

Pampa Energía Q3 2025 Conference Call

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Presenting:

Gustavo Mariani, CEO

Horacio Turri, head of oil and gas

Adolfo Zuberbühler, CFO

Lida Wang, IR & ESG Officer

Hello everyone, and thank you for joining our conference call. I will make a quick summary of Q3 so we can spend more time on questions with management. For today's Q&A, we have our CEO, Mr. Gustavo Mariani, Mr. Horacio Turri, our head of oil and gas, and our CFO, Mr. Adolfo Zuberbühler.

The quarter's standout performance came from Rincón de Aranda, where the production ramp-up is translating into strong EBITDA, supported by 6 active pads. Oil is emerging as a meaningful contributor, now accounting for 34% of E&P's EBITDA and therefore, 18% of the quarter's EBITDA. In power generation, after 6 years and amid the ongoing deregulation, this winter we self-procured gas for our Loma de La Lata power plant, boosting both power and E&P's margins. Winter demand pushed us to a new all-time high in production: almost 18 mcmppd of gas, delivered smoothly without any disruptions. And following the September market volatility, management demonstrated confidence in the Company's fundamentals by repurchasing 1.5% of the Company's share capital at 59 dollars per ADR. Today, the stock trades at 90.

Let's move into the quarter's financial results. The adjusted EBITDA amounted to 322 million dollars, a 16% year-on-year increase, mainly driven by Rincón de Aranda's steady shale oil growth, higher B2B gas sales, and the contribution of PEPE 6 wind farm. Quarter on quarter, EBITDA also improved due to Rincón de Aranda and gas seasonality.

Capex surged 183% year-on-year, reaching 317 million dollars, of which 174 million dollars were invested in the development of Rincón de Aranda.

Moving on to slide 4, the oil and gas adjusted EBITDA was 171 million dollars in Q3, a 40% year-on-year increase, largely due to Rincón de Aranda, increased exports and industrial demand, as well as gas self-procurement margin for the Loma de La Lata power plant. These variations were partially offset by soft retail demand in September, due to milder weather and the end of winter peak contracts under the Plan Gas GSA.

Higher gas treatment costs and the lease of temporary facilities at Rincón de Aranda, offset by higher production, slightly increased the lifting cost to 6.4 dollars per boe. Quarter-on-quarter, lifting cost per boe sharply decreased due to the higher output and stable total cost. Gas lifting cost remained flat year-on-year at 0.9 dollars per million BTU, but dropped 17% quarter-on-quarter, while oil saw significant cut thanks to Rincón de Aranda – we will address that shortly.

Total production averaged nearly 100 thousand boe per day, up 14% year-on-year, led by Rincón de Aranda and Sierra Chata, but partially offset by decreases at El Mangrullo and non-operated blocks. Quarter-on-quarter, production rose 18%, again explained by Rincón de Aranda and gas seasonality. The production mix continues to evolve, with oil rising to 17% of total output, driven entirely by Rincón de Aranda's ramp-up.

Crude oil prices averaged 61 dollars per barrel in Q3, 15% lower than last year due to Brent underperformance. However, our hedge in Rincón de Aranda's production helped mitigate the price drop. Without the hedge, our realized price would have been 60 dollars per barrel, excluding quality or logistics discounts, and export duties - a sort of FOB price.

Focusing now on Rincón de Aranda, as you can see in the chart above, the ramp-up remains on track. During Q3, average production reached 14.4 thousand barrels per day, almost three times Q2 levels, driven by 3 new pads tied in during the quarter. Post quarter, a seventh new pad was connected, elevating output to 16 thousand barrels of oil per day. Currently, we have one frac fleet in the block, ready to tie in 2 DUCs, and 2 high-spec rigs drilling 3 pads for next year's campaign. We expect to exit 2025 producing 20 thousand barrels per day.

To support further growth and leverage idle pipeline capacity, we plan to install an additional temporary processing facility next year, increasing production to an average of 28 thousand barrels per day by the second half of 2026. Our target is 45 thousand barrels per day by 2027, once Vaca Muerta Oil Sur and our Central Processing Facility, aka CPF, are online.

Another important highlight this quarter is the drop in lifting cost per barrel, as anticipated when we announced Rincón de Aranda's development. Our goal is to stabilize at 5 dollars per barrel, in line with peers, with the CPF playing a key role in achieving this.

Moving on to gas, sales held steady year-on-year at 14 million cubic meters per day, but rose 8% from Q2, as explained earlier by seasonality. El Mangrullo continued to lead output, though its share shrank to 50%, while Sierra Chata grew to 38%, with year-on-year production growth of 33%.

In July, we hit a new all-time high in gas production of 17.6 million cubic meters per day, driven by Sierra Chata's peak of 6.3 million cubic meters per day. The most recent tied-in pad of three wells delivered 2.7 million cubic meters per day, highlighting its solid productivity. A new 4-well pad is now undergoing fracking. Shale accounted for 64% of Q3's output.

Gas prices averaged 4.4 dollars per million BTU, flat year-on-year. Fuel self-procurement for the Loma de La Lata power plant during the winter and industry sales supported pricing, offset by lower export prices affected by Brent underperformance.

72% of our gas was sold under the Plan Gas GSA (CAMMESA and retail), down from 86% last year. This is due to self-gas procurement, which accounted for 6% of total sales, and improved deliveries of B2B and exports. Exports remained steady at 1.2 million cubic meters per day amid winter, up 146% year-on-year, due to low hydro in Chile.

Switching to power generation on slide 7, we posted an adjusted EBITDA of 120 million dollars in Q3, an 8% increase year-on-year, mainly explained by PEPE 6, fuel self-procurement margin in Loma de La Lata, plus higher seasonal capacity payments for open cycles, partially offset by a 9% drop in generation due to weaker demand.

Availability declined to 94% due to scheduled maintenance at Genelba and Loma de la Lata in September, and the ongoing outage at HINISA since January. New energy, particularly under take-or-pay PPAs, continue to support 66% of the segment's EBITDA. We will discuss expectations under the new framework during Q&A.

Turning to cash flow on slide 8, we show the Restricted Group figures, aligned with our bond perimeter. Amid high capex at Rincón de Aranda, we generated 6 million dollars free cash flow in Q3, driven by strong EBITDA and improved working capital. Q3 marked our peak in EBITDA and sales, and during the second half of the year, working capital typically improves as we collect winter sales. As a result, cash and cash equivalents stood at 881 million dollars at quarter-end, in line with Q2.

Finally, on the balance sheet, gross debt was nearly 1.8 billion dollars, down 16% since December 2024, following the redemption of the 2027 and 2029 Notes, funded with proceeds from the 2034 Notes. Net debt rose to 874 million dollars, 1.3 times net leverage, reflecting capex outflows and collaterals on oil hedges. However, post quarter, we repaid 47 million dollars in export pre-financing loans and recovered 84 million from OCP Ecuador's guarantees -funds that should have been released in March.

Therefore, we maintain a 1.1x net leverage ratio and a strong cash position of approximately 920 million dollars. Moreover, our liability management efforts extended the average life to 5.6 years, strengthening our financial profile and reducing near-term maturities amid Rincón de Aranda's development.

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