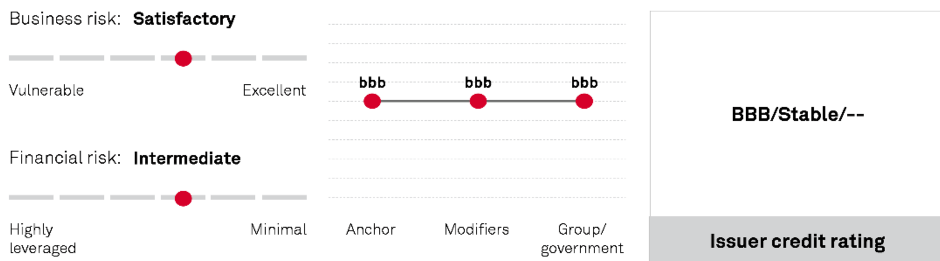
Colbun S.A.

March 17, 2022

Ratings Score Snapshot



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Credit Highlights

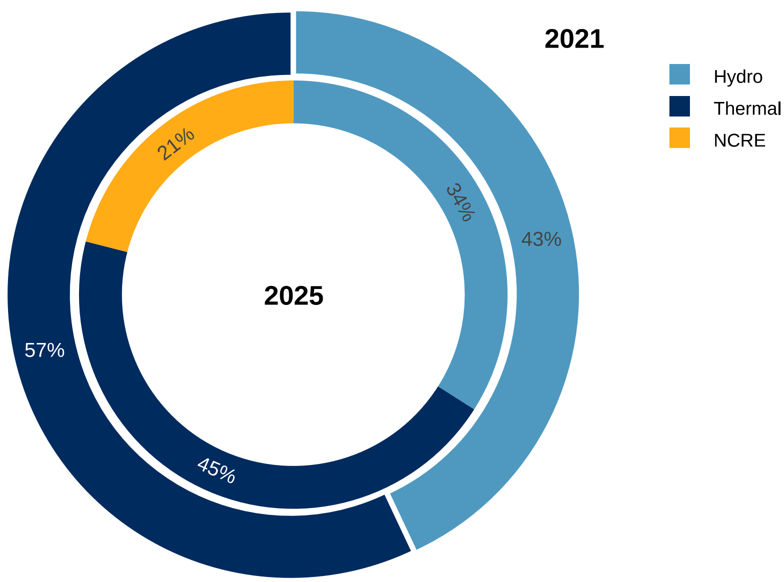
Overview

Key strengths	Key risks
A leading power generator in Chile with a 13% market share in terms of generation as of December 2021, and large offtake agreements with an average term of eight years that generate stable and predictable cash flows and credit metrics.	If Colbun aggressively develops renewable capacity in Chile, it could harm credit metrics, specifically if net debt to EBITDA consistently increases to 2.0x–3.0x while free operating cash flow (FOCF) to debt is below 15%.
A diversified generation capacity that better positions the company in clean energy terms versus its domestic peers, given that only 10% of its current installed capacity is carbon based, compared with other players with more than 55%.	Continued exposure to dry weather conditions, given that 35% of output and 43% of installed capacity as of December 2021 comes from hydropower facilities.
Significant cash position bolsters liquidity and reduces net debt amid the current investment plan.	

The *conflict between Ukraine and Russia has a limited impact on Colbun's margins due to outstanding contracts for fuel supply*. We expect some volatility in Colbun's cash flows in the short to medium term, stemming from increased natural gas prices due to the conflict between Russia and Ukraine. Despite higher volatility in spot prices of fuels, Colbun's long-term contracts for gas and carbon supply--currently covering until September 2022-- mitigate this risk, reducing the company's exposure to the spot market. We will closely monitor Colbun's cash flows, given that higher fuel prices and dry weather conditions--that require additional thermal generation--could pressure the company's margins. Although we don't believe a downgrade will be likely in the next 12 months, we could revise our assessment of the company's financial risk profile to a weaker category if EBITDA declines to less than $450 million in 2022 (from $500 million - $550 million in our base-case scenario), while the rest of the variables remain unchanged.

Colbun's renewable energy capacity expansion in Chile is on track. Colbun is currently increasing its installed capacity by complementing its hydroelectric and efficient thermal capacity with solar and wind energy, which will provide a more competitive and sustainable generation matrix. The company aims to add 4,000 megawatts (MW) of renewable capacity by 2030 and has various projects under construction totaling 1,010 MW. Particularly, in August 2021, Colbun received the environmental approval for the Horizonte wind farm project, with an installed capacity of approximately 778 MW and an expected annual generation of approximately 2,380 gigawatt hours (GWh). Construction started in the fourth quarter of 2021 and commissioning is likely to begin during the fourth quarter of 2024. We expect the company to make considerable capex disbursements of $250 million - $300 million in 2022 and $450 million - $500 million in 2023 mainly due to the additional capacity at Horizonte, because we're excluding the development of new projects in our forecast because they depend on new signed contracts. In October 2021, the company issued a $600 million bond, which in our view, alleviates Colbun's burden in covering its substantial capex in the next 12 months.

