	2.37	20.52	3.21	8.31	15.17	3.50	7.00	2.32	11.00	0.38	0.64
VIST	2019Q1	5.76	2.31	46.85	3.37	5.88	15.75	-1.40	-2.70	2.02	2.09	0.33	0.66
VIST	2019Q2	5.60	2.33	-65.50	3.49	6.08	15.75	0.40	0.70	2.07	1.15	0.32	0.71
VIST	2019Q3	3.84	1.57	13.73	2.29	3.99	15.75	2.00	3.70	2.65	0.08	0.35	0.71
VIST	2019Q4	5.41	2.18	16.00	3.11	5.43	15.75	-3.70	-7.10	2.79	-0.48	0.37	0.78
VIST	2020Q1	4.55	1.79	-258.89	2.43	4.23	16.01	-1.80	-3.60	3.20	-0.90	0.36	0.85
VIST	2020Q2	5.20	1.79	13.78	2.01	3.50	16.64	-3.40	-6.90	4.57	-2.31	0.37	0.94
GPRK	2018Q2	7.32	3.42	37.72	4.49	8.78	14.02	0.90	-0.70	1.94	6.67	0.73	4.20
GPRK	2018Q3	5.61	2.83	23.06	4.23	8.56	13.53	4.90	18.90	1.55	9.22	0.68	3.50
GPRK	2018Q4	3.28	1.92	12.72	2.98	6.28	13.00	6.70	24.90	1.27	13.08	0.73	3.13
GPRK	2019Q1	3.87	2.18	22.28	3.45	6.93	13.65	3.00	13.30	1.29	5.29	0.72	2.95
GPRK	2019Q2	3.91	2.32	50.60	3.78	7.51	13.79	4.80	20.90	1.21	9.46	0.71	3.10
GPRK	2019Q3	3.98	2.34	21.76	3.68	7.39	13.65	1.10	4.90	1.22	7.62	0.74	3.41
GPRK	2019Q4	5.21	2.62	25.99	3.94	8.35	12.93	0.00	-0.10	1.43	2.85	0.73	3.39
GPRK	2020Q1	4.28	1.74	23.72	2.33	5.40	11.83	-11.60	-112.00	3.23	-1.42	0.94	29.75
GPRK	2020Q2	7.56	2.28	-62.68	3.07	5.74	14.65	-2.20	-115.90	5.34	-1.32	0.95	111.84
PRIO3	2018Q2	2.07	0.67	5.97	0.87	4.82	4.98	6.60	7.70	0.92	-4.29	0.03	0.25
PRIO3	2018Q3	3.50	1.27	10.57	1.86	10.26	6.87	6.40	7.50	0.10	5.09	0.03	0.03
PRIO3	2018Q4	2.60	0.81	8.45	1.35	7.45	15.12	5.30	6.10	0.99	-20.00	0.04	0.28
PRIO3	2019Q1	11.15	3.91	48.50	3.64	4.58	21.78	-5.40	-12.10	7.67	1.75	0.49	2.36
PRIO3	2019Q2	6.36	2.54	4.57	3.26	4.10	22.00	4.80	14.80	5.01	13.20	0.49	1.97
PRIO3	2019Q3	6.90	3.07	10.37	4.17	5.24	22.15	-2.10	-5.90	3.57	7.00	0.35	1.89
PRIO3	2019Q4	4.48	3.83	-48.99	6.54	8.22	22.20	22.80	47.50	1.57	36.08	0.18	1.04
PRIO3	2020Q1	3.13	2.87	4.57	4.06	5.00	22.24	-1.50	-2.70	1.55	3.10	0.19	1.33
PRIO3	2020Q2	4.53	5.06	9.26	5.89	7.25	22.24	-2.20	-4.00	1.37	2.00	0.21	1.10
ENAT3	2018Q2	3.33	3.83	11.36	3.06	2.09	40.10	2.30	2.70	0.41	-2.30	0.08	0.10
ENAT3	2018Q3	2.25	2.46	6.90	2.18	1.49	37.40	1.60	1.80	0.37	-1.12	0.08	0.10
ENAT3	2018Q4	0.67	0.53	4.32	0.61	0.41	33.12	3.40	4.00	0.43	-4.16	0.07	0.09
ENAT3	2019Q1	3.68	2.16	9.25	2.47	2.32	29.12	1.30	1.60	1.76	-1.60	0.16	0.29
ENAT3	2019Q2	3.92	2.02	7.03	2.41	2.27	31.00	0.50	0.70	1.87	-0.58	0.20	0.32
ENAT3	2019Q3	4.54	1.98	14.62	2.41	2.27	29.90	1.10	1.50	2.15	-0.81	0.21	0.36
ENAT3	2019Q4	6.24	2.77	5.99	3.86	3.63	29.00	2.60	3.60	2.03	-5.79	0.19	0.35
ENAT3	2020Q1	1.72	0.84	1.44	0.97	0.92	28.00	1.90	2.60	1.29	-1.14	0.17	0.31
ENAT3	2020Q2	1.59	1.05	22.50	1.21	1.14	29.12	3.10	4.20	0.89	-8.62	0.17	0.31

