

Industry Report Card

Latin American Regulated Utilities

July 31, 2024

This report doesn't constitute a rating action.



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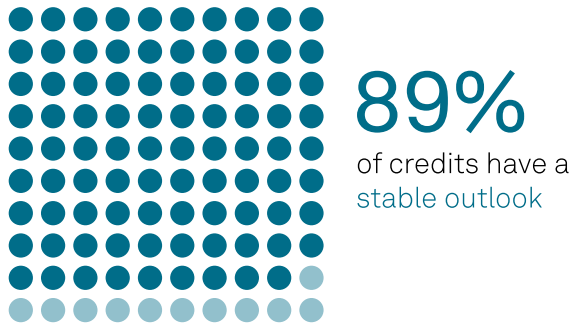
Key Takeaways

- In the past few years, Latin American utilities have been able to preserve their stand-alone credit quality amid challenging economic conditions in the region. This includes lower GDP growth, and higher-than-historical inflation and interest rates. As a result, most of the outlook revisions and rating changes in the sector were linked to sovereign rating actions, such as those on Brazil in December 2023.
- Currently, about 72% of the rated Latin American utilities have a stable outlook, as sovereign ratings continue to determine the ratings on the region's largest industry players. Even though supportive, we view regulatory frameworks as still exposed to political cycles, particularly the ability to adjust rates on a timely basis, capping the ratings on these entities to those on respective sovereigns.
- No expected rating impact stemming from the renewal of more than 20 electricity distribution concessions in Brazil coming due in the next seven years, as the conditions approved by the government don't imply extension fees. The renewal process increases visibility and supports the companies' refinancing efforts beyond the concession expirations, diminishing overall risks.

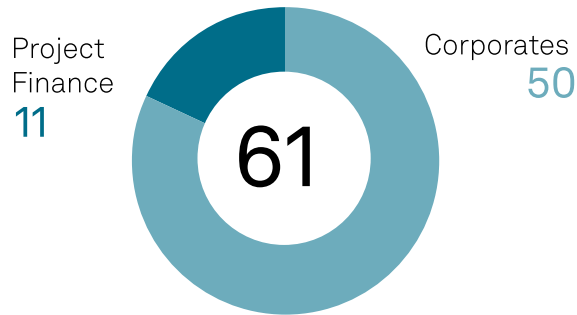
Chart 1

Regulated utilities portfolio snapshot

Data as of July 2024



Rated regulated utilities entities

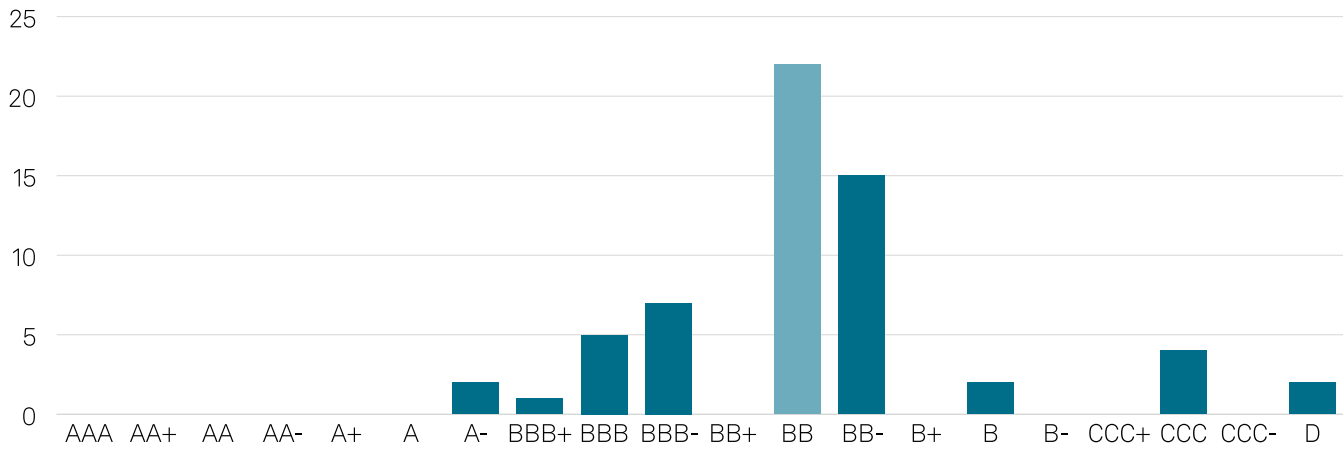


Outlook distribution



Argentina		4
Brazil	4	34
Chile		9
Mexico		4
Panama	1	
Peru		2
Uruguay		1

Ratings mostly in the 'BB' category



Source: S&P Global Ratings.

