

# Isagen S.A. E.S.P.

Isagen S.A. E.S.P.'s (Isagen; BBB-/Negative) Outlook revision reflects the recent revision of Colombia's IDR to Negative. A deterioration of Colombia's operating environment and potential downgrade of its sovereign rating could lead to a downgrade of its Country Ceiling, impacting Isagen's rating.

Isagen's ratings reflect its leading position in the Colombian electricity generation market and portfolio of diversified generation assets. Incremental capital expenditure (capex) for the next years will result in negative free cash flow (FCF), along with moderate leverage metrics that Fitch projects will remain close to 3.3x.

## Key Rating Drivers

**Low Business Risk Profile:** Isagen continues to deploy a conservative commercial strategy that ties its contract sales to the firm energy of its hydroelectric plants. Contracts have an average life of eight years with a diversified pool of high-quality off-takers. Despite facing a 12% decrease in energy generation in 2024 due to prolonged dry conditions, resulting in a total generation of 13,038 GWh, Isagen's strategic approach enabled the company to effectively manage these challenges.

By minimizing energy purchases in the spot market at elevated prices and securing a higher proportion of contracts tied to actual energy generation, Isagen successfully navigated the adverse hydrological conditions. As hydrology normalizes, Fitch anticipates Isagen will continue to demonstrate stable operational performance, with an estimated energy generation of over 16,000 GWh by 2026.

**Incremental Capex in Renewables:** As of December 2024, Isagen ranks as the third-largest electricity generation company in Colombia, with an installed capacity of 3,142 MW, primarily from hydroelectric sources, complemented by solar and wind energy. In terms of energy generation, it also holds the third position nationally.

The company has revised its investment plan to expand its renewable energy capacity by an additional 520 MW, with a capital expenditure of approximately USD500 million over the next four years. The scale and low marginal costs of Isagen's assets provide the company with the operational flexibility needed to navigate the competitive Colombian market effectively.

**Moderate Leverage:** Isagen is expected to maintain a moderate leverage profile, with EBITDA leverage projected to be around 3.3x over the rated horizon. For 2024, Fitch anticipates a slight increase in leverage to approximately 3.5x due to additional debt and an EBITDA of about COP3.1 trillion, influenced by drought conditions. Fitch's base case scenario projects that EBITDA will rise to COP3.6 trillion by 2027, driven by increased generation from expanded installed capacity. EBITDA interest coverage will average 2.4x over the rating horizon.

**Shareholder Loan Provides Flexibility:** Fitch does not consider Isagen's shareholder loan (SHL) as financial debt, as the SHL is a subordinated obligation, with interest payments optionally paid-in-kind, subject only to Isagen's request. The lender of the SHL cannot accelerate or enforce any of its rights or exercise any of its remedies to collect the principal of the loan. The structure of the SHL gives the company additional flexibility to carry out its growth strategy, if necessary, without affecting its capital structure.

**SHL Payments Depend on Cash Generation:** Isagen's shareholder distributions, via SHL interest payments, prepayments, or dividends, depend on future cash generation. Ratings expect distributions to hinge on excess cash. In 2024, Isagen paid around COP756 billion in dividends. With increased capex, Fitch anticipates negative FCF during the rating horizon to be covered by Isagen's financing plan. As of Dec. 31, 2024, the SHL balance was approximately COP2.6 trillion, maturing in 2049.

## Ratings

Long-Term IDR	BBB-
Long-Term Local-Currency IDR	BBB
National Long-Term Rating	AAA(col)
National Short-Term Rating	F1+(col)

## Outlooks

Long-Term Foreign-Currency IDR	Negative
Long-Term Local-Currency IDR	Negative
National Long-Term Rating	Stable

[Click here for the full list of ratings](#)

## ESG and Climate

Highest ESG Relevance Scores	
Environmental	3
Social	3
Governance	3
2035 Climate Vulnerability Signal: 10	

## Applicable Criteria

[Corporate Rating Criteria \(December 2024\)](#)

## Related Research

- [Global Corporates Macro and Sector Forecasts – March 2025 \(March 2025\)](#)
- [Latin American Electricity Generation – Relative Credit Analysis \(Sector Credit Outlook Neutral in 2024\) \(June 2024\)](#)

## Analysts

Eva Rippeteau
+1 212 908 9105
<a href="mailto:eva.rippeteau@fitchratings.com">eva.rippeteau@fitchratings.com</a>
Juan David Medellin, CFA
+57 601 241 3227
<a href="mailto:juandavid.medellin@fitchratings.com">juandavid.medellin@fitchratings.com</a>

**Moderate Regulatory Risk:** Fitch considers Isagen's exposure to regulatory risk moderate following President Petro's attempt to control regulations of the country's public services. Fitch considers the company's risk exposure moderate due to Isagen's concentration in regulated businesses. All regulatory changes must provide all market players with financial stability to operate properly and may not impose undue hardship.

