FitchRatings

Corporates
Utilities - Non US
Panama

AES Panama Generation Holdings, S.R.L.

Fitch Ratings' rating case projects AES Panama Generation Holdings, S.R.L.'s (AESPGH) leverage to remain around 4x and below from 2025-on due to amortizing debt, EBITDA growth from increased liquefied natural gas (LNG) storage terminal utilization, and better power purchase agreement (PPA) margins due to declining spot prices. Fitch also views an inherent linkage to Panama's sovereign credit quality based on AESPGH's position as a regulated generation company with domestic cash flows, a leading market position and essentiality, as well as and an upstream exposure to government subsidies received by regulated distribution companies.

A parent and subsidiary relationship exists between AESPGH and The AES Corporation (BBB-/Stable). Fitch rates AESPGH on a standalone basis, not assuming implicit support from the parent company.

Key Rating Drivers

Strong Market Position: AESPGH is the largest private electricity generator in Panama, commanding a strong market position due to a large and diversified portfolio of assets and a flexible cost structure. The combined generation across the three generation companies (AES Panama SRL, AES Changuinola SRL, and AES Colon) accounts for 39% of the country's market share and is incrementally increasing through expansion into solar assets. AES Panama SRL also owns a 49% stake in the 670 megawatts (MW) Generadora Gatún (Gatun) natural gas plant. The diversified asset base is an important mitigating factor amid climate variability that periodically affects hydrology conditions.

The company is also Panama's sole LNG supplier, operating an LNG pier, a 180,000 cubic meter storage tank and regassification terminal. EBITDA from the growing business of storage, transportation and sales of LNG accounts for an average 20% of the company's structure. LNG customers include domestic clients, the largest being the Gatún combined cycle electricity plant and other domestic clients, as well as vessels related to the Panama Canal, and exports. Roughly one quarter of the company's tank is still available for commercialization.

Future Deleveraging, Strong Cash Flow: Fitch expects gross leverage, defined as total debt to EBITDA, to approximate 4x in 2025 and beyond due to continued debt payments totaling USD180 million through 2028 from the amortizing USD1.4 billion outstanding note and related company loans, and incremental EBITDA from AES Colon LNG sales and terminal storage fee growth. Leverage reduced year-over-year (YoY) in 2024 to 4.6x from 5.2x in 2023 with improved hydrology, increased generation sales, and ongoing debt amortization. EBITDA will approach USD340 million in 2025, supportive of a 40% EBITDA margin, and driving leverage to 4x and EBITDA to interest expense of 5.6x.

Cash flows are 80% underpinned by stable contracted generation sales with a six-year average tenor. Over 80% of contracted capacity is with regulated distribution companies and the balance with commercial and industrial clients. Spot sale exposure varies but is mitigated by the company's efficient thermal market dominance. About 6% of revenues are split evenly between LNG and terminal use sales. Cash flow from operations will approximate USD240 million per year through 2028, supporting minimal annual capital expenditure (capex) and debt maturities, dividends equating to 100% of excess cash flow, and a minimum annual cash balance of USD65 million.

Ratings

Long-Term IDR	BB+
Long-Term Local-Currency IDR	BB+
National Long-Term Rating	AA+(pan)
Senior Secured Debt - Long-Term Rating	BB+
Outlook	
Long-Term Foreign-Currency IDR	Stable
Long-Term Local-Currency IDR	Stable
National Long-Term Rating	Stable

Click here for the full list of ratings

ESG and Climate

Highest ESG Relevance Scores

Environmental	3
Social	3
Governance	4

2035 Climate Vulnerability Signal: 19

Applicable Criteria

National Scale Rating Criteria (December 2020)

Sector Navigators – Addendum to the Corporate Rating Criteria (December 2024)

Parent and Subsidiary Linkage Rating Criteria (June 2023)

Corporate Rating Criteria (December 2024)

Related Research

Global Corporates Macro and Sector Forecasts: April 2025 Update (April 2025)

Latin American Utilities Outlook 2025 (December 2024)

Latin American Electricity Generation — Relative Credit Analysis (Sector Credit Outlook Neutral in 2024) (June 2024)

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Regulatory Risk: The ratings also reflect country and regulatory risk, as the government is a 51% majority shareholder in operating company AES Panama SRL. Fitch estimates government oversight accounts for 23% of company-wide decision-making and an ability to perform certain corporate processes. AES Panama SRL generates roughly 45% of total company revenues. Per Fitch's understanding, major decisions require unanimous approval from the board, where the government controls only two of five board seats.

Diversified Asset Base: AESPGH's installed capacity of 1,189 MW base is diversified, including 60% hydrology, 32% natural gas, 5% wind and 4% solar assets. This mix enables the company to mitigate periodic drought risk with efficient thermal generation and optimize low variable cost energy during strong hydrology periods. Fitch expects the activation of the Gatun plant to help reduce spot prices from over USD100 per MW-hour historically. Fitch's base case assumes the company will be in a net power purchasing position in the intermediate term as the Colon plant reduces its generation and coincident with the reduced spot market costs.

