

## **FITCH RATINGS DOWNGRADES PETROPERÚ'S LONG-TERM FOREIGN, LOCAL CURRENCY ISSUER DEFAULT RATING AND SENIOR UNSECURED NOTES TO 'BB+' FROM 'BBB-'**

**Lima, Peru, September 07, 2022 –** **Petróleos del Perú S.A. "Petroperú" or "the Company" (OTC:PETRPE)** announces that Fitch Ratings (Fitch) has downgraded Petroperú's Long-Term Foreign and Local Currency Issuer Default Ratings (IDR) to 'BB+' from 'BBB-'. Fitch has also downgraded Petroperú's senior unsecured notes to 'BB+' from 'BBB-'. The Rating Watch Negative (RWN) has been maintained. From Fitch's view, the downgrade to 'BB+' and revised Standalone Credit Profile (SCP) to ccc- from ccc reflects a weakening in Petroperú's liquidity, persistent high leverage, insufficient government support, and uncertainty pertaining to its ability to maintain its credit lines.

Regarding the liquidity concerns, some of the Company's short-term credit lines are under evaluation until the Company issues its audited financial statements for the fiscal year ended December 31, 2021 (the "2021 Financial Statements"). However, the Company also notes an improvement in the levels of available credit lines from USD 1,296 million on March 31, 2022, to USD 1,631 million on August 12, 2022.

Regarding the Company's high leverage levels, the Company notes that it is mainly due to the capital needs related to the execution Talara Refinery Modernization Project, which required investments for approximately USD 5,290 million without pre-operational interest. In addition, the Company (i) secured financial support for USD 750 million from the Peruvian government to meet short-term obligations with crude oil suppliers and (ii) cancelled documents for up to S/ 500 million; both to ensure the commercialization of hydrocarbons nationwide. These measures were undertaken to address the abrupt change in payment policy and the delay in the preparation and presentation of the 2021 Financial Statements by the Company's former management.

The Peruvian government support to the Company has been more than explicit through the D.U. No. 010-2022 and the proposal to the Parliament to extend the maturity of repayment obligations until December 2024. Likewise, the Company continues to be supported by the Ministry of Energy and Mines and the Ministry of Economy and Finance, considering the Company's strategic role for Peru's energy security.

Since their appointment in April 2022, the Company's new board of directors and management have undertaken actions to ensure the Company's sustainability and regain the confidence of financial market participants and other stakeholders, leading to a significant improvement of the Company's liquidity position and furthering the Company's strategic role of supplying Peru with best-quality fuels.

The press release issued by Fitch can be found at:

<https://inversionistas.petroperu.com.pe/wp-content/uploads/2022/09/Fitch-Downgrades-Petroperu-to-BB-Maintains-Rating-Watch-Negative.pdf>

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### **About Petroperú**

*Established in 1981 as a Public Limited Company pursuant with Legislative Decree No 43 (founded in 1969), Petroperú is the largest hydrocarbon corporate entity in Peru in terms of total sales and the largest enterprise of the Peruvian sovereign (100% owned by Peru). It is also Peru's second largest refiner in terms of refining volume capacity and form a critical part of the country's energy infrastructure and economy. It has the largest distribution network for crude oil and refined products in the country, and it is the sole provider of refined products to certain areas of Peru. It is also the owner and operator of Peru's main oil pipeline, the "Nor Peruano Pipeline", which links the crude oil production fields in the northern rainforest of Peru with our facilities in the Port Bayovar near our Talara Refinery. Their business is comprised primarily of midstream and downstream petroleum activities, including: the refining and blending of crude and intermediate hydrocarbon products, the distribution and sale of refined products through our wholesale distributors and associated retail service stations and direct sales, the transportation of crude through the Nor Peruano Pipeline, and the leasing of certain of our facilities to third parties.*