## Financial Summary

(COP Mil.)	2021	2022	2023	2024F	2025F	2026F
Gross revenue	3,481,508	4,816,990	5,523,362	5,334,132	6,085,923	6,295,811
EBITDA	2,214,830	3,289,870	3,175,928	3,078,667	3,357,174	3,500,157
EBITDA margin (%)	63.6	68.3	57.5	57.7	55.2	55.6
EBITDA leverage (x)	3.2	3.1	3.3	3.5	3.3	3.3
EBITDA interest coverage (x)	3.2	2.7	1.8	1.8	2.1	2.4

F – Forecast

Source: Fitch Ratings, Fitch Solutions

## Peer Analysis

Isagen's credit profile is commensurate with investment-grade electric generation companies (gencos) in the region, such as Kallpa Generacion S.A. (BBB-/Stable), Enel Generacion Chile S.A. (BBB+/Stable) and Colbun S.A. (BBB+/Stable). These companies benefit from predictable cash flow from operations (CFO), due to robust contracted positions and conservative capital structures.

Rating differences mainly stem from asset base size and diversity, affecting price competitiveness and operational flexibility. Isagen, with 3.1GW of hydro, wind and solar capacity, is well-positioned compared to Kallpa's 1.8GW capacity. Enel Generacion Chile and Colbun have larger capacities than Isagen, evenly split between hydro and thermal.

Latin American peers generally have strong capital structures aligning with the 'BBB' rating. Isagen's leverage ratio, total debt to EBITDA, is projected to stay near 3.3x, lower than Kallpa's expected 4.0x. Enel Generacion Chile (below 1.0x) and Colbun (3.0x) boast stronger capital structures, supporting their 'BBB+' rating.

Isagen also compares well with electricity generation peers that have national ratings, namely Enel Colombia S.A. E.S.P. (BBB/Negative), Empresas Publicas de Medellin E.S.P. (EPM; BB+/Negative) and Celsia Colombia S.A. E.S.P., all rated 'AAA(col)'. Isagen is the third-largest electricity generation company in Colombia in terms of installed capacity, trailing Enel Colombia and EPM.

## Navigator Peer Comparison

	IDR/Outlook	Operating Environment	Management and Corporate Governance	Revenues Visibility	Market Position	Asset Base and Operations	Commodity Exposure	Profitability	Financial Structure	Financial Flexibility
Colbun S.A.	BBB+/Stable	a-	bbb+	bbb+	bbb+	a-	bbb+	bbb	bbb	a
Enel Generacion Chile S.A.	BBB+/Stable	a-	bbb+	bbb+	bbb+	a-	bbb	bbb	bbb	bbb+
Isagen S.A. E.S.P.	BBB-/Negative	bbb-	bbb	bbb	bbb-	bbb	bbb	bbb-	bbb	bbb-
Kallpa Generacion S.A.	BBB-/Stable	bb	bb+	bbb	bbb-	bbb	bbb	bbb	bbb-	bbb-

Source: Fitch Ratings

Relative Importance of Factor: Higher (Red), Moderate (Blue), Lower (Light Blue)

Name	IDR/Outlook	Operating Environment	Management and Corporate Governance	Revenues Visibility	Market Position	Asset Base and Operations	Commodity Exposure	Profitability	Financial Structure	Financial Flexibility
Colbun S.A.	BBB+/Stable	+1	0	0	0	+1	0	-1	-1	+2
Enel Generacion Chile S.A.	BBB+/Stable	+1	0	0	0	+1	-1	-1	+1	0
Isagen S.A. E.S.P.	BBB-/Negative	0	+1	+1	0	+1	+1	0	+1	0
Kallpa Generacion S.A.	BBB-/Stable	-2	-1	+1	0	+1	+1	+1	0	0

Source: Fitch Ratings

Factor Score Relative to IDR: Worse positioned than IDR (Red), Within one notch of IDR (Blue), Better positioned than IDR (Light Blue)

## Rating Sensitivities

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

- A downgrade of Colombia's Country Ceiling;
- Sustained leverage of more than 3.5x;
- A change in company strategy that weakens CFO performance or results in a more aggressive plan in terms of leverage and capex.

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

- Fitch considers a positive rating action unlikely in the near term, given business and geographical concentration of electricity generation in Colombia, and leverage expectations.

## Liquidity and Debt Structure

Isagen maintains adequate liquidity, supported by prospects for strong and predictable EBITDA generation. The company has the flexibility to capitalize interest payments on its SHL and can retain CFO generation if necessary. Fitch anticipates Isagen will maintain moderate cash balance levels and refinance most of its debt obligations, with notable amortizations in 2027 (COP1.2 trillion) and 2028 (COP1.1 trillion). Any excess cash is expected to be distributed to shareholders in the form of dividends or used to service its SHL loan.

