FitchRatings

Corporates
Energy (Oil & Gas)
Argentina

Petroquimica Comodoro Rivadavia S.A.

Petroquimica Comodoro Rivadivia S.A.'s (PCR) ratings reflect its small oil production size, concentrated cement business in the Patagonia region of Argentina and exposure to the Argentine electricity industry's regulatory risk. PCR's Argentine operations and cash flow are slightly offset by its Ecuadorian oil operations, which cover its hard-currency consolidated interest expense. Fitch Ratings estimates PCR's ex-Argentine EBITDA will cover its hard-currency consolidated interest expense over the rated horizon, mitigating the impact of capital controls.

Key Rating Drivers

Applicable Country Ceiling: PCR's Foreign Currency Issuer Default Rating (FC IDR) is rated at Ecuador's Country Ceiling (B–) because cash flow from its Ecuadorian operations cover its hard-currency consolidated interest expense. Fitch estimates PCR's consolidated interest expense is USD35 million per annum between 2023 and 2025, USD10 million of which is in hard currency, while its Ecuadorian EBITDA will average USD49 million. This covers hard-currency interest expense by more than 4.0x. In the event cash flow from Ecuador operations does not cover hard-currency interest expense, Argentina's Country Ceiling will be applicable, and the company's FC IDR will be revised in the event it is below 'B–'.

Cash Flow Diversification Strategy: PCR embarked on a strategy to diversify its sources of cash generation. The investment plan for 2023–2025 is estimated to be close to USD300 million, 42% of which corresponds to the expansion of the Renewable Energy segment, with the addition of 197MW of installed capacity with the Mataco III, Vivorata, San Luis Norte I and San Luis Norte II wind farms. These projects will be contracted under Power Purchase Agreements (PPAs) with private sector off-takers and are expected to start commercial operations between 3Q23 and 1Q24.

According to preliminary data, fiscal 2022 EBITDA reached USD222 million, including Oil and Gas (O&G) at close to USD130 million, Renewables at USD65 million and Cement at USD27 million. Over the rating horizon, Fitch estimates the share of consolidated EBITDA from the Renewable Energy segment will reach 50% — roughly USD110 million by 2025 — contributing to a more predictable cash flow profile, while maintaining O&G production and its strong position in the Cement business in Patagonia.

Adequate Leverage: Fitch estimates PCR's gross leverage at 2.6x in 2022 up from 2.2x in 2021, reflecting additional debt as the company is deploying its capex plan to expand its renewable energy generation while O&G cash flows were supported by higher Brent prices and predictable renewable energy EBITDA. Fitch expects the company will maintain stable gross leverage, defined as total debt to EBITDA, close to 3.0x at YE 2023 and descend toward 2.3x at YE 2025. Fitch estimates PCR's consolidated debt will end 2022 at approximately USD559 million as PCR continues expanding renewable generation. Debt will decrease to roughly USD400 million when it starts amortizing.

Small Production Profile: PCR's ratings reflect its small and concentrated production profile, which is consistent with the 'B' rating category. The company has exploration and production interest in nine blocks in Argentina (five) and Ecuador (four), but most of its respective asset base of Proven Reserves (1P) and production is concentrated in Argentina at 61% and 59%, and Ecuador at 39% and 41%. This limited diversification exposes the company to operational and macroeconomic risks associated with small-scale oil and gas production. Fitch expects the company's working interest production to average 17,800 barrels of oil equivalent per day (boed) over the rating horizon.

Ratings

Foreign Currency

Long-Term IDR	B–

Local Currency

Long-Term IDR	B–

Outlooks

Long-Term Foreign-Currency IDR	Stable
Long-Term Local-Currency IDR	Stable

Click here for the full list of ratings

Applicable Criteria

Corporates Exceeding the Country Ceiling Criteria (December 2022)

Corporate Rating Criteria (October 2022)

Country-Specific Treatment of Recovery Ratings Criteria (January 2021)

Related Research

Latin American Corporates Spotlight Series: Argentina (Refinancing Activity Mitigates Short-Term Risk) (February 2023)

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The company reported estimated gross 2021 1P reserves of 30.1 million boe. Fitch expects the company will maintain its 1P reserve life close to 4.0 years by maintaining production at 17,800 boed. PCR's largest concession is El Medanito, which accounts for approximately 35% of working interest production and expires in 2026. Other concessions have longer expiration dates.

On Feb. 16, 2023, PCR announced the acquisition of hydrocarbon areas in Malargue and San Rafael in the Mendoza Province. The areas are part of the northern zone of the Neuquina Basin and produce both oil and gas. The company expects to increase production in these areas to 1,500boed, a 35% increase compared with fiscal 2021.

Uncertain Regulatory Environment: Argentina's electricity regulatory framework continues to be highly uncertain. The system is not self-sufficient and relies heavily on government subsidies. This is not likely to change in the short to medium term, and the problem is further exacerbated by the government's inability to afford the subsidies, which have been funded through monetary expansion. Upcoming additional regulatory amendments will therefore be aimed at lowering the overall cost of the system, negatively affecting generation companies that historically bear the brunt of the amendments, with regulatory schemes continuously at risk of being changed.

Approximately 80% of PCR's Renewable Energy segment revenues depend on payments from Compania Administradora del Mercado Mayorista Electrico Sociedad Anonima (CAMMESA), which acts as an agent on behalf of an association representing agents of electricity generators, transmission, distribution, large consumers or wholesale market participants (Mercado Electrico Mayorista). All contracts are under the RenovAr program and have a guarantee from FODER (Argentina Renewable Fund Guarantee) and in certain cases, with an additional guarantee from the World Bank, the latter of which applies to the Mataco/San Jorge plant for up to USD21.5 million.

