FitchRatings

Corporates
Natural Gas & Propane
Peru

Gas Natural de Lima y Callao S.A.

Gas Natural de Lima y Callao S.A.'s (Calidda) ratings reflect its natural monopoly as the sole natural gas distributor for the Peruvian cities of Lima and Callao. Cash flow stability is supported by a regulated tariff program designed to ensure adequate return on investment and the ability to fully pass through fixed costs related to supply and transportation of natural gas. The ratings are constrained by the company's exposure to volumetric sales risk. Volumes invoiced to regulated customers in 2020 were down 18% from 2019 levels, to 131 million cubic feet per day (mmcfd).

The ratings also reflect Fitch Ratings' expectations that pressure on leverage metrics should be manageable and levels will return to 3.5x by 2022. Lower sales from regulated customers and additional working capital needs during the coronavirus pandemic lockdowns pressured leverage.

Key Rating Drivers

Adequate Cash Flow Generation: Calidda's relatively stable and predictable cash flows are supported by take-or-pay, U.S. dollar-denominated contracts with top-tier power generators and large industrial companies. The contracts with these unregulated clients represented 76% of total invoiced volume and 39% of adjusted revenue in 2020. The balance comes from regulated clients.

The company's regulated tariff assures fixed-cost recovery and a 12% fixed return rate on approved capital investment and operational expenses. The tariff is reviewed every four years. Partially offsetting these positives is the company's exposure to volume risk in the regulated segment during economic slowdowns.

Strong Market Position: Calidda is Peru's largest natural gas distribution company and the sole gas distributor in Lima and Callao. The service area under its concession contains more than 35% of the country's population and over 50% of GDP. The concession term lasts through 2033 and may be renewed upon request from Calidda in 10-year increments until 2060. Its network reaches 12,144 km, with a 90% penetration rate and installed capacity of 420 mmcfd. The company expects to increase its penetration rates to 95% by 2023, reaching approximately 1.6 million customers as it continues to expand its distribution capacity.

Temporary Leverage Increase: Calidda's credit metrics will likely remain in 3.5x–4.0x in 2021 before returning to 3.5x by 2022 as sales volume grows. The company generated EBITDA of USD159 million in 2020, down from USD171 million in 2019, mainly due to lower invoiced volumes. Fitch expects the company's network expansion program to add around 185,000 users per year and that, once revenues from installation and financial services fall over time, cash flows should remain strong as distribution revenues gradually replace these services.

Adequate Gas Supply: Calidda's gas supply and transportation is secured through 2033. The company has 220 mmcfd of natural gas supply under interruptible take-or-pay contracts with the Camisea consortium. The company also has a long-term contract for natural gas transportation with Transportadora de gas del Peru, S.A. (TGP; BBB+/Stable) for 228 mmcfd under take-or-pay and interruptible contracts through 2033.

Single-source exposure is mitigated by consortium operator Pluspetrol S.A.'s obligation to prioritize natural gas supply to cover local demand per the concession agreement. According to the Peruvian Ministry of Energy and Mines, Camisea Lots 56 and 88 and the nearby Lot 57 had approximately 11.5 trillion cubic feet of natural gas proven reserves as of YE 2018, or the equivalent of 23.4 years of supply.

Ratings

Rating Type	Rating	Outlook	Last Rating Action
Long-Term Local Currency IDR	BBB	Stable	Affirmed April 8, 2021
Long-Term IDR	BBB	Stable	Affirmed April 8, 2021

Click here for full list of ratings

Applicable Criteria

Corporate Rating Criteria (December 2020)

Parent and Subsidiary Linkage Rating Criteria (August 2020)

Related Research

Peruvian Electric Generation Companies: Peer Comparison (January 2021)

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Neutral Shareholder Support: Calidda's risk profile benefits from the expertise and operational ties of shareholders Grupo Energia Bogota S.A. E.S.P. (GEB; BBB/Stable) at 60% and Promigas S.A. E.S.P. (BBB–/Stable) at 40%. GEB is a leading energy holding company with interests across the electricity and natural gas sectors in Colombia, Peru and Guatemala, while Promigas is one of the largest natural gas transportation and distribution companies in Colombia and Peru.

