



GOBIERNO DE
SALTA

Financial Situation Analysis

November 3rd, 2020

THIS PRESENTATION HAS BEEN PREPARED BY THE PROVINCE OF SALTA (THE "PROVINCE") SOLELY FOR INFORMATION PURPOSES TO PROVIDE INVESTORS WITH AN UPDATE ON THE PROVINCE'S MACROECONOMIC CONDITION TAKING INTO CONSIDERATION THE IMPLICATIONS OF THE PROVINCE'S CURRENT DEBT AND OTHER LIABILITIES.

THIS PRESENTATION IS BEING MADE AVAILABLE SUBJECT TO THE FOLLOWING TERMS AND CONDITIONS WHICH ARE EXPRESSLY ACCEPTED AND AGREED TO BY ANY PERSON CONSULTING AND/OR REVIEWING THIS PRESENTATION.

THIS PRESENTATION IS NOT AN OFFER OR SOLICITATION OF AN OFFER TO BUY OR SELL SECURITIES IN ANY JURISDICTION OR AN INDUCEMENT TO ENTER INTO INVESTMENT ACTIVITY.

THIS PRESENTATION DOES NOT CONTAIN ALL THE INFORMATION THAT IS MATERIAL TO AN INVESTOR. NO PART OF THIS PRESENTATION, NOR THE FACT OF ITS DISTRIBUTION, SHOULD FORM THE BASIS OF, OR BE RELIED ON IN CONNECTION WITH, ANY CONTRACT OR COMMITMENT OR INVESTMENT DECISION IN RELATION TO ANY SECURITIES. THIS PRESENTATION IS NOT FINANCIAL, LEGAL, TAX OR OTHER PRODUCT ADVICE. FURTHER, THIS PRESENTATION HAS NOT BEEN PREPARED WITH REGARD TO THE INVESTMENT OBJECTIVES, FINANCIAL SITUATION AND PARTICULAR NEEDS OF ANY RECIPIENT OF THIS PRESENTATION. NO RECIPIENT IS THUS ENTITLED TO RELY ON THIS PRESENTATION FOR ANY PURPOSE WHATSOEVER AND ANY RECIPIENT SHOULD CONDUCT ITS OWN INDEPENDENT REVIEW AND ANALYSIS OF THE INFORMATION CONTAINED IN OR REFERRED TO IN THIS PRESENTATION AND CONSULT ITS OWN INDEPENDENT ADVISERS AS TO LEGAL, TAX AND ACCOUNTING ISSUES WHEN ASSESSING THE FINANCIAL CONDITION OF THE PROVINCE. THE INFORMATION IN THIS PRESENTATION REFLECTS THE PROVINCE'S REASONABLE UNDERSTANDING OF CONDITIONS, INCLUDING ECONOMIC, MONETARY AND MARKET PREVAILING AS OF THE DATE OF THIS PRESENTATION ALL OF WHICH ARE SUBJECT TO CHANGE WITHOUT NOTICE AND MAY NOT BE WITHIN THE PROVINCE'S CONTROL.

NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, IS MADE AS TO, AND NO RELIANCE SHOULD BE PLACED ON, THE FAIRNESS, ACCURACY, COMPLETENESS OR CORRECTNESS OF THE INFORMATION OR ANY OPINION CONTAINED HEREIN. THE INFORMATION CONTAINED IN THIS PRESENTATION SHOULD BE CONSIDERED IN THE CONTEXT OF THE CIRCUMSTANCES PREVAILING AT THE TIME AND WILL NOT BE UPDATED TO REFLECT MATERIAL DEVELOPMENTS THAT MAY OCCUR AFTER THE DATE OF THE PRESENTATION. NEITHER THE PROVINCE NOR ANY OF ITS AFFILIATES, AGENTS, DIRECTORS, EMPLOYEES, OFFICIALS, ADVISORS OR OTHER REPRESENTATIVES (THE "PROVINCE REPRESENTATIVES") SHALL HAVE ANY LIABILITY WHATSOEVER (IN NEGLIGENCE OR OTHERWISE) FOR ANY LOSS ARISING FROM ANY USE OF THIS PRESENTATION OR ITS CONTENTS OR OTHERWISE ARISING IN CONNECTION WITH THIS PRESENTATION. NEITHER THE PROVINCE NOR ANY PROVINCE REPRESENTATIVE UNDERTAKES TO PROVIDE THE RECIPIENT OR ANY OF ITS REPRESENTATIVES WITH ACCESS TO ANY ADDITIONAL INFORMATION OR TO CORRECT ANY INACCURACIES HEREIN THAT MAY BECOME APPARENT.

THIS PRESENTATION MAY CONTAIN STATEMENTS THAT REFLECT THE PROVINCE'S BELIEFS AND EXPECTATIONS ABOUT THE FUTURE. THESE FORWARD-LOOKING STATEMENTS ARE BASED ON A NUMBER OF ASSUMPTIONS ABOUT THE FUTURE, SOME OF WHICH ARE BEYOND THE PROVINCE'S CONTROL. THEREFORE, YOU SHOULD NOT PLACE UNDUE RELIANCE ON THEM. FORWARD-LOOKING STATEMENTS SPEAK ONLY AS OF THE DATE THEY ARE MADE. FORWARD-LOOKING STATEMENTS INCLUDE, WITHOUT LIMITATION, ANY STATEMENT THAT MAY PREDICT, FORECAST, INDICATE OR IMPLY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS, AND MAY CONTAIN WORDS LIKE "BELIEVE," "MAY," "WILL," "ESTIMATE," "ASSUME," "CONTINUE," "ANTICIPATE," "INTEND," "EXPECT" OR ANY OTHER WORDS OR PHRASES OF SIMILAR MEANING. WHILE THESE FORWARD-LOOKING STATEMENTS MIGHT HAVE BEEN REASONABLE WHEN FORMULATED, THEY ARE SUBJECT TO CERTAIN RISKS AND UNCERTAINTIES, INCLUDING THE POTENTIAL EFFECTS OF CURRENT EVENTS, SUCH AS THE COVID-19 PANDEMIC, THAT ARE NOT REASONABLY FORESEEABLE AT THIS TIME, THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE CONTEMPLATED BY THE RELEVANT FORWARD-LOOKING STATEMENTS. ACCORDINGLY, THE PROVINCE GIVES NO ASSURANCE THAT ACTUAL EVENTS WILL NOT DIFFER MATERIALLY FROM THE INFORMATION INCLUDED IN THIS PRESENTATION. ANY FORWARD-LOOKING STATEMENT CONTAINED IN THIS PRESENTATION REFLECTS THE CURRENT VIEWS OF THE PROVINCE WITH RESPECT TO FUTURE EVENTS, AND THE PROVINCE ASSUMES NO OBLIGATION TO PUBLICLY UPDATE OR REVISE THESE FORWARD-LOOKING STATEMENTS FOR ANY REASON, OR TO UPDATE THE REASONS ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE ANTICIPATED IN THESE FORWARD-LOOKING STATEMENTS, EVEN IF NEW INFORMATION BECOMES AVAILABLE IN THE FUTURE, EXCEPT AS OTHERWISE REQUIRED BY APPLICABLE LAW. THE INCLUSION OF PROJECTIONS IN THIS DOCUMENT SHOULD NOT BE REGARDED AS AN INDICATION THAT WE CONSIDER SUCH PROJECTIONS TO BE A RELIABLE PREDICTION OF FUTURE EVENTS. AS SUCH, NO REPRESENTATION CAN BE MADE AS TO THE ATTAINABILITY OF PROJECTIONS OR OTHER ESTIMATIONS OF FUTURE RESULTS. MARKET DATA, STATISTICAL INFORMATION AND INFORMATION AND DATA ABOUT THE REPUBLIC OF ARGENTINA HAVE BEEN OBTAINED FROM VARIOUS PUBLIC SOURCES THAT THE PROVINCE BELIEVES ARE ACCURATE AND CORRECT, BUT HAVE NOT BEEN INDEPENDENTLY VERIFIED BY THE PROVINCE. ALL PROJECTIONS, VALUATIONS AND STATISTICAL ANALYSES ARE PROVIDED TO ASSIST THE RECIPIENT IN THE EVALUATION OF MATTERS DESCRIBED HEREIN. THEY MAY BE BASED ON SUBJECTIVE ASSESSMENTS AND ASSUMPTIONS AND MAY USE ONE AMONG ALTERNATIVE METHODOLOGIES THAT PRODUCE DIFFERENT RESULTS AND, TO THE EXTENT THEY ARE BASED ON HISTORICAL INFORMATION, THEY SHOULD NOT BE RELIED UPON AS AN ACCURATE PREDICTION OF FUTURE PERFORMANCE.

