

# Empresa de Transmision Electrica S.A.

Fitch Ratings affirmed Empresa de Transmision Electrica, S.A.'s (ETESA) Long-Term Foreign and Local Currency Issuer Default Ratings (IDRs) at 'BBB-'. The Rating Outlook is Stable. In addition, Fitch affirmed ETESA's International Long-Term Senior Unsecured Rating at 'BBB-', National Long-Term Rating at 'AAA(pan)'/ Outlook Stable, and National Long-Term Senior Unsecured Rating at 'AAA(pan)'.

The ratings reflect ETESA's strong linkage with Panama's sovereign rating (BBB-/Stable), due to the government's 100% ownership in the company and history of financial support. ETESA's socio-political implication of default is moderate, given the low likelihood of service interruptions that could arise from financial distress at the company. ETESA's financial implication of default for Panama's government is strong due to the company's strategic importance to the country. The Standalone Credit Profile (SCP) remains commensurate with a 'bbb-' rating, limited by its financial structure which is weaker than its regional peers.

## Key Rating Drivers

**Government-Related Entity:** ETESA's SCP aligns with a 'BBB-' sovereign rating. According to its Government-Related Entity (GRE) rating criteria, Fitch views the ownership and control and support track record as very strong, the socio-political impact of default as moderate, and the financial implications of a GRE default as strong. These combined factors result in a GRE assessment score of 35, indicating that ETESA's rating is capped by that of the sovereign. Should the company's SCP decline, the ratings would still be equalized the sovereign rating up to a four-notch differential between the two.

**Stable, Predictable Cash Flows:** ETESA's revenues and cash flow are stable and predictable, characteristic of transmission companies, which do not have volume or price risk. The company's maximum revenues are derived by multiplying its asset base by various rates set by the regulator to compensate the company for operations and maintenance, administration and depreciation costs, as well as a built-in profit margin. ETESA's revenues can be adjusted based on frequency and duration of service interruptions. As such, Fitch projects relatively stable EBITDA margins averaging 71% through 2026, in line with regional peers.

**Moderate Leverage Profile:** Fitch expects ETESA's debt/EBITDA ratio to tick up in fiscal 2022 to 6.7x due to new debt acquired in July 2022. Leverage should decline to an average 6.1x through 2026. Expected leverage of this magnitude is not uncommon for electricity transmission companies in the region, given their stable and highly regulated cash flows; however, ETESA's leverage is weaker than regional peers. FFO interest coverage should average a solid 2.8x.

Fitch expects FCF to be negative over the rating horizon as pandemic-deferred annual capex rise in 2022 and beyond to address energy-grid expansion and routine maintenance. Capex averaging USD168 million through 2026 will be funded with a combination of internally generated cash flows but primarily new debt, including USD175 million issued in 2022. A planned fourth line, which has been subject to repeated delays and is now scheduled for tender this year, will be paid for by its builder with no recourse to ETESA.

**Low Business Risk Profile:** The company's low business risk results from its operations as a natural and regulated monopoly of electricity transmission in a transparent regulatory environment. The company owns 100% of transmission lines in the country. Maximum revenues are set every four years by regulators to provide a constant rate of return on assets, and are determined by the size of its asset base and applicable rates of return. If a distribution company or generator fails to pay ETESA, the payment is redistributed among remaining industry players. ETESA's current rate agreement runs through YE 2022 through an extension, and Fitch expects the terms of the new tariff agreement to be broadly the same upon renewal.

## Ratings

### Foreign Currency

Long-Term IDR BBB-

### Local Currency

Long-Term IDR BBB-

### National Rating

National Long-Term Rating AAA

### Outlooks

Long-Term Foreign-Currency IDR Stable

Long-Term Local-Currency IDR Stable

National Long-Term Rating Stable

### Debt Ratings

Senior Unsecured Debt  
— Long-Term Rating BBB-

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

## Applicable Criteria

[Corporate Rating Criteria \(October 2022\)](#)

[National Scale Rating Criteria \(December 2020\)](#)

[Government-Related Entities Rating Criteria \(September 2020\)](#)

## Related Research

[Fitch Ratings 2022 Outlook: Latin American Utilities \(November 2022\)](#)

[Fitch Ratings 2022 Outlook: Latin American Utilities \(November 2021\)](#)