The company reported COP10.7 trillion of financial debt as of Dec. 31, 2024, comprised of 36% local bond issuances and 64% credit loans. Approximately 99% of Isagen's debt was COP-denominated, which matches its cash flow generation and limits foreign exchange risk. Isagen does not have immediate liquidity concerns as cash on hand plus CFO covered short-term maturities by over 1x as of Sept. 30, 2024. The company's debt currently has an average life of 6.4 years.

## ESG Considerations

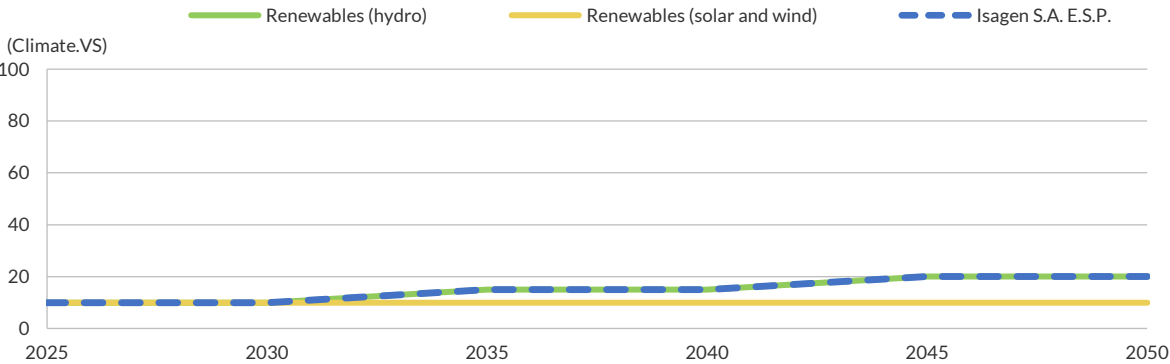
The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's 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>.

## Climate Vulnerability Considerations

Fitch uses Climate Vulnerability Signals (Climate.VS) as a screening tool to identify sectors and Fitch-rated issuers that are potentially most exposed to credit-relevant climate transition risks and, therefore, require additional consideration of these risks in rating reviews. Climate.VS range from 0 (lowest risk) to 100 (highest risk). For more information on Climate.VS, see Fitch's [Corporate Rating Criteria](#). For more detailed, sector-specific information on how Fitch perceives climate-related transition risks, see [Climate Vulnerability Signals for Non-Financial Corporate Sectors](#).

The fiscal 2024 revenue-weighted Climate Vulnerability Signal (Climate.VS) for Isagen for 2035 is 10 out of 100, suggesting low exposure to climate-related risks in that year. For further information on how Fitch perceives climate-related risks in the Utilities sector see [Utilities - Long-Term Climate Vulnerability Signals Update](#).

Climate.VS Evolution  
As of Dec 31, 2024



Source: Fitch Ratings

## Liquidity and Debt Maturities

### Cash and Maturities Report

(COP Mil.)	December 31, 2023	September 30, 2024
Total cash and cash equivalents	220,402	152,705
Short-term investments	—	—
Less not readily available cash and cash equivalents	50	50
<b>Fitch-defined readily available cash and cash equivalents</b>	<b>220,352</b>	<b>152,655</b>
Availability under committed lines of credit	—	—
<b>Total liquidity</b>	<b>220,352</b>	<b>152,655</b>
LTM EBITDA after associates and minorities	3,175,928	2,859,551
LTM FCF	-16,159	-81,009

Source: Fitch Ratings, Fitch Solutions, Isagen S.A. E.S.P.

### Scheduled Debt Maturities

(COP Mil.)	December 31, 2024
2025	592,000
2026	748,000
2027	1,253,000
2028	1,148,000
2029	1,257,000
Thereafter	5,702,000
<b>Total</b>	<b>10,700,000</b>

Source: Fitch Ratings, Fitch Solutions, Isagen S.A. E.S.P.

## Key Assumptions

- Average electricity generation of 16,00 GWh in 2025 and 16,130 GWh thereafter;
- Contracting policy at 70% of total electricity sales on average;
- Shareholder distribution is contingent on excess cash;
- Total debt to EBITDA consistently below 3.5x;
- Average monomic prices of COP400/kWh over the forecast horizon.

## Summary of Financial Adjustments

Shareholder loan treated as equity-like.

