

# Empresa de Transmision Electrica S.A.

The ratings reflect Empresa de Transmision Electrica S.A.'s (ETESA) strong linkage with Panama's sovereign rating (BBB-/Negative), due to the government's 100% ownership in the company and history of financial support. The socio-political implications of default by ETESA are moderate, given the low likelihood of service interruptions that could arise from financial distress at the company. The financial implications of a 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. Per its *Government-Related Entities Rating Criteria*, Fitch Ratings views the ownership and control and support record as very strong; the socio-political impact of default as moderate; and the financial implications of a default as strong. These factors result in a government-related entity 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 remain equalized with the sovereign rating up to a four-notch differential.

**Stable, Predictable Cash Flows:** ETESA's revenue and cash flow generation are stable and predictable and are characteristic of transmission companies, which do not have volume or price risk. The company's maximum revenue is derived by multiplying its asset base by various rates set by regulators to compensate the company for operations and maintenance, administration and depreciation costs, as well as a built-in profit margin. Fitch projects relatively stable EBITDA margins averaging 73% through 2026, in line with regional peers.

**Moderate Leverage Profile:** Fitch expects ETESA's debt/EBITDA to remain stable in 2023 at 7.3x, but that it will decline to an average of 6.2x 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 that of regional peers. EBITDA interest coverage is expected to average a solid 3.1x during this time.

**Negative Cash Flow Expected:** Fitch expects FCF to be negative over the rating horizon based on the company's elevated capex to address energy grid expansion and routine maintenance. Capex averaging USD121 million a year 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 transmission line, which has been subject to repeated delays and is now scheduled for tender in 2023, will be paid for by its builder with no recourse to ETESA.

**Low Business Risk Profile:** Low business risk results from ETESA's operations as a natural monopoly with 100% ownership of electricity transmission in a transparent regulatory environment. Maximum revenue is 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 participants.

**ESG – Governance:** ETESA has an ESG Relevance 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.

## Ratings

Long-Term IDR	BBB-
Long-Term Local Currency IDR	BBB-
National Long-Term Rating	AAA
Senior Unsecured Debt - Long-Term Rating	BBB-

## Outlooks

Long-Term Foreign Currency IDR	Negative
Long-Term Local Currency IDR	Negative
National Long-Term Rating	Stable
2035 Climate Vulnerability Signal:	20

[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

[Global Corporates Macro and Sector Forecasts](#)

[Latin American Utilities – Relative Credit Analysis \(June 2023\)](#)

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## Financial Summary

(USD mil.)	2020	2021	2022	2023F	2024F	2025F
Gross revenue	130	130	134	142	153	160
EBITDA	94	94	102	103	113	119
EBITDA interest coverage (x)	3.9	3.3	3.1	2.7	3.0	2.9
EBITDA leverage (x)	5.9	6.0	7.3	7.3	6.6	7.1
EBITDA net leverage (x)	5.0	5.1	5.5	6.5	6.2	6.2

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's rating. ETESA is 100% owned by the 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 and supportive tariff settings and generally does not require 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. ETESA's total debt to operating EBITDA ratio is expected to be 7.3x in 2023, higher than that of Chilean company Transelec S.A. (BBB/Stable) at 6.3x and Peruvian company Consorcio Transmantaro S.A. (CTM; BBB/Stable) at 4.7x.

## 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 2Q23 cash balance of USD111.6 million. The company has a comfortable debt maturity profile, with its next major debt maturity of USD75 million 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.

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>.

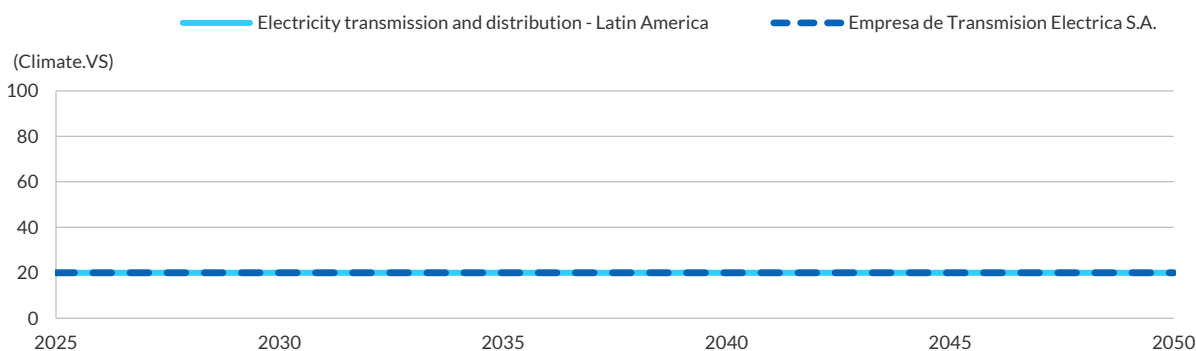
## Climate Vulnerability Considerations

Fitch's *Climate Vulnerability in Corporate Ratings Criteria* report describes how we use 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). [Click here for the criteria](#).

