

January 23rd, 2025  
**Pampa Energía S.A.**

Pampa Energía is an Argentine company and a leader in the energy sector. Fully integrated, both directly and through its subsidiaries and affiliates, it covers almost the entire value chain of gas and electricity in the country. Its segments are divided into: Power Generation, Oil and Gas (O&G), Petrochemicals (PTQM), and Holding, with equity stakes in electric power transmission companies (26.3% of Transener) and natural gas transportation (25.8% of TGS).

As of the end of 3Q24, 32.5% of the company's shares remained under management ownership. The FGS of ANSES held 22.2% of the equity, 45% was publicly traded on the NYSE (PAM) and BYMA (PAMP) markets, and the remaining 0.3% was repurchased by Pampa.

## Results

Pampa's financial information is reported using the official U.S. dollar as its functional currency. Consequently, all flows and balances in our reports are expressed in U.S. dollars. The most recent financial statements were published for 3Q24, dated September 30.

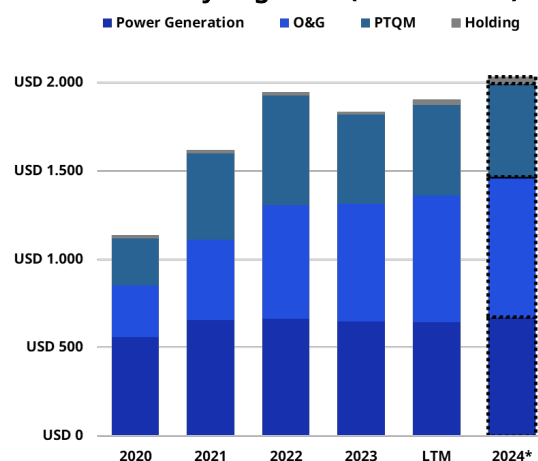
Unlike fiscal year 2023, covered in our previous report ([see here](#)), cumulative revenues for 9M24 experienced a notable rebound compared to the same period last year. During 9M24, sales grew by 5%, reaching USD 1.441 million. Over the last twelve months (LTM), total revenues amounted to USD 1.803 million, reflecting a 4% increase compared to fiscal year 2023. The improvement in 9M24 was primarily driven by the expansion of the O&G segment and a significant increase in revenues from the Holding segment, particularly in gas and electricity transportation. These gains more than offset the slower performance of the Power Generation and PTQM segments, which saw higher volumes sold but at lower prices.

On the other hand, analyzing the cash flows, Pampa reported an adjusted EBITDA of USD 754 million for 9M24, reflecting a 12% increase compared to 9M23 and a 4% increase compared to 9M22. Once again, the O&G and Holding segments were the primary drivers. Notably, tariff updates for 2024 for TGS and Transener significantly reversed the segment's performance. This improvement was also evident in the EBITDA margin, which reached 52%, recovering the level achieved in 9M22.

million USD	9M24	9M23	Δ%	9M22	Δ%
Revenue	1.441	1.370	5%	1.381	4%
Operating Result	392	414	-5%	482	-19%
Operating Margin	27%	30%	-300bp	35%	-800bp
Adjusted EBITDA	754	672	12%	725	4%
EBITDA Margin	52%	49%	300bp	52%	0bp

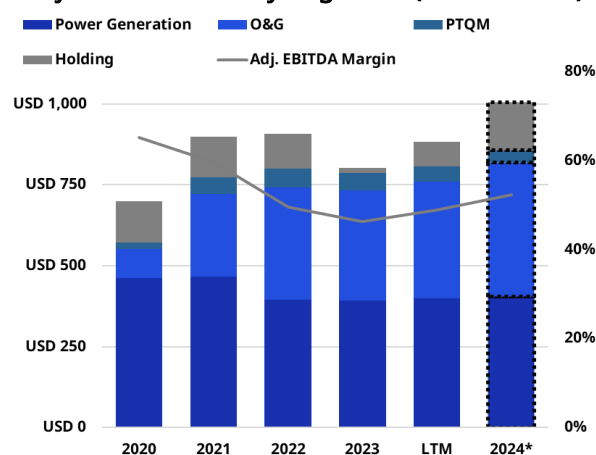
Source: Cucchiara Research based on FFSS.

## Revenue by segment (million USD)



Source: Cucchiara Research based on FFSS.

## Adjusted EBITDA by segment (million USD)



Source: Cucchiara Research based on FFSS.