## Financial Data

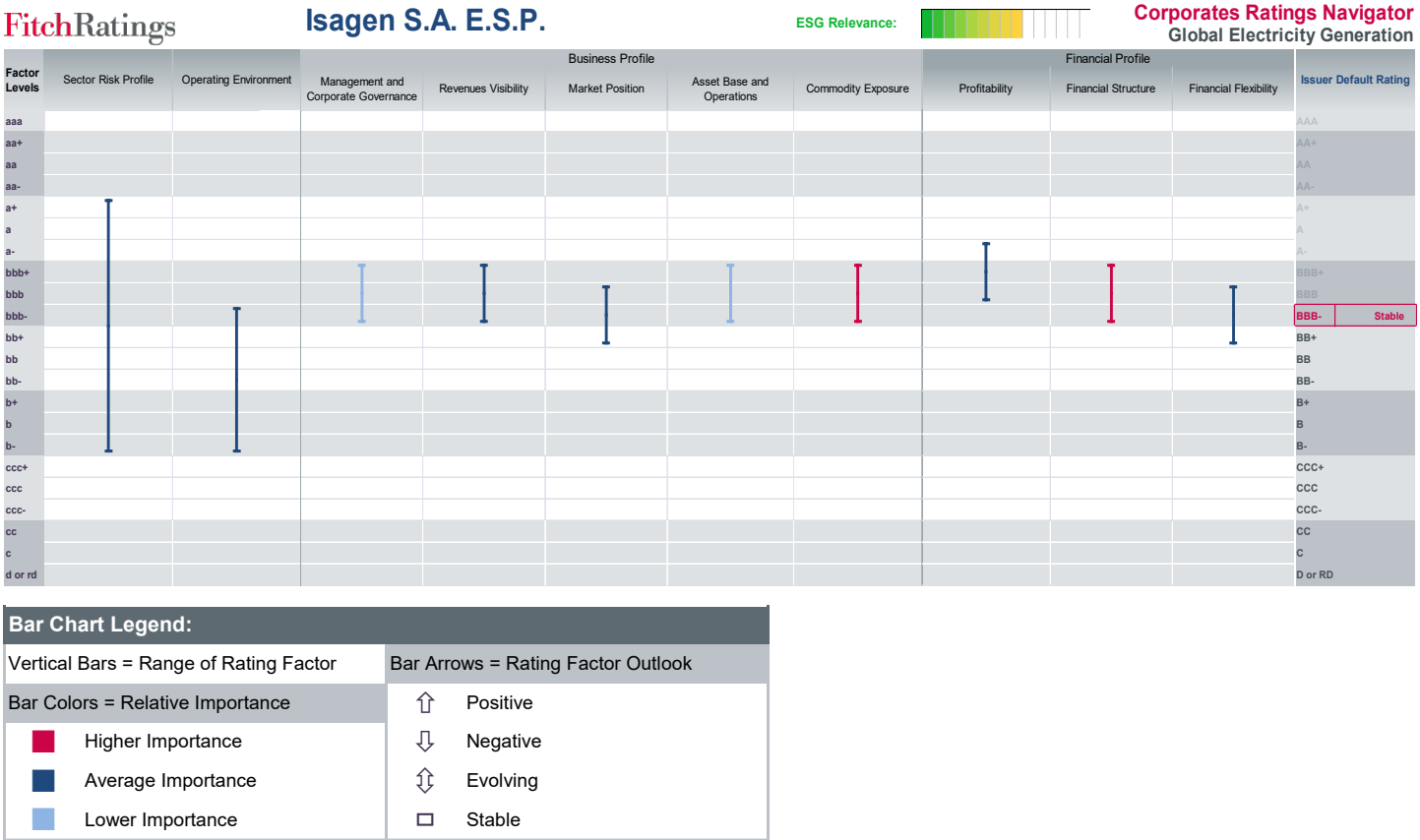
(COP Mil.)	2021	2022	2023	2024F	2025F	2026F
<b>Summary income statement</b>						
Gross revenue	3,481,508	4,816,990	5,523,362	5,334,132	6,085,923	6,295,811
Revenue growth (%)	8.4	38.4	14.7	-3.4	14.1	3.4
EBITDA before income from associates	2,214,830	3,289,870	3,175,928	3,078,667	3,357,174	3,500,157
EBITDA margin (%)	63.6	68.3	57.5	57.7	55.2	55.6
EBITDA after associates and minorities	2,214,830	3,289,870	3,175,928	3,078,667	3,357,174	3,500,157
EBIT	1,999,567	3,048,227	2,916,872	2,816,356	3,089,625	3,228,450
EBIT margin (%)	57.4	63.3	52.8	52.8	50.8	51.3
Gross interest expense	-676,059	-1,341,933	-1,804,138	-1,713,020	-1,592,931	-1,444,425
Pretax income including associate income/loss	1,286,348	1,868,960	1,512,779	1,103,335	1,496,694	1,784,026
<b>Summary balance sheet</b>						
Readily available cash and equivalents	172,827	309,200	220,352	564,079	330,810	346,377
Debt	7,194,613	10,347,261	10,399,853	10,740,804	11,161,920	11,491,695
Net debt	7,021,786	10,038,061	10,179,501	10,176,726	10,831,110	11,145,318
<b>Summary cash flow statement</b>						
EBITDA	2,214,830	3,289,870	3,175,928	3,078,667	3,357,174	3,500,157
Cash interest paid	-696,512	-1,229,285	-1,781,010	-1,713,020	-1,592,931	-1,444,425
Cash tax	-122,465	-167,709	-458,567	-364,101	-493,909	-588,728
Dividends received less dividends paid to minorities (inflow/outflow)	—	—	—	—	—	—
Other items before FFO	87,428	186,175	140,062	—	—	—
FFO	1,487,039	2,220,706	1,268,834	1,001,546	1,270,334	1,467,003