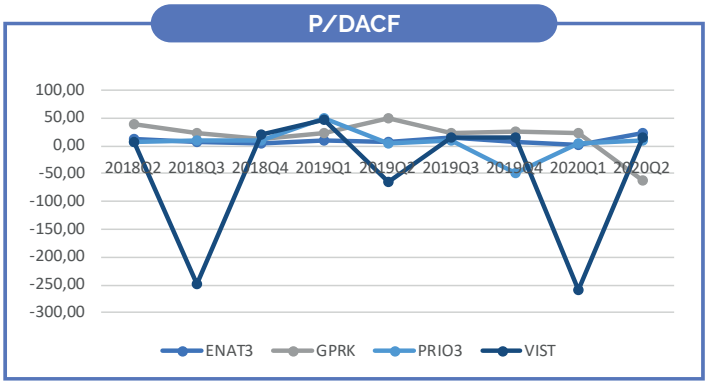
Source: Eikon, Bloomberg, Argentina's Secretary of Energy, and team estimates



Source: Eikon and Bloomberg



Source: Eikon and Bloomberg



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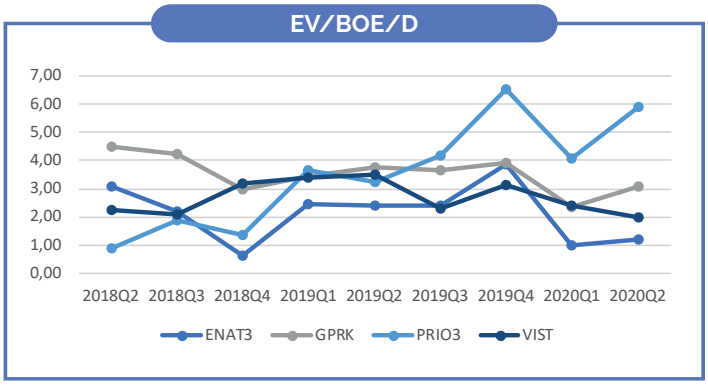
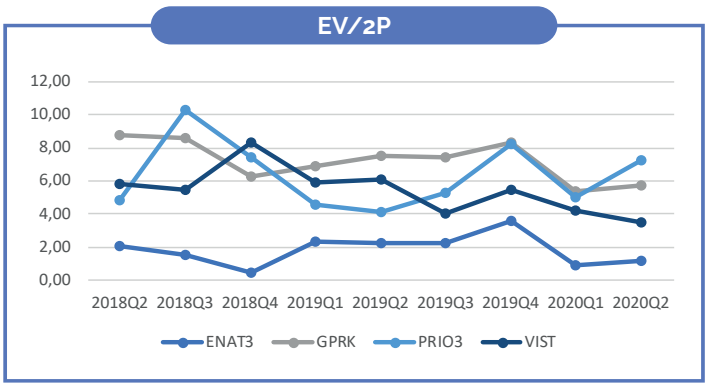
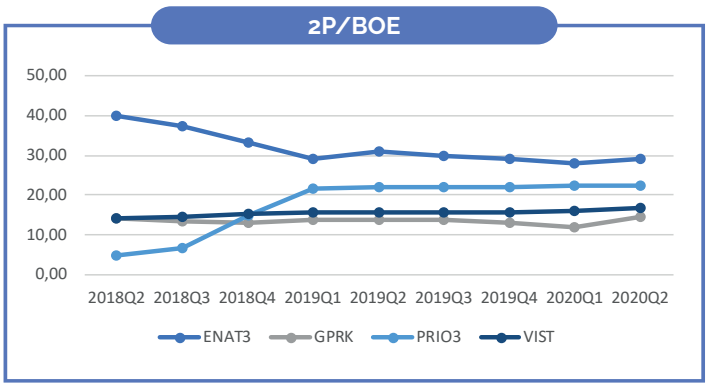


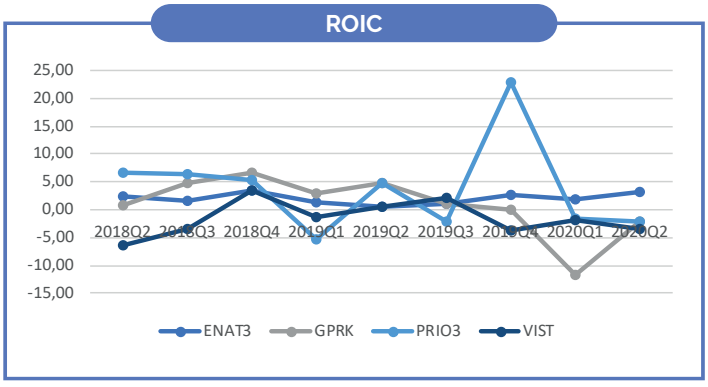
Source: Eikon and Bloomberg and Vista 20-F 2019



Source: Eikon, Bloomberg, Vista 20-F 2019, Argentina´s Secretary of Energy, and team estimates



Source: Eikon, Bloomberg, Vista 20-F 2019, Argentina´s Secretary of Energy, and team estimates