The 2022 revenue-weighted Climate.VS for ETESA for 2035 is 20 out of 100, which is low for the sector due to the exclusive use of transmission infrastructure, including power lines, towers and substations, to transport energy from generation assets to regional distribution networks. 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, 2022



Source: Fitch Ratings

## Liquidity and Debt Maturities

### Liquidity Analysis

(USD mil.)	2023F	2024F	2025F
<b>Available liquidity</b>			
Beginning cash balance	187	80	51
Rating case FCF after acquisitions and divestitures	-107	-29	-43
Debt issued since last balance sheet	0	0	100
<b>Total available liquidity (A)</b>	<b>80</b>	<b>51</b>	<b>108</b>
<b>Liquidity uses</b>			
Debt maturities	0	0	0
<b>Total liquidity uses (B)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Liquidity calculation</b>			
Ending cash balance (A+B)	80	51	108
Revolver availability	0	0	0
<b>Ending liquidity</b>	<b>80</b>	<b>51</b>	<b>108</b>
Liquidity score (x)	NM	NM	NM

F - Forecast. NM - Not meaningful.

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

### Scheduled Debt Maturities

(USD mil.)	12/31/22
2023	0
2024	0
2025	0
2026	75
2027	120
Thereafter	555
<b>Total</b>	<b>750</b>

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

## Key Assumptions

### Fitch's Key Assumptions Within Our Rating Case for the Issuer Include

- 30-year Treasury rate will be 3.4% in 2023–2026;
- Fourth transmission line will be built and operated by a third party and enter into service in 2025;
- A 30% annual tax rate;
- Debt issuances after 2023 are priced at 8.5%–9.0% interest rates;
- Negative FCF in every forecast year;
- Year-end cash balances average USD78 million annually;
- Service interruption payments (Generacion Obligada) stabilized at USD3 million per year;
- No dividends paid to government through the rating horizon;
- Average annual capex budget of USD121 million through the rating horizon.

## Financial Data

(USD mil.)	2020	2021	2022	2023F	2024F	2025F
<b>Summary income statement</b>						
Gross revenue	130	130	134	142	153	160
Revenue growth (%)	-9.9	0.1	3.0	6.2	7.2	4.6
EBITDA before income from associates	94	94	102	103	113	119
EBITDA margin (%)	72.0	72.5	75.9	72.2	73.8	74.5
EBITDA after associates and minorities	96	95	102	103	113	119
EBITDAR	94	94	102	103	113	119
EBITDAR margin (%)	72.0	72.5	75.9	72.2	73.8	74.5
EBIT	62	61	67	65	73	76
EBIT margin (%)	47.4	47.2	49.7	45.7	47.6	47.8
Gross interest expense	-28	-29	-33	-37	-37	-42
Pretax income including associate income/loss	22	20	33	18	25	25
<b>Summary balance sheet</b>						
Readily available cash and equivalents	92	86	187	80	51	108
Debt	571	571	746	746	746	846
Lease-adjusted debt	571	571	746	746	746	846
Net debt	479	485	559	665	695	737
<b>Summary cash flow statement</b>						
EBITDA	94	94	102	103	113	119
Cash interest paid	-25	-29	-33	-37	-37	-42
Cash tax	-5	-8	-7	-7	-7	-7
Dividends received less dividends paid to minorities (inflow/outflow)	3	1	0	—	—	—
Other items before FFO	-23	-12	-0	—	—	—
FFO	43	47	63	58	68	70
FFO margin (%)	33.3	35.8	47.2	41.0	44.6	44.1
Change in working capital	20	22	-26	-82	-3	-2
CFO (Fitch-defined)	63	68	37	-23	65	68
Total non-operating/nonrecurring cash flow	—	—	—	—	—	—
Capex	-36	-86	-83	—	—	—
Capital intensity (capex/revenue) (%)	27.7	66.1	61.6	—	—	—
Common dividends	—	—	—	—	—	—
FCF	27	-18	-46	—	—	—