FFO margin (%)	42.7	46.1	23.0	18.8	20.9	23.3
Change in working capital	-111,459	-248,066	119,241	-23,293	-103,785	-28,975
CFO (Fitch-defined)	1,375,580	1,972,640	1,388,075	978,253	1,166,549	1,438,028
Total non-operating/nonrecurring cash flow	—	—	—	—	—	—
Capex	-2,281,254	-408,110	-373,517	—	—	—
Capital intensity (capex/revenue) (%)	65.5	8.5	6.8	—	—	—
Common dividends	-920,509	-1,443,083	-1,030,717	—	—	—
FCF	-1,826,183	121,447	-16,159	—	—	—
FCF margin (%)	-52.5	2.5	-0.3	—	—	—
Net acquisitions and divestitures	30	491	-149,346	—	—	—
Other investing and financing cash flow items	-35,897	-2,029,847	46,633	—	—	—
Net debt proceeds	1,952,772	2,027,431	29,724	340,951	421,116	329,775
Net equity proceeds	-1,644	—	—	—	—	—
Total change in cash	89,078	119,522	-89,148	343,727	-233,268	15,567
<b>Calculations for forecast publication</b>						
Capex, dividends, acquisitions and other items before FCF	-3,201,733	-1,850,702	-1,553,580	-975,478	-1,820,933	-1,752,236
FCF after acquisitions and divestitures	-1,826,153	121,938	-165,505	2,775	-654,384	-314,208
FCF margin after net acquisitions (%)	-52.5	2.5	-3.0	0.1	-10.8	-5.0
<b>Gross Leverage ratios (x)</b>						
EBITDA leverage	3.2	3.1	3.3	3.5	3.3	3.3
(CFO-capex)/debt	-12.6	15.1	9.8	7.1	4.9	7.7
<b>Net Leverage ratios (x)</b>						
EBITDA net leverage	3.2	3.1	3.2	3.3	3.2	3.2
(CFO-capex)/net debt	-12.9	15.6	10.0	7.5	5.0	7.9
<b>Coverage ratios (x)</b>						
EBITDA interest coverage	3.2	2.7	1.8	1.8	2.1	2.4
CFO – Cash flow from operations Source: Fitch Ratings, Fitch Solutions						