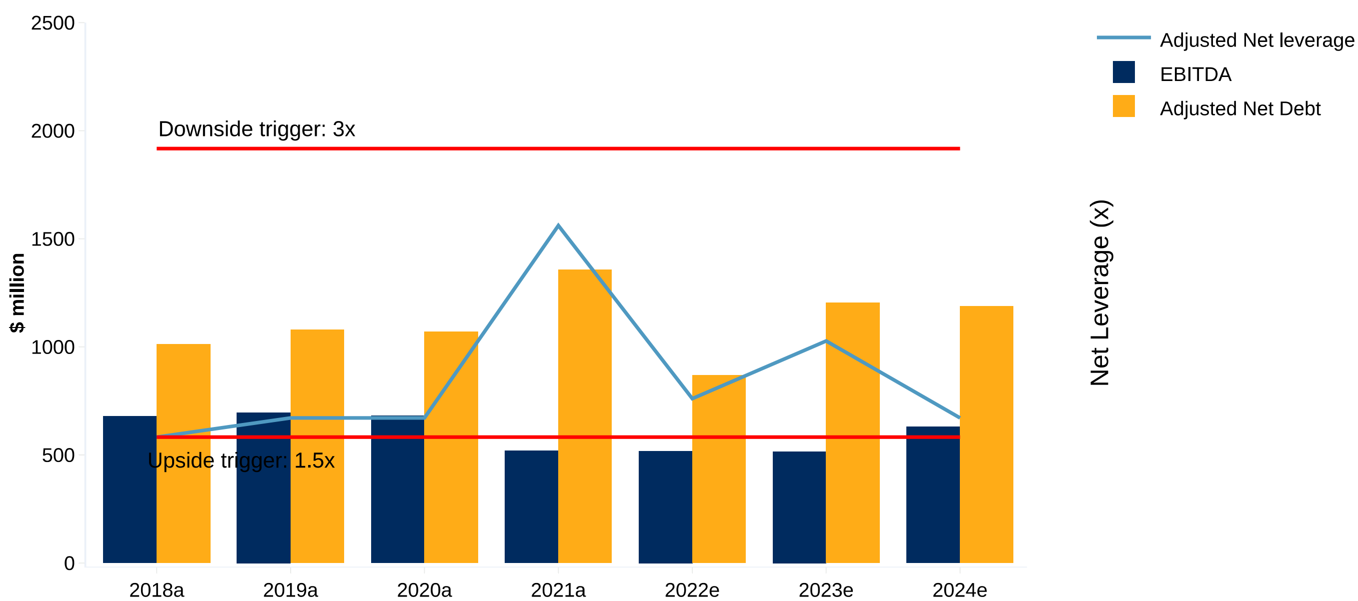
Evolution of Installed Capacity Through 2024



Outer ring represents Installed Capacity as of December 2021 and inner ring Projected Installed Capacity in 2024.
Source: S&P Global Ratings.

We expect leverage to remain conservative in the next 18 months despite the sale of transmission assets and planned investments in renewable capacity. We expect Colbun to report EBITDA of $500 million - $550 million in 2022 and 2023 that incorporates the sale of the transmission business in 2021 as well as still adverse hydrology conditions that assumes hydro generation of about 4 terawatts hour (TWh) per year in 2022, which is in line with hydro generation in 2021 amid a severe drought. The latter increases the share of generation from thermal sources at higher prices and of energy purchases at higher spot prices. For 2024, we expect EBITDA to increase to $600 million - $650 million due to additional renewable capacity entering into operations. Leverage will remain between 1.5x and 2.0x in 2022, increasing to 2.0x-2.5x in 2023 as additional investments are required, but returning to 1.5x-2.0x in 2024. We will closely monitor the company's credit indicators, given that we could revise our assessment of Colbun's financial risk profile to a weaker category if debt to EBITDA is consistently at 2x-3x and FOCF to debt is below 15%.

We Expect Net Leverage to Remain Below 3x In The Next Years



a--Actual. e--Estimate. Source: S&P Global Ratings.

Colbun has a strong cash position, which we believe it would mainly use to finance capacity expansion, given the absence of significant debt maturities in the short term. Cash and liquid investments as of Dec. 31, 2021 totaled $1.3 billion, incorporating $600 million of the company's recent issuance in October 2021. We are netting all of the company's liquid assets in our calculation of net debt (versus a haircut of 40% in our previous assumptions, due to Colbun's possible stake in new assets), considering that Colbun's strategy will be to use its available cash and cash generation to develop new capacity. Our base-case scenario includes 1,010 MW of capacity under construction, but excludes the development of the remaining 1,533 MW, given that timing is still uncertain. Colbun will develop that capacity gradually, depending on the signing of long-term contracts with attractive margins. Therefore, we don't expect a significant rise in leverage in the medium term.