1

Current Debt Situation of the Province

2

Current Fiscal Situation of the Province

3

Argentina Situation Update

4

2020 – 2030 Scenario

5

Liability Management Objectives

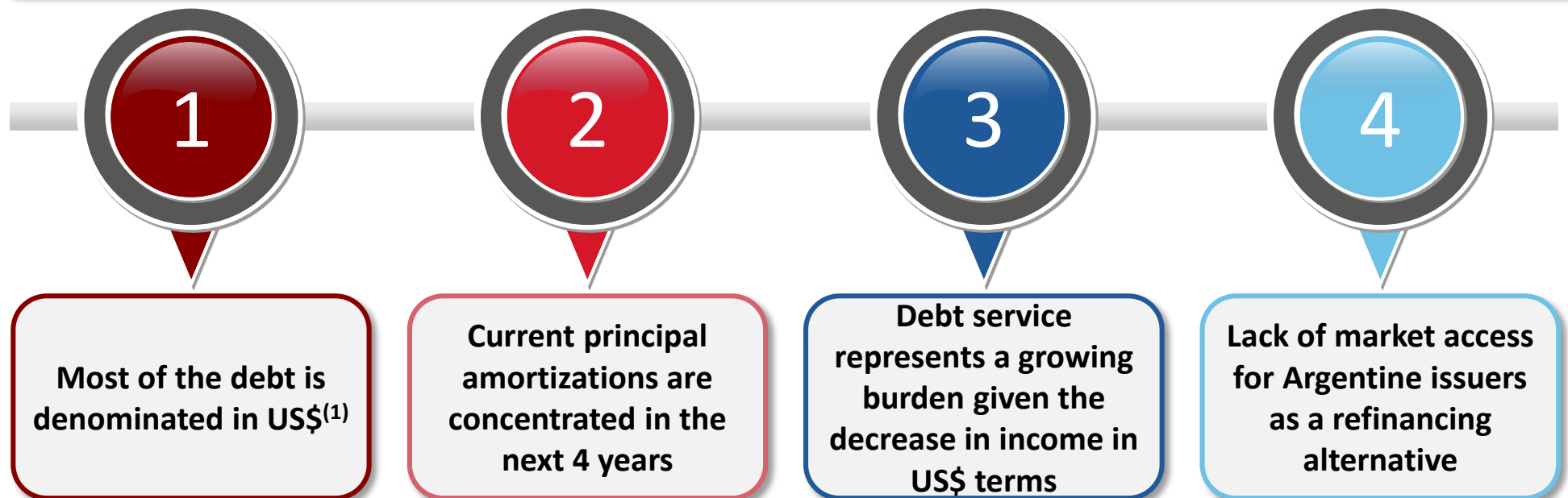


GOBIERNO DE
SALTA

Current Debt Situation of the Province

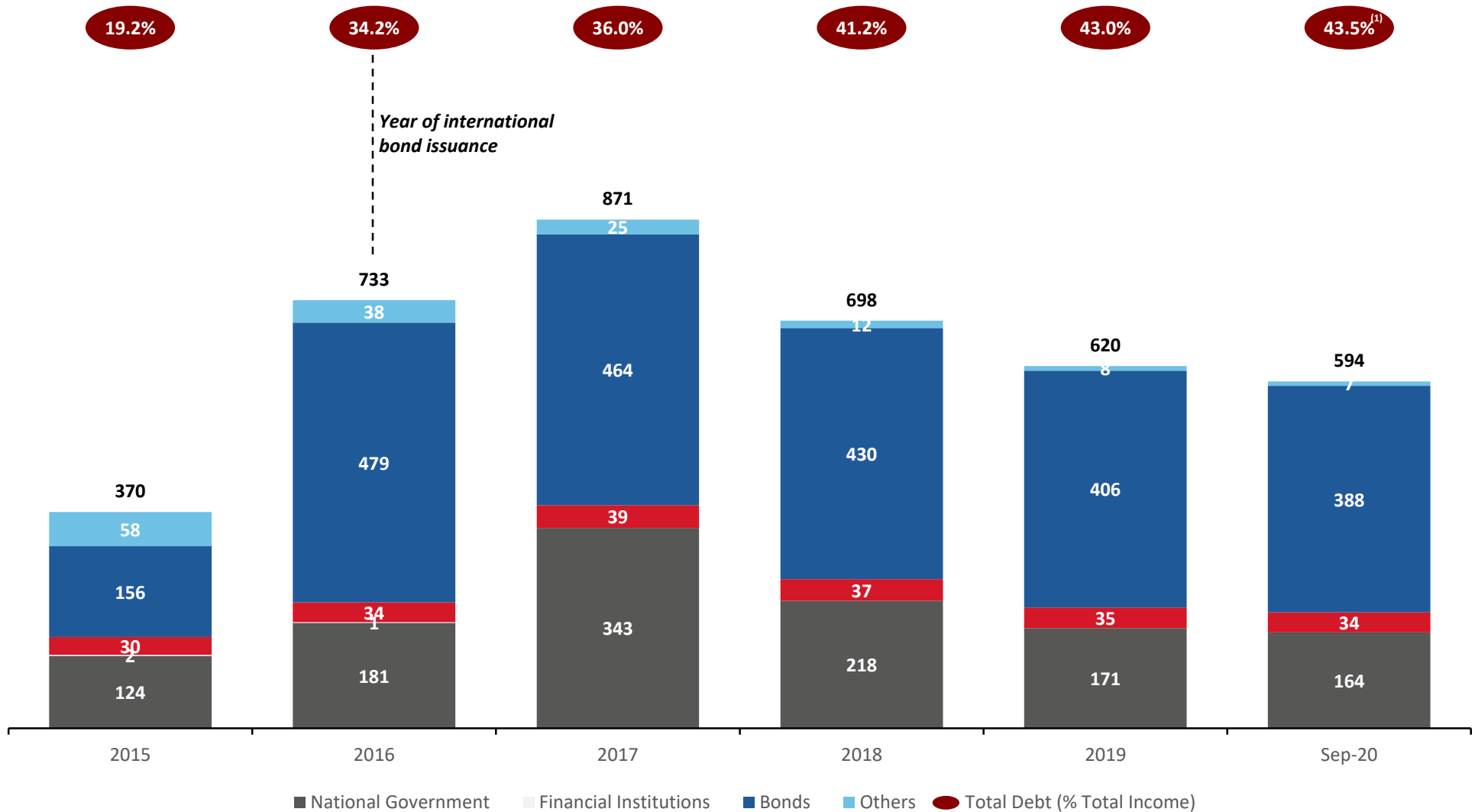
Salta's financial situation summary

- Salta's (the "Province") financial situation has deteriorated as a result of a combination of USD denominated debt, sharp devaluation of the Argentine Peso and a prolonged economic recession
- The impact of the COVID-19 pandemic has exacerbated the negative context, with a further decrease in economic activity and the need to reallocate public resources, which has put incremental pressure on the Province's fiscal situation
- Notwithstanding, and consistent with the Province's historical track record, the Province has made a significant effort to remain current on its financial obligations
- Even when recognizing that an imminent refinancing is required, Salta honored its foreign currency international bond coupon in August 2020
- The Province needs to re-align its current debt profile with its actual repayment capacity to be able to continue honoring its financial commitments