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Chart 2

Ratings distribution for the regulated utilities segment by country

Data as of July 2024

	AAA	AA-	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-	B+	B	B-	CCC+	CCC	CCC-	CC	C	D
Argentina																		4				
Brazil												21	15		2							2
Chile							2		3	4												
Mexico									2	1		1										
Panama										1												
Peru										2												
Uruguay								1														

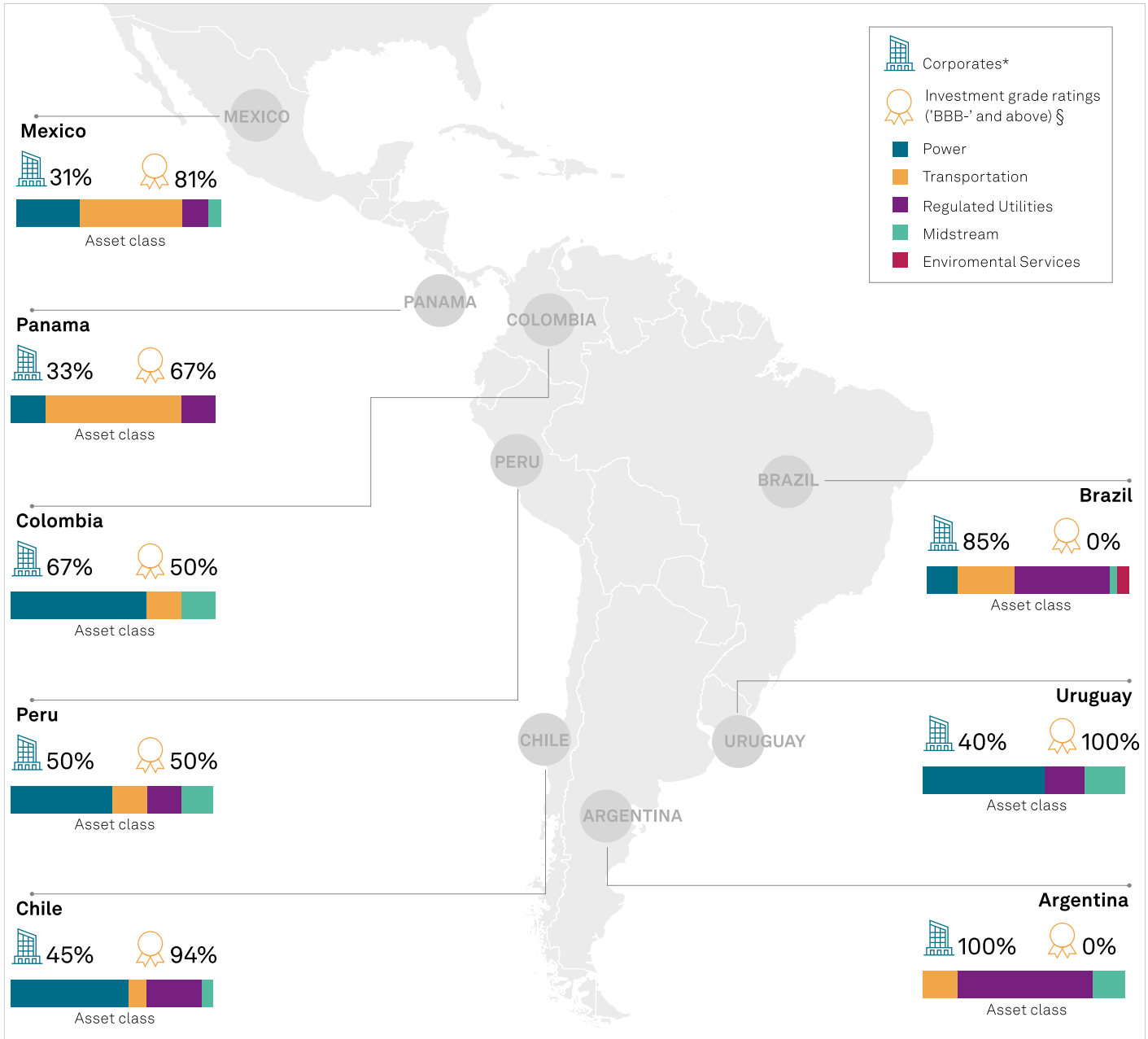
Sources: S&P Global Ratings and national authorities.