(USD mil.)	2020	2021	2022	2023F	2024F	2025F
FCF margin (%)	21.1	-13.6	-34.0	—	—	—
Net acquisitions and divestitures	13	—	—	—	—	—
Other investing and financing cash flow items	10	12	-30	—	—	—
Net debt proceeds	-26	0	176	—	—	100
Net equity proceeds	—	—	—	—	—	—
Total change in cash	23	-6	101	-107	-29	57
<b>Leverage ratios (x)</b>						
EBITDA leverage	5.9	6.0	7.3	7.3	6.6	7.1
EBITDA net leverage	5.0	5.1	5.5	6.5	6.2	6.2
EBITDAR leverage	5.9	6.0	7.3	7.3	6.6	7.1
EBITDAR net leverage	5.0	5.1	5.5	6.5	6.2	6.2
EBITDAR net fixed-charge coverage	3.9	3.3	3.2	2.7	3.0	2.9
FFO adjusted leverage	8.4	7.6	7.9	7.8	7.1	7.5
FFO adjusted net leverage	7.1	6.5	5.9	6.9	6.6	6.6
FFO leverage	8.4	7.6	7.9	7.8	7.1	7.5
FFO net leverage	7.1	6.5	5.9	6.9	6.6	6.6
<b>Calculations for forecast publication</b>						
Capex, dividends, acquisitions and other items before FCF	-24	-86	-83	-83	-94	-111
FCF after acquisitions and divestitures	40	-18	-46	-107	-29	-43
FCF margin after net acquisitions (%)	30.7	-13.6	-34.0	-74.9	-19.1	-26.8
<b>Coverage ratios (x)</b>						
FFO interest coverage	2.7	2.6	2.9	2.6	2.8	2.7
FFO fixed-charge coverage	2.7	2.6	2.9	2.6	2.8	2.7
EBITDAR fixed-charge coverage	3.9	3.3	3.1	2.7	3.0	2.9
EBITDA interest coverage	3.9	3.3	3.1	2.7	3.0	2.9
<b>Additional metrics (%)</b>						
CFO-capex/debt	4.8	-3.1	-6.1	-14.2	-3.9	-5.1
CFO-capex/net debt	5.7	-3.7	-8.2	-15.9	-4.2	-5.8
CFO/capex	176.0	79.3	44.8	-28.1	68.9	61.4

F – Forecast. CFO – Cash flow from operations.  
Source: Fitch Ratings, Fitch Solutions

Ratings Navigator

FitchRatings

Empresa de Transmision Electrica S.A. ESG Relevance:



Corporates Ratings Navigator  
Latin America Utilities

Factor Levels	Sector Risk Profile	Operating Environment	Business Profile					Profitability	Financial Profile		Issuer Default Rating
			Management and Corporate Governance	Regulatory Environment	Commodity Exposure	Market Position	Asset Base and Operations		Financial Structure	Financial Flexibility	
aaa											AAA
aa+											AA+
aa											AA
aa-											AA-
a+											A+
a											A
a-											A-
bbb+											BBB+
bbb											BBB
bbb-											BBB- Negative
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 Colors = Relative Importance

Higher Importance

Average Importance

Lower Importance

Bar Arrows = Rating Factor Outlook

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 off-takers 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

bb+	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

Empresa de Transmision Electrica S.A. has 1 ESG rating driver and 8 ESG potential rating drivers				key driver	0	issues	5
➡	Board independence and effectiveness; ownership concentration						
➡	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						
Showing top 6 issues					2	issues	1

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

- Empresa de Transmision Electrica S.A. has exposure to board independence risk which, in combination with other factors, impacts the rating.
- Empresa de Transmision Electrica S.A. has exposure to extreme weather events but this has very low impact on the rating.
- 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.
- 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.

Showing top 6 issues

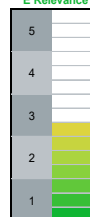
ESG Relevance to Credit Rating

key driver	0	issues	5
driver	1	issues	4
potential driver	8	issues	3
not a rating driver	3	issues	2
	2	issues	1

### Environmental (E) Relevance Scores

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

#### E Relevance



#### 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.

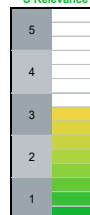
The **Credit-Relevant ESG Derivation** table's far right column is a visualization of the frequency of occurrence of the highest ESG relevance scores across the combined E, S and G categories. The three columns to the left of ESG Relevance to Credit Rating summarize rating relevance and impact to credit 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 result in 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	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

