MOODY'S RATINGS

CREDIT OPINION

30 September 2025

Update

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RATINGS

Niagara Energy S.A.C.

Domicile	Peru
Long Term Rating	Baa3
Type	LT Issuer Rating - Fgn Curr
Outlook	Stable

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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Niagara Energy S.A.C.

Update to credit analysis

Summary

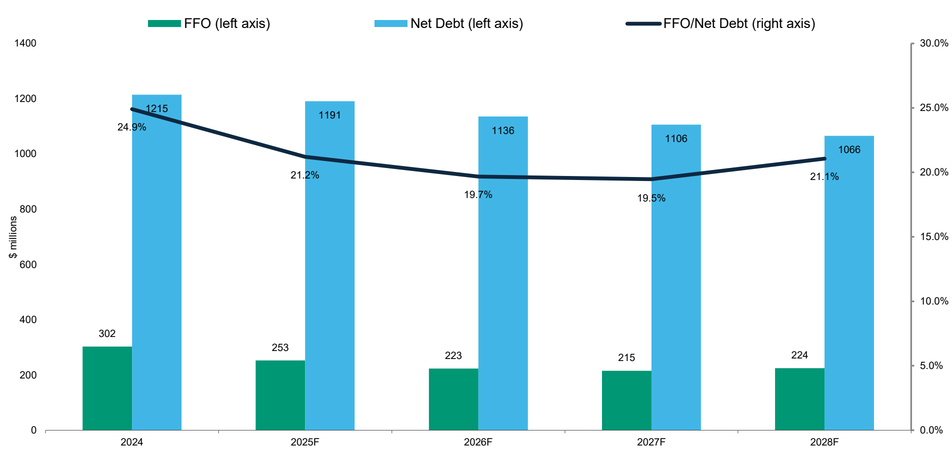
Niagara Energy S.A.C.'s (Niagara) Baa3 credit profile considers the strong market position of its operating companies in Peru, serving a diversified client base of regulated and unregulated customers, under long-term power purchase agreements (PPAs) that provide good visibility into expected cash flows for future debt service. The company's diversified and competitive asset base and the track record of its commercial policy further reinforce its strong credit profile. The credit profile also incorporates our view of the supportive regulatory framework in Peru.

Balancing the credit strengths is the company's relatively high leverage and the competitive nature of the market, currently oversupplied and leading to relatively low power prices. The company's capital structure encompasses the issuance of 10-year $1.2 billion senior unsecured notes and a 3-year $100 million amortizing loan, which results in relatively weak credit metrics at least until 2027. The rating's base case incorporates our assumption on the re-contracting of PPAs coming due and some debt prepayments, leading to metrics gradually improving after 2027.

The credit profile is premised in our expectation that the sponsors will maintain a conservative financial policy, balancing the dividend distributions while its capex and financing needs are higher.

Exhibit 1

FFO to net debt starts to rise after completion of investment plan



Source: Moody's Ratings

Credit strengths

» Strong market share in Peru

» Diversified and competitive asset base

» Contracted operations with creditworthy offtakers

Credit challenges

» High leverage resulting in weak credit metrics until 2027

» Recontracting risk while margins decline due to maturities of high-priced PPAs

Rating outlook

The stable outlook assumes continued improvement in market conditions in Peru, so that the company will be able to post a ratio of FFO to net debt consistently above 20% and interest coverage (FFO to Interest) above 4.5 times. The stable outlook also assumes that Niagara will keep balanced dividend distributions and maintain adequate liquidity.

Factors that could lead to an upgrade

Niagara's ability to record a material improvement in its key credit metrics could trigger a rating upgrade; specifically, if its FFO to net debt and interest coverage ratios exceed 28% and 7.0x. An upgrade of the ratings would also require evidence of a robust liquidity position and long debt maturity profile.

Factors that could lead to a downgrade

Downward pressure on the ratings is likely if Niagara's credit metrics deteriorate; quantitively, if FFO to net debt and interest coverage remain below 20% and 4.0x, respectively, for a prolonged period. Negative rating pressure would also increase if Niagara's cash distribution policies become detrimental of its credit quality or if the company fails to maintain an adequate liquidity position.