Parent/Subsidiary Linkage: Fitch rates AESPGH on a standalone basis, one notch below from 100% controlling parent, The AES Corporation. Fitch assumes a linkage based on the parent's sole ownership and material brand strategy overlap. However, per its Parent and Subsidiary Linkage Criteria, Fitch views low legal and financial incentives by the parent to support AESPGH, a low strategic support incentive based on the subsidiary's low growth potential, financial contribution and competitive advantage for the larger multinational parent, and a low operational incentive based on AESPGH's relative size of its parent representing less than 4% of total installed capacity.

Financial Summary

(USD Mil.)	2022	2023	2024	2025F	2026F	2027F
Gross revenue	851	729	655	677	684	729
EBITDA margin (%)	57.9	38.0	45.8	47.6	46.4	50.0
EBITDA interest coverage (x)	7.3	4.1	6.1	5.4	5.5	6.4
EBITDA leverage (x)	3.0	5.2	4.6	4.2	4.1	3.5
EBITDA net leverage (x)	2.8	5.0	4.3	3.9	3.7	3.1

F – Forecast
Source: Fitch Ratings, Fitch Solutions

Peer Analysis

AESPGH's credit profile is commensurate with investment-grade, diversified and highly contracted electric generation companies in the region, such as Kallpa Generación S.A. (Kallpa; BBB-/Stable) of Peru, AES Andes S.A. (BBB-/Stable) of Chile and Isagen S.A. E.S.P.'s (Isagen; BBB-/Negative) of Colombia.

Fitch expects AESPGH's leverage to approximate 4x in 2025 and onwards due to incremental EBITDA growth and amortizing debt, in line with each of its peers, which have leverage ranging between 3.3x and 4x. Each of the companies also maintains a diversified asset base of natural gas, hydroelectricity and renewables, proving important to mitigate climate variability back-up thermal capacity. AESPGH's scale of assets at 1.2 GW is smaller than its peers; AES Andes has an installed capacity of 5.2 GW, Kallpa of 2.5 GW and Isagen 3.1 GW. Isagen's IDR is constrained by Colombia's 'BBB-' Country Ceiling, as the company operates entirely within Colombia and does not have substantial offshore cash or EBITDA from other countries rated above the Country Ceiling.

The company's national scale rating of 'AA+(pan)'/Stable is comparable with that of Empresa de Transmision Electrica S.A. (ETESA; BB[pan]/Stable). ETESA has higher projected medium-term leverage but it operates in the electricity transmission subsector, which is highly regulated and considerably less volatile than electricity generation. AESPGH's sister company, AES Changuinola (AA+[pan]), expects an ongoing leverage of around 3.6x in the intermediate term.

Rating Sensitivities

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

- Sustained gross leverage above 4.0x and net leverage above 3.5x over the medium term;
- Adverse government intervention in the sector that weakens the regulatory framework;
- A downgrade of the sovereign rating;
- Deterioration in the company's ability to mitigate spot-market risk;
- Payment of dividends coupled with high leverage levels.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

- Sustained gross leverage below 3.0x over the medium term;
- A conservative contracting strategy that promotes cash flow stability and the ability to withstand hydrological shocks to the system;
- Continued evidence of sustainable spot price stabilization as a result of asset diversification in the Panamanian electricity matrix;
- Upgrade of Panama's sovereign rating and/or greater disassociation from the government.

Liquidity and Debt Structure

Fitch expects the combined company to generate strong FCF supportive of a year-end average USD65 million cash policy through the forecast, after capex and dividend distribution assumptions around 100% of net income. The combined companies held a robust USD86 million in readily available cash and equivalents as of Dec. 31, 2024. Most of the company's debt is long term, with just over USD1.2 billion due in 2030.

ESG Considerations

AES Panama Generation Holdings, S.R.L. has an ESG Relevance Score of ‘4’ for Governance Structure due to its partial government-owned corporate structure, and the inherent governance risk that arises with a material or dominant state shareholder, which has a negative impact on the credit profile, and is relevant to the rating[s] in conjunction with other factors.

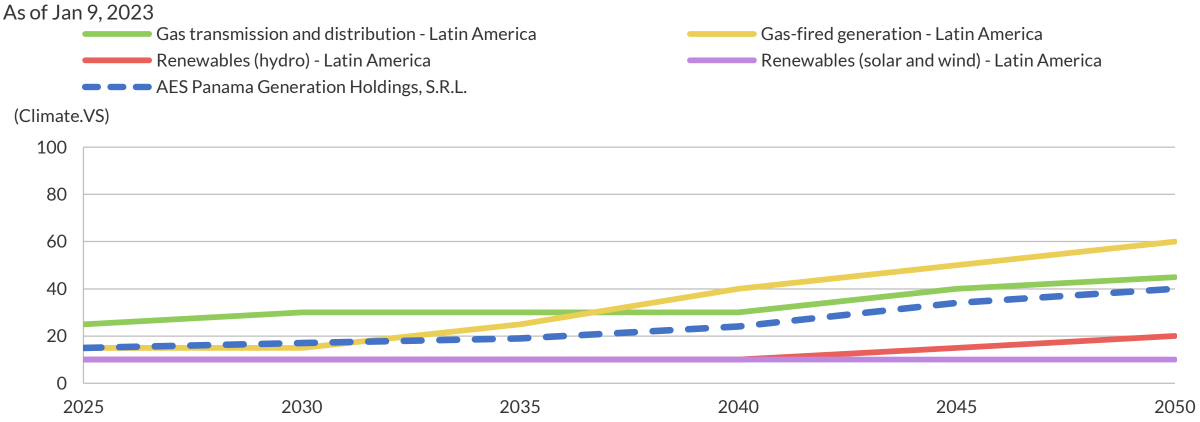
The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit https://www.fitchratings.com/topics/esg/products#esg-relevance-scores.