Outlook

The stable outlook on Colbun reflects our expectation that it will post solid credit metrics in the next 18 months, with net debt to EBITDA below 2.5x. The outlook also incorporates our expectation that the company won't face early termination of contracts that could jeopardize the stability and predictability of its profitability, while it maintains consolidated EBITDA between $500 million and $550 million. In addition, we expect Colbun to implement its capex plan with no significant deviations that could put at risk the projects' commercial operations date.

Downside scenario

In the next two years, we could downgrade the company if its leverage increases such that its net debt to EBITDA rises above 3.0x or if it consistently reports leverage between 2x and 3x while FOCF to debt remains below 15%. Such metrics could stem from a debt rise of more than $400 million due to, for example, an aggressive expansion strategy or a drop in EBITDA to less than $450 million in 2022. In addition, weaker metrics could result from a sharp decrease in volume as a result of economic contraction that could reduce the Colbun's EBITDA. We might also take a negative rating action if the company maintains an aggressive dividend policy in the next 24 months that could pressure its cash position as it expands renewable capacity, weakening credit metrics. Finally, we could lower the ratings on Colbun if we perceive significant delays in its renewable plan that could jeopardize the signed contracts.

Upside scenario

An upgrade of Colbun is unlikely in the next two years given its financing of the renewable energy expansion. An upgrade would require an improvement in the company's credit metrics, particularly net debt to EBITDA below 1.5x and FOCF to debt above 40%.

Our Base-Case Scenario

Assumptions

- Macroeconomic variables that we view as relevant for the unregulated utilities segment, particularly GDP growth, which mainly correlates to demand for electricity, and inflation levels that affect costs over time. For our analysis, we used Chile and Peru's macroeconomic data forecast from our latest credit conditions article, “Global Macro Update: Preliminary Forecasts Reflecting The Russia-Ukraine Conflict” published on March 8, 2022 and "Are Sovereign Ratings In The Americas Transitioning Toward Recovery Or Stagnation?" published on Jan. 27, 2022. We expect Chile's GDP to grow 2.3% in 2022 and 2.5% in 2023, and Peru's to expand 3% and 4%, respectively. We expect inflation to be 7.9% and 3% in Chile for 2022 and 2023, and 4.5% and 2.5% in Peru, respectively.
- Stable energy capacity in Chile of about 3,468 MW in 2022 with the incorporation of 232 MW once the solar parks of Diego de Almagro start operations in the first quarter of 2022. In addition, we expect capacity to reach 4,246 MW in 2024, once the Horizonte wind farm starts operating.
- Our analysis incorporates dry hydrology conditions in Chile (similar to that of 2021) that would lead to the company's total generation of about 12,000 GWh mostly to serve contracts. We expect average prices of $110-$120 per GWh for regulated clients, $99/GWh for unregulated clients, and $60/GWh for spot sales. Despite the dry conditions, we don't expect Colbun to be a net buyer in the spot market,
- Average generation of Colbun's Peruvian subsidiary, Fenix, should approach 4,200 GWh, of which approximately 50% will be sold under long-term power purchase agreements (PPAs) with prices of $50-$55 per megawatt hour (MWh), while short-term PPA prices should be $25-$30 per MWh.
- Maintenance and expansionary capex totaling $250 million - $300 million in 2022 and $450 million - $500 million in 2023, mainly due to the additional capacity at Horizonte.
- Dividend payments at 50% of the previous year's net income, taking into account the provisory dividend of $250 million distributed in 2021.

Key metrics

Colbun S.A.--Key Metrics*

Mil. $	2020a	2021a	2022e	2023f	2024f

Revenue	1,349	1,440	1,400-1,450	1,400-1,450	1,450-1,550
EBITDA	683	520	500-550	500-550	600-650
EBITDA margin (%)	51	36	34-38	34-38	38-43
Capital expenditure	113	254	250-300	450-500	300-350
Debt to EBITDA (x)**	1.6	2.6	1.5-2	2.0-2.5	1.5-2
FFO to debt (%)**	46.8	24.1	40-45	35-40	40-45
FOCF to debt (%)**	39.9	0.3	15-20	(10)-0	5-10

*All figures adjusted by S&P Global Ratings. a--Actual. e--Estimate. f--Forecast.
** For 2020 and 2021 net debt considers a haircut on cash. We are not applying this adjustment from 2022 onwards.

