

RATING ACTION COMMENTARY

Fitch Affirms EDENOR's IDR at 'CCC+'

Wed 27 Aug, 2025 - 4:09 p. m. ET

Fitch Ratings - Rio de Janeiro - 27 Aug 2025: Fitch Ratings has affirmed Empresa Distribuidora y Comercializadora Norte S.A.'s (EDENOR) Long-Term Foreign and Local Currency Issuer Default Ratings (IDR) at 'CCC+'. Fitch has also affirmed EDENOR's USD184 million notes at 'B-' with a Recovery Rating of 'RR3'.

The ratings reflect the completion of their Integral Tariff Review (RTI) in May 2025. On average the company received a 14.35% increase in Argentine peso in 30 installments (0.42% monthly) until November 2027 on the added distribution value (VAD) and monthly increases considering inflation, as a formula of the Consumer Price Index (33%) and Wholesale Price Index (67%). EDENOR has a strong market position operating a long-term energy distribution concession in the north of the city of Buenos Aires and the northwest part of the Greater Metropolitan area of Buenos Aires, Argentina (CCC+) combined with low leverage.

The company operates in a challenging environment, marked by the country's economic issues and regulatory unpredictability, which significantly affect its credit strengths. EDENOR does not receive direct subsidies from the central government, but acts as the collector for the electric sector, retaining about 30% of the final bill, which corresponds to its regulated VAD.

KEY RATING DRIVERS

Regulatory Update: EDENOR's RTI finalized in May 2025, resulting in a 14.35% increase in the VAD in 30 installments from May 2025 to November 2027 in its concession. The RTI five-year period (2025-2030) includes automatic monthly adjustments relating to inflation based on the consumer and wholesale price indexes, as well as a 0.42% VAD increase monthly until November 2027. Monthly adjustments have averaged 3.5% for the first six months of 2025.

Fitch anticipates EBITDA of about ARS440 billion in 2025 incorporating the completion of the RTI and achievement of the regulated weighted average cost of capital (WACC) implementation at 6.5% and assuming no additional debt. The 2025 EBITDA includes a gain due to a positive effect of the regularization agreement with Compania Administradora del Mercado Mayorista Electrico S.A. (CAMMESA) for pending balances, registered in 2Q25.

Operating Environment Constrains Ratings: As a regulated utility company, EDENOR's revenues are exclusively generated in Argentina, making the company vulnerable to the country's volatile economy, the risk of abrupt interruptions in financial access, and weak systemic governance. These factors constrained the company and negatively affect its rating. The government's plan centers on an aggressive overall fiscal adjustment, including the reduction of direct electric subsidies to end users. EDENOR retains about 30% of the amount it collects, corresponding to its regulated VAD, and does not receive direct government subsidies.

Debt Regularization with CAMMESA: The company currently has three payment plans with CAMMESA, which acts as an agent for represent wholesale market players. On May 21, 2025, the company entered a payment plan to pay outstanding debts consisting of 72 monthly installments and a 12-month grace period. Also, an active payment plan, which was adjusted in accordance with the development of the MWh value in effect, was converted into pesos at the energy price applicable as of October 2024 (ARS30,154MWh), with the same conditions. The combined effect of these two agreements amount to a gain of ARS168,220 million, registered in 2Q2025.

Strong Leverage Profile: Fitch anticipates EBITDA leverage below 2.0x over the rated horizon, including the USD80million and ARS20billion local bonds issued in August 2025. The company's EBITDA interest coverage will remain around 6.0x over the rated horizon under these assumptions. Fitch's base case includes expectations of negative FCF over the rating horizon, driven by assumptions of USD250 million in capex implementation annually through FY27.

PEER ANALYSIS

EDENOR is Argentina's largest electricity distribution company based on the number of customers and the volume of electricity sold. It has an exclusive concession to distribute electricity in the northwestern part of the greater Buenos Aires metropolitan area and the northern section of Buenos Aires city, serving about 3.3 million clients. Its business profile compares with regional peers such as

Empresa Distribuidora de Electricidad de Mendoza S.A. (EDEMSA; CCC+). EDEMSA operates a long-term energy distribution concession serving 480,000 customers.

Over the rating horizon, EDENOR's expected average gross leverage, measured as total gross debt to EBITDA, over the rating horizon is below 2.0x, while EDEMSA expects an average of around 2.0x. Neither company receives direct subsidies from the government.

EDENOR has a lower scale of operations compared with European integrated utilities such as Engie S.A. (BBB+/Stable), Enel S.p.A. (BBB+/Stable), e-netz Suedhessen AG (BBB+/Stable) and EDF Energy Holdings Limited (BBB-/Stable). These are all well-diversified utilities operating in energy and natural gas distribution, as well as networks, energy solutions and nuclear assets.

KEY ASSUMPTIONS

- Monthly .42% tariff adjustment from May 2025 to November 2027 with monthly adjustments per inflation through the rating horizon;
- Average annual inflation 43.83% in 2025, 22.55% in 2026 and 16.5% in 2027;
- Increase in energy supplied by increase in GDP: 5.07% in 2025, 3.81% in 2026 and 3.48% in 2027;
- Five-year tariff review process starting May 2025 reaching the regulated WACC of 6.5%, after taxes;
- CAMMESA debt recognition of ARS396,035 as of May 2025;
- Energy losses around 15.5%;
- Accumulated capex of USD750 million during 2025-2027;
- No dividend payments during 2025-2027.