Climate Vulnerability Considerations

Fitch uses Climate Vulnerability Signals (Climate.VS) as a screening tool to identify sectors and Fitch-rated issuers that are potentially most exposed to credit-relevant climate transition risks and, therefore, require additional consideration of these risks in rating reviews. Climate.VS range from 0 (lowest risk) to 100 (highest risk). For more information on Climate.VS, see Fitch’s Corporate Rating Criteria. For more detailed, sector-specific information on how Fitch perceives climate-related transition risks, see Climate Vulnerability Signals for Non-Financial Corporate Sectors.

The 2024 revenue-weighted Climate.VS for AESPGH for 2035 is 19 out of 100, which is low for the sector due to the diversified and highly efficient generation output of the company’s varied asset base. For further information on how Fitch perceives climate-related risks in the Utilities sector see Utilities - Long-Term Climate Vulnerability Signals Update.

Climate.VS Evolution
As of Jan 9, 2023



Source: Fitch Ratings

Liquidity and Debt Maturities

Liquidity Analysis

(USD Mil.)	2025F	2026F	2027F
Available liquidity			
Beginning cash balance	86	95	118
Rating case FCF after acquisitions and divestitures	-101	44	35
Cash contributions from subsidiaries	150	46	24
Capital Contributions from Sponsor	—	—	—
Investments in Subsidiary	5	-25	-1
Total available liquidity (A)	**139**	**160**	**176**
Liquidity uses			
Debt maturities	-45	-42	-16
Restricted Cash	1	—	—
Total liquidity uses (B)	**-44**	**-42**	**-16**
Liquidity calculation			
Ending cash balance (A+B)	95	118	160
Revolver availability	—	—	—
Ending liquidity	**95**	**118**	**160**
Liquidity score (x)	-0.3	3.3	9.6

F – Forecast
Source: Fitch Ratings, Fitch Solutions, AES Panama Generation Holdings, S.R.L.

Scheduled Debt Maturities

(USD Mil.)	December 31, 2024
2025	45
2026	42
2027	16
2028	16
2029	16
Thereafter	1,255
Total	**1,390**

Source: Fitch Ratings, Fitch Solutions, AES Panama Generation Holdings, S.R.L.

Key Assumptions

- Monomic contract prices through 2026 for each company are expected to be USD100/MWh for AES Panama SRL; USD114/MWh for AES Changuinola; and USD110/MWh for AES Colon;
- Long-term hydro and renewable PPA prices have fixed prices where some adjust with inflation and prices for capacity are fixed with no change over the life of the contract;
- Expiring large user hydro PPAs will be renewed with similar terms;
- Thermal PPA prices adjust based on the cost of fuel and capacity prices are fixed;
- Capex limited to maintenance work and solar installations and amounts to USD71 million through 2028;
- Spot prices to decline with the activation of the highly efficient and large natural-gas fired Generadora Gatun plant a 670MW LNG fired plant;
- Generadora Gatun, operational since October 2024 at 400 MW contracted level, completes full 670 MW COD in 2H25. and contracts LNG storage with Costa Norte; Gatun commences cash contributions to AES Panama SRL in 2025;

- AESPGH purchases spot market energy at projected costs to offset a planned step-down in production at the AES Colon plant;
- No significant asset sales occur during the rating horizon without corresponding debt rebalancing;
- Debt amortizes for the AESPGH bond;
- Year-end cash estimated exceeding USD65 million;
- Dividends average USD205 million through 2028.