Key indicators

Exhibit 2

Niagara Energy S.A.C.

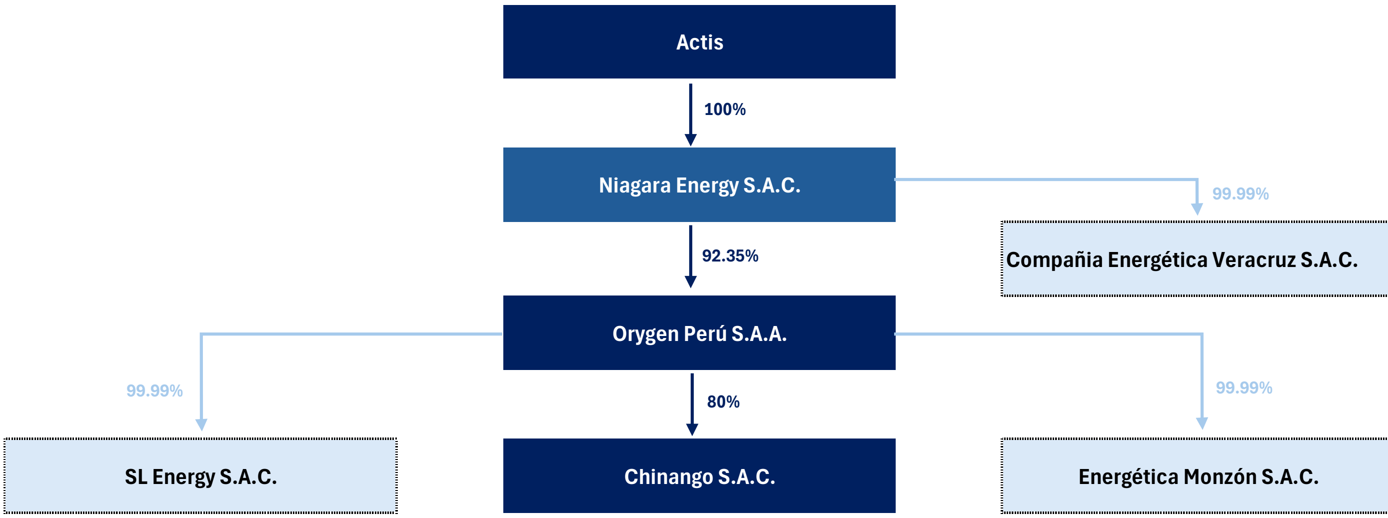
	2023	2024	2025F	2026F	2027F	2028F
(FFO+Interest) / Interest	11.4x	5.2x	4.3x	4.0x	4.0x	4.3x
FFO / Net Debt	100.6%	24.9%	21.2%	19.7%	19.5%	21.1%
RCF / Net Debt	38.6%	23.5%	7.7%	13.1%	10.3%	9.6%

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations. FYE 2023 correspond to Enel Generación Perú and are provided as a reference.
Source: Moody's Ratings

Profile

Niagara Energy S.A.C. is a holding company established in Peru in June 2023 for the acquisition of Orygen Perú S.A.A., an unregulated power generation company and the continuation of the business of Enel Americas in the country, and Compania Energetica Veracruz S.A.C.. The company operates 13 power plants in the country with a total capacity of 2.3 GW and holds a 16% market share. Orygen's asset base is diversified across technologies, regions, and clients, and the company has demonstrated sound operational standards.