Company Description

Colbun generates and sells electricity in Chile and Peru. In Chile, Colbun is the third-largest energy power generator with a 13% market share in terms of generation, after Enel Chile S.A. (BBB/Stable/--) and AES Andes S.A. (BBB-/Stable/--) . Colbun operates 17 hydroelectric power plants, seven thermal plants, and one solar farm, aggregating in installed capacity of 3,795 MW. Colbun primarily serves electricity distributors and large companies (mainly manufacturing and mining companies). Colbun owns Peru-based Fenix, a power generator that generates about 13.4% of consolidated EBITDA. Fenix operates a base-load, combined-cycle dual (gas and diesel) plant with a 567 MW gross installed capacity. It's located near the largest demand center in Peru, the capital city of Lima, and consists of two General Electric (GE) gas turbines (190 MW each), one GE steam turbine, a desalinization plant (2,500 cubic meters [m3] per day), an 8-kilometer (km) transmission line operated by Consorcio Transmantaro (a subsidiary of Interconexión Eléctrica S.A. E.S.P.; not rated) and a 3-km gas distribution pipeline operated by Gas Natural de Lima y Callao S.A.

Peer Comparison

We selected as peers other electricity players that we rate in the region, including AES Andes, Engie Energia Chile S.A. (BBB/Stable/--), Enel Chile S.A. (BBB/Stable/--), Enel Americas S.A. (BBB-/Stable/--), as well as a global player such as Enel SpA (BBB+/Stable/A-2). From a business perspective, although Colbun's market share in Chile in terms of generation is considerable at 13% (behind Enel Chile and AES Andes), domestic peers are vertically integrated and/or participate in the generation and distribution or transmission businesses (in more than one country in most cases), while Colbun operates only the generation segment after the sale of its transmission assets. While all the Latin American peers have similar business risk characteristics that mainly reflect the contracted nature of their business, we view the businesses of Enel SpA as stronger. This is mainly because of lower country risk in which it operates and its stronger competitive position that stem from geographic and asset diversity, given operations across several continents through more than 150 assets. Colbun's debt metrics remain comparable with those of Enel Americas, Engie, and AES Andes because we expect these entities to post adjusted net debt to EBITDA of maximum of 2.5x-3.0x in the next two years. Regarding renewable energy capacity, we believe that Colbun is in a better position than Engie or AES Andes, because Colbun already has an installed capacity of renewables close to half of its total capacity in Chile, while the other two companies have lower renewable capacity--less than 15% for Engie Chile--of their total assets in Chile. The greater amount of renewable energy installed suggests that Colbun faces a lower re-contracting risk. Although the three companies have solid credit metrics, Colbun has a higher level of cash, which we believe the company will use to develop its renewables portfolio.

Colbun S.A.--Peer Comparisons

	Colbun S.A.	AES Andes S.A.	Engie Energia Chile S.A.	Enel Chile S.A.	Enel Americas S.A.
Foreign currency issuer credit rating	BBB/Stable/--	BBB-/Stable/--	BBB/Stable/--	BBB/Stable/--	BBB-/Stable/--
Local currency issuer credit rating	BBB/Stable/--	BBB-/Stable/--	BBB/Stable/--	BBB/Stable/--	BBB-/Stable/--
Period	Annual	Annual	Annual	Annual	Annual
Period ending	2021-12-31	2020-12-31	2021-12-31	2021-12-31	2021-12-31
Mil.	$	$	$	$	$
Revenue	1,440	2,507	1,479	3,352	16,192
EBITDA	520	482	313	615	4,213
Funds from operations (FFO)	326	13	238	244	3,117
Interest	79	238	89	181	624
Cash interest paid	76	354	76	240	376
Operating cash flow (OCF)	258	563	132	241	2,285
Capital expenditure	254	369	209	806	2,992
Free operating cash flow (FOCF)	4	194	(77)	(565)	(707)
Discretionary cash flow (DCF)	(1,241)	(139)	(204)	(836)	(1,671)
Cash and short-term investments	1,324	275	216	369	1,708
Gross available cash	1,324	275	216	369	1,708
Debt	1,357	1,261	989	4,620	5,628
Equity	2,841	2,312	2,172	3,929	15,030
EBITDA margin (%)	36.1	19.2	21.2	18.4	26.0
Return on capital (%)	20.9	7.5	4.2	4.5	17.0
EBITDA interest coverage (x)	6.6	2.0	3.5	3.4	6.8
FFO cash interest coverage (x)	5.3	1.0	4.1	2.0	9.3
Debt/EBITDA (x)	2.6	2.6	3.2	7.5	1.3
FFO/debt (%)	24.1	1.0	24.0	5.3	55.4
OCF/debt (%)	19.0	44.7	13.3	5.2	40.6
FOCF/debt (%)	0.3	15.4	(7.8)	(12.2)	(12.6)
DCF/debt (%)	(91.4)	(11.0)	(20.6)	(18.1)	(29.7)

Colbun S.A.--Peer Comparisons

	Colbun S.A.	Enel SpA
Foreign currency issuer credit rating	BBB/Stable/--	BBB+/Stable/A-2
Local currency issuer credit rating	BBB/Stable/--	BBB+/Stable/A-2
Period	Annual	Annual
Period ending	2021-12-31	2020-12-31
Mil.	$	$
Revenue	1,440	79,288
EBITDA	520	18,220
Funds from operations (FFO)	326	13,875