## Power Generation

Pampa closed 3Q24 with a generation capacity of 5,426 MW, marking a 2% increase compared to the 3Q23, largely due to the commencement of operations at the PEPE VI wind farm. By the end of 3Q24, PEPE VI was generating 95 MW. With this additional capacity, Pampa increased its market share, holding 12.6% of Argentina's installed generation capacity. As of the latest quarter, the installed capacity was distributed across the following sources: thermal (76%), hydroelectric (17%), and wind (7%).

In 9M24, the average availability of the units operated by Pampa rose to 96.8%, up from 93.7% in 9M23, which had been affected by a series of incidents and maintenance activities at several plants. As a result, net energy generation continued to grow in 9M24, increasing by 6% compared to 9M23. Similarly, sales volume increased, with 17,539 GWh sold, reflecting a 4% rise compared to 9M23.

As of the latest update, 32% of the installed capacity was remunerated in official dollars: 20% through PPAs with CAMMESA (Renovar, Res. 21, Res. 220, and Res. 287), and 12% through private contracts under the "Energía Plus" and "MATER" schemes. The remaining 68% was priced under the regulated "Energía Base" scheme in pesos.

The downside of the higher volumes was the average negotiated prices (USD/MWh). Due to the carryover effect, the averages did not reflect the tariff adjustments granted by the Secretary of Energy in 2024 for remuneration under the "Energía Base" scheme. In 9M24, average prices in dollars decreased by 2% compared to 9M23.

Power Generation	2020	2021	2022	2023	9M22	9M23	9M24
Installed Capacity (MW)	4,955	4,970	5,088	5,332	4,970	5,332	5,426
% market share	11.8%	11.6%	11.9%	12.2%	11.6%	12.3%	12.6%
Energy Generated (GWh)	16,470	17,433	18,311	20,979	13,136	15,963	16,947
% market share	12.3%	12.3%	13.3%	14.9%	12.8%	15.1%	15.8%
Sales (GWh)	16,563	18,458	19,468	22,029	13,999	16,818	17,539
Av. Pr. (USD/MWh)	46.2	46.2	39.0	35.1	42.0	35.5	34.6
Av. Gross M. (USD/MWh)	35.3	30.3	23.0	21.8	25.2	22.1	22.4

Source: Cucchiara Research based on FFSS.

By offsetting low prices with higher volumes, generation sales remained stable. In 9M24, they totaled USD 505 million, similar to the values accumulated in 9M23 and 9M22. Notably, unlike previous years, remuneration for "Energía Base" gradually regained ground, adjusting above the devaluation rate. The total accumulated increase was 100% in 9M24, compared to a 20% devaluation.

Despite the improvement in remuneration for "Energía Base" the impact of the strong devaluation in 4Q23 was highly significant. As a result, contracts under "Energía Base" represented only 31% of the segment's total sales during 1Q24.

On the positive side, in 3Q24, sales grew by 12% compared to 3Q23, driven by tariff adjustments, higher thermal dispatch due to improved availability, and increased renewable generation following the inauguration of PEPE VI.

It is worth mentioning that, during 9M24, like other companies in the sector, Pampa had to absorb a loss on credits with CAMMESA. In May, it received sovereign bonds (AE38) at nominal value in exchange for the debt, resulting in a total operating loss of USD 53 million for Pampa. Meanwhile, Pampa's affiliate, CT Ensenada Barragán, recorded a total loss of USD 16 million.

The adjusted EBITDA for the segment in 9M24 totaled USD 304 million, 2% higher than in 9M23 and 2% lower than in 9M22. An improvement in operating costs helped recover the losses generated by the CAMMESA credits.

Gen. (million USD)	9M24	9M23	Δ%	9M22	Δ%
Revenue	505	507	0%	500	1%
Operating Result	153	228	-33%	273	-44%
Adj. EBITDA	304	297	2%	309	-2%
EBITDA Margin	60%	59%	200bp	62%	-200bp

Source: Cucchiara Research based on FFSS.

## Oil & Gas (O&G)

In the Oil & Gas segment, Pampa solidified its position as one of Argentina's leading gas producers. By the end of 3Q24, the company operated 12 productive areas (with over 800 active wells) and 5 exploratory areas, primarily located in the Neuquén Basin. In 9M24, Pampa set new production records, reaching 83.8 thousand barrels of oil equivalent per day (Mboe/d) — a 24% increase compared to 9M23. Gas accounted for 94% of total hydrocarbon production (78.8 Mboe/d), highlighting the company's ongoing focus on this market.