Fitch expects Calidda will continue to upstream strong cash distribution to shareholders, although leverage will be kept below 4.0x in 2021 and at or below 3.5x after 2022. Absent parental support, Calidda's ratings are still commensurate with a 'BBB' credit profile.

Financial Summary

(USD 000, as of Dec. 31)	2019	2020	2021F	2022F	2023F
Gross Revenue	717,861	571,019	756,355	775,641	825,596
Operating EBITDA (Before Income from Associates)	171,214	158,729	181,045	208,536	235,127
Total Debt with Equity Credit/Operating EBITDA (x)	3.3	3.7	3.8	3.5	3.3
Operating EBITDA/Interest Paid (x)	8.7	6.9	6.2	6.4	6.9

F – Forecast.
Source: Fitch Ratings, Fitch Solutions.

Rating Derivation Relative to Peers

Calidda's ratings are similar to those of Promigas and Companhia de Gas de Sao Paulo - COMGAS (BB/Negative) due to low business risk from the companies' participation in the regulated utilities businesses, leading to relatively predictable cash flows.

Calidda is rated one notch above COMGAS's Long-Term Local Currency IDR of 'BBB–'/Negative due to their different operating environments and despite COMGAS' stronger capital structure, with leverage at 2.0x–2.5x through the rating cycle. Calidda is rated one notch above Promigas due to Promigas' more aggressive capital structure. Promigas' debt/EBITDA was expected to be 4.4x at YE 2020, compared with Calidda's 3.7x.

Rating Sensitivities

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

- Significant and sustained deleveraging to below 2.0x;
- Growth and consolidation of regulated demand, including the natural gas vehicle and residential and commercial segments.

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

- Sustained total debt to EBITDA above 3.5x, due to either operational deterioration or the inability to adjust distribution to shareholders and maintain a healthy capital structure;
- Material negative changes in its build, operate, own and transfer agreement and subsequent accomplishment, tariff program or applicable regulations;
- A material decline in new connections that negatively affects revenues, which in turn is not followed by increased gas invoiced to residential/commercial users;
- A downgrade of its shareholders' ratings by multiple notches.

Liquidity and Debt Structure

Adequate Liquidity: The company's liquidity position is adequate and supported by cash on hand, cash flows from operations, a comfortable debt amortization profile and adequate access to the debt capital markets. The company also relies on uncommitted credit lines totaling USD188.5 million, of which USD26 million was drawn at YE 2020.

Total cash on hand was USD23.4 million at YE 2020, compared with USD34 million of short-term debt and USD558 million of long-term debt. Long-term debt mostly consists of USD320 million in senior unsecured notes due in April 2023. The company has consistently added medium-term debt to fund its distribution system expansion as well as annual dividend payments. Approximately 54% of total debt is U.S. dollar-denominated, while its tariff is calculated in U.S. dollars and the balance is covered by a currency swap.

Fitch expects the company to continue to distribute dividends to shareholders, although leverage should not surpass 3.5x through the medium term.

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.

Liquidity and Debt Maturities with No Refinancing

Liquidity Analysis

(USD 000)	**12/31/19**	**12/31/20**
Total Cash and Cash Equivalents	11,448	23,405
Short-Term Investments	—	—
Less: Not Readily Available Cash and Cash Equivalents	0	0
Fitch-Defined Readily Available Cash and Cash Equivalents	**11,448**	**23,405**
Availability Under Committed Lines of Credit	0	0
Total Liquidity	**11,448**	**23,405**
LTM EBITDA After Associates and Minorities	171,214	158,729
LTM FCF	(78,185)	(20,148)

Source: Fitch Ratings, Fitch Solutions, Gas Natural de Lima y Callao S.A.

Scheduled Debt Maturities

(USD 000)	**12/31/20**
2021	34,085
2022	0
2023	319,398
2024	18,000
2025	18,000
Thereafter	202,232
Total	**591,715**

Source: Fitch Ratings, Fitch Solutions, Gas Natural de Lima y Callao S.A.