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Chart 3

Distribution by entity type, asset class, and global scale rating

Data as of July 2024



*The remaining proportion correspond to project finance entities.
 §The remaining proportion are speculative-grade ratings ('BB+' and below).
 Source: S&P Global Ratings.

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Table 1

Rating Summary – Corporates

Data as of July 2024

Entity	Country	Rating (Global/National)	Outlook (Global/National)	BRP	FRP	Description
AEGEA Saneamento e Participacoes S.A.	Brazil	brAA+	Stable	4. Fair	5. Aggressive	Aegea supplies water and sewage collection services to 30 million consumers, and operates in over 500 municipalities across 15 states.
AES Argentina Generacion S.A.	Argentina	CCC	Stable			AES Argentina owns four hydroelectric plants, three thermal plants, and wind parks in Argentina, with an installed capacity of 1,207 megawatts (MW).
Aguas Andinas S.A.	Chile	A-	Stable	2. Strong	3. Intermediate	Aguas Andinas supplies water to about 43% of the country's population, provides sewage collection services to approximately 8.5 million consumers, and operates in the Santiago metropolitan area and its surrounding locations.
Águas do Rio 1 SPE S.A.	Brazil	brAA+	Stable			Águas do Rio 1 supplies water and sewage collection services to the southern part of the city of Rio de Janeiro, and 18 municipalities in the same state. The company is a subsidiary of Aegea.
Águas do Rio 4 SPE S.A.	Brazil	brAA+	Stable			Águas do Rio 4 supplies water and sewage collection services in the central and north areas of the city of Rio de Janeiro, and eight municipalities in the same state. The company is a subsidiary of Aegea.
CAPEX S.A.	Argentina	CCC/raB+	Stable/ Stable	6. Vulnerable	5. Aggressive	CAPEX's main activities are the exploration, exploitation, and commercialization of oil and natural gas. It is also engaged in the generation of electricity in Argentina. Additionally, through its subsidiaries, Hychico and EG WIND, the company produces hydrogen and oxygen, and operates two wind farms.
Celeo Redes Transmissao de Energia S.A.	Brazil	brAA+	Stable			Celeo Redes Transmissão, through its subsidiaries, operates 1,019 kilometers (km) of power transmission lines in the Minas Gerais and Pará states. The nonoperating holding company has a concession until 2036, and it's controlled by Celeo Redes Brasil.
Cemig Distribuicao S.A. (CEMIG-D)	Brazil	BB-/brAA+	Stable/Stable			CEMIG-D distributes energy to 9.2 million consumers, covering roughly 96% of the Minas Gerais state, and its concession ends in 2046. The company is a subsidiary of CEMIG.
Comision Estatal de Aguas de Queretaro (CEAQ)	Mexico	mxA	Stable	5. Weak	6. Highly leveraged	CEAQ supplies water, sewage, and sanitation services to about 90% of municipalities in the state of Querétaro.
Comision Federal De Electricidad (CFE)	Mexico	BBB/mxAAA	Stable/Stable	3. Satisfactory	6. Highly leveraged	CFE generates electricity through thermoelectric, hydroelectric, steam, geothermal, wind, photovoltaic, and nuclear power plants with an installed capacity of 70,392 MW. Also, it transmits and distributes electric power through approximately 1,007 km of power lines. The Mexican government has full ownership and control of the company.
Companhia de Eletricidade do Estado da Bahia (Neoenergia Coelba)	Brazil	BB/brAAA	Stable/Stable			Neoenergia Coelba operates the concession to distribute electricity to 6.6 million consumers in 415 municipalities of the Bahia state. Its concession is ends in December 2027 and eligible for extension. The company is a subsidiary of Neoenergia.
Companhia de Saneamento Basico do Estado de Sao Paulo (SABESP)	Brazil	BB/brAAA	Stable/Stable	3. Satisfactory	4. Significant	SABESP supplies water to 28.1 million consumers and provides sewage collection services to 24.9 million people. The company operates across 376 municipalities in the state of São Paulo. On July 22, 2024, it completed its privatization. Now, the state of São Paulo holds a 18% and Equatorial Energia S.A. 15%, and the remaining shares are floating.

