

S&P affirmed Pemex's rating, in line with sovereign action

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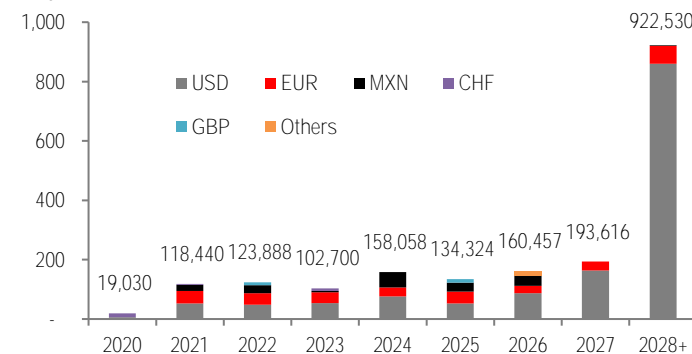
- On December 4, 2020, *S&P Global Ratings* affirmed its global scale 'BBB' ratings on PEMEX and maintained the negative outlook. In addition, the agency affirmed the national scale 'mxAAA/mxA-1+' issuer credit ratings on the company
- The rating action was in line with the confirmation of the sovereign ratings ('BBB/mxAAA') based on an almost certain likelihood of extraordinary government support under a scenario of financial distress, although the sovereign does not guarantee the company's debt
- The assessment of likelihood of government support is based on three factors:
 - (1) the government has provided recurring aid to the company in the past two years in the form of capital contributions, tax relief, debt management operations, and close collaboration to deter fuel theft;
 - (2) the reversal in Mexico's energy policy under the current administration, which repositions Pemex at center stage and curbs the participation of private players in the domestic sector; and
 - (3) the critical role that the company has for the Mexican government, both economically and for the execution of the government's energy policy

Agency	S&P	Moody's	Fitch
Issuer Rating	BBB	Ba2	BB-
Outlook	Negative	Negative	Stable

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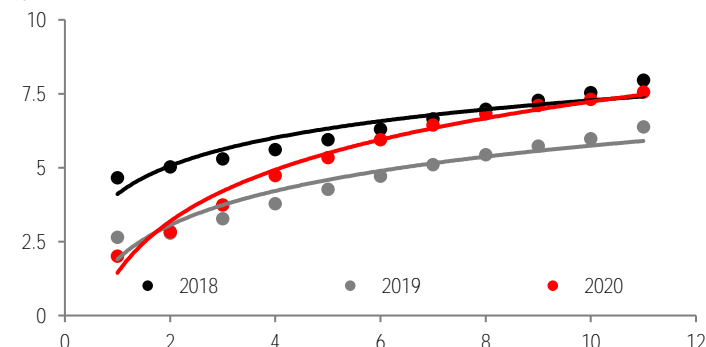
S&P Global Ratings is the only international agency that keeps Pemex's rating linked to that of the sovereign based on the almost likelihood of extraordinary support, as described above. Nevertheless, the agency mentions that the company's credit metrics have recently deteriorated, believe the government will continue supporting Pemex, as it did in 2019 and 2020, and that the company will continue accessing the debt market and bank funding to refinance its short-term debt maturities. Additionally, Pemex is lagging major oil players in terms of strategy for energy transition. Towards 2021 the outlook is reserved based on a moderate recovery in oil prices, as well as restricted growth expectations for the company's production.

Debt Distribution
Million



Source: Bloomberg

Pemex – USD Bond curves
% I



Source: Bloomberg.

Certification of Analysts.

We, Gabriel Casillas Olvera, Alejandro Padilla Santana, Delia María Paredes Mier, Juan Carlos Alderete Macal, Manuel Jiménez Zaldívar, Marissa Garza Ostos, Tania Abdul Massih Jacobo, Francisco José Flores Serrano, Katia Celina Goya Ostos, Santiago Leal Singer, José Itzamna Espitia Hernández, Valentín III Mendoza Balderas, Víctor Hugo Cortes Castro, Hugo Armando Gómez Solís, Miguel Alejandro Calvo Domínguez, Luis Leopoldo López Salinas, Leslie Thalía Orozco Vélez, Gerardo Daniel Valle Trujillo, Eridani Ruibal Ortega and Juan Barbier Arizmendi, certify that the points of view expressed in this document are a faithful reflection of our personal opinion on the company (s) or firm (s) within this report, along with its affiliates and/or securities issued. Moreover, we also state that we have not received, nor receive, or will receive compensation other than that of Grupo Financiero Banorte S.A.B. of C.V for the provision of our services.

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	Reference
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HOLD	<i>When the share expected performance is similar to the MEXBOL estimated performance.</i>
SELL	<i>When the share expected performance is lower than the MEXBOL estimated performance.</i>

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