Key Assumptions

Fitch's Key Assumptions Within its Rating Case for the Issuer

- The company will add an annual average of 185,000 residential/commercial clients per year during the next four years;

- Annual volumes will increase by around 1.7% on average over the next four years;
- Pass through of costs and inflation in tariffs;
- Average annual capex of approximately USD128 million for the next four years;
- Dividend distributions averaging USD85 million during the next four years.

Financial Data

	Historical		Forecast		
(USD 000, as of Dec. 31)	**2019**	**2020**	**2021**	**2022**	**2023**
Summary Income Statement					
Gross Revenue	717,861	571,019	756,355	775,641	825,596
Revenue Growth (%)	6.4	(20.5)	32.5	2.5	6.4
Operating EBITDA (Before Income from Associates)	171,214	158,729	181,045	208,536	235,127
Operating EBITDA Margin (%)	23.9	27.8	23.9	26.9	28.5
Operating EBITDAR	171,214	158,729	181,045	208,536	235,127
Operating EBITDAR Margin (%)	23.9	27.8	23.9	26.9	28.5
Operating EBIT	142,197	124,196	113,474	117,670	133,849
Operating EBIT Margin (%)	19.8	21.8	15.0	15.2	16.2
Gross Interest Expense	(22,151)	(25,924)	(29,364)	(32,534)	(34,220)
Pretax Income (Including Associate Income/Loss)	121,275	101,407	84,216	85,242	99,735
Summary Balance Sheet					
Readily Available Cash and Equivalents	11,448	23,405	24,454	21,643	21,991
Total Debt with Equity Credit	556,462	591,715	682,630	735,630	776,232
Total Adjusted Debt with Equity Credit	556,462	591,715	682,630	735,630	776,232
Net Debt	545,014	568,310	658,176	713,987	754,241
Summary Cash Flow Statement					
Operating EBITDA	171,214	158,729	181,045	208,536	235,127
Cash Interest Paid	(19,610)	(23,034)	(29,364)	(32,534)	(34,220)
Cash Tax	(28,037)	(24,333)	(23,974)	(24,266)	(28,392)
Dividends Received Less Dividends Paid to Minorities (Inflow/(Out)flow)	0	0	0	0	0
Other Items Before FFO	2,149	9,061	0	0	0
Funds Flow from Operations	125,716	120,423	127,707	151,736	172,515
FFO Margin (%)	17.5	21.1	16.9	19.6	20.9
Change in Working Capital	(22,753)	7,544	(7,299)	(1,205)	(3,121)
Cash Flow from Operations (Fitch Defined)	102,963	127,967	120,408	150,531	169,394
Total Non-Operating/Nonrecurring Cash Flow	0	0			
Capex	(121,353)	(73,722)			
Capital Intensity (Capex/Revenue) (%)	16.9	12.9			
Common Dividends	(59,795)	(74,393)			
FCF	(78,185)	(20,148)			
Net Acquisitions and Divestitures	(2,451)	0			
Other Investing and Financing Cash Flow Items	(1,197)	(232)	0	0	0
Net Debt Proceeds	72,518	31,980	90,915	53,000	40,602
Net Equity Proceeds	0	0	0	0	0
Total Change in Cash	(9,315)	11,600	1,049	(2,811)	349
Leverage Ratios (x)					
Total Net Debt with Equity Credit/Operating EBITDA	3.2	3.6	3.6	3.4	3.2
Total Adjusted Debt/Operating EBITDAR	3.3	3.7	3.8	3.5	3.3
Total Adjusted Net Debt/Operating EBITDAR	3.2	3.6	3.6	3.4	3.2
Total Debt with Equity Credit/Operating EBITDA	3.3	3.7	3.8	3.5	3.3
FFO Adjusted Leverage	3.9	4.2	4.3	4.0	3.8