By block analysis, 61% of the gas production (primarily tight gas) came from "El Mangrullo" in Vaca Muerta, which grew by 26% compared to 9M23. Similarly, the performance of "Sierra Chata" (shale gas) remained exceptional, with a remarkable 42% year-over-year increase, now representing 24% of Pampa's total gas production. The continuation of the Plan Gas.Ar program and the commissioning of the GPNK pipeline in August 2023—alleviating bottlenecks in the main transportation system—significantly boosted gas production in Vaca Muerta. Furthermore, in 2024, the GPNK expanded its transport capacity with the addition of the Tratayén and Salliqueló compressor plants.

In 2024, a key milestone in oil was the start of operations at the promising "Rincón de Aranda" area in 2Q24, which Pampa had acquired in mid-2023. During 9M24, "Rincón de Aranda" contributed 0.9 Mboe/d of oil. Additionally, after the close of 3Q24, in October, Pampa sold its 22.5% stake in the Gobernador Ayala concession to Pluspetrol for USD 23 million.

As of the end of 2023, Pampa's proven reserves (P1) totaled 199 million boe, with a replacement ratio of 1.8 and an average lifespan of 8.6 years. The reserves were composed of 94% natural gas and 6% liquids, with 65% classified as developed and 35% as undeveloped.

O&G	2020	2021	2022	2023	9M22	9M23	9M24
Oil Production (Mboe/d)	4.4	4.7	5.3	4.8	5.2	5.0	5.0
Gas Production (Mboe/d)	40.6	47.1	57.7	60.6	58.4	63.5	78.8
Total Production (Mboe/d)	45.1	51.8	63.1	65.4	63.6	68.5	83.8
Oil Sales (Mboe/d)	4.6	4.6	5.3	5.0	5.3	5.3	4.8
Gas Sales (Mboe/d)	42.3	47.8	57.9	60.5	58.9	63.7	78.5
Total Sales (Mboe/d)	46.9	52.4	63.3	65.5	64.1	69.0	83.3
Av. Oil Price (USD/bbl)	39.0	58.8	69.6	66.2	70.5	65.5	71.0
Av. Gas Price (USD/MBTU)	2.2	3.6	4.2	4.2	4.3	4.5	3.9

**Source:** Cucchiara Research based on FFSS.

As a result of the production expansion, O&G sales in 9M24 rose by 9% compared to 9M23. This growth was driven by higher gas sales volumes in the local market, fueled by increased electricity demand and larger volumes awarded under the Plan Gas.Ar program. These gains were partially offset by lower volumes and prices negotiated with large users, impacted by reduced economic activity, as well as decreased gas exports and realized prices in the Chilean market. O&G exports represented only 14% of the segment's sales, totaling USD 84 million.

The significant volume of gas sales in the local market contributed to a boost in adjusted EBITDA, with the segment expanding by 7% compared to 9M23.

O&G (million USD)	9M24	9M23	Δ%	9M22	Δ%
Revenue	596	548	9%	491	21%
Operating Result	122	166	-27%	153	-20%
Adj. EBITDA	310	291	7%	275	13%
EBITDA Margin	52%	53%	-100bp	56%	-400bp

**Source:** Cucchiara Research based on FFSS.

## Petrochemicals (PTQM)

Pampa owns two highly complex plants that produce styrene, polystyrene, synthetic rubber, and reform products, which are sold both locally and internationally. In the PTQM segment, Pampa holds nearly total market share in the local market.

In 9M24, total sales volume increased by 12% compared to 9M23, driven by higher exports. However, average prices, as in 2023, declined once again, reaching USD 1,130 per ton. Export sales grew by 27% compared to 9M23, accounting for 37% of total sales.

PTQM	2020	2021	2022	2023	9M22	9M23	9M24
Sales Volume (Mtn)	336.7	417.3	421.5	405.0	301.6	311.4	348.4
Styrene & Polystyrene (Mtn)	94.4	114.5	113.5	111.7	83.8	84.0	63.6
Synthetic Rubber (Mtn)	37.3	49.3	45.8	43.2	36.2	32.1	33.3
Refor and Others (Mtn)	205.0	253.5	262.1	250.2	181.5	195.3	251.4
Average Price (USD/ton)	786	1175	1464	1251	1535	1247	1130

Source: Cucchiara Research based on FFSS.

The segment's adjusted EBITDA was significantly impacted, dropping by 15% compared to 9M23. This decline was driven by a lower international spread for reform products and an increase in operating costs in dollars.

