

PAMPAR 9.5 2026s not to overlook

On July 18th, Pampa Energia announced the amendment of the Exchange Offer of the PAMPAR 7.375 2023s, maturing on July 21st, 2023. The Exchange Offer expiration is **July 29th, 2022**.

As we stated before, we see attractive the Exchange Offer, even more now that the company is offering a higher coupon (+50bps to 9.5%) and more bonds. The new bond will compare favorably with Pampa Energia's and Argentine corporate bonds. Firstly, it will rank 5th among the bonds that offer the highest coupon, after MASHER 10.95 26s, ALBAAR 9.875 27s, EDNAR 9.75 25s, and BHIP 9.75 25s. Secondly, within this group, it will show the second highest amount outstanding. More importantly, what differentiates Pampa Energia from the issuers above is that it has more robust fundamentals, with the lowest indebtedness levels and the highest liquidity in the power generation sector. Thirdly, it amortizes in three annual installments. The first and second are of 33% payable on December 8th, 2024 and 2025, respectively. The bond matures on December 8th, 2026. In our report **PAMPAR 7.375 2023s Exchange Offer**, we showed that amortizing bonds performed better and are more resilient to sell-offs. We analyzed the performance of TECOAR 8.5 25s, CGCSA 9.5 25s, PANAME 9.125 27s, YPF DAR 4 26s and GNNEIA 8.75 27s.

Figure 1: The PAMPAR 26s bond structure is attractive, even more if we consider the company's strong fundamentals

	Generacion Mediterranea ALBAAR 9.625 12/01/27	Mastellone MASHER 10.95 06/30/26 Corp	Edenor EDNAR 9.75 05/12/25	Pampa Energia PAMPAR 9.5 12/08/26
Bonds Amount Out.	318.9	110.9	52.7	221*
As of 1Q22 (in USDmn)				
EBITDA	50.5	2.3	12.5	226.0
Net Income	0.2	0.2	-26.4	100.0
Total Debt	754.9	212.8	102.1	1,452.1
Cash & Cash Eq. + ST Investments	103.6	18.3	194.0	607.1
Net Leverage (LTM)	5.0x	6.0x	-1.5x	1.2x

Source: TPCG Research based on companies' reports. * Pampa Energia's new bonds estimated Am. Out. based on the EO early results.

We calculated the new exchange values considering that PAMPAR 7.375 2023s are currently at an ASK price of USD98.5 and yield 9.0%.

Figure 2: Option A

Participation	Cash Payment	26s New Notes	Exchange Value (excl. Int. Accrued)												
			7%	8%	9%	10%	11%	12%	13%	14%	15%	16%			
45.0%	55.0%	\$0.67	\$0.34	103.3	102.3	101.3	100.4	99.5	98.7	97.9	97.1	96.4	95.6		
				4.8%	3.8%	2.9%	1.9%	1.1%	0.2%	-0.6%	-1.4%	-2.2%	-2.9%		
40.0%	60.0%	\$0.75	\$0.26	102.5	101.7	101.0	100.3	99.7	99.0	98.4	97.8	97.3	96.7		
				4.0%	3.3%	2.5%	1.8%	1.2%	0.5%	-0.1%	-0.7%	-1.3%	-1.8%		
37.5%	62.5%	\$0.80	\$0.20	102.0	101.4	100.8	100.3	99.7	99.2	98.7	98.3	97.8	97.4		
				3.5%	2.9%	2.3%	1.8%	1.2%	0.7%	0.2%	-0.2%	-0.7%	-1.1%		
35.0%	65.0%	\$0.86	\$0.15	101.4	101.0	100.6	100.2	99.8	99.4	99.1	98.8	98.4	98.1		
				2.9%	2.5%	2.1%	1.7%	1.3%	1.0%	0.6%	0.3%	-0.1%	-0.4%		
34.0%	66.0%	\$0.88	\$0.12	101.2	100.8	100.5	100.1	99.8	99.5	99.3	99.0	98.7	98.5		
				2.7%	2.3%	2.0%	1.7%	1.4%	1.1%	0.8%	0.5%	0.2%	0.0%		

Figure 3: Option B

26s New Notes	Exchange Value (excl. Int. Accrued)										
	7%	8%	9%	10%	11%	12%	13%	14%	15%	16%	
\$1.03	110.9	107.9	105.0	102.2	99.6	97.0	94.6	92.2	89.9	87.7	
	12.6%	9.5%	6.6%	3.8%	1.1%	-1.5%	-4.0%	-6.4%	-8.7%	-10.9%	

Source: TPCG Research estimates based on Exchange Offer Memorandum Amendment, Bloomberg

TPCG Analysts & Staff

Research

Juan Manuel Pazos	Chief Economist	jmpazos@tpcgco.com	+54 11 4898-6606
Paula La Greca	Corporate Research Analyst	plagreca@tpcgco.com	+54 11 4898-6638
Federico Martin	Strategist	famartin@tpcgco.com	+54 11 4898-6633
Victoria Faynbloch	LATAM Strategist	vfaynbloch@tpcgco.com	+54 11 4898-6635
Santiago Resico	LATAM Strategist	sresico@tpcgco.com	+54 11 4898-6615
Marcos Pereyra Iraola	Quantitative Analyst	mpereyrairaola@tpcgco.com	+54 11 4898-6602