RECOVERY ANALYSIS

Key Recovery Rating Assumptions:

- EBITDA declines 30% in bankruptcy;
- 4.0x EBITDA multiple;
- Administrative claims of 10%.

RATING SENSITIVITIES

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

- An upgrade of Argentina's sovereign rating;
- Improvement in the regulatory framework migrating to a constructive scheme, with low government interference in utility regulations with a clear tariff structure, enabling companies to recover costs of service from end users through tariffs

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

- Worsening of the regulatory environment, assessed as negative changes to the regulated framework not allowing EDENOR the implementation of the tariff structures eroding the company's liquidity, cash flow and capital structure;
- Adverse change of control in EDENOR that modifies the company's business and financial strategy, dividends distribution and cash extraction, as well as changes in corporate governance practices

LIQUIDITY AND DEBT STRUCTURE

As of June 2025, the company had cash on hand and short-term investments reaching ARS386,623 million (~USD321 million) with short-term debt maturities of ARS126,690 million. EDENOR has debt maturities of approximately USD191 million maturing at the end of 2026 through local bonds. Following that, the company's main debt maturities are at the end of 2028 when their USD184 million international bond starts maturing over three years at 33.33%.

As of June 2025, EDENOR had about ARS396,035 million debt in three payment plans with CAMMESA, which has been paid on time with 75 or 72 installments remaining.

ISSUER PROFILE

EDENOR is the largest electricity distributor in Argentina in terms of the number of customers and electricity sold. The concession area comprises 20 municipalities in the northwest zone of the greater Buenos Aires metropolitan area and the northern part of the city of Buenos Aires, covering an area of 4,637 square kilometres and a population of approximately nine million inhabitants.

EDENOR’s concession is currently set to expire on Aug. 31, 2087, after a term of 95 years, and may be extended for one additional 10-year period if EDENOR requests the extension at least 18 months before expiration. The term of the concession is divided into management periods.

Criteria Variation

Fitch has applied a variation from its "Country-Specific Treatment of Recovery Ratings Criteria," specifically the section titled "When an Instrument Enters a Distressed or Defaulted State." The criteria allow a Recovery Rating to be assigned above the defined cap for distressed issuers when Fitch has reason to believe that recoveries in an individual case would be consistent with a higher Recovery Rating.

Fitch has extended this analytical approach to all Argentine-based corporates rated 'B-', reflecting their highly speculative credit profiles and their operations within the distressed operating environment in Argentina (CCC+).

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

MACROECONOMIC ASSUMPTIONS AND SECTOR FORECASTS

[Click here](#) to access Fitch's latest quarterly Global Corporates Macro and Sector Forecasts data file which aggregates key data points used in our credit analysis. Fitch's macroeconomic forecasts, commodity price assumptions, default rate forecasts, sector key performance indicators and sector-level forecasts are among the data items included.

ESG CONSIDERATIONS

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>.

RATING ACTIONS

ENTITY / DEBT ⚡	RATING ⚡			RECOVERY ⚡	PRIOR ⚡
Empresa Distribuidora y Comercializadora Norte S.A. (EDENOR)	LT IDR	CCC+	Affirmed		CCC+
	LC LT IDR	CCC+	Affirmed		CCC+
senior unsecured	LT	B-	Affirmed	RR3	B-
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VIEW ADDITIONAL RATING DETAILS

Additional information is available on www.fitchratings.com

PARTICIPATION STATUS

The rated entity (and/or its agents) or, in the case of structured finance, one or more of the transaction parties participated in the rating process except that the following issuer(s), if any, did not participate in the rating process, or provide additional information, beyond the issuer’s available public disclosure.

APPLICABLE CRITERIA

- [Country-Specific Treatment of Recovery Ratings Criteria \(pub. 03 Mar 2023\)](#)
- [Country Ceiling Criteria \(pub. 24 Jul 2023\)](#)
- [Corporates Recovery Ratings and Instrument Ratings Criteria \(pub. 02 Aug 2024\) \(including rating assumption sensitivity\)](#)
- [Parent and Subsidiary Linkage Rating Criteria \(pub. 27 Jun 2025\)](#)
- [Corporate Rating Criteria \(pub. 27 Jun 2025\) \(including rating assumption sensitivity\)](#)
- [Sector Navigators – Addendum to the Corporate Rating Criteria \(pub. 27 Jun 2025\)](#)

APPLICABLE MODELS

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).

Corporate Monitoring & Forecasting Model (COMFORT Model), v8.1.0 ([1](#))

ADDITIONAL DISCLOSURES

- [Dodd-Frank Rating Information Disclosure Form](#)
- [Solicitation Status](#)
- [Endorsement Policy](#)

ENDORSEMENT STATUS

Empresa Distribuidora y Comercializadora Norte S.A. (EDENOR) EU Endorsed, UK Endorsed

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