PTQM (million USD)	9M24	9M23	Δ%	9M22	Δ%
Revenue	394	389	1%	463	-15%
Operating Result	25	26	-4%	40	-38%
Adj. EBITDA	28	33	-15%	44	-36%
EBITDA Margin	7%	8%	-100bp	9%	-200bp

Source: Cucchiara Research based on FFSS.

## Holding

Pampa's results for 9M24 were outstanding. Revenues surged by 164%, and EBITDA increased by 118% compared to the same period last year. The strong performances of TGS and Transener were particularly notable.

In TGS ([see our latest TGS report](#)), the adjusted EBITDA for 9M24 was USD 113 million, 55% higher than the total for 9M23. The improvement was mainly driven by the tariff adjustment on the regulated transportation business. Additionally, there were higher revenues from the midstream activity in Vaca Muerta. In Transener, Pampa's adjusted EBITDA from its shareholding reached USD 26 million, 29% higher than the previous year. The strong performance was driven by tariff adjustments that outpaced the period's devaluation.

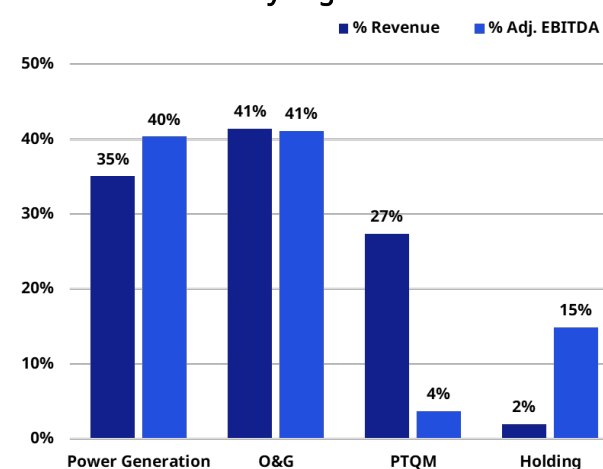
Since September 2024, Pampa has included OCP (Oleoductos de Crudos Pesados) from Ecuador in its consolidation. In August 2024, it acquired the remaining 36% of OCP, where it already held a 64% stake, for USD 23 million. In 9M24, OCP contributed USD 7 million to adjusted EBITDA.

Holding (million USD)	9M24	9M23	Δ%	9M22	Δ%
Revenue	29	11	164%	16	81%
Operating Result	92	-6	1533%	16	475%
Adj. EBITDA TGS	113	73	55%	97	16%
Adj. EBITDA Transener	26	20	29%	12	112%
Adj. EBITDA Holding	112	51	118%	97	16%

Source: Cucchiara Research based on FFSS.

In 9M24, the O&G segment became the largest contributor to EBITDA. In just a few years, with Vaca Muerta, Pampa transitioned from being primarily a generation company to a significant player in the O&G sector.

## Contribution by segment as of 9M24



Source: Cucchiara Research based on FFSS.

## Debt profile

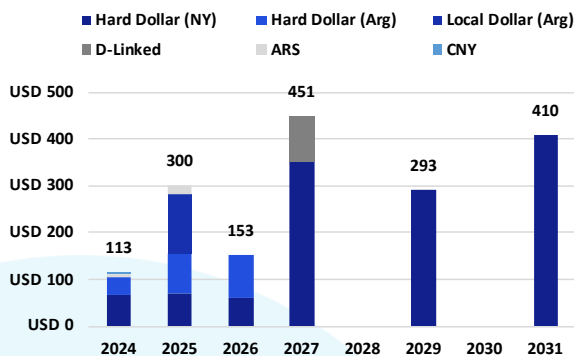
As of 3Q23, Pampa's financial debt (excluding affiliated) totaled USD 1,725 million. Of this, 99% of the debt was issued in dollars. 90% of the debt was issued through corporate bonds: 72% in four hard dollar bonds under New York law, 11% in three bonds under Argentine law with payment in hard dollars, 6% in a dollar-linked corporate bond, and 1% in a bond in pesos at the BADLAR rate. The remaining 10% of the debt primarily consisted of bank loans in dollars.

Debt increased by 19% compared to the end of the 2023 fiscal year. This rise was primarily due to the international issuance of the Class 21 bond maturing in 2031 in September, which was partially offset by the repurchase of 53% of the Class 1 NY Law maturing in 2027.



The new debt profile extended the average life of the debt to 3.4 years. The average interest rate for international debt was 8.3%, while for Argentine law debt in dollars, it was 4.5%.

### Debt profile as of 3Q24 (millions of USD)



Source: Cucchiara Research based on FFSS.

