



GRUPO ENERGÍA
DE BOGOTÁ

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Moody's ratifica calificación de grado de inversión de EEB

- La calificadora reafirmó la calificación Baa2 para la Empresa de Energía de Bogotá S.A. ESP, tras el anuncio de democratización del 20% de las acciones del Distrito.
- La calificación refleja la solvencia en las métricas crediticias de EEB

Bogotá, 21 de noviembre de 2016. La calificadora de riesgo Moody's, ratificó la calificación de grado de inversión a EEB S.A. E.S.P. y a su deuda en nivel Baa2, después del anuncio de la democratización del 20% de las acciones que el Distrito Capital posee en la Empresa de Energía de Bogotá.

La calificación de Moody's refleja la solvencia de EEB en sus métricas crediticias. La calificadora asume además que EEB mantendrá su participación accionaria en subsidiarias claves para el desarrollo de su plan estratégico, generando un flujo de caja estable.

La calificación valora la naturaleza regulada de las operaciones de EEB y los flujos de dividendos de sus subsidiarias no controladas. La perspectiva de EEB es estable, bajo el supuesto que las métricas crediticias se mantendrán financieramente sólidas tanto a nivel individual como consolidada.

Se asume además, que la política de dividendos de EEB hacia sus accionistas seguirá siendo sostenible, y que no habrá cambios materiales en la estructura del Grupo.

Acerca del Grupo Energía Bogotá

El Grupo Energía de Bogotá es uno de los grupos líderes de la cadena energética de baja emisión de la región. Como Grupo Empresarial genera valor a sus accionistas y grupos de interés por medio de la gestión sostenible y rentable de sus negocios a lo largo de la cadena energética, tanto en la generación, transmisión, distribución y comercialización de electricidad, así como en transporte y distribución de gas natural.

El Grupo contribuye al desarrollo de los países donde opera y lidera proyectos que impactan la productividad, la competitividad y mejoran el bienestar y calidad de vida de los usuarios.

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1. The first part of the document discusses the importance of maintaining accurate records of all transactions. It emphasizes that proper record-keeping is essential for ensuring the integrity and reliability of financial data. This section also outlines the various methods and tools used to collect and store transaction data, highlighting the need for consistency and accuracy throughout the process.

2. The second part of the document focuses on the analysis and interpretation of the collected data. It describes how the recorded transactions are processed and analyzed to identify trends, patterns, and anomalies. This section also discusses the role of data visualization in presenting the information in a clear and accessible manner, allowing stakeholders to make informed decisions based on the data.

3. The third part of the document addresses the challenges and risks associated with data management and analysis. It highlights the potential for data loss, corruption, and unauthorized access, and discusses strategies to mitigate these risks. This section also touches upon the importance of data security and privacy, particularly in the context of sensitive financial information.

4. The fourth part of the document provides a summary of the key findings and conclusions. It reiterates the importance of a robust data management system and the need for ongoing monitoring and maintenance. This section also offers recommendations for future improvements and best practices to ensure the continued effectiveness of the data management process.

5. The final part of the document includes a list of references and a bibliography. It cites various sources of information used throughout the document, including industry standards, academic research, and internal reports. This section provides a comprehensive overview of the research and data sources that informed the analysis and conclusions.

6. The document concludes with a final statement emphasizing the commitment to transparency and accountability in all financial reporting. It expresses confidence in the accuracy and reliability of the data presented and invites stakeholders to review the information and provide feedback as needed. The overall goal is to ensure that all financial transactions are properly recorded, analyzed, and reported in a timely and accurate manner.

7. The document is signed and dated, providing a formal record of the information presented. It includes the name and title of the responsible party, as well as the date of completion. This section serves as a final verification of the data and the analysis, ensuring that the information is up-to-date and reflects the current state of the organization's financial records.

MOODY'S

INVESTORS SERVICE

Rating Action: Moody's affirms EEB's Baa2 senior unsecured rating; stable outlook

Global Credit Research - 16 Nov 2016

Approximately US\$749 million of debt securities affected

New York, November 16, 2016 -- Moody's Investors Service ("Moody's") affirmed today the Baa2 senior unsecured rating of Empresa de Energia de Bogota S.A. E.S.P. (EEB). The rating outlook is stable.

RATINGS RATIONALE

The affirmation of EEB's Baa2 senior unsecured rating follows the Municipal Council's approval of the sale by the District of Bogota (Baa2 stable) of an up to 20% interest stake in EEB. The affirmation factors in the fact that despite its ownership reduction, the District of Bogota will remain the majority shareholder with a 56.3% interest stake in EEB. It further considers that pursuant to Agreement 01, 1996 the District of Bogota is required to hold at least a 51% ownership-stake in the issuer. Moody's understands that the disposal is part of the District's plan to raise funds to finance its significant capital expenditure program.