## Analysts

Eva Rippeteau  
+1 212 908-9105  
[eva.rippeteau@fitchratings.com](mailto:eva.rippeteau@fitchratings.com)

Jose Luis Rivas  
+57 601 241 3236  
[joseluis.rivas@fitchratings.com](mailto:joseluis.rivas@fitchratings.com)

## Financial Summary

(USD Mil.)	2019	2020	2021	2022F	2023F	2024F
Gross Revenue	144	130	130	157	196	214
EBITDA	99	94	94	112	139	152
EBITDA Margin (%)	68.9	72.0	72.5	71.0	71.0	71.0
EBITDA Leverage (x)	6.0	5.9	6.0	6.7	6.1	6.2
EBITDA Net Leverage (x)	5.3	5.0	5.1	5.9	5.5	5.8

F – Forecast.

Source: Fitch Ratings, Fitch Solutions.

## Rating Derivation Relative to Peers

ETESA's ratings reflect its strong ties with the Panamanian government and linkage to the sovereign (BBB-/Stable). ETESA is 100% owned by the Panamanian government and has a legal monopoly on electricity transmission services within the country. The government demonstrates its financial commitment to the company with its history of cash contribution to fund capex, supportive tariff settings and generally not requiring ETESA to pay dividends.

ETESA's 'bbb-' SCP reflects the company's low business risk profile and stable cash flows, both of which are characteristic of electricity transmission companies. Following the 2017 completion of significant capital investments needed to fund ETESA's third transmission line, leverage has stabilized. ETESA's total debt/operating EBITDA ratio is expected to be 6.7x and 6.1x in 2022 and 2023, respectively. This is higher than the prior forecast given the additional debt issued in July 2022. It compares in line with leverage of Transelec (Chile; BBB/Stable Outlook) at 6.3x but higher than Consorcio Transmataro S.A. (Peru; BBB/Stable Outlook) at 5.7x.

## Rating Sensitivities

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

- Due to the company's close relationship with the Panamanian government, a positive sovereign rating action could result in a positive action for the company's rating.

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

- Due to the company's close relationship with the Panamanian government, a negative sovereign rating action could put downward pressure on the company's rating;
- A deterioration of the SCP to four notches or more below the sovereign.

## Liquidity and Debt Structure

Adequate Liquidity: The company reported 2Q22 cash balance of USD43.9 million. The company has a comfortable debt maturity profile, with its first major debt maturity coming due in 2026.

## ESG Considerations

ETESA has an ESG risk score of '4' for Governance Structure due to its nature as a majority government-owned entity and the inherent governance risk that arises with a dominant state shareholder, which has a negative impact on the credit profile, and is relevant to the ratings in conjunction with other factors.

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](http://www.fitchratings.com/esg).

## Liquidity and Debt Maturities

<b>Liquidity Analysis</b>				
(USD Mil.)	2022	2023F	2024F	2025F
<b>Available Liquidity</b>				
Beginning Cash Balance	86	82	80	73
Rating Case FCF After Acquisitions and Divestitures	(180)	(104)	(108)	(110)
Potential New Debt Issuance	175	100	100	100
<b>Total Available Liquidity (A)</b>	<b>81</b>	<b>79</b>	<b>72</b>	<b>63</b>
<b>Liquidity Uses</b>				
Debt Maturities	0	0	0	0
<b>Total Liquidity Uses (B)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Liquidity Calculation</b>				
Ending Cash Balance (A+B)	81	79	72	63
Revolver Availability	1	1	1	1
<b>Ending Liquidity</b>	<b>82.1</b>	<b>79.6</b>	<b>73.1</b>	<b>64.1</b>
Liquidity Score (x)	NM	NM	NM	NM

F - Forecast. NM - Not meaningful.

Source: Fitch Ratings, Fitch Solutions, Empresa de Transmision Electrica S.A.

## Scheduled Debt Maturities

(USD Mil.)	2021
2022	0
2023	0
2024	0
2025	0
2026	75
Thereafter	496
<b>Total</b>	<b>571</b>

Source: Fitch Ratings, Fitch Solutions, Empresa de Transmision Electrica S.A.