Financial Summary

(ARS 000)	2019	2020	2021	2022F	2023F	2024F
Gross Revenue	31,469,011	36,931,677	43,933,843	61,675,346	111,736,248	206,596,734
EBITDA Margin (%)	39.9	44.9	47.8	48.7	46.4	50.4
EBITDA Interest Coverage (x)	5.4	3.5	4.3	4.4	5.4	7.1
EBITDA Leverage (x)	2.7	3.3	2.2	3.2	3.1	2.4
EBITDA Net Leverage (x)	2.2	2.7	1.2	1.9	2.0	1.0

F – Forecast
Source: Fitch Ratings, Fitch Solutions

Rating Derivation Relative to Peers

PCR is a small oil and gas producer with operations in Argentina and Ecuador. Argentina represents 60% of production and Ecuador contributed 40%. Production is expected to remain relatively flat, averaging 17,800boed through 2025, comparable to its 'B' rated peers, GeoPark Limited (B+/Stable), Frontera Energy Corporation (B/Stable), Gran Tierra Energy Inc. (B/Stable) and Compania General de Combustibles S.A. (CGC; B–/Stable).

Over the rated horizon, PCR will have the smallest production profile among rated Latin American peers. Fitch estimates GeoPark will average approximately 40,000boed over the rated horizon, Gran Tierra approximately 38,000boed, CGC increasing to 57,000boed and Frontera Energy 50,000boed. PCR reported 30.1 million boe of 1P reserves at the end of 2021, equating to a reserve life of 5.2 years, which is lower than GeoPark at 6.7 years, Frontera Energy's 8.6 years, Gran Tierra's 6.9 years and CGC's 6.4 years.

PCR's cement segment is small and geographically focused and does not compare well with some of its regional peers. PCR has the capacity to produce 750,000 tons per year, compared with Cementos Pacasmayo S.A.A. (BBB–/Negative) with capacity of 4.9 million metric tons per year and GCC, S.A.B. de C.V. (BBB–/Positive) with 5.8 million metric tons. PCR's cement business is focused in the Patagonia region and has a strong market share due to its geographic location and production efficiencies caused by lower freight and energy costs. PCR's cement margins averaged 19% from 2018 to 2021, reaching 25% according to preliminary data as of fiscal 2022, below peers' median of approximately 30%.

PCR's gross leverage is expected to be close to 2.6x in 2022, supported by higher EBITDA in its upstream business due to Brent prices and increased contribution from its Renewable Energy business. PCR's gross leverage is higher than oil and gas peer CGC (2.1x), GeoPark (1.8x), Frontera (1.0x) and Gran Tierra (1.2x). Unlike its oil and gas peers, PCR has a more diversified business model due to its Cement and Renewable Energy segments. The power business compares with Pampa Energia S.A. (B–/Stable), MSU Energy S.A. (CCC–), Capex S.A. (CCC+) and Genneia S.A.

(CCC–). Similar to PCR, Pampa Energia and Capex have oil and gas, as well as energy business segments, taking into consideration that Capex is a closer peer by scale compared with the much larger Pampa Energia.

Navigator Peer Comparison

Issuer		Business profile						Financial profile		
	IDR/Outlook	Operating Environment	Management and Corporate Governance	Diversification and Environmental Risk	Proved Reserves	Cash Flow Cycle	Operational Scale	Profitability	Financial Structure	Financial Flexibility
Compania General de Combustibles S.A.	B-/Sta	b-	bb	b	b	b	b	b	bbb	b-
Frontera Energy Corporation	B/Sta	bb+	bb+	b	b	bb	b	b+	bb	bb
GeoPark Limited	B+/Sta	bb+	bbb	b	b	bbb-	b	bb	bb	bb
Gran Tierra Energy International Holdings Ltd.	B/Sta	bb+	bbb+	b	b	b	b	b	b	b
Petroquimica Comodoro Rivadavia S.A.	B-/Sta	b-	bb+	b+	b-	bb-	b-	b	bb	b

Source: Fitch Ratings — Importance: Higher; Moderate; Lower

Issuer		Business profile						Financial profile		
Name	IDR/Outlook	Operating Environment	Management and Corporate Governance	Diversification and Environmental Risk	Proved Reserves	Cash Flow Cycle	Operational Scale	Profitability	Financial Structure	Financial Flexibility
Compania General de Combustibles S.A.	B-/Sta	0.0	4.0	1.0	1.0	1.0	1.0	1.0	7.0	0.0
Frontera Energy Corporation	B/Sta	4.0	4.0	0.0	0.0	3.0	0.0	1.0	3.0	3.0
GeoPark Limited	B+/Sta	3.0	5.0	-1.0	-1.0	4.0	-1.0	2.0	2.0	2.0
Gran Tierra Energy International Holdings Ltd.	B/Sta	4.0	7.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Petroquimica Comodoro Rivadavia S.A.	B-/Sta	0.0	5.0	2.0	0.0	3.0	0.0	1.0	4.0	1.0

Source: Fitch Ratings — Worse positioned than IDR; In line with IDR; Better positioned than IDR

Rating Sensitivities

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

- Although unlikely, an upgrade of Ecuador's and/or Argentina's Country Ceilings could result in positive rating action;
- Diversification of operations outside Argentina and Ecuador, with cash flows covering 12 months of hard-currency debt service;
- Sustained conservative capital structure and investment discipline.

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

- Downgrade of Ecuador's and/or Argentina's Country Ceiling;
- Material delay in CAMMESA/FODER payments that materially affect working capital;
- Significant cost overruns that result in increased leverage and/or weaken liquidity;
- A significant deterioration of credit metrics to total debt/EBITDA of 5.5x or more.

