

## Research Update:

# Rio Paranapanema Energia S.A. 'BB' Global And 'brAAA' National Scale Ratings Withdrawn At Issuer's Request

**September 4, 2019**

On Sept. 4, 2019, S&P Global Ratings withdrew its long-term 'BB' global scale and 'brAAA' national scale issuer credit ratings on Brazil-based power generator, Rio Paranapanema Energia S.A., at its request. The outlook was stable at the time of the withdrawal.

At the time of the withdrawal, the issuer credit ratings on Rio Paranapanema reflected our view that it would maintain solid credit metrics, with debt to EBITDA of about 1.0x and funds from operations to debt above 60%. These metrics, combined with prudent risk management, compensated for potential swings in hydroelectric power generation.

Strong liquidity enabled the company to have a higher rating than the sovereign foreign currency rating on Brazil (BB-/Stable/B), because Rio Paranapanema would be able to service its debt even under the much more conservative assumptions of our stress test for a hypothetical sovereign default scenario. Nevertheless, the ratings were limited to one notch above those on Brazil, given the company's sensitivity to the domestic economy and because all of its assets are located in the country.

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**Related Criteria**

- General Criteria: Methodology For National And Regional Scale Credit Ratings, June 25, 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: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments, Nov. 19, 2013
- Criteria | Corporates | General: Corporate Methodology, Nov. 19, 2013
- General Criteria: Group Rating Methodology, Nov. 19, 2013
- General Criteria: Ratings Above The Sovereign--Corporate And Government Ratings: Methodology And Assumptions, Nov. 19, 2013

- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities, Nov. 13, 2012
- General Criteria: Stand-Alone Credit Profiles: One Component Of A Rating, Oct. 1, 2010
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009

## Ratings List

### Not Rated Action;

	To	From
<b>Rio Paranapanema Energia S.A</b>		
Issuer Credit Rating		
Global Scale	NR/--	BB/Stable/--
Brazil National Scale	NR/--	brAAA/Stable/--

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at [www.standardandpoors.com](http://www.standardandpoors.com) for further information. Complete ratings information is available to subscribers of RatingsDirect at [www.capitaliq.com](http://www.capitaliq.com). All ratings affected by this rating action can be found on S&P Global Ratings' public website at [www.standardandpoors.com](http://www.standardandpoors.com). Use the Ratings search box located in the left column.

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