Exhibit 3
Niagara Energy S.A.C. Organizational Chart



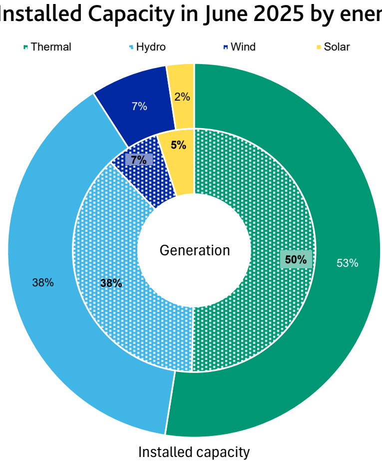
Issuer of the Notes: Niagara Energy S.A.C.
Source: Niagara Energy S.A.C. and Moody's Ratings

Detailed credit considerations

Diversified asset base and solid market share

Niagara Energy is an unregulated power company in Peru, with total assets as of June 2025 amounting to $2.8 billion. The company has a solid position in the Peruvian market, with 16% market share in terms of energy output. Its asset's base includes a diverse portfolio of renewable and natural gas fueled power plants.

Exhibit 4
Generation vs Installed Capacity in June 2025 by energy source



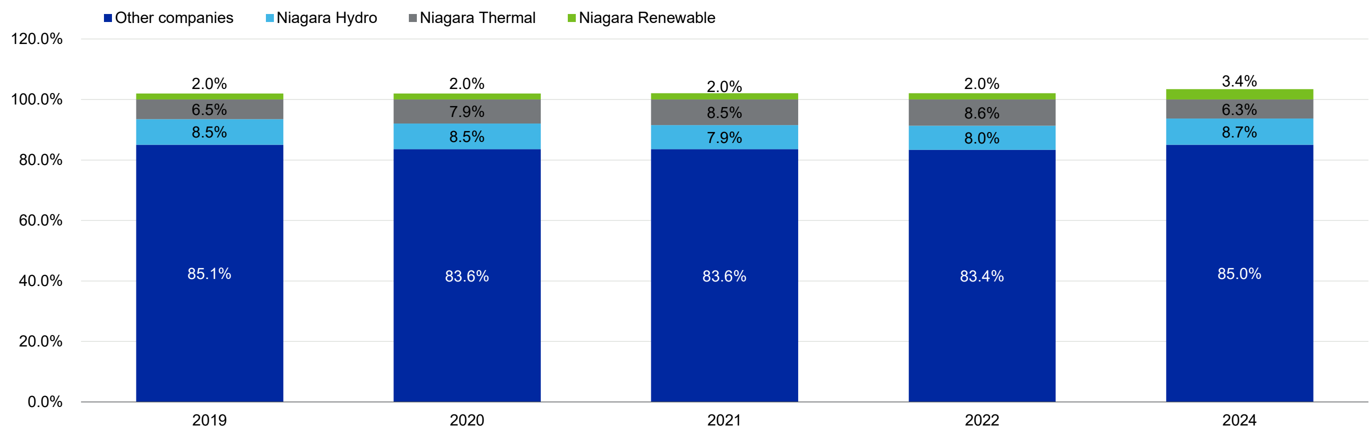
Source: Moody's Ratings

The company currently has an installed capacity of 2.3 GW, well diversified among hydro, thermal, wind and solar and it is well-positioned for capacity expansion in Peru, benefiting from the country's expected economic growth, stable regulatory framework, and increasing power demand mainly derived from the mining industry.

To this extent, the company is currently developing a renewable project, a 96 MW solar project in Ica, with expected completion date at the end of 2026.

Their major competitors are generally large international power generation corporations operating in Peru, in addition to certain local competitors, including certain government owned generators. Since privatization initiatives began in Peru in the energy sector in the 1990s, the participation of government owned generations has been decreasing.