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Entity	Country	Rating (Global/National)	Outlook (Global/National)	BRP	FRP	Description
Companhia Energetica de Minas Gerais - CEMIG	Brazil	BB-/brAA+	Stable/Stable	3. Satisfactory	5. Aggressive	CEMIG is an integrated energy group distributing electricity to 9.2 million consumers, and benefiting from 5.3 gigawatts (GW) of installed generation capacity and over 5,000 km of transmission lines. The state of Minas Gerais controls CEMIG, with 50.97% of voting shares and 18.45% of total shares.
Companhia Energetica de Pernambuco (Neoenergia Pernambuco)	Brazil	BB/brAAA	Stable/Stable			Neoenergia Pernambuco operates the concession to distribute electricity to 4.0 million consumers across 184 municipalities of the Pernambuco state. Its concession ends in March 2030 and eligible for extension. The company is a subsidiary of Neoenergia.
Companhia Energetica do Rio Grande do Norte (Neoenergia Cosern)	Brazil	BB/brAAA	Stable/Stable			Neoenergia Cosern operates the concession to distribute electricity to roughly 1.5 million consumers in 167 municipalities of the Rio Grande do Norte state. Its concession ends in December 2027 and eligible for extension. The company is a subsidiary of Neoenergia.
CPFL Energia S.A.	Brazil	brAAA	Stable	3. Satisfactory	4. Significant	CPFL Energia is an integrated energy group that distributes energy to approximately 10.4 million clients through four concessions (three of which are up for renewal). The company operates 6,456 km of transmission lines and has 4.4 GW of installed generation capacity.
Elektro Redes S.A.	Brazil	brAAA	Stable			Elektro Redes operates the concession to distribute electricity across 223 municipalities in the state of São Paulo and five cities in the state of Mato Grosso do Sul, totaling around 3.0 million consumers. Its concession ends in August 2028 and eligible for extension. The company is a subsidiary of Neoenergia.
Eletrobras - Centrais Eletricas Brasileiras S.A.	Brazil	BB-/brAAA	Stable/Stable	3. Satisfactory	6. Highly leveraged	Eletrobras is the largest integrated energy group in Brazil, with more than 44 GW of installed generation capacity. The company also operates roughly 74,000 km of transmission lines and 282 substations. Brazil's government has 10% of voting rights and about 47% of the company total shares.
Empresa Distribuidora Y Comercializadora Norte S.A.	Argentina	CCC/raB	Stable/ Stable			Edenor distributes roughly 23,538 gigawatt hours (GWh) to 3.3 million consumers, operates in the northwestern and northern part of the city of Buenos Aires through a concession until 2087.
Enel Americas S.A.	Chile	BBB-	Stable	3. Satisfactory	2. Modest	Enel Americas generates, transmits, and distributes electricity from hydro and thermal power plants to about 23 million consumers. It operates in Argentina, Brazil, Perú, Colombia, Panamá, Costa Rica, and Guatemala.
Energisa Paraíba - Distribuidora de Energia S.A.	Brazil	BB/brAAA	Stable/Stable			Energisa Paraíba operates the concession to distribute electricity to 1.8 million consumers in 222 municipalities of the Paraíba state. Its concession ends in 2031 and eligible for extension. The company is a subsidiary of Energisa.
Energisa S.A.	Brazil	BB/brAAA	Stable/Stable	3. Satisfactory	4. Significant	Energisa is an integrated energy group that distributes energy to approximately 8.5 million clients through nine concessions (five of which are up for renewal). The company also operates more than 3,000 km of transmission lines and has 351.2 megawatt peak (MWp) of installed generation capacity.
Energisa Sergipe - Distribuidora de Energia S.A.	Brazil	BB/brAAA	Stable/Stable			Energisa Sergipe operates the concession to distribute electricity to 869,000 consumers across 63 municipalities of the Sergipe state. Its concession ends in 2027 and eligible for extension. The company is a subsidiary of Energisa.
Equatorial Alagoas	Brazil	brAAA	Stable	4. Fair	5. Aggressive	Equatorial Alagoas operates the concession to distribute electricity to 1.3 million consumers across 102 municipalities of the Alagoas state through a

