March 17, 2026

**Transportadora de Gas del Sur S.A.**

Transportadora de Gas del Sur (TGS) is an Argentine energy company that provides integrated services for the natural gas industry. With a network of nearly 9,300 km of pipelines, it is the country's leading natural gas transportation company and the second-largest natural gas liquids processor. Through its facilities in Bahía Blanca, with a processing capacity of 47 MMm$^3$/d, TGS produces propane, butane, natural gasoline, and ethane, and is also the leading midstream operator in Vaca Muerta, with pipelines and gas treatment, processing, and compression plants. Pampa Energía, combining direct and indirect ownership, holds a total 26.9% stake in TGS.

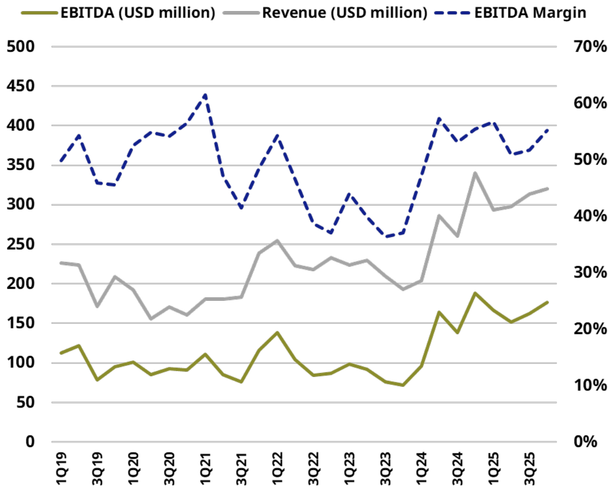
## Results

TGS reported its results for fiscal year 2025. In our previous report, at the close of 2024 (see here), we had highlighted the sharp increase in transportation revenues following the tariff adjustment, along with the strong growth of the midstream business in Vaca Muerta. In 2025, this trend deepened: the company consolidated its core transportation business and achieved new record levels in midstream. In contrast, the liquids business posted a weak performance. Production was affected by the severe flooding in March in Bahía Blanca, as well as by lower international prices. Annual revenues totaled USD 1,225 million, representing a 12% YoY increase. EBITDA reached USD 656 million, also growing 12% YoY. Operating and EBITDA margins stood at 52% and 54%, respectively, historically high levels.

| USD million | 2025 | 2024 | Var (%) | 2023 | Var (%) |
|---|---|---|---|---|---|
| Revenue | 1,225 | 1,090 | 12% | 856 | 43% |
| Operating Result | 637 | 577 | 10% | 323 | 97% |
| EBITDA | 656 | 586 | 12% | 338 | 94% |
| Operating Margin | 52% | 53% | -95 bp | 38% | 1430 bp |
| EBITDA Margin | 54% | 54% | -18 bp | 39% | 1415 bp |

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

**Revenue, EBITDA and EBITDA margin (qtr.)**




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

**Natural Gas Transportation**. Once again, it posted strong growth in 2025, driven by tariff recovery. Revenues reached USD 504 million, 25% higher than in 2024 and 172% above 2023 levels. As a result, transportation accounted for 41% of TGS's total revenues, compared to 37% the previous year. In 2025, the government implemented tariff increases of 2.5% in January, 1.5% in February, and 1.7% in March. Then, in April, the pending Revisión Quinquenal de Tarifas (RQT) was approved, along with a mandatory investment plan for the 2025–2030 period and an initial tariff schedule that included a weighted average increase of 4.74%. Subsequently, in June, the government established a periodic adjustment mechanism based on inflation.

Operational indicators also improved. Average system injections reached 86.4 MMm$^3$/d, 4% higher than in 2024. Average deliveries stood at 74.2 MMm$^3$/d, while contracted firm capacity reached a new record of 89.3 MMm$^3$/d. Transportation EBITDA totaled USD 334 million in 2025 (51% of TGS's total), representing a 32% YoY increase. At the same time, the EBITDA margin expanded to 66%.

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In addition, in July 2025 the government granted a 20-year extension of TGS's transportation license, extending its validity until 2047. In this context, the company presented new investment plans. In October 2025, TGS won the tender for the expansion of the Perito Moreno Gas Pipeline (GPM), aimed at increasing natural gas transportation capacity from Vaca Muerta by 14 MMm$^3$/d. The project involves an investment of USD 560 million, under the RIGI framework, with an estimated execution period of approximately 18 months. Additionally, TGS plans to invest around USD 220 million to increase pressure across its existing transportation system toward the country's main consumption centers.

**Natural Gas Liquids**. In early March 2025, unprecedented rainfall in Bahía Blanca caused flooding at the Cerri Complex, temporarily halting TGS's liquids production. Operations began to resume in mid-April and returned to normal levels by May. In 2025, liquids sales totaled USD 469 million, representing a 4% YoY decline. Exports accounted for 44% of sales. International prices remained weak, with butane and natural gasoline averaging a 10% decrease compared to the previous year. Total volume sold reached nearly 1.08 million tons, essentially in line with 2024 despite the operational disruption. Butane stood out in exports, with volumes growing 32% YoY, at the expense of domestic sales, which fell 27%.

In terms of profitability, the impact of the extreme weather event was more pronounced. Segment EBITDA reached USD 157 million, a 21% decrease compared to 2024, marking its lowest level since the post-pandemic period. In addition to lower revenues, the results included recognition of losses and impairments associated with the environmental impact.