Financial Data

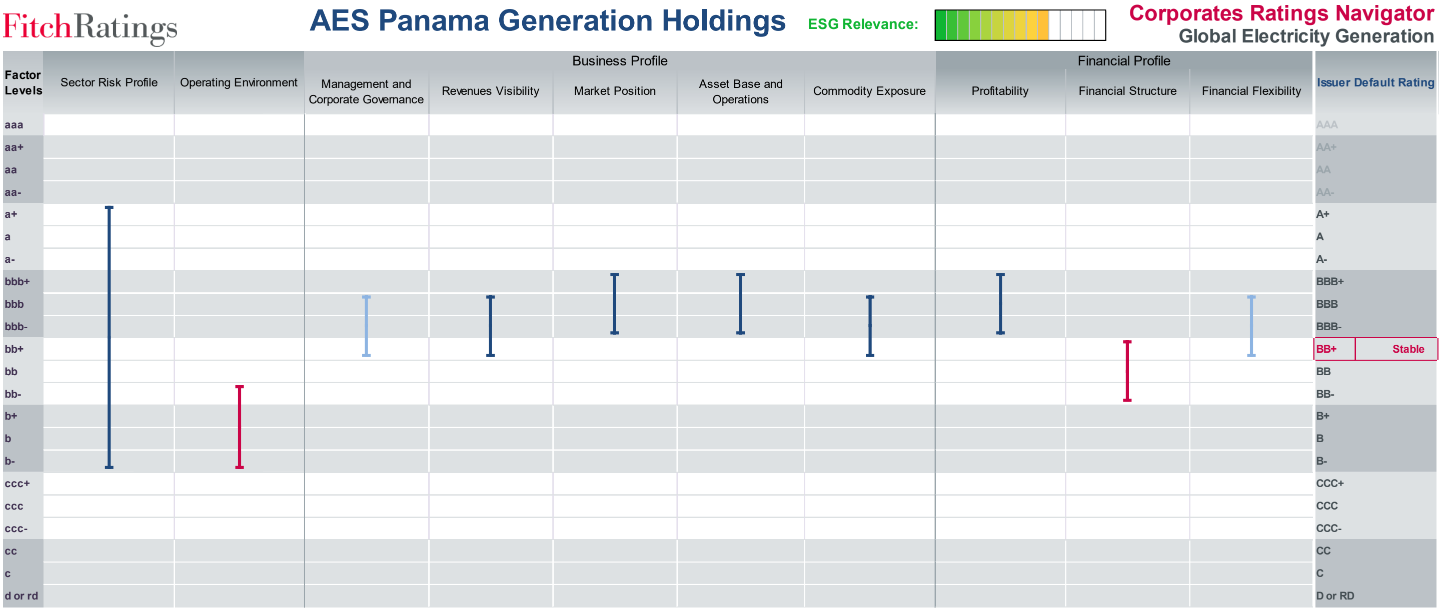
(USD Mil.)	2022	2023	2024	2025F	2026F	2027F
Summary income statement						
Gross revenue	851	729	655	677	684	729
Revenue growth (%)	34.2	-14.4	-10.1	-7.1	1.0	6.6
EBITDA before income from associates	493	277	300	322	318	365
EBITDA margin (%)	57.9	38.0	45.8	47.6	46.4	50.0
EBITDA after associates and minorities	493	277	300	322	318	365
EBIT	410	186	215	239	237	287
EBIT margin (%)	48.2	25.6	32.8	35.3	34.7	39.4
Gross interest expense	-89	-74	-66	-60	-58	-57
Pretax income including associate income/loss	322	104	137	175	173	225
Summary balance sheet						
Readily available cash and equivalents	79	51	86	95	118	161
Debt	1,474	1,429	1,390	1,345	1,303	1,287
Net debt	1,395	1,377	1,304	1,250	1,185	1,127
Summary cash flow statement						
EBITDA	493	277	300	322	318	365
Cash interest paid	-68	-67	-49	-60	-58	-57
Cash tax	-37	-36	-6	-63	-55	-57
Dividends received less dividends paid to minorities (inflow/outflow)	—	—	—	—	—	—
Other items before FFO	111	12	-12	5	5	5
FFO	499	188	236	206	212	258
FFO margin (%)	58.7	25.9	36.1	30.5	30.9	35.4
Change in working capital	-94	46	4	2	1	5
CFO (Fitch-defined)	405	235	240	209	212	263
Total non-operating/nonrecurring cash flow	—	—	—	—	—	—
Capex	-47	-107	-68	—	—	—
Capital intensity (capex/revenue) (%)	5.6	14.7	10.5	—	—	—
Common dividends	-222	-139	-161	—	—	—
FCF	136	-11	11	—	—	—
FCF margin (%)	15.9	-1.5	1.7	—	—	—
Net acquisitions and divestitures	0	-4	2	—	—	—
Other investing and financing cash flow items	-97	-90	-40	—	—	—
Net debt proceeds	-42	-46	-41	-45	-42	-16
Net equity proceeds	—	119	105	150	46	24
Total change in cash	-3	-28	35	9	23	43
Calculations for forecast publication						
Capex, dividends, acquisitions and other items before FCF	-269	-250	-227	-310	-168	-227
FCF after acquisitions and divestitures	136	-15	13	-101	44	35
FCF margin after net acquisitions (%)	16.0	-2.1	2.0	-15.0	6.4	4.9
Gross Leverage ratios (x)						
EBITDA leverage	3.0	5.2	4.6	4.2	4.1	3.5
(CFO-capex)/debt	24.3	9.0	12.4	12.7	14.9	18.8
Net Leverage ratios (x)						
EBITDA net leverage	2.8	5.0	4.3	3.9	3.7	3.1
(CFO-capex)/net debt	25.6	9.3	13.2	13.7	16.4	21.5
Coverage ratios (x)						
EBITDA interest coverage	7.3	4.1	6.1	5.4	5.5	6.4

CFO – Cash flow from operations
Source: Fitch Ratings, Fitch Solutions

How to Interpret the Forecast Presented

The forecast presented above is based on Fitch Ratings' internally produced, conservative rating case forecast. It does not represent the forecast of the rated issuer. The forecast set out above is only one component used by Fitch Ratings to assign a rating or determine a rating outlook, and the information in the forecast reflects material but not exhaustive elements of Fitch Ratings' rating assumptions for the issuer's financial performance. As such, it cannot be used to establish a rating, and it should not be relied on for that purpose. Fitch Ratings' forecasts are constructed using a proprietary internal forecasting tool, which employs Fitch Ratings' own assumptions on operating and financial performance that may not reflect the assumptions that you would make. Fitch Ratings' own definitions of financial terms such as EBITDA, debt or free cash flow may differ from your own such definitions. Fitch Ratings may be granted access, from time to time, to confidential information on certain elements of the issuer's forward planning. Certain elements of such information may be omitted from this forecast, even where they are included in Fitch Ratings' own internal deliberations, where Fitch Ratings, at its sole discretion, considers the data may be potentially sensitive in a commercial, legal or regulatory context. The forecast (as with the entirety of this report) is produced strictly subject to the disclaimers set out at the end of this report. Fitch Ratings may update the forecast in future reports but assumes no responsibility to do so. Original financial statement data for historical periods is processed by Fitch Solutions on behalf of Fitch Ratings. Key financial adjustments and all financial forecasts credited to Fitch Ratings are generated by rating agency staff.