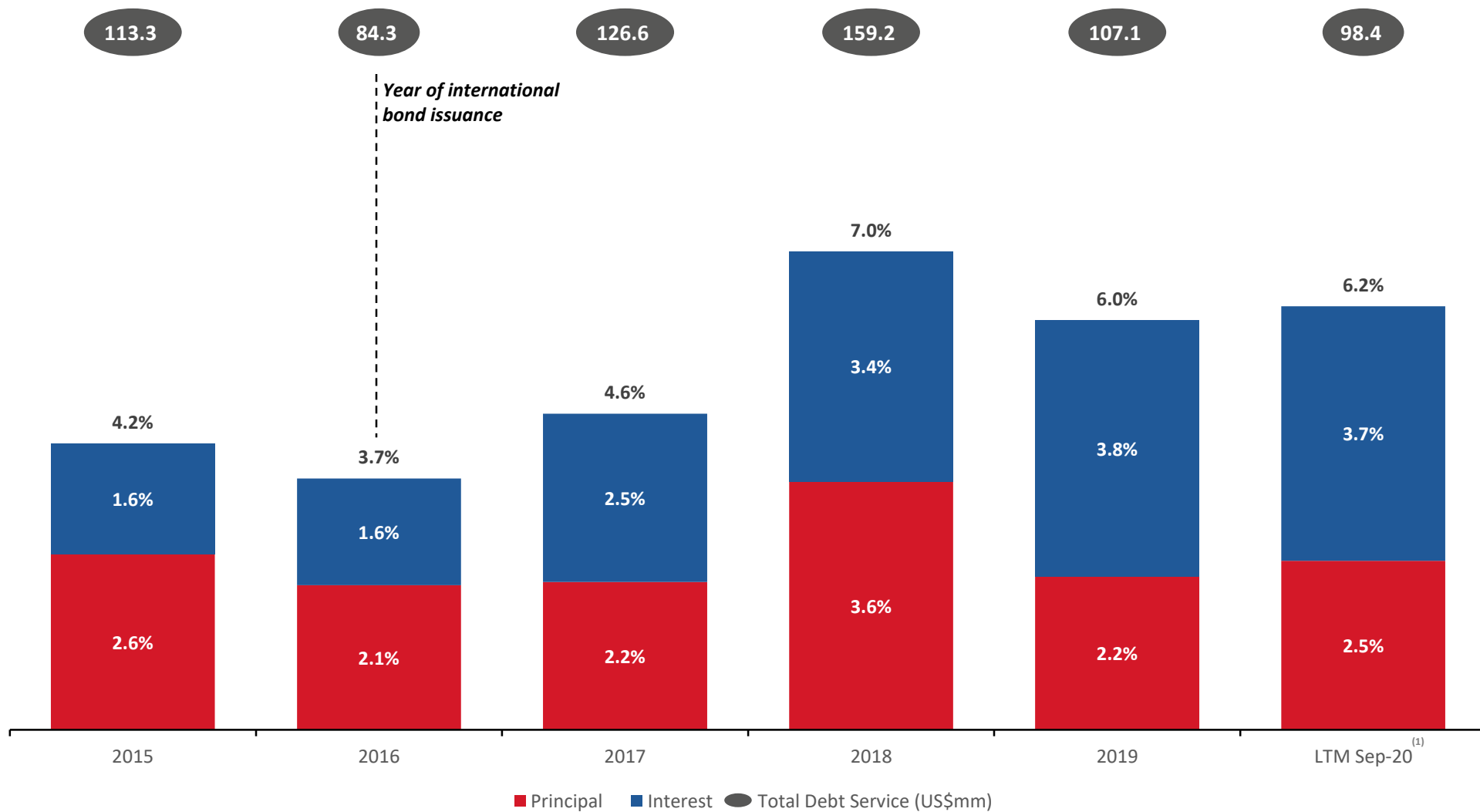
The Province has managed to remain current on its obligations without incurring significant incremental debt...

Debt Stock Evolution (US\$mm)



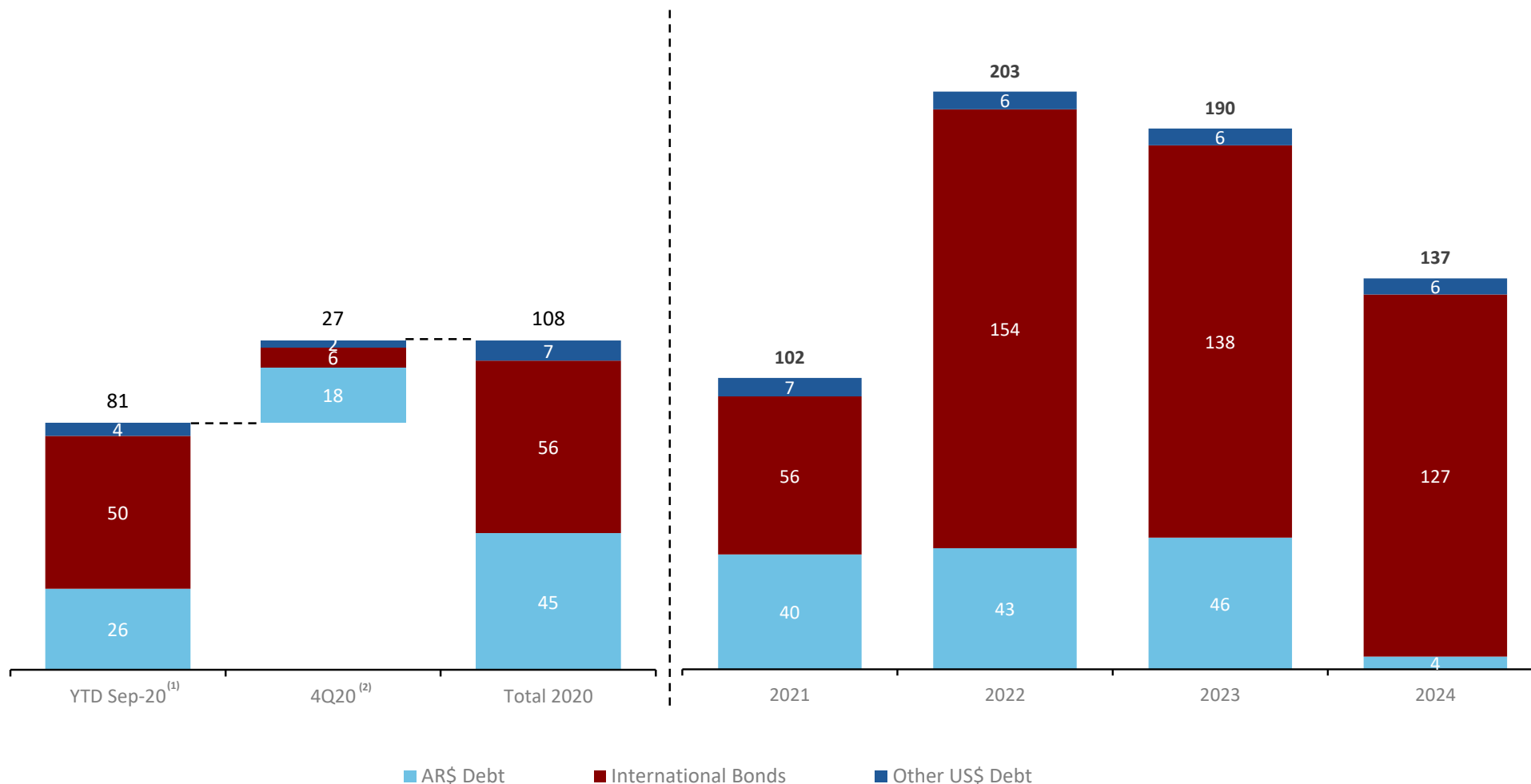
...Yet the debt service burden has significantly increased since 2018, as the Province's resources have decreased...

Debt Service Evolution (% of Total Income)



...With a high concentration of principal repayments due in the upcoming years

YTD Sep-20 and Projected Debt Service for Existing Debt (US\$mm)



Source: Ministry of Economy, Province of Salta.

Note: YTD Sep-20 figures converted to US\$ using average exchange rate from January 2020 to September 2020 published by the Central Bank of Argentina – Com. A3500 –: 67.49. Projected debt service figures converted to US\$ using the spot exchange rate published by the Central Bank of Argentina – Com. A3500 – as of 11/03/2020: 78.9033.

(1) YTD Sep-20 comprises from January 2020 to September 2020.

(2) 4Q20 comprises from October 2020 to December 2020.



GOBIERNO DE
SALTA

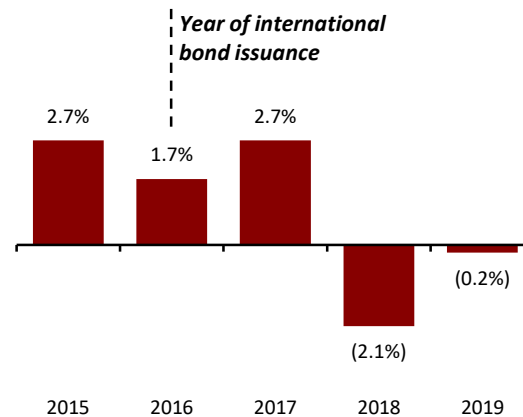
Current Fiscal Situation of the Province

The Province's economic activity has been in recession since 2018...