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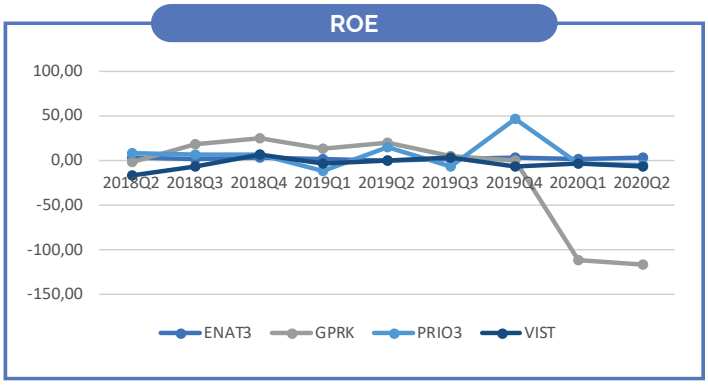

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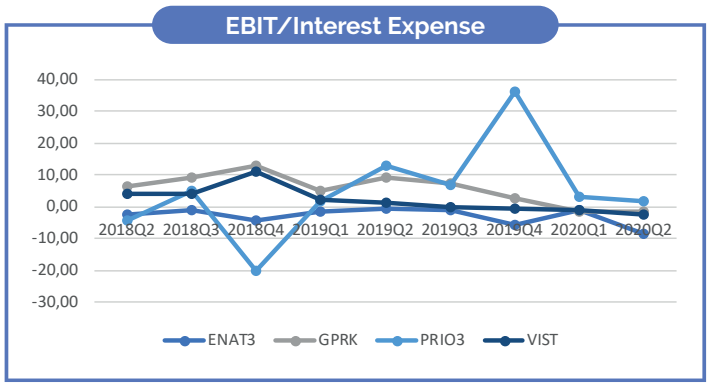

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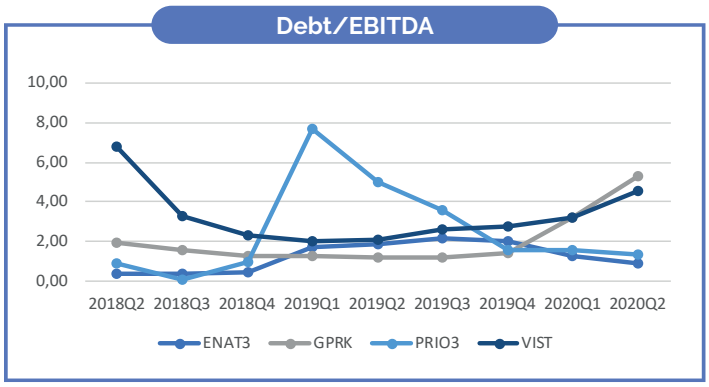

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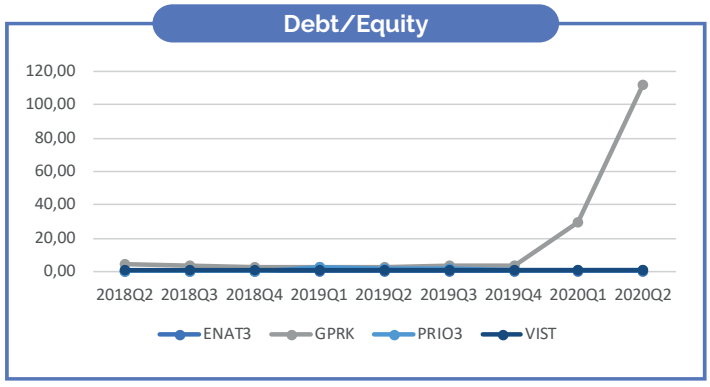

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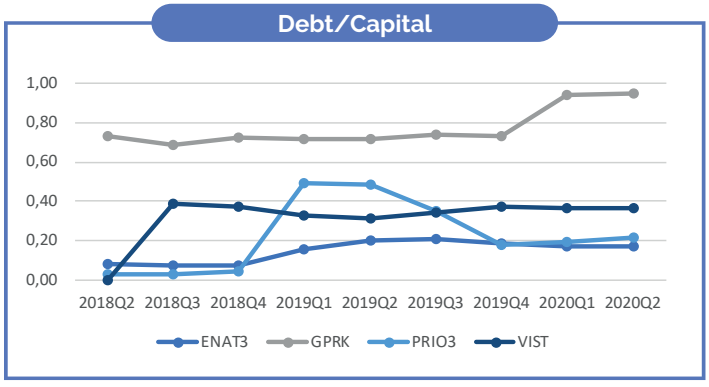


Source: Eikon

VISTA OIL & GAS

Appendix | 14

Country Risk Premium (EMBI)

Company	Country	2018Q2	2018Q3	2018Q4	2019Q1	2019Q2	2019Q3	2019Q4	2020Q1	2020Q2
VIST	Argentina	6.08	6.23	8.17	7.74	8.30	21.43	17.38	38.03	24.93
GPRK	Colombia	1.97	1.68	2.28	1.84	1.81	1.83	1.66	3.76	2.93
PRIO3	Brazil	3.26	2.89	2.73	2.48	2.32	2.39	2.13	3.89	3.73
ENAT3	Brazil	3.26	2.89	2.73	2.48	2.32	2.39	2.13	3.89	3.73