Liquidity and Debt Structure

Adequate Liquidity: As of 3Q22, PCR reported a cash balance of USD221 million, which covers more than four years of interest expense. Fitch believes with a strong cash balance and cash flow from operations, the company will adequately cover its interest expense and upcoming maturities. Fitch believes the company's maturity profile is manageable and the company has strong access to local banks in the event it needs additional liquidity.

ESG Considerations

Unless otherwise disclosed in this section, the highest level of ESG credit relevance is a score of '3'. This means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. For more information on Fitch's ESG Relevance Scores, visit www.fitchratings.com/esg.

Climate Vulnerability Considerations

We are currently in consultation with our stakeholders on a proposal to support consistency and transparency in the way Fitch Ratings identifies and addresses potentially credit-relevant climate risks in its credit rating process. This would include adding the section below to all Rating Reports. To learn more about the approach, and provide feedback, please see Climate Vulnerability in Corporate Ratings – Discussion Paper or contact climate.vsfeedback@fitchratings.com.

The 2021 revenue-weighted Climate Vulnerability Score (Climate.VS) for PCR for 2035 is 43.84 out of 100, suggesting moderate exposure to climate-related risks in that year.

For further information on how Fitch perceives climate-related risks in the utility sector see Utilities–Climate Vulnerability Scores Update.

Liquidity and Debt Maturities

Liquidity Analysis

(ARS 000)	2023F	2024F	2025F
Available Liquidity			
Beginning Cash Balance	20,387,169	-1,419,272	11,171,027
Rating Case FCF After Acquisitions and Divestitures	-3,738,634	40,223,416	60,053,421
Total Available Liquidity (A)	**16,648,535**	**38,804,144**	**71,224,448**
Liquidity Uses			
Debt Maturities	-18,067,807	-27,633,117	-8,679,633
Total Liquidity Uses (B)	**-18,067,807**	**-27,633,117**	**-8,679,633**
Liquidity Calculation			
Ending Cash Balance (A+B)	-1,419,272	11,171,027	62,544,815
Revolver Availability	0	0	0
Ending Liquidity	**-1,419,272**	**11,171,027**	**62,544,815**
Liquidity Score (x)	0.9	1.4	8.2

F – Forecast
Source: Fitch Ratings, Fitch Solutions, Petroquimica Comodoro Rivadavia S.A.

Scheduled Debt Maturities

(ARS 000)	2022
2023	18,067,807
2024	27,633,117
2025	8,679,633
2026	24,621,816
2027	3,365,572
Thereafter	16,473,589
Total	**98,841,534**

Source: Fitch Ratings, Fitch Solutions, Petroquimica Comodoro Rivadavia S.A.

Key Assumptions

Fitch's Key Assumptions Within Our Rating Case for the Issuer Include

- Fitch's end-of-period and average foreign exchange rate for Argentine pesos to U.S. dollars;
- Average working interest production of 17,800boed from 2023 to 2025;
- Fitch's price deck for Brent per barrel (bbl) of USD100 in 2022, USD85 in 2023, USD65 in 2024 and USD53 in the long term;
- Cement sales growth linked to Fitch's real GDP growth of Argentina;
- Capex of USD330 million between 2023 and 2025, with average annual capex of USD110 million;
- Average dividends of USD5 million paid each year from 2023 through 2025;
- Installed capacity of 329MW, increasing to 526MW in 2024;
- Renewables have 98% availability and a 55% capacity factor at a monomic price of USD45/MWh in 2023;
- CAMMESA/FODER pay on time.

Financial Data

	Historical			Forecast		
(ARS 000)	2019	2020	2021	2022	2023	2024
Summary Income Statement						
Gross Revenue	31,469,011	36,931,677	43,933,843	61,675,346	111,736,248	206,596,734
Revenue Growth (%)	52.3	17.4	19.0	40.4	81.2	84.9
EBITDA (Before Income from Associates)	12,555,046	16,593,418	20,980,912	30,057,427	51,828,719	104,026,345
EBITDA Margin (%)	39.9	44.9	47.8	48.7	46.4	50.4
EBITDAR	12,555,046	16,593,418	20,980,912	30,057,427	51,828,719	104,026,345
EBITDAR Margin (%)	39.9	44.9	47.8	48.7	46.4	50.4
EBIT	8,003,126	10,085,691	14,055,553	18,443,507	36,906,536	86,375,300
EBIT Margin (%)	25.4	27.3	32.0	29.9	33.0	41.8
Gross Interest Expense	-1,648,967	-3,822,938	-2,904,673	-6,821,042	-9,629,070	-14,578,795
Pretax Income (Including Associate Income/Loss)	4,176,387	2,523,627	11,017,144	25,772,685	27,277,467	71,796,505
Summary Balance Sheet						
Readily Available Cash and Equivalents	6,991,165	11,112,169	20,387,169	39,262,970	59,003,166	141,650,184
Debt	34,062,565	55,243,388	45,856,550	96,372,444	160,253,275	245,958,463
Lease-Adjusted Debt	34,062,565	55,243,388	45,856,550	96,372,444	160,253,275	245,958,463
Net Debt	27,071,400	44,131,219	25,469,381	57,109,474	101,250,109	104,308,280
Summary Cash Flow Statement						
EBITDA	12,555,046	16,593,418	20,980,912	30,057,427	51,828,719	104,026,345
Cash Interest Paid	-2,304,051	-4,752,971	-4,845,176	-6,821,042	-9,629,070	-14,578,795
Cash Tax	-965,739	-378,370	-1,115,428	-2,278,500	-3,067,324	-6,461,685
Dividends Received Less Dividends Paid to Minorities (Inflow/[Out]flow)	—	—	—	0	0	0
Other Items Before FFO	-1,377,228	-1,674,906	1,502,489	0	0	0
Funds Flow from Operations	8,002,876	9,860,696	16,579,234	20,957,885	39,132,325	82,985,865
FFO Margin (%)	25.4	26.7	37.7	34.0	35.0	40.2
Change in Working Capital	-1,174,493	641,617	351,767	314,332	-794,110	-1,504,760
Cash Flow from Operations (Fitch Defined)	6,828,383	10,502,313	16,931,001	21,272,217	38,338,215	81,481,105
Total Non-Operating/Nonrecurring Cash Flow	—	—	—	—	—	—
Capex	-17,255,208	-11,582,136	-5,114,735	—	—	—
Capital Intensity (Capex/Revenue) (%)	54.8	31.4	11.6	—	—	—
Common Dividends	-733,830	-655,668	-680,383	—	—	—
FCF	-11,160,655	-1,735,491	11,135,883	—	—	—
Net Acquisitions and Divestitures	—	—	—	—	—	—
Other Investing and Financing Cash Flow Items	2,850,450	-5,653,390	-8,990,017	—	—	—
Net Debt Proceeds	709,121	3,456,959	1,481,267	50,515,894	63,880,831	85,705,188
Net Equity Proceeds	—	—	—	3,284,461	0	0
Total Change in Cash	-7,601,084	-3,931,922	3,627,133	18,875,801	19,740,196	82,647,018
Leverage Ratios (x)						
EBITDA Leverage	2.7	3.3	2.2	3.2	3.1	2.4
EBITDA Net Leverage	2.2	2.7	1.2	1.9	2.0	1.0
EBITDAR Leverage	2.7	3.3	2.2	3.2	3.1	2.4
EBITDAR Net Leverage	2.2	2.7	1.2	1.9	2.0	1.0
EBITDAR Net Fixed-Charge Coverage	5.7	3.5	4.4	4.4	5.4	7.1
FFO-Adjusted Leverage	3.3	3.8	2.1	3.5	3.3	2.5
FFO-Adjusted Net Leverage	2.7	3.0	1.2	2.1	2.1	1.1
FFO Leverage	3.3	3.8	2.1	3.5	3.3	2.5