- Economic recession since 2018 has been driven by a general contraction across most of the Province's economic sectors
- Strong dependence on public sector and wholesale and retail trade sectors
- Recession has resulted in unemployment increasing from ~6% in 2015 to double-digit levels by 2019

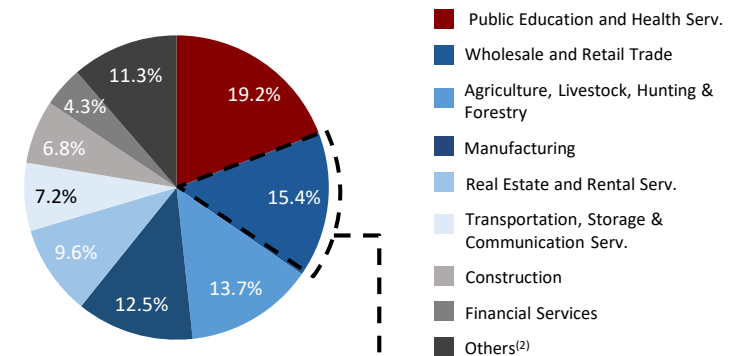
Real GDP Growth

(% YoY)⁽¹⁾



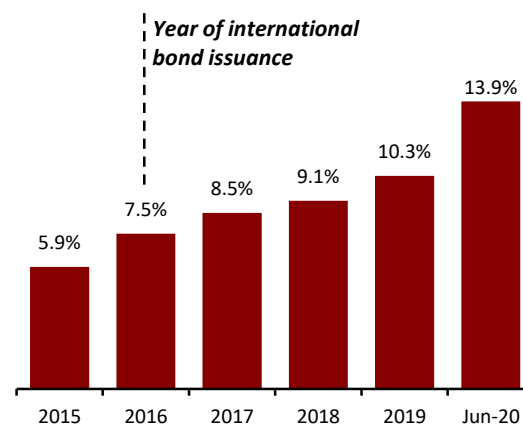
GDP Breakdown by Sector

(Average 2015 - 2019)



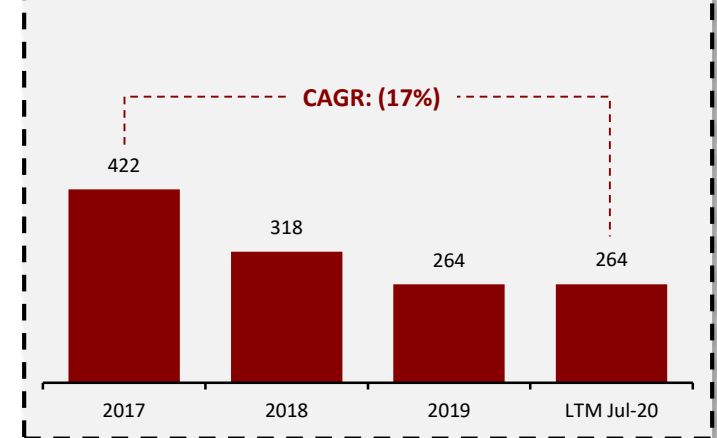
Unemployment Evolution

(%)⁽³⁾



Wholesale and Retail Sales Evolution

(US\$mm)⁽⁴⁾



10 Source: INDEC (National Institute of Statistics and Census) and Province of Salta.

(1) 2016 and 2017 figures are provisional and 2018 and 2019 figures are estimates. Growth calculated based on GDP at 2004 constant AR\$.

(2) Include: Mining, quarries, petroleum & gas; Electricity, gas and water; Other community, social and personal services and Hotels and restaurants.

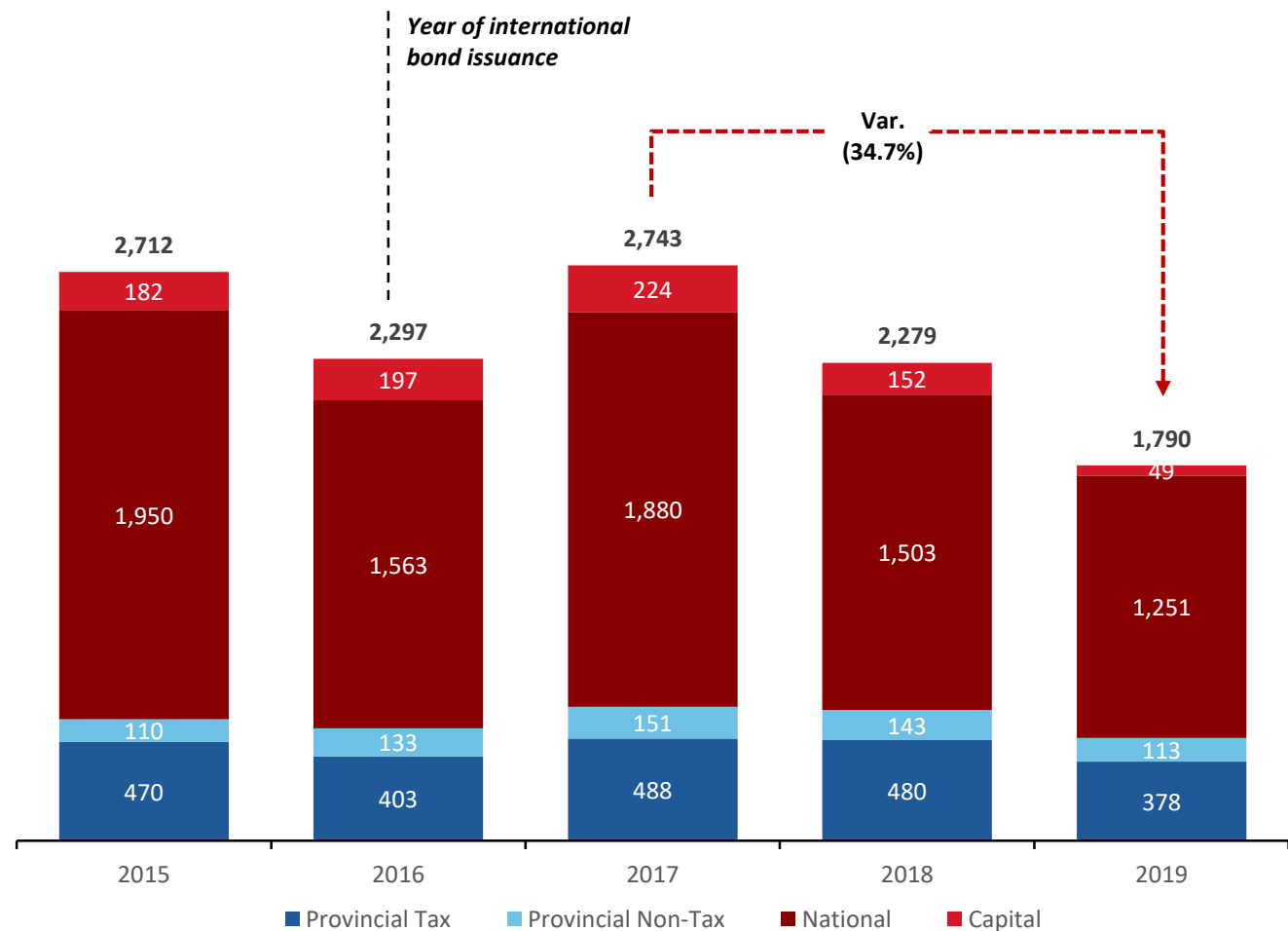
(3) Jun-20 data based on the 2Q20 Labor Market poll conducted by the INDEC. Considers only areas with a population higher than 500,000 inhabitants.

(4) Based on 07/2020 INDEC poll. Converted to US\$ at the average official FX rate. CAGR calculated as $(264 / 422)^{(1/(2020.07 - 2017))} - 1$.

...Leading to a sharp decrease in Government's income, with the value in dollar terms further hurt by the devaluation of the AR\$...

