

## RATING ACTION COMMENTARY

# Fitch Affirms Grupo Energia Bogota's Ratings at 'BBB'

Fri 22 Aug, 2025 - 2:34 p. m. ET

Fitch Ratings - New York/Bogota - 22 Aug 2025: Fitch Ratings has affirmed Grupo Energia Bogota S.A. E.S.P.'s (GEB) Long-Term Foreign and Local Currency Issuer Default Ratings (IDRs) at 'BBB' with a Negative Outlook and its long-term senior unsecured debt at 'BBB'. Fitch has also affirmed GEB's Long-Term and Short-Term National Scale Ratings at 'AAA(col)/Stable' and 'F1+(col)' respectively, as well as the ratings on its local issuance programs. The Negative Outlook on GEB's IDR reflects the Negative Outlook on its controlling entity, the city of Bogota.

GEB's ratings reflect its stable cash flow generation, strong business position and adequate liquidity. Fitch expects the company's credit metrics to remain in line with its rating level over the medium term. Additionally, the ratings reflect GEB's reliance on dividends from its financially solid subsidiaries to service debt, the company's ongoing growth strategy and its aggressive dividend policy.

## KEY RATING DRIVERS

**Solid Business Position:** GEB holds a diversified portfolio of regulated businesses with solid market positions and credit profiles in electricity and natural gas transport and distribution. Transportadora de Gas Internacional S.A. ESP (BBB/Negative) and Gas Natural de Lima y Callao S.A. (Cálidda, BBB/Stable) drive EBITDA, together representing over 70% of EBITDA from controlled companies during the rating horizon. Enel Colombia S.A. E.S.P. (BBB/Negative) will remain the main source of dividends, accounting for an average of 60% from non-controlling stakes. GEB expects additional dividends expected from its Argo subsidiary in Brazil in 2025 from retained earnings.

GEB's cash flow benefits from dividends received from a portfolio of mostly investment-grade companies or those with the highest national scale ratings. This predictable dividend stream mitigates the structural subordination of dividends to debt service at GEB's level.

**High Credit Quality Portfolio:** GEB is an operating holding company that primarily derives cash from its subsidiaries and non-controlling stakes. GEB operates in the Colombian electricity transmission sector and participates in electricity generation and distribution through its associate, Enel Colombia, which is the second largest generation company and the main distribution company in Colombia. GEB also holds controlling interests in energy assets that function as regulated natural monopolies within their respective service areas, supporting stable financial performance.

GEB fully owns TGI, Colombia's largest natural gas transportation company, and it has a 60% stake in Cálidda, the largest natural gas distribution company in Peru. Business diversification across regulated sectors with limited volume risk underpins GEB's stable, predictable cash flow and low business-risk profile.

**Lower Leverage Headroom:** Fitch expects GEB's EBITDA leverage to peak at 4.2x in 2026 compared with 4.0x in 2024, reflecting lower headroom from its negative rating sensitivity trigger. EBITDA interest coverage will average 3.5x during the rating horizon. Fitch projects that FCF will remain negative in 2025 and 2026, reflecting higher capex and a dividend payout ratio of about 70%. GEB's investment program will total approximately USD1.5 billion from 2025 to 2028, with around 44% directed to the transmission business in Colombia and 30% to natural gas transport.

**Linkage With Bogota:** Fitch considers the linkage between GEB and its controlling entity, Bogota, Capital District (BB+/Negative), to be moderate. Regulatory ring-fencing mechanisms, material minority shareholders and strong governance practices limit Bogota's capacity to extract value from GEB, supporting GEB's independence and operational autonomy. Under Fitch's Parent-Subsidiary Rating Criteria, these factors allow GEB to be rated two notches above Bogota's consolidated profile. GEB's credit profile aligns with its 'BBB' rating and is not capped by the credit profile of its controlling owner.

**Manageable Regulatory Risk:** Fitch considers GEB's exposure to regulatory risk to be low to moderate, reflecting the company's concentration in regulated businesses in Colombia and recent initiatives by the Government to influence public service regulation. Tariff structures in Colombia currently maintain technical criteria designed to balance the interests of both companies and end users. Regulatory changes are required to avoid causing hardship and to ensure financial stability for all market participants. Geographic diversification and the strong business positions of GEB's subsidiaries partially mitigate regulatory risk.

**Applicable Country Ceiling:** GEB is rated above Colombia's Country Ceiling (BBB-) because its applicable Country Ceiling is that of Peru (A-). This reflects the significant EBITDA generated by its Peruvian subsidiary, Cálidda, and the dividends from its 40% stakes in the Peruvian transmission companies Consorcio Transmantaro (BBB/Stable Outlook) and Red de Energía del Perú. These cash flows are sufficient to cover GEB's estimated consolidated foreign-currency interest payments.