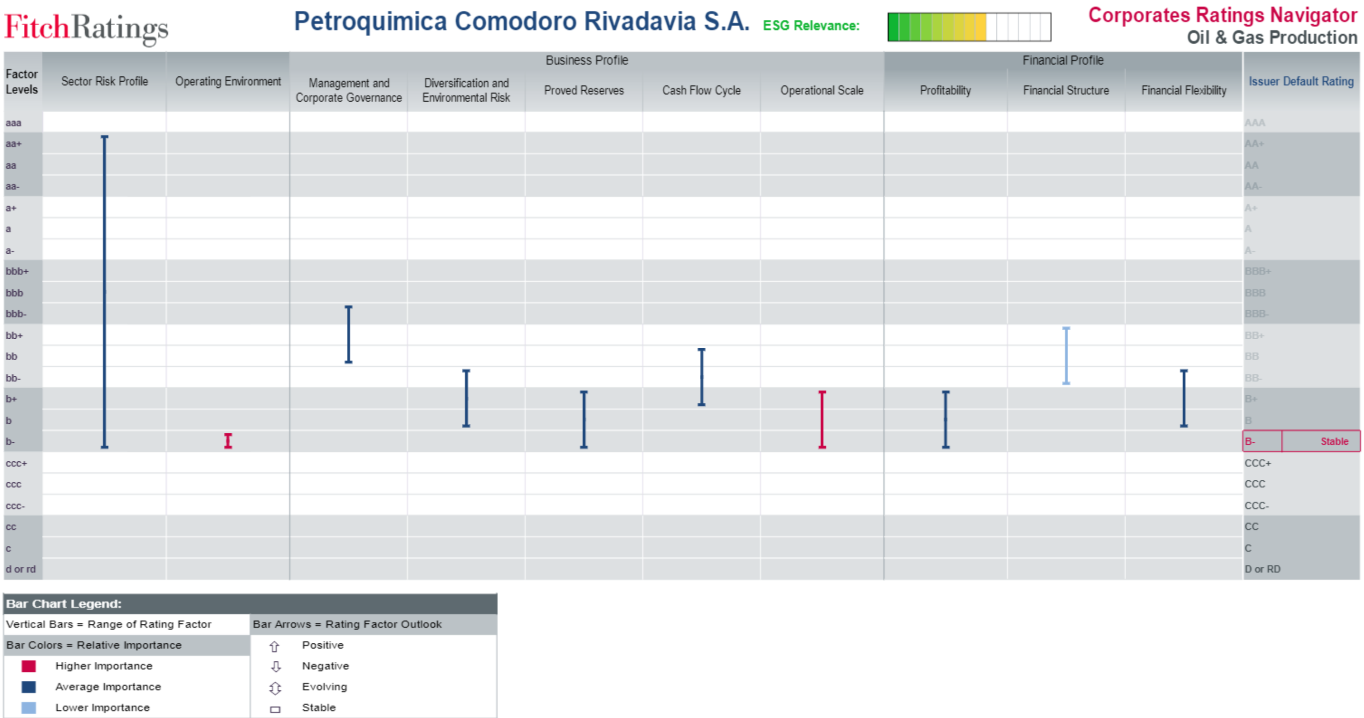
	Historical			Forecast		
(ARS 000)	2019	2020	2021	2022	2023	2024
FFO Net Leverage	2.7	3.0	1.2	2.1	2.1	1.1
Calculations for Forecast Publication						
Capex, Dividends, Acquisitions and Other Items Before FCF	-17,989,038	-12,237,804	-5,795,118	-32,484,806	-42,076,849	-41,257,689
FCF After Acquisitions and Divestitures	-11,160,655	-1,735,491	11,135,883	-11,212,589	-3,738,634	40,223,416
FCF Margin (After Net Acquisitions) (%)	-35.5	-4.7	25.3	-18.2	-3.3	19.5
Coverage Ratios (x)						
FFO Interest Coverage	4.4	3.1	4.4	4.1	5.1	6.7
FFO Fixed-Charge Coverage	4.4	3.1	4.4	4.1	5.1	6.7
EBITDAR Fixed-Charge Coverage	5.4	3.5	4.3	4.4	5.4	7.1
EBITDA Interest Coverage	5.4	3.5	4.3	4.4	5.4	7.1
Additional Metrics (%)						
CFO – Capex/Debt	-30.6	-2.0	25.8	-12.0	-1.5	17.3
CFO – Capex/Net Debt	-38.5	-2.4	46.4	-20.2	-2.5	40.7
CFO/Capex	39.6	90.7	331.0	64.9	93.9	208.9