- Total income has decreased since 2017, mainly driven by:
 - A decrease in Salta's main source of income, National Income⁽¹⁾, which was severely affected by the broader recession
 - Suspension of the Federal Solidarity Fund in 2019 (created for the Federal Government to finance provincial sanitary infrastructure projects), which represented additional annual resources of US\$47mm on average between 2015 and 2018
 - A ~US\$43mm loss of resources due to the Fiscal Consensus Law

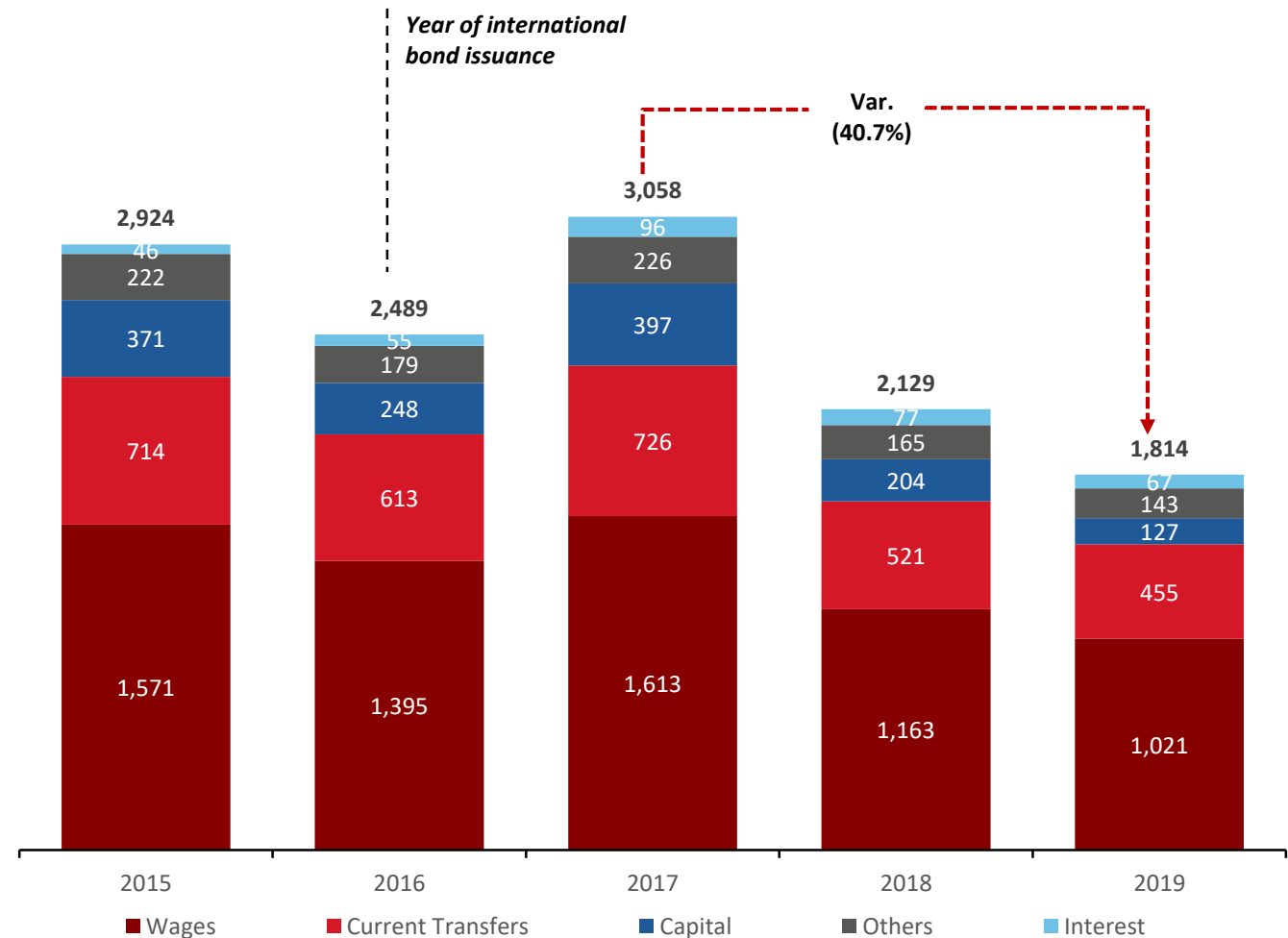
Total Income Evolution
(US\$mm)



...Which was partially offset by the Province's disciplined expense management policies...

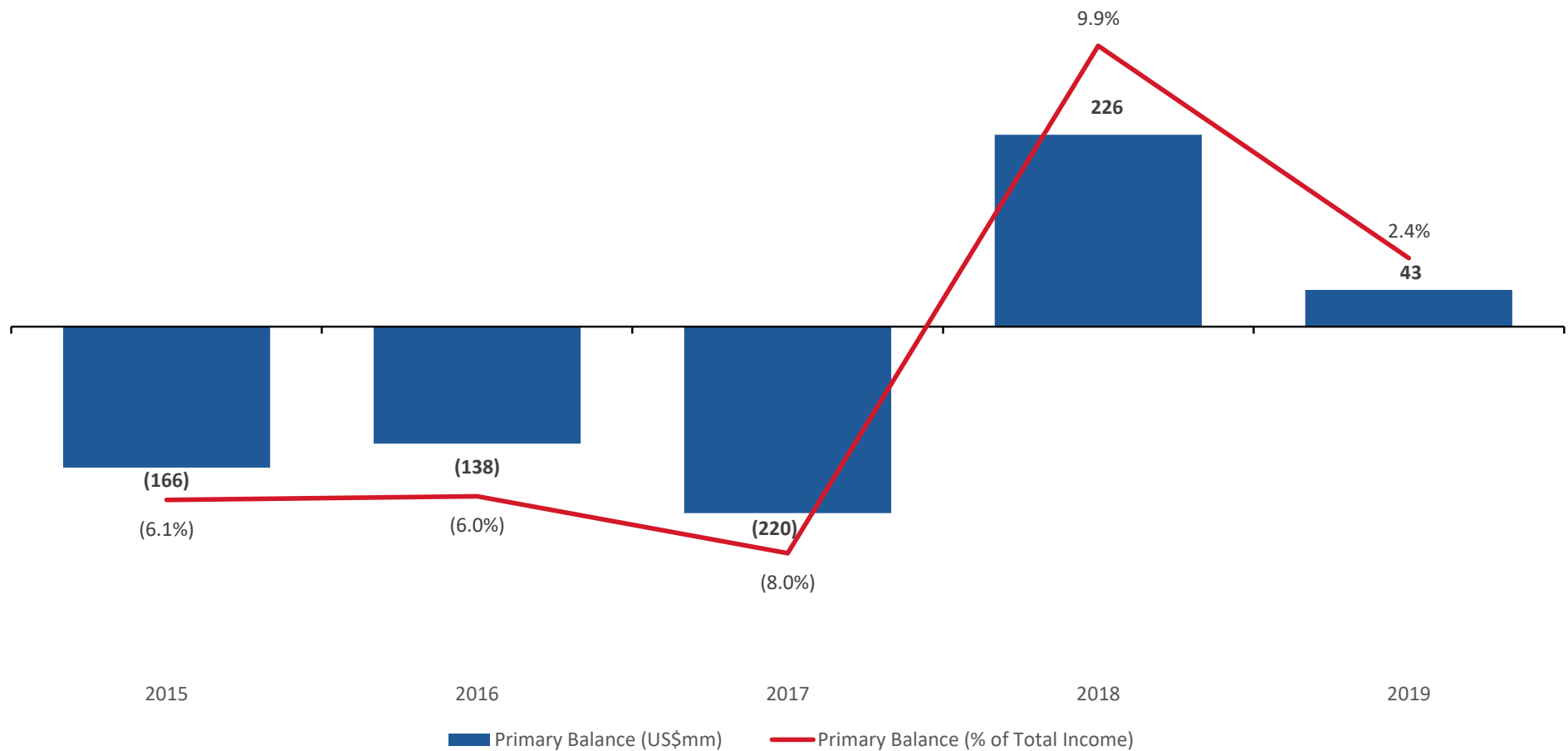
- Despite having a relatively fixed expense structure (wages and current transfers accounting for +80%), overall expenses decreased ~41% in US\$ terms since 2017, slightly outpacing the decline in Province's total income
- However, since 2014, the urban transport service has been subsidized by the Province, which has created a strong increase in expenditures
- +80% of the capital expenses corresponds to public infrastructure projects

Total Expenses Evolution
(US\$mm)



...Allowing for a relatively sound overall primary balance evolution

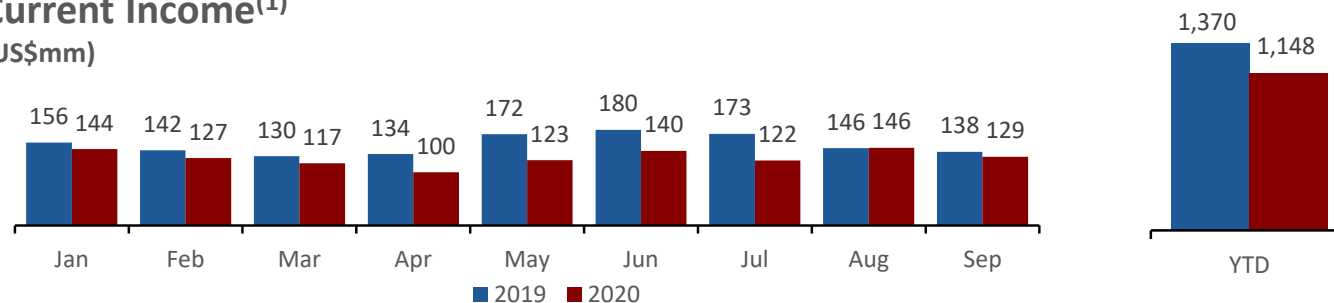
Primary Balance (US\$mm)