**Midstream and Other Services**. In Vaca Muerta, TGS operates 182 km of pipelines with a transportation capacity of up to 60 MMm$^3$/d and plants with processing capacity expanded to 28 MMm$^3$/d since February 2025. This segment also includes the operation and maintenance of the GPM along the Tratayén–Salliqueló section (573 km). In 2025, the midstream segment once again recorded higher transportation and processing volumes. As a result, contracted firm transportation capacity averaged 26.7 MMm$^3$/d in 2025 (vs. 22.8 MMm$^3$/d in 2024), while average daily deliveries increased from 20.7 to 24.9 MMm$^3$/d. In gas treatment, contracted firm capacity expanded from 14.5 to 20.8 MMm$^3$/d, while the average daily processed volume at Tratayén grew from 15.1 to 26.2 MMm$^3$/d.

From a financial perspective, revenues reached USD 247 million, a 29% YoY increase, representing 20% of TGS's total revenues. EBITDA totaled USD 165 million, up 24% YoY and accounting for 25% of consolidated EBITDA. The EBITDA margin remained stable at 67%.

### Debt Profile

At the end of 2025, TGS reported total financial debt of USD 1,172 million, entirely denominated in U.S. dollars. Of this, 82% corresponds to its two bonds under international law, while the remaining 18% consists of bank loans and leases, mostly short-term.

Debt doubled compared to year-end 2024, mainly due to the debt issuance in November 2025 of USD 500 million with an initial 8% annual coupon and a 10-year maturity—the longest in the company's history. The 2035 issuance received USD 1,300 million in demand, more than twice the amount offered.

Cash closed at USD 556 million, an increase of nearly USD 500 million compared to the previous year, driven by the new issuance and despite dividend payments of nearly USD 180 million. Of the total liquidity, 89% is dollar-denominated.

Financial assets remained largely stable at USD 694 million, 78% of which are in U.S. dollars.

Thanks to this solid liquidity position, net debt again closed in negative territory, albeit to a lesser extent, at USD -78 million. The Net Debt/EBITDA ratio stood at -0.1x. EBITDA coverage over interest paid reached 10.2x.

| USD million | 4Q25 | 4Q24 | Var (%) | 4Q23 | Var (%) |
|---|---|---|---|---|---|
| Financial Debt | 1,172 | 562 | 109% | 583 | 101% |
| Cash | 556 | 58 | 854% | 8 | 6687% |
| Financial Assets | 694 | 716 | -3% | 542 | 28% |
| Net Debt | -78 | -212 | -63% | 33 | -336% |
| LTM EBITDA | 656 | 586 | 12% | 338 | 94% |
| Net Debt/EBITDA | -0.1 | -0.4 | 0.2 | 0.1 | -0.2 |
| Interest Expense | 65 | 52 | 24% | 52 | 23% |
| EBITDA/Interest | 10.2 | 11.3 | -1.1 | 6.4 | 3.7 |

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

**TRAGAS 8 ½ 2031**: Bullet maturity in 2031 with semiannual interest payments at an 8.5% coupon. Outstanding amount is USD 490 million. Trades clean at USD 105.6, with a yield of 7.2% and modified duration of 4.2.

**TRAGAS 7 ¾ 2035**: Issued for USD 500 million, bullet maturity in 2035 with semiannual coupon of 7.75%. Trades at USD 102.4, with a yield of 7.4% and modified duration of 6.6.

| ISIN | Description | Ticker | Clean | YTM | MD | Min. |
|---|---|---|---|---|---|---|
| USP9308RBA07 | TRAGAS 8 ½ 07/24/31 | TSC3O | 105.6 | 7.2 | 4.2 | 10,000 |
| USP9308RBB89 | TRAGAS 7 ¾ 11/20/35 | TSC4O | 102.4 | 7.4 | 6.6 | 1,000 |

**Source**: Sekoia Research based on Bloomberg.

## Outlook

Looking ahead, TGS maintains a solid financial and operational profile within the Argentine corporate universe. The company combines stable cash flows from its regulated transportation business with a growing midstream segment, driven by the structural increase in gas production in Vaca Muerta. In this context, the extension of its license and the new tariff adjustment framework provide greater predictability to regulated revenues. Meanwhile, the midstream business still has ample room for expansion. With liquids operations normalized and energy commodities rebounding internationally, 2026 could be a year of recovery for this business.

In addition, the company recently announced an ambitious investment project of approximately USD 3,000 million to develop an integrated liquids processing and export system linked to Vaca Muerta. The initiative includes expanding facilities in Tratayén and constructing a pipeline of over 500 km to Bahía Blanca, where fractionation, storage, and export facilities for propane, butane, and natural gasoline will be installed.

From a credit perspective, TGS continues to stand out for the strength of its balance sheet. At the end of 2025, it maintains negative net debt, high liquidity levels, and a comfortable debt maturity profile, with an average life of nearly seven years. Although the ambitious investment plan may lead to a gradual increase in leverage, it would start from extremely conservative levels and remain at very reasonable ratios for an expanding energy company. In this context, its corporate bonds continue to offer an attractive risk-return profile within Argentine corporate credit. Instruments such as TRAGAS 8.5% 2031 and TRAGAS 7.75% 2035 trade at yields around 7–7.5%, levels we consider appealing given the strength of the company's credit profile. In this framework, we maintain a positive outlook and consider its bonds a highly attractive option within fixed-income portfolios.

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