Ratings Navigator



Bar Chart Legend:

Vertical Bars = Range of Rating Factor	Bar Arrows = Rating Factor Outlook
Bar Colors = Relative Importance	⇧ Positive
Higher Importance	⇩ Negative
Average Importance	⇳ Evolving
Lower Importance	☐ Stable

FitchRatings

AES Panama Generation Holdings

Corporates Ratings Navigator
Global Electricity Generation

Operating Environment

	Sub-Factor	Score	Description
bb	Economic Environment	bb	Below average combination of countries where economic value is created and where assets are located.
bb-	Financial Access	bbb	Average combination of issuer specific funding characteristics and of the strength of the relevant local financial market.
	Systemic Governance	b	Systemic governance (eg rule of law, corruption; government effectiveness) of the issuer's country of incorporation consistent with 'b'.
b-			
ccc+			

Management and Corporate Governance

	Sub-Factor	Score	Description
bbb+	Management Strategy	bbb	Strategy may include opportunistic elements but soundly implemented.
bbb	Governance Structure	bbb	Good CG track record but effectiveness/independence of board less obvious. No evidence of abuse of power even with ownership concentration.
bbb-	Group Structure	bb	Complex group structure or non transparent ownership structure. Related-party transactions exist but with reasonable economic rationale.
bb+	Financial Transparency	bb	Financial reporting is appropriate but with some failings (eg: lack of interim or segment analysis)
bb			

Revenues Visibility

	Sub-Factor	Score	Description
bbb+	Contracted Position	bbb	Balanced position with medium remaining life of PPAs or incentives of 5 to 7 years. PPAs or incentives amount between 80% and 100% of firm generation capacity.
bbb	Contract Renewal Risk	bbb	Likely re-contracting prospects with similar to potentially moderately worse contractual terms.
bbb-	System / Capacity Payments	bbb	Less transparent or shorter duration market pricing structures with some risk of political interference proving medium term price visibility for power generators.
bb+	Degree of Supply Integration	bbb	Balanced supply integration with strong retail position contributing to cash-flow stability and predictability.
bb	Resource Predictability	bb	Somewhat volatile capacity factor.

Market Position

	Sub-Factor	Score	Description
a-	Supply/Demand Dynamics	bbb	Moderately favorable outlook for prices. Balanced reserve margin with capacity addition pace matching demand growth. Supply/Demand balance aided by regulatory system mechanism.
bbb+	Competitive Position	bbb	Efficient generation with recurrent merit dispatch.
bbb	Relative Size and Scale	bbb	Large scale operations with diverse generation asset base or company supplies more than 20% of electricity to the systems where it operates or strong competitive position in a localized market.
bbb-			
bb+			

Asset Base and Operations

	Sub-Factor	Score	Description
a-	Asset Quality and Diversity	bbb	Good single asset quality or partial diversification by geography and/or generation source.
bbb+	Exposure to Environmental Regulations	bbb	Limited or manageable exposure to environmental regulations. Balanced generation between clean and thermal sources; medium carbon exposure.
bbb	Capital and Technological Intensity of Capex	bbb	Moderate reinvestments requirements in established technologies.
bbb-			
bb+			

Commodity Exposure

	Sub-Factor	Score	Description
bbb+	Counterparty Risk	bbb	Diversified, medium counterparty risk or weighted average credit quality of actual and potential off-takers is in line with 'BBB' rating. Single 'BBB' rated off-taker under well-structured PPA.
bbb	Costs Pass-Through and Supply Mix	bbb	Limited exposure to changes in commodity costs with ability to pass cost changes to end users. Low variable costs and moderate flexibility/certain of supply.
bbb-	Hedging Strategy	bb	Minimal portfolio/cash flow smoothing effects from contractual hedge.
bb+			
bb			

Profitability

	Sub-Factor	Score	Description
a-	Free Cash Flow	a	Structurally neutral to positive FCF across the investment cycle.
bbb+	Cash Flow Predictability	bbb	Stability and predictability cash flow in line with peers.
bbb			
bbb-			
bb+			

Financial Structure

	Sub-Factor	Score	Description
bbb-	EBITDA Leverage	bb	4.8x
bb+	FFO Leverage		n.a.
bb	FFO Net Leverage		n.a.
bb-			
b+			

Financial Flexibility

	Sub-Factor	Score	Description
bbb+	Financial Discipline	bb	Financial policies in place but flexibility in applying them could lead to temporarily exceeding downgrade guidelines.
bbb	Liquidity	bbb	One-year liquidity ratio above 1.25x. Well-spread maturity schedule of debt but funding may be less diversified.
bbb-	FFO Interest Coverage		n.a.
bb+	DSCR	a	Expected average DSCR >2.0 for amortizing debt with no merchant exposure.
bb	FX Exposure	aa	No material FX mismatch.