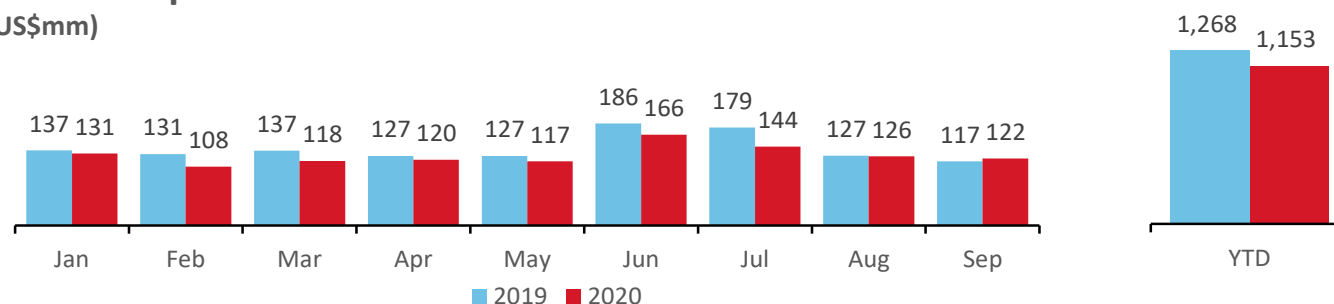
However, COVID-19 impact and recession have severely deteriorated the Province's budgetary performance

- COVID-19 has accelerated the economic recession, further reducing the Province's resources in 2020
- Salta expects to incur additional expenses of ~U\$30mm⁽²⁾ to address COVID-19, which are expected to offset ongoing cost-cutting initiatives:
 - Purchase of ambulances, medical equipment, modernization of hospitals and additional healthcare expenses
 - Increased transfers to municipalities to compensate for the decline of economic activity due to lockdowns

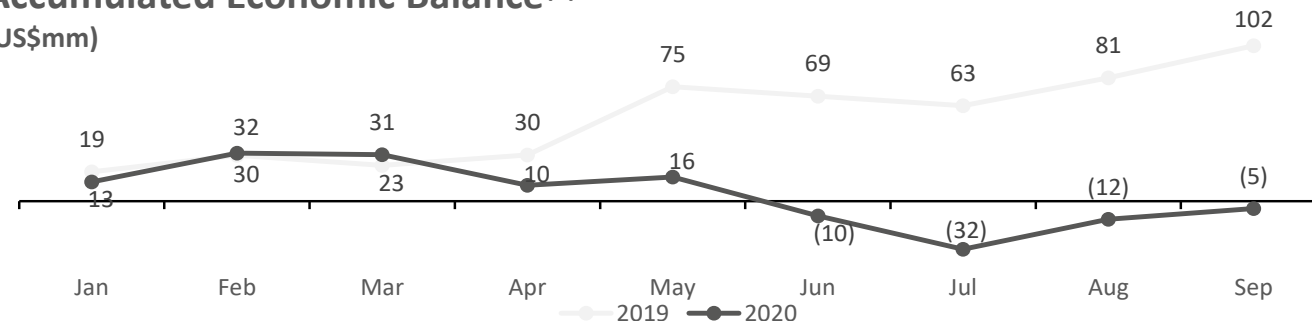
Current Income⁽¹⁾
(US\$mm)



Current Expenses
(US\$mm)



Accumulated Economic Balance⁽³⁾
(US\$mm)



In this context of ongoing recession and recent sharp fiscal deterioration, the Province has made an effort to service all of its debt obligations to date

Source: Ministry of Economy, Province of Salta.

Note: Figures converted to US\$ using average exchange rates published by the Central Bank of Argentina - Com. A3500 - (Jan-19: 37.41; Feb-19: 38.41; Mar-19: 41.36; Apr-19: 43.23; May-19: 44.93; Jun-19: 43.78; Jan-20: 60.01; Feb-20: 61.35; Mar-20: 63.12; Apr-20: 65.76; May-20: 67.73; Jun-20: 69.54; Jul-20: 71.48; Aug-20: 73.29; Sep-20: 75.20).

(1) Excluding non-refundable federal transfers.

(2) Full year 2020 revised budget as of September 2020.

(3) Current Income – Current Expenses.



GOBIERNO DE
SALTA

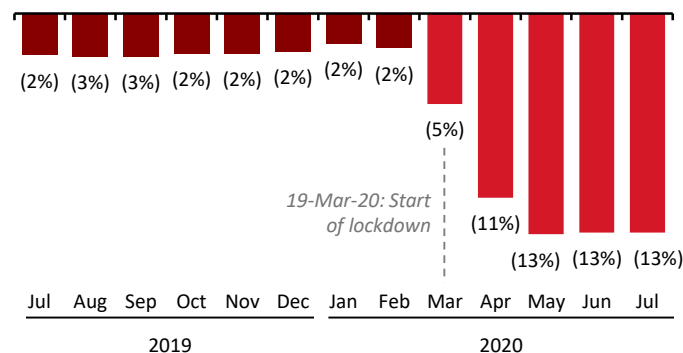
Argentina Situation Update

Argentina economic activity overview

- In order to mitigate COVID-19 impact, Argentina entered a mandatory lockdown in March 2020
- Certain industries have reopened their activity in recent months, yet many activities are still operating at limited capacity or remain closed
- As a result, Argentina's recession accelerated during 2020