Source: Invenomica

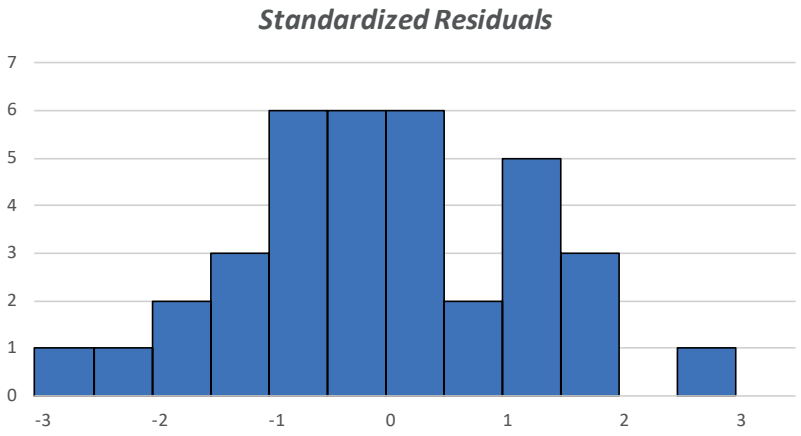
Estimation Output

Dependent Variable	EV/2P
Method	Panel Least Squares
Sample	2018Q2 to 2020Q2
Periods	9
Cross-sections	4
Total panel observations	36

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	9.39	0.56	16.74	0.00
2P/BOE	-0.21	0.02	-8.99	0.00
EBIT/Interest Expense	0.09	0.02	3.91	0.00
EMBI	-0.06	0.02	-2.31	0.03
R-squared	0.77			
Adjusted R-squared	0.75			
Prob (F-statistic)	0.00			
Durbin-Watson statistic	1.77			

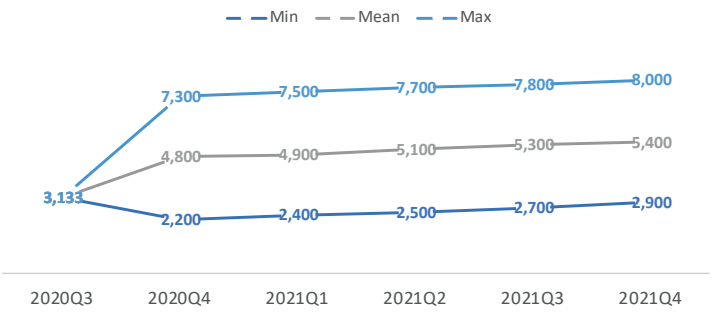
Residuals Normality Test

Mean	0.00
Median	-0.01
Maximum	2.55
Minimum	-2.90
Std. Deb	1.18
Skewness	-0.14
Kurtosis	2.79
Jarque-Bera	0.18
Probability	0.91



EV/2P Forecast

Date	Min	Mean	Max
2020Q3	3.133	3.133	3.133
2020Q4	2.200	4.800	7.300
2021Q1	2.400	4.900	7.500
2021Q2	2.500	5.100	7.700
2021Q3	2.700	5.300	7.800
2021Q4	2.900	5.400	8.000

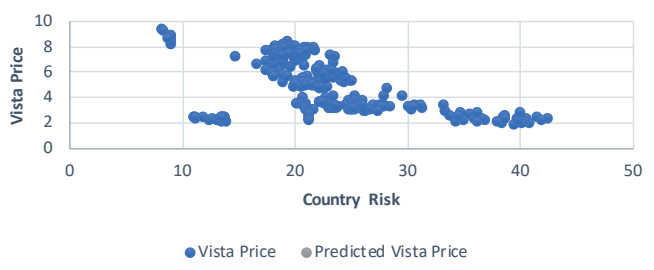


Source: Team estimates

Source: Eikon, Bloomberg, Vista 20-F 2019, Argentina's Secretary of Energy, and team estimates

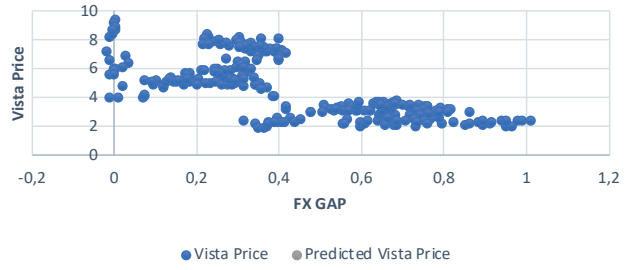
FX Gap and Country Risk (EMBI): The Impact on Vista

Country Risk Line Fit Plot



Source: Investing, Invenomica, Rava, and team estimates

FX GAP Line Fit Plot



Source: Investing, Invenomica, Rava, and team estimates

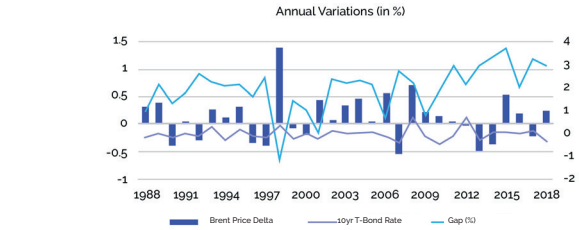
REGRESSION STATISTICS	
Multiple R	0.79
R Square	0.63
Adjusted R Square	0.62
Standard Error	1.21
Observations	273