## Financial Data

(USD Mil.)	Historical			Forecast		
	2019	2020	2021	2022	2023	2024
<b>Summary Income Statement</b>						
Gross Revenue	144	130	130	157	196	214
Revenue Growth (%)	13.7	(9.9)	0.1	20.9	24.5	9.1
EBITDA (Before Income from Associates)	99	94	94	112	139	152
EBITDA Margin (%)	68.9	72.0	72.5	71.0	71.0	71.0
EBITDAR	99	94	94	112	139	152
EBITDAR Margin (%)	68.9	72.0	72.5	71.0	71.0	71.0
EBIT	78	62	61	73	95	101
EBIT Margin (%)	53.7	47.4	47.2	46.3	48.3	47.4
Gross Interest Expense	(32)	(28)	(29)	(33)	(42)	(50)
Pretax Income (Including Associate Income/Loss)	26	22	20	30	43	41
<b>Summary Balance Sheet</b>						
Readily Available Cash and Equivalents	68	92	86	81	78	70
Debt	600	571	571	746	846	946
Lease-Adjusted Net Debt	600	571	571	746	846	946
Net Debt	532	479	485	665	769	876
<b>Summary Cash Flow Statement</b>						
EBITDA	99	94	94	112	139	152
Cash Interest Paid	(29)	(25)	(29)	(33)	(42)	(50)

(USD Mil.)	Historical			Forecast		
	2019	2020	2021	2022	2023	2024
Cash Tax	(7)	(5)	(8)	(7)	(7)	(7)
Dividends Received Less Dividends Paid to Minorities (Inflow/(Out)flow)	—	3	1	0	0	0
Other Items Before FFO	(28)	(23)	(12)	0	0	0
FFO	36	43	47	72	91	95
FFO Margin (%)	24.8	33.3	35.8	45.7	46.2	44.3
Change in Working Capital	(31)	20	22	(79)	(15)	(7)
Cash Flow from Operations (Fitch Defined)	4	63	68	(7)	76	88
Total Non-Operating/Nonrecurring Cash Flow	—	—	—	—	—	—
Capex	(65)	(36)	(86)	—	—	—
Capital Intensity (Capex/Revenue) (%)	45.1	27.7	66.1	—	—	—
Common Dividends	—	—	—	—	—	—
FCF	(61)	27	(18)	—	—	—
Net Acquisitions and Divestitures	—	13	—	—	—	—
Other Investing and Financing Cash Flow Items	0	10	12	—	—	—
Net Debt Proceeds	109	(26)	0	175	100	100
Net Equity Proceeds	—	—	—	0	0	0
Total Change in Cash	48.3	23.4	(5.9)	(4.8)	(3.5)	(7.5)
<b>Leverage Ratios (x)</b>						
EBITDA Net Leverage	5.3	5.0	5.1	5.9	5.5	5.8
EBITDAR Leverage	6.0	5.9	6.0	6.7	6.1	6.2
EBITDAR Net Leverage	5.3	5.0	5.1	5.9	5.5	5.8
EBITDA Leverage	6.0	5.9	6.0	6.7	6.1	6.2
FFO-Adjusted Leverage	9.3	8.4	7.6	7.1	6.4	6.5
FFO-Adjusted Net Leverage	8.2	7.1	6.5	6.3	5.8	6.0
FFO Net Leverage	8.2	7.1	6.5	6.3	5.8	6.0
<b>Calculations for Forecast Publication</b>						
Capex, Dividends, Acquisitions and Other Items Before FCF	(65)	(24)	(86)	(172)	(179)	(195)
FCF After Acquisitions and Divestitures	(61)	40	(18)	(180)	(104)	(108)
FCF Margin (After Net Acquisitions) (%)	(42.0)	30.7	(13.6)	(114.2)	(52.8)	(50.3)
<b>Coverage Ratios (x)</b>						
FFO Interest Coverage	2.2	2.7	2.6	3.2	3.2	2.9
FFO Fixed-Charge Coverage	2.2	2.7	2.6	3.2	3.2	2.9
EBITDAR Fixed-Charge Coverage	3.4	3.9	3.3	3.4	3.3	3.0
EBITDA Interest Coverage	3.4	3.9	3.3	3.4	3.3	3.0
<b>Additional Metrics (%)</b>						
CFO-Capex/Debt	(10.1)	4.8	(3.1)	(24.0)	(12.2)	(11.4)
CFO-Capex/Net Debt	(11.4)	5.7	(3.7)	(26.9)	(13.5)	(12.3)
Cash Flow From Operations/Capex	6.8	176.0	79.3	(4.3)	42.3	45.0

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

FitchRatings

Empresa de Transmision Electrica S.A.