Despite the increase in debt, net debt decreased to USD 539 million at the end of 3Q24, marking the lowest level in the last 8 years for Pampa. Cash and financial assets grew by 42% compared to 2023. This change was driven by contributions from the operating cash flow. According to our estimates, 80% of cash and financial assets were denominated in dollars.

Considering the net debt and the adjusted EBITDA over the last 12 months (LTM), the company achieved a very comfortable net leverage level of 0.8 times.

This represents a strong coverage level, particularly given the company's expansion in generation and its focus on extracting liquids from "Rincón de Aranda." Due to the higher weighting of debt in dollars, the EBITDA coverage ratio against interest expenses decreased to about 5.7 times, which remains a very comfortable ratio for Pampa.

million USD	3Q24	4Q23	Δ%	4Q22	Δ%
Financial Debt	1.725	1.448	19%	1.613	7%
Cash & Fin. Assets	1.186	834	42%	700	69%
Net Debt	539	613	-12%	913	-41%
Ad. EBITDA (LTM)	692	671	3%	738	-6%
Net Debt/EBITDA	0,8	0,9	-0,1	1,2	-0,5
Annual Interest	121	109	11%	165	-27%
EBITDA/Interest	5,7	6,2	-0,4	4,5	1,3

Source: Cucchiara Research based on FFSS.

After the close of 3Q24, Pampa issued a new international bond, Class 23, maturing in 2034, for USD 360 million. The funds were partially used to redeem the remaining portion of the Class 1 bond maturing in 2027.

### PAMPAR 9 ½ 2026 (Cl. 9 - MGC90)



Source: Bloomberg.

PAMPAR 2026 pays a 9.5% semiannual coupon and has three annual installments. Its duration is 1.3 years, and its circulating amount is USD 179 million. It has a minimum denomination of only 1 nominal. It trades clean at 104%, with a Yield to Maturity (YTM) of 6.4%.

### PAMPAR 9 ½ 2029 (Cl. 3 - MGC30)



Source: Bloomberg.

PAMPAR 2029 is a bullet bond that pays semiannual coupons of 9.125%. It has an outstanding of USD 293 million, and its minimum trading denomination is 150,000. The bond is trading at levels of 103.25%, offering a YTM of 8.2%, with a duration of 3.4 years.

### PAMPAR 7.95 2031 (Cl. 21 - MGCMO)



Source: Bloomberg.

PAMPAR 2031 bullet bond pays coupons of 7.95% semiannually. With outstanding of USD 410 million it has minimum piece of 10,000. The bond trades 101.75%, offering a YTM of 7.5%, with a duration of 5 years.

### PAMPAR 7 ½ 2034 (Cl. 23 - MGCOO)



Source: Bloomberg.

PAMPAR 2034 is bullet and pays an annual coupon of 7.875% twice a year. With outstanding of USD 360 million has minimum denomination of 10,000. The bond is trading at levels of 99.5%, offering a YTM of 7.95%.

### Outlook

In generation, Pampa shows potential for improvement, especially with the upcoming updates to “Energía Base” tariffs. If industrial activity recovers in Argentina this year, Pampa could expand its sales to large clients. This recovery would also positively impact its petrochemical segment.

In O&G, the business remains strong. Pampa’s new focus in Vaca Muerta is the “Rincón de Aranda” area. With projected investments of USD 1.5 billion Pampa plans to increase its production to 45 Mboe/d by 2027. The “Rincón de Aranda” development marks a strategic pivot, reducing its dependency on gas.

In the regulated segment, the gas and energy transportation business showed a strong recovery. By 2025, the government is expected to implement an inflation-adjusted tariff scheme to maintain company profitability.

Pampa demonstrates robust strength, with a Net Leverage of only 0.8 times and an improved debt maturity profile with no significant commitments until 2029. Its business diversification and financial discipline are key strengths. Pampa’s bonds operate below the curve of Argentine corporate yields. When compared to sector peers such as CGC, Capex, or YPF, Pampa offers lower yields, but with significantly lower debt ratios. For current bondholders, we recommend maintaining positions. For new investors, we consider PAMPAR 7 ½ 12/16/34 to be the most attractive, particularly in a context where US Treasury bond yields are expected to decrease in the coming years.

Our outlook for the 4Q24 closing is positive, and we share the optimism regarding Pampa’s growth for 2025. Accordingly, our foreign custody corporate bond fund has allocated 13.8% of its assets to Pampa’s bonds, while the local fixed-income fund in dollars holds 7.2% of its portfolio in the same instruments.

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