Anova	df	SS	MS	F	Significance F
Regression	2	679.60	339.8	231.33	2.96
Residual	270	396.60	1.46		
Total	272	1,076.21			

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%
Intercept	9.26	0.26	34.66	0.00	8.73	9.78
Gap (%)	-5.03	0.29	-17.28	0.00	-5.6	-4.46
EMBI	-0.10	0.1	-9.78	0.00	-0.12	-0.08

Brent Price Estimation

Brent Price, 10yr T-Bond Rate and Oil Supply/Demand Gap

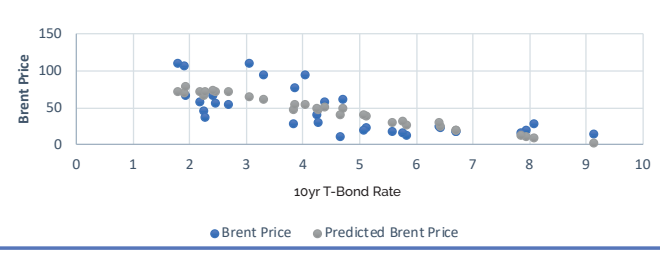


REGRESSION STATISTICS	
Multiple R	0.65
R Square	0.43
Adjusted R Square	0.39
Standard Error	0.31
Observations	31.00

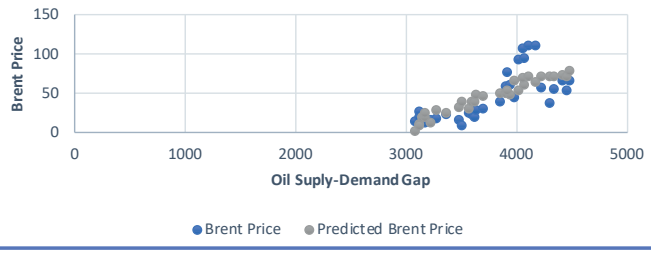
Anova	df	SS	MS	F	Significance F
Regression	2	2.04	1.02	10.42	0.00
Residual	28	2.74	0.10		
Total	30	4.79			

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%
Intercept	0.51	0.12	4.06	0.00	0.21	0.76
10yr T-Bond Rate	0.62	0.21	2.94	0.01	0.19	1.05
Gap (%)	-19.37	5.66	-3.42	0.00	-30.96	-7.78