## How to Interpret the Forecast Presented

The forecast presented above 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.

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Ratings Navigator





Operating Environment				Management and Corporate Governance									
bbb	Economic Environment	bbb	Average combination of countries where economic value is created and where assets are located.	a-	Management Strategy	bbb	Strategy may include opportunistic elements but soundly implemented.						
bbb-	Financial Access	bbb	Average combination of issuer specific funding characteristics and of the strength of the relevant local financial market.	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.						
	Systemic Governance	bb	Systemic governance (eg rule of law, corruption; government effectiveness) of the issuer's country of incorporation consistent with 'bb'.	bbb	Group Structure	bbb	Some group complexity leading to somewhat less transparent accounting statements. No significant related-party transactions.						
b-				bbb-	Financial Transparency	bbb	Good quality reporting without significant failing. Consistent with the average of listed companies in major exchanges.						
ccc+				bb+									
Revenues Visibility				Market Position									
a-	Contracted Position	bbb	Balanced position with medium remaining life of PPAs or incentives of 5 to 7 years. PPAs or incentives amount between 80% and 100% of firm generation capacity.	bbb+	Supply/Demand Dynamics	bb	Lower certainty outlook for prices. Potential price volatility from bulky capacity/demand expansion in system.						
bbb+	Contract Renewal Risk	bbb	Likely re-contracting prospects with similar to potentially moderately worse contractual terms.	bbb	Competitive Position	bbb	Efficient generation with recurrent merit dispatch.						
bbb	System / Capacity Payments	a	Well established and transparent market pricing structure with minimal political interference providing long-term price visibility for power generators.	bbb-	Relative Size and Scale	bbb	Large scale operations with diverse generation asset base or company supplies more than 20% of electricity to the systems where it operates or strong competitive position in a localized market.						
bbb-	Degree of Supply Integration	n.a.		bb+									
bb+	Resource Predictability	bb	Somewhat volatile capacity factor.	bb									
Asset Base and Operations				Commodity Exposure									
a-	Asset Quality and Diversity	bbb	Good single asset quality or partial diversification by geography and/or generation source.	a-	Counterparty Risk	bbb	Diversified, medium counterparty risk or weighted average credit quality of actual and potential off-takers is in line with 'BBB' rating. Single 'BBB' rated off-taker under well-structured PPA.						
bbb+	Exposure to Environmental Regulations	bbb	Limited or manageable exposure to environmental regulations. Balanced generation between clean and thermal sources; medium carbon exposure.	bbb+	Costs Pass-Through and Supply Mix	bbb	Limited exposure to changes in commodity costs with ability to pass cost changes to end users. Low variable costs and moderate flexibility/certain of supply.						
bbb-	Capital and Technological Intensity of Capex	bbb	Moderate reinvestments requirements in established technologies.	bbb	Hedging Strategy		n.a.						
bbb-				bbb-									
bb+				bb+									
Profitability				Financial Structure									
bbb+	Free Cash Flow	bb	Structurally moderately negative FCF across the investment cycle.	a-	EBITDA Leverage	bbb	3.3x						
bbb	Cash Flow Predictability	bbb	Stability and predictability cash flow in line with peers.	bbb+	FFO Leverage	bbb	3.5x						
bbb-				bbb	FFO Net Leverage	bbb	3.0x						
bb+				bbb-									
bb				bb+									
Financial Flexibility				Credit-Relevant ESG Derivation									
bbb+	Financial Discipline	bb	Financial policies in place but flexibility in applying them could lead to temporarily exceeding downgrade guidelines.	Isagen S.A. E.S.P. has 12 ESG potential rating drivers				key driver	0	issues	5		
bbb	Liquidity	bbb	One-year liquidity ratio above 1.25x. Well-spread maturity schedule of debt but funding may be less diversified.	➡ Emissions from operations				driver	0	issues	4		
bbb-	FFO Interest Coverage	b	2.0x	➡ Fuel use to generate energy and serve load				potential driver	12	issues	3		
bb+	DSCR	bb	Expected average DSCR between 1.3 and 1.1 for amortizing debt.	➡ Impact of waste from operations									
bb	FX Exposure	a	Profitability potentially exposed to FX but efficient hedging in place. Debt and cash flows well-matched.	➡ Plants' and networks' exposure to extreme weather									
				➡ Product affordability and access				not a rating driver	2	issues	2		
				➡ Quality and safety of products and services; data security					0	issues	1		
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.				Showing top 6 issues				Overall ESG					

Credit-Relevant ESG Derivation

Isagen S.A. E.S.P. has 12 ESG potential rating drivers

Isagen S.A. E.S.P. has exposure to emissions regulatory risk but this has very low impact on the rating.

Isagen S.A. E.S.P. has exposure to energy productivity risk but this has very low impact on the rating.

Isagen S.A. E.S.P. has exposure to waste & impact management risk but this has very low impact on the rating.

Isagen S.A. E.S.P. has exposure to extreme weather events but this has very low impact on the rating.

Isagen S.A. E.S.P. has exposure to access/affordability risk but this has very low impact on the rating.

Isagen S.A. E.S.P. has exposure to customer accountability risk but this has very low impact on the rating.

key driver

driver

potential driver

not a rating driver

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issues

issues

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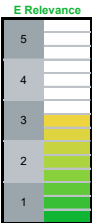
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ESG Relevance to Credit Rating

Environmental (E) Relevance Scores

General Issues	E Score	Sector-Specific Issues	Reference
GHG Emissions & Air Quality	3	Emissions from operations	Asset Base and Operations
Energy Management	3	Fuel use to generate energy and serve load	Asset Base and Operations; Counterparty and Commodity Exposure; Profitability
Water & Wastewater Management	2	Water used by hydro plants or by other generation plants, also effluent management	Asset Base and Operations; Profitability
Waste & Hazardous Materials Management; Ecological Impacts	3	Impact of waste from operations	Asset Base and Operations; Profitability
Exposure to Environmental Impacts	3	Plants' and networks' exposure to extreme weather	Asset Base and Operations; Profitability



**How to Read This Page**

ESG relevance scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant to the credit rating and green (1) is least relevant.

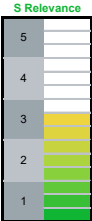
**The Environmental (E), Social (S) and Governance (G) tables** break out the ESG general issues and the sector-specific issues that are most relevant to each industry group. Relevance scores are assigned to each sector-specific issue, signaling the credit-relevance of the sector-specific issues to the issuer's overall credit rating. The Criteria Reference column highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis. The vertical color bars are visualizations of the frequency of occurrence of the highest constituent relevance scores. They do not represent an aggregate of the relevance scores or aggregate ESG credit relevance.

