

Pampa Energía S.A.'s Proposed Senior Unsecured Bonds Rated 'B'

July 1, 2019

BUENOS AIRES (S&P Global Ratings) July 1, 2019--S&P Global Ratings today assigned its 'B' issue-level rating to Pampa Energía S.A.'s (B/Stable/--) proposed senior unsecured bonds. The bonds will rank pari passu with the company's all other senior unsecured debt, and we expect Pampa to use the proceeds mostly for refinancing and capital expenditures. We rate Pampa's senior unsecured notes at the same level as the issuer credit rating because we don't believe there are material financial obligations that would rank ahead of the company's unsecured debt by way of structural or contractual subordination in a default scenario. Pampa doesn't hold any secured obligations, and the debt at the level of its operating subsidiaries accounts for only about 14% of total debt.

The ratings reflect Pampa's competitive position as a strong player in the Argentine energy sector, which is tempered by its exposure to the country's fragile economy and volatile regulatory framework, as well as Pampa's limited geographic diversification. We continue to limit our ratings on Pampa at the sovereign level, given that the energy sector depends on the regulatory framework and government support. We also believe that a hypothetical sovereign default scenario, including high inflation, sharp currency depreciation, and overall weak economic conditions, would undermine Pampa's financial flexibility.

Related Criteria

- Criteria | Corporates | General: Reflecting Subordination Risk In Corporate Issue Ratings, March 28, 2018
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- Criteria | Corporates | Industrials: Key Credit Factors For The Oil And Gas Exploration And Production Industry, Dec. 12, 2013
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments, Nov. 19, 2013
- Criteria | Corporates | General: Corporate Methodology, Nov. 19, 2013
- Criteria | Corporates | Utilities: Key Credit Factors For The Regulated Utilities Industry, Nov. 19, 2013
- General Criteria: Ratings Above The Sovereign--Corporate And Government Ratings: Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013

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Pampa Energia S.A.'s Proposed Senior Unsecured Bonds Rated B-

- General Criteria: Group Rating Methodology, Nov. 19, 2013
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities And Insurers, Nov. 13, 2012
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009

Ratings List

New Rating

Pampa Energia S.A.

Senior Unsecured B

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column.

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