How to Read This Page: The left column shows the three-notch band assessment for the overall Factor, illustrated by a bar. The right column breaks down the Factor into Sub-Factors, with a description appropriate for each Sub-Factor and its corresponding category.

Credit-Relevant ESG Derivation

AES Panama Generation Holdings has 1 ESG rating driver and 12 ESG potential rating drivers

- Board independence and effectiveness; ownership concentration
- Emissions from operations
- Fuel use to generate energy and serve load
- Water used by hydro plants or by other generation plants, also effluent management
- Impact of waste from operations
- Plants' and networks' exposure to extreme weather

Showing top 6 issues

			Overall ESG
key driver	0	issues	5
driver	1	issues	4
potential driver	12	issues	3
not a rating driver	1	issues	2
	0	issues	1

For further details on Credit-Relevant ESG scoring, see page 3.

FitchRatings

AES Panama Generation Holdings

Corporates Ratings Navigator
Global Electricity Generation

Credit-Relevant ESG Derivation

AES Panama Generation Holdings has 1 ESG rating driver and 12 ESG potential rating drivers

- AES Panama Generation Holdings has exposure to board independence risk which, in combination with other factors, impacts the rating.
- AES Panama Generation Holdings has exposure to emissions regulatory risk but this has very low impact on the rating.
- AES Panama Generation Holdings has exposure to energy productivity risk but this has very low impact on the rating.
- AES Panama Generation Holdings has exposure to water management risk but this has very low impact on the rating.
- AES Panama Generation Holdings has exposure to waste & impact management risk but this has very low impact on the rating.
- AES Panama Generation Holdings has exposure to extreme weather events but this has very low impact on the rating.

Showing top 6 issues

			ESG Relevance to Credit Rating
key driver	0	issues	5
driver	1	issues	4
potential driver	12	issues	3
not a rating driver	1	issues	2
	0	issues	1

Environmental (E) Relevance Scores

General Issues	E Score	Sector-Specific Issues	Reference
GHG Emissions & Air Quality	3	Emissions from operations	Asset Base and Operations
Energy Management	3	Fuel use to generate energy and serve load	Asset Base and Operations; Commodity Exposure; Profitability
Water & Wastewater Management	3	Water used by hydro plants or by other generation plants, also effluent management	Asset Base and Operations; Profitability
Waste & Hazardous Materials Management; Ecological Impacts	3	Impact of waste from operations	Asset Base and Operations; Profitability
Exposure to Environmental Impacts	3	Plants' and networks' exposure to extreme weather	Asset Base and Operations; Profitability

E Relevance: 5, 4, 3, 2, 1

Social (S) Relevance Scores

General Issues	S Score	Sector-Specific Issues	Reference
Human Rights, Community Relations, Access & Affordability	3	Product affordability and access	Asset Base and Operations; Revenues Visibility; Profitability
Customer Welfare - Fair Messaging, Privacy & Data Security	3	Quality and safety of products and services; data security	Asset Base and Operations
Labor Relations & Practices	3	Impact of labor negotiations and employee (dis)satisfaction	Asset Base and Operations; Profitability
Employee Wellbeing	2	Worker safety and accident prevention	Asset Base and Operations
Exposure to Social Impacts	3	Social resistance to major projects that leads to delays and cost increases	Asset Base and Operations; Revenues Visibility; Profitability; Financial Structure

S Relevance: 5, 4, 3, 2, 1

Governance (G) Relevance Scores

General Issues	G Score	Sector-Specific Issues	Reference
Management Strategy	3	Strategy development and implementation	Management and Corporate Governance; Financial Structure
Governance Structure	4	Board independence and effectiveness; ownership concentration	Management and Corporate Governance
Group Structure	3	Complexity, transparency and related-party transactions	Management and Corporate Governance; Commodity Exposure
Financial Transparency	3	Quality and timing of financial disclosure	Management and Corporate Governance

G Relevance: 5, 4, 3, 2, 1

How to Read This Page
ESG relevance scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant to the credit rating and green (1) is least relevant.
The Environmental (E), Social (S) and Governance (G) tables break out the ESG general issues and the sector-specific issues that are most relevant to each industry group. Relevance scores are assigned to each sector-specific issue, signaling the credit-relevance of the sector-specific issues to the issuer's overall credit rating. The Criteria Reference column highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis. The vertical color bars are visualizations of the frequency of occurrence of the highest constituent relevance scores. They do not represent an aggregate of the relevance scores or aggregate ESG credit relevance.
The Credit-Relevant ESG Derivation table's far right column is a visualization of the frequency of occurrence of the highest ESG relevance scores across the combined E, S and G categories. The three columns to the left of ESG Relevance to Credit Rating summarize rating relevance and impact to credit from ESG issues. The box on the far left identifies any ESG Relevance Sub-factor issues that are drivers or potential drivers of the issuer's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the relevance score. All scores of '4' and '5' are assumed to reflect a negative impact unless indicated with a '+' sign for positive impact.
Classification of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the United Nations Principles for Responsible Investing (PRI), the Sustainability Accounting Standards Board (SASB), and the World Bank.