CFO – Cash flow from operations
Source: Fitch Ratings, Fitch Solutions, Petroquimica Comodoro Rivadavia S.A.

How to Interpret the Forecast Presented

The forecast presented above is based on Fitch Ratings' internally produced, conservative rating case forecast. It does not represent the forecast of the rated issuer. The forecast set out above is only one component used by Fitch Ratings to assign a rating or determine a rating outlook, and the information in the forecast reflects material but not exhaustive elements of Fitch Ratings' rating assumptions for the issuer's financial performance. As such, it cannot be used to establish a rating, and it should not be relied on for that purpose. Fitch Ratings' forecasts are constructed using a proprietary internal forecasting tool, which employs Fitch Ratings' own assumptions on operating and financial performance that may not reflect the assumptions that you would make. Fitch Ratings' own definitions of financial terms such as EBITDA, debt or free cash flow may differ from your own such definitions. Fitch Ratings may be granted access, from time to time, to confidential information on certain elements of the issuer's forward planning. Certain elements of such information may be omitted from this forecast, even where they are included in Fitch Ratings' own internal deliberations, where Fitch Ratings, at its sole discretion, considers the data may be potentially sensitive in a commercial, legal or regulatory context. The forecast (as with the entirety of this report) is produced strictly subject to the disclaimers set out at the end of this report. Fitch Ratings may update the forecast in future reports but assumes no responsibility to do so. Original financial statement data for historical periods is processed by Fitch Solutions on behalf of Fitch Ratings. Key financial adjustments and all financial forecasts credited to Fitch Ratings are generated by rating agency staff.

Ratings Navigator



FitchRatings

Petroquimica Comodoro Rivadavia S.A.

Corporates Ratings Navigator
Oil & Gas Production

Operating Environment

b	Economic Environment	bb	Below average combination of countries where economic value is created and where assets are located.
b-	Financial Access	b	Weak combination of issuer specific funding characteristics and of the strength of the relevant local financial market.
	Systemic Governance	bb	Systemic governance (eg rule of law, corruption; government effectiveness) of the issuer's country of incorporation consistent with 'bb'.
b-			
ccc+			

Diversification and Environmental Risk

bb	Diversification	b	Upstream E&P companies with only a few projects. Vulnerable to price volatility, cost overruns, production delays or disruptions.
bb-	Environmental Risk	bb	Above average exposure to environmental regulations and/or high remediation costs relative to projected cash flows.
b+			
b			
b-			

Cash Flow Cycle

bb+	Free Cash Flow	bb	Neutral to negative across the cycle.
bb			
bb-			
b+			
b			

Profitability

bb-	EBITDA ($)		
b+	FFO ($)	b	< $750 million
b	Capex/CFO (%)	bb	Capex materially covered by cashflow from producing projects in most periods but with temporary deviation due to lumpy capex.
b-			
ccc+			

Financial Flexibility

bb	Financial Discipline	bb	Financial policies in place but flexibility in applying them could lead to temporarily exceeding downgrade guidelines.
bb-	Liquidity	bb	Liquidity ratio around 1.0x. Less smooth debt maturity or concentrated funding.
b+	EBITDA Interest Coverage		
b	FFO Interest Coverage	b	3.0x
b-	FX Exposure	bb	FX exposure on profitability and/or debt/cash flow match. Some hedging in place but only partly effective.

How to Read This Page: The left column shows the three-notch band assessment for the overall Factor, illustrated by a bar. The right column breaks down the Factor into Sub-Factors, with a description appropriate for each Sub-Factor and its corresponding category.

Management and Corporate Governance

bbb	Management Strategy	bbb	Strategy may include opportunistic elements but soundly implemented.
bbb-	Governance Structure	bb	Board effectiveness questionable with few independent directors. "Key person" risk from dominant CEO or shareholder.
bb+	Group Structure	bb	Complex group structure or non-transparent ownership structure. Related-party transactions exist but with reasonable economic rationale.
bb	Financial Transparency	bbb	Good quality reporting without significant failing. Consistent with the average of listed companies in major exchanges.
bb-			

Proved Reserves

bb-	Reserve Base (boe)	b	<0.4 billion
b+			
b			
b-			
ccc+			

Operational Scale

bb-	Production (thousand boe/day)	b	<75
b+			
b			
b-			
ccc+			

Financial Structure

bbb-	EBITDA Leverage	bb	3.5x
bb+	EBITDA Net Leverage		3.5x
bb	FFO Leverage	bb	3.8x
bb-	FFO Net Leverage		
b+			

Credit-Relevant ESG Derivation

Petroquimica Comodoro Rivadavia S.A. has 12 ESG potential rating drivers

- Emissions from OGP production
- Energy use in OGP operations
- Water management (e.g. usage levels, recycling capacity)
- Waste and material handling; operations proximity to environmentally sensitive areas
- Hydrocarbon reserves exposure to present/future regulation and environmental costs
- Operations proximity to areas of conflict or indigenous lands

Showing top 6 issues

			Overall ESG
key driver	0	issues	5
driver	0	issues	4
potential driver	12	issues	3
not a rating driver	1	issues	2
	1	issues	1

For further details on Credit-Relevant ESG scoring, see page 3.