## PEER ANALYSIS

GEB's low business-risk profile is commensurate with its investment-grade rating and is comparable to Enel Americas S.A. (BBB+/Stable), AES Andes S.A. (BBB-/Stable) and Promigas S.A. E.S.P. (BBB-/Stable). GEB's ratings are one notch below Enel Americas, as the latter has a strong diversified and geographic footprint in South America and a more conservative capital structure. Fitch estimates Enel Americas' gross leverage will remain below 2.0x over the rating horizon, while Fitch projects GEB's leverage to average 3.9x over the rating horizon as increased capex is financed with additional debt.

GEB's ratings are two notches above those of Empresas Publicas de Medellin E.S.P. (BB+/Negative), as GEB compensates its higher dependence on dividends received from non-controlling stakes with core businesses with high cash flow predictability, such as electricity transmission and natural gas transportation. EPM's EBITDA has a higher participation in the competitive electricity generation business and its rating are linked to that of its owner, the City of Medellin (BB+/Negative). GEB's National Scale Rating of 'AAA(col)'/Stable is in line with that of EPM, which is rated 'AAA(col)'/Stable.

GEB is rated one notch above AES Andes and Promigas. GEB's operating environment and exposure to regulated business bode well for its credit quality in comparison with AES Andes, which operates in a more competitive environment. Promigas is also rated one notch below GEB on the international scale, given its lower business and geographic diversification and higher leverage.

## KEY ASSUMPTIONS

--GEB's projected revenues and EBITDA reflect its expanded operations at the holding company level, TGI and Cálidda, and the implementation of new tariff frameworks;

--GEB's capex execution in the medium term incorporates projects already granted to the company, coupled with the ones with higher probability of being executed, averaging roughly USD400 million per year between 2025-2028;

- No major acquisition is assumed over the rating horizon;
- Dividends received from non-controlling interests of USD455 million annually on average between 2025-2028;
- Dividends paid to shareholders equal to approximately 70% of the previous year's net income.

## **RATING SENSITIVITIES**

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

- A negative rating action on the company's majority owner, Bogota;
- Gross leverage levels sustainably above 4.0x;
- Influence from the company's shareowners results in a sub-optimal financial or operational strategy that could weaken the group's credit quality;
- Significantly large acquisitions mostly financed with incremental debt;
- Material cost overruns or delays in the start of operations of sizable projects that pressure GEB's credit metrics.

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

- The company reduces its leverage below 2.5x on a sustained basis after the regulatory tariff reset and the company's investment program is completed;
- A positive rating action on the company's majority owner, Bogota;

## **LIQUIDITY AND DEBT STRUCTURE**

GEB's liquidity remains adequate, supported by high cash on hand, predictable cash flow from operations and proven access to bank and capital markets, through the holding company and its subsidiaries. As of June 2025, the company held approximately USD327 million in cash and equivalents and an estimated CFO for 2025 of around USD720 million. GEB faces near-term debt maturities of USD259 million in the remainder of 2025 and USD495 million in 2026. Fitch expects the company will be able to successfully refinance its upcoming maturities with a mix of bank and capital market resources.

## ISSUER PROFILE

GEB is an energy operating holding company with direct operations and stakes in electricity generation, distribution and transmission, as well as natural gas transportation and distribution.

## REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

## MACROECONOMIC ASSUMPTIONS AND SECTOR FORECASTS

[Click here](#) to access Fitch's latest quarterly Global Corporates Macro and Sector Forecasts data file which aggregates key data points used in our credit analysis. Fitch's macroeconomic forecasts, commodity price assumptions, default rate forecasts, sector key performance indicators and sector-level forecasts are among the data items included.

## ESG CONSIDERATIONS

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' 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. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit <https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

## RATING ACTIONS

ENTITY / DEBT ↕	RATING ↕			PRIOR ↕
Grupo Energia Bogota S.A. E.S.P. (GEB)	LT IDR	BBB	Affirmed	BBB
	LC LT IDR	BBB	Affirmed	BBB

	Natl LT	AAA(col)	Affirmed	AAA(col)
	Natl ST	F1+(col)	Affirmed	F1+(col)
senior unsecured	LT	BBB	Affirmed	BBB
senior unsecured	Natl LT	AAA(col)	Affirmed	AAA(col)
senior unsecured	Natl ST	F1+(col)	Affirmed	F1+(col)

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### **APPLICABLE MODELS**

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).

Corporate Monitoring & Forecasting Model (COMFORT Model), v8.2.0 ([1](#))

### **ADDITIONAL DISCLOSURES**

[Dodd-Frank Rating Information Disclosure Form](#)

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## ENDORSEMENT STATUS

Grupo Energia Bogota S.A. E.S.P. (GEB)

EU Endorsed, UK Endorsed

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