

Ecopetrol (EC) Advances Energy Transition with Acquisition Talks



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Key Takeaways:

- **Ecopetrol** (EC, Financial) is advancing its renewable energy strategy through a potential acquisition of seven companies from Grenergy Renovables S.A. in Colombia.
- The acquisition aligns with **Ecopetrol's** 2040 Strategy, aiming to achieve 900 MW of self-generated renewable energy.
- **Ecopetrol's** financial metrics indicate a strong operating margin and a low **P/B ratio**, suggesting potential undervaluation.

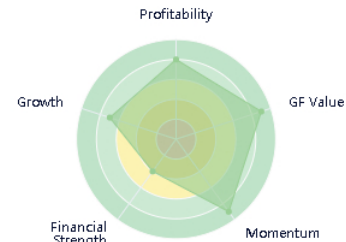
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Ecopetrol (EC) S.A. has announced the successful conclusion of negotiations with Grenergy Renovables S.A. on November 28, 2025. The discussions focus on **Ecopetrol's** potential acquisition of seven companies from Grenergy's portfolio in Colombia, specifically in the regions of Cordoba, Cesar, Magdalena, and Sucre. This acquisition is a strategic move to help **Ecopetrol** achieve its goal of 900 MW of self-generated renewable energy, aligning with its commitment to decarbonization and energy transition.

This strategic initiative is expected to significantly enhance **Ecopetrol's** energy matrix, supporting its 2040 Strategy, known as Energy that Transforms. The initiative aims to bolster low-emission energy generation for the **Ecopetrol** Group's internal consumption, reduce dependency on bilateral energy contracts, and minimize vulnerability to fluctuating spot market energy prices. These developments are pivotal in **Ecopetrol's** pursuit of sustainable and competitive energy solutions.

EC GF Score: 86 /100 📊

Year: 2025



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EC	\$9.82	-0.51	-0.05

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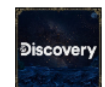
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Ecopetrol S.A. is engaged in a wide range of commercial and industrial activities related to the exploration, exploitation, refining, transportation, storage, distribution, and marketing of hydrocarbons and their derivatives. The company also provides electric power transmission services and engages in the design, development, construction, operation, and maintenance of road and energy infrastructure projects. With a market capitalization of approximately \$20.19 billion, **Ecopetrol** operates within the energy sector, specifically in the oil and gas industry.

Financial Health Analysis

Ecopetrol's financial performance is characterized by a robust revenue of \$30.42 billion, with a three-year revenue growth rate of 13.2%. The company's profitability is underscored by an operating margin of 23.12% and a net margin of 8.2%. Despite a challenging year with a one-year earnings growth decline of 43.4%, the company has demonstrated resilience with a five-year earnings growth rate of 31.4%.

On the balance sheet front, **Ecopetrol** maintains a current ratio of 1.53 and a quick ratio of 1.26, indicating adequate liquidity. However, the debt-to-equity ratio stands at 1.42, suggesting a relatively high level of leverage. The Altman Z-Score of 1.13 places the company in the distress zone, indicating a potential risk of financial distress.

Valuation & Market Sentiment

Ecopetrol's valuation metrics reveal a P/E ratio of 6.78, which is close to its three-year high, suggesting that the stock may be approaching overvaluation. The P/S ratio of 0.62 and the P/B ratio of 0.96, however, indicate potential undervaluation, especially with the P/B ratio near a 10-year low.

Analyst sentiment is mixed, with a target price of \$10.78 and a recommendation score of 3.2, indicating a hold position. Technical indicators such as the RSI of 51.61 suggest that the stock is neither overbought nor oversold. Institutional ownership is relatively low at 1.27%, with no significant insider activity reported in the past year.

Risk Assessment

While **Ecopetrol** shows strong profitability with an expanding operating margin, sector-specific risks such as fluctuating oil prices and regulatory changes in the energy sector remain pertinent. The company's beta of 0.29 indicates lower volatility compared to the market, which may appeal to risk-averse investors.

Upcoming catalysts include the integration of the newly acquired renewable energy assets, which could enhance **Ecopetrol**'s energy portfolio and support its long-term strategy. However, the financial health grades highlight potential concerns, particularly the high dividend payout ratio and the distress signal from the Altman Z-Score.

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