Exhibit 5
Niagara's output market share

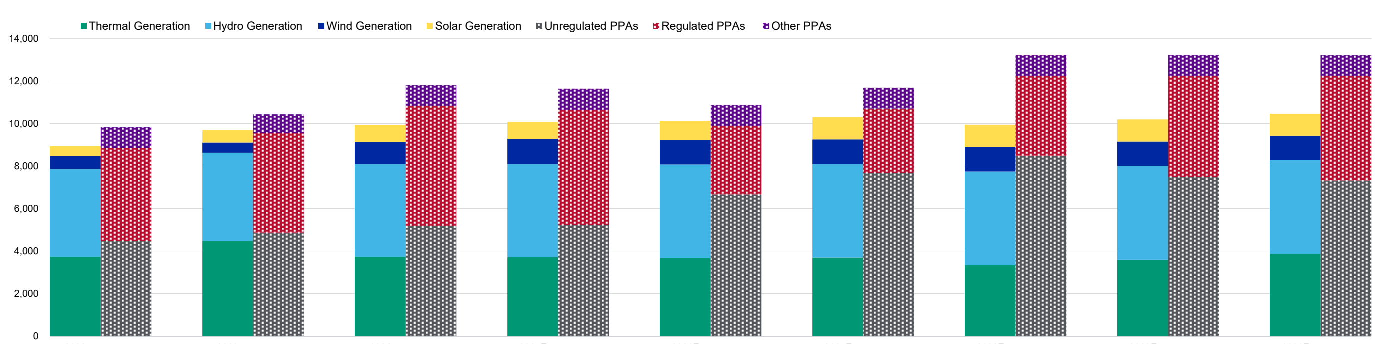


Source: Peruvian system operator (COES)

Balanced contractual position and solid track-record in recontracting PPAs

The company has a solid contractual position with approximately 6.5 years average remaining contract life and solid track-record in securing and re-contracting PPAs. The company's commercial policy is based on contracting up to 90% of its firm efficient energy. Although in certain periods the company's sales may exceed its own generation, its commercial strategy also entails spot market purchases to benefit from generally low prices. Nonetheless, its PPA commitments remain hedged by the thermal back-up from the Santa Rosa open-cycle plant, which is largely left uncontracted to manage peak demand and adverse weather conditions. Additionally, the company may enter long-term PPAs with third-party renewable energy sources.

Exhibit 6
Niagara's contractual PPAs obligation exceeds its expected own generation output
Energy Balance



From 2025+ figures are based on projected demand and generation
Source: Niagara Energy S.A.C. and Moody's Ratings estimates

Most of the company's unregulated PPAs are USD-dollar denominated and indexed according to variations of the PPI and gas prices while the regulated PPA's are indexed to CPI and to the variation in the USD/Soles eschange rates. However, these regulated contracts are not take-or-pay and subject to demand risk.

As of June 30, 2025, Orygen had 171 agreements in place with unregulated customers with agreement terms ranging from 1 to 12 years, with a maximum annual contracted capacity between 0.04 MW and 185 MW.

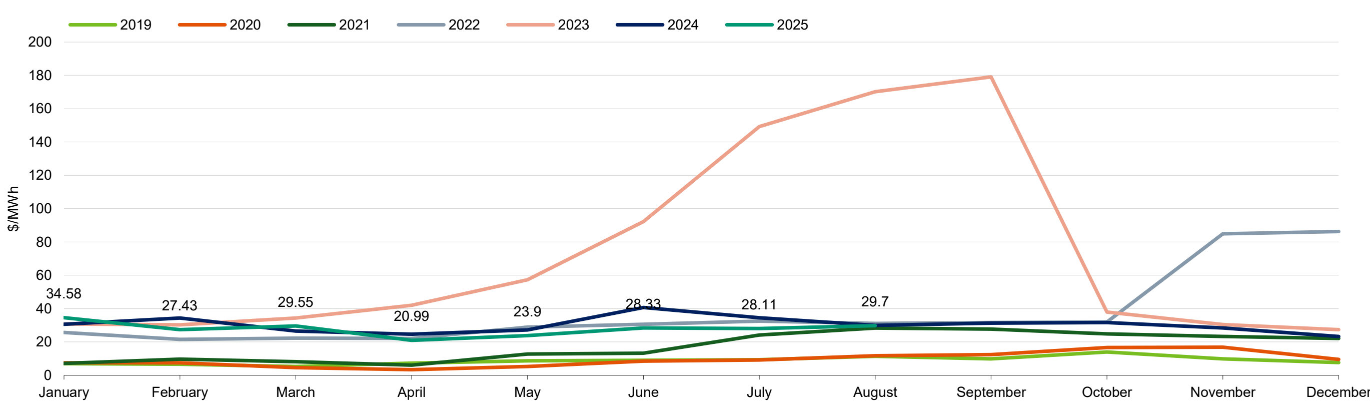
As of the same date, Orygen had 77 PPAs outstanding with distribution companies. The term of these PPAs range between 2 and 7 years and the maximum annual contracted power between 0.09 MW and 123 MW. In May 2016, Enel Green Power Peru S.A.C. (now Orygen) signed with the Peruvian Government two PPAs pursuant to which Orygen injects into the SEIN 415 Gw/year and 573 Gw/year, from its Rubi photovoltaic and Wayra wind power plants, respectively. These PPAs ensured a guaranteed income of US$47.98 MW/h and US$37.83 MW/h for each plant, respectively, at 2016 prices, which are indexed using US PPI with actual prices of US$58.8 MW/h for Rubi and US$45.9 MW/h for Wayra. Both agreements will expire on December 31, 2038.

