

July 8, 2025

PAN AMERICAN ENERGY S.L.

Pan American Energy S.L. Argentina Branch (PAE) is dedicated to the exploration, development and production of upstream oil and gas and the refining and marketing of downstream hydrocarbons. Since its beginnings in 1997, it became the main locally-based producer with 100% private capital in the industry. The company generates 14% of crude, being the second-largest producer behind YPF, and is third in gas generation with 11%. At the same time, it is vertically integrated, being the third company in fuel refining and distribution.

PAE Argentina Branch operates as the local subsidiary of the Spanish company Pan American Energy Group S.L whose partners are entities controlled by British Petroleum PLC (BP) and BC Energy Investments Corp. – formerly Bidas Corporation of the Bulgheroni family – with 50% each. In 2010, the Chinese state oil company CNOOC Limited (China National Offshore Oil Corporation) acquired 50% of Bidas, thus configuring the current corporate structure of the company.

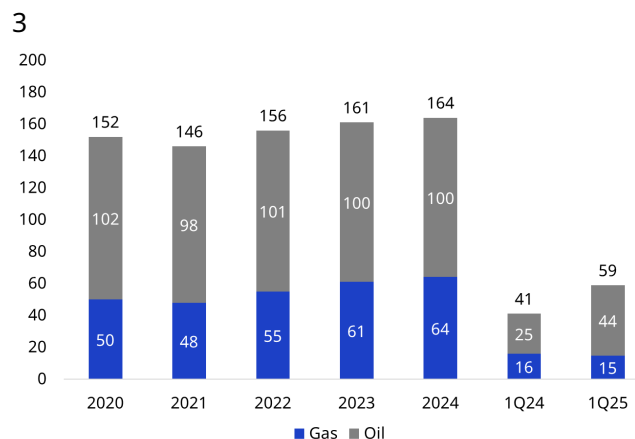
Also, in 2012 Axion Energy was born, founded by Bidas Corporation when it acquired Exxon Mobil's (Esso) refining and fuel sales assets. In 2017 it was incorporated within PAE's structure after Bidas and BP announced a consolidated agreement of their stakes into a single integrated company.

Production and Reserves

The refinery located in the city of Campana has a production capacity of 95 thousand barrels per day, has 637 service stations and is consolidated as the third largest in the country with 15% market share. At the close of the first quarter of 2025, oil volumes sold increased by 76%

compared to the same period of 2024, while gas contracted by 9% in the same comparison.

Daily average net production (mboed)



Source: Cucchiara Research.

Regarding reserves, the company has 15 producing blocks and 6 exploration blocks in the Northwest, Neuquén and San Jorge Gulf basins. This gives it total proved reserves of 1,380 Mmboe (70% correspond to oil and 30% to gas), which is equivalent to an average of 21 years of production at current levels. It also has certified reserves totaling 2,168 Mmboe, 67% of which correspond to conventional hydrocarbons and 33% to unconventional.

Information by Segment

Currently, 73% of total revenues come from sales in the domestic market. In this sense, 79% of the crude produced by PAE is used to supply almost entirely with its refinery which provides fuel and derivatives both to the retail segment (38%) and industry (62%). Meanwhile, 97% of the gas produced is sold on the domestic market. The remaining 27% of total revenues come from exports. Of those, 46% corresponds to upstream (12% of crude and 34% of gas) and 54% to downstream. On the latter point, the company is one of the few nationwide that have their own refinery.

Regarding the prices of the products that PAE sells, from 2024 to date the average Brent crude oil price was USD 75. In terms of the company's main business, in the same period, the premium fuel price at the pump remained on average at USD 1.26 per liter. In this sense, PAE participates with 18% in the construction of a new 127 km pipeline that connects Vaca Muerta with Buenos Aires and will increase the evacuation capacity of the oil hub from 750 thousand to 1.3 million barrels per day.

Meanwhile, under the "Plan Gas 2023–2028" the Energy Secretariat awarded PAE an additional volume of 0.8 million m³ per day of natural gas at the price of USD 3.35/MMBtu as of January 2024 and an additional volume of 1.75 million m³ per day of gas at USD 4.35/MMBtu for the winter periods starting in 2025.