CREDIT-RELEVANT ESG SCALE

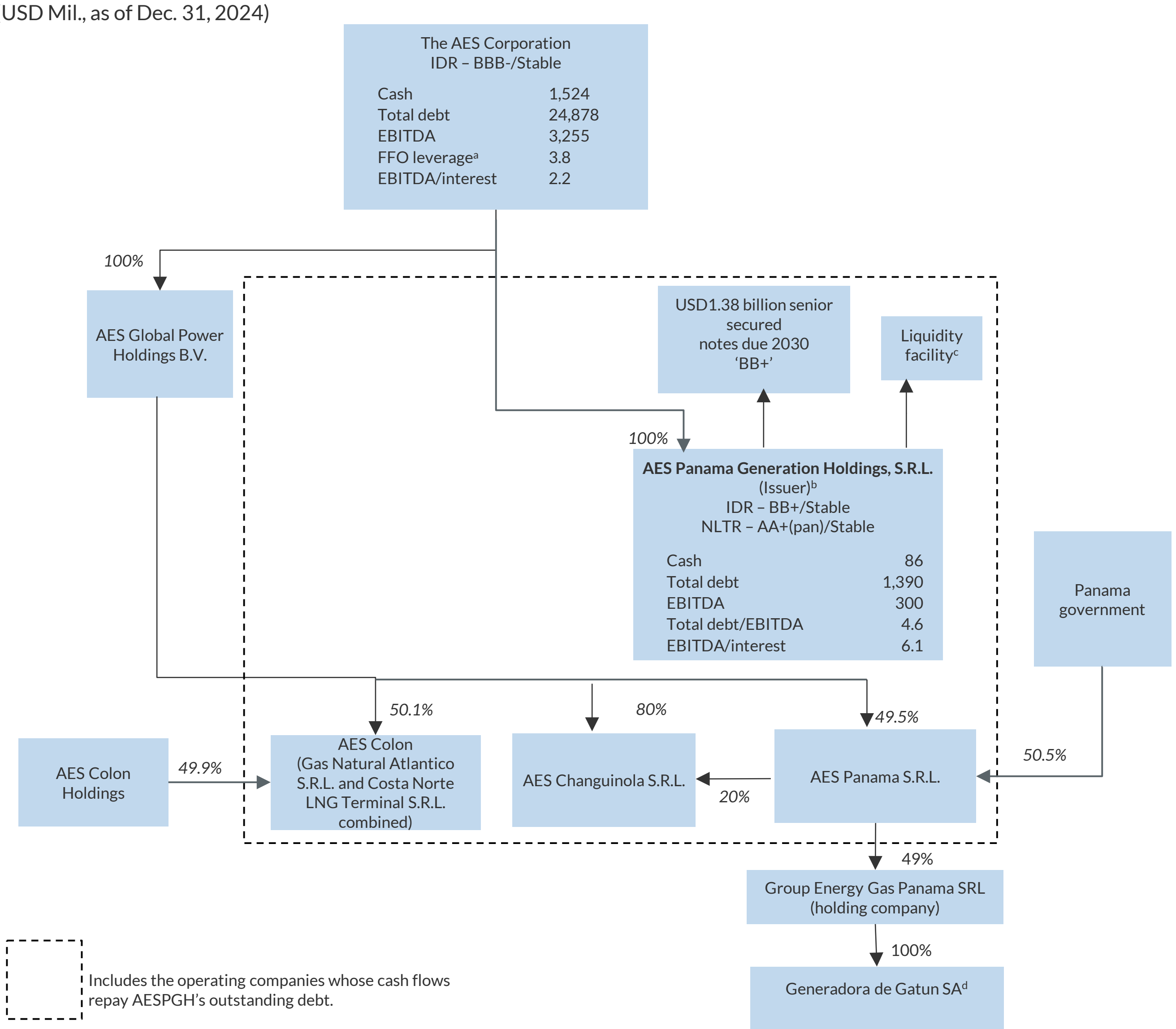
How relevant are E, S and G issues to the overall credit rating?

5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to "higher" relative importance within Navigator.
4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to "moderate" relative importance within Navigator.
3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to "lower" relative importance within Navigator.
2	Irrelevant to the entity rating but relevant to the sector.
1	Irrelevant to the entity rating and irrelevant to the sector.

Simplified Group Structure Diagram

Organizational Structure — AES Panama Generation Holdings, S.R.L.

(USD Mil., as of Dec. 31, 2024)



[a] Fitch applies a deconsolidated approach when calculating AES's credit metrics, as it finances its operation using primarily non-recourse debt. It calculates AES's holdco-only funds from operations (FFO) leverage (compared to AESPGH using Debt/EBITDA).
[b] Financials are combined financials of operating companies: AES Panama S.R.L., AES Changuinola S.R.L., Gas Natural Atlantico S.R.L. and Costa Norte LNG Terminal S.R.L. The operating companies have intercompany loans, which are owed to the issuer and whose payments the issuer uses to make pro rata payments on the notes.
[c] The Liquidity Facility will be used to make payments on the notes if there has been a payment default under an intercompany loan. The Issuer will repay drawn amounts with dividend payments received from the Trust. Dividends cannot be paid to GPH if there is any amount outstanding under the Liquidity Facility.
[d] Generadora Gatun is a 670 MW combined cycle natural gas plant that is 49% owned by AES Panama SRL via Holdco Group Energy Gas Panama SRL and 51% by InterEnergy of the United Kingdom.
IDR – Issuer Default Rating. NLTR – National Long-Term Rating.
Source: Fitch Ratings, Company data