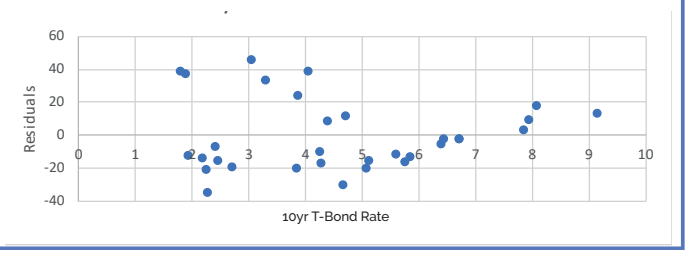
10yr T-Bond Rate Line Fit Plot



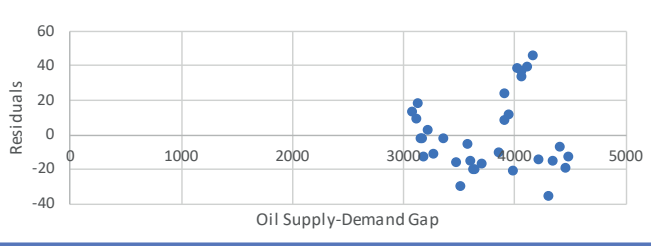
Oil Supply-Demand Gap Line Fit Plot



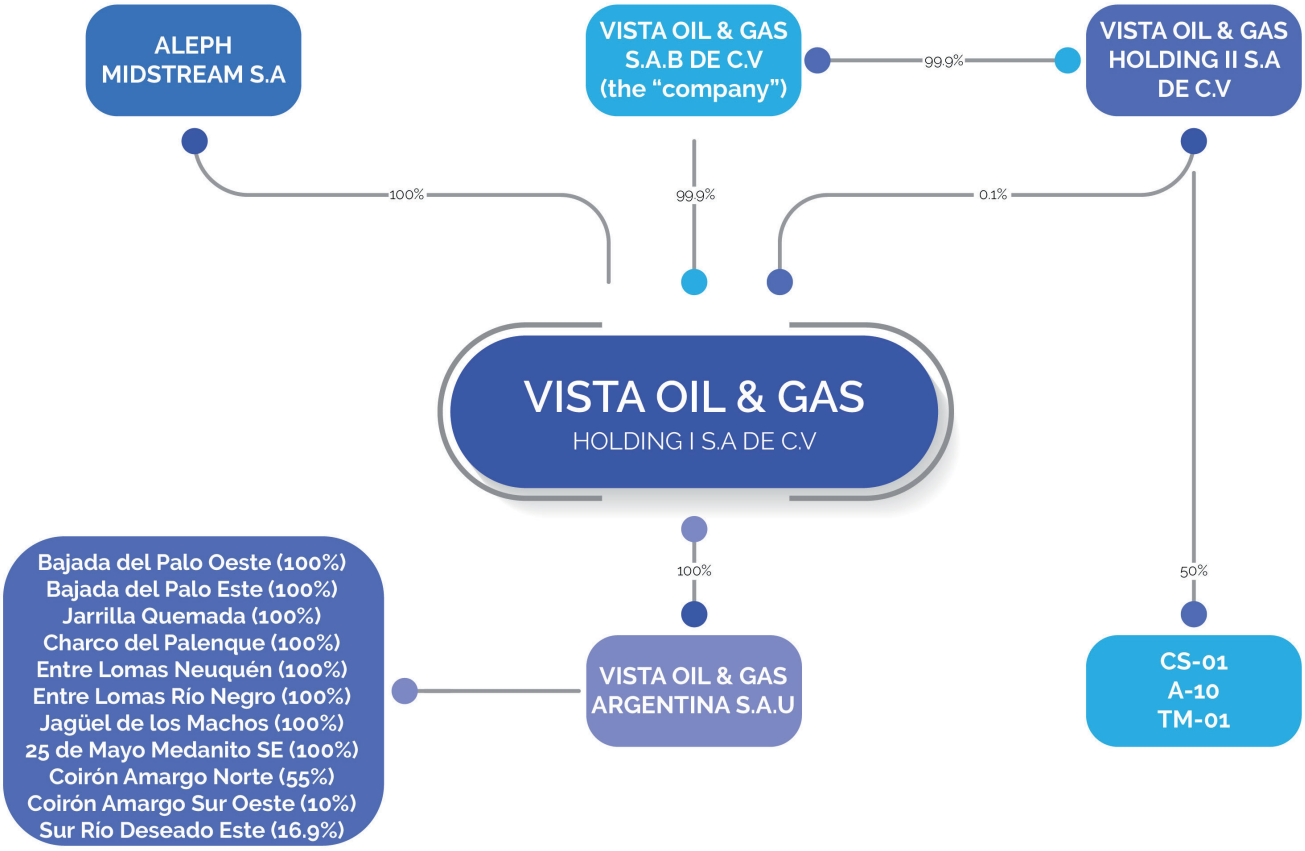
10yr T-Bond Rate Residual Plot



Oil Supply-Demand Gap Residual Plot



Source: IEA, Macrotrends, and team estimates



CORPORATE STRUCTURE: Vista's corporate structure has an important advantage. The operations in Argentina are held by "Vista Oil & Gas Argentina S.A.U.", which is a limited liability corporation. Meaning, in the case this company goes bankrupt, the bankruptcy procedure should not extend to the other members of the corporate group. This is an important advantage, because it protects Vista's important cash position, which is not held by "Vista Oil&Gas Argentina". Therefore, in a worst-case scenario regarding its operations in Argentina, Vista could hold its important cash position, allowing it to keep functioning elsewhere.

MIGUEL **GALUCCIO**

Serves as Vista's Chairman and Chief Executive Officer

• Independent member of the board of directors of Schlumberger. • Chairman and Chief Executive Officer of YPF, from May 2012 to April 2016. Under his leadership it became the largest producer of hydrocarbons from shale formations globally outside North America.
• Prior to joining YPF, Mr. Galuccio was an employee of Schlumberger and held a number of international positions in North America, the Middle East, Asia, Europe, Latin America, Russia and China, his last being President of Schlumberger Production Management.
• Bachelor's degree in petroleum engineering from the Instituto Tecnológico de Buenos Aires in Argentina.

JUAN **GAROBY**

Chief Operations Officer

• Ex interim vice president in the exploration and production area.
• Director of the area Drilling and Completion.
• Previous experience in Baker Hughes, and Schlumberger.
• Oil Engineering degree from the ITBA.

PABLO MANUEL **VERA PINTO**

Chief Financial Officer

• More than 15 years of experience in the development of international businesses, consulting, and investment banking.
• Former Director of Business Development at YPF.
• Previous experience in McKinsey and Credit Suisse.
• Holds an MBA from INSEAD Business School.
•Economics degree from Universidad Di Tella.

ALEX **GARCÍA**

CEO México

• 21 years of experience in the oil and gas industry.
• Served in Schlumberger´s Production Management (SPM), and in Schlumberger´s Integrated Project Management (IPM).
• Holds an MBA from INSEAD Business School, and has a Mechanical Engineering degree.

ALEJANDRO **CHERÑACOV**

Investor Relations Officer

• 13 years of experience in the Exploration & Production areas, and in investor relations.
• Served as CFO at Jagercor Energy Corp.
• Also served as Investor Relations Officer in YPF.
• Holds a Master in Finance from Universidad Di Tella.

KENNETH **RYAN**

Serves as member of Vista's Board of Directors

• Partner, head of corporate development, capital strategies and investor relations at Riverstone.
Has primary responsibility for Riverstone Energy Limited.
Prior to joining Riverstone, he worked for Gleacher & Company/Gleacher as Managing Director and co-head of Investment Banking. He worked in the investment banking division of Goldman Sachs in London and New York.
• Currently serves on the Board of Directors of TrailStone, Riverstone Energy Limited and Vista Oil & Gas S.A. de C.V.
• Degree in law from the University of Dublin, Trinity College.

