



Pampa Energía Q1 2022 Conference Call

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Presenting:

Gustavo Mariani, CEO

Nicolás Mindlin, CFO

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Hello everyone, and thank you for joining our conference call. We are pleased to share the 2022 first quarter results. Our CEO, Mr. Gustavo Mariani, and CFO, Mr. Nicolás Mindlin, are both here and joining us for Q&A.

Let's start with the quarter's figures. Revenues increased by 32% year-on-year to 555 million dollars, driven by gas exports, commodities prices, updated legacy prices and Energía Plus. All of them were partially offset by expired PPAs at Loma and Piquirenda and lower-than-inflation tariff increases in utility businesses. Roughly 81% of our sales were dollar-linked.

The adjusted EBITDA amounted to 226 million dollars, 11% up year-on-year and 13% up quarter-on-quarter, explained the same reasons detailed before, offset by higher expenses, intense E&P activity and lower petchem margins. Quarter-on-quarter, seasonality boosted the EBITDA. As you can see on the right below, the share between electricity and oil and gas is balancing, driven by our gas business.

CapEx in Q1 almost doubled last year's figure, mainly due to the growing Plan Gas commitment and power expansions at Barragán and PEPE III. However, it was 30% down quarter-on-quarter because of higher disbursements at PEPE III and Barragán expansions.

Moving on to power generation, as seen on slide 4, we posted an adjusted EBITDA of 121 million dollars in Q1, 5% up year-on-year and 15% up quarter-on-quarter, mainly contributed by higher spot prices and thermal B2B margin, besides the outage in Barragán last year. However, this was partially offset by one of Loma's PPA maturity and increased Peso-linked expenses.

Last month, spot energy prices were adjusted by 30% as of February, plus another 10% increase from June 2022. Also, the load factor coefficient was eliminated permanently. So, power plants with a lower dispatch rate collect the full availability payment.

Moving on to Pampa's power generation operating figures, Q1 was 10% up year-on-year, surpassing again industry average that only achieved 1% growth. We recorded higher thermal dispatch at almost all our units, in line with the country's reliance on thermal generation to cover the reduced hydro generation and increased local demand.

The power generation business model relies on capacity payment, like a take or pay. So, availability is what matters most. In Q1, we reached an outstanding availability of almost 98%, without a significant outage, better than the 95% of 2021. Again, Pampa's availability was way above the system average of 74%.

Regarding our thermal expansion, the closing to CCGT at Ensenada Barragán is almost 80% advanced. Most of the power grid is ready, and we continue getting ready boilers, high-voltage facilities and transformers. More than 1,000 people are working daily on this project. Nevertheless, the successful commissioning required additional time to review works carried out years ago, postponing the COD to the fourth quarter of 2022.

PEPE III wind farm expansion is roughly 25% advanced. We made substantial progress in the civil works and continue working on the control system and different permits with the regulator. We also started to install



cable piping in the foundations. The estimated COD is split into two stages, the first 50 MW by February 2023 and the remaining 31 MW by May 2023.

Moving on to E&P, even though it was an off-peak season, we posted an adjusted EBITDA of 56 million dollars in Q1, 70% up year-on-year and 22% up quarter-on-quarter, mainly boosted by export volumes and prices, higher industrial gas demand, offset by increased costs related to the growing activity and export expenses.

Our total lifting cost increased by 32% year-on-year but 27% down quarter-on-quarter, explained by the increased activity to keep a high production level to export more and prepare for the 2022 gas winter commitment. Efficiency-wise, lifting cost reached less than 6 dollars per boe, similar year-on-year and 25% down quarter-on-quarter.

Our total production averaged almost 58 thousand barrels of oil equivalent per day, 91% gas.

On the oil side, which represented 24% of the segment's revenue in the quarter, the volume sold was 62% up year-on-year and 12% up quarter-on-quarter, being 5.2 thousand barrels per day. The increase was mainly driven by both local and foreign demand recovery. Oil price was almost 70 dollars per barrel, primarily due to exports and gradual local rise.