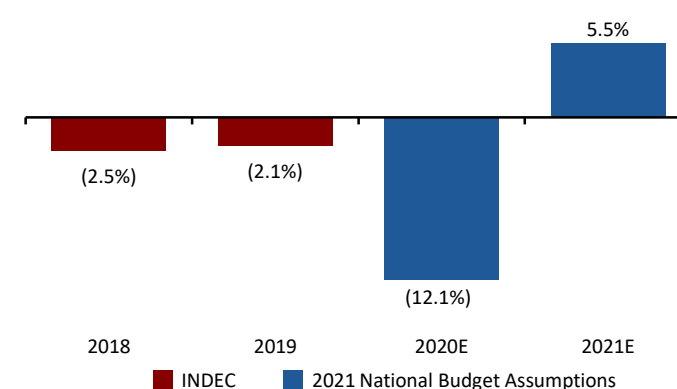
Real GDP Monthly Evolution

(YTD YoY Var.; %)⁽¹⁾



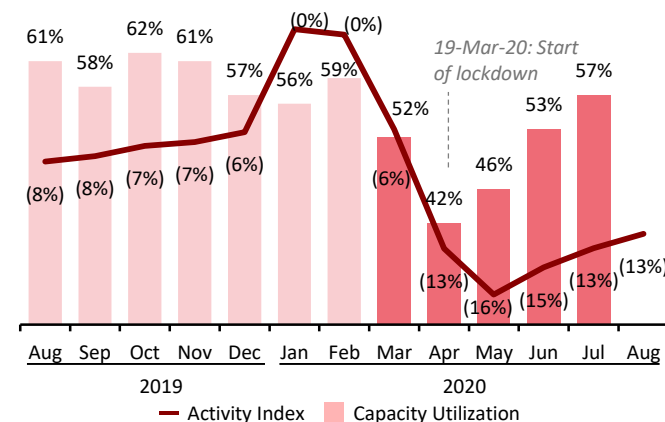
Real GDP Annual Evolution

(YoY Var.; %)⁽²⁾



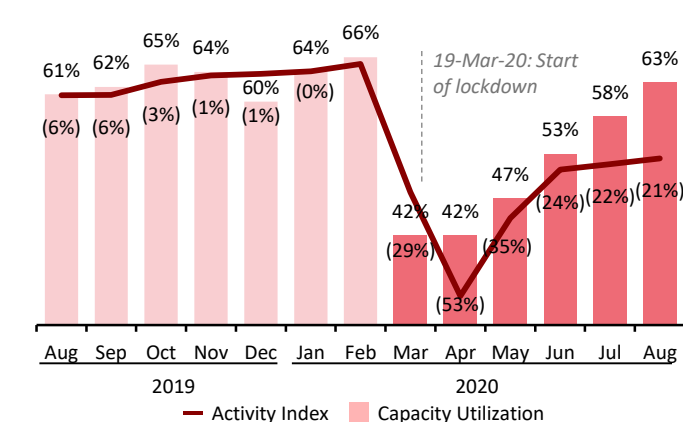
Industrial Sector

Activity Index (YTD YoY Var.; %) & Capacity Utilization (%)⁽³⁾



SMEs

Activity Index (YTD YoY Var.; %) & Capacity Utilization (%)⁽⁴⁾

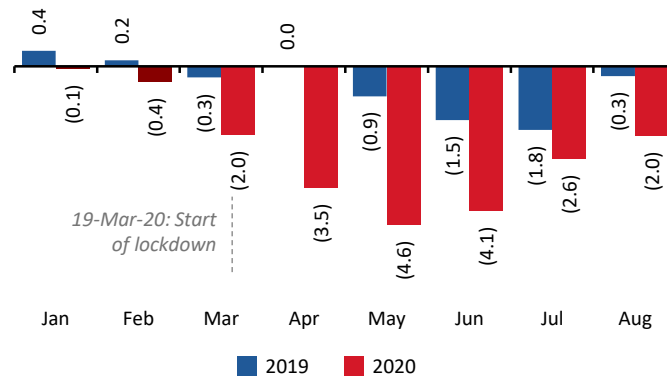


Fiscal overview: COVID-19 stimulus package and decreasing tax collection

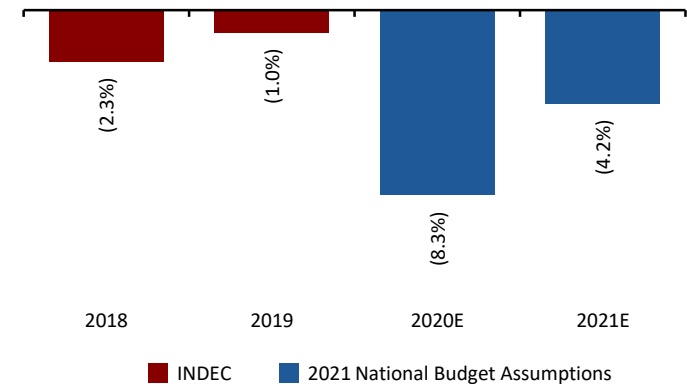
- National fiscal accounts have deteriorated during 2020, mainly due to a combination of lower tax collections and higher Government expenditure:

- Decrease in tax collection on the back of activity slowdown due to the mandatory lockdown
- COVID-19 stimulus package implemented by the National Government, which is estimated to represent ~6.6% of 2020 GDP

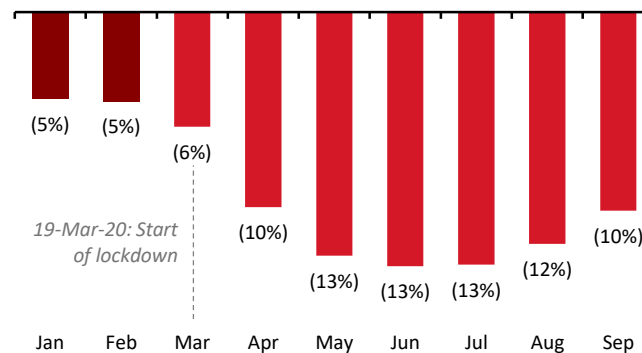
Fiscal Balance Monthly Evolution (US\$bn)⁽¹⁾



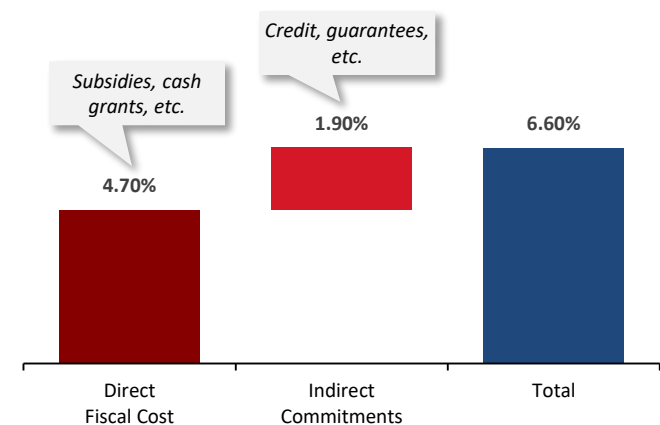
Fiscal Balance Annual Evolution Primary Balance (% GDP)⁽²⁾



Real Tax Collection Evolution (YTD YoY Var.; %)⁽³⁾



Stimulus Package 2020 GDP (%)⁽⁴⁾



Source: INDEC (National Institute of Statistics and Census), BCRA (Central Bank) and Ministry of Economy of the Republic of Argentina.

Note: Data corresponds to the Republic of Argentina. Actual results may differ materially from budget assumptions included above.

Note: Figures converted to US\$ using average exchange rates published by the Central Bank of Argentina - Com. A3500 - (Jan-19: 37.41;

Feb-19: 38.41; Mar-19: 41.36; Apr-19: 43.23; May-19: 44.93; Jun-19: 43.78; Jul-19: 42.54; Aug-19: 52.72; Jan-20: 60.01; Feb-20: 61.35;

Mar-20: 63.12; Apr-20: 65.76; May-20: 67.73; Jun-20: 69.54; Jul-20: 71.47; Aug-20: 73.29).

(1) Source: INDEC - Estimator of Economic Activity.

(2) Source: INDEC. 2020 and 2021 data from the 2021 National Budget assumptions (bill referral message, Section 9.3).

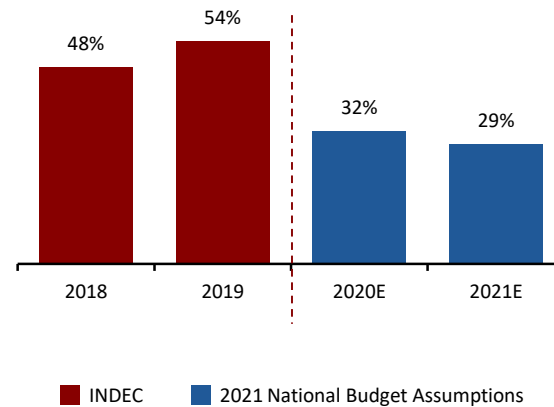
(3) Source: Ministry of Economy of the Republic of Argentina. Data in real terms (Jan-19=100) based on inflation published by INDEC.

(4) Source: 2021 National Budget assumptions.

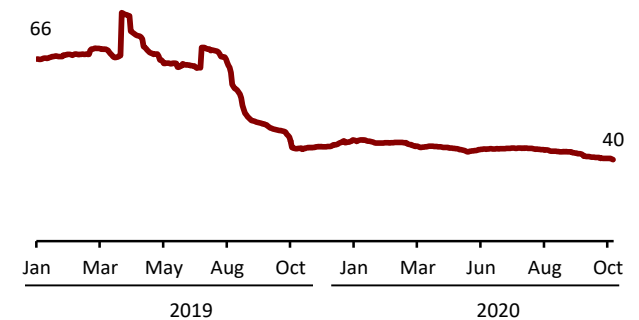
Monetary overview: double-digit inflation, devaluation and capital controls

- High levels of double-digit inflation assumed in the budget for 2020 and 2021
- Weakening of the AR\$ combined with a decrease in international reserves has resulted in the implementation of capital controls and restrictions on foreign debt servicing for both public and private sector issuers
- Lack of international debt market access at sustainable rates

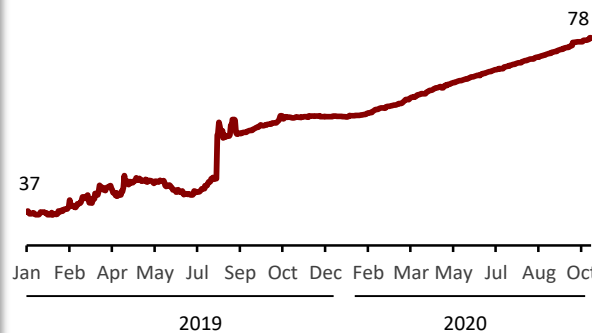
Annual Inflation Evolution (% YoY)⁽¹⁾



Gross International Reserves Evolution (US\$bn)⁽²⁾



Official FX Evolution (AR\$/US\$)⁽²⁾



Country Risk (EMBI+ Index) (bps)⁽³⁾





GOBIERNO DE
SALTA

2020 – 2030 Scenario

Main Assumptions

1) Macro

- Assumptions incorporate the expected COVID-19 impact and are based on growth and inflation guidelines provided by the Republic of Argentina⁽¹⁾
- Average inflation in 2021 assumed to be 30.3% and 26.2% in 2022, followed by a gradual reduction to 6.0% by 2030⁽²⁾