Weakening credit metrics due to market dynamics, to improve from sustained revenues and deleveraging

The credit profile incorporates our view of weakening credit metrics in the next two years mainly because most of the company's high-priced regulated PPAs, that were signed before the Peruvian energy market went oversupply, will likely be renewed at lower prices due to the current market dynamics and expected levels of the spot prices. In addition, the company is investing to expand its capacity, mainly in wind and solar projects, increasing its generation output to further support its energy commitments.

Since the implementation of a regulatory change in the market in 2021 that incorporated the fixed portion of utilities' cost structure along with energy supply and demand rebalancing, spot prices in the Peruvian electricity market have moved up but remained overall stable since then in the range of $25-$30 MWh. Monthly average spot prices peaked to US$179.1 MWh in September 2023 due to very particular conditions, including a severe draught and gas supply restrictions from Camisea, but prices have afterward normalized (US$29.7 MWh as of August 2025 in line with average spot price of around $30 MWh recorded at the Santa Rosa Hub under normal market conditions).

Exhibit 7
Santa Rosa Hub historical development of spot power prices ($/MWh) 2019 - August 2025



Source: Peruvian system operator (COES)

On a forward looking basis, we expect market conditions to remain overall stable while the company repays its $100 million amortizing loan by 2027 coupled with some additional voluntary prepayments, leading to average metrics between 2025 and 2028 of interest coverage of 4.1x (as measured in FFO+interest/interest), FFO to net debt of 20.4% and RCF to net debt of 10.2%.

Contractual agreements for fuel supply enhance the visibility predictability of cash flow

Given that most of the PPAs include the indexation/pass through of the gas prices, the company's gas supply arrangements are also an important consideration to support future cash flow visibility.

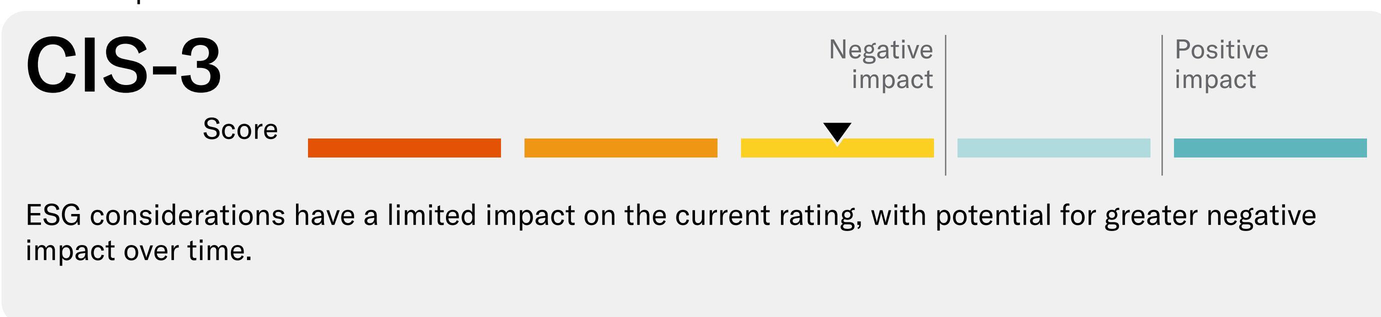
The company has signed two long-term natural gas supply contracts with Pluspetrol to attend the operations of the Ventanilla and Santa Rosa thermal power plants, enabling it to hedge against fluctuations in the price of natural gas. These agreements were signed in May 2019, until December 31, 2029. The contracted daily quantities (Cantidades Diarias Contratadas or "CDC") are 74.16 MMPCD for Ventanilla and 63.57 MMPCD for Santa Rosa, which we understand should be sufficient to run these facilities under average weather conditions.