Colbun S.A.--Peer Comparisons

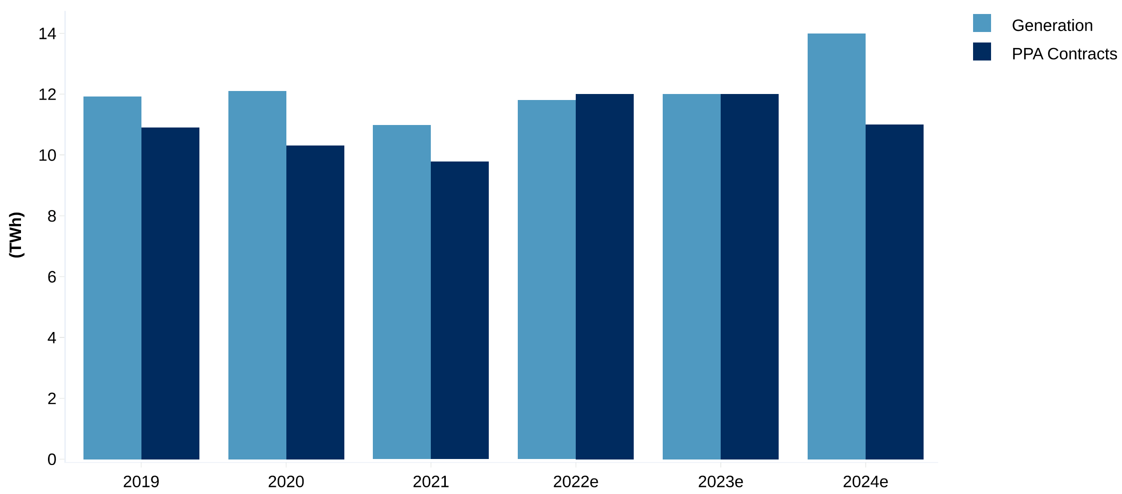
Interest	79	3,061
Cash interest paid	76	2,418
Operating cash flow (OCF)	258	13,457
Capital expenditure	254	11,680
Free operating cash flow (FOCF)	4	1,777
Discretionary cash flow (DCF)	(1,241)	(4,153)
Cash and short-term investments	1,324	7,038
Gross available cash	1,324	7,038
Debt	1,357	73,498
Equity	2,841	51,306
EBITDA margin (%)	36.1	23.0
Return on capital (%)	20.9	9.5
EBITDA interest coverage (x)	6.6	6.0
FFO cash interest coverage (x)	5.3	6.7
Debt/EBITDA (x)	2.6	4.0
FFO/debt (%)	24.1	18.9
OCF/debt (%)	19.0	18.3
FOCF/debt (%)	0.3	2.4
DCF/debt (%)	(91.4)	(5.7)

Business Risk

The business risk profile of Colbun reflects its solid competitive position in its energy generation business in Chile and its diversified generation matrix. The profile also incorporates our favorable view of the regulatory, legal, and contractual framework in Chile. The key weaknesses include exposure to drought, given that hydropower represents about 43% of the company's installed capacity as of December 2021, which we expect will decline as new projects come online.

Long-term PPAs will continue providing Colbun with stable and predictable revenues. Most of Colbun's power generation is contracted with creditworthy counterparties. Contracts incorporate robust clauses that we view as credit strengths including the absence of, or marginal, exposure to dispatch risk because the plants generate a significant portion of the cash flows from fixed capacity payments, and the inclusion of pass-through provisions that allow the assets to cover fuel and other major costs. In Chile, PPAs have a contracted power supply with an average of 12 TWh for through 2024, mostly with unregulated customers. Additionally, PPAs have an average tenor of eight years.