Sales & Trading

Juan Manuel Truppia	Head of Sales & Trading	jmtruppia@tpcgco.com	+54 11 4898-6659
Juan Martin Longhi	S&T Director	jlonghi@tpcgco.com	+54 11 4898-6656
Lucia Rodriguez Pardina	S&T Director	lrodriguezpardina@tpcgco.com	+54 11 4898-6614
Agustina Guadalupe	Sales	aguadalupe@tpcgco.com	+54 11 4898-6682
María Pilar Hurtado	Sales	mhurtado@tpcgco.com	+54 11 4898-6616
Sebastian Salvay	Sales	ssalvay@tpcgco.com	+54 11 4898-6663
Juan Ignacio Vergara	Sales	jivergara@tpcgco.com	+54 11 4898-1936
Santiago Baibiene	Sales	sbaibiene@tpcgco.com	+54 11 4898-6648
Pedro Nollmann	Sales	pnollmann@tpcgco.com	+54 11 4898-6617
María Ruiz de Castroviejo Salas	Sales	mruiздеcastroviejo@tpcgco.com	+54 11 4898-6643
Santiago Barros Moss	Sales	sbarros@tpcgco.com	+54 11 4898-6629
Felipe Freire	Trader	ffreire@tpcgco.com	+54 11 4898-1921
Homero Fernandez Bianco	Trader	hfbianco@tpcgco.com	+54 11 4898-6667
Andres Robertson	Trader	arobertson@tpcgco.com	+54 11 4898-6693

Corporate Banking

José Ramos	Head of Corporate Banking	jramos@tpcgco.com	+54 11 4898-6645
Camila Martinez	Corporate Sales	cmartinez@tpcgco.com	+54 11 4898-6621
Fernando Depierre	Corporate Sales	fdepierre@tpcgco.com	+54 11 4898-6636
Sol Silvestrini	Corporate Sales	ssilvestrini@tpcgco.com	+54 11 4898-6641

Capital Markets

Fernando Lanus	Head of Capital Markets	flanus@tpcgco.com	+54 11 4898-6632
Nicolás Alperín	Investment Banking Analyst	nalperin@tpcgco.com	+54 11 4898-6604

Asset Management

Ileana Aiello	Portfolio Manager	iaiello@tpcgco.com	+54 11 4898-6611
Claudio Achaerandio	Portfolio Manager	cachaerandio@tpcgco.com	+54 11 4898-6618

Important Disclaimer

The document, and the information, opinions, estimates and recommendations expressed herein, have been prepared by TPCG Valores SAU to provide its customers with general information regarding the date of issue of the report and are subject to changes without prior notice. TPCG Valores SAU is not liable for giving notice of such changes or for updating the contents hereof. The document and its contents do not constitute an offer, invitation or solicitation to purchase or subscribe to any securities or other instruments, or to undertake or divest investments. Neither shall the document nor its contents form the basis of any contract, commitment or decision of any kind.

Investors who have access to the document should be aware that the securities, instruments or investments to which it refers may not be appropriate for them due to their specific investment goals, financial positions or risk profiles, as these have not been taken into account to prepare the report. Therefore, investors should make their own investment decisions considering the said circumstances and obtain such specialized advice as may be necessary.

The contents of the document are based upon information available to the public that has been obtained from sources considered to be reliable. However, such information has not been independently verified by TPCG Valores SAU, and therefore no warranty, either express or implicit, is given regarding its accuracy, integrity or correctness. TPCG Valores SAU. accepts no liability of any type for any direct or indirect losses arising from the use of the document or its contents. Investors should note that the past performance of securities or instruments or the historical results of investments do not guarantee future performance. The market prices of securities or instruments or the results of investments could fluctuate against the interests of investors. Investors should be aware that they could even face a loss of their investment.

Transactions in futures, options and securities or high-yield securities can involve high risks and are not appropriate for every investor. Indeed, in the case of some investments, the potential losses may exceed the amount of initial investment and, in such circumstances; investors may be required to pay more money to support those losses. Thus, before undertaking any transaction with these instruments, investors should be aware of their operation, as well as the rights, liabilities and risks implied by the same and the underlying stocks. Investors should also be aware that secondary markets for the said instruments may be limited or even not exist.

TPCG Valores SAU. and/or any of its affiliates, as well as their respective directors, executives and employees, may have a position in any of the securities or instruments referred to, directly or indirectly, in the document, or in any other related thereto; they may trade for their own account or for third-party account in those securities, provide consulting or other services to the issuer of the aforementioned securities or instruments or to companies related thereto or to their shareholders, executives or employees, or may have interests or perform transactions in those securities or instruments or related investments before or after the publication of the report, to the extent permitted by the applicable law.

TPCG Valores SAU or any of its affiliates' salespeople, traders and other professionals may provide oral or written market Commentary or trading strategies to its clients that reflect opinions that are contrary to the opinions expressed herein. Furthermore, TPCG Valores SAU, or any of its affiliates' proprietary trading and investing businesses, may make investment decisions that are inconsistent with the recommendations expressed herein.

No part of the document may be (i) copied, photocopied or duplicated by any other form or means (ii) redistributed or (iii) quoted without the prior written consent of TPCG Valores SAU. No part of the report may be copied, conveyed, distributed or furnished to any person or entity in any country (or persons or entities in the same) in which its distribution is prohibited by law. Failure to comply with these restrictions may breach the laws of the relevant jurisdiction.