In addition, in May 2006, Orygen entered into an interruptible transportation service agreement with Transportadora de Gas del Peru S.A. (TGP, Baa1 stable), in order for TGP to provide the tranpsort service from the reception point located in Las Malvinas (Camisea) to the delivery point at the "City Gate" in Lurin. This agreement is valid until January 2034. In September 2023, Orygen entered into an additional agreement with TGP, to complement the previous one, in order for TGP to provide the service until December 2029.

ESG considerations

Niagara Energy S.A.C.'s ESG credit impact score is CIS-3

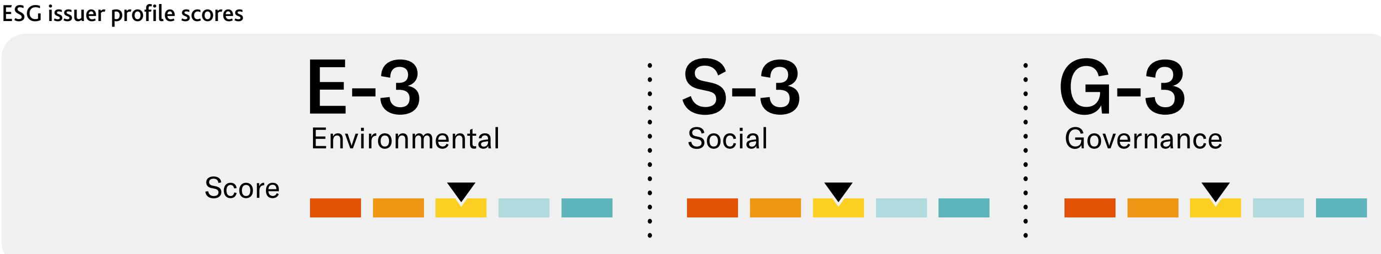
Exhibit 8
ESG credit impact score



Source: Moody's Ratings

Niagara Energy S.A.C. ESG Credit Impact Score is (**CIS-3**) reflecting that its environmental, social and governance attributes are overall considered as having a limited impact on the current rating, with greater potential for future negative impact over time.

Exhibit 9
ESG issuer profile scores



Source: Moody's Ratings

Environmental

Environmental considerations incorporated into our credit analysis for Niagara Energy S.A.C. (IPS **E-3**) are primarily related to the carbon transition risks of unregulated utilities, mainly because of their fossil fuel generation (natural gas). Even though 53% of the company's capacity are thermal plants fuelled by natural gas, they have a diversified generation matrix, given the company owns and operates 7 hydroelectrical plants that account for 38% of the total capacity, and 9% renewable energy. In addition, the company plans include a further expansion of its renewable generation sources.

Social

Niagara's **S-3** issuer profile score reflects the social risks that are primarily related to demographic and societal trends. The score reflects the risks of adverse regulations due to social pressures or public concern over affordability issues that are of particular concern in several countries across Latin America. In relative terms, the cost of electricity in Peru is much lower than the regional average.

Governance

Niagara's **G-3** Issuer Profile Score and corporate governance considerations include an overall aggressive financial policy and the risk management of its ultimate owners (Actis) that add some pressure to the company's distributions., in addition to a concentrated ownership. Governance practices include a 7-member board of directors, with 2 independent members.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click here to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Debt Profile and Liquidity Analysis

The company's debt structure encompasses the 144A/Reg. S $1.2 billion senior unsecured notes plus a $100 million three-year amortizing term loan that ranks pari-passu with the notes. In addition, the company has a committed liquidity facility of up to $150 million. The financing structure contemplates most of the debt is at the level of Niagara Energy, the holding company and that the operating companies will remain largely un-leveraged. As of June 2025, Niagara had a cash position of $123 million, and we expect the company to keep a consolidated cash position of around $100 million, in average, until 2030.