FitchRatings

Petroquimica Comodoro Rivadavia S.A.

Corporates Ratings Navigator
Oil & Gas Production

Credit-Relevant ESG Derivation

Petroquimica Comodoro Rivadavia S.A. has 12 ESG potential rating drivers

- Petroquimica Comodoro Rivadavia S.A. has exposure to emissions regulatory risk but this has very low impact on the rating.
- Petroquimica Comodoro Rivadavia S.A. has exposure to energy productivity risk but this has very low impact on the rating.
- Petroquimica Comodoro Rivadavia S.A. has exposure to water management risk but this has very low impact on the rating.
- Petroquimica Comodoro Rivadavia S.A. has exposure to waste and impact management risk but this has very low impact on the rating.
- Petroquimica Comodoro Rivadavia S.A. has exposure to extreme weather events but this has very low impact on the rating.
- Petroquimica Comodoro Rivadavia S.A. has exposure to land rights/conflicts risk but this has very low impact on the rating.

Showing top 6 issues

			Overall ESG Scale
key driver	0	issues	5
driver	0	issues	4
potential driver	12	issues	3
not a rating driver	1	issues	2
	1	issues	1

Environmental (E)

General Issues	E Score	Sector-Specific Issues	Reference
GHG Emissions & Air Quality	3	Emissions from OGP production	Diversification and Environmental Risk; Profitability
Energy Management	3	Energy use in OGP operations	Diversification and Environmental Risk; Profitability
Water & Wastewater Management	3	Water management (e.g. usage levels, recycling capacity)	Diversification and Environmental Risk; Profitability
Waste & Hazardous Materials Management; Ecological Impacts	3	Waste and material handling; operations proximity to environmentally sensitive areas	Diversification and Environmental Risk; Profitability
Exposure to Environmental Impacts	3	Hydrocarbon reserves exposure to present/future regulation and environmental costs	Diversification and Environmental Risk; Profitability; Financial Flexibility

E Scale: 5, 4, 3, 2, 1

Social (S)

General Issues	S Score	Sector-Specific Issues	Reference
Human Rights, Community Relations, Access & Affordability	3	Operations proximity to areas of conflict or indigenous lands	Diversification and Environmental Risk; Profitability; Financial Flexibility
Customer Welfare - Fair Messaging, Privacy & Data Security	1	n.a.	n.a.
Labor Relations & Practices	3	Impact of labor negotiations and employee (dis)satisfaction	Profitability; Financial Structure; Financial Flexibility
Employee Wellbeing	2	Worker safety and accident prevention	Diversification and Environmental Risk; Profitability; Financial Flexibility
Exposure to Social Impacts	3	Social resistance to major projects or operations that leads to delays and cost increases	Production Size; Profitability; Financial Structure; Financial Flexibility

S Scale: 5, 4, 3, 2, 1

Governance (G)

General Issues	G Score	Sector-Specific Issues	Reference
Management Strategy	3	Strategy development and implementation	Management and Corporate Governance
Governance Structure	3	Board independence and effectiveness; ownership concentration	Management and Corporate Governance
Group Structure	3	Complexity, transparency and related-party transactions	Management and Corporate Governance
Financial Transparency	3	Quality and timing of financial disclosure	Management and Corporate Governance

G Scale: 5, 4, 3, 2, 1

How to Read This Page
ESG scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant and green (1) is least relevant.

The Environmental (E), Social (S) and Governance (G) tables break out the individual components of the scale. The right-hand box shows the aggregate E, S, or G score. General Issues are relevant across all markets with Sector-Specific Issues unique to a particular industry group. Scores are assigned to each sector-specific issue. These scores signify the credit-relevance of the sector-specific issues to the issuing entity's overall credit rating. The Reference box highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis.

The Credit-Relevant ESG Derivation table shows the overall ESG score. This score signifies the credit relevance of combined E, S and G issues to the entity's credit rating. The three columns to the left of the overall ESG score summarize the issuing entity's sub-component ESG scores. The box on the far left identifies the some of the main ESG issues that are drivers or potential drivers of the issuing entity's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the score.

Classification of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the United Nations Principles for Responsible Investing (PRI) and the Sustainability Accounting Standards Board (SASB).

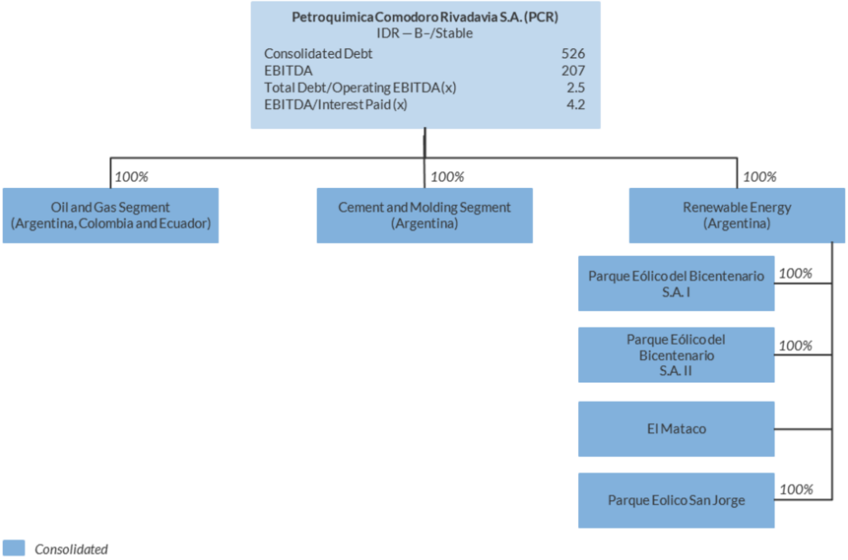
CREDIT-RELEVANT ESG SCALE

How relevant are E, S and G issues to the overall credit rating?