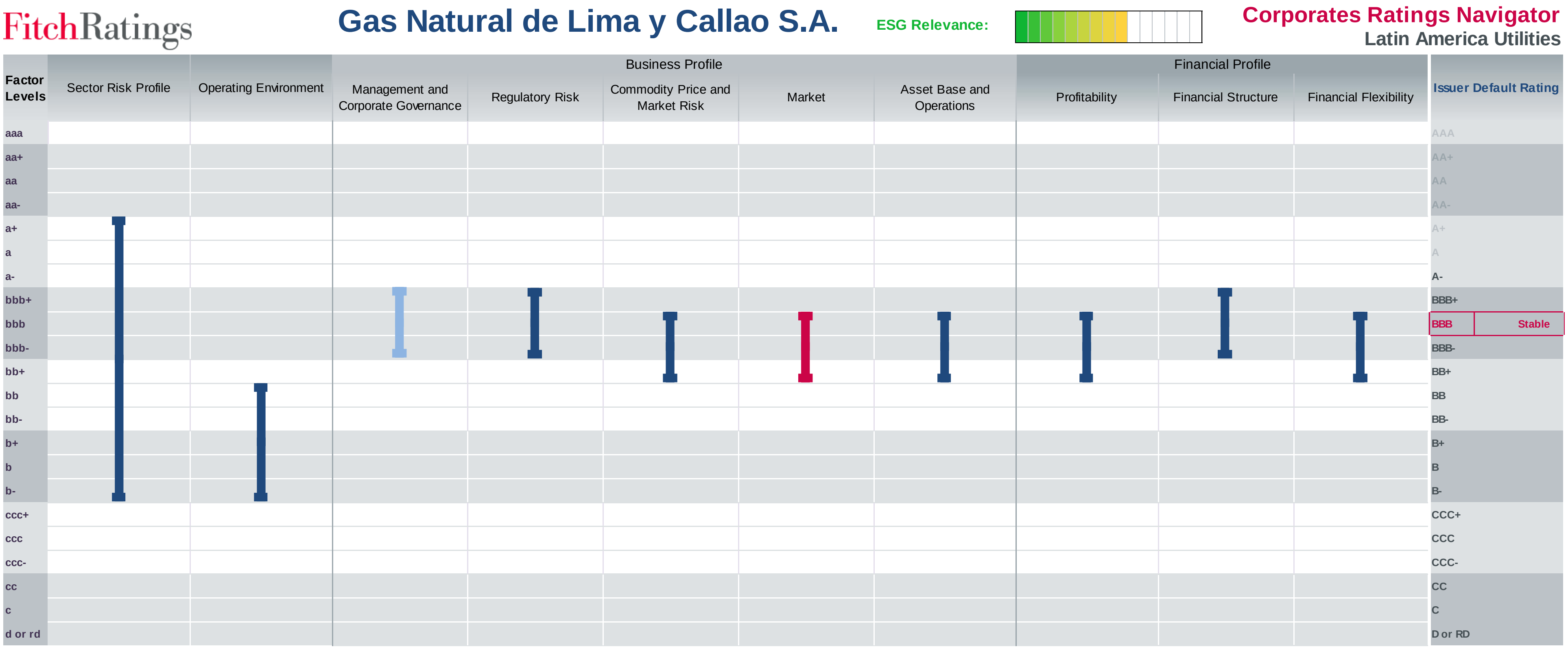
	Historical		Forecast		
(USD 000, as of Dec. 31)	**2019**	**2020**	**2021**	**2022**	**2023**
FFO Adjusted Net Leverage	3.8	4.1	4.2	3.9	3.6
FFO Leverage	3.9	4.2	4.3	4.0	3.8
FFO Net Leverage	3.8	4.1	4.2	3.9	3.6
Calculations for Forecast Publication					
Capex, Dividends, Acquisitions and Other Items Before FCF	(183,599)	(148,115)	(210,274)	(206,342)	(209,647)
FCF After Acquisitions and Divestitures	(80,636)	(20,148)	(89,866)	(55,811)	(40,253)
FCF Margin (After Net Acquisitions) (%)	(11.2)	(3.5)	(11.9)	(7.2)	(4.9)
Coverage Ratios (x)					
FFO Interest Coverage	7.3	6.1	5.3	5.7	6.0
FFO Fixed-Charge Coverage	7.3	6.1	5.3	5.7	6.0
Operating EBITDAR/Interest Paid + Rents	8.7	6.9	6.2	6.4	6.9
Operating EBITDA/Interest Paid	8.7	6.9	6.2	6.4	6.9
Additional Metrics (%)					
CFO-Capex/Total Debt with Equity Credit	(3.3)	9.2	(3.8)	3.9	7.0
CFO-Capex/Total Net Debt with Equity Credit	(3.4)	9.5	(4.0)	4.0	7.2

CFO – Cash flow from operations.
Source: Fitch Ratings, Fitch Solutions.

