



Fitch Downgrades **Ecopetrol**, Ocesa, Candelaria; Sura, Emgesa, UNE EPM, Isagen, GEB, TGI Stay Strong

by *Loren Moss* April 8, 2020

Fitch Ratings last week downgraded companies **Ecopetrol** S.A., Oleoducto Central S.A. (OCENSA) and A.I. 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 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
 - LC LT IDR BBB Affirmed BBB
- Oleoducto Central S.A. (OCENSA) LT IDR BBB- Downgrade BBB
 - LC LT IDR BBB- Downgrade BBB
- Isagen S.A. ESP 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
 - LC LT IDR BBB Affirmed BBB
- I. Candelaria (Spain), S.L. LT IDR BB+ Downgrade BBB-
 - LC LT IDR BB+ Downgrade BBB- senior secured
 - LT BB+ Downgrade BBB-
- Emgesa S.A. E.S.P LT IDR BBB Affirmed BBB
 - LC LT IDR BBB Affirmed BBB senior unsecured
 - LT BBB Affirmed BBB
- Transportadora de Gas Internacional S.A. ESP (TGI) LT IDR BBB Affirmed BBB
 - LC LT IDR BBB Affirmed BBB senior unsecured
 - LT BBB Affirmed BBB

KEY RATING DRIVERS

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 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 outlook for economic growth and public finances, and to the capacity and quality of the government's policy 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. However, the main factors that could lead Fitch to stabilize the Outlook include:

- 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:

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

DON'T MISS OUT: The only English-language Colombia news that's strictly business, markets, & investment!

Join global executives & investors by subscribing to our FREE weekly updates

[Subscribe now \[click here\]](#)

I agree to have my personal information transferred to MailChimp ([more information](#)) DISCLAIMER: Protección de Datos Personales

Artículo 15 de la Constitución Política de Colombia, ley 1581 de 2012 y decreto 1377 de 2013.

We will never spam you or share your email address (Nunca Jamás!)

Share the news!

[Facebook](#)
[Twitter](#)
[Print](#)
[Email](#)
[WhatsApp](#)
[LinkedIn](#)
[Skype](#)

Related Articles

[Fitch Downgrades Ratings of Bancolombia and Banco de Bogotá](#)
August 18, 2016

[Fitch Downgrades Ratings of Bogotá and Medellín](#)
August 1, 2016

[Fitch Affirms **Ecopetrol**'s Investment-Grade Rating Days After Agency Issued Warning for Colombia's Sovereign Rating](#)
July 26, 2016

Share your thoughts:

0 comments

0 Comments Sort by [Oldest](#)

Add a comment...

Facebook Comments Plugin

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.

[f](#)
[t](#)
[in](#)
[g+](#)

Related Posts

City of Medellín Issues Public "Thank You" To Teleperformance For Volunteering During Pandemic

PriceSmart Sees Sales Surge Almost 20% In March, Postpones New Bogotá & Bucaramanga Stores, To Launch Online Shopping & Delivery Option

Colombia Extends Coronavirus Curfew Until April 27, For Elderly: May 30

Share your thoughts:

Enter your comment here...

This site uses Akismet to reduce spam. [Learn how your comment data is processed.](#)

CATEGORIES

- > BFSI – Financial Services
- > Construction & Real Estate
- > Corporate Responsibility, Giving
- > Economy
- > Energy
- > Entrepreneurship
- > Food, Health & Agriculture
- > ICT
- > Industry & Commerce
- > Interview
- > Law, Justice & Peace
- > Mining
- > OpEd, Expert, or Guest Contribution
- > PressRelease – Edited & Rewritten Submitted to Finance Colombia
- > Public Sector & Education
- > Travel & Hospitality

NEWSLETTER

First Name:

Last Name:

Email Address:

Title/Position:

Company/Organization:

Country:

State/Dept/Province:

Your Background / Function:

Corporate / Business
 Government
 NGO / ONG / Nonprofit
 Individual Investor
 Academic
 Investment Professional (Broker, Analyst, Fund Manager)
 Traveler / Interested Individual
 Journalist

[Enviar](#)

RECENT | POPULAR | COMMENTS

Fitch Downgrades **Ecopetrol, Ocesa, Candelaria; Sura, Emgesa, UNE EPM, Isagen, GEB, TGI Stay Strong**

City of Medellín Issues Public "Thank You" To Teleperformance For Volunteering During Pandemic

PriceSmart Sees Sales Surge Almost 20% In March, Postpones New Bogotá & Bucaramanga Stores, To Launch Online Shopping & Delivery Option

Mineros SA Reports 68% Growth in Revenues, Sets Course For Toronto Listing

Colombia Extends Coronavirus Curfew Until April 27, For Elderly: May 30

Holidays in Colombia

Hoy	lun	mar	míe	jue	vie	sáb	dom
	30	31	1 de abr	2	3	4	5
	6	7	8	9	10	11	12
	13	14	15	16	17	18	19
	20	21	22	23	24	25	26
	27	28	29	30	1 de mai	2	3

Los eventos se muestran en la zona horaria: Hora estándar de Colombia [Google Calendar](#)

DON'T MISS OUT! SUBSCRIBE NOW:

First Name:

Last Name:

Email Address:

Title/Position:

Company/Organization:

Country:

State/Dept/Province:

Your Background / Function:

Corporate / Business
 Government
 NGO / ONG / Nonprofit
 Individual Investor
 Academic
 Investment Professional (Broker, Analyst, Fund Manager)
 Traveler / Interested Individual
 Journalist

[Enviar](#)

WATCH THIS!

Loren Moss talks wit...

CONSIDER ADVERTISING WITH US

BOOK WITH US

Search Booking.com

Destination/Property name:

e.g. city, region, district or specific hotel, home, ap...

Check-in date:

Check-out date:

Book now, pay later
 We Price Match
 2,603,476 properties worldwide

[Search](#)