Generation is expected to be higher than outstanding contracts in Chile



e--Estimate. Source: S&P Global Ratings

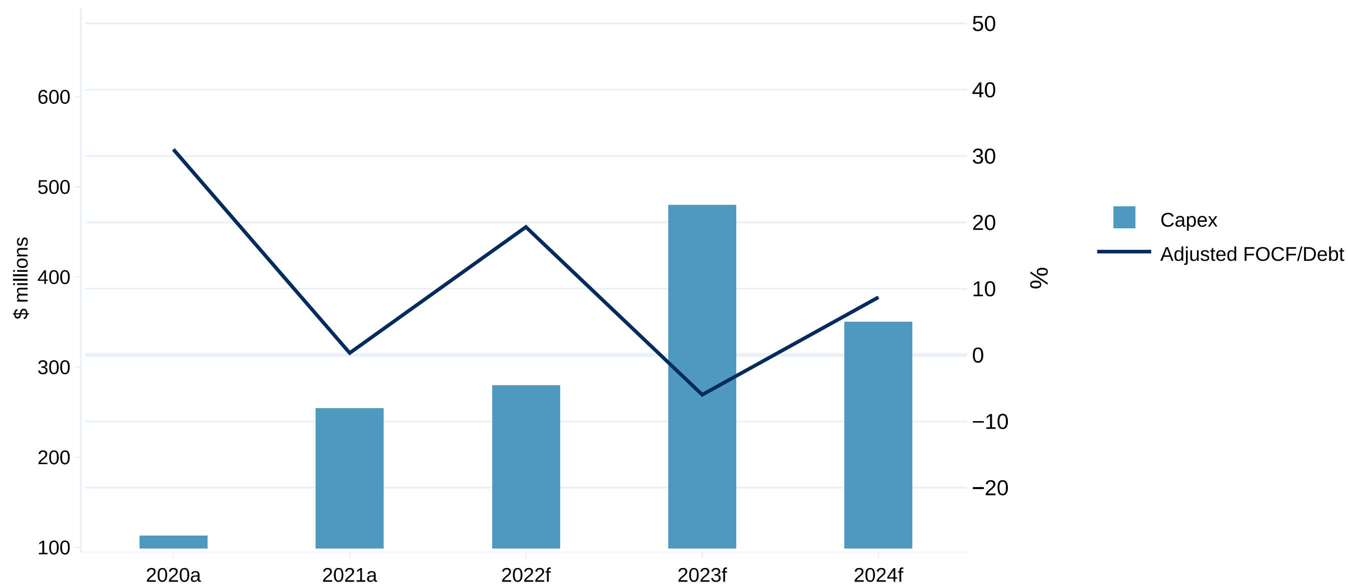
We view the regulatory, legal, and contractual frameworks of Chile and Peru as supportive. Regulations in these countries allow for timely recovery of operating costs and capital. More importantly, both frameworks have a satisfactory track record of rate revisions, and we don't expect significant modifications in any of these jurisdictions in the next few years. Therefore, we consider these frameworks as predictable and transparent, which support the ratings on Colbun.

Once the solar and wind park projects are completed, Colbun's vulnerability to drought because hydropower-based capacity will decline to 32% in 2025 from 43% in 2021. As of December 2021, Colbun had 1,626 MW of hydro-based installed capacity in Chile, 9 MW of solar parks in Chile, and 2,168 MW in thermal power in Peru and Chile. Although exposure to natural resources is high, the company's prudent commercial strategy mitigates this risk. In addition, Colbun continues to develop its carbon-free capacity consisting of about 1,010 MW under construction and 1,017 MW that gained approval from the environmental study. By 2025, the company expects to sell 12-15 TWh per year through new contracts largely backed by renewable energy. Of these projects, the most significant in additional capacity and advanced in development are Diego de Almagro (to be completed in March 2022) and Horizonte (to be completed in 2024). The development of other projects will depend on the closing of new PPAs with attractive margins.

Financial Risk

Colbun's financial risk profile continues to reflect stable and predictable cash flows due to the company's highly contracted profile with long-term contracts that have an average term of about eight years. We expect the company to post relatively stable EBITDA, ranging from $500 million to $550 million in 2022 and 2023 (similar to $520 million in 2021), and to increase to $600 million - $650 million in 2024 as new projects come online and Colbun continues to close new contracts. Our rating also incorporates our expectation that Colbun will implement its expansionary capex with no significant deviations that could put at risk the commercial operations date of the projects. Finally, we expect FOCF to debt to be 15%-20% in 2022, and negative in 2023 as the company's capex jump to finance the development of renewable capacity.