2) Income

- Current income is expected to decrease in real terms in 2020 mainly explained by both lower National and Provincial income given the ongoing recession. After 2021, current income is assumed to increase slightly in real terms
- Projections took into account the historical dependence on National sources income of ~70% of current income
 - Income from the National Government is assumed to improve as Argentina recovers from COVID-19 and resumes growth

3) Expenditures

- Projections incorporate historical expenditure composition, with Wages as the most significant expense. Wages are assumed to slightly increase in real terms
 - The Province does not intend to increase its employee base in the foreseeable future
- Capital expenditures are scheduled to plummet in 2020 given COVID-19 and recover gradually thereafter
 - Ongoing key projects focused on critical investments, such as the modernization of San Bernardo Hospital, are expected to be completed by the end of 2024
 - Starting in 2023, investments to improve roads, railways and power distribution are included in the projection

4) Key Metrics

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Real GDP Growth (%) ⁽¹⁾	(2.1%)	(12.1%)	5.5%	4.5%	3.5%	2.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Average Inflation (%) ⁽²⁾	54.0%	32.0%	30.3%	26.2%	21.8%	20.0%	17.0%	12.0%	9.0%	8.0%	7.0%	6.0%
Primary Balance (% of Total Income) ⁽³⁾	2.5%	(1.1%)	(1.4%)	0.1%	0.4%	1.3%	1.4%	0.8%	0.7%	0.7%	0.7%	0.6%

20 Source: Ministry of Economy, Province of Salta.

Note: Actual results may differ materially from the assumptions included above.

(1) Republic of Argentina Real GDP Growth (%). 2020 - 2030 data based on Republic of Argentina National Budget assumptions.

(2) Salta's average assumed inflation.

(3) Salta's assumed primary balance as % of total income.

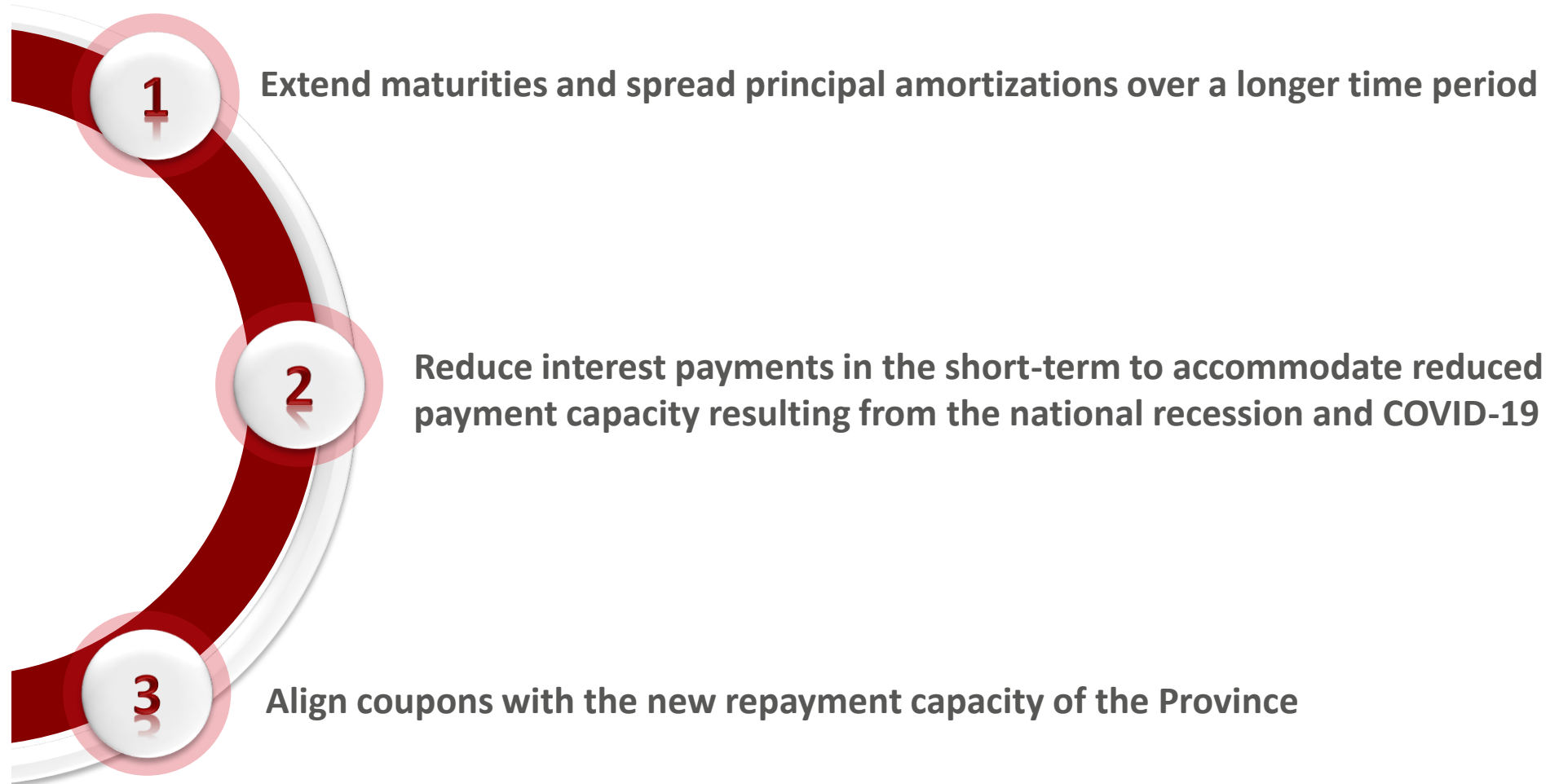


GOBIERNO DE
SALTA

Liability Management Objectives

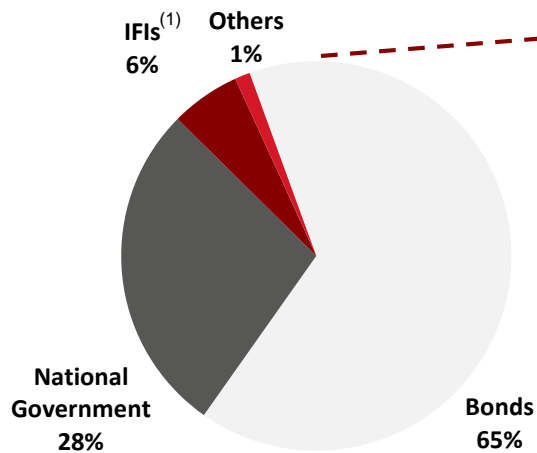
The Province has demonstrated its commitment to remain current. However, it is facing an unfavorable short-to-mid-term outlook, which affects its capacity to continue servicing its financial obligations under their current terms

The goals of the Province are to:



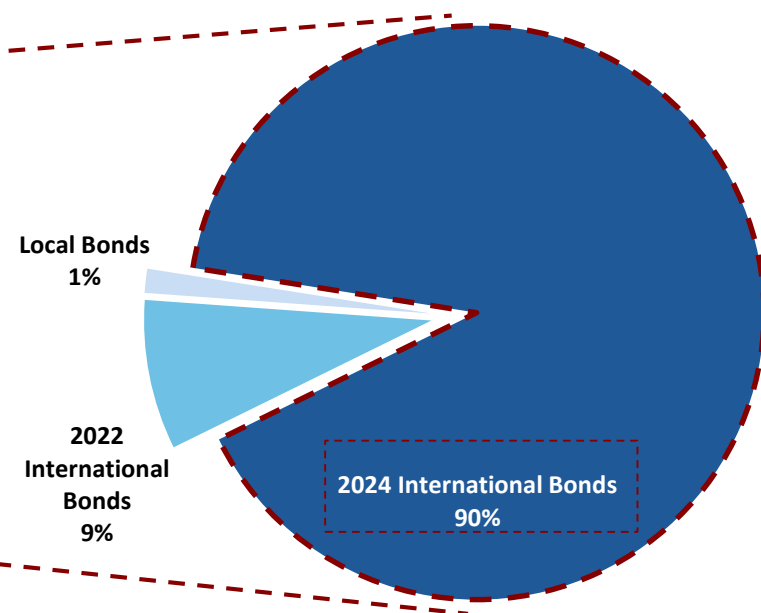
Total Public Debt (as of September 2020)

US\$594mm



Total Bonds

US\$388mm



US\$350mm

International Bonds