5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to "higher" relative importance within Navigator.
4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to "moderate" relative importance within Navigator.
3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to "lower" relative importance within Navigator.
2	Irrelevant to the entity rating but relevant to the sector.
1	Irrelevant to the entity rating and irrelevant to the sector.

Simplified Group Structure Diagram

Simplified Organizational Structure — Petroquimica Comodoro Rivadavia S.A.
(USD Mil., as of the LTM ending Sept. 30, 2022)



IDR – Issuer Default Rating
Source: Fitch Ratings, Fitch Solutions, Petroquimica Comodoro Rivadavia S.A.

Peer Financial Summary

	Issuer Default Rating	Financial Statement Date	Revenue (USD Mil.)	EBITDA Margin (%)	EBITDA Interest Coverage (x)	EBITDA Leverage (x)	EBITDA Net Leverage (x)
Petroquimica Comodoro Rivadavia S.A.	B–						
	B–	2021	428	47.8	4.3	2.2	1.2
	B–	2020	439	44.9	3.5	3.3	2.7
	B–	2019	526	39.9	5.4	2.7	2.2
Compania General de Combustibles S.A.	B–						
	B–	2021	710	44.1	6.2	1.6	1.0
	CCC	2020	562	52.4	3.9	1.9	1.5
	CCC	2019	703	50.0	6.7	1.6	1.2
GeoPark Limited	B+						
	B+	2021	689	41.2	6.7	2.4	2.0
	B+	2020	394	48.2	5.0	4.1	3.1
	B+	2019	629	50.1	10.8	1.4	1.0
Gran Tierra Energy International Holdings Ltd.	B						
	B–	2021	474	50.5	4.8	2.7	2.6
	CCC	2020	238	35.2	1.7	9.2	9.1
	B	2019	571	57.6	8.7	2.1	2.1
Frontera Energy Corporation	B						
	B	2021	894	47.2	10.0	1.3	0.7
	B	2020	649	-1.3	0.4	33.9	18.7
	B+	2019	1,384	40.7	15.8	0.6	0.0

Source: Fitch Ratings, Fitch Solutions, Petroquimica Comodoro Rivadivia S.A.

Fitch Adjusted Financials

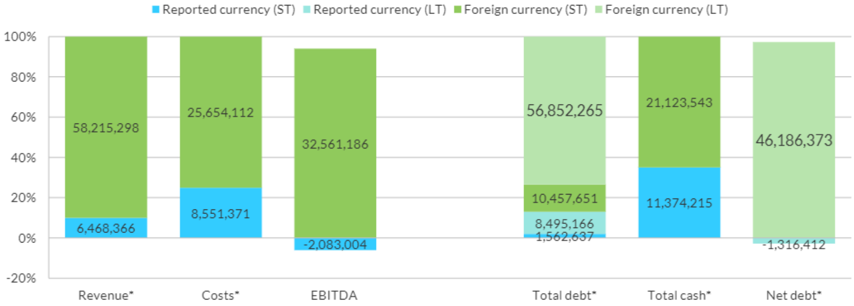
(ARS 000, as of Dec. 31, 2021)	Notes and Formulas	Reported Values	Sum of Adjustments	CORP- Lease Treatment	Other Adjustments	Adjusted Values
Income Statement Summary						
Revenue		43,933,843				43,933,843
EBITDAR		21,168,142	-187,230	-378,950	191,720	20,980,912
EBITDAR After Associates and Minorities	(a)	21,168,142	-187,230	-378,950	191,720	20,980,912
Lease Expense	(b)	0				0
EBITDA	(c)	21,168,142	-187,230	-378,950	191,720	20,980,912
EBITDA After Associates and Minorities	(d) = (a-b)	21,168,142	-187,230	-378,950	191,720	20,980,912
EBIT	(e)	13,987,971	67,582	-124,138	191,720	14,055,553
Debt and Cash Summary						
Other Off-Balance-Sheet Debt	(f)	0				0
Debt	(g)	45,856,550				45,856,550
Lease-Equivalent Debt	(h)	0				0
Lease-Adjusted Debt	(i) = (g+h)	45,856,550				45,856,550
Readily Available Cash and Equivalents	(j)	20,387,169				20,387,169
Not Readily Available Cash and Equivalents		0				0
Cash Flow Summary						
EBITDA After Associates and Minorities	(d) = (a-b)	21,168,142	-187,230	-378,950	191,720	20,980,912
Preferred Dividends (Paid)	(k)	0				0
Interest Received	(l)	56,437				56,437
Interest (Paid)	(m)	-4,845,176				-4,845,176
Cash Tax (Paid)		-1,115,428				-1,115,428
Other Items Before FFO		1,315,259	187,230	378,950	-191,720	1,502,489
Funds from Operations (FFO)	(n)	16,579,234				16,579,234
Change in Working Capital (Fitch-Defined)		351,767				351,767
Cash Flow from Operations (CFO)	(o)	16,931,001				16,931,001
Non-Operating/Nonrecurring Cash Flow		0				0
Capital (Expenditures)	(p)	-5,114,735				-5,114,735
Common Dividends (Paid)		-680,383				-680,383
Free Cash Flow (FCF)		11,135,883				11,135,883
Gross Leverage (x)						
EBITDAR Leverage[a]	(i/a)	2.2				2.2
FFO Adjusted Leverage	(i/(n-m-l-k+b))	2.1				2.1
FFO Leverage	(i-h)/(n-m-l-k)	2.1				2.1
EBITDA Leverage[a]	(i-h)/d	2.2				2.2
(CFO-Capex)/Debt (%)	(o+p)/(i-h)	25.8				25.8
Net Leverage (x)						
EBITDAR Leverage[a]	(i-j)/a	1.2				1.2
FFO Adjusted Net Leverage	(i-j)/(n-m-l-k+b)	1.2				1.2
FFO Net Leverage	(i-h-j)/(n-m-l-k)	1.2				1.2
EBITDA Net Leverage[a]	(i-h-j)/d	1.2				1.2
(CFO-Capex)/Debt (%)	(o+p)/(i-h-j)	46.4				46.4
Coverage (x)						
EBITDAR Fixed Charge Coverage[a]	a/(-m+b)	4.4				4.3
EBITDA Interest Coverage[a]	d/(-m)	4.4				4.3
FFO Fixed-Charge Coverage	(n-l-m-k+b)/(-m-k+b)	4.4				4.4
FFO Interest Coverage	(n-l-m-k)/(-m-k)	4.4				4.4