Given the District's majority ownership stake, EEB falls under the scope of Moody's rating methodology for Government-Related Issuers (GRIs). The Baa2 senior unsecured rating reflects the application of Moody's joint default analysis (JDA) framework for government related issuers (GRIs). This takes into account the following four input factors: (i) the District of Bogota sub-sovereign Baa2 rating as the support provider as well as a (ii) strong probability of extraordinary support from the municipality, (iii) a moderate level of dependence and (iv) a Base Credit Assessment (BCA) of baa3.

The BCA is a representation of EEB's intrinsic creditworthiness before taking into account possible extraordinary support from the municipality. The BCA of baa3 largely reflects the structural subordination that results from (i) material amount of parent-only debt compared to consolidated indebtedness and (ii) its strong dependence on cash up-streams, particularly those from its non-controlled subsidiaries to service its debt despite its own profitable transmission operations. However, the BCA also captures the regulated nature of the operations of most of its subsidiaries and the aggressive dividend policy of its key non-controlled subsidiaries which enhances EEB's cash flow visibility.

Therefore, the BCA of baa3 assumes that EEB will maintain its ownership stakes in its key subsidiaries in terms of cash flows, that is in its non-controlled subsidiaries: the unregulated generation company Emgesa S.A. E.S.P. (43.6% of voting rights; unrated), the electric and natural gas utilities Codensa S.A. E.S.P. (42.85% of voting rights; unrated) and Gas Natural S.A. E.S.P. (25%; unrated). It also assumes that EEB will maintain its controlling stake in Transportadora de Gas Internacional S.A. E.S.P. (TGI; Baa3, stable; direct and indirect 99.97% ownership stake) and Gas Natural de Lima y Callao S.A. (Calidda Baa3, stable; total in and direct interest 66.2%). The BCA and senior unsecured rating are tempered by EEB's reliance on the capital markets to meet unexpected cash flow shortfalls in the absence of committed bank credit facilities. That said the ratings also acknowledge that its debt maturity profile is manageable.

The stable outlook is predicated on the assumption that the key credit metrics will remain commensurate with the Baa-rating category on a standalone and consolidated basis as well as EEB's debt/EBITDA will remain below 4.0x on a normalized basis. The outlook also assumes that the group's dividend policy will be reasonable and sustainable with a target dividend payout ratio that hovers around 70% assuming no material changes in the group's structure and/or new important investments after the completion of the current transmission investment program. The stable outlook assumes that the implementation of the liability management initiatives will fully eliminate its foreign exchange risk exposure via a combination of financial and natural hedges.

What Could Change the Rating - Up

The ratings of EEB could experience positive momentum if the ratings of Colombia and the District of Bogota would be upgraded in conjunction with a raise of EEB's BCA. The latter could result if EEB's current material structural subordination softens significantly either in terms of a reduction in its cash dependence from the non-

controlled subsidiaries and/or a material reduction in the percentage of parent only indebtedness over consolidated debt along with an improvement in financial metrics; Specifically, if EEB is able to record on a standalone and consolidated basis. Specifically, if its 3-year CFO pre W/C to debt and interest coverage exceeded 22% and 5x, respectively, on a sustainable basis.

What Could Change the Rating - Down

EEB's rating is likely to be downgraded if the ratings of Colombia and/or the District of Bogota experience negative momentum. The BCA could be lowered if Moody's perceives a deterioration in the Colombian regulatory environment, and/or increase in the structural subordination considerations and/or material changes in the portfolio of key subsidiaries. An aggressive dividend policy and/or investment program that results in incremental indebtedness above Moody's current anticipated levels is likely to also result in a lower BCA. Expansion initiatives that increase the group's exposure to unregulated operations and/or less transparent regulatory environments are likely to also have a negative impact on the BCA. Failure to significantly reduce EEB's current foreign exchange risk exposure would likely also result in a downgrade.

The methodologies used in these ratings were Regulated Electric and Gas Utilities published in December 2013 and Government-Related Issuers published in October 2014. Please see the Rating Methodologies page on www.moody.com for a copy of these methodologies.

Headquartered in Bogota, Colombia (Baa2 stable), Empresa de Energia de Bogota S.A. E.S.P. (EEB) is a Colombian regulated transmission company. It is also a holding company with material equity interests in controlled and non-controlled subsidiaries that conduct their electric and natural gas operations in Colombia, Peru (A3 stable), Guatemala (Ba1 stable) and Brazil (Ba2 negative).

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