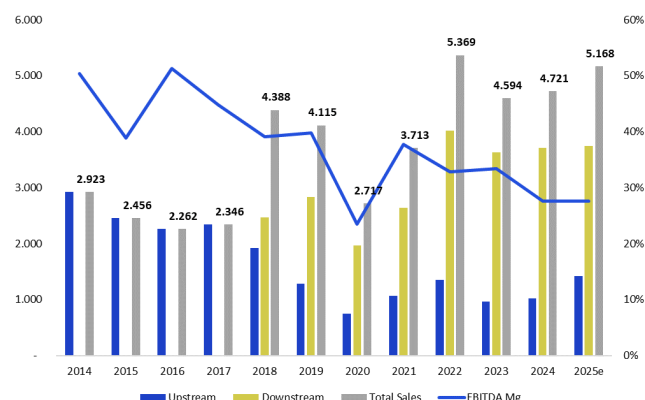
Also, since July 2024 through a consortium of companies led by PAE with 30% of the shares, they are embarked on the construction of the largest project in the Argentine energy industry—installing a floating LNG terminal in the province of Río Negro. It will be operational as of 2027 and through which the companies secure a non-seasonal gas sale price of USD 3.10/MMBtu.

Results

The company adopted the U.S. dollar adjusted by the closing exchange rate for inventories and, per operation, for cash flows as functional currency. Since its revenues are largely denominated in this currency, its financial statements will be analyzed in dollars, using the official wholesale exchange rate (BCRA A3500), either average or closing as appropriate. At the close of the latest 2024 balance sheet, sales reached USD 4,721 million, in line with the annual average since Axion Energy was

incorporated and excluding the years affected by the health crisis.

Annual Sales (Million USD)



Source: Cucchiara Research.

At the close of Q1 2025, total sales grew 10% year-on-year driven by strong expansion of crude oil exports. Meanwhile, contrary to Q1 2024 when costs were diluted due to strong devaluation and slowing inflation, in 2025 that effect is offset by the strengthening peso. Thus, EBITDA for the quarter reached USD 230 million and the EBITDA margin attained 18%.

PAE (USD Million)	1Q25	1Q24	Var (%)	1Q23	Var (%)
Revenue & Subsidies	1.293	1.175	10%	1.182	9%
Cost of sales	(1.072)	(757)	42%	(804)	33%
Operating costs	(219)	(196)	12%	(172)	28%
EBITDA	230	473	-51%	421	-45%
Operating Income	10	263	-96%	214	-95%
Net Income	(26)	167	-115%	152	-117%
Operating Margin	1%	22%	(2,156)bps	18%	(1,729)bps
EBITDA Margin	18%	40%	(2,245)bps	36%	(1,784)bps

Source: Cucchiara Research.

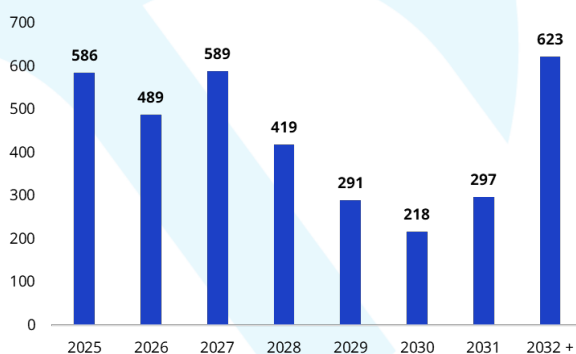
Debt Profile

Since early 2024, due to heavy capex investment and consequent cash burn, the company increased its total debt by 86% with the issuance of 9 bonds totaling USD 1,029 million. At the close of Q1 2025, 41% of total debt is loans with international organizations or syndicated bank loans, and 59% correspond to bond issues. Of

these, 89% are denominated in U.S. dollars or FX-adjusted and 11% are in local currency. Thus, the company has 19 bonds trading, of which 32% are dollar-linked, 65% hard dollar, and the remaining 2% in local currency.

Bonds 1Q24 (USD Million)						
Bond (Class)	Maturity	Sink schedule	Type	Law	Coupon	Outstanding
7	2025	Bullet	DL	ARG	5%	100
21	2025	Bullet	USD	NY	7%	105
28	2025	Bullet	USD	ARG	5%	20
14	2026	Ctas sem	DL	ARG	4%	12
29	2026	Bullet	USD	ARG	3%	20
30	2026	Bullet	USD	ARG	6%	30
39	2026	Bullet	TAMAR + 2,15	ARG	2%	51
12	2027	Ctas sem	USD	NY	9%	300
18	2027	Bullet	DL	ARG	1%	25
33	2027	Bullet	DL	ARG	0%	75
34	2027	Bullet	USD	ARG	5%	23
38	2027	Bullet	USD	ARG	7%	120
26	2028	Bullet	DL	ARG	1%	120
37	2028	Bullet	USD	ARG	6%	74
35	2029	Bullet	USD	ARG	7%	177
13	2031	Ctas sem	DL	ARG	5%	247
36	2031	Bullet	USD	ARG	5%	78
17	2032	Ctas sem	DL	NY	4%	80
31	2032	Ctas anual	USD	NY	9%	400

Debt Profile (Million USD)



Source: Cucchiara Research.