ESG Relevance:



Corporates Ratings Navigator  
Latin America Utilities

Factor Levels	Sector Risk Profile	Operating Environment	Management and Corporate Governance	Regulatory Environment	Business Profile	Market Position	Asset Base and Operations	Profitability	Financial Profile	Financial Flexibility	Issuer Default Rating
aaa											AAA
aa+											AA+
aa											AA
aa-											AA-
a+											A+
a											A
a-											A-
bbb+											BBB+
bbb											BBB
bbb-											BBB-
bb+											BB+
bb											BB
bb-											BB-
b+											B+
b											B
b-											B-
ccc+											CCC+
ccc											CCC
ccc-											CCC-
cc											CC
c											C
d or rd											D or RD

### Bar Chart Legend:

Vertical Bars = Range of Rating Factor

Bar Arrows = Rating Factor Outlook

Bar Colors = Relative Importance

Higher Importance

Average Importance

Lower Importance

↑ Positive

↓ Negative

↕ Evolving

□ Stable

### Operating Environment

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

### Regulatory Environment

a-	Independence	bb	Moderate government interference in utility regulations.
bbb+	Balance	bbb	Regulatory framework is moderately biased toward the needs of end users at the expense of sector participants.
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.

### Market Position

a-	Consumption Growth Trend	bbb	Customer and usage growth in line with industry averages.
bbb+	Customer Mix	bb	High concentration of customers.
bbb	Geographic Location	a	Favorable location or high geographic diversity.
bbb-	Supply Demand Dynamics	bbb	Moderately favorable outlook for prices and rates.
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 Flexibility

a-	Financial Discipline	bbb	Less conservative policy but generally applied consistently.
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	EBITDA Interest Coverage		
bbb-	FFO Interest Coverage	bb	3.5x
bb+	FX Exposure	aa	No material FX mismatch.

**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.

### Management and Corporate Governance

a-	Management Strategy	bbb	Strategy may include opportunistic elements but soundly implemented.
bbb+	Governance Structure	bb	Board effectiveness questionable with few independent directors. "Key person" risk from dominant CEO or shareholder.
bbb	Group Structure	aa	Transparent group structure.
bbb-	Financial Transparency	bbb	Good quality reporting without significant failing. Consistent with the average of listed companies in major exchanges.
bb+			

### Commodity Exposure

a-	Price and Volume Risk	a	Company has low exposure to changes in price and costs (i.e. all costs are timely passed through). Exposure to volume risk is low.
bbb+	Counterparty Risk	bbb	Weighted average credit quality of actual and potential offtakers is in line with 'BBB' rating.
bbb			
bbb-			
bb+			

### Asset Base and Operations

a-	Asset Diversity	bbb	Good quality and/or reasonable scale diversified assets.
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.
bbb-	Capital and Technological Intensity of Capex	bbb	Moderate reinvestment requirements in established technologies.
bb+			

### Financial Structure

bbb+	EBITDA Leverage		
bb	EBITDA Net Leverage	b	5.0x
bb-	FFO Leverage	bb	5.75x
b+	FFO Net Leverage	bb	5.0x
b			

### Credit-Relevant ESG Derivation

				Overall ESG	
Empresa de Transmision Electrica S.A. has 1 ESG rating driver and 8 ESG potential rating drivers				5	
➔	Board independence and effectiveness; ownership concentration	key driver	0	issues	
➔	Networks' exposure to extreme weather events- negative (e.g. risk of drought and flooding) or positive (e.g. additional return on resilience capex)	driver	1	issues	4
➔	Regulatory-driven access and affordability targets of utility services	potential driver	8	issues	3
➔	Quality and safety of products and services; data security				
➔	Impact of labor negotiations and employee (dis)satisfaction	not a rating driver	3	issues	2
➔	Social resistance to major projects that leads to delays and cost increases		2	issues	1

Showing top 6 issues

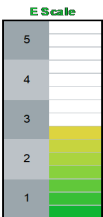
For further details on Credit-Relevant ESG scoring, see page 3.