[a]EBITDA/R after dividends to associates and minorities. Note: Includes other off-balance-sheet debt.
Source: Fitch Ratings, Fitch Solutions, Petroquimica Comodoro Rivadavia S.A.

FX Screener

Fitch FX Screener

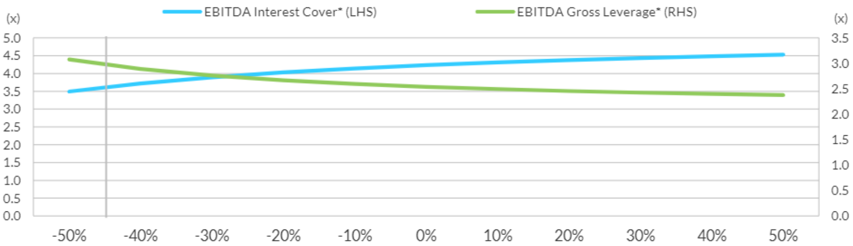
(Petroquimica Comodoro Rivadavia S.A. — B–/Stable, LTM September 2022, ARS 000)



*Post hedge, absolute figures displayed are Fitch's analytical estimates, based on publicly available information.
Source: Fitch Ratings, Fitch Solutions

Fitch FX Screener — Foreign to Reported Currency Stress Test — Absolute Variation

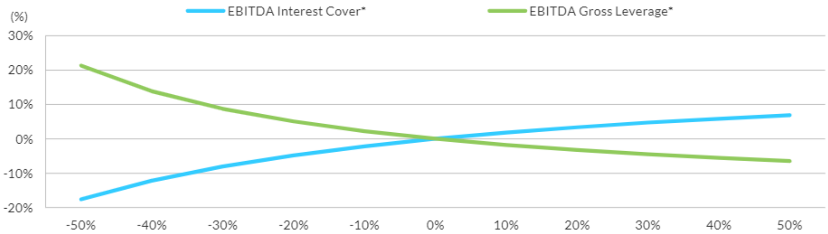
(Petroquimica Comodoro Rivadavia S.A. — B–/Stable, LTM September 2022)



*EBITDA after Dividends to Associates and Minorities
Source: Fitch Ratings, Fitch Solutions

Fitch FX Screener — Foreign to Reported Currency Stress Test — Relative Variation

(Petroquimica Comodoro Rivadavia S.A. — B–/Stable, LTM September 2022)



*EBITDA after Dividends to Associates and Minorities
Source: Fitch Ratings, Fitch Solutions

B+ and Below Considerations

B+/B/B–/CCC+/CCC /CCC–/CC Scorecard

Considerations	B+	B	B–	CCC+	CCC	CCC–	CC	Trend	Fitch's View
Business Model	Robust	Sustainable	Intact	Redeemable	Compromised	Disrupted	Irredeemable	◂▸	Diversified business model focused on expanding in Renewables, while maintaining O&G production levels and its strong position in the Cement business in Patagonia.
Strategy/ Execution Risk	Limited	Moderate	Meaningful	Challenging yet achievable	Uncertain	Highly speculative	Not credible	◂▸	Strategy to maintaining O&G production levels and successfully entered the Renewable energy market in Argentina.
Cash Flow	Consistently positive	Neutral to positive	Volatile	Mostly negative	Constantly negative	Accelerating cash outflow	Irreversible outflow	◂▸	FCF negative to neutral as the Renewable energy business expands.
Leverage Profile	Clear deleveraging path	Deleveraging capacity	High but sustainable	Significant outlier	Unsustainable	Disproportionate and increasing	Unrecoverable	◂▸	Leverage expected to be at or below 3.0x.
Governance and Financial Policy	Committed	Some commitment to deleveraging	Aggressive	Ineffective	Uncommitted	Hostile	Inevitable balance-sheet restructuring	◂▸	Commitment to maintaining leverage of no more of 3.0x. Historically, the company has had a conservative capital structure.
Refinancing Risk	Limited	Manageable	High	Off-market options	Excessive	Unavailable	Imminent	◂▸	Limited refinancing risks. Good local access to capital markets and manageable debt maturity profile.
Liquidity	Comfortable	Satisfactory	Limited	Minimal headroom	Poor/partly funded	Unfunded	De facto insolvent	◂▸	Capital controls in Argentina can have an impact on liquidity. The risk is partially offset by cash flows from Ecuador and cash held abroad in investment-grade operating environments.
Conclusion	B–								

Source: Fitch Ratings

The ratings above were solicited and assigned or maintained at the request of the rated entity/issuer or a related third party. Any exceptions follow below.