

Empresa de Energia de Bogota Ratings Remain Unchanged On \$112 Million Debt Add-On

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NEW YORK (Standard & Poor's) Nov. 15, 2013--Standard & Poor's Ratings Services said today that its 'BBB-' long-term corporate credit and 'BB+' issue ratings on Colombia-based energy holding group Empresa de Energia de Bogota S.A.E.S.P. (EEB) remain unchanged following the proposed \$112 million incremental add-on to its senior unsecured notes due 2021. The company will use the proceeds mainly to finance investments in EEB's Guatemalan subsidiaries, Trecca and EEBIS.

The transaction doesn't affect our assessment of EEB's financial risk profile as "intermediate." Our assessment factors in our expectation that EEB's debt to EBITDA-plus-dividends ratio will remain about 3.2x, funds from operations to debt of 20% due to the likely high capital expenditures in 2013 and 2014, and EBITDA interest coverage of about 3.7x. Due to the stability of the dividend cash flows--thanks to the shareholder agreement with Endesa, the operating owner of Emgesa and Codensa, to distribute 100% of its net profit--and that dividends represent around 40% of EEB's EBITDA generation, we consider them in our debt to EBITDA calculation. These ratios don't include Emgesa's and Codensa's debt. EEB partly owns Emgesa and Codensa.

The rating on EEB's senior unsecured debt reflects its structural subordination relative to the company's priority liabilities at the subsidiary level.

CRITERIA AND RELATED RESEARCH

- Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Sept. 28, 2011
- Enhanced Methodology And Assumptions For Rating Government-Related Entities, June 29, 2009
- Business And Financial Risks In The Investor-Owned Utilities Industry, Nov. 26, 2008

- 2008 Corporate Criteria: Analytical Methodology, April 15, 2008
- 2008 Corporate Criteria: Rating Each Issue, April 15, 2008

RATINGS LIST

Empresa de Energia de Bogota S.A.E.S.P.

Corporate credit rating

BBB-/Stable/--

Senior unsecured rating

BB+