Credit-Relevant ESG Derivation

Empresa de Transmision Electrica S.A has 1 ESG rating driver and 8 ESG potential rating drivers		key driver	0	issues	5
➔	Empresa de Transmision Electrica S.A has exposure to board independence risk which, in combination with other factors, impacts the rating.	driver	1	issues	4
➔	Empresa de Transmision Electrica S.A has exposure to extreme weather events but this has very low impact on the rating.	potential driver	8	issues	3
➔	Empresa de Transmision Electrica S.A has exposure to access/affordability risk but this has very low impact on the rating.				
➔	Empresa de Transmision Electrica S.A has exposure to customer accountability risk but this has very low impact on the rating.	not a rating driver	3	issues	2
➔	Empresa de Transmision Electrica S.A has exposure to labor relations & practices risk but this has very low impact on the rating.				
➔	Empresa de Transmision Electrica S.A has exposure to social resistance but this has very low impact on the rating.		2	issues	1
Showing top 6 issues					

Environmental (E)

General Issues	E Score	Sector-Specific Issues	Reference
GHG Emissions & Air Quality	1	Emissions from operations	Asset Base and Operations; Regulatory Risk; Profitability; Financial Structure
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
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
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
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



**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.

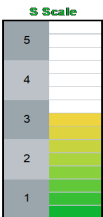
The Environmental (E), Social (S) and Governance (G) tables break out the individual components of the scale. The right-hand box shows the aggregate E, S, or G score. General Issues are relevant across all markets with Sector-Specific Issues unique to a particular industry group. Scores are assigned 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 Principles for Responsible Investing (PRI) and the Sustainability Accounting Standards Board (SASB).

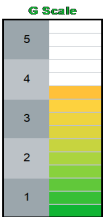
Social (S)

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



Governance (G)

General Issues	G Score	Sector-Specific Issues	Reference
Management Strategy	3	Strategy development and implementation	Management and Corporate Governance
Governance Structure	4	Board independence and effectiveness; ownership concentration	Management and Corporate Governance
Group Structure	3	Complexity, transparency and related-party transactions	Management and Corporate Governance
Financial Transparency	3	Quality and timing of financial disclosure	Management and Corporate Governance

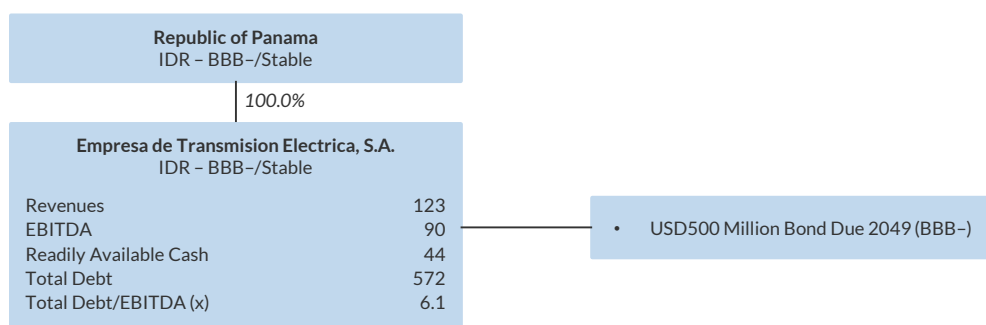


CREDIT-RELEVANT ESG SCALE	
How relevant are E, S and G issues to the overall credit rating?	
5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to "higher" relative importance within Navigator.
4	Relevant to rating, not a key rating driver 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 — Empresa de Transmision Electrica, S.A.

(USD Mil., LTM as of June. 30, 2022)



IDR – Issuer Default Rating.

Source: Fitch Ratings, Fitch Solutions, Empresa de Transmision Electrica, S.A.

## Peer Financial Summary

Company	Issuer Default Rating	Financial Statement Date	Revenue (USD Mil.)	EBITDA Margin (%)	EBITDA Interest Coverage (x)	EBITDA Net Leverage (x)	EBITDA Leverage (x)
Empresa de Transmision Electrica S.A.	BBB-						
	BBB-	2021	130	72.5	3.3	5.1	6.0
	BBB	2020	130	72.0	3.9	5.0	5.9
	BBB	2019	144	68.9	3.4	5.3	6.0
Consorcio Transmuntaro S.A. (CTM)	BBB						
	BBB	2021	370	51.7	4.1	5.5	5.8
	BBB	2020	350	53.6	4.2	4.9	5.8
	BBB-	2019	235	77.5	4.8	4.4	4.6
Transelec S.A.	BBB						
	BBB	2021	353	80.1	3.2	6.1	7.1
	BBB	2020	457	80.9	3.5	5.3	5.7
	BBB	2019	508	86.3	4.6	4.4	4.8
Transmissora Alianca de Energia Eletrica S.A.	BB						
	RAS	2021	529	74.0	11.1	2.9	3.0
	BB	2020	518	64.8	10.1	3.1	3.6
	BB	2019	354	49.9	4.9	4.0	6.4
Interconexion Electrica S.A. E.S.P.	BBB						
	BBB	2021	2,792	60.9	6.7	3.4	4.0
	BBB+	2020	2,952	57.5	5.3	3.1	3.8
	BBB+	2019	2,471	67.8	4.9	2.3	3.2

Source: Fitch Ratings.