How to Interpret the Forecast Presented

The forecast presented 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



Bar Chart Legend:			
Vertical Bars = Range of Rating Factor		Bar Arrows = Rating Factor Outlook	
Bar Colours = Relative Importance		⇧	Positive
■ (red)	Higher Importance	⇩	Negative
■ (dark blue)	Average Importance	⇳	Evolving
■ (light blue)	Lower Importance	□	Stable

FitchRatings

Gas Natural de Lima y Callao S.A.

Corporates Ratings Navigator
Latin America Utilities

Operating Environment

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

Management and Corporate Governance

a-	Management Strategy	bbb	Strategy may include opportunistic elements but soundly implemented.
bbb+	Governance Structure	bbb	Good CG track record but effectiveness/independence of board less obvious. No evidence of abuse of power even with ownership concentration.
bbb	Group Structure	a	Group structure shows some complexity but mitigated by transparent reporting.
bbb-	Financial Transparency	bbb	Good quality reporting without significant failing. Consistent with the average of listed companies in major exchanges.
bb+			

Regulatory Risk

a-	Independence	bbb	Low government interference in utility regulations.
bbb+	Balance	a	Balanced framework between end users' and sector participants' needs. It seeks low tariffs for users and attractive return on capital.
bbb	Transparency	bbb	The tariff-setting procedure is transparent and includes the participation of industry players.
bbb-	Recourse of Law	bbb	Procedures to appeal regulatory rulings are clear but long processing periods. Companies can oppose or comment on regulations.
bb+	Timeliness of Cost Recovery	bbb	Moderate lag to recover capital and operating costs.

Commodity Price and Market Risk

bbb+	Price and Volume Risk	bbb	Moderate exposure to price risk. Long-term contracts provide high revenue visibility and most costs variations are passed through.
bbb	Counterparty Risk	bb	Weighted average credit quality of actual and potential offtakers is in line with 'BB' rating.
bbb-			
bb+			
bb			

Market

bbb+	Consumption Growth Trend	bbb	Customer and usage growth in line with industry averages.
bbb	Customer Mix	bbb	Somewhat diversified customer base.
bbb-	Geographic Location	bb	High sensitivity to extreme weather or disaster disruptions.
bb+	Supply Demand Dynamics	bbb	Moderately favorable outlook for prices and rates.
bb			

Asset Base and Operations

bbb+	Asset Diversity	bb	Small size and/or limited diversification.
bbb	Reliability of Operations and Cost Position	bbb	Reliability and cost of operations at par with industry averages with moderate operating losses.
bbb-	Exposure to Environmental Regulations	bbb	Limited or manageable exposure to environmental regulations.
bb+	Capital and Technological Intensity of Capex	bbb	Moderate reinvestment requirements in established technologies.
bb			

Profitability

bbb+	Volatility of Profitability	bbb	Stability and predictability of profits in line with utility peers.
bbb	Free Cash Flow	bb	Structurally negative FCF across the investment cycle.
bbb-			
bb+			
bb			

Financial Structure

a-	FFO Leverage	bbb	4.25x
bbb+	FFO Net Leverage	bbb	3.5x
bbb	Total Debt With Equity Credit/Op. EBITDA	bbb	4.0x
bbb-			
bb+			

Financial Flexibility

bbb+	Financial Discipline	bb	Financial policies in place but flexibility in applying them could lead to temporarily exceeding downgrade guidelines
bbb	Liquidity (Cash+CFO)/S-T Debt	bbb	One year liquidity ratio above 1.25x. Well-spread maturity schedule of debt but funding may be less diversified.
bbb-	FFO Interest Coverage	bbb	4.5x
bb+	FX Exposure	bbb	Some FX exposure on profitability and/or debt/cash flow match. Effective hedging in place.
bb			

Credit-Relevant ESG Derivation

Gas Natural de Lima y Callao S.A. has 9 ESG potential rating drivers

- Networks' exposure to extreme weather events- negative (e.g. risk of drought and flooding) or positive (e.g. additional return on resilience capex)
- Regulatory-driven access and affordability targets of utility services
- Quality and safety of products and services; data security
- Impact of labor negotiations and employee (dis)satisfaction
- Social resistance to major projects that leads to delays and cost increases
- Governance is minimally relevant to the rating and is not currently a driver.