FOCF-to-debt will remain pressured amid increased investments

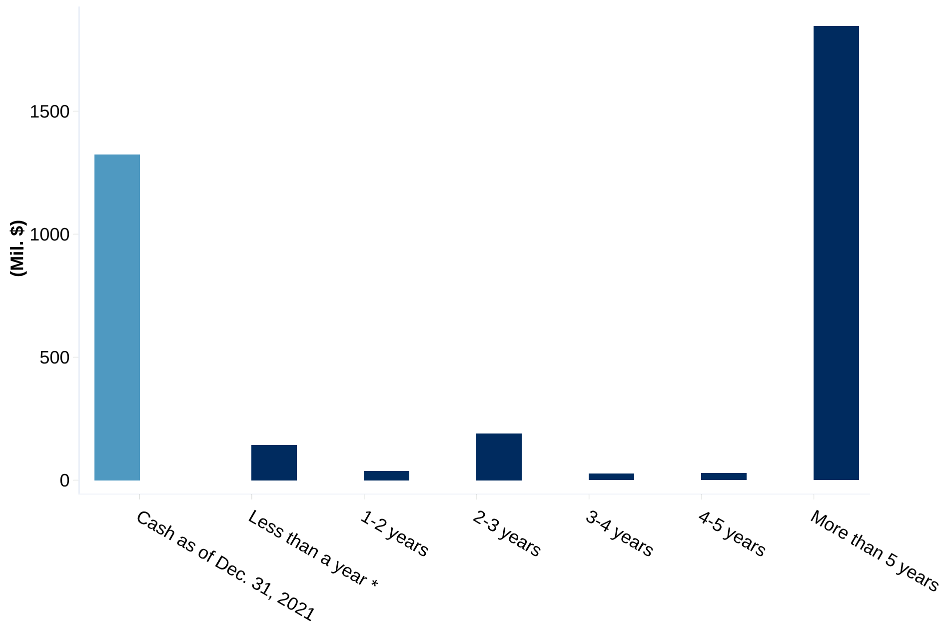


a--Actual. f--Forecast. Source: SP Global Ratings.For 2020 and 2021 Net Debt is adjusted with a 40% haircut in cash

Debt maturities

Colbun won't face significant maturities in the next two years that could jeopardize its liquidity profile. This is because, after the repayment of the local bonds in 2022, about 85% of its debt consists of the bullet notes, and the remainder has a favorable amortizing scheme.

Debt Maturity Profile



Source: S&P Global Ratings. (*) Includes $168 million of Series F and Series I repaid on January 2022

Colbun S.A.--Financial Summary

Period ending	Dec-31-2016	Dec-31-2017	Dec-31-2018	Dec-31-2019	Dec-31-2020	Dec-31-2021
Reporting period	2016a	2017a	2018a	2019a	2020a	2021a
Display currency (mil.)	$	$	$	$	$	$
Revenues	1,436	1,548	1,571	1,487	1,349	1,440
EBITDA	604	697	684	697	683	520
Funds from operations (FFO)	449	507	501	581	501	326
Interest expense	85	79	73	80	77	79
Cash interest paid	102	93	75	81	81	76
Operating cash flow (OCF)	444	535	460	484	444	258
Capital expenditure	178	118	108	88	113	254
Free operating cash flow (FOCF)	266	417	352	396	332	4
Discretionary cash flow (DCF)	167	256	61	50	90	(1,241)
Cash and short-term investments	668	811	788	800	969	1,324
Gross available cash	668	811	788	800	969	1,324
Debt	1,059	1,073	1,012	1,081	1,071	1,357

Colbun S.A.--Financial Summary

Common equity	3,790	3,951	3,857	3,736	3,585	2,841
Adjusted ratios						
EBITDA margin (%)	42.1	45.0	43.5	46.9	50.6	36.1
Return on capital (%)	7.5	8.2	8.6	7.6	4.6	20.9
EBITDA interest coverage (x)	7.1	8.8	9.4	8.8	8.8	6.6
FFO cash interest coverage (x)	5.4	6.5	7.7	8.2	7.2	5.3
Debt/EBITDA (x)	1.8	1.5	1.5	1.6	1.6	2.6
FFO/debt (%)	42.4	47.2	49.5	53.8	46.8	24.1
OCF/debt (%)	41.9	49.9	45.4	44.8	41.5	19.0
FOCF/debt (%)	25.1	38.8	34.8	36.7	31.0	0.3
DCF/debt (%)	15.8	23.8	6.1	4.6	8.5	(91.4)

Reconciliation Of Colbun S.A. Reported Amounts With S&P Global Adjusted Amounts (Mil. $)

	Debt	Shareholder equity	Revenue	EBITDA	Operating income	Interest expense	S&PGR adjusted EBITDA	Operating cash flow	Dividends	Capital expenditure
Financial year	Dec-31-2021									
Company reported amounts	2,223	2,721	1,440	520	307	79	520	334	1,245	254
Cash taxes paid	-	-	-	-	-	-	(117)	-	-	-
Cash interest paid	-	-	-	-	-	-	(76)	-	-	-
Lease liabilities	126	-	-	-	-	-	-	-	-	-
Accessible cash and liquid investments	(993)	-	-	-	-	-	-	-	-	-
Nonoperating income (expense)	-	-	-	-	618	-	-	-	-	-
Reclassification of interest and dividend cash flows	-	-	-	-	-	-	-	(76)	-	-
Noncontrolling/ minority interest	-	121	-	-	-	-	-	-	-	-
Total adjustments	(867)	121	0	0	618	0	(194)	(76)	0	0
S&P Global Ratings adjusted	**Debt**	**Equity**	**Revenue**	**EBITDA**	**EBIT**	**Interest expense**	**Funds from Operations**	**Operating cash flow**	**Dividends**	**Capital expenditure**
	1,357	2,841	1,440	520	925	79	326	258	1,245	254

Liquidity

Principal liquidity sources

Cash and liquid investments of $1.3 billion as of Dec. 31, 2021; and

FFO of between $350 million and $400 million.

Principal liquidity uses

Capex of $250 million to $300 million in the next 12 months and $450 million to $500 million in the subsequent 12 months;

Amortization of Fenix's bond of $27 million; and

Dividends at 50% of the net income in the following and subsequent 12 months, although the company can lower them to 30% of net income—the minimum legal requirement—in case of financial stress.