At the close of Q1 2025, the company reported USD 785 million in cash, representing a net leverage ratio of 2.6x LTM EBITDA. This excludes inventories amounting to USD 747 million.

Debt ratios (Mill. USD)	1Q25	1Q24	y/y %	1Q23	y/y %
Loans	1.775	1.040	71%	1.196	48%
Corporate Bonds	2.100	1.274	65%	1.321	-4%
Total Debt	3.573	1.917	86%	1.993	-4%
Cash & Marketable Securities	785	397	98%	265	49%
Inventories	747	651	15%	591	10%
Net Debt	2.788	1.521	83%	1.727	-12%
Annual interest (2024e)	278	216	29%	145	49%
LTM EBITDA	1.065	1.595	-33%	1.909	-16%
Net leverage	2,6	1,0	174%	0,9	5%
Current Ratio	0,9	0,9	0%	0,9	-3%
Interest Coverage	3,8	7,4	-48%	13,1	-44%

Source: Cucchiara Research.

PAE holds a bond due in 2027 guaranteed by a debt reserve account that must hold a minimum of 100% of funds necessary for the next debt service, financed by export receivables. The bond under New York law carries a 9.125% coupon. It trades between 102.75/103.75%, has a yield to maturity of 6.3%/5.4%, duration of 0.9 years, USD 1,000 minimum denominations, and semi-annual coupon payments with amortization in five semi-annual installments of 20% starting in 2025. To date in this report, the company has paid its first capital installment of USD 60 million.

PANAME 9.125% due 2027

Bond Description		Issuer Description	
10 Bond Info 12 Addtl Info 13 Reg/Tax 16 Comments 19 Guarantors 10 Bond Ratings 17 Identifiers 18 Exchanges 19 Parties 20 Restrict 21 Schedules 22 Coupons 23 Sustainability 24 Quick Links 25 ALLO Pricing 26 QD Q Recup 27 TDH Trade Hist 28 CACS Corp Action 29 CF Filings 30 CN Sec News 31 RDS Holders 32 Send Bond		26 Issuer Information Name PAN AMERICAN ENERGY LLC Industry Independent (BCLASS) Security Information Mkt Iss EURO-DOLLAR Ctry/Reg AR Rank 1st lien Coupon 9.125000 Cpn Freq S/A Day Cnt ISMA-30/360 Maturity 04/30/2027 MAKE WHOLE @50.000 until 04/30/27/SINKABLE Iss Yield 9.125 Calc Type (1)STREET CONVENTION Pricing Date 04/27/2021 Interest Accrual Date 04/30/2021 1st Settle Date 04/30/2021 1st Coupon Date 10/30/2021	
		Identifiers FIGI BBG010HFGHB6 ISIN USE75788AB82 ID Number BP3024356 Bond Ratings Fitch BB- Issuance & Trading Aggregated Amount Issued/Out USD 300,000.00 (M) / USD 240,000.00 (M) Min Piece/Increment 1,000.00 / 1,000.00 Par Amount 800.00 Book Runner JOINT LEADS Reporting TRACE	



Source: Bloomberg.

Additionally, in 2024 PAE issued a New York law bond for USD 400 million maturing in 2032,

guaranteed by the parent company (Pan American Energy Group S.L). It has an 8.5% coupon with semi-annual payments and amortization in three equal annual installments starting in 2030. The bond's minimum is USD 1,000 nominal, trading clean between 106.75/107.75%, with YTM 7%/6.85%, and duration of 4.5 years.

Pampa 2034, Pluspetrol 2032 or YPF with its 2031 guaranteed bond.

Kind regards,

Juan José Battaglia
juan@cucchiara.com.ar

Manuel Carvalho
manuel@cucchiara.com.ar

Ian Weber
ian@cucchiara.com.ar

Tomás Mangino
tomasmandino@cucchiara.com.ar

PANAME 8½% due 2032



Source: Bloomberg.

Outlook

For some time now, PAE has positioned itself among the top three in a segment with very high barriers to entry. Together with a long record of solid financial ratios and very strong guarantees, it has become one of the credits trading well above most Argentine corporates.

At current price levels, given its increased leverage and the fact that it still operates in Argentina, we consider it preferable to wait for some cuts in its parity to obtain a more attractive entry point. We prefer other issuers offering more attractive yields, such as Vista 2033,