			Overall ESG
key driver	0	issues	5
driver	0	issues	4
potential driver	9	issues	3
not a rating driver	3	issues	2
	2	issues	1

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

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.

FitchRatings

Gas Natural de Lima y Callao S.A.

Corporates Ratings Navigator
Latin America Utilities

Credit-Relevant ESG Derivation

Gas Natural de Lima y Callao S.A. has 9 ESG potential rating drivers

- Gas Natural de Lima y Callao S.A. has exposure to extreme weather events but this has very low impact on the rating.
- Gas Natural de Lima y Callao S.A. has exposure to access/affordability risk but this has very low impact on the rating.
- Gas Natural de Lima y Callao S.A. has exposure to customer accountability risk but this has very low impact on the rating.
- Gas Natural de Lima y Callao S.A. has exposure to labor relations & practices risk but this has very low impact on the rating.
- Gas Natural de Lima y Callao S.A. has exposure to social resistance but this has very low impact on the rating.
- Governance is minimally relevant to the rating and is not currently a driver.

			Overall ESG Scale
key driver	0	issues	5
driver	0	issues	4
potential driver	9	issues	3
not a rating driver	3	issues	2
	2	issues	1

Environmental (E)

General Issues	E Score	Sector-Specific Issues	Reference	E Scale
GHG Emissions & Air Quality	1	Emissions from operations	Asset Base and Operations; Regulatory Risk; Profitability; Financial Structure	5
Energy Management	2	Energy and fuel use in operations; entities' financial targets for losses/shrinkage	Asset Base and Operations; Commodity Price and Market Risk; Profitability; Financial Structure	4
Water & Wastewater Management	1	Water usage in operations; water utilities' financial targets for water quality, leakage and usage	Asset Base and Operations; Regulatory Risk; Profitability	3
Waste & Hazardous Materials Management; Ecological Impacts	2	Impact of waste including pollution incidents; discharge compliance; sludge, coal ash	Asset Base and Operations; Regulatory Risk; Profitability	2
Exposure to Environmental Impacts	3	Networks' exposure to extreme weather events- negative (e.g. risk of drought and flooding) or positive (e.g. additional return on resilience capex)	Asset Base and Operations; Commodity Price and Market Risk; Profitability	1

Social (S)

General Issues	S Score	Sector-Specific Issues	Reference	S Scale
Human Rights, Community Relations, Access & Affordability	3	Regulatory-driven access and affordability targets of utility services	Asset Base and Operations; Regulatory Risk; Profitability	5
Customer Welfare - Fair Messaging, Privacy & Data Security	3	Quality and safety of products and services; data security	Regulatory Risk; Profitability	4
Labor Relations & Practices	3	Impact of labor negotiations and employee (dis)satisfaction	Profitability; Financial Structure; Financial Flexibility	3
Employee Wellbeing	2	Worker safety and accident prevention	Financial Flexibility	2
Exposure to Social Impacts	3	Social resistance to major projects that leads to delays and cost increases	Profitability; Financial Structure	1

Governance (G)

General Issues	G Score	Sector-Specific Issues	Reference	G Scale
Management Strategy	3	Strategy development and implementation	Management and Corporate Governance	5
Governance Structure	3	Board independence and effectiveness; ownership concentration	Management and Corporate Governance	4
Group Structure	3	Complexity, transparency and related-party transactions	Management and Corporate Governance	3
Financial Transparency	3	Quality and timing of financial disclosure	Management and Corporate Governance	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 Priniciples for Responsible Investing (PRI) and the Sustainability Accounting Standards Board(SASB).