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Entity	Country	Rating (Global/National)	Outlook (Global/National)	BRP	FRP	Description
Distribuidora de Energia S.A.						concession until 2049. The company is a subsidiary of Equatorial Energia.
Equatorial Energia S.A.	Brazil	brAAA	Stable	3. Satisfactory	5. Aggressive	Equatorial Energia is an integrated energy group, which distributes energy to roughly 13.9 million consumers through its seven subsidiaries. It also operates about 1,890 km of power transmission lines, has around 1.2 GW of installed generation capacity. In addition, the company has the sewage concession in the state of Amapá that serves 800,000 customers. On July 22, 2024, it completed the acquisition of a 15% stake of water utility SABESP.
Equatorial Maranhao Distribuidora de Energia S.A.	Brazil	brAAA	Stable	4. Fair	4. Significant	Equatorial Maranhão operates the concession to distribute electricity to 2.7 million consumers across 217 municipalities of the Maranhão state. Its concession ends in 2030 and eligible for extension. The company is a subsidiary of Equatorial Energia.
Equatorial Para Distribuidora de Energia S.A.	Brazil	brAAA	Stable	4. Fair	3. Intermediate	Equatorial Pará operates the concession to distribute electricity to 3.0 million consumers across 144 municipalities of the Pará state. Its concession ends in 2028 and eligible for extension. The company is a subsidiary of Equatorial Energia.
GS Inima Industrial S.A.	Brazil	brAA+	Stable	4. Fair	3. Intermediate	GS Inima Industrial provides water and wastewater services to industrial clients in the capital of Rio Grande do Sul and São Paulo state. The company is a subsidiary of GS Inima Brasil.
Igua Saneamento S.A.	Brazil	brA	Watch Neg	4. Fair	6. Highly leveraged	Iguá Saneamento provides water and sewage collection services to 3 million consumers in six Brazilian states.
Integracao Transmissora de Energia S.A.	Brazil	brAAA	Stable	4. Fair	5. Aggressive	INTESA operates a 695-km transmission line across the Goiás and Tocantins states. The company operates under a 30-year concession agreement that ends in 2038, and it is entitled to receive annual permitted revenues of R\$122 million in the 2023-2024 cycle.
Light Servicos de Eletricidade S.A.	Brazil	D				Light SESA, currently in judicial recovery, operates the concession to distribute energy to 4.4 million clients across 31 municipalities in the state of Rio de Janeiro. It is owned by Light S.A. (not rated) that also operates 873 GW of installed generation capacity through its five hydroelectric plants.
Naturgy Mexico S.A. de C.V.	Mexico	mxAA+	Stable	3. Satisfactory	4. Significant	NM engages in the transportation and distribution of natural gas across 16 states in Mexico. NM also provides unregulated natural gas distribution services.
Neoenergia Distribuicao Brasilia S.A.	Brazil	brAAA	Stable			Neoenergia Brasília operates the concession to distribute electricity to 1.2 million consumers across 33 municipalities of the Federal District. Its concession ends in 2045. The company is a subsidiary of Neoenergia.
Neoenergia S.A.	Brazil	BB/brAAA	Stable/Stable	3. Satisfactory	5. Aggressive	Neoenergia is an integrated energy group that distributes energy to approximately 16.3 million clients through its five concessions (four of which are up for renewal). The company also operates more than 6,700 km of transmission lines and has 4.34 GW of installed generation capacity.
Orizon Valorizacao de Residuos S.A.	Brazil	brAA+	Stable	5. Weak	4. Significant	Orizon operates in the final chain of waste treatment and environmental services through its 16 landfills across 11 states of Brazil. The group is also expanding its alternative revenues, with emphasis on biogas production, energy generation, and carbon credits.
Paranagua Saneamento S.A.	Brazil	brA	Watch Neg	5. Weak	6. Highly leveraged	Paranaguá Saneamento supplies water and sewage collection services to 155,000 consumers in the municipality of Paranaguá, the state of Paraná. The company is a subsidiary of Iguá Saneamento.