Rating methodology and scorecard factors

Moody's assesses Niagara's financial performance based on the Unregulated Utilities and Power Companies methodology published in August 2025. The scorecard-indicated outcome is Ba1, one notch below than the assigned Baa3 senior unsecured rating. The one notch differential reflects our forward view through the investment cycle.

Exhibit 10
Niagara Energy S.A.C.

Unregulated Utilities and Unregulated Power Companies Industry	Average metrics 2025-2028	
Factor 1 : Scale (10%)	**Measure**	**Score**
a) Total Assets (USD Billion)	$3	B
Factor 2 : Business Profile (35%)		
a) Market Diversification	Ba	Ba
b) Cash Flow Stability	A	A
Factor 4 : Leverage and Coverage (40%)		
a) (FFO + Interest) / Interest	4.2x	Ba
b) FFO / Net Debt	20.4%	Ba
c) RCF / Net Debt	10.2%	Ba
Factor 3 : Financial Policy (15%)		
a) Financial Policy	Ba	Ba
Preliminary Outcome Before Notching		Ba1
Construction, Development and Capital Program Risk Notching		0
Rating:		
a) Scorecard-Indicated Outcome		Ba1
b) Actual Rating Assigned		Baa3

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
[2] This represents Moody's forward view; not the view of the issuer; and unless noted in the text, does not incorporate significant acquisitions and divestitures
Source: Moody's Financial Metrics™

Ratings

Exhibit 11

Category	Moody's Rating
NIAGARA ENERGY S.A.C.	
Outlook	Stable
Issuer Rating	Baa3
Senior Unsecured	Baa3

Source: Moody's Ratings

Exhibit 12

Peer comparison

	Niagara Energy S.A.C.			Kallpa Generacion S.A.				Colbun S.A.				AES Andes S.A.			
	Baa3 Stable			Baa3 Stable				Baa2 Stable				Baa3 Stable			
	FYE	FYE	FYE	FYE	FYE	FYE	LTM	FYE	FYE	FYE	LTM	FYE	FYE	FYE	LTM
(in USD millions)	Dec-22	Dec-23	Dec-24	Dec-22	Dec-23	Dec-24	Jun-25	Dec-22	Dec-23	Dec-24	Jun-25	Dec-22	Dec-23	Dec-24	Mar-25
Revenue	619	701	753	597	685	713	742	1974	2004	1576	1583	2579	2742	2343	2226
FFO	256	287	280	185	155	240	228	577	495	441	449	795	401	598	610
Total Debt	384	426	1327	1146	1117	1146	1240	2176	2164	2338	2331	2573	2610	2614	2671
Net Debt	316	285	1215	1110	1075	1114	1148	1120	1152	1563	1543	2387	2382	2427	2434
(FFO+Interest) / Interest	25.9x	11.4x	5.2x	4.0x	3.5x	5.4x	4.9x	7.7x	7.4x	6.8x	6.9x	6.5x	2.6x	4.1x	4.3x
FFO / Net Debt	81%	102%	23%	17%	14%	22%	20%	51%	43%	28%	29%	33%	17%	25%	25%
RCF / Net Debt	25%	39%	23%	7%	4%	7%	10%	38%	17%	20%	21%	31%	13%	20%	20%
Debt / Capitalization	26%	28%	51%	61%	61%	62%	63%	36%	35%	36%	35%	58%	58%	58%	57%

All figures & ratios calculated using Moody's estimates & standard adjustments. FYE = Financial Year-End. LTM = Last Twelve Months. RUR* = Ratings under Review, where UPG = for upgrade and DNG = for downgrade.
Figures for Niagara Energy S.A.C. FYE 2024 consider pro-forma consolidation of Orygen Peru S.A.A. for the 12-month period ended in Dec-24
Source: Moody's Financial Metrics

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