MAURICIO **DOEHNER**

Serves as an independent member of Vista's Board of Directors

• Mr. Doehner has been Executive Vice President of Corporate Affairs and Enterprise Risk Management at CEMEX since May 2014 and is a member of its Executive Committee, reporting directly to the CEO.
• Mr. Doehner began working with CEMEX in 1996 and has held various executive positions in areas such as Strategic Planning, Institutional Relations and Communications and Business Risk Management for Europe, Asia, Middle East, South America, and Mexico.
• While acting in such capacities, he has led interactions and collaboration with several governments worldwide, as well as engaging in evaluation of tax structures, public policy initiatives, corporate social responsibility, communications, and crisis management.
• Further, he worked in Mexico's Presidential Administration in 2000, leading its relationship with Mexican NGO's, dealing with diverse issues such as government reforms and the national budget.
• Currently, he is the President of the Board of the National Chamber of Cement (CANACEM), Vice-president of the Confederation of Industrial Chambers (CONCAMIN)
• Mr. Doehner holds a bachelor's degree in economics from Tecnológico de Monterrey, a master's degree in business administration from IESE/IPADE, and a professional certificate in competitive intelligence from the FULD Academy of Competitive Intelligence in Boston, Massachusetts.

SUSAN **SEGAL**

Serves as an independent member of Vista's Board of Directors

• President and CEO of Americas Society / Council of the Americas in 2003, after working in the private sector in Latin America and other emerging markets for more than 30 years.
• Prior to her current appointment, she was a Partner at Chase Capital Partners / JPMorgan Partners with a focus on private equity in Latin America and pioneering venture capital investments in the region.
• Member of the Board of Americas Society / Council of the Americas, the Tinker Foundation, Scotiabank and Mercado Libre, as well as Chairman of the Board of Scotiabank USA, a wholly owned private subsidiary of Scotiabank. She is also a member of the Council on Foreign Relations.
• Graduated from Sarah Lawrence University and received a master's degree in business administration from Columbia University in the United States.

PIERRE JEAN **SIVIGNON**

Serves as an independent member of Vista's Board of Directors

• Mr. Pierre-Jean Sivignon was an advisor to the Chairman and CEO of Carrefour's Group in Paris until December 2018, where he previously held the positions of Deputy CEO, CFO and Member of the Executive Board as well as Chairman of the Board of their publicly traded subsidiary in Brazil.
• French baccalaureate with honors in France and received an MBA from ESSEC (Ecole Superieure des Sciences Economiques et Commerciales) also in France.

MARK **BLY**

Serves as an independent member of Vista's Board of Directors

• +30 years of experience in the oil and gas industry, and is currently the non-executive Chairman of the Board of Baytex Energy Corp, an oil and gas company based in Calgary, Canada.
• Previously, he occupied various executive positions at an international level at British Petroleum ("BP").
• Led the internal investigation of the 2010 incident, and is the author of the "Bly Report," which came to define the understanding of the event by the industry and represented the founding of the new global drilling practices program at BP.
• Master's degree in structural engineering from the University of California at Berkeley and bachelor's degree in civil engineering from the University of California at Davis.

GOVERNANCE

Does the company have...?

1 An independent policy statement on sustainability and fracking?
- *No*

2 A senior excecutive, reporting to the board, who is accountable and provides oversight for the impacts of fracking?
- *The company has an HSE team, but it does not feature any senior management staff.*

3 Senior executive compensation linked to sustainability metrics?
- *No*

4 Specific reporting of ESG risks specifically related to fracking?
- *There is no company's sustainability reporting. In the 20-K report, the company does not set a specific section to cover fracking risks.*

5 Fracking risks related goals and monitoring?
- *The company does not disclose this information*

6 Compliance with Third party standards, such as ISO?
- *Yes, the company complies currently with ISO 14001:2015*

7 Legal controversy reports?
- *Yes, the company discloses some controversies on its 20-F report. However, disclosure is brief and shallow. The forecasting reports that no consequences should derive from these controversies.*

8 A policy in order to pursue technology and innovation in fracking trough the Best available technology?
- *From the investor information, we understand the company does not have such a policy.*

WATER USE AND QUALITY

Does the company...?

9 Detail efforts in order to reduce water use, providing a policy along with plans and metrics, along with water recycling, reuse and treatment practices?
- *The company details vague operations related to water efficiency, without committing to any target or qualitative explanation of the subject.*
However, from reviewing the evidence presented at the ASSUPA trial, we understand that: the company pays for and subtract water from the "grupo neuquen" acquifer which is waterproofed by clay formations. The company provides double control with the provincial department of Rio Negro on water quality. As a production technique, the company uses deep disposition, which, alleges, it's the best one from the Ambiental point of view, since it avoids toxic substances in water or the ambient. The company uses disposal pits in order to dispose the production water. In the trial, the company details production steps to avoid pollution. The water comes from the subsoil.