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Entity	Country	Rating (Global/National)	Outlook (Global/National)	BRP	FRP	Description
Solvi Essencis Ambiental S.A.	Brazil	brAA	Stable	5. Weak	5. Aggressive	Solvi operates in waste treatment and environmental services through its 39 landfills, and 14 collection garages and waste treatment plants in Brazil. The group primarily operates in the country's south and southeast regions, as well as in Argentina and Peru.
SPIC Brasil Energia Participacoes S.A.	Brazil	brAA+	Negative	3. Satisfactory	5. Aggressive	SPIC Brasil is a holding company that owns 51% of the hydroelectric plant located on the border between the Minas Gerais and Goiás states, with an installed capacity of 1,710 MW and an assured energy of 1,202 MW.
Transelec S.A.	Chile	BBB	Stable	1. Excellent	5. Aggressive	Transelec distributes electricity to 98.5% of Chile's population, and has stable and predictable revenue stream, given the favorable regulatory framework in Chile and the company's availability nature.
UHE Sao Simao Energia S.A.	Brazil	brAA+	Negative	3. Satisfactory	4. Significant	UHE Sao Simao Energia owns a hydroelectric plant, located on the border between the Minas Gerais and Goiás states, with an installed capacity of 1,710 MW and an assured energy of 1,202 MW. The company is a subsidiary of SPIC Brasil.
YPF Energia Electrica S.A.	Argentina	CCC	Stable	6. Vulnerable	5. Aggressive	YPF Energia Electrica owns thermal power and renewable sources plants in Argentina, with an installed capacity of about 3.1 GW.

Source: S&P Global Ratings.

Table 2

Rating Summary – Project Finance

Data as of July 2024

Entity	Country	Rating (Global/National)	Outlook (Global/National)	OPBA	Min. DSCR	Median DSCR	Description
Alfa Transmisora de Energia S.A.	Chile	BBB-	Stable	4	1.36x	1.44x	Alfa Transmisora de Energia operates 899 km of transmission lines in Chile. Under a perpetual concession agreement, the project is entitled to receive annual guaranteed revenue.
Atlantica Transmission Sur S.A.	Peru	BBB-	Stable	3	1.38x	1.45x	Atlantica Transmission Sur operates 915 km of transmission lines along Peru's southern coastline. Under a 30-year concession agreement, the project is entitled to receive annual guaranteed revenue.
Cachoeira Paulista Transmissora de Energia S.A.	Brazil	brAAA	Stable	2	1.16x	1.6x	CPTe operates 181 km of power transmission lines in the São Paulo state under a concession until 2032. The project is owned by Celeo Redes.
Celeo Redes Operacion Chile S.A.	Chile	BBB	Stable	3	1.21x	1.38x	Celeo Redes Operacion Chile operates two trunk transmission lines in Chile. Under perpetual concessions, the project is entitled to receive annual guaranteed revenue.
Eletrans S.A.	Chile	A-	Stable	3	1.58x	1.64x	Eletrans operates two trunk transmission lines in Chile. Under perpetual concessions, the project is entitled to receive annual guaranteed revenue.
Igua Rio de Janeiro S.A.	Brazil	brAAA (prelim)	Stable	6	1.26x	1.87x	Igua Rio supplies water and sewage collection services to 1.2 million consumers in the western part of the Rio de Janeiro city and two other municipalities in the state. The company is a subsidiary of Iguá Saneamento.
Manaus Transmissora de Energia S.A.	Brazil	brAAA	Stable	3	1.19x	1.34x	Manaus Transmissora operates roughly 586 km power transmission lines in the Amazonas and Pará states. The project has a 30-year concession agreement until 2038.
Norte Brasil Transmissora	Brazil	brAAA	Stable	3	1.19x	1.44x	Norte Brasil operates 2,411 km power transmission lines in the Rondônia state. Under a 30-year concession agreement until

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Entity	Country	Rating (Global/National)	Outlook (Global/National)	OPBA	Min. DSCR	Median DSCR	Description
de Energia S.A.							2039, the project is entitled to receive annual guaranteed revenue of R\$365 million in the 2023-2024 cycle.
Pampa Transmissão de Energia S.A.	Brazil	brAA+	Positive	3	1.17x	1.20x	Pampa Transmissão is a transmission line that started full operations in June 2024, after facing construction delays. The project has a concession contract to operate 326 km of power transmission lines in the state of Rio Grande do Sul and entitled to receive a total RAP of approximately R\$74 million (base date as of July 2018).

Source: S&P Global Ratings.

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