Regarding gas, as shown on slide 8, our volume sold maintained at 9 million cubic meters per day since the 2021 winter, placing the off-peak surplus on exports and local industries.

Our production outperformed the industry average, which grew by 13%, again led by El Mangrullo, representing 69% of the quarter's production. This block is wholly owned and operated by us with outstanding productivity, boosted by its active drilling and completion of wells and the growing evacuation capacity to be ready for this winter. It was also followed by Río Neuquén's growth, which almost doubled year-on-year, in addition to Sierra Chata.

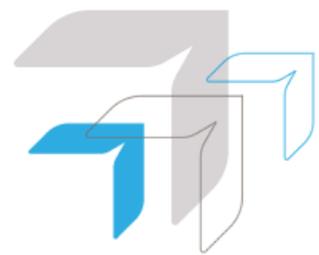
Our average gas price of the quarter was 3.5 dollars per million BTU, 27% up year-on-year and 14% up quarter-on-quarter, thanks to export prices. Also, spot prices converged to Plan Gas levels.

The year-to-date sales breakdown is fairly distributed. Take or pay export contracts with Chile – that ended in April – stepped in CAMMESA and the retail due to seasonality. It is worth highlighting that Pampa led the export market through the GasAndes pipeline that connects to Chile. Also, compared to Q1 21, we are growing our B2B share.

Regarding our operations, this quarter we drilled 12 gas wells and completed 9 gas wells, all of them tight and mostly at El Mangrullo block. We expect drilling activities to accelerate even more during the winter to achieve more than 11 million cubic meters per day of production. As mentioned in previous calls, in preparation for the output surge, we are expanding the gas treatment plant at El Mangrullo. This month we are adding 2.5 million cubic meters per day of capacity. By the third quarter of 2022, the total capacity will be above 13.5 million cubic meters per day, more than double last year's capacity.

Moving on to the petrochemicals business, we posted an adjusted EBITDA of 6 million dollars in Q1, 67% down year-on-year primarily because of higher raw material costs, especially virgin naphtha, partially offset by the significant rise in commodity prices. Quarter-on-quarter, the EBITDA was 33% down, driven by a lower volume of reforming products.

Sales volume was 7% down year-on-year, mainly due to lower reforming products dispatched as fasón instead of the end product. In Q1, 37% of the total sales volume were exports.



Regarding cash flow, the free cash flow was almost breakeven because of the increased CapEx and Loma's expired PPA. This quarter, our Restricted Group's CapEx grew to 74 million dollars, compared to 31 million dollars in Q1 21. Although we are raising our expansion CapEx in the core businesses, they are self-financed by their outstanding operating performance. Note that working capital is negative this quarter, mainly driven by CAMMESA's delay. In addition, we incurred debt of 33 million dollars, mostly from the green bond. In summary, we generated 34 million dollars of net cash in the quarter, achieving 607 million dollars of cash position by the end of the quarter.

Additionally, we continue divesting non-core businesses: we are transferring our stake in Venezuela oil blocks, ensuring a clean exit for Pampa. Pampa would collect 50% of any potential compensation from these blocks.

Moving on to slide 11, this slide shows consolidated figures, including our affiliates at ownership, but let's focus on the Restricted Group that reflects the bond perimeter.

We posted a gross debt of 1.5 billion dollars, 97% dollar-denominated, bearing an average interest rate of 7.8%. The average life decreased slightly to 4.1 years. During the quarter, we issued our first green bond in Peso, equivalent to 28 million dollars, due in 18 months, to finance PEPE III expansion.

However, net debt decreased to 845 million dollars. The net leverage ratio remained similar at 1.2 times.

In the next 12 months, the Company faces less than 20 million dollars of maturities. Therefore, we expect to keep strengthening our balance sheet and focusing the investment on our core businesses.

This concludes today's presentation. Thank you for joining.