Disclose water requirements for fracking operations, along with its financial implications?
10 *The company does not do this, not even in the ASSUPA trial*
- Disclose a water efficiency metric?
11 *No*
- Disclose the impact of the company's fracking related water?
12 *The company does not do this. However, in the ASSUPA trial, the company alleges that its water use in fracking is not responsible for the desertification in the region.*
- Subject itself to auditing from an independent third party in relation to water use?
13 *The company does not disclose this on investor information, but, from the ASSUPA trial, we understand that it is being audited by third parties.*
- Participate in regional or cumulative efforts to address local water availability?
14 *No*
- Disclose on its use of chemical components use, and pursue benign alternatives, while detailing goals?
15 *The company does not disclose on chemicals use.*
- Ensures well integrity?
16 *The company does not disclose on investor information on well integrity. Its references are vague. The company alleges to using some of the latest available horizontal*
- *drilling and completion techniques*

Manages water trough recycling?
17 *The company does not disclose this in investor information, but, from the evidence presented in the ASSUPA trial, we understand the company undertakes water recycling.*
- Report on water quality?
18 *The company does not report on water quality publicly. However, in the evidence presented on the ASSUPA trial, the company alleges to report water quality to the due*
- *authorities.*

GREENHOUSE GASES

Does the company...?

19 Monitor air emissions from fracking?
- *The company does not disclose on investor information any information regarding greenhouse gases emissions. However, from the ASSUPA case evidence, we understand that the company alleges to inform the respective national and provincial authorities. It says "gas venting" is a tolerated activity, carried out according to regulations. The company alleges to have installations that allow for minimal venting, and only in the necessary maintenance cases.*

20 Use energy alternatives, or has a strategy in place in order to find less polluting fuel sources for operations?
- *The company does not inform on investor information any policy to find alternative less polluting fuel sources for drilling.*

21 Implement green completion policies, in compliance with the US EPA regulation?
- *From the investor information provided, we understand that the company doesn't.*

COMMUNITY IMPACT AND CONSULTATION

Does the company...?

22 **Identify benefit sharing and economic impacts, implementing community development agreements?**
- *The company does not report to have a development agreement, but does embark on some community projects. Nor does it demonstrate employment opportunities to locals, nor demonstrate sustainable economic development at its projects.*

23 **Undertake community consultation?**
- *The company does not disclose how it engages with stakeholders.*

24 **Have fracking related grievance mechanisms?**
- *The company has a complaint mechanism supported by independent third parties, and have environmental provisions and expenditures.*

25 **Track performance on the complaints and grievances?**
- *The company does not disclose this publicly.*

26 **Reports publicly on the complaint's performance?**
- *No.*

Appendix | 22
ESG Scoring Methodology

To do a thorough validation of a company, it´s imperative to consider ESG factors. And to truly capture the risks of poor ESG indicators, a way must be found so that the ESG metrics impact the stock target price. With this in mind, we decided to integrate our ESG analysis into the valuation, using the Beta approach, suggested by the Principles of Responsible Investment (PRI).

The investigation was done in the following ESG pillars and categories used in Eikon:

PILLAR	CATEGORY
Environmental	Resource Use Emissions Innovation
Social	Workforce Human Rights Community Product Responsibility
Governance	Management Shareholders CSR Strategy

And once we had the score and grade, we applied a Beta Adjustment based on the SPICE Rating, as suggested in PRI.

SPICE RATING	BETA ADJUSTMENT
A+	-20%
A	-10%
B	0
C	10%
C-	20%

To each ESG pillar, we applied the following scoring:

SCORE RANGE	GRADE	DESCRIPTION
0.0<=score<=0.08333 0.08333<=score<=1.66666 1.66666<=score<=0.25000	D- D D+	"D" Score indicates por relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly
0.25000<=score<=0.33333 0.33333<=score<=0.41666 0.41666<=score<=0.50000	C- C C+	"C" score indicates satisfactory relative ESG performance and moderate degree of transparency in reporting material ESG data publicly
0.50000<=score<=0.58333 0.58333<=score<=0.66666 0.66666<=score<=0.75000	B- B B+	"B" score indicates good relative ESG performance and above average degree of transparency in reporting material ESG data publicly
0.75000<=score<=0.83333 0.83000<=score<=0.91666 0.91666<=score<=1	A- A A+	"A" score indicates excellent relative ESG performance and high degree of transparency in reporting material ESG data publicly

ESG Laggards

ESG Leaders

For Vista, the following scores and grades were applied:

ESG Scoring	Weight	Score Range	Weighted Score Range	Score
Environmental	35%	0.167	0.05845	D+
Social	35%	0.501	0.17535	B-
Governance	30%	0.887	0.2661	A
Total Score			0.4999	C+

We then compared the preliminary score of C+ obtained, with the ESG Controversies score. Since the latter was higher than our ESG score, no further penalization was applied, so the final grade remained as C+. The grade and score obtained are consistent with a Beta adjustment of +5% in our valuation, penalizing the company due to their moderate degree of transparency in reporting ESG material publicly.

ESG Preliminary Score	C+
ESG Controversies	A-
ESG FINAL SCORE	C+
Beta Adjustment	+5%

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