## Fitch Adjusted Financials

(USD Mil., as of Dec. 31, 2021)	Notes and Formulas	Reported Values	Sum of Adjustments	Other Adjustments	Adjusted Values
<b>Income Statement Summary</b>					
Revenue		130			130
EBITDAR		95	(1)	(1)	94
EBITDAR After Associates and Minorities	(a)	96	(1)	(1)	95
Lease Expense	(b)	0			0
EBITDA	(c)	95	(1)	(1)	94



(USD Mil., as of Dec. 31, 2021)	Notes and Formulas	Reported Values	Sum of Adjustments	Other Adjustments	Adjusted Values
EBITDA After Associates and Minorities	(d) = (a-b)	96	(1)	(1)	95
EBIT	(e)	61	(0)	(0)	61
<b>Debt and Cash Summary</b>					
Other Off-Balance-Sheet Debt	(f)	0			0
Debt <sup>b</sup>	(g)	571			571
Lease-Equivalent Debt	(h)	0			0
Lease-Adjusted Debt	(i) = (g+h)	571			571
Readily Available Cash and Equivalents	(j)	86			86
Not Readily Available Cash and Equivalents		0			0
<b>Cash Flow Summary</b>					
EBITDA After Associates and Minorities	(d) = (a-b)	96	(1)	(1)	95
Preferred Dividends (Paid)	(k)	0			0
Interest Received	(l)	0			0
Interest (Paid)	(m)	(29)			(29)
Cash Tax (Paid)		(8)			(8)
Other Items Before FFO		(12)			(12)
FFO	(n)	47	(1)	(1)	47
Change in Working Capital (Fitch-Defined)		22			22
Cash Flow from Operations (CFO)	(o)	69	(1)	(1)	68
Non-Operating/Nonrecurring Cash Flow		0			0
Capex	(p)	(86)			(86)
Common Dividends (Paid)		0			0
FCF		(17)	(1)	(1)	(18)
<b>Gross Leverage (x)</b>					
EBITDAR Leverage <sup>a</sup>	(i/a)	6.0			6.0
FFO-Adjusted Leverage	(i)/(n-m-l-k+b))	7.5			7.6
FFO Leverage	(i-h)/(n-m-l-k)	7.5			7.6
EBITDA Leverage <sup>a</sup>	(i-h)/d	6.0			6.0
(CFO-Capex)/Debt (%)	(o+p)/(i-h)	(3.0)			(3.1)
<b>Net Leverage (x)</b>					
EBITDAR Leverage <sup>a</sup>	(i-j)/a	5.1			5.1
FFO-Adjusted Net Leverage	(i-j)/(n-m-l-k+b)	6.4			6.5
FFO Net Leverage	(i-h-j)/(n-m-l-k)	6.4			6.5
EBITDA Net Leverage <sup>a</sup>	(i-h-j)/d	5.1			5.1
(CFO-Capex)/Debt (%)	(o+p)/(i-h-j)	(3.5)			(3.7)
<b>Coverage (x)</b>					
EBITDAR Fixed Charge Coverage <sup>a</sup>	a/(-m+b)	3.3			3.3
EBITDA Interest Coverage <sup>a</sup>	d/(-m)	3.3			3.3
FFO Fixed-Charge Coverage	(n-l-m-k+b)/(-m-k+b)	2.6			2.6
FFO Interest Coverage	(n-l-m-k)/(-m-k)	2.6			2.6

<sup>a</sup>EBITDA/R after dividends to associates and minorities. <sup>b</sup>Includes other off balance sheet debt. CFO – Cash flow from operations.  
Source: Fitch Ratings, Fitch Solutions, Empresa de Transmision Electrica S.A.

## FX Screener

N/A-No material FX mismatch – the Panamanian balboa is tied to the US Dollar.

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