**The Credit-Relevant ESG Derivation** table's far right column is a visualization of the frequency of occurrence of the highest ESG relevance scores across the combined E, S and G categories. The three columns to the left of ESG Relevance to Credit Rating summarize rating relevance and impact to credit from ESG issues. The box on the far left identifies any ESG Relevance Sub-factor issues that are drivers or potential drivers of the issuer's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the relevance score. All scores of '4' and '5' are assumed to reflect a negative impact unless indicated with a '+' sign for positive impact.

**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 Principles for Responsible Investing (PRI), the Sustainability Accounting Standards Board (SASB), and the World Bank.

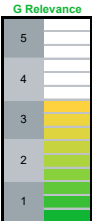
Social (S) Relevance Scores

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



Governance (G) Relevance Scores

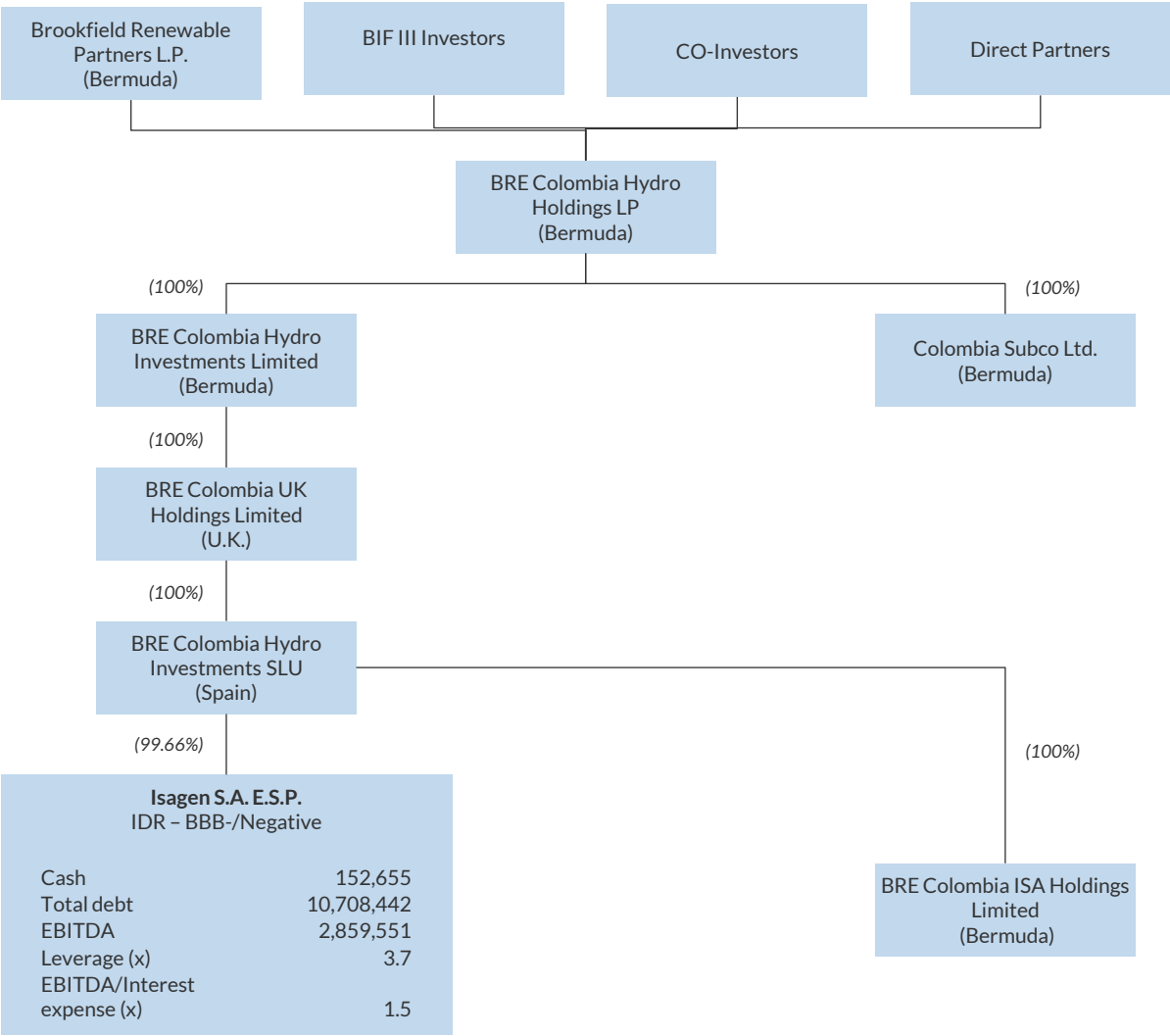
General Issues	G Score	Sector-Specific Issues	Reference
Management Strategy	3	Strategy development and implementation	Management and Corporate Governance; Financial Structure
Governance Structure	3	Board independence and effectiveness; ownership concentration	Management and Corporate Governance
Group Structure	3	Complexity, transparency and related-party transactions	Management and Corporate Governance; Counterparty and Commodity Exposure
Financial Transparency	3	Quality and timing of financial disclosure	Management and Corporate Governance



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 — Isagen S.A. E.S.P.  
(COP Mil., LTM as of September 30, 2024)



Source: Fitch Ratings, Fitch Solutions, Isagen S.A. E.S.P.