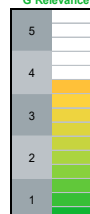
#### S Relevance



### Governance (G) Relevance Scores

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

#### G Relevance



### CREDIT-RELEVANT ESG SCALE

#### How relevant are E, S and G issues to the overall credit rating?

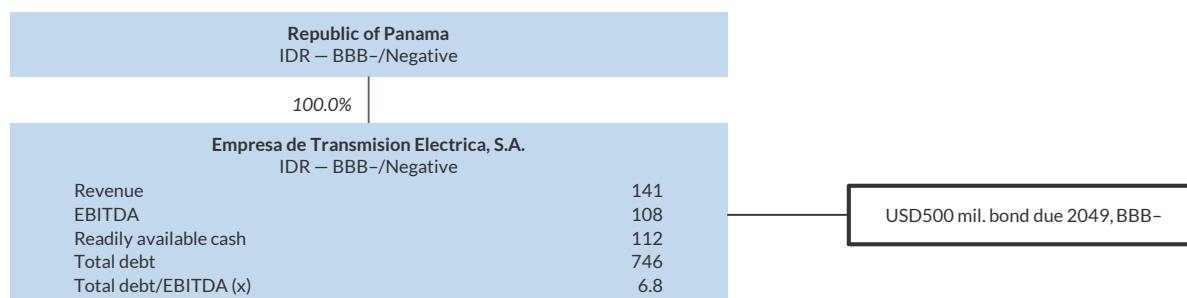
5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to "higher" relative importance within Navigator.
4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to "moderate" 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

USD mil., as of the LTM ended June 30, 2023



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	Gross revenue (USD mil.)	EBITDA margin (%)	EBITDA interest coverage (x)	EBITDA leverage (x)	EBITDA net leverage (x)
Empresa de Transmision Electrica S.A.	BBB-						
	BBB-	2022	134	75.9	3.1	7.3	5.5
	BBB-	2021	130	72.5	3.3	6.0	5.1
	BBB	2020	130	72.0	3.9	5.9	5.0
Consortio Transmantaro S.A. (CTM)	BBB						
	BBB	2022	225	89.3	5.0	5.5	5.5
	BBB	2021	211	90.6	4.1	5.8	5.5
	BBB	2020	208	90.2	4.2	5.8	4.9
Transelec S.A.	BBB						
	BBB	2022	507	83.3	4.9	5.1	4.0
	BBB	2021	353	80.1	3.2	7.1	6.1
	BBB	2020	457	80.9	3.5	5.7	5.3
Transmissora Alianca de Energia Eletrica S.A.	BB+						
	BB	2022	464	78.5	4.5	4.3	3.8
	BB	2021	529	74.0	11.1	3.0	2.9
	BB	2020	518	64.8	10.1	3.6	3.1
Interconexion Electrica S.A. E.S.P.	BBB						
	BBB	2022	2,777	65.1	4.6	3.8	3.1
	BBB	2021	2,792	60.9	6.7	4.0	3.2
	BBB+	2020	2,952	57.5	5.3	3.8	3.1

Source: Fitch Ratings, Fitch Solutions

## Fitch Adjusted Financials

(USD mil., as of Dec. 31, 2022)	Notes and formulas	Standardized values	Other adjustments	Adjusted values
<b>Income statement summary</b>				
Revenue		134	—	134
EBITDA	(a)	102	—	102
Depreciation and amortization		-35	—	-35
EBIT		67	—	67
<b>Balance sheet summary</b>				
Debt	(b)	746	—	746
Of which other off-balance-sheet debt		—	—	—
Lease-equivalent debt		—	—	—
Lease-adjusted debt		746	—	746
Readily available cash and equivalents	(c)	187	—	187
Not readily available cash and equivalents		—	—	—
<b>Cash flow summary</b>				
EBITDA	(a)	102	—	102
Dividends received from associates less dividends paid to minorities	(d)	0	—	0
Interest paid	(e)	-33	—	-33
Interest received	(f)	1	—	1
Preferred dividends paid	(g)	—	—	—
Cash tax paid		-7	—	-7
Other items before FFO		-0	—	-0
FFO	(h)	63	—	63
Change in working capital		-26	—	-26
CFO	(i)	37	—	37
Non-operating/nonrecurring cash flow		—	—	—
Capex	(j)	-83	—	-83
Common dividends paid		—	—	—
FCF		-46	—	-46
<b>Gross leverage (x)</b>				
EBITDA leverage	b / (a+d)	7.3	—	7.3
(CFO-capex)/debt (%)	(i+j) / b	-6.1	—	-6.1
<b>Net leverage (x)</b>				
EBITDA net leverage	(b-c) / (a+d)	5.5	—	5.5
(CFO-capex)/net debt (%)	(i+j) / (b-c)	-8.2	—	-8.2
<b>Coverage (x)</b>				
EBITDA interest coverage	(a+d) / (-e)	3.1	—	3.1

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, Empresa de Transmision Eléctrica S.A.

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