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Fitch Downgrades **Ecopetrol**, Ocensa, Candelaria; Sura, Emgesa, UNE EPM, Isagen, GEB, TGI Stay Strong April 8, 2020 by Loren Moss

Candelaria (Spain), S.L. and affirmed its ratings on other Colombian corporates following last week's Sovereign Rating downgrade of Colombia. The rating downgrades of Ecopetrol, OCENSA and A.I. Candelaria reflect the direct and indirect linkage of these

Fitch Ratings last week downgraded companies <a>Ecopetrol S.A., Oleoducto Central S.A. (OCENSA) and A.I.

companies to the Sovereign Rating downgrade of Colombia, which Fitch downgraded to 'BBB-' from 'BBB'. The ratings for Emgesa, Isagen and UNE EPM Telecomunicaciones have been affirmed at 'BBB' reflecting the country ceiling for Colombia of 'BBB'. The negative outlooks on the foreign currency ratings reflect the fact that they could be negatively impacted by downgrades of the country's Sovereign Rating and country ceiling. These companies operate within Colombia and do not have substantial offshore cash or EBITDA from other

countries. The ratings on Grupo de Inversiones Suramericana (Grupo Sura) ('BBB'/Stable) reflect their offshore cash and EBITDA outside of Colombia. The applicable country ceiling for Grupo Sura is that of Chile, since cash flow from Chile is sufficient to cover interest expenses for both companies. Grupo Energia Bogota's (GEB's) ('BBB'/Stable) applicable country ceiling is that of Peru, since cash flow from Peru is adequate to cover GEB's interest expense. The ratings of Transportadora de Gas Internacional (TGI) ('BBB'/Stable) reflect its strong linkage with its parent company, GEB. A further downgrade of Colombia's Sovereign Rating will likely result in rating downgrades for Ecopetrol, OCENSA, A.I. Candelaria, Emgesa, Isagen and UNE EPM Telecomunicaciones. RATING ACTIONS

- UNE EPM Telecomunicaciones S.A. LT IDR BBB Affirmed BBB LC LT IDR BBB Affirmed BBB
- Ecopetrol S.A. LT IDR BBB- Downgrade BBB
- LC LT IDR BBB- Downgrade BBB senior unsecured
- LT BBB- Downgrade BBB
- Grupo de Inversiones Suramericana S.A. LT IDR BBB Affirmed BBB
- Oleoducto Central S.A. (OCENSA) LT IDR BBB- Downgrade BBB
- LC LT IDR BBB- Downgrade BBB

· LC LT IDR BBB Affirmed BBB

LC LT IDR BBB Affirmed BBB

· Grupo Energia Bogota S.A. E.S.P. (GEB) LT IDR BBB Affirmed BBB

Isagen S.A. ESP LT IDR BBB Affirmed BBB

- LC LT IDR BBB Affirmed BBB
- LC LT IDR BB+ Downgrade BBB- senior secured

I. Candelaria (Spain), S.L. LT IDR BB+ Downgrade BBB-

- LT BB+ Downgrade BBB-Emgesa S.A. E.S.P LT IDR BBB Affirmed BBB
- LC LT IDR BBB Affirmed BBB senior unsecured
- Transportadora de Gas Internacional S.A. ESP (TGI) LT IDR BBB Affirmed BBB

Damage to medium term growth prospects.

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August 1, 2016

· LC LT IDR BBB Affirmed BBB senior unsecured

LT BBB Affirmed BBB

- LT BBB Affirmed BBB

The sovereign downgrade reflects a likely weakening of key fiscal metrics in the wake of the economic downturn caused by a combination of shocks stemming from the sharp fall in oil prices and efforts to combat the worldwide

KEY RATING DRIVERS

coronavirus pandemic. Fitch expects a moderate contraction of the Colombian economy by 0.5% in 2020, driven by a significant slowdown in domestic demand and oil exports, followed by a modest recovery of 2.3% in 2021. A rise in the debt burden in recent years and an expected fall in tax revenues have left the government with less fiscal space to counteract economic shocks, in Fitch's view. The Negative Outlook reflects downside risks to the

response to decisively cut deficits and stabilize debt over the coming years, given the scale of the shocks. Developments that May, Individually or Collectively, Lead to a Positive Rating Action: Fitch does not currently anticipate developments with a high likelihood of leading to a positive rating change.

outlook for economic growth and public finances, and to the capacity and quality of the government's policy

Fiscal consolidation consistent with an improved trajectory for public debt dynamics.

• A return to economic growth prospects consistent with medium term potential above 3%. Reduced external imbalances that improve external debt and liquidity ratios.

Developments that May, Individually or Collectively, Lead to a Negative Rating Action:

However, the main factors that could lead Fitch to stabilize the Outlook include:

- Failure to achieve a fiscal consolidation consistent with stabilization and eventual reduction in the government debt burden.
- Sustained large external imbalances that lead to a continuous rise in the external debt burden.

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About the Author Loren Moss is the founder and publisher of Finance Colombia. He has over 20 years of

international business experience, including over a decade of experience in securities,

insurance, and commercial real estate, at the institutional and international level.



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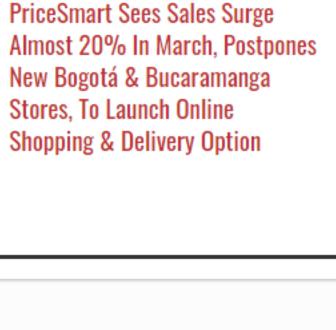
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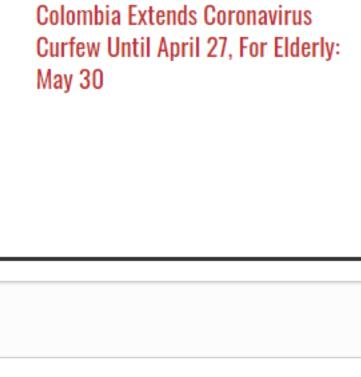


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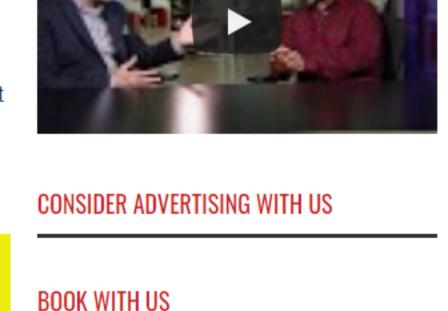
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