## Peer Financial Summary

Company	Issuer Default Rating	Financial statement date	Gross revenue (USD Mil.)	EBITDA (USD Mil.)	EBITDA margin (%)	EBITDA leverage (x)	EBITDA interest coverage (x)
Isagen S.A. E.S.P.	BBB-						
	BBB-	2023	1,445	831	57.5	3.3	1.8
	BBB-	2022	1,001	684	68.3	3.1	2.7
	BBB-	2021	871	554	63.6	3.2	3.2
Enel Generacion Chile S.A.	BBB+						
	BBB+	2024	3,107	722	23.3	0.8	11.0
	BBB+	2023	3,664	777	21.2	1.3	10.5
	A-	2022	4,405	979	22.2	1.0	10.8
Colbun S.A.	BBB+						
	BBB+	2024	1,576	617	39.2	3.4	8.2
	BBB+	2023	2,004	688	34.4	2.8	9.2
	BBB+	2022	1,974	740	37.5	2.7	10.2
Enel Colombia S.A. E.S.P.	BBB						
	BBB	2023	4,379	1,525	34.8	1.5	6.0
	BBB	2022	2,541	1,231	48.4	1.2	9.6
	BBB	2021	1,182	738	62.4	0.8	13.1
Empresas Publicas de Medellin E.S.P. (EPM)	BB+						
	BB+	2023	9,821	2,484	25.3	3.0	3.2
	BB+	2022	6,699	1,968	29.4	3.2	5.0
	BB+	2021	6,317	1,778	28.1	3.7	4.8
Kallpa Generacion S.A.	BBB-						
	BBB-	2023	685	267	38.9	4.2	5.2
	BBB-	2022	597	265	44.3	4.3	5.2
	BBB-	2021	534	253	47.3	4.5	5.3

Source: Fitch Ratings, Fitch Solutions

## Fitch Adjusted Financials

(COP Mil., as of December 31, 2023)	Notes and formulas	Standardized values	Lease treatment	Other adjustments	Adjusted values
<b>Income statement summary</b>					
Revenue		5,523,362	—	—	5,523,362
EBITDA	(a)	3,215,738	-39,810	—	3,175,928
Depreciation and amortization		-281,849	22,793	—	-259,056
EBIT		2,933,889	-17,017	—	2,916,872
<b>Balance sheet summary</b>					
Debt	(b)	10,562,354	-162,501	—	10,399,853
Of which other off-balance-sheet debt		—	—	—	—
Lease-equivalent debt		—	—	—	—
Lease-adjusted debt		10,562,354	-162,501	—	10,399,853
Readily available cash and equivalents	(c)	220,352	—	—	220,352
Not readily available cash and equivalents		50	—	—	50
<b>Cash flow summary</b>					
EBITDA	(a)	3,215,738	-39,810	—	3,175,928
Dividends received from associates less dividends paid to minorities	(d)	—	—	—	—
Interest paid	(e)	-1,781,010	—	—	-1,781,010
Interest received	(f)	192,421	—	—	192,421
Preferred dividends paid	(g)	—	—	—	—
Cash tax paid		-458,567	—	—	-458,567
Other items before FFO		100,252	39,810	—	140,062
FFO	(h)	1,268,834	—	—	1,268,834
Change in working capital		119,241	—	—	119,241
CFO	(i)	1,388,075	—	—	1,388,075
Non-operating/nonrecurring cash flow		—	—	—	—
Capex	(j)	-373,517	—	—	-373,517
Common dividends paid		-1,030,717	—	—	-1,030,717
FCF		-16,159	—	—	-16,159
<b>Gross leverage (x)</b>					
EBITDA leverage	b/(a+d)	3.3	—	—	3.3
(CFO-capex)/debt (%)	(i+j)/b	9.6	—	—	9.8
<b>Net leverage (x)</b>					
EBITDA net leverage	(b-c)/(a+d)	3.2	—	—	3.2
(CFO-capex)/net debt (%)	(i+j)/(b-c)	9.8	—	—	10.0
<b>Coverage (x)</b>					
EBITDA interest coverage	(a+d)/(-e)	1.8	—	—	1.8

CFO - Cash flow from operations

Notes: The standardized items presented above are based on Fitch's taxonomy for the given sector and region.

Reported items may not match the Fitch taxonomy, but they are captured into corresponding lines accordingly.

Debt includes other off-balance-sheet debt.

Source: Fitch Ratings, Fitch Solutions, Isagen S.A. E.S.P.

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