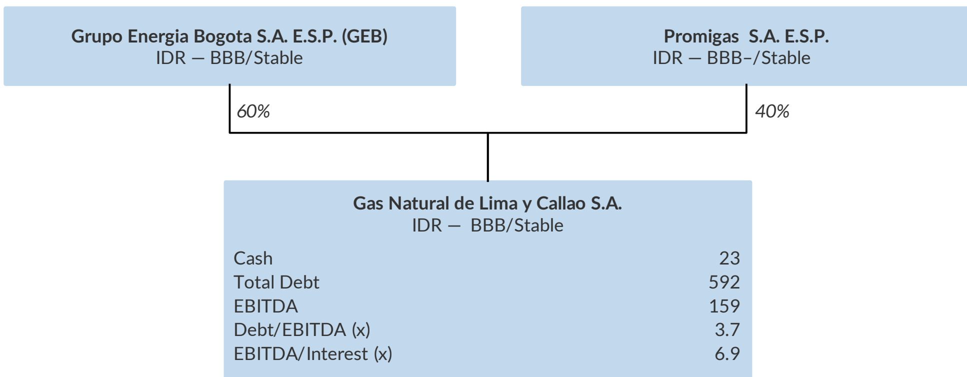
CREDIT-RELEVANT ESG SCALE

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

Organizational Structure — Gas Natural de Lima y Callao S.A.
(USD Mil., as of Dec. 31, 2020)



IDR – Issuer Default Rating.
Source: Fitch Ratings, Fitch Solutions, Gas Natural de Lima y Callao S.A.

Peer Financial Summary

Company	Issuer Default Rating	Financial Statement Date	Gross Revenue (USD Mil.)	Operating EBITDA (Before Income from Associates) (USD Mil.)	Total Debt with Equity Credit/ Operating EBITDA (x)	Operating EBITDA/ Interest Paid (x)
Gas Natural de Lima y Callao S.A.	BBB					
	BBB	2020	571	158	3.7	6.9
	BBB	2019	717	171	3.3	8.7
	BBB	2018	674	158	3.0	9.8
Promigas S.A. E.S.P.	BBB–					
	BBB–	2019	1,168	360	4.6	3.3
	BBB–	2018	1,160	383	4.4	3.4
	BBB–	2017	1,165	359	4.4	3.0
Companhia de Gas de Sao Paulo - COMGAS	BB					
	BB	2020	1,443	462	2.8	8.5
	BB	2019	2,206	637	1.9	12.5
	BB	2018	1,760	379	2.4	6.0
Kallpa Generacion S.A.	BBB–					
	BBB–	2020	538	251	4.4	5.1
	BBB–	2019	569	270	4.0	5.7
	BBB–	2018	538	283	3.7	5.8

Source: Fitch Ratings, Fitch Solutions.