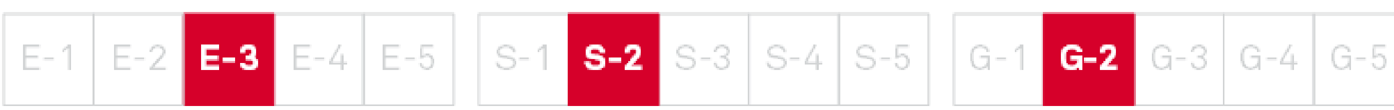
Covenant Analysis

Compliance expectations

As of Dec. 31, 2021, the company was in compliance with all financial covenants. Colbun had financial covenants only related to its national scale bonds, which were repaid fully in January 2022. Therefore, the company is released from these covenants.

Environmental, Social, And Governance

ESG Credit Indicators



ESG credit indicators provide additional disclosure and transparency at the entity level and reflect S&P Global Ratings' opinion of the influence that environmental, social, and governance factors have on our credit rating analysis. They are not a sustainability rating or an S&P Global Ratings ESG Evaluation. The extent of the influence of these factors is reflected on an alphanumerical 1-5 scale where 1 = positive, 2 = neutral, 3 = moderately negative, 4 = negative, and 5 = very negative. For more information, see our commentary "ESG Credit Indicator Definitions And Applications," published Oct. 13, 2021.

Environmental factors are a moderately negative consideration in our credit rating analysis of Colbun. However, we believe the entity is better positioned to face energy transition risks than other generation companies in Chile. This is because of Colbun's higher share of hydroelectric installed capacity and generation, whereas the country has a large number of fossil fuel-based plants. Colbun's plan to reach 2,645 MW in renewable energy by 2024 remains on track and within budget. This strategy should allow Colbun to maintain a competitive and sustainable generation matrix, given the country's ambitious decarbonization target by 2030.

Group Influence

Minera Valparaiso S.A. (Minera; not rated), a Chile-based conglomerate that operates mainly in the power generation, forest products, and real estate industries, controls Colbun. We continue to view Colbun as a core subsidiary of Minera, given that the former generated 99% of Minera's consolidated revenue and EBITDA in 2020. Additionally, we don't view the ownership as a ratings constraint.

Issue Ratings--Subordination Risk Analysis

Capital structure

As of Dec. 31, 2021, Colbun's capital structure consisted of about $2.2 billion of senior unsecured gross debt that it and its subsidiary, Fenix, issued. Debt as of the end of 2021 included Colbun's four international issuances of $1.76 billion ($160 million maturing in 2024, $500 million in 2027, $500 million in 2030, and $600 million in 2032), as well as local issuances of about $171 million (which were fully repaid in January 2022), Fenix's amortizing notes of $281 million due 2027, and a financial leasing between Fenix and Calidda of $109 million.

Analytical conclusions

Given that the issued debt at the subsidiary's level is below our trigger of 50% of the total debt to consider the existence of structural subordination of Colbun's financial debt regarding its subsidiaries, we conclude that there's no structural subordination risk on the senior unsecured debt instruments issued by Colbun. We rate these at 'BBB', which is in line with the issuer credit rating.

Rating Component Scores

Foreign currency issuer credit rating	**BBB/Stable/--**
Local currency issuer credit rating	**BBB/Stable/--**
Business risk	**Satisfactory**
Country risk	Intermediate
Industry risk	Moderately High
Competitive position	Satisfactory
Financial risk	**Intermediate**
Cash flow/leverage	Intermediate
Anchor	**bbb**
Diversification/portfolio effect	Neutral (no impact)
Capital structure	Neutral (no impact)
Financial policy	Neutral (no impact)
Liquidity	Strong (no impact)
Management and governance	Fair (no impact)
Comparable rating analysis	Neutral (no impact)
Stand-alone credit profile	**bbb**

Related Criteria

- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments, April 1, 2019
- Criteria | Corporates | General: Reflecting Subordination Risk In Corporate Issue Ratings, March 28, 2018
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- Criteria | Corporates | Industrials: Key Credit Factors For The Unregulated Power And Gas Industry, March 28, 2014
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- Criteria | Corporates | General: Corporate Methodology, Nov. 19, 2013

- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities, Nov. 13, 2012
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011
- General Criteria: Stand-Alone Credit Profiles: One Component Of A Rating, Oct. 1, 2010

Related Research

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Ratings Detail (as of March 17, 2022)*

Colbun S.A.	
Issuer Credit Rating	BBB/Stable/--
Senior Unsecured	BBB
Issuer Credit Ratings History	
29-May-2017	BBB/Stable/--
28-May-2015	BBB-/Stable/--
09-Sep-2011	BBB-/Negative/--

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings credit ratings on the global scale are comparable across countries. S&P Global Ratings credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.