Peer Financial Summary

Company	Issuer Default Rating	Financial statement date	Gross revenue (USD Mil.)	EBITDA margin (%)	EBITDA interest coverage (x)	EBITDA leverage (x)	EBITDA net leverage (x)
AES Panama Generation Holdings, S.R.L.	BB+						
	BB+	2024	655	45.8	6.1	4.6	4.3
	BBB–	2023	729	38.0	4.1	5.2	5.0
	BBB–	2022	851	57.9	7.3	3.0	2.8
Kallpa Generacion S.A.	BBB–						
	BBB–	2024	713	50.8	7.2	3.2	3.1
	BBB–	2023	685	38.9	5.2	4.2	4.0
	BBB–	2021	534	47.3	5.3	4.5	4.3
AES Andes S.A.	BBB–						
	BBB–	2024	2,343	26.6	2.5	4.5	4.2
	BBB–	2023	2,742	24.0	2.4	4.2	3.8
	BBB–	2022	2,579	30.9	5.1	3.4	3.2
Isagen S.A. E.S.P.	BBB–						
	BBB–	2024	1,383	49.6	1.6	3.6	3.4
	BBB–	2023	1,445	57.5	1.8	3.3	3.2
	BBB–	2022	1,001	68.3	2.7	3.1	3.1

Source: Fitch Ratings, Fitch Solutions

Fitch Adjusted Financials

(USD Mil., as of December 31, 2024)	Notes and formulas	Standardized values	Lease treatment	Other adjustments	Adjusted values
Income statement summary					
Revenue		655	—	—	655
EBITDA	(a)	300	—	—	300
Depreciation and amortization		-85	—	—	-85
EBIT		215	—	—	215
Balance sheet summary					
Debt	(b)	1,390	—	—	1,390
Of which other off-balance-sheet debt		—	—	—	—
Lease-equivalent debt		—	—	—	—
Lease-adjusted debt		1,390	—	—	1,390
Readily available cash and equivalents	(c)	86	—	—	86
Not readily available cash and equivalents		1	—	—	1
Cash flow summary					
EBITDA	(a)	300	—	—	300
Dividends received from associates less dividends paid to minorities	(d)	—	—	—	—
Interest paid	(e)	-49	—	—	-49
Interest received	(f)	2	—	—	2
Preferred dividends paid	(g)	—	—	—	—
Cash tax paid		-6	—	—	-6
Other items before FFO		-12	—	—	-12
FFO	(h)	236	—	—	236
Change in working capital		4	—	—	4
CFO	(i)	240	—	—	240
Non-operating/nonrecurring cash flow		—	—	—	—
Capex	(j)	-68	—	—	-68
Common dividends paid		-161	—	—	-161
FCF		11	—	—	11
Gross leverage (x)					
EBITDA leverage	b/(a+d)	4.6	—	—	4.6
(CFO-capex)/debt (%)	(i+j)/b	12.4	—	—	12.4
Net leverage (x)					
EBITDA net leverage	(b-c)/(a+d)	4.3	—	—	4.3
(CFO-capex)/net debt (%)	(i+j)/(b-c)	13.2	—	—	13.2
Coverage (x)					
EBITDA interest coverage	(a+d)/(-e)	6.1	—	—	6.1

CFO – Cash flow from operations
Notes: The standardized items presented above are based on Fitch's taxonomy for the given sector and region.
Reported items may not match the Fitch taxonomy, but they are captured into corresponding lines accordingly.
Debt includes other off-balance-sheet debt.
Debt in the standardized values column excludes lease liabilities of USD113.736 million.
Source: Fitch Ratings, Fitch Solutions, AES Panama Generation Holdings, S.R.L.

Parent Subsidiary Linkage Analysis

Key Risk Factors and Notching Approach

Parent	The AES Corporation
Parent LT IDR	BBB-
Subsidiary	AES Panama Generation Holdings, S.R.L.
Subsidiary LT IDR	BB+
Path	Stronger Parent
Legal incentive	Low
Strategic incentive	Low
Operational incentive	Low
Notching matrix outcome	Standalone
Override applied	No
Notching approach	—

LT IDR – Long-Term Issuer Default Rating
Source: Fitch Ratings

Stronger Parent Notching Matrix

Strategic incentives and operational	Both low	One medium, one low	Both medium or one high, one low	One strong, one medium	Both high
With low legal incentive	Standalone	BU+1[a]	BU+2[a]	TD-1[b]	Equalized
With medium legal incentive	BU+1[a]	BU+2[a]	TD-1[b]	Equalized	Equalized
With high legal incentive	Equalized	Equalized	Equalized	Equalized	Equalized

[a] BU rating outcomes are capped at TD-1 where the subsidiary's SCP is more than one notch away from the consolidated profile, but the subsidiary's rating will be equalized where the subsidiary's SCP is one notch below the consolidated profile. [b] TD-1 rating outcomes will be equalized where the subsidiary's SCP is one notch below the consolidated profile. BU – Bottom-up, notched from the lower Standalone Credit Profile (SCP). TD – Top-down, notched from the consolidated profile.
Source: Fitch Ratings

SOLICITATION & PARTICIPATION STATUS

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For information on the participation status in the rating process of an issuer listed in this report, please refer to the most recent rating action commentary for the relevant issuer, available on the Fitch Ratings website.