Fitch Adjusted Financials

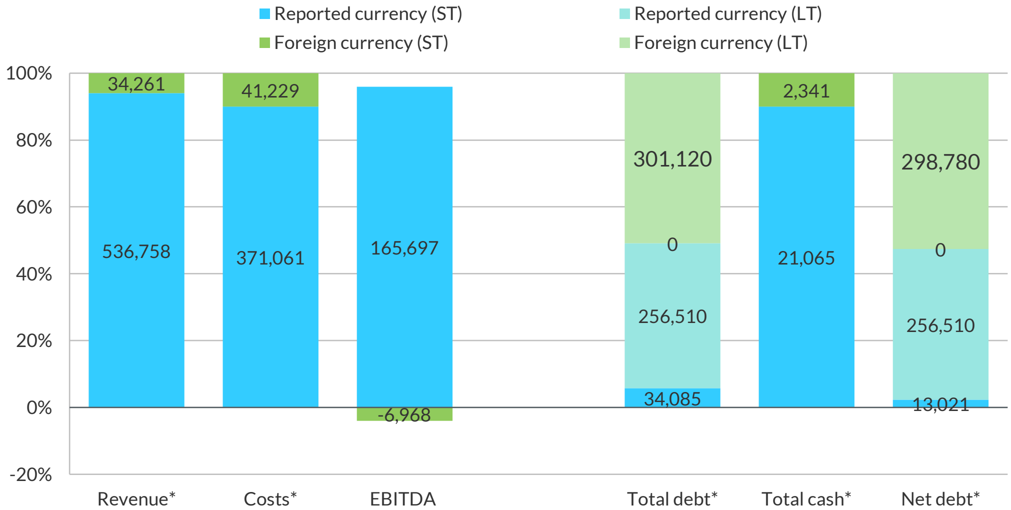
(USD 000, as of Dec. 31, 2020)	Notes and Formulas	Reported Values	Sum of Adjustments	Other Adjustments	Adjusted Values
Income Statement Summary					
Revenue		571,019			571,019
Operating EBITDAR		158,729			158,729
Operating EBITDAR After Associates and Minorities	(a)	158,729			158,729
Operating Lease Expense	(b)	0			0
Operating EBITDA	(c)	158,729			158,729
Operating EBITDA After Associates and Minorities	(d) = (a-b)	158,729			158,729
Operating EBIT	(e)	121,492	2,704	2,704	124,196
Debt and Cash Summary					
Total Debt with Equity Credit	(f)	591,715			591,715
Lease-Equivalent Debt	(g)	0			0
Other Off-Balance-Sheet Debt	(h)	0			0
Total Adjusted Debt with Equity Credit	(i) = (f+g+h)	591,715			591,715
Readily Available Cash and Equivalents	(j)	23,405			23,405
Not Readily Available Cash and Equivalents		0			0
Cash Flow Summary					
Operating EBITDA After Associates and Minorities	(d) = (a-b)	158,729			158,729
Preferred Dividends (Paid)	(k)	0			0
Interest Received	(l)	3,233			3,233
Interest (Paid)	(m)	(23,034)			(23,034)
Cash Tax (Paid)		(24,333)			(24,333)
Other Items Before FFO		5,828			5,828
Funds from Operations (FFO)	(n)	120,423			120,423
Change in Working Capital (Fitch-Defined)		7,544			7,544
Cash Flow from Operations (CFO)	(o)	127,967			127,967
Non-Operating/Nonrecurring Cash Flow		0			0
Capital (Expenditures)	(p)	(73,722)			(73,722)
Common Dividends (Paid)		(74,393)			(74,393)
Free Cash Flow (FCF)		(20,148)			(20,148)
Gross Leverage (x)					
Total Adjusted Debt/Operating EBITDAR[a]	(i/a)	3.7			3.7
FFO Adjusted Leverage	(i/(n-m-l-k+b))	4.2			4.2
FFO Leverage	(i-g)/(n-m-l-k)	4.2			4.2
Total Debt with Equity Credit/Operating EBITDA[a]	(i-g)/d	3.7			3.7
(CFO-Capex)/Total Debt with Equity Credit (%)	(o+p)/(i-g)	9.2			9.2
Net Leverage (x)					
Total Adjusted Net Debt/Operating EBITDAR[a]	(i-j)/a	3.6			3.6
FFO Adjusted Net Leverage	(i-j)/(n-m-l-k+b)	4.1			4.1
FFO Net Leverage	(i-g-j)/(n-m-l-k)	4.1			4.1
Total Net Debt with Equity Credit/Operating EBITDA[a]	(i-g-j)/d	3.6			3.6
(CFO-Capex)/Total Net Debt with Equity Credit (%)	(o+p)/(i-g-j)	9.5			9.5
Coverage (x)					
Operating EBITDA/(Interest Paid + Lease Expense)[a]	a/(-m+b)	6.9			6.9
Operating EBITDA/Interest Paid[a]	d/(-m)	6.9			6.9
FFO Fixed-Charge Coverage	(n-l-m-k+b)/(-m-k+b)	6.1			6.1
FFO Interest Coverage	(n-l-m-k)/(-m-k)	6.1			6.1

[a]EBITDA/R after dividends to associates and minorities.
Source: Fitch Ratings, Fitch Solutions, Gas Natural de Lima y Callao S.A.

FX Screener

Fitch FX Screener

(Gas Natural de Lima y Callao S.